

# SA wine industry should market its uniqueness

The South African wine industry has a lot to offer global wine consumers, but a fresh approach will be essential if producers wish to take advantage of opportunities in a rapidly changing landscape. Close to 550 delegates from the wine industry value-chain attended this year's Nedbank VinPro Information Day last month in Somerset West near Cape Town.



Image:  
[www.freedigitalphotos.net](http://www.freedigitalphotos.net)

International research institution, Rabobank, listed the USA, Canada and China as the top three attractive target markets for wine in terms of growth and price. However, Stephen Rannekleiv, executive director of Food and Agribusiness Research at Rabobank indicated that this presents a great opportunity for Brand South Africa to stand out. "Without a unique story, you only have fermented grape juice; market your uniqueness," said Rannekleiv. South Africa should also change the perception in some countries that its wine quality is inconsistent.

## Focus on Africa

According to Mike Veseth, renowned wine economist in the USA and editor of The Wine Economist blog, the best market for wine is in your own backyard. "Think global, but drink local," he urged producers. Africa is a lucrative destination for South African wines, with economic growth in sub-Saharan Africa expected to reach 6% in the next four years. The African continent has experienced unprecedented foreign investment, with fast growing middle class creating new market opportunities.

However, market strategist at Odgers Berndtson, Guy Lundy, advised against Africa being targeted as one collective destination; producers should instead have a focused approach to specific countries. Nigeria is, for example, the country with the largest population in Africa, of which more than half will be at a legal drinking age within the next ten years.

Nollywood, similar to the USA's Hollywood, is a great marketing platform. Wine businesses also have some homework to do in terms of target-driven social media strategies. An ever growing bulk wine segment - locally as well as globally - was also under the spotlight. Veseth views bulk wine as complementary to packaged wines; not their competition. "However, ensure that the volume and brand of your bulk wine is managed in such a way that it is associated with good quality, otherwise both packaged and bulk wine prices will suffer," he advised. South Africa's bulk wine prices remained stable over the past few years, compared to those of competing bulk wine players Australia, Chile, France and Spain.

## Increased sales

The local wine market is entering an exciting stage - sales have increased by close to 3% year on year for the past three years, after going through a relatively stagnant period. Phillip Retief, chief executive officer of Van Loveren Wines, said that, were it not for the 2014 harvest that was under way, the South African wine industry's stock might have been under pressure within the next five months - mainly driven by increases in both local wine consumption and bulk wine exports, which coincides with observations of an international trend towards a greater balance between supply and demand.

The 2014 wine grape harvest is expected to be slightly smaller than the record harvest in 2013, with promise of good quality wines. According to Francois Viljoen, manager of VinPro's viticultural consultation service, weather conditions were exceptional throughout the season, but harvest activities will start 7 - 14 days later than normal due to later onset of spring. Both Viljoen and Retief expressed their concern about a larger percentage of ageing vineyards. Low profit margins over the past few years resulted in a decrease in plantings, and although producers were able to increase production, the situation will not be sustainable going forward.

Rico Basson, managing director of VinPro, added that producers are still under financial pressure, but are continuously adapting to their changing business environment. According to the organisation's latest Production Plan Survey close to 250 wine producers - nearly a third of the participants in 2013 - managed to realise a minimum net farming income of R20 000/ha, which is needed for production to be sustainable. According to Basson, the industry needs a strategic shift in focus, and referred to the possible formulation of a new industry-driven plan for the wine industry.

For more, visit: <https://www.bizcommunity.com>