

AUSTRALIA HAS LANDED

Australian Wines Come Up From Down Under

Australia has now surpassed France to become the No. 2 imported wine in the United States, second only to Italy, and I see Australia overtaking Italy by 2006 or before. Does Australia have organized ambition? You bet they do — Australia's wine industry intends to double wine sales to \$5 billion over the new decade and beyond to dominate the global premium wine market by 2025.

The Australian government and strategic industry alliances such as the Australian Wine and Brandy Corp., the Winemakers Federation of Australia, the Australian Wine Export Council, the Australian Wine Research Institute, and the Australian Wine Bureau are all working in concert to reach this goal on schedule. Approximately 70 percent of Australian wine exports are sold to the United Kingdom (49 percent or \$762 million) and the United States (21 percent or \$457 million). Currently Canada, New Zealand, Europe, Japan and "other" account for the remaining 30 percent of Australian wine exports.

Ambitious Aussies

Its progress in two of the world's most important wine markets, the United Kingdom and the United States, is outstanding. Four Australian wine companies: Southcorp, Beringer Blass, Orlando/Pernod Ricard and BRL Hardy ("The Big Four") dominate the business, but with nearly 1,500 licensed wineries in Australia, the picture is anything but static, and with the recent turbulence at Southcorp, ya gotta just stay tuned.

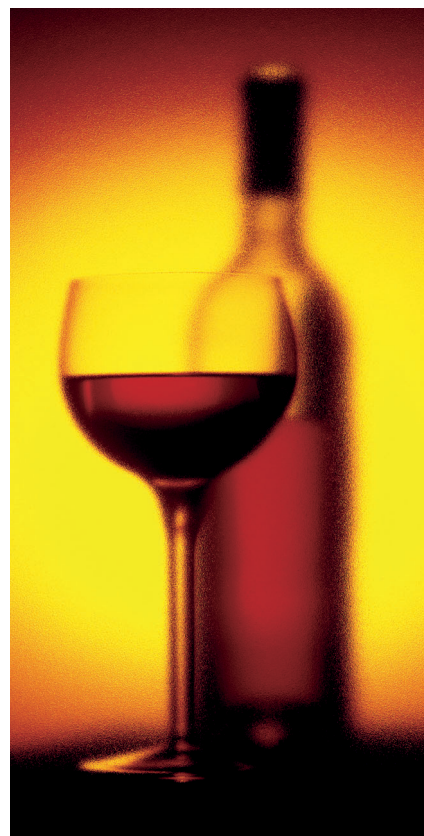
Australia has made its mark based on its exceptional value and in particular in the middle market. To date, Australian wines have been most suc-

cessful in the English speaking countries and less impressive in much of continental Europe. If the ambitious goals are to be met, the Australian wines must achieve double-digit growth every year in new markets and as well more of the adult world must drink premium wine. To accomplish this, the Australian Wine Research Institute is busy conducting panel research on sensory analysis that seeks to better define what consumers prefer.

Point of Difference

In the recent Harpers Supplement on Australia, Dr. Richard Smart, one of my favorite Australian "flying winemakers," is quoted as saying, "Appellations are things created by the French to make New World producers fall out with one another." Australia is about "terroir" or the micro climates with their different soils and related conditions, but more than anything, it is about wine brands and the globalization of a rich and varied wine culture.

The old world producers are meeting with varying results as they seek to emulate the enviable success of the new world producers over the past several years. One of the most serious barriers for the old world European wines is the European Union's Common Agricultural Policy that involves practices such as guaranteed minimum prices as well as production quotas. In Europe, wine is regulated more like a social instrument than a commercial product that must be competitive in the global market place. The French are making a lot of noise about changing their centuries old regulations that continue to restrict the younger generation of winemakers and industry entrepreneurs, but seeing is believing.



In the end, those producers, be they new world, old world or something in between — who constantly improve their understanding of what wine consumers want and deliver it with superior value will prosper. As it so happens, Australia is learning faster and better how to satisfy wine consumers than its competitors.

NCB

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