



Bill Turrentine - Editor
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VINOUS VIKINGS

The Vikings burst upon the world scene before the end of the first millennium. With hardy ships and doughty warriors, they were invincible. They raided England, Ireland and France at will. Soon Germany, Spain, Italy and even Russia quaked in terror before these men of the North. After years of looting, the Vikings turned to occupation and the establishment of trade centers. In the year 1001, they even reached all the way across the Atlantic, the first Europeans to discover the North American continent, which Leif Ericsson dubbed, “Vineland”.

Near the end of the second millennium, a new kind of Viking has burst upon the world, or at least upon the world of wine. These new vinous Vikings hail from the South and their battle-cry is “G’Day Mate!” With a hardy Shiraz and a great plan, they have indeed taken the major wine markets of the world by storm. And rumor has it that they too have discovered the North American continent.



Just a few years ago, wines from down under were an amusing but insignificant entry in world markets. Now they not only have secured a significant share of sales in every major market but in most markets their sales are growing substantially faster than overall market growth in both value and volume. And, of course, they have become major investors in U.S. producers as well.

If you want to know why the Aussie Vikings are the most feared competitors in the world of wine, one of the best people to ask would be a certain Mr. Paul van der Lee. And it so happens that Mr. Van der Lee has hoisted the square sail on his Knorr ship and is headed toward North America. But rest assured, he has promised to keep his broad sword sheathed as he addresses the WineVision Annual Meeting in Napa Valley on July 11th.

Paul van der Lee was the principal author of the Australian *Strategy 2025* strategic plan, released in 1995, which launched the Australian world invasion. He is also the author of the year 2000 update to the Australian plan, entitled *The Marketing Decade*. In the history of international business, there are very few examples of an industry turning a deadly threat (a proposed massive excise tax increase) into such an astounding success.

Circumstances facing the American wine business differ from those faced by the Australians and their solutions cannot be simply transplanted to America. Nevertheless, there are critical lessons to be learned for individual companies and for the wine community as a whole from the most phenomenal success story in wine since

California arose from the ashes of prohibition. For more information on the July 11th meeting, or for registration, visit www.winevision.org or call WineVision at 1 800-927-6272. (Please note: Battle axes, swords, pikes and other implements of destruction must be checked at the door.)

THE BULK WINE FAIRY GODMOTHER

In the meantime, in the good old U.S. of A., sales growth for premium California wine is picking up. But sales are up far less than most producers originally projected. And the difference between rosy predictions and actual sales is currently sitting in tanks that will need to be emptied within three or four months. Now maybe, just maybe, the great fairy godmother of all good vintners will descend right before harvest and transform that unneeded wine into cash, filling coffers for grape payments and emptying tanks for harvest. Or maybe not.

Not that the bulk wine market is completely dead. We continue to do a fairly brisk business in the top 5 to 10% of wines from just about every region. Many bulk wine buyers have waited until the last minute to make their purchases and the last minute is upon us for anyone who is going to bottle before crush. The only trouble is, the purchases are relatively small. The supply is not.



We have also sold some big gallons of white wine – mostly older vintages but including some premium varietals – in the \$.50 per gallon range. And some big lots of reds – including premium varietals – have gone for distillation at around \$.02 per degree alcohol per gallon delivered. Not a pretty picture.

Bulk wine prices in general are still mostly in the ranges quoted in our last newsletter (see www.grapes-wine.com).

GRAPES

A few buyers have been skimming the cream of the grape market, selecting limited quantities of the best grapes. The greatest activity has been in Napa and Sonoma, where there has been unmet demand for top quality black grapes and where some beautiful new plantings are coming into production. We have also had a few clients cherry-picking the best Sauvignon Blanc and Merlot vineyards in Mendocino, Lake Co., and the Central Coast. There has been a bit of activity on Merlot, Syrah and red Zinfandel in Lodi. We could sell more Pinot Grigio if we could find it. We also need White Riesling. Good Petite Sirah has seen some action. Carneros Chardonnay is in demand. But a lot of buyers are still sitting on their hands. They are waiting for set. They are waiting for sales. They are waiting for the berries to soften. They are waiting for prices to soften.

FROM A SOAPBOX NEAR YOU

Brian, Michael, Steve and Bill will dispense wine and grape market wisdom from soapboxes located in Portland, Oregon. It's the American Society of Enology and Viticulture convention, June 26th and 27th. Booth 321 is the venue. Be sure to stop by.

CROP CONTEST

Sam Balakian of Shandon Valley Partners has always done well at our annual crop prediction contest. But this year he must have had some kind of prophetic vision. He actually got first place in five out of 20 categories. I now ask him for stock market tips for our 401 k plan.

Other winners included Gayle Sysock, Delicato; Andrew Johnson, Beringer; Jon Kanagy, Nord Coast Vineyards; Tony Fernandez, Yolo Vineyards; Matt Ciaschini, Silverado Premium Properties; Larry Brink, Arroyo Seco; DeWitt Garlock, Robert Mondavi; Mike Burden, Vineyard Investment Partners; Chris Smith, Bogle Vineyards; Darren Procsal, Callaway; Mike Shoup, Shoup Vineyards; and David Dobson, Rutherford Hill Winery. Congratulations and sparkling wine to our visionaries. The 2002 contest will be available at ASEV. Give it a try.

MARKET OPPORTUNITIES

TURRENTINE WINE BROKERAGE, 122 TUNSTEAD AVENUE, SAN ANSELMO, CA 94960-2622
PHONE: (415) 454-4546 FAX: (415) 454-9665 WEBSITE: GRAPES-WINE.COM

Currently, there are excellent opportunities for grapes and bulk wine in every variety, and every appellation. The list is too extensive to send. Please call us to discuss your needs and get a list appropriate to you. Or start with our website, www.grapes-wine.com, which lists all of our available grapes and bulk wine. You can filter, on the website list, bulk wine or grapes by variety from North Coast, Central Coast, Foothills and California appellations.

Needed: Pinot Grigio 2001 bulk wine, any California appellation.

Needed: Pinot Grigio 2002 grapes any California appellation.

Needed: Chenin Blanc 2002 grapes Monterey, 48 tons.

Needed: White Riesling 2002 bulk wine, any California appellation.

Needed: Shiners, two pallet minimums. Pays up to \$100 per case.

Needed: 2000 Coastal Reds for blending into Merlot and Cabernet Sauvignon.

Needed: Good 2000 Syrah and 2000 Zinfandel bulk wine.

Needed: 1300-1500 case lots of good Red and White varietals, labeled, for wine club.

Available: Oregon Pinot Gris, 2001 and soon 2002.

Available: Merlot 2000 Napa Valley, 16,000 gal. lot, 37,000 gal. lot.

Available: Cabernet Sauvignon 2000 Napa Valley, 15,000 gal. lot.

Available: Syrah 2001 Sonoma County, 25,000 gal. lot.

Available: Petite Sirah 2001 California, 23,000 gal. lot, 18,000 gal. lot.

Available: Petit Verdot 2000 Dunnigan Hills, 7,000 gal. lot.

Available: Syrah 2000 Carneros, 3,700 gal. lot.

Coming Soon: Better service for the Pacific Northwest at www.grapes-wine.com. Buyers and sellers will be able to filter the list to see only the wines for sale in their regions. Come by Booth 321 as ASEV in Portland June 26 and 27 to check it out.