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MAMA MIA!

A French girl has a lock on the premium white wine market in the United States. Her name of course is Chardonnay. According to InfoScan data, she had 74% of the dollar sales of white varietals in 2001 and grew 5% in volume. Her long-time rival, another French girl by the name of Sauvignon Blanc, has just 10% of the dollar volume of white varietals and went backwards in volume half a percent. But there is a chic, young Italian who grabbed 9% of the white varietal market in 2001 and who grew her volume by an impressive 43%. Does this hot Italian – *Pinot Grigio* - have what it takes to break into the big time?

Breaking into the big time ain't easy. Just ask the likes of Sangiovese, Viognier, Nebbiolo, Barbera, Marsanne, Rousanne and Cabernet Franc. They all tried to go big time. They all managed to carve out a niche, but mainstream they are not.

Breaking into mainstream isn't easy but it can be done. During my 25 years of peddling grapes and wines in bulk, I've seen Chardonnay mature from wallflower to Queen of the Prom. Merlot has grown from a minor league player to homerun king. White Zinfandel – which started life as leftover juice drawn off to make darker red Zinfandel – has become the Michael Jackson of wine sales.

Five years from now, will Pinot Grigio belong to the long list of Wannabes or to the elite club of varietal super-stars? **The bet here is: Pinot Grigio is going to knock 'em dead!** Just as Merlot has given Cabernet Sauvignon a run for its money and has established dominance in the under \$10/bottle red varietal market, so Pinot Grigio is going to give the French girl a run for her money and will end up dominating the under \$10/bottle white wine market.

Why is Pinot Grigio so hot? Let me count the ways:

1. A good name is the single most important factor in making the big time. And Pinot Grigio is a great name, fun to say, jazzy.
2. Emotional associations are the next most important factor. Pinot Grigio makes you feel like you're sitting in a café in Tuscany.
3. Sensory qualities come next. Pinot Grigio tends to be light in aroma, with good mouth-feel and a long

finish. Wine folks tend to think light aroma is a disadvantage but we wine folks are like foodies who have cultivated a taste for Limburger cheese and forget that most consumers prefer Monterey Jack. Merlot is growing faster than Cabernet Sauvignon at the lower end because Connie and Conrad Consumer really do not want too much flavor in their wine. Pinot Grigio is quaffable, refreshing, stylish and fun.

What's the grape and bulk wine market doing with Pinot Grigio? Even in today's ultra-cautious atmosphere, the action is pretty strong, particularly in the Delta and Lodi areas. Pinot Grigio is just about the only variety still strong enough to command multi-year grape and processing agreements.

CAT & MOUSE _____

The new cat killed several mice. The remaining mice, greatly alarmed, called an emergency meeting. It was suggested that, if the cat should wear a bell on a cord around its neck, the mice would have enough warning to escape his attacks. Everyone was pleased with the solution and a motion to this effect passed unanimously. The mice then appointed a sub-committee to decide who would hang the bell on the cat.

The wine business could use a sub-committee right now to meet with Governor Gray Davis in order to obtain his approval for state-wide aerial spraying of gibberellic acid, which reduces crop levels in grapes. Alternatively, the sub-committee could get all wineries and growers in the state to drop 25% of their 2002 crop. This would dramatically raise the value of the remaining 75% and would get the wine business back in balance.

Mother Nature does seem to be playing a cat-and-mouse game with the wine business. Although it is still a long way until harvest and many things could change, right now the potential crop looks big. Possibly VERY BIG. And big in this case is bad. Possibly VERY BAD.

The good news is that growers are inclined to prune more severely than ever before in the hope of impressing winery grape buyers. And, even better, case good sales are picking up along with the economy in general. April was a very good month for our grape and bulk wine sales, up significantly from March. May promises to be busier than April. But it is only the strongest varieties and best quality wines and the best vineyards that are selling. The summer could be tough. There is an ocean of wine that has not been sold, many lots that have not even received one single offer, and this wine is occupying tanks that are needed for harvest. And a big crop could result in more grapes looking for a home than there are homes looking for grapes.

What is the solution, short of gibberellic acid or a statewide drop-the-crop campaign? The only solution is **quality**. And quality is neither easy nor quick. But quality in the vineyard and winery, quality in relationships, quality in marketing and quality in strategic planning are the only ways out in a tough market.

Quality in the vineyard is the grower's and winemaker's job. Quality in relationships is something we can help facilitate. Quality in marketing and in strategic planning are our specialties. Give us a call to plan your strategy for growing your brand or selling your grapes or wine in bulk.