

Here come the French

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Will the new French national wine brand, Vignobles de France, affect Australia? Is this another short-sighted solution, or the beginning of a revolution? First, it is useful to know what we are dealing with.

France is the second largest grapegrowing and wine producing country in the world, but are less efficient at changing grapes into wine, than Australia. This suggests there are many more small and inefficient growers in those countries, especially in Spain. These are the people resisting removing vineyards and the ones various European Union and domestic legislation provides the biggest subsidies to, in order to stay in business.

The argument is that the social costs of the large number of unemployed people across major rural areas justifies the multi-billion euro cost of subsidising them. The size of the surplus not consumed is about the same in France and Spain, and more than triple that of Australia. The size of the 'surplus' that must be subsidised into ethanol—or in Australia's case remaining in storage—is the difference between what is exported and the excess.

Spain and France have 11-13 million excess hectolitres of wine, while Australia has about 2 million hectolitres. France wants to export more of this surplus so it doesn't have to subsidise its production. Will Vignobles de France help this effort substantially? It is easy to guess that given the need to sell 11 million hectolitres, legislation alone will not make room for about 122 million new cases of wine to enter the world market. That's a big brand!

On the other, more realistic side, the French realise that much of this surplus is not marketable and the new classification is not meant to open the doors for poor quality wine. It is designed to help Vin de Pays wine reach a wider potential market.

Vin de Pays is made from specific grapes in recognised regions, but does not qualify for AOC (appellation) status. This may be because the actual growing area is not classified as an AOC, or because the vintner chose to use a variety that is not legal in the area. This latter reason is behind the emergence of the 'super-Tuscan' producers, who add varieties like Cabernet and Merlot to their Tuscan wines.

Vin de Pays wines are typically branded and labelled with a grape variety, such as Robert Skalli wines of the Languedoc. The Vignobles de France rules will allow wines that qualify as Vin de Pays to be blended between Vin de Pays regions to *not* be labelled as Vin de Table, the lowest quality designation, often sold at one or two euros per bottle. Right now any company can buy or make wines in different regions and blend them under a brand name and a grape variety, but they have to be sold as Vin de Table.

Some, like Robert Skalli, have chosen to use their brand name,

grape variety and a Vin de Pays designation. However, his company has recently changed the brand's regional designation to the South of France, another new multi-regional origin.

Do all these different geographic designations improve the potential to market French wines? The short answer is yes, but, relaxing the rules does not substitute for all the necessary brand building activities to start and grow a new big brand.

Consumers will (and do already) recognise the new South of France designation, but it is doubtful that most consumers buying wines in the price range of blended branded wines will know or care about the difference between Vin de Table or Vignobles de France in small print at the bottom of the label.

This new regulation was written and promoted by those who believe that consumers care about such minutiae. Our research—and I am sure the experience of many who market branded wines shows—that colour/style, price, grape variety and brand are the most important attributes consumers use for the fast-moving portion of the wine category.

Country plays a role, but regionality is a minor consideration. Most overseas consumers would not distinguish between Southeast Australia and Product of Australia, and therefore would not

distinguish between Vin de Table France, Vin de Pays France and Vignobles de France.

The biggest problem for the French in developing big brands is lack of investment capital. Most of the largest producers outside of Champagne are cooperatives, which historically are underfunded. Of course, there are exceptions and some relatively large brands do exist in Europe, mainly stemming from family enterprises grown by smart investments in marketing. The corporate structure to buy grapes from a wide range of producers, and invest the money necessary to produce and market large supermarket-style brands, is very rare.

The few successes I can think of outside of the family owned enterprises are typically distributors or producers entering the market from overseas and contracting to have a wine brand made to their specifications, and then using their existing distribution channels and investments to grow a successful brand, a la Red Bicycleette or Fat Bastard.

Changing some of the rules will help France, but only a little bit. The expectation that these changes will be a powerful agent for change show a poor understanding of what it takes to create million-case brands.

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