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Portugal's Promise

Portuguese table wines are ready to shine as consumers discover their attractive value and Old World heritage

BY SUSANNAH SKIVER BARTON

For decades, Port and Madeira dominated Portugal's exports, and table wine offerings were practically nonexistent outside of small ethnic enclaves. But thanks to increasing production quality and an emphasis on export growth—not to mention a storied winemaking heritage—Portuguese table wines are emerging as equals to their fortified counterparts.

The category has been on a strong growth trajectory for the past 11 years, posting a 14-percent increase to 1.27 million cases in 2014, according to Impact Databank. Nuno Vale,

chief marketing officer of the trade group ViniPortugal, points to the recession as a key driver of recent growth. "When the financial crisis hit, wineries were forced to look elsewhere as consumption in Portugal decreased," he explains. "Companies spent more time focusing on the U.S. market, and there has been larger interest and increased distribution as a result."

Last year, ViniPortugal partnered with Wine Market Council to study Portuguese wine consumers in the United States, finding that this demographic often buys wine from other

ABOVE: Portugal has a long table wine history with over 250 native grape varieties and 14 wine regions (Quinta do Noval vineyards in the Douro). RIGHT: Producers like Esporão (bottling line below) still use foot-treading (top) and other traditional techniques.

lesser-known regions, such as South Africa, Austria and Greece. "It's the joy of discovery," says John Gillespie, president of Wine Market Council. "These consumers are looking for what's new."

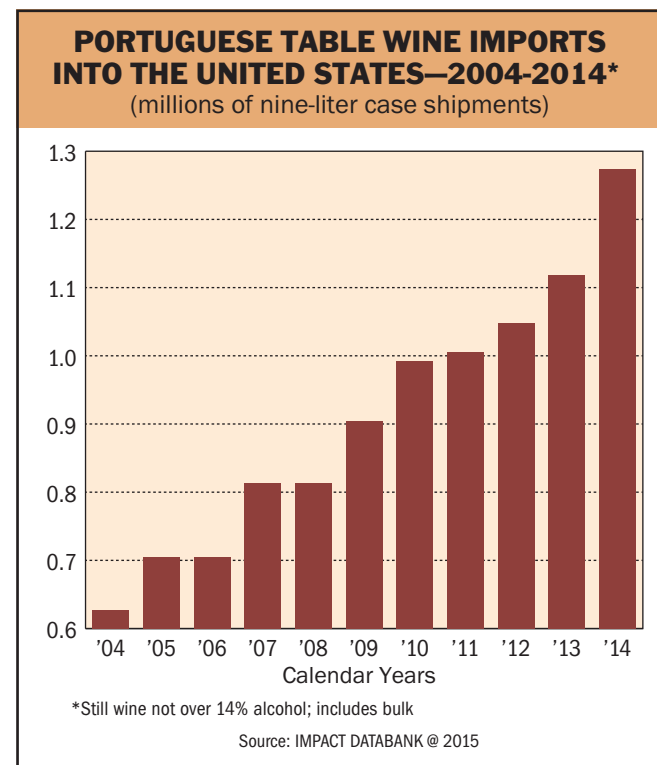
Pedro Vieira, North American market manager for Portuguese wine producer Esporão, agrees. "Consumers are more willing to try obscure and unknown wines that can offer a different experience," he says. Esporão markets several wines from the Douro and Alentejo regions and depleted 85,000 nine-liter cases in the United States last year. "The U.S. consumer is increasingly willing to pay more," Vieira adds, noting that Esporão is seeing particularly strong growth in the \$15-to-\$20 tier, with its Quinta dos Murças Assobio brand (\$15 a 750-ml. bottle) doing especially well.

Rich Tradition

Although discovery plays a big part in the country's growing sales, Portugal's winemaking heritage is well-established. The country produces nearly 50 percent of the world's cork. Porto, located within the Douro, is the world's oldest regulated wine region, and other areas like Alentejo, Dão, Bairrada and Tejo have been producing wine for centuries. Some winemakers continue to use traditional techniques, such as foot-treading in shallow stone basins called "lagares."

Portugal also has a prodigious number of indigenous grape varieties—more than 250, according to ViniPortugal. Many winemakers choose to use a combination of indigenous and international varieties, while others stick with strictly native grapes. In an effort to preserve and study the country's rich varietal array, Esporão planted an ampelographic vineyard with 188 grape types in Alentejo in 2010. "The vineyard allows us to understand the potential of each varietal and ultimately gives us information on what we should plant and invest in to produce the best possible wines in a sustainable way," Vieira explains.





The Tejo region—which shortened its name from Ribatejo in 2009—has around 80 producers spread across three distinct growing areas: Bairro, Charneca and Campo. Giovanni Nigra, owner of the Fiuza & Bright winery and a member of the board of directors of the Comissão Vitivinícola Regional do Tejo (CVR Tejo), calls this diversity of soils and climates the region’s “secret weapon,” responsible for its varied wine styles. “The three terroirs make different profiles,” he says. “Using our natural resources, especially the Tejo River, we get unique wines that can fit into any occasion.”



Formerly known as Ribatejo, Portugal’s Tejo region (vineyards top) has three distinct winemaking areas that contribute to its diverse wine styles (barrel sampling above). The trade group CVR Tejo hopes tourism will drive sales.

Fruitful Regions

Out of Portugal’s 14 distinct wine regions, the leading appellation in the United States is Vinho Verde, taking 29 percent of volume share and 20 percent of value for all Portuguese table and fortified wine imports, according to ViniPortugal. Excluding Port and Madeira, the next largest single region is the Douro, which represents 7 percent of Portuguese wine imports by volume.

“Vinho Verde has helped a lot with consumer recognition of Portuguese wines,” says Lisa Williams, marketing manager of Aidil Wines & Liquors. The most common type of Vinho Verde is a low-alcohol, slightly effervescent white—typically made from such varieties as Loureiro, Arinto or Trajadura—but Williams notes that the region also produces red, sparkling and more complex white wines. Aidil imports roughly 40 Portuguese

wine brands, including Muros Antigos Alvarinho (\$18 a 750-ml. bottle), a DOC wine with the special Vinho Alvarinho designation, made by Anselmo Mendes.

Sogrape Group has a rich portfolio with dozens of labels that span the country. Vinho Verde ranks highly, with the Gazela brand (\$6.99 a 750-ml. bottle) growing 12 percent last year. But CEO Fernando Cunha Guedes notes that the company’s Douro wines are the current superstars—especially Casa Ferreirinha Esteva (\$9.99), which grew 84 percent in 2014. “We believe awareness of Douro wines is due in part to the reputation and consumer consciousness of Port,” he says.

Palm Bay International markets the J.M. da Fonseca family of wines, which includes the Vinho Verde offering Twin Vines, the Douro DOC label Domini and the Periquita brand from the Setúbal Peninsula. “We’re trying to showcase Portugal’s best,” says Michael Preis, Palm Bay vice president of trade marketing and J.M. da Fonseca portfolio director. He adds that each brand meets a different market niche. Domini (\$14.99 to \$39.99 a 750-ml. bottle) does well on-premise in such national restaurant chains as Fleming’s Steakhouse and Seasons 52 and has seen success at Costco stores in California and Texas. Periquita (\$11.99 to \$14.99) and Twin Vines (\$7.99) target the off-premise. Palm Bay also works with major retail chains like HEB and Cost Plus World Market to grow the Vinho Verde category. “There’s such a versatility with these wines that works in all channels,” Preis notes.

PHOTO BY (TOP) RICARDO PALMA VEIGA

In the on-premise, Portugal’s varied regions can comprise an entire wine list. Portuguese-American chef George Mendes heads the New York City restaurants Aldea and Lupulo. Doreen Winkler oversees the beverage list at both venues and offers only Portuguese wines made from native grapes at Lupulo. “With 250 indigenous varieties, nothing tastes alike,” Winkler says. “There’s huge interest when somebody comes into our restaurants.” She notes each wine’s region of origin on Lupulo’s menu and prefers to feature sustainable brands, such as Folias de Baco Reserva Uivo (\$11 a glass; \$44 a 750-ml. bottle), made in the Douro from Moscatel Galego.

Boosting Blends

Despite the number of indigenous grapes available, many Portuguese winemakers create blends rather than single-varietal wines. “Red blends are Portugal’s best choice,” says Sogrape’s Cunha Guedes. “Making blends with hundreds of native grape varieties is our main asset and needs to be highlighted at the consumer level.”

Williams of Aidil agrees. “The U.S. market is so varietal focused, but you can’t do that with Portuguese wine,” she explains. “Like French or Italian wines, it’s more about the regions than highlighting certain grapes.” Williams admits that there’s work to be done in this area. “The biggest struggle is getting people to realize that it’s OK to have a blend,” she says. “A winemaker told me that to produce the best possible wine, you use teamwork. You make blends because unless it’s an outstanding vintage, a grape doesn’t always stand well on its own.” Williams notes that many of Aidil’s Portuguese wines are currently seeing success in boutique stores that can focus on hand-selling.

While the bulk of its wines are blends, Esporão produces some single-varietal labels. The winemaking team, led by chief winemaker David Baverstock, chooses up to four red varieties that meet the quality standards for individual bottling in a given vintage. Recent single-varietal offerings include the 2011 Herdade do Esporão Touriga Nacional (\$35 a 750-ml. bottle). The company also bottles the single-varietal white wine Herdade do Esporão Verdelho (\$35) annually.

CVR Tejo’s Nigra advocates for including the varieties on a wine’s front label, but admits that this can get tricky with some blends. “When you have wines with six or seven grapes, it’s difficult to fit all those names,” he says. In some cases, including the varietal might not be an asset, especially if it’s an international grape that

consumers aren’t seeking from Portugal. Nigra’s Fiuza & Bright brand produces the leading Sauvignon Blanc in Portugal, but he doesn’t plan to export it. “No one wants to taste a Portuguese Sauvignon Blanc,” he admits. “For exporting, we must go with the native grapes.”

Common Goals

In addition to tackling U.S. consumers’ preference for single-varietal wines, Portuguese wine brands are surmounting other hurdles. “The greatest challenge is the lack of distribution in the United States,” says ViniPortugal’s Vale. “Distribution and equity on the shelf need to rapidly increase in order to meet the demands of the market while interest in Portugal is still high.”

Craig Perman, who owns Chicago-based Perman Wine Selections and serves as wine director for the restaurant Fat Rice, also sees distribution as an important piece of the

current category picture. “What exists right now in our market are a lot of the larger-scale producers,” he explains. “I want to focus on family producers, whose vineyards I’ve visited and whose practices I know, but finding distribution for them in the United States hasn’t been easy.”

Along with increasing distribution, marketers seek to advance consumer knowledge of the Portuguese table wine category. Aidil’s Williams starts with sampling. “Tastings open up the door for communication and conversation,” she says. Price point also helps—many Portuguese wines have developed a reputation for favorable price-to-quality ratios. “A \$40 Portuguese



J.M. da Fonseca offers a range of table wines (top) from different regions of Portugal, including Twin Vines from Vinho Verde, Domini from the Douro and Periquita from the Setúbal Peninsula. At New York City’s Lupulo (above), the wine list features only selections made with native varieties to go with the restaurant’s Portuguese cuisine.

PHOTO BY (BOTTOM) ANNA WEBBER



Consumers looking for unique varietals and authentic history at an affordable price point are flocking to Portuguese offerings (Casa da Passarella cellars pictured). Many marketers are drawing parallels between Spanish wines 10 years ago and the current Portuguese wine market.

wine would be \$80 if it were made in California,” Williams says, noting that \$20 a 750-ml. bottle is the current price ceiling for most Portuguese table wines.

This past spring, Wines of Portugal partnered with the Whole Foods grocery chain to promote eight different regional wines. Stores offered samples and provided customers with information about the category. Palm Bay’s Periquita Original Red (\$11.99 a 750-ml. bottle) was one of the featured brands, and Preis says it was the No.-2 seller during the promotion. “The two buyers for Whole Foods commented that it was probably their most successful country of origin promotion ever,” he adds. “We’re on track to double our depletions for Periquita this year.”

Whereas Italian restaurants create built-in opportunities to sell wines from Italy, Portuguese cuisine’s relative absence in the United States means that brands have to work harder for visibility on-premise. “There aren’t a lot of Portuguese sections on wine lists,” Perman says. “We need to get people to think beyond categories and simply focus on pairing good wines with food.” At Fat Rice, which features the cuisine of former Portuguese colony Macau, Perman’s menu typically lists 16 Portuguese wines, ranging from \$10 to \$12 a glass and \$25 to \$125 a 750-ml. bottle.

Trade groups are pushing tourism as an entry to enjoying Portuguese wines. “As a single product, there’s not enough awareness of Portuguese wine for it to grow by itself,” says CVR Tejo’s Nigra. “We need to connect the wines to our country’s natural resources and gastronomy.” ViniPortugal’s Vale points to Portugal’s affordability and accessibility. “Americans are rapidly discovering Portugal as a tourist destination, and wine tourism appears to be a huge driver of that trend,” he explains.

Growing Together

Gillespie of Wine Market Council notes that Portugal’s current trajectory appears similar to that of Spanish wines a decade ago. “I don’t see any reason why this growth can’t be sustained, but the trade groups, importers and brands will have to keep at it,” he says.

Perman also sees hard work ahead. “It’s a collective effort,” he says. “The importers and distributors have to do some education and take a risk. The retailers and restaurateurs have to figure out how to put Portuguese table wine on their shelves and their lists and how to sell it. And then the consumers have to be open-minded enough to try it. We’re getting there, but it’s slow.”

Many marketers are feeling optimistic. ViniPortugal recently appointed a U.S. ambassador, Eugenio Jardim. “His primary focus will be on taking our U.S. presence to the next level across all channels,” Vale explains. At Palm Bay, Preis anticipates double-digit increases across the company’s Portuguese wine portfolio this year. “Costco can move 1,000 cases of Domini, and that volume tells me Portuguese brands have a place in the broad market,” he says. “These wines are on the cusp of becoming much more widespread. As more importers take a strong position in Portuguese wines, I think it will start to feed off itself.”

Consumer discovery will likely continue to drive growth. “What started as a challenge—the unfamiliar grape varieties and their difficult pronunciation—has become a point of uniqueness,” Vale says. “The consumer markets where Portugal is doing best seem most interested in discovering wines that are authentic, which aligns perfectly with what the category can offer.”

Aidil’s Williams is predicting great things for Portuguese wines overall. “I remember selling Malbec when no one had heard of that varietal, and then people started to talk about it,” she says. “Similarly, people are now excited about Portuguese table wine and starting to ask for it.”

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