

The following remarks were made by Andrew Jefford at the Australian Wine and Brandy Corporation's 23rd Annual General Meeting 8 December 2009.

Good afternoon, everyone, and many thanks also to those arranging this AGM for giving me the chance to talk to you over the next quarter hour.

My particular interest as a wine writer is the one thread common to all fine wines and most enduring simple wines: the fact that, in some way or other, their aromatic and flavour profile is bound up with their geographical origin, and cannot be duplicated elsewhere. *Terroir*, in other words, or the taste of place.

As you've just heard, I'm in Australia for 15 months to research this aspect of Australian wine, and eventually to write a book about it. In addition to my work with the University of Adelaide and Wine 2030, I've also been continuing my existing work as a columnist for *Decanter* magazine, the *World of Fine Wine*, and *Waitrose Food Illustrated*, as well as as an occasional writer for *The Financial Times*.

My travel to Australia's wine regions has been assisted by the AWBC, something I gratefully acknowledge, and I've toured extensively so far in Tasmania, Western Australia, South Australia and Victoria, with travel to New South Wales, Queensland and the areas close to the ACT imminent.

We're meeting at a time of crisis for Australian wine. You're all well aware of the detail, so I won't waste time on that. My message to you is that crises are moments of opportunity. Over the next few minutes, I'll try to spell out what I see those opportunities as being, beginning with some structural perspectives.

Australia's wine scene at present is bi-partite. It is dominated by large companies, and complemented by a plethora of smaller endeavours. Those medium-sized companies which exist are immensely valuable, but there are not enough of them. The opportunities for expansion provided by the boom years, and the consequent ceding of family ownership to public ownership, too often proved corrosive.

This agglomerative process in Australian wine has been matched in many export markets, as well as in Australia's own domestic market, by the concentration of power in the hands of a few retailers.

Large producers are obliged to deal with large retailers. Oversupply means that all of the power in this relationship lies with the retailers. The consequence is abusive, image-destroying, value-dissolving retail stratagems.

The first opportunity of this crisis, then, should be the resolve to create an entirely new sales architecture for Australian wine for the future. The keystone of this should be an unremitting focus on those markets and market sectors where retailing is equitable rather than exploitative. Listen to the requirements of those markets and market sectors; nourish those relationships; and use temporary over-supply to temporarily over-deliver to those who will retail Australian wine in the future without abuse.

Of course sales to large retailers must continue, but there is little hope that these will cease being exploitative until Australia's current oversupply is mastered. The new sales architecture should then include a realistic assessment of how to create value in that milieu without eroding image, which is precisely what is happening at present. A reorientation towards quality wine creation is the only possible avenue for Australia here too, given the relative costs of labour and water in Australia compared to those of competitor nations.

Australia too often said yes in the past to beguiling retailing propositions. Strange .... since, as a nation, you're familiar enough with shark-infested waters. The future will require more use of the word 'No'. It will also require greater recognition that there are some sections of the market which are devoid of value for producers, which exist to enable retailers to squeeze profit from distressed stock while deluding consumers into thinking they are buying a bargain, and where withdrawal is in the long term the most profitable option.

What, though, is quality wine creation? Few wine-producing nations have defined this more precisely than Australia. It has done this via the normative consequences of the show system, and via the fault-elimination strategies of the AWRI and the AWBC. The Australian definition of quality has served the country well during the boom years, since it creates bright, high-impact, consistent and easily comprehensible aromas and flavours which are perfect for those moving into wine from other areas of the comestible spectrum.

When you talk to international media and consumers, though, there are criticisms. The first is that, although Australian wine is consistent and reliable, it's also boring and samey. Australian wines are thought not to accompany food as well as the wines of other nations. Higher priced Australian wines are perceived as delivering more concentration and oak, but being built along the same stylistic parameters as the cheaper wines. They are criticised for lacking diversity, lacking subtlety and lacking finesse.

These are generalisations, and there are of course distinguished exceptions with which everyone in this room will be familiar. In overall terms, though, the criticisms are valid, particularly of those wines most commonly seen on export markets. The stylistic paradigms appropriate to Australia's simplest wines, in other words, are at present also being applied to many of its more complex and expensive ones.

Yet ... the consuming market is not a uniform one. Not every drinker is a beginner. In particular, Australia needs to enchant consumers of classic European wines more successfully than it's done in the past. European wines are inconsistent, sometimes mysterious, and stylistically hugely variable. These things, ladies and gentlemen, are not necessarily defects.

Stylistically, then, this crisis presents Australia with two great opportunities. The first concerns blends. The second concerns regional wines.

In the first case, the opportunity is to broaden the stylistic base of Australian wine creation. Australia's unrivalled technical expertise should not always serve normative goals. Australia's winemakers, and particularly those highly intelligent men and women working for large companies, should be allowed to let rip, to be creative, to have fun.

These things can serve commercial ends. Brand differentiation is best built on genuinely different stylistic profiles. The day of the rule book is over. Australia needs unctuous, low-acid wine as well as bright-edged, high-acid wine; it needs slender, fresh wines as well as fat, rich wines; it needs textured, tannic, grippy wines as well as smooth and seamless ones. This is true for both \$10 bottles and \$50 bottles.

Indeed in terms of acid balances I believe that Australia is now out of synch with its main competitors, and I provide some evidence for this in the lecture I gave at the recent Wine 2030 Blue Sky day event, available as the latest blog entry on [www.andrewjefford.com](http://www.andrewjefford.com).

Grape varieties, of course, should be a key route to broadening stylistic diversity in wines sold without any particular appeal to regionality.

The crisis provides both the stimulus and the opportunity to expand Australia's varietal offering, as well as to fit it more appropriately to changing climatic norms. In particular, later ripening varieties should be considered for warm locations in order to provide fruit which can be harvested in a naturally balanced state which doesn't require exaggerated correction in the winery.

Later ripening varieties, too, are the sanest route to moderating alcohol levels.

If consumers find Australian wine monotonous, having almost half the national vineyard planted to just two varieties must be a strong contributing cause.

Needless to say, efforts to increase varietal diversity in Australian vineyards will be a waste of both time and money if the intrinsic character of those varieties is not scrupulously reflected in the finished wines. The differences must be as palpable in the bottle as they are on the label.

Now to regional wines – or indeed sub-regional wines, or wines from distinguished single sites. Wines, in other words, made from high-quality fruit in a restrained manner which permits characteristics derived from climate, aspect and soil to create the primary aroma and flavour profile of the wine. Any vision of Australia's wine future which does not allot a major role to wines of this sort is doomed to failure.

Work by Professor Kym Anderson of Adelaide University's Department of Economics has shown that profitability (measured by grape price) rises for those regions which have succeeded in establishing a clear sense of regional identity. It also shows that these trends result in a long-term streamlining of the varietal offering, suggesting that the search for place in wine equates to an evolutionary force in terms of wine economics.

The crisis, in other words, is a major opportunity for Australia to deliver something which it has not previously been intimately associated with: *terroir* wines or wines of place. Once again, these are the kind of wines most valued by those consumers who are least sensitive to price, and who favour retailers who build non-abusive relations with their suppliers.

Almost all of the world's finest wines – the overseas references, for example, shown to Australia's future wine leaders at the Len Evans Tutorial – are wines of this sort. There is no more enduring and sustainable appeal for a wine to make to its consumer than to offer a unique, place-derived beauty unduplicatable elsewhere. Such wines are necessarily highly diverse.

Wines of place, though, don't have to be expensive, avowedly fine wines. They can also be simple wines whose primary appeal is enjoyable regional character, accessed by increasingly familiar GI names. Australia's leading GIs are already beginning to function as brands for the brandless, as European appellations have done since their inception.

Nor are wines of place the preserve of small grower-producers alone. There is nothing to stop large producers competing effectively in this market, using their extensive network of growers.

Regionality is a potential strength for Australia. The country's size, and its climatic and pedological variability, make it the most diverse of all southern hemisphere wine-producing nations.

There is only one proviso. Regionality must mean something, and not simply be a marketing crutch. It does in fact take a lot of courage to allow the flavours and balances created in the vineyard, via the natural, uncorrected constituents of the wine, to stamp the finished product. The result may often, at first, seem strange or odd, and crying out for human improvement or intervention.

The truth, though, is that many great wines of place do indeed seem strange or odd initially. Remember your first glass of Barolo, Madiran, Beaujolais, Vinho Verde? They all appeared profoundly odd or even incomprehensible to me.

Yet, given time, they create their own market, their own appreciation, their own understanding, and the mystery of their beauty slowly becomes more apparent to consumers.

Forceful human interventions, by contrast, may obscure or eclipse that beauty. Soft, easy-going Barolo; smooth, unruffled Madiran; inky, tannic Beaujolais or rich, full-bodied Vinho Verde would all be aberrations, contradictions, forms of failure.

Every one of these wines implies a different and highly characterful shape, texture and balance, as well as a unique repertoire of aromas and flavours. This is not, of course, an appeal for faulty wines, but it is an appeal for the easing and broadening of the technical parameters which Australian winemakers are prepared to allow their wines, and especially for higher pHs and lower TAs where such balances reflect the raw materials as delivered by an appropriate variety in a propitious site.

Great raw materials merit trust. If a variety in a propitious site is, year after year, delivering raw materials with a balance which demands dramatic correction, then it is time to try a different variety in that site.

I can't leave this subject without alluding not to an opportunity of the crisis, but to a great danger of the crisis.

Both of the stylistic opportunities I've just outlined above are predicated on high-quality, carefully grown and sensitively harvested fruit. The danger is that the economic attrition implied by the crisis will in fact lower the quality of fruit supplied to wineries by growers, and poison relationships between growers and grape purchasers. If the standard of fruit delivered to Australian wineries falls over the next few years, then wine quality will inevitably fall, too.

With careful management, this need not be the case. New Zealand, for example, is using its own oversupply crisis to reduce yields. That may not be the right solution for Australia, but some mechanisms must be found via partnerships and collaborative action to ensure that what is skimmed from the pool of oversupply is indeed the cream of the crop.

The final strand of opportunity presented by the crisis concerns the way that Australian wine producers talk to consumers. This has unquestionably been an Australian strength, and it remains so.

By contrast, it is something which European producers struggle with. The quality of exported French wine, for example, is often higher than it is given credit for in Australia. The way in which the French wine message is communicated to consumers, though, is catastrophically poor, and is one of the principal reasons why French wine sales are still falling in the UK.

Some in Australia have objected to the current AWBC marketing strategy on the basis that it squanders resources in addressing insignificant market segments, and muddies the luminous simplicity of the Brand Australia message.

For me, this criticism is misconceived. The power of major Australian wine brands alone is more than enough to keep Brand Australia aloft.

For almost any aspirational Australian wine, though, the Brand Australia concept is now a liability. Consumers and international media are looking for a new start and new messages, free from contamination by beaches, blokes, barbies and bears.

They want delicacy and finesse on the outside of Australian bottles, as well as on the inside. They want to know about the places where Australian wine comes into being, and how those places differ from each other. They want reassurance that Australian winemakers are serious about creating fine wines which express a sense of place rather than flex winemaking muscle. They want to taste Australian wines which harmonise with and support fine dining experiences.

Yes, these things do mean complication in the place of simplicity. The current crisis, though, shows the dangers and vulnerabilities of a market approach predicated on simple appeals alone.

As I've travelled around Australia's wine-producing regions, I've discovered many outstanding wines. What almost all of them have in common is that those making them see themselves in an international perspective, and constantly taste their own wines against other international benchmarks. They view their work as craftsmanship rather than technology; they have an intimate and respectful relationship with the vineyards whose fruit they are vinifying; and they seek to explore without undue artifice the potential inscribed in that fruit by the place in which it came into being. These producers are not immune to the crisis, but they are weathering it better than most. There is no formula for survival; but their fidelity is to that which is most Australian in Australia's wine offer. Almost everything else can be copied or imitated; the taste of place cannot. If consumers bond with that, they're yours forever.