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“The inconvenient truth of South African Wine Industry”

PRESS RELEASE

DGB releases documentary on the “inconvenient” state of South African wine prices

As the international wine world descends on Cape Town to experience the local wine industry’s best offerings, DGB (Pty) Ltd, South Africa’s largest independent wine and spirit producer and distributor, (producer of iconic wine brands such as; Boschendal, Bellingham, Brampton, Franschhoek Cellars, Douglas Green, Tall Horse, The Beachhouse, amongst others), has released a thought-provoking documentary on the state of the South African wine industry.

Called “The Inconvenient Truth about South African Wine”, the documentary focuses on the pricing of South African wines, and highlights the lack of understanding by some international buyers who are not prepared to pay a fair price for South African wines as well as some local producers - not the growers - who are guilty of selling South African wines at prices that are not sustainable.

This state of affairs has evoked similar concern from one of the wine world’s most respected wine critics and British Master of Wine (MW) Tim Atkin, who has just released his 2018 South Africa Special Report. In his report he notes: “First the quality of the best of Cape wines is a match for anything produced elsewhere in the New World. Secondly, they are under-valued. If you use the 90+ scores as a measure of quality, the South Africa has the cheapest fine wine sector in the world.”

The video, which includes commentary from established wineries like Kanonkop and local wine industry bodies Vinpro and WOSA, highlights this plight. Greg Guy, International Sales Director at DGB says: “We have tried to present a balanced picture, depicting the reality of what these low prices have done to the economy and the wine industry in the Western Cape. We have interviewed a number of key players, depicting an honest picture of an industry in flux and increasingly under pressure to develop, grow and invest in their own farms. The consequences are dire, not only for the individual farmer but for the entire Cape Province as well. The wine industry currently employs approximately 290 000 people, exports are worth R8.9 billion and contributes R36 billion to the National GDP.”

Although the drought in the Western Cape has partially broken and dams are collectively around 60% full with the rainy season coming to an end, Guy says the impact still remains. “A bigger harvest in 2019 is expected but the wrong pricing in the past has not been fully corrected and a big ‘cheap’
harvest will not bring in any long term benefits. Also there are still too many brands, not just labels that have not increased their International prices and they remain the "elephant in the room" when these discussions are being held with International buyers.”

Jacques Roux, Marketing Director for Wine at DGB adds: “We feel the industry needs to band together to ensure that we don't get bullied and pushed into a corner for the sake of maintaining listings. We as an industry are admittedly partially to blame for positioning our wines at low prices and now we have to try and dig ourselves out of this hole. It will not be easy and it will take time but we need to embark on a strategy of brand building rather than continually being price takers. We accept that the world of wine is a very competitive place and that the larger retailers and monopolies don't always 'need' us, but this shouldn't detract from our longer term goals. No doubt we will lose listings and lose market share but ultimately we will all be better off and marketing wines at prices that are sustainable and are more reflective of the quality that we produce.”

Atkin notes in his report that a fine wine sector exists in South Africa, that "will help to lift (that) low price ceiling to the place where it deserves to be”. If not, the long-term survival of the industry will be at stake.

To view the video - Click here to read more

DGB is inviting responses on its ‘helpline’ at DGBWine@dgb.co.za

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Browse the attached brochure. If interested please contact Wine Intelligence SA Country Manager - Dimitri Coutras dcoutras@iafrica.com