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BRANDS WITHOUT BORDERS

As wine becomes just another beverage, brands are growing to include wines from different countries. Felicity Carter asks if regionality matters to consumers and whether these brands without borders are the way of the future.

When Foster's Wine Group announced in 2006 that it was expanding its Australian brand, Lindemans, to include wines from South Africa and Chile, there was outrage, particularly when the Lindemans brand manager went on to say that people didn't care where their easygoing wines came from. "If it doesn't matter where it comes from, why can't it come from Australia?" asked Jeni Port, writing in Melbourne's The Age.

For premium and fine wine, regionality is an asset to be protected at all costs. And the move to make Lindemans a 'multi-provenance wine brand', as James Craig-Wood, communications manager for EMEA Foster's Group puts it, is at odds with the general moves of the Australian wine industry towards an emphasis on promoting regionality. The Directions to 2025 strategy, created in 2007, identifies newcomers, aspirants and connoisseurs as being attracted to regionality. Yet there is a class of popular wines whose origins seem irrelevant, such as Diageo's Blossom Hill. Reportedly, around 25,000 glasses of the wine are consumed every hour in Britain; yet take a look at any of the advertising for its range and you'd be hard pressed to find any mention of its Californian origins.

If regionality is important to aspirants and connoisseurs, wouldn't they be more attracted to wines born in that particular region than to a multi-region brand? And if consumers don't care about origin, why bother sourcing wines internationally and displaying the provenance clearly on the label? In other words, what's the point?

Lindemans

Lindemans is one of Australia's oldest brands: Take a look at its website, and you'll find timelines and romantic winery pictures that scream 'heritage'.

One of the timeline stories refers to the Lindemans Bin 65 Chardonnay, created for the Canadian market in 1985. By 1998, Bin 65 was Australia's most exported wine, though its advertising chose not to emphasise its Australian origins. Lindeman's owners, Foster's, found they had a brand on their hands with near universal recognition – yet one that consumers assumed was from Germany or the Netherlands. It was the ideal vehicle for the 'multi-provenance' wine brand experiment.

"Today's consumers want to explore wine from new countries and regions, but are concerned about making the right choice in a fragmented market," says Craig-Wood. "Lindemans provides the opportunity for consumers to explore South African or Chilean wines without the risk of buying a bad wine."

The way it works is that there are winemaking teams in each country sourcing grapes and making the wines which "reflect the local character but are aligned to the Lindemans style". The varietals are chosen based on the broadest consumer appeal, with niche and emerging varietals avoided; likewise, Lindemans say they will only "play in markets" where a demand for the wines of a specific country of origin already exists, and they will only feature New World wines. So the UK market gets Australia, South Africa and Chile, while the US sees Australia and South Africa, and the Australian market only sees the Australian wines. The result, says Craig-Woods, is that overall sales have risen. "Sales from Lindemans wines from Australia are still growing and in fact Lindemans has been one of the fastest growing wine brands over the past year, according to stats from AC Nielsen."

But why stretch one brand out across multiple countries? Why not use the approach taken by companies like LMVH – or Foster's itself, for that matter – where a company expands by buying or creating brands from the regions where the company wants a presence?

"It takes a significant period of time and investment for a new brand to develop the same market presence as Lindemans across global markets," is the simple answer.

Not only that, but Lindemans get extra shelf space in supermarkets, managing to score a direct hit under both the 'Australian' and 'Chilean' categories.

Ku De Ta

Kevin Mehra, the 35-year-old president of Latitude Beverages, is happy to describe himself as a novice wine drinker. Formerly a sales manager for a distilling company, he realised he wasn't the only person struggling to make sense of the world of wine, so he decided to create a brand that brought different regions under one umbrella.

"The hottest trend for 2008 is 'adventure brands' which use clever names and visual cues to tell a story that customers can discover and spread. Critters may be running their course."

Kevin Mehra, president of Latitude Beverages

He believes it's the natural next step from critter brands.

"The new trend I was looking into was the 'adventure brand' where you're still doing away with the traditional pomposity of wine and difficult chateaux and family names." Mehra says Ku De Ta has its sights firmly set on 'Millennials', the consumers aged between 21 and 30 who are difficult for wine companies to reach. "They're drinking less beer and more imported varietals, and are more apt to drink wine from the New World."

Mehra says the 70m strong cohort grew up in a globalised society, and are actively seeking international wines; American wines represent only 37% of their wine drinking. And they don't trust cheap wine, either, so the wines will be priced at a minimum of $9.99. What Millennials don't want is "all this information. They want nice labels and wine that tastes good".

Getting the range together wasn't easy, not least because the US dollar doesn't stretch as far as it used to. "Because of the American dollar we cannot find a really high quality Pinot Noir, so we're going to plug in another varietal."

The launch plans are ambitious: five varietals to begin with, and then another three in June, so by mid year the portfolio will include a Mosel Riesling, a Casablanca Sauvignon Blanc and a Malbec from Mendoza. The first launch will be in the state of Massachusetts, and then on to Connecticut and New York.

Ku De Ta is nothing if not brave, as many wine companies would quail at the prospect of launching so many new wines into such a small market base—even Yellow Tail began with just two wines. But Mehra says he's done his homework: "This group of people won't go into the Spanish aisle. They go to whatever is in front (of the store). This gives them an easy way to discover brands from around the world."

Langguth – Blue Nun

Germany's Mosel Valley, with its impossibly steep slopes and ruined castles sitting atop rocky outcrops, is one of the most distinctive wine regions in the world – hardly the place you'd expect to find a French Merlot. Yet this is the home of Blue Nun, which has been a multi-country brand for more than a decade.

Blue Nun changed course in 1996, after Sichel, its owners, were bought by Langguth. Blue Nun had been a 1970s icon, but its popularity had gone the way of flares and platform shoes, leaving it with a major image problem. One of the first things Langguth did was to drop the Leibfraumilch and upgrade Blue Nun to a Qualitätswein in a drier style. The next thing they did was extend the brand.

"There was a danger in having Blue Nun as just a German wine," says Armin Wagner, marketing director. "It was too singular in this maze of wines out there, with all those brand portfolios."

An Argentine Merlot was launched in 1996. Unfortunately, Wagner says it "failed bitterly" in the US. Deciding the problem was because the brand was too identified with Germany, Langguth turned their attention to Asia. "Having two German wines on the shelf under the Blue Nun brand wouldn't have worked, because the consumer would have been confused," says Wagner. "So then we added a Merlot from France, a Cabernet Sauvignon from France and a Shiraz from Australia."

Today, more than 40% of the sales of Blue Nun come from the line extension and Wagner says the range has allowed the company to penetrate the Asian markets better, particularly China, and overcome image problems associated with the old Blue Nun.

Where Blue Nun doesn't sell is into the German market, as it has always been conceived of as an export brand, although it does have a strong presence in duty free, to ensure that when customers visit Germany, they can see it upon arrival.

The way of the future?

The example of Blue Nun, Lindemans, and, perhaps, Ku De Ta, suggests that as much as multi-country brands offend the terroir-istes, they may help consumers navigate through the increasingly complex world of wine, by showcasing easy-to-understand varietals and regions.

The irony of regionality, after all, is that as more countries move down the path of creating and protecting ever smaller regions and appellations, the confusion and clutter is growing. Multi-country brands may be one way to help sort that out.

And multi-country brands let companies respond quickly to the whims of the market. If Pinot Gris is popular one year and dead the next, the brand can switch quickly. If Chilean wines can undercut Australian in the marketplace, then the price points can be kept steady by switching regions. Multi-country brands will also offer a way to get around the problem of the carbon footprint caused by transporting wines by long distance, as the brands can be bottled closer to the final destination. In fact, multi-country brands are bringing wine closer to the beer model, where a standard product is brewed to the same recipe in different locations - the difference being that, while the beer's origin is kept as anonymous as possible, the wine's origins are being sold as a brand benefit.

Which is another irony of regionality: the more effort that's put into carving out distinct regions, the more those regions become brands which can be taken up and used by companies looking to extend their portfolios. ■

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