

LESSONS IN FRENCH PLAYING BY NEW RULES

In spite of the phenomenal prices attained by a small number of top 2005s in Bordeaux, life is increasingly tough for France's wine industry. The annual tradition of distilling excess production is now slowly giving way to a realisation that vineyards are going to be uprooted. Things are changing. Too little? Too late?

With exports down 19% in the past six years, many French vintners stand with their backs to the wall. Everyone admires their finest growths, but fewer are drinking the simple wines that have kept rural France - today still 844,000 hectares of vine, but 6% smaller than a decade ago - alive for centuries. In the wake of European proposals to curb distillation subsidies and grub out unneeded vineyards, France is beginning to wake up to reality. Although unwilling to follow the Spanish - and likely Portuguese - example of creating a *vin de France*, they are nonetheless starting to look for solutions that will enliven the future without erasing the past.

If French wines have any worthwhile message to transmit, then they must learn first to define and then to sell it. Demand is changing, competition is increasing and the retailers have power today that they did not in the past, pushing the industry to consolidate. Passing these gatekeepers is an increasing challenge because, unlike Champagne, the table wine sector has no real must-stock brands - and even though the power of brands is growing, brand loyalty is falling.

The overarching power of the appellation structure that prevents dynamic French producers from simply opting out, as Angelo Gaja and others have done in Italy, has created a situation in which regions have to perform as brands. Unfortunately, they are ill-suited to achieve this goal because there are too many of them, new ones are being created all the time and they tend to be made up of individuals with diverse views of what their region - or brand - should be.

If modern consumers want regionality at all - and there is ample evidence in many countries that at lower price points they increasingly don't care where a wine is from - it is limited to number of strong regions with well-defined characters, such as Chablis, Sancerre or, to a lesser extent, the Côtes-du-Rhône. Smaller, ill-defined regions have little place in the market, whether they are in the New or Old Worlds - as many wineries in under-performing Australian areas would ruefully agree.

Following the lead of Grands Chais de France with JP Chenet and Gallo with Red Bicycleette, Chamarré is the most ambitious new French wine project to hit the market in years. The brand is owned by Opera Vins & Spiriteux and produced by cooperative growers from around France who

have, with government support, agreed to pay to be part of the game, with Beaujolais and the Rhône being the latest regions to be signed up.

The brand's first successes - fuelled, it is rumoured, by generous listings fees - were with Morrisons, Somerfield, Threshers and Co-op earlier this year in the United Kingdom. Export director Vincent Norguet plans to move 1.5 million bottles in that market by the end of 2006. On the 1st of July the group opened a subsidiary in United States and has ambitious plans to become one of the top three French brands sold there. Articles in both the New York Times and the Herald Tribune have created buyer interest, but it is too early to measure that impact. So far the only other important market is Scandinavia; but even French chains have also shown interest, with listings being discussed at both Le Clerc and Monoprix.

French brands are not for the French

Vincent Norguet's admission that the brand was not designed for the French consumer reveals one of the essential characteristics of the French market. With few exceptions, the key French brands are either consumed only in France - Vieux Papes, Listel or La Villageoise - or entirely exported, such as Grand Sud, Barton & Guestier and Piat d'Or. Only a rare few, such as Cellier des Dauphins or Mouton Cadet, have achieved a state of equilibrium between domestic recognition and export success. This balance is not quintessential for the success of a brand - Taylor's port and Mateus rosé have never been nearly as strong in Portugal as they have been overseas, and there are several American brands that are rarely if ever seen in other markets; but these brands were all created specifically to suit the markets at which they are aimed. In France, this market-driven attitude is still generally an anathema - which helps to explain why so few of the brands are truly strong either at home or abroad.

The top dozen French brands today account for 265 million bottles, only about 4% of total production; but just one of these brands, and one of the youngest, JP Chenet, produces a third of that total: 83m bottles. Even so, it ranks only 11th on the Adams Wine Handbooks 2005 list of the world's leading wine brands. In terms of domestic consumption, those same twelve brands muster only slightly more than 100m bottles, hardly a drop in the French throat. It is true that France has

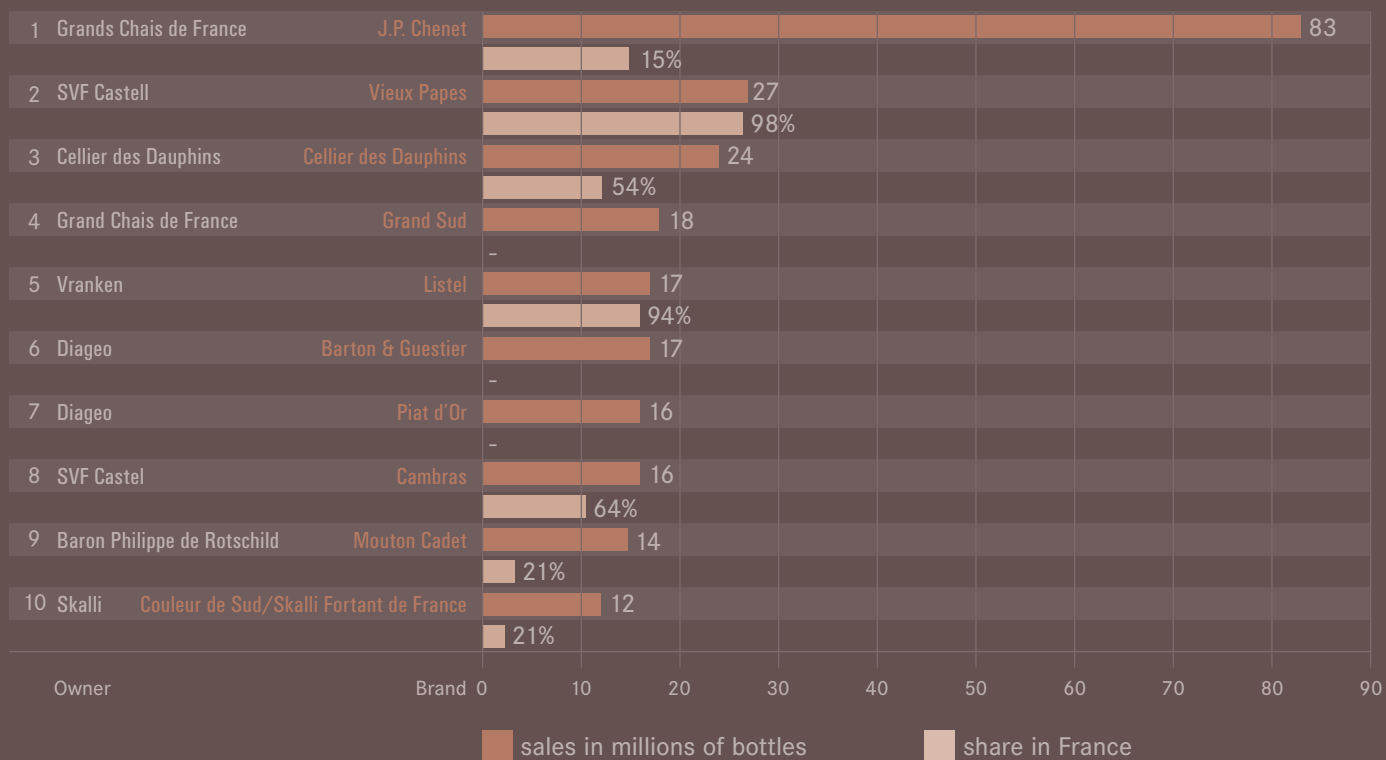
THE TOP TEN WINE PRODUCERS IN FRANCE

The French have had difficulty arming themselves against the international competition. Among the ten largest wine companies in France, only three - Champagne excluded - were able to increase their turnover in 2005: Boisset, Baron Philippe de Rothschild and CVBG Dourthe Kressmann.

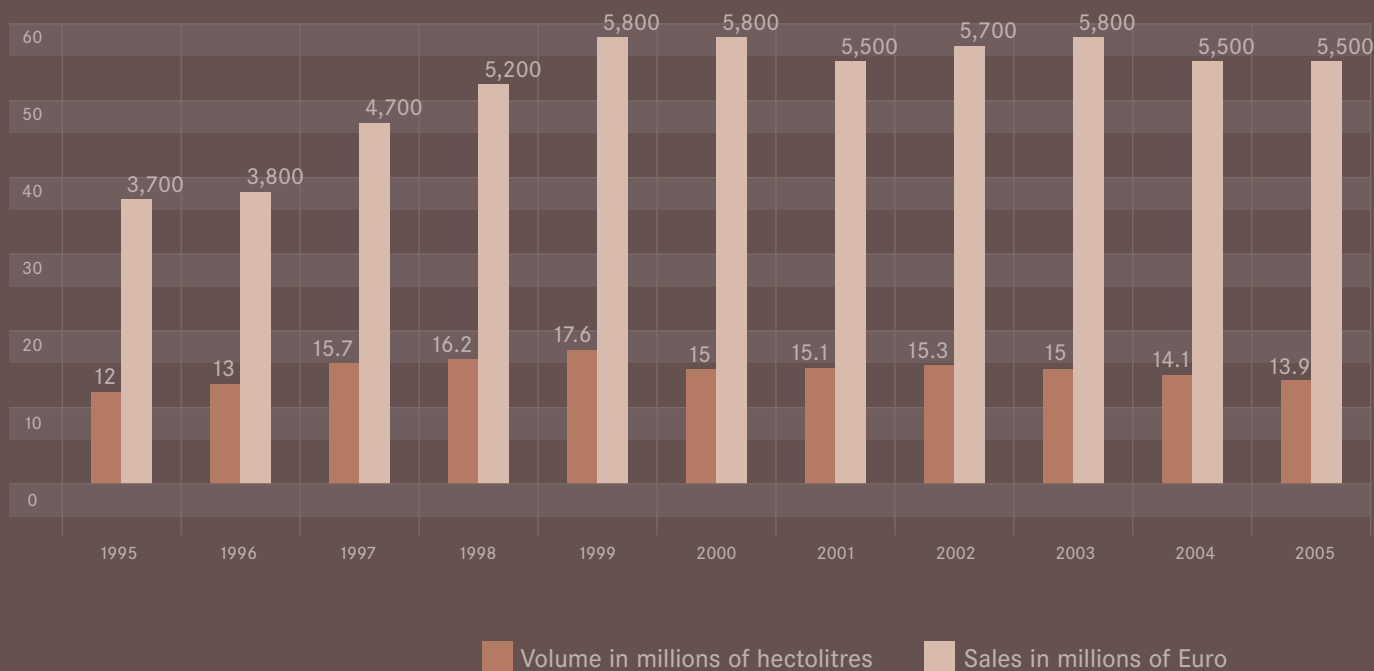
<p>1 CASTEL FRÈRES SA</p> <p>21-24 rue Georges Guynemer, 33295 Blanquefort, Tel. +33 5 56 95 54 00, Fax + 33 5 56 95 54 19, www.castel-freres.fr</p> <p>Chairman: Philippe Castel; Managing Director: Alain Castel; Major subsidiaries: Société des Vins de France, Nicolas, Oddbins; Major brands: Castel, Baron de Lestrac, Cambras, Malesan; Turnover 2005: 952mn; Export: 39%; Major markets: UK, Holland, Japan</p> <p>Wine is only a part of Castel's total activities, which also include beer and water, but they are still by far France's largest wine producer. With the launch of Castell three years ago, they now sport a handful of successful labels that include Vieux Papes, Baron de Lestac and Malesan, the most widely sold brands in their respective categories in France, but seldom seen outside the country.</p>	<p>6 BARON PHILIPPE DE ROTHSCHILD SA</p> <p>BP 117, 33250 Pauillac, Tel. +33 5 56 73 20 20, Fax +33 5 56 73 20 44, www.bpdr.com</p> <p>General Manager: Xavier de Eizaguirre; Sales Director: Hughes Lechanoine; Major subsidiaries: Opus One, Almaviva, Baron d'Arques; Major brands: Mouton Cadet, Mouton Rothschild, Almaviva, Opus One, Escudo Rosso; Turnover 2005: 170mn; Export: 80%; Major markets: Canada, Germany, UK</p> <p>Last year Baron Philippe de Rothschild was able to celebrate the 75 anniversary of its brand Mouton Cadet - now sold in 150 countries worldwide - with a slight increase in turnover. Not only was the label redesigned, but the winemakers have begun upgrading the quality as well. It is one of the few premium volume brands that France manages to produce. In several export markets, however, bigger sales are achieved by the firm's <i>vin de pays</i> wine.</p>
<p>2 LES GRANDS CHAIS DE FRANCE</p> <p>1, rue de la Division Leclerc, 67290 Petersbach, Tel. + 33 3 88 71 79 79, Fax + 33 3 88 70 45 09</p> <p>Chairman: Joseph Helfrich; Major subsidiaries: Caves de Landiras, Vinival, Metz Laugel, La Baume; Major brands: JP Chenet, Grand Sud; Turnover 2005: 555mn; Export: 75%; Major markets: Germany, UK, Holland</p> <p>Believing that vinifying their own wines is the only way to compete with the international brands from the New World, Joseph Helfrich has been investing heavily in vineyards and cellars over the past years. Not only did he recently purchase Vinival and Lacheteau on the Loire, he has also turned the Caves de Landiras in Bordeaux into a state of the art facility.</p>	<p>7 JEANJEAN SA</p> <p>BP 1; 34725 St. Félix de Lodez, Tel. +33 4 90 39 32 32, Fax +33 4 90 83 72 51, www.jeanjean.fr</p> <p>General Manager: Antoine Leccia; Export Director: Thibault de la Haye; Major subsidiaries: Ogier, Rigal, Cazes, Gassier, Le Cep Français; Major brands: Le Caraf, Nature du Rhône, Le Clos de l'Oratoire, Domaine Jeanjean, Château Gassier, Domaine Cazes; Turnover 2005: 156mn; Export: 32%; Major markets: USA, UK, Japan</p> <p>With 1.200 hectares of vine and a yearly turnover of nearly 80 million bottles Jeanjean is very near its goal of becoming the leading shipper of wine from southern France. With operations in the Rhône valley, Provence, Languedoc and Roussillon as well as their bag-in-box Le Cep Français, Jeanjean might have been expected to achieve rather greater results in other markets.</p>
<p>3 BOISSET</p> <p>Les Ursulines, 21700 Nuits-Saint-Georges Tel. +33 3 80 62 61 60, Fax + 33 3 80 62 37 38, www.boisset.com</p> <p>President: Jean-Claude Boisset; Vice President: Jean-Charles Boisset; Major subsidiaries: Bouchard Aîné & Fils, J. Moreau & Fils, Mommessin; Major brands: Mommessin, Bouchard Aîné, JC Boisset, Moreau; Turnover 2005: 268mn; Export: 49%; Major markets: UK, Japan, Canada</p> <p>After a long period of acquisitions, 2005 was a year of consolidation for Boisset that nonetheless saw its turnover rise by 5%. With joint ventures in Canada and Chile, this company is slowly becoming an international player that boasts large export volumes with a comparatively high average price. At their own estates in Burgundy and the Languedoc they are experimenting with biodynamic viticulture.</p>	<p>8 BERNARD TAILLAN</p> <p>33480 Avensan, Tel. +33 5 57 88 53 53, Fax + 33 5 57 88 53 54, Email: taillan@wanadoo.fr</p> <p>General Manager: Christian Delpeuch, Jean Berteau, Olivier Goussiez; Export Director: Sébastien Chaumet, Marcus Strodijk; Major subsidiaries: Ginestet SA, Joseph Verdier SA, La Compagnie Rhodanienne SA; Major brands: Ginestet, Marquis de Chasse, Joseph Verdier, Jean Berteau, Taillan; Turnover 2005: 150mn; Export: 45%; Major markets: Japan, Germany, Russia</p> <p>In addition to the shipper Ginestet in Bordeaux, Joseph Verdier on the Loire and the Compagnie Rhodanienne, Bernard Taillan also own a number of châteaux in Bordeaux. Christian Delpeuch's heated departure from the Conseil Interprofessionnel du Vin de Bordeaux centred public attention on this house as his calls for reducing yields and improving quality in Bordeaux went unheeded.</p>
<p>4 LES CHAIS BEUCAIROIS</p> <p>6 quai de la Paix, 30302 Beaucaire, Tel. +33 4 66 59 74 00, Fax +33 4 66 59 74 84, www.chaisbeaucairois.fr</p> <p>General Manager: Olivier Simonou; Export Director: Christian Morenne; Major brands: Oc 178; Turnover 2005: 201mn; Export: 15%; Major markets: UK, Germany, Holland</p> <p>Les Chais Beaucairois is the least known of the ten largest producers in France. Belonging to Marie Brizzard, the company bottled 167 million units last year. In particular bag-in-box is an important part of the company's business.</p>	<p>9 GROUPE BALLANDE FRANCE ET ASSOCIÉS</p> <p>20, rue André-Marie Ampère, 33560 Carbon Blanc, Tel. +33 5 56 77 81 00, Fax +33 5 56 38 07 66, www.sovex-woltner.com</p> <p>Chairman: Justin Onclin; General Manager: Bernard Guibert; Major subsidiaries: Sovex-Woltner, Ballande & Meneret, Reine Pédaque, Pierre André; Major brands: Prieuré Lichine, Tisdal, Pierre André; Turnover 2005: 130mn; Export: 44%; Major markets: Benelux, UK, Denmark</p> <p>Although also active in the meat and metal industries, Ballande France has quietly become one of the major players in French wine industry. In addition to its holdings in Bordeaux and Burgundy, the groupe also owns Gault Millau.</p>
<p>5 VAL D'ORBIEU</p> <p>12, rue du Rec de Vayret, 11104 Narbonne, Tel. +33 4 68 42 75 00, Fax +33 4 68 42 75 01</p> <p>General Manager: Claude Marsolat; Sales Director: Bernard Devic; Major subsidiaries: Les Vignerons de la Méditerranée, Trilles; Major brands: Cuvée Mythique; Turnover 2005: 180mn; Export: 60%; Major markets: Holland, Japan, Germany</p> <p>In a period when most companies have made acquisitions, Val d'Orbieu has divested itself of both Cordier & Mestrezat and Listel in order to concentrate on its core business, which is the 12,000 hectares of vineyards of the cooperative Les Vignerons de la Méditerranée. Critics point out that, while Listel and Cordier remained strong in France, Val d'Orbieu showed little aptitude in building these brands overseas.</p>	<p>10 CVBG DOURTHE KRESSMANN</p> <p>35 rue de Bordeaux, 33290 Parempuyre, Tel. +33 5 56 35 53 00, Fax +33 5 56 35 53 29, www.cvbg.com</p> <p>General Manager: Patrick Jestin; Export Director: Frédéric Olivar; Major brands: Dourthe No 1, Beau Mayne, Kressmann Monopole, Sérème; Turnover 2005: 106mn; Export: 60%; Major markets: Germany, USA, UK</p> <p>Although 2005 was a difficult year for most of the large wine companies in France, CVBG Dourthe Kressmann was able to grow its turnover by nearly 3%. Much of their business is still done with their own châteaux or crus classés purchased through their shipping companies. The group has preferred to aim at value rather than volume.</p>

REGIONAL ANALYSIS

TOP TEN FRENCH BRANDS



EXPORT STATISTICS 1995-2005



SOURCE: ONIVINS

been hard hit by tougher drink-drive laws, which have had an impact on wine sales in restaurants, but these cannot be blamed for poor export figures. Nor can the often decried 1991 "Loi Evin" that restricted alcohol advertising. Most of those screaming loudly against the restrictions had neither the will nor the means to promote their wines in this way before the law was passed and would probably not do so today if they could.

Strength of distribution

With few exceptions France's table wine producers have never learned to promote themselves. Many of the high-end brands became what they are today through the distributional strength of their importers in Great Britain or America. Louis Jadot, under the guidance of Kobrand, and Georges Duboeuf, thanks to New York-based Bill Deutsch, are good examples. Traditionally, there was an innate belief that if you made your wine like your forefathers did, there would be someone there to buy it - or a government that would pay for the privilege of turning it into industrial alcohol. France's more dynamic, larger companies increasingly realize that there is more to selling wine today than telling the traditional French story in a way that appeals to modern consumers. It involves taking risks, investing in consumer research, getting the product and packaging right and backing the brand with promotional budgets.

These realists, however, do not yet have any real influence over their industry. Bordeaux is about to spend \$7m on an advertising campaign to promote red wines whose dry, tannic style is out of tune with modern consumer tastes. Although red Bordeaux may legally have only 2 grammes of residual sugar, one of Bordeaux's leading negociants freely admits that the figure should be 5 grammes. One of his competitors has taken the bull by the horns and launched a high profile branded Bordeaux rouge with 4.9 grammes. It will be interesting to see whether the French authorities turn a blind eye to this - effectively allow others to do likewise.

At the same time, France also appears to be preparing for a fight with the European Commission, which views crisis distillation only as a short term solution to Europe's chronic oversupply of wine. While Europe has agreed to pay French producers 1.9 Euro per degree and per hectolitre for table wine and 3 for quality wine, up to a total of 1.5m hl, French agriculture minister Dominique Bussereau has hinted that the government will offer an additional Euro for table wines and 0.35 for appellations. If it does so, the move will certainly be challenged by Brussels.

Similarly, the director general of the Conseil Interprofessionnel des Vins du Languedoc, Axel de Woillemon, opposes the European Commission's proposals to rip out 400,000 hectares of vineyards in Europe over the next five years, claiming that uprooting vines to balance supply and demand is not a long-term solution. Instead, he would like to see more support for commercial development; but France plans to sell Sopexa. With the planned introduction in 2007 of the new appellation Languedoc his region is becoming one of the most conceptually advanced and least restrictive regions of France, in terms of both marketing and wine production, but it still suffers

»» The final price of luxury will be limited only by the desires of wealthy clients ««

Michel Bettane



We will all long remember a few key figures from the wild 2005 campaign in Bordeaux: Latour at 700, Ausone at 1,000 Euros a bottle. Absolute records! If we look closer, however, it becomes clear that the commercial success of the vintage was much less spectacular. The average increase in price over 2004 was barely 25%. In terms of today's dollars the average wine has perhaps not even reached the heights of 2000. It is merely that several dozen notorious châteaux have reached new levels of speculation, which hide the stagnation or even the downward slide of others. I explain the craze for the finest growths by an ever larger, worldwide market of extremely wealthy consumers who, although lacking historical perspective, are prepared to pay any price for the wines they want.

The traditional markets, nonetheless, beginning with the supermarkets in France, purchased all the wines they were offered knowing full well that they were not going to be able to sell most of them at a profit in order to maintain their allocations of the classified growths that they needed. In fact, for those few brands, the market has become virtual: one buys and sells with as much profit as possible wines that have yet to be bottled; but the buyer who actually purchases these wines to drink will never pay the current prices. There is a strong probability that in ten or fifteen years, once the next vintage of the century has erased 2005 from the consumer's mind, the same bottles will be found far below today's prices. Eight, ten or twelve châteaux will certainly buck this trend and continue their inexorable progression to becoming pure luxury brands whose final price will be limited only by the desires of their wealthy clients. Nonetheless, this campaign will leave a bitter aftertaste on the palate of many frustrated buyers who will slowly turn their backs on Bordeaux, even more so on those who distribute it, and look elsewhere for greener pastures.

from the same difficulties as other areas in selling its wines at a viable price. The new region will have a potential production of two million hectolitres. This will enable producers to achieve the critical mass a brand needs. Nevertheless, within a few years of its arrival, the new appellation will have to compete with an all-Spanish and, most likely, an all-Portuguese denomination, not to mention the all-Europe appellation proposed by the European community.

One model other parts of France could usefully follow is the South-West Regional Partnership - a collaborative effort between

COMMENT FROM ENGLAND

» Consumers in England like wines with understandable labels, consistent styles and discounted prices «

Robert Joseph



The failure of France's winemakers - with the notable exception of JP Chenet - to match the efforts of their New World competitors in the British market is easily explained. A brief glance at the AC Nielsen statistics reveals that consumers here like widely available, well-branded wines with easily-understandable labels, consistent styles, fruity flavours and discounted prices. French producers are handicapped more than anything else by their own attitudes. They distrust wine brands - though they have no problem when the wine in question is Champagne - and revere the inconsistencies of vintage and the mystique of appellation. In simple terms, while the French believe that the answer to their problems lies in educating the consumer to understand their products, the New World producers, and the JP Chenets, Piat d'Ors, French Connections and Chamarrés, are focusing on giving the consumer what he - or more likely she - wants.

a wide range of institutions and wine growers spearheaded by the dynamic André Dubosc of Producteurs Plaimont Cooperative. Although the region remains a mosaic of individual regions, "it is important to highlight their common characteristics - and communicate this to the consumer". Dubosc regrets, however, that the producers have opted to focus on promoting the varieties, not the characteristics of the region. The Burgundians interestingly are trying to have their cake and eat it, by promoting both their individual *terroirs* and the fact that their region is the birthplace of Chardonnay and Pinot Noir.

In other prestigious regions change has been difficult. In Bordeaux, which passed from 69,000 hectares in 1975 to slightly

over 120,000 hectares last year, stock levels are high - and prices, with the exception of the finest growths, under pressure. As the level of subsidies paid to winemakers has increased to 750 Euro (\$ 965) a tonneau - or 900 litres - for red wine, about 100 Euro more than last year, the amount of Bordeaux headed for crisis distillation nearly doubled this year, according to the Conseil Interprofessionnel du Vin de Bordeaux. That amounts to almost 370,000 hectolitres. This is no solution.

Nonetheless, change is coming. Although possession of French vineyards is still quite dispersed, the country is moving ineluctably towards more manageable holdings. In little over ten years total production has dropped from 65 to 50 million hectolitres. More importantly, the number of harvest declarations has dropped from 494,000 in 1989 to 183,000 last year, putting the statistical average at 4,6 hectares per vigneron. Holdings of that size in the finest Burgundian vineyards would permit a family to live reasonably well, but not in Corbières or the Côtes-de-Gascogne, which is why almost half of each year's harvest is crushed in one of the 850 cooperative cellars. Large vineyard holdings by an estate or company are rare - and the state has done much to insure that things do not change too fast.

France's biggest handicap remains that, while it loves Champagne brands, there is a residual folk memory of the poor quality branded table wines of the 1920s. The rest of France could learn a lot from Champagne, a region that has increased its vineyards and raised its prices at a time when Bordeaux is having to do the opposite. It is interesting to contemplate what LVMH might achieve in generic Burgundy or Côtes-de-Rhône. Revealingly, the luxury goods giant's table wine investments have so far all been in the New World.

French wines in export

Although France exports 13.8 million hectolitres of wine each year, few realize that it also imports an impressive 5.4, principally from Spain and Italy. Much of this wine is subsequently re-exported as components of "European Table Wine" blends. However, while French exports represent 5.59 billion Euro in

FRENCH EXPORT 2001 - 2005

	2001		2002		2003		2004		2005		2005	05/04	05/04
	Volume in 1000 hl	Value in Millions €	Volume in 1000 hl	Value in Millions €	Volume in 1000 hl	Value in Millions €	Volume in 1000 hl	Value in Millions €	Volume in 1000 hl	Value in Millions €	Average Price in € per litre	Change in Volume	Change in Value
UNITED-KINGDOM	3,329	1,101	3,296	1,211	3,311	1,305	3,086	1,229	2,932	1,210	4.13	-5.5%	-5.1%
UNITED STATES	1,049	854	1,118	938	981	956	949	824	985	876	8.89	3.8%	6.3%
GERMANY	2,986	692	2,969	693	2,862	680	2,639	623	2,453	597	2.43	-7.8%	-8.5%
BELGIUM	1,716	517	1,797	573	1,724	576	1,657	546	1,675	536	3.20	0.7%	-2.9%
JAPAN	616	384	633	354	590	372	637	379	616	361	5.86	-3.2%	-4.9%
NETHERLANDS	1,536	335	1,598	363	1,525	359	1,422	334	1,329	319	2.40	-6.8%	-4.2%
SWITZERLAND	659	315	603	306	597	310	569	278	544	245	4.50	-4.5%	-12.1%
CANADA	636	224	596	219	606	220	570	207	575	212	3.69	0.8%	2.5%
DENMARK	701	159	628	159	563	149	415	121	412	122	2.96	-0.8%	0.1%
TOTAL TOP NINE	13,228	4,581	13,238	4,816	12,759	4,927	11,944	4,541	11,521	4,478	3.89	-3.5%	-1.4%
TOTAL	15,280	5,437	15,541	5,751	15,149	5,879	14,210	5,561	13,824	5,594	4.05	-2.7%	0.6%

SOURCE: ONIVINS

»» Few can compete with the
distributional muscle of Grand Chais
de France ««

Dr. Hermann Pitz

Although France lost another 11,8% of its market in Germany in the first six months of 2006, brands like Grand Sud, Medinet and JP Chenet continue to grow. In the supermarket multiples Grands Chais de France has such a dominant position that few can compete with their distributional muscle.



turnover, imports amount to only 0.45 billion. With this, wine, and of course spirits, are with perfume, the third largest export industry for France, after automobiles and aerospace. In certain emerging markets such as Singapore, Spain or Australia, average value remains high; but in more mature drinking countries pressure on pricing has become intense. And, while there are hopes of sales growth in Russia and China, so far, not much money is being made in these markets.

France in England

The British are France's most important export client, accounting for 22% of total exports and paying an average of Euro 4.13 (\$3.22) per litre, or about Euro 5.50 (\$4.30) per bottle ex cellars! The French share of the on-trade market, over 80% of all wine sales, is dropping sharply, however - down in volume from 18.9% in 2004 to 15.9% in June 2006, and down in value over the same period from 19.9% to 17.3%. The average retail price of £4.11, up from £4.05 in 2005, is higher than the average of £3.86, but lower than Australia's £4.28 despite the heavy discounts that are applied to Australian wines. Worryingly for France, its share of the important £5-7 retail sector - 7.6% of the market, 87% in which is sold at under £5 - is just 15.3%. The Australian slice of this price sector is well over twice as large, at 38.1%. One explanation for France's poor price performance is that a large proportion of its wine is *vin de pays*, *vin de table* and common appellations sold under retailers' own brands.

Even when French branded wines do feature among the big sellers, they are often brands that have been created in and for the United Kingdom. This is true of three of the top ten sellers - Piat d'Or, French Connection and Good French. Most observers expect another such brand, Renaissance, created by Brand Phoenix and Sichel, to climb the charts (helped by £3-off-trade price point and half-price promotions), along with E&J Gallo's Red Bicycleette which has yet to feature on the radar. The mostly widely sold French label at present is JP Chenet, which only captures 11th place on the overall AC Nielsen statistics - and the number 10 on the French roster, Baron Philippe de Rothschild, limps in at 106th on the overall chart. Revealingly, while the French-owned Pernod Ricard has a big seller with its Jacob's Creek Australian brand, this

COMMENT FROM AMERICA

»» Americans have long felt that the French could discern elegance and exquisite style ««

Rich Cartiere



History shall remember France in the 21st century as having functioned as a political, economic and cultural comma thrown into that run-on sentence we have come to call modern life. Nowhere is this more apparent than in winemaking. "Le comma", the French-imposed pause in the inexorable mad march of modernity, someday will be seen as having been crucial to developing a balance of the best of the New and Old worlds—again, in everything from geopolitical trends to the style of wine most readily available at the local grocer.

There has often been a backlash against the French for imposing a brief moment of reflection on progress, but in the end we seem to appreciate the Gallic efforts, recognizing that contemplation brings insight into the truer nature of things. With wine, Americans have long felt that the French could discern elegance and exquisite style; but they also came to realize their own modernity, the modernity of the New World, could bring greater simplicity, affordability, efficiency and, certainly, consistency.

Many Americans viewed French efforts at preserving traditional approaches to wine merely as hubris, born from an inability to recognize the benefits of our new era – and, in fact, many French winemakers were trying to stop any progress. But with renewed efforts at reminding Americans of what real, good French wine can be all about, there has now begun a balancing of the Old and New world forces here to allow them to live together in the modern American mind. With wine, Americans had begun to neglect the deep cultural and artistic creations of Old Europe. Perhaps out of guilt, or out of intelligence, or both, Americans have begun a process of restoring their badly damaged faith in French sensitivities, and that includes wines. The French, who sometimes perhaps saw "le comma" as an end rather than a means, must do the same, as some are attempting. American faith in good French wine depends upon it, and the faithful indeed are eager to return.

increasingly global spirits and wine company has no plans to launch a French wine brand. The Australian Fosters Group which does have two French brands in the shape of Herrick and Belle Terrasse, acquired as part of the takeover of Southcorp, is seeking to sell both. Noticeably absent from the list is Castel, France's largest wine company.

Across the board, Grands Chais de France is the clear winner among the French brands. The newly-launched Chamarré may make a difference, but it's not on the charts yet. They reportedly paid high listings fees, and, with the help of sizeable government grants, are investing heavily in their ambitious target of being one of France's top export brands. It follows in the tracks of Blason de

Bourgogne, another example of what can be done when cooperatives band together and are represented by a good agent. The Top 10 French brands in England are:

- | | |
|----------------------|----------------------------------|
| 1. JP Chenet | 6. Louis Jadot |
| 2. Piat d'Or | 7. Blason de Bourgogne |
| 3. French Connection | 8. Good French |
| 4. La Chasse du Pape | 9. Ancien Comte |
| 5. Calvet | 10. Baron Philippe de Rothschild |

France in Germany

Bernd Siebdrat, managing director of Wein Wolf, complains that "many buyers are reducing their shelf commitment to France because the numbers no longer stack up". With Mouton Cadet he has had more luck, but as he says, "this has little to do with France, people are buying the name." Mouton Cadet from Bordeaux and Cellier des Dauphins from the Côtes-du-Rhône are the only two brands from appellations to have much an impact on the market. The rest – and five of the ten top brands listed below belong to their German importer – are predominately varietals sold as vins de pays, principally from the Languedoc, that together account for almost two thirds of total volume, but only one third of the value. Champagne, on the other hand, also a branded product, has only 3,7% market share, but almost a quarter of the value.

The specialized retailers fare on the whole better with French wines, but, where Italy and Spain have an avid herd of followers, there are few French specialists. Burgundy has become too expensive, Beaujolais is out of fashion and the Rhône has never really etched itself onto the German conscious. The top 10 French brands in Germany are:

- | | |
|---------------------|--------------------------|
| 1. Grand Sud Merlot | 6. Collection de Chantry |
| 2. Medinet | 7. Bongeronde |
| 3. J.P. Chenet | 8. Mouton Cadet |
| 4. Le Filou | 9. Colombelle |
| 5. Blanchet | 10. La Cuvée Mythique |

France in the United States

The American market remains one of the few rays of sunlight for French exports, which grew by 3.8% in volume and 6.3% in value last year – and with an average export price of Euro11.85 (\$15.20) per bottle the United States remains an extremely profitable market for French goods as well. If it were not for the American market, France might well already be in dire straits – and it is worth noting that French exports were significantly helped in 2005 by Red Bicycleette, a brand invented by E&J Gallo.

It is also worth noting that in on-premise sales, which not only account for over 20% of all wine moved in the market, but are also critical for building brand reputation, France lags far behind Italy and Australia, which bodes poorly for the future. Only 4 French labels made Wiegand & Boblitt's annual list of the top 100 on-premise brands, and only two of these – Georges Duboeuf (81st) and Louis Jadot (87th) were table wine brands. The other two were Champagnes: Moët & Chandon (46th), Veuve Clicquot (68th). All but Veuve Clicquot, which grew by 11%, stumbled significantly compared to 2004.

>> French wines

remain largely unchallenged
on-trade <<

Yoshiji Sato

France is strong and remains stable in Japan. French restaurants have been popular since the 1980's - and French wine remains the most important part of the sommelier certification. You don't have to study hard to learn the ways of the New World. It is true that Australian wines are becoming popular off-premise, particularly in supermarket, which is a big change for Japan, but a circle of admiring sommeliers and French chefs, supported by SOPEXA, have insured that French wines, followed by Italian, remain hitherto largely unchallenged on-trade. However, the Californians have run a successful by the glass programme and certain icon wines from other countries are beginning to appear on fine wine lists.



France in Japan

Although down from its most recent peaks in 2002 and 1998, Japan remains an important export market for French wine. The volume is still only a fraction of that sold in other countries, but the average export price of Euro 7.80 (\$ 9.95) per bottle - second only to the United States among the major export destinations - makes it an attractive market for high-end producers. Although overall exports fell slightly in 2005, French growth in the 5,000 to 10,000 Yen retail category grew by 34% and at above 10,000 Yen (Euro 67, \$ 85) an impressive 27%.

The Japanese, who drink only two litres per annum, are sentimentally attached to France as a country and their wine market has long been dominated by French wine. With a market share of 40% the French outpace the Italians with 20% and the Americans with 10%, a feat seldom achieved in mature markets. Over the past year the Australians have been promoting themselves aggressively and saw their sales rise quickly, but after growing 23% in 2005 with the introduction of Yellow Tail by Sapporo Beer, they have lost 33% in the first half of 2006. Complacency would be an error for the French, though, for it is uncertain whether the younger generation of Japanese wine drinkers will share their parent's devotion.

Interestingly, although it has lost share in other markets, Beaujolais Nouveau, over 10% of all French wine imports, is still an important item in Japan, which will import approximately 1 million cases in 2006 by air. With a shelf price of 2,300 Yen (Euro 15.50, \$19.90) it is very nearly a luxury good. However, it will be interesting to see whether the recent difficulties Georges Duboeuf has had with the French authorities have any impact on sales this November. Duboeuf is a major player in the Japanese market, and the Japanese have a history of taking these stories seriously. The Top 5 French players in Japan: 1. Castel, 2. Albert Bichot, 3. Georges Duboeuf, 4. Piat, 5. CVBG ■