

A YEAR OF COMFORT WINES

Jeff Siegel charts the course of the wines that did well this year in the US market, and asks what was so attractive about them.

Gregg Popovich, president and owner of California's popularly-priced Castle Rock Wines, saw sales steadily increase through the beginning of this year, something he credited to the erosion of premiumisation.

But the pandemic should have put an end to that, right? Castle Rock lost key cruise ship and airline accounts when Covid-19 upended those two markets. Meanwhile, the launch of a by-the-glass Chardonnay and Pinot Noir program for national and large regional restaurant chains couldn't have come at a worse time. So why were Castle Rock's sales up 11% over the first six months of the year, led by mid-double-digit growth for two of its \$15 pinot noirs?

"Our national distributors tell me we're doing so well in retail accounts because Castle Rock is a recognizable brand known for consistency and high quality," says Popovich, whose winery makes almost 400,000 cases a year. "And being priced from \$8 to \$12 retail certainly helps. I'm hearing consumers are not in the mood or mindset to experiment with new, unknown brands."

Popovich is not alone. Talk to producers, analysts, retailers, and marketers, and the answer is the same. Consumers, forced to stay home during the pandemic, were looking for price, quality, and value. And, more often than not, consumers associated those qualities with the brands they know and have bought before. That means national account brands, be it Deutsch's Josh Cellars, Chianti from Banfi, or (and probably not surprisingly) Precept Wine's 3-liter box House Wines, have been thriving.

The biggest wholesalers, meanwhile, have been reaping huge dividends from previous investments and technology

upgrades to their supply chains. This has allowed them to streamline sales and marketing just in time for the pandemic, making on-site visits less necessary than ever.

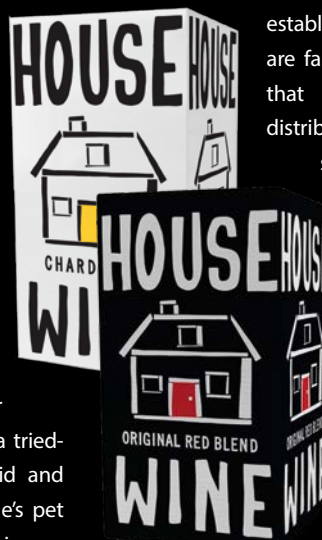
"People are looking for the predictable, for the enjoyable, for the well-worn," says Alfonso Cevola, a Dallas sales and marketing consultant and former major wholesaler executive. "And with shortages of consumer goods in the stores, whether they be paper products or hot sauce, a tried-and-true brand that represents a solid and sturdy value is right up there with one's pet or one's favorite pillow. Call it well-being or pleasure or convenience, it all boils down to comfort."

At the beginning

Reliable statistics about US wine sales during the pandemic are in short supply. But there does seem to be a consensus that, regardless of how much wine has or has not been sold, consumers are trading down. A recent Sonoma State study, part of the university's Wine Industry Financial Symposium, found that 57% of US wineries who participated in the symposium survey said their sales had declined.

The beneficiaries of that? The biggest producers in the top-heavy US business, where the five largest companies account for more than three-quarters of all the wine made in the country and the top 50 account for 90%. The Sonoma State study found that, among the top 10,000 wineries, the largest wineries were taking market share from the other 9,950 or so. Hence, the success during the pandemic of national brands.

"What I'm seeing for the most part is well



established brands people are familiar with – the ones that have broad grocery distribution are winning,"

says Dan Peabody,

regional director for Banfi Wines, who oversees 20 states in the middle of the country. "Multiple shopping stops are not happening, so instead of going to the grocery store, then to the fine wine shop, butcher,

cheese monger, and so

forth, people are getting everything in grocery stores."

Peabody says Banfi's success – it had five SKUs in the top 50 for Italian wines costing more than \$12.99 through the beginning of August – can be credited to its long-established chain supermarket distribution. That was especially true for its Bell'Agio Chianti, one of the few Chiantis still sold in a wicker basket in the US. Its sales had been moderately declining prior to the pandemic; post-Covid 19, sales were up 8.1%.

That was also the case for Deutsch Family's Josh Cellars, one of the fastest growing brands in the US over the past couple of years. It barely missed a beat despite the coronavirus – sales pre-Covid-19 were up 30% according to IRI, and up 61% after the pandemic started. All of the Josh wines sold 51,000 cases via online delivery platforms like Drizly in the first five months or so of the lockdown, becoming the most purchased brand on that app.

"We knew from history that we had to act quickly, because if you're contrarian and



capitalise on disruptions, you can improve market share,” says Tom Steffanci, the president of Deutsch Family Wine & Spirits. “But we also knew that we had to be focused on keeping our people safe, so we weren’t going to have anyone in the field, anyone in the office, or anyone traveling.”

That meant focusing on marketing that could be done safely; so, no supermarket end caps to boost sales. Instead, “we knew consumers were going to be at home, so we had to find something to reach them, and that meant more digital content,” says Steffanci. Deutch emphasized marketing that consumers would see at home, including featuring Josh on delivery app platforms and social media tastings with Josh founder Joe Carr. The idea, says Steffanci, was to reinforce the Josh image: “To share a sense of normalcy, that Josh was about relief and recharging.”

Help from the supply chain

Given that search for normalcy, should it be any surprise that almost all the House Wine boxes sold what the company termed “very” well – a 10% increase? A promotion featuring wine and cheese – combination packaging with both Cheez-It White Cheddar crackers and House Wine Rosé – sold out in an hour in July.

“This is the kind of wine that hits on multiple cylinders,” says Alex Evans, the chief marketing officer for Precept Wines, which owns the brand. “It’s an iconic brand. It fits the perception of the times, that everyone is welcome in our house. And it gets a lift from our distribution, which enabled customers to buy more.”

Hence, it’s not surprising that supply chain efficiencies played such a key role in helping established brands sell so well during the first six months of the pandemic.

“I think that’s certainly one of the two main reasons,” says Michael De Loach, a wine broker and marketing consultant in northern California. “The biggest wholesalers, and not just on the West Coast, have put a lot of technology and investment in their supply chain, so that it’s more robust than ever. So when



Covid-19 hit, they knew what to do and how to do it. They knew how to get stacks into the stores where they were needed.

De Loach says this meant the need for fewer sales calls at a time when no one wanted to or could make calls, as well more real time inventory information so that wholesalers knew when retailers needed to restock. He says he especially saw these improvements with Young’s Market Company on the West Coast, as well as with its joint venture partner, RNDC, and its footprint across the rest of the country.

This kind of cooperation also paid off for Vineyard Brands, the Birmingham, Alabama-based importer. La Vieille Ferme, the French \$10, 1.5-litre red, white, and rose, is one of its leading brands, but Greg Doody, Vineyard’s CEO, wasn’t sure how it would do during the pandemic. The company was already trying to figure out how to handle the Trump Administration’s 25% tariff on French wine when the pandemic hit.

“So we went to our suppliers and distributors, and we said, ‘We need you to help maintain our prices,’” says Doody. “We told them we didn’t want to lose our placements after 50 years with the brand. And they worked with us on pricing, so we had flexibility with pricing.”

The result, which speaks to the success of familiar brands and value pricing? The La Vieille Ferme line saw sales increase by 16% in the first three or four months of the pandemic – about 300,00 cases nationwide. In addition, says Doody, the brand is picking up national accounts which are looking for value-oriented and well-known brands.

Familiarity is all

Familiarly also mattered for Indiana’s Oliver Winery, one of a handful of little-known but successful US regional producers. Oliver, one of the 50 biggest in the US, makes more than 400,000 cases annually – even though most of its wines are sweet. That dependability turned into an advantage during the pandemic, says Sarah Anderson, Oliver’s marketing

director. The start of the pandemic coincided with the re-launch of the winery’s flagship product, Oliver Soft Red (\$8.50). It got a new label and new name, Oliver Sweet Red. But the changes didn’t hurt sales – the entire Soft Wine Collection, which includes the red, a white, a rose, and a red lime, were up 34% in dollar terms in the 12 weeks at the end of July.

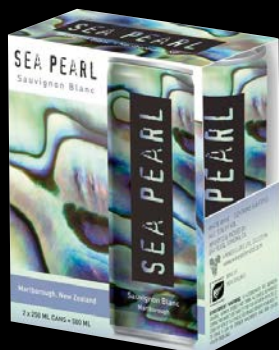
“That’s well above category performance during that time frame,” says Anderson. “A look at data trends during COVID-19 will tell you that people are gravitating to quality and dependability, and we’ve seen loyalty in our tried-and-true markets like the Midwest, and the taste of our products is fueling growth in repeat purchases in our emerging markets.”

And, finally, canned wines also played a role in brand success. Importer Wineseller Ltd.’s Sea Pearl cans, a New Zealand Sauvignon Blanc, had debuted in 2019, but faced resistance when the pandemic hit.

“When a challenge comes about like we are in, it’s everyone’s duty to take extra care of existing products and be sure there is focus and attention on recouping losses forced by this pandemic,” says Jordan Sager, co-president of Winesellers with his brother Adam.

Still, the product made inroads thanks to the continued popularity of cans and Wineseller’s innovative pricing. The 250-ml cans are sold in two-packs with a suggested retail price of \$10.99. That’s a big difference, since 250-ml cans are usually sold in four packs. “But we wanted to give the retailer something different to offer,” says Sager, “as well as give the shopper the opportunity to try something new at a fraction of cost compared to the rest of the category.”

In other words, one more example of the success of value pricing and a popular format. Throw in the success of familiar brands, and it’s as if the pandemic re-introduced the US wine business to its formula for success before premiumisation. ■



THE BREAKOUT WINES

It's no surprise that the tried-and-true did well this year. But, as Felicity Carter and James Lawrence report, some interesting small brands shone as well.

The Covid-19 pandemic maintains its grip on the global wine market. While some categories have suffered due to the severe decline of the hospitality sector, other brands report an uplift in sales. Direct-to-consumer and online retail is helping to give certain labels a significant boost in 2020.

Here is a snapshot of some of the brands that did particularly well this year.

Oxford Landing Estates



Entrepreneur Wyndham Hill-Smith founded this iconic Australian brand on the banks of the River Murray in 1958. It has since grown to become one of Australia's best-selling exports, with little momentum lost due to the pandemic. According to the brand's owners, when they compare the periods March to September 2020 with March to September 2019, shipments of Oxford Landing are up 44% overall. "It seems to indicate that in uncertain periods such as this, consumers turn to the establish, trusted brands such as Oxford Landing," said a representative from the firm. **JL**

González Byass – Tío Pepe

The Covid-19 pandemic has been the unlikely catalyst for the resurgence of Sherry. Overall sales in once vitally important markets like the UK have been falling for years, and yet Gonzalez Byass reports a surge in sales of both sweet and dry styles. Their signature dry Sherry brand, Tío Pepe, has done particularly well. "It has been our star performer, outperforming the Sherry category over the 12 weeks to 27 June 2020," reports Eugeni Brotons, international marketing director at Gonzalez Byass, adding that year-on-year sales value is up 33%, according to Nielsen data. "All styles of sherry across Gonzalez Byass UK's portfolio have shown impressive growth over the lockdown period," he adds. **JL**



Sartori Regolo Ripasso Veneto

Ripasso is the middle brother of the Veneto trio of Valpolicella, Ripasso and Amarone. It's a wine made from the skins left over from Amarone, making it a "re-pass" of the grapes. The result is a wine that combines bright cherry flavours with tannin, spice and leather. According to producer Sartori, the Regolo Ripasso sold particularly well this year, in markets from Finland to China. **FC**



Sgarzi Ciao Rosso and Bianco



Cantine Sgarzi Luigi in Castel S. Pietro Terme are well-known for their ability to create bestselling customized brands, as well as to launch niche wines as the market demands, which means they have a good handle on what the world is drinking. This year, they noticed that wines in Tetra prisma pak were selling particularly well, particularly in Finland, where consumers reached for easy-to-drink wines. In Russia and China, consumers also went for the classics, particularly Pinot Grigio, Montepulciano d'Abruzzo, Sangiovese and Chardonnay; a spokesperson added it was clear that classic labels held particular appeal in these markets. Cans did extremely well in the USA, which has been widely reported, but also in Japan, which is less well known. A spokesperson for the company said that demand for wine cocktails and low- and no-alcohol wines are rising, in general. **FC**

Henkell Freixenet – Freixenet Mia/I heart WINES

Henkel Freixenet is one of Europe's most important still and sparkling wine companies. Benefiting from expansive distribution across Europe's retail sector, it is unsurprising that their diverse portfolio of brands have performed well in the pandemic. According to Vanessa Lehmann, head of business development, the strongest growth has been driven by the brands Freixenet Mia and Freixenet Mederano, along with the newly introduced Freixenet Italian still wine range. "Overall, the Freixenet brand is contributing the strongest absolute volume growth. while i heart Wines has the highest percentage growth in the year-to-date comparison," says Lehmann.



[yellow tail]

According to Casella Family Brands, "[yellow tail] has performed exceptionally well during 2020, even in mature markets like the US, as many consumers switched to well-known and trusted mainstream brands which provide great value." The spokesperson went on to say that in-home consumption soared across all mature markets during lockdown, increasing by up to 50% in some cases. "Chardonnay continues to be the star performer within the [yellow tail] range and has gone from strength to strength globally since our packaging refresh in 2016," said the spokesperson. "Pinot Grigio and Sauvignon Blanc also performed very well. Established reds like Cabernet Sauvignon have also performed very well while Shiraz has returned to growth in North America after a few years of gradual decline."

JL



FC

Dadá No. 1 De Finca La Moras

Created by the innovative team at Finca La Moras in Argentina, the DADÁ range is a tribute to the Dadaists, who created "anti art" that challenged the status quo. There are three wines in the series, each of which is exposed to different degrees of barrel toasting, to emphasise specific wine notes. The Dadá No. 1 is a blend of Bonarda and Malbec that hit the jackpot this year, showing enormous growth of 106% in Ireland, where it is one of the country's top ten wine brands. Sales have also increased by 50% in Germany.



FC

Philipponnat – Clos de Goisses

Established in the 16th century, Champagne house Philipponnat is today owned by the Lanson-BCC corporation. Run by a descendant of the original founding family, their prestige label Clos des Goisses is one of Champagne's most iconic luxury brands. And despite the disruption caused by the Covid-19 crisis, it appears that the global market for fine wine remains buoyant. "We recently launched the 2011 vintage of Clos Goisses around the world," says director Charles Philipponnat. "The response has been incredible – we've pretty much sold all our allocations already."



JL

Mar de Frades

Not even a global health crisis can weaken the demand for saline, aromatic white wines from Spain. Mar de Frades, 'sister' winery to Rioja's Ramón Bilbao, reports that sales of their Albarino have boomed in the retail sector. The number one brand from Rias Baixas (Galicia) by value, Mar de Frades was formerly reliant on the now moribund hospitality industry for its sales growth. However, since refocusing their efforts on promoting the brand in retail, the owners report explosive growth over the past few months, far outstripping sales in the equivalent period in 2019.



JL



Ornellaia

The evidence from Ornellaia's export director is that the market for luxury red wine has not faltered in recent times. Demand for Ornellaia has risen in Asia and Canada, while sales in the European markets are reportedly in line with figures in 2019. However, the firm concedes that the more affordable second and third wines have sold more strongly than the 'grand vin'.

JL

Weingut Dorli Muhr

This niche Austrian brand offers evidence that both small and large wine producers are managing to increase their market share during the current health crisis. Weingut Dorli Muhr makes 40,000 bottles each year on average, of which three-quarters go to export. Until 2020, half of that production was sold in restaurants but, fortunately, key partners have been quick to embrace and develop online and direct to consumer (DTC) channels. "Sweden and Australia have performed above expectations: my importer in Sweden sold a lot of my bottles both to restaurants and to Systembolaget," says Muhr. "The sales in Sweden are three times higher this year than in the previous one. In addition, I just received a beautiful order from my Australian importer. Life there is returning to normal." **JL**



Jackson Family Wines - La Crema and Kendall-Jackson

Kendall-Jackson has been the number one best-selling Chardonnay in the United States for the past 28 years – a trend that is seemingly set to continue. "Early on, with stockpiling, Kendall-Jackson saw double digit growth, but the surprising thing is that sales have continued as consumers and gatekeepers focus on trusted, established wine brands," says Maggie Curry the marketing director. As a result, Kendall-Jackson's off-premise sales have helped to offset losses in the on-trade. Moreover, in the six months following March 2020, sales of another leading JFW brand La Crema grew by 26% from 2019 – further evidence that US consumers are prioritising established brands over niche labels. **JL**

Black Tower Rosé

German brand Black Tower saw UK sales of its new-look rosé soar during lockdown – increasing 61%. "The growth of rosé wines has been one of the biggest success stories of the last 10 years," said Ian Wingate, Black Tower's UK National Account Director. "The trend towards lighter styles has been significant and today Rosé is being treated as a versatile and fun wine that appeals to a range of wine consumers, from Boomers to Gen Y." The rise in sales came hard on the heels of a brand refresh, launched in April. **FC**



Bollinger

According to the Comité Champagne, the category suffered significant volume and value declines overall in key export markets in 2020. Yet certain leading brands contradict the general pessimism, describing a buoyant and lucrative commercial season this year. This is particularly remarkable, as analysts predicted that coronavirus would dampen any consumer enthusiasm for celebratory sparkling wine. Bollinger is one such example of a Champagne house which is happy with its performance in 2020. The UK market has long been a key destination for Bollinger's Champagnes – according to importer Mentzenforff, the Champagne market began to stabilise in May, with each month being better than the one before. This pattern continued with August reportedly becoming a record month, probably boosted by 'staycation' purchases. "Bollinger Champagne has enjoying a strong performance at all quality levels from Special Cuvée NV to La Grande Année," says Mentzenforff's MD Andrew Hawes. "Indeed, the premium prestige cuvee market is now closely linked to and a growing part of the international fine wine market." It appears that Covid-19 can't stop the momentum. **JL**



Taylor's LBV Port

Taylor's CEO Adrian Bridge feels that port's overall performance during the pandemic has been "remarkable". He underlines the point that the fortified category has hardly been in vogue over the past five years, and yet sales of Taylor's LBV Port have outperformed revenues in 2019. Nielsen figures support this assertion – in the 26 weeks to 5 May 2020, sales of Taylor's LBV grew by 19% in value in the UK market alone. This suggests that Port has been the outstanding category performer since Covid-19 impacted the market. "Again, these are genuine consumer-driven trends, as there has been no major new promotional activity and certainly no discounting," explains Adrian Bridge.

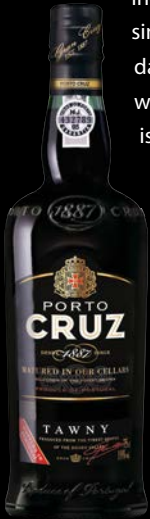


"Nielsen figures also show more dramatic percentage increases in sales online, where consumers appear to have taken the opportunity to experiment with new styles giving rise to growth of White Port, which is being consumed with tonic as a long drink," adds Bridge. He reports that Taylor's Chip Dry – a leading brand of dry white Port – also experienced impressive growth during the summer and sales have remained consistently strong since. **FC**

Porto Cruz

Porto Cruz needs no introduction to lovers of fortified wine. It is the world's biggest selling brand of Port, owned by La Martiniquaise, France's second-largest spirits group.

According to the firm, sales of Porto Cruz have increased in several key markets since the pandemic became daily news. "The Port category, which has been down for years, is currently positive" with a growth of 3.9% year-to-date "in the Belgium market (to cite one example), driven by the growth of Porto CRUZ," said a representative from the company, who said that in the same period last year, the market was down 2.9% compared to the year before. **JL**



Villa Antinori Rosso IGT Toscana

This wine has been a favourite among Italianophiles for a long time but, according to site Wine-Searcher, interest in it has increased dramatically this year. Villa Rossa was first produced in 1928 as a Chianti Classico intended to age; in 2001, it was reimagined as a Tuscan IGT. It is a blend of Sangiovese, Merlot, Cabernet Sauvignon and Syrah. **FC**



Bodegas Bilbaínas - Viña Pomal

According to the IWSR's data, Rioja exports to the UK increased by 18% in value and 25% in volume in the first six months of 2020. As a key market for the globally recognised Spanish style, this provides a useful barometer of the category's performance in these turbulent times. Viña Pomal is one such beneficiary of the continued thirst for Rioja. The brand's parent company Codorniu reports that the Rioja brand performed very well in the off-trade channel, with double-digit growth, compared to the previous year. **JL**



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Avaline

Celebrities became a wine fixture in 2020, not only because of the high number of celebrity wines launched – stars from Snoop Dogg to Kylie Minogue joined existing stars like Angelina Jolie and Brad Pitt in the wine firmament – but because celebrities began popping up with wine their on Zoom tastings, bringing glamour and stardust into people’s living rooms. Of all the celebrity wine news this year, however, none caused as much of a storm as the launch of Avaline, created by Cameron Diaz and Katherine Powers. It wasn’t the wines themselves that got all the attention, but the claims they made – that the wines were vegan and made without unnecessary additives. As it turned out, both the white and rosé in their range were thoroughly conventional in terms of winemaking, but the ensuing publicity put the spotlight on wine ingredients and labelling issues. The wines sold out so fast, the duo rushed their red wine into production. **FC**



PHOTO: JUSTIN COIT

Félix Solís - Castillo de Albai

Spanish behemoth Felix Solis became embroiled in controversy during the summer months, after growers initiated strike action in response to payment terms they considered unacceptable. However, the conflict was resolved, enabling Felix Solis to concentrate on expanding distribution of its large portfolio of Spanish wines. According to UK managing director Richard Cochrane, their Rioja brand Castillo de Albai has been a star performer during the pandemic. “Over the last six months we have seen our Rioja sales perform well at two levels – our private label Rioja business has grown by 7% in volume,” says Cochrane. “Stronger still, our Castillo de Albai Rioja Reserva has picked up three golds and seen sales jump 179% over the same period. Consumers appear to be hunting for great wines that retail at £8-10 in the new post lockdown era.” **FC**



Whispering Angel/ Mirabeau

Rosé has been an unstoppable force in the global wine market, attracting unprecedented investment which has fuelled meteoric growth in the category. Whispering Angel is one of Provence’s most popular brands and one that continues to record enormous success despite the difficult context.

European Retailers report that sales rocketed during the summer months in 2020, undoubtedly aided by the excellent weather in May and June. “In May, sales of rosé as a category were up 400% on the previous year and it was heavily driven by Whispering Angel and Mirabeau,” says Jeroboam’s wine director Peter Mitchell MW. Mirabeau’s owner Stephen Cronk confirms that the brand enjoyed an excellent summer season in key markets during 2020, cementing Provence’s status as the premium source of rosé wine. **JL**



E&J Gallo – Carnivor

Part of E&J Gallo’s extensive portfolio, Carnivor has proven to be a massive hit during the pandemic. According to Nielsen, it is the third most popular premium brand in the US, with sales continuing to rise in 2020. Gallo has been very proactive in promoting the wine on social media channels, while continuing to partner with ambassadors in export markets to raise awareness. Their hard work has clearly paid off – even in these turbulent times, brands such as Carnivor are thriving. **JL**



E&J Gallo – Barefoot

The world’s best-selling wine brand started life in California in the 1960s. Founded as “Barefoot Wine & Bubbly,” the firm was acquired by E&J Gallo as part of their strategy to corner the premium and super-premium red market. They’ve cleared triumphed: Barefoot’s market share has continued to grow in major markets, despite the restrictions and disruption caused by lockdown. Gallo added a new red blend to the award-winning range – Barefoot Jammy Red – earlier this year. It is described as “a ripe and vibrant red wine offering explosive notes of raspberry, pomegranate and luscious cherry.” A blend of Pinot Noir, Zinfandel and Teroldego grapes, the new label will undoubtedly help to ensure that Barefoot remains instantly recognisable in supermarkets worldwide. **JL**