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The American Paradox

When Jean-Charles Boisset, president of Boisset Family Estates, came to this country as a child in the 1980s, he saw the Golden Gate Bridge as a symbol for the future. "I felt the emotion that everything was possible," he told the crowd of 300-something wine industry members and banker types at the Wine Industry Financial Symposium in Napa. His family had just made history in France by taking their wine company public, which his sister and he later bought back. "I was very fortunate, like some of you in this room, to be born into the world of wine."

Recall that in 2003 Boisset acquired De Loach Vineyards, followed by Raymond Vineyards in 2009 and Buena Vista just a few months ago, making it one of the largest wine producers in the country. A big focus for all of their wineries is organic and biodynamic farming techniques, which may not have been possible if the company was still public, he said. "We all need to go further" when it comes to protecting natural resources, noting that the industry still has a long way to go from the farming side to the winery side to the waste management side.

"The future is very exciting, specifically in your country ." The US is "not a nation still learning.... You have anticipated a lot of trends. You are trendsetting today.... You are becoming leaders in the wine world." The California wine region is capable of producing "the finest wine possible," he said, pointing out that the US wine market sells at the highest price points in the world. "That is why we believe the message of California" at the consumer level and internationally "should continue to be brought." There are "more opportunities than you may think" globally. Emerging markets like China, Brazil, Russia and India are all taking greater interest in wine, so "we all need to think about being there now," even if a winery is only selling a small amount. He believes it will take "patience" to develop a following in these emerging markets but "over time I'm optimistic. So why does it matter? Because international markets are "essential" in making the domestic markets strong.

On the home front, Jean-Charles is a strong supporter of the three-tier system. "Continuously maintain this incredible system of distribution that we have.... As much as we want to challenge it and should probably open it more, it is very healthy." Why? Because unlike in Europe, it "maintains health at every level in the three tier." Average margins for producers in Europe is about half of what it is in the US, he said.

Meanwhile, "the most exciting luxury product in the US is wine." So "let's not evolve into a commodity item" with price segments and promotions. Instead, promote the "history and heritage" of the California wine business. This also allows the wine industry to also better align with Millennial consumers, who are "interested in their history and DNA." While Baby Boomers were influenced more by Europe, "the next generation is proud of where they come from.... I really sense that the 20-35 year olds in the US are coming back to the essence of where they come from." As a result, he "anticipates an incredible 20 years ahead."

"The future tomorrow is to try to engage consumers at a different level," said Jean. The French wine industry greatly benefited from the French Paradox in the 1990s, and now he believes it is America's turn to create a similar phenomenon. He sees an opportunity in the fact that the "industrialization of food" is "coming to a major backlash" as people become more concerned about their health. "The world is certainly waiting for a true, interesting, powerful American Paradox." So now it's the industry's turn to push that message.