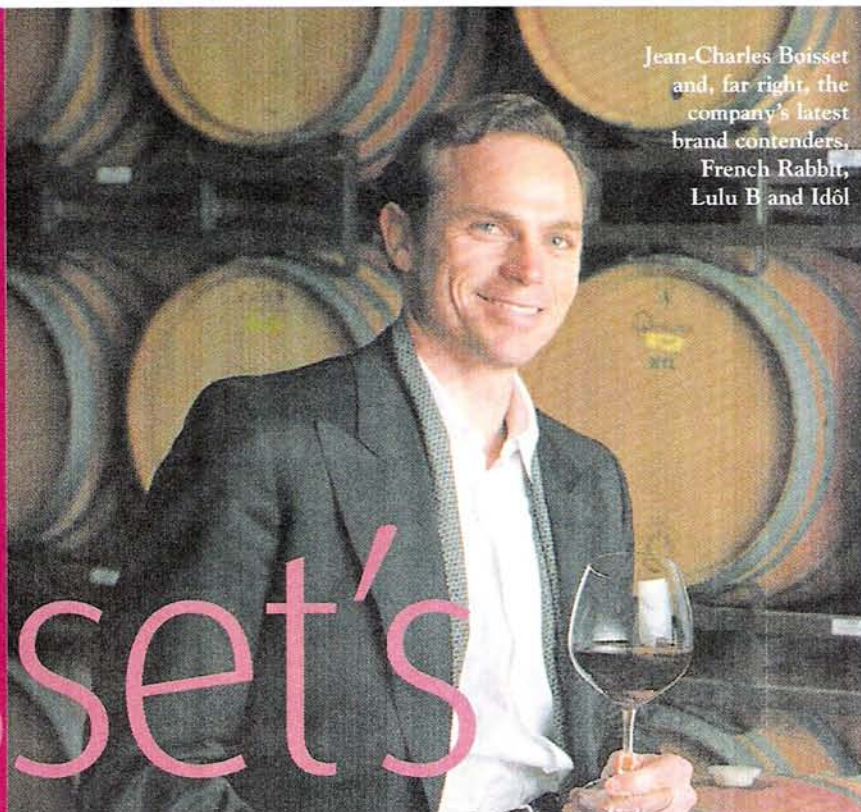


Burgundy-based wine company Boisset is leading the charge against the New World challenge. *IWSR Drinks Record* editor Alexander Smith discusses the company's latest moves with company president Jean-Charles Boisset



Jean-Charles Boisset and, far right, the company's latest brand contenders, French Rabbit, Lulu B and Idól

Boisset's

The French wine industry remains under tremendous pressure as New World producers take a growing share of major export markets, while domestic sales continue to plummet.

This crisis has led to differing reactions from the French industry. There have been widespread protests, with many French winemakers and growers looking to the government and industry bodies for solutions and further subsidies. Others, such as family-owned wine company Boisset, are meeting the challenge head-on by adding a more competitive edge.

"The French industry is finally waking up and starting to think more about the consumer, rather than being purely production-led," says company president Jean-Charles Boisset. "This transition has been under way for two or three years now and is certain to accelerate in coming years."

Boisset, created in 1961, is now the third-largest wine company in France. It is number one in Burgundy and has established businesses from Chablis down to the Languedoc wine region. Despite being firmly rooted in these classic French wine-growing regions, Boisset wouldn't characterise the company as an Old World producer. He eschews such labels as

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Old World and New World, arguing they are misnomers given that many New World countries have been producing wine for centuries. He prefers the term 'new vision' countries or companies, which focus on a more consumer-led approach. By that standard, Boisset is firmly in the 'new vision' camp.

Rather than resenting the rise of these New World upstarts, he credits them with revolutionising the wine market. "You often hear French people complaining about the New World wines and viewing them as competitors. They are missing the point. They are not competitors. They have helped to enlarge the wine market. More people are drinking wine today as a result and that can only be good. If it hadn't been for these New World wines you wouldn't have had the growth in the UK, Ireland, the USA and many other countries. It has been a tremendous spur to the market. It is now up to French producers to capitalise on these new wine drinkers."

He believes that more enlightened elements of the European industry have taken on the lessons of the New World success. "It was very necessary because we were entrenched in the very traditional way that we perceived wine. It encouraged us to look at wine with a fresh eye. That has been extremely positive. It has led to a cross-

fertilisation of ideas. This new way of communicating has really begun to capture the imagination of the French, the Italians and Germans," he adds. "The French industry is evolving and trying harder to understand and communicate better with consumers. This transition is made much easier by the fact that French wine, thank God, still has this very strong quality image."

This communication style takes in many elements, he explains. Some of it stems from intangible factors, such as the feel and attitude of the brand. It also means being more varietal-driven. On the presentation side, it is making packaging a little more trendy and fun. It can mean keeping the tradition, or innovating away from the tradition to speak to the new demographic, be it either younger or older consumers, or women. Producers are segmenting their market to a greater extent.

"We are not getting away from our traditional strengths of terroir, viticulture and great wine-making. But we are now talking about how our wines are different, using different terms, not necessarily being as snobbish and arrogant about it as we were in the past."

He believes that, at its essence, the strength of the New World approach is that these countries take more of a top-down communication strategy. They market country first, then variety, brand, and then perhaps a more specific

region. By contrast, the French take the opposite approach, promoting the individual château or region first and only then, and only occasionally, the variety and country aspect. "We have attempted to do it in reverse for many years and assumed that people would know everything about that particular château or region. We can't make that assumption any more. The most important thing is to sell consumers on the concept of France. Then the consumer can drill down as much as they want as they become more sophisticated. But you have to bring them into French wine first."

That requires a unified and generic market approach, he argues. It also necessitates greater focus on consumer education, something that has been, for too long, an afterthought. Education is also the key to improving the effectiveness of the classification system.

Packaging innovation is the other key aspect. "If you look at other consumer product areas, they have really moved on, with different sizes, shapes and delivery systems. Wine has stood relatively still.

"Innovation is not necessarily a new bottle shape or package. It is changing the perception of a product and its impact on life, convenience, the environment and society. That is what true innovation is about."

Boisset is putting many of those elements into practice with the launch of the French Rabbit brand. A one-litre size of the brand was initially introduced into Canada late last year and it is now being rolled out into the UK and US markets.

French Rabbit is a vintage, appellation-specific wine in an innovative prism-shaped Tetra Pak. The brand will be available in the UK in a 50cl size at a suggested retail price of £3.99 (\$7). Four varietals from the Pays d'Oc region are offered: Pinot Noir, Cabernet Sauvignon, Chardonnay and Merlot.

As evidence of his belief in a consumer-led approach, Boisset took the decision to launch French Rabbit in the UK in 50cl packs to reflect the growing number of single-occupancy households in the country (around 30%) and to offer consumers an alternative to the traditional 75cl bottle. The launch is supported by a communications campaign with the tag line – 'Savour the wine, save the planet' – aimed at promoting the brand's environmentally friendly credentials. "We are trying to make the break between the more formal way of looking at wine in a new and more casual way. The 'new vision' countries have successfully used innovations such as bag-in-box, Tetra Pak or screw-caps to make wine more convenient and approachable."

The company also launched the Lulu B brand in the US late last year. Sourced from the Languedoc region, Lulu B is another irreverent, modern-style, varietal-based brand, targeted chiefly at women. "We don't

want to alienate men but women are becoming the key wine purchasers. They tend to buy most of the household shopping and are more prone to impulse buys. Women are also typically more willing to try new things. Men tend to follow," says Boisset.

Quest for quality

The Boisset firm is a relative newcomer to the wine industry, having been formed as recently as 1961. It grew through a series of acquisitions around Burgundy. In the late 1990s, the company branched out into other French regions, which, according to Boisset, was a real watershed in the firm's evolution. Boisset is essentially a federation of firms. If there is a common strand among these properties and many of the joint ventures abroad, it is the focus on Pinot Noir. "We want to show that Pinot Noir can be interesting in different regions, with different styles. We are really trying to differentiate ourselves within our niche," he says.

The company recently created a new division, Domaines, Artisans, Terroirs (DART), which groups together all its fine wine properties. "Our core traditional business is growing. We are constantly moving upmarket in every single winery. We love our traditional French wine business. Innovation and this 'new vision' approach are not devaluing what we have done before. But you need more than one approach."

Boisset believes that many consumers in markets such as the UK and US will graduate from New World-style wines towards more sophisticated, or traditional wines. "The 'new vision' wines were very positive, but you can see signs that the pendulum is swinging back towards the centre and more traditional wines. There are fashions in wine, just as in couture. It is logical that some consumers would eventually tire of these 'new vision' wines and look for something else. There is no reason that both can't grow together. I am bullish on the prospects for European wines."

That focus on the production of superlative Pinot Noir led Boisset to acquire California winemaker DeLoach Vineyards in the Russian River Valley in November 2003, followed by the acquisition of the Seven Peaks brand from Southcorp a month later. "We bought DeLoach because it fits in with the key strategic focus of the company, which is Pinot Noir. We come from Burgundy, the home of Pinot Noir. We also now control 60% of Pinot Noir production in the south of France. So we said 'Where else can we produce Pinot Noir?' We decided we needed to be in California, one of the largest and high-quality regions for Pinot Noir. We got lucky that DeLoach became available."

Closer to home, the company acquired the Du Peloux trading company, which produces and sells wines from the Rhône Valley and

Languedoc-Roussillon. Having earlier acquired Louis Bernard, Boisset is now consolidating its position in the Rhône Valley. Du Peloux also owns the Mas de Beaulieu estate, a producer of Pays d'Oc wines.

This acquisition gives Boisset a valuable portfolio both on the export market – particularly in the UK, with more than five million bottles sold under the French Connection brand – and in France.

Boisset is also moving into the sparkling wine area. Over the course of the last 10 years, it has acquired quite a few sparkling wineries and brands and is concentrating on the "traditional method" sparkling wines of Charles de Fère and, in particular, the Crémant de Bourgogne of Louis Bouillot.

High-end spirits in sight

Spirits comprise around 30% of Boisset's \$300m annual turnover. In recent years, the company has taken measures to bolster its spirits portfolio. Its acquisition of Pastis Duval, added to the Casanis brand, significantly strengthened its position in the market for anis-based products. It also owns crème de cassis producer L'Héritier-Guyot. The acquisition of Duval was mainly for the French market. The company needed some leverage at on-trade level for its wines.

Last year, the company created a new super-premium spirits division. One of the first initiatives will be the introduction of a new super-premium vodka, called Idôl, into the US. Boisset concedes that it is an area requiring a point of differentiation. "The growth of the super-premium vodka category is great. But to charge a super-premium price you have to offer something different. We didn't want to distill it out of cheap grain, potatoes or sugar cane like most of the others. So we chose to distill it out of something that we know – grapes. We call it the vodka for wine lovers."

With a suggested retail price of between \$35 and \$40, Idôl will be rolled out into the US in February and the UK later this year.

