



CAPE LEGENDS BOUTIQUE WINE PORTFOLIO EXPANDS

Cape Legends, the portfolio of specialist boutique wine brands, established in mid-2004, is expanding its marketing and sales operations to meet the growing demand for luxury and niche labels in both retail and on-consumption channels in the UK, Europe, North America and other burgeoning markets.

Led by Carina Gous, who has worked extensively in the luxury wine brand sector in domestic and foreign markets, Cape Legends has assembled an international team of marketing and wine specialists to represent its portfolio of award-winning Stellenbosch, Darling, Swartland, Simondium and Tulbagh producers.

The recent appointment of Cobus Joubert, formerly of Rust en Vrede Estate, completes the hand-picked team with in-depth exposure to retail and on-consumption channels domestically and abroad, that also includes a Cape Wine Master and several others studying for the qualification.

When Cape Legends was originally conceived, it was intended as Distell's marketing and sales arm for the company's smaller-edition, boutique and niche labels. It has since become a stand-alone, autonomous venture with an independent set of trading relationships. However, it will continue to use Distell's distribution services network.

The portfolio currently comprises Jacobsdal, Stellenzicht, Alto, Uitkyk, Neethlingshof and Le Bonheur, as well as Allesverloren, Plaisir de Merle, Theuniskraal and Tukulu. Plans are also underway to introduce a sophisticated but fun new Stellenbosch label under screwcap next quarter.

According to Gous, rising sales within the portfolio mirror the growing consumer support for super-premium and luxury brands in key markets such as the UK, Scandinavia, US and, more recently, Asia. The trend is also consistent with the growing focus by Wines of South Africa (WOSA) on the £5+ retail market in the UK, the biggest export destination for South African wines. WOSA's goal is to build the country's value share of the market ahead of its volume share. (AC Nielsen Global Services statistics show that for the 12 months to August 2004, South Africa held a 10,2% volume share and a 10,1% value share of UK's retail market.) WOSA hopes to achieve a 13,5% value share of UK's retail market this year.

In the US, says Gous, wine industry specialists are expecting retail sales to show solid growth in the \$10 to \$20 price segment, where a weak domestic currency has placed an increased demand on value

when buying imported wines with US dollars. It is for this reason, she believes, that several leading experts see South Africa capitalising on its combination of site-specific, quality and value attributes.

She adds that the growth of the super-premium segment and higher, is particularly heartening for local producers, given the recent findings of leading international wine business analyst James Herrick that South Africa's wines are more internationally cost-competitive at the higher end of the spectrum than in the value segment.

“Moreover, there is a growing recognition that the imperatives driving the high-end of the market are critically different from those required for the mainstream premium sector. Boutique wines tend to appeal to consumers with a higher level of involvement in wine than bigger volume brands, necessitating strategies different from those for marketing wines positioned as fast-moving consumer goods.

“Our customers, both retail and on-consumption, and our consumers expect our conversancy with the complexities associated with market positioning, vineyard, site specificity, vintage, viticultural practices, cellar technique, as well as brand and winemaker personality and style.”

Gous stresses that, while more complex, the content of such communication does not have to be inaccessible or arcane. “On the contrary, our challenge is to make wine entertaining to well-established consumer groups, as well as to new audiences, growing the high-end sector.

“That the potential remains huge is borne out by recent developments within some of the major forces in the international wine industry. Constellation's purchase of the entire Robert Mondavi Corporation, including its specialist labels, and Diageo's acquisition of the super-premium Chalone Wine Group in the US, are some of the most recent examples,” says Gous. “Another is the specialist accent taken by UK retail chain Threshers, with a plan to roll out 200 shops focusing on the top end of the market. According to trade reports, the chain is also converting 200 of its Wine Rack and Bottoms Up stores to the new format that will cover the £8 to £20 price segment.”

Cape Legend's global marketing is managed by marketing manager Carlen Groenewald and brand manager Lize-Marie Luis, with Elisna Krige in charge of administration. De Bruyn Steenkamp services the European and UK markets, while Cobus Joubert takes care of the Americas. In South Africa, two business managers are responsible for domestic sales. They are Debbie Whyman (coastal) and Berenice Barker CMW (inland).

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