

## A SIT-DOWN WITH IMPORTER ANDRÉ SHEARER

*The South African wines importer still sees a bright future after a long, hard road*

**James Molesworth:** What was it like, 20 years ago, trying to get a foothold in the U.S. market with South African wines?.

**André Shearer:** It's funny because I was actually a teetotaling vegetarian at the time. The '88 Thelema Cab was the wine that stopped my teetotaling, though, and really turned me on to the wines in my country. It was 1991 and I was in Vegas at the time, when I watched President Bush announce on TV that sanctions were ending after Mandela was released from prison. I said, wow, we have to do a tasting in New York right away. What an opportunity!

Then I started up a small import company and had grand ambitions that within five years we'd be profitable and running. But no one wanted to play ball except one company, Frederick Wildman, which took on Kanonkop from the beginning. That was the start of a very sobering, hard 14-year stretch of bank loans, changing partners and not listening to people who were telling me it was insane to stay in the U.S. market.

But our suppliers believed in us and I felt strongly about the nuts and bolts of the wines. It was with Disney in '01 that the balance tipped for us. They decided to feature the wines of South Africa at their Jiko restaurant and things started to turn. By '04 we had traction with our base brands like Indaba and Excelsior. We had started in the beginning with small, high-end brands, but they were hard to sell all along. With the growth in the base brands, we really finally became a "business" in '05 or '06. By then it wasn't a fight anymore.

**JM:** How do you see the market for the South African category in the U.S. now?

**AS:** Just understanding the states has taken us 20 years. On the surface, having a 35 percent market share of all South African wine in the U.S. might seem nice. But the category is only about 1 million cases give or take. We'd like it to be 3 million of course.

But despite the struggles, I really feel the U.S. has the best filtration system for the category. For any category really. Europe is gobbling up the new sweet wine category and other low-end wines. But South Africa will ultimately be defined by what the U.S. market accepts.

Some people complain we're trying to Americanize the category. But what's one of the largest Bordeaux markets, or Spanish markets? It's the U.S. The diversity here is astounding. An American buyer says 'show me what's good' or 'I need a great Syrah.' Then there's the willingness to go with whatever really is good, even if it's South Africa. That's what's great about the U.S. market.

The flip side is we have to do all the work in building the brands. A placement at a chain like a Costco might seem like a dream come true, but they are more a conduit that allows the consumer to find the goods. But we have to work really hard to develop the brands and reach consumers in the first place, and we're still just a small company.

**JM:** How does the Asian market look for the South African category? Are you as high on that as the Bordelais are, for example?

**AS:** America is becoming a wine drinking nation much faster than China. Sure, China has more people, but how many of them are interested in wine and also have the means to buy wine? In America, you have 300 million consumers and arguably all of them can

afford to drink some wine, even if it's a \$4.99 bottle. In China, even with taxes and tariffs dropping, it's still a tough market to navigate economically, culturally and politically.

**JM:** But competition in the U.S. is fierce, especially for a category trying to break out, wouldn't you agree?

**AS:** The U.S. is horribly competitive, yes. But if you work hard enough and precisely enough, you can get somewhere. I can't change the three-tier system, so I deal with it. Once you understand the lay of the land, it's fair and rewarding. I am still very bullish on the U.S.

**JM:** One of your fastest-growing brands is Jam Jar, an off-dry red. How did that get started and who is drinking Jam Jar?

**AS:** It's been a great success—it's basically gone from zero to 65,000 cases in less than three years. We started with just a Shiraz but now we're adding a Moscato to the lineup as well, and that's already been well-received.

It was actually George Miliotis at Darden Restaurant Group (Seasons 52, Olive Garden) who had been instrumental in developing those wine programs and had been good to the South Africa category along the way. He wanted to do an off-dry red but made it clear he didn't want slop. It took some convincing at the production level since many winemakers didn't want to do it. Ultimately it was Mike Dobrovic, who was then at Mulderbosch, who agreed to give it a try.

The Jam Jar drinker right now is the 23-year-old girl who is new to wine and doesn't like austere reds. It might not be the wine you want to drink, but there's a youthful drinker out there that is open-minded and easing their way into wine drinking. Of course there's a maturity phase too, and eventually some of them will move on to other things. Granted it's not everyman's wine, but we still have to do it well.

**JM:** What is the key for getting South Africa into the mainstream of U.S. wine drinkers? Do you need a megabrand such as Yellow Tail to drive the category? Or is there something else?

**AS:** I think the key is actually Chardonnay. It's the largest-selling SKU in the market and South Africa can do really, really good Chardonnay. That and red Bordeaux varietals. Rather than aiming for a big brand, we need to focus on the mainstream varietals that we do so well.

**JM:** But why not Syrah or Chenin Blanc, two grapes that I always tell people to investigate first when trying South Africa? Aren't they important?

**AS:** For sure they are. But to be honest, the fall off of Aussie Shiraz has dampened the process for selling Syrah in general in the U.S. It's a tough sell here. And Chenin is growing, but it's never going to go mainstream quickly enough for the category as a whole. I really think our red Bordeaux blends and Chardonnay are probably our best attack strategy. We gain attention for South Africa with that, and then we can pull in the Chenin Blanc and Syrah stuff that is also special, but perhaps not so mainstream.

**JM:** So after 20 years, South Africa is still a small category in the U.S. wine market. Are you as committed now as you were in the beginning?

**AS:** The States is everyone's Holy Grail. The South African wine industry wants to be here. For sure we'd like it to move faster than it is, but we're happy with where it's going.