

The last thing consumers want to read about is a strategy aimed at increasing the price of any commodity on their monthly shopping list. In fact, the mere mention of this is likely to raise more than an eyebrow at the Competition Commission. No one wants to pay more - even by the rate of inflation - for an everyday item. If, in addition, its price can be “managed” by producers and retailers, there’s an added sense of resentment when it suddenly costs more. Of course, at the level of a truly discretionary purchase, there’s virtually no price sensitivity, so no one notices (or if they do, then no one cares) when there’s a meaningful upward movement.

Commodity wine is bigger business than most people realise, and the volumes sold represent a more significant percentage of the country’s production than wine enthusiasts would be happy to acknowledge. In the circles where R100 - R200 per bottle is considered reasonable - if not for an everyday wine, but at least for a once-a-week treat, few, if any, of the punters realise that this top segment constitutes only 5%-10% of the total South African wine market. In fact, recent research reveals that only 10% of all reds retail for more than R110 per bottle, and a mere 6% of all whites.

As with most things, it’s the everyday lines which dominate the volumes. When it comes to wine, 50% of all reds and 56% of all whites retail for under R40. If you deduct from these prices, packaging, retailer’s and wholesaler’s margins, the cost of transport from the Cape, as well as the warehousing and distribution costs, there’s precious little left to pay for the wine (and even less to pay the grape farmer). Clearly, if prices don’t rise, vineyards in the lower yielding, higher quality appellations won’t be replaced. This will leave us with fruit sources in the higher yielding, lower quality areas - and fewer of them overall. So prices will go up, but for lesser quality grapes. One way or another, we’ll land up paying more for our wines - only, in the latter scenario, they will be less good.

Despite the bulk of the business being hugely price sensitive, boutique producers frequently use price as a marketing tool. If a wine doesn’t sell for R250 per bottle, they just double it and make it appear more valuable. This is not an original strategy, but it works best where determination of quality is largely subjective. Releases of wines in the R500+ per bottle range are an almost daily occurrence. The curious thing is that the wineries with ultra-prestige offerings in this segment of the market aren’t getting rich are a result of these breath-taking price points. Quantities are negligible and the overheads incurred by boutique operations are disproportionately high, relative to the volumes they are able to offer for sale.

So it happens that Grande Provence, the boutique Franschoek property that lies to the right of the main road as you approach the village from Cape Town, has just launched a super-premium 2015 white called “Amphora” (because it has been vinified in a large clay amphora instead of tanks or casks). Priced at R600 per bottle it’s clearly not for the faint of heart. Made from naturally fermented (in other words, using ambient rather than commercial yeast) chenin blanc from 34 year old vines (80%), viognier (14%), and muscat d’alexandrie, (6%) there’s very little of it about. This promise of shortage (fewer than 1000 bottles were produced) may help the sales, since there won’t be much around for buyers to sample. In a way - that’s a pity: it’s a subtle, beautifully crafted wine, a tad better at present than the almost-as-rare Grande Provence 2014 white blend (which sells for around R400). Its hallmark features are purity and prettiness - attributes which alone may not appear to justify the price point but which are, from a producer’s perspective, remarkably hard to achieve.