
Grant left New Zealand in 1974 and after a number of years travelling stopped off in Sydney where he started his career in the wine industry. He had 2 years with Lindeman’s and then went to the United States for Phillip Morris with responsibility for marketing their wines west of the Mississippi. In 1992 he returned to Australia and joined Tyrrell’s as their International Manager building up a forty-country distribution.

Grant commenced his presentation with a brief background on Tyrrell’s Wines. Tyrrell’s is a fourth generation operated family company dating back to 1858. Its goal is to remain an Australian owned and operated wine company recognised for producing high quality wines with integrity. Tyrrell’s has 1,000 acres under vines in three states producing some 4.8 million bottles of wine each year. It is recognised as producing some of the world’s best Semillon.

Tyrrell’s has 14 blocks of vines in the Hunter Valley. These vines grow in a variety of soil structures with each reflecting the type of wine produced e.g. rich volcanic soils for Shiraz and light alluvial loams for the whites. Eleven of the blocks are over 100 years old and because of this the grapes must be hand picked to avoid pulling the vines from the soil. There is no irrigation and the rows between the vines are grassed to retain moisture. Tyrrell’s produces its reds using the traditional method of wine making and following the early processing the wine is aged in 2700 litre French oak casks.

Grant discussed the domestic supply and demand for wines and reflected on the glut of wine, which we have seen since 2005. At the moment supply/demand is almost equal but there is still a surplus due to inventory not having sufficiently rundown. The proportion of Australian wines in the domestic market has been reducing from a high of 97% in 2000 to 85% in 2012. However compared to other wine consuming countries Australia has a relatively low proportion of imported wines.

In the last few years’ export of wine from Australia has been trending down but there has been of a slight increase in the trend for domestic sales. As of 2011 the major overseas markets by volume for our wine are UK (21%), USA (16%) with Germany, Canada and China (each 4%). Sixty per cent of wine sales in Australia are for export.

World supply/demand for wine is tightening due to the global financial crisis and in particular production of wine from Italy and France is at its lowest level for decades. Australia is the sixth largest producer of wine in the world and ranks fourth in the world for the export of wine. Australia exports to some 125 markets but the top fifteen countries account for 95 % by volume. Chile is a threat to Australian producers in the red wine market.

The focus for export sales is now Asia/Pacific and in particular China. This market has been increasing at the rate of 16.2% over the past five years. It is a very different market to sell into, as the Chinese culture for negotiation must be learnt. Grant informed us that even though you may think you have agreed a price and are ready to sign the contract, it is following the signing that negotiation of terms really commences. This market is 90% for red wine high in alcohol content. China also
conducts a “buyers own brand” position whereby purchasers of the wine place their own label on the bottle and have a large mark-up on the retail price of the bottle. An example given by Grant was a sale he had made for $50 per bottle and later following delivery he observed the bottles being sold at one restaurant for the equivalent of $1100 per bottle and at another restaurant for $1700 per bottle. Another anecdote from Grant regarding the Chinese market is that they always seem to deal in cash only. Tyrrell's sells bulk wine in a single container valued at approximately $870,000. A deposit of 20% is required with the balance to be received before export occurs. For each of the deposit and balance Tyrrell's received cash in one hundred dollar notes and spent considerable time physically counting the money.

Grant concluded his presentation with some cautious optimism for the immediate outlook for the global wine market. The full presentation can be found on the club website www.sydneyprobus.org or at http://bit.ly/174PP0X. (Note: 13MB file). Members are encouraged to review these slides as there is more statistical information and graphs concerning the global wine market and Australia's position in it.

Questions from members raised good points including - Change from cork to screw top; Why Australia drinks more white wine than red compared to the rest of the world; and Australia’s reputation as a quality wine producer in the world market; and brought forth interesting responses.

Ray Hyslop’s vote of thanks on Grant’s talk confirmed to us that it is acceptable for medicinal purposes to consume a small quantity of red wine daily, as the anti-oxidants it contains are beneficial to our health. Ray thanked Grant for a delightful talk and how it was interesting to see how the market for Australian wine was going.