

# THE WINE REPORT

with Foster's Global Wine Ambassador, George Samios



## The Value of Wine

Each May there is major excitement in Australia due to the release of Australia's most famous wine - Penfolds Grange Shiraz.

Its release, and that of the accompanying Penfolds luxury wines (Yattarna Chardonnay, Reserve Bin Chardonnay, RWT Shiraz, St Henri Shiraz., Bin 707 Cabernet Sauvignon and Magill Estate Shiraz), attracts frenzied interest from wine drinkers, retailers and media the world over.

Put simply, May 1 is the most anticipated date for wine drinkers. Extremely limited in production, the wines are snapped up within days of release and always raise the perennial wine question "is the wine worth the price?"

The perception of value varies from drinker to drinker and it is worth exploring why some wines are higher priced than others?

Firstly, there is of course the issue of scarcity. Like all luxury items [think cars, art, etc] the less of something that exists the more likely it is worth more to people.

Next, the pedigree/reputation of the creator must be considered. The Penfolds story is a fantastic one and surely one of the reasons why there would not be too many serious wine collectors in Australia that do not have any Penfolds wines in their cellars.

Dating back to the 1840's, and with the wonderful Max Schubert/Grange story, the Penfolds brand has enormous credibility on the International wine scene (for the full Penfolds story go to [www.penfolds.com.au](http://www.penfolds.com.au)). Heritage, proven quality over many years and repeated awards/third party endorsement contribute to the "value" of Penfolds wines.

But of course, some wines are just a lot more expensive to produce, and when vintage variations (yes...remember wine is an agricultural product) come into play we often see a wine's price increase.

So what are some of the factors that contribute to some wines being more expensive to make?

1. Cost of Land - the original cost of purchasing some land is more than others so this needs to be factored into the final price of the wine. There is great fluctuation between the costs of land within all of our wine regions.

2. The final cost of the fruit used - whether one grows their own or buys the fruit from growers, the final price can vary considerably. Much of this has to do with the yield achieved, with premium vineyards generally producing less fruit, and thus less bottles of wine per hectare than those vineyards used for more commercial wines.

3. Winemaking costs - was the fruit handpicked? What sort of oak barrels were used in the maturation of the wine? Was the oak new or used? What sort of barrels? (An American oak barrel costs about \$800 while a French version is about \$1300). All these factors can affect a wine's final price.

4. Maturation costs - a wine that is matured for 2 years in oak could cost more than one that is matured for only 5 months in oak. In addition, the "holding cost" of a wine that is bottle aged for 5 years before release will be higher compared to a wine that is bottled and released 12-18 months after vintage.

So higher production costs, scarcity of supply and of course a proven quality record can see some wines valued more than others. Does price alone make a wine iconic? No, not necessarily (that is for another time to talk about!)

Anyway, back to the Penfolds luxury wines - how did this year's wines compare to previous years? Who better to ask than Penfolds Chief Winemaker, Peter Gago.

"The Luxury & Icon wines are the ultimate expression of the time-honoured Penfolds tradition of sourcing the best fruit from the best regions and skilfully blending to well-established styles," he said. "They represent everything that Penfolds has learned in more than 160 years of winemaking. They will in time be as highly regarded as their predecessors."

If you have any questions regarding wine or the wine industry; drop me a line at [thewinereport@fostersgroup.com](mailto:thewinereport@fostersgroup.com)

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