



BERRY BROS & RUDD
WINE & SPIRIT MERCHANTS

www.bbr.com

Berry Bros. & Rudd Future of Wine Report



A GLIMPSE INTO THE WORLD OF WINE IN 2058



Looking through our best-selling wines from 50 years ago, it's strange to see how fashions have changed. In 1958, German, fortified and sweet wines were top-sellers; now, they don't even feature on the best-sellers list.

This made me think. Berry Bros. & Rudd has been selling wine for 310 years and expects to be doing so for at least another 310. As Britain's oldest independent wine merchant and, given we have more Masters of Wine (four) than any other company, there's no-one better qualified to poll the opinions of our resident experts on how the wine world might look in 2058.

50 years ago, it would have been unthinkable to take wine lessons 'virtually' or predict supermarket shelves would be stocked with wines from China, Brazil, India or New Mexico.

So, what will 2058 look like? We looked at future trends in fine wine (our speciality) but also in volume production – wines for under £10. Whether it's the 'Rise of China' or the '*New* New World', 'Big Brand Booze', 'Floating Vines' or 'Sommelier Bees', this report aims to give you a glimpse into the world of wine in 2058.

A handwritten signature in white ink that reads "Simon Berry". The signature is fluid and cursive, with a long, thin tail extending from the bottom of the 'y'.

Simon Berry
Chairman
Berry Bros. & Rudd

Volume Wine

In the world of volume wine, Berrys believes there are two specific areas set for significant change by 2058:

COUNTRIES RENOWNED FOR 'NEW WORLD WINE' WILL ALTER RADICALLY AS THE EFFECTS OF CLIMATE CHANGE ARE FELT

THE RISE OF WINE 'BRANDS' WILL LEAD TO MASSIVE CHANGES IN THE WAY WINE IS PRODUCED, PACKAGED AND MARKETED

1. THE *NEW* NEW WORLD - GOING UP

In 1958, few people would have predicted the USA, Argentina or Chile would be capable of producing good wine. Now, nearly every other bottle of wine is made outside of Europe's Big 5⁽¹⁾ wine producing regions and these countries lead the New World Wine rankings.

So, who will head the table in 2058?

Grape wall of China

Already the world's sixth largest wine producer and number four in terms of area under vine, China, Berrys predicts, will be the world's leading producer of volume wine by 2058.

Berrys believes Cabernets and Chardonnays of real promise will be made. With the right soil, low labour costs and soaring domestic demand, China is set to take the world of wine by storm.

"China has the vineyards, but not the technical expertise," agrees Alun Griffiths MW, "however, if good people from wine producing countries think there is opportunity to make wine in China, they will go there and invest."

The changing climate

If global warming persists, there could be a radical shake-up of the wine world with many non-traditional wine producing countries given the chance to become real contenders.

Countries which are currently small-scale producers may become more significant. Much of Eastern Europe sits on the same latitude as some of France's top wine producing regions, so countries like Ukraine, Moldova, Croatia, Slovenia and Poland could feature more prominently, especially when they attract investment.

Berrys also believes Canada could experience a similar uplift. While most of the country is currently too cold for wine production, Southern Ontario and Southern British Columbia are already home to several large areas of vines. Currently sitting at no.32 in terms of output⁽²⁾, Canada, Berrys predicts, could start to rival its American neighbour by 2058.

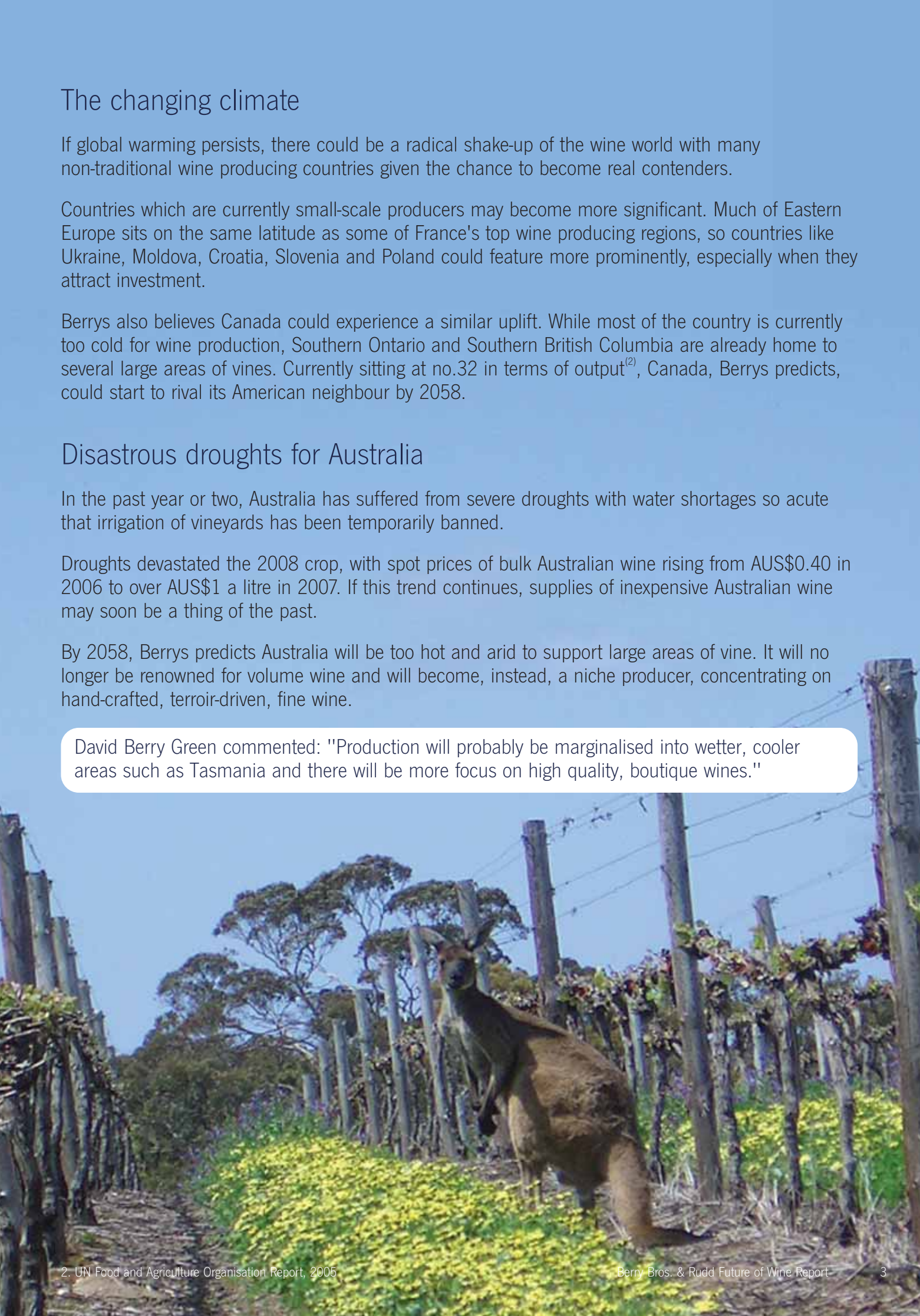
Disastrous droughts for Australia

In the past year or two, Australia has suffered from severe droughts with water shortages so acute that irrigation of vineyards has been temporarily banned.

Droughts devastated the 2008 crop, with spot prices of bulk Australian wine rising from AUS\$0.40 in 2006 to over AUS\$1 a litre in 2007. If this trend continues, supplies of inexpensive Australian wine may soon be a thing of the past.

By 2058, Berrys predicts Australia will be too hot and arid to support large areas of vine. It will no longer be renowned for volume wine and will become, instead, a niche producer, concentrating on hand-crafted, terroir-driven, fine wine.

David Berry Green commented: "Production will probably be marginalised into wetter, cooler areas such as Tasmania and there will be more focus on high quality, boutique wines."



2. BIG BRAND BOOZE

In 2006 Foster's, the biggest all-Australian wine company, started sourcing wine for their popular Lindemans brand from South Africa and Chile.

The Berrys' experts commented: "By 2058, big brand wine could be grape or blend specific, rather than from a particular country. Grapes will be gathered from all over the world and blended to suit consumers' tastes."

Berrys experts believe the rise of 'Big Brand Booze' could be accelerated by investment from spirits companies and supermarkets who, by 2058, will own most of the world's wine brands. A willingness to invest in new wine producing areas could ignite interest in many of the '*New* New World' vineyards already discussed in this report.

Increasingly, consumers may recognise wine brands (and the flavours associated with them) in the same way they do spirit brands such as Smirnoff. Rather than ordering a glass of Australian Shiraz, Marlborough Sauvignon Blanc or Californian Merlot, it could be commonplace to ask for a 'Lindemans Light', 'Waitrose White' or 'Rosemount Red'.

Jasper Morris MW predicts: "In 50 years, consumers will ask for wine by the brand name or flavour and won't know, or care, where it has come from. Grapes will be genetically modified to change a wine's taste and producers will add artificial flavourings to create a style wanted by consumers."

Floating Vines

Satisfying this growing consumer demand will necessitate wholesale changes in production methods. By 2058, Berrys predicts vast industrial vineyards could house genetically-modified grape varieties resistant to disease, and genetically altered yeast will improve fermentation and help produce wines with lower alcohol levels.

An increased focus on low calorie lifestyles could entice many producers to create 'tailor-made' wines and reduce calorific and alcohol content by modifying the grapes' genetic structure.

Since vineyards typically take up huge areas of land, Berrys believes genetically modified vines could be grown hydroponically in off-shore floating vineyards.

Lightening the load

In 50 years' time, Berrys believes wine is unlikely to be sold in glass bottles. Using glass will be unrealistic as retailers and importers try to cut costs, waste, and reduce the environmental impact of wine being shipped around the globe.

The average weight of a wine bottle is 500g⁽³⁾, but there have been recent moves to produce more lightweight bottles.

Berrys believes the cost and environmental impact of shipping pre-bottled wine around the world means, in the future, we're likely to see 'wine tankers' crossing our oceans. Bulk shipments of wine could arrive, before being put into plastic or reinforced cardboard containers in a bid to reduce environmental emissions and create a domestic bottling industry.

This phenomenon is being closely observed by companies like Tetrapak, who have already developed cardboard bottles for the French, Swedish and Italian markets.

"I see a far greater range of packaging on the shelves in 2058. Cartons will be the obvious choice for much of the wine and will dominate the shelves for the mass market. Variety will be greater – we're already seeing 500 ml and 1 litre options. Cartons will mean far more tailoring to consumption and branding opportunities for big brands."

Ian Williamson, Tetra Pak UK



Fine Wine

The creation of fine wine is a world apart from volume wine production. Traditionally, France has led the way (in both performance and price) when it comes to high-end, premium vintages, but Berrys believes stiff competition from around the world could soon see the fine wine league table turned on its head.

Will China beat Bordeaux?

China is set to establish itself as a leading producer of volume wine, but Berrys believes China also has all the essential ingredients to make fine wine to rival the best of Bordeaux.

While most Chinese wines seem alien to Western palates, a new breed of Chinese winemaker, backed by foreign investment and technical advice, is already trying to change that reputation.

Berry Bros. & Rudd's experts estimate that China's current 400 wineries will multiply more than ten-fold, with up to a quarter producing fine quality wine.

Jasper Morris MW comments: "I absolutely think China will be a fine wine player rivalling the best wines from France. It is entirely conceivable that, in such a vast country, there will be pockets of land with a terroir and micro-climate well suited to the production of top quality wines."

India's thirst for fine wine

Today, the Indian wine industry is still in its infancy; however technology exchange in winemaking and viticulture from Europe and Australasia means India is likely to challenge the supremacy of traditional winemaking countries.

Local demand (the market for wine in India has been growing at over 25% per year) and aggressive promotion from the state government means more and more ambitious Indians are turning to fine wine as a mark of social standing.

Berrys believes, if the increasing number of vineyards planted in parts of western and southern India are any indication, India will soon be taken seriously as a fine wine-growing nation.

Alun Griffiths MW predicts: "India has the potential to embrace wine in a big way and the economic muscle to dictate to producers what style of wine they should be making."

Bow down to British Bubbly

Thanks in part to warmer temperatures (2007 was the second warmest year in the UK in 356 years) more and more English land is becoming suitable for wine production.

Today, there are 1,000 vineyards in England across Kent, Hampshire, Essex and Sussex and production in 2006 was just over 3.3 million bottles. Berrys believes, the amount of English farmland devoted to wine production may rival that of France by 2058 .

French Champagne producers such as Louis Roederer have been looking at the chalky soil of the South Downs with interest, believing it offers them a great opportunity to produce sparkling wines similar to Champagne itself.

Recent international blind-tasting competitions even saw some English sparkling wines triumphing over the best Champagnes.

Berrys' experts commented, "If British growers get support from British drinkers and are able to compete on price they may be able to compete with Champagne."

Jonathan Ray, Wine Editor, Daily Telegraph

"By 2058 it will be quicker to count those countries that don't make wine than to count those that do.

India will have embraced the grape, foreign know-how having identified the best sites for both bulk and single estate wines. In Central and South America, countries such as Mexico and Brazil will have followed the lead of Chile, Argentina and Uruguay in making great value wines of real character.

Long-established, but often underrated areas such as Languedoc-Roussillon will also have found a new lease of life. At present, these two regions account for almost a third of France's total current production and I would expect quantity to fall and quality to rise as producers concentrate on biodynamic and organic practices and lower yields."

Paying Primeur

The *en primeur* market, where people buy cases of wine before they're even bottled, has already created strong links between the wine and the investment world. As prices continue to increase, so will the investment potential, with futures markets and hedge funds capitalising on interest in the leading châteaux.

Berrys predicts wine 'talent' scouts – agents on the ground who monitor and track the growth of particular vines – will appear, providing eagle-eyed investors with advance notice of the best-performing vines.

World Wine Wars

Rising global demand for fine wines – both for investment and for drinking – and limited availability of First Growth wines from top châteaux means prices will continue to rise inexorably over the next 50 years until fine wine becomes the preserve of the very rich.

Berrys believes, by 2058, global bidding wars will take place for the top wines and the most sought-after wines will become prohibitively expensive and extremely difficult to obtain.

This, combined with burgeoning interest in fine wine in Asia, South America, Central and Eastern Europe and Russia, will create a market so competitive that bidding wars for the few cases of highly-praised, limited production wines will be common and a case of wine from a great vintage could cost £10m.

Simon Staples, Fine Wine Sales Director at Berry Bros. & Rudd believes: "If values increase by 15% per annum, as they have been doing recently, a case of 2005 Ch. Lafite-Rothschild, currently available for £9,200, could be worth just shy of £10 million by 2058."



Choosing Alternatives to Cork

Berrys believes, despite all the protestations of improvement from the cork industry, it is still outrageous to accept a failure rate even as low as 2% in wine closures.

Future generations will look back on this era in amazement at the thought that, after all the technological advances made in the vineyard and cellar, we continued to finish off the process by shoving a piece of tree bark in the bottle.

More and more state-of-the-art wineries are moving to screwcap and stelvin will become the standard for the majority of the world's wines.

Alun Griffiths MW predicts: "Advances in technology will produce a product with cork's ability to allow only a little ingress of oxygen. It is inconceivable we will be using cork in 50 years' time – except for perhaps 1 or 2% of very fine wines that still require maturation."

Companies are already making glass stoppers for fine wine that plug the opening and are secured in place with an aluminium cap. Australian fine wine producer Penfolds Grange are developing a glass closure which fits perfectly flat over the bottle and neck

If glass bottles are still in use, Berrys predicts new, man-made closures will be used that replicate the function of corks without their potentially damaging side-effects.

Berrys' experts commented: "By 2058 every bottle of fine wine will have a synthetic 'smart cork' embedded with a chip hardly larger than a grain of rice. The smart cork can hold pages of information about wine, its producer and its provenance, and the chip can both send and receive information – bringing an end to fake bottles."

Faking it

An increasing problem in the world of fine wine is fake bottles. As demand and prices rise, fine wines have become an increasingly attractive target for counterfeiters.

The recent rejection of an £18,000 magnum of 1961 Ch. Pétrus from a top London restaurant is an example of the problem that counterfeiting poses for the wine industry.

With a few notable exceptions, producers have been slow to take responsibility for minimising the risk of fraud but chips embedded in bottles or corks could well be used to give consumers a greater level of assurance of authenticity.

Chips could also advise customers of a wine's style and even indicate whether it is faulty pre-purchase by recognising unwelcome aromas or flavours – talking bottles in other words.

"Waiter, there's a bee in my wine"

Berrys believes, if you order a bottle of 2005 Ch. Margaux in 2058 that is corked, it's unlikely you'll get the chance to taste it as top restaurants introduce innovative measures to ensure customers receive nothing but the best.

Recent developments in biotechnology have shown honeybees have a finely developed sense of smell. This sense of smell can be harnessed and honeybees trained to recognise particular odours, such as corked wine, and associate that smell with food.

When they detect a corked bottle, a trained honeybee will extend its proboscis. This reaction can be easily detected by software (and incorporated into a small personal device carried by a sommelier) – ensuring the corked bottle never reaches the customer.

By 2058, every sommelier could have their own personal bee.



Report Contributors

Alun Griffiths MW has spent all his working life in the wine trade since leaving University at the age of 22. Now Wine Director of Berry Bros. & Rudd, he was formerly General Manager of Berrys' Terminal 3 Heathrow Duty Free shop, which opened in June 1994.

Jasper Morris MW founded Morris & Verdin, highly respected specialist wine importers, in 1981. Despite running a growing business he found time to gain his Master of Wine Qualification in 1985. When BBR acquired the company in 2003 one of the notable assets was Jasper himself, now appointed Berrys' Burgundy Buying Director.

Simon Field MW has worked in the wine trade for eleven years and joined BBR in 1997. Simon is responsible for buying wine from many of the major French wine regions including Champagne as well as Portugal, Austria, Chile and Argentina. His particular speciality is for the wines of southern France and the Rhône. He gained his Master of Wine qualification in October 2002.

David Berry Green is the eighth generation of Berry to work in the family business, gaining brand experience working with Cutty Sark Scots Whisky before becoming a Berrys' wine buyer in 2001. He is responsible for buying the wines from Alsace, Australia, Italy, Loire, New Zealand, South Africa & USA.

With thanks to Jonathan Ray, Ian Williamson and Simon Staples.

For more information please contact:

Gemma Cohen 0207 067 0601/ gcohen@golinharris.com

Colin Gentry 0207 067 0508 / cgentry@golinharris.com

Vicky Williams 01256 340140/ vicky.williams@bbr.com

Catriona Felstead 01256 340223/ catriona.felstead@bbr.com