

Insights: Is Portuguese wine finally taking hold in the UK?



10 Feb 2016 | Erin Smith

Portuguese wine has it all: stylish packaging, price competitiveness and, most importantly, quality. But it has not yet become part of the UK consumer's consciousness as one of the great-value-for-money wines of the world. Could 2016 be the year that the tides change for Portuguese wine?

Both in the US and Canadian markets Portuguese still wines are becoming more mainstream, according the Instituto dos Vinhos do Douro e Porto's (IVDP) most recent figures covering January–September 2015. In Canada, the second largest market for Portuguese wine and the largest market outside of Portugal, the value of Douro wines jumped 17.8% and volume was up 9.1%. In the US it was a similar story, with value up 33.8% and volume up 22.8%. The UK is also beginning to heat up, with value up 17.7% and volume up 15%.

More than Port

Despite the positive momentum in the UK, Portuguese still wines have had to face a number of challenges to gain ground in an already highly competitive market.

According to Gonçalo Sousa Machado, managing director at Sogrape UK: "I think Portugal doesn't have a strong identity in the UK, which can be a challenge to drive things forward."

JP Ramos sales manager Roque Cunha Ferreira agrees: "The critical point is that people don't know what to expect when they buy a Portuguese wine."

Machado points out that for much of its winemaking history Portugal has been known for producing Port. He says: "Consumers automatically perceive Portugal to be about Port and not about wine production in general."

Stiff competition in the UK market from Spain and Italy, particularly in the on-trade, is also a challenge. Andre Neves, commercial manager at Ehrmanns, says: "In the on-trade channel there are thousands of Spanish and Italian restaurants, and I think Portuguese gastronomy isn't particularly widespread and therefore Portuguese wines are not that exposed to the final consumer."

Ferreira agrees that the food-led outlets are helping other countries gain traction in the UK: "I think that having many restaurants from a country is a fantastic way to lobby the country's wine. The association with wine and food works really well. I think that the Italians and Spanish have a lot of leverage in fact," he says.



Simon Jerrome

Simon Jerrome, purchasing director at Matthew Clark, believes that Spain in particular has benefited from the tapas trend and the momentum behind Rioja, meaning Portuguese wines may be muscled out. "Wine lists are getting shorter and Spanish wines that aren't Rioja can be a challenge to sell to consumers. Portuguese wines have to battle hard," he says.

The sheer number of grape varieties and the pronunciation is often seen as one of the biggest hurdles for Portuguese wines.

Jane Cuthbertson, founder of Barrica Wines, an independent wine merchant that specialises in Portuguese wines, explains: "Consumers are frightened about the grape varieties, but I think it is one of Portugal's big strengths. The diversity and the identity are a differentiator for them: Portuguese producers showing their heritage and what they do best. Portugal in three words to me is: 'wines with character'. It is about the tradition and identity of the indigenous varieties."

"The varieties are hard to pronounce, but so are German and Austrian grapes, and they are doing things in the market," agrees Neves,

Regionality is the key

While there have been some challenges helping the consumer to understand Portuguese wines, focusing on regionality appears to be the way forward.

"The two main DOCs that are showing some great potential – and could be used as a starting point for building Portuguese style recognition – would be Vinho Verde and Douro. They're potentially the simplest regions for consumers to understand," says Machado.

Ferreira agrees: "We have seen branding by regionality in the UK. We see that Douro has a good presence there, you can see it with some serious Vinho Verde and in the Dão as well."

For Cuthbertson, regionality is the easiest way for her to communicate what Portugal has to offer. She says: "It's all about the different regions, so that's how we merchandise Portuguese wines."

Stylistic appeal

It is important to remember that while Portugal has been a Port wine producer for centuries, it is only in the past few decades that it has begun to produce still wines aimed at export.

In terms of quality and style it has come a long way in a relatively short period of time. Neves explains: "Portugal delivers in all aspects in terms of packaging, price and the wines, which are getting better every year. But we need to remind ourselves, in terms of still wines, that we are not talking so long ago that the wineries started to make good still wines in Portugal."

Ferreira agrees that a lot of progress has been made in a short time, but more could be done. He says: "You have to remember that up until the end of the 1980s and the early 1990s, we had no need to export wine. We have come a long way to promote the country as a whole. I think many good things have been done, but I think we can obviously be doing things better still."

The more delicate styles of still wine being produced in Portugal are a perfect fit for the UK palate and mirror the trend towards lighter-style, easy-drinking wines occurring globally.

Jerrome says: "One of the things that I have noticed most recently about Portuguese wines is the bags of fruit, and the balance of fruit and oak. It is just so much more geared towards the UK palate and the commerciality of these wines in the UK on-trade. A customer will buy these wines and want to buy another. That is really important for those of us in the on-trade."



Gonçalo Sousa Machado
Sogrape UK Managing director
Gonçalo Sousa Machado

Machado agrees: "On the whole over the past ten years Portugal has been making wines that are stylistically more in line with what the modern consumer prefers and what they expect from still wines."

Tourism impact

The tourism boom in Portugal has also had a major impact on the perception of Portuguese wine in the UK. Machado says: "I think that perception of Portugal is now definitely changing and I think that in past 18 months there is a lot more activity around tourism for Portugal. Tourism is a massively important part of that step change."

Ferreira points out that the type of tourism boom, which has been more culturally focused, has also helped. "The fantastic thing is that Portugal has gone from being a beach destination to a cultural-oriented tourist destination. That shift in tourism can play a fantastic and important role in the consumption of Portuguese wine in the UK," he says.

With so many factors coming together and momentum gathering behind Portuguese wine it is hard to imagine it won't succeed.

Neves says: "Something has to happen. Portuguese wine is ticking all the boxes. It is a combination of all these elements and once we get it right, I think that Portugal can be the next big thing."

Ferreira agrees: "It is a very exciting time. I think the coming together of all these things will ignite the consumer appeal. I do think it is more a matter of when it will happen, not if it will. I think we will definitely get there."