



A matter of price

WHILE ISRAELI wineries tend to offer their better wines at tastings, a handful of inexpensive wines – Mount Hermon Red, Segal Red and the Cabernet Sauvignon and Merlot of both Barkan Classic and Carmel Selected – are selling millions of bottles. (Courtesy)



• ADAM MONTEFIORE

I always hear the refrain: “Israeli wines are so expensive.” The question is whether it is true.

Israel is relatively insignificant in the wine production stakes. More than 35 countries in the world make more wine than Israel. Count as many wine-producing countries as you can. It is not easy to get to 35! There is a vineyard in Monterey, California that harvests more wine grapes than the whole of Israel does. The so-called boutique winery of Gallo, the world’s largest winery, also produces more wine than the whole of Israel. At international wine exhibitions, Lebanon and Turkey usually have larger stands and more wineries attending than we do. So our international presence is fairly small.

Wine is an expensive business. If you make an oak-aged red wine, after going to the expense of planting a vineyard and building a winery, it could be seven years before you receive money for the first bottle sold. Add to that costs of kashrut, water and manpower. Making wine here has a lot more to do with idealism or being a rich man’s hobby, than a sound financial investment. Certainly it is more profitable to sell cola or bottled water! As the joke goes: How do you make a small fortune running a winery? The answer is that you have to start with a large fortune. Here we don’t have the volume, economies of scale, government support or finance to compete with countries like Australia, South Africa,

Argentina or Chile, and we are considered a small wine producer when measured against New Zealand. Even little Cyprus has more wine grape vineyards than we do.

At the cheapest price points, there is a problem. We just can’t compete, even with the best intentions in the world. Over-production in France, Spain and Italy ensures that there you will always drink cheap in the local café or bar because the wine for the workingman is often less expensive than the water. However, it is an unequal playing field and I am not sure Israeli wine is totally to blame.

Still, look at the supermarkets here and you will see prices as low as they have ever been. Mount Hermon Red, Segal Red and the Cabernet Sauvignon and Merlot of both Barkan Classic and Carmel Selected are the six biggest selling wines in Israel. Every Passover and Rosh Hashana, there is a discounting race. At NIS 20 a bottles, these are all good wines and no one can complain of high prices.

The problem is that everyone talks only about the medal-winning wines. Journalists write only about the better wines. Wineries show only their better wines at tastings – yet millions of these six inexpensive wines are being purchased. No one boasts, “Guess what I tasted last Shabbat?” followed by the name of one of them. Many people buy wine to drink and not just to talk about. The wine intelligentsia like to talk and show off, but ordinary people buy wine to drink and think it is no big deal.

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it is a pity not to recognize these as the good wines they are. Even the so-called experts do not drink Château Lafite or Castel Grand Vin every night. But even if I am unable to persuade you and these wines are not for you, certainly do not be closed to the three-for-NIS-100 category, which includes some of the best value buys in Israel.

As far as the more expensive wines are concerned, I will surprise you. In the annual *Wine Spectator* magazine study of the prices of wines achieving 90 points or more, Israeli wines fall well into the average. Not cheaper but certainly not more expensive. By this comparison, Israeli wines that receive awards, high scores and the respect of critics are not overly expensive.

Israeli wines can appear expensive in export markets. Obviously, we have a market in which 90% of the sales are in Israel. So we are not an export-orientated industry and the pricing structure is geared to the market here. However, when the worm turns and export becomes more important, then pricing abroad will gradually become more competitive. By comparison, Chile, for example, is far more geared to exports because they have no alternative.

In restaurants, wines are priced according to the pricing policy of accountants. Prices should be the cost price multiplied by three. That is acceptable. More is a chutzpa. Though the savvy restaurants will mark up their house wines, or the wines they sell most of, by three times, but then take less on a sliding scale as the wine becomes more expensive. This produces a more attractive pricing structure, offering the customer the opportunity to buy up.

Regarding wine by the glass, the norm is to cover the bottle at cost with the first glass. So the markup is even higher on one hand, but there is nothing I like more than choosing different glasses for everyone at the table, and then apologetically asking if I can try them all! Wine by the glass is a fun option that gives flexibility and variety, especially when the restaurant has a good wine-by-the-glass program. This means an interesting choice and well-kept and preserved wines, once the bottle is open.

If you decide to bring your own bottle, you will probably be charged corkage. This is a fee for the use of the wine accessories and service. It can range from say NIS 35 to NIS 75. If you also buy a bottle, the sensible restaurant will waive the corkage fee. The only thing not done is to bring a bottle that is on the restaurant wine list. You do not have to be Einstein to understand this is often a worthwhile idea for the diner to consider. Better this than leaving the precious bottle you have kept for years at home to save for the special occasion that never comes. If I do take my own bottle, it is usually a red wine, in which case I will buy a white by the bottle, or if not, a few glasses. If it is something special, I will always offer a taste to the sommelier or wine waiter as a matter of courtesy.

Don't forget that some wines will be expensive for the sake of it. The winery that wants to make a statement that its wines are high quality may have an exaggerated price for its flagship wine. There are those that buy on price, but they are not looking for the bargain. They are usually from the 'look at me' *nouveau riche* strata of society. They will buy the most expensive wine or the fashionably prestigious label.

People have a funny attitude to price. A certain wine I was involved with was sold to two trendy new restaurants in Sarona situated side by side (Jajo and Claro). One overpriced the wine considerably and the other sold it at a very generous, fair price. The overpriced wine was the big success and the better value wine did not move. What does that tell you about Israeli buying practices?

Usually wineries tend to price with what they can get away with. Actual quality and more important, perceived quality or im-

age, play a role here. If a winery succeeds in selling at a certain price, they will continue. If not, the price comes down. That is the economics of any trading market.

Sometimes rarity can affect price. A limited edition wine that is rare will cost more – not necessarily because of its quality, but because it is strictly allocated. Just the same, the restaurant that has a unique wine from an old vintage may price it up automatically so it is not sold too quickly. The last bottle of Yarden Katzrin 2000 or Yatir Forest 2003 may have more value to the restaurateur on the list than if the rare bottle is bought and disappears forever.

Of course I believe a winery, retailer and restaurant can charge what they want. By the same token, the customer can choose what to buy. That's the deal.

My advice to you is never to pay more for a wine than you want to. If you don't think the wine is worth the price, no one says you have to buy it. If you know the shelf price of a wine, the restaurant price should be no more than double. If it is, look elsewhere. Note the wine on the best promotion is not always the best buy. If it is old inventory and a deteriorating wine, better to leave the bargain to someone else. Never forget the cost of packaging (bottle, cork, capsule, label) is relatively similar. So the difference between a wine of NIS 20 and NIS 40 in a shop or supermarket, is often the wine itself.

So is Israeli wine expensive? No doubt we can't compete with the big players, but the situation is not as bad as the doomsayers would have us believe. Look around, buy within your means and you will not only be happy, but the market will readjust to the message it receives from the consumer. ■

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A BRANCH of the Derech Hayayin wine store in Tel Aviv. (Courtesy)