

HD Aussie **wine** is a hard sell in **China**

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DARREN Rathbone runs three successful **wine** brands but has been taken aback at the challenge of cracking the **Chinese** export market.

Mr Rathbone, the managing director of Rathbone **Wine Group**, has a message for mining magnate Andrew Forrest and others seeking to massively boost Australian agricultural exports: it takes years of on-the-ground effort even to begin to understand the whims of **China**'s consumers.

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The **wine** boss's bid to engage with **Chinese** consumers extends to establishing his own distribution **company** in **China** several years ago, employing a Mandarin speaker at the cellar door at Yering Station in the Yarra Valley and hosting dinners in Beijing and Shanghai.

Mr Rathbone welcomed Mr Forrest's initiative to establish a partnership to market Australian agricultural produce to **China** under a single **brand**, with the aim of establishing Australia as **China**'s preferred long-term supplier. "If we can focus on quality production and supply to the top end of **Chinese** demand, we can do that really well," he said.

"But the idea that we are the food bowl of Asia and we're going to be able to produce enough food to feed 2 or 3 **billion** people, that's not the direction we should take."

Mr Rathbone cautioned against predictions that **China** would prove a saviour for Australia's **wine** industry, which is still suffering from depressed prices caused by an unprecedented grape glut and a high exchange rate.

The downturn has hit the Rathbone **Wine Group** particularly hard, causing Mr Rathbone's father Doug to sell almost his entire **stake** in crop protection **group** Nufarm earlier this year to slash the debt load of the family **company**. The dramatic share **sale** signalled that the family's future is focused for now on stabilising its **wine** businesses.

The most recent data on Australia's **wine** exports to **China** showed a steep 12 per cent decline in annual sales, which industry observers attributed to locals staying away from up-market hotels and restaurants amid a government-led austerity drive.

Despite this, **China** remains Australia's fastest-growing export market and is viewed by many as the holy grail for local **wine** producers.

"There's been a lot of talk across the industry that **China** is going to be the magic bullet for Australian **wine** — I think that's a bit naive," Mr Rathbone said.

"There isn't a fast track. People say 'if we can only get 1 per cent of **China** drinking **wine** every day it will solve the world's **wine** glut'.

"That is not understanding the **Chinese** culture and it's not understanding what they are likely to do."

He said Rathbone **Wine Group** was the first Australian **company** to establish its own distribution network in **China** but its brands remained little-known outside Beijing and Shanghai and French wines remained far more popular among well-heeled consumers.

"It's the big Bordeaux houses that have done well in getting their brands out there," he said.

"Part of it is that a lot of **Chinese** have come into wealth and the French brands were the most expensive and they've equated price with quality in the same way they've gone for Louis Vuitton or Gucci."

He said his **company** was now focused on examining consumer behaviour and educating **Chinese** drinkers about **wine**.

Mr Rathbone was speaking after Xanadu's 2011 Stevens Road cabernet sauvignon was named Australia's **wine** of the year — beating 9000 others — at the James Halliday **Wine** Companion Awards last week.

The respected **wine** critic gave the Margaret River **wine** a rating of 99 out of 100.

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