Prosecco or bust

Prosecco has been wine’s shining star in recent years, outperforming almost every other category and generating an additional $51.5m in growth, but what does the future of the category look like? Andrew Graham investigates.
For over a century, Champagne has been the celebratory wine of choice, the undisputed king of premium fizz, with only a wake of Champagne-like sparkling wines as competition.

But, more recently, things have changed. Suddenly, Champagne – and the Australian sparkling white wine category – has seen the rise of a bubbly contender, one that has already taken a bite out of Champagne to the tune of 1.8 per cent volume decline over the last 12 months.

Enter effervescent Prosecco.

In recent years, this variety/style has outperformed nearly every category in the industry, with volumes increasing at pace. Daniel Bone, Insights Director of IRI has the numbers, saying that Prosecco has generated an additional $51.5 million in growth over the last two years – a 99 per cent increase.

"Only rosé and Shiraz have recorded more significant dollar gain over this timeframe," he said.

Strictly speaking, Prosecco is not vying for the super premium mantle of Champagne – it’s not in that $40 price point. Rather, premium Prosecco has proven to be a viable option for consumers trading down from Champagne, with the best Prosecco viewed as having all the cache of imported Champagne, without the price tag.

Indeed, it is one of the most hotly contended premium price segments that is proving most important for Prosecco, as Bone explains.

“Products priced $15-$19.99 (+29 per cent) have accounted for the overwhelming majority of Prosecco growth for the past two years, followed by value orientated offerings priced at $8-$14.99 (+42 per cent),” he said.

“Prosecco has generated significant sales momentum from a newfound social currency in today’s evolving drinking culture.”

For all the love, for all the explosive growth, Prosecco is also under threat. Locally, the very name Prosecco is in danger, amidst a host of challenges globally that may impair long term growth. But are these just minor speed bumps for what is proving to be a new hit category?

**King Brown Brothers**

If you want to look at one local producer who has taken a clear lead in the domestic Prosecco stakes, look only at Brown Family Wine Group (BFWG). Amy Van Bekkum, Senior Brand Manager, BFWG sets the scene.

“Brown Brothers continues to lead the Prosecco category as both the number one brand and SKU,” she said.

“Brown Brothers Prosecco NV 750ml is Australia’s number one and favourite Prosecco and the number five contributor to growth in total wine and number two in total Sparkling (inc. Champagne).”

Given the Brown family’s famous commitment to innovative varieties and styles via their Kindergarten winery, it’s perhaps not surprising that they are both early adopters and market leaders.

But the Prosecco connection goes deeper than that.

Notably, BFWG is among a squad of King Valley producers who have championed Prosecco, setting up a winery trail known as the Prosecco Road. We’re now at the point where King Valley is labelled as ‘Australia’s home of Prosecco’.

If you’re looking for another key driver of this initiative, you don’t have to go far into the King Valley to find Dal Zotto Wines.

Now headed by brothers Christian and Michael Dal Zotto, this is the original King Valley Prosecco estate, with the brothers’ father Otto planting the Valley’s first Prosecco vines back in 1999. Otto himself grew in the town of Valdobbiadene, the birthplace of Prosecco, so it made sense that he would bring a little slice of home to the region.

What started as 300 vines is now a hugely important part of the business, with the Dal Zotto Pucino Prosecco now a 50,000-case line.

The family are also some of the most passionate supporters of Australian Prosecco and remain at the forefront of the battle to keep the name locally.

For Dal Zotto, the secret to success has been an uncompromised approach, as Michael Dal Zotto noted recently.

“We believe that quality is the answer,” he said.
“No matter what happens, we know that if we have great wines then people will keep coming back.”

Dal Zotto now has a whole smorgasbord of different Prosecco styles, ranging from the pure and fresh Pucino right through to the complex Tabelo Col Fondo. The Tabelo is particularly unique as it has been made using a portion of dried grapes – a winemaking method used in traditional Prosecco production but to date has never been used anywhere else in Australia.

Beyond the Valley, other makers are enjoying success with premium wine styles too.

Domenic Torzi at Torzi Matthews makes a complex Prosecco that has serious appeal too, the quality as a result of an elevated site high up in the ‘Riesling country’ of the Eden Valley.

Torzi believes that the site helps give a “textured mouthfeel and brininess” with some “sun baked exposed bunches (used) to produce a super charged dry wine base before secondary charmat ferment”.

Selling the DOC

Of course, it’s not just local premium Prosecco that is on a roll. The original Italian Prosecco DOC was enlarged by 3,000 hectares back in 2016 just to keep up with demand, with 446 million bottles produced last year.

That expansion hasn’t come without growing pains, however.

Northern Italy’s University of Padua recently examined the ‘soil footprint’ of premium Prosecco and calculated that it is responsible for 74 per cent of the Prosecco DOC’s total soil erosion, with each bottle directly resulting in the loss of 4.4 kilograms of dirt.

Interestingly in the UK, Prosecco’s popularity has also plateaued, with volumes dropping by three million bottles in 2018, leading to some predicting that the UK market has already passed peak Prosecco.

Still, there is no doubting the ongoing popularity of imported Prosecco in Australia, across retail and on-premise.

Notably, imported Prosecco price trends broadly follow those of local products too, with a range spanning affordable options to $25 premium products. Mark Singarella of wholesaler/retailer Vino Bambino has seen this firsthand, with one wine really sticking out.

“Currently, the Salatin DOC Treviso Extra Dry NV is most popular as it’s the most affordable,” he said.

“And the style has a little more residual sugar around 14 grams per litre.”

But the choice according to Singarella comes down to demographics – with more upmarket areas choosing DOCG vintage Prosecco, while the bulk of drinkers still opt for the DOC NV.

Indeed the defined levels of quality (and the centuries of history) are one way that Italian Prosecco has an edge over local wines. From standard Prosecco DOC right up to the village defined ‘rive’ wines, this clearly identifiable hierarchy has helped push up prices for the best wines and encouraged premiumisation – something which the local industry struggles with.

That’s born out in the figures too, as Bone notes, with the push for more Prosecco coming at the expense of price points.

“Prosecco volume growth (both litres and units sold) has outpaced dollar growth over the past 12 months,” he said.

“This accounts for the 2.1 per cent decline in price per litre, which contrast with the four per cent price per litre increase observed in the category’s largest growth driving varietal, rosé.”

“Prosecco has generated an additional $51.5 million in growth over the last two years – a 99 per cent increase.”

– Daniel Bone, IRI
AUSTRALIA'S NUMBER 1

Prosecco

Family winemakers since 1889
Make it pink
Speaking of rosé, pink Prosecco could well be the next big thing. The ultimate segment winner with a possibility to mirror the success of other pink drinks (like pink gin).

Technically, however, pink Prosecco is not even a thing yet, with Italian Prosecco producers unable to legally label their rosé sparkling wine as Prosecco (for now at least). That’s expected to change, with the The Prosecco DOC Consortium under pressure from producers to open up the rules amid estimates that the total production of rosé Prosecco could reach 30 million bottles per year.

Locally, producers have been quick to capitalise, as Van Bekkum explains.

“With both the Prosecco and rosé categories on fire (the number one and two fastest growing categories in wine) Prosecco Rosé really is the perfect wine,” she said.

“Growing +73 per cent vs YA we will continue to invest to drive Prosecco Rosé in the future.”

Globally others are excited by pink Prosecco too, with Henkell & Co. CEO Andreas Brokemper recently noting that this style ‘fits perfectly’ with the brands in his portfolio, with the Freixenet Italian Sparkling Rosé already proving particularly popular.

All in a name
Sadly, the elephant in the room for any Prosecco discussions remains the name. In 2009, Italian producers registered Prosecco as a GI and changed the grape name to the deadly unsexy Glera.

Naturally this infuriated Australian Prosecco producers who (rightly) see this as a land grab of the worst kind, with the Italians already losing in previous court cases trying to force local producers to stop using the name. But many fear that the name will be collateral damage with the signing of a new EU trade deal (due shortly).

In opposition, producers like Michael Dal Zotto have been very passionate about standing up for Australian Prosecco, calling the potential threat to the name, noting in a recent interview with TheShout that “It’s been known as Prosecco since the beginning of time, so why all of a sudden should that change and why should we allow it to be changed?”.

One proposal that is mooted – and shouted down as laughable by some local producers – is allowing the term ‘Prosecco-like’. What’s more obvious is that Prosecco will be used for local labelling and other terms for export, and some makers are planning ahead – Dal Zotto has already registered Pucino and will likely use that if all else fails. Torzi, too, “registered ‘Secco di Glera’ a number of years ago full knowing this would eventuate”.

Still, it may not happen with Dal Zotto telling TheShout recently that “So far the trade ministers and negotiators have all held firm and we really hope that they continue to do so”.
Is vegan Prosecco the next big thing?

De Bortoli has a notable USP on its Prosecco that could prove crucial – it is vegan.

The De Bortoli team explains: “With growing consumer interest in vegan wines, our Prosecco is one of the few on the market that can make this claim.”

That's on the back of recent Roy Morgan research indicating that 12 per cent of the population are now eating all or almost all vegetarian, the numbers accelerating by some 400,000 people over the last year alone.

De Bortoli is not alone here, however, with the Brown Brothers Vintage Release Prosecco being vegan too, as is the Chrismont La Zona Prosecco.

Ultimately, this is a trend that is hard to ignore – consumers are looking for more ethical and sustainable products, and animal-based fining products are in the firing line.

Prosecco forward

Beyond the fiddling with the name, and pink Prosecco, the next frontier remains format – and especially Prosecco in a can. The numbers are already strong, as Bone notes.

“The movement into canned wines observable across the category has delivered over $2 million in incremental dollar growth for the Prosecco segment, albeit from a near zero base,” he said.

Yet this growth comes at a cost: “This has also played a part in more significant $/unit reductions of -4.6 per cent.”

Viewed as a long-term strategy, however, the move into cans is understandable as it taps into the convenience market – edging out of wine and competing with categories like cider and even beer.

Finally, one of the other crossover products enjoying recent success is the Prosecco Spritz, as Emma Brown from BFWG explains.

“(Prosecco Spritz) is about unlocking growth in the Prosecco category through creating new occasions and appealing to refreshment trends.”

With Jacob’s Creek also featuring in this category, not to mention spirit competitors like Aperol, the ‘aperitivo’ market promises to be hotly contested.

Could the ultimate category fusion wine – a Rosé Prosecco Spritz be next? NLI