



Dan motivates Antonio

Anthony Madigan

Less than an hour after Antonio Amorim, chairman of Corticeira Amorim, touched down in Australia in January, Kym Wilsdon, the general manager of Amorim Australasia, took him to Dan Murphy's. What Antonio would have seen—apart from row upon row of keenly priced wines—was a lot of screwcaps on those bottles.

Antonio says he walked out of Dan Murphy's more motivated than ever to claw back some of the market that cork has lost to screwcaps, synthetics and other alternative closures.

"When you see what I saw, I mean, it's somewhat distressing, but you can either take it as a demotivating factor or one that can give you the incentive to continue to work hard," said Antonio during an interview that he requested with *WBM* in Adelaide.

"After spending the past few days in Australia talking to people in the wine industry, opinion about cork has definitely swung around a bit. This is the first time

we have encountered this for a long time and it gives us hope. The message I am getting from Australia's pre-eminent wine companies is that cork has improved its performance. Some people told me that they had done a comparative tasting of premium wine with cork and screwcap, and cork came out on top. We firmly believe that performance has been taken care of—of course we still have work to do—but now is the time to talk about the positives of cork because I think most of the negatives have been overcome."

Expect Amorim to use the word *sustainability* a lot this year. The Portuguese company released its first Sustainability Report, audited by Price Waterhouse Coopers, last year and will release an update at the end of March, which will also contain detailed information about the carbon footprint of cork.

"We are keen to communicate what cork can bring of value to a bottle of wine, and when you are talking about carbon footprints and sustainability, I think there is an increasing role for cork and that we

can have a very positive impact," he said.

Antonio is confident that cork can regain some of the market share lost to alternative closures in recent years. He says screwcaps are getting all the media exposure, but synthetics pose a bigger threat.

"You have to understand that in the world market, plastics are much bigger than screwcaps—at the moment," he said.

"The reality is that in South America we have taken market share away from plastics and we have done the same in South Africa. In France, a big chunk of the market has gone to synthetics and people are now questioning themselves about them. If that is the case then some may choose screwcaps and others may come back to cork.

"We probably had to go through this period; people wanted to try things out. But people are having a different opinion about cork right now, partly because the performance has improved and partly because cork is a very sustainable product. Right now we are the underdog but I am encouraged by the feedback we have received on this trip."

Does Antonio acknowledge that screwcaps are here to stay?

"Yes," he says, "but in specific markets. Screwcaps probably have a 60% market share in Australia, but I think in the future some people will come back to cork. We believe there is room for whatever closures are out there, but there is certainly room for cork. You cannot forget one thing: cork still represents 70 percent of the wine market worldwide."

Antonio says the average price of a wine cork is going up because the cork industry is focusing more on the high end, but sales are "stagnant or declining a little bit".

"Let's not forget that the whole wine market is growing. You have America going from a nine litre per capita consumption to 14 litres. That is 1.5 billion litres more. It's the whole of Australia just on that American market growth for the next seven or eight years," he said.

"I'm not saying our business is living its best days, because with the dollar as it is, and with the penetration of alternative closures, it is not a booming period but the most critical people probably would have expected the situation to be much worse for us than it actually is."

Antonio says he hasn't taken Australia's love affair with screwcaps personally.

"We are suppliers to the wine industry at the end of the day and acknowledge that no winemaker is there to sell cork stoppers; they are there to sell wine, in bottles or casks or whatever, so we have to respect that," he said.

"Australia was using almost 900 million corks a year at one stage, but that's now down to about 400 million—less than half of what it was five years ago, but that's still four times more than it was 15 years ago. This used to be a market of 'only' 100 million

cork stoppers. So if I want to feel a bit more positive about the whole thing, well, I can just extend the timeframe a little.

"One positive thing that has happened in Australia as far as cork is concerned is the evolution of sparkling wine in this country. It has been phenomenal and the world is recognising that. Sparkling winemakers have remained very loyal to cork. The market for sparkling closures has basically doubled in four years and we are selling almost 100 million units per year. Cork on that specific front is proving that we are here to work with the industry."

Antonio says more and more winemakers across the world are now realising that cork is not the only imperfect wine closure.

"The other closures are starting to bring some disappointment to people who were not expecting any problem," he said. "I mean, reduction—you cannot cover it up. It's an issue with screwcaps."

Antonio says a definite pattern is emerging in that winemakers are adopting a horses-for-courses approach to wine closures—using a selection of closures depending on the particular wine variety, style, price point and the market in which it is to be sold.

"This has come out in virtually every discussion that we have had with the most important wineries, that there's no such thing as just saying 'well, we'll go 50 percent cork and 50 percent screwcap'," he said.

When it is put to Antonio that there is a feeling among Australian winemakers that cork's technical performance has improved considerably in recent years—and *WBM* has said this before—some frustration surfaced. "Yes, but nobody ever talks about it," he said. "You haven't seen it written anywhere. People talk on a one-to-one basis but as for getting out there and

saying it publicly, well, we don't see that."

Antonio says diversifying into screwcaps is not an option at all for Amorim.

"We don't want to be seen as general suppliers of closures to the wine industry, we want to be seen as cork specialists, and we are," he said. "All of our competitors have diversified but we will never do it. We are not distributors, we are manufacturers and we firmly believe in cork as a superior closure for wine and one that is sustainable."

Antonio says sustainability is Amorim's key message going forward and that "a whole bunch of people are working in this particular direction at this moment".

"As part of our Sustainability Report in 2007 we set objectives and now we are going to see what we have fulfilled of those objectives. That will go on every year from now on," he said.

"Every single business unit of our company has a sustainability manager or a responsible person, trying to get our carbon footprint in the right direction. As you know, with sustainability it's not something that you can achieve and then go on to the next project. No, sustainability is ongoing and we will set objectives each year and achieve them."

Antonio says natural cork is well placed to complement the ever increasing number of organic and biodynamic wines.

"In the UK people are bringing out biodynamic wines and then putting a plastic stopper or a screwcap on them. I mean, are they joking or what?" he said.

Antonio admits that he doesn't lose as much sleep over alternative closures as he did a few years ago.

"I mean, two years ago, yes, I probably did lose sleep but at the moment things have settled down and we are very optimistic about the future of cork," he said.