

#39 APRIL '18

BARK TO BOTTLE

EXCELLENCE IS IN OUR NATURE



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**UK ON-TRADE
DEMAND FOR
CORK GROWS
48%**

UK on-trade demand for cork-sealed wines grows 48%

THE UK MARKET BOASTS SOME OF THE WORLD'S HIGHEST PRICE PREMIUMS BETWEEN WINES SEALED WITH CORKS VS. ARTIFICIAL CLOSURES

Recent data reveals a clear uptick in demand for cork-sealed wines in the UK, especially in the on-trade market (bars, restaurants etc.) and at a more muted level in the off-trade market (supermarkets, independent retail etc.)

Screwcaps dominate the UK wine market especially in the retail sector, but recent data indicates that UK consumers, in particular millennials, are revealing a greater propensity to buy cork-sealed wines – driven by innovation in the cork industry, sustainability factors and premiumisation.

Reports in leading English-language generalist and specialist media publications – including Forbes, the Telegraph, the BBC, Harpers, and Decanter – have highlighted the “cork comeback”.

Cork continues to be the preferential sealing solution for fine wines – for example, 69% of all medal winners in the 2017 Decanter World Wine Awards were stopped with a cork.

A 2017 report by CGA Research – which studied the sales figures for the top 50 still wine brands by volume in the UK on-trade – revealed that cork-sealed wines have grown in volume by 48% since 2015, compared with 10% growth for screwcap-sealed wines.

CGA Research also revealed that cork-sealed wines are benefiting from a clear premiumisation trend and command a significant price premium over screwcap-sealed wines – the average price difference per bottle has jumped by 25% in 2 years – from +£4.28 in April 2015 to +£5.38 in April 2017 (+ £1.10).

Retail prices of cork-sealed wines have risen twice as fast as screwcap-sealed wines – +11% compared to +6%.

Research conducted by Nielsen on the top 1,500 wine brands in the UK, corroborated these findings, showing that value sales for cork-sealed wines are growing by 6.1% year-on-year and carry a £1.52 higher average selling price per bottle than those with artificial closures.

Worldwide, around 70% of all wines are estimated to be sealed with cork stoppers, and a clear upswing for cork has been recorded in other markets, such as the US, where the proportion of cork-sealed wines has risen from around 51.7% in 2009, to 60.2% in 2017 (Nielsen).



The UK's Strategic Importance

In the context of the global upswing for cork, the UK market assumes pivotal importance, as explained by Amorim's Chairman, António Rios de Amorim, – "We just have one market to get back and that is the UK, because then we can get back South Africa and Chile, and that's because they use screwcaps because they are told to by the UK – the UK is a decisive market."

The UK wine market is strategically important because of its scale, wide range of wines, from throughout the world, and openness to new ideas and concepts, in terms of wines and packaging solutions.

"We're establishing a stronger presence in the UK market, assigning resources to work directly with importers and retailers", adds Carlos de Jesus, Amorim's marketing director.

Innovation

In the early 2000s, UK supermarkets started to prioritise screwcap-sealed wines, primarily due to concerns about cost, together with wine taint risks.

But there is now a new perception of cork, driven by significant improvements in quality control methods in the cork industry, and the invention of new screening technologies, such as Amorim's path-breaking NDtech solution, which offers the world's first natural cork with a non-detectable TCA guarantee.*

Plans to roll out innovative packaging solutions in the UK, such as Amorim's revolutionary Helix twist-to-open cork stopper, will further awareness of cork's new positioning in the UK wine market.

Premiumisation

Millennials, who are responsible for a significant proportion of wine consumption – estimated to be around 40% – will play a key role in determining the relative demand trends between cork-sealed and screwcap-sealed wines.

It is precisely this consumer segment that is more likely to opt for premium wines, where cork is seen as a mark of quality.

Retailers are now offering a 'pricing ladder' enabling consumers to 'trade up' to finer wines – which are typically cork-sealed.

Market research indicates that due to this premiumisation trend, UK retailers have begun to increase their offer of cork-sealed wines, with millennials as one of their prime targets.

A recent BBC article quoted Ivo Jeramaz, Grgich's vice president of grape growing and production: "Top notch expensive wines" need natural corks, "just as you wouldn't drink them from a paper cup".

Scientific research into the quality benefits of cork has also contributed to winning the hearts and minds of millennials.

In July 2017, Oxford University's Charles Spence organised "The Grand Cork Experiment – Neuroenological Tasting" in Soho, London, primarily involving millennial drinkers, and unequivocally demonstrated that wine corks play a key part of the sensorial experience of wine drinking. (see BtB 38)

In late 2017, the sensorial benefits of cork were further underlined by the mathematician Dr Eugenia Cheng, an Honorary Fellow of the University of Sheffield Mathematics and Statistics Department, who discovered the formula for calculating the "perfect pop" (see article, in this issue).





Sustainability

Cork's impeccable sustainability credentials and low carbon footprint are also attracting UK wine consumers, including millennials, and as a result supermarket chains have adopted measures such as supporting wines sealed with FSC-certified corks.

The association between wine corks and the green economy has been embraced in the UK, not only in terms of understanding of the sustainable nature of cork harvesting, but also initiatives to recycle wine corks.

Conclusion

Ultimately, it will be consumer demand that will determine whether the cork comeback gains further steam in the UK - with a key role to be played by millennials.

The combined forces of innovation, premiumisation and sustainability is likely to ensure that the worldwide "cork comeback" will continue to make further inroads into the pivotal UK wine market.

"When you go back 12, 15 years, the forecast for cork was anything but optimistic. Where we are today is a completely different territory from what most people thought possible then," concludes Carlos de Jesus.

*releasable TCA content at or below the 0.5 ng/L quantification limit; analysis performed in accordance to ISO 20752.

THE COMBINATION
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UK WINE MARKET



The perfect pop

TO ACHIEVE THE “PERFECT POP”, THE SPARKLING WINE STOPPER MUST BE REMOVED WITH MINIMAL PRESSURE AND THE BOTTLE MUST BE CHILLED TO 6.7°C

In the wake of Oxford University’s 2017 “Grand Cork Experiment” – which revealed that the sound of extracting a wine cork plays a key part of the sensorial experience of wine drinking (see BtB 38) – British mathematician, Dr Eugenia Cheng, an Honorary Fellow of the University of Sheffield Mathematics and Statistics Department, decided to conduct an experiment to determine the exact frequency at which the sound of removing a sparkling wine stopper is the most appealing to the human ear.

She found that to achieve the perfect pop, the bottle must be chilled in an ice bucket, until it reaches 6.7 degrees Celsius and minimal hand pressure should be applied when opening.

Using computer-driven spectral analysis, the mathematician analysed the sound produced by popping a sparkling wine stopper and found that the most desirable ring is at a constant level between 8,000Hz and 12,000Hz, referred to as “brilliance” pitch by sound engineers.

That enabled her to determine the formula for what might be dubbed the perfect “pop music”:

$$\text{Ring} = 7 + \frac{T}{40} - \frac{P}{3}$$

Where Ring is frequency, T= time and P= pressure.

Dr Cheng explained: “The sound of a cork popping is undoubtedly associated with celebration, but there is contention around whether a pop should be loud and bubbly, or quiet and reserved, and I was intrigued to see what maths could tell us about this.”

The secret lies in chilling the bottle and then applying minimal pressure to remove the cork with a pleasant ring rather than a loud thudding pop.

Joao Rui Ferreira, Chairman of The Portuguese Cork Association, who commissioned the research, concluded “The pop of a natural cork is a special, unique sound, and one that should be celebrated. Dr Cheng’s research is fascinating, and we hope people enjoy creating the perfect pop this festive season.”





Sensory consumer intelligence reveals why wine consumers prefer cork

RECENT DATA CONFIRMS THAT CONSUMERS VIEW
CORK STOPPERS AS THE PRIMARY INDICATOR
OF A QUALITY WINE

Recent research by Rebecca Bleibaum, UC Davis Professor and President of Dragonfly SCI, Inc. – a sensory and consumer insights research company in the San Francisco Bay Area – reveals that US consumers look carefully at the closure used on a bottle of wine before making a purchase decision.

For red wines, although price is the most important factor for 38% of consumers, Closure Type comes second (31%), considerably more important than Country of Origin (24%) or Varietal (7%).

In other words, consumers view the use of a cork stopper as the main indicator of a quality red wine.

For wines priced above \$16, the type of closure is even more important than the price or country of origin, when choosing a red wine.

Consumers revealed a particularly strong preference for cork in dinner parties, special occasions and giving gifts.

92% of respondents stated that a natural cork indicates a high-quality wine, whereas 80% of respondents considered that a screwcap indicates a low-to-moderate quality wine.

59% of consumers stated that they preferred natural corks, 8% synthetic closures, 6% screwcaps and 26% admitted having no preference.



CORK'S UNIQUE COMPOSITION - WITH 800 MILLION CELLS IN A SINGLE NATURAL CORK STOPPER - DELIVERS UNBEATABLE RESULTS IN TERMS OF TECHNICAL PERFORMANCE AND SUSTAINABILITY

For white wines, price is an even more important factor than with red wines, but the overall pattern of results is the same, with an even stronger preference (63%) for natural corks.

The study's final conclusion is quite simple: "Natural cork indicates a wine of high quality, and much higher quality than screw cap".



LAUNCESTON PLACE SOMMELIER WINS AMORIM TASTER OF THE YEAR AWARD

Piotr Pietras, 29 - head sommelier at London's Launceston Place - has won the third edition of the Amorim Taster of the Year award - created in 2015 in the context of a unique sponsorship agreement signed between Corticeira Amorim and the Court of Master Sommeliers.

He recorded the highest score in the Tasting exam of the rigorous Master Sommelier exams run by the Court of Master Sommeliers, and became one of just five new sommeliers elevated to MS status.

He said that it was a great honour to be awarded the Amorim Trophy: "For me, wine has always been a big passion, and I never stop learning - not only to taste and recognise different wines, but also to talk about them to my customers, and pass on that enthusiasm. It will be great to have the opportunity to visit the cork forests in Portugal and see the production of those top quality stoppers which I pull from bottles every day."

Piotr began his career at the Sheraton Poznan Hotel and City Park Hotel in Poland, before moving to London four years ago - initially working for Richard Corrigan in Mayfair, and then at Gordon Ramsay's Maze restaurant.



He joined Launceston Place in 2015, and was ranked second in the Best Sommelier of Europe competition that year, and also won the UK Young Sommelier of the Year title.

Founded in 1977, the Court of Master Sommeliers is the premier examining body for Sommeliers worldwide and regularly runs examinations for students globally, with fewer than 250 wine professionals with MS status world-wide.

MAJOR WINE CORK RECYCLING CAMPAIGNS IN FRANCE AND ITALY

Cork's impeccable green credentials are not only based on the intrinsic sustainability of cork production and the importance of cork forests as vital eco-reserves, but also the worldwide interest in recycling wine corks, both at an individual scale and also via large-scale public initiatives.

This year's 14th edition of Vinisud, held in Montpellier between 18–20 February, was dedicated to the theme of sustainable development.

During the trade fair, the Professionnels du Liège (www.planeteliège.com), set up a "Liège Box" (cork box) that was made available to the exhibitors. Nearly 550 kg of cork was collected, in support for France Cancer, which will receive the proceeds from the sale of cork to be recycled.

France is today the world's leading contributor to the recycling of corks and nearly 1,000 tons of wine corks have been collected and recycled since the launch of the programme in 2010.

The Professionnels du Liège also coordinate the "Exigence Liège" (Cork Requirement) campaign, which emphasises responsible uses of cork, and highlight the fact that this 100% natural and 100% recyclable raw material is the most popular wine stopper for French consumers.

In Italy, the national rugby team supported Amorim Cork Italia's ETICO (Ethic) project for recycling cork stoppers.

90 youth rugby teams were involved in this initiative, with the funds to be donated to an institution that supports children suffering from psychological problems.

The Italian Rugby Federation encouraged several of its players to promote the Ethic project in their social networks.

As a prize, prior to the rugby match between Italy and South Africa, on 25 November, the youth teams which had collected the most corks received 150 tickets from the Credit Agricole bank – one of the project's partners.

In a separate initiative in Italy, information sessions have been organised in for around 250 students in four universities (Pisa, Milan, Padua, and Turin) to introduce the next generation of winemakers to the advantages of using cork. Further sessions are planned for the universities of Udine and Bologna.



THE CORK BOOK

THE
LAVISHLY-ILLUSTRATED
380-PAGE BOOK
HAS BEEN SHIPPED TO
HUNDREDS OF CLIENTS
AND HAS BEEN WELL
RECEIVED AROUND
THE WORLD

Amorim's latest publication, "The Cork Book", offers a comprehensive vision of today's cork industry – from popping a champagne cork to journeying into outer space.

With an innovative approach and daring design, the book is divided into three chapters: Balance, Uniqueness and Innovation.

Chapter one describes the vital eco-system of the cork oak forests, and the sustainability and circular economy of the cork industry.

Chapter two – Uniqueness – explains why cork and wine are such natural allies. The key role played by the Amorim group, as the world's largest cork producer, is described in detail, together with the production process of cork stoppers, and how cork has become the closure of choice for wineries around the world – due to its superior sealing qualities.

The final chapter – Innovation – shows how cork is being used in an ever-widening range of sophisticated, hi-tech and designer solutions.

The Amorim group stands at the forefront of innovation in the field of cork, and the book profiles startling developments in the wine cork business, such as Helix and NDTech – as well as innovations in other fields with products such as Hydrocork, Acousticork and AirFibr natural turf, and applications in the construction, transport, automotive and aerospace industries.

The book also profiles applications of cork in surprising contexts, including Gaudi's Sagrada Família cathedral, in Barcelona, the V&A Museum, Tate Modern, and Serpentine Gallery Pavilion in London, the CCB and Lisbon Cruise Terminal, Expo Shanghai 2010, and four UEFA Euro 2016 stadiums in France.

Looking towards the future, the book highlights Amorim ongoing commitment to research and development, via initiatives such as Amorim Cork Ventures, and projects to foster further sustainability of the cork oak forests, such as the Forestry Intervention Project.







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MESSAGE ON A CORK

We're all familiar with the phrase "message in a bottle" but innovative Australian winery Treasury Wine Estates has launched a bold new packaging design for its "19 Crimes" wine, which includes an augmented reality app for the bottle labels and a message on each wine cork, specifying a different crime.

Australian wine producers are one of the world's highest users of screwcaps, but "19 Crimes" shows how natural cork can make a vital difference – both in terms of maximising the wine's quality and as a core element of the packaging design.

In 2017, the wine was named 'Wine Brand of the Year' by leading US wine industry title Market Watch and has received extensive press coverage.

In the 18th century, there were 19 crimes that transformed criminals into colonists, as British convicts were sent to Australia, instead of being hanged.



The 19 crimes which "forged the spirit of a new country", included bigamy, stealing a shroud out of a grave, and perhaps somewhat surprisingly, "impersonating an Egyptian".

But to find out which crime is associated to each bottle, it's necessary to pull the cork.

Not surprisingly, the label's wine corks have already become popular collectors' items, and the rare #19 cork, specifying the crime: "Embezzling Naval Stores in Certain Cases" can command a hefty sum.

"19 Crimes" launched an extensive social media strategy in 2017, and with the aid of this innovative packaging approach and campaign, the brand went from zero awareness to major recognition on social media and shipped over one million cases in 2017.

Given the success of the "19 Crimes" app, the app has been expanded and renamed as the Living Wine Labels app, that now includes other brands – such as The Walking Dead, Beringer Bros., Gentleman's Collection and Chateau St. Jean.

SOCIAL MEDIA IS POWERING INNOVATIVE WAYS TO RE-USE WINE CORKS

People love wine corks for multiple reasons – especially because they recall good times spent with friends.

Wine corks are frequently used for craft applications and these recycling ideas fit perfectly with cork's impeccable sustainability credentials.

Cork is a versatile material, and can easily be cut and moulded.

All these attributes have caught the imagination of craft lovers and social media is now powering a new wave of innovative ideas.

Several videos on how to re-use wine corks have become viral hits – some with over 150 million views!

For example, the video by 5-minute crafts: “7 clever uses for wine corks”, has generated over 168 million views on Facebook.

Innovative craft ideas including using corks to make furniture leg coasters, a candle wick, a photo stand, fridge magnets, mini plant pots, key chains, placecard holders, necklaces, bath mats, bulletin boards, coat hooks, and door and drawer knobs, perhaps the simplest idea of all is “journalling” – simply saving a wine cork and writing a short note on it, as a souvenir of the special moment shared with friends.

The Amorim group has an increasing presence in social media, spanning its different business units.

The Intercork campaign also runs numerous social media accounts, from China to the US, including 100%Cork (#amorimcork) – one of the largest wine-related social media networks in the US.

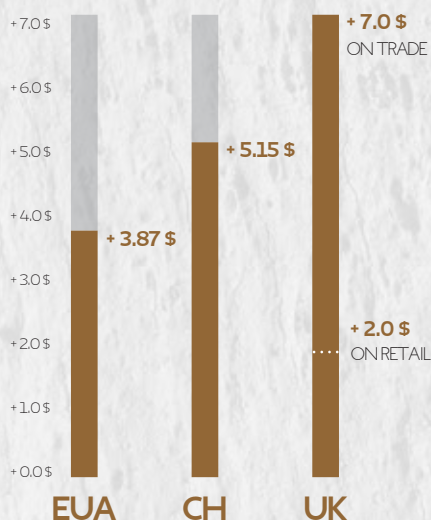
So if you're looking for an idea of what to do with a wine cork or simply want to learn more about the amazing world of cork, just google it and get ready to fire your imagination!



IN OUR NATURE THERE ARE NUMBERS THAT SPEAK FOR THEMSELVES

Wines closed with cork
increase the value per
bottle...

Value of 2016 sales of UK wines under cork
increased 17% vs only 9% for artificial
closures.



... and in volume.

48%

Growth since 2015 for cork-sealed wines in
the UK on-trade market (10% for artificial
closures)

CGA, July 2017

43%

Case sales increase in the USA (2010-2017) vs
16% for wines with artificial closures
(2010-2017).

CGA, July 2017

7 out of 10 bottles are closed
every year with cork.



96%

of China's top selling wines are sealed with
natural cork.

Nielsen, May 2017

89%

of Wine Spectator's Top 100 Wines are
finished with natural cork.

Wine Spectator, June 2017

72%

of the US Top 100 premium brands are sealed
with cork.

Nielsen, June 2017

69%

of all medal winners at the Decanter World
Wine Awards are stopped with a cork.

Decanter, 2017

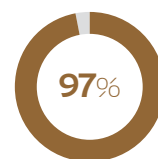


WE TRUST
THE CONSUMER
CHOICE.

USA

Say natural cork stopper is a marker of high
or very high quality wine.

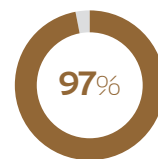
Wine Opinions, July 2017



CHINA

Believe natural cork is beneficial to wine
quality.

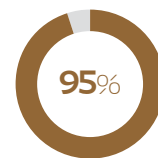
CTR, Sept. 2017



SPAIN

Prefer natural cork stoppers for still and
sparkling wines.

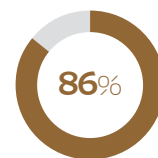
Cork Initiative, July 2017



ITALY

Consider that natural cork is a sign of a
quality wine.

GfK, July 2017



FRANCE

Prefer natural cork stoppers.

Opinion Way, June 2017

