The role and perception of Pinot Noir from Germany in the segment of Ultra-Premium and Icon Wines for this grape variety

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CONTENTS

1. SUMMARY AND INTRODUCTION

In 2017 a bottle of Morstein Spätburgunder Felix (Vintage 2014) from Weingut Keller was auctioned for 690 Euro at the auction of the VDP Nahe, Ahr and Rheinhessen in Bad Kreuznach, where I took part. This development was my final motivation to take a deeper look at the upper segment of the market for Ultra Premium and Icon Wines produced from Pinot Noir in Germany.

With strong risen prices for Ultra-Premium and luxury Pinot Noir from Burgundy in the last years, a lot of people around the world may look for alternatives. UK based importers like Howard Ripley for example had been seeing a steady increase in interest in German Pinot Noir [1] My goal in this thesis is to analyze which countries outside of France produce Pinot Noir in the upper price segment and what is the role, perception and opportunity of the German producers in this context.

The thesis takes a look at the development of Pinot Noir in Germany in recent years, at the actual situation of Viticulture and Winemaking and marketing strategies of the producers. A look at the perception of Ultra Premium/ Icon Pinot Noir from Germany (UPIPiNG) in its home market and the 5 most important export markets is included.

Two methods have been used to get insights:

The literature review in paragraph 2 copes with the history of Pinot Noir in Germany, a short description of different German terroirs and facts about viticulture and oenological developments. In paragraph 2.5 an examination of price and quality levels from Germany, Burgundy, New Zealand and North America is included.

A producer and key professional survey and an interview with a producer (Paragraph 3 and 4) address the actual situation, trends and challenges in viticulture, vinification and marketing strategies for the supply side and perceived style, quality and market situation for the demand side.

Conclusions and recommendations follow in paragraph 5.

A lot of Synonyms for Pinot Noir were used and some are still in use in Germany: Spätburgunder is the most used term nowadays in Germany. Nevertheless in my thesis I will use the term Pinot Noir, because it is most common around the world and in Burgundy.[2]

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[1] see Robinson, J. (2018)
[2] see Robinson, J. ; Harding, J. Vouillamoz, J. (2012) p. 808

2. LITERATURE REVIEW

In 2002 Robert Parker wrote about Pinot Noir as follows: “German Pinot Noir is a grotesque and ghastly wine that tastes akin to a defective, sweet, faded, diluted red Burgundy from an incompetent producer.”[3]

In 2006 the DWI “Deutsches Weininstitut” took the decision to promote a second Germany grape variety besides Riesling in the World

2011 in an international Pinot Noir Tasting in London with 20 wines from Germany and 20 wines from Burgundy and the rest of the world, 7 wines in the Top Ten were from Germany. Jancis Robinson who took part in the Jury said after the event: “German Pinot Noir now belongs in the company of great Pinot Noirs around the world...”[4]

In 2016 a Pinot Noir from Germany (Jean Stodden Spätburgunder Alte Reben 2010) topped the Decanter Global Pinot tasting.[5]

In 2017 a bottle of Keller Morstein Spätburgunder 2014 was auctionated for 690 Euro at the Bad Kreuznach auction.[6]

In the same year Weinwisser, a German wine journal, awarded 3 Pinot Noirs from the 2015 vintage with 19/20 points: Bernhard Huber Schlossberg , Rudolf Fürst Schlossberg and Keller Morstein Spätburgunder “Felix”[7]

In 2018 Jancis Robinson wrote in an article: “Not just for financial reasons but out of genuine interest, I have been following the evolution of German Pinot Noir keenly, and was thrilled by the quality on show at the recent ABS/Ripley tasting. The over-oaked, over-extracted, overripe phase is well and truly behind most Pinot practitioners in Germany. And there could be no more delicious proof of climate change than the Pinots of Carl von Schubert at the famous old monastic site of Maximin Grünhaus in the Ruwer tributary of the Mosel in northern Germany, once considered far too cool to ripen Pinot.”[8]

2.1. Definition of used terms: Ultra-Premium and Icon Wines for the Pinot Noir grape variety

Price and quality are two of the defining parameter for a Luxury Product.[9] I have been using these two parameters for my thesis. In the beginning I looked at price tiers for the two highest categories which are often used in the

[3] see Echensperger, R. (2013)
[4] see Deutsches Weininstitut (a) (2018)
[5] see Mercer, C. (2016)
[6] I took part in the auction f
[7] See Weinwisser (2017) p. 30
[8] Robinson, J. (2018)
[9] see Heine, K. (2012)

wine business. These are defined as Ultra Premium and Icon wines. There is a bit of confusion in the literature with terms and tiers in this range.[10] This topic may needs a deeper analysis in the future. Inflation and rising wine prices in the recent history have to be considered as well.

Dieter Hoffmann of Forschungsanstalt Geisenheim defines Ultra Premium Wines between 25-50 Euro and Cult/Icon Wines above 50 Euro.[11] Stephen Jarett and Wade Jarvis define in their study in 2016 Ultra Premium wines in a range from 70 AUD (47 Euro) to 100 AUD (67 Euro) and Luxury/Icon wines starting with 100 AUD (67 Euro) with no limit. [12]

For my thesis I use the tiers from Jarett/Wade, because it is the newest definition, considering the above mentioned effects.

2.2. History and Significance of Pinot Noir in Germany

The aim of my thesis is a look at the recent development. This is the reason to start with the year 1970 to sum up the newer developments. Pinot Noir has a long history in Germany, for example it is mentioned in 1470 in Hattenheim (Rheingau) under its synonym Klebroth.[13]

In 1970 only 3,6% of the total winegrowing area in Germany was planted with Spätburgunder the German synonym for Pinot Noir. There was roughly no change to 1980 with 3,8%, until 1990 there was an increase to 5,5%, in 2000 a further increase to 8,8% and since 2005 to 2016 the Pinot Noir Grape area is roughly unchanged at 11,4-11,5%. The area planted with Pinot Noir Grapes was 11.787 ha from a total of 102.493 ha planted with grapes in Germany in 2016. After Riesling and Müller Thurgau, Pinot Noir is the third most planted grape variety in Germany. The Baden region is the biggest producer with 5.461 ha, followed by the Pfalz (1.679ha), Rheinhessen (1.470ha) , Württemberg (1.311ha), Rheingau (392ha) and the Ahr Valley (364ha). Franken is not mentioned in the DWI statistic.[14]

[10] see Thach, L. (2017)
[11] see Hoffmann, D. (2008) S.5
[12] see Jarret, S., Jarvis, J. (2016) Currency converted from AUD into Euro by Finanzen.net with currency rates of 30.06. 2016, because the article with price tiers was published in 2016
[13] see Robinson, J. Harding, J. Vouillamaz, J. (2012) p. 810
[14] see DWI (2018)

2.3. German Pinot Noir Terroirs

In Burgundy Pinot Noir is typically planted on Jurassic limestone and marl soils. The underlying rock sequence, the depth and type of top-soil differ not that much in the Cote d' Or. The difference is where on the slope the grapes are planted, how steep the slope is and which way it does face.[15]

In Germany Pinot Noir is planted on very different soils. In the following I will list the most import regions and their soils/underlying bedrock.

Baden:

sub region Breisgau: yellowish limestone

sub region Kaiserstuhl: volcanic soils

sub region Markgräferland: Jurassic Limestone

Pfalz: chalky soils

Rheinhessen: diverse loess, marl, limestone, sandstone, clay (AK)

Württemberg: Keuper and different sandstones (AK)

Rheingau: slate with loamy loess on the lower slopes

Ahr Valley: slate and graywacke

Franken: Trias sandstone with different levels of loam[16]

There are differences in climate in these regions, but geology seems to be the stronger marker.[17] For example the average temperature during the growing season is in Baden 16°C and at the Mittelrhein 15°C compared with 15,7°C in Dijon (Burgundy).[18] This means a cool climate in all of these regions.[19]

Germany seems to be a beneficiary of the climate change for the growing of red wine varieties as the average temperature has increased by 1,4°C during the last 40 years.[20]

2.4. Developments in Viticulture and Vinification for Pinot Noir

One quote from a German producer is a good description for the actual trend towards more refined Pinot Noirs in Germany.

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[15] see Morris, J. (2010), S. 41
[16] see for soils Echensperger, R. (2013) and Krebiehl, A. (2017) marked with AK
[17] see Krebiehl, A. (2017)
[18] see Johnson, H; Robinson, J. (2015) page 49 for Burgundy, page 231 for Mittelrhein and page 238 for Baden
[19] see Wine & Spirit Education Trust (2011), p. 14
[20] see Echensperger, R. (2013)

Rainer Schnaitmann says: “We wanted to return to the idea of Spätburgunder as a kind of red Riesling: there has to be freshness; the coolness of the climate has to be evident.”[21]

2.4.1. Clonal and viticultural developments

I like to start with some clonal history for Pinot Noir in Germany because the grape variety is very prone to mutation and quite a lot of clones do exist. The choice of planted clones is one of the drivers to improve quality.[22] First selections were made in the 1930s in Assmannshausen (Rheingau). After World War II in the second wave of clonal selection the target was must-weight and yield. This clones were called “standard clones” and had compact bunches.

For the Pinot Noir grape variety low yield does really matter, especially for ultra Premium Pinot Noir low yields are very important. Great wines are produced with about 30 hl/Ha. [23]One of the best producers in the world (Domaine Leroy) had in the difficult year of 2008 in comparison only 11 hl/Ha.[24]

Another problem with these high yielding clones in Germany was that the berries were big and had an unfavorable skin to pulp/juice ratio which is not good for a thin-skinned grape variety like pinot noir. Compacted berries have a higher risk for botrytis, which for red wine has the problem that the fungus produces the enzyme laccase, with destroys the red color.
In recent times lower yielding clones like the Geisenheim (20-13 Gm), the Freiburg “FR1801” and the Freiburg “Fr 13L” are in favor. They are small and mixed berried clones with loose bunches and more intense varietal character. Wines made from these clones show more upfront red fruit, sometimes with some lovage notes.
Dijon clones with their darker fruit expression and their often earthy aromatic core are also common to plant. They ripen very early (one of the reasons, why they were selected and planted in the Cote d’Or) and have a tendency to accumulate sugar at warmer sites. This can cause problems at warmer sites like the Kaiserstuhl (Baden sub region).
Today producers in the Ultra-Premium Segment prefer to plant mixed clones or a selection massale, because they like the aromatic variability.[25] Julian

[21] see Krebiehl, A. (2017)
[22] see Fürst, S. (2018)
[23] see Echensperger, R. (2013) and Echensperger, R. (2018)
[24] see Norman, R., Taylor, C. (2010)
[25] see Echensperger, R. (2013) and Echensperger, R. (2018)

Huber of domain Bernhard Huber has selected clonal material from his own sites for a longer time now.[26]

Canopy management and a green harvest are both common today. More important for quality is the timing and adjustment of viticulture methods to the specific site.[27]

Vintners like Alexander Stodden try to reach physological ripeness at lower Oechsle degrees, besides other activities that means earlier picking times than in the past.[28]

2.4.2. Oenological developments

The new generation of growers (Sebastian Fürst, Julian Huber, Klaus Peter Keller) studied Oenology and did Internships in Burgundy and abroad.[29] They apply their knowledge and adjust techniques like cold maceration times, the use of whole cluster during fermentation and extraction methods for their specific sites and vintages to get the style of wine they prefer.[30]

They work with different tonnelleries , select origin, seasoning method, duration of seasoning and toasting grade of the oak for the barrels and adjust the size of their barrels and the share of new wood for the elevage.[31]

2.5. Examination of price and quality levels for Pinot Noir from different selected origins: Germany, Burgundy, New Zealand, North America

The aim of the following paragraph is not to do some statistical and mathematical work about Wine Scoring and Prices for Pinot Noir. I want to give a brief overview of relationships between origin, quality and price and therefore take a look at the scoring for Ultra Premium Pinot Noir from different origins and the price development of recent times. Therefore I chose the 4 biggest producers of Pinot Noir in the world: France, USA, Germany and New Zealand.

I used the Scores of Jancis Robinson, because these scores are seen as reliable under professionals and because Jancis Robinson has a good covering of the Premium Pinot Noir Wine World. On her Website she describes some challenges with scoring Wine. One of the problems is the

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26 see Krebiehl, A. (2017)
27 see Krebiel, A. (2017) quotes Alexander Stodden.
28 see Krebiehl, A. (2017)
29 see Echensperger, R. (2013)
30 see Fürst, S. (2018) and Echensperger, R. (2013)
31 see Fürst, S. (2018) and Krebiehl, A. (2017)

comparison of scores for different origins: “When reviewing, for example, New Zealand Pinot Noirs, we score the wines in the context of New World Pinot Noir rather than on the same scale as we would mark red burgundies. So with a score of 18.5, a 2003 Quartz Reef Pinot Noir is not equal to a 2003 DRC and never will be!”[32]

Keeping that in mind, I took a look at the scoring of wines from the above mentioned origins. I had a look at 6 recent vintages (2010,2011,2012, 2013, 2014,2015), because I wanted to avoid the risk of looking at a particular good or bad vintage. I used a Filter of 19 Points given by Jancis Robinson, to get only the highest rated wines” for the region.

The results were as followed:

Burgundy: 101 wines were listed from 21 different producers, most wines came from Domaine de la Romanée-Conti (26 wines) and Domaine Leroy (16 wines).

USA: 1 wine was listed -Domaine de la Cote “La Cote Pinot Noir (Vintage 2011)”

Germany: 6 wines were listed

Weingut Rudolf Fürst:

Bürgstadter Centgrafenberg R Spätburgunder GG (Vintage 2012)

Bürgstadter Hunsrück Spätburgunder GG (Vintages 2012 and 2011)

Weingut Bernhard Huber:

Malterdinger Bienenberg Wildenstein Spätburgunder GG (Vintage 2012)

Bombacher Sommerhalde Spätburgunder GG (Vintage 2011)

Weingut Keller:

Morstein Spätburgunder Felix GG (Vintage 2012)

New Zealand: 1 wine listed

Kusuda – “Kusuda Pinot Noir (Vintage 2010)”[33]

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[32] Robinson, J. (2018a)
[33] All Wines taken from the JancisRobinson Website see (Robinson, J. 2018b)

A look at the price development for Ultra-Premium/Luxury Red Burgundy at Live -EX shows, that prices have risen by 24,28% during the last 12 months and by 64,11% during the last 5 years for the Burgundy 150 Sub-Index. This is the highest rise in prices of all the 7 Sub Indices at Liv-EX.[34]

Prices for German Ultra Premium Wines are not messured by an index. I took a look at the wine prices of the highest ranked Wines from 2 producers, which I mentioned above. (Wildenstein from Bernhard Huber and Hundsrück from Rudolf Fürst.)

Wine-Searcher shows the development of average prices for that wine (all vintages) without sales tax during the last 5 years (May 2013 - May 2018).

The price for the Rudolf Fürst Hundsrück has risen from 74 to 91 Euro during the last 5 years, that means an increase of 23%. Using the definition from Chapter 2.1. this means, that this Wine belongs to the group of Luxuxry/Icon Wines.

Price for Wildenstein from Bernhard Huber has risen from 96 to 112 Euro, that means an increase of 17,7%. Also this wine belongs to the Luxury/Icon Wine Tier.

For the USA and for New Zealand it was not possible to find an appropriate Wine Price Index. Prices for the mentioned Kusada Pinot Noir has risen from 49 to 81 Euro, with means an increase of 65%.[35]

It was not possible to select data for the La Cote from Domaine de la Cote on wine-searcher.

2.6. Excurse: Important Marketing-Mix and Promotion strategies for Ultra-Premium and Icon Wines

The basis for every Marketing Strategy are the 4 P's: Product, Price, Place(Distribution) and Promotion.[36] I looked at the prices in paragraph 2.5. In this thesis I focus the view at price and promotion strategies and do not look deeper at Product and Distribution.

Promotion is very important to get awareness for German Ultra Premium Pinot Noir, because it does not have the history of the Burgundy counterparts.

Therefore for my thesis I interviewed Sebastian Fürst of Domaine Rudolf Fürst about his promotion strategies. Here is a short summary of the promotion strategy the Fürst domain uses:

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[34] see Liv-ex (2018)
[35] see Wine-Searcher (2018)
[36] see Wikipedia (2018)

Besides the possibility to visit the Domaine, small dinners and presentations often organized by the local importer are one of the main tools to promote the Fürst wine in export markets. The winery also used a side event at the ProWein called "Grosse Winzer – Grosse Weine" one day before ProWein in Düsseldorf started to promote their wines to a Professional Public with other Premium Producers. [37]

3. METHODOLOGY

My idea was to look both at the supply and the demand side, therefore I created two surveys and asked producers (supply side) and key professionals (Demand side) about UPIPiNG.

Producers of UPIPiNG in Germany were selected and asked to complete a questionnaire.

To get information about the demand in the 5 most important export markets key professionals were asked. Because of their good knowledge mainly Master of Wines were selected for the survey. It was not possible to get information from distributers in export markets.

To get information of the home market Germany, key professionals from Germany were asked using a questionnaire.

I did not use fixed price tiers for UPIPiNG when asking producers and key professionals, because there is still a discussion about these tiers in the literature (for details see paragraph 2.1). This procedure may have caused problems for the selected persons.

I used the SurveyMonkey platform for my analysis.

3.1. Interviews with key professionals

My primary plan to conduct interviews during the ProWein Fare was not realistic and therefore I focus on the surveys. To get a deeper understanding of relevant issues nevertheless I interviewed Romana Echensperger MW and one producer. I chose Sebastian Fürst of Weingut Rudolf Fürst (member of VDP and producing 3 Pinot Noir GG's). This producer gets high and consistent scores from Jancis Robinson in the past and present for his wines and I have a good knowledge of the estate and the vineyards from several visits.

One sommelier (Gianluca di Taranto from The Jane restaurant in Antwerp, which is awarded by the Michelin guide with 2 stars) was sent a questionnaire

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[37] see Fürst, S. (2018)

to get information regarding an international top tier restaurant and its wine selection.

3.1.1. Selection of producers and key professionals for the survey

To get an interregional picture of Germany, producers were selected in the different growing areas in Germany. I selected 8 producers of UPIPiNG . Basis for the selection was mainly the scores of their wines by JancisRobinson (I took a look at the Robert Parker scores as well) and a good rating for the Domaine in the German Gault Millau Wine Guide. You will find the producers in the Appendix.

To select the key professionals, I chose mainly Master of Wines, because they have a broad and very good knowledge. I used the Master of Wine Website and chose for each country when possible 4-5 different persons. In the UK and USA I chose by random, which MW would get my questions. For Germany I picked MW'S, Wine Writers and Wine Merchants with a good offer of UPIPiNG. (In total I sent my questionnaire to 35 key professionals.)

3.1.2. Questionnaire layout

I asked the producers about the following topics in my Producer Questionnaire.

- Share of UPIPiNG from the whole production of Pinot Noir in their estate.
- Main trend in Viticuture in the last 10 years for UPIPiNG
- Main Trends in Winemaking in the last 10 years for UPIPiNG
- Drivers to raise the quality of the produced UPIPiNG
- Share of export in the sales of UPIPiNG
- Main destination country for export
- Price Levels for the produced UPIPiNG
- Challenges in the production of UPIPiNG

I received answers from 6 producers to my questions which means a response rate of 75%.

In my key professional questionnaire I asked about the following topics:

- The trend in demand for UPIPiNG during the last 10 years
- Which country would be their first choice when they have to choose an alternative for Burgundy
- A forecast for the demand of UPIPiNG
- An assessment of the quality of UPIPiNG compared with Burgundy wines of different quality levels

- Challenges for UPIPiNG

I received answers from 15 key professionals to my questions which means a response rate of 48%.

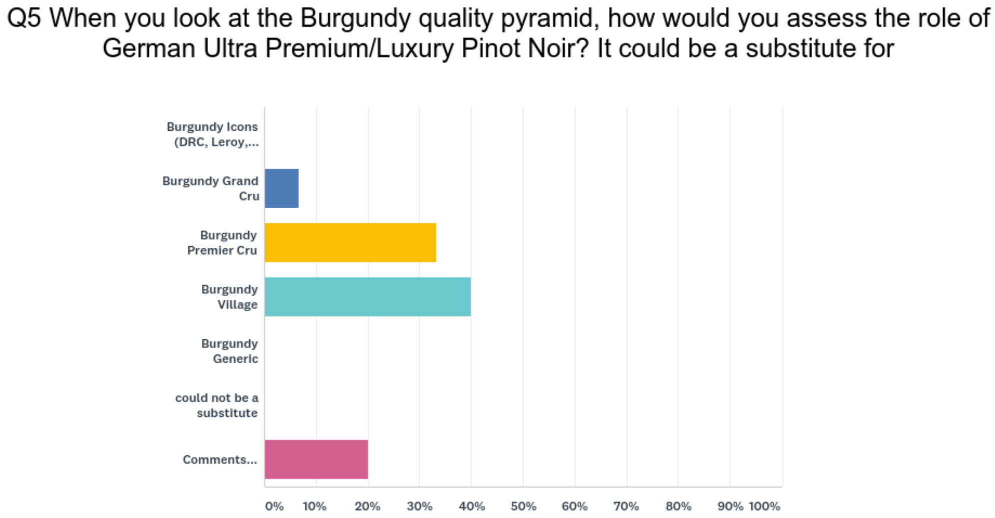
4. RESEARCH RESULTS AND INTERPRETATION

4.1. Style and Quality of German Pinot Noir

In Germany different styles for Pinot Noir exist. This is not a surprise, because Pinot Noir is produced in different terroirs in Germany. It may be of interest to take a deeper look at these differing in the future. My aim was to get a picture of the perceived quality of UPIPiNG.

Look at chart 1 for the results to the question regarding the quality of UPIPiNG, which I asked the key professionals

Chart 1

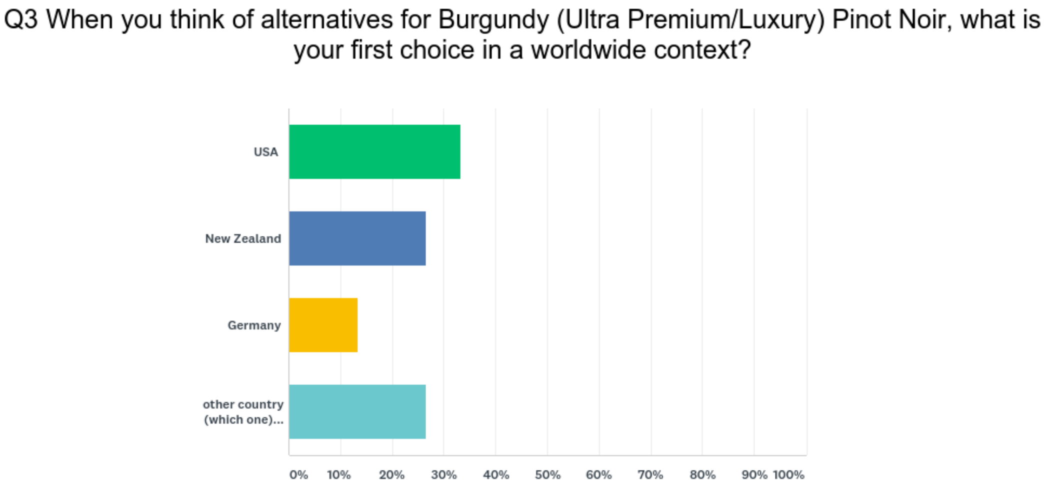


I tried to get a picture of the quality assessment of UPIPiNG by asking if it is perceived as a substitute for Pinot Noir Wines from Burgundy. The results were as follows. 40% sees it as an alternative for Village quality and 33% as an alternative for Premier Cru quality. Only 1 key professional answered that he sees UPIPiNG as a substitute for Grand Cru quality, with means a mere 6% of the survey. No one sees UPIPiNG as an alternative for Icon Wines from Bugrundy and no one sees UPIPiNG as an alternative for generic Pinot Noirs from Burgundy. Taking into account that UPIPiNG is the top Tier of Pinot Noir in Germany, in my opinion there could be some work to do to position it as an alternative to Top Tier Burgundys, because the median of answers was between Village and Premium Cru Quality.

Furthermore I asked the key professionals about alternatives for top tier Pinot Noir from Burgundy, to get an insight of the role of Germany in a worldwide context.

Chart 2 shows what key professionals think when asked about alternatives for Burgungy.

Chart 2



US Producers were leading with 33,3%, followed by New Zealand with 26,7% and Germany 13,3%. In the comments other countries (Switzerland, Alsace and South Africa were mentioned). With these results, their seems to be room for improvement for UPIPiNG.

4.2. Economic Situation.

To get an overview about the economic situation I asked the producers in my producer survey 2 questions. The producers are all smaller family businesses and do not publish details on revenues and profit, so I tried to find a way to get an estimate of their economic situation.

In one question I asked the producers for the part of UPIPiNG from their whole production to get with question 8 (selling price for their top tier Pinot Noir) an insight into their economic situation. Please look at paragraph 4.2.1 for selling price details, the average selling price for UPIPiNG is 87,75 Euro.

Chart 3

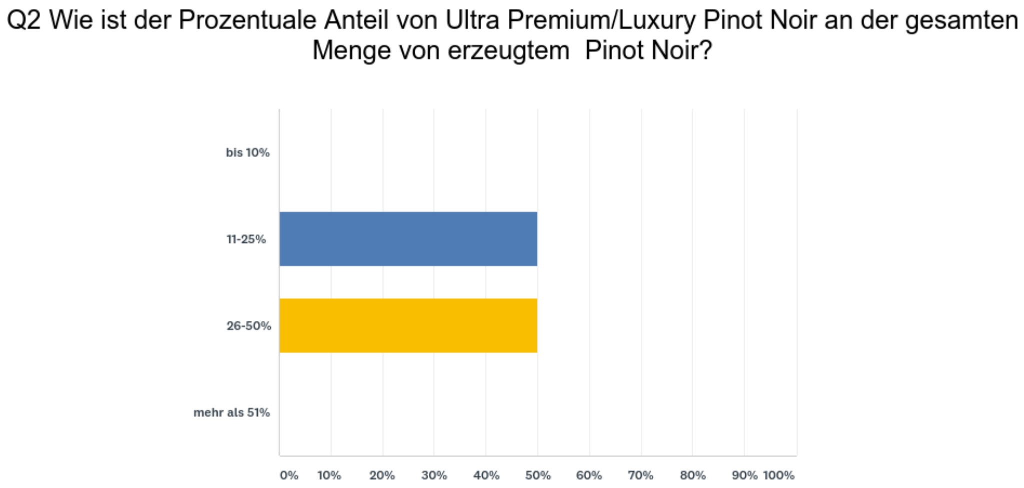


Chart 3 shows that 3 producers (50%) had a share between 11-25% and 3 producers had a share between 26-50% UPIPiNG in relation to the whole amount of produced Pinot Noir, this means an average share of 28%.

In the second question I asked for the percentage part of export from their whole production of UPIPiNG, The answers vary between 10% and 60% with an average of 26,7%. (no chart) This shows the significance of the German market.

Most of the asked key professionals see an increase or strong increase in the demand for UPIPiNG during the next 5 years, when asked. (no chart)

4.2.1. Market Situation in Germany

To get a clue and a proxy of the market situation in Germany I asked producers which price they charge for their top Pinot Noir (Current Vintage) for private customers.

Chart 4

Q8 Wie hoch ist der Preis für Ihren Spitzen Pinot Noir ab Hof für Endverbraucher (aktueller Jahrgang)?

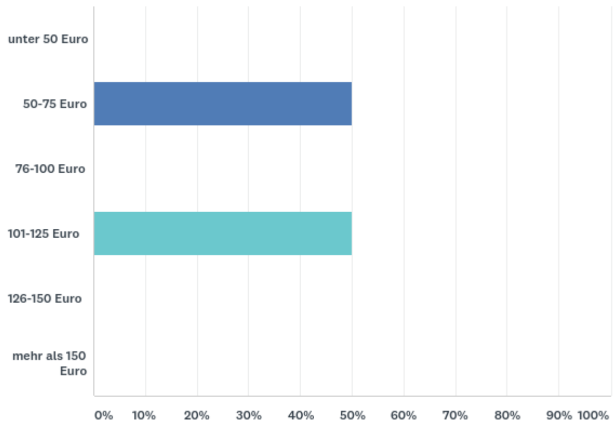


Chart 4 shows that 3 producers (50%) charge prices between 50-75 Euro (Ultra Premium Segment) whereas the other 3 producers (50%) had prices between 101-125 Euro.(Luxury/Icon Segment), which means an average weighted price of 87,75 Euro. This is much higher than the average price for an actual GG from the VDP which has an average price of 32 Euro (Vintage 2016 for white wines and Vintage 2015 for red vines)[38]. But lower harvest levels and higher costs for the production of UPIPiNG compared with the production of white wines, mainly Riesling has to be taken into account.

No producer had prices higher than 126 Euro and lower as 50 Euro.

It was not possible to compare this prices to the situation in Burgundy.

4.3. Market Situation in the 5 most important Export markets

To define the 5 most important export markets I used the DWI-Statistics and got the following markets:

- USA
- Netherlands
- Norway
- UK
- Canada[39]

Chart 5 shows the main export country/region of the producers.(I summed up the Benelux and Scandinavian countries in my question)

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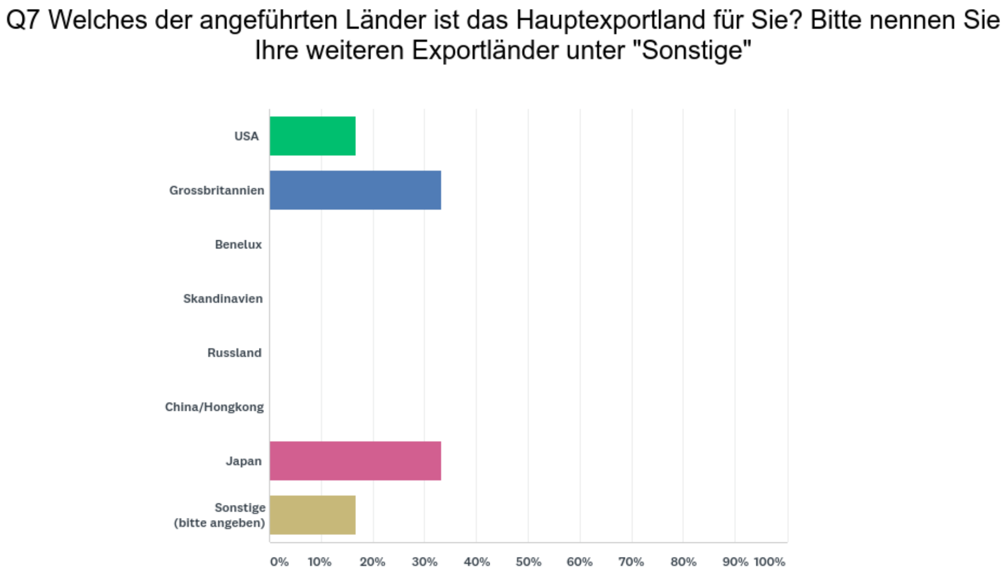
[38] see VDP (2018)
[39] see DWI (2018) page 27

Chart 5



1 producer mentioned the USA, 2 producers mentioned UK and 2 producers mentioned Japan. None mentioned Scandinavia (Norway), Benelux (Netherlands) ,Canada or China/Hongkong as the main export market. Because I didn’t ask for all the export markets and wanted to stay simple with my question, this is not statictically sicnificant, but shows in my opinion the role and importance of the UK market for UPIPiNG. The important role of the UK market was confirmed by the interview with Sebastian Fürst [40]

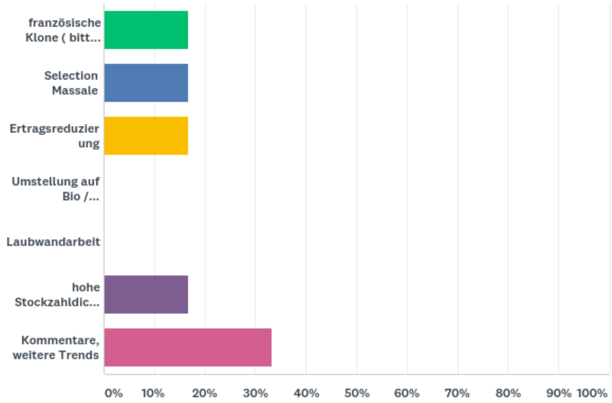
4.4. Actual Situation, Trends and Challenges in Viticulture and Vinification

Chart 6 shows trends in Viticulture in the last 10 years, that the producers mentioned.

[40] see Fürst, S. (2018)

Chart 6

Q3 Was war der Haupttrend im Weinbau für Ultra Premium/Luxury Pinot Noir in den letzen 10 Jahren? Bitte nennen Sie weitere Trends im Kommentarfeld



It was not possible to get an impression of most important trends, because in their comments 2 producers mentioned that all trends were very important and none of the given answers in the question got more than one vote. French Clones, Selection Massale, lower yields and high density planting are all seen as important. This was confirmed by the interview with Sebastian Fürst , who says that "every detail counts" in the production of Top Pinot Noir. [41]

Asking for trends in the vinification process producers answered as follows:

- Less is more, lowtech and a lot of finesse
- Low tech, no pumping, reducing of filtration
- Back to artisanal working
- Less tannin and alcohol, more acidity and freshness

When asked about challenges with regard to viticulture and vinification producers mentioned in the survey the climate change, bad weather situations like hail and frost and weather extremes, the timing of the harvest, the role of patience and nature-friendly work and to gain more knowledge about terroir and grapes [42]

4.5. Actual Situation, Trends and Challenges in marketing strategies

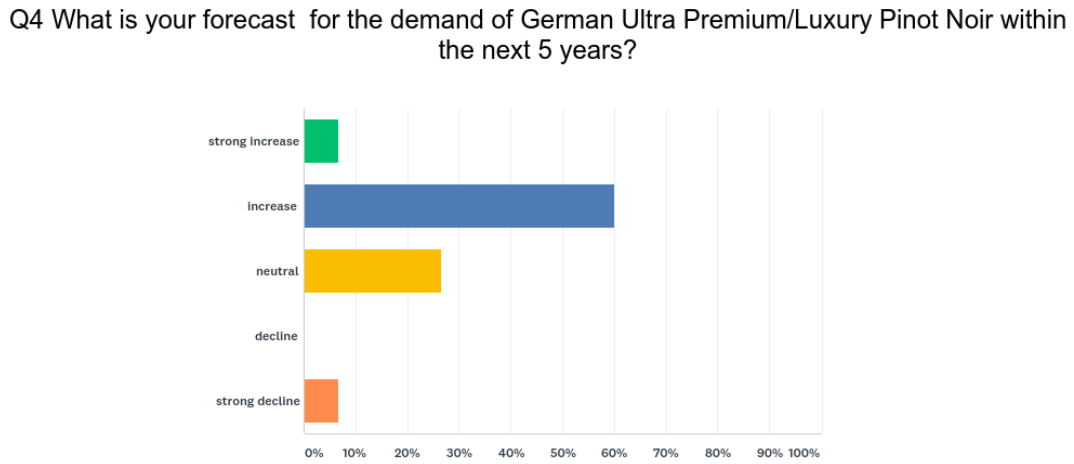
As comments in the key professional survey showed, in some markets UPIPiNG seems to be not really present. This corresponds to the answers of the producers, when asking for their main export countries (paragraph 4.3). To change the situation producers and the DWI could broaden their focus in

[41] see Fürst, S. (2018)
[42] see Producer Survey

their marketing strategy to these regions, for example the US west coast. For the German market one key professional made the hint, that maybe the market here is not prepared for its own ultra premium wines and that their image has to come back from exterior countries to become accepted.

Asking for their forecast in the demand for UPIPiNG most key professionals see an increase as shown in chart 7

Chart 7



Looking at promotion strategies Social Media, Journals (like Decanter, World of Fine Wines) and Websites (Jancis Robinson and Vinous) were mentioned by an international sommelier when asked how he gets information about UPIPiNG.[43]

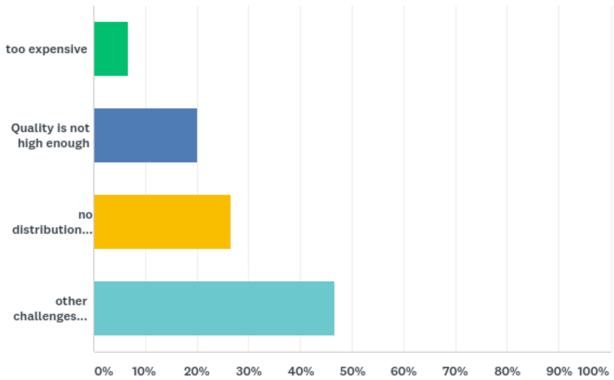
4.6. Other perceived challenges by producers and key professionals

As chart 8 shows a too expensive price seems not to be a big challenge for UPIPiNG to be successful, asking key professionals. Whereas there seems to be space for improved quality and availability.

[43] see Di Taranto, G. (2018)

Chart 8

Q6 What is the main challenge for German Ultra Premium/Luxury Pinot Noir?



Other challenges were mentioned in commentaries. One comment for example mentioned a sometimes poor price to quality ratio and another comment mentioned absence of good fruit concentration and a too lean style in many examples. One key professional sees German high quality Pinots at the stage of being still a copy, lacking personality and character to distinguish them from their counterparts.

On the producer side for example the importance of the distributor in export markets was mentioned. Producers depend on a good and courageous distributor with strong connections in the relevant market in export countries. Because all of the producers are family wine businesses with a lot of different tasks for each member of the family in the estate, it is not possible to be present in all export markets and a producer has to select the most important events to present his wines.[44]

5. CONCLUSIONS AND RECOMMENDATIONS

The new generation of German growers who often studied Oenology and did Internships in Burgundy continues the work of the generation before. The demand for UPIPiNG has had a good increase during the last 10 years and the forecast for a further increase is quite good. This could be shown in the executed surveys. Viticulture and oenological methods from Burgundy are implied in Germany, for example the trend to lower yielding clones with more intense varietal character, and the improvements in the cellar, for example the selection of barrels. An actual trend is the return to artisanal production methods and the willingness to improve every detail during the growing and vinification process.

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[44] see Fürst, S.(2018)

Compared with Burgundy, where 101 wines were scored with 19 points or higher during the last 6 vintages by Jancis Robinson, Germany has 6 wines with this excellent score, compared with only 1 wine in New Zealand and 1 wine in North America.

While prices in burgundy for the top segment of the market rose by 64,11% during the last 5 years, in Germany was a rise of around 20 Percent, when looking at the 2 best scored producers and their top wines. Here seems to be room for improvement. This is acknowledged by the fact that in the key professional survey prices(the average price for UPIPiNG is 87,75 Euro) are not seen as the main challenge for UPIPiNG.

What maybe is a problem for further improvement is, that North America and New Zealand are in front before Germany when key professionals were asked for their first choice considering an alternative for Burgundy Pinot Noir. Another important point is that more of the asked key professionals asses UPIPiNG only as a substitute for Burgundy Village quality instead of Premier Cru quality.

With an average part of 28% UPIPiNG of the whole production of Pinot Noir and an average price of 87,75 Euro for consumers the economic situation of the top producers seems to be better than the average producer of Grosses Gewächs in the VDP, where only 32 Euro are paid for a bottle. But one should keep in mind that I only asked top producers and looked at their premium wines.

Considering the distribution the United Kingdom seems to be the most important market. It was a bit surprising that the Benelux countries, Scandinavia and the Asian market had not been mentioned when producers were asked for their most important export market. Here could be room to broaden the distribution area. Not an easy task, because producers rely on good and courageous importers in their export markets, which are not easy to find.

All in all this means that the perception and demand for UPIPiNG has increased during the last years and that the outlook is positive. Nevertheless there is some work to do to position top tier German Pinot Noir in a competitive worldwide wine market.

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7. APPENDIX

7.1. Abbreviations and Glossary

DWI	Deutsches Weininstitut (German Wine Institute: Germany’s generic marketing board based in Mainz)
GG	Grosses Gewächs (VDP classification for a top tier wine)
UPIPiNG	Ultra Premium/ Icon Pinot Noir from Germany
VDP	Verband Deutscher Prädikatsweingüter (Association of German Premium Wineries)

7.2. Producer Survey

7.2.1. 8 German producers surveyed

Weingut Bernhard Huber, Malterdingen (Baden region)

Weingut Klaus Peter Keller, Flörsheim-Dalsheim (Rheinhessen region)

Weingut Ziereinsen, Efringen-Kirchen (Baden region)

Weingut Markus Molitor, Bernkastel-Wehlen (Mosel region)

Weingut Dr. Heger, Ihringen (Baden region)

Rotweingut Jean Stodden, Rech (Ahr region)

Weingut Rudof Fürst, Bürgstadt am Main (Franken region)

Weingut Friedirch Bercker, Schweigen (Pfalz region)

7.2.2. Questionnaire (producers)

Winzer Umfrage zu deutschem Ultra Premium/Luxery Pinot Noir

1. In welcher Region sind Sie ansässig?

2. Wie ist der Prozentuale Anteil von Ultra Premium/Luxury Pinot Noir an der gesamten Menge von erzeugtem Pinot Noir?

- ◯ bis 10%
- ◯ 11-25%
- ◯ 26-50%
- ◯ mehr als 51%

3. Was war der Haupttrend im Weinbau für Ultra Premium/Luxury Pinot Noir in den letzen 10 Jahren? Bitte nennen Sie weitere Trends im Kommentarfeld

- ◯ französische Klone (bitte im Kommentarfeld angeben welche)
- ◯ Selection Massale
- ◯ Ertragsreduzierung
- ◯ Kommentare, weitere Trends
- ◯ Umstellung auf Bio / Bio-dynamisch
- ◯ Laubwandarbeit
- ◯ hohe Stockzahldichte pro Hektar

4. Was waren die Trends in der Weinbereitung in den letzen 10 Jahren?

5. Wo sehen Sie für sich die wichtigste Stellschraube für eine Erhöhung der Qualität des erzeugten Pinot Noirs im Ultra Premium/Luxury Segment? Bitte nennen Sie weitere für Sie wichtige Stellschrauben im Kommentarfeld

- ◯ Ertragsreduzierung im Weinberg
- ◯ mehr Selektion bei der Ernte
- ◯ höheres Rebalter
- ◯ Fassqualität erhöhen
- ◯ andere Klone
- ◯ andere Stellschrauben(bitte angeben)

6. Wie hoch ist der prozentuale Export Anteil für Ihren Ultra Premium/Luxury Pinot Noir?

7. Welches der angeführten Länder ist das Hauptexportland für Sie? Bitte nennen Sie Ihre weiteren Exportländer unter "Sonstige"

- ◯ USA
- ◯ Russland
- ◯ Grossbritannien
- ◯ China/Hongkong
- ◯ Benelux
- ◯ Japan
- ◯ Skandinavien
- ◯ Sonstige (bitte angeben)

8. Wie hoch ist der Preis für Ihren Spitzen Pinot Noir ab Hof für Endverbraucher (aktueller Jahrgang)?

- ◯ unter 50 Euro
- ◯ 101-125 Euro
- ◯ 50-75 Euro
- ◯ 126-150 Euro
- ◯ 76-100 Euro
- ◯ mehr als 150 Euro

9. Welche Herausforderungen sehen Sie in Ihrem Betrieb für die nähere Zukunft (bezogen auf die Erzeugung von Ultra Premium/Luxury Pinot Noir) ?

7.3. Key professional Survey

7.3.1. 31 key professionals surveyed

USA

Michele Anderson MW

Mollie Battenhouse MW

Robert Betz MW

Sandy Block MW

Roger Bohmrich MW

Matt Stamp MS

Stacy Ladenburger

Netherlands

Cees van Casteren MW

Frank Smulders MW

Laura Tarmidi

Jeroen Bronkhorst

Norway

Sebastian Bredal MW

Julie Chéné Nyheim MW

Aina Mee Myhre MW

Arne Ronold MW

Mai Tjemsland MW

United Kingdom

Tim Atkin MW

Gerard Basset MW

Victoria Burt MW

Barry Dick MW

Anne Krebiehl MW

Canada

Ted Kalaboukis

Germany

Caro Maurer MW

Guiseppe Lauria

Joel B Payne

Martin Kössler

Markus Budai

Stephan Reinhardt

Gerhard Retter

Jürgen Franke

Steffen Schindler

7.3.2. Questionnaire (Key professionals)

Survey Key Professional - Ultra Premium/Luxury Noir from Germany

1. In which country are you located?

[ ]

2. When you look back at the trend of the last 10 years in the demand for German Ultra Premium/Luxury Pinot Noir, how has it developed?

- ◯ strong increase
- ◯ increase
- ◯ neutral
- ◯ decline
- ◯ strong decline

your comments (optional)

[ ]

3. When you think of alternatives for Burgundy (Ultra Premium/Luxury) Pinot Noir, what is your first choice in a worldwide context?

- ◯ USA
- ◯ New Zealand
- ◯ Germany
- ◯ other country (which one)...

[ ]

4. What is your forecast for the demand of German Ultra Premium/Luxury Pinot Noir within the next 5 years?

- ◯ strong increase
- ◯ increase
- ◯ neutral
- ◯ decline
- ◯ strong decline

5. When you look at the Burgundy quality pyramid, how would you assess the role of German Ultra Premium/Luxury Pinot Noir? It could be a substitute for

- Burgundy Icons (DRC, Leroy, Armand Rousseau, etc) Grand Cru
- Burgundy Grand Cru
- Burgundy Premier Cru
- Burgundy Village
- Burgundy Generic
- could not be a substitute
- Comments...

6. What is the main challenge for German Ultra Premium/Luxury Pinot Noir?

- too expensive
- Quality is not high enough
- no distribution in my country
- other challenges (please state)...