

Three sixty, with Geoff Thorpe The “new normal”?



What a crazy old world we live in, huh? Massive gyrations on international stock exchanges, soaring / plunging / soaring exchange rates, riots in London, snow in Auckland. It's enough to make one want to put one's head under the pillow and sleep until it's all over!

Tempting as that thought may be, I am increasingly convinced we all need to accept this is indeed the “new normal.”

When the proverbial seriously hit the fan in 2008, we were all caught up in it and there were times it really did feel like the sky was falling. Sadly, for some very good friends, colleagues, and clients, it did.

When all your energy is totally focused on riding out the storm whilst being hammered on all fronts, making medium and long term plans can seem futile, even foolhardy.

However, as the storm drags on for months and then years, what now seems futile is assuming that things will ever return to normal – the reality is “the world has changed”.

Interestingly, about four months ago we noticed the first signs of a very subtle “tide change” in vine demand, as a small handful of clients approached us to discuss their future vine requirements – nothing radical and expansionary – rather, very carefully considered plans to upgrade existing plantings.

Like everyone else, these clients had put most planting plans on ice back in 2008: they, too, seem to have come to the conclusion that the sky isn't falling and that they can only put off re-investing in their vineyard estates for so long.

With this very subtle shift in demand, it finally started to feel like all the pain of restructuring over the last few years was going to be worthwhile.

Then, last Monday, as financial turmoil swept the world, it looked like 2008 all over again! This time, however, I decided to take a very deep breath and be reassured by the fact that, despite everything that seriously grumpy gorilla has thrown at our industry, the world has kept turning, people everywhere have continued to raise their families, get up and go to work, catch up with friends, and drink ever increasing volumes of our fantastic wines.

When I opened the New Zealand Winegrower Export Stats report this morning and saw that the 2010 crop of Sauvignon Blanc is pretty much all gone and the 2011 crop is leaving our shores at a record pace, that average prices have just started to lift, and that we are receiving almost three times per litre what the Aussies are, I had a strong sense of what is underpinning the “tide change” I referred to earlier.

As those of you who attended the inspirational Wine Exporters' Forum last month will know, our industry ticks all the right boxes for wine consumers the world over. Sure, there is real pressure on margins and exchange rates are hurting, but people love our wine and the latest numbers show they want plenty more of it. Right now, our Aussie neighbours would give their right (under) arm to swap places with us in the global wine business.

If you are also sensing a shift and are starting to think about some careful adjustments to you varietal or clonal portfolio, I urge you to talk to us sooner, rather than later. We are only grafting to order and the window of opportunity for us to collect scion wood and rootstock to match your requirements closes within the next couple of weeks.

So, while snow is blanketing many parts of the country, Cantabrians are still reeling from the aftermath of the year from hell, and many growers and wineries are struggling just to make ends meet, remember it is always darkest just before the dawn. And given the nurseryman is often the “bellwether” for their chosen industry, it looks to me like dawn is about to break.

Warmest Regards,

Geoff and the Riversun Team.