

The Calem Port Award - Report

What challenges do Calem face in producing and selling their port?

The terrain of the Douro valley provides an extremely challenging, unique environment in which to grow grapes. Reaching up to 4,000 metres above sea level, the vineyards are extremely steep, with vines planted closely together, often a mixture of different grape varieties, the majority on terraces. Sites are planted differently, some in the traditional horizontal terraces, others on the wider patarmares, and some newer, flatter sites in vertical rows. Each must be treated differently with planting and picking techniques varying accordingly. Tending the vines has to be done by hand in most instances as the terraces are too steep, narrow or densely planted to allow mechanisation.

Temperatures in the summer can easily reach 40°C, and whilst beneficial for grape ripeness to an extent, this creates a hot environment in which to work. This also increases the risk of drought which puts too much stress on the vine and is detrimental to wine quality. On the other hand, rain in the Douro can especially damage the vines and accelerate the erosion of the vineyards, washing soil down the steep slopes and thus leaving the vines more susceptible to damage. Vineyards can also be quite hard to reach, access being limited and time consuming. Calem have to use dynamite to create tracks so as to improve access to their many different vineyard plots.

Calem find it increasingly difficult to find all the manual labour they need to work in their vineyards and pick grapes. The vineyards are remote, the hours needed to work them are long, the work is extremely physically demanding, wages are relatively low, and hours depend on the needs of the season. A lot of the young population in Oporto go to Lisbon to work, meaning that their work force is ageing while the availability of labour is decreasing.

There is increasing commercial pressure on Calem to produce more vintage port, despite whether the weather conditions warrant a vintage year. Normally, they declare a vintage year only 2 or three times a decade, however, escalating demand for vintage port, especially from the U.S., is putting pressure on Calem and other companies to produce more, and therefore declare more years as vintage. However, despite the obvious commercial benefits, Calem want to restrict vintage port production to exceptional years and are not willing to sacrifice quality for commercial gain.

Calem have strived to be innovative whilst also maintaining tradition and heritage. They have worked to modernise the image of port and to promote its consumption to the younger generation. The Sogevinus Group owns Calem, along with Gilberts, a brand which is particularly aimed at the younger consumer, with modern, trendy bottle designs available in the smaller size of 50cl. Calem supply their wines to many different markets, the largest being Great Britain, the U.S., Finland, Denmark, France and Spain. These all have different demands and preferred styles of Port, the U.S. buys a lot of Colheita, whereas the U.K. is traditionally a big market for ruby, LBV and vintage port.

Thus Calem have to market their products differently depending on their destination.

Sogevinus and its five Port companies also produce excellent quality still wines, such as Curva, Kopke Reserve and Burmester. However, these have to be produced in the same labour intensive way as Port, therefore they are more expensive than other still wines that can be produced using mechanical harvesting on flat sites for example. This means that they are at a price disadvantage, particularly when trying to establish themselves in the U.K. market which is especially price conscious. Sogevinus and Calem have to work hard to promote their quality and gain recognition for the wonderful still wines that can be produced in the Douro, as well as the traditional and already world renowned Port.

Calem and the Sogevinus group also have to contend with, and work through, unfavourable economic conditions. The strength of the Euro has made Port more expensive to countries outside of the Euro that purchase it, such as the U.K and the U.S. Production costs have also increased. The price of brandy, a vital ingredient in Port production, has risen dramatically. This, combined with the high price of oak barrels, labour costs, and large outlays of capital on modern, hi-tech production equipment needed in the winery, all put pressure on prices.

There is also increasing consolidation amongst Port companies in the Douro, driven in part by the increasing costs and challenging conditions. Calem is owned by the Sogevinus Group which now also owns four other Port companies, Kopke, Burmester, Barros and Gilberts. Calem have to maintain their own identity, while continuing to work with these brands so as to promote their business as a whole. As other companies consolidate also then competition becomes stronger, and Calem must work hard to maintain their market share and prominent position in the Port industry.

Despite all these challenges, from tough growing conditions to rising production costs and commercial demands, Calem continue to produce and market quality Port in an array of styles, from white port which can be mixed with tonic to produce a refreshing aperitif, to vintage port which pairs exceptionally well with Queso de Serra and 10 or 20 year old tawny which is ideal with crème brûlée. Calem successfully mix tradition with innovation to remain a leading Port brand in the global market.