

MarketWatch

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PROFILES

Grappa's True Artisan

Amid a sea of commodity grappas, Nonino stands out with its craft-like, quality approach.



Nonino has five aging cellars, in which a variety of its grappas, amaros and single grape distillates are aged.

Despite its long-standing presence in Italy, grappa has yet to establish a foothold in international markets, in part due to its image as a commodity spirit—a perception fueled by the fact that over 80 percent of Italy's grappa volume is mass-produced. The Nonino family, however, has long been grappa's gold standard, and decades ago it was a pioneer in transforming the spirit from a working class beverage into an artisanal and delicate digestif.

Elisabetta Nonino is a fifth-generation family member and the standard-bearer for the company's commitment to artisanal quality. "Industrial grappa is neutral," she says. "In our family, we've always been told that if you want something neutral, drink vodka. If you drink grappa, it's a pity to waste the raw material, which costs much more than grain, on something that's no different from neutral alcohol."

Company founder Orazio Nonino began making grappa in 1897, in the heart of Italy's Friuli-Venezia Giulia region. When he started, grappa was the concoction of pressed grape skins, stems and seeds (collectively known as pomace)—viewed as the waste of the winemaking process. After working out

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of a cart with a small still for over three decades, Orazio built his own distillery in Percoto, Italy, in 1928 and effectively established Nonino's home base.

The distillery was passed down through the Nonino line, eventually arriving in the hands of great-grandson Benito Nonino and his wife, Giannola—the fourth generation—in 1962. Together, Benito and Giannola transformed grappa into an upscale sipping drink, thanks to their enhanced focus on quality, as well as the 1973 release of the first-ever single variety grappa, Monovitigno, made from the Picolit grape and still in production today.



(From left): Christina Nonino, Elisabetta Nonino, matriarch Giannola Nonino and Antonella Nonino are all dedicated to educating consumers and raising grappa's international prestige.

“With the debut of single variety grappa distillation, my parents opened the possibility of speaking about this traditional spirit from Northern Italy,” Elisabetta Nonino says. The distillery has since launched other single variety grappas, including Merlot, Moscato and Prosecco Bianco expressions, among others.

Despite the company's success, Italy's lax regulatory environment has allowed for a flood of industrial grappa producers. To combat being grouped with them, the distillery independently declares its grappa as 100-percent artisanal, and that any products with the Nonino name are produced and bottled at the distillery, made using artisanal methods, with no added coloring or caramel.

“If you want to make good grappa, you have to distill very fresh material,” Nonino explains. To that end, the distillery uses only the freshest pomace for its grappa, sourced from winemakers in Friuli with whom they've established dependable partnerships.

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The facility's vast stable of copper stills, housed across five distilleries at its Percoto base, allows it to produce multiple types of single variety grappa at once and simultaneously distill fresh pomace immediately following the mid-to-late October harvest.

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"We are the only distillery in the world with 66 artisanal pot stills for distillation," says Nonino. "And we only distill during the harvest—24 hours a day, seven days a week." Industrial players, by contrast, often don't distill their pomace until months after harvest. Without immediate fermentation and distillation, secondary fermentation occurs naturally and the pomace must then be double distilled. This process ultimately strips the end product of its aromatics and flavor. Continuous stills are also overwhelmingly present in industrial production, and contribute to poor quality by boiling the pomace relentlessly during distillation.

More recently, the company encountered yet another regulatory thorn in its side: The impending creation of a grappa DOCG, which would allow for grappa production anywhere in Italy. Grappa originated in northeastern Italy and has deep roots with the agricultural populations of Friuli-Venezia Giulia, Veneto and Trentino-Alto Adige. According to Nonino, the new DOCG will effectively erase that heritage and make it far easier for industrial players from all over Italy to make grappa. "The first grappa distillery in Sicily was built in 1972, so they don't have a clue about grappa's tradition," she says. "If you put a DOCG in Sicily, why not Tuscany, Lazio, and any other region?"

Nonino has thus chosen to opt out of the DOCG. "We decided it was better to declare that having Nonino on the label is of much higher value than anything else," she explains.

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The distillery uses only the freshest of pomace in its grappa, which it sources from vintners its cultivated close relationships with.

As the company's leadership transitions fully into the hands of the fifth generation, it continues to revitalize the global perception of grappa, particularly in the United States, which is now its second largest export market. Though grappa's sales in the United States have fallen over the past two years—down 14 percent in 2015 and another 20 percent in 2016—Nonino's share of the category has steadily improved. The distillery produces roughly 900,000 liters of liquid a year across all brands, with 13 percent of its grappa being exported to the United States.

Grappa's presence in the United States has ebbed and flowed for decades. The American rediscovery of Italian wines during the 1970s and 80s heightened the spirit's visibility, though never by monumental amounts. Even as craft players like Capovilla, Marolo and Poli entered the market, the proliferation of industrial grappa damaged the spirit's reputation abroad, and today the category is smaller than ever.

Elisabetta hopes that two new Nonino grappas which entered the U.S. market this fall—Vendemmia, a floral blend of Prosecco, Ribolla Gialla and Malvasia (\$40 a 750-ml.), and Vendemmia Riserva (\$45), a blend of undeclared grapes aged for 18 months in new French oak barrels—will serve as jumping off points for

raising grappa's quality standard among American consumers. She cites the evolution of grappa in Germany, the distillery's No.-1 export market by volume, as an example. Production of both new expressions is limited, but the company aims for volumes to eventually exceed those of the more upscale single variety grappas. The distillery's U.S. portfolio is managed by Terlato Wines.

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In addition to grappa, the Nonino portfolio also includes Amaro Nonino Quintessentia, an amaro made with an aged grape distillate base. Antonio Nonino, Elisabetta's grandfather, debuted the amaro brand in 1933. The updated version launched in 1992 with a slight change from the original recipe, which used a base of aged grappa rather than aged grape distillate. Amaro Nonino Quintessentia has been hugely successful for Nonino and currently makes up the majority of Nonino's exports by volume to the United States, comprising 87 percent of shipments.

The Nonino grape distillate line is especially unique. The distillery invented the first Grape Distillate ÚE product in 1984, by distilling the skin, pulp and grape juice all at once. At Nonino's request, the Italian government authorized the continued production of single grape distillation in 1986, cementing the company's innovation in history. Today, Nonino's portfolio includes 13 varieties of ÚE, ranging from single grape expressions to aged, multi-varietal products.

Many products in the Nonino portfolio will never make it to the U.S. market, where only seven expressions are currently offered. For example, in celebration of its 120th anniversary Nonino is launching several new products exclusively across its European markets. "We're coming out with the oldest aged grappa that you can find on the market," says Nonino. "It's a 22-year-old Riserva." Alongside that release, the company will also debut 26- and 27-year-old grape distillates, packaged in red bottles in homage to the original grape distillate, Nonino's Picolit.

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Nonino is the only distillery in the world with 66 artisanal pot stills for distillation, enabling the company to distill fresh pomace and make several types of grappa all at once.

In the U.S. market, Nonino is stressing grappa's on-premise potential. Mixology has been a major focus, as it's a platform that helps separate high quality grappa expressions from their low-end counterparts. With Vendemmia, Elisabetta suggests a Nonino Tonic. "It uses white grappa instead of gin, and you can really appreciate the aroma and the quality of the grappa because it's lower in alcohol," she says.

She adds that the Vendemmia Riserva, which has a color and flavor profile more similar to that of other aged spirits such as Bourbon or rye whiskies, blends seamlessly in an Old Fashioned or a ginger-infused cocktail. The company's key on-premise accounts include high-end restaurants throughout New York, Chicago, Aspen, Las Vegas and Palm Beach Gardens.

Nonino's future looks bright, with a new generation of family members set to join the ranks. "There's someone from the sixth generation starting: my niece Francesca" says Nonino. "My daughters and my sister Antonella's daughters are too young, but Francesca is 26 and it's time for her to join us. We are very happy."