

The leap of Donnafugata

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Giacomo, José, Gabriella and Antonio Rallo/Fabio Gambina

Giacomo Rallo could hear the death rattle as he walked past the huge wine warehouses that fronted the Mediterranean in his native Marsala, Sicily's westernmost city.

Or, perhaps more accurately, it was a gurgle.

It was the 1970s, an exciting period, as fine wine production suddenly blossomed in the New World and across much of Europe. But not in Sicily. Sicilian winemaking, Rallo believed, was caught up in another century, still churning out oxidized white wines and rustic reds more suited to boosting anemic French vins de table than competing in world, or even domestic, markets. Additionally, Marsala, the fortified wine which shared the city's name, was quickly falling out of favour in its traditional world markets. Unfortunately for Rallo, Marsala happened to be a livelihood for him and his six cousins who owned Diego Rallo & Figli, one of the premium Marsala houses.

Decision time

"In the 60s and 70s, I had been working abroad in the US as well as Europe, and I felt an increasing lack of interest toward Marsala wine," Rallo remembers. Marsala production dates to the 1770s, when British entrepreneurs sought yet another source of wine for its domestic thirst. Indeed, the Rallos themselves had been in the fortified wine business for well over 200 years. But now, Giacomo Rallo concluded, "It was a wine which looked to a great past, but with an uncertain future."

All specialty wines with long histories have long histories because of their abilities to ride out cyclical declines, including Champagne and Port. Rallo knew other Marsala houses took this view, but a path of attrition didn't excite him, even though he loved the wine business. And so around 1980, he decided it was time to abandon production of

Marsala and instead become a table wine producer, even if he had to go it alone. "Piedmont, Tuscany, Veneto in the early 1980s were already riding high in Italy as well as abroad," he says. "I thought we could make very good wine as well because of the perfect Sicilian conditions for viticulture."

The crash of Marsala over the next decade was perhaps even more severe than Rallo could anticipate. In the dozen years between 1979 and 1991, Marsala sales fell almost six-fold, from about 600,000 hL to 109,500 hL annually. Much of the business that remained was for inexpensive cooking wine to flavour veal chops and zabaglione.

Today, the Marsala business remains a memory of its former self, even as the Sicilian table wine industry has flourished, with the Rallos' **Donnafugata** winery as one of its leaders. Gambero Rosso, Italy's dominant wine guide, recognises Donnafugata and six other Sicilian wineries with one or two stars honoring their achievements.

How the Rallos have succeeded, and continue to succeed, is a business tale of pursuing a well-thought-out strategy that left room for tactical evolution depending on market conditions. Their success has been based on four factors that could apply to many industries in flux:

1. Recognising when a downturn in a venerable, age-old business is more than a temporary blip and finding the right exit strategy;
2. At the same time, identifying a viable opportunity in a different, yet parallel, business and accurately forecasting its long-term potential;
3. Insisting on investing in quality not quantity, even if that decision forces the product to compete in higher-priced categories; and
4. Finding innovative ways to brand, to ensure products stand out as the category gets more competitive.

Birth of a new era

Giacomo Rallo was 44 years old and his wife Gabriella 40 when they launched Donnafugata in April 1982, using their portion of the family Marsala income as a cash cow. "There was an overlapping period of about six years," Giacomo says, "but the companies were totally independent – each of them had its own production, sales and administrative departments." **Donnafugata**'s first vintage sold was 1983.

When the opportunity came in 1989 to sell the Marsala business and the Rallo brand to Wax & Vitale, a Genoa-based firm, his cousins were delighted to completely abandon the wine business. "They said, 'You have the wine bacillus,'" he laughs. His 20% share was used to secure the family's historic cellars in Marsala as a Donnafugata production and distribution centre.

Over the ensuing years, Giacomo and Gabriella have built their business into a solid, sustainable one, today producing some 2m bottles annually, about half from estate grapes. Most are indigenous varieties grown at their Contessa Entellina property, located inland from Marsala and Palermo, which Gabriella inherited, and on the small Sicilian island of Pantelleria off the coast of Tunisia. Altogether, Donnafugata owns 338 ha of vines. It's a family affair, with daughter José and son Antonio now taking the lead.

While Giacomo was the visionary, Gabriella was the hands-on manager. "The Contessa Entellina estate came from an investment made by my father in the 1970s," she says. "From the beginning, the viticulturalist was me. I spent all my energy carrying on my duties both at school

– I was also a teacher at the time – and in the vineyards, besides my task of being a mother to José and Antonio.” When **Donnafugata** was started, her focus switched from growing and selling grapes to other producers to running a full-scale winery, and she quit teaching.

While the idea of establishing a winery that could eventually compete in the international market was Giacomo’s, “the idea of ‘Donnafugata’ – the fleeing woman [the company logo] – was mine,” Gabriella says. “We were looking for a name that could narrate Sicily in an evocative and refined way.” Her inspiration came from Sicily’s most-famous novelist, Giuseppe Tomasi di Lampedusa, who created **Donnafugata** as a fictional town in his 1958 novel, *The Leopard*, set in the time of Bourbon Queen Maria Carolina. The queen abandoned her throne in Naples on the arrival of Napoleon’s troops in the early 1800s, fleeing to the countryside near the town of Contessa Entellina.

Evolution

Donnafugata at first made only a red and a white wine, but gradually the winery started producing mainly varietals, concentrating first on international varieties, then moving to indigenous grapes. “So Tancredi, Lighea, Mille e una Notte and other wines were born,” Gabriella says. Each name, she says, tells a “catchy story from Sicilian literature that had to be communicated through the labels.”

A chance meeting led her to Stefano Vitale, an American illustrator living in Venice. He was working on a children’s Bible at the time, Gabriella says, and she thought his artistry provided the look needed for her labels – fanciful, bold, colorful, yet representational, with rounded figures in often dreamlike settings. Today, Vitale’s various **Donnafugata** labels stand out on retail wine shelves.

“My mother was actually the woman escaping,” José Rallo jokes as she walks through the production cellar in Marsala, one of three **Donnafugata** wineries. Although José is now reaching middle age, she has the energy and enthusiasm of a high-school cheerleader. “We needed three things to bring Sicilian winemaking out of the dark ages,” she says. “One was less yields, second was finding ways to naturally get more acidity for the grapes in the vineyard and third was cold fermentation, which my father studied when he was in California. For Sicily, cold fermentation was a needed disruptive technology in winemaking.” All added significant costs to winemaking.

With Gabriella in charge of vineyards, a wide range of clones and grape varieties were tested in **Donnafugata**’s experimental plots, first at Contessa Entellina and later on Pantelleria. Today, the winery concentrates on 19 varieties, including such indigenous grapes as Catarratto, Grillo, Zibibbo (a Muscat), Ansonica and Nero d’Avola, plus international varieties Chardonnay and Cabernet Sauvignon. Such now-standard practices as vine hedging and green harvesting were put into practice as the winery grew. “Hedging helps to ensure that we have green leaves in August, which both is necessary for ripening and providing more acidity,” José says.

New investments

In 1999, the Rallo family saw a new market opportunity in the sweet wine business – but not with Marsala. They invested instead in Pantelleria, the windswept island known for its naturally sweet wines made with a mixture of fresh and dried grapes using the passito method similar to that used to make Amarone in Verona. It was a laborious venture, both in reconstructing the vineyards, whose low vines and stone fences protect against fierce winds, and in the logistics of purchasing them. “To put together 7.5 ha of vineyards, we had to execute 123 different contracts,” says José’s younger brother, Antonio. “We did it in the week.”

Marketed as **Donnafugata Ben Ryé**, the passito requires about 75 tons of dried grapes for every 100 of fresh.

Donnafugata began testing the export market in the late 1980s, with Germany becoming its most important customer, followed by Switzerland, Japan and the US, where it is imported by Michael Mondavi's Folio Fine Wine Partners. Mondavi got to know the Italian wine market well while working business alliances with his father, Robert Mondavi, before their iconic winery was sold. When that happened, Michael went looking for his own clients.

"When we first met the Rallo family," Mondavi says, "we were immediately impressed with how Antonio, his mother, father and sister were all heavily involved in the business. They had a great pride of the Sicilian heritage and of the indigenous Sicilian grape varieties and didn't want to follow everyone else with international varieties. I was also excited for the quality of the wines and realised how little we understand these varieties in the US market."

Antonio Rallo agrees with that assessment. "There is an infectious energy in the wines and in the attitudes of the wine community right now that is getting us noticed by some American wine and food experts, chefs and sommeliers," he says.

Both José and Antonio share their parents' passion for seizing opportunities. Antonio, handsome and quiet-spoken, in 2012 was instrumental in putting together a Sicilia DOC consortium, which he now heads, consisting of 3,300 growers and 90 wineries farming 1,100 ha of grapes. In 2014, Italy gave the consortium exclusive rights to promote the appellation in world markets.

Finally, the Rallos have invested heavily in sustainability and carbon foot-printing and are planning more development of agritourism as wine lovers around the world discover Sicily.

Meanwhile, the old warehouses along the Marsala waterfront are largely empty, their windows rattling whenever the fierce Sirocco winds sweep off the deserts of North Africa and across the Mediterranean.

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