

# WINEMAKERS TOLD: GET TO MARKET

## Summary of the Fourth Australian Wine Marketing Conference August 1-2, 2005

Australian winemakers must be prepared, more than ever before, to visit their markets frequently, deepen relationships with distributors and communicate with trade face-to-face.

This was a key message at the Fourth Australian Wine Marketing Conference themed 'Route to Market', held at the Adelaide Convention Centre on August 1 and 2.

The good news is that opportunities still exist in all markets, including our old favourites, the UK and US, but as chairman of the Australian Wine Marketing Conference Paul van der Lee said "more and better marketing" was required and "the time for hitchhiking is over".

A key element is innovation – Australian wine marketers must look at current and potential markets, including the domestic market, the UK, US and key Asian markets, develop plans and implement them meticulously to stimulate success.

Speaking at the Conference, chief wine writer for the Shuhan News in Japan, Yoshiji Sato, said Australians could create a new retail market in Japan by using the experience it had gained in the UK off premise market.

Among his recommendations, Yoshiji said Australian winemakers could work with retailers to reformat Japanese supermarket shelves to make wine buying easier. "Unapproachable and complicated shelves are common in Japan and this makes it difficult for consumers," he said.

Also speaking at the conference, Don St. Pierre (Junior), president of ASC Fine Wines in Shanghai, predicts 30% annual wine market growth, driven by increasing incomes, consumer sophistication and the fact that red wine represents health and luck.

Don said Australian wine companies had four options in China: to sell in four or five star restaurants; to sell at a national level to supermarkets; to sell to independent and high quality Chinese restaurants; or to target corporate and private consumer sales.

"Each of these channels will offer substantial sales growth over the next three to five years," he said. However, Don said highly inefficient distribution channels in China represented a major barrier to small wine companies for the immediate future.

The high-end restaurant wine market in Shanghai is alive and well, but Australian wine marketers also have plenty of work to do in this segment, according to Ann Oliver, a consultant executive chef.

A major conference theme examined ways to develop markets, not simply by growing the volume of sales but also higher value segments and channels to deliver better profitability.

Dr Andrew Pirie, director and winemaker at Pirie Tasmania, said Australian wine companies had succeeded at dominating the 'popular premium' sector and it was now time to grow Australia's reputation as a creator of fine and diverse wines.

Andrew suggested a marketing approach focused on "three Ps" – People, Passion and Places. "Let's stop saying how big we are and start saying how good we are," Andrew said.

Paul Henry, chief of the Australian Wine Bureau in London, said the UK on-trade represented 20% of wine sale volume, but 44% of value. Paul said on-trade would soon be the most representative trade channel in the UK.

"But there seems to be a disconnect between the popularity of the retail sector and uptake in the on-trade. To overcome this, wine companies must be prepared to visit the market at least once a year," he said.

Conference convenor, Matthew Jukes, said progress had been made in the UK on-premise sector in restaurants such as Bibendum where 90 Australian wines were listed. He said an important element of Australian on-premise development was sommelier education and training.

On the other hand, David Woods, managing director of the Hardy Wine Company, warned winemakers not to forget that the 'popular premium' segment is where most of the market opportunity lies and would be the source of cash flow for Aussie companies to work on trading up.

David said the pursuit of quality in both popular premium and icon market segments weren't mutually exclusive and Australia could be a successful producer at a range of price points.

From a global economic perspective increasing consumer demand for wine is likely considering key world economies are in a strong position, displaying the fastest growth since the mid 1970s.

Saul Eslake, chief economist for the ANZ Bank, said, looking a decade ahead, it was possible that China would surpass the US as the world's largest economy and India would overtake Japan as the third largest economy.

General manager of marketing for the Australian Wine and Brandy Corporation Jonathan Scott said the refreshment of Wine Brand Australia would assist wine companies take advantage of opportunities around the world for sales.

He said all markets required more knowledge about the diversity of Australian wines – the stories behind the wines and the uniqueness of our regions.

On a local scale, Robin Shaw (Winemakers' Federation of Australia) and Delyse Graham (Wine Food Tourism Strategies) suggested wine companies should stop thinking about their cellar doors as simply 'cellar doors' and start thinking about them as wine tourism businesses.

As such, wine companies must have a wine tourism business plan that could aim to align the company with other tourism businesses in the region. Key elements of cellar door success include location, people skills, profile, wine styles/volumes and price points.

At the other end of the scale – retail – planning is equally as important. Craig Watkins, former CEO of Liquorland Retail, said it was vital for winemakers to invest resources in the homes of retail – Sydney and Melbourne – and ideally appoint different people to manage the different accounts – Coles and Woolworths. He said smaller wineries could interest the big chains if they offered new, interesting and innovative products.

All speakers at the Australian Wine Marketing Conference said the industry must work harder to understand consumers, and two keynote speakers revealed the results of research in this area.

Lulie Halstead, research director for Wine Intelligence in the UK, spoke about English consumer profiles and opportunities for trading up, particularly within the 'mainstream at-home' segment (suburban middle income professionals with high frequency wine buying behaviour).

Johan Bruwer, convenor of the Wine Business Group at Adelaide University, said consumer research had shown bistros and cafes offered a good opportunity for increased wine sales in Australia, but more attention should be given to innovative packaging and wine by the glass options.

Graeme Chipp, managing director of Growth Solutions Group, spoke about channel selection and management including making more effective use of the web including.

Vic Motto, CEO of Global Wine Partners, said in the US market wines over US\$15 are the largest segment, the fastest growing and the most profitable. Vic provided insights into possible changes in distribution in the US market in response to recent Supreme Court decisions.

**All presentations will be available on the Australian Wine Marketing Conference website on Thursday 4 August 2005. To view the presentations visit: [www.awbc.com.au/awmc](http://www.awbc.com.au/awmc)**