Wine Australia

WINE CHANNEL PURCHASE BEHAVIOUR OF AUSTRALIAN WINE CONSUMERS

MAIN REPORT

Ballyhannan Project Management

Contents

Ballyhannan Project Management

Background and objectives

Since COVID-19, there has been considerable change to the way that consumers purchase wine, and it is uncertain as to what extent the impact has been made on changing consumer behaviour in the long term.

The outcome of this research is to provide practical suggestions for wine producers to consider when developing retail channel strategies.

Specifically, it will explore the different purchasing channels with a particular focus on buying wine:

- in person from a cellar door / winery during a visit
- through subscription services with a winery or an independent retailer, and
- online through a winery website or other online alcohol retailer websites.

For each of the channels in focus, it is important to understand the following:

- previous channel purchasing
- how often are consumers using the channel to purchase wine
- how much wine they are purchasing through the channel
- how much they are spending through the channel
- what their motivations are for using the channel
- frustrations they have with using the channel, and
- suggestions as to what could be helpful to them to use the channel more.

Key findings

1 The most commonly used channels to purchase wine in Australia in 2019 was in person at the bottle shop / drive through, followed by in person at the cellar door and thirdly through online retailers. Only in 2020 did online retailers become the second most popular channel; however, this is expected to move back into third place once cellar doors reopen and travel returns (p 13).

2 Nearly all channels experienced a decrease in frequency of use in 2020 given the extensive disruption that COVID-19 had on people's ability to purchase wine (p 18). Some respondents noted that they weren't drinking as much or had budget constraints (p 24-25). Others noted that they had shifted to online channels (p 56) because of COVID-19. The transition to online for many is expected to continue going forward (p 18).

3 There is an opportunity for wineries to increase direct to consumer purchases by focusing on exclusivity. This was evident at the cellar door with a third believing that it would encourage them to purchase (p 32), especially when some are doing price comparisons whilst there (p 33). This was also a point of difference to be explored between winery owned wine clubs compared to other clubs (p 47), and winery websites compared to online retailers (p 57).

Key findings continued

4 Most respondents are happy to pay a tasting fee whilst at the cellar door as long as it is considered to offer value for money, and they are provided with a positive experience (p 31, 33).

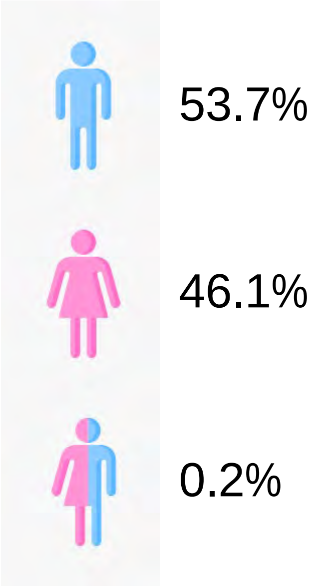
5 Staying connected with a winery is important to some as they chose to join wine clubs or buy direct from the winery website to support local businesses. Interestingly, subscriptions services such as Naked Wines also deliver on this desire (p 45, 46). That connection is also important at the cellar door (p 33).

6 When compared to online retailer websites, a higher proportion indicated that assistance with using the winery website would improve their ability to purchase wine (p 57). Where possible, wineries should review their websites to improve the customer journey. This would include from first landing on the site, finding the information they need and the ease in making a purchase. This is especially important, with one-third of respondents giving up if they run into difficulties whilst buying online (p 61).

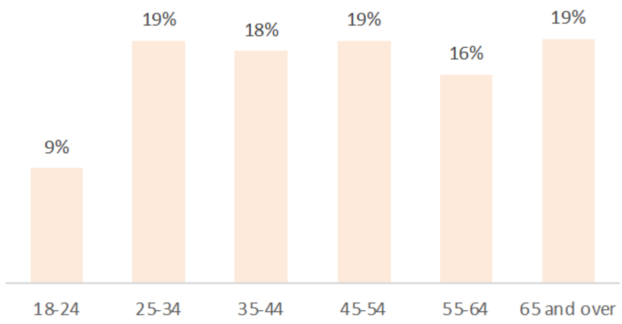
7 Around a half did not buy wine at all online since 2019. This is despite three quarters being confident in using the internet to make purchases, with the majority buying other items online. Whilst there are many that will not change their minds to using this channel to purchase wine, there are some issues that could be addressed. Some of these include; concerns about damages through delivery or not knowing which website to buy from (p 62).

Demographics of respondents

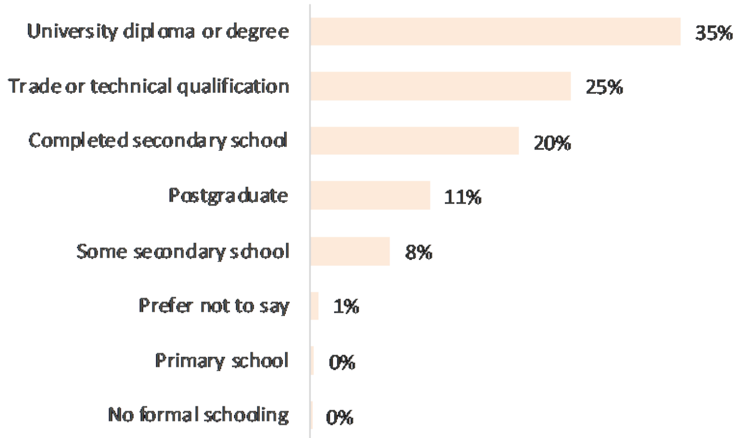
Gender



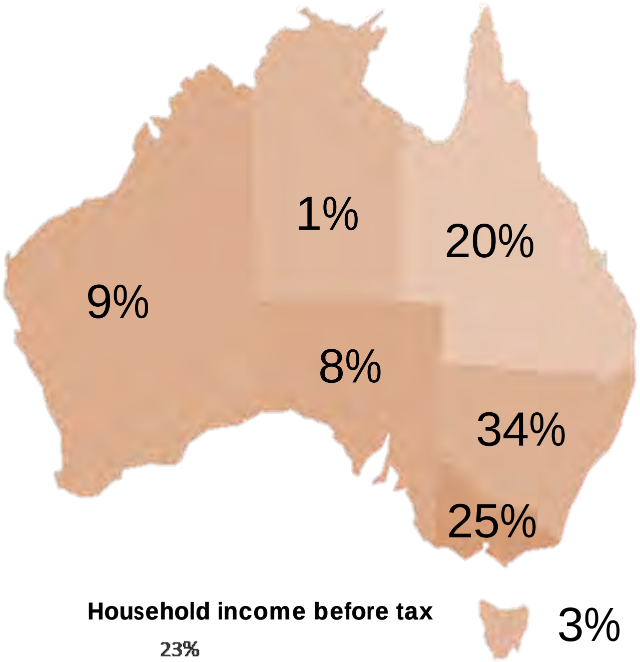
Age groups



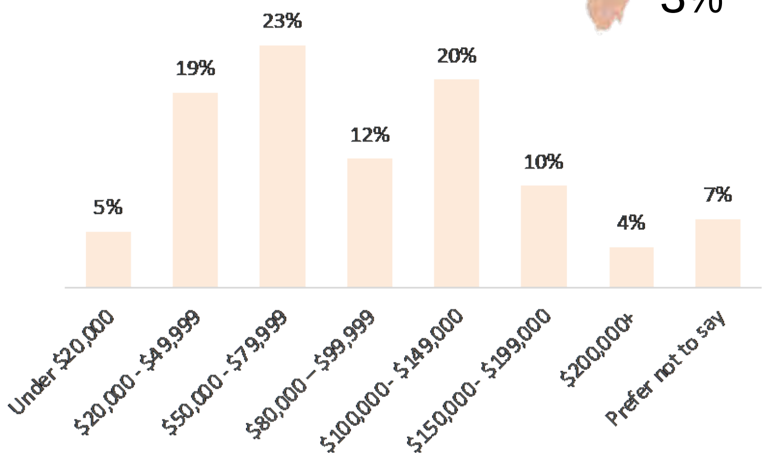
Highest level of education



Reside



Household income before tax



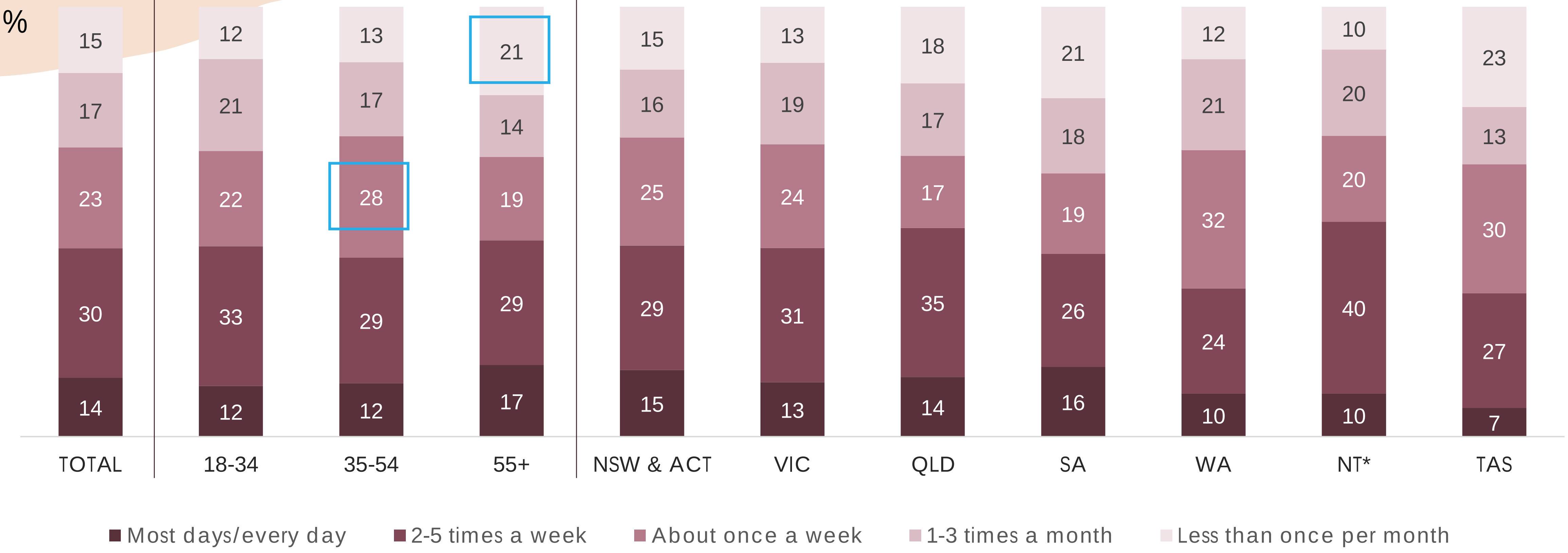
Ballyhannan Project Management

n=1,007 – Australian wine drinkers who purchase wine

Frequency and spend

CHARACTERISTICS

Regularity of wine consumption by age and location



Two-thirds (67%) of respondents consume wine regularly during the week.
There are no significant differences in the frequency of consumption between states or territories. By age, 21% of people surveyed aged over 55 report drinking wine less than once per month, higher than the 15% on average reportedly drinking it this often.

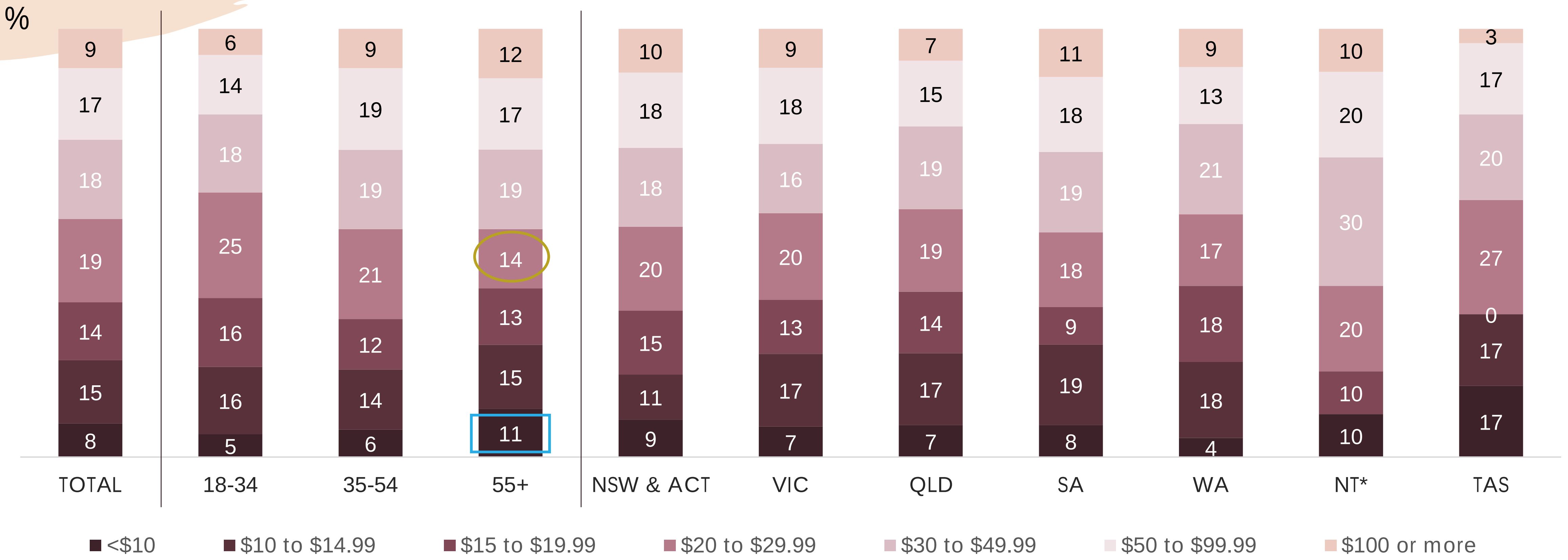
Ballyhannan Project Management

S4. How often do you consume wine?
Base: Wine-drinking Australians n=1007 (18-34 n=280, 35-54 n=372, 55+ n=355; NSW and ACT n=342, Victoria n=253, Queensland n=202, South Australia n=80, Western Australia n=90, Northern Territory n=10*, Tasmania n=30

*Caution: small base

Significance two tailed test of difference by segment [○/□ significantly less/more than the total sample]

Typical spend on wine by age and location



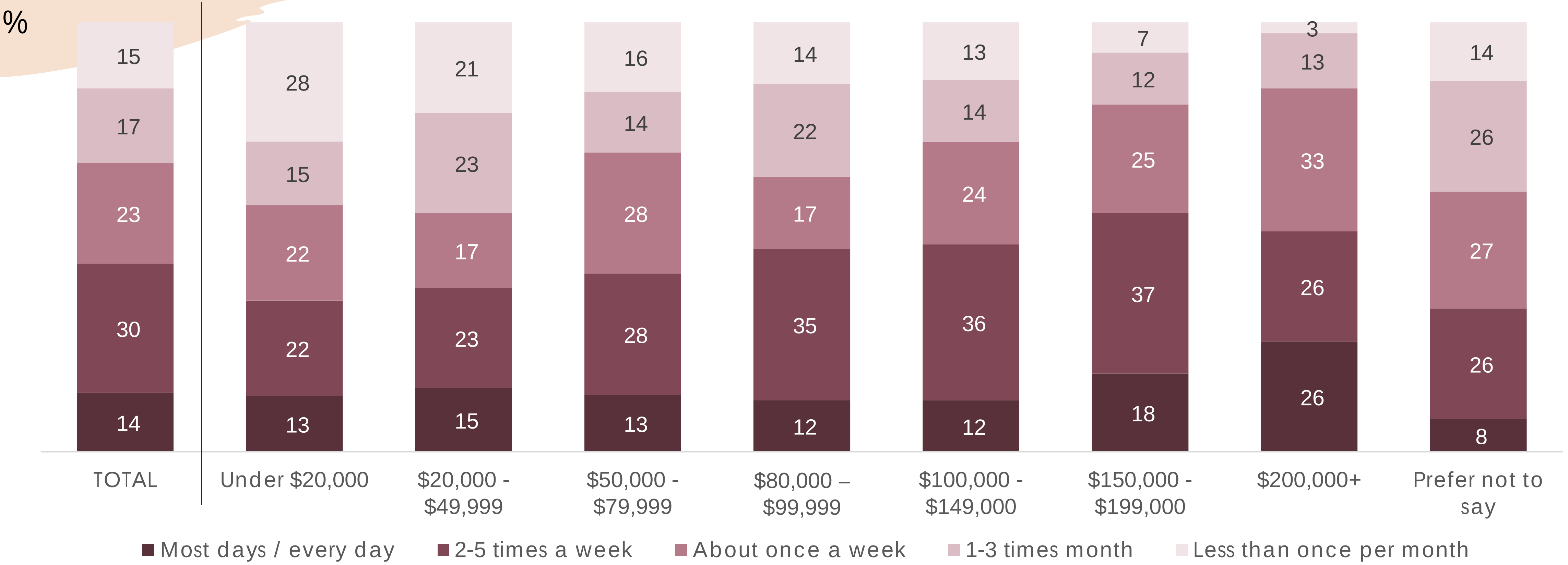
When it comes to typical monthly spending on wine, Australians aged over 55 appear to not only have a higher tendency to spend the least on wine each month (11% compared to 8%), but there is also a higher tendency to spend $100 or more compared to the average (12% compared to 9%). Additionally, significantly fewer people over 55 are in the mid-range of spending, with 14% spending $20–$29.99 per month compared to 19%. Again, no significant differences are found when comparing regional wine expenditure.

A1. How much do you typically spend on wine every month?
Base: Wine-drinking Australians n=1007 (18-34 n=280, 35-54 n=372, 55+ n=355; NSW and ACT n=342, Victoria n=253, Queensland n=202, South Australia n=80, Western Australia n=90, Northern Territory n=10*, Tasmania n=30

Significance two tailed test of difference by segment
[/ significantly less/more than the total sample]

Ballyhannan Project Management

Regularity of wine consumption by household income

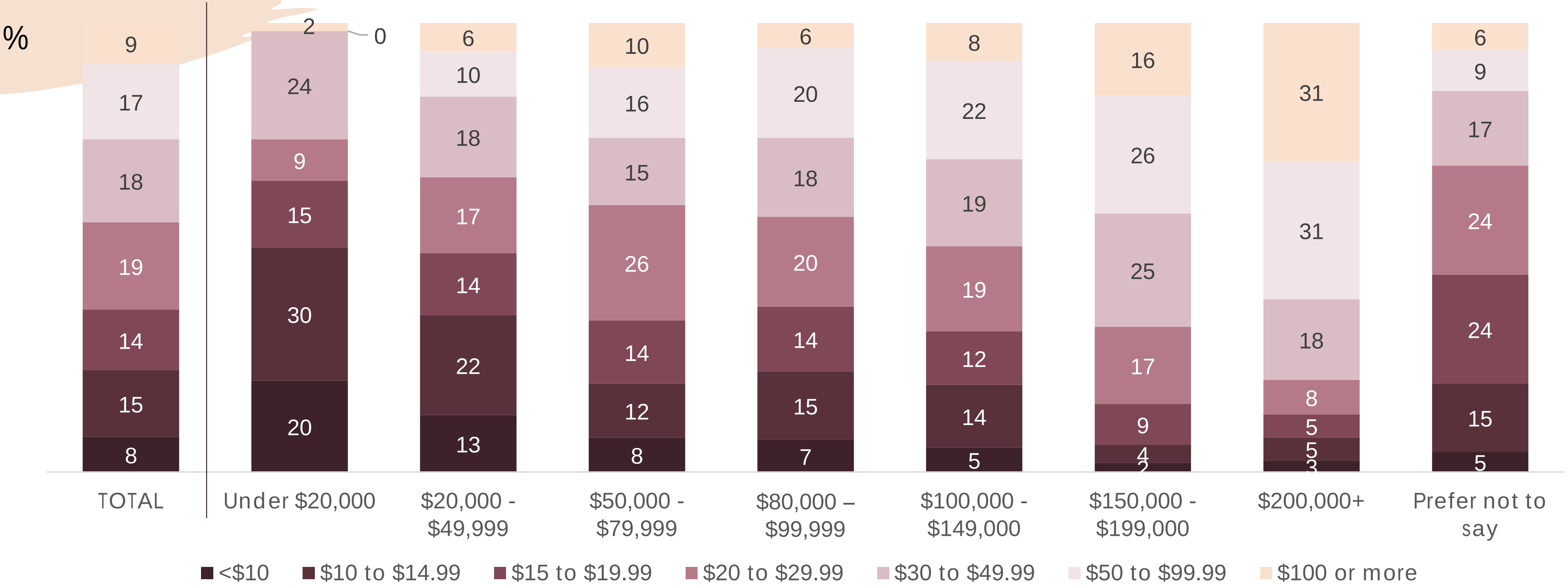


Compared to the average, respondents earning $200,000 or more were more likely to be regular wine consumers during the week (overall 85% compared to 67% overall). This was similar to those with a household income before taxes between $150,000–$199,000 (81%). Those earning less than $50,000 have a tendency to drink wine less regularly.

Ballyhannan Project Management

S4. How often do you consume wine?
Base: Wine-drinking Australians n=1007 (Household income before taxes - Under $20,000 n=54, $20,000-$49,999 n=189, $50,000-$79,999 n=234, $80,000-$99,999 n= 125, $100,000 - $149,000 n=201, $150,000-$199,000 n=99, $200,000+ n=39, Prefer not to say n=66)

Typical spend on wine by household income

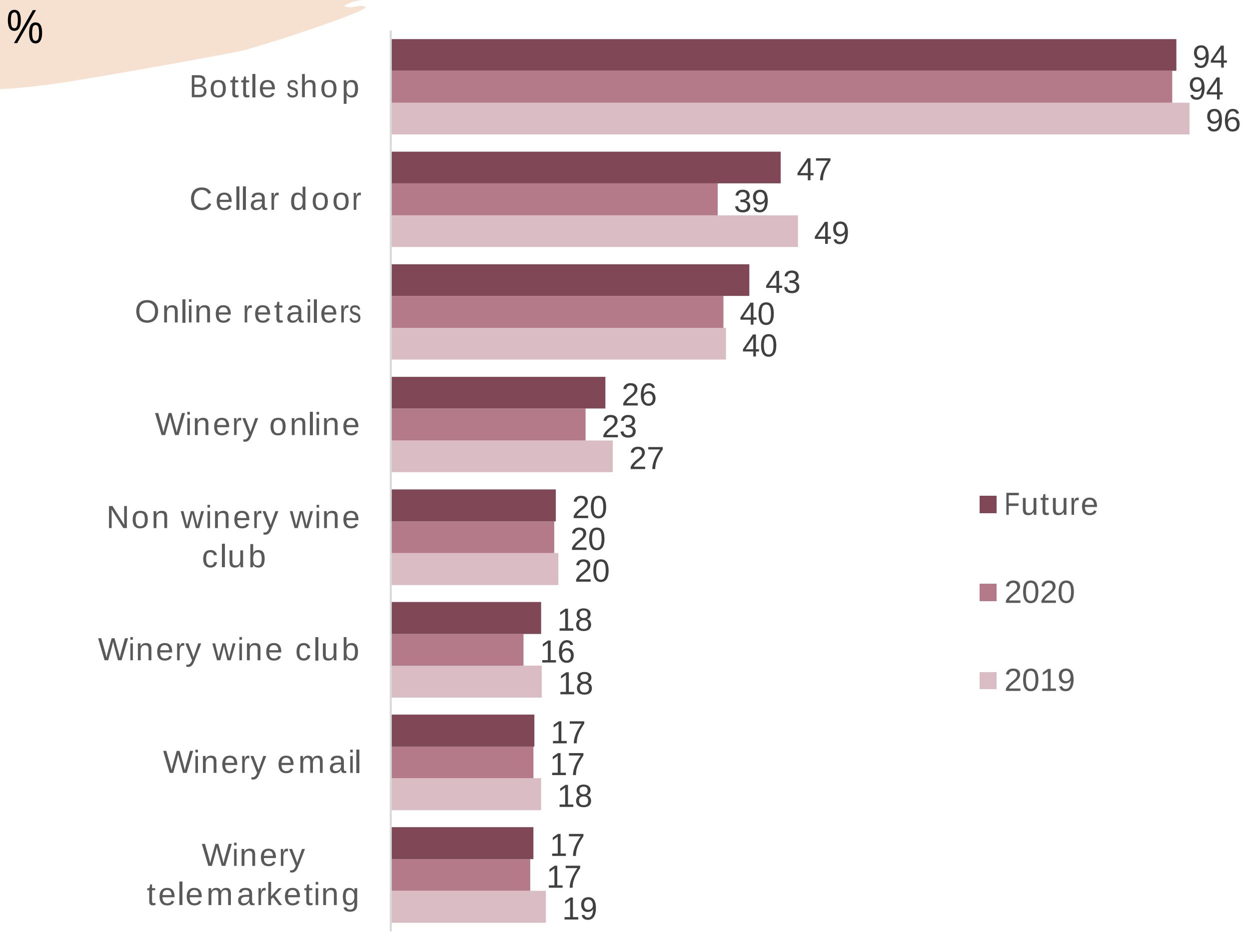


Not surprisingly, those in the higher household income bracket i.e. $150,000 plus are spending more on wine each month – typically $50–$99.99 (26% compared to 17%) but even more so for $100 or more (31% compared to 9%). Those in the lower household income brackets are more likely to spend under $15 each month while those in the middle-income brackets are more likely to spend $20–$29.99. It is important to take into consideration that the overall proportion of respondents with a household income over $150,000 represented 14% of the total sample.

A1. How much do you typically spend on wine every month?
Base: Wine-drinking Australians n=1007 (Household income before taxes - Under $20,000 n=54, $20,000-$49,999 n=189, $50,000-$79,999 n=234, $80,000-$99,999 n= 125, $100,000 - $149,000 n=201, $150,000-$199,000 n=99, $200,000+ n=39, Prefer not to say n=66)

Wine purchasing channels

Channel mix for purchasing wine



- The most commonly-used channel of wine purchasing was in-store; 96% of wine-drinking Australians surveyed purchased wine on at least one occasion at a local bottle shop, drive-through or similar store in 2019. A small decline was experienced in 2020 to 94%, which is expected not to change in the future.
- Bottle shops are popular because people like to see the wine, its easy and convenient. The 2 percentage point drop in 2020 was mostly due to concerns about COVID-19 and restrictions.
- 2020 saw a reduction in wine purchasing across most channels except for online retailers e.g. Dan Murphy's.

Ballyhannan Project Management

A2. Which of the following channels did you purchase wine from in 2019?
A2. Which of the following channels did you purchase wine from in 2020?
B3. Over the next 12 months, how often do you plan on using the following channels?
Base: Wine-drinking Australians n=1007

Channel mix for purchasing wine in 2019

%	Never	1-2 times	3-5 times	6-8 times	more than 8 times	At least once	Mean
In person – local bottle shop, drive-through etc	4	24	21	14	37	**96**	5.3
In person – from a cellar door / winery during a visit	51	31	9	4	5	**49**	1.6
Online - through an online retailer (including bottle shop websites) that isn't a winery (e.g. Dan Murphy's)	60	20	11	5	5	**40**	1.5
Online – through a cellar door / winery's own website (through the online shopping cart)	73	16	7	2	2	**27**	0.9
Subscription service / wine club with an independent company e.g. The Wine Society, Qantas wine club or Naked Wines	80	11	7	2	1	**20**	0.7
Mailing list – when a winery calls you directly	81	11	5	2	1	**19**	0.6
Mailing list – through an email sent from the winery	82	11	4	2	1	**18**	0.6
Subscription service or wine club – with a cellar door/winery	82	10	5	1	1	**18**	0.6

In addition to being the most commonly-used method of purchasing wine in 2019, in-person shopping was undertaken on the most occasions by Australian wine drinkers surveyed; 37% purchased wine in-store from a bottle shop or drive-through more than 8 times in 2019. Other channels were undertaken less often, and on fewer occasions. Cellar door visits were the second-most common way to purchase wine, though 31% reported only doing so once in the year.

Ballyhannan Project Management

A2. Which of the following channels did you purchase wine from in 2019? Mean calculated based on the following - Never (0), 1-2 times (2), 3-5 times (4), 6-8 times (7), >8 times (8). Base: Wine-drinking Australians n=1007

Channel mix for purchasing wine in 2020

%	Never	1-2 times	3-5 times	6-8 times	more than 8 times	At least once	Mean
In person – local bottle shop, drive-through etc	6	27	21	13	33	**94**	5.0
Online - through an online retailer (including bottle shop websites) that isn't a winery (e.g. Dan Murphy's)	60	16	13	4	7	**40**	1.7
In person – from a cellar door / winery during a visit	61	25	8	3	3	**39**	1.3
Online – through a cellar door / winery's own website (through the online shopping cart)	77	12	6	3	3	**23**	0.9
Subscription service / wine club with an independent company e.g. The Wine Society, Qantas wine club or Naked Wines	80	11	5	2	1	**20**	0.7
Mailing list – when a winery calls you directly	83	8	5	2	1	**17**	0.6
Mailing list – through an email sent from the winery	83	10	4	2	1	**17**	0.6
Subscription service or wine club – with a cellar door/winery	84	8	5	2	1	**16**	0.6

In 2020, in-person wine purchases from local bottle shops and drive-throughs remained the top channel, undertaken by 94% of wine-drinking Australians surveyed, an average number of 5 times. For the second-most common channel, 2020 saw online wine retailers overtaking cellar door / winery purchases, both in terms of the average number of times wine was purchased, and the number of Australians that purchased there, resulting in an increase in the mean from 1.6 to1.7 times. The change in popularity was due to a decrease in in-person winery and cellar door purchases, down from 49% to 39%, with an average number of purchases of 1.6 to 1.3, likely influenced by lockdowns and travel restrictions. Online winery websites also saw a decrease, from 27% purchasing at least once in 2019, to 23% in 2020.

A2. Which of the following channels did you purchase wine from in 2020? Mean calculated based on the following - Never (0), 1-2 times (2), 3-5 times (4), 6-8 times (7), >8 times (8). Base: Wine-drinking Australians n=1007

Channel mix for purchasing wine going forward

%	Never	1-2 times	3-5 times	6-8 times	more than 8 times	At least once	Mean
In person – local bottle shop, drive-through etc	6	25	24	14	32	**94**	5.0
Online - through an online retailer (including bottle shop websites) that isn't a winery (e.g. Dan Murphy's)	57	18	13	5	8	**43**	1.8
In person – from a cellar door / winery during a visit	53	31	10	3	3	**47**	1.5
Online – through a cellar door / winery's own website (through the online shopping cart)	74	14	7	3	2	**26**	0.9
Subscription service / wine club with an independent company e.g. The Wine Society, Qantas wine club or Naked Wines	80	11	6	2	2	**20**	0.7
Mailing list – when a winery calls you directly	83	9	5	2	1	**17**	0.6
Mailing list – through an email sent from the winery	83	10	4	2	1	**17**	0.6
Subscription service or wine club – with a cellar door/winery	82	10	5	2	1	**18**	0.6

Over the next 12 months, in-person wine purchases from local bottle shops and drive-throughs will continue to be the top channel, 94% of wine-drinking Australians surveyed, an average number of 5 times. What's changing though is with lockdown restrictions ending, respondents anticipate returning to cellar doors and making purchases (up from 39% in 2020 to 47%). More also anticipate using online retailers more often (up from 40% in 2020 to 43%).

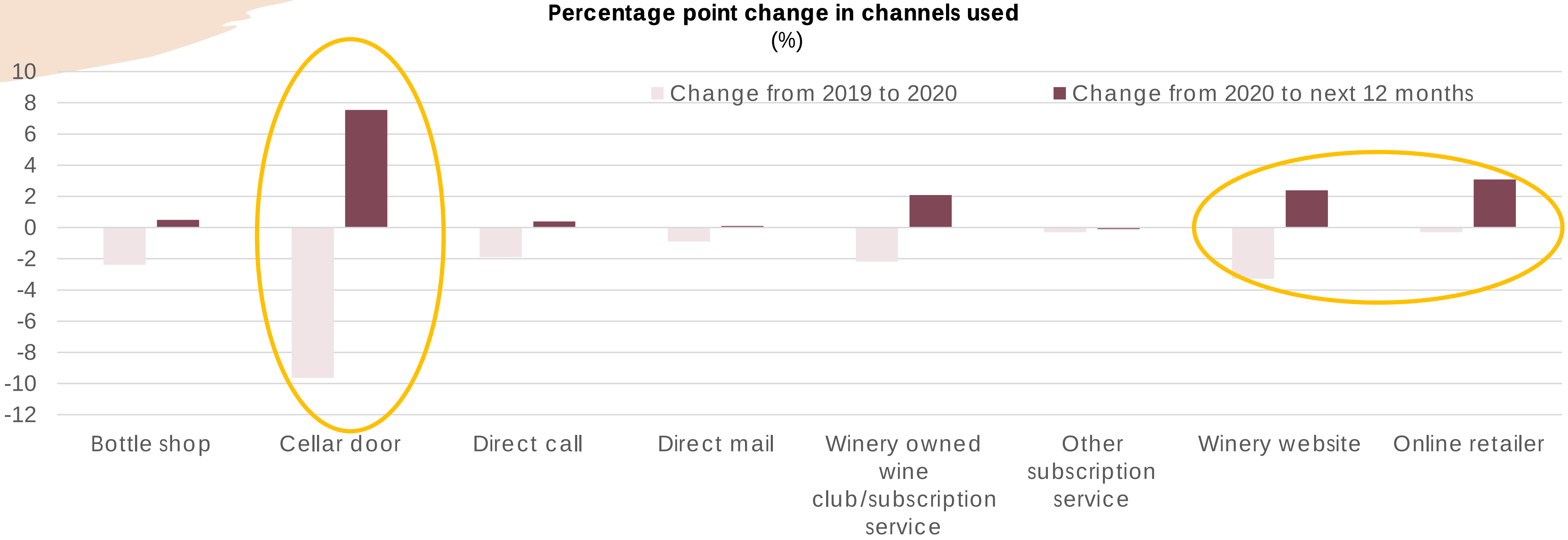
Ballyhannan Project Management

B3. Over the next 12 months, how often do you plan on using the following channels? Mean calculated based on the following - Never (0), 1-2 times (2), 3-5 times (4), 6-8 times (7), >8 times (8). Base: Wine-drinking Australians n=1007

Changes in

WINE PURCHASING BEHAVIOUR

Change in purchase behaviour for the channels

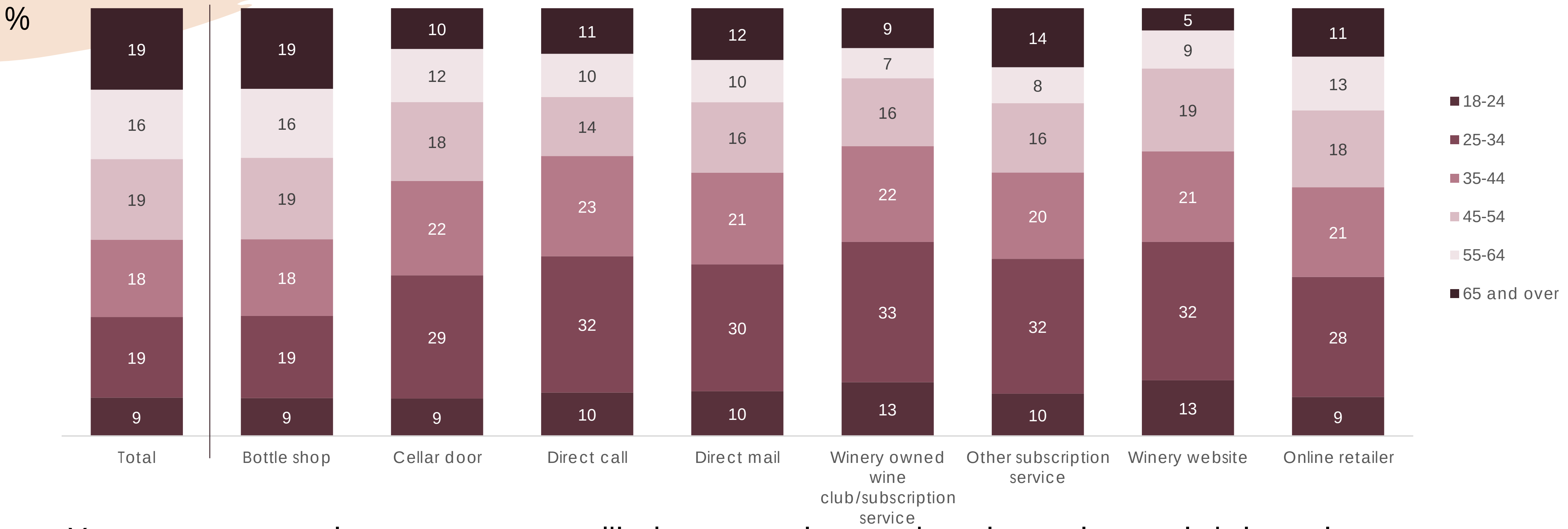


Cellar doors as a wine purchasing channel were greatly impacted in 2020 as a result of COVID-19 restrictions with the percentage of those that used the channel much lower than in 2019. But going forward respondents were keen to return. It is interesting to note that nearly all channels experienced a decrease in frequency of use in 2020, with many noting that they weren't drinking as much. While the proportion of respondents who purchased through a winery website declined in 2020, the proportion of those using online retailers was steady. Both are expected to grow further over the next 12 months.

Ballyhannan Project Management

A2. Which of the following channels did you purchase wine from in 2019? A3. Which of the following channels did you purchase wine from in 2020? B3. Over the next 12 months, how often do you plan on using the following channels?
Base: Australian wine drinkers that purchased wine in each of the channels n=1,007

Users of each channel by age bracket in 2019



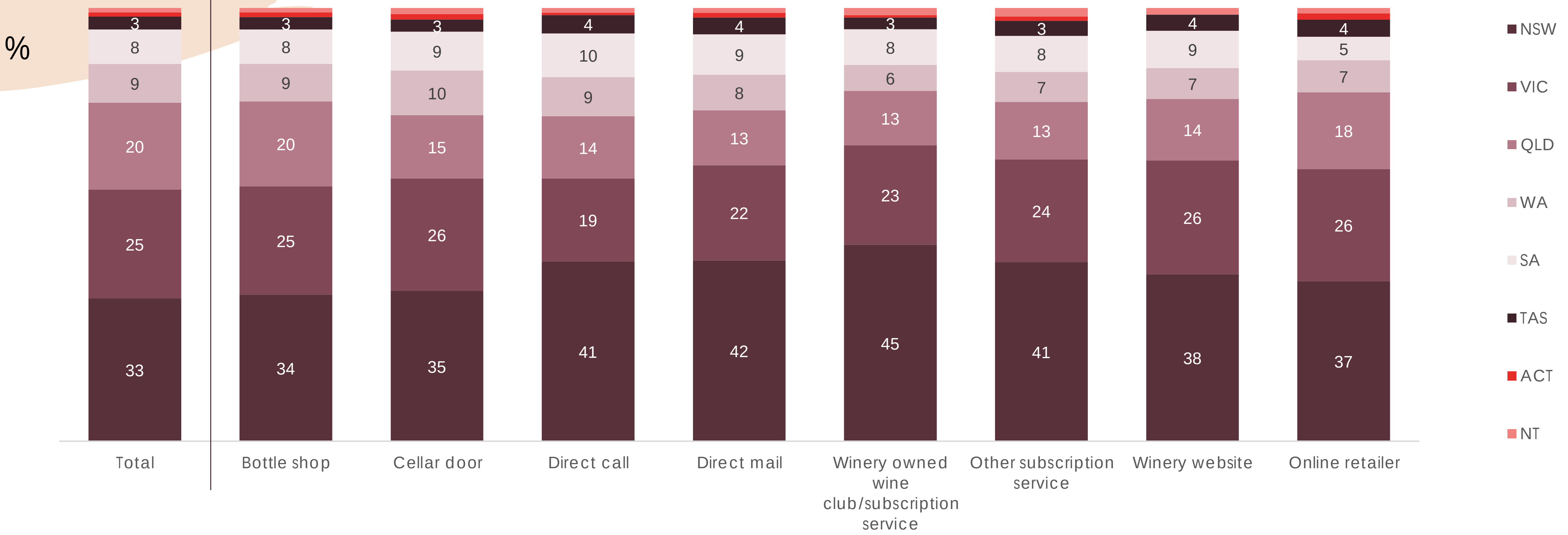
	Total	Bottle shop	Cellar door	Direct call	Direct mail	Winery owned wine club/subscription service	Other subscription service	Winery website	Online retailer
65 and over	19	19	10	11	12	9	14	5	11
55-64	16	16	12	10	10	7	8	9	13
45-54	19	19	18	14	16	16	16	19	18
35-44	18	18	22	23	21	22	20	21	21
25-34	19	19	29	32	30	33	32	32	28
18-24	9	9	9	10	10	13	10	13	9

Younger respondents were more likely to purchase wine through non-brick and mortar channels compared to the average. Those aged between 25–34 years and 35–44 years had a greater tendency to purchase wine online in 2019. In 2020, a higher proportion of 25–34 years were purchasing wine when wineries called them directly or sent an email, but this is not expected to continue going forward.

Ballyhannan Project Management

A2. Which of the following channels did you purchase wine from in 2019?
Base: Australian wine drinkers that purchased wine in each of the channels 1-2 times, 3-5 times, 6-8 times, >8 times

Users of each channel by state

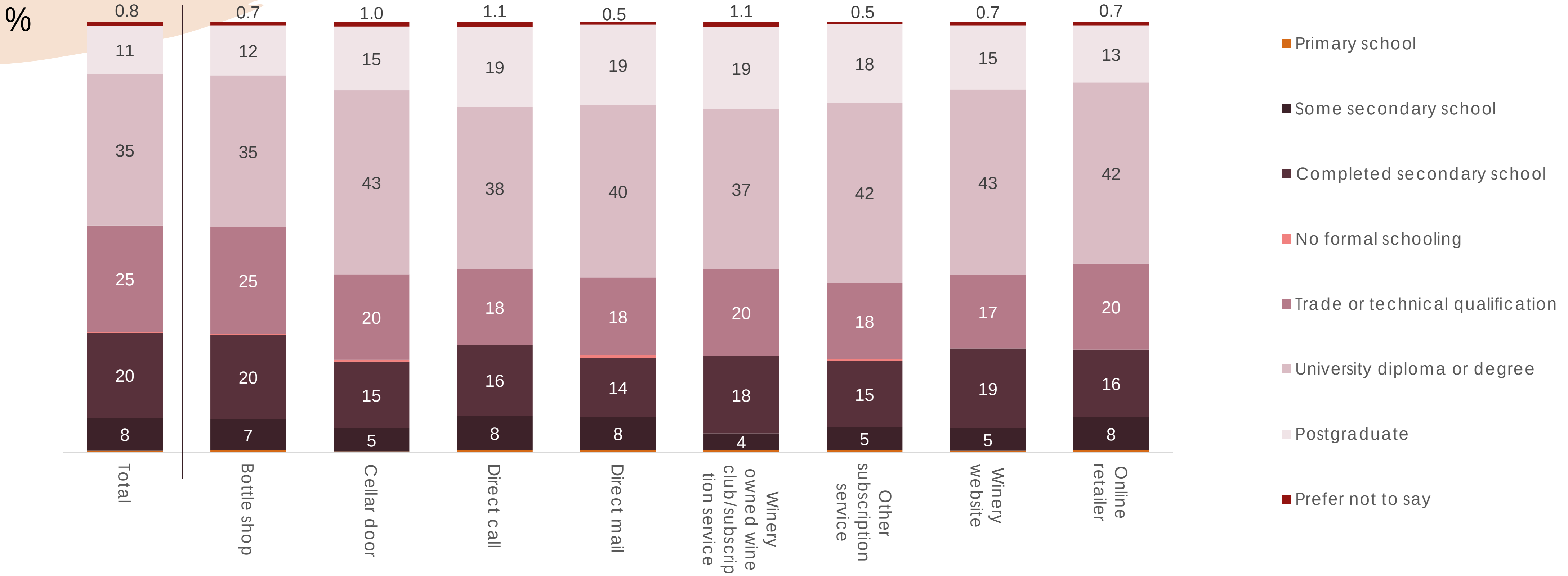


Those residing in NSW are more likely than the average to purchase wine through non-bricks and mortar channels in 2019. This increased in 2020, however only purchasing online is expected to be used more going forward. Victorians expect to be using all channels more than they were back in 2019.

Ballyhannan Project Management

A2. Which of the following channels did you purchase wine from in 2019?
Base: Australian wine drinkers that purchased wine in each of the channels 1-2 times, 3-5 times, 6-8 times, >8 times

Level of education for users of each channel



Respondents with a university education are strongly represented across all wine purchasing channels but are more likely to purchase wine at the cellar door, online and from subscription services.

Ballyhannan Project Management

A2. Which of the following channels did you purchase wine from in 2019?
Base: Australian wine drinkers that purchased wine in each of the channels 1-2 times, 3-5 times, 6-8 times, >8 times

Reasons for using channel more

In person – local bottle shop, drive-through etc.	• Convenient, live near a shop • Easy to buy • Like to browse
In person – from a cellar door / winery during a visit.	• Hoping to travel again, restrictions permitting • Because people like going to wineries • Convenient and easy for those living near wine regions • Like the choice, variety and high quality
Mailing list – when a winery calls you directly.	• Because of lockdown/restrictions • Convenient • Good deals
Mailing list – through an email sent from the winery.	• Because of lockdown/restrictions • Easy to use and access • Convenient • Trusted supplier • Good variety and cheaper prices

Ballyhannan Project Management

B4. What are the reasons for you using [channel] more to purchase wine?

Reasons for using channel more, continued

Subscription service or wine club – with a cellar door/winery.	• Because of lockdown/restrictions • Convenience • Wines are good value and can get discounts, rewards and special deals • Like trying new wines • Deliver direct to residence and good service attitude
Subscription service/wine club with an independent company e.g. The Wine Society, Qantas wine club or Naked Wines.	• Allows access to wines not at bottle shops • Good deals, choices and service • Convenient and easy • Good pricing and cheap freight • Contactless • Use reward points
Online – through a cellar door / winery's own website (through the online shopping cart).	• Because of lockdown/restrictions • Convenience • Contactless • Easy to use / access • Wanted to buy wine after visiting the winery • Can take my time / compare prices • Support local business • New releases / new flavours / good wines • Promotion / offers
Online - through an online retailer (including bottle shops websites) that isn't a winery (e.g. Dan Murphy's).	• Because of lockdown/restrictions • Convenience • Contactless • Easy to use / access • Like the discounts and special offers • Good selection at reasonable prices • Free delivery

B4. What are the reasons for you using [channel] more to purchase wine?

Reasons for not using channel or using less

In person – local bottle shop, drive-through etc.	• Risk associated with COVID-19 • Restrictions / lockdowns • Drinking less • Moved to online • Less spare money to buy wine
In person – from a cellar door / winery during a visit.	• Unknown when restrictions are easing • Not planning to visit/not convenient • Have had a bad experience in the past • Drinking less • Prefer using other channels • Wineries are expensive
Mailing list – when a winery calls you directly.	• Cheaper at bottle shops, can't afford it at the time they call • Don't like being on mailing lists • Don't like pushy sales people • Wines on offer aren't attractive, small variety offered • Unknown about how the wine tastes • Paying for shipping can be expensive and delivery can be slow • Prefer other channels better, not interested in using this channel
Mailing list – through an email sent from the winery.	• Do not deal with wineries • Prefer other channels i.e. buying in person • Don't send emails of the wines I like • Ignore when too many emails are sent • Winery closed down during COVID-19 lockdown • Afraid of scams

B5. What are the reasons for you using [channel] less to purchase wine?
B6. What are the reasons for not purchasing wine through [channel]?

Reasons for not using channel or using less, continued

Subscription service or wine club – with a cellar door/winery.	• Expensive / can't afford / not considered value for money • Delivery concerns / too slow / damaged • Drinking less / rationalising purchases / budget limitations • Don't want to use this channel, prefer using other channels • Don't always want the scheduled wine / or be locked in • Potential to buy too much wine • Too many emails / feel harassed
Subscription service/wine club with an independent company e.g. The Wine Society, Qantas wine club or Naked Wines.	• Not preferred channel / never considered using • Concerned about quality of wine • Want to save money • Want to drink less / concerned will buying too much / don't drink enough to subscribe • Too expensive / can't afford • Don't want to commit • Concerned about long delivery wait times
Online – through a cellar door / winery's own website (through the online shopping cart).	• Prefer other channels • Like to buy in person / get advice / try first • Expensive / budget constraints • Don't need to • Buying less wine • Delivery concerns / too slow / expensive • Not convenient
Online - through an online retailer (including bottle shop websites) that isn't a winery (e.g. Dan Murphy's).	• Don't like paying delivery fees • Like to buy in person / get advice / try first • Don't always have wine of choice • Drinking less during COVID-19 • Bad experience with wine purchased as it did not taste nice

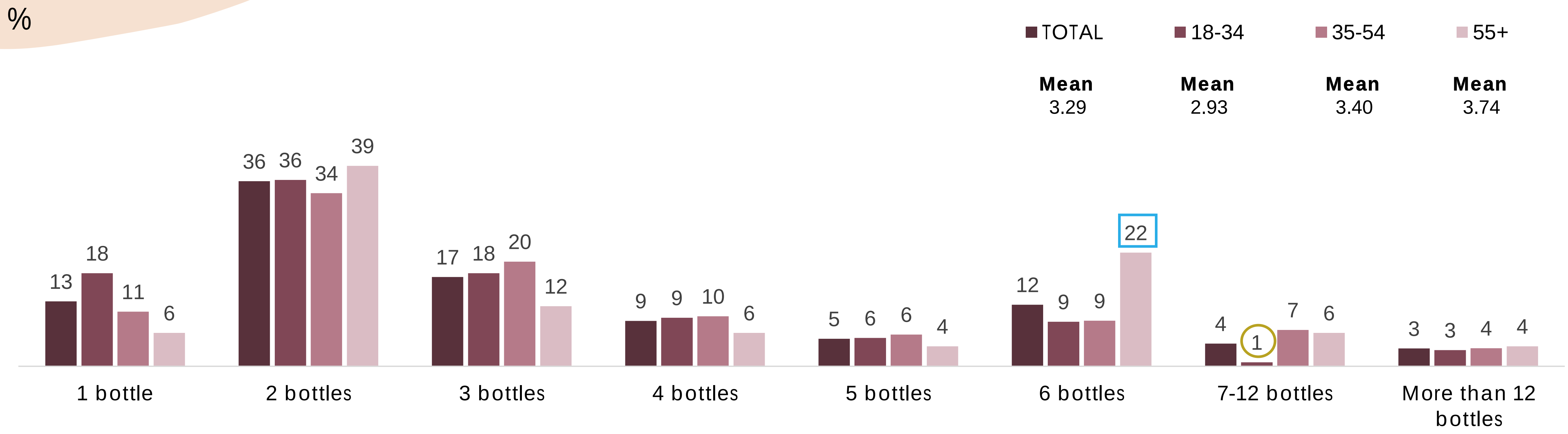
B5. What are the reasons for you using [channel] less to purchase wine?
B6. What are the reasons for not purchasing wine through [channel]?

Channel deep dive

Purchasing wine in-person

CELLAR DOOR

Average quantity purchased at the cellar door



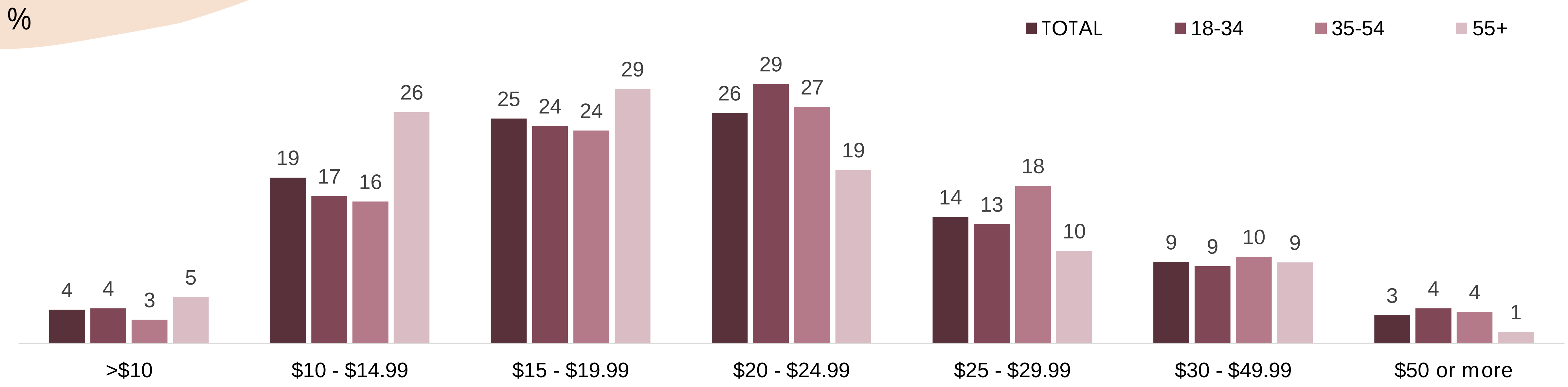
Overall, half of respondents purchased 2 to 3 bottles whilst at a cellar door. While this was the same for those aged 55 and above, this segment were significantly more likely to purchase 6 bottles compared to the total. Only a small percentage buy more than a dozen bottles.

Ballyhannan Project Management

You indicated that you have purchased wine, in person – from a cellar door / winery during a visit. The following questions are focused on this channel. [S/R]
CB1. On average, how many bottles do you purchase per transaction through this channel?
Base: Wine-drinking Australians that bought wine at a winery / cellar door in 2019-2020 n=317 (18-34 n=127, 35-54 n=113, 55+ n=77)

Significance two tailed test of difference by segment
[/ significantly less/more than the total sample]

Typical spend at the cellar door



The split between paying less than $20 versus $20 or more is relatively even (48/52).
Those aged 55 and above however typically will spend less than $20 a bottle (60/40) while those aged 35–54 will spend more (42/58).
Overall, the two most common price brackets are $15–$19.99 and $20–$24.99

Ballyhannan Project Management

You indicated that you have purchased wine, in person – from a cellar door / winery during a visit. The following questions are focused on this channel. [S/R]
CB2. What is the average price you pay per bottle when you are at the cellar door?
Base: Wine-drinking Australians that bought wine at a winery / cellar door in 2019-2020 n=317 (18-34 n=127, 35-54 n=113, 55+ n=77)

Reasons for buying wine at the cellar door

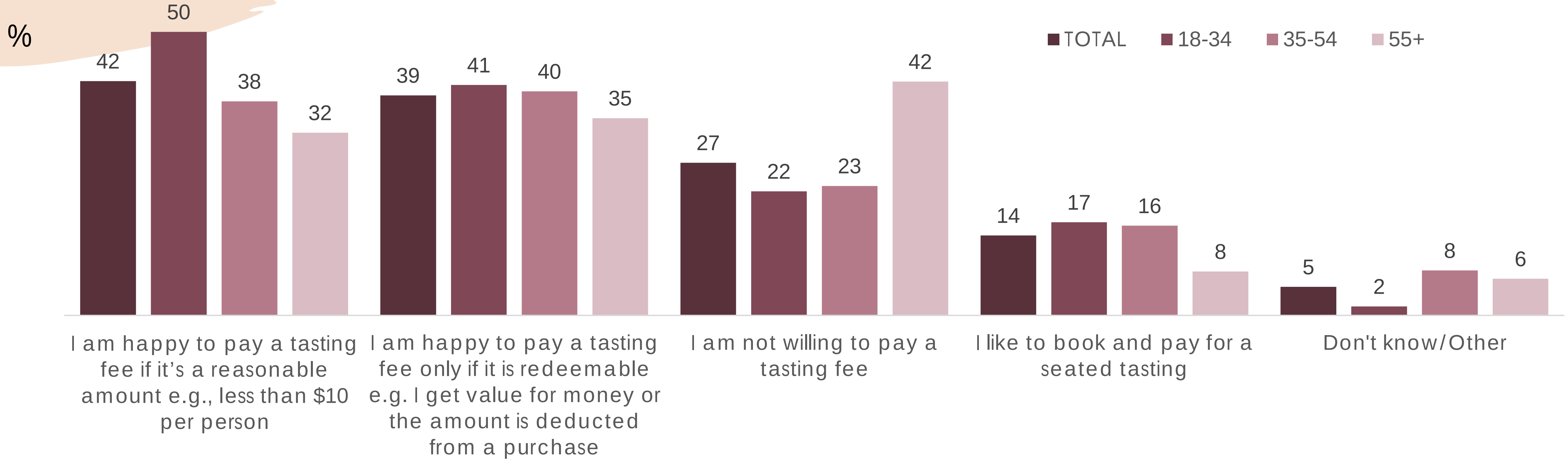
The appeal of visiting wineries and making a purchase is directly associated with the social interaction through talking with staff and getting recommendations (28%), and tasting the wine at the cellar door(39%). Respondents also appreciated providing support to businesses and buying directly from the winery (32%).

However, respondents are less likely to use this channel when it comes to getting discounts or price transparency.

You indicated that you have purchased wine, in person – from a cellar door / winery during a visit. The following questions are focused on this channel. [M/R]
CB3. What are your reasons for buying from the cellar door?
Base: Wine-drinking Australians that bought wine at a winery / cellar door in 2019-2020 n=317

Ballyhannan Project Management

Feelings towards tasting fees at the cellar door

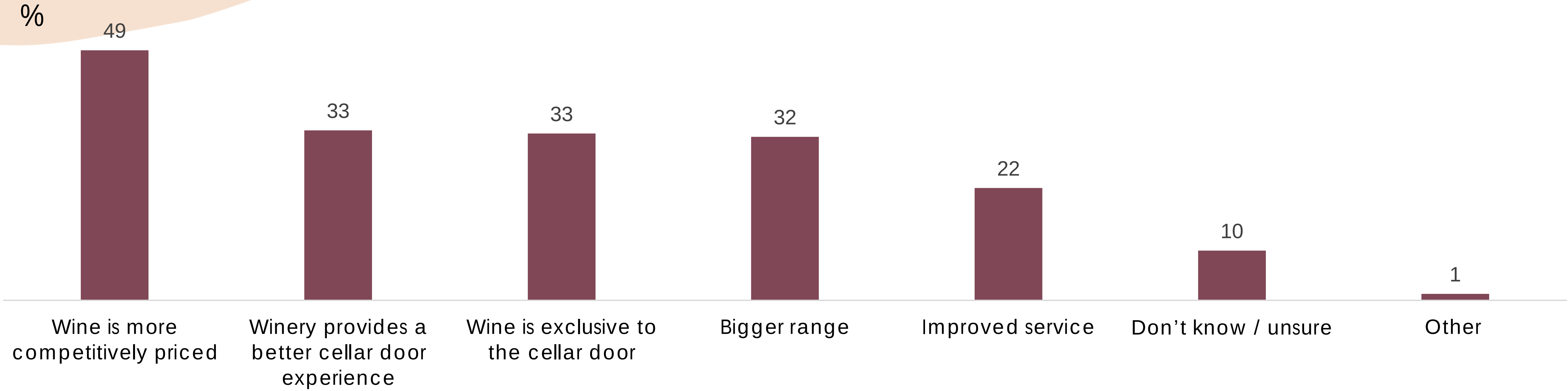


The majority of respondents that purchased wine at a cellar door are happy to pay for a tasting fee, but only of it is a reasonable price and/or offers value for money.
Of the quarter (27%) that are not willing to pay a tasting fee, this was mostly driven by those aged 55 and above.

Ballyhannan Project Management

You indicated that you have purchased wine, in person – from a cellar door / winery during a visit. The following questions are focused on this channel. [M/R]
CB5. How do you feel about paying a tasting fee at the cellar door?
Base: Wine-drinking Australians that bought wine at a winery / cellar door in 2019-2020 n=317 (18-34 n=127, 35-54 n=113, 55+ n=77)

Areas for improvement



To improve wine purchasing from cellar doors, 49% of respondents surveyed feel that the wine on sale could be more competitively priced. Additionally, 33% feel selling wines exclusive to the cellar door and having a better experience would improve wine purchasing at wineries and cellar doors. This is interesting when compared to the motivations for using the channel as it was less likely used to get discounts and only around a quarter used it to buy wine exclusive to the cellar door.

Ballyhannan Project Management

You indicated that you have purchased wine, in person – from a cellar door / winery during a visit. The following questions are focused on this channel. [M/R]
CB6. What could be put in place to improve this channel for purchasing wine?
Base: Wine-drinking Australians that bought wine at a winery / cellar door in 2019-2020 n=317

A look at the cellar door experience

Visiting

When planning to visit, respondents local to an area would generally go with friends and / or family after conducting Google searches on the day to see what was open. The decisions of which wineries to go to was generally decided by consensus of the group based on if they have a restaurant/cafe, offer activities, the brand, accessibility of location (i.e. easy access along main routes) and opening times. When in location, some respondents said recommendations from other wineries were important, as this may drive them off their planned route. When respondents were not local to the area, they may go to tourism offices for recommendations.

Tasting fees

Most respondents were happy to pay a tasting fee if the price was reasonable, offered value for money, received a price reduction off purchased wine, or they were provided something in return. Notably, demographics were a contributing factor with lower income earners requesting discounts and/or gifts; whilst higher income earners wanted an experience, older vintages or exclusive wines only sold at the cellar door.

Price checks

Some respondents conducted price comparisons to see if they could purchase cheaper from a retailer.

Base: In-depth interviews of Australian wine drinkers that have visited a cellar door/winery in the last 6 months, n=20

A look at the cellar door experience, continued

Experiences

The majority of respondents said that a large proportion of their decision to purchase/not purchase at the cellar door was based on the staff. Positive interactions included staff having knowledge about the wine, conversations between staff/consumers and being personable. This would see consumers purchase >2 bottles based on the experience. However negative experiences; no knowledge of wine, not being looked after and/or forgotten about, may see no purchases or 1-2 bottles only to support the time of the staff and not the cellar door.

Exclusivity

Several consumers were looking for special packaging, special releases, older vintage, or wines that they could not get at a retailer.

Delivery

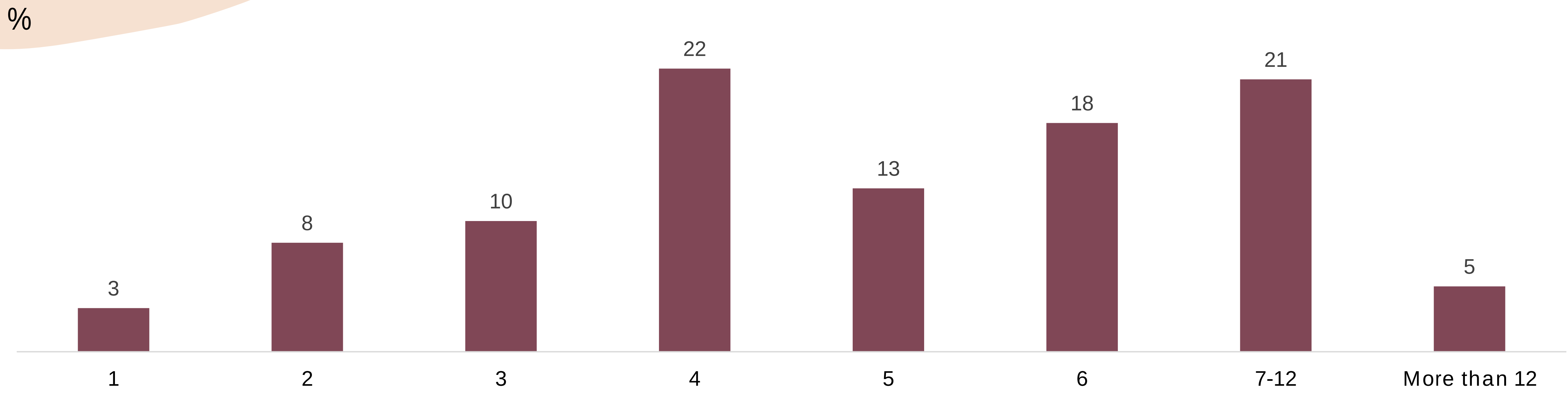
Reliable delivery was a concern as it is generally believed that cellar doors delivery is nor reliable and takes too long.

Base: In-depth interviews of Australian wine drinkers that have visited a cellar door/winery in the last 6 months, n=20

Subscription service/wine club

WINERY OWNED

Average quantity delivered through winery service



The number of bottles delivered to those that had purchased wine through a wine club or winery subscription service varied with 4 bottles, half a dozen and 7–12 bottles in a delivery being the most common amounts. Fewer were receiving more than a dozen.

Ballyhannan Project Management

You indicated that you have purchased wine through a subscription service or wine club- with a cellar door/winery. The following questions are focused on this channel. [S/R]
CE2. On average, how many bottles are provided in a club pack or in your delivery?
Base: Wine-drinking Australians that bought wine through a subscription service with a winery / cellar door in 2019-2020 n=119 (18-34 n=49, 35-54 n=48, 55+ n=22*)

*Small sample, only total shown.

Annual spend per delivery through winery subscription service/wine club

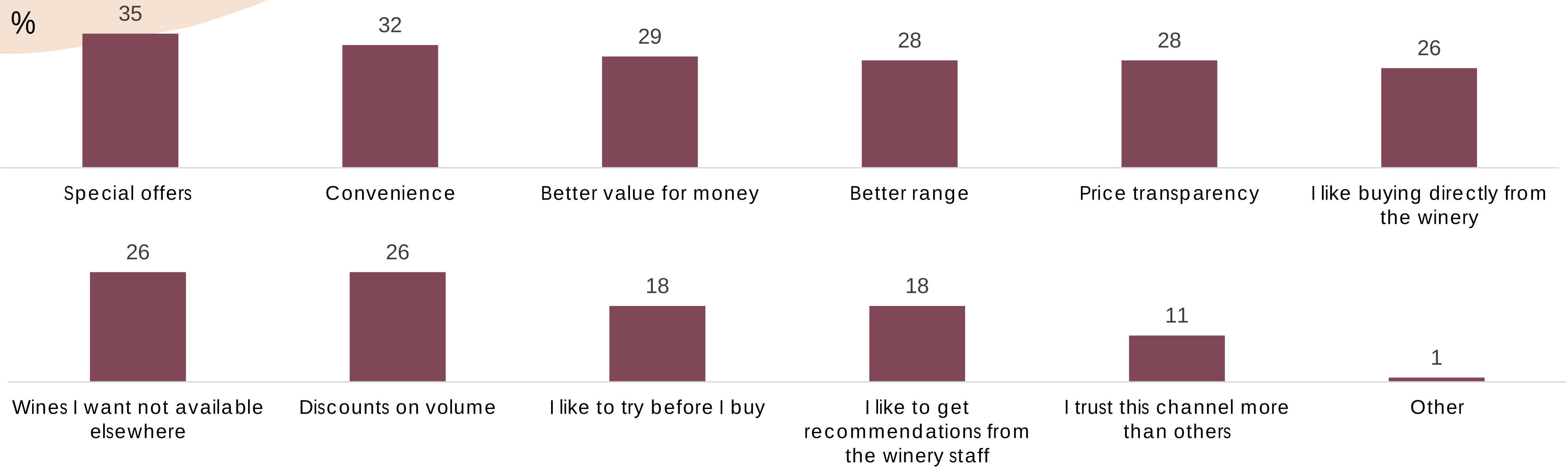
Around a quarter (23%) tend to spend between $200–$249 a year on their winery subscription service/wine club. Almost half (48%) of this is made up of 18–34 years and 70% have a household income before taxes of $80,000 or more. For the 18% spending $300 or more they were mostly from NSW/VIC, aged between 35–54 years and earning $80,000 plus a year.

Ballyhannan Project Management

You indicated that you have purchased wine through a subscription service or wine club- with a cellar door/winery. The following questions are focused on this channel. [S/R]
CE3. How much is your annual spend per delivery with the wine club each year?
Base: Wine-drinking Australians that bought wine through a subscription service with a winery / cellar door in 2019-2020 n=119

*Small sample, only total shown.

Reasons for buying wine through winery subscription service



Special offers, convenience and value for money are the key motivations for purchasing wine through this channel.

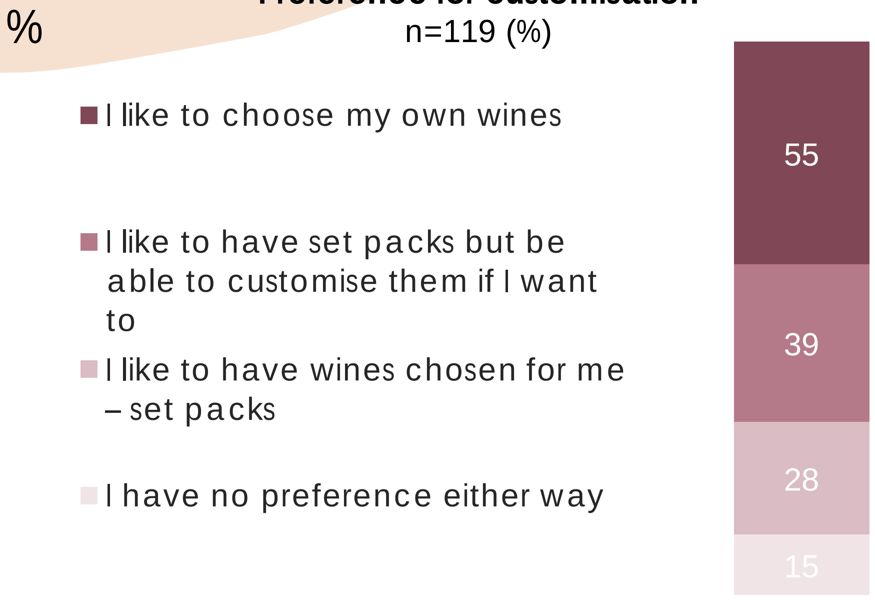
Ballyhannan Project Management

You indicated that you have purchased wine through a subscription service or wine club- with a cellar door/winery. The following questions are focused on this channel. M/R]
CE4. What are your reasons for using this channel?
Base: Wine-drinking Australians that bought wine through a subscription service with a winery / cellar door in 2019-2020 n=119

*Small sample, only total shown.

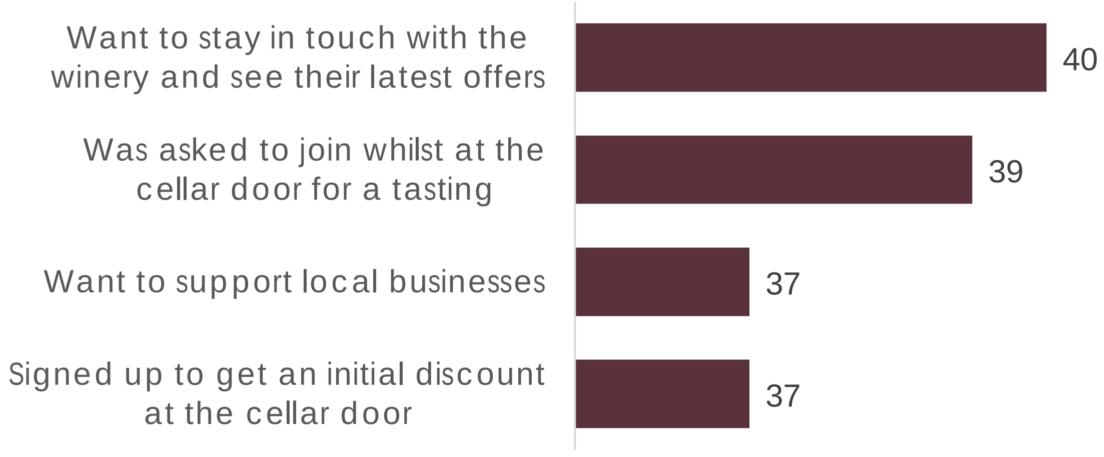
Reason for joining and level of customisation

Preference for customisation
n=119 (%)



For those that use wine clubs, being able to provide flexibility in the order is important with more than half (55%) wanting the ability to choose their own wines while another 39% want the option to customise when they want to vary from the set pack.

Reasons for joining winery subscription service
n=119 (%)

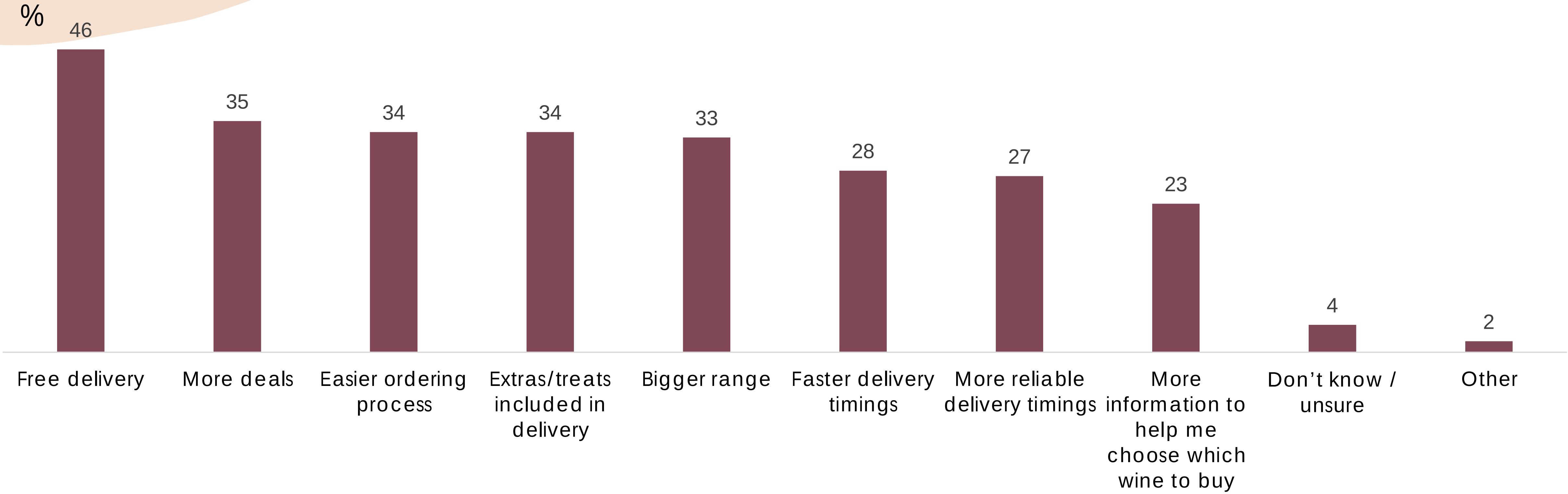


Most users of this channel joined because they wanted to stay connected with the winery and support local businesses.
A good portion also joined whilst at the cellar door because they were asked or so they could get a discount.

You indicated that you have purchased wine through a subscription service or wine club- with a cellar door/winery. The following questions are focused on this channel.
CE6. Do you prefer being able to choose your own wines or have them chosen for you? CE7, What are the main reasons for joining a winery's wine club?
Base: Wine-drinking Australians that bought wine through a subscription service with a winery / cellar door in 2019-2020 n=119

*Small sample, only total shown.

Areas for improvement for winery subscriptions



Free delivery was the main suggestion for improvement for almost half of respondents. Improving value for money through better deals and extras/treats were also popular options for over a third of those using this channel.

You indicated that you have purchased wine through a subscription service or wine club- with a cellar door/winery. The following questions are focused on this channel. [S/R]
CE8. What could be put in place to improve this channel for purchasing wine?
Base: Wine-drinking Australians that bought wine through a subscription service with a winery / cellar door in 2019–2020 n=119

*Small sample, only total shown.

Subscription service/wine club

WINERY OWNED WINE CLUBS COMPARED TO INDEPENDENT WINE CLUBS

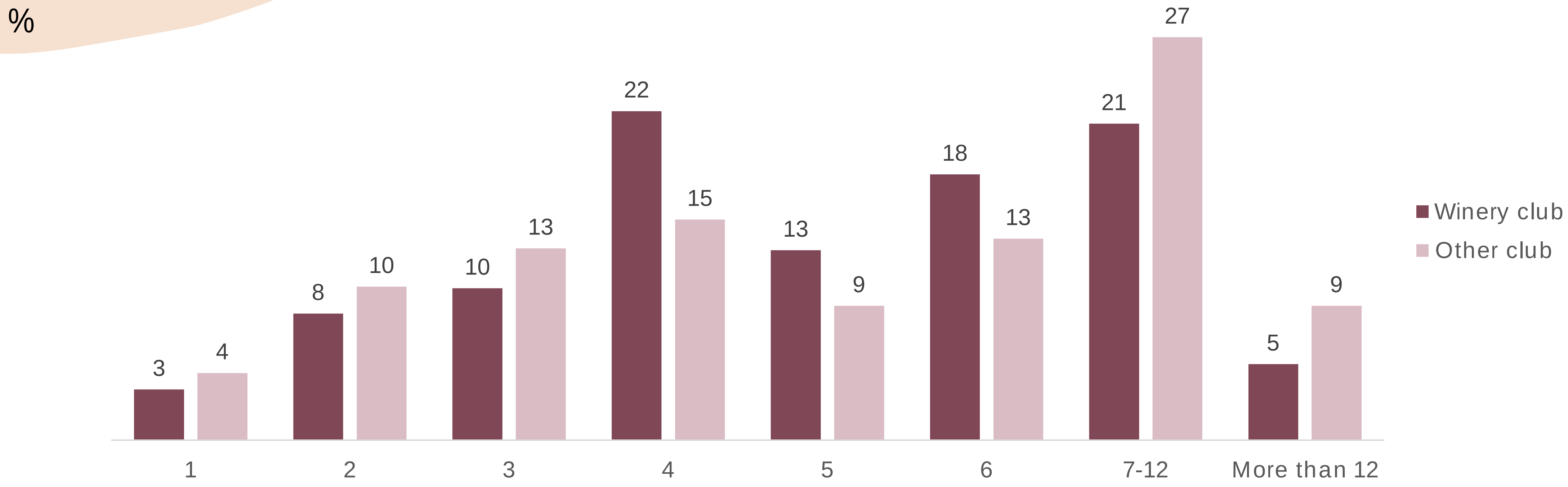
Wine club/subscription services being used

Naked Wines, CellarMasters and the Qantas Wine Club are three of the most commonly used subscription services.
Naked Wines and Qantas Club are more popular with those aged between 18–34 years while Cellar Masters is more popular for those aged 55+.
Other subscription services were with Virgin Wines, Wine Selectors and Good Pair Days.

Ballyhannan Project Management

You indicated that you have purchased wine through a subscription service / wine club with an independent company that isn't a winery. The following questions are focused on this channel. [M/R] CF5. Which wine club do you have a subscription with?
Base: Wine-drinking Australians that bought wine through an independent subscription service in 2019-2020 n=157 (18-34 n=53, 35-54 n=65, 55+ n=39)

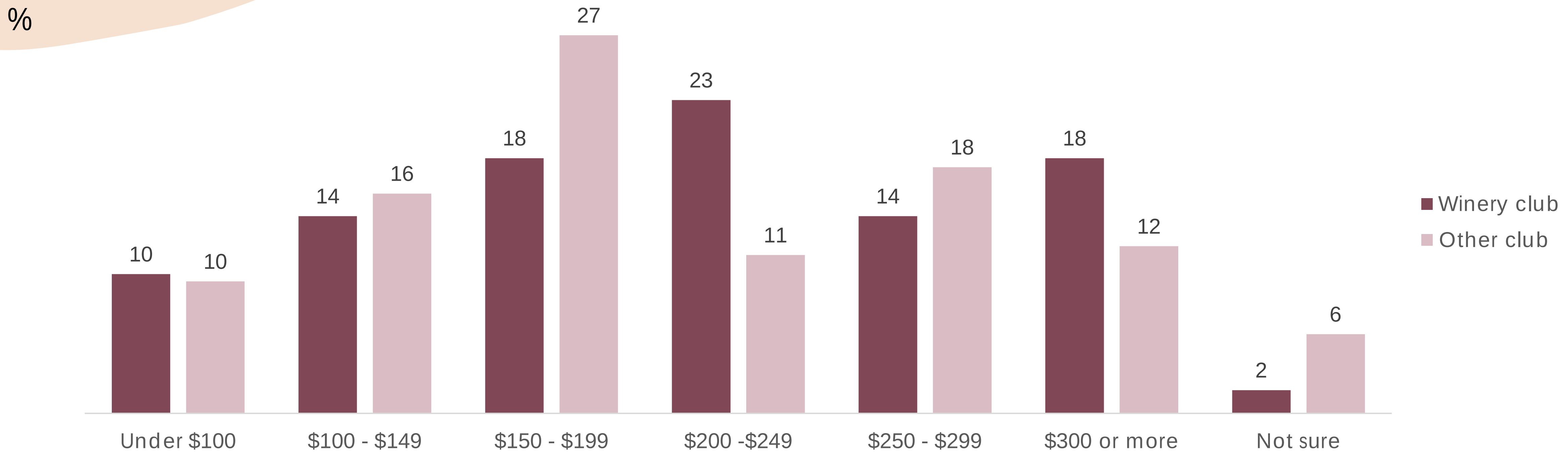
Average quantity delivered through wine clubs



Compared to those using winery subscription services/wine clubs, respondents using independent subscriptions are receiving more bottles in each delivery.

CE2 & CF2. On average, how many bottles are provided in a club pack or in your delivery?
Base: Wine-drinking Australians that bought wine through an independent subscription service n=157 and through a winery owned club or subscription service n = 119

Annual spend per delivery through wine clubs

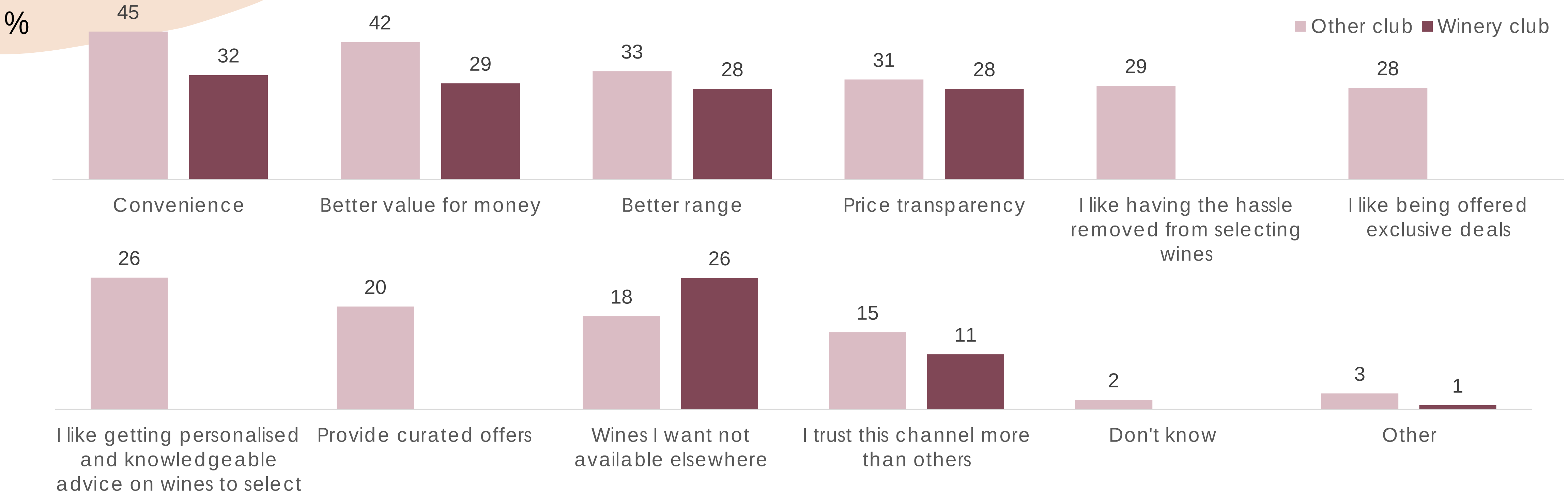


Compared to those using winery subscription services/wine clubs, respondents using independent subscriptions are spending around $50 less a year on their subscription with 27% spending $150–$199 and 18% spending $250–$299.

Ballyhannan Project Management

CE3 & CF3. How much is your annual spend per delivery with the wine club/subscription service each year?
Base: Wine-drinking Australians that bought wine through an independent subscription service n=157 and through a winery owned club or subscription service n = 119

Reasons for buying wine through wine clubs



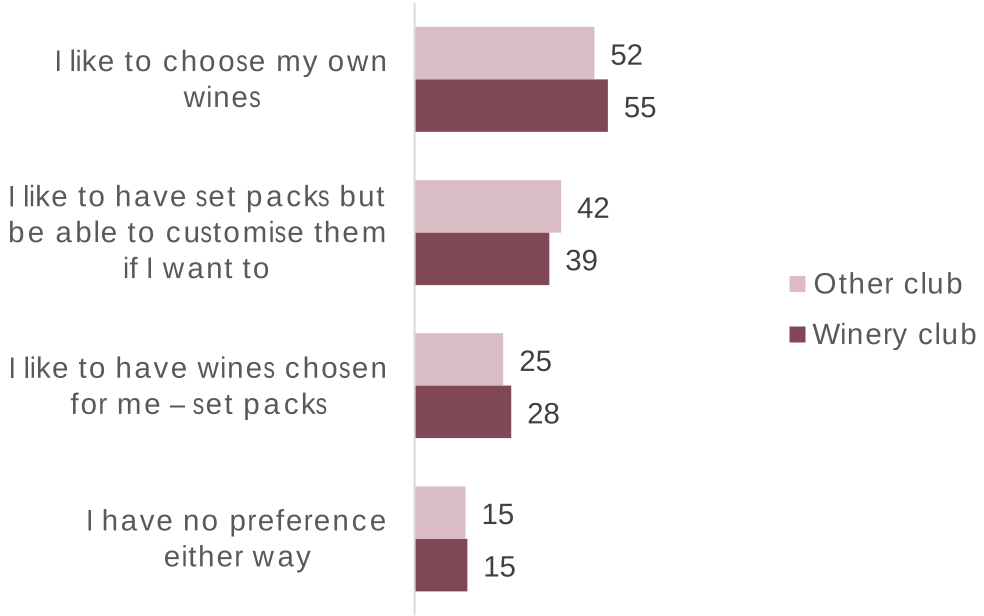
Compared to those using winery subscription services/wine clubs, a higher proportion of respondents using independent subscriptions find this channel convenient and offers better value for money and range. Given the nature of the service, wines are not exclusive like they are to a winery. Other reasons for buying wine through this channel included supporting small independent wineries through subscriptions like Naked Wines.

Ballyhannan Project Management

CE4 & CF4. What are your reasons for using this channel?
Base: Wine-drinking Australians that bought wine through an independent subscription service n=157 and through a winery owned club or subscription service n = 119

Reason for joining and level of customisation

Preference for customisation (%)



Responses were very similar for both types of subscriptions services when it comes to being able to choose own wines or taking set packs

Reasons for using independent subscription service over winery owned

Advertising/marketing # Easy/convenient/I just like it

Good deals, discounts, specials # Use rewards points

Used coupons/discount code/voucher # Recommended

Better price # Support several businesses

Prefer the range, variety to choose from

Delivery faster / convenient times #Better value and quality

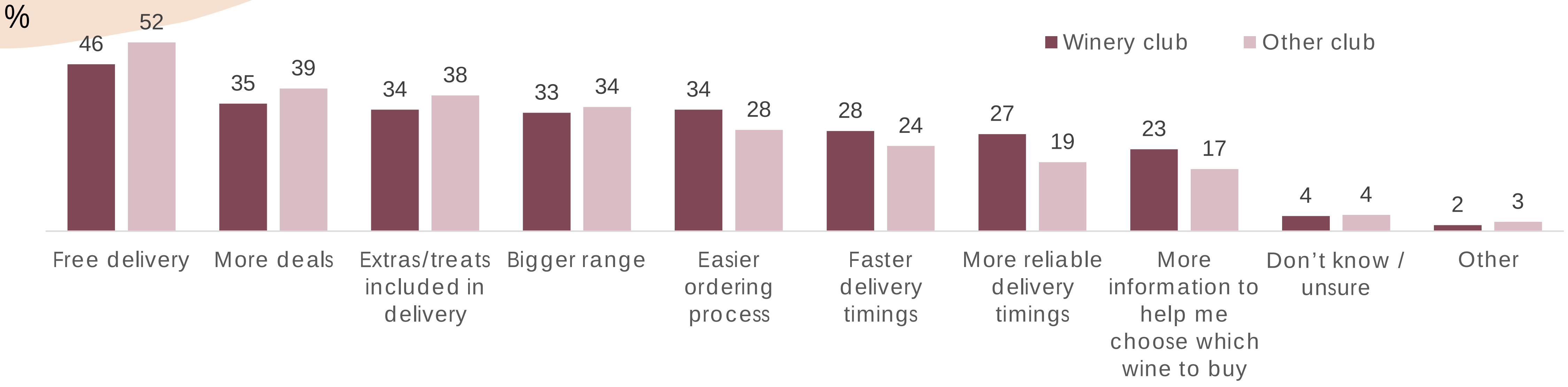
Better service/experience # I know what I'm getting

Many chose this channel for varied reasons. Some of these were because they were able to use reward points, had access to a bigger range of wines, and they were able support several independent wineries.

Ballyhannan Project Management

CE6 & CF7. Do you prefer being able to choose your own wines or have them chosen for you?
CF9, What made you choose this service – e.g. instead of a winery's own wine club?
Base: Wine-drinking Australians that bought wine through an independent subscription service n=157 and through a winery owned club or subscription service n = 119

Areas for improvement for independent subscription services



For 52% of respondents that have purchased wine from an independent wine club or subscription service in 2019 and 2020, free delivery would improve the service the most. Following this, more deals appeal to 39%.

38% would like to see extras and treats included in delivery, compared with 34% when it came to wine subscriptions direct from wineries, showing a point of difference in expectation from the channel of wine purchasing. A bigger range is also desired by 34% from an independent wine subscription.

Ballyhannan Project Management

CE8 & CF10. What could be put in place to improve this channel for purchasing wine?
Base: Wine-drinking Australians that bought wine through an independent subscription service n=157 and through a winery owned club or subscription service n = 119

Online

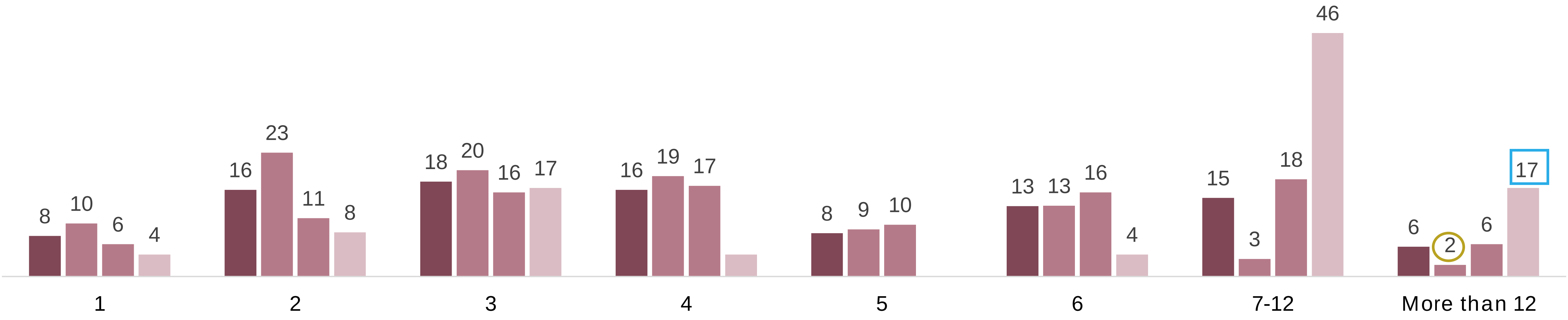
WINERY WEBSITE SHOPPING CART

Average quantity purchased through winery website

%

Total | 18-34 | 35-54 | 55+

Mean 4.28	**Mean** 3.58	**Mean** 4.65	Sample size too small



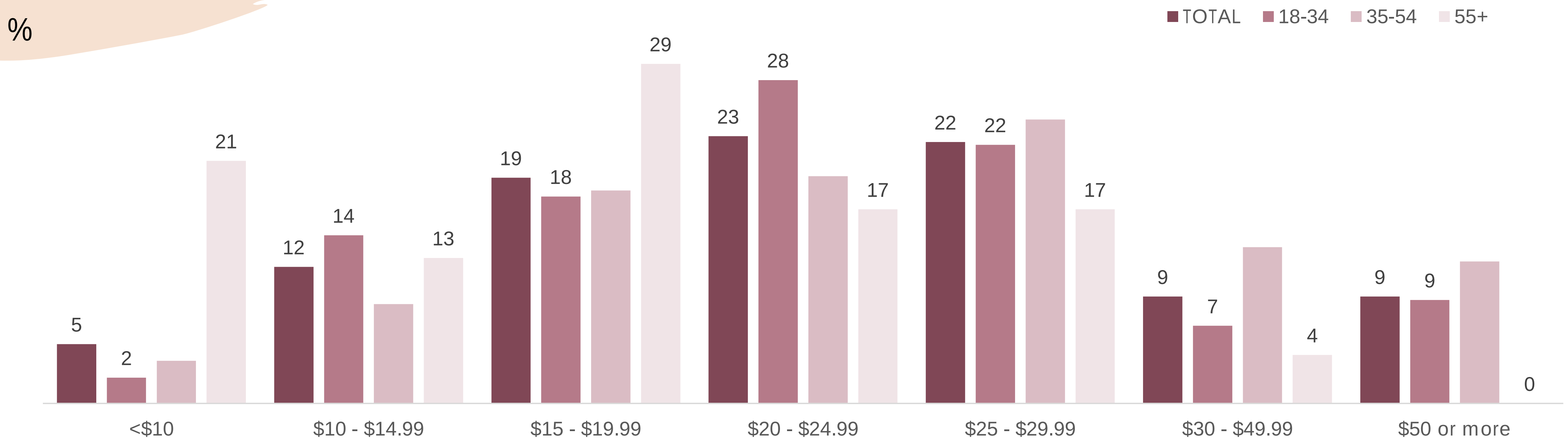
There is a relatively even mix between respondents using this channel to buy in smaller quantities (i.e. 2 to 4 bottles) as well as half a dozen and up to a dozen. Those aged 55 and above were significantly more likely to buy more than a dozen bottles at a time. Those aged 35–64 years on average purchase 4.65 bottles, 1 bottle more than those aged 18–34 years.

Ballyhannan Project Management

You indicated that you have purchased wine online – through a cellar door / winery's own website. The following questions are focused on this channel. [S/R]
CG1. On average, how many bottles do you purchase per transaction through this channel?
Base: Wine-drinking Australians that bought online on a winery web shop in 2019-2020 n=196 (18-34 n=90, 35-54 n=82, 55+ n=24*)

Significance two tailed test of difference by segment
[○/□ significantly less/more than the total sample]

Average price spent per bottle through winery website



Almost a half (45%) tended to spend between $20–$30 per bottle through the winery shopping cart. Half(51%) of this was made up of 18–34 years and 69% have a household income before taxes of $80,000 or more. Those aged 55 years plus are more likely to purchase cheaper bottles of wine (i.e. less than $20) online compared to the total.

You indicated that you have purchased wine online – through a cellar door / winery's own website. The following questions are focused on this channel. [S/R]
CG2. What is the average price you pay per bottle through the winery's online shopping cart?
Base: Wine-drinking Australians that bought online on a winery web store in 2019–2020 n=196 (18-34 n=90, 35-54 n=82, 55+ n=24*)

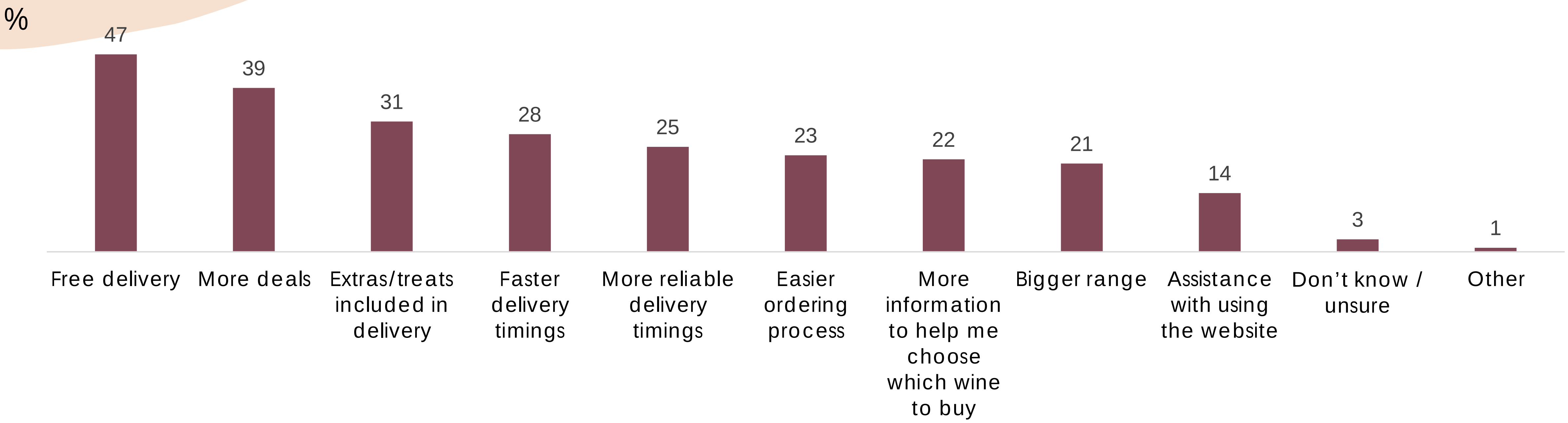
Reasons for buying wine through winery website

While a third use the channel because it is convenient another 30% started buying directly from the winery on their website because of the disruptions caused by COVID-19.

Ballyhannan Project Management

You indicated that you have purchased wine online – through a cellar door / winery's own website. The following questions are focused on this channel. [M/R]
CG3. What are your reasons for using this channel?
Base: Wine-drinking Australians that bought online on a winery web store in 2019–2020 n=196

Areas for improvement for purchasing through winery website



Free delivery, more deals and receiving extras/treats were all considered ways to improve this channel. Wineries could also provide the content on their sites with more information to help customers make a decision on which wine to buy and potentially review the consumer purchase journey with 14% feeling that they need assistance with using the website.

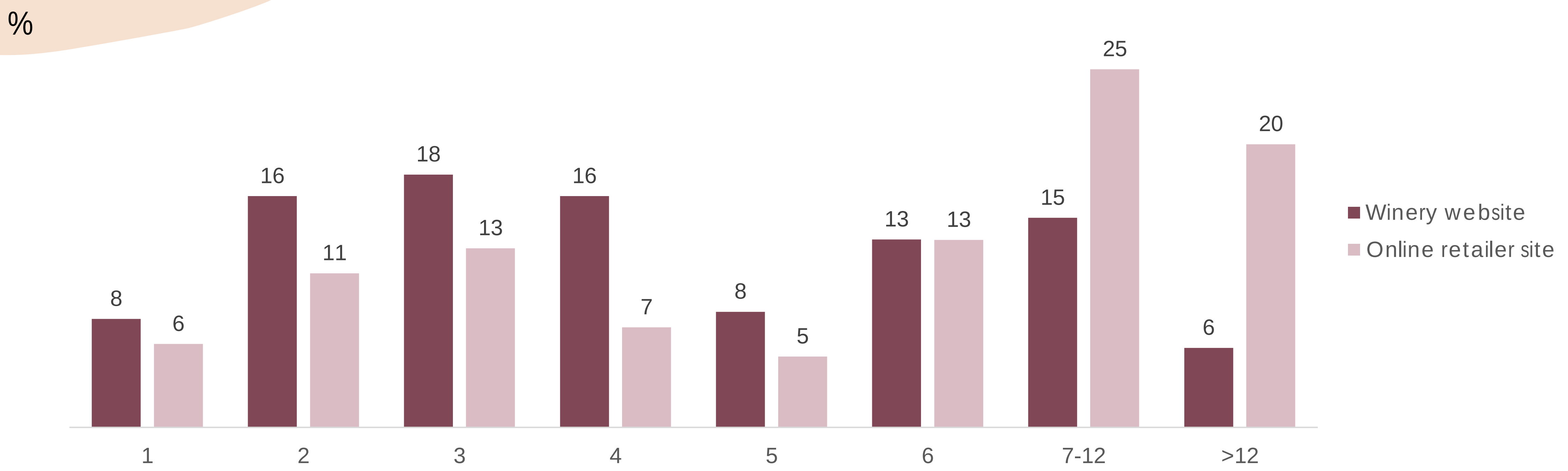
Ballyhannan Project Management

You indicated that you have purchased wine online – through a cellar door / winery’s own website. The following questions are focused on this channel. [M/R]
CG5. What could be put in place to improve this channel for purchasing wine?
Base: Wine-drinking Australians that bought online on a winery web store in 2019–2020 n=196

Online

ONLINE RETAILERS COMPARED TO WINERY WEBSITES

Average quantity purchased online

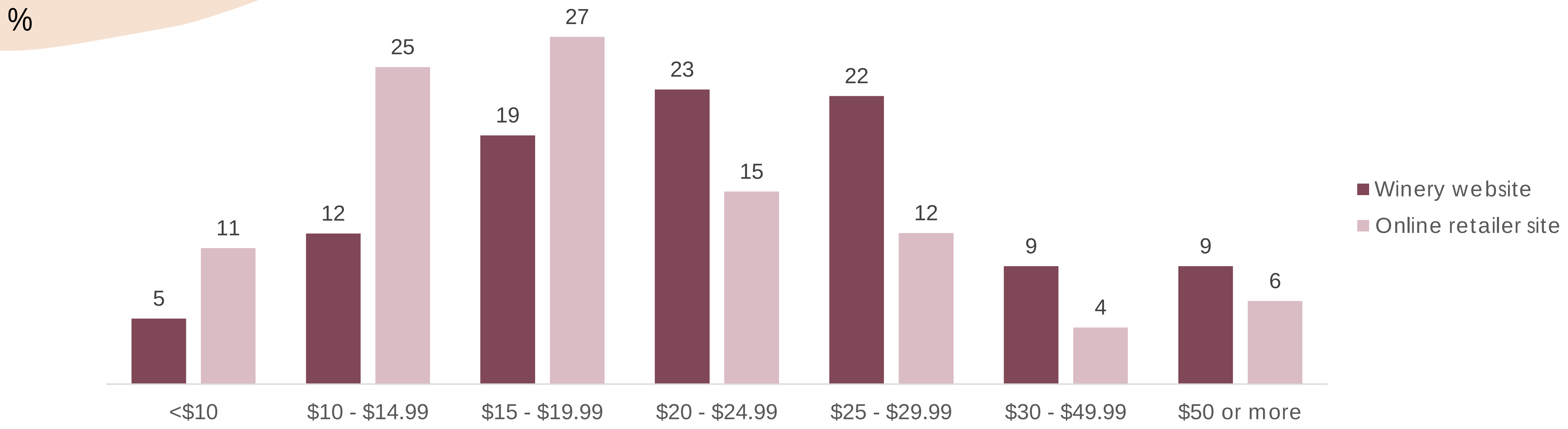


When respondents purchase wine online through an online retailer that isn't a winery, 38% buy half a dozen to a dozen wines, and another 20% purchase more than a dozen bottles at once. The average quantity of bottles ordered by wine drinkers surveyed is 9.6, 5 more bottles than through the winery website.

Ballyhannan Project Management

CG1 & CH1. On average, how many bottles do you purchase per transaction through this channel?
Base: Wine-drinking Australians that bought wine through online retailers in 2019-2020 n=340 and through winery website n=196

Average price spent per bottle online

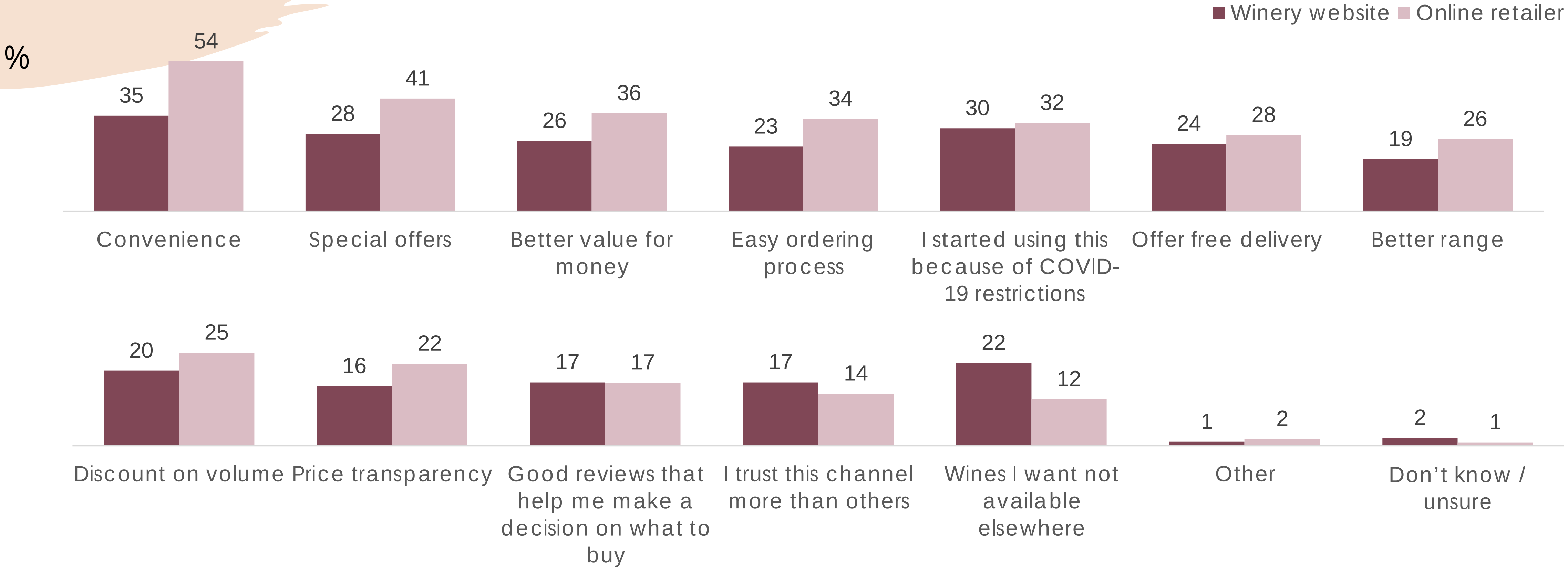


Compared to a winery website, respondents tend to spend less per bottle through an online retailer.

Ballyhannan Project Management

CG2. What is the average price you pay per bottle through the winery's online shopping cart?
CH2. What is the average price you pay per bottle through an online retailer website?
Base: Wine-drinking Australians that bought wine through online retailers in 2019-2020 n=340 and through winery website n=196

Reasons for buying wine online

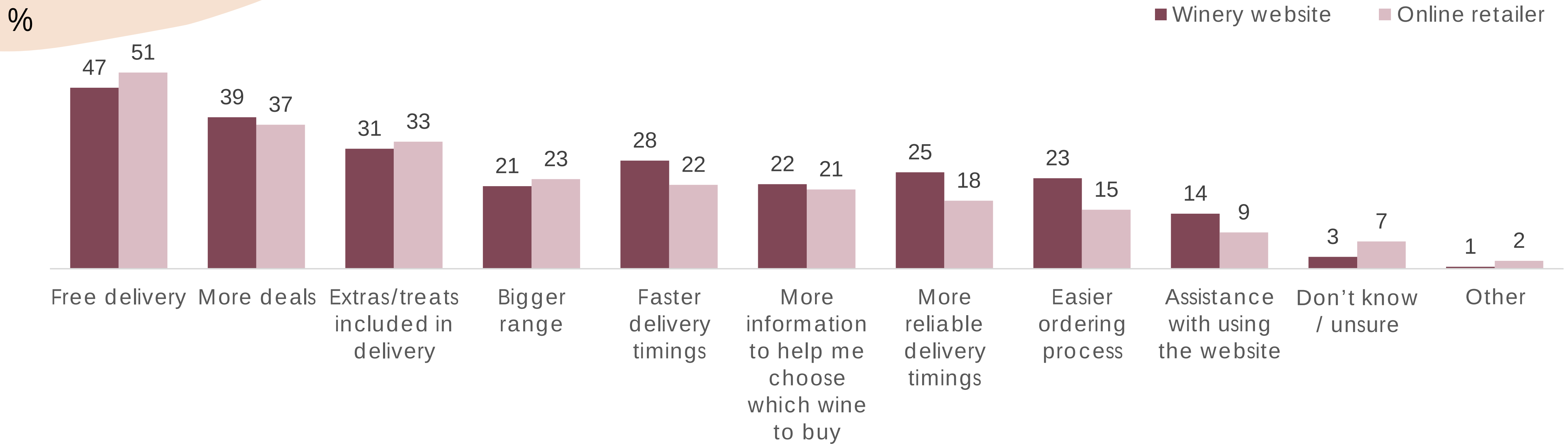


Compared to winery websites, respondents buying wine online from retailers, rated nearly all of the reasons for using the channel higher, especially on convenience, special offers and better value for money. There was also a higher proportion that use this channel to get discounts on volume which could be contributing to the lower average spend per bottle.

Ballyhannan Project Management

CG3 & CH3. What are your reasons for using this channel?
Base: Wine-drinking Australians that bought wine through online retailers in 2019-2020 n=340 and through winery website n=196

Areas for improvement for purchasing online



Areas for improvement through online retailer websites were very similar to winery websites with free delivery, more deals and including extras/treats in deliveries.

Respondents however feel that online retailers have faster and more reliable delivery timings along with easier ordering process, resulting in a smaller proportion wanting assistance with using the website.

Ballyhannan Project Management

CG5 & CH5. What could be put in place to improve this channel more?
Base: Wine-drinking Australians that bought wine through online retailers in 2019-2020 n=340 and through winery website n=196

Buying wine online an in-depth look

Key highlights:

- Dan Murphy's and BWS were the most commonly used sites
- Other sites were wine.qantas.com, winedirect.com.au, Cellar Masters (recently joined with Dan Murphy's), Liquorland, and Naked Wines
- Some use auction sites for bidding and direct purchase such as Grey's online, eBay and Amazon
- Numerous sources were used to find the sites including emails, sign ups, friends and social media
- Major retailers were used as they were the cheapest, fastest and would provide delivery
- Time for delivery was not a factor and all were happy for if they wanted to buy 1 or 2, then they could go to the shop to pick up.
- Location of bottle shop was a factor in purchasing online due to 'click and collect' feature which would influence their purchase decision. Majority used this service.
- Searches on sites were split by varietal/vintage and discounts.
- Apart from those familiar with the wine industry, all said they found that they purchased more when going online. This was to get the discount or bundle with free delivery.
- All agreed that it was very easy to find the wine they were after.
- Price matching on other webpages occurred.
- Majority indicated that the online experience couldn't be improved, but some mentioned more discounts, more emails on special releases etc.
- One elderly regular user purchased wine after abandoning the online shopping cart when Qantas Wine called within 10 minutes to ask why they did not go through with the purchase. The caller established a rapport by discussing what they liked to buy, offering a better price, free wine and free delivery.

Winery websites specifically:

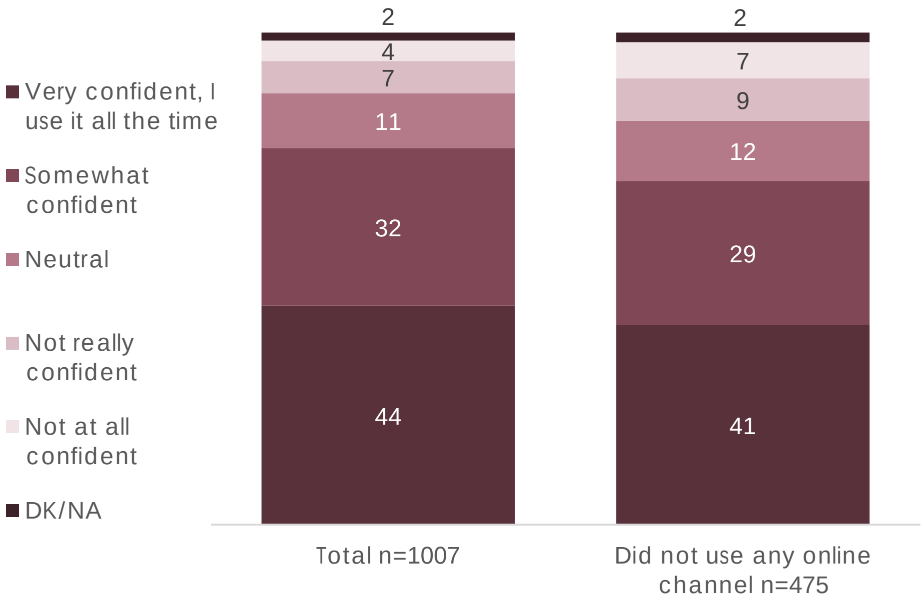
- Only 1–2 said they would buy from winery website. All others said they wouldn't because of price, delivery fees, and how long it would take to arrive.
- Those that knew what wine they were after and couldn't find online would go to the winery, however this was only a small proportion

Base: In-depth interviews of Australian wine drinkers that have purchased wine online over the last 3-6 months n=20

Barriers to buying online

Exploring the barriers to buying wine online – lack of confidence or other reasons

Confidence in online purchases (%)



On average, around a third of respondents are buying wine through an online channel. And this is significantly lower than buying in person at a bottle shop at 96% with many preferring this channel given its convenience and liking the ability to see the bottles and browse when making a selection.

Reasons why people don't buy wine online

Whilst several barriers were identified for not using online channels for wine purchases made by those that had used these channels at some point since 2019, 47% indicated that they had not bought wine online at all.

For those that did not buy wine online, more than two thirds (70%) still felt confident making purchases online. With such a high level of overall confidence, it is not surprising that 86% have used the internet to buy other products online.

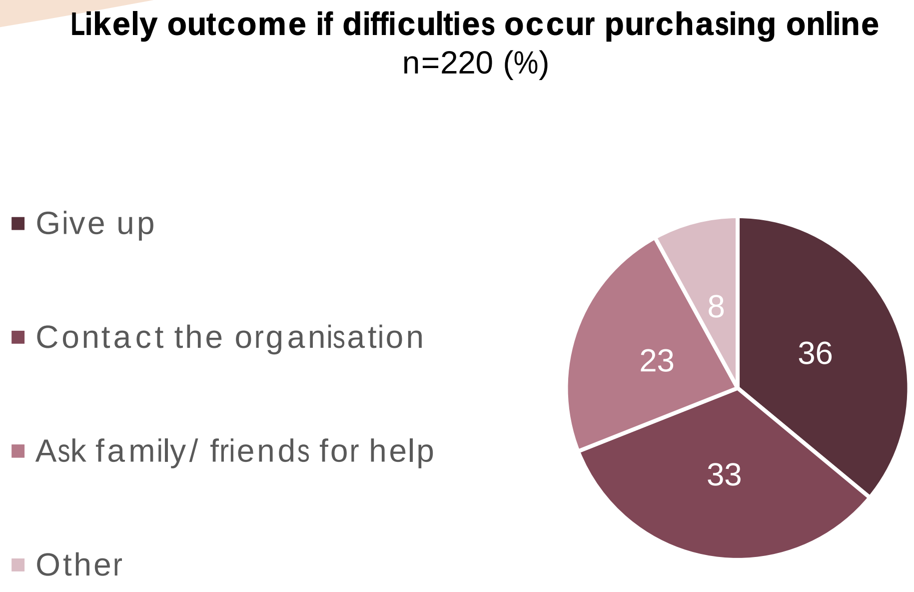
The reasons provided for not buying wine include:

- Quicker and easier to buy in person, prefer to buy in person
- Just don't want to
- Buying online is perceived to be expensive
- Some don't feel they drink enough and don't want to be locked into receiving a specified amount of bottles, especially to get free delivery
- Many don't trust delivery, most are concerned about damaged bottles
- Lack of wine knowledge
- Getting information on where to purchase
- Couldn't get the wine wanted

Of the 12% that have not purchased anything it is mostly because they do not trust providing personal details and credit card details and prefer to see the product and go to the store.

D1. How confident are you in general using the internet to make online purchases?
D2. Since you indicated that you haven't purchased wine online and don't intend to, have you bought other products/services online before?
D3. You indicated that you have used the internet to make purchases online. Is there a reason why you have not purchased wine online?
D5. You indicated that you haven't purchased anything online before. What are the main reasons behind that?

Issues with buying online in general



Another potential barrier to explore is when customers do not experience a seamless user experience whilst buying online.

Over a third (36%) of respondents indicated that they would give up on purchasing online if they found it difficult to buy online.

More than half (56%) however would reach out for help by either contacting the organisation or asking friends or family.

Other reasons included trying again later or going to a different website.

D6. If you have difficulty purchasing something online, what are you most likely to do?
Base: Wine-drinking Australians not confident with purchasing wine online that have bought other products online n=220

Reasons that could convert consumers to buy wine online

Almost half (42%) of the respondents suggested that they would never consider buying wine online

But some would consider if…

- Their circumstances changed, for example if bottle shops were closed because of lockdowns
- Special deals, promotions, or larger incentives were offered
- Better prices were offered, in particular cheaper prices and free shipping
- Same day shipping and reliable delivery times were provided
- More choices were available i.e. items they would like to purchase, based on personal preference
- Exclusive wines were provided online that they could not get from a retailer
- A more flexible return policy on breakages or spoilages was provided
- Quality and satisfaction guarantees were provided.
- Smaller samples could be provided to allow the consumer to taste before purchasing
- Delivery concerns were addressed including secure packaging, transparent parcel tracking system, and ability to choose timing of delivery
- Websites were advertised directing consumers where to go to buy wine online as there is a lot of competition in the market which is overwhelming.
- They were purchasing for the purpose of gift giving or for a special occasion.
- They already know what their favourite wine is or if they know the brand and the taste (having tried before)
- Different payment options are available
- They have the ability to compare prices.

D4. What would help you to consider buying wine online in the future? N=389

Methodology

Data handling

Statistical significance – 5% at 95 per cent level of confidence

All tests for statistical significance have been undertaken at the 95 per cent level of confidence, and unless otherwise noted, any notation of a ‘difference’ between subgroups means that the difference discussed is significant at the 95 per cent level of confidence. When reporting significant differences in segments, (+x%; x%) represents the difference in % above total sample, and % of total sample respectively.

A green circle or blue square around a value denotes that the result is significantly lower or greater (respectively) than that of the total sample for that question. E.g

Charts have been shown by segments to demonstrate where significant differences lie. Where the sample sizes are small, charts may not be shown.

Treatment of means

Where responses are scale variables, for example 1 to 5 where 1 is disagree strongly and 5 is agree strongly, the mean is also calculated with the removal of don’t know.

Rounding of figures – may result in anomalies of +/- 1%

All results have been rounded to the nearest whole percentage figure and anomalies of about +/- 1% may occur in charts i.e. total percentages for each bar add to 99%, or 100% or 101% due to rounding error.

Net figures are also rounded – which may also result in anomalies

Net results are also rounded after summing the separate proportions rather than simply summing two rounded figures (e.g. ‘% total agree’). For this reason, anomalies of about 1% sometimes occur between net results and rounded results shown in charts. For example, a proportion of 33.3% ‘agree’ rounds to 33%, and a proportion of 12.4% ‘strongly agree’ rounds to 12%. However, when combined to derive the total agree (i.e. agree plus strongly agree), 33.3% plus 12.4% equals 45.7%, which would be rounded to 46%. In this case, the results would be shown in a chart as 33% agree and 12% strongly agree, but the proportion reported as ‘total agree’ would be 46%.

Method

Data collection was conducted using both qualitative and quantitative surveys

Phase 1

Quantitative surveys conducted in August 2021 n = 1007

A quota was determined to ensure coverage was consistent with the proportion of regular Australian wine drinkers consistent with Wine Intelligence Australia market landscape report.

For the five channels where there was a ‘deep dive’, to reduce respondent burden, programming was applied to the survey to ensure that responses were reasonably spread and minimum sample targets reached.

Phase 2

In depth interviews with respondents recruited through the quantitative survey were conducted in October 2021 n = 20. Interviews on average went for around 30 minutes and were recorded.

Phase 3

In depth interviews with wineries to identify successes and best practice identified over the last 2 years. Interviews were conducted in October/ November 2021 n = 8. Results of these interviews are provided separate to this report.