



INSIGHT SUMMIT 2013: GRAPE GROWERS OF ONTARIO

MARCH 5, 2013

Every one has a story



Power of Collaboration and Marketing Lessons Learned

AGENDA:

Who is Wine Australia

Our Business Model Change

Marketing Lessons Learned: Aussie wine in USA

Who is Wine Australia?

- **Australian Gov't statutory authority;** est. 1981; provide strategic support to the Australian wine sector.
- **Mission:** to enhance the operating environment for the benefit of the Australian wine industry by providing the leading role in: market development; knowledge development; compliance; and trade.
- **North America Market Development team.**
 - 1) *Trade Education to build confidence and increase demand.*
 - 2) *Facilitate retail & restaurant programs.*
 - 3) *Manage media relationships*
 - 4) *Consumer PR & visibility – need support for pull-through!*
 - 5) *Market Insight: Measure data & report*

Our Business Model:

1981 – 2011/2012: 30 years; Membership; fees based on volume.

February 2012: Time for a change

- *Regional director meeting – change needed – address category challenges!*
- *CEO makes bold call – no membership*
- *Participation based on interest/need*
- *Shared costs*
- *Regional teams create suite of activities*
- *Publish an online prospectus*
- *Wineries register online by June '12*

FY12/13: Began new structure July '12

- *Major shift for teams and industry*
- *Works via communication with agents/importers/wineries*
- *Only works via collaboration!!*

Our Structure: Core & User-Pay

Core:

Education, Market Insights/Research, Market Access, and PR

User-Pay & Investment:

- Wineries/Agents/Importers
- Regions
- States
- Gov't Agencies

Why Collaboration:

- Smart business tactic.
- There's limited market share.
- Broader scope; louder voice
- Share the load financially.

Recent Activities:

CAN:

- ✓ Thematics: LCBO May '11, SAQ May '12, BCLDB Fall/annual
- ✓ Trade Education/'SIP' One Day Wine School – Toronto
- ✓ Gourmet F&W – Toronto
- ✓ 'SIP' Education Trip to Australia
- ✓ Consumer PR campaign – upcoming
- ✓ Showcase: Consumer/Trade event series – upcoming

USA:

- ✓ Trade Education Program: SIP (and trip to Australia)
- ✓ Consumer Event: Around Australia in 80 Sips
- ✓ Next Chapter Campaign - current
- ✓ Trade Research – current
- ✓ Business Scholarship – upcoming
- ✓ Restaurant & Retail Promotions – examples



MARKETING LESSONS LEARNED

Part I: PERCEPTIONS STICK

The US example:

- USA: an 'extreme and dramatic' place – for better or worse!
- What happened with Australian wine in the US market is an extreme example that showcases the extremes of perceptions, extremes of business/sales trends, and extremes of the financial crisis/recession.
- And the uphill battle of rebuilding.
- Australia's story ticks all those boxes.

Let's begin.....

Lessons Learned:

- 1) Define your country and regional wines – tell that story and demonstrate that story over and over again.
- 2) Circle the wagons and collaborate to be competitive.
- 3) Space for success through all price spectrums, but maintain a premium and sustainable identity.
- 4) Yin Yang of PR: Balance with opposites; understand commercial trends/success...make sure your PR supports commercial efforts, yet includes tactics for the premium side.
- 5) Easier to maintain, than to rebuild perceptions!

Perceptions Set In: late '80s & 1990s

Australia took the world by storm exporting a new style of wines that consumers in the US (and UK) wanted....

an approachable, great quality wine, marketed with light-hearted friendliness and unashamedly flavorful.

- ✓ *Sunshine in a bottle*
- ✓ *Fruit forward, easy-drinking.*
- ✓ *No one could come close to the quality.*
- ✓ *Aussie charm.*
- ✓ *\$10-\$12 USD price point was the sweet spot and the premium US entry point.*

PERCEPTION: “Australia only makes easy-drinking wines, under \$15”

PERCEPTION CHALLENGE: What about the above \$15, regional, premium, historical Australian story? How to tell & sell fine Australian wine?

Value Goes 'Super', Then 'Extreme': 2000 – 2007

- 2000: [yellow tail] introduced in US \$5.99/6.99 SRP.
- 2002: Two Buck Chuck changed the game
- 2004 – 2006: Critter mania; major trend for US wine sales
going after Yellow Tail market share; Price-point \$5-\$7 new sweet spot. Nielsen stats supported the success of this trend. Many new brand launches; lots of success. The Little Penguin launched in 2004 and shot to 1 million cases in just 11 months.

PERCEPTION: *“Australia wine tastes great – and is really inexpensive – what’s not to love?” “Why pay more?”*

PERCEPTION CHALLENGE: *What about the above \$10? What about the regional, premium, historical Australian story? How to tell & sell fine Australian wine?*

Premium & Cult Wines of Australia 2002 – 2006

Opposite end of the spectrum.....big flavor and intensity trend

Robert Parker - Distinct wine style preference.

Reviewed Australian wines for the Wine Advocate from 2002 through 2006.

Excitement and anticipation amongst trade; Solid and fast sales based on reviews.

Prices go up, based on 'demand' and small volume.

Media & Trade Perception:

Australia's best food forward was defined by a intense/big style of wine. Started to build amongst the gatekeepers: all critics, high-end restaurant trade, and independent retail trade.

PERCEPTION: "Australia's high end story is super-rich, high alcohol Shiraz – with 95+ Parker points"

PERCEPTION CHALLENGE: What about the cool-climate wines? What about the restrained styles of Shiraz? What about our diversity, our vintage variation, our food-friendly wines?



Part II: THE PERFECT STORM

The Perfect Storm: 2007 – 2009

- **Exchange Rate flux**

2001: AUD was 47.75 to USD 1

2003 – 2006: AUD approx 60 – 70 to USD 1; 2007: climbing until 2008

2008: rollercoaster: 84 cents to 96 cents to USD 1; then crashed to 63 cents in October.

2009: back to 93 cents; 2010: AUD reached parity with USD.

- **Global Financial Crisis and US Recession.**

Inventory loads

Discounting

Restaurant and retail tactics target consumer buying trends.

- **Critics change and style trends shift; Perceptions stick!**

Parker hands Australian reviews to Miller in 2007

Scores no longer guarantee to 'move product' quickly

90 pts & Under \$20....inches toward 90 points & Under \$10

High-end restaurateurs seek out new 'flavors of the month'



Part III: THE NEXT CHAPTER:

Building regional & premium perception
The 5+ Year Effort.

#1) Address Perception

Grassroots effort 2009+

Tell our Premium, Regional Story
one class, one bottle at a time.

Sommelier Immersion Program

- Started FY 09/10; 4 years
- 3 full-time staff
- Engaged over 500 members of the trade.
- Over 600 new placements AND list support for over 1k
- Cost of program: Over \$1 million: in-market events, tools, and travel.
- Annual education trip for 10 – 20 sommeliers to Australia

Partnership Program with Court of Master Sommeliers:

3 Year Program: Annual Trip to Australia for 4 levels of students – up to MS.



#2) '11 – '12: PR for Comeback – Get Aggressive

A⁺ AUSTRALIAN WINE

"THE COMEBACK"

Wine predictions for 2012:
AUSTRALIA CONTINUES TO MAKE ITS COMEBACK.
ROBERT JOSEPH FROM MEININGERS, JAN '12

WINE BIZ PRESS NOTICING AUSTRALIA, TELLING THEIR READERS TO 'WATCH THIS SPACE'

WINE SPIRITS DAILY 'Australia Changing its Tactics in the US'. <small>MARCH 15, 2012</small>	MARKETWATCH/ WALL STREET JOURNAL 'Australia aims to rebrand wine image in US'. <small>MARCH 14, 2012</small>	BUSINESS REVIEW AUSTRALIA 'Don't Call Them Cheap & Cheerful'. <small>MARCH 13, 2012</small>	WALL STREET JOURNAL 'Can Australian Shiraz Come Leaping Back?'. <small>MARCH 10,</small>
---	---	--	---

WHO SAYS WHAT?

A⁺ "...Australia is once again one of the 'countries to watch'—there's too much talent, ambition drive to believe otherwise". *Lettie Teague, WALL STREET JOURNAL* MARCH 9, 2012

A⁺ "...I hope that readers around the world are also appreciating the cream that is starting to rise to the top of the South Australian wine offering". *Lisa Perrotti-Brown, WINE ADVOCATE* FEBRUARY

A⁺ "Australia's value end of the spectrum is better than I have ever seen it. So if you thought you were bored with what Australia had to offer at US\$25 / AU\$25 price points, it's time to revisit the section of your local retailer shelves." *Lisa Perrotti-Brown, WINE ADVOCATE* DECEMBER

THE NUMBERS

IRI and Aus Report Sales show premium and regional Australian wines are on the rise...three consecutive quarters.
 IRI Sales for Aussie wines: \$15.19.99 is up 2% (Jan '12).
 3 quarters of growth 24%-27%

BOTTLED EXPORT GROWTH BY REGION – IN VOLUME AND VALUE.
 Western Australia (state) up 48% VOL; up 66.3% VAL.
 Barossa Valley up 16.6% VOL; up 19.1% VAL.
 Margaret River up 15.8% VOL; up 13.5% VAL.
 Adelaide Hills up 8.9% VOL and 14.85% VAL.
 McLaren Vale up 7.8% VOL; up 2.1% VAL.
 Coonawarra up 7.6% VOL; up 15.5% VAL.
 Clare Valley up 3.3% VOL.
 NSW up 2.8% VOL; up 3% VAL.

Wine Australia, 150 East 42nd Street, Floor 34, New York, NY, 10017 T: 646-344-8123 E: usa@wineaustralia.com W: apluswines.com

A⁺ AUSTRALIAN WINE

Press Release - New York Jan 11, 2012

AUSTRALIAN REGIONAL WINE TREND TAKES HOLD

Stats show growth in \$20 - \$30 category and regionally labelled wines

Wine Australia USA is pleased to report key findings in the Wine Australia Export Report MAT December 2011. The report shows a strong trend toward premium priced bottled exports and positive export growth for Australian regionally labelled wines.

Average value per litre:
 After reaching a low in June 2010, the average value per litre increased 5% to A\$4.31. Contributing to the overall growth in the average value per litre of bottled shipments was a decline in the value of exports of Australia's lower-priced wines and an increase at the high-end. The value share of bottled exports above A\$5 per litre increased to 42% and the share below A\$5 per litre fell to 58%. The strongest growth for bottled exports is in the A\$20 - \$30 category, which is up 18%."

Angela Slade, Wine Australia's Regional Director North America notes, "It's slow and steady – the category is correcting itself and what's emerging is an exciting and diverse offering of Australian wines."

A⁺ AUSTRALIAN WINE

AUSSIE WINE ON THE COMEBACK IN 2012 – GET INVOLVED

- ✓ Buzz building: re-discovering Australia's regionality and diversity
- ✓ We are seeing some strong sales results and positive press
- ✓ Wine Australia is pushing Australian wine visibility in 2012
- ✓ Events – Retail Partnerships – Social Media – Consumer PR
- ✓ It's time to collaborate

Around Australia in 80 Sips

Events:

#3) Next Chapter 2012 – 2013: It's game time!

Industry collaboration to include everything from wine trends to biz strategy. Team up and leverage broader scope.

The Next Chapter: 4 parts – all based on collaboration

1) Smart Business Tactics

2) Category Positioning

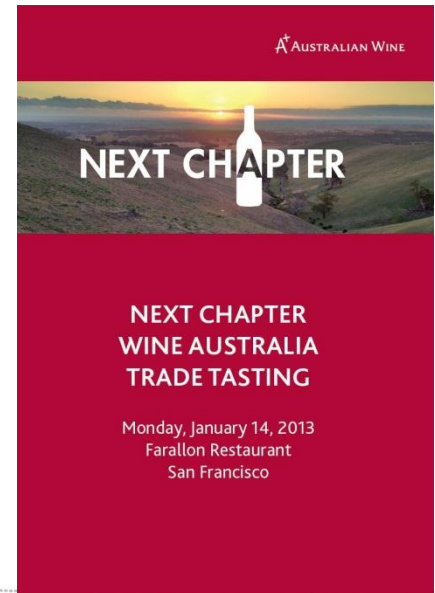
3) Australian Visibility Push

4) Partnerships

- Tourism Australia: 3 year partnership 2013 - 2016
- G'Day USA 'Australia Week' for 2014
- Australian states & wine regions: crafted programs.

The Next Chapter Campaign 2013:

- ✓ Jan '13: Press Release
- ✓ Jan '13: Press & Trade Event – SF
- ✓ Feb – April '13: Trade Research
- ✓ Feb – April '13: 'Market Access' Program
- ✓ Apr '13: Business Scholarship
- ✓ Apr '13: Press & Trade Event – NYC
- ✓ May '13: Trade Seminar – Atlanta
- ✓ June '13: Tasting theme/Aspen Classic



The Next Chapter: 2012-2013 Press Headlines:

- ✓ Australian Wine: Rebooting a Brand
- ✓ Australia's Best Reds Trickling to the US
- ✓ An Australian Turnaround?
- ✓ Smaller Australia
- ✓ Sydney's Wine Scene
- ✓ Australia's Next Chapter of Shiraz/Syrah
- ✓ Australian Winemakers Take America by Storm!

- ✓ Australia's Second Chance
- ✓ Australia Changing its Tactics in the US
- ✓ Australia Aims to Rebuild Image in the USA
- ✓ Can Australian Shiraz Come Leaping Back?
- ✓ Don't Call them Cheap & Cheerful
- ✓ Hidden Australia
- ✓ Australia Raises Bar for its Wines
- ✓ Aussie Wines are on his Comeback Trail

Pushing Forward.....

- Introducing SAVOUR Sept 2013
- Partnership Marketing Jan 2014
- Consumer Campaign – Wine/Food/Travel: Spring 2014



News Release





Onwards and upwards!

ANGELA SLADE

Wine Australia Regional Director – North America

2300 M St NW Washington DC 20037

Tel. 202 973 6442 Cell 415 819 5131

E. angela.slade@wineaustralia.com