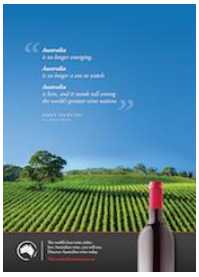
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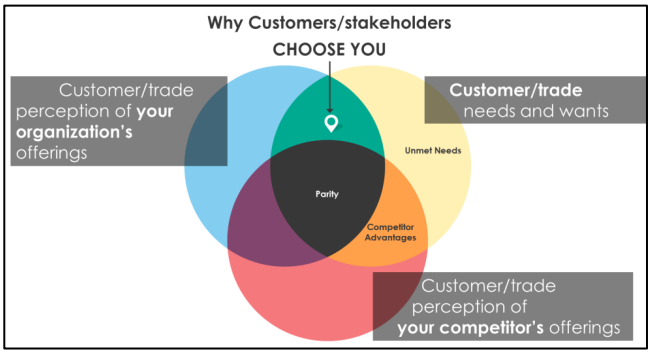
Wine Australia

Driving the strategic growth of Australian wines in the US export market











FINAL REPORT to

Wine Australia

Project Number: **USA-1501**

Principal Investigators: **Armando Maria Corsi – Larry Lockshin – Jordan Louviere – Justin Cohen – Johan Bruwer**

Research Organisation: **University of South Australia**

Date: **11/5/20**

Final report to Wine Australia

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Adelaide, 11/5/20

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. ABSTRACT

This project aims at identifying the barriers to Australian premium wines USD 12 retail and above in the US market. These barriers have been translated into communication ads, which we tested with both US consumers and trade operators. Results showed that the content of communication ads don't have a direct impact on wine choices, but we identified three distinct segments of these populations, who think alike when choosing a bottle of wine. A simple Decision Support System was then developed to aid Australian exporters to match their offerings with the right wine trade and consumer segment in the US market.

. EXECUTIVE SUMMARY

The overall objective of the Wine Australia funded project titled "Driving the strategic growth of Australian wines in the US export market" (USA-1501), is to increase the sales of Australian premium wines USD 12 retail and above in the US market. In order to reach this objective, the project developed strategies to help break down the barriers that trade and opinion leaders have about stocking and supporting Australian wines in the US market. The project comprised four stages:

1. A *Discovery stage* where Australian wine exporters and US trade operators were interviewed about the main factors hindering the growth of Australian wine in the US market;
2. A *Vennli® stage*, where US retail operators were asked to compare performance on the key factors identified in the Discovery Stage between Australia and its competitors using the Vennli® platform;
3. A *Communication Testing stage*, where a series of communication messages derived from the results of the Vennli® stage were tested with both consumers and trade operators, in order to identify which communication message and trade activities could lead to the selection of more Australian wines at higher price points. The best ad was used to measure the preferences among the US wine trade and US wine consumers for different combinations of Australian wine attributes (e.g., grape varieties, regions, medals, prices, etc.), which then lead to stage 4.
4. A *Decision Support System stage*, where a simple tool was developed to help Australian wine exporters focus on the best-matched trade and consumer groups to their offering along with the best fitting communication strategy for each.

The results of the first stage showed the top 3 barriers for Australian wine exporters were a lack of knowledge of the various Australian wines regions, Australian wines are perceived as low-priced by consumers, and wines from other countries are easier to sell. The most important aspects for US wine trade were that the wines are easy to sell, the wines have a good reputation among wine media, the wine brands are committed to the US market, the wines have enough shelf space at retail, and the wine producers know how to find the right importer.

These factors have been tested via a cloud-based software platform for strategic growth intelligence, analytics, and visualization: the Vennli® software. The results of the Vennli® stage revealed that the three key factors for the for the growth of premium wines USD 12 retail and above in the US market are: a) having easy to sell wines, b) having wines with a good reputation among the media, and c) having producers who are committed to the US market. In addition, trade operators don't believe consumers care much about regionality. However, contrary to what trade operators say, regionality is one the elements consumers seem to care about, so we decided to carry this factor over. The other main finding is that Australia doesn't exclusively own any factor, either the important or the unimportant ones. The issue doesn't seem to be that importers, distributors, and retailers believe Australia is performing poorly, but more a problem of distinctiveness: what can we do to make Australia stand out?

These factors were translated into communication ads, which we showed to a representative sample of US wine consumers and trade-operators. After seeing one of these ads,

respondents were asked to answer a Discrete Choice Experiment (DCE), which allowed us to understand what product features (e.g. country-of-origin, region-of-origin, grape variety, price, etc.) consumers and trade operators value the most when choosing a bottle of wine. The first key result is that we couldn't see any difference in DCE responses between respondents exposed to different communication ads. This is a positive result, because it means that we can communicate the message we prefer in the US market, without running the risk that one message may jeopardise consumers and trade operators' choices towards Australian wines. Secondly, the aggregate responses to the DCE showed that price is the key choice driver for both consumers and trade operators. Consumers are then driven by expert ratings, grape variety and country-of-origin, whilst trade operators are mainly driven by country-of-origin and expert ratings. However, the subsequent segmentation we conducted via a Latent Class Analysis (LCA) revealed a more varied picture, where price is the key choice driver for a smaller segment of the populations, and where we found the existence of three comparable groups of wine consumers and trade operators, who think alike when choosing a bottle of wine.

In stage 4, a Decision Support System, which we called *The US Wine Marketing Tool*, was developed to match the kinds of wines and the aspects communicated by Australian wine exporters to the preferences of different trade and consumer groups. The Tool can be used to suggest which trade and consumer groups would most likely be receptive to a winery's offering; or given the trade and consumer profile, which wines and which communication aspects are best to communicate. The tool is available on the Wine Australia website for qualified users.

. BACKGROUND

The value of Australia wines in the US market over AUD 10 has increased by 58% since 2012. The off-trade channel accounts for 80% of total wine sales by volume, but 90% of those sales are in the USD 4-8 range. Thirteen percent of the wines sold in the USD 4-8 range are Australian. However, the situation is dire when looking at the USD 15-25 price tier in retail, as Australia represents only 0.7% of this segment, despite a 24% growth compared with March 2016 (Wine Australia, 2017).

If we want to increase the demand and premium paid for Australian wine in the US market, strategies need to be developed to address barriers that currently exist with the trade and opinion leaders. In particular, we must identify misalignment between them and Australian marketers and develop a system to train Australian wine brand managers to better align their marketing and communications in order to grow their brands.

The 'Vennli project', nickname for the official project titled 'Driving the strategic growth of Australian wines in the US export market' (USA-1501) was funded by Wine Australia to reach the above-mentioned objective.

The project comprises four stages:

1. A *Discovery stage* where Australian wine exporters and US trade operators are interviewed about the main factors hindering the growth of Australian wine in the US market;
2. A *Vennli® stage*, where US retail operators are asked to compare performance on the key factors identified in the Discovery Stage between Australia and its competitors using the Vennli® platform;
3. A *Communication Testing stage*, where a series of communication messages derived from the results of the Vennli® stage are tested with both consumers and trade operators, in order to identify which communication message and trade activities could lead to the selection of more Australian wines at higher price points.
4. A *Decision Support System stage*, where a dashboard is developed to help Australian wine exporters identify their strengths and weaknesses in relation to the US market in relation to #2 and #3 above.

. PROJECT AIMS AND PERFORMANCE TARGETS

This project has three main objectives:

- First, to reliably measure the US wine trade and opinion leaders' views of what drives choices in the US market and how Australia and its key competitors perform on these choice factors, and to understand US consumer preferences study in response to any trade beliefs concerning Australian wine.
- Second, to develop and then simulate testing marketing strategies to overcome issues described in the previous section.
- Third, to develop a simple Decision Support System to train marketers of Australian wine to adjust their strategies to better meet the needs of the American wine trade and opinion leaders.

This section describes the output and performance targets from the project application, and subsequent modifications.

	Outputs	Performance Targets	Target Date
1	Set of choice factors used by the wine trade and influencers to purchase/recommend wines	- Scoping interviews with Australian industry. - Recruit and finalise sample of US trade and influencers. - In-depth interviews with US wine trade.	30/06/2016
2	Finalise factors using the Wine Opinions reports [instead of consumer survey].	- Vennli license purchase and training. - Adaption of choice factors into survey software and research design	30/09/2017
3	Industry Reference Group	- UniSA will identify and submit a list of potential participants to participate in the Industry Reference Group for approval by Wine Australia	30/01/2018
4	Written analysis of Vennli software results and discussion with Project Advisory Group	- Conduct survey using Vennli software with US trade and representative Australian wine exporters. - Report results using the Vennli '3 Circle Framework'.	28/02/2018
5	Actionable brand growth strategies to test	- Organise Industry Reference Group workshop.	28/02/2018

		- Facilitate Industry Reference Group discussion and workshop to develop and agree on brand growth strategies to test.	
6	Written results from pilot testing of growth strategies provided to Industry Reference Group. Industry Reference Group meeting to discuss the results of the pilot simulation	- Develop simulation using the suggested growth strategies. - Pre-test the simulation with at least 10 Australian businesses and at least 10 US wine trade. - Consumer survey designed and fielded with 1000 US consumers. - Organise Industry Reference Group discussion.	30/04/2018

. STAGE 1 – DISCOVERY STAGE

.. Introduction

Stage 1 of the project consisted of a series of in-depth interviews, and quantitative questionnaires with key Australian wine exporters and US wine trade operators (i.e. wine importers, distributors and retailers) about the main factors hindering the growth of Australian wines USD 12 retail and above in the US market.

.. Method

Stage 1 of the project was carried out using two techniques: in-depth interviews, and a quantitative questionnaire.

... In-depth interviews

In-depth interviews are often used to gather information from experts in a relatively short period of time. They require a small sample of respondents (only those who are considered "experts"), chosen through the matching of their characteristics to criteria within specifically selected parameters. The main disadvantage of this technique is that the interviewees may not represent the view of the majority of the population (Marshall, 1996), hence why in-depth interviews are often followed up with a quantitative questionnaire to confirm, or disconfirm, the conclusions one reached with the interviews.

In order to conduct the interviews, we generated a database of key Australian wine exporters and US wine trade operators. We then contacted each member of the database to attend an interview with one member of the research team. Each interview lasted approximately 30-40 minutes, during which the interviewer asked the interviewees nine questions, and prompting sub-questions about the barriers the interviewees believed to exist for the growth of Australian wines USD 12 retail and above in the US market.

... Quantitative questionnaire

The quantitative questionnaire consisted of a series of business descriptive variables (e.g. business type, business size, etc.) followed by a series of potential key barriers for the growth of Australian wines USD 12 retail and above in the US market, which respondents had to rate on a scale ranging from 1 – *not a barrier at all* – to 5 – *major barrier*. The list of potential key barriers was derived from the in-depth interviews.

.. Samples

The sample for the in-depth interviews consisted of 12 interviews with either owners, CEOs, or general managers of Australian wineries, importers and distributors.

The interviews took place between November 2016 and January 2017 either via phone, skype or face-to-face. The interviews were then analysed by the authors and partially transcribed.

The sample for the quantitative questionnaire comes from two commercially available databases of wine importers, distributors, and retailers in the US market. The two databases

included a total of 399 unique contacts, to whom we sent an invitation to take part in the quantitative questionnaire.

The quantitative questionnaire took place in April 2017, and we collected 22 completed responses. Forty-one percent of the participants were importers and distributors, followed by 18% wine importers, 16% distributors, and 16% retailers. Thirty-one percent of respondents were the owner-managers of the company they worked for, and 50% of them currently sell Australian wines.

.. Results

... In-depth interviews

The results of the in-depth interviews suggested that the key barriers to the growth of Australian wines USD 12 retail and above can be summarised in 20 items. Please see Appendix 7 for further details on the results of the in-depth interviews.

... Quantitative questionnaire

The results (see Table 1) showed that the top-3 barriers are a lack of knowledge of the various Australian wines regions (3.95/5), the fact that Australian wines are perceived as low-priced by consumers (3.91/5), and that wines from other countries are easier to sell (3.59/5). Other important barriers seem to be the fact that wines from other countries are perceived to be trendier (3.45/5), a result in line with the perception of Australian wines among wine media, which also scores quite similarly (3.32/5). Interestingly, the factors that were classified as minor barriers are the style of Australian wines not being suitable for a retail price of USD $12 and above (2.23/5), the similarity of Australian wines to wine produced in other countries (2.14/5), and the lack of sufficient Australian wine brands in the US market to create a sub-category (1.73/5).

Table 1: Ranking of the main barriers for the growth of Australian wines USD 12 retail and above in the US market

Barrier	*AVG. (out of 5)*
Consumers do not know much about Australian wine regions	3.95
Australian wine is perceived as low-priced by consumers	3.91
Wines from other countries are easier to sell	3.59
Wines from other countries are trendier	3.45
Gaining shelf space at retail	3.41
The perception of Australian wine among wine media	3.32
Shiraz/Syrah as a wine varietal is no longer favoured by US consumers	3.27
Finding the right distributor	3.09
Lack of education about Australian wines	3.05
The lack of commitment of Australian brands to the US market	2.95
Australian brand representatives do not visit market often enough	2.86
Good Australian wines are too expensive	2.82
American consumers are unfamiliar with Australian wine styles	2.73
Finding the right importer	2.68

There is not enough generic promotion of Australian wines	2.68
Lack of financial incentives to distributors to carry Australian wines	2.55
Lack of financial incentives to retailers to carry Australian wines	2.45
Australian wine styles do not suit the market for wines above USD 12	2.23
Australian wine styles are too similar to other countries	2.14
There are not enough Australian brands in the market to create a sub-category	1.73

.. Discussion

The results of the in-depth interviews, and the quantitative questionnaire suggest the presence of eight key barriers for the growth of Australian wines USD 12 retail and above in the US market. They can be summarised as follows in alphabetical order:

- A brand representative visiting you at least 2 times per year;
- Consumers know about the wine regions of the origin country;
- The wine brands are committed to the US market;
- The wine producers know how to find the right importer;
- The wines are easy to sell;
- The wines are perceived as low-priced by consumers.
- The wines have a good reputation among wine media;
- The wines have enough shelf space at retail;

We do, however, know that for any item, or concept to be analysed in full, it is necessary to be investigated in a competitive setting. The next stage of the project took these barriers and included them in a wider competitive analysis of the positioning of Australia against some other key wine-producing countries.

. STAGE 2 – VENNLI® STAGE

.. Introduction

Stage 2 of the project consists of asking US wine retail trade operators to judge the key factors we identified previously in a competitive setting. This is done through Vennli®, a cloud-based software platform for strategic growth intelligence, analytics, and visualization, based on a framework developed by Urbany & Davis (2010).

.. Method

The Vennli® software works as follows. For every factor respondents are presented with, they have to indicate:

1) how important that factor is;
2) how familiar the respondent is with the wines coming from the following wine producing countries: Australia, Chile, France, Italy, New Zealand, and the US;
3) how much they associate that factor with each of the above-mentioned wine producing countries;
4) Whether the respondent currently stocks/lists, has previously stocked/listed, will stock/list wines from each of the above-mentioned wine producing countries.

The answers to these questions will elaborated by the Vennli® software, and the results will be presented in two ways:

- Vennli® diagrams;
- Competitive analysis grids.

The content of the Vennli® diagrams, and competitive analysis grids is very similar. Overall, we can say that while the grids show in a more succinct way the relative positioning of one country (i.e. Australia) against the other five competitors, the Vennli® diagrams provide a specific paired comparison between two countries.

In addition, the colours used in the grids and the diagrams have the same meaning:

- **BLUE**: A factor that it is not considered to be of value by the respondents in relation to the reference country (i.e. Australia);
- **RED**: A factor that it is not considered to be of value by the respondents in relation to a competitor country (i.e. any of the other 5 wine-producing countries);
- **PURPLE**: A factor that is not considered to be of value by the respondents in relation to both the reference country (i.e. Australia) and the competitor country (i.e. any of the other 5 wine-producing countries);
- **GREEN**: A factor that it is considered to be of value by the respondents in relation to the reference country;
- **ORANGE**: A factor that it is considered to be of value by the respondents in relation to a competitor country;

- **YELLOW**: A factor that it considered to be of value by the respondents, but neither the reference country nor the competitor country seems to own it;
- **BLACK**: A factor that it is considered to be of value by the respondents, and both the reference country and the competitor country seem to own it.

Figure 1*:* provides an example of a Vennli® diagram.

Figure 1: Example of a Vennli® diagram

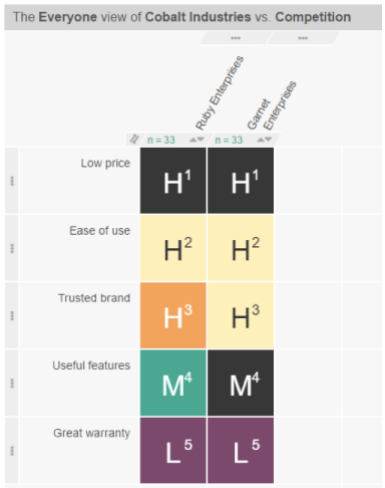


Source: www.vennli.com

The competitive analysis grids provide an alternative way of displaying the insights one can get from the Vennli® diagrams, but they also present a series of letters and numbers. The letters are L, M, and H, indicating whether respondents consider a factor to be of **L**ow (< 60%), **M**edium (60-80%), or **H**igh (>80%) importance, respectively. The numbers provide a ranking of importance of the various factors.

Figure 2 provides an example of the competitive analysis grid.

Figure 2: Example of a competitive analysis grid



Source: www.vennli.com

The Vennli® analysis ultimately allowed us to develop specific one-page ads, the content of which is supposed to communicate the factors trade operators value the most, particularly in relation to Australian wines. This helped us to measure the impact that different communication contents had on wine choice.

This is important because if once we know what ad content is more able to make respondents choose Australian wines, we can recommend that that should be the "go-to" ad or tagline when communicating and promoting Australian wines in the US. At the same time, if results show a lack of differences in the response to different ads, one could more safely choose the type of ad matching more closely the overall communication and promotion strategy one desires to adopt in the US market. A lack of difference, in fact, implies that respondents choose wines independently of the message communicated to them outside of just "Australia'.

.. Sample

Data were collected between September and October 2017.

We used two panel providers to increase sample size and results reliability, which we name in this report as *PPA*, and *PPB*.

Respondents were selected amongst US wine trade operators. They included wine importers, wine distributors, wine retailers, and on-premise operators.

Respondents could occupy a variety of roles in their respective companies, but a pre-condition to be part of the sample was that they needed to be involved in the selection process for the wines to be included in the portfolio.

The final sample included 418 US wine trade operators, 241 of which were recruited through PPA, and the other 177 were recruited through PPB.

The characteristics of the two samples are quite different in that PPA provided us with a majority of brick-and-mortar wine retailers (54%) compared to other business types. Brick-and-mortar wine retailers also represented the majority of the PPB sample (38%), but PPB also provided a higher percentage of on-premise operators (22% vs. 5%).

There are also some differences in terms of the respondents' jobs. The PPA sample was more balanced with 24% each of salespeople and logistics personnel, followed by 21% of both owner/managers and wine buyers. The PPB sample comprised 41% salespeople, 40% wine buyers, and 36% owners/managers, and 17% sommeliers, with other roles covering a minority of the sample. We should bear in mind that percentages don't add up to 100%, as respondents could have selected more than one role within their organisation.

The third main difference between the samples is relative to current and future wine stocks. Respondents in the PPB sample carry/list on average more wines from the six wine producing countries included in the study, and they intend to stock them on average more in the future.

The samples seem to be similar only in terms of the business locations, with the majority of the businesses located in the Pacific area (42% PPA, and 40% PPB), followed by Mid-Atlantic (35% and 31% respectively). PPA seems to have more respondents located in the Mountain area (26% vs. 18%), while the PPB sample seems to have more respondents located in the South-Atlantic and South-Central areas (20% vs. 28% and 16% vs. 24%, respectively).

Table 2 summarises the main sample characteristics.

Table 2: Sample characteristics

Business type	PPA (%)	PPB (%)
Wine importer	20	23
Wine retailer (brick and mortar)	54	38
Wine retailer (online)	17	14
Other (Please specify)	0	12
On-premise venue (e.g. restaurant, hotel, etc.)	5	22

Business role	PPA (%)	PPB (%)
Owner/manager	21	36
Wine buyer	21	40
Head of sales	16	16
Salesperson	24	41
Logistics	24	7
Other (Please specify)	1	11
Restaurant management or staff	5	6
Sommelier	7	17
Server (Waitstaff)	9	5
Chef	0	1

Region	PPA (%)	PPB (%)
Mid-Atlantic (NJ, NY, PA)	35	31
Midwest (IA, IL, IN, KS, MI, MN, MO, NE, ND, OH, SD, WI)	20	20
South Atlantic (DE, FL, GA, MD, NC, SC, VA, DC, WV)	20	28
South Central (AL, AR, KY, LA, MS, OK, TN, TX)	16	24
Mountain (AZ, CO, ID, MT, NV, NM, UT, WY)	26	18
Pacific (AK, CA, HI, OR, WA)	42	40

.. Results

We first present a series of paired comparisons between Australia and the other five wine producing countries combining the two samples into one.

In the second part of the results we provide the results of a segmentation analysis based on the types of businesses the respondents belong to (i.e. importers, distributors, or retailers), whether they stock/non-stock Australian wines, and panel providers (PPA vs. PPB).

... Overall paired comparison

The ranking of importance for the overall sample (PPA + PPB) suggests that having wines that are easy to sell is the most important factor (87%), followed by having wines that have a good reputation among wine media (83%), and wine brands that are committed to the US market

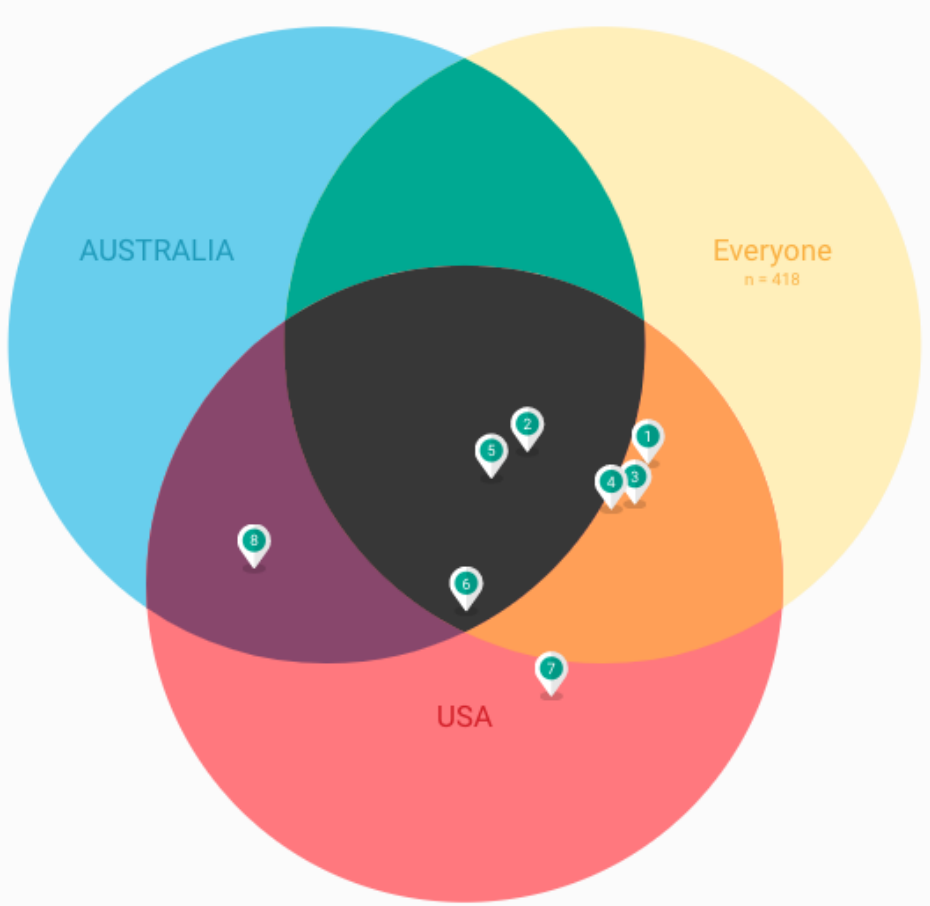
(82%). The least important elements for the trade are the fact that consumers know about the wine regions of the country-of-origin (55%), and the fact that consumers perceived the wines to be low-price (43%). Table 3 shows the importance ranking of the full factors. The numbers on the left column of Table 3 are reported in the Vennli® diagrams that follow, and their position on the diagrams suggests how the trade sees these factors when comparing Australia to each of the other wine producing countries.

Table 3: Factors importance for the overall sample

#	Factor	Importance (%)
1	The wines are easy to sell	87
2	The wines have a good reputation among wine media	83
3	The wine brands are committed to the US market	82
4	The wines have enough shelf space at retail	80
5	The wine producers know how to find the right importer	78
6	A brand representative visiting you at least 2 times per year	67
7	Consumers know about the wine regions of the origin Country	55
8	The wines are perceived as low-priced by consumers	43

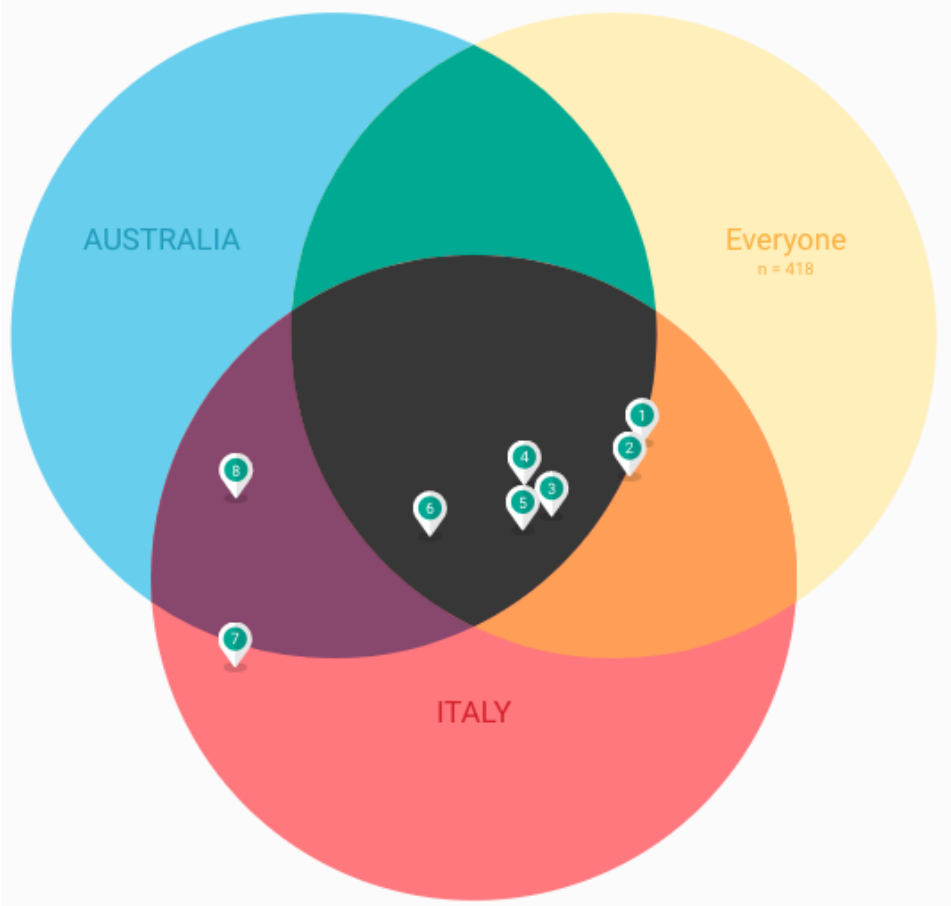
AUS-USA: Respondents believe USA producers are better than Australian producers in terms of having easy to sell wines, wines that have enough shelf space at retail, and having wines committed to the USA market. All these are valued as important factors. Another factor US wines seem to own is the fact that consumers know about USA regions of origin, but this is not a critical factor. AUS or USA do not have problems of low quality perception, but again this doesn't seem to be a critical factor. Australia and the USA seem to score equally on one important factor, that is having a good reputation among media, and equally on two medium important factors, which are the ability of finding the right importer, and having producers visiting the respondents at least 2 times per year.

Figure 3: Competitive positioning between Australia and the USA (the numbers relate to the factors above)



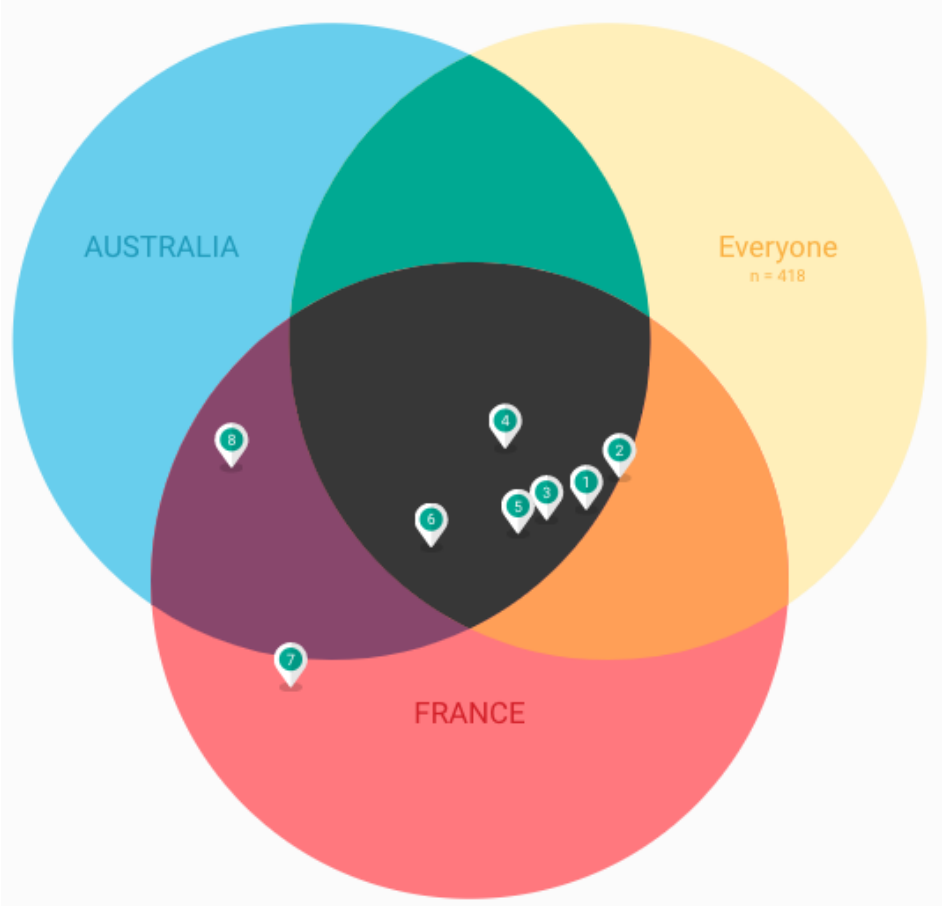
AUS-ITA: Respondents value the fact that Italian wines are easier to sell and they have a better reputation among the media. They also believe consumers know about the regions of origin of Italy, but this doesn't seem to be a critical factor. There doesn't seem to be any issue for either country about offering wines, which are perceived to be of low value. Australia and Italy compete equally on the following factors, which respondents value highly: the wine brands are committed to the US market, and the wines have enough shelf space at retail; medium importance for the ability to find the right importer and having a brand representative visiting the respondents at least 2 times per year.

Figure 4: Competitive positioning between Australia and Italy



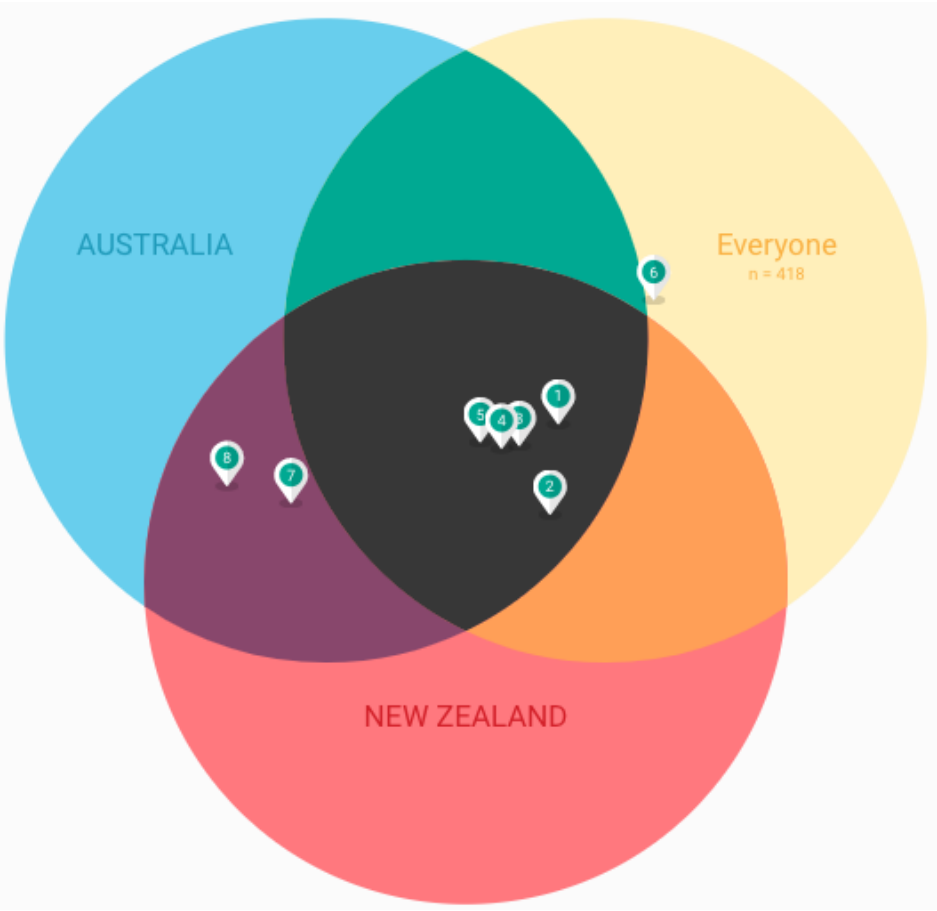
AUS-FRA: Australia and France seem to compete very closely on virtually every aspect. The reputation both countries have among the wine media is border-line between both countries, but respondents value it highly and believe Australia and France score similarly in terms of having easy-to-sell wines, wines that are committed to the US market, and wines that have enough shelf space at retail. Medium important, but also equal factors are the ability of finding the right importer, and having producers visiting the respondents at least 2 times per year. Respondents believe US consumers know more about French regions of origin, but this is not a critical factor, while selling low price wines doesn't seem to be a problem for the respondents or the perception of the two countries.

Figure 5: Competitive positioning between Australia and France



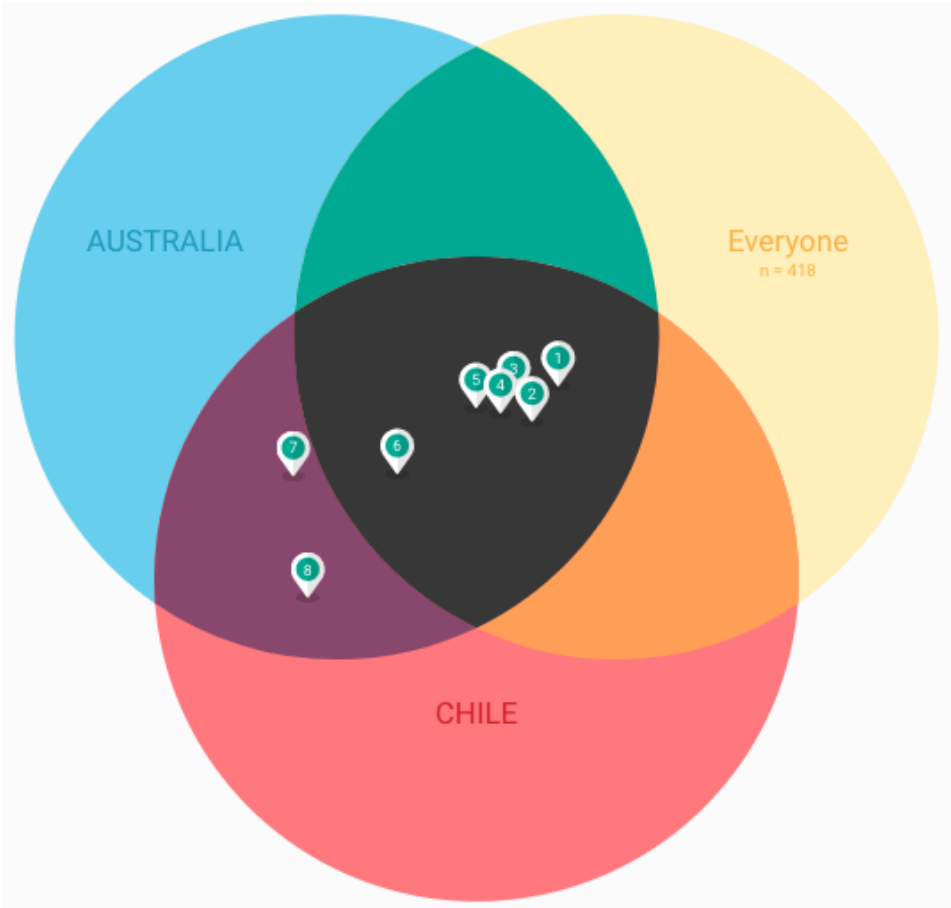
AUS-NZL: Respondents value the fact that producers visit them at least 2 times per year, but neither Australia, nor New Zealand seem to achieve this. Both countries score equally high in terms of having easy-to-sell wines, having wines that have high reputation among wine media, brands that are committed to the US market, and having enough shelf space at retail. A medium important factor both countries score equally on is the ability to find the right importer, while regionality and low-price wines don't seem to be owned by either of these two countries, and respondents don't believe this to be an issue.

Figure 6: Competitive positioning between Australia and New Zealand



AUS-CHI: Similar to the comparison with New Zealand, Australia and Chile are competing on pretty much everything. Same as for the other comparisons, the respondents do not believe that lack of regionality and low-price wines are important issues, but Australia and Chile are comparable in this regard.

Figure 7: Competitive positioning between Australia and Chile



... Segmentation analysis

The biggest differences in the competitive evaluations between countries are given by the size of importers (small or large), and by the sample (PPA or PPB), with fewer differences depending on whether the business – either importer, distributor or retailer – stocks Australian wines. There doesn't seem to be big differences between small/large distributors, small/large retailers, and importers/distributors and retailers (See Table 4).

Table 4: Summary of stakeholders' similarities and differences

AUS vs	S/L IMPORTER	S/L DISTRIBUTOR	S/L RETAILERS	IMP/DISTR VS. RET	STOCKING AUS VS NON-STOCKING	PPA VS. PPB
USA	L	S	S	S	L	L
ITA	L	S	S	S	L	L
FRA	L	S	S	S	L	L
CHI	L	S	S	S	S	L
NZ	L	S	S	S	S	L

As one can see from the figures below, Australia doesn't seem to stand out on any particular factor, apart from being perceived as a producer of low-priced wines in comparison to the USA, France, and Italy for PPB. However, having a low-price perception doesn't seem to be a factor stakeholders value much, so it doesn't represent a key concern for us.

The key aspects US stakeholders, and, in particular, small importers, value are: a) having easy-to-sell wines, b) being committed to the US market and c) have a good reputation among the wine media. On these factors Australia seems to fall behind all the competitors, but Chile.

The other aspect small importers give medium importance to, and Australia seem to fall behind in is communicating about its wine regions.

Having enough shelf space at retail, having wine producers who know how to find the right importer, and having a brand representative visiting the stakeholder at least twice a year are medium to high importance factors, but all competitors seem to deliver almost equally well in this regard.

Figure 8: Competitive analysis grids - Small vs. large wine importers



Figure 9: Competitive analysis grids – PPA vs. PPB sample





Figure 10: Competitive analysis grids - Australian wine stockers vs. non-stockers



.. Discussion

The results of stage 2 of the project show that the three most important factors for the growth of premium wines USD 12 retail and above are: a) having easy to sell wines, b) having wines with a good reputation among the media, and c) having producers who are committed to the US market. In addition, trade operators don't believe consumers care much about regionality. However, given that, contrary to what trade operators say, regionality is one the elements consumers seem to care about (Lockshin & Corsi, 2012). We decided to carry this factor over, as the next stage of the project also included a sample of US wine consumers.

The other main finding is that Australia doesn't exclusively own any factor, either the important or the unimportant ones. Therefore, the issue doesn't seem to be that importers, distributors, and retailers believe Australia is performing poorly, but more a problem of distinctiveness: what can we do to make Australia stand out?

. STAGE 3 – COMMUNICATION TESTING STAGE

.. Introduction

The objectives of stage 3 of the project were to:

1. identify which communication message(s) lead(s) to the selection of more Australian wines at USD 12 retail and above;
2. understand what product features (e.g. country-of-origin, region-of-origin, grape variety, price, etc.) consumers and trade operators value the most when choosing a bottle of wine;
3. ascertain the existence of segments of both consumers and trade operators reacting similarly to different communication messages, and being driven by similar product features when choosing a bottle of wine.

The insights emerging from stage 3 of the project helped us design the *Decision Support System* we present in Stage 4 of the project.

.. Method

Stage 3 of the project comprises two surveys, one for the trade – using a similar sample as the one mentioned for Stage 2 – and one of US wine consumers, who purchase wines above USD 12 retail, and are socio-demographically representative of the population of US wine drinkers.

The surveys are very similar, so not only we can test the impact of different communication messages, but we can also measure any differences between the trade and consumer responses to various product features.

Both surveys include an introductory section, where we ask some socio-demographic (consumer sample) or business descriptive (trade operators) questions. This is followed by a core section – conducted through a series of communication ads, and a Discrete Choice Experiment (DCE) – which allow us to provide answers to the above-mentioned objectives. In addition, the trade operators questionnaire includes a Best-Worst Scaling (BWS) task, which helps us validate further the ranking of the importance trade operators give to various product features. A final section with additional attitudinal and socio-demographic questions close the surveys.

The following sub-sections explain the development and pre-testing of the communication ads, the DCE, and the BWS task.

... Communication ads

We hired a professional ad agency with experience in the wine industry to design the communication ads.

The brief was to design one ad for each of the four critical factors – a) having easy to sell wines, b) having wines with good reputation among the media, c) having producers who are

committed to the US market, and d) having wines with a strong regional reputation, which emerged from the Vennli® stage of the project.

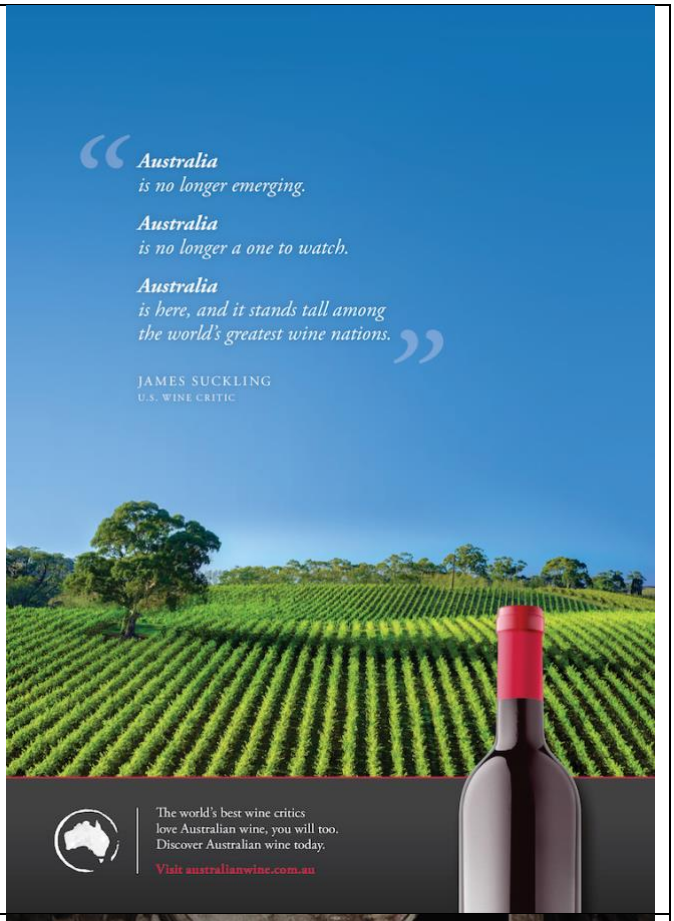
We also asked the ad agency to design a fifth ad unrelated to wine as a control, so we could test whether the difference in the response we might see from the analysis is due to respondents just being prompted by any communication message, versus specific wine related messages.

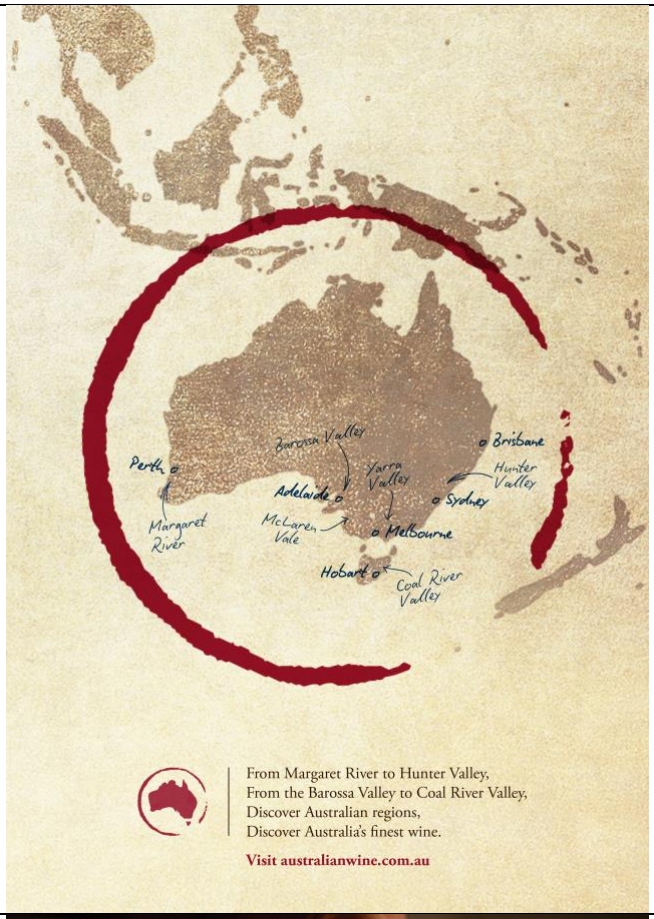
The agency came up with the ads in Table 5.

Table 5: Communication ads

CONTENT	DESIGN[1]
Easy to sell wines	

[1] At the time when we developed the ads for this project (March-April 2018) we included a fake internet website on them, which we called australianwine.com.au. This was done to make the ads more believable, without running the risk of respondents being influenced by something else they could find and read online. We then pre-tested the communication ads, and launched the main surveys for both consumers and trade operators using those ads, closing the data collection by the end of June 2018. In September 2018 Wine Australia launched a similar website name – australianwine.com. This website helps global consumers to find all the up-to-date information about Australian wines. The two websites are totally unrelated, and, most importantly, the event chronology shows that there was no risk of contamination of the real Wine Australia's website on our fake website.

Wines with good media reputation	
Producers committed to the US market	

Wines with a strong regional reputation	
Wine-unrelated ad	

We pre-tested the ads with a sample of US trade operators to verify that the ads actually communicated the content we wanted them to communicate, and to have some indication about the effectiveness of the ads in promoting Australian wines USD 12 retail and above.

.... Ads pre-test

..... Sample

The pre-test included 117 US wine trade operators. Of them 7 respondents (6%) didn't get that one or more ads were about Australia, so we excluded them from the analysis. This left 110 complete questionnaires.

All respondents were involved in the selection of the wines for the companies they work for.

The majority of the sample was represented by wine retailers (51%), and sole distributors (22%), with another 16% of companies, which just import (6%), or both import and distribute (10%) wines in the US.

The three most selected roles were wine buyers (51%), owners (47%), and salespeople (44%), with another 29% declaring to be head of sales, and 15% dealing with logistics.

These companies operate mostly in the Pacific area (42%), followed by Mid-Atlantic (35%), and South Atlantic (35%). All the other regions follow with a similar coverage (approx. 18% of the sample).

We had a good split between small and large companies, with 56% of the respondents declaring to work for small companies (less than 10 employees), and 44% of the sample working for large companies (11 employees or more).

74% of respondents currently stock Australian premium wines (USD 12 retail and above), with another 13% who have stocked Australian wines previously, and another 13% who have never stocked Australian wines. All other countries are more represented than Australia in their stocking: New Zealand (75%), France (85%), Italy (86%), US (91%).

Similar percentages can be seen in relation to the possibility of stocking these wines in the future. Only 80% said that they are willing to stock Australian premium wines (USD 12 retail and above) in the future, with New Zealand at 83%, Italy at 88%, France at 89%, and the US at 93%.

..... Results

When asked about the content of the ads, the results showed that the ads indeed communicated different messages. The "Media" ad, the "Committed to the US" ad, and the "Regional" ad all scored the highest on their respective dimension. The only ad, which didn't stand out that clearly was the "Easy to sell" ad, which seems to score equally high as an ad conveying an "easy to sell" message, but also a "committed to the US" message. However, the difference is not significant (0.04), and the actual "committed to the US" ad scored so high on its own dimension that we can consider this difference negligible. In addition, the coffee ad scored the lowest on each of the four dimensions (See Table 6).

Table 6: Ad content check

Ad Type	This ad communicates how easy some wines are to sell in the US market	This ad communicates how good the reputation of some wines is in the US media	This ad communicates how much some producers are committed to the US market	This ad communicates the strong regional reputation of some wines
Easy to sell	**4.01**	3.72	4.05	3.85
Media	3.64	**4.94**	4.25	4.50
Commitment	3.40	3.86	**4.91**	4.10
Region	2.80	3.48	3.50	**4.92**
Coffee	1.36	1.33	2.13	1.40

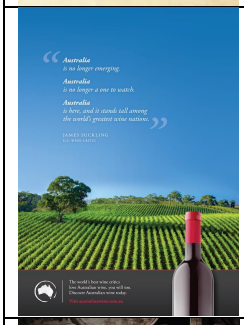
In addition, we asked respondents to select the one MOST effective and the one LEAST effective ad for the promotion of Australian wines USD 12 retail and above in the US market.

Only 22 respondents (20% of the sample) thought that none of the ads we proposed were effective for the promotion of Australian premium wines (USD 12 retail and above) in the US market. We have, therefore, excluded them from the analysis.

This left us with 88 valid respondents for the BW section of the survey.

As shown in Table 7 he most effective ad is the regional ad, followed by the media ad. The coffee ad was clearly seen as the least effective ad.

Table 7: Ad effectiveness

AD TYPE	MOST COUNT	LEAST COUNT	ML SCORE (M-L)
	30	2	28
	24	0	24
	20	1	19
	14	3	11
	0	82	-82

We can, therefore, conclude that, overall, the ads communicated the message we designed them for. Also, the regional ad seemed to be the most effective in promoting Australian wines USD 12 retail and above.

... Discrete Choice Experiment

Discrete Choice Experiments (DCEs) are a quantitative technique, which allows the elicitation of respondents' preferences in the absence of revealed preference data (e.g. panel data, where individual consumers' actual purchases are recorded). The method involves the combination of selected product features (e.g. country-of-origin, region-of-origin, price, label style, etc.) into sets of competing alternatives (e.g. bottles of wine). The alternatives are allocated into choice sets using an experimental design. Table 12 below provides an example of what a choice set might look like, using an example taken from the present study.

Figure 11: Example of a choice set



DCEs are based on a sound and well tested behavioural theory of decision making and choice behaviour: the Random Utility Theory (RUT) (McFadden, 1974; Louviere, 2000). RUT assumes that the choice between the alternatives is driven by an underlying, latent construct called 'utility'. This can be broken down into two components: a systematic and a stochastic component (Alberini, Longo, & Veronesi, 2006). This can be more formally written as follows:

$$U_{in} = V_{in} + \varepsilon_{in} \,, \forall i \in C_n \qquad (1)$$

where U_{in} is the total utility of alternative i for decision maker n, V_{in} is the systematic component of utility (the actual preference), ε_{in} is the stochastic component (random error) of utility (theoretically known to the decision maker, but not to the analyst), and C_n is the choice set of J objects (Swait, 2006).

The probabilities of choice can be derived from (1), once the distributions for the ε are specified. When generalized to the case of three or more alternatives, one obtains the famous Multinomial Logit Model (MNL) model, as shown by Ben-Akiva and Lerman (1985):

$$P_{in} = \frac{exp(\mu V_{in})}{\sum_{j \in C} exp(\mu V_{jn})}$$

where V_{in} and Vjn are described as above.

The higher the 'utility' associated with a product feature, and its relative levels, the more critical that feature is for the choice of a product.

We report below the product features, levels, and the combinatory design we used to generate the alternatives, and assign them to the various choice sets. We also explain how we executed the DCE.

.... Features, levels, combinatory design, and DCE execution

Given that 75% of all Australian exported wine is represented by red wines (Wine Australia, 2018a), the DCE used red wines only to simplify the design.

Each alternative is made up by a combination of fixed (i.e. identical across all alternatives), and variable product features and levels, as indicated below.

..... Fixed features and levels

- Alcohol content (14% ABV);
- Bottle shape (Bordeaux);
- Bottle volume (750ml);
- Vintage (2016).

..... Variable features and levels

Feature	Levels		
Country ***5 levels***	Australia / Victoria Estate* France / Chateau Badot Italy / Tenute Solari New Zealand / Ka Wanui Estate USA / Casper Ridge *All producers are fictitious to remove any potential bias		
Region ***2 levels*** ***Country-specific***	**Country**	**Well-known Region**	**Not Well-Known Region**
	Australia	Barossa Valley	Wrattonbully
	France	Vallée du Rhône	Sud Ouest
	Italy	Toscana	Basilicata
	New Zealand	Hawke's Bay	Wairarapa
	USA	Sonoma Valley	Edna Valley
Grape variety ***8 levels***	Cabernet Sauvignon Merlot Pinot Noir Malbec Zinfandel Shiraz Cab Sauv/Shiraz Red blend		
Label style ***4 levels***	Boutique Prestigious Simple elegance Stately		
Medal ***2 levels***	None Gold		
Price ***4 levels***	11.99 19.99 26.99 34.99		
Expert ratings ***4 levels***	98 points 92 points 88 points No points		

..... Combinatory design

The above-mentioned features and levels are combined via an Orthogonal Main Effects Plan (OMEP) design, which resulted in 128 choice sets, subsequently split in eight blocks of 16 choice sets each.

By providing 16 choice sets per respondent, we obtain a good balance between preventing respondent fatigue, and making sure we can extract as much information as possible from each individual respondent, thus maximising the return-on-investment per complete questionnaire.

..... DCE execution

As mentioned above, we decided to recruit two samples of respondents – consumers and trade operators – in separate, but similar surveys.

Consumers were randomly allocated to one of the above-mentioned ads, plus a sixth group, which was not presented with any ad in order to act as a control group.

Trade operators were allocated to one of two conditions: *ad-present* or *ad-absent*. The reason for this is that there are far fewer trade operators than consumers, thus making it impossible to find enough trade operators to test the impact of all ads. After consultation with the industry reference group, we decided that the "media" ad was the one to be shown to trade operators. While the "regional" ad scored higher than the "media" ad in the pre-test, we agreed that the results of the Vennli® stage of the project weren't showing that regionality was a critical barrier for the growth of Australian wines USD 12 retail and above in the US market.

We asked respondents to view the assigned ad for a minimum of 10 seconds. After that, respondents were prompted to think about one of these two messages respectively:

- CONSUMERS: We would like to show you some potential wine buying options and ask you which wine you would choose from the store where you normally buy wine for a formal occasion at home or at a friend's home (e.g. dinner at home with friends, birthday, anniversary, etc.).
- TRADE OPERATORS: Some wine brand representatives visited you in the last week, proposing some wines that you could stock/list in your portfolio. You tasted the wines and found them comparable in quality with other wines in the same price range. However, you cannot stock all these wines in your portfolio, so please choose the wine most likely to generate the most sales from the choices offered.

This is the followed by the instructions on how to answer the DCE task, and then one of eight blocks of 16 choice sets is shown to each respondent. After indicating the preferred bottle of wine in each choice set, respondents were also asked to select whether they would realistically purchase that bottle of wine if they had the chance.

... BWS task

BWS is a choice-based approach for measuring relative importance of product features. In a typical BWS task, respondents are asked to select the most-important (best) item and the least-important (worst) item from sets of three or more items (Cohen, 2009).

The method is a break-through in market research because it uniquely produces a ratio-level scale of respondent preference as well as overcoming some of the response bias and discrimination problems that plague traditional techniques (Casini, Corsi, & Goodman, 2009).

The most important element takes on a value of 100, and all less important features are a ratio relative to the most important feature. This indexed display allows for ease of comparison, e.g. an item rated 75 is 75% as likely to be rated most important, compared with an item at 100. This method provides a more realistic overview of the trade-offs respondents make in a decision-making process (Mueller Loose & Lockshin, 2013).

We combined the seven product features mentioned above using a Balanced Incomplete Block Design (BIBD). This resulted in seven choice sets of three product features each. For each of choice sets, respondents were asked to select the ONE product feature they believed influenced their choices the MOST when answering the previous DCE, and the ONE product feature they believed influenced their choices the LEAST.

Differently from the DCE, respondents could only choose the text-based name of the product features (e.g. “region-of-origin”, “price”, etc.) instead of an image-based representation. Although previous research has shown that the answers obtained through image-based tasks have a higher predictive ability than text-based task (Jarvis, Mueller, & Chiong, 2010), we decided to test this conclusion again in the present research. If the results are confirmed, we can rely even more strongly on the results of the DCE.

.. Sample

As in previous stages of the research, we hired two panel-provider companies to recruit participants for this stage of the research: one for the consumer sample, and one for the trade operators sample.

... Consumer sample

The full consumer sample included 1,968 complete questionnaires.

Initially, we conducted a quality-control check. We calculated the time necessary to complete the survey. The average was 20 minutes. We removed the bottom 5% and the top 5% of the respondents in terms of their response time, which left us with 1,762 usable responses. This step is important to eliminate respondents, who didn’t take enough time to read through the questionnaire, and those who were distracted while completing the survey.

The final sample is mostly made up of 50+ year old (43%), females (52%), with some college (31%) or bachelor’s (30%) degree, who are employed full time (38%), and have an income between USD 20,000-64,999 (49%) (see Table 8)

Table 8: Socio-demographic characteristics of the consumer sample (n=1,762)

Gender	%
Females	52
Males	48

Age	%
21-34 yo	34
35-50 yo	24
50+ yo	42

Employment	%
Employed for wages full-time	38
Retired	22
Employed for wages part-time	10
A homemaker	8
Self-employed	7
Unable to work	6
Out of work and looking for work	5
A full-time or part-time student	2
Out of work but not currently looking for work	1
Military	0

Income (USD)	%
No income	2
Below 10,000	4
$10,000 - $ 19,999	9
$ 20,000 - $ 29,999	13
$ 30,000 - $ 39,999	13
$ 40,000 - $ 49,999	10
$ 50,000 - $ 64,999	13
$ 65,000 - $ 79,999	9
$ 80,000 - $ 99,999	9
$ 100,000 - $119,999	7
$ 120,000 - $169,999	6
$ 170,000 and over	3
I don't know	2

The five ads were perceived to communicate messages in significantly different ways (p=0.000) (Table 9). The coffee ad scored the lowest on each of the 4 dimensions. The other four ads consistently communicated a strong message about regionality. This is expected for Ad 4 (the regional ad), but it is potentially a problem for the other 3 ads, because they were originally designed to communicate other messages. The media and commitment ad scored 2nd on their respective key dimension, but the easy-to-sell add scored the lowest on its key dimension. These results contradict the pre-test we ran on the ads, which consistently showed that each ad communicated exactly what it was supposed to communicate. However, it should be noted that the pre-test was conducted on trade operators, not consumers. Also, each respondent in the pre-test study saw all the ads (randomised and one-by-one), and scored each of them on each of the four dimensions. In the main study, respondents could only express a judgment on the one ad they saw.

Table 9: Ad message content perception – Consumer sample – By ad

Ad-type (Likert scale 1-7)	n	Easy-to-sell	Media	Commitment	Regionality
Easy to sell	296	4.31	4.38	4.49	5.03
Media	289	3.99	4.33	4.24	5.02
Commitment	294	4.29	4.49	4.74	4.94
Region	298	3.79	3.97	4.10	5.02
Coffee	296	3.01	3.06	3.53	3.10

... Trade operator sample

We collected 469 questionnaires. After conducting a quality control check and removing outliers in terms of time to complete, we had 423 usable questionnaires.

Participants were mostly owners/managers (39%) of wine distribution companies (41%), who are mostly located in the South Atlantic area (36%), and have an equal split between large and small companies (Table 10).

Table 10: Socio-demographic characteristics of the trade sample (n=423)

Business type*	%
Wine distributor	41
Wine retailer (brick and mortar)	36
Wine importer	31
Wine retailer (online)	29
On-premise venue	3

Business role*	%
Owner/manager	39
Wine buyer	30
Head of sales	22
Logistics	15
Salesperson	11
Sommelier	5
Restaurant management or staff	2
Chef	2

Business location*	%
South Atlantic	36
Pacific	29
Mid-Atlantic	27
South Central	27
Midwest	26
Mountain	24
New England	23

Business size	%
Up to 10 employers	50
More than 10 employers	50

* Sum is higher than 100% because respondents could select more than one business type, business role, or location

A sub-set of participants (n=217) was randomly assigned to the *ad-absent* condition. A subset of participants (n=206) was assigned to the media ad. In terms of ad perception, we had a somewhat similar pattern to the consumer questionnaire (Table 11). The ad mostly communicated about the producers' commitment to the market, followed by regionality and good reputation among the media. We did not run any statistical tests, because respondents were exposed to just one ad. It should be noted that in the trade questionnaire the questions about the content of the ad were asked at the end of the questionnaire (i.e. after the DCE and the Best-Worst tasks), not directly after showing the ad.

Table 11: Ad message content perception – Trade operators sample – By ad

Ad-type (Likert scale 1-7)	n	Easy to sell	Media	Commitment	Regionality
Good reputation among media	206	4.60	4.89	5.00	4.91

.. Results

... Aggregated sample analysis

An aggregated multinomial logit (MNL) model (Train 2009) has been applied to the choices, in order to estimate the relative importance of each feature for this model and the relative statistical significance. This is done by calculating each feature's partial *R*-square, that is, the

partial log likelihood associated with each feature across all its levels (Louviere and Islam, 2008).

The overall results show that price is the key choice driver for both consumers and trade operators. Consumers are then driven by expert ratings, grape variety and country-of-origin, whilst trade operators are mainly driven by country-of-origin and expert ratings (Table 12).

Table 12: Feature importance (%) – By sample

	Consumers Importance (%)	Trade Operators Importance (%)
Price	**41**	**34**
Expert ratings	**22**	**24**
Grape variety	16	7
Country-of-origin	13	**27**
Label style	6	3
Medal	1	4
Region-of-origin	1	0

Although it is useful to assess the aggregated preferences of the sample, the assumption that consumers (and trade) are homogeneous in their taste preferences is often tested using some sort of segmentation, because consumers typically are not identical in their preferences towards the object under investigation (Corsi, Mueller, & Lockshin, 2012; Scarpa & Thiene, 2005).

Therefore, we performed two types of segmentation analyses. First, we segmented the consumer and trade DCEs based on the type of ad to which the respondents were exposed; then we used Latent Class Analysis to group respondents by the similarity of their choices.

... Segmentation by ad exposure

The results of the segmentation by ad exposure showed few differences in terms of the importance consumers and trade gave to the elements driving the choice of a bottle of premium wine (USD 12 retail and above). In the case of consumers (see Table 13), the only feature for which results showed some statistical significance is price, which is significantly less important for those consumers exposed to the coffee ad, compared to other types of ads. DCEs do not provide information on why a particular choice is made. It is important to note that even if there is evidence of a few percentage points difference in terms of importance, though statistically significant, there is a minimal impact on effect size. In the case of trade operators (Table 14), the only feature for which we see a significant difference is country-of-origin, which becomes less important for those trade operators, who were not exposed to the ad. This result probably occurred because the ad for Australia improved the choice of Australia over the no-ad condition. In the overall result, Australia was chosen significantly less often, so improving its probability of choice reduced the disparity between countries in the no-ad condition.

Table 13: Feature importance (%) across ads – Consumer sample

	Easy to sell	Media	Commitment	Regional	Coffee	No Ad	Wald(=)	p-value
Price	39	41	40	39	37	41	59.92	**0.00**
Expert ratings	21	19	19	23	24	19	13.86	0.84
Grape variety	18	17	16	21	14	20	54.50	0.06
Country	12	13	14	9	14	15	24.05	0.51
Label style	5	7	7	6	8	4	15.22	0.77
Region	2	1	1	1	1	0	6.63	0.76
Medal	2	1	2	1	2	0	17.15	0.07

Table 14: Feature importance (%) across ads – Trade sample

	Media	No ad	Wald(=)	p-value
Price	35	32	5.20	0.27
Country	25	29	14.12	**0.01**
Expert ratings	23	25	5.24	0.27
Grape variety	7	7	3.04	0.93
Medal	4	4	0.01	0.99
Label style	4	3	5.84	0.21
Region	1	0	0.07	0.97

... Latent class analysis

Latent Class models are a specific form of finite mixture models (Andrews & Currim, 2003; Boxall & Adamowicz, 2002), which assume that the overall preference distribution is made up of a combination of unobservable, latent groups or classes that differ in their utility between the groups but are similar within (Provencher & Moore, 2006). With the help of statistical criteria, the researcher has to specify the optimal number of these underlying groups. Simulation procedures estimate class-specific part-worth utilities for each feature level and assign each person a probability of belonging to each of the prespecified classes (Train, 2009).

Latent Class Analysis (LCA) often is regarded as a superior form of segmentation compared to *a-priori* segmentation (which is usually focused on demographics or on the experimental conditions as above), because, the estimation process is easier and more intuitive (Scarpa & Thiene, 2005), and this type of segmentation appears to be more stable and enduring over time (Wedel & Kamakura, 2000).

The statistical criterion used to define the number of classes is the Bayesian Information Criterion (BIC). The lowest value of the BIC corresponds to the optimal number of classes (Popper, Kroll, & Magidson, 2004; Scarpa, Thiene, & Tempesta, 2007). Once the segments were identified, we tested whether the segments differed significantly in their socio-demographic characteristics, and wine-drinking behaviour by cross-tabulating variables with class membership and conducting a chi-square test.

The results of the LCA suggest that the best number of groups into which we could segment both the consumers and trade sample is three (see Table 15). The reason is that despite the value of the BIC decreasing, the variations in the BIC value after the 3-segment solution are so small that the expected differences in the segments can be considered negligible (Scozzafava et al., 2016).

Table 15: Latent Class Analysis estimation - Consumer sample and trade sample

Consumers sample		LL	BIC(LL)	Npar	L^2	df	p-value	Class.Err.	$R^2(0)$	R^2	BIC VAR (%)
Model1	1-Class Choice	-47816.73	95805.36	23.00	76952.85	1739.00	1.4e-14905	0.00	0.04	0.04	-7.77
Model2	2-Class Choice	-44006.36	88364.00	47.00	69332.11	1715.00	2.5e-13309	0.03	0.11	0.11	-4.28
Model3	3-Class Choice	-42023.61	84577.88	71.00	65366.60	1691.00	3.7e-12489	0.04	0.18	0.18	-1.49
Model4	4-Class Choice	-41303.12	83316.29	95.00	63925.63	1667.00	2.1e-12203	0.04	0.19	0.19	-1.11
Model5	5-Class Choice	-40751.01	82391.44	119.00	62821.40	1643.00	7.1e-11989	0.05	0.20	0.20	-0.83

Trade operators sample		LL	BIC(LL)	Npar	L^2	df	p-value	Class.Err.	$R^2(0)$	R^2	BIC VAR (%)
Model1	1-Class Choice	-9644.89	19465.16	29.00	15930.92	394.00	3.9e-3061	0.00	0.16	0.12	-9.53
Model2	2-Class Choice	-8626.52	17609.84	59.00	13894.17	364.00	5.4e-2654	0.01	0.27	0.24	-4.43
Model3	3-Class Choice	-8145.83	16829.87	89.00	12932.78	334.00	2.0e-2474	0.02	0.33	0.30	-1.82
Model4	4-Class Choice	-7901.96	16523.55	119.00	12445.04	304.00	3.6e-2395	0.02	0.35	0.32	-1.31
Model5	5-Class Choice	-7703.04	16307.13	149.00	12047.21	274.00	3.1e-2335	0.02	0.37	0.34	-0.58

Now that we have established the most appropriate number of segments into which we can segment the samples, we can observe the characteristics of each of these three segments. First, we observed the importance the respondents in each segment gave to the product features. Second, we investigated the value these respondents assigned to the different levels of the features in terms of the partworth utilities, and, finally, we looked into the differences between the segments in relation to the socio-demographic characteristics of the sample collected in the questionnaires.

The results of the consumer survey (Table 16) revealed that two segments, which represent 70% of all respondents, evaluated country of origin to be the most important choice factor. For segment 1, country of origin represented approximately 50% of the reasons why consumers choose wines, with the other 4 factors – expert ratings, grape variety, price and label style – representing the other 50% of their choices. The results were more polarised for segment 3: country of origin represents 39% of the choice, followed by price (29%) and grape variety (21%), so there was a more even spread of the importance that these consumers give to different wine features. Segment 2 was again different as the choice for these consumers was mostly driven by price (68%) with expert ratings (17%) a distant second. It is also worth noting that the region of origin and medals were unimportant in terms of choice for all consumers. We know that American consumers are not knowledgeable about wine regions, so this result is not unexpected. It is interesting to note that medals were not important, while in similar experiments in Australia, medals are usually moderately important. We do know that medals are used less in the US than in Australia and that point scores typically on shelf talkers are used more widely in the US.

Table 16: Feature importance (%) – Consumers – By segment

	SEGMENT 1 (n=820)	SEGMENT 2 (n=530)	SEGMENT 3 (n=412)
Country	51	5	39
Expert ratings	17	17	6
Grape variety	12	7	21
Price	10	68	29
Label style	8	2	3
Region	1	1	1
Medal	1	1	0

The results of the trade were more homogenous (see Table 17). Segment 1 was mostly driven by expert ratings (34%) and price (29%), with grape variety (14%) about half as important. Segment 2 was driven by the country-of-origin (36%), followed by price (28%), with expert ratings (16%), less than half as important. Segment 3 used mostly price as a choice driver (43%), followed by expert ratings (26%), and country-of-origin (22%) about a third less important. It was also useful to know that the trade sample was almost evenly split between the three segments, while the consumer sample was heavily weighted to one segment, with the others about a third to one half as large. These proportions were important to Australian exporters as they first meet with trade operators, because they should quickly identify which segment the company belongs to, so they can emphasise the proper marketing mix.

Table 17: Feature importance (%) – Trade operators – By segment

	SEGMENT 1 (n=155)	SEGMENT 2 (n=143)	SEGMENT 3 (n=125)
Expert ratings	34	16	26
Price	29	28	43
Grape variety	14	9	4
Label style	10	1	2
Country	8	36	22
Medal	3	8	1
Region	1	0	0

Before looking more closely at the analysis of partworth utilities (preferences by feature levels), we would like to draw attention to the results of the BW section of the trade operators questionnaire. As one can see in Table 18, respondents declared that, regardless of the segment, price was the key factor influencing their choice. This was followed by other factors, depending on the segments to which trade operators belonged. However, as shown above, price was the most important feature only for segment 3, while the other two segments were driven mostly by country-of-origin and price.

Table 18: Best-Worst validity check – Trade operators – By segment

	ALL SAMPLE	SEGMENT 1	SEGMENT 2	SEGMENT 3
Price	**100**	**100**	**100**	**100**
Country-of-origin	**81**	**85**	**60**	**96**
Expert ratings	**50**	**84**	35	28
Label style	36	**67**	21	21
Grape variety	34	**84**	20	10
Region-of-origin	32	**51**	16	29
Medal	24	42	23	4

.... Consumer preferences for feature levels

We now move to looking at the levels within each product feature (Table 19). We want to note that negative values are not really negative drivers of choice; the coding method we used forces the total of all the levels in each feature to add to zero. So, the negative levels are just much less important than the positive ones by the distance between the values.

The levels consumers valued the most differed by segment. Consumers belonging to Segment 1 mostly valued wines coming from France and Italy, but Australia was more preferred than the US and New Zealand. This was clearly an imported wine segment, which is an important target for Australian wine producers. The wines chosen by this segment were preferably made with Zinfandel, Merlot, or Pinot and priced around USD 19.99, and had the highest expert ratings. These consumers also preferred wines with prestigious style labels. It is useful to know that this imported wine segment was willing to pay more than the other two segments for wine. As noted below, the issue with Shiraz being least preferred is most likely due to lack of knowledge, experience and presence of Shiraz, rather than dislike of the variety.

Respondents belonging to Segment 2 simply wanted cheap wines with the highest possible expert ratings and prefer Merlot to some degree. Respondents in Segment 3 didn't really have a pattern of choices, but when they chose, they preferred Zinfandel around USD 11.99 to about USD 19.99. The style of labels, the region-of-origin, and the presence of a gold medal seemed to be generally ignored by consumers in all segments except the slight preference for prestigious labels in Segment 1. The partworth utilities for the levels of these three features were very close to 0, meaning that they weren't really liked or disliked. It is useful to know, that although consumers generally preferred less expensive wines, the cut-off point was around USD 19.99, rather than USD 11.99. This gives some reasonable margins for the majority of Australian exporters to aim for.

We also note the lack of choice for Shiraz and Cab Sauv/Shiraz blends across the three segments, as this poses some issues in relation to the potential of Australian wines to be successful in the US market. US consumers were much more aware of Merlot, Zinfandel, Pinot Noir and Cabernet. The negative values for Shiraz and Shiraz blends were not due to aversion, but to lack of awareness and knowledge. Previous research in the US market a few years after the global financial crisis demonstrated that Shiraz and blends just do not come to mind in a purchase situation. Tastings showed that US consumers like the wines, but the lack of prevalence on the shelf and in promotions means these wines are just not considered. If Australian producers want to sell Shiraz/Syrah and blends in the US market, awareness campaigns accompanying a push to list these wines on-premise and range them in retailers will need to be conducted. Shiraz was a well-liked and purchased grape variety in the early to mid-2000s in the US market. It can be brought back to those levels with investment over time.

Table 19: Partworth utilities – Consumers – By level

Features	Segment 1	Segment 2	Segment 3	Wald	p-value	Wald(=)	p-value
n	**820**	**530**	**412**				
Country-of-origin							
Australia	0.22	-0.02	-0.44	5462.13	0.00	4540.24	0.00
France	0.41	0.02	-0.31				
Italy	0.37	-0.05	-0.35				
New Zealand	0.12	-0.09	-0.51				
USA	0.18	-0.08	-0.23				
No choice	-1.32	0.22	1.84				
Grape variety							
Cabernet Sauvignon	0.05	0.09	0.12	669.46	0.00	144.40	0.00
Merlot	0.17	0.22	0.22				
Pinot Noir	0.15	0.09	0.20				
Malbec	-0.16	-0.18	-0.51				
Zinfandel	0.18	0.07	0.77				
Shiraz	-0.24	-0.20	-0.45				
Cab Sauv / Shiraz	-0.21	-0.12	-0.46				
Red blends	0.05	0.02	0.10				
Label style							
Prestigious	0.17	0.05	0.07	117.89	0.00	24.05	0.00

Stately	-0.04	-0.02	0.00				
Boutique	-0.10	0.02	-0.12				
Simple elegance	-0.03	-0.05	0.06				
Price							
USD 11.99	-0.17	2.08	0.81	3375.47	0.00	3269.15	0.00
USD 19.99	0.18	0.95	0.37				
USD 26.99	0.08	-0.89	-0.24				
USD 34.99	-0.10	-2.14	-0.94				
Expert ratings							
98 points	0.33	0.62	0.19	1190.51	0.00	133.88	0.00
92 points	0.05	0.16	0.03				
88 points	-0.13	-0.36	-0.16				
No score	-0.25	-0.42	-0.06				
Region-of-origin							
Well known	0.01	0.02	0.02	4.98	0.17	0.11	0.95
Not well-known	-0.01	-0.02	-0.02				
Medal							
No medal	-0.01	-0.03	0.01	5.24	0.15	1.73	0.42
Gold medal	0.01	0.03	-0.01				

Adj. R^2 = 0.175; LL = -42023.607; BIC(LL) = 84577.883; n= 1762; df = 1691

.... Trade operator preferences for feature levels

When looking at the levels trade operators prefer the most, we found that the trade simply wanted less expensive wines with the highest possible expert ratings (see Table 20). Segment 1 added to this pattern more specifically wines made from Pinot Noir and Cabernet with a prestigious label. This made it somewhat similar to Segment 1 in the consumer sample. This segment of the trade was also the only one with a preference for Australian wines over other countries, and although the lowest price of USD 11.99 was preferred, the USD 19.99 price was not far behind as were scores around 92 points.

Segment 2 was least inclined to choose NZ wines with Australia as the next least chosen. This segment preferred Cabernet and then Merlot wines at the lowest price point and was the only segment to choose wines with a gold medal on the label. Segment 3 clearly preferred US wines over other country wines with France preferred second. Australia and NZ wines were the least chosen. This segment had a moderate preference for Pinot Noir and wines at USD 19.99. Ratings at 92 points and above were also chosen.

Different from the consumer sample, though, Shiraz and Cabernet/Shiraz blends were not perceived badly. This is positive news for Australian wine producers, because first it means the trade is more receptive to stocking these wines. Next, investment and shoe leather need to be concentrated on building a favourable image for these grape varieties among consumers. In this regard, it's also interesting to see the aversion trade operators had towards Zinfandel, Malbec, and more generic red blends contrary to the consumer preferences.

Table 20: Partworth utilities – Trade operators – By level

Features	Segment 1	Segment 2	Segment 3	Wald	p-value	Wald(=)	p-value
n	**155**	**143**	**125**				
Country-of-origin							
Australia	0.20	-0.67	-0.90	1607.64	0.00	1391.90	0.00
France	0.01	-0.22	0.49				
Italy	0.11	-0.28	-0.32				
New Zealand	-0.07	-1.75	-1.62				
USA	-0.08	-0.14	1.12				
No choice	-0.16	3.05	1.24				
Grape variety							
Cabernet Sauvignon	0.20	0.81	0.07	155.06	0.00	55.96	0.00
Merlot	0.11	0.17	0.00				
Pinot Noir	0.28	-0.15	0.28				
Malbec	-0.08	-0.22	-0.25				
Zinfandel	-0.28	-0.40	-0.06				
Shiraz	0.04	0.00	0.03				
Cab Sauv / Shiraz	0.06	0.07	-0.11				
Red blends	-0.34	-0.28	0.05				
Label style							
Prestigious	0.24	0.10	-0.01	51.97	0.00	21.67	0.00
Stately	-0.21	-0.06	0.13				
Boutique	-0.04	-0.09	-0.15				
Simple elegance	0.01	0.05	0.03				
Price							
USD 11.99	0.52	1.86	2.43	1096.42	0.00	418.15	0.00
USD 19.99	0.39	0.65	1.23				
USD 26.99	-0.15	-0.62	-0.51				
USD 34.99	-0.77	-1.89	-3.16				
Expert ratings							
98 points	0.61	1.34	1.54	1268.26	0.00	281.54	0.00
92 points	0.35	0.00	1.05				
88 points	-0.09	-0.56	-1.87				
No score	-0.87	-0.79	-0.72				
Region-of-origin							
Well known	-0.02	-0.02	0.01	1.02	0.80	0.39	0.82
Not well-known	0.02	0.02	-0.01				
Medal							
No medal	-0.07	-0.55	-0.09	131.91	0.00	70.66	0.00
Gold medal	0.07	0.55	0.09				

Adj. R^2 = 0.296; LL = -8145.825; BIC(LL) = 16721.014; n= 423; df = 352

.... Socio-demographic analysis – By segment

..... Consumers socio-demographic

The common characteristics of the three segments were a virtually identical split across the various ads, which is consistent with the lack of significant differences in feature importance shown above. The p= at the top of each table shows whether there were significant differences between the segments. P values below 0.05 indicate statistical significance. All segments seem to have the same average income, with 50% of the population of each sample earning between USD 20,000 – USD 64,999 per year.

Segment 1 presents an equal split between males and females, who are mostly 21-34 years old, live in a household of 2 people, and are employed full-time. This is a younger demographic than the other segments. In addition, these consumers are more involved with wine, and more knowledgeable about wine than the consumers belonging to segment 2, who are more involved and knowledgeable than consumers belonging to segment 3.

Segment 2 also presents an equal split between males and females, half of whom are 50+ years old, live in households of 2 people, and are either mostly employed full time or retired.

Segment 3 is similar to segment 2 with the only difference being more females than males.

Table 21: Socio-demographic characteristics – Consumers – By segment

GENDER p=0.001	Male (%)	Female (%)
Segment 1	50	50
Segment 2	50	50
Segment 3	40	60

AGE p=0.000	21-34 yo (%)	35-49 yo (%)	50+ yo (%)
Segment 1	39	26	35
Segment 2	29	20	50
Segment 3	29	23	48

HOUSEHOLD SIZE p=0.004	1 (%)	2 (%)	3 (%)	4+ (%)
Segment 1	23	32	18	26
Segment 2	24	41	18	17
Segment 3	27	41	15	17

RESPONSE TO ADS p=0.989	Easy to sell (%)	Media (%)	Commitment (%)	Regional (%)	Coffee (%)	No Ad (%)
Segment 1	17	16	16	18	17	17
Segment 2	17	17	17	16	17	16

Segment 3	17	17	18	16	16	16

EMPLOYMENT

p=0.001	Segment 1 (%)	Segment 2 (%)	Segment 3 (%)
Employed for wages full-time	42	34	36
Employed for wages part-time	10	9	10
Self-employed	7	7	8
Out of work and looking for work	5	7	5
Out of work but not currently looking for work	2	0	2
A homemaker	9	8	7
A full-time or part-time student	3	2	2
Military	0	0	0
Retired	17	27	23
Unable to work	5	5	8

INCOME (USD)

p=0.057	Segment 1 (%)	Segment 2 (%)	Segment 3 (%)
No income	2	1	3
Below $ 10,000	3	6	4
$10,000 - $ 19,999	8	11	10
$ 20,000 - $ 29,999	13	14	13
$ 30,000 - $ 39,999	13	12	13
$ 40,000 - $ 49,999	10	9	12
$ 50,000 - $ 64,999	12	13	13
$ 65,000 - $ 79,999	9	8	11
$ 80,000 - $ 99,999	10	8	9
$ 100,000 - $119,999	8	7	4
$ 120,000 - $169,999	6	8	4
$ 170,000 and over	4	3	3
I don’t know	2	3	2

..... Trade operator characteristics

Looking at the characteristics of the trade sample (Table 22), we can see the following:

Segment 1 is mostly comprised of wine importers, wine distributors and online wine retailers. Respondents are mostly owners/managers, or heads of sales, and they are mostly located in the South-Central area of the US. They are mostly small businesses (i.e. less than 10 employees). Sixty-one per cent of them stock Australian wines, the highest stocking percentage for this segment together with Italian wines, and 77% of them claim that they are willing to stock Australian wines in the following year. Again, this is the highest percentage across all competing country wines.

Segment 2 is mostly comprised of salespeople and logistics personnel, who work for online wine retailers. Given the nature of the business, trade operators belonging to this segment represent the majority of respondents in all areas, except the South Atlantic and South Central. They are mostly small businesses (i.e. less than 10 employees), and they focus mostly on US, and French wines. Only 32% currently stock Australian wines, and only 36% claim they will stock Australian wines in the following 12 months.

Segment 3 is mostly comprised of wine buyers and sommeliers, who work for brick and mortar wine retailers. They are mostly located in the New England area, and they are mostly large businesses (more than 10 employees). The respondents belonging to this group stock on average more wines than the other two segments, and they are willing to stock more wines than the other two in the following 12 months.

Table 22: Sample characteristics – Trade operators – By segment

*No significant differences**	**Segment 1 (%)**	**Segment 2 (%)**	**Segment 3 (%)**
Wine importer (n=131)	45	28	27
Wine distributor (n=174)	40	28	33
Wine retailer (brick and mortar) (n=151)	38	21	41
Wine retailer (online) (n=124)	43	36	21
On-premise venue (n=11)	64	18	18

* n > 423 because respondents could select more than one business type

*No significant differences**	**Segment 1 (%)**	**Segment 2 (%)**	**Segment 3 (%)**
Owner/manager (n=165)	48	34	18
Wine buyer (n=127)	31	20	48
Head of sales (n=91)	41	30	30
Salesperson (n=45)	33	62	4
Logistics (n=64)	16	52	33
Restaurant management or staff (n=9)	33	33	33
Sommelier (n=20)	25	10	65
Server (Waitstaff) (n=4)	100	0	0
Chef (n=7)	57	43	0

* n > 423 because respondents could select more than one role

*No significant differences**	**Segment 1 (%)**	**Segment 2 (%)**	**Segment 3 (%)**
New England (CT, ME, MA, NH, RI, VT) (n=104)	23	39	38
Mid-Atlantic (NJ, NY, PA) (n=136)	27	39	34
Midwest (IA, IL, IN, KS, MI, MN, MO, NE, ND, OH, SD, WI) (n=164)	26	46	28

South Atlantic (DE, FL, GA, MD, NC, SC, VA, DC, WV) (n=181)	36	34	30
South Central (AL, AR, KY, LA, MS, OK, TN, TX) (n=162)	27	42	31
Mountain (AZ, CO, ID, MT, NV, NM, UT, WY) (n=143)	24	44	32
Pacific (AK, CA, HI, OR, WA) (n=140)	29	39	32

* n > 423 because respondents could select to be present in more than one area

p=0.000	**Segment 1 (%)**	**Segment 2 (%)**	**Segment 3 (%)**
Less than 10 employees (%)	55	54	40
More than 10 employees (%)	45	46	60

France	**Currently stocked/listed (%)**	**Stocked/listed previously (%)**	**Have never stocked/listed (%)**
Segment 1	58	21	21
Segment 2	69	9	22
Segment 3	83	2	15

Italy	**Currently stocked/listed (%)**	**Stocked/listed previously (%)**	**Have never stocked/listed (%)**
Segment 1	61	14	25
Segment 2	57	17	26
Segment 3	78	2	20

New Zealand	**Currently stocked/listed (%)**	**Stocked/listed previously (%)**	**Have never stocked/listed (%)**
Segment 1	46	31	23
Segment 2	16	18	66
Segment 3	54	16	30

Australia	**Currently stocked/listed (%)**	**Stocked/listed previously (%)**	**Have never stocked/listed (%)**
Segment 1	61	19	20
Segment 2	32	20	48
Segment 3	65	9	26

US	**Currently stocked/listed (%)**	**Stocked/listed previously (%)**	**Have never stocked/listed (%)**
Segment 1	59	12	29
Segment 2	71	11	18

Segment 3	96	1	3

	Probability of stocking in the next 12 months	
France	**Yes (%)**	**No (%)**
Segment 1	67	33
Segment 2	72	28
Segment 3	86	14
Italy	**Yes (%)**	**No (%)**
Segment 1	70	30
Segment 2	63	37
Segment 3	80	20
New Zealand	**Yes (%)**	**No (%)**
Segment 1	57	43
Segment 2	17	83
Segment 3	58	42
Australia	**Yes (%)**	**No (%)**
Segment 1	77	23
Segment 2	36	64
Segment 3	72	28
US	**Yes (%)**	**No (%)**
Segment 1	62	38
Segment 2	73	27
Segment 3	98	2

It is not unusual to find similar demographics among segments with differing buying propensities. This is why demographic-based targeting is usually not an effective communication strategy. Although there are some differences between the segments in both the trade and the consumer samples, it is essentially impossible to target based on these. Evidence shows it is more efficient to target all category users (consumers who buy wine and trade who sell wine) than to try and focus on sub-segments. A recent Ehrenberg Bass Corporate Report highlighted this fact even in using social media targeting. An experiment across the six largest digital media programmatic advertising sellers showed their ability to target young men (25-35 years old males) using digital media was no better than chance. However, the cost per 'opportunity to view' was much higher than broad-based promotion without targeting.

.. Discussion

The results of Stage 3 of the project allow us to elaborate the following considerations:

- The fact that DCE responses are not influenced by the communication ads respondents have been exposed to should be treated as positive result. This means that we can communicate the message we prefer in the US market, without running the risk that one message may jeopardise consumers and trade operators' choices towards Australian wines. We would obviously recommend to invest in messages related to the good reputation Australian wines have among media, on the commitment of Australian producers to the US market, and on the regionality of our wines, instead of the easy-to-sell message, as these messages are more in line with the positioning Australian wines want to have in every market, not just the US.
- Overall Australian wines are not top of mind among our two samples. This echoes recent reports (Wine Australia, 2018b; 2019) last year that Australian wines are not disliked, but merely not thought of very often. This is an outcome of not being on the shelf, the wine list, or upfront in the online store. We found segments in both the trade and consumers, who did buy (or sell) Australian wine and more who did not. We also found that reminder advertising works as expected: it raises the probability of Australian wine coming to mind in a purchase situation.
- One of the major outcomes of having both consumers and the trade choose wines from the same experimental conditions is we can see how their preferences differ. This is important for Australian producers and Wine Australia to keep in mind when developing messaging strategies for the market. Messages must be consistent overall, but the focus can and should be different for the trade versus consumer.
- Consumers need to be reintroduced to Shiraz and blends and to the high quality as evidenced by third party objective ratings. This can be done directly through an advertising campaign, perhaps in general food magazines or radio (TV is too expensive), but not in wine magazines, because these are read by very few consumers. The same goes for social media. Our Institute has strong evidence that social media focusing on products is viewed almost entirely by current users and hardly reaches any new users. Communication strategies must reach as many wine consumers as possible, but not be limited to the highest involvement consumers. In the US, 10% of wine drinkers are high involvement compared to Australia where they are closer to 35%.
- The other way to impact consumers would be through an organised campaign by all (or most) exporters through their distributors, where shelf talkers, retail displays and by the glass promotions occur simultaneously in most markets. This can gain synergy with a media campaign at the same time.
- The trade communications should focus on the quality of Australian wine and at the same time the strength of Australia's commitment to the US market. This second part must be communicated with actual action, not just media activity. There should be investment in advertising, retail displays, and a social media campaign. As with the more involved wine users, social media and other targeted communications could work on the wine trade. The timing of the trade campaign should precede the consumer activities to allow Australian producers time to build their relationships with the trade and have enough time to plan for the consumer campaign, and to make sure wine stocks are available for sale. Building trade awareness is vital, but it should be accompanied by a blitz of Australian producers contacting their existing trade partners

and a group of new wineries starting to build their relationships with the trade, all focusing on something concrete, such as Australian wine month, for example.

- Our research shows there is a major opportunity for Australian wines in the near USD 19.99 retail price in the US market. There is also evidence for some preferences at prices above this, which as we know are bought less often. Producers should be encouraged to promote wines with positive objective ratings (scores, write ups, etc.) in these price points. This does not mean there is no opportunity for less expensive wines, but these price points are not growing compared to the ones above USD 12. There is opportunity above USD 20, but like in all markets, there are fewer consumers willing to buy wines at these price points. Higher priced wines can set a halo of quality, which will help lower priced wines, but it is important to understand that most consumers don't buy higher priced wines and therefore don't read or hear about them.
- The US is a traditional wine market focused on its own wines and wines from France and Italy. New world wines, like Chilean, Argentinian and Australian often provide cheaper, easy to drink wines, but are rarely considered at prices above USD 12. Australia was able to build a reputation in the lower price points and then grow higher priced wines in the market in the early days of Strategy 2025. The general abandonment of the US market after the financial crisis of 2008-09 likely fomented ill will in the minds of many in the trade. Consumers just moved on to other wines. But that negative view has mostly disappeared according to this research. Australia is now just another wine producing country that is less familiar than other countries to the US market. The only real barrier is our ability to engage the market both with the trade and with consumers.
- One last methodological implication is relative to the divergence of rankings between the DCE estimations and the BWS ranking in the trade operator's questionnaire. This validity-check sheds more evidence on the ability of images to mimic reality better than words. In other words, people often say that price is the most important feature, but actual purchase behaviour belies these statements. There is lots of evidence across many product categories that consumers and trade make decisions based on factors along with price, not with price as the only driver. This result means that Australian wine producers dealing with the US trade are likely to be told price is the most important feature, because that is cognitively top of mind. Australian producers will certainly have to acknowledge price, but they can also focus on expert ratings, because these were important in all segments.

. STAGE 4 – DECISION SUPPORT SYSTEM STAGE

.. Introduction

The last stage of the project consists of the development of a tool, which helps wine business operators focus their marketing efforts in the US wine market more effectively.

The tool is based on the results of stage 2 and 3 of the project, and it can be used by wineries exporting to the US, or by those in the final stages of planning to export to the US in two different ways.

1. They can look at which consumers and trade operators they are currently targeting, or they would like to target, and find what features of their brand will be more effective to communicate when dealing with these people. Or;
2. They can look at their offering (e.g. price points, expert rating, grape varieties) and then find which type of consumer and trade segments are most likely to respond positively to their offer.

The content of the tool was developed by the research team. The tool was then designed by Wine Australia, and submitted to the members of the Industry Reference Group for feedback and approval.

We report the content of the tool here, but the official version of the tool can be found online.

.. The US Wine Marketing Tool

The US Wine Marketing Tool can be used by answering a set of questions, either relative to the target market, or the product features. There are no right or wrong answers to these questions. Respondents should just choose the answer in each block that best reflects their current or desired market characteristics in the US or their important product features. Even if more than one answer is suitable, respondents should choose the best one for their business.

... Target market to product features

Think about the characteristics of the consumers and trade operators you're currently targeting or you would like to target.

How would you best describe them based on the characteristics below?

CONSUMERS	TRADE
AGE	**BUSINESS TYPE YOU DEAL WITH**
A – 21-34 years old A/B/C – 35-49 years old B/C – 50+ years old	A – WINE IMPORTERS A – WINE DISTRIBUTORS A – ON-PREMISE B – WINE RETAILERS (ONLINE) C – WINE RETAILERS (BRICK & MORTAR)
GENDER	**KEY CONTACT YOU DEAL WITH**
A/B – MALES AND FEMALES C – FEMALES	A – OWNERS/MANAGERS A – HEAD OF SALES B – SALES PEOPLE B – LOGISTICS C – WINE BUYERS C – SOMMELIERS
WINE INVOLVEMENT (i.e. level of engagement with wine as a product)	**TRADE OPERATOR SIZE**
A – HIGH B – MEDIUM C – LOW	A/B – SMALL BUSINESSES (LESS THAN 10 EMPOYEES) C – LARGE BUSINESSES (10 EMPOYEES OR MORE)

WINE KNOWELDGE	**FOCUS ON AUSTRALIAN WINES**
A – HIGH B – MEDIUM C – LOW	A – VERY FOCUSED B – IN THE MIDDLE C – NOT VERY FOCUSED
PREFERRED CONSUMPTION OCCASION	**USA LOCATION**
C – INFORMAL OCCASION AT A RESTAURANT B – INFORMAL OCCASION A FRIEND'S HOME B – FORMAL OCCASION A FRIEND'S HOME B – FORMAL OCCASION AT A RESTAURANT	A – SOUTH-ATLANTIC B – MID-ATLANTIC B – MID-WEST B – MOUNTAIN B – PACIFIC B – SOUTH-CENTRAL C – NEW ENGLAND
AVERAGE PRICE SPENT AT RETAIL PER BOTTLE OF WINE (retail/bottle USD)	
A/C – LESS THAN US$ 19.99 B – US$ 20 OR MORE	

For each category of answers – consumers and trade operators
If majority of answers is A, check profile 1
If majority of answers is B, check profile 2
If majority of answers is C, check profile 3

Features you should emphasise more when dealing with…	CONSUMERS	TRADE OPERATORS
PROFILE 1 **Wine Expert Followers**	**Price +++ (US$11.99)** **Expert ratings ++ (98 pts)** Grape variety + (Merlot) Country of origin ≈ Label style ≈ Region ≈ Medal ≈ 31% of the US market	**Expert ratings +++ (98 pts)** **Price +++ (US$11.99)** Grape variety + (Pinot Noir, Cabernet Sauvignon, Merlot) Label style + (Prestigious) Country of origin + (Australia, Italy) Region ≈ Medal ≈ 37% of the US market
PROFILE 2 **Mid-Range Oenophiles**	**Country of origin +++ (France, Italy, Australia)** **Expert ratings ++ (98 points)** **Grape variety ++ (Zinfandel, Merlot, Pinot Noir)** Label style + (Prestigious) Price + (US$19.99) Region ≈ Medal ≈ 46% of the US market	**Country of origin +++ (No difference)** **Price +++ (US$11.99)** **Expert ratings ++ (98 points)** Grape variety + (Cabernet Sauvignon) Medal + (Gold) Label style ≈ Region ≈ 34% of the US market
PROFILE 3 **Conservative Wine Players**	**Country of origin +++ (No difference)** **Price +++ (US$11.99)** **Grape variety ++ (Zinfandel)** Expert ratings + (98 points) Label style ≈	**Price +++ (US$11.99 - US$19.99)** **Expert ratings +++ (98 pts, 92 pts)** **Country of origin ++ (USA, France)** Grape variety ≈ Label style ≈

	Region ≈ Medal ≈ 23% of the US market	Region ≈ Medal ≈ 29% of the US market

Legend

+++ Critical / ++ Very important / + Somewhat important / ≈ Not important

For the +, ++, and +++ product features, in brackets are the most preferred level(s)

... Product features to target market

Think about the features of your wines you feel to be the strongest for your brand and/or the features you would like to use to promote your brand in the US.

What are the TOP 3 features you are currently using, or you would like to use to promote your wines in the US?

- Country of origin
- Expert ratings
- Grape varieties
- Label style
- Medal/Awards
- Price
- Region or origin

Check what profile your TOP 3 features belong to, and then discover what group of consumers and trade operators your marketing strategy are more effective with.

CHECK PROFILE 1			CHECK PROFILE 2			CHECK PROFILE 3			CHECK PROFILE 4		
Price	COO	Expert	ROO	GV	Expert	ROO	GV	Label	ROO	Expert	Label
Price	COO	ROO	GV	Expert	Label	Price	COO	GV	ROO	GV	Medal
Price	COO	Medal	GV	Medal	Expert	Price	ROO	GV	ROO	Medal	Expert
Price	COO	Label	COO	Expert	Label	GV	Medal	Label	ROO	Medal	Label
Price	Expert	Label	COO	GV	Medal						
Price	GV	Medal	COO	GV	Expert						
Price	GV	Expert	COO	GV	Label						
Price	GV	Label	COO	Medal	Expert						
Price	Medal	Expert	COO	Medal	Label						
Price	Medal	Label	COO	ROO	GV						
Price	ROO	Expert	COO	ROO	Expert						
Price	ROO	Label	COO	ROO	Medal						

Price Medal	ROO Expert	Medal Label	COO	ROO	Label		

Legend

- COO = Country-of-origin
- Expert = Expert ratings
- GV = Grape varieties
- Label = Label style
- Medal = Medal/Awards
- Price = Price
- ROO = Region-of-origin

Who would respond better to your features?	CONSUMERS	TRADE OPERATORS
PROFILE 1 **Wine Expert Followers**	**AGE**: 21-34 years old **GENDER**: No difference **WINE INVOLVEMENT**: High **WINE KNOWLEDGE**: High **PREFERRED CONSUMPTION OCCASION**: No difference **AVERAGE PRICE SPENT AT RETAIL PER BOTTLE OF WINE**: Less than US$ 19.99 31% of the US market	**BUSINESS TYPE**: ▪ Wine importers ▪ Wine distributors ▪ On-premise **KEY CONTACT**: ▪ Owners/managers ▪ Head of sales **TRADE SIZE**: Small businesses (less than 10 employees) **FOCUS ON AUSTRALIAN WINES**: High **LOCATION**: South Atlantic 37% of the US market
PROFILE 2 **Mid-Range Oenophiles**	**AGE**: No difference **GENDER**: No difference **WINE INVOLVEMENT**: Medium **WINE KNOWLEDGE**: Medium **PREFERRED CONSUMPTION OCCASION**: ▪ Informal occasion at a friend's home ▪ Formal occasion at a friend's home ▪ Formal occasion at a restaurant	**BUSINESS TYPE**: Wine retailers (online) **KEY CONTACT**: ▪ Sales people ▪ Logistics **TRADE SIZE**: Small businesses (less than 10 employees) **FOCUS ON AUSTRALIAN WINES**: Medium **LOCATION**:

	AVERAGE PRICE SPENT AT RETAIL PER BOTTLE OF WINE: US$ 20 + 46% of the US market	▪ Mid-Atlantic ▪ Mid-West ▪ Mountain ▪ Pacific ▪ South Central 34% of the US market
PROFILE 3 **Conservative Wine Players**	**AGE**: 50+ years old **GENDER**: Female **WINE INVOLVEMENT**: Low **WINE KNOWLEDGE**: Low **PREFERRED CONSUMPTION OCCASION**: Informal occasion at a restaurant **AVERAGE PRICE SPENT AT RETAIL PER BOTTLE OF WINE**: Less than US$ 19.99 23% of the US market	**BUSINESS TYPE**: Wine retailers (brick & mortar) **KEY CONTACT**: ▪ Wine buyers ▪ Sommeliers **TRADE SIZE**: Large businesses (10 employees or more) **FOCUS ON AUSTRALIAN WINES**: Low **LOCATION**: New England 29% of the US market
PROFILE 4 **Re-think**	No identifiable segments of the population interested in these combined features. You should reconsider the features you are using in your USA marketing efforts.	

. PROJECT OUTCOME AND CONCLUSIONS

Project performance against planned output

The following table list performance targets as outlined in the project contract and later contract amendments.

Outputs	Performance Targets	Performance
Set of choice factors used by the wine trade and influencers to purchase/recommend wines	- Scoping interviews with Australian industry. - Recruit and finalise sample of US trade and influencers. - In-depth interviews with US wine trade.	Achieved. Interviews were conducted with Australian wine exporters and coded for factors. Those factors were used in a brief extended survey with US wine importers, distributors and retailers. A survey was used rather than interviews because we had the factors from previous work, and organising interviews with busy trade in a different time zone was difficult. The survey yielded a slightly different emphasis on the factors influencing the US trade than those perceived by the Australian trade.
Finalise factors using the Wine Opinions reports [instead of consumer survey].	- Vennli license purchase and training. - Adaption of choice factors into survey software and research design	Achieved. The survey was conducted, and the data were analysed. Given that the data collection cost less than what we actually budgeted, we collected more data with another company, bringing the total count of interviewed trade operators to 418; a very solid number to give further strength to the results.
Industry Reference Group	- UniSA will identify and submit a list of potential participants to participate in the Industry Reference Group for approval by Wine Australia	Achieved. Mrs. Jo Hargreaves helped us contact industry representatives to form the Industry Reference Group. Meeting was held on 28th February 2018.
Written analysis of Vennli software	- Conduct survey using Vennli software with US trade and	Achieved.

results and discussion with Project Advisory Group	representative Australian wine exporters. - Report results using the Vennli '3 Circle Framework'.	An interim report for project USA-1501 was shared with the industry reference group.
Actionable brand growth strategies to test	- Organise Industry Reference Group workshop. - Facilitate Industry Reference Group discussion and workshop to develop and agree on brand growth strategies to test.	Achieved. An online teleconference was organised on the 27th February 2018 with the members of the industry reference group to discuss the results of the interim report, and the plans for the following stage of the project.
Written results from pilot testing of growth strategies provided to Industry Reference Group. Industry Reference Group meeting to discuss the results of the pilot simulation	- Develop simulation using the suggested growth strategies. - Pre-test the simulation with at least 10 Australian businesses and at least 10 US wine trade. - Consumer survey designed and fielded with 1000 US consumers. - Organise Industry Reference Group discussion.	Achieved. We conducted a survey with 1,968 US consumers, and 469 US trade operators, where we tested the simulated growth strategies. A second interim report was shared with the industry reference group. We then organised a debrief with the industry reference group on Tuesday 12th February 2019, where we also presented our ideas for the Decision Support System. The "US Wine Marketing Tool" was designed in collaboration with the Wine Australia Team, and tested with the industry reference group.

Assessment of practical implications

This project provides several practical implications for Australian wine producers and for Wine Australia in its promotion of wine in the US market.

1. An understanding of the barriers to the increased sales of Australian wine among the US wine trade.
2. The key messages likely to have the most effect when promoting Australian wine to the US wine trade and to US wine consumers.
3. A comparison of the attitudes of the US wine trade towards the important characteristics of Australian wine in comparison to its key competitor countries.
4. The relative importance of a number of Australian wine characteristics or attributes to a representative sample of the US wine trade, and to US wine consumers.
5. A segmentation analysis of the US wine trade and US wine consumers based on their wine purchase behaviour.
6. A Decision Support System that aids Australian exporters to the US in focusing their communication strategy to both the trade and to consumers.

Benefits from the project

This project fits mainly in Priority 1 – Strategy 1 (Promoting Australian wine) and 3 (Customer Insights). The key objectives of the project were to understand the opportunities and barriers to growing the market for higher-price Australian wine in the US; and to develop pre-tested strategies that will lead directly to this outcome for wineries engaging and implementing those strategies. The project reached these objectives by using three of the four activities outlined in "Becoming the wine of choice": 1. developing insights and data to develop winning strategies, 2. creating marketing excellence, and 3. delivering excellence and innovation in engagement with the trade and media. Each of these three key activities was incorporated into our research and its implementation as noted in the methods section.

The project also has a link to Priority 2 – Strategy 7 (Enhancing market access) and 9 (Business management and measurement). The project enhances the access to the US wine market by uncovering the opportunities and barriers and the strategies that will increase the trade and then consumer purchasing of Australian wine in that market. The project also contributes to strategy 9 by developing a stronger understanding of trade and consumer preferences in the US market and by comparing these to the offerings of Australia and its key competitors.

Economic benefits

Australian wines clearly have a perceptual problem in the US. There are adoption barriers among gatekeepers to 'selling' our wine in different channels. There is a lack of 'voice' from media about our higher-priced products. This has resulted in a reduction in availability on shelf and on-premise, with the Australian category declining in this high-volume market. Growth strategies are vital to reinvigorate our position. Increasing physical and mental availability should lead to category growth and increased willingness to pay. The knock-on effect will aid all brands in the market by re-invigorating the Australian category.

Environmental benefits

There is no major environmental problem or likely large environmental benefit to this particular project. The key benefit would be a more efficient use of Australian resources to produce more saleable wines for the US market. Therefore, a similar environmental cost would bring a higher economic benefit. Alternatively, the results may suggest information, education and/or communication strategies to overcome barriers that have little environmental impact.

Social benefits

The social outcomes rest on the ability of this project to grow the value and volume of Australian wines in the US. This increased value (and volume) should have positive effects on wine focused towns and regions, leading to greater social cohesion and fewer social problems.

. RECOMMENDATIONS

The key recommendation from this report is to the build mental and physical availability of Australian wines above the $12 USD price point in the US market. The research showed that there is no rejection of Australian wines by either the wine trade or by wine consumers, but there is a lack of awareness (mental availability) and a lack of presence on shelves, online, and on-premise (physical availability). The research showed that Australian wine is not top of mind or the wine of preference for most of the wine trade and for most wine consumers. Other wine producing countries come to mind for both the trade and consumers much more readily than do Australian wines.

Industry level actions:

- Wine Australian should consider organising a regular major US promotion, such as *Aussie Wine Month*. This would be a concerted effort to build mental and physical availability for Australian wines.
- Engage the trade through advertising and communication in trade media in print and through social media.
- Organise events during the month for Australian wineries to conduct master classes and other activities, with the focus of gaining promotions in retail and on-premise venues, which highlight Australian wines. Ideally, there should be a consumer advertising campaign, but the cost is likely to be prohibitive. Instead, Wine Australia should work with the Australian exporters and their distributors to have as many local promotions as possible. Perhaps this could be run in a rolling manner, by having the first wave in the North-East US, followed by the Mid-South, etc. This would allow wineries to attend several regional promotions with their distributors.
- The promotion must link with a major push by Australian wineries exporting to the US to get their distributors to stock and promote their wines.
- This promotion should especially focus on Shiraz/Syrah and red blends in order to make these more visible, and therefore more accepted in the US wine market.

Producer level actions:

- Australian wine producers exporting to the US should inform their trade partners (distributors and retailers) several months in advance of the Australian promotion. Each exporter can work within the timing of the plan to coordinate at least one promotion, in-store or on-premise during the period. The overall focus is on growing the consumer base for Australian wine, rather than focusing on masterclasses and special dinners. These can also be part of the promotion, but the major overall effect will be greatest if more consumers are reminded that Australian wine is available and some of them try our wine instead of a competitor's.
- Along with this major promotion, Australian wine exporters can use *The US Wine Marketing Tool* to better align their offering and especially their communications to the preferences of their chosen US wine trade representatives and US wine consumer segment.

- Producers are encouraged to visit the US at least twice a year and showcase their wines for the wine trade, especially retailers and on-premise outlets.

APPENDIX 1 – COMMUNICATION

The following table lists all project related communications ordered by time.

Type	Topic	Audience	Location	Date
Workshop	How to grow sales in the US wine market	Business and trade operators	Australian Wine Industry Technical Conference, Adelaide (SA)	21/07/2019
Trade magazine paper	Driving the strategic growth of Australian wines in the US market – Stage 2	Business and Trade Operators	Wine and Viticulture Journal, Vol. 34 No. 3, pp. TBA	01/07/2019
Webinar	Embracing the evolution in the USA wine market	Business and Trade Operators	Online	11/06/2019
Trade magazine paper	Driving the strategic growth of Australian wines in the US market	Business and Trade Operators	Wine and Viticulture Journal, Vol. 32 No. 4, pp. 61-62	01/08/2017
Powerpoint presentation	Does the wine trade understand wine consumers? Measuring the alignment for wine choice drivers between trade operators and consumers	Academics	11th International Conference of the Academy of Wine Business Research	16/01/2019

Copy of published communications

Articles

1) Corsi, A. M., Lockshin, L., Cohen, J., Louviere, J., and Bruwer, J. (Forthcoming), 'Driving the strategic growth of Australian wines in the US market – Stage 2', *Wine & Viticulture Journal*.

2) Corsi, A. M., Lockshin, L., Cohen, J., Louviere, J., and Bruwer, J. (2017), 'Driving the strategic growth of Australian wines in the US market', *Wine & Viticulture Journal*, Vol. 32 No. 4, pp. 61-62.

Webinar

1) Corsi, A. M., Lockshin, L., Cohen, J., Louviere, J., and Bruwer, J. (2019), 'Embracing the evolution in the USA wine market', Wine Communicators of Australia.

Powerpoint presentation

1) Corsi, A. M., Lockshin, L., Cohen, J., Louviere, J., Bruwer, J., and Kilov, K. (2019), 'Does the wine trade understand wine consumers? Measuring the alignment for wine choice drivers between trade operators and consumers', Paper presented at the 11th International Conference of the Academy of Wine Business Research, Stellenbosch, South Africa, 14th-16th January.

APPENDIX 2 – IP STATEMENT

The IP relative to this project is only in relation to "The US Wine Marketing Tool". The content of the tool has been developed by the researchers involved in the project (Assoc. Prof. Armando Maria Corsi, Prof. Larry Lockshin, Prof. Jordan Louviere, Dr. Justin Cohen, and Prof. Johan Bruwer), while Wine Australia has been responsible for the design. The IP is shared as per the contract agreement.

All the methods used in this research are based on publicly available research in economics and marketing, a licence has been paid to access IP protected software (i.e. the Vennli® software). The combinations used in this research is new, but all methods are provided in published articles.

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APPENDIX 4 – STAFF LIST

The following people have been involved in the project:

Ehrenberg-Bass Institute for Marketing Science – University of South Australia

- Assoc. Prof. Armando Maria Corsi
- Prof. Larry Lockshin
- Prof. Jordan Louviere
- Dr. Justin Cohen
- Prof. Johan Bruwer

APPENDIX 5 – ACKOWLEDGMENTS

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- Adam O’Neill, US Manager, Yalumba/Negociants
- Alexia Roberts, Chief Winemaker, Penny’s Hill
- Angelica Crabb, Survey and Reporting Analyst, Wine Australia
- Corinna Wright, Winemaker & Director, Oliver’s Taranga Vineyards
- Damon Musha, Market Entry Program Manager (The Americas), Wine Australia
- Emma Brown, Brand Manager, Treasury Wine Estates
- Gordon Little, Director, Little Peacock Imports
- Jim Robertson, Global Wine Ambassador - New Zealand Brands, Pernod Ricard
- Kathy Marlin, Managing Director, Negociants USA
- Matt Tallentire, Senior Export Manager (The Americas), Casella Family Brands

APPENDIX 6 – BUDGET RECONCILIATION

End of project financial statement completed online on CIMS.

APPENDIX 7 – IN-DEPTH INTERVIEWS SUMMARY

Appendix 7 provides a summary of the results of the in-depth interviews we conducted to have a preliminary understanding of the key barriers to the growth of Australian wines USD 12 retail and above. They are listed here in alphabetical order.

- At trade fairs you see consistency from Spain of Italy, and then the brands put their own spin. Australia just talks about the brand and not Australia, and what is missing is the USP for Australia.
- Australian Cabernets are too tannic for US market. Shiraz/Syrah not favoured in the market either.
- Australian wines are not trendy.
- Biggest obstacle to ultra-premium wine at the moment is the distributor network. A number of distributors have been selling against the category. Jamming in South Africa and Argentina where Australia used to be.
- Budgets would have to be so unlimited to have an effective campaign. You can do something in London or a major city in Australia. You'll have impact there, but if you do the same in the US, it gets lost. You can do something in LA, but no one in New York hears about it and there are 17 things happening in LA. Right now, only engaging wine drinkers not new customers.
- Category challenges and distribution challenges that will never dissipate. Really critical to understand the US market. The route-to-market will affect the cost.
- Category story so they can see the opportunity, offering above average category margins.
- Consumers' preferences are fragmented. Educated consumers have monolithic perception of Australian wine (ultra-premium consumers): it is either Barossa or McLaren Vale. Even those with sound basis of wine globally have a one-dimensional opinion of what Australia is. That is something that we need to expand. Investment spend, no amount of money can be spent on traditional promotional action to make consumers dart back into Australian choice set. Without an enormous budget, cannot change broad consumer sentiment. Need to do account cherry picking.
- Costs of brands to be in market (number of trips needs to increase). Critical mass is the big issue, getting brands to spend time and money in market in the market. So many people don't understand their best market. Think you come twice and your importer does the rest. Key Opinion Leaders (KOLs) rather than seeing 1 brand a month rather than 3-4 a month to see that we are here to get things to done. Australia has an enormous attraction to Asia and this has come at the cost of the US market.
- Everything under USD 10 is declining. Everything above USD 10 is growing. People are trading up.
- Finding a distributor that matches the company's needs.
- General consumers and retailers think of Australia in a one-dimensional frame and the retailer is not taking the initiative to change that perception.

- Getting distribution team turned on, with collateral and then incentives to prioritise and focus with your brands. They have thousands of brands. Get them to turn to page 200 in their brand books. Distributors are lukewarm on the category.
- Hand selling is expensive and time consuming.
- Hard to have a compelling story from a total Australia position and have the wines that represent this.
- High price of Australian mid-range wines v NZ Sauvignon Blanc, or other reds.
- Higher prices of some Australian wines make them harder to sell.
- If you walk in and say you want to do a million cases and line price against the market leaders no one will be interested. Not trying to shoe horn global brands into channels that aren't interested.
- Importers and the distributors need to be encouraged to strive to make Australian wine top of mind and have the shelf space to be top of mind.
- Incentive programs don't work well anymore as there are incentives of USD50-USD100 per case from California brands versus USD 25 for a new placement from Australia.
- Lack of awareness of high-quality wines and regions from Australia.
- Limited awareness – translates to big barrier in getting through gatekeepers.
- Need more Australian brands in the US.
- Need to get better shelving. All the shelve mix for Australia has disappeared. There is not an Australian category designation in the US any more. We need a category again. Need to position it in the right way.
- Need to have good importers and distributors, possibly those who are not already saturated with Australian wines.
- Not enough representation of broad Australian regionality. Not enough brands active in the market.
- Retail contacts say that Australian brands have a lack of market presence.
- Success is going to come from PR, but Australian producers need to work together better to get a better story for the Australian category.
- Take Australia out of the equation and apply to anyone, there is a bottle neck in distribution that will not improve. It will worsen and consolidations will continue to happen and it forces brands to choose a lane of what they want to do in the marketplace.
- Terrific help with importer has been PR. Getting some positive write ups on the Australian category, Wine Australia has been great at that. Rebuilding some of your brands, creating bespoke solutions for the US market.
- Trade has memory of Australia abandoning the US during the Great Financial Crisis.
- Wine Australia does not have the investment to succeed and they need to do it faster.

- Wine Australia is challenged with the same thing that every industry body has. There is a massive geography. There is not any one hub that generates a large volume opportunity and the market is fragmented. It is hard to get buyers and people to attend events. There are so many things happening. Lots of competition in this space.