

“ Wine Opinions ”

Wine Australia, *Year 4*
Qualitative Trade report

January 25, 2019

TABLE OF CONTENTS

INTRODUCTION & OBJECTIVES 4

KEY TAKEAWAYS – DISCUSSION GROUPS 5

KEY TAKEAWAYS – ONE-ON-ONE INTERVIEWS 6

ONLINE DISCUSSION GROUP RESULTS 7

METHODOLOGY 8

DISCUSSION GROUPS 9

WINE/REGION PAIR PROMOTION PROPOSITION 10

FEEDBACK ON SPECIFIC PAIRINGS 11

WINE/REGION PAIR PROMOTION PROPOSITION: TRADE BUYER LEAD 12

WINE/REGION PAIR PROMOTION PROPOSITION: CONSUMER LEAD 13

HOW AUSTRALIAN PRODUCERS SHOULD APPROACH THE TRADE 14

HOW AUSTRALIAN PRODUCERS SHOULD APPROACH CONSUMERS 15

CONSUMER PROMOTION SUGGESTIONS 17

OPPORTUNITIES/BENEFITS OF PROMOTIONAL PLAN 18

BARRIERS AND CHALLENGES 19

ADVERTISEMENT ASSESSMENT 21

OTHER MESSAGES THAT COULD BE EFFECTIVE 24

COSTCO PROMOTIONAL PROGRAM ASSESSMENT 25

AUSTRALIAN WINE EVENT EXPERIENCES: KEY MARKET 27

AUSTRALIAN WINE EVENT EXPERIENCE: NEW YORK 28

© 2019 Wine Opinions. All Rights Reserved.

TABLE OF CONTENTS

SUCCESSFUL ELEMENTS OF REGIONAL PROMOTIONS 29

WHO IS DOING A GOOD JOB? 31

ONE-ON-ONE INTERVIEW RESULTS 32

ONE-ON-ONE INTERVIEW SUBJECTS & METHODOLOGY 33

PORTFOLIO OVERVIEW 34

TAILWINDS AND OPPORTUNITIES 36

HEADWINDS AND CHALLENGES 37

WINE/REGION PROMOTION PROPOSITION 38

FEEDBACK ON SPECIFIC PAIRINGS 39

APPROACHING THE TRADE 40

APPROACHING CONSUMERS 41

APPENDIX I: ONLINE DISCUSSION GROUP SCREENER SURVEY RESULTS 42

APPENDIX II: ONLINE DISCUSSION GROUP SCREENER SURVEY 45

APPENDIX III: ONLINE DISCUSSION GROUP GUIDE 49

APPENDIX IV: ONE-ON-ONE INTERVIEW GUIDE 55

© 2019 Wine Opinions. All Rights Reserved.

INTRODUCTION & OBJECTIVES

Wine Australia engaged Wine Opinions to conduct qualitative research among the U.S. trade in Year 4 of its five-year research plan. The purpose of the research was to provide U.S wine trade insights and discourse on Wine Australia's USA Marketing Strategy, identify perceived opportunities and challenges to the full implementation of the strategy and test a series of potential marketing and promotional scenarios designed to 'unlock' opportunities for Australian wine.

Wine Opinions conducted two online discussion groups, one among New York retailers and distributors, and a second among retailers and distributors in key markets. In addition, six one-on-one interviews were conducted among members of the U.S. wine trade who had participated in the Australia Decanted event in 2018.

The goal of the discussion groups were to gather feedback on a proposed promotional campaign and discuss promotions implementation among consumers and the trade. Additionally, a series of advertisements were assessed. Those who participated in the one-on-one interviews were asked to discuss their Australian wine sales over the past year and market forces that may constitute headwinds or tailwinds for Australian wine in the U.S., as well as asked their opinion of the proposed promotional campaign.

It should be noted that the number of discussion group and interview participants is too small to project and quantify results of this research to the entire U.S. wine trade.

Wine Australia's 5-Year Research Campaign

	CONSUMER RESEARCH	TRADE RESEARCH	DATA MINING
Year 1 (2015)	--	- Full length quantitative survey - Two online discussions	- Wine.com project
Year 2 (2016)	- Half-length quantitative survey	- One-on-One interviews	--
Year 3 (2017)	- Full length quantitative survey	- One online discussion	- Wine.com project
Year 4 (2018)	--	- Two online discussion - Six one-on-one interviews	--
Year 5 (2019)	- Full length quantitative survey	- Full length quantitative survey	--

© 2019 Wine Opinions. All Rights Reserved.

KEY TAKEAWAYS – DISCUSSION GROUPS

- Overall, respondents in both discussion groups were enthusiastic about the idea of the wine type/regional promotions, for it will help dispel the image of Australia as a single region and convince gatekeepers to think of Australia in a similar way to European countries, where individual regions are at the forefront of trade (and often consumer) thinking. There were pros and cons to each pairing, but overall, each had supporters.
  - Most agreed that the most effective lead for reaching trade was region.
  - Most would approach the consumer by focusing on varietal followed by region.
  - A lack of time and the learning curve among the trade is a key barrier to implementation, as is overcoming pre-existing bias against Australia.
- For the most part, the Costco promotional pieces were considered "spot on." Showing where each region is located using a map icon and including food suggestions were identified as important aspects of the campaign, and respondents were split on which was more important.
- Among the four advertising executions reviewed, the James Suckling ad and the Winemaker ad were chosen most often as favorites. The New York group skewed toward the Winemaker ad and the Key Market group toward the James Suckling ad. The ad with the tagline "It Sells Itself" was considered an "oxymoron."
- Few had been to a Wine Australia event lately, but those who had (especially Australia Decanted) only had positive reviews. Those in New York who participated were positive about Aussie Wine Week.
- Trade trips are the best way to make an impact among the trade, followed by master class-type seminars. It should be noted that the New York trade is overwhelmed with tastings.
- Other promotions that are regarded as effective are ambassador programs, in-store tastings, and the use of digital platforms such as Instagram and phone apps.

© 2019 Wine Opinions. All Rights Reserved.

KEY TAKEAWAYS – ONE-ON-ONE INTERVIEWS

- Past year Australian wine sales among participants were mixed. This was most likely due to the diversity of the wines they carry, and differences across the clients or customers they serve.
- Respondents agree that in general consumers are spending more on wine.
- Participants who would like to expand their Australian portfolio are frustrated by the lack of availability of some of the higher quality, higher priced Australian wines in the market.
- A key opportunity for Australian wine is providing better quality than its higher-priced competitors at a lower price.
- The wine/region pairing promotional campaign was positively received due to the importance of regionality at higher price points and its effectiveness in emphasizing that Australia is not a single region. However, some were concerned that the approach would impede exploration of Australian wines and regions not included in the pairings.
- Most think that the majority of Australia's promotional budget should be spent on promoting Australian wine to the trade. There is also work to be done to open up import and distribution channels.
- When promoting wine/region pairs, it was agreed that it is appropriate to lead with the region when communicating with the trade, and with varietal when communicating with consumers.
- It was emphasized that competition to reach the trade through tastings has increased.
- Pairings considered having the most potential (or the least controversy or competition) are Chardonnay from Margaret River/Adelaide Hills/Yarra Valley, and Cabernet Sauvignon from Margaret River/Coonawarra.
- Among the challenges for Wine Australia are availability, dispelling negative bias against Australian wine, and engaging younger wine drinkers who are less interested in Australian wine than older wine drinkers.

© 2019 Wine Opinions. All Rights Reserved.



“ Wine Opinions ”

Online Discussion Group Results

© 2019 Wine Opinions. All Rights Reserved.

METHODOLOGY

Wine Opinions conducted two online discussion groups among U.S. retailers. The first group included 10 New York retailers and took place October 24 – 26, 2018. The second group included 11 retailers from key U.S. markets: Texas, California, Illinois, and Florida, and took place November 28 - 30, 2018.

Participants were both drawn from the Wine Opinions trade panel and were suggested by Wine Australia. All participants carry or represent Australian wine. Those who were recruited from the Wine Opinions trade panel were required to carry at least 10 Australian wine brands and at least one of the following types of Australian wine: Shiraz, Cabernet Sauvignon, Chardonnay, Pinot Noir, Sparkling wine, red blends; and to indicate that Australian wine is either "moderately" or "very" important to their sales. In addition, those who volunteered to participate in the discussion group were asked to name three of their top selling Australian wine brands they sold to insure that they carried wines in $15+ price categories.

© 2019 Wine Opinions. All Rights Reserved.

DISCUSSION GROUPS

NEW YORK

October 24-26 2018

- New York participants were more apt than those in the Key Market group to sell higher priced Australian wine (over $15).
- A number of participants sell more esoteric brands, hand sell, and have a more upscale consumer base.
- A few still have the most success in the lower-priced "critter" label tier.

KEY MARKET

November 28-30 2018

- Respondents carry a wide array of Australian wines in a wide variety of price ranges.
- Most mentioned price categories under $20 as most successful (e.g., Under $9, Under $10, Under $12, $10 - $12, under $20. Only one retailer mentioned being successful in an over $20 category ($15 - $30). A distributor reported having most success in the $35 - $60 wholesale range.
- Shiraz, Cabernet Sauvignon were mentioned as varietals with which participants have had success. Additionally, the distributor participant called out Eden Valley and Clare Valley Riesling and Tasmanian sparkling.

© 2019 Wine Opinions. All Rights Reserved.

WINE/REGION PAIR PROMOTION PROPOSTION

Respondents were introduced to Wine Australia's promotional plan to promote the following wine/region pairs in the over-$15 price category.

- *Shiraz – Barossa and McLaren Vale*
- *Cabernet Sauvignon – Margaret River and Coonawarra*
- *Chardonnay – Margaret River, Yarra Valley and Adelaide Hills*
- *Pinot Noir – Yarra Valley and Adelaide Hills*
- *Sparkling – Tasmania and Adelaide Hills, and*
- *Red blends – focus on blends, rather than regions: Shiraz/Cabernet, Cabernet/Shiraz, Grenache/Shiraz/Mourvedre (also known as "GSM"), Cabernet/Merlot, Shiraz/Viognier, and Cabernet/Malbec.*

➤ The overall reaction to the pairings was positive and consistent between both the New York and key market groups. Reasons they liked the campaign included:

- That it will help dispel the image of Australia as one big region.
- The regional connections are especially important at higher price points
- This approach is similar to how consumers think of European wine.

➤ Words of caution:

- Ability to hand sell will be important for selling these pairings.
- International competition is fierce; some believe new world wines don't sell as well as old world wines.

"I like it. There's a lot of education/awareness raising to be done to get past lumping all Aussie wine into one big, over-extracted category." NYC distributor

"This will make choices simpler and consumers more confident in selecting between regions." Upstate NY, retailer

"You have to have a knowledgeable/well-informed staff that are able to talk to/hand-sell to guests or customers, instead of just putting these bottles on a list or shelf and expecting them to sell themselves." Upstate NY, retailer

© 2019 Wine Opinions. All Rights Reserved.

FEEDBACK ON SPECIFIC PAIRINGS

- Shiraz/Barossa: A pair some foresee as difficult to promote. Is the most familiar but also the most in need of an image improvement. Currently it is perceived as expensive and saturated. However, it was warned that you don’t want to ”ignore what brings you your customers in the first place.”
- Cabernet/Margaret River/Coonawarra: Respondents were enthusiastic about this pairing as Cabernet is “king” and Australia has something new to offer. Especially has potential in sommelier-driven markets. But, could be hard to sway those who already have strong preferences.
- Chardonnay/Margaret River/Adelaide Hills/Yarra Valley: Also considered a pairing with potential. Suggested there is a need for $15 - $25 Chardonnay, and Chardonnay that isn’t too fruity or oaky. Again, could be hard to sway those who already have strong preferences.
- Pinot Noir/Yarra Valley/Adelaide Hills: There was some concern about competition from Burgundy and California, but Australia has an advantage over those wines due to their expense and homogenization. Position as “Pinot Noir for the adventurous.”
- Sparkling/Tasmania/Adelaide Hills: has potential because it is “untapped” and sparkling wine drinkers are open to trying something new.
- Red blends: Consumer confusion about blends was brought up; some agreed that being disassociated with a region would combat confusion. An advantage is that consumers are already familiar with red blends.

“The problem that these wines will run into is differentiation as customers for these varietals and blends are generally willing to try a bottle of a new Cabernet but rarely willing to switch from Napa or Bordeaux. South American wines have the same issue when trying to break into new, higher price points.” Miami retailer

“I think one of the main wine stories heading into 2019 will be the amazing quality of ‘alternative’ Chardonnays for the southern hemisphere.” Southern CA retailer

“I think there needs to be more support for blends and luring the Bordeaux/Super Tuscan drinker. That’s the direction I see more for Australia.” NYC retailer

© 2019 Wine Opinions. All Rights Reserved.

WINE/REGION PAIR PROMOTION PROPOSTION: TRADE BUYER LEAD

Participants were asked to consider which of the following three ”leads” would be most effective for presenting the promotional pairings to the trade. Leading with the region was the big winner, then varietal, and ”Australia” last.

1. This is a wine from (*region*) which is known for (*flavor characteristics*). (Most favored statement.)
   - Most effective for higher-end wines and on-premise.
   - Sets the stage for a discussion about region and identity.
   - Positions wine as being unique and authentic.
   - Comes with the least preconceived notions.
   - Consumers are increasingly interested in where their food (and wine) comes from.
2. This is a new (*type of wine*) that offers (*flavor characteristics*). (Second most favored statement).
   - More effective for retail accounts.
   - Trade needs to know how to sell consumers who are varietal-centric on how wine tastes.
3. This is a new wine from Australia. (Least favored statement.)
   - This was the least liked statement; region considered less important for under $15 wines.

➤ Message needs to be tailored to the individual outlet; need research and well-educated sales force.

“Statement #2 anchors the discussion in ‘where,’ but also gets at tradition and history of the region.” IL distributor

“Ultimately the wine buyer (or consultant) will need to sell the wine to the consumer and be able to describe how it tastes. I don’t think it’s enough to just say this wine is from Australia. If you can make connections to a wine they are already drinking, like if they like ‘big, rich, robust wines from Lodi,’ then maybe they should try ‘this new wine from Barossa that has similar characteristics,…’ And without mentioning the region at all to a wine buyer doesn’t put any emphasis on why a wine buyer should consider an Australian wine.” IL retailer

© 2019 Wine Opinions. All Rights Reserved.

WINE/REGION PAIR PROMOTION PROPOSTION: CONSUMER LEAD

- Most would frame the wine/regional pairs to consumers by focusing on varietal, then associating it with a region. This drives home the message that Australia isn't one region.
- Should lead with varietal because consumers are most familiar with varietals.
  - But this may be waning. Cited was the popularity of red blends and rosé.
- Argument for leading with region followed by Australia is that "Australia" will frame the region if it is unfamiliar, and is the way most consumers think of wine.
- Lead with Australia if looking to win back a customer or they are entry level, then support with region/varietal.

"For the American consumer the varietal is the most identifiable, especially for New World offerings. Having said that the most beneficial approach is emphasizing region because that becomes the branding." FL retailer

- Compare Australian wine to other regions by discussing what's in the glass for less experienced consumers, and regional differences with those more experienced, as region is what makes Australian wines unique.
  - Some also advocated for letting the wine stand on its own.

"I think it's best to go with the region's terroir than the wine in the glass. If the emphasis is on establishing Australia as the selling point you need to talk about what makes it interesting. Just comparing tastes in the glass is too shallow, something always tastes better. What's needed is a story." Upstate NY retailer

"The wine should stand alone. Talk about where it comes from. Start the discussion from the ground up. Any comparisons should be brief. People are usually more open when the discussion is—because you like this and not instead of this." NYC retailer.

"Both! I think in the glass is probably more compelling and relatable, and ultimately memorable. Comparing landscape and terroir requires a pretty educated consumer. If you have one, then it's a great point to really drive the message home." NYC retailer

© 2019 Wine Opinions. All Rights Reserved.

HOW AUSTRALIAN PRODUCERS SHOULD APPROACH THE TRADE

- Tell them how the regions differ, their histories, and what makes them unique, but tell the whole story.
  - Important to have one stand-out fact or story that's easy to remember.
- History is important, but just want the highlights.
  - Important to dislodge the connotation that New World means "new."
- Interested in unique producers and properties, how the wine is made and the the philosophy behind why they chose to make their wine a certain way, not the background of the founder.
- Reach them through "tasting, talking, seminars."
  - Incorporate competitive sets into tastings, multiple vintages to show aging potential, show commonalities/differences across regions, include an educational component.
- Awards and ratings differentiate wines for consumers more than in-store POS.

"Tastings, seminars and lunches are the best way to get the story to the trade. When possible most people in the industry really love the chance to taste multiple vintages next to each other. This opens the door to the story of the wine and its progression over time. Comparing and contrasting is always a great way to learn." NYC retailer

"Invest in the process. Have passion and be prepared to be redundant and enthusiastic and dedicated for some time. And, be honest. Open. Tell the entire story, not just the pretty parts." IL distributor

"One of the incredible things I gained from attending Australia Decanted in Lake Tahoe this past July, was that icons like Steve Pannell, Mac Forbes, Bruce Tyrrell, Sue Hodder, Michael Smith, Virginia Wilcox (and countless others!) all gave reasons behind their winemaking philosophies. Again, it just helps to lend more to the story and give context to the wine." Upstate NY retailer

© 2019 Wine Opinions. All Rights Reserved.

HOW AUSTRALIAN PRODUCERS SHOULD APPROACH THE TRADE

(CONTINUED)

- Winemaker interactions are key.
  - Having a winemaker at an event, or other person "behind the bottle" determines attendance. Makes for a personal touch and allows trade to ask questions.
  - Building relationships is important to the future.
- Offer promotional materials that are useful.
  - Everyone loves maps.
  - Provide the "retail selling proposition."
  - Include prices.
  - Consider that members of the trade go back to the information months later. Make sure pertinent information is included.

"Promotional materials need to be useful. If it is a pamphlet, what kind of information is it giving. Tech sheets should be well structured and not too poetic." NYC retailer

"Any time you get to talk to the people that make the wine it makes a huge impact. It gives the personal touch. You get to understand more about the why and the culture. It also gives you a chance to ask questions. It can help make a deeper connection, especially for a region that you haven't visited." NYC retailer

"There is always a positive impact when winemakers visit; especially when they come from so far. Not only do they make connections with those of us representing them in the market, but with customers and buyers as well. Short of visiting yourself, there is nothing that compares with a personal experience and relationship with the people behind a bottle. No overnight fixes here, but one by one the right visiting winemaker can really create a mini-league of ambassadors." NYC distributor

© 2019 Wine Opinions. All Rights Reserved.

HOW AUSTRALIAN PRODUCERS SHOULD APPROACH CONSUMERS

- Tastings is the best way to introduce consumers to a wine.
  - Focus on varietal and region. One suggested an “Australian Regional Series.”
  - Incorporate food and wine pairings.
  - Create an emotional connection. Tasting should be led by someone from the winery. An Australian accent goes a long way.
- In-store promotions that include handouts consumers can refer to after the event, introductory specials, and giveaways are well received.
- Continually communicate with the consumer through short continuous messages to remind them about the next release, event, milestone, etc.

“Customers like tastings and giveaways. They also like meeting people from the region. Instead of a brand ambassador, I would have someone who works at the winery present for tastings.” TX retailer

“The person presenting HAS TO HAVE A PASSION FOR THE PRODUCT. If they are not excited about the product, why should I be excited about it? The person needs to be engaging and a fantastic story teller.” TX grocery

“Get in front of the consumer. If not face to face, then blast them on Facebook or Instagram.” Southern CA retailer

“We get a great response to country, regional and varietal tastings. I think regional and varietal focused tastings would get the most attention.” NYC retailer

© 2019 Wine Opinions. All Rights Reserved.

CONSUMER PROMOTION SUGGESTIONS

- Promotional suggestions:
  - "Be the first ones to discover what Australians drink, not what Australians export"
  - That there is a "whole range out there to be discovered"
  - "A lost old world wine country that needs to be explored"
  - "Make it about 'tasting' the terroir, the history, the winemakers and uniqueness of Australia"
  - Connect winemaking in Australia to the "noble vines from Europe."
  - Pair what Australian's drink with what average Australians eat.
  - Promote value at the high end

"If you are going to put the time and energy into revitalizing the Australian wine industry in the United States…you want a campaign that will make the category a 'classic' instead of a trend. The promotion needs to be authentic and real, focusing on real people and wines that speak of where they are grown. The flash in the pan 'Critter Wines' were never destined to be a classic. They were certainly a huge and monumental trend, but that trend is gone. Now you need to focus on becoming a classic for every occasion and every meal." TX grocery

© 2019 Wine Opinions. All Rights Reserved.

OPPORTUNITIES/BENEFITS OF PROMOTIONAL PLAN

- Positive aspects of the Wine Australia wine/region promotional plan include:
  - Raises awareness that Australia is diverse and quality producer.
  - Encourages consumers to explore regions.
  - Gives customers the opportunity to learn something without asking.
  - Helps convince gatekeepers to hold Australia in the same regard to European producers.
  - Consumers will share information with their friends, reaching consumer "taste influencers."
- Opportunities:
  - Can be a starting point for a more detailed conversation with consumers on topics such as food pairing and climate change.
  - Can position retailers as a resource.
  - Other varietals of interest mentioned included Riesling from Eden, Yarra, and Clare Valleys and Italian varietals.

"Forming associations between a style or variety and a region provides something concrete for a consumer to latch onto, and educating without lecturing provides a reward that then becomes associated with the wine. Further, establishing the wine as 'of somewhere' is increasingly important among today's wine consumer." FL retailer

"I think regionality across the entire spectrum of wine is the way to enhance consumer awareness and, ultimately, confidence in their own opinions." IL grocery

"I think this is a great approach, in retail at least. It highlights specific interesting features that consumers would otherwise be unaware of. It also shows that your store is dynamic and plugged into what's happening in the world at large, which builds trust and confidence from your clients. You want them to turn to you as an expert, and this is a good way at asserting that." NYC retailer

© 2019 Wine Opinions. All Rights Reserved.

BARRIERS AND CHALLENGES

- All agreed that the trade doesn't have time for these types of promotions, so campaigns and events have to be "really special" for the trade to get on board.
- Types of event respondents said they would take the time to attend are seminars and lunches, led by someone credentialed (MS, MW).
  - Contests and prizes are good draws.
  - Winemakers are a draw, especially when opening an iconic wine.
  - Smaller events are less overwhelming.
  - Should be early in the day.
- It was emphasized that trade typically don't take the time to go to walk-around tastings.
- Consider that consumers also don't have time/energy/focus.
  - The promotional idea includes a lot of information and customers may be overwhelmed and tune out.
- Information needs to be "easily understood' so it can be "quickly absorbed," and needs to be customizable.
- It's going to be a long game.
  - A general, pre-existing bias against Australia may need to be overcome.
  - There's a lot of promotional competition. Need to target the right buyers.
- Promoting specific wine/region pairs may create restrictions for other Australian regions that also produce those wines.
- Australian wines have become hard to find (TX).

© 2019 Wine Opinions. All Rights Reserved.

BARRIERS AND CHALLENGES *(CONTINUED)*

“Time, there is simply not enough time for these promotions. Buyers and sommeliers no longer have the luxury of attending tastings, seminars, etc., since they now also have to order, organize schedules, balance a budget, and work the floor. If these promotions were to be applied within the NYC market for instance, they would have to be planned out 6 months ahead of time, and would have to offer some real value for attending.” Long Island NY retailer

“Grabbing the attention of buyers and other trade in a very crowded market, over-saturated with similar promotional activities from other regions around the world, often that have more of an immediate draw or flashy name attached. Targeting the right buyers (or ‘influencers’ though I hate the word) to match the crowd and message you want to send.” NYC distributor

In every category, the promotion itself needs to be kept simple, and backed up with conviction. ‘These wines were hand picked by our staff and we will happily tell you why, if you are interested.’ So I think the material itself should be customizable, and not appear that the wines were selected by a marketing company which may have been paid to include certain brands.” IL grocery

“You also don’t want to limit your scope and run the risk of alienating a client base. We all love Riesling, but we can’t make the consumer love it…so we need to be mindful to keep an open mind and broad view with promotions” NYC retailer

“If it becomes too complex, a la Burgundy, you will lose some [consumers]. Further, one runs the risk of creating restrictions; i.e. if Barossa is defined as the region for Shiraz, that may impede opportunities for Eden Valley Riesling or Shiraz from anywhere else.” FL distributor

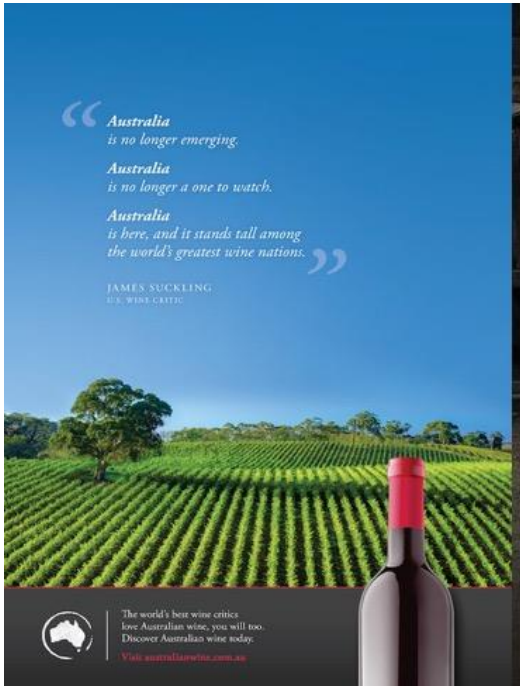
“The casual wine shopper rarely gives you more than 5 minutes worth of their attention span. It needs to be easily understood and quickly absorbed so that they can feel confident in talking about the wine to their friends.” TX grocery

“No downside or barriers, I think this should be the plan of attack. Why downplay a century+ of history? Why downplay the oldest original clone vine stocks in the world? Australia is now more ‘old world’ when it comes to plant material than the old world itself!” Southern CA retailer

© 2019 Wine Opinions. All Rights Reserved.

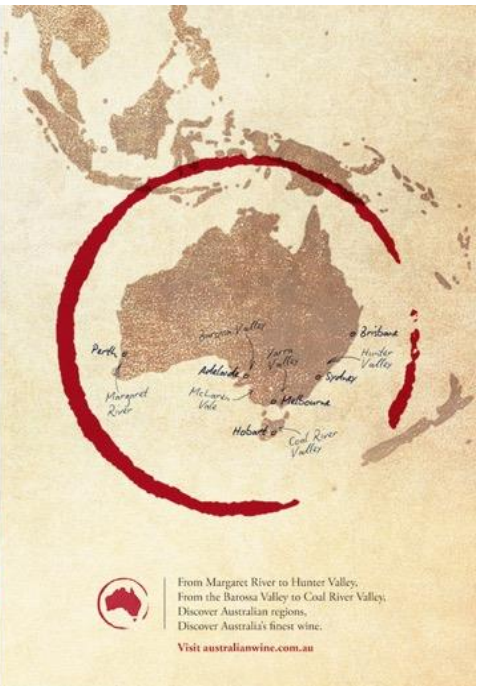
ADVERTISEMENT ASSESSMENT

Participants viewed the following advertisements and asked which they found most compelling.









© 2019 Wine Opinions. All Rights Reserved.

ADVERTISEMENT ASSESSMENT

Participants found the James Suckling and Winemaker ads most compelling. However, the Winemaker ad was more often a “favorite” in the New York group, as was the James Suckling ad in the Key Market group.

- James Suckling ad:
  - It was liked because the quote connoted quality and a shift in Australia’s reputation, Because Suckling's a critic, it would have “pull with consumers,“ and more specifically, ”speak to both experienced consumers and trade.”
  - It was also considered polarizing. Those who liked this ad best all noted that they like James Suckling.
- Winemaker ad:
  - Respondents liked this ad because it relates to a story, an important selling tool.
- Participants thought the James Suckling and Winemaker ads would appeal to consumers and the trade.

“I like the [James Suckling ad] because it emphasizes a shift in perspective on Australian wines, that they are already here and you just aren’t paying attention, and it also elevates the wines in terms of the assumption of quality.” NY distributor

I like James Suckling [ad]. I enjoy his scores and if he’s rating wines from Australia high, I think these labels would fare well because he has a great scoring reputation.” TX retailer

“Relying on a wine critic (especially one who may not be universally respected) seems lazy. You should be going with a story not an opinion.” Upstate NY retailer

“I am not a fan of James Suckling, but I think he has made a very quotable statement.” IL grocery

“Wine is all about the story and the [Winemaker ad] represents that” NYC retailer

“[The Winemaker ad] conveys strength and purpose. I get the sense from it, that not only do I get to taste the wines, but I also get to hear what they’re about. It paints a whole picture.” Upstate NY retailer

© 2019 Wine Opinions. All Rights Reserved.

ADVERTISEMENT ASSESSMENT *(CONTINUED)*

- Map ad:
  - This ad was not a top ad for any of the participants, although the response to it was positive.
  - The word “like” was used to describe it. Participants liked its regional focus and the image, but felt it didn’t have a clear message and doesn’t link to why one would want to try Australia's wines.
- Retail ad:
  - This was the most often disliked ad because the participants don’t think Australian wine “sells itself.” One called the tagline an “oxymoron.”
  - The one participant who liked this best was attracted to the tagline because he owns a self-serve retail store and likes wines that sell themselves.
- The Map and Retail ads were regarded as ads that would appeal more to consumers.
- There was a significant minority of respondents who couldn’t make a decision about which ad they liked best, because they didn’t think any of them particularly stood out. One called them “generic.”

"The [Retail ad] is a little presumptuous. If it sells itself then what is the need for advertising?” FL distributor

“To me [the Retail ad] reinforces an idea that Aussie wine is cheap/bulk/quantity/mass produced.” NY distributor

“The ad with the image of the maps is artistically nice, but it doesn’t give me a reason to want to taste the wines.” Upstate NY retailer

“These are so generic as to be next to worthless. I wouldn’t give any of these even a second look. Tell me what makes Australian wine worth my time and attention.” TX retailer

© 2019 Wine Opinions. All Rights Reserved.

OTHER MESSAGES THAT COULD BE EFFECTIVE

The following are additional messages participants suggested could be effective for promoting Australian wine:

“What the trade needs to learn about is the middle ground. The balance that Australia has to offer. Most wine people I know love learning about rocks and dirt. Try seminars that are Australia from the ground up. Many of the regions in Australia are hilly or mountainous, but we never have a discussion of altitude of vineyards. There is a new Australia out there and it needs to be introduced to the wine community and then the consumer.” NY retailer

Sustainability, organics, and environmentally-ethical practices are all big selling points for many of our producers. Regions hitting their stride but still finding new ground. That these are people not Brands-with-a-capital B. The overall food and wine culture of Australia, and food friendliness of the wines. ” NY distributor

“What makes Australian wines different now from 20 years ago? Where is the void and how can Australian wines fill that void?” TX grocery

“I still think a lot of people, even in the trade still see Australian wines like they were 10+ years ago when most of the exports were big, jammy, over the top reds. I would advise some type of message to dispel these old misconceptions.” Northern CA retailer

“A huge opportunity is to highlight that high-acid, restrained, elegant wines exist, and that even the heavily extracted wines are often still balanced, and to contrast today’s wines with the hypothetical Australian wine from the 90s and 00s that was 16% alcohol and reminiscent of Amarone with oak chips.” FL distributor

“Key messages to the American public would include the ability of Australian Shiraz, Cabernet and GSM blends to deliver the flavor and layers of flavor that are expected of a high end Napa Cabernet at the fraction of the price point. Love CA Cabernet? When was the last time you tasted an Australian red?” TX retailer

© 2019 Wine Opinions. All Rights Reserved.

COSTCO PROMOTIONAL PROGRAM ASSESSMENT

Participants viewed the following images and asked if they would be useful, or how they could be improved.





© 2019 Wine Opinions. All Rights Reserved.

COSTCO PROMOTIONAL PROGRAM ASSESSMENT

- Most gave the program accolades.
- Respondents liked that the wines were white, dispelling that all Australian wine is red; gives the consumer a sense of the wine before they buy it; includes food pairing suggestions; and educates about the regions.
- Ideas for improvements included adding POS and in-store tastings. One mentioned including the information in their newsletter. For on-premise these wines could be included in a flight.
- Some respondents liked the little regional maps in one of the pieces, and others liked the food pairing emphasis of the other. Which would be more useful was based on sales style and customer base. Neither was considered unhelpful.
- There were a few who thought the materials included too much information and would be overwhelming for consumers. The program would not work for those who produce their promotional materials in house or don't hang promotional information in their stores.

"If I had my consumer hat on I would have been buying – this is spot on." FL retailer

"Absolutely, this ad is excellent! Would be even better if the wines had 90 plus scores associated with them." TX retailer

"It is focusing on the authenticity of the wines. Its telling a story about each wine and its easy to understand. Well done! A+++." TX grocery

"Perfect, the food pairings 'try this with fish tacos' speaks directly to the consumer. 'Hey, I like fish tacos! I'll try this wine!'" Southern CA retailer

"I would pare it down. Way too much detail about the regions. I like the little maps." IL grocery

© 2019 Wine Opinions. All Rights Reserved.

AUSTRALIAN WINE EVENT EXPERIENCES: KEY MARKETS

In the Key Market discussion group, the majority had not attended an Australian wine event. However, two had recently, and two had in the past.

- One had attended the Australia Decanted event, which he described as "STRONG," although he felt there could have been less "de-emphasizing (not elimination mind you) of a major Aussie category that Wine Australia felt almost semi-apologetic about when it came to the Somm crowd," and there was more emphasis on Barossa and McLaren Vale than he would have liked.
- A few had attended AUSWAT trips, which they raved about.
- A few had attended sit-down seminars, which they regard as excellent educational opportunities.
- A few had been involved in or participated in brand-related dinners and/or represented Australia on panels.

"I have been to several Wine Australia events. There was a great one in San Francisco with blind flights of Riesling, Pinot Noir and Cabernet making some comparisons with Old World standard bearers, and a session on older vintages, old vines, and single vineyards, all presented by winemakers. The quality of these events was very high. Wine Australia has obviously invested a lot of effort and money to educate buyers and the public. The takeaway has always been that there is way more to Aussie wine than cheap and cheerful or massive, high alcohol Shiraz. Unfortunately, we still don't get it! So I'm happy to see this new initiative." IL grocery

© 2019 Wine Opinions. All Rights Reserved.

AUSTRALIAN WINE EVENT EXPERIENCES: NEW YORK

More respondents in the New York discussion group had experiences attending Australian wine events.

- Two (and one's team member) had attended the Australia Decanted event.
- Two had (or their companies had) participated in Aussie Wine Week, about which one commented, "feedback was good, event attendance seemed to be mostly media and some sales, few buyers" (NYC distributor).
- There were mentions by a number of respondents about attending various Australian wine seminars and tastings. It was emphasized that the most beneficial part of these events are winemaker panels.
- A few participants mentioned they had only attended Australian brand events or tastings.
- One had attended a trade trip: "I also attended a Wine Australia trip through NSW, South Australia and Victoria. Nothing beats seeing the place, meeting the people, and tasting the wines on their home turf!! It was unforgettable" NYC retailer

"Australia Decanted…Probably one of the most educational, hospitable, entertaining, and jaw-dropping wine experiences I've ever experienced. By far, the biggest takeaway from that entire experience was the highlighting of importance of terroir, as well as showcasing the unique approaches each of the presenting winemakers take when approaching things like a similar varietal. The entire experience as a whole though, is really what had me coming home so revived and enthusiastic about promoting Australian wine." Upstate NY retailer

"My favorites are the ones when the winemakers do a panel. I find I get a better understanding from winemakers than I do from reps that simply memorized the tech sheet. It's the stories that sell." NYC retailer

"The winemaker panel tastings have been the most effective for buyers and trade. There is nothing like calloused hands answering questions about winemaking." Long Island NY retailer

© 2019 Wine Opinions. All Rights Reserved.

SUCCESSFUL ELEMENTS OF REGIONAL PROMOTIONS

- Trade trips to the region is an experience that is "unmatched."
- There was a discussion about how crowded the New York City market has become in terms of tastings offered.
- Masterclass-type seminar/tastings are the most useful tasting format for the trade. As mentioned earlier, events with winemaker panels are valued.
- All had good things to say about the effectiveness of ambassadors.
- In-store tastings are the most effective way to sell wine to consumers.
- Relating advertising to travel was suggested over wine and/or food publications (in NY)
- Few mentioned POS or printed materials. More often there were suggestions related to digital: Instagram, apps, and social media promotions (done well and consistently).

Tastings in NYC are a dime a dozen, I'm more likely to take notice of more intimate lunches/dinners/late nights with interesting producers; anything that feels more like a personal experience with a well curated crew of guests, and less like a sales pitch or the impersonal wine lunch/dinner we've all been to 10,000 times. Key there can also be staging it at a great location — like a new restaurant that's impossible to get into — any place with its own draw, if the producer/host doesn't have a big draw on its own yet." NYC distributor

Honestly, The most impactful events I have participated in that left an indelible mark on me and has had a long lasting effect on my selling focus would have been educational wine trips. This experience gave me a profound appreciation of the region as well as the people who we met with. I always come back with a passion to sell the wines and a story to share with each of my customers. I still stay in contact with numerous people from these trips and continuously find ways to support their wines every chance I get." TX grocery

© 2019 Wine Opinions. All Rights Reserved.

SUCCESSFUL ELEMENTS OF REGIONAL PROMOTIONS *(CONTINUED)*

"I deal with predominantly trade buyers and on-premise sales, where many decision makers explicitly pride themselves on tuning these messages out. A full page ad in Wine Spectator actually is more of a negative to many of my customers. Instagram is another story." FL distributor

"Our regulars expect tastings on Saturday afternoon and come to try new things. We send e-mail blasts about these tastings and about new arrivals." IL grocery

"Easy. Tasting, tasting, tasting. A series of REGIONAL tastings conducted throughout the U.S. on a quarterly basis, featuring a new region every quarter. Do this for 2-3 years and watch how the public, press and trade become familiar with the Margaret and Yarra, not just Brand Australia." Southern CA retailer

"I think in this time a presence on mobile aps is most effective because people want information in the moment. I think ratings, ads and informational print material are great, but most people want to be able to see a digital confirmation that what they're buying is good. I see it every day in the store, customers photographing labels to see what comes up on their device." TX retailer

© 2019 Wine Opinions. All Rights Reserved.

WHO IS DOING A GOOD JOB?

- Participants were asked to give specific examples of consumer promotions for other regions they think have worked well. The following were called out:
  - Sud de France: in-store tastings by wine ambassadors, trade events, wine dinners.
  - Wines of Alsace: they have a big topographical map at tastings, provide swag (or promotional giveaways) for those who purchase, and entry level sparkling through grand cru wines are tasted. Lead to repeat purchases.
  - Summer of Riesling: house parties at Aspen Food and Wine, "festive and hospitable and relaxed" vibe.
  - Annual Union des Grands Crus de Bordeaux walk around tasting with all Chateau represented and organized by region. Questions get answered immediately on the Bordeaux app.
  - Others positively mentioned: Provence rosé promotions, Georgia (especially in China), and Discover Beaujolais (trade awareness, in-store visits, tastings, literature).
  - Vibrant Rioja, Vin de Bordeaux, Napa Valley Vintners have developed partnerships with key retailers/restauranteurs with a multi-year strategy. Wines of South Africa has built a sustainable, long-term following. An example was made of the Loire: after their one-year campaign they were forgotten.
  - Jane Ferrari from Yalumba: Her "storytelling events" that combined history, storytelling, and wine.
  - Jancis Robinson's Chianti Classico night: didn't feel like you were being sold something, as it was not organized by a distributor or promotional organization.
  - Brand example that could be extended to a region: Butter, a brand that is all over the music fest scene in California. Give away tickets to the festivals, have tents/booths at the festivals, sell wines by the glass, give away beach balls.

© 2019 Wine Opinions. All Rights Reserved.



“ Wine Opinions ”

One-on-One Interview Results

© 2019 Wine Opinions. All Rights Reserved.

ONE-ON-ONE INTERVIEW SUBJECTS & METHODOLOGY

- All participants attended the 2018 Australia Decanted event.
- All participants were given the interview guide prior to their interview (see Appendix IV) and participated in an approximately 30 minute interview using an online platform that allowed for documents to be shared.

© 2019 Wine Opinions. All Rights Reserved.

PORTFOLIO OVERVIEW

On-premise, Illinois

- Has seen a company-wide increase in Australian wine sales over the past few years, which he attributes primarily to rising cost of U.S. wines and customers looking to alternatives, and also curious consumers looking for familiar varietals from new places.
- As company expands more of their list will be dedicated to international wines.

Distributor, New York City

- Has some customers who are still resistant to Australian wines and are not willing to put in the time to hand-sell the niche wines.
- Sees the on-premise as very competitive.
- Australian wines are doing well among "fans" in boutique wines shops.

Buyer, Off-premise, California

- There has been a lot of Australian wine buyer turnover in the past year.
- In general, Australian wine sales were consistent over 2018. Wines in the higher price categories did well.

Department Manager, Off-premise, California

- Has been increasing the number of SKUs carried.
- Australian wine sales comprise about 7% of total sales.
- Their company's "sweet spot" is between the high teens to the mid-$30s. California is pricing themselves out of this market, so imports are filling the void. Is finding many Australian wines in the low-$20 category are overperforming.
- Sees the Australian customer as either those who know what Australian wines they want (brand and varietal), or those who are open to trying Australian wines as a better value offering to California or other wines.

© 2019 Wine Opinions. All Rights Reserved.

PORTFOLIO OVERVIEW *(CONTINUED)*

Distributor, Florida

- Smaller Australian brands were up 175% in 2018 (on a small base), and are growing.
- Australian wine prices are up, especially in the $30 - $40 category (retail price). These wines are priced slightly lower than California wines of the same quality.

Online retailer, California

- Online data shows that:
  - In 2017 Australia was the fifth largest region represented at Wine.com. In 2018 it moved to seventh.
  - Australia is losing share among imported wine competitors: down 12% in value between 2017 and 2018 (vs. total imports up 18%).
  - Average selling price for Australian wines are lower than for total Wine.com wines ($22.50 on average compared to $31.06).
  - Average price of Shiraz is higher than the average price of red blends ($27 vs. $17).
  - Customer purchases of Australian wine has decreased (9% of customers bought Australian wine in 2018 vs. 18% in 2013). Sees Australian wines as preferred by Baby Boomers.
- Data shows that Australia is not benefiting from the "trading up" phenomenon. Decrease may be due to price mix offered.
- Company has increased Australian SKUs but not at the rate of other regions. There may be a bottleneck in the higher tiers of the trade (importers and distributors).
- Finds it hard to source Australian wine, despite wanting to increase Australian SKUs.

© 2019 Wine Opinions. All Rights Reserved.

TAILWINDS AND OPPORTUNITIES

- Our on-premise interviewee has observed customers spending more due to a good economy, and treating themselves to higher quality/higher priced wines. He believes this upward price migration signals a good opportunity for Australia to move up.
- Our New York distributor sees migration to higher price points with new $15+ brands, commented that Americans are continuing to drink better despite slowing volume. However, he is concerned about the future of the economy and that younger consumers are not spending as much on-premise.
- The distributor from Florida considers that state a leading indicator for the U.S. economy. He has seen a contraction in the highest end of the market, which will most likely not affect their Australia portfolio, but he also sees a shift in pricing down from very high prices to somewhat lower prices, which might benefit Australia because they are not priced very high, and may catch some of the down-trade.
- Our grocery representative has observed more customers who are open to spending on luxury wines as part of their lifestyle – saw this in the case of France and Italy and believes that Australia can play on that same field.
- Our wine shop representative was very positive about Australia working to move up in price because she sees quality Australian wines as a value compared to similar wines from other regions. She has observed that her customers are willing to pay a little bit more for quality, and this includes Australian wine.

"The opportunities are with regionality. That is the single biggest opportunity because it is no longer Australian wine, it is Yarra Valley wine, it is Clare Valley, it is Eden Valley wine...whatever it may be, it is that. And that's it—people don't say they want a United States Cabernet, they say they want Napa Cabernet." Distributor, Florida

"I think [consumers spending more on wine] is a very good opportunity for Australian wine in general just because there is a lot of wine that fits that [price] category and the people who are spending that money are looking for something a little bit different, are looking for something new." On-premise, Illinois

© 2019 Wine Opinions. All Rights Reserved.

HEADWINDS AND CHALLENGES

- Among the challenges are the changes in the industry: increased competition, unique packaging and tech innovation giving some players an advantage, as well as peer-to-peer recommendations replacing the role of critics.
- There were a few mentions of not being able to get access to higher end Australian wines.
- Dispelling negative bias toward Australia based on past experiences, among both the trade and consumers, is still a challenge.
- A few commented that in their experience Australian wines appeal more to Baby Boomers than Millennials. The on-premise participant has observed that guests under 40 are more adventurous than those over 40 who are more likely to look for an "old friend" on the wine list.

"We have some gatekeepers to deal with in the trade…I believe pretty strongly that the main issue is that importers are afraid to take on new Australian brands, or if they do, the distributor network won't take them on…We need access and the customer will respond" Online retailer

© 2019 Wine Opinions. All Rights Reserved.

WINE/REGION PROMOTION PROPOSITION

- Nearly all of those interviewed liked the idea of promoting specific Australian wine/region pairings, giving the following reasons:
  - More specific regions equate to being more special in the eyes of the consumer.
  - A regional emphasis is more important at higher price points.
  - It helps dispel the perception of "Australia" as one region.
  - Regionality is easier to talk about in light of Australia's reputation as a country that produces only lower priced wines.
  - The pairings offer good basic information for consumers.
- However, there were two respondents who felt the pairing promotional program could be restrictive.
  - One stressed the need to give consumers the opportunity to experiment.
  - Consumers relate to authenticity of place and style, and therefore region should be emphasized over varietal.
  - One "worried about pigeonholing" Australian varietals and regions.

"We need to translate that to the customer--Australia isn't just one word, it's not just one place. It's got great diversity." Department Manager, Off-premise, California

"Take the Australia out of Australian wine." On-premise, Illinois

"I get nervous when I hear of a particular varietal or wine style trying to be put into a particular bucket. I think that part of what consumers are looking for right now is the ability to choose. Especially new consumers, younger consumers, are really looking for the ability to experiment." Distributor, Florida

© 2019 Wine Opinions. All Rights Reserved.

FEEDBACK ON SPECIFIC PAIRINGS

- Shiraz/Barossa
  - One commented that this pairing could be a challenge due to resistance to Shiraz due to "a hangover from missteps of the past."
- Chardonnay/Margaret River/Adelaide Hills/Yarra Valley
  - The "cool climate" story should be told.
  - It was noted that some consumers are more interested in Chardonnay's style than where it comes from.
- Cabernet Sauvignon/ Margaret River/Coonawarra
  - This would be a good wine to fill the gap between low and high end Cabernet Sauvignon.
  - One mentioned that Australian Cabernet has been doing well for them (wine shop).
  - Another commented that Margaret River Cabernet Sauvignon was a great choice for discovery.
- Pinot Noir/Adelaide Hills/Yarra Valley
  - Again, the "cool climate" story is relevant.
  - One commented that Australian Pinot Noir has not done well for them because their customers tend to want Burgundy and domestic Pinot Noir (wine shop).
- Sparkling wine/Tasmania/Adelaide Hills
  - There were conflicting sentiments regarding Australian sparkling wine. Our wine shop representative has had positive sales of Tasmanian sparkling wine, while a distributor's experience was that anything but Champagne and Prosecco was a heavy lift.
- Red Blends
  - The Wine.com participant suggested that red blends are considered a lower-end option, and that the focus should be on Bordeaux blends.
  - A distributor participant didn't like the idea of focusing on blends without a regional association.
- Other suggestions included Semillon, Riesling from Clare and Eden Valleys, more wines from Tasmania, and more regions for Shiraz.

© 2019 Wine Opinions. All Rights Reserved.

APPROACHING THE TRADE

- All but one agreed that the majority of the budget (75%) should be allocated for trade outreach.
  - One suggested that in Year 2 the budget be allocated 50%/50%, and in Year 3 75% go to consumer outreach.
  - The one who suggested the bulk of the budget go to consumer promotion felt that until availability improves, efforts reaching the trade are for naught.
- It was agreed that when approaching the trade, the proposition should lead with region, followed by varietal.
  - One agreed with a caveat: that Australia itself not be omitted.
  - One brought up the fact that the hardest thing is to get trade to events, suggested "mini" Decanted events, and suggested looking to Bordeaux tastings as an example (e.g., small with blind tasting, varietal, white wine tables, etc.)
  - Another suggested seminars that included all of the pairings, or separate seminars on each pairing.

"I don't think [going straight to the consumer] will have enough effect. I think we need to go straight to the gatekeepers and open up the selection and what's imported, and get these distributors on board." Online retailer

Smaller local events that are more fun, as well as educational, rather than just a lecture and a power point, or a walk around tasting. Walk around tastings are becoming so ubiquitous...Smaller local events are more impactful...Thinking outside the box to get the people you want there, to be there." Distributor, New York

© 2019 Wine Opinions. All Rights Reserved.

APPROACHING CONSUMERS

- Most agreed that consumers were best approached with varietal/wine type followed by region.
  - One emphasized that it was price and how the wine tastes that are the final decision making factors.
  - Another commented that besides varietal and region, what the consumer needs to hear is that Australian wine "can be profound and subtle."
  - As many of the wine/region pairs will be new, consumer education will be needed.

"If we're trying to gain new drinkers, new purchasers of Australian wine, that's how they shop [by variety first]." Online retailer

"Make it exciting again. Australia became kinda dull." Department Manager, Off-premise, California

"If there's some way to share some type of personality or something associated with a region that people can easily remember and go with, they will learn from that and they'll go deeper as they explore." Online retailer

© 2019 Wine Opinions. All Rights Reserved.



“ Wine Opinions ”

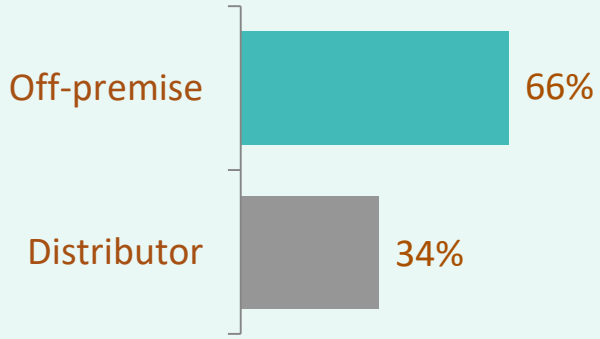
Appendix I

Online Discussion Group Screener Survey Results

© 2019 Wine Opinions. All Rights Reserved.

DISCUSSION GROUP SCREENER SURVEY RESULTS

Trade Tiers Represented



Base = 157 total qualifying respondents

Carry/Represent at Least 10 Brands by Country

Italy	93%
France	92%
Spain	80%
Argentina	67%
Australia	**65%**
New Zealand	58%
Chile	53%

Base = 153 total qualifying respondents who answered question

Importance of Wine Sales by Country

	DON'T SELL OR REPRESENT THESE WINES	NOT AT ALL IMPORTANT	MODERATLEY IMPORTANT	VERY IMPORTANT
Italy	0%	2%	27%	71%
France	1%	2%	27%	70%
Spain	1%	7%	46%	46%
New Zealand	0%	5%	59%	36%
Argentina	1%	8%	55%	36%
Australia*	**1%**	**9%**	**62%**	**27%**
Chile	6%	13%	60%	21%

Base = 97 who carry Australian wine and answered question

**Row does not add to 100% due to rounding*

© 2019 Wine Opinions. All Rights Reserved.

DISCUSSION GROUP SCREENER SURVEY RESULTS *(CONTINUED)*

Types of Australian Wine Carried

Shiraz	100%
Cabernet Sauvignon	94%
GSM or other red blends	92%
Chardonnay	85%
Riesling	67%
Pinot Noir	63%
Sauvignon Blanc	53%
Sparkling wine	50%
Semillon	46%

Base = 96 who carry Australian wine and answered question

Australian Regions Carried

Barossa Valley	97%
McLaren Vale	95%
Margaret River	73%
Coonawarra	69%
Yarra Valley	63%
Adelaide Hills	61%
Tasmania	31%

Base = 93 who carry Australian wine and answered question

© 2019 Wine Opinions. All Rights Reserved.



“ Wine Opinions ”

Appendix II

Online Discussion Group Screener Survey

© 2019 Wine Opinions. All Rights Reserved.

WINE AUSTRALIA DISCUSSION GROUP SCREENER SURVEY

1. Which of the categories below best describes where you work? Please answer based on your company's field and not your job description within the company.

Grape grower, vineyard management or related field *(Disqualifies)*

Wine producer (or working directly for a wine producer) *(Disqualifies)*

Wine importer (or working directly for a wine importer) *(Disqualifies)*

Wine trade association, public relations, or marketing consultant *(Disqualifies)*

Distributor, wholesaler, broker or related field

Wine retailer, retail sales, administration or related field

Restaurant, hotel, or hospitality industry *(Disqualifies)*

Wine media, educator, academic, or related field *(Disqualifies)*

Other wine industry field *(Disqualifies)*

2. In what state do you work? *(Drop-down menu)*

3. Thinking of the wines your sell or represent, please indicate from which of the following countries you carry at least 10 different brands of wine?

Australia *(Must choose Australia to continue, otherwise, disqualifies)*

Chile

Argentina

France

New Zealand

Italy

Spain

(Rows rotate)

© 2019 Wine Opinions. All Rights Reserved.

4. Please indicate how important each country’s wines are to your sales.

Don’t sell or represent these wines	Not at all important	Moderately important	Very important

Australia *(Must choose “Moderately” or “Very” for Australia to continue, otherwise, disqualifies)*

Chile

Argentina

France

New Zealand

Italy

Spain

(Rows rotate)

5. You mentioned that you carry Australian wine, which of the following type or types of Australian wine do you carry?

Cabernet Sauvignon

Chardonnay

Grenache-Syrah-Mourvedre or other red blends

Pinot Noir

Sauvignon Blanc

Riesling

Semillon

Shiraz

Sparkling wine

(List rotates)

Must sell at least one of the following to continue: Shiraz, Cabernet Sauvignon, Chardonnay, Pinot Noir, Sparkling wine, red blends.

6. Please indicate if you carry wines from the following Australian wine regions. (Check as many as apply)

Barossa Valley

McLaren Vale

Margaret River

Coonawarra

Yarra Valley

Adelaide Hills

Tasmania

(List rotates)

These are the regions listed in the USA Market Strategy document

© 2019 Wine Opinions. All Rights Reserved.

7. If you have attended any Australian wine events in the past year, please describe them below

(Open-ended text box)

8. If you would like to participate in an online discussion group in the next few weeks about Australian wine, please enter your email address, first name and last initial, company name, and position at that company in the text boxes below. Those chosen to participate in the discussion group will earn a $200 honorarium. There will also be a drawing for a cash award of $200 among those not chosen to participate in the group.

Email address: *(Open-ended text box)*

First name: *(Open-ended text box)*

Last initial: *(Open-ended text box)*

Company/business name: *(Open-ended text box)*

City/Town: *(Open-ended text box)*

State: *(Open-ended text box)*

Your company's top 3 best-selling Australian wine brands: *(Open-ended text box)*

© 2019 Wine Opinions. All Rights Reserved.



“ Wine Opinions ”

Appendix III

Online Discussion Group Guide

© 2019 Wine Opinions. All Rights Reserved.

DISCUSSION GUIDE

DT1: PLEASE INTRODUCE YOURSELF — tell us briefly about where you work, your role there, and the type of clientele that shop at your store.

DT2: Tell us about your company's Australian wine sales - the range of Australian wines you sell, the most successful types of Australian wines you sell, and the price range of the Australian wines you have the most success with.

Probe for wines/regions of interest to WA and what they attribute to the success of sales.

Probe any wine/regions in $15+ price category that are cited as successful but WA is not focusing on, to learn why those wines are selling successfully at that venue/in that market.

DT3: Wine Australia, the Australian wine industry promotional organization, is planning to promote in the U.S. the following varietal types of wines in the over-$15 price category, from the following regions:

- *Shiraz – Barossa and McLaren Vale*
- *Cabernet Sauvignon – Margaret River and Coonawarra*
- *Chardonnay – Margaret River, Yarra Valley and Adelaide Hill*
- *Pinot Noir – Yarra Valley and Adelaide Hills*
- *Sparkling – Tasmania and Adelaide Hills, and*
- *Red blends – focus on blends, rather than regions: Shiraz/Cabernet, Cabernet/Shiraz, Grenache/Shiraz/Mourvedre (also known as "GSM"), Cabernet/Merlot, Shiraz/Viognier, and Cabernet/Malbec.*

What are your initial thoughts, positive and/or negative, on the concept of focusing on specific combinations of variety and region?

What are your initial thoughts on the potential for these wine type/regional pairings in your particular market or retail store?

© 2019 Wine Opinions. All Rights Reserved.

DISCUSSION GUIDE *(CONTINUED)*

DT4: Considering that promotional focus is going to be placed on the various combinations of varietal types of wine and specific growing regions in Australia, there are three message statements that may be used to position new wines coming onto the market from Australia. These may be summarized as follows:

1. This is a new wine from Australia
2. This is a new wine from (name of region) which is known for (regional characteristics)
3. This is a new (name of varietal type) that offers (flavor characteristics)

In your opinion, which of these three message elements would make the strongest "lead" in presenting the wine to a trade buyer

What is your opinion of the relative importance of the three message points?

Why do you think your favored order would be most effective?

Would your opinion differ depending on the price of the wine, or varietal type of wine?

DT5: Considering the wine type/regions we've been discussing, what do you think would be the most beneficial way to frame them when presenting to consumers? Of the three elements being promoted, what do you see as the relative values of emphasizing "Australia," the "region," and the "varietal?" Which of these would you consider the strongest introduction?

Ask: Should the priority in promoting an Australian region/varietal pair be on describing the wine in the glass and how that compares to the wine in the glass from other regions? Or, should the priority be in comparing the Australian region's growing conditions or terroir with that of other regions rather than making the "wine in the glass" comparison?

DT6: Consider all of the promotional means that might be employed by Wine Australia to support trade efforts in the U.S. to introduce consumers to the unique value and qualities of the types of regional/varietal wines we've been discussing: What kinds of promotional support would work best in your market and your store (or stores)?

© 2019 Wine Opinions. All Rights Reserved.

DISCUSSION GUIDE *(CONTINUED)*

After unaided responses, review a list of these promotional elements:

- *Print or online advertising in leading wine, food, or lifestyle publications;*
- *Social media campaigns;*
- *Email outreach to consumer databases*
- *Wine Australia consumer tasting events in key markets;*
- *In-store tastings;*
- *In-store promotional materials or displays;*
- *Spokesperson or "ambassador" support at events or in store*

Ask: What other kinds of outreach to consumers in your market would you find beneficial to support the introduction of these regional wines to your consumer base?

DT7: Please tell us about any experiences you have had with Australian wine promotions. Have you attended a Wine Australia event like "Australia Decanted" or any other Australian wine event?

Have you attended a seminar, such as "Australian Shiraz from Coast to Coast"? Please describe what your main takeaways from these experiences.

Ask: how could the (event/seminar) be improved?

Ask: what other types of events for the trade do you think might be beneficial to Wine Australia?

DT8: Recently, some potential ads promoting wines from Australia to the U.S. wine trade were tested. Please take a look at the ads below.

[Ads here]

Which ad or ads do you find most compelling? Which do you think would be most compelling to the trade in general?

Ask: What other key messages about Australian wines might be effective in communicating to the U.S. wine trade?

© 2019 Wine Opinions. All Rights Reserved.

DISCUSSION GUIDE *(CONTINUED)*

DT9: If you were going to give advice to Australian wine producers on how to approach the trade with promotions based on the wine type/regions we've discussed, what approach would you advise them to take?

Probe for specifics on their ideas, such as what would be covered in a seminar or what wines would be included in a comparative tasting, etc.

DT10: If you were going to give advice to Australian wine producers on how to approach consumers with promotions based on the wine type/regions we've discussed, what approach would you advise them to take?

Probe for specifics on their ideas, such as what wines would be included in an in-store tasting, what exactly do they mean by "social media," etc.

Ask: Is there a specific example of consumer promotion for another region that has worked well, in your opinion?

DT11: The following is a promotional program that was tested at Costco. Do you think this type of promotion would be useful in your market or your store?

[Costco promotion images here]

Ask: How could this program be improved or adopted to your retail environment?

Ask: Do you have any suggestions for a similar type of program you think would be more effective?

DT12: Thinking of the concept of promoting selected Australian wine regions with the wine varieties or types that offer distinct qualities, what are the opportunities for or potential benefits you might expect from this kind of promotion?

Ask: Are there any of the specific region/varietal pairs we reviewed that believe to have good potential for gaining market share?

© 2019 Wine Opinions. All Rights Reserved.

DISCUSSION GUIDE *(CONTINUED)*

DT13: Thinking of the concept of promoting selected Australian wine regions with the wine varieties or types that offer distinct qualities, what are the barriers or potential downsides you see for this kind of promotion?

Ask: Are there any of the specific region/varietal pairs we reviewed that you believe that would be especially difficult to successfully promote in your market or in your own store?

© 2019 Wine Opinions. All Rights Reserved.



“ Wine Opinions ”

Appendix VI
One-on-One Interview Guide

© 2019 Wine Opinions. All Rights Reserved.

ONE-ON-ONE INTERVIEW GUIDE

NOTE: Interview subjects will have been sent and asked to review the discussion guide in advance.

Introduction: JG explains Year 4 research initiatives and goals.

DT1: How did the sales of your Australian wines fare in 2018 as compared to 2017, and to imported wines from other countries?

Probe for trends in overall imported and Australian wines by price segment and type or style and what is driving any upward or downward pricing.

DT2: Looking to the coming year, do you see a continuation of the migration of brands to higher price points and the introduction of new brands in the $15-plus price segments? Or are there cautionary notes in the market?

Probe for "headwinds" or "tailwinds" in the over-$15 price segments in general and imported/Australian wines in particular.

Ask for regions/varietal types that are seen as the strongest contenders to take price hikes in 2019.

DT3: Wine Australia is launching promotions in the U.S. supporting the positioning of selected varietal types from specific regions, such as Shiraz from Barossa Valley or the McLaren Vale, or Pinot Noir from Yarra Valley and the Adelaide Hills. These are most often in the $15-plus price category. In online discussion groups, we recently asked retailers in major markets their opinions of the concept of promoting these "pairings" in their own shops and retail venues. Let's review and discuss a few of the top findings:

Most major market respondents were positive regarding the varietal/regional pairing approach for the following reasons: (List of reasons is shown - ask for agreement/disagreement/commentary on each point and probe for other thoughts on the "varietal/regional" approach)

- *Regional emphasis seen as important at higher price points (similarity to the European model)*
- *Changes perceptions from "Australia" as an entity*
- *May help leverage varietals overlooked from Australia*
- *May be easier to introduce the newer market entries this way (Tasmanian sparkling, etc.*
- *Education will be needed*

© 2019 Wine Opinions. All Rights Reserved.

ONE-ON-ONE INTERVIEW GUIDE *(CONTINUED)*

DT4 (List of varietal/regional promotional pairings is shown) Looking now at the specific regional/varietal pairings, which of them do you believe have the best potential for market entry and growth? Which face the greatest challenge? What is not on this list that might be added? What is on the list that might be a "heavy lift?"

- *Shiraz/Barossa*
- *Cabernet/Margaret River/Coonawarra*
- *Chardonnay/Margaret River/Adelaide Hills/Yarra Valley*
- *Pinot Noir/Yarra Valley/Adelaide Hills*
- *Sparking/Tasmania/Adelaide Hills*
- *Red Blends (Focus on blends, rather than regions) Cabernet/Shiraz, Grenache/Shiraz/Mourvedre, Cabernet/Merlot, Shiraz/Viognier, Cabernet/Malbec*

DT5: In the recent online discussion groups with primarily off-premise trade members in major markets, consideration was given to how best to introduce new Australian wine entries to the U.S. market. The elements of country of origin, region of production, and varietal type were each discussed in terms of how best to present these to the trade and consumers.

Discussion group participants for the most part felt that the best approach to the trade would be to focus on the region first, then the varietal, and finally Australia as the country of origin. Would you agree or disagree, and why?

For approaching consumers, discussion group participants mainly felt that leading with the wine variety was most important, then associating that varietal with the region and country. Again, would you agree or disagree, and why?

DT6: Now, setting aside the strategy and market approaches we discussed, if you were in charge of the Australian wine campaign in the U.S. and had a budget sufficient to conduct an ongoing national campaign for the coming three years, please answer the following three questions:

© 2019 Wine Opinions. All Rights Reserved.

ONE-ON-ONE INTERVIEW GUIDE *(CONTINUED)*

Ask: How would you split the budgets for trade vs. consumer promotions over the three-year period?

Ask: What is the ONE thing you would propose as an approach to the trade, if had to limit your trade campaign to a single initiative or program?

Ask: What is the ONE thing you would propose as an approach to consumers, if you had to limit your consumer campaign to a single initiative or program?

DT7: Given your view of the state of the U.S. wine market today, trends in demand, the evolution of the wine consumer base, and the aspirations for Australian wine positioning going forward as expressed in all that we discussed, what do you see as the greatest opportunities and barriers to achieving the strategic goals of Wine Australia?

What opportunities do you see?

What barriers might be ahead?

© 2019 Wine Opinions. All Rights Reserved.



“Wine Opinions”

P.O. BOX 157 • KENWOOD, CALIFORNIA 95452 • (707) 815-9463
INFO@WINEOPINIONS.COM • WWW.WINEOPINIONS.COM

Wine Opinions is furnishing these survey results and other research findings (the “results”) "as is" and does not provide any warranty of such results whatsoever, whether express, implied, or statutory, including, but not limited to, any warranty of merchantability or fitness for a particular purpose or any warranty that the results will be error-free. In this regard, the results do not constitute advice and Wine Opinions shall have no liability for the client’s use thereof. In no respect shall Wine Opinions incur any liability for any damages including, but not limited to, direct, indirect, special, or consequential damages arising out of, resulting from, or any way connected to the use of the results, whether or not based upon warranty, contract, tort, or otherwise; whether or not injury was sustained by persons or property or otherwise; and whether or not loss was sustained from, or arose out of, the results of, the survey, or any services that may be provided by Wine Opinions.