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GRAPE AND WINE RESEARCH AND DEVELOPMENT CORPORATION

BARRIERS IN THE UNITED STATES TRADE FOR DEVELOPING PREMIUM AUSTRALIAN WINE SALES



FINAL REPORT to

GRAPE AND WINE RESEARCH & DEVELOPMENT CORPORATION

Project Number: **WAC 1201**

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Final report to the Grape and Wine Research Development Corporation

Barriers in the United States Trade for Developing Premium Australian Wine Sales

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1. ABSTRACT

The project objectives were to gain insights and understanding of the thinking and motivations of the key members of the US wine trade and to explore barriers to the development of premium Australian wine sales in the US market. Growth in Australian premium wine sales have been constrained for a number of reasons such as Australia's image as a low-priced value wine producer, lack of awareness of the diversity of Australian wine regions and wine styles, unfavourable exchange rates, difficulties in moving inventories in the off-premise, lack of excitement about Australian wine in the on-premise, logistics, competition from other suppliers and discount pricing. Increasing awareness and understanding of the diversity of Australian wine regions and wine styles is one important recommendation in addressing these barriers.

2. EXECUTIVE SUMMARY

The overall objective of this study was to gain an understanding of the thinking and motivations of the US wine trade in respect to Australian wines, and to explore barriers for developing premium Australian wine sales in the US market. To enable this, Wine Opinions conducted four discussion groups among United States (US) wine distributors, on- and off-premise representatives and importers to explore how to increase Australian premium wine sales in the US.

Specifically, discussion participants discussed:

- Trends and factors that are main drivers of the market
- Australian wines carried or represented
- Changes of inventory levels and Australian wine sales
- Changes in trade perceptions of Australian wine
- Positive attributes of Australian wine
- Barriers faced when selling Australian wine
- Australian wines that are best positioned for growth on the U.S. market
- Australian promotional activity or event experiences
- Australian share of market growth foresight

The barriers for developing premium Australian wine sales in the US include:

- Confusion over what the Australian category offers both trade and consumers
- Inventory levels
- Australia's reputation as a lower-priced value wine producer. It was suggested that future growth is possible if mid/higher tier wines are promoted and "critter" wines deemphasized
- Lack of awareness of Australia's diverse regions
- Unfavourable exchange rates
- Challenges in the off-premise
- Australia is not seen as "hip" in the on-premise
- Logistics
- Competition from other countries
- Discount pricing

In relation to the thinkings and motivations of the US wine trade in respect to Australian wines:

- When selling imported wines in the US, the two most important drivers and motivations identified by the trade were;
    - the style or flavour of the wine and
    - consumer trends in purchasing styles, or types of wine, or wines from a particular region.

- Value at all price levels was believed by all tiers of the trade to be a key market driver. However, the lower end "value" wine was not the price category highlighted in this regard. The trade believes that consumers are looking for value in mid-priced wines ($15-$25) where they feel more confident they will find quality – this is where Australia should focus.
- All tiers of the trade also mentioned blends as "hot" in the US, including Shiraz-based blends.
- Discussion respondents in all trade tiers see the trade as having a less favourable perception of Australian wines than they did in the past, primarily due to the "critter" phenomenon.
- The perception that Australia only produces "jammy" high alcohol wines is gradually changing, with the trade beginning to notice higher quality wines in different styles coming from Australia.
- Australian wines' most promising attribute, identified by all tiers of the trade, is the variety of quality wines produced that express the terroir of Australia's diverse wine regions. This is an area where more education was suggested, for both the trade and consumers.
- Responses were mixed as to whether consumer perceptions of Australian wine are more positive than or on par with trade perceptions.

The results of the study highlight regionality and diversity, as well as premium price points, as consistent areas of interest and opportunity for Australian wine in the US. However, the barriers that were identified in growing premium Australian wine sales in the US need to be addressed.

The recommended actions for Australian wine producers, importers and peak representative bodies to address the barriers that are constraining premium Australian wine sales in the US are:

- Engage in education activities (with trade, distributors, consumers) which focus on clear/straight-forward regional and premium messaging focused on the $15-$25 price points.
- Empower the trade who are supporters to become brand ambassadors for you; provide information and empower them to promote and engage their power-base.
- Review how distributors are managed - look into ideas/opportunities to provide incentives AND educate.
- There is a need to manage and mitigate supply chain issues that can disadvantage the Australian category – maintain a well-oiled supply chain to keep the lead times and other logistics under watch and to a minimum.
- The prevailing view is that South America and US wines now own the commercial space – suggesting that Australia's efforts should be focused on higher price-points.

3. BACKGROUND

The United States is the world's biggest wine market with sales of 2.7 billion litres valued at US$34 billion in 2011. It has also been Australia's second biggest export market in volume behind the United Kingdom for the last 15 years and number one in value for the last four years

Apart from the country's recent economic problems and the strong Australian dollar, the complexity of the market makes it very challenging to work in. The market is highly regulated and includes the three-tiered distribution system. Each state has its own unique system of alcohol beverage control. Despite the challenges, the market represents a significant growth opportunity for Australia's premium wines. In 2011, 18 million cases of wines (domestic and imported) were sold in the US at over US$15 per bottle, up 6% on the previous year. However, Australia is significantly under-represented in this segment.

In the last five years, the Australian wine category has lost ground in the US and is struggling to make in-roads at the premium end of the market. Australian exports to the US at above A$67.50 per case have fallen from 2 million cases in 2006-07 to 400,000 cases in 2011. The feedback from Australian wine companies participating at this end of the market is that the trade represents a significant barrier to reaching the US consumer. Thus, for the Australian category to be re-vitalised in the US, insights into the motivations of the trade and how they perceive the Australian category are required.

In 2011, Australian wine exports to the US at above A$67.50 per case were valued at A$50 million compared to A$207 million in 2007 and a peak of A$303 million in 2003. Thus, to restore Australia's premium wine exports in the US to the level of five years ago would return A$150 million to the Australian wine sector. The shorter-term target would be to arrest the decline and achieve incremental growth over the next five years. Increasing premium wine exports to the US by just 1% per annum for the next five years would yield a return of $2.6 million; just arresting the current decline would yield A$15 million to the Australian wine sector.

This project provides insights into the motivations and drivers of major players in the trade (importers, distributors, retailers and restaurants). Qualitative and quantitative research was conducted by Wine Opinions with leading trade gatekeepers in the key trade tiers and geographic areas of the US that are critical to the future success of the Australian wines category. Areas addressed included:

- the effects and duration of inventory issues at the importer and distributor levels;
- pricing and currency exchange issues;
- evolving style and taste trends affecting Australian wine sales;
- perceptions of the Australian wine category– strengths, weaknesses opportunities and threats and improvements that can be made; and
- motivations and methods to return Australia to favour with the trade.

The rationale for the project was to provide the Australian wine sector with greater market intelligence in these areas and enable:

- improved relationships for Australian wine exporters with the US trade (i.e. route-to-market partners);
- efficiencies in marketing investment and more targeted marketing strategies;
- a more fertile trading environment for the Australian wine sector in the US; and
- improved opportunities for the sustainable growth in the sales of Australian wines in the US, particularly in premium wines.

This project is consistent with the objectives of Program 2; Consumers and Markets and in particular:

- Program 2.1 - Consumer insights and the strategy, “investigate consumer and trade perceptions about Australia and competitor countries”, and
- Program 2.2 – Market access, and the strategy, “improve market access in developing markets”.

The research is focused on pre-competitive insights.

4. PROJECT AIMS AND PEFORMACE TARGETS

The primary objectives of the project are to gain an understanding of the thinking and motivations of key members of the US wine trade and to explore barriers for developing premium Australian wine sales in the US wine market.

The project outputs and activities are shown in the following table:

Yr 1	Output	Target Date	Activities
	A report that: ▪ details the motivations and drivers of each of the key players in the US trade (importers, distributors, retailers and restaurants) ('the trade') ▪ identifies the key variables (including but not limited to inventory issues, pricing and exchange rates) and explains how these variables affect the trade's image of Australian wine. ▪ details the trade's perceptions of Australian wine and provides a list of the Australian wine category's strengths, weaknesses, opportunities and threats as defined by the trade. ▪ details and explains the critical areas that are constraining the growth in the sales of Australian premium wine. ▪ identifies and comments on any differences between perceptions held by the US consumer and those of the trade in relation to Australian wine. The report will explain what the differences are, why they exist, what their impact is on Australian wine sales in the US, and how they can be overcome.	30/06/13	Conduct a series of online discussion groups with leading trade gatekeepers in the key trade tiers and geographic areas of the U.S. that are critical to the future success of Australian wines on the market. 1. Draft the discussion group guides and selection survey questionnaire in consultation with Wine Australia and WFA. The final discussion guides would be tailored to the key issues for each group (importer, distributor, retail). 2. Conduct the online selection survey of the full Wine Opinions Vintrospectives trade panel. 3. Using the results from the selection survey, conduct four discussion groups (importers, distributors, retailers/restaurant trade). 4. Aggregate and then analyse the results of the selection survey and the online discussion groups. 5. Prepare final report containing the five core outputs and strategic recommendations. The report will also provide as an appendix the verbatim transcripts of the complete discussions.

5. METHOD

Wine Opinions conducted four Vintrospectives discussion groups among US wine distributors, on- and off-premise representatives, and importers to explore how to increase premium Australian wine sales in the US. Vintrospectives discussion groups are a research service offered by Wine Opinions. While they bear similarities to in-person or online focus groups, they offer much broader and deeper insights, including a quantitative component that focuses on key client issues.

Specifically, discussion participants discussed:

- trends and factors that are main drivers of the market;
- Australian wines carried or represented;
- changes of inventory levels;
- changes in Australian wine sales;
- changes in trade perceptions of Australian wine;
- most positive attributes of Australian wine;
- barriers faced when selling Australian wine;
- Australian wines best positioned for growth on the US market;
- Australian promotional activity or event experiences; and
- predicted Australian share of market growth.

Discussion participants were personally invited to participate in this research project by Wine Australia, Wine Opinions, as well as recruited from the Wine Opinions trade panel (comprises 291 representatives from the US trade). The recruits from the Wine Opinions trade panel were passed through an online screener survey, which served to both qualify recruits for the panel, and provide some quantitative data on trade opinions regarding Australian wines on a national basis. All discussion group participants sell or represent Australian wine. From the respondent pool of the "selection survey," participants for the online discussion groups were recruited on the basis of their industry tier, market location and level of representation/sales of Australian wines. In addition, Wine Australia invited members of its US wine importers group.

Discussion groups were organised by tiers of the distribution system. One distributor group, one importer group, and two on-/off-premise groups were established. Each discussion group took place over three days in March 2013 and was made up of six to ten participants. In total, 34 members of the trade participated in the four discussion groups. The makeup of each group is detailed on the following pages.

The distributor group included ten participants and was conducted March 5 - 7, 2013. Ten participants were recruited and confirmed for the group, and nine fully participated. The tenth participant was not able to complete all of the questions asked of the group.

The composition of the group is depicted in the following table:

Distributor Discussion Group				
Username	**Job Title**	**Company**	**State**	**SKUs**
JonD	Director of Purchasing	Empire Merchants	NJ	>20
KeithB	Southern NJ Regional Manager	Lauber Selections	NJ	>20
KymberlyH	Sales	Heidelberg	OH	>20
BradS	Key Account Manager	RNDC	SC	>20
AmberC	Sales	Unique World Wines	GA	>20
BradleyS	Account Manager	Carroll Wine & Spirits	IN	>20
DaveW	Marketing Manager	Frank-Lin Spirits & Fine Wines	AZ	5-10
ChristieL	Sales Product Marketing Manager	Glazer's Oklahoma	OK	>20
CarolH	Sales	Golden State Wine Company	CA	1-4
BriannaR*	Sales Partner	Verity Wine Partners	CT	11-20

*Didn't answer all discussion questions

The importer discussion group was conducted March 25 – 27, 2013. Twelve participants from ten companies were recruited and seven participants from six companies fully participated. Three recruits did not join the discussion despite multiple reminders and the option to participate past the closing of the discussion either through the Vintrospectives discussion platform or via email. An additional participant was not able to complete all of the questions asked of the group. The composition of this group is depicted in the following table:

Importer Discussion Group				
Username	**Job Title**	**Company**	**State**	**SKUs**
FrancoisM*	Brand Director, Yellow Tail	Deutsch Family Wine and Spirits	NY	***
JonathanL*	Brand Manager, Yellow Tail	Deutsch Family Wine and Spirits	NY	***
ReidS	VP, Marketing	Accolade Wines	CA	***
RobertJ	National Account Manager	Kysela Pere et Fils	VA	>20
MattF	Brand Director	Pernod-Ricard	NY	***
RobB	President	Old Bridge Cellars	CA	***
KathyM	Managing Director	Negociants USA	CA	***
RonnieS**	President	Vine Street Imports	NJ	***

*Each answered half the discussion topic questions as Deutsch representatives; **Didn't answer all discussion questions; ***Personally invited to participate./Did not take part in screener survey

There were two on-/off-premise discussion groups. The first on-/off-premise discussion group was conducted March 11 – 13, 2013. Nine participants were recruited and confirmed for the group and six fully participated, four off-premise and two on-premise members of the trade. Three recruits did not join the discussion despite multiple reminders and the option to participate past the closing of the discussion either through the Vintrospectives discussion platform or via email.

The composition of this group is depicted in the following table:

On-Premise/Off-Premise Discussion Group 1				
Username	**Job Title**	**Company**	**State**	**SKUs**
StefanW	Australian Wine Buyer	Zachys Wine & Liquor	NY	*
RichardO	President/Owner	Cork & Keg	FL	11-20
JenniferS	Sommelier	Everest Restaurant	IL	5-10
JohnS	Wine Buyer	Whole Foods	VA	>20
MathewB	Wine Sales, Beer/Spirits Buyer	The Wine Club	CA	11-20
CaraS	Wine Director	Stein Eriksen Lodge	UT	>20

*Personally invited to participate/Did not take part in screener survey

The second on-/off-premise discussion group was conducted March 18 – 20, 2013. Ten participants were recruited and confirmed for the group and all fully participated, eight off-premise and two on-premise members of the trade. The composition of this group is depicted in the following table:

On-Premise/Off-Premise Discussion Group 2				
Username	**Job Title**	**Company**	**State**	**SKUs**
ChuckH	Brand Manager/Australian & New Zealand Wine Buyer	J.J.Buckley	CA	*
MichaelY	President	Sherry-Lehmann	NY	*
RafaelD	Food & Beverage	Napa at the Peabody Hotel	FL	5-10
JamesH	Sommelier	Cavallo Point	CA	>20
JohnM	Proprietor	State Line Liquors	MD	>20
JustinG	Store Manager/Buyer	Jordan Wine & Spirits	CO	>20
MelissaD	VP, Domestic Wine Buying & Pricing	Total Wine & More	MD	*
DavidS	Wine Specialist	BevMo	CA	>20
JimB	*Did not specify*	Kroger	OH	11-20
AlfredoR	Assistant Store Manager	UncorkIt	IL	>20

*Personally invited to participate/Did not take part in screener survey

The results of this study should be considered qualitative and directional, as they are based on a relatively small sample size and a combination of participant experiences and opinions. However, the screener survey results were based on a survey of 383 Wine Opinions trade panelists. After producer, supplier or service industry personnel were screened out, 291 respondents remained who are employees or managers in distributors, on-premise, or retail wine businesses, wine media, wine educators or academics, or work in other wine industry-related jobs. In a random sample, the margin of error at a 90% level of confidence would be 2.1% - 4.8% for a sample size of 291.

6. RESULTS/DISCUSSION

The table below details the profile of the screener survey of the 291 members of the Wine Opinions trade panel. It shows that the panel represented all tiers of the US wine trade, including media, educators and academics. For more detail refer to pages 111-117 of Appendix 5.

Trade Tier	Adjusted %
Wine importer (or working directly for a wine importer)	8%
Distributor, wholesaler, broker or related field	10%
Restaurant, hotel, or hospitality industry	21%
Wine retailer, retail sales, administration or related field	28%
Wine media, educator, academic, or related field	27%
Other wine industry field	6%

6.1 The Trade's Motivations and Drivers

Summary

When selling imported wines in the US, the two most important drivers and motivations identified by the trade were (refer to pages 15-16 for detail):

- Style or flavour of the wine (68% of respondents indicated it was very important)
- Consumer trends in purchasing styles, or types of wine, or wines from a particular region (53%)

A range of other factors were identified as being important, but not to the same extent as the two cited above. They were, in order of importance:

- Trade perception of demand for the wine (33%)
- Programming to boost margins or affect pricing of the wine (32%)
- Activities by organizations to promote the country or region's wine (30%)
- Level of inventories of the wine at wholesale or retail (27%)
- Incentives to sell or feature the wine (27%)
- Exchange rates vs. the dollar (21%)

The message is clear that wine style, flavor and region are front of mind with the key players in the US trade.

Screener Survey

To gain insights into the motivations and drivers of the key players in the US trade, in the screener survey members of the trade panel were asked to rate the relative importance of the following factors in selling imported wine. Of the 291 members of the trade panel surveyed, 8% were importers, 10% were distributers, 49% were wine retailers and 33% were from wine media, education and related fields.

The table below ranks the responses from "very important" to "don't know/no opinion".

Factors	Very important	Somewhat important	Not very important	Not important at all	Don't know/no opinion
Exchange rates vs. the dollar	21%	**44%**	23%	5%	7%
Level of inventories of the wine at wholesale or retail	27%	**45%**	19%	3%	6%
Activities by organizations to promote the country or region's wine	30%	**45%**	20%	3%	2%
Programming to boost margins or affect pricing of the wine	32%	**43%**	16%	3%	5%
Incentives to sell or feature the wine	27%	**42%**	24%	4%	3%
Trade perception of demand for the wine	33%	**46%**	14%	4%	3%
Consumer trends in purchasing styles, or types of wine, or wines from a particular region	**53%**	37%	8%	1%	1%
Style or flavor profile of the wine	**68%**	27%	3%	0%	1%

Style or flavour profile of the wine was clearly the key driver, with 68% of those surveyed rating it as very important. The second most important driver or motivation was consumer trends in purchasing styles, or types of wines, or wines from a particular region, with just over half the respondents rating it as very important.

The six other drivers identified each had similar profiles, with 42%-46% of the respondents rating each factor as somewhat important. Of those six, the trade perception of demand for the wine was rated the most important and exchange rates the least important.

The table below shows the responses for each of the trade tiers.

Factors	Wine importer (or working directly for a wine importer)	Distributor, wholesaler, broker or related field	Restaurant, hotel, or hospitality industry	Wine retailer, retail sales, administration or related field	Wine media, educator, academic, or related field
Exchange rates vs. the dollar					
Very important	39%	28%	11%	16%	18%
Somewhat important	56%	46%	42%	36%	48%
Not very important	6%	24%	24%	29%	24%
Not important at all	0%	0%	16%	7%	2%
Don't know or no opinion	0%	2%	7%	12%	8%
Level of inventories of the wine at wholesale or retail					
Very important	41%	32%	22%	29%	21%
Somewhat important	41%	40%	54%	47%	46%
Not very important	12%	22%	17%	20%	18%
Not important at all	0%	2%	2%	1%	5%
Don't know or no opinion	6%	4%	4%	3%	10%
Activities by organizations to promote the country or region's wine					
Very important	22%	18%	38%	19%	49%
Somewhat important	28%	57%	36%	50%	36%
Not very important	50%	20%	18%	28%	7%
Not important at all	0%	2%	7%	1%	3%
Don't know or no opinion	0%	2%	2%	1%	5%
Programming to boost margins or affect pricing of the wine					
Very important	56%	49%	24%	35%	16%
Somewhat important	33%	41%	44%	46%	44%
Not very important	11%	10%	18%	13%	23%
Not important at all	0%	0%	7%	1%	5%
Don't know or no opinion	0%	0%	7%	4%	13%
Incentives to sell or feature the wine					
Very important	33%	33%	11%	27%	26%
Somewhat important	39%	56%	44%	28%	49%
Not very important	28%	10%	33%	36%	11%
Not important at all	0%	0%	9%	4%	5%
Don't know or no opinion	0%	0%	2%	4%	8%
Trade perception of demand for the wine					
Very important	76%	51%	20%	18%	35%
Somewhat important	18%	45%	57%	48%	45%
Not very important	6%	4%	20%	22%	13%
Not important at all	0%	0%	4%	7%	0%
Don't know or no opinion	0%	0%	0%	4%	6%
Consumer trends in purchasing styles, or types of wine, or wines from a particular region					
Very important	44%	56%	51%	47%	58%
Somewhat important	44%	36%	36%	43%	35%
Not very important	11%	8%	11%	9%	2%
Not important at all	0%	0%	2%	0%	0%
Don't know or no opinion	0%	0%	0%	1%	5%
Style or flavor profile of the wine					
Very important	56%	62%	76%	74%	68%
Somewhat important	44%	34%	24%	22%	23%
Not very important	0%	4%	0%	4%	5%
Not important at all	0%	0%	0%	0%	0%
Don't know or no opinion	0%	0%	0%	0%	5%

While style or flavor profile and consumer trends in purchasing styles, or types of wine, or wines from a particular region remain the most important factors, there are some differences in the relative importance of the listed factors across the trade tiers:

- Exchange rates were ranked more important for wine importers
- Level of inventories were also more important to importers
- Activities to promote the country or region's wine were more important to the on-premise and off-premise
- Programming to boost margins or affect pricing of the wine were more important to importers and distributors
- Incentives to sell or feature the wine were more important to importers and distributors
- Trade perception of demand for the wine was the most important factor for importers
- Style or flavor profile of the wine was the most important factor for the on- and off-premise

Discussion Groups

Each of the four trade discussion groups was asked two questions about factors for success and market motivations:

1. *What are the key factors that lead to success in growing market share for the wines you sell or represent?*
2. *Thinking of the U.S. wine industry as a whole, and not just Australian wines, please give us your opinion on the trends or factors you see as main drivers of the market, including examples you might think of as "what is hot and what is not" on the market today.*

The results for each question for each discussion group are summarized below. For more detail refer to Appendices 5 and 6.

Distributors

Question 1: What are the key factors that lead to success in growing market share for the wines you sell or represent?

The following key factors that lead to growing market share were mentioned by distributors:

- Keeping shelf talkers up to date;
- Tastings for the trade, "decision makers," and consumers;
- Product information – "knowledge," "access to detailed information";
- Staff trainings on- and off-premise;
- Merchandising – large displays, "flashy" POS;
- Social media for younger generations;
- Good pricing;

- Cold box displays;
- Focused marketing on specific account types;
- Specialized target initiatives for the sales force; and
- Incentives for sales reps.

When asked how Australian wines measure up to the key factors they identified, Australia was said to be doing well on providing quality, but supplier investment had declined. Also mentioned were discounts that fuel Australia's negative reputation for being a country producing lower end value wines.

Question 2: Thinking of the U.S. wine industry as a whole, and not just Australian wines, please give us your opinion on the trends or factors you see as main drivers of the market, including examples you might think of as "what is hot and what is not" on the market today.

The three key drivers identified by the distributor discussion group were:

- Value at all price levels;
- Sweet wines, and particularly Moscato; and
- Wines from California and South America

The Australian wine category was viewed as a slow category.

Values at all price levels are believed by distributors to be driving the market. Comments in support of this included:

- "People are still after a bargain. Even in my high end restaurants, the trend is for value!" CarolH, Distributor, CA
- "Value products are the volume movers; everyone wants a deal and there is a commodity mentality on varietals." David W, Distributor, AZ

Multiple contributors to the distributor discussion group mentioned Moscato as a market driver in the context of a sweet wine trend. Some think the Moscato craze has peaked. Although "sweet" is considered a trend, sweet reds were only mentioned once as a market driver. Comments in support included:

- "In my market at the low end Moscato has peaked and consumers are looking for other sweet alternatives." BradleyS, Distributor, IN
- "All types of Moscato (rose, red, sparkling, sangria, etc.) remain viable and very active in our market." JonD, Distributor, NJ

- "Moscato remains a category leader as well, although I do think it has peaked, even with the addition of pink Moscato. Sweet reds are doing well, but not keeping pace with Moscatos." KymberlyH, Distributor, OH
- "Sweet wines are the rage." DavidW, Distributor, AZ

There were a few consistencies in "hot" wine producing countries and regions mentioned. California was named as a key player in the market. Comments in support included:

- "I see that Australia is dying fast and same priced California table wines are catching on big time… I see the main focus on buyers in my market is California $5 - $12 price points." BradS, Distributor, SC
- "California is still the driving sector in our market, both on and off premise, with Washington and Oregon hot on its heels." KymberlyH, Distributor, OH
- "California rules and volume is in grocery placements." DavidW, Distributor, AZ

Australia was brought up in the context of "what is hot and what is not" as a wine region with only certain categories of wines doing well with certain groups of customers. Comments in support included:

- "Australia is a very slow category, except for high scoring, Top 100 products at perceived value prices." DavidW, Distributor, AZ
- "Australia is floundering, unless there are very high scores involved." KymberlyH, Distributor, OH
- "Any value 1.5 priced at $8.99 or lower is hot and 750s at 2 for 10 are also very popular. BradS, Distributor, SC

South America, specifically Argentina and Chile, was mentioned as a "hot" region. Portugal, France (Burgundy and Rhone specifically), estate-bottled German wines were also mentioned. However, only South Africa was mentioned more than once, and in this instance only twice.

Malbec was named by two distributor participants as being a varietal leader. Merlot was mentioned by two as doing well, while one respondent described Merlot as being "dead." Sparkling was mentioned (Prosecco specifically), sweet red wines were mentioned, but only by one participant each.

Importers

Question 1: What are the key factors that lead to success in growing market share for the wines you sell or represent?

The following key factors that lead to growing market share were mentioned by importers:

- Offering the right range of products and wine styles for target consumers and target occasions, including staying ahead of new category innovations;
- Brand relevance and awareness with both consumers and gatekeepers to maintain share of mind in an increasingly crowded category;
- Tasting, talking to and engaging key influencers in the market - broadcast samples to the press & trade for reviews & opinion;
- Providing quality wines that beat competition in its price tier;
- Working with sales/distributor/retailer partners to ensure the brand maintains a strong in-store presence;
- Build ambassadors within the distribution network – engage the eager, keen and motivated sales talent;
- Continue to over deliver on quality, focusing on the re-premiumisation of the category;
- Provide a clear and compelling brand proposition that can be translated on the shelf;
- Good distributor and retail account relationships with simple and fair objectives and rewards;
- Good reviews, with good communication through PR; and
- Sales and marketing organizations that work collaboratively.

Question 2: Thinking of the U.S. wine industry as a whole, and not just Australian wines, please give us your opinion on the trends or factors you see as main drivers of the market, including examples you might think of as "what is hot and what is not" on the market today.

An important observation made by one respondent up front, was that in the US, there are many markets to consider:

- "What drives the market? The deeper question is which market? There are several – the everyday wine market, the Bag-In-Box market, the domestic market, the imported market, the collectible market, the image-conscious market, the classic wine market, the geek market, the natural wine market, and many more." RobertJ, Importer, VA

The importer discussion group offered up a plethora of wine categories they feel are "hot" in the market today:

- Sweet wines (red, white, and sparkling);
- Argentinian reds;
- South African Chenin Blanc;
- Rosé wines;
- Sake and Craft Beer;
- Imported wines among younger wine drinkers, specifically;
- Blends;
- Prosecco;

- Box wines;
- $12-$20 price point on almost anything;
- Treat/indulgence wines (Cupcake and Layer Cake);
- Female focused (Middle Sister, Be);
- Low Calorie (Skinnygirl, Skinny Vine, Girl Go Lightly);
- New Zealand Sauvignon Blanc;
- Value Spain;
- Moscato; and
- Alternative whites in general.

In regard to blends, one participant brought up a key point relevant to Australian wines regarding Shiraz declining, but Syrah blends being popular:

- "Interesting to note that Syrah as a category is suffering but some of the most popular red blends selling in the marketplace have Syrah as a major component of their blend." RobB, Importer, CA

Merlot and White Zinfandel were mentioned as varieties that were "not hot."

Other key market drivers mentioned include the under $20 price point, value, and quality:

- "The most important driver of the market in my opinion is price - 85% of our products retail under $20.00 per bottle. We obviously focus on well-chosen, high quality-price ratio (QPR) everyday wines…these items are what deplete as daily bottles for the majority of drinkers. Quality is another driver. And a recognizable area/grape/brand name. Press and reviews can be very helpful." RobertJ, Importer, VA

One importer also bought up the growing importance of young consumers and ethnic consumers:

- "I would add that I think younger consumers and growing ethnic consumer groups such as Hispanic, African American and Asian are also becoming driving forces in the industry. While still in the minority of wine consumers, these groups are all growing much faster than other segments, and the category as a whole. The way that they approach wine and the types of wine they consume is different than wine drinkers of even a few years ago. Take a look at some of the events that serve young wine consumers, such as Wine Riot. Many of these consumers are more open to imported wines, so we have a unique opportunity to engage with them." JonathanL, Importer, NY

Retailers (on- and off-premise)

Question 1: What are the key factors that lead to success in growing market share for the wines you sell or represent?

The top key factors for success mentioned in the discussion among on- and off-premise discussion participants were applicable to both on-premise or off-premise and are thus the key drivers and motivations of the retail tier:

- Product knowledge and expertise;
- Offering quality and value at all price points;
- Knowing the customer and their "pocketbook";
- Communicating with your customers, and providing great service;
- Differentiating your establishment from your competitors; and
- Tastings.

Some relevant comments from the discussion groups include:

- "Key factors in growing market share for the wines that I sell are the quality/price ratio in conjunction with the profile and style of the wine. When I pour a wine by the glass that wine becomes the number one selling bottle in that category." CaraS, On-Premise, UT
- "Being in a retail shop, it helps to have a tasting area that your customers can use to try the wines before they buy them. We utilize tasting machines and constantly change out the wines to help promote them. I also believe tasting wines before purchasing them for a store is a must, think about what the customers are going to want to buy, not what you think they should buy." MathewB, Off-Premise, CA
- "I believe that to be successful from a retail perspective you need to be able to differentiate yourself and your wine selection from your local competitors, as well as, being able to offer events and tastings so customers are able to learn more about your selection." JohnS, Off-Premise, VA
- "The key to success is providing a wine experience that other retailers either fail to or are unable to provide, both for clients and salespeople/staff. Frequent in-store tastings with producers/importers/sales reps pouring a specific selection, dinners, staff seminars, and tailored emails are just a few features of this experience. Strong vendor relationships are key to maximizing your potential client experience, I've found. And the result of both is greater market share." StefanW, Off-Premise, NY
- "Whether the consumer is a novice wine drinker or extremely educated in the world of wine you need to be able to talk to them, understand what they are looking for and deliver what they need. Customers need to know that you are listening to them and that they can trust in you for their wine choices." MelissaD, Off-Premise, MD
- "In sales and service training, we constantly reaffirm to servers that guests must know how much we care, before they care about what we know. Listen and suggest based on what we have learned about them… Invariably next time they purchase, they want us to recommend our favorites, therefore increasing sales month after month." RafaelD, On-Premise, FL
- "For us, the key factors for our success are a high level of expertise in the wines we offer, as well as having a consistent quality of wines in all price points. We also showcase the wine program and local wineries through winemaker dinners, release parties, vertical tastings and

by-the-glass promotions. We strongly believe that cultivating great relationships within the wine industry helps everyone to succeed." JamesH, On-Premise, CA

In response to the question of how Australian wine stacks up against the key factors for success, discussion participants brought up the need for more education on Australian wines, that Australia needs to rethink how it markets to consumers, and the lack of demand for Australian wine. Comments include:

- "Aussie wines, like so many other regions, could do much more to inform the consuming public. Educated consumers are vital to growth. Just ask the French…" JimB, Off-Premise, OH
- "Australian wines have the taste profile I believe the consumer is looking for. However, the region needs to reinvent itself and how it markets to consumer. Yellow Tail started the critter label craze, but now it takes more than that to make your brand stand out and appeal to consumers. Australia cannot continue to do the same thing and expect sales to follow." MelissaD, Off-Premise, MD
- "Having spent my entire career in NorCal restaurants, there's never been a huge demand for Aussie wines. I think retail demand has been much higher than in restaurants, though. That being said, there has also been a lack of outreach from the importers and distributor to push Aussie wines to Somms, at least in SF." JamesH, On-Premise, CA.

This group made some positive comments about Australian quality and value:

- "So long as the number of quality producers keeps growing, and becomes readily available in my region, they will definitely regain momentum, and be recommended more often." JohnS, Off-Premise, VA
- "Aussie wines, in general, have a positive image among consumers as great values, wines with character (and made by characters), and reflective of the country's general culture. There's a general disposition among Yanks to like Aussies which has done the industry well (Think Outback Steakhouse)." ChuckH, Off-Premise, CA.
- "Aussie wines have established themselves by putting a decent to great product in the bottle at fairly reasonable prices. This is why Aussie wines have been a mainstay in the industry for 25+ years. They will continue to be successful as more people become wine drinkers." JohnM, Off-Premise, MD

Question 2: Thinking of the U.S. wine industry as a whole, and not just Australian wines, please give us your opinion on the trends or factors you see as main drivers of the market, including examples you might think of as "what is hot and what is not" on the market today.

Consumers are looking for value, according to discussion participants, especially in wines that cost about $15:

- "The under $10 category seems to be eyed a bit more warily, and it's the $11 - $15 category, across the board, that seems to be the go-to for many customers. They view these wines as more 'trustworthy' than the super-values." StefanW, Off-Premise, Off-Premise, NY
- "I found that sales of wine with a retail price of $15 or under and glass prices of $7 and under soared." RichardO, On-Premise, FL

There were many varietals mentioned in terms of trends, such as "newer" varietals, wines from the Southern Hemisphere, Malbec specifically, as well as un-oaked Chardonnay, and Cotes du Rhone. Many acknowledged customer interest in sweeter wines, and there were a few mentions of Merlot rebounding. There were also a few comments about increased interest in dry rose.
Some comments in support include:

- "Wine is seeing an explosion of sweeter profile wines with sweet reds and Moscato seeing a lot of growth." MelissaD, Off-Premise, MD
- "My experiences of four decades ago are little different from today. Talk dry and drink sweet/fruity/easier." JimB, Off-Premise, OH
- "As of right now, sweet, semi-sweet reds and whites are the trend." AlfredoR, Off-Premise, Off-Premise, IL
- "I see a big trend toward Moscato and sweeter wines." DavidS, Off-Premise, CA
- "I do find the younger set (I am not that young) finding the Stella Rossa's and fruitier wines." DavidS, Off-Premise, CA
- "I see a major consumer trend towards exploring South hemisphere wines and 'new' grape varietals and blends, moving away from top sellers Cabernet Sauvignon and Chardonnay." RafaelD, On-Premise, FL
- "Merlot, which took a back seat after the movie 'Sideways' is slowly rebounding." JohnM, Off-Premise, MD
- "My dry rose sales have been very strong this winter as well as Argentina Malbec." CaraS, On-Premise, UT
- "My dry rose sales were strong last summer, and I'm hoping they trend well this summer too." JohnS, Off-Premise, VA

A few participants noted they have seen an increase in consumers who are looking for guidance in selecting wines:

- "I think people are getting smarter with seeking out value areas and more comfortable trusting the Sommelier to guide them with a price point." JenniferS, On-Premise, IL
- "People are looking for selection guidelines in certain price points." JohnS, Off-Premise, VA
- "I believe another factor of the recession is that people more than ever don't want to gamble with wine. They want to like what they purchase, so they become loyal to brands that are consistent. Sweet and Blended…" JustinG, Off-Premise, CO

6.2 Key variables affecting the trade's image of Australian wine

Summary

The two key variables that have impacted on the trade's (and consumers') image of Australian wine are:

1. Confusion over what the Australian category offers to both trade and consumers; and
2. Inventory levels

Australia has image issues in the US and is often placed in two categories; neither fit all of the needs of the trade/consumer:

- Cheap/commercial/critter wines; and
- Expensive/over-extracted/high alcohol.

Inventory levels have a significant impact on the trade's image of Australian wine. With the 3 tier system in the US, there are multiple opportunities for product to be back-logged and suffer from an in-balance of sales pull-through, be that as a sale to the importer from the winery, to the distributor (s) from the importer, to the trade from the distributor, and to consumer from a retail/restaurant account. At each step, there is considerable risk to the image of Australian wine.

Australian inventory levels have been managed to the point where most participants seem to have reached a comfortable inventory level.

Discussion Groups

Each of the four trade discussion groups was asked two questions in relation to key variables affecting the trade's image of Australian wine, with the two key areas to investigate being the effects and duration of inventory levels and the evolving style and taste trends that may be affecting Australian wine sales:

1. *Over the past three to five years, how have your inventory levels of Australian wines changed, if at all?*
2. *Have you (or your company) experienced changes in sales of any of the Australian wines you sell or represent in the past three to five years? Are there certain brands, varietal types, price points, or appellations of Australian wines that have shown significant growth (or falling sales) in the past three to five years? [Probe:]*

In relation to inventory levels, the discussion groups were questioned about what types or price ranges of Australian wines have changed most, what kind of actions have they taken to manage inventories, and whether inventory issues differ between big Australian brands and small producers, or by price point.

With regard to Australian sales, the discussion groups were asked for their thoughts on the reasons for changes in sales levels in the past three to five years for each type, price point, or category of wine that you sell or represent.

The results for each question for each discussion group are summarized below. For more detail refer to Appendices 5 and 6.

Distributors

Question 1: Over the past three to five years, how have your inventory levels of Australian wines changed, if at all?

Many distributors mentioned having decreased their Australian wine inventories over the past few years, mostly due to decreases in demand, but for other reasons as well, for example smaller wineries producing less or as a way to broaden portfolios with wines from other regions. One distributor explained the impact of inventory levels:

- "What varies is the sales volume – consumer preferences, pricing and seasonal demand all have an influence. Over the past 4 years we have had brands leave the distributorship; other side of the fence looks greener. Reality, none of the brands have found new homes in the market. A recent supplier shopped his brand to 7 distributors and was turned down; this is a well-respected and known international brand. With the economy, prices crashed. Products were deeply discounted to move them out of inventory and the market has been slow to come back. The 'outlets' have changed. Independent shops and restaurants have closed and been

replaced by big box and franchise restaurants. Only way in is through corporate calls by the winery and the ability to supply all markets." DavidW, Distributor, AZ

To accommodate decreased demand some distributors culled their inventories to weed out wines not moving as quickly as others, such as wines over $20, certain varietals, and dealing with suppliers that are closer to save on transportation costs. Some insightful comments include:

- "On one particular portfolio, we began taking a laser approach by focusing on the producers within the portfolio that offered value in the bottle to better manage the decline in sales for Australia. On the flip side, we saw growth in the ultra-premium segment and quickly sold through allocations of highly allocated Australian wines." ChristieL, Distributor, OK
- "We have cut SKUs in the over $20 range and have cut blends and most Rieslings. Just the basics now." KymberlyH, Distributor, OH
- "We deal with fewer suppliers. We deal with suppliers that are on the East Coast so that we can order more often - and in smaller lots. All of our producers are fairly small under 40,000 cases per year most this 2011 vintage being closer to half of what they produced last year." AmberC, Distributor, GA
- "Typically try to keep 6-8 weeks on hand. FOB is in CA and quickly available." DavidW, Distributor, AZ
- "On our better turning brands - Jacobs Creek, Oxford Landing, Yalumba, Layercake we have good inventory. On the slower moving items inventory is kept at a minimum, sometimes only a couple of cases." KeithB, Distributor, NJ
- "Being a 4-tier state, we do have a small warehouse where we keep inventory of some suppliers. We do warehouse some Australian wines, however, over the past 5 years, the amount we carry has decreased significantly. The same can be said for the 8 wholesalers in state. Obviously, for the items that have a higher turn rate and have easier FOB pickup points, it's customary to keep 60-90 days on hand. DI wines tend to be special orders for the Australian category and are brought in to fill pre-sell orders." ChristieL, Distributor, OK

Only one distributor had an overall increase in inventory, but reluctantly. In this case increased inventory was due to contractual agreements:

- "Due to contractual requirements, combined with slowing sales of value priced items, our inventory has gone up each year successively during this period. Allocated wines (and those with great reviews) sell through quickly but the mid- and low-tier wines have not." JonD, Distributor, NJ

The rest of the distributors who noted increases in Australian inventory said that these increases have been recent, as change has come slowly. They cited increases and successes at various price points, mostly mid-priced wines:

- "Our inventory levels on the 2011 vintages are lower as less was produced by our smaller producers. However most are all selling well especially the $9.99 – $24.99." AmberC, Distributor, GA
- "People are slowly coming around to Australian wines in my territory and surprisingly I am doing best with the mid-priced wines (15-20 on the shelf)." BriannaR, Distributor, CT

Those who feel that their sales and inventory are out of balance indicated that this was the case because of (as noted above) contractual agreements coupled with decreased sales, distance and long lead times, and out-of-stocks:

- "I feel that my inventory is quite out of balance to sales and is too high. Part of this is due to contractual agreements regarding purchases, part is due to the long lead times to get product from Australia to the East Coast (4 weeks plus 36 days transit), and part is due to slowing sales versus forecasts. It is easier to keep inventory and sales in balance for other wine regions partly because they are closer and have shorter lead times and partly because they are easier to forecast. And if the forecasts are short, it is easier to adjust and replenish from CA or France and Italy." JonD, Distributor, NJ
- "Our 1.5 inventory is plenty high and sales are good. Our 750 inventory is quite low and frequently have issues with out of stocks." BradS, Distributor, SC
- "Product inventory is mostly in balance. Our source is in CA and that makes that easier to accomplish. Only difficulty is the tied purchases; I have a bunch of Chardonnay that is difficult to sell, at any price, and inventory is high." DavidW, Distributor, AZ

Question 2: Have you (or your company) experienced changes in sales of any of the Australian wines you sell or represent in the past three to five years? Are there certain brands, varietal types, price points, or appellations of Australian wines that have shown significant growth (or falling sales) in the past three to five years?

Some respondents have seen modest increases in sales. These increases were attributed to new blend and sweet wine introductions, an interest in regional wines, and successes with higher end allocated wines:

- "We saw modest growth of wines in the value sector with this being driven by the addition of new flavor profiles (sweet) as well as new varietal blends. The highly allocated wines are selling well, however, wines at the $20 - $49.99 price point have stalled significantly regardless of ratings with some growth in the $10.99 - $19.99 price points." ChristieL, Distributor, OK
- "We've seen similar growth of new flavor profile items (like Moscato) but surprisingly not Riesling from Australia. Clare and Eden Valleys are known to produce world-class Riesling but we have a hard time selling them. The top wines ($30 up) and the most prestigious are doing better but the lower tier, unless it fills a price niche for pouring on-premise, is not. The market seems to be confused by the standard Aussie blends like Cab-Merlot, Grenache-

Shiraz, Semillon-Chardonnay and instead gravitates toward items with varietal and geographical integrity. Barossa Shiraz is more interesting than a South Australia blend." JonD, Distributor NJ

- "As I mentioned in one of my posts from yesterday, in our market we are seeing consumers return to the acclaimed producers/wines that may have fallen out of favor for the hipper wines like those produced by Charles K. Smith and others. As such, wines such as Grange, Dead Arm, etc. are seeing a resurgence. It may be that they are allocated and that's why many want to have them? As for the $20 - $49.99 segment, my personal opinion is that wines in this price point from more well-known appellations are perceived as a better bet for that kind of expenditure by the consumer. Again, it goes back to that sense of place that is lacking in Australia. The $10 - $19.99 sector is growing modestly as we have seen new suppliers come into our market who are making really lovely wines with balance that aren't over the top fruit bombs, and they have marketed their wines locally through tastings and participation in various charity events by principals of their companies." ChristieL, Distributor, OK
- One distributor, from Indiana, has experienced substantial increases in some lower end value brands (Foxhorn and FishEye), which he attributed to promotional programs at a grocery store and sales in low-end markets.

One interesting point made was that increases in consumers interest in sweet wines has made it difficult for some of these participants to sell Australia's dry Rieslings:

- "The Rieslings are a harder sell since they are dry Rieslings and it seems that the majority are interested in sweeter Riesling." AmberC, Distributor, GA
- "Australian Riesling can be difficult to sell because it is most often dry. Many people expect Riesling to always be sweet. German wines are also suffering as they try to export dryer styles. (70% of German Riesling consumed in Germany is now dry)." DavidW, Distributor, AZ
- "Aussie Rieslings tend to be quite dry and the consumer expects some sweetness from Riesling. It's part of telling the story: where the cuttings came from, how long they've been there, the attributes of the terroir and how they influence the wines." JonD, Distributor, NJ

Playing a part in decreased sales is Australia's reputation for value wines and the proliferation of wines in this category from Spain, Argentina and Chile. In the opinions of some respondents, Australia's reputation for "cheap" value wines has fueled the success for some alternative value wines from other regions:

- "We have seen a decline in demand for Australian wines, particularly in the $6 - $9 dollar range. Wines $12 - $20 still sell, but the perception of value priced Australian wine, in general I our market, is that it is not just inexpensive, but cheap and that there are more viable alternatives from other regions." KymberlyH, Distributor, OH

Another respondent pointed out that decreased sales also stemmed from a homogenization of Australia's "critter" wines. Too many of these brands hit the market at once:

- "I think it was a perfect storm. Simultaneously we experienced the market crash and recession and the consumer began to tire of Australia. The low-end consumer began to abandon Australia for California and South America. Personally, I think the low end Aussie wines declined greatly in quality from their initial introduction, and even the least sophisticated consumer notices that eventually. Yellow Tail, for example, was quite good initially and later was a shadow of itself. The same could be said for Blackstone Merlot and many others from around the world, but only in Australia did the wineries so closely copy one another in marketing as to make their wines easy replacements for one another (the critter effect). Thus they all sunk together, even the ones who did not deserve it. At the high end you had the stigma of the critters begin to sink in, and at the same time the customer began to tire of Parkerized high alcohol syrup, which unfortunately many expensive Aussie wineries were producing. Again, it seems that all of the segment suffered from this even though some wineries remained true to their principles and produced terroir-driven wines." BradleyS, Distributor, IN

Many described their wine sales as flat due to ups and downs - increases for reasons mentioned earlier balanced by "oversaturation" in the value category and defections to South American wines:

- "As a category sales are flat for the past 5 years. We have had significant declining sales with some brands Oxford Landing and Yalumba down 58% and 29% respectively, flat sales with Jacobs Creek and yet amazingly strong sales with new acquisitions Mollydooker and Layercake. Declining sales for Oxford Landing and Yalumba were due to a couple of factors- over saturation of the market by competitive "critter" brands with the retailer focusing on those with the strongest pricing promotions and the customer moving on wines from other regions Chile and Argentina. Shiraz for us is still the largest seller; we've had good success with Pinot Grigio, especially on premise for BTG. Riesling has been a very tough sell. Given our success with Mollydooker if the wines get stellar reviews from Robert Parker they will sell at any price point. Otherwise it is the<$20 retail wines that move best." KeithB, Distributor, NJ
- "As for the higher end, our success is mostly a function of limited availability and high scores, particularly in the off-premise trade/fine wine stores. The $25 – $30 wholesale items end up at $75 - $90 on wine lists and that is too high for consumers buying Australian wines that they don't know well." JonD, Distributor, NJ
- "The Australian Shiraz and Cabernet in the $9.99 - $15.99 are still strong, and there are still some sales in the $16.00 - $29.99 that show some gains but it is not increasing by any means." AmberC, Distributor, GA

Some are seeing their sales recover. Again, consumer interest in wines that show their terroir was cited. Another noted that this recovery would take some time:

- "Sales dropped precipitously a few years ago and began to recover in 2012. High end sales are virtually non-existent. In my opinion even at the medium price points the consumers of Australian wines are realizing that place matters, and that better appellations produce less

syrupy, fruity wines. Also many are discovering varieties other than Shiraz, such as Cabernet and Riesling." BradleyS, Distributor, IN

- "How long has it taken for value car brands… VW, Toyota, Nissan to grow from value ONLY offering to the premium products today? 40-50 years!" DavidW, Distributor, AZ

Importers

Question 1: Over the past three to five years, how have your inventory levels of Australian wines changed, if at all?

Overall, inventories have been down. However, much of the discussion was focused on how they have been increasing of late:

- "As you can imagine, inventory levels have dropped as the ever-rising demand for the once-hot category has settled down to a flat line...The category of Australian wines remains strong and viable, but the years of increasing growth and market share are behind us…the category is mature and sales are flat but steady…which is not so bad.' RobertJ, Importer, CA
- "Up to 12 month ago distributors were not invested in maintaining adequate levels of our commercial Australian wines. Distributor orders were replaced with filling from the California warehouse. Premium wines were not moving through the system. This has changed, we are up 42% in shipments and many partners back to buying containers as the category wakes up again." KathyM, Importer, CA
- "Overall dollar value held by distributors are down. During the recession they found 'SKU rationalization/inventory control' religion and they have only started to loosen up now but still not all the way to the levels of pre-2008. Our inventories held have been flat to down slightly in volume but we have greatly reduced our value held." RobB, Importer, CA
- "Hardys and Banrock weren't exactly on fire when Constellation marketed them. Their attention was on black box. We are working to revive them currently. Inventories are down as you might imagine." ReidS, Importer, CA
- "We've seen some fluctuation in inventory levels, but have been able to manage roughly where we want to be." FrancoisM, Importer, NY

A number of the importers discussed how they've been taking steps to better handle their inventory to avoid having excess inventory:

- "In general, inventories have tightened up for our wholesalers, retailers and winery over the past several years. Within Jacob's Creek, we have taken several steps to increase forecast accuracy from the field to ensure that we are not sitting on excess stock in Australia, allowing us to supply the freshest possible wines to our customers. This is a critical factor for delivering consistent product quality for consumers and avoiding overloaded wholesalers, which can lead to unprofitable discounting." MattF, Importer, NY

- "Items that once were never allowed to become out of stock are now kept at lower pars and temporary out of stock situations occur." RobertJ, Importer, VA
- "Once we got those inventories in line in 2009/2010 we have tried to take a more aggressive approach in planning our business and staging our goods to meet those plans. We have tried to reduce 'safety stock' that was expensive insurance against Out of Stocks." RobB, Importer, CA
- "We are now purchasing around 75% of our peak quantities. In a way this is healthier for the supplier, since in the heyday of the Aussie phenomenon we purchased almost 2/3 of their output. They are now less reliant on the U.S. market." RobertJ, Importer, CA

Question 2: Have you (or your company) experienced changes in sales of any of the Australian wines you sell or represent in the past three to five years? Are there certain brands, varietal types, price points, or appellations of Australian wines that have shown significant growth (or falling sales) in the past three to five years?

The overall consensus among the importers was that while sales had been down for a few years, they were now on the rise. The varying varietals (Chardonnay, Moscato, Pinot), wine categories (sweet wines, Moscato, new varietals, blends), and price points ($15 - $20) that are doing well seem to balance those that represent more of a challenge (Shiraz; under-$10, $10 - $15, over $40 prince points):

- "Within Jacob's Creek we have seen strong performance out of the whites (Chardonnay and Pinot Grigio) and sweets (Moscatos and Sweet Red) while the core red wines continue to face declines. The strength of the brand lies within Chardonnay, which has been receiving strong ratings and successfully drawing in consumers of Chardonnay from multiple countries of origin. The $10 - $15 segment where Jacob's Creek Reserve is priced, has been a challenge over the last few years despite positive ratings and consistent quality. We have seen many retailers walk away from supporting this part of the category which is a shame because there is a fantastic quality to price ratio for consumers." MattF, Importer, NY
- "The >$10 range has been the biggest challenge for us. The growth has come from new varietals such as Moscato that are gaining broad popularity with consumers." FrancoisM, Importer, NY
- "Depletions are recovering from some declines over the past 3-5 years and shipments up. Definitely seeing more engagement over $10.00 (RRP)." RobB, Importer, CA
- "There is no single answer here. Overall our total business is growing BUT the sub categories of price and type have some dramatic swings. Over $40 retail is not back yet but improving. $15-20 retails have been our business driver. Shiraz is down, blends and Pinot are up. Under $10 has cost us volume but hasn't hurt the value side that much." RobB, Importer, CA

One importer commented that the decrease in brands due to financial and agricultural circumstances have, in his opinion, been good for the Australian producers as a whole:

- "Sales volume has decreased, significantly and across the board, since the financial crisis in late 2007 and 2008; more so above the $15.99 price point than below it. Demand for quality aged port-style wines is strong, and the mid-teen price points are very competitive. The combination of strong Aussie dollar and some low-volume harvests have done the category a favor by eliminating many brands that were based on buying volume juice and packing it in a BOB label. This set of circumstances has in my opinion been good for the Australian producers, by decreasing their reliance on the U.S. and UK markets and forcing them to expand into other growth areas around the world." RobertJ, Importer, VA

Retailers (on- and off-premise)

Question 1: Over the past three to five years, how have your inventory levels of Australian wines changed, if at all?

Respondents primarily discussed how their inventory levels of Australian wines have decreased. Their inventory strategies included dropping varietals that were not performing, lowering top price points, keeping less stock, and decreasing SKUs per varietal:

- "I carry about 30% less Australian wines than I did 3 years ago. I lowered my top price point from $110 to $60 (no more Langmeil Freedom Shiraz). I then dropped varietals that weren't selling anymore, Riesling, Semillon, Verdelho, Merlot, Grenache, and Sparkling Shiraz. Then I had to thin out the Cabs, Shiraz, Chardonnays, and Sauv Blancs, with similar price points." JohnS, Off-Premise, VA
- "My inventories of Australian wines have decreased in the past four years... I have decreased my inventory of all my Australian wines except for dry Riesling. Some wines still move such as a good value shiraz from the McLaren Vale. But since the wines have not been moving as they once did, I keep less in quantity in stock at a time." CaraS, On-Premise, UT
- "We currently thinned out the Riesling and Chardonnay down to 1 SKU each." MathewB, Off-Premise, CA
- "Our inventory has deflated a bit but that was intentional and across all regions and varietals. However, overall sales increased slightly due to the relatively low price points. This was particularly true of whites – we operate in Florida and white is king in the summers." RichardO, On-Premise, FL
- "Dramatic decreased. We used to carry way more Australian wines however demand has been decreasing and so has our Australian inventory. Some of the higher quality wines have had the staying power and so we keep them in stock at all times… Some of the higher priced wines that we have kept due to some demand: Groom Shiraz, Peter Lehmann Shiraz and Cabernet, Clarendon Hills wines, D'Arenberg wines, Torbreck wines, Two Hands Shiraz, The Black Chook wines, St.Hallet Faith Shiraz, Yering wines, Rosemont Estate wines, Wolf Bless

wines. These are some of the constants but not all. Price point on this wines range anywhere from $15 to $100 and Shiraz, Grenache and GSM blends been the most popular. Some we have but stopped ordering due to lack of demand: Mollydooker wines, Lengs and Cooter Shiraz, Lake Breeze, Te Aro, Frankland Estate, Leeuwin, Glaetzer, Dominique Portet, Cape D'Estaing among others." AlfredoR, Off-Premise, IL

- "Lower by more than half on a gallonage basis." MichaelY, Off-Premise, NY

There were a few participants who felt that, while there had been some decreases in inventory of Australian wines in the past, there was a sense the market was bouncing back:

- "Three to five years ago Australian wines were the trend. They were everywhere and did do a good job introducing the American palate to Shiraz, Viognier, and different styles of Cabernet Sauvignon and Chardonnay. Over the past one to three years the import structure imploded and due to market oversaturation, too much bulk juice, and coupled with multiple droughts, had turned them back into a minor player on the U.S. market. Now within the past year I've noticed better quality wine overall, with more smaller producers from unique micro climates." JohnS, Off-Premise, VA
- "I've noticed the same trends across the board. I call it the Yellow Tail effect. I've seen a slow but steady bounce back over the last year, and I'm VERY curious to see how the US market takes to the 2012 vintage, which promises to be excellent. Aussie Chard sales dropped massively, as people have steered to Chile and values from France. Riesling is not where it should be, despite the quality, and I think the public will take to it in 2013. Sauvignon Blanc, Semillon, and Verdelho sales have disappeared. Shiraz, Grenache, and Cabernet are the most reliable movers." StefanW, Off-Premise, NY

There were a number or participants whose inventory has remained flat over the past few years. One factor in maintaining an overall stable inventory is the introduction of new Australian wines:

- "The Maryland market now has quantity discounts on some items. This has given the consumer better pricing. This also ties up cash and forces retail to inventory goods. The exact amount over a 3-5 year period has remained about the same. The Aussie wine category remains flat over the last few years (in this market)." JohnM, Off-Premise, MD
- "Aussie wines are flat. I stack out the best moving wines and case 1 the rest. Customers are more receptive to trying NEW Aussie labels. I've brought in new labels to fill in varietal gaps and price points, but I believe the consumer is trained when it comes to Australian now I'm afraid. Yellow Tail." JustinG, Off-Premise, CO
- "Overall inventory remain the same in this category. There has been introduction of new SKUs during this time but there have also been brands discontinued." MelissaD, Off-Premise, MD

There were a few mentions of increased inventory:

- "Sales are increasing from a small base. Happy with progress so far and sales increase as more consumers find out about our selection. Inventory has grown in breadth and depth over last 3 years. At previous job, Aussie/NZ sales were 20% of total wine sales." ChuckH, Off-Premise, CA

Question 2: Have you (or your company) experienced changes in sales of any of the Australian wines you sell or represent in the past three to five years? Are there certain brands, varietal types, price points, or appellations of Australian wines that have shown significant growth (or falling sales) in the past three to five years?

Participants who had experienced increased sales gave reasons such as increases in demand for new wines, lower price points, and more wines being offered from distributors:

- "While we reduced the number of SKUs and on hand inventory, sales increased by approximately 10 – 12%. This was driven by greater demand for whites at lower price points. In our case the change in buying patterns was driven more by customers wanting to try new things in familiar price brackets. As a result we conducted numerous tastings and varied our selection and BTG list frequently to help buyers find that under-valued gem." RichardO, On-Premise, FL
- "I'm seeing more appellation wines available for my distributors, and it just happens that I've picked up a few wines from those 2 regions recently. I attribute the decrease in basic Aussie wine to the fact that there was a flood of basic wine at basement prices. Now the prices have gone up and the demand is no longer there." JohnS, Off-Premise, VA

A few participants related how Rieslings sales have grown somewhat in contrast to the views of some distributors discussed earlier:

- "Riesling has risen slightly, I believe, because on the shelf it's much less daunting than German Riesling and the perceived confusing labels." StefanW, Off-Premise, NY
- "The dry Rieslings have a refreshing vibrancy that my guests have responded to. These dry Rieslings fit a profile of fruit forward, dry wine with little or no oak influence. They also pair well with some of the first course dishes on our menu so they are recommended by the sommeliers and service staff." CaraS, On-Premise, UT

Varietals that were mentioned as declining in sales included Australian Chardonnay and Shiraz:

- "For me, the decrease in Australian Chardonnay seemed to coincide with an increased interest in white Burgundy and other Chardonnays with less oak influence… Although the high end Barossa Shiraz still move occasionally, I think the guests that found these wines satisfying have moved on to other wines." CaraS, On-Premise, UT
- "I've experienced the same trends in retail. I only stock one or two Aussie Chards at a time, as customers have steered towards Burgundy, Chile, or CA's Central Coast… The success of Rhone wines in recent years, combined with sub-par releases from Australia, has caused

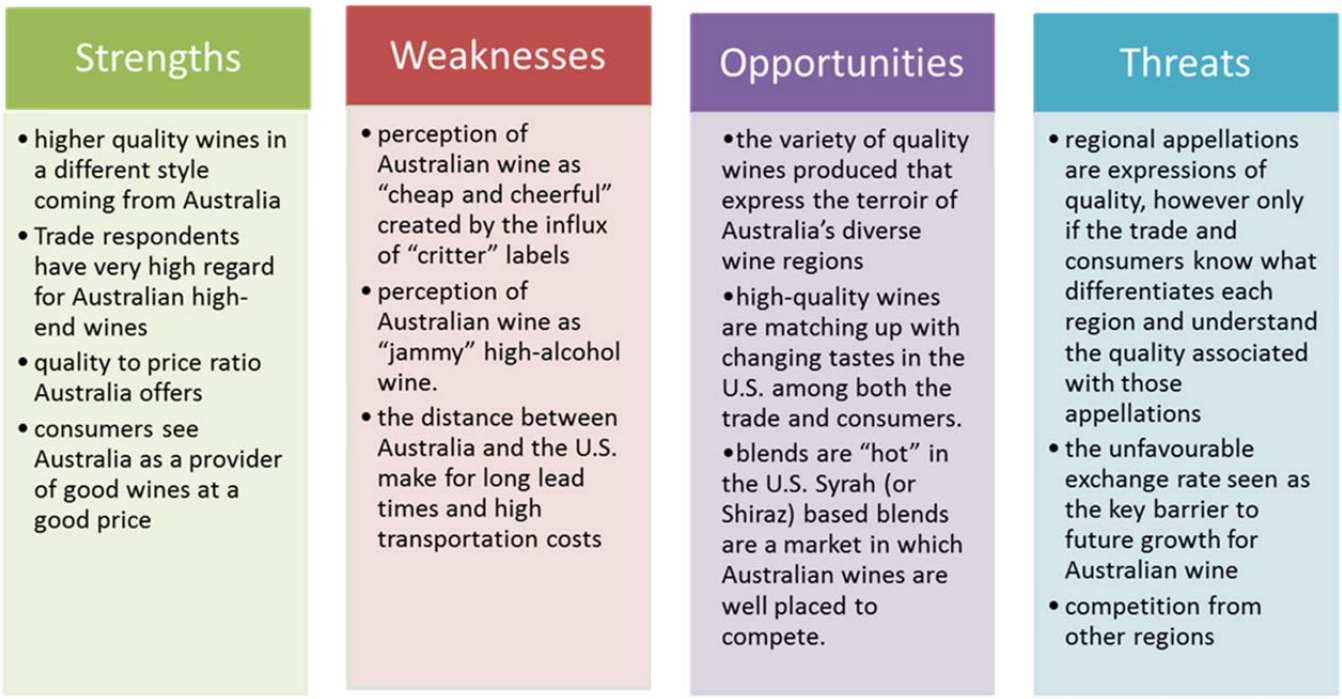
> Shiraz sales, especially in the $30 - $60 range, to shrivel up. The high-end Penfolds wines and other “trophy Shirazes” still have their customers. Value Shiraz moves well, though not as rapidly as a few years ago.” StefanW, Off-Premise, NY

While some saw the Shiraz market declining, others see it as still a strong seller. There were some participants who made comments such as, “Shiraz is still #1,” “Shiraz still dominates,” and “Shiraz is our main mover then and now.” Two participants also mentioned that Australian Chardonnay was still doing well in their experience.

6.3 Trade's perceptions: Australian wine category's strengths, weaknesses, opportunities and threats

Summary

The figure below summarizes the trade's view of the Australian wine category's strengths, weaknesses, opportunities and threats. This is based on analysis of the results of the screener survey and through the results of the discussion groups, highlighted in this section as well as sections 6.1, 6.2, and 6.4.



Screener Survey

The screener survey examined the Australian wine category's strengths, weaknesses, opportunities and threats in relation to key varietals as well the outlook in the growth of the Australian wine share of the market in the US in the next five years.

Varietals

The table below summaries the trade's views about the current sales climate for the various types of Australian wines listed.

Answer Options	Strong demand, easy to sell	Moderate demand	Weak demand, needs promotion	Not much demand, hard to sell
Australian Shiraz under $10	**30%**	33%	25%	12%
Australian Chardonnay under $10	17%	26%	36%	22%
Australian Cabernet under $10	17%	33%	31%	20%
Other Australian whites under $10	8%	25%	33%	**35%**
Australian Shiraz $10 - $20	**27%**	47%	20%	6%
Other Australian reds $10 - $20	11%	41%	38%	10%
Australian Chardonnay $10 - $20	7%	26%	43%	**24%**
Australian Shiraz over $20	15%	38%	34%	13%
Australian Cabernet over $20	8%	26%	34%	**32%**
Other Australian wine (optional, see below)	9%	33%	33%	25%

The trade clearly views Shiraz as the strongest Australian varietal, with three-quarters indicating that there is moderate or strong demand for the varietal in the $10-$20 price segment and nearly two-thirds indicating moderate or strong demand under $10.

While only 7% indicated there is strong demand for Chardonnay in the $10-$20 price segment, 43% indicated that Chardonnay in this segment needs more promotion and a quarter suggesting that there is not much demand and is hard to sell.

More than half the respondents suggested there is moderate or strong demand for "Other Reds" priced $10-$20 and Australian Shiraz over $20.

The varietals with the least demand and hardest to sell were other Australian whites under $10 and Australian Cabernet priced over $20.

Generally, at least a quarter of the respondents suggested that there is weak demand for most Australian varietals and there needs to be more promotion.

Trade's view of opportunities for growth

The trade panel was asked their opinion on the opportunity for growth of Australian wine's share of the US market in the coming five years. The table below presents the results.

Answer Options	Response Percent
Significant growth of share	7%
Some growth of share	40%
Little change or no change in share	34%
Some decline in share	15%
Significant decline in share	4%

Almost half the respondents believe that Australian wine will achieve growth of market share. The largest proportion of respondents (40%) suggested that Australian wine will record "some" growth of share while 7% suggest there will be significant growth of share. Just over a third indicated there will be little or no change in share. Around 20% believe there will some or a significant decline in share.

Members of the trade panel were also asked for their thoughts on the rationale for the answer given in the previous question. The table on the page following summarises the responses based on whether the comments were positive, negative, mixed or neutral. Of those that provided a response (109), around half were negative and just under a quarter were positive.

Of the negative comments, three-quarters referred to Australia losing share to many competitors, particularly Latin America. A further 18% suggested low-priced wines have cheapened the image of Australian wine and 16% suggested wine style was an issue, particularly with the perception of "jammy" wines. Only 3 cited poor quality.

On the positive, the comments were very diverse, such as consumers increasing their understanding of Australian regional wines, Australian wines are still great value and there have been improvements in wine style.

On the "mixed" comments, a third suggested growth depends on the segments but generally cite mid-to-higher priced wines as the best opportunity for Australian wines. Some mentioned low-end wines

negatively impacting on sales of higher-end Australian wines while there were several suggesting that the market had bottomed out for Australia.

Of the 8 neutral comments, the most interesting view was that Australia needed more and better promotion.

Count	Type of Comment	Details
24	Positive	Positive comments were very diverse, with 3-4 each saying the market was turning around for Australian wines, consumers were learning about the better regions and wines, there were good niche opportunities with certain regions and varieties, the wine style had improved, Australian wines were still great value, and they never had any problem selling these wines.
21	Mixed	7 say growth depends on the segment; they vary on which are promising but generally cite mid-higher priced wines. 3 emphasize the impact of low-end wines, hurting image/sellability at the higher end; 3 believe the market has bottomed out; 2 say they just need more promo. 3 cite specific niches: Riesling, intense Shiraz or value super-premium
56	Negative	16 say Australia is losing to competition from many areas, with 7 specifically citing Latin America. 10 say low priced wines, Yellowtail, 1.5L etc. have cheapened the image or stolen share from the rest of Australia. While only 3 cite poor quality, 9 point the finger at wine style, saying the wines are (or their image is) jammy, sweet, too fruity, unfashionable. Other negatives with scattered mentions are critter labels, lack of promotion, the exchange rate, and bored consumers.
8	Neutral	These were just neutral observations, of which 2 said Australia needed more and better promotion.

See appendix 7 for the verbatim comments.

Discussion Groups

There were five questions that covered the trade's perceptions and the topic of Australian wine's strengths, weaknesses, opportunities and threats:

1. *In your opinion, how have general trade perceptions of wines from Australia changed in the past three to five years? [Probe: Do these perceptions extend across all Australian wines, or just certain brands, types or price points, and do the same perceptions extend to consumers?]*
2. *What do you consider to be the most positive attributes of Australian wines in general? What are their points of differentiation by varietal type of region? [Probe: How do these strengths vary by price point? Probe: How much, if any, added value do regional appellation wines bring in the minds of the trade or consumers? Are they a reliable indicator of style or quality?]*
3. *Which Australian wines (varieties or types or price points) do you think are best positioned for growth on the U.S. market? What are the attributes of these wines that make them appealing to the trade and consumers?*
4. *Have you participated in or experienced any kind of promotional activities or events conducted on behalf of Australian wines or the wines of other country or regional promotions ongoing in the U.S. in the past two years?* [*Probe: Differences in experience by country/regional promotion and tier of trade. How effective have these promotional activities or events been in terms of increasing awareness or sales? What works and what doesn't work?]*
5. *How do you foresee the growth of the Australian share of market in the U.S in the coming five years? What factors do you think are the most critical to increasing share of market for Australian wines?* [*Probe: What specific programs or initiatives do you think should be put into place on behalf of Australian wines in the next three years to stimulate growth of market share?]*

The trade's view of the Australian category's weaknesses is covered in section 6.4 of the report.

Distributors

Question 1: In your opinion, how have general trade perceptions of wines from Australia changed in the past three to five years?

Distributors generally felt that overall trade perception of Australian wines is not as favorable as it once was. The decline in favorability was explained as being self-inflicted by one participant as Australian producers "focused too much on brand and not enough on geography to differentiate themselves and their stories." (JonD, Distributor, NJ). As another respondent put it, the trade has "critter fatigue" and are hence buying fewer Australian wines:

- "I think that, unfairly, the trade feels that Australia is mostly inexpensive critter labels. It is unfortunate that so much lower end wine has been exported from there during the past 3-5

years, reinforcing this impression. Yellow Tail has been the poster child for this type of perception. Also, too many high alcohol fruit bombs. I know that there are many terrific wines being made there but it may be a case of market fatigue with so many value items. Argentina does have many value items but they don't seem to start as low in the value chain as Australian wines do." JonD, Distributor, NJ

- "It seems that the over-saturation in the market of bulk juice has given Australia wines a bad name. When fruit is sourced from so many places and changing locations every year it is hard to find a consistency." AmberC, Distributor, GA.
- "I think that the inexpensive critter wines have over-saturated and dumbed down the market." KymberleyH, Distributor, KY
- "My seasoned sales reps all say Australia wines are dead. Many retailers I speak to echo this response. The domination of Yellow Tail and other 'critter' labels has the trade and retailers focusing on the low end where the wines tend to be all in the same flavor profile so consequently the floor space goes to the brand has the best price promotion at the moment." KeithB, Distributor, NJ

While many spoke of "critter" labels in a negative tone, one respondent remarked positively that "critter" wines helped introduce new consumers to wine:

- "One thing I can [say] about the value priced critter wines, they brought a lot of people to the proverbial party by introducing people to wines, some for the first time, that were very affordable and easy to drink for a newbie. From there, opinions were formed that either took these wine drinkers up the "food chain" to more complex wines from other regions or showed them that wine may not be for them. For this, we should all thank the makers of these little critters as they help expand the wine drinking public beyond White Zinfandel." ChristieL, Distributor, OK

The lack of focus on regional expressions was also mentioned:

- "Perception of high end Aussie wines has declined in recent years due to many Australian producers not focusing on the terroir and fruit." BradleyS, Distributor, IN

There was also discussion of the trade and consumers finding value wines elsewhere - namely California, Argentina and Chile - and Australia being "left behind":

- "I think when we started receiving wines from Australia they were some of the first great value wines. They still have great value wines, but there is a lot more competition from the world market. There are still true lovers of Australian wines." CarolH, Distributor, CA
- "The public perception is that for value, Australia is no longer the leader and has been displaced by California and South America. I still have some restaurants with Shiraz glass pours, but many more that have turned to other regions and varietals altogether." KymberlyH, Distributor, OH

- "Other regions such as Spain and Argentina are also crowding the value category and, as consumers become more comfortable with purchasing from these regions, Australia will be left behind." ChristieL, Distributor, OK

The trade has high regard for Australian wines on the high end. However, the respect for these wines coming out of Australia is overshadowed by Australia's reputation as a producer of lower end value wine. Participants believed this has set price expectations in the minds of some of their customers:

- "Wines with a sense of place in Australia (Margaret River, Langhorne Creek, Yarra Valley) have been virtually squeezed out of the marketplace which is unfortunate. Thusly, aside from a few cult Shiraz producers, Australian wines represent inexpensive wines the general consumer can pick up without much thought as to where it came from or who made it." ChristieL, Distributor, OK
- "It's all about perception in the marketplace and the perception is that Australian wines are not 'serious.' The high end producers simply have not done a good PR job of promoting the quality and value of their wines." Kymberly, Distributor, OH
- "I don't think that the trade's perception of more expensive wines from Australia has changed as much as they have just kind of forgotten about them. Christie mentioned Grange and Dead Arm as having some resurgence, probably related to scarcity as much as anything else. When Two Hands gets some great reviews, that stirs up interest in the rest of the portfolio and leads to opportunities to talk about other mid-high tier items with similar attributes or regional distinction." JonD, Distributor, NJ
- "The 'dumping' of product at silly prices had put the trade in a mindset of – wait for the deal – wait little more and it will get better. The trade believes there is a lot of room in the price of high-end wines. If you sold it for $30, why should I now pay you $7? If the deals were posted to consumers, same belief." DavidW, Distributor, AZ

Question 2: What do you consider to be the most positive attributes of Australian wines in general? What are their points of differentiation by varietal type of region?

This question was aimed at understanding the strengths and opportunities for Australian wine.

The distributors were able to name many positive attributes about Australian wines. These attributes included the variety of wines Australia has to offer in terms of types of wines, styles, consistency, and value:

- "Positive attributes are the wide variety of wines and styles available. You can get earthy, heavy fruit forward, big tannins, and crisp refreshing whites." AmberC, Distributor, GA
- "Australian wines are very consistent vintage to vintage." BradleyS, Distributor, IN
- "Their most positive attributes are the forward fruit, balance of extract and acidity and their immediacy, how easy they are to pop and pour." JonD, Distributor, NJ
- "The good, higher end wines tend to be very good, jammy and inky." CarolH, Distributor, CA

- "There are clear values in the entry level- fruit forward, good extraction, not overly tannic, great variety and easy to drink – Yellow Tail everywhere. The high end is well defined as well – big, bold, high extraction, age worthy, limited production." DavidW, Distributor, AZ
- "Positive attributes: quality at the middle and under end, stylistic differences, and hedonistic pleasure - for those who enjoy big intense wines." KeithB, Distributor, NJ

Not only does Australia offer many styles and types of wines, it offers wines that express Australia's breadth of its distinct wine regions:

- "Western Australia is very much like Bordeaux, climate-wise and the Cabernets tend to reflect that style rich and earth. Where wines from Barossa pick up a great deal of fruit and menthol, or eucalyptus due to the terroir." AmberC, Distributor, GA
- "Shiraz (McLaren/Barossa) – dark, brooding and over the top in alcohol. GSM's (McLaren/Barossa) – dark, brooding and over the top in alcohol. Chardonnay & Rieslings (Margaret River) – gorgeous, bright with minerality and zing! Pinot Noir (Yarra Valley) – bright, aromatic and bursting with cherries but the good ones are very expensive & hard to sell in our market. Shiraz (Langhorne Creek) – bright, higher & acid and prettier than its brooding cousins from McLaren/Barossa." ChristieL, Distributor, OK

A large part of this discussion revolved around the fact that many consumers do not know much, if anything, about the diversity of Australian wines and what differentiates them. There was a big emphasis on the need to educate consumers in this area:

- "There is no apparent differentiation in the mind of the consumer. Coonawarra or Barossa? I know the difference, but consumers do not." BradleyS, Distributor, IN
- "The public does not seem to be aware of their diverse terroir and its effect on their wines." CarolH, Distributor, CA
- "Consumers are really not knowledgeable about these finer points and mostly see Australia as the land of bulk juice and fruit bombs. I think Australia has some quite exceptional producers, but I don't think the public at large sees this." KymberlyH, Distributor, KY
- "There is significant regional diversity but I don't think that this distinction has made it to the consumer (or even the trade) and that there is really an opportunity here." JonD, Distributor, NJ
- "Regional diversity has not made it to the consumer." KymberleyH, Distributor, KY
- "The middle territory is what is ill defined and confusing for the buyer and consumer." DavidW, Distributor, AZ

Distributors were also asked if regional appellations add value in the minds of the trade or consumers. The overall feeling was that region does matter and can make a big difference in the minds of the trade and consumers, but only if they know what differentiates that region and understand the quality associated with it:

- "With education, I think all appellations can give a product added value but the average consumer does not even know much about American AVA's much less another country." BradS, Distributor, SC
- "The Napa Rocks education program demonstrates the uniqueness of the specific AVA's within the valley. I definitely feel that words 'Napa Valley' on a label add value to the consumer. Sonoma has been slower to come around, but Willamette Valley is another AVA that, in our market, is a statement of quality to the customer." ChristeL, Distributor, OK
- "A good PR program would tout the attributes of different regions, and the bang for the buck. Napa, Sonoma, Willamette, Burgundy, all these bring to mind images of quality, even though there are many wines from these regions fall short. But the 'perception' is quality. I will have customers asking for Napa cabs, and only Napa cabs, even though at a value price point, they may not deliver as a cab from another region." KymberlyH, Distributor, KY

Question 3: Which Australian wines (varieties or types or price points) do you think are best positioned for growth on the U.S. market? What are the attributes of these wines that make them appealing to the trade and consumers?

This question was aimed at the understanding the trade's perceptions on the best opportunities for Australian wines in the US.

Distributors believe that Australian mid-priced wines have the best opportunity for growth due to their value. One respondent described the wines in this tier as "estate produced," "family owned," or made by a "small producer." There was inconsistency in mid-level price definitions. They included $9-$17, $15-$25, and $15-$35 at retail, with one participant suggesting $10-$20 at wholesale:

- "Post-recession the new normal is for those who once purchased $75 wines to instead buy $35 wines. I think that the Australian wines that will take off will be the ones that offer the most bang for the buck in the middle price ranges, $15 -$35 retail or $30 - $70 restaurant." BradelyS, Distributor, IN
- "Solid producers who have been producing exceptional estate wines in Australia for decades have the greatest opportunity for growth if their prices can be competitive – especially in the $15 - $25 category." ChristieL, Distributor, OK
- "I think the best opportunity for growth are the mid-tier $10 - $20 wholesale, from quality producers who can back their products with education and decent sample budget for convincing retailers and restaurant euros to try them." KymberleyH, Distributor, KY

There was a mixed reaction on whether "critter" labels were a possible area of growth, if they will stay consistent, or if they are on their "last legs." One respondent said they think that in the short term there is growth potential in sweet value wines, another thought this category was already oversaturated:

- "At the value/critter tier, I'm sure there will be many new crazy varietal combos that will launch in yet other brightly colored labeled bottles or some with holographic elements on the bottles. However, without these, I see this category as stagnant." ChristieL, Distributor, OK
- "I agree with Bradley about the new price points and how they are where the most activity and potential lie. And I think Christie is right that there will continue to be 'innovation' of value/critter items, but that this is not a growth area. More education is required on the variety of terroirs and their significance with regard to certain varietals. Price alone won't dictate what will sell. There are too many really good wines being made there whose stories are not being told." JonD, Distributor, NJ
- "As long as the price stays low, I think the value tier still has growth potential. As for trade, the higher tier wines appeal to me but I don't see that from the consumer. The appeal is price price price for the value brands. We have accounts that blow through the cheap cheap stuff because it's the best price in the store." BradS, Distributor, SC
- "The sweet red category is quickly becoming over saturated and while a few will catch on and stay most will be discontinued." KeithB, Distributor, NJ

Some distributors mentioned that for growth to occur, labels needed to be changed so they help tell a wine's story:

- "I think that the more classic labels or if it is a catchy label – as long as they have a story behind the label and that they put that story on the back, or put a marketing effort behind it so that people are interested in buying the wine." AmberC, Distributor, GA
- "Clean up the labels; individually a label may look great, put it on the shelf with 30 similar labels, it's lost. I look at some of these sets and get a headache from the assault of color and patterns." DavidW, Distributor, AZ

There was some debate about the future of Shiraz. One respondent suggested repositioning it as Syrah:

- "I think Shiraz is done for, having been bastardized at the critter label." KymberleyH, Distributor, KY.
- "I disagree…and do not think that Shiraz is dead. I look at where our sales are at all price levels and the majority shiraz… In the growth segment I feel that reds: Shiraz, Shiraz blends, Cab, GSM all have potential." KeithB, Distributor, NJ
- "The whole Shiraz/Syrah issue confuses consumers. Even straight domestic Syrah has so many expressions, consumers are confused. Syrah is one of our most difficult sells. On the other hand CDR and CDP are well appreciated by the consumer." DavidW, AZ

Question 4: Have you participated in or experienced any kind of promotional activities or events conducted on behalf of Australian wines or the wines of other country or regional promotions ongoing in the U.S. in the past two years?

The main purpose of this question is to gain an understanding of differences in experience by country/regional promotion and tier of trade. How effective have these promotional activities or events been in terms of increasing awareness or sales? What works and what doesn't work?

Of the distributors, only a few could recall having participated in an Australian promotional activity, and those who did cited visits from some small producers and ads in trade publications. Big-brand advertising was recalled by a few. Some participants are located in parts of the country where they say they don't get targeted by promotional campaigns. Nonetheless, few participants in key markets had come in contact with Australian wine promotions:

- "No, we do not really get that sort of attention here. We do promote our brands as intensively as we can, and we are fortunate to have wonderful suppliers with excellent people to send to our market, but nothing on an Australia-wide scale." BradleyS, Distributor, IN
- "There have been periodic visits by winemakers but they are few and far between and also aimed at small groups of key buyers and sommeliers. Yes, suppliers' people help as much as possible but a larger effort is required than what little we've seen." JonD, Distributor, NJ
- "I am very lucky here in California to be able to attend many trade tastings, although I have not heard of any in the Southern California area for Australian wine in quite a while. I think they almost have to start from the beginning in order to get people interested in their wines again." CarolH, Distributor, CA
- "We don't have a lot of Australian market visits, at least not in the last couple of years. A couple of smaller producers have come in, and have had some success, as they make beautiful, fairly priced wines, but overall, Australia suffers from a dearth of activity here." KymberlyH, Distributor, OH
- "Our importer does most of the visits to the market it has been a long time since we had an actual Australian come into the market." AmberC, Distributor, GA
- "There have not been any promotional activities or events in my area, Southern NJ that I'm aware of. I believe this to be the case because we are just 80 from NYC where most organizations would, and should concentrate on spending promotional dollars. However that is far enough away that it has little impact in my market." KeithB, Distributor, NJ

Only one distributor mentioned a region they felt stood out in terms of promotions, and that was Napa. Other regions or countries whose promotional activities participants had some involvement included Napa, Rioja, Oregon, and some smaller regions:

- "Sorry to keep going back to Napa Valley, but they seem to have gotten it right. Not only do they do the educational work, a group of wineries from Napa goes out on a tour every other year or so, Napa Valley Vintner Tour, and Oklahoma has been fortunate to have hosted this tour on 2 stops over the past 10 years. It makes a real difference with consumers, particularly those who don't have the ability to travel to Napa Valley." ChristieL, Distributor, OK
- "Some smaller regional wine groups (Muscatel, Albarino) have been successful by creating a wine week where they work together with different restaurants to feature a couple of their

wines by the glass during that period. It's critical to get a good cross-section of restaurants, i.e. not just Italian or French, so that you can get the greatest amount of exposure. It's also very important to promote it via social media, email and in the restaurants to maximize the impact." JonD, Distributor, NJ

- "We have gotten quite a bit of promotional info from the Rioja wine counsel, e-mail push & promoting tasting being held in San Francisco & LA. We also get have very active AVA groups throughout the state that holds regional tastings. I think if Australia were to do some tastings along those lines it would be helpful." CarolH, Distributor, CA
- "Things like Oregon Pinot camp generate a lot of excitement, not on the consumer side, but in the trade, it really ramps up enthusiasm and keeps Oregon pinots in the forefront of people's minds. Even if you don't get to participate, you WANT to, and retailers will go to great lengths to be able to make the trip. Makes Oregon pinots an easy sell." KymberlyH, Distibutor, OH

Within this discussion topic, the belief that Australian wines need to be rebranded came up:

- "I think they almost have to start from the beginning in order to get people interested in their wines again." CarolH, Distributor, CA
- "It's almost as if a whole rebranding of the Australian wine industry needs to take place, starting with the beautiful, smaller producers who make great wines from within many different price points and terroirs. I look at educational initiatives like the 'Napa Valley Rocks' program whereby the lesson is about terroir, climate and climactic influences, AVA differentials, etc. The program gives Napa Valley an identity that Australia lacks. Doing a countrywide initiative might be daunting, but if broken down into smaller pieces such as an annual focus on specific region within Australia that could speak to tis uniqueness and introduce growers/winemakers from within the region." ChristieL, Distributor, OK
- "I agree that a rebranding needs to be done. I never see ads for the smaller more boutique wines – only the mass produced critter wine. They could take each area and pick 3 to 5 producers that have interesting stories and that highlight the terroir of the region. It could tie into a travel destination that the area is famous for that may also increase interest getting new customers interested in wine as well." AmberC, Distributor, GA

The distributors were also asked about receiving trade support and if it varied by channel. A few distributors felt that it varied more by brand than by channel - if a brand is identified as needing help, it is typically given attention. The lack of visits by Australian wine producers was mentioned, as was the need for their visits to build relationships:

- "Trade support varies more by brand than by channel in my market. Once the supplier identifies the brands that need attention, then the support appears and we work together to identify the channels that will achieve the immediate goals, be they points of distribution, volume, on-premise, etc. I really think that the Wine Australia board should try the type of traveling show that several of us have suggested. That's macro trade support as opposed to the fragmented type that we see today." JonD, Distributor, NJ

- "I agree with Jon, when a supplier decided that something needs attention, they go out and do it. I see many wineries come through our market but specifically concentrate on on-premise. I did see a very cool promo last year with Silver Oak where they did a tour of the country pulling the Silver Oak tower behind an SUV. They did tastings and dinners, but of course, Silver Oak is not a grocery brand." BradS, Distributor, SC
- "For the larger suppliers with National Account sales teams, I feel that in the chain on-premise market, you are probably going to still see placements of bulk Aussie brands if those brands happen to be a priority for that supplier. For the smaller, more eclectic producers who are making exceptional wines, if they come into our market and build relationships with the boutique shop owners and hip restaurants, you can be pretty assured you will see something from their winery on the list or shelf. It's a harder sell for these smaller wineries to gain floor space for displays or BTG features as they typically don't have the marketing dollars to spend to make these kind of buys happen in our state." ChristieL, Distributor, OK
- "I don't do chains and grocery stores. If by trade you mean the support we get from the Aussie suppliers, I find that they seem to be balanced between on and off premise. They will offer BTG deals for on and free goods deals for off, for example. If by trade you mean my customer, on premise accounts, though negative, may be slightly less so than off premise, which are thoroughly jaded at this point. The best tactic I have is to remind them I don't do chains, so to beat the big guys they can carry my wines and not be in direct competition, and that seems to work for restaurants and retail." BradleyS, Distributor, IN
- "We haven't had a lot of Aussie visits in the last few years. To bring back their reputation is going to require time, money and relationship building. I don't deal with many chains, so on the few occasions that we have had market visits, it's the suppliers with great wines and a great story to tell that achieve success both in shelf placement and big placements." KymberlyH, Distributor, OH

Question 5: How do you foresee the growth of the Australian share of market in the U.S in the coming five years? What factors do you think are the most critical to increasing share of market for Australian wines?

This question looks at the opportunities for Australian wine sales and more specifically on what programs or initiatives distributors think should be put into place on behalf of Australian wines in the next three years to stimulate growth of market share.

The general consensus among the distributors was that Australian wines could potentially see a great deal of growth over the next five years if they put a great deal of effort and money into a campaign. Consumer education is the key. Consumers need to learn how large and diverse Australia is and to learn about how its different regions are unique. Australian wine needs its story told. Focusing a campaign on mid- and higher priced wines was also mentioned:

- "Australia must focus its promotional efforts on place wines and the medium-high end of the market. The consumer needs to be educated that Australia is a very large place and that the various regions are as diverse as what we have here." BradleyS, Distributor, IN
- "If the Australian winegrowers can work to create an educational campaign to tell the story of the tremendously diverse growing regions in a country that is larger than that of our own, that will be one of the keys to rebounding sales." ChristieL, Distributor, OK
- "Wines of a place that have a story to tell of terroir, balance, and ageability will have the best chance of succeeding in the near future." JonD, Distributor, NJ
- "If they are more educated on why their wines are good, they might look for more Australian wines in future trips to the market." BradS, Distributor, SC
- "I would add that the approach in the education needs to evolve into one that really pushes the quality and value propositions of the mid to higher tier wines, and their points of differentiation." JonD, Distributor, NJ

Many thought that the de-emphasis of "critter" wines was essential for growth:

- "The greatest single impediment to Aussie wines being sold in the U.S. is the perception that they are cheap and swill. So stop promoting cheap wines!" BradleyS, Distributor, IN
- "The value wines have dragged down the entire market to the detriment of the entire country's wine reputation." JonD, Distributor, NJ
- "They didn't become the 'critter wine' capital overnight. They have to diminish that image in order to improve sales." CarolH, Distributor, CA
- "They need to put more focus on the areas and craftsmanship of the wines and not the mass produced critter wines. Every country has their critter labels – but none are promoted as much as the Aussie critters." AmberC, Distributor, GA
- "Good producers have to educate the buying public and distance themselves from the plonk of critter wines." KymberlyH, Distributor, KY

Social media was brought up by a few as way to quickly educate consumers on the diversity of Australian wines:

- "Understanding that consumers as a whole are much more sophisticated now and quick to get up to speed with the proliferation of social media, should enable quality producers to come up with a game plan to reinvent themselves to the wine buying public." KymberlyH, Distributor, KY
- "There are tons of young people and they all use social media. Any winery or country not utilizing this tool is missing the boat." BradS, Distributor, SC

Finally, the distributors were asked how Australia should accomplish the goals they identified. In doing so, they were asked to name any specific initiatives or programs they would put in place on behalf of Australian wines in the next three years to stimulate growth of market share. These suggestions emphasized a boots-on-the-ground approach by Australian wine producers, advertising,

an educational campaign (both trade and consumer) that includes tastings, focusing winemaking on terroir, and promoting the uniqueness of Australia's wine regions:

- "1) Education of distribution channels that are given materials to conduct education of retail and restaurant. 2) Incentives for sales reps to perform education and meet goals – trips are always the greatest motivators. 3) Consumer level education – free public tastings and subsidized wine dinners/events for high-end buyers. 4) Internally, a push to get away from over-extraction and high alcohol, a directive that wineries emphasize terroir, and more traditional and serious names, labels and advertising." BradleyS, Distributor, IN
- "The cost of travel between Australia and the U.S. is very expensive, but for my market especially they need to make more appearances, and do tasting in the major markets. More education for the different wine growing regions, reintroducing the trade and the public to the strengths of their wines. I feel it is also important to make wines that best suit your growing area. Too many wineries try to make their wines in a style that does not suit their area. Go back to basics." CarolH, Distributor, CA
- "More wine-specific advertising, maybe combined with travelogues and info-tainment in print, on social media and even television will help spread the word about the quality and diversity of Australian wines and get past all of the little animals." JonD, Distributor, NJ
- "I truly feel a regionally specific multi-pronged marketing campaign focusing on terroir, climate, producers, varietals and what sets each region apart from another would be a great way to begin. Then the 'characters' in each campaign can be the winemakers/winery owners . . . maybe not all as colorful as Charles Smith or Chester D'Arenberg, but all playing a role in what makes their region unique/special. On the heels of this, it would be absolutely fabulous if these characters could hit the road in their own regionally specific version of the Napa Valley Vintner tour and take their story to the public. Accompanying this can be FB pages/fan sites along with YouTube videos highlighting these regions and winemaking families. Trying to revamp the image of an entire continent bit-by-bit could help turn the tide." ChristieL, Distributor, OK
- "More market visits, social media campaigns, advertising in the wine trade, even TV advertising, wine dinners, public relations events. The bottom line is always going to be the quality of the wines produced, but that can be built on with stories of the wineries and winemakers, descriptions of the terroir, etc. invest some money in interesting videos that can be put on YouTube and Facebook, aggressively go after the market of new wine drinkers, who haven't been jaded by the past few years of negative publicity. It's possible to turn the tide but I don't think it will be easy or quick. Also, internally, I think the Australian wine industry has to sit down and have a serious discussion among the members. Who do they want to be? Can there be a consensus, at least enough to come up with a unified plan?" KymberlyH, Distributor, KY
- "I would recommend the following: 1. Promote the better varietals from the different regions and not just the ocean of innocuous wines that are massed stacked everywhere. There is certainly a demand and therefore recognition for some of the better and more expensive

labels such as Mollydooker, a big seller for my company. We also had very good success with Layercake from Jason Woodbridge; 2. Educate the consumer, and the trade that there is more diversity than the ocean of inexpensive wines that are floor stacked in most stores; 3. Promote regional diversity. This has been mentioned by several other respondents and I agree. Let the trade and consumers know there are significant differences between Shiraz, Chardonnay, Cabernet from Barossa, McLaren Vale, Margaret River. Look at the success CA has had. Everyone knows Napa - especially for Cabernet. To a lesser extent Sonoma-Russian River Valley for PN & Chardonnay; 4. While I do not like the fact that reviews from the major publications: WA, WS, IWC, WE and W&S are influencing too much of what the consumer buys it is a reality. Target the major wine reviewers and try and come up with ways to get them to do more feature articles; 5. Lead with your strengths. Argentina has made a name for itself promoting Malbec. Australia should do the same with Shiraz/Syrah. As mentioned above highlight the regional identity and stress the value even at the upper end. They don't fly off the shelf but Cote Rote and Hermitage do sell at $50; 6. CA has proven that their wines can compete with the best in the world. Certainly Australian wines such as Henschke Hill of Grace, Jim Barry Armagh, Penfolds Grange can also but I don't recall any efforts to prove this to the US consumer; 7. Blends. One of Australia's strengths has been the freedom to use multiple grapes in the different wines, especially reds. Red blends are a hot category, especially GSM. As I've said several times the average consumer is looking for good value wine and are less concerned with origin; 8. Give more exposure to some of the "other" varietal wines coming from Down Under. We've done very well with Oxford Landing Pinot Grigio, especially on premise because the wine over delivers for the price point. My pitch has been at this level it is a category sale. The consumer is requesting a specific varietal and is more concern that it tastes good then where it comes from. Not to mention that the wine is far better than many of comparably priced Italian PG I sell. I've also tried some very good Vermentino, Yalumba; Verdelho, Mollydooker; Riesling, Pewsey Vale, and Grenache, Yalumba from Yalumba. These are all varietals that are gaining greater acceptance with consumers so give them more exposure." KeithB, Distributor, NJ

- KymberlyH said it very concisely, "Bottom line is, these guys are going to have to spend some cash to get back in the game!"

Importers

Question 1: In your opinion, how have general trade perceptions of wines from Australia changed in the past three to five years?

Overall, importer participants believe that there is a pervading negative perception of Australian wines among the trade, especially at the lower price points:

- "Australian wines have been on a steady decline for years and as such are viewed skeptically by the trade currently." ReidS, Importer, CA

- "Overall the trade perception of the category is still poor, and the Australian set is typically segmented out to the back of the store or in a lower foot traffic location. The reality is that Australia as a category has the lowest average price and is driving the largest absolute dollar declines (not percentage declines). This is a tough fact to face with the retail buyers." MattF, Importer, NY
- "Although the importer discussion participants acknowledged generally negative trade perceptions of Australia, some of them were quite positive in their view that perceptions will change for the better. The quality wines Australia is currently producing are the country's saving grace. Other signs that perception is turning around includes increased interest in high-end wines.
- "Trade perception remains relatively negative at the moment, mostly because the trade is addicted to growth, and Australia is not a growth story today. But while the sell is harder, it can be done, as long as the wines provide great value to the consumers (at all price points), it can work. While Australia is out of favor with the trade at the moment, I have no doubt that it will come back, because the history of winemaking in Australia is too deep and too rich, and there are amazing wines being produced that do provide great values to consumers. Ultimately that will win." FrancoisM, Importer
- "The conversation is turning — no more discussion about what Australia 'did wrong', rather renewed interest and curiosity about what Australia is up to – being driven by on premise but as well lots of discussion around retail shelf set refresh!" KathyM, Importer, CA
- "No one at retail is asking to be shown wines from Australia. Points and reviews don't drive sales like they used to. The most important change in perception, to me, is that the Australian wine category has matured into a reliable and steady piece of the retail set, because of the predictable flavor profile and relative value of the wines (value is still there despite the parity of US$ and Aussie$)." RobertJ, Importer, VA
- "After being the scourge of the wine industry, the category on the boutique end has finally come back alive and we are getting a ton of interest from the on-premise trade." RonnieS, Importer, NJ

Question 2: What do you consider to be the most positive attributes of Australian wines in general? What are their points of differentiation by varietal type of region?

The most common positive attributes mentioned by importers was the price to quality ratio, and diversity:

- "Consistency of quality vintage after vintage. Very high quality to price ratio for the premium + price points relative to domestic brands." MattF, Importer, NY
- "Diversity across regions, price/quality ratios, healthy and friendly competition — success for one brand should/can/does help the category as a whole…" KathyM, Importer, CA
- "As the largest Australian brand in the U..S (by far), I would say that the most positive attribute I see is quality for the price. Yellow Tail produces a sparkling and higher-end

"reserve" lines in addition to the classic [yellow tail] brand, and I am struck by how strong the quality is for the price. This is across all three brands, compared to what I see as competitive non-Australian brands in similar price tiers. I would say this holds true for many of the other Australian brands I've sampled. Also, particular quality of reds is even stronger, a consistency across vintages." JonathanL, Importer, NY

Focusing on regional appellations to highlight Australia's diverse wine offerings was seen as an opportunity for Australia, and an area where education is needed:

- "Within the $10-$15 price segment, there is a general lack of understanding of the value and benefits of regional appellation wines from Australia. One of the biggest opportunities I see is to find a way to get this message across to mainstream consumers so that they are intrigued enough to trade out from another country/origin or trade up within Australia rather than look to a different origin at this price point." MattF, Importer, NY
- "Cool climate and regional variation are the keys moving forward and added diversification beyond Shiraz is essential. Consumers do NOT know many Australian appellations but it's getting better slowly. They are beginning to realize that an appellation of any kind is a quality cue versus wines of broader sourcing (i.e. Southeastern Australia). They might recognize they like wines from McLaren Vale yet not know what style that area is known for." RobB, Importer, CA
- "They are an indicator of quality, yes, but again, among a very narrow target. The average consumer doesn't know the Barossa from Hunter Valley from Margaret River, etc. In fact, it's been 'proven' lately that at sub-$15 or so price points, the consumer doesn't even take much notice of what COUNTRY the product is from. Imported bulk wines are huge now, and being put into 'domestic' brands." ReidS, Importer, CA

Question 3: Which Australian wines (varieties or types or price points) do you think are best positioned for growth on the U.S. market? What are the attributes of these wines that make them appealing to the trade and consumers?

Importers named wine types and varietals they think are positioned for growth that align with current trends here in the U.S. A caveat was added that these wines are not unique to Australia, so competition is still a barrier:

- "1- Red blends. The U.S. consumers are more and more comfortable with wines that do not state the varietal on the front label. Australia grows some of the best Shiraz, Merlot and Cab in the world, and can make some of the best red blends in the world, at all price points. 2- for me it's a style thing and the American style is slowly towards more balanced wines. Less of the over-extracted, super-ripe, pruny, high alcohol monsters that some Australian producers have been known to make, and more of the easier to drink, food friendly, balanced and lower alcohol wines." FrancoisM, Importer, NY

- "There has not been a variety or style that is specific to Australia which stands out as a growth driver. Blends and sweet profiled wines have been performing well in the sub $10 segment, but this has not been a trend specific to Australia – rather it is a macro trend for the U.S. wine industry." MattF, Importer, NY
- "Blends and $10 - $20 price points for regional offerings." KathyM, Importer, CA
- "Cool climate, blends and SSB's. Cabernet is a huge category here in the U.S. and is very under represented by Australia. They need to be regional flavor profile but can't have the green, eucalyptus or overly herbal notes that are classic for many of the regions." RobB, Importer, CA

One importer mentioned that Australian luxury wines are showing promise:

- "We have seen renewed interest on the luxury red wines in our portfolio ($30+), and I feel confident that there is a strong growth opportunity for brands positioned at the higher end of the price spectrum." MattF, Importer, NY

Another said that he doesn't really see any growth in Australia's future, and predicts Australian market share in the U.S. will remain stable:

- "I don't see any real growth categories; rather, I see maintaining market share as an accomplishment regarding Australian wines. As stated earlier, the category is mature and we now rely on consumer familiarity and loyalty to sustain depletions." RobertJ, Importer, VA

Question 4: Have you participated in or experienced any kind of promotional activities or events conducted on behalf of Australian wines or the wines of other country or regional promotions ongoing in the U.S. in the past two years?

Of these importers, one participant had attended tastings sponsored by Wines of Australia in San Francisco and New York, and another who attended a Next Chapter event put on by Wine Australia. Other regional wine promotions mentioned were trade shows put on by the Languedoc AOC, the Loire Valley AOC and the Rias Baixas DOC, attended by one participant who praised the marketing company that put on the events.

Although few had much experience with Australian wine-related promotional events, they were supportive of promotions, discussed their importance to a marketing program, and how essential it is to invest in this area:

- "All of the events increase awareness. That is all that can be asked of any trade event. Measuring any sales spike afterwards is difficult to do and harder still to attribute to the event. But it is certain that public and trade events, and getting the wines and personalities in front of end consumers, buyers and the press is not a detrimental thing to do." RobertJ, Importer, VA
- "Wine Australia presence is known and important within the U.S. They are under-funded versus many other SMALLER emerging countries that are getting play at events (i.e. Aspen

F&W) and with ad buys. Most of the brands we represent cannot afford to 'talk' to consumers and even the 'big guys' don't have enough margin in it to do so consistently. So by default we go after 'exposures' to the brand and wine styles and maybe a 'regional' theme. Picking the right events that involve trend setters amongst consumers AND trade can help create interest and buzz. Being involved in events that showcase wines of the world often lets us show our diversity AND our ability to compete on the world stage. We participate in these types of events put on by Wine Australia, NZ and Chianti producers. Some are better than others and they are all difficult to measure ones impact. Getting distributors behind these themes and focus areas can be even more impactful than the event itself in some areas." RobB, Importer, CA

- "I have not participated in any Australia-specific major promotional programs. I think such programs for Australian wines are extremely underrepresented, and I think could help the plight of the Australia category. Take a look at some of the major events for Spanish, Italian, French or Latin American wines, and how these help popularize these wine cultures with the U.S. consumer." JonathanL, Importer, NY

Question 5: How do you foresee the growth of the Australian share of market in the U.S in the coming five years? What factors do you think are the most critical to increasing share of market for Australian wines?

The most common themes that emerged from the importer discussion on Australia's future growth were that the currency situation is impeding growth, and that Australia should move away from the lower priced "critter" wines and shift focus to the mid/higher priced wines.

There was substantial opinion that Australia should move away from low-end wines:

- "To me, it is the currency situation that is the biggest obstacle. From a marketing angle, getting rid of the critter labels and focusing on domaine grown, made and bottled wines is paramount to success." RobertJ, Importer, VA
- "Aussie dollar strength makes it tough. I see it flat at best, with a continued slide over the next year or two followed by modest recovery. Changing image is very important, I think. Need to be taken more seriously, get off the $6 wines.." ReidS, Importer, CA
- "The future of Australian wine in the U.S. needs to be at higher price points. The current structure is not sustainable. The sub-$10 brands are spending a lot of money to promote but are just trading share of a shrinking pie rather than growing total Australia. We need to bring in a new generation of drinkers at the $10 - $15 price point that have not grown up with the negative baggage of the category." MattF, Importer, NY
- "Volume growth will be minimal. I expect improvement in value and in many of the smaller segments (region and varietal). Many of our wineries think the critters going away and the currency staying high will leave us in a position of a smaller category but much higher quality

and value. Higher priced critically acclaimed wines will weather the higher currency much easier than cheap and cheerful." RobB, Importer, CA

- "I don't see much growth for the category in the near future until some of the fundamentals improve: currency situation and development of Australian wine / culture to change current consumer perceptions. I agree that the focus should be on higher price and quality wines, and that Australia needs to help either reinvigorate Shiraz, or "own" another varietal that it does better than everyone else." JonathanL, Importer, NY

There was one importer who was more optimistic than the rest:

- "The stats are encouraging on a number of levels, despite still in decline the trends are moving the right direction. Do not feel we will ever recover to levels of volume seen five years ago, but better mix and a more sustainable category growth is certainly in the cards. Many brand have left the marketplace due to volume and exchange rates — hopefully some will return and the representative mix of wines (regions, varietals) can help to grow share in the premium segments." KathyM, Importer, CA

Retailers (on- and off-premise)

Question 1: In your opinion, how have general trade perceptions of wines from Australia changed in the past three to five years?

The perception that Australia only produces "jammy" high alcohol wines is changing, according to some respondents. Respondents are beginning to see a different style of wines from Australia and believe this is matching up with changing tastes among both the trade and consumers:

- "I believe the trade perspective is starting to come full circle in the positive direction. When Australian wines were at their height 3 years ago there was amazing buzz in the industry and everyone was selling the jammy wines with funny labels. Thank god that all went away and now we're excited about the subtle, more interesting, inspired wines from wineries that are looking to build a strong relationship with the consumers." JohnS, Off-Premise, VA
- "I think I really depends on what market you get into. I think the same goes for trade. Somms geek out on unique and interesting things from around the world. Programs like Wine of Australia have really helped revive a little interest in the country. Especially when you talk Hunter Semillon and Riesling from producers like Grosset and Jim Barry. The prom queen of Australia would have to be Bindi and Miss Congeniality would be Kooyong, both from Mornington Peninsula. Many of these cool, delicious, amazing wines are hard to find and lack presence in the US in general. I think the trade on a whole needs to be exploded to the quality. Quality is expensive and Australia for so long hung there had on value. It will take, energy and continued resources to see results." JenniferS, On-Premise, IL
- "The quality of Aussie wines are, for the most part, good if you like that style. There has been a small trend of a few Aussie wineries' to change the style. The attempt to make more

structured wine, less fruit juice and lower alcohol levels. I can only hope California follows suit. Being in the trade for 40 years, I welcome that change. There will come a point where less extracted and fruit driven wines are sought after." JohnM, Off-Premise, MD

- "I have smaller distributors that have wines that go against the grain for the most part. Styles customers haven't seen yet, labels they haven't seen. These give the idea they are smaller, family owned wineries, equivalent to what I'm selling in my store… so they make sense in my store. Where the big bold Australians are beat to death, the structure driven, low alcohol styles are welcoming. My distributor sales reps see Australian wines as a guaranteed paycheck with Yellow Tail, Lindeman's, Penfold's… but don't offer all tiers of the wine." JustinG, Off-Premise, CO
- "Australian wines have been changing from simple easy drinking to structured, complex, lower alcohol levels but I haven't seen any effort to highlight the changes at any level… In the past the trend was for high alcohol fruit bombs and Australia wines fitted perfectly. That trend has been changing to lower alcohol content, less fruity. Australian wines have not kept up with the trend changes or at least many." AlfredoR, Off-Premise, IL

Question 2: What do you consider to be the most positive attributes of Australian wines in general? What are their points of differentiation by varietal type of region?

The top Australian wine attribute discussed by the on-premise/off-premise groups was the range and diversity Australian wines have to offer. However, they believe that consumers (and a portion of the trade too) need to be educated on this topic:

- "I think that the range of wines is amazing. You have Hunter Valley Semillon that from the best producers can age for twenty years. The dry Rieslings from the Clare and Eden Valleys are unique and wonderful. The Cabernet from the Margaret River region show a character that is unique to the regions. Many Barossa Shiraz can only come from that part of the world. The stickies from the Rutherglen are worth seeking out. The unique terrain, climate and range of grape varieties and style is what makes the wines of Australia great." CaraS, On-Premise, UT
- "There is so much diversity. Sending to her example is chard and Pinot Noir from Victoria and interesting production in Tasmania. There is so much personality down there." JenniferS, On-Premise, IL
- "I love the unique depth of flavors you can get from a Cabernet Sauvignon or Shiraz from McLaren Vale or Barossa Valley, and yes, the beautiful Rieslings. From Eden Valley. The overall concentration of flavors on the nose and the palate are unparalleled, and have become the hallmark style for the region." JohnS, Off-Premise, VA
- "I agree with everyone on this, Cab and Shiraz from the Barossa and McLaren Vale are fantastic. High-end wines sell themselves in our shop. The lower price point shiraz need the hand sell with extra encouragement from the sales team, letting the customer know that we can be trusted." MathewB, Off-Premise, CA

- "The amazing range of terroir and associated microclimates is what makes Australia attractive. That said, the wine-buying public is not nearly as educated on Australia – our average customer knows the basic differences between burgundy, Rhone, Bordeaux, Loire, etc. but very few can describe the differences between Margaret River, McLaren Vale, NSW, etc. It is an educational opportunity to say the least. We are big fans of Margaret River Chard (and who isn't). I am a personal fan of the shiraz coming out of Adelaide and Hunter Valley." RichardO, On-Premise, FL

Related to viewing Australia's diversity as an asset, participants discussed regional appellations and whether they add value in the eyes of the trade and consumers or are reliable indicators of quality. Some see regional appellations as the key to promoting Australia's diversity. There were some respondents who think consumers have no understanding of regions, and others who see it as an important indicator of quality. For the trade, this information is thought to be essential to successful sales:

- "Thorough knowledge of regionality and subregionality is essential in understanding the category, making smart purchasing decisions, selling the appropriate style of wine to consumers and the trade, etc. Knowledge of regions and appellations is essential for Italy, France, Germany etc. and is just as applicable to Australia and NZ. It is this foundation of knowledge that has allowed me to keep the category vital at my store." ChuckH, Off-Premise, CA
- "Appellations are important for consumers. Those that don't shop specifically for appellation use it to indicate quality or as another decision in the path to purchase. We definitely use it as a selling and education tool for our consumers." MelissaD, Off-Premise, MD
- "They are not an indicator to me. I can't believe they are to my customers. They don't know as much. They assume a lot of Shiraz tastes the same and then look to price. They find a Cab they like, they try another Cab occasionally. One region is no better to another in the customers eyes." JustinG, Off-Premise, CO
- "How much added value is hard to quantify, but it does give the trade and consumers a good idea of what's in the bottle. I also like to use it as a hallmark to signify certain styles or characteristics they should come to expect. The label should be reliable indicator of style and quality, otherwise the whole area or region would become defunct. They are staking theirs and their fellow winemakers reputation by living up to that name, Barossa Valley, McLaren Vale, etc. definitely carry expectations." JohnS, Off-Premise, VA
- "I believe that regional appellation plays a huge role in the purchasing habits of our customers. It's showing reliability, kind of like Napa for Cabernet." MathewB, Off-Premise, CA
- "Though regional appellations may not be an indicator of quality or style for the general public, the main added value is trust. A consumer may not know much about the quality of a specific wine or label but if they feel that if it comes from "this area" (fill the blank) it must be good…. at least they won't be wasting their hard earned money on something unknown." RafaelD, On-Premise, FL

Other Australian wine attributes mentioned included quality, value, consistency, diversity in terms of price points, and the role Australia played in popularizing blends:

- "Positive attributes and points of difference: Diversity of styles within a varietal; Diversity of styles as expressed thru regionality and subregionality; Passionate and committed winemakers, winemaking; Long history of industry, viticultural resources; Proven cellarworthiness; Consumer friendly; Cool country to visit; Dynamic industry, open to new ideas." ChuckH, Off-Premise, CA.
- "Australia had a great success making and marketing blends using both, red and white grapes in the same blend, they can build on it by improving quality. Yes, blended wine has always been around France, USA, Spain, Italy, etc. But Australia got it on everybody's radar." AlfredoR, Off-Premise IL

Question 3: Which Australian wines (varieties or types or price points) do you think are best positioned for growth on the U.S. market? What are the attributes of these wines that make them appealing to the trade and consumers?

There were many diverse ideas about what wines have potential for growth on the U.S. market. Wines from $10 or $15 up to $40 are the price range where participants believe Australian wines have potential. Also mentioned repeatedly was the potential for the cool climate, lower alcohol wines:

- "Cooler climate chardonnays, and big reds with better canopy management, less yield, and lower alcohol, are going to really help showcase the unique terroir." JohnS, Off-Premise, VA
- "I think wines in the retail price point of $20 to $40 are where Australian wine sales will increase. There are many wines that can be seen as having very good quality/price ratio in that price range." CaraS, On-Premise, UT
- "Trade loves terroir and cool climate. I would love to see more trade get exposed to the cooler areas, like Hunter Semillon from Tyrell or Brokenwood." JenniferS, On-Premise, IL

Many varietals were cited as having potential, Australian Rhone varietals, Riesling, aromatic whites, Grenache, Pinot Noir and Chardonnay from Victoria, and stickies:

- "Margaret River Chardonnay (balanced, great acidity, little to no oak) and the stickies from Rutherglen (which I keep calling Rutherford for some reason) are primed for massive growth… stickies in general are gaining more and more respect across the board, and consumers are realizing that you don't need to bust out $100 for a Vintage Port to enjoy a great sweet wine. But I think Riesling is the next hot wine from Australia. Eden and Clare Valley Riesling are becoming constantly more accessible and, let's face it, the press they keep receiving doesn't hurt. Their dryness and tendency towards more citrus flavors (while still maintaining acidity) than their Germanic cousins give them a unique identity. Add in price point and labels that are much easier to interpret, and I think you have the next big Australian wine." StefanW, Off-Premise, NY

Besides varietals, Australian blends are thought to possibly have a positive future:

- "I agree with all the previous comments – Bordeaux blends, White blends (with Semillon), aromatic Rieslings and Viognier, and GSM and Rhone varieties. I think, I think GSM helped propel Rhone varieties, I think the renewed interest in the Rhone Valley varieties could reinvigorate an interest in Australian wine. The $15 to $25 price point (retail) would be one to explore. It is versatile enough for both retail sales and restaurant lists." RafaelD, On-Premise, FL
- "Shiraz, Viognier, Sauvignon Blanc, Riesling, and Chardonnay on single variety or as blends. Price point for growth in my expectations $15 and up since wine lists and wine bars here in Chicago are moving into higher quality product." AlfredoR, Off-Premise, IL

Question 4: Have you participated in or experienced any kind of promotional activities or events conducted on behalf of Australian wines or the wines of other country or regional promotions ongoing in the U.S. in the past two years?

Four on-/off-premise discussion group participants have had experience with Australian wine promotional activity. One respondent participated in the Wines of Australia program, one respondent participated in a Top 10 program with Australian Wines that was run by Whole Foods Market, one attended a tasting put on in San Francisco by "an Australian trade group," and one had Jane Ferrari from Yalumba to do a tasting in their shop. Other respondents had participated in activities for Argentina, Chile, Rioja, and Champagne.

A few respondents noted that promotional activities (e.g., tastings and marketing campaigns) are a great way to educate the consumer:

- "Educating a consumer about a region and wine and giving them that personal connection is a great way to drive sales. It is small in scope thought in terms of the number of consumers and wines it can impact. Some wine commissions are doing a better job of larger scope marketing campaigns. The Washington Wine Commission has done some good programs in the past with market focused radio spots and educational info." MelissaD, Off-Premise, MD
- "Education of the consumer is the best way to sell wines. The education comes from a variety of ways. Tasting and talking about wines is just scratching the surface. Consumers like the trade need to develop their palates. This process never stops. Communication skills and listening skills are the best way to give the customer what he/she wants. What don't you like about a wine or what do you like about a wine? This process should always involve some talk about fruit, vegetable, herb, spice or mineral." JohnM, Off-Premise, MD

It was agreed that doing "nothing" isn't effective. Tastings are key:

- "What doesn't work or is not effective? Doing nothing… and as others have noted, the Aussie category is guilty of that." ChuckH, Off-Premise, CA.

- "My thoughts exactly to what ChuckH said… obviously doing nothing hasn't worked. Individual wineries promoting in Wine Spectator isn't enough, maybe more group trips & tastings. Print marketing in magazines other than wine or spirits magazines. Maybe travel magazines, fine dining. As a country, not just a winery." JustinG, Off-Premise, CO
- "The fact of the matter is I would never buy a wine I haven't tasted, and was totally unfamiliar with, so, trade tasting are a great way to reach lots of buyers in a short period of time. Also, having key personnel from the winery visiting key accounts for one-on-one tastings is always an effective way to promote brands and positively affect a brands image." JamesH, On-Premise, CA
- "In restaurant setting, we sell more of what the servers and bartenders have tasted, know about and like. Sales incentives only work if the wines are tasted and liked first." RafaelD, On-Premise, FL

Question 5: How do you foresee the growth of the Australian share of market in the U.S in the coming five years? What factors do you think are the most critical to increasing share of market for Australian wines?

As covered earlier in the discussion, participants feel that Australia needs to focus on their "quality wines" vs. value brands in order to experience growth:

- "I think the focus should be on quality and the range of styles of quality wines from various regions." CaraS, On-Premise, UT
- "I see the potential for smart growth in the U.S. market, which I feel is already happening. There needs to be a better balance of quality wines in the mid to high price points to counter balance the volume of cheaper wines, thereby letting consumers know there are quality wines to choose from as well. I hope that the days of the mass/bulk importer with silly labels is done." JohnS, Off-Premise, VA
- "Quality over quantity. I think that the Australian wine market is still feeling the reaction of consumers getting cheap critter wines. This will take time to heal, but if they keep producing good quality wine, the customers will come back." MathewB, Off-Premise, CA

A boots-on-the-ground strategy was suggested:

- "I think the hands on approach would be best. Producers traveling around the U.S. and spending time explaining their techniques and styles would be awesome. The consumer wants to hear it from the source." MathewB, Off-Premise, CA
- "I would recommend doing a series of trade shows in conjunction with local wholesaler/ buyer meet and greets, along with in store tastings, bottle signings, and special events/ dinners. The producers need to sell to the trade as well as to the consumer." JohnS, Off-Premise, VA
- "I have to add: do NOT latch onto massive trade shows like the ones they hold at the Javits Center in NYC. Australia will get lost in the shuffle. Create one just for Australia and aggressively promote it, and try hard to get big names involved." StefanW, Off-Premise, NY

- "Members of the trade and especially winery owners/wine makers/trade reps should get out and work the market place. Regional trade and consumer tasting, local in store tastings are always great for creating interest in wine, from all countries!" JohnM, Off-Premise, MD

Other factors suggested to foster growth included differentiating Australian wine from the competition, aligning what Australia has to offer with current U.S. trends, trade trips to Australia, and, of course, trade and consumer tastings:

- "I think Australian wines could be poised for growth if advantage is taken through education and marketing of some current trends in the American market, such as the new focus in the Southern Hemisphere, single-vineyard wines, white and red blends, sustainability, lower alcohol wines, and the growing $20 price point." RafaelD, On-Premise, FL
- "It seems to me Australia's strength in the US is still in the retail sector, so I think putting reps and salespeople in the stores holding tasting events in shops is a great way to educate consumers. It's an easy way to put promotional and educational materials directly in to consumer's hands, as well as sampling the wines at the same time." JamesH, On-Premise, CA
- "I think influencing 'Gatekeepers,' Somms and retail buyers, perhaps by bringing them to Australia and getting them enthused is a way – it worked for Spain." MichaelY, Off-Premise, NY

When asked to suggest any programs or initiatives they think should be put in place on behalf of Australian wines in the next three years to stimulate growth of market share, a myriad of ideas were put forth. They ranged from wine paring dinners and tasting events, to sales incentives:

- "It would be possible for the Australian Trade to work with larger distributors inside the state and identify A, B, and C level stores moving Australian wine. Reward them with a trip, dinner, signed bottle. (Just throwing it out there). I've done really well with a particular producer & their labels in my shop; my sales rep got a trip to Argentina. He mentioned a majority of his sales were from my support. That should be recognized by distribution and rewarded by suppliers somehow. We've all talked about tasting to the trade in larger markets. Why not do an event for the public to promote wines? Put it in the local paper, and run it like a 'Grand Tasting,' ZAP tasting or Family Winemakers Tasting. Limit capacity, charge entry, offer VIP tickets to receive additional perks like a winemaker dinner, prize bottles, etc… I believe this method would bypass the distributors/reps/retailers that aren't motivated and touch the consumers that are. They would not pay to get in if they weren't interested." JustinG, Off-Premise, CO
- "From the restaurant setting point of view…. Wine pairing dinners and tastings for the sale force. Sponsoring wine education classes online or on location for both trade and consumers." RafaelD, On-Premise, FL

- "The importers of Aussie wine and their U.S. distributors are going to have put dynamic people on the street to tell their story. That fact has not changed in forty years." JimB, Off-Premise, OH

6.4 Critical areas constraining growth in sales of premium Australian wine

Summary

Based on the results of the discussion groups, the trade identifies eight critical areas constraining growth in sales of premium Australian wine in the US market:

- Australia's reputation as a low-priced value wine producer
- Lack of awareness/understanding of the diversity of Australian wine regions
- Unfavourable exchange rates, particularly with importers
- Challenges in the off-premise
- Australia is not seen as "hip" in the on-premise
- Logistics
- Competition from other countries
- Discount pricing

Discussion groups

Each discussion group was asked the following question to identify the critical areas constraining growth in sales of premium Australian wine:
Thinking of selling Australian wines, what (if any) are the most typical barriers or difficulties you encounter when selling Australian wine to customers or accounts? Are there specific barriers that you associate with selling Australian value wines vs. more expensive Australian wines?

Distributors

The primary barrier brought up in the distributor discussion group was the "critter" wine phenomenon and the perceived damage it has done to the Australian wine market in the US:

- "Most customers consider Australia to be a more or less dead category. Retail has halved the shelf space, and some restaurants have excluded them from their lists. The toughest part of selling them is convincing the customer that his customer will in fact give them a chance. Value Australian wines sell somewhat retail but are extremely difficult to sell BTG, as they are seen as being inferior to domestic wines. I am afraid that the 'critter wine' phenomenon seriously damaged their reputation. Plus the larger wineries sell through the larger distributors who place the value wines in all of the chain accounts, which drives independents to avoid them. The wines are simply not appreciated by the foodies and the trend makers." BradleyS, Distributor, IN

- "The trade's perception of Aussie value wines is critter-driven." JonD, Distributor, NJ
- "I agree about the 'critter wines,' to some extent putting Australian wines in the same category as $2 Chuck in the consumer and wine buyers point of view. It makes it difficult to convince wine buyers that they need to expand the Australian selection not decrease it." CarolH, Distributor, CA

Another barrier mentioned was that Australian wines don't tend to go well with foods, in part because they lack acid (in the minds of several trade participants):

- "The obvious is that everyone feels the 'critter wine category' was created in Australia and that is the hallmark of Australian wines (at least to the regular consumer). And because of this, as BradleyS mentions, the foodies and chefs tend to steer away from Australian wines. Personally, I feel that much of that has to do with the lack of acid in many of the Australian wines from warmer climates – not such great partners with food." ChristieL, Distributor, OK
- "I agree about the critter wine phenomenon as well. Serious damage to the reputation of finely produced Australian wines that actually display balance and finesse. Fruit bombs do not go well with food, so I understand the perception of many foodies and restaurant euros to stay away from Australia. That said, even doing a blind tasting at a restaurant can restore some faith in the region." KymberlyH, Distributor, OH

The distributors were also asked to differentiate between the barriers selling to on-premise versus off-premise. The prevailing view is that off-premise is a more difficult sale due to retailers' reticence to buy Australian wine that may sit on the shelf. It was noted that on-premise has the advantage of selling off wine by the glass if it is not a success:

- "Off premise is tougher… The wines just are not moving off the shelf." KymberleyH, Distributor, KY
- "The greatest barrier to selling in off-premise accounts is that the wines simply do not move off the shelf." BradleyS, Distributor, CA
- "Retail is more price conscious since they may be sitting on inventory and cannot pour something off by the glass on special." AmberC, Distributor, GA

Australian wine not being considered "hip" was mentioned as a barrier when selling to on-premise accounts:

- "Australian wines are just not hip… I call on higher end accounts where perception of 'coolness' is everything for them, and I would say that Australia would be the last place in the world they would turn for wine. They see Aussie wine as a commodity, and that is everything they are trying to distance themselves from. When I do sell to them it is on taste, when they recognize obvious quality and want to share it with their customers." BradleyS, Distributor, IN
- "Australian wines are not seen as hip. That matters a lot in independent restaurants trying to compete and win in the marketplace." KymberleyH, Distributor, KY

Importers

The key barriers for importers start with the exchange rate, and extend into the value category, competition with wines from other countries, barriers tied to the distance between Australia and the U.S., and overcoming trade perceptions of Australian wine in this country:

- "Exchange rate constraints, perception of category by gatekeepers and influencers – not necessarily consumers, distance to travel (bringing people to experience Australia firsthand will never be as easy as California), great value offerings from Spain and South America." KathyM, Importer

Barriers related to lower end value wines included their image and declining demand, and for higher end wines, competing with the value segment for shelf space:

- "Declining category. Image of 'not serious', cheap, 'critter' wines." RobertJ, Importer, VA
- "Value wines 1) low profits = smaller A&P budgets to invest behind marketing programs & less distributor focus; 2) declining category; 3) shrinking shelf set (average # of items declined over 7% in the past year); 4) general lack of interest in the category; and 5) fewer opportunities than previous years to promote Australian wines at retail" MattF, Importer, NY
- "Another barrier to selling Aussie wines, value wines in particular, is the fact that very large wine producers and suppliers align themselves with very large and powerful wholesale distributors and leverage their way onto many shelves…tying their brands to other more desirable items – to the extent that many a retailer has all of their shelf space tied up with thirteen SKUs each from brands X and Y. This leaves no room for those who are neither large nor powerful. This is capitalism, I know, but is a barrier still." RobertJ, Importer, VA

Barriers faced at the distributor level included inventory issues, competition from other regions, and the residual effect of discount pricing:

- "The most typical barriers when selling to a wholesale distributor are: 1) we already have Australia covered; 2) we can't sell what we already have, and don't need another brand; 3) no one is asking for Shiraz anymore; 4) Australia had their run, it is Argentina's turn now; and higher-end wines, above $22.00/btl, are almost unsellable and need a loyal base or tremendous review to sell." RobertJ, Importer, VA
- "We don't sell many value wines. On the higher price points ($15+) they expect a better price because we typically delivered one for a decade or more. In addition they realize the category has suffered and the inventory dumping that occurred in 2009 and 2010 didn't help our efforts to rebuild some value into the market. Additionally the reduction of support in better restaurants is alarming for AUS." RobB, Importer, CA

Other barriers are simply logistical:

- "The barriers I deal with on a day-to-day basis are very logistical: 1. longer lead times due to the physical distance of Australia from the US – this often makes it much more difficult for us

to compete and react to competitive domestic brands or meet the requirements of particular retailer programs; 2. the more complicated infrastructure required to get wine from Australia to US retailers can sometimes lead to inventory management and quality issues." --JonathanL, Importer, NY

A few importers spoke about how it is difficult for the trade to sell Australian wines when they have little knowledge of or experience with Australian wines:

- "The fact that the trade rarely gets to experience the wine regions first hand is a major challenge. Especially when it comes to liquor stores/fine wine shops where many of the consumer purchases are driven by the recommendation of the wine buyer/expert for that particular store. If they do not feel comfortable telling the story of the particular merits of an appellation or region from Australia, they will default to California and other more accessible regions. There is no obvious solve here, but it is something that we need to get better at addressing as an industry." MattF, Importer, NY

Retailers (on- and off-premise)

Australia's reputation as a low end value wine producer was identified by on- and off-premise respondents as a significant barrier when selling higher end Australian wine:

- "I think that the infiltration of so many low end Australian wines eventually hurt the consumers perception of Australian wines in the U.S. The perception being that all Australian wines are low end." CaraS, On-Premise, UT
- "I definitely agree the flood of cheap Aussie wine make it more difficult to sell higher priced selections due to guest perception. Higher end fine wine from Australia is a definite hand sale. Some people turn nose up before you even finish a sentence, but with time and more positive press it can slowly turn back around." JenniferS, On-Premise, IL
- "As I alluded in the previous question, the primary barrier is a general lack of knowledge among consumers. Add to that the prevalence of low-cost producers such as Yellow Tail, Monkey Bay, Three Penguins, etc. and Australia has set themselves up for the stigma that Australian = cheap. We educate our customers on what's good and what's not and are frequently please to convert (or at least broaden the horizons of) a devout California drinker. We stress that while Australia does offer many excellent approachable wines to satisfy any pocketbook, you don't have to settle for whatever cartoon-emblazoned bottle you see on a supermarket end cap." RichardO, On-Premise, FL

Subsequently, a lack of education and knowledge of the array of Australia's wine offerings was also cited by these respondents as a top barrier:

- "The biggest obstacle in the value versus expensive category is getting people to understand the world of difference between the two, grape juice vs heaven on earth. Always a challenge!" JohnS, Off-Premise, VA

- "Staff education, I believe, is key." StefanW, Off-Premise, NY
- "The primary barrier is a general lack of knowledge among consumers." RichardO, On-Premise, FL
- "I think education and marketing are the key barriers here as well. When customers are looking to upgrade in price point they begin with familiar regions – Bordeaux, Burgundy, Napa, etc. Australia has done nothing to reach out to these consumers and therefore the category is stuck at the value end." MelissaD, Off-Premise, MD
- "I believe there is a lack of knowledge of the range of Australian wines. Educating the consumers – through the sales force – about the differences in regions and styles that Australian wines offer. The barriers could be solved with a good marketing and education program. As an example, in the restaurant setting, servers and bartenders sell more of a specific wine just after a tasting/training session… the information that was just shared comes out onto the floor, and more of that wine is sold, despite its price point. Yes, budget is always at play… but the right information AND enthusiasm for the product can improve sales." RafaelD, On-Premise, FL

Other obstacles brought to the attention of the group were brand loyalty and knowledge of Australian wine based only on word-of-mouth and advertising:

- "Consumers are trained to know certain Australian brands I feel. Very few want to branch out. They know certain brands and they stick with them. When it comes to trying to sell them their bottle at $15, for another bottle over $15+ they don't recognize, they are reluctant. The Yellow Tail, Lindemans, Penfolds brands etc… have been around so long, with so many options, they don't have to leave that brand to find what they want. Shiraz to Shiraz/Cab, Merlot to Shiraz. Lindemans for $7 - $8, reserve label for still under $14…" JustinG, Off-Premise, CO
- "The biggest barrier I see when selling inexpensive to expensive wine is brand loyalty. Yellow tail has done a great job at marketing their brand. Many people will not buy anything else because they have never seen it on ads." JamesH, On-Premise, CA.
- "Many consumers think Aussie wine is a value. They are right for the most part. The drawback is in the attempt to upgrade them to a better wine, brands they are not familiar with." JohnM, Off-Premise, MD
- "The customers are TV watchers and look for Skinny Girl and whatever else pops up on TV, or is sponsored by a rap artist. My customers have uneducated 'new world' palates and drink what their friends drink without hesitation." JustinG, Off-Premise, CO

6.5 Differences between consumer and trade perceptions

Summary

Responses were mixed as to whether consumer perceptions of Australian wine are more positive than or on par with trade perceptions.

Discussion Groups

Distributors

The distributors were also asked if they thought the consumer perception of Australian wine is more positive or negative than that of the trade. The overall consensus was that consumers have a slightly more favorable perception than the trade, or their perceptions are on par with that the trade. Respondents noted that many consumers buy Australian value wines (such as Yellow Tail), but they think this may be due to familiarity, price, and "because they think it's safe, not necessarily good." The high regard the trade has for higher-end Australian wines has trickled down to only a small group of consumers:

- "I think it depends on the consumer, but generally slightly more positive than the trade. I'll see people who will pick up 3 bottles each of a red and white Yellow Tail for a party because they think it's safe, not necessarily good." JonD, Distributor, NJ
- "I think the trade is pessimistic about Australia because the wines just don't sell to the consumer, so I would say that both are similar in their perspective." BradleyS, Distributor, IN
- "Trade will buy what consumers will buy. Many consumers have been disappointed in quality/price ratio and also have been confused with the product in the bottle. Shiraz has such a wide variance in taste (over-ripe, high extraction, oak, no-oak, etc.) Chard has moved from oaked to un-oaked, tropical to lean. If you don't have a realistic expectation, you drink elsewhere." DavidW, Distributor, AZ
- "I do think the perception has been pretty consistent at least over the last 3-4 years. There was a time, I'm thinking about 6 years ago or so, that mid and high tier Aussies were still considered hot property. Critter wines were already in the wane, but the prejudice had not filtered down (or up) to the better wines. As the critter wines continued to flood the market, the public seemed not to allow for such disparity in the wines from Australia. I think the perception issue began with the trade and filtered to consumers, who saw many more choices, and went in different directions. Also, consumer tastes have somewhat drifted from the fruit bomb to a little more balance and many Australians seemed a bit one dimensional, whether that's a fair perception or not. The main things I see with consumers now, are that Australia is not the overwhelming value it used to be, and it is not the 'in' country to buy from." KimberlyH, Distributor, OH

As discussed in 6.3, distributors believe that many consumers do not know much, if anything, about the diversity of Australian wines and what differentiates them. There was a big emphasis on the need to educate consumers in this area.

Importers

There was a fairly general consensus among importers that consumers' perceptions of Australian wines are better than the trade's:

- "In general, the consumers we have spoken with still see it as region that delivers consistent quality at a value price. As RobB pointed out, the negative perceptions are much stronger with the trade versus the general consumer base. Many consumers put Australia on par with California but they just do not have many opportunities to explore the category due to how and where it is merchandised at retail." MattF, Importer, NY
- "The trade are far bigger naysayers than consumers we engage. The distributor will parrot what they hear at retail. Retailers respond to the trade rags or incomplete category info (i.e. grocery chains scan data). On premise simply moves on to the newest hottest import category (NZ, Argentina) and leaves France and Italy relatively intact on their wine list while reducing support for AUS." RobB, Importer, CA

Retailers (on- and off-premise)

There were a few participants who mentioned how the trade and consumers are being cautious when choosing Australian wine—the trade not wanting to take the risk of going "all in" if they'd been burned in the past, and consumers not sure of the quality they'll find in value wines:

- "I find the trade in general to be much more wary this time around. They see the recent positive trends and general rise in quality of Australian wine, but they don't want to take the risk and go 'all-in' like they did a few years ago." StefanW, Off-Premise, Off-Premise, NY
- "Customers are still weary of the inexpensive Shiraz with critters on the labels… Our Australian buyer has noticed more traditional wines coming back again, moving away from overly jammy fruit driven wines. The customers are also moving away from overly oaked Chardonnay to more Burgundian style wines." MathewB, Off-Premise, CA

A few participants discussed how they believe ratings play a part in perceptions of Australian wines.

- "Both the trade and consumers are/were hung up on the numbers game. They never fended for themselves and established why they liked a wine or why they didn't. This was very frustrating! Parker and the Wine Spectator are two examples of irresponsible writing that consumers believe. At least we all understood what Parker was writing about. I knew I would not care for any wines over 95 points. I was more inclined to deal with wines in the 82-90

point range. The speculator is based on how much you spend in advertising and not the actual quality in the bottle! Just my opinion!" JohnM, Off-Premise, MD

- "Problem with many new writers on WA, WS is limited knowledge of the categories when they assign them to new countries. Rather than hire experts, they learn the category on the job…. Wrong." ChuckH, Off-Premise, CA

Caution should be used when interpreting all trade comments on consumer perceptions. Past research using parallel surveys has shown that sometimes the trade is accurate on consumer perceptions, sometimes they are a leading indicator, and sometimes they are simply incorrect on a quantitative basis.

7. OUTCOME/CONCLUSION

The primary objectives of the project were to gain an understanding of the thinking and motivations of key members of the US wine trade and to explore barriers for developing premium Australian wine sales in the US wine market. This section addresses how the project performed against the key objectives, and in particular:

- The motivations and drivers of each of the key players in the US trade (section 7.1)
- The key variables affecting the trade's image of Australian wine (section 7.2)
- The trade's perceptions of Australian wine and a list of the Australian wine category's strengths, weaknesses, opportunities and threats as defined by the trade (section 7.3)
- The critical areas that are constraining the growth in the sales of Australian premium wine (section 7.4)
- The differences between perceptions held by the US consumer and those of the trade in relation to Australian wine (section 7.5)

The project achieved the set objectives, however, the differences between perceptions held by the US consumer and those in relation to the Australian wine could not be answered definitively as this study obtained the views of the trade only, not consumers.

The key conclusions include:

- When selling imported wines in the US, the two most important drivers and motivations identified by the trade were style or flavour of the wine and consumer trends in purchasing styles, or types of wine, or wines from a particular region (refer to section 7.1)
- Value at all price levels was believed by all tiers of the trade to be a key market driver. However, the lower end "value" wine was not the price category highlighted in this regard. The trade believes that consumers are today looking for value in mid-priced wines ($15-$25) where they feel more confident they will find quality (refer to section 7.1)
- The future of Australian wine/opportunity for growth lies within these mid-high price points (refer to section 7.1)
- All tiers of the trade also mentioned blends as "hot" in the US. As some of these wines are Syrah (or Shiraz) based, this is a market in which Australian wines are well placed to compete (refer to section 7.1)
- The two key variables that have impacted on the trade's (and consumers) image of Australian wine are (refer to section 7.2):
    - Confusion over what the Australian category offers both trade and consumers; and
    - Inventory levels
- Discussion respondents in all trade tiers see the trade as having a less favourable perception of Australian wines than they did in the past, primarily due to the "critter" phenomenon (refer to section 7.3)

- The perception that Australia only produces “jammy” high alcohol wines is gradually changing, as the trade is beginning to perceive higher quality wines in a different style coming from Australia that they believe are matching up with changing tastes in the US among both the trade and consumers (refer to section 7.3)
- Trade respondents also have very high regard for Australian high-end wines. They see Australia producing wines in styles unlike the “fruit bombs” on which their reputation was built. However, they believe this perception has only trickled down to a small group of consumers (section 7.3)
- Australian wines’ most promising attribute, identified by all tiers of the trade, is the variety of quality wines produced that express the terroir of Australia’s diverse wine regions. This is an area where more education was suggested, for both the trade and consumers (refer to section 7.3)
- The quality to price ratio that Australia offers is still a top attribute from the importers’ perspective (refer to section 7.3)
- Australia’s reputation as a lower-priced value wine producer is a key barrier constraining growth in sales of premium Australian wine. It was suggested that future growth is possible if mid/higher tier wines are promoted and “critter” wines deemphasized (refer to section 7.4)
- Lack of awareness of Australia’s diverse regions is also a critical barrier constraining growth (refer to section 7.4)
- The challenge for Australian producers is enlightening the trade and general consumer on the differences in Australian wine regions and the diversity that they have to offer (refer to section 7.4)
- Trade education is the key and will impact on the end consumer. Education programs with clear and simple objectives are most effective (refer to section 7.4)
- Other barriers constraining growth include unfavourable exchange rates, challenges in the off-premise, Australia is not seen as “hip” in the on-premise, logistics, competition from other countries, and discount pricing (refer to section 7.4)
- Responses were mixed as to whether consumer perceptions of Australian wine are more positive than or on par with trade perceptions (refer to section 7.5).

7.1 The Trade's Motivations and Drivers

What drives and motivates the trade?

When selling imported wines in the US, the two most important drivers and motivations identified by the trade were (refer to pages 15-16 for detail):

- Style or flavour of the wine (68% of respondents indicated it was very important)
- Consumer trends in purchasing styles, or types of wine, or wines from a particular region (53%)

A range of other factors were identified as being important, but not to the same extent as the two cited above. They were, in order of importance:

- Trade perception of demand for the wine (33%)
- Programming to boost margins or affect pricing of the wine (32%)
- Activities by organizations to promote the country or region's wine (30%)
- Level of inventories of the wine at wholesale or retail (27%)
- Incentives to sell or feature the wine (27%)
- Exchange rates vs. the dollar (21%)

The message is clear that wine style, flavor and region are front of mind with the key players in the US trade.

What are the trade's key drivers to growing market share?

There were some consistent drivers across the three tiers in what the trade views as the keys to growing market share for the wines they represent (refer to the table on page 75). The six broad factors cited were:

- Product offering – understand the customer; innovation is vital; wine quality, value and style must match target consumers and occasions; over-deliver on quality
- Brand – maintain awareness, relevance and a clear proposition that resonates with trade and consumers
- Marketing – must be focused and targeted
- Relationships – engage with key influences; build ambassadors; collaborate with trade partners; provide incentives
- Education – provide trade with training and up-to-date and detailed product and category information
- Tastings – offer to the trade, key influencers and consumers

The table below lists the key factors cited by each of the trade tiers that lead to success in growing market share (refer to pages 17, 18, 19, 21, 22).

Distributors	Importers	Retailers
Keeping shelf talkers up to date	Offering the right range of products and wine styles for target consumers and target occasions, including staying ahead of new category innovations	Product knowledge and expertise
Tastings for the trade, “decision makers,” and consumers	Brand relevance and awareness with both consumers and gatekeepers to maintain share of mind in an increasingly crowded category	Offering quality and value at all price points
Product information – “knowledge,” “access to detailed information”	Tasting, talking to and engaging key influencers in the market - broadcast samples to the press & trade for reviews & opinion	Knowing the customer and their “pocketbook”
Staff trainings on- and off-premise	Providing quality wines that beat competition in its price tier	Communicating with your customers, and providing great service
Merchandising – large displays, “flashy” POS	Working with sales/distributor/retailer partners to ensure the brand maintains a strong in-store presence	Differentiating your establishment from your competitors
Social media for younger generations	Build ambassadors within the distribution network – engage the eager, keen and motivated sales talent	Tastings
Good pricing	Continue to over-deliver on quality, focusing on the premium category	
Cold box displays	Provide a clear and compelling brand proposition that can be translated on the shelf	
Focused marketing on specific account types	Good distributor and retail account relationships with simple and fair objectives and rewards	
Specialized target initiatives for the sales force	Good reviews, with good communication through PR	
Incentives for sales reps	Sales and marketing organizations that work collaboratively	

What is the trade's view on the trends or factors that are the main drivers of the market?

Value at all price levels was believed by all tiers of the trade to be a key market driver. However, the lower end "value" wine was not the price category highlighted in this regard. The trade believes that consumers are today looking for value in mid-priced wines ($15-$25) where they feel more confident they will find quality. The future of Australian wine/opportunity for growth lies within these mid-high price points (refer to pages 18, 20, 21, 23, 27- 30, 32, 38, 39, 45, 56).

Australia has been "left behind" in the lower end value wine category by competition from California, Argentina, and Chile (refer to pages 18- 20, 29-30, 42).

All tiers of the trade mentioned the sweet wine trend. Although led by Moscato, they acknowledged that sweet red, white, and sparkling wines are playing a role in this trend (refer to pages 18, 20, 23, 24, 32).

All tiers of the trade also mentioned blends as "hot" in the US. As some of these wines are Syrah (or Shiraz) based, this is a market in which Australian wines are well placed to compete (refer to pages 20-21, 30).

7.2 Key variables affecting the trade's image of Australian wine

The two key variables that have impacted on the trade's (and consumers) image of Australian wine are:

1. Confusion over what the Australian category offers both trade and consumers; and
2. Inventory levels

Confusion over Australia's offer

Australia has image issues in the US. Australia is often placed in two categories, neither fitting all of the needs of the trade/consumer:

- Cheap/commercial/critter wines
- Expensive/over-extracted/high alcohol

Due to the influx/success of "critter wines", Australia's image in the US is predominantly as a provider of "cheap and cheerful" commercial wines. Critter wines are predominantly Australian, feature images of cute animals on the label such as kangaroos, penguins and koalas and are generally cheap, very fruity and easy to drink. The success of Yellow Tail in the US resulted in a wave of other brands employing similar labels and marketing strategies. This created the homogenized critter wine category. While some wineries have been successful, the flipside is because they have become so numerous and prominent, they have undermined Australia's reputation as a premium and diverse wine producer. There now appears to be a stigma attached to these wines. Adding to the problem for Australia is that consumers are growing tired of these wines and/or are switching to other countries at the value end of the market.

All tiers of the trade discussed that "critter fatigue" due to an oversaturation of the lower end value market with Australian wines of inconsistent quality overshadows the higher priced/higher quality wines coming from Australia in the minds of the trade (refer to pages 23, 29-30, 35, 39-42, 48, 50, 52, 64-65, 67).

At the other end of the spectrum, is Australia's image as a producer of expensive, "jammy" high alcohol wines, the so-called "Parker effect" (refer to page 30, 39-41, 57). The trade also suggests that consumers are tiring of these wines, further damaging Australia's image (refer to page 30).

The trade suggests that the US consumers interest has moved to wines that express terroir and sense of place (refer to pages 30, 32, 35, 42). Australia should be well-placed to take advantage of this trend, but Australia's reputation for value wines and jammy, high alcohol wines is hurting the category's ability to sell premium wines. Acerbating this image is a general lack of knowledge among both the trade and consumers of Australia's diverse regions (refer to pages 44, 49, 50, 53, 59, 68). However, the trade acknowledges the diversity of the Australian category is a compelling story to tell (refer to pages 44-45, 49, 51, 53, 58-60).

Inventory levels

Australian wine inventories have been managed to the point where most participants seem to have reached a comfortable inventory level (refer to pages 26- 28, 31-34, 66).

Over the past few years participants believed that distributors have decreased inventory due to decreased demand and wineries producing less, but have experienced slow inventory increases as of late. They have managed inventory by dropping unsuccessful Australian wines. Lower inventories and long lead times may result in out-of-stocks at times. Allocated wines tend to be the products that move quickly, and they have had success with mid-priced wines in this regard. New product introductions (sweet wines and new blends from Australia, for example) have also boosted inventory.

Like distributors, retailers also report broadly reduced their inventories in recent years and are now slowly rebuilding. To manage inventory, retailers are carrying fewer Australian SKUs, keeping less stock, and dropping low performers. High-end allocations and special order wines are taking the place of large inventories of lower end wines.

The discussion regarding inventory among importers was mostly about how it has improved. They have gotten inventory under control by increasing forecast accuracy, reducing "safety stock," and purchasing less.

Inventory levels have a significant impact on the trade's image of Australian wine. With the 3 tier system in the US, there are multiple opportunities for product to be back-logged and suffer from an in-balance of sales pull-through, be that as a sale to the importer from the winery, to the distributor (s) from the importer, to the trade from the distributor, and to consumer from a retail/restaurant account. At each step, there is considerable risk to the image of Australian wine.

Over loading stock, and lack of pull through has been a concern for all wines through the recession years. The results of inventory off-balance have been inability to sell through stock, resulting in old vintages in warehouses or on shelves. This has led to a sales burden and thus reduced enthusiasm from sales staff all through the tiers (importer – distributor – account). While this has not been a unique challenge to Australia – it has been a prolonged and likely more extreme case for Australian wines. Where others seemed to recover post-recession, Australia seemed to still be faced with unresolved inventory issues.

The perception of Australian wine as a 'tough sell' and a considerable risk to sales quotas has been pervasive since 2007-08, with negativity stemming from distributors and trade, and thus influencing their peers and creating a vicious cycle.

Inventory levels also impact on pricing. Drastic measures to move stock include discounting, which has exacerbated the Australian wine image as cheap and encourages consumers to buy discounted/cheap Australian wine. The vicious cycle then ensures that consumers will continue to view Australian wine based on price, particularly associated Australia with a trade down bargain.

7.3 Trade's perceptions: Australian wine category's strengths, weaknesses, opportunities and threats

Discussion respondents in all trade tiers see the trade as having a less favourable perception of Australian wines than they did in the past, primarily due to the "critter" phenomenon (refer to pages 40-41, 52).

The perception that Australia only produces "jammy" high alcohol wines is gradually changing, as the trade is beginning to perceive higher quality wines in a different style coming from Australia that they believe are matching up with changing tastes in the US among both the trade and consumers (refer to pages 40, 52-53).

Trade respondents have very high regard for Australian high-end wines. They see Australia producing wines in styles unlike the "fruit bombs" on which their reputation was built. However, they believe this perception has only trickled down to a small group of consumers (refer to pages 42, 53).

There is recognition of new Australian brands in the market – regionally branded – with both trade and consumer acceptance (refer to pages 34, 59).

Australian wines' most promising attribute, identified by all tiers of the trade, is the variety of quality wines produced that express the terroir of Australia's diverse wine regions. This is an area where more education was suggested, for both the trade and consumers (refer to pages 42-43, 53, 57-60).

It was generally agreed that regional appellations are expressions of quality, however only if the trade and consumers know what differentiates each region and understand the quality associated with those appellations (refer to pages 44, 58-59, 70).

The quality to price ratio Australia offers is still a top attribute from the importers' perspective (refer to pages 53, 70).

The figure below summarizes the trade's view of the Australian wine category's strengths, weaknesses, opportunities and threats, based on the conclusions that are outlined in sections 7.1, 7.2, 7.3 and 7.4.

Strengths	Weaknesses	Opportunities	Threats
• higher quality wines in a different style coming from Australia • Trade respondents have very high regard for Australian high-end wines • quality to price ratio Australia offers • consumers see Australia as a provider of good wines at a good price	• perception of Australian wine as "cheap and cheerful" created by the influx of "critter" labels • perception of Australian wine as "jammy" high-alcohol wine. • the distance between Australia and the U.S. make for long lead times and high transportation costs	•the variety of quality wines produced that express the terroir of Australia's diverse wine regions •high-quality wines are matching up with changing tastes in the U.S. among both the trade and consumers. •blends are "hot" in the U.S. Syrah (or Shiraz) based blends are a market in which Australian wines are well placed to compete.	• regional appellations are expressions of quality, however only if the trade and consumers know what differentiates each region and understand the quality associated with those appellations • the unfavourable exchange rate seen as the key barrier to future growth for Australian wine • competition from other regions

The word cloud below summarizes the attributes of Australian wines that are best positioned for growth in the US market and what makes them appealing to the trade and consumer. The purpose is to highlight the characteristics that Australian wine producers need to emphasise in addressing the current barriers to growing premium Australian wine sales in the US. Diversity is the stand-out, along with premium, quality, regional wines, and to a lesser extent, Shiraz.

Most appealing attributes of Australian wine



7.4 Critical areas constraining growth in sales of premium Australian wine

The trade identifies eight critical areas constraining growth in sales of premium Australian wine in the US market:

- Australia's reputation as a low-priced value wine producer
- Lack of awareness/understanding of the diversity of Australian wine regions
- Unfavourable exchange rates, particularly with importers
- Challenges in the off-premise
- Australia is not seen as "hip" in the on-premise
- Logistics
- Competition from other countries
- Discount pricing

Australia's reputation as a lower-priced value wine producer is a key barrier constraining growth in sales of premium Australian wine. It was suggested that future growth is possible if mid/higher tier wines are promoted and "critter" wines deemphasized (refer to pages 64-65, 67-68).

Lack of awareness of Australia's diverse regions is also a critical barrier constraining growth (refer to pages 66-68). The challenge for Australian producers is enlightening the trade and general consumer on the differences in Australian wine regions and the diversity that they have to offer. Trade education is the key and will impact on the end consumer. Education programs with clear and simple objectives are most effective. The trade appreciate being empowered by education, and carrying that forward with their customer, often changing perceptions long the way. This can then lead to increased sales.

The current exchange rate (at parity) is a barrier mentioned by all tier groups, but most often by importers. Importers see the unfavourable exchange rate as the key barrier to future growth for Australian wine (refer to pages 56, 65).

The prevailing view among the distributor group is that off-premise sales are more difficult than on-premise sales because retailers are more reticent to buy an Australian wine that may sit on the shelf (refer to page 68). On-premise sales have the advantage of selling off wine by the glass if it isn't a success. However, another barrier mentioned was that for some on-premise accounts, Australian wine is no longer "hip" (refer to page 65).

For importers, there are some logistics issues inhibiting growth (refer to page 66). The distance between Australia and the U.S. make for long lead times and high transportation costs.

Competition from other regions is a barrier for all trade tiers, especially for the lower end price points, but also between lesser known Australian brands and large established brands for shelf space (refer to pages 65, 71).

Discount pricing in the past has led to lower pricing expectations among consumers (refer to pages 65-66).

7.5 Differences between consumer and trade perceptions

Responses were mixed as to whether consumer perceptions of Australian wine are more positive than or on-par with trade perceptions.

Some members of the trade who participated in discussion groups perceive consumer perceptions as being more positive than the trade's, as they believe consumers simply see Australia as a provider of good wines at a good price (refer to pages 69-70).

Others thought trade and consumer perceptions were similar, as "the trade will buy what consumers will buy" (refer to page 69). Some have observed consumers being equally cautious as the trade when they buy lower end Australian wine.

Overall, while there is not a definitive answer, based on the responses it is felt that there could be significant differences in perception of Australian wine for the end-consumer and the distributors/trade. Consumers have been consistently positive about the value, flavors, and enjoyment of Australian wine through feedback at consumer wine, food and music events across the US. Wine Australia staff, as well as importer staff, report on very enthusiastic consumers and a great deal of positivity about Australian wine – as well as questions about why it's more difficult to find Australian wines today. The different perceptions were based on the distributor/trade sales challenges due to inventory/pricing. It can be argued that consumers didn't turn away from Australian wine, but instead not buy as much, not spend as much (during the recession trade-down trend), and shift to other imports and domestic wines that were in the popular spotlight.

The results pointed to challenges in the category logistics, pricing, and marketing within the trade but perhaps not due to an overwhelming dislike for all Australian wines. Distributors/trade defended their sales struggles with claims that consumers didn't want Australian wines. This study has shown that if the trade were more confident in consumer interest in Australian wine that would they feel re-energized and thus review their portfolios and get behind the Australian category again.

How can this be overcome? US consumer research would be very helpful to highlight current consumer interest in Australian wines and to identify the wine styles and price points that they want. The research results, particularly if positive, would be a strong endorsement for the category, a confidence-building tactic for importers/distributors/trade, and a call-to-action for the sales teams to take advantage of an untapped opportunity.

8. RECOMMENDATIONS

The results of the study highlight regionality and diversity, as well as premium price points, as consistent areas of interest and opportunity for Australian wine in the US. However, the barriers identified (see section 7.4) in growing premium Australian wine sales in the US need to be addressed.

The prevailing view is that South America and US wines now own the commercial space – suggesting that Australia's efforts should be focused on higher price-points.

The recommended actions for Australian wine producers, importers and peak representative bodies to address the barriers that are constraining premium Australian wine sales in the US are:

- Engage in education activities (with trade, distributors, consumers) which focus on clear/straight-forward regional and premium messaging focused on the $15-$25 price points
- Empower the trade who are supporters to become brand ambassadors for you; empower them to promote and engage their power-base
- To grow demand for premium, regionally-labelled Australian wines, ensure distribution and availability of these wines to the US consumer
- Review how distributors are managed - look into ideas/opportunities to provide incentives AND educate distributors
- There is a need to manage and mitigate supply chain issues that can disadvantage the Australian category – maintain a well-oiled supply chain to keep the lead times and other logistics under watch and to a minimum.

9. APPENDIX 1: COMMUNICATION

Throughout the project there has been regular communications between the key project members, covering areas such as the survey questions, discussion guides, participation in the discussion groups and the results and conclusions.

10. APPENDIX 2: INTELLECTUAL PROPERTY

There is no specific intellectual property developed from this research project.

11. APPENDIX 3: REFERENCES

There are no specific references to other publications.

12. APPENDIX 4: STAFF

The following persons were involved in the project:

Wine Australia Corporation

James Gosper

Angela Slade

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Wine Opinions

John Gillespie

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Winemakers's Federation of Australia

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13. APPENDIX 5: WINE OPINIONS REPORT



Wine Australia

Vintrospectives Trade Discussion Groups

April 16, 2013

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Introduction

Wine Opinions is an Internet-based research company focusing on the attitudes, behaviors, and taste preferences of the segment of U.S. wine drinkers who are the most frequent purchasers and consumers of wine. To this end, Wine Opinions maintains one of the largest online panels of highly involved wine consumers ever assembled. Wine Opinions also maintains a U.S. wine trade panel that includes wine producers, growers, importers, distributors, those who work on-premise and off-premise, members of the wine media, and others.

In addition, Wine Opinions uses a hybrid form of online discussion groups called Vintrospectives for qualitative research with targeted respondents of interest to clients of Wine Opinions. This methodology allows participants to comment on discussion topics and interact both with one another and with the Wine Opinions discussion moderator. Wine Opinions conducted four Vintrospectives groups for Wine Australia to seek insights on the U.S. wine market in order to refine its promotional approaches with the goal of increasing share of market for Australian wines in the U.S.

Objectives, Methodology, and Participants

Wine Opinions conducted four Vintrospectives discussion groups among U.S. wine distributors, on- and off-premise representatives, and importers to explore how to increase Australian wine sales in the U.S. The overall objective of this study was to gain an understanding of the thinking and motivations of the U.S. wine trade in respect to Australian wines, and to explore barriers for developing premium Australian wine sales in the U.S. market.

Specifically, discussion participants discussed:

- ✓ Trends and factors that are main drivers of the market
- ✓ Australian wines carried or represented
- ✓ Changes of inventory levels
- ✓ Changes in Australian wine sales
- ✓ Changes in trade perceptions of Australian wine
- ✓ Most positive attributes of Australian wine
- ✓ Barriers faced when selling Australian wine
- ✓ Australian wines best positioned for growth on the U.S. market
- ✓ Australian promotional activity or event experiences
- ✓ Australian share of market growth foresight

Vintrospectives discussion participants were personally invited to participate in this research project by Wine Australia, Wine Opinions, as well as recruited from the Wine Opinions trade panel. All discussion group participants sell or represent Australian wine. The recruits from the Wine Opinions trade panel were passed through an online screener survey, which served to both qualify recruits for the panel, and provide some quantitative data on trade opinions regarding Australian wines on a national basis.

Discussion groups were organized by tiers of the distribution system. One distributor group, one importer group, and two on-/off-premise groups were conducted. Each discussion group took place over three days in March 2013 and was made up of six to ten participants. In total, 34

members of the trade participated in the four discussion groups. The makeup of each group is detailed on the following pages.

The distributor group included ten participants and was conducted March 5 - 7, 2013. Ten participants were recruited and confirmed for the group, and nine fully participated. The tenth participant was not able to complete all of the questions asked of the group. The composition of the group is depicted in the following table:

Distributor Discussion Group				
Username	**Job Title**	**Company**	**State**	**SKUs**
JonD	Director of Purchasing	Empire Merchants	NJ	>20
KeithB	Southern NJ Regional Manager	Lauber Selections	NJ	>20
KymberlyH	Sales	Heidelberg	OH	>20
BradS	Key Account Manager	RNDC	SC	>20
AmberC	Sales	Unique World Wines	GA	>20
BradleyS	Account Manager	Carroll Wine & Spirits	IN	>20
DaveW	Marketing Manager	Frank-Lin Spirits & Fine Wines	AZ	5-10
ChristieL	Sales Product Marketing Manager	Glazer's Oklahoma	OK	>20
CarolH	Sales	Golden State Wine Company	CA	1-4
BriannaR*	Sales Partner	Verity Wine Partners	CT	11-20

*Didn't answer all discussion questions

There were two on-/off-premise discussion groups. The first on-/off-premise discussion group was conducted March 11 – 13, 2013. Nine participants were recruited and confirmed for the group and six fully participated, four off-premise and two on-premise members of the trade. Three recruits did not join the discussion despite multiple reminders and the option to participate past the closing of the discussion either through the Vintrospectives discussion platform or via email. The composition of this group is depicted in the following table:

On-Premise/Off-Premise Discussion Group 1				
Username	**Job Title**	**Company**	**State**	**SKUs**
StefanW	Australian Wine Buyer	Zachys Wine & Liquor	NY	*
RichardO	President/Owner	Cork & Keg	FL	11-20
JenniferS	Sommelier	Everest Restaurant	IL	5-10
JohnS	Wine Buyer	Whole Foods	VA	>20
MathewB	Wine Sales, Beer/Spirits Buyer	The Wine Club	CA	11-20
CaraS	Wine Director	Stein Eriksen Lodge	UT	>20

*Personally invited to participate/Did not take part in screener survey

The second on-/off-premise discussion group was conducted March 18 – 20, 2013. Ten participants were recruited and confirmed for the group and all fully participated, eight off-premise and two on-premise members of the trade. The composition of this group is depicted in the following table:

On-Premise/Off-Premise Discussion Group 2				
Username	**Job Title**	**Company**	**State**	**SKUs**
ChuckH	Brand Manager/Australian & New Zealand Wine Buyer	J.J.Buckley	CA	*
MichaelY	President	Sherry-Lehmann	NY	*
RafaelD	Food & Beverage	Napa at the Peabody Hotel	FL	5-10
JamesH	Sommelier	Cavallo Point	CA	>20
JohnM	Proprietor	State Line Liquors	MD	>20
JustinG	Store Manager/Buyer	Jordan Wine & Spirits	CO	>20
MelissaD	VP, Domestic Wine Buying & Pricing	Total Wine & More	MD	*
DavidS	Wine Specialist	BevMo	CA	>20
JimB	*Did not specify*	Kroger	OH	11-20
AlfredoR	Assistant Store Manager	UncorkIt	IL	>20

*Personally invited to participate/Did not take part in screener survey

The importer discussion group was conducted March 25 – 27, 2013. Twelve participants from ten companies were recruited and seven participants from six companies fully participated. Three recruits did not join the discussion despite multiple reminders and the option to participate past the closing of the discussion either through the

Vintrospectives discussion platform or via email. An additional participant was not able to complete all of the questions asked of the group. The composition of this group is depicted in the following table:

Importer Discussion Group				
Username	**Job Title**	**Company**	**State**	**SKUs**
FrancoisM*	Brand Director, Yellow Tail	Deutsch Family Wine and Spirits	NY	***
JonathanL*	Brand Manager, Yellow Tail	Deutsch Family Wine and Spirits	NY	***
ReidS	VP, Marketing	Accolade Wines	CA	***
RobertJ	National Account Manager	Kysela Pere et Fils	VA	>20
MattF	Brand Director	Pernod-Ricard	NY	***
RobB	President	Old Bridge Cellars	CA	***
KathyM	Managing Director	Negociants USA	CA	***
RonnieS**	President	Vine Street Imports	NJ	***

*Each answered half the discussion topic questions as Deutsch representatives
**Didn't answer all discussion questions
***Personally invited to participate./Did not take part in screener survey

The results of this study should be considered qualitative and directional, as they are based on a relatively small sample size and a combination of participant experiences and opinions. However, the screener survey results (see Appendix 1) were based on a survey of 383 Wine Opinions trade panelists. After producer, supplier or service industry personnel were screened out, 291 respondents remained who are employees or managers in distributors, on-premise, or retail wine businesses, wine media, wine educators or academics, or work in other wine industry-related jobs. In a random sample, the margin of error at a 90% level of confidence would be 2.1% - 4.8% for a sample size of 291.

Key Learnings

1) Motivations and Drivers

- ✓ Value at all price levels was believed by all tiers of the trade to be a key market driver.
  - However, the lower end "value" wine was not the price category highlighted in this regard. The trade believes that consumers are today looking for value in mid-priced wines where they feel more confident they will find quality.
  - Australia has been "left behind" in the lower end value wine category by competition from California, Argentina, and Chile.
- ✓ All tiers of the trade mentioned the sweet wine trend. Although led by Moscato, they acknowledged that sweet red, white, and sparkling wines are playing a role in this trend.
- ✓ All tiers of the trade also mentioned blends as "hot" in the U.S. As some of these wines are Syrah (or Shiraz) based, this is a market in which Australian wines are well placed to compete.

2) Key Variables Affecting the Trade's Image of Australian Wine

- ✓ All tiers of the trade discussed that "critter fatigue," due to an oversaturation of the lower end value market with Australian wines of inconsistent quality overshadows the higher priced/higher quality wines coming from Australia in the minds of the trade.
- ✓ Inventory has been managed to the point where most participants seem to have reached a comfortable inventory level.
  - Over the past few years participants believed that distributors have decreased inventory due to decreased demand and wineries producing less, but have experienced slow inventory increases as of late. They have managed inventory by dropping unsuccessful Australian wines. Lower inventories and long lead times may

result in out-of-stocks at times. Allocated wines tend to be the products that move quickly, and they have had success with mid-priced wines in this regard. New product introductions (sweet wines and new blends from Australia, for example have also boosted inventory.

- Like distributors, retailers also report broadly reduced their inventories in recent years and are now slowly rebuilding. To manage inventory, retailers are carrying fewer Australian SKUs, keeping less stock, and dropping low performers. High-end allocations and special order wines are taking the place of large inventories of lower end wines.

- The discussion regarding inventory among importers was mostly about how it has improved. They have gotten inventory under control by increasing forecast accuracy, reducing "safety stock," and purchasing less.

3) The U.S. Trade's Perceptions of Australian Wine: Strengths, Weaknesses, Opportunities and Threats

- ✓ Discussion respondents in all trade tiers see the trade as having a less favorable perception of Australian wines than they did in the past, primarily due to the "critter" phenomenon.

- ✓ The perception that Australia only produces "jammy" high alcohol wines is changing, as the trade is beginning to perceive higher quality wines in a different style coming from Australia that they believe are matching up with changing tastes in the U.S. among both the trade and consumers.

- ✓ Trade respondents have very high regard for Australian high-end wines. They see Australia producing wines in styles unlike the "fruit bombs" on which their reputation was built. However, they believe this perception has only trickled down to a small group of consumers.

- ✓ Australian wines' most promising attribute, identified by all tiers of the trade, is the variety of quality wines produced that express the terroir of Australia's diverse wine regions. This is an area where more education was suggested, for both the trade and consumers.

- ✓ It was generally agreed that regional appellations are expressions of quality, however only if the trade and consumers know what differentiates each region and understand the quality associated with those appellations.

- ✓ The quality to price ratio Australia offers is still a top attribute from the importers' perspective.

For Australian wine "weaknesses," see section 4 below.

4) Critical Areas Constraining Sales Growth of Australian Premium Wine.

- ✓ As previously noted, Australia's reputation as a lower-priced value wine producer is a key barrier constraining growth. It was suggested that future growth is possible if mid/higher tier wines are promoted and "critter" wines deemphasized.

- ✓ The current exchange rate is a barrier mentioned by all tier groups, but most often by importers. Importers see the unfavorable exchange rate as the key barrier to future growth for Australian wine.

- ✓ The prevailing view among the distributor group is that off-premise sales are more difficult than on-premise sales because retailers are more reticent to buy an Australian wine that may sit on the shelf. On-premise sales have the advantage of selling off wine by the glass if it isn't a success. However, another barrier mentioned was that for some on-premise accounts, Australian wine is no longer "hip."

- ✓ For importers, there are some logistics issues inhibiting growth. The distance between Australia and the U.S. make for long lead times and high transportation costs.

- ✓ Competition from other regions is a barrier for all trade tiers, especially for the lower end price points, but also between lesser known Australian brands and large established brands for shelf space.

- ✓ Discount pricing in the past has led to lower pricing expectations among consumers.

5) Differences between U.S. Consumer and Trade Perceptions

- ✓ Responses were mixed as to whether consumer perceptions of Australian wine are more positive than or on par with trade perceptions.

    - Some members of the trade who participated in this discussion perceive consumer perceptions as being more positive than the trade's, as they believe consumers simply see Australia as a provider of good wines at a good price.

    - Others thought trade and consumer perceptions were similar, as "the trade will buy what consumers will buy." Some have observed consumers being equally cautious as the trade when they buy lower end Australian wine.

    - Caution should be used when interpreting all trade comments on consumer perceptions. Past research using parallel surveys has shown that sometimes the trade is accurate on consumer perceptions, sometimes they are a leading indicator, and sometimes they are simply incorrect on a quantitative basis.

Wine Australia Distributor Group

Distributor Participant Background

AmberC: Is a sales representative for a distributor in Georgia. She covers accounts in Atlanta and outside markets of Savannah, Statesbro, Macon and Athens.

BradleyS: Is an account manager in Indianapolis, IN. He represents small/family/boutique wines and spirits.

CarolH: Is a sales representative for a distributor in Orange County, California. She covers both on-sale and off premise accounts.

ChristieL: Is a State Marketing Manager for a brokerage in Oklahoma which is part of a multi-state distributor. Their portfolio encompasses everything from luxury wines and spirits to popular brands of the same. She manages approximately 40 suppliers and is responsible for pricing, programming, corporate reporting, and goal attainment, as well as staff training and key account calls.

JonD: Manages the supply chain and all inventory for a large wine and spirits wholesale distributor in the U.S. Northeast. Their portfolio is comprised of major and minor supplier lines, big and small, with over 150 active suppliers, 9,200 SKUs, from everyday to ultra premium.

DavidW: Is a Marketing Manager for a mid-size distributor in Arizona. They distribute wine, beer, and sprits that are mostly value items and small production wines.

BradS: Is an off-premise key account manager for a distributor in Charleston, South Carolina. In addition to selling, he also tries to look at the account through the eyes of the supplier to ensure their brands are represented properly and merchandised correctly.

KymberlyH: Is a sales representative for a distributor in Kentucky. She covers mostly on-premise accounts with a few larger off-premise accounts.

BriannaR: Is a sales representative for a rapidly expanding distributor in New York and New Jersey. She covers both on- and off-premise accounts

mostly in downtown Manhattan and Brooklyn. *(Did not complete all discussion topics.)*

KeithB: Is a regional manager for the fine wine division of a major wine and liquor distributor in New Jersey where he manages nine sales representatives and interacts with all of the key on premise and off premise accounts. His duties include working with winery reps, owners and winemakers, teaching wine education classes, and speaking at wine dinners.

Key Factors (Intro)

Asked in the "Please Introduce Yourself" Discussion topic question: What are the key factors that lead to success in growing market share for the wines you sell or represent?

The following key factors that lead to growing market share were mentioned:

- ✓ Keeping shelf talkers up to date
- ✓ Tastings for the trade, "decision makers," and consumers
- ✓ Product information – "knowledge," "access to detailed information"
- ✓ Staff trainings on- and off-premise
- ✓ Merchandising – large displays, "flashy" POS
- ✓ Social media for younger generations
- ✓ Good pricing
- ✓ Cold box displays
- ✓ Focused marketing on specific account types
- ✓ Specialized target initiatives for the sales force
- ✓ Incentives for sales reps

When asked how Australian wines measure up to the key factors they identified, Australia was said to be doing well on providing quality, but supplier investment had declined. Also mentioned were discounts that fuel Australia's negative reputation for being a country producing lower end value wines.

"My wines are sold on quality and then education, training, promotion and merchandising. My Aussie suppliers have excellent quality, so after that it is up to me to do my job. Their wines meet all the factors I need to sell them. More intangible factors end up being their downfall – unhipness, critter fatigue, Parkerization, etc. My wines really do not suffer from these problems, but the consumer sees them as part of the category." BradleyS, Distributor, IN

"In our portfolio, Australian wines only stack up well in the 'meet supplier goals' category. More should be done with tastings (in markets where legal), sales incentives (especially trips as several others have mentioned here) and more broad-based consumer advertising or exposure in addition to tastings or dinners.

The days of putting a cute label on a bottle and hoping it will sell itself off the shelf are over as there are too many compelling wines available for $20 or less, like the Chapoutier Bila Haut mentioned by Bradley. As Keith said, the critter wines with the best deal that month get the shelf space and this country needs to move beyond that." JonD, Distributor, NJ

"It takes an investment on behalf of the suppliers to swing the price on the lower tier wines in order to be competitive for floor space. Given the squeeze on the Australian market in the past 2 years, I haven't seen much investment on the part of the smaller supplier to be able to be competitive. Conversely, the Australian market share has been decreasing in our markets. Additionally, as the supplier dollars are contracting, some have cut regional managers and have increased the states being covered by their remaining managers thereby decreasing market visibility with market visits, participating in wine events, etc." ChristieL, Distributor, OK

"I would agree that I just don't see the focus on Australia all that often. I have even seen in a few instances where some Aussie wines were "dumped" on a store for cheap such as a disco buggy or a huge display to get rid of inventory at a very cheap price. At the time it's a great deal but it seems that doing things like this certainly don't help the image of the country, which is already hurting. I also think most people think shiraz when it comes to Australian and that seems to be a varietal that is in decline as well." BradS, Distributor, IN

Main Drivers (DT1)

Discussion topic question: Thinking of the U.S. wine industry as a whole, and not just Australian wines, please give us your opinion on the trends or factors you see as main drivers of the market, including examples you might think of as "what is hot and what is not" on the market today.

Values at all price levels are believed by distributors to be driving the market.

"People are still after a bargain. Even in my high end restaurants, the trend is for value!" CarolH, Distributor, CA

"Value products are the volume movers; everyone wants a deal and there is a commodity mentality on varietals." David W, Distributor, AZ

Multiple contributors to the distributor discussion group mentioned Moscato as a market driver in the context of a sweet wine trend. Some think the Moscato craze has peaked. Although "sweet" is considered a trend, sweet reds were only mentioned once as a market driver.

"In my market at the low end Moscato has peaked and consumers are looking for other sweet alternatives." BradleyS, Distributor, IN

"All types of Moscato (rose, red, sparkling, sangria, etc.) remain viable and very active in our market." JonD, Distributor, NJ

"Mostcato remains a category leader as well, although I do think it has peaked, even with the addition of pink Moscato. Sweet reds are doing well, but not keeping pace with Moscatos." KymberlyH, Distributor, OH

"Sweet wines are the rage." DavidW, Distributor, AZ

There were a few consistencies in "hot" wine producing countries and regions mentioned. California was named as a key player in the market.

"I see that Australia is dying fast and same priced California table wines are catching on big time… I see the main focus on buyers in my market is California $5 - $12 price points." BradS, Distributor, SC

"California is still the driving sector in our market, both on and off premise, with Washington and Oregon hot on its heels." KymberlyH, Distributor, OH

"California rules and volume is in grocery placements." DavidW, Distributor, AZ

Australia was brought up in the context of "what is hot and what is not" as a wine region with only certain categories of wines doing well with certain groups of customers.

"Australia is a very slow category, except for high scoring, Top 100 products at perceived value prices." DavidW, Distributor, AZ

"Australia is floundering, unless there are very high scores involved." KymberlyH, Distributor, OH

"Any value 1.5 priced at $8.99 or lower is hot and 750s at 2 for 10 are also very popular. BradS, Distributor, SC

South America, specifically Argentina and Chile, was mentioned as a "hot" region. Portugal, France (Burgundy and Rhone specifically), estate-bottled German wines were also mentioned. However, only South Africa was mentioned more than once, and in this instance only twice.

Malbec was named by two distributor participants as being a varietal leader. Merlot was mentioned by two as doing well, while one respondent described Merlot as being "dead." Sparkling was mentioned (Prosecco specifically), sweet red wines were mentioned, but only by one participant each.

On the high end, distributor respondents noted specific types of wines that are making progress, and others that are not.

"Luxury names with pedigree - Opus One, Duckhorn, etc. have seen significant growth while ultra premium labels have seen a slowing in sales." ChristieL, Distributor, OK

"It is still rare to see bottle placements on premise that are successful over the $100 price point. There's still a lot of caution in my sector." KymberlyH, Distributor, OH

"Hot: wines retailing for $50." KeithB, Distributor, NJ

Australian Wines (DT2)

Discussion topic question: What kinds of Australian wines do you sell or represent, by type, variety, and price point?

A variety of Australian wines are represented by the distributor discussion group participants. There were a range of Australian wine categories represented, from "boutique," "smaller production," "prestigious," "small family" produced wines to "critter labels" and "bulk suppliers." Retail prices represented ranged from under-$10 retail and "1.5's in the $5 – $8 category" to $100, with a mention of a $435 Henschke Hill of Grace.

The following varietals were represented by the distributor discussion participants. Shiraz was the most widely represented.

- Chardonnay (Margaret River)
- Un-oaked Chardonnay
- Shiraz (single vineyard reserve, and sparkling, Barossa, hilltops, McLaren Vale, Margaret River, Yarra Valley) mentioned)
- Cabernet (Margaret River)
- Cabernet/Sangiovese Blends
- Cabernet/Petite Verdot Blends
- Cabernet/Shiraz
- Grenache
- Riesling
- Viognier
- Malbec
- GMS
- Sauvignon Blanc/Semillon (Margaret River)
- Pinot Noir (Yarra Valley)

Respondents mentioned carrying wines from South and Western Australia, as well as "remote" parts of Australia, without naming a specific brand or varietal. Alluded to by one participant here, and discussed later in this report, is the high regard the trade has for quality wines being produced in the various specific wine regions of Australia.

"I think it is important to get the public to taste the wines from the various regions of Australia." CarolH, Distributor, CA

Schild Estate and Henschke Hill of Grace were the only brands mentioned. Schild Estate is regarded by one distributor as their "lead brand," and by another in relation to raising prices after receiving high ratings.

"We had done very well with Schild Estate until they jacked up their prices after receiving very good scores. Most of my customers then refused to continue to carry them." KymberlyH, Distributor, OH

There were a few comments about particular types of wines and categories of wine these distributors do not carry, such as Australian wines "over $10," or "veer[ing] away from the fruit bomb in-your-face types."

Inventory (DT3)

Discussion topic question: Over the past three to five years, how have your inventory levels of Australian wines changed, if at all?

Many distributors mentioned having decreased their Australian wine inventories over the past few years, mostly due to decreases in demand, but for other reasons as well, for example smaller wineries producing less or as a way to broaden portfolios with wines from other regions.

"What varies is the sales volume – consumer preferences, pricing and seasonal demand all have an influence. Over the past 4 years we have had brands leave the distributorship; other side of the fence looks greener. Reality, none of the brands have found new homes in the market. A recent supplier shopped his brand to 7 distributors and was turned down; this is a well respected and known international brand. With the economy, prices crashed. Products were deeply discounted to move them out of inventory and the market has been slow to come back. The 'outlets' have changed. Independent shops and restaurants have closed and been replaced by big box and franchise restaurants. Only way in is through corporate calls by the winery and the ability to supply all markets." DavidW, Distributor, AZ

To accommodate decreased demand some distributors culled their inventories to weed out wines not moving as quickly as others, such as wines over $20, certain varietals, and dealing with suppliers that are closer to save on transportation costs.

"On one particular portfolio, we began taking a laser approach by focusing on the producers within the portfolio that offered value in the bottle to better manage the decline in sales for Australia. On the flip side, we saw growth in the ultra premium segment and quickly sold through allocations of highly allocated Australian wines." ChristieL, Distributor, OK

"We have cut skus in the over $20 range and have cut blends and most Rieslings. Just the basics now." KymberlyH, Distributor, OH

"We deal with less Suppliers. We deal with suppliers that are on the East Coast So that we can order more often - and in smaller lots. All of our producers are

fairly small under 40,000 cases per year most this 2011 vintage being closer to half of what they produced last year." AmberC, Distributor, GA

"Typically try to keep 6-8 weeks on hand. FOB is in CA and quickly available." DavidW, Distributor, AZ

"On our better turning brands - Jacobs Creek, Oxford Landing, Yalumba, Layercake we have good inventory. On the slower moving items inventory is kept at a minimum, sometimes only a couple of cases." KeithB, Distributor, NJ

"Being a 4-tier state, we do have a small warehouse where we keep inventory of some suppliers. We do warehouse some Australian wines, however, over the past 5 years, the amount we carry has decreased significantly. The same can be said for the 8 wholesalers in state. Obviously, for the items that have a higher turn rate and have easier FOB pickup points, it's customary to keep 60-90 days on hand. DI wines tend to be special orders for the Australian category and are brought in to fill pre-sell orders." ChristieL, Distributor, OK

Only one distributor had an overall increase in inventory, but reluctantly. In this case increased inventory was due to contractual agreements.

"Due to contractual requirements, combined with slowing sales of value priced items, our inventory has gone up each year successively during this period. Allocated wines (and those with great reviews) sell through quickly but the mid- and low-tier wines have not." JonD, Distributor, NJ

The rest of the respondents who noted increases in inventory said that these increases have been recent, as change has come slowly. They cited increases and successes at various price points, mostly mid-priced wines.

"Our inventory levels on the 2011 vintages are lower as less was produced by our smaller producers. However most are all selling well especially the $9.99 – $24.99." AmberC, Distributor, GA

"People are slowly coming around to Australian wines in my territory and surprisingly I am doing best with the mid-priced wines (15-20 on the shelf)." BriannaR, Distributor, CT

Those who feel that their sales and inventory are out of balance indicated that this was the case because of (as noted above) contractual agreements coupled with decreased sales, distance and long lead times, and out-of-stocks.

"I feel that my inventory is quite out of balance to sales and is too high. Part of this is due to contractual agreements regarding purchases, part is due to the long lead times to get product from Australia to the East Coast (4 weeks plus 36 days transit), and part is due to slowing sales versus forecasts. It is easier to keep inventory and sales in balance for other wine regions partly because they are closer and have shorter lead times and partly because they are easier to forecast. And if the forecasts are short, it is easier to adjust and replenish from CA or France and Italy." JonD, Distributor, NJ

"Our 1.5 inventory is plenty high and sales are good. Our 750 inventory is quite low and frequently have issues with out of stocks." BradS, Distributor, SC

"Product inventory is mostly in balance. Our source is in CA and that makes that easier to accomplish. Only difficulty is the tied purchases; I have a bunch of Chardonnay that is difficult to sell, at any price, and inventory is high." DavidW, Distributor, AZ

Sales (DT4)

Discussion topic question: Have you (or your company) experienced changes in sales of any of the Australian wines you sell or represent in the past three to five years? Are there certain brands, varietal types, price points, or appellations of Australian wines that have shown significant growth (or falling sales) in the past three to five years?

Some respondents have seen modest increases in sales. These increases were attributed to new blend and sweet wine introductions, an interest in regional wines, and successes with higher end allocated wines.

"We saw modest growth of wines in the value sector with this being driven by the addition of new flavor profiles (sweet) as well as new varietal blends. The highly allocated wines are selling well, however, wines at the $20 - $49.99 price point have stalled significantly regardless of ratings with some growth in the $10.99 - $19.99 price points." ChristieL, Distributor, OK

"We've seen similar growth of new flavor profile items (like Moscato) but surprisingly not riesling from Australia. Clare and Eden Valleys are known to produce world-class Riesling but we have a hard time selling them. The top wines ($30 up) and the most prestigious are doing better but the lower tier, unless it fills a price niche for pouring on-premise, is not. The market seems to be confused by the standard Aussie blends like cab-merlot, grenache-shiraz, semillon-chardonnay and instead gravitates toward items with varietal and geographical integrity. Barossa Shiraz is more interesting than a South Australia blend." JonD, Distributor NJ

"As I mentioned in one of my posts from yesterday, in our market we are seeing consumers return to the acclaimed producers/wines that may have fallen out of favor for the hipper wines like those produced by Charles K. Smith and others. As such, wines such as Grange, Dead Arm, etc. are seeing a resurgence. It may be that they are allocated and that's why many want to have them? As for the $20 - $49.99 segment, my personal opinion is that wines in this price point from more well known appellations are perceived as a better bet for that kind of expenditure by the consumer. Again, it goes back to that sense of place that is lacking in Australia. The $10 - $19.99 sector is growing modestly as we have

seen new suppliers come into our market who are making really lovely wines with balance that aren't over the top fruit bombs, and they have marketed their wines locally through tastings and participation in various charity events by principals of their companies." ChristieL, Distributor, OK

One distributor, from Indiana, has experienced substantial increases in some lower end value brands (Foxhorn and FishEye), which he attributed to promotional programs at a grocery store and sales in low-end markets.

One interesting point made was that increases in consumers interest in sweet wines has made it difficult for some of these participants to sell Australia's dry Rieslings.

"The Rieslings are a harder sell since they are dry Rieslings and it seems that the majority are interested in sweeter Riesling." AmberC, Distributor, GA

"Australian Riesling can be difficult to sell because it is most often dry. Many people expect Riesling to always be sweet. German wines are also suffering as they try to export dryer styles. (70% of German Riesling consumed in Germany is now dry)." DavidW, Distributor, AZ

"Aussie Rieslings tend to be quite dry and the consumer expects some sweetness from Riesling. It's part of telling the story: where the cuttings came from, how long they've been there, the attributes of the terroir and how they influence the wines." JonD, Distributor, NJ

Playing a part in decreased sales is Australia's reputation for value wines and the proliferation of wines in this category from Spain, Argentina and Chile - In the opinions of some respondents, Australia's reputation for "cheap" value wines have fueled the success for some alternative value wines from other regions.

"We have seen a decline in demand for Australian wines, particularly in the $6 - $9 dollar range. Wines $12 - $20 still sell, but the perception of value priced Australian wine, in general I our market, is that it is not just inexpensive, but cheap and that there are more viable alternatives from other regions." KymberlyH, Distributor, OH

Another respondent pointed out that decreased sales also stemmed from a homogenization of Australia's "critter" wines. Too many of these brands hit the market at once.

"I think it was a perfect storm. Simultaneously we experienced the market crash and recession and the consumer began to tire of Australia. The low-end consumer began to abandon Australia for California and South America. Personally, I think the low end Aussie wines declined greatly in quality from their initial introduction, and even the least sophisticated consumer notices that eventually. Yellow Tail, for example, was quite good initially and later was a shadow of itself. The same could be said for Blackstone Merlot and many others from around the world, but only in Australia did the wineries so closely copy one another in marketing as to make their wines easy replacements for one another (the critter effect). Thus they all sunk together, even the ones who did not deserve it. At the high end you had the stigma of the critters begin to sink in, and at the same time the customer began to tire of Parkerized high alcohol syrup, which unfortunately many expensive Aussie wineries were producing. Again, it seems that all of the segment suffered from this even though some wineries remained true to their principles and produced terroir-driven wines." BradleyS, Distributor, IN

Many described their wine sales as flat due to ups and downs - increases for reasons mentioned earlier balanced by "oversaturation" in the value category and defections to South American wines.

"As a category sales are flat for the past 5 years. We have had significant declining sales with some brands Oxford Landing and Yalumba down 58% and 29% respectively, flat sales with Jacobs Creek and yet amazingly strong sales with new acquisitions Mollydooker and Layercake. Declining sales for Oxford Landing and Yalumba were due to a couple of factors- over saturation of the market by competitive "critter" brands with the retailer focusing on those with the strongest pricing promotions and the customer moving on wines from other regions Chile and Argentina. Shiraz for us is still the largest seller, we've had good success with pinot grigio, especially on premise for BTG. Riesling has been a very tough sell. Given our success with Mollydooker if the wines get stellar reviews from Robert Parker they will sell at any price point. Otherwise it is the<$20 retail wines that move best." KeithB, Distributor, NJ

"As for the higher end, our success is mostly a function of limited availability and high scores, particularly in the off-premise trade/fine wine stores. The $25 – $30 wholesale items end up at $75 - $90 on wine lists and that is too high for consumers buying Australian wines that they don't know well." JonD, Distributor, NJ

"The Australian Shiraz and Cabernet in the $9.99 - $15.99 are still strong, and there are still some sales in the $16.00 - $29.99 that show some gains but it is not increasing by any means." AmberC, Distributor, GA

Some are seeing their sales recover. Again, consumer interest in wines that show their terroir was cited. Another noted that this recovery would take some time.

"Sales dropped precipitously a few years ago and began to recover in 2012. High end sales are virtually non-existent. In my opinion even at the medium price points the consumers of Australian wines are realizing that place matters, and that better appellations produce less syrupy, fruity wines. Also many are discovering varieties other than Shiraz, such as Cabernet and Riesling." BradleyS, Distributor, IN

"How long has it taken for value car brands… VW, Toyota, Nissan to grow from value ONLY offering to the premium products today? 40-50 years!" DavidW, Distributor, AZ

Trade Perceptions (DT5)

Discussion topic question: In your opinion, how have general trade perceptions of wines from Australia changed in the past three to five years?

Distributors generally felt that overall trade perception of Australian wines is not as favorable as it once was. The decline in favorability was explained as being self-inflicted by one participant as Australian producers "focused too much on brand and not enough on geography to differentiate themselves and their stories." (JonD, Distributor, NJ). As another respondent put it, the trade has "critter fatigue," and are hence buying fewer Australian wines.

"I think that, unfairly, the trade feels that Australia is mostly inexpensive critter labels. It is unfortunate that so much lower end wine has been exported from there during the past 3-5 years, reinforcing this impression. {yellow tail} has been the poster child for this type of perception. Also, too many high alcohol fruit bombs. I know that there are many terrific wines being made there but it may be a case of market fatigue with so many value items. Argentina does have many value items but they don't seem to start as low in the value chain as Australian wines do." JonD, Distributor, NJ

"It seems that the over saturation in the market of bulk juice has given Australia wines a bad name. When fruit is sourced from so many places and changing locations every year it is hard to find a consistency." AmberC, Distributor, GA.

"I think that the inexpensive critter wines have over-saturated and dumbed down the market." KymberleyH, Distributor, KY

"My seasoned sales reps all say Australia wines are dead. Many retailers I speak to echo this response. The domination of Yellow Tail and other 'critter' labels has the trade and retailers focusing on the low end where the wines tend to be all in the same flavor profile so consequently the floor space goes to the brand has the best price promotion at the moment." KeithB, Distributor, NJ

While many spoke of “critter” labels in a negative tone, one respondent remarked positively that “critter” wines helped introduce new consumers to wine.

“One thing I can [say] *about the value priced critter wines, they brought a lot of people to the proverbial party by introducing people to wines, some for the first time, that were very affordable and easy to drink for a newbie. From there, opinions were formed that either took these wine drinkers up the “food chain” to more complex wines from other regions or showed them that wine may not be for them. For this, we should all thank the makers of these little critters as they help expand the wine drinking public beyond White Zinfandel.” ChristieL, Distributor, OK*

“Perception of high end Aussie wines have been declined in recent years due to many Australian producers not focusing on the terrior and fruit.” BradleyS, Distributor, IN

There was also discussion of the trade and consumers finding value wines elsewhere - namely California, Argentina and Chile - and Australia being “left behind.”

“I think when we started receiving wines from Australia they were some of the first great value wines. They still have great value wines, but there is a lot more competition from the world market. There are still true lovers of Australian wines.” CarolH, Distributor, CA

“The public perception is that for value, Australia is no longer the leader and has been displaced by California and South America. I still have some restaurants with Shiraz glass pours, but many more that have turned to other regions and varietals altogether.” KymberlyH, Distributor, OH

“Other regions such as Spain and Argentina are also crowding the value category and, as consumers become more comfortable with purchasing from these regions, Australia will be left behind.” ChristieL, Distributor, OK

“Many consumers have been disappointed in quality/price ratio and also have been confused with the product in the bottle.” DavidW, Distributor, AZ

"The high end producers have not done agood PR job of promoting the quality and the value of the wines." KymberlyH, Distributor, KY

The trade has high regard for Australian wines on the high end. However, the respect for these wines coming out of Australia is overshadowed by the Australia's reputation as a producer of lower end value wine. Participants believed this has set price expectations in the minds of some of their customers.

"Wines with a sense of place in Australia (Margaret River, Langhorne Creek, Yarra Valley) have been virtually squeezed out of the marketplace which is unfortunate. Thusly, aside from a few cult Shiraz producers, Australian wines represent inexpensive wines the general consumer can pick up without much thought as to where it came from or who made it." ChristieL, Distributor, OK

"It's all about perception in the marketplace and the perception is that Australian wines are not 'serious.' The high end producers simply have not done a good pr job of promoting the quality and value of their wines." Kymberly, Distributor, OH

"I don't think that the trade's perception of more expensive wines from Australia has changed as much as they have just kind of forgotten about them. Christie mentioned Grange and Dead Arm as having some resurgence, probably related to scarcity as much as anything else. When Two Hands gets some great reviews, that stirs up interest in the rest of the portfolio and leads to opportunities to talk about other mid-high tier items with similar attributes or regional distinction." JonD, Distributor, NJ

"The 'dumping' of product at silly prices had put the trade in a mindset of – wait for the deal – wait little more and it will get better. The trade believes there is a lot of room in the price of high-end wines. If you sold it for $30, why should I now pay you $7? If the deals were posted to consumers, same belief." DavidW, Distributor, AZ

The distributors were also asked if they thought the consumer perception of Australian wine is more positive or negative than that of the trade. The overall consensus was that consumers have a slightly more favorable perception than the trade, or their perceptions are on par with that the trade. Respondents noted that many consumers buy Australian value

wines (such as Yellow Tail), but they think this may be due to familiarity, price, and "because they think it's safe, not necessarily good." The high regard the trade has for higher-end Australian wines has trickled down to only a small group of consumers.

"I think it depends on the consumer, but generally slightly more positive than the trade. I'll see people who will pick up 3 bottles each of a red and white [yellow tail] for a party because they think its safe, not necessarily good." JonD, Distributor, NJ

"I think the trade is pessimistic about Australia because the wines just don't sell to the consumer, so I would say that both are similar in their perspective." BradleyS, Distributor, IN

"Trade will buy what consumers will buy. Many consumers have been disappointed in quality/price ratio and also have been confused with the product in the bottle. Shiraz has such a wide variance in taste (over-ripe, high extraction, oak, no-oak, etc) Chard has moved from oaked to un-oaked, tropical to lean. If you don't have a realistic expectation, you drink elsewhere." DavidW, Distributor, AZ

"I do think the perception has been pretty consistent at least over the last 3-4 years. There was a time, I'm thinking about 6 years ago or so, that mid and high tier Aussies were still considered hot property. Critter wines were already in the wane, but the prejudice had not filtered down (or up) to the better wines. As the critter wines continued to flood the market, the public seemed not to allow for such disparity in the wines from Australia. I think the perception issue began with the trade and filtered to consumers, who saw many more choices, and went in different directions. Also, consumer tastes have somewhat drifted from the fruit bomb to a little more balance and many Australians seemed a bit one dimensional, whether that's a fair perception or not. The main things I see with consumers now, are that Australia is not the overwhelming value it used to be, and it is not the 'in' country to buy from." KimberlyH, Distributor, OH

Attributes (DT6)

Discussion topic question: What do you consider to be the most positive attributes of Australian wines in general? What are their points of differentiation by varietal type of region?

The distributors were able to name many positive attributes about Australian wines. These attributes included the variety of wines Australia has to offer in terms of types of wines, styles, consistency, and value.

"Positive attributes are the wide variety of wines and styles available. You can get earthy, heavy fruit forward, big tannins, and crisp refreshing whites." AmberC, Distributor, GA

"Australian wines are very consistent vintage to vintage." BradleyS, Distributor, IN

"Their most positive attributes are the forward fruit, balance of extract and acidity and their immediacy, how easy they are to pop and pour." JonD, Distributor, NJ

"The good, higher end wines tend to be very good, jammy and inky." CarolH, Distributor, CA

"There are clear values in the entry level- fruit forward, good extraction, not overly tannic, great variety and easy to drink – Yellow Tail everywhere. The high end is well defined as well – big, bold, high extraction, age worthy, limited production." DavidW, Distributor, AZ

"Positive attributes: quality at the middle and under end, stylistic differences, and hedonistic pleasure - for those who enjoy big intense wines." KeithB, Distributor, NJ

Not only does Australia offer many styles and types of wines, it offers wines that express Australia's breadth of its distinct wine regions.

"Western Australia is very much like Bordeaux, climate-wise and the Cabernets tend to reflect that style rich and earth. Where wines from Barossa pick up a

great deal of fruit and menthol, or eucalyptus due to the terrior." AmberC, Distributor, GA

"Shiraz (McLaren/Barossa) – dark, brooding and over the top in alcohol. GSM's (McLaren/Barossa) – dark, brooding and over the top in alcohol. Chardonnay & Rieslings (Margaret River) – gorgeous, bright with minerality and zing! Pinot Noir (Yarra Valley) – bright, aromatic and bursting with cherries but the good ones are very expensive & hard to sell in our market. Shiraz (Langhorne Creek) – bright, higher & acid and prettier than its brooding cousins from McLaren/Barossa." ChristieL, Distributor, OK

A large part of this discussion revolved around the fact that many consumers do not know much, if anything, about the diversity of Australian wines and what differentiates them. There was a big emphasis on the need to educate consumers in this area.

"There is no apparent differentiation in the mind of the consumer. Coonawarra or Barossa? I know the difference, but consumers do not." BradleyS, Distributor, IN

"The public does not seem to be aware of their diverse terroir and its effect on their wines." CarolH, Distributor, CA

"Consumers are really not knowledgeable about these finer points and mostly see Australia as the land of bulk juice and fruit bombs. I think Australia has some quite exceptional producers, but I don't think the public at large sees this." KymberlyH, Distributor, KY

"There is significant regional diversity but I don't think that this distinction has made it to the consumer (or even the trade) and that there is really an opportunity here." JonD, Distributor, NJ

"Regional diversity has not made it to the consumer." KymberleyH, Distributor, KY

"The middle territory is what is ill defined and confusing for the buyer and consumer." DavidW, Distributor, AZ

Distributors were also asked if regional appellations add value in the minds of the trade or consumers. The overall feeling was that region does matter and can make a big difference in the minds of the trade and consumers, but only if they know what differentiates that region and understand the quality associated with it.

"With education, I think all appellations can give a product added value but the average consumer does not even know much about American AVA's much less another country." BradS, Distributor, SC

"The Napa Rocks education program demonstrates the uniqueness of the specific AVA's within the valley. I definitely feel that words 'Napa Valley' on a label add value to the consumer. Sonoma has been slower to come around, but Willamette Valley is another AVA that, in our market, is a statement of quality to the customer." ChristeL, Distributor, OK

"A good PR program would tout the attributes of different regions, and the bang for the buck. Napa, Sonoma, Willamette, Burgundy, all these bring to mind images of quality, even though there are many wines from these regions fall short. But the 'perception' is quality. I will have customers asking for Napa cabs, and only Napa cabs, even though at a value price point, they may not deliver as a cab from another region." KymberlyH, Distributor, KY

Barriers (DT7)

Discussion topic question: Thinking of selling Australian wines, what (if any) are the most typical barriers or difficulties you encounter when selling Australian wine to customers or accounts? Are there specific barriers that you associate with selling Australian value wines vs. more expensive Australian wines?

The primary barrier brought up in the distributor discussion group was the "critter" wine phenomenon and the perceived damage it has done to the Australian wine market in the U.S.

"Most customers consider Australia to be a more or less dead category. Retail has halved the shelf space, and some restaurants have excluded them from their lists. The toughest part of selling them is convincing the customer that his customer will in fact give them a chance. Value Australian wines sell somewhat retail but are extremely difficult to sell BTG, as they are seen as being inferior to domestic wines. I am afraid that the 'critter wine' phenomenon seriously damaged their reputation. Plus the larger wineries sell through the larger distributors who place the value wines in all of the chain accounts, which drives independents to avoid them. The wines are simply not appreciated by the foodies and the trendmakers." BradleyS, Distributor, IN

"The trades perception of Aussie value wines is critter-driven." JonD, Distributor, NJ

"I agree about the 'critter wines,' to some extent putting Australian wines in the same category as $2 Chuck in the consumer and wine buyers point of view. It makes it difficult to convince wine buyers that they need to expand the Australian selection not decrease it." CarolH, Distributor, CA

Another barrier mentioned was that Australian wines don't tend to go well with foods, in part because they lack acid (in the minds of several trade participants).

"The obvious is that everyone feels the 'critter wine category' was created in Australia and that is the hallmark of Australian wines (at least to the regular consumer). And because of this, as BradleyS mentions, the foodies and chefs tend to steer away from Australian wines. Personally, I feel that much of that

has to do with the lack of acid in many of the Australian wines from warmer climates – not such great partners with food." ChristieL, Distributor, OK

"I agree about the critter wine phenomenon as well. Serious damage to the reputation of finely produced Australian wines that actually display balance and finesse. Fruit bombs do not go well with food, so I understand the perception of many foodies and restaurant euros to stay away from Australia. That said, even doing a blind tasting at a restaurant can restore some faith in the region." KymberlyH, Distributor, OH

The distributors were also asked to differentiate between the barriers selling to on-premise versus off-premise. The prevailing view is that off-premise is a more difficult sale due to retailers' reticence to buy Australian wine that may sit on the shelf. It was noted that on-premise has the advantage of selling off wine by the glass if it is not a success.

"Off premise is tougher… The wines just are not moving off the shelf." KymberleyH, Distributor, KY

"The greatest barrier to selling in off-premise accounts is that the wines simply do not move off the shelf." BradleyS, Distributor, CA

"Retail is more price conscious since they may be sitting on inventory and cannot pour something off by the glass on special." AmberC, Distributor, GA

Australian wine not being considered "hip" was mentioned as a barrier when selling to on-premise accounts.

"Australian wines are just not hip… I call on higher end accounts where perception of 'coolness' is everything for them, and I would say that Australia would be the last place in the world they would turn for wine. They see Aussie wine as a commodity, and that is everything they are trying to distance themselves from. When I do sell to them it is on taste, when they recognize obvious quality and want to share it with their customers." BradleyS, Distributor, IN

"Australian wines are not seen as hip. That matters a lot in independent restaurants trying to compete and win in the marketplace." KymberleyH, Distributor, KY

Wines Positioned for Growth (DT8)

Discussion topic question: Which Australian wines (varieties or types or price points) do you think are best positioned for growth on the U.S. market? What are the attributes of these wines that make them appealing to the trade and consumers?

Distributors believe that Australian mid-priced wines have the best opportunity for growth due to their value. One respondent described the wines in this tier as "estate produced," "family owned," or made by a "small producer." There was inconsistency in mid-level price definitions. They included $9-$17, $15-$25, and $15-$35 at retail, with one participant suggesting $10-$20 at wholesale.

"Post-recession the new normal is for those who once purchased $75 wines to instead buy $35 wines. I think that the Australian wines that will take off will be the ones that offer the most bang for the buck in the middle price ranges, $15 - $35 retail or $30 - $70 restaurant." BradelyS, Distributor, IN

"Solid producers who have been producing exceptional estate wines in Australia for decades have the greatest opportunity for growth if their prices can be competitive – especially in the $15 - $25 category." ChristieL, Distributor, OK

"I think the best opportunity for growth are the mid-tier $10 - $20 wholesale, from quality producers who can back their products with education and decent sample budget for convincing retailers and restaurant euros to try them." KymberleyH, Distributor, KY

There was a mixed reaction on whether "critter" labels were a possible area of growth, if they will stay consistent, or if they are on their "last legs." One respondent said they think that in the short term there is growth potential in sweet value wines, another thought this category was already oversaturated.

"At the value/critter tier, I'm sure there will be many new crazy varietal combos that will launch in yet other brightly colored labeled bottles or some with holographic elements on the bottles. However, without these, I see this category as stagnant." ChristieL, Distributor, OK

"I agree with Bradley about the new price points and how they are where the most activity and potential lie. And I think Christie is right that there will continue to be 'innovation' of value/critter items, but that this is not a growth area. More education is required on the variety of terroirs and their significance with regard to certain varietals. Price alone won't dictate what will sell. There are too many really good wines being made there whose stories are not being told." JonD, Distributor, NJ

"As long as the price stays low, I think the value tier still has growth potential. As for trade, the higher tier wines appeal to me but i don't see that from the consumer. The appeal is price price price for the value brands. We have accounts that blow through the cheap cheap stuff because it's the best price in the store." BradS, Distributor, SC

"The sweet red category is quickly becoming over saturated and while a few will catch on and stay most will be discontinued." KeithB, Distributor, NJ

Some distributors mentioned that for growth to occur, labels needed to be changed so they help tell a wine's story.

"I think that the more classic labels or if it is a catchy label – as long as they have a story behind the label and that they put that story on the back, or put a marketing effort behind it so that people are interested in buying the wine." AmberC, Distributor, GA

"Clean up the labels; individually a label may look great, put it on the shelf with 30 similar labels, it's lost. I look at some of these sets and get a headache from the assault of color and patterns." DavidW, Distributor, AZ

There was some debate about the future of Shiraz. One respondent suggested repositioning it as Syrah.

"I think Shiraz is done for, having been bastardized at the critter label." KymberleyH, Distributor, KY.

"I disagree…and do not think that Shiraz is dead. I look at where our sales are at all price levels and the majority shiraz… In the growth segment I feel that

reds: Shiraz, Shiraz blends, Cab, GSM all have potential." KeithB, Distributor, NJ

"The whole Shiraz/Syrah issue confuses consumers. Even straight domestic Syrah has so many expressions, consumers are confused. Syrah is one of our most difficult sells. On the other hand CDR and CDP are well appreciated by the consumer." DavidW, AZ

Promotions (DT9)

Discussion topic question: Have you participated in or experienced any kind of promotional activities or events conducted on behalf of Australian wines or other country or regional promotions ongoing in the U.S. in the past two years?

Of the distributors, only a few could recall having participated in an Australian promotional activity, and those who did cited visits from some small producers and ads in trade publications. Big-brand advertising was recalled by a few. Some participants are located in parts of the country where they say they don't get targeted by promotional campaigns. Nonetheless, few participants in key markets had come in contact with Australian wine promotions.

"No, we do not really get that sort of attention here. We do promote our brands as intensively as we can, and we are fortunate to have wonderful suppliers with excellent people to send to our market, but nothing on an Australia-wide scale." BradleyS, Distributor, IN

"There have been periodic visits by winemakers but they are few and far between, and also aimed at small groups of key buyers and somms. Yes, suppliers' people help as much as possible but a larger effort is required than what little we've seen." JonD, Distributor, NJ

"I am very lucky here in California to be able to attend many trade tastings, although I have not heard of any in the Southern California area for Australian wine in quite awhile. I think they almost have to start from the beginning in order to get people interested in their wines again." CarolH, Distributor, CA

"We don't have a lot of Australian market visits, at least not in the last couple of years. A couple of smaller producers have come in, and have had some success, as they make beautiful, fairly priced wines, but overall, Australia suffers from a dearth of activity here." KymberlyH, Distributor, OH

"Our importer does most of the visits to the market it has been a long time since we had an actual Australian come into the market." AmberC, Distributor, GA

"There have not been any promotional activities or events in my area, Southern NJ that I'm aware of. I believe this to be the case because we are just 80 from NYC where most organizations would, and should concentrate on spending promotional dollars. However that is far enough away that it has little impact in my market." KeithB, Distributor, NJ

Only one distributor mentioned a region they felt stood out in terms of promotions, and that was Napa. Other regions or countries whose promotional activities participants had some involvement included Napa, Rioja, Oregon, and some smaller regions.

"Sorry to keep going back to Napa Valley, but they seem to have gotten it right. Not only do they do the educational work, a group of wineries from Napa goes out on a tour every other year or so, Napa Valley Vintner Tour, and Oklahoma has been fortunate to have hosted this tour on 2 stops over the past 10 years. It makes a real difference with consumers, particularly those who don't have the ability to travel to Napa Valley." ChristieL, Distributor, OK

"Some smaller regional wine groups (muscadet, albarino) have been successful by creating a wine week where they work together with different restaurants to feature a couple of their wines by the glass during that period. It's critical to get a good cross-section of restaurants, i.e. not just Italian or French, so that you can get the greatest amount of exposure. It's also very important to promote it via social media, email and in the restaurants to maximize the impact." JonD, Distributor, NJ

"We have gotten quite a bit of promotional info from the Rioja wine counsel, e-mail push & promoting tasting being held in San Francisco & LA. We also get have very active AVA groups through out the state that hold regional tastings. I think if Australia were to do some tastings along those lines it would be helpful." CarolH, Distributor, CA

"Things like Oregon Pinot camp generate a lot of excitement, not on the consumer side, but in the trade, it really ramps up enthusiasm and keeps Oregon pinots in the forefront of people's minds. Even if you don't get to participate, you WANT to, and retailers will go to great lengths to be able to make the trip. Makes Oregon pinots an easy sell." KymberlyH, Distibutor, OH

Within this discussion topic, the belief that Australian wines need to be rebranded came up.

"I think they almost have to start from the beginning in order to get people interested in their wines again." CarolH, Distributor, CA

"It's almost as if a whole rebranding of the Australian wine industry needs to take place, starting with the beautiful, smaller producers who make great wines from within many different price points and terroirs. I look at educational initiatives like the 'Napa Valley Rocks' program whereby the lesson is about terroir, climate and climactic influences, AVA differentials, etc. The program gives Napa Valley an identity that Australia lacks. Doing a countrywide intitative might be daunting, but if broken down into smaller pieces such as an annual focus on specific region within Australia that cold speak to tis uniqueness and introduce growers/winemakers from within the region." ChristieL, Distributor, OK

"I agree that a rebranding needs to be done. I never see ads for the smaller more boutique wines – only the mass produced critter wine. They could take each area and pick 3 to 5 producers that have interesting stories and that highlight the terrior of the region. It could tie into a travel destination that the area is famous for that may also increase interest getting new customers interested in wine as well." AmberC, Distributor, GA

The distributors were also asked about receiving trade support and if it varied by channel. A few distributors felt that it varied more by brand than by channel - if a brand is identified as needing help, it is typically given attention. The lack of visits by Australian wine producers was mentioned, as was the need for their visits to build relationships.

"*Trade support varies more by brand than by channel in my market. Once the supplier identifies the brands that need attention, then the support appears and we work together to identify the channels that will achieve the immediate goals, be they points of distribution, volume, on-premise, etc. I really think that the Wine Australia board should try the type of traveling show that several of us have suggested. That's macro trade support as opposed to the fragmented type that we see today." JonD, Distributor, NJ*

"I agree with Jon, when a supplier decided that something needs attention, they go out and do it. I see many wineries come through our market but specifically concentrate on on-premise. I did see a very cool promo last year with Silver Oak where they did a tour of the country pulling the Silver Oak tower behind an SUV. They did tastings and dinners, but of course, Silver Oak is not a grocery brand." BradS, Distributor, SC

"For the larger suppliers with National Account sales teams, I feel that in the chain on-premise market, you are probably going to still see placements of bulk Aussie brands if those brands happen to be a priority for that supplier. For the smaller, more eclectic producers who are making exceptional wines, if they come into our market and build relationships with the boutique shop owners and hip restaurants, you can be pretty assured you will see something from their winery on the list or shelf. It's a harder sell for these smaller wineries to gain floor space for displays or BTG features as they typically don't have the marketing dollars to spend to make these kind of buys happen in our state." ChristieL, Distributor, OK

"I don't do chains and grocery stores. If by trade you mean the support we get from the Aussie suppliers, I find that they seem to be balanced between on and off premise. They will offer BTG deals for on and free goods deals for off, for example. If by trade you mean my customer, on premise accounts, though negative, may be slightly less so than off premise, which are thoroughly jaded at this point. The best tactic I have is to remind them I don't do chains, so to beat the big guys they can carry my wines and not be in direct competition, and that seems to work for restaurants and retail." BradleyS, Distributor, IN

"We haven't had a lot of Aussie visits in the last few years. To bring back their reputation is going to require time, money and relationship building. I don't deal with many chains, so on the few occasions that we have had market visits, it's the suppliers with great wines and a great story to tell that achieve success both in shelf placement and big placements." KymberlyH, Distributor, OH

Future Growth (DT10)

Discussion topic question: How do you foresee the growth of the Australian share of market in the U.S in the coming five years? What factors do you think are the most critical to increasing share of market for Australian wines?

The general consensus among the distributors was that Australian wines could potentially see a great deal of growth over the next five years if they put a great deal of effort and money into a campaign. Consumer education is key. Consumers need to learn how large and diverse Australia is and to learn about how its different regions are unique. Australian wine needs its story told. Focusing a campaign on mid- and higher priced wines was also mentioned.

"Australia must focus its promotional efforts on place wines and the medium-high end of the market. The consumer needs to be educated that Australia is a very large place and that the various regions are as diverse as what we have here." BradleyS, Distributor, IN

"If the Australian winegrowers can work to create an educational campaign to tell the story of the tremendously diverse growing regions in a country that is larger than that of our own, that will be one of the keys to rebounding sales." ChristieL, Distributor, OK

"Wines of a place that have a story to tell of terrior, balance, and ageability will have the best chance of succeeding in the near future." JonD, Distributor, NJ

"If they are more educated on why their wines are good, they might look for more Australian wines in future trips to the market." BradS, Distributor, SC

"I would add that the approach in the education needs to evolve into one that really pushes the quality and value propositions of the mid to higher tier wines, and their points of differentiation." JonD, Distributor, NJ

Many thought that the de-emphasis of "critter" wines was essential for growth.

"The greatest single impediment to Aussie wines being sold in the U.S. is the perception that they are cheap and swill. So stop promoting cheap wines!" BradleyS, Distributor, IN

"The value wines have dragged down the entire market to the detriment of the entire country's wine reputation." JonD, Distributor, NJ

"They didn't become the 'critter wine' capital overnight. They have to diminish that image in order to improve sales." CarolH, Distributor, CA

"They need to put more focus on the areas and craftsmanship of the wines and not the mass produced critter wines. Every country has their critter labels – but none are promoted as much as the Aussie critters." AmberC, Distributor, GA

"Good producers have to educate the buying public and distance themselves from the plonk of critter wines." KymberlyH, Distributor, KY

Social media was brought up by a few as way to quickly educate consumers on the diversity of Australian wines.

"Understanding that consumers as a whole are much more sophisticated now and quick to get up to speed with the proliferation of social media, should enable quality producers to come up with a game plan to reinvent themselves to the wine buying public." KymberlyH, Distributor, KY

"There are tons of young people and they all use social media. Any winery or country not utilizing this tool is missing the boat." BradS, Distributor, SC

Finally, the distributors were asked how Australia should accomplish the goals they identified. In doing so, they were asked to name any specific initiatives or programs they would put in place on behalf of Australian wines in the next three years to stimulate growth of market share. These suggestions emphasized a boots-on-the-ground approach by Australian wine producers, advertising, an educational campaign (both trade and consumer) that includes tastings, focusing winemaking on terroir, and promoting the uniqueness of Australia's wine regions.

"1) Education of distribution channels, who are given materials to conduct education of retail and restaurant. 2) Incentives for sales reps to perform education and meet goals – trips are always the greatest motivators. 3) Consumer level education – free public tastings and subsidized wine dinners/events for high end buyers. 4) Internally, a push to get away from over extraction and high alcohol, a directive that wineries emphasize terroir, and more traditional and serious names, labels and advertising." BradleyS, Distributor, IN

"The cost of travel between Australia and the U.S. is very expensive, but for my market especially they need to make more appearances, and do tasting in the major markets. More education for the different wine growing regions, reintroducing the trade and the public to the strengths of their wines. I feel it is also important to make wines that best suit your growing area. Too many wineries try to make their wines in a style that does not suit their area. Go back to basics." CarolH, Distributor, CA

"More wine-specific advertising, maybe combined with travelogues and info-tainment in print, on social media and even television will help spread the word about the quality and diversity of Australian wines and get past all of the little animals." JonD, Distributor, NJ

"I truly feel a regionally specific multi-pronged marketing campaign focusing on terroir, climate, producers, varietals and what sets each region apart from another would be a great way to begin. Then the 'characters' in each campaign can be the winemakers/winery owners . . . maybe not all as colorful as Charles Smith or Chester D'Arenberg, but all playing a role in what makes their region unique/special. On the heels of this, it would be absolutely fabulous if these characters could hit the road in their own regionally specific version of the Napa Valley Vintner tour and take their story to the public. Accompanying this can be FB pages/fan sites along with YouTube videos highlighting these regions and winemaking families. Trying to revamp the image of an entire continent bit-by-bit could help turn the tide." ChristieL, Distributor, OK

"More market visits, social media campaigns, advertising in the wine trade, even TV advertising, wine dinners, public relations events. The bottom line is always going to be the quality of the wines produced, but that can be built on with stories of the wineries and winemakers, descriptions of the terroir, etc. invest

some money in interesting videos that can be put on YouTube and Facebook, aggressively go after the market of new wine drinkers, who haven't been jaded by the past few years of negative publicity. It's possible to turn the tide but I don't think it will be easy or quick. Also, internally, I think the Australian wine industry has to sit down and have a serious discussion among the members. Who do they want to be? Can there be a consensus, at least enough to come up with a unified plan?" KymberlyH, Distributor, KY

"I would recommend the following:
1. Promote the better varietals from the different regions and not just the ocean of innocuous wines that are massed stacked everywhere. There is certainly a demand and therefore recognition for some of the better and more expensive labels such as Mollydooker, a big seller for my company. We also had very good success with Layercake from Jason Woodbridge.
2. Educate the consumer, and the trade that there is more diversity than the ocean of inexpensive wines that are floor stacked in most stores.
3. Promote regional diversity. This has been mentioned by several other respondents and I agree. Let the trade and consumers know there are significant differences between Shiraz, Chardonnay, Cabernet from Barossa, McLaren Vale, Margaret River. Look at the success CA has had. Everyone knows Napa- esp for Cabernet. To a lesser extent Sonoma- Russian River Valley for PN & Chardonnay
4. While I do not like the fact that reviews from the major publications: WA, WS, IWC, WE and W&S are influencing too much of what the consumer buys it is a reality. Target the major wine reviewers and try and come up with ways to get them to do more feature articles.
5. Lead with your strengths. Argentina has made a name for itself promoting Malbec. Australia should do the same with Shiraz/Syrah. As mentioned above highlight the regional identity and stress the value even at the upper end. They don't fly off the shelf but Cote Rotie and Hermitage do sell at $50.
6. CA has proven that their wines can compete with the best in the world. Certainly Australian wines such as Henschke Hill of Grace, jim Barry Armagh, Penfolds Grange can also but I don't recall any efforts to prove this to the US consumer.
7. Blends. One of Australia's strengths has been the freedom to use multiple grapes in the different wines, especially reds. Red blends is a hot category, esp GSM. As I've said several times the average consumer is looking for good value wine and are less concerned with origin.

8. Give more exposure to some of the "other" varietal wines coming from Down Under. We've done very well with Oxford Landing Pinot Grigio, especially on premise because the wine over delivers for the price point. My pitch has been at this level it is a category sale. The consumer is requesting a specific varietal and is more concern that it tastes good then where it comes from. Not to mention that the wine is far better than many of comparably priced Italian PG I sell. I've also tried some very good Vermentino, Yalumba; Verdelho, Mollydooker; Riesling, Pewsey Vale, and Grenache, Yalumba from Yalumba. These are all varietals that are gaining greater acceptance with consumers so give them more exposure." KeithB, Distributor, NJ

KymberlyH said it very concisely, "Bottom line is, these guys are going to have to spend some cash to get back in the game!"

Wine Australia
On-/Off-Premise Groups

On-Premise/Off-Premise Participant Background

The results of the two on-premise/off-premise discussion groups were combined and are reported in this section.

On-Premise/Off-Premise Group 1

CaraS: Is the wine director of a hotel group in Park City, Utah. They are five star hotel and she also runs a four star hotel. She has been a sommelier for twenty years.

MathewB: Is a beer and spirits buyer for a small, three store wine retailer in California. He has been a sommelier for five years. His job is primarily selling wine, but the company just launched spirits and beer in the last year.

JenniferS: Is a sommelier at a Michelin-starred restaurant in Chicago. She moved from Seattle to explore new opportunities in the fine dining restaurant world. She has been a certified sommelier for almost five years.

JohnS: Has been the wine buyer for the Whole Foods Market in Vienna, VA for just over three years. He has a small corporate list of wines that he must provide, but other than that he has autonomy over the wine selection. He recently opened a pub inside the store, which has been offering beer, wine, coffee, and an a la carte menu. He is a Certified Master Sommelier, and is currently taking the WSET advanced course. He is also a French wine Scholar with the FMS, and Certified Specialist of Wine with the SWE.

StefanW: Is a wine buyer for a major wine and spirits retailer. He has been in the industry for five years, and has worked at retailers of varying size.

RichardO: Is the owner of the Cork & Keg wine and beer bar in Saint Johns, Florida. He is a CMS level I sommelier and is Cicerone certified. He has been in the business for seven years.

On-Premise/Off-Premise Group 2

JohnM: Is the Proprietor of a well-known fine wine and spirits shop in the mid-Atlantic area. He has been in the wine business for 40 years.

DavidS: Works at a local BevMo in California. He enjoys wine and has traveled extensively throughout California and Oregon visiting numerous wineries. He has achieved a certified Sommelier level II.

MelissaD: Is the Vice President of Wine Buying for a major national wine retailer. She specifically focuses on their domestic and Australian portfolio.

JustinG: Has been in the alcohol beverage industry for almost 12 years. He began at a "big box" retail chain in California, and has since relocated to Colorado. He is the store manager/buyer for a mid-size boutique shop in the South Denver Metro area.

RafaelD: Is a front-server in a fine dining California wine country restaurant in a luxury convention hotel in Orlando, Florida. His venue's sales focus is Napa/Sonoma with 80% of their inventory coming from California, and with Oregon/Washington, Argentina, Italy, France, South Africa, and Australia with a couple of Chile and Spain wine offerings completing their inventory. He is a level II certified Sommelier and he continues to study towards further certification. He has only been involved professionally in the wine industry for about four years.

ChuckH: Is the Australian and New Zealand wine buyer for a fine wine Internet retailer based in California. He has worked there for a little over three years after working 23 years for a major brick and motor store in San Francisco. He is responsible for his company's blogs, social media work and company brand communication. He has been involved with the Australian wine market for over 25 years.

JimB: Spent the 70's and 80's with a Midwest distributor and importer. He has been a wine broker for the last 20 years and currently works with a major retailer.

AlfredoR: Is working as an assistant manager at a store that specializes in wine, with spirits and beer as secondary. He has also worked as a server in fine dining, as well as casual dining where the wine lists were extensive.

MichaelY: Is the President of Sherry-Lehmann, a leading retail establishment in the field of fine wine. In his 31 years in the industry, 26 of them have been with Sherry.

JamesH: Is a Sommelier for a boutique luxury lodge in the San Francisco Bay Area. Their list currently has 2,200 selections, with a cellar in excess of 15,000 bottles, focusing on California, Bordeaux, Burgundy and Italy. Wines are sold primarily to their guests in their fine-dining restaurant, in the bar and lounge as well as through banquets and in-room dinning.

Key Factors (Intro)

Asked in the "Please Introduce Yourself" Discussion topic question: What are the key factors that lead to success in growing market share for the wines you sell or represent?

The top key factors for success mentioned in the discussion among on- and off-premise discussion participants were applicable to both on-premise or off-premise: product knowledge and expertise, offering quality and value at all price points, knowing the customer and their "pocketbook," communicating with your customers, and providing great service. In addition, some of the retailers mentioned differentiating your establishment from your competitors. Tastings are also key.

"Key factors in growing market share for the wines that I sell are the quality/price ratio in conjunction with the profile and style of the wine. When I pour a wine by the glass that wine becomes the number one selling bottle in that category." CaraS, On-Premise, UT

"Being in a retail shop, it helps to have a tasting area that your customers can use to try the wines before they buy them. We utilize tasting machines and constantly change out the wines to help promote them. I also believe tasting wines before purchasing them for a store is a must, think about what the customers are going to want to buy, not what you think they should buy." MathewB, Off-Premise, CA

"I believe that to be successful from a retail perspective you need to be able to differentiate yourself and your wine selection from your local competitors, as well as, being able to offer events and tastings so customers are able to learn more about your selection." JohnS, Off-Premise, VA

"The key to success is providing a wine experience that other retailers either fail to or are unable to provide, both for clients and salespeople/staff. Frequent in-store tastings with producers/importers/sales reps pouring a specific selection, dinners, staff seminars, and tailored emails are just a few features of this experience. Strong vendor relationships are key to maximizing your potential

client experience, I've found. And the result of both is greater market share." StefanW, Off-Premise, NY

"Whether the consumer is a novice wine drinker or extremely educated in the world of wine you need to be able to talk to them, understand what they are looking for and deliver what they need. Customers need to know that you are listening to them and that they can trust in you for their wine choices." MelissaD, Off-Premise, MD

"In sales and service training, we constantly reaffirm to servers that guests must know how much we care, before they care about what we know. Listen and suggest based on what we have learned about them… Invariably next time they purchase, they want us to recommend our favorites, therefore increasing sales month after month." RafaelD, On-Premise, FL

"For us, the key factors for our success are a high level of expertise in the wines we offer, as well as having a consistent quality of wines in all price points. We also showcase the wine program and local wineries through winemaker dinners, release parties, vertical tastings and by-the-glass promotions. We strongly believe that cultivating great relationships within the wine industry helps everyone to succeed." JamesH, On-Premise, CA

In response to the question of how Australian wine stacks up against the key factors for success, discussion participants brought up the need for more education on Australian wines, that Australia needs to rethink how it markets to consumers, and the lack of demand for Australian wine.

"Aussie wines, like so many other regions, could do much more to inform the consuming public. Educated consumers are vital to growth. Just ask the French…" JimB, Off-Premise, OH

"Australian wines have the taste profile I believe the consumer is looking for. However, the region needs to reinvent itself and how it markets to consumer. Yellow Tail started the critter label craze, but now it takes more than that to make your brand stand out and appeal to consumers. Australia can not continue to do the same thing and expect sales to follow." MelissaD, Off-Premise, MD

"Having spent my entire career in NorCal restaurants, there's never been a huge demand for Aussie wines. I think retail demand has been much higher than in restaurants, though. That being said, there has also been a lack of outreach from the importers and distributor to push Aussie wines to Somms, at least in SF." JamesH, On-Premise, CA.

This group made some positive comments about Australian quality and value.

"So long as the number of quality producers keeps growing, and becomes readily available in my region, they will definitely regain momentum, and be recommended more often." JohnS, Off-Premise, VA

"Aussie wines, in general, have a positive image among consumers as great values, wines with character (and made by characters), and reflective of the country's general culture. There's a general disposition among Yanks to like Aussies which has done the industry well (Think Outback Steakhouse)." ChuckH, Off-Premise, CA.

"Aussie wines have established themselves by putting a decent to great product in the bottle at fairly reasonable prices. This is why Aussie wines have been a mainstay in the industry for 25+ years. They will continue to be successful as more people become wine drinkers." JohnM, Off-Premise, MD

Main Drivers (DT1)

Discussion topic question: Thinking of the U.S. wine industry as a whole, and not just Australian wines, please give us your opinion on the trends or factors you see as main drivers of the market, including examples you might think of as "what is hot and what is not" on the market today.

Consumers are looking for value, according to discussion participants, especially in wines that cost about $15.

"The under $10 category seems to be eyed a bit more warily, and it's the $11 - $15 category, across the board, that seems to be the go-to for many customers. They view these wines as more 'trustworthy' than the super-values." StefanW, Off-Premise, Off-Premise, NY

"I found that sales of wine with a retail price of $15 or under and glass prices of $7 and under soared." RichardO, On-Premise, FL

There were many varietals mentioned in terms of trends, such as "newer" varietals, wines from the Southern Hemisphere, Malbec specifically, as well as un-oaked Chardonnay, and Cotes du Rhone. Many acknowledged customer interest in sweeter wines, and there were a few mentions of Merlot rebounding. There were also a few comments about increased interest in dry rose.

"Wine is seeing an explosion of sweeter profile wines with sweet reds and moscato seeing a lot of growth." MelissaD, Off-Premise, MD

"My experiences of four decades ago are little different from today. Talk dry and drink sweet/fruity/easier." JimB, Off-Premise, OH

"As of right now, sweet, semi-sweet reds and whites are the trend." AlfredoR, Off-Premise, Off-Premise, IL

"I see a big trend toward moscato and sweeter wines." DavidS, Off-Premise, CA

"I do find the younger set (I am not that young) finding the Stella Rossa's and fruitier wines." DavidS, Off-Premise, CA

"I see a major consumer trend towards exploring South hemisphere wines and 'new' grape varietals and blends, moving away from top sellers Cabernet Sauvignon and Chardonnay." RafaelD, On-Premise, FL

"Merlot, which took a back seat after the movie 'Sideways' is slowly rebounding." JohnM, Off-Premise, MD

"My dry rose sales have been very strong this winter as well as Argentina Malbec." CaraS, On-Premise, UT

"My dry rose sales were strong last summer, and I'm hoping they trend well this summer too." JohnS, Off-Premise, VA

A few participants noted they have seen an increase in consumers who are looking for guidance in selecting wines.

"I think people are getting smarter with seeking out value areas and more comfortable trusting the Somm to guide them with a price point." JenniferS, On-Premise, IL

"People are looking for selection guidelines in certain price points." JohnS, Off-Premise, VA

"I believe another factor of the recession is that people more than ever don't want to gamble with wine. They want to like what they purchase, so they become loyal to brands that are consistent. Sweet and Blended…" JustinG, Off-Premise, CO

Australian Wines (DT2)

Discussion topic question: What kinds of Australian wines do you sell or represent, by type, variety, and price point?

The on-premise/off-premise discussion group participants carry a variety of Australian wines. Retail prices ranged from under-$10 retail to $100, with one mention of a wine at $485 and one at $1,000.

The participants in the on-/off-premise discussion groups mentioned carrying the following varietals:

Dry Riesling (Clare, Eden and Frankland regions)
Semillion (Hunter Valley)
Chardonnay (Adelaide Hills, Margaret River, SE Territory)
Shiraz (Barossa, Clare Valley, Victoria)
Cabernets
Grenache (McLaren Vale)
Stickies/Dessert wines (Rutherglen and Clare Valley)
Red blends
Viognier (SE Territory)
Sauvignon Blanc
Merlot

Regions mentioned without naming a brand or varietal included Barossa, McLaren Vale, Tasmania, and Hunter.

Many specific brands were mentioned: Two Hands, Hentley Farms, Sparky Marquis' Velvet Glove, D'Arenberg, Jacobs' Creek, Paringa, Alice White, Robert Oatley, Lindeman's, Yellow Tail, Penfolds Grange, Oxford Landing, Yalumba, to name a few.

Inventory (DT3)

Discussion topic question: Over the past three to five years, how have your inventory levels of Australian wines changed, if at all?

Respondents primarily discussed how their inventory levels of Australian wines have decreased. Their inventory strategies included dropping varietals that were not performing, lowering top price points, keeping less stock, and decreasing SKUs per varietal,

"I carry about 30% less Australian wines than I did 3 years ago. I lowered my top price point from $110 to $60 (no more Langmeil Freedom Shiraz). I then dropped varietals that weren't selling anymore, riesling, semillon,verdelho, merlot, grenache, and sparkling shiraz. Then I had to thin out the cabs, shiraz,chardonnays, and sauv blancs, with similar price points." JohnS, Off-Premise, VA

"My inventories of Australian wines have decreased in the past four years... I have decreased my inventory of all my Australian wines except for dry riesling. Some wines still move such as a good value shiraz from the McLaren Vale. But since the wines have not been moving as they once did, I keep less in quantity in stock at a time." CaraS, On-Premise, UT

"We currently thinned out the Riesling and Chardonnay down to 1 SKU each." MathewB, Off-Premise, CA

"Our inventory has deflated a bit but that was intentional and across all regions and varietals. However, overall sales increased slightly due to the relatively low price points. This was particularly true of whites – we operate in Florida and white is king in the summers." RichardO, On-Premise, FL

"Dramatic decreased. We used to carry way more Australian wines however demand has been decreasing and so has our Australian inventory. Some of the higher quality wines have had the saying power and so we keep them in stock at all times… Some of the higher priced wines that we have kept due to some demand: Groom Shiraz, Peter Lehmann Shiraz and Cabernet, Clarendon Hills wines, D'Arenberg wines, Torbreck wines, Two Hands Shiraz, The Black Chook

wines, St.Hallet Faith Shiraz, Yering wines, Rosemont Estate wines, Wolf Bless wines. These are some of the constants but not all. Price point on this wines range anywhere from $15 to $100 and Shiraz, Grenache and GSM blends been the most popular. Some we have but stopped ordering due to lack of demand: Mollydooker wines, Lengs and Cooter Shz, Lake Breaze, Te Aro, Frankland Estate, Leeuwin, Glaetzer, Dominique Portet, Cape D'Estaing among others." AlfredoR, Off-Premise, IL

"Lower by more than half on a gallonage basis." MichaelY, Off-Premise, NY

There were a few participants who felt that, while there had been some decreases in inventory of Australian wines in the past, there was a sense the market was bouncing back.

"Three to five years ago Australian wines were the trend. They were everywhere and did do a good job introducing the American palate to Shiraz, Viognier, and different styles of Cabernet Sauvignon and Chardonay. Over the past one to three years the import structure imploded and due to market oversaturation, too much bulk juice, and coupled with multiple droughts, had turned them back into a minor player on the U.S. market. Now within the past year I've noticed better quality wine overall, with more smaller producers from unique micro climates." JohnS, Off-Premise, VA

"I've noticed the same trends across the board. I call it the Yellow Tail effect. I've seen a slow but steady bounce back over the last year, and I'm VERY curious to see how the US market takes to the 2012 vintage, which promises to be excellent. Aussie Chard sales dropped massively, as people have steered to Chile and values from France. Riesling is not where it should be, despite the quality, and I think the public will take to it in 2013. Sauvignon Blanc, Semillon, and Verdelho sales have disappeared. Shiraz, Grenache, and Cabernet are the most reliable movers." StefanW, Off-Premise, NY

There were a number or participants whose inventory has remained flat over the past few years. One factor in maintaining an overall stable inventory is the introduction of new Australian wines.

"The Maryland market now has quantity discounts on some items. This has given the consumer better pricing. This also ties up cash and forces retail to

inventory goods. The exact amount over a 3-5 year period has remained about the same. The Aussie wine category remains flat over the last few years (in this market)." JohnM, Off-Premise, MD

"Aussie wines are flat. I stack out the best moving wines and case 1 the rest. Customers are more receptive to trying NEW Aussie labels. I've brought in new labels to fill in varietal gaps and price points, but I believe the consumer is trained when it comes to Australian now I'm afraid. Yellow Tail." JustinG, Off-Premise, CO

"Overall inventory remain the same in this category. There has been introduction of new SKUs during this time but there have also been brands discontinued." MelissaD, Off-Premise, MD

There were a few mentions of increased inventory.

"Sales are increasing from a small base. Happy with progress so far and sales increase as more consumers find out about our selection. Inventory has grown in breadth and depth over last 3 years. At previous job, Aussie/NZ sales were 20% of total wine sales." ChuckH, Off-Premise, CA

Sales (DT4)

Discussion topic question: Have you (or your company) experienced changes in sales of any of the Australian wines you sell or represent in the past three to five years? Are there certain brands, varietal types, price points, or appellations of Australian wines that have shown significant growth (or falling sales) in the past three to five years?

Participants who had experienced increased sales gave reasons such as increases in demand for new wines, lower price points, and more wines being offered from distributors.

"While we reduced the number of SKUs and on hand inventory, sales increased by approximately 10 – 12%. This was driven by greater demand for whites at lower price points. In our case the change in buying patterns was driven more by customers wanting to try new things in familiar price brackets. As a result we conducted numerous tastings and varied our selection and BTG list frequently to help buyers find that under-valued gem." RichardO, On-Premise, FL

"I'm seeing more appellation wines available for my distributors, and it just happens that I've picked up a few wines from those 2 regions recently. I attribute the decrease in basic Aussie wine to the fact that there was a flood of basic wine at basement prices. Now the prices have gone up and the demand is no longer there." JohnS, Off-Premise, VA

A few participants related how Rieslings sales have grown somewhat.

"Riesling has risen slightly, I believe, because on the shelf it's much less daunting than German Riesling and the perceived confusing labels." StefanW, Off-Premise, NY

"The dry Rieslings have a refreshing vibrancy that my guests have responded to. These dry Rieslings fit a profile of fruit forward, dry wine with little or no oak influence. They also pair well with some of the first course dishes on our menu so they are recommended by the somms and service staff." CaraS, On-Premise, UT

Varietals that were mentioned as declining in sales included Australian Chardonnay and Shiraz.

"For me, the decrease in Australian Chardonnay seemed to coincide with an increased interest in white burgundy and other chardonnays with less oak influence… Although the high end Barossa Shirazes still move occasionally, I think the guests that found these wines satisfying have moved on to other wines." CaraS, On-Premise, UT

"I've experienced the same trends in retail. I only stock one or two Aussie Chards at a time, as customers have steered towards Burgundy, Chile, or CA's Central Coast… The success of Rhone wines in recent years, combined with sub-par releases from Australia, has caused Shiraz sales, especially in the $30 - $60 range, to shrivel up. The high-end Penfolds wines and other "trophy Shirazes" still have their customers. Value Shiraz moves well, though not as rapidly as a few years ago." StefanW, Off-Premise, NY

While some saw the Shiraz market declining, others see it as still a strong seller. There were some participants who made comments such as, "Shiraz is still #1," "Shiraz still dominates," and "Shiraz is our main mover then and now." Two participants also mentioned that Australian Chardonnay was still doing well in their experience.

There was a group of participants who reported flat sales, no change, or "rather consistent sales."

Specific brands mentioned with increased sales were Lindemans, Yalumba, and D'Arenberg. Two respondents specifically mentioned that Yellow Tail is not moving as well as it once had.

Trade Perceptions (DT5)

Discussion topic question: In your opinion, how have general trade perceptions of wines from Australia changed in the past three to five years?

The perception that Australia only produces "jammy" high alcohol wines is changing, according to some respondents. Respondents are beginning to see a different style of wines from Australia and believe this is matching up with changing tastes among both the trade and consumers.

"I believe the trade perspective is starting to come full circle in the positive direction. When Australian wines were at their height 3 years ago there was amazing buzz in the industry and everyone was selling the jammy wines with funny labels. Thank god that all went away and now we're excited about the subtle, more interesting, inspired wines from wineries that are looking to build a strong relationship with the consumers." JohnS, Off-Premise, VA

"I think I really depends on what market you get into. I think the same goes for trade. Somms geek out on unique and interesting things from around the world. Programs like Wine of Australia have really helped revive a little interest in the country. Especially when you talk Hunter Semillon and Riesling from producers like Grosset and Jim Berry. The prom queen of Australia would have to be Bindi and miss Congeniality would be Kooyong, both from Mornington Peninsula. Many of these cool, delicious, amazing wines are hard to find and lack presence in the US in general. I think the trade on a whole needs to be exploded to the quality. Quality is expensive and Australia for so long hung there had on value. It will take, energy and continued resources to see results." JenniferS, On-Premise, IL

"The quality of Aussie wines are, for the most part, good if you like that style. There has been a small trend of a few Aussie wineries' to change the style. The attempt to make more structured wine, less fruit juice and lower alcohol levels. I can only hope California follows suit. Being in the trade for 40 years, I welcome that change. There will come a point where less extracted and fruit driven wines are sought after." JohnM, Off-Premise, MD

"I have smaller distributors that have wines that go against the grain for the most part. Styles customers haven't seen yet, labels they haven't seen. These give the idea they are smaller, family owned wineries, equivalent to what I'm selling in my store… so they make sense in my store. Where the big bold Australians are beat to death, the structure driven, low alc styles are welcoming. My distributor sales reps see Australian wines as a guaranteed paycheck with Yellow Tail, Lindeman's, Penfold's… but don't offer all tiers of the wine." JustinG, Off-Premise, CO

"Australian wines have been changing from simple easy drinking to structured, complex, lower alcohol levels but I haven't seen any effort to highlight the changes at any level… In the past the trend was for high alcohol fruit bombs and Australia wines fitted perfectly. That trend has been changing to lower alcohol content, less fruity. Australian wines have not kept up with the trend changes or at least many." AlfredoR, Off-Premise, IL

There were a few participants who mentioned how the trade and consumers are being cautious when choosing Australian wine—the trade not wanting to take the risk of going "all in" if they'd been burned in the past, and consumers not sure of the quality they'll find in value wines.

"I find the trade in general to be much more wary this time around. They see the recent positive trends and general rise in quality of Australian wine, but they don't want to take the risk and go 'all-in' like they did a few years ago." StefanW, Off-Premise, Off-Premise, NY

"Customers are still weary of the inexpensive Shiraz with critters on the labels… Our Australian buyer has noticed more traditional wines coming back again, moving away from overly jammy fruit driven wines. The customers are also moving away from overly oaked Chardonnay to more Burgundian style wines." MathewB, Off-Premise, CA

A few participants discussed how they believe ratings play a part in perceptions of Australian wines.

"Both the trade and consumers are/were hung up on the numbers game. They never fended for themselves and established why they liked a wine or why they didn't. This was very frustrating! Parker and the Wine Speculator are 2

examples of irresponsible writing that consumers believe. At least we all understood what Parker was writing about. I knew I would not care for any wines over 95 points. I was more inclined to deal with wines in the 82-90 point range. The speculator is based on how much you spend in advertising and not the actual quality in the bottle! Just my opinion!" JohnM, Off-Premise, MD

"Problem with many new writers on WA, WS is limited knowledge of the categories when they assign them to new countries. Rather than hire experts, they learn the category on the job…. Wrong." ChuckH, Off-Premise, CA

Attributes (DT6)

Discussion topic question: What do you consider to be the most positive attributes of Australian wines in general? What are their points of differentiation by varietal type of region?

The top Australian wine attribute discussed by the on-premise/off-premise groups was the range and diversity Australian wines have to offer. However, they believe that consumers (and a portion of the trade too) need to be educated on this topic.

"I think that the range of wines is amazing. You have Hunter Valley semillon that from the best producers can age for twenty years. The dry rieslings from the Clare and Eden Valleys are unique and wonderful. The Cabernet from the Margaret River region show a character that is unique to the regions. Many Barassa Shiraz can only come from that part of the world. The stickies from the Rutherglen are worth seeking out. The unique terrain, climate and range of grape varieties and style is what makes the wines of Australia great." CaraS, On-Premise, UT

"There is so much diversity. Sending to her example is chard and Pinot Noir from Victoria and interesting production in Tasi. There is so much personality down there." JenniferS, On-Premise, IL

"I love the unique depth of flavors you can get from a Cabernet Sauvignon or Shiraz from McLaren Vale or Barossa Valley, and yes, the beautiful Rieslings. From Eden Valley. The overall concentration of flavors on the nose and the palate are unparalleled, and have become the hallmark style for the region." JohnS, Off-Premise, VA

"I agree with everyone on this, Cab and Shiraz from the Barossa and McLaren Vale are fantastic. High-end wines sell themselves in our shop. The lower price point shiraz need the hand sell with extra encouragement from the sales team, letting the customer know that we can be trusted." MathewB, Off-Premise, CA

"The amazing range of terroir and associated microclimates is what makes Australia attractive. That said, the wine-buying public is not nearly as educated on Australia – our average customer knows the basic differences between

burgundy, Rhone, Bordeaux, Loire, etc. but very few can describe the differences between Margaret River, McLaren Vale, NSW, etc. It is an educational opportunity to say the least. We are big fans of Margaret River Chard (and who isn't). I am a personal fan of the shiraz coming out of Adelaide and Hunter Valley." RichardO, On-Premise, FL

Related to viewing Australia's diversity as an asset, participants discussed regional appellations and whether they add value in the eyes of the trade and consumers or are reliable indicators of quality. Some see regional appellations as the key to promoting Australia's diversity. There were some respondents who think consumers have no understanding of regions, and others who see it as an important indicator of quality. For the trade, this information is thought to be essential to successful sales.

"Thorough knowledge of regionality and subregionality is essential in understanding the category, making smart purchasing decisions, selling the appropriate style of wine to consumers and the trade, etc. Knowledge of regions and appellations is essential for Italy, France, Germany etc. and is just as applicable to Australia and NZ. It is this foundation of knowledge that has allowed me to keep the category vital at my store." ChuckH, Off-Premise, CA

"Appellations are important for consumers. Those that don't shop specifically for appellation use it to indicate quality or as another decision in the path to purchase. We definitely use it as a selling and education tool for our consumers." MelissaD, Off-Premise, MD

"They are not an indicator to me. I can't believe they are to my customers. They don't know as much. They assume a lot of Shiraz tastes the same and then look to price. They find a Cab they like, they try another Cab occasionally. One region is no better to another in the customers eyes." JustinG, Off-Premise, CO

"How much added value is hard to quantify, but it does give the trade and consumers a good idea of what's in the bottle. I also like to use it as a hallmark to signify certain styles or characteristics they should come to expect. The label should be reliable indicator of style and quality, otherwise the whole area or region would become defunct. They are staking theirs and their fellow winemakers reputation by living up to that name, Barossa Valley, McLaren Vale, etc. definitely carry expectations." JohnS, Off-Premise, VA

"I believe that regional appellation plays a huge role in the purchasing habits of our customers.Its showing reliability, kind of like Napa for Cabernet." MathewB, Off-Premise, CA

"Though regional appellations may not be an indicator of quality or style for the general public, the main added value is trust. A consumer may not know much about the quality of a specific wine or label but if they feel that if it comes from "this area" (fill the blank) it must be good…. at least they won't be wasting their hard earned money on something unknown." RafaelD, On-Premise, FL

Other Australian wine attributes mentioned included quality, value, consistency, diversity in terms of price points, and the role Australia played in popularizing blends.

"Positive attributes and points of difference:

- *Diversity of styles within a varietal.*
- *Diversity of styles as expressed thru regionality and subregionality.*
- *Passionate and committed winemakers, winemaking*
- *Long history of industry, viticultural resources.*
- *Proven cellarworthiness*
- *Consumer friendly*
- *Cool country to visit*
- *Dynamic industry, open to new ideas." ChuckH, Off-Premise, CA.*

"Australia had a great success making and marketing blends using both, red and white grapes in the same blend, they can build on it by improving quality. Yes, blended wine has always been around France, USA, Spain, Italy, etc. But Australia got it on everybody's radar." AlfredoR, Off-Premise IL

Barriers (DT7)

Discussion topic question: Thinking of selling Australian wines, what (if any) are the most typical barriers or difficulties you encounter when selling Australian wine to customers or accounts? Are there specific barriers that you associate with selling Australian value wines vs. more expensive Australian wines?

Australia's reputation as a low end value wine producer was identified by on- and off-premise respondents as a significant barrier when selling higher end Australian wine.

"I think that the infiltration of so many low end Australian wines eventually hurt the consumers perception of Australian wines in the U.S. The perception being that all Australian wines are low end." CaraS, On-Premise, UT

"I definitely agree the flood of cheap Aussie wine make it more difficult to sell higher priced selections due to guest perception. Higher end fine wine from Australia is a definite hand sale. Some people turn nose up before you even finish a sentence, but with time and more positive press it can slowly turn back around." JenniferS, On-Premise, IL

"As I alluded in the previous question, the primary barrier is a general lack of knowledge among consumers. Add to that the prevalence of low-cost producers such as Yellow Tail, Monkey Bay, Three Penguins, etc. and Australia has set them selves up for the stigma that Australian = cheap. We educate our customers on what's good and what's not and are frequently please to convert (or at least broaden the horizons of) a devout California drinker. We stress that while Australia does offer many excellent approachable wines to satisfy any pocketbook, you don't have to settle for whatever cartoon-emblazoned bottle you see on a supermarket end cap." RichardO, On-Premise, FL

Subsequently, a lack of education and knowledge of the array of Australia's wine offerings was also cited by these respondents as a top barrier.

"The biggest obstacle in the value vs expensive category is getting people to understand the world of difference between the two, grape juice vs heaven on earth. Always a challenge!" JohnS, Off-Premise, VA

"Staff education, I believe, is key." StefanW, Off-Premise, NY

"The primary barrier is a general lack of knowledge among consumers." RichardO, On-Premise, FL

"I think education and marketing are the key barriers here as well. When customers are looking to upgrade in price point they begin with familiar regions – Bordeaux, Burgundy, Napa, etc. Australia has done nothing to reach out to these consumers and therefore the category is stuck at the value end." MelissaD, Off-Premise, MD

"I believe there is a lack of knowledge of the range of Australian wines. Educating the consumers – through the sales force – about the differences in regions and styles that Australian wines offer. The barriers could be solved with a good marketing and education program. As an example, in the restaurant setting, servers and bartenders sell more of a specific wine just after a tasting/training session… the information that was just shared comes out onto the floor, and more of that wine is sold, despite its price point. Yes, budget is always at play… but the right information AND enthusiasm for the product can improve sales." RafaelD, On-Premise, FL

Other obstacles brought to the attention of the group were brand loyalty and knowledge of Australian wine based only on word-of-mouth and advertising.

"Consumers are trained to know certain Australian brands I feel. Very few want to branch out. They know certain brands and they stick with them. When it comes to trying to sell them their bottle at $15, for another bottle over $15+ they don't recognize, they are reluctant. The Yellow Tail, Lindemans, Penfolds brands etc… have been around so long, with so many options, they don't have to leave that brand to find what they want. Shiraz to Shiraz/Cab, Merlot to Shiraz. Lindemans for $7 - $8, reserve label for still under $14…" JustinG, Off-Premise, CO

"The biggest barrier I see when selling inexpensive to expensive wine is brand loyalty. Yellow tail has done a great job at marketing their brand. Many people will not buy anything else because they have never seen it on ads." JamesH, On-Premise, CA.

"Many consumers think Aussie wine is a value. They are right for the most part. The draw back is in the attempt to upgrade them to a better wine, brands they are not familiar with." JohnM, Off-Premise, MD

"The customers are TV watchers and look for Skinny Girl and whatever else pops up on TV, or is sponsored by a rap artist. My customers have uneducated 'new world' palates and drink what their friends drink without hesitation." JustinG, Off-Premise, CO

Wines Positioned for Growth (DT8)

Discussion topic question: Which Australian wines (varieties/types/price points) do you think are best positioned for growth on the U.S. market? What are the attributes of these wines that make them appealing to the trade and consumers?

There were many diverse ideas about what wines have potential for growth on the U.S. market. Wines from $10 or $15 up to $40 are the price range where participants believe Australian wines have potential. Also mentioned repeatedly was the potential for the cool climate, lower alcohol wines.

"Cooler climate chardonnays, and big reds with better canopy management, less yield, and lower alcohol, are going to really help showcase the unique terroir." JohnS, Off-Premise, VA

"I think wines in the retail price point of $20 to $40 are where Australian wine sales will increase. There are many wines that can be seen as having very good quality/price ratio in that price range." CaraS, On-Premise, UT

"Trade loves terroir and cool climate. I would love to see more trade get exposed to the cooler areas, like Hunter Semillon from Tyrell or Brokenwood." JenniferS, On-Premise, IL

Many varietals were cited as having potential, Australian Rhone varietals, Riesling, aromatic whites, Grenache, Pinot Noir and Chardonnay from Victoria, and stickies.

"Margaret River Chardonnay (balanced, great acidity, little to no oak) and the stickies from Rutherglen (which I keep calling Rutherford for some reason) are primed for massive growth… stickies in general are gaining more and more respect across the board, and consumers are realizing that you don't need to bust out $100 for a Vintage Port or TBA to enjoy a great sweet wine. But I think Riesling is the next hot wine from Australia. Eden and Clare Valley Riesling are becoming constantly more accessible and, let's face it, the press they keep receiving doesn't hurt. Their dryness and tendency towards more citrus flavors (while still maintaining acidity) than their Germanic cousins give them a unique

identity. Add in price point and labels that are much easier to interpret, and I think you have the next big Australian wine." StefanW, Off-Premise, NY

Besides varietals, Australian blends are thought to possibly have a positive future.

"I agree with all the previous comments – Bordeaux blends, White blends (with Semillon), aromatic Rieslings and Viognier, and GSM and Rhone varieties. I think, I think GSM helped propel Rhone varieties, I think the renewed interest in the Rhone Valley varieties could reinvigorate an interest in Australian wine. The $15 to $25 price point (retail) would be one to explore. It is versatile enough for both retail sales and restaurant lists." RafaelD, On-Premise, FL

"Shiraz, Viognier, Sauvignon Blanc, Riesling, and Chardonnay on single variety or as blends. Price point for growth in my expectations $15 and up since wine lists and wine bars here in Chicago are moving into higher quality product." AlfredoR, Off-Premise, IL

Promotions (DT9)

Discussion topic question: Have you participated in or experienced any kind of promotional activities or events conducted on behalf of Australian wines or other country or regional promotions ongoing in the U.S. in the past two years?

Four on-/off-premise discussion group participants have had experience with Australian wine promotional activity. One respondent participated in the Wines of Australia program, one respondent participated in a Top 10 program with Australian Wines that was run by Whole Foods Market, one attended a tasting put on in San Francisco by "an Australian trade group," and one had Jane Ferrari from Yalumba to do a tasting in their shop. Other respondents had participated in activities for Argentina, Chile, Rioja, and Champagne.

A few respondents noted that promotional activities (e.g., tastings and marketing campaigns) are a great way to educate the consumer.

"Educating a consumer about a region and wine and giving them that personal connection is a great way to drive sales. It is small in scope thought in terms of the number of consumers and wines it can impact. Some wine commissions are doing a better job of larger scope marketing campaigns. The Washington Wine Commission has done some good programs in the past with market focused radio spots and educational info." MelissaD, Off-Premise, MD

"Education of the consumer is the best way to sell wines. The education comes from a variety of ways. Tasting and talking about wines is just scratching the surface. Consumers like the trade need to develop their palates. This process never stops. Communication skills and listening skills are the best way to give the customer what he/she wants. What don't you like about a wine or what do you like about a wine? This process should always involve some talk about fruit, vegetable, herb, spice or mineral." JohnM, Off-Premsie, MD

It was agreed that doing "nothing" isn't effective. Tastings are key.

"What doesn't work or is not effective? Doing nothing… and as others have noted, the Aussie category is guilty of that." ChuckH, Off-Premise, CA.

"My thoughts exactly to what ChuckH said… obviously doing nothing hasn't worked. Individual wineries promoting in Wine Spectator isn't enough, maybe more group trips & tastings. Print marketing in magazines other than wine or spirits mags. Maybe travel mags, fine dining. As a country, not just a winery." JustinG, Off-Premise, CO

"The fact of the matter is I would never buy a wine I haven't tasted, and was totally unfamiliar with, so, trade tasting are a great way to reach lots of buyers in a short period of time. Also, having key personnel from the winery visiting key accounts for one-on-one tastings is always an effective way to promote brands and positively affect a brands image." JamesH, On-Premise, CA

"In restaurant setting, we sell more of what the servers and bartenders have tasted, know about and like. Sales incentives only work if the wines are tasted and liked first." RafaelD, On-Premise, FL

Future Growth (DT10)

Discussion topic question: How do you foresee the growth of the Australian share of market in the U.S in the coming five years? What factors do you think are the most critical to increasing share of market for Australian wines?

As covered earlier in the discussion, participants feel that Australia needs to focus on their "quality wines" vs. value brands in order to experience growth.

"I think the focus should be on quality and the range of styles of quality wines from various regions." CaraS, On-Premise, UT

"I see the potential for smart growth in the U.S. market, which I feel is already happening. There needs to be a better balance of quality wines in the mid to high price points to counter balance the volume of cheaper wines, thereby letting consumers know there are quality wines to choose from as well. I hope that the days of the mass/bulk importer with silly labels is done." JohnS, Off-Premise, VA

"Quality over quantity. I think that the Australian wine market is still feeling the reaction of consumers getting cheap critter wines. This will take time to heal, but if they keep producing good quality wine, the customers will come back." MathewB, Off-Premise, CA

A boots-on-the-ground strategy was suggested.

"I think the hands on approach would be best. Producers traveling around the U.S. and spending time explaining their techniques and styles would be awesome. The consumer wants to hear it from the source." MathewB, Off-Premise, CA

"I would recommend doing a series of trade shows in conjunction with local wholesaler/ buyer meet and greets, along with in store tastings, bottle signings, and special events/ dinners. The producers need to sell to the trade as well as to the consumer." JohnS, Off-Premise, VA

"I have to add: do NOT latch onto massive trade shows like the ones they hold at the Javits Center in NYC. Australia will get lost in the shuffle. Create one just for Australia and aggressively promote it, and try hard to get big names involved." StefanW, Off-Premise, NY

"Members of the trade and especially winery owners/wine makers/trade reps should get out and work the market place. Regional trade and consumer tasting, local in store tastings are always great for creating interest in wine, from all countries!" JohnM, Off-Premise, MD

Other factors suggested to foster growth included differentiating Australian wine from the competition, aligning what Australia has to offer with current U.S. trends, trade trips to Australia, and, of course, trade and consumer tastings.

"I think Australian wines could be poised for growth if advantage is taken through education and marketing of some current trends in the American market, such as the new focus in the Southern Hemisphere, single-vineyard wines, white and red blends, sustainability, lower alcohol wines, and the growing $20 price point." RafaelD, On-Premise, FL

"It seems to me Australia's strength in the US is still in the retail sector, so I think putting reps and salespeople in the stores holding tasting events in shops is a great way to educate consumers. It's an easy way to put promotional and educational materials directly in to consumer's hands, as well as sampling the wines at the same time." JamesH, On-Premise, CA

"I think influencing 'Gatekeepers,' Somms and retial buyers, perhaps by bringing them to Australia and getting them enthused is a way – it worked for Spain." MichaelY, Off-Premise, NY

When asked to suggest any programs or initiatives they think should be put in place on behalf of Australian wines in the next three years to stimulate growth of market share, a myriad of ideas were put forth. They ranged from wine paring dinners and tasting events, to sales incentives.

"It would be possible for the Australian Trade to work with larger distributors inside the state and identify A, B, and C level stores moving Australian wine.

Reward them with a trip, dinner, signed bottle. (Just throwing it out there). I've done really well with a particular producer & their labels in my shop; my sales rep got a trip to Argentina. He mentioned a majority of his sales were from my support. That should be recognized by distribution and rewarded by suppliers somehow. We've all talked about tasting to the trade in larger markets. Why not do an event for the public to promote wines? Put it in the local paper, and run it like a 'Grand Tasting,' ZAP tasting or Family Winemakers Tasting. Limit capacity, charge entry, offer VIP tickets to receive additional perks like a winemaker dinner, prize bottles, etc… I believe this method would bypass the distributors/reps/retailers that aren't motivated and touch the consumers that are. They would not pay to get in if they weren't interested." JustinG, Off-Premise, CO

"From the restaurant setting point of view…. Wine pairing dinners and tastings for the saleforce. Sponsoring wine education classes online or on location for both trade and consumers." RafaelD, On-Premise, FL

"The importers of Aussie wine and their U.S. distributors are going to have put dynamic people on the street to tell their story. That fact has not changed in forty years." JimB, Off-Premise, OH

Wine Australia Importer Group

Importer Participant Background

RobertJ: Is a national account manager for a wine, spirit and sake importing company. He is responsible for maintaining current business and relationships with part of their wholesale distribution network, finding secondary/tertiary wholesale distributors in the states where they have a primary distributor, and serves as an ambassador for their products. He visits the markets he is responsible for, works with the sales reps and management, conducts tastings and events for the trade and for the public.

MattF: is the Brand Director for wines at Pernod Ricard USA. One of the brands he represents is Jacob's Creek.

JonathonL: Is the U.S. Brand Manager for Yellow Tail wine. He works for Deutsch Family Wine and Spirits.

FrancoisM: Is the Brand Director for Yellow Tale in the U.S. He also works for Deutsch Family Wine and Spirits.

(JonathonL and FrancoisM participated jointly as representatives of Yellow Tail)

RobB: Is the president of Old Bridge Cellars. They are an importer, producer, sales and marketing company representing wines from all over the world. For two decades they have specialized in regional Australian wineries that include many iconic brands.

ReidS: Is the Vice President of Marketing at Accolade Wines North America. They have Hardys and Banrock Station as well as several domestic brands, including Geyser Peak.

KathyM: Is the Managing Director of Negociants USA, an importing, sales and marketing company representing an exclusive collection of highly coveted, family owned and operated wine brands from Australia and New Zealand.

RonnieS: Is the president of Vine Street Imports. They work with about 35 small boutique Australian producers. *(Did not complete all of the discussion group questions)*

Key Factors (Intro)

Asked in the "Please Introduce Yourself" Discussion topic question: What are the key factors that lead to success in growing market share for the wines you sell or represent?

The following are the key factors to success in gaining market share among the Australian wine importers who participated the importer discussion group.

"Key factors that we utilize to grow market share for the products that we represent are:
1) Select very good products
2) Price them competitively
3) Broadcast samples to the press & trade for reviews & opinions.
4) Taste them in the market with gatekeepers, buyers, sommeliers, the public
5) Make it easy to do business with our company – eg we deliver our goods via our in-house trucking company, we don't inflate the price in order to give a rebate, we supply a sampling budget as a discount on the invoice to avoid bill-back procedures
6) Maintain a content-rich and user-friendly website with complete info on all of our suppliers, pre-formatted POS, etc…
7) Hard Work – we follow up on our efforts"
--RobertJ, Importer, VA

"For me, the most important factors that lead to market share growth include:
(1) a clear and compelling brand proposition that can be translated on the shelf
(2) gatekeeper (trade, wholesaler) relevance
(3) a wine style/profile that fits the target consumer and target occasions
--MattF, Importer, NY

"I would say that some of the most important factors that lead to market share growth include:
1. Offering the right range of products for your target consumer, including staying ahead of new category innovations
2. Keeping brand awareness high to maintain share of mind in an increasingly

crowded category
3. Working with sales / distributor / retailer partners to make sure the brand maintains a strong in-store presence
4. Making sure that a mature brand like [yellow tail] stays relevant not only to existing consumers, but to new consumers as well"
--Jonathan, Importer, NY

"Key success factors in growing share:
1- brand relevance with both consumers and gatekeepers
2- quality wines that beat competition in its price tier
3- effective route to market strategy
4- sales and marketing organization that work collaboratively and is viewed as a preferred partner by both retailers and distributors"
--FrancoisM, Importer, NY

"Key factors to grow market share:
1.) Recognition of regional AUS and its different flavor profiles and varietals that are available. We are so much more than fruit bomb Shiraz.
2.) Distributor education and breaking through to the sales teams whom have too many SKU's to sell from EVERYWHERE.
3.) AUS wineries MUST invest in the US and maintain their value proposition (especially in the over $15 category) in spite of poor currency conditions.
4.) Pursue the wine press very aggressively and broadcast it widely. They validate our over delivery message."
--RobB, Imporer, CA

"A few key success factors:
1 – Momentum, derived from "news" on the brand
2 – 4 P's of Marketing – product should overdeliver at its price point, have clear and compelling consumer communication, and good distribution
3 – good distributor and retail account relationships with simple and fair objectives and rewards
4 – good reviews, with good communication through PR, etc."
--ReidS, Importer, CA

“A few ‘keys to success’ for us:
-focus on the education of the diversity of Australian Wines (regionality, varietal and clonal selections etc.)
– tasting, talking to and engaging key influencers
- build ambassadors within our distribution network – engage the eager, keen and motivated sales talent
-align with the right customers
-continue to over deliver on quality, focusing on the re-premiumization of the category”
--KathyM, Importer, CA

Main Drivers (DT1)

Discussion topic question: Thinking of the U.S. wine industry as a whole, and not just Australian wines, please give us your opinion on the trends or factors you see as main drivers of the market, including examples you might think of as "what is hot and what is not" on the market today.

An important observation made by one respondent up front, was in the U.S., there are many markets to consider.

"What drives the market? The deeper question is which market? There are several – the everyday wine market, the BIB market, the domestic market, the imported market, the collectible market, the image-conscious market, the classic wine market, the geek market, the natural wine market, and many more." RobertJ, Importer, VA

The importer discussion group offered up a plethora of wine categories they feel are "hot" in the market today:

- ✓ Sweet wines (red, white, and sparkling)
- ✓ Argentine reds
- ✓ South African Chenin Blanc
- ✓ Rose wines
- ✓ Sake and Craft Beer
- ✓ Imported wines among younger wine drinkers, specifically
- ✓ Blends
- ✓ Prosecco
- ✓ Box wines
- ✓ $12-$20 price point on almost anything
- ✓ Treat/indulgence wines (Cupcake and Layer Cake)
- ✓ Female focused (Middle Sister, Be)
- ✓ Low Calorie (Skinnygirl, Skinny Vine, Girl Go Lightly)
- ✓ New Zealand Sauvignon Blanc
- ✓ Value Spain
- ✓ Moscato
- ✓ Alternative whites in general

In regard to blends, one participant brought up a key point relevant to Australian wines regarding Shiraz declining, but Syrah blends being popular.

"Interesting to note that Syrah as a category is suffering but some of the most popular red blends selling in the marketplace have Syrah as a major component of their blend." RobB, Importer, CA

Merlot and White Zinfandel were mentioned as varieties that were "not hot."

Other key market drivers mentioned include the under $20 price point, value, and quality.

"*The most important driver of the market in my opinion is Price - 85% of our products retail under $20.00 per bottle. We obviously focus on well-chosen, high QPR everyday wines…these items are what deplete as daily bottles for the majority of drinkers. Quality is another driver. And a recognizable area/grape/brand name. Press and reviews can be very helpful." RobertJ, Importer, VA*

One importer also bought up the growing importance of young consumers and ethnic consumers.

"I would add that I think younger consumers and growing ethnic consumer groups such as Hispanic, African American and Asian are also becoming driving forces in the industry. While still in the minority of wine consumers, these groups are all growing much faster than other segments, and the category as a whole. The way that they approach wine and the types of wine they consume is different than wine drinkers of even a few years ago. Take a look at some of the events that serve young wine consumers, such as Wine Riot. Many of these consumers are more open to imported wines, so we have a unique opportunity to engage with them." JonathanL, Importer, NY

Australian Wines (DT2)

Discussion topic question: What kinds of Australian wines do you sell or represent, by type, variety, and price point?

The importers who participated in this discussion primarily represent Australian wines that sell for under $35. Only one importer mentioned wines that cost upwards of $100.

Participants order wine made in the following Australian wine regions:

- ✓ Barossa
- ✓ Padthaway
- ✓ Mornington Peninsula
- ✓ Mudgee
- ✓ Great Southern
- ✓ McLaren Vale
- ✓ Clare
- ✓ Coonawarra
- ✓ Hunter Valley
- ✓ Yarra Valley
- ✓ Heathcote
- ✓ Victoria
- ✓ Margaret River
- ✓ Bendigo
- ✓ Rutherglen

Brand-wise, Yellow Tail was represented, as was Hardys and Banrock Station, Jacob's Creek, Wyndam Estate. In addition, one participant imports Thorn-Clarke, Milton Park, Tessa Barossa, Mount Crawford, Shotfire, William Randall, Morambro Creek, and Jip Jip rocks. Under these brands, the following types of wines are imported:

- ✓ Chardonnay
- ✓ Cabernet
- ✓ Shiraz
- ✓ Sauvignon Blanc
- ✓ Riesling

- ✓ Pinot Noir
- ✓ Merlot
- ✓ Sparkling Moscato
- ✓ Pinot Grigio
- ✓ Pink Moscato
- ✓ Blends
- ✓ Malbec

Inventory (DT3)

Discussion topic question: Over the past three to five years, how have your inventory levels of Australian wines changed, if at all?

Overall, inventories have been down. However, much of the discussion was focused on how they have been increasing of late.

"As you can imagine, inventory levels have dropped as the ever-rising demand for the once-hot category has settled down to a flat line...The category of Australian wines remains strong and viable, but the years of increasing growth and market share are behind us…the category is mature and sales are flat but steady…which is not so bad.' RobertJ, Importer, CA

"Up to 12 month ago distributors were not invested in maintaining adequate levels of our commercial Australian wines. DI orders were replaced with filling from the California warehouse. Premium wines were not moving through the system. This has changed, we are up 42% in shipments and many partners back to buying containers as the category wakes up again." KathyM, Importer, CA

"Overall dollar value held by distributors are down. During the recession they found 'SKU rationalization/inventory control' religion and they have only started to loosen up now but still not all the way to the levels of pre-2008. Our inventories held have been flat to down slightly in volume but we have greatly reduced our value held." RobB, Importer, CA

"Hardys and Banrock weren't exactly on fire when Constellation marketed them. Their attention was on black box. We are working to revive them currently. Inventories are down as you might imagine." ReidS, Importer, CA

"We've seen some fluctuation in inventory levels, but have been able to manage roughly where we want to be." FrancoisM, Importer, NY

A number of the importers discussed how they've been taking steps to better handle their inventory to avoid having excess inventory.

"In general, inventories have tightened up for our wholesalers, retailers and winery over the past several years. Within Jacob's Creek, we have taken several steps to increase forecast accuracy from the field to ensure that we are not sitting on excess stock in Australia, allowing us to supply the freshest possible wines to our customers. This is a critical factor for delivering consistent product quality for consumers and avoiding overloaded wholesalers, which can lead to unprofitable discounting." MattF, Importer, NY

"Items that once were never allowed to become OOS are now kept at lower pars and temporary OOS situations occur." RobertJ, Importer, VA

"Once we got those inventories in line in 2009/2010 we have tried to take a more aggressive approach in planning our business and staging our goods to meet those plans. We have tried to reduce 'safety stock' that was expensive insurance against Out of Stocks." RobB, Importer, CA

"We are now purchasing around 75% of our peak quantities. In a way this is healthier for the supplier, since in the heyday of the Aussie phenomenon we purchased almost 2/3 of their output. They are now less reliant on the U.S. market." RobertJ, Importer, CA

Sales (DT4)

Discussion topic question: Have you (or your company) experienced changes in sales of any of the Australian wines you sell or represent in the past three to five years? Are there certain brands, varietal types, price points, or appellations of Australian wines that have shown significant growth (or falling sales) in the past three to five years?

The overall consensus among the importers was that while sales had been down for a few years, they were now on the rise. The varying varietals (Chardonnay, Moscato, Pinot), wine categories (sweet wines, Moscato, new varietals, blends), and price points ($15 - $20) that are doing well seem to balance those that represent more of a challenge (Shiraz; under-$10, $10 - $15, over $40 prince points).

"Within Jacob's Creek we have seen strong performance out of the whites (Chardonnay and Pinot Grigio) and sweets (Moscatos and Sweet Red) while the core red wines continue to face declines. The strength of the brand lies within Chardonnay, which has been receiving strong ratings and successfully drawing in consumers of Chardonnay from multiple countries of origin. The $10 - $15 segment where Jacob's Creek Reserve is priced, has been a challenge over the last few years despite positive ratings and consistent quality. We have seen many retailers walk away from supporting this part of the category which is a shame because there is a fantastic quality to price ratio for consumers." MattF, Importer, NY

"The >$10 range has been the biggest challenge for us. The growth has come from new varietals such as Moscato that are gaining broad popularity with consumers." FrancoisM, Importer, NY

"Depletions are recovering from some declines over the past 3-5 years and shipments up. Definitely seeing more engagement over $10.00 (RRP)." RobB, Importer, CA

"There in no single answer here. Overall our total business is growing BUT the sub categories of price and type have some dramatic swings. Over $40 retail is not back yet but improving. $15-20 retails have been our business driver.

Shiraz is down, blends and Pinot are up. Under $10 has cost us volume but hasn't hurt the value side that much." RobB, Importer, CA

One importer commented that the decrease in brands due to financial and agricultural circumstances have, in his opinion, been good for the Australian producers as a whole.

"Sales volume has decreased, significantly and across the board, since the financial crisis in late 2007 and 2008; more so above the $15.99 price point than below it. Demand for quality aged port-style wines is strong, and the mid-teen price points are very competitive. The combination of strong Aussie dollar and some low-volume harvests have done the category a favor by eliminating many brands that were based on buying volume juice and packing it in a BOB label. This set of circumstances has in my opinion been good for the Australian producers, by decreasing their reliance on the U.S. and UK markets and forcing them to expand into other growth areas around the world." RobertJ, Importer, VA

Trade Perceptions (DT5)

Discussion topic question: In your opinion, how have general trade perceptions of wines from Australia changed in the past three to five years?

Overall, importer participants believe that there is a pervading negative perception of Australian wines among the trade, especially at the lower price points.

"Australian wines have been on a steady decline for years and as such are viewed skeptically by the trade currently." ReidS, Importer, CA

"Overall the trade perception of the category is still poor, and the Australian set is typically segmented out to the back of the store or in a lower foot traffic location. The reality is that Australia as a category has the lowest average price and is driving the largest absolute dollar declines (not percentage declines). This is a tough fact to face with the retail buyers." MattF, Importer, NY

Although the importer discussion participants acknowledged generally negative trade perceptions of Australia, some of them were quite positive in their view that perceptions will change for the better. The quality wines Australia is currently producing are the country's saving grace. Other signs that perception is turning around includes increased interest in high-end wines.

"Trade perception remains relatively negative at the moment, mostly because the trade is addicted to growth, and Australia is not a growth story today. But while the sell is harder, it can be done, as long as the wines provide great value to the consumers (at all price points), it can work. While Australia is out of favor with the trade at the moment, I have no doubt that it will come back, because the history of winemaking in Australia is too deep and too rich, and there are amazing wines being produced that do provide great values to consumers. Ultimately that will win." FrancoisM, Importer

"The conversation is turning — no more discussion about what Australia 'did wrong', rather renewed interest and curiosity about what Australia is up to –

being driven by on premise but as well lots of discussion around retail shelf set refresh!" KathyM, Importer, CA

"No one at retail is asking to be shown wines from Australia. Points and reviews don't drive sales like they used to. The most important change in perception, to me, is that the Australian wine category has matured into a reliable and steady piece of the retail set, because of the predictable flavor profile and relative value of the wines (value is till there despite the parity of US$ and Aussie$)." RobertJ, Importer, VA

"After being the scourge of the wine industry, the category on the boutique end has finally come back alive and we are getting a ton of interest from the on-premise trade." RonnieS, Importer, NJ

There was a fairly general consensus among importers that consumer's perceptions of Australian wines are better than the trade's.

"In general, the consumers we have spoken with still see it as region that delivers consistent quality at a value price. As Rob B pointed out, the negative perceptions are much stronger with the trade vs the general consumer base. Many consumers put Australia on par with California but they just do not have many opportunities to explore the category due to how and where it is merchandised at retail." MattF, Importer, NY

"The trade are far bigger naysayers than consumers we engage. The distributor will parrot what they hear at retail. Retailers respond to the trade rags or incomplete category info (i.e. grocery chains scan data). On premise simply moves on to the newest hottest import category (NZ, Argentina) and leaves France and Italy relatively intact on their wine list while reducing support for AUS." RobB, Importer, CA

Attributes (DT6)

Discussion topic question: What do you consider to be the most positive attributes of Australian wines in general? What are their points of differentiation by varietal type of region?

The most common positive attributes mentioned by importers was the price to quality ratio, and diversity.

"Consistency of quality vintage after vintage. Very high quality to price ratio for the premium + price points relative to domestic brands." MattF, Importer, NY

"Diversity across regions, price/quality ratios, healthy and friendly competition — success for one brand should/can/does help the category as a whole…" KathyM, Importer, CA

"As the largest Australian brand in the U..S (by far), I would say that the most positive attribute I see is quality for the price. [yellow tail] produces a sparkling and higher end "reserve" lines in addition to the classic [yellow tail] brand, and I am struck by how strong the quality is for the price. This is across all three brands, compared to what I see as competitive non-Australian brands in similar price tiers. I would say this holds true for many of the other Australian brands I've sampled. Also, particular quality of reds is even stronger, a consistency across vintages." JonathanL, Importer, NY

Focusing on regional appellations to highlight Australia's diverse wine offerings was seen as an opportunity for Australia, and an area where education is needed.

"Within the $10-$15 price segment, there is a general lack of understanding of the value and benefits of regional appellation wines from Australia. One of the biggest opportunities I see is to find a way to get this message across to mainstream consumers so that they are intrigued enough to trade out from another country/origin or trade up within Australia rather than look to a different origin at this price point." MattF, Importer, NY

"Cool climate and regional variation are the keys moving forward and added diversification beyond Shiraz is essential. Consumers do NOT know many AUS

appellations but its getting better slowly. They are beginning to realize that an appellation of any kind is a quality cue vs.wines of broader sourcing (i.e. Southeastern AUS). They might recognize they like wines from McLaren Vale yet not know what style that area is known for." RobB, Importer, CA

"They are an indicator of quality, yes, but again, among a very narrow target. The average consumer doesn't know the Barossa from Hunter Valley from Margaret River, etc. In fact, it's been 'proven' lately that at sub-$15 or so price points, the consumer doesn't even take much notice of what COUNTRY the product is from. Imported bulk wines are huge now, and being put into 'domestic' brands." ReidS, Importer, CA

Barriers (DT7)

Discussion topic question: Thinking of selling Australian wines, what (if any) are the most typical barriers or difficulties you encounter when selling Australian wine to customers or accounts? Are there specific barriers that you associate with selling Australian value wines vs. more expensive Australian wines?

The key barriers for importers start with the exchange rate, and extend into the value category, competition with wines from other countries, barriers tied to the distance between Australia and the U.S., and overcoming trade perceptions of Australian wine in this country.

"Exchange rate constraints, perception of category by gatekeepers and influencers – not necessarily consumers, distance to travel (bringing people to experience Australia firsthand will never be as easy as California), great value offerings from Spain and South America." KathyM, Importer

Barriers related to lower end value wines included their image and declining demand, and for higher end wines, competing with the value segment for shelf space.

"Declining category. Image of 'not serious', cheap, 'critter' wines." RobertJ, Importer, VA

"Value wines
1) low profits = smaller A&P budgets to invest behind marketing programs & less distributor focus
2) declining category
3) shrinking shelf set (avg # of items declined over 7% in the past year)
4) general lack of interest in the category
5) fewer opportunities than previous years to promote Australian wines at retail" MattF, Importer, NY

"Another barrier to selling Aussie wines, value wines in particular, is the fact that very large wine producers and suppliers align themselves with very large and powerful wholesale distributors and leverage their way onto many shelves…tying their brands to other more desirable items – to the extent that many a retailer

has all of their shelf space tied up with thirteen SKUs each from brands X and Y. This leaves no room for those who are neither large nor powerful. This is capitalism, I know, but is a barrier still." RobertJ, Importer, VA

Barriers faced at the distributor level included inventory issues, competition from other regions, and the residual effect of discount pricing.

"*The most typical barriers when selling to a wholesale distributor are:*
1) we already have Australia covered
2) we cant sell what we already have, and don't need another brand
3) no one is asking for Shiraz anymore
4) Australia had their run, it is Argentina's turn now
Higher -end wines, above $22.00/btl, are almost unsellable and need a loyal base or tremendous review to sell." RobertJ, Importer, VA

"We don't sell many value wines. On the higher price points ($15+) they expect a better price because we typically delivered one for a decade or more. In addition they realize the category has suffered and the inventory dumping that occurred in 2009 and 2010 didn't help our efforts to rebuild some value into the market. Additionally the reduction of support in better restaurants is alarming for AUS." RobB, Importer, CA

Other barriers are simply logistical.

"The barriers I deal with on a day to day basis are very logistical:
1. longer lead times due to the physical distance of Australia from the US – this often makes it much more difficult for us to compete and react to competitive domestic brands or meet the requirements of particular retailer programs
2. the more complicated infrastructure required to get wine from Australia to US retailers can sometimes lead to inventory management and quality issues."
--JonathanL, Importer, NY

A few importers spoke about how it is difficult for the trade to sell Australian wines when they have little knowledge of or experience with Australian wines.

"The fact that the trade rarely gets to experience the wine regions first hand is a major challenge. Especially when it comes to liquor stores/fine wine shops

where many of the consumer purchases are driven by the recommendation of the wine buyer/expert for that particular store. If they do not feel comfortable telling the story of the particular merits of an appellation or region from Australia, they will default to California and other more accessible regions. There is no obvious solve here, but it is something that we need to get better at addressing as an industry." MattF, Importer, NY

Wines Positioned for Growth (DT8)

Discussion topic question: Which Australian wines (varieties/types/price points) do you think are best positioned for growth on the U.S. market? What are the attributes of these wines that make them appealing to the trade and consumers?

Importers named wine types and varietals they think are positioned for growth that align with current trends here in the U.S. A caveat was added that these wines are not unique to Australia, so competition is still a barrier.

"1- Red blends. The U.S. consumers are more and more comfortable with wines that do not state the varietal on the front label. Australia grows some of the best Shiraz, Merlot and Cab in the world, and can make some of the best red blends in the world, at all price points. 2- for me it's a style thing and the American style is slowly towards more balanced wines. Less of the over-extracted, super-ripe, pruny, high alcohol monsters that some Australian producers have been known to make, and more of the easier to drink, food friendly, balanced and lower alcohol wines." FrancoisM, Importer, NY

"There has not been a variety or style that is specific to Australia which stands out as a growth driver. Blends and sweet profiled wines have been performing well in the sub $10 segment, but this has not been a trend specific to Australia – rather it is a macro trend for the U.S. wine industry." MattF, Importer, NY

"Blends and $10 - $20 price points for regional offerings." KathyM, Importer, CA

"Cool climate, blends and SSB's. Cabernet is a huge category here in the U.S. and is very under represented by AUS. They need to be regional flavor profile but can't have the green, eucalyptus or overly herbal notes that are classic for many of the regions." RobB, Importer, CA

One importer mentioned that Australian luxury wines are showing promise.

"We have seen renewed interest on the luxury red wines in our portfolio ($30+), and I feel confident that there is a strong growth opportunity for brands positioned at the higher end of the price spectrum." MattF, Importer, NY

Another said that he doesn't really see any growth in Australia's future, and predicts Australian market share in the U.S. will remain stable.

"I don't see any real growth categories; rather, I see maintaining market share as an accomplishment regarding Australian wines. As stated earlier, the category is mature and we now rely on consumer familiarity and loyalty to sustain depletions." RobertJ, Importer, VA

Promotions (DT9)

Discussion topic question: Have you participated in or experienced any kind of promotional activities or events conducted on behalf of Australian wines or other country or regional promotions ongoing in the U.S. in the past two years?

Of these importers, one participant had attended tastings sponsored by Wines of Australia in San Francisco and New York, and another who attended a Next Chapter event put on by Wine Australia. Other regional wine promotions mentioned were trade shows put on by the Languedoc AOC, the Loire Valley AOC and the Rias Baixas DOC, attended by one participant who praised the marketing company that put on the events.

Although few had much experience with Australian wine-related promotional events, they were supportive of promotions, discussed their importance to a marketing program, and how essential it is to invest in this area.

"All of the events increase awareness. That is all that can be asked of any trade event. Measuring any sales spike afterwards is difficult to do and harder still to attribute to the event. But it is certain that public and trade events, and getting the wines and personalities in front of end consumers, buyers and the press is not a detrimental thing to do." RobertJ, Importer, VA

"Wine Australia presence is known and important within the U.S. They are under funded versus many other SMALLER emerging countries who are getting play at events (i.e. Aspen F&W) and with ad buys. Most of the brands we represent cannot afford to 'talk' to consumers and even the 'big guys' don't have enough margin in it to do so consistently. So by default we go after 'exposures' to the brand and wine styles and maybe a 'regional' theme. Picking the right events that involve trend setters amongst consumers AND trade can help create interest and buzz. Being involved in events that showcase wines of the world often lets us show our diversity AND our ability to compete on the world stage. We participate in these types of events put on by Wine AUS, NZ and Chianti producers. Some are better than others and they are all difficult to measure ones impact. Getting distributors behind these themes and focus areas can be even more impactful than the event itself in some areas." RobB, Importer, CA

"I have not participated in any Australia-specific major promotional programs. I think such programs for Australian wines are extremely underrepresented, and I think could help the plight of the Australia category. Take a look at some of the major events for Spanish, Italian, French or Latin American wines, and how these help popularize these wine cultures with the U.S. consumer." JonathanL, Importer, NY

Future Growth (DT10)

Discussion topic question: How do you foresee the growth of the Australian share of market in the U.S in the coming five years? What factors do you think are the most critical to increasing share of market for Australian wines?

The most common themes that emerged from the importer discussion on Australia's future growth were that the currency situation is impeding growth, and that Australia should move away from the lower priced "critter" wines and shift focus to the mid/higher priced wines.

There was substantial opinion that Australia should move away from low-end wines.

"To me, it is the currency situation that is the biggest obstacle. From a marketing angle, getting rid of the critter labels and focusing on domaine grown, made and bottled wines is paramount to success." RobertJ, Importer, VA

"Aussie dollar strength makes it tough. I see it flat at best, with a continued slide over the next year or two followed by modest recovery. Changing image is very important, I think. Need to be taken more seriously, get off the $6 wines.." ReidS, Importer, CA

"The future of Australian wine in the U.S. needs to be at higher price points. The current structure is not sustainable. The sub-$10 brands are spending a lot of money to promote but are just trading share of a shrinking pie rather than growing total Australia. We need to bring in a new generation of drinkers at the $10 - $15 price point that have not grown up with the negative baggage of the category." MattF, Importer, NY

"Volume growth will be minimal. I expect improvement in value and in many of the smaller segments (region and varietal). Many of our wineries think the critters going away and the currency staying high will leave us in a position of a smaller category but much higher quality and value. Higher priced critically acclaimed wines will weather the higher currency much easier than cheap and cheerful." RobB, Importer, CA

"I don't see much growth for the category in the near future until some of the fundamentals improve: currency situation and development of Australian wine / culture to change current consumer perceptions. I agree that the focus should be on higher price and quality wines, and that Australia needs to help either reinvigorate Shiraz, or "own" another varietal that it does better than everyone else." JonathanL, Importer, NY

There was one importer who was more optimistic than the rest.

"The stats are encouraging on a number of levels, despite still in decline the trends are moving the right direction. Do not feel we will ever recover to levels of volume seen five years ago, but better mix and a more sustainable category growth is certainly in the cards. Many brand have left the marketplace due to volume and exchange rates — hopefully some will return and the representative mix of wines (regions, varietals) can help to grow share in the premium segments." KathyM, Importer, CA

Appendix 1: Screener Survey Results

1. What is your age?

Age	Response Percent
21 - 36	18%
37 - 48	31%
49 - 67	48%
68 and over	3%

2. What is your gender?

Gender	Response Percent
Male	67%
Female	33%

3. In what state is your company or place of employment located?

State	Response Percent
Alabama	0.3%
Alaska	0.0%
Arizona	0.8%
Arkansas	0.3%
California	32.8%
Colorado	2.0%
Connecticut	1.7%
Delaware	0.0%
District of Columbia (DC)	0.8%
Florida	4.2%
Georgia	1.4%
Hawaii	0.3%
Idaho	0.3%
Illinois	4.5%
Indiana	1.1%
Iowa	0.0%
Kansas	0.3%
Kentucky	0.3%
Louisiana	0.3%
Maine	0.0%
Maryland	1.7%
Massachusetts	2.8%

Michigan	0.3%
Minnesota	0.8%
Mississippi	0.3%
Missouri	1.1%
Montana	0.3%
Nebraska	0.3%
Nevada	1.4%
New Hampshire	0.3%
New Jersey	2.5%
New Mexico	0.6%
New York	12.0%
North Carolina	1.4%
North Dakota	0.0%
Ohio	0.6%
Oklahoma	0.6%
Oregon	4.8%
Pennsylvania	0.8%
Rhode Island	0.3%
South Carolina	0.8%
South Dakota	0.0%
Tennessee	1.7%
Texas	3.9%
Utah	0.3%
Vermont	0.3%
Virginia	3.1%
Washington	2.8%
West Virginia	0.3%
Wisconsin	2.0%
Wyoming	0.8%

4. Please indicate which of the categories below best describes the company that you work for, represent or manage (not your job description).

(Suppliers, grape growers, wine producers, wine trade or regional association respondents thanked and disqualified. All subsequent questions are do not include these tiers of trade.)

Trade Tier	Adjusted %
Wine importer (or working directly for a wine importer)	8%
Distributor, wholesaler, broker or related field	10%
Restaurant, hotel, or hospitality industry	21%
Wine retailer, retail sales, administration or related field	28%
Wine media, educator, academic, or related field	27%
Other wine industry field	6%

5. Please rate the relative importance of the following factors in selling imported wine, based on what you have seen in your day-to-day business during the past twelve months.

Factors	Very important	Somewhat important	Not very important	Not important at all	Don't know / no opinion
Exchange rates vs. the dollar	21%	**44%**	23%	5%	7%
Level of inventories of the wine at wholesale or retail	27%	**45%**	19%	3%	6%
Activities by organizations to promote the country or region's wine	30%	**45%**	20%	3%	2%
Programming to boost margins or affect pricing of the wine	32%	**43%**	16%	3%	5%
Incentives to sell or feature the wine	27%	**42%**	24%	4%	3%
Trade perception of demand for the wine	33%	**46%**	14%	4%	3%
Consumer trends in purchasing styles, or types of wine, or wines from a particular region	**53%**	37%	8%	1%	1%
Style or flavor profile of the wine	**68%**	27%	3%	0%	1%

6. In the past year, have you participated in any trade or consumer event or ongoing promotion organized by the campaigns for any of the countries listed below? Please check any country whose promotions you have participated in during the past 12 months and skip the others. If you have not participated in a trade or consumer event for ANY of the countries listed, please choose "None of the above."

Country	Response Percent
Australia	15%

France	**44%**
Spain	**38%**
Italy	**39%**
Chile	21%
Argentina	20%
South Africa	12%
New Zealand	16%
None of the above	**35%**

7. If your company or place of business sells or represents wines from any of the following countries, please indicate by checking that country. If you do not sell or represent wines from ANY of the countries, please check the "none of the above box" at the bottom of the list.

Country	Response Percent
Australia	54%
France	67%
Spain	64%
Italy	68%
Chile	55%
Argentina	60%
South Africa	46%
New Zealand	57%
Neither I nor my company represent or sell any wines from the above countries.	23%

8. How many individual wines or SKUs of Australian wine do you carry, sell or represent at this time? BASE: those who carry Aussie wine from Q7.

Number of SKUs	Response Percent
1- 4	19%
5 - 10	20%
11 - 20	22%
More than 20	39%

9. Which of the following statements would best characterize the sales trend in 2012 for your Australian wines? Please choose the ONE statement that best describes your experience last year.

(Base: those who carry Aussie wine from Q7)

Statements	Response Percent
Most of our Australian wines declined in sales	27%
Most of our Australian wines were more or less flat in sales	44%
Most of our Australian wines increased in sales	15%
Our Australian wines were highly variable in sales, with some up substantially, some declining substantially	7%
I don't pay much attention to our Australian wine sales, so I couldn't comment	7%

10. Thinking of Australian wines of various types listed below, please check the box that best reflects the current sales climate for these wines.

Answer Options	Strong demand, easy to sell	Moderate demand	Weak demand, needs promotion	Not much demand, hard to sell
Australian Shiraz under $10	**30%**	33%	25%	12%
Australian Chardonnay under $10	17%	26%	36%	22%
Australian Cabernet under $10	17%	33%	31%	20%
Other Australian whites under $10	8%	25%	33%	**35%**
Australian Shiraz $10 - $20	**27%**	47%	20%	6%
Other Australian reds $10 - $20	11%	41%	38%	10%
Australian Chardonnay $10 - $20	7%	26%	43%	**24%**
Australian Shiraz over $20	15%	38%	34%	13%
Australian Cabernet over $20	8%	26%	34%	**32%**
Other Australian wine (optional, see below)	9%	33%	33%	25%

Count of "Other Australian Wine"	Notes
2 blends	
1 box wine	
11 reds	3 grenache+5 Rhone style
2 regional	
4 sweet	
17 whites	6 Riesling, 4 Viognier

11. How do you foresee the growth of Australian wine share of market in the U.S. in the coming five years? Please check the statement that best describes your estimate.

Answer Options	Response Percent
Significant growth of share	7%
Some growth of share	40%
Little change or no change in share	34%
Some decline in share	15%
Significant decline in share	4%

12. Below, please share your thoughts on your answer given in the previous question. (Open-ended text box. Base = 109)

Count	Type of Comment	Details
24	Positive	Positive comments were very diverse, with 3-4 each saying the market was turning around for Australian wines, consumers were learning about the better regions and wines, there were good niche opportunities with certain regions and varieties, the wine style had improved, Australian wines were still great value, and they never had any problem selling these wines.
21	Mixed	7 say growth depends on the segment; they vary on which are promising but generally cite mid-higher priced wines. 3 emphasize the impact of low-end wines, hurting image/sellability at the higher end; 3 believe the market has bottomed out; 2 say they just need more promo. 3 cite specific niches: Riesling, intense Shiraz or value super-premium
56	Negative	16 say Australia is losing to competition from many areas, with 7 specifically citing Latin America. 10 say low priced wines, Yellowtail, 1.5L etc. have cheapened the image or stolen share from the rest of Australia. While only 3 cite poor quality, 9 point the finger at wine style, saying the wines are (or their image is) jammy, sweet, too fruity, unfashionable. Other negatives with scattered mentions are critter labels, lack of promotion, the exchange rate, and bored consumers.
8	Neutral	These were just neutral observations, of which 2 said Australia needed more and better promotion.

Appendix 2: Discussion Guide

Introductory topic – Please tell us a little bit about what you do professionally in the wine industry. In addition, and from your point of view, what are the key factors that lead to success in growing market share for the wines you sell or represent?

Probe: How do wines from Australia stack up against those factors?

DT1 – Thinking of the U.S. wine industry as a whole, and not just Australian wines, please give us your opinion on the trends or factors you see as main drivers of the market, including examples you might think of as "what is hot and what is not" on the market today.

DT2 – What kinds of Australian wines do you sell or represent, by type, variety, and price point?

DT3 - Over the past three to five years, how have your inventory levels of Australian wines changed, if at all?

Probe: What types or price ranges of Australian wines have changed most? What kind of actions have you taken to manage inventories? Do inventory issues differ between big Australian brands and small producers, or by price point?

DT4 - Have you (or your company) experienced changes in sales of any of the Australian wines you sell or represent in the past three to five years? Are there certain brands, varietal types, price points, or appellations of Australian wines that have shown significant growth (or falling sales) in the past three to five years?

Probe: What do you think are the reasons for changes in sales levels in the past three to five years for each type, price point, or category of wine that you sell or represent?

DT5 - In your opinion, how have general trade perceptions of wines from Australia changed in the past three to five years?

Probe: Do these perceptions extend across all Australian wines, or just certain brands, types or price points, and do the same perceptions extend to consumers?

DT6 - What do you consider to be the most positive attributes of Australian wines in general? What are their points of differentiation by varietal type or region?

Probe: How do these strengths vary by price point?

Probe: How much, if any, added value do regional appellation wines bring in the minds of the trade or consumers? Are they a reliable indicator of style or quality?

DT7 - Thinking of selling Australian wines, what (if any) are the most typical barriers or difficulties you encounter when selling Australian wine to customers or accounts? Are there specific barriers that you associate with selling Australian value wines vs. more expensive Australian wines?

Probe: (for distributors) Are there different and specific barriers encountered when selling to on premise versus off premise accounts, or independent retailers versus chains?

Probe: (for retailers) Has consumer sentiment toward Australian wines changed over the past few years? If so, are there differences in sentiment you can see by type and price point?

Probe: (for retailers) How do you gauge consumer sentiment?

DT8 - Which Australian wines (varieties/types/price points) do you think are best positioned for growth on the U.S. market? What are the attributes of these wines that make them appealing to the trade and consumers?

DT9 - Have you participated in or experienced any kind of promotional activities or events conducted on behalf of Australian wines or the wines of other country or regional promotions ongoing in the U.S. in the past two years?

Probe: Differences in experience by country/regional promotion and tier of trade. How effective have these promotional activities or events been in terms of increasing awareness or sales? What works and what doesn't work?

DT10 - How do you foresee the growth of the Australian share of market in the U.S. in the coming five years? What factors do you think are the most critical to increasing share of market for Australian wines?

Probe: What specific programs or initiatives do you think should be put into place on behalf of Australian wines in the next three years to stimulate growth of market share?

14. APPENDIX 6: VERBATIM TRANSCRIPTS OF DISCUSSION GROUPS

DISTRIBUTOR GROUP

WA Distributors - Please Introduce Yourself

Written by Moderator on 04 March 2013

Please tell us a little bit about what you do professionally in the wine industry. In addition, and from your point of view, what are the key factors that lead to success in growing market share for the wines you sell or represent?

Discussion:

1. *AmberC* says:

   March 5, 2013 at 5:44 am (Edit)

   I am a sales representative for a distributor in GA. I cover account in Atlanta and outside markets of Savannah, Statesboro, Macon and Athens
   Key Factors are keeping shelf talkers up to date with tasting notes and any press available. Doing staff training at restaurants and talking with the staff at stores that sell your products

   Reply

2. *BradleyS* says:

   March 5, 2013 at 7:14 am (Edit)

   I am an Account Manager in the Indianapolis area. I represent small/family/boutique wines and spirits, so my primary methods of sales are tasting combined with education for the buyers and influencers, training staff, promotion to ultimate customers, and merchandising retail accounts, in that order. I am also increasingly using electronic/social media to communicate and promote my products.

   Reply

3. *CarolH* says:

   March 5, 2013 at 7:17 am (Edit)

   I am a sales representative for a distributor in CA. I cover Orange County. I have both on-sale & off premise accounts. I have been in the business for many years.

   Reply

- *Moderator* says:

  March 5, 2013 at 4:14 pm (Edit)

  CarolH, In your opinion, what are the key factors that lead to success in growing market share for the wines you sell or represent?

  Reply

  - *CarolH* says:

    March 6, 2013 at 9:23 am (Edit)

    I think we are fortunate in CA to have a very open market. We have the ability to sell to anyone with a liquor license, of course their are chain accounts that are usually handled separately. I am lucky in that I can sample my accounts on a variety of wines from all over the world. Thanks to the internet & fact sheets supplied by our various wineries I can also present my accounts with info on any of the wines we carry. This helps them to be more knowledgeable in educating both themselves and the public.

    Reply

4. *ChristieL* says:

   March 5, 2013 at 8:26 am (Edit)

   I am a State Marketing Manager for a brokerage in Oklahoma which is part of a multi-state distributor. Our portfolio encompasses everything from luxury wines & spirits to pedestrian brands of the same. I manage approximately 40 suppliers that range from small, boutique wineries to international wineries & spirit brands to RTD's. I'm responsible for pricing, programming, corporate reporting and goal attainment as well as for staff training and key account calls. In my "spare time", I'm involved in the community through various charity organizations.

   Reply

   - *Moderator* says:

     March 5, 2013 at 4:15 pm (Edit)

     ChristieL, In your opinion, what are the key factors that lead to success in growing market share for the wines you sell or represent?

     Reply

     - *ChristieL* says:

       March 6, 2013 at 7:12 am (Edit)

Oklahoma is unique in that we are a 4-tier state with no chain retail stores, no wine in grocery and no cold boxes in retail. Our business was built on the independent retailer, and that model has been successful until the present. There's a movement afoot to push for wine in grocery which will: a) Require constitutional change and b) move decisionmakers from local to corporate box store buyers.

As a broker, we are the marketing arm of the wines we represent, and the order fulfillment/delivery arm is handled by wholesalers independent of our company, and there are currently 8 wholesalers. Our business is built on relationships with our accounts.

I explain this because to get wines to market and drive growth, it's a little more complicated in our state. We implement programming with our sales reps, swing pricing with DA's through our suppliers, and provide education for our staff and sales staffs for many of our accounts as well as to consumers at tastings, wine dinners, etc. Additionally, we have merchandisers who merchandise floor displays to draw attention via display enhancers, signage, pricing, etc. All of these processes are integrated to create master plans for our various suppliers and their brands with the ultimate goal of gaining market share.

Reply

5.  *JonD* says:

March 5, 2013 at 9:40 am (Edit)

I manage the supply chain and all inventory for a large wine and spirits wholesale distributor in the Northeast. Our portfolio is comprised of major and minor supplier lines, big and small, over 150 active suppliers, 9200 SKUs, ultra-premium to every-day.

Reply

-  *Moderator* says:

  March 5, 2013 at 4:15 pm (Edit)

  JonD, In your opinion, what are the key factors that lead to success in growing market share for the wines you sell or represent?

  Reply

6.  *DavidW* says:

March 5, 2013 at 11:43 am (Edit)

I am the Marketing Manager for a mid-size distributor in Arizona. We distribute wine, beer, and spirits. Mostly value items, small production wines.

Reply

- *Moderator* says:

  March 5, 2013 at 4:16 pm (Edit)

  DavidW, In your opinion, what are the key factors that lead to success in growing market share for the wines you sell or represent?

  Reply

  - *DavidW* says:

    March 6, 2013 at 10:21 am (Edit)

    Show, educate and sell. Tastings and product knowledge. Must be aware of what we are selling – on-premise and retail are different but both want bottom line profitability. The consumer is buying more than the wine in the bottle; they are buying prestige, rarity at the high end and OFTEN fun at other price points. Sell the benefits not the features. Napa is a feature; the flavors it provides, value or prestige are benefits.

    Reply

7. *BradS* says:

   March 5, 2013 at 2:56 pm (Edit)

   I am an off premise key account manager for our largest portfolio for a distributor in charleston, sc. i cover our top accounts in this area. in addition to selling, i also try to look at the account through the eyes of the supplier to ensure our brands are represented properly and merchandised correctly. I work with reps in order to train them to identify opportunities and make certain that they are up to date on new sku's help them maximize displays.

   Reply

   - *Moderator* says:

     March 5, 2013 at 4:17 pm (Edit)

     BradS, In your opinion, what are the key factors that lead to success in growing market share for the wines you sell or represent?

     Reply

     - *BradS* says:

       March 5, 2013 at 7:17 pm (Edit)

i have found several things work well for us. for the younger generations (millenials) social media is very helpful. i think the brands that do well with facebook and twitter do well in the stores with the kids. i have found to have luck with good size displays with flashy p.o.s. of course a flashy display with good pricing certainly helps. we really are in a very price conscious market. i've seen price increases kill brands here. if the price is right for a quality brand, it will explode. worst thing a supplier can do is get greedy and take price increases on proven brands.

Reply

8. *KymberlyH* says:

March 5, 2013 at 5:58 pm (Edit)

I am a sales representative for a distributor in Ky. I cover mostly on premise accounts with a few larger off premise. For on premise, key factors are conducting wine tastings with decision makers, including with key suppliers, educating decision makers, training staff, bringing wine knowledge to consumers with wine dinners and other special events.
Off premise key factors in success are distribution, displays, cold box, shelf talkers, consumer education.

Reply

9. *JonD* says:

March 6, 2013 at 5:39 am (Edit)

Key factors for improving market share include in-store tastings, focused marketing on specific account types, and specialized target initiatives for the sales force. These include new placements, line extensions, sales goals and team goals. They can be specific to brand, supplier or to an area of the portfolio that needs attention to meet supplier goals. Some techniques mentioned by others are utilized, like end cap displays, shelf talkers, cold box placements, etc. In-store tastings are very effective methods of consumer education.

Reply

10. *BriannaR* says:

March 6, 2013 at 7:37 pm (Edit)

I am a sales representative for a rapidly expanding wine distributor in NY and NJ. I cover both on and off premise accounts mostly downtown Manhattan and Brooklyn.

In my territory, access to detailed information on the wines is a key factor as it helps sales reps feel confident presenting the wine. Also, incentives for sales reps (doesn't have to be monetary) and help in the market from winery representatives.

Reply

11. *Moderator* says:

March 6, 2013 at 8:13 pm (Edit)

To all of you: Thinking of the key factors you have mentioned, how do wines from Australia stack up against those factors?

Reply

- *BradleyS* says:

  March 6, 2013 at 10:39 pm (Edit)

  My wines are sold on quality and then education, training, promotion and merchandising. My Aussie suppliers have excellent quality, so after that it is up to me to do my job. Their wines meet all the factors I need to sell them. More intangible factors end up being their downfall – unhipness, critter fatigue, Parkerization, etc. My wines really do not suffer from these problems, but the consumer sees them as part of the category.

  Reply

- *JonD* says:

  March 7, 2013 at 5:39 am (Edit)

  In our portfolio, Australian wines only stack up well in the 'meet supplier goals' category. More should be done with tastings (in markets where legal), sales incentives (especially trips as several others have mentioned here) and more broad-based consumer advertising or exposure in addition to tastings or dinners. The days of putting a cute label on a bottle and hoping it will sell itself off the shelf are over as there are too many compelling wines available for $20 or less, like the Chapoutier Bila Haut mentioned by Bradley. As Keith said, the critter wines with the best deal that month get the shelf space and this country needs to move beyond that.

  Reply

- *ChristieL* says:

  March 7, 2013 at 10:13 am (Edit)

  It takes an investment on behalf of the suppliers to swing the price on the lower tier wines in order to be competitve for floor space. Given the squeeze on the Australian market in the past 2 years, I haven't seen much investment on the part of the smaller supplier to be able to be competitive. Conversely, the Australian market share has been decreasing in our markets.

  Reply

- *ChristieL* says:

  March 7, 2013 at 10:16 am (Edit)

  Additionally, as the suppier dollars are contracting, some have cut regional managers and have increased the states being covered by their remaining managers thereby decreasing market visibility with market visits, participating in wine events, etc.

  Reply

  - *BradS* says:

    March 7, 2013 at 1:34 pm (Edit)

    in reading over these comments, i would agree that i just don't see the focus on austrailia all that often. i have even seen in a few instances where some aussie wines were "dumped" on a store for cheap such as a disco buggy or a huge display to get rid of inventory at a very cheap price. at the time it's a great deal but it seems that doing things like this certainly don't help the image of the country, which is already hurting. i also think most people think shiraz when it comes to austrailia and that seems to be a varietal that is in decline as well.

    Reply

12. *KeithB* says:

    March 6, 2013 at 9:02 pm (Edit)

    I am a regional mgr for the fine wine division of a major wine and liquor distributor in NJ. I manage nine sales reps and interact will all of the key on premise and off premise accounts in my territory. Duties include: making sales calls independently and with sales reps; working with winery reps, owners and wine makers; teaching wine education classes and speaking at wine dinners.

    "the key factors that lead to success in growing market share for the wines you sell or represent?"

    Product knowledge- basic information on how and where the wine is made. Knowing the features and benefits of your product- why it is beneficial for the buyer to purchase the product

    General background wine knowledge- establishes your creditability that you know what you are talking about and helps you gain the respect and trust of the buyer
    POS- shelf tags, displays, rebates- where allowed
    Cold Box- because of the large number of BYOB restaurants in NJ this is valuable realestate to comtrol, especially in those stores located need said restaurants.
    Sampling the product you are selling with as many of the store staff as possible so they a personal experience with the product and you can answer their individual questions
    staff seminars- both on and off premise
    In-store tastings
    Wine dinners

    Reply

- *Moderator* says:

  March 7, 2013 at 5:44 am (Edit)

  KeithB, Thinking of the key factors you have mentioned, how do wines from Australia stack up against those factors?

  Reply

13. *KeithB* says:

    March 7, 2013 at 5:59 am (Edit)

    Quality wise they are as good, if not better than many other comparably priced wines.
    I have a general working knowledge of Aussie wines but I'm certainly stronger in France, Germany and Australia. I've don't remember a seminar where someone came and explained the regional variations the different wines, especially Shiraz from Coonawarra, Barossa, McLauen Vale or if they did it was so long ago that I've since forgotten.

    Cold Box is dominated by Yellow tail and the other "available" spots we're allocated generally go to CA- chard & SB, NZ- SB, Riesling- Germany or WA

    In the on premise sector we are dominated by chain restaurants that are handled by a separate selling division in my company. Most of the restaurants I call on do very little with Australian wines, with the exception of house pours where it becomes strictly a price issue.

    When I teach a series of wine classes I will usually include one lecture on Australia or at least include the wines in the general white and red segment.

    Reply

WA Distributors - Discussion Topic 1 – Main Drivers

Written by Moderator on 04 March 2013

Thinking of the U.S. wine industry as a whole, and not just Australian wines, please give us your opinion on the trends or factors you see as main drivers of the market, including examples you might think of as "what is hot and what is not" on the market today.

Discussion:

1. *BradleyS* says:

   March 5, 2013 at 7:18 am (Edit)

   In my market at the low end Moscato has peaked and consumers are looking for other sweet alternatives. The value/middle segment is driven by marketing – labels, advertising, store placement, etc., and seems to be pretty static. In the higher end we are seeing more of a revolution as people become more sophisticated and less dependent on scores and other signals of quality and are more willing to try new things.

Reply

2. *CarolH* says:

March 5, 2013 at 7:22 am (Edit)

In my area Spanish wines & Rhone varieties seem to be the “hot” items. People are still after a bargain. Even in my high end restaurants, the trend is for value!

Reply

3. *ChristieL* says:

March 5, 2013 at 8:44 am (Edit)

In Oklahoma, “everything old is new again” and the much maligned Merlot is seeing people come back for a revisit as the quality of the wines in the market has improved – most notably at the over $20/b price points. The organic moniker is not carrying as much import as in past 2-3 years, however, new requests for vegan wines have been popping up. In the past 12 months, luxury names with pedigree – Opus One, Duckhorn, etc. – have seen significant growth while ultra premium labels have seen a slowing in sales.

Reply

4. *JonD* says:

March 5, 2013 at 9:45 am (Edit)

All types of Moscato (rose, red, sparkling, sangria, etc) remain viable and very active in our market. Innovation is key to growing revenue as many established brands have reached maturity and started to cannibalize their own line extensions. Interest in Southern Hemisphere wines remains relatively high but is moving around from Australia to Argentina/Chile and South Africa. Merlot is doing well, as are wines that wholesale for over $20 on-premise.

Reply

5. *DavidW* says:

March 5, 2013 at 11:48 am (Edit)

Value products are the volume movers; everyone wants a deal and there is a commodity mentality on varietals. Sweet wines are the rage. Australia is a very slow category, except for high scoring, Top 100 products at perceived value prices. Portugal provides some great values and the wines have been well accepted in this market. Otherwise California rules and volume is in grocery placements; very few independent wine shops. On premise is dominated by chain operations (70%).

Reply

6. *BradS* says:

   March 5, 2013 at 3:05 pm (Edit)

   i see the main focus on buyers in my market is california $5-12 price points (that includes 1.5′s). i do cover a spectrum from blue collar to upper middle class customers. there's a bit of a hispanic and urban population mixed in there as well. having said that, while there is some pull for moscato, i don't see the trend here like it seems to be doing elsewhere. i see that australia is dying fast and same priced california table wines are catching on big time. any value 1.5 priced at $8.99 or lower is hot and 750′s at 2 for 10 are also very popular. this also is a very big sparkling wine market. every weekend lower end sparkling wines are sold out as well as mid level prosecco. red blends are coming on hot as well. merlot is still dead.

   Reply

7. *KymberlyH* says:

   March 5, 2013 at 6:05 pm (Edit)

   California is still the driving sector in our market, both on and off premise, with Washington and Oregon hot on its heels. Australia is floundering, u less there are very high scores involved, and South America is still a very hot topic, with Malbec a varietal leader. It is still rare to see bottle placements on premise that are successful over the $100 price point. There's still a a lot of caution in my sector.
   moscato remains a category leader as well, although I do think it has peaked, even with the addition of pink moscato. Sweet reds are doing well, but not keeping pace with moscatos.

   Reply

8. *BriannaR* says:

   March 6, 2013 at 7:51 pm (Edit)

   In my territory Malbec, Prosecco, and NZ Sauvignon Blanc are driving the off premise market and some of the smaller bars.

   On premise a lot of French reds ($7-$12) by the glass, especially Languedoc, Oregon Pinot Noir is still pretty hot as well as restrained California wines.

   As for Australia, I am seeing a resurgence (though still small) of cooler climate wines. I've had success with Yarra Valley Pinots & Chardonnays.

   Reply

9. *KeithB* says:

   March 6, 2013 at 9:21 pm (Edit)

The numbers game- Wine reviews by major publications: (in order of importance)
The Wine Advocate, Wine Spectator
Steve Tanzer
Wine Enthusiast, Wine & Spirits

Hot: wines retailing for $50
France- esp Burgundy, estate bottled German wines, South Africa

Reply

WA Distributors - Discussion Topic 2 – Australian Wines

Written by Moderator on 04 March 2013

What kinds of Australian wines do you sell or represent, by type, variety, and price point?

Discussion:

1. *AmberC* says:

   March 5, 2013 at 5:48 am (Edit)

   I sell many Australian wines – all are boutique wines.
   Un-oaked Chardonnay, Various Shiraz, Cabernet , Cab- Sangiovese Blend, Cab – Petite Verdot blends, Grenache, Riesling, Viognier, and malbec.

   The pricepoints range from 10.99 retail to 59.99 retail

   Reply

2. *BradleyS* says:

   March 5, 2013 at 7:20 am (Edit)

   I sell smaller production items – all varieties, primarily from South and Western Australia, $10-$100 retail.

   Reply

3. *CarolH* says:

   March 5, 2013 at 7:29 am (Edit)

   We only have a few Australian wines in our portfolio at the moment. For the most part Australian wines are a great value.
   I think it is important to get the public to taste the wines from the various regions of Australia.

   Reply

4.  *ChristieL* says:

   March 5, 2013 at 8:46 am (Edit)

   We represent wines of all price points from Australia and from large, bulk suppliers to small family wineries in the remote regions of Australia.

   Reply

5.  *JonD* says:

   March 5, 2013 at 9:47 am (Edit)

   We also represent many labels and all price points from Australia, from critter labels to the most boutiquey and prestigious.

   Reply

6.  *BradS* says:

   March 5, 2013 at 3:11 pm (Edit)

   we don't have many but the ones we carry are 1.5′s in the $5-8 category and a few 750s in the same category. we don't have anything over $10 from australia

   Reply

7.  *KymberlyH* says:

   March 5, 2013 at 6:08 pm (Edit)

   We sell a variety of Australian wines, from $6 wholesale to the mid twenties. Strongest segment is the $10-$15. Shiraz is still the most popular. The wines we carry tend to veer away from the fruit bomb in your face types.

   Reply

8.  *DavidW* says:

   March 5, 2013 at 9:21 pm (Edit)

   Schild Estate is our lead brand; Shiraz, GMS, Unoaked Chardonnay, a reserve Shiraz, a single vineyard Shiraz and a sparkling shiraz. Limited quantities drive placements. Entry is $14.99 retail, $20-$30 mid and top end $100 btl.

   Reply

9. *KymberlyH* says:

   March 6, 2013 at 5:35 pm (Edit)

   We had done very well with Schild estate until they jacked up their prices after receiving very good scores. Most of my customers then refused to continue carrying them.

   Reply

10. *BriannaR* says:

    March 6, 2013 at 8:09 pm (Edit)

    I sell the following Australian Wines which retail for $10-$25

    Barossa Shiraz
    Hilltops Shiraz
    McLaren Vale Shiraz
    Margaret River: Chardonnay, Cabernet, Shiraz, Sauv Blanc/Semillon,
    Yarra Valley: Pinot Noir, Chardonnay, Cabernet, Shiraz

    Reply

11. *KeithB* says:

    March 6, 2013 at 9:36 pm (Edit)

    We represent a decent selection of Aussie wines with Shiraz (35) by far being the largest segment but also cabernet, Cab/Shiraz,GSM, chardonnay, riesling, viognier and others

    $5 wholesale to Henschke Hill of Grace at $435

    Reply

WA Distributors - Discussion Topic 3 – Inventory

Written by Moderator on 04 March 2013

Over the past three to five years, how have your inventory levels of Australian wines changed, if at all?

Discussion:

1. *AmberC* says:

March 5, 2013 at 5:50 am (Edit)

Our inventory levels on the 2011 vintages are lower as less was produced by our smaller producers. However most are all selling well especially the 9.99 – 24.99

Reply

2. *BradleyS* says:

March 5, 2013 at 7:22 am (Edit)

We have kept less inventory (and fewer SKU's) as the demand declined, but as of 2012 the demand picked up and we are carrying more.

Reply

3. *CarolH* says:

March 5, 2013 at 7:33 am (Edit)

As demand for wines from other regions grew we have broadened our portfolio and as a result have decreased the number of wines we carry from each area. Australia being one of those.

Reply

4. *ChristieL* says:

March 5, 2013 at 8:49 am (Edit)

On one particular portfolio, we began taking a laser approach by focusing on the producers within the portfolio that offered value in the bottle to better manage the decline in sales for Australia. On the flip side, we saw growth in the ultra premium segment and quickly sold through allocations of highly allocated Australian wines.

Reply

5. *JonD* says:

March 5, 2013 at 10:00 am (Edit)

Due to contractual requirements, combined with slowing sales of value priced items, our inventory has gone up each year successively during this period. Allocated wines (and those with great reviews) sell through quickly but the mid- and low-tier wines have not.

Reply

6. *BradS* says:

   March 5, 2013 at 4:15 pm (Edit)

   we don't carry too much inventory due to low demand. overall however, inventory is less now than it was before due to the demand.

   Reply

7. *KymberlyH* says:

   March 5, 2013 at 6:13 pm (Edit)

   Our inventory has steadily decreased over the last three years. We also have cut the number of skus we carry. Demand in our area is not that robust.

   Reply

   - *Moderator* says:

     March 5, 2013 at 8:32 pm (Edit)

     KymberlyH, Have the decreases in your inventory been more significant for particular types or price ranges of Australian wine? For big producers or small producers?

     Reply

     - *KymberlyH* says:

       March 6, 2013 at 5:38 pm (Edit)

       We don't really carry big producers. We have cut skus in the over $20 range and have cut blends and most Rieslings. Just the basics now.

       Reply

8. *AmberC* says:

   March 5, 2013 at 9:15 pm (Edit)

   WE deal with less Suppliers. We deal with suppliers that are on the East Coast So that we can order more often- and in smaller lots.

   Allof our producers are fairly small under 40,000 cases per year most this 2011 vintage being closer to half of what they produced last year

Reply

9.  *DavidW* says:

   March 5, 2013 at 9:23 pm (Edit)

   Typically try to keep 6-8 weeks on hand. FOB is in CA and quickly available.

   Reply

   -  *Moderator* says:

     March 6, 2013 at 5:27 am (Edit)

     DavidW – Does this 6-8 weeks you keep on hand represent an increase, decrease, or has this been the case over the past 3 – 5 years? Have the inventory levels of any particular types of wines or brands or price ranges changed over this time period?

     Reply

     -  *DavidW* says:

       March 6, 2013 at 10:12 am (Edit)

       The 6-8 weeks has been a constant. What varies is the sales volume – consumer preferences, pricing and seasonal demand all have an influence. Over the past 4 years we have had brands leave the distributorship; other side of the fence looks greener. Reality, none of the brands have found new homes in the market. A recent supplier, shopped his brand to 7 distributors and was turned down; this is a well respected and known international brand.

       With the economy, prices crashed. Products were deeply discounted to move them out of inventory and the market has been slow to come back. The "outlets" have changed. Independent shops and restaurants have closed and been replaced by big box and franchise restaurants. Only way in is through corporate calls by the winery and the ability to supply all markets.

       Imagine a city of 5 million with 6 independent wine shops – all marginal. Franchise locations account for 70% on on-premise licenses – nationally the number is 45%.

       Reply

10.  *BriannaR* says:

    March 6, 2013 at 8:14 pm (Edit)

    Our inventory levels have definitely increased in the past year. NYC needed a break after a mass-produced cheap Australian wine, that will remain nameless, destroyed the perception in this market.

People are slowly coming around to Australian wines in my territory and surprisingly I am doing best with the mid-priced wines (15-20 on the shelf).

Reply

11. *KeithB* says:

March 6, 2013 at 9:44 pm (Edit)

On our better turning brands- Jacobs Creek, Oxford Landing, Yalumba, Layercake we have good inventory.

On the slower moving items inventory is kept at a minimum, sometimes only a couple of cases.

Reply

- *Moderator* says:

  March 7, 2013 at 5:47 am (Edit)

  KeithB, Can you categorize the types of Australian wines that have moved more slowly than the brands you mention are turning better?

  Reply

12. *Moderator* says:

March 7, 2013 at 12:22 pm (Edit)

To all of you: Do you feel your Australian wine inventories are generally in balance with your sales, or at last in similar balance to wines from most other wine regions?

Reply

- *JonD* says:

  March 7, 2013 at 12:27 pm (Edit)

  I feel that my inventory is quite out of balance to sales and is too high. Part of this is due to contractual agreements regarding purchases, part is due to the long lead times to get product from Australia to the East Coast (4 weeks plus 36 days transit), and part is due to slowing sales versus forecasts. It is easier to keep inventory and sales in balance for other wine regions partly because they are closer and have shorter lead times and partly because they are easier to forecast. And if the forecasts are short, it is easier to adjust and replenish from CA or France and Italy.

  Reply

-  *BradS* says:

  March 7, 2013 at 1:39 pm (Edit)

  our 1.5 inventory is plenty high and sales are good. our 750 inventory is quite low and frequently have issues with out of stocks.

  Reply

-  *CarolH* says:

  March 7, 2013 at 3:22 pm (Edit)

  We have severely cut back on our inventory due to lack of sales. We will have to wait & see about building it up again.

  Reply

-  *BradleyS* says:

  March 7, 2013 at 4:20 pm (Edit)

  When the market crashed we had bloated inventories. They are normal for our sales level now.

  Reply

13.  *ChristieL* says:

    March 7, 2013 at 12:36 pm (Edit)

    Being a 4-tier state, we do have a small warehouse where we keep inventory of some suppliers. We do warehouse some Australian wines, however, over the past 5 years, the amount we carry has decreased significantly. The same can be said for the 8 wholesalers in state. Obviously, for the items that have a higher turn rate and have easier FOB pickup points, it's customary to keep 60-90days on hand. DI wines tend to be special orders for the Australian category and are brought in to fill pre-sell orders.

    Reply

14.  *DavidW* says:

    March 7, 2013 at 12:40 pm (Edit)

    Product inventory is mostly in balance. Our source is in CA and that makes that easier to accomplish. Only difficulty is the tied purchases; I have a bunch of Chardonnay that is difficult to sell, at any price, and inventory is high.

Reply

WA Distributors - Discussion Topic 4 – Sales

Written by Moderator on 04 March 2013

Have you (or your company) experienced changes in sales of any of the Australian wines you sell or represent in the past three to five years? Are there certain brands, varietal types, price points, or appellations of Australian wines that have shown significant growth (or falling sales) in the past three to five years?

Discussion:

1. *AmberC* says:

   March 5, 2013 at 5:54 am (Edit)

   in the past 5 years higher end wines 30 and higher have been drastically reduced. most are only special ordered.

   the Australian Shiraz and Cabernet in the 9.99- 15.99 are still strong, and there are still some sales in the 16.00- 29.99 that show some sales but it is not increasing by any means

   the reislings are a harder sell since they are dry Rieslings and it seems that the majority are interested in sweeter riesling

   Reply

   - *Moderator* says:

     March 5, 2013 at 4:33 pm (Edit)

     AmberC, What do you think are the reasons for decreased sales in the higher end, increased sales of $9.99 – $15.99 Shiraz and Cabernet, and the stagnation of sales in the $16.00 – $29.99 price range?

     Reply

2. *BradleyS* says:

   March 5, 2013 at 7:26 am (Edit)

   Sales dropped precipitously a few years ago and began to recover in 2012. High end sales are virtually non-existent. In my opinion even at the medium price points the consumers of Australian wines are realizing that place matters, and that better appellations produce less syrupy, fruity wines. Also many are discovering varieties other than Shiraz, such as Cabernet and Riesling.

   Reply

- *Moderator* says:

  March 5, 2013 at 4:41 pm (Edit)

  Bradleys, What do you think are the reasons your overall sales dropped a few years ago? Also, to what do you attribute non-existent high-end sales?

  Reply

  - *BradleyS* says:

    March 5, 2013 at 7:31 pm (Edit)

    I think it was a perfect storm. Simultaneously we experienced the market crash and recession and the consumer began to tire of Australia. The low end consumer began to abandon Australia for California and South America. Personally, I think the low end Aussie wines declined greatly in quality from their initial introduction, and even the least sophisticated consumer notices that eventually. Yellow Tail, for example, was quite good initially and later was a shadow of itself. The same could be said for Blackstone Merlot and many others from around the world, but only in Australia did the wineries so closely copy one another in marketing as to make their wines easy replacements for one another (the critter effect). Thus they all sunk together, even the ones who did not deserve it.

    At the high end you had the stigma of the critters begin to sink in, and at the same time the customer began to tire of Parkerized high alcohol syrup, which unfortunately many expensive Aussie wineries were producing. Again, it seems that all of the segment suffered from this even though some wineries remained true to their principles and produced terroir-driven wines.

    Reply

  - *BradleyS* says:

    March 5, 2013 at 7:38 pm (Edit)

    I think Australia as a whole has to accept that they cannot be all things to all people. Maybe they should focus on the grocery segment in the U.S. and abandon the high end. On the other hand, spending their promotion resources on the high end would surely lead to improved perception of their wines in general, which should lead to improvements across the board. Either way, I think they need to decide

    It is interesting that they had such an organized, nationwide effort that seemed to sabotage itself. Any sort of centralized planning carries the risk of massive loss if the planning is not well conceived, and that appears to be what happened.

    Reply

3. *ChristieL* says:

March 5, 2013 at 8:55 am (Edit)

We saw modest growth of wines in the value sector with this being driven by the addition of new flavor profiles (sweet) as well as new varietal blends. The highly allocated wines are selling well, however, wines at the $20-$49.99 price point have stalled significantly regardless of ratings with some growth in the $10.99-$19.99 price points.

Reply

-  *Moderator* says:

  March 5, 2013 at 4:43 pm (Edit)

  ChristieL, What do you think are the reasons your highly allocated wines are selling well? Also, to what do you attribute the stagnation of wines in the $20 – <$50 price range and some growth in the $10.99-$19.99 price range?

  Reply

  -  *ChristieL* says:

    March 6, 2013 at 7:23 am (Edit)

    As I mentioned in one of my posts from yesterday, in our market we are seeing consumers return to the acclaimed producers/wines that may have fallen out of favor for the hipper wines like those produced by Charles K. Smith and others. As such, wines such as Grange, Dead Arm, etc. are seeing a resurgence. It may be that they are allocated and that's why many want to have them?

    As for the $20-$49.99 segment, my personal opininion is that wines in this price point from more well known appellations are perceived as a better bet for that kind of expenditure by the consumer. Again, it goes back to that sense of place that is lacking in Australia.

    The $10-$19.99 sector is growing modestly as we have seen new suppliers come into our market who are making really lovely wines with balance that aren't over the top fruit bombs, and they have marketed their wines locally through tastings and participation in various charity eventy by principals of their companies.

    Reply

4.  *JonD* says:

   March 5, 2013 at 10:08 am (Edit)

   We've seen similar growth of new flavor profile items (like moscato) but surprisingly not riesling from Australia. Clare and Eden Valleys are known to produce world class riesling but we have a hard time selling them. The top wines ($30 up) and the most prestigious are doing better but the lower tier, unless it fills a price niche for pouring on-premise, is not. The market seems to be confused by the standard Aussie blends like cab-merlot, grenache-shiraz, sem-chard and instead gravitates toward items with varietal and geographical integrity. Barossa shiraz is more interesting than a South Australia blend.

Reply

-  *Moderator* says:

  March 5, 2013 at 4:46 pm (Edit)

  JonD, Why do you think it's been hard to sell Australian Riesling? To what do you attribute your company's success with the higher end wines?

  Reply

5.  *CarolH* says:

   March 5, 2013 at 12:03 pm (Edit)

   We have noticed a decline in sales from Australia, due to interest in wines from other countries. As I said in one of my other posts,our biggest increase has been in Spanish wines both value wines * high-end wines such a Vega Sicilia wines.

   Reply

6.  *AmberC* says:

   March 5, 2013 at 2:22 pm (Edit)

   Chile and Argentina have been great value options

   Reply

7.  *BradS* says:

   March 5, 2013 at 4:38 pm (Edit)

   the brands we have seen growth in are fish eye and foxhorn. both are value priced and sourced grapes.

   Reply

   -  *Moderator* says:

     March 5, 2013 at 4:48 pm (Edit)

     BradS, What do think the reasons are for this growth?

     Reply

- *BradS* says:

  March 5, 2013 at 7:35 pm (Edit)

  well fish eye has done well in publix due to them having it on monthly programming and sales frequently. the package is eye catching and a bit humorous. it's available in an octivan too. the price is often at a 2 for $8 or two for $9 price point which is prime here. as for foxhorn, sells very well in very low end markets due to it's price but it also does well in some nicer stores too. it's one of the few brands where white zin is still doing very well.

  Reply

8. *KymberlyH* says:

   March 5, 2013 at 6:17 pm (Edit)

   We have seen a decline in demand for Australian wines, particularly in the $6-9 dollar range. $12-20 still sell, but the perception of value priced Australian wine, in general I our market, is that it is not just inexpensive, but cheap and that there are more viable alternatives from other regions.

   Reply

9. *DavidW* says:

   March 5, 2013 at 9:27 pm (Edit)

   A few years ago, sales dropped to practically zero. Consumers and buyers abandonded the category. Sales have picked up the past 8 months, driven by high scores. Still nearly impossible to place an Australian Chard in this market.

   Reply

   - *Moderator* says:

     March 6, 2013 at 5:29 am (Edit)

     DavidW – Why do you think sales dropped to zero? Was this across all prices, types and brands?

     Reply

     - *DavidW* says:

       March 6, 2013 at 10:31 am (Edit)

Many people were not paying attention to inventory. When the economy crashed, inventory was reviewed. Many accounts had excessive inventory, $250,000 + in the backroom. One retailer, I had hard figures on had $500,000 in the back, plus floor stock – inventory turn was 2.5 annually. People lived off the inventory for a long time.

Reply

10. *AmberC* says:

March 5, 2013 at 9:30 pm (Edit)

People have less money to spend on Wine purchases. they used to buy 25-35 dollar skus but now they buy more the 9.99- 15.99. I think that the lower end wines tend to scare some people off that they are not a good quality wine.
The mid range wines sold well during the holiday season but have stalled somewhat in the last few months

Reply

11. *DavidW* says:

March 5, 2013 at 10:31 pm (Edit)

Aust wines had great growth when they played in the entry level price point. It seems that as a whole the Aust industry exported higher priced, higher quality wines to the US. (didn't South Africa try to make the same price move 12-13 years ago) Consumers enjoyed the orig entry wines, it fit their tastes; why pay more for a wine not appropriate. This was compounded by the influx in value wines from Chile and Argentina. Followed by values from Spain and Portugal. Wineries want the additional profit and revenue that comes from the higher priced wines but growth needs to be gradual. It was too much of an assault.

How long has it taken for value car brands… VW, Toyota, Nissan to grow from value ONLY offering to the premium products today? 40-50 years!

Also, Aust Riesling can be difficult to sell because it is most often, dry. Many people expect Riesling to always be sweet. German wines are aslo suffering as they try to export dryer styles. (70% of German Riesling consumed in Germany is now dry)

Reply

12. *JonD* says:

March 6, 2013 at 5:53 am (Edit)

As David notes, Aussie rieslings tend to be quite dry and the consumer expects some sweetness from riesling. It's part of telling the story: where the cuttings came from, how long they've been there, the attributes of the terroir and how they influence the wines.
As for the higher end, our success is mostly a function of limited availability and high scores, particularly in the off-premise trade;fine wine stores. The $25-30 wholesale items end up at $75-90 on wine lists and that is too high for consumers buying Australian wines that they don't know well.

Reply

13. *DavidW* says:

March 6, 2013 at 10:36 am (Edit)

Observation on sales, especially small production, lesser know wines. I have found that sales follow 2 factors – education and restaurant population. The more college educate the market, the better sales – perhaps a wine preference with education but people seem to trust their own evaluation rather than a review.

Restaurant population – more than 22-23 restaurants per 10,000 population really kicks sales into high gear. More so with independent restaurants.

Reply

14. *BriannaR* says:

March 6, 2013 at 8:22 pm (Edit)

The overly-jammy Shiraz days are over in my market with the only exception being a < $10 wholesale Shiraz with particularly catchy packaging. Those seem to do well in some of my smaller wine stores.

We have seen increased sales for Yarra Pinot Noir & Chardonnay as well as leaner Shiraz from cooler climates across all price points.

Reply

- *Moderator* says:

  March 7, 2013 at 5:50 am (Edit)

  BriannaR, Why do you think the Yarra PN and Chardonnay and leaner Shiraz have seen increased sales?

  Reply

15. *KeithB* says:

March 7, 2013 at 5:08 am (Edit)

As a category sales are flat for the past 5 years.
We have had significant declining sales with some brands Oxford Landing and Yalumba down 58% and 29% respectively, flat sales with Jacobs Creek and yet amazingly strong sales with new acquisitions Mollydooker and Layercake.
Declining sales for Oxford Landing and Yalumba were due to a couple of factors- over saturation of the market by competitive "Critter" brands with the retailer focusing on those with the strongest pricing promotions and the customer moving on wines from other regions Chile and Argentina.
Shiraz for us is still the largest seller, we've had good success with pinot grigio, especially on premise

for BTG. Riesling has been a very tough sell.
Given our success with Mollydooker if the wines get stellar reviews from Robert Parker they will sell at any price point. Otherwise it is the<$20 retail wines that move best.

Reply

WA Distributors - Discussion Topic 5 – Trade Perceptions

Written by Moderator on 04 March 2013

In your opinion, how have general trade perceptions of wines from Australia changed in the past three to five years?

Discussion:

1. *AmberC* says:

   March 5, 2013 at 5:56 am (Edit)

   People were very open to Australian wines, It seems that the over saturation in the market of Bulk juice has given Australian wines a bad name. When fruit is sourced from so many place and changing locations every year it is hard to find a consistancy

   Reply

2. *AmberC* says:

   March 5, 2013 at 5:58 am (Edit)

   Many people in the trade see Australia as a declining market

   Reply

   - *Moderator* says:

     March 6, 2013 at 8:35 pm (Edit)

     AmberC, How did the trade perceive Australian wines before this decline?

     Reply

     - *AmberC* says:

       March 7, 2013 at 3:14 am (Edit)

I think that before the decline it was also when the economy was better and customers and clients were spending more on more expensive wines and ventured out more trying things. With many people watching their money – They buy things that people are asking for first and not buying until they are down to 1 or 2 bottles. They also perceived Aussie Wines as something a bit more of a "bonus" to have available to their customers. Wines Such as Killikanoon, Elderton had great press and several levels of price points. Most retailers wanted something from each price point. When The Exchange rate became so bad, and prices went up they bought half as much of the more expensive allocated wines -and bought more of the entry levels.

Reply

3. *BradleyS* says:

March 5, 2013 at 7:28 am (Edit)

Most in the trade are obligated to sell them, but see them as a dead end. Frankly, I was shocked to see my sales improve significantly last year, and this year I am putting more effort behind Australian wines.

Reply

4. *ChristieL* says:

March 5, 2013 at 9:07 am (Edit)

Wines with a sense of place in Australia (Margaret River, Langhorne Creek, Yarra Valley) have been virtually squeezed out of the marketplace which is unfortuate. Thusly, aside from a few cult Shiraz producers, Australian wines represent inexpensive wines the general consumer can pick up without much thought as to where it came from or who made it. Other regions such as Spain and Argentina are also crowding the value category and, as consumers become more comfortable with purhcasing from these regions, Australia will be left behind.

Reply

5. *JonD* says:

March 5, 2013 at 10:15 am (Edit)

I think that, unfairly, the trade feels that Australia is mostly inexpensive critter labels. It is unfortunate that so much lower end wine has been exported from there during the past 3-5 years, reinforcing this impression. {yellow tail} has been the poster child for this type of perception. Also, too many high alcohol fruit bombs. I know that there are many terrific wines being made there but it may be a case of market fatigue with so many value items. Argentina does have many value items but they don't seem to start as low in the value chain as Australian wines do. I also think that Australian producers during this period focused too much on brand and not enough on geography to differentiate themselves and their stories.

Reply

6. *CarolH* says:

   March 5, 2013 at 12:11 pm (Edit)

   I think when we started receiving wines from Australia they were were some of the first great value wines. They still have great value wines, but there is a lot more competition from the world market. There are still true lovers of Australian wines. I agree with JonD they need to focus more setting them selves apart from other producing areas.

   Reply

7. *BradS* says:

   March 5, 2013 at 4:44 pm (Edit)

   i always felt that austrailia was a good market until the past few years. i see the sets shrinking and the sales declining. i have read articles that say the biggest suppliers in the country are experiencing financial hardship.

   Reply

8. *KymberlyH* says:

   March 5, 2013 at 6:23 pm (Edit)

   I think that the inexpensive critter wines have over saturated and dumbed down the market. The public perception is that for value, Australia is no longer the leader and has been displaced by California and South America. I still have some restaurants with Shiraz glass pours, but many more that have turned to other regions and varietals altogether.

   Reply

9. *DavidW* says:

   March 5, 2013 at 9:31 pm (Edit)

   Trade will buy what consumers will buy. Many consumers have been disappointed in quality/price ratio and also have been confused with the product in the bottle. Shiraz has such a wide variance in taste (over-ripe, high extraction, oak, no-oak, etc) Chard has moved from oaked to un-oaked, tropical to lean. If you don't have a realistic expectation, you drink elsewhere.

   Reply

10. *Moderator* says:

    March 6, 2013 at 5:35 am (Edit)

To all of you: You've been clear about trade perceptions of value-priced critter wines. How about the higher-end and more expensive wines? Have trade perceptions of these wines changed over the past 3 – 5 years? Do these perceptions extend to consumers?

Reply

-  *ChristieL* says:

  March 6, 2013 at 7:31 am (Edit)

  Last night I started thinking about some of the comments I made yesterday, and I want to revisit. One thing I can say about the value priced critter wines, they brought a lot of people to the proverbial party by introducing people to wines, some for the first time, that were very affordable and easy to drink for a newbie. From there, opinions were formed that either took these wine drinkers up the "food chain" to more complex wines from other regions or showed them that wine may not be for them. For this, we should all thank the makers of these little critters as they did help expand the wine drinking public beyond White Zinfandel!

  While one of my very favorite Chardonnays is from a small producer in Margaret River, the wine is pricey and not an easy sell in our market in spite of its accolades. So, am I anxious to add premium producers from Australia to my portfolio?? Not so much at the present time. While we, the trade, may be fans, the consumer base for these wines in Oklahoma is limited at best.

  Reply

-  *BradleyS* says:

  March 6, 2013 at 8:40 am (Edit)

  Perceptions of high end Aussie wines have been declined in recent years due to many Australian producers not focusing on the terroir and the fruit. There are simply too many truly nasty, manipulated wines, and unfortunately all the producers suffer from the cynical marketing of the few. Combined with the recession and the resulting limited number of expensive wine customers, the competition is intense.

  Reply

11.  *JonD* says:

March 6, 2013 at 7:34 am (Edit)

I don't think that the trade's perception of more expensive wines from Australia has changed as much as they have just kind of forgotten about them. Christie mentioned Grange and Dead Arm as having some resurgence, probably related to scarcity as much as anything else. When Two Hands gets some great reviews, that stirs up interest in the rest of the portfolio and leads to opportunities to talk about other mid-high tier items with similar attributes or regional distinction. Consumers are driven by reviews…I don't know how anyone could even drink some of the wines that Jay Miller rated so highly in the Advocate, but then he did the same thing with Spanish wines that were also so high in alcohol that they were almost in a different category. If it doesn't get 90 points they don't even want to try it.

That's why in-store tastings are so important, to show the consumer the varied and diverse selections from the different areas of such a large land mass.

Reply

12. *DavidW* says:

March 6, 2013 at 10:27 am (Edit)

The "dumping" of product at silly prices had put the trade in a mindset of – wait for the deal – wait little more and it will get better. The trade believe there is a lot of room in the price of high end wines. If you sold it for $30, why should I now pay you $70. If the deals were posted to consumers, same belief.

The economy encouraged people to trade down in price as well; many have realized they can get great wine with a lower investment.

Reply

13. *KymberlyH* says:

March 6, 2013 at 5:43 pm (Edit)

It's all about perception in the marketplace and the perception is that Australian wines are not "serious". The high end producers simply have not done a good pr job of promoting the quality and value of their wines.

Reply

- *Moderator* says:

  March 6, 2013 at 8:33 pm (Edit)

  KymberlyH, Do you think this trade perception has been consistent over the past 5 years, or has it evolved to the point they don't think Australian wines are serious? Does this perception extend to consumers?

  Reply

  - *KymberlyH* says:

    March 7, 2013 at 8:16 pm (Edit)

    I do think the perception has been pretty consistent at least over the last 3-4 years. There was a time, I'm thinking About 6 years ago or so, that mid and high tier Aussies were still considered hot property. Critter wines were already in the wane, but the prejudice had not filtered down (or up) to the better wines. As the critter wines continued to flood the market, the public seemed not to allow for such disparity in the wines from Australia. I think the perception issue began with the

trade and filtered to consumers, who saw many more choices, and went in different directions. Also, consumer tastes have somewhat drifted from the fruit bomb to a little more balance and many Australians seemed a bit one dimensional, whether that's a fair perception or not. The main things i see with consumers now, are tthat Australia is not the overwhelming value it used to be, and it is not the "in" country to buy from.

Reply

14. *AmberC* says:

March 6, 2013 at 6:48 pm (Edit)

the high end wines need to have a sense of urgency – or a Limited edition focus. Only ## number of cases made and only ## are brought into the state

Reply

15. *KeithB* says:

March 7, 2013 at 5:25 am (Edit)

My seasoned sales reps all say Australia wines are dead. Many retailers I speak to echo this response. The domination of Yellow tail and other "Critter" labels has the trade and retailers focusing on the low end where the wines tend to be all in the same flavor profile so consequently the floor space goes to the brand has the best price promotion at the moment.

Yes certain brands still show strong sales- Layercake Shiraz and Mollydooker but they are driven as much by favorable wine reviews as retailer promotion.

Reply

- *Moderator* says:

  March 7, 2013 at 5:52 am (Edit)

  KeithB, Do you feel that these trade perceptions extend to the consumer?

  Reply

  - *KeithB* says:

    March 7, 2013 at 9:32 am (Edit)

    They do a certain extent. If consumer demand were stronger there would be more retail sales hence the retailer would be looking to increase selections or at least be more receptive when new products were being presented.

There is also only moderate interest from restaurants for Aussie wines and that almost exclusively Shiraz. Yet the same establishment will have multiple Cabs- mostly CA and PN- CA & WA

Reply

16. *DavidW* says:

March 7, 2013 at 11:09 am (Edit)

One way to tap into the image makers in the trade is through the various Sommelier organizations. Working through the Court of Master Sommeliers or ISG, etc on educational seminars for the trade could revive perceptions.

Many producers, organizations provide "scholarships" or "enrichment" trips to member of these sommelier organizations, further building interest and spreading knowledge.

Reply

17. *Moderator* says:

March 7, 2013 at 12:33 pm (Edit)

To all of you: Do you think that consumer perceptions of Australian wine is more positive or negative than that of the trade? Does this vary by type of Australian wine?

Reply

- *JonD* says:

  March 7, 2013 at 1:23 pm (Edit)

  I think it depends on the consumer, but generally slightly more positive than the trade. I'll see people who will pick up 3 bottles each of a red and white [yellow tail] for a party because they think its safe, not necessarily good. Like Christie, I also see people pick up Mollydooker and Two Hands (as previously mentioned, a good seller for us) at the higher price point. I think that the trade has critter fatigue, and now carry fewer Aust. wines than they used to, focusing on the one(s) with the best deal this month, and maybe a few that have received some good scores.

  Reply

- *BradS* says:

  March 7, 2013 at 2:38 pm (Edit)

  i also think the public is more positive on austrailia than trade. of course here, it's all low end stuff, not high end.

Reply

-  *CarolH* says:

  March 7, 2013 at 3:29 pm (Edit)

  I think the consumers perception of Australian wine is mostly on “critter wines”. There are still a few consumers out there that are in to high-end Australian wines, bur they are few & far between.

  Reply

18.  *ChristieL* says:

    March 7, 2013 at 12:52 pm (Edit)

    I see consumers readily picking up bottles of [yellow tail] when I’m out in retail stores hand selling at the holidays. Price & familiarity are what compel these customers to purchase. For the more wine savvy consumer, they will gravitate to the heralded wines like Mollydooker and Two Hands on occasion, but I believe they are also looking to new regions where their dollar will go further.

    Reply

    -  *BradleyS* says:

      March 7, 2013 at 4:36 pm (Edit)

      I think the trade is pessimistic about Australia because the wines just don’t sell to the consumer, so I would say that both are similar in their perceptions.

      Reply

19.  *DavidW* says:

    March 7, 2013 at 1:08 pm (Edit)

    I think consumers are more positive. In the AZ market, many of the buyers are out of touch with the consumer’s taste and industry trends. Selling a dry rose is very, very difficult; trade believes all rose should be sweet. Many eve question the quality of wines under screwcap – that issue was settle in most of the trade’s mind 10 years ago.

    Reply

    -  *ChristieL* says:

      March 7, 2013 at 1:18 pm (Edit)

That's really interesting David and shows how different we all really are. In OK, we are experiencing a Rose Renaissance of sorts. This has been led by some chef owned restaurants whose love of Rose has carried over to their customers and has trickled on down into the retail segment creating pink sections that are not saturated with chapetalized, sweet wines. Also, when I was working as a fine wine rep and one of my producers began bottling their whites in screwcaps, I really didn't think I'd see the day when they would become so well accepted based on the initial reactions I received. Now, even fine dining, white tablecloth restaurants in our market serve at least a few whites, roses and even some red wines in screwcap.

We had a former manager who tried to demonstrate the way to open a screwcap with a special flair . . . he ended up flinging wine on the demonstratee who also happened to be a Playboy Bunny! Now, I encourage servers to how the screwcap under a service napkin and twist the bottle to open.

Reply

20.  *DavidW* says:

March 7, 2013 at 1:24 pm (Edit)

Strange how markets are different. We have 100 cases of Tavel 2011 that we couldn't get placed.

Reply

WA Distributors - Discussion Topic 6 – Attributes

Written by Moderator on 04 March 2013

What do you consider to be the most positive attributes of Australian wines in general? What are their points of differentiation by varietal type or region?

Discussion:

1.  *AmberC* says:

March 5, 2013 at 6:05 am (Edit)

Positive attributes are the wide variety of wines and style available. you can get Earthy , heavy fruit forward, big tannins, and crisp refreshing whites.

Western Australia is very much like Bordeaux climate wise and their cabernets tend to reflect that style rich and earth. Where wines from Barossa pick up a great deal of fruit and menthol, or eucalyptus due to the terroir.

Reply

2.  *BradleyS* says:

March 5, 2013 at 7:33 am (Edit)

Australian wines are very consistent vintage to vintage, and the top producers are outstanding compared to much of the rest of the world. As I try to think of points of differentiation, I realize that I am drawing on my deeper knowledge of the regions, but that there is no apparent differentiation in the mind of the consumer. Coonawarra or Barossa? I know the difference, but consumers do not.

Reply

3. *ChristieL* says:

March 5, 2013 at 9:12 am (Edit)

Shiraz (McLaren/Barossa) – dark, brooding and over the top in alcohol.
GSM's (McLaren/Barossa) – dark, brooding and over the top in alcohol.
Chardonnay & Rieslings (Margaret River) – gorgeous, bright with minerality and zing!
Pinot Noir (Yarra Valley) – bright, aromatic and bursting with cherries but the good ones are very expensive & hard to sell in our market.
Shiraz (Langhorne Creek) – bright, higher & acid and prettier than it's brooding cousins from McLaren/Barossa.

Reply

4. *JonD* says:

March 5, 2013 at 10:24 am (Edit)

Their most positive attributes are their forward fruit, balance of extract and acidity and their immediacy, how easy they are to pop and pour. This of course does not apply to all wines and unfortunately, the number of unbalanced alcoholic fruit bombs has put a negative perception on the whole. I agree with Amber about the wide variety of styles due to the varied geography, but also with Bradley about the consumer's lack of knowledge about that very diversity. I also don't think that consumers know how well these wines can age, even in the $15-20 retail range. I've had 30 year old shiraz-cab blends that will shock and amaze, but that information doesn't get publicized.

Reply

5. *CarolH* says:

March 5, 2013 at 12:22 pm (Edit)

We all seem to agree that more education of the consumer would greatly enhance sales of Australian, even though they have been in the market place for quite awhile the public does not seem to be aware of their diverse terrior and it's effect on their wines.

Reply

6. *BradS* says:

March 5, 2013 at 4:50 pm (Edit)

the good, higher end wines tend to be very good, jammy and inky. i like all of those qualities. in my market however, we don't sell those types of wines in our grocery stores, nor do our competitors. we are only selling lower end wines and their best attribute is their cost.

Reply

7. *KymberlyH* says:

March 5, 2013 at 6:30 pm (Edit)

I agree with Bradley s that, while I may be able to name wine growing regions in Australia, and to differentiate their qualities, consumers are really not knowledgeable about these finer points and mostly see Australia as the land of bulk juice and fruit bombs. The fruit bombs are not as much in favor at this moment in time. Not to say there aren't exceptions. I think Australia has some quite exceptional producers, but I don't think the public at large sees this.

Reply

8. *DavidW* says:

March 5, 2013 at 9:37 pm (Edit)

There are clear values in the entry level – fruit forward, good extraction, not overly tannic, great variety and easy to drink – Yellow Tail everywhere. The high end is well defined as well – big, bold, high extraction, ageworthy, limited production. The middle territory is what is ill defined and confusing for the buyer and consumer.

Reply

9. *Moderator* says:

March 6, 2013 at 5:41 am (Edit)

To all of you – Some of you have mentioned the diversity of wines across appellations and some have mentioned the need for education. How much added value, if any, do you think regional appellation wines bring in the minds of trade or consumers. Are any of them reliable indicators of style or quality?

Reply

- *BradleyS* says:

  March 6, 2013 at 8:33 am (Edit)

  I think appellations definitely mean something to my customers, and to some extent their customers. For example, McLaren Vale > South Australia > Australia. For example, a d'Arenberg wine from South Australia will bring $12 vs. a generic Australian wine at $8. And

a d'Arenberg McLaren Vale will bring $18. Some of that is due to the reputation of the producer, but the appellation identification is intimately tied to that.

From my point of view appellation is an indicator of style and quality, but only to a certain extent. For example, Parkerized wines are indistinguishable from one another despite regional differences. There is no substitute for trust in the producer and his respect for the fruit.

Reply

-  *BradS* says:

  March 7, 2013 at 2:50 pm (Edit)

  with education, i think all appellations can give a product added value but the average consumer does not even know much about american ava's much less another country. trade poeople are more likely to know more about the appellations of austrailia and know which areas produce the best wines. unless the public is educated, i don't see it helping much. i have to revert back to thinking about the average household grocery buyer, they tend to buy what's on sale off of a big display or simply go for their "go to" wine on the shelf. seldom do i see them looking for something cool from a new country with no knowledge of the region or country.

  Reply

10.  *ChristieL* says:

    March 6, 2013 at 7:35 am (Edit)

    I go back to my comments on the Napa Rocks educational program and how it demonstrates the uniqueness of the specific AVA's within the valley. I definitely feel that the words "Napa Valley" on a label add value to the consumer. Sonoma has been slower to come around, but Willamette Valley is another AVA that, in our market, is a statement of quality to the consumer.

    Reply

11.  *JonD* says:

    March 6, 2013 at 7:41 am (Edit)

    There is significant regional diversity but I don't think that this distinction has made it to the consumer (or even the trade) and that there is a real opportunity here. But it's also a double edged sword as you can end up painting an entire region with the same broad brush, i.e. Barossa Shiraz is always inky dark and high in alcohol, which is not uniformly true. As in other major wine growing countries, region provides less reliable indicators of style and quality than individual producers. Lots of average wine comes out of Burgundy but certain producers excel in good vintage and bad. That's another area that needs more education–vintage variation. At the lower end of the spectrum, vintage doesn't really matter, but there is definitely vintage variation at the mid and high tiers, especially over the past few years with the drought in Australia.

    Reply

12.  *KymberlyH* says:

    March 6, 2013 at 5:50 pm (Edit)

    I agree with jon that the regional diversity has not made it to the consumer. A good pr program would tout the attributes of different regions, and the bang for the buck. Napa, Sonoma, willamette, burgundy, all these bring to mind images of quality, even though there are many wines from these regions that fall short. But the "perception" is quality. I still have many customers asking for Napa cabs, and only Napa Cabs, even though at a value price point,they may not deliver as much as a cab from another region.

    Reply

13.  *KeithB* says:

    March 7, 2013 at 8:18 am (Edit)

    Positive attributes-
    quality at the middle and under end
    stylisitic differences
    hedonistic pleasure- for those who enjoy big intense wines

    In my market there is rarely a question about regional appellations. While I believe there is a stylistic difference in the wines that has not translated down to the consumer level as say Napa Cab has.

    TBS with certain varietals appellation does make a differents: Riesling from Eden Valley; Chardonnay from Margaret Rive

    Reply

14.  *DavidW* says:

    March 7, 2013 at 9:10 am (Edit)

    One region not mentioned has been Washington State. Might be something to learn there; few large producers, mostly small, high quality, unique producers. Lots of growth, products seem to sell out, great accolades and price to quality is excellent, pricing is farm from the grocery, inexpensive level; typically high teens to $50 +.

    Reply

WA Distributor - Discussion Topic 7 – Barriers

Written by Moderator on 04 March 2013

Thinking of selling Australian wines, what (if any) are the most typical barriers or difficulties you encounter when selling Australian wine to customers or accounts? Are there specific barriers that you associate with selling Australian value wines vs. more expensive Australian wines?

Discussion:

1.  *BradleyS* says:

   March 5, 2013 at 7:38 am (Edit)

   Most customers consider Australia to tbe a more or less dead category. Retail has halved the shelf space, and some restaurants have excluded them from their lists. The toughest part of selling them is convincing the customer that his customer will in fact give them a chance. Value Australian wines sell somewhat retail but are extremely difficult to sell BTG, as they are seen as being inferior to domestic wines. I am afraid that the "critter wine" phenomenon seriously damaged their reputation. Plus the larger wineries sell through the larger distributors who place the value wines in all of the chain accounts, which drives independents to avoid them. The wines are simply not appreciated by the foodies and the trendmakers.

   Reply

2.  *ChristieL* says:

   March 5, 2013 at 9:17 am (Edit)

   The obvious is that everyone feels the "critter wine category" was created in Australia and that that is the hallmark of Australian wines (at least to the regular consumer). And because of this, as Bradley S mentions, the foodies & chefs tend to steer away from Australian wines. Personally, I feel that much of that has to do with the lack of acid in many of the Australian wines from warmer climates – not such great partners with food. And, with so many really terrific wines coming to market from Spain, Argentina, Portugal & South Africa, people in Oklahoma are looking for the next great region.

   Reply

3.  *JonD* says:

   March 5, 2013 at 10:49 am (Edit)

   I agree with Bradley and Christie that the trade's perception of Aussie value wines is critter-driven. The more expensive wines (for the most part) have a better story to tell and terroir to back it up, overcoming the lack of acidity Christie correctly identifies as a barrier. In some ways, Spain has produced a lot of garnacha that is like Aussie wine with a different accent, with their high alcohol and lack of balance. I really believe that the story has not been adequately told about the quality available from Australia.

   Reply

4.  *CarolH* says:

   March 5, 2013 at 12:31 pm (Edit)

I agree about the “critter wines”, to some extent putting Australian wines in the same category as $2 Chuck in the consumer & wine buyers point of view. It makes it difficult to convince wine buyers that they need to expand the Australian selection not decrease it.

Reply

5.  *AmberC* says:

March 5, 2013 at 2:35 pm (Edit)

I agree also -that the Critter Wine has made Australia seem to be a producer of inferior wines. I have several retailers say that the wines I sell them from Australia are the only ones that are selling. They are not even selling lesser priced non critter wines. The ones that they are selling are the ones that have unique stories behind them.

Reply

6.  *BradS* says:

March 5, 2013 at 4:59 pm (Edit)

the biggest barrier i would say is most people who know the wine business here know the australian business is on the decline. having said that, i have sold to higher end bottle shops and they do like good austrailian wines due to their good quality. i really don’t see any main barriers here though because we are selling the value brands and they are lower priced and sell through quickly.

Reply

-  *BradS* says:

  March 6, 2013 at 2:49 pm (Edit)

  i also thought of one other thing this am. one thing i have seen kill austrailian wines is moving them to the austrailian section. if we keep the aussie wines in the domestic section, they sell well. if we move them to the aussie set, they die. i would highly recommend not moving them to the aussie section however, i know most other distributors don’t want nondomestic wines in the domestic section.

  Reply

7.  *KymberlyH* says:

March 5, 2013 at 6:35 pm (Edit)

I agree about the critter wine phenomenon as well. Serious damage to the reputation of finely produced Australian wines that actually display balance and finesse. Fruit bombs do not go well with food, so I understand the perception of many foodies and restaurant euros to stay away from Australia. That said, even doing a blind tasting at a restaurant can restore some faith in the region. In a retail setting, after convincing the retailer to bring in the wines, the most effective tools are customer tastings.

Reply

8.  *DavidW* says:

   March 5, 2013 at 9:44 pm (Edit)

   The buyers are keyed on value and deals – letting them "think" they are getting a deal – real or not – makes the sale. Getting a top 100 wine for under $15 is a value. People also want to feel special, limited availability, 10 cases for the state, get's it on the shelf. Re-orders come after the product sells through. I do agree, too many critters in the market; crowded market.

   Reply

9.  *Moderator* says:

   March 6, 2013 at 5:44 am (Edit)

   To all of you – Can you elaborate on how barriers differ when selling to on-premise vs. off-premise accounts? Or independent retailers vs. chains?

   Reply

   -  *BradS* says:

     March 7, 2013 at 2:58 pm (Edit)

     i only sell to off premise retail chains so i cannot comment on the difference between the two unfortunately

     Reply

   -  *AmberC* says:

     March 7, 2013 at 7:36 pm (Edit)

     we do not sell to grocery Stores
     I sell to fine wine shops , and restaurants . Restaurants are fine to try aussie wines as long as they are good quality. I have not had a problem in restaurants. is Retail is more price conscience sine they may be sitting on inventory and can not pour something off by the glass on special

     Reply

     -  *DavidW* says:

       March 8, 2013 at 5:23 am (Edit)

The chain placements (grocery, Total Wine, BevMo, Costco, etc) are difficult to get movement in for lesser known brands and unique offerings. You don't have the opportunity to taste the people tha are having direct contact with the consumer. In AZ, it is illegal to taste an employee "on the floor"; additionally, the corporate policies prohibit tasting on company premises. The law in AZ also prohibits corkage in restaurants (except the handful of BYOB licensed locations)[these cannot sell productif they are a BYOB]. The only way to taste the chain buyers is an off premise event and not in a restaurant over a "lunch" tasting.

Reply

10.  *ChristieL* says:

March 6, 2013 at 7:39 am (Edit)

In Oklahoma, everything is done on a one-to-one basis between buyer and our sales force or managers – specifically since we do not have chain retail stores. The national On Premise chain accounts are called upon by the National Sales divisions of the suppliers we represent, and, once a national placement is confirmed, our reps make sure the accounts are in compliance and will offer trainings, POS, etc. as required by the program parameters. There is minimal local decision making opportunity for national On Premise chains.

Reply

11.  *JonD* says:

March 6, 2013 at 7:50 am (Edit)

Presenting to on-premise is very different than off. Without chains, our market is all independents that require direct one-to-one relationships as Christie describes. The on-trade can be chains like Darden or other lower end, or hotels where they have a suggested list and limited local autonomy. The best opportunities are with smaller restaurants, from gastropub to white tablecloth, where they are interested in wine from all over and not just hipster somms who want the most esoteric list in the neighborhood. Tasting with interested, engaged wine folks is the best chance to show the different expressions of the better wines of the regions.

Reply

12.  *BradleyS* says:

March 6, 2013 at 8:50 am (Edit)

As someone who does not sell to chains, the greatest barrier to selling in off-premise accounts is that the wines simply do not move off the shelf. My customers tend to carry the obligatory grocery brands and leave it at that. They carry a few high-end bottles to hand-sell, but probably less than half of what they did more than five years ago.

On premise, Australian wines are just not hip. I call on higher end accounts where perception of "coolness" is everything to them, and I would say that Australia would be the last place in the world they would turn for wine. They see Aussie wine as a commodity, and that is everything they are trying

to distance themselves from. When I do sell to them it is on taste, when they recognize obvious quality and want to share it with their customers.

Reply

13. *DavidW* says:

March 6, 2013 at 10:42 am (Edit)

The account has to be engaged. Many in my markets are not engaged; they are collecting a paycheck. How do you motivate these people?

Reply

- *Moderator* says:

  March 6, 2013 at 8:41 pm (Edit)

  DavidW, Do you find that barriers differ between different types of accounts?

  Reply

14. *KymberlyH* says:

March 6, 2013 at 5:30 pm (Edit)

With on premise, a good relationship that has earned trust will at least let me in the door with Australians, but I would have to say, if the quality of Australians does not exceed wine from other region at a similar price, then the wine from another region will make the sale. I agree with Bradley that Australian wines are not seen as hip. That matters a lot in independent restaurants trying to compete and win in the marketplace.
Off premise is tougher, if you ask me. The wines just are not moving off the shelf. Retailers do not want to tie up their money with slow movers.

Reply

15. *KymberlyH* says:

March 6, 2013 at 5:32 pm (Edit)

I also agree with David, that many accounts really are not engaged. If they fundamentally are not interested in expanding their knowledge or customer base, it's like hitting a brick wall. Every territory has these kinds of accounts.

Reply

16. *AmberC* says:

    March 6, 2013 at 6:46 pm (Edit)

    We do not sell to grocery Stores or large chains. in Ga a retailer can only have two stores in their name. The higher priced wines do sell when they are small production and only 10-25 cases are available. they are then considered special

    Reply

17. *KeithB* says:

    March 7, 2013 at 9:48 am (Edit)

    One of the barriers we experience is, considering NJ shares a border with NY we have access to just about every wine made. OK that is a bit of an exaggeration but there is a lot available out there. The retailer today is bombarded daily with product from just about every country and region in the world. Not to mention all the new "life style" wines. Trying to get share of mind is becoming harder and harder.When the sales rep, even the good ones come up with resistance they will generally switch to another wine rather than possibly loose the sale.
    On premise- I mentioned before that we are dominated by national chains whose wine lists are decided at the corporate level. Many of the independents just hand their list over to their key liquor rep who will print the list at NC and consequently mostly fills the list with Company priorities.

    Concerning pricing it is no secret that expensive wines in all categories have slowed tremendously. Those that do sell are usually the ones that are extremely limited or have a review from WA or WS. In the mid priced tier I find that the current consumer does see the same "value" in Aussie wines as he used to and has moved to Malbec instead.

    Reply

18. *Moderator* says:

    March 7, 2013 at 12:31 pm (Edit)

    To all of you: Think about a non-Australian wine region/type that is currently very successful for you. Then think of the typical Australian wine in that same color/type and price segment. What is the key difference?

    Reply

    - *JonD* says:

      March 7, 2013 at 1:09 pm (Edit)

      This is a quite recent phenomenon, but I will suggest CA chardonnay. Many are now available in an unoaked version while the Australian counterpart remains influenced by oak, whether staves, chips, whatever. Even the oak-aged CA versions have come back down in alcohol and

achieved more balance of fruit and acidity, while the Aussie version remains a fruit cocktail sort of beverage, more over the top and less nuanced.

Reply

-  *BradS* says:

  March 7, 2013 at 3:05 pm (Edit)

  i think first of all, california and s. america are better values these days as well as s. america. used to be austrailia was one of the few great values. additionally the sets are drawn where the majority of products are in the domestic section leaving the imports all alone and separated like the red headed stepchild. also, the majority of advertising i see on tv or print is domestic wines. the only aussie wine i see in ad is yellowtail, which leaves many of the other brands out in the cold

  Reply

-  *CarolH* says:

  March 7, 2013 at 3:24 pm (Edit)

  Unfortunately we do not have an Australian category that is doing well for us at the moment.

  Reply

-  *BradleyS* says:

  March 7, 2013 at 4:31 pm (Edit)

  Washington stands out for me as having shown the most growth over the last few years, and they produce more or less the same varieties as Australia, and they have a dichotomy of very large producers and very small producers, just like Australia. WA Cab is focused and varietally perfect, while AU Cab is often muddled and contains some strange flavors to American audiences. WA Syrah is powerful but balanced while AU Shiraz is often lacking balance. WA Chardonnay tends to be low alcohol, clean and unoaked, while AU Chards seem to be apeing California from the 90′s. WA Riesling is usually sweeter, which the Americans like, while AU Riesling is usually bone dry, which does not appeal to most Americans. Overall, the AU wines lack the balance of the WA wines.

  Reply

19.  *ChristieL* says:

    March 7, 2013 at 1:04 pm (Edit)

    I feel that Argentina as a country has done an excellent job of marketing their wine industry and, in specific, their ability to produce exceptional Malbecs. The price points are varied in our market with cult Malbecs that sell in excess of $100/b while there are also many great bottles available in the $10-

$14.99 range. The consumer sees ads in travel magazines touting the beauty and diversity of Argentina which incorporate the wine growing regions into the ad campaign. Could a normal consumer pick out a specific growing region within Argentina? Doubtful, but most do know Argentina as a beautiful country that can produce exceptional Malbecs.

In retrospect, I believe that consumers connect Australia to Shiraz. To the detrement of this connection, the quality of the Shiraz produced in Australia varies so widely that even Shiraz as a whole has a muddled identity.

Reply

20.  *DavidW* says:

March 7, 2013 at 1:05 pm (Edit)

Price, promotion and accolades are the items that seperate non Australian products from the Ausie wines.

Reply

21.  *AmberC* says:

March 7, 2013 at 7:42 pm (Edit)

Italian wines have had a large amount of growth for us this past year. We have increased our SKU and they have been selling through very well.

People are very familiar with Italian wines and recognize them for being great food wines and great values

I also currently sell a few Asutralian wines from South Australia that have sangiovese in as a blend – and a pinot Gris from Asutralia as well .

Reply

22.  *KymberlyH* says:

March 7, 2013 at 8:26 pm (Edit)

Washington and Oregon wines have experiences strong growth for us in the last year. Their Rieslings are spot in and usually have a hunt of sweetness. Winemakers love working with Riesling, but have found that to please the us palate, they have to keep a bit of residual sugar in the glass. Australian Rieslings are quite dry as a rule, and oddly, because most of the other wines are assertive with sweet fruit. The Australian Shiraz is typically all fruit and little balance, while the Washington Syrahs and even a couple of Oregon Syrahs are brilliantly nuanced and at a very good price point.we have one or two u Oakes Aussie chards in our portfolio but they are the exception, not the rule. The others , again, lack balance.

Reply

WA Distributors - Discussion Topic 8 – Wines Positioned for Growth

Written by Moderator on 04 March 2013

Which Australian wines (varieties/types/price points) do you think are best positioned for growth on the U.S. market? What are the attributes of these wines that make them appealing to the trade and consumers?

Discussion:

1.  *BradleyS* says:

   March 5, 2013 at 7:43 am (Edit)

   Post-recession the new normal is for those who once purchased $75 wines to instead buy $35 wines. I think that the Australian wines that will take off will be the ones that offer the most bang for the buck in the middle price ranges, $15-$35 retail or $30-70 restaurant. Also value wines, if they are real wineries focused on classic labels and serious wine, not fruit juice in critter bottles.

   Reply

2.  *ChristieL* says:

   March 5, 2013 at 9:22 am (Edit)

   At the value/critter tier, I'm sure there will be many new crazy varietal combos that will launch in yet other brightly colored labeled bottles or some with holographic elements on the bottles. However, without these, I see this category as stagnant. It will take education on the part of the sales force along with backing by the Autralian producers, but I feel that the solid producers who have been producing exceptional estate wines in Australia for decades have the greatest opportunity for growth if their price points can be competitive – especially in the $15-$25/b category.

   Reply

   -  *Moderator* says:

     March 5, 2013 at 8:15 pm (Edit)

     ChristieL, What do you think are the attributes of the estate wines in the $15 – $25 price range that make them appealing to the trade and consumers?

     Reply

     -  *ChristieL* says:

       March 6, 2013 at 7:43 am (Edit)

a) Estate produced
b) Family Owned or a small producer
c) Involvement in local events made by the winery owner or principal whereby consumers can taste and hear the story

These activities have/are being conducted by these smaller producers in Oklahoma with good outcomes.

Reply

3. *JonD* says:

March 5, 2013 at 11:04 am (Edit)

I agree with Bradley about the new price points and how they are where the most activity and potential lie. And I think Christie is right that there will continue to be "innovation" of value/critter items, but that this is not a growth area. More education is required on the variety of terroirs and their significance with regard to certain varietals. Price alone won't dictate what will sell. There are too many really good wines being made there whose stories are not being told.

Reply

- *Moderator* says:

  March 5, 2013 at 8:17 pm (Edit)

  JonD – What attributes do you think the "really good" wines with stories to tell have that will be attractive to both the trade and consumers?

  Reply

4. *CarolH* says:

March 5, 2013 at 12:39 pm (Edit)

Bradley, Christie & Jon, all have very valid points.
The California market is so saturated with not only our own producers wines, but the abundance of wines from the rest of the world, I think it it would take a very concerted effort on the part of Australian producers (especially smaller family owned wineries) to get the American public interested in Australia again.

Reply

5. *AmberC* says:

March 5, 2013 at 2:41 pm (Edit)

I think that more classic labels or if it is a catchy- label – as long as they have a story behind the label and that they put that story on the back – or put a marketing effort behind it so that people are interested in buying the wine. The best price point would be 8.99-16.99

We used to have people fighting over highly allocated Australian Wines that retailed 39.00- 100.00 but now we have enough for everyone. Most of the time we are not even buying them to keep in stock only when someone asks for them

Reply

6. *BradS* says:

March 5, 2013 at 6:35 pm (Edit)

as long as the price stays low, i think the value tier still has growth potential. as for trade, the higher tier wines appeal to me but i don't see that from the consumer. the appeal is price price price for the value brands. we have accounts that blow through the cheap cheap stuff because it's the best price in the store.

Reply

7. *KymberlyH* says:

March 5, 2013 at 6:42 pm (Edit)

I think the best opportunities for growth are the mid tier$10-20 wholesale, from quality producers who can back their products with education and decent sample budgets for convincing retailers and restaurant euros to try them. I also have to say that I think "Shiraz" is done for, having been bastardized at the critter label. I'd go back to Syrah as the varietal name, and show off what beauty can be made of the grape. I also think that the value/critter market is on its last legs. I've not seen any life in that segment.

Reply

8. *AmberC* says:

March 5, 2013 at 9:20 pm (Edit)

I sell a wine that the vineyards are owned by a judge in Australia. The labels are catchy and people always ask about them. The Guilty, The Verdict and The Innocent- there is a Moscato -Sweet Justice and a higher end – Executioner (30.00). All great wines that retail 21.99

Reply

- *ChristieL* says:

  March 7, 2013 at 10:41 am (Edit)

AmberC, those wines are represented in OK by a competing broker and they do perform well here, too. The Judge has been to Oklahoma on numerous occasions and has created his own cult following.

Reply

9. *DavidW* says:

March 5, 2013 at 9:49 pm (Edit)

Growth – sweet wines at value prices in the short term. Quality product (reds) in the $10-$20 retail range. Clean up the labels; individually a label may look great, put it on the shelf with 30 similar labels, it's lost. I look at some of these sets and get a headache from the assault of color and patterns.

Reply

10. *JonD* says:

March 6, 2013 at 7:58 am (Edit)

I agree with Christie that estate produced and family owned properties are two attributes that help tell the story and make them attractive to the trade and consumer. Having longevity in their region helps, as does the background of the winemaker. You have winemakers in Margaret River who are from halfway around the world, with experience all over. Region alone doesn't always do it–look at Penfolds. Tremendous history, yet mostly wines blended cross-regionally and they are owned by a giant multinational corporation. Even Grange is blended and has no specific estate.

Reply

11. *KeithB* says:

March 7, 2013 at 9:58 am (Edit)

I disagree with Kymberly and do not think that Shiraz is dead.
I look are where our sales are at all price levels and the majority is Shiraz. We've had grest success with Mollydooker where half of the selections are Shiraz and the wholesale cost goes from $18 btl for Boxer to $140 btl for Velvet Glove.
Layercake Shiraz has also been a very strong seller for us.

In the growth segment I feel that reds- shiraz, shiraz blends, Cab, GSM all have potential. The sweet red category is quickly becoming over saturated and while a few will catch on and stay most will be discontinued.
In alternative whites Viognier has potential but it's unique flavor profile will never allow it to be a mainstay.

Reply

12. *KymberlyH* says:

March 7, 2013 at 8:29 pm (Edit)

I understand what Keith b is saying and perhaps I was a little flip in suggesting that we get rid of Shiraz altogether. I guess my bigger point is that the Australian wine industry as a whole needs a major rebranding and if I were doing it, I would bring Syrah back into the fold and ditch the "Shiraz"

Reply

13. *DavidW* says:

March 8, 2013 at 5:26 am (Edit)

The whole Shiraz/Syrah issue confuses consumers. Even straight domestic Syrah has so many expressions, consumers are confused. Syrah is one of our most difficult sells. On the other hand CDR and CDP are well appreciated by the consumer.

Reply

WA Distributors - Discussion Topic 9 – Promotions

Written by Moderator on 04 March 2013

Have you participated in or experienced any kind of promotional activities or events conducted on behalf of Australian wines or other country or regional promotions ongoing in the U.S. in the past two years?

Discussion:

1. *BradleyS* says:

March 5, 2013 at 7:45 am (Edit)

No, we do not really get that sort of attention here. We do promote our brands as intensively as we can, and we are fortunate to have wonderful suppliers with excellent people to send to our market, but nothing on an Australia-wide scale.

Reply

2. *ChristieL* says:

March 5, 2013 at 9:23 am (Edit)

No, other than advertisements in trade publications which only touch a very small segment of the wine buying public in our market.

Reply

3. *JonD* says:

   March 5, 2013 at 11:06 am (Edit)

   There have been periodic visits by winemakers but they are few and far between, and also aimed at small groups of key buyers and somms. Yes, suppliers' people help as much as possible but a larger effort is required than what little we've seen.

   Reply

4. *CarolH* says:

   March 5, 2013 at 12:43 pm (Edit)

   I am very lucky here in California to be able to attend many Trade tasting, although I have not heard of any in the Southern California area for Australian wine in quite awhile. I think they almost have to start from the beginning in order to get people interested in their wines again.

   Reply

   - *ChristieL* says:

     March 5, 2013 at 1:10 pm (Edit)

     Agreed, Carol! It's almost as if a whole rebranding of the Australian wine industry needs to take place, starting with the beautiful, smaller producers who make great wines from within many different price points and terroirs. I look at educational initiatives like the "Napa Valley Rocks" program whereby the lesson is about terroir, climate & climactic influences, AVA differentials, etc. This program gives Napa Valley an identity that Australia lacks. Doing a countrywide initiative might be daunting, but not if broken down into smaller pieces such as an annual focus on a specific region within Australia that could speak to its uniqueness and introduce growers/winemakers from within that region.

     Reply

5. *CarolH* says:

   March 5, 2013 at 1:40 pm (Edit)

   Christie, that is an excellent idea and you are right it could be a daunting task, but they definitely need to do something new & exciting, to get peoples attention.

   Reply

6. *AmberC* says:

   March 5, 2013 at 2:55 pm (Edit)

I agree that a rebranding needs to be done. I never see ads for the smaller more boutique wines- only the mass produced critter wine.
They could take each area and pick 3-5 producers that have interesting stories and that highlight the terrior of that region. It could tie into a travel destination that the area is famous for that may also increase interest getting new customers interested in wine as well

Reply

7. *KymberlyH* says:

March 5, 2013 at 6:46 pm (Edit)

We don't have a lot of Australian market visits, at least not in the last couple of years. A couple of smaller producers have come in, and have had some success, as they make beautiful, fairly priced wines, but overall, Australia suffers from a dearth of activity here.

Reply

8. *BradS* says:

March 5, 2013 at 6:58 pm (Edit)

i have never participated in any promotional activities for australia but i have participated in events from other countries. here in sc we cannot taste in a grocery store, so we have to come up with other fun ideas to get the shopper interested. it can work, but we've found only if coupons are included as there's no reason for them to buy if they cannot taste.

Reply

- *Moderator* says:

  March 5, 2013 at 8:23 pm (Edit)

  BradS, Can you tell us more about some of the promotions (and representing what regions or countries) that have been successful in your market?

  Reply

  - *BradS* says:

    March 6, 2013 at 7:28 pm (Edit)

    we have done demos where we have had people dressed up in costume and do giveaways. it gets people's attention and though we cannot taste, the consumer can come over, talk to the demo team and get info on the wines. the major factor on these demos is that the demo team know the product and can talk about it. if the demo team is a third party that knows nothing of the wine, it's a waste of time. these promos are typically for domestic wines or wineries that are domestic, even if the wines may be

produced outside of the us. we have also parked a tour bus outside of stores and handed out coupons etc for the product.

Reply

9. *DavidW* says:

March 5, 2013 at 9:55 pm (Edit)

Don't see many regional promotional efforts inthe AZ market. Poor turn outs, buyers have a difficult time getting to the events and DUI regs put a real damper on ALL tastings. In AZ DUI is .08 – 10 days in jail, about $12,000 in costs and a year – blow and go. Second law – Impared to the slightest degree – at officer's discression – any admission to a drink/tasting will kick you in this category. Same penalty as a DUI.

Reply

10. *Moderator* says:

March 6, 2013 at 5:47 am (Edit)

To all of you: Have any promotional activities of other regions/countries stood out? Any activities besides tastings?

Reply

- *ChristieL* says:

  March 6, 2013 at 7:46 am (Edit)

  Sorry to keep going back to Napa Valley, but they seem to have gotten it right. Not only do they do the educational work, a group of wineries from Napa goes out on a tour every other year or so, Napa Valley Vintner Tour, and Oklahoma has been fortunate to have hosted this tour on 2 stops over the past 10 years. It makes a real difference with consumers, particularly those who don't have the ability to travel to Napa Valley.

  Reply

- *JonD* says:

  March 6, 2013 at 8:04 am (Edit)

  Some smaller regional wine groups (muscadet, albarino) have been successful by creating a wine week where they work together with different restaurants to feature a couple of their wines by the glass during that period. It's critical to get a good cross-section of restaurants, i.e. not just Italian or French, so that you can get the greatest amount of exposure. It's also very important to promote it via social media, email and in the restaurants to maximize the impact.

  Reply

- *BradleyS* says:

  March 6, 2013 at 8:54 am (Edit)

  Not really. We are probably near the bottom of the list of priorities in terms of promotions budgets. An interesting idea we just tried for a different product is chartering a bus and taking a day trip to a road show in Chicago. Perhaps Australian trade associations could include nearby markets in large city activities.

  Reply

- *BradS* says:

  March 7, 2013 at 3:10 pm (Edit)

  i have not seen anything that i recall that really stands out from any region. i get a lot of things from the wineries i "like" on facebook, but that's by my own design.

  Reply

11. *CarolH* says:

    March 6, 2013 at 8:11 am (Edit)

    We have gotten quite a bit of promotional info from the Rioja wine consuel, e-mail push & promoting tasting being held in San Francisco & LA. We also get have very active AVA groups through out the state that hold regional tastings. I think if Australia were to do some tastings along those lines it would be helpful.

    Reply

12. *DavidW* says:

    March 6, 2013 at 10:38 am (Edit)

    Instant Consumer Rebates (IRC's), scanbacks to retailers move volume.

    Reply

13. *KymberlyH* says:

    March 6, 2013 at 5:58 pm (Edit)

    Things like Oregon Pinot camp generate a lot of excitement, not on the consumer side, but in the trade, it really ramps up enthusiasm and keeps Oregon pinots in the forefront of people's minds. Even if you

don't get to participate, you WANT to, and retailers will go to great lengths to be able to make the trip. Makes Oregon pinots an easy sell.

Reply

14. *KymberlyH* says:

March 6, 2013 at 6:33 pm (Edit)

David w has a great point. Irc's can work wonders to entice consumers to try something they normally would pass over. Mail-ins, not so much.

Reply

15. *AmberC* says:

March 6, 2013 at 6:41 pm (Edit)

Our Importer does most of the visits to the market it has been a long time since we had an actual Australian come into the market

Reply

16. *Moderator* says:

March 7, 2013 at 12:36 pm (Edit)

To all of you: How about trade support? How does it vary by channel, e.g., fine wine shop vs. trendy bistro vs. mid-priced chain restaurant vs. grocery?

Reply

- *JonD* says:

  March 7, 2013 at 1:29 pm (Edit)

  Trade support varies more by brand than by channel in my market. Once the supplier identifies the brands that need attention, then the support appears and we work together to identify the channels that will achieve the immediate goals, be they points of distribution, volume, on-premise, etc. I really think that the Wine Australia board should try the type of traveling show that several of us have suggested. That's macro trade support as opposed to the fragmented type that we see today.

  Reply

- *BradS* says:

March 7, 2013 at 3:14 pm (Edit)

i agree with jon. when a supplier decides that something needs attention, they go out and do it. i see many wineries come through our market but specifically concentrate on on premise. i did see a very cool promo last year with silver oak where they did a tour of the country pulling the silver oak tower behind an suv. they did tastings and dinners, but of course, silver oak is not a grocery store brand.

Reply

-  *CarolH* says:

  March 7, 2013 at 3:33 pm (Edit)

  Being on the wholesale side I try to give equal support to all my accounts. I have not had anybody from Australia visit our market in over 3 years. I do think that is part of the problem as stated before.

  Reply

-  *ChristieL* says:

  March 7, 2013 at 3:41 pm (Edit)

  For the larger suppliers with National Account sales teams, I feel that in the chain On Premise market, you are probably going to still see placements of bulk Aussie brands if those brands happen to be a priority for that supplier. For the smaller, more eclectic producers who are making exceptional wines, if they come into our market and build relationships with the boutique shop owners and hip restaurants, you can be pretty assured you will see something from their winery on the list or shelf. It's a harder sell for these smaller wineries to gain floor space for displays or BTG features as they typically don't have the marketing dollars to spend to make these kind of buys happen in our state.

  Reply

-  *BradleyS* says:

  March 7, 2013 at 4:44 pm (Edit)

  I don't do chains and grocery stores. If by trade you mean the support we get from the Aussie suppliers, I find that they seem to be balanced between on and off premise. They will offer BTG deals for on and free goods deals for off, for example. If by trade you mean my customer, on premise accounts, though negative, may be slightly less so than off premise, which are thoroughly jaded at this point. The best tactic I have is to remind them I don't do chains, so to beat the big guys they can carry my wines and not be in direct competition, and that seems to work for restaurants and retail.

  Reply

17. *DavidW* says:

    March 7, 2013 at 1:12 pm (Edit)

    Any support is appreciated. One market visit by an Australian (US based rep)winery in 3 years.

    Reply

18. *KymberlyH* says:

    March 7, 2013 at 8:34 pm (Edit)

    We haven't had a lot of Aussie visits in the last few years. To bring back their reputation is going to require time, money and relationship building. I don't deal with many chains, so on the few occasions that we have had market visits, it's the suppliers with great wines and a great story to tell that achieve success both in shelf placement and big placements.

    Reply

KeithB via email: **There have not been any promotional activities or events in my area, Southern NJ that I'm aware of. I believe this to be the case because we are just 80 from NYC where most organizations would, and should concentrate on spending promotional dollars. However that is far enough away that it has little impact in my market.**

WA Distributors - Discussion Topic 10 – Future Growth

Written by Moderator on 04 March 2013

How do you foresee the growth of the Australian share of market in the U.S. in the coming five years? What factors do you think are the most critical to increasing share of market for Australian wines?

Discussion:

1. *BradleyS* says:

    March 5, 2013 at 7:54 am (Edit)

    I believe that Australia must focus its promotional efforts on place wines and the medium-high end of the market. The consumer needs to be educated that Australia is a very large place and that the various regions are as diverse as what we have here. Also the medium-high end should be pushed and the low end de-emphasized — the greatest single impediment to Aussie wines being sold in the U.S. is the perception that they are cheap swill. So stop promoting cheap wines!

    If the Australian industry can become less about marketing and more about wine, I think the current uptick in sales can be sustained and improved upon into the future. A more mature Australian segment five years from now will, I believe, do quite well.

Reply

2. *ChristieL* says:

March 5, 2013 at 9:35 am (Edit)

I go back to my statement regarding a sense of place. If the Australian winegrowers can work to create an educational campaign to tell the story of the tremendously diverse growing regions in a country that is larger than our own, that will be one of the keys to rebounding sales. Likewise, key, family producers that still abound in the country need to unite and distance themselves from the bulk producers to tell their story of wine, winemaking and the terroir on which they grow. The turnaround will be slow, however, changes need to be made or Australia will be continually linked to the land of the critters.

Reply

3. *JonD* says:

March 5, 2013 at 11:19 am (Edit)

I could not agree more with both Bradley and Christie. Wines of a place that have a story to tell of terroir, balance and ageability will have the best chance of succeeding in the near future. The value wines have dragged down the entire market to the detriment of the entire country's wine reputation. It's not fair because, as mentioned by others, there is a tremendous diversity of geography and growing regions that yield many interesting, well-priced wines that deliver solid QPR. Unfortunately, some of the bulk producers are also family-owned, so that factor alone won't improve the situation. We all know that not all CA cabernet is from Napa, and Coonawarra and Margaret River make some fine cabs, not just Hunter Valley or South Australia. More focus should also be made on wine and food combinations (and I don't mean Outback ads) that can showcase the best values available from Australia. It's a country of vast resources and they need to do a much better job of education, not just focusing on the cute critters on the labels.

Reply

4. *CarolH* says:

March 5, 2013 at 12:50 pm (Edit)

Once again Bradley, Christie & Jon hit the nail on the head!
It is up to the producers to convince the wine buying public to spend their hard earned money on Australian wines. It won't happen overnight, just as they didn't become the "critter wine" capital overnight. They have to diminish that image in order to improve sales.

Reply

5. *AmberC* says:

March 5, 2013 at 3:03 pm (Edit)

I totally agree, they need to put more focus on the areas and craftsmanship of the wines and not the mass produced critter wines. Every country has their critter labels – - but none are promoted as much as the Aussie critters.

Reply

6. *KymberlyH* says:

March 5, 2013 at 6:53 pm (Edit)

I agree with everything said in this thread. Good producers have to educate the buying public and distance themselves from the plonk of critter wines. It is really a massive pr campaign needed, and I think it will require some serious cash and organization, but if Australia is to rise from the ashes as a wine growing region (and it should) producers must unite to showcase the variety and depth of their winemaking skills. Understanding that consumers as a whole are much more sophisticated now and quick to get up to speed with the proliferation of social media, should enable quality producers to come up with a game plan to reinvent themselves to the wine buying public.

Reply

7. *BradS* says:

March 5, 2013 at 7:07 pm (Edit)

if austrailia keeps doing what they are doing now, i feel like the wines are in trouble. i also think that americans think mostly about american wines. most general consumers think california makes the best wines and that all wines get better with age. that's just what they've been told and believe. seems to me that people are only buying aussie wines for the price. if they were more educated on why their wines are good, they might look for more austrailian wines in future trips to the market. consumers with a sophisticated pallet know the wines are good but i find that the good wines just aren't offered in great numbers in the store.

Reply

8. *DavidW* says:

March 5, 2013 at 10:10 pm (Edit)

Agreed, education is the key. Some simple things can go a long way. Provide some meaningful information – tasting notes, unique attributes – on the back label. I'm amazed at how many wineries (around the world) would rather tell a story about the winery dog rather than tell me about the wine. Most people will taste what you tell them they will taste. They "get" the wine and often will repeat the experience.

Back to basics.

Also opportunities to expand exisitng promotions, IE: Summer of Riesling. Why make it about Australia only; play a varietal and share the promo load but showcase your uniqueness. Ckeck out the video – http://www.youtube.com/watch?v=M5ZCn0PRXlw

Love that Riesling!!

Reply

9.  *Moderator* says:

March 6, 2013 at 8:54 pm (Edit)

Now that you all have identified what you think the Australians should focus on, what are your thoughts on how to accomplish this? What specific initiatives or programs do you think should be put into place on behalf of Australian wines in the next three years to stimulate growth of market share?

Reply

-  *BradleyS* says:

  March 6, 2013 at 11:03 pm (Edit)

  1) Education of distribution channels, who are given materials to conduct education of retail and restaurant
  2) Incentives for sales reps to perform education and meet goals – trips are always the greatest motivators
  3) Consumer level education – free public tastings and subsidized wine dinners/events for high end buyers
  4) Internally, a push to get away from overextraction and high alcohol, a directive that wineries emphasize terroir, and more traditional and serious names, labels and advertising

  Last, but not least, it should be about the wine, not the wacky Australian story. Yes to product and no to goofy marketing. Today I tasted Michel Chapoutier's '11 Bila-Haut Cotes du Roussillon-Villages and their '12 Pays d'Oc Rose, and for $15 the wines deliver like they are $45. I sold 3 pallets, 1 to a single customer, purely because the wine knocked their socks off not with power but with elegance, texture and complexity. No one cared about the story, they just wanted to know about the wine.

  Reply

-  *JonD* says:

  March 7, 2013 at 7:32 am (Edit)

  Bradley did an excellent job of hitting the key points. I would add that the approach in the education needs to evolve into one that really pushes the quality and value propositions of the mid and higher tier wines, and their points of differentiation. It takes a lot of tasting to accomplish this so maybe there should be annual tours of regional or national Australian wine groups that visit markets across the US for consumer events.
  Telling the stories of the wines to the trade is a very valuable part of the education of the distribution channels. As an example, Two Hands has gotten lots of high scores over the past few vintages, especially Bella's Garden. This has helped with the other items in this brand. Even though they have some silly names (Gnarly Dude?) once the story of Michael Twelftree and Two Hands gets out and there is some critical acclaim, the brand becomaes more interesting to a lot of folks. Unfortunately, that can sometimes be the kiss of death when dealing with the geeky sommeliers who abhor any wine that anyone has ever heard of.
  More wine-specific advertising, maybe combined with travelogues and info-tainment in print,

on social media and even television will help spread the word about the quality and diversity of Australian wines and get past all of the little animals.

Reply

-  *CarolH* says:

  March 7, 2013 at 11:23 am (Edit)

  All the suggestion made so far have very valid points.
  The high cost of travel between Australia & the US is very expensive, but for my market especially they need to make more appearances, and do tasting in the major markets. More education for the different wine growing regions, reintroducing the trade & the public to the strengths of their wines. I feel it is also important to make wines that best suit your growing area. Too many wineries try to make their wines in a style that does not suit their area.Go back to basics.

  Reply

10.  *DavidW* says:

    March 7, 2013 at 9:20 am (Edit)

    I don't think we can discount telling a story about Australian wines. A lot comes down to the personality of the representative (winemaker/owner) from Australia. I remember meeting the winemaker/owner from D'Arenberg, a real character telling the story of the bastard strip. People remember those stories and the "personalities". Anyone that have encountered Charles Smith from Washington (K Syrah) will remember the experience – those wines are everywhere, the trade buyers buy in to the energy and "fun" of the winery.

    Reply

11.  *DavidW* says:

    March 7, 2013 at 9:25 am (Edit)

    Jon touches on a good point. Today's 'New" consumers pay more attention to social media and recommendations and reviews by their peers (friends. That may have fed the critter craze. How can the Australians tap into and create that social media buzz that "pulls" product through the market?

    Reply

    -  *BradS* says:

      March 7, 2013 at 3:21 pm (Edit)

      this is completely true. where we are, there are tons of young people and they all use social media. any winery or country not utilizing this tool is missing the boat.

Reply

12.  *ChristieL* says:

March 7, 2013 at 11:16 am (Edit)

Jon, David and Bradley all make very valid points. In the On Premise world, more and more often the wine buyers want some esoteric wine on their lists that no one has heard of so that they, snooty wine buyers, can pat themselves on the back for introducing their consumers to the next hip, cool wine! Conversely, Mr. Wine Shop Buyer, especially in the higher priced wines, would like some press/accolades, ratings and marketing to be behind the wines he brings is so that he doesn't have to hand sell every bottle in his shop.

I truly feel a regionally specific multi-pronged marketing campaign focusing on terroir, climate, producers, varietals & what sets each region apart from another would be a great way to begin. Then the "characters" in each campaign can be the winemakers/winery owners . . . maybe not all as colorful as Charles Smith or Chester D'Arenberg, but all playing a role in what makes their region unique/special. On the heels of this, it would be absolutely fabulous if these characters could hit the road in their own regionally specific version of the Napa Valley Vintner tour and take their story to the public. Accompanying this can be FB pages/fan sites along with YouTube videos highlighting these regions and winemaking families. Trying to revamp the image of an entire continent bit-by-bit could help turn the tide.

Reply

13.  *KymberlyH* says:

March 7, 2013 at 8:45 pm (Edit)

Everyone has made excellent points in this thread. Bottom line is, these guys are going to have to spend some cash to get back in the game! More market visits, social media campaigns, advertising in the wine trad, even tv advertising, wine dinners, public relations events. The bottom line is always going to be the quality of the wines produced, but that can be built on with stories of the wineries and winemakers, descriptions of the terroir, etc. invest some money in interesting videos that can be put on YouTube and Facebook, aggressively go after the market of new wine drinkers, who haven't been jaded by the past few years of negative publicity. It's possible to turn the tide but I don't think it will be easy or quick. Also, internally, I think the Australian wine industry has to sit down and have a serious discussion among the members. Who do they want to be? Can there be a consensus, at least enough to come up with a unified plan?

Reply

KeithB via email: **I see potential for Australian wines in the coming five years. The consumer is always looking for good wines that are fairly priced and Australian wines can certain deliver.**
However to do so I would recommend the following:
1. Promote the better varietals from the different regions and not just the ocean of innocuous wines that are massed stacked everywhere. There is certainly a demand and therefore recognition for some of the better and more expensive labels such as Mollydooker, a big seller for my company. We also had very good

success with Layercake from Jason Woodbridge.
2. Educate the consumer, and the trade that there is more diversity than the ocean of inexpensive wines that are floor stacked in most stores.
3. Promote regional diversity. This has been mentioned by several other respondents and I agree. Let the trade and consumers know there are significant differences between Shiraz, Chardonnay, Cabernet from Barossa, McLaren Vale, Margaret River. Look at the success CA has had. Everyone knows Napa- esp for Cabernet. To a lesser extent Sonoma- Russian River Valley for PN & Chardonnay
4. While I do not like the fact that reviews from the major publications: WA, WS, IWC, WE and W&S are influencing too much of what the consumer buys it is a reality. Target the major wine reviewers and try and come up with ways to get them to do more feature articles.
5. Lead with your strengths. Argentina has made a name for itself promoting Malbec. Australia should do the same with Shiraz/Syrah. As mentioned above highlight the regional identity and stress the value even at the upper end. They don't fly off the shelf but Cote Rotie and Hermitage do sell at $50.
6. CA has proven that their wines can compete with the best in the world. Certainly Australian wines such as Henschke Hill of Grace, jim Barry Armagh, Penfolds Grange
can also but I don't recall any efforts to prove this to the US consumer.
7. Blends. One of Australia's strengths has been the freedom to use multiple grapes in the different wines, especially reds. Red blends is a hot category, esp GSM. As I've said several times the average consumer is looking for good value wine and are less concerned with origin.
8. Give more exposure to some of the "other" varietal wines coming from Down Under. We've done very well with Oxford Landing Pinot Grigio, especially on premise because the wine over delivers for the price point. My pitch has been at this level it is a category sale. The consumer is requesting a specific varietal and is more concern that it tastes good then where it comes from. Not to mention that the wine is far better than many of comparably priced Italian PG I sell.
I've also tried some very good Vermentino, Yalumba; Verdelho, Mollydooker; Riesling, Pewsey Vale, and Grenache, Yalumba from Yalumba. These are all varietals that are gaining greater acceptance with consumers so give them more exposure.

IMPORTERS GROUP

WA Importers - Please Introduce Yourself

Written by Moderator on 04 March 2013

Please tell us a little bit about what you do professionally in the wine industry. In addition, and from your point of view, what are the key factors that lead to success in growing market share for the wines you sell or represent?

Discussion:

1.  *RobertJ* says:

   March 25, 2013 at 5:56 am

   My name is Robert Jones – I work as a national account manager for a wine, spirit & sake importing company, and I am responsible for maintaining current business & relationships with part of our wholesale distribution network, finding secondary/tertiary wholesale distributors in the states where we have a primary distributor, and serve as an ambassador for our products. I visit the markets that I am responsible for, work with the sales reps & management, conduct tastings and events for the trade & for the public.

   Key factors that we utilize to grow market share for the products that we represent are:

   1) Select very good products
   2) Price them competitively
   3) Broadcast samples to the press & trade for reviews & opinions.
   4) Taste them in the market with gatekeepers, buyers, sommeliers, the public
   5) Make it easy to do business with our company – eg we deliver our goods via our in-house trucking company, we don't inflate the price in order to give a rebate, we supply a sampling budget as a discount on the invoice to avoid bill-back procedures
   6) Maintain a content-rich and user-friendly website with complete info on all of our suppliers, pre-formatted POS, etc…
   7) Hard Work – we follow up on our efforts

   Log in to Reply

2.  *MattF* says:

   March 25, 2013 at 6:05 am

   Hello everyone! I am Matt Foley, the Brand Director for wines at Pernod Ricard USA. One of the brands I represent is Jacob's Creek.

   For me, the most important factors that lead to market share growth include:

   (1) a clear and compelling brand proposition that can be translated on the shelf
   (2) gatekeeper (trade, wholesaler) relevance
   (3) a wine style/profile that fits the target consumer and target occasions

Log in to Reply

3. *JonathanL* says:

March 25, 2013 at 6:27 am

Hi, I am Jonathan Lehr, US Brand Manager for [yellow tail] wines. I would say that some of the most important factors that lead to market share growth include:
1. Offering the right range of products for your target consumer, including staying ahead of new category innovations
2. Keeping brand awareness high to maintain share of mind in an increasingly crowded category
3. Working with sales / distributor / retailer partners to make sure the brand maintains a strong in-store presence
4. Making sure that a mature brand like [yellow tail] stays relevant not only to existing consumers, but to new consumers as well

Log in to Reply

4. *FrancoisM* says:

March 25, 2013 at 9:11 am

Hello, I'm Francois Magnant, brand director for [yellow tail] in the U.S. working for Deutsch Family Wine & Spirits. Key success factors in growing share:
1- brand relevance with both consumers and gatekeepers
2- quality wines that beat competition in its price tier
3- effective route to market strategy
4- sales and marketing organization that work collaboratively and is viewed as a preferred partner by both retailers and distributors

Log in to Reply

5. *RobB* says:

March 25, 2013 at 9:22 am

I'm Rob Buono, President of Old Bridge Cellars. We are an Importer, Producer, Sales and Marketing Company representing wines from all over the world. For two decades we have specialized in Regional Australian Wineries to include many iconic brands. Key factors to grow market share:
1.) Recognition of regional AUS and its different flavor profiles and varietals that are available. We are so much more than fruit bomb Shiraz.
2.) Distributor education and breaking through to the sales teams whom have too many SKU's to sell from EVERYWHERE.
3.) AUS wineries MUST invest in the US and maintain their
value proposition (especially in the over $15 category)in spite of poor currency conditions.
4.) Pursue the wine press very aggressively and broadcast it widely. They validate our over delivery message.

Log in to Reply

6.  *KarlZ* says:

   March 25, 2013 at 9:39 am

   Good morning, I am Karl Ziegler, Regional Sales Manager for Pacific Highway Wine and Spirits. We are the importer and sales group for the Robert Oatley portfolio of wines. Mr. Oatley founded the Rosemount Estate in the 1970s before selling to the Fosters Group back in 2004. The Oatley's are now focused on selling $10 to $30 wines from the best vineyards that Australia has to offer. Key factors for our growing success in the US are:
   1. Improved, more upscale packaging that is more appealing to the gatekeepers and consumers.
   2. More focus on the $14.99 to $19.99 category.
   3. Greater respect and scores from the U.S. wine press.
   4. Rifle approach on only key varietals.
   5. Sourcing best possible fruit from the best appellations.

   Log in to Reply

7.  *ReidS* says:

   March 25, 2013 at 5:56 pm

   Hello everyone. I'm Reid Stinnett, VP of Marketing at Accolade Wines North America. We have Hardys and Banrock Station as well as several domestic brands, including Geyser Peak.

   A few key success factors:
   1 – Momentum, derived from "news" on the brand
   2 – 4 P's of Marketing – product should overdeliver at its price point, have clear and compelling consumer communication, and good distribution
   3 – good distributor and retail account relationships with simple and fair objectives and rewards
   4 – good reviews, with good communication through PR, etc.

   Log in to Reply

8.  *KathyM* says:

   March 26, 2013 at 5:46 pm

   Hello Everyone, I'm Kathy Marlin, Managing Director of Negociants USA, an importing, sales and marketing company representing an exclusive collection of highly coveted, family owned and operated wine brands from Australia (as well as New Zealand).
   A few 'keys to success' for us:
   -focus on the education of the diversity of Australian Wines – regionality, varietal and clonal selections etc. – through tasting, talking and engaging key influencers
   -build ambassadors within our distribution network – engage the eager, keen and motivated sales talent
   -align with the right customers
   -continue to over deliver on quality, focusing on the re-premiumization of the category

   Log in to Reply

9. *Moderator* says:

   March 27, 2013 at 5:43 am

   To all of you – How does your experience with wines from Australia stack up against the success factors you have mentioned?

   Log in to Reply

10. *RonnieS* says:

    March 27, 2013 at 7:19 am

    Hi everyone, My name is Ronnie Sanders and I am the president of Vine Street Imports. We work with about 35 small boutique Australian producers.

    Key factors for our recent success is frankly point of difference from the bulk of what is being produced in Australia and getting our message out thru education, tastings and spending a ton of money getting our regional reps into the markets and getting our wines in front of key players in each market.

    Log in to Reply

WA Importers - Discussion Topic 1 – Main Drivers

Written by Moderator on 04 March 2013

Thinking of the U.S. wine industry as a whole, and not just Australian wines, please give us your opinion on the trends or factors you see as main drivers of the market, including examples you might think of as "what is hot and what is not" on the market today.

Discussion:

1. *RobertJ* says:

   March 25, 2013 at 6:46 am

   What drives the market? The deeper question is which market? There are several – the everyday wine market, the BIB market, the domestic market, the imported market, the collectible market, the image-conscious market, the classic wine market, the geek market, the natural wine market, and many more.

   I represent 192 suppliers from 13 countries, around 1020 SKUs.

   The most important driver of the market in my opinion is Price -85% of our products retail under $20.00 per bottle. We obviously focus on well-chosen, high QPR everyday wines…these items are what deplete as daily bottles for the majority of drinkers. Quality is another driver. And a recognizable area/grape/brand name. Press and Reviews can be very helpful.

What is hot in the market now?
- Sweet-ish wines – red, white & bubbly.
- Argentine reds
- South African Chenin Blanc
- Rosé wines
- Sake & Craft Beer
- Domestic wines (75% of the wine market is domestic)

Log in to Reply

2. *ReidS* says:

March 25, 2013 at 5:59 pm

Hot
Sweet wines
Blends, especially those with some RS (e.g., Apothic)
Prosecco
Box wines
$12 – 20 price point on almost anything

Not
Merlot
White Zin

Log in to Reply

3. *RonnieS* says:

March 27, 2013 at 7:22 am

Jura
Beaujolais

Log in to Reply

4. *MattF* says:

March 27, 2013 at 7:59 am

In addition to the varieties, wine styles and origins already listed above here's a few other hot trends in the industry.

Treat/Indulgence > Cupcake, Layer Cake

Female Focused > Middle Sister, Be

Low Cal > Skinnygirl, Skinny Vine, Girl go Lightly

Log in to Reply

5. *KarlZ* says:

   March 29, 2013 at 7:34 am

   Some additions to what has already been mentioned:
   Imported Sauvignon blanc, New Zealand and South Africa
   Moscato!!! Italian or domestic, doesn't seem to matter.
   Italian red blends

   Log in to Reply

6. *RobB* says:

   April 1, 2013 at 12:07 pm

   Alternative White wines are making inroads. I think the red blend growth also serves as an alternative to varietal labeled reds. Interesting to note that Syrah as a category is suffering but some of the most popular red blends selling in the marketplace have Syrah as a major component of their blend.
   We are also seeing more openness to trying imports especially among younger folks.

   Log in to Reply

7. *KathyM* says:

   April 2, 2013 at 9:16 am

   Blends in general at many price points seem to have overcome the stigmatism of being of lesser quality and value. Sweet wines, and whites are continuing to strengthen. Value Spain and New Zealand SB (although being controlled by a very small group of leaders).

   Log in to Reply

8. *JonathanL* says:

   April 5, 2013 at 10:29 am

   I agree with many of the wine types and themes mentioned above, such as sweet wines, moscatos, bubbly, blends, etc.

   I would add that I think younger consumers and growing ethnic consumer groups such as Hispanic, African American and Asian are also becoming driving forces in the industry. While still in the minority of wine consumers, these groups are all growing much faster than other segments, and the category as a whole. The way that they approach wine and the types of wine they consume is different than wine drinkers of even a few years ago. Take a look at some of the events that serve young wine consumers, such as Wine Riot.

   Many of these consumers are more open to imported wines, so we have a unique opportunity to engage with them.

Log in to Reply

WA Importers - Discussion Topic 2 – Australian Wines

Written by Moderator on 04 March 2013

What kinds of Australian wines do you sell or represent, by type, variety, and price point?

Discussion:

1.  *RobertJ* says:

   March 25, 2013 at 7:20 am

   We sell wines form the Barossa & Limestone Coast/Padthaway areas.

   Thorn-Clarke in the Barossa supplies us with five levels of wines:
   Milton Park – $12.99 retail – Chardonnay, Shiraz, Cabernet, Merlot
   Terra Barossa – $15.99 retail – Shiraz, Cabernet Sauvignon
   Mount Crawford – $14.99 retail – Chardonnay, Pinot Gris, Riesling
   Shotfire – $21.99 retail – Shiraz, Cabernet, Quartage Blend
   William Randall – $45.99 retail – Shiraz
   …and also an 18 year-old tawny port, $39.95 retail per 500ml

   Morambro Creek, from Padthaway, supplies two wines:
   Shiraz – $26.99 retail
   Cabernet Sauvignon – $26.99 retail

   Jip Jip Rocks, from Padthaway, supplies three wines:
   Chardonnay Unoaked – $18.99 retail
   Shiraz – $18.99 retail
   Shiraz/Cabernet – $18.99 retail

   Log in to Reply

2.  *ReidS* says:

   March 25, 2013 at 6:01 pm

   Hardys and Banrock Station 3L box – approx $15.99 – 19.99, multiple varietals

   Banrock 750′s – multiple varietals – $6.99 – 7.99

   Bringing in >$10 wines on Hardys mid-year

   Log in to Reply

3. *RonnieS* says:

   March 27, 2013 at 7:24 am

   Everything from $10 mono-varietal wines to organic wines to kosher wines at all price points.

   Log in to Reply

4. *MattF* says:

   March 27, 2013 at 8:10 am

   Jacob's Creek
   - 'Classic' line of traditional varietals and blend which ranges $6-$7 per 750ml / $12-$14 1.5L
   - Reserve line of regionally appellated Chardonnay, Cab, Pinot Noir, Merlot, Shriaz and Riesling $12-$14 per 750ml
   - Super premium range St Hugo & Centennary Hill (Cab & Shiraz) which retails for approx $35 per 750ml
   - Sparkling Moscatos and Pinot Noir Chardonnay $11-$13 per 750ml

   Wyndham Estate
   - traditional varieties ranging from $7-$9 per 750ml

   Log in to Reply

5. *FrancoisM* says:

   March 27, 2013 at 1:02 pm

   yellow tail:
   classic line: 3 sizes, 750ml, 1.5L and 187ml, Chard, Shiraz, Merlot, Cab, Pinot Grigio, Sauv Blanc, Riesling, Moscato, pink moscato, red blends, Malbec, retail for $6-$7 750/ $12-$13 1.5L.
   Reserve line for $12 per 750ml: Shiraz, Chard, Merlot, Cab, Pinot Grigio
   Sparkling white and Rose for $10.

   Log in to Reply

6. *KathyM* says:

   March 28, 2013 at 8:05 am

   We cover most major price points from $7.99 through +$100, and cover major regions around Australia (with the exception of Hunter). Highest concentration of wines from the Barossa and many South Australian wines.

   Log in to Reply

7. *KarlZ* says:

   March 29, 2013 at 7:42 am

   We make wines with fruit from Margaret River! Mclaren Vale, Mornington Peninsula, Barossa, Mudgee and Great Southern.

   Focused on chard, cab, Shiraz, Sauvignon blanc, reisling and Pinot noir that retail from $14.99 to $19.99. We also make a chard, cab and a couple Pinot noirs at a reserve tier that sell for $35 to $45.

   Log in to Reply

8. *RobB* says:

   April 1, 2013 at 12:40 pm

   We specialize in regional Australia wines. The majority sell for over $15.00 with many SKU's at $20. Shiraz is certainly a mainstay but our regional strengths also show well in cabernet, chardonnay, GSM blends, Sem./SB and of course red blends which have been popular in AUS forever. Our regions are extensive:
   Mclaren Vale
   Barossa Valley
   Clare
   Coonawarra
   Hunter Valley
   Yarra Valley
   Heathcote
   Victoria
   Margaret River
   Great Southern
   Bendigo
   Rutherglen

   Log in to Reply

WA Importers - Discussion Topic 3 – Inventory

Written by Moderator on 04 March 2013

Over the past three to five years, how have your inventory levels of Australian wines changed, if at all?

Discussion:

1. *RobertJ* says:

   March 25, 2013 at 7:44 am

As you can imagine, inventory levels have dropped as the ever-rising demand for the once-hot category has settled down to a flat line.

Items that once were never allowed to become OOS are now kept at lower pars and temporary OOS situations occur.

The category of Australian wines remains strong and viable, but the years of increasing growth & market share are behind us…the category is mature and sales are flat but steady…which is not so bad.

Log in to Reply

-  *Moderator* says:

  March 27, 2013 at 5:48 am

  RobertJ – What types or price ranges have changed most? Are there other actions you've taken to manage inventories? Do inventory issues differ between big Australian brands and small producers, or by price point?

  Log in to Reply

  -  *Robert Jones* says:

    March 27, 2013 at 6:45 am

    Our primary supplier from the Barossa has three tiers of wines. There is still very good demand for lower-tier, 750ml Shiraz around $12.99 retail. And surprisingly, we still sell a good amount of the upper tier, $22.99 Shiraz and Shiraz/Cabernet blends. It is the middle tier, priced around $15.99/$16.99, that has dropped off the most. We are now purchasing around 75% of our peak quantities. In a way this is healthier for the supplier, since in the heyday of the Aussie phenomenon we purchased almost 2/3 of their output. They are now less reliant on the US market.

    Log in to Reply

2.  *ReidS* says:

   March 25, 2013 at 6:03 pm

   Hardys and Banrock weren't exactly on fire when Constellation marketed them. Their attention was on Black Box. We are working to revive them currently. Inventories are down as you might imagine.

   Log in to Reply

3.  *Moderator* says:

   March 27, 2013 at 5:51 am

ReidS – Tell me more about how you've managed inventories of your various Hardys and Banrock offerings. Has it varied by product?

Log in to Reply

-  *ReidS* says:

  March 27, 2013 at 2:55 pm

  Not sure I understand the question. Are you talking about inventories of finished goods in the U.S., distributor inventories, retail inventories, or what, exactly?

  Log in to Reply

  -  *Moderator* says:

    March 27, 2013 at 3:34 pm

    The inventories that you refer to that are "down."

    Log in to Reply

4.  *RonnieS* says:

   March 27, 2013 at 7:30 am

   We've kept it pretty steady until recently and we've bumped it up about 25%

   Log in to Reply

   -  *Moderator* says:

     March 27, 2013 at 2:38 pm

     RonnieS – Have the 25% increases been focused on any particular price ranges or types of Australian wines? What types of actions have you taken to keep your inventory steady?

     Log in to Reply

5.  *MattF* says:

   March 27, 2013 at 9:50 am

   In general, inventories have tightened up for our wholesalers, retailers and winery over the past several years. Within Jacob's Creek, we have taken several steps to increase forecast accuracy from the field to ensure that we are not sitting on excess stock in Australia, allowing us to supply the freshest possible

wines to our customers. This is a critical factor for delivering consistent product quality for consumers and avoiding overloaded wholesalers which can lead to unprofitable discounting.

Log in to Reply

6.  *FrancoisM* says:

March 27, 2013 at 1:05 pm

We've seen some fluctuation in inventory levels, but have been able to manage to roughly where we want to be.

Log in to Reply

-  *Moderator* says:

  March 27, 2013 at 2:40 pm

  FrancoisM – What actions have to taken to keep inventory levels where you want them? Have the fluctuations been specific to any particular price range or type of wine?

  Log in to Reply

7.  *KathyM* says:

March 28, 2013 at 8:09 am

Up to 12 month ago distributors were not invested in maintaining adequete levels of our commercial Australian wines. DI orders were replaced with filling from the California warehouse. Premium wines were not moving through the system. THis has changed, we are up 42% in shipments and many partners back to buying containers as the category wakes up again.

Log in to Reply

8.  *RobB* says:

April 1, 2013 at 12:47 pm

Overall dollar value held by distributors are down. During the recession they found "SKU rationalization/inventory control" religion and they have only started to loosen up now but still not all the way to the levels of pre 2008. Our inventories held have been flat to down slightly in volume but we have greatly reduced our value held. Once we got those inventories in line in 2009/2010 we have tried to take a more aggressive approach in planning our business and staging our goods to meet those plans. We have tried to reduce "safety stock" that was expensive insurance against Out of Stocks.

Log in to Reply

WA Importers - Discussion Topic 4 – Sales

Written by Moderator on 04 March 2013

Have you (or your company) experienced changes in sales of any of the Australian wines you sell or represent in the past three to five years? Are there certain brands, varietal types, price points, or appellations of Australian wines that have shown significant growth (or falling sales) in the past three to five years?

Discussion:

1. *RobertJ* says:

   March 25, 2013 at 8:14 am

   Sales volume has decreased, significantly and across the board, since the financial crisis in late 2007 & 2008; more so above the $15.99 price point than below it. Demand for quality aged port-style wines is strong, and the mid-teen price points are very competitive. The combination of strong Aussie Dollar and some low-volume harvests have done the category a favor by eliminating many brands that were based on buying volume juice and packing it in a BOB label.

   This set of circumstances has in my opinion been good for the Australian producers, by decreasing their reliance on the US & UK markets and forcing them to expand into other growth areas around the world.

   Log in to Reply

2. *Moderator* says:

   March 27, 2013 at 5:54 am

   RobertJ – Are there other reasons you think sales decreased besides the financial crises? Any particular reasons for the decreases below $15.99 price point?

   Log in to Reply

3. *RonnieS* says:

   March 27, 2013 at 7:32 am

   Sales were up for us last year about 20% after being flat for about 3 years.

   Log in to Reply

   - *Moderator* says:

     March 27, 2013 at 2:43 pm

RonnieS – What do you think contributed to that increase in sales? Have you had sales increases in particular categories?

Log in to Reply

4.  *MattF* says:

March 27, 2013 at 12:15 pm

Within Jacob's Creek we have seen strong performance out of the whites (Chardonnay & Pinot Grigio) and sweets (Moscatos and Sweet Red) while the core red wines continue to face declines. The strength of the brand lies within Chardonnay, which has been receiving strong ratings and successfully drawing in consumers of Chardonnay from multiple countries of origin.

The $10-$15 segment where Jacob's Creek Reserve is priced, has been a challenge over the last few years despite positive ratings and consistent quality. We have seen many retailers walk away from supporting this part of the category which is a shame because there is a fantastic quality to price ratio for consumers.

Log in to Reply

-  *Moderator* says:

  March 27, 2013 at 2:46 pm

  MattF – Why do you think some retailers have walked away from the $10-$15 segment?

  Log in to Reply

  -  *MattF* says:

    April 3, 2013 at 11:06 am

    It has been due in part to several factors. 1) the center of gravity for AUS is below $10 and consumers and trade are not given much reason to focus above this price 2) emerging categories like Argentina and New Zealand have been established at $10-$15 and stealing share/shelf space from AUS brands 3) Domestic brands have been thriving at this price segment, with majority of major suppliers focusing investment and innovation at the $10-$15 sweet spot…similar impact as point 2
    4) Other than Penfolds, there is no AUS brand > $10 with significant awareness levels

    Log in to Reply

5.  *FrancoisM* says:

March 27, 2013 at 1:10 pm

The >$10 range has been the biggest challenge for us. the growth has come from new varietals such as Moscato that are gaining broad popularity with consumers

Log in to Reply

6.  *Moderator* says:

   March 27, 2013 at 2:44 pm

   FrancoisM – What do you think has contributed to slow sales in the Under-$10 category?

   Log in to Reply

7.  *KathyM* says:

   March 28, 2013 at 8:11 am

   Depletions are recovering from some declines over the past 3-5 years and shipments up. Definitely seeing more engagement over $10.00 (RRP).

   Log in to Reply

8.  *RobB* says:

   April 1, 2013 at 12:51 pm

   There in no single answer here. Overall our totla business is growing BUT the sub categories of price and type have some dramatic swings. Over $40 retail is not back yet but improving. $15-20 retails have been our business driver. Shiraz is down, blends and Pinot are up. Under $10 has cost us volume but hasn't hurt the value side that much.

   Log in to Reply

WA Importers - Discussion Topic 5 – Trade Perceptions

Written by Moderator on 04 March 2013

In your opinion, how have general trade perceptions of wines from Australia changed in the past three to five years?

Discussion:

1.  *RobertJ* says:

March 25, 2013 at 8:46 am

No one at retail is asking to be shown wines from Australia. Points & reviews don't drive sales like they used to. The most important change in perception, to me, is that the Australian wIne category has matured into a reliable and steady piece of the retail set, because of the predictable flavor profile and relative value of the wines (value is till there despite the parity of US$ and Astrl$).

The fallout from the ill-timed confluence of the GFC ,the decline of Australia as a growth category and the rise of Argentina as a supplier of good-value red wines has been that the remaining Australian players are able to diversify their brands and exploit site-specific labels. There are no doubt fewer companies importing Australian wines into the USA, and fewer brands/labels/suppliers being imported. Consumers see a snaller selection than in the boom years – so brand loyalty has in my opinion increased.

Log in to Reply

- *Moderator* says:

  March 27, 2013 at 5:57 am

  RobertJ – Do you think trade perceptions of wines in varying price points/brands/types differ? If so, how? In your opinion, do you think these perceptions extend to consumers?

  Log in to Reply

2. *ReidS* says:

March 25, 2013 at 6:05 pm

Australian wines have been on a steady decline for years and as such are viewed skeptically by the trade currently.

Log in to Reply

- *Moderator* says:

  March 27, 2013 at 5:59 am

  ReidS – Do these perceptions extend across all Australian wines, or do they persist for just certain brands, types of price points, Do the same perceptions extend to consumers?

  Log in to Reply

  - *ReidS* says:

    March 27, 2013 at 2:59 pm

Mostly under $10, I would say. There isn't a lot of volume between say, $10 – 30, so it's almost irrelevant. And then the connissuer's know Grange, etc. but that's about it, and there aren't many of those consumers, volume wise.

As Francois says, retailers are addicted to growth, and will shrink sections that aren't growing. Retailers are in the business of "renting" their real estate in their stores to get the maximum near-term payback.

Log in to Reply

3.  *RonnieS* says:

March 27, 2013 at 7:33 am

After being the scourge of the wine industry, the category on the boutique end has finally came back alive and we are getting a ton of interest from the on-premise trade.

Log in to Reply

-  *Moderator* says:

  March 27, 2013 at 2:47 pm

  RonnieS – Do you think this enthusiasm has extended to consumers?

  Log in to Reply

4.  *MattF* says:

March 27, 2013 at 12:26 pm

Agree with Ronnie that there has been a renewed interest on the high end with on-premise. This is encouraging as it has the potential to change consumer perceptions.

Overall the trade perception of the category is still poor, and the Australian set is typically segmented out to the back of the store or in a lower foot traffic location. The reality is that Australia as a category has the lowest average price and is driving the largest absolute dollar declines (not percentage declines). This is a tough fact to face with the retail buyers.

Log in to Reply

-  *Moderator* says:

  March 27, 2013 at 2:49 pm

  MattF – What do you consumers currently think about Australian wine?

  Log in to Reply

-  *MattF* says:

  April 3, 2013 at 11:14 am

  In general, the consumers we have spoken with still see it as region that delivers consistent quality at a value price. As Rob B pointed out, the negative perceptions are much stronger with the trade vs the general consumer base. Many consumers put Australia on par with California but they just do not have many opportunities to explore the category due to how and where it is merchandised at retail.

  Log in to Reply

5.  *FrancoisM* says:

   March 27, 2013 at 1:16 pm

   Trade perception remains relatively negative at the moment, mostly because the trade is addicted to growth, and Australia is not a growth story today. But while the sell is harder, it can be done, as long as the wines provide great value to the consumers (at all price points), it can work. while Australia is out of favor with the trade at the moment, I have no doubt that it will come back, because the history of winemaking in Australia is too deep and too rich, and there are amazing wines being produced that do provide great values to consumers. Ultimately that will win.

   Log in to Reply

6.  *KathyM* says:

   March 28, 2013 at 8:19 am

   The coversation is turning — no more discussion about what Australia ‘did wrong’, rather renewed interest and curiousity about what Australia is up to – being driven by on premise but as well lots of discussion around retail shelf set refresh!

   Log in to Reply

7.  *RobB* says:

   April 1, 2013 at 12:55 pm

   The trade are far bigger naysayers than consumers we engage. The distributor will parrot what they hear at retail. Retailers respond to the trade rags or incomplete category info (i.e. grocery chains scan data). On premise simply moves on to the newest hottest import category (NZ, Argentina)and leaves France and Italy relatively intact on their wine list while reducing support for AUS.

   Log in to Reply

WA Importers - Discussion Topic 6 – Attributes

Written by Moderator on 04 March 2013

What do you consider to be the most positive attributes of Australian wines in general? What are their points of differentiation by varietal type or region?

Discussion:

1. *RobertJ* says:

   March 25, 2013 at 9:05 am

   Positive attributes – by color/type

   for red wines – ripe fruit, deep color, big palate impact, relative value, diversity of varietal choice, great for immediate to short-term drinking

   for white wines – clarity & minerality in Riesling & Chard from Clare, Eden Valley, Mt Crawford & Limestone Coast areas.

   for sweet wines – Rutherglen makes a unique, tasty and relatively inexpensive style of wine – the Muscats & Tokays offer terrific QPR. Tawny Port styles wines, blended to achive uniform style, also are offer great QPR.

   Positive attributes – by region

   Barossa – forward, deep in color & texture, ripe, well-wooded
   Clare – exquisite Riesling, world-class
   Eden Valley – tense, taut styles
   Padthaway & Limestone coast – relatively cool-climate areas, more subtlety and aromatic complexity with minty/menthol notes
   Western Australia – moderate intensity, with layered complexity and ability to develop in bottle.
   Victoria – old vines, Tahbilk & Rutherglen

   Log in to Reply

   - *Moderator* says:

     March 27, 2013 at 6:04 am

     RobertJ – Do these strengths vary by price point?

     Log in to Reply

2. *ReidS* says:

   March 25, 2013 at 6:06 pm

Price/quality relationship in general, at all levels

Log in to Reply

3. *Moderator* says:

March 27, 2013 at 6:05 am

To all of you – How much, if any, added value do regional appellation wines bring in the minds of the trade or consumers? Are they a reliable indicator of style or quality?

Log in to Reply

- *ReidS* says:

  March 27, 2013 at 3:02 pm

  They are an indicator of quality, yes, but again, among a very narrow target. The average consumer doesn't know the Barossa from Hunter Valley from Margaret River, etc. In fact, it's been "proven" lately that at sub-$15 or so price points, the consumer doesn't even take much notice of what COUNTRY the product is from. Imported bulk wines are huge now, and being put into "domestic" brands.

  Log in to Reply

4. *MattF* says:

March 27, 2013 at 12:41 pm

Was just having a debate about this last week… within the $10-$15 price segment, there is a general lack of understanding of the value and benefits of regional appellation wines from Australia. One of the biggest opportunities I see is to find a way to get this message across to mainstream consumers so that they are intrigued enough to trade out from another country/origin or trade up within Australia rather than look to a different origin at this price point.

Log in to Reply

- *Moderator* says:

  March 27, 2013 at 2:51 pm

  MattF – What other strengths do you see in Australian wines?

  Log in to Reply

  - *MattF* says:

March 27, 2013 at 8:53 pm

Consistency of quality vintage after vintage. Very high quality to price ratio for the premium + price points relative to domestic brands.

Log in to Reply

5. *KathyM* says:

March 28, 2013 at 8:21 am

Diversity across regions, price/quality ratios, healthy and friendly competition — success for one brand should/can/does help the category as a whole…

Log in to Reply

6. *RobB* says:

April 1, 2013 at 1:02 pm

Over delivery is still the key and we have given some of that away with the currency issues (A$1.04) as I write this). Cool climate and regional variation are the keys moving forward and added diversification beyond Shiraz is essential. Consumers do NOT know many AUS appellations but its getting better slowly. They are beginning to realize that an appellation of any kind is a quality cue vs.wines of broader sourcing (i.e. Southeastern AUS). They might recognize they like wines from McLaren Vale yet not know what style that area is known for.

Log in to Reply

7. *JonathanL* says:

April 5, 2013 at 10:41 am

As the largest Australian brand in the US (by far), I would say that the most positive attribute I see is quality for the price. [yellow tail] produces a sparkling and higher end “reserve” lines in addition to the classic [yellow tail] brand, and I am struck by how strong the quality is for the price. This is across all three brands, compared to what I see as competitive non-Australian brands in similar price tiers. I would say this holds true for many of the other Australian brands I’ve sampled.

Also, particular quality of reds is even stronger, a consistency across vintages.

Log in to Reply

WA Importers - Discussion Topic 7 – Barriers

Written by Moderator on 04 March 2013

Thinking of selling Australian wines, what (if any) are the most typical barriers or difficulties you encounter when selling Australian wine to customers or accounts? Are there specific barriers that you associate with selling Australian value wines vs. more expensive Australian wines?

Discussion:

1. *ReidS* says:

   March 25, 2013 at 6:07 pm

   Declining category
   Image of "not serious", cheap, "critter" wines

   Log in to Reply

2. *RobertJ* says:

   March 26, 2013 at 6:36 am

   The most typical barriers when selling to a wholesale distributor are:
   1) we already have Australia covered
   2) we cant sell what we already have, and don't need another brand
   3) no one is asking for Shiraz anymore
   4) Australia had their run, it is Argentina's turn now

   Higher -end wines, above $22.00/btl, are almost unsellable and need a loyal base or tremendous review to sell.

   Log in to Reply

3. *RobertJ* says:

   March 26, 2013 at 7:48 am

   Another barrier to selling Aussie wines, value wines in particular, is the fact that very large wine producers & suppliers align themselves with very large & powerful wholesale distributors and leverage their way onto many shelves…tying their brands to other more desirable items – to the extent that many a retailer has all of their shelf space tied up with thirteen SKUs each from Brands X & Y. This leaves no room for those who are neither large nor powerful. This is capitalism, I know, but is is a barrier still.

   Log in to Reply

4. *MattF* says:

   March 27, 2013 at 9:23 pm

Value wines
1) low profits = smaller A&P budgets to invest behind marketing programs & less distributor focus
2) declining category
3) shrinking shelf set (avg # of items declined over 7% in the past year)
4) general lack of interest in the category
5) fewer opportunities than previous years to promote Australian wines at retail

Log in to Reply

5.  *KathyM* says:

March 28, 2013 at 8:23 am

exchange rate constraints, perception of category by gatekeepers and influencers – not necessarily consumers, distance to travel (bringing people to experience Australia firsthand will never be as easy as California), great value offerings from Spain and South America.

Log in to Reply

-  *MattF* says:

  April 3, 2013 at 10:42 am

  Kathy's point is a big one. The fact that the trade rarely gets to experience the wine regions first hand is a major challenge. Especially when it comes to liquor stores/fine wine shops where many of the consumer purchases are driven by the recommendation of the wine buyer/expert for that particular store. If they do not feel comfortable telling the story of the particular merits of an appellation or region from Australia, they will default to California and other more accessible regions. There is no obvious solve here, but it is something that we need to get better at addressing as an industry.

  Log in to Reply

6.  *RobB* says:

April 1, 2013 at 1:06 pm

We don't sell many value wines.On the higher price points ($15+) they expect a better price because we typically delivered one for a decade or more. In addition they realize the category has suffered and the inventory dumping that occurred in 2009 and 2010 didn't help our efforts to rebuild some value into the market. Additionally the reduction of support in better restaurants is alarming for AUS.

Log in to Reply

7.  *JonathanL* says:

April 5, 2013 at 10:54 am

I agree with some of the excellent points made above, and I think that the currency trend is currently one of the most pressing for Australian producers selling to the US.

The barriers I deal with on a day to day basis are very logistical:
1. longer lead times due to the physical distance of Australia from the US – this often makes it much more difficult for us to compete and react to competitive domestic brands or meet the requirements of particular retailer programs
2. the more complicated infrastructure required to get wine from Australia to US retailers can sometimes lead to inventory management and quality issues.

On a macro level, the current declining state of the Australian category creates a retail barrier for new brands. Additionally Shiraz is arguably the wine that made Australia famous, and this is negatively affecting the Australian category as consumers move to other reds such as Cab and Merlot.

Log in to Reply

WA Importers - Discussion Topic 8 – Wines Positioned for Growth

Written by Moderator on 04 March 2013

Which Australian wines (varieties/types/price points) do you think are best positioned for growth on the U.S. market? What are the attributes of these wines that make them appealing to the trade and consumers?

Discussion:

1. *RobertJ* says:

   March 26, 2013 at 6:40 am

   I don't see any real growth categories; rather, I see maintaining market share as an accomplishment regarding Australian wines. As stated earlier, the category is mature and we now rely on consumer familiarity & loyalty to sustain depletions.

   Log in to Reply

2. *FrancoisM* says:

   March 27, 2013 at 1:58 pm

   1- Red blends. The U.S. consumers is more and more comfortable with wines that do not state the varietal on the front label. Australia grows some of the best Shiraz, Merlot and Cab in the world, and can make some of the best red blends in the world, at all price points.

   2- for me it's a style thing and the American style is slowly towards more balanced wines. Less of the over-extracted, super-ripe, pruny, high alcohol monsters that some Australian producers have been known to make, and more of the easier to drink, food friendly, balanced and lower alcohol wines.

Log in to Reply

3. *MattF* says:

   March 27, 2013 at 9:11 pm

   There has not been a variety or style that is specific to Australia which stands out as a growth driver. Blends and sweet profiled wines have been performing well in the sub $10 segment, but this has not been a trend specific to Australia – rather it is a macro trend for the US wine industry.

   We have seen renewed interest on the luxury red wines in our portfolio ($30+), and I feel confident that there is a strong growth opportunity for brands positioned at the higher end of the price spectrum.

   Log in to Reply

4. *KathyM* says:

   March 28, 2013 at 8:24 am

   Blends and $10-$20 price points for regional offerings.

   Log in to Reply

5. *RobB* says:

   April 1, 2013 at 1:21 pm

   Cool climate, blends and SSB's. Cabernet is a huge category here in the US and is very under represented by AUS. They need to be regional flavor profile but can't have the green, eucalypt or overly herbal notes that are classic for many of the regions.

   Log in to Reply

WA Importers - Discussion Topic 9 – Promotions

Written by Moderator on 04 March 2013

Have you participated in or experienced any kind of promotional activities or events conducted on behalf of Australian wines or other country or regional promotions ongoing in the U.S. in the past two years?

Discussion:

1. *ReidS* says:

March 25, 2013 at 6:09 pm

Tastings sponsored by Wines of Australia – San Francisco and New York

Log in to Reply

2. *RobertJ* says:

March 26, 2013 at 6:42 am

Yes – the Languedoc AOC and the Loire Valley AOC and the Rias Baixas CR put on trade shows every year, in Boston, NYC, Chicago, SF etc…they work with Benson Marketing, who does a fine job of promoting the events and getting a good turnout.

Log in to Reply

3. *Robert Jones* says:

March 27, 2013 at 3:55 am

After further thought and some inbox scanning, I don't recall being notified of any tastings conducted purely for the benefit of Australian wines, other than social-type events at the Australian Embassy in Washington DC. Mayhaps it is time for the Export Trade Dept of the Australian Gov't to allocate some funds for a series of tastings in the USA – Boston, NYC, DC, Miami, Chicago, St Louis, Dallas, Denver, La/SF, Seattle.

Log in to Reply

4. *Moderator* says:

March 27, 2013 at 6:33 am

To all of you – How effective have the event you've attended (focused on any country/region) been in terms of increasing awareness or sales? What works and what doesn't work?

Log in to Reply

5. *Robert Jones* says:

March 27, 2013 at 7:56 am

All of the events increase awareness. That is all that can be asked of any trade event. Measuring any sales spike afterwards is difficult to do and harder still to attribute to the event. But it is certain that public & trade events, and getting the wines & personalities in front of end consumers, buyers and the press is not a detrimental thing to do.

Log in to Reply

6. *RobB* says:

   April 1, 2013 at 1:31 pm

   Wine Australia presence is known and important within the US. They are under funded versus many other SMALLER emerging countries who are getting play at events (i.e. Aspen F&W) and with ad buys. Most of the brands we represent cannot afford to "talk" to consumers and even the "big guys" don't have enough margin in it to do so consistently. So by default we go after "exposures" to the brand and wine styles and maybe a "regional" theme. Picking the right events that involve trend setters amongst consumers AND trade can help create interest and buzz. Being involved in events that showcase wines of the world often lets us show our diversity AND our ability to compete on the world stage. We participate in these types of events put on by Wine AUS, NZ and Chianti producers. Some are better than others and they are all difficult to measure ones impact. Getting distributors behind these themes and focus areas can be even more impactful than the event itself in some areas.

   Log in to Reply

7. *KathyM* says:

   April 2, 2013 at 9:19 am

   Wine Australia events around the country – the recent Next Chapter event was fantastic in San Francisco.

   Log in to Reply

8. *JonathanL* says:

   April 5, 2013 at 11:01 am

   I have not participated in any Australia-specific major promotional programs. I think such programs for Australian wines are extremely underrepresented, and I think could help the plight of the Australia category. Take a look at some of the major events for Spanish, Italian, French or Latin American wines, and how these help popularize these wine cultures with the US consumer.

   Log in to Reply

WA Importers - Discussion Topic 10 – Future Growth

Written by Moderator on 04 March 2013

How do you foresee the growth of the Australian share of market in the U.S. in the coming five years? What factors do you think are the most critical to increasing share of market for Australian wines?

Discussion:

1. *ReidS* says:

March 25, 2013 at 6:10 pm

Aussie dollar strength makes it tough. I see it flat at best, with a continued slide over the next year or two followed by modest recovery.

Changing image is very important, I think. Need to be taken more seriously, get off the $6 wines.

Log in to Reply

-  *RobertJ* says:

  March 26, 2013 at 7:38 am

  Reid – agreed that the category needs to abandon the super-low price points and focus on $10 – $14.99 per bottle category. The parity of their dollar with ours is the single biggest problem, I think.

  Log in to Reply

2.  *RobertJ* says:

   March 26, 2013 at 7:02 am

   I do not see Australia gaining market share – if the category can tread water and maintain what it has, that will be a victory. If the currency returns to where it was 3 – 5 years ago, then we may see growth.

   Also, a slight shift in the 'export' style of the red wines, away from jammed, cooked-fruit styles to a fresher style would be a big help.

   Log in to Reply

3.  *Moderator* says:

   March 27, 2013 at 6:39 am

   To all of you – Do you have any suggestions for specific programs or initiatives that you think should be put into place on behalf of Australian wines in the next three years to stimulate growth of market share?

   Log in to Reply

   -  *Robert Jones* says:

     March 27, 2013 at 7:53 am

     It's my opinion that wine should sell on it's own merits (quality, perceived value and historical place in the market). To me, it is the currency situation that is the biggest obstacle.

From a marketing angle, getting rid of the critter labels and focusing on domaine grown, made & bottled wines is paramount to success.

Log in to Reply

4.  *ReidS* says:

March 27, 2013 at 3:06 pm

Promote more mid and upper tier wines, and wine regions, to get the quality message better communicated. Need to tell the consumer it's not just cheap, sweet Chardonnay……

Log in to Reply

5.  *MattF* says:

March 27, 2013 at 9:00 pm

Agree with the comments above that the future of Australian wine in the US needs to be at higher price points. The current structure is not sustainable. The sub $10 brands are spending a lot of money to promote but are just trading share of a shrinking pie rather than growing total Australia. We need to bring in a new generation of drinkers at the $10-$15 price point that have not grown up with the negative baggage of the category.

Log in to Reply

6.  *RobB* says:

April 1, 2013 at 1:36 pm

Volume growth will be minimal. I expect improvement in value and in many of the smaller segments (region and varietal). Many of our wineries think the critters going away and the currency staying high will leave us in a position of a smaller category but much higher quality and value. Higher priced critically acclaimed wines will weather the higher currency much easier than cheap and cheerful.

Log in to Reply

7.  *KathyM* says:

April 2, 2013 at 9:22 am

The stats are encouraging on a number of levels, despite still in decline the trends are moving the right direction. Do not feel we will ever recover to levels of volume seen five years ago, but better mix and a more sustainable category growth is certainly in the cards. Many brand have left the marketplace due to volume and exchange rates — hopefully some will return and the representative mix of wines (regions, varietals) can help to grow share in the premium segments.

Log in to Reply

8. *JonathanL* says:

April 5, 2013 at 11:59 am

I don't see much growth for the category in the near future until some of the fundamentals improve: currency situation and development of Australian wine / culture to change current consumer perceptions.

I agree that the focus should be on higher price and quality wines, and that Australia needs to help either reinvigorate Shiraz, or "own" another varietal that it does better than everyone else.

Log in to Reply

ON- AND OFF-PREMISE GROUP 1

WA On/Off Group 1 - Please Introduce Yourself

Written by Moderator on 04 March 2013

Please tell us a little bit about what you do professionally in the wine industry. In addition, and from your point of view, what are the key factors that lead to success in growing market share for the wines you sell or represent?

Discussion:

1. *CaraS* says:

   March 12, 2013 at 12:57 pm (Edit)

   I am the wine director of a hotel group. We are a five star hotel and also run a four star hotel. I have been a sommelier for twenty years.

   Key factors in growing market share for the wines that I sell are the quality/price ratio in conjuction with the profile and style of the wine. When I pour a wine by the glass that wine becomes the number one selling bottle in that category.

   Reply

2. *MathewB* says:

   March 12, 2013 at 1:55 pm (Edit)

   I am the Beer and Spirits buyer for a small 3 store Wine shop in California.
   I have been a sommelier for 5 years.
   My job is primarily selling wine, but the company just launched spirits and beer in the last year and a half. So my experience was essential to help this new part of the business prosper.

   Being in a retail shop, it helps to have a tasting area that your customers can use to try the wines before they buy them. We utilize tasting machines and constantly change out the wines to help promote them. I also believe tasting wines before purchasing them for a store is a must, think about what the customers are going to want to buy, not what you think they should buy.

   Reply

3. *JenniferS* says:

   March 12, 2013 at 8:39 pm (Edit)

   I am a Sommelier at a Michelin Starred restaurant. I moved to Chicago from Seattle to explore new opportunities in the fine dinning restaurant world. I have only been in Chicago about 7months now, but have been a certified Sommelier for almost 5 years.

Our wine program consists of approximately 1600 labels. We do offer wines from all over the world, but there is a big French focus and more specifically, Alsatian. Chef being from Alsace, we carry on of the biggest collections in the country for this area. It has been an amazing experience getting to learn this region.
As the Sommelier, I am selling on the floor, cellar maintenance, and assisting in purchasing and all other aspects of the program.

Reply

4. *JohnS* says:

March 13, 2013 at 6:03 am (Edit)

I have been the wine buyer for the Whole Foods Market in Vienna, VA for just over 3 years. I have a small corporate list of wines that I must provide, but other than that I have autonomy over the selection. I have recently opened a pub inside the store, and have been offering beer, wine, coffee, and an a la carte menu.I am a Certified Sommelier with CMS, and am currently taking the WSET Advanced course.I'm also a French wine Scholar with the FWS, and a Certified Specialist of Wine with the SWE.

I believe that to be successful from a retail perspective you need to be able to differentiate yourself and your wine selection from your local competitors,as well as , being able to offer events and tastings so customers are able to learn more about your selection. I absolutely agree with MatthewB's statement " think about what the customers are going to want to buy, not what you think they should buy". I have over 900 SKU's on my shelves, and of course I bring in very geeky wines that are a definite hand sell, but a good portiion of my wine list is catered to the palate of my customer.

Reply

5. *StefanW* says:

March 13, 2013 at 3:12 pm (Edit)

I am a wine buyer for a major wine & spirits retailer. I have been in the industry for 5 years, and have worked at retailers of varying size.

The key to success is providing a wine experience that other retailers either fail to or are unable to provide, both for clients and salespeople/staff. Frequent in-store tastings with producers/importers/sales reps pouring a specific selection, dinners, staff seminars, and tailored emails are just a few features of this experience. Strong vendor relationships are key to maximizing your potential client experience, I've found. And the result of both is greater market share.

Reply

6. *Moderator* says:

March 14, 2013 at 6:52 am (Edit)

To all of you: Thinking of the key factors you have mentioned, how do wines from Australia stack up against those factors?

Reply

- *JohnS* says:

  March 14, 2013 at 10:10 am (Edit)

  So long as the number of quality producers keeps growing, and becomes readily available in my region, they will definitely regain momentum, and be recommended more often.

  Reply

7. *RichardO* says:

   March 16, 2013 at 7:15 am (Edit)

   Apologies to teh group for being unable to participate earlier as planned. I am Ric O'Neill – owner of the Cork & Keg wine and beer bar in Saint Johns, FL. I am a CMS level I som and Cicerone certified (for beer geeks). I've ben in this biz for 7 years.

   Reply

WA On/Off Group 1 - Discussion Topic 1 – Main Drivers

Written by Moderator on 04 March 2013

Thinking of the U.S. wine industry as a whole, and not just Australian wines, please give us your opinion on the trends or factors you see as main drivers of the market, including examples you might think of as "what is hot and what is not" on the market today.

Discussion:

1. *CaraS* says:

   March 12, 2013 at 1:03 pm (Edit)

   During the US recession customers became more open to try wines from new producers and countries that they were not familiar with. Now they are willing to go to a higher price point in those wines from these unknown territories. My customers also like name brand wines and will often spend more to drink a wine with a name that they have trusted in the past.

   My dry rose sales have been very strong this winter as well as Argentine Malbec.

   Reply

- *JohnS* says:

  March 13, 2013 at 10:17 am (Edit)

My dry rose sales were strong last summer, and I'm hoping they trend well this summer too. Which regions/countries were you more successful with?

Reply

- *CaraS* says:

  March 13, 2013 at 12:58 pm (Edit)

  I always offer two different styles of dry rose by the glass as counterpoints and also to accommodate style preferences. I will have a mineral laden, higher acid rose from say the south of France and contrast that with a fruit forward, fuller bodied dry rose from perhaps Napa or Spain. It works well because guests are less afraid to try because of the opposing styles. And then when they do find one they like, they tend to continue trying the wine in that profile.

  Reply

2. *JenniferS* says:

   March 12, 2013 at 8:50 pm (Edit)

   Being new to the Chicago market, it is a challenge to definitely state trends. I would say that our guests tend to dine with us on special occasion and/or business. Price point is higher than I'm used to in Seattle, but understand the average at our restaurant has still lowered slightly. I think people are getting smarter with seeking out value areas and more comfortable trusting the Somm to guide them with a price point in him. We definitely still sell a lot if Alsace, but you can tell with inventory back up, that really high end California and Top Growths are less desirable. I would say average white wine is roughly 120-160 and red 140-180.

   Reply

3. *JohnS* says:

   March 13, 2013 at 6:36 am (Edit)

   When I first made my foray into wine retail sales over 6 years ago customers would buy anything and everything, regardless of cost, that you would recommend.I believe that's when Americans were really developing a palate for good wines, and not just from the U.S. Even though the recession has brought a decline in gross wine sales people have still been increasing their wine consumptioin, but have been more price conscious.

   I have stacks of value wines (under $8) throughout the store that are doing exremely well.I also agree with JenniferS, and that people are looking for selection guidance in certain price points.I don't see too many people taking a chance on a high dollar wine without consultation.

   The challenge for me has been to find wines in the $12- $20 retail that drink well above their price. The main sellers in my white category are; less oaked or unoaked chardonnays, and light, crisp wines.The sellers in reds are; pinot noir,malbec,syrah/shiraz, and cabernet sauvignon.
   Argentina and Spain are 2 countries that I've seen the biggesst increase in sales from over the past two years.

Reply

- *JenniferS* says:

  March 13, 2013 at 9:08 am (Edit)

  I find looking for the entry level, or second labels, by the wines we like in the higher price point is helpful. Its a good way to introduce the producer and explain the difference once they explore the higher price point.
  Henschke is a great one, but even the big boys like Penefolds do a great job at over producing at a lower price point. Langmeil has some good entry level stuff.

  Reply

4. *StefanW* says:

   March 13, 2013 at 4:45 pm (Edit)

   In the late 2000s, the under-$10 wines were extremely good sellers. All one had to do was point in the direction of the wine, speak to its being a decent bottle, and that was all the customer needed to hear. It was in this way that customers became exposed to the values from South America and New Zealand, in addition to some of the under-the-radar wines of Italy and Spain.

   However, I'm seeing this category weaken recently. The under-$10 category seems to be eyed a bit more warily, and it's the $11-$15 category, across the board, that seems to be the go-to for many customers. They view these wines as more "trustworthy" than the super-values.

   Interest in Spanish wines has dipped recently. It seems that as more and more customers are discovering the excellent value blends from Tuscany and indigenous varietal wines from Central and Southern Italy, the luster of Tempranillo is wearing off. The biggest rise in France has been with Cotes-du-Rhone, which has skyrocketed in recent months. Rhone-varietal wines are definitely on the rise, both in France and in New World nations like USA, Australia, and South Africa. For some reason Priorat has never quite taken off.

   Reply

   - *JohnS* says:

     March 13, 2013 at 5:29 pm (Edit)

     I do sell a lot of wines from the South of France, and I do carry a few California Rhone Rangers too. I couldn't tell you how pervasive it is in the local market, because I'm very biased. I really enjoy them myself, and am always encouraging others to try.

     Reply

5. *MathewB* says:

   March 13, 2013 at 11:14 pm (Edit)

In the mid 2000′s, the below $10 wine selection was not great. The low priced Australian Shiraz with cute animals of every kind seemed to damage that price point even further.
But then came along South America in the late 2000′s, Malbec and Carmenere seemed to turn the tide for value priced wines.

In my store, the biggest hits have been big named producers consulting with other winemakers throughout the world and creating some spectacular wine. Paul Hobbs for example. This makes it easier for the customer to trust a new wine from a new part of the world they might not be used to buying from.

Reply

6. *RichardO* says:

March 16, 2013 at 7:20 am (Edit)

I my area I saw dramatic drops in virtually all statistics. To put my comments in perspective I have a 2COP license whcih permits on and off premise sales so i get to observe retail and consumption on premises trends. I found that sales of wines with a retail price of $15 or under and glass prices of $7 and under soared. As did beer sales. Our average customer count per day/week/month remained flat and average ticket amount dropped by about 20% reflecting the shift in purchasing habits. Customers became much more discriminating and experimental and the handsell became essential.

Reply

WA On/Off Group 1 - Discussion Topic 2 – Australian Wines

Written by Moderator on 04 March 2013

What kinds of Australian wines do you sell or represent, by type, variety, and price point?

Discussion:

1. *CaraS* says:

March 12, 2013 at 1:09 pm (Edit)

I carry an array of Australian wines.
At our five star hotel I have 700 selections.

Dry riesling from the Clare, Eden and Frankland regions.
Semillion for the Hunter Valley.
Chardonnay from the Adelaide Hills and Margaret River.
A range of Shiraz from the Barossa and Clare.
A few Cabernets from various appellations.
Grenache from the McLaren Vale.
Dessert wines from Rutherglen and Clare Valley.

Australian wines on my list range from $30 to $1000 per bottle.

Reply

- *JenniferS* says:

  March 12, 2013 at 8:53 pm (Edit)

  I'm rather envious I traveled there for a Somm trip and look forward to being at a place where I can offer a selection like yours.

  Reply

2. *JenniferS* says:

   March 12, 2013 at 8:58 pm (Edit)

   My list is limited on Australia. We offer about 6 wines, mostly in the 120-180. This is a secetion that i haven't gotten to add to yet. A couple from Barossa and McLaren Vale. Hentley Farms and Two Hands.

   Reply

3. *JohnS* says:

   March 13, 2013 at 6:51 am (Edit)

   I carry over 60 wines from Australia, predominately from South East. Cabernet Sauvignon and Shiraz from Mclaren Vale, Barossa Valley, and Victoria. Chardonnay and Viognier from all over SE territory.The price point ranges from $10-$50, and my best sellers are in the $10-15 price point. I have tried selling Riesling and Stickies in the past to nominal success.

   Reply

4. *StefanW* says:

   March 13, 2013 at 4:56 pm (Edit)

   80 or so SKUs in our store:
   High end and value Shiraz and Grenache, which are the most popular sellers.
   We also have value Clare & Eden Valley Riesling, a bit of value Chardonnay, a few of the more expensive Rutherglen tawnies, and Cabernets and blends at varying price points.

   Reply

5. *MathewB* says:

March 13, 2013 at 11:20 pm (Edit)

We don't carry a ton of Australian wines, about 20 skus.
Shiraz – $8-140
Cabernet – $10-70
Red blends – $6-40
Riesling – about $10
Chardonnay – about $15

Reply

6. *RichardO* says:

March 16, 2013 at 7:23 am (Edit)

We carry approximately 30 SKUs and offer 2 or 3 selections by the glass (usually a sauv blanc, maybe a Margaret River Chard, usually a red blend or Shiraz) The bottle prices range from $12.99 to over $100 (Sparky Marquis' Velvet Glove). The average of all AUS sales hovers in the $15 – $19 range (bottles) and $6 – $8 (glass)

Reply

WA On/Off Group 1 - Discussion Topic 3 – Inventory

Written by Moderator on 04 March 2013

Over the past three to five years, how have your inventory levels of Australian wines changed, if at all?

Discussion:

1. *JenniferS* says:

March 12, 2013 at 9:03 pm (Edit)

I have been in different restaurants within the last five years with different focuses. I unfortunately have not been in a place were a large Australia selection makes sense or have the ability to expand. They are so diverse and look forward to Being able to make that change.

Reply

- *Moderator* says:

March 13, 2013 at 12:09 pm (Edit)

Hi JenniferS – Can you tell a bit about what type of restaurants you've worked at where Australian wines don't make sense? How do they fit in at your current establishment?

Reply

2. *JohnS* says:

March 13, 2013 at 7:08 am (Edit)

Three to five years ago Australian wines were the trend.They were everywhere and did do a good job introducing the American palate to Shiraz, Viognier, and different styles of Cabernet Sauvignon and Chardonay.Over the past one to three years the import structure imploded and due to market oversaturation ,too much bulk juice, and coupled with multiple droughts, had turned them back into a minor player on the U.S. market.Now within the past year I've noticed better quality wine overall, with more smaller producers from unique micro cliamtes.

Reply

- *Moderator* says:

  March 13, 2013 at 11:43 am (Edit)

  Hi JohnS – Tell me more about your inventories. Has your inventory changed? If so, what types or price ranges of Australian wines have changed most?

  Reply

  - *JohnS* says:

    March 13, 2013 at 2:21 pm (Edit)

    I carry about 30% less Australian wines than I did 3 years ago.I lowered my top price point from $110 to $60 (no more Langmeil Freedom Shiraz). I then dropped varietals that weren't selling anymore, riesling, semillon,verdelho, merlot, grenache, and sparkling shiraz. Then I had to thin out the cabs, shiraz,chardonnays, and sauv blancs, with similar price points.

    Reply

- *StefanW* says:

  March 13, 2013 at 5:03 pm (Edit)

  I've noticed the same trends across the board. I call it the Yellow Tail effect. I've seen a slow but steady bounceback over the last year, and I'm VERY curious to see how the US market takes to the 2012 vintage, which promises to be excellent.

  Aussie Chard sales dropped massively, as people have steered to Chile and values from France. Riesling is not where it should be, despite the quality, and I think the public will take to it in 2013. Sauvignon Blanc, Semillon, and Verdelho sales have disappeared. Shiraz, Grenache, and Cabernet are the most reliable movers.

Reply

3.  *CaraS* says:

   March 13, 2013 at 9:09 am (Edit)

   My inventories of Australian wines have decreased in the past four years.

   Reply

   -  *Moderator* says:

     March 13, 2013 at 12:06 pm (Edit)

     Hi CaraS – Tell me more about the specific Australian wine inventories that have decreased? Any specific types or price points?

     Reply

     -  *CaraS* says:

       March 13, 2013 at 1:01 pm (Edit)

       I have decreased my inventory of all my Australian wines except for dry riesling. Some wines still move such as a good value shiraz from the McLaren Vale. But since the wines have not been moving as they once did, I keep less in quantity in stock at a time.

       Reply

4.  *MathewB* says:

   March 13, 2013 at 11:30 pm (Edit)

   With my last two jobs, I have noticed a reduction in Australian skus.
   Buyers have had to really go to a back to the basics approach, does the wine taste the way the wine is supposed to taste? Vs. during the mid 2000′s, I believe buyers were just going after the great deal.
   We have currently thinned out the Riesling and Chardonnay down to 1 sku each.

   Reply

   -  *Moderator* says:

     March 14, 2013 at 6:56 am (Edit)

MathewB – Have the inventories of the other types of Australian wines you mentioned you carried remained the same over the past few years?

Reply

- *MathewB* says:

  March 14, 2013 at 8:37 am (Edit)

  Our inventories have increased slightly in the big name producers, but even labels like Pillar Box have increased due to reliability.

  Reply

5. *Moderator* says:

   March 14, 2013 at 6:57 am (Edit)

   To all of you – Have the inventory issues you cite vary by size of producer?

   Reply

   - *JohnS* says:

     March 14, 2013 at 10:06 am (Edit)

     I haven't noticed small producer vs big producer issue, but really a quality/ uniquenes vs bulk/jammy 2d issue.

     Reply

     - *MathewB* says:

       March 14, 2013 at 5:50 pm (Edit)

       I agree with JohnS, quality/uniqueness vs. bulk and jammy

       Reply

6. *RichardO* says:

   March 16, 2013 at 7:26 am (Edit)

   Our inventory has deflated a bit but that was intentional and across all regions and varietals. However, overall sales increased slightly due to the relatively low price points. This was particularly true of whites – we operate in florida and white is king in the summers.

Reply

WA On/Off Group 1 - Discussion Topic 4 – Sales

Written by Moderator on 04 March 2013

Have you (or your company) experienced changes in sales of any of the Australian wines you sell or represent in the past three to five years? Are there certain brands, varietal types, price points, or appellations of Australian wines that have shown significant growth (or falling sales) in the past three to five years?

Discussion:

1. *CaraS* says:

   March 12, 2013 at 1:14 pm (Edit)

   Sales have declined for Australian wines in the past four years, with high-end Barossa Shiraz being hardest hit.
   Also, Chardonnay, except for the top tier, have gone down dramatically. Sales of dry riesling have stayed steady.

   Reply

   - *Moderator* says:

     March 13, 2013 at 12:17 pm (Edit)

     CaraS – To what do you attribute the decrease of Chardonnay? Tell me more about your sales of dry Riesling? What type of customer does it appeal to? Is the decrease in high-end Barossa Shiraz due just to its high price or do you think something else is at play?

     Reply

     - *CaraS* says:

       March 13, 2013 at 12:53 pm (Edit)

       For me, the decrease in Australian Chardonnay seemed to coincide with an increased interest in white burgundy and other chardonnays with less oak influence.
       The dry rieslings have a refreshing vibrancy that my guests have responded to. These dry rieslings fit a profile of fruit forward, dry wine with little or no oak influence. They also pair well with some of the first course dishes on our menu so they are recommended by the somms and service staff.
       Although the high end Barossa Shirazs still move occasionally, I think the guests that found these wines satisfying have moved on to other wines.

       Reply

-  *StefanW* says:

  March 13, 2013 at 5:49 pm (Edit)

  I've experienced the same trends in retail. I only stock one or two Aussie Chards at a time, as customers have steered towards Burgundy, Chile, or CA's Central Coast. Riesling has risen slightly, I believe, because on the shelf it's much less daunting than German Riesling and the perceived confusing labels.

  The success of Rhone wines in recent years, combined with sub-par releases from Australia, has caused Shiraz sales, especially in the $30-$60 range, to shrivel up. The high-end Penfolds wines and other "trophy Shirazes" still have their customers. Value Shiraz moves well, though not as rapidly as a few years ago.

  A pleasant surprise has been the rise of Rutherglen sweet wines. I find myself re-ordering those often.

  Reply

2.  *JenniferS* says:

   March 12, 2013 at 9:13 pm (Edit)

   I don't have a very strong grasp on this trend with wine program focuses being else where. In Seattle WA wine a stronger presence, and I think definitely effects the upper tier of fine wine from Australia.

   Reply

3.  *JohnS* says:

   March 13, 2013 at 7:26 am (Edit)

   My Australian wine sales had dropped by 50% from 3 to 1 years ago, and recently I've been seeing a definite increase.I have seen an increase in sales with wines from Victoria and Coonawarra, with a huge decrease in sales of non regional labeled Australian wine. The trend has been with all of the varietals, no one specifically.

   Reply

   -  *Moderator* says:

     March 13, 2013 at 12:13 pm (Edit)

     JohnS – To what do you attribute the recent increase in wines from Victoria and Coonawarra? To what do you attribute the decrease in non-regional labeled wine?

     Reply

- *JohnS* says:

  March 13, 2013 at 3:18 pm (Edit)

  I'm seeing more appellation wines available for my distributors, and it just happens that I've picked up a few wines from those 2 regions recently.I attribute the decrease in basic Aussie wine to the fact that there was a flood of basic wine at basement prices.Now the prices have gone up and the demand is no longer there.

  Reply

4. *MathewB* says:

   March 13, 2013 at 11:42 pm (Edit)

   In a discussion with our Australian wine buyer, he told me that he has just leaned out the inventory to our best sellers. Big names, great scores, consistent with what the classic style of the varietal should taste like.

   Reply

5. *RichardO* says:

   March 16, 2013 at 7:30 am (Edit)

   As addressed in the inventory question, while we reduced the number of SKUs and onhand inventory, sales increased by approximately 10 – 12%. This was driven by greater demand for whites at lower price points. In our case the change in buying patterns was driven more by customers wanting to try new things in familiar price brackets. As a esult we conducted numerous tastings and varied our selection and BTG list freequently to help buyers find that under-valued gem.

   Reply

WA On/Off Group 1 - Discussion Topic 5 – Trade Perceptions

Written by Moderator on 04 March 2013

In your opinion, how have general trade perceptions of wines from Australia changed in the past three to five years?

Discussion:

1. *CaraS* says:

   March 12, 2013 at 1:43 pm (Edit)

I am not sure what you mean by “trade perceptions”.

Reply

-  *Moderator* says:

  March 12, 2013 at 1:58 pm (Edit)

  Hi CaraS – What I mean to ask is do you think that Australian wine’s reputation among the wine trade has changed in the past 3 – 5 years?

  Reply

2.  *CaraS* says:

   March 12, 2013 at 2:19 pm (Edit)

   Thank you for clarifying.

   Fifteen years ago, prestige Australian wines were all the rage.
   The bold fruit and big flavors were exciting. Now that this fad has faded there are still great Australian wines, but the across the board enthusiasm for all Aussie wines has dimmed.

   Reply

   -  *Moderator* says:

     March 13, 2013 at 12:19 pm (Edit)

     CaraS – Do you find that this sentiment among your customers too? Or just among the trade?

     Reply

     -  *CaraS* says:

       March 14, 2013 at 9:25 am (Edit)

       yes, the same sentiment goes for my customers.

       Reply

3.  *JenniferS* says:

   March 12, 2013 at 9:29 pm (Edit)

I think I really depends on what market you get into. I think the same goes for trade. Somms geek out on unique and interesting things from around the world. Programs like Wine of Australia have really helped revive a little interest in the country. Especially when you talk Hunter Semillon and Riesling from producers like Grosset and Jim Berry. The prom queen of Australia would have to be Bindi and miss Congeniality would be Kooyong, both from Mornington Peninsula. Many of these cool, delicious, amazing wines are hard to find and lack presence in the US in general

I think the trade on a whole needs to be exploded to the quality. Quality is expensive and Australia for so long hung their had on value. It with take, energy and continued resources to see results.

Reply

-  *JohnS* says:

  March 13, 2013 at 10:38 am (Edit)

  I do know of one vineyard that is making a huge grass roots effort to promote and support their wines.Matt Fowles of Fowles Wine is buying a townhouse in VA, and plans on spending almost his time in the states to personally promote his wines up and down the East Coast.I love that he's not just handing out brochures to the wholesalers and sending them off to sell his wine.

  Reply

4.  *JohnS* says:

March 13, 2013 at 7:39 am (Edit)

I believe the trade perspective is starting to come full circle in the positive direction.When Australian wines were at their height 3 years ago there was amazing buzz in the industry and everyone was selling the jammy wines with funny labels. Thank god that all went away and now we're excited about the subtle, more interesting, inspired wines from wineries that are looking to build a strong relationship with the consumers.

Reply

-  *Moderator* says:

  March 13, 2013 at 12:22 pm (Edit)

  JohnS – How do your Customers perceive Australian wines? Have their perceptions changed?

  Reply

  -  *JohnS* says:

    March 13, 2013 at 3:10 pm (Edit)

I am fortunate in having a fair amount of oenephiles shopping at my store, and they understand the world of difference between a Yellow Tail Shiraz and a d'arenberg Dead Arm Shiraz. The overall consensus from my customers is that they are seeing less varieties of cheap wines, and more newer smaller vineyard wines.

Reply

5. *StefanW* says:

March 13, 2013 at 5:59 pm (Edit)

I find the trade in general to be much more wary this time around. They see the recent positive trends and general rise in quality of Australian wine, but they don't want to take the risk and go "all-in" like they did a few years ago. Likewise retailers are thinking twice before stocking their shelves with Eden Valley Rieslings or Tasmanian Pinot Noirs, even if we've tasted and liked them. There are other well-established and "safer" regions & countries for retailers to work with.

Smaller importers/distributors that work with the "new wave" of Australian wine are finding more success than their bigger cousins are.

Reply

- *Moderator* says:

  March 14, 2013 at 7:03 am (Edit)

  StefanW – Do you think that the trades' perceptions extend to customers?

  Reply

  - *StefanW* says:

    March 16, 2013 at 3:46 pm (Edit)

    Yes and No. Customers tend to be less likely to come in to the store and pluck a bottle of Australian off the shelf unattended. But if a wine consultant/salesperson suggests an Australian wine that fits the description of a wine they're looking for, most of the time they will take it. If you can sell your salespeople on the wine, then you can sell it to your customers.

    Reply

6. *MathewB* says:

March 13, 2013 at 11:48 pm (Edit)

Customers are still weary of the inexpensive Shiraz with critters on the labels. I totally agree with JohnS, customers are looking for quality over value.

Reply

-  *Moderator* says:

  March 14, 2013 at 7:02 am (Edit)

  MathewB – What about the other people you work with, especially your Australian wine buyer? How have their perceptions of Australian wine changed over the past few years?

  Reply

  -  *MathewB* says:

    March 14, 2013 at 8:45 am (Edit)

    Our Australian buyer has noticed more traditional wines coming back again, moving away from overly jammy fruit driven wines. The customers are also moving away from overly oaked chardonnay to more Burgundian style wines.

    Reply

7.  *RichardO* says:

   March 16, 2013 at 7:35 am (Edit)

   Some of our channel partners pushed low cost Australian products more in response to market conditions (e.g. more customers pursuing "value") but a few remained devoted to the mid to high tier products. We carry some excellent Australians in the shop – Amon Ra, the aforementioned cult favorite Velvet Glove, etc. For reference, our bottle prices range from $8.99 to $369 across all varietals and regions.

   Reply

WA On/Off Group 1 - Discussion Topic 6 – Attributes

Written by Moderator on 04 March 2013

What do you consider to be the most positive attributes of Australian wines in general? What are their points of differentiation by varietal type or region?

Discussion:

1.  *CaraS* says:

   March 12, 2013 at 2:24 pm (Edit)

I think that the range of wines is amazing.
You have Hunter Valley semillon that from the best producers can age for twenty years. The dry rieslings from the Clare and Eden Valleys are unique and wonderful. The Cabernet from the Margaret River region show a character that is unique to the regions. Many Barassa Shiraz can only come from that part of the world. The stickies from the Rutherglen are worth seeking out. The unique terrain, climate and range of grape varieties and style is what makes the wines of Australia great.

Reply

2. *JenniferS* says:

March 12, 2013 at 9:33 pm (Edit)

I would have to echo what Cara just wrote. There is so much diversity. Sending to her example is chard and Pinot Noir from Victoria and interesting production in Tasi.
There is so much personality down there.

Reply

3. *JohnS* says:

March 13, 2013 at 7:48 am (Edit)

I love the unique depth of flavors you can get from a Cabernet Sauvignon or Shiraz from Mclare Vale or Barossa Valley, and yes, the beautiful Rieslings. from Eden Valley.The overall concentration of flavors on the nose and the palate are unparalleled ,and have become the hallmark style for the region.

Reply

4. *Moderator* says:

March 13, 2013 at 12:25 pm (Edit)

To all of you – So you all see diversity is an attribute. How does this strength vary by price point?

Reply

- *JohnS* says:

  March 13, 2013 at 2:58 pm (Edit)

  I do very well in the under $20 price point with Shiraz, Cab, and chardonnay.Shiraz and Cabs sell okay at the $20-$35 price, but anything higher is a hand sell.

  Reply

- *StefanW* says:

  March 16, 2013 at 4:15 pm (Edit)

  Price point is a problem the moment you step out of the "value" range, in my experience. Once you hit $25 with Chardonnay, why not reach for Bourgogne Blanc? Or $40 with Grenache, why not Chateauneuf-du-Pape? You run into the same problem with Riesling, Cabernet, and everything coming out of Australia, unfortunately. There are so many "Old World" options out there, and while we're definitely not asking Margaret River Chard to go up against Batard Montrachet, our salespeople need to convince our customers that there's a very good reason to reach for an Australian wine over one from X region at EVERY price point. Given the range of wines available from Australia, that can be difficult…probably why most of our Australia sections are relatively modest these days!

  Reply

5. *MathewB* says:

   March 13, 2013 at 11:57 pm (Edit)

   I agree with everyone on this, Cab and Shiraz from the Barossa and Mclare Vale are fantastic. High end wines sell themselves in our shop. The lower price point shiraz need the hand sell with extra encouragement from the sales team, letting the customer know that we can be trusted.

   Reply

6. *Moderator* says:

   March 14, 2013 at 7:05 am (Edit)

   To all of you: How much added value, if any, do you think regional appellation wines bring in the minds of trade or consumers. Are any of them reliable indicators of style or quality?

   Reply

   - *MathewB* says:

     March 14, 2013 at 8:51 am (Edit)

     I believe that regional appellation plays a huge role in the purchasing habits of our customers.Its showing reliability, kind of like Napa for Cabernet.

     Reply

   - *JohnS* says:

     March 14, 2013 at 10:02 am (Edit)

How much added value is hard to quantify, but it does give the trade and consumers a good idea of what's in the bottle.I also like to use it as a hallmark to signify certain styles or characteristics they should come to expect. The label should be reliable indicator of style and quality, otherwise the whole area or region would become defunct. They are staking theirs and their fellow winemakers reputation by living up to that name, Barossa Valley, Mclaren Vale, etc. definitely carry expectations.

Reply

7.  *RichardO* says:

March 16, 2013 at 7:43 am (Edit)

I agree with CaraS – the amazing range of terroir and associated microclimates is what makes Australia attractive. That said, the wine-buying public is not nearly as educated on Australia – our average customer knows the basic differences between burgundy, Rhone, Bordeaux, Loire, etc. but very few can describe the differences between Margaret River, McClaren Vale, NSW, etc. It is an educational opportunity to say the least. We are big fans of Margaret River Chard (and who isnt). I am a personal fan of teh shiraz comiing out of Adelaide and Hunter Valley.

Reply

WA On/Off Group 1 - Discussion Topic 7 – Barriers

Written by Moderator on 04 March 2013

Thinking of selling Australian wines, what (if any) are the most typical barriers or difficulties you encounter when selling Australian wine to customers or accounts? Are there specific barriers that you associate with selling Australian value wines vs. more expensive Australian wines?

Discussion:

1.  *CaraS* says:

March 12, 2013 at 1:31 pm (Edit)

I think that the infiltration of so many low end Australian wines eventually hurt the consumers perception of Australian wines in the U.S. The perception being that all Australian wines are low end.

When I match a guest profile of the type of wine they are interested in enjoying to an Australian wine, the guest is often thrilled and says, "I never would have chosen an Australian wine." I also have customers who love the high end of the Australian wine spectum and are very comfortable ordering these gems. I have chosen not to carry any lower end Australian wines, I have chosen to focus on the premium sector.

Reply

-  *Moderator* says:

March 13, 2013 at 12:30 pm (Edit)

CaraS – Do you encounter any barriers when selling premium Australian wines?

Reply

-  *CaraS* says:

  March 13, 2013 at 1:13 pm (Edit)

  I have some really amazing high-end Australian wines. These wines tend to be purchased by someone already familiar with the producer.

  Reply

2.  *JenniferS* says:

   March 12, 2013 at 9:40 pm (Edit)

   One barrier has been the focus of my programs and they not fitting in. But in general I definitely agree the flood of cheap Aussie wine make it more difficult to sell higher priced selections due to guest perception. Higher end fine wine from Australia is a definite hand sale. Some people turn nose up before you even finish a sentence, but with time and more positive press it can slowly turn back around.

   Reply

3.  *JohnS* says:

   March 13, 2013 at 7:57 am (Edit)

   I haven't noticed any problems selling Australian wines in general, so long as that's the style of wines they are want. The biggest obstacle in the value vs expensive category, is getting people to understand the world of difference between the two, grape juice vs heaven on earth. always a challenge!

   Reply

4.  *JenniferS* says:

   March 13, 2013 at 9:16 am (Edit)

   One barrier that does come to mind, is the growth of our own wine industry in with country. WA is starting to get more and more country wide notice. This could be persuading people to buy US. Its no longer just CA making wine and WA is pushing hard to make a presence further away from home.

   Reply

- *Moderator* says:

  March 13, 2013 at 12:32 pm (Edit)

  JenniferS – What Australian wines (varietals, price points, etc.) do you see competing with WA wines?

  Reply

5. *MathewB* says:

   March 14, 2013 at 12:05 am (Edit)

   I think the barrier is the value priced wine market, we flooded our customers with inexpensive mediocre wine.
   After thinning out the herd, the wines we have in stock are dependable, great tasting wines.

   Reply

6. *Moderator* says:

   March 14, 2013 at 7:10 am (Edit)

   To all of you: Have you seen a change in this consumer sentiment over the past few years? How do you gauge consumer sentiment?

   Reply

7. *MathewB* says:

   March 14, 2013 at 8:57 am (Edit)

   Gauging consumer sentiment is difficult, but in my opinion, you just have to ask the easy questions, but in the end, you just have to ask the consumer. What is it you like about the wines that you buy? Do you think Australian wines have gotten better in the last few years?
   When I ask consumers these questions, it opens up so many more possibilities to sell more wines from around the world that could be matching up to their palate.

   Reply

   - *JohnS* says:

     March 14, 2013 at 9:51 am (Edit)

     Consumers had been put of by the overly jammy, high alcohol, 2 dimensional style that flooded the market. Recently I have been tasting a much better variety of styles, and am

recommending Australian wines again. The only way to truly gauge consumer sentiment is either by sales or by physically asking customers.

Reply

8. *RichardO* says:

March 16, 2013 at 7:49 am (Edit)

As I alluded in the previous question, the primary barrier is a general lack of knowledge among consumers. Add to that the prevalence of low-cost producers such as Yellowtail, Monkey Bay, Three Penguins, etc. and Australia has set them selves up for the stigma that Australian = cheap. We educate our customers on what's good and what's not and are frequently please to convert (or at least broaden the horizons of) a devout California drinker. We stress that while Australia does offer many exclellent approachable wines to satisfy any pocketbook, you don't have to settle for whatever cartoon-emblazoned bottle you see on a supermarket endcap.

Reply

- *StefanW* says:

March 16, 2013 at 4:24 pm (Edit)

I agree, and would add that the range of wines available from Australia is dizzying for our sales staff too. Unless you have a dedicated Australia salesperson, most customers when asking "I want Chardonnay" will be directed to Burgundy or California. For Merlot, Bordeaux or Washington. For Sauvignon Blanc, Loire or New Zealand. The list goes on (with Syrah being the exception). Staff education, I believe, is the key.

Reply

WA On/Off Group 1 - Discussion Topic 8 – Wines Positioned for Growth

Written by Moderator on 04 March 2013

Which Australian wines (varieties/types/price points) do you think are best positioned for growth on the U.S. market? What are the attributes of these wines that make them appealing to the trade and consumers?

Discussion:

1. *CaraS* says:

March 12, 2013 at 1:41 pm (Edit)

Cooler climate wines with more restained oak use are much better for my property because they pair better with the cuisine we serve.

I think wines in the retail price point of $20 to $40 are where Australian wine sales will increase. There are many wines that can be seen as having very good quality/price ratio in that price range.

Reply

-  *Moderator* says:

  March 13, 2013 at 12:34 pm (Edit)

  CaraS – I meant to ask you earlier, tell me more about the focus of the cuisine at Stein Eriksen Lodge.

  Reply

  -  *CaraS* says:

    March 13, 2013 at 1:09 pm (Edit)

    We serve American cuisine with a global influence that features the best ingredients possible.
    Because we are a hotel that is located mid-mountain at Deer Valley ski resort we have multiple options for dining. We have a casual restaurant and a formal dining room. During lunch in the winter we offer "skiers buffet" which features an array of amazing foods from salads, cold seafood, hot dishes, chef driven action stations….
    On a busy day in the winter we will serve 400 people lunch. Lots of wine is sold at lunch during the ski season. This is where I see Aussie dry rieslings, SB, NZ SB, unoaked chards, chianti, pinot noir from all over move either by the glass or bottle. Dinner is more formal and we sell numerous prestige wines. Our bar is also open for dinner with a more casual menu. 75% of my alcohol sales are wine.

    Reply

2.  *JenniferS* says:

   March 12, 2013 at 9:48 pm (Edit)

   Definitely with more restrained and age worthy wine that get out into the market, via promotion/marketing and good press, the more attention the average consumer with start to pay attention to. Trade loves terroir and cool climate. I would love to see more trade get exposed to the cooler areas, like Hunter Semillon from Tyrell or Brokenwood.

   Reply

3.  *JohnS* says:

   March 13, 2013 at 8:03 am (Edit)

Like CaraS I also see the $20-$40 category having the best potential for growth.Cooler climate chardonnays, and big reds with better canopy mangement, less yield, and lower alcohol, are going to really help showcase the uinque terriors.

Reply

4.  *MathewB* says:

March 14, 2013 at 12:13 am (Edit)

20-40 category will see significant growth as we come out of this recession.(It cant last forever, can it?) In my opinion, this will occur because the customer has had to make better/more rational decisions when it comes to the purchasing of alcohol during a recession. They are refining their palates for better quality.

Reply

5.  *RichardO* says:

March 16, 2013 at 7:54 am (Edit)

I see some growth in the over $20 segment and expect that trend to continue. As customers are educated on ausralian wines they slowly lose teh stigmas and preconceptions about it and are willing to explore other varietals and regions. Shiraz is where I'd expect to see most upward pricepoint pressure due to the wide variety of offerings available in the market and because almost everyone recognizes Australian Shiraz.They are also somewhat easy to handsell particularly if you have a story about the winemaker, uniquites of the terroir, etc.

Reply

6.  *StefanW* says:

March 16, 2013 at 4:33 pm (Edit)

Margaret River Chardonnay (balanced, great acidity, little to no oak) and the stickies from Rutherglen (which I keep calling Rutherford for some reason) are primed for massive growth…stickies in general are gaining more and more respect across the board, and consumers are realizing that you don't need to bust out $100 for a Vintage Port or TBA to enjoy a great sweet wine.
But I think Riesling is the next hot wine from Australia. Eden and Clare Valley Riesling are becoming constantly more accessible and, let's face it, the press they keep receiving doesn't hurt. Their dryness and tendency towards more citrus flavors (while still maintaining acidity) than their Germanic cousins give them a unique identity. Add in pricepoint and labels that are much easier to interpret, and I think you have the next big Australian wine.

Reply

WA On/Off Group 1 - Discussion Topic 9 – Promotions

Written by Moderator on 04 March 2013

Have you participated in or experienced any kind of promotional activities or events conducted on behalf of Australian wines or other country or regional promotions ongoing in the U.S. in the past two years?

Discussion:

1. *CaraS* says:

   March 12, 2013 at 1:34 pm (Edit)

   Yes, but not for Australian wines.

   Reply

   - *Moderator* says:

     March 14, 2013 at 7:14 am (Edit)

     CaraS – Tell me about your experiences with promotional campaigns/programs of other regions/countries. Which ones stand out?

     Reply

     - *CaraS* says:

       March 14, 2013 at 9:32 am (Edit)

       In my opinion Australia needs to focus on the wide range of regions and quality wines from those regions. Look at the wines of France as an example. Wines are promoted by specific regions; Bordeaux, Rhone, Alsace… vs just wine from France.

       I have traveled to Australia three times to study their wines for a total of seven weeks of exploring. The range is extremely broad. I think the average consumer associates Australian wines with the low-end regional wine.

       Reply

2. *JenniferS* says:

   March 12, 2013 at 9:53 pm (Edit)

   Yes. I participated in the Wines Of Australia program while I was in Seattle. I was able to attend a promotional tour over there through this program. There were 10 from west coast selected and I think 12 from Midwest/east coast.
   It was an amazing trip. I'd love to go back.

Reply

- *JenniferS* says:

  March 12, 2013 at 9:54 pm (Edit)

  It was 3 years ago though this Spring

  Reply

  - *Moderator* says:

    March 14, 2013 at 7:13 am (Edit)

    JenniferS – Do you have any experience with the promotional campaigns/programs of other regions/countries? If so, how does your Australian experience compare?

    Reply

3. *JohnS* says:

   March 13, 2013 at 8:07 am (Edit)

   Whole Foods Market ran a Top 10 program with Australian wines three years ago.

   Reply

   - *Moderator* says:

     March 14, 2013 at 7:13 am (Edit)

     JohnS – Do you have any experience with the programs of other regions/countries? If so, how does your Australian experience compare?

     Reply

     - *JohnS* says:

       March 14, 2013 at 9:44 am (Edit)

       I've run programs involving wines from Australia, Bordeaux, Spain, California, Virginia, and now Argentina.The Australina wines were very well received, but again it was three years ago, and consumers were still excited about them back then.

       Reply

4. *MathewB* says:

   March 14, 2013 at 12:15 am (Edit)

   I am sorry to say, no!

   Reply

   - *Moderator* says:

     March 14, 2013 at 7:15 am (Edit)

     MathewB – Any experiences with promotions of other regions/countries? Any stand out?

     Reply

     - *MathewB* says:

       March 14, 2013 at 9:08 am (Edit)

       What I have seen in the past few years is an influx of South American producers making their way to the southern California market for visits. Talking about the wines with the producers is a whole lot different than just hearing it from your sales rep.I have seen some producers multiple times in a year.
       I have not been but have heard amazing things about the Bordeaux tasting in L.A.

       Reply

5. *RichardO* says:

   March 16, 2013 at 7:59 am (Edit)

   None for Ausralia although we conduct Australian-themed tasting in store. I've attended dedicated events for Argentina, Chile, Rioja and Champagne in the past year or so. Of course there are the holiday events, showcases and supplier lunches/dinners that our vendors host each year but with the exception of the supplier events, these are not regionally-focused.

   Reply

6. *StefanW* says:

   March 16, 2013 at 4:44 pm (Edit)

   I would use Road Trip Washington Wine as the template for a potential Australian wine promotion. An incredible experience.

I must admit that I don't go out seeking regional promotions, but I very rarely see dedicated Australia events held in NY. And I'm not sure why.

Reply

WA On/Off Group 1 - Discussion Topic 10 – Future Growth

Written by Moderator on 04 March 2013

How do you foresee the growth of the Australian share of market in the U.S. in the coming five years? What factors do you think are the most critical to increasing share of market for Australian wines?

Discussion:

1. *CaraS* says:

   March 12, 2013 at 1:37 pm (Edit)

   I think the focus should be on quality and the range of styles of quality wines from various regions.

   Reply

2. *JenniferS* says:

   March 12, 2013 at 9:59 pm (Edit)

   Continue to promote individual regions and celebrate differences. Prove that there is such time as terroir there. Continue to promote the mid to upper tiers of their industry.
   Continue programs like Wines of Australia for trade. Mark Davidson and Suzy Barros were amazing teachers and great ambassadors.

   Reply

3. *JohnS* says:

   March 13, 2013 at 8:14 am (Edit)

   I see the potential for smart growth in the U.S. market, which I feel is already happening.There needs to be a better balance of quality wines in the mid to high price points to counter balance the volume of cheaper wines, thereby letting consumers know there are quality wines to choose from as well.I hope that the days of the mass/bulk importer with silly labels is done.

   Reply

4. *MathewB* says:

   March 14, 2013 at 12:22 am (Edit)

   Attention to detail is key.
   Quality over quantity.
   I think that the Australian wine market is still feeling the reaction of consumers getting cheap critter wines. This will take time to heal, but if they keep producing good quality wine, the customers will come back.

   Reply

5. *Moderator* says:

   March 14, 2013 at 7:18 am (Edit)

   To all of you – What specific programs or initiatives do you think should be put into place on behalf of Australian wines in the next three years to stimulate growth of market share?

   Reply

   - *MathewB* says:

     March 14, 2013 at 9:12 am (Edit)

     I think the hands on approach would be best. Producers traveling around the U.S. and spending time explaining their techniques and styles would be awesome.The consumer wants to hear it from the source.

     Reply

   - *JohnS* says:

     March 14, 2013 at 9:38 am (Edit)

     I would recommend doing a series of trade shows in conjunction with local wholesaler/ buyer meet and greets, along with in store tastings, bottle signings, and special events/ dinners.The producers need to sell to the trade as well as to the consumer

     Reply

     - *StefanW* says:

       March 16, 2013 at 4:58 pm (Edit)

I have to add: do NOT latch onto massive trade shows like the ones they hold at the Javits Center in NYC. Australia will get lost in the shuffle. Create one just for Australia and aggressively promote it, and try hard to get big names involved.

Reply

6.  *RichardO* says:

March 16, 2013 at 8:05 am (Edit)

I see internal growth in store but nationally I suspect market share will remain flat. The wine market has taken a hit in favor of teh resurgence of craft beers and the vast numbers of wines available make it challenging to affect significant change. The small local restaurants and shops have tremendous influence over their piece of a market but without a rigorous, national marketing effort by government and/or commerical trade organizations I don't foresee significant impacts to market share (for any region)

Reply

7.  *StefanW* says:

March 16, 2013 at 5:01 pm (Edit)

Australian market share is going to increase in the coming years, it's inevitable. The unfairly good 2012 vintage has already yielded excellent whites, and I'm looking forward to the reds. Riesling is going to be a huge factor in the coming years. With wine lovers becoming ever-more educated and the trade constantly looking for the next exciting wine, as long as Australia continues on the path it's on and steers away from catering to the lowest common denominator, it's going to grow in the US.

Reply

ON- AND OFF-PREMISE GROUP 2

WA On/Off Group 2 - Please Introduce Yourself

Written by Moderator on 04 March 2013

Please tell us a little bit about what you do professionally in the wine industry. In addition, and from your point of view, what are the key factors that lead to success in growing market share for the wines you sell or represent?

Discussion:

1. *JohnM* says:

   March 18, 2013 at 7:03 am (Edit)

   I am a Propietor of a well known fine wine and spirits shop in the mid Atlantic area. I have been in the wine business fo 40 years.
   Key factors for the growing success of specific /all wine brands begins with the quality of juice in the bottle. Product knowledge,knowing your customers taste/pocket book and customer service all are key in factors in your ability to be successful in the wine industry.
   The last factor is your ability to communicate with your customers. Know what they like and give them ideas for trying new and diferent wines from around the world.
   Gain their trust !

   Reply

   - *DavidS* says:

     March 18, 2013 at 7:30 am (Edit)

     I have enjoyed wine and have traveled extensively thoughout CA and Oregon visiting numerous wineries. I work at a local BevMo in CA after retiring. I have achieved a certified Sommelier level II and continue to expand my knowledge.

     It is important for my BevMo clients to understand the wide ranges of good to great wines that can be found from CA and the rest of the world and help them find the wine style they enjoy. I also work to help them pair wine and food.

     Reply

2. *MelissaD* says:

   March 18, 2013 at 8:31 am (Edit)

   I am the Vice President of Wine Buying for a major national wine retailer. I specifically focus on our Domestic and Australia portfolio.

In order to increase market share you have to be able to provide your customers with great quality products at the best price. However, beyond that you have to provide them with great service. Whether the consumer is a novice wine drinker or extremely educated in the world of wine you need to be able to talk to them, understand what they are looking for and deliver what they need. Customers need to know that you are listening to them and that they can trust in you for their wine choices.

Reply

-  *JustinG* says:

  March 18, 2013 at 9:46 am (Edit)

  Hello,

  I have been in the alcohol beverage industry for almost 12 years. I began with a "big box" retail chain in California, and since relocating to Colorado, I am the store manager/buyer for a mid-size boutique shop next to a busy grocery store in S. Denver Metro.

  It is a small town I'm in. Our niche to this small market is that I've help transition the store to more boutique wines, craft beer & classic cocktail spirits. Virtually everyone in town sells the same items. Working with smaller distributors has helped my profit, added variety. I've also hired knowledgeable staff members of home brewers, bar tenders and Sommeliers.

  Reply

3.  *RafaelD* says:

March 18, 2013 at 9:47 am (Edit)

I am a front-server in a fine dining California wine country restaurant in a luxury convention hotel in Orlando, FL. My venue sales focus is Napa/Sonoma with 80% of our inventory coming from California, and with Oregon/Washington, Argentina, Italy, France, South Africa and Australia with a a couple of Chile and Spain wine offerings completing our inventory. Our focus is to pair wines with menu offerings based on where our guest preferences, budget, and willingness to step out their comfort zones.

I am a level II certified sommelier, and continue to study towards further certification. While I have been involved professionally in the wine industry for about 4 years, I have been a wine collector and consumer for over 20 years focusing on Spanish, Italian, Portuguese and French wine.

Our top focus to increase wine sales is to educate our salesforce and our guests. Listening to where guests are at the beginning of the dining experience while assessing whether there are willing to explore new wine experiences, then pair with our menu. Our guests visit from all over the world, so guests' personal wine experiences vary from table to table.

In sales and service training, we constantly reaffirm to servers that guests must know how much we care, before they care about what we know. Listen and suggest based on what we have learned about them… Invariably next time they purchase, they want us to recommend our favorites, therefore increasing sales month after month.

Reply

4. *ChuckH* says:

   March 18, 2013 at 9:57 am (Edit)

   I am the Australian and New Zealand wine buyer for a fine wine internet retailer based in California. I have worked here for a bit over three years after working for 23 years at a majot brick and mortar store in San Francisco. I am also responsible for our company's blogs, some social media work and company brand communications. I have been involved with the Australian wine market for over 25 years.

   Success in selling wines comes from knowing your product, working with wineries and marketing associations to help with staff education and sales promotions for consumers. After that, you have to learn even more about the products you represent…. Continue… Repeat…..

   Reply

5. *JimB* says:

   March 18, 2013 at 12:34 pm (Edit)

   Having worked in all aspects of the industry for the past forty years, I view trends and cycles in a much different fashion today.

   Reply

   - *Moderator* says:

     March 18, 2013 at 6:00 pm (Edit)

     JimB – Please tell me more about your current job and positions in the wine industry you've held in the past.

     Reply

     - *JimB* says:

       March 19, 2013 at 12:34 am (Edit)

       I spent the 70′s & 80′s with a Midwest distributor and importer. The last twenty years has been as a wine broker. I currently work with a major retailer.

       Reply

6. *BelindaR* says:

   March 18, 2013 at 1:52 pm (Edit)

I have worked in wine retail for 10 years now and the best way to succeed is to build a trust with your customer. They will come back to you again and again and they will tell their friends about you.

Reply

-  *Moderator* says:

  March 18, 2013 at 6:01 pm (Edit)

  BelindaR – Please tell me more about your current job and positions in the wine industry you've held in the past.

  Reply

  -  *BelindaR* says:

    March 21, 2013 at 2:27 pm (Edit)

    I have worked for a wine shop and small bar in Atlanta for two years, a wine shop in Arkansas for a year, then did 4 years of my own tasting and catering for an investment group and three years as a Beer & Wine Manager for the largest family owned grocery store in Texas.

    Reply

7.  *AlfredoR* says:

   March 19, 2013 at 7:11 am (Edit)

   I'm working as an assistant store manager at a store that specializes on wine with spirits and beer as secondary.
   I also have worked as a server in fine dining as well as casual dining were the wine lists are extensive.
   Factors to grow market share: Marketing using internet, radio, television and always be in constant contact with your customers.

   Reply

8.  *MichaelY* says:

   March 19, 2013 at 8:03 am (Edit)

   I am the President of Sherry-Lehmann, a leading retail establishment in the field of fine wine. In my 31 years in the industry, 26 of them here at Sherry, I have traveled extensively throughout the wine growing regions of the world.
   Aside broad tasting experience, my areas of specialty are sales and marketing as well as new product developement.

   Reply

9.  *Moderator* says:

   March 19, 2013 at 2:36 pm (Edit)

   To all of you – Thinking of the key factors you've mentioned for building market share, how do you think Australian wines stack up against those factors?

   Reply

10.  *Moderator* says:

    March 19, 2013 at 2:40 pm (Edit)

    Please disregard my last question. I asked it last night in a different discussion topic – I apologize!

    Reply

11.  *JamesH* says:

    March 19, 2013 at 3:24 pm (Edit)

    I am the Sommelier for a boutique luxury lodge in the San Francisco Bay Area. Our list currently has 2200 selections,with a cellar in excess of 15000 bottles, focusing on California, Bordeaux, Burgundy and Italy. Wines are sold primarily to guests in our fine-dinning restaurant, in the bar and lounge as well as through banquets and in room dining.
    For us, the key factors for our success are a high level of expertise in the wines we offer, as well as having a consistent quality of wines in all price points. We also showcase the wine program and local wineries through winemaker dinners, release parties, vertical tastings and by-the-glass promotions. We strongly believe that cultivating great relationships within the wine industry helps everyone to succeed.

    Reply

WA On/Off Group 2 - Discussion Topic 1 – Main Drivers

Written by Moderator on 04 March 2013

Thinking of the U.S. wine industry as a whole, and not just Australian wines, please give us your opinion on the trends or factors you see as main drivers of the market, including examples you might think of as "what is hot and what is not" on the market today.

Discussion:

1.  *DavidS* says:

   March 18, 2013 at 7:34 am (Edit)

Being from CA and working in a “box” store like BevMo I get a broad look at the wants of my guests. Many like to expand into other countires like Australia and Spain but I see a big trend toward moscato and sweeter wines. I also notice a push to get younger peopel into wines by packaging and “sweeter” tasting wines.

Reply

2.  *JohnM* says:

March 18, 2013 at 8:08 am (Edit)

I belive, still, most consumers talk dry and drink fruity.
The U S wine market is still driven by Chardonnay as seen thru the sales of Kendall Jackson Vintners Reserve (4 million cases). The Parkerization of the industry has given us higher alcohols and more extracted wines. Style diferences between old world and new world has created wines
of many styles. Riper fruit and less structure have divided
the industry.
We are fortunate to have the best of both worlds ,here in the US.
Cabernet Sauvignon is the main player on the red side. Merlot,which took a back seat after the movie “Sideways” is slowly rebounding and the Pinot Noir craze has taken a small step back. Syrah is still trying to find its niche and Zinfandel has been plugging away.(Ah, I am a Zin-o-holic)
Sauvignon Blanc remains strong as this varietal matches with food quite well. The other players on the white side Pinot Gris/Grigio have their up and downs. Oregon Pinot Gris is doing quite well and a bright spot in the industry.
The Rhone whites are waiting to be discovered.
These are just my thoughts for US wines.
Price points have become very important over the last 10 years. Wines retailing for under $20. still drive the industry. The higher priced wines, unless known , move slower.
My question to the industry is: How many $100.00+ of Napa Cabernet Sauvignon can you sell ? There are way too many high priced wines on the market and a limited consumer base to buy these!
The other problem I see is within the ‘Trade’ publications.
Publications have NO business of making broad statements concerning certain vintages!(All wines from a certain vintage are bad) We in the industry must move through these vintages. Publications need to become more helpfull to achieve this.(Find something good to write about and downplay the negatives.)
I can go on and on but will stop there.

Reply

3.  *MelissaD* says:

March 18, 2013 at 8:45 am (Edit)

Wine is seeing an explosion of sweeter profile wines with sweet reds and moscato seeing a lot of growth. Cabernet and Chardonnay are still the dominant categories with Merlot and Shiraz seeing a definite decline. There are interesting trends popping up in the world of alternative packaging, but it has yet to be determined if these trends will take off.

A large driver of the market is the millenial generation who is now adopting wine as part of their lifestyle. They are seeking new and different things.

Reply

4. *DavidS* says:

   March 18, 2013 at 8:58 am (Edit)

   Yes I agree with JohnM, peopel forget that in ALL wine areas there a multiple climates and areas so while a year may not be good in one area of let us say Napa there many be a terrific year in Carneros or Paso. Same holds true in Australia baring fires that can alter the growing but so many varied climates.

   Note to Melissa, I see merlot taking a growth in southern california. Shiraz is still grtowing the the Australian area of thesstore and CA syrah is also making a pitch for growth.

   Reply

5. *RafaelD* says:

   March 18, 2013 at 10:08 am (Edit)

   I see a major consumer trend towards exploring South hemisphere wines and "new" grape varietals and blends, moving away from top sellers Cabernet Sauvignon and Chardonnay. I see a rebound in Merlot and a new acceptance of Malbec. The recognized by name varietals, which used to be just a handful, are now increasing to up to a dozen. Cabernet Sauvignon, Chardonnay, Pinot Grigio/Gris, Sauvignon Blanc, Moscato, Reisling, Merlot, Malbec, Pinot Noir, Syrah/Shiraz, Viognier, and Zinfandel are now increasingly requested by name. Similarly wine region recognition is increasing, most likely due to increased marketing by wine regions.

   Reply

6. *JustinG* says:

   March 18, 2013 at 10:13 am (Edit)

   I notice virtually what everyone else does. Communicating with friends across the country in different markets, it's the same. Today's young wine drinker is uneducated about wine. They like comfortable and approachable, easy drinking. Nothing earthy or tannic. Sweet Whites/Reds, Middle of the road whites & reds.

   I believe another factor of the recession is that people more than ever don't want to gamble with wine. They want to like what they purchase, so they become loyal to brands that are consistent. Sweet and Blended…

   What's HOT: Pinot Grigio (domestic, import), Prosecco (except importers are raising the price on inferior product in my opinion. They can get away with it because of the demand in the U.S.) Sweet whites/reds, Red Blends(domestic, more and more import reds). Other white varietals are trending in my location. Pinot Grigio is bridging the gap from Chardonnay. Viognier and Marsanne is doing well in my location lately. Light to medium bodied whites across the board. Not matter what origin, they like clean, straight forward with a little supple fruit on the finish. Other reds such as domestic Sangiovese, Cab Franc and Carignan does well in my store. Of course box wines. I've managed to find a number of great quality box wines that I'm retailing over $25 (3L) It is becoming more acceptable to drink box wines… whether we like it or not. Quality boxes do exist. Washington Red wines are on fire.

What's NOT: Spain is crawling in my store. Syrah unfortunately (which is starting to change with the success of Washington, Thank You!) France & Italy in my location just because of the market. We are educating, but they are force fed sweet and boxed wine. Selected Chardonnay wines. Like most, I've probably dedicated more shelf space for Chard, but it just isn't where it's at anymore. I keep wine traditional brands on hand, but don't hesitate to drop the slow movers. I'm considering expanding "other whites" & "Pinot Gris".

Reply

7. *ChuckH* says:

March 18, 2013 at 12:25 pm (Edit)

The answer to this depends on what segment of the market your and the breadth of your customer base. Speaking on this: our market is upscale consumers searching for fine wines at the premium segment of the market and our customer base which is national.

The rise of alternative sources of info (blogs, net, etc) and the relative decline of the influence by Parker, WA, etc. is probably the biggest trend. But at the same time, this may be the case on the coasts but as regards "the middle" (of the country/price segment/wine style) the influence of WA/WS will persist for some time.

Linked to this is the rise of the educated consumer which bodes well for increased demand over the next 10-20 years.

In the US, locovore movements will translate to growth of wineries in other US states. Expect more success stories like Virginia to happen across the country.

Not much of a trend follower because after 25 years in the biz, what was not hot became hot, then not and now its hot again (see Bordeaux, low alcohol chardonnays, Australia, etc.). Just sell what you like and create your own trend has been my motto…

Nevertheless, the trend towards "marketing/packaging/lifestyle/personality" based wines that is now popular is not a trend I like to see. Fortunately, not playing in that segment of the market.

Reply

8. *JimB* says:

March 18, 2013 at 12:45 pm (Edit)

My experiences of four decades ago are little different from today. Talk dry and drink sweet/fruity/easier.

Reply

9. *BelindaR* says:

March 18, 2013 at 1:58 pm (Edit)

My customers look for the best wine at the best deal. We carry a particular pinot noir from France that retails under $10. They have a small problem keeping is stocked with product but about 5 weeks ago we brought in a pallet of it and sold it in 4 days. We were out again for about 4 weeks and brought it in again and sold half a pallet on one Saturday. It is a bolder and fruiter pinot than your typical California pinot and we sample it out often and have built an almost cult like following. It's amazing!!

Reply

10. *DavidS* says:

March 18, 2013 at 5:41 pm (Edit)

I read an article where the baby boomers are now on a fixed income – true some have a high fixed income – and marketing is toward the mid 20′s to 30′s and look at some of the bottles they have. Jazzy and quirky to capture that group. Probably trying to get them off the craft beer route. I do find the younger set (I am not young) finding the Stella Rossa's and fruitier wines.

Also the organic movement as mentioned somewhere is a strong force in driving the wine industry as well.

Reply

11. *Moderator* says:

March 18, 2013 at 8:30 pm (Edit)

To all of you – Thinking about the factors you mentioned that lead to success in growing market share, how does Australian wine stack up?

Reply

- *JimB* says:

  March 19, 2013 at 12:46 am (Edit)

  Aussie wines, like so many other regions, could do much more to inform the consuming public. Educated consumers are vital to growth. Just ask the French…

  Reply

- *MelissaD* says:

  March 19, 2013 at 4:33 am (Edit)

  Australian wines have the taste profile I believe the customer is looking for. However, the region needs to reinvent itself and how it markets to consumer. Yellow Tail started the critter label craze, but now it takes more than that to make your brand stand out and appeal to consumers. Australia can not continue to do the same thing and expect the sales to follow.

Reply

-  *ChuckH* says:

  March 19, 2013 at 7:36 am (Edit)

  Aussie wines, in general, have a positive image among consumers as great values, wines with character (and made by characters), and reflective of the the country's general culture. There's a general disposition among Yanks to like Aussies which has done the industry well (think Outback Steakhouse).

  Reply

-  *JohnM* says:

  March 19, 2013 at 1:16 pm (Edit)

  Aussie wines have established themselves by putting a decent to great product in the bottle at fairly reasonable prices.
  This is why Aussie wines have been a mainstay in the industry for 25+ years. They will continue to be successful as more people become wine drinkers.

  Reply

  -  *ChuckH* says:

    March 19, 2013 at 2:22 pm (Edit)

    Agreed and well said.

    Reply

-  *JamesH* says:

  March 19, 2013 at 3:46 pm (Edit)

  Having spent my entire career in NorCal restaurants, there's never been a huge demand for Aussie wines. I think retail demand has been much higher than in restaurants, though. That being said, there has also been a lack of outreach from the importers and distributors to push Aussie wines to Somms, at least in SF.

  Reply

  -  *Moderator* says:

    March 20, 2013 at 5:47 am (Edit)

JamesH – Thinking of the U.S. wine industry as a whole, and not just Australian wines, please give us your opinion on the trends or factors you see as main drivers of the market, including examples you might think of as “what is hot and what is not” on the market today.

Reply

-  *RafaelD* says:

  March 20, 2013 at 9:18 am (Edit)

  I think Australian wines could do a better job in marketing their regionality as opposed to country of origin and varietal – or on the other hand an individual brand or winery.

  Just as a point of example, last night, we had a winemaker from Sonoma come to our restaurant to talk about his wines. Even though most of his wines are single vineyard, in his talk, he emphasized Sonoma as a point of quality and terroir. Not until he made the point that his wine is first a Sonoma wine that he started to emphasize micro-climatic, temperature and elevation differences.

  In regards to marketing in the US, I agree with Chuck H when he mentioned that “There’s a general disposition among Yanks to like Aussies which has done the industry well”. That facet of general American culture could be explored in the marketing efforts.

  Reply

12.  *DavidS* says:

    March 18, 2013 at 9:04 pm (Edit)

    I have seen tastings for Rioja i the LA OC area of Californa but nothing in the way of Australia. In the trade news I have seen ads and discussions but not that I can recall in regards to local news, coupons or general discussions. These are the things that will motivated customers and us to look into the Aussie wine industry again.

    Reply

    -  *ChuckH* says:

      March 19, 2013 at 7:37 am (Edit)

      Totally agree. EEC countries are outperforming in consumer and industry outreach vis-a-vis Australia over past 5-8 years. Not good for the brand.

      Reply

13.  *JustinG* says:

    March 18, 2013 at 10:07 pm (Edit)

There isn't anything noticeably visible to the public that is different with Australian wine that I can see. "Sweet Red Roo" for Yellow Tail, or Moscato would be the extent. I don't carry the products, they were mentioned to me.

How about Sparkling Rose ala Barefoot, Sparkling Moscato, etc… Not my style, but if you're looking to win people over, it's an opportunity.

Reply

14. *AlfredoR* says:

March 19, 2013 at 7:28 am (Edit)

As of right now, sweet, semi-sweet reds and white are the trend.
Also trending are the wines made by way of taking public surveys such as CUP CAKE WINES by cupcake winery, MANAGE A TROIS WINES is another example.

Reply

15. *MichaelY* says:

March 19, 2013 at 8:13 am (Edit)

A recent survey conducted by a leading importer who simply sent "shoppers" into wine retail venues to speak NOT to owners or managers but to sales people revealed that by a 70% plurality the most frequent question posed by customers was "what's new?"-
Given the advances in wine growing and vinification with the result being a "glut" of higher quality products, grabbing the attention of the client is key. Attention grabbing names, packaging and new tasting experiences are on the front burner, pushing all but the true classic producers and regions aside.

Reply

16. *DavidS* says:

March 19, 2013 at 8:23 am (Edit)

Excellent point about "what's new" and I get "what is the best deal for the $". I need to re-think Aussie wine as that. I have seen several wineries ie blackstone changing packaging. As noted before lighten up the labels as well as the wines to reach the new wine drinkers and bring more into the fold. I also read where cocktail consumption in
France is up and wine consumption is down.

Reply

WA On/Off Group 2 - Discussion Topic 2 – Australian Wines

Written by Moderator on 04 March 2013

What kinds of Australian wines do you sell or represent, by type, variety, and price point?

Discussion:

1.  *DavidS* says:

   March 18, 2013 at 7:51 am (Edit)

   At BevMo in Ca we carry the main Austraian wines. D'Arenberg, Jacobs's Creek and Paringa for example. The price point is between the $7 for Alice White up to mid $20 for Robert Oatley. We carry a good amount of shiraz and Sauv Blanc and other "traditional" grape varietals.

   Reply

2.  *MelissaD* says:

   March 18, 2013 at 8:41 am (Edit)

   We carry a large variety of Australian wines across all price points – from Lindemans and Yellow Tail to Two Hands and Penfolds Grange

   Reply

3.  *JohnM* says:

   March 18, 2013 at 8:55 am (Edit)

   We run the gauntlet on Aussie wines From Lindemans to D'Arenberg and Oxford Landing to Yalumba.
   Chardonnay, Cabernet Sauvignon, Merlot, Shiraz basically all varietals at all price points. Prices vary from $6 for Lindemans to $60 for D'Arenberg Dead Arm. We also carry some stickeys like Yalumba Muscat Museum $20.

   Reply

4.  *RafaelD* says:

   March 18, 2013 at 10:19 am (Edit)

   We offer two Shiraz – Rocland Lot 147 and Chateau Tanunda, and a Grenache – High Hand… price points $50 to 170 which is up to par to the rest of our price list.

   Reply

5.  *JustinG* says:

   March 18, 2013 at 10:31 am (Edit)

   6ft of Aussie SKU's. Almost 60 labels. Mostly reds with Chard the primary white.

   Yellow Tail is our #1 SKU $7. Penfold's KH reds are #2 cumulatively $11. We push D'Arenberg and top shelf Pendfold's with success. $18-$25 Chester makes great wines, they are an easy sell. That $25 price point is about where my store tops out for my customers, so I have little over $25.

   Other brands, Mitolo, Robert Oatley, Yalumba, Lindeman's, Stump Jump series from D'Arenberg, Jacob's Creek. I have a lot of single label brands in the store that I push, Milton Park, Turner Crossing, Stonehorse, Rocland and Chocolate Box is coming on strong.

   No McWilliams, No Penguins, No Woop Woop. They were slow movers.

   Reply

6.  *ChuckH* says:

   March 18, 2013 at 12:34 pm (Edit)

   No critter wines.

   Try to carry wines from most of the country's best growing regions from Tasmania to the Hunter, from Clare to Rutherglen and in between. Grapes as diverse as riesling/semillon to pinots and GSMs. Roses, red fizz, stickies.

   Prices are at the premium/superpremium price points.

   Over 200 skus.

   Reply

7.  *JimB* says:

   March 18, 2013 at 12:47 pm (Edit)

   Working with a large retailer, all of the usual suspects

   Reply

   -  *Moderator* says:

     March 18, 2013 at 7:57 pm (Edit)

     JimB – Price points? Varietals? Brands? Which have you had the most success with?

Reply

- *JimB* says:

  March 19, 2013 at 12:38 am (Edit)

  Price point under 20. Lindeman's, Yalumba, YT

  Reply

8. *AlfredoR* says:

   March 19, 2013 at 7:55 am (Edit)

   Australian wines that we sell, D'Arenberg, Jacobs's, Creek Paringa, Yalumba,Yellow tail and more. The price range is between $5 for wine like Alice White, yellow tail and goes up to about $100 for wines such as D'Arenberg, Clarendon Hills . We carry a good amount of Shiraz, Cabernet Sauvignon, Sauv Blanc, viognier, Chardonnay and of course some of the less grown varieties such as Pinot Grigio, Moscato and other grape varietals.

   Reply

9. *MichaelY* says:

   March 19, 2013 at 8:17 am (Edit)

   15-100 dollar wines, 2/3 red. Varietals and blends from highly rated producers. Much fewere SKUs than ten years ago.
   Price volatility has not helped sales. We do not really cater to a demographic that buys "animal" wines under ten dollars.

   Reply

10. *JamesH* says:

    March 19, 2013 at 4:04 pm (Edit)

    Mostly higher-end, and some "cult" stuff. D'arenberg Dead Arm, Torbreck Run-Rig, Amon-Ra, Penfold's RWT and 707, Hundred Acre Ancient Way, Clarendon Hills Australis. Price points between $42-$485.

    Reply

11. *BelindaR* says:

    March 21, 2013 at 2:32 pm (Edit)

We carry a full range of Australian wines, from Yellow Tail to some high end. We have about 165 different sku's in this section.

Reply

WA On/Off Group 2 - Discussion Topic 3 – Inventory

Written by Moderator on 04 March 2013

Over the past three to five years, how have your inventory levels of Australian wines changed, if at all?

Discussion:

1. *DavidS* says:

   March 18, 2013 at 7:57 am (Edit)

   At BevMo in Ca our inventory has remained the same. We do sell a lot of Australian wine however.Molly ducker and Tait for example seems to continually move yet there is no one asking for it – it just sells.

   Reply

2. *JohnM* says:

   March 18, 2013 at 9:04 am (Edit)

   The Maryland market now has quantity discounts on some items.
   This has given the consumer better pricing. This also ties up cash and forces retail to inventory goods.
   The exact amount over a 3-5 year period has remained about the same.
   The Aussie wine category remains flat over the last few years.(in this market)

   Reply

3. *RafaelD* says:

   March 18, 2013 at 10:21 am (Edit)

   Has not changed

   Reply

4. *JustinG* says:

March 18, 2013 at 10:36 am (Edit)

I've managed my location for 3 years.

Aussie wines are flat. I stack out the best moving wines and case 1 the rest. Customers are more receptive to trying NEW Aussie labels.

I've brought in new labels to fill in varietal gaps and price points, but I believe the consumer is trained when it comes to Australian now I'm afraid. Yellow Tail.

Reply

-  *Moderator* says:

  March 18, 2013 at 8:01 pm (Edit)

  JustinG – What varietal gaps and price points have you filled in? What new labels filled these gaps?

  Reply

  -  *JustinG* says:

    March 18, 2013 at 10:18 pm (Edit)

    Chocolate Box (by Rocland) GSM, Cabernet and Petite Sirah took 3 holes around $15. Rocland Grenache & MVR (Marsanne, Viognier, Rousanne) took another two – $19. Eagle Vale Cabernet and Sem/Sauv Blanc – $17-$23, Dead Letter Office Shiraz- $23 are a few replacements. Stonehorse SGM $22(yes SGM). These are all currently on my shelf.

    The lower price points are extremely saturated, I look for wines over $15. Actually, there is another gap between $10-$14. I don't have much stocked in between.

    Reply

5.  *MelissaD* says:

   March 18, 2013 at 11:38 am (Edit)

   Overall inventory levels remain the same in this category. There has been introduction of new SKUs during this time but there have also been brands discontinued.

   Reply

   -  *Moderator* says:

     March 18, 2013 at 8:02 pm (Edit)

MelissaD – Can you tell me more about the wines that have been discontinued and the new SKUs you've introduced?

Reply

6.  *ChuckH* says:

March 18, 2013 at 12:37 pm (Edit)

Sales are increasing from a small base. Happy with progress so far and sales increase as more consumers find out about our selection. Inventory has grown in breadth and depth over last 3 years. At previous job, Aussie/NZ sales were 20% of total wine sales.

Reply

-  *JustinG* says:

  March 18, 2013 at 2:39 pm (Edit)

  ChuckH,

  How do your Aussies do over $15? Could you mention a couple successful brands?

  I'm in Denver, being land locked in the middle of the country, the selection available to me isn't the same as the West Coast. I will say that. Trucking wines here can add $3-$6 per case depending…

  Reply

  -  *ChuckH* says:

    March 19, 2013 at 7:43 am (Edit)

    All our Aussie wines are over $15. Our sweet spot is $25-50 and there are many wines that fit that bill. Depends on the varietal but wines from Old Bridge cellars and Negociants should be easy to find in Colorado and they have good reps on the street to walk you thru their portfolio. Don't worry about the price. If the wine is good, just tell the customer, they'll buy it and be back for more.

    Reply

7.  *JimB* says:

March 18, 2013 at 12:50 pm (Edit)

Overall inventories have been reduced by thirty percent

Reply

- *Moderator* says:

  March 18, 2013 at 8:03 pm (Edit)

  JimB – Tell me more about the reductions. Have they been in particular price categories, certain varietals, particular brands?

  Reply

  - *JimB* says:

    March 19, 2013 at 12:42 am (Edit)

    It has been a general "thinning of the herd." Under 20 remains steady, but retailers are reluctant to feature the lowest price points.

    Reply

8. *DavidS* says:

   March 18, 2013 at 5:56 pm (Edit)

   After my initial response I did some checking and we have increase our Aussie wine section by about 1/3 and as noted before do seem to sell the higher end ($25) without much salemanship.

   Reply

9. *AlfredoR* says:

   March 19, 2013 at 8:00 am (Edit)

   Dramatic decreased. We used to carry way more Australian wines however demand has been decreasing and so has our Australian inventory.
   Some Of the higher quality wines have had the saying power and so we keep them in stock at all times.

   Reply

   - *Moderator* says:

     March 19, 2013 at 2:47 pm (Edit)

     AlfredoR – Tell me more what Australian wines (price points, varietals brands) that have decreased. Which higher quality wines have had the staying power?

     Reply

- *AlfredoR* says:

  March 20, 2013 at 10:20 am (Edit)

  Some of the Higher priced wines that we have kept due to some demand: Groom Shiraz, Peter Lehmann Shiraz and Cabernet,Clarendon Hills wines, D'Arenberg wines, Torbreck wines, Two Hands Shiraz,The Black Chook wines, St.Hallet Faith Shiraz,
  Yering wines, Rosemont Estate wines, Wolf Bless wines. This are some of the constants but not all. Price point on this wines range anywhere from $15 to $100 and Shiraz,Grenache and GSM blends been the most popular.
  Some we have but stopped ordering due to lack of demand: Molly Docker wines,Lengs and Cooter Shz,Lake Breaze, Te Aro,Frankland Estate, Leeuwin, Glaetzer, Dominique Portet, Cape D'Estaing among others. Again this wines range in price and the not moving flavors are Cabernet and merlot.

  Reply

  MichaelY says (via reply email 3/21):

  15-100 is a wide range- Clarendon Hills is especially dead (though the Kendall-Jackson group has never been afraid of expensive wines-) and D'Arenberg seems to have a life of its own, defying trends-

  With regards to cabernet and merlot trends, I agree- but international style wines from ANYWHERE are in the tank- indigenous is the way the consumer (or gatekeepers-) want to go right now. Also, Molly Dooker is almost a phenomenon in itself, crashing to earth so quickly- from allocation to flood the market- DUMB. At least TRY to maintain the illusion of scarcity in the mind of the buyer.

10. *MichaelY* says:

    March 19, 2013 at 8:18 am (Edit)

    Lower by more than half on a gallonage basis.

    Reply

    - *Moderator* says:

      March 19, 2013 at 2:51 pm (Edit)

      MichaelY – Have these decreases been specific to any price points, wine types or brands?

      Reply

11. *Moderator* says:

    March 19, 2013 at 3:37 pm (Edit)

To all of you – Please share what kind of actions you have taken to manage your Australian wine inventories over the past few years.

Reply

-  *JustinG* says:

  March 19, 2013 at 5:43 pm (Edit)

  In a nutshell, I've tracked what wines move for me the best. Through tasting I've selected consistent wines that are quality to me and have ratings that customers can identify with if I'm not there to hand sell it to them, or my staff can. I've pretty much put just the shelf stock into my store for Australia. My case 1 buys are very selective. I don't bring in mainstream Aussie wines. New wines that mimic successful styles in other categories of my store.

  I don't have any Aussie wine stacked out currently. I have more New Zealand stacked. (Brancott Suav Blanc, Mission Est Merlot, Stoneleigh Sauv Blanc)

  Reply

12.  *JamesH* says:

    March 19, 2013 at 4:07 pm (Edit)

    Stayed about the same. Demand is fairly low, so it's a section of the list we don't buy for much. Usually only purchase high-end allocations.

    Reply

13.  *BelindaR* says:

    March 21, 2013 at 2:35 pm (Edit)

    It depends on the size of each wine department in each store but yes our number of items have increased each year in the Australian section. I have worked at the three largest stores and am currently in the store with the largest wine department in San Antonio.

    Reply

WA On/Off Group 2 - Discussion Topic 4 – Sales

Written by Moderator on 04 March 2013

Have you (or your company) experienced changes in sales of any of the Australian wines you sell or represent in the past three to five years? Are there certain brands, varietal types, price points, or appellations of Australian wines that have shown significant growth (or falling sales) in the past three to five years?

Discussion:

1.  *JohnM* says:

   March 18, 2013 at 10:03 am (Edit)

   Over the last few years in Maryland, retail has seen the addition of quantity discounts. This has forced the retail
   market to tie up cash and inventory goods. That being said ,My inventory level has remained @ the same as 3-5 years ago. I have noticed flat sales of Aussie wines.
   We carry a wide spectrum of wines from Lindemans to D'arrenberg, Penfolds and Yalumba.
   Shiraz still dominates the red catagory. Merlot ,Cabernet and Siraz- Cabernet are the other main players.
   The white is still Chardonnay. There has been an arrival of other white varietals in the past 3 years. Viogioner, Pinot Grigio, Traminer and others)
   Yellowtail was once the dominate jug wine and still is some what. The brand is losing comsumers fast due to the lack of quality juice in the bottle. This has given brands, like Lindemans, to establish a growing market share.
   Yalumba and D'Arenberg are 2 of the fastest growing winerys in my shop.

   Reply

2.  *RafaelD* says:

   March 18, 2013 at 10:22 am (Edit)

   no change

   Reply

3.  *JustinG* says:

   March 18, 2013 at 10:42 am (Edit)

   Stylistically I've gone out to find nicer Australian wines for my store. Bordeaux type reds that my customers enjoy with meals. Cabernet has grown more than anything. Shiraz is still #1. There is promise with Yalumba "Unwooded" Chard. That is my best moving Aussie White.

   The "cut & paste" brands of the major Australian brands are all over town. I see more success with smaller unknown labels primarily.

   Part of me feels Americans don't need to purchase Australian because they can get what they are looking for domestically now.

   Reply

4.  *MelissaD* says:

   March 18, 2013 at 11:40 am (Edit)

Overall sales of the Australian category are flat. There are some great, high-quality wines being made in Australia. Unfortunately, these do not have great lift off as the category as a whole is dominated by the value wines.

Reply

5. *JimB* says:

March 18, 2013 at 1:03 pm (Edit)

The category is stale and flat

Reply

6. *ChuckH* says:

March 18, 2013 at 2:03 pm (Edit)

As mentioned previously (ooops!!), we have seen growth across regions, styles, varietals from a small base to a significant, if still small, portion of our total sales. Since we sell a broad range of Australian wines, our growth has been across the board once consumers find us.

Reply

- *Moderator* says:

  March 18, 2013 at 8:28 pm (Edit)

  ChuckH – To what do you attribute this growth?

  Reply

  - *ChuckH* says:

    March 19, 2013 at 7:49 am (Edit)

    As a store that had little Aussie wine sales when I arrived, I came in with 25 years of experience that allowed me to educate our staff as to what could sell, get them familiar with regional styles (i.e. demystify the category, overcome stereotypes) and get access to the limited production wines that I know will sell due to their demand.

    Reply

7. *DavidS* says:

March 18, 2013 at 6:00 pm (Edit)

I would say in Southern Cal in our box store we have a rather consistent sales. Not jumping off the shelves but they move. Actually the less expensive Yellow Tail and Little Penguin seem not to move. The McWilliams Reisling never moves. I think the opinion of that is it "may be sweet" and does it grown well there is a question for our guests.

Reply

-  *Moderator* says:

  March 18, 2013 at 8:28 pm (Edit)

  DavidS – Could you elaborate on why you think sales of these brands are decreasing?

  Reply

8.  *DavidS* says:

   March 18, 2013 at 9:01 pm (Edit)

   Actually I think our guests are moving up in their tastes. This is actually a good move since it seems to be more awareness of products.

   Reply

9.  *AlfredoR* says:

   March 19, 2013 at 8:18 am (Edit)

   Shiraz still dominates. Chardonnay is second and Moscato the growing trend.
   Wines sales on the $20 and up have remained flat.
   Wines below $20 and especially sweet wines like Moscato have seen growth.
   I haven't seen a specific wine region leading, mostly is price leading.

   Reply

10.  *MichaelY* says:

    March 19, 2013 at 8:23 am (Edit)

    Sales and consumer interest at low ebb. We got caught on the high end with many 100 dollar plus wines just before and during the recession of 2008, and were forced to close them out at cost. I hear there may be growth at the low end, but we don't service that market. we have stopped buying most of the wines we bought in the past. High alchohol wines are falling out of fashion.

    Reply

11.  *JamesH* says:

    March 19, 2013 at 4:16 pm (Edit)

    For our restaurant, these are specialty wines. We really only sell Aussie wines if that is a guest specifically requests them, and many times, they are Australian! We have lots of clientele looking to drink Napa Cab, so it would be kind of awkward to try to push them in to Grange or Hundred Acre.

    Reply

12.  *BelindaR* says:

    March 21, 2013 at 2:45 pm (Edit)

    Shiraz is our main mover then and now. We do carry other varietals but that's what people ask for when they are looking for Austrailian wines.

    Reply

WA On/Off Group 2 - Discussion Topic 5 – Trade Perceptions

Written by Moderator on 04 March 2013

In your opinion, how have general trade perceptions of wines from Australia changed in the past three to five years?

Discussion:

1.  *DavidS* says:

    March 18, 2013 at 8:22 am (Edit)

    From our sales I think in our store there is an upbeat toward Australian wines. We have several affluent areas and many guests come in looking for specific wines/wineries they visited in Australia.

    Reply

    -  *Moderator* says:

        March 18, 2013 at 8:42 pm (Edit)

        DaveS – What do the other wine specialist at your company think about Australian wine?

Reply

2.  *JohnM* says:

March 18, 2013 at 10:27 am (Edit)

The quality of Aussie wines are ,for the most part, good if you like that style.There has been a small trend of a few Aussie winerys to change the style. The attemt to make more structured wine, less fruit juice and lower alcohol levels.
I can only hope California follows suit.
Being in the trade for 40 years,I welcome that change. There will come a point where less extracted and fruit driven wines are sought after.

Reply

-  *JustinG* says:

  March 18, 2013 at 10:49 am (Edit)

  I'm with JohnM. I have smaller distributors that have wines that go against the grain for the most part. Styles customers haven't seen yet, labels they haven't seen. These give the idea they are smaller, family owned wineries, equivalent to what I'm selling in my store… so they make sense in my store.

  Where the big bold Australians are beat to death, the structure driven, low alc styles are welcoming.

  My distributor sales reps see Australian wines as a guaranteed paycheck with Yellow Tail, Lindeman's, Penfold's… but don't offer all tiers of the wine.

  Reply

3.  *RafaelD* says:

March 18, 2013 at 10:28 am (Edit)

In my personal opinion, Southern Hemisphere wines in general are gaining better acceptance. Having said that, I also believe that Australian wine, in general, reached a peak in prestige about three years ago, and the saturation of the US market of lesser quality Australian wines has hurt its reputation.

Reply

-  *MelissaD* says:

  March 18, 2013 at 11:57 am (Edit)

  I agree with RafaelD. Overall perception of Australian wine is driven by the value segment. There have been a few successes at the higher end but there does not appear to be much room in this category for higher end wine.

Reply

-  *JustinG* says:

  March 18, 2013 at 2:53 pm (Edit)

  I agree with RafaelD to the point that Chile/Argentina wines are rising and I believe Malbec drinkers came from Shiraz at one point. I don't want to expand my Argentina section for 95% Malbec. There isn't a large amount of diversity available to me from Argentina just yet.

  I believe Chile could see problems down the road if all they'll be known for is Frontera & Diablo. Montes has a great reputation in my eyes.

  Reply

4.  *ChuckH* says:

   March 18, 2013 at 2:11 pm (Edit)

   Those retailers who lived off of Parker scores and got burned/were lazy are probably still reluctant to re-enter the category. Those retailers who maintained a connection to the Aussie market probably saw flat sales or small declines over the same period as they saw that consumers still liked the category.

   Somms continue to have their head up their butts as they continue to flog Austrian/orange/next-trend-wines to consumers who don't really want/like them. This applies mostly to the somms on the coasts. Somms taking care of the "silent middle" (market segment/US geography/price points) probably do quite well with Aussie wines on their lists.

   The press, after 3-5 years of bashing the category, are starting to come around.

   The distributors, being lazy and conservative, continue to reduce inventories in their warehouses and skus in their catalogs.

   Reply

   -  *JustinG* says:

     March 18, 2013 at 3:02 pm (Edit)

     I agree with ChuckH about the distributors being lazy about Aussie brands. That might be the reason I can only get limited selections where I am. With more marketing and positive reputation behind them, I could do more from a store stand point. Big distributors push wines to meet quotas regardless of quality. They have numbers to meet.

     Smaller distributors will carry a brand for a year or two… then discontinue. The negativity is contagious. It's also easy for them to lose money based on Aussie vs. US currency.

     Reply

5. *JohnM* says:

   March 18, 2013 at 2:57 pm (Edit)

   Both the trade and consumers are/were hung up on the numbers game. They never fended for themselves and established why they liked a wine or why they didn't. This was very frustrating ! Parker and the wine speculator are 2 examples of irresponsible writing that consumers believe. At least we all understood what Parker was writing about. I knew I would not care for any wines over 95 points. I was more inclined to deal with wines in the 82-90 point range.
   The spectulator is based on how much you spend in advertising and not the actual quality in the bottle ! Just my opinion !

   Reply

   - *JustinG* says:

     March 18, 2013 at 3:07 pm (Edit)

     JohnM,

     You just spoke of how I was brought up in this industry about WS and Ratings. Many people share these same opinions. Ratings will sell wine in my store when I'm not there to put something else in their hands.

     Reply

6. *JimB* says:

   March 18, 2013 at 5:02 pm (Edit)

   I think many involved in the marketing of wine would point to Australia as being in need of a makeover.

   Reply

7. *DavidS* says:

   March 18, 2013 at 6:09 pm (Edit)

   If you read about Aussie wines they are changing but the consumer and retailers are not always informed. Not anyone on this blog but the main stream. I to have to explain the rating system to my guest every day. they come in with notes from the WSJ and read the shelf talkers about points. As I tell my guests the WA and Wine Specualtor are magazines and actually do not taste wines – do they know who the rater is?

   Reply

-  *JustinG* says:

  March 19, 2013 at 8:36 am (Edit)

  It's the responsible retailer's job to educate their customers regardless of points or ratings. It's also the retailer or educators job to research as a professional. I wouldn't wait for someone to tell me what is going on in the industry abroad.

  The magazines DO have panelists that review wines DavidS. It is not one person, but it is don't by their own criteria. It might be swayed, but they have criteria.

  Reply

  -  *ChuckH* says:

    March 19, 2013 at 8:41 am (Edit)

    Here, here and well said on first paragraph…

    Problem with many new writers on WA,WS is limited knowledge of the categories when they assign them to new countries. Rather than hire experts, they learn the category on the job…. Wrong.

    Reply

    -  *ChuckH* says:

      March 19, 2013 at 8:41 am (Edit)

      Actually, hear, hear

      Reply

8.  *MichaelY* says:

   March 19, 2013 at 8:24 am (Edit)

   I don't see them on the restaurant lists that matter in NYC-

   Reply

   -  *Moderator* says:

     March 19, 2013 at 3:07 pm (Edit)

MichaelY – Do you think this is due to changing trade perceptions? How have these perceptions changed?

Reply

9.  *AlfredoR* says:

March 19, 2013 at 8:41 am (Edit)

Perception is that of all Australian wines are fruity, light, and simple.
Australian wines have been changing from simple easy drinking to structured, complex, lower alcohol levels but i haven't seen any effort to highlight the changes at any level.

Reply

10.  *Moderator* says:

March 19, 2013 at 3:08 pm (Edit)

To all of you – do you think that the perceptions you've mentioned the trade holds have extended to consumers?

Reply

-  *JamesH* says:

  March 19, 2013 at 4:25 pm (Edit)

  I think it does. Most consumer's perception that Aussie wines are simple, fruity and affordable is probably directly related to why restaurant sales are so languid. I often wonder how many American wine drinkers are even aware that Penfold's makes one of the world's most sought after and collectable wines.

  Reply

  -  *Moderator* says:

    March 20, 2013 at 5:50 am (Edit)

    JamesH – What about trade perceptions of Australian wine? Do you think it has changed in the past three to five years?

    Reply

    -  *JamesH* says:

March 20, 2013 at 2:39 pm (Edit)

I think trade perception has changed for the better, but we are all focused on the bottom line…if we know our customers are only going to buy Austalian wine at or under a certain price point, why waste the shelf or bin space on a wine that will sit there forever?

Reply

-  *RafaelD* says:

  March 20, 2013 at 9:34 am (Edit)

  Yes, I think the lack of information about Australian wines is general for consumer and trade alike.

  Reply

-  *MelissaD* says:

  March 20, 2013 at 11:17 am (Edit)

  Yes – I think the perception is the same for the consumer

  Reply

11.  *DavidS* says:

    March 20, 2013 at 7:21 am (Edit)

    I have not noted a change in the past few years. I agree with JamesH but know there are better wine in Australia. And yes, we in the trade do guide our customers and like some retailer avoid France becasue it is confusing to so many they avoid Australia because it is preceived as simple.

    Reply

12.  *AlfredoR* says:

    March 20, 2013 at 10:53 am (Edit)

    Yes in the past the trend was for high alcohol fruit bombs and Australia wines fitted perfectly.
    That trend has been changing to lower alcohol content, less fruity.
    Australian wines have not kept up with the trend changes or at least many.
    Also worthy of mention, Australia's government has been issuing orders to up root vineyards, specifically the young vineyards and location.
    This at some point should decrease the glut of bad wines leaving room for growth and price power for the rest.
    Sorry, i cant remember and it would take me a while to look for the article

Reply

-  *JustinG* says:

  March 20, 2013 at 5:17 pm (Edit)

  The articles I've read about Australians uprooting vineyards paint a couple pictures. The article I read, the owner volunteered after generations in the family because the pain out weighed the pleasure. There was nowhere else to cut back in operations… he practically volunteered. Moving on to plant something more profitable, less costly.

  Reply

13.  *BelindaR* says:

    March 21, 2013 at 2:52 pm (Edit)

    It's not the big push with our vendors. We deal more with carrying a lot of boutique wines from other countries that give us a good retail with a high gross profit. This helps us balance out the Kendall Jackson's and Menage E Tois.

    Reply

WA On/Off Group 2 - Discussion Topic 6 – Attributes

Written by Moderator on 04 March 2013

What do you consider to be the most positive attributes of Australian wines in general? What are their points of differentiation by varietal type or region?

Discussion:

1.  *DavidS* says:

   March 18, 2013 at 8:25 am (Edit)

   Australian wines are somewhat less fruity now and moving toward higher quality in general. The wine at a lower price point are for general drinkers but the higher price points do give consumers a greater variety.

   Reply

2.  *JustinG* says:

   March 18, 2013 at 10:56 am (Edit)

When Shiraz is done well, and you have low alcohol, structure, present but not over done pepper, I could put it up with other Bordeauxs and Cabernets or Red Blends in my store.

The attributes are fun, casual, cheap wines for mass consumption. SAFE wines that will appeal to all sorts of people.

Reply

-  *Moderator* says:

  March 18, 2013 at 8:57 pm (Edit)

  At what price points are the Shiraz wines you describe?

  Reply

  -  *JustinG* says:

    March 18, 2013 at 10:32 pm (Edit)

    Mitolo Shiraz around $20 is one I gravitate to. D'Arenberg "d"arrys Original" is 14% Alc, but the palate is framed and nicely put together that you don't detect so much alc. $18

    Reply

3.  *JohnM* says:

   March 18, 2013 at 11:14 am (Edit)

   The positive side of the Aussie wine industry would be it's a value in the wine market. While not my style, consumers love most of the price points.The quality of wine seems to be consistant most years.There will always be subtle differences between vintages.
   I still feel the Barossa Valley is the best region for Shiraz and Cabernet Sauvignon.
   This is shown by the winerys of Penfolds and Yalumba.
   D'Arenberg from the Adelaide Hills also does well with Shiraz and Cabernet Sauvignon.

   Reply

   -  *Moderator* says:

     March 18, 2013 at 8:55 pm (Edit)

     JohnM – Do you find the value and consistency attributes across price points?

     Reply

- *Moderator* says:

  March 18, 2013 at 8:56 pm (Edit)

  JohnM – How much, if any, added value do regional appellation wines bring in the minds of the trade or consumers? Are they a reliable indicator of style or quality?

  Reply

  - *JohnM* says:

    March 19, 2013 at 1:09 pm (Edit)

    I believe value does not always mean the wine is consistent in quality. Quality is a misleading term. What I might consider to be quality someone else will think it is garbage.
    Some price points can usually dictate quality but once again it is always subjective. Consumers are a funny lot. They often want to be told this wine is a great value and hence the power of suggestion. Wow this wine really is a good value. Consumers need direction and the ones willing to listen become more open to try different styles.It is important to gain their trust by recommending good value wines in their price point. All growing regions in the world have their value wines.

    Reply

    - *AlfredoR* says:

      March 19, 2013 at 1:40 pm (Edit)

      We all are consumers and we all need suggestions.
      In my case in order to suggest something i ask first what profile they look for in the wine.
      Once i know what they like i suggest a country and grape variety i think fits the description of what they like.

      Reply

4. *MelissaD* says:

   March 18, 2013 at 12:26 pm (Edit)

   In the value segment these wines are usually approachable and consistent. Wines at the upper end have become much more elegant and balanced.

   Reply

5. *ChuckH* says:

March 18, 2013 at 5:30 pm (Edit)

Positive attributes and points of difference:

Diversity of styles within a varietal.
Diversity of styles as expressed thru regionality and subregionality.
Passionate and committed winemakers, winemaking
Long history of industry, viticultural resources.
Proven cellarworthiness
Consumer friendly
Cool country to visit
Dynamic industry, open to new ideas.

Reply

-  *Moderator* says:

  March 18, 2013 at 8:58 pm (Edit)

  ChuckH – How do these strengths vary by price point?

  Reply

  -  *ChuckH* says:

    March 19, 2013 at 7:53 am (Edit)

    I think they apply across all pricepoints. But they might be more evident to those who buy and sell Aussie wines (Trade and consumer) above $10/btl.

    Reply

6.  *RafaelD* says:

   March 19, 2013 at 7:29 am (Edit)

   I think the most positive attributes in Australian wines are the wide range of price points, varietals, and styles within varietals… Though Australian wines are well known for being fruit forward and high alcohol wines, there are many fine restraint examples of terroir driven wines that emulate, and sometimes challenge, the best old world wines. You can find both very high and very low priced Australian wines.

   These positives could be negative attributes as well if not managed properly. For example, as the American market shifts gradually from varietals to blends, or from fruit forward to terroir driven, if the image its not shifted to reflect those changes in tasted it could affect the Australian wine market in the US.

   When an American consumer hears the name Penfolds, they are thinking quality…however, lower price point Australian wines are not always reflecting that same quality.

Generally, the general American market does not necessarily recognize Australian regions -Barossa, McLaren Vale, Margaret River, Coonawarra, Clare Valley, Eden Valley, Margaret River and Adelaide Hill – as positive points of differentiation but is more familiar with brand names and grape varietals. It would be a very strong positive to make a bigger differentiation on these regional differences.

Reply

-  *JamesH* says:

  March 19, 2013 at 4:47 pm (Edit)

  I agree, instead of marketing "Australia- The Land of Shiraz," I'd like to see a push towards the individual appellations marketing what they do best.

  Reply

7.  *MichaelY* says:

   March 19, 2013 at 8:29 am (Edit)

   I wish I knew some- I myself enjoy the in-your-face fruit of the reds, but after tasting 50 wines a day, you NEED something that stands out. My clients tend to be more Euro-Centric with their wine style preferences and seem to find many of the Australian wines outsized if not grotesque. I may not agree, but I need to service my market. I need the support of the on premise accounts to highlight wine and food pairings, (we can't sell food in this market-) and we don't have it-

   Reply

8.  *AlfredoR* says:

   March 19, 2013 at 9:31 am (Edit)

   I don't have a specific answer to this question.
   Shiraz and Viognier seems to be to Australia what Malbec and Torrontes is to Argentina, it seems that climate and terrain are better suited in Australia especially in the Barrosa valley than anywhere else for this specific grape variety.
   Australia had a great success making and marketing blends using both, red and white grapes in the same blend, they can build on it by improving quality.
   Yes, blended wine has always been around France, USA, Spain, Italy, etc. But Australia got it on everybody's radar.

   Reply

   -  *Moderator* says:

     March 19, 2013 at 3:15 pm (Edit)

     AlfredoR – Do you consider Australia's blends a positive attribute across price points or specific to a price point?

Reply

- *AlfredoR* says:

  March 20, 2013 at 12:39 am (Edit)

  Across price points.

  Reply

9. *Moderator* says:

   March 19, 2013 at 3:17 pm (Edit)

   To all of you – RafaelD has brought up Australia's regions. How much, if any, added value do regional appellation wines bring in the minds of the trade or consumers? Are they a reliable indicator of style or quality?

   Reply

   - *ChuckH* says:

     March 19, 2013 at 3:25 pm (Edit)

     Thorough knowledge of regionality and subregionality is essential in understanding the category, making smart purchasing decisions, selling the appropriate style of wine to consumers and the trade, etc. Knowledge of regions and appellations is essential for Italy, France, Germany etc. and is just as applicable to Australia and NZ. It is this foundation of knowledge that has allowed me to keep the category vital at my store.

     Reply

   - *JustinG* says:

     March 19, 2013 at 6:07 pm (Edit)

     They are not an indicator to me. I can't believe they are to my customers. They don't know as much. They assume a lot of Shiraz tastes the same and then look to price. They find a Cab they like, they try another Cab occasionally. One region is no better to another in the customers eyes.

     Reply

   - *AlfredoR* says:

     March 20, 2013 at 12:58 am (Edit)

Yes, region is a point of sale Australia has never promoted.
Every country uses its micro climates to promote its wine, ok maybe not every country but the big fish do. France, USA, Italy etc.I have yet to see that of Australian wine. Penfolds does work the angle of micro climate with its Grange wine however, relatively speaking with its high price and low availability very few people know it exist.

Reply

-  *RafaelD* says:

  March 20, 2013 at 9:51 am (Edit)

  Though regional appellations may not be an indicator of quality or style for the general public, the main added value is trust. A consumer may not know much about the quality of a specific wine or label but if they feel that if it comes from "this area" (fill the blank) it must be good…. at least they won't be wasting their hard earned money on something unknown.

  For the trade, appellations could give more information about the style of the wines before actually tasting it.

  Reply

  -  *JustinG* says:

    March 20, 2013 at 5:22 pm (Edit)

    There is footwork to be done before drinking high end wine. Brown bag a $10 Cab and 707, they might not have tastes acclimated to the wine and the region it comes from. I wouldn't say just having a region stated would be a safe bet for casual drinkers.

    Reply

-  *MelissaD* says:

  March 20, 2013 at 10:20 am (Edit)

  Appellations are important for consumers. Those that don't shop specifically for appellation use it to indicate quality or as another decision in the path to purchase. We definitely use it as a selling and education tool for our consumers.

  Reply

  -  *JimB* says:

    March 20, 2013 at 1:19 pm (Edit)

    The greater the specifity, the greater the quality/ value perception.

Reply

10.  *JamesH* says:

    March 19, 2013 at 4:40 pm (Edit)

    Unfortunately, I think some of the most positive attributes of Australian wine are some of the least know by consumers. A lot of the Pinot Noir and Chardonnay coming out of Victoria is really good, and Clare Valley Riesling can be stunning as well as the whites from Margaret River. Barossa gets all the press for Shiraz, but I think Hunter Valley produces a much more structured style of wine.

    Reply

11.  *DavidS* says:

    March 19, 2013 at 6:44 pm (Edit)

    West coast consumers are interested in appellations eventhough they may not be totally aware that they are regions and not necessarily a note of quality. I think if there was more understanding of Australian apellations it might bring more – dare I say – "class" I tyr to explain it to my guests and it does ring a bell.

    Reply

12.  *JimB* says:

    March 20, 2013 at 11:11 am (Edit)

    As a country in total, Australia produces as wide a variety of style, type, and price point as anyone. Their perception in the US is value-oriented.

    Reply

WA On/Off Group 2 - Discussion Topic 7 – Barriers

Written by Moderator on 04 March 2013

Thinking of selling Australian wines, what (if any) are the most typical barriers or difficulties you encounter when selling Australian wine to customers or accounts? Are there specific barriers that you associate with selling Australian value wines vs. more expensive Australian wines?

Discussion:

1.  *DavidS* says:

March 18, 2013 at 8:27 am (Edit)

At BevMo the average wine drinking buys the less expensive shriaz but as noted in another topic, the higher end and more “sophisticaed” wine seem to move without much selling needed. Our guests seem to know what they like at both ends of the price points.

Reply

-  *Moderator* says:

  March 18, 2013 at 9:08 pm (Edit)

  DavidS – Any barriers?

  Reply

2.  *JohnM* says:

   March 18, 2013 at 11:42 am (Edit)

   Many consumers think Aussie wine is a value. They are right for the most part.The draw back is in the attempt to upgrade them to a better wine, brands they are not familiar with.
   Price is always a barrier. Let’s face it, some people have more disposable income than others and most people drink a brand . We need to educate them and remove the blinders, expand their palates.

   Reply

   -  *Moderator* says:

     March 18, 2013 at 9:12 pm (Edit)

     JohnM – Has this consumer perception of value been the case over the past few years for both lower priced wines and higher priced wines? How do you gauge consumer sentiment?

     Reply

     -  *JohnM* says:

       March 19, 2013 at 2:12 pm (Edit)

       There are wines in all price points that have been consistent year in and year out. Value is subjected to income levels. Someone might think Lindemanns is a great value at $6.00 per bottle and someone would think it is junk. Then someone might think Yalumba The Signature at $50.is a value. Value is in the wallet and palette of the consumer.

       Reply

- *JimB* says:

  March 19, 2013 at 6:48 pm (Edit)

  JohnM – Wellput re: value

  Reply

3. *JustinG* says:

   March 18, 2013 at 1:50 pm (Edit)

   Consumers are trained to know certain Australian brands I feel. Very few want to branch out. They know certain brands and they stick with them. When it comes to trying to sell them their bottle at $15, for another bottle over $15+ they don't recognize, they are reluctant.

   The Yellow Tail, Lindemans, Penfold's brands etc… have been around so long, with so many options, they don't have to leave that brand to find what they want. Shiraz to Shiraz/Cab, Merlot to Shiraz. Lindemans for $7-$8, reserve label for still under $14…

   JohnM is pretty much spot on again.

   Reply

4. *JimB* says:

   March 18, 2013 at 5:06 pm (Edit)

   John M has hit upon the age old problem of sales/retail. All major wine regions face the same upgrade issues.

   Reply

   - *Moderator* says:

     March 18, 2013 at 9:14 pm (Edit)

     JimB – What are the particular barriers or challenges do you face when selling Australian wines?

     Reply

     - *JimB* says:

       March 19, 2013 at 12:53 am (Edit)

An educated retailer usually attracts interested consumers. U.S awareness of Aussie wines has a long way to go. It is much more than price.

Reply

5.  *ChuckH* says:

March 18, 2013 at 5:35 pm (Edit)

Where I work, we are committed to the premium/superpremium segments. Problems we have are on the supply side as there are less wines to sell. The people who sell them (importers, distributors) have little knowledge of the category. Why pay them to just clear the wine, there is no "selling" to justify their markup….

Reply

6.  *DavidS* says:

March 19, 2013 at 7:21 am (Edit)

There seems to be a preceptions that Aussie wines are not as good as say Chile or Argentina and my personal familiarity is not as extensive as I would like. That goes back to promotions and tastings for the trade. I can only buy and taste so many wines myself. Personal education for me is the barrier to boost sales.

Reply

7.  *RafaelD* says:

March 19, 2013 at 8:25 am (Edit)

Just like I answered on the previous topic, I believe there is a lack of knowledge of the range of Australian wines. Educating the consumers – through the sales force – about the differences in regions and styles that Australian wines offer. The barriers could be solved with a good marketing and education program.

As an example, in the restaurant setting, servers and bartenders sell more of a specific wine just after a tasting/training session… the information that was just shared comes out onto the floor, and more of that wine is sold, despite its price point. Yes, budget is always at play… but the right information AND enthusiasm for the product can improve sales.

Reply

8.  *MichaelY* says:

March 19, 2013 at 8:37 am (Edit)

it's the cultural wrap-around thing. People drink Tuscan wines in NY because they go there on vacation, and NY has a ton of fine Italian restaurants. Not many of my clients get to Australia (if

nothing else, it's too far from the East Coast-)and there are no fine dining platforms here to showcase the cuisine and therefore the wines-(No- the Outback Steakhouse does not count-)

Reply

-  *JustinG* says:

  March 19, 2013 at 9:11 am (Edit)

  I'm pretty sure they are drinking Grange in NYC and Gaja in Los Angeles. I don't agree with this statement. I can tell you they don't drink Yellow Tail in Australia. McWilliams is the #1 Chard. There are more Aussie SKUs on the West and European on the East coast.

  The market I'm in is riddled with numerous barriers we've mentioned above. The customers are TV watchers and look for Skinny Girl and whatever else pops up on TV, or is sponsored by a rap artist. My customers have uneducated "new world" palates and drink what their friends drink without hesitation.

  The growth spurt my store has gone through over the last three years has been painful. I've lost customers because I haven't carried the same items everyone else in town has. I carry great wines. Customers have to pay a few dollars more, but they enjoy a lot of the wines they pick up.

  I've hired knowledgeable staff members that have been in the industry for some time. When customers enter my store and look for advice, they get an education along with it. That in itself is attracting more business and gives us huge steps over my neighboring competition. When I put an Aussie Cab in someones hands, they are trusting me because of the relationship we've built in the past.

  Every retailer has an up hill battle when it comes to selling items. It is a process over time. I don't say I can't sell something because of the generalization the industry stamps on it. I didn't like Gin until I had a good one. Didn't like Scotch until someone gave it to me proper.

  Reply

9.  *AlfredoR* says:

   March 19, 2013 at 10:10 am (Edit)

   When selling to accounts i can't make the sale unless it is $10 or lower. It seems companies work with a budget and so they tend to buy the yellow tail wines or some other affordable type of wine, that might be the biggest reason the general public think of Australian wine as not good

   When selling to individuals i have no problem selling them a $20 and over when they came looking for advice.

   The fun part is when they came back looking for me to make another suggestion.
   The biggest barrier i see when selling inexpensive to expensive wine is brand loyalty. Yellow tail has done a great job at marketing their brand. Many people will not buy anything else because they have never seen it on adds.

   Reply

10.  *JamesH* says:

    March 19, 2013 at 5:03 pm (Edit)

    The biggest barrier is one that the Australian wine industry created for itself 20 years ago when they decided to attack the low end of the American market and position themselves as value wines. They were very successful, but now that perception is hard to change, not only in consumers minds, but in professionals mind's as well. My introduction to Australian wine still sticks with me so many years later…inexpensive, fruity, easy to drink. But once my palate evolved, I realized I didn't care for that style any longer. I took me a while to try enough higher quality wine to change my mind, but it will be an uphill climb to change the drinking public's mind.

    Reply

11.  *Moderator* says:

    March 20, 2013 at 5:27 am (Edit)

    To all of you – A few of you have mentioned consumer perceptions of Australian wine, especially value wine. Have any of you seen this perception change over the past few years? Or see it changing now? What are consumer perceptions of higher end Australian wines, or for other category of Australian wine? How do you gauge this consumer sentiment?

    Reply

    -  *JustinG* says:

      March 20, 2013 at 8:59 am (Edit)

      I think the perception gap is huge between serious wine drinkers looking at Australians, and the everyday consumer just to "grab & go" with $10. That serious drinker is few and far between, and they'll seek multiple locations to find what they are looking for. They might end up and a retailer and pick up something on a whim, but for the most part, they are searching online for a vintage, rating, producer in mind. They are loyalists.

      The everyday drinker doesn't care so much if it's Jacob's Creek, Yellow Tail or Lindeman's… they are shopping price and going.

      These two circumstances alone leave me to believe, they don't pay attention to the Aussie Wine industry under a microscope and see the numbers we do in our locations. They are following particular producers and making judgement based off that experience.

      I've mentioned in earlier posts about my price gap between $15-$20. Penfold's Bin 128, 138, 28 all retail for $24. D'Arenberg Laughing Magpie, D'Arry Orig & Footbolt all from $18-$24. I have selected customers that purchase these wines and from time to time as for higher end. I then move to Single Vineyard D'Arenberg or track down Molly Dooker etc… I mentioned earlier that certain buyers are focused on quality. This is how I identify those customers in my store. The ones that inquire about more than what I have, or better than what I have.

      Reply

- *RafaelD* says:

  March 20, 2013 at 9:53 am (Edit)

  I agree with JustinG

  Reply

12. *JohnM* says:

    March 20, 2013 at 7:24 am (Edit)

    I think most consumer perceptions are based on money.
    They donot realize that a wine of $20. can and often is just as good if not better than a wine of $40.Once again Value wine is in the wallet of the consumer. Aussie wines are and will be a starting block for many new wine consumers. The more they are educated the more styles of wine they will be willing to try.
    Higher end Aussie wine, some not all, still have that over ripe, fruit juice,extracted flavor profile that some consumers will gravitate towards.

    Reply

13. *DavidS* says:

    March 20, 2013 at 7:56 am (Edit)

    When talk about conusme knowledge it was interesting that I was just looking at my snooth e-mail and GDP the moderator indicated 2 of his Rieslings under $20 were from Eden and Clare valleys and never mentioned Australia.I think conusmers would not know these areas in general and what they can produce.

    Reply

14. *ChuckH* says:

    March 20, 2013 at 8:29 am (Edit)

    With respect to consumer perceptions of higher end wines, that is the category we have always focused on. It was through constant education, pulling corks, conducting seminars, etc that allowed us to promote the category, gauge consumer reaction, and well wine. I gauge consumer sentiment the old fashioned way–by how much wine I sell. Sales are ok…

    Reply

15. *MelissaD* says:

    March 20, 2013 at 10:48 am (Edit)

I think education and marketing are the key barriers here as well. When customers are looking to upgrade in price point they begin with familiar regions – Bordeaux, Burgundy, Napa, etc. Australia has done nothing to reach out to these consumers and therefore the category is stuck at the value end.

Reply

WA On/Off Group 2 - Discussion Topic 8 – Wines Positioned for Growth

Written by Moderator on 04 March 2013

Which Australian wines (varieties/types/price points) do you think are best positioned for growth on the U.S. market? What are the attributes of these wines that make them appealing to the trade and consumers?

Discussion:

1. *JohnM* says:

   March 18, 2013 at 12:14 pm (Edit)

   Shiraz is in a position to grow at all price points from $10-$40 . This growth will also help the US market on Rhone Varietals. Australian Rhone varities ,both white and red blends offer potential because of the flavor profiles for these varietals.
   Cabernet/Shiraz blends and Sem-Chardonnay can also be seen growing. This growth can be achieved through tasting and promotions.The consumer wants to be led to new and tasty products.

   Reply

2. *JustinG* says:

   March 18, 2013 at 2:02 pm (Edit)

   In my store, D'Arenberg Hermit Crab does well, along with Yalumba "unoaked" Chard. It's consistent with the rest of my store. Clean and crisp acidity with some suppleness. These are two examples of wines in my store that mirror what customers already like for white wines.

   For reds, I believe the Bordeaux style would flourish. That would differentiate from the rest of the pack and stand out to more traditional wine drinkers.

   I have been presented plenty of domestic red wines, plenty of Italian Reds from Puglia/Umbria (Merlot based), Spanish too… I've yet to see a wave of approachable Aussie Reds.
   Yangarra Cadenzia, Stonehorse GSM and Pillar Box Red are three that move frequently. I had to seek these out.

   Reply

- *JustinG* says:

  March 18, 2013 at 2:04 pm (Edit)

  Low Alcohol wines are just more diverse. They can fill more roles than your typical fruit bomb of a wine.

  Reply

3. *ChuckH* says:

   March 18, 2013 at 5:37 pm (Edit)

   As a point of difference to the wines that dominate the market:

   Rieslings, aromatic whites
   Cool climate shiraz
   Pinots
   Cool climate Bordeaux blends
   Grenache and GSM blends
   Stickies

   Reply

4. *DavidS* says:

   March 18, 2013 at 8:15 pm (Edit)

   Chuck's comments on blends does bring out a great point. At my box store we have increased the section and placed it next to France (big blending country) and there seems to be an increase in CA, OR and WA blends. We keep the inventory by country. We do not have many – if any -Aussie blends other than the shiraz viognier …interesting thought.

   Reply

   - *JimB* says:

     March 20, 2013 at 11:13 am (Edit)

     I would echo Chuck and David's comments from above. Also, lighter blends can offer more staying power for wineries.

     Reply

5. *MichaelY* says:

March 19, 2013 at 8:38 am (Edit)

You tell me- maybe the Rieslings, and Grenache based wines, if only because many clients find them "new"-

Reply

6. *RafaelD* says:

March 19, 2013 at 8:41 am (Edit)

I agree with all the previous comments – Bordeaux blends, White blends (with Semillon), aromatic Reislings and Viognier, and GSM and Rhone varieties.

I think, I think GSM helped propel Rhone varieties, I think the renewed interest in the Rhone Valley varieties could reinvigorate an interest in Australian wine.

The $15 to $25 price point (retail) would be one to explore. It is versatile enough for both retail sales and restaurant lists.

Reply

7. *JustinG* says:

March 19, 2013 at 9:57 am (Edit)

I look for and bring in wines in Australia that mirror successful wines throughout other parts of my store. Then they will be successful as well. (in Theory)

Reply

8. *AlfredoR* says:

March 19, 2013 at 10:49 am (Edit)

Shiraz, Viognier Sauv. Blanc Riesling, and Chardonnay on single variety or as blends.
Price point for growth in my expectations $15 and up since wine lists and wine bars here in Chicago are moving into higher quality product.

Reply

9. *JamesH* says:

March 19, 2013 at 5:10 pm (Edit)

I think the Pinot and Chard from Victoria could be pushed as an alternative to the New Zealand wines, and Riesling can be marketed against other popular high acid whites, like Sancerre. Grenache has also been coming on strong as a varital in the US, so could be a good time to promote those wines as well.

Reply

-  *JimB* says:

  March 20, 2013 at 11:15 am (Edit)

  I also see Victoria Noir & Chard as newfound alternative.

  Reply

10.  *MelissaD* says:

    March 20, 2013 at 10:58 am (Edit)

    I believe the best chance for growth in the category is to look at the need to reinvent and reintroduce Shiraz to the customer. Gain adoption of brands other than Yellow Tail, etc. Wineries should ban together to promote the region. A lot of other wineries have found that promoting the region in general reaps great benefits.

    Reply

    -  *JustinG* says:

      March 20, 2013 at 5:25 pm (Edit)

      I agree wineries need to have integrity and set the new standard. Not just them, but companies that export Aussie wine as well. Market and Brand wines for more of a purpose for placement in the industry.

      Reply

WA On/Off Group 2 - Discussion Topic 9 – Promotions

Written by Moderator on 04 March 2013

Have you participated in or experienced any kind of promotional activities or events conducted on behalf of Australian wines or other country or regional promotions ongoing in the U.S. in the past two years?

Discussion:

1.  *DavidS* says:

   March 18, 2013 at 8:37 am (Edit)

There was a wine tasting/promotion in Los Angeles (I am in Orange County) but could not attend. I believe it was put on by a professional promoter not by the Australian wine industry itslef. Note: I do attend tastings in L.A. but couldnot make this one so the distance is not an issues.

Reply

2.  *JohnM* says:

March 18, 2013 at 12:22 pm (Edit)

We have been fortunate to have had Jane Ferrari from Yalumba doing a sit down structured tasting in our shop. The customers loved her down to earth style and her knowledge !
The experience was awesome and all learned allot. The wines showed well and many eyes were opened and we sold many cases.
We also do in store promotions every week and several times a year is Australian.

Reply

-  *Moderator* says:

  March 18, 2013 at 9:32 pm (Edit)

  JohnM – How did this experience differ from promotions or events put on by other country/regional associations/wineries you've experienced?

  Reply

-  *Moderator* says:

  March 18, 2013 at 9:33 pm (Edit)

  JohnM – In your opinion, what type of promotions/events work best and what type don't work (in terms of increasing sales)?

  Reply

  -  *JohnM* says:

    March 19, 2013 at 10:07 am (Edit)

    The comsumer eperience for this particular event was outstanding.
    Having a guest speaker talking about the differences in growing areas, soil, climate and varietals,was an education for all. Tasting and discussion about the varietals always
    is good for the consumers. This is always the best way to promote any wine.

    Reply

-  *ChuckH* says:

  March 19, 2013 at 10:11 am (Edit)

  Plus the fact that Jane Ferrari is a rock star, knows her shit and is a captivating public speaker. That helps even more!!

  Reply

-  *MelissaD* says:

  March 19, 2013 at 10:24 am (Edit)

  We find the same thing. Educating a consumer about a region and wine and giving them that personal connection is a great way to drive sales. It is small in scope thought in terms of the number of consumers and wines it can impact. Some wine commissions are doing a better job of larger scope marketing campaigns. The Washington Wine Commission has done some good programs in the past with market focused radio spots and educational info.

  Reply

-  *JohnM* says:

  March 19, 2013 at 10:26 am (Edit)

  Education of the comsumer is the best way to sell wines. The education comes from a variety of ways. Tasting and talking about wines is just scratching the surface. Consumers like the trade need to develop their palates. This process never stops. Comunication skills and listening skills are the best way to give the customer what he/she wants. What don't you like about a wine or what do you like about a wine ? This process should always involve some talk about fruit, vegetable, herb, spice or mineral.

  Reply

3.  *MelissaD* says:

   March 18, 2013 at 12:48 pm (Edit)

   I have not been to any external events focusing on Australian wine. We do a fair amount of promotions on Australian wine in our stores with producer tastings and events. We also have an Australian Wine Month in our stores.

   Reply

4.  *JustinG* says:

   March 18, 2013 at 2:11 pm (Edit)

   In the past, The Bordeaux Group sponsored tastings with my chain retailer. Burgundy group would hold seminars and tastings when I was in the LA market. New Zealand was another.

   The Loire Region about 2 years ago here in Denver. Alto Adige has a tasting and seminar coming April 22nd I will attend.

   Reply

5.  *ChuckH* says:

   March 19, 2013 at 7:59 am (Edit)

   Yes. Too many to mention but our job is to go to those events…

   Reply

6.  *MichaelY* says:

   March 19, 2013 at 8:42 am (Edit)

   promotional activities are frowned upon in NY by the state recently at the trade level, but a consumer awareness program
   (yes, they are general media with saturation as key and therefore expensive-) like the "Vibrant Rioja" campaign would be a help.

   Reply

   -  *ChuckH* says:

     March 19, 2013 at 8:45 am (Edit)

     Tell me more about this action by the state authorities…

     Reply

7.  *RafaelD* says:

   March 19, 2013 at 8:45 am (Edit)

   I haven't experienced any Australian wine tasting events.

   I have attended Rioja, Alto-Adige, Burgundy, Napa, among others.

Reply

8.  *AlfredoR* says:

   March 19, 2013 at 11:02 am (Edit)

   I attend wine tastings but non has been solely for Australian wines, rather it has been mixed wine events.
   Tastings made on behalf of a specific region i attended: Rioja wines and Loire wines.
   I have not been made aware of a tasting on behalf of Australian wines alone.

   Reply

9.  *Moderator* says:

   March 19, 2013 at 3:30 pm (Edit)

   To all of you – You've all mentioned promotional tactics that work. What doesn't work or what isn't very effective?

   Reply

   -  *ChuckH* says:

     March 19, 2013 at 3:34 pm (Edit)

     What doesn't work or is not effective? Doing nothing… and as others have noted, the Aussie category is guilty of that.

     Reply

   -  *JustinG* says:

     March 19, 2013 at 5:23 pm (Edit)

     My thoughts exactly to what ChuckH said… obviously doing nothing hasn't worked. Individual wineries promoting in Wine Spectator isn't enough, maybe more group trips & tastings. Print marketing in magazines other than wine or spirits mags. Maybe travel mags, fine dining. As a country, not just a winery.

     Reply

   -  *JamesH* says:

     March 19, 2013 at 6:31 pm (Edit)

The fact of the matter is I would never buy a wine I haven't tasted, and was totally unfamiliar with, so, trade tasting are a great way to reach lots of buyers in a short period of time. Also, having key personnel from the winery visiting key accounts for one-on-one tastings is always an effective way to promote brands and positively affect a brands image.

Reply

-  *RafaelD* says:

  March 20, 2013 at 9:56 am (Edit)

  All of the above…. in restaurant setting, we sell more of what the servers and bartenders have tasted, know about and like. Sales incentives only work if the wines are tasted and liked first.

  Reply

10.  *JamesH* says:

    March 19, 2013 at 6:19 pm (Edit)

    I did attend a tasting in SF a couple of months ago set up by an Australian trade group, but that is the only tasting I have seen featuring Aussie wines in the last 5 years. More trade tastings in major cities would be a huge benefit to educating buyers and promoting the wines.

    Reply

    -  *Moderator* says:

      March 20, 2013 at 5:54 am (Edit)

      JamesH – Is there a country/region do an especially good job in reaching you? If so, how are they doing it?

      Reply

      -  *AlfredoR* says:

        March 20, 2013 at 11:25 am (Edit)

        I forgot about it. France Languedoc- Roussillon wines are not as well known as the Bordeaux, Burgundy etc. And so France was promoting a Launguedoc region wines tasting only last year.
        They were doing this tastings in mayor metro areas like Chicago, Dallas,Ca, NY.
        This tastings were for people in the industry only.

        Reply

- *JamesH* says:

  March 20, 2013 at 2:32 pm (Edit)

  I see a lot of Champagne and Burgundy producers in my area, either sending winemakers out with sales reps, or having trade tastings focused on the region. A lot of commenters have mentioned the Vibrant Rioja campaign, which I see also, but just find it annoying. All email and no tasting!

  Reply

11. *DavidS* says:

    March 19, 2013 at 6:48 pm (Edit)

    I just got an e-mail from a distributor inviting me to a Los Angeles tasting of the wine they carry. this includes French with producers and several of their CA wines. Distributors can really work the trade and even not have to make it exclusively “Aussie”. Some of the Aussie winemakers would help build up understanding.

    Reply

12. *DavidS* says:

    March 20, 2013 at 8:53 am (Edit)

    Here is another invitation I just got and this is more “obscure” than Australia

    Wines of Languedoc

    Boston, chicago and SF are the locations of this tasting seminar. Just a thought.

    Reply

13. *DavidS* says:

    March 20, 2013 at 8:54 am (Edit)

    http://languedocadventure.com/events/exhibitor-signup/

    This is the sign up for the tasting. Something like this would probably benfit the Austrailian wine industry.

    Reply

14. *JimB* says:

March 20, 2013 at 11:20 am (Edit)

Our distributor reps have been active the past two years. They seem to realize that doing nothing is harmful. Most though, are weak in the education business. Tastings and cute stories are everywhere. Content, useful info is scarce.

Reply

15.  *DavidS* says:

March 20, 2013 at 2:44 pm (Edit)

I hate to say it but companies and wine site and other places to "sell" people's e-mail and or set up an interactive web site to promote food and wine pairings and other special events.

Reply

16.  *DavidS* says:

March 20, 2013 at 4:42 pm (Edit)

Some one comments – all e-mails and no tasting. so true but most of them offer tastings but only in bigger markets. I have LA, Orange County and San Diego. But for some of the people I meet they travel and even fly for some of these tasting.

Reply

WA On/Off Group 2 - Discussion Topic 10 – Future Growth

Written by Moderator on 04 March 2013

How do you foresee the growth of the Australian share of market in the U.S. in the coming five years? What factors do you think are the most critical to increasing share of market for Australian wines?

Discussion:

1.  *DavidS* says:

March 18, 2013 at 9:34 am (Edit)

The $20 and below price range will continue to grow. CA wine drinkers are expanding their base of wines to drink. I agree with the comment made in another post that they talk dry but drink fruity and Australia for the most part does hit the fruity market. However, as long as there is value for the wine it will be purchased. Australia seems to provide that value. Also with the expansion into the wine with what US drinker are familiar ie: cabs, merlots, pinots and traditional whites, the base should increase.

From my reading, new world wine makers are getting more familiar with what will grow in their area and are concentrating on make those better rather than trying to grow any grapes anywhere.

Reply

2.  *JohnM* says:

March 18, 2013 at 12:37 pm (Edit)

Australian wines will continue to grow at a moderate rate.
Wines like Yellowtail will still drive the market. We can only hope the quality of Yellowtail does not inhibit the consumer from trying other labels.
The newer(young bloods) generation of wine drinkers will begin to figure out what they like and don't like in wine. We hope this moves the market to more structured wines.
Palate education and winery/varietal information will help secure a market share base for the Australian Wine Industry

Reply

3.  *JustinG* says:

March 18, 2013 at 2:24 pm (Edit)

I don't see it changing too much. What's the difference between Yellow Tail and Fish Eye Cab 2012 in a box? Everything have been doctored and manipulated to the point that Australia has a reputation for being what it is.

What guidelines does the Aussie Gov't put on its wine industry for quality purposes?

DavidS and JohnM both spoke of growth at a certain price point… That price point to me isn't the indication of quality, just like it isn't in California, Washington, etc…

Do consumers know where the "Napa Valley" of Australia is? Are they familiar with Australia's most prestigious wines? My customers will drink Santa Martguerita PG for $20+ and it's mediocre in my book. I couldn't tell you the most sought after Australian wine for $20 based on marketing, sales, or quality. (Please don't tell me Layer Cake Shiraz).

Reply

4.  *DavidS* says:

March 18, 2013 at 6:18 pm (Edit)

From reading the notes on Future growth and promotions I think the Aussie wine industry needs to promote and let the sales people let them know what is out there. If people, including the wine sales people, recall the Lindimans or Yellow Tail and do not try the Molly Ducker or Yulumba wines our prespective will be the lower and mid levels. Someone noted the rise in Chile and Aregentina and Australia needs to show what or if they have what it takes to compete. Yes labor costs also factor in for price but once people taste – if they like salee move up.

Reply

5.  *ChuckH* says:

   March 19, 2013 at 8:02 am (Edit)

   I think Aussie wine sales will be flat or decline slightly but there is a chance that the mix will change and more higher priced, small production wines will find a place in the market. The most important thing will be feet on the ground that are pulling corks (or hopefully, twisting caps), good old fashioned wine sales and education, for trade and consumers.

   Reply

   -  *MelissaD* says:

     March 20, 2013 at 10:59 am (Edit)

     I agree. Without changes sales will remain flat or decline.

     Reply

6.  *MichaelY* says:

   March 19, 2013 at 8:48 am (Edit)

   I think influencing the "Gatekeepers", Somms and retail buyers, perhaps by bringing them to Australia and getting them enthused is the way- it worked for Spain.
   Sorry to say the number one factor in increasing Australian wine sales is the CURRENCY factor, and no amount of surveys will harness that one…..

   Reply

7.  *RafaelD* says:

   March 19, 2013 at 8:55 am (Edit)

   I think Australian wines could be poised for growth if advantage is taken through education and marketing of some current trends in the American market, such as the new focus in the Southern Hemisphere, single-vineyard wines, white and red blends, sustainability, lower alcohol wines, and the growing $20 price point.

   Reply

8.  *AlfredoR* says:

   March 19, 2013 at 11:13 am (Edit)

Australian wine sales wont get back to the growth rate enjoyed in years past.
Australian wine sales are poised to grow however there should be some marketing effort behind it.

Reply

-  *JustinG* says:

  March 19, 2013 at 12:25 pm (Edit)

  When you're at the bottom, there is only one place to go.

  Reply

9.  *Moderator* says:

   March 20, 2013 at 5:30 am (Edit)

   To all of you – Education has been mentioned, tastings, trade trips. Any other specific programs or initiatives you can suggest be put into place on behalf of Australian wines in the next three years to stimulate growth of market share?

   Reply

   -  *JustinG* says:

     March 20, 2013 at 8:31 am (Edit)

     It would be possible for the Australian Trade to work with larger distributors inside the state and identify A, B, and C level stores moving Australian wine. Reward them with a trip, dinner, signed bottle. (Just throwing it out there)

     I've done really well with a particular producer & their labels in my shop, my sales rep got a trip to Argentina. He mentioned a majority of his sales were from my support. That should be recognized by distribution and rewarded by suppliers somehow.

     We've all talked about tasting to the trade in larger markets. Why not do an event for the public to promote wines? Put it in the local paper, and run it like a "Grand Tasting", ZAP tasting or Family Winemakers Tasting. Limit capacity, charge entry, offer VIP tickets to receive additional perks like a winemaker dinner, prize bottles, etc… I believe this method would bypass the distributors/reps/retailers that aren't motivated and touch the consumers that are. They would not pay to get in if they weren't interested.

     Reply

     -  *RafaelD* says:

       March 20, 2013 at 10:00 am (Edit)

From the restaurant setting point of view…. Wine Pairing Dinners and tastings for the saleforce.

Sponsoring wine education classes online or on location for both trade and consumers.

Reply

-  *JimB* says:

  March 20, 2013 at 11:23 am (Edit)

  The importers of Aussie wine and their US distributors are going to have put dynamic people on the street to tell their story. That fact has not changed in forty years.

  Reply

-  *AlfredoR* says:

  March 20, 2013 at 11:33 am (Edit)

  They could start exploiting the up rooting of vines angle.
  Mention it on wine tastings and adds to communicate how serious Australia is about its wines.

  Reply

-  *AlfredoR* says:

  March 20, 2013 at 11:47 am (Edit)

  In addition to mentioning uprooting vines mention any initiatives regarding organic viticulture, Kosher Australian wines.
  It all should help.

  Reply

10.  *DavidS* says:

    March 20, 2013 at 7:26 am (Edit)

    Vibrant Rioja has made a big push by have trade events in major cities. Promotions to the trade for trips – few of us million in the trade win but it is there – and I have noted a lot of e-mail crossing my in-box. Rubero del Duero reps have contacted me about coming to one of our in store tasting buying the wines with materials to intrduce the wines to staff and customers. Very personal.

    Reply

11.  *JohnM* says:

    March 20, 2013 at 7:29 am (Edit)

    Members of the trade and especially winery owners/wine makers/trade reps should get out and work the market place.
    Regional trade and consumer tasting, local in store tastings are always great for creating interest in wine, from all countries !

    Reply

12.  *JamesH* says:

    March 20, 2013 at 11:22 am (Edit)

    It seems to me Australia's strength in the US is still in the retail sector, so I think putting reps and salespeople in the stores holding tasting events in shops is a great way to educate consumers. It's an easy way to put promotional and educational materials directly in to consumer's hands, as well as sampling the wines at the same time.

    Reply

15. APPENDIX 7: VERBATIM RESPONSES OF Q12 OF SCREENER SURVEY

Number	Response Date	**Response Text**
24	Feb 18, 2013 1:52 PM	I would love to see growth for real Australian wines but the corporate, commercial brands have made that very difficult.
61	Feb 15, 2013 4:17 AM	There is a core group of guests who love Australian wines. More are coming to understand and are being exposed to these wines. I have many guests who actually have been there and are disappointed if we do not have some particular producer in stock.
35	Feb 15, 2013 9:27 PM	Australian wines seem to have been in a down trend the last few years - a flood of inexpensive wine combined with some challenging harvests for better wines have combined to put a damper on American enthusiasm for Aussie wines. Therefore, since, in my opinion, the trend has been down, there is an opportunity now for positive growth.
74	Feb 15, 2013 12:26 AM	With the dramatic growth of Australian value priced wines, the higher end Australians have become a tougher sell.
84	Feb 14, 2013 11:05 PM	Australia's been actively trying to increase market share (especially trying to get away from the "cheap and cheerful" image that they too successfully cultivated) for the last several years with little success; I don't know that that will change anytime soon.
13	Feb 18, 2013 6:31 PM	Wine is generally solid but only can go up based on last few years numbers
36	Feb 15, 2013 9:11 PM	They have lost so much I think that it may be time for an upturn in sales
50	Feb 15, 2013 12:40 PM	Demand for Australian wine is at such a low right now that it can only grow from here.
56	Feb 15, 2013 5:15 AM	I have some stores that are doind well with 9.99 to 19.99, but higher priced have delined
59	Feb 15, 2013 4:45 AM	Newer producers going against the Australian stereotype have a chance. Less fruit forward styles of Shiraz, GSM and Cabernet are best reds above $15 in my location. Chardonnay from Hunter Valley seem promising when put into the right hands.
72	Feb 15, 2013 12:51 AM	Easier to sell more expensive nd very good wines compared to cheap ones
85	Feb 14, 2013 10:51 PM	The "gotta have Yellow Tail" days are over. However, the mid to high end (Yalumba, Thorn-Clark, Molly Dooker, Duval etc.) are gaining in popularity and are easier to sell.
88	Feb 14, 2013 10:39 PM	As a consumer? the Australian downfall was great... Great wines and great prices... only wine snobs are missing out... also the loss of the Greatful palate sucks... I love big bad ass Mad Max wines...
90	Feb 14, 2013 10:32 PM	I believe people will buy less lower end wine, probably nearly making up the volume with higher-end offering
17	Feb 18, 2013 4:37 PM	I am currently in a French restaurant, so Australia isn't a focus, but we do have a few higher end reds. There is more and more exposure to quality Australian wines to trade and public, which is what Australia needs to be taken seriously. Too much cheap Oz wine flooded the market and will take time to reshape its reputation. With organizations, like Wine of Australia, this will slowly happen.

42	Feb 15, 2013 4:29 PM	Could be significant but will require stronger PR and reintroduction/re-education regarding strengths of Australian wines.
87	Feb 14, 2013 10:44 PM	If a significant marketing is undertaken by the Australian wine industry, I believe we could see moderate to significant growth of share.
25	Feb 18, 2013 2:33 AM	I think that Australian wines are pretty much a known quantity. There are a group of names that people know and are comfortable with, and the extracted Shiraz and Cabernets have a nice market that likely isn't going to change much moving forward. I think that the Rieslings from Clare Valley and other styles that people don't expect (I know these are specific producers, but Bindi with their Burgundian style and Yarra Yerring with the more nuanced wines come to mind) to see from Australia have a chance to grow and show that they have more to offer than just huge reds.
86	Feb 14, 2013 10:47 PM	We seem to be beyond the boom and bust of australian wine. There is still interest in the wines, specifically with shiraz and shiraz blends, albeit limited. I don't think there will be much movement up or down in the near term.
3	Feb 18, 2013 11:29 PM	In my experience, most of the Australian category's problems are at the tier 2-3 transition. Consumers care far less about these sort of issues than most tradespeople give them credit. Yes the market was over saturated, but that was several years ago now. The days of retailers stocking many SKUs of $50+ Aussie wine may be over, but that doesn't mean that solid premium and super-premium Australian wines can't have solid success. And if it doesn't work out here in the USA, well, there's always China!
96	Feb 14, 2013 10:25 PM	People are trying other countries wine, some will come back to Australian because of theit flavor profile.
76	Feb 15, 2013 12:05 AM	Value competition from Chile, emerging markets. Pressure on exchange rate will continue to drive value in those markets at expense of Australian.... unless there is more effort to counter this trend. Ultra premium Australian labels seem strong with potential for further growth. Cheap Australian Wine is competing on price not value.
97	Feb 14, 2013 10:25 PM	More US production of better quality wines will reduce share. Critter brands hurt the reputation of more quality wines.
89	Feb 14, 2013 10:39 PM	As i have seen a growth in European brands, the Australian varietals have remained stagnant. Distributors have switched over to pushing South African and S.American brands as well.
68	Feb 15, 2013 1:31 AM	Competition from other countries is increasing. France is getting more aggressive and so to is South Africa.
47	Feb 15, 2013 2:01 PM	People tend to think of places like Italy and Chile for wine, other places are beginning to get noticed and interest is picking up.
11	Feb 18, 2013 7:08 PM	New Zealand and Argentina seem to be the thing these days, with Australia lagging.
57	Feb 15, 2013 5:05 AM	Australia keep on losing market share on an every day basis against countries such as Argentina, Chile and South Africa or even NZ.
6	Feb 18, 2013 8:42 PM	It appears that Australian wines were very appealing in the past because of their relatively inexpensive value points. I have seen an increase in prices due to a weakening dollar abroad, and thus, a lower demand for wines from this region. Over the last five years, demand has been stagnant or has decreased somewhat. Consumers have shifted their preference for value wines from South American countries.

15	Feb 18, 2013 6:21 PM	If the Australian producers don't improve wine quality they will continue to loose market shares to other importing areas. Such as Chile, argentina, and Spain.Because cost for quality they out producing Austraila
30	Feb 16, 2013 3:11 PM	Australia is dying and south america is coming on strong
39	Feb 15, 2013 6:30 PM	I see the trend moving to Argentina and Chile. I think people got a little burned out on Australian wines with the proliferation of cheap over the top fruit wines from Australia
44	Feb 15, 2013 3:12 PM	Seems that South American wines are garnering the lion's share of focus and demand. Oz wines need a reboot in perception.
45	Feb 15, 2013 2:43 PM	I feel the increasing demands are turning towards more south american wines, it has been a growing trend that has not peaked. Aussies were known of inexpensive red for so long, then the very high end, overly expensive wines hit (due to Parker's scores), once the economy turned down, those expensive wines took the hit (like so many others).
58	Feb 15, 2013 5:04 AM	I believe that the Spanish market will take a significant share from the Australian wines, because of pricing and quality.
67	Feb 15, 2013 1:41 AM	There is stiff competition in the $10-20 category from Spain, Italy and South America.
62	Feb 15, 2013 4:08 AM	market fragmentation, low prices seeing competition from other producing countries.
29	Feb 16, 2013 5:45 PM	Many consumers have almost forgotten the Shiraz variety and it has been hard to find any Australian wines that they find value in.
5	Feb 18, 2013 9:05 PM	My restaurant sells high end wines. Grange, RWT, Elderton, etc. I still see a weak market for Australian wines. The rash of drought years ago has caused some negative opinions about the quality of vintages. Most consumers would rather have have California or Rhone Valley Syrah. Most would rather have California/Washington Cabernet Sauv.
37	Feb 15, 2013 7:32 PM	If I had more customer request for Australian wine I would increase my inventory but that is not the case.
69	Feb 15, 2013 1:16 AM	I find that among the common consumer, Australian wines are not top of mind.
43	Feb 15, 2013 4:25 PM	The flooding of the market with creature wines and virtual wine labels killed Shiraz buzz, next up Argentine Malbecs
79	Feb 14, 2013 11:41 PM	Australia needs more promotion for mid tier wines. Unfortunately, critter wines crated a challenge for mid tier wines by focusing on low prices. We have great wines that need to be promoted.
91	Feb 14, 2013 10:31 PM	Fires, exchange rate, bad press, etc. will continue to negatively affect perception of Autralian wines over next few years.
104	Feb 14, 2013 10:16 PM	the strong Australian dollar, the fact that Australia's (Shiraz's) popularity peaked 3 to 4 years ago and the popularity of South American & South African reds have seriously affected the category. And, consumer tastes have shifted, from the very ripe, alcoholic & somewhat sweet to more mature styles & profiles.
75	Feb 15, 2013 12:19 AM	The AUD is driving the lacluster Anerican Sales, At oarity or worse, Aussie wines just come in oo hig fo what they are.
103	Feb 14, 2013 10:17 PM	Few wholesale distributors are inspired by Australian wine, currently. I think some bell-cow accounts are necessary to drive market enthusiasm up for the $12+ retail price point.
98	Feb 14, 2013 10:22 PM	It seems the Australian wine producers shoot themselves in the foot with overproduction of plonk, and the homogenization of Australian Shiraz as a category

100	Feb 14, 2013 10:20 PM	Need a big effort to overcome perception as an ocean of yellow-tail type juice.
63	Feb 15, 2013 2:54 AM	Sales have been weak at best. Low cost generic brands like yellowtail have flatlined demand and killed expectations for great wine from Australia.
19	Feb 18, 2013 3:51 PM	I am basing my answer on my exeperience with Australian wine sales in the last five years in a retail market. The sales of Australian wine had declined five years ago, and have remained flat with little or no growth since 2005. I do have a steady buyer for inexpensive 1.5 L (under $10), and this catergory has also remined the same.
20	Feb 18, 2013 3:42 PM	Australian wines have fallen out of fashion Yellow Tail has altered the perception of Australian wine, and other regions have moved in to fill the void
22	Feb 18, 2013 3:18 PM	Australian imports have seen their market share decline in recent years. Whereas, brands like Yellow Tail continue to perform well, the category lost significant consumer mind share to Argentina. This is often the case with imported wine categories that rise quickly. the fall often mirrors the rise.
32	Feb 16, 2013 5:16 AM	The low end Australian wines of recent years affected consumer perception of Australian wines as a whole. This will take time to change.
81	Feb 14, 2013 11:31 PM	Low priced wines give impression of only cheap wines. Great, high quality, expensive wines get looked at as over priced from a "value area"
107	Feb 14, 2013 10:14 PM	Most Australian wines available in the US, and more specifically my market, are considered to be commodity items and not particularly exciting. Exceptions, such as Mollydooker an dother special or cult wines, do exist.
108	Feb 14, 2013 10:14 PM	I think the strong push of low end Australian wines has hurt the perception of the average wine drinker because they associate cheap with Aussie wine.
28	Feb 16, 2013 7:17 PM	With the amount of emerging wine regions, Australia is falling below the radar in restaurants. I feel like the retail sector is strong between 10-20 and will see growth going forward.
38	Feb 15, 2013 7:10 PM	I'm seeing a large interest in Portugal, some increased interest in southern France, increased interest in Chile and Argentina. Interest in Australia seems to have waned a bit but I feel it has its followers, further promotion would be a smart idea to turn others onto the region.
48	Feb 15, 2013 1:50 PM	Without active promotion from country of origin I wouldn't expect any significant change in consumer buying trends
64	Feb 15, 2013 2:17 AM	Without reinvigorating both the consumer and retail oulets I don't see much change in the decline in sales.
21	Feb 18, 2013 3:33 PM	I don't see any excitement about Australian wines from my customers, unless they've just gotten back or are going to Australia. I don't hardly see any reps to excite me about Australian wines either. The Australian section pretty much just gathers dust.
77	Feb 15, 2013 12:01 AM	I don't deal much in Australian Wine, but somms aren't talking much about them at all.
51	Feb 15, 2013 9:20 AM	Too much mediocre juice shoved onto market. Much higher demand for California Cab/California Pinot Noir
105	Feb 14, 2013 10:15 PM	To much ordinary wines.
4	Feb 18, 2013 9:40 PM	The recent trend has been in decline, as a result Austrailian wine sections continue to shrink to make room for more relavent trends this will continue to hurt the category

27	Feb 17, 2013 6:08 PM	The juice comin from down under is not as good as it used to be. The consumer no longer is getting bang for the buck. Put great juice at a reasonable price like the old days and sales will rise again. Look what the Malbec category has done.
23	Feb 18, 2013 3:00 PM	high alcohol, jammy styles seem to be out of favor
71	Feb 15, 2013 12:58 AM	Aussie wines have traded down style. For years they represented great values with interesting flavors. Now the good wines are getting way too pricy. At the same time sweet level is getting much too high. Many Aussie wines have become the "merlots" of the 2010's. Generic -overproduced - underwhelming- highly substituatble. Losing share in our store to Chile & Argentina. Chards continue to be nice sellers but the good ones are in price competition with white Burgundy and California Unoaked beauties. Most of our customers pick these based on price and say "good enough."
78	Feb 14, 2013 11:51 PM	Perception of very fruity reds only needs to be addressed
82	Feb 14, 2013 11:29 PM	Consumers have drifted away from the jammy, high alcohol sytle of wine that Australia has come to represent.
83	Feb 14, 2013 11:28 PM	The wines of Australia tend to be thin and juicy. As the comsumers palate becomes more acute the y will look for wines with a better flavor profile.
93	Feb 14, 2013 10:27 PM	These wines have to shake their rep of being "sweet" or over the top.
95	Feb 14, 2013 10:26 PM	Australia needs to move away from simple, light, fruit bomb to more complex, better structured wines.
106	Feb 14, 2013 10:15 PM	Share will bounce around among different Australian wines but I do not think that these wines will take share away from other wine producing areas in a significant way until they do a better job differentiating themselves and expanding on the value and especially quality proposition
40	Feb 15, 2013 5:20 PM	Without more consolidation inside the industry and better individual vintage performance, I see little change in the performance of Australian wines.
80	Feb 14, 2013 11:35 PM	This is the best case scenario unless the Australians change their strategy.
53	Feb 15, 2013 6:00 AM	Brands like molly dooker are really pushing ozzie wines
34	Feb 16, 2013 1:36 AM	Need to expose customer to Australian wines that are elegant not fruit bombs
65	Feb 15, 2013 2:15 AM	I feel a great deal of this in promotion. There are many consumers who are somewhat still in the dark about many varietals from Australia other than Shiraz.
9	Feb 18, 2013 7:44 PM	We only represent the wines we serve in our classes. For instance when we have our Mastering Wines of the World classes Australian Wines will be featured.
10	Feb 18, 2013 7:23 PM	thank you
14	Feb 18, 2013 6:23 PM	Americans are becoming more cognizant about carbon footprints of products they consume.
18	Feb 18, 2013 4:36 PM	I represent 2 business types. I am a journalist & a distributor/ importer. I have recently also been a buyer for a large grocery chain.
60	Feb 15, 2013 4:18 AM	With overall wine sales as well as education increasing to the consumer, they are discovering and will continue to explore and enjoy these great wines.

70	Feb 15, 2013 1:02 AM	As consumers grow more aware of various regions and educate themselves in on and off premise accounts the region will experience higher sales
66	Feb 15, 2013 1:48 AM	If the customers taste the wine. The you can increase the perceived value.
52	Feb 15, 2013 6:49 AM	Will continue to grow in the low end sales based on historical sales.
55	Feb 15, 2013 5:19 AM	The outlook was grim a couple of years ago, but quality Australia wines are rebounding.
8	Feb 18, 2013 8:05 PM	I feel quality wines are starting to have more demand in US market which is a good dreams for everyone
12	Feb 18, 2013 6:40 PM	I see more and more demand for quality wine from Australia.
1	Feb 19, 2013 9:42 PM	Certain Regions of Australia have significant value and those who know and appreciate wine truly will purchase the more expensive wines from those Regions.
46	Feb 15, 2013 2:03 PM	Have heard rumors that some of the best Shiraz's are currently in the US market
102	Feb 14, 2013 10:18 PM	I see the Australian Wine market in a position to do very well in the next few years. If they concentrate a bit more on Cabs and Cab blends they will do even better. They have some of the best wines in the world and are being supported by the average wine buyer, those who don't spend a lot of time reading the poorly written aussie wine bashing stories.
26	Feb 18, 2013 1:22 AM	I think if they can re-establish their perception by continuing to focus on cooler climate restrained wines, they have a shot. I have been focusing on cooler climate chard and pinots and so far, have been moderately successful.
73	Feb 15, 2013 12:46 AM	We are very optimistic about the growth in of Australian wine share in the US market
92	Feb 14, 2013 10:29 PM	GREAT
109	Feb 14, 2013 10:13 PM	We sell a large amount of Australian wines at all price levals
101	Feb 14, 2013 10:20 PM	Redesign of promoting outstanding producers. Improving economic factors.
49	Feb 15, 2013 1:27 PM	I think the high quality wines will gain traction especially high quality shiraz, cabernet and pinot noir.
31	Feb 16, 2013 2:35 PM	Australian sales will increase. It seems they have taken steps to tell more stories about respective brands, decrease the alcoholic opulence of the country's style, and focus on regionality. The strength of the Australian dollar is a problem as global currencies continue to devalue against it. I think people will come back to Australia; however it is hard to say when.
99	Feb 14, 2013 10:20 PM	There are so many wines from a number of regions and I feel that the general population is greatly influenced by the media and marketing.
41	Feb 15, 2013 4:55 PM	As US wine prices increase and quality levels off, value priced Australian wines should have an increasing advantage in the US market.
7	Feb 18, 2013 8:10 PM	Good quality at a good price.
16	Feb 18, 2013 4:46 PM	I believe that some growth will return as consumers experience the product/value component as other regions price impacts and domestic wines grow in price based on economies.
94	Feb 14, 2013 10:26 PM	continued quality with great value will drive sales at all price points

2	Feb 18, 2013 11:43 PM	I'm finding that the flavor profiles of the Autralian wines we are curerently bringing in are more structured and refined than years past over ripe high alcohol "preferred style" ..I guess mass produced is the right description. My customers are being exposed to different styles at moderate price points and seem excited at what the future brings.
33	Feb 16, 2013 1:42 AM	I see sales inproving as the wines gain in individuality. They were to similar in the past. The consumer is moving away from the large brands like Yellow Tail and looking for good wines that don"t taste all the same.
54	Feb 15, 2013 5:47 AM	Australian wines are for the most part 'user friendly' in style and favorably priced vis a vis their competition and with some effort, should regain some market share.