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GRAPE AND WINE RESEARCH AND DEVELOPMENT CORPORATION

THE OPPORTUNITIES FOR AUSTRALIAN WINE IN THE ON-LINE CHANNEL IN THE UNITED KINGDOM



FINAL REPORT to

GRAPE AND WINE RESEARCH & DEVELOPMENT CORPORATION

Project Number: **WAC 1202**

Principal Investigator: **Tim Wilson**

Research Organisation: **Wine Australia Corporation**

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Final report to the Grape and Wine Research Development Corporation

The Opportunities for Australian wine in the on-line channel in the United Kingdom

Tim Wilson

Wilson Drinks Report and Wine Australia Corporation

June 2013

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Table of Contents

1. ABSTRACT 4
2. EXECUTIVE SUMMARY 5
3. BACKGROUND 8
4. PROJECT AIMS AND PERFORMANCE TARGETS 10
5. METHOD 12
5.1 REVIEW AND ANALYSE EXISTING MARKET AND ONLINE RETAILER DATA 12
5.2 INTERVIEWS WITH ONLINE RETAILERS 13
5.3 REVIEW AND ANALYSE EXISTING WDR CONSUMER RESEARCH 13
5.4 CONSUMER FOCUS GROUPS 14
6. RESULTS/DISCUSSIONS 16
6.1 REVIEW AND ANALYSIS OF EXISTING DATA ON THE UK ONLINE MARKET 17
6.2 INTERVIEWS WITH ONLINE RETAILERS 53
6.3 EXISTING WDR CONSUMER RESEARCH INTO ONLINE WINE RETAIL 68
6.4 CONSUMER FOCUS GROUPS 78
7. OUTCOME/CONCLUSION 110
7.1 PROVIDE A ROBUST ANALYSIS OF THE UK ONLINE MARKET 110
7.2 IDENTIFY KEY OPPORTUNITIES FOR GROWING THE AUSTRALIAN PRESENCE AND SALES VOLUMES WITHIN THE ONLINE WINE CHANNEL 116
8. RECOMMENDATIONS 121
9. APPENDIX 1: COMMUNICATION 133
10. APPENDIX 2: INTELLECTUAL PROPERTY 134
11. APPENDIX 3: REFERENCES 135
12. APPENDIX 4: STAFF 136
13. APPENDIX 5: ONLINE RETAILER PROFILES 137
14. APPENDIX 6: EXAMPLE ONLINE RETAILER INFORMATION ON AUSTRALIA 151
15. APPENDIX 7: EXAMPLES OF ONLINE RETAILER INFORMATION ON WINE 159
16. APPENDIX 8: EXAMPLES OF ONLINE RETAILER INFORMATION ON SPECIFIC WINES 161
17. APPENDIX 9: EXAMPLE OF ONLINE COMPETITION 169
18. APPENDIX 10: EXAMPLES OF CLICK AND COLLECT 170
19. APPENDIX 11: EXAMPLES OF ONLINE HELP FACILITIES 174
20. APPENDIX 12: EXAMPLES OF SOCIAL MEDIA APPLICATIONS 177

1. ABSTRACT

Australian wine companies are looking beyond the traditional off-trade channels in the UK for profitable opportunities. The online channel may offer opportunities for growth however one major issue is that there is very little intelligence available to assess the size and scope of the opportunity. This project aims to address this situation by providing insights into the online channel in the UK and assessing the opportunities for the profitable and sustainable growth of Australian wine sales in the UK.

2. EXECUTIVE SUMMARY

The United Kingdom (UK) remains one of the biggest and most important markets for the Australian wine category. However, Australian wine companies are looking beyond the traditional off-trade channels for profitable opportunities. The online channel is currently growing faster than traditional channels and may offer some upside with potentially higher sales margins.

One major issue is that there is very little intelligence available to assess the size and scope of the opportunity. This project aims to address this situation by providing insights into the online channel in the UK and assessing the opportunities for the profitable and sustainable growth of Australian wine sales in the UK.

The key objectives of the project are to:

- Provide a robust analysis of the UK online market. Specifically,
    - identifying the key players;
    - quantifying the size of each sub-channel
    - profiling the main consumer segments
- Identify key opportunities for growing the Australian presence and sales volumes within online wine retailers. Specifically,
    - identifying the best opportunities for increasing the number of Australian wine listings with the major UK online retailers
    - identifying the promotion mechanics used online and analysing the response of different shopper segments to each
    - analysing consumer loyalty and how it could be driven towards Australian wine

The research was undertaken by Wilson Drinks Report and Axis Management Consulting. They conducted a combination of quantitative and qualitative research as follows:

- Collation and analysis of key facts and performance trends on the UK online wine market;
- Desktop research on key online wine retailers;
- Face-to-face interviews with 10 leading retailers across the four key online channels;
- Additional quantitative research using WDR Confidential service (as required); and
- Six consumer focus groups.

Total wine sales in the on and off-trade channels total about £10.4 billion at retail. However, both these key sales channels have been showing volume declines over the last few years. British shoppers continue to migrate from traditional bricks and mortar shops to online across a range of categories as confidence in security increases and new technologies are rolled out. Beer, wines and spirits (“BWS”) sales online have outperformed traditional channels, according to IMRG. While there are currently no reliable sources of market data for the online market, WDR estimates the online channel to be worth around £1 billion at retail. This is consistent with other estimates.

With a goal to increase the Australian presence in the online market and increase the average spend per bottle of Australian wine sold in the UK market seven key actions have emerged for both Australian producers and Wine Australia:

1. Promote heritage and credibility of Australian wine

- Raising the perception of Australian wine as a product with heritage in the minds of British consumers should drive opportunities for more premium listings, especially for boutique wineries.

2. Promote Australian regionality - become as well-known as "Marlborough"

- Focussing on retailers selling wine > £10 per bottle, there should be three objectives: raise awareness of key regions up to the level of awareness enjoyed by Marlborough in New Zealand; increase retailer listings; and provide specific funding to promote premium wines from key regions
- Wine Australia should work with selection of online retailers on a specific campaign focused on Australian regionality.

3. Build reputation for Australian red wine

- There is a need to "tell a story" online about Australian red wine and the variety of locations and styles, similar to the variations found in France.

4. Target listings > £10

- Wine Australia should work with selection of premium Australian producers on driving additional listings for super-premium and wines > £10.

5. Coordinate campaigns with major online retailers

- Retailers selling at least £0.5m online should be included in a major accounts programme and there should be proactive engagement with retailers' wine clubs and communities.

6. Differentiate the Australian offering from other countries

- There is a clear opportunity to differentiate premium Australian wine: tell a story online through retailers' websites about the rich variety of tastes and styles.
- Producers and Wine Australia should focus on developing relevant consumer insights to facilitate better retailer ranging and pricing and consider how to help retailers develop their cellar planning and wine plan services.

7. Provide better content and collateral

- Include downloadable content, vintage charts, regional maps and other relevant collateral suitable for use in retailers' social media activities.

For individual producers this report identifies some specific actions, including:

- Tell a story thar builds your wine's build reputations for heritage, credibility and regionality;
- Enhancing the position of Australian red wines and wines that sell > £10; and
- Work with Wine Australia to increase listings and improve the associated services for UK online retailers.

3. BACKGROUND

Australia has been the number one supplier to the UK off-trade channel for a decade. However, due to factors such as increased taxes on alcohol, the strong Australian dollar and the power of the big grocery retailers, sustaining this position profitably is becoming increasingly difficult. Margins in the off-trade are being constrained by the ongoing use of frequent price promotions as well as the growth in retailers' private labels. Consumers are increasingly basing their purchasing decisions for wine on the most attractive discount. Supermarkets and hypermarkets are particularly active in offering multi-buy discounts on wine.

Australian wine companies are looking beyond the traditional off-trade channels for profitable opportunities. The online channel may offer some upside with potentially higher sales margins. The average spend per bottle appears to be higher than corresponding sales in the traditional off-trade retail channels. Reports also suggest strong growth in online sales as consumers increasingly seek convenience. Therefore the online channel may represent a significant opportunity, particularly for small to medium size wineries, with the ability to increase distribution in areas that are not covered by traditional distributor arrangements. Indeed many online retailers seek to differentiate themselves by listing exclusive wines not generally available in the off trade.

However, there is very little intelligence available to assess the size and scope of opportunity. This project aims to address this situation by providing insights into the online channel in the UK, specifically investigating issues such as which type of consumers use the online channel, what they are buying, how they are using the channel, how much they are spending in the channel, why they are utilizing the channel and what brought them in to the channel.

The economic benefits are significant. As outlined in the project background, Australian wine sales in the UK online segment are estimated to be worth £140 million (around A$210 million). Increasing Australian wine sales by 5% per annum would yield an additional A$11 million per year in sales value. Importantly, with a higher average spend in the online channel the margins achieved by Australian wine companies would potentially be boosted.

Online retail appears to be a growing market segment in the UK however there is a lack of clarity and knowledge about the channel. As for all markets, it is difficult to collect online intelligence. Given this, developmental investment by individual companies is likely to be sub-optimal and the case for collective funding is strong.

The research is focussed on pre-competitive insights and will assist in developing a better understanding of what drives the online channel in the UK. This may result in improving the sector's competitiveness and products and processes (Program 3).

This project is consistent with the GWRDC objectives of:

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

This project was started with the aim of gaining insights that would enable the Australian wine sector to better inform route-to-market partners in the online retail channel and assist in identifying profitable opportunities for the Australian wine sector. It was also hoped that outcomes from this project would enable marketing strategies to be re-focussed.

4. PROJECT AIMS AND PERFORMANCE TARGETS

The key objectives for the online retailing project are:

1. Provide a robust analysis of the UK online market by:

- identifying the key players;
- calculating the potential value-reach of each of the different online channel types e.g. wine clubs, online specialists, independents online, supermarkets online etc. With additional information on how each performs on sales volume and sales mix;
- identifying the main consumer segments who buy wine online;
- identifying how online shoppers decide which wines to buy; and
- identifying the average spend of the online shopper, compared to that of a 'bricks and mortar' shopper.

2. Identify key opportunities for growing the Australian presence and sales volumes within the online wine channel including.

- the best opportunities to increase the number of Australian wine listings with the major UK online retailers;
- the promotional mechanics that are used online and how different shopper segments respond to each type;
- how shoppers can be encouraged to try Australian wine online;
- how repeat purchases can be stimulated, other than with more coupons/vouchers; and
- how consumer loyalty can be driven towards Australian wine.

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

Year 1	Output	Target Date	Activities
	Using the analysis of the information provided by online retailers and consumers, a report that: • details the size at various price points of the UK online wine sales channel by country of origin. • details and critiques the strategies employed by competitor countries to obtain, maintain and increase market share in the channel. • details the size and scope of the opportunity that exists for Australian producers through the UK online sales channel at various price points and through the various online markets. • Identifies the key opportunities for growing the Australian presence and sales volumes in the UK market through the online channel. That report will allow Australian producers to make the decision to pursue, or otherwise, the opportunities that exist in the online market and provide a clear understanding of how to pursue such opportunities.	30/06/13	Analyse the UK online wine retail market: - Review existing market data on key supermarkets, independents, and online specialists/wine clubs. - Review existing WDR data on online shoppers - Extract relevant data, prepare specific analysis and identify gaps - Conduct structured interviews with ten online wine retailers (from 23 leading retailers) - Analyse all information including (but not limited to) the current online market (generally and Australia-specific), future growth potential for online sales (generally and Australia-specific), the opportunities for Australia at various price points and constraints to growth of the Australian market share of online sales in the UK - Determine key value add mechanics/promotion types used to drive sales Conduct six focus groups with at least eight participants each with target segments: - Recruit consumers and establish focus groups. - Develop focus group framework - Write up outcomes of focus groups.

5. METHOD

Data collection was split into four components:

- Review and analysis of existing market and online retailer data;
- The conduct of structured interviews with 10 online retailers;
- Review and analyse existing WDR consumer research; and
- The conduct of six consumer focus groups.

All information gathered was analysed including (but not limited to) the current online market (generally and Australia-specific), future growth potential for online sales (generally and Australia-specific), the opportunities for Australia at various price points and constraints to growth of the Australian market share of online sales in the UK.

5.1 Review and analyse existing market and online retailer data

To provide a robust analysis of the UK online market, the following was undertaken:

- a review of existing market data on key supermarkets, independents, and online specialists/wine clubs;
- the collation and analysis of facts and performance trends of the UK online wine market, highlighting key opportunities for Australian wine;
- desktop research on key online wine retailers, including an internet search of any publically available data on the online market;
- use of existing WDR analysis and research and augment as required; and
- the extraction of relevant data, preparation of specific analysis and identification of gaps.

WDR, in consultation with Wine Australia, selected 14 online retailers for analysis (referenced as WDR analysis Jan-Mar 2013 throughout the report). The objective was to get a selection of retailers from the four main online channels and to ensure that many of the leading players were included. The online retailers selected were:

- Grocery retailers – Tesco.com, Waitrose.com, Sainsburys.com, Marksandspencers.com
- Independents – Cambridge Wine, Corks Outm Berry Bros & Rudd (BBR), Majestic Wine, Tanners
- Direct sales specialists – Laithwaite's, Slurp, Morrisons Cellar, Tesco Wine by the Case
- Wine clubs – The Wine Society

The scope of the analysis of the online retailers included:

- Current wine range: colour, major price band, country of origin (and region);
- Value-added services: food matching, cellar planning, wine clubs; and
- Analysis of value-add mechanics and promotion types.

5.2 Interviews with online retailers

Ten online retailers were interviewed as part of the project drawn from a selection of the leading retailers, both to discuss online wine retail, identify specific opportunity areas for Australian wines and to seek input into the WDR focus group programme.

The following retailers were interviewed:

- Majestic Wine
- Wine Society
- Tesco WBTC
- Tesco.com
- Laithwaite's
- Slurp
- Waitrose.com
- Cambridge Wine
- Morrisons Cellar
- Flagship Wines

Berry Bros & Rudd and Corks Out declined the opportunity to be interviewed.

One person was interviewed from each each retailer (except Morrisons where there were two people), and all retailer interviews were done face to face. The interviews lasted between 60-90 minutes. The interviewees were a mix of buyers, commercial directors, marketing managers, managing directors and business owners. In all cases the interviewees had direct responsibility or involvement with the online channel. Each interview used a similar structured approach with a questionnaire, although of course different topics were also discussed depending on the individual retailer.

The following information was sought in the retailer interviews:

- Size of the business, comparison to bricks & mortar operations
- Average RSP, average basket, conversion rates
- Australian wine's share of their online business, relative performance to other countries
- Key competitor countries to Australia
- Key opportunities for Australian wine by price band
- Other feedback and comments

As agreed to by the interviewees, any commercially sensitive data shared in the interviews has not been included in this report. Specific responses have also not been identified with particular retailers to protect their commercial interests.

5.3 Review and analyse existing WDR consumer research

Existing WDR data on online shoppers was reviewed such as age, sex and socio-demographic status.

All existing WDR consumer surveys have been conducted using an online interview administered to members of the YouGov Plc GB panel of 350,000+ individuals who have agreed to take part in surveys.

Emails are sent to panellists selected at random from the base sample. The e–mail invites them to take part in a survey and provides a generic survey link. Once a panel member clicks on the link they are sent to the survey that they are most required for, according to the sample definition and quotas. (The sample definition could be “GB adult population” or a subset such as “GB adult females”). Invitations to surveys don’t expire and respondents can be sent to any available survey.

The responding sample is weighted to the profile of the sample definition to provide a representative reporting sample. The profile is normally derived from census data or, if not available from the census, from industry accepted data.

YouGov Plc make every effort to provide representative information. All results are based on a sample and are therefore subject to statistical errors normally associated with sample–based information.

Sample size - each monthly survey for WDR comprises of approximately 2,000 adults who have completed the survey online. The base size comprises British adult drinkers contained within the total sample.

5.4 Consumer focus groups

A programme of primary consumer research was designed to explore UK wine drinkers’ attitudes to Australian wines. Carefully structured focus groups drilled down into consumer perceptions and motivations when buying wine online, including a focus on value add mechanics to assess relative attractiveness. Sufficient focus groups were run to ensure that the key findings are statistically robust and defendable.

The discussion guide for the focus groups was developed based on:

- Retailer analysis work
- Retailer interview input
- WDR and Wine Australia input

Qualitative research was conducted, comprising six group discussions split between the following types of wine drinkers:

- Two with female main shoppers (housewives) aged 36-60 who shop for groceries online at least sometimes.

- Two with males aged 50-70 for whom food, wine and travel were important, and were happy to consider independent/ specialist wine retailers.
- Two with young professionals aged 25-35 (males and females mixed, all pre-family life stage) who were keen to know more about wine.

Each of the six focus groups comprised eight participants. A moderator facilitated the discussion using a discussion guide, with each session being recorded to enable all key points to be identified.

In all groups, those recruited were non-rejectors of Australian wine, and none rejected the idea of buying wine online (most had already done so).

All were ABC1 social grades. ABC1 is a standard sociodemographic classification developed by the National Readership Survey and is widely used by marketers and consumer research bodies in the UK. ABC1 includes high, intermediate, supervisory managerial, administrative or professional people.

There was a spread of wines drunk (red/ white) within groups, and there was also a spread of frequency of drinking Australian wines and frequency of buying wine online.

Groups were conducted in Cheam, Reading and Manchester between 8th and 10th April 2013
All groups were moderated by Debbie Moorcroft of Axis Management Consulting, and viewed by Camilla Coste of Wine Australia.

Supplementary quantitative research was conducted using the WDR Confidential service (1,457 British adults who buy wine) to assess the attractiveness of a specific new promotion mechanic (upgrade 6th bottle of wine) and to identify consumers' favourite wine countries of origin.

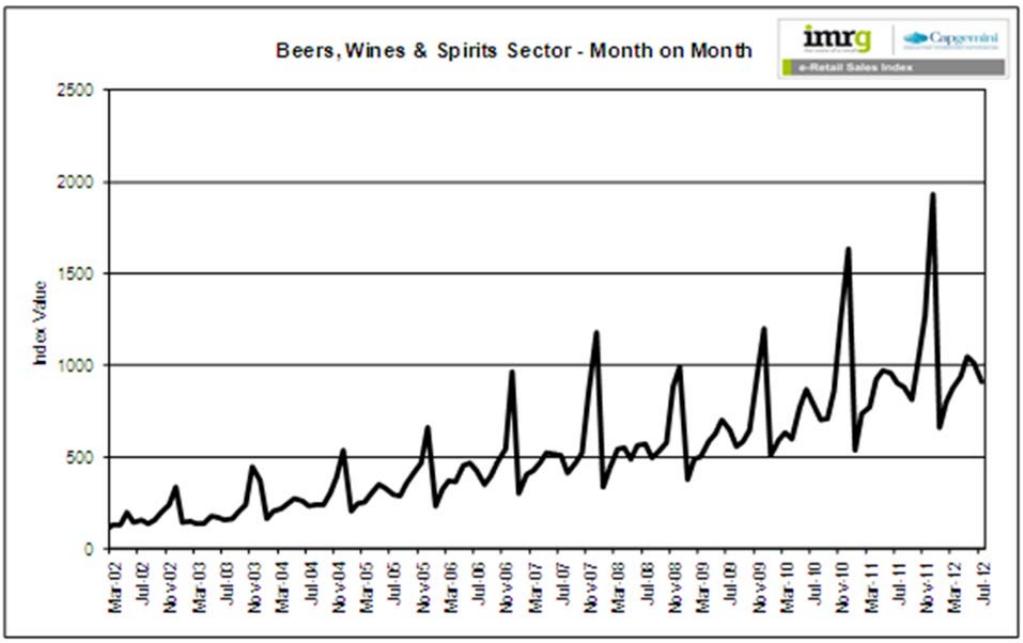
6. RESULTS/DISCUSSIONS

The results and conclusions from each component of the project are detailed in this section. There are four components:

- Analysis of existing data on the UK online market, including individual online retailers
- Online retailer interviews
- Existing WDR consumer research
- Consumer focus groups

6.1 Review and analysis of existing data on the UK online market

Overview of the market



At present there are no reliable estimates of the total amount of wine sold through the online channel. Major data providers like Nielsen have indicated that they plan to increase their coverage to include online, but this is not yet a reality.

The IMRG chart included above shows one view of the growth of online sales of beers, wines and spirits. This is based on a small sample of online retailers that participate in the IMRG Capgemini eRetail Index, which tracks total volumes of sales on a monthly basis. The index is also interesting in showing how seasonal the level of business can be, with big peaks in the run-up to Christmas every year.

Desktop review

A comprehensive desktop review has uncovered the limited publically-available, market data on the online wine sales channel in the United Kingdom. All footnotes for this section appear on page 21. The information available suggests that:

- the online channel currently accounts for around 10% of wine sales in the UK;
- sales in the online are growing at a faster rate than in-store sales;
- the average spend on wine is higher online than in-store;
- online sales growth in future will be strongest for mid- to higher-priced wines;
- online sales growth covers a broad demographic, not just young professionals;
- flexibility in order size is crucial; and
- wine sales through mobile devices such as iPads are rising quickly.

Market size

No research agencies currently collect or publish market data on online wine sales in the UK. Thus an internet search was conducted to find any anecdotal evidence of market size. The reports uncovered suggest that the online share of wine sales is around 10%:

- Jeremy Howard, CEO of Slurp, suggests that online wine market "accounts for 10 to 15% of the £12 billion total" - or £1.2 to £1.4bn[1]
- Dan Jago, BWS Director of Tesco, has said "internet sales now account for 10% of Tesco's total wine sales" and that estimates put the size of the Tesco's UK online market at £250 million[2]
- Majestic Wine reports that "9.8% of the firm's total UK sales are now generated online"[3]
- Euromonitor International estimates that the online channel accounted for 6.8% of the volume of wine sales in the UK off-trade in 2011
- Tim Simmons, analyst with International Wine and Spirit Research, estimates that "the size of the online market is probably 8-10%"
- Drinks Business reports that "Internet retailing may have generated less than 1% of global off-trade alcoholic drink sales by volume in 2010, but the UK is one of a limited number of markets where this distribution channel has really taken hold, accounting for nearly 5% of off-trade alcoholic drinks sales by volume in 2010."[4]
- Latest market size estimate from Nielsen and CGA Strategy for total still & sparkling wine[5] :

Category	Off trade *	On trade
	MAT 2 Mar 2013	MAT 29 Dec 2012
	£million	£million
Red wine	2,275	1,409
White wine	2,464	2,052
Rosé wine	613	375
Champagne	323	335
Sparkling wine	409	116
Total	6,084	4,287

Off trade * = excludes discounters Aldi & Lidl

- Total off-trade (excluding discounters) and on-trade totals £10.4 billion at retail.
- WDR estimates total online wine sales at £1 billion pa, which would represent 8.8% of total wine sales.

Market Growth

According to Jeremy Howard, CEO of Slurp, online wine sales are growing at a rate of 25-30%[6].

Majestic Wines reported that in the six months to 1 October 2012, wine sales through its stores grew by 4.5% while online sales saw even stronger growth of 14%, with a 19.9% uplift in the number of orders paved via the internet[7].

Dan Jago has said that Tesco's wine sales through the internet "is growing at three times the rate of in-store wine sales"[8].

IMRG Capgemini reported that online sales of wines, spirits and beer grew by 20% in 2011, outperforming overall market growth of 16%[9].

IMRG Capgemini reported that sales through mobile devices continue to rise quickly, with growth put at 312% in September 2012[10].

Tim Simmons, analyst with International Wine and Spirit Research, estimates that online wine sales are "growing approximately 10% a year".

Average spend

Dan Jago said that the average spend online for wine for Tesco is £135, with an average order of 26 bottles (making for an average bottle price of £5.20). Furthermore, the most valuable customers are those who buy in-store and online: they spend two and a half times more on wine annually.[11]

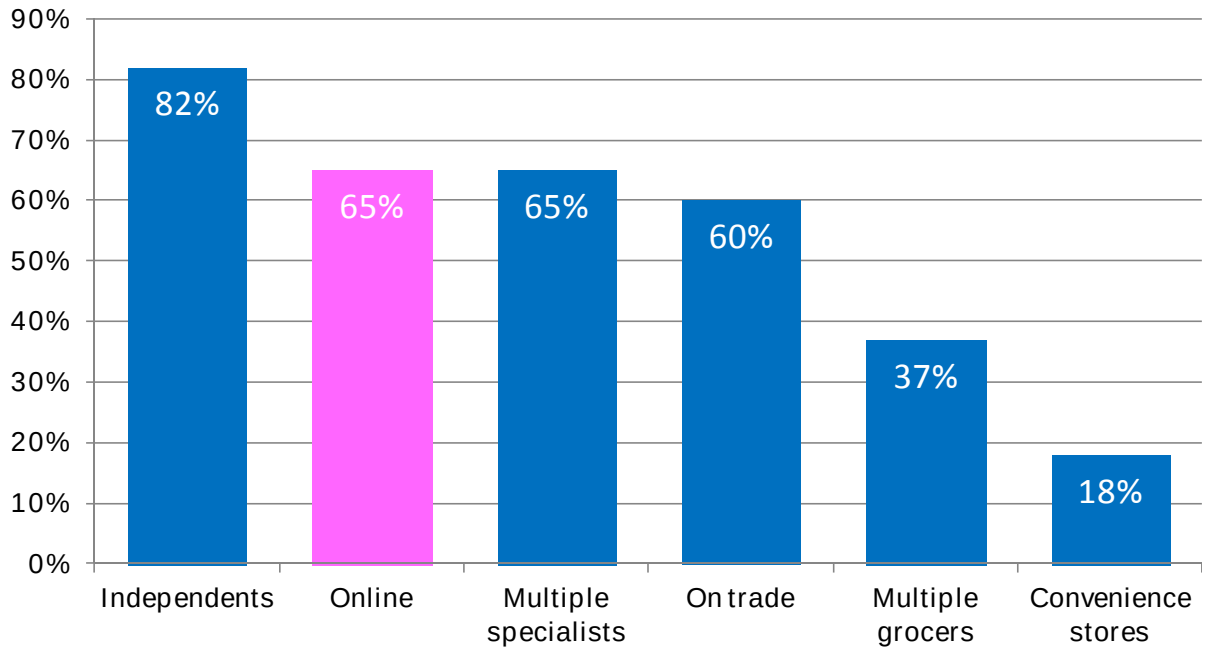
Consumer insights

Wine Intelligence consumer research found around 23 million adults in the UK both drink wine regularly and use the internet. Within that figure, around half say they use the web, in one form or another, to find or share information about wine.[12]

Wine Intelligence research also suggests that the proportion of regular wine drinkers purchasing wine on the internet stands at 14%. This ranks the online behind the other off-trade channels – supermarkets (95%), high-street off-licences (31%), corner shops (22%), and local independent wine merchants (18%).

However, when Off Licence News[13] asked 60 UK agents and distributors in 2011 where the future of premium wine sales lies, the online channel was ranked the equal second most important channel with 65% of respondents (see chart on next page).

Future of premium wine sales?



Source : Off Licence News 2011

Wine Intelligence research also suggests that younger consumers buy more frequently from multiple specialists (specialist wine stores at multiple locations) and corner shops than those aged 45-54, who were found to buy more online than 18-34 year-olds, dispelling the general view that the majority of online wine buyers are young professionals.

Jeremy Howard suggests that "the consumer online wants a focused experience, not a supermarket experience"[14].

Retailer perspective

According to James Walton, Chief Economist at the Institute of Grocery Distribution (IGD), "the internet is not just an avenue to sell wines, its real potential is in shaping the relationship with the shopper, for example in using web pages to add quality and depth to a brand".[15]

The Drinks Business[16] suggests there are opportunities online for wines across the price spectrum - "For mass-market wines, the online efforts of large store-based chains such as grocery retailers or warehouse clubs continue to offer the most obvious potential for growth. Using six- rather than 12-bottle cases is also making the 'by the case' model accessible to a wider audience, and may benefit some lower-end brands, while the entry of lower-end alcohol specialists, notably leading UK chain Bargain Booze which has been slower to move online, should also boost growth."

"The online market for mid- to higher-end wines and niche brands is likely to see the most movement over the next few years. Moves by supermarket retailers to stock more higher-priced wines and

exclusives, the on-going shift of mail-order wine clubs online and more specialist retailers launching their own websites will all improve the market, but the potential goes further than that."
"As the market matures and customers begin to look at value as well as price, the ability of the internet to frame a product's back story is really coming into its own. This helps retailers such as wine clubs and specialists to sell products at higher prices, but also tapping into this, smaller brands are becoming increasingly aware of their ability to market their products for themselves, using websites, blogs and email newsletters as well as building a presence on social networking sites to differentiate themselves from competitors and proactively engage consumers."

Mobile devices

IRMG suggests that online-only retailers continue to grow faster than multichannel retailers.[17]

Sales through mobile devices are also rising quickly, growing 312% in September 2012. The September conversion rate was 1.9%, the highest recorded to date. This reflects the wider take-up of smartphones. Capgemini's Chris Webster[18] said : "The upward trend in mobile conversion rate indicates the steady infiltration of smart phones and tablets as a buying device now, which used to be more of a browsing tool in the past. Online retailers should wake up to this change and include a smart phone mobile shopping application or mobile web in their multichannel offering platter."

IMRG's Tina Spooner said : "The upward trend in the conversion of browsers to buyers is evidence that consumer behaviour is being transformed by mobile devices. Retailers that integrate the mobile platform as an essential part of their multichannel strategies will no doubt continue to reap the rewards over the lucrative festive shopping period."

Wine Intelligence research suggests that in both the USA and the UK, there is a strong correlation between tablet ownership and buying wine on the internet . Americans who own iPads or similar devices are 2.5 times more likely than non-owners to shop for wine online. They find that, as a whole, 7% of regular wine drinkers use the internet to buy wine, compared to 19% of tablet owners. In the UK, the figures aren't quite as emphatic, but the trend is similar : tablet owners are 40% more likely to buy wine from an online source.

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Latest developments in the online market

Dark stores

There is a growing number of UK online retailers using “dark stores” (or “dotcom stores”) to service their online shoppers. In effect these new types of stores are dot.com fulfilment centres, where retailers can provide an online retailing experience that makes the shopper feel like they have been around the store themselves.

They are not warehouses but they are not open to the public. The store layouts will tend to be similar to regular stores and retailer staff will move round the store with trolleys picking customer orders for delivery within a few hours. It is mainly the grocery retailers who are operating dark stores at the moment; eg Tesco, Asda, Waitrose.

Click & Collect

Another significant trend in UK online shopping is the growth of “Click & Collect”. Many online shoppers are unable to receive deliveries during the day when they are out at work. Retailers have responded to this barrier to online shopping by providing a facility for shoppers to order and pay for their goods online but have them delivered to their local store for the shopper to collect when it is convenient for them. Retailers are able to offer online prices as there is less handling and storage of the product along the supply chain.

One recent example for a different category is the re-launch of the specialist photography retailer Jessops which went into administration at the end of 2012. Jessops has recently re-opened 6 stores under a new online-led retail strategy by new owner, internet entrepreneur Peter Jones. Instead of operating nearly 200 stores across the UK, sometimes with multiple outlets in the same town, the new strategy offers shoppers competitive online retail prices and the ability to collect their specialist camera at one of about 30 Jessops stores. Shoppers can then obtain help with set up of the camera.

Click & collect is already being offered by a few of the online wine retailers covered by our analysis (see p46).

New market entrants for UK online wine

Morrisons Cellar is the biggest new entrant to the online wine retail market (see p145). Morrisons is the 4th largest UK grocery retailer with about 11.5% of the UK market (Kantar Worldpanel UK 24 Apr 2013) but until recently had not developed an online shopping model. The core grocery range is still not available and talks are ongoing with Ocado who would supply all the necessary supply chain and logistics infrastructure for a planned start in January 2014. However, Morrisons Cellar has been launched as a stand-alone online wine retailer. The key selling point is the Bibendum Taste Test methodology bought by Morrisons from waitrose.com.

Drop Wines is another new online retail venture, this time a members' only club that sources wine direct from a select group of independent wine merchants. They aim to offer a small number of deals at any time : "We are not obliged to buy any particular wines or get rid of bin ends. We choose what we like and then we get you the best price available on the day".

31DOVER is also a new joint venture, this time between internet entrepreneur David Laurie and Vanquish Wines. Vanquish specialise in supplying premium drinks, mainly for the London market, whilst Laurie brings expertise in online marketing and retailing. 31DOVER's focus is on premium wine, premium spirits and craft beers and as of the end of May they were offering about 100 wines in total. Interestingly, 31DOVER use the exact same language in describing their propositions:

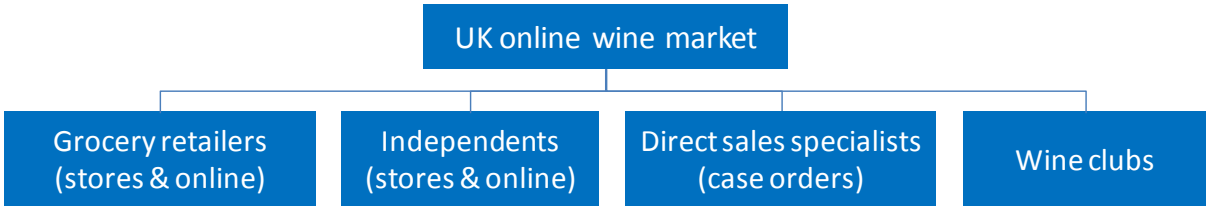
- Dropwines: "... and present you with a curated list..."
- 31DOVER: "... and handpicked a concise, carefully curated list..."

Key players in the UK online retail wine market

The main channels

The UK online retail market is split into four main channels:

- Grocery retailers with online presence: most of the major UK grocery retailers now sell grocery products online, including wine. Whilst traditional shops still remain the vast majority of the business, online is definitely growing faster than store sales.
- Independents with online presence: many leading independent BWS retailers have added an online presence to their shops. In some cases the addition of online sales is equivalent to adding another store, but without the day to day operating costs of a physical store.
- Direct sales specialists: these types of retailers earn the bulk of their revenue by selling direct to their customers, mostly online or through telesales or mail order. Whilst grocery retailers offer single bottles as part of a broader grocery shop, direct sales specialists typically only sell cases of wine. Some grocery retailers like Tesco and Waitrose have established a separate online wine retail operation to compete in this more specialist part of the market.
- Online wine clubs: ideally suited to communicating and selling wine online, wine clubs provide a service to their members, typically offering a wide range of wines at keen prices that reflect lower operating costs



Channel charateristics

Examples



- Grocery retailers
  - Order single bottles
  - Smaller ranges
  - Less premium wine
  - More big brands



- Independents
  - Minimum order sizes (case or £)
  - More boutique wines
  - More premium wines
  - Most business done via stores or wholesale to on trade

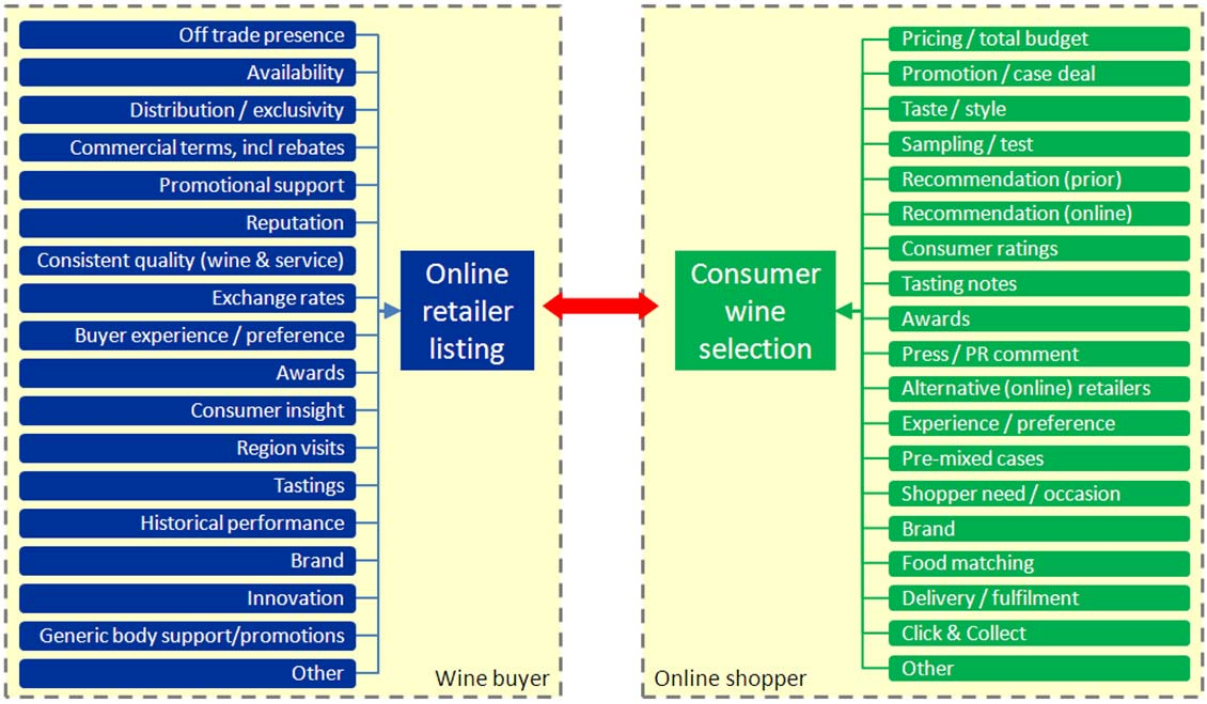


- Direct sales specialists
  - Minimum order sizes (case or £)
  - Mainly sell online or via telesales
  - Exclusive wines
  - More proactive marketing and customer recruitment
  - "Buyers' selection" mixed cases



- Wine clubs
  - Minimum order sizes (case or £)
  - Exclusive wines
  - Retail prices reflect lower operating costs
  - Annual membership fee
  - "Buyers' selection" mixed cases

UK online wine retail market - key factors impacting retailer assortments and consumer choice



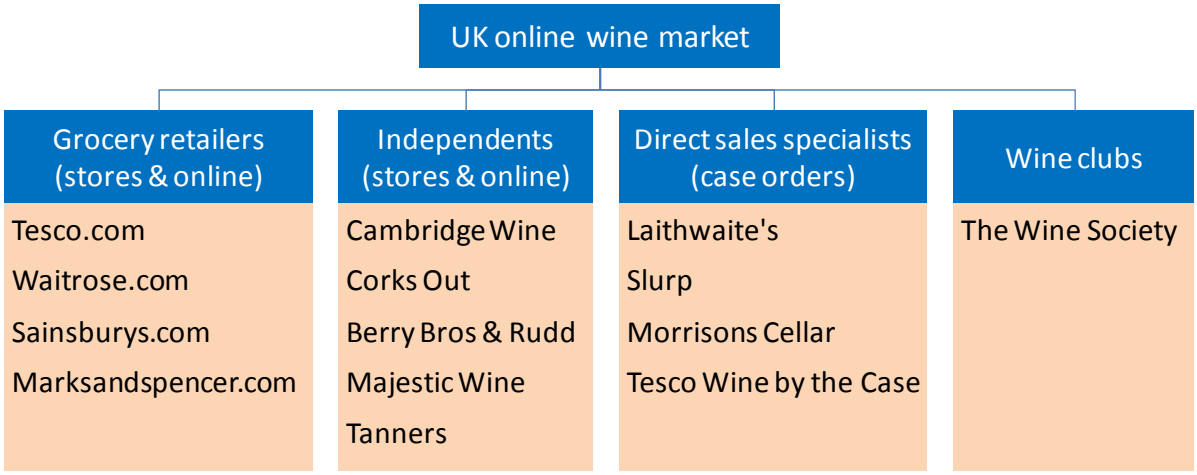
A number of factors determine the selection of wines that are presented by each online retailer. Aside from the obvious commercial considerations, retail buyers all have a slightly different blend of personal considerations when making their final range selections; eg

- The ability to differentiate my range from my competitors
- The fit of the online range with other retail channels
- Awards given to a wine recognised by shoppers
- The desired role of brands and own-label in my range

From the other end, consumers also have a range of considerations when buying wine, beyond just price. Tasting notes can be inconsistent, awards may not mean anything to some shoppers, and some shoppers are becoming more demanding in terms of delivery; eg free to a place and time of my choosing. Many consumers lack confidence when buying wine, according to the retailers. Reading ratings (provided by other shoppers), for example, is becoming much more important as a means of reassuring less-confident shoppers.

Online retailer analysis

Selection and scope



Fourteen retailers were selected by Wine Australia for analysis (see Appendix 5 for profiles of each retailer).

Retailers cover four key online channels:

- Grocery supermarkets : shoppers can buy most types of groceries online, including single bottles of wine
- Independent off-licences : shoppers can buy at bricks & mortar stores or online
- Direct sales specialists : mainly operate online and sell by the case
- Wine clubs : members can buy wine online (may also have telesales)

The analysis of each of these retailers covers the following areas:

- range and Australian share of range;
- pricing and price bands; and
- other valued-added services, information available, social media, T&Cs.

Each retailer assortment in this analysis was a snapshot on a particular day - most retailers have dynamic ranges that are continually being refined. The analysis therefore is of more interest for the relative differences between retailers and between countries of origin, rather than the absolute numbers.

Some retailers will modify the assortment based on the postcode of the shopper (eg waitrose.com). All assortments in this analysis have been sourced from postcode RG7 6HD (Reading, Berkshire).

Number of wines in assortment by colour

Source : WDR analysis Jan-Mar 2013

RETAILER	RED	WHITE	ROSE	SPARKLING	TOTAL	# COUNTRIES	# VARIETIES	AUSTRALIAN % STILL WINE
BBR	3,071	1,426	43	included in white & rosé	4,540	17	82	3% *
Cambridge Wine	468	301	28	99	896	17	n/a	10%
Corks Out	357	187	23	98	665	16	117	9%
Laithwaite's	689	345	33	52	1,119	18	29	15%
M&S	319	282	67 *	57	725	21	n/a	9%
Majestic Wine	462	306	15	63	846	13	54	6%
Morrisons Cellar	496	380	89	81	1,046	19	28	14%
Sainsbury's	189	176	44	58	467	13	12	19%
Slurp	1,563	829	69	118	2,579	23	155	15%
Tanners	443	343	20	71	877	19	79	6%
Tesco WBTC	549	447	78	124	1,198	17	152	18%
Tesco.com	140	131	40	30	341	14	n/a	18%
Waitrose.com	223	204	38	69	534	19	18	14%
Wine Society	801	549	16	80	1,446	20	81	4%

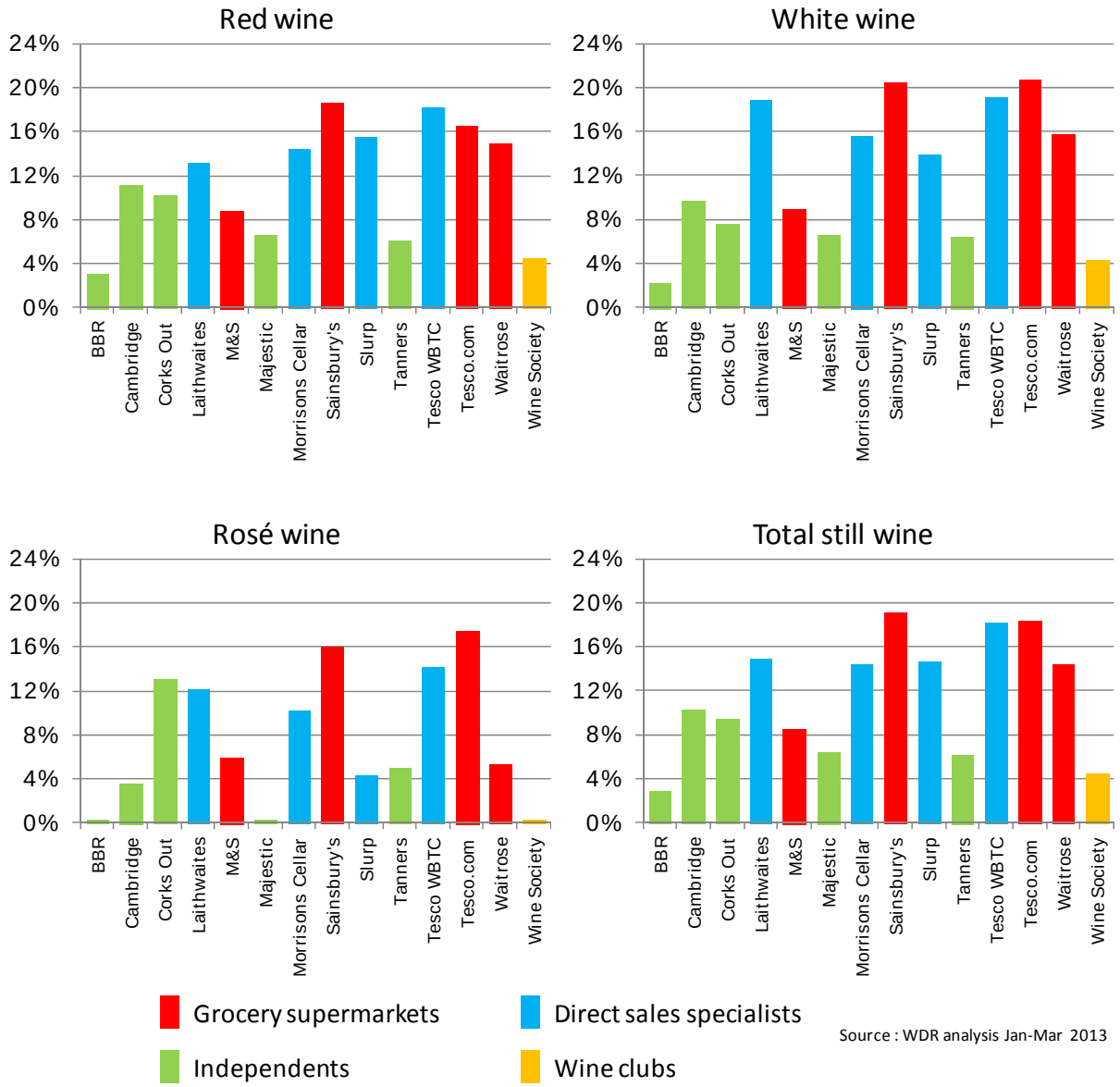
** Note : BBR Australian wine % includes sparkling as not possible to split out still wine*

A simple snapshot of the range of each of the retailers shows a wide spectrum of assortment. The supermarket online ranges have the smaller number of SKUs (eg Tesco.com with 341, Sainsbury's with 467), whilst independents and specialists have much bigger ranges (eg BBR with 4,540, Slurp with 2,579). This reflects in part the much more demanding thresholds that supermarket ranges have, as each SKU has to be commercially viable to justify selection, unlike independents and specialists who usually have more space and less restrictions on their range. Slurp, for example, does not hold all of its range in stock but forwards orders from customers to its suppliers.

The shape of the range varies as well between both type of retailer and retailers themselves. Supermarkets tend to have similar numbers of red and white SKUs, and a higher proportion of rosé wine SKUs, whereas other retailers tend to have at least 50% more reds than whites, and relatively few rosé SKUs.

The Australian share of the number of SKUs varies between 3% (BBR) to 19% (Sainsbury's).

Australian % share of wine listings



Source : WDR analysis Jan-Mar 2013

Note: sparkling wines are not split out on the BBR website, so white, rosé and total still wine include sparkling wines from BBR.

Looking at the Australian share of each retailer's range using colour to denote type of retailer, a strong trend is even more obvious. Supermarkets (red) and direct sales specialists (blue) have a much higher percentage of Australian wine than independents or the Wine Society.

Number of wines in assortment by country (Old World)

Source : WDR analysis Jan-Mar 2013

RETAILER	FR	GE	IT	SP	PO	OTHER	TOTAL
BBR	3,618	69	237	218	18	75	4,235
Cambridge Wine	359	12	90	73	20	12	566
Corks Out	129	13	61	48	29	44	324
Laithwaite's	410	9	110	122	24	18	693
M&S	249	5	79	77	7	21	438
Majestic Wine	330	3	58	59	6	6	462
Morrisons Cellar	210	29	108	100	19	27	493
Sainsbury's	86	9	50	38	4	7	194
Slurp	855	10	464	127	17	41	1,514
Tanners	406	42	69	44	20	21	602
Tesco WBTC	220	21	109	104	17	9	480
Tesco.com	47	10	43	35	4	3	142
Waitrose.com	141	10	55	40	8	15	269
Wine Society	657	7	99	64	42	35	904

FR	France
GE	Germany
IT	Italy
SP	Spain
PO	Portugal
OTHER	UK, Austria, Lebanon, Greece, Hungary etc

The analysis of the total range by country of origin is also very interesting. The first table shows each range split into Old World countries.

There also appears to an emphasis on specific regions for some retailers; eg Tanners having 42 wines from Germany, compared to only 12 at Cambridge Wine - both are independents with just under 900 wines in total.

France dominates the top 5 country share of listings for both red and white for Old World countries:

Country	Retailer	OW red
France	BBR	81%
France	Tanners	54%
France	Wine Society	49%
France	Cambridge	47%
France	Laithwaite's	43%

Country	Retailer	OW white
France	BBR	78%
France	Wine Society	48%
France	Tanners	46%
France	Majestic	42%
France	Cambridge	41%

Number of wines in assortment by country (New World)

Source : WDR analysis Jan-Mar 2013

RETAILER	ARG	AUS	CH	NZ	SA	US	OTHER	TOTAL
BBR	15	126	27	44	53	39	1	305
Cambridge Wine	27	82	48	34	29	11	0	231
Corks Out	21	53	54	49	40	24	2	243
Laithwaite's	27	159	53	58	63	13	1	374
M&S	22	57	62	27	46	16	0	230
Majestic Wine	44	50	71	67	54	35	0	321
Morrisons Cellar	32	139	73	43	108	76	1	472
Sainsbury's	2	78	30	24	35	46	0	215
Slurp	77	360	136	161	112	95	6	947
Tanners	20	50	41	39	33	20	1	204
Tesco WBTC	32	196	92	62	88	67	0	537
Tesco.com	6	57	30	13	36	24	0	166
Waitrose.com	15	67	26	30	30	26	0	194
Wine Society	27	60	78	49	68	37	13	332

ARG	Argentina
AUS	Australia
CH	Chile
NZ	New Zealand
SA	South Africa
US	USA
OTHER	Canada, Mexico etc

Where France dominates the retailer ranges from an Old World perspective, Australia leads the way compared to other New World countries.

Australian red and white wine accounts for the largest number of SKUs from a single New World country in the top 5 online channels:

Country	Retailer	NW red
Australia	Sainsbury's	19%
Australia	Tesco WBTC	18%
Australia	Tesco.com	16%
Australia	Slurp	15%
Australia	Waitrose.com	15%

Country	Retailer	NW white
Australia	Tesco.com	21%
Australia	Sainsbury's	20%
Australia	Tesco WBTC	19%
Australia	Laithwaite's	19%
Australia	Waitrose.com	16%

Few New World countries have achieved more than 10% of a retailer's range, with only Chile (M&S, Tesco.com) and South Africa (Tesco.com, Morrisons Cellar) getting more than 10%.

Share of assortment by country (total range)

Source : WDR analysis Jan-Mar 2013

RETAILER	FR	GE	IT	SP	PO	ARG	AUS	CH	NZ	SA	US
BBR	80%	2%	5%	5%	0%	0%	3%	1%	1%	1%	1%
Cambridge Wine	45%	2%	11%	9%	3%	3%	10%	6%	4%	4%	1%
Corks Out	23%	2%	11%	8%	5%	4%	9%	10%	9%	7%	4%
Laithwaite's	38%	1%	10%	11%	2%	3%	15%	5%	5%	6%	1%
M&S	37%	1%	12%	12%	1%	3%	9%	9%	4%	7%	2%
Majestic Wine	42%	0%	7%	8%	1%	6%	6%	9%	9%	7%	4%
Morrisons Cellar	22%	3%	11%	10%	2%	3%	14%	8%	4%	11%	8%
Sainsbury's	21%	2%	12%	9%	1%	0%	19%	7%	6%	9%	11%
Slurp	35%	0%	19%	5%	1%	3%	15%	6%	7%	5%	4%
Tanners	50%	5%	9%	5%	2%	2%	6%	5%	5%	4%	2%
Tesco WBTC	20%	2%	10%	10%	2%	3%	18%	9%	6%	8%	6%
Tesco.com	15%	3%	14%	11%	1%	2%	18%	10%	4%	12%	8%
Waitrose.com	30%	2%	12%	9%	2%	3%	14%	6%	6%	6%	6%
Wine Society	48%	1%	7%	5%	3%	2%	4%	6%	4%	5%	3%

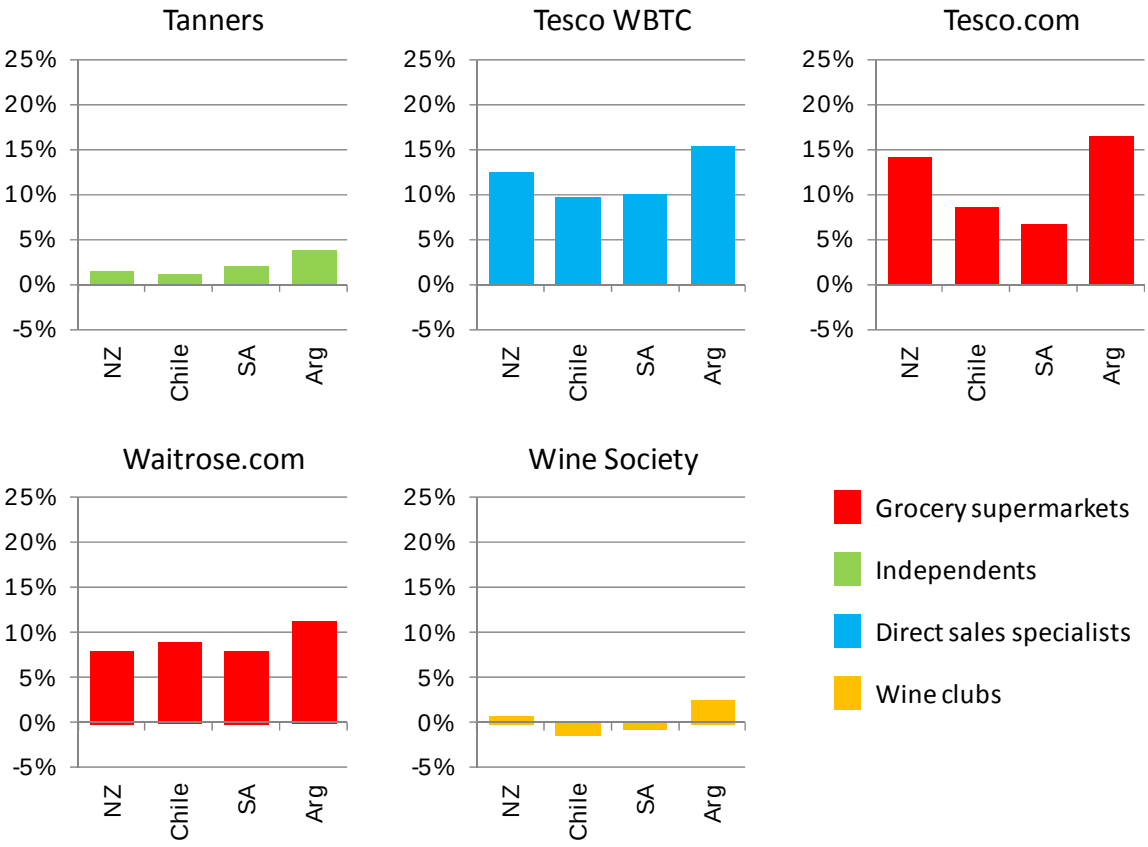
French wines dominate the ranges of all the selection of online retailers. Only in tesco.com does the number of Australian wines exceed the number of French wines.

A comparison of the Australian share of retailer range with competitor countries is included on p33 and p34 using the data in the table above.

Using the same colour coding as before, the difference in range share can clearly be seen and again confirms that Australia have the biggest advantage in grocery supermarket and direct specialists.

% range differential of Australia vs New Zealand, Chile, South Africa and Argentina

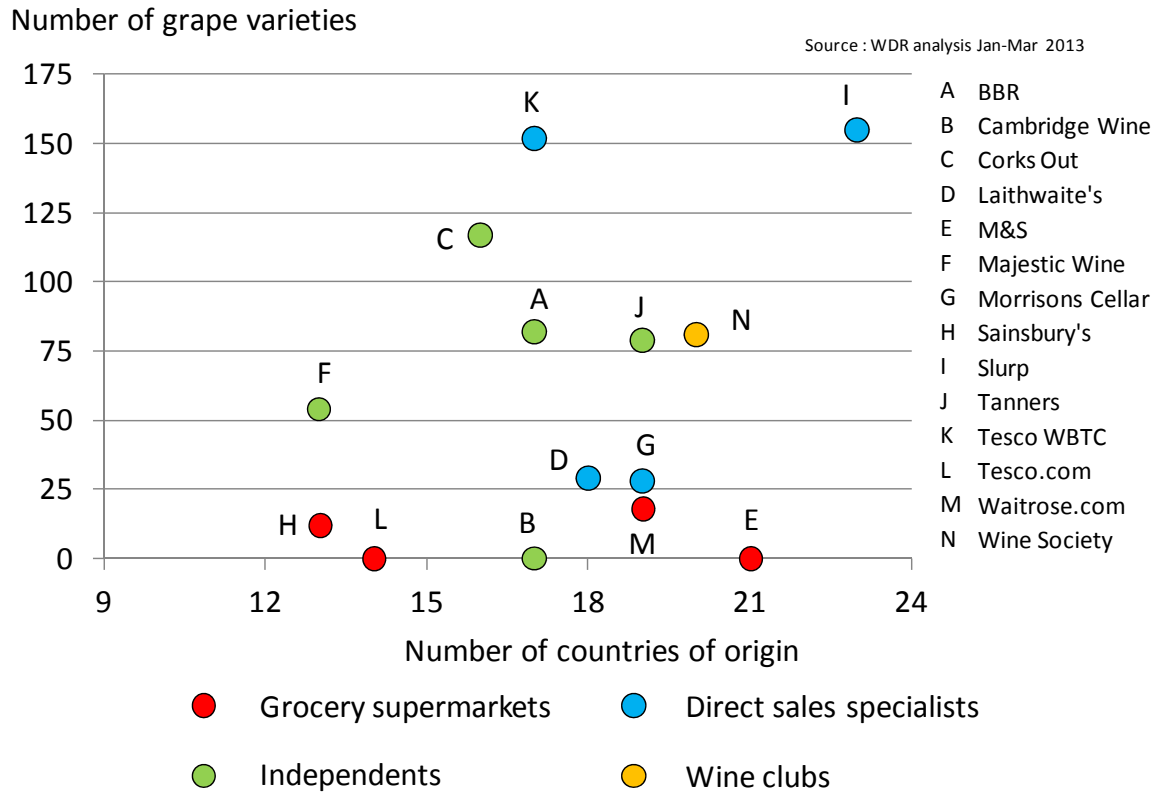




Within Independents and the Wine Society, only with Cambridge Wine does Australia have much superiority over New Zealand, Chile, South Africa and Argentina. In Majestic, for example, Australian wine is being delisted in significant numbers, such that New Zealand, Chile and South Africa all now have more listings than Australia. Majestic confirmed that they were not able to make any money at the lower-end of the market and had decided to delist a large number of Australian wines. Majestic did not confirm the exact number of SKUs that had been removed over the previous 12 months.

There are more wines from both Chile and South Africa at the Wine Society than wines from Australia. While the ultimate ranging decision clearly lies with the buyers at the Wine Society, part of the reason for Australia having less wines at TWS is according to interviews with TWS the *"...inability to compete at <£7*", such that Australia *"...has become less of a volume player*".

Countries vs grape varieties



Two of the elements analysed on p28 are the number of grape varieties and number of countries of origin for each retailer range. These two variables provide one specific way of comparing the relative depth of product range by retailer. For example, is there any difference in the range of grape varieties offered by the retailers?

The "number of grape varieties" has been calculated from those individually specified on each retailer's website. (*If no grape varieties were included as part of the search criteria, then number is treated as zero on y-axis*). Blends are excluded where possible.

Not all grape varieties are always shown on a retailer's website, especially if that variety is part of a blend.

The "number of countries of origin" is those individually specified on each retailer's website. (*Excludes wines where origin is described as "Product of the EU"*).

The supermarkets clearly have fewer grape varieties specified on their website than most of the independents or direct specialists. Cambridge Wine is the obvious exception for the independents, as grape varieties are not specified in any search criteria or taxonomy on their website.

Slurp comes out as having the leading number of grape varieties (155) and countries of origin (23).

Most expensive wines

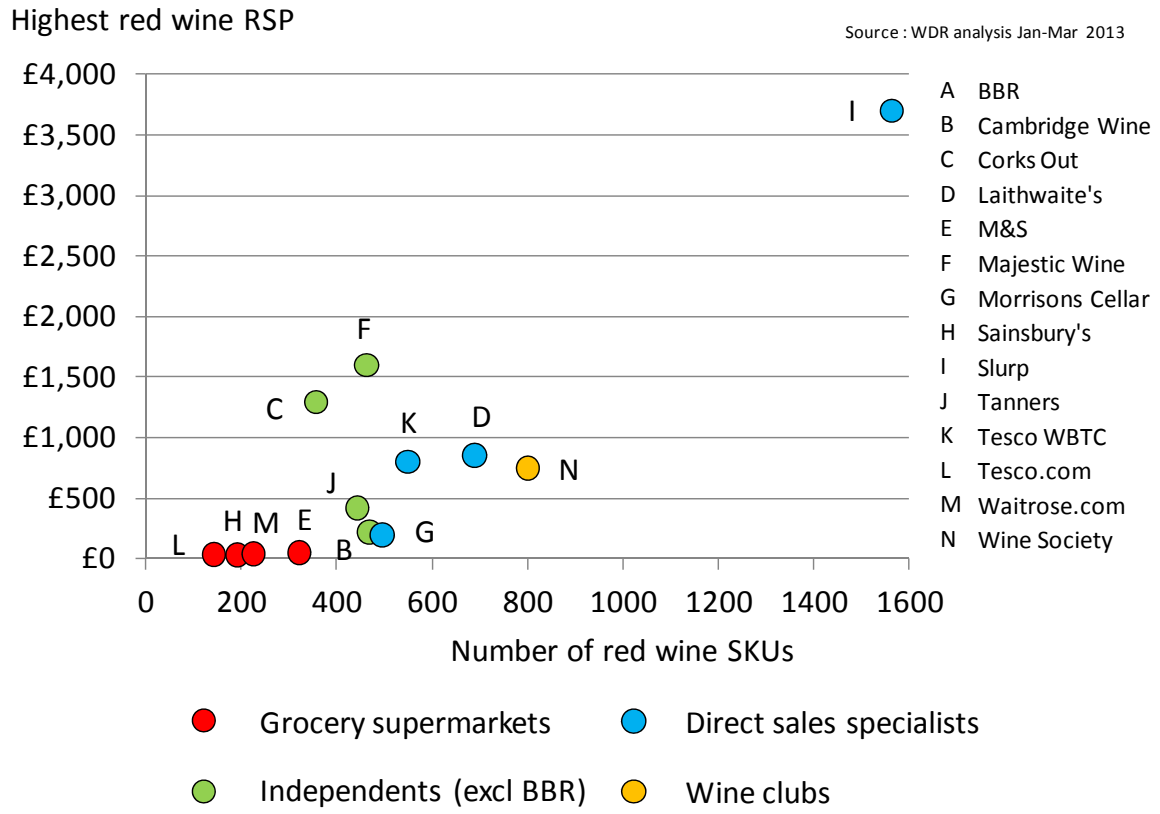
RETAILER	ALL STILL WINES			NON-FRENCH WINES			AUSTRALIAN WINES		
	RED	WHITE	ROSE	RED	WHITE	ROSE	RED	WHITE	ROSE
BBR	£17,300	£4,500	£250	£920	£301	£45	£395	£86	n/a
Cambridge Wine	£215	£55	£16	£55	£30	£11	£55	£27	£9
Corks Out	£1,292	£90	£28	£599	£42	£20	£109	£19	£20
Laithwaite's	£850	£210	£14	£205	£35	£10	£205	£25	£9
M&S	£50	£42	£19	£50	£25	£10	£25	£25	£10
Majestic Wine	£1,600	£400	£11	£350	£40	£10	£350	£40	n/a
Morrisons Cellar	£195	£55	£15	£55	£30	£9	£40	£29	£7
Sainsbury's	£31	£30	£10	£25	£20	£10	£11	£11	£8
Slurp	£3,702	£650	£81	£1,661	£55	£16	£649	£55	£9
Tanners	£800	£64	£11	£60	£45	£11	£45	£45	£11
Tesco WBTC	£800	£64	£11	£60	£45	£11	£45	£45	£11
Tesco.com	£35	£15	£11	£25	£12	£11	£13	£11	£11
Waitrose.com	£40	£50	£11	£33	£20	£11	£33	£17	£8
Wine Society	£750	£590	£12	£129	£120	£8	£70	£28	n/a

Another dimension that always throws up some interesting findings is the comparison of highest recommended selling price (RSP), as listed on the websites. Each retailer's range was analysed by RSP and the highest non-French and highest Australian price was recorded. (The average price per bottle in a case was used rather than single bottle price if both prices were shown).

Note that the BBR analysis for white wine and rosé wine include sparkling wines, as these are not separately identified on the BBR website. Note also that Majestic Wine analysis excludes Lay & Wheeler (a wine specialist), and Waitrose.com excludes Waitrose Wine Direct (a separate website).

In every case, the highest RSP was for a French wine. However in 4 retailers, an Australian SKU was either the most expensive non-French wine or matched the highest non-French wine. This indicates that Australia does have a profile at the highest-end of the online market which can be built upon.

Red wine size of range vs RSP (excluding BBR)



Another view of the online ranges can be obtained by focusing on red wine: the number of SKUs in each range and the highest price. This is important given the prominence of red wine in Australia's wine offering.

The highest RSP identified is per 75cl bottle, not case. (Magnums and jeroboams were also excluded). The BBR range includes over 3,000 red wine SKUs, with the highest priced individual wine being £17,300. The BBR data point is not shown here as the graph would be distorted too much.

Compared to the previous chart on p35 analysing each range by number of countries and grape variety, this analysis of highest RSP and number of SKUs has a very strong shape.

The supermarkets (red circles) are very much at the bottom left hand corner, direct specialists (blue) and wine club (yellow) on the right hand side.

Interestingly, direct specialists are offering almost double the number of red wine SKUs in their range compared to independents.

Search criteria - what can shoppers use to find wines online?

Source : WDR analysis Jan-Mar 2013

RETAILER	COUNTRY	TYPE	PRICE BAND	PRICE SORT	GRAPE	STYLE	REGION	AWARD	BRAND	SPECIAL OFFERS
BBR	✓	✓	✓	✓	✓	✓	✓			✓
Cambridge Wine	✓		✓							
Corks Out	✓	✓	✓	✓	✓	✓	✓	✓		
Laithwaite's	✓	✓	✓	✓	✓		✓	✓		✓
M&S	✓	✓	✓	✓		✓		✓		✓
Majestic Wine	✓	✓	✓	✓	✓	✓	✓	✓		✓
Morrisons Cellar	✓	✓	✓	✓	✓	✓	✓		✓	✓
Sainsbury's	✓	✓			✓					✓
Slurp	✓	✓	✓	✓	✓	✓	✓			
Tanners	✓	✓	✓	✓	✓	✓	✓	✓		
Tesco WBTC	✓	✓	✓	✓	✓	✓		✓	✓	✓
Tesco.com	✓	✓		✓						✓
Waitrose.com	✓	✓	✓	✓	✓	✓			✓	✓
Wine Society	✓	✓	✓	✓	✓		✓			✓

The next analysis of this set of 14 retailers is on the search criteria available to shoppers and the number of different ways of searching provided by each retailer. This provides an insight into how important online retailers view factors such as region and variety.

At one extreme, every retailer enables the shopper to search by country of origin. At the other extreme, only three retailers enable searching by brand and only six out of 14 retailers enable shoppers to search for award-winning wines.

Interestingly perhaps, three retailers do not enable searching by grape variety. This is surprising as WDR consumer research shows that wine drinkers are becoming increasingly interested in choosing wines by grape variety. When choosing wines, grape variety is the most important choice once shoppers have decided which colour wine to buy: *WDR V5 Sep 2010*.

Despite winning many awards as a leading independent retailer, Cambridge Wine's website offers significantly less search functionality than all the other retailers in this sample (see p140). In contrast, Morrisons Cellar is the newest online website and offers a wide range of easy-to-use search options.

Other value-added services

Source : WDR analysis Jan-Mar 2013

RETAILER	CELLAR SERVICES	WINE CLUB / COMMUNITY	WINE PLAN	LOYALTY SCHEME	EMAIL	NEWS LETTER / BLOG
BBR	✓	✓	✓		✓	✓
Cambridge Wine		✓			✓	✓
Corks Out		✓			✓	✓
Laithwaite's			✓		✓	
M&S		✓	✓		✓	✓
Majestic Wine			✓		✓	✓
Morrisons Cellar					✓	
Sainsbury's				Nectar	✓	
Slurp				Cork Points	✓	✓
Tanners	✓	✓	✓		✓	✓
Tesco WBTC		✓	✓	Clubcard	✓	✓
Tesco.com		✓		Clubcard	✓	
Waitrose.com				myWaitrose	✓	
Wine Society	✓	✓	✓		✓	✓

While there is no evidence to suggest that shoppers buy more when there are value-added services, there may be some interesting differences between retailers in the value-added services can shoppers access when buying wine online. This piece of analysis looks at services like cellar storage, wine clubs, wine plans and communications. This may prompt further research.

All the retailers appear to offer some form of email updates and/or newsletters/blogs as a means of maintaining engagement with their shopper database. Most of them are wine specific, whilst some of the supermarkets offer a generic email service that provides details of all offers on grocery.

Wine plans are offered by half of the retailers.

Few online retailers offer cellar services where customers can store their wines - only BBR, Tanners and the Wine Society are of significant size and sophistication to do so.

Few retailers offer any form of loyalty scheme outside the supermarkets.

Information available online for shoppers

Source : WDR analysis Jan-Mar 2013

RETAILER	COUNTRY	GRAPE VARIETY	FOOD MATCH	TASTING NOTES	VINTAGE CHART	ONLINE HELP	RELATED PURCHASE	CONSUMER REVIEWS
BBR	✓	✓	✓	✓	✓		✓	
Cambridge Wine	✓			(✓)			(✓)	
Corks Out	✓	✓	✓	✓			✓	✓
Laithwaite's	✓	✓	✓	✓		✓	✓	✓
M&S			✓	✓			✓	✓
Majestic Wine	✓	✓	✓	✓				
Morrisons Cellar	✓	✓	✓	✓			✓	✓
Sainsbury's			(✓)	✓				
Slurp		✓	✓	✓		✓		✓
Tanners	✓	✓	✓	✓	(✓)	✓	✓	✓
Tesco WBTC	✓	✓		✓			✓	✓
Tesco.com			✓	✓				
Waitrose.com			✓	✓				
Wine Society	✓	✓	✓	✓	✓	✓	✓	✓

Online provides retailers with an almost unlimited opportunity to provide information about the wines they are selling. While this study does not specifically ask if consumers would value more information, there may be an opportunity for increased wine education about the Australian wine category.

Most of the retailers have tasting notes of some description. However there is a lack of consistency about the tasting notes, both between retailers and even on the same site.

Despite having country as a key search criterion, there are some retailers who provide no information about the main countries of origin.

Only three retailers appeared to have any form of vintage chart or guide.

Price bands (if available)

Source : WDR analysis Jan-Mar 2013

RETAILER	1	2	3	4	5	6	7	8	9	10
BBR	< £10	£10 - £14.99	£15 - £19.99	£20 - £49.99	£50 - £99.99	> £100				
Cambridge Wine	n/a									
Corks Out	£0 - £9.99	£10 - £19.99	£20 - £29.99	£30 - £39.99	£40 - £49.99	£50 - £59.99	£60 - £69.99	£70 - £79.99	£80 - £89.99	> £90
Laithwaite's	£4 - £5.99	£6 - £7.99	£8 - £9.99	£10 - £14.99	£15 - £19.99?	> £20				
M&S	£20 - £25	£25 - £30	£30 - £35	£35 - £40	£40 - £50	£50 - £75	£75 - £100	£100 - £125	£125 - £150	£150 - £200
Majestic Wine	£4 - £5.99	£6 - £7.99	£8 - £11.99	£12 - £19.99	> £20					
Morrisons Cellar	< £4	£4 - £5.99	£6 - £7.99	£8 - £11.99	£12 - £19.99	> £20				
Sainsbury's	n/a									
Slurp	< £4.99	£5 - £9.99	£10 - £14.99	£15 - £19.99	£20 - £29.99	£30 - £49.99	£50 - £99.99	> £100		
Tanners	< £6.99	£7 - £9.99	£10 - £14.99	£15 - £19.99	£20 - £29.99	£30 - £49.99	£50 - £99.99	£100 - £999.99		
Tesco WBTC	< £3.99	£4 - £4.99	£5 - £5.99	£6 - £7.99	£8 - £9.99	£10 - £14.99	£15 - £19.99	> £20		
Tesco.com	n/a									
Waitrose.com	n/a									
Wine Society	< £6	£6 - £10	£10 - £20	£20 - £50	> £50					

Of the 14 retailers analysed, four do not split out their wines by price band on their website: Cambridge Wine, Sainsbury.com, Tesco.com, and Waitrose.com

The more popular number of price bands is six or eight.

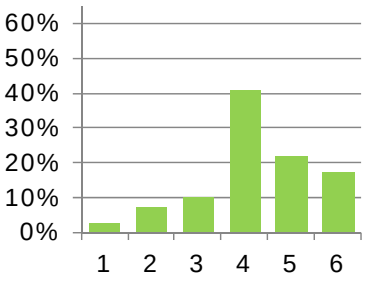
Most retailers have their own price bands, although the price bands set by Morrisons Cellar have a passing resemblance to those used by Majestic.

The analysis on p42 shows how the total ranges are split by price band.

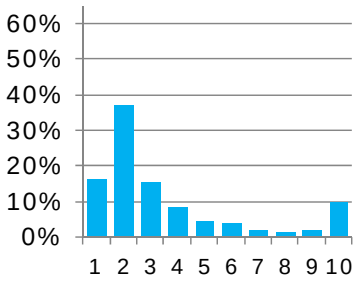
% of range in each price band

Source : WDR analysis May 2013

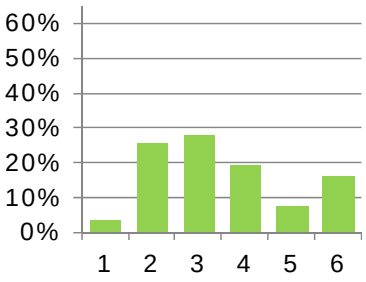
BBR *



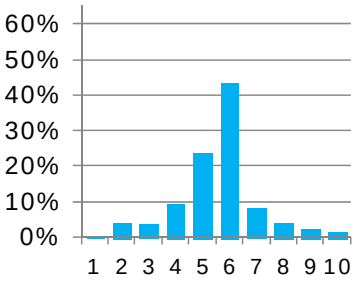
Corks Out *



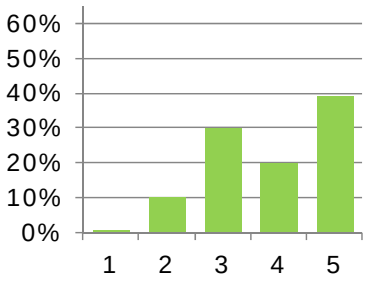
Laithwaite's *



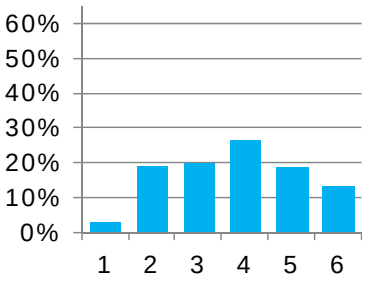
M&S



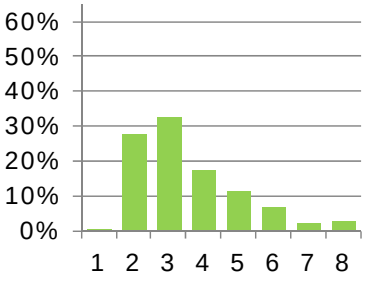
Majestic



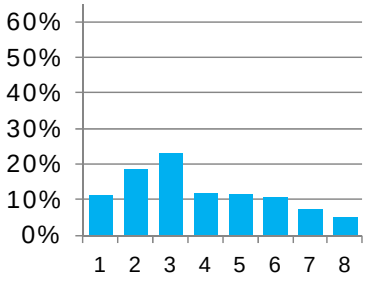
Morrisons Cellar *



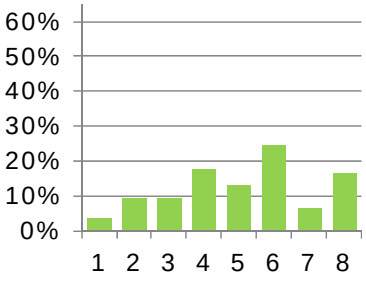
Slurp *



Tanners *

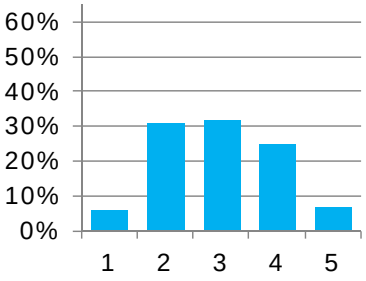


Tesco WBTC *



* = includes sparkling wine & Champagne

Wine Society *



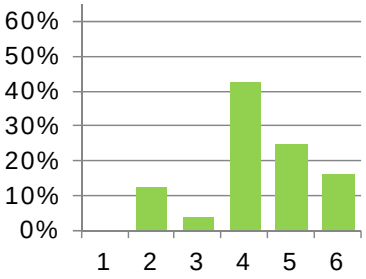
No price band analysis possible on

- Cambridge Wine
- Sainsbury's
- Tesco.com
- Waitrose.com

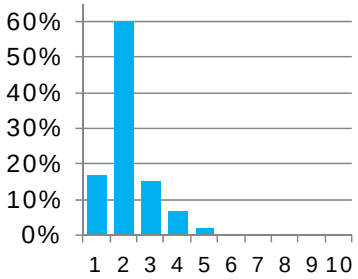
% of Australian range in each price band

Source : WDR analysis May 2013

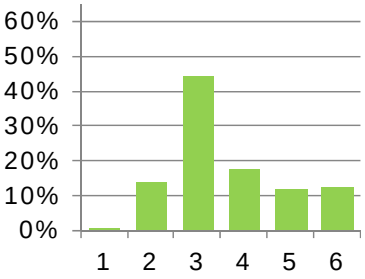
BBR *



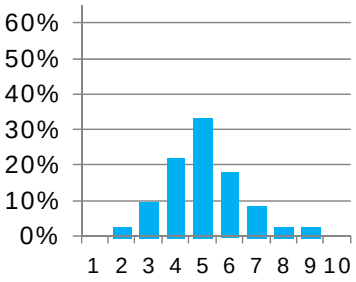
Corks Out *



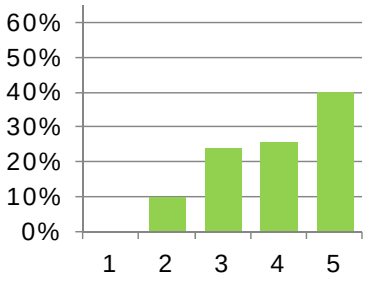
Laithwaite's *



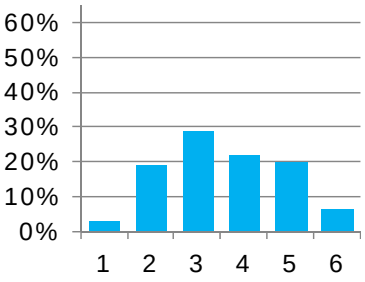
M&S



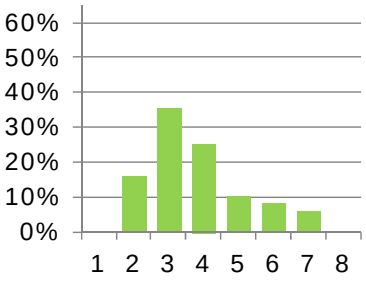
Majestic



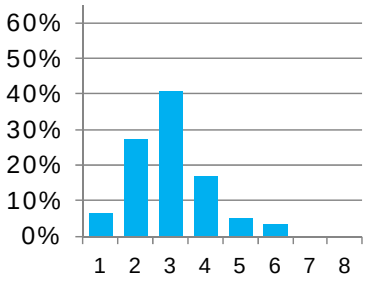
Morrisons Cellar *



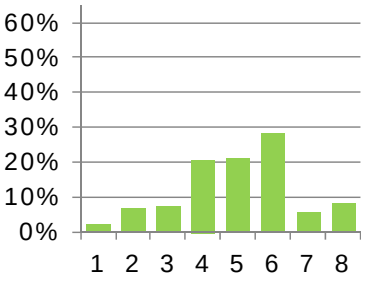
Slurp *



Tanners *

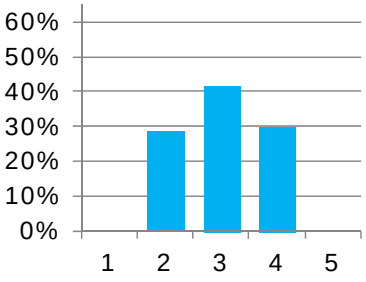


Tesco WBTC *



* = includes sparkling wine & Champagne

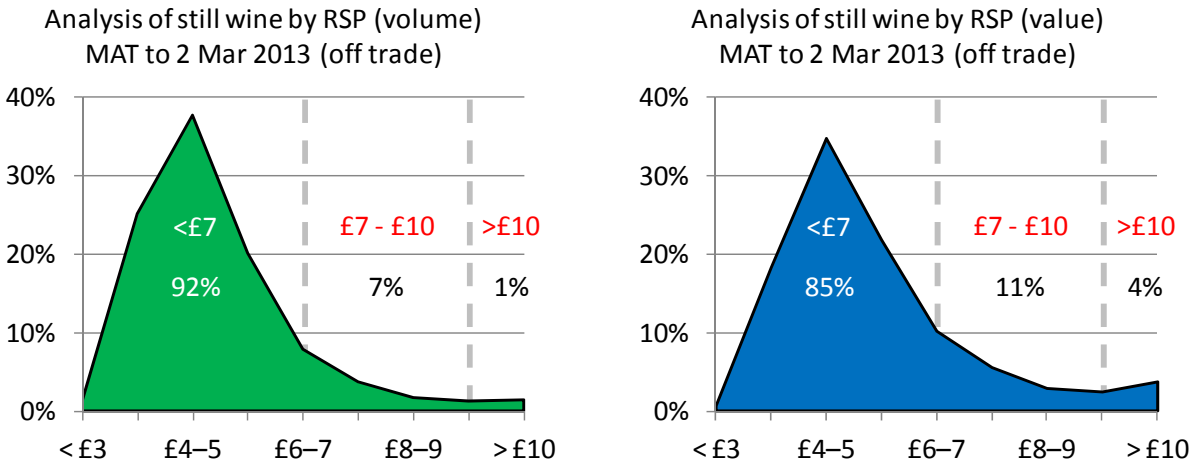
Wine Society *



Is the shape of the Australian ranges any different?

- Australian range in BBR, M&S, Majestic, Morrisons Cellar, Slurp, Tesco WBTC and the Wine Society all have a similar shape to the overall ranges on p38.
- Australia over indexes in Corks Out £10-£19.99
- Australia over indexes in Laithwaite's £8-£9.99
- Australia over indexes in Tanners £10-£14.99

Off trade sales by price band



Source : Nielsen Mar 2013, WDR analysis

Market data is not currently available from any data-provider that splits out sales of wine online by price band. Nielsen provide off-trade sales by price band, both volume and value - this is the closest proxy available to online.

The charts above show sales <£7, £7 - £10 and sales > £10 for the off trade (excluding discounters Aldi and Lidl) using recent Nielsen data.

The charts show that 11% of off-trade still wine (by value) is sold between £7 and £10, while 4% of off-trade still wine is sold at £10 or more.

Most retailers confirm that online average RSP per bottle tends to be higher online than in store.

If the equivalent average bottle sale of £6 in the off-trade becomes an average of £7 online, due to a more premium mix of wine, then the Nielsen data suggests that about 19% of online sales are between £7 - £10 and about 6% of online sales over £10; ie about 25% of still wine sales online are likely to be at £7 or more.

If the total online market is of the order of £1 billion pa, then this analysis suggests that a significant market segment of around £250m exists for online wine selling at £7 or more.

Social media applications

Source : WDR analysis Jan-May 2013

RETAILER	YOU TUBE	FACE BOOK	FACEBOOK LIKES	TWITTER	TWITTER FOLLOWERS	ANDROID APP
BBR	✓	✓	6,026	✓	9,731	✓
Cambridge Wine	inactive	✓	470	✓	1,135	
Corks Out	inactive	✓	1,055	✓	1,645	
Laithwaite's	✓	✓	15,426	✓	5,699	✓
M&S	✓	✓	1,244,090 *	✓	178,156 *	
Majestic Wine	✓	✓	11,355	✓	10,967	
Morrisons Cellar	✓	✓	325	✓	231	
Sainsbury's	✓	✓	655,400 *	✓	719 *	✓
Slurp	inactive	✓	1,685	✓	3,321	
Tanners	✓	✓	353	✓	2,993	
Tesco WBTC	✓			✓	6,246	
Tesco.com	✓	✓	1,124,298 *	✓	82,994 *	✓
Waitrose.com	✓	✓	94,218 *	✓	64,527 *	
Wine Society	✓	✓	4,040	✓	22,498	✓

There is a big variation in the level of likes and followers within the major applications for social media.

Morrisons corporate account has around 29k Twitter followers and 176k likes. The Morrisons Cellar social media activity is still in its early stages after the launch of the business in November 2012.

M&S, Sainsbury's, Tesco.com and Waitrose all link their Facebook and Twitter through to the generic corporate account.

Clearly all the retailers believe that social media has a role to play - perhaps the Wine Society has made the most progress having achieved over 22,000 followers on Twitter, which suggests that TWS tweets are deemed to be reasonably valuable.

However, feedback from the focus groups suggested that few drinkers actually use either Facebook or Twitter to choose wine.








Terms & conditions

Source : WDR analysis Jan-Mar 2013

RETAILER	PRE MIXED CASES	MIX OWN CASE	MINIMUM ORDER		DELIVERY CHARGE	CLICK & COLLECT	EXCLUSIVE WINES	RETAILER OWN LABEL
			BOTTLES	£				
BBR	✓	✓		£100	Free			✓
Cambridge Wine	✓	✓			£7.50, Free if > £250			
Corks Out	✓	✓			£7.99, Free if > £40			
Laithwaite's	✓	✓			£7.99	✓		✓
M&S	✓		Case (6)		£3.50, free if > £150	Wine excluded	✓	
Majestic Wine	✓	✓	6		£5, Free if > £40	✓	✓	
Morrisons Cellar	✓	✓	Case (6)		Free			✓
Sainsbury's		✓		£25	£6.95, £2.95-£5.95 if > £40	✓		✓
Slurp	✓	✓			From £5.95			
Tanners	✓	✓			£7.95, Free if > £90			✓
Tesco WBTC	✓		Case (6)		Free if > £50		✓	✓
Tesco.com		✓			From £2	✓		✓
Waitrose.com		✓			Free if > £50	✓		✓
Wine Society	✓	✓			£5 if < 12 bottles			✓

Click & Collect is mainly offered by the supermarkets. Laithwaite's also offers free collection from a store of the shopper's choice. However M&S specifically excludes wine from its Click & Collect service.

"Exclusive wines" denotes where a retailer website specifically makes reference to their online exclusive wines as a differentiator. Of course, most retailers will have wines exclusive to them, but few seem to be making this a unique selling point (USP). Tesco, for instance, stocks about 350 wines that are only available online.

"Retailer own label" means wines sold under the retailer brand; eg Laithwaite's Champagne, Tesco Finest Nuits St Georges.

Pre-mixed cases generated huge excitement amongst older men - see p97.

Australian fine wine?

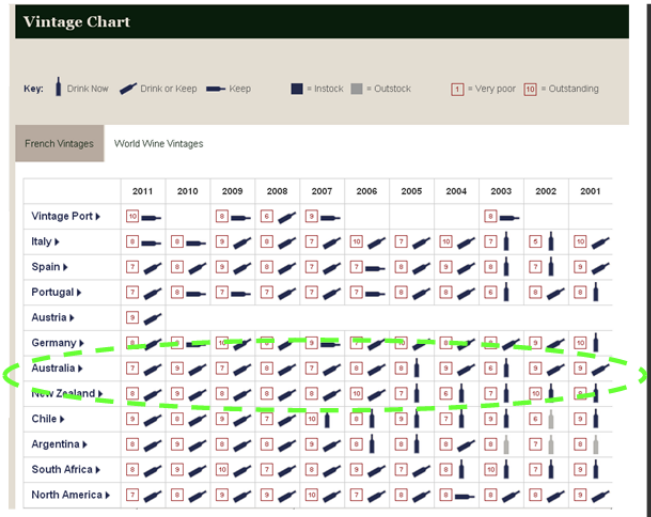
Many stakeholders within the Australian wine industry are keen to encourage UK consumers to trade up to more premium wine from Australia, especially as cost increases and adverse exchange rates make some price points uneconomic.

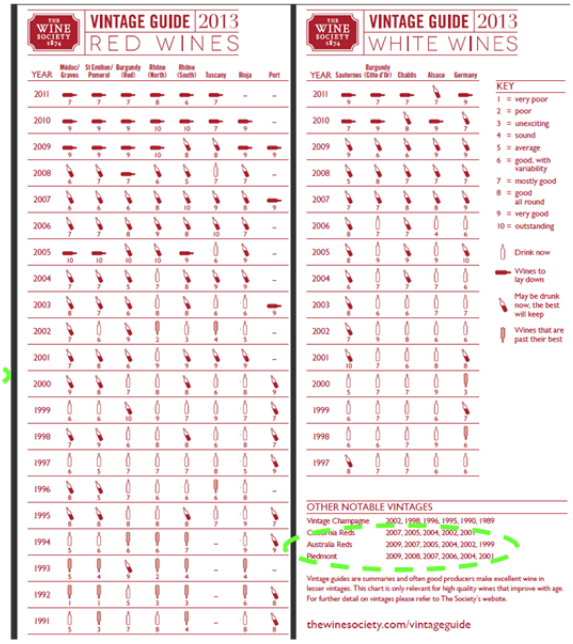
Fine wine is defined differently by each retailer, but typically starts around £10 per bottle. The lowest in our sample was BBR where their “fine wines” start at £7.50 per bottle.

Vintage charts

As noted on p40, only three of the retailers have a vintage chart or guide online.

Here are the charts from BBR and The Wine Society:





In BBR, “Australia” only merits a single line on their world wine vintage chart while in TWS “Australian reds” are listed under “Other Notable Vintages”.

If shoppers are to be encouraged to consider premium Australian wine alongside premium wine from France, there should be much more detail available on vintage quality for the key Australian wine regions. James Halliday’s Wine Companion, for example, provides detailed vintage ratings for NSW, QLD, SA, TAS, VIC and WA.

Australian fine wine? Examples of retailer fine wine assortments

Source : WDR analysis May 2013

- BBR
  - "Fine wine" range : 1,807 wines
  - 70 Australian wines listed (4% of range), priced between £17.95 and £87.50
- The Wine Society
  - Total range > £10 : 981 wines
  - 56 Australian wines sell at > £10, 6% of TWS range > £10
- Tanners
  - Total range > £10 : 719 wines
  - 38 Australian wines sell at > £10, 5% of Tanners range > £10
- Tesco Wine by the Case
  - Total range > £10 : 689 wines
  - 98 Australian wines sell at > £10, 14% of Tesco WBTC range > £10
- Laithwaite's
  - Total range > £10 : 565 wines
  - 73 Australian wines sell at > £10, 13% of Laithwaite's range > £10
  - 40 Australian wines on Laithwaite's February Fine Wine listing (> £15)

Each retailer views fine wine in different ways and has different definitions. Analysis shows both the total size of each retailer range above £10 and the share of the range taken by Australian wines (number of SKUs, not % sales).

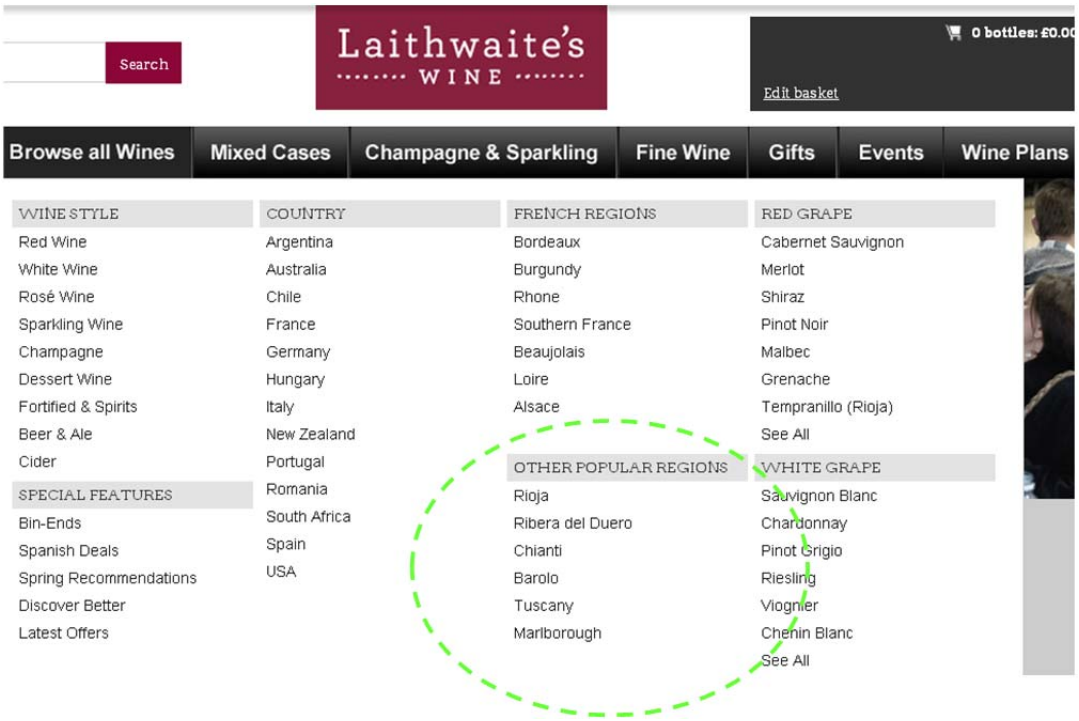
Australian wines above £10 are clearly better represented in Laithwaite's and Tesco Wine by the Case (WBTC), both in absolute numbers and % of range when compared to BBR, the Wine Society or Tanners.

Australia vs New Zealand? Barossa Valley Shiraz vs Marlborough Sauvignon Blanc

Many retailer interviews identified the opportunity to establish one or more Australian regions (eg Barossa Valley) and increase the level of awareness and association between the region and Shiraz similar to that of Marlborough and Sauvignon Blanc. The table below identifies the retailers in the sample already enabling shoppers to specifically search for wines from both Marlborough and Barossa Valley.

Retailer	Marlborough	Barossa Valley
BBR	✓	✓
Corks Out	✓	✓
Laithwaite's	✓	✓
Majestic Wine	✓	✓
Morrisons Cellar	✓	✓
Tanners	✓	✓
Tesco WBTC	✓	✓

The good news for producers is that these retailers already specify Barossa on their websites to the same level as Marlborough. The example of Laithwaite's below shows that French regions dominate, then Marlborough and one or two others. Barossa Valley is arguably in the third tier of recognition.



Own-label price range - red wine

The analsysis show that nine out of the 14 online retailers in our sample offer some form of own-label range, with products bearing the retailer's brand (as opposed to exclusive brands sold only by that retailer).

Retailer	Red wine : lowest RSP	Red wine: highest RSP
BBR	£6.52	£24.75
Laithwaite's	n/a	n/a
Morrisons Cellar	£4.49	£13.49
Sainsbury's	£4.49	£16.49
Tanners	£7.40	£13.95
Tesco WBTC	£3.79	£20.99
Tesco.com	£3.39	£20.99
Waitrose.com	£4.99	£10.99
Wine Society	£5.25	£10.95

Many people might think that own label = lower RSP, lower quality. Looking at the red wine own-label selection for these 9 retailers, however, shows a much broader range of price points than might have been expected (Laithwaite's has no own label red wine).

Of course there are opening price point wines, but Tesco perhaps shows what can be done with own-label. Their cheapest Tesco branded wines are less than £4, but some of the Tesco Finest range sells at more than £20.

Any producer concerned about the ability of these retailers to sell more premium wines under their own brand should consider some of these higher price points. Many British consumers lack confidence when buying wine, and can feel reassured that a Tesco or Wine Society buyer has made a good choice on their behalf. Unlike many product categories in grocery (eg baked beans, lager) where the consumer recognises that own label product is inferior to the leading brands, this is not the case for wine.



Conclusions from retailer analysis

Based on analysis of the leading online retailers, the key implications for Australian producers are identified below.

Ranging

To determine where opportunities may be available, Australian producers need to understand how each retailer's range is put together and where the likely focus will be. There are big variations in the Australian share of these retailers' ranges (see pages 28-34):

- Australian wine has a relatively large share of listings in the grocery retailers and direct sales specialists but a lower share of listings in larger independents and the Wine Society.
- Larger independents and clubs like the Wine Society tend to have much bigger ranges: more countries, more grape varieties. This should be an opportunity for producers given the wide spectrum of wines made in Australia.
- At least two retailers noted that they were able to carry one-off parcels of wine (WIGIG) online and that the profit threshold per SKU is lower for online than for in store. This indicates that for some retailers, the online does not have the same range restrictions that they do for bricks and mortar operations.
- The Wine Society is clearly under-represented in terms of Australian wine but further investigation is required to determine if this represents an opportunity for Australian producers.
- Direct sales specialists in our sample tend to have almost double the number of red wine SKUs compared to the independents (except BBR). This could be an opportunity for Australian red wine producers.
- Own label wine is not always at the lower-end of retailer ranges. There are already plenty of examples where the largest retailers have selected premium wines under their own label, and producers should reconsider this kind of opportunity to sell more premium wine under a major retailer own brand.

As a result, Australian producers could consider more of a defensive / consolidation strategy for the grocery retailers and direct specialists, and more of an offensive / attack strategy for the independents and wine clubs like the Wine Society. Any strategies need to focus on enhancing the reputation of Australian wine as focus group and retailer interview feedback suggests that many consumers still feel that Australian wines lack heritage and credibility.

Pricing

The good news is that in four out of 14 retailers, Australian was the highest priced non-French red wine (see page 36). The opportunity may exist to establish both the quality and value of Australian premium/fine wine, so that in every retailer, Australian wine becomes the most expensive non-French wine.

Other services

Loyalty schemes are not a major feature within our sample of online wine retailers (see page 39). However, all retailers engage in some form of email communications and most have newsletters or blogs. The opportunity may exist for producers to provide interesting content about their wines that is ideal for electronic communication to shoppers.

Australian producers can work with retailers to develop their cellar planning and wine plan services; eg what types of Australian wine should be included in a well stocked cellar? What types of wine should be included in a retailer's Australian wine plan?

Online content, social media

There is an opportunity for producers to provide high quality content for websites, either in tasting notes on wines or on generic information on Australia; eg none of the retailers in our sample have any vintage charts for the key Australian wine regions (see page 47).

The jury is arguably still out on the commercial value of using social media. However, producers with social media capability should consider targeting the Wine Society with content for TWS to pass on to its 22k Twitter followers.

6.2 Interviews with online retailers

Key findings

Ten online retailers were interviewed as part of the project, both to discuss online wine retail and to seek input into the WDR focus group programme.

The following retailers were interviewed:

- Majestic Wine
- Wine Society
- Tesco WBTC
- Tesco.com
- Laithwaite's
- Slurp
- Waitrose.com
- Cambridge Wine
- Morrisons Cellar
- Flagship Wines

Berry Bros & Rudd and Corks Out declined the opportunity to be interviewed.

The key findings from the retailer interviews are set out below under the following headings:

- Size of the business, comparison to bricks & mortar operations
- Average RSP, average basket, conversion rates
- Australian wine share of their online business, relative performance to other countries
- Key competitor countries to Australia
- Key opportunities for Australian wine by price band
- Other feedback and comments
- Implications for Australian producers

Any commercially-sensitive data shared in the interviews has not been included in this report.

Specific responses have also not been identified with particular retailers to protect their commercial interests.

Size of the business, comparison to bricks & mortar operations

Retailers were asked to indicate the approximate size of their business. The biggest respondents indicated their annual sales were in excess of £50m pa, while smaller respondents' sales were less than £1m pa.

The retailers selected for interview included a mix of online specialists to retailers whose core business is bricks & mortar retailing. For some retailers, online represents over 90% of their business, others less than 10% of total sales.

No specific seasonality was indicated for Australian wine, beyond the usual uplifts for Christmas and when promotions occur, apart from Flagship Wines that always sells more Australian wines in January and February.

Average RSP, average basket, conversion rates

The retailers were asked to indicate their average RSP per bottle and total average basket for their online sales. As expected there was quite a spread of average RSP per basket. The grocery retailers have the lowest average RSP, and the independents have the highest.

Of those interviewed, 78% of retailers reported that their average basket is more than £80. This demonstrates a willingness to both pay significant sums for online wine and to buy by the case (single SKU or mixed).

For those retailers whose average basket is > £80, there does not, however, appear to be any direct relationship between size of basket and delivery charge thresholds. Some of those with basket > £80 charge for delivery whatever the order size, for others the minimum order that attracts free delivery is well below £80.

One retailer did note specific examples of where an extra bottle of wine in an order would take the total basket over the free delivery threshold, and that many shoppers are now becoming more aware (and taking advantage) of this.

Australian wine share of online business, relative performance to other countries

Retailers were asked to indicate the approximate share that Australian wines make up of their total online sales. The Australian share ranged from about 3% to about 50% of total wine sales online. Either France or Australia has the biggest share of sales for all those retailers who provided share data (as per retailer analysis on p32).

Detailed market shares of Australian wine for the total online wine market are not currently available from any data provider. However the responses from the retailers suggest that Australian wine plays quite different roles for the various retailers. In some cases, Australian wine is very much the core of the range, while in others it provides only regional variety at the margins.

Consumer feedback from the focus groups indicates that for many shoppers, there is still an issue about the heritage and provenance of Australian fine wine when compared to say France (see pages 84-85).

Key competitor countries to Australia

Retailers were also asked to indicate which other countries they felt were the key competitors to Australian wines, within their own particular online business; ie where sales of Australian wine were leaking to.

The responses can be summarised by showing, in descending order, those countries that the retailers feel are the biggest competitive threats to Australian wine:

Competitor country
New Zealand
France
Argentina
Spain



New Zealand comes out as the most important competitor. The analysis of retailer online assortments on p33-34 shows the differences in range between Australian and New Zealand (amongst others). In BBR, Corks Out, Tanners and Wine Society, the number of SKUs is almost the same, whilst in Majestic there are now more wines from New Zealand than from Australia as Majestic reduces its range of cheaper Australian product.

Are other countries doing things differently or better than Australia?

Support from generic bodies (the equivalent of Wine Australia) encompasses both online and in-store activity. Campaigns are agreed with retailers and are then executed across multiple channels; eg The Wine Society puts together a new programme for French regional wine which is then mailed to members, together with emails and social media activity. The TWS website will then feature that promotion for the duration of the campaign.

It is difficult to provide much more detail on other countries as a significant part of all commercial activities with any retailer is funded by distributors not generic bodies, and will therefore cover all wine regions. We did not interview other generic bodies to get their input, so relied on feedback from retailers as well as our own observations online. Hence, the analysis is somewhat limited in scope.

New Zealand was identified by more retailers as being the biggest direct competitor for Australian wine, along with France, Argentina and Spain. But are they doing anything differently that Australian producers can learn from?

Retailers made the following observations:

New Zealand

The New Zealand wine category is a good example of downloadable collateral; eg large wall maps. Generally, New Zealnd wine sales have come from 2-3 very strong SKUs, mostly Marlborough

Sauvignon Blanc. New Zealand has established a niche in the market for Marlborough Sauvignon Blanc at £6-£10.

France

French producers generally use professional sales agencies to represent their regions. They drive proactive campaigns with direct interaction with the retailer. They coordinate objectives, funding and producers into coherent campaign. The French offer better value wines in £7-£10 category than Australia, according to one retailer.

Argentina

Malbec Day is an example of a themed event that has been executed both online and in-store (it is not specific to online). Emails from online retailers have been used to remind customers about Malbec during this period of promotional activity. Malbec Day gives real focus for both retailer and consumer. One retailer commented, "*Wine Australia should align retailers with focus dates like Malbec Day.*"

The best practice, according to one retailer, was the recent Wines of Argentina *Cambalache* food & wine event. The event sold out within 48 hours (tickets £35 per head). Social media was used extensively to publicise event, both before and after.



Spain

Rioja is established as a definite pigeon-hole for consumers. One retailer noted, "*First create critical understanding about the region, then gently encourage consumers to test wines away from this place of confidence. Consumers have a fear when buying wine, and need to latch onto familiar handles.*"

Spanish country offer better value wines in £7-£10 category than Australia, according to one retailer.

Australia

According to some of the retailers, Wine Australia is less proactive than other generic bodies, "*Even though we won an award a couple of years ago, Wine Australia have dropped us off its mailing list.*" There is an opportunity for Wine Australia to be much more proactive in providing commercial advice; eg bulk wine data, harvest information, region updates, future / forward expectations. A concern from one retailer was that Wine Australia can be "*too clever - need to think small again and just talk to retailers*". Other generic bodies have websites with much more downloadable content; eg regional maps, information on regions, key grape varieties etc.

Key opportunities for Australian wine by price band

All the retailers were asked to identify the price band where they felt Australian wines have the biggest opportunity going forward (selling online) and 3 specific price bands were given : < £7, £7 - £10, > £10

The responses can be summarised as follows:

Online price band	% of retailers
< £7 per bottle	11%
£7 - £10 per bottle	33%
> £10 per bottle	56%

While the number of retailers interviewed is relatively small, their combined sales runs into hundreds of £millions. The fact that over half the retailers suggested that the biggest opportunity for Australian wine is in the £10 and over segment is very interesting news.

The online specialists and independents in particular suggest the opportunity is over £10 a bottle, which reaffirms our draft hypothesis that fine wine from Australia can (and should) be sold through the more specialist online retailers.

One retailer said that: "*Good opportunity for Australia is at the £10+ end, where we can make a show about the rich diversity and style of more premium wines that Australia can offer. We can tell a good story about the variety of climates and flavours across the regions. Australia has big, powerful wines*".

Another retailer commented that they had had a good year with Australian wine in 2012 (growth of 20% vs total wine +15%), but that "*it is almost impossible to sell Australian wine for less than £7, and that competition is tough in the £7 - £10 segment against better value Chile and French/Spanish country wine*".

Summary of other feedback and comments

Historical over-promotion by some retailers has left a strong, but **poor image** about Australian wine.

Adverse **exchange rates** and **cost increases** have made it very difficult for some retailers to select Australian wines at the opening price point level; ie around £5 per bottle.

Australian **rosé wine** is seen as a non-starter by some retailers.

Delivery charges vary widely by retailer. Some retailers still believe that shopper decision making is driven in part by the level of delivery charges. (See the focus group output on p100 for the shopper viewpoint). One retailer noted that the shopper is becoming increasingly demanding on delivery : "*I want my order delivered in this 2 hour time window*" or is turning to **Click & Collect** to provide more flexibility (see p99).

"***New Zealand*** *wines over-perform, Australian wines under-perform*". However, most retailers drive significant sales from a relatively small number of SKUs from New Zealand, unlike Australian wines where the level of variety by region is much greater.

There is some knowledge of broad **Australian regionality**; "*Many of our customers are familiar with Barossa Shiraz, but this awareness is much lower than say Marlborough, Rioja or Argentinean Malbec*". However warnings were also given about the risk of too much diversity becoming baffling for the consumer. One retailer commented: "*We have had some focus on Barossa Valley Shiraz, but we could do loads more*", whilst another said that "*Wine Australia need to be more proactive in pushing the regionality message*".

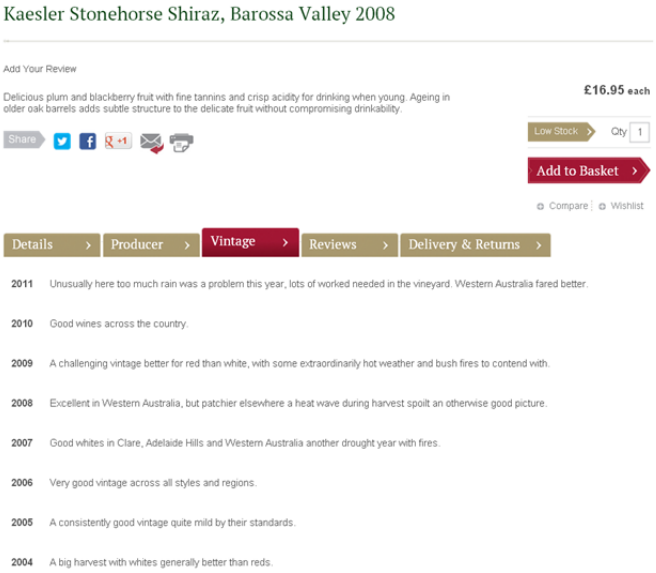
Challenge for Australia is to handle the **wide spectrum** of wines, from bulk wines to the unusual/obscure higher quality regions. "*There is a risk that the big gap in the middle of this spectrum is forgotten/ignored*".

Malbec Day is seen by many retailers as best practice in promoting wine regionality - it provides a big handle for retailers to execute targeted promotions online, through vouchers and emails. One retailer noted that sales of Australian fine wine did particularly well during a promotion around Australia Day.

There is some interest in continuing with **Antipodean promotions**, so that Australian and New Zealand wine can be included at the same time to increase the efficiency of the promotion.

Communication about Australian wines is seen as key - some retailers use printed materials to drive online sales (eg The Wine Society). However, there needs to be a well thought through promotional campaign to ensure monies invested in printed materials and flyers generate an acceptable return. "*The process with some generic bodies is a nightmare*".

Tasting notes on the various websites are a thorny issue. At one extreme are Morrisons Cellar, who have substantial tasting notes and information. MC employed a wine copy-writer to ensure that all the tasting notes are in the same style, and feel consistent in their tone and level of content. At the other extreme, perhaps, is Cambridge Wine whose tasting notes are sporadic to say the least, and where many wines have no information at all. There is a lack of consistency between retailers on how tasting notes are prepared and by whom: is it the producer, buyer, third party? Should the focus be on the wine, the grape, the vineyard, the producer, food matching or even how the wine tastes? Another retailer noted that "*I am aware that details on some of our wines are very thin*".



Best practice?

Tanners individual wine information includes :

- ***Simple tasting notes***
- ***Vintage notes***
- ***Grape blend***
- ***Drink or keep***
- ***Food matching suggestion***
- ***Producer information***

Product availability is less of an issue for online retailers than for bricks and mortar operations. Some retailers like the Wine Society operate on the principle that WIGIG ('when it's gone it's gone'), which enables them to sell parcels of wine and not worry about replenishing shelves. However, even with the Tesco group, availability for Tesco.com is far more important than for Tesco Wine By The Case as Tesco.com broadly reflects the wine range in store.

Awards are not always important for buyers when making their selection. One retailer noted that any award must be recognisable, and that there are very few that shoppers have actually heard of (see focus group feedback on p91). Another retailer said that only Decanter and IWC can provide shoppers with any confidence.

Some specialist retailers will not buy **'brands'**, unless the 'brand' denotes a famous Chateau in France. However some retailers offer their own brand, and this is particularly important for the grocery

retailers like Tesco and Sainsbury's who have developed different quality levels of their own brand offering. Tesco Finest and Sainsbury's Taste the Difference, for example, are becoming established as brands that are recognised for certain quality and value by its customers.





There is an opportunity for Wine Australia to add-value through BWS **category planning**.

Exclusive brands like "Ogio" or "Mondelli" are important for retailers in bricks and mortar ranges. Retailers noted that these brands can also play an important role online, as the brand recognition from regular shopping migrates online.

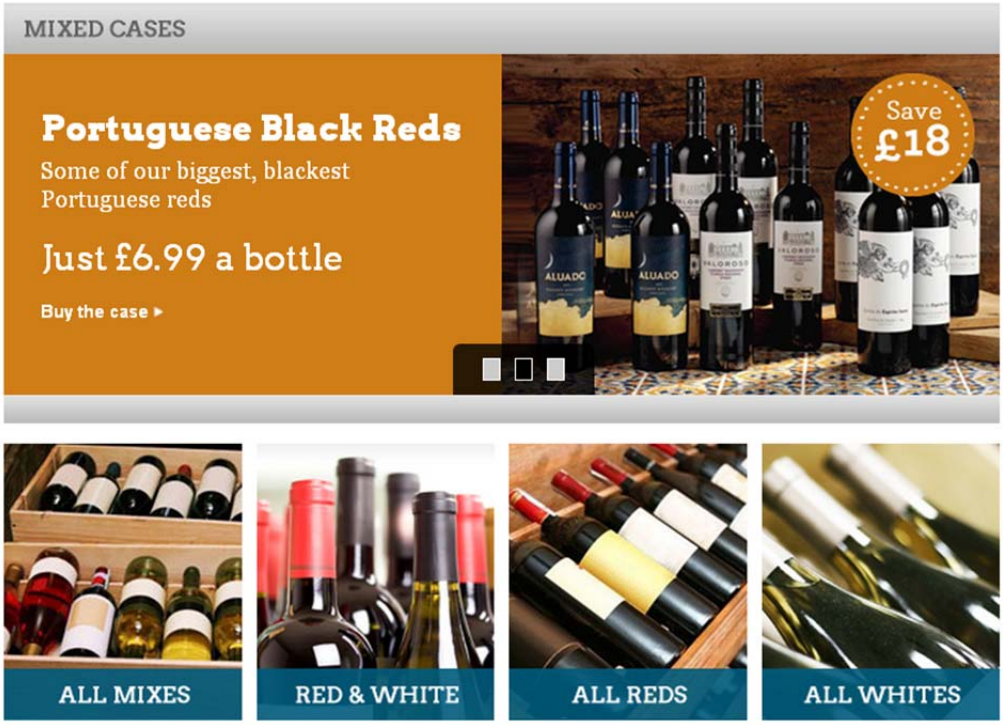
Many retailers talked about **differentiation**. Selling wine through online arguably provides almost limitless differentiation possibilities for retailers. Each retailer typically wants to be able to show what they have that others don't, and this is often achieved through exclusive deals with producers, either for a whole range or for specific blends or varieties.

Use of **social media** is covered in the retailer analysis section on p45. The Wine Society is a very active user of Twitter, much more so than other retailers, and has over 20,000 followers. TWS have also launched their own Android 'app', although not all wines on the TWS website make it onto the smartphone app. Tesco WBTC have tried blogging using partnership with Helen McGinn (aka The Knackered Mother) to stimulate engagement and discussion with shoppers. The marketing effectiveness of using social media is hard to quantify, according to one retailer, but the level of social media activity is definitely on the increase.

The recently launched **Taste Test** on Morrisons Cellar (provided by Bibendum) was raised by many retailers during the interviews. While most support the general concept of matching consumers' palate to groups of wines, many of those interviewed found that the MC Taste Test gave misleading or even incorrect results for experienced wine drinkers. "*It might be fine for the Morrison's shopper*" was one typical (fairly cynical) remark.

Pre-mixed cases form an important part of many retailers' assortment. They provide the less knowledgeable shopper with a range of wines selected by the buyer, and also provide producers and retailers a mechanism to introduce new wines to the market. There is limited sales data to indicate the extent to which shoppers migrate from buying mixed cases to single cases of specific wines. Some introductory offers on mixed cases might seem good value with £20 - £30 off the normal price, but retailers commented that some of these offers from competitors are "relatively poor quality". One retailer suggested that Wine Australia could help to put together an Australian mixed case.

Laithwaite's mixed case examples:



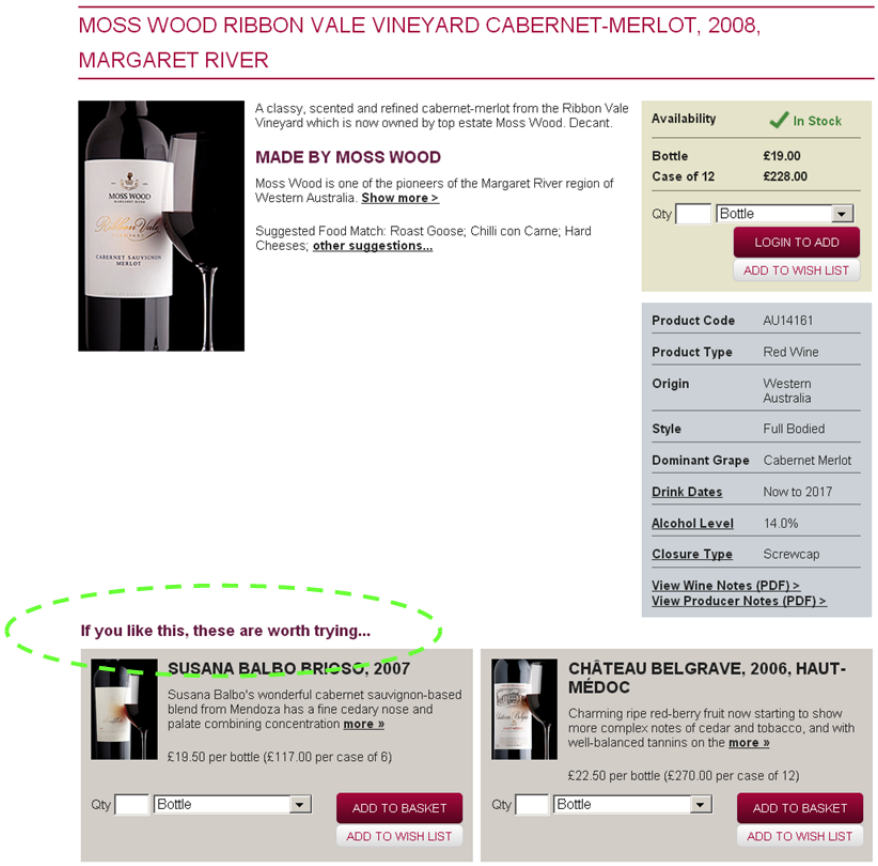
Most buyers regularly visit the key wine regions. But most retailers also have strict performance **standards** on quality, delivery and consistency that must be met for suppliers to be taken on (aside from any commercial considerations).

Innovation is still seen as important for retailers - what can producers bring to the party?

Online retailers are no different to bricks and mortar retailers - they demand that producers bring deep **consumer insights** to retailers as part of the supplier relationship. One retailer commented that Procter & Gamble are at one end of the consumer insight spectrum, wine suppliers at the other end. "They [wine suppliers] are not very sophisticated", commented another retailer.

Customer feedback is becoming increasingly important, according to several retailers. For instance the online Tesco Wine Community will get asked for feedback on potential new wines. Many retailers now offer the capability for shoppers to provide feedback on wines (see p40).

Some websites offer **related purchase** options for shoppers (see p40). The link between wines is not always the same: sometimes it is "*customers who bought this also bought that*" (like Amazon.co.uk), sometimes it is the retail buyer who will proactively make the link for the shopper.



Most, but not all, online retailers operate in **multiple channels** such as bricks and mortar or telesales. Retailer feedback was that producers need to be able to operate across all the channels, not just online or bricks and mortar, as the retailers' own shoppers frequently jump seamlessly between channels. This is often called 'omnichannel'.

Some retailers offer a **wine plan** service (see p39). Laithwaite's for instance offers both a wine plan service and a Premiere scheme for target customer segments which is not actually specified on their website. Another retailer plans to move to a more proactive service where wine advisors call key customers and suggest wines, rather than passively taking £x per month as part of a wine plan. Wine plans can make up a significant proportion of an online retailer's business.



One retailer noted that **product selection thresholds** (eg sales, margin) for online retail is typically less demanding than for bricks and mortar shops, especially in grocery. This should provide more opportunity for securing deals to list more premium Australian wine that would not meet these selection thresholds in traditional retail channels.

There was some interest from retailers on the importance (or not) of **search engines** when shoppers buy wine.

One retailer is actively investigating how shoppers use **search criteria** such as awards, ratings and special offers when searching their website. "*Awards and points are critical for our customers. The ideal Australian wine promotion combines 90+ points from Robert Parker with a Decanter recommendation. Gold awards seem to be much less influential.*"

Food and drink matching came up in several interviews, and not just for wine. There is increasing interest in **matching food** with beer.

Given the size of many online assortments (eg six out of 14 retailers analysed in this report have more than 1,000 SKUs), the process of maintaining **data integrity** is key. Not only are the ranges big, they can change quite often, with each SKU requiring a raft of detail from photos to tasting notes, plus all the attributes that are required for retailers' database systems to work properly. "*As an industry, we have an issue with product data for stuff sold online*". Another retailer asked that Wine Australia help with details about suppliers for sharing online with shoppers.

Shopper **loyalty schemes** are still relatively scarce within specialist online wine retailers. Some retailers have launched or are considering wine clubs as a means of locking in shoppers to that retailer as an alternative loyalty mechanism to wine plans.



Retailers were asked which **marketing mechanics** they use and regard as best practice. One retailer who mainly uses email said that "*No email ever goes out without an offer attached*". Others use Google Adwords, printed programmes and vouchers / coupons.

As well as differentiation with other retailers, there is also an element of differentiation between stores and online for the same retailer. Waitrose.com, for instance, has wines that are only available **exclusively online**, but it does not make a big thing about it. M&S, Majestic and Tesco WBTC, however, all make specific reference to wines that are only available online.

One piece of retailer research had indicated the shopper's desire to pick up the bottle and read the **bottle label** which is clearly not physically possible online. Providing legible images of the bottle label might help resolve this barrier to buying online.

- Morrisons Cellar is perhaps the best in class as each SKU has its front and rear labels separately displayed, enabling the shopper to easily read each label, as if they had picked up the bottle in store.



- Other producers should consider making similar levels of artwork available for retailers to use.

Promotion mechanics

Various mechanisms for promotion and means of shopper communications are used by retailers:

- Emails - regular communication to everyone on retailer database
- Online offers - home page or special offer page
- Vouchers / coupons - often sent with other merchandise bought online
- Google Adwords - sponsorship of specific words to improve retailer profile on Google searches
- Social media : Facebook, Twitter - Instant communication of new offers & promotions, often around events
- Printed offers – high-quality programmes sent to mailing list; eg Wine Society









Conclusions from retailer interviews

Based on interviews with many of the leading online retailers, the below lists key implications for Australian producers.

Differentiation, quality

There is a need for Australian producers to establish the heritage and credibility of Australian wine (see p58). Producers also need to recognise the importance of differentiation for retailers - they want to have exclusivity on certain parts of their wine assortment.

Regionality

Australian producers need to promote a much deeper understanding of Australian regionality, in essence establishing the equivalent of "Marlborough" for key Australian regions. Retailers find it much easier to sell wines from a well-established niche like Marlborough, NZ where there is a reasonably high level of awareness and an expected price range for that region. "*Our customers expect to pay £6-£10 for Marlborough Sauvignon Blanc; there are no entry point SKUs*".

Campaigns

Australian producers need to develop well-planned campaigns in conjunction with Wine Australia. Retailers will react very favourably when the campaign is well targeted, well financed and all the producers can assure product availability and collateral. Some campaigns managed by other generic bodies are seen as far more effective than Australian campaigns, particularly when they form part of a much more strategic marketing objective over the course of 12-18 months to drive sales, build awareness, introduce new wines etc. "*Wine Australia should be more proactive and approach us with a package / campaign that has a relevant story for our customers; eg 6 styles of Shiraz. Make sure that you spell out the benefits for us as a retailer as well as providing marketing funds.*"

Small parcels of wine

Online retailers may provide a really good route for selling smaller parcels of more unusual wine that would not be appropriate for a more traditional retail outlet. The online channel provides an excellent opportunity to tell a story about that wine.

Work more closely with retailers

Australian producers need to help online retailers tell the story about the regional strength, variety and quality of Australian wine. This requires producers to provide excellent collateral and other "content" for retailer websites. (See the Appendix 6 on p153-160 for examples of good and not so good examples of online content about Australian wines). Tasting notes is one example where producers can help retailers provide the right level of content and information. However, if every retailer is provided with the same content / information, then the opportunity to differentiate can be diminished.

There is also a need to bring consumer insights to the retailer to enhance the relationship and achieve additional listings and sales. Australian producers working together with Wine Australia in a coordinated way may be the most efficient and effective way of doing this.

It is important that producers fully understand, and can comply with, all the technical and logistical standards required by retailers specifically for online retail.

Producers need to identify opportunities to add value to retailers' wine clubs and communities - are there ways of providing additional [Australian] incentives to retailer wine clubs to enhance their loyalty? There is an opportunity to proactively engage with retailer wine communities such as Tesco Wine Community where feedback can be sought on new products and introductions.

It is essential for producers to understand any differences in product selection criteria for online retailers (eg sales, margin) compared to traditional bricks and mortar retailers. This may provide additional opportunities for Australian fine wine.

Producers can work with retailers to develop their cellar planning and wine plan services; eg What types of Australian wine should be included in a well stocked cellar? What types of wine should be included in a retailer Australian wine plan?

6.3 Existing WDR consumer research into online wine retail

WDR has conducted a significant amount of primary consumer research into the UK online retail market.

The most relevant elements have been extracted for this project:

- Products bought online in the last 12 months (Jul 2010)
- Reasons British adults don't buy wine online (Jul 2010)
- How wine is bought (Nov 2010)
- WSTA Market Report Q4 2010 : special focus on online wine retail (Nov 2010)

All this consumer research has been carried out by YouGov on behalf of WDR, using omnibus panels that comprise around 2,000 representative British adults.

Conclusions are presented at the end of the section.

Products bought online in the last 12 months

The growth in the online retail channel in the UK has been strong and consistent. In this piece of research from Jul 2010, we were keen to establish where wine was in relation to other categories being bought online.

Over 2,100 British adults were asked which categories of product or service they had bought online in the previous 12 months, including wine.

The results are summarised here as heat maps, where the highest response is shaded blue, 2nd highest in red. This facilitates an understsanding of trends and patterns.

Drinker type	Books	Clothes / shoes	DVDs, games	Music	Holidays	Electronic equipment	Electronic personal devices	Food	Software	Wine
All adult drinkers	48%	48%	45%	43%	40%	29%	24%	23%	23%	11%
Men	45%	37%	46%	44%	38%	37%	28%	18%	31%	11%
Women	51%	59%	44%	42%	42%	21%	19%	28%	16%	10%
Lager	46%	54%	55%	49%	38%	36%	30%	24%	26%	9%
Bitter / ale	43%	36%	47%	46%	35%	33%	26%	14%	25%	11%
Spirits / RTD	47%	55%	47%	42%	36%	29%	25%	23%	22%	6%
Wine *	55%	52%	41%	44%	47%	26%	21%	27%	22%	19%
Cider	42%	46%	49%	43%	46%	33%	29%	21%	25%	4%

Wine * = includes sparkling wine Source : YouGov Omnibus Panel Jul 2010, WDR analysis Base size : 2,189 British adults

No big surprises here: “books” comes out on top, with 48% of online British adults saying that they had bought books online in the 12 months prior to Jul 2010. More interesting, perhaps, is that 48% said they had bought clothes or shoes online in the last year. This can be a risky business given the need to select the right colour and size options.

The most shopped category online for men was DVDs and games, whilst women bought clothes and shoes. Both had books as the 2nd most shopped category online. Wine came near the bottom of the list, with only beer, spirits and cider having been bought less than wine online. However, the importance of this table is that it shows the extent to which British adults are very comfortable with, and getting more experienced with, buying goods and services online. Many consumers start with websites like Amazon.co.uk, buying a few books, CDs or DVDs before moving onto more sophisticated purchases.

19% of wine drinkers said that they had bought wine online in the 12 months to Jul 2010 - we fully expect that this level has increased significantly since then. Also it is worth noting that in this piece of research, 47% of wine drinkers had bought holidays online - these can often involve a reasonable degree of research, and a willingness to look at content from a variety of different websites. We know from other research that there can be a strong link between travel and wine drinking, especially for men aged 50-70 for whom food, wine and travel are important.

Further analysis of the research data shows that it was men aged 55 and over (16%), and women aged between 35 and 44 (12%) who were most likely to have bought wine online within their respective gender age groups.

Reasons British adults don't buy alcohol online

The research in Jul 2010 also asked 1,882 British adults who don't buy alcohol online for the main reasons why they don't. The British adult clearly believes that it is just easier to do alcohol shopping as part of the main shop, rather than doing it online. 45% of consumers said the main reason for not buying alcohol online was this ease of combining with the main shop.

It is also interesting to see that 21% of consumers believe that the offers in store are better. WDR sampling of offers on alcohol, particularly in the supermarkets, indicates that the offers online tend to match those available in store. There is probably an opportunity here for the retailers to improve their communication if their policy is to match online and store offers.

Below is a table summarising the 5 main reasons for not buying online. Possible reasons that did not get selected by the research respondents include:

- Don't trust that what has been ordered will be delivered (4%)
- Concerns on product quality (3%)
- Concern on fraud/security (3%)
- Don't trust online sellers (2%)
- Can't ask for help/advice (2%)
- Concerns on consumer rights (1%)

Drinker type	Main shop is easier	Offers in store are better	Prefer not to pay (delivery)	Prefer not to wait (delivery)	Product range better in store
All adults	45%	21%	21%	15%	11%
Men	46%	23%	22%	18%	12%
Women	44%	20%	20%	12%	10%
Lager	50%	30%	24%	20%	15%
Bitter / ale	53%	25%	25%	22%	12%
Spirits / RTD	44%	24%	23%	19%	12%
Wine *	61%	26%	26%	15%	13%
Cider	49%	21%	28%	15%	14%

Source : YouGov Omnibus Panel Jul 2010, WDR analysis Base size : 1,882 British adults who do not purchase alcohol online

21% of respondents said that they don't ever purchase alcohol (online or in a shop). Analysis by drinker type shows that ease of shopping is by far the biggest reason for wine drinkers not buying online (61%), much bigger than for other drinker types such as spirits/RTD (44%) or cider drinkers (49%).

Preferring not to wait for delivery is more important for beer drinkers than wine drinkers, while 26% of wine drinkers prefer not to pay for delivery. Lager (30%) and wine drinkers (26%) are most likely to believe that offers in store are better.

How is wine bought

The other relevant piece of WDR research worth sharing here was a simple question to ask all those who buy wine online where they mainly buy from. The sample size was quite small as only about 14% of British adults say that they regularly buy wine online. All those taking part were able to tick as many online wine retailers as they wished, recognising the fact that some consumers will buy wine online from a number of different retailers.

Tesco comes out way on top with 34%, slightly more than their typical UK market share for all grocery categories, not just wine. The next most popular wine websites were a mix of specialists like Laithwaite's and Virginwine, wine clubs like Telegraph / Sunday Times and other grocery retailers (Sainsbury's, Asda, Ocado).

Drinker type	Tesco	Laithwaites / Direct Wine	Virgin Wine	Sainsbury's	Telegraph / Sun Times Wine Club	Asda	Ocado	M&S	Waitrose Wine Direct	Majestic Wine	Naked Wines
All adults	34%	17%	12%	10%	9%	7%	7%	5%	5%	5%	5%
Men	36%	19%	15%	12%	8%	6%	8%	4%	5%	4%	5%
Women	32%	15%	8%	8%	10%	9%	6%	7%	6%	6%	4%
Red wine	30%	20%	11%	6%	10%	5%	7%	7%	8%	6%	6%
White wine	41%	14%	7%	6%	10%	6%	2%	4%	6%	9%	2%
Beer	38%	22%	16%	22%	4%	10%	6%	0%	1%	3%	5%
Other	31%	12%	14%	10%	11%	10%	13%	9%	4%	1%	5%

Source : YouGov Omnibus Panel Nov 2010, WDR analysis Base size : 251 British adult drinkers who buy wine online

Note the difference in responses for red and white wine drinkers : only 30% of red wine drinkers buy wine at Tesco.com, the lowest of all the drinker types, while slightly more (8%) buy wine from Waitrose Wine Direct than other drinker types.

Red wine drinkers are not the highest user of this selection of online retailers. Only for Waitrose Wine Direct and Naked Wines do a higher proportion of red wine drinkers use those websites more than other drinker types.

Sainsbury's.com is particularly popular for beer drinkers when buying wine (22%), much more so than either red or white wine drinkers (both 6%). In fact beer drinkers also shop more at Laithwaite's, Virgin Wines and Asda.com than other drinker types.

Since this piece of WDR research was done in late 2010, most leading independents have added an online presence to their core business of bricks and mortar shops. This can often mean generating additional turnover equivalent to opening another successful branch, without all the headaches and

running costs of new premises. Independents are also becoming more active in social media (eg see p45), which links neatly into an online shop.

Activation and loyalty will be two of the key drivers of online success going forward. Most British online shoppers will have received multiple offers from a variety of retailers encouraging them to try a new online wine offer. Examples include ordering goods from retailers like Amazon where the delivery includes a voucher for one of the big wine retailers like Laithwaite's, Naked Wines or Virgin Wines.





At present we do not have data on the levels of redemption for these vouchers, or for the extent to which consumers return to that retailer and make repeat purchases. But this customer activation strategy must be working as most of the retailers continue to use the voucher technique.

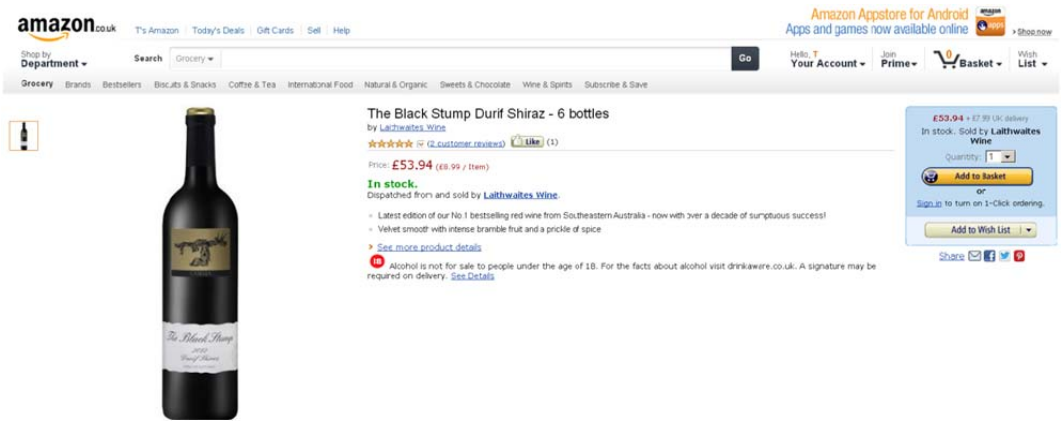
The benefit of recruiting new online customers is that the retailer builds a database of customer information including email addresses. This is what marketers dream about – the ability to engage with an active, online database of tens of thousands of customers.

The grocery retailers have continued to build their online wine proposition, and more recently Morrisons has joined the fray with the launch of Morrisons Cellar. Only the Co-Op has yet to offer wine online amongst the top six grocery retailers.

Is Amazon.co.uk a real threat to the UK market?

A major threat to the online grocery retailers could come from Amazon.co.uk. The UK online shoppers are heavy users of Amazon, and a successful online proposition could be highly damaging to other more established retailers. Amazon recently launched their 3rd attempt at online wine sales in the USA with a marketplace concept, which puts wineries and consumers together. The portal offers over a thousand wines, although all the packing and shipping remains the responsibility of the winery/producer, as is compliance with differing state legislation about the purchase of alcohol.

Amazon.co.uk has provided a marketplace facility in the UK for a while now, and now a significant number of wines are available through this marketplace portal. For instance, one of Laithwaite's best selling red wines, The Black Stump, is available through the Amazon portal at £53.94 for a case of six. The seller on the Amazon portal is Laithwaite's, who are selling the identical product through their own website at the same price.



The challenge for all online retailers is to establish some form of differentiation and then secure as much share of online wallet as they can from their list of customers. New apps, other advances in technology, and general improvement in online access speeds should all provide a better platform for customers to buy their wines online.

WSTA Market Report Q4 2010

WDR carried out exclusive research for the WSTA Q4 2010 Market Report.

Specific questions were asked to identify the extent of online purchasing, how much was spent, reasons both for buying online and not buying online and finally how adult drinkers actually buy their wine online.

The research used an omnibus panel provide by YouGov of 1,742 British adult drinkers.

The results are summarised again as heat maps. They have also been segmented by drinker type; ie by what consumers drink most often. We show extracts below for wine drinkers as well as all drinkers.

Q1 : How often do you buy wine online?

Drinker type	Would not consider in future	Would consider in future	Buy online (total)	Buy < 4 times pa	Buy every 3 months	Buy every 2 months	Buy every month	Buy every 3 weeks	Buy every 2 weeks	Buy every week
All drinkers	51%	33%	14%	7%	2%	2%	1%	1%	0%	1%
Red wine	37%	37%	26%	13%	5%	3%	3%	1%		1%
White wine	44%	36%	18%	9%	2%	4%	1%	1%	0%	1%
Rose wine	52%	41%	7%	4%		2%			1%	0%

Source : YouGov Omnibus Panel Nov 2010, WDR analysis Base size : 1,742 British adult drinkers

The results are 2 years old, but they are still useful in providing a snapshot of consumer behaviour at a fairly recent point in time.

51% of adult drinkers said they would never consider buying wine online in the future. Within wine drinkers, the figures are much more encouraging for the online retailers : 63% of red wine drinkers and 56% of white wine drinkers either currently buy online or would consider doing so in the future.

26% of red wine drinkers were already buying wine online in November 2010, and this figure is likely to have increased since then. 5% of red wine drinkers were buying at least once a month.

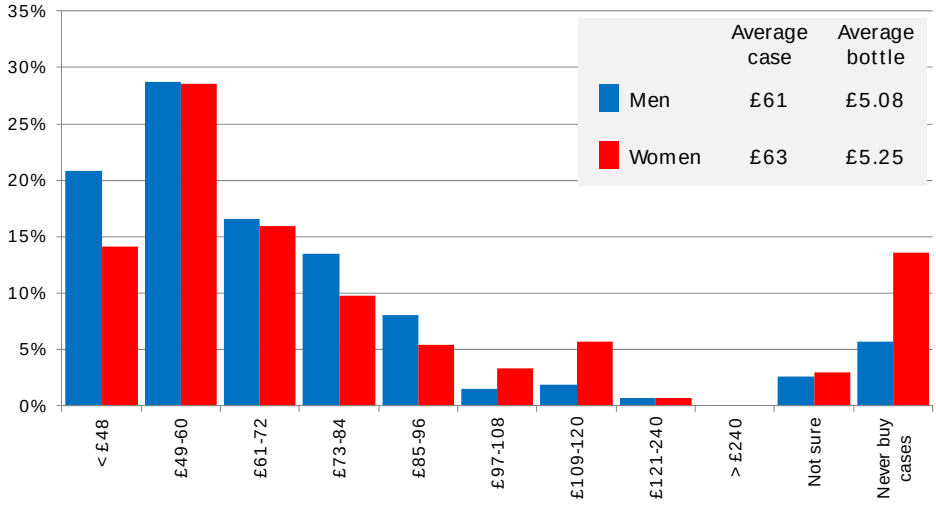
There was little difference in behaviour either between men and women, or between different age groups, apart from the 18-24 who buy online much less. In particular, 52% of men aged 18-24 said they would not consider buying wine online in the future, compared to only 38% who said they would consider it in the future.

		Would not consider in future	Would consider in future	Buy < 4 times pa	Buy every 3 months	Buy every 2 months	Buy every month	Buy every 3 weeks	Buy every 2 weeks	Buy every week	Buy online (total)
Men	18 – 24	52%	38%	3%				2%		2%	7%
	25 – 34	42%	40%	4%	4%	1%	5%	2%		1%	16%
	35 – 44	49%	34%	9%	5%	2%		1%			16%
	45 – 54	62%	23%	4%	2%	2%	3%	1%	2%	1%	14%
	55 +	51%	31%	11%	2%	3%	1%	0%	0%	0%	18%
Women	18 – 24	45%	45%	2%		4%		3%			9%
	25 – 34	36%	46%	6%	4%	2%	1%	1%			14%
	35 – 44	44%	38%	8%	1%	2%	1%	2%		3%	16%
	45 – 54	54%	30%	7%	3%	0%	2%	1%	0%	1%	15%
	55 +	60%	27%	7%	2%	2%	0%		0%	1%	13%

Source : YouGov Omnibus Panel Nov 2010, WDR analysis
Base size : 1,742 British adult drinkers

Q2 : How much do you typically spend online per case of 12 bottles?

This question was put to all those who buy wine online (in Nov 2010)



Source : YouGov Omnibus Panel Nov 2010, WDR analysis Base size : 251 British adult drinkers

The chart shows the pattern of spend, split by gender, with the biggest response in the £49 - £60 per case of 12 bottles.

The analysis can be shown by price band slightly differently, combining men and women:

Online spend price band	% of drinkers
< £6 per bottle	63%
£6 - £9 per bottle	21%
> £9 per bottle	4%
Not sure	3%
Never buy cases	9%

At about the same time as this research, Nielsen data showed that 82% of off trade wine was being sold at £6 a bottle or less. The research data suggests that only 63% of drinkers were paying less than £6 per bottle online, supporting other anecdotal evidence that the average online RSP is more than in shops.

Q3 : What are the main reasons for buying wine online?

Having looked at the extent of buying online, and how much shoppers spend, the research also considered positive reasons for buying wine online.

	Easier than going to the shops	Wine is cheaper online	Exclusive wines not available in shops	Free delivery	Part of my online grocery shop	Quicker than going to the shops	Online information and comparison	Automated monthly orders	Gift pack options available	Online advice available	Other
All adult drinkers	38%	28%	24%	19%	17%	11%	8%	6%	4%	3%	6%
Men	42%	33%	25%	21%	15%	11%	8%	5%	4%	5%	6%
Women	33%	22%	24%	17%	19%	11%	7%	7%	5%	1%	7%

Source : YouGov Omnibus Panel Nov 2010, WDR analysis Base size : 251 British adult drinkers

This time the heat maps are sorted horizontally. Both men (42%) and women (33%) say that the biggest reason for buying wine online is that it is easier than going to the shops. However, 33% of men put wine being cheaper online as a key reason, more than the proportion of men who said that they buy online to get access to exclusive wines not available in the shops. More women thought exclusive wines are more important than cheaper prices online.

A couple of additional points are worth noting : 21% of men said that free delivery was a reason for buying online, more than women (17%), whilst 19% of women buy wine online as part of their grocery shop, more than men (15%). Interestingly, only 8% of the adults who buy wine online say they do so because of online information and comparison.

Q4 : What are the main reasons for not buying wine online?

For all adult drinkers who don't buy wine online, the biggest reason why they don't was "Other"; ie a reason other than cost, delivery, security or advice. Interestingly, the picture is quite different once you drill into wine drinkers. For instance, 31% of red wine drinkers said that they don't buy online as it is too expensive, and 26% don't want to pay for delivery.

Drinker type	Too expensive	Not paying for delivery	Not waiting for delivery	Concern on security	Lack of advice	Confusing	Too much choice	Other
All adult drinkers	25%	21%	14%	6%	5%	3%	3%	36%
Red wine	31%	26%	14%	6%	7%	3%	2%	24%
White wine	29%	21%	16%	5%	5%	3%	4%	29%
Rose wine	43%	20%	12%	8%	2%	2%	4%	16%

Source : YouGov Omnibus Panel Nov 2010, WDR analysis Base size : 1,469 British adult drinkers

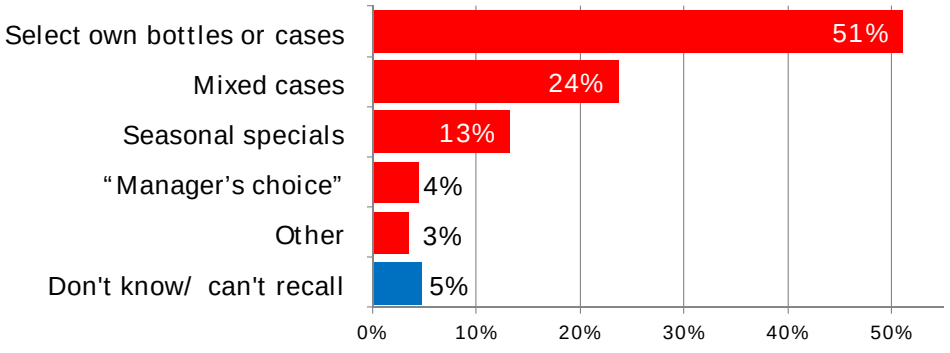
Meanwhile, 29% of white wine drinkers cited cost and 29% said "Other" as their main reason for not buying online.

Not waiting for delivery was the next biggest reason across all wine drinker types, but much less of an issue than paying for delivery.

Q5 : how do consumers buy wine online?

The final question in this research project looked at the role of pre-mixed cases as one of the tools that help some consumers to buy wine online.

Many retailers offer mixed cases as an option (see p46), so how important is this facility for shoppers, compared to choosing your own?



Source : YouGov Omnibus Panel Nov 2010, WDR analysis Base size : 251 British adult drinkers

Just over half (51%) of shoppers said that they prefer to choose their own bottles or cases when buying online. About a quarter (24%) buy wine online by choosing pre-mixed cases, while 13% opt for seasonal specials.

Our analysis on p46 shows that it is only the grocery retailers who don't offer pre-mixed cases, whereas all the other 11 retailers in our sample offer them to some degree or other.

We do not have access to retailer data that shows what proportion of sales is made up of mixed cases, but this topic was raised by several retailers during the interviews.

Conclusions from existing WDR consumer research into online wine retail

Based on a review of existing WDR research, below are the key implications for Australian producers.

Buying online

British shoppers are increasingly confident about buying goods and services online.

As at July 2010, 19% of wine drinkers had bought wine online in previous 12 months, whilst 33% would consider buying wine online in the future.

A key barrier for buying wine online from grocery retailers is the ease of doing it while doing the main shop. Other key barriers like paying/waiting for deliveries and the perception that offers are better in store are likely to have diminished significantly over last 2.5 years, as more retailers focus on being "omnichannel"; ie enabling their customers to move seamlessly between physical and online channels without noticing any change in the retail proposition.

Producers need to acknowledge the importance of grocery retailers within the online channel. Alongside Tesco, Asda, Sainsbury's and Waitrose, Morrisons have now started an online wine operation. The Co-op remains the only big six grocer not to sell wine online.

Pricing / RSP

Research and anecdotal evidence suggests that the average RSP achieved online is higher than in store.

Pre-mixed cases

Pre-mixed cases are an important part of the retail mix (see also the focus group feedback on premium sixth bottle upgrade – p102)

6.4 Consumer focus groups

A programme of primary consumer research was designed to explore UK wine drinkers' attitudes to Australian wines.

The discussion guide for the focus groups was developed based on:

- Retailer analysis work
- Retailer interview input
- WDR and Wine Australia input

The discussion guide was used to shape the 90 minute group discussion. The discussion guide has seven sections and a total of about 100 possible questions that may have been used to prompt discussion in the focus group. Questions were asked about drinking occasions, type of wine, spend, knowledge, online vs shop, decision making, choice of retailer, reputation of Australian wine etc.

Qualitative research was conducted, comprising six group discussions split between the following types of wine drinkers:

- Two with female main shoppers (housewives) aged 36-60 who shop for groceries online at least sometimes
- Two with males aged 50-70 for whom food, wine and travel were important, and were happy to consider independent/ specialist wine retailers
- Two with young professionals aged 25-35 (males and females mixed, all pre-family life stage) who were keen to know more about wine

In all groups, those recruited were non-rejectors of Australian wine, and none rejected the idea of buying wine online (and most had already done so).

All were ABC1 social grades.

There was a spread of wines drunk (red/ white) within groups, and there was also a spread of frequency of drinking Australian wines and frequency of buying wine online.

It is important to note that the research is qualitative not quantitative. The whole point is to get discussion round a topic, and delve into reasons why consumers behave in a certain way, not to find out if x% say yes or no. The size of focus groups would mean that any quantitative results are not statistically robust. What focus groups do is usually indicate what should be followed up by quantitative research. This is exactly what we did on p104 with a supplementary question on the 6th bottle upgrade idea.

Key findings

Australian wines are well regarded, trusted and widely popular among UK consumers. They are seen to offer good value for money, consistent quality wine suitable for everyday drinking occasions (p81-87). They are not always seen as having the social cachet of French wines, limiting their purchase for special occasions (p82, 85).

Having well known, frequently- promoted brands was a strength for everyday wine buying, but again could restrict purchasing of Australian wines for special occasions (p94)

Typical spend on Australian wines was the same as on any other 'every day' wine ie ranging from £4.50 - £12, depending on the individual (p90).

For occasions such as a dinner party when most consumers spend more (£6 - £18), Australian wines were less likely to be bought for the following reasons (p91):

- Risk it would not be recognised as special/ different by others even if have spent more, due to lack of familiarity with the higher Australian priced wines
- Lack knowledge/ confidence to justify choice/ spend
- Have never tried more expensive Australian wines

There was considerable interest in becoming more expert/ confident about Australian wines, especially among young professionals and older males (p84, 92).

The country of Australia and the perceived lifestyle of its people have many positive attributes which could be linked to its wines; eg vibrant, relaxed, confident (p83).

Australia is currently more associated with white wines in the UK, but this is causing some issues; eg seen as mainly Chardonnay, less prestigious than New Zealand whites (p84). Nielsen data supports this association as the biggest selling varietal for Australia in the UK off-trade market is Chardonnay ahead of Shiraz. More should be done to promote red and rosé wines from Australia.

The behaviour and attitudes of online wine buyers varies according to the channel they use to shop (p95-98)

- Online grocery wine purchase is likely to be more routine, mundane, less experimental or engaging, and be fairly small (typically 2-3 bottles, 6 if on promotion)
- Online specialist wine standalone order it likely to be more engaging and enjoyable, for those who do it (especially older men), and is more likely to consist of 12-24 bottles (p89)

There was considerable interest expressed in trying more premium Australian wines, especially among young professionals and older males (p92). However, some would never spend £10+ on a bottle of wine, regardless of country of origin.

The most popular promotional ideas to prompt trial of more expensive Australian wines were:

- 6th bottle upgrade, where you order 5 bottles at your usual price (eg £7) and get a higher priced bottle (eg £12) for the same price (p100). This could be linked to future discount off the more expensive wine, should you like it enough to buy more, and also to providing information about the more premium wine
- A taster pack of Australian wines, where you get several (smaller) bottles, including some more premium wines, with tasting notes and information (p101). This could be used to host a mini wine tasting, or a larger event, and would also work well when linked to future discount off the wines, and for providing information about the wines, regions etc.

The research suggests that there are many opportunities for Australian wine producers to grow the UK market for more premium Australian wines online, principally by taking consumers on a journey of education and awareness.

Australia was often among the most preferred wine producing countries, established and trusted



We recruited people who did not actively avoid Australian wines, but in general people were very positive about wines from this country (before they knew the sponsor of the research).

There were some who did not like Australian whites (mainly backlash against Chardonnay), but overall, it was well regarded as an established wine-producer.

Knowledge of brands seemed to be an important part of Australia's popularity, especially for housewives and young professionals (and even some older men).

Only a minority had visited Australia, and there was no evidence that they were more likely to favour it or be more knowledgeable about it than others.

Some did have a preference for other countries, mainly New Zealand (for whites) and France; but others were less influenced by country of origin than other factors

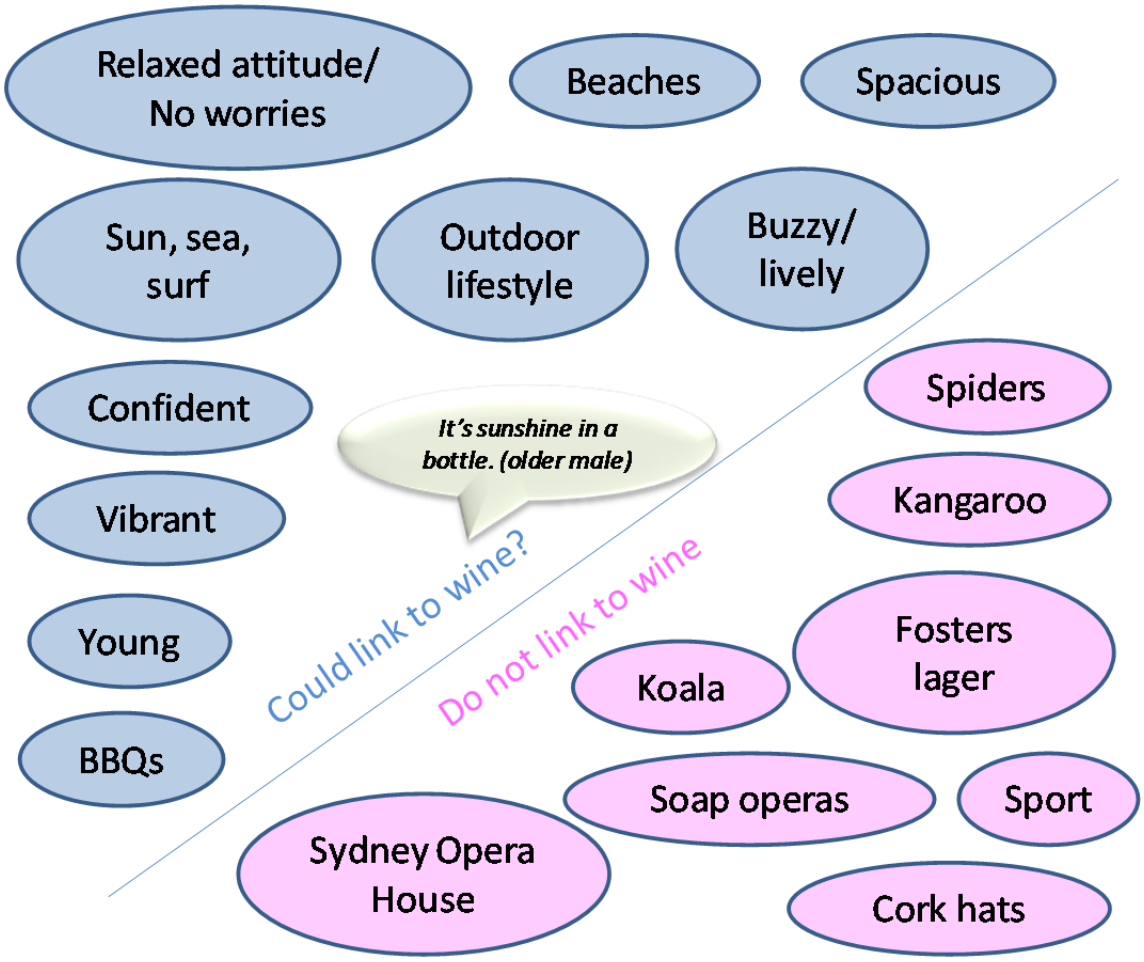


New Zealand was well regarded for Sauvignon Blanc, with many being aware of the Marlborough region.

France did have an appeal for a few in all age groups, because of heritage, prestige and background knowledge people felt that this country had.

For a few, other European countries were preferred, usually because of familiarity with the wines through travel/ living there. But there were also many who did not have a favourite wine producing country, but chose based on other factors such as brand, offer, price or grape variety.

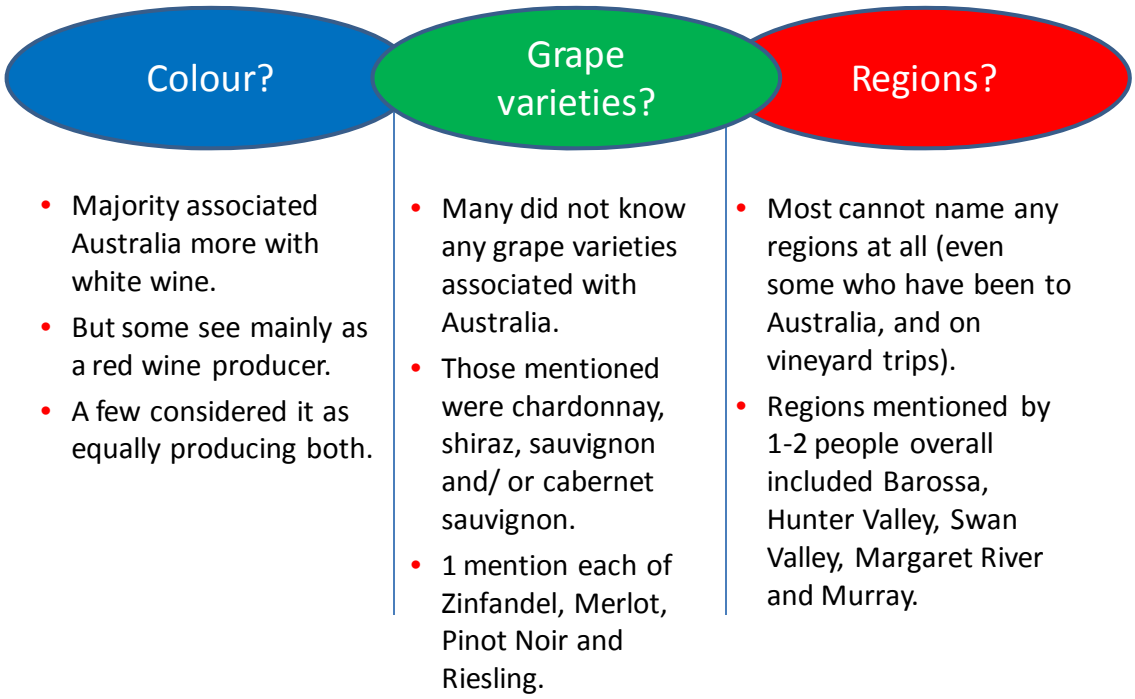
Of the characteristics associated with Australia, some could link positively to its wines



There were many positive attributes of Australian people and the perceived lifestyle could have a positive link to wines.

The country is also seen as dynamic, prestigious and exciting as a destination to visit, which again could be useful attributes if able to be linked to wines.

Australia was perceived mainly as a white wine producer. Awareness of its grape varieties and regions was low



Although white wines were most associated with Australia, many actually prefer Australian red wines, and see these as being better than the whites. This seemed to be driven by backlash against Chardonnay. More should more be done to promote Australia's red and rosé wine.

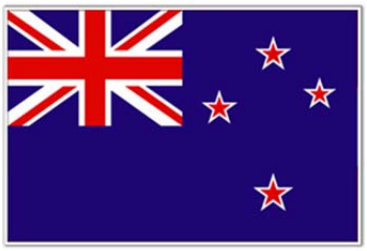
There was interest for older males and young professionals (and a few housewives) in knowing more about the grape varieties and the regions of Australia.

There may be potential in identifying a strong red wine grape variety/ Australian region and promoting this.

Australian wine was perceived as generally better than Chile, similar to New Zealand and less good than France



- Almost everyone in the groups expected Chilean wine to be less good overall than Australian.
- Less well-established, less well-known generally (most unaware of any regions/ grape varieties).
- A few see as 'up and coming', especially for its Malbecs.



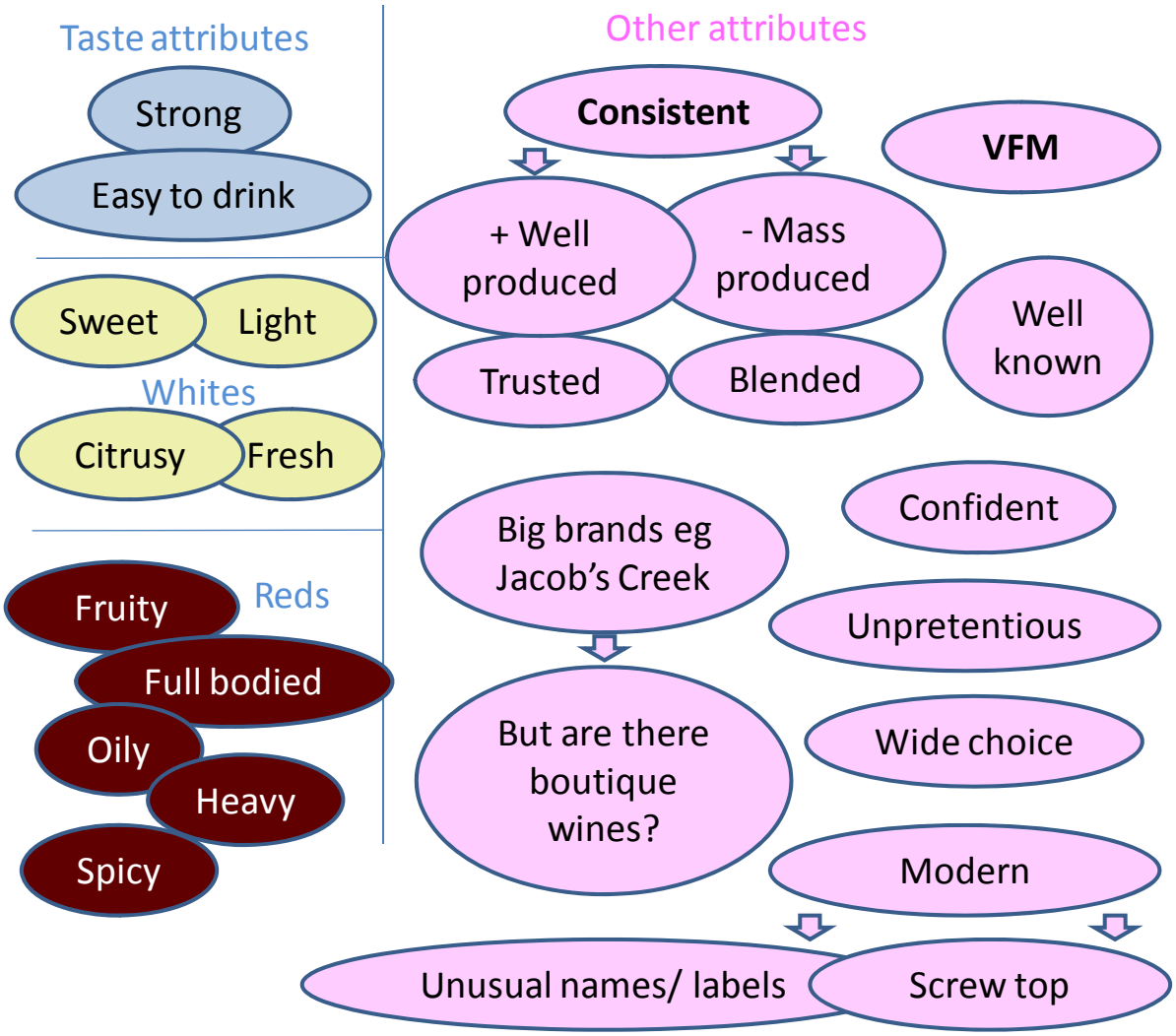
- Seen as (almost exclusively) white wine producer.
- NZ whites are thought to be excellent, high price and high profile eg Cloudy Bay.
- Many could name the Malborough region and Sauvignon Blanc variety.
- Many thought Australian reds would be better than those from NZ (which were largely unknown), but NZ has the edge for whites.



- This comparison was hardest, due to the apparent huge variety in French wines.
- Overall, many thought longer heritage and association with wine meant it would be generally better.
- Others thought French wines were often on a par with Australian in quality, but may be perceive themselves as 'better' without justification.

If you give Grand Cru as a present, they take it (and are impressed).... if you want to give Australian wine, you've got to know a lot about the wine to value it, otherwise it'll just go in the Wolf Blass pile.
(Older male)

Australian wines also had many more positive associations than negatives



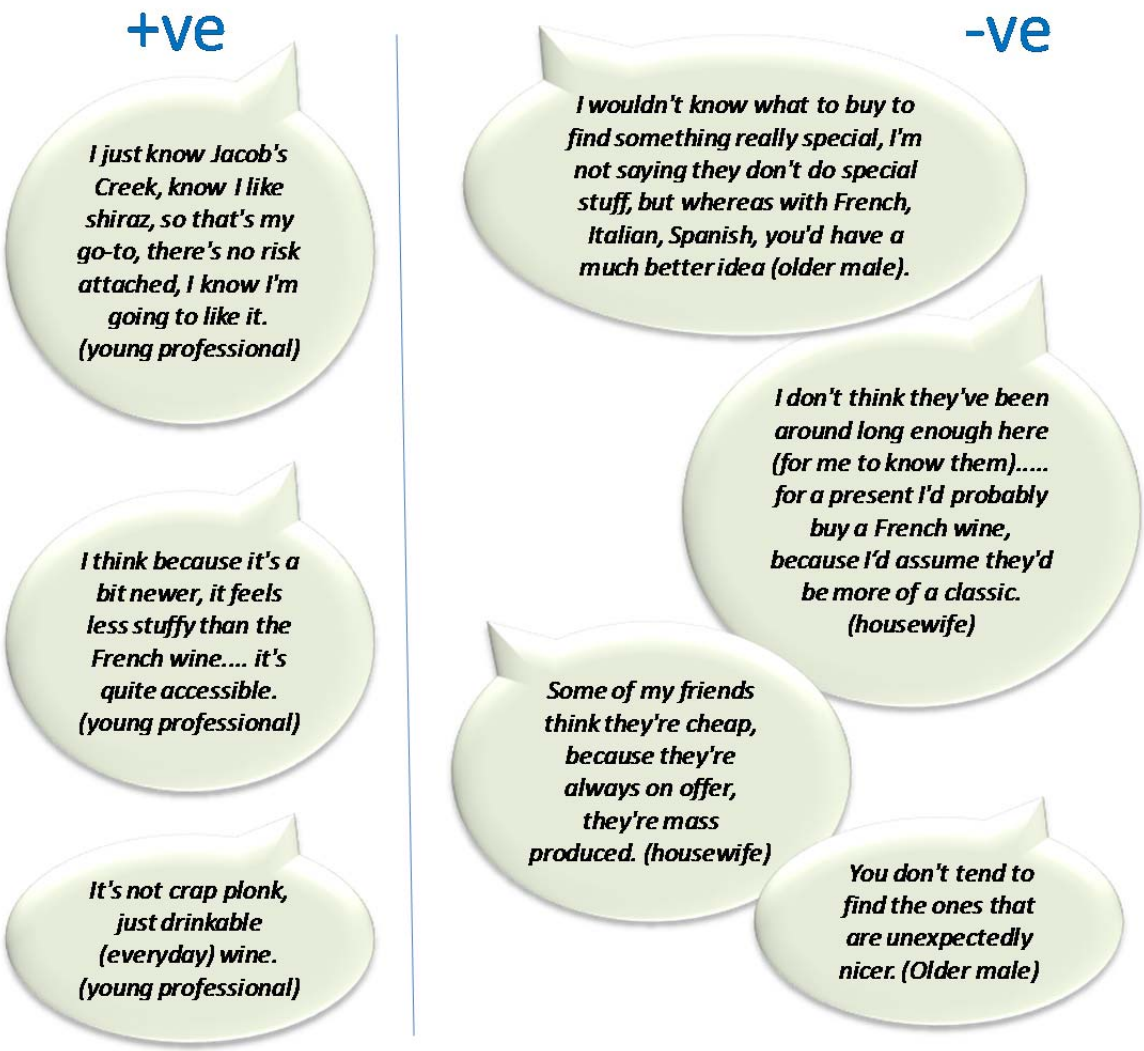
Consistency and value for money were the most widely mentioned attributes by the focus groups.

Consistency for most was a positive, but for some it had negative associations with being mass market.

Alcohol strength could be a positive or negative attribute, depending on personal preference for ABV.

Most liked the look of labels and names of Australian wines, although some did not like these if they were 'jokey'.

Consistency, vfm and accessible brands were key positives, but key negatives also were linked to these



Value for money (vfm) is a difficult one to address; it is a key reason for liking Australian wines currently, but is also a barrier to addressing perception that the country produces high quality wines.

Brands could also be seen as a positive or negative factor- some people are ‘snobby’ about buying any brand, others happy to buy ‘everyday’ Australian brands eg Jacob’s Creek, or more premium ones (eg Wolf Blass Platinum, Penfolds).

There were many sources of information about wines, but online was used only rarely



Those who were using Google searches for wines were in a small minority, and tended to be among the more knowledgeable/ interested wine buyers.

Tasting notes were widely praised by those who ordered online (eg mixed cases), and were described as part of the fun of the experience, as well as a way to become more informed about the wine.

In each group, several had attended a wine tasting at some point, and a few went regularly.

Quantity of wine bought varied from 1-24 bottles, with offers being important in driving up purchase size



How many bottles?



1-3

- Need to 'top up'.
- Don't want too much (to store/ for control).
- Don't want to spend too much.
- Often added to regular shop/ basket; in-store or online depending on preference.

I bought two bottles that were reduced from £12.50 to £5.99... I always tend to go for the offers, as long as it's a well branded wine. (young professional)

4-6

- Part of a larger shop (often online grocery).
- May be driven by offer (6 bottle discount).
- May be event driven; eg entertaining.

I tend to buy a few.... Rather than every week buy 1 or 2, because you sometimes get a discount for buying 6. (housewife)

12- 24

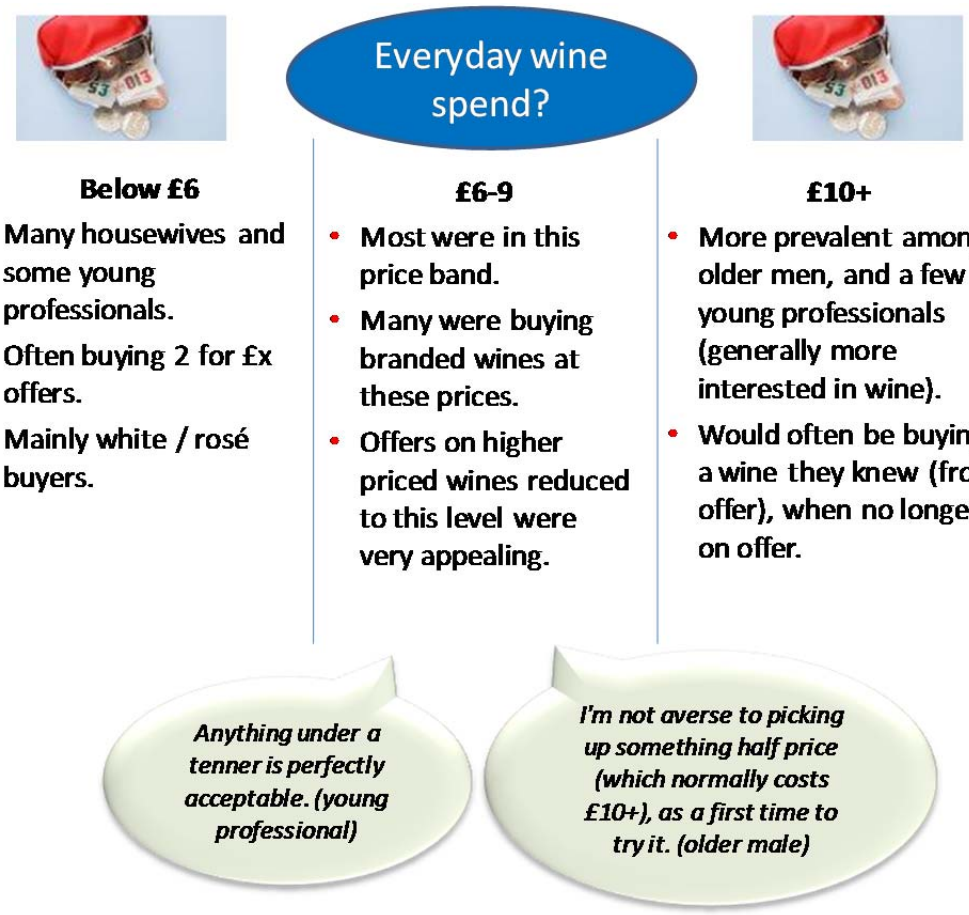
- May well be 'wine only' shop.
- Often from specialist online wine site/ store.
- More common among older men, who buy this quantity most often.
- May be event driven, or offer driven (housewives / professionals).

I bought 4 half cases from Majestic Wines, after a wine tasting I went to. (older male)

Many will buy different quantities of wine at different times, depending mainly on stocks held at home (don't want to run out), entertaining/ events and offers. However, older men were more likely to buy wine in quantity (6+ bottles) whereas housewives were least likely to buy in quantity.

Those who were buying 12+ bottles at a time were almost always ordering online, usually not as part of grocery shop. Sometimes this was event driven, but not always. Laithwaite's, Virgin, Naked Wines, Majestic, Tesco wine, M&S were most commonly used for these larger size purchases.

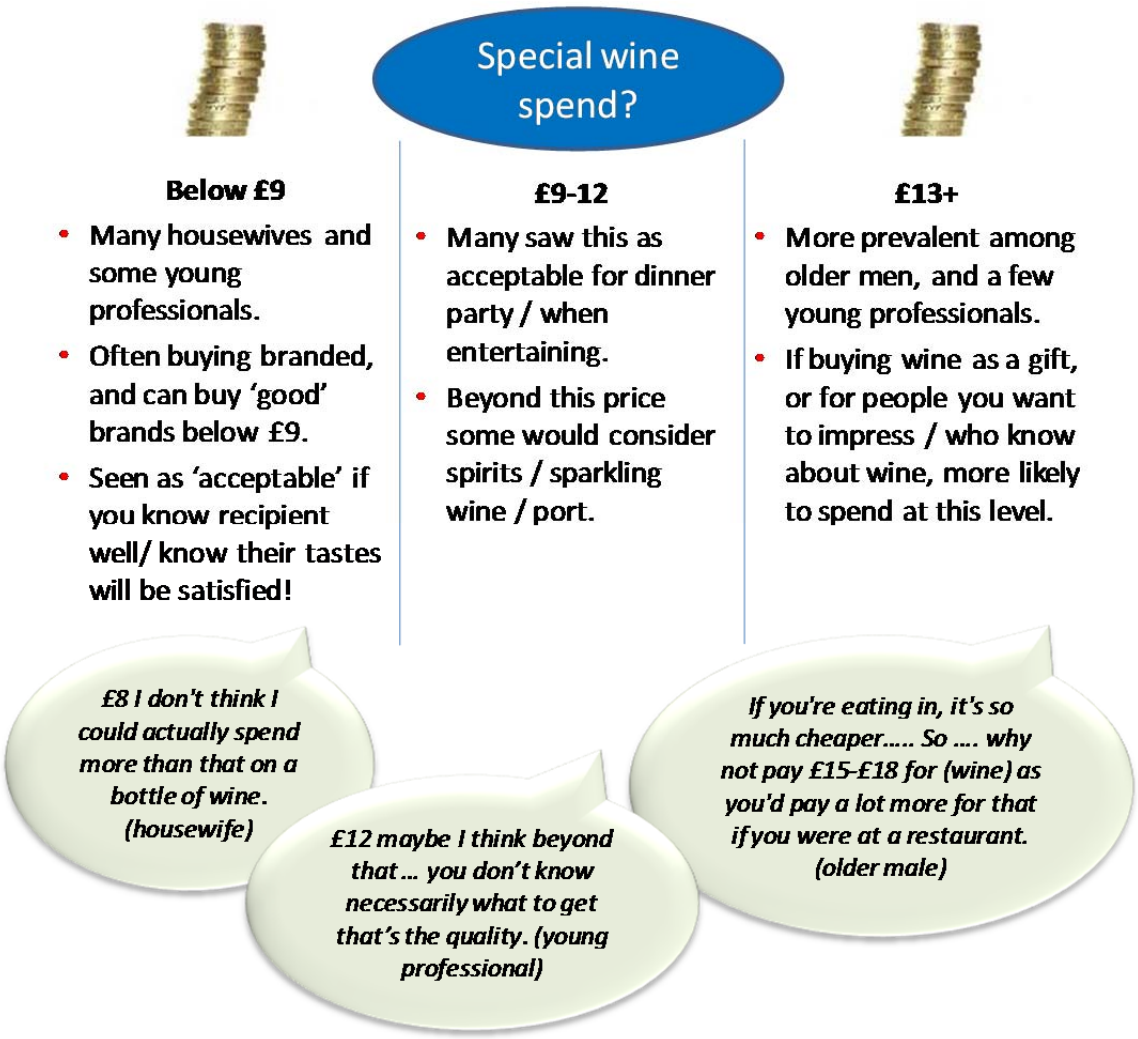
Spend for everyday wine ranged from £4.50 - £12 per bottle, with older males typically spending the most



Most did have an upper limit of spend on wine for everyday which was around £6-9, although some were typically spending more / less.

There was no evidence that spend for Australian wine was any different from this. Australian wines generally were seen as 'good everyday wines', and so the majority were expecting to spend their 'normal' amount on them.

Spend for dinner party wine ranged from £6 - £18 per bottle, with older males again typically spending most



Spending more on wine happens when entertaining at home, and when taking wine to someone's house (although spend will depend on how much host is perceived to know about wine/ how anxious you are to impress).

Other triggers were special events (eg anniversary, Christmas, birthday), but could also be more minor events such as pay day treat, bad week at work / it's Friday, mini gift for partner.

When wine was given as a gift, spend levels were also higher, and could be £15+ as long as knew person would like the wine chosen.

Some, but not all, did have a mental barrier to spending £10+ on Australian wine



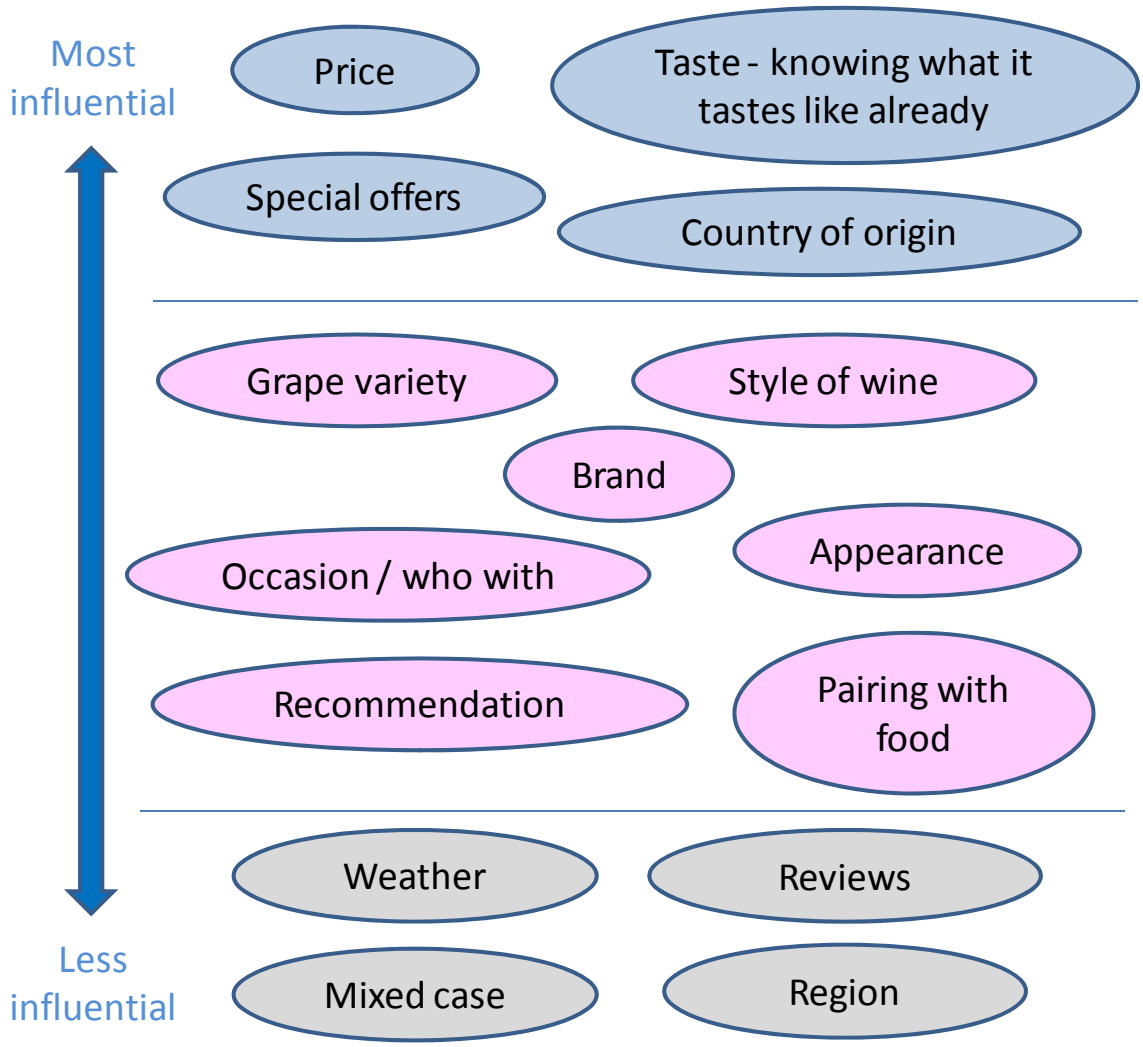
There was considerable interest in becoming 'more expert' than others about Australian wine among young professionals and older males especially.

By gaining knowledge about why the wine is worth paying more for, they felt they would have confidence to give this to friends / as a gift.

They are not rejecting Australian wine at this price point because they don't think it is worth paying for, but because they lack confidence and knowledge, and also are not aware of how it tastes. The recipient of a gift may also not fully appreciate the quality of a premium Australian wine.

Others reject it simply because they would not pay this price for any wine, regardless of country.

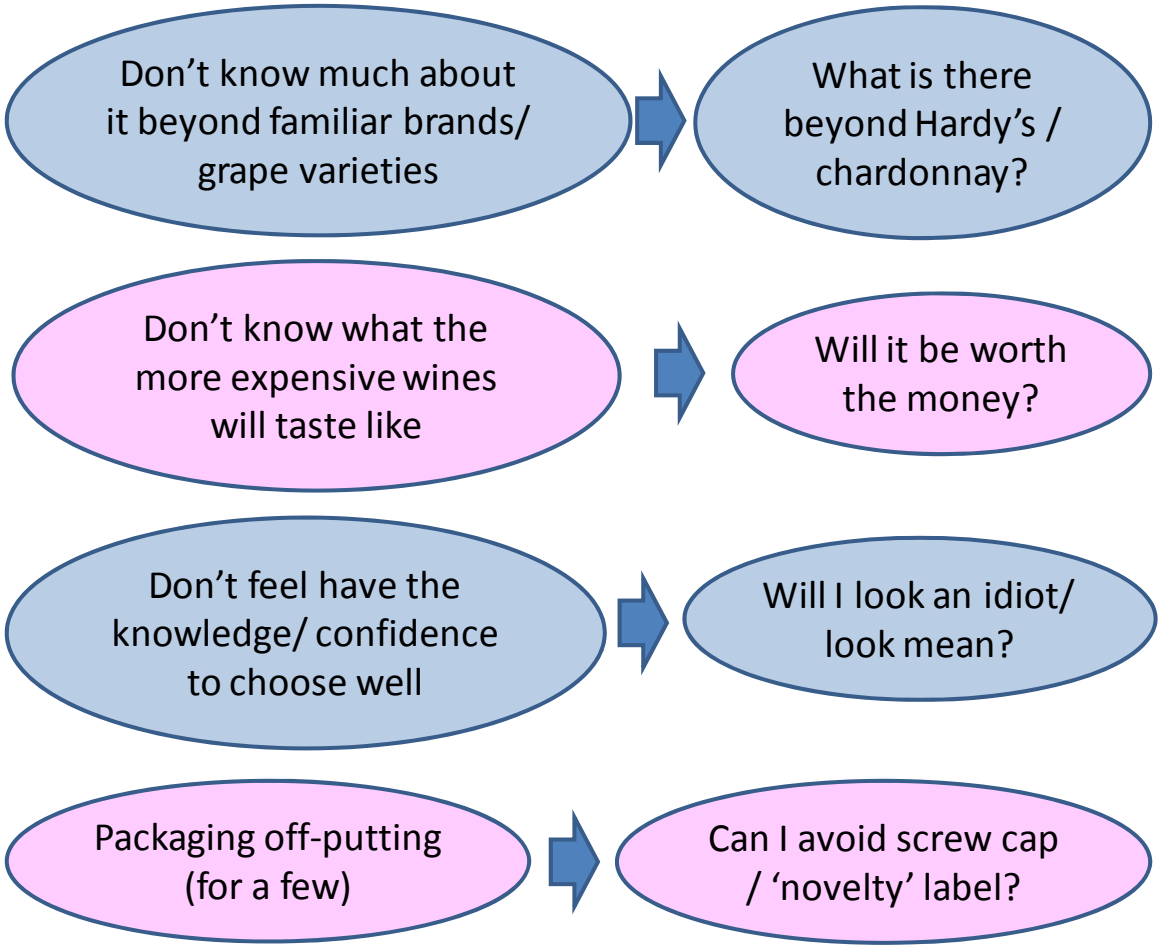
Price / offers, taste and country of origin influence choice of wine most, regardless whether buying online or in-store



There was no evidence that people use different criteria when choosing wine online compared to the in-store selection process. The exceptions were mixed cases (which only really applied when buying online), and pairing with food (which mainly applied in store, when doing food shopping).

Delivery, awards, strength and press / TV coverage were of very minor influence only. Closure type was also generally not important, but a few did prefer cork if buying wine as a gift, or a screw cap for picnics.

Main barriers to buying more were around having restricted awareness / knowledge of Australian wines



Very few rejected the idea of buying more Australian wines, or buying Australian wines at a higher price point than currently - they were open to the idea.

Barriers to buying more were mainly to do with lack of knowledge and confidence. Because Australian brands were high profile and ubiquitous in the supermarkets, and tended to be at certain price points and often on promotion, this is what all other Australian wine is then benchmarked against. Some may be worth paying more for, but without knowledge and confidence (ideally from tasting), not all will make the trade up.

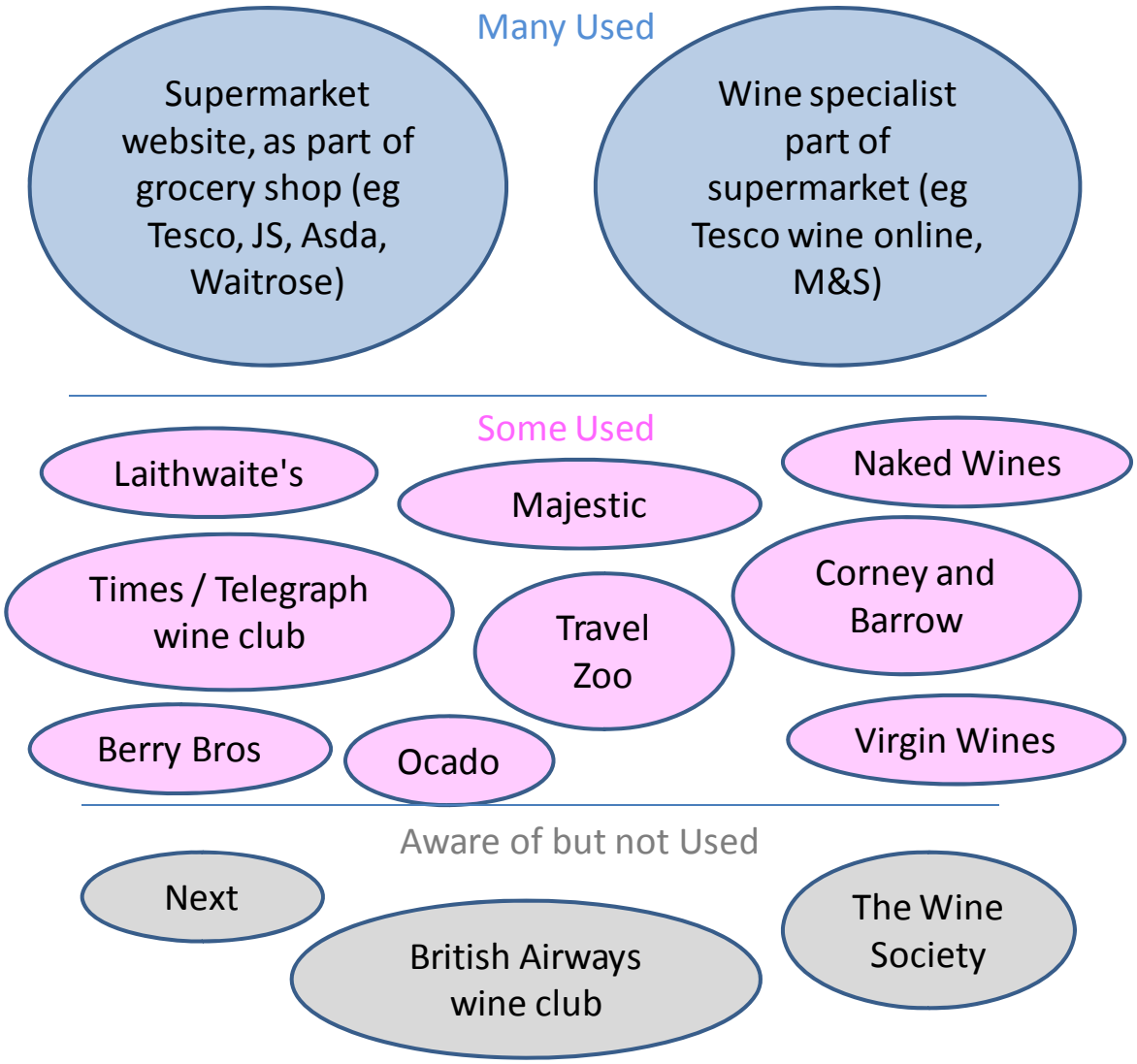
Buying wine in-store is enjoyable, even if part of a grocery shop, and is more likely to lead to experimenting



The degree of enjoyment in buying wine did vary between what retailer was used. In general, wine specialists were more enjoyable to shop at for many, especially for wine enthusiasts. However, the supermarket wine aisles were also seen as pleasant places to shop for wine, and were also less intimidating for some wine buyers (no pressure from sales staff).

The ability to interact with the wine in-store was liked; physically touching the bottles, reading front and back labels, looking at colour of the wine, feeling the weight and shape of the bottle. Not all of these more tactile parts of the experience can be replicated online, but perhaps consideration should be given to including high quality photographs on the bottle labels (front and back).

Supermarket websites were most frequently and widely used overall for online wine purchasing



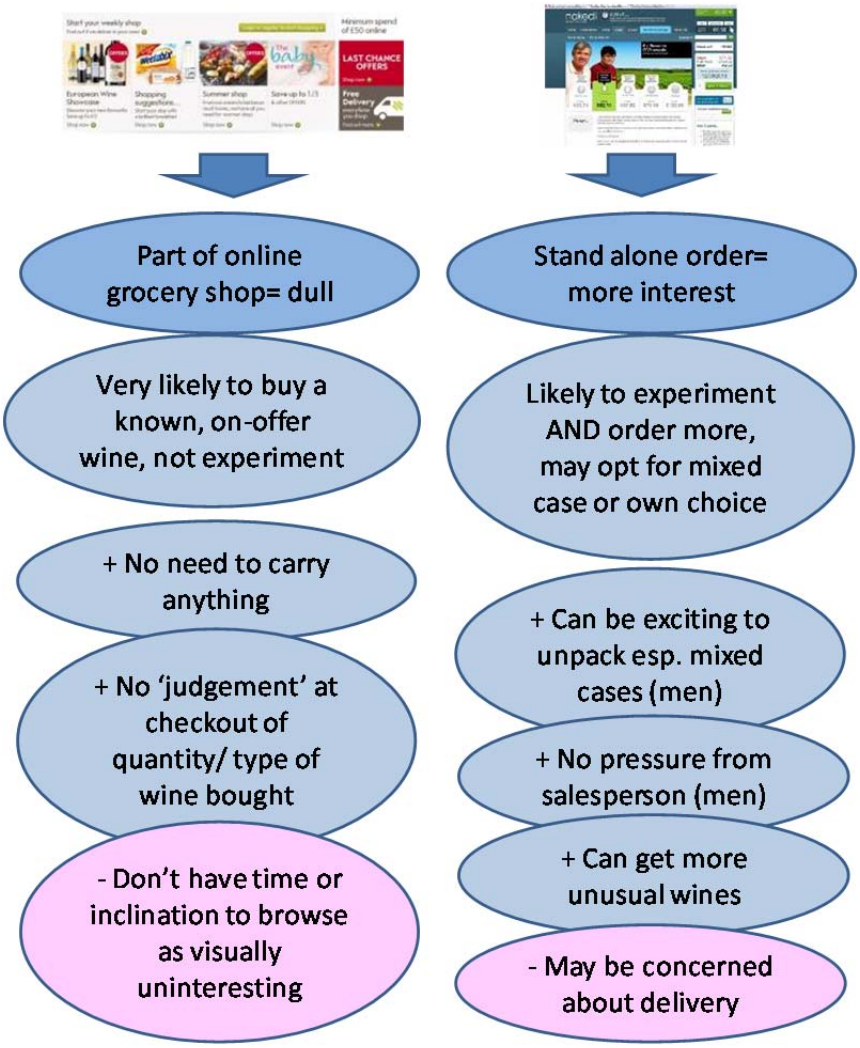
The major supermarkets (and to a lesser extent M&S) were very important for online wine purchasing.

Males were more likely than females to have bought from a wine specialist website, regardless of age.

Young professionals were most likely to have bought online with a voucher / promotion (eg Virgin Wines, Travel Zoo) received via Play.com order, Uswitch etc.

Amazon was also mentioned as possible place to buy wine online, which may be because of the widespread inclusion of wine discount vouchers with Amazon orders?

Buying wine in online grocery can be less engaging / more functional than in-store or wine website experience



In contrast to the largely enjoyable process of buying wine in the supermarket, buying it online as part of a grocery shop was much less engaging. There were functional benefits about buying wine in this way, but very little interest or experimentation was involved in the purchase

Those who order wine online as a stand along order, either from a wine specialist, or a wine specific section of a supermarket (eg Tesco Wine) were by contrast quite engaged in the purchase. It was more fun to choose - may be ordering in more quantity, more likely to be looking for something special/ different.

For some (men) there was a real excitement generated by unpacking the wine when delivered; what have I got, what does it look like, what do the bottles say? If there is any way to enhance this interest and engagement with the wine buyer at the time of delivery, then there may be benefit in it being explored, eg through including printed materials, wrapping, including small free samples etc. They are already highly engaged with wine at this point, and it could be a good opportunity to engage and educate consumers further.

Influences to buy wine online vary by type of shopping being done



There was very little evidence of shopping around for wine online. The most common behaviour was to select some wine when doing an online grocery shop just as any other grocery item is added to the 'basket'. Consumers do not then compare wines between online grocery retailers, just add wine to their order with whichever store they are using for their shopping

Very occasionally, wine can prompt people to do an online grocery shop at a specific retailer, eg where there is a 6 bottle discount.

Among those ordering wine online other than as part of a grocery shop, there was again very little evidence that people shop around between online wine retailers. Most are driven to the website by need / habit or marketing (email / voucher) and they then browse the site and complete their purchase, without visiting other sites.

Only a tiny minority compare other online wine retailers as part of this process, and only one person mentioned shopping for wine online by typing the wine name into Google, and seeing where that wine can be bought from most cheaply. This is very different to their behaviour when buying many other products online. There seems to be quite a loyal relationship between consumers and the wine websites that they use, which is enhanced by good offers, useful information, knowledgeable recommendations etc.

Delivery ideas were quite interesting, especially to non-online wine buyers, but are not enough to prompt buying higher priced wines on their own



Expected by many, especially if spending over certain limit

Seen as 'normal' by some

Expected cost of delivery £4-£8 ie can be as much as a bottle of wine

Interesting to some who don't buy online, as is a barrier

Click & Collect

Negates benefit of ordering for some ie no carrying

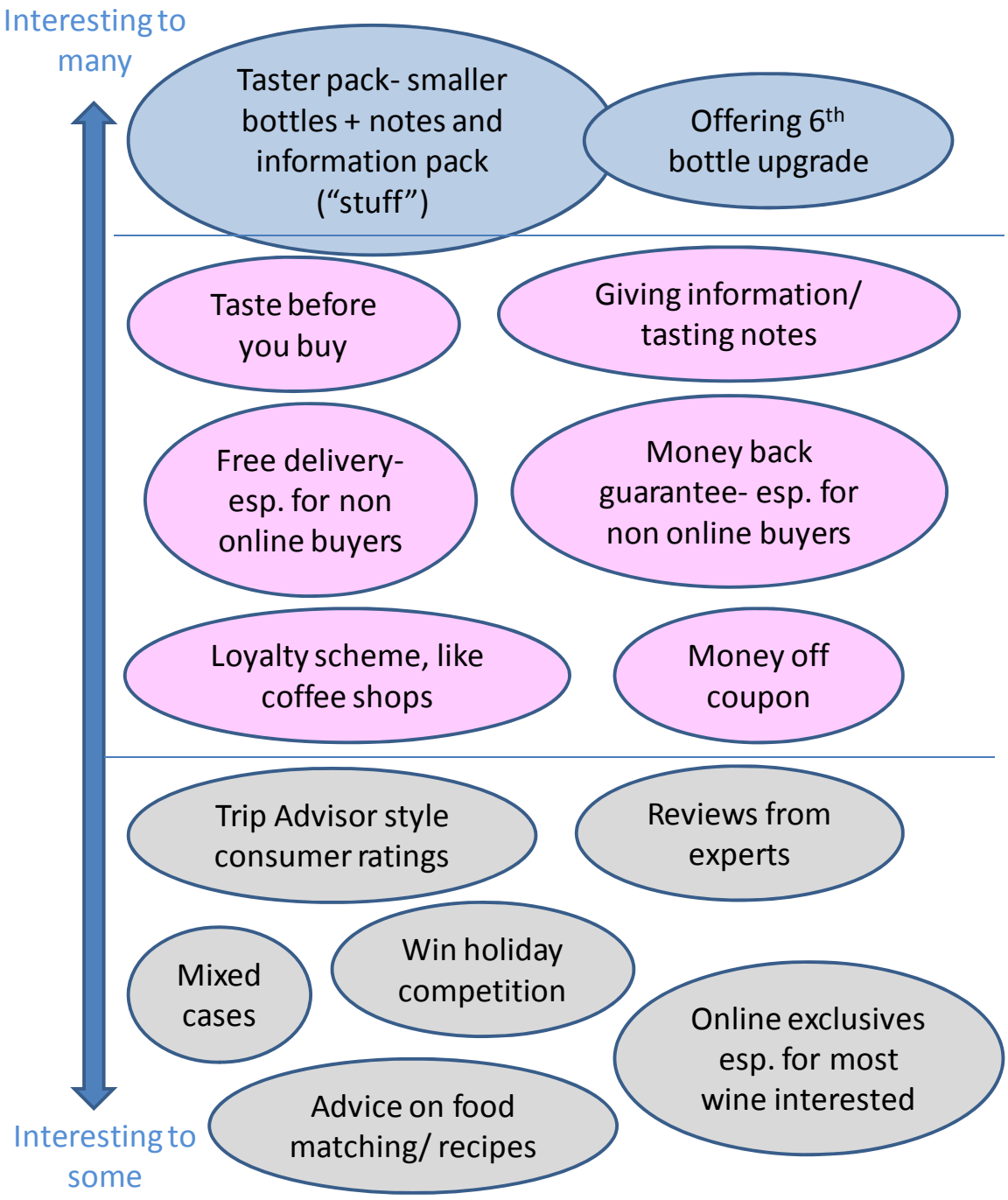
Liked (and used) by some in past to save money / speed up delivery



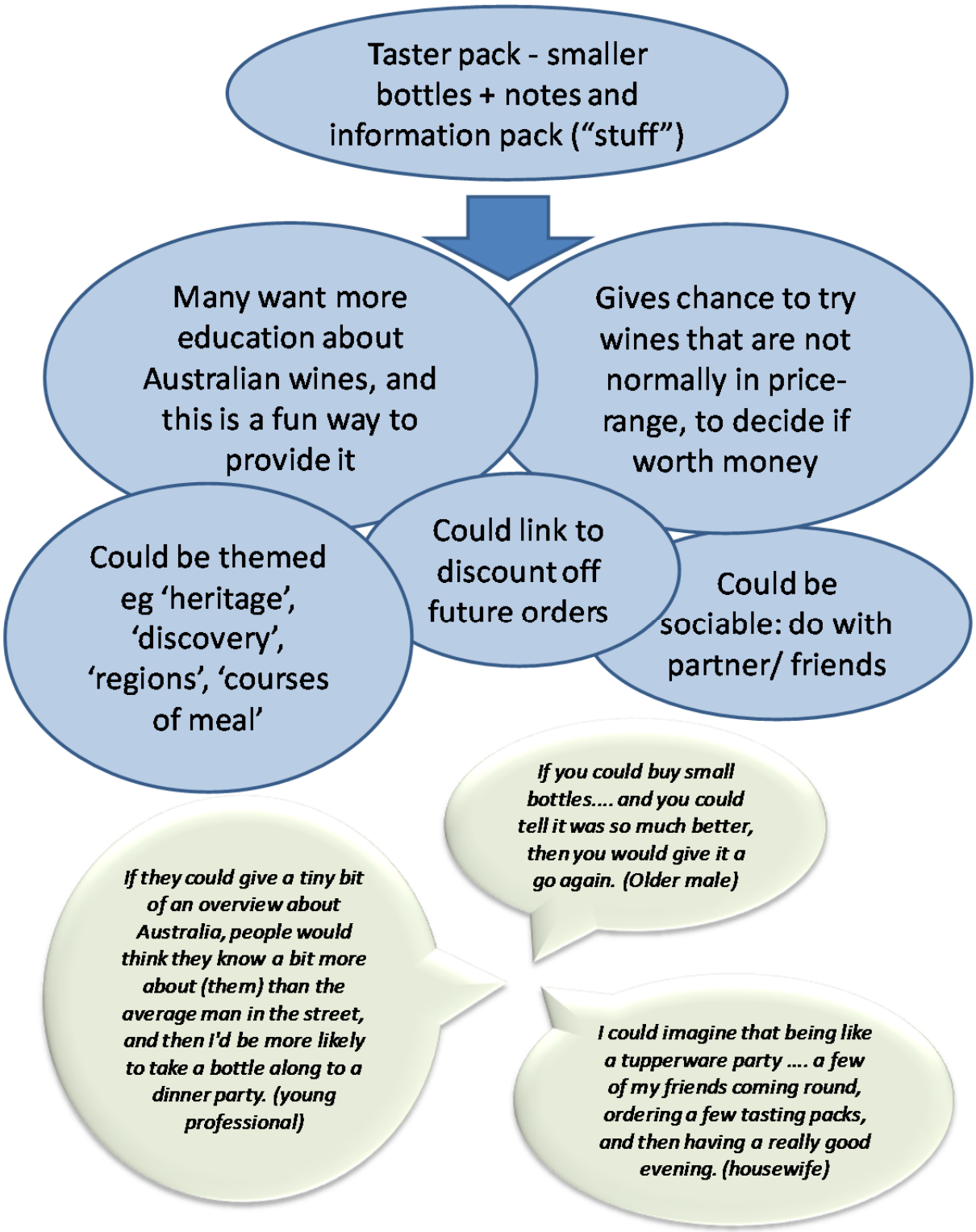
Liked by some males who dislike waiting for wine delivery

Expected by those who shop online for grocery

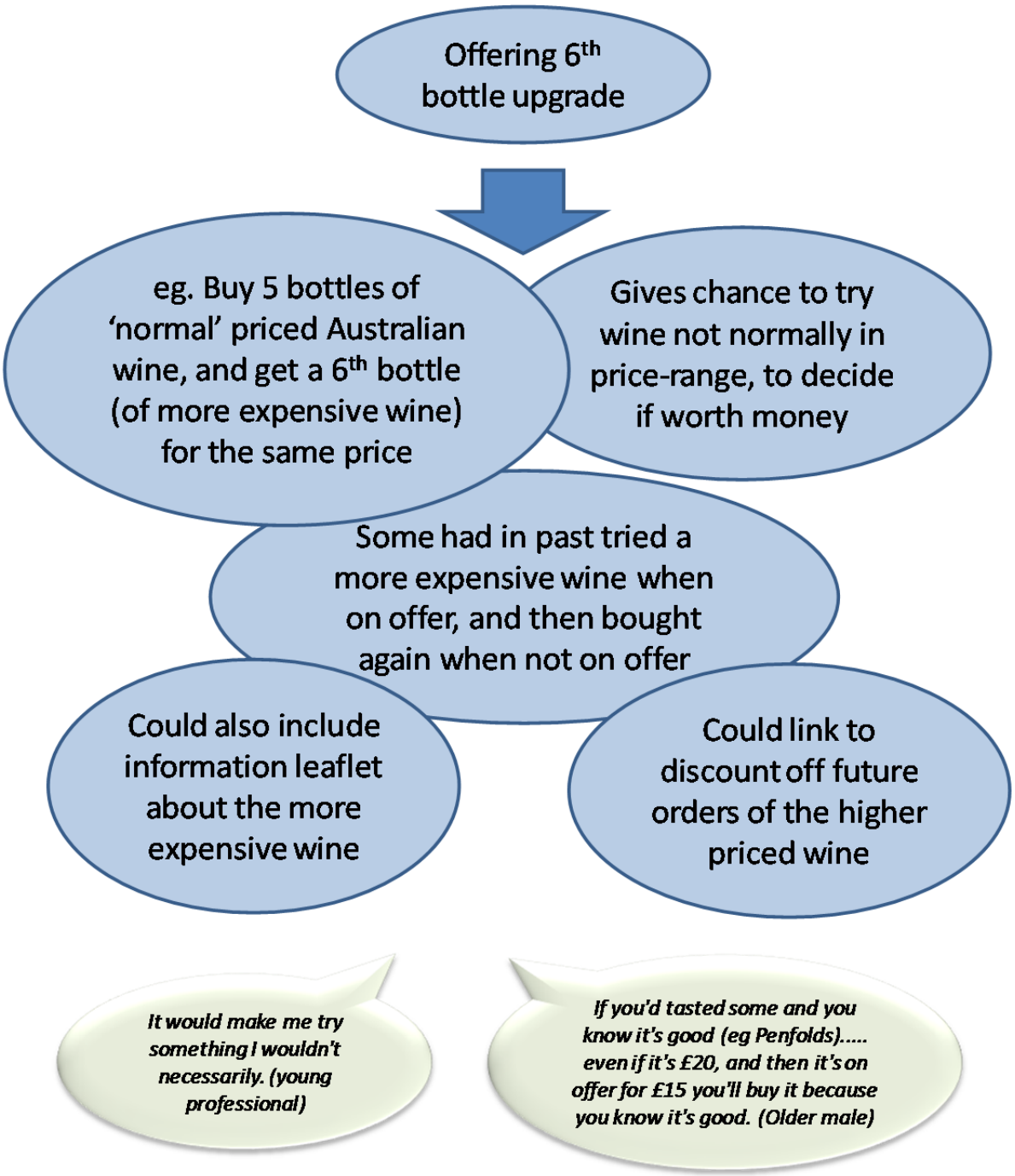
Offering a 6th bottle upgrade and a taster pack were the most interesting promotional ideas for £10+ wines



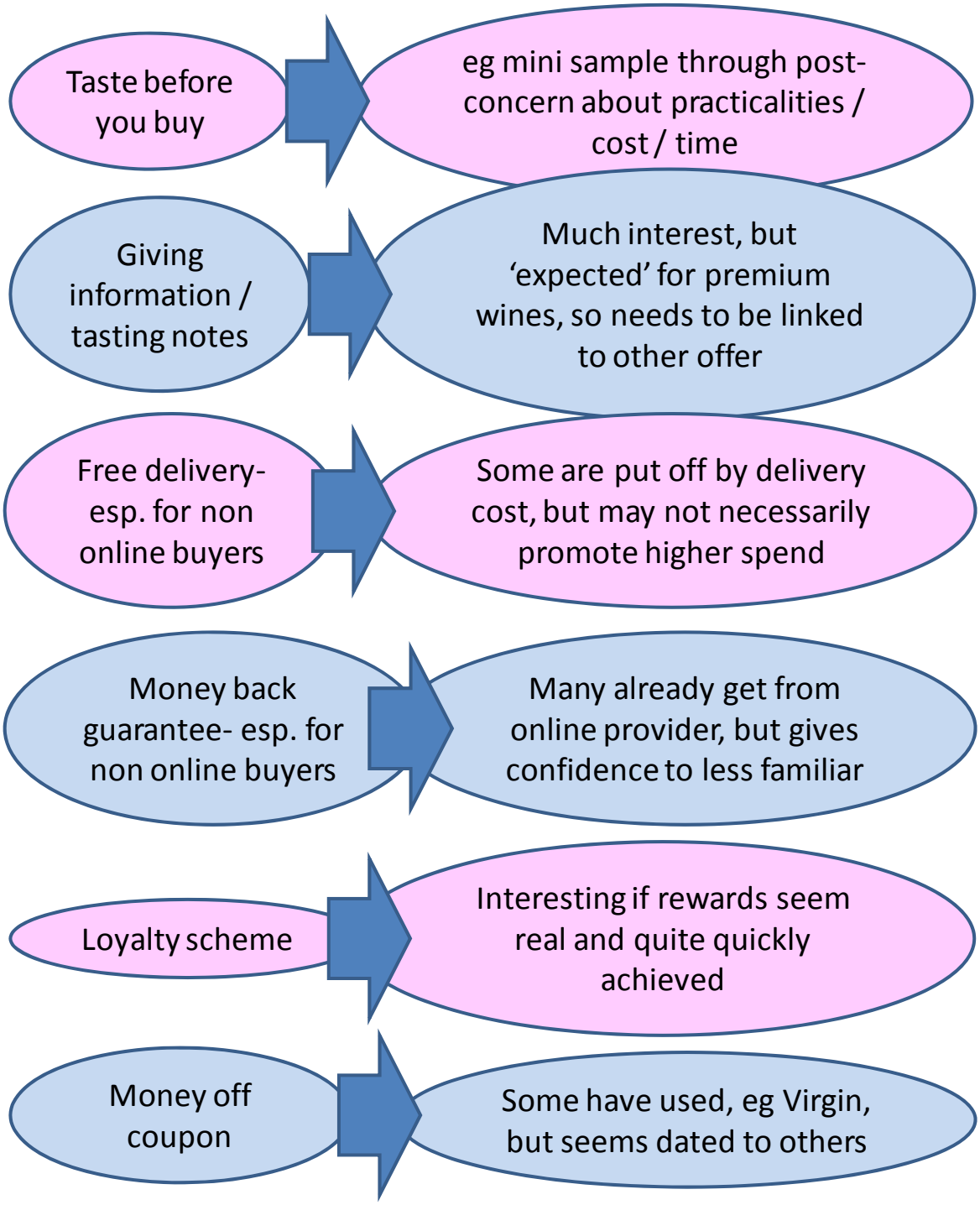
An Australian wine 'taster pack' had wide appeal to all groups to generate interest in more premium wines



A promotion to give an 'upgrade' on the 6th bottle ordered was suggested, and of considerable interest across the groups



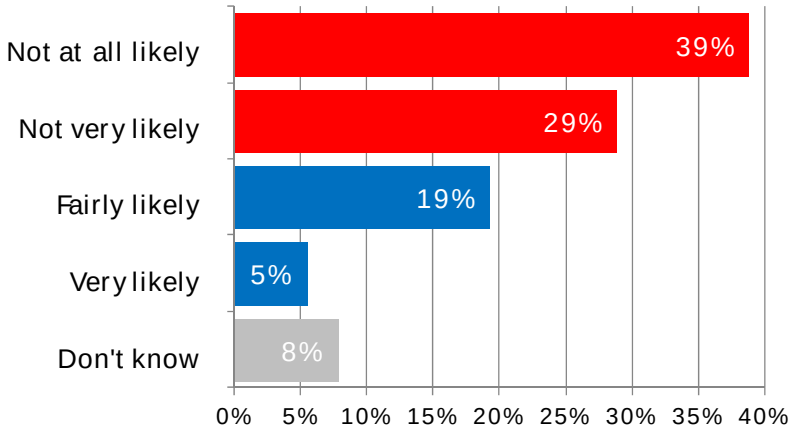
Among the 'quite interesting' ideas there were some questions and suggestions for improvement



Supplementary quantitative consumer research – 6th bottle upgrade

Having identified the significant interest within the focus groups in a new type of mixed case promotion, where shoppers can upgrade their 6th bottle, further quantitative research was done to get a broader view from a representative sample of shoppers who buy wine.

2,058 representative British adults were polled by YouGov between 31 May and 3 June 2013; 1,457 of these adults buy wine. These adults were asked how likely it would be for them to buy wine under this new type of 6th bottle upgrade mixed case promotion.



Source : YouGov Omnibus Panel May 2013, WDR analysis
Base size : 1,457 British adults who buy wine

24% of adults who buy wine said that they were fairly likely or very likely to take advantage of this type of mixed case promotion. However, a better view of the responses can be seen if the data is split down by drinker type; ie by what adults drink most often.

	Not at all likely	Not very likely	Fairly likely	Very likely	Very likely or fairly likely	Don't know
All adults	39%	29%	19%	5%	25%	8%
Red wine	36%	31%	22%	7%	28%	5%
White wine	30%	34%	22%	7%	29%	6%
Rosé wine	32%	35%	16%	4%	20%	13%
Lager	44%	21%	17%	6%	23%	12%
Bitter / ale	41%	38%	12%	3%	15%	6%
Vodka	35%	24%	30%	5%	35%	5%
Scotch whisky	37%	25%	19%	15%	34%	4%
Other spirits / RTD	40%	27%	27%	1%	29%	4%
Cider	52%	23%	17%	1%	18%	7%

Source : YouGov Omnibus Panel May 2013, WDR analysis
Base size : 1,457 British adults who buy wine

Two distinct clusters emerge when looking at who would be likely to take advantage of this promotion: red & white wine drinkers, and spirits drinkers.

The most interesting consumer segments are perhaps vodka (35%) and whisky drinkers (34%). Spirits drinkers are used to paying more for their alcohol, so this is a connection between premium wine and spirits consumption that should be explored in any follow up research activity.

Further insights can be obtained by analysing the data by gender and age group to see if specific pockets of wine buyers emerge.

Men

	Not at all likely	Not very likely	Fairly likely	Very likely	Very likely or fairly likely	Don't know
18 – 24	31%	37%	20%	9%	29%	3%
25 – 34	24%	27%	33%	6%	39%	9%
35 – 44	34%	24%	19%	13%	32%	11%
45 – 54	38%	25%	20%	5%	25%	12%
55 and over	51%	31%	15%	1%	16%	2%

Women

	Not at all likely	Not very likely	Fairly likely	Very likely	Very likely or fairly likely	Don't know
18 – 24	33%	28%	25%	2%	28%	11%
25 – 34	32%	30%	22%	6%	28%	10%
35 – 44	34%	28%	17%	6%	23%	15%
45 – 54	44%	28%	18%	5%	23%	6%
55 and over	44%	30%	15%	5%	20%	6%

Men aged 25-34 are the most likely segment to take up this promotion. The other results suggest that this promotion might appeal to younger rather than older wine buyers.

This quantitative research indicates that there is definitely an opportunity here with an upgrade promotion rather than the usual money off promotion. We recommend that Wine Australia identifies a suitable retailer and producer to trial it and see how the promotion mechanic needs to be refined and improved.

Supplementary quantitative consumer research – consumers' favourite wine countries

Following the focus group discussions about countries of origin (see p85), it was agreed with Wine Australia that additional primary research would be conducted to assess the popularity of key wine countries of origin with British adults who buy wine.

Each of the 1,457 representative adults in the YouGov May omnibus panel was asked to pick 3 countries of origin that they were most likely to buy wine from.

	Australia	France	Italy	South Africa	Spain	Chile	New Zealand	USA	Germany	Argentina	Don't know
All adults	44%	37%	29%	27%	23%	21%	19%	12%	10%	6%	15%
Red wine	57%	40%	29%	33%	30%	30%	16%	12%	5%	9%	4%
White wine	50%	37%	40%	28%	17%	22%	30%	13%	11%	6%	8%
Rosé wine	50%	46%	35%	43%	24%	12%	4%	17%	10%	1%	15%
Lager	37%	36%	20%	26%	26%	18%	14%	11%	10%	4%	25%
Bitter / ale	46%	36%	32%	27%	22%	28%	20%	16%	7%	8%	11%
Vodka	28%	38%	30%	15%	15%	17%	26%	14%	18%	6%	22%
Scotch whisky	42%	39%	26%	39%	29%	25%	25%	10%	13%	3%	4%
Other spirits / RTD	35%	28%	26%	18%	29%	15%	25%	8%	14%	9%	19%
Cider	37%	32%	22%	29%	16%	18%	13%	14%	15%	6%	24%

Source : YouGov Omnibus Panel May 2013, WDR analysis
Base size : 1,457 British adults who buy wine

The good news for Australia is that it came top out of all the countries of origin: 44% of adults who buy wine picked Australia as one of their top 3 countries. Importantly, Australia came top for red wine drinkers, white wine drinkers and rosé wine drinkers. Australia also scored strongly with bitter drinkers, who we know from previous WDR research also drink red wine, and whisky drinkers.

Note that only 4% of red wine drinkers responded "Don't know"- this confirms that most red wine drinkers are aware of where their wine comes from. Again we can analyse the research data by gender and age group to see if there are specific consumer segments who do or don't favour Australia.

Men	Australia	France	Italy	South Africa	Spain	Chile	New Zealand	USA	Germany	Argentina	Don't know
18 – 24	23%	39%	32%	17%	8%	19%	9%	13%	15%	7%	25%
25 – 34	31%	35%	26%	21%	32%	26%	18%	8%	4%	14%	15%
35 – 44	38%	36%	21%	26%	23%	20%	25%	9%	9%	11%	20%
45 – 54	42%	44%	28%	28%	24%	20%	14%	14%	9%	6%	18%
55 and over	59%	36%	26%	31%	28%	24%	20%	13%	13%	7%	8%

Source : YouGov Omnibus Panel May 2013, WDR analysis
Base size : 1,457 British adults who buy wine

Within men, the bias towards Australia is clearly at the older age groups, with men aged 55 and over most likely to buy wine from Australia (59%). France also scores well with older men, although France's best result is with men aged 45-54 (44%). The other competitor countries for Australia only score up to a maximum of 32%.

For women, the bias towards Australia is again at the older end : 45 and over. France scores best (40%) among women aged 55 and over, and only Spain scores highest in a younger age group.

Women	Australia	France	Italy	South Africa	Spain	Chile	New Zealand	USA	Germany	Argentina	Don't know
18 – 24	33%	34%	29%	21%	19%	17%	16%	9%	7%	6%	27%
25 – 34	40%	35%	27%	27%	24%	17%	19%	13%	7%	5%	18%
35 – 44	40%	35%	32%	28%	23%	20%	16%	15%	4%	6%	15%
45 – 54	46%	31%	35%	33%	22%	17%	22%	10%	16%	1%	14%
55 and over	53%	40%	32%	30%	20%	24%	20%	12%	9%	4%	12%

Source : YouGov Omnibus Panel May 2013, WDR analysis
Base size : 1,457 British adults who buy wine

This additional research should give reassurance that Australia is currently popular amongst British wine buyers. New initiatives to focus on regionality, heritage and credibility are starting from a relatively strong base - the challenge may be to shift consumer perception towards a wider, more premium range of wines.

Conclusions from consumer focus groups

The consumer focus group research was qualitative not quantitative. The size of the focus groups means that any quantitative results are not statistically robust. What the focus groups do is indicate what should be followed up by quantitative research.

Based on the group discussions with British wine drinkers, below are the key implications for Australian producers.

Australian reputation

British consumers are well aware that Australia makes good value, 'everyday' wines, but many do not consider it at the moment for more premium wines and special occasions. However, there is considerable potential for Australian wine producers to grow the market for more premium wines in the UK, as they are starting from a strong position versus many competitor countries, ie being well established, well-regarded and widely-known.

Consumers do not reject the idea that Australia can produce more premium wines, but have very limited levels of knowledge currently. Australian wine producers may consider if they can identify a strong red wine grape variety/region combination (as New Zealand have with Marlborough/Sauvignon Blanc), which could be a good starting point and could help lift quality perceptions of Australian wines overall.

As suggested by the retailer interviews, there is interest among consumers in obtaining greater understanding of the heritage and credibility of Australian wines (p57, p66) which may help to provide reassurance when first buying a more expensive wine. This is especially true among those who are already buying wine online through channels other than supermarket websites (ie older men, more 'wine interested' women and young professionals), suggesting that online retailers would be an ideal channel to promote this awareness through. Producers could provide more to help promote Australia's wine heritage, via the websites and also by including leaflets or other materials with online wine orders.

Australia is an interesting and desirable country to visit, and has many positive attributes, being seen as vibrant, relaxed, confident and young. Producers can make more of this in promoting, advertising and marketing their wines, as it is a real strength of the country.

Regionality / grape varieties

Although there was some knowledge of wine regions from other countries (particularly France, but also to an extent New Zealand, Italy and Spain), there was almost no awareness of Australian regionality or key grape varieties. Again, for the more 'wine interested' in the groups, there was

considerable interest in this aspect, with many older men, and some women and young professionals, being keen to know more about Australian wine regions.

Something as simple as the map of regions produced by Wine Australia would be very well received if included with a mixed case of Australian wine.

Tasting

Any opportunities to promote tasting of more premium Australian wines should be explored, as there was evidence from the groups that once people have tasted such a wine, they will go on to buy again in future if they can perceive a taste benefit (and not only when on special offer). In-store tastings were suggested, eg as part of an 'Australian wine week' or similar event. Any way of providing tasting opportunities for online purchasers should also be explored. Smaller bottles sold together as a 'taster' pack with accompanying information, the ability to order small samples online before placing an order or even free samples were seen as interesting by consumers, if producers can provide these.

If producers can be involved in the promotion of Australian wines then consideration should be given to an activity whereby one bottle in the order can be 'upgraded' to a more premium wine. This, coupled with information about the more premium wine, and possibly a discount off future purchases of that wine (or similar) would be a very attractive proposition to those who want to know more about Australian wine, and are open to buying more premium wines. It would also overcome the initial barrier of paying more for something that you are not sure will be worth the additional cost.

Spending £10 or more

The more wine-interested people in the groups were usually already spending £10+ on wine at least some of the time. Those people did not generally reject the idea of buying Australian wine at this price point, but they want to do so, based on having some knowledge/understanding of the wine to 'justify' why it is worth spending more on; ie have more confidence in their purchase. Knowing more (than their peers) about the heritage, credibility or regionality of Australian wines would all help with this. Wine producers could perhaps include more on labels or websites, or produce separate materials to be included in the pack such as tasting notes, leaflets etc.

7. OUTCOME/CONCLUSION

Two project outputs were not delivered as the information was not available or was not provided by the retailers interviewed:

- The size at various price points of the UK online wine sales channel by country of origin
- The size and scope of the opportunity at various price points through the UK online sales channel

Despite attempts, it was not possible to definitively determine the size of UK online wine sales by price segment or by country of origin. However, if the total online market is of the order of £1 billion pa, then using Nielsen off-trade data as a proxy, then a significant market segment of around £250m exists for online wine selling at £7 or more (see p112). Over half the retailers interviewed suggested that the biggest opportunity for Australian wine is in the £10 and over segment (see p117). Furthermore, by analysing wine listings on the retailers' websites, an indication of the share of country of origin by price segment was provided (see p113).

The lack of data on the size and scope of the online opportunity is a prompt for further research in this area.

The project did deliver on the two core objectives outlined on page 11. Sections 7.1 and 7.2 provide a summary of the key outcomes and conclusions for the two objectives.

It should be noted that the conclusions were based on a sample of retailers that were interviewed and their websites analysed at a point in time. While the retailers selected represent a cross-section of the key players, they do no provide a full coverage of the online channel.

The consumer focus group research was qualitative not quantitative. The size of the focus groups means that any quantitative results are not statistically robust. What the focus groups do is indicate what should be followed up by quantitative research.

7.1 Provide a robust analysis of the UK online market

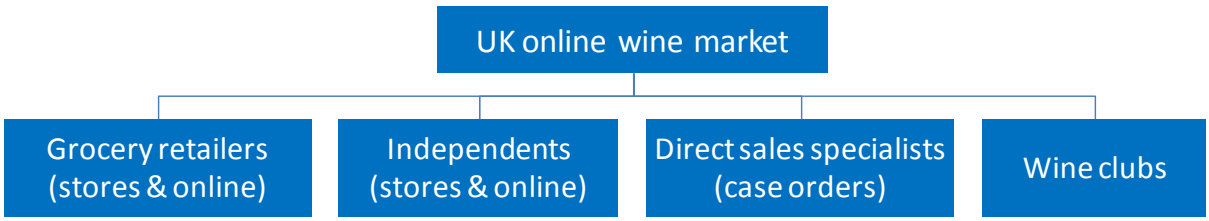
Market size and growth

There are currently no reliable sources of market data for the online market, although WDR estimates the online channel to be worth around £1 billion at retail, consistent with other estimates (p18). Anecdotal evidence suggests that online sales are growing at a faster rate than in-store sales with double-digit growth rates estimated for the channel (p19).

Identifying key players

The UK online retail market is split into 4 main channels (p24):

- Grocery retailers: most of the major UK grocery retailers now sell grocery products online, including wine. Whilst traditional shops still remain the vast majority of the business, online is definitely growing faster than store sales.
- Independents: many leading independent BWS retailers have added an online presence to their shops. In some cases the addition of online sales is equivalent to adding another store, but without the day to day operating costs of a physical store.
- Direct sales specialists: these types of retailer earn the bulk of their revenue by selling direct to their customers, mostly online or through telesales or mail order. Whilst grocery retailers offer single bottles as part of a broader grocery shop, direct sales specialists typically only sell cases of wine. Some grocery retailers like Tesco and Waitrose have established a separate online wine retail operation to compete in this more specialist part of the market.
- Wine clubs: ideally suited to communicating and selling wine online, wine clubs provide a service to their members, typically offering a wide range of wines at keen prices that reflect lower operating costs



Potential value reach of the different online channels

While no specific sales data is available, the retailer analysis and interviews provided comparions of their current wine range, pricing, Australian share of range, price bands, other value-added services, information available, social media, and terms and conditions.

Key differences

The table below summaries some of the key differences between the four categories of online retailers (p25, 38):

Grocery retailers	**Independents**	**Direct sales specialists**	**Wine clubs**
Order single bottles	Minimum order sizes (case or £) when buying online	Minimum order sizes (case or £)	Minimum order sizes (case or £) when buying online
Smaller ranges	Exclusive wines	Exclusive wines	Exclusive wines
Less premium wine	More boutique wines	Mainly sell online or via telesales	More boutique wines
More big brands	More premium wines	More proactive marketing and customer recruitment	More premium wines
	Most business done via stores / wholesale to on trade	“Buyers’ selection” mixed cases	“Buyers’ selection” mixed cases
			Retail prices reflect lower operating costs
			Annual membership fee

One of the key outcomes is that the independents and wine clubs appear to offer more boutique and premium wines than the grocery retailers and direct sales specialists. The independents and wine clubs may therefor offer an opportunity for smaller Australian wine producers with a premium offering.

Range

Larger independents and some direct specialists and clubs like the Wine Society tend to have much bigger ranges: more countries, more grape varieties (p35). This should be an opportunity for producers given the wide spectrum of wines made in Australia.

Many larger online retailers don't have the same range restrictions online that they do for bricks and mortar operations, so in theory additional wines can be listed. The Wine Society is clearly under-represented in terms of Australian wine (p33-34).

Direct sales specialists in our sample tend to have almost double the number of red wine SKUs compared to the independents, except BBR (p37). Australian producers of red wine could be targeting this direct sales channel within online.

Own-label wine is not always at the lower-end of retailer ranges (p50). There are already plenty of examples where the largest retailers have selected premium wines under their own-label, and producers should reconsider this kind of opportunity to sell more premium wine under a major retailer own brand.

French wines dominate the ranges of all the selection of online retailers.

Pricing

Most retailers confirm that online average RSP per bottle tends to be higher online than in store (p54).

If the equivalent average bottle sale of £6 in the off trade becomes an average of £7 online, due to a more premium mix of wine, then the Nielsen data suggests that about 19% of online sales are between £7 - £10 and about 6% of online sales over £10; ie about 25% of still wine sales online are likely to be at £7 or more (p44).

If the total online market is of the order of £1 billion pa, then this analysis suggests that a significant market segment of around £250m exists for online wine selling at £7 or more (p44).

There was quite a spread of average RSP per basket. The grocery retailers have the lowest average RSP, and the independents came out top (p54).

78% of retailers reported that their average basket is more than £80. This demonstrates a willingness to both pay significant sums for online wine and to buy by the case (single SKU or mixed).

For those retailers whose average basket is greater than £80, there does not, however, appear to be any direct relationship between size of basket and delivery charge thresholds. Some of those with basket > £80 charge for delivery whatever the order size, for others the minimum order is well below £80. One retailer did note specific examples of where an extra bottle of wine in an order would take the total basket over the free delivery threshold, and that many shoppers are now becoming more aware (and taking advantage) of this.

In four out of 14 retailers, Australian was the highest priced non-French red wine (p36). The opportunity may exist to establish both the quality and value of Australian premium/fine wine, so that in every retailer, Australian wine becomes the most expensive non-French wine.

Australian share of range

Australian wine is doing relatively well in the grocery supermarkets and direct sales specialists (in terms of listings) but is doing less well in larger independents and the Wine Society (p32-34). Only in tesco.com does the number of Australian wines exceed the number of French wines.

The Australian share of listings ranged from about 3% to about 50% of total wine sales online. Either France or Australia has the biggest share of sales for all those retailers who provided share data.

Detailed market shares of Australian wine for the total online wine market are not currently available from any data provider (p54). However the responses from the retailers suggest that Australian wine plays quite different roles for the various retailers. In some cases, Australian wine is very much the core of the range, while in others it provides only regional variety at the margins. Australian wines above £10 are clearly better represented in Laithwaite's and Tesco Wine by the Case, both in absolute numbers and % of range when compared to BBR, the Wine Society or Tanners.

Price Bands

Of the 14 retailers analysed, four do not split out their wines by price band on their website: Cambridge Wine, Sainsbury.com, Tesco.com, and Waitrose.com.

The more popular number of price bands is 6 or 8. However, most retailers have their own price bands (p41-43)

The Australian range of listings in BBR, M&S, Majestic, Morrisons Cellar, Slurp, Tesco WBTC and the Wine Society has a similar shape to the overall ranges. Australia over- indexes in Corks Out £10-£19.99, in Laithwaite’s £8-£9.99 and in Tanners £10-£14.99.

Noting this, the opportunity for Australian wine in the UK online market appears to be at £10 and above.

Other services

Loyalty schemes are not a major feature within our sample of online wine retailers (p39). However, all retailers engage in some form of email communications and most have newsletters or blogs. The opportunity may exist for producers to provide interesting content about their wines that is ideal for electronic communication to shoppers.

The opportunity exists for Australian wine producers to work with retailers to develop their cellar planning and wine plan services.

Online content, social media

There is an opportunity for producers to provide high quality content for websites, either in tasting notes on wines or on generic information on Australia; eg none of the retailers in our sample have any vintage charts for the key Australian wine regions (p47). As noted earlier in the retailer interviews, New Zealand was note as being a good example of providing downloadable collateral (p55).

The commercial value to wine producers of using social media is still an unknown. However, Australian wine producers with social media capability should consider targeting the Wine Society with content for TWS to pass on to its 22k Twitter followers (p45).

Who buys online?

Further analysis of the research data shows that it was men aged 55 and over (16%), and women aged between 35 and 44 (12%) who were most likely to have bought wine online within their respective gender age groups (p105).

How do online shoppers decide which wines to buy?

Both men (42%) and women (33%) say that the biggest reason for buying wine online is that it is easier than going to the shops (p75). However, 33% of men put wine being cheaper online as a key reason, more than the proportion of men who said that they buy online to get access to exclusive wines not available in the shops. More women thought exclusive wines are more important than cheaper prices online.

A couple of additional points are worth noting: a greater proportion of men said that free delivery was a reason for buying online compared to women whilst a greater proportion of women buy wine online as part of their grocery shop compared to men (p75). Interestingly, only 8% of the adults who buy wine online say they do so because of online information and comparison. This conflicts with the demand from retailers for more online collateral.

Price/offers, taste and country of origin influence choice of wine most, regardless whether buying online or in-store.

For all adult drinkers who don't buy wine online, the biggest reason why they don't was "Other"; ie a reason other than cost, delivery, security or advice. Interestingly, the picture is quite different once you drill into wine drinkers. For instance, 31% of red wine drinkers said that they don't buy online as it is too expensive, and 26% don't want to pay for delivery.

Meanwhile, 29% of white wine drinkers cited cost and 29% said "Other" as their main reason for not buying online. Not waiting for delivery was the next biggest reason across all wine drinker types, but much less of an issue than paying for delivery.

Given cost and not wanting to pay for delivery appear to be the major impediments for wine drinkers to shop online, the opportunity exists for Australian wine producers to work closely with retailers to look at options such as free delivery promotions.

What is the average expenditure online?

The average expenditure on wine online for men was £5.08 per bottle and for women was £5.25 per bottle. Nielsen data for 2010 shows the average spend in the off-trade was £4.47. In other words, consumers are spending on average more on wine than they do in stores.

For the same time period, Nielsen data showed that 82% of off trade wine was being sold at £6 a bottle or less. The research data suggests that only 63% of drinkers were paying less than £6 per bottle online (p90), supporting other anecdotal evidence that the average online RSP is more than in shops.

The more wine interested people in the consumer focus groups were usually already spending £10+ on wine at least some of the time. Those people did not generally reject the idea of buying Australian wine at this price point, but they want to do so, based on having some knowledge/understanding of the wine to 'justify' why it is worth spending more on; ie have more confidence in their purchase (p92, 94).

Typical spend on Australian wines was the same as on any other 'every day' wine ie ranging from £4.50 - £12, depending on the individual (p90). For occasions such as a dinner party when most consumers spend more (£6 - £18), Australian wines were less likely to be bought (p91).

The conclusion is that to grow premium Australian wine sales in the UK online wine market, Australian producers need to improve the consumer awareness and knowledge of their offering. See section 8 for the recommended actions to achieve this.

7.2 Identify key opportunities for growing the Australian presence and sales volumes within the online wine channel

Where are the best opportunities to increase the number of Australian wine listings with the major UK online retailers?

Channels

Larger independents and clubs like the Wine Society tend to have much bigger ranges: more countries, more grape varieties (p28-36). This should be an opportunity for producers given the wide spectrum of wines made in Australia.

Australian wine is doing relatively well in terms of the number of listings in the grocery retailers and direct sales specialists but Australian wine is doing less well in larger independents and the Wine Society suggesting there is an opportunity to increase Australian listings in these channels.

Price segments

While the number of retailers interviewed is relatively small, their combined sales runs into hundreds of £millions. Over half the retailers suggested that the biggest opportunity for Australian wine is in the £10 and over segment (p57).

The online specialists and independents in particular suggest the opportunity is over £10 a bottle, which reaffirms the draft hypothesis that fine wine from Australia can (and should) be sold through the more specialist online retailers. One retailer said that: "*Good opportunity for Australia is at the £10+ end, where we can make a show about the rich diversity and style of more premium wines that Australia can offer. We can tell a good story about the variety of climates and flavours across the regions - Australia have big, powerful wines*".

Another retailer commented that they had had a good year with Australian wine in 2012 (growth of 20% vs total wine +15%), but that "*it is almost impossible to sell Australian wine for less than £7, and that competition is tough in the £7 - £10 segment against better value Chile and French/Spanish country wine*". This also suggests that Australian wine producers should focus on above £10.

However, there is much work to be done in this space as for occasions such as a dinner party when most consumers spend more (£6 - £18), Australian wines were less likely to be bought. The reasons why include:

- The risk it (Australian wine) would not be recognised as special/ different by others even if have spent more, due to lack of familiarity with the higher Australian priced wines;
- A lack knowledge/ confidence to justify choice/ spend; and
- They have never tried more expensive Australian wines.

The good news is that consumer focus group feedback suggested that there does not appear to be a consumer perception barrier that says that Australian wine can't be sold above a certain price (unlike Chile for example).

Wine styles/varietals

Australia is currently more associated with white wines by consumers (p84), but this is causing some issues (eg seen as mainly Chardonnay and less prestigious than New Zealand whites – p85). This suggests that more could more be done to promote red and rosé wines from Australia.

Analysis of 14 leading online retailers shows that Australian red wine is the highest non-French red wine in four out of the 14 retailers (p36). Having the most expensive wine in a retailer's assortment can help reinforce efforts to emphasise the quality of many Australian premium wines.

One interesting piece of feedback coming out of the focus groups was that Australia is seen to be more famous for its white wine (p84). Few consumers were aware that some premium Australian red wines can sell for hundreds of pounds a bottle. This is consistent with an element of consumer baggage about "Australian Chardonnay".

The opportunity appears to exist to establish a new reputation for Australian red wine, ideally in conjunction with raising awareness of key regions.There are many younger consumers who are not familiar with the massive explosion of Australian white wine in previous times and who will therefore have less preconceived ideas about Australian wine.

It seems that a small number of grape varieties can be used to radically change British consumers' perception of Australian red wine. Shiraz is the obvious choice and much can be made of the variety of styles of Shiraz that are produced around Australia.

What are the the promotional mechanics that are used online?

A variety of online promotion mechanics and means of shopper communications are used by retailers (p65):

- Emails - regular communication to everyone on retailer database
- Online offers - home page or special offer page
- Vouchers / coupons - often sent with other merchandise bought online
- Google Adwords - sponsorship of specific words to improve retailer profile on Google searches
- Social media : Facebook, Twitter - instant communication of new offers & promotions, often when building excitement around events
- Printed offers - high quality programmes sent to mailing list; eg Wine Society

How can shoppers be encouraged to try Australian wine online?

Very few consumers rejected the idea of buying more Australian wines, or buying Australian wines at a higher price point than currently - they were open to the idea (p92). The barriers to buying more were mainly to do with lack of knowledge and confidence.

As Australian brands were high profile and ubiquitous in the supermarkets, and tended to be at certain price points and often on promotion, this is what all other Australian wine is then benchmarked against. Some may be worth paying more for, but without knowledge and confidence (ideally from tasting), not all consumers will make the trade up. Feedback from the consumer focus groups (p92, 93) suggests that tasting the wine before buying is one of the most influential factors in choosing wine to purchase.

Raising the perception of Australian wine in the minds of consumers potentially opens up many more opportunities for getting premium Australian wines listed, particularly from boutique wineries.

Consumer focus groups and retailer interviews confirmed the relatively high awareness of Marlborough, New Zealand as a specific wine region, famous for its Sauvignon Blanc (p82). Argentinean malbec was also noted for becoming established as a “risk-free” choice for consumers. No such levels of awareness exist for any of the key Australian regions, or for any particular grape variety within those regions.

The opportunity exists to establish at least one Australian region to a similar level of consumer awareness as Marlborough.

British consumers are well aware that Australia makes good value, ‘everyday’ wines, but many do not consider it at the moment for more premium wines and special occasions. There appears to be considerable potential for Australian wine producers to grow the market for more premium wines in online the UK, as they are starting from a strong position versus many competitor countries, ie being well established, well regarded and widely known.

Consumers do not reject the idea that Australia can produce more premium wines, but have very limited levels of knowledge currently. Australian wine producers should consider if they can identify a strong red wine grape variety/region combination (as New Zealand have with Marlborough/Sauvignon Blanc), which could be a good starting point and could help lift quality perceptions of Australian wines overall.

As suggested by the retailer interviews and through the consumer focus groups (p94, p101), there is considerable interest among consumers in obtaining greater understanding of the heritage and credibility of Australian wines, which may help to provide reassurance when first buying a more

expensive wine (p92). This is especially true among those who are already buying wine online through channels other than supermarket websites (ie older men, more 'wine interested' women and young professionals), suggesting that online retailers would be an ideal channel to promote this awareness through. The opportunity exists for Australian producers to provide more to help promote Australia's wine heritage, via the websites and also by including leaflets or other materials with online wine orders.

Australia is an interesting and desirable country to visit, and has many positive attributes, being seen as vibrant, relaxed, confident and young (p83). The opportunity exists for Australian producers to make more of this in promoting, advertising and marketing their wines, as it is a real strength of the country.

How can repeat purchases be stimulated, other than with more coupons/vouchers?
Delivery ideas were quite interesting, especially to non-online wine buyers, but are not enough to prompt buying higher priced wines on their own (p99). Offering a 6th bottle upgrade and a taster pack were the most interesting promotional ideas for £10+ wines (p100).

Focus group feedback suggested that a new type of mixed case promotion would be enthusiastically received by many consumer segments (p101-102). This is where consumers are given the opportunity to upgrade the 6th bottle of wine in a mixed case, without paying any extra.

Men aged 25-34 are the most likely segment to take up this promotion (p104-105). The other results suggest that this promotion might appeal to younger rather than older wine buyers. This quantitative research indicates that there is definitely an opportunity here with an upgrade promotion rather than the usual money off promotion. We recommend that Wine Australia identifies a suitable retailer and producer to trial it and see how the promotion mechanic needs to be refined and improved. An Australian wine 'taster pack' had wide appeal to all groups to generate interest in more premium wines

How can consumer loyalty be driven towards Australian wine?
There was considerable interest in becoming more expert/confident about Australian wines, especially among young professionals and older males. The country of Australia and the perceived lifestyle of its people have many positive attributes which could be linked to its wines; eg vibrant, relaxed, confident. Most British consumers are not particularly knowledgeable about wine, but WDR research indicates a desire to know more, about both wine regions and grape varieties. Consumers want to approach the purchase of wine with more confidence and less risk when buying online.

Any opportunities to promote tasting of more premium Australian wines should be explored as there is the potential that once they have tasted such a wine, they may go on to buy again in future if they can perceive a taste benefit (and not only when on special offer, p93).

In-store tastings were suggested, eg as part of an ‘Australian wine week’ or similar event. Any way of providing tasting opportunities for online purchasers should also be explored. Smaller bottles sold together as a ‘taster’ pack with accompanying information, the ability to order small samples online before placing an order or even free samples were seen as interesting by consumers, if producers can provide these.

If producers can be involved in the promotion of Australian wines then consideration should be given to an activity whereby one bottle in the order can be ‘upgraded’ to a more premium wine. This, coupled with information about the more premium wine, and possibly a discount off future purchases of that wine (or similar) would be a very attractive proposition to those who want to know more about Australian wine, and are open to buying more premium wines. It would also overcome the initial barrier of paying more for something that you are not sure will be worth the additional cost.

8. RECOMMENDATIONS

Having analysed a number of leading online retailers, reviewed existing WDR research, conducted new research with focus groups and interviewed a number of retailers, 7 key opportunity groupings have emerged:

1. Establish heritage and credibility of Australian wine
2. Establish Australian regionality - become as well known as “Marlborough”
3. Build reputation for Australian red wine
4. Target listings > £10
5. Coordinate campaigns with major online retailers
6. Differentiate Australian offering
7. Provide better content and collateral

General actions

1. Wine Australia and Australian producers should work together with retailers to build on consumer receptiveness and positive attitude towards Australian wine.
2. Wine Australia and Australian wine producers should work together to develop consistent, generic materials that reinforce the heritage and credibility of Australian wine as well as the key strengths and differences of specific Australian regions, Australian premium red wine and the specific qualities that differentitate Australian wine from other New World countries.
3. Wine Australia and Australian producers should make available to retailers any materials or content that might help build the “story” about Australian wine heritage, specific Australian regions and specific Australian red wine grape varieties.
4. Australian producers should take opportunities to refine bottle labels and their own websites to emaphasis heritage and regionality.
5. Wine Australia and Australia should collaborate to ensure that awards or other marks of recognition for the credibility of Australian wine are shared with retailers and distributors.
6. Where relevant, Wine Australia and Australian producers should encourage retail customers to make content available on their websites that enhances the heritage, credibility and regionality of Australian wine as well as placing a greater emphasis on Australian red wine.
7. Wine Australia and Australian producers should ensure that UK distributors are also made aware of the importance of heritage, credibility and regionality, particularly when seeking listings at above £10 per bottle.
8. Wine Australia and Australian producers should take advantage of opportunities to take part in regional and red wine promotions, subject to acceptable commercial terms; eg Wine Society printed programmes.
9. If possible when working with retailers and distributors, Wine Australia and Australian producers should ensure the focus of certain wine promotions is on the quality of the wine, rather than how much the price has been cut.
10. Review opportunities to “take on” French wines in terms of heritage. Excellent PR opportunities and stories can result from competitions and blind tastings where Australia wines “beat” classic French wines.
11. Wine Australia and Australian producers should collaborate to ensure that key winemakers are made available for trade press interviews or features on the quality of Australian regional and red wine.

Recommendation 1 - Establish heritage and credibility of Australian wine

Results:

The consumer focus groups confirmed that:

- Australia does not have the same reputation for heritage as say France, even though Australia is seen as the most established wine producer within the New World.
- When taking wine as a gift, French wine is seen to be a safer option than Australian wine
- The perception of the heritage and quality of Australian wine has not been helped by the presence of some “critter” brands featuring animals within brand logo or design

Some retailers when interviewed provided similar feedback - there is little activity by producers or Wine Australia to raise awareness of Australian quality. There are almost no vintage charts for Australian wine. For some consumers, vintage charts equated to quality & heritage.

The opportunity is there to become the “France” of the New World. Robert Parker typically has points-ratings for six separate Bordeaux regions and four Burgundy regions, compared to just four for Australia.

Opportunities:

Wine Australia should consider working with a selection of premium Australian producers on a specific campaign focused on heritage and quality. Online retailers like the Wine Society and leading independents would be ideal retail partners but Wine Australia and producers would need to work more closely with them.

Raising the perception of Australian wine in the minds of consumers potentially opens up many more opportunities for getting premium Australian wines listed, particularly from boutique wineries. This campaign would be in stark contrast to the typical supermarket half price offer which can be so effective in driving volumes of lower quality wine.

The effectiveness of the campaign can be measured by consumer research.

Simple, inexpensive collateral can be produced to support the campaign; eg vintage charts for key Australian regions, number of years experience, awards. In addition, better use can be made of external assessors like Robert Parker; eg Barossa/McLaren Vale have scored at least 90 points for 7 of the last 10 years.

Recommendation 2 - Establish Australian regionality - become as well known as "Marlborough"

Results:

Consumer focus groups and retailer interviews confirmed the relatively high awareness of Marlborough, New Zealand as a specific wine region, famous for its Sauvignon Blanc. Argentinean Malbec was also noted for becoming established as a "risk-free" choice for consumers.

No such levels of awareness exist for any of the key Australian regions, or for any particular grape variety within those regions. The opportunity exists to establish at least one Australian region to a similar level of consumer awareness as Marlborough.

Most British consumers are not particularly knowledgeable about wine, but WDR research indicates a desire to know more, about both wine regions and grape varieties. Consumers want to approach the purchase of wine with more confidence and less risk when buying online - 8 out of 10 online retailers (excluding the supermarket grocery retailers) include "Region" within their search criteria (p38).

Opportunities:

Wine Australia should consider working with a selection of online retailers on a specific campaign focused on Australian regionality. This campaign should be available for any serious retailer wishing to sell more premium wines above £10 a bottle. Supermarkets should not be included in this campaign, apart from the more upmarket wine offerings like Tesco Wine by the Case or Waitrose Wine Direct.

The objectives are three fold:

- Increase awareness of [x] wine regions (x to be determined by Wine Australia) and their associated grape variety; eg Barossa Valley Shiraz. Over time these combinations can become as well known as Marlborough Sauvignon Blanc.
- Increase retailer listings in key independents and wine clubs based on regionality.
- Provide funding to promote premium wines from key regions.

Work with each of the retailers to ensure that the right level of Australian regionality is emphasised online and that quality collateral is made available on each key region.

Emphasise that regionality is just as important in Australia as it is in France.

Recommendation 3 - Build reputation for Australian red wine

Results:

One interesting piece of feedback coming out of the focus groups was that Australia is seen to be more famous for its white wine. Few consumers were aware that some premium Australian red wines can sell for hundreds of pounds a bottle. This is consistent with an element of consumer baggage about “Australian Chardonnay”, perhaps typified by the reputation of the drinking habits of fictional character Bridget Jones.

The opportunity appears to exist to establish a new reputation for Australian red wine, ideally in conjunction with raising awareness of key regions.

There are many younger consumers who are not familiar with the massive explosion of Australian white wine in previous times and who will therefore have less preconceived ideas about Australian wine.

Opportunities:

Identify a small number of grape varieties that can be used to radically change British consumers’ perception of Australian red wine. Shiraz is the obvious choice and much can be made of the variety of styles of Shiraz that are produced around Australia.

In our view, the most effective campaigns run online tell a story about the product and the associated experience. The variety of locations and styles of Shiraz should provide a rich vein of content for telling such a story, supported by simple online collateral that help build the story. Build on consumer recognition that France can have a rich variety of red wines, so why not Australia?

Leading independents and the Wine Society would be obvious choices of online retailer to build a Shiraz campaign, where the subtlety and variety of Shiraz styles can be most effectively communicated to their respective shoppers.

A longer term opportunity may exist by building reputation of premium red wine, not just wine fit for a supermarket gondola-end promotion.

Australian prodcuers and Wine Australia should collaborate to agree which red wine grape variety/varieties should be the main focus; eg Shiraz.

Recommendation 4 - Target listings > £10

Results:

Analysis of 14 leading online retailers shows that Australian red wine is the highest non-French red wine in 4 out of the 14 retailers (p36).

Having the most expensive wine in a retailer's assortment can help reinforce efforts to emphasise the quality of many Australian premium wines.

Analysis of retailer ranges also shows that the retailers' own label can include wines that sell for up to £24.75 per bottle.

Consumer focus group feedback suggested that there does not appear to be a consumer perception barrier that says that Australian wine can't be sold above a certain price (unlike Chile for example).

Focus group feedback also suggested that a new type of mixed case promotion would be enthusiastically received by many consumer segments (see p97). This is where consumers are given the opportunity to upgrade the 6th bottle of wine in a mixed case, without paying any extra.

Interviews with retailers covered possible opportunities for Australian wine at different price points (p57). More retailers suggested that the opportunity for Australia is at RSP > £10 than at either £7 - £10 or < £7.

Opportunities:

Wine Australia should work closely with leading producers of premium wines to target additional listings for super-premium wines as well as wines above £10.

Consideration should be given to setting a target that the most expensive non-French red wine in a retailer range should be Australian.

Wine Australia should work with retailers and producers on trialling the 6th bottle upgrade promotion on mixed cases of Australian wine.

Premium wine producers should also consider working with leading online retailers to supply premium own label wines, selling at above £10 per bottle.

Australian producers should ensure a high priority is placed within their strategies for securing listings of Australian wine selling at above £10 per bottle.

Wine Australia in conjunction with Australian producers should consider allocating marketing monies to fund new research into testing consumer appreciation of premium Australian wine vs premium wine from other countries, especially France.

Wine Australia should investigate opportunities to establish premium Australian wine as “best of the rest” vs France, so that every online retailer has an Australian wine as the most expensive non-French wine.

Both Wine Australia and Australian producers need to understand which online retailers are most receptive to selling premium Australian wine (eg see p39), and ensure that range presentations to these retailers (or distributors) are clear on the merits of premium Australian wine.

Australian producers who have appropriate volume capacity and have no brand restrictions can work with major online retailers to develop their premium own label ranges, where products sell for at least £10 per bottle (p50).

Australian prodcuers should work with Wine Australia, or directly with retailers, to encourage trialling of more premium wines, using new promotions such as the 6th bottle upgrade (p104-105). This type of promotion should drive trialling and then sales of wines over £10.

Recommendation 5 - Coordinate campaigns with major online retailers

Results:

During the interviews with leading online wine retailers, each was asked about the level of support received from various generic bodies and sales agencies. The best practice was clearly articulated : "Come to us with a well thought out plan, that not only is well funded but has all your producers lined up and ready". One example from the Wine Society : "XX developed a 12 month plan for us, that not only sought to drive sales but also introduce new products and increase sampling".

Wine Australia was not rated particularly well against other generic bodies, although some independents mentioned previous campaigns and trips to Australian vineyards. Comments ranged from "Not proactive" to "We never meet them".

Retailer range analysis suggests that Australian producers need to adopt twin strategies:

- Attack : leading independents and wine clubs - Australian wines have a much lower share of the range than expected
- Defend : grocery supermarkets and direct sales specialists - Australian wines have a relatively high share of listings

Opportunities:

Wine Australia should take a much more proactive role in working with producers and retailers.

Retailers selling at least £0.5m pa online should be included within a major account programme, so that listings can be maximised and campaigns coordinated.

Retailers desire exclusivity, and so better retailer coordination can reduce the risk of range duplication and subsequent price wars.

Closer coordination can help ensure that all retailer technical and logistical standards are achieved by producers, especially smaller, boutique producers.

Opportunity also exists to proactively engage with retailers' wine clubs and communities; eg Tesco Wine Community, Tesco Wine co-buys. Wine Australia could take the lead on this type of engagement, rather than a larger, disparate number of producers. For example, Wine Australia could set up "6 styles of Shiraz" tasting events with the Tesco Wine Community.

Australian producers should consider opportunities to work together Wine Australia to grow the share of online retailers' ranges, perhaps at the expense of other countries.

Australian producers should also consider developing a major accounts programme, coordinated by Wine Australia, so that opportunities for promotions, listings and Australian themed campaigns get maximum exposure and retailer attention.

Australian producers can potentially benefit when the risks of range duplication of price wars with other Australian producers are minimised.

Wine Australia and Australian producers should work together to ensure that all key technical and logistical standards set by online retailers are both understood and satisfied.

Wine Australia and Australian producers should collaborate on ways to engage effectively with online retailers' own shopper communities and wine clubs.

Recommendation 6 - Differentiate Australian offering

Results:

Feedback from online retailers reaffirmed the need when selling online to “tell a story” about each wine, region or grape variety.

Retailers, especially independents and the Wine Society, expressed continued interest in boutique wineries, offering something different and exclusive.

Retailers also expressed frustration about the lack of consumer insights for wine as a category, certainly compared to other FMCG categories.

Some retailers are happy to sell small parcels of wine, especially those who do not operate regular shops and who therefore have do not to guarantee availability.

Focus group feedback suggested that consumers are open to knowing much more about Australian wine, and do not have any perceptions about the limits of Australian wine.

Some retailers offer cellar planning and wine plans as added value services.

Opportunities:

There is a clear opportunity to tell a better articulated story about many of Australia’s more premium wines. The rich variety of wines provides ample opportunities to raise shopper awareness about taste and style, as well as regionality.

Make sure that all relevant downloadable content that has already been developed by producers or Wine Australian is made available to retailers.

Producers (and Wine Australia) should place a high priority in developing relevant consumer insights for sharing with retailers so that better decisions can be made on ranging and pricing.

Consideration should be given on how retailers can be helped in developing their cellar planning and wine plan services; eg what types of Australian wine should be included in a well stocked cellar? What types of wine should be included in a retailer Australian wine plan?

Wine Australia should make provision for marketing funds to develop and share new consumer insights for online retailers. There are also opportunities for major Australian producers to become category captains within wine, who can demonstrate supreme knowledge about British shoppers who buy wine online.

Recommendation 7 - Provide better content and collateral

Results:

Retailer analysis shows a wide range of content is available (or not) on Australia and its wine regions (see appendices 6-8 for example pages).

Consumer focus group feedback noted that shoppers are interested in knowing more about wine and where it comes from; for example a simple regional wine map for Australia was very well received by focus group participants.

British shoppers know much less about wine than many people in the wine industry think - for a lot of shoppers, buying wine is a risky business and comes with a degree of fear. This is not only true when a shopper stands in front of a “wall of wine” in a supermarket, but also when confronted with hundreds of wines in an online assortment.

Best practice retailers, like new market entrant Morrisons Cellar, have tried to improve the shopping experience by making lots of information available to shoppers at the point of purchase; eg food matching, recipes, wine region guides, tasting notes and legible copies of both front & back bottle labels.

None of the leading retailers had any regional Australian vintage charts.

Opportunities:

Providing leading retailers in all the online channels with better content and collateral is a high priority and should not cost too much to provide.

Shoppers who want to know more about various wine regions want to be able to download useful guides and information, but written in a style that is suitable for non-experts.

All retailers are engaging in some form of consumer emails, blogs, tweets and newsletters, so providing content for these types of social media activity would be well received.

Mixed cases are an important driver of business for many online retailers: consumers like them, and they typically drive sales above thresholds for free delivery. A simple, cost effective delivery mechanism for providing useful collateral and content for shoppers would be to have a sheet that is included with every case of Australian wine, either single variety or mixed case.

Producers should ensure that their retail customers have all the content they need for their respective websites; some retailers have no tasting notes at all.

Wine Australia and Australian prodcuers should review the repository of relevant content and collateral and assess the opportunity to make content available to distributors or online retailers. Where possible, convert content and collateral into a downloadable format, suitable for loading onto retailer websites; for example videos, maps, vintage charts.

Wine Australia should review opportunities to share content with retailers that are suitable for blogging or Twitter.

Australian producers should review opportunities to help online retailers with individual wine SKU information; eg tasting notes, ABV, grape varieties, digital bottle labels, soil / climate / altitude specifications.

Australian producers should work with Wine Australia to assess cost effective ways of including simple, consistent collateral within mixed cases of Australian wine.

9. APPENDIX 1: COMMUNICATION

Throughout the project there has been regular communications between the key project members, covering areas such as the survey questions, focus group guides, participation in the focus groups and preparation of the final report.

Project planning (Jan 2013)

Tim Wilson and Jonathan Smith met with Yvonne May and Camilla Coste to plan the fine details of the project. Decisions were made on which online retailers should be analysed and which should be interviewed in person, so that coverage was achieved across the four main online channels. Retailer contacts were discussed and a list was prepared after the meeting for Tim Wilson to pursue for interviews.

Yvonne May confirmed her objectives for the research around using the project output for conversations with the trade. Mrs May noted her desire to obtain commercial advantage over other generic bodies and to ensure that distribution of the project findings were kept within Australian producers.

Focus groups were also planned, both in terms of content, location and recruitment of three types of specific consumer segments. It was also confirmed that Peter Bailey would be doing the desktop research.

Tim Wilson presented an overview of the online wine buying process, both from a retailer and a consumer point of view.

Project management and communication was discussed, and Tim Wilson subsequently prepared a press release that was agreed with Wine Australia to announce the commencement of the project.

Project debrief (May 2013)

Tim Wilson, Jonathan Smith and Debbie Moorcroft met with Yvonne May to conduct a debrief on the focus group sessions. During the debrief, Tim Wilson also referred to many of the key findings coming out of the retailer interviews to assess the level of crossover between opportunities identified by retailers with those suggested during the focus groups.

D**raft project report : key opportunities (Jun 2013)**

The draft report was sent to Yvonne May, Pater Bailey and James Gosper for review and comment. Feedback was discussed and the report updated before submission to Wine Australia.

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

Yvonne May

Erika Neudorf

Camilla Coste

Peter Bailey

Wilson Drinks Report / **Axis Management Consulting**

Tim Wilson

Jonathan Smith

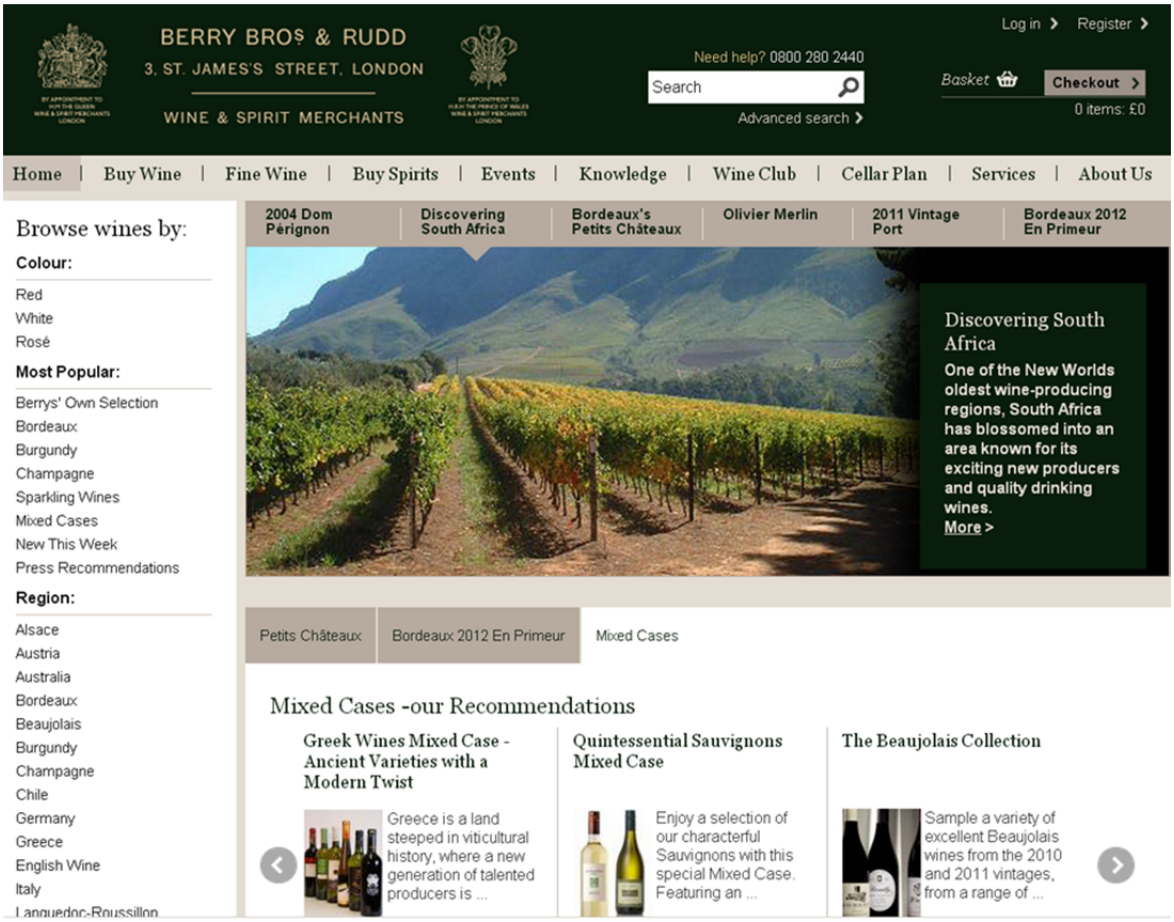
Debbie Moorcroft

Winemakers's Federation of Australia

Paul Van Der Lee

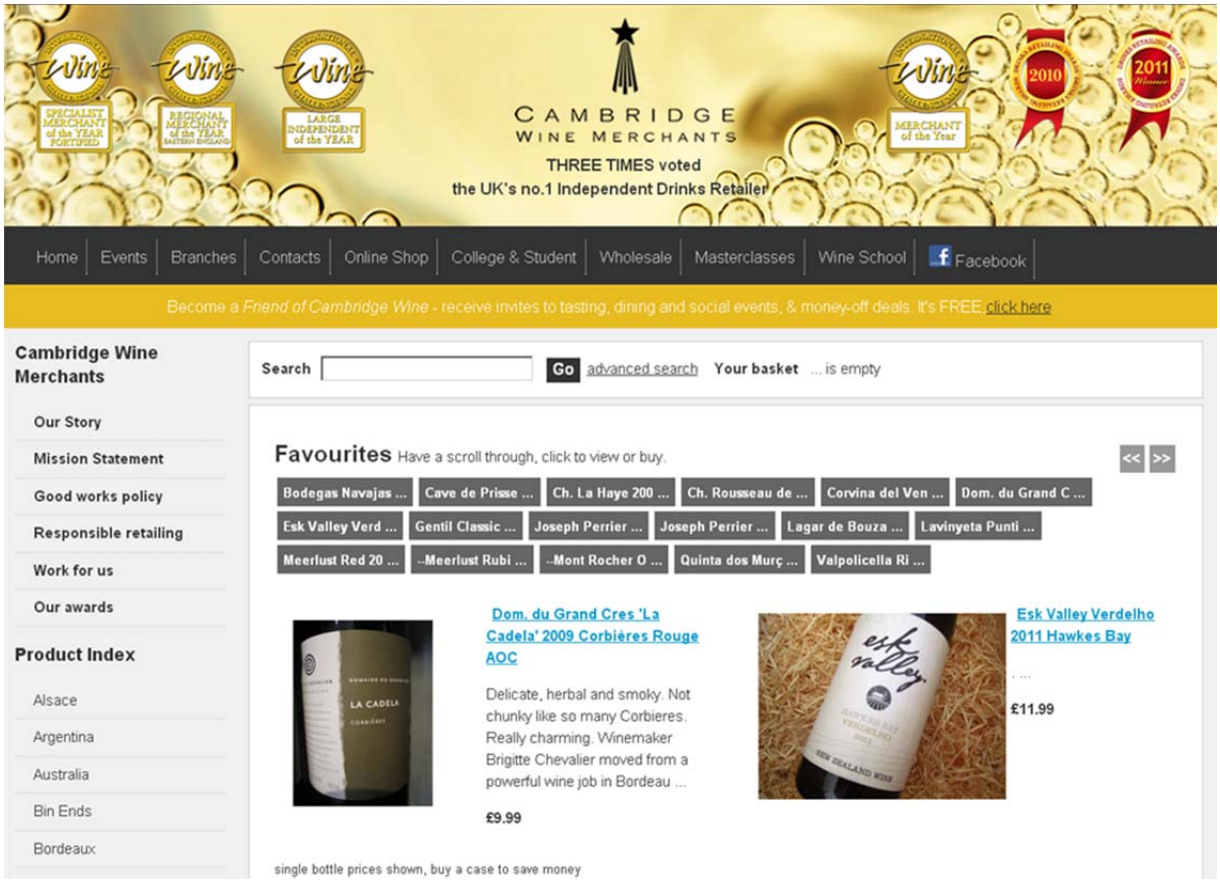
13. APPENDIX 5: ONLINE RETAILER PROFILES

Berry Bros & Rudd



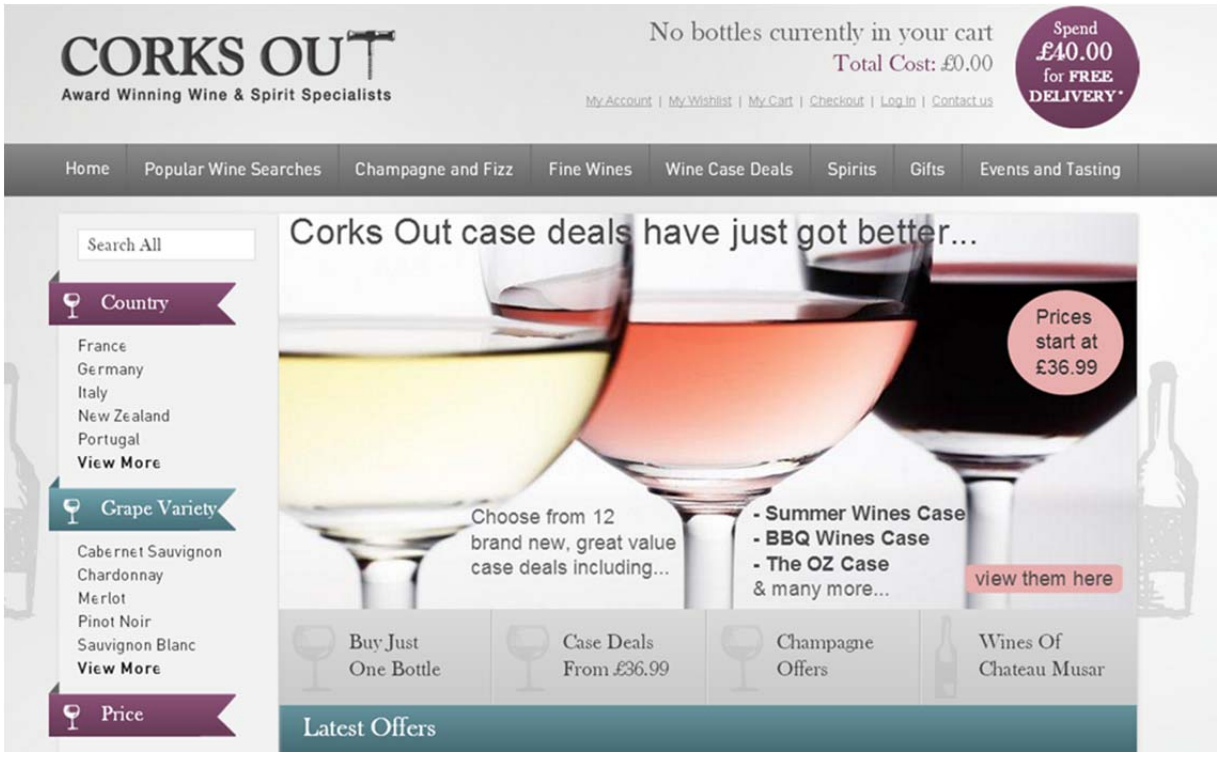
- Berry Bros & Rudd ("BBR") is one of the oldest wine merchants in the UK.
- BBR has a well resourced website, offering a wide selection of wines and backed up with plenty of content and information. The "Knowledge" section is probably the most extensive and sophisticated of all the retailers in our sample. It includes a virtual wine school and a wine game that is perhaps too difficult for most consumers.
- Sparkling wine is not separated out - Champagne is included under white wine.
- WDR analysis of the range suggests that many wines that are listed on the website are in fact out of stock. 373 wines had no stock or selling price.
- The website offers a quick order facility that uses product codes, as well as a host of other added value services; eg wine plans, cellar plans, En Primeur, BBX.
- The range includes a number of BBR's own label selections (eg Berry's Australian Chardonnay, Elderton).
- Australian wines make up only 3% of the BBR range, which is heavily biased towards Old World countries (90% of range).

Cambridge Wine



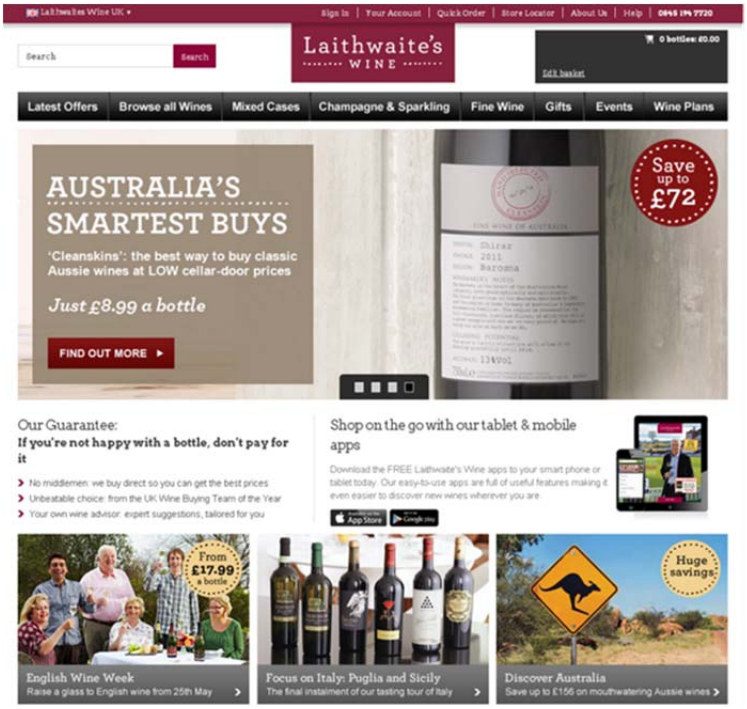
- Cambridge Wine Merchants ("CWM") are one of the UK's leading independent retailers. It regularly wins industry awards for its retail operation, which includes 7 branches, 3 of which are franchises.
- The online presence, however, is unlikely to win any awards. Our analysis on p38-40 demonstrates that the CWM website has the least functionality and information of any website in our sample, which is surprising given its success elsewhere. It seems the website is more focused on saying how many awards have been won by CWM than actually selling wine.
- The basic search facility is only by country, and the advanced search adds price ranges and word searches. However, less knowledgeable consumers are not able to search for red wines from Australia for example, and many wines have no photograph or description so there are no clues about the type of wine. The best way of finding wine at CWM is actually to use winesearcher.com. Some descriptive text is incomplete and the website can be temperamental. The range clearly includes some excellent wine, but the website execution is poor.
- Australian wines make up 10% of the CWM range, just behind Italy (11%) and well behind France (45%). CWM keen on more boutique, regional wines.

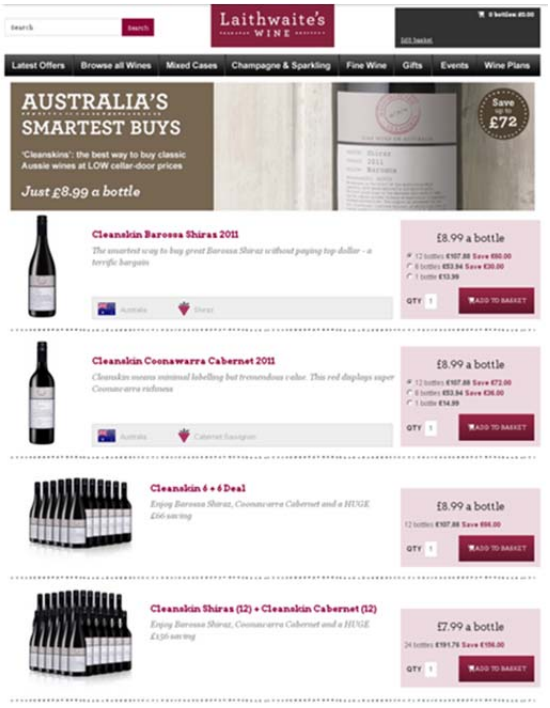
Corks Out



- Corks Out is another successful independent retailer that has developed a reasonably sophisticated online presence (much better than CWM for example). Online sales now account for at least as much as one of their 5 retail shops.
- There is a comprehensive search facility, and the web pages are clear and easy to navigate. Country of origin and grape variety are prominent on each page, and within the Australian section, 15 separate regions can be selected. Each wine has lots of information, including country, ABV and food matches as well as tasting notes.
- A “related products” feature on each page could be helpful, but it is not clear what the relationship is; eg a £12.95 prosecco is somehow related to a £220 bottle of vintage red wine, and £450 Louis Roederer Cristal Rose...
- As with most online wine retailers, it is quite onerous to maintain 100% data accuracy. For instance, 1 prosecco from Veneto is described as Australian.
- Interestingly, the 2nd and 3rd most expensive red wines in the Corks Out range are from Lebanon (Chateau Musar).
- Corks Out are reasonably active on social media, and there is a constant stream of emails with comment and offers.
- Australian wines make up 9% of the Corks Out range, which is much more balanced between countries than many other retailers.

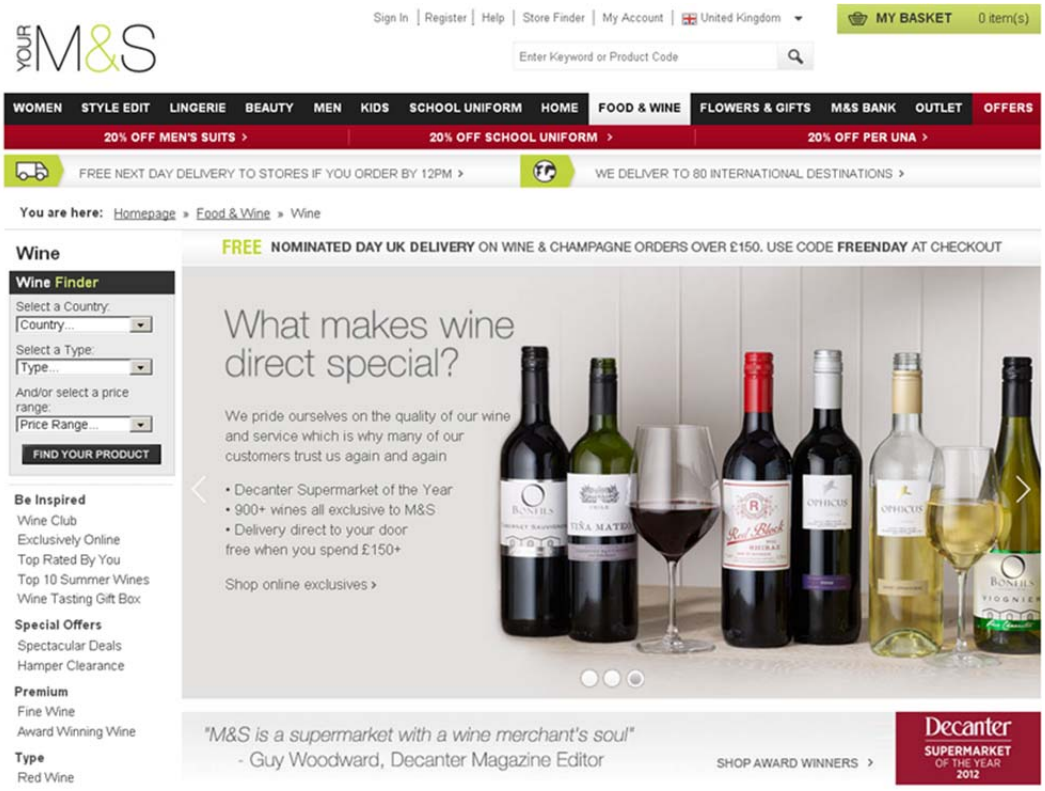
Laithwaite's





- Laithwaite's is primarily a direct sales organisation, selling direct to customers through telesales or online or direct to corporate and wholesale customers. More recently additional retail sites have been opened (now 11), mostly concentrated in Berkshire and Oxfordshire.
- Laithwaite's website is well set out and easy to navigate. Prominence is typically given to special offers, top recommendations and mixed cases, which form a significant part of their business. Like some other retailers in this analysis, there are a few errors and inconsistencies in the data; eg around country classification.
- Australian wine is a key part of the Laithwaite's range (15%), and Australian wines get high visibility. Within the Laithwaite's range selling at £10 or more, there is also a reasonably high proportion of Australian wines (see p32 for more analysis). Recent example is Australian “Cleanskins” offer, where a parcel of Barossa Shiraz and Coonawarra cabernet have been secured that were originally destined for the US market.
- Website functionality includes a quick order facility as well as the ability to talk to one of their wine advisors. Laithwaite's also offer “If you're not happy with a bottle, don't pay for it” wine guarantee.
- Website includes 11 separate Australian regions.

Marks & Spencer (M&S)



- Food & wine is one part of “Your M&S” online site for Marks & Spencer, more famous for its clothing and food than its wine. Similar premium positioning within grocery to Waitrose, with focus on quality more than price.
- Wine search tool focused on country, type and price. Again some errors in product classification; eg a Pemberton pinot noir classified as Argentinean. No specific classification of regionality.
- Customer ratings feature prominently on the product page, although the actual number of reviews is still quite small.
- M&S now operate Click & Collect service for their online shopping website - however wine is specifically excluded from this service and the only option for shoppers is home delivery. Delivery is free but need to spend a minimum of £150, more than any other retailer (see p46).
- M&S operate a wine club with 3 levels : contemporary, New World Discoveries and Old World Classics. Members receive a case of 12 bottles every 3 months.
- M&S fine wine selection has 78 SKUs, of which 5 are from Australia (see appendix 6 p157).
- Australian wines make up 9% of the M&S range, well behind Italy (12%), Spain (12%) and France (37%).

Majestic Wine



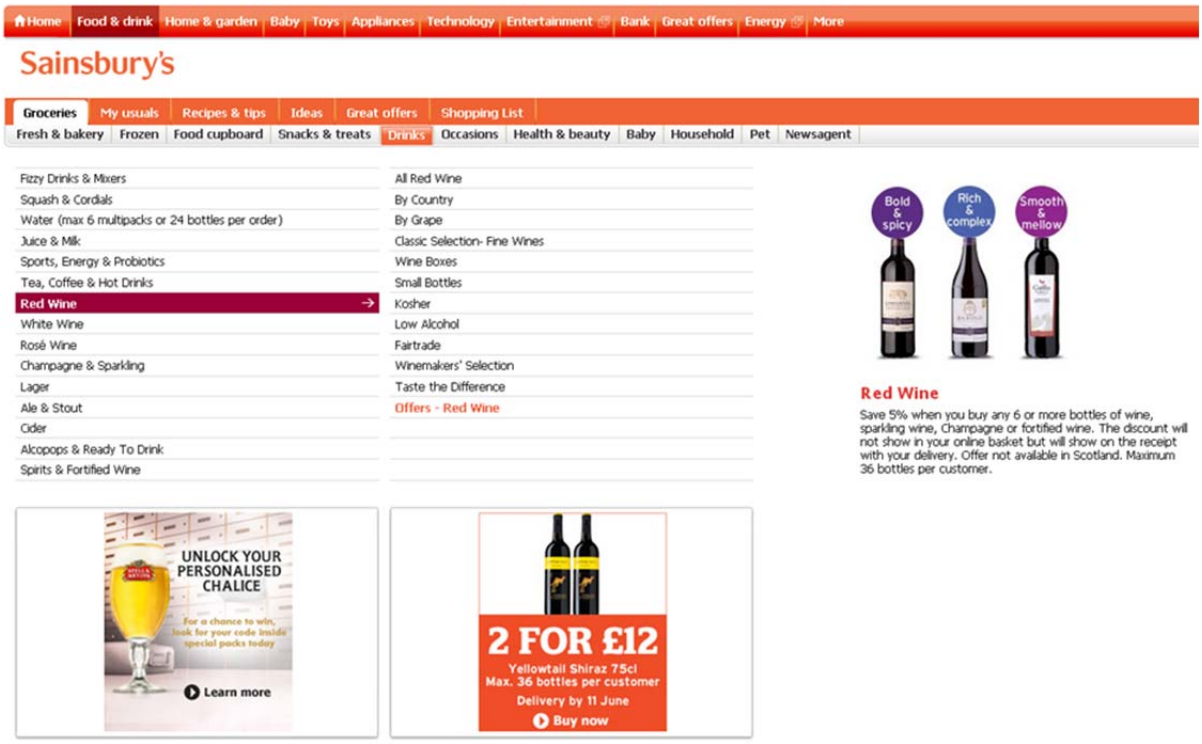
- Minimal information on Australia on main search pages, more detailed information can be found in Wine Guide. Includes 4 Australian regions within search criteria : South Australia, South Eastern Australia, Western Australia, Victoria. Countries specified in search criteria include Eastern-Central Europe.
- Wine events held in store include wine evening and wine walks, but no specific online loyalty club or wine community.
- Analysis excludes Lay & Wheeler, the fine wine division of Majestic Wine, which has 1,947 additional wines from 13 countries. There are 423 fine wines in the regular Majestic listing, of which 31 are from Australia.
- Website includes staff-tasting videos and explanation of online process.
- There is limited information on 13 grape varieties on website, plus a beginner's guide to the major wine regions, food matching, storing & serving and tasting.
- Australian wines make up only 6% of the Majestic range - their strategy has been to delist large quantities of SKUs at the lower end of the price range.

Morrisons Cellar



- Morrisons Cellar ("MC") is the newest major online wine retailer to emerge in the last 12 months (Nov 2012). Even though Morrisons does not yet offer online grocery shopping, MC has been launched ahead of main grocery.
- MC is viewed by many competitors as "best in class" : easy to search, navigate and packed with accessible content. Central to MC website is the "Taste Test", the methodology developed by Bibendum (previously licensed to Waitrose). Less knowledgeable consumers who take the test receive a recommended list of wines to choose from, based on their palate characteristics.
- Strong emphasis on food matching - unusually the links suggests recipes for wines, not wine for food. Customer reviews are an integral part of each product description, although the number of reviews is small.
- An excellent feature is that front & back labels for each SKU have been photographed separately and can be enlarged (contrast with Cambridge Wine).
- Australian wines make up 14% of the MC range, just behind France (22%).

Sainsbury's



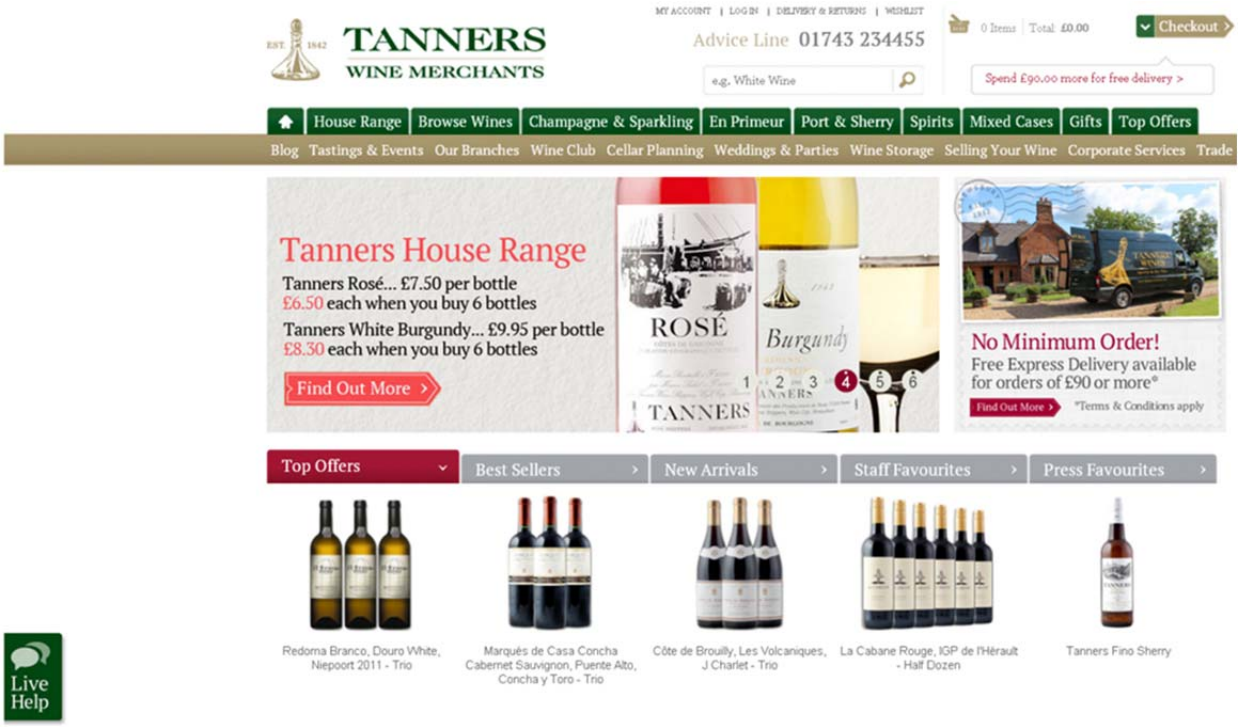
- Sainsbury's is the 3rd largest UK grocer and has been selling online for many years. Its website now looks quite dated compared to other retailers, and the wine section in particular is very weak in terms of functionality.
- The search facility is limited (country, a few grape varieties) and the selection is always shown in alphabetical order which is not helpful when a shopper needs help in choosing a bottle of wine.
- Cases of wine are not available, either of an individual wine or as a mixed case. However shoppers can save an additional 5% if they purchase 6 bottles of wine (same as in a Sainsbury's store), although shoppers are limited to a maximum of 36 bottles for any order.
- Compared to other online wine retailers, the Sainsbury's range seems limited : only 13 countries of origin are shown in our analysis (see p28), together with 12 grape varieties.
- However Sainsbury's has the highest overall proportion of Australian SKUs within its range (19%), only just behind France (21%), including the highest red wine share of the range (19%). Australian brands are a core part of Sainsbury's range.
- Individual wines have a short tasting note and usually a brief note about the producer. There is no generic information about wine regions or grape varieties to help less knowledgeable shoppers.

Slurp



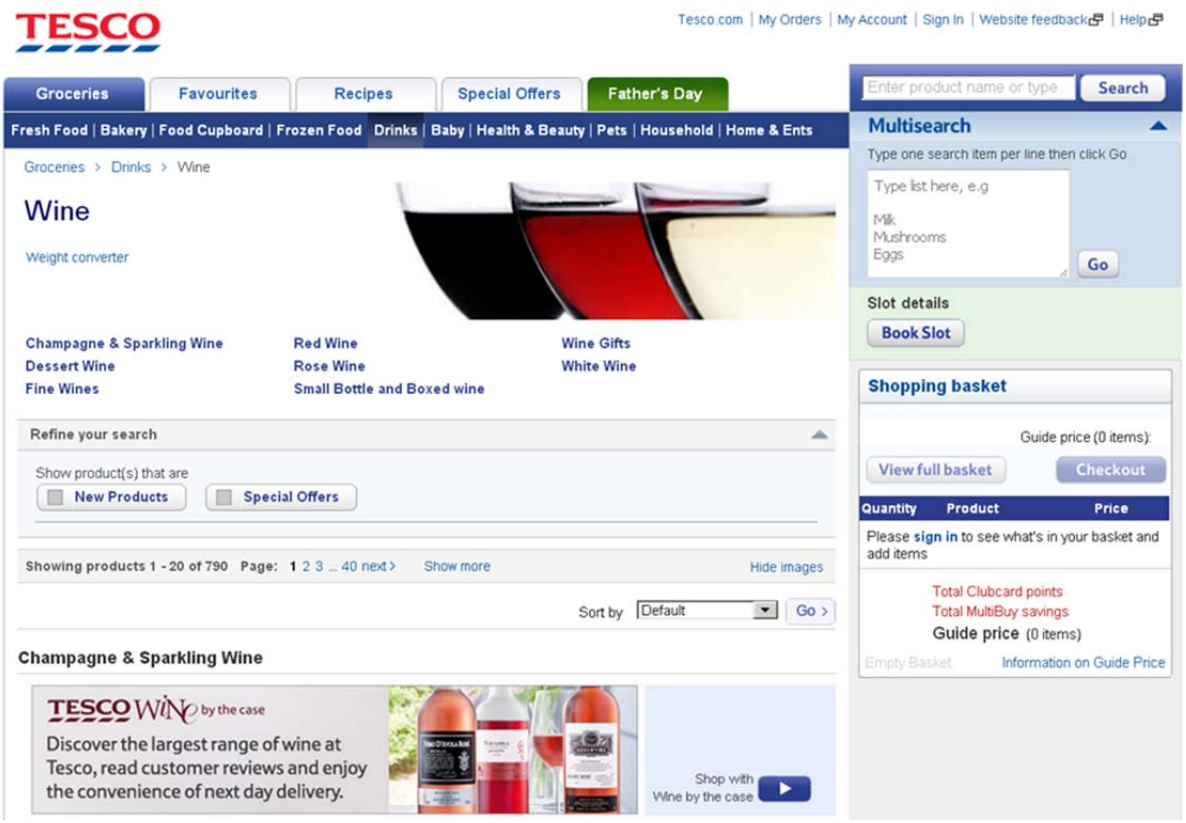
- Slurp is a direct sales specialist wine retailer, with most sales being carried out online.
- Slurp has one of the largest range of wines for shoppers to choose from, although most are not kept in stock by Slurp, and orders are passed straight through to major distributors like Bibendum and Enotria for fulfilment.
- Website contains additional features for shoppers, including online sommelier, Slurp Express and a fine wine single bottle trading platform. Shoppers are encouraged to mix their own case (wine or beer).
- There is a separate fine wine section, which includes a number of Australian products.
- Slurp offer a range of accessories as well as a corporate section that offers gifts, tasting/functions and reward programmes.
- Australian wines make up 15% of Slurp range, just behind Italy (19%) and France (35%).

Tanners



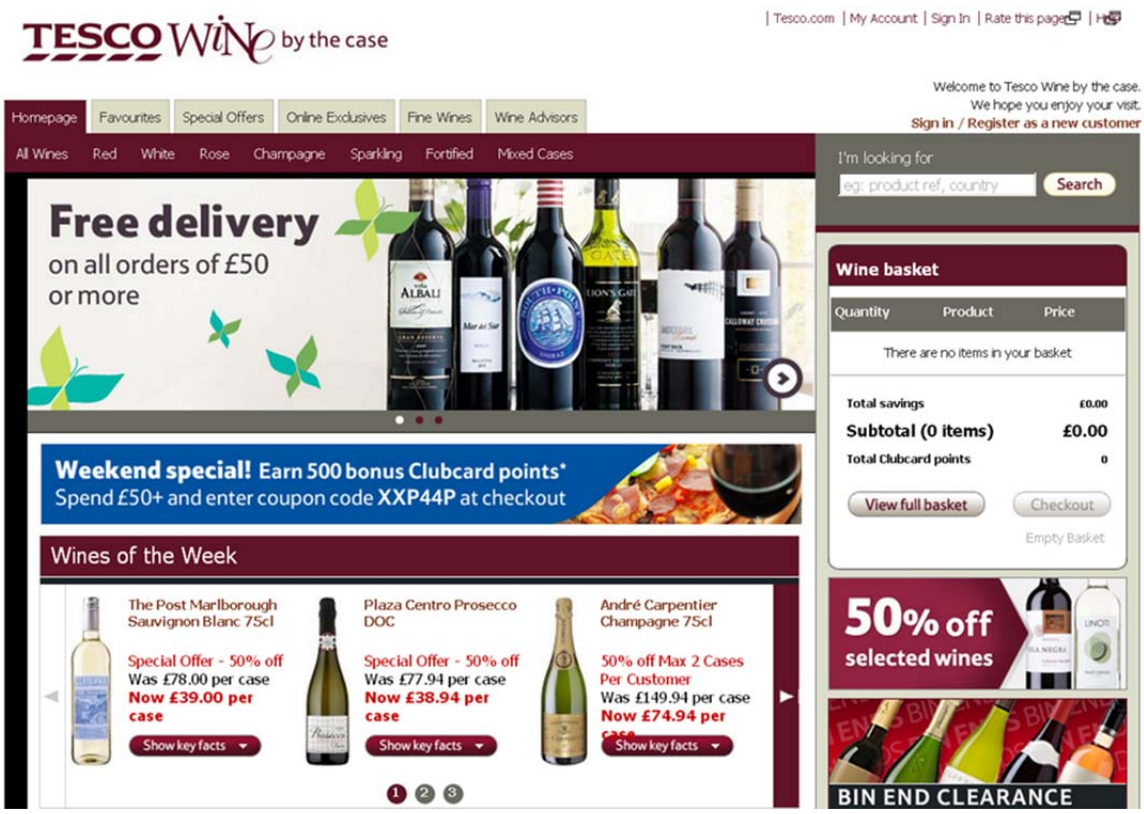
- Like BBR, Tanners is a well established independent wine merchant with an extensive range of wines, especially Old World.
- Tanners offer a significant range of house wines selling under the Tanners brand across all types of wine, plus own label gin, whisky, port and sherry and dessert wines. There is also a number of everyday wines that sell for up to £6.75 which are offered as the Tanners Principles range.
- A comprehensive search engine includes ABV%, bottle size, bottle features, vintage and drinking guide (ie drink now vs drink later). Search engine also has country of origin and up to 3 further levels of regionality.
- Shoppers can use “compare products” when searching and reviewing wines, and there is a “Wine in Time” wine club, where shoppers decide both the level of spend and frequency for regular cases selected by Tanners’ buyers.
- As expected from a leading wine merchant, there is an En Primeur service, and more experienced shoppers can take advantage of both a cellar planning scheme and wine storage offered by Tanners.
- A live help facility enables shoppers to submit questions online whilst browsing.
- There is also a service for corporate clients needing gifts, awards and incentives.
- Information on regions and grapes is summarised but not extensive.
- Australian wines make up only 6% of the Tanners range. Like BBR, Tanners focuses much more on France with most other countries all around 5-9%.

Tesco



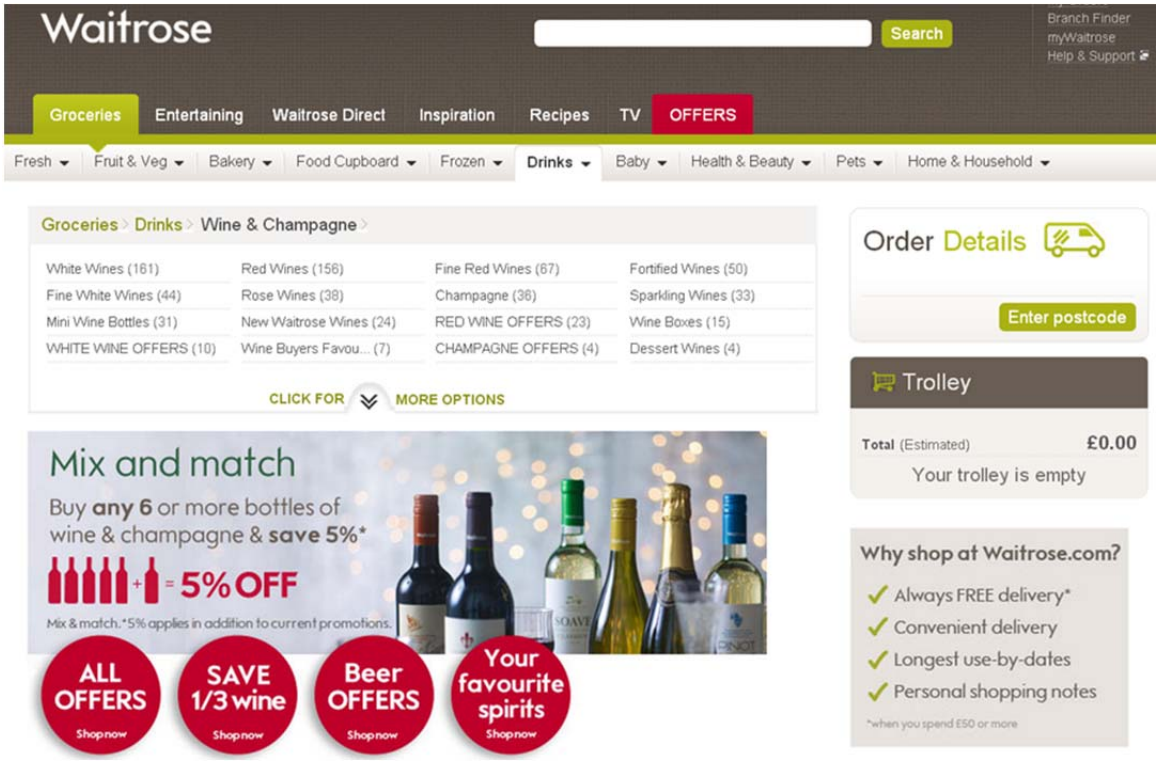
- Tesco shoppers have 2 ways of buying wine online : tesco.com and Tesco wine by the case ("WBTC"). Tesco.com is the main online grocery website (similar to sainsburys.com, waitrose.com) and is ideal for shoppers who want to purchase the odd bottle of wine. There are links to WBTC on every wine page on tesco.com, for those shoppers who are interested in buying a case.
- All the information on country of origin and grape varieties is held on WBTC. Individual SKUs on tesco.com have some information on taste and the winemaker, as well as suggestions on when the wine should be drunk.
- A recent addition to the website is the wine selector service which aims to help shoppers plan their dinner party. Shoppers can refine their wine choice using food matching, offers, awards or Tesco's "our favourite wines".
- The main search facility is based on colour and country, with wines then listed in alphabetical order. Surprisingly the wine selector service is not directly linked to the main red or white wine pages - rather the link is contained within some, but not all, wine SKUs.
- Australian wines make up 18% of the tesco.com range - this is the largest share of any country (see p32). France is next with 15%, Italy with 14%. It is vital for Australian producers that this range leadership is maintained and that the relationship with Tesco is strong.

Tesco Wine by the Case



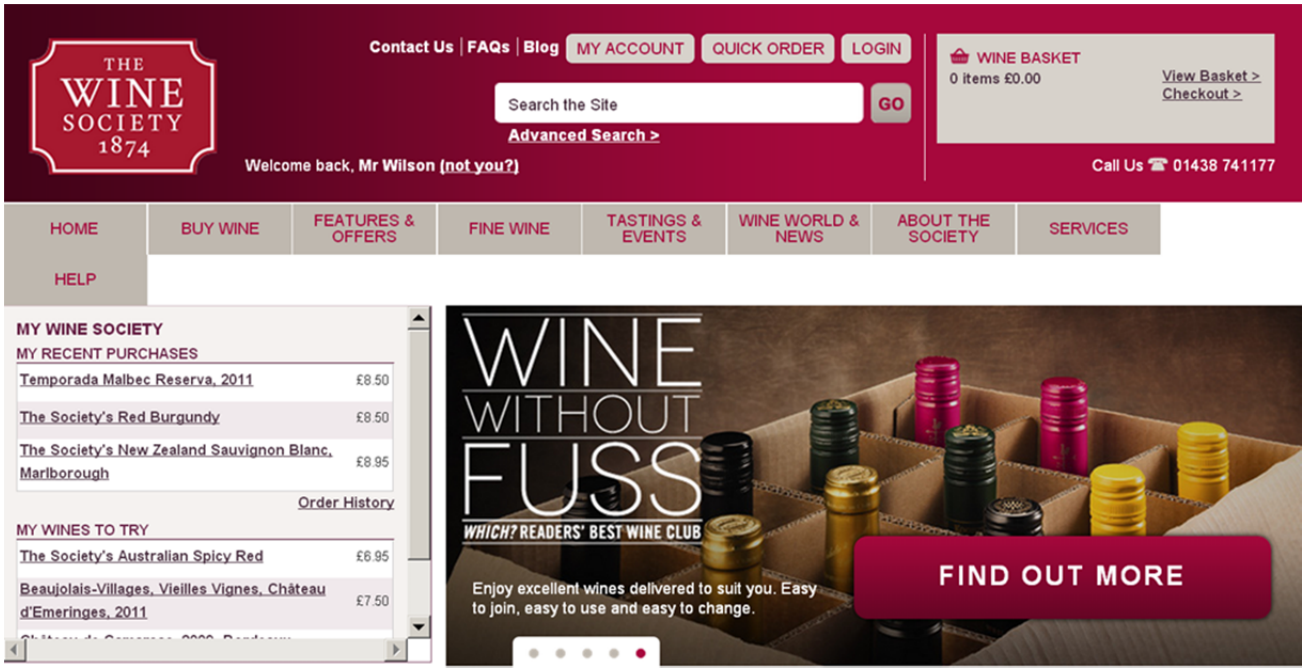
- The other way of buying through Tesco is via Tesco Wine by the Case ("TWBTC").
- TWBTC has a much deeper range of wine SKUs than the regular grocery website, and is set up for case and mixed case sales only. For instance there are over 600 wines that are only available through TWBTC, and are not on the main Tesco website or in store.
- TWBTC is keen to compete with specialist wine retailers, and offers a number of specific services to attract and retain wine shoppers. The Tesco Wine Community enables keen wine drinkers to share their experiences with fellow drinkers, while a new service called "Tesco Wine co-buys" enables groups of shoppers to join forces and buy small packets of wine at lower prices.
- TWBTC offers wine advisors to help shoppers choose the most suitable wines, and there is additional help for corporate clients and those planning a wedding.
- TWBTC has a fine wine section, which includes 25 Australian wines priced from £10.99 up to £41 per bottle.
- TWBTC has a comprehensive search facility which includes awards, press reviews and fair trade amongst the options.
- Australian wines make up 18% of Tesco WBTC range, just behind France (20%). Australian wine is clearly a core part of the range - next biggest are Italy and Spain, both 10%.

Waitrose.com



- As with Tesco, there are 2 ways to buy wine through Waitrose. The main grocery website is waitrose.com, whilst the speciality website is waitrosedirect.com (not analysed in this section).
- The main search facility is fairly limited, starting with type (colour) then country, then price and grape variety, although the number of grape varieties listed is small (only 18).
- Waitrose.com has a separate classification for fine wines, although it is not clear how fine wines are defined; eg regular red wines go up to £12.49 per bottle, whilst the fine red wines sell between £7.99 and £50.00.
- Rosé wine is not sorted by country, only by style. Despite the strong performance of prosecco within sparkling wines, prosecco is not listed as a grape variety in any search window, making it difficult to find for shoppers.
- As with other websites, some data errors were found (eg French wine listed under Spain & Portugal).
- Additional search options include filters on vegan, fair trade, own label, brand price match (part of a major competitive action to match Tesco prices).
- Individual SKU information is limited - a simple tasting note, ABV% and closure.
- Australian wines make up 14% of the Waitrose.com range, 2nd behind France (30%), but ahead of Italy (12%).

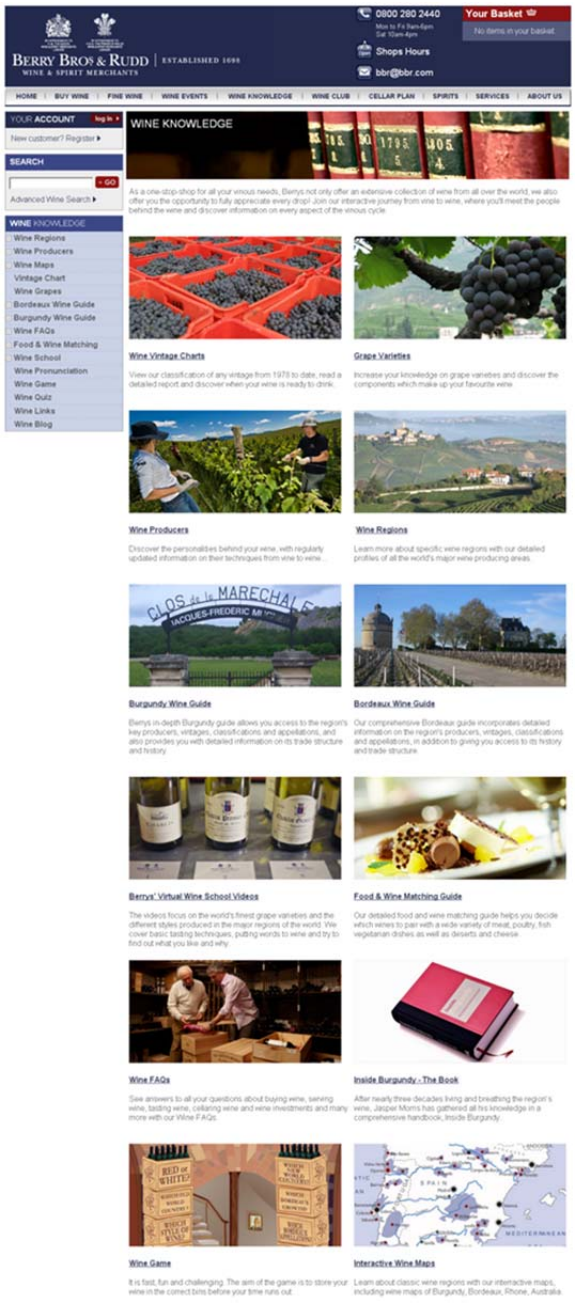
The Wine Society

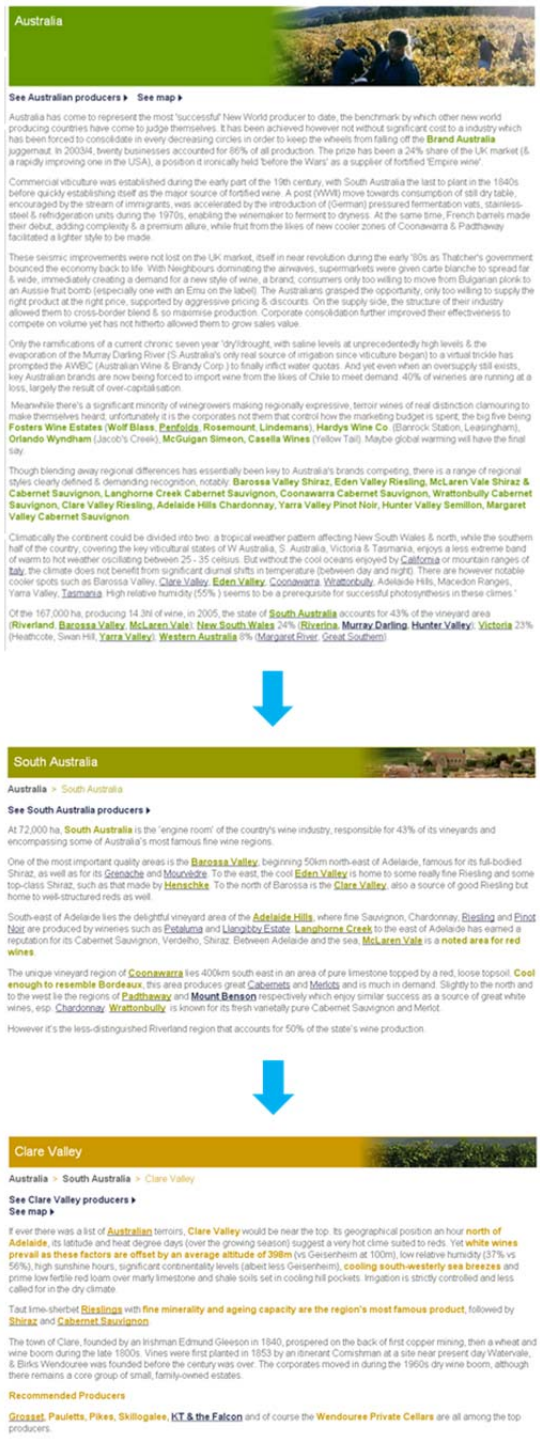


- The Wine Society ("TWS") is a well established wine club where members can buy wine from an extensive range having paid a lifetime membership fee of £40. Wines are purchased directly from growers to ensure authenticity and quality.
- TWS feels much more like a large independent that doesn't have a retail shop - in fact only members can buy wines from TWS. There are few major brands listed on TWS, apart from some of the more famous Champagne houses.
- There is extensive information on wine regions, including "How to buy Australian wine" written by the TWS buyer. TWS also provides a vintage chart (see p47) although Australian wines only feature under Other notable vintages.
- Each SKU has tasting notes that usually provide information on the winemaker, as well as suggestions on when to drink and food matching.
- Quick order feature enables shoppers to reorder frequently ordered wines, and there are facilities for either "Live chat" during working hours or for members to submit queries online. As with major independents like BBR, TWS offers cellar planning and corporate services.
- Many members choose mixed cases put together by the TWS buyers ("Wine without Fuss"), and there is a significant selection of own label wine; eg The Society's Australian spicy red.
- Australian wines make up only 4% of TWS range, which like BBR is dominated by French wines (48%). Most other countries have about 3-7%.

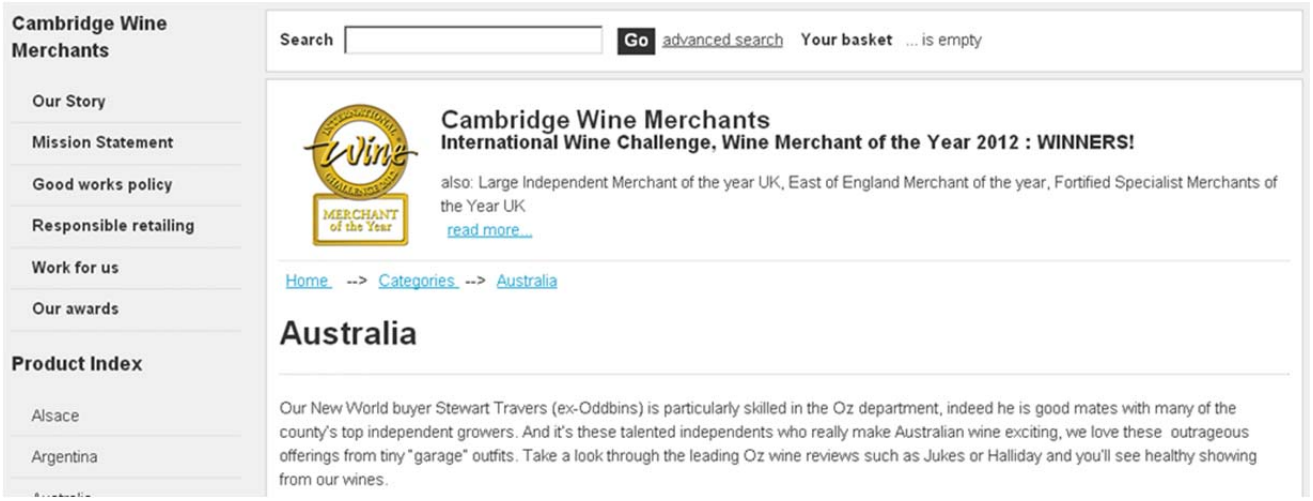
14. APPENDIX 6: EXAMPLE ONLINE RETAILER INFORMATION ON AUSTRALIA

Berry Bros & Rudd

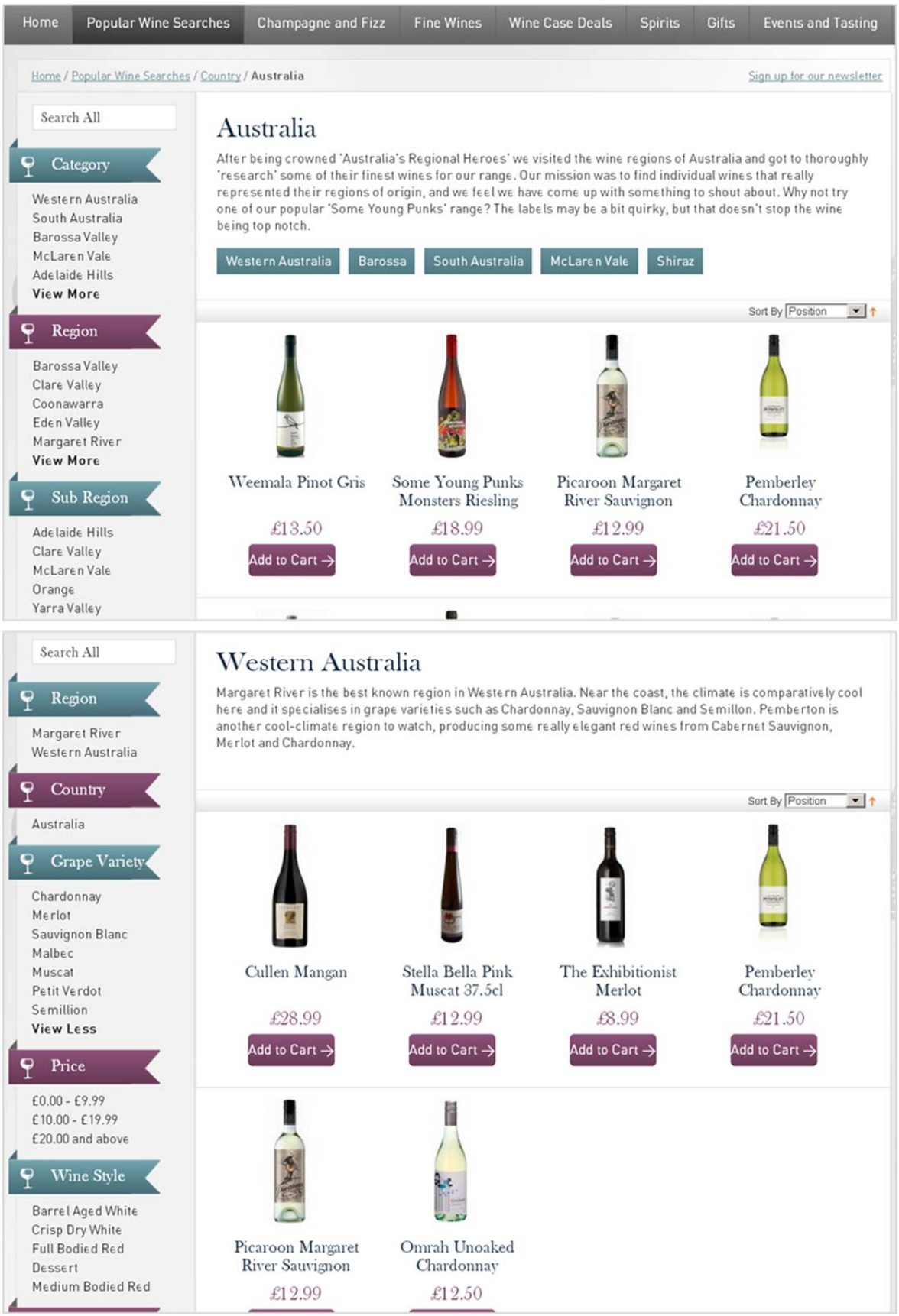




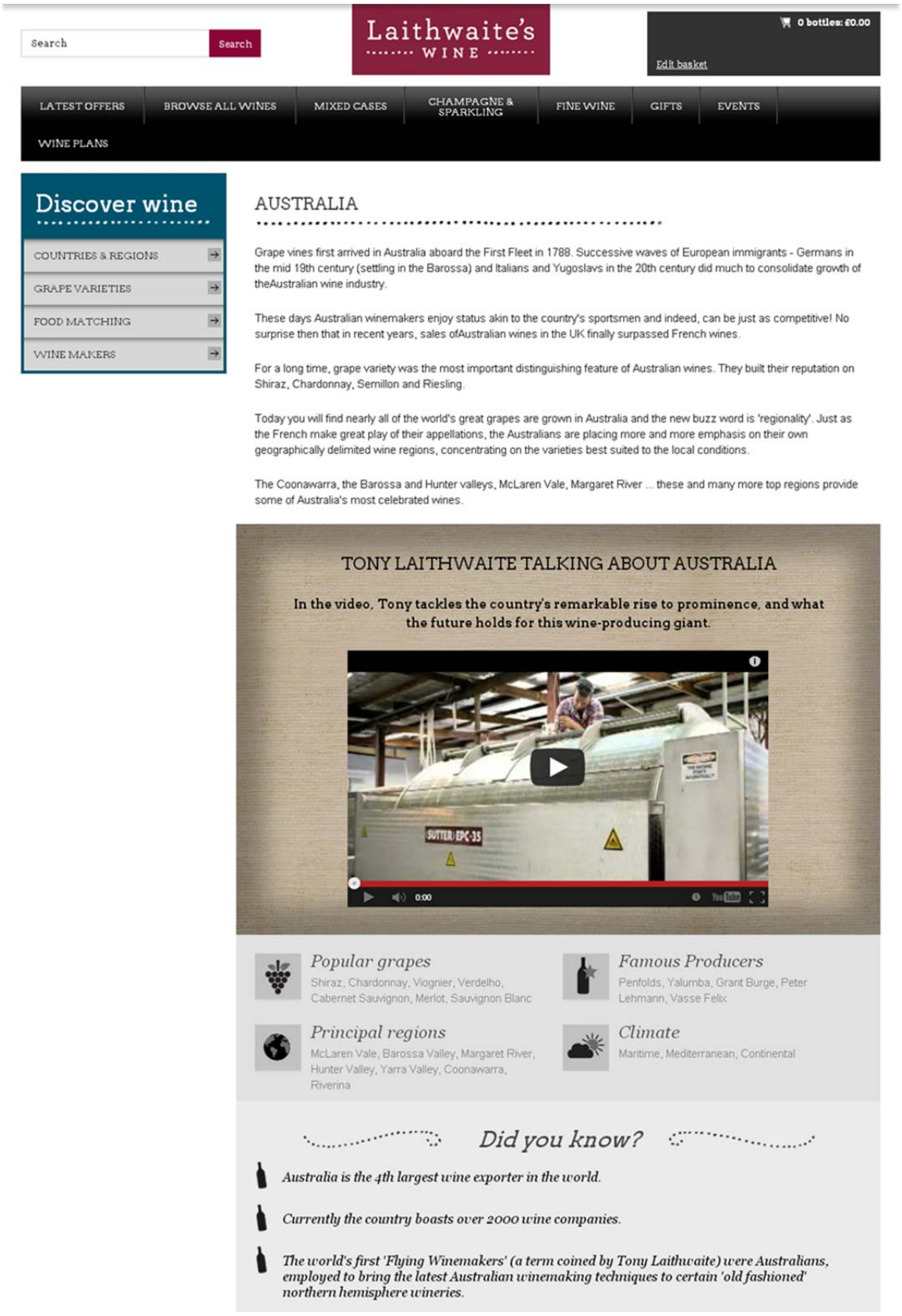
Cambridge Wine



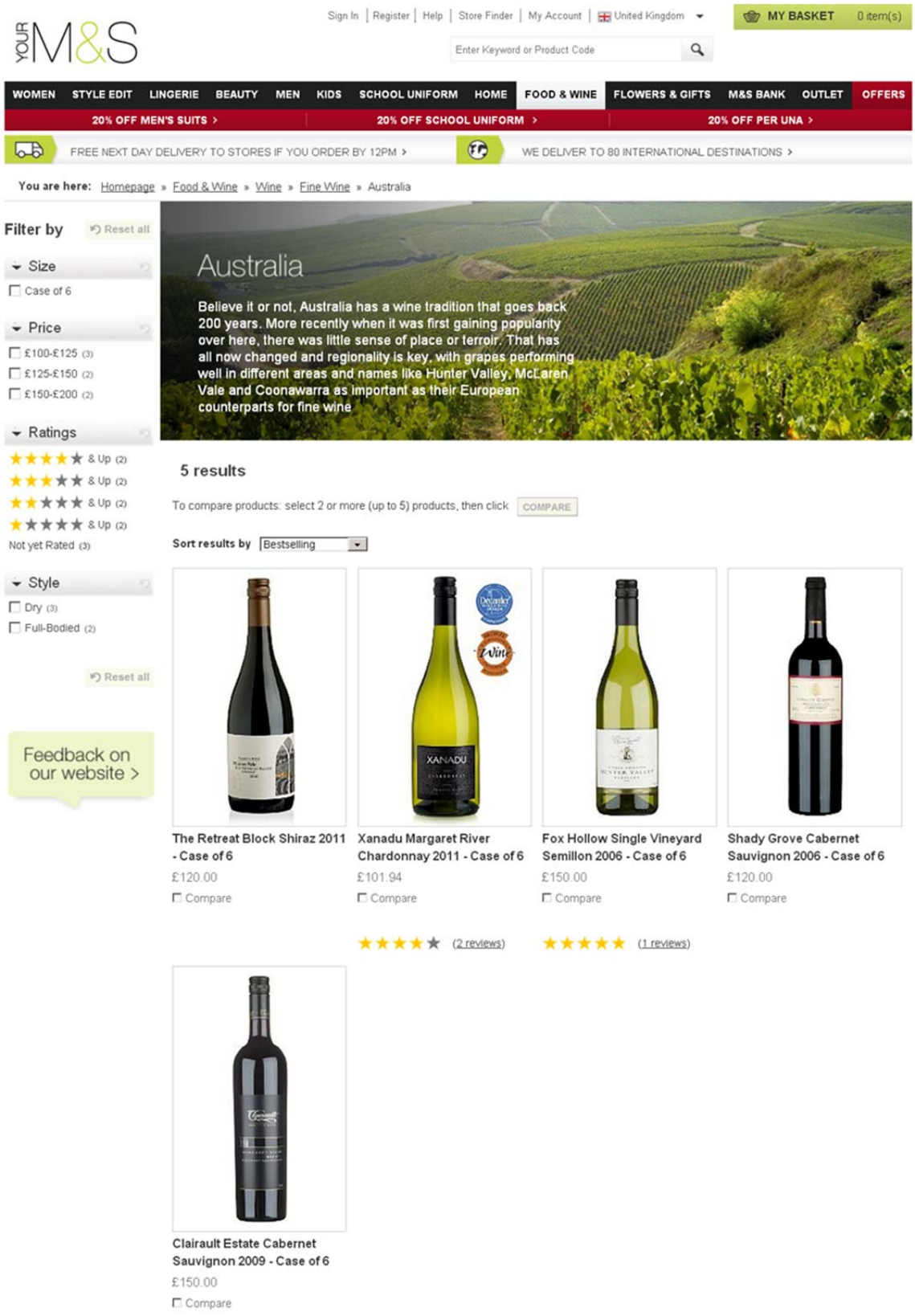
Corks Out


Home
Popular Wine Searches
Champagne and Fizz
Fine Wines
Wine Case Deals
Spirits
Gifts
Events and Tasting
Home / Popular Wine Searches / Country / Australia
Sign up for our newsletter
Search All
Category
Western Australia
South Australia
Barossa Valley
McLaren Vale
Adelaide Hills
View More
Region
Barossa Valley
Clare Valley
Coonawarra
Eden Valley
Margaret River
View More
Sub Region
Adelaide Hills
Clare Valley
McLaren Vale
Orange
Yarra Valley
Australia
After being crowned 'Australia's Regional Heroes' we visited the wine regions of Australia and got to thoroughly 'research' some of their finest wines for our range. Our mission was to find individual wines that really represented their regions of origin, and we feel we have come up with something to shout about. Why not try one of our popular 'Some Young Punks' range? The labels may be a bit quirky, but that doesn't stop the wine being top notch.
Western Australia
Barossa
South Australia
McLaren Vale
Shiraz
Sort By Position
Weemala Pinot Gris
£13.50
Add to Cart
Some Young Punks Monsters Riesling
£18.99
Add to Cart
Picaroon Margaret River Sauvignon
£12.99
Add to Cart
Pemberley Chardonnay
£21.50
Add to Cart
Search All
Region
Margaret River
Western Australia
Country
Australia
Grape Variety
Chardonnay
Merlot
Sauvignon Blanc
Malbec
Muscat
Petit Verdot
Semillion
View Less
Price
£0.00 - £9.99
£10.00 - £19.99
£20.00 and above
Wine Style
Barrel Aged White
Crisp Dry White
Full Bodied Red
Dessert
Medium Bodied Red
Western Australia
Margaret River is the best known region in Western Australia. Near the coast, the climate is comparatively cool here and it specialises in grape varieties such as Chardonnay, Sauvignon Blanc and Semillon. Pemberton is another cool-climate region to watch, producing some really elegant red wines from Cabernet Sauvignon, Merlot and Chardonnay.
Sort By Position
Cullen Mangan
£28.99
Add to Cart
Stella Bella Pink Muscat 37.5cl
£12.99
Add to Cart
The Exhibitionist Merlot
£8.99
Add to Cart
Pemberley Chardonnay
£21.50
Add to Cart
Picaroon Margaret River Sauvignon
£12.99
Omrah Unoaked Chardonnay
£12.50

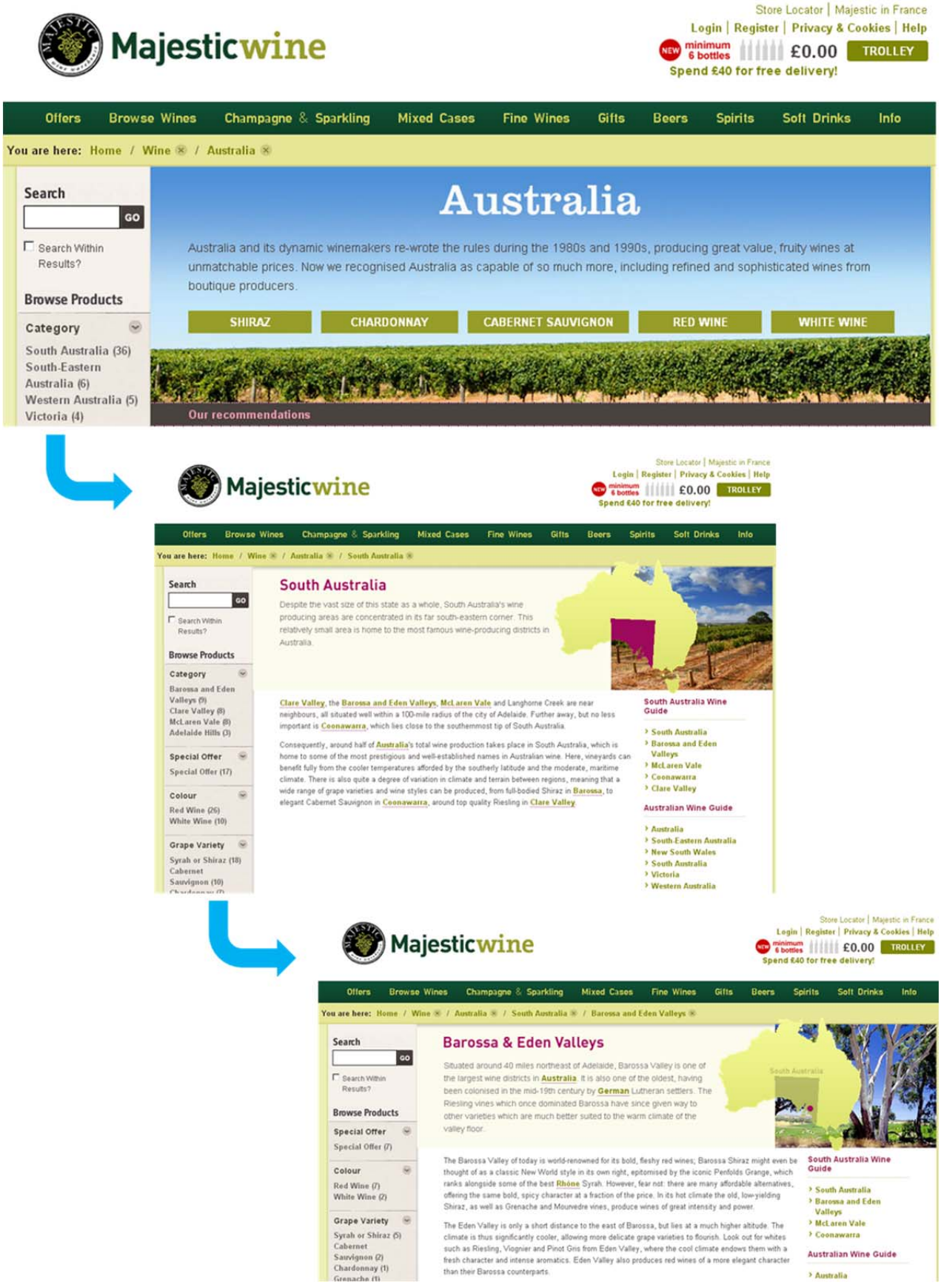
Laithwaite's



Marks & Spencer (M&S)



Majestic Wine



Morrisons Cellar



Australia is the fourth largest exporter of wine in the world. Not surprising with such great wines like Barossa Valley Shiraz, Kangrilla Road Chardonnay or a Cabernet Merlot from the Margaret River.

Such a wealth of great value, great tasting wines probably explains why out of the 530 million litres of wine that Australians get through every year, only about 16% of it is imported.

Watch the video to find out more.



SHOP AUSTRALIAN WINES

The Aussies are as skilled at making a fruity, mellow wine as they are firing up a top-notch barbie. It may be too toasty to grow grapes in much of this sun-scorched country, but they flourish in the southeast corner of Australia, as well as in cooler Western Australia. They often rely on water sourced from the Murray River, which weaves across South Australia and New South Wales.

There are some cracking wines from down under, each as full-bodied and full-on as the next. Get yourself a glass and the chances are that it will be jam-packed with white Chardonnay or Semillon grapes, or red Cabernet Sauvignon, Shiraz (as Syrah is known here) or Merlot grapes – although white varieties such as Viognier and Sauvignon Blanc are becoming increasingly popular.



Qué Syrah Syrah? This red grape is known as Syrah in Europe, South America and the USA, but over in Australia, New Zealand and South Africa, it is called Shiraz. These grapes make a beautifully powerful wine, with flavours of black cherry, blackberries and black pepper, a hint of black olive and a sniff of leather.

This is the grape behind many of northern Rhône's delicious, deep red wines, including Hermitage and Côte-Rôtie. It's the most-planted red grape in Australia, where it develops a stronger, richer taste.

SHOP SHIRAZ WINES SHOP SYRAH WINES

Tesco Wine By The Case

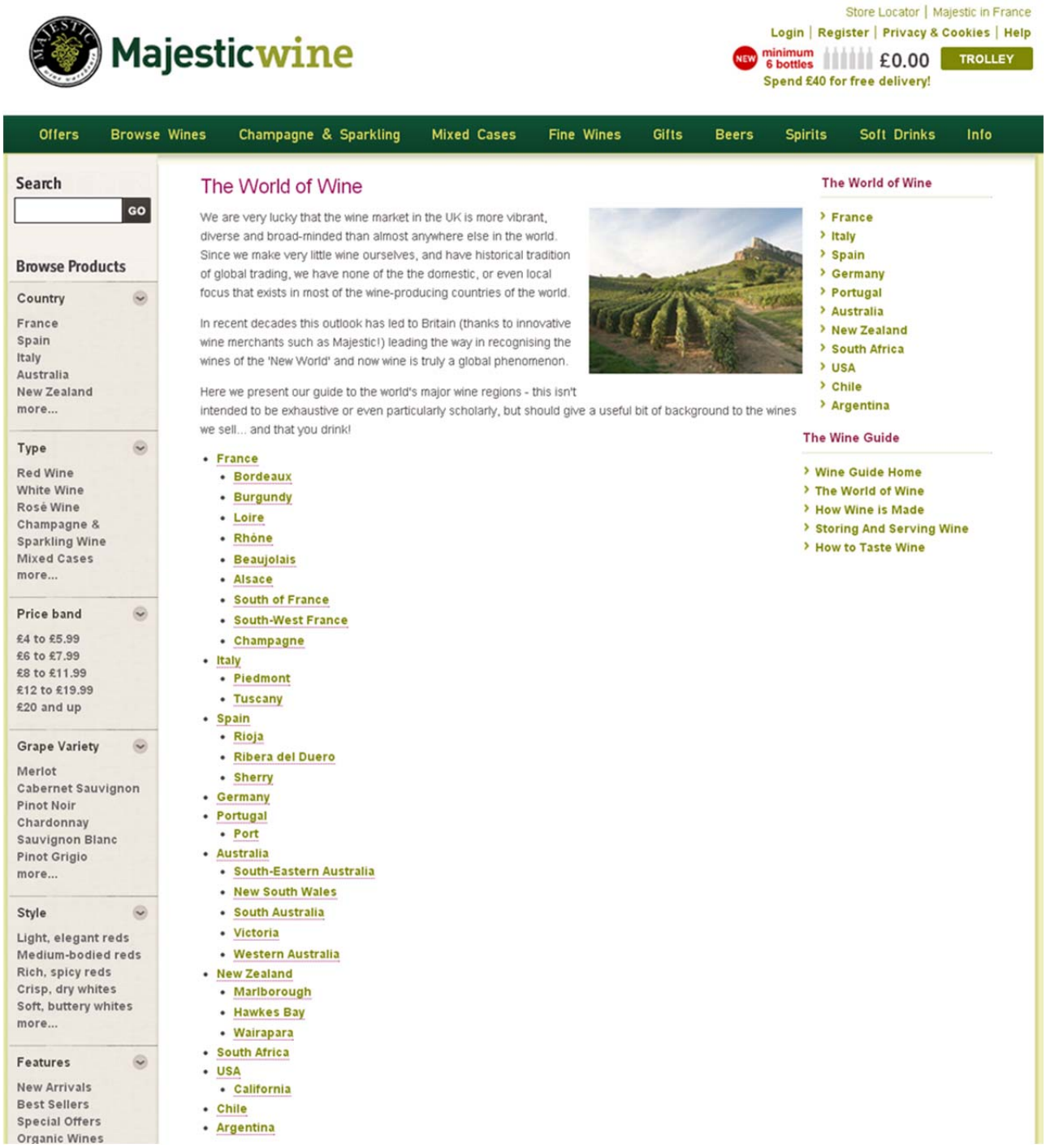


15. APPENDIX 7: EXAMPLES OF ONLINE RETAILER INFORMATION ON WINE

Majestic



Majestic


Majesticwine
Store Locator | Majestic in France
Login | Register | Privacy & Cookies | Help
NEW minimum 6 bottles
£0.00
TROLLEY
Spend £40 for free delivery!
Offers
Browse Wines
Champagne & Sparkling
Mixed Cases
Fine Wines
Gifts
Beers
Spirits
Soft Drinks
Info
Search
GO
Browse Products
Country
France
Spain
Italy
Australia
New Zealand
more...
Type
Red Wine
White Wine
Rosé Wine
Champagne & Sparkling Wine
Mixed Cases
more...
Price band
£4 to £5.99
£6 to £7.99
£8 to £11.99
£12 to £19.99
£20 and up
Grape Variety
Merlot
Cabernet Sauvignon
Pinot Noir
Chardonnay
Sauvignon Blanc
Pinot Grigio
more...
Style
Light, elegant reds
Medium-bodied reds
Rich, spicy reds
Crisp, dry whites
Soft, buttery whites
more...
Features
New Arrivals
Best Sellers
Special Offers
Organic Wines
The World of Wine
We are very lucky that the wine market in the UK is more vibrant, diverse and broad-minded than almost anywhere else in the world. Since we make very little wine ourselves, and have historical tradition of global trading, we have none of the the domestic, or even local focus that exists in most of the wine-producing countries of the world.
In recent decades this outlook has led to Britain (thanks to innovative wine merchants such as Majestic!) leading the way in recognising the wines of the 'New World' and now wine is truly a global phenomenon.
Here we present our guide to the world's major wine regions - this isn't intended to be exhaustive or even particularly scholarly, but should give a useful bit of background to the wines we sell... and that you drink!
France
Bordeaux
Burgundy
Loire
Rhône
Beaujolais
Alsace
South of France
South-West France
Champagne
Italy
Piedmont
Tuscany
Spain
Rioja
Ribera del Duero
Sherry
Germany
Portugal
Port
Australia
South-Eastern Australia
New South Wales
South Australia
Victoria
Western Australia
New Zealand
Marlborough
Hawkes Bay
Wairapara
South Africa
USA
California
Chile
Argentina
The World of Wine
France
Italy
Spain
Germany
Portugal
Australia
New Zealand
South Africa
USA
Chile
Argentina
The Wine Guide
Wine Guide Home
The World of Wine
How Wine is Made
Storing And Serving Wine
How to Taste Wine

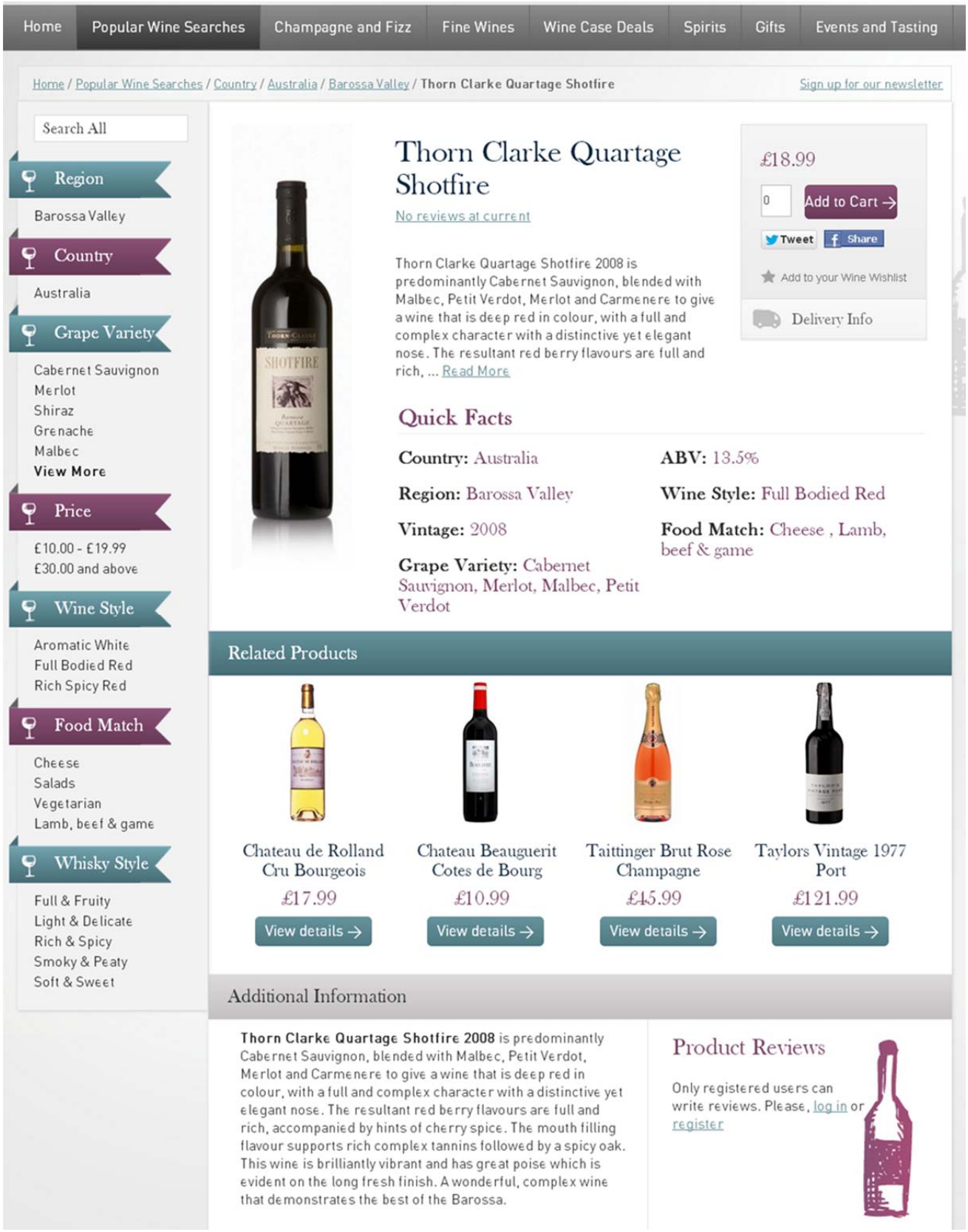
16. APPENDIX 8: EXAMPLES OF ONLINE RETAILER INFORMATION ON SPECIFIC WINES

Cambridge Wine

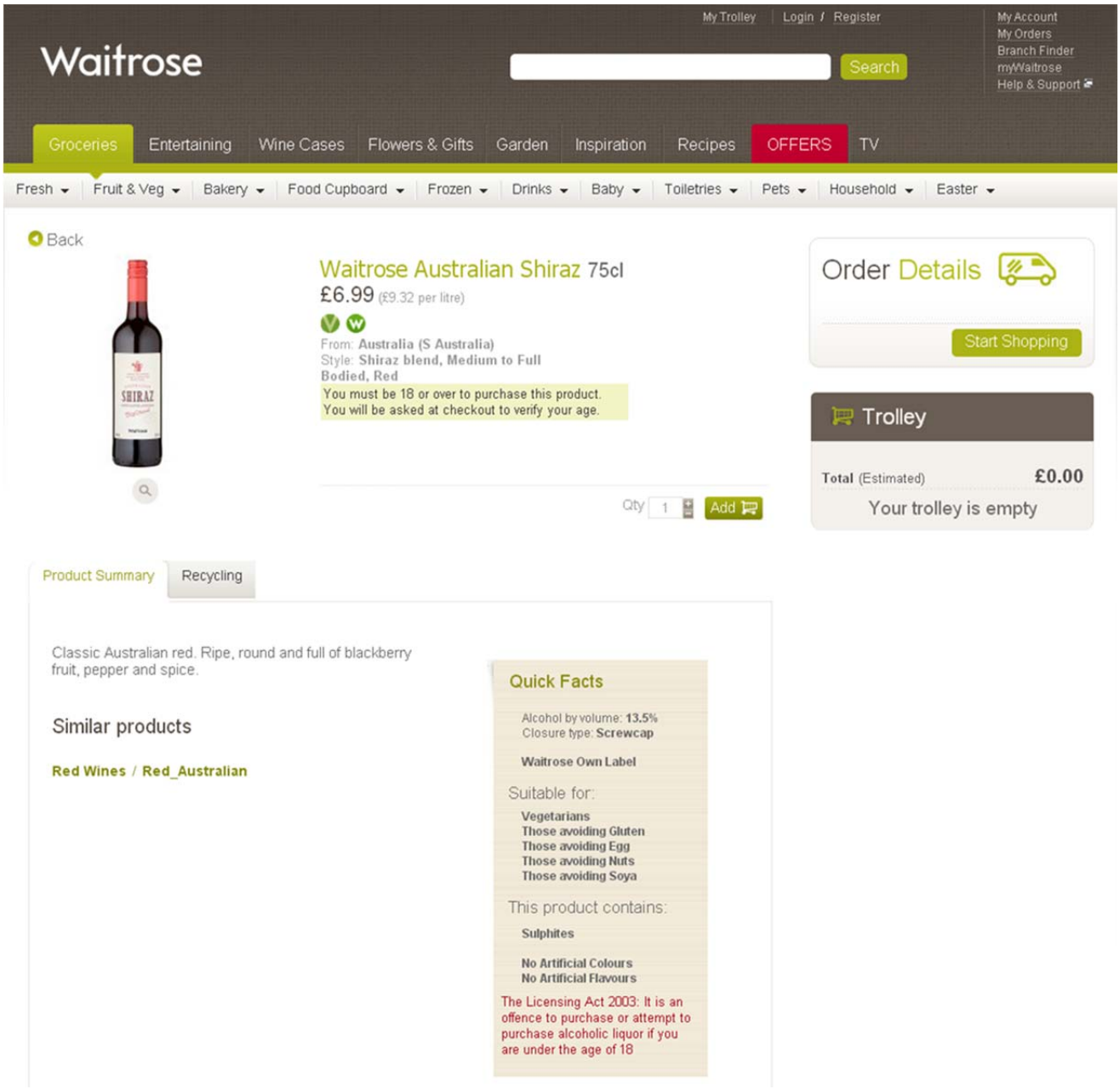




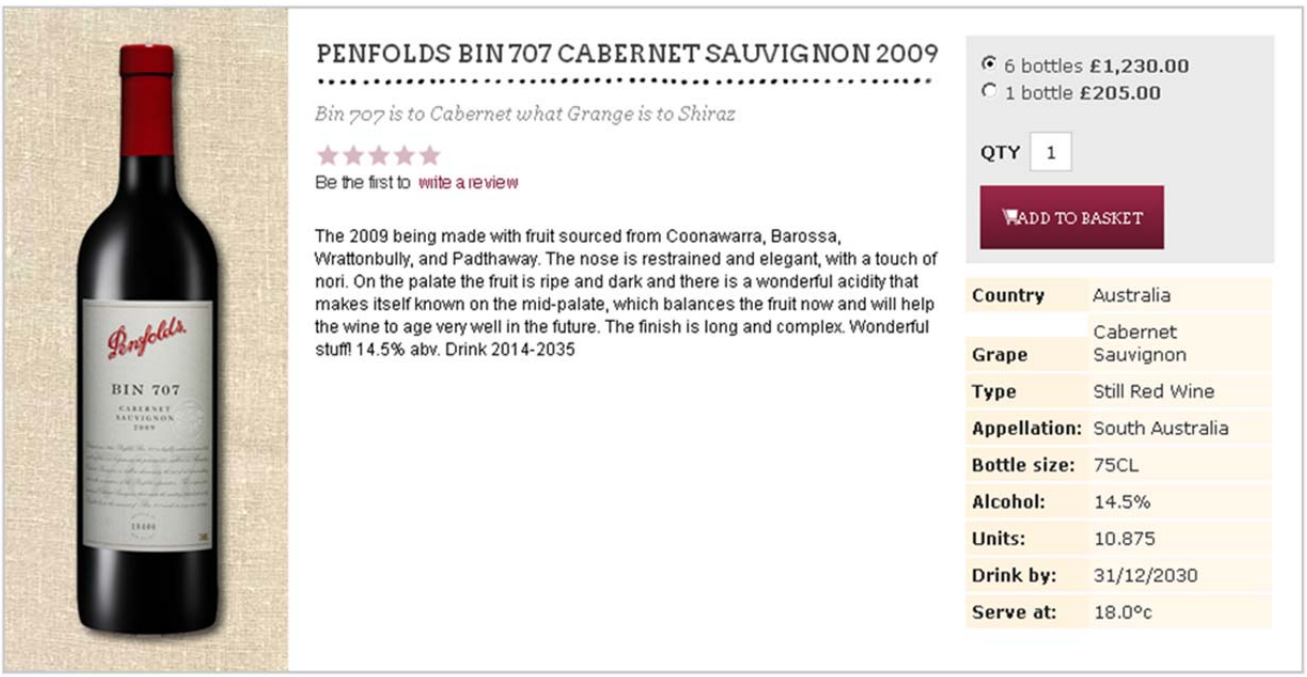
Corks Out


Home
Popular Wine Searches
Champagne and Fizz
Fine Wines
Wine Case Deals
Spirits
Gifts
Events and Tasting
Home / Popular Wine Searches / Country / Australia / Barossa Valley / Thorn Clarke Quartage Shotfire
Sign up for our newsletter
Search All
Region
Barossa Valley
Country
Australia
Grape Variety
Cabernet Sauvignon
Merlot
Shiraz
Grenache
Malbec
View More
Price
£10.00 - £19.99
£30.00 and above
Wine Style
Aromatic White
Full Bodied Red
Rich Spicy Red
Food Match
Cheese
Salads
Vegetarian
Lamb, beef & game
Whisky Style
Full & Fruity
Light & Delicate
Rich & Spicy
Smoky & Peaty
Soft & Sweet
Thorn Clarke Quartage Shotfire
No reviews at current
Thorn Clarke Quartage Shotfire 2008 is predominantly Cabernet Sauvignon, blended with Malbec, Petit Verdot, Merlot and Carmenere to give a wine that is deep red in colour, with a full and complex character with a distinctive yet elegant nose. The resultant red berry flavours are full and rich, ... Read More
£18.99
0
Add to Cart
Tweet
Share
Add to your Wine Wishlist
Delivery Info
Quick Facts
Country: Australia
Region: Barossa Valley
Vintage: 2008
Grape Variety: Cabernet Sauvignon, Merlot, Malbec, Petit Verdot
ABV: 13.5%
Wine Style: Full Bodied Red
Food Match: Cheese , Lamb, beef & game
Related Products
Chateau de Rolland Cru Bourgeois
£17.99
View details
Chateau Beauguerit Cotes de Bourg
£10.99
View details
Taittinger Brut Rose Champagne
£45.99
View details
Taylors Vintage 1977 Port
£121.99
View details
Additional Information
Thorn Clarke Quartage Shotfire 2008 is predominantly Cabernet Sauvignon, blended with Malbec, Petit Verdot, Merlot and Carmenere to give a wine that is deep red in colour, with a full and complex character with a distinctive yet elegant nose. The resultant red berry flavours are full and rich, accompanied by hints of cherry spice. The mouth filling flavour supports rich complex tannins followed by a spicy oak. This wine is brilliantly vibrant and has great poise which is evident on the long fresh finish. A wonderful, complex wine that demonstrates the best of the Barossa.
Product Reviews
Only registered users can write reviews. Please, log in or register

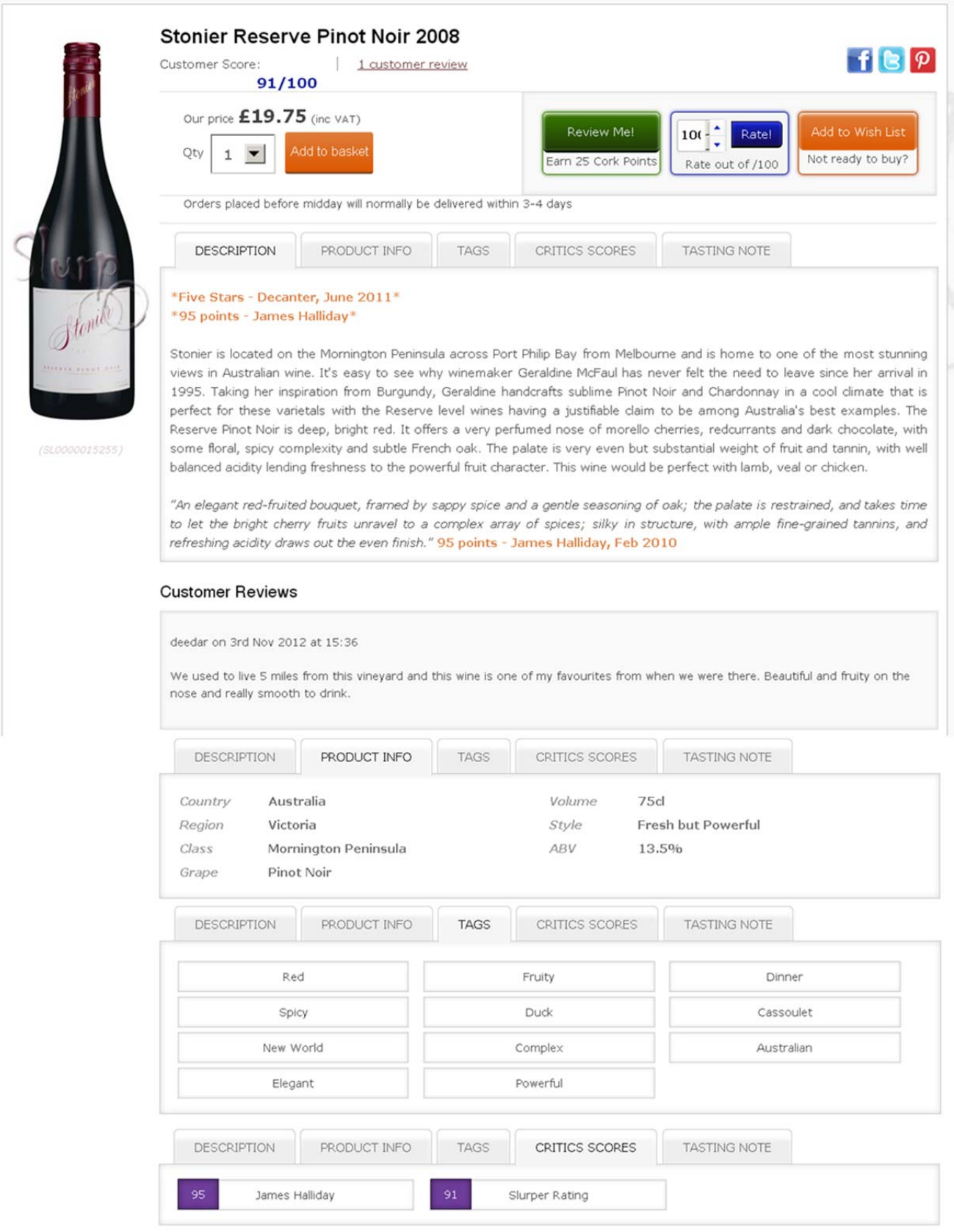
Waitrose

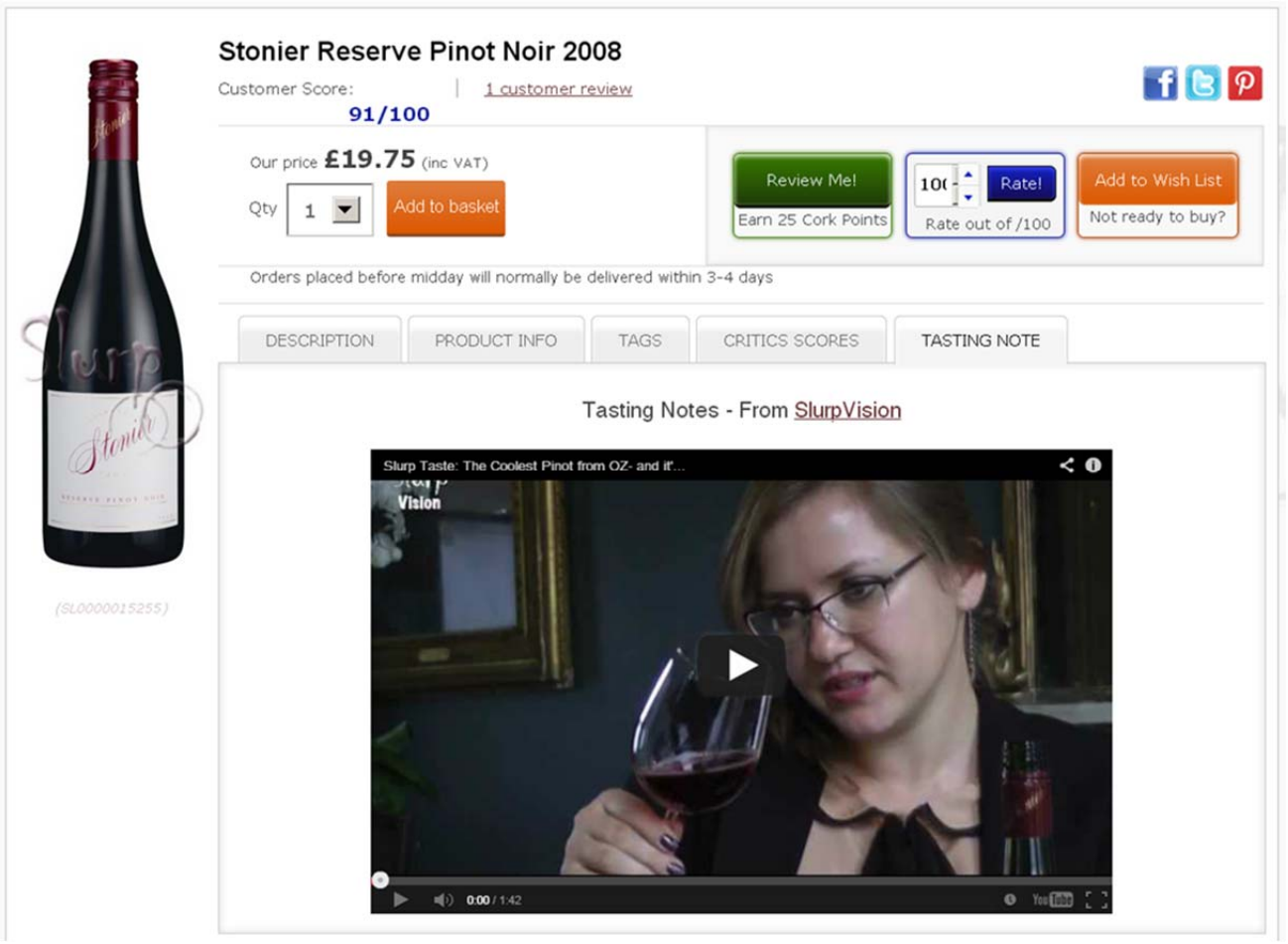

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Fresh
Fruit & Veg
Bakery
Food Cupboard
Frozen
Drinks
Baby
Toiletries
Pets
Household
Easter
Back
Waitrose Australian Shiraz 75cl
£6.99 (£9.32 per litre)
From: Australia (S Australia)
Style: Shiraz blend, Medium to Full Bodied, Red
You must be 18 or over to purchase this product.
You will be asked at checkout to verify your age.
Qty 1
Add
Order Details
Start Shopping
Trolley
Total (Estimated) £0.00
Your trolley is empty
Product Summary
Recycling
Classic Australian red. Ripe, round and full of blackberry fruit, pepper and spice.
Similar products
Red Wines / Red_Australian
Quick Facts
Alcohol by volume: 13.5%
Closure type: Screwcap
Waitrose Own Label
Suitable for:
Vegetarians
Those avoiding Gluten
Those avoiding Egg
Those avoiding Nuts
Those avoiding Soya
This product contains:
Sulphites
No Artificial Colours
No Artificial Flavours
The Licensing Act 2003: It is an offence to purchase or attempt to purchase alcoholic liquor if you are under the age of 18

Laithwaite's



Slurp


Stonier Reserve Pinot Noir 2008
Customer Score:
1 customer review
91/100
Our price £19.75 (inc VAT)
Qty 1
Add to basket
Review Me!
Earn 25 Cork Points
Rate!
Rate out of /100
Add to Wish List
Not ready to buy?
Orders placed before midday will normally be delivered within 3-4 days
DESCRIPTION
PRODUCT INFO
TAGS
CRITICS SCORES
TASTING NOTE
Five Stars - Decanter, June 2011
95 points - James Halliday
Stonier is located on the Mornington Peninsula across Port Philip Bay from Melbourne and is home to one of the most stunning views in Australian wine. It's easy to see why winemaker Geraldine McFaul has never felt the need to leave since her arrival in 1995. Taking her inspiration from Burgundy, Geraldine handcrafts sublime Pinot Noir and Chardonnay in a cool climate that is perfect for these varietals with the Reserve level wines having a justifiable claim to be among Australia's best examples. The Reserve Pinot Noir is deep, bright red. It offers a very perfumed nose of morello cherries, redcurrants and dark chocolate, with some floral, spicy complexity and subtle French oak. The palate is very even but substantial weight of fruit and tannin, with well balanced acidity lending freshness to the powerful fruit character. This wine would be perfect with lamb, veal or chicken.
"An elegant red-fruited bouquet, framed by sappy spice and a gentle seasoning of oak; the palate is restrained, and takes time to let the bright cherry fruits unravel to a complex array of spices; silky in structure, with ample fine-grained tannins, and refreshing acidity draws out the even finish." 95 points - James Halliday, Feb 2010
(SL0000015255)
Customer Reviews
deedar on 3rd Nov 2012 at 15:36
We used to live 5 miles from this vineyard and this wine is one of my favourites from when we were there. Beautiful and fruity on the nose and really smooth to drink.
DESCRIPTION
PRODUCT INFO
TAGS
CRITICS SCORES
TASTING NOTE
Country Australia
Region Victoria
Class Mornington Peninsula
Grape Pinot Noir
Volume 75cl
Style Fresh but Powerful
ABV 13.5%
DESCRIPTION
PRODUCT INFO
TAGS
CRITICS SCORES
TASTING NOTE
Red
Fruity
Dinner
Spicy
Duck
Cassoulet
New World
Complex
Australian
Elegant
Powerful
DESCRIPTION
PRODUCT INFO
TAGS
CRITICS SCORES
TASTING NOTE
95 James Halliday
91 Slurper Rating


Stonier Reserve Pinot Noir 2008
Customer Score:
91/100
1 customer review
Our price £19.75 (inc VAT)
Qty 1
Add to basket
Review Me!
Earn 25 Cork Points
Rate!
Rate out of /100
Add to Wish List
Not ready to buy?
Orders placed before midday will normally be delivered within 3-4 days
DESCRIPTION
PRODUCT INFO
TAGS
CRITICS SCORES
TASTING NOTE
Tasting Notes - From SlurpVision
Slurp Taste: The Coolest Pinot from OZ- and it'...
0:00 / 1:42

Morrisons Cellar





Australia

The Aussies are as skilled at making a fruity, mellow wine as they are firing up a top-notch barbie. It may be too toasty to grow grapes in much of this sun-scorched country, but they flourish in the southeast corner of Australia.

VIEW ARTICLE



Brunch burger

A hearty breakfast treat with fresh poached eggs and Portobello mushrooms.

VIEW RECIPE

YOU MAY ALSO LIKE



Boschendal Shiraz Mourvedre Viognier 750ml
£7.48 per bottle
BUY



The Pioneer Cabernet Sauvignon 2009 750ml
£17.99 per bottle
BUY



Martin Meinert Pinotage 750ml
£10.99 per bottle
BUY



Castillo Yerga Rioja Crianza 750ml
£6.99 per bottle
BUY



Ortas Cote Rotie 750ml
£35.00 per bottle
BUY

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WINE TYPE

White Wine >
Red Wine >
Rosé >
Sparkling >
Other >

GRAPE VARIETIES

Cabernet Sauvignon >
Chardonnay >
Shiraz >
Merlot >
Pinot Grigio >

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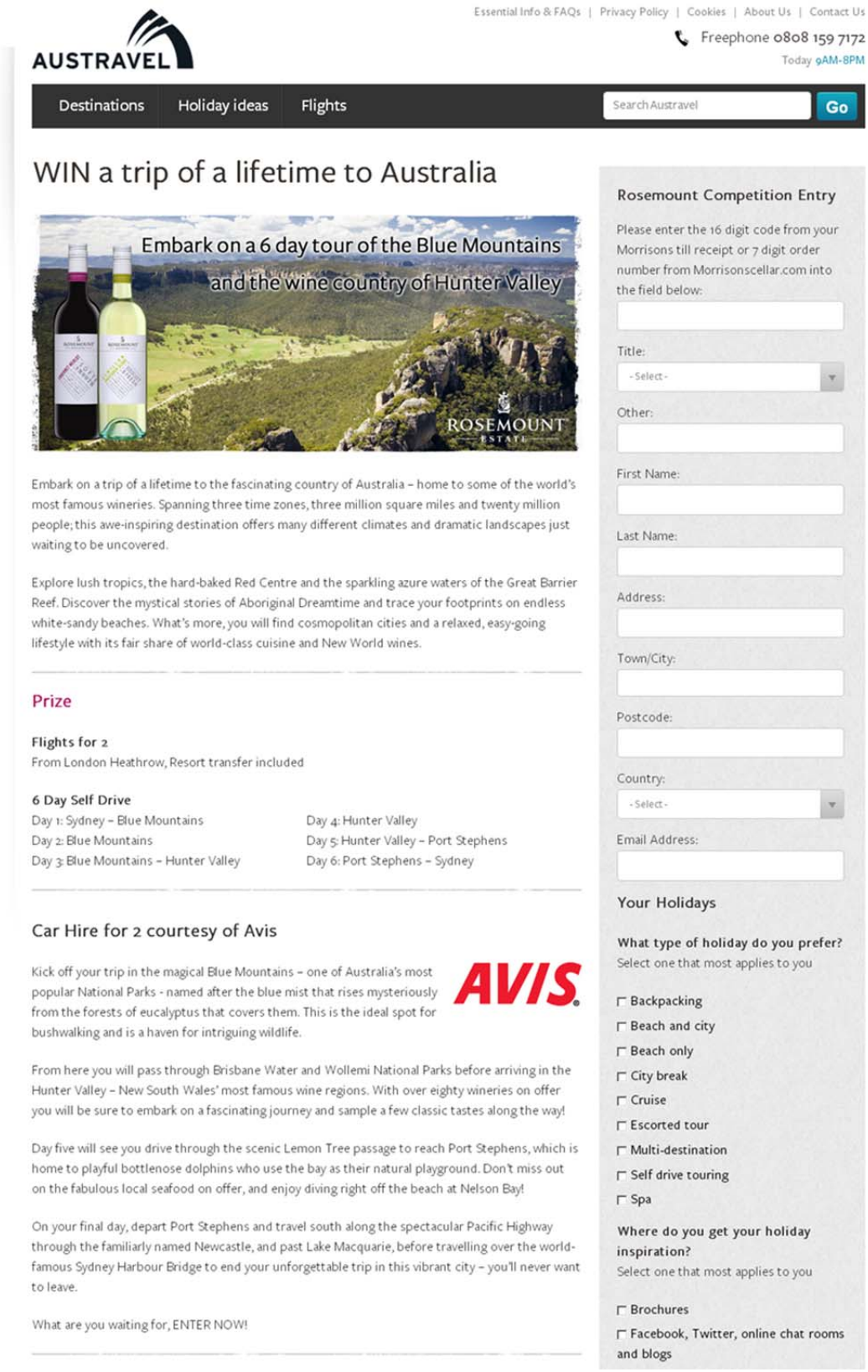
Join the conversation

MORRISONS

drinkaware.co.uk
for the facts

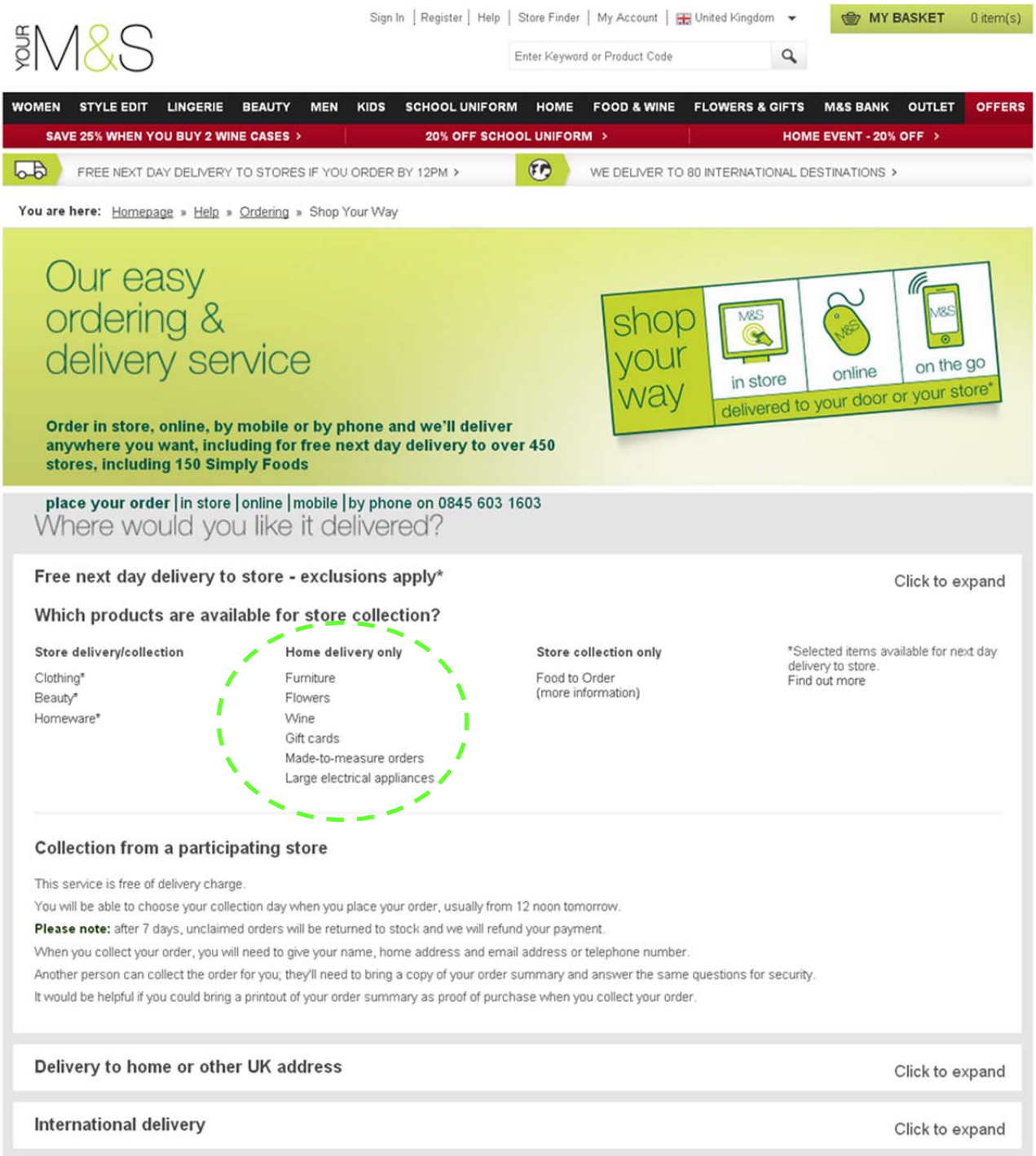
17. APPENDIX 9: EXAMPLE OF ONLINE COMPETITION

Morrisons Cellar



18. APPENDIX 10: EXAMPLES OF CLICK AND COLLECT

Marks and Spencer



- Wine is specifically excluded from M&S click & collect service

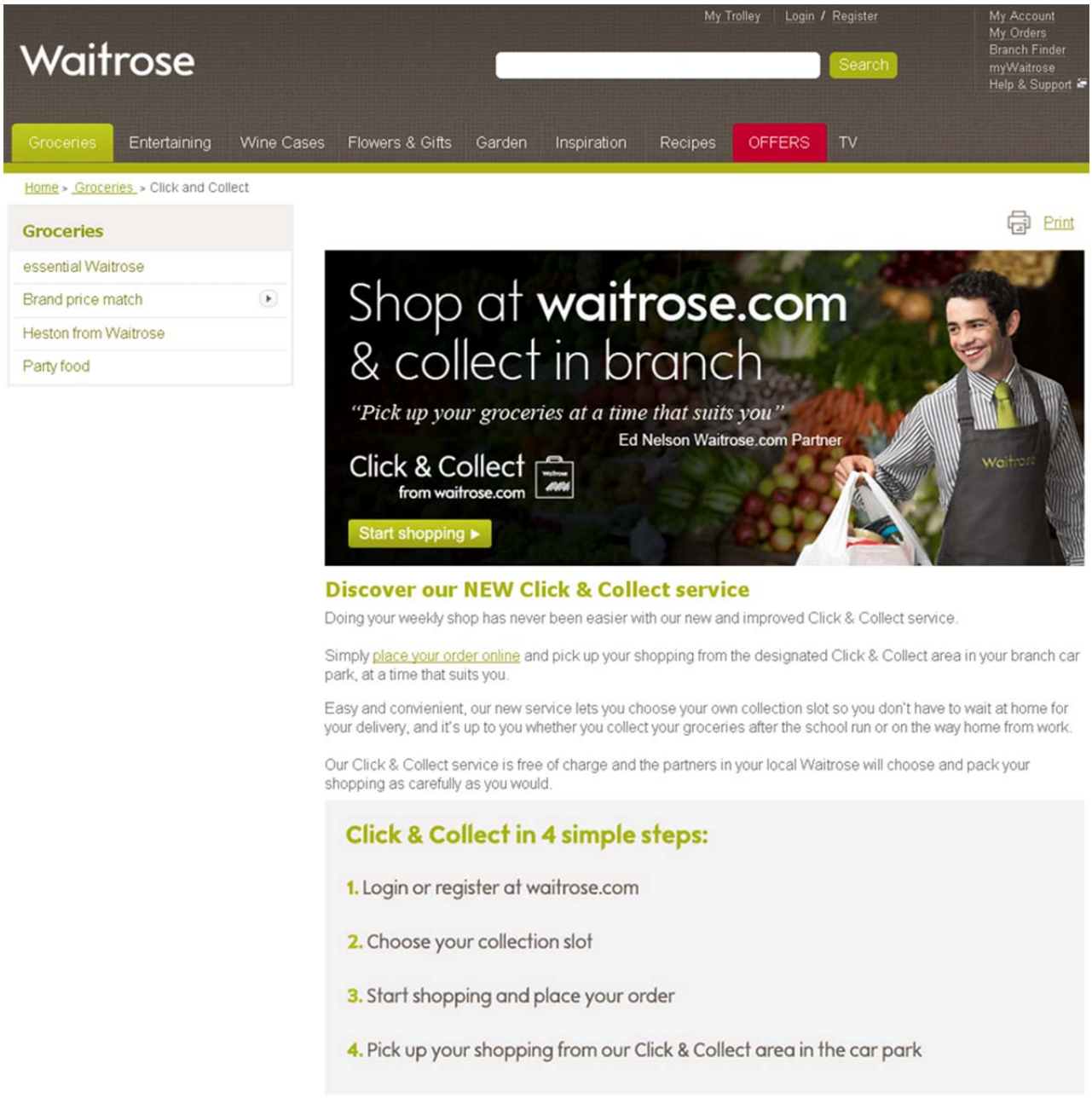
Majestic


Majesticwine
Store Locator | Majestic in France
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NEW minimum 6 bottles
£0.00
TROLLEY
Spend £40 for free delivery!
Offers
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Champagne & Sparkling
Mixed Cases
Fine Wines
Gifts
Beers
Spirits
Soft Drinks
Info
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Browse Products
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Italy
Australia
New Zealand
more...
Type
Red Wine
White Wine
Rosé Wine
Champagne & Sparkling Wine
Mixed Cases
more...
Price band
£4 to £5.99
£6 to £7.99
£8 to £11.99
£12 to £19.99
£20 and up
Grape Variety
Merlot
Cabernet Sauvignon
Pinot Noir
Now you can get delivery on any 6 bottles.
Isn't it time we came to yours?
Majestic's minimum purchase is now just 6 bottles, which can be any mix of wine, Champagne and spirits. If you're spending £40 or more, delivery on mainland UK is free.
Orders over £40
FREE MAINLAND UK DELIVERY
Orders under £40
£5 DELIVERY CHARGE
Collection
FREE FROM ANY UK STORE
Most orders go direct from the Majestic store closest to the delivery, delivered in a Majestic van by a member of Majestic staff. We'll contact you within 24 hours to confirm the details, and usually arrange a 2-hour window for delivery. We're flexbile enough to cater for most special requests - you can use the 'Special Instructions' box on the online checkout to include a message with your order.
We turn most orders around within a day or two, but for addresses further from the store it may take a little longer - an absolute maximum of 7 days.
You can add cases of beer, water and soft drinks to your wine order, and when you get to the checkout you can take advantage of our free glass loan, chiller bin loan and order cubed ice (although we can't deliver orders for just these products).

Tesco

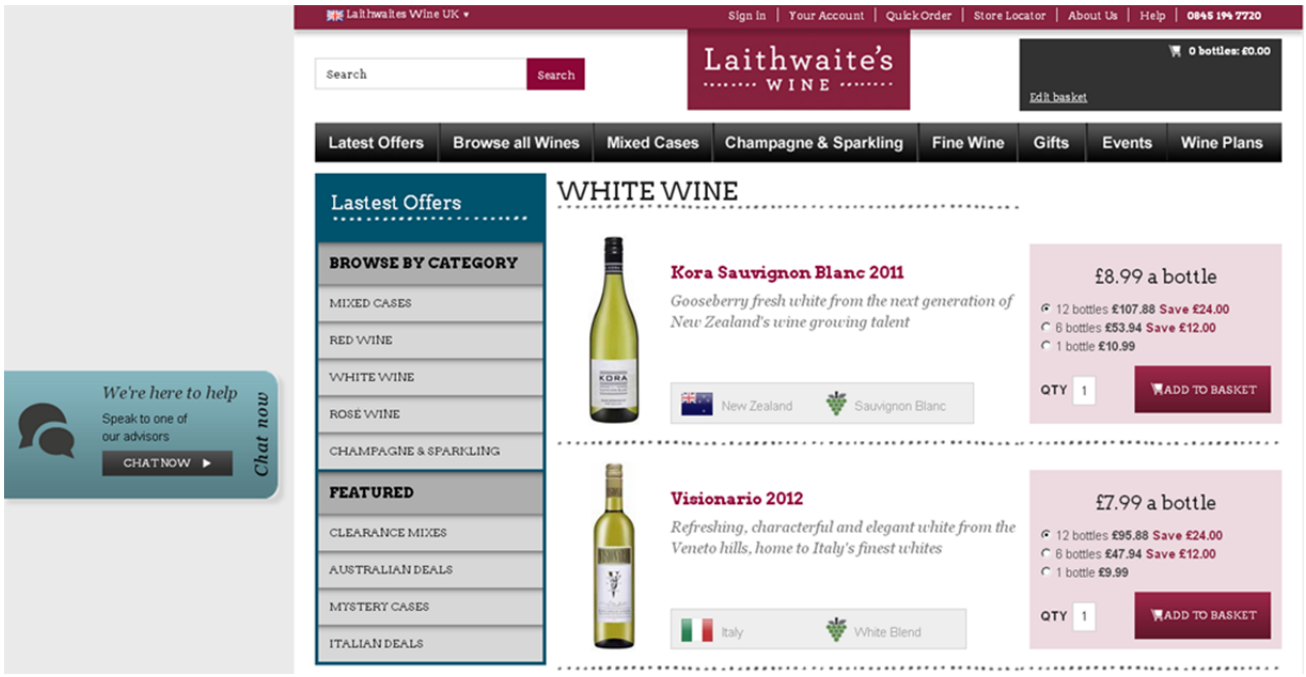

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Contact us
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Groceries
for
Keywords
Search
Tesco.com
Tesco direct
Fresh food & Groceries
Clubcard
Tesco Bank
Clothing
Wine by the case
Phone Shop
Groceries
Click & Collect
tesco.com
A convenient service that puts you in the driving seat
Click & Collect offers all the benefits of shopping online with the added convenience of picking your groceries up at a time that suits you.
Click & Collect Groceries is now available in over 150 stores! We are opening new stores all the time, and if you are registered on our site, we will let you know by email as stores open in your local area.
If a store close to you offers Click & Collect Groceries, you will see the following options when you 'book a slot'.
Home Delivery
Click & Collect
Why would I use Click & Collect?
Even more convenient
Collection now free until 3rd June
Your grocery shopping picked, packed and safely stored for collection at a time to suit you
Pick up your shopping while you're out and about, on the way home from work, after the school run or even as you return from holiday
Just come to the collection point and we'll do the rest
Temperature controlled collection point
All products are picked on the day of collection and safely stored in the fridge, freezer or cupboard until you arrive
Every regular in-store offer in one place
It's easy to spot the bargains
How do I use Click & Collect?
Step 1
Step 2
Step 3
* Collection slots available 7 days a week. Please check in store for collection point opening hours.

Waitrose

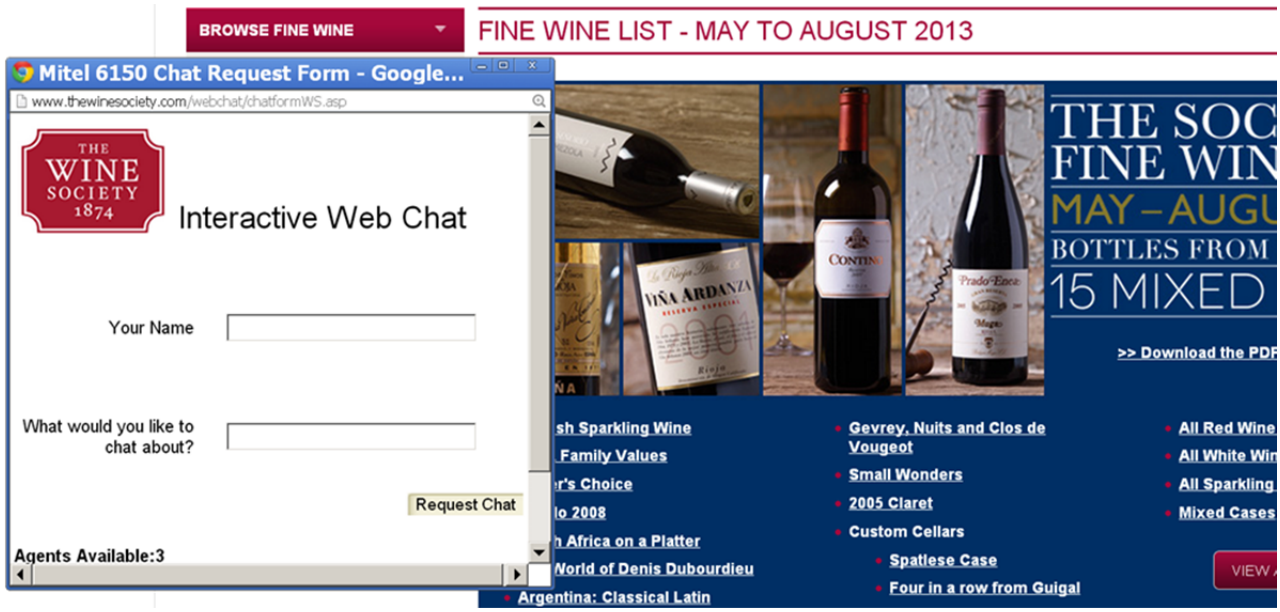

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Brand price match
Heston from Waitrose
Party food
Print
Shop at waitrose.com
& collect in branch
"Pick up your groceries at a time that suits you"
Ed Nelson Waitrose.com Partner
Click & Collect
from waitrose.com
Start shopping ▶
Discover our NEW Click & Collect service
Doing your weekly shop has never been easier with our new and improved Click & Collect service.
Simply place your order online and pick up your shopping from the designated Click & Collect area in your branch car park, at a time that suits you.
Easy and convienient, our new service lets you choose your own collection slot so you don't have to wait at home for your delivery, and it's up to you whether you collect your groceries after the school run or on the way home from work.
Our Click & Collect service is free of charge and the partners in your local Waitrose will choose and pack your shopping as carefully as you would.
Click & Collect in 4 simple steps:
1. Login or register at waitrose.com
2. Choose your collection slot
3. Start shopping and place your order
4. Pick up your shopping from our Click & Collect area in the car park

19. APPENDIX 11: EXAMPLES OF ONLINE HELP FACILITIES

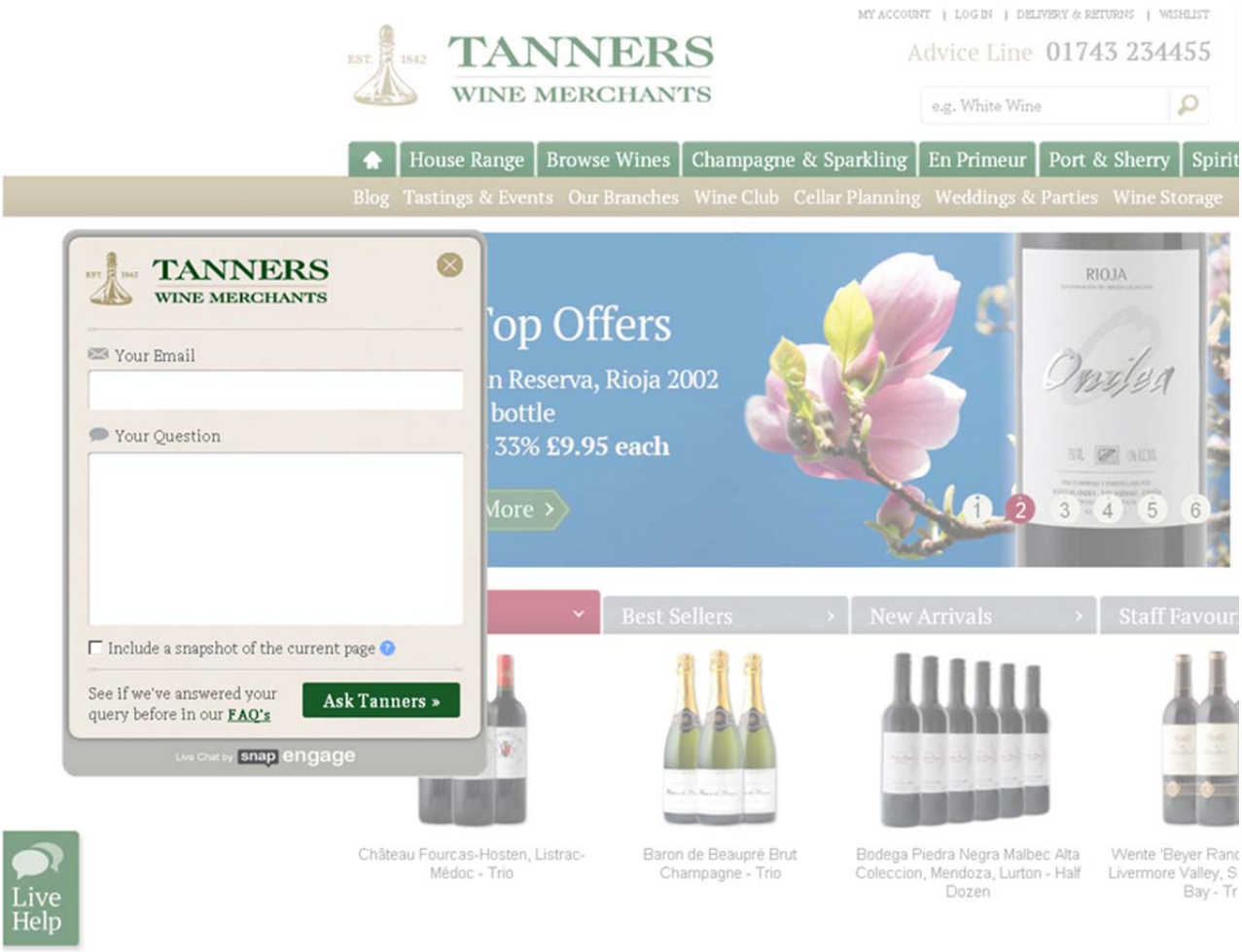
Laithwaite's



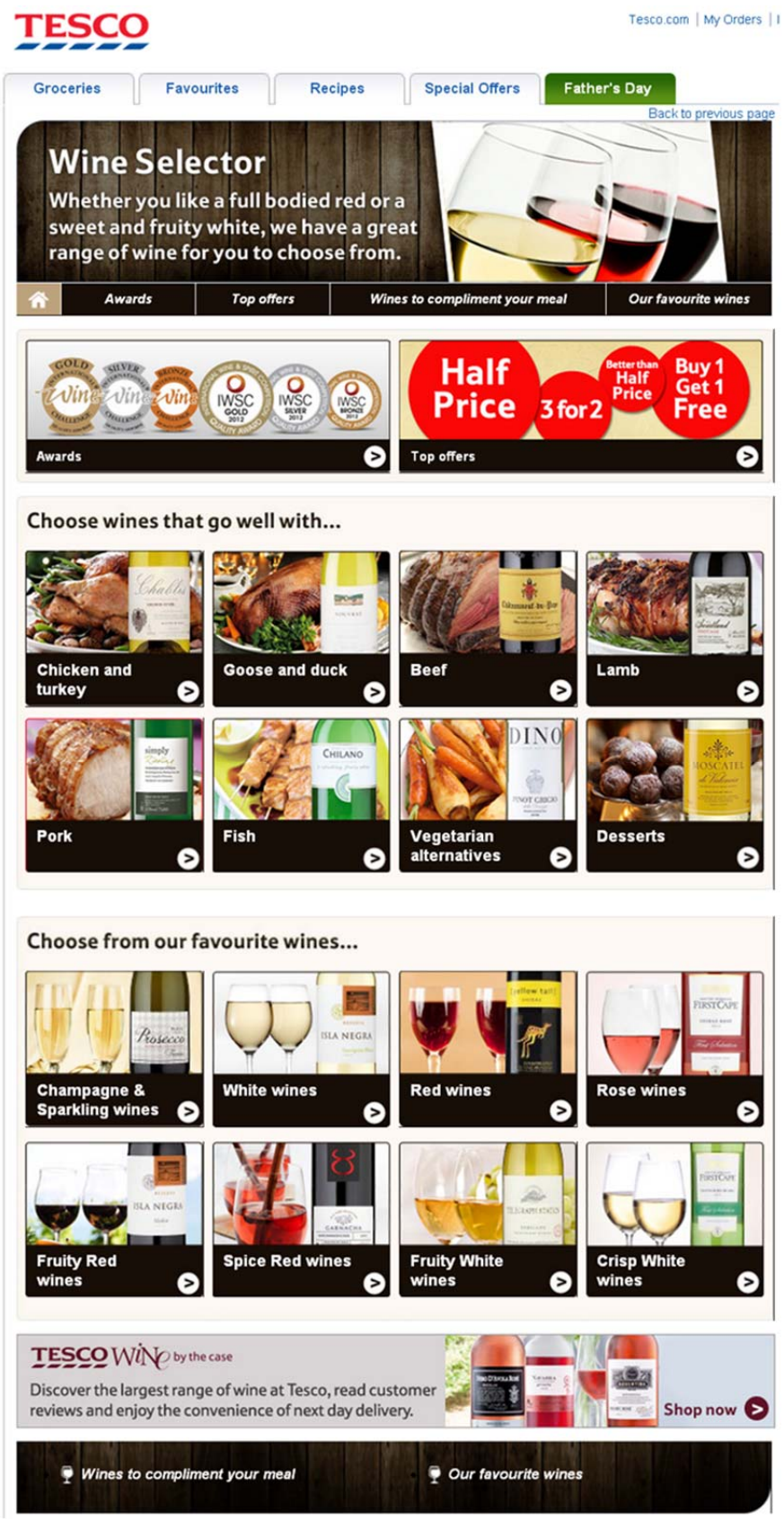
The Wine Society



Tanners

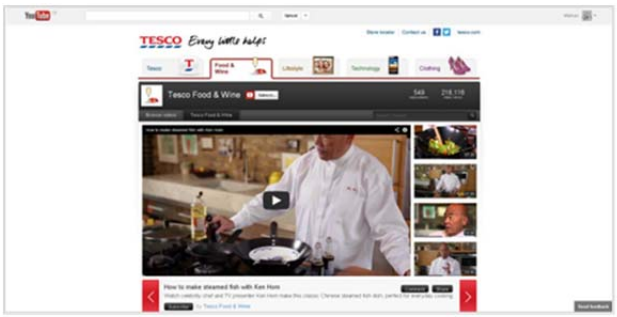

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bottle
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Staff Favour
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Baron de Beaupré Brut Champagne - Trio
Bodega Piedra Negra Malbec Alta Coleccion, Mendoza, Lurton - Half Dozen
Live Help

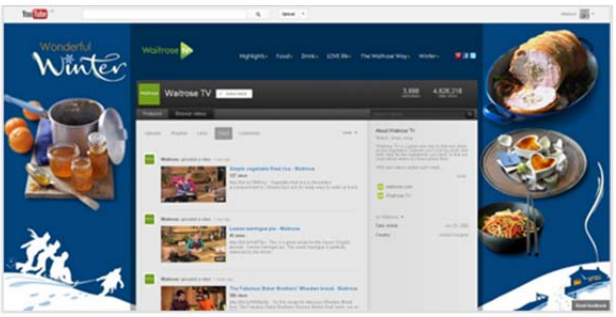
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Father's Day
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Top offers
Wines to compliment your meal
Our favourite wines
Awards
Half Price
3 for 2
Better than Half Price
Buy 1 Get 1 Free
Top offers
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Goose and duck
Beef
Lamb
Pork
Fish
Vegetarian alternatives
Desserts
Choose from our favourite wines...
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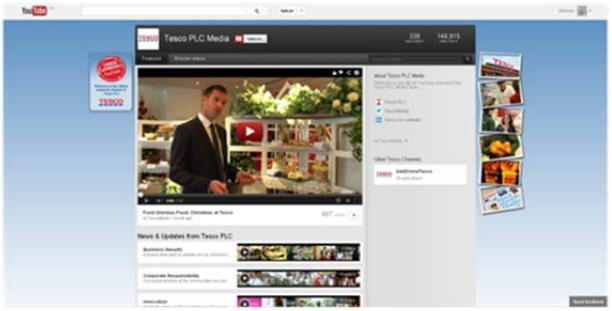
20. APPENDIX 12: EXAMPLES OF SOCIAL MEDIA APPLICATIONS

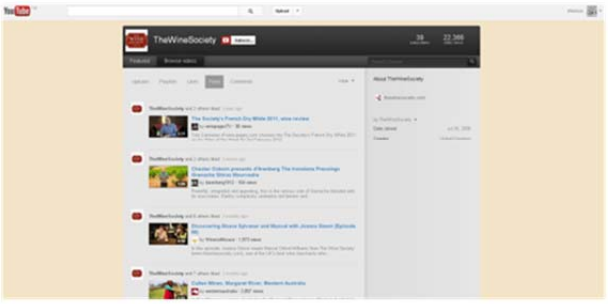
You Tube Examples



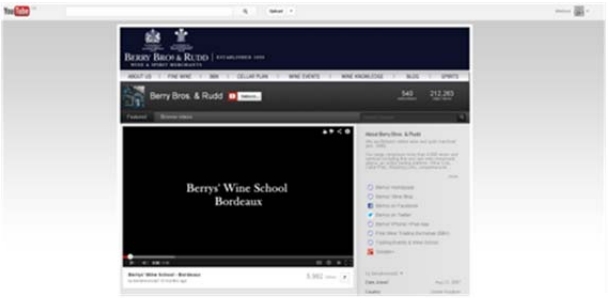
















Facebook Examples

















Twitter Examples













