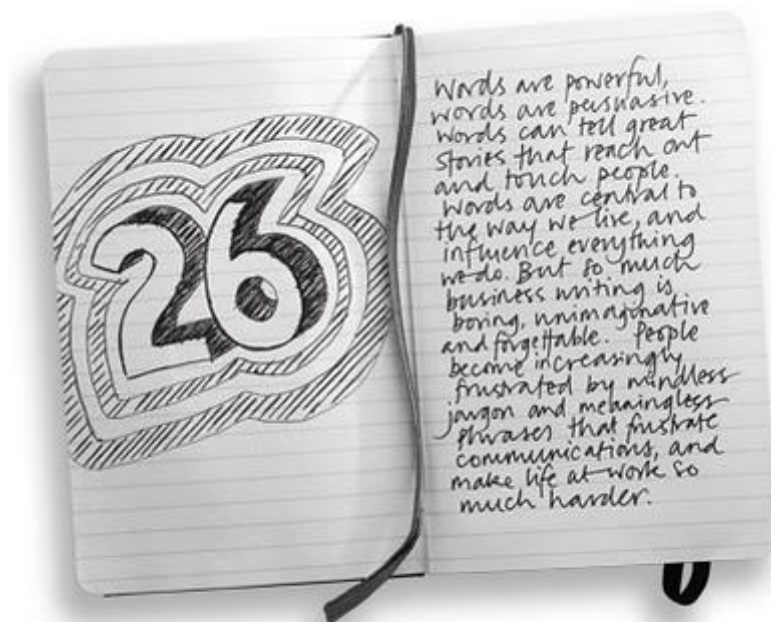


Wine Business Solutions



The Wine Paper 26

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Relaunching Brand Australia

Page 3 – Relaunching Brand Australia

Page 13 – Where to next?

Page 14 – The Top Ten Tips for Building a Better Wine Business

With the world's largest economies recovering, the currency finally moving in the right direction and the biggest wine media event ever staged in Australia - [Savour](#) - looming large, there is a once in a lifetime opportunity to relaunch the Australian wine brand globally.

This is critical to Australia's international reputation and also to Australia's position within the domestic market which, like all mature markets, has developed much more eclectic tastes during the last 5 years or so.

Wine Business Solutions clocked up 10 years in business in May. We could have thrown a party. Sorry to all our friends and supporters that this was not the first option chosen. We could have taken out advertising spreads in wine business mags. That idea didn't make the cut either. Instead, I chose to make a market visit to some of the world's leading wine regions, regional organisations, wine events and wine distributors.

Now I know what you're thinking. Wasn't this junket just a glorified holiday? Well I can't say it wasn't an enormous amount of fun but the primary purpose was to look at global best practice and to see what could be learnt in terms of helping clients hone more effective competitive strategies.

I chose France. Everyone has their own version of biggest, don't they? The Americans are always keenest to win that one. The Spaniards have more vineyard than anyone else. The Italians make more wine. French wine business, however, is worth 3 times as much as anyone else's. As our business is first and foremost about helping you make more money that, for me at least, easily trumps all.

I looked at four of their most important regions – Bordeaux, Champagne, The Loire and Alsace. I also visited the offices of Lanson International and Field Morris Verdon (Berry Bros and Rudd) in London.

Most importantly, I felt that it was high time to revisit Vinexpo and to see what the major players' competitive strategies at large events are. Australia and New Zealand have taken a 10 year hiatus from Vinexpo in Bordeaux. Could it be time to review?

My very firm opinion is "yes". Pro Wein is definitely the event at which to sell wine but Vinexpo is, without a doubt, the wine world's best networking event. It's relaxed, convivial, spacious and these days, extremely well organised. The entire wine world (except Australia and New Zealand of course) is there.



To visit Vinexpo, you have to walk a kilometre of red carpet to enter a hall a kilometre long. It now accommodates and feeds the 30,000 plus visitors with ease. De Bortoli was the region's sole representative this year. France had 52 catalogue pages of participants.

My first ever global wine fair was Wine Japan in 1992. Australia had just closed its Japan Office (yet again) after 8 years of making little headway. They had the worst position in the entire fair. Sadly, 20 plus years later, De Bortoli hadn't managed to improve upon that. It was not that De Bortoli didn't have a beautiful stand. What else can you expect the organisers to do with you when you have to stand alone?

At Wine Japan, a friend of mine by the name of Jacque Brigot had a business that represented 12 medium sized French family businesses, much like similar organisations in Australia and NZ, only he sold their wine commercially. He was smiling looking very pleased with himself. His stand was right next to the entrance to the fair. I asked him how it was that he achieved pole position. He said "Peter – For 13 years I have been standing here smiling and shaking hands. Now we sell wine."

South Africa had a strong presence at this Vinexpo. Four of their largest companies - DGB, KWV, Distell and Vinimark - all had stands along with a good selection of the better estates like De Wetshof.



Jacque Roux, the very charming and affable Marketing Director of DGB commented to me that they had seen distributors from all parts, including important emerging African markets that they would never see anywhere else. Better still, they had made significant on the spot sales which easily covered the cost of participation (for those that want to view these events in such a way).

Trying hardest to fill the gap left by Australia by spending more money and 'yelling louder' than anyone else were the South Americans. On the one hand, Europeans don't generally respond very well to that approach. On the other, South Americans as a group do trade shows worse than anyone else, in my view, as, once they have a meeting in play, everyone else tends to get ignored.

So, if you are going to 'do' a wine fair, if you believe as I do that they are vitally important in terms of your standing in the industry – what are the rules? Number One - Own the centre spot. How do you do that? Well it's all about power and influence, of course. When Freixenet bought Yvon Mau to create one of the world's ten largest wine companies, I questioned Pedro Ferrer's judgment in buying into the bottom end of Bordeaux right at the time when that business was coming under maximum pressure. What I hadn't seen was the tremendous possibility gained from owning the en Premiure and other high-end negociant business Yvon Mau controls. That really was a master stroke.

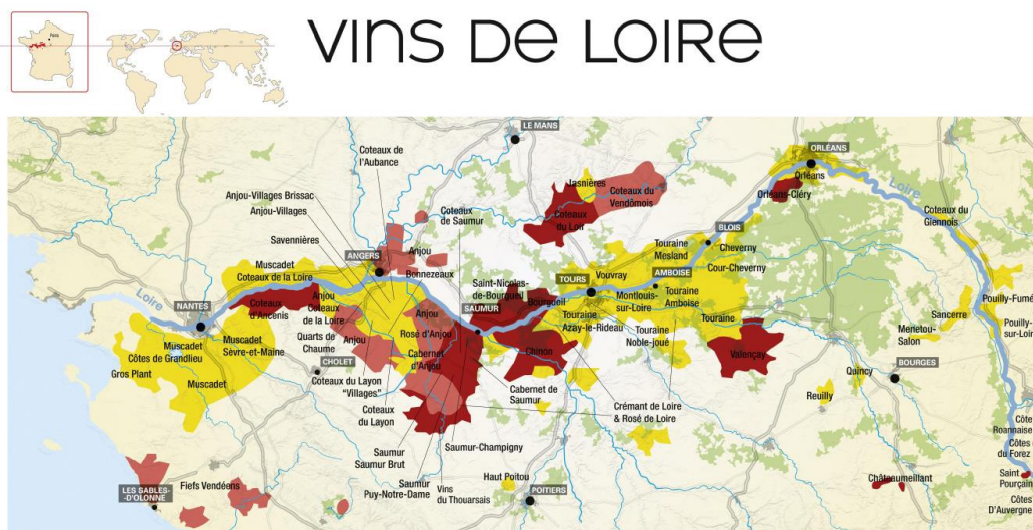
Whether you do it with money or patience and persuasion, once you hold the high ground, the key is to create a convivial atmosphere. This Freixenet are the absolute masters of. Make sure your stand has many access points. Have plenty of people watching everyone approaching and make sure everyone is immediately attended to. Create easy access to all parts of your offering and set that offer up as part of the entertainment rather than the usual, potentially dull, product demonstration. Then you will not only sell more wine but much more importantly, you'll create the sort of lasting favourable impression that can carry a brand for many a year.

What, for me, was the most single most inspiring exhibit of the fair? I would have to say [Totem wines](#). Laurent Frésard was a Burgundian winemaker. He moved to Ibiza and decided to make wines only from Monastrell grapes (Mourvedre). Not only did he take this radical step, he did all of his own design work as well. The wines are true to claim – balanced, finessed but most importantly, unique. It is the packaging, web site and brand concept where they have really excel. They provide a road map for Australian producers on many fronts – the importance of a focused approach, getting the brand concept and packaging right through reflecting the surroundings and history for dramatic effect, taking your brand to where the people are, making more elegant food friendly wine etc. They tick a huge number of boxes.

Lanson were also highly memorable for their strong presence around Bordeaux as much as the fair itself.



My next stop was the offices of the Vins de Loire. They have one of the most challenging jobs of any wine related regional organisation. As you can see, the regions they represent along the 1000 kilometres of the Loire River form a massively complicated whole.



So how do you sell all of that? A regional tasting centre is a feature that many French regions have. Vins de Loire's is right in the heaviest foot traffic zone of the old city of Tours. Here, you can walk in off the street and be expertly treated to a large selection of the wines. This is not to replace visiting the estates. This is to give you confidence that you understand broadly what is on offer, what the benchmarks are and what you can expect from each region. What I liked most is that they use pictures of the producers to make what might otherwise seem incomprehensible very much more approachable. Regional wine centres are not just great ways to showcase a region's wine, they can also be used to show off regional produce, to direct people to the best hospitality and to make better your visitors' overall experience.



Etienne-Arnaud Dopff and Anne Trimbach are each members of the 13th generation of their families continuously working in their wine businesses. You would therefore have to expect that they have learnt a thing or two by now.

The first point, once again, is focus. Alsace is living proof of its importance. By focusing on one idea (aromatic white wines) within the world's best wine brand (France), they have guaranteed continuity in the face of all the slings and arrows that the wine fashion world might throw their way.

The second is developing excellence in the field of brand ambassadorship. Who can speak with more passion, more conviction than someone born into the business and living amongst the vineyards? Etienne-Arnaud spent a vintage at McWilliams and is a great friend of Australia. We are working with many clients to facilitate this sort of networking. Nothing is more important, I believe, than the emerging generation of a wine business gaining an expanded understanding of their opportunity.

The third and final point is developing harmony with and becoming part of your environment. Town beautification is the central plank of French wine tourism investment. As they have the world's most visited country, you would have to conclude that it is working.





Above - Douff-au-Moulin's beautiful brand home. Below – Anne Trimbach presenting to North American journalists.



Then there is Champagne, the world's most successful regional wine brand. What can be learnt from what they're doing? It was put to me by a regional manager of a large champagne house that it was myth that the Champenoise were good at 'marketing'. "Really?" I hear you say. The French have a saying that, loosely translated, states that once you cross the line, there is no line. This certainly seems to be the case currently with Champagne. After centuries of carefully managing a fairly conservative image, a new, wildly innovative Champagne category now greets luxury goods shoppers the world over.

It is difficult to know what to think after an hour and a half tour of Bollinger, for example, discovering the great lengths they go to create their sensational, unique, highest quality product to then be asked to stick your head through a hole to be photographed as James Bond...

Likewise, when you view the presentation of Lanson's offer on the following page, it is clear that they have identified that they have at least two very different target audiences. Certainly Champagne tops the lot when it comes to packaging innovation. What the impact on long term brand health will be, we'll have to wait and see. Lanson's ['perfect serve' campaign](#) sponsoring Wimbledon is a great example, I think, of how to do classic sponsorship marketing. The price, image and prestige of Champagne are still the benchmark. There's a lot to be respected there.





- I have been asked to moderate the panel session on Direct-to-Customer at [Savour](#). In talking to a number of leading journalists as I made my way around the world this time, there is a great deal of excitement about this event. The line-up of international media and other gatekeepers attending is extremely impressive.
- We will shortly conduct the second round of our [Direct-to-Customer benchmarking](#) study across Australia, New Zealand and South Africa. All participants will again be able to purchase the report at a reduced price. We have streamlined the process further still so as to make it as painless as possible. We urge everyone to give this project your full support. It will provide valuable insight into this most profitable route to market.
- I will be speaking at the [Finlaysons Roadshow](#) again this year, this time on building a better direct to customer business. Now in its 21st year, we'll be visiting 9 regions of Australia during August.
- Our [Wine On-Premise Australia 2013](#) report was a massive success selling double the number of copies that we did last year. Now, almost every major Australian distributor and wine company buys the research.
- Wine On-Premise Canada 2013 is due for release very shortly. Our 2013 UK research is underway.
- It's not too late to register for our [NSW Workshop](#). Please contact me immediately if you wish to attend.
- A number of regions have asked me prepare tailored insights into their region's performance On-Premise. Please contact me if you would like this done for your region.
- The Austrian Wine Marketing Board has asked me to give a keynote presentation on national strategy. I will therefore be back in Europe in January. I have facilitated many such strategy sessions for organisations across the globe. Please let me know if I can help your organisation either with a presentation or tailored workshop session.
- Finally, a big thanks to all our friends and clients who have helped make Wine Business Solutions such a success over the last 10 years. There will, of course, be a celebratory glass of wine in due course. I look forward to seeing you then.

The “Top Ten Tips” for Building Better Wine Businesses.

(From a Wine Business Solutions article published in Wine Business Magazine)

One - Start by understanding your customer value proposition. Only part of this stems from your company's unique heritage and / or personality. To be successful, this needs to be strongly linked to what your customers ultimately want from the experience of your brands. There is some excellent research on this that is publicly available. Getting it right is therefore not out of the reach of small companies.

Two - Once you understand what customers value most, you can then remove what they don't want (thereby reducing costs and freeing up cash), focus your communication on what they do want (often at no additional cost), differentiate your company on the basis of fulfilling customer needs more accurately than any competitor (again often at no extra cost) and raise prices (because your offering is more highly valued)

Three - Always be asking the question – “If I could start with a blank canvas today – what would our wine business look like?” It's all too easy to let existing assets, existing product lines and existing ways of doing things blind us to what it is that our consumers value most. Often it's simplicity. Complexity usually adds to costs and often only serves to confuse customers. Retaining unnecessary or irrelevant product lines, assets or business processes is the worst contributor.

Four - Make everyone in the company accountable for securing customer preference. This is not just the job of marketing but of everyone in the company, the owner most particularly. Make this the focus of the way every employee innovates their job processes on a daily basis.

Five - Invest in relationships. This is particularly so with major distribution partners. Make sure sufficient time and money is invested before demanding results. Be prepared to invest up front in bringing them to your home base and entertaining them in order to build enduring friendships.

Six - Make all employees champions for profit. Develop a culture of honesty around net revenue. Make sure everyone knows the actual price achieved net of all discounts, rebates, bonus stock and anything else that might otherwise cloud the true profit picture. Keep them focused on reducing costs but let them know that a percentage increase in wine company revenue is, on average, twice as effective as the same percentage decrease in the cost of goods sold and 3-4 times as effective as the same percentage saving in operating expenses.

Seven - Optimise your pricing mix. Focus first on selling more, higher margin product in high value markets to high value customers. Beware of people in love with “big volume”. Big numbers make for big stories but often mean a lot of running around for no additional profit.

Eight - Build better business intelligence gathering systems – most companies are good at monitoring their own press. Very few have effective systems in place to monitor competitors, track changes in consumer preferences and turn customer feedback into customer value added.

Nine - Build 5-10 year Strategic Plans, forecast rolling 12 month budgets, link them to the most relevant KPIs and tie remuneration to these wherever possible. Everybody knows they should do this. Few do. The difference in the performance of companies that do is enormous.

Ten - Watch your cashflow – building a cashflow forecast is a relatively easy exercise with the right software and some quality assistance. Some people survive years of losses but you can only run out of cash once. In a cash hungry business like wine – Cashflow is not just King but Oxygen.