

Wine Business Solutions



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# **The Wine Paper 13**

**Wine Marketing Australasia 2010**

**Day 2**

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**Page 3** – Selling to Supermarkets

**Page 5** – Bud Naked Innovation

**Page 7** – Social Media – Getting the team involved

**Page 8** – Stepping out in the conversation age

**Page 9** – Attack of the Quoff Boys

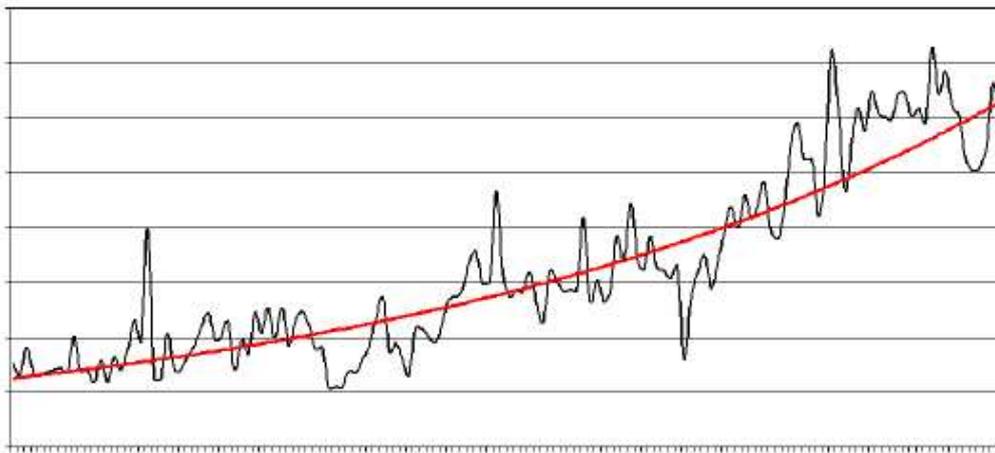
**Page 11** – PR - How to Influence the Influencers

**Page 12** – Advertising – Giving your brand new life

Grant Ramage (GM of Liquor Merchandising and Marketing at Coles) got our attention early in his presentation by stating that he didn't appreciate being portrayed by the Winemakers Federation and others as "some sort of parasite on the industry". Grant said he thinks that Coles is a pretty good partner for wine suppliers.

He then, of course, went on to talk about examples of successful partnerships using Robinsons (a Marlborough Sauvignon Blanc label they inherited from Theos) as an example. He spoke of his determination to cut "lazy distributors" out of the picture.

### Growth of Exclusives



- Large and growing range
- Positive consumer response
- Strong growth with much more to come

**coles**  
liquor

I challenged him pointing out that own label seems to always reach a tipping point whereafter its share gets eroded due to customers preferring supplier brands. I cited the UK, where the share of own label wine has been in decline for years, as an example. He countered (and makes a pretty good point, I think) that in the UK, own labels are typically branded "Marks and Spencers' this" and "Tesco's that" where in Australia, ownership of Coles own brands stays hidden. Can Coles marketing department compete with Fosters? I guess we'll see.

Grant's view of the key differentiators and the likelihood of being able to leverage them effectively are as follows:

- Price/ Value - **Almost impossible**
- Quality - **Everyone thinks they can**
- Packaging - **Still possible – embellish tastefully**
- Flavour Profile - **Difficult to do**
- Grape Varieties/Blends - **A world of possibilities**
- Marketing - **Professional approach required**
- Heritage/Provenance - **You've either got it or you haven't**
- Other attributes - **lifestyle, environmental, low carb, low/ no preservative, organic, BD**
- Endorsements, Associations

He then provided us with his assessment of how various successful brands had used those differentiators.

## Successful Brands

Brand	Price/ Value	Qual -ity	Packaging	Flavour Profile	Grape Var/ Blend	Mktg	Heritage/ Provenance	Other Attributes	Endorsements/ Assoc's
Cleanskins	X		X						
Brown Brothers				X	X	X	X		X
Cloudy Bay		X	X	X		X			
Cullen		X		X				X	X
d'Arenberg		X	X		X	X	X		X
Dom. Chandon		X				X			X
Jacob's Creek	X	X				X	X		
McWilliams	X						X		X
Penfolds		X	X			X	X		X
Robinsons	X		X					X	
Wynn's	X	X					X		

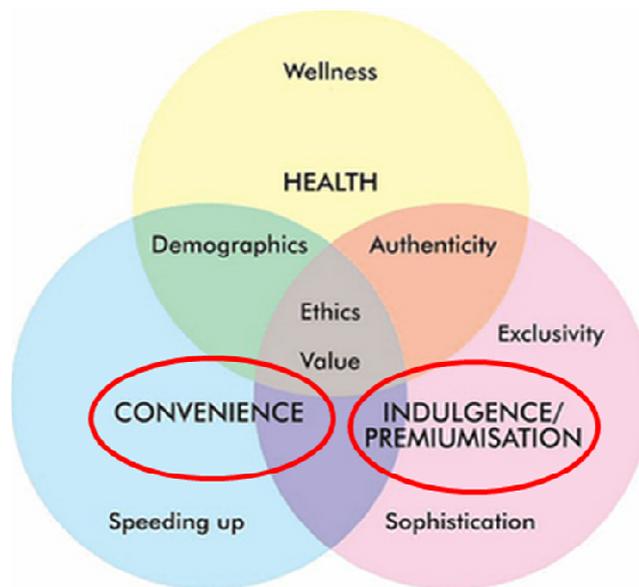
**coles**  
liquor

So if supermarkets are our good friends and partners then having the conversation with them about developing an own label should be a pleasant experience for quality suppliers, right? Certainly it always is with Grant, a true Scottish gentleman if ever there was one. A client who is one of the largest of their type in Australia had that discussion this week with one of Grant's colleagues and got told that they would need to undercut everything from that region and fund everything themselves. I'm not sure how that helps anyone especially existing suppliers. Perhaps there is a reason for the WFA's venom...

## BUD NAKED INNOVATION

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Next to present was Constellation's David Evans who very humbly told us of his incredible journey to commercialising one of the few true wine innovations in the last ten years – Bud Naked. It started with a bit of trend analysis. Information provided by the AWBC was helpful here.



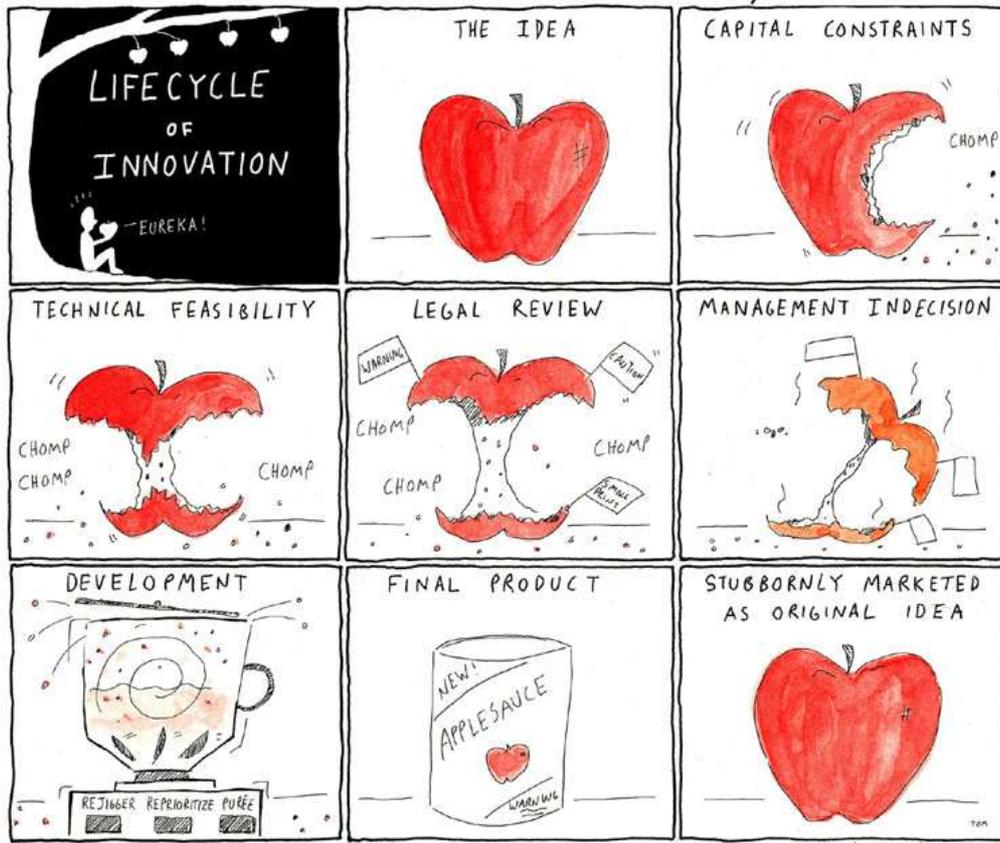
That was then followed by a bit of good old fashion R & D (rob and duplicate.) South Africa's The Company of Wine People first commercialised the packaging using their Arniston Bay brand



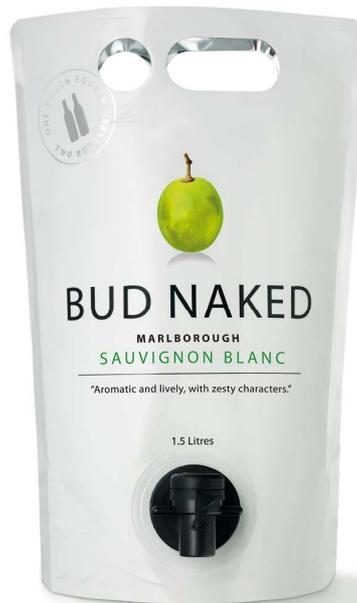
David then neatly summed up the commercialisation process for us...

### BRAND CAMP

by Tom Fishburne



The real genius, I believe and as is so often the case, was in execution. The clean new look of the Bud Naked packaging was revolutionary and gave it extraordinary standout appeal.



The big question for Constellation now is where does it go? It's too good for the cask isle and it is not a bottle. I know what my answer would be if I was Constellation's sales director – "Stacked sky high on every isle end!" Hanger hooks would also solve the problem of keeping the packaging in shape. I'm sure they'll figure it out and I'm equally sure there is more where that came from.

Yalumba's "quiet American", the charming Tony Bogar then gave us an excellent presentation of managing social media from a corporate perspective. I'm sure you all remember intranets and the reasons why they failed. So just how do you get your team constructively involved in building your brand online?

Starting with how they manage their blog, he said that the conversation was primarily aimed at the trade, and that it is most active when their "resident story teller" Jane Ferrari is on tour. Consumers came on board later. Tony said that the exercise generated excitement with readers AND with bloggers



### Wollongong Serves Up a Top 10 Pairing

May 17, 2010 · [Leave a Comment](#)

5:12pm, Monday May 17th, Kent St internet cafe, Sydney, NSW, Australia

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He said that they had had a Facebook page for years but that it was inactive. Now they have 1200 fans. Like most of us, he said that getting the most out of it really relies upon others helping to add content and keep him informed about events etc.

Tony says that he prefers Twitter because he can reply to people's likes and dislikes, pass along compliments, suggest another wine to try. He says that when he asks winemakers for help they seem to enjoy the 'brevity challenge'.

As to how to keep people posting, he says that it is easier if it becomes a weekly routine for key staff members. It is important for engagement on both sides that they use their own voice / personality and sign off as such.

Summing up he said that you should start by yourself, show the usefulness of it, recruit others from various aspects of the business, use common sense, organise (but not too much) and above all else - have fun.

With over 10,000 Twitter fans, a small winery in the Barossa by the name of Teusner has been the most successful in Australia at building a community of followers. How did they do that? David Brooks is an unassuming fellow but a real dynamo beneath a calm façade. He says he bases much of his philosophy on a work entitled *The Cluetrain Manifesto* which is a bit of a call to arms for businesses operating in a 'newly-connected marketplace'. Ideas he particularly likes are as follows:

Markets are conversations. Markets consist of human beings not demographic sectors. Conversations among humans *sound* human. The internet is enabling conversations among human beings that were not possible in the era of mass media. Markets are getting smarter, more informed & more organised. People in networked markets have figured out they get far better information and support from each other than from vendors. Corporations (generally) do not speak in the same voice as these new networked markets. Smart markets will find suppliers who speak their own language.

I can relate to the last point having just been sent a video of a very prominent wine identity 'selling' some of their wine (selling being that activity that when it is done on you, you pray it will stop).

How do you do it? According to Dave you should;

Determine the identity, character, and personality of the brand and match it to the persona of the individuals representing it online. Be honest and transparent. Don't try to sell. Become a true participant in each community. Establish a point of contact who is ultimately responsible for identifying, trafficking, or responding to all things that can affect brand perception. Draft and implement a social media policy. Deal seriously with the serious matters, gracefully with the lighter ones. Engage and connect often. Add valuable content. Become a resource.

Everyone was following along enthusiastically right up until the point when he was asked how many times a day he would send something out. His answer was between 10-20 individual communications. He also pointed out however, that this typically only takes him around an hour per day.

Dave then went on to talk us through a whole raft of social media management tools. By this point, I guess most people were starting to question the amount of IP that was being given out. I don't think that he is going to be too worried about that somehow as by the time most people are on top of all of this, he'll be well on his way to somewhere else....

## ATTACK OF THE QUOFF BOYS

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If you haven't watched Quoff TV yet, you really must. <http://www.qwoff.com/index.cfm> These guys have taken developing content for social media to a whole new level having created something more akin to a regular TV program than the dry discussion about a bottle of wine around which most industry video content is shot.

Importantly, they bring the sort of energy levels to the wine arena that are desperately needed right now. And they provide us with a pretty good example of what a well function web site really should look like.

As you would expect, they also provided some sage advice in terms of how to set up your social media presence. The first message was that we can't afford to ignore Facebook any more. 400 Million users can't be wrong. There are 8.6 Million Facebook addicts in Australia alone who spend an average of 6.7 hours a month interacting with social media - the highest usage in the world.

It's not a kid toy anymore either the demographics are well skewed towards the average profile of wine drinkers:

25-34: 32%

35-44: 32%

45-54: 15%

18-24: 7%

As it is about dialogue then the same rules apply. You can't just talk about yourself. You must interact rather than 'spruke at the party'. You have to do a lot of listening first before attempting to sell and if you have done your job correctly, they should be asking you how to buy.



Andre Eikmeier and Justin Dry (The Quoff Boys) then set out some basic rules for getting it all going

1. Start with who am I, what do I want? They make the point that people don't buy WHAT you do, they buy WHY you do it.
2. Who's your voice? Very important question. There are some who outsource to agencies, some who have marketing managers doing it for them but nothing beats doing it yourself.
3. Choose you platforms – all seem to agree that Facebook and Twitter are the winners at this point. I also like Linked in. If it recommends three people I generally already know two of them and should know the third. Its 'Grab' feature is also brilliant for collecting contacts and saves a lot of time.
4. Establish your presence. For a lot of people, this is the hard bit - Making sure that you are comfortable with it before telling the world. *(Note - I still have work to do there myself but it is top of the list).*
5. Promote your social media presence, your website email signature, bottle labels and cellar door all provide opportunities.
6. Start your tribe. You can start with staff, friends and family and promote to your mailing list.
7. Most important of all is content. Social media is not a strategy. It is a conveyance for communication.
8. You can then build your tribe by joining groups and communities. You need to contribute to have influence.
9. Then and only then might you begin to soft sell. It needs to be transparent.
10. You guessed it – repeat 7-9.

Well good on you Quoff Boys, I say.

I hope that the TV deal does come off because the hard work really does deserve a result.

\*\* After three great presentations on social media, why am I sending you this in \*.pdf?

I'm betting that this is still the way you prefer to receive this type of information.

If I'm wrong, please let me know.

Back to the old school now. Stuart Gregor who is Australia's best wine PR guy (if James Halliday says so then it must be true) gave us a brilliant summary of why PR is still important and how to do it properly.

But he didn't leave it at that. He served it up to the new media people and to advertising who were on next as well. Without any beg your pardons, he posed the question "HALLIDAY VS EIKMEIER – MANO E MANO...Who wins?"



And a good question it was too at that stage of the afternoon. Stuart made the point that, regardless of whether you are working with old or new media, these same basic rules apply.

1. Know what they do and who their audience is
2. Spell their name right and get the address right
3. Put the price, availability and contact details on the bottle
4. Write a short, relevant release
5. Be polite not pushy
6. Understand timing... i.e. It could be 2-3 months before a wine gets tasted and another 2-3 months before it gets reviewed. Ringing the writer to ask how it's going is unlikely to get you a good response.

He then made 9 (yes 9 and not 10) recommendations on how to love the media and get them to love you back.

- Get to know them, take the trouble to meet them.
- Believe that most of them are okay.
- Don't BS them, don't make stuff up and don't pester them when you really have nothing much to say.
- And don't expect them (in most circumstances at least) to simply re-write your press release.

- Remember if you want certainty buy an ad.
- Make great wine with a reason and be realistic with pricing
- Get out and about – know what’s going on
- Make their life EASIER not more difficult
- Be different, be better

He made us laugh loud and often with comments like “If you are one of the six winemakers in Australia who can present then by all means do it. If your winemaker looks like they are being shot with a nail gun and c#%ps themselves at the thought of confronting 20 people and talking wine then...)

I think this is true for many of the critical strategic questions I get asked - ‘Should I have my own sales team?’ for example. Yes, if you are a brilliant Sales Manger with great people skills and pretty handy selling skills yourself. Otherwise, there are people who make a living doing this.

He then offers some excellent advice on how to choose PR people.

- Before engaging a PR specialist, do your homework.
- Check out their website, their credentials, ask to see some recent work.
- Ask the media what PRs they respect, which ones bother them least, which ones appear to know what they are talking about. Which ones get results.
- Be realistic. You’re not going to be on the cover of TIME or leading the nightly news bulletin ...unless . . .

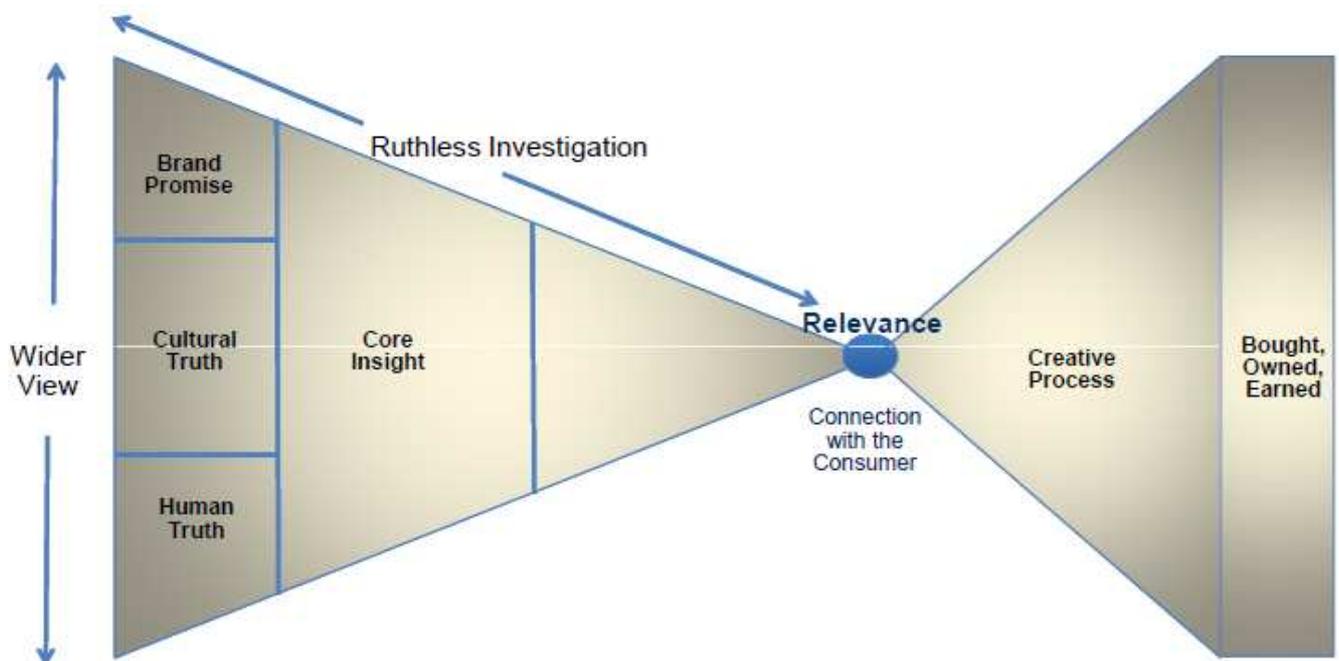
I’m often asked that myself, particularly by clients in NSW. Winestream do a good job and I understand the David Cummings works hard for people in the Central West though I haven’t worked directly with him yet. If I’ve missed someone really good in your region, please let me know.



Last and absolutely not least, Nicole Taylor who is Managing Partner at George Patterson Y & R gave us a presentation that was more like a rich feast than a series of PowerPoints.

Nicole believes that best ideas come about when you succeed in making a connection between a brand promise, a broader cultural truth and a deeper human truth. i.e. - creating relevance of you brand to people in the **real world**.

She insists that a brand can only be relevant if it is capable of both understanding and shaping the context (both within and outside the category) in which it exists.



She used, amongst a number of others, the Johnnie Walker ‘corporate video’ which, if you haven’t seen it, has to be the best booze ads ever made. Over half a million people have watched it on UTube alone.

<http://www.youtube.com/watch?v=MnSlp76CvUI>

In the Johnnie Walker example, she talked through how in 1999 the whisky producer had a red alert: sales and market share were dropping and the brand was in danger of turning into disparate collection of products and communications. Through the rebirth of an icon – the striding man - a universal, motivating insight for men was used to reposition the brand.

And then that was it. Wine Marketing Australasia was wrapped up for another year. Hopefully we’ll see you there next year.

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

*(From 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 where ever possible. Everybody knows they should do this. Few do. The difference in 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.