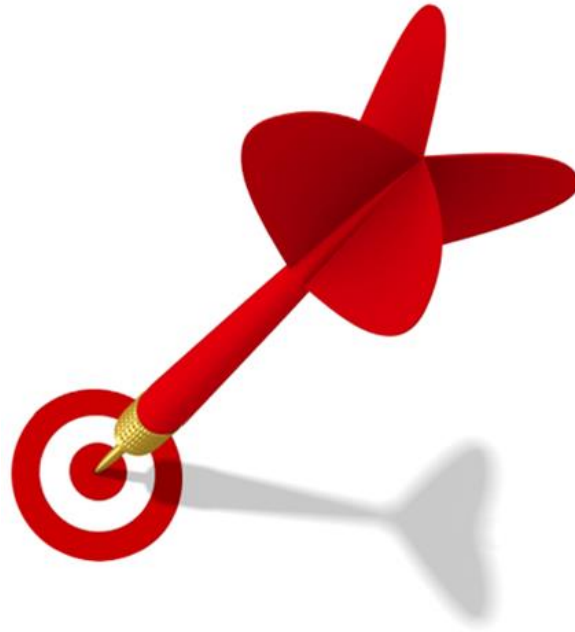


Wine Business Solutions



The Wine Paper 76

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Your Brand's Bullseye

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I was driving to the Great Southern. “Where?”, you ask. That enigmatic part of Australia that not only embraces isolation but celebrates it, that far southwestern corner of this big brown land. You know isolation when you don't see another car for two hours straight. You feel it when the only ‘working phone’ in the town doesn't work and when the only hope for finding your client is to keep driving around their property.

Driving from the Great Southern to the big smoke (Perth) is an ideal moment, as you can now perhaps better imagine, for my clients who are based there to ponder the big questions. One such client rings me. He has heard about something called a ‘brand bullseye’ from one of my other clients. “What is it and how do I get one?” he asks. Not my idea, I should confess, but I like it and it is worthy of some serious thought.

Upon much reflection, I believe it is your:

I. **Target Audience** defined.

I am about to hit the road for the third and almost certainly last time on the Finlaysons Roadshow. Ten destinations covering all of Australia's major wine-producing regions in just a couple of weeks. It's hectic.

For those outside of Australia, the [Finlaysons Roadshow](#) is unique. Rather than being an industry briefing that a service firm sponsors, Finlaysons' Chair of Partners, Will Taylor, is so deeply immersed that he even owns his own small-scale wine business. This is now the 32nd year that he's done this. Makes me feel tired.

Rather than simply speaking the sponsors' required bit, Will is the reason most people go and must go. Wine Australia and Australian Grape and Wine (Australia's peak bodies) tag along and there is always some light relief which, I guess, is where I come.

This year, however, the question is deadly serious. ‘Who is the next consumer for Australian wine and how do we attract them?’ I always get nervous when people start talking about ‘attracting’ the consumer. It makes me think of George Orwell describing advertising as rattling the stick in the swill bucket (so that the pigs will come). I also worry that asking questions about the ‘next consumer’ assumes that we are doing such a fantastic job with the ones we potentially have now.

Those of you who regularly read this Paper will know my theory of market evolution. Right now, all advantage is falling to brands and regions that have established genuine pedigree. That is why France is winning in the On-Premise globally. How do we challenge that? I have some ideas. You'll have to join us.

2. **Brand's Story** (why you do what you do)

YouTube and other platforms are full of motivational stuff referencing 'finding your 'why'? This is important but needs to be considered in the context of what your target audience wants most from the experience of your brand.

It can't be you talking about yourself. Australians are pretty good at that and were broadly encouraged to by one former peak body marketing manager who had winemakers talking about cricket, surfing, and all things irrelevant to people looking to fall in love with Australian wine. Strangely, they didn't sell any more of it. You don't hear people saying "Hallo. We are German. We are awesome people. Really. Buy our automobiles." And yet Australia persists with this naïve approach at the regional and national level today.

Some of our clients do get it. When Vasse Felix asked its team about what they thought their story was, they weren't clear about it initially. They then realised that the best claim they could make was owning the first vineyards planted in Margaret River. Talk about a way to establish 'pedigree'...

I was speaking to another Margaret River client recently. (By now it feels like I have worked with everyone in Margaret River. All are a joy). I ask them – "Your vineyards loom large in your branding. How old are those vineyards?" "Around 1.6 Billion years" was the answer. Now we're talking. Others may lay claim to having 'seriously old dirt', but this is something else.

Having soils that resemble more a fossil of a soil than an actual soil, from a composition perspective, doesn't automatically mean great winemaking potential, of course. There are a few other ingredients that lead to Willyabrup being one of the best places on earth to grow Cabernet and Chardonnay. But it's a good start.

It then follows, naturally, that the first thing people see when they enter the tasting room is core samples from that vineyard explaining the 1.6 Billion year journey, why that makes the grapes better, why the wine is the best, and how that will make their life better. Features, attributes, benefits. Dirt alone won't do it.

Going back to Vasse Felix, realising their clear advantage, they then built that into every aspect of what they do. They even managed to get the name of the road that runs past their front gate changed to Tom Cullity Drive, honouring the man who planted those first vineyards.

What Vasse Felix do better than just about anyone, however, is take people to their place, engage with them, entertain them, connect with them emotionally, get them excited and have them walk away evangelising for the brand. That is the real secret, not just to 'attract' any customer but to building a brand.

3. **Vision** (for the future maybe 40 years out),

There will, no doubt be people out there annoyed by the idea of planning 40 years out. Anyone who has put together a 5-year financial model will know that years 4 and 5 have little to no real certainty attached. And even when you model for a 20% drop in production at some point, frost and hail come along and wipe out an entire vintage dashing all your carefully thought-through plans and hopes for the future.

So, why undertake this long-term planning? You won't find a better case for it than the bottom end of Australian winemaking. AVL, most of Accolade, all of Pernod and Treasury Premium Wine Brands (i.e. not Penfolds or some of their North American Business) haven't changed their business model or thinking since the 1990s. Now, all that is coming home to roost. Constellation, conversely, started teeing up investors re jettisoning everything under \$15 from about 2017 onwards. Over 30 million cases got shunted on to Gallo.

The commercial part of Australian wine production started failing around 2003 when those businesses ignored that women were taking over the supermarket buying role. Australia did not have a Marlborough Sauvignon Blanc (well, Pernod did but managed that opportunity poorly), and they did not have a Prosecco, a Pinot Grigio or a Provençale Rose etc. You can't win if you don't have a horse in the race. I remember performing an analysis for a leading Australian winemaker that showed that, beyond doubt, his best and most profitable way forward was pink fizz. He responded - "I'd rather wear pink pants".

There was another chance in the early 2010s when the centre of gravity in the global wine market moved upward again to that consumer who was confidently associating region with wine style with 'best'. Argentinian Malbec, Austrian Gruner Veltliner, and Galician Albariño are all great examples of styles that couldn't possibly have succeeded the way they did 10 years earlier but drive their country's success today.

Similarly, when I asked a group of South Australian winemakers, only 10 year ago, what Chianti, Southern Rhone wines and Rioja had in common they jested – "They're big" When I said "no", they said, "Well, they're wussy then." Suddenly it was 1986 and I was back in Roseworthy again. Italy then drove a semitrailer through that opportunity and quadrupled its listings on Australian wine lists in just the next 10 years.

That insistence by Australia's largest producers on not moving away from the 1990s French varietal-driven, non-regional chocolate box is what has our poor grape growers in inland areas in such terrible strife now. Not the failure in the UK, the US and China. That is just the symptom of inflexibility and refusal to evolve. If you want to succeed in the wine world in 40 years' time, then you need to do as Vasse Felix, Shaw and Smith, Craggy Range and other world-class clients have done. You need to start with the question "What is the best thing we can do here forever and how do we do that better than anyone on earth?"

4. **Values** (your values speaking to their values),

With ESG requirements weighing heavily on everyone with an ownership or board role, it's easy to get tripped up on making your day-to-day effort about ticking boxes. Being sustainable, environmentally friendly, carbon neutral, biodiverse, and just plain diverse. Being a model employer and corporate citizen. It's massive.

And yet none of this is why people buy your wine. It's critical, yes. But it's not why people buy. It's assurance. Sort of like when the shop assistant tells you how that shirt takes 10 kilos off and makes you look 10 years younger. Hopefully, however, delivered with more authenticity and integrity in your business.

Speaking of speaking to your intended customer's values, authenticity itself is right at the top of the tree. Quoting Felton Road's Nigel Greening – “You have to start by considering, very carefully, the concepts of honesty and the way they fit into authenticity. You cannot be authentic and succeed in authenticity if you aren't fundamentally honest in the way that you create and present your product. Something like good, fine wine has to be about the truth”. In *Vino Veritas* indeed. This from a former advertising agency owner.

This is the problem. Too many people think that marketing is some sort of magic BS dust that you sprinkle over your brand. Those rare people who actually get marketing know it is about the truth.

Too often we start with the wrong question – “How do we make ourselves more ‘attractive’ to our consumers?” when consumers should already have every reason to be attracted to wine. It's been making mealtime more enjoyable for 8000 years. Why are we doubting ourselves now?

The Harvard Business Review had it right when they said that wine is like Apple computers. The customer can't necessarily tell you what they want so give them the best that you possibly can.

Australia has always failed when it has done the opposite. I remember one winemaker saying to me that if Americans like [yellow tail] at one end and Parker wines at the other then all Americans must be idiots. When Americans got wind of that, when they tasted that wine, it inspired the sort of hate that is generational that Australia is only recovering from now.

Honesty and authenticity start with respect. Respect for the land. Respect for its fruit. Respect for that fruit's integrity expressed in winemaking. Respect for all those who work with it and drink it. The best of our clients, such as Creation Wines in South Africa for example, lead by taking the whole country along with it from funding primary school kids, to getting them involved in the nursery, to work exchange with world-class restaurants and cellar doors, to fully realised sustainability. Their wines are pretty good too.

5. **Brand's Positioning** (what you do to support how you want to be perceived)

When Creation's Carolyn Martin visited one South Australian region recently, the head of the regional organisation told her that her approach was "too pretentious to work here".

Who exactly does that guy who is walking around Prowein with an Akubra hat with cow shit on it think he is impressing? German fine wine buyers? And why were Prowein participants peering out through Chep pallets (Australian for stacking wine on) only recently? And what do you think a Chinese person thinks when he sees hands covered in dirt holding grapes in marketing communications? A peasant made my wine?

Wine is an aspirational product. The best thing that we have to offer is entree into a better way to live. The industry's greatest gift is to show people how to use their senses to better enjoy food, wine, and the shared experience thereof. And I use that sequence deliberately.

The Georgians even have an expression for that shared experience: - Tamada – which means 'the art of sharing emotion'. It's the realisation, deep-rooted in their culture, that the other incredibly powerful thing that we own is the shared table, the joy of other people's company. They've had 8000 years of practice.

Now I do, of course, get pushback against that idea. It's said that people are too busy today, that they won't sit down together. When I grew up, it was 'keep your arms and legs away from the table lest you lose one'. Gobble and go in under two minutes so that we could get back in front of our screen.

Sharing a house at uni., having to properly turn up when it was your turn to cook, all sitting down together, all sharing our day, all enjoying wine together was like someone had given me a passport to the middle class.

When I think about how I then went out, with zero training, to sell wine to grumpy, old, failed men in bottle shops, I at first think that I must have been totally insane. I, arguably, was. Where did that motivation come from? It came from my unbridled joy at being shown how to live. You don't have to wait for heaven for your reward, I discovered, when there is great food, great wine and great company to be had every day.

So why are we not active in catering schools? Australia did not invent MasterChef but we own the idea. Where is the MasterChef wine pairing challenge? Where is the idea of an Australian cuisine? Jancis Robinson still references 'Pacific Rim Cuisine', God bless her, but there hasn't been a singular idea of what Australian food is since Neil Perry first tied his hair in a ponytail. When we are doing what we do well, the world is watching. Austria has six people talking to sommeliers in all parts of the world each evening. We must too.

6. **Category Membership** (who you are and who you compete with)

If trying to sell wine to grumpy old men in bottle shops was hard, surely the toughest challenge on earth (with the possible exception of selling Burgundy to the Bordelaise) was trying to sell imported wine in Australia in the 1990s. Positioning Freixenet against market leaders, rather than as imported wine, worked.

After a brief stint working with Australian family wine companies, I realised that if I was to achieve the best I could from my life working with wine, I needed a broadened perspective. Winemakers do overseas vintages. I've spent my whole working life since the late 1980's working in international business.

That's taken me to every major wine-producing country except Romania, Russia and the Ukraine. I did drive past a sign not so long ago that said 'Odessa 20 kms.' It might be a while before I take that right turn...

What strikes me is that everywhere in the world, wine tastes like wine. Everywhere that is, except what some South Australian and Californian winemakers did to wine in the 1990s. Whilst Penfolds, [yellow tail], The Mollydooker, 19 Crimes, etc have every right to do what they do, Australia can't be defined by industrial winemaking. Australia must join and be seen to be joining the world of wine.

The only way to do that is to lead with the most authentic expressions of the best wine made in the best regions. Sounds obvious but it is still a long way from happening. Clare Valley Riesling is, so far this decade, the only wine style linked to a region that has forward momentum. Perfectly made, perfectly ripe, perfectly balanced, appropriately alcoholic Grenache, Syrah and blends thereof is where we need to be aiming. Old vines, reduced irrigation, and reduced crop rates are pathways even for traditional commercial vineyards.

If you want to compete in wine, then you have to turn up with wine. You can not win by putting something else in lighter-weight packaging or in a can, with a prettier label, backed by a celebrity and done environmentally friendly, carrying a no / low message and hope to win.

And you have to know who to influence. There will be those that are asking – “what about all those international show awards?” These are not unimportant but key journalists and bloggers are more so. These all pale in comparison to On-Premise gatekeepers. Wine companies no longer control wine lists globally. People who care about what happens when your product and their food collide do.

All our efforts at cellar door, towards the trade and through the media ought to be aligned with showing people where Australian wine fits into the occasion where 93% of wine is consumed - at the shared table. That part of the industry that sells wine for more than \$15 is still growing. This is the driver of that.

7. **Points of Difference** (what makes you distinctive)

It's said that being different isn't enough. At a minimum, being distinctive in ways that add significant value to your customer's lives is what is required. So, what is distinctive about Australia and Australian wine at its best? We've covered our most ancient of lands already. We cringe, however, whenever someone mentions the 'sunshine in a bottle' idea.

I think that needs to be seen in reverse. One of the saddest things I've seen in wine was the gathering of Cahors winemakers around the Argentinian stand at VinExpo when Argentina was first ascendant. It was like they'd camped around the South Americans hoping some of the 'Malbec magic' would rub off on them.

Speaking to Cahors winemakers, they envied Argentina's (and Australia's) ability to consistently get their fruit ripe. Now it's not like they don't make big wines in Cahors. But hard tannins and underripe fruit from a wet year do not a thing of beauty make.

Argentina had luck that Australia did not. But it wasn't just luck where either country was concerned. When the anti-Parker blowback struck, they were already heading up the mountain. They were replanting at altitude, in other words. This has always been what Australia needed to do – leverage either latitude or altitude to moderate the worst of the sun. Either that or plant varieties more suited to a hotter climate.

When I travel around regions like Margaret River today and I taste wine in barrel targeting the \$150-250 per bottle price point, then the value of being able to get fruit to exactly the right place, that fictionalised 'perfect glass of wine', is breathtaking. There are winemakers, like Alkina, achieving this via viticulture in the Barossa, like Yangarra via elevation and soil in Blewitt Springs and, via latitude like the best in Franklin River.

The gap between what America believe about Australian wine and what it is today is perhaps the biggest opportunity in the wine world. But Australia and Shiraz continue to drop like a lead sausage in international markets, not because of what these wines now are but because of larger Australian wine businesses continuing to shove industrial-grade products into channels where it shouldn't go.

The other idea that is gaining momentum is that Australia is a country that is wild and free, where we don't have rules and we experiment a lot. I shocked myself recently. I was doing my annual tax audit making notes on the wines that I had drunk in the last year for 'educational purposes'. I found that, for the first time, I didn't remember some of the wines. This wasn't my Joe Biden moment. It was because I had deferred my wine selection to my favourite retailer. He'd shown those anything from anywhere wines. Instantly forgettable. This is not how people learn wine. They learn region, they learn style, then they learn producer.

8. **Offer** (how people encounter your brand)

So – what would Australia's best foot forward look like?

So often I've seen wine countries miss golden opportunities. Like South Africa post the 1995 Rugby World Cup when they should have sent the best winemakers on a tour of Australia and New Zealand but instead just threw everything and anything at the opportunity. They never recovered.

It's pretty simple, really. Victorian / Tasmanian Pinot Noir and Chardonnay. Margaret River Cabernet and Chardonnay. Clare Riesling. Rutherglen Fortifieds. Hunter Semillon. Yes, I know. Not easy.

That's your B Team. Not where quality is concerned, of course. Just in terms of where to focus first.

In my view, at least, there is only one wine style available in enough quantity and quality that is distinctive enough to carry the Australian flag and that is that 'perfect glass of red wine' without that hard edge that so many European wines have. Grenache, Syrah, Mourvèdre and or blends thereof, grown in the right locations, from the right vines (from the perspective of clones and age) and cropped at the right level.

Achieving that requires a code of discipline. The members of Appellation Marlborough Wine have it. It can work outside of the European System. It's just a matter of being determined enough to achieve it. The current state of the Australian wine industry should be more than enough motivation.

It won't be easy. It will require some winemakers to completely change their winemaking ethos. More important is to stop making a virtue out of cowboy winemaking.

Freedom of expression and creativity is the single most important thing in the pursuit of any art. Creating clear guidelines in relation to what constitutes quality and having everyone adhere to minimum standards is, however, the real secret to success. Just ask the producers of Chianti Classico and most of Italy's other leading regions.

9. **Brand Architecture** (themes, tiers, target consumers and how it all ties together)

It is not your best wine that defines you. It's your worst. That is why the Austrian pact not to enter markets at under 20 Euros and to focus communication on one wine style, Gruner Veltliner, is so successful.

10. **Resultant Communication Strategy** (who is to say what to whom using what medium).

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

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 of 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.

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