



“ Wine Opinions ”

# **Wine Australia Trade Vintrospectives Discussion Group**

September 29, 2017

# TABLE OF CONTENTS

|  |    |
|--|----|
| Introduction.....                                | 3  |
| Objectives, Methodology & Participants.....      | 4  |
| Key Learnings.....                               | 6  |
| Participant Profile.....                         | 10 |
| Perceptions of Australia .....                   | 12 |
| Australian Wine Perceptions .....                | 14 |
| Australian Wines Carried.....                    | 16 |
| Best Selling Australian Wines .....              | 19 |
| Australian Wines That are Difficult to Sell..... | 26 |
| Australian Wine Alternatives.....                | 29 |
| Substitutes for Australian Shiraz .....          | 33 |
| Australian Wine Promotions Involvement .....     | 37 |
| Changes in Australian Wine Sales.....            | 40 |
| Market Opportunities for Australian Wine.....    | 43 |
| Discussion Guide .....                           | 48 |
| Screening Survey Results .....                   | 51 |



## INTRODUCTION

Wine Opinions is a wine market research company focusing on the attitudes, behaviors, and taste preferences of the segment of U.S. wine drinkers who are the most frequent purchasers and consumers of wine. To this end, Wine Opinions maintains the largest online panel of highly involved wine consumers ever assembled, and a U.S. wine trade panel that includes wine producers, growers, importers, distributors, those who work on premise and off premise, members of the wine media, and others. Wine Opinions also undertakes custom research projects such as one-on-one interviews, on-site interviews and evaluations, and other such qualitative and quantitative research as suits client project objectives. In addition, Wine Opinions uses a hybrid form of online discussion group called Vintrospectives to cull specific respondents of interest to clients from the Wine Opinions consumer and trade panels. This methodology allows participants to comment on discussion topics and interact both with one another and with the Wine Opinions discussion moderator.

Wine Australia commissioned Wine Opinions to conduct a quantitative consumer study and a qualitative trade study as part of Year 3 of a 5-year research initiative. This report focuses on a Vintrospectives discussion group among members of the Wine Opinions U.S. trade panel. It was conducted to better understand the U.S. wine trade's perception of Australian wine in general, and their opinion on the market position of various Australian wines, including Shiraz.\*

---

\* *Wine Opinions is furnishing these survey results and other research findings (the “results”) “as is” and does not provide any warranty of such results whatsoever, whether express, implied, or statutory, including, but not limited to, any warranty of merchantability or fitness for a particular purpose or any warranty that the results will be error-free. In this regard, the results do not constitute advice and Wine Opinions shall have no liability for the client’s use thereof. In no respect shall Wine Opinions incur any liability for any damages including, but not limited to, direct, indirect, special, or consequential damages arising out of, resulting from, or any way connected to the use of the results, whether or not based upon warranty, contract, tort, or otherwise; whether or not injury was sustained by persons or property or otherwise; and whether or not loss was sustained from, or arose out of, the results of, the research, or any services that may be provided by Wine Opinions.*



## OBJECTIVES, METHODOLOGY & PARTICIPANTS

Wine Opinions conducted a Vintrospectives online discussion group among the U.S. wine trade to discuss Australian wine in the U.S. The following topics were discussed by the group participants:

- ✓ Top-of-mind perceptions of Australia in general and Australian wine in particular.
- ✓ The types of Australian wines they sell or represent.
- ✓ What Australian wines sell best for them and why.
- ✓ What Australian wines they find difficult to sell and why.
- ✓ What wines consumers buy instead of Australian wine in their experience.
- ✓ Their experience selling Shiraz, and specifically, whether or not they have experienced consumers buying non-Australian Cabernet Sauvignon instead of Australian Shiraz.
- ✓ Involvement in any type of Australian wine promotions.
- ✓ Changes in Australian wine sales in the context of their businesses.
- ✓ Where they see the most opportunity for Australian wine on the U.S. market.

Vintrospectives discussion participants were drawn from the Wine Opinions trade panel. The group was made up of retailer and distributor respondents who carry at least 10 brands of Australian wine.

The discussion group was comprised of 9 participants and took place over the three days from August 23 - 25, 2017. The make-up of the group is detailed in the following table.

| KAIKEN TRADE VINTROSPECTIVES DICUSSION GROUP |                             |          |             |
|--|-----------------------------|----------|-------------|
| AdamD  | The Wine House              | CA       | Off premise |
| JonathanL                                    | McCabe’s Wine and Spirits   | NY       | Off premise |
| NikkiG                                       | Wine.com                    | National | Off premise |
| SteveW                                       | Joe Canal’s                 | NJ       | Off premise |
| KirkG  | Total Wine                  | CA       | Off premise |
| PhilB  | Thief Wine Shop & Bar       | WI       | Off premise |
| MikeC  | Fedway                      | NJ       | Distributor |
| TerranceG                                    | The Winebow Group           | NY       | Distributor |
| LisaD  | Southern Wine & Spirits/AWS | CA       | Distributor |

This group of 9 members of the trade is too small to project and quantify results to the entire U.S. wine trade. The purpose of this qualitative research is to gain a better understanding of the subject at hand, to develop hypotheses that can be tested later quantitatively, or to gauge reactions to specific ideas.



## KEY LEARNINGS

- ✓ When respondents think of Australia they think of its geography and iconic fauna and destinations first, and its gregarious and friendly people second. The attributes respondents think Australia and its wine have in common include being “big and bold,” “friendly,” and “approachable.” There was only one instance of a respondent making a connection between both Australians and their wine being “not too serious.”
- ✓ When asked what wines come first to mind from Australia, varieties dominate: Shiraz, Grenache-Shiraz-Mourvedre blends, and secondarily, “stickies,” Semillon, and Riesling. Barossa was the only region mentioned by multiple respondents. These varieties and Barossa overshadowed mentions of brands.
- ✓ Most agreed that specificity is important when selling wine, and Australian wine is no different. However, there was agreement that most consumers are mostly unaware of Australian appellations. The point was made repeatedly that customers tend to ask for Australian wine by type or brand rather than by appellation.
- ✓ Due to the differences in customer bases represented by participating retailers, wines named as selling well were diverse and fell generally into four categories: value wines, mid-range wines, brands offering a wide range of price options, and over \$20 brands. There was no consistent trend attributed to any of these categories as a whole. Success selling Australian wines was also attributed to a diverse set of factors: good value, price point, interesting labels, uniqueness, a good story, reputation, brand recognition, style, and sales support.
- ✓ Red blends and Riesling were mentioned most often as best-selling varieties, followed by Shiraz. Among interesting points made and experiences mentioned was the opinion that dry Riesling has an advantage because not many countries make quality dry Riesling. One participant was having success over the summer with sparkling Shiraz. Many of the successes mentioned were specific matches of variety and region, for example Hunter Valley Semillon or Coonawarra Cabernet.



- ✓ Shiraz was a divisive topic, as some regard it as their best seller, and some (particularly one distributor) have experienced decreasing Shiraz sales. Some have had great success selling Shiraz at higher price points, while others felt Shiraz was mired under \$15.
- ✓ In particular, when it comes to Australian wine over \$20, most have not experienced strong sales; on the other hand, only one had seen a decline. Helpful in selling these wines is brand recognition, press, and ratings. It was noted that higher end Australian wines rarely glean top ratings and don't have a well-known champion among the U.S. media or critics, which gives them a disadvantage among competition in that category.
- ✓ Critter labels were less prominent in the discussion than they have been in past research, but Australia's reputation as a producer of "cheap and cheerful" wine hasn't gone away. It was noted that rather than using critters, there are a number of Australian producers using "cutesy" or "funny" imagery in their label design that contributes to Australia's reputation for less serious wine.
- ✓ In general, the Australian wines that participants have the hardest time selling are higher priced wines (this means over \$20 or over \$30 for some, over \$50 for others, and over \$100 for still others). Some cited problems with lesser-known varieties, lesser-known producers, and lesser-known regions; in some cases due to a lack of availability. There were multiple mentions of the need to reset consumers' expectations of Australian wines, as they were largely unaware of the high-end wines other than a few famous brands.
- ✓ In the experience of the discussion participants, customers most often substituted wines from Argentina (especially Malbec) and Chile for Australian wines. Other alternatives to Australian wines include Zinfandel for Shiraz, Rhone for Australian Grenache-Shiraz-Mourvedre, California red blends for "fruitier" Australian red blends, and Spanish wines for customers looking for value.
  - Respondents had not experienced Australian Shiraz buyers purchasing non-Australian Cabernet as an alternative. They were more likely to see Shiraz drinkers buying Malbec.



- ✓ Some respondents think Grenache-Shiraz-Mourvedre blends are more popular than Shiraz. Others think Shiraz-Cabernet blends are more popular than Grenache-Shiraz-Mourvedre blends. All in all, this is attributed to interest in the “red blend” category in general, albeit only among consumers aware that Grenache-Shiraz-Mourvedre is a “red blend.”
  - It was generally agreed that Australian Shiraz still has a reputation for being “massive and jammy,” which is a positive for customers that like that style, a negative for consumers who prefer an old world style, and a challenge for an industry that produces many quality Shiraz wines in different styles.
- ✓ It was difficult for discussion participants to name occasions other than barbecues that are uniquely suited to Australian wine. One respondent astutely attributed this to a lack of understanding among American consumers of an Australian cuisine, in contrast to countries that elicit images of classic food and wine pairings like France and Italy. In any case, respondents thought searching for a unique occasion for Australia was the wrong tactic. It was suggested that Australia focus on food and wine pairings beyond barbecue.
- ✓ Some participants had had some experience with Australian promotions, but most had not. Among those who had, events seemed to be West Coast oriented, and mainly consist of tastings. Visibility of Australia-related events and promotions at other retailers is low, and respondents agreed that other regions (especially European regions) have more reach than Australia. Nonetheless, all believe promotions are necessary and can be effective, consider them welcome, and would like to have more involvement with Australian promotions.
- ✓ For some of these participating retailers and distributors, Australian wine sales have been increasing, but slowly. In these cases, gains have been in the higher price categories, specific combinations of variety and appellation, and among wines that are made in a “dry and more serious style.” Others have seen a decline, for some in the white wine category, Shiraz, and Grenache-Shiraz-Mourvedre. Some have experienced steady sales in the under \$10 Australian value wine category (several mentioned Yellowtail specifically). Others have



experienced a decline in this category and attribute that to competition from other countries producing value wines and a backlash from the “critter craze.”

- ✓ Discussion participants were positive about the wines Australia has to offer. They believe the “critter” phase is receding. What came up most often as a market opportunity for Australia was Grenache-Shiraz-Mourvedre wines, or as described by one discussion participant, “The Australian red blend.” Promoting Australia’s varietal and regional diversity was also brought forth as an area of opportunity.
  - However, it was clear that participants see a lack of communication, that is a disconnect between the positive aspects of Australian wine that they know of, and the messages or impressions reaching consumers.
- ✓ Challenges include changing the Australia value-based reputation (an issue for all Southern Hemisphere wine-producing countries it was noted), and competing with better-known countries in the upper price tiers.



## PARTICIPANT PROFILE

*Please tell us briefly about where you work and your role there.*

**PhilB:** *"I own Thief Wine Shop & Bar, a specialty wine shop and bar with two locations in the Milwaukee area. I do all the buying and wine bar list selection, along with running the business side of things."*

**SteveW:** *"I'm a manager and beer purchaser at Joe Canal's Discount Liquor Outlet in Lawrenceville, NJ. We're one of the top volume retailers in the state."*

**JonathanL:** *"I am the general manager and wine buyer of an upscale wine and liquor store on Manhattan's Upper East Side. I have been in the industry for over 20 years and responsible for several aspects of the stores daily functions including staff scheduling, customer service, and purchasing wines from all over the world."*

**KirkH:** *"I work for Total Wine in California in wine sales and education. I have been in the industry for over six years starting at BevMo, and then working at a small shop called Amazing Grapes where I sold wine and was a buyer for a short time."*

**AdamD:** *"I work at a wine shop in Los Angeles in wine sales, education, and am one of the buyers. I have been there for 7 years."*

**NickiG:** *"I work at Wine.com as a recommendations specialist and as a wine educator for the WSET."*

**LisaD:** *"I work in the import division of the large wine and spirits distributor, Southern Glazers Wine and Spirits in California. I have worked there for the past 17 years. Before that I worked for an online wine sales company as well as retail wine sales in the San Francisco Bay Area."*

**MirkC:** *" I am a wine sales specialist for Lauber Selections in northern NJ. I sell fine wines and spirits to some of the top retailers and restaurants in North Jersey."*



**TJG:** *"I am a wine educator for an importer/distributor based in New York City. I have been here for almost five years. Before that I was in sales and sales management."*



## PERCEPTIONS OF AUSTRALIA

*When you think of the country of Australia (not its wine), what first comes to mind?*

- ✓ The survey respondents thought of the geography of Australia most often, including the fauna of the regions and the climate.
- ✓ The people of Australia are perceived positively, their gregariousness and friendliness was brought up, as well as their accent.
- ✓ Three respondents envision the Sydney Opera House when they think of Australia, and three brought up the Great Barrier Reef. For a few, movies color their perception, and for a few others, the BBQ, beer (Foster's), and “great” restaurants come to mind.

### Geography and Nature

- “Its natural beauty”
- Beaches
- Great Barrier Reef (3 mentions, one in the context of diving)
- “Sunny climate”
- The Outback (2 mentions)
- “How long a flight it is to get there.”
- Dangerous animals (crocs, spiders, sharks, etc.)
- Koalas and kangaroos

### Places

- The Sydney Opera House (3 mentions)  
*“The view of the Sydney Opera House from across the water.”*
- Sydney
- Melbourne

### The People

- “The gregarious nature of the people, and the healthy ‘work hard but play hard’ culture.”



- “The accent”
- “Friendly people with cool accents”

### Movies

- Breaker Morant
- The Man from Snowy River
- Pricilla Queen of the Desert

### Food & Beverage

- BBQ
  - Foster’s
  - Great restaurants
- ✓ When asked if their perceptions of Australia shaped how they perceived Australian wine, common denominators identified included “big,” “bold,” and “easy drinking.”

*“Big and bold. Like their wines, the Outback and their BBQ...” LisaD, distributor, CA*

*Like “Crocodile Dundee” from down under, big, bold and burly wines. Perceived as outgoing people and therefore fruit forward, easy drinking wines.” JonathanL, off premise, NY*

*“I think people see Australia’s wine as friendly, approachable, bold, and not too serious – much like the people.” NikkiG, off premise, National*



# AUSTRALIAN WINE PERCEPTIONS

## *When you think of Australian wine, what first comes to mind?*

- ✓ When discussion participants think of Australia, Shiraz, and Grenache-Shiraz-Mourvedre blends come to mind first. Other wines that were brought up more often than others were “stickies,” Semillon, and Riesling.
- ✓ Barossa was the appellation mentioned most often.
- ✓ The only producers or brands mentioned were Grange and Yellowtail, only mentioned by one discussion participant each.

### Top Mentions

- Shiraz (6 mentions)
- Grenache-Shiraz-Mourvedre blends (5 mentions)

### Other Varietals

- Stickies (3 mentions)
- Semillon (3 mentions)
- Riesling (2 mentioned dry, 1 non-specific mention)
- Grenache (1 mention)
- Cabernet (1 non-specific mention)
- Chardonnay (1 mention)

### Appellations

- Barossa (3 mention)
- Adelaide (1 mention)
- McLaren Vale (1 mention)
- Margaret River (1 mention)

### Producer/Brands

- Grange (1 mention)
- Yellowtail (1 mention)



- ✓ There were some descriptors used by a few respondents to describe these the wines, including “big bold Shiraz” and “fruit forward reds like Shiraz,” “delicious dry Riesling,” and “well-rounded whites like Chardonnays from the Margaret River region.”



## AUSTRALIAN WINES CARRIED

Please describe the types and price ranges of the Australian wine you sell.

- ✓ Most survey participants carry a very wide range of Australian wines, from value brands like Yellowtail, to Penfolds Grange at the upper end. Because they carry too many to list their complete inventories, they highlighted some brands of note.

Brands mentioned by retailers:

- 19 Crimes
- Glaetzer
- Little Penguin
- Mollydooker
- Oxford Landing
- Penfolds Grange
- Some Young Punks
- Wyndham
- Yellowtail

Brands mentioned by distributors:

- Tyrell's
- Shaw+Smith
- Campbell's
- Elderton
- Shirvington
- Petaluma

Survey participants were also asked their opinion of the importance of specificity and the specific appellations or sub appellations they sell in the upper price tiers.

- ✓ Although most accept the importance of specificity, there was agreement, that for the most part, consumers are unaware of Australian appellations. In this context, one believes there is a lack of consumer interest in the specifics of what types of wines come from which region. Another who agreed called for



an increase in consumer and trade tastings, marketing materials, and education.

*“I think regional specificity is important for marketing these wines, but hasn’t been done well; customers right now don’t really know or care (likely because they don’t know). Huge potential for education and differentiation.” PhilB, off premise, WI*

*“Specific sub regions and with more emphasis on areas like Margaret River and Coonawarra Bordeaux varietals are always a good call. Terroir is still such an important factor, even in Australia.” LisaD, distributor, CA*

*“I believe that there is not enough interest from the customers as to what type of varietals grow better in which particular climate per sub-region and that is unfortunate because there are opportunities here for the Australian wine market to take advantage with the quality of these wines.” JonathanL, off premise, NY*

- ✓ Rather than appellation, consumers are more likely to ask for wine in general, including Australian wine, by type or brand, in the experience of the discussion participants.

*“I find virtually no one asking for specific appellations or sub-regions. People ask for certain brands in that range, like Mollydooker, certain Penfolds labels, etc., but their place of origin is immaterial.” SteveW, off premise, NJ*

*“I don’t think people tend to seek out specific regions in Australia as much as wine styles. It is up to us as educators and sales people to direct people to the right region for their preferences. It’s more common for the customer to request a bold, jammy Shiraz, in which case I would point them towards Barossa.” NickkiG, online retailers, National*

*“For our market, most of the sub regions are unknown to 98% of the buyers out there...I deal with the Rombauer/Caymus crowd that know a handful of Napa brands and sometimes we can introduce others, but many times it is hard to sway them without opening bottles. I had someone drop \$7k last night, but if it was not someone he ‘knew’ forget it. And by knew, I mean*



*just a handful of wineries...heaven forbid he try a wine from Melka or Thomas Brown, two 'unknowns.' Perhaps this is where we need to go with Australia...create rock stars and REALLY tell the story of the terroir. KirkH, off premise, CA*

- ✓ There was only one retailer who did have experience with customers asking for Australian wine by appellation.

*“We do have people asking for regions, they are starting to identify certain wines with regionality. Hunter Semillon, Eden or Clare Valley Riesling, etc. We usually [carry] between 90-100 different Australian SKUs. I feel that ‘specificity’ of varietals and regions is important in marketing. It helps show that Australia is more than just Mollydooker, Yellowtail or 19 Crimes. In our store we don’t carry those wines. Yes, I know Mollydooker is McLaren Vale, but I feel most customers think of it as an Australian and not a region.” AdamD, retailers, CA*

- ✓ In the upper price ranges (defined as \$20 and above), survey participants reported that sell Australian wines from many Australian appellations. Those mentioned by name included:
  - Barossa Valley (4 mentions)
  - Margaret River (3 mentions)
  - McLaren Vale (3 mentions)
  - Adelaide Hills (2 mentions)
  - Clare Valley (2 mentions)
  - Coonawarra (2 mentions)
  - Eden Valley
  - Hunter Valley
  - Langhorne Creek
  - Padathaway
  - Tasmania
  - Yarra Valley



## BEST SELLING AUSTRALIAN WINES

### *What Australian wines sell best for you? Why do you think that?*

- ✓ Which Australian brands sell best varied by participant, but can be put into a few general categories:
  - Value wines (Yellowtail mentioned most often, Little Penguin, Yalumba, Oxford Landing, 19 Crimes)
  - Mid-range (Barossa Valley Estates, Tahbilk, Rubus, Shotfire Ridge, Point Ormond, Jim Barry, Pewesey Vale)
  - Wine brands that offer a wide range of price options (Penfolds)
  - Over \$20 (Mollydooker mentioned most often, Some Young Punks, Henschke, Two Hands, Amon-Ra, Torbreck, Clarendon Hills, Silkman)
    - Two Hands, Jim Barry, and Barossa Valley Estates were mentioned only by distributors.
- ✓ Interestingly, the brands above that were named as wines that sell well, aren't necessarily the brands mentioned in the previous discussion question asking what Australian wines they sell.
- ✓ The success of these wines was attributed to good value, interesting labels, a good story, reputation, brand recognition, and sales support. One participant has the advantage of insight based on owning a retail shop that also has a wine bar. By-the-glass trial plays a big part in retail sales for him. Another attributed the appeal of some Australian varietals to uniqueness, style, and price point.

*“We have a dedicated ‘wines under \$10’ area, and everything there does really well, so volume-wise I go through more of Oxford Landing than anything else. In the Aussie section of the store, Some Young Punks and Mollydooker, and then anything that I pour by the glass in my wine bar [sells well]. For why, Oxford for price, Some Young Punks for labels, Mollydooker for reputation, and anything by the glass because people have*



*a chance to try it. I'm currently doing really well with Vinaceous' 'Raconteur' Cabernet by the glass.” PhilB, off premise, WI*

*“We do well with well-known brands, not necessarily critter labels or ultra-value wines. Penfolds, Yalumba, Tahbilk, Mollydooker, Torbreck, Henschke, Two Hands, and Clarendon Hills are all popular. They have good name recognition but are also respectable, established brands with good marketing.” NikkiG, online retailer, National*

*“It's a well-established brand with good marketing/advertising support. Yellowtail also offers enough varietal choices to interest most casual wine drinkers.” SteveW, off premise, CA*

*“Value, so it would be Yellowtail or anything else priced in the under \$10.00 per bottle price range. Obviously Yellowtail has name recognition, but others like Little Penguin do almost as well.” JonathanL, off premise, NY*

*“A good story goes a long way. People love to feel an attachment to a wine or place and it always helps to have a great story behind it. Also, as far as Penfolds, it's the name and fact that it has been around for so long. Most everyone is familiar with it and its value/quality ratio.” LisaD, distributor, CA*

*“Hunter Valley Semillon – People look at them as fun, different, unique and delicious...Cabernets do well for price point in terms of value and quality. outperforms Napa at that price point. reliable, consistent. A blend of old and new world in style...Riesling – They love the clean crisp style, great easy drinking...Starting to see Pinot Noir – New and different. Tasmania is unique and sexy.” AdamD, off premise, CA*

- ✓ There was a lot of discussion among participants about which Australian wine varieties sell best for them. Not all respondents answered this question, but the following were varietals and types of wines named by those who did. Red blends and Riesling were mentioned most often, followed by Shiraz.
  - Red blends (Cabernet-Shiraz was mentioned specifically by 3 respondents, and GSM by 1)



- Shiraz
  - Cabernet Sauvignon
  - Merlot
  - Riesling (dry Riesling and Riesling in general were mentioned by 2)
  - White Blends (specifically Semillon/Sauvignon Blanc blends was mentioned)
  - Chardonnay
  - Semillon
- ✓ One made an important point that Australian dry Riesling has an advantage in the market.

*“For whites, dry Riesling does relatively well because there [are] not many other countries that reliably make it in a dry style other than Austria. Semillon/Sauvignon blends also do OK. For reds, blends (regardless of what it’s composed of) sell the best, followed by Cabernet and Shiraz.” PhilB, off premise, WI*

- ✓ The question, what can be done to improve sales in the \$15 - \$25 price range was asked of respondents. In addition to general mentions of increased marketing and branding, press, education and tastings, the dearth of wine critics or prominent media characters supporting Australian wine was brought up. In addition, one suggested a “multi-layered approach” combining traditional and social media.

*“Where’s the Australian Robert Parker, Gary V or even Paso Man?” SteveW, off premise, NJ*

- ✓ In the case of Shiraz in the \$15 - \$25 price range specifically, there were some who have had success with Shiraz, and others that cited decreased sales. One discussed how the issue is repeat purchases, and another increasing awareness by focusing on communicating the variance in Shiraz style.

*“Shiraz is still the top seller. One wine that is selling extremely well at the moment at my store is Sparkling Shiraz. Perhaps since it’s the summer and it’s crisp and refreshing, but I have seen the uptick in its popularity over the last few years. Other than Shiraz, Margaret River Chardonnay’s sell*



*reasonably well also, but nothing compares to Shiraz in the Australian wine category varietal wise.” JonathanL, off premise, NY*

*“Shiraz – We carry different styles, price points and different regions. Barossa, McLaren Vale, Coonawara, Central Victoria, Heathcote. Brands – Yalumba, Torbreck, Yangarra, Darenberg for bigger names, but also smaller guys Kalleske, Raidis, Brash Higgins, Inkwel. Shiraz still is a strong category for us. From the bigger guys Yangarra, Darenberg and Torbreck sell well because of name recognition and familiarity but at the same time Kalleske is doing great – Smaller winery, great story, great packaging, MWC – Victoria Shiraz, quality value and price point.” AdamD, off premise, CA*

*“Some premium Shiraz (the well-known, established brands) are selling well but those who are coming back to Australia are going for other varietals – Clare and Eden Valley Riesling, Hunter Valley Semillon, Coonawarra and Margaret River Cabernets, Pinot Noirs and Chardonnays from the Yarra Valley and Tasmania.” TJG, distributor, NY*

*“Not Shiraz. As has been stated several times in this forum. Syrah and Shiraz sales are down at the moment. The other varietals from specific terroir...they should try to move forward in - Semillon from Hunter Valley, Riesling from Margaret River, Coonawarra Cabernet, Clare and Yarra Valley Chardonnays. All of these would sell well in the U.S .if they were marketed properly, even at the \$20-\$40 price points. It’s all about education, information, tastings, seminars, press, hand selling. All of the above. They need to get away from the cheap critter label reputations and build on their assets.” LisaD, distributor, CA*

*“I think there needs to be more awareness about the complexities and different styles of Shiraz – i.e., not all Shiraz is the same. Depending on regionality and winemaking style, can be spicy and fresh, dry and earthy, big and bold, etc. Aussie Shiraz is not just low-end, easy drinking, and jammy.” PhilB, off premise, WI*

*“Even though we know Shiraz can be big, jammy, over-extracted and high alcohol, we don’t carry many of that style, so people are more willing to*



*experiment and try. We don't carry Mollydooker, 19 Crimes and Yellow tail and people don't ask for it.” AdamD, off premise, CA*

- ✓ Although sales of \$20 and over Australian wines don't seem to be significantly increasing, only one mentioned a decline.

*“[Australian wines] tend to have a loyal following and sell consistently, and sales are growing as many people find these to be a more affordable alternative to bold California reds. Barossa and Margaret River are very successful.” NikkiG, online retailer, National*

*“Mollydooker and Some Young Punks are my two best-selling \$20+ labels. d'Arenberg & Torbreck also do all right, relatively speaking. Those generally sell themselves; I've got a few other small brands that need hand-selling. I'd say sales have never been huge, but are staying steady.” PhilB, off premise, WI*

*“Over \$20 isn't necessarily strong for us, other than Italy and France, with California Cabernet's joining that list. Two Hands, Mollydooker, some Penfolds, and Amon-Ra are all on our shelves and over \$20. Excluding Amon-Ra, sales for the other labels have declined. Our successful brands will all fall under \$20. 19 Crimes has taken off, and probably is our strongest growing Australian brand without an animal on the label.” SteveW, off premise, CA*

- ✓ Again, a story helps sell these \$20-plus wines. Brand recognition is especially important in the upper price categories one stressed, and the press and ratings were also brought up as bolstering sales. One retailer has had success selling particular high end Australian wines because they are examples of a new world take on old world wines.

*“No one has really mentioned press and I think with the over \$20 category, press is important, if a wine brand or label is not known. Most brands like Mollydooker, Two Hands, Henchke, all get great press and therefore people are more willing to give them a try and spend the extra money. If they are only looking for every day drinkers and value wines, then they will just go with what they know. Again, getting back to the stories and the need for*



*the retailer to be familiar with the history and fun anecdotes that represent certain wineries and regions.” LisaD, distributor, CA*

*“Our market is very price conscious, so value is important. For other shoppers, ratings matter, and we don’t see enough support from the sales reps for shelf talkers.” SteveW, off premise, CA*

*“I think brand recognition is the biggest thing; people in general aren’t naturally gravitating toward the Australian section, and when they do they go for something they know. (Which is usually because of ratings, I think, though I don’t post them in my store.)” PhilB, off premise, WI*

*“Established brands like Yalumba and Jim Barry do well. Most consumers want to stick with what they know in Australia. The stylistic changes that have been taking place in Australia over the last few years have not reached the broad market yet. Savvy buyers have caught on but there is long way to go to change the general public’s perception of Australian wine as a whole.” TJG, distributor, NY*

*“What I see in my store is the wines which are selling in the over \$20.00 per bottle price category are the wines from Point Ormond which are off the beaten path varietals such as the single vineyard Roussanne from the Upper Goulbourn in Central Victoria or the Sangiovese from the Grampians outside of Melbourne. I think customers are attracted to the ‘Old World’ varietals done in a ‘New World’ country’s style. Plus, I think they are well made and good quality wines, so I gladly direct customers in that direction for those looking for something unusual and different at a fair price point.” JonathanL, off premise, NY*

- ✓ Critter labels were less prominent in the discussion as they have been in past research, but Australia’s reputation as a producer of “cheap and cheerful” wine hasn’t gone away (see next discussion topic). Critter labels were mentioned in passing a few times (for example, “we do well with well-known brands, not necessarily critter labels), and they were mentioned as a barrier to traction for higher end Australian wines by just two respondents. One discussion participant suggested that Australian producers move toward more



“serious, classic imagery,” observing that many of the higher priced wines are “cutesy and/or funny.”

*“Consumer (and industry!) awareness would be helpful for the \$15-25 range – namely that these are not the cheap critter wines many people have come to expect. Though many producers have ditched the critters, a lot of Aussie wine labels are still kind of cutesy and/or funny. More serious, classic imagery might help improve the reputation of these wines, especially with Shiraz.” NikkiG, online retailer, National*



## AUSTRALIAN WINES THAT ARE DIFFICULT TO SELL

*What Australian wines (varietals, types, and/or price points) do you find difficult to sell or do you not carry or represent because they don't sell well?*

- ✓ Higher priced Australian wines in general have been a difficult sale for discussion participants.

*“I pretty much don't carry anything over \$50 because I've found they just don't sell at all. Mollydooker's Blue Eyed Boy is the only one that really moves over \$40...Even though I don't post any points or reviews in my store, I think the consistent Wine Spectator press (Top 100s, good points) have a lot to do with it.” PhilB, off premise, WI*

*“Apart from collectors specifically seeking out high-end wines like Grange, it is harder to sell premium wines from Australia to a general customer. If someone is looking for a \$100 bottle of wine, especially for a gift, they would often rather get something from Napa that they view as 'more impressive.' Many people still see Australia primarily as a source of value wines.” NikkiG, online retailers, National*

*“Higher end Australian wines are behind the sales curve for us. The image of Australian wines is more value than quality (wrongly, but we can't change that alone). The well-made wines of Mollydooker can be a tough sell in the over \$20 range, as the sweet spot for shoppers is still around \$15... Our Australian section is in a pretty good location, so it has proper exposure. I think there's an image of Australian wines as all being like Yellowtail, and all being Shiraz. 19 Crimes may be selling well now, but the theme (and labeling) is still gimmicky. To be fair, so is Cupcake and Menage a Trois, to name just two others. As I mentioned earlier, the sales reps could do a better job of posting shelf talkers for their products. You also don't see many Australian wines in any year-end Top 100, which impacts the overall quality perception. We also have a number of private label wines that we're*



*promoting, and that impacts every competing brand, not just the ones from Australia.” SteveW, off premise, NJ*

*“I would absolutely agree that the reason that it is difficult to sell wines from Australia in the over \$30.00 per bottle price range is the fact that people associate the area with “value” and would prefer to spend there money on a wine they feel comes from a more “esteemed” country and region like France, Italy, etc.” JonathanL, off premise, NY*

- ✓ Lesser-known varieties have also been hard to sell for some, such as Semillon, Sangiovese, Viognier, as have wines from lesser-known Australian regions. One has had trouble selling Riesling and Chardonnay due to a lack of availability for the higher end versions.

*“Odd grape varieties such as Sangiovese which some wineries do extremely well, but everyone wants Shiraz. Also, the brand helps if it’s a recognizable winery such as Rosemount or Penfolds as opposed to a smaller winery who might have just as good a wine.” JonathanL, off premise, NY*

*“I do not have any Rieslings from Australia, and very few examples of Chardonnay. The ones I do have are cheap examples, which are a harder sell when you have inexpensive California wines. I think if we had better examples to sell, say \$15-\$30, I could work with it.” KirkH, off premise, CA*

*“White wines from anywhere except Western Australia do not move. Nor does Pinot Noir or Cabernet blends.” LisaD, distributor, CA*

*“Semillon is a tough sell because it is so innocuous in its youth. How do you tell someone to buy a white wine from several vintages ago or to buy now but hold for several years? Tasmania is slowly starting to catch on but most consumers are not open to spending the money for more premium wines like Tolpuddle or Vasse Felix.” TJG, distributor, NY*

- ✓ Shiraz is divisive – Some have had trouble selling Shiraz that’s priced over a certain price point and some have had more success with Shiraz at higher price points. That price point is \$15 for some and \$20 for others. Differences in experiences are very likely due to varying customer bases.



*“Shiraz just doesn’t have the pedigree of Cabernet or Pinot Noir, so it suffers by comparison. Around major golf tournaments, we can sell Greg Norman wines in that range, and we can up-sell to that range for gift bottles. Our \$25 wine buyer will prefer something they perceive as upscale, and even Mollydooker can’t pull that off.” SteveW, off premise, NJ*

*“I don’t agree. We carry very few Shiraz under \$15. They tend to be very similar and one-dimensional. At \$15 - \$25 we have the most success. More variety in style and options...We don’t carry Mollydooker, 19 crimes and Yellowtail. They don’t sell well; our customers will rebel and that’s not the type of store we are. Also as a store, we don’t feel they represent what Australia can really do. Also, [we don’t sell] wines under \$10.00 and most supermarket brands, because you can get them anywhere.” AdamD*

*“I’m similar to AdamD in that \$20 is a sweet spot for my customers; I sell more \$20 Shiraz than \$12 Shiraz. In general, though, Syrah as a varietal is slow – not just Aussie Shiraz, but U.S. and French Syrah as well.” PhilB, off premise, WI*

*“I do agree that Shiraz under \$15.00 is a much easier sell, but I don’t want to necessarily attribute that to the varietal as at my store for instance, people are always looking for values in any varietal or country be it California Cabernet Sauvignon, French Pinot Noir, or Argentine Malbec. However, as previously mentioned, Australian Shiraz has gotten a bad reputation as being a “cheap and cheerful” value, (thank you Yellowtail, magnum size included) that friends can grab a bottle of and easily enjoy without giving it much thought.” JonathanL, off premise, NY*

*“Not sure I agree, at least for our market, I would put the price point to \$20. Honestly, I do not get as many requests for it. If it is not top of mind, then it gets passed over. I do not go out of my way to sell a certain varietal. I ask the customer, then take their lead to give them choices, but if they don’t ask for Shiraz, I’m less inclined to suggest it. Perhaps that might be my own bias too, that I might go with a Malbec or Zin.” KirkH, off premise, CA*



## AUSTRALIAN WINE ALTERNATIVES

*What wines do you find your customers buy instead of Australian wines? Why do you think customers find those wines good substitutes?*

- ✓ The wine-producing countries most often considered “substitutes” for Australia, in the opinions of these discussion participants, are Chile and Argentina (Malbec in particular in the case of Argentina).

*“Wines from South America, in particular Argentina and Chile, due to price point and the value that they can offer. Plus, a better selection of wines and varietals at the price points, unfortunately, than Australia can at this time. The inexpensive blends from South America in both red and white are big successes.” JonathanL, off premise, NY*

- ✓ There was one respondent who cited South Africa as being chosen over Australia because they feel the wines offer “better quality for similar price points,” and another who felt South Africa had not entered the market as successfully as expected.

*“I thought that S. African wines would be the next big trend, but that hasn’t happened yet on the West Coast.” LisaD, distributor, CA*

- ✓ There was just one respondent who discussed what Australian wine they might suggest to a customer as a substitute for another wine, and that substitution was Shiraz for Merlot. He made the point that for his younger customers who drink Moscato, Yellowtail is their only Australian option. From there they move to other Australian varietals offered in the Yellowtail line. He also brought up the disadvantage Australia has in terms of top ratings.

*“We have a strong selection of wines from all over the world, so our shoppers have nearly endless choices. YLAD’s [Young Legal Age Drinkers] are buying Moscato, when they’re buying wine, and Yellowtail is their only Aussie option in our store. We have some shoppers looking for Merlot because of the taste profile. I try to broaden their horizons by suggesting a Shiraz, and that’s frequently successful. Yellowtail generates a level of*



*brand loyalty, because of the consistent quality, the varietal choices and size options. I don't see that with other brands from Australia. A majority of customers are value driven first, and we're able to offer attractive pricing on lots of wines. A significant number of customers are ratings driven, and they just go where WS, WA, JS and the rest tell them, and Australia doesn't seem to generate enough Top 100 wines.*

- ✓ When asked what varieties they would suggest as an alternative to Australian wine in general, Zinfandel was named when the goal is a wine stylistically similar to Shiraz; Rhone wines as a substitute for Australian Grenache-Shiraz-Mourvedre; and Spanish wine when customers are looking for value.

*“Most people consider many Australian wines to be a bit higher in alcohol and apparent ‘sweetness.’ If that is the case and they are looking for something along those lines, I would recommend several Old Vine Zinfandels and a few Malbec that have that perceived flavor or higher alcohol profile.” LisaD, distributor, CA*

*“Rhone wines for the GSM drinkers. Spanish reds for the price/quality shoppers. Zinfandel-based California red blends for someone looking for a “fruity” slightly sweet wine.” SteveW, off premise, CA*

*“Zinfandels and Malbecs for that lush fruitiness. Also Spanish Grenache.” PhilB, off premise, WI*

- ✓ One California retailer also included Central Coast wines as substitutes for Australian wine on the basis of style.

*“Malbec, Spanish Grenache, Central coast wines. It's all about similar flavor styles and customer needs.” AdamD, off premise, CA*

- ✓ Only two respondents offered any substitute suggestions for Australian white wines, and in this case, he explained how customers view New World wines as one “region.” Another mentioned New Zealand Sauvignon Blanc.



*“For whites, like Chardonnay, I think most consumers lump many New World regions – California, Chile, etc. – together and it’s more of a price and style decision.” TJJ, distributor, NY*

*“Malbec or Cabernet from Argentina, Cabernet or Carmenera from Chile, whites (especially Sauvignon Blanc) from New Zealand. At the higher end, California Cabernet, Merlot, or Bordeaux blends.” NikkiG, online retailer, National*

- ✓ When asked if there were specific occasions for which Australian wine was particular suited, the casual image of Australian wine paired with barbecue was brought forth. As was the reputation of Australian wine as a value wine when many people need to be served.

*“Maybe a BBQ. They’ve got that ‘Shrimp on the Barbie’ reputation from the old Paul Hogan days. An occasion like that could be replicated with a few great higher end Shiraz and some good friends...” LisaD, distributor, CA*

*“I would agree that a BBQ would be well-suited to Australian wines. The country has an informal image, and I can’t associate their wines with a white tablecloth type of restaurant. But why isn’t there a prominent partnership between Outback Steakhouse and the wines of Australia? Seems like a natural.” SteveW, off premise, NJ*

*“I think Australian wines are particularly well suited for outdoor barbecues, Summer picnics, and large parties with friends.” JonathanL, off premise, NY*

- ✓ One astutely attributed this to a lack of awareness or misperception of Australian cuisine, in contrast to countries that elicit images of classic food and wine pairings like France and Italy.

*“What’s a little hard is the food pairing. French wine with French food, Italian wine with Italian food, Napa wines with steak, Australian wines with...a Bloomin’ Onion? That’s silly of course but that’s how a lot of consumers and buyers think. A serious food and wine pairing promotion might work. I always think of Asian cuisine with Rieslings and grilled meats with the more serious reds.” TJJ, distributor, NY*



- ✓ Generally, survey participants think that trying to identify an occasion for which Australian wine is more appropriate than wines from other places is the wrong tactic for Australia. Instead, it was suggested that the focus be on pairing particular Australian wines with a variety of foods, or promoting Australian varietals or wine types with occasions and situations beyond barbecue.

*“Is Australian Shiraz better for BBQ then a Paso wine? I think with this question your putting Australian wine in a niche category for specific events only. I would say what foods would Australian wines go well with and work on that pairing. Asian with Riesling – Australian wine can work there...A light Grenache with Salmon, etc.” AdamD, off premise, CA*

*“I would say no, because then you pigeonhole the whole category. I’d emphasize the versatility and diversity instead – ‘Australian wine, great for all occasions.’*

*– fruit-forward enough to enjoy on its own (great for by the glass!)*

*– hearty enough for a good BBQ*

*– crisp and dry Rieslings for a hot day”*

*PhilB, off premise, WI*

*“BBQ is great for summer, but you need something for all seasons. For example; holiday parties, maybe black bubbles or a stickie for after the holiday dinner...Valentine’s Day, chocolate and red blends...Dads and Grads...you get the point. It needs to be planned out a year in advance, but you can make a point for wines year-round...” KirkH, on premise, CA*



## SUBSTITUTES FOR AUSTRALIAN SHIRAZ

*Data suggests that regular Australian Shiraz buyers are tending to buy more non-Australian Cabernet Sauvignon and less Australian Shiraz. Has this been your experience? If so, why do you think this is the case? If not, are there other types of wines customers are choosing instead of Australian Shiraz?*

- ✓ One survey participant thought this might be the case, but most had not witnessed this trend. They were more likely to see Argentine wines and red blends taking market share.

*“I have seen an uptick in inexpensive Cabernet from Chile and California so it’s possible that the Australia Shiraz wine customer is moving towards that direction. I have seen the biggest shift towards Malbec in every customer for value red wines, so that would be my thought as the Aussie Shiraz customer has gone to Argentine Malbec.” JonathanL, off premise, NY*

*“I am not seeing this as a pattern. Those who like Shiraz are actually venturing to varietals such as Malbec and Carmenere. I do not see them turning to non-Australian Cabernet.” MikeC, distributor, NJ*

*“Our Syrah/Shiraz aisle has been reduced with many more red blends coming into the market. California/Washington and elsewhere...the only exception of growth in Aussie wines is 19 Crimes.” KirkH, off premise, CA*

*“We’re not seeing that kind of change. However, we are seeing diminished overall sales in Australia as a category. I believe most shoppers think of Yellowtail and Shiraz when they think about Australian wines. The notion of specific Australian appellations being the “next Napa” just isn’t in the discussion. And I don’t see our shoppers going from Shiraz to any one or two other varietals, although California red blends like Apothic Red and Menage a Trois are probably getting some of that business, due to taste similarities.” SteveW, off premise, NJ*



- ✓ In addition, some made comment about what they see as a disconnect between Cabernet Sauvignon drinkers and Shiraz drinkers, and the loyalty of some Shiraz drinkers to the wine.

*“I don’t see Cabernet drinkers being the same as Shiraz drinkers, maybe Zinfandel would be more accurate.” LisaD, distributor, CA*

*“Shiraz is a pretty unique category and I think those who enjoy it are remaining loyal to it.” NikkiG, online retailer, National*

*“We are not seeing this trend. Those who like Shiraz stay with it. We might see them try Cabernet/Shiraz blends, but they stay in the country.” AdamD, off premise, CA*

- ✓ One survey participant noted that, in her experience, Australian Grenache-Shiraz-Mourvedre wines were more popular than Shiraz – most agree.

*“I think Australian Grenache-Shiraz-Mourvedre [wines] are far more popular these days than Australian Shiraz. People seems to be going more towards the blends and less towards single varietals when it comes to Australian wines.” LisaD, distributor, CA*

*“That has not been our experience. We have more Cab-Shiraz blends than Grenache-Shiraz-Mourvedre [wines]. The easy sell for us in a Grenache-Shiraz-Mourvedre is from the Rhone, not Australia. I do agree that Grenache-Shiraz-Mourvedre from Australia has a better future as the red of choice.” SteveW, off premise,*

*“I agree with LisaD, and I think Grenache-Shiraz-Mourvedre [wines] are an easier sell for me. Shiraz had a reputation for being massive and jammy, while Grenache-Shiraz-Mourvedre (though often having the same alcohol) comes across as fresher and more balanced. Also, blends in general, whatever they are, do well. For example, I sell much more Inkberry Cabernet-Shiraz blend at \$11 than I do straight Shirazes at the same price.”*

- ✓ The few respondents who didn’t agree that their customers were switching away from Shiraz attributed their success with Shiraz to the strong association



of Shiraz with Australia. One made the important point that he has observed a disconnect among consumers that Grenache-Shiraz-Mourvedre is a “red blend.”

*“As much as I would prefer to sell Grenache-Shiraz-Mourvedre from Australia, Shiraz is still an easier sell and far more popular. I believe that due to the price point of Shiraz and recognition from Australia, the wine sells on its own and will continue to do so.” JonathanL, off premise, NY*

*“I think Grenache-Shiraz-Mourvedre tends to have more balance, but Shiraz seems to be more popular, as many people seem to turn to Aussie reds for big, blockbuster flavor (not my personal preference). Shiraz is a much easier sell because people know to ask for it – it’s the most common wine associated with Australia and has been marketed very well. Grenache-Shiraz-Mourvedre could definitely increase in popularity, and might be helped along by some education within the industry. They tend to be more crowd pleasing, where varietal Shiraz can be a bit much for some people.” NikkiG, online retailer, National*

*“Red blends are a huge category but I find that many consumers are not thinking of Grenache-Shiraz-Mourvedre wines as red blends. They’re more interested in Apothic Red or The Prisoner.” TJG, distributor, NY*

- ✓ Respondents were asked if they agreed with one discussion participant’s assessment that Shiraz has a pervasive reputation for being “massive and jammy.”

*“Unfortunately to a certain extent it still is perceived as massive and jammy and that is a negative. It also depends on the age and demographics of the drinker. When they were introduced to Australian wine and what did they drink. Reputation wise, the problem is that when people hear Shiraz, they think big and jammy. Even with all the work Wine Australia and wineries have done, people think of one style and the country is a region. On a side note, even some distributor reps and unfortunately some coworkers still believe that is all Shiraz and Australian wine is, massive and jammy. Yes we have seen a slow change where people are looking at Shiraz or are willing to consider it, but they are either looking for cool climate ones, or ones that*



*are more balanced and not heavy, jammy and over-extracted.” AdamD, off premise, CA*

*“The ‘massive and jammy’ is both a positive and negative with wine drinkers, it all depends on the individual. Many wine drinkers want something easily approachable, with a lot of up front forward fruit, and Australian Shiraz is the perfect wine for them to enjoy. Others with a more ‘sophisticated palate’ won’t go near Australian Shiraz as they believe it has destroyed the Syrah grape they have come to so love and savor from the Old World.” JonathanL, off premise, NY*



## AUSTRALIAN WINE PROMOTIONS INVOLVEMENT

*Have you had any experience with or involvement in any type of Australian wine promotions? If so, please describe the program and its degree of success.*

- ✓ Only a few discussion participants had had any involvement in “official” Australian wine promotions. This included San Francisco tasting event attendance, some scattered brand-specific or retailer promotions, and the receipt of promotional materials and some sales incentives. On further probing, those in California had more contact with Wine Australia events than others. One New York-based respondent had attended an event in San Francisco.

*“I have had great experiences with Wine Australia up in San Francisco. We were doing a Shiraz/Syrah wine class and they sent us tons of maps and info...Have been at the trade tasting in Los Angeles back in May. We held a big Australian wine fest with 15 wineries that Wine Australia supported with information, marketing and the likes, Penfolds recorking clinic...We have done email blasts on wines to our mailing list and have had in-store events with specific wineries that were in town and they have been very successful. Some of the wines were Semillon, Riesling, Cabernet and Shiraz (Barossa and cool climate ones). The events have ranged from in-store weeknight tastings that cost \$15 to seminars at \$75+ and wine dinners at \$125+.” AdamD, off premise, CA*

*“I have had some small promotions run through my Australian wine suppliers, such as sales incentives for gift cards, dinners etc. But nothing major, such as a trip program.” MikeC, distributor, NJ*

*“We have had some staff training seminars with [Regional Trade Organizations] and offered discount codes to customers in conjunction with these...I have attended Wines of Australia in San Francisco a few times...The*



*most recent one I attended was for Margaret River.” NikkiG, online retailer, National (but based in CA)*

*“I’m not affiliated in any way with Wines of Australia but when I saw Mark Davidson present in San Francisco in 2015, he outlined their operation and they are operating on a shoestring budget compared with even regional promotional organizations in Europe.” TJG, distributor, NY*

- ✓ Most have not had any involvement in any type of Australian wine promotional programs, but would like to, and value promotional involvement. Some, on the other hand, work to promote and educate about Australian wine on their own.

*“The only promotions with Australian wines are tastings we have done at the store on our own with shelf stock bottles.” JonathanL, off premise, NY*

*“Nope...nothing. In fact, I am teaching a class on Southern Hemisphere Wines Thursday. I have contacts with most other regions, but nothing with Australian wines...I would like to have them.” KirkH, off premise, CA*

*“We’ve had tastings for the 19 Crimes wines. Other than that, no.” SteveW, off premise, NJ.*

- ✓ Visibility of Australian promotions is low, as many hadn’t seen any Australian promotions in any other retail outlets in their market

*“I have not seen any wine events from Australia...I will say that I do receive a lot of support from the marketing arms of Spain, Chile, Bordeaux, Washington State, Napa and Champagne.” KirkH, off premise, CA*

*“I haven’t seen any Australia specific wine promotions at stores. There are so many Italian, French and Spanish wine events constantly in the San Francisco Bay Area, but very few if any that you hear about with Australian producers. LisaD, distributor, CA*



*“I have not attended any Australian wine events nor have I heard of any promotions going on at any other stores in my area.” JonathanL, off premise, NY*

- ✓ Many contrasted Australia’s weaker promotional impact with that of other regional association.

*“Unfortunately not. Most all other countries and regions have offered educational trip incentives for the import sales force, but not Australian suppliers. We’ve had way more to Europe, South America and even South Africa. It is always the best way to get the sales force to get behind a winery and or region, I’m surprised they don’t do it more often. As far as sales promos at the retail level, I haven’t really seen much either.” LisaD, distributor, CA*

*“I have not. No trips, no incentives, like other countries and organizations have offered...Definitely lagging behind other countries’ promotional arms.” PhilB, off premise, WI*



## CHANGES IN AUSTRALIAN WINE SALES

*Thinking specifically of your own business, have Australian wine sales declined, held steady, or increased? What specific category or categories of Australian wine (by varietal, region, and/or price segment) do you see as declining and which are having more success?*

- ✓ There were a number of discussion participants who have experienced slow growth, in the over \$10 price categories.

*“Australian wine sales are increasing. Slowly. But the gains are coming in higher price categories than the entry-level, ‘critter’ wines that started the Aussie boom. This growth is healthier I think and will be more permanent. At the same time, consumers seem to be losing interest in Aussie ‘brands’ with garish labels and high alcohol.” TjG, distributor, NY*

*“Increasing as consumers realize there is more to Australian wines than just Yellowtail. In particular, Barossa and Hunter Valley Shiraz and Margaret River Cabernet have been successful. Eden and Clare Valley Riesling are also starting to garner more attention as people realize they are made in a dry and serious style.” NikkiG, online retailer, National*

*“We have seen growth. It has taken time. It’s been through education, seminars and tastings. Not carrying Yellowtail, Mollydooker or 19 Crimes does help, as others have said that turns people away. The \$19.99+ has seen the most growth the growth -- Hunter Valley Semillon, Clare and Eden Rieslings, Cabernets from Coonawara and Margaret, Pinot from Tasmania, Chardonnay from Margaret River, Cabernet/Shiraz blends, Barossa and McLaren Grenache-Shiraz-Mourvedre blends, and people even willing to revisit Shiraz if it’s well made, balanced and not [like] the big massive ones.” AdamD, off premise, CA*

- ✓ However, others have witnessed a decline in Australian wine sales. Particularly, for some, in the white category, Shiraz, and Grenache-Shiraz-Mourvedre.



*“Overall they’ve declined. Whites in particular are slow; dry Riesling has always been a niche category, and customers are going elsewhere for Chardonnay and Sauvignon Blanc. For price point, I generally do well between \$12 - \$25; as I mentioned earlier, the high-end market is non-existent. I feel like customers also are asking less for specific brands (e.g., I can’t tell you the last time I got a request for Penfolds or Two Hands, both of which I used to have on the shelf but haven’t for quite a while.” PhilB, off premise, WI*

*“Declined. There was a push about a year or so ago, where value brands were making a big comeback (Yalumba in particular was a brand doing well in the \$10 range). But the luster of top tier producers such as Mollydooker have even declined in interest.” MikeC, distributor, NJ*

- ✓ Despite seeing an overall decline, there are exceptions in particular categories that conflict with the experiences of other discussion participants due to their varying markets. For a few, the under \$10 category has remained stable, for one Riesling is doing well, and for still another success has been achieved with 19 Crimes.

*“Overall, sales of Australian wines have declined somewhat, not just specific categories. Yellowtail is still strong, as I noted previously.” SteveW, off premise, NJ*

*“I would say on the whole Australian wine sales have declined. The ones which have held steady are the Yellowtail and other value wines in the under \$10.00 per bottle price point. Also, Rieslings from Australia I have found doing well, but the \$20.00 Grenache-Shiraz-Mourvedre blends which used to be solid sellers have steadily declined.” JonathanL, off premise, NY*

*“Decline...and most of that is Shiraz, again with the exception of 19 Crimes...” KirkH, off premise, CA*

- ✓ Reasons for decline cited include a backlash from the initial “critter craze,” an inundation of competition from value wines from other countries.



*“I believe that unfortunately brands like Yellowtail have given the Australian wine market a ‘bad name’ to the consumer who believe that the wines are just cheap and fruit forward. It’s difficult also in a small store when you need to carry so many SKUs, when the Yellowtail’s and Mollydooker’s, are next to each other on the shelf, a customer automatically won’t go over and look just because of the perception.” JonathanL, off premise, NY*

*“I think there’s greater competition in the inexpensive category (primarily from South America and Spain) and since many consumers have that perception of Australia, it hurts all tiers.” PhilB, off premise, WI*

*“Australian wines had a big impact in the earlier days, but didn’t move forward very well from that point.” SteveW, off premise, NJ*

- ✓ Nonetheless, there is optimism for Australia in the future, and some see a decrease in the “critter” effect. Some gave their suggestions on how to gain market share in the future.

*“Fortunately the “critter” label fad seems to be declining and people are leaning more towards higher quality, higher priced Australian wines. It’s going to take better marketing to really get the popularity and reputation back to where it once was. They came out with way too many cheap, mass produced, critter label type wines all at once and it lost the appeal...I think more needs to be promoted from Western Australia. Everyone is always looking for that new hot region or country. The U.S. market got inundated with too much cheap easy drinking Shiraz all at once and then saturated the market. We need something new and exciting from the country.” LisaD, distributor, CA*

*“Not sure if it is generational or not. I have seen that Millennials make up over 40% of the market. Also that they are turning away from craft beer and increasing spirits/wine consumption. Many of the younger ones are the Moscato drinkers that we can turn to red blends and Pinot Noir, perhaps we need more Grenache-Shiraz-Mourvedre blends as was suggested...or just go real sweet...Riesling that has a cool brand?” KirkH, off premise, CA*



# MARKET OPPORTUNITIES FOR AUSTRALIAN WINE

*Again, overall, where do you see the most opportunity for Australian wine?*

- ✓ What came up most often as a market opportunity for Australia was Grenache-Shiraz-Mourvedre wines, or in the words of one discussion participants, “the Australian red blend.” One commented that an under \$10 Grenache-Shiraz-Mourvedre would be very successful.

*“Personally, as a fan of Rhone wines, I think Australia can find a niche in the Grenache-Shiraz-Mourvedre blend category.” SteveW, off premise, NY*

*“Blends. Grenache-Shiraz-Mourvedre. That is the direction I feel they need to go if they are looking to succeed long term. Shiraz simply does not interest the mass consumer any longer.” MikeC, distributor, NJ*

*“Aside from Shiraz, other varietals in the under \$10.00 per bottle price range. Specifically, if a winery could ever produce a Grenache-Shiraz-Mourvedre blend for under \$10.00 retail that we could put on our shelf, I believe it would be a huge hit and a big comeback for Australian wines on the retail side.” JonathanL, off premise, NY*

- ✓ Working to promote Australia’s diversity in an effort to overcome its reputation as a “monolithic Shiraz producing country” was suggested. Particular regions respondents cited that they think have potential included Western Australia (Margaret River was specifically mentioned), Tasmania, Coonawarra, Hunter Valley, Eden Valley and Clare Valley.

*“I also think Australia could do a better job promoting its regional and varietal diversity – most consumers think of Australia as a monolithic Shiraz producing country, and if they had to name a wine region could probably only name Barossa. What about the Cabernets of Coonawarra, the Semillon of Hunter, the Bordeaux blends of Margaret River, the sparkling wines of Tasmania, etc.” PhilB, off premise, WI*



*“Educating buyers and consumers on the major appellations and their points of difference would be valuable for many varietals and blends. People tend to lump the whole Aussie wine industry together under the label of ‘Australian Wine,’ which is really a disservice to many fine wineries and winemakers.” TJJ, distributor, NY*

*“[Australia has] a virtual clean slate to work with. I can’t say whether it’s better to promote the Barossa Valley or Margaret River or any other place of origin. Napa produced great wines, but it was also easy to get there, so the customers helped evangelize the wines. From that perspective, wine regions closer to major population centers are a good place to start.” SteveW, off premise, NJ*

*“[Regions with potential include] high end Cabernet from Margaret River and Coonawara, which offer a sometimes better-priced alternative to Napa, and interesting whites like Hunter Valley Semillon and Eden and Clare Valley Riesling.” NikkiG, online retailer, National*

- ✓ Respondents reiterated a disconnect between the quality wines Australia produces, and the messages or impressions that consumers have. They noted a lack of communications in general.

*“Quality sells but communication is lacking. From this morning’s Daily Wine News Australia email: ‘Australian wine has seemingly never been in better shape; never more exciting, likely never seen an era built more around expressive, free-wheeling ideas and resulting wines. Though Australian wine has seen golden eras in the past, the sheen of the current state of Australian wine is truly exciting and finding a broader engagement,” writes Mike Bennie for Wine Australia.’ All that may be true but most American wine consumers and many American wine buyers don’t know that.” TJJ, distributor, NY*

*“‘Changes in Latitudes, changes in Attitudes,’ as Jimmy Buffett would say. They need to get out there and direct the conversation and the perception of Australian wines as a whole. There are so many great resources, especially with social media. Get the word out and attract these ‘YLAD’*



*[Young Legal Age Drinkers] away from spirits and craft cocktails and turn them on to Aussie wines at all price points.” LisaD, distributor, CA*

*“The biggest opportunity is communication. Showing and educating people what else Australia does – Rieslings, Cabernets, Cab/Shiraz blends, Wines from Tasmania and the like. Remember the classics and not just go off and show alternative varieties and orange/natural wines because that is a fad. Need to balance both.” AdamD, off premise, CA*

- ✓ From one discussion participant’s perspective, consumers may know Australia produces quality wine, but tend toward buying higher priced wines from places they know and feel are less risky.

*“As long as people associate Australian wines with the critters, they will go elsewhere for the higher priced wines. Shoppers certainly know that there are better quality and higher priced Australian wines, but Old World or U.S. wines are a safe, comfortable choice. It’s really up to the wine industry in Australia to find their voice and change the conversation in their favor.” SteveW, off premise, NJ*

- ✓ More specifically was a call to rebrand Australia as a whole. Interestingly, both sides used 19 Crimes to make their point – one as an example of success to be emulated, and the other as a reason for rebranding.

*Rebrand, rebrand, rebrand! Use the success of 19 Crimes. Why has it done well? Social media? Traditional media? Our best sales come at under \$20 and there is LOTS of opportunity. The other opportunity is on the high end. Cabernet for us is California, then Washington and Argentina, BUT there is an opportunity to get some under \$20 and over \$50 bottles in if the perception is changed.” KirkH, off premise, CA*

*“I went out and purchased a bottle of 19 Crimes Red Blend last night and tried it at home. There’s nothing wrong with the wine but it is exactly the kind of wine that will hold Australia back from reaching the next level of consumers. It’s a brand pure and simple and the wine is sweetish and non-descript (though with a moderate abv of 13.5% surprisingly). Sure this may sell well for a while until the next brand comes along. But the Australian*



*wine industry needs to do a better job of rebranding itself as a whole, as a country of remarkable and unique grapes, wine regions, and styles. More education for buyers, consumer events, trips to Australia, etc. will help to achieve this.” TJG, distributor, NY*

- ✓ Respondents were asked specifically why some countries (like France) have had great success in both the lower priced and higher price categories. Among the responses to this question was an explanation of the advantage of being a country that built its reputation on higher end wines, and the categorization of some of Australia’s perception issues as “new world” problems.

*“Well, part of it is a perception of the New World as a whole, as not being as ‘serious’ as the Old World. France has a several-hundred-years head start on Australia so having an inexpensive brand wine doesn’t affect the perception of the entire French wine industry.” TJG, distributor, NY*

*“France’s reputation in the U.S. was built from the top down – they are seen as having the best wines in the world, even though those are just a tiny fraction of the wines produced. Thus, their cheaper wines don’t devalue the country’s reputation but are seen as great values. Australia’s reputation in the U.S. was built from the bottom up (yes, Grange and Hill of Grace etc., are standard bearers, but the average consumer doesn’t know them), with Yellowtail, etc. Thus, it’s harder for consumers not to think that higher-priced wines are worth it.” PhilB, off premise, WI*

*“I think that France has been successful with value wines because it has a long-standing reputation for producing high-quality wines. It is much easier for a consumer to decide to try something affordable from a country they think makes great wines, than to splurge on something expensive from a country they associate with budget wines, especially without the opportunity to taste it first. It’s not much easier to get consumers to spend a lot on wines from South America, South Africa, or New Zealand, either, even if they enjoy the inexpensive wines from those regions. Europe tends to be synonymous with quality and the Southern Hemisphere is synonymous with value, and it can be difficult to change those perceptions. It will likely take some time, especially if large quantities of those inexpensive wines are still imported.” NikkiG, online retailers, National*



- ✓ Finally, there were some specific promotion ideas offered, such as getting higher end wines into the hands of consumers through tastings, engaging in classic promotional activities, and securing by-the-glass placements on premise.

*“As insiders, we know there is plenty of high quality Australian wine on the market. It’s lost in the shadow of Yellowtail. The wine industry in Australia should do more marketing and advertising that supports other brands and appellations. Earlier this year, I attended a Spanish wine event in New York City by Guia Penin, and another in Eataly for Italian wines. Both tasting events were probably supported by their respective governments as well, along with the EU. Also, get wines into the hands and glasses of reviewers and bloggers. Even Bogle has done neckers with 88 point scores. Maybe even invite a select few on a trip to Australian wine regions. You don’t need to invent something new for Australian wines, because there have been plenty of successful promotions for other wine producing regions.” SteveW, off premise, NY*

*“Just as an aside, but related...I had a consumer “Southern Hemisphere” class last night with wines from New Zealand, Argentina, South Africa, Chile and Australia. We opened a \$60 bottle of Davey Block D Shiraz and I sold five bottles, which for a crowd that usually goes for the \$20 was very good. It was the most popular wine, so quality sells, I think it just needs to be communicated and sampled.” KirkH, off premise, CA*

*“Australian wine is currently not popular with sommeliers, but it would help to get some of these better wines on by-the-glass menus so consumers can have a low-risk experience trying them by the glass. Perhaps offering deep discounts for a limited time on by-the-glass placements would help encourage this.” NikkiG, online retailer, National*



## DISCUSSION GUIDE

DT1: PLEASE INTRODUCE YOURSELF — tell us briefly about where you work and your role there.

DT2: When you think of the country of Australia (not its wine), what first comes to mind?

DT3: When you think of Australian wine, what first comes to mind?

DT4: Please describe the types and price ranges of the Australian wine you sell.

IF SELL IN \$20+ ASK: What specific appellations or sub-regions do you sell, and what is your opinion of the importance of the “specificity” of varietals and regions in marketing these wines?

DT5: What Australian wines sell best for you? Why do you think that is?

Probe for more details when Shiraz is mentioned.

Ask if sell Australian wine in the \$20+ category in DT4: Tell us a little more about the Australian wine you sell in the \$20 and higher price categories. Do they consistently sell? Are their sales growing? Which are most successful brands, varieties or specific regions and why do you think they do well?

Ask: in your opinion, what can be done to improve sales of Australian wine in the \$15-\$25 price range. What about Shiraz in this price range? , and Shiraz specifically?

DT6: What Australian wines (varietals, types, and/or price points) do you find difficult to sell or do you not carry or represent because they don't sell well?

Probe for reasons such as style, quality, image or reputation of competing varietals or countries.



Probe for more details when Shiraz is mentioned.

DT7: What wines do you find your customers buy instead of Australian wines? Why do you think customers find those wines good substitutes?

Probe for any mention of Non-Australian Cabernet Sauvignon, as well as Malbec, Merlot, and Pinot Noir. If Non-Australian Cabernet Sauvignon is mentioned, probe their experience with and opinion on Australian vs. non-Australian Cabernet Sauvignon sales and consumer interest.

Ask: What wines do you suggest to customers as alternatives to Australian wines? Why do you suggest these? If red blends or Cabernet is mentioned, ask: Have you been promoting or recommending red blends or Cabernet in situations where you used to promote Shiraz?

Ask: Are there situations or occasions for which you think Australian wines are particularly suited? What are they?

DT8: Data suggests that regular Australian Shiraz buyers are tending to buy more non-Australian Cabernet Sauvignon and less Australian Shiraz. Has this been your experience? If so, why do you think this is the case? If not, are there other types of wines customers are choosing instead of Australian Shiraz?

Ask: Which would be easier to sell in your store/restaurant – Australian Shiraz or Australian Grenache-Syrah-Mourvedre blends? Why?

DT9: Have you had any experience with or involvement in any type of Australian wine promotions? If so, please describe the program and its degree of success.

Probe for whether involvement in a Wine Australia event or promotion, or Australian wines being promoted by an importer, distributor, etc.

DT10: Thinking specifically of your own business, have Australian wine sales declined, held steady, or increased? What specific category or categories



of Australian wine (by varietal, region, and price segment) do you see as declining and which are having more success?

Ask as appropriate: To what do you attribute this (success and/or decline)?

DT11: Again overall, where do you see the most opportunity for Australian wine?

Specific questions about the opportunity for specific Australian wine types and varietals, and Australian wines at certain price points and quality levels, will be asked of each participant in response to their answer to the above discussion topic question.



## SCREENER SURVEY RESULTS\*

The screener survey questionnaire, used to recruit participants for the Vintrospectives discussion group, also provided some useful quantitative data. A total of 248 Wine Opinions trade panelists participated in the screener survey.

From the screener survey, we learned that:

- ✓ Respondents carry more Australian brands than brands from New Zealand, Chile, Portugal, and South Africa, and only fewer brands than France.

| <b>Carry at Least 10 Different Brands by Country of Origin</b><br>(Base = 223) |            |
|--|------------|
| France   | 94%        |
| <b>Australia</b>   | <b>57%</b> |
| New Zealand  | 55%        |
| Chile  | 53%        |
| Portugal   | 42%        |
| South Africa   | 36%        |

- ✓ Within the competitive set used for the survey, France and New Zealand wine sales were most important to respondents' overall sales, followed by Australia and Chile, and then Portugal and South Africa.

---

\*The targeted, non-probability nature of the Wine Opinions panel means that that screening survey results based on panel members should not be used to project or estimate the behaviors or sentiments of the entire U.S. adult wine drinking population without additional analysis or modeling to adjust for the panel focus.



**Importance of Country's Wines to Sales**  
(Base = 142)

|              | VERY IMPORTANT | MODERATELY IMPORTANT | NOT AT ALL IMPORTANT | DON'T SELL OR REPRESENT |
|--------------|----------------|----------------------|----------------------|-------------------------|
| France       | 68%            | 18%                  | 5%                   | 9%                      |
| New Zealand  | 49%            | 30%                  | 9%                   | 12%                     |
| Australia    | 25%            | 52%                  | 11%                  | 12%                     |
| Chile        | 25%            | 49%                  | 11%                  | 14%                     |
| Portugal     | 10%            | 55%                  | 21%                  | 14%                     |
| South Africa | 6%             | 44%                  | 32%                  | 19%                     |

- ✓ Of those who sell Australian wine, Shiraz is carried by nearly all of them. Grenache-Syrah-Mourvedre blends, Cabernet Sauvignon, and Chardonnay are carried by more than three-quarters of the respondents. (Note: it must be kept in mind that respondents expressed only that they carried these Australian wine, and now how many SKUs of each. Hence, respondents in fact most likely carry more Australian Grenache-Syrah-Mourvedre blends, than Australian Cabernet Sauvignon and Chardonnay.) More than half carry Australian Riesling, Sauvignon Blanc, and Pinot Noir. Just under half carry Australian Semillon.

**Types of Australian Wines Carried**  
(Base = 126)

|                                 |     |
|---------------------------------|-----|
| Shiraz                          | 94% |
| Cabernet Sauvignon              | 86% |
| Chardonnay                      | 80% |
| Grenache-Syrah-Mourvedre blends | 76% |
| Riesling                        | 61% |
| Sauvignon Blanc                 | 54% |
| Pinot Noir                      | 51% |
| Semillon                        | 43% |



In addition, respondents were asked to name up to three of their company’s best-selling Australian wine brands. They typed these brands into three open-ended text boxes. This exercise showed the top selling brands for these survey respondents to be Penfolds and Yellowtail.

| <b>Best Selling Australian Wine Brands</b> (Number of mentions*)<br>(Base = 126)  |    |
|---|----|
| Penfolds  | 52 |
| Yellowtail  | 32 |
| 19 Crimes   | 21 |
| Lindeman's  | 18 |
| Mollydooker   | 17 |
| D'Arenberg  | 16 |
| Yalumba   | 16 |
| Jacob's Creek   | 14 |
| Rosemont  | 11 |
| Two Hands   | 11 |
| Barossa/Barossa Valley/Barossa Valley Estates   | 8  |
| Leeuwin Estate  | 8  |
| Little Penguin  | 6  |
| Clarendon Hills, Jim Barry, Schild Estate, Torbreck   | 4  |
| Elderton, Peter Lehmann, Pewsey Vale  | 3  |
| Black Opal, Cape Mentelle, Davey Family, Gemtree, Greg Norman, Hardy's, Henschke, Hope Family, John Duvall, Kim Crawford, Oyster Bay, Salomon Estate, Some Young Punks, Stump Jump, The Chook, Tomich Vineyards, Tyrrell's, Woop Woop | 2  |

\*Respondents were asked to name up to three brands.

Other brands named by only one respondent included:

|                                     |                      |
|-------------------------------------|----------------------|
| Alice White                         | Mount langi          |
| Astralis                            | O'Dwyer              |
| Balnaves the tally Cabernet         | Ochota Barrels       |
| Banrock Station                     | Patrick Smith        |
| Black Pearl Mischief Maker, Paarl   | Pillar Box Red       |
| Brokenwood                          | Pintupi 9 "The Red"  |
| Cupcake                             | Ring.Bolt            |
| Dandelion Vineyards                 | Seppeltsfield Estate |
| De Bortoli Heathcote Reserve Shiraz | Shaw + Smith         |
| Eden Valley                         | Silkman              |
| Flegenheimer                        | Starborough          |
| Fox Creek                           | Tahbilk              |
| Frisk Prickley Riesling             | Thorn Clarke         |
| Greenock                            | Tim Smith            |
| Handpicked wines                    | Turnon               |
| Henry's Drive                       | Vinaceous            |
| Innocent Bystander                  | Voyager              |
| Insurrection                        | Wild Oats            |
| Kay Brothers                        | Wirra Wirra          |
| Left hand                           | Wolf Blass           |
| Little Boomey                       | Xanadu               |
| Mathilda (Chapoutier)               | Yangarra             |
| McPherson Wine Company              | Yellow Bird          |
| Milton Park                         | Yering Station       |

## TRADE RESPONDENT PROFILE

### Trade Respondents by Trade Tier

(Base = 248)

|  |     |
|--|-----|
| Wine retailer, retail sales, administration or related field | 46% |
| Restaurant, hotel, or hospitality industry                   | 32% |
| Distributor, wholesaler, broker or related field             | 21% |

### Top States Represented

(Base = 248)

