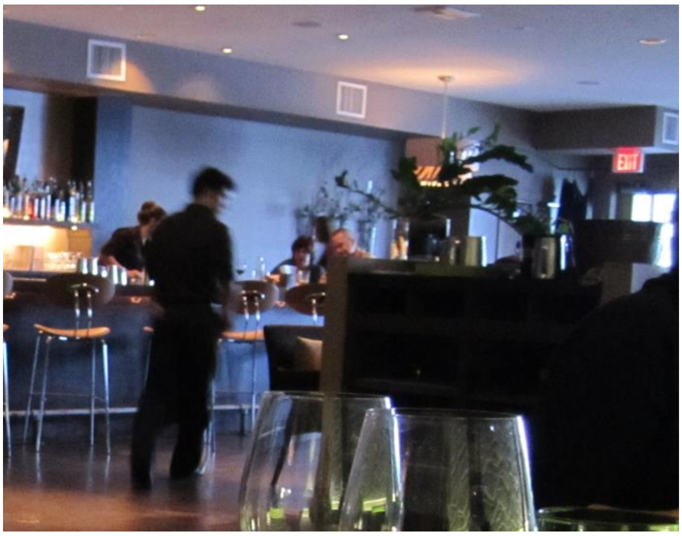
Mapping the Decision Influencers along the Wine Industry Supply Chain



FINAL REPORT to

GRAPE AND WINE RESEARCH & DEVELOPMENT CORPORATION

Project Number: **UA 09/03**

Principal Investigator: **Dr Steve Goodman**
steve.goodman@adelaide.edu.au

Research Organisation: **The University of Adelaide**

Date: **1 March 2014**

Prepared by Dr Steve Goodman
The University of Adelaide Business School
Marketing and Management

1 March 2014

Contents

Abstract:

Wine marketing research has focussed on that which influences consumers in their choice of wine. Whilst this is an important thing for practitioners to know, the consumer typically cannot choose to buy a wine until a distributor or On / Off-premise retailer have decided which wine they are purchasing to stock. This research investigates the three key exchange points along the wine supply chain (winery/distributor, distributor/On-premise and distributor/Off-premise) in three markets (Australia, USA and China) to see what influences these decision makers when deciding to stock a new wine. All papers published from this research are available at http://www.adelaide.edu.au/wine-future/research/fields/

Executive Summary

This project builds on previous GWRDC-funded research that investigated the elements that influence a wine choice made by the consumer.(USA05/01), results available http://www.adelaide.edu.au/wine-future/research/fields/consumer/. This early research used the Best:Worst Choice Method.

To gain as broad an insight as possible and to see the differences across markets, the decision was taken to investigate three distinct markets:
Australia – giving the opportunity to understand the market sold into by most Australian wineries.
USA – representing a solid, developed market where growth was still occurring.
China – representing an emerging market for Australian wineries. The results show commonalities in some areas and also exposed differences that should assist a marketer to design their offer and tailor their approach to gain new customers.

As you go through the radar plots in particular, this is evident; where the plot lines are similar shapes, the influences are similar, where the plots have a different shape, that is a difference in influence.

In the USA and Australia data were collected using an online survey instrument, with an identical experimental design to the face to face questionnaires used in China. An external company was engaged to recruit respondents working on the on and Off-premise trade. Similar to China, differences were found across most segments. The series of articles published in the monthly industry journal, Grapegrower and Winemaker attached to this report present the On and Off-premise and distribution results from these markets, one paper for each group in each market. The practical findings can be used by wine marketers to guide the way they design and present their offer in different markets, to align with the influencers of the supply chain decision makers and the different segments within those groups.

Working with Prof Huiqin Ma of China Agricultural University, we were able to collect data face-to-face in the three cities of Guangzhou, Beijing and Shanghai. Differences were found across the three cities, results of which are presented in the sections on China in this report.

The results, charts and radar plots that are presented in this report show the key influences on the decision (made by buyers) to represent a winery or buy a new wine.. Each plot shows how important each attribute is to a specific market or with reference to a specific target.

Background

Much is hypothesised or acted upon with regard to market positioning of wine – strategies are developed and communicated based on conceptual models; success is either achieved or not, in the latter case strategies are 'renewed', 'revised' and new ones developed.

When empirical work is undertaken, it typically focuses on 'knowing your consumer' rather than 'knowing your customer'. It is acknowledged that the value is realised when the consumer purchases the product on offer. However, for the consumer to have this opportunity there are many other exchange points where decisions to buy wine are madeUnderstanding elements that influence decisions at exchange points may help Australia improve position and penetration in existing and new markets.

The Chief Investigator's (CI) PhD (2000-2003) examined the South Australian wine industry supply chain and identified where and how value and competitive benefit was being generated. In order to understand how and what decisions create (or not) that value, the CI has undertaken work in the areas of consumer behaviour, choice modelling and now customer decision-influences.This will generate insight and knowledge using solid empirical choice modelling that can assist the Australian industry in realising greater value at the end exchange point (when the final consumer makes a purchase) – by understanding what influences customers along the chain in the decisions made and to develop better strategies to achieve positioning in line with industry goals and targets.

The University of Adelaide's Faculty of the Professions awarded the CI funding for the initial exploratory, qualitative phase of this research, leading to the development of the quantitative instrument necessary to conduct the choice experiment. This choice experiment allowed the mapping of the decision influencers at the identified exchange points.

The objectives of the GWRDC-funded project built on this initial investment and include:

1. Identification of the decision influencers at the exchange points along the wine supply chain;
2. Exploration of the willingness to buy in relation to various environmental innovations and positioning;
3. Mapping of the exchange points and their decision influencers;
4. Identifcation of the differences between local, mature and developing markets;
5. Communication of the decision influencers to the Australian industry through trade journals, industry conferences and the Wine2030 website;
6. Enabling of the addition of other market data in the same approach as the consumer-only phase

This project relates to 'Market and Consumer Understanding'. The identification and mapping of the influencers on the decision to buy wine at the exchange points (retail, On-premise, distributor, importer) relating to the wines stocked, supported and promoted should enhance the understanding of domestic and international (existing and emerging) market behaviour. This will assist Australian wineries to design products and promotion strategies that take into account empirically derived choice behaviour. This should increase the likelihood of success, working with and along the supply chain to better reach consumers at the point of purchase.

Knowing there is a need to understand the consumer, this research project is a move up the supply chain (toward the winery) in getting to know your customer, as it is the supply chain ‘customer’ that ensures the final consumer can choose to buy Australian wine.

Project Aims and Performance Targets

The project aimed to produce a series of industry journal papers where the results of the data analysis were presented to industry, this influenced the research design; we strove to ensure rigorous research methods were employed that generated practical insights. These are compiled in the ‘results’; section and made available as Appendices in the original published form.Worst

Method

The project used the Best-Worse choice method (Cohen 2009). The Best-Worse choice method involves asking respondents a question about the reasons that influence their decision in relation to purchasing/promoting wine. Respondents are presented with a series of tables and asked to nominate, in each choice set, the one reason that most influenced their decision and the one that least influenced their choice.

The research utilised a combination of online data collection and survey-based interviews (face to face and telephone) - due to the business to business (B2B) nature of respondents. This placed demands on the budget with the need to establish web collection infrastructure and financial incentives for survey completion, as well as funds required for travel and associated expenses.

Respondent numbers for the various markets and segments are:

Market	Distributor	On-premise	Off-premise
Australia	26	244	117
USA	106	177	274
China	106	362	365

Results and Discussion

Choosing wine carries a perceived risk (Hollebeck & Brodie 2009) for consumers and business customers alike. A distributor can only represent so many wineries, retailers (on and off premise) have a finite space on their shelves and wine lists. Customers are looking to be able to ‘trust’ in the purchase they make; the work of many researchers has been to identify ‘what’ consumers trust about wine. Large brands represent a level of risk minimisation for retailers, Consumers can make a decision with less knowledge, using the brand as a cue (Atkin & Johnson 2010; Hollebeck & Brodie 2009; Lockshin 2000). The wider a brand is known, the more a consumer is exposed to a brand then the more likely they are to have positive attitudes about the brand (Sinapuelas & Sisodiya 2010). We expect then, that business customers will also value ‘brands’ as an influence in their decision.

Research has also shown that origin/region can be a substitute for brand in terms of a quality indicator (Atkin & Johnson 2010; Johnson & Bruwer 2007; Thode & Maskulka 1998; Veale & Quester 2009). In some cases we have seen the region becoming the brand (Papadopoulos & Heslop 2002) especially with higher spending, discerning wine consumers (Johnson & Bruwer 2007). Different regions command different price premiums (or discounts); some are more of a brand than others (Newman-Stein-Friedman 2004). There is trust with both regions and the brands (Bruwer & Wood 2005) often because the consumer is forced to rely on a multitude of extrinsic factors (Jacoby & Olson 1985). Region has been shown to have the highest utility amongst higher knowledge consumers (Rasmussen & Lockshin 1999; Jarvis & Rungie 2002; Tustin & Lockshin 2001). We might expect to see a difference in the influence region has on distributors with varying sales volumes; lower sales distributors (at likely higher priced point wines, higher quality lower volume) might be more influenced by region than brand and vice versa.

B2B sellers are reliant on fewer customers than B2C businesses, so the portfolio presented to the market is very important (Cambra-Fierro & Polo-Redondo 2008), a factor that may translate into which winery to represent; range can be everything (Dewald 2008). Tipples (2010) reports of the importance of a retailer valuing receipt of one invoice for a number of wineries, the cost and ease of dealing with one account for a number of wines is important in B2B. As Zsidisin & Ellram (2003) posit, the B2B company needs to acquire what best helps them achieve their objective, sourcing the supplies that best meet their and their customers’ needs (Cambra-Fierro & Polo-Redondo 2008) is a central tenet to relationship marketing and successful B2B operations. As consumers are more likely to repurchase from the same price point (Lockshin 2005) the price point targeted (or possible to target) of the winery is likely to be an influence on a distributor’s decision.

Research showed that previous tasting of a wine exerted a significant influence over consumer choice (Goodman et al 2008, 2008a; Goodman 2009), so it is assumed that a wine supply chain of industry professionals is likely to be influenced by taste. Expectations, likely to be generated by anticipation of future business, the brand, region or even winemaker/owner character (Spence & Essoussi 2008) can override the taster’s sensory perception (Veale & Quester 2009). Whilst knowledge of wine is important, knowing how to sell it is critical and more likely to influence sales (Dewald 2008). Sommeliers, those responsible for wine sales in the On-premise setting, are influenced by value (for money), variety, taste and reputation (Dewald 2008); do those distributors focussing at the On-premise market have factors such as these as more of an influence than those with an Off-premise focus. Some retailers value merchandising support, whilst others simply seek payment to cover the retailer’s cost of conducting in-store tastings (Tipples 2010). In terms of sustainability, having a supply chain working together with the understanding of what its customers (and its customer’s customers) want is crucial for the creation of value for all those involved in the supply (value) chain from the winery to the consumer.

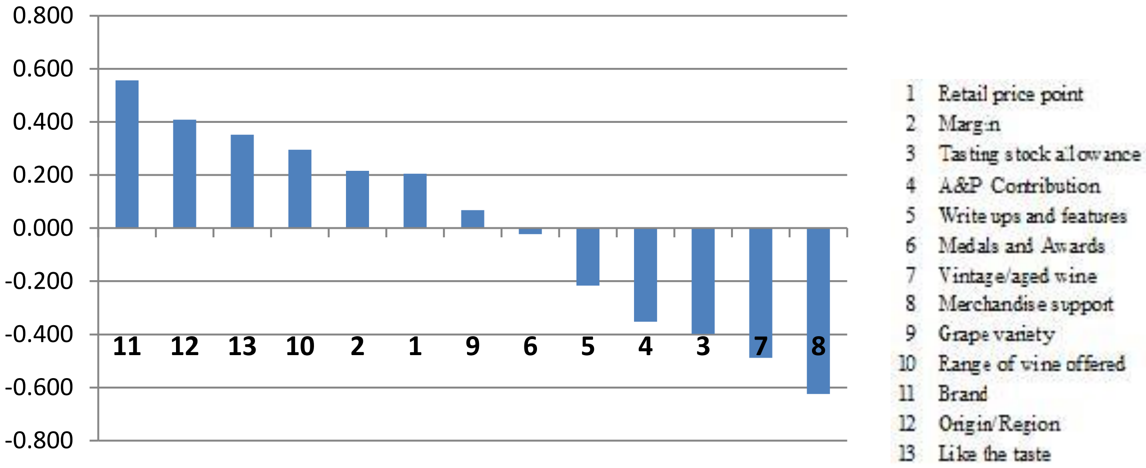
1. AUSTRALIA

Australia - Distributors

Qualitative interviews were held, in-person and via telephone, with members of the wine supply chain to discuss the factors important to them when making decisions as to which wine to buy or represent. From these interviews, a decision set was compiled for use in a quantitative study. The data was collected online using a Best: Worst design of 13 decision influencers (Goodman et al 2008). An email was sent to 121 wine distributors in Australia inviting them to complete the survey. This represents the population of licensed distributors that distribute wines within Australia (excluding those companies that only represent brands they own). Useable responses were received from 22 distributors, a response rate of 18%. As this is a population sampling, 18% is a satisfactory sample size to investigate. Furthermore, the Best-Worst choice method enables data to be examined from smaller numbers of responses; in fact, estimations are available and accurate at the individual respondent level (Cohen 2009; Goodman et al 2005). Responses were received from the various States in Australia broadly in line with market share of wine sales per state. New South Wales and Victoria represented 60% of responses, South Australia and Western Australia a further 31%, suggesting a broadly representative national sample of decision-making.

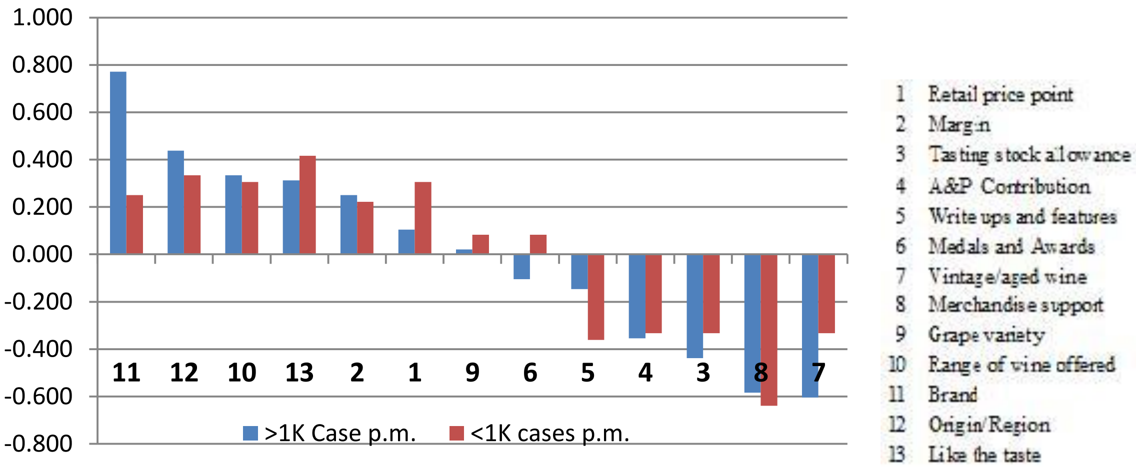
Figure 1 shows the results across all respondents in decreasing influence on the decision. Those below the line are not negative, simply the lower the standardised score, the less influence it has on the decision to take on a new winery. At a full sample level,'brand' was the most important influencer of choice, 25% more so than 'origin/region'; in line with the findings of Atkin & Johnson (2010). 'Taste' was important (4th) as was the 'range of wines offered by the winery' (5th). 'Margin' and 'retail price point' ranked similar influence whilst, interestingly, the actual 'grape variety' scored relatively low; this may be offset though as the distributor is more looking at the range of grape varieties produced as wine by the principal.

Figure 1 –'what influencers your decision when looking at taking on a new winery?' Australian Distributors (*n*=26)



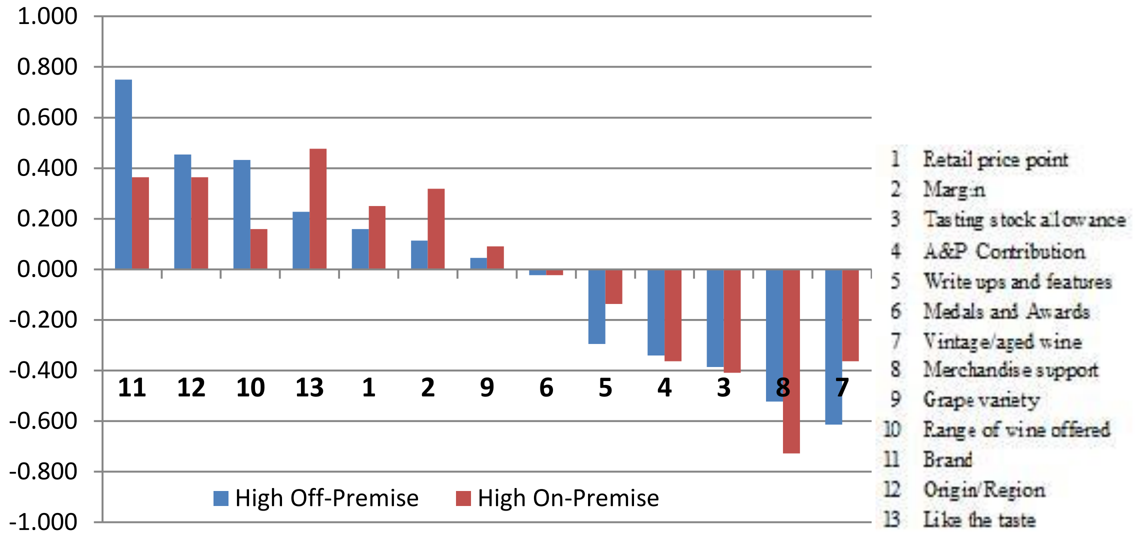
Typically, wine is seen as either a 'commodity' wine, with sales driven by volume or as 'fine wine' where volumes are typically lower. How does the sales volume of a distributor affect their choice of winery to represent? Figure 2 gives a comparison between High and Low volume distributors (HVD & LVD). HVD are substantially more influenced by brand than LVD; whilst this is to be expected it is now present in empirical results. LVD cite the 'taste' as the biggest influence on the decision and are substantially more influenced by that, and the retail price point than HVD are. This infers a very different approach and business logic between distributors of different sales levels. A winery approaching a distributor that takes them into a portfolio based on feedback of 'taste' and 'retail price point' may need to see if it is with the mindset and position of expected smaller volume sales. It could be that feedback like this from a distributor to a winery principal is tied to the sales levels of the distributor concerned.

Figure 2 –Differences between Low *(*n=12) and High *(*n=12) Volume Wine Distributors



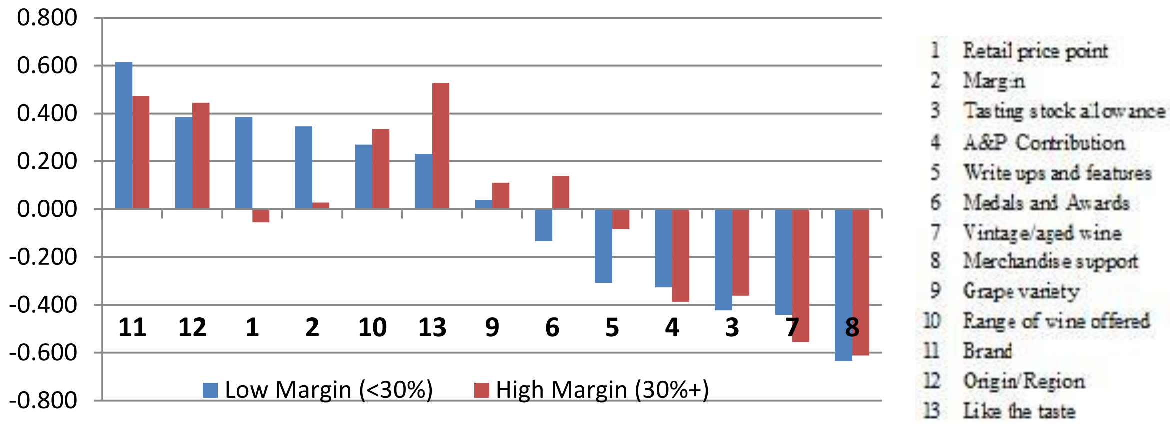
Whilst On and Off-premise are arguably both the 'retail' wine channel, they represent different situations and are seen to show different behavioural responses (discussed in Cohen 2009; Goodman 2008, 2009) the question arises: do distributors with a business orientation and sales to on or Off-premise differ in their decision influencers concerning the wine they carry? Figure 3 shows that there are several notable differences. 'Brand' and the 'range of wine offered' are much more of an influence for those with an Off-premise focus whilst those with a focus toward On-premise are much more influenced by 'taste' and 'margin'. Those On-premise respondents interviewed in the qualitative phase reported the importance of 'margin' (Goodman 2011) often mentioning the importance of it in the overall profit of the restaurant. Whilst quantitative data needs to be gathered from trade customers, there appears to be an alignment between the later stage customers of the supply chain; the question is whether the wineries seeking to tap into this market offer products that suit the downstream chain members.

Figure 3 –Differences between On *(*n=11) and Off-premise *(*n=11) Focussed Distributors



The importance of attitude to 'brand' and 'taste' is evident when segmenting the responses using the average trade margin received by distributors. Lower Margin Distributors (LMD) are much more influenced by 'brand' and less so by 'taste' than Higher Margin Distributors (HMD). 'Margin' itself and 'retail price point' is significantly more of an influence to LMD whilst HMD, similar to those with an On-premise focus are more influenced by 'grape variety', and interestingly by 'medals and awards'. Whilst medals and awards have not shown to be much of an influence in consumer research (Goodman 2009), clearly HMD see some value in them.

Figure 4 –Differences between High *(*n=9) and Low *(*n=13) Margin Wine Distributors



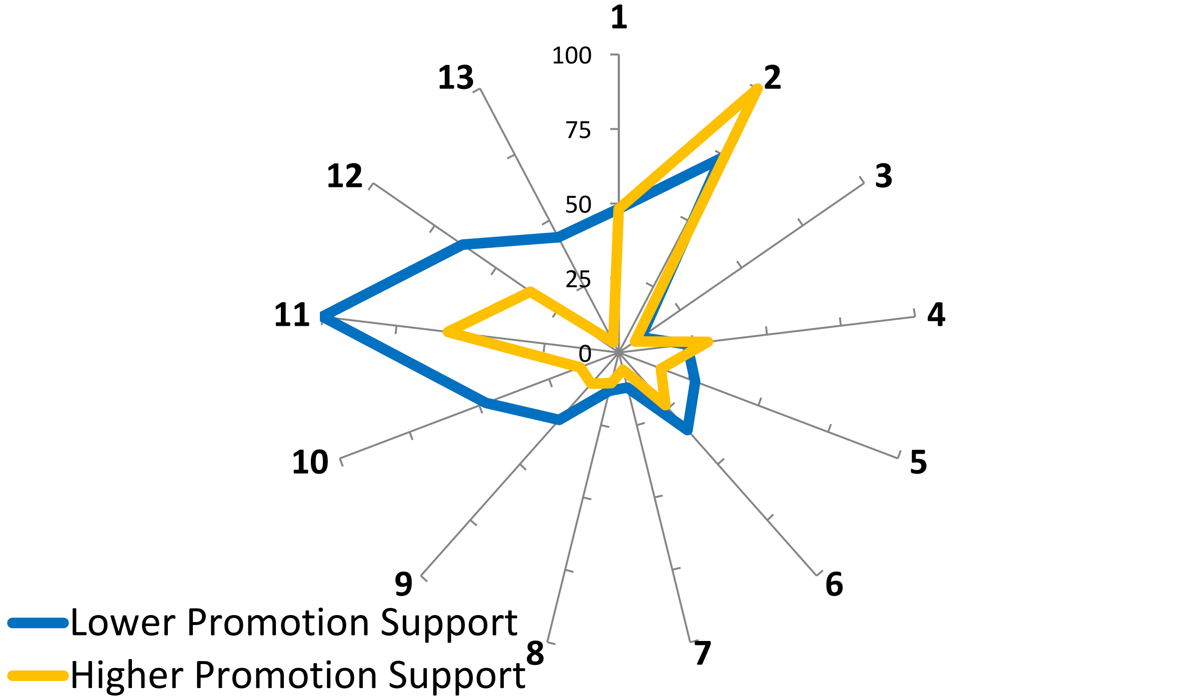
Whilst the limitations of the distributor data in Australia may be seen in the low number of respondents, in a B2B setting numbers of respondents are typically lower than in consumer research simply because there are less in the population. This research represents 18% of the population of the licensed distributors in Australia that sell non-proprietary brands; as such, it can be seen to be a sample worthy of examination. As a starting point to using Consumer Choice Modelling to understand decision making within the wine supply chain, this paper has presented data that show differences in decision making by distributors when segmenting by margin, market focus and sales volume. Wineries and wine researchers have seen that consumers have different choice influencers in different situations (Goodman 2008, 2009) and the same choice method shows differences in decisions in the supply chain. If wineries are looking to target On-premise as an outlet for their wine it may well be worth considering different distribution or product offering to that which is presented to the Off-premise channel ; different influencers are present amongst the distributors so different approaches may be needed. Further research is needed to extend this study to the On and Off-premise decision makers. Results like this contribute to the understanding and identification of information necessary to reduce problems identified in Agency Theory that are likely to misalign supply chains. When a winery is seeking distributor representation the data presented here suggests it may be worthwhile to understand the margin of the distributor. The 'demographic' of margin size is likely to result in a different emphasis of decision factors; the product offering may need to be adjusted to suit as necessary. It is proposed that to assist sustainability in the wine industry (even survival) that understanding is needed of the decision influencers at all exchange points in the industry. This will assist in enabling alignment of the supply chains and creation of value for all parties.

As we moved through the segmentation we present the data in radar plots as they are instinctively simpler to read. Converted to 0-100, where 100 is the chance of the influencer being the strongest on the choice decision. As you examine the radar plots it is simple to see that where a difference appears, if it is more towards the outside of the chart, then it is a stronger influence on the decision.

In the charts that follow, the question asked is '**What Influences you when deciding to take on a new wine?**' The titles of each shows how the respondents were segmented; High vs Low promotional support, High vs Low margin using definitions as:

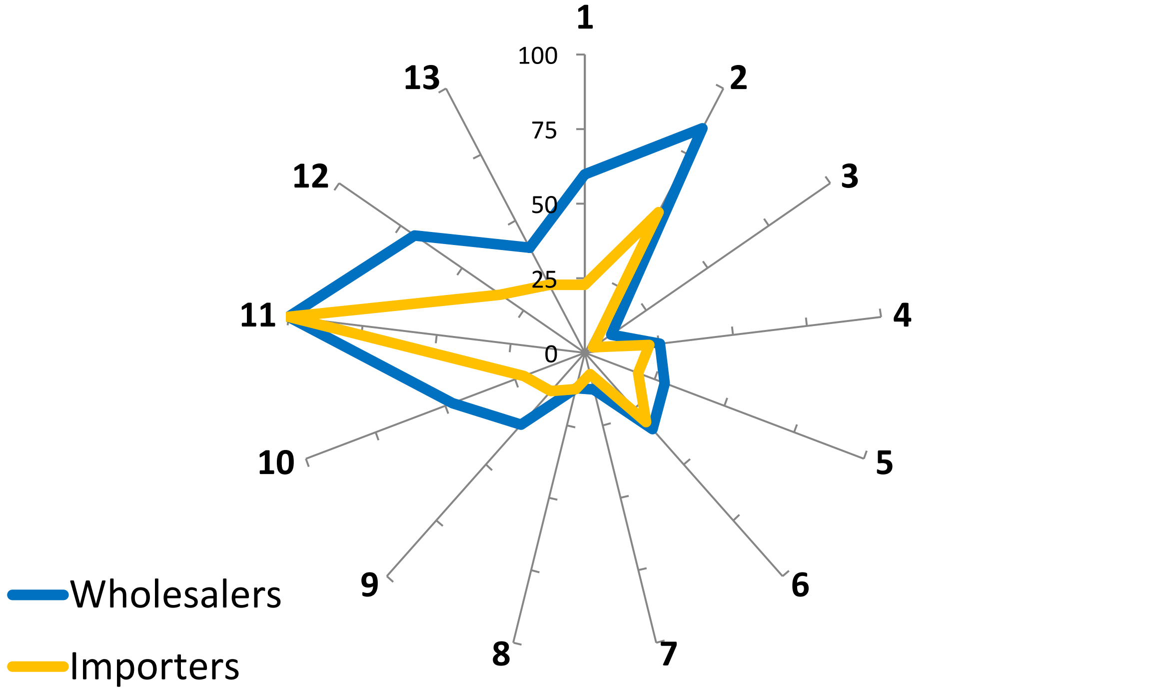
AU Distributor Definitions		
Promo Support	**Lower Promotion Support**	**<15%**
	Higher Promotion Support	**>15%**
Wholesaler/Importer	**Wholesalers**	
	Importers	
Principals	**Fewer Principals**	**<10**
	More Principals	**>20**
Off or On Premise	**High Proportion On-Premise**	**60%**
	High Proportion Off-Premise	**60%**
Cases	**Fewer cases sold per month**	**<4000**
	More cases sold per month	**>8000**
Sales Reps	**Fewer Sales Representatives**	**<=25**
	More Sales Representatives	**>25**
Margin	**Lower Margin**	**<20%**
	Higher Margin	**>30%**

Australia Distributors - Promotion Support

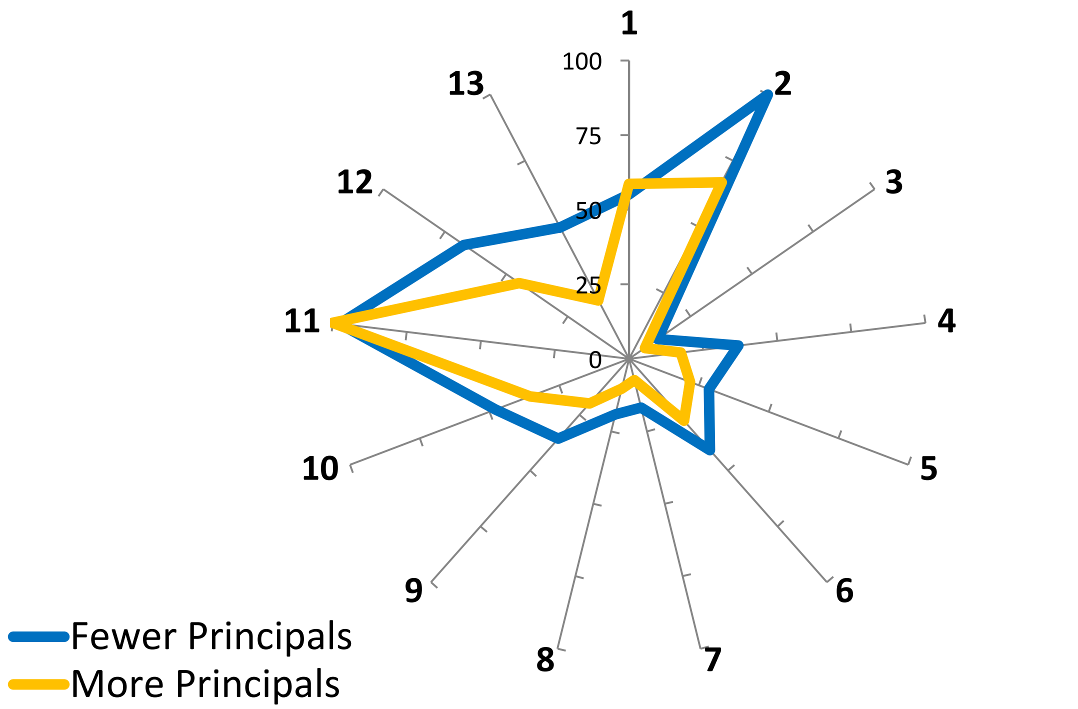


1	retail price point	5	press write ups and features	9	grape variety
2	margin	6	medals and awards won	10	range of wine by the winery
3	tasting stock allowance	7	vintage/aged wine	11	brand
4	A & P contribution	8	merchandise support	12	origin/region
				13	like the taste

Australia Distributors - Wholesaler/Importer

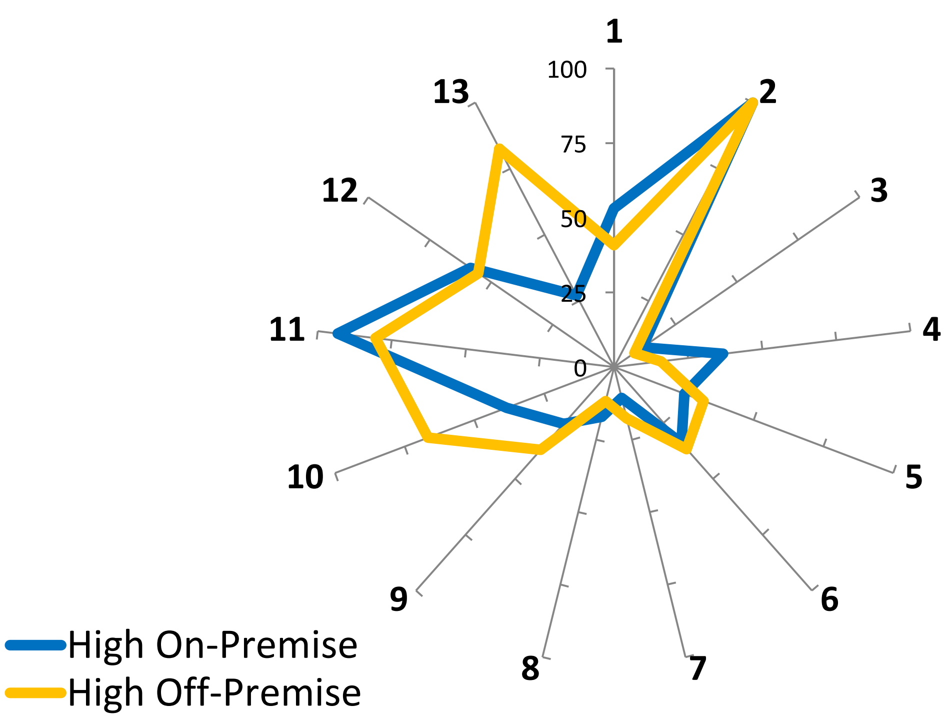


Australia Distributors - Principals

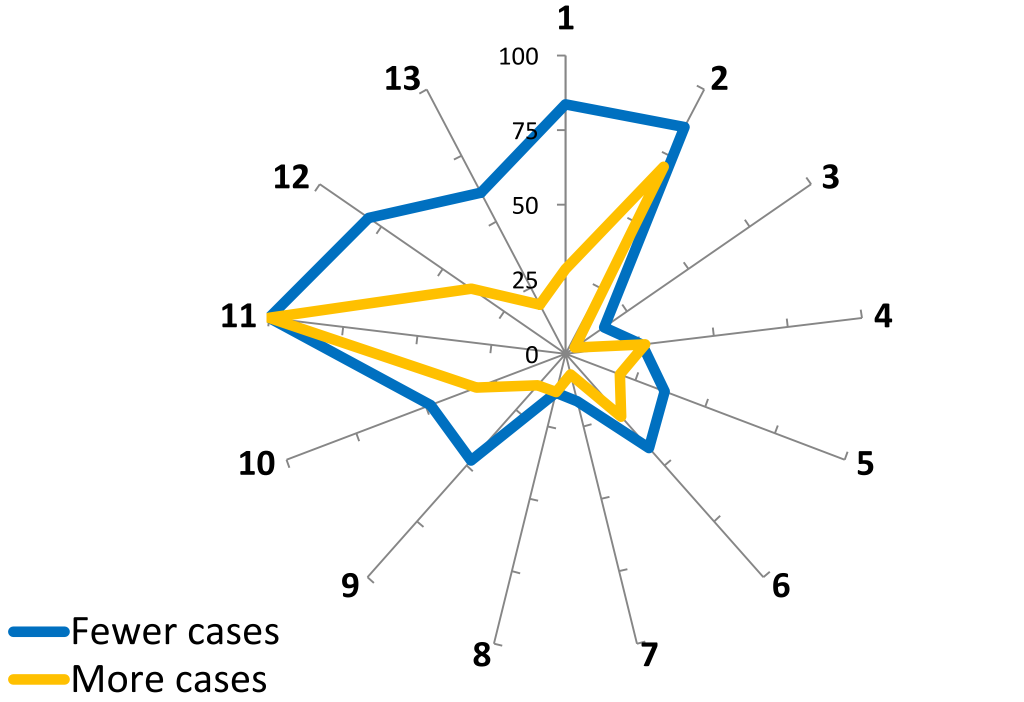


1	retail price point	5	press write ups and features	9	grape variety
2	margin	6	medals and awards won	10	range of wine by the winery
3	tasting stock allowance	7	vintage/aged wine	11	brand
4	A & P contribution	8	merchandise support	12	origin/region
				13	like the taste

Australia Distributors - Selling Focus

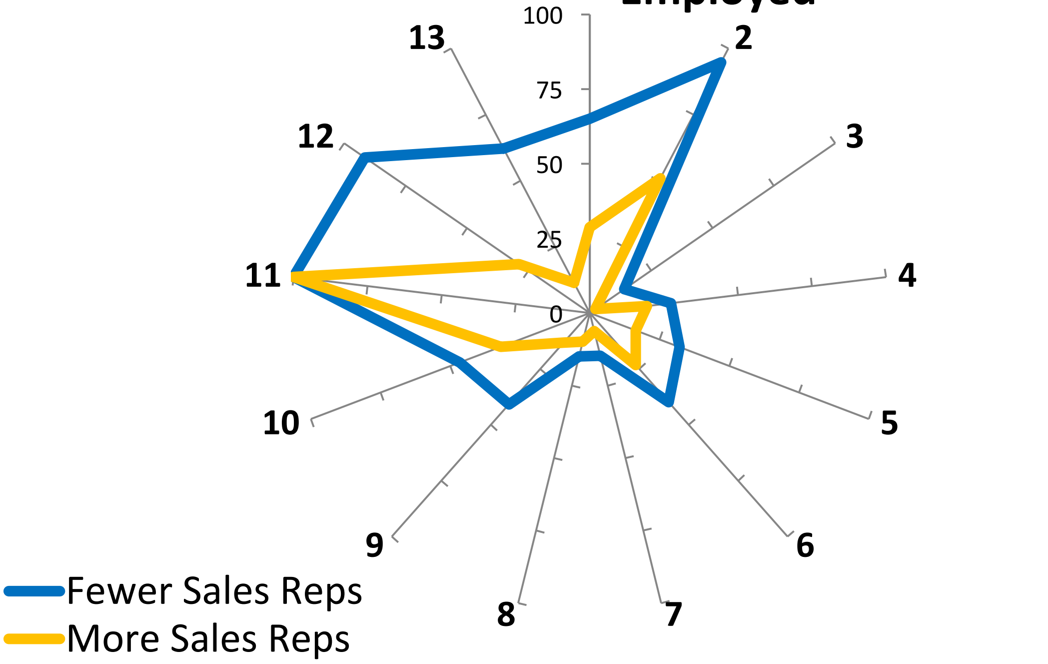


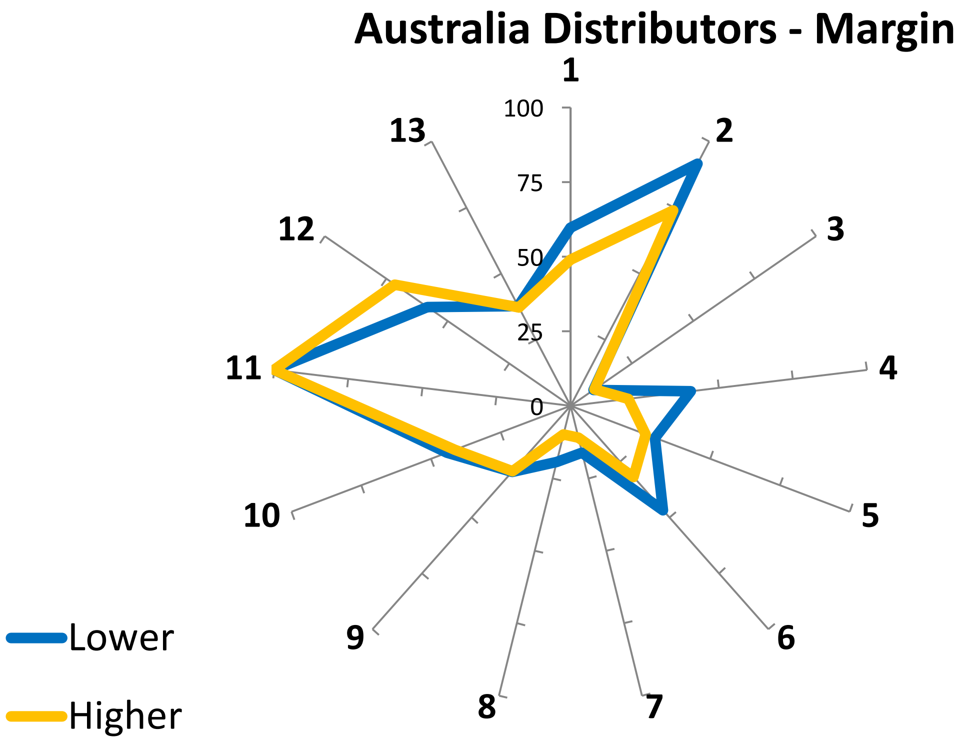
Australia Distributors - Cases sold



1	retail price point	5	press write ups and features	9	grape variety
2	margin	6	medals and awards won	10	range of wine by the winery
3	tasting stock allowance	7	vintage/aged wine	11	brand
4	A & P contribution	8	merchandise support	12	origin/region
				13	like the taste

Australia Distributors - Sales Representatives Employed



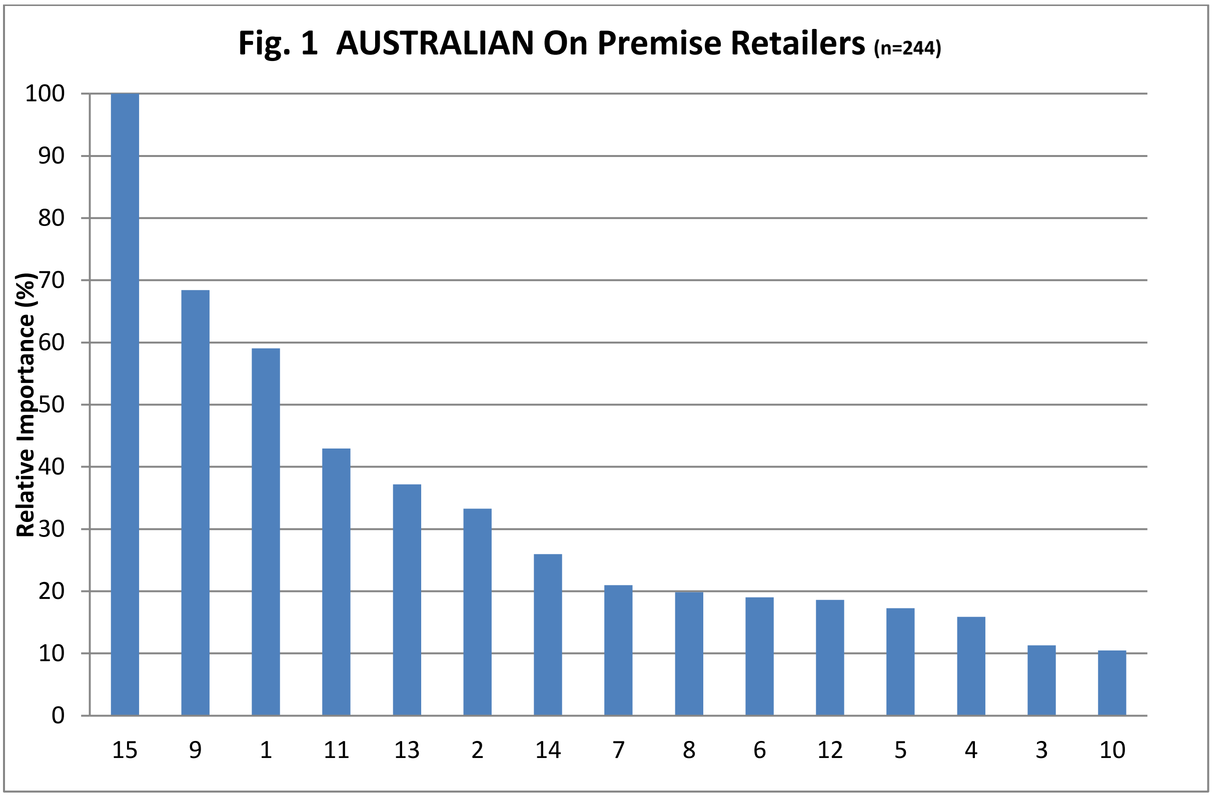


1	retail price point	5	press write ups and features	9	grape variety
2	margin	6	medals and awards won	10	range of wine by the winery
3	tasting stock allowance	7	vintage/aged wine	11	brand
4	A & P contribution	8	merchandise support	12	origin/region
				13	like the taste

Australia – On-premise

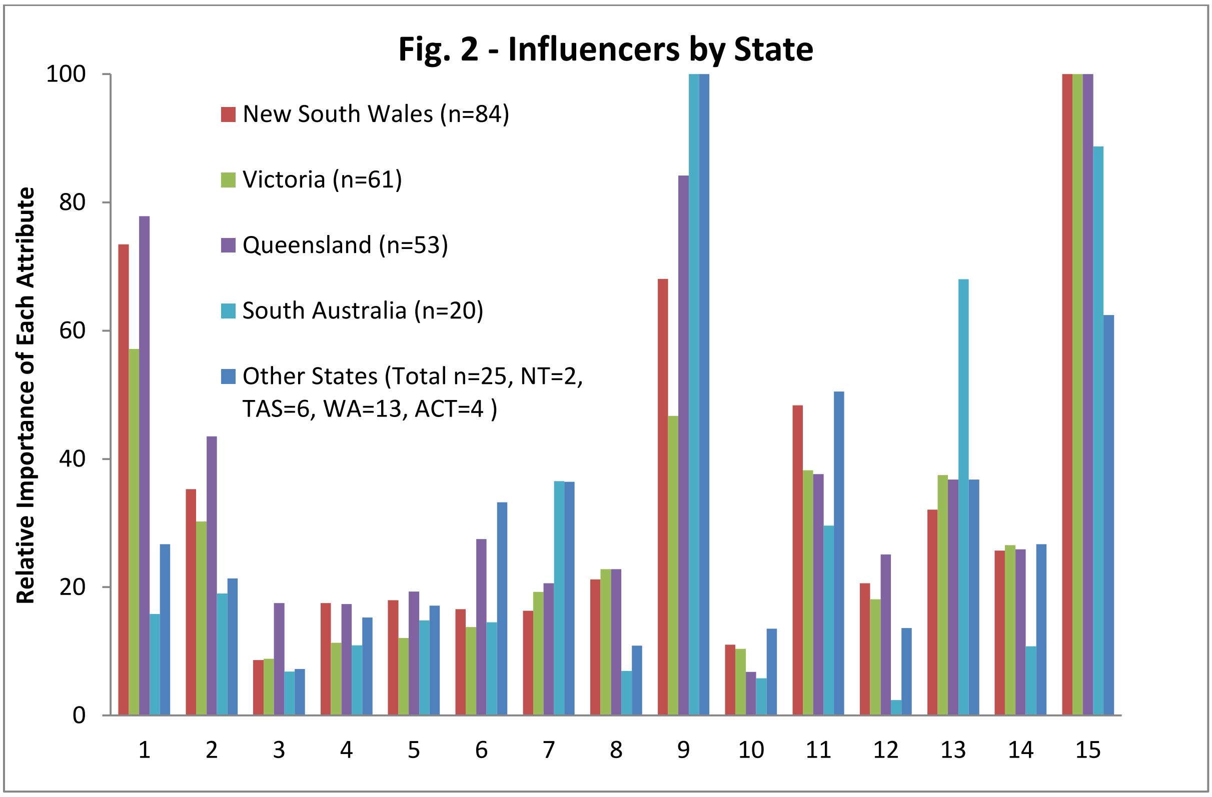
On-premise is seen by so many as the path to building their wine brand (or even just selling some wine). The lack of Off-premise oligopoly means there are so many more decision makers and a greater chance to sell wine than in a retail market dominated by big retailers, big buying groups and big distributors that have access to the lucrative sales volumes. Understanding the On-premise market then becomes of paramount importance.

Figure 1 shows the results at the national level with some expected results and some that are contradictory (at least at face value). The taste of the wine comes out as the number one influence – highlighting the importance not of good product, but of ensuring those involved in the restaurant setting have the opportunity to taste the wines. And whilst 'food matching' is number 2 in influence – it clearly isn't the chef's choice (lowest influence). 'Margin' is the next major influence – and the qualitative work showed that is made up as much of what can be charged for the wine as the price point itself. Brand is a low influencer – one lower than the 'lack of retail availability' – the latter which itself has an influence on the margin opportunities.



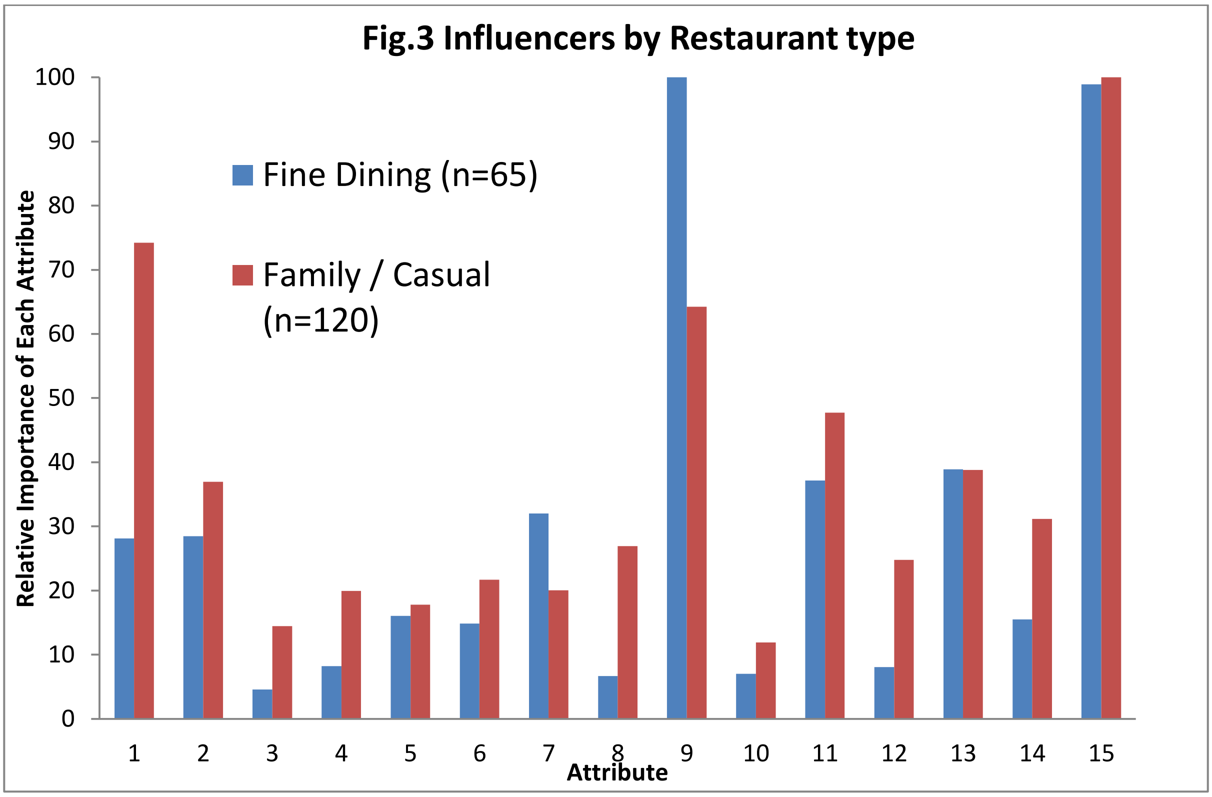
1	Margin	6	Medals and Awards won	11	Grape variety
2	Lack of retail availability	7	Vintage/aged wine	12	Listing Fee/Rebate paid
3	Contribution to menu printing	8	The distributor	13	Origin/Region
4	Table 'talker'/ On Table Promotion	9	Match to food on menu	14	Brand
5	Press write ups and reviews	10	Chef's choice	15	Tastes good (mngr/somm)

When we begin segmenting the market, we see that there are some differences when looking to sell into different states. Figure 2 shows the results comparing states. In South Australia, 'region/origin', 'food matching' and 'aged/vintage' wines are more of an influence than NSW, Vic or Qld. NSW and Queensland On-premise outlets are more influenced by 'margin' and 'lack of retail availability' than their southern counterparts. Victoria had a much lower influence of 'match to food' than other states and a number of lower influencers than the NSW market. What we do see from this is the need to examine the market that you are looking to sell wine into and see how your offer lines up with the intended business customers' decision influencers.



1	Margin	6	Medals and Awards won	11	Grape variety
2	Lack of retail availability	7	Vintage/aged wine	12	Listing Fee/Rebate paid
3	Contribution to menu printing	8	The distributor	13	Origin/Region
4	Table 'talker'/ On Table Promotion	9	Match to food on menu	14	Brand
5	Press write ups and reviews	10	Chef's choice	15	Tastes good (mngr/somm)

The type of restaurant, not surprisingly many would say, has a number of attributes that vary in their influence. Important is to quantify what these differences are and then equally as important is to take them into consideration when putting the offer together. Family/Casual restaurants are much more influenced by 'margin' and 'variety' than fine dining. Consider this – is there an opportunity to work a second label and generate more opportunity for margin? If you are targeting family/casual dining – do you have 'the' flavours of the season. It is an area big wine companies dominate – because of issues like this and other things like 'contribution to menu printing', 'rebates' and the popular 'brands'. Fine dining on the other hand is more influenced by 'food matching' and interestingly 'aged wines'. This offers the smaller producer an avenue to market with cellar releases – which in many cases is unsold stock from previous vintages (3-4-5 years older).

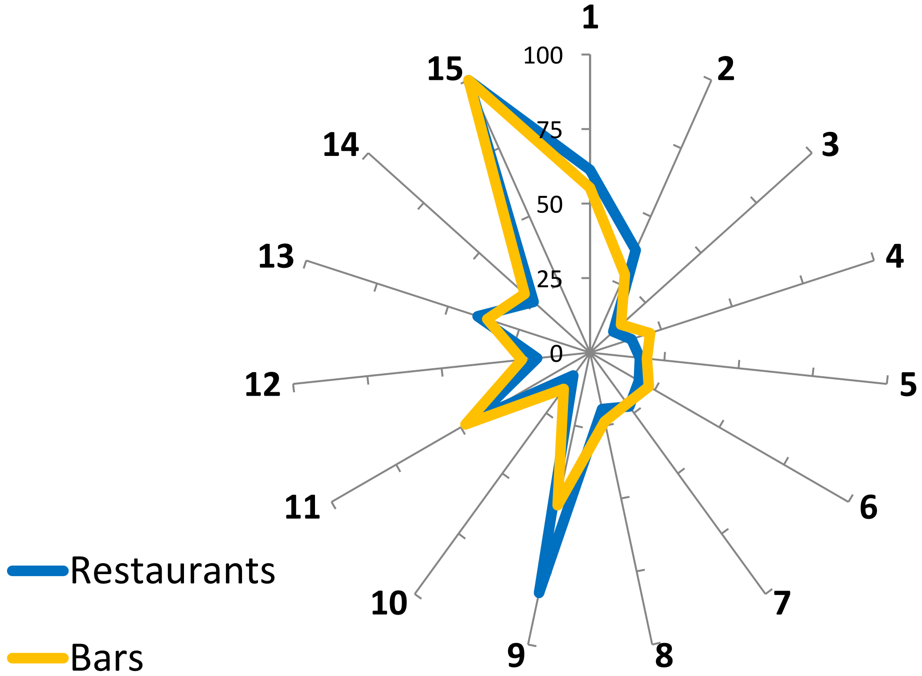


1	Margin	6	Medals and Awards won	11	Grape variety
2	Lack of retail availability	7	Vintage/aged wine	12	Listing Fee/Rebate paid
3	Contribution to menu printing	8	The distributor	13	Origin/Region
4	Table 'talker'/ On Table Promotion	9	Match to food on menu	14	Brand
5	Press write ups and reviews	10	Chef's choice	15	Tastes good (mngr/somm)

As marketers, as researchers and as educators – the one thing we repeatedly say is 'get to know and understand your customers'. This research provides the insight into the different types of customers you will approach and an insight into what is more (or less) likely to influence their decision. In the radar plots that follow, the questions asked is **'What influences your decision when buying in a new wine?',** segmented as:

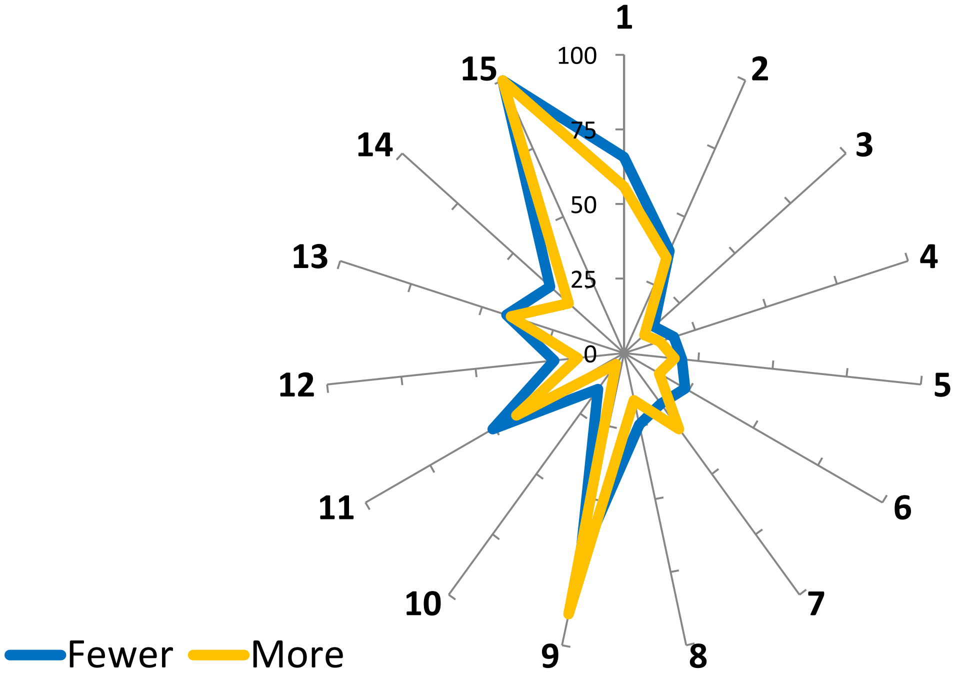
AU On Premise Definitions		
	Overall	
Establishment Type	**Restaurant**	
	Bars / Nightclubs	
Suppliers	**Fewer Suppliers**	**<5**
	More Suppliers	**>10**
Cases Sold	**Fewer cases sold per week**	**<5**
	More cases sold per week	**>10**
Markup	**Lower Markup**	**<50%**
	Higher Markup	**>100%**

Australia On Premise - Establishment Type

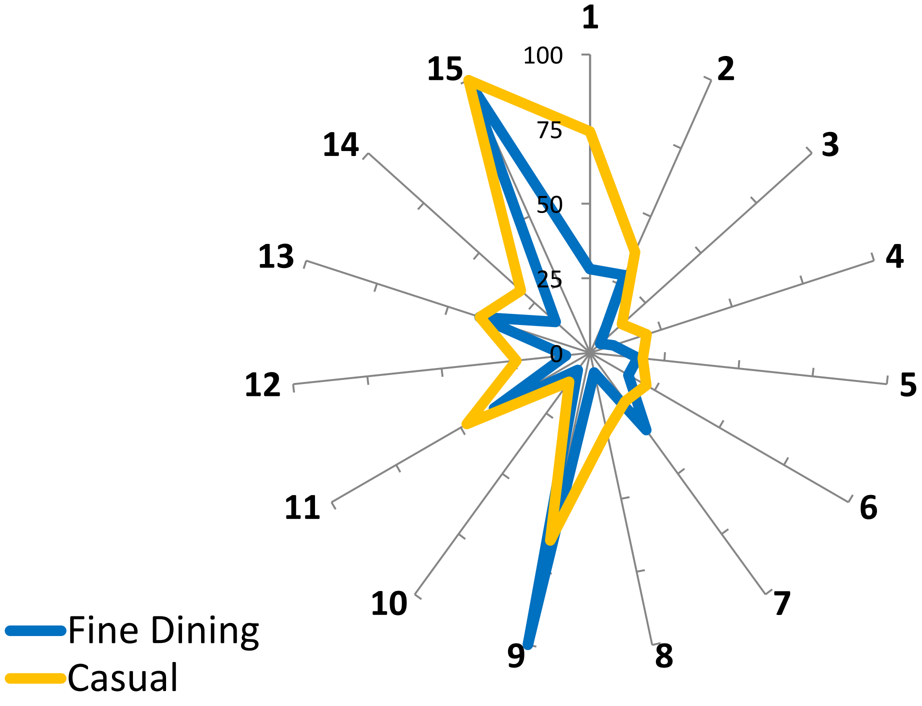


1	Margin	6	Medals and Awards won	11	Grape variety
2	Lack of retail availability	7	Vintage/aged wine	12	Listing Fee/Rebate paid
3	Contribution to menu printing	8	The distributor	13	Origin/Region
4	Table 'talker'/ On Table Promotion	9	Match to food on menu	14	Brand
5	Press write ups and reviews	10	Chef's choice	15	Tastes good (mngr/somm)

Australia On Premise - Number of Suppliers

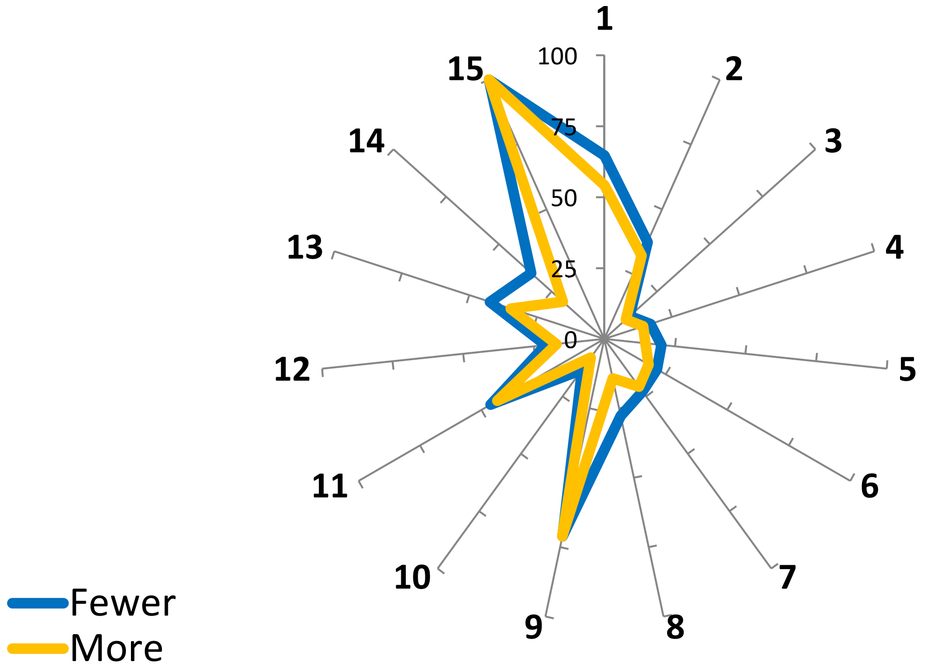


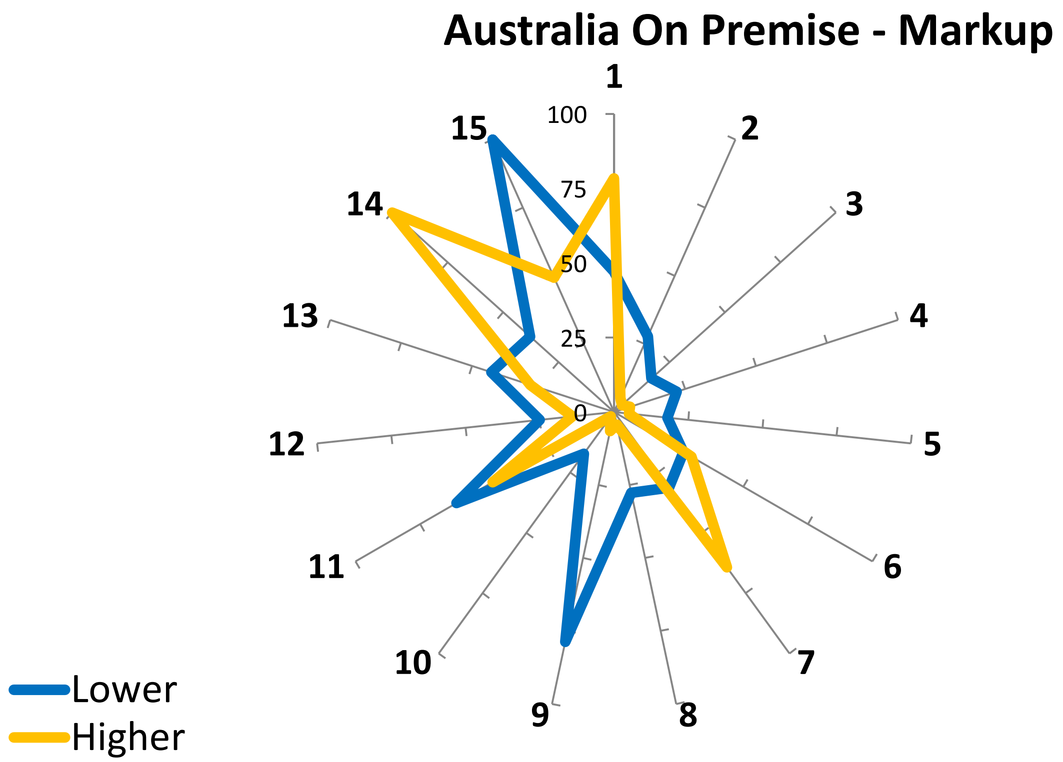
Australia On Premise - Restaurant Type



1	Margin	6	Medals and Awards won	11	Grape variety
2	Lack of retail availability	7	Vintage/aged wine	12	Listing Fee/Rebate paid
3	Contribution to menu printing	8	The distributor	13	Origin/Region
4	Table 'talker'/ On Table Promotion	9	Match to food on menu	14	Brand
5	Press write ups and reviews	10	Chef's choice	15	Tastes good (mngr/somm)

Australia On Premise - Cases sold per week



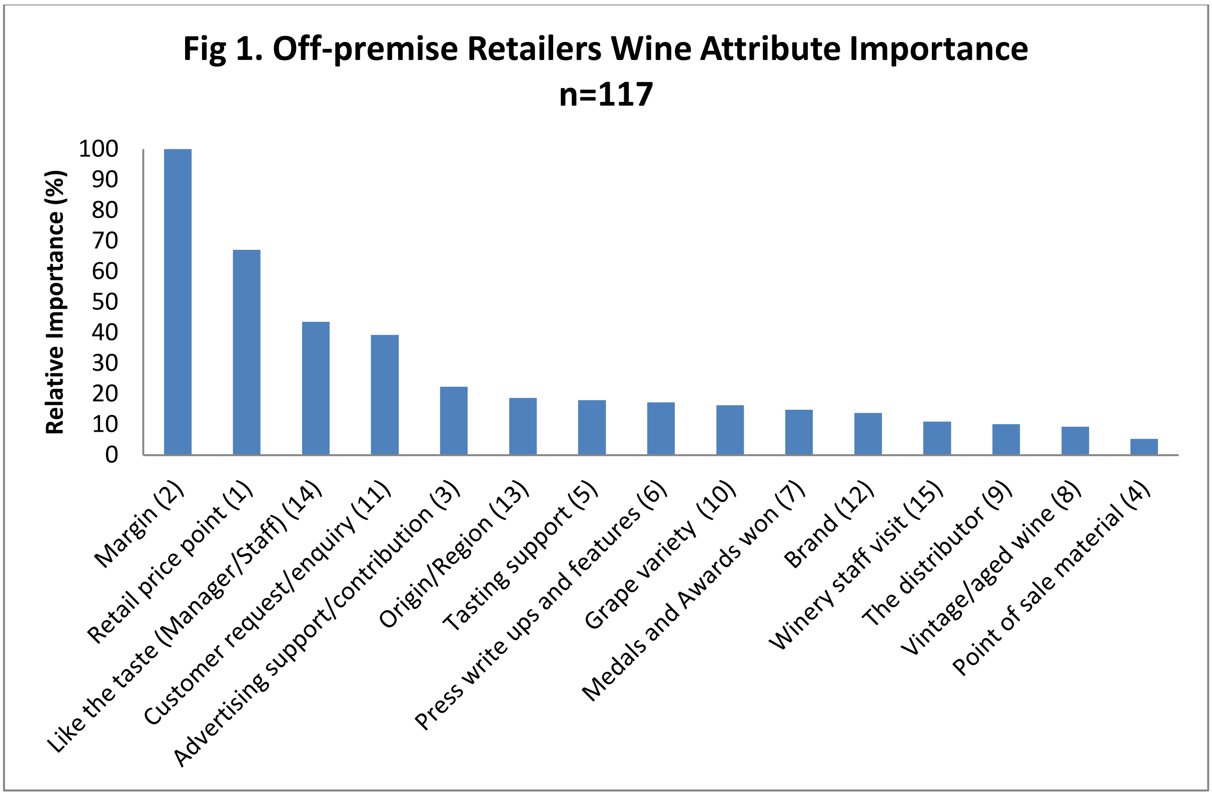


1	Margin	6	Medals and Awards won	11	Grape variety
2	Lack of retail availability	7	Vintage/aged wine	12	Listing Fee/Rebate paid
3	Contribution to menu printing	8	The distributor	13	Origin/Region
4	Table 'talker'/ On Table Promotion	9	Match to food on menu	14	Brand
5	Press write ups and reviews	10	Chef's choice	15	Tastes good (mngr/somm)

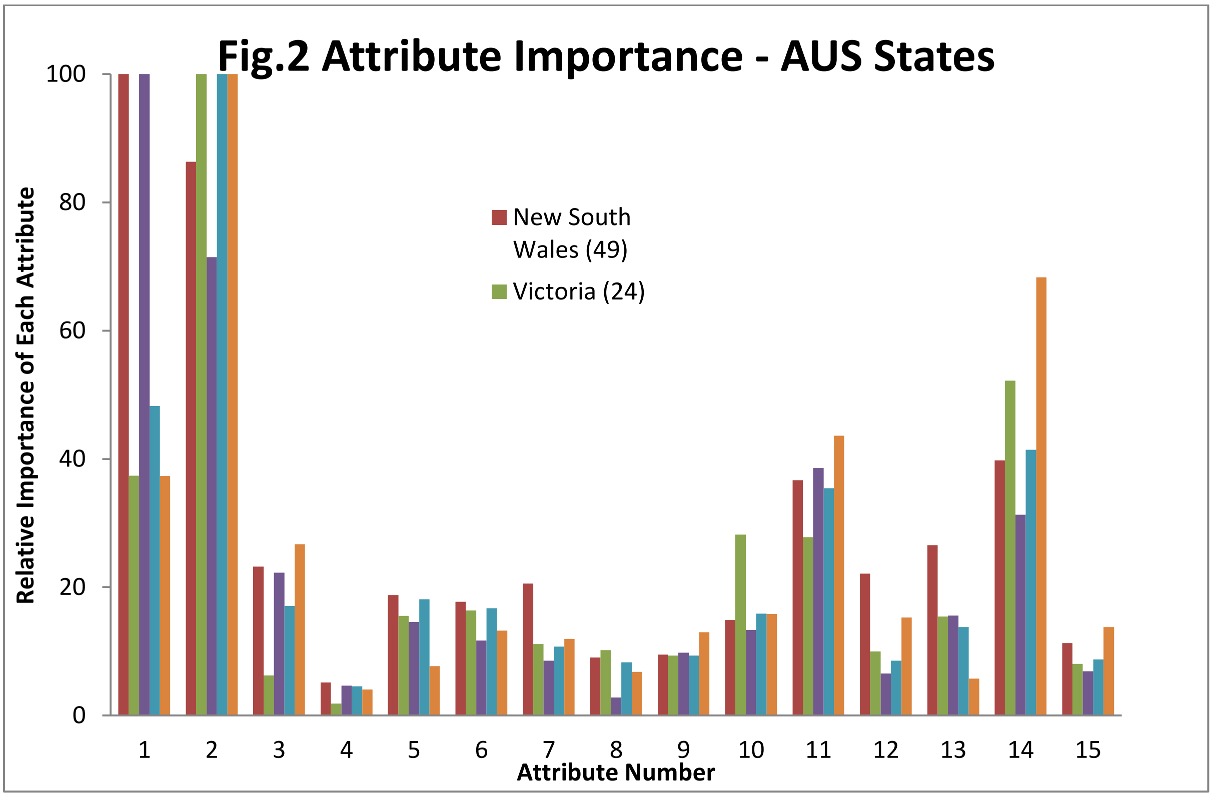
Australia Off-premise

Off-premise is a beast to understand in Australia – with the dominance of two retailers controlling the lion's share of the market. Too often, the Off-premise market is dismissed as too hard to get into. The fact is, 'margin' is not the be all and end all. It is VERY important, but this research generates insights that provide cues for brands without large retail exposure to see how they might present to various Off-premise customers with a different slant or emphasis so as to line up with their goals. Yes margin in almost every segmentation was the #1 influencer – but different segmentation approaches showed how different businesses might be approached with different emphasis – the old sales and marketing notion of understanding who your customer is before you talk to them. Keep in mind though, it doesn't negate the importance of margin. Retail in any industry is a tough gig, the liquor industry no different, possibly moreso with the pressure of the competitive ability of the big stores.

Figure 1 shows the results at a national level. 'Margin' is the number one influencer, but important to keep in mind, especially when designing new wines is the actual 'price point' at which they sit. It is important to speak with retailers and find out individually what price points are in demand in their stores, where there are gaps in the market and how you might meet them. Important to ensure your distributors (or winery staff?) ensure retail staff have tasted the wine. As consultants, we've had some great success with consumer mail outs letting them know where wines are on taste – even giving them incentives to visit stores and ask for product. Known as 'pull marketing', where you concentrate on building consumer awareness and interest to draw back up the supply chain, rather than simply offloading to a distributor and expecting each person down the chain to sell.

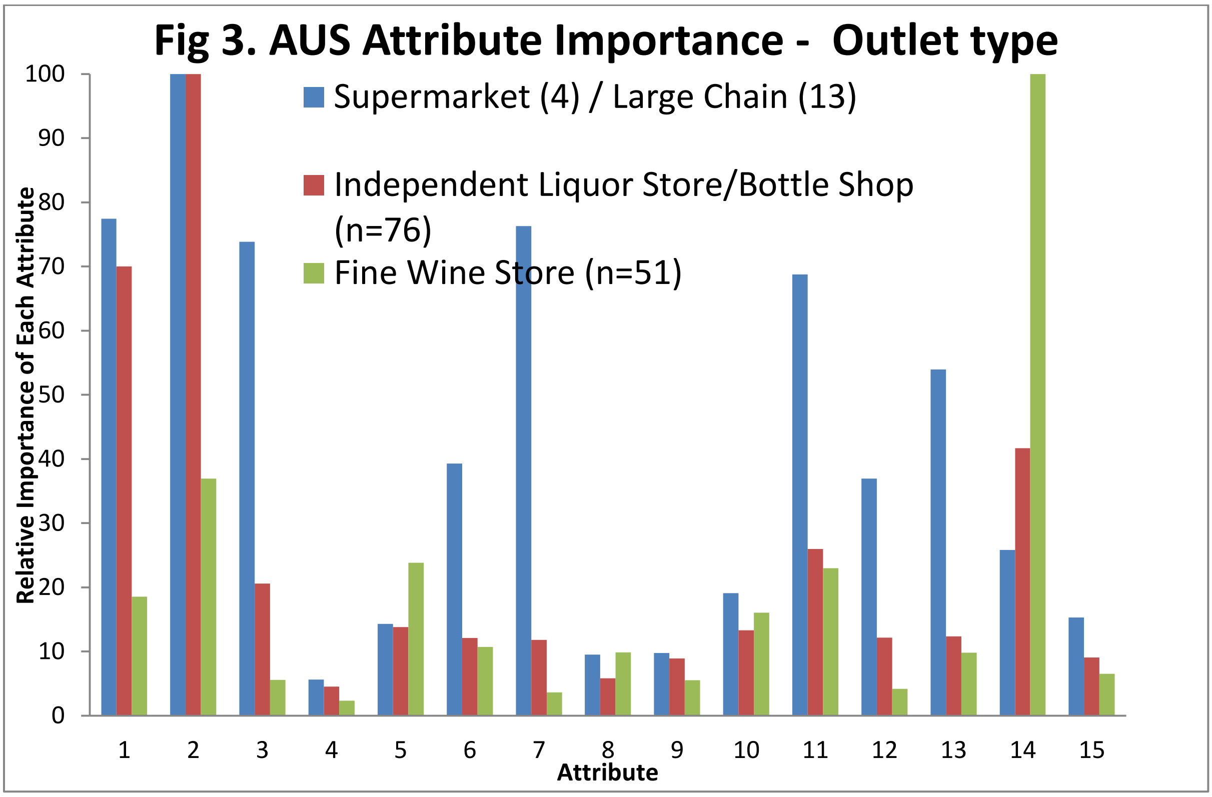


When we begin the segmentation we see there are some differences in influencers in various states (Fig.2). We all know the states can be vastly different markets but this approach shows us where there are similarities and where there are differences you might exploit to your advantage. NSW and South Australia are much more influenced by 'price point' and 'advertising support' than the others and less by 'margin' (which was though in itself still highly important). Victoria was more influenced by 'grape' and 'taste' than others states; clearly you'd want to think about a retail staff tasting program if you are looking to increase sell in (and through) in Victoria. NSW was more influenced by the 'brand' and 'origin' than other states – you need to find out which regions are sought after at what level in NSW.



1	Retail price point	6	Press write ups and features	11	Customer request/enquiry
2	Margin	7	Medals and Awards won	12	Brand
3	Advertising support/contribution	8	Vintage/aged wine	13	Origin/Region
4	Point of sale material	9	The distributor	14	Like the taste (Manager/Staff)
5	Tasting support	10	Grape variety	15	Winery staff visit

Supermarkets/Large Chains, not to your surprise you say, are much more influenced by a large range of attributes. Figure 3 shows that everything seems to matter more to supermarkets. They are not as one track in their influence as the fine wine stores, who lean strongly to 'taste'. What this does show is the need to examine the breadth of your offering if you are trying to get wine ranged and then sell into large chains. This might entail advertising support – not just dollars, but campaign integration, high resolution images – even winery initiated promotion. Keep a file and update the trade of reviews and medals you win. Promotion and communication can actively move consumers to seek your brand out – this is no mean feat given the number of other wines they can choose from, but from our experience it is possible with a strategic, goal oriented effort with all your supply chain partners.

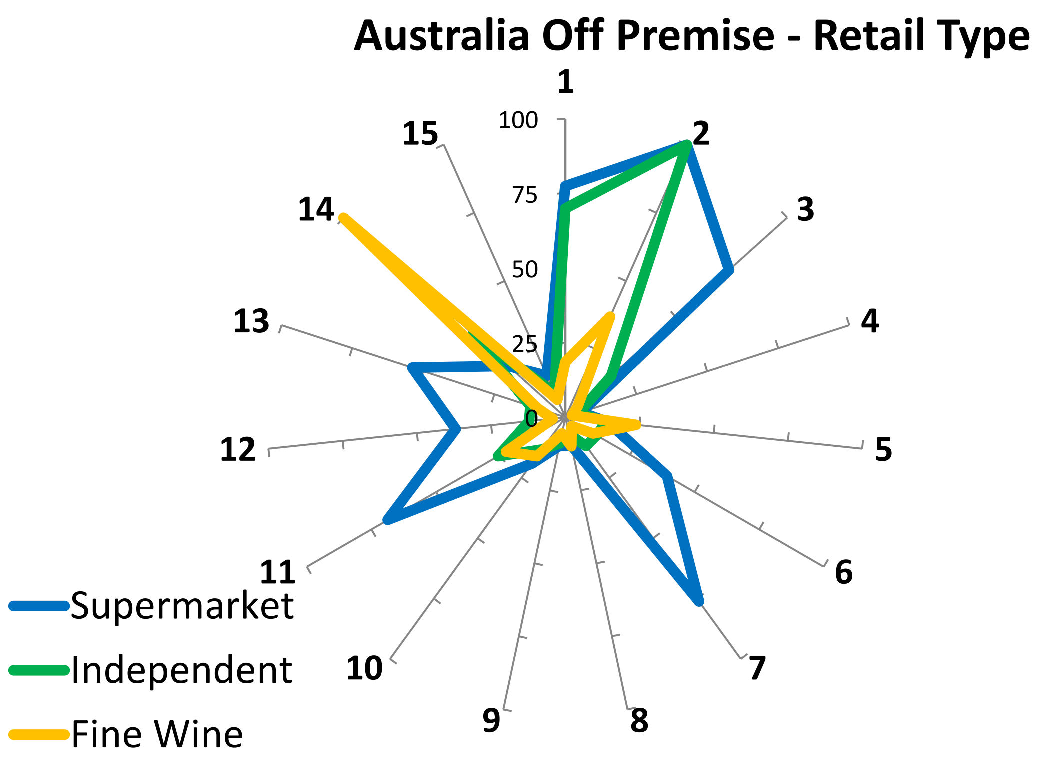


1	Retail price point	6	Press write ups and features	11	Customer request/enquiry
2	Margin	7	Medals and Awards won	12	Brand
3	Advertising support/contribution	8	Vintage/aged wine	13	Origin/Region
4	Point of sale material	9	The distributor	14	Like the taste (Manager/Staff)
5	Tasting support	10	Grape variety	15	Winery staff visit

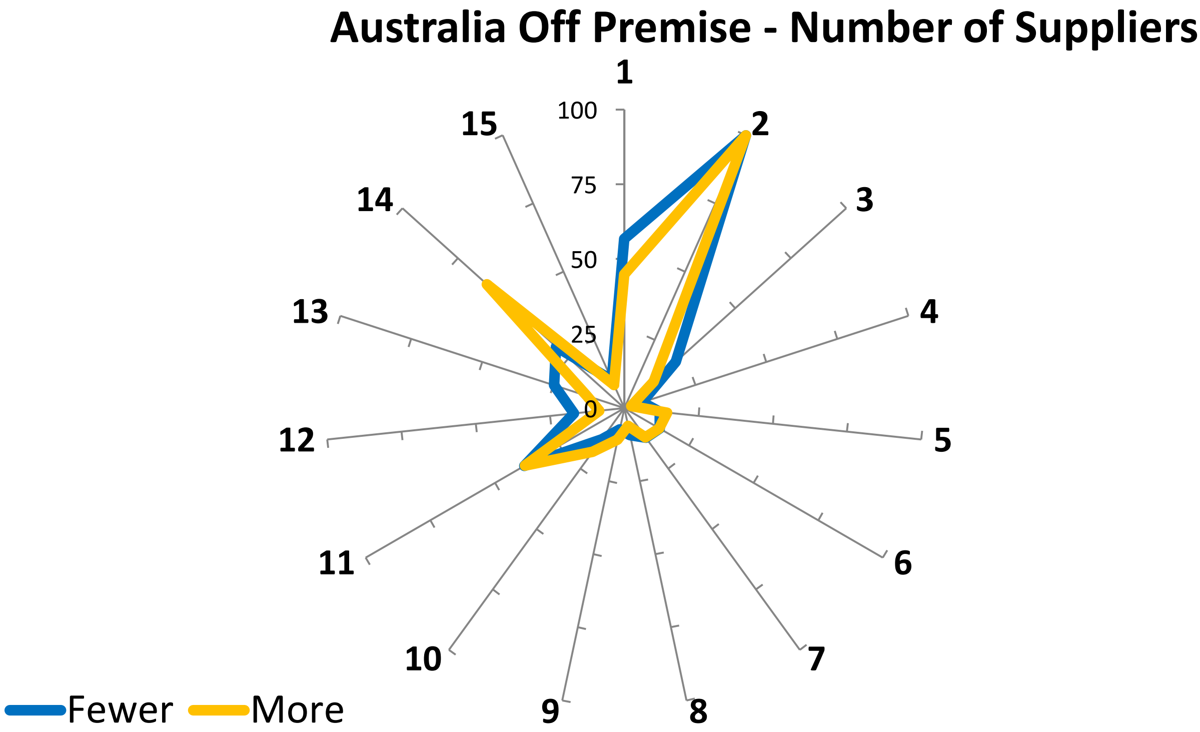
'Get to know your customers'…see what they are trying to achieve, see what is important to them, ask them what influences them and then look at your offering to see what points you might emphasise to increase the chance of retailers listening to you. We've seen too many wine businesses concentrate on getting a beautiful looking offering together does not meet the needs of the consumer. You need to ensure , like in any communication, that you have a clear line based on the other party being interested in what you are saying – often driven by relevance and them seeing there is something in it for them.

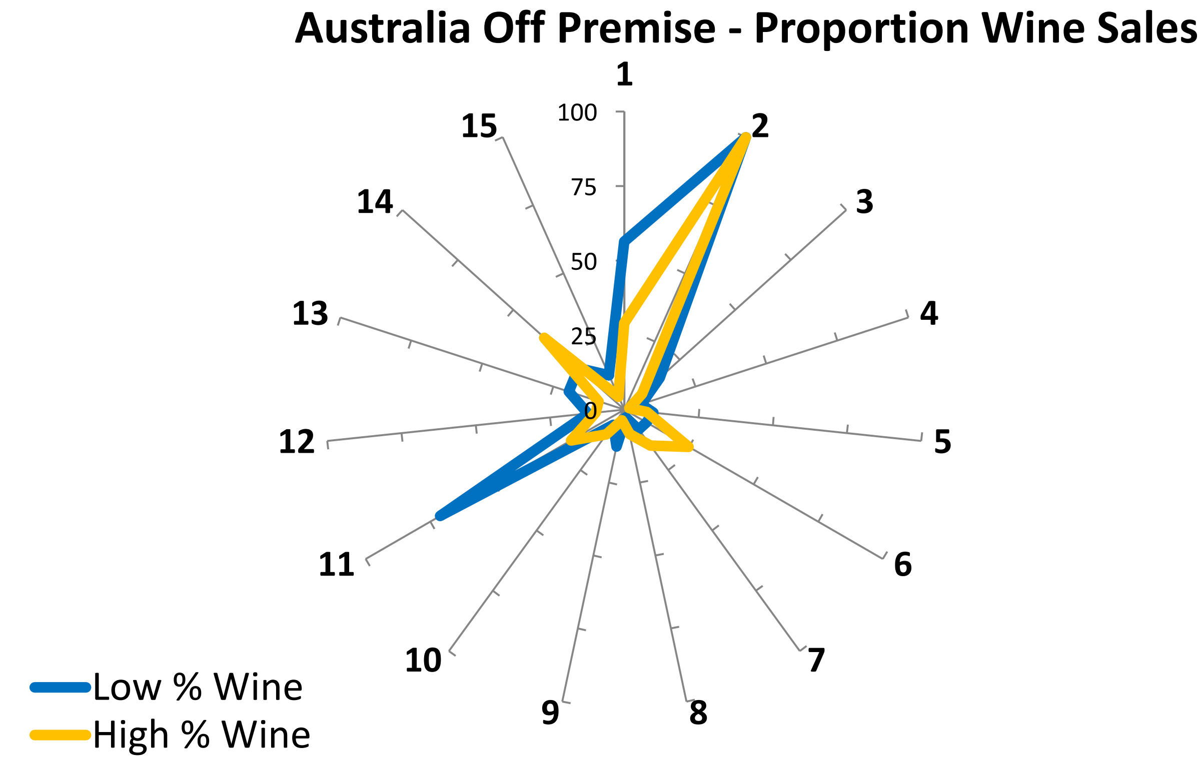
In the charts that follow, the question asked is '**What Influences you when purchasing a new wine?**' The titles of each shows how the respondents were segmented; High vs Low Margin, High vs Low Volume etc. The respondents were segmented using the following:

AU Off Premise Segmentation		
	Overall	
Retail Type	Supermarket	
	Independent Liquor Retailers	
	Fine Wine Stores	
Suppliers	Fewer Suppliers	<11
	More Suppliers	>20
Proportion Wine	Low Proportion Wine Sales	<25%
	High Proportion Wine Sales	>50%
Cases Sold	Fewer cases sold per week	<50
	More cases sold per week	>150
SKUs	Fewer SKUs stocked	<300
	More SKUs stocked	>600
Margin	Lower Margin	<20%
	Higher Margin	>36%



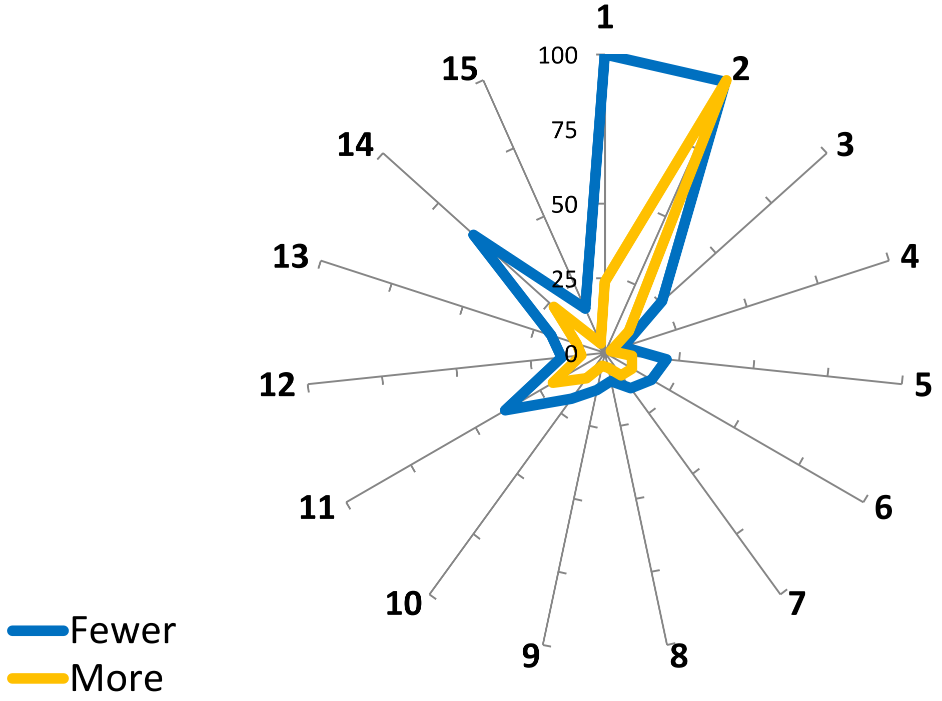
1	Retail price point	6	Press write ups and features	11	Customer request/enquiry
2	Margin	7	Medals and Awards won	12	Brand
3	Advertising support/contribution	8	Vintage/aged wine	13	Origin/Region
4	Point of sale material	9	The distributor	14	Like the taste (Manager/Staff)
5	Tasting support	10	Grape variety	15	Winery staff visit



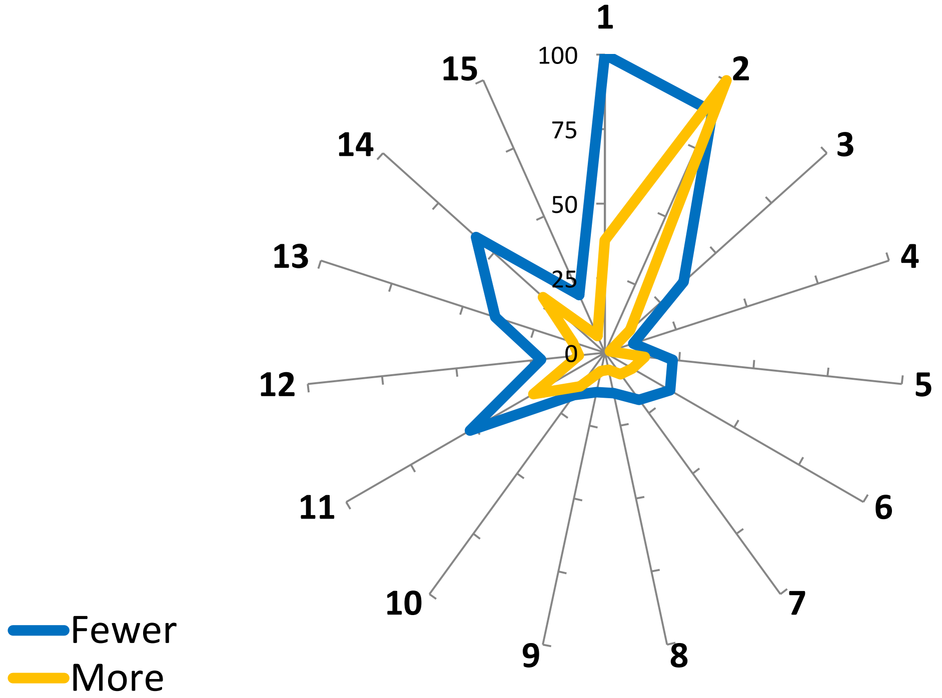


1	Retail price point	6	Press write ups and features	11	Customer request/enquiry
2	Margin	7	Medals and Awards won	12	Brand
3	Advertising support/contribution	8	Vintage/aged wine	13	Origin/Region
4	Point of sale material	9	The distributor	14	Like the taste (Manager/Staff)
5	Tasting support	10	Grape variety	15	Winery staff visit

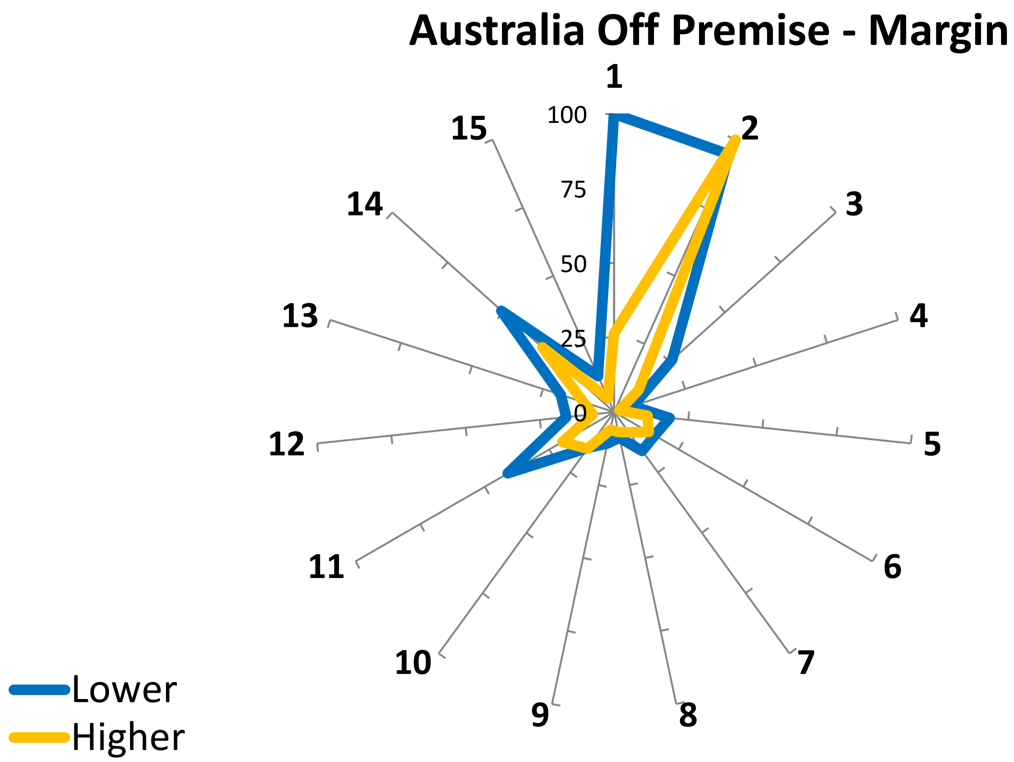
Australia Off Premise - Cases sold per week



Australia Off Premise - SKUs stocked



1	Retail price point	6	Press write ups and features	11	Customer request/enquiry
2	Margin	7	Medals and Awards won	12	Brand
3	Advertising support/contribution	8	Vintage/aged wine	13	Origin/Region
4	Point of sale material	9	The distributor	14	Like the taste (Manager/Staff)
5	Tasting support	10	Grape variety	15	Winery staff visit

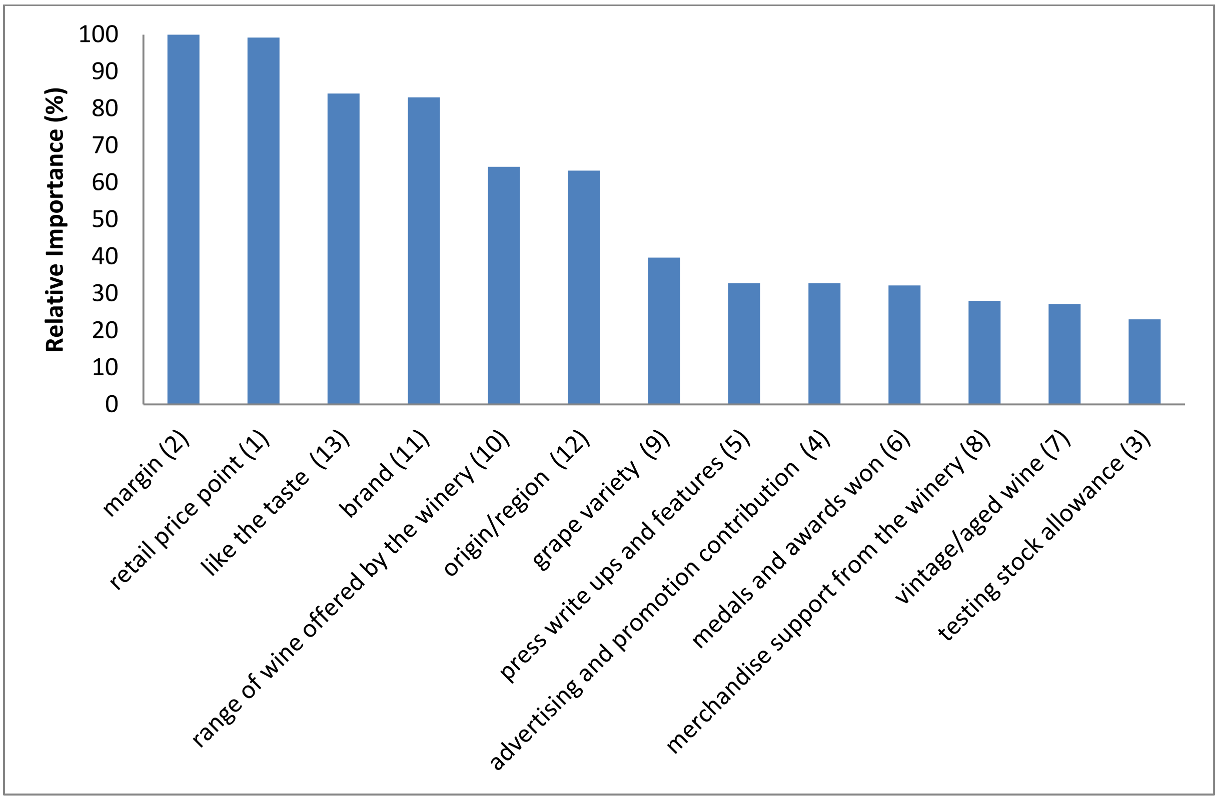


2. USA

USA – Distributors

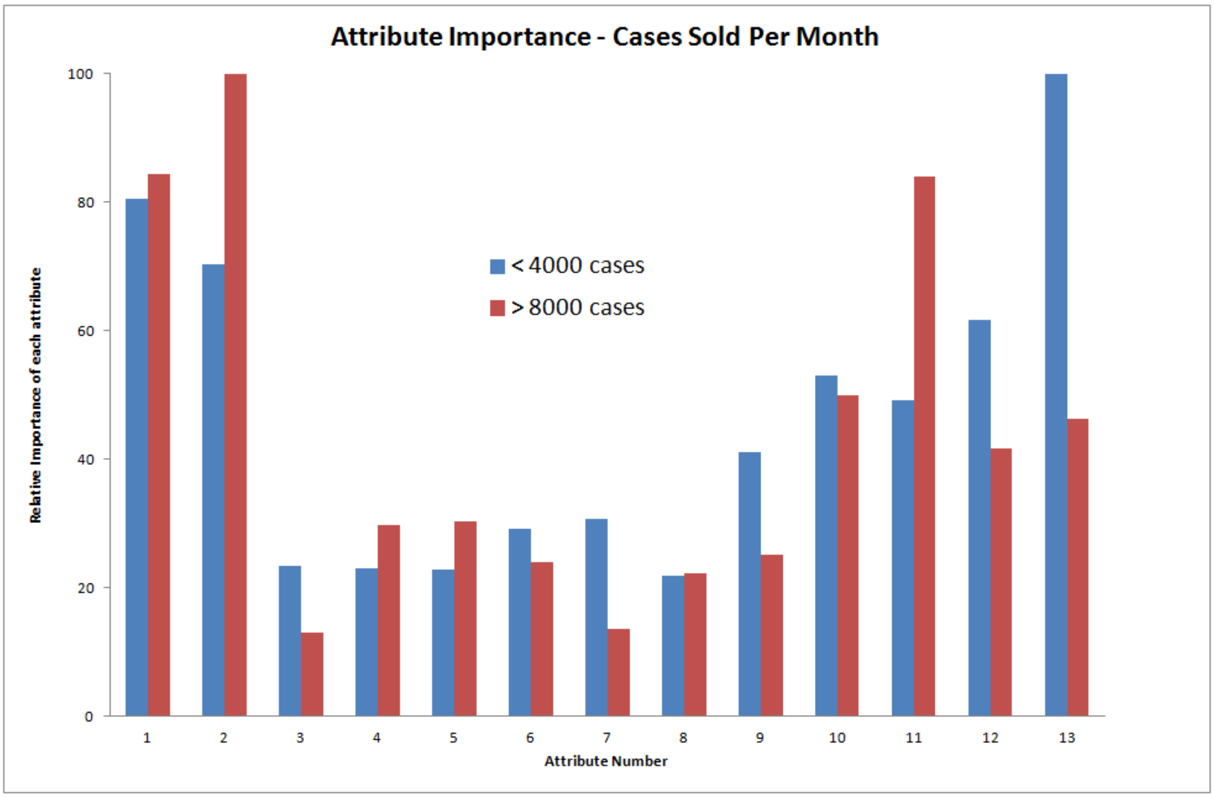
Figure 1 shows the influence on decision at the US sample level, before we consider how different customer groups perceive the various wine attributes. Whilst the results at this level are unlikely to surprise anyone, it is interesting to note that the actual 'price point' of the wine is almost equal to the 'margin' likely to be received, similar where the 'brand' and 'liking the taste' and the 'range of wine' as equally important an influence as the 'origin'.

Figure 1. Overview of the US Sample: What Influences your decision on who to represent? (n=106)



Splitting the sample into high and low sales volume we see the difference in influence beginning to emerge. Lower volume distributors are more influenced by 'like the taste', 'origin' and 'vintage/aged wine', where higher volume distributors are more influenced by 'margin' and 'brand'. How does this help? Like all marketing insights, one of the key things is the importance of understanding your customer. This data shows us the importance of understanding your wholesale customer, their business and the likelihood that they are similar to the respondents in this work. If you are pitching your wine to a new distributor that has high volume sales, you may be wise to consider emphasising 'brand' and 'margin' – rather than concentrating heavily on the taste and vice versa if you are pitching to smaller volume resellers.

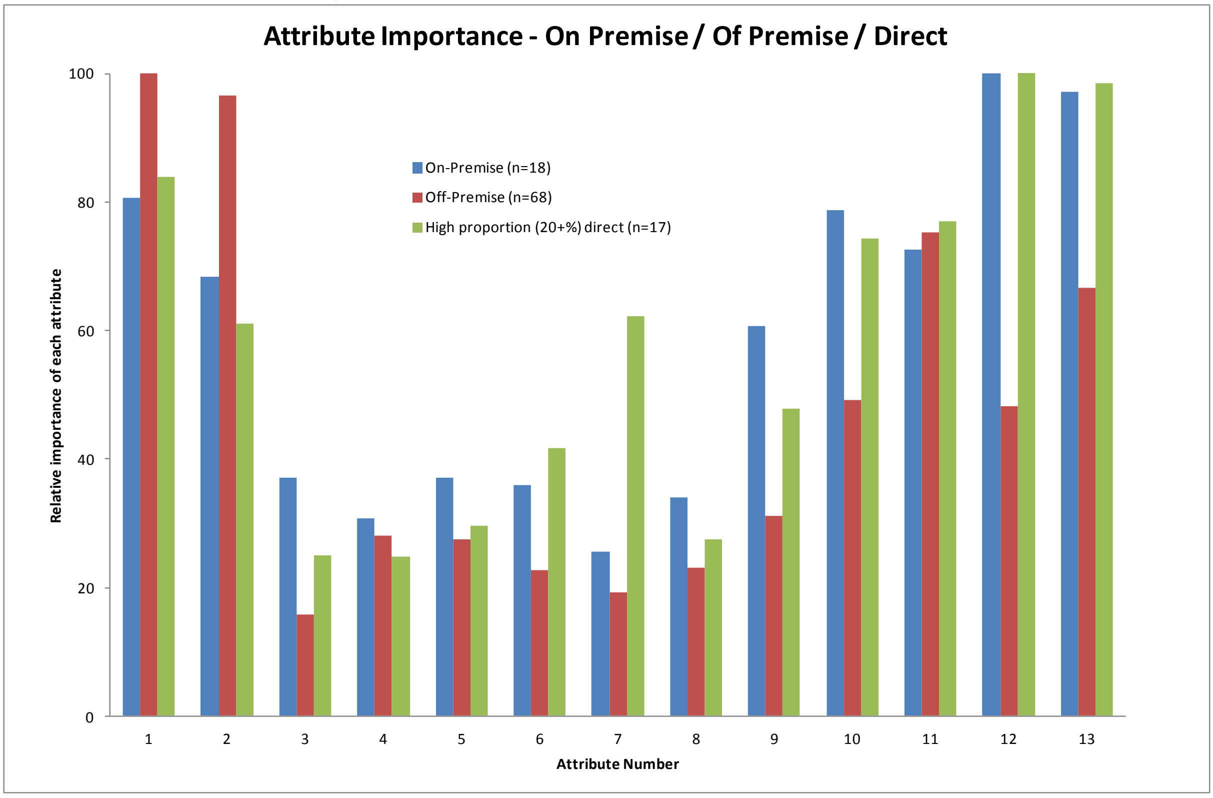
Figure 2 –Differences between Low *(*n=51) and High *(*n=40) Volume Wine Distributors



1	retail price point	5	press write ups and features	9	grape variety
2	margin	6	medals and awards won	10	range of wine by the winery
3	tasting stock allowance	7	vintage/aged wine	11	brand
4	A & P contribution	8	merchandise support	12	origin/region
				13	like the taste

Similar is the value likely to be gained through understanding who your reselling customer has a focus on. Figure 3 shows the results comparing On and Off-premise and direct sale businesses. Overall, the On-premise and direct sales focussed business have a very common overlay, where the Off-premise focussed business differs markedly. If you are pitching your wine to a business with an Off-premise focus, be mindful that they are far more influenced by ‘retail price point’ and ‘margin’ and much less than by ‘taste’, ‘origin’, ‘range of wines produced’ and ‘varietal’. When you think about this, it is straightforward to understand that a distributor that focuses on On-premise customers is more likely to ‘buy in’ a wine that has a larger range of varieties, that is ‘origin’ based - where that ‘origin’ is a marketable factor.

Figure 3 –Differences between Market Focus

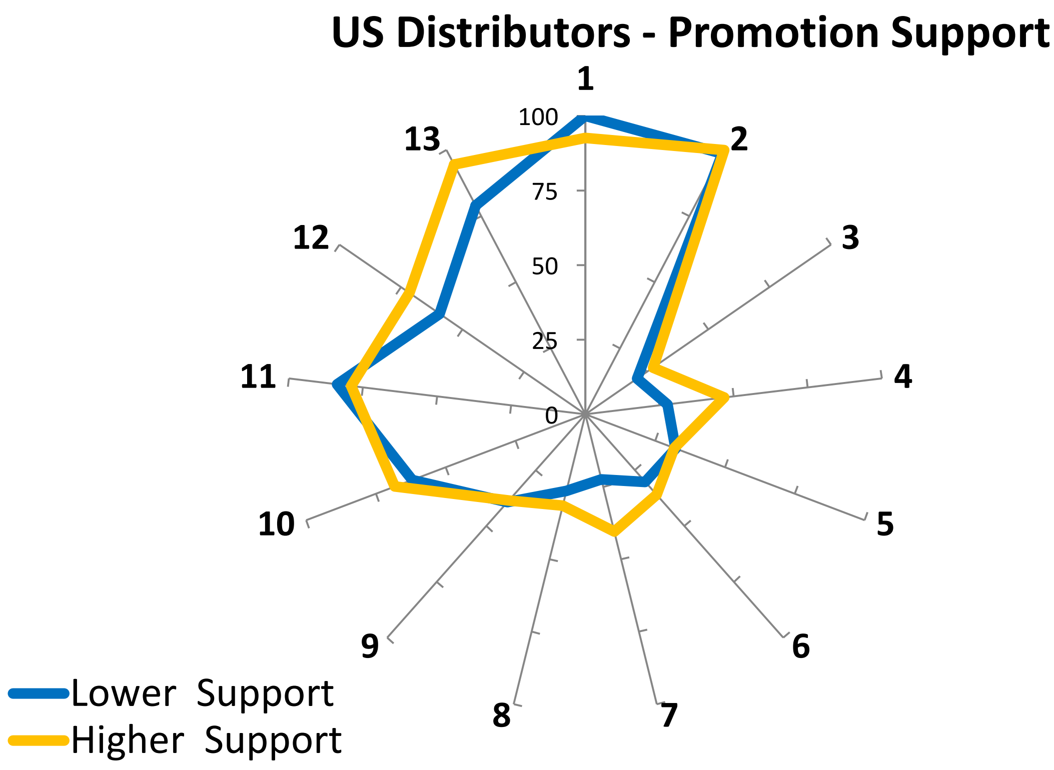


1	retail price point	5	press write ups and features	9	grape variety
2	margin	6	medals and awards won	10	range of wine by the winery
3	tasting stock allowance	7	vintage/aged wine	11	brand
4	A & P contribution	8	merchandise support	12	origin/region
				13	like the taste

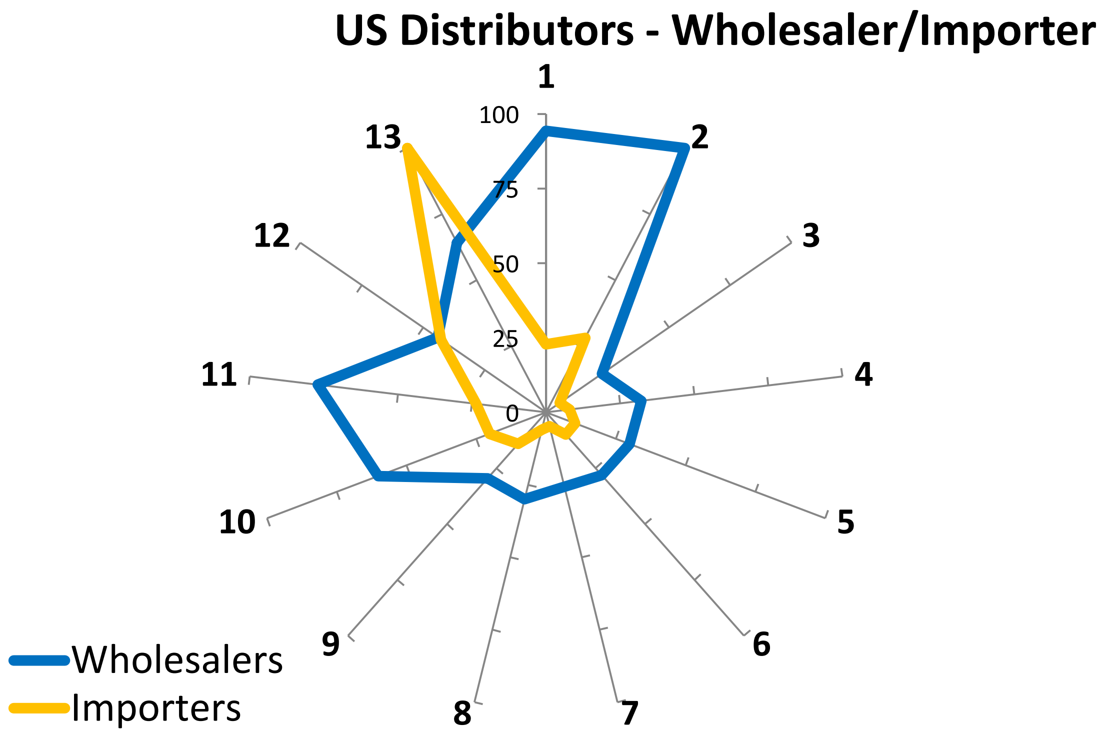
Similar to the China data and other wine choice work undertaken, we see the importance of knowing and then understanding your customer, seeing your proposition through the business eyes of the customer. Whilst you may have a product that means the world to you and is truly unique and top level quality – to the distributor it is ultimately a business decision that needs to fit with several other (hundred other) business decisions that they have made. Through doing this you have the opportunity to craft not just the wine that you make, but how you present it to business customers for sale. As well as producing a great product, you can also highlight key information that resonates with what is important to them.

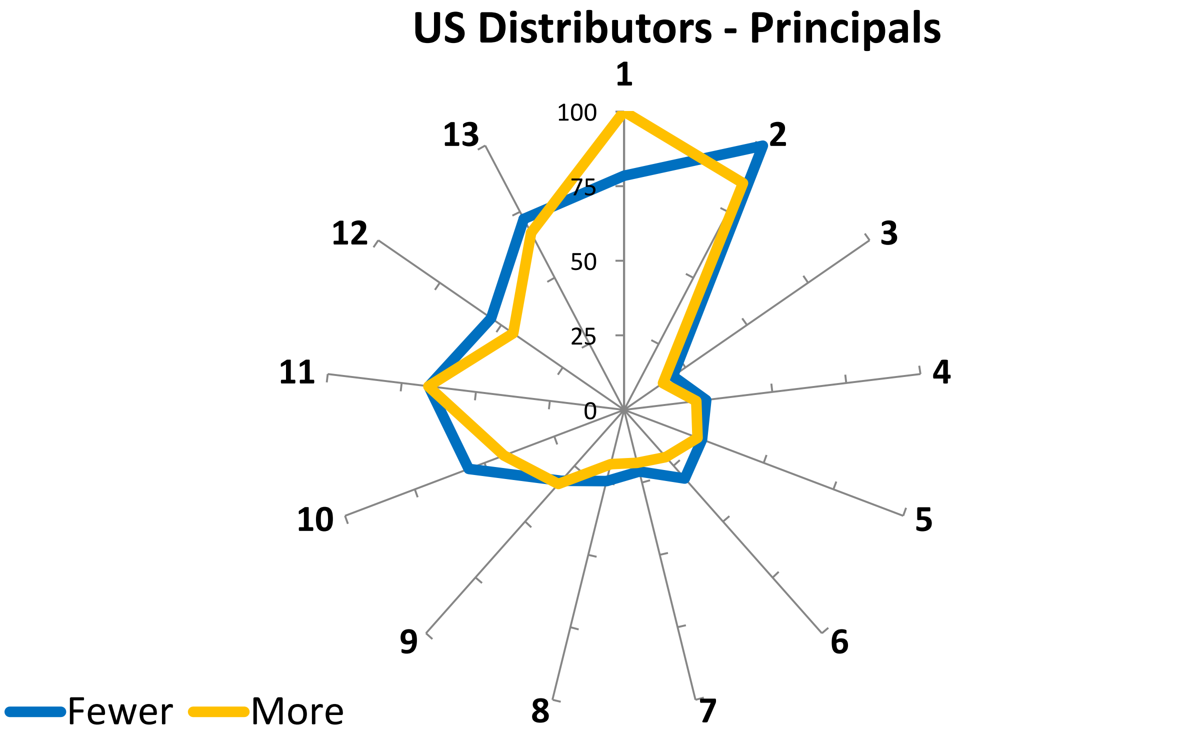
In the charts that follow, the question asked is '**What Influences you when deciding to take on a new wine?**' The titles of each shows how the respondents were segmented; High vs Low promotional support, High vs Low margin using:

US Distributor Definitions		
Promo Support	Lower Promotion Support	<15%
	Higher Promotion Support	>15%
Wholesaler/Importer	Wholesalers	
	Importers	
Principals	Fewer Principals	<10
	More Principals	>20
Off or On Premise	High Proportion On-Premise	60%
	High Proportion Off-Premise	60%
Cases	Fewer cases sold per month	<4000
	More cases sold per month	>8000
Sales Reps	Fewer Sales Representatives	<=25
	More Sales Representatives	>25
Margin	Lower Margin	<20%
	Higher Margin	>30%

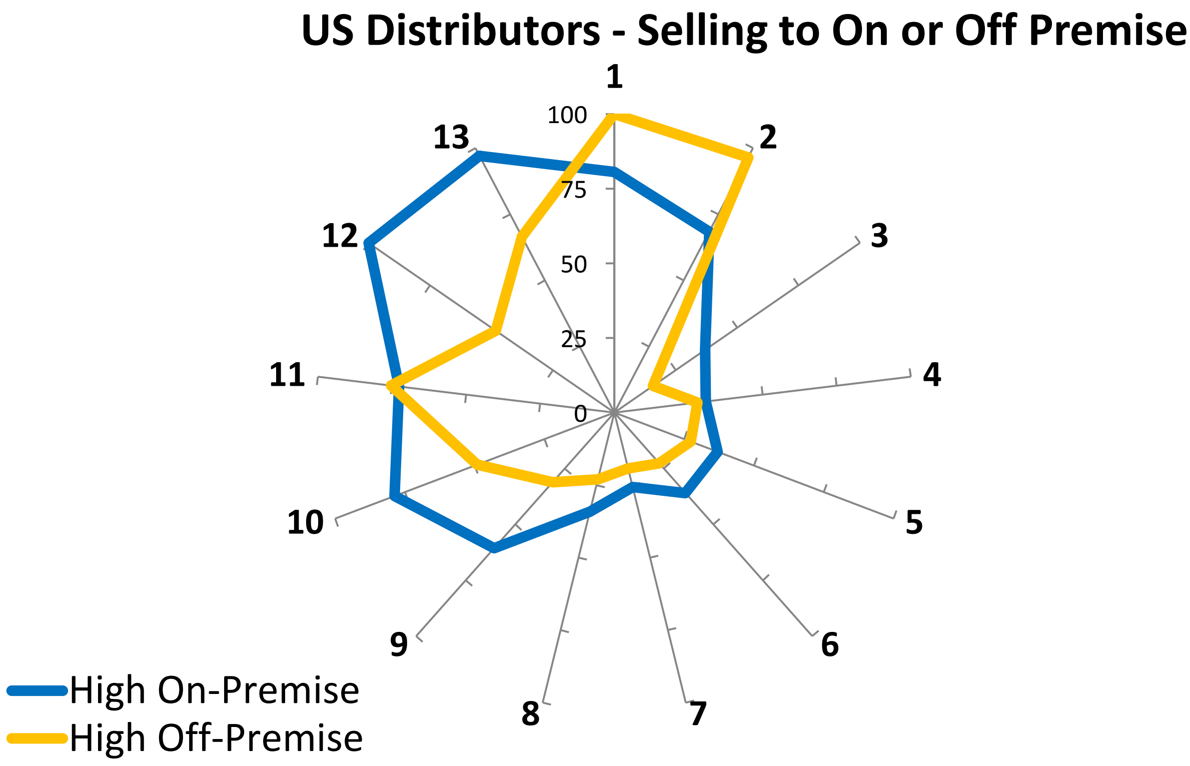


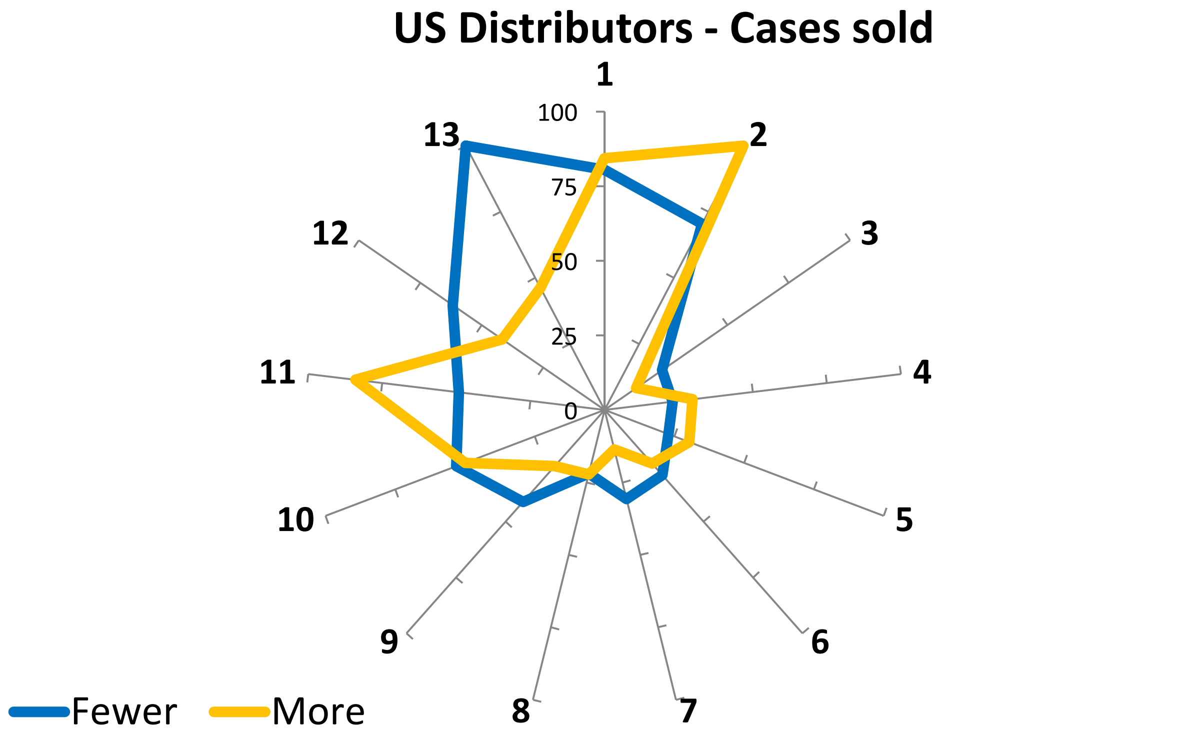
1	retail price point	5	press write ups and features	9	grape variety
2	margin	6	medals and awards won	10	range of wine by the winery
3	tasting stock allowance	7	vintage/aged wine	11	brand
4	A & P contribution	8	merchandise support	12	origin/region
				13	like the taste



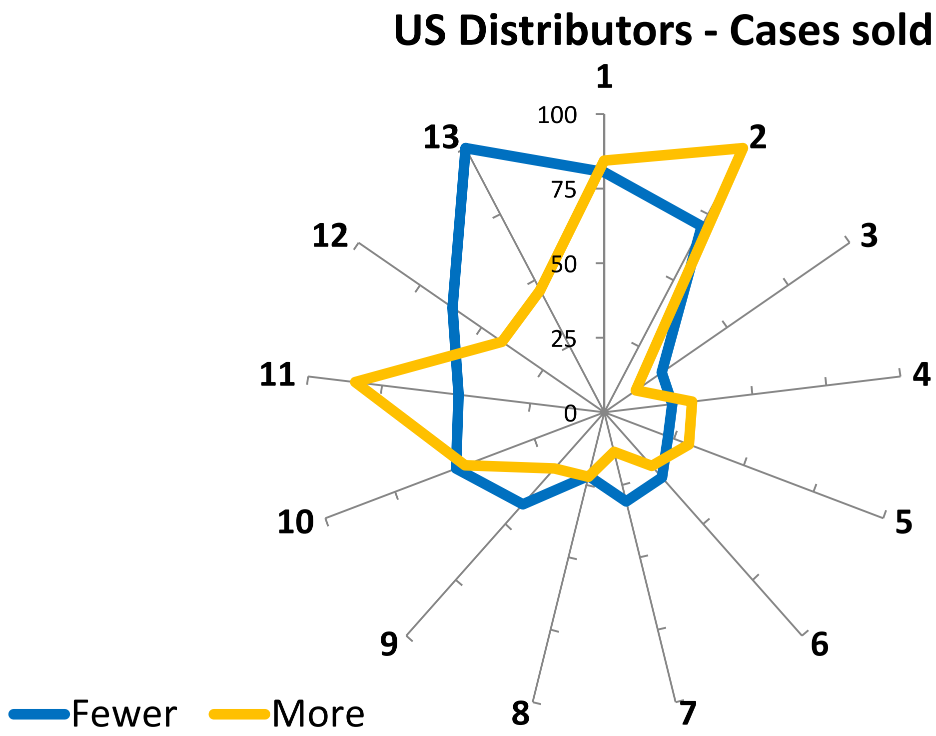


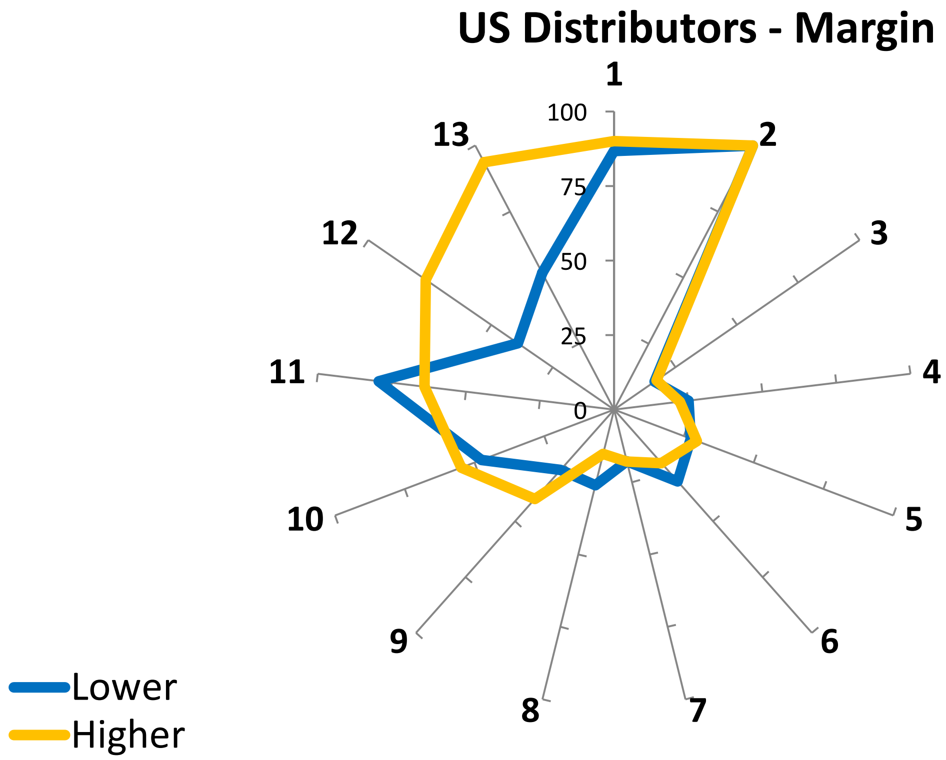
1	retail price point	5	press write ups and features	9	grape variety
2	margin	6	medals and awards won	10	range of wine by the winery
3	tasting stock allowance	7	vintage/aged wine	11	brand
4	A & P contribution	8	merchandise support	12	origin/region
				13	like the taste





1	retail price point	5	press write ups and features	9	grape variety
2	margin	6	medals and awards won	10	range of wine by the winery
3	tasting stock allowance	7	vintage/aged wine	11	brand
4	A & P contribution	8	merchandise support	12	origin/region
				13	like the taste



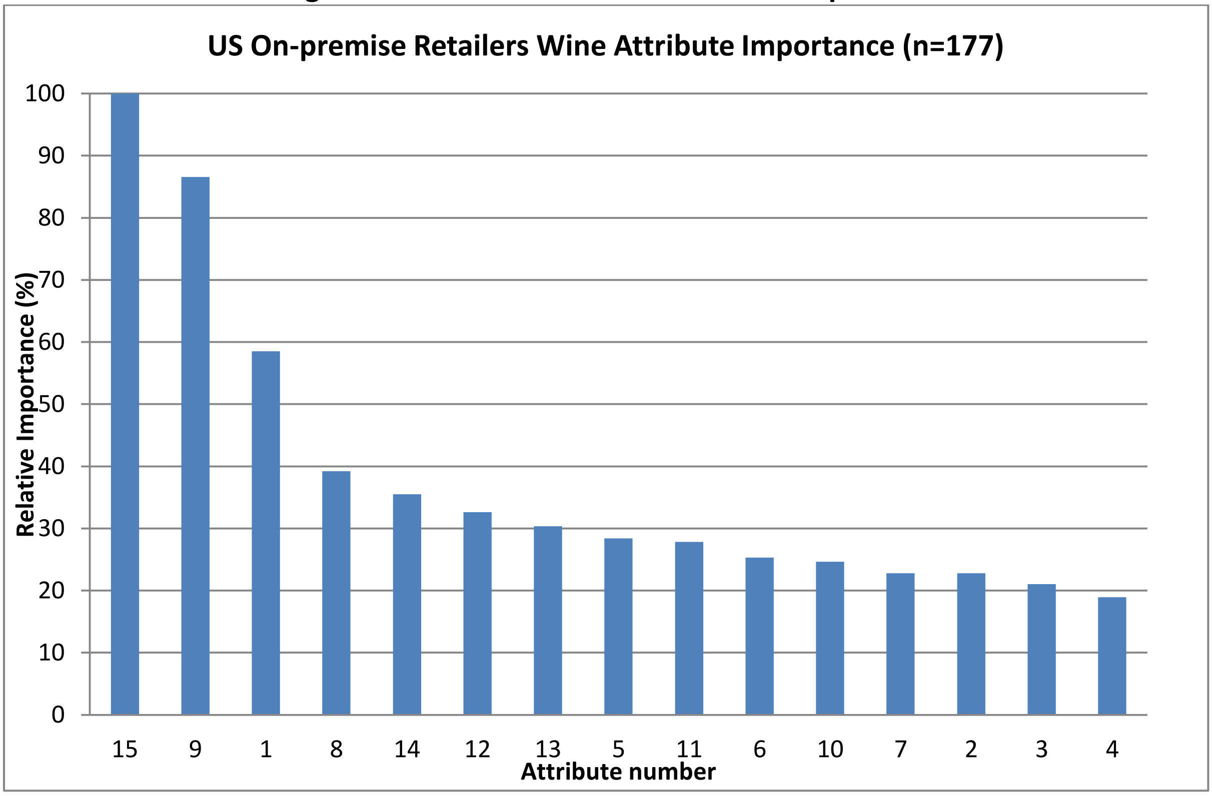


1	retail price point	5	press write ups and features	9	grape variety
2	margin	6	medals and awards won	10	range of wine by the winery
3	tasting stock allowance	7	vintage/aged wine	11	brand
4	A & P contribution	8	merchandise support	12	origin/region
				13	like the taste

USA – On-premise

Figure 1 shows the results at the sample level. ' Tastes good', as judged by the Manager or Sommelier is the most important influencer, followed by a 'match to food'. Interesting is that 'margin' was the third highest influence behind these two, the same ranking of influence as in the Off-premise data. So margin is still important – but not 'the most important'. 'Who' the distributor is, is a big decider in the decision, so the age-old sales adage of 'relationships with customers' holds true. In our consulting experience we have seen wineries with very good relationships with their distributors – and investigation has shown that the distributors have not always had good relationships with the trade. At a sample level, active 'marketing' assistance from wineries, such as 'point of sale material' and 'menu printing' was the lowest influencer.

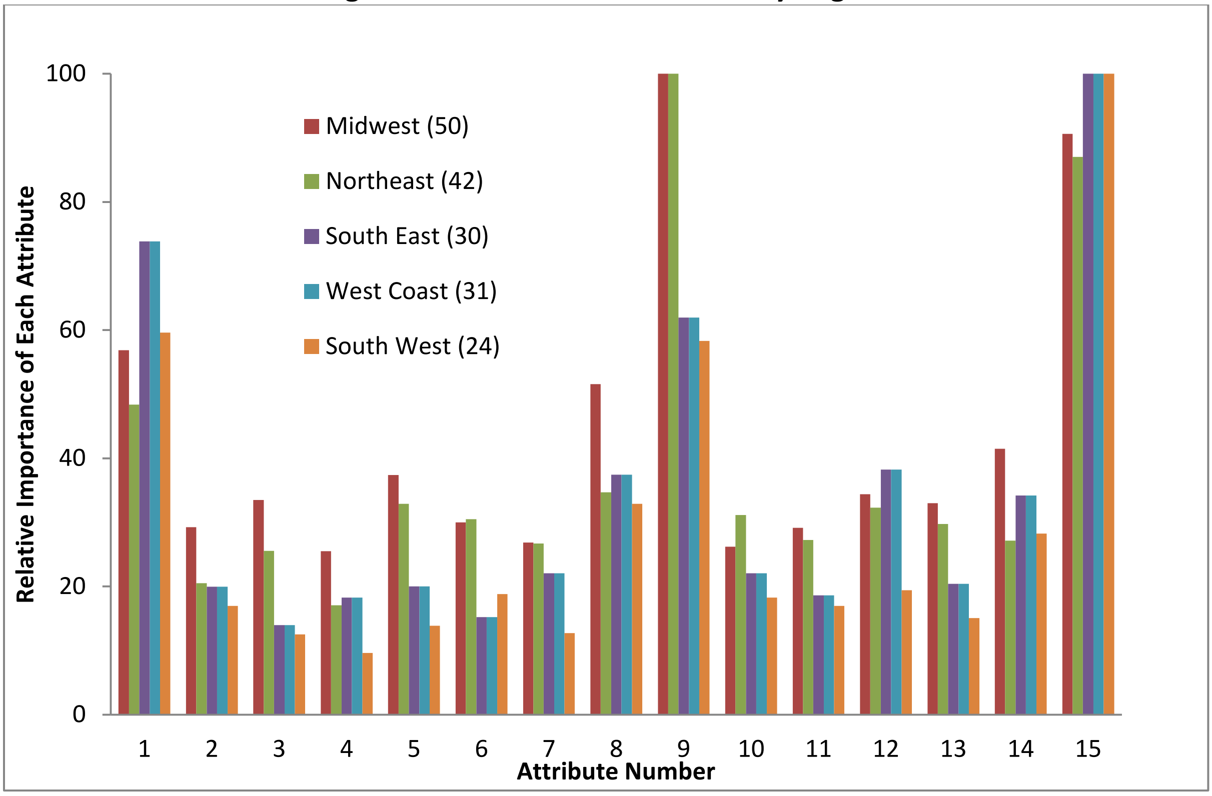
Figure 1 – Decision Influencers – USA On-premise



1	Margin	6	Medals and Awards won	11	Grape variety
2	Lack of retail availability	7	Vintage/aged wine	12	Listing Fee/Rebate paid
3	Contribution to menu printing	8	The distributor	13	Origin/Region
4	Table 'talker'/ On Table Promotion	9	Match to food on menu	14	Brand
5	Press write ups and reviews	10	Chef's choice	15	Tastes good (mngr/somm)

One of the fundamental thoughts behind segmentation is to break a market down in order to identify different segments that lend themselves to crafting different strategies or offers – and even to identify where similarities exist so that offers can be left the same. The notion of 'standardisation vs. adaptation' is at the heart of market strategy. Figure 2 shows the results of the segmentation by Region. Similar to the Off-premise results, the Midwest and the North East have quite an overlap of similarity compared to the remaining regions. They are much more influenced by 'food matching' than other regions. Yes, we all know the US is a big market, it's a lot to cover – but rather than just geographic, look at what is more likely to influence decisions in your favour at the location level.

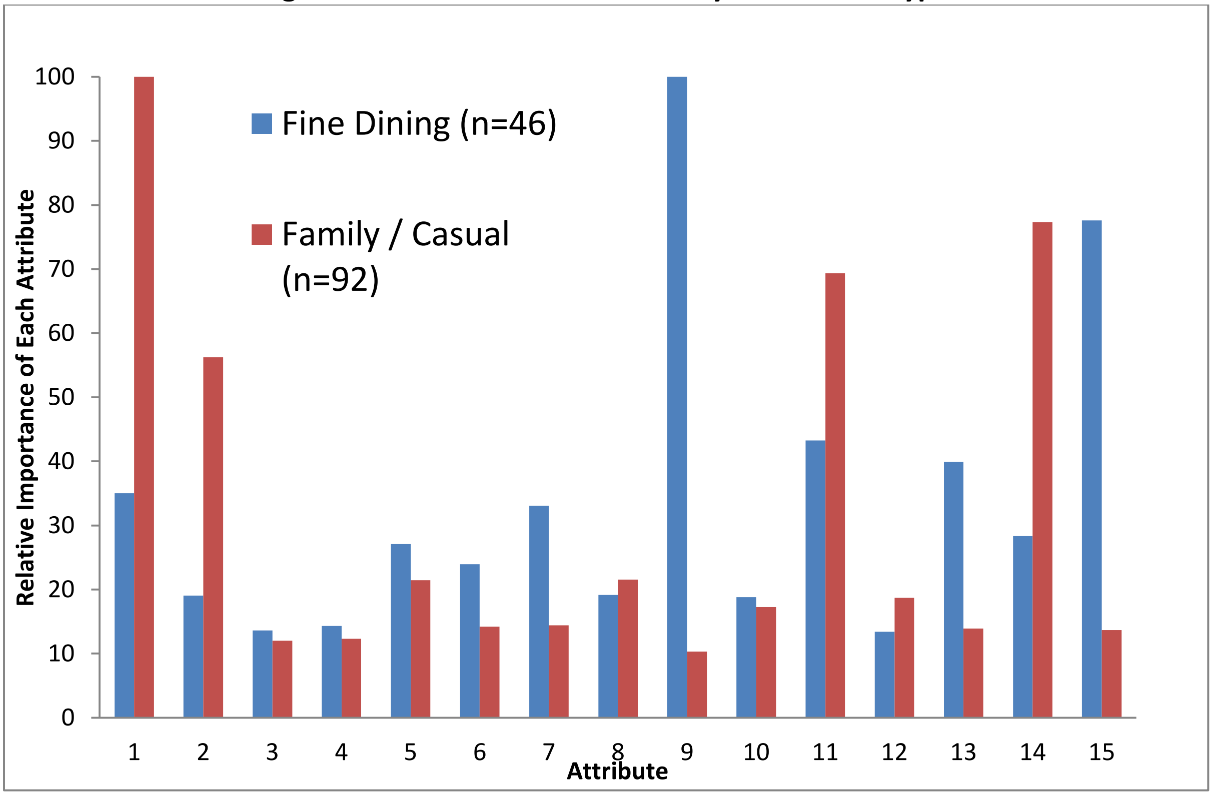
Figure 2 – Decision Influencers – by Region



1	Margin	6	Medals and Awards won	11	Grape variety
2	Lack of retail availability	7	Vintage/aged wine	12	Listing Fee/Rebate paid
3	Contribution to menu printing	8	The distributor	13	Origin/Region
4	Table 'talker'/ On Table Promotion	9	Match to food on menu	14	Brand
5	Press write ups and reviews	10	Chef's choice	15	Tastes good (mngr/somm)

When we looked at the segmentation using 'type of restaurant', (Figure 3), we see that there are some substantial differences between Family/Casual restaurants and Fine Dining. Fine Dining, not surprisingly, are far more influenced by 'matching food', 'taste', 'region' and 'vintage/aged wines'. The inroad this offers for wineries to approach fine dining with their own museum stock is an opportunity. What is interesting is the extent to which casual dining establishments are influenced by 'margin', 'grape variety' and 'brand'. Even more so – the fact that 'lack of retail availability' is much more an influence in casual/fine dining than fine dining – this appears counter to most wine marketer's intuition and also represents an opportunity for exporting wineries to actively target larger groups of casual/family establishments.

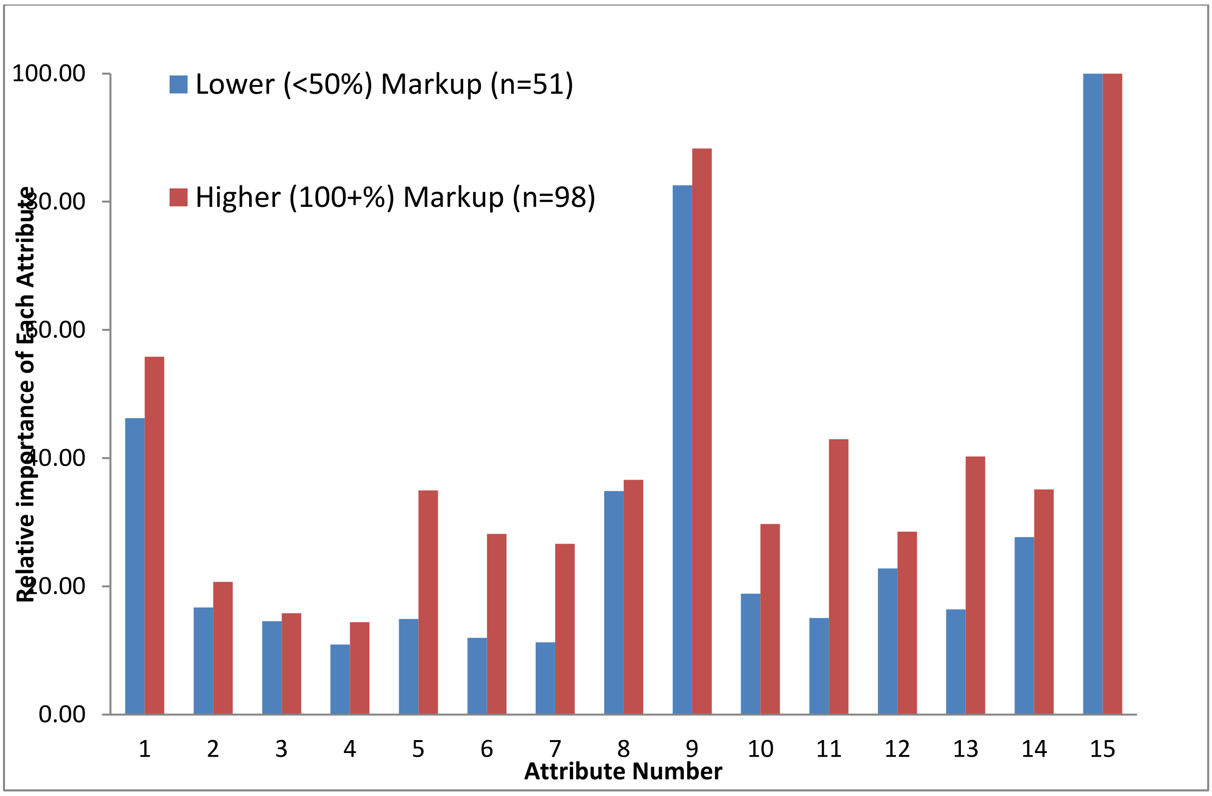
Figure 3 – Decision Influencers – by Restaurant Type



1	Margin	6	Medals and Awards won	11	Grape variety
2	Lack of retail availability	7	Vintage/aged wine	12	Listing Fee/Rebate paid
3	Contribution to menu printing	8	The distributor	13	Origin/Region
4	Table 'talker'/ On Table Promotion	9	Match to food on menu	14	Brand
5	Press write ups and reviews	10	Chef's choice	15	Tastes good (mngr/somm)

Whilst not all restaurants will discuss their mark-up with you, a scout through their wine list and a comparison to retail will enable you (and your distributor) to determine a high mark-up restaurant vs. Low mark-up. Figure 4 shows that there are some differences between restaurants when you segment by markup. Higher mark-up restaurants are far more influenced by 'grape type' and 'origin/region' – but also by 'press write-ups', 'medals' and 'vintage/aged wine'.

Figure 4 – Decision Influencers – by Markup



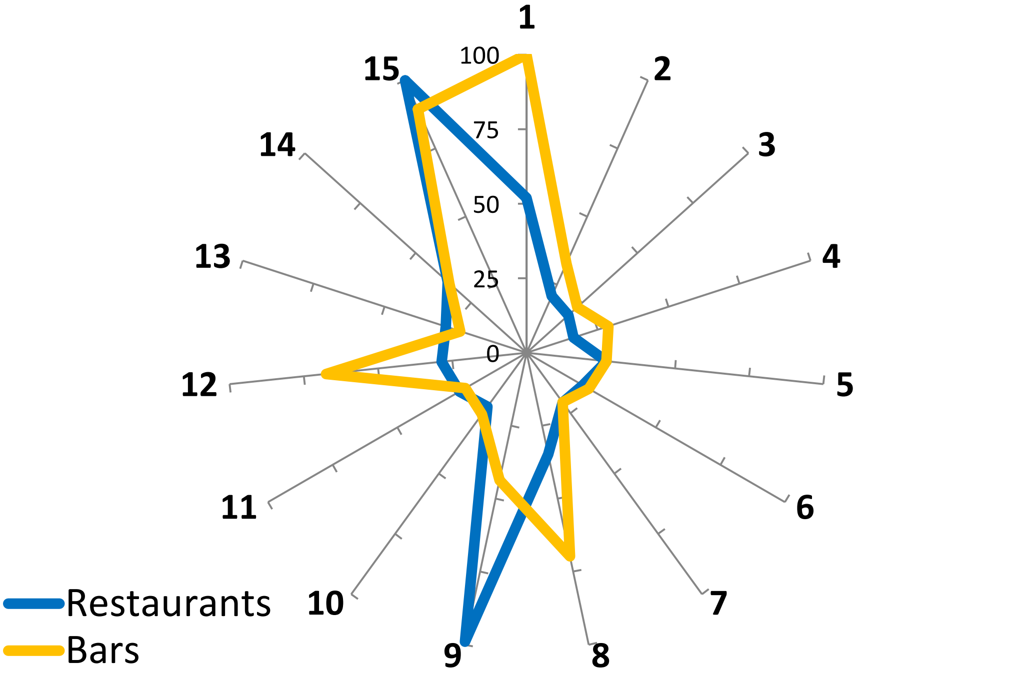
1	Margin	6	Medals and Awards won	11	Grape variety
2	Lack of retail availability	7	Vintage/aged wine	12	Listing Fee/Rebate paid
3	Contribution to menu printing	8	The distributor	13	Origin/Region
4	Table 'talker'/ On Table Promotion	9	Match to food on menu	14	Brand
5	Press write ups and reviews	10	Chef's choice	15	Tastes good (mngr/somm)

It doesn't matter how many times we do analysis using choice experiments – we see differences when we segment. Know who you are talking to, understand their needs, as consumers or business customers. Understand their business, ask them, talk to them AND LISTEN. That way, in the spirit of marketing thought, you'll be able to look at what you do, how it fits in with those you are trying to sell to and then adapt to create value for all concerned.

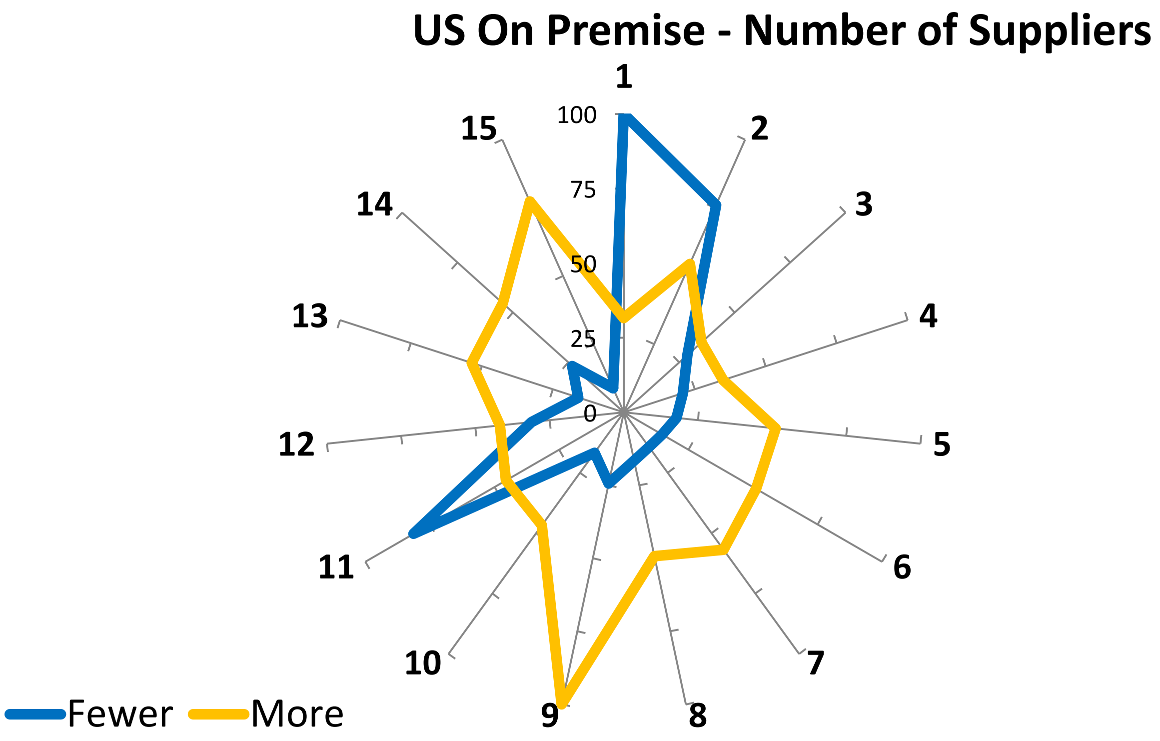
In the charts that follow, the question asked is '**What Influences you when deciding to buy a new wine?**' The titles of each shows how the respondents were segmented; Establishment types, High vs Low margin etc, using:

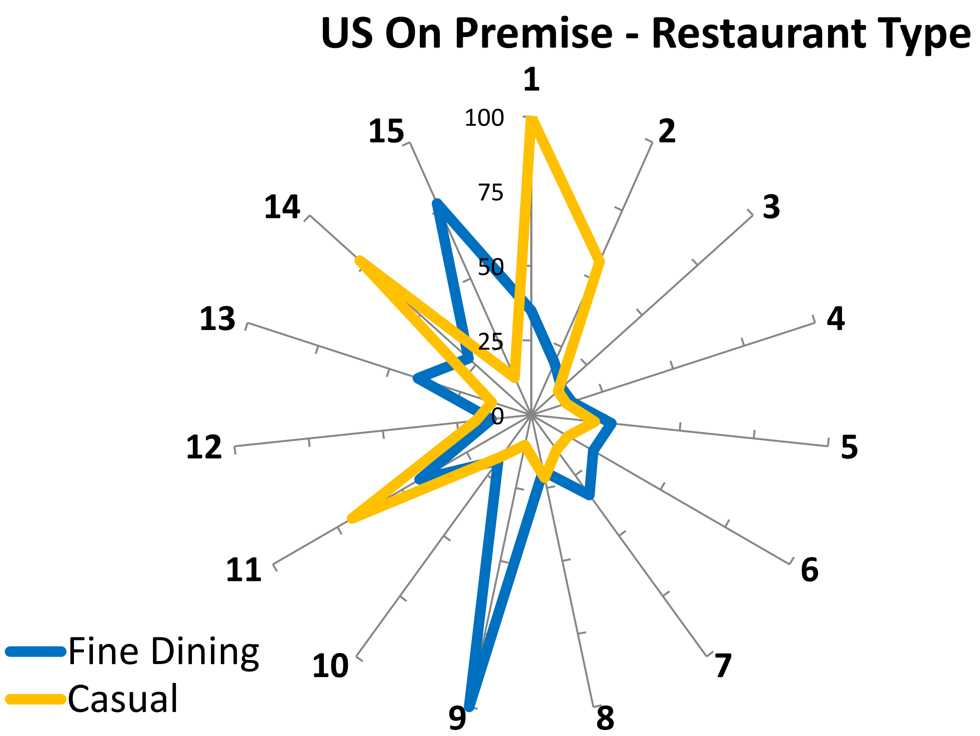
US On Premise Definitions		
	Overall	
Suppliers	**Fewer Suppliers**	**<5**
	More Suppliers	**>10**
Cases Sold	**Fewer cases sold per week**	**<5**
	More cases sold per week	**>10**
Markup	**Lower Markup**	**<50%**
	Higher Markup	**>100%**

US On Premise - Establishment Type

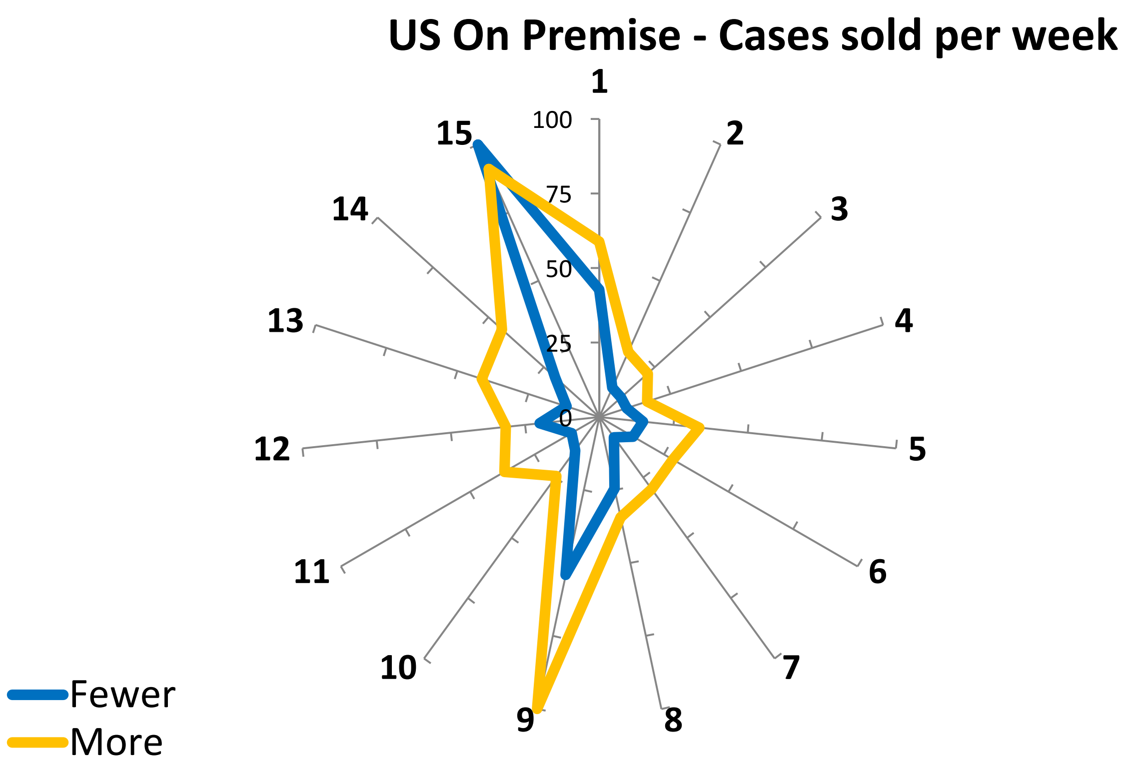


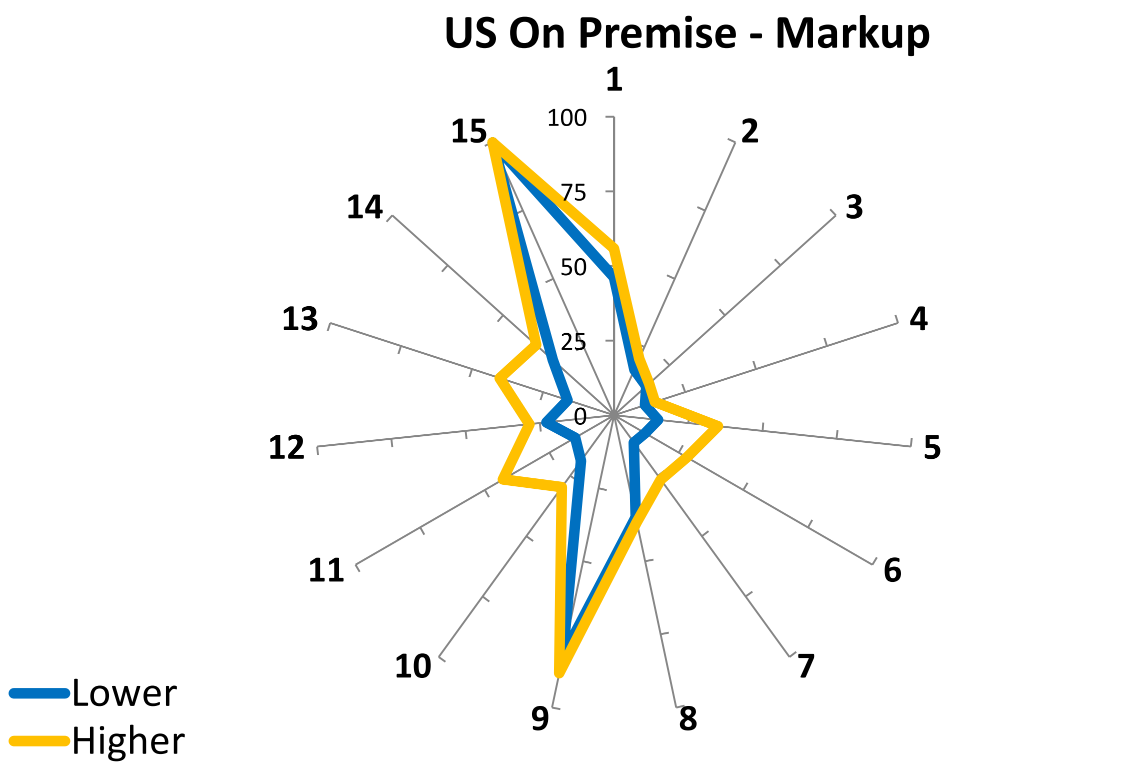
1	Margin	6	Medals and Awards won	11	Grape variety
2	Lack of retail availability	7	Vintage/aged wine	12	Listing Fee/Rebate paid
3	Contribution to menu printing	8	The distributor	13	Origin/Region
4	Table 'talker'/ On Table Promotion	9	Match to food on menu	14	Brand
5	Press write ups and reviews	10	Chef's choice	15	Tastes good (mngr/somm)





1	Margin	6	Medals and Awards won	11	Grape variety
2	Lack of retail availability	7	Vintage/aged wine	12	Listing Fee/Rebate paid
3	Contribution to menu printing	8	The distributor	13	Origin/Region
4	Table 'talker'/ On Table Promotion	9	Match to food on menu	14	Brand
5	Press write ups and reviews	10	Chef's choice	15	Tastes good (mngr/somm)



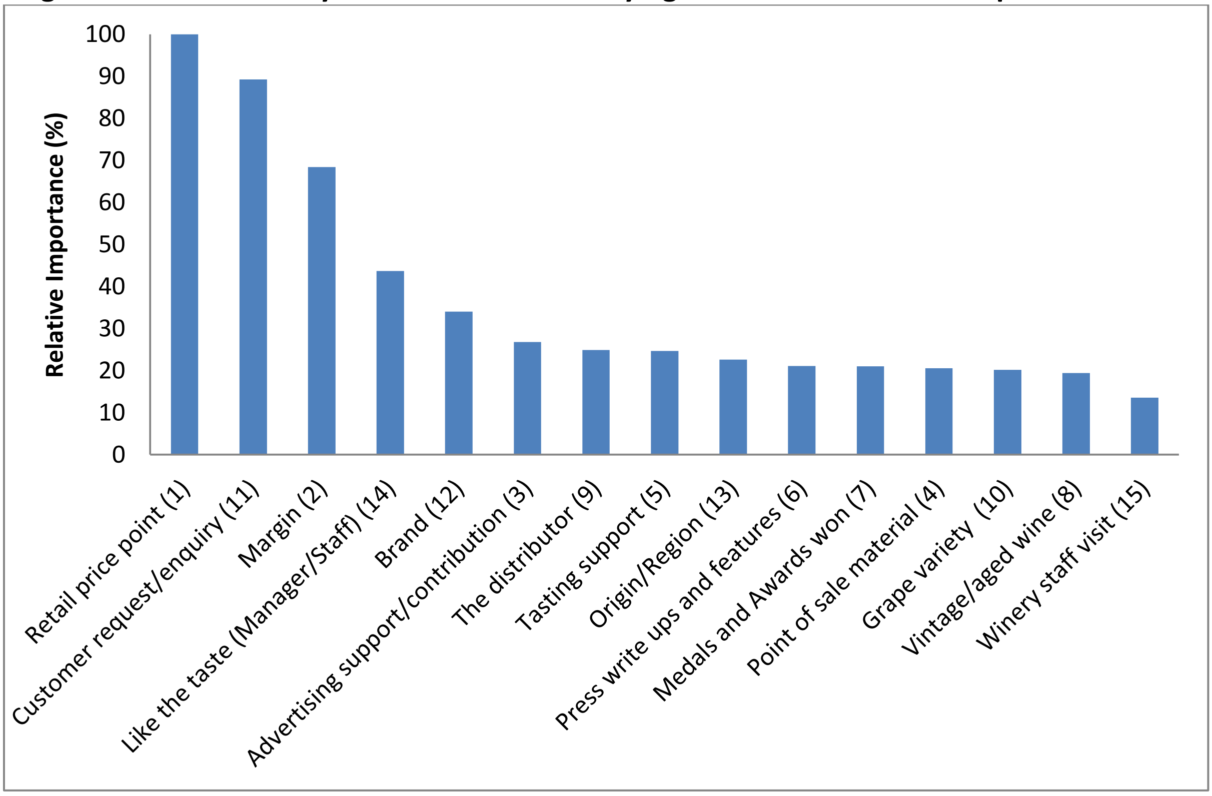


1	Margin	6	Medals and Awards won	11	Grape variety
2	Lack of retail availability	7	Vintage/aged wine	12	Listing Fee/Rebate paid
3	Contribution to menu printing	8	The distributor	13	Origin/Region
4	Table 'talker'/ On Table Promotion	9	Match to food on menu	14	Brand
5	Press write ups and reviews	10	Chef's choice	15	Tastes good (mngr/somm)

USA – Off-premise

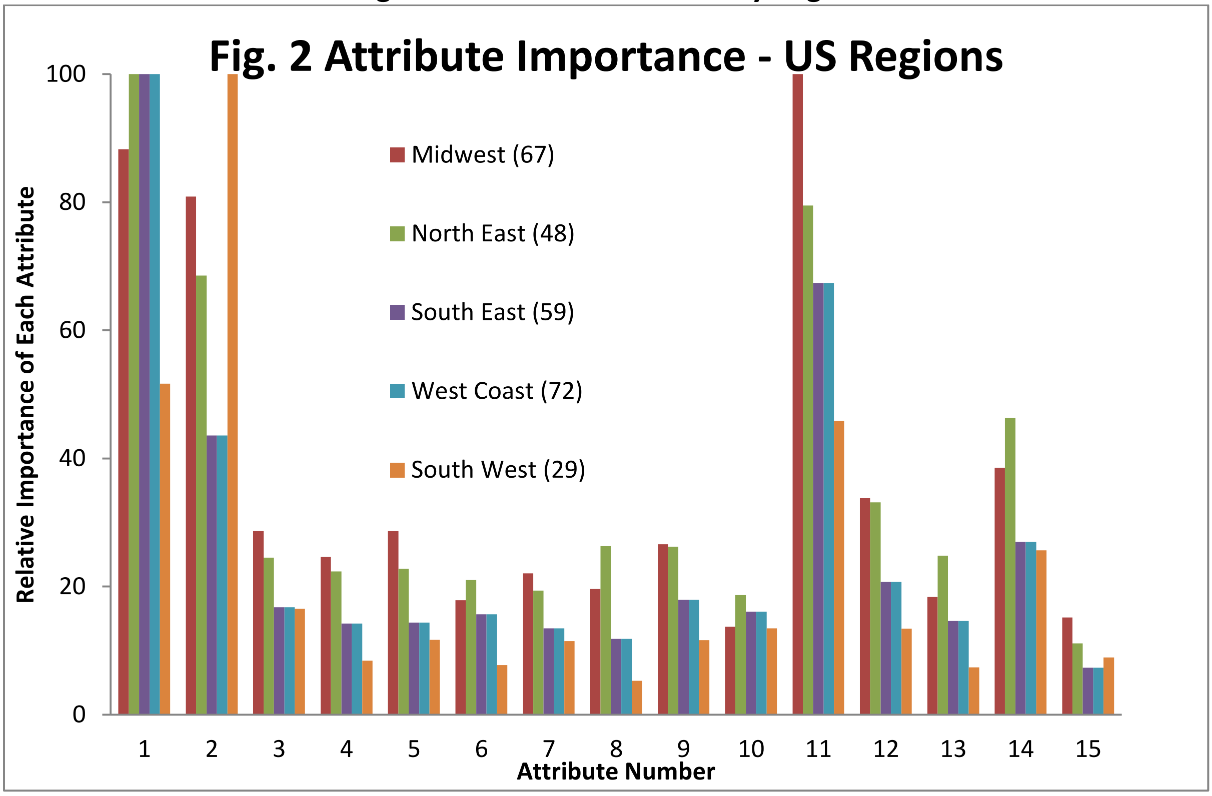
Figure 1 shows the results from the US Off-premise sample. Confirming earlier qualitative work, the single biggest influence on the decision is 'the retail price point', followed by 'customer request' and then 'margin', both of which had strong influence. At first glance the price point and customer request may seem counter intuitive, but the discussions in the qualitative phase highlighted the extent to which, not surprisingly, that Off-premise wine sellers were listening to their customers and stocking wine at the price point most relevant to their market. This is well worth considering when you are approaching distribution and retail buyers. You need to scope the price points of the wines sold and ensure yours has a good fit – standing out is not likely to suit in this case. Put in the influence with margin and that appears to be where the battle is fought. Many, in fact most, of the other marketing elements play a minor role in the decision at a sample level. The impact of this though is mitigated somewhat when using segmentation of 'who' the retail business is.

Fig 1 'What Influences your Decision when buying in a new wine?' US Off-premise n=274



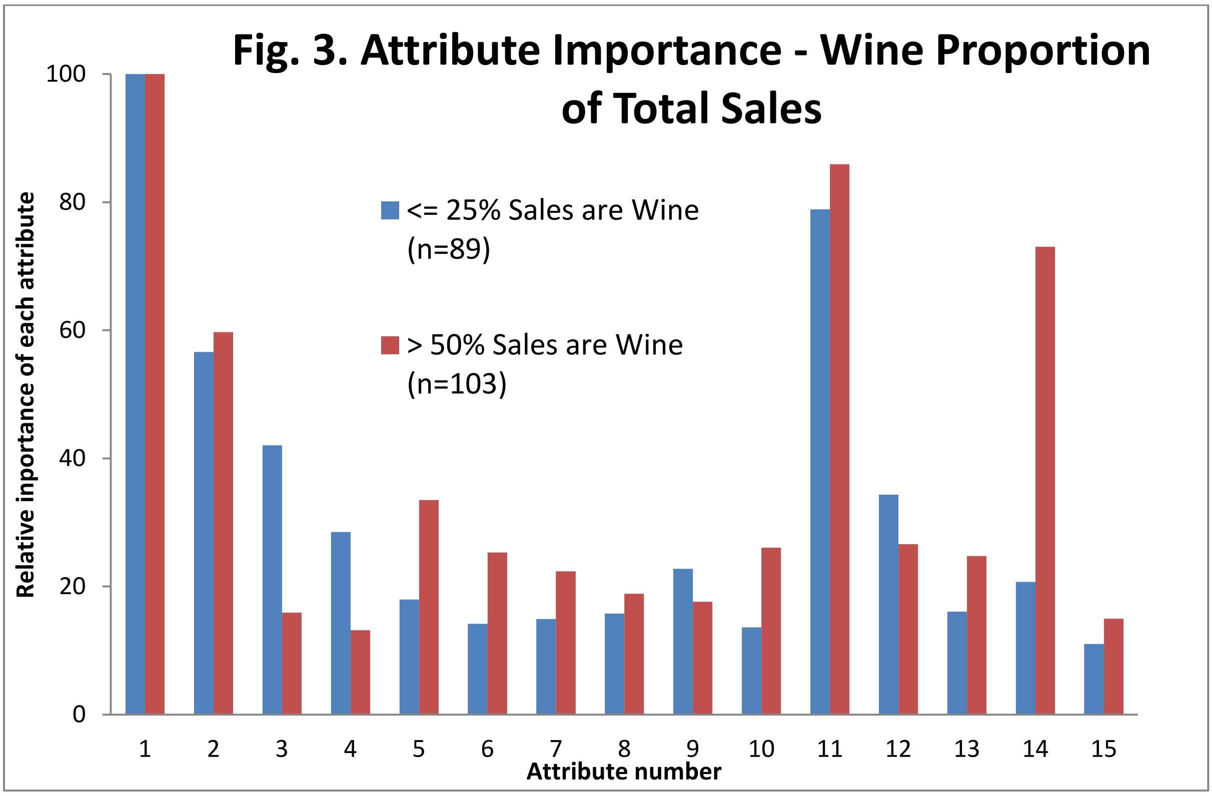
When we look at the US in regions we begin to see ways in which the offer might be tailored to some areas and maintained as constant in others. The Mid-West and the North-East are quite different in their influencers to the other regions. Whilst there is some variation (customer request, margin is > in the mid-west) they differ in most other choice influencers. The South West is much more influenced by 'margin' than any other area – this is an area not prolific for Australian wine exporters, but the opportunities there exist as it is not the first choice for exporting wineries to doorknock.

Figure 2. Decision Influence by Region



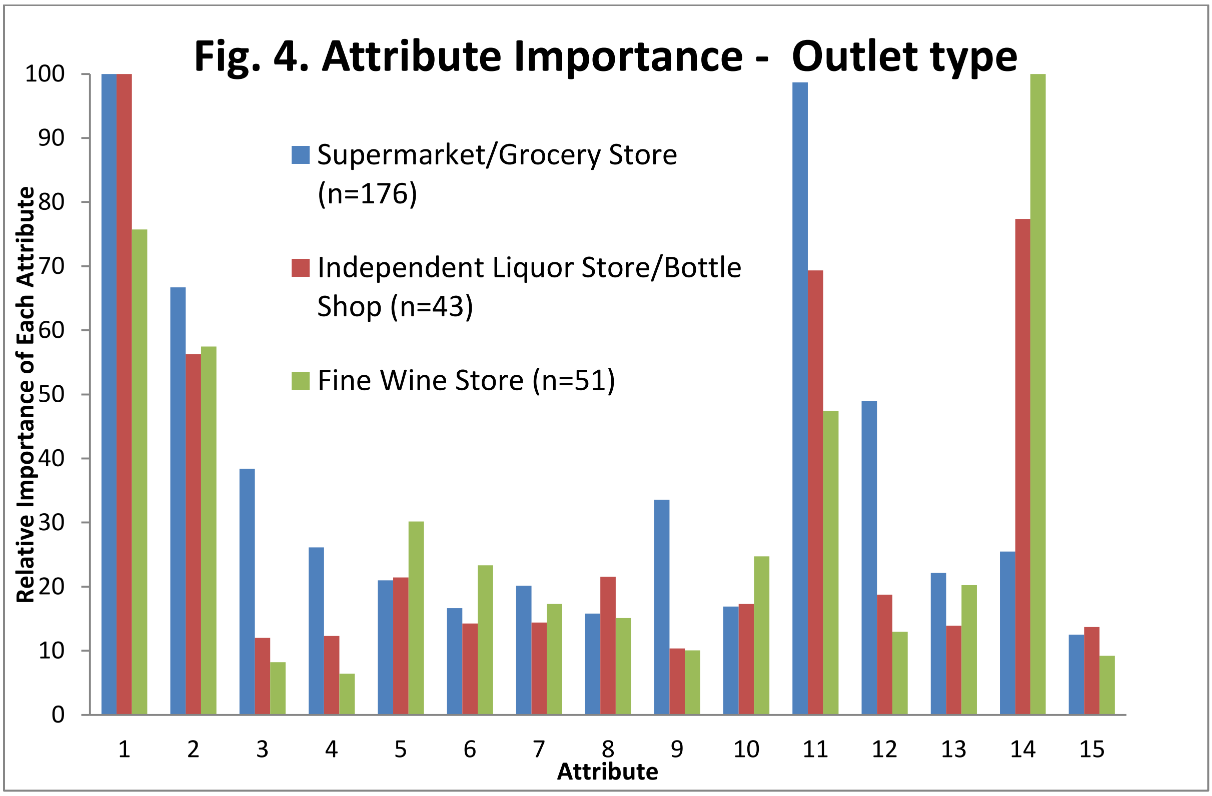
1	Retail price point	6	Press write ups and features	11	Customer request/enquiry
2	Margin	7	Medals and Awards won	12	Brand
3	Advertising support/contribution	8	Vintage/aged wine	13	Origin/Region
4	Point of sale material	9	The distributor	14	Like the taste (Manager/Staff)
5	Tasting support	10	Grape variety	15	Winery staff visit

Other areas for differentiation appear to exist when looking at the percentage of total sales that wine makes up. This is a case of thinking in terms of 'liquor' and 'convenience' stores. Although we all like to think of the dream of our customer buying more, marketing tells us that we are going to sell more if we can get the many 'light buyers' to buy 1, rather than getting existing customer to buy more. What does this mean to us? Figure 3 gives some insight. The 'non-specialty' stores show more of an influence in the two areas of 'advertising support' and 'point-of-sale material'. So what might the opportunity be? The thousands of smaller proportion wine sales stores might be reached with assistance in these areas; why – well it may be that wine is not that important to them, they don't know much about it, but they know they sell some – so they want help, and not education. Education, 'tasting' is a much bigger influence where the stores have a higher proportion of wine – as is 'tasting support'. Most likely, where a lower proportion of wine is sold, the market may not have an interest in the education activities of tasting. So to sell to 'light buyers', maybe education is not the way to go, respect their business method and offer to help rather 'educating' them to become knowledgeable about wine.



1	Retail price point	6	Press write ups and features	11	Customer request/enquiry
2	Margin	7	Medals and Awards won	12	Brand
3	Advertising support/contribution	8	Vintage/aged wine	13	Origin/Region
4	Point of sale material	9	The distributor	14	Like the taste (Manager/Staff)
5	Tasting support	10	Grape variety	15	Winery staff visit

The final area where differences were found is shown in Figure 4 Outlet Type. We know that supermarkets differ from wine stores and fine wine stores, but here we see how the influencers on their purchase decisions differ. Supermarkets place nearly equal importance on ‘price point’ and ‘customer request’, it appears they are driven by responding to what they know about their market. Conversely, fine wine stores are much less driven by ‘customer request’, possibly seeing their role in their customer’s eyes of providing the information. As a winery this may offer an opportunity to tap into; they are far more influenced by ‘taste’, so handselling is somewhat required. The role of the distributor appears key in selling into supermarkets and ‘point of sale material’ and ‘advertising support’ is also much more of an influence.

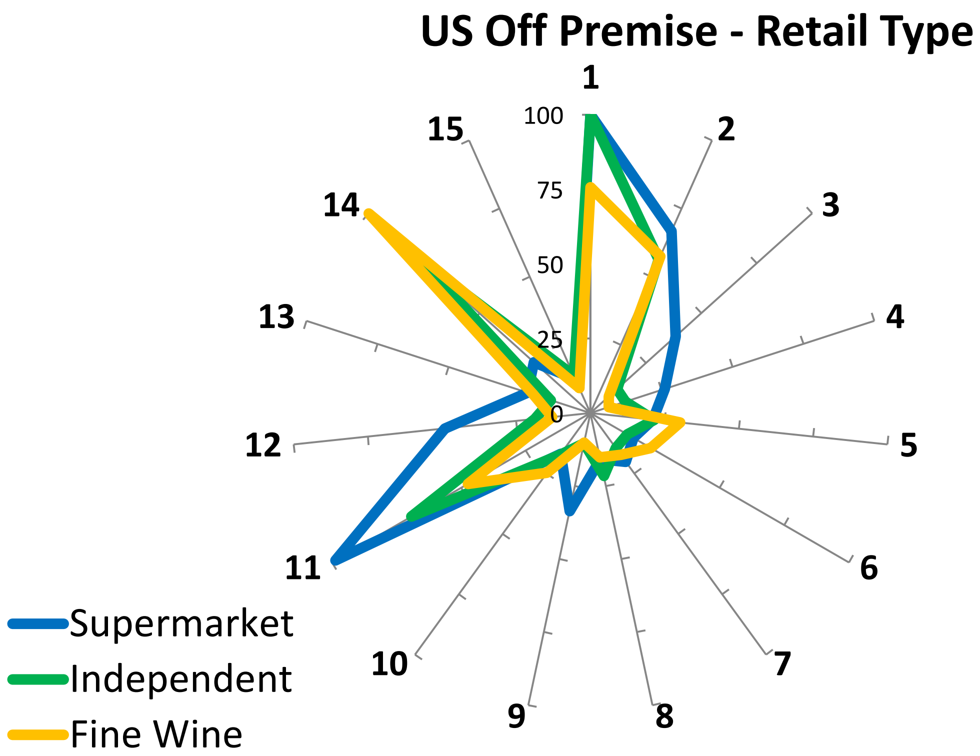


1	Retail price point	6	Press write ups and features	11	Customer request/enquiry
2	Margin	7	Medals and Awards won	12	Brand
3	Advertising support/contribution	8	Vintage/aged wine	13	Origin/Region
4	Point of sale material	9	The distributor	14	Like the taste (Manager/Staff)
5	Tasting support	10	Grape variety	15	Winery staff visit

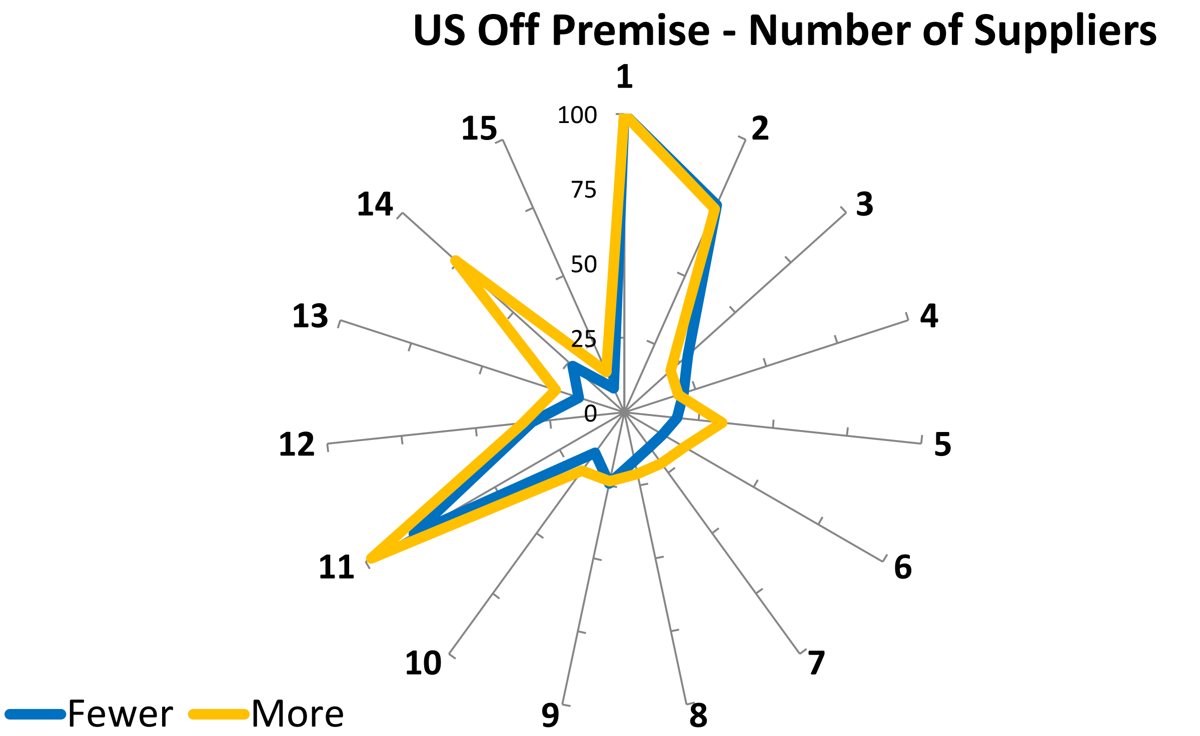
We see that, in line with the other country markets and supply chain positions investigated, that there are similarities and differences that can assist in developing our market offering and who it is we target. The one thing that remains clear in almost every analysis we have done is that there is a role for understanding who it is we are talking with – before we talk to them. Like all aspects of marketing, we do this so we increase our chances of appealing to the person we are talking with. Get to know who you are targeting and see how your offer stacks up – in THEIR eyes, rather than in your opinion.

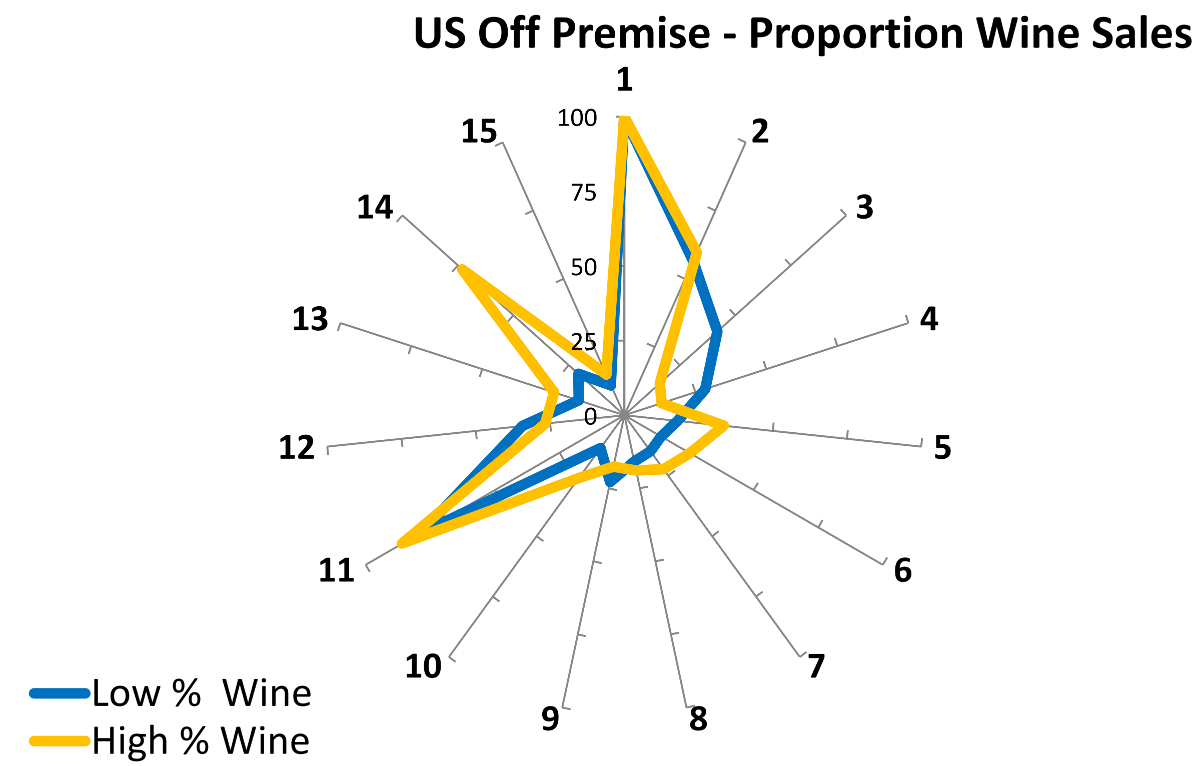
In the charts that follow, the question asked is '**What Influences you when buying a new wine?**' The titles of each shows how the respondents were segmented; retail type, number of suppliers etc, segmented as:

US Off Premise Segmentation		
	Overall	
Retail Type	Supermarket	
	Independent Liquor Retailers	
	Fine Wine Stores	
Suppliers	Fewer Suppliers	<5
	More Suppliers	>9
Proportion Wine	Low Proportion Wine Sales	<25%
	High Proportion Wine Sales	>50%
Cases Sold	Fewer cases sold per week	<50
	More cases sold per week	>150
SKUs	Fewer SKUs stocked	<300
	More SKUs stocked	>600
Margin	Lower Margin	<20%
	Higher Margin	>36%



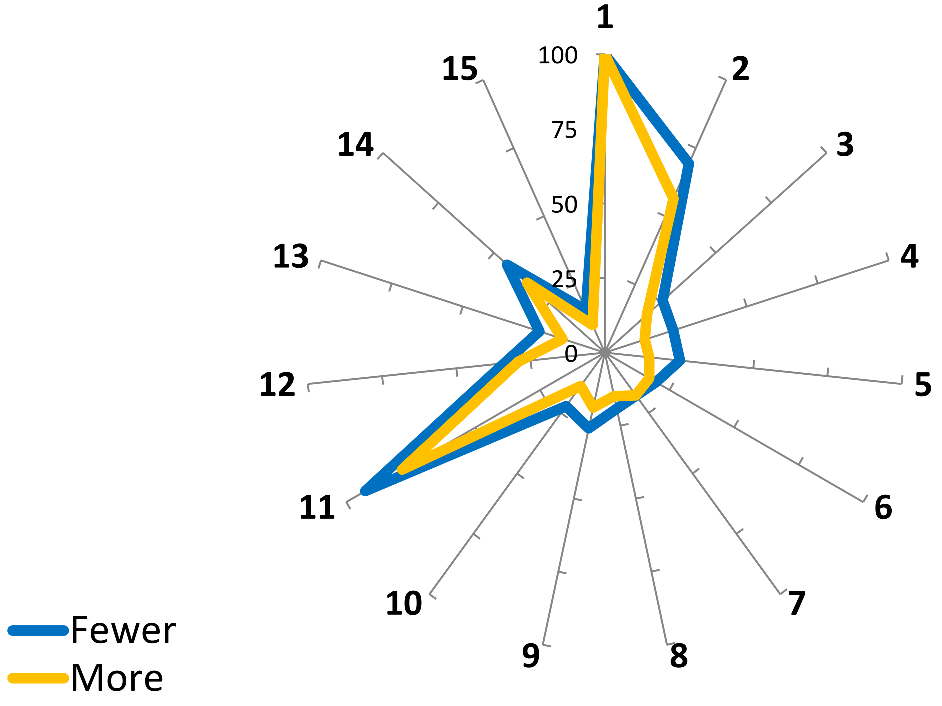
1	Retail price point	6	Press write ups and features	11	Customer request/enquiry
2	Margin	7	Medals and Awards won	12	Brand
3	Advertising support/contribution	8	Vintage/aged wine	13	Origin/Region
4	Point of sale material	9	The distributor	14	Like the taste (Manager/Staff)
5	Tasting support	10	Grape variety	15	Winery staff visit



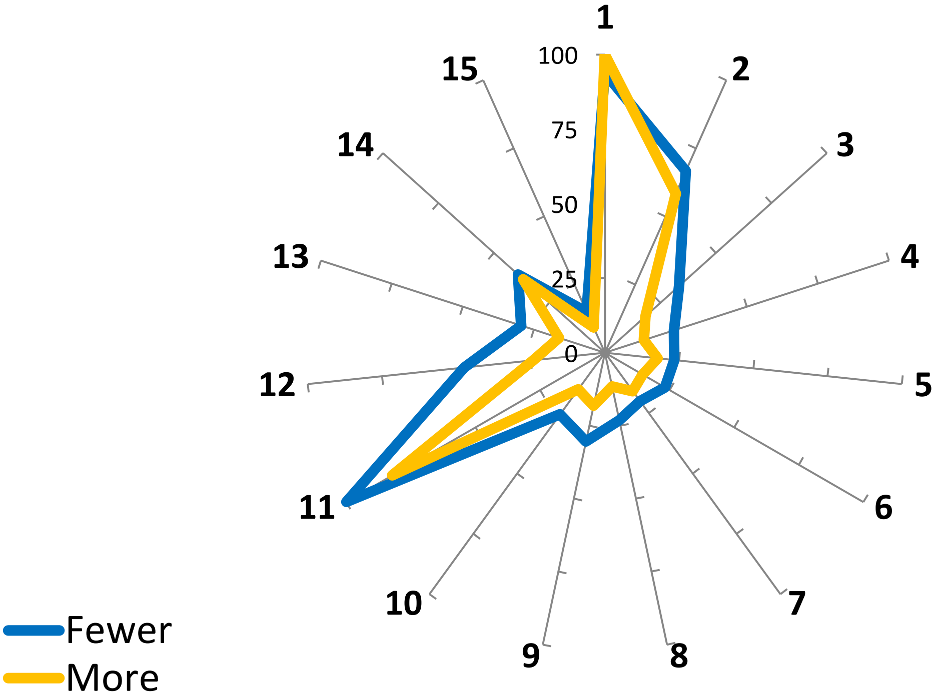


1	Retail price point	6	Press write ups and features	11	Customer request/enquiry
2	Margin	7	Medals and Awards won	12	Brand
3	Advertising support/contribution	8	Vintage/aged wine	13	Origin/Region
4	Point of sale material	9	The distributor	14	Like the taste (Manager/Staff)
5	Tasting support	10	Grape variety	15	Winery staff visit

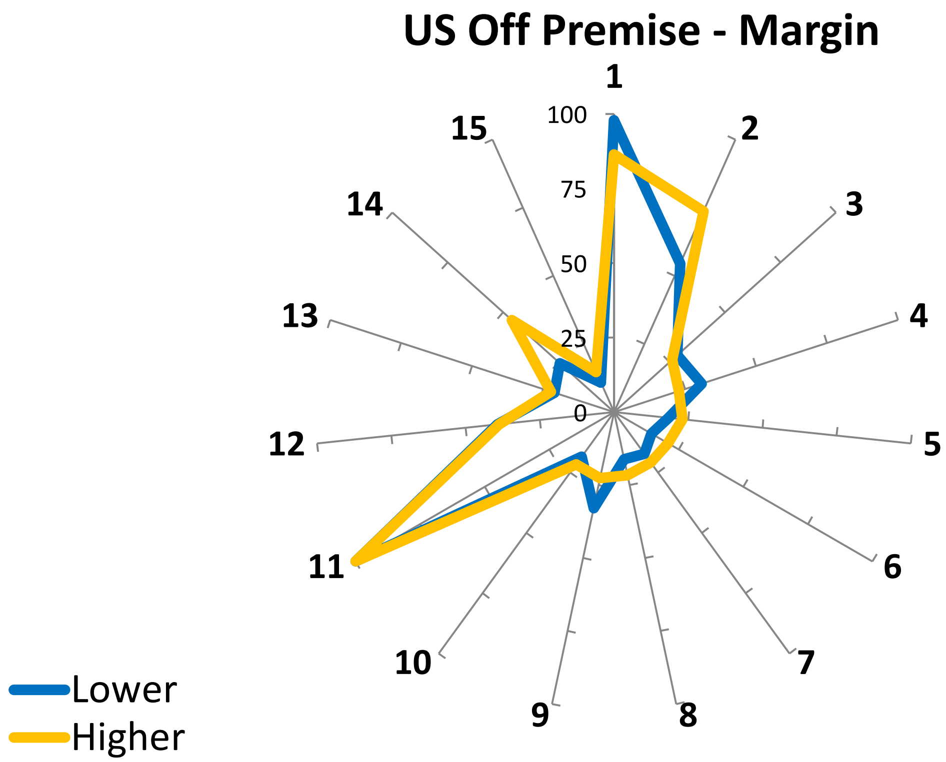
US Off Premise - Cases sold per week



US Off Premise - SKUs stocked



1	Retail price point	6	Press write ups and features	11	Customer request/enquiry
2	Margin	7	Medals and Awards won	12	Brand
3	Advertising support/contribution	8	Vintage/aged wine	13	Origin/Region
4	Point of sale material	9	The distributor	14	Like the taste (Manager/Staff)
5	Tasting support	10	Grape variety	15	Winery staff visit


US Off Premise - Margin
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
100
75
50
25
0
Lower
Higher

3. CHINA

China – Distributors

Figure 1 shows the results for the Chinese sample. 'Brand' was the #1 influencer across all respondents, more than twice as powerful an influence on a decision as the #2 influence of 'margin'. There appears to be a relatively even influence of a number of other influencers on the decision with #'s 6,7,8,10 and 12 appearing relatively similar. Previous research has shown the benefit though of dissecting the sample to see how the influencers may vary when different segments, such as size, margin and orientation are used.

Figure 1 –'What influences your decision when looking at taking on a new winery?' Chinese Distributors (*n*=106)

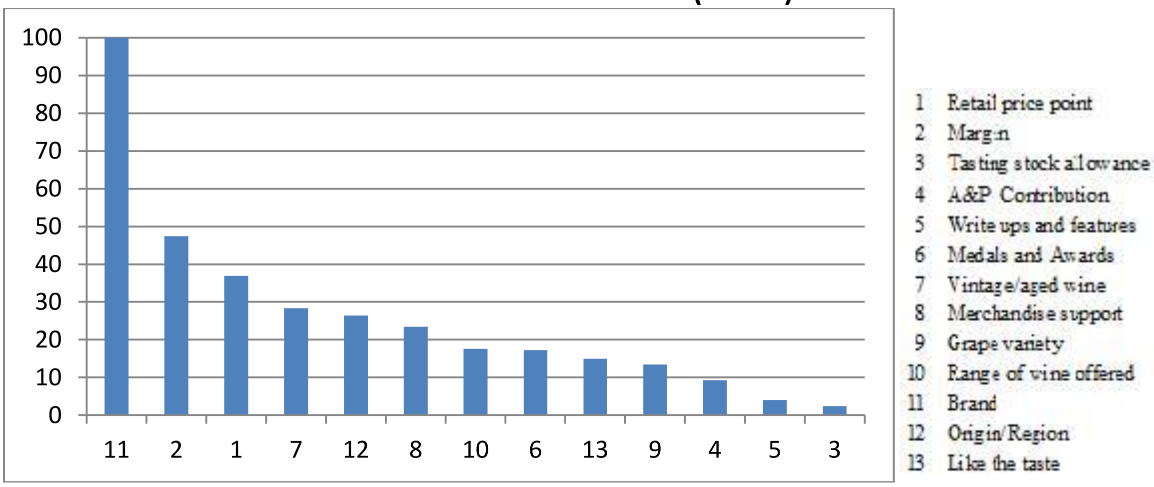
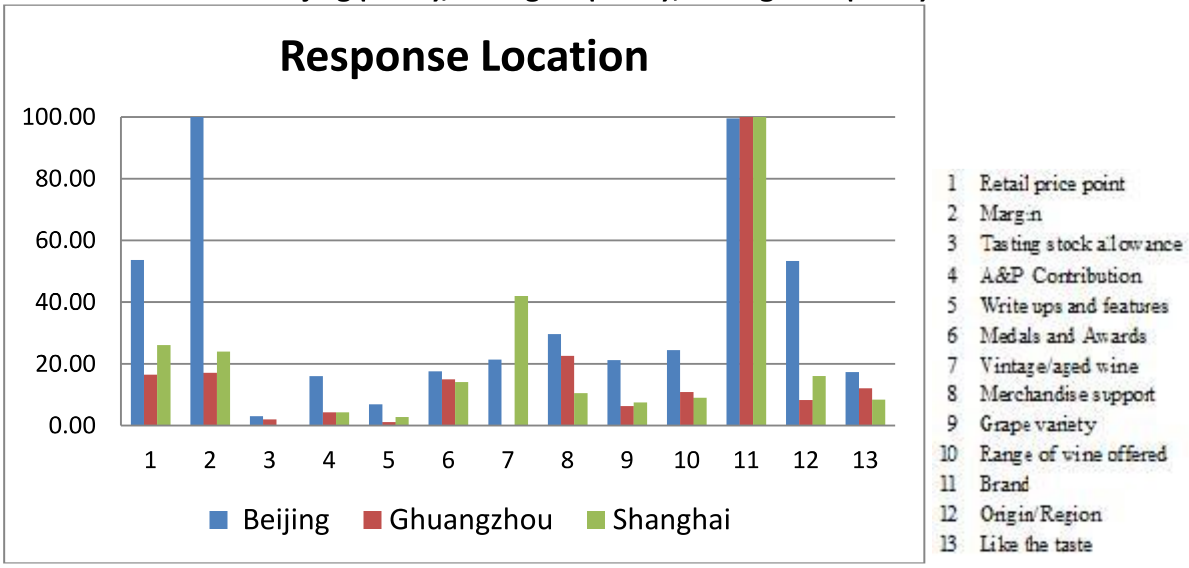


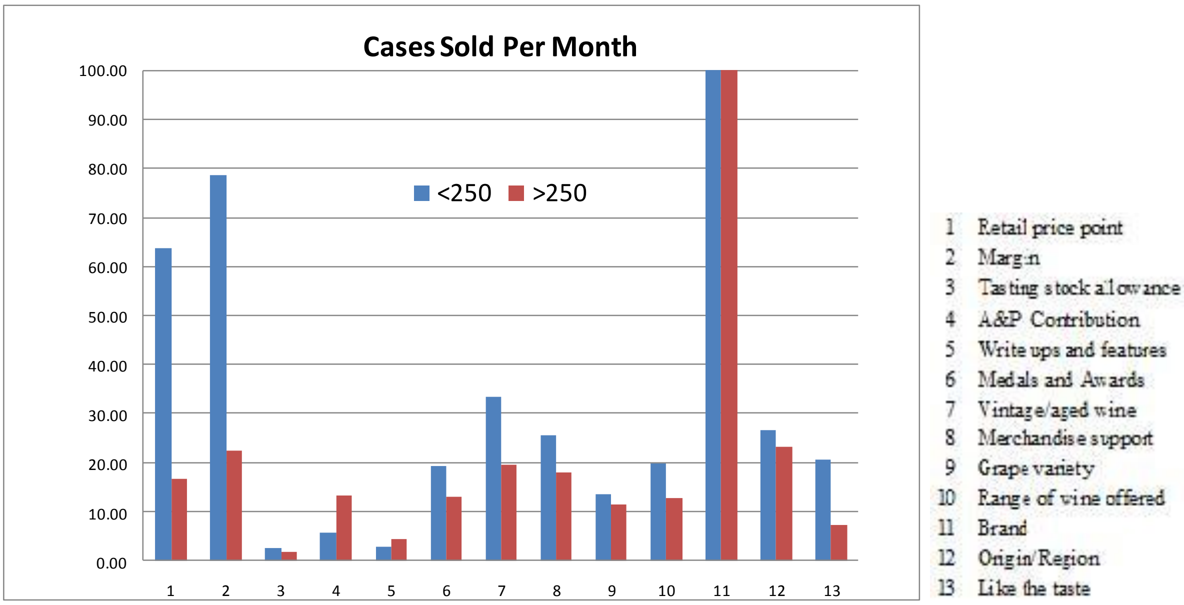
Figure 2 shows there are differences in the degree to which various attributes influence the distributor's decision based on the city of the respondent. This comes as no surprise to someone who has conducted wine business in the three cities. They operate quite differently in many regards, this research aimed to highlight some of the key differences so as to enable better positioning and communication depending on the target market within China. Whilst there is no overplaying the role and influence of 'brand', in Beijing, 'margin' was almost as strong an influence and significantly more so than the other cities. In Beijing, 'price point' and 'origin' are much more of an influence, qualitative feedback indicated 'Bordeaux' to influence this. In Shanghai the ability to supply 'vintage/aged wine' influence decisions more than Beijing and Guangzhou, whereas 'merchandise support' plays more of an influence in those two locations. A signal for further research, 'grape variety' is much more important in Beijing, some might say 'ah Cabernet' due to the Bordeaux effect, and yet 'range of wine offered' is also much more of an influence. The further question is, 'which varieties' and 'what is the range', is it a section of price points, varieties, styles or even brands.

Figure 2 –Differences between Distributor Location
Bejing *(n*=50*)*, Shanghai *(n*=27*)*, Guangzhou *(n*=29*)*



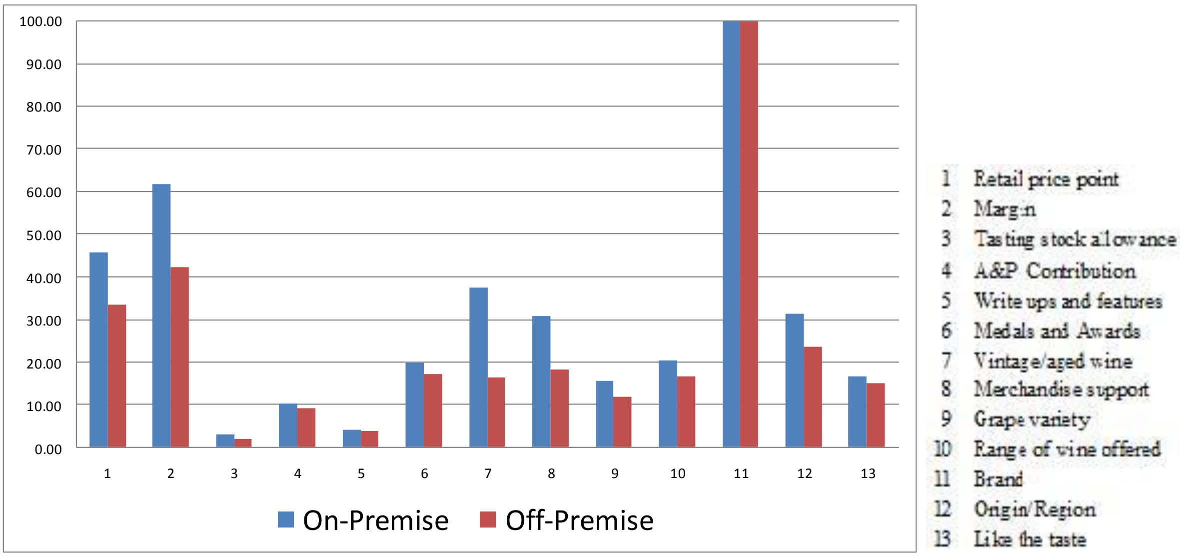
Whilst we often think of China as a 'big' market, there are many wine exporters dealing with distributors that operate at the lower volume sales end of the market. This is to be expected in an emerging market where businesses start up to capitalise on both opportunity and expertise. At the lower volume end, where many SME wineries may begin dealing, how are the influencers compared to larger volume distributors? Figure 3 shows that whilst both are most influenced by 'brand' which offers little to newer, emerging wineries, the smaller volume distributors are significantly more influenced by 'retail price point' and 'margin' than their larger counterparts. As a new entrant, lesser brand entering into the Chinese market it is worth having the conversation with the distributor about 'what price points they seek to hit', 'what their retail demand is trying to offer' and even 'what price points aren't that well served'. This doesn't always infer a low price; what it does is shows the importance of talking with the supply chain to attempt to align goals so that appropriate stock is offered to meet the demand of the specific chain. The results were similar when comparing firms that were smaller based on the number of sales representatives employed and smaller numbers of wineries represented.

Figure 3 –Differences between Low (n=66) and High *(n*=40) Volume Wine Distributors



Segmentation was undertaken to see those with a bias toward On-premise or Off-premise customers; as such, those with an even portion of their business into both markets were disregarded from the analysis. ‘Brand’ still ruled both groups, but there are some differences with the On-premise oriented distributors more influenced by ‘margin’ and ‘retail price-point’, similar to the smaller turnover and employee sized firms. Additionally, these distributors were much more influenced by ‘vintage/aged wine’, ‘merchandise support’ and ‘medals and awards won’ than those with an Off-premise focus. Whilst by no means definitive, it is a signal that an On-premise wine culture is emergent, with different behaviour adapting to the needs of the different channel. It might be that this offers the smaller, less-known brand an avenue into the channel if they can position using factors such as aged wine, which assists the On-premise customer that doesn’t have the facilities or expertise to manage aged wine and yet wants to deliver the value to their customers.

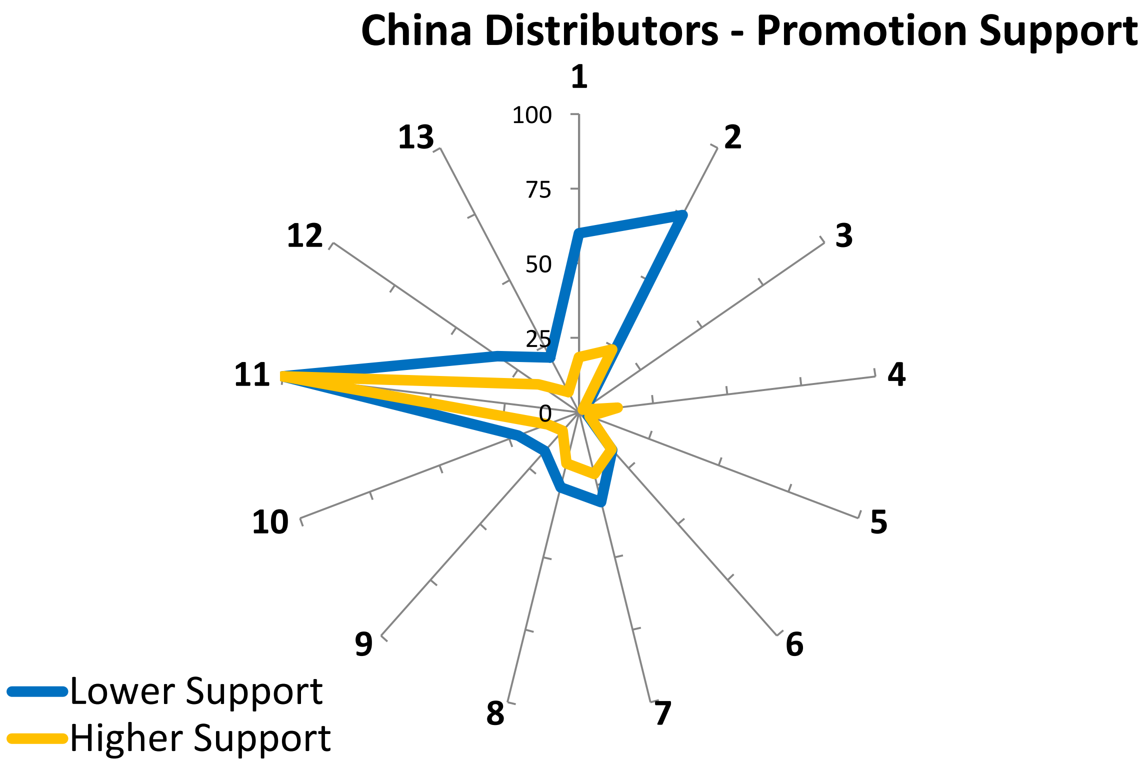
Figure 4 –Differences between On *(n*=25) and Off-premise *(n*=56) Focussed Distributors



This research has highlighted that there are differences in what influences a Distributor's decision on which winery to represent. It signals the need to understand who you are looking to do business with and to ensure that by prior design or working together you are abler to offer a 'bundle' that represents the value those in the chain are looking for. The next papers will present the results for the Chinese On and Off-premise segments to further give insight into the wine supply chain decision influencers. The key learning that we see from this research is the need to understand who you are doing business with, their objectives, interest and orientation – rather than chasing and hoping from someone to carry your wine.

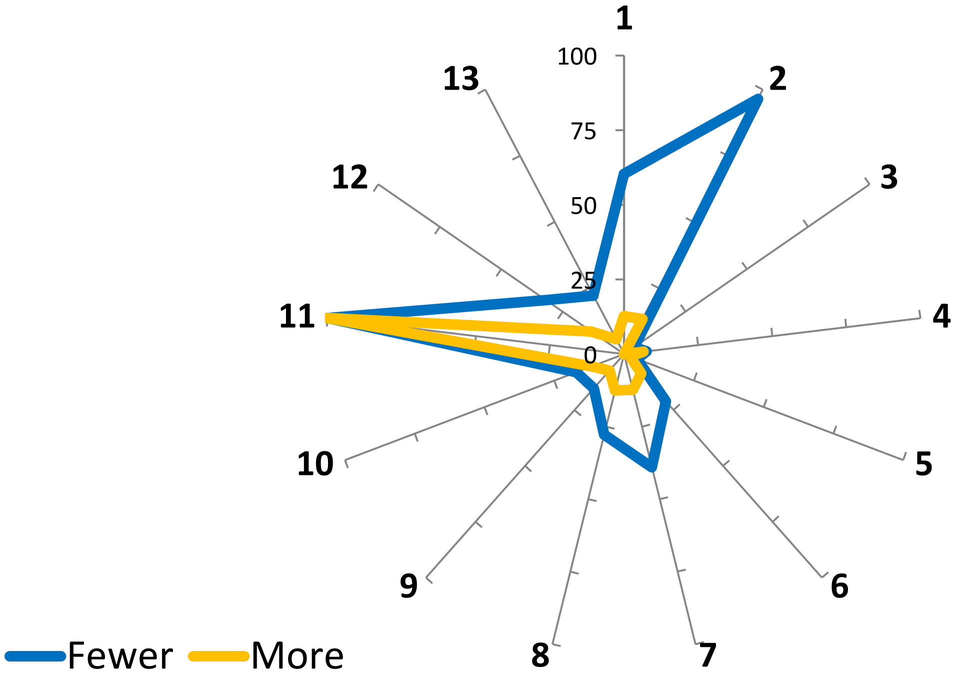
In the charts that follow, the question asked is '**What Influences you when deciding to take on a new wine?**' The titles of each shows how the respondents were segmented; High vs Low promotional support, High vs Low margin etc, segmented using:

China Distributor Definitions		
Promo Support	**Lower Promotion Support**	**<15%**
	Higher Promotion Support	**>15%**
Principals	**Fewer Principals**	**<=20**
	More Principals	**>20**
Off or On Premise	**High Proportion On-Premise**	**60%**
	High Proportion Off-Premise	**60%**
Cases	**Fewer cases sold per month**	**<250**
	More cases sold per month	**>250**
Sales Reps	**Fewer Sales Representatives**	**<10**
	More Sales Representatives	**>10**
Margin	**Lower Margin**	**<35%**
	Higher Margin	**>36%**



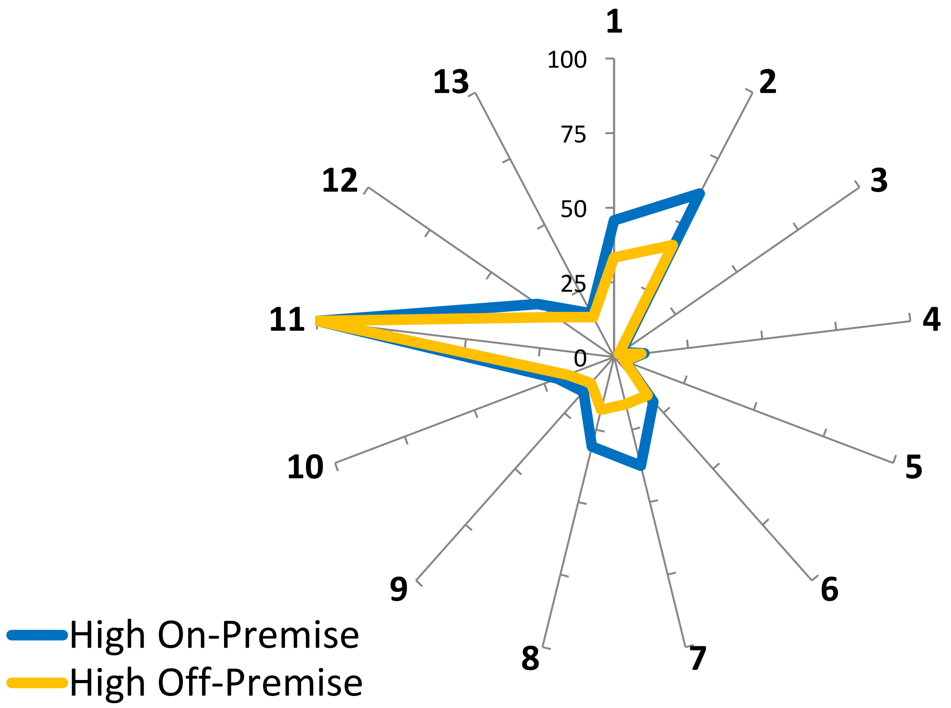
1	retail price point	5	press write ups and features	9	grape variety
2	margin	6	medals and awards won	10	range of wine by the winery
3	tasting stock allowance	7	vintage/aged wine	11	brand
4	A & P contribution	8	merchandise support	12	origin/region
				13	like the taste

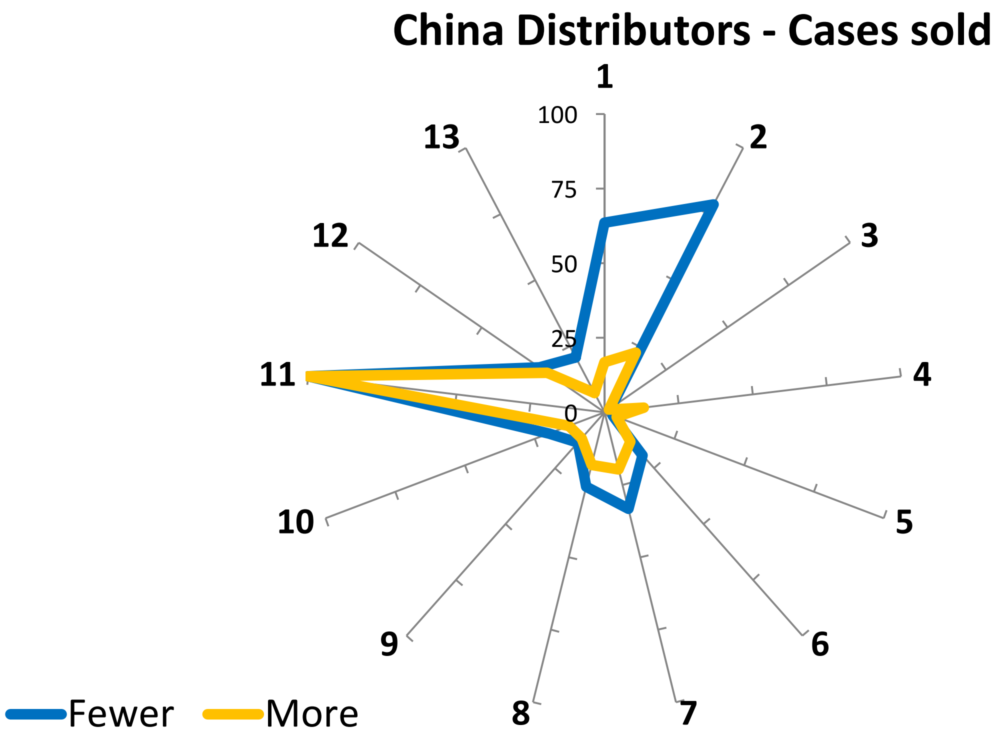
China Distributors - Principals



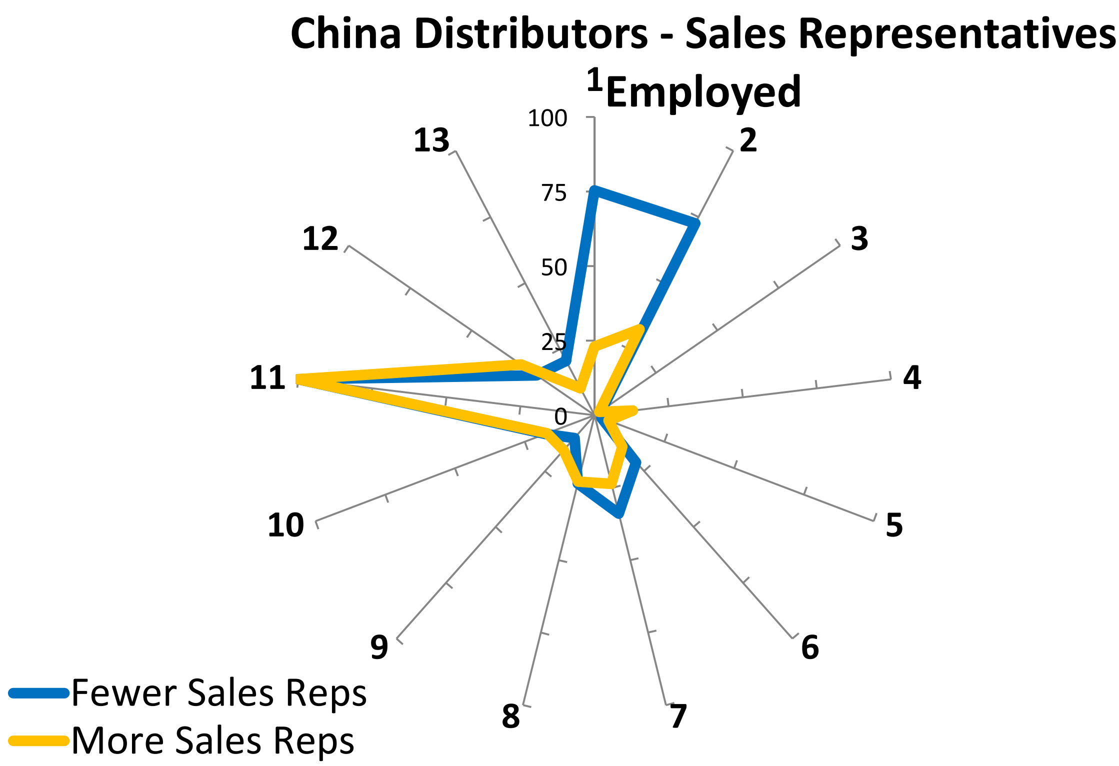
1	retail price point	5	press write ups and features	9	grape variety
2	margin	6	medals and awards won	10	range of wine by the winery
3	tasting stock allowance	7	vintage/aged wine	11	brand
4	A & P contribution	8	merchandise support	12	origin/region
				13	like the taste

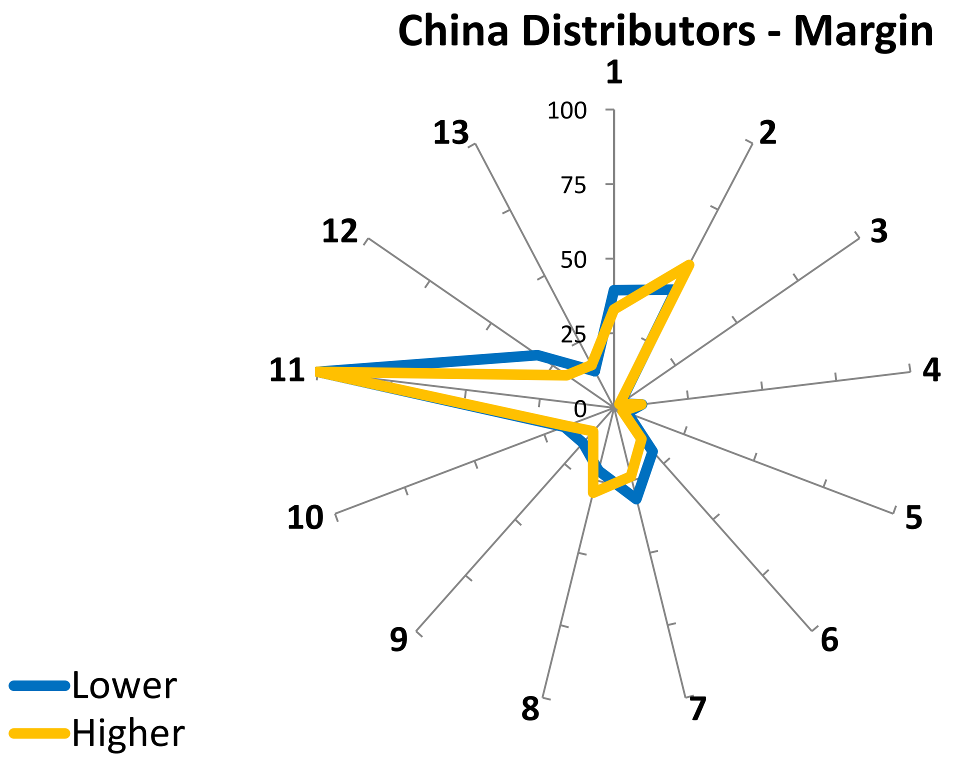
China Distributors - Selling to On or Off Premise





1	retail price point	5	press write ups and features	9	grape variety
2	margin	6	medals and awards won	10	range of wine by the winery
3	tasting stock allowance	7	vintage/aged wine	11	brand
4	A & P contribution	8	merchandise support	12	origin/region
				13	like the taste



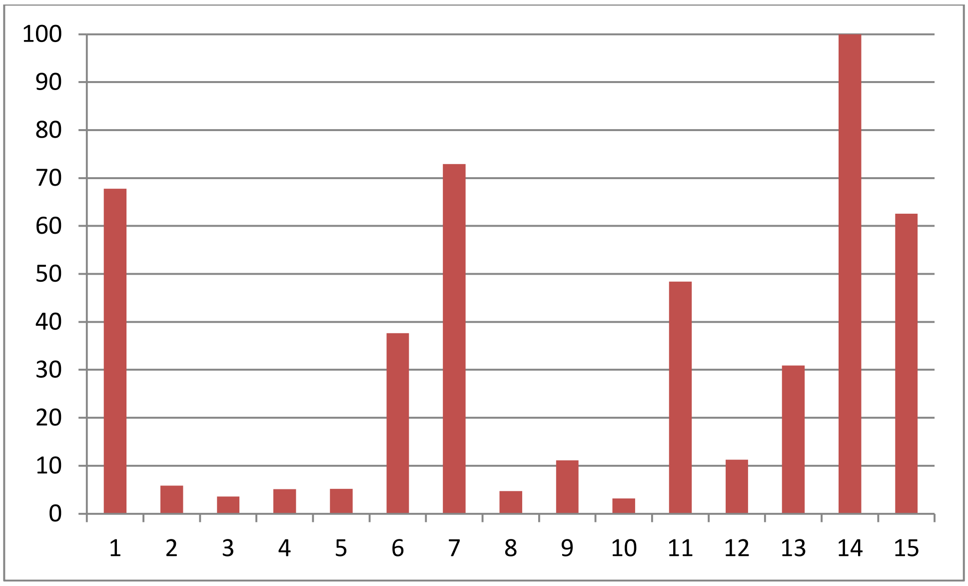


1	retail price point	5	press write ups and features	9	grape variety
2	margin	6	medals and awards won	10	range of wine by the winery
3	tasting stock allowance	7	vintage/aged wine	11	brand
4	A & P contribution	8	merchandise support	12	origin/region
				13	like the taste

China – On-premise

Figure 1 shows the results from the China On-premise sample, where, similar to the overall Off-premise results, 'brand' is the number one influencer on choice. 'Vintage or aged wine' was the second biggest influence, offering an avenue for those looking to export and target this segment to offer something from their own "museum", in fact this was shown to be more of an influencer than the 3rd and 4th more 'traditionally' thought of – 'margin' and the 'manager/sommelier liking the taste'. This possibly highlights the opportunity to be developed in attending the market and opening up not just current wines, but old 'museum' stock for tasting by management, sommeliers and even wait-staff in an attempt to gain entry for a listing.

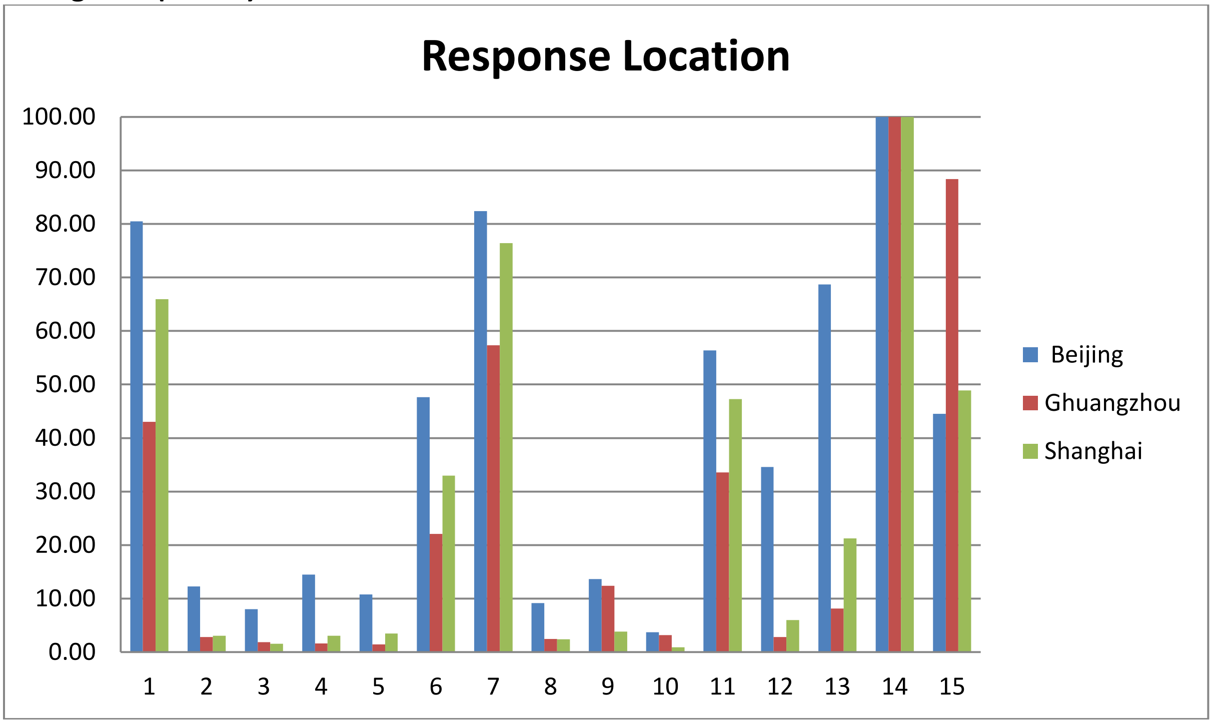
Figure 1 –'What influences your decision to stock a new wine?' - Chinese On-premise (*n=362*)



1	Margin	6	Medals and Awards won	11	Grape variety
2	Lack of retail availability	7	Vintage/aged wine	12	Listing Fee/Rebate paid
3	Contribution to menu printing	8	The distributor	13	Origin/Region
4	Table 'talker'/ On Table Promotion	9	Match to food on menu	14	Brand
5	Press write ups and reviews	10	Chef's choice	15	Tastes good (mngr/somm)

Figure 2 shows the differences in influencers for the different response locations. Whilst 'brand' is number one across the three, we see that there might be benefits to be had from emphasising or tailoring the offer to increase success dependant on the location. In Beijing and Shanghai , 'margin' and 'vintage/aged wine' were more of an influence than in Guangzhou, as were 'grape variety' and 'medals' – although the latter two had a lesser overall influence. In Guangzhou we see much more of an influence, almost double, of the taste acceptance, liking, by the manager or sommelier. Clearly this indicates the need to have your wine opened and shown to management and staff in Guangzhou. The 'lisitng fee or rebate' paid by the distributor exerts much more influence than the other two markets, as does the origin of the wine – which qualitative insight there showed preference in Beijing for Bordeaux, and for Cabernet(Merlot) if the wine was from other markets. This suggests a 'Shiraz-first' entry strategy into Beijing may benefit from having Bordeaux blends front and centre in Beijing.

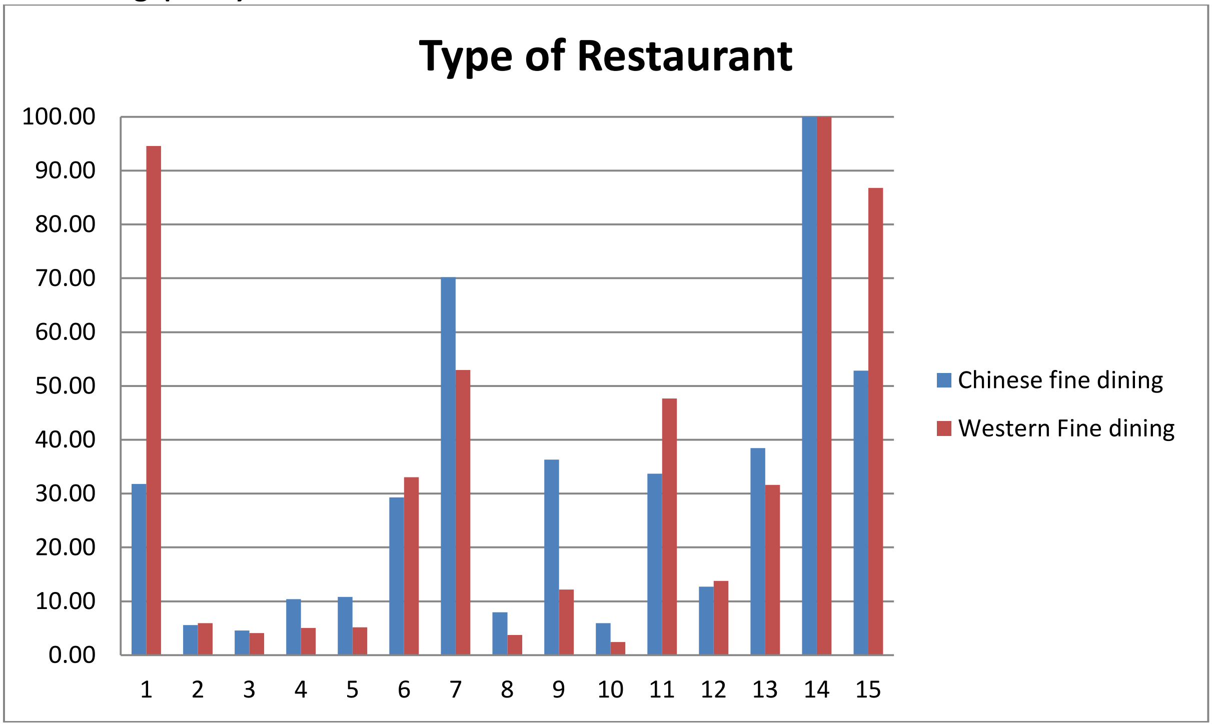
Figure 2 –Differences between Retailer Location - Bejing *(n=120),* Shanghai *(n=121),* Guangzhou *(n=121)*



1	Margin	6	Medals and Awards won	11	Grape variety
2	Lack of retail availability	7	Vintage/aged wine	12	Listing Fee/Rebate paid
3	Contribution to menu printing	8	The distributor	13	Origin/Region
4	Table 'talker'/ On Table Promotion	9	Match to food on menu	14	Brand
5	Press write ups and reviews	10	Chef's choice	15	Tastes good (mngr/somm)

Differences were seen in the influencers at the level of Chinese or Western fine dining (Figure 3). Whilst 'brand' is again the most important influencer on choice, the data show an opportunity to modify and adapt your offer to the segment you are targeting. Western Fine Dining is far more influenced by 'margin', 'manager likes' and 'grape variety' than Chinese fine dining – not a surprise for anyone in the wine trade, but interesting to see again that 'vintage or aged wine' is much more an influence to the Chinese fine dining segment – continuing the signal that this offers wineries an opportunity to work closely with this segment and provide sought after value. The challenge of 'matching food on the menu' , which is more of an influence for fine dining Chinese On-premise has long left wine producers puzzled. Qualitative insights gave several recommendations and support for Australian wine as matching 'across the table' rather than with individual plates. Given the nature of a fine dining Chinese meal (and even more casual fare), where 'balance' is made up across several dishes rather than the European approach within one plate; this may be an avenue for exploiting by the Australian winery.

Figure 3 –Differences between Restaurant Type – Chinese Fine Dining *(n=21)*, Western Fine Dining *(n=91)*

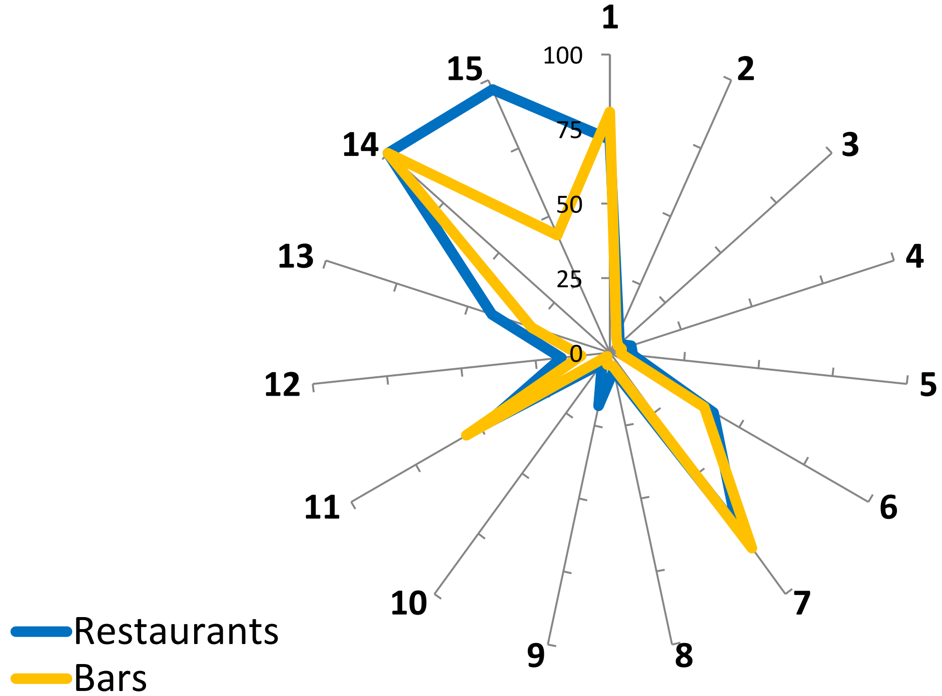


1	Margin	6	Medals and Awards won	11	Grape variety
2	Lack of retail availability	7	Vintage/aged wine	12	Listing Fee/Rebate paid
3	Contribution to menu printing	8	The distributor	13	Origin/Region
4	Table 'talker'/ On Table Promotion	9	Match to food on menu	14	Brand
5	Press write ups and reviews	10	Chef's choice	15	Tastes good (mngr/somm)

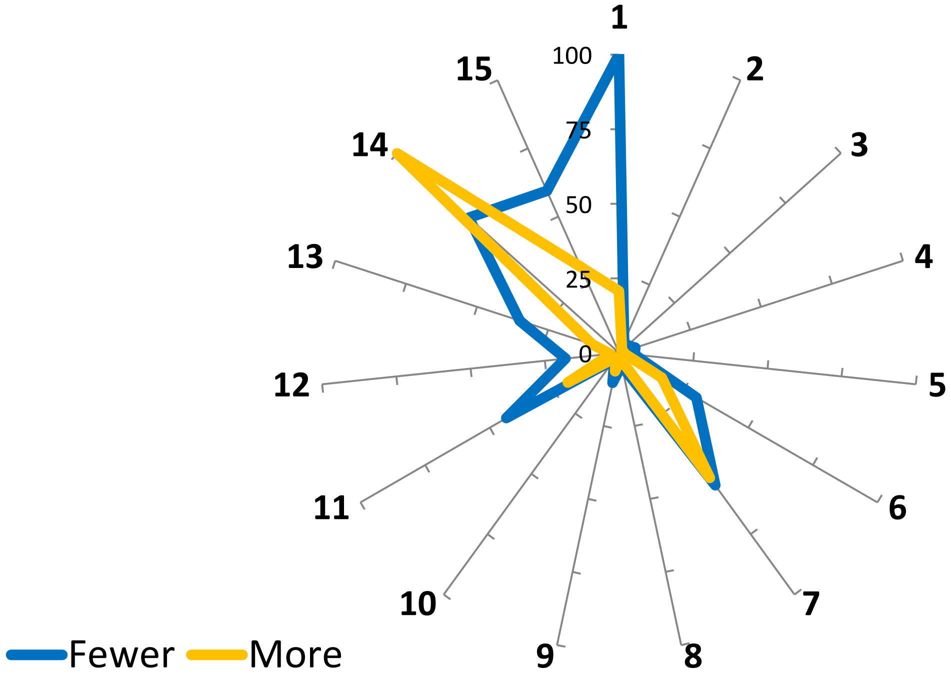
In the charts that follow, the question asked is '**What Influences you when buying a new new wine?**' The titles of each shows how the respondents were segmented; establishment type, High vs Low margin etc.

China On Premise Definitions		
	Overall	
Suppliers	**Fewer Suppliers**	**<5**
	More Suppliers	**>10**
Restaurant Type	**Fine Dining**	**Western Fine Dining**
	Casual	**Casual**
Cases Sold	**Fewer cases sold per week**	**<=10**
	More cases sold per week	**>10**
Markup	**Lower Markup**	**<100%**
	Higher Markup	**>100%**

China On Premise - Establishment Type

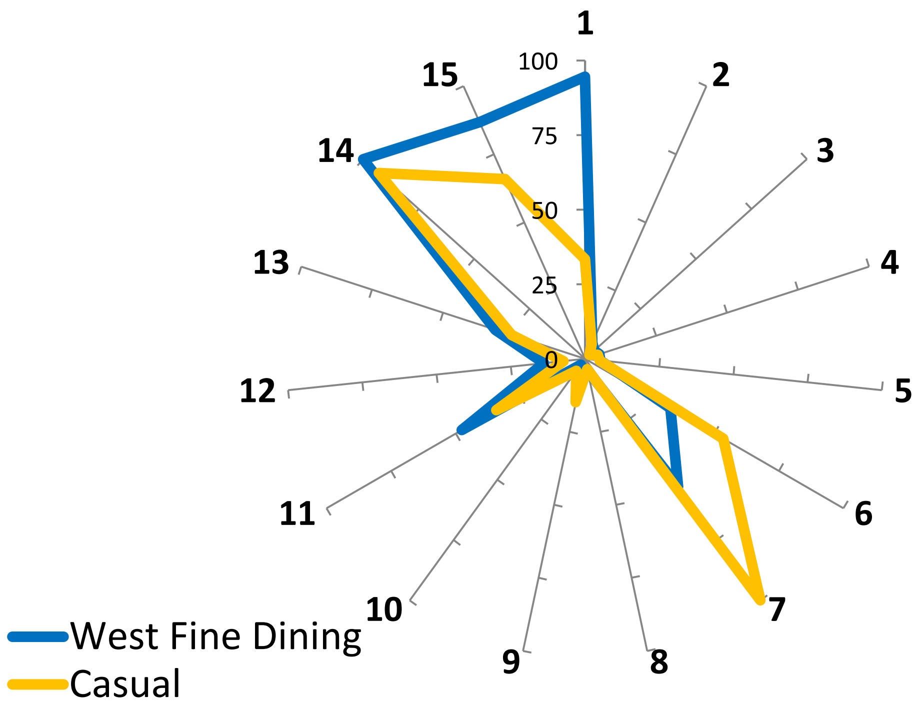


China On Premise - Number of Suppliers

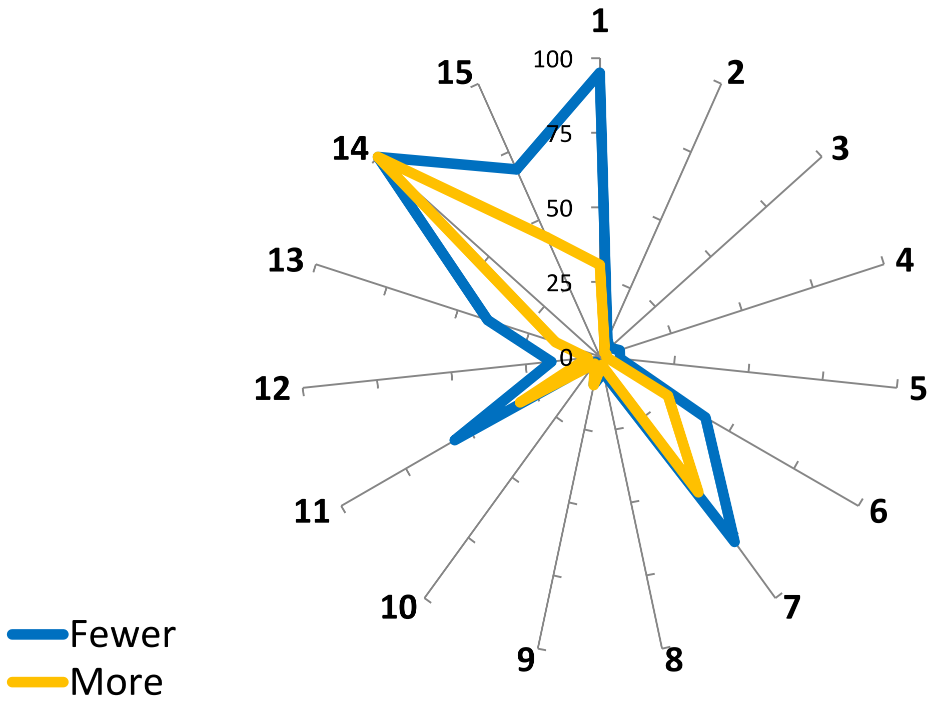


1	Margin	6	Medals and Awards won	11	Grape variety
2	Lack of retail availability	7	Vintage/aged wine	12	Listing Fee/Rebate paid
3	Contribution to menu printing	8	The distributor	13	Origin/Region
4	Table 'talker'/ On Table Promotion	9	Match to food on menu	14	Brand
5	Press write ups and reviews	10	Chef's choice	15	Tastes good (mngr/somm)

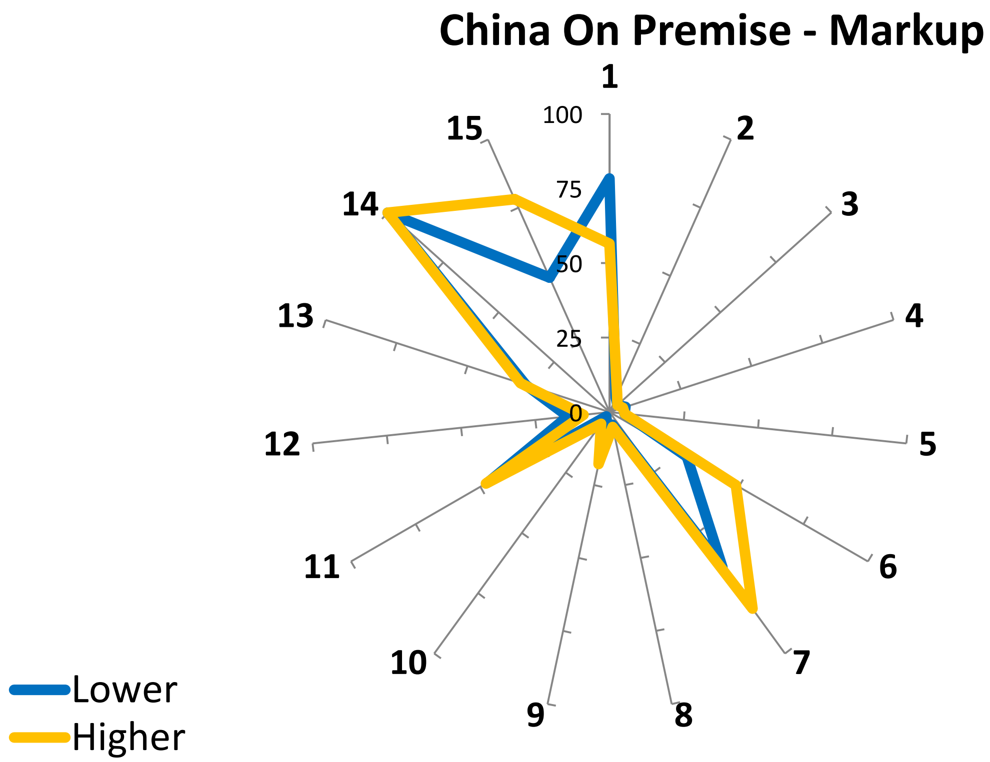
China On Premise - Restaurant Type



China On Premise - Cases sold per week



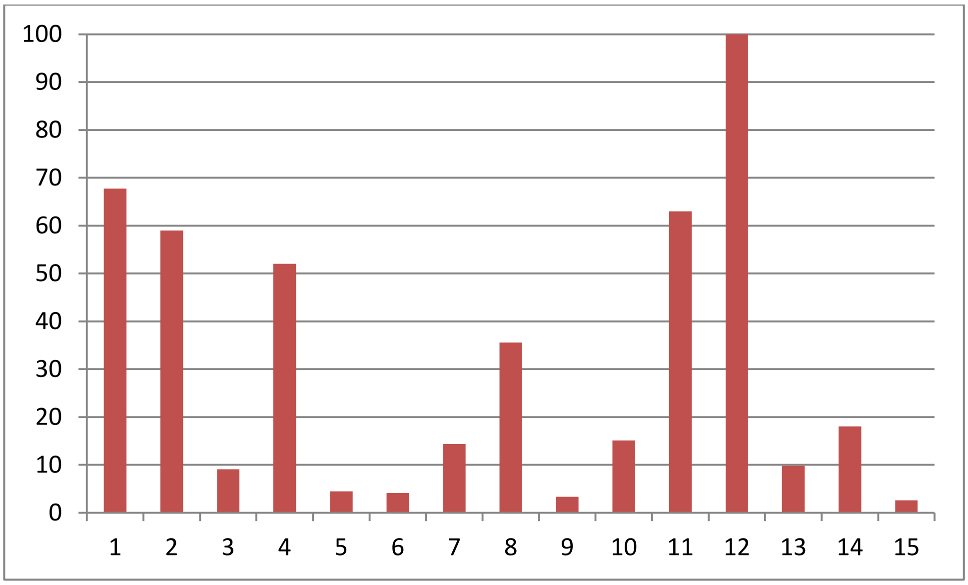
1	Margin	6	Medals and Awards won	11	Grape variety
2	Lack of retail availability	7	Vintage/aged wine	12	Listing Fee/Rebate paid
3	Contribution to menu printing	8	The distributor	13	Origin/Region
4	Table 'talker'/ On Table Promotion	9	Match to food on menu	14	Brand
5	Press write ups and reviews	10	Chef's choice	15	Tastes good (mngr/somm)



China Off-premise

Figure 1 shows the results from the China sample, where 'brand' is the #1 influencer on decision, followed by 'retail price point' and 'customer request' then 'margin' and 'point of sale material'. This gives insight for Australian wine exporters; it may be worth investigating what price points your target retailers are trying to meet- especially when the customer request (demand) is a powerful influence. The importance here of point-of-sale sends a message to wine exporters that you may want to go that little bit further than getting your translation done by the distributor. Look at getting your 'shelf-talkers' and material put together at the winery level – where you can provide Chinese language tasting notes – that actually relate to the customer rather than talk of 'slow cooked lamb etc' you might need to engage someone with local knowledge that can ut point-of-sale that engages the local consumer and retail customer. The influence on decision of 'aged/vintage wine' offers an opportunity for Australian wineries to work with retailers to deliver wines ready for immediate sale that have been aged at the winery. This in itself gives the opportunity to develop offers that involve 'authenticity' and 'provenance' to be offered to the Chinese consumer. How nice to know the 6-year-old McLaren Vale Grenache has been aged in the winery's own cellar!

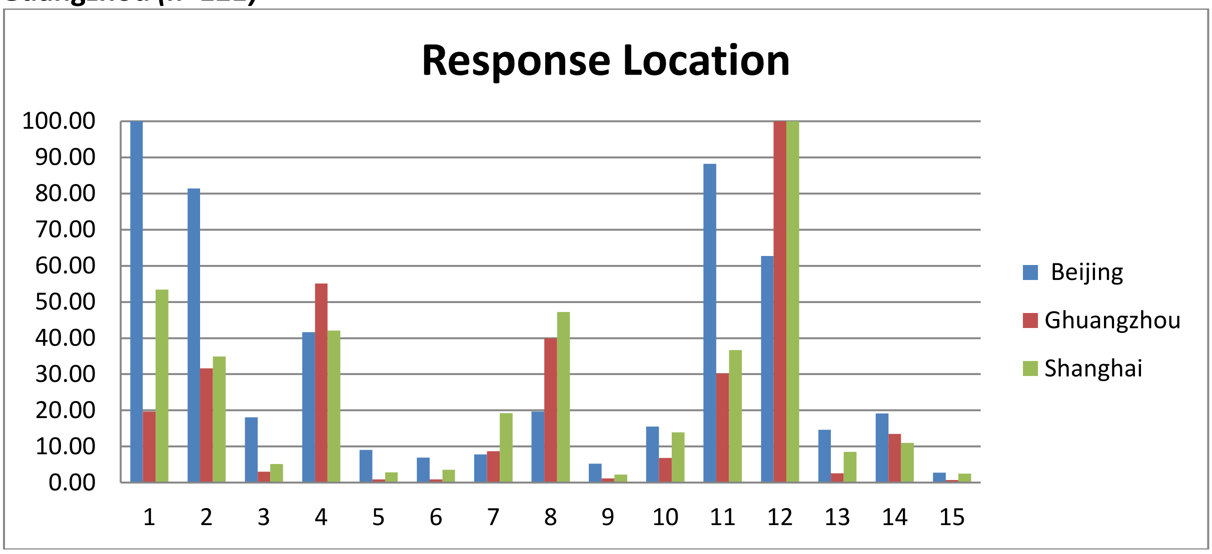
Figure 1 –'What influences your decision to stock a new wine?' - Chinese Off-premise (*n=365*)



1	Retail price point	6	Press write ups and features	11	Customer request/enquiry
2	Margin	7	Medals and Awards won	12	Brand
3	Advertising support/contribution	8	Vintage/aged wine	13	Origin/Region
4	Point of sale material	9	The distributor	14	Like the taste (Manager/Staff)
5	Tasting support	10	Grape variety	15	Winery staff visit

Figure 2 shows the differences in influencers for the different response locations. Beijing is much more driven by 'retail price point', 'customer request' and 'margin', whilst Ghuangzhou and Shanghai are more influenced by 'brand' and 'vintage/aged wine'. This highlights the need to understand where the retailers are that you are attempting to sell to. Efforts to tailor the offer, improve support, develop point-of-sale or offer aged wines need to be matched to the location of the retail market.

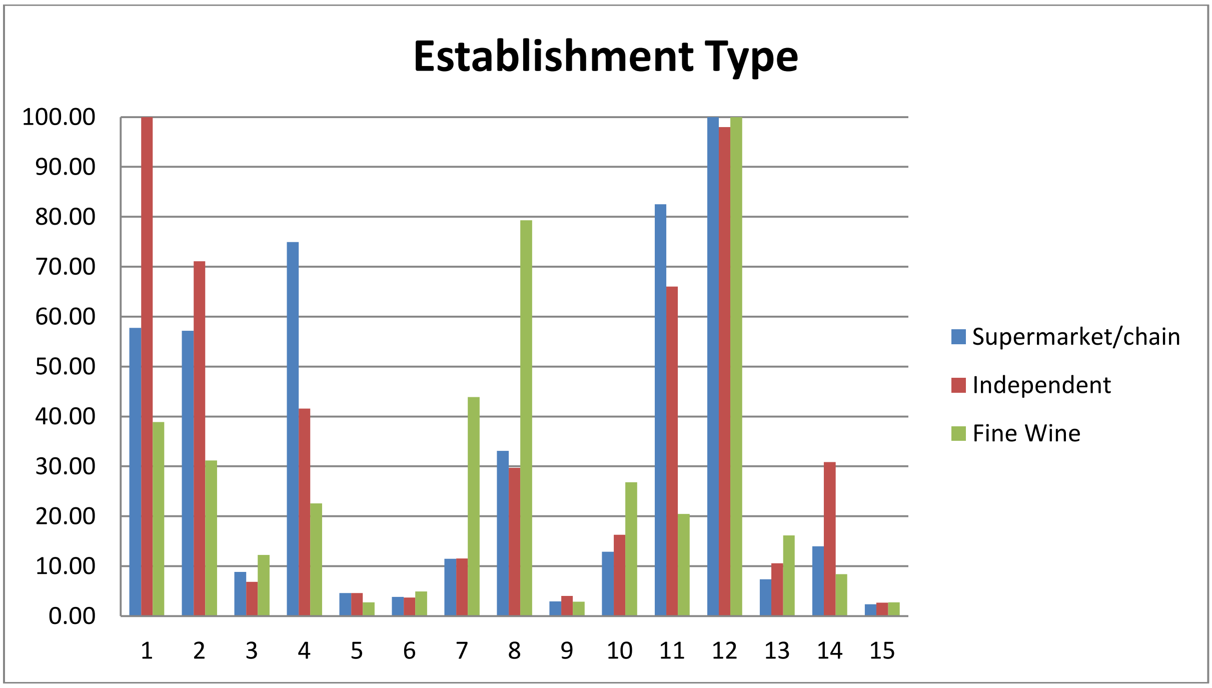
Figure 2 –Differences between Retailer Location - Bejing *(n=121),* Shanghai *(n=123),* Guangzhou *(n=121)*



1	Retail price point	6	Press write ups and features	11	Customer request/enquiry
2	Margin	7	Medals and Awards won	12	Brand
3	Advertising support/contribution	8	Vintage/aged wine	13	Origin/Region
4	Point of sale material	9	The distributor	14	Like the taste (Manager/Staff)
5	Tasting support	10	Grape variety	15	Winery staff visit

As a winery would expect, there are differences in influencers amongst supermarkets, retailers and fine wine stores. The interesting result from empirically examining this is we actually see what is, rather than draw upon 'gut-feel' or experience, moreso we see signals that might assist us in designing what we take to the customer based on the type of retailer they are. Independent stores are much more driven by the retail price point – so if you are looking to sell to these types of customers, talk with them, find out what price points they are trying to hit. Interesting in this is that buyers from supermarkets are more influenced by requests from customers and point-of-sale material. If you are looking to target Chinese supermarkets then you have the opportunity to work with direct to consumer marketing and pull demand up your supply chain (see Goodman 2012a for discussion of this approach). The higher influence of point-of-sale material begs the question, 'how many wineries offer POS to Chinese supermarkets?' There is an opportunity, no matter how big or small your winery is, to develop POS specifically for the Chinese supermarket segment. You have the opportunity to work with supermarkets in an emerging (and growing) wine market to assist them make better offers to their customers.

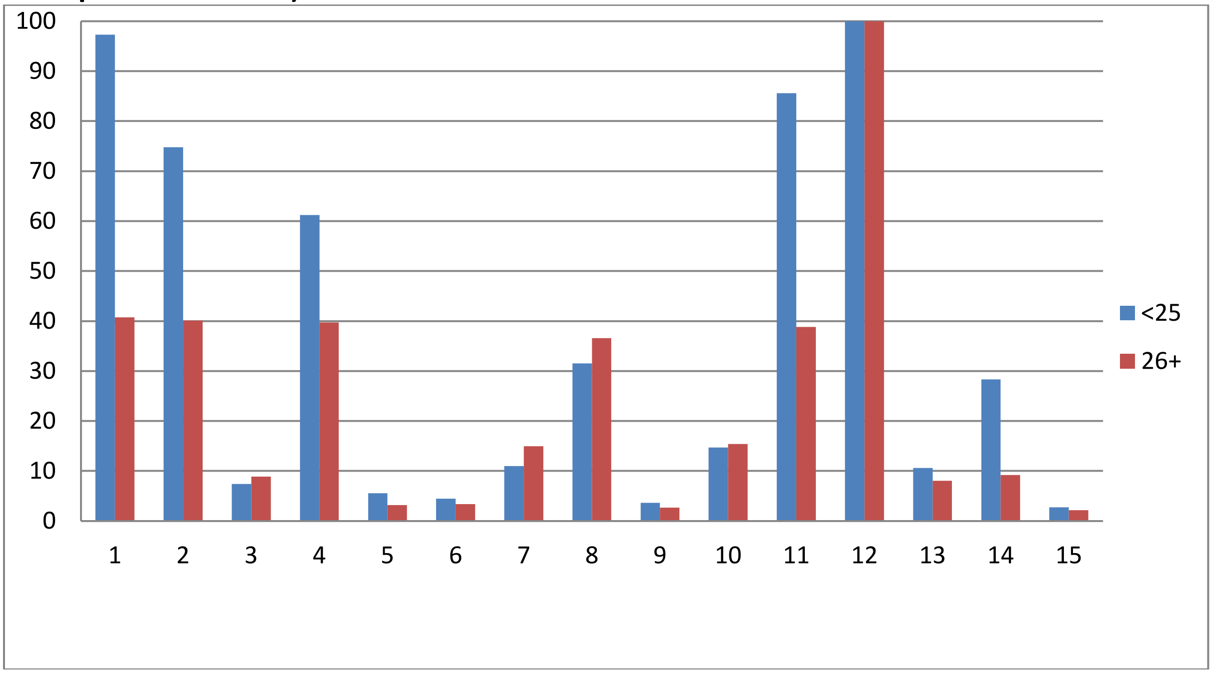
Figure 3 –Differences between Establishment Type - Supermarket *(n=204)*, Independent *(n=123)*, Fine Wine *(n=38)*



1	Retail price point	6	Press write ups and features	11	Customer request/enquiry
2	Margin	7	Medals and Awards won	12	Brand
3	Advertising support/contribution	8	Vintage/aged wine	13	Origin/Region
4	Point of sale material	9	The distributor	14	Like the taste (Manager/Staff)
5	Tasting support	10	Grape variety	15	Winery staff visit

When we think of China as a market we usually think in terms of big numbers. The fact is though, in an emerging wine market there are a plethora of retailers selling smaller quantities of wine. Add these retailers up, include scope for future growth and it is a sizeable area to consider. The results of this research highlight that if you are targeting smaller volume (arguably 'niche') retailers, there is a difference in the influencers of the decision. Lower volume retailers are influenced twice as much by the retail price point – again, highlighting the need to know your customer; you need to know who the customer of your customer is. Just like supermarkets, and possibly counter intuitively, smaller volume retailers are more influenced through customer requests – and point-of-sale which offers the opportunity for the entrepreneurial and marketing skilled winery to work with customers that are in the early stages of their own business.

Figure 3 –Differences between High (26+ cases per week n=166) and Low Volume (<26 cases per week n=199) retailers.



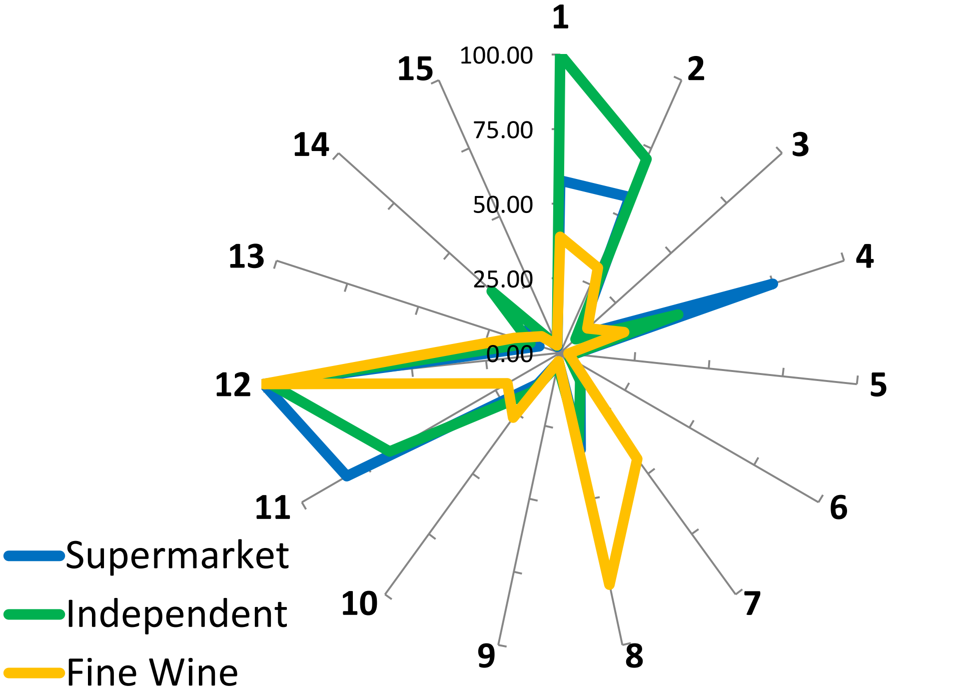
1	Retail price point	6	Press write ups and features	11	Customer request/enquiry
2	Margin	7	Medals and Awards won	12	Brand
3	Advertising support/contribution	8	Vintage/aged wine	13	Origin/Region
4	Point of sale material	9	The distributor	14	Like the taste (Manager/Staff)
5	Tasting support	10	Grape variety	15	Winery staff visit

Time and time again, empirical marketing research shows us that there are differences amongst consumer and customer groups. As an experienced marketing practitioner these results show me the need to actually get to know who my customer is, to understand how they approach their customer and what they are striving to achieve in their business. The results from this research shows us that there are signals which off the winery that is going to be ‘marketing entrepreneurial’ an opportunity to relatively simply develop their offer so that it is more in line with the expectations, and decision influencers, of their target customer.

In the charts that follow, the question asked is ‘**What Influences you when buying a new wine?**’ The titles of each shows how the respondents were segmented; Retail Type, High vs Low margin etc, segmented using:

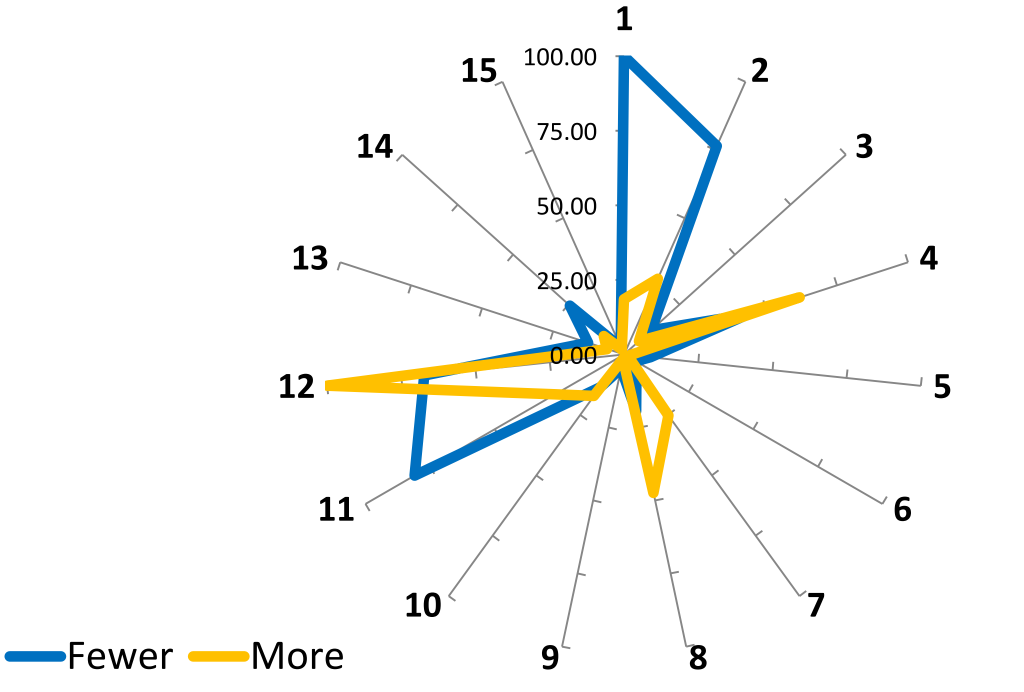
China Off Premise Segmentation		
	Overall	
Suppliers	**Fewer Suppliers**	**<5**
	More Suppliers	**>15**
Proportion Wine	**Low Proportion Wine Sales**	**<25%**
	High Proportion Wine Sales	**>75%**
Cases Sold	**Fewer cases sold per week**	**<25**
	More cases sold per week	**>50**
SKUs	**Fewer SKUs stocked**	**<100**
	More SKUs stocked	**>500**
Margin	**Lower Margin**	**<35%**
	Higher Margin	**>36%**

China Off Premise - Retail Type

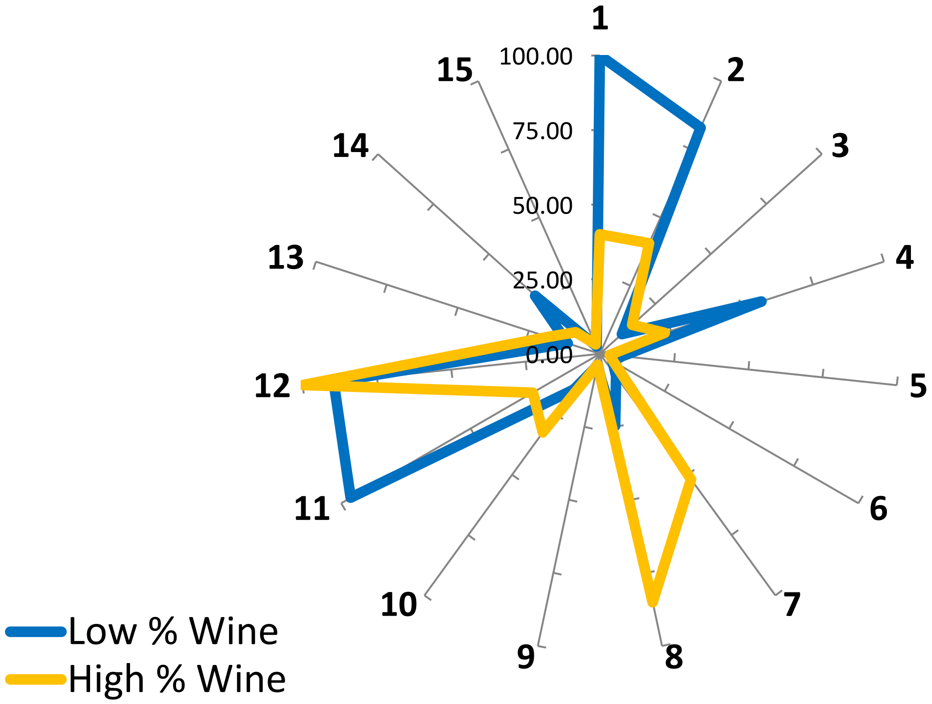


1	Retail price point	6	Press write ups and features	11	Customer request/enquiry
2	Margin	7	Medals and Awards won	12	Brand
3	Advertising support/contribution	8	Vintage/aged wine	13	Origin/Region
4	Point of sale material	9	The distributor	14	Like the taste (Manager/Staff)
5	Tasting support	10	Grape variety	15	Winery staff visit

China Off Premise - Number of Suppliers

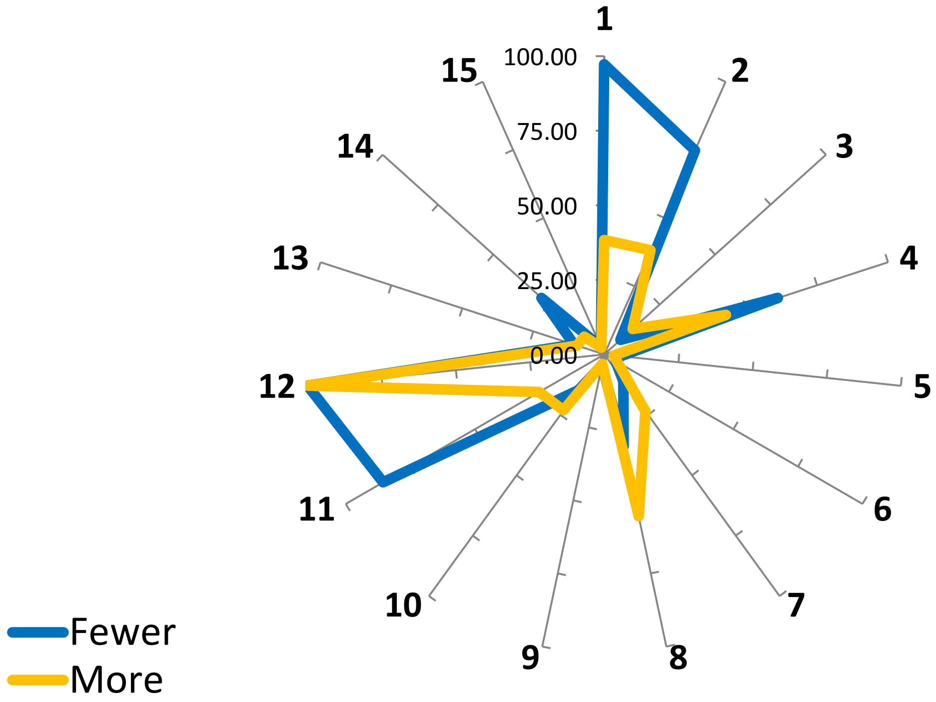


China Off Premise - Proportion Wine Sales

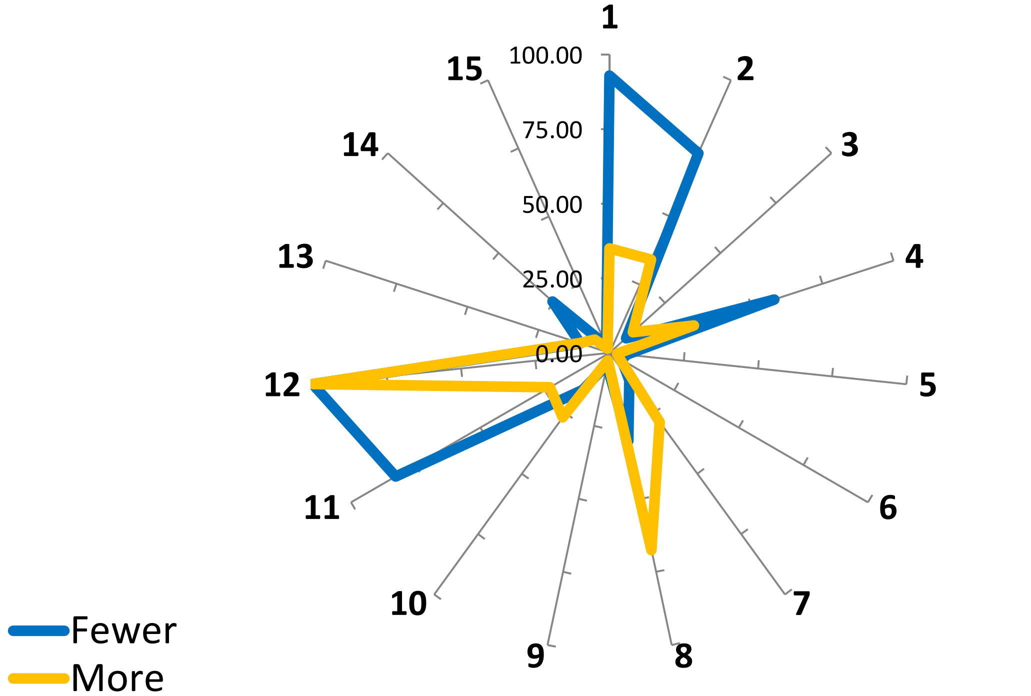


1	Retail price point	6	Press write ups and features	11	Customer request/enquiry
2	Margin	7	Medals and Awards won	12	Brand
3	Advertising support/contribution	8	Vintage/aged wine	13	Origin/Region
4	Point of sale material	9	The distributor	14	Like the taste (Manager/Staff)
5	Tasting support	10	Grape variety	15	Winery staff visit

China Off Premise - Cases sold per week

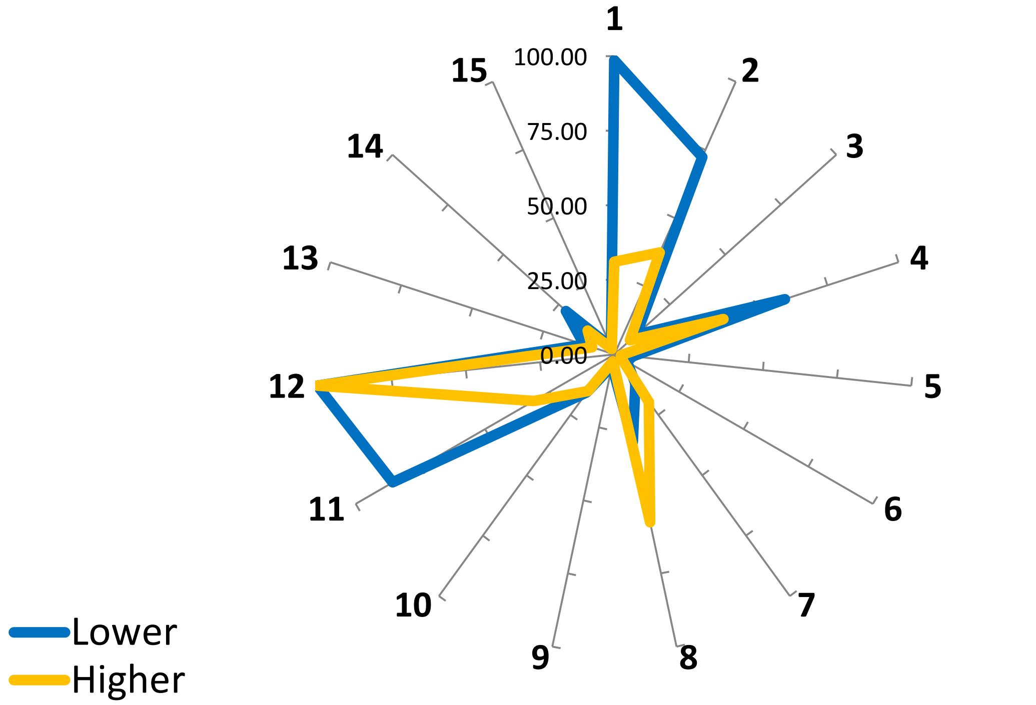


China Off Premise - SKUs stocked



1	Retail price point	6	Press write ups and features	11	Customer request/enquiry
2	Margin	7	Medals and Awards won	12	Brand
3	Advertising support/contribution	8	Vintage/aged wine	13	Origin/Region
4	Point of sale material	9	The distributor	14	Like the taste (Manager/Staff)
5	Tasting support	10	Grape variety	15	Winery staff visit

China Off Premise - Margin



4. **DISTRIBUTORS ACROSS MARKETS**

Fig. 1 shows the top level comparisons between the 3 markets. Continuing on from qualitative work, the US (*n*=106) showed that retail price point was very important, much more than AU (*n*=26) and CH (*n*=106); if you are looking to enter the US markets, then do your homework. You need to know where your wine sits price point wise, how crowded it is, what other wines are there and how yours compares. Just because 'that's how much it costs me to make' doesn't make it a valid reason for sitting at that retail price point. It is worth looking at the market in a pricing exercise to see where opportunities exist to develop a wine or to target what you have. Speak with distribution and retail in the US to find out what price points are sought after – you will need to fit into them. The US is much more influenced by 'taste', 'range of wine offered by the winery' and 'grape variety' than CH and AU. It appears from this that part of the distributor's 'solution' in the US is to take on a winery that offers a range, the qualitative work indicated price point variety as well as grape type. The US and AU are very comparable in terms of A&P, press write-ups, medals and origins. So again, a key difference between the US and AU comes down to knowing your price points and matching opportunities to quality.

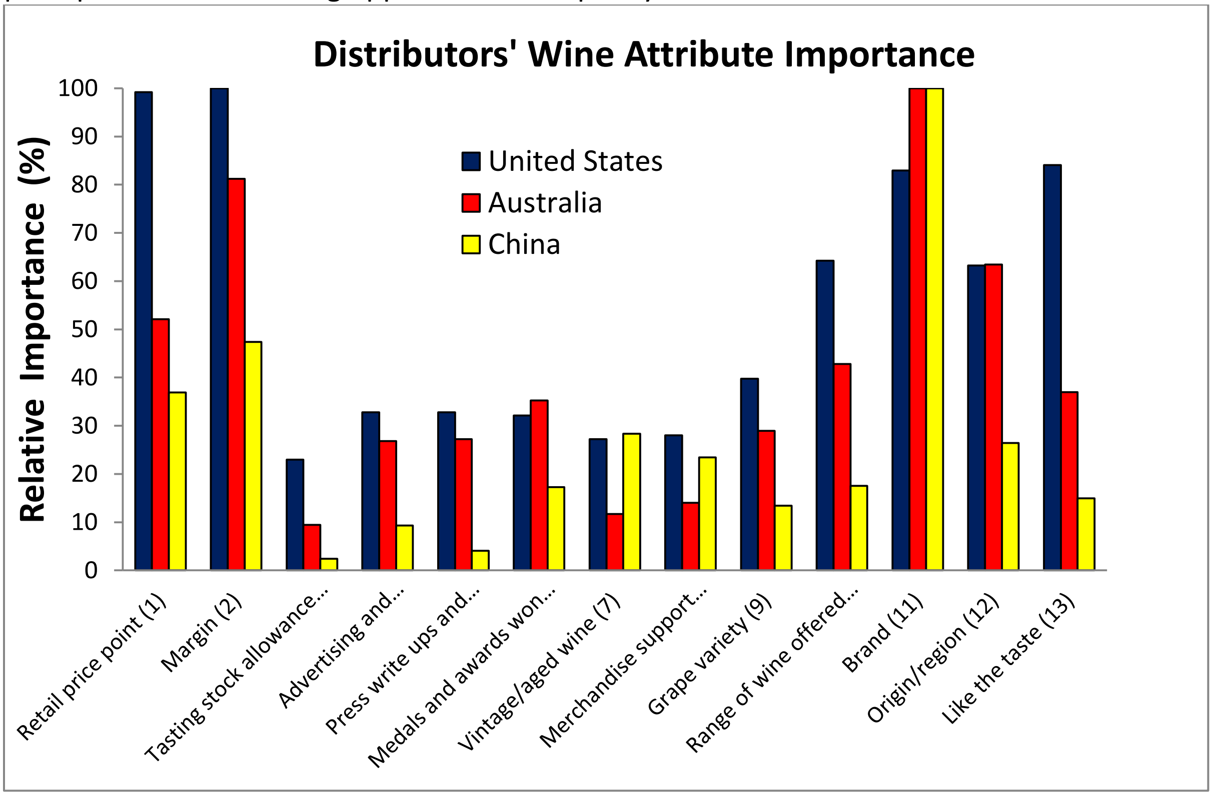
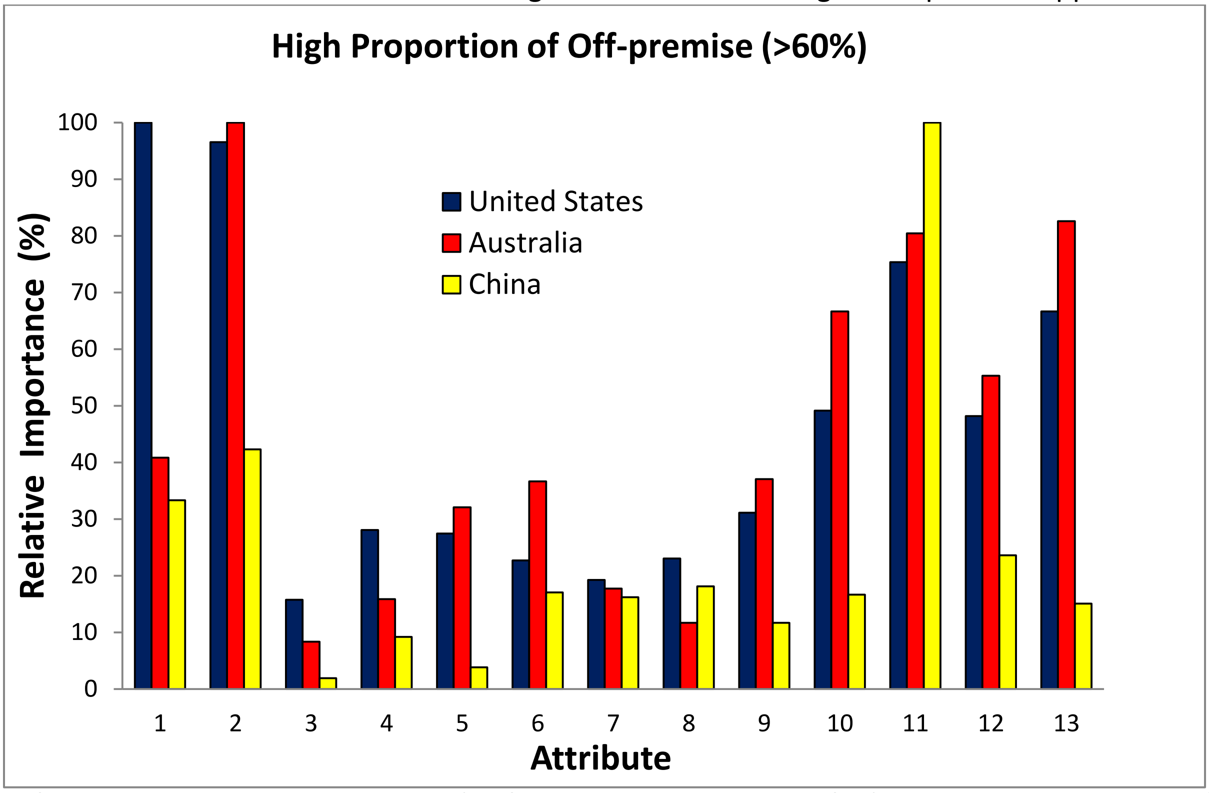
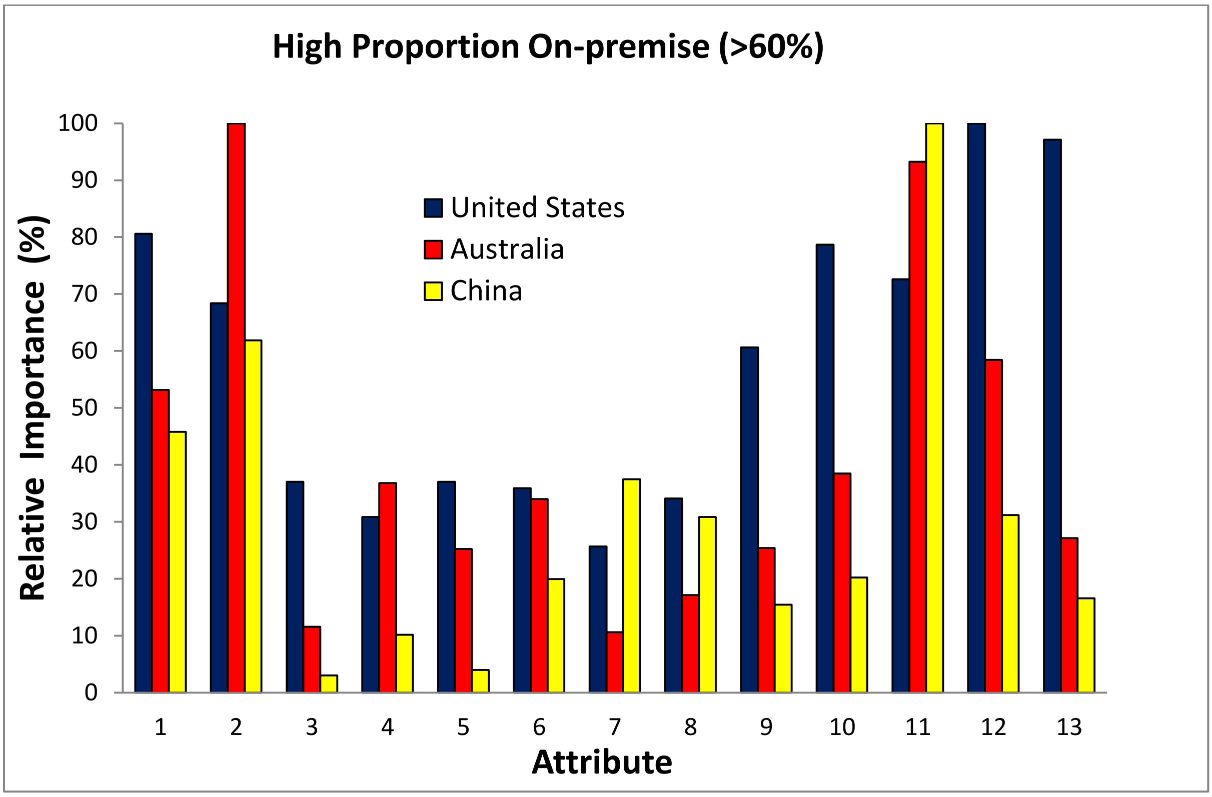


Fig. 2 shows the results when we look at distributors that have a high proportion of their business selling to Off-premise customers. AU and US may be similar in terms of margin, but again, the US is much more influenced by price point. Similar to earlier consumer work, CH is much more influenced by 'brand'. Different to the On-premise distributors, AU is more influenced by 'the range offered' than the US. 'Taste' is much less of an influence in CH than AU and the US, in fact CH compared to the other two markets, in this segment is much less influenced by all other attributes except for brand. Fig. 3 shows the results for the distributors that have a higher focus on On-premise, where we see the continued lesser influences of all attributes, although the strength of the influences becomes somewhat closer. Margin in AU is much stronger than the US, where 'taste', 'origin', range', 'grape' and interestingly, 'tasting stock allowance' has more influence. This last attribute does tie in with results that show the importance of On-premise managers/sommeliers/chefs liking the taste of the wine. A small influence, but a difference nonetheless that might be exploited if you were to design/offer a tasting program and allowance for US distributors that target On-premise customers. In both of these results, 'merchandising support' is more of an influence in CH and the US than AU. This does a point to an opportunity for difference in your approach, the design and implementation of brand based merchandising support. Our experience has shown the results that can be achieved through 'supermarket' style merchandising work, from 'facing up' of stock to negotiating floor displays, better fridge locations and retail knowledge. Yes, it is a resource intensive activity, but effective design needn't be on a large scale at first. Perhaps the approach with other principals of the distributor to see how a 'team effort' might be executed through a cooperative approach.



1	retail price point	5	press write ups and features	9	grape variety
2	margin	6	medals and awards won	10	range of wine by the winery
3	tasting stock allowance	7	vintage/aged wine	11	brand
4	A & P contribution	8	merchandise support	12	origin/region
				13	like the taste



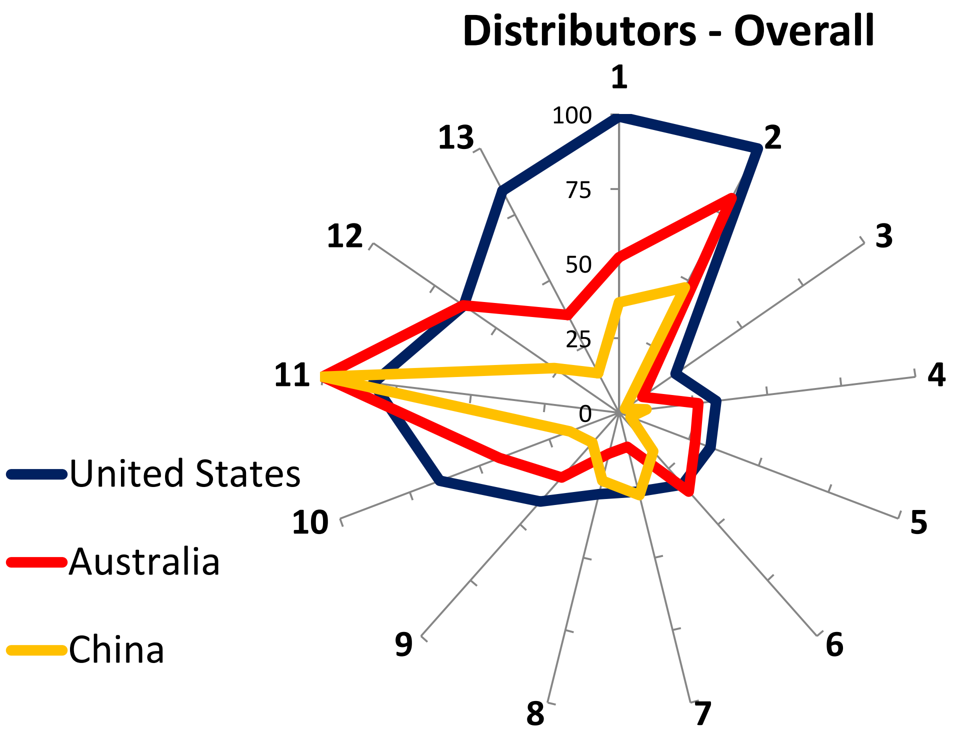
1	retail price point	5	press write ups and features	9	grape variety
2	margin	6	medals and awards won	10	range of wine by the winery
3	tasting stock allowance	7	vintage/aged wine	11	brand
4	A & P contribution	8	merchandise support	12	origin/region
				13	like the taste

As with the On and Off-premise channels, there are differences throughout the segmentation analysis , the opportunities and subtle differences that just might assist in shaping and targeting your pitch to find a new distributor. What we've done is to make a report giving easy to read radar-plots of all the segmentation (also available for On and Off-premise analysis). The research has been funded by industry (GWRDC) so we want to ensure that all wineries have access to all segmentation; every situation is different and we've worked to develop a way of presenting the insights so that you can use them to guide you in your decision making. Find out who you are trying to do business with, their size in terms of sales, the orientation (on or off premise focus), the number of reps they have. Then go through the radar plots to look at the influencers for customers of that type – and if you want to talk it offer in relation to your own wine – drop us a line.
Steve.goodman@adelaide.edu.au

In the charts that follow, the question asked is '**What Influences you when deciding to take on a new wine?**' The titles of each shows how the respondents were segmented; Low promotional support, margin etc, segmented as:

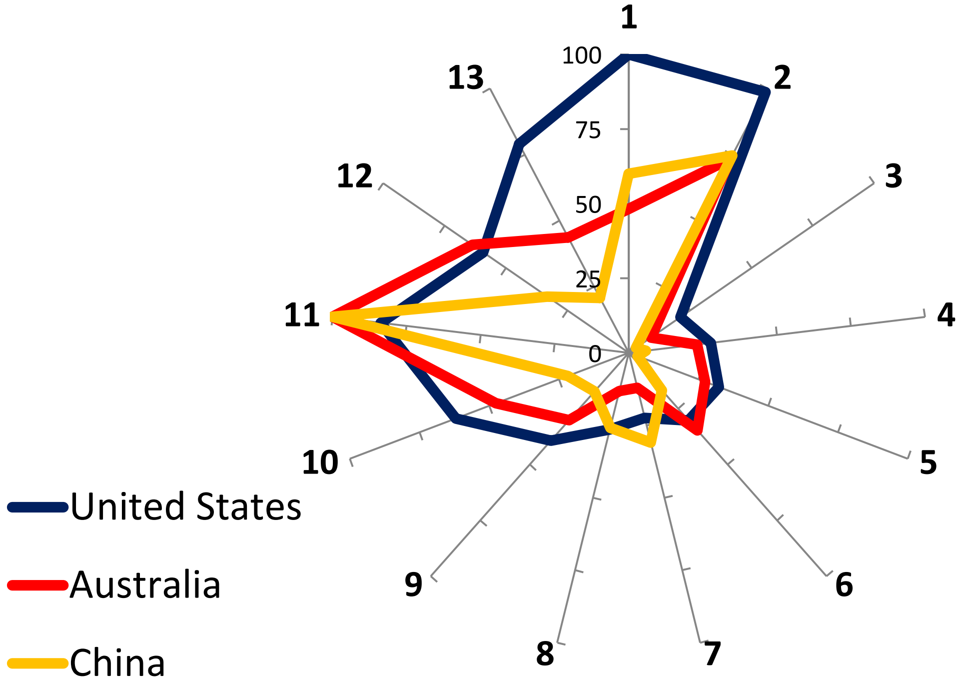
Breakdown of Segments

Distributor Country Comparison Definitions		US	Australia	China
Promo Support	Lower Promotion Support	<15%	<15%	<15%
	Higher Promotion Support	>15%	>15%	>15%
Wholesaler/Importer	Wholesalers	As stated		
	Importers			
Principals	Fewer Principals	<10	<10	<=20
	More Principals	>20	>20	>20
Off or On Premise	High Proportion On-premise	60%	60%	60%
	High Proportion Off-premise	60%	60%	60%
Cases	Fewer cases sold per month	<4000	<4000	<250
	More cases sold per month	>8000	>8000	>250
Sales Reps	Fewer Sales Representatives	<=25	<=25	<10
	More Sales Representatives	>25	>25	>10
Margin	Lower Margin	<20%	<20%	<35%
	Higher Margin	>30%	>30%	>36%



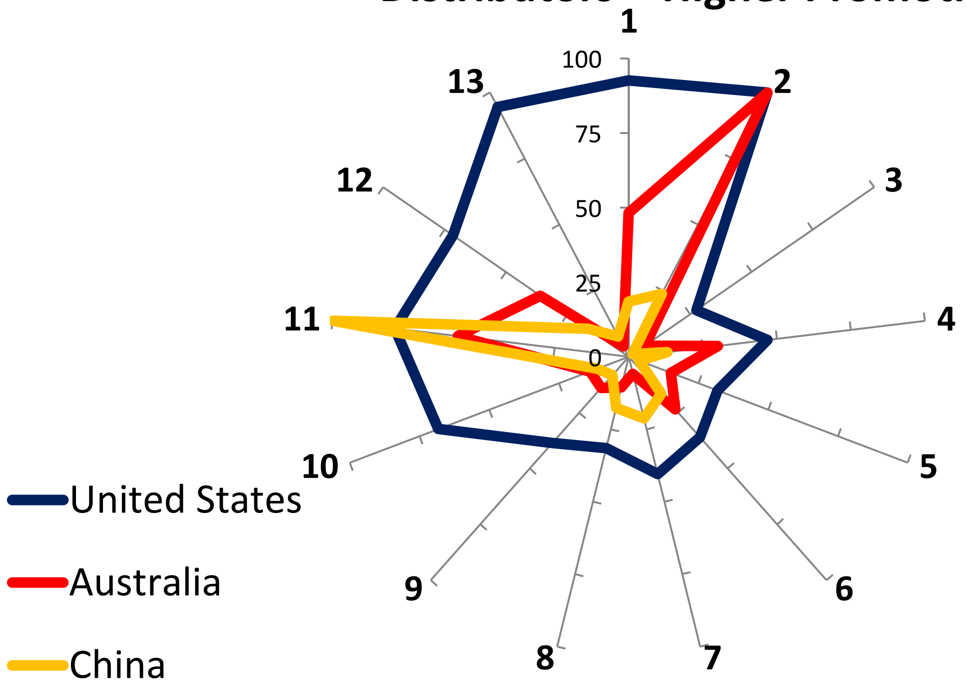
1	retail price point	5	press write ups and features	9	grape variety
2	margin	6	medals and awards won	10	range of wine by the winery
3	tasting stock allowance	7	vintage/aged wine	11	brand
4	A & P contribution	8	merchandise support	12	origin/region
				13	like the taste

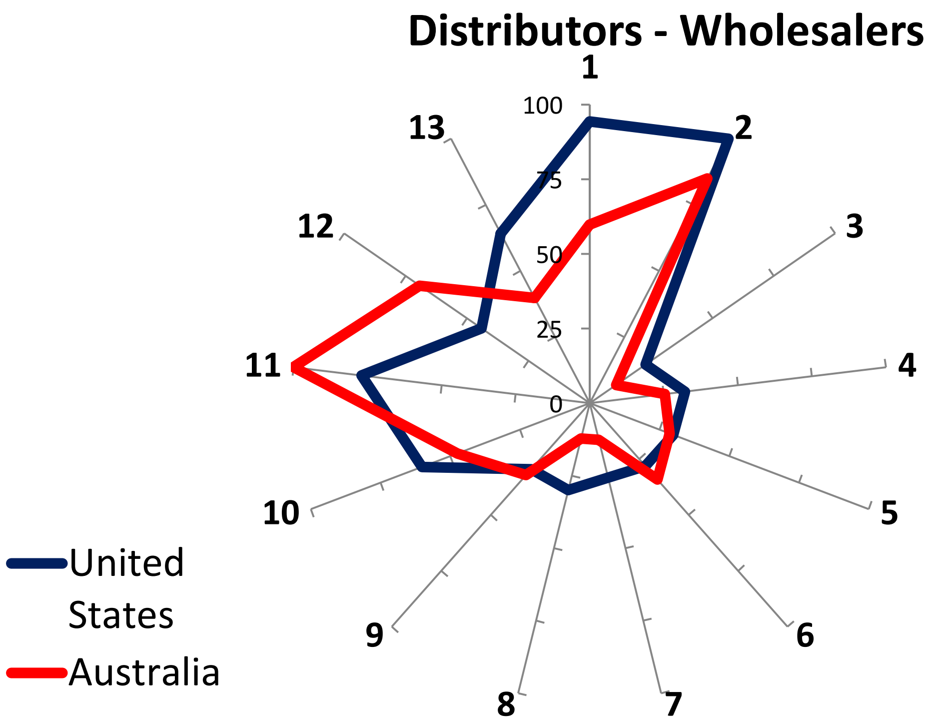
Distributors - Lower Promotion Support



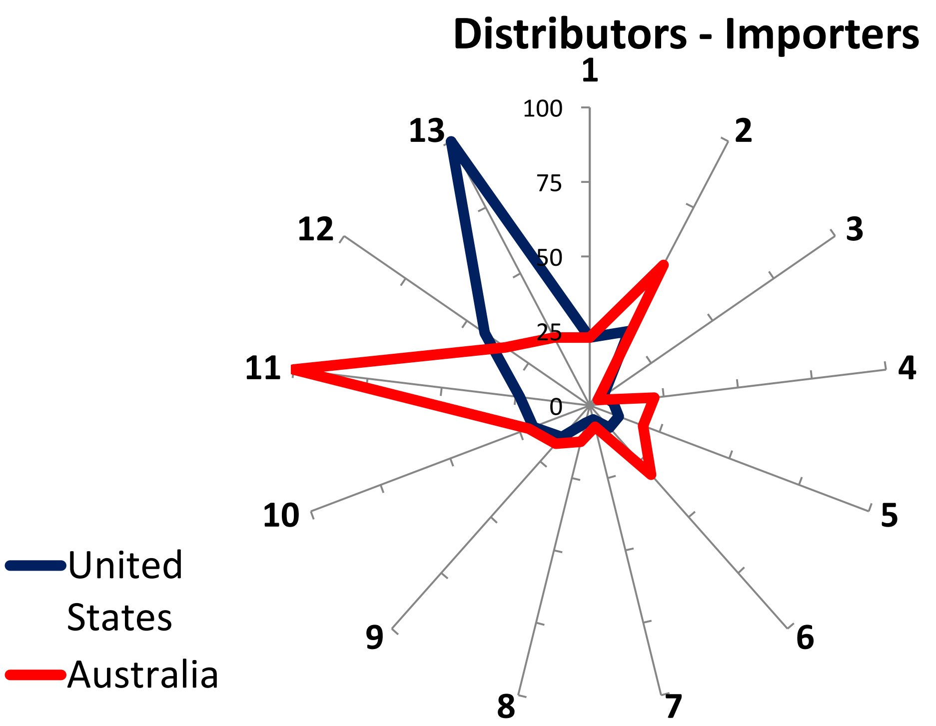
1	retail price point	5	press write ups and features	9	grape variety
2	margin	6	medals and awards won	10	range of wine by the winery
3	tasting stock allowance	7	vintage/aged wine	11	brand
4	A & P contribution	8	merchandise support	12	origin/region
				13	like the taste

Distributors - Higher Promotion Support

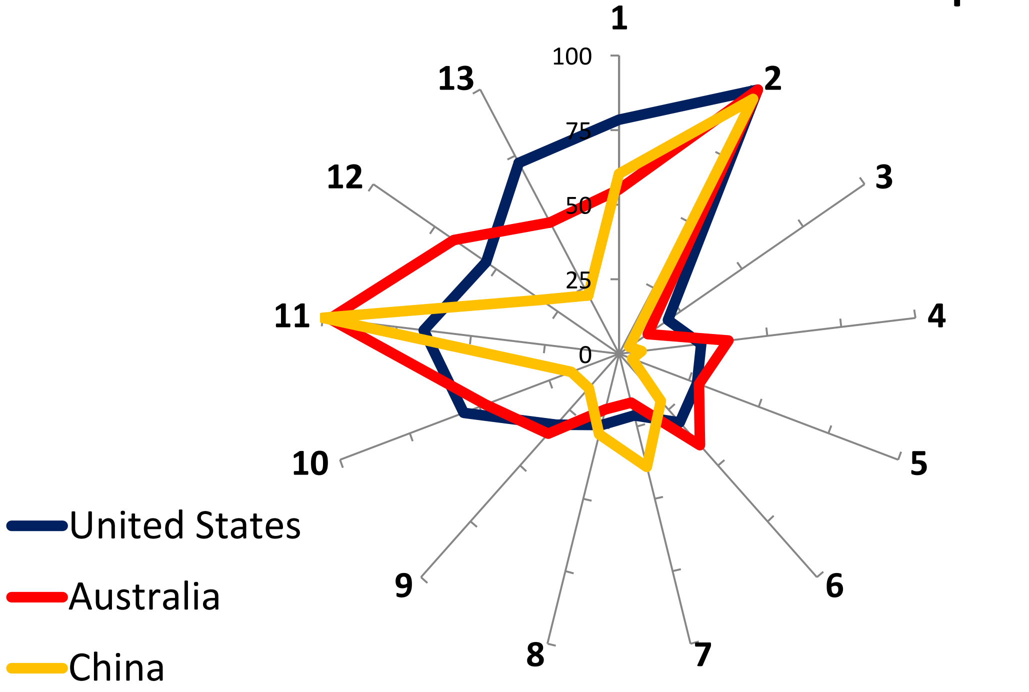




1	retail price point	5	press write ups and features	9	grape variety
2	margin	6	medals and awards won	10	range of wine by the winery
3	tasting stock allowance	7	vintage/aged wine	11	brand
4	A & P contribution	8	merchandise support	12	origin/region
				13	like the taste

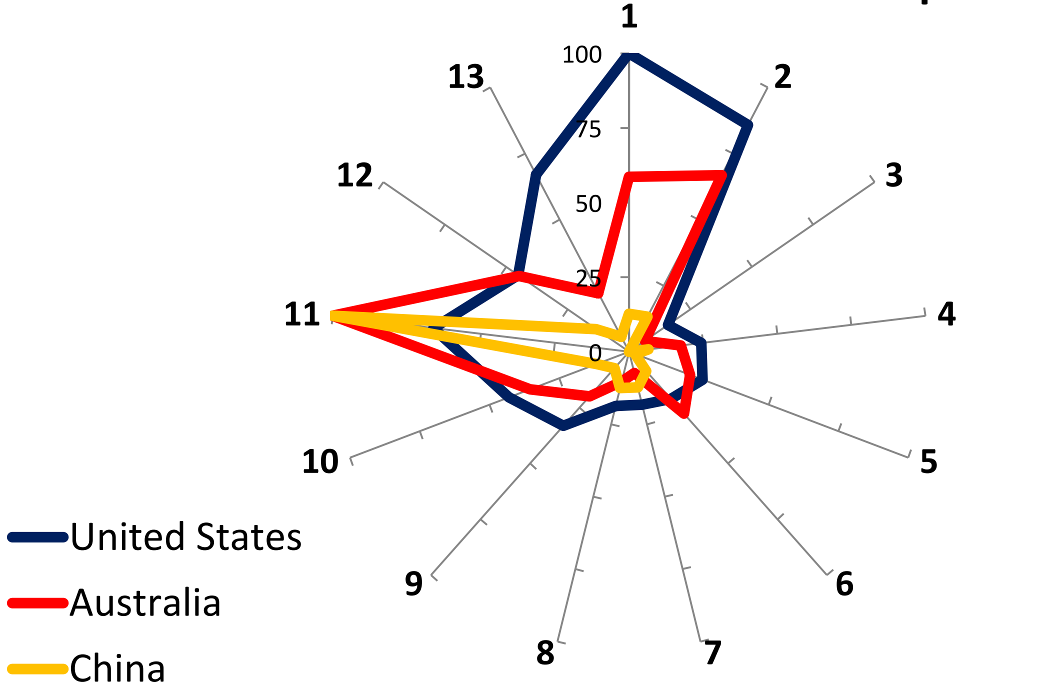


Distributors - Fewer Principals

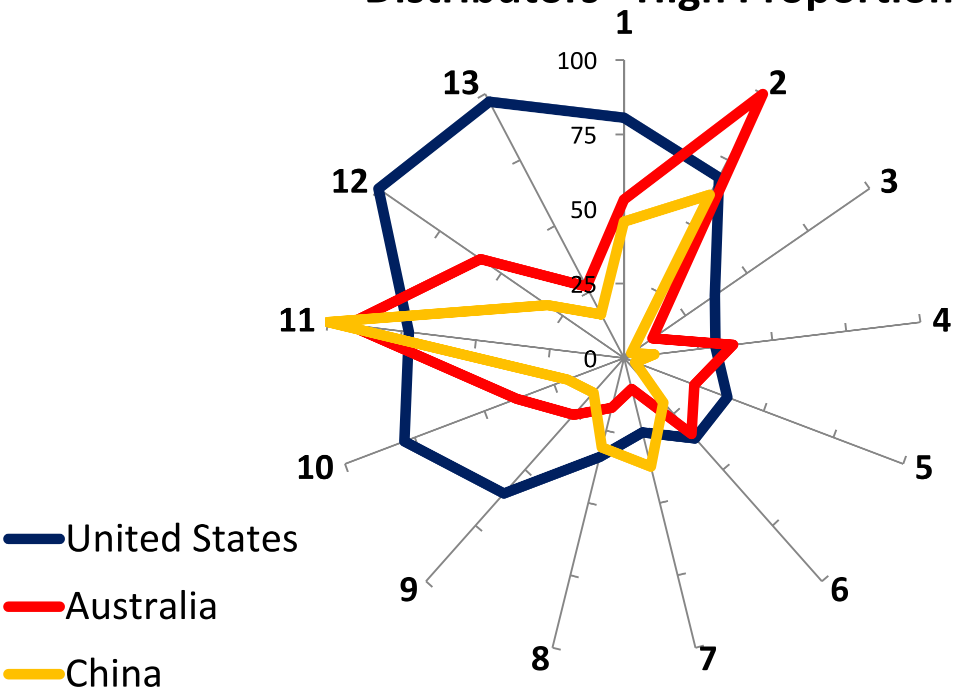


1	retail price point	5	press write ups and features	9	grape variety
2	margin	6	medals and awards won	10	range of wine by the winery
3	tasting stock allowance	7	vintage/aged wine	11	brand
4	A & P contribution	8	merchandise support	12	origin/region
				13	like the taste

Distributors - More Principals

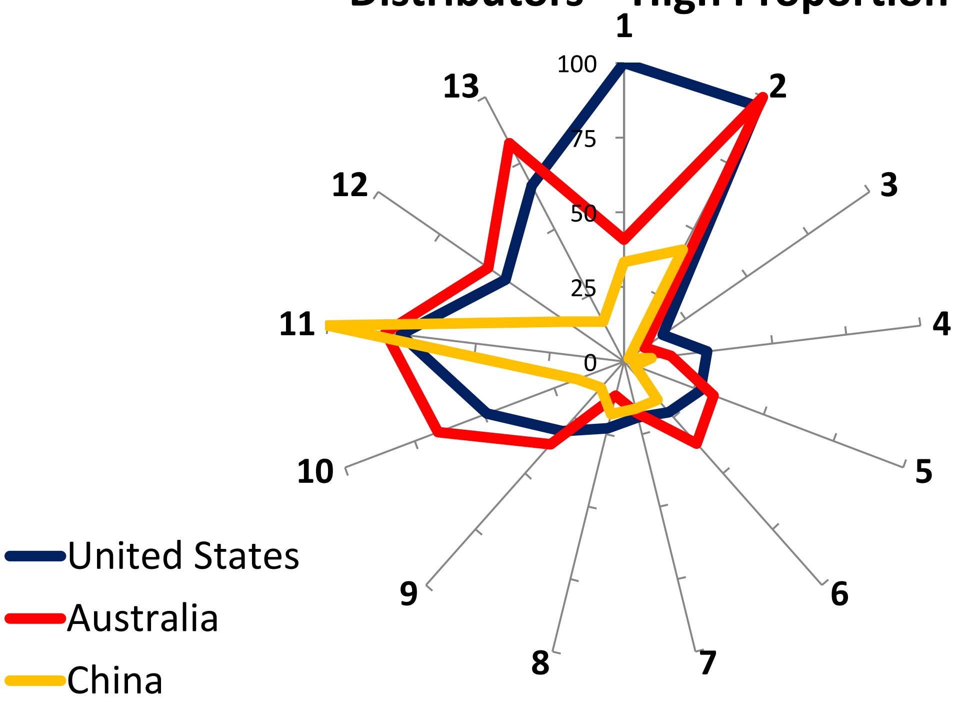


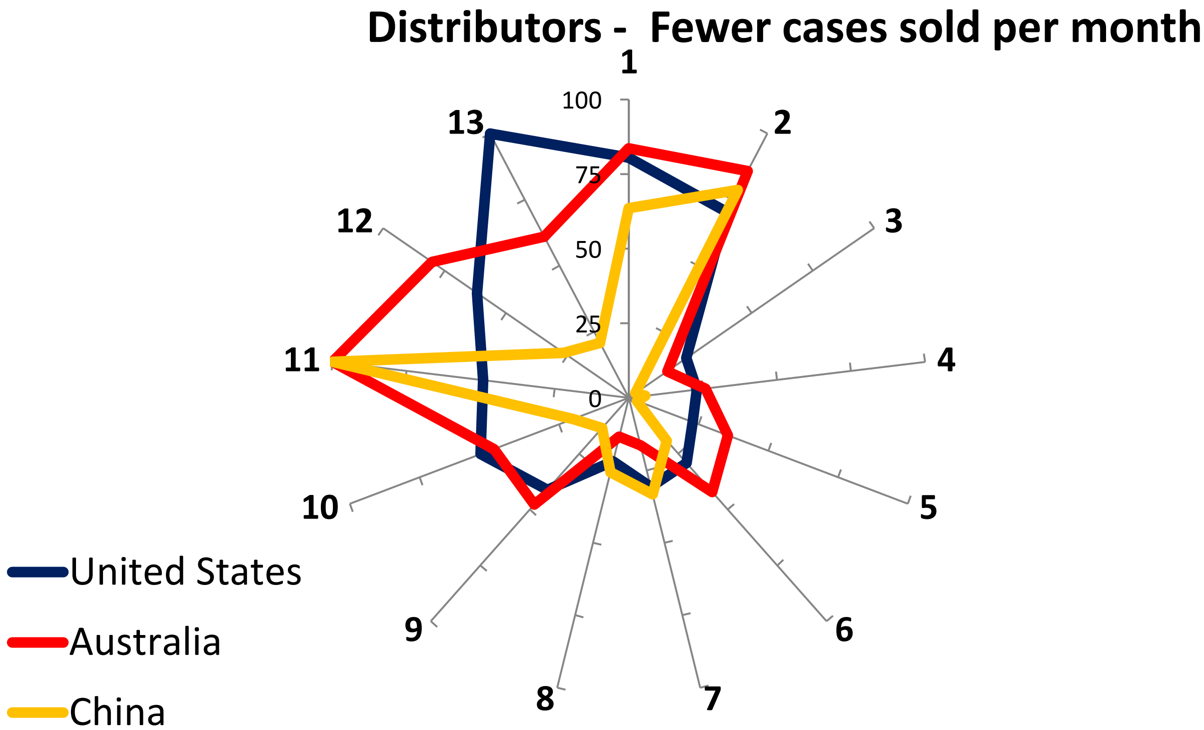
Distributors - High Proportion On-premise



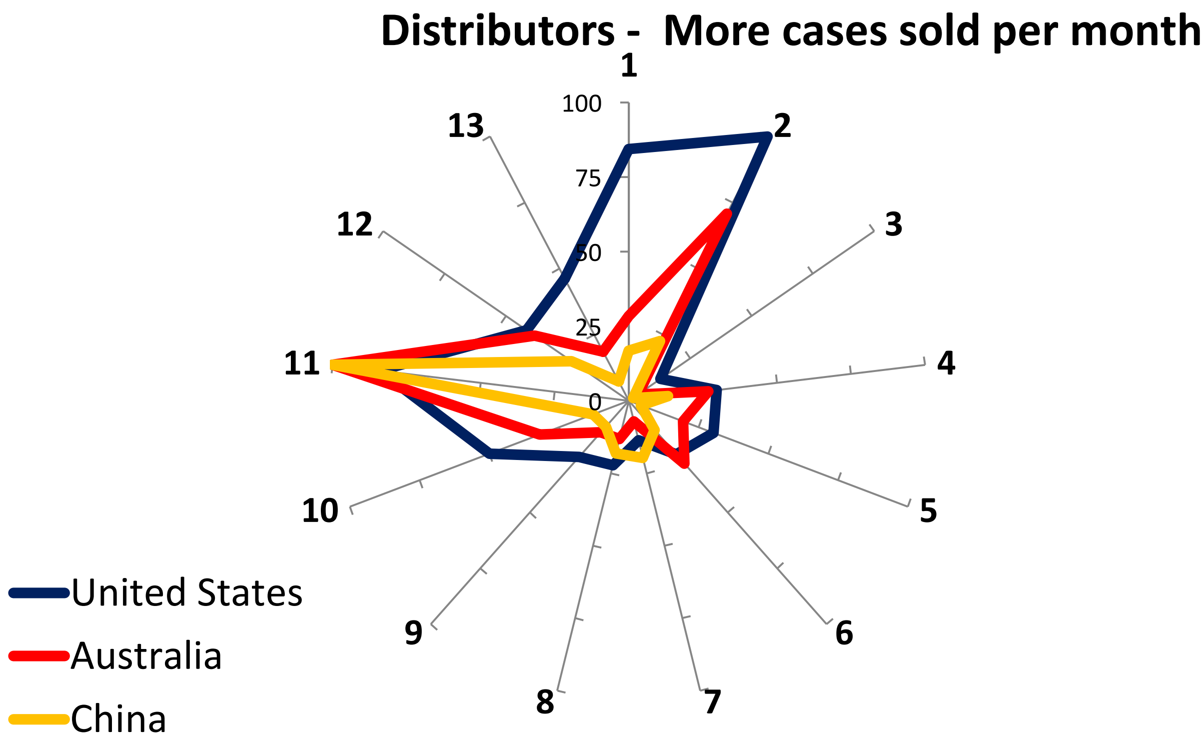
1	retail price point	5	press write ups and features	9	grape variety
2	margin	6	medals and awards won	10	range of wine by the winery
3	tasting stock allowance	7	vintage/aged wine	11	brand
4	A & P contribution	8	merchandise support	12	origin/region
				13	like the taste

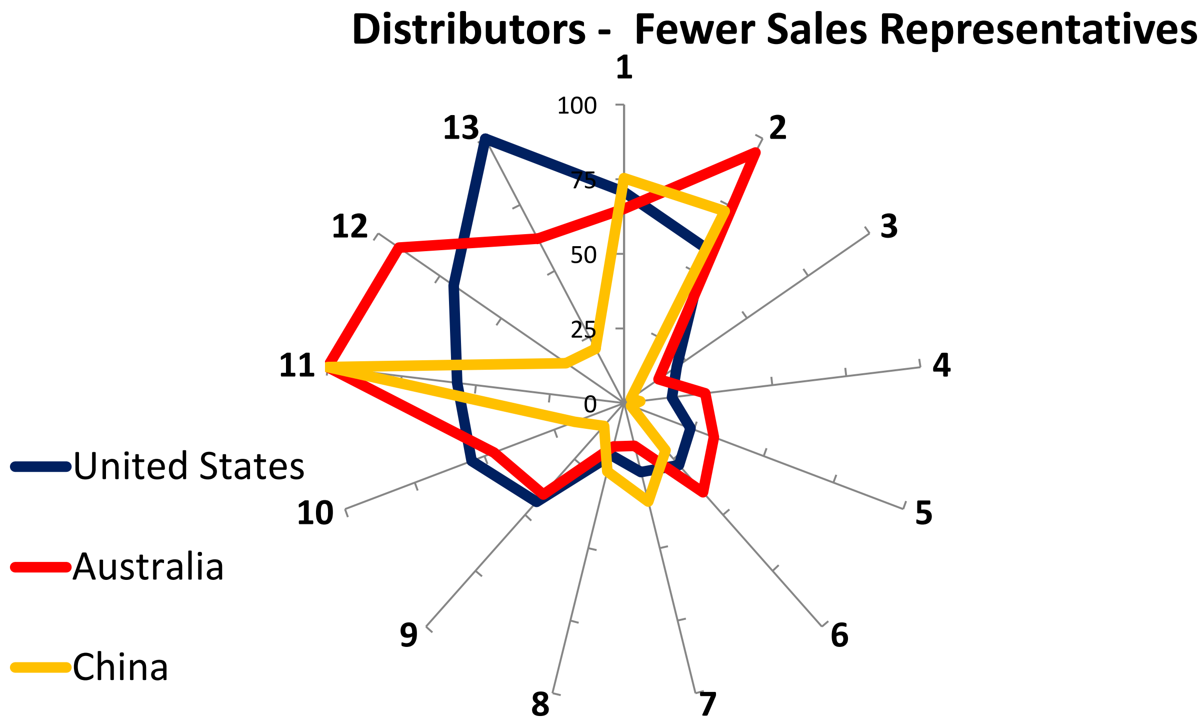
Distributors - High Proportion Off-premise



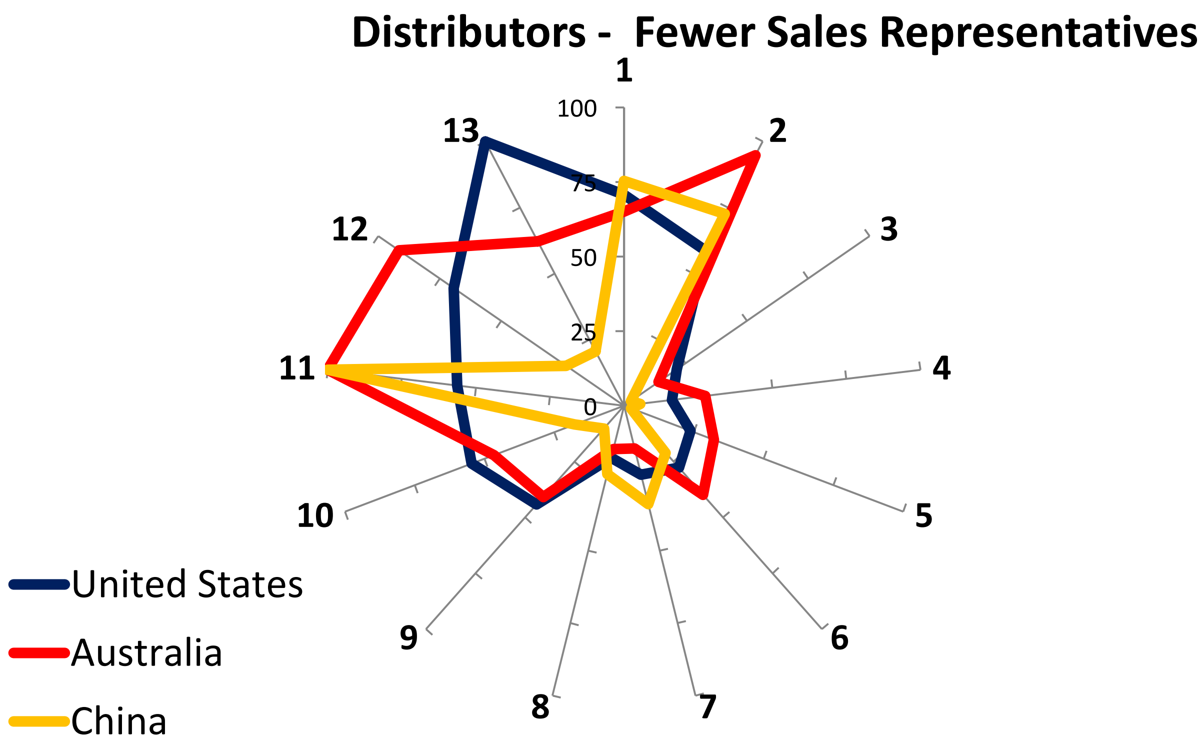


1	retail price point	5	press write ups and features	9	grape variety
2	margin	6	medals and awards won	10	range of wine by the winery
3	tasting stock allowance	7	vintage/aged wine	11	brand
4	A & P contribution	8	merchandise support	12	origin/region
				13	like the taste

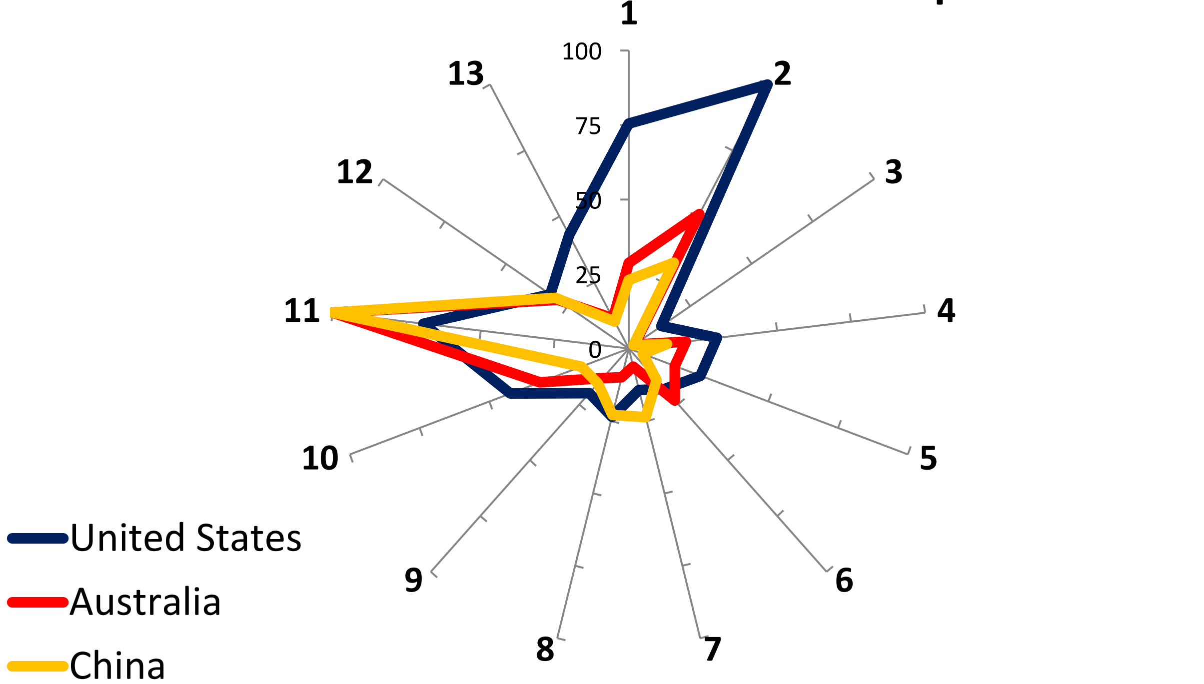




1	retail price point	5	press write ups and features	9	grape variety
2	margin	6	medals and awards won	10	range of wine by the winery
3	tasting stock allowance	7	vintage/aged wine	11	brand
4	A & P contribution	8	merchandise support	12	origin/region
				13	like the taste

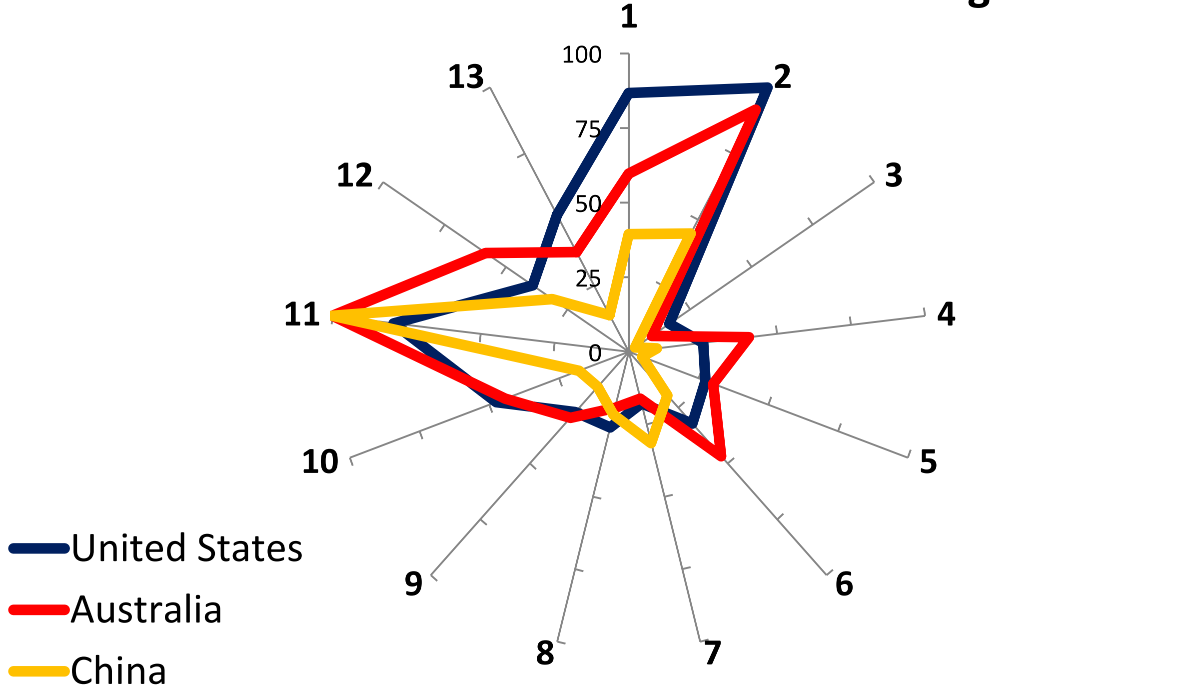


Distributors - More Sales Representatives

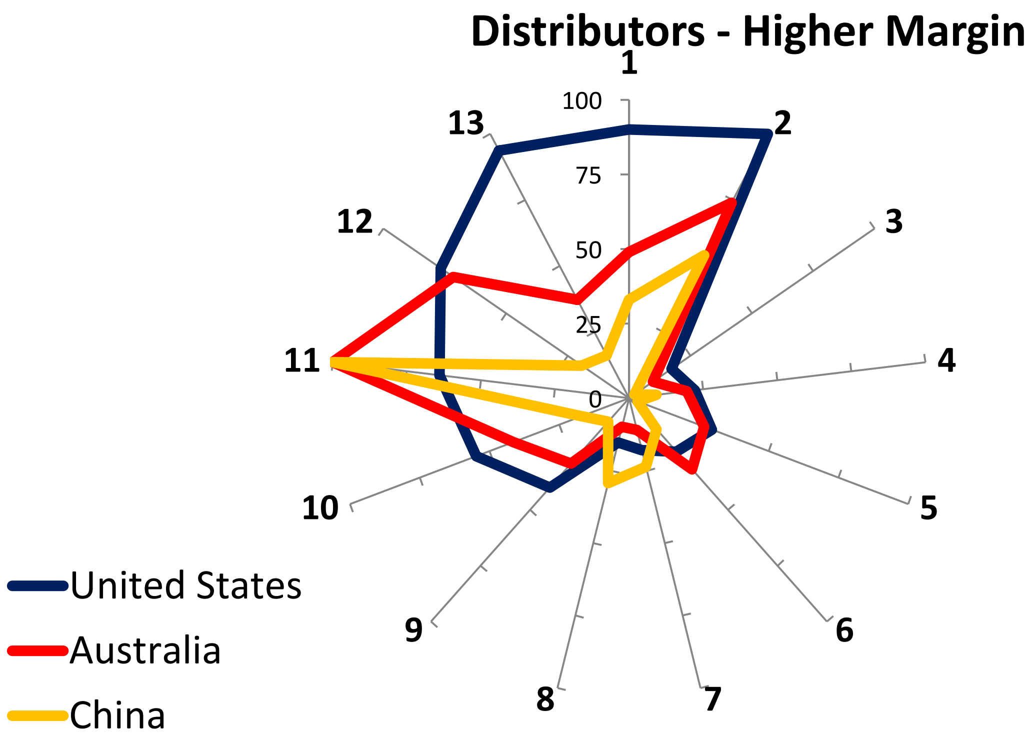


1	retail price point	5	press write ups and features	9	grape variety
2	margin	6	medals and awards won	10	range of wine by the winery
3	tasting stock allowance	7	vintage/aged wine	11	brand
4	A & P contribution	8	merchandise support	12	origin/region
				13	like the taste

Distributors - Lower Margin



1	retail price point	5	press write ups and features	9	grape variety
2	margin	6	medals and awards won	10	range of wine by the winery
3	tasting stock allowance	7	vintage/aged wine	11	brand
4	A & P contribution	8	merchandise support	12	origin/region
				13	like the taste



5. ON-PREMISE ACROSS MARKETS

The underlying thinking, if you are looking to approach a new On-premise account, is there something about them, their size, the number of distributors they deal with or style of dining, that gives insight into what is more likely to influence their decision. It all goes back to the marketing premise of understanding your customers. Figure 1 (AU *n*=244, CH *n*=362, US *n*=177) shows the overall market comparisons and gives some good immediate insight. In this style of analysis, the relative importance represents the chances of that attribute being the one that influences the decision; so if it is 2x the height, then think of it as 2x the influence. In China, just like previous consumer research (available at the http://www.adelaide.edu.au/wine-future/research/fields/market_intelligence/), 'Brand is King', but the On-premise market there is also much more influenced by the opportunity to buy in vintage/aged wines. This offers something to Australian wineries, especially smaller producers that are typically sitting on 'museum stock'. That parcel of inventory that you may have regarded as a problem just might be seen by the Chinese On-premise market as the asset your winemaker believes it to be. From this, we wouldn't look at moving this in AU or US – this represents an opportunity for you in CH. The US and AU are much more influenced by having had the support of 'liking the taste' – so in the US and AU it is 50%

more worthwhile to invest in ensuring managers have tasted the product; this goes further when you see the strength of the influence of matching to food – so include the chefs in this mix! The US On-premise market is much more influenced by the listing fees paid by distributors – have you ensured your distributor in the US is in the right vicinity, maybe you need to co-develop a strategy here.

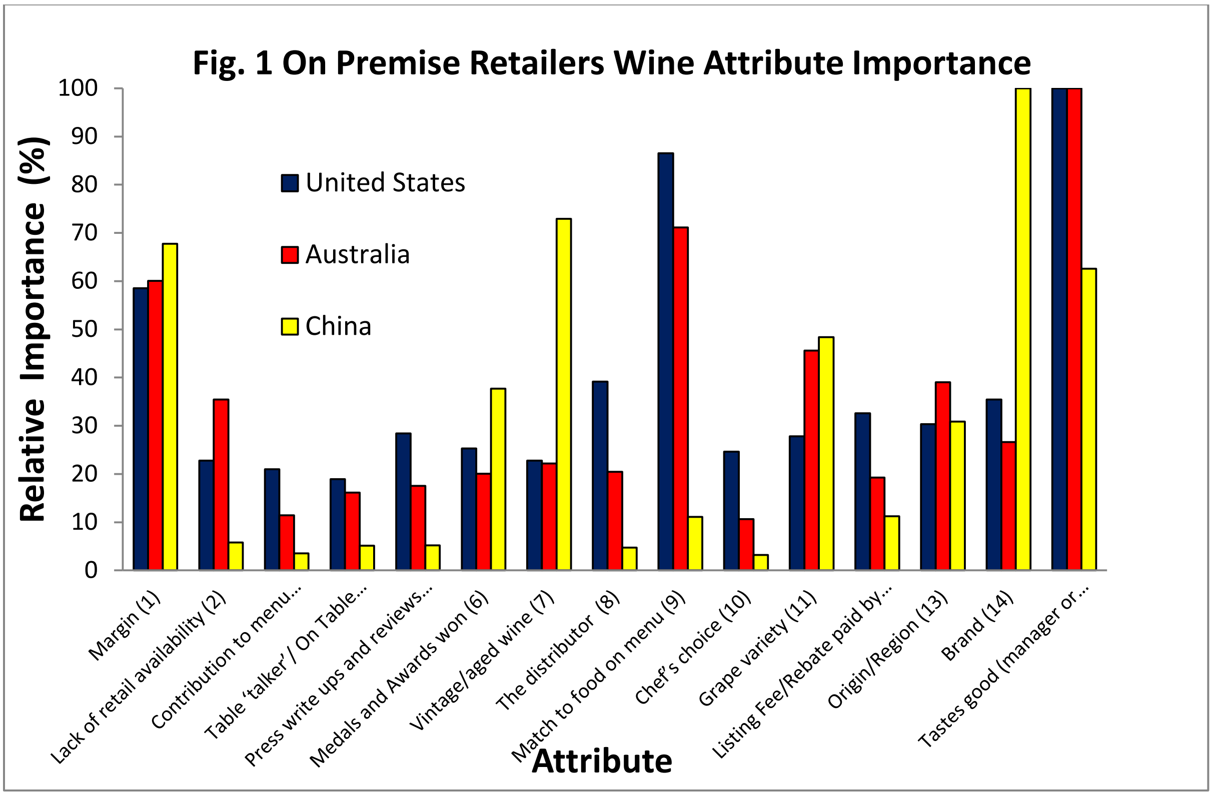
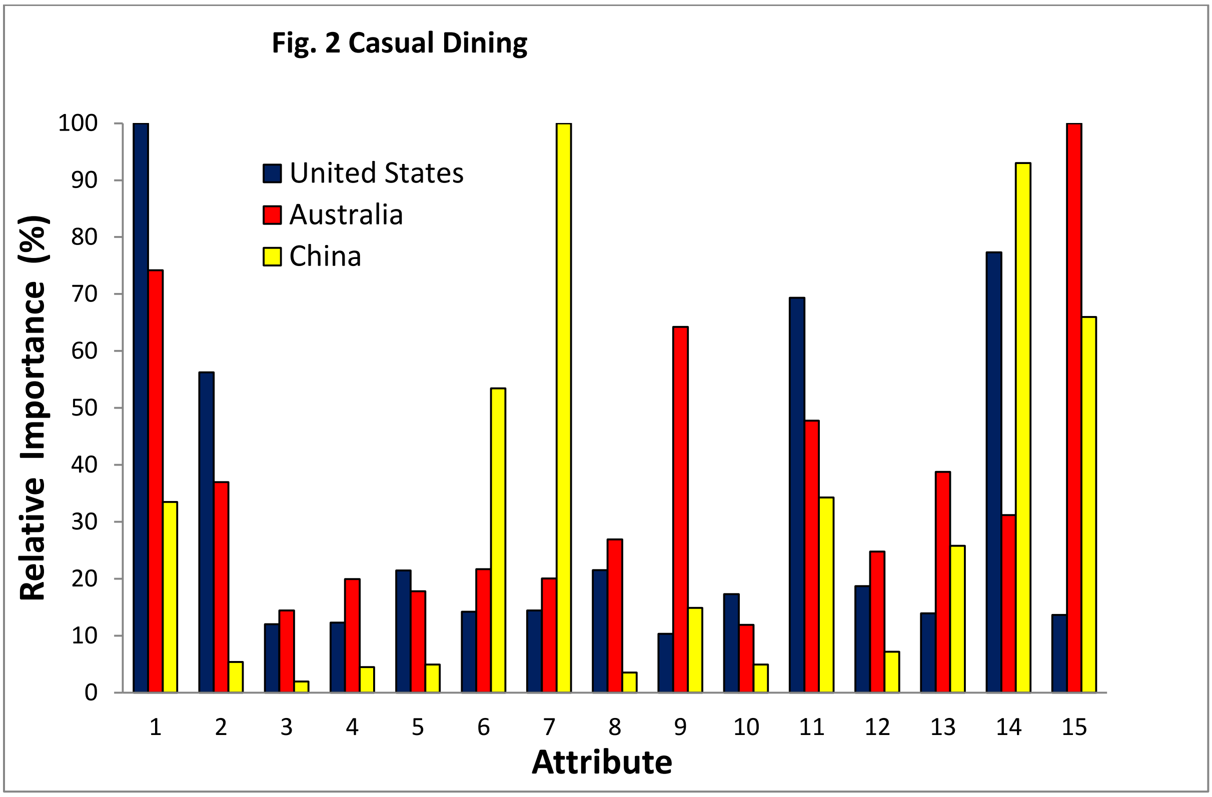
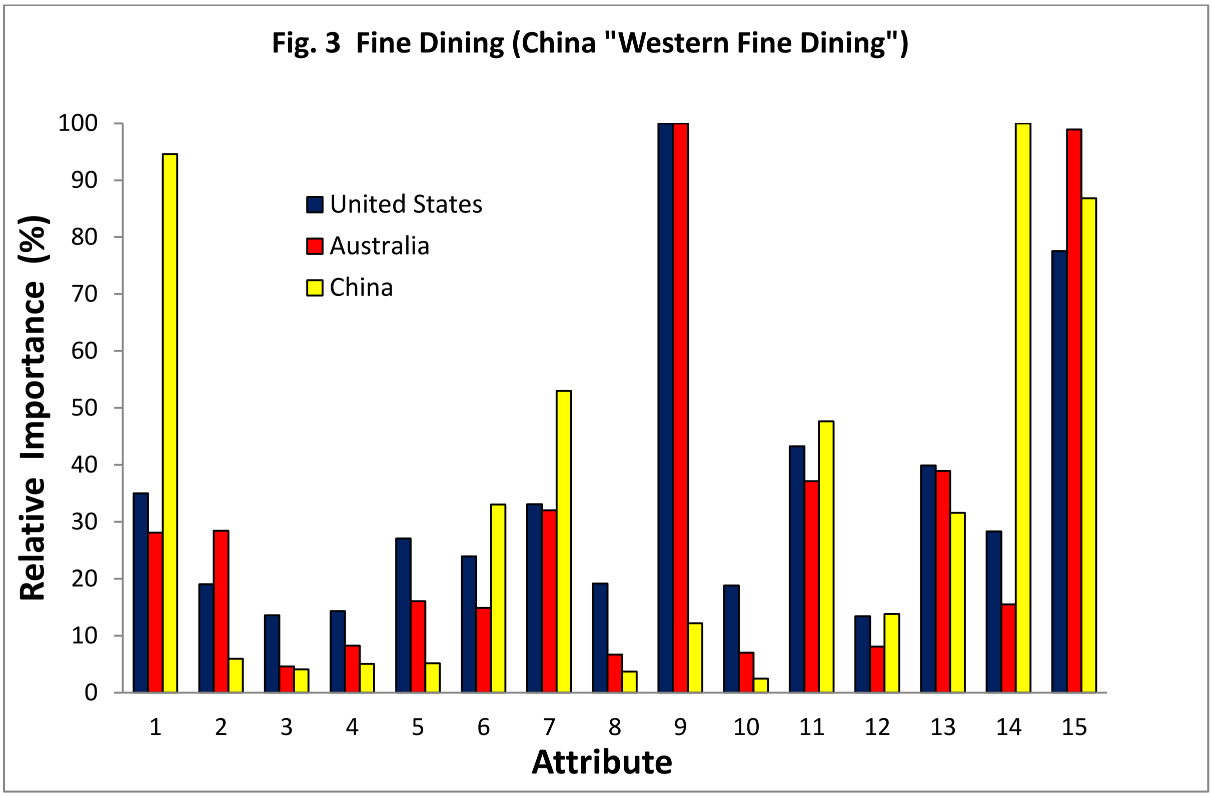


Figure 2 shows the comparisons when segmenting by 'Casual Dining'; yes, casual dining is going to be very different in these three markets, but a 'casual dining account' is easily identified within the market. China sees a considerably higher influence in terms of 'vintage and aged wine' and 'medals and awards' than AU and the US. If you are looking to sell into this market, which in CH is relatively uncluttered with AU wines compared to the fine dining segment then look at what you can offer here – match it to the influencers on the business decision. This segment sees the US and CH more influenced by brand than AU, which is much more influenced by 'matching the food' and 'manager likes it'. Qualitatively, feedback we received was not of specific wine:food matching, more by style; Sangiovese and Pinot Grigio in Italian cafes, Riesling and sauvignon blancs in seafood venues and that these were 'business level decisions' rather than decisions based on wine.



1	Margin	6	Medals and Awards won	11	Grape variety
2	Lack of retail availability	7	Vintage/aged wine	12	Listing Fee/Rebate paid
3	Contribution to menu printing	8	The distributor	13	Origin/Region
4	Table 'talker'/ On Table Promotion	9	Match to food on menu	14	Brand
5	Press write ups and reviews	10	Chef's choice	15	Tastes good (mngr/somm)

When we look at Fine Dining (Fig. 3) we see the influence of food matching in the US and AU rise to prominence. Interesting is the difference in the importance of 'margin' in CH in this segment. Speaking with the researchers who collected this data face-to-face revealed that in this segment in CH, 'Western Fine Dining', wine was seen as THE ticket to generating profit; look at this in conjunction with CH high level of 'brand' influence and think names like 'Latour, Lafite, Grange etc. The role of western fine dining in CH and its relationship with business and entertaining, social standing and the concept of face and status, wine takes on a role of 'big ticket' and 'big margin'. The suggestion here is that if you do not have a big brand then the CH market is going to be quite difficult at the western fine dining level. Don't let that put you off, there are tens of thousands of casual and family dining venues that do offer you a route to market. Across all three markets, we see a similar level of influence in terms of 'sommelier/manager likes taste', 'grape variety' and 'origin/region' – some things don't change!



1	Margin	6	Medals and Awards won	11	Grape variety
2	Lack of retail availability	7	Vintage/aged wine	12	Listing Fee/Rebate paid
3	Contribution to menu printing	8	The distributor	13	Origin/Region
4	Table 'talker'/ On Table Promotion	9	Match to food on menu	14	Brand
5	Press write ups and reviews	10	Chef's choice	15	Tastes good (mngr/somm)

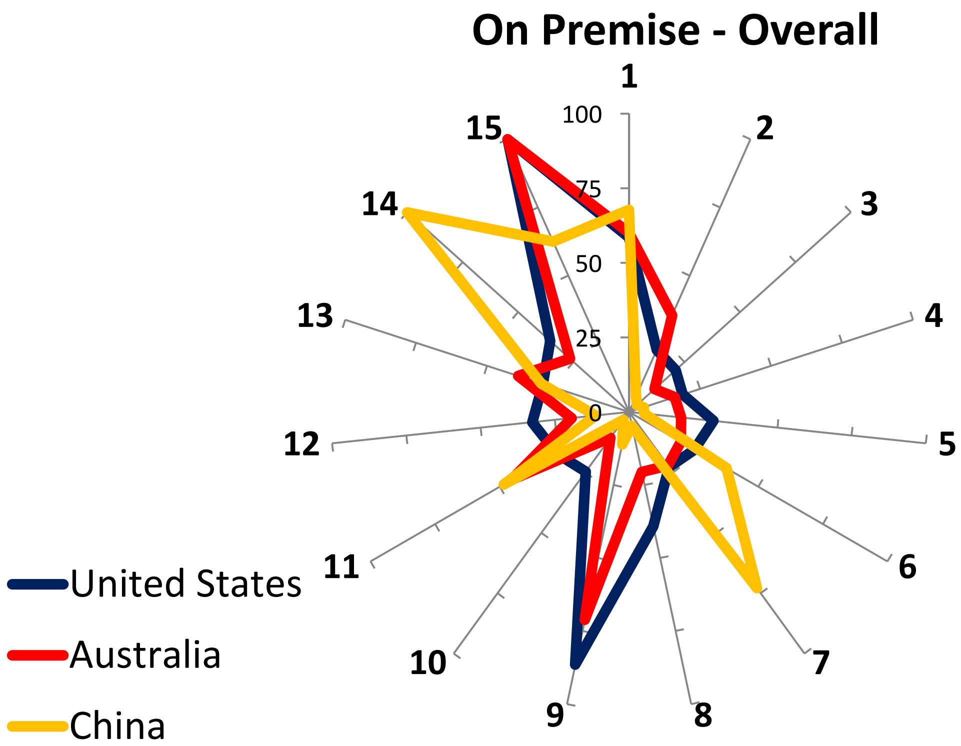
There are differences across a range of other segments; high and low margin, high and low volume wine sales, wine bars vs restaurants and high number vs low number of suppliers. All these results have been made available at the URL in the intro, or by emailing the author. They are simple to read as the differences show up well, and intuitively, in the way we have presented the data. Have a look at the differences, then look at how you and your distributor shape your offer and approach the segments concerned. It doesn't always mean you can't compete, it means you tailor which points of your offer you emphasise. It is about understanding your customer and what they are interested in – then talking about that to them rather than things that just don't matter.

And remember, there is so much from this research that gives you insights, all made available – and if you want to talk it offer in relation to your own wine – email the researchers.

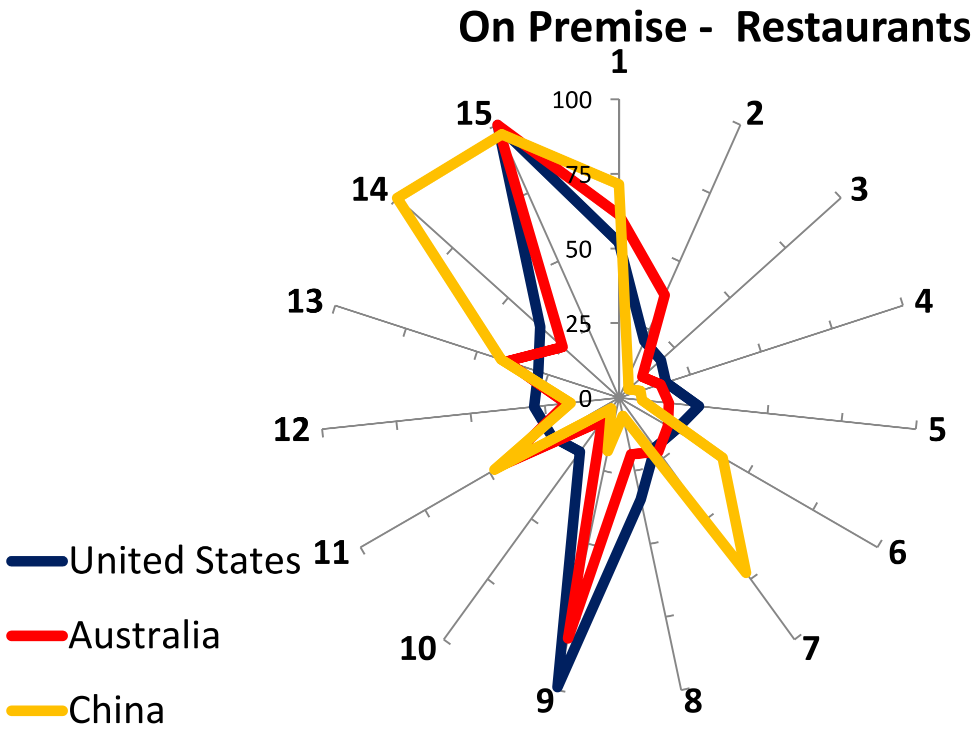
In the charts that follow, the question asked is '**What Influences you when buying a new wine?**' The title of each shows how the respondents were segmented; restaurants, bars, margin etc.

Breakdown of Segments

On Premise Country Comparison Definitions		US	Australia	China
	Overall			
Establishment Type	Restaurant Bars / Nightclubs	As stated		
Suppliers	Fewer Suppliers	<5	<5	<5
	More Suppliers	>10	>10	>10
Restaurant Type	Fine Dining	Fine Dining		Western Fine Dining
	Casual	Family/Casual		Casual
Cases Sold	Fewer cases sold per week	<5	<5	<=10
	More cases sold per week	>10	>10	>10
Markup	Lower Markup	<50%	<50%	<100%
	Higher Markup	>100%	>100%	>100%

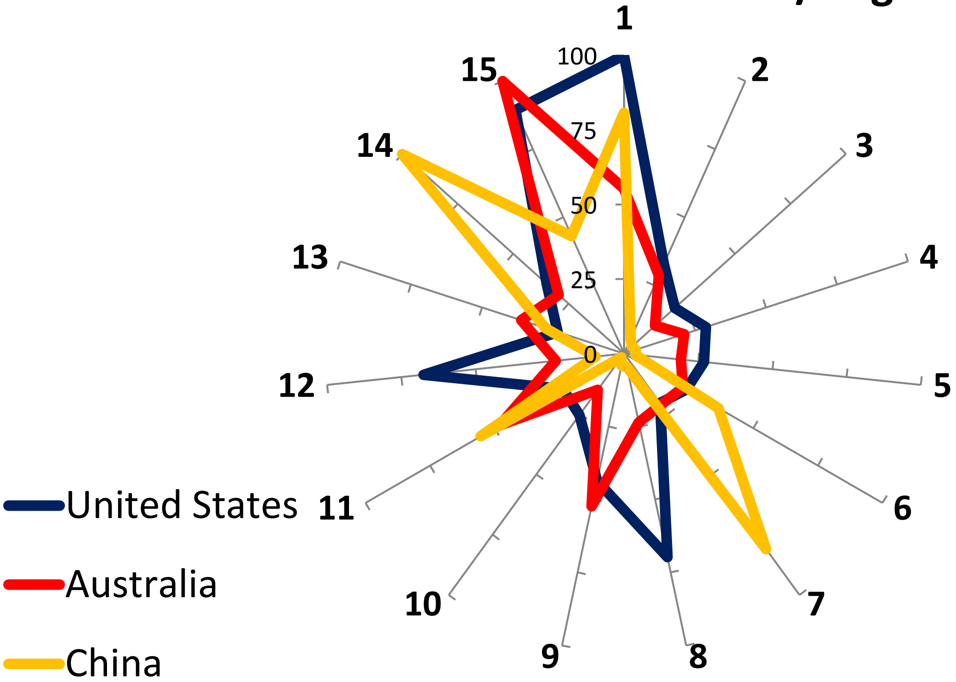


1	Margin	6	Medals and Awards won	11	Grape variety
2	Lack of retail availability	7	Vintage/aged wine	12	Listing Fee/Rebate paid
3	Contribution to menu printing	8	The distributor	13	Origin/Region
4	Table 'talker'/ On Table Promotion	9	Match to food on menu	14	Brand
5	Press write ups and reviews	10	Chef's choice	15	Tastes good (mngr/somm)

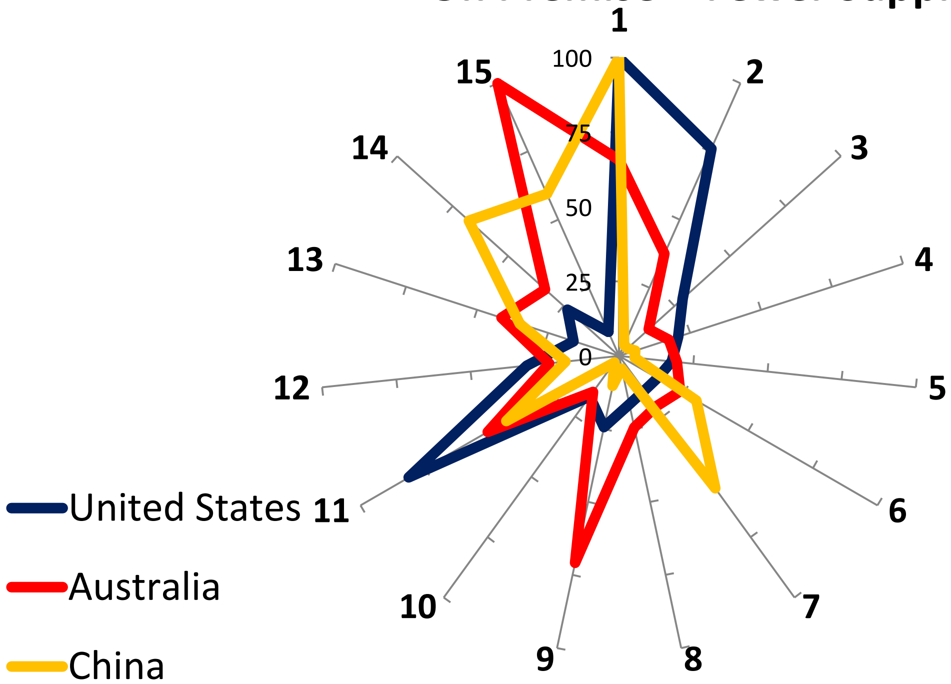


1	Margin	6	Medals and Awards won	11	Grape variety
2	Lack of retail availability	7	Vintage/aged wine	12	Listing Fee/Rebate paid
3	Contribution to menu printing	8	The distributor	13	Origin/Region
4	Table 'talker'/ On Table Promotion	9	Match to food on menu	14	Brand
5	Press write ups and reviews	10	Chef's choice	15	Tastes good (mngr/somm)

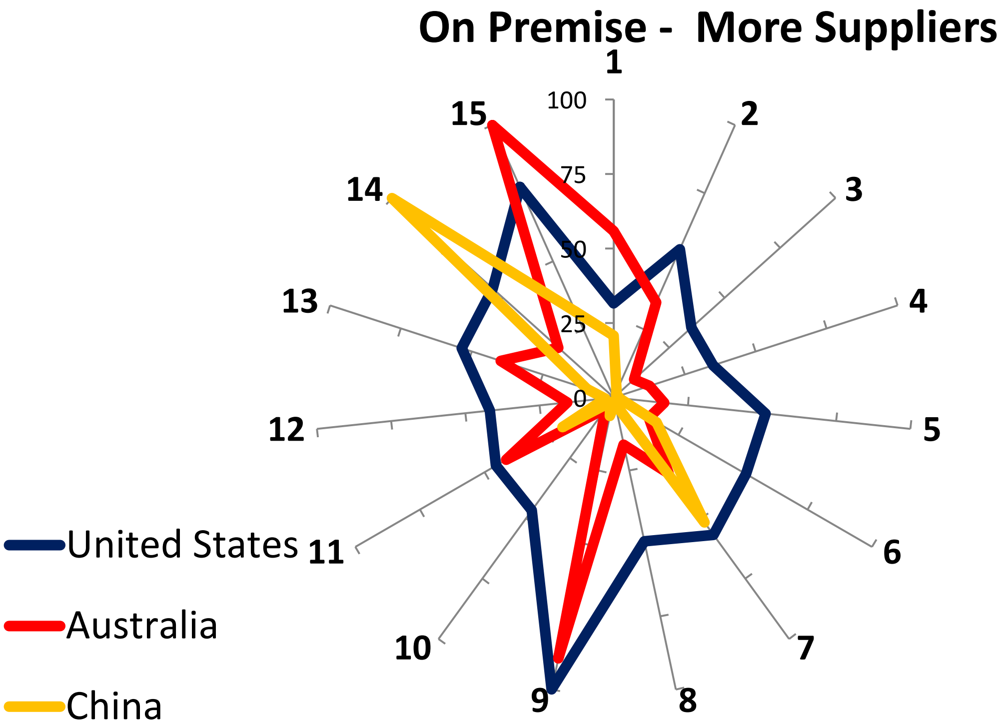
On Premise - Bars / Nightclubs

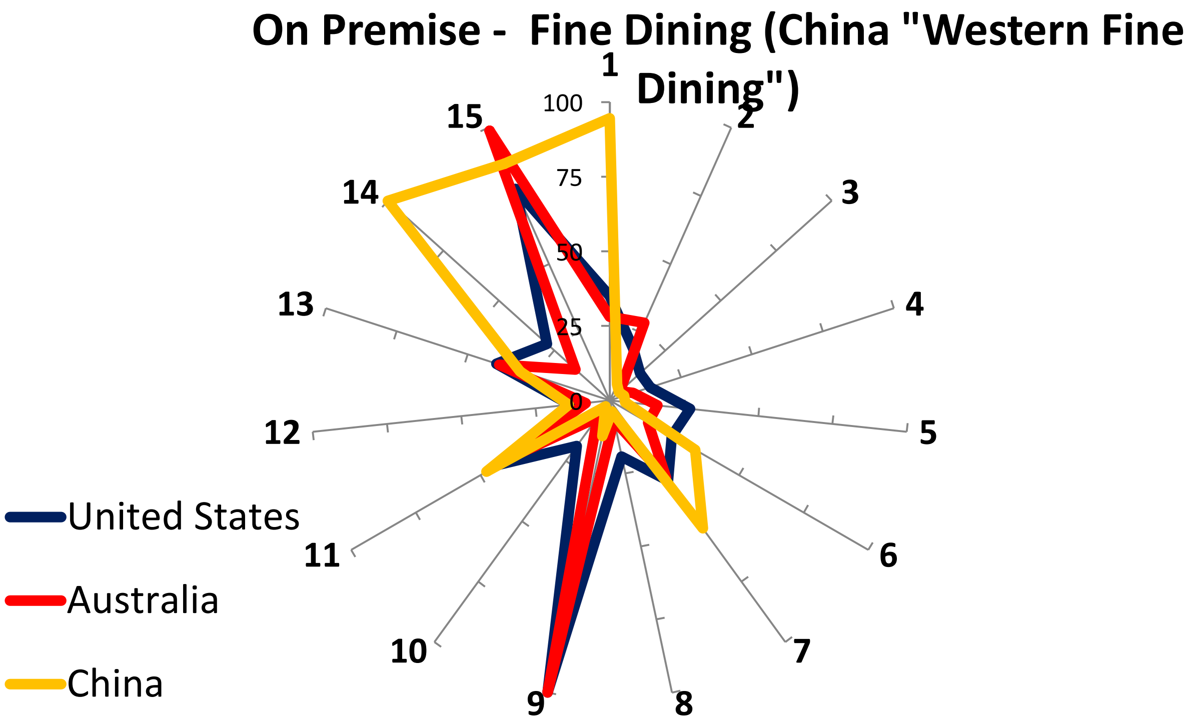


On Premise - Fewer Suppliers

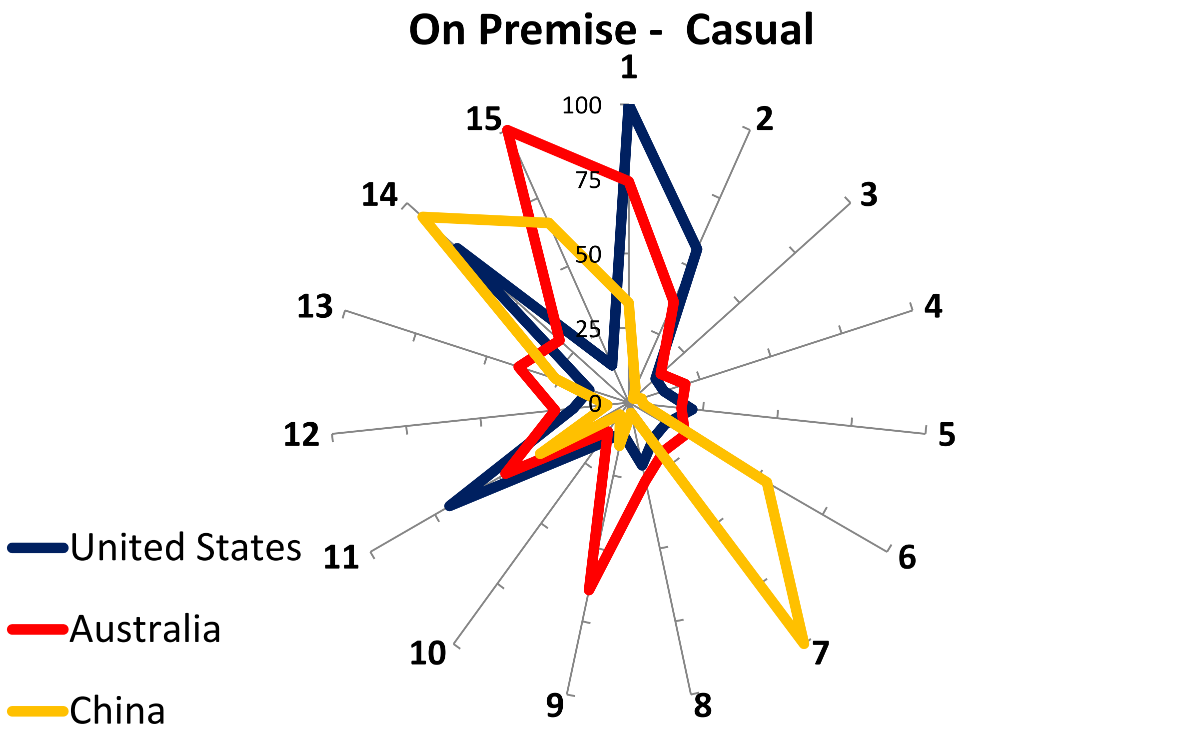


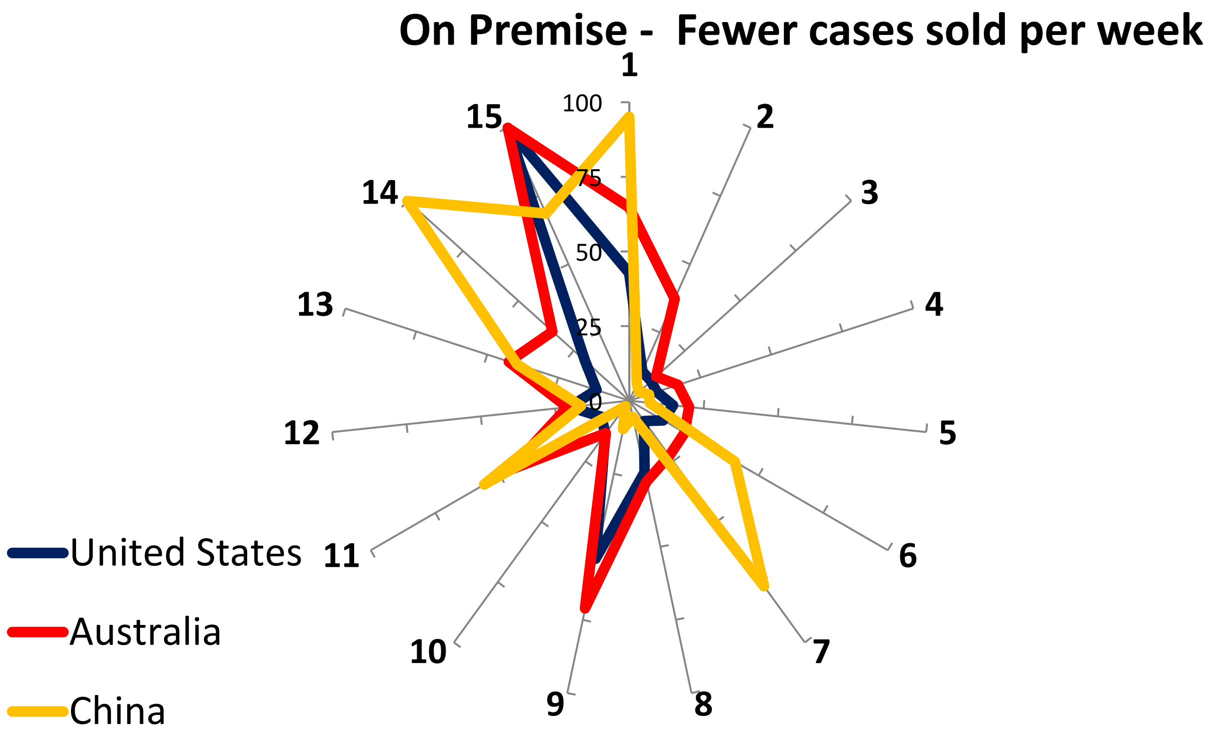
1	Margin	6	Medals and Awards won	11	Grape variety
2	Lack of retail availability	7	Vintage/aged wine	12	Listing Fee/Rebate paid
3	Contribution to menu printing	8	The distributor	13	Origin/Region
4	Table 'talker'/ On Table Promotion	9	Match to food on menu	14	Brand
5	Press write ups and reviews	10	Chef's choice	15	Tastes good (mngr/somm)



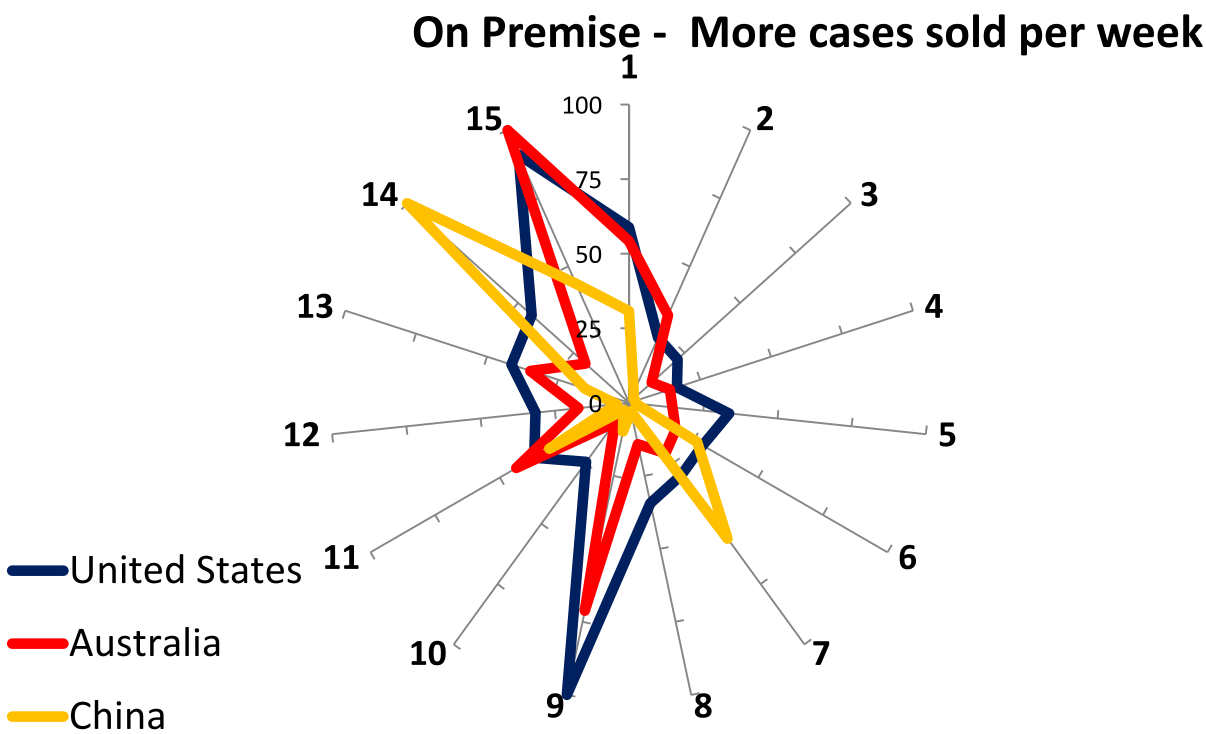


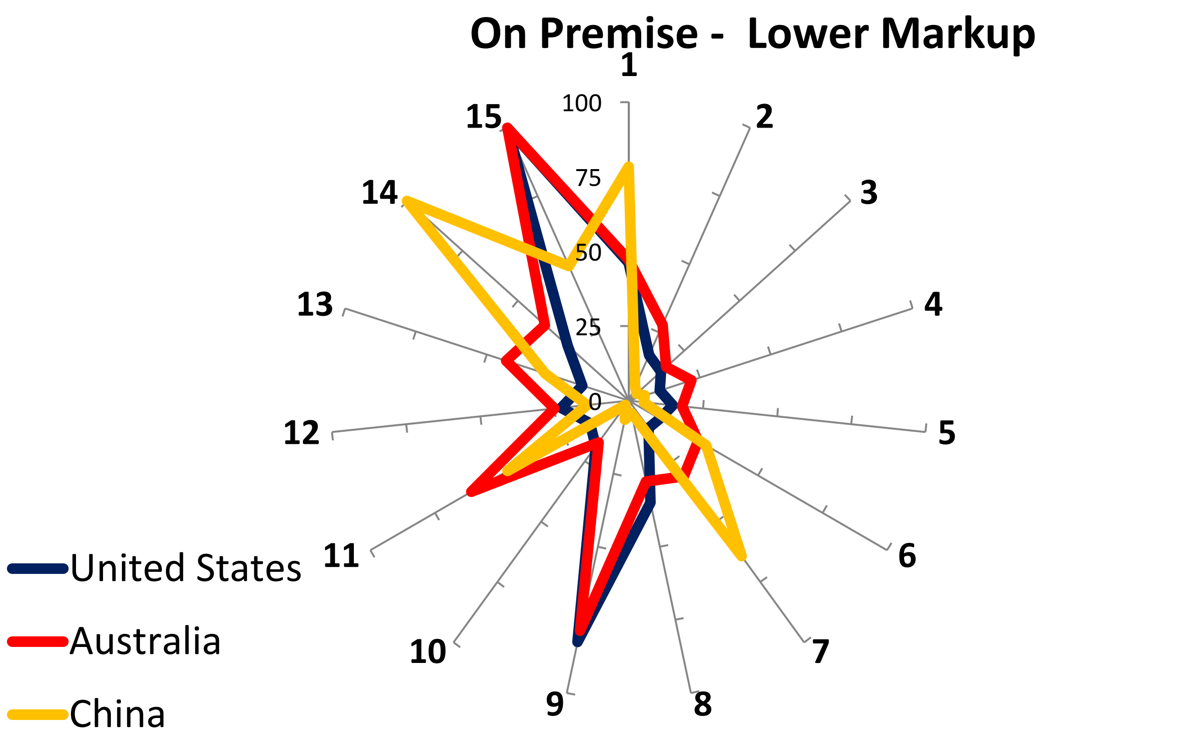
1	Margin	6	Medals and Awards won	11	Grape variety
2	Lack of retail availability	7	Vintage/aged wine	12	Listing Fee/Rebate paid
3	Contribution to menu printing	8	The distributor	13	Origin/Region
4	Table 'talker'/ On Table Promotion	9	Match to food on menu	14	Brand
5	Press write ups and reviews	10	Chef's choice	15	Tastes good (mngr/somm)



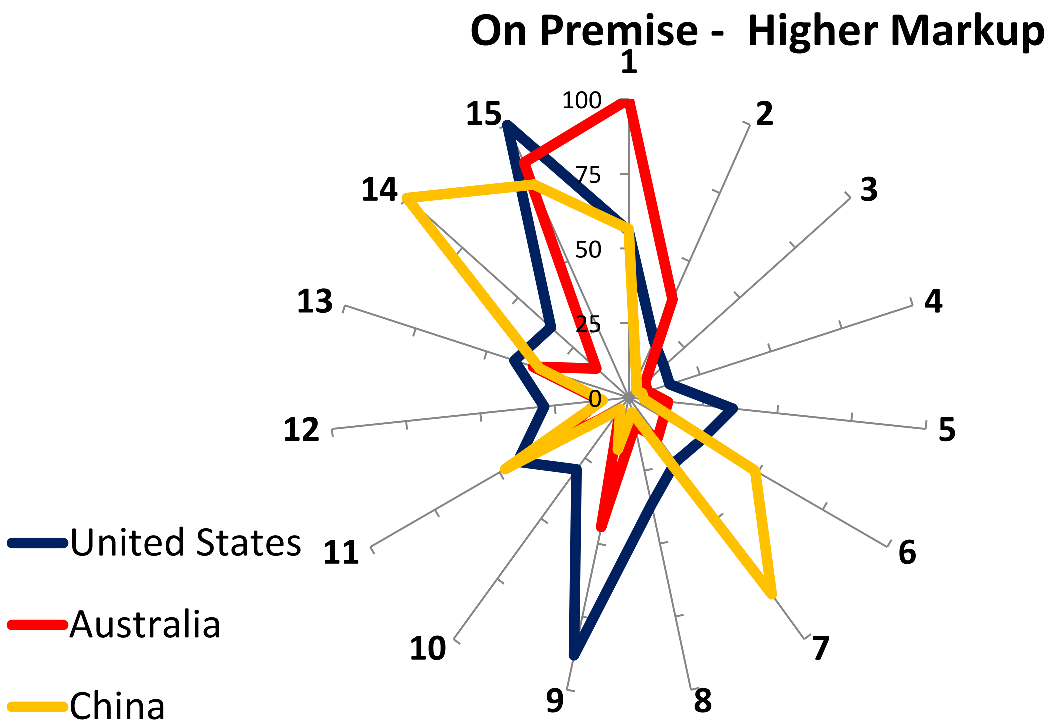


1	Margin	6	Medals and Awards won	11	Grape variety
2	Lack of retail availability	7	Vintage/aged wine	12	Listing Fee/Rebate paid
3	Contribution to menu printing	8	The distributor	13	Origin/Region
4	Table 'talker'/ On Table Promotion	9	Match to food on menu	14	Brand
5	Press write ups and reviews	10	Chef's choice	15	Tastes good (mngr/somm)





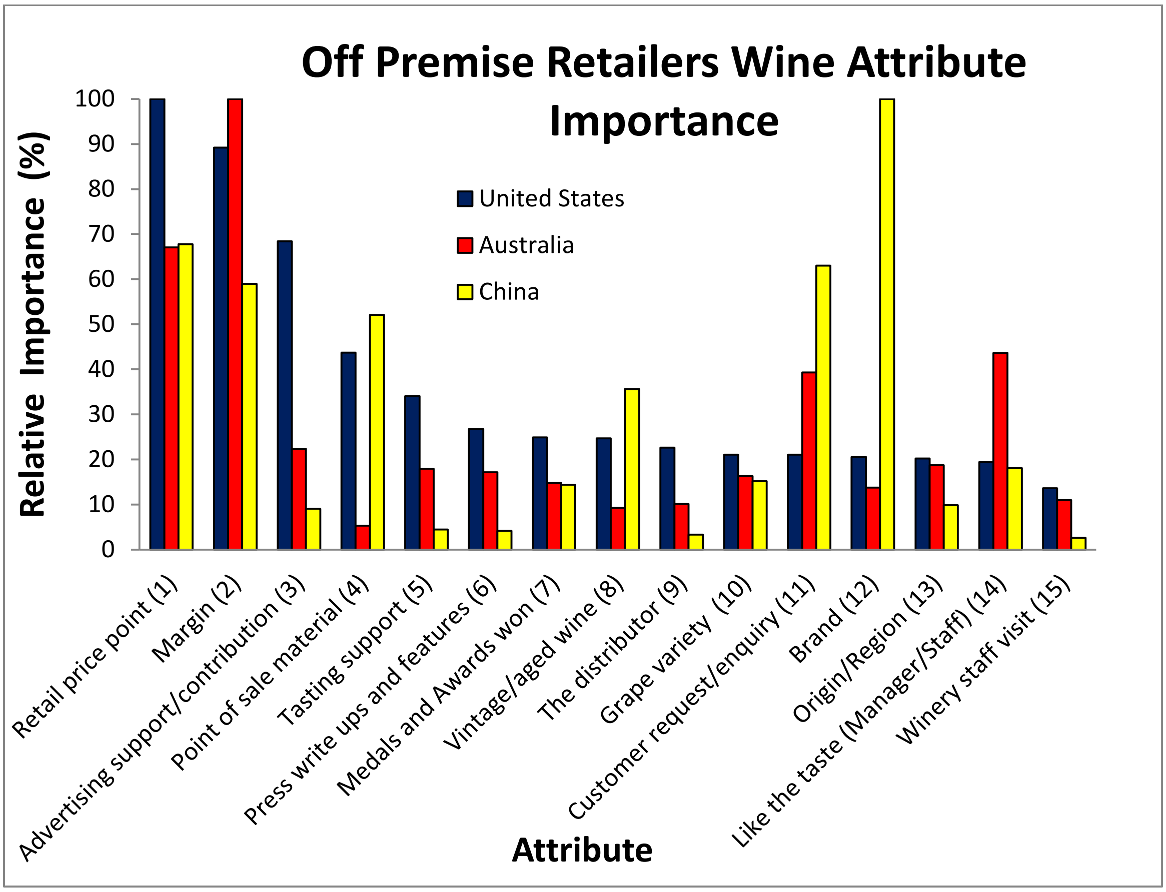
1	Margin	6	Medals and Awards won	11	Grape variety
2	Lack of retail availability	7	Vintage/aged wine	12	Listing Fee/Rebate paid
3	Contribution to menu printing	8	The distributor	13	Origin/Region
4	Table 'talker'/ On Table Promotion	9	Match to food on menu	14	Brand
5	Press write ups and reviews	10	Chef's choice	15	Tastes good (mngr/somm)



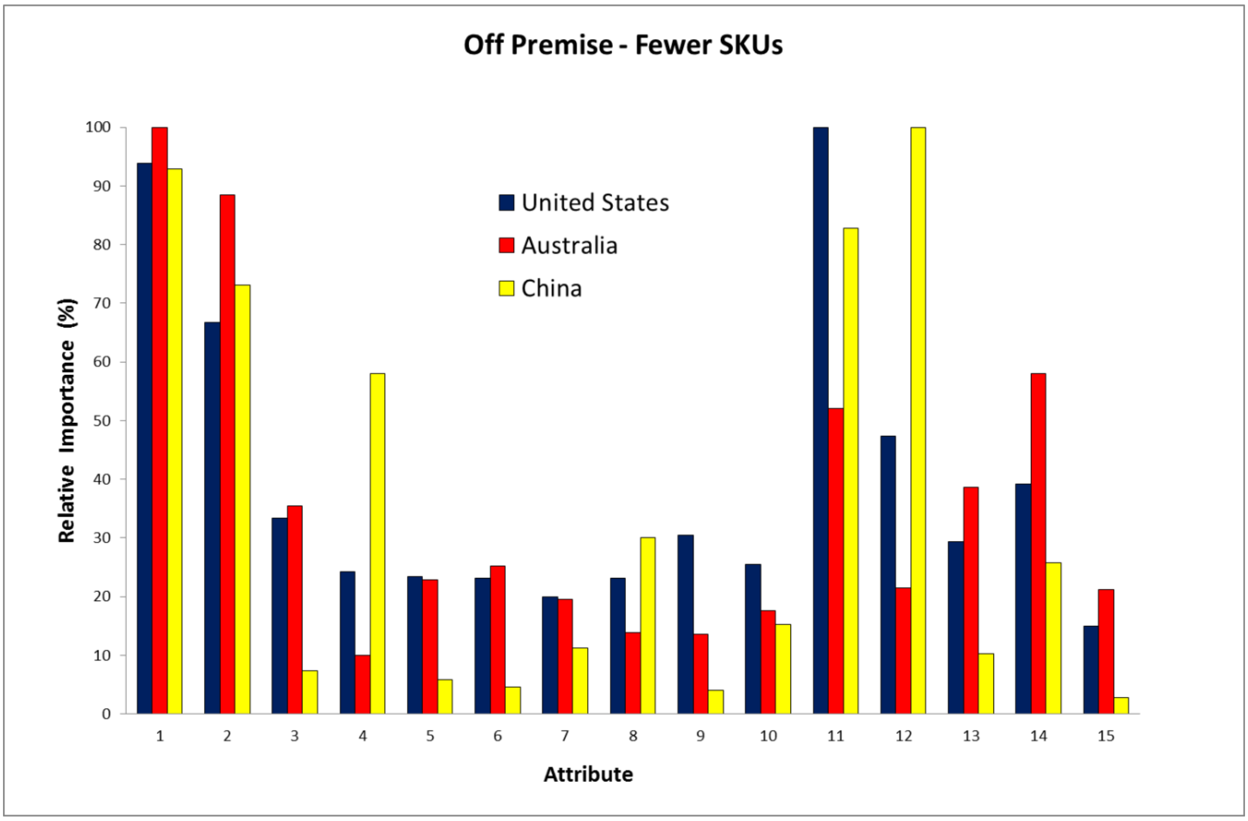
6. OFF-PREMISE ACROSS MARKETS

The information that is presented is assembled from the point of the wine marketer; the underlying premise is that of the question 'how can I modify or design our offering to increase the chances of selling to this customer?' This is done at a macro 'country by country' level – but then taken further through segmentation relevant to the channel being considered; in this paper for example, we consider the type of wine store, is it fine-wine or supermarket, do they specialise in wine or broader alcohol offering, high turnover or margin.

The first figure shows the country comparisons (AU *n*=117, CH *n*=365, US *n*=274). Whilst we 'know' that markets vary, understanding 'in what areas' can prove to be quite helpful. We can see many familiarities across the three, others where two are the same – and a few stand-outs. The US and AU are much more influenced by margin than CH – where 'brand' alone is a much bigger influence. Worth considering is the increased influence that customer requests have in China; this gives a signal to the importance of ensuring the end consumer knows of you and seeks you out (pull marketing). Aged wines and point-of-sale in Australia are not a significant influence in the Off-premise sector, but the USA and CH both show a marked increase in the opportunity provided for wineries – especially newer entrants looking to make a first entry.

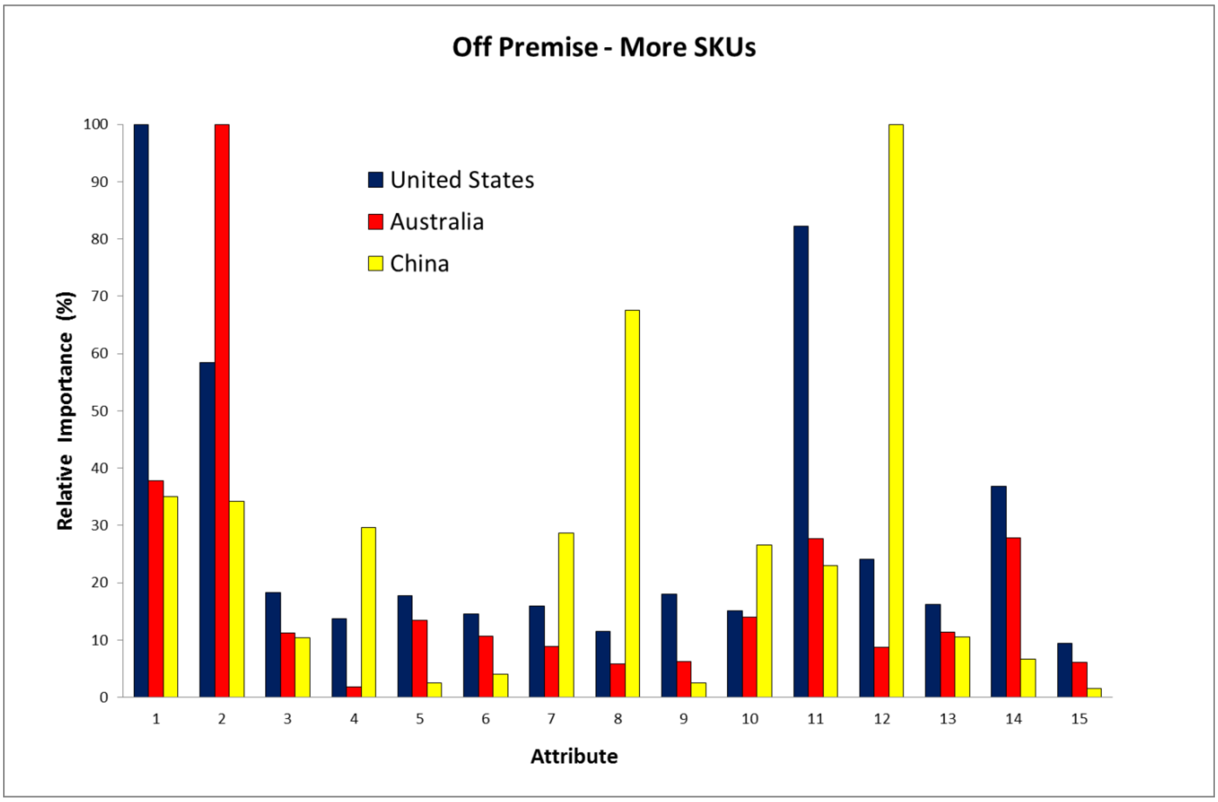


Whilst you may not be able to obtain information on who many distriubutors the store deals with or whether they are high or low turnover stores, you can assess for yourself if they stock a large number of different wines (SKUs). Figure 2 shows the results for the comparison of smaller wine stores, often an entry point for wine brands as they do not, typically, have the distribution 'control' issues that larger stores have. With stores that stock a smaller range of wine, the US and CH are much more influenced by 'brand', 'customer request' and point-of-sale' than Australian retailers are. 'Liking the taste' is more important in AU - which coupled with a visit from the winery staff may seem to add up to assist. 'Visits by staff' in China are very low influence – and somewhat harder to effect anyway than 'point of sale material' and 'customer requests'!



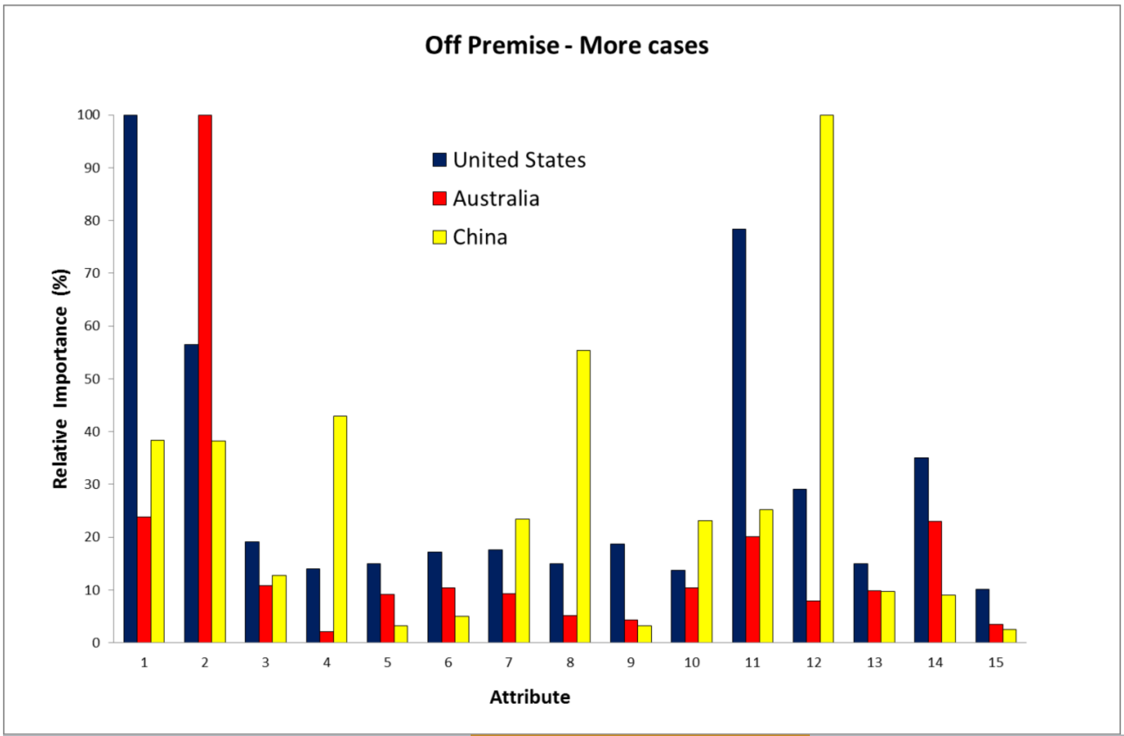
1	Retail price point	6	Press write ups and features	11	Customer request/enquiry
2	Margin	7	Medals and Awards won	12	Brand
3	Advertising support/contribution	8	Vintage/aged wine	13	Origin/Region
4	Point of sale material	9	The distributor	14	Like the taste (Manager/Staff)
5	Tasting support	10	Grape variety	15	Winery staff visit

In contrast, stores with a higher number of wine SKUs, show the importance of knowing your customer and trying to ascertain 'what makes them tick'. Unlike the 'fewer SKUs', this segment shows the US substantially more influenced by the actual price point and less by the actual margin. This offers an insight when designing a new wine from the very early stages. Whilst we'd typically say that large inventory range stores act less on customer enquiries, the data show the US high stores are much more influenced by customer requests than AU or CH. CH have nearly a tenfold importance of aged wine than AU and US stores – something that offer many wineries, especially smaller ones, an opportunity to move excess 'old' inventory (or museum stock!). Just because a store carries a big range– don't discount the importance of staff and manager tastings – the US and AU are considerably more influenced by CH in this respect. We continue to see the importance of point-of-sale in the US and CH markets.

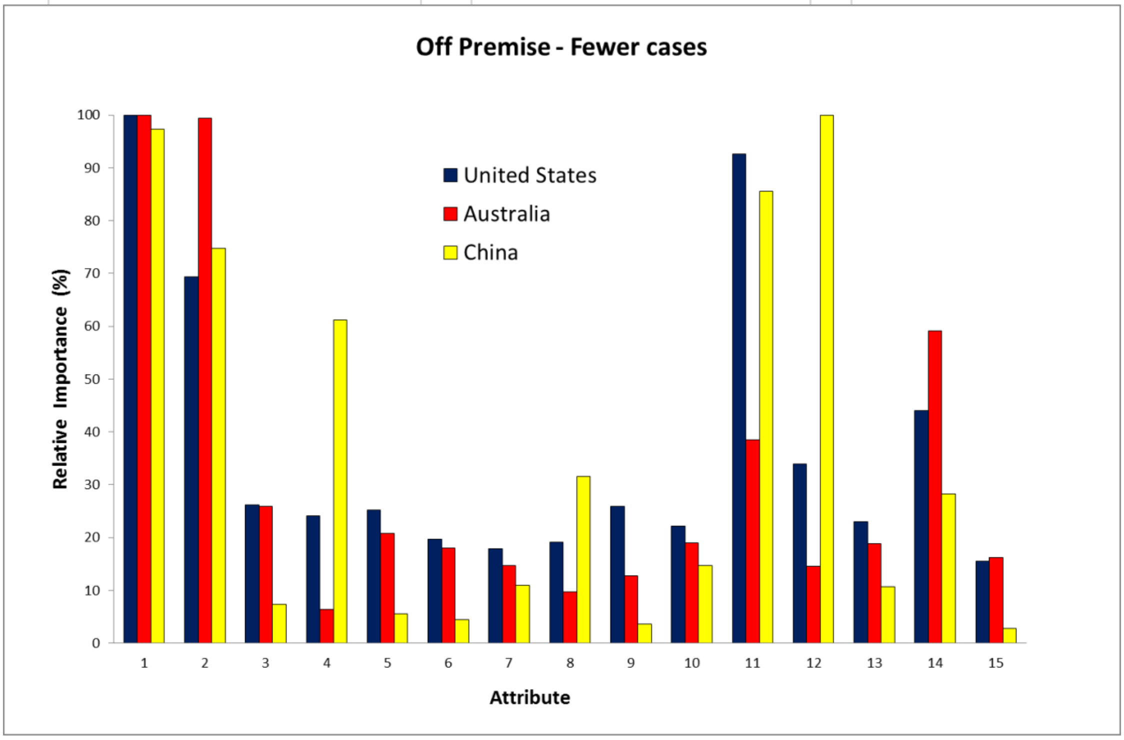


1	Retail price point	6	Press write ups and features	11	Customer request/enquiry
2	Margin	7	Medals and Awards won	12	Brand
3	Advertising support/contribution	8	Vintage/aged wine	13	Origin/Region
4	Point of sale material	9	The distributor	14	Like the taste (Manager/Staff)
5	Tasting support	10	Grape variety	15	Winery staff visit

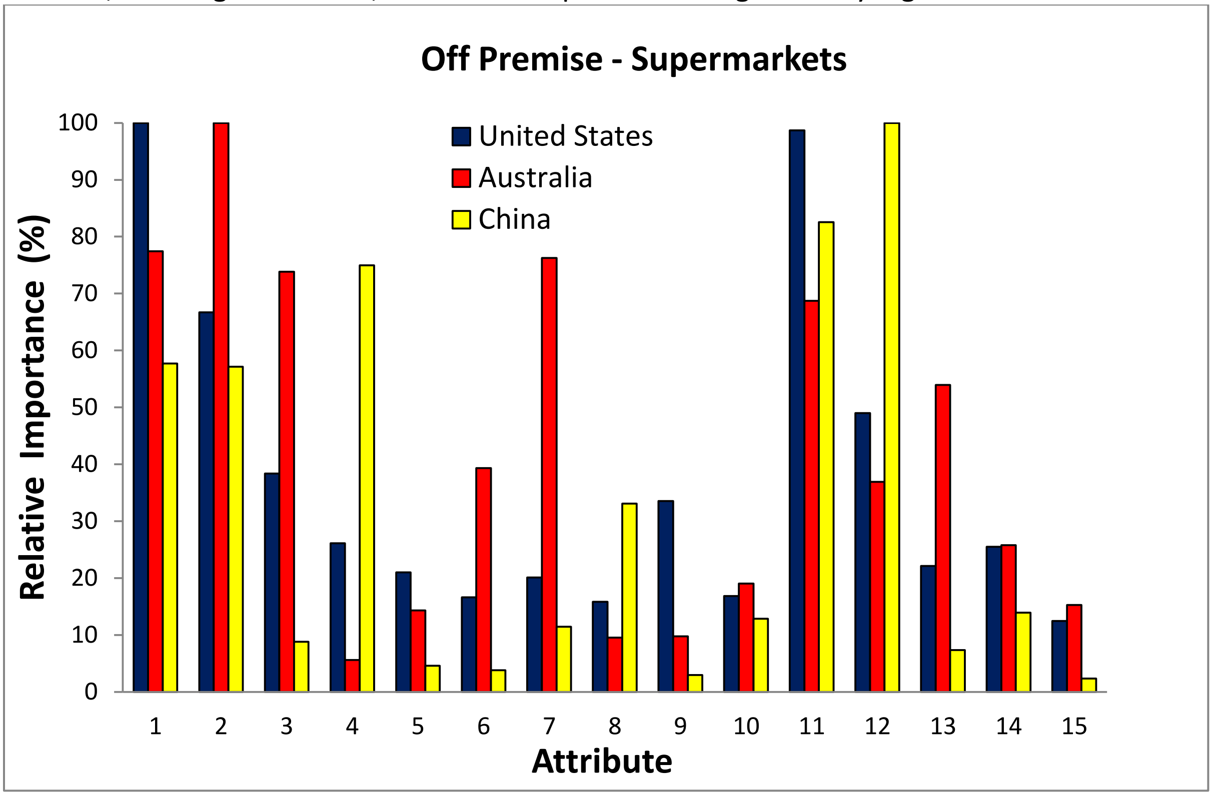
The holy grail, high volume sales outlets, are the least similar in any of the segmentations; somewhat contrary to what anecdotal evidence we had in the qualitative interviews. We can see that CH continues to be more influenced by 'brand', but more so in this category. CH high volume sales stores are considerably more influenced by 'aged wine', point-of sale' and 'medals'. Comparing to lower volume sales stores, where we see an increased importance in CH for customer requests, similarly there with price point and margin. In most instances, you will be dealing with a distributor – any good distributor c(even an average one) will know if a store has high level of sales or low – ask them, sit down then and plan your offer and your pitch with details like this in mind. Think about which aspects to emphasise and which to not highlight if they are not likely to be your buyers hot-button.



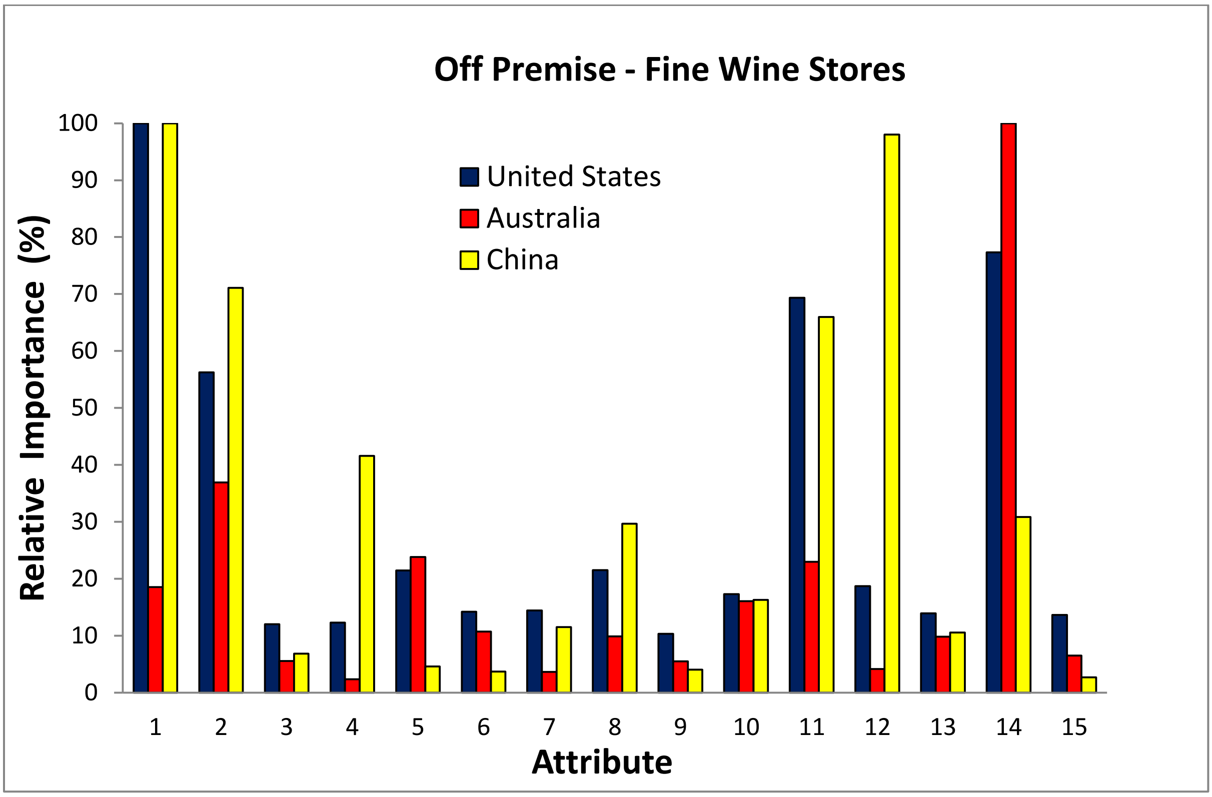
1	Retail price point	6	Press write ups and features	11	Customer request/enquiry
2	Margin	7	Medals and Awards won	12	Brand
3	Advertising support/contribution	8	Vintage/aged wine	13	Origin/Region
4	Point of sale material	9	The distributor	14	Like the taste (Manager/Staff)
5	Tasting support	10	Grape variety	15	Winery staff visit



Perhaps the area of most interest and opportunity lies in the differences between Fine Wine Stores (FWS) and Supermarkets. In FWS we see that price point in China and the US rules – a marked difference to AU, which is ruled by ‘manager/staff liking the taste’. Brand, even at the FWS segment in China is incredibly important, though most likely not to be ‘commercial’ brands as we'd think about in AU. Retailers in AU are not as influenced by customer requests as CH and the US – this impacts on the winery as a need in AU to ensure the staff have tried the wine, whereas CH and the US offers an opportunity to pull consumers up through the supply chain. Where wine is sold through supermarkets AU has a distinct increase in the importance of medals and labels – something which does not rate highly in the US and CH supermarket outlets. All three markets show an increase in the importance of the actual price point in this channel (although this is 2nd to Margin in AU). If you are looking at selling into CH supermarkets, consider having point-of-sale material made, in Chinese, catering to Chinese, as this was reported as a significantly higher influence.



1	Retail price point	6	Press write ups and features	11	Customer request/enquiry
2	Margin	7	Medals and Awards won	12	Brand
3	Advertising support/contribution	8	Vintage/aged wine	13	Origin/Region
4	Point of sale material	9	The distributor	14	Like the taste (Manager/Staff)
5	Tasting support	10	Grape variety	15	Winery staff visit



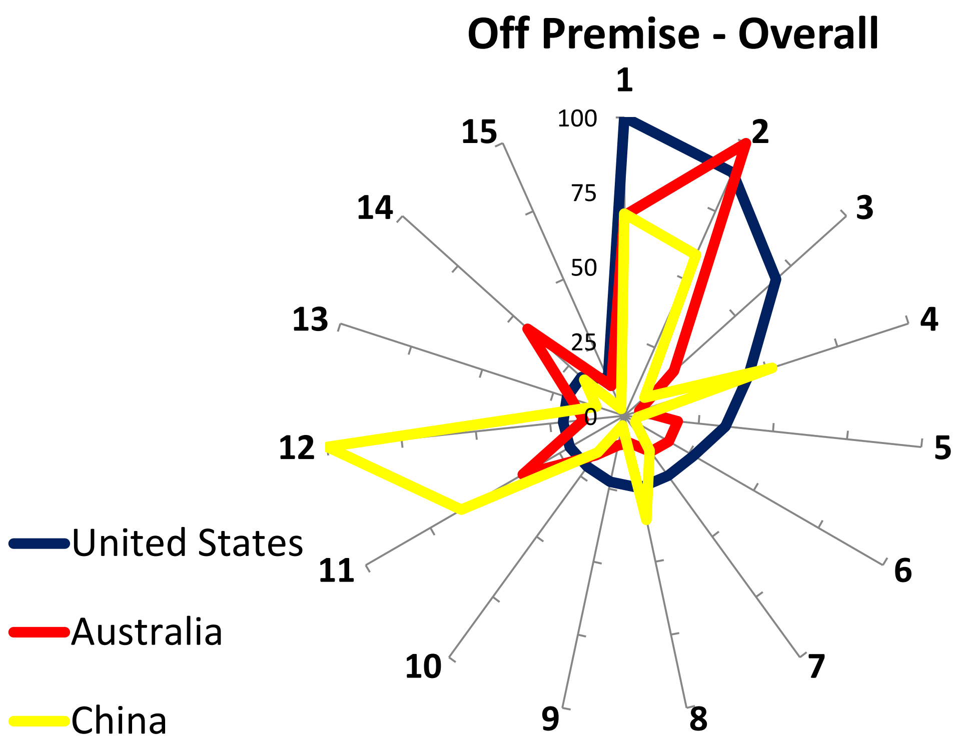
1	Retail price point	6	Press write ups and features	11	Customer request/enquiry
2	Margin	7	Medals and Awards won	12	Brand
3	Advertising support/contribution	8	Vintage/aged wine	13	Origin/Region
4	Point of sale material	9	The distributor	14	Like the taste (Manager/Staff)
5	Tasting support	10	Grape variety	15	Winery staff visit

We see differences in a number of other segments, we'll be making all these available on the website given above – space doesn't permit putting them all here. They are simple to read as the differences show up well, and intuitively, in the way we have presented the data. Have a look at the differences between high and low percentages of wine sales to other alcohol segments. CH high percentage shows considerably more influence aged wine and medals that AU and the US – whilst specialty wine stores in AU are considerably more driven by margin. Lower percentage wine sales stores in CH and the US are notably different to AU – in areas such as the price point, brand and Point of sale material. Across all the comparisons we did, there are many instances where the US and CH markets are more similarly influenced by factors than AU Off-premise buyers. Interesting about that is that we often treat emerging, Asian markets as distinctly different. Whilst they might be in terms of structure, getting around and getting access, the actual factors that influence their decisions don't appear to be.

In the charts that follow, the question asked is '**What Influences you when buying on a new wine?**' The titles of each shows how the respondents were segmented; Supermarkets, Independent retailers etc.

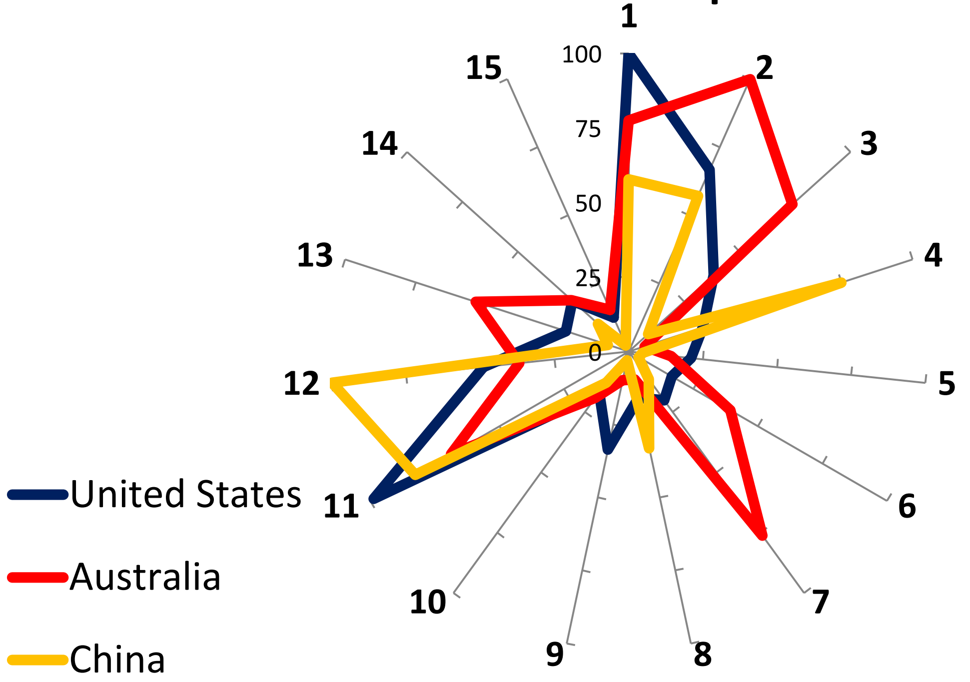
Breakdown of Segments

Off Premise Country Comparison Definitions		US	Australia	China
	Overall			
Retail Type	Supermarket	As stated		
	Independent Liquor Retailers			
	Fine Wine Stores			
Suppliers	Fewer Suppliers	<5	<11	<5
	More Suppliers	>9	>20	>15
Proportion Wine	Low Proportion Wine Sales	<25%	<25%	<25%
	High Proportion Wine Sales	>50%	>50%	>75%
Cases Sold	Fewer cases sold per week	<50	<50	<25
	More cases sold per week	>150	>150	>50
SKUs	Fewer SKUs stocked	<300	<300	<100
	More SKUs stocked	>600	>600	>500
Margin	Lower Margin	<20%	<20%	<35%
	Higher Margin	>36%	>36%	>36%

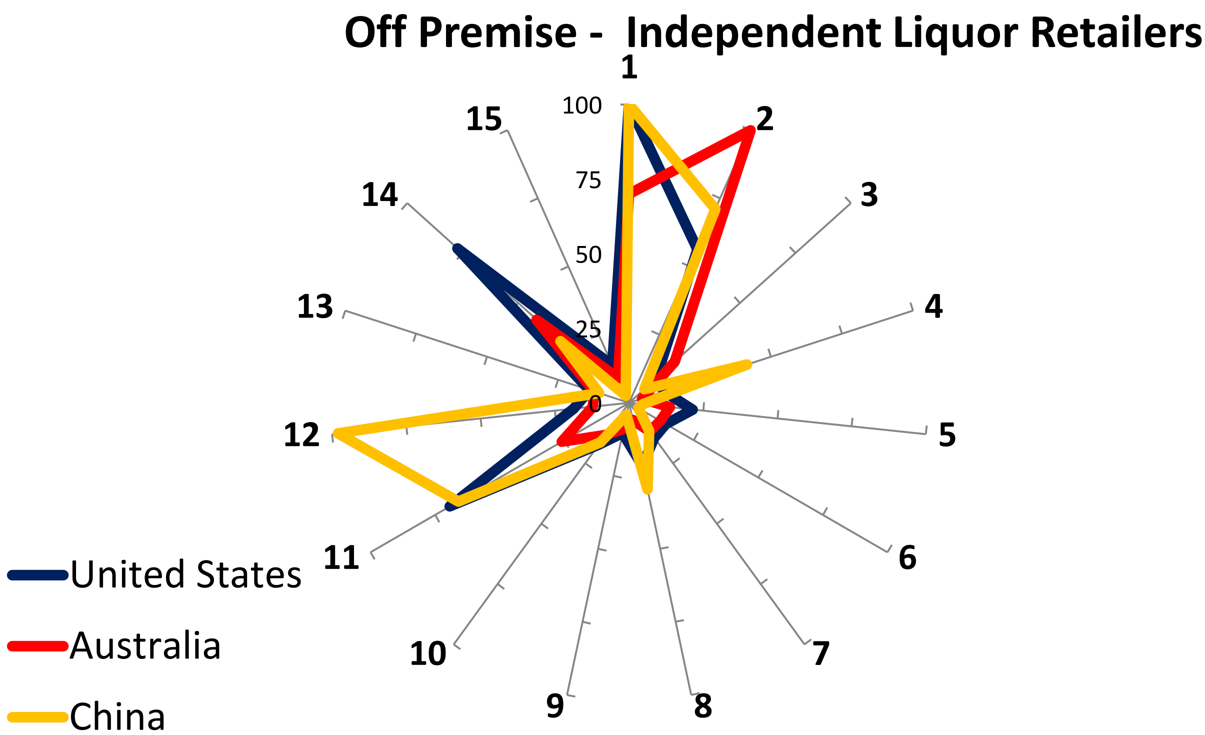


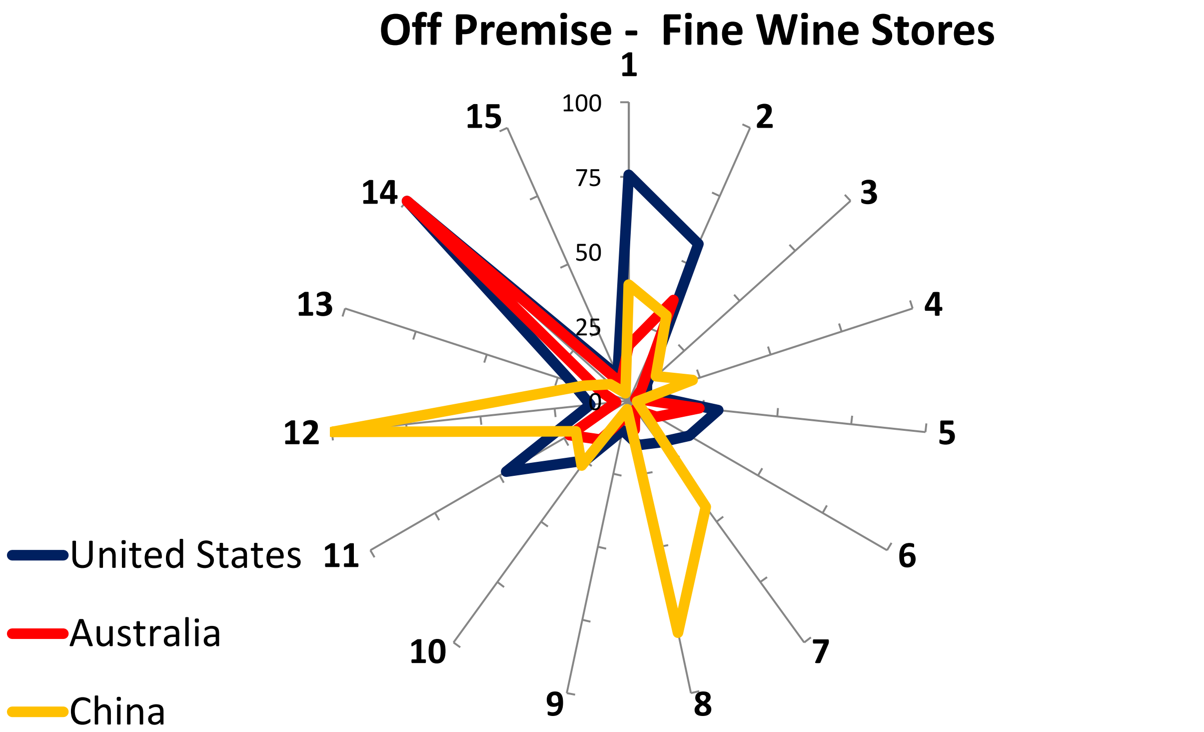
1	Retail price point	6	Press write ups and features	11	Customer request/enquiry
2	Margin	7	Medals and Awards won	12	Brand
3	Advertising support/contribution	8	Vintage/aged wine	13	Origin/Region
4	Point of sale material	9	The distributor	14	Like the taste (Manager/Staff)
5	Tasting support	10	Grape variety	15	Winery staff visit

Off Premise - Supermarkets and Chains

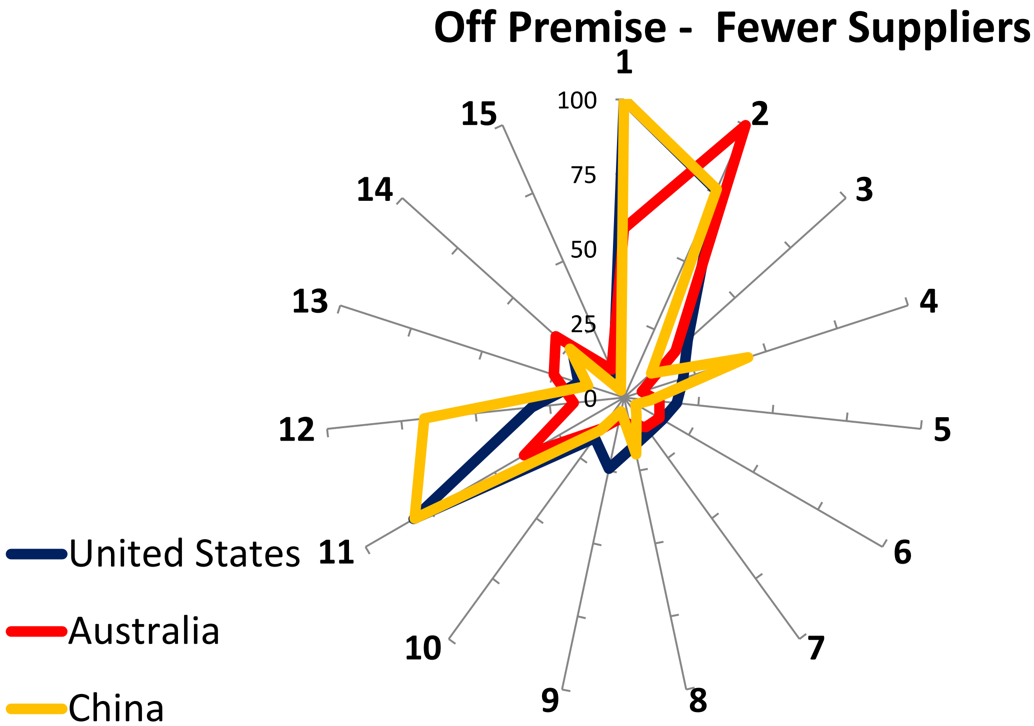


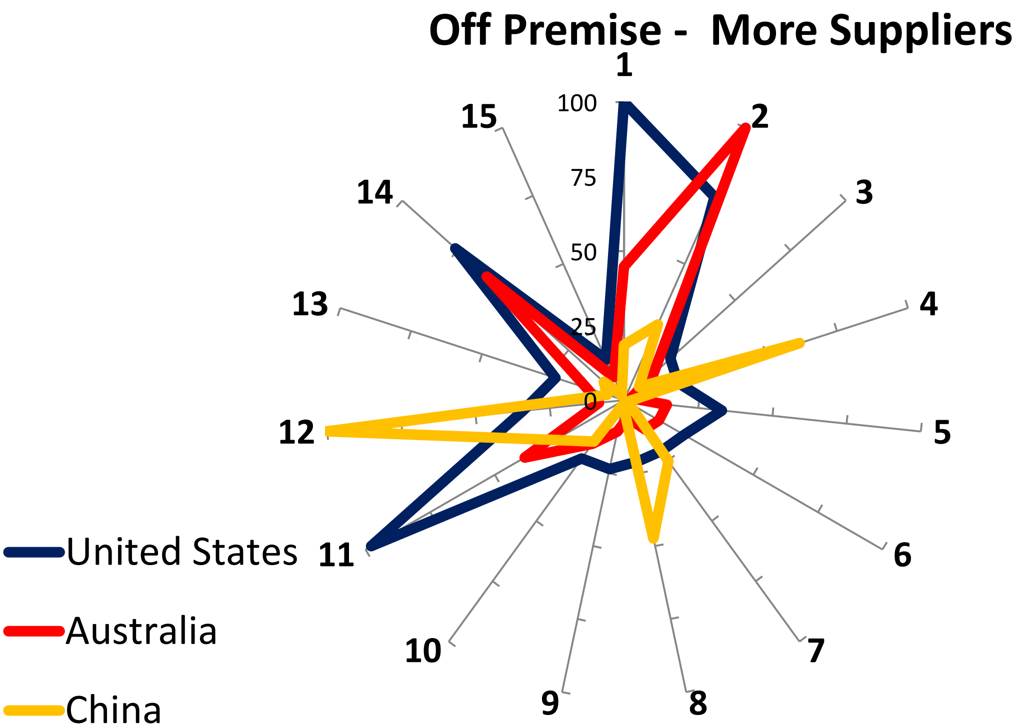
1	Retail price point	6	Press write ups and features	11	Customer request/enquiry
2	Margin	7	Medals and Awards won	12	Brand
3	Advertising support/contribution	8	Vintage/aged wine	13	Origin/Region
4	Point of sale material	9	The distributor	14	Like the taste (Manager/Staff)
5	Tasting support	10	Grape variety	15	Winery staff visit



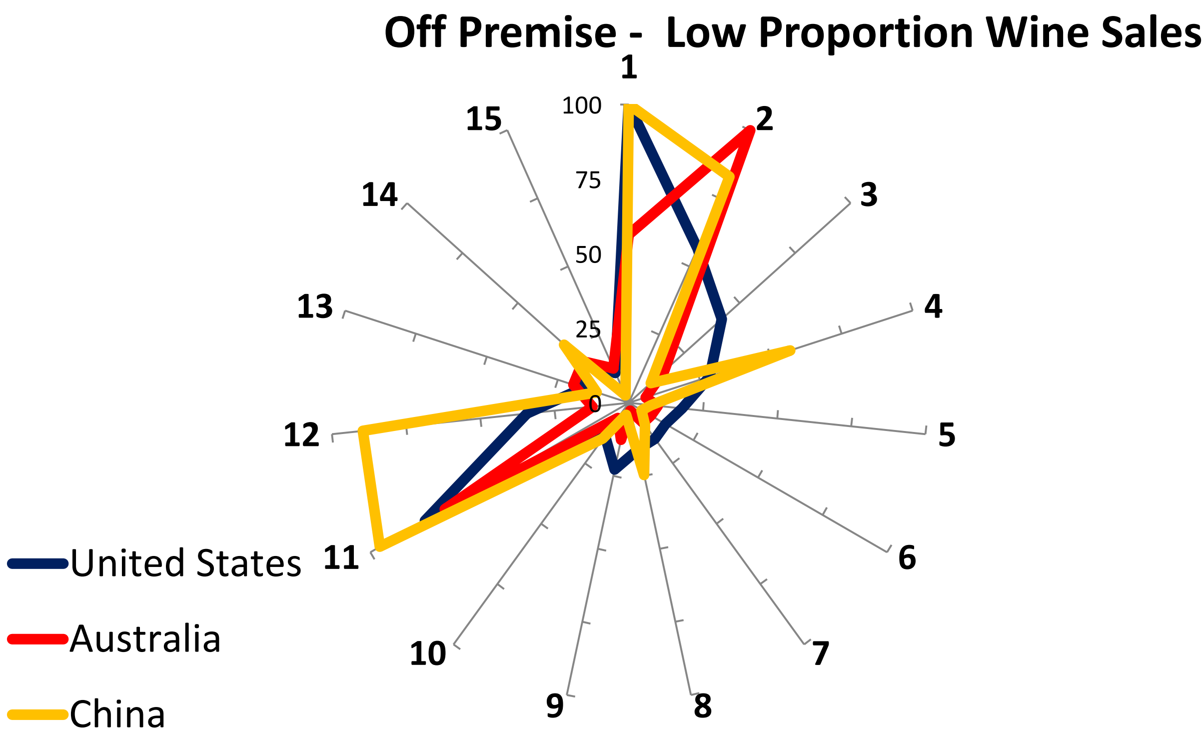


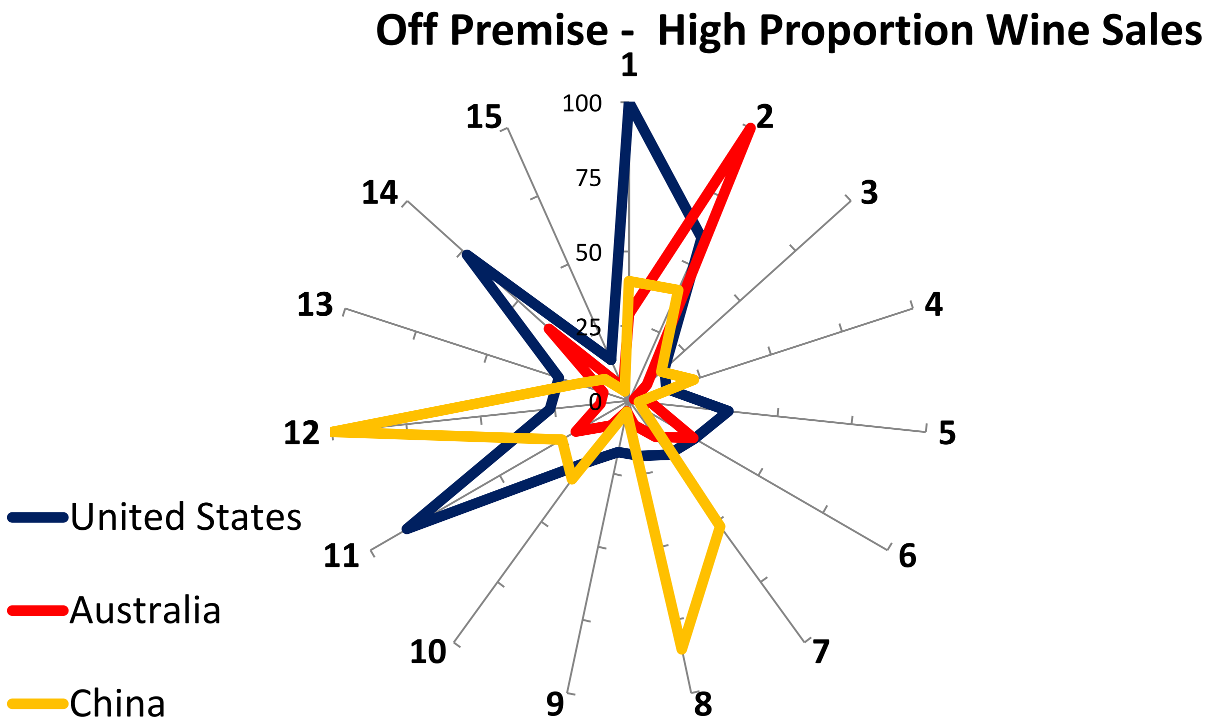
1	Retail price point	6	Press write ups and features	11	Customer request/enquiry
2	Margin	7	Medals and Awards won	12	Brand
3	Advertising support/contribution	8	Vintage/aged wine	13	Origin/Region
4	Point of sale material	9	The distributor	14	Like the taste (Manager/Staff)
5	Tasting support	10	Grape variety	15	Winery staff visit



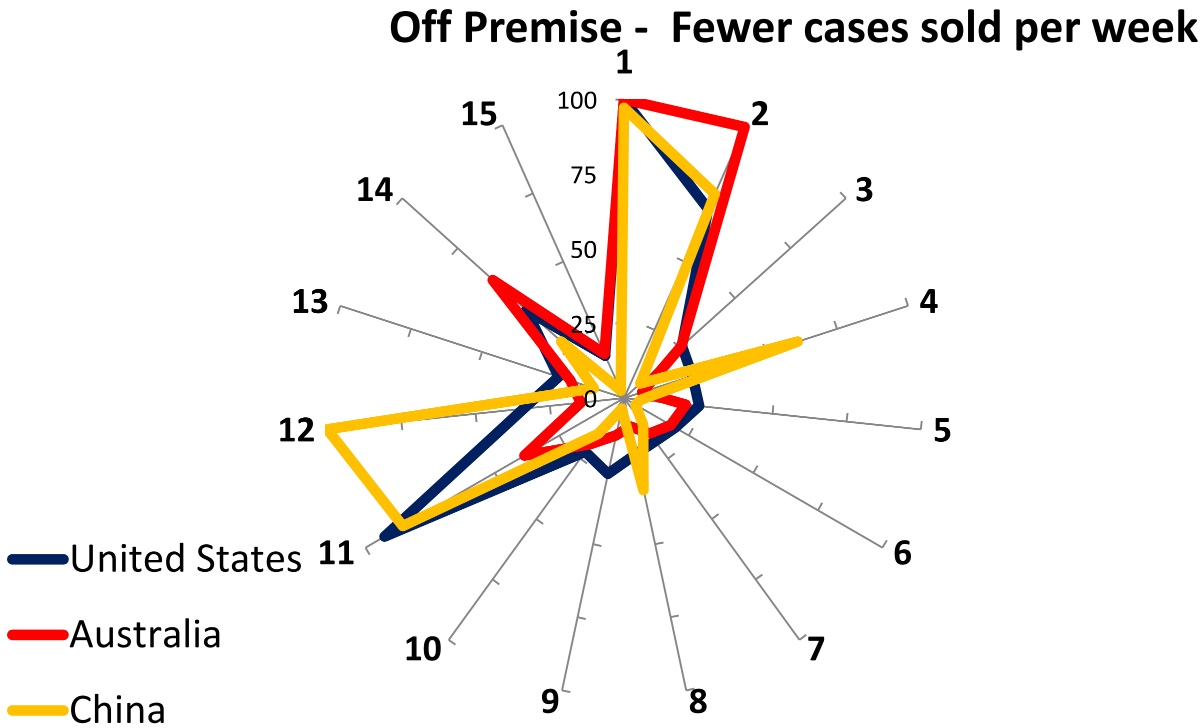


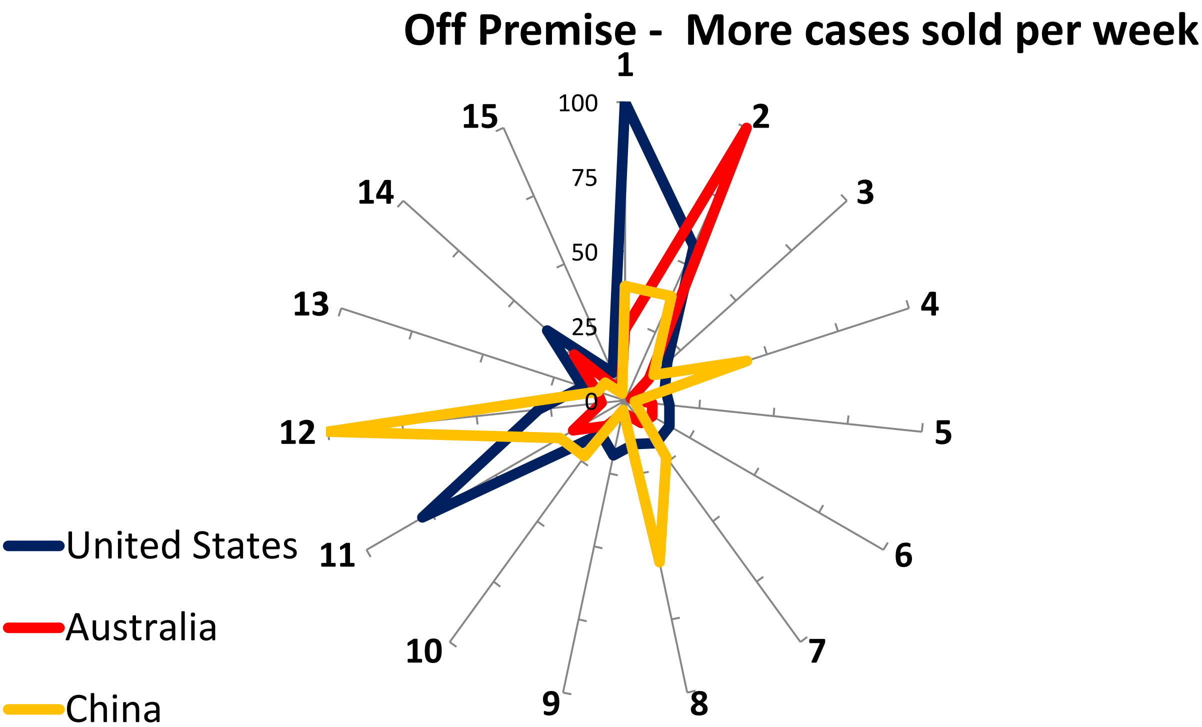
1	Retail price point	6	Press write ups and features	11	Customer request/enquiry
2	Margin	7	Medals and Awards won	12	Brand
3	Advertising support/contribution	8	Vintage/aged wine	13	Origin/Region
4	Point of sale material	9	The distributor	14	Like the taste (Manager/Staff)
5	Tasting support	10	Grape variety	15	Winery staff visit



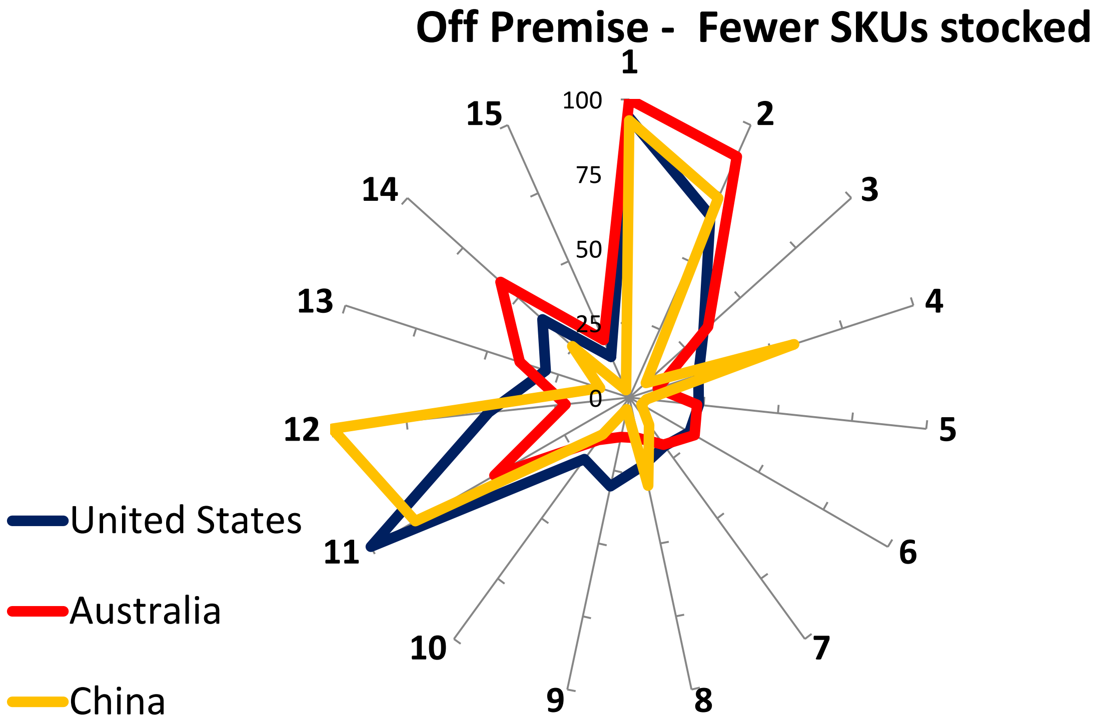


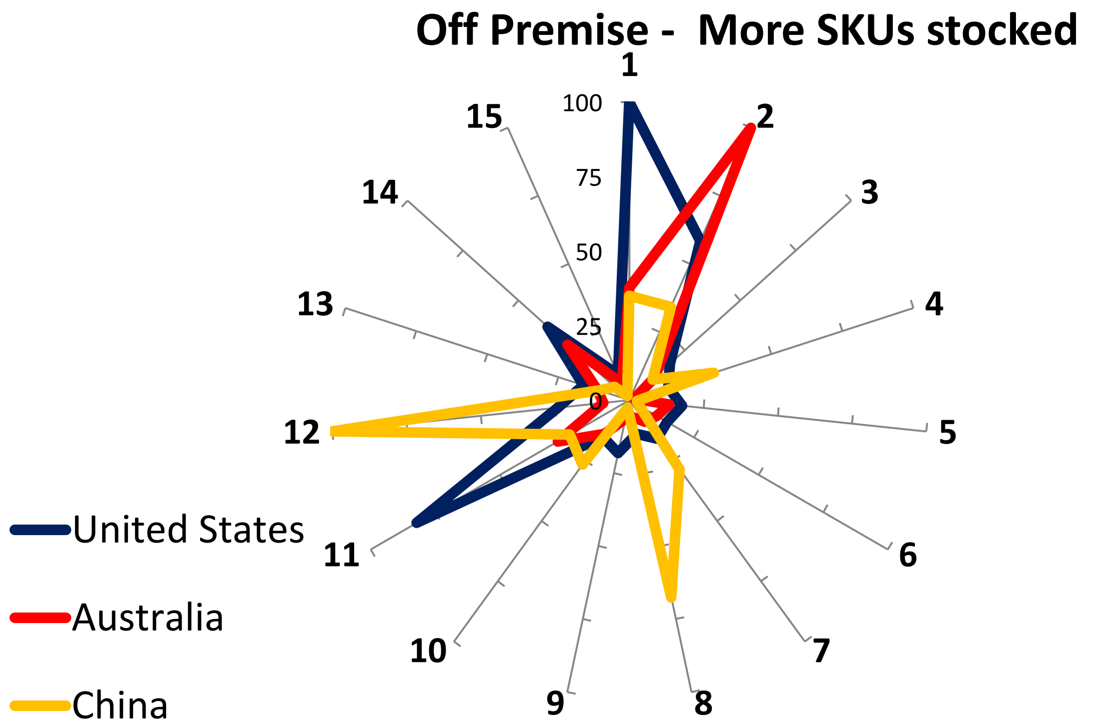
1	Retail price point	6	Press write ups and features	11	Customer request/enquiry
2	Margin	7	Medals and Awards won	12	Brand
3	Advertising support/contribution	8	Vintage/aged wine	13	Origin/Region
4	Point of sale material	9	The distributor	14	Like the taste (Manager/Staff)
5	Tasting support	10	Grape variety	15	Winery staff visit



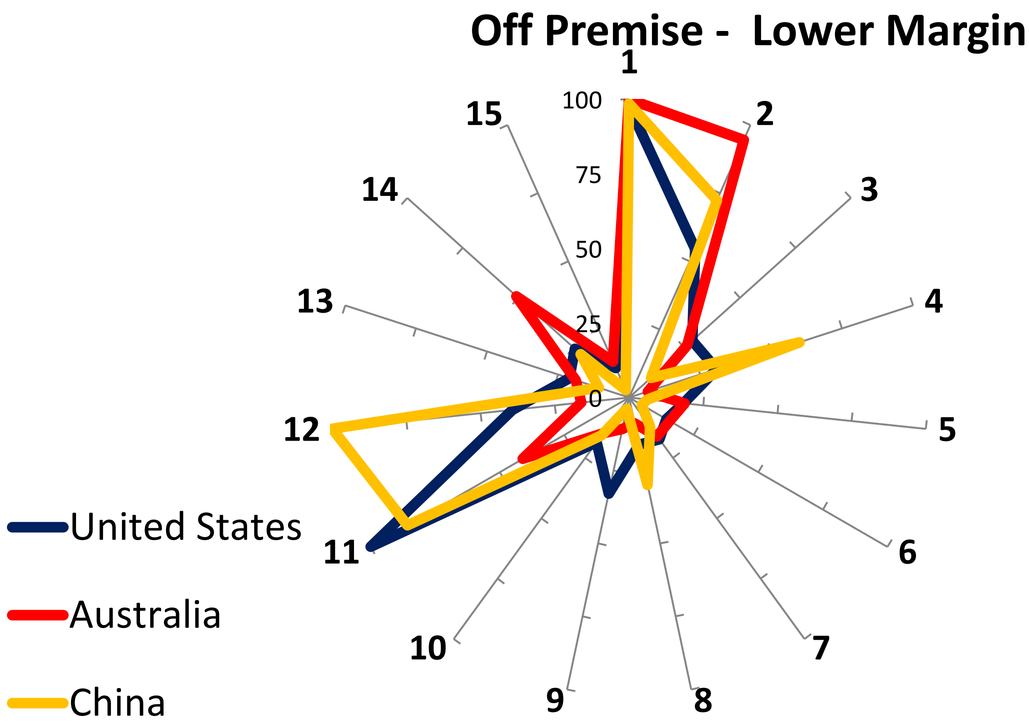


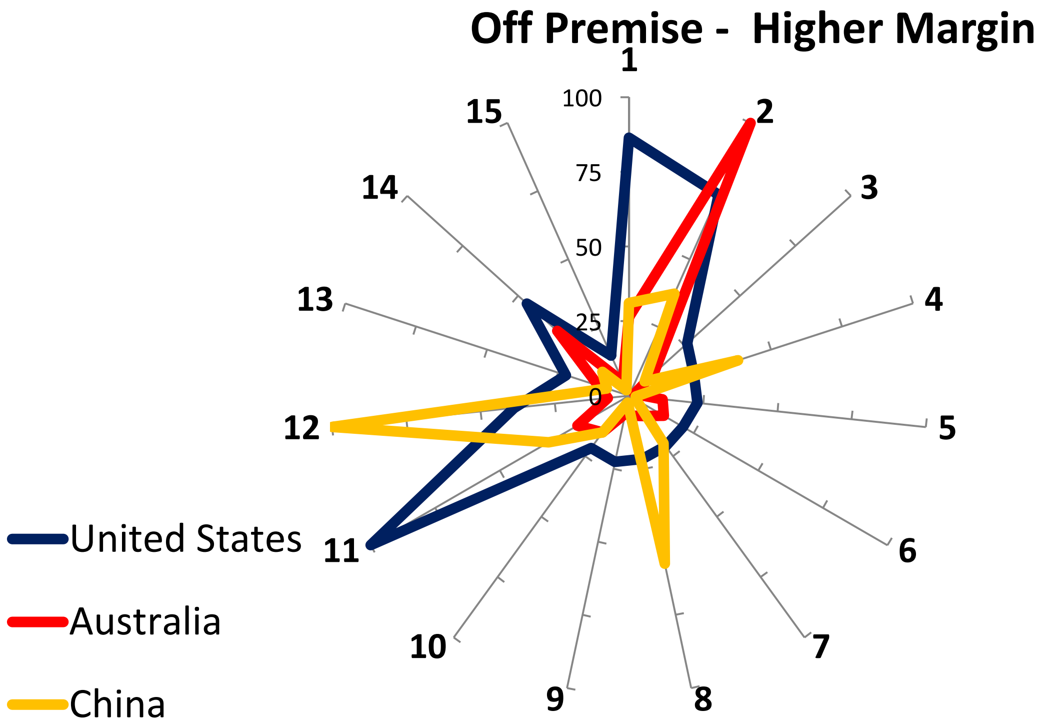
1	Retail price point	6	Press write ups and features	11	Customer request/enquiry
2	Margin	7	Medals and Awards won	12	Brand
3	Advertising support/contribution	8	Vintage/aged wine	13	Origin/Region
4	Point of sale material	9	The distributor	14	Like the taste (Manager/Staff)
5	Tasting support	10	Grape variety	15	Winery staff visit





1	Retail price point	6	Press write ups and features	11	Customer request/enquiry
2	Margin	7	Medals and Awards won	12	Brand
3	Advertising support/contribution	8	Vintage/aged wine	13	Origin/Region
4	Point of sale material	9	The distributor	14	Like the taste (Manager/Staff)
5	Tasting support	10	Grape variety	15	Winery staff visit





1	Retail price point	6	Press write ups and features	11	Customer request/enquiry
2	Margin	7	Medals and Awards won	12	Brand
3	Advertising support/contribution	8	Vintage/aged wine	13	Origin/Region
4	Point of sale material	9	The distributor	14	Like the taste (Manager/Staff)
5	Tasting support	10	Grape variety	15	Winery staff visit

Outcome and Conclusion

The project delivered the proposed outcomes. The B2B nature of data collection turned out to be significantly more difficult than the researcher had intended. Whilst allowance had been made, collecting the B2B data from those involved in the decision making did prove to be an extremely difficult task. It was achieved – with a 2 year overrun of time; something to be considered for future research

As shown in Appendix 1, in each market and at each of the exchange points, decision influencers were identified that the wine brand can work with to modify, shape and craft the offer to increase the chance of selling into new customers.

It is anticipated that wineries who look at these results can immediately implement them in terms of modifying their marketing effort or sales approach. Further to this, the CI offers ongoing email and telephone contact (steve.goodman@adelaide.edu.au) for those wineries who seek further information or to ask questions about their specific situation and what the research findings might offer them.

Recommendations

Given the findings (communicated in the papers provided) show that market segmentation gives practical insight into the decision influencers of the wine supply chain and shows how wineries might modify or present their offer to maximise the chance of selling through the recommendation is to replicate this research into other markets – and that this would be best lined up with strategic goals of markets we as an industry are looking to maximise or having problems with.

A further recommendation is the development of a database of the wine supply chain, distributors, on and Off-premise so that we as an industry can collect data quicker that what has been able to be done. Further to that is that communication then becomes possible with decision makers and those who influence decisions along the wine supply chain.

It is also suggested that an exploration be undertaken into the role of social media along the wine supply chain. Whilst work is being undertaken in this area at a consumer level, we have no understanding of the role in the B2B setting – especially on the decision making of wine purchases by on and off premise customer. It might present an area of considerable use to Australian wine marketers.

Further to this, very apparent to the researcher when undertaking the qualitative work is the fact that there is very little investigation of trade behavior in the wine area. Much work is done to understand consumers and yet most business buyers we spoke with were very complimentary relating to the work we were doing to understand their business needs and decisions.

Appendix 1: Communication

The results of each market and each decision point were presented in research papers in Grapegrower and Winemaker. Whilst the research timeline was extended, the data that were collected generated greater depth than anticipated so there was an increase in the total outputs from the research. They are presented here as part of this report

- Goodman, S and Habel, C (2014) 'On-premise: Decision making differences across 3 markets' *Australian and New Zealand Grapegrower and Winemaker Journal*, Forthcoming
- Goodman, S and Habel, C (2014) 'How do Off-premise retailers vary across markets?' *Australian and New Zealand Grapegrower and Winemaker Journal*, May
- Goodman, S and Habel, C (2014) 'Differences of distributor's decisions across the US, Australia and China' *Australian and New Zealand Grapegrower and Winemaker Journal*, June
- Goodman, S and Habel, C, (2013) 'Australian Off-premise: what influences their buying decision?' *Australian and New Zealand Grapegrower and Winemaker Journal*, November
- Goodman, S and Habel, C, (2013) 'Australian On-premise Wine: what influences their buying decision?' *Australian and New Zealand Grapegrower and Winemaker Journal*, September
- Goodman, S and Habel, C, (2013) 'US On-premise wine choice:what influences their buying decision?' *Australian and New Zealand Grapegrower and Winemaker Journal*, April
- Goodman, S and Habel, C, (2013) 'US Off-premise: Why do they buy what they buy?' *Australian and New Zealand Grapegrower and Winemaker Journal*, March
- Goodman, S and Habel, C, (2013) 'What influences US resellers on which winery to represent?' *Australian and New Zealand Grapegrower and Winemaker Journal*, February
- Goodman, S and Altschwager, T, (2012) 'Why Chinese On-premise choose the wines the carry?' *Australian and New Zealand Grapegrower and Winemaker Journal*, October
- Goodman, S and Altschwager, T, (2012) 'What influences the Chinese Off-premise Market Choice?' *Australian and New Zealand Grapegrower and Winemaker Journal*, June
- Goodman, S and Altschwager, T, (2012) 'What influences the Chinese Distributor's choice on what winery to represent?' *Australian and New Zealand Grapegrower and Winemaker Journal*, April
- Goodman, S, (2012) 'What influences a distributor's decision on who to represent?' *Australian and New Zealand Grapegrower and Winemaker Journal*, January
- Goodman, S, (2011) 'What's influencing buyers in China, USA and Australia?' *Australian and New Zealand Grapegrower and Winemaker Journal*, January
- Goodman, S (2011), 'Which winery to represent: what influences the distributor's choice?' *Academy of Wine Business Research,* Bordeaux, France

- Goodman, S, Lockshin, L and Remaud, H (2010)'Where to Shop? The influence of store choice characteristics on retail market segmentation' *Academy of Wine Business Research,* Auckland, New Zealand
- Goodman, S, (2010) 'Purchasing Decisions Along the Supply Chain' *Australian and New Zealand Grapegrower and Winemaker Journal*, February

Appendix 2: Staff

Dr Steve Goodman, The University of Adelaide Business School
Dr Cullen Habel
Teagan Altschwager, PhD Candidate

Appendix 3: Budget reconciliation

Has been submitted online through Clarity

REFERENCES

Agrell, PJ and Norrman, A (2004), 'Understanding supply chain sharing: a three-tier principal-agent approach', in Aronsson, H (ed), NOFOMA 2004, Challenging Boundaries with Logistics, Proceedings from the 16th Annual Conference for Nordic Researchers in Logistics, Linkoping University, Linkoping, Sweden, pp.17-33

Atkin, T and Johnson, R (2010), 'Appellation as an indicator of quality', International Journal of Wine Business Research, 22(1), pp.42-61

Bruwer, J and Wood, G (2005), 'The Australian online wine buying consumer: motivational and behavioural perspectives', Journal of Wine Research, 16(3), pp193-211

Cambro-Fierro, J and Polo-Redondo, Y (2008), 'Creating satisfaction in the demand-supply chain: the buyer's perspective', Supply Chain Management: An International Journal, 13(3) pp.211-224

Cohen, E (2009) 'Applying best-worst scaling to wine marketing', International Journal of Wine Business Research, 21(1), pp.8 - 23

Dewald, B (2008), 'The role of sommeliers and their influence on US restaurant wine sales', International Journal of Wine Business Research, 20(2), pp.111-123

Goodman, S, Lockshin, L and Cohen, E (2005) 'Best: Worst Scaling: A Simple Method for Determining Drink and Wine Style Preferences' 2nd International Wine Marketing Symposium Proceedings, Sonoma

Goodman, S, Lockshin, L and Cohen, E (2008) 'Examining market segments and influencers of choice for wine using the Best-Worst choice method', Revue Internationale des Sciences Sociales –Special Wine Marketing Edition, January

Goodman, S, Lockshin, L, Cohen, E, Fensterseifer, J, Ma, H, D'Hauteville, F, Siriex, L, Orth, U, Casini, L, Corsi, A, Jaeger, S, Danaher, P, Brodie, R, Olsen, J, Thach, L & Perrouty**,** JP (2008a) 'International Comparison of Consumer Choice for Wine: A Twelve Country Comparison' Academy of Wine Business Research, Sienna, Italy

Goodman, S (2009), 'An international comparison of retail consumer wine choice', International Journal of Wine Business Research, 21(1), pp.41-49

Goodman, S (2012a), *Principles of Wine Marketing*, Winetitles, Adelaide

Grunert, K, Tronsden, T, Gonzalo-Campos, E and Young, J (2010), 'Market orientation in the mental models of decision makers: two cross border value chains', International Marketing Review, 27(1), pp.7-27

Hollebeek, L and Brodie, R (2009), 'Wine service marketing, value co-creation and involvement: research issues', International Journal of Wine Business Research, 21(4) pp.339-353

Jacoby, J and Olson, J.C. (1985), 'Perceived quality: how consumers perceive stores and merchandise, Lexington Books, Lexington, M.A.

Jarvis, W and Rangie, C (2002), 'Loyalty towards a well known brand or a well known region? A conjoint approach using actual purchase data.' Proceedings of the 27th World Congress of the International Office of Wine and Vine (OIV), Bratislava

Johnson, R and Bruwer, J (2007), 'Regional brand image and perceived wine quality: the consumer perspective', International Journal of Wine Business Research, 19(4) pp.276-297

Lockshin, L (2000), 'Using involvement and brand equity to develop a wine industry strategy', The Australian Grapegrower and Winemaker, December, pp.47-52

Lockshin, L (2005), 'Wine Australia: a better umbrella?', Australian and New Zealand Wine Industry Journal, 20(3), pp.23-24

Lundin, J and Norrman, A (2010), 'The misalignment cycle: is the management of your supply chain aligned?', International Journal of Physical Distribution and Logistics Management, 40(4), pp.277-297

Newman-Stein-Friedman (2004), 'Branding Sonoma County grapes and wine', unpublished report prepared for the Sonoma County Grapegrowers Association

Papadopoulos, N and Heslop, L (2002), 'Country equity and country branding: problems and prospects', Brand Management, 9(4/5), pp.294-314

Rasmussen, M and Lockshin, L (1999), ‘Wine choice behaviour: the effect of regional branding’, International journal of Wine Marketing, 11(1), pp.36-46

Sinapuelas, I and Sisodiya, S (2010), ‘Do line extensions influence parent brand equity? An investigation of supermarket packed goods’, Journal of Product and Brand Management, 19(1), pp.18-26

Spence, M and Essoussi, L (2010), ‘SME brand building and management: an exploratory study’, European Journal of Marketing, 44(7/8), pp.1037-1064

Svensson, G (2003) ‘Consumer driven and bi-directional value chain diffusion models’, European Business Review, 15(6), pp.390 - 400

Thode, S and Maskulka, J (1998), ‘Place based marketing strategies, brand equity and vineyard valuation’, Journal of Product and Brand Management, 7(5), pp.379-399

Tipples, R (2010), ‘Wine supply chain breaks: New Zealand wines from Cottesbrook, Canterbury’, International Journal of Wine Business Research, 22(2), pp.148-163

Tustin, M and Lockshin, L (2001), ‘Region of origin: does it really count?’, Australian and New Zealand Wine Industry Journal, 16(5), pp.139-143

Veale, R and Quester, P (2009), ‘Tasting quality: the roles of intrinsic and extrinsic cue’, Asia Pacific Journal of Marketing and Logistics, 21(1), pp.195-207

Zsidisin, G and Ellram, L (2003) An agency theory investigation of supply risk management’, The Journal of Supply Chain Management, 39(3), pp.15-27