Wine Australia Vintrospectives Trade Discussion Report

May 6, 2015

TABLE OF CONTENTS

© 2015 Wine Opinions. All Rights Reserved.

INTRODUCTION

Wine Opinions is an Internet-based research company focusing on the attitudes, behaviors, and taste preferences of the segment of U.S. wine drinkers who are the most frequent purchasers and consumers of wine. To this end, Wine Opinions maintains one of the largest online panels of highly involved wine consumers ever assembled. Wine Opinions also maintains a U.S. wine trade panel that includes wine producers, growers, importers, distributors, those who work on-premise and off-premise, members of the wine media, and others.

In addition, Wine Opinions uses a hybrid form of online discussion groups called Vintrospectives for qualitative research with targeted respondents of interest to clients of Wine Opinions. This methodology allows participants to comment on discussion topics and interact both with one another and with the Wine Opinions discussion moderator.

Wine Opinions conducted two Vintrospectives discussion groups among members of the U.S. wine trade for Wine Australia with a focus on issues deemed to be of greatest importance to the further growth of Australian wine on the U.S. market. This report summarizes the results of this Vintrospectives discussion group.

© 2015 Wine Opinions. All Rights Reserved.

OBJECTIVES, METHODOLOGY, & PARTICIPANTS

Wine Opinions conducted two Vintrospectives discussion groups among members of the U.S. wine trade for Wine Australia, one comprised of off-premise members of the trade and the other was comprised of on-premise members of the trade. Discussion participants discussed:

- ✓ Current consumer trends that influence the wines they sell or represent
- ✓ Trade events that have impressions on them or resulted in wine placements
- ✓ How their Australian wine sales have changed in the past year and successful Australian wine introductions they have experienced
- ✓ Australian wines they think have the most opportunity for growth on the U.S. market
- ✓ Their opinion of Australia’s top competitors
- ✓ Any changes in trade perceptions of Australian wine they have observed
- ✓ Factors they believe would help Australian wines gain share of market in the U.S.

Vintrospectives discussion participants were drawn from trade respondents who participated in the Year 1 Wine Australia quantitative trade survey, sell or represent Australian wine, and volunteered to participate in a Vintrospectives group. Qualified participants who work in the off-premise channel or are distributors or importers who primarily serve the off-premise channel were assigned to the off-premise Vintrospectives group, and those who work in the on-premise channel or are distributors or importers who primarily serve the on-premise channel were assigned to the on-premise Vintrospectives group.

Both discussion groups took place over the three days from April 13th through April 15th, 2015 and included ten participants. The makeup of these two groups is detailed in the following tables.

© 2015 Wine Opinions. All Rights Reserved.

Wine Australia Off-Premise Vintrospectives Discussion Group

Username	Position	Company	Geography
JoshuaM	Area Manager, General Market Merchandising Division	Sothern Wine & Sprits of California	Northern California
MarkL	Owner	Franklin Liquors	Massachusetts
DickH	Wine Sales and Customer Service	Wegman’s Supermarkets	Boston
GregT	Manager, Social Media	Total Wine & More	National, based in Maryland
DaveT	Sales Representative, Fine Wine Team	Southern Wine & Spirits	Oregon
JamesB	Wine Manager and Buyer	Spec’s Liquors and Fine Wines	Texas
DawnL	Inventory Specialist	Sherry-Lehmann	New York City
RodolpheB	Wine Manager	FreshDirect	New York City
CarlD	Director of Purchasing/GM	Vino!	San Francisco Bay Area
JeffreyD	Wine Team/Sales	Gary’s Wine and Marketplace	New Jersey

© 2015 Wine Opinions. All Rights Reserved.

Wine Australia On-Premise Vintrospectives Discussion Group

Username	Position	Company	Geography
TimothyE	GM & Sommelier	Chops Lobster Bar	Florida
ArgyleW	Floor Captain & Sommelier	Commander's Palace	New Orleans
MarcU*	National Wine Sourcing Manager	Vino Volo	National Wine Bar Chain
PatrickM	Sommelier	The Battery	San Francisco
JonD	Director of Purchasing	Empire Merchants	New York Metro
VanessaA	Sales Representative	Johnson Brothers of Wisconsin	Wisconsin
TimR	Beverage Director	Bagby Restaurant Group	Baltimore
BrentG	Complex Director of Bars & Restaurants	Starwood Hotels	Kansas City
SophieO	Wine Director & Head Sommelier	The Blue Star	Colorado
JohnW	Sommelier	Hakkasan/Viognier	San Francisco

*Also a member of Wine Australia's VIP trade list

© 2015 Wine Opinions. All Rights Reserved.

KEY LEARNINGS

- ✓ Consumer interest in red blends is a trend influencing both off- and on- premise channels. Red blends represent an opportunity for Australia beyond GSM, in the opinion of the trade. They see opportunity in branded red blends similar to successful branded California red blends.

- ✓ Discussion participants also noted increased consumer interest in sweeter wines, Prosecco, and Malbec.

- ✓ Sometimes the trade attends tastings and other wine events with a particular goal in mind – a “hole” in their list or portfolio to fill for example. However, some use the opportunity to gather information about wines they may find a need for in the future; to gather “stories” from winery representatives to help them sell particular wines; or to catch up with peers, producers, and suppliers.

- ✓ There have been modest increases in wine sales for a few on- and off-premise respondents, but all in all, changes in Australian wine sales have been mixed. Flat sales and little movement is attributed in some cases to a decrease in consumer interest in lower-end Australian wine, coupled with a lack of consumer awareness of higher-end Australian wines.

- ✓ Factors that contribute to a successful Australian wine introduction can include a sales force that is behind the wine, high ratings from critics, promotions, stories or interesting information about the wine that can serve as a sales tool, partnering with a distributor to build the brand, or partnering with someone from the winery to promote the wine.

- ✓ The best way to get the trade behind a wine is contact with the winemaker or key representative from the winery. Moreover, a personal connection between trade and consumer also greatly benefits wine sales.

© 2015 Wine Opinions. All Rights Reserved.

- New Zealand is one of Australia's greatest competitors due to its location. Spain, the Rhone, and the South of France compete with Australian Shiraz, Grenache, and red blends. California red blends compete with Australia's red blends, and Washington Syrah with Shiraz. Malbec is viewed by many as the new Shiraz. South America, Spain, France, Argentina, Chile, California, and Washington all compete with Australia on value.

- The most notable change in trade perceptions of Australian wine observed by the trade is the view that Australia is moving away from being only a producer of value wines primarily in a single style, and instead becoming a country that also produces unique and varied wines that are higher in quality and reflect terroir.

- Despite acknowledgement among the trade that Australian wine styles are changing and Australian regions producing quality wines are gaining awareness, few have had the opportunity to taste many of these wines. Moreover, the knowledge among the trade that there are Australian wines of high quality doesn't typically translate into new placements. Many haven't been compelled to seek out Australian wine. Contributing is a perceived lack of consumer demand.

- Not only does more work need to be done to get higher quality Australian wines into the hands of the trade, news of these wines has not yet reached the consumer. Meanwhile, heavier style wines and value wines are still prolific in the market, having the greatest share of mind.

- Off-premise respondents see more opportunity for Australia in the over $15 price category than the under $15 price category. On-premise respondents see more opportunity for Australia in the over $10 by-the-glass category than the under $10 by-the-glass category. However, in this higher by-the-glass price category, there are the challenges of pricing limitations and consumer acceptance.

© 2015 Wine Opinions. All Rights Reserved.

- ✓ To gain market share in the U.S., the opinion of the trade is that Australia should focus on:
    - Red blends, cool-climate wines, and varietals other than Shiraz
    - Promoting its growing regions
    - Wines that are more balanced, food-friendly, and lower in alcohol
    - Continuing to work to change trade perceptions of Australian wine and getting the wines that exemplify Australia’s high quality and unique offerings into the hands of the trade
    - Investing in the promotion of Australia’s small producers
    - Partnering with an Australian wine advocate
    - Reaching out to the on-premise channel, as the belief is that this information will trickle down to retailers

© 2015 Wine Opinions. All Rights Reserved.

OFF-PREMISE DISCUSSION PARTICIPANT BACKGROUNDS

JamesB: Works for Spec's, a family owned liquor and fine wine retail chain with over 180 stores in Texas. He is a regional wine manager and buyer, as well as a Certified Wine Educator and Certified Sommelier. Spec's carries an extensive Australian portfolio.

JeffreyD: Works for Gary's Wine and Marketplace in New Jersey, which carries Australian wines at a broad range of price points. He has been in the wine business since 1987, starting in retail, and worked in the wholesale side of the business for 25 years in New York City.

DawnL: Currently works for Sherry-Lehmann, a fine wine retailer in Manhattan that carries many wines from Australia. She has worked in the wine industry in both retail and public relations for over a decade.

DickH: Works in the wine and spirits department of a Wegman's grocery store in the Boston area. He is involved in everything from answering customer questions to stocking shelves. Wegman's sells Australian wine at a variety of price points.

RodolpheB: Is the wine buyer for FreshDirect, an online supermarket in New York City. He's been involved in wine direct marketing for a dozen years and has experience working for an importer. FreshDirect carries a few wines from Australia.

JoshuaM: Works for Southern Wine and Sprits in the sales merchandiser division. He oversees over 50 reps in Northern California.

GregT: Has been with Total Wine & More for 14 years, and is currently directing their social marketing programs at the corporate level. He has previously been responsible for all internal team member training for wine, beer, spirits, and cigars. Total Wine & More has a long history of selling Australian wines from everyday to super-premium.

DaveT: Works for Southern Wine and Spirits in Oregon with responsibility for sales in key accounts and supplier relations.

CarlD: Is the buyer and general manger for Vino! which has four retail stores in Oakland, Berkeley, and

© 2015 Wine Opinions. All Rights Reserved.

San Francisco. He has been in the wine business for 40 years. Vino! sells a small number of Australian wine SKUs.

MarkL: Is the owner of Franklin Liquors in Franklin, Massachusetts. He is a Certified Specialist of Wine and a Sprits Specialist. He also is a California Wine Appellation Specialist, certified by the San Francisco Wine School.

© 2015 Wine Opinions. All Rights Reserved.

ON-PREMISE DISCUSSION PARTICIPANT BACKGROUNDS

TimothyE: Is the General Manager and Sommelier for an upscale steakhouse in Boca Raton, Florida. His wine list includes 75 Australian wines.

BrentG: Is the Complex Director of Restaurant and Bars for a Westin and Sheraton hotel in Kansas City. He is a Certified Sommelier that oversees three wine lists. Two of his lists include Australian wines.

TimR: Is the Beverage Director of a five-restaurant group in the Baltimore area that range from fast casual to a farm-to-table restaurant. The two restaurants with the largest wine lists offer a few Australian wines.

JonD: Directs the supply chain and manages an inventory of 5000+ wines for a large distributor in metro New York that currently represents more than 18 Australian wine brands. He has over 35 years of experience in the wine industry.

PatrickM: Is a sommelier at a private club called The Battery in San Francisco that carries some Australian wine. Much of his experience is due to a 10-year stint at a San Francisco Bay Area steakhouse. He passed his advanced exam with the Court of Master Sommeliers in the past two years.

ArgyleW: Is a Certified Sommelier and the Floor Captain at Commander’s Palace in New Orleans. He has been working in the restaurant field in various capacities for 38 years. Commander’s Palace carries wines from all over the world, including Australia.

JohnW: Is a Certified Sommelier and has an Advanced certificate from Wine & Spirits Education Trust. He works for two restaurants in San Francisco and has experience running wine programs at hotels and restaurants. All of his wine lists include Australian wines at both ends of the price spectrum.

SophieO: Is the Beverage Director and Floor Sommelier at The Blue Star, a wine-centric restaurant in Colorado Springs. In addition to being responsible for all purchasing, costing, and inventory, she trains staff and executes monthly wine dinners. She is certified by the Court of Master

© 2015 Wine Opinions. All Rights Reserved.

Sommeliers and will be sitting for the advanced course this summer.

VanessaA: Currently works for a distributor as a Sales Representative in Wisconsin that represents a handful of Australian wines. She has held buyer, beverage manager, and restaurant/bar manager positions in the hospitality world for the past 15 years and has sat with the Court of Master Sommeliers for her certification.

MarcU: Is the National Wine Sourcing Manager for Vino Volo airport wine bars, which feature Australian wines on their wine lists. He has been in the hospitality field for over 22 years, moving from chef to the front of the house.

© 2015 Wine Opinions. All Rights Reserved.

CONSUMER WINE PREFERENCE TRENDS

What current trends in consumer wine preferences influence the wine types, price segments, and countries or regions of origin you sell or represent?

Many of the responses to this question from discussion participants reflected not only the channel they work in, but the type of organization they work for, and their market. The only wine trend mentioned by both groups was consumer interest in red blends.

Off-Premise Discussion Group

Three off-premise respondents mentioned consumer interest in red blends. One of these discussion participants has a bias toward classic European blends and away from new world brands. One specifically reported their customers are interested in red blends from California.

> *“The Red blend category has been on fire in the last 6 months as more and more wineries are making blends to please consumers. I always try and steer customers to regions of the world where red blends have existed for a long time; specifically, Southern Rhone/Southern France, Bordeaux, Spain and Italy. Though we sell ‘brands’ I always emphasize to customers that part of what they pay for when they buy a brand is the cost of the marketing and advertising. Therefore I opt for smaller family owned and run estates, where the consumer doesn’t pay for that marketing.” JefferyD, Off-Premise, NJ*

Among types of wine and varietals mentioned in this context were inexpensive Washington reds, value reds from Spain, wine from California, California Pinot Noir, Malbec from both Argentina and France, and New York State wines (by a New York wine merchant). These were only mentioned by one respondent each.

There were a number of trends also brought up by the off-premise trade discussion participants, also only mentioned by one respondent each. These included an interest in alternative packaging, imports among the younger generations, wines tried on premise, and organic wines.

> *“We are starting to see real interest in boxed wines and other forms of packaging.” RodolpheB, Off-Premise, NYC*

© 2015 Wine Opinions. All Rights Reserved.

“We see a lot of more esoteric wines (Gavi or Picpoul for instance) being introduced to customers through restaurant by-the-glass lists, and they come to the store and ask for them.” GregT, Off-Premise, National Retailer

“A big trend for us is the organic section. We stock several from California, but there are a couple from Spain and Argentina that do very well. I would like to see more producers go that route, or expand on their definition of ‘sustainably farmed.’” DickH, Off-Premise, Boston

Popular price segments were brought up by a few discussion participants. Two mentioned they have experienced an increased interest in wine around the $30 price point, and two others in wine around the $15 price point. Value was described as always “trendy.”

“Price segments are all over the place. However, there is growing interest in wines in the $30 range. Whether our clients are looking for value or to expand their budget, the $25 to $40 range is really taking off.” DawnL, Off-Premise, NYC

“New Zealand Sauvignon Blanc is super hot in the $12 to $17 price range on whites. Pinot Noir is still growing very strong in the $12 to $17 range on the red side of things.” RodolpheB, Off-Premise, NYC

“We’re always looking for value for the money. Customers are increasingly agnostic to where the wine is from as long as it’s between the $9 to $15 price point…There’s tremendous value in the red and white wines from the Languedoc, and Grüner is also growing as a popular white. Customers are also increasingly willing to spend a premium (>$30) if there’s a compelling story behind the wine, and of course, if the wine is delicious. This takes additional staff training so they can hand-sell these items.” GregT, Off-Premise, National Retailer

On-Premise Discussion Group

Besides red blends, consumer trends cited by on-premise respondents differed those noted by off-premise respondents. Mentioned by multiple on-premise discussion participants was consumer interest in sweeter wines like Moscato. There were also conflicting comments about Riesling – it either played into customer’s increased interest in sweeter wines at some establishments, or it was mentioned as a hard sell at establishments where consumers tend to be sweet-adverse.

“The trends that I have been seeing a huge growth in are the sweeter wine segments. Those included Moscatos, Rieslings, anything that has a higher residual sugar content.” TimothyE, On-Premise, FL

© 2015 Wine Opinions. All Rights Reserved.

“Origins don’t seem to matter so much as the sweeter flavor profile and value price range.” JonD, Distributor, New York Metro

“I often can’t sell Riesling out of fear that it is sweet, and dessert wines are always a tough sell.” PatrickM, On-Premise, San Francisco

There were also a few who acknowledged an increased interest in dry Riesling. However, few participants have seen this trend result in sales.

“I also see an interest in dry Riesling…which gives me the opportunity to buy and introduce Clare Valley Riesling soon.” SophieO, On-Premise, CO

“Dry Riesling is just gaining mainstream notice; a lot of people assume it will be sweeter and will pass – and the same goes for rose wines. They’re both a bit of a difficult sell, although people do enjoy them if they go along with me. (This also makes for more trust, which in turn comes to better sales down the road.)” ArgyleW, On-Premise, New Orleans

“Sadly, as others have noted, it is true: Riesling is a tough sell. We do decently with the category but only because of the passion of our teams for this varietal and the massive amount of training, effort, and promotion we give the varietal. Surprising even me, rosé sales have been tenuous. I always hear about others doing so well with the category and wonder why I’m not.” TimR, On-Premise, Baltimore

Discussion participants have found Prosecco to be the go-to sparkling.

“Prosecco – not Cava, at least for me – has become the lower-end by-the-glass standby.” TimR, On-Premise, Baltimore

“Prosecco over cava any day of the week, I would also run a true Champagne as well as a higher end offering, but inevitably Prosecco would win. I attempted to run Moscato by-the-glass instead of the Prosecco, but I had more waste than it was worth.” JohnW, On-Premise, San Francisco

“Prosecco is becoming an increasing request from our customers.” ArgyleW, On-Premise, New Orleans

“People will often ask for a glass of Prosecco without looking to check if we offer it by the glass (we don’t), but are generally fine with Cava, leading me to believe they really want an inexpensive sparkling wine above all else and Prosecco just happens to be their shorthand for that.” PatrickM, On-Premise, San Francisco

The only red varietal to be mentioned multiple times was Malbec.

“Malbec has solidified its role as many consumer’s go-to red, particularly in on-premise sales.” TimR, On-Premise, Baltimore

© 2015 Wine Opinions. All Rights Reserved.

“Malbec requests have grown over the last year or so as well; apparently the new fad replacing Merlot by the glass.” ArgyleW, On-Premise, New Orleans

There was one mention of the demand for Sauvignon Blanc at the expense of Pinot Grigio.

“Sauvignon Blanc sales explode during warmer weather but are strong all year. Pinot Grigio is hanging in there, but sales have dropped relative to other categories in the past two to three years.” TimR, On-Premise, Baltimore

As among off-premise discussion participants, some on-premise discussion participants also mentioned red blends. One of these respondents sees this as an extension of a preference for a particular varietal found in the blend.

“The trend towards red blends is an evolution of the above comment [increase in customer wine knowledge and decrease in role origin plays in choosing a wine]. Once a consumer is comfortable with a varietal they become more willing to see that grape as part a blend – and even willing to accept unidentified blends if the story and QPR are compatible with their standards.” MarcU, On-Premise, National Wine Bar Chain

“I have also noticed that many tastes in my area are still geared to enjoy approachable reds such as The Prisoner. Domestic Cab, Pinot Noir, and red blends still dominate, so we cater to that trend, but Italian reds that guests can get at a value are gaining popularity as well.” SophieO, On-Premise, CO

There was some discussion surrounding popular price points. Around $60 was pinpointed as the threshold for those trying a new wine by two respondents, and as the midpoint of the typical preferred price range by another.

“People are willing to explore a new wine region or grape variety at under $60, but over that will stay pretty mainstream.” PatrickM, On-Premise, San Francisco

“Guests are more willing to explore, particularly when a wine is recommended. The recommendation section of our lists have been key to selling wines from the Jura, Corsica, Switzerland, Ribeira Sacra, Lebanon, red Loire, etc. Like Patrick noted, most exploration tops out at a certain price point. His number of $60 is in the ballpark of where I found that cap to be.” TimR, On-Premise, Baltimore

“Although we have a very low mark-up in comparison to most wine programs in the United States, most guests stick to the $40-$75 range when buying bottles…many of which are available for half price on Sundays.” SophieO, On-Premise, CO

Other consumer trends that contribute to the choices made to carry a particular type of wine was

© 2015 Wine Opinions. All Rights Reserved.

based on style. In the experience of a few discussion participants, consumers are looking for more “moderate” wines. In another’s experience, consumers continue to seek out wines on both ends of the style spectrum - either big, bold wines, or lighter, crisper wines.

> *“In general, I find that people are looking for lighter and more elegant wines with good acidity or they are continuing to look for big, bold red wines. I see very little middle ground.” PatrickM, On-Premise, San Francisco*

> *“The value placed on a wine’s body, richness and power has greatly diminished. More and more guests seem to seek out – and enjoy – wines of moderation and balance.” TimR, On-Premise, Baltimore*

> *“People seem to be moving away from the huge blockbuster wines, into wines of more finesse and elegance. They still prefer their fruit, but not all the fruit all the time.” JohnW, On-Premise, San Francisco*

One respondent described an increase in consumer knowledge of wine and a decrease in the importance of where wines come from as a guide for choosing wines his national wine bar chain will feature.

> *“The most significant trend affecting our selections is the education of the consumer. As they grow in knowledge it is easier to break the mold of wines they have been buying. It also demands that the price be justified, as QPR is evermore a consideration when consumers have a broader experience for comparison. The story behind the wine is also critical for Vino Volo and I believe a continued trend that will be becoming more prevalent. Consumers want to know more about a wine than just what it tastes like. I’ve found that regional origin plays a significantly smaller role in choosing a wine. For instance people are just as willing to drink a Chardonnay from Australia as California. It is the varietal that they look for – and then the style. When guided by a knowledgeable salesperson, consumers are very open. So in the last couple of years we have opened up many of our menu slots to regions previously banned, and giving wines from those regions and equal opportunity at placement.” MarcU, On-Premise, National Wine Bar Chain*

© 2015 Wine Opinions. All Rights Reserved.

TASTINGS & EVENTS

Thinking of all of the wine tastings and events you have attended in the past year, what single event made the most impression on you and led to you adding a new wine or wines to your portfolio or wine list?

Specific events mentioned were diverse. Only *Tre Bicchieri* was named by more than one discussion participant. It was brought up three times.

> *“With the exception of Tre Bicchieri, I rarely attend outside tasting events. Tre Bicchieri is very large, and I spend half my time tasting, and the other half catching up with winery principals, reps, and other buyers. I often find a few wines to add to our SKUs, based on quality/character, uniqueness, price and need. I find it very helpful having so many producers in one place; it gives me a general feel for current varietal trends and winemaking styles in many different appellations.” CarlD, Off-Premise, San Francisco Bay Area*

> *“The Tre Bicchieri tasting was tremendously informative in that it showed over 200 wines from all regions of Italy. This did not necessarily lead me to add items but it did point out the wide variety of styles of wines available from that country. It also made me wonder why other countries do not capitalize on a similar approach to showcasing the diversity of their wines from different regions (just not in the same context as this one with publication-driven awards).” JonD, Distributor, NY*

Other tastings and events were only called out by name by one respondent each and are detailed below.

Wine Experience in New York City

> *“The Wine experience in NYC last October. I saw the best and the worst of the California wine business. The best was shown by the 1994 Ridge Montebello cabernet. The worst was epitomized by the 2012 Caymus 40th Anniversary Cabernet.” JeffreyD, Off-Premise, NJ*

New Wines of Greece

> *“New Wines of Greece does a stunning job pairing wine with outstanding food. Sometimes events can fail when the food is so terrific it’s all you can remember. The wines were fantastic and all of them showed really well. Every table had either the winemaker or a direct vineyard rep at the table. I really learned a phenomenal amount about the wines. Each table had a map. You were able to taste wines from a variety of regions and compare/contrast varietal character between regions. It was a really slick tasting.” DawnL, Off-Premise, NYC*

© 2015 Wine Opinions. All Rights Reserved.

The Vancouver International Wine Festival

> *“There was such a concentration of Australian wines and wines that highly over delivered at price points that are striding in to the main stream of consumer purchasing. Australian wines will again be including in our tasting panels and I expect will perform at the top. We are actively pursuing to hold an Australian Wine Month feature in all of our locations this year.” MarcU, On-Premise, National Wine Bar Chain*

VDP Tasting in Mainz

> *“Last year I attended the VDP tasting in Mainz. It was massive with probably two thousand wines being poured by hundreds of producers. While not everyone’s cup of tea – certainly its hard to focus on individual wines in such a setting – it gave ample opportunity to come across new things and led to many German placements on my lists.” TimR, On-Premise, Baltimore*

Other events mentioned in a positive light were a multi-producer Italian event put on by IEEM, a CIVC event, and a few portfolio tastings organized by wholesalers.

> *“I was really impressed with the portfolio of Favorite brands. A well-versed medley of Burgundy, Bordeaux, and others from France, Italy, Spain and USA. A slew of premier producers are in their fold.” JamesB, Off-Premise, TX*

> *“Last year I attended a Classic Wines portfolio tasting in Denver. This event inspired me to fill a few ‘holes’ in the list. By ‘holes’ I mean super obscure, but not necessarily extravagantly expensive list builders (to look good for the holidays), edgy labels that appeal to a younger demographic. I find that I personally have a hard time focusing on one category or one particular area of the world when shopping.” SophieO, On-Premise, CO*

One respondent noted his preference for events with seminars associated with them. Examples of successful events in this style were an Australian and a Spanish event. This respondent also mentioned increased placements due to attending “Sherryfest.”

> *“Wine tastings with limited seating seminars before are normally the best for information and therefore lead to more placements. There was an Australian tasting ‘Come Wine with Us,’ or something like that which was great, but more reinforced the placements we had rather than generating new placements. The same for the Spanish ‘Grand Pagos’ tasting earlier this year. Often times meeting the importer is very helpful. We gained a lot of sherry placements after San Francisco’s ‘Sherryfest,’ which was a multi-day, multi-venue celebration of sherry. We always pick up a few placements if we host an event for a producer, of course.” PatrickM, On-Premise, San Francisco*

For some respondents, tasting events are not useful in terms of adding products. One tastes flights in

© 2015 Wine Opinions. All Rights Reserved.

his office in the style of a wine publication. Another advocates tastings at the store with winery representatives. The impact of tasting wine with the winemaker was particularly emphasized.

“Tastings by reps in store are a much better way to truly evaluate wines. Portfolio tastings tend to be too large and after a while one experiences palate fatigue. Also there is too much socializing, crowding and noise at trade/portfolio tastings.” JeffreyD, On-Premise, NJ

“We recently had a [representative] from Gaja Winery in Piedmont, Italy visit us. She provided much insight into the vineyard practices that they instituted in an effort to produce optimal grapes for the style of wine they want to make. She also spoke about the culture of winemaking in Italy and how it differs from the United States.” DaveT, Distributor, OR

“I rarely attend outside tasting events. I am visited by winery and distributor/broker reps daily. The presentations by knowledgeable winery reps, especially from overseas (often winery principals) are extremely informative, and generate much enthusiasm among the staff for the wine(s) I decide to purchase.” CarlD, Off-Premise, San Francisco Bay Area

“From a distributor sales side perspective, it’s always beneficial and influential when suppliers or even on the rare occasion the actual winemaker introduces us to their products. Personally I’m always on the lookout for ‘the next best thing’ at an attractive price that is appealing to on premise buyers for their wine lists. This year my most influential, and unforgettable tasting was with Washington State winemaker Charles Smith. I think it’s helpful when presenting products to buyers to have that personal experience.” VanessaA, Distributor, WI

Factors most important to making wine buying decisions in the opinion of the respondents included quality vs. price, availability, a story to help make a “connection,” whether and how easily the wine can be sold, profitability, and filling a stylistic or price-related “hole.”

“Price is certainly a factor. I feel that we are also in an age where people want a ‘story’ about the wine or spirit. Someone or something connected to it. Something they can relate to. That seems to be drawing a lot of people in these days. I guess in the end the wine seems more personal.” JoshuaM, Distributor, Northern CA

“The most important factor is – can I sell it? It doesn’t even matter how much I personally like a wine – how can I market it? How can I push it? Who would I target in an e-mail blast? Quality/price ratio is important, but so is an audience. If it’s the best tasting wine in the world at $15 – how much convincing do I need to do – is this a hand sell or will it move on its own? How much marketing do I need to do? Do I need to feature the wines in ads or do I need a spread for it in our catalog? Do I want it taking up real

© 2015 Wine Opinions. All Rights Reserved.

estate on the shelf? Do I need to get a rep in to do a tasting for the store staff or for our clients? How much time and energy do I want to invest in a new wine?” DawnL, Off-Premise, NYC

“Out of all the tastings I have been to, I always keep to whether the wines meet the criteria I have for my list(s). Does it make sense on the list? Can I sell it by the glass? Will my customer buy it on their own or will it require the staff to sell it? How does it compliment the menu? What relationship do I have with the seller?” BrentG, On-Premise, Kansas City

“I consider whether it makes sense to add it to my list. Do I need another particular wine at that price point? Do I have a style of that particular varietal already? Is the price point where I need to fill a hole? Have I tried the wine?” TimothyE, On-Premise, FL

“When adding new wines to my lists I look for three things, all of which share about equal importance. (1) Applicability to the menu/concept. (2) Ease of sale. Hand-sells are great. They promote interaction with guests and allow my team to introduce new wines that guests might never have heard of. But you can’t have an entire list of handsells unless you have a tiny restaurant or enough money in your labor budget to hire a small army of sommeliers. So I try and balance between things guests will order on their own and lesser-known things that the staff has to sell bottle by bottle. (3) Profitability. Everyone has to pay the bills. If I can squeeze a few extra dollars out of wine, I am going to do it.” TimR, On-Premise, Baltimore

“There are several factors I consider when adding a wine: Does it fill a whole hole in: A) Price Point (for high end, or future by the glass), B) Style, C) Region, D) Producer, or last, E) is a damn good wine that I love and want to sell. If a wine fits several of those, it will most likely end up on my list at one point or another. When I am going to tastings, I am trying to keep these in mind, as well as also socialize and talk to other buyers and friends. When looking for by the glass, I try to plan well out, I normally run a wine for four months and switch it out to keep things fresh and new.” JohnW, On-Premise, San Francisco

There were some interesting comments on what goals discussion participants have when attending a large tasting and the advantages of attending beyond finding wines to immediately add to their portfolio.

“I also use trade tastings to connect with other retailers and writers to see what interests them. Just because Sherry-Lehmann is doing well with American wines, doesn’t mean that the store down the block is selling the same goods. It’s a time to exchange notes and see what the New York market is like as a whole.” DawnL, Off-Premise, NYC

“Walking into a tasting I would rather not know the price on anything. I want to get the consumers point of view

© 2015 Wine Opinions. All Rights Reserved.

because after all, that’s what matters. I look at the bottle, label, characteristics, color when poured, smell and all of that. After tasting and finding out some info on the history, ratings, recent reviews then get the price. Is this a good value, overpriced, etc. Basically is it something I can get behind and be passionate about and will it have a chance to sell?” JoshuaM, Distributor, Northern CA

“I try to make it to as many trade tastings as possible, as this often be the only chance for me to try many of these wines. I take notes and file certain producers to follow up on. I very rarely immediately put wines on the list from these tastings, but will often bring them on in time as the budget permits.” JohnW, On-Premise, San Francisco

© 2015 Wine Opinions. All Rights Reserved.

CHANGES IN AUSTRLIAN WINE SALES

Please describe how your Australian wine sales have changed in the past two years. What is the reason for that change?

In the on-premise arena, there have been increases in Australian wine sales, but sales increases by varietal were mixed. Chardonnay has increased for some, others have been selling more GSM and Shiraz, while still others have seen decreases for GSM and Shiraz.

> *"My sales in Australian wines has grown slightly. For several years, sales were stagnant, this was due to the over saturation of inexpensive wines, with kitschy names to the U.S. market. I have spent the past year, introducing my staff to more boutique, and some well known producers, through wine tastings, and classes on the different wine making regions." TimothyE, On-Premise, FL*

> *"Sales have been up on the higher tier items and down on the value lines. The latter is probably true across all such brands. The growth is partly due to better press/higher rankings of some items, but in general there is beginning to be more interest in items that have a unique origin (i.e. single or historic vineyard)." JonD, Distributor, New York Metro*

A few off-premise discussion participants have experienced expansion in the lower price ranges ($10 – 20 and $8 - $12, for example). One mentioned movement away from "critter" wines toward wines of higher quality in this price range. The other, at a Northeastern grocery store, noted that [yellow tail] is still their biggest seller.

> *"We are expanding our Australia section and have brought in a some new lines, for us, and expanded some other lines Yalumba, Mollydooker, Greg Norman for example. Again, a lot is dictated by corporate and most of the new stuff is middle of the road from known producers. A couple are in the $30-$50 range, but most are $8-$12. Most customers don't know the various growing regions and their wines. Hopefully, we will sample customers on these new products and thus educate them as to what they like or don't like." DickH, Off-Premise, Boston*

> *"There has been a dwindling of 'critter' wines on the market with a focus on quality in the $10-20 range. I think it's a great trend, although less SKU'S the focus on quality is giving credibility to a damaged and branded market." JamesB, Off-Premise, TX*

© 2015 Wine Opinions. All Rights Reserved.

A few off-premise respondents see Australian wine coming back. Australian cold climate wines were mentioned as possibly aiding this transition. One discussion participant believes Australia's cooler-climate wines can supplant New Zealand wines as their prices rise.

> *"The pendulum has swung back in terms of Australia. I think many consumers have grown tired of the thick, soupy style of Barossa Valley Shiraz that dominated the US market for many many years. I have always been more of a fan of cool climate wines from Australia: Western Australia, McClaren Vale etc. I think there are better wines coming from Australia now, but as a category they still have a way to go." JeffreyD, Off-Premise, NJ*

> *"New Zealand is hard to beat. Their wines are climbing in price, which is leaving a wide-open space for some moderately priced cool climate Aussies to jump in. The Barossa reds are not what consumers are looking for any longer." DawnL, Off-Premise, NYC*

There was talk of flat sales due to less interest in lower-end Australian wine, coupled with a lack of awareness of higher-end Australian wines, especially among off-premise respondents.

> *"In our part of the country Australian wine sales are flat at best. While there is a sprinkling of high-end boutique wineries the vast majority of wine being sold are low end, high volume established brands that have been discounted to a lower price point to maintain sales volume." DaveT, Distributor, OR*

> *"Our Australian wine sales could be better; customers have grown fatigued with the low-end wines and many are unaware of the options available with just a few dollars more spend. Customers are generally unfamiliar with the differences between the winegrowing regions in Australia making it more time intensive to explain at the shelf. There's a need for consumer education, and compelling brands above the $10 price point." GregT, Off-Premise, National Retailer*

> *"Our Australian wine sales are pretty meager. Often, when a customer asks for Australian wine, they are Australians visiting the Bay Area, or have recently traveled to Australia. I think many customers know that there are many interesting Australian wines out there, but mostly see the big, commercial brands. It is much easier to sell a customer a $20 bottle of Alto Adige Kerner than a cool climate Australian Chardonnay." CarlD, Off-Premise, San Francisco Bay Area*

A New York City online grocer sees Australian wine sales waning and former Shiraz drinkers moving on to Malbec. A sommelier attributes a decline in Australian wine sales to lower-end Australian wine's reputation. Another respondent thinks Australian

© 2015 Wine Opinions. All Rights Reserved.

and New Zealand wine consumers lack the loyalty that French wine drinkers, for example, display.

“Australian wine sales continue to lag behind the growth of other New World regions. The critter wine phenomenon has pretty much exhausted itself. Those customers have moved on to branded varietal wines from elsewhere. We see a lot of the old inexpensive Shiraz drinkers at their new home – Malbec. We sell very little Australian wine over $20 and see virtually no demand for things like Yalumba or Mollydooker amongst our supermarket clientele.” RodolpheB, Off-Premise, NYC

“Australian sales are off for us compared with last year and the year before that. I think this is due in part to fad mentality – while there are great Australian wines available (and we carry a bunch), the common perception is tinged by Yellowtail! and other mid-to-lower-shelf wines. It’s a bad perception, but nonetheless real. This has no bearing on the top-shelf wines, of course, but it hurts the rest.” ArgyleW, On-Premise, New Orleans

“I think the market is very mixed. Most wine drinkers seem to go more towards the red blends currently. You tend to see a ‘following’ for French wines or wines from specific regions. I’ve never really noticed that with Australian/New Zealand wines. People try them and move on unless they know they like them. I myself am a fan of most New Zealand whites. I like that crisp refreshing style or the lingering notes. I agree that the critter days are gone. I think the clientele need something to connect with about the history of the wine. Something that engages interest more than a koala, kangaroo or boomerang. Your only going to try those wines one time if that to realize you need to move on.” JoshuaM, Distributor, Northern CA

© 2015 Wine Opinions. All Rights Reserved.

SUCCESSFUL INTRODUCTIONS OF HIGHER PRICED AUSTRALIAN WINES

Please share a success you've had introducing an Australian wine priced higher than Australian wine you've introduced in the past. What contributed to this successful introduction and why?

Factors that can contribute to the success of a higher priced Australian wine introduction cited by off-premise respondents included a sales force that is behind the wine, high ratings from a critic, promotions, stories or interesting information about the wine that can serve as a conversation starter, and partnering with distributors to build or with someone from the winery to promote the brand.

> *"Leeuwin Estate, the Crossings Shiraz - highly rated from James Halliday, noted Australian critic - and a wine with some finesse as its from Western Australia. Leeuwin is of course an iconic producer most known for their Artists Series Chardonnay. The crossings Shiraz while priced at $16.99 it sold well, probably because of our email campaign and in-store tastings." JeffreyD, Off-Premise, NJ*

"Langmeil wines were a terrific find. Balanced and well made, but the sales staff didn't get behind them. Jim Barry is a big seller. The staff really likes the wines. It all comes down to the sales force. I would love to bring in some other Aussie wines. Mollydooker sells. Jim Barry sells. There's not enough of a push on these wines to justify trying other labels. We've done it and we've deleted the bins." DawnL, Off-Premise, NYC

"We've had several. The one I enjoy using is the resurgence of d'Arenberg in our market. The distributor and our company partnered to rebuild this brand and it has been a smashing success with the likes of 'Stump Jump' and their other lines such as 'Scribbler' and whatnot. A success story that has been built is the base our company has built for Schild Estates. The highly rated Shiraz helped them gain notoriety, but our sales staff has made the Grenache, Cabernet, Chardonnay, Merlot, Moorooroo and sparkling Shiraz a household item that has a true built in base now." JamesB, Off-Premise, TX

"The last high end winery from Australia I had success introducing was Shingleback from Mclaren Vale. The key to the success was having a member of the Davey's family work with me in the market to introduce the wines." DaveT, Distributor, OR

© 2015 Wine Opinions. All Rights Reserved.

“Family stories always help; making a personal connection to the people behind the wine. We’ve had success with Thorn-Clarke, Mollydooker, The Ashmeade brothers at Elderton, and the higher end selections that Tyrell’s offers. We’ve worked with the Davey family for years, and their premium items like Shingleback are easy sells.” GregT, Off-Premise, National Retailer

“We had a nice run with the St Hallet Faith shiraz blend. It was a, interesting, balanced wine <$15 and the touch of Touriga National in the blend made for a nice conversation starter.” CarlD, Off-Premise, San Francisco Bay Area

In the on-premise channel the same reasons for success apply. Involvement with people from the winery, a “personal touch,” and having stories to tell were mentioned repeatedly.

“Last year, I added Glaetzer Wines, ‘Amon Ra’ to my wine list. After tasting the wine at a local wine tasting, I decided that it would be a great addition to my wine list. Two weeks after putting it on the wine list, I got a call that Ben Glaetzer was going to be in town, and would I be interested in him doing a staff training. Anytime I can get the winemaker in front of my staff, it is always a plus. It puts a name with a face. My staff loved him, young rock star, told some great stories. Well, fast forward, in 6 months, I sold, 20 - 6 packs of Amon Ra - which is not cheap and also added one of his lower end wines to my by the glass list.” TimothyE, On-Premise, FL

“I have had the greatest success lately with sparkling Shiraz and GSM blends. I find that when adding a new wine to a list, that if you have a great story behind the wine the staff seem to have an easier time selling it. The stories can be about the region, winemaker or blend, but it has to be interesting and capture the staffs attention.” BrentG, On-Premise, Kansas City

“I agree about the importance both of a personal touch in promoting the wines as well as having a story to tell. Having the winemaker visit and work with our sales force develops a personal attachment to the brand. Being able to explain the uniqueness of the region or blend is equally important. A specific example would be when a winemaker like Michael Twelftree visits the market coincidental to a rave review–that is very successful for that particular wine and vintage. I’m not sure why but when Peter Gago visited for the Grange re-corking, it did not translate into successful launches for the new vintage high-tier Penfolds line.” JonD, Distributor, New York Metro

“Anytime you get the winemaker himself/herself in front of the staff, sales always go up. Personal relationships sell wine more than anything else, in my experience. We have a weekly wine education class that I lead, and one time I got the owner of Schramsberg to come in and talk about sparkling wine. Schramsberg sales (we offer it btg) have been strong ever since.” PatrickM, On-Premise, San Francisco

© 2015 Wine Opinions. All Rights Reserved.

One respondent added that the “personal touch” also extends to the relationship between customer and staff, which also goes a long way to benefiting sales.

> *“The relationship and connection matter tremendously for the staff, and this in turn boosts sales – and not just on a one-shot basis. Our regulars have the same trust-based relationship with our staff, and that works out phenomenally.” ArgyleW, On-Premise, New Orleans*

A few respondents attributed a successful introduction to a good old-fashioned consumer tasting opportunities.

> *“I had great success with Yalumba Antique Tawny after introducing it at an Australian-themed wine dinner before Christmas last year. The masterful pairing that chef made as well as talking about an alternative to ‘stickies’ contributed to its success. To this day I still have it as a by the bottle dessert wine offering.” SophieO, On-Premise, WI*

> *“An in-store tasting I was pouring an Australian Shiraz-Cabernet blend that retailed at $16.99; the consumers that tasted and commented to me found the wines profile comparable to higher end and more complex Cabernets from California that generally would retail $25-$35 range.” VanessaA, Distributor, WI*

Two noted that their Australian wine by-the-glass successes have been in the higher tier price categories.

> *“70+ percent of our sales are by the glass. We also feature unique wines with stories and as part of wine flights. Introducing a higher tier Australian wine is not an issue as most of our sales are hand sells and when our staff is educated an excited about a wine that will be conveyed to the guest.” MarcU, On-Premise, National Wine Bar Chain*

> *“Our under $10 by-the-glass range is considered our ‘house’ wines. We only have two. Any success we have had with Australian by the glass has been over $10 by the glass.” PatrickM, On-Premise, San Francisco*

Three on-premise and two off-premise discussion participants had no Australian wine introduction success to report.

© 2015 Wine Opinions. All Rights Reserved.

AUSTRALIA'S GREATEST COMPETITORS

What are now the greatest competitor regions or countries fighting for share and placements against Australian wines? Why?

Responses to what regions are Australia's fiercest competitors were very consistent across off-premise and off-premise discussion groups.

New Zealand was named Australia's competitor most often due to its location near Australia and New Zealand's success in the U.S. with Sauvignon Blanc and Pinot Noir.

> *"I still think New Zealand is a major competitor; not because of the varietals but because of the proximity. While there's a huge number of New Zealand Sauvignon Blancs and Pinot Noirs sold here, and not a huge amount of them from Australia (especially Sauvignon Blancs) I think location is what hurts Australia." JeffreyD, Off-Premise, NJ*

> *"New Zealand may not grow much of the same varietals, but it keeps the focus off of Australia when New Zealand is producing great wines at $10-20 price range." JamesB, Off-Premise, TX*

> *"In the retail world it is obviously New Zealand due to the regional sets in which Australia and New Zealand are clumped together. New Zealand Sauvignon Blanc and Pinot Noir are very popular and have been encroaching upon Australia shelf space." DaveT, Distributor, OR*

Spain, the Rhone, and the South of France were pinpointed as competing with Australian Shiraz, Grenache and GSM blends.

> *"Australia's big competitors in terms of varietals would be Rhone Valley, Spanish Garnacha, American Syrah. It's hard to compete with France. Rhone Valley has been producing knockout blends for eons. Cotes du Rhone has a very pleasing price tag and many of the wines are killer. Spain has their big Garnachas that have a great funky intensity." DawnL, Off-Premise, NYC*

> *"We have a pretty extensive Rhone section and I think that puts a huge damper on our Australian wine sales as far as Shiraz and GSM blends go. Also, less expensive wines with lower productions and more terroir associations always beat out wines that have the stigma of being mass produced at similar price points, and less expensive Australian wines usually have that reputation." PatrickM, On-Premise, San Francisco*

© 2015 Wine Opinions. All Rights Reserved.

“I think that Australia’s completion for Shiraz, Grenache, and blends like GSM come from Spain and the South of France.” JeffreyD, Off-Premise, NJ

“Spain’s Garnacha is starting to take the torch from Argentinian Malbec and Aussie brands with quality, accessible and value wines with the same varietal from Australia.” JamesB, Off-Premise, TX

“In terms of Syrah and Shiraz, we do best with wines from France. The Languedoc works very well in lower-end spots that 10 years ago might have been filled by Australian Shiraz and the Northern Rhone – particularly the non-price crazy appellations of Saint-Joseph and Cornas – have taken away placements on the top. ” TimR, On-Premise, Baltimore

“In my opinion France and Spain. France is still fighting for their comeback and Spain is attempting to stay in the limelight.” VanessaA, Distributor, WI

California blends and Washington Syrah are also considered competition for Australian blends and Shiraz due to their style.

“Rhone Rangers has made American Rhone varietals are on the rise with high quality, extraction, and balance.” JamesB, Off-Premise, TX

“Washington State Syrah has also gained traction for those looking for a more fruit-forward style of wine. ” TimR, On-Premise, Baltimore

South America is a competitor. Malbec, mostly from Argentina, but also from France, is considered “on fire” and taking market share from Australian Shiraz.

“Argentina is the main competitor with Australia on the reds.” RodolpheB, Off-Premise, NY

“In our market the red blends are still huge. Many wines from South America are very affordable and have great quality. You can get some pretty good bottles out there even in the $7 range. F or the every day wine drinker or Millennial this is a steal.” JoshuaM, Distributor, CA

“I think that Argentina and Chile are taking share from Australia. Part of the reason for this is that there are relatively better quality wines from those countries at the price points of the lower tier Aussie wines.” JonD, Distributor, New York Metro

“The days when guests looking for full-bodied but relatively easy drinking reds by the glass instantly ordered Australian Shiraz are over. Malbec has taken this market by storm and literally annihilated Shiraz at every turn. Fifteen years ago every restaurant in the country poured one – if not two – Australian Shiraz wines by the glass. Now, at least in my experience, it’s rarely seen.” TimR, On-Premise, Baltimore

“Malbec has also seen a huge uptick for us. I don’t think of it as a regional competitor with Australian wines necessarily, though, as guests are asking for this grape specifically. Generally they mean Argentina, but I have sold quite a bit

© 2015 Wine Opinions. All Rights Reserved.

of Cahors as ‘the birthplace of Malbec.’” PatrickM, On-Premise, San Francisco

“I agree with South America as the greatest competitor region due to style of wine produced (big and sometimes very extracted) and desirable price point.” SophieO, On-Premise, CO

For lower priced whites and for reds, South Africa was mentioned as a competitor.

“White wine consumers who can afford to trade up have moved on the New Zealand wines. Those who want to stay below $12 are drinking a lot of South African whites (Chenin, Sauvignon and Chardonnay) now.” RodolpheB, Off-Premise, NYC

“For us, it seems that New Zealand whites and South African reds are the main competitors for Australian wines in our stores. I think that many customers perceive those other countries as newer and more interesting, and Australia as somewhat old-hat.” CarlD, Off-Premise, San Francisco

Overall, the success of many of these competitors was mostly based on better quality wines for the price.

“It’s all about putting a great bottle of wine in a customer’s hands that over deliver for the price. That is why Spain, Southern France, certain parts of Italy and even Argentina and Chile continue to sell better than comparably price Australian wines. Too much plonk from down under.” JeffreyD, Off-Premise, NJ

“For other varietals [other than Shiraz] I am not sure Australia has a firm identity in the minds of most guests; it exists more as a region for values, and there it has faced intense competition from southern France, certain parts of Spain, Chile and Argentina.” TimR, On-Premise, Baltimore

“I’m seeing wines from Washington State, Chile, Spain are competing for market share… They compete for the value wine category. Specifically the on premise bottle range of $25-$40 and BTG $7-$10 range. There are some great fruit forward wines coming out of these regions. One I just placed on one of my list is Charles Smith “Boom Boom” Syrah.” BrentG, On-Premise, Kansas City

Australia’s “loss of novelty” was also a factor some see as contributing to competitor successes over Australia.

“Also the novelty factor of being new-kid-on-the-block regions. Australia isn’t a novelty anymore, and while we like Aussie wines, we’re also curious about that new Washington State Syrah, for instance. It’s fad herd mentality on the public’s part, I think, and this poses an opportunity for Australia, if done right. After all, we all love getting the Hot New Wine first, and with quality offerings and a little salesmanship Australia’s image could be freshened.” ArgyleW, On-Premise, New Orleans

© 2015 Wine Opinions. All Rights Reserved.

“As for why the competition - price point, distinctiveness, perception of quality, uniqueness? All the things that Australia had going for it, imploded and they did not adjust to changing market place.” JohnW, On-Premise, San Francisco

© 2015 Wine Opinions. All Rights Reserved.

CHANGES IN TRADE PERCEPTIONS OF AUSTRALIAN WINE

Over the past few years, what, if any, changes in trade perceptions of Australian wine have you observed?

The most notable reaction to this question was that the trade is beginning to perceive Australia as moving away from being only a producer of value wines primarily in a single style, and instead a country that also produces unique and varied wines that are higher in quality and reflect terroir.

> *“A lessening of the old school ‘cutesy’ Australian wines with Koalas and other animals on the label. I also see an attempt by younger winemakers to produce wines with greater finesse, acidity and overall quality.” JeffreyD, Off-Premise, NJ*

> *“The one perception that has been changing is the production of the wines. I am finding a lot more producers are moving away from the higher alcohol, jammy wines, and going back to the old way of lower alcohol wines, with good fruit, and refined structure.” TImothyE, On-Premise, FL*

> *“I’m not seeing a lot of push from wholesale of Australian wines in my market. In reading about Australian wines it seems that going back to classic styles and lower alcohol levels are being pursued and I see this as a good direction.” BrentG, On-Premise, Kansas City*

> *“A growth in appreciation of the rationality of Australia as the emphasis has moved beyond critter wines and cheap 1.5Ls. Australia is now seen as an undervalued segment for finer wines (above $20) because they are so under-appreciated in the US market now. Hopefully the stronger U.S. dollar helps this trend.” RodolpheB, Off-Premise, NYC*

> *“I’ve definitely noticed that Australian wines are trying to stay closer to their roots, in terms of terroir coming through their wines. Instead of targeting American consumers by producing and importing the light bright jammy fruit bombs you’re seeing more of the old classic style.” VanessaA, Distributor, WI*

More specifically, the trade is noticing cooler-climate wines, as well as quality wines from other regions.

> *“Great cool-climate Pinots coming from Tasmania and Victoria. Superb Cab from Margaret River. Barossa Shiraz and its kin are no longer seen as the pinnacle expression of Aussie red wine.” RodolpheB, Off-Premise, NY*

However, despite this acknowledgement among the trade that Australian wine styles are changing and

© 2015 Wine Opinions. All Rights Reserved.

Australian regions that are producing quality wines are gaining awareness, few have had the opportunity to taste many of these wines.

> *“From my perspective, we keep hearing about wonderful, well-balanced/elegant Australian wines from small, unique regions, but we rarely see them. Instead, what we do see (on the infrequent occasions that Aussie wines are presented) are more of the big, heavy wines that have either big scores or big promotional budgets behind them.” CarlD, Off-Premise. San Francisco Bay Area*

> *“There is a movement towards more balanced and nuanced wines from Australia. Unfortunately, I have not seen too many at the trade tastings, or I have missed them.” JohnW, On-Premise, San Francisco*

> *“I have seen many articles in the trade publications over the past two years talking about how many of the Australian winemakers are dialing back alcohol levels and ripeness, and going with a more balanced product. My issue is that in those two years, I may have tried five or six Australian wines. My local wine companies almost never bring Australian wines for me to try, it is usually Californian and Argentine Malbecs, some Italians and some French.” TimothyE, On-Premise, FL*

> *“I can only say that none of my sales reps are putting Australian wines in front of me for consideration. None of my customers are asking for them. I have a great Shiraz (Two Hands Bella’s Garden) I bought more than three years ago that is just sitting on one of my lists.” BrentG, On-Premise, Kansas City*

Moreover, the knowledge among the trade that there are Australian wines of high quality doesn’t typically translate into new placements. Many haven’t been compelled to seek out Australian wine. Contributing is a perceived lack of consumer demand.

> *“Is the Aussie table my first stop at a wine tasting? No. Is it something I’d skip if I was running out of time? Yes. There’s still a lot of big, jammy wines out there. Have I been blinded on Australian wines and been surprised? Yes. Do I feel like these are wines I shouldn’t pass up so readily? Yes. At my next portfolio tasting, will I go out of my way to make it over to the Aussie wines? Probably not. It’s still a bit player in the market. Have the wines changed significantly? Yes. There’s more of a push for wines of finesse and elegance.” DawnL, Off-Premise, NYC*

> *“With relatively low Australian wine sales as it is, we have been reluctant to bring any more selections on. I’m pretty sure most others are in the same boat. It doesn’t make sense to bring on new selections in a category that is already not moving well as it inhibits our flexibility elsewhere with inventory limits, etc. It’s hard to communicate a new style of Australian wine to the guest as there is nothing to differentiate those menu listings from the surrounding Australian menu listings. It takes someone who is*

© 2015 Wine Opinions. All Rights Reserved.

knowledgeable about wine to a degree where they can communicate that kind of detail at the table, and let's face it, there are few people on the staff who can do that." PatrickM, On-Premise, San Francisco

"There is a lot of good stuff out there. Australia just doesn't grab me." JoshuaM, Distributor, Northern CA

"It is not that I don't want to support the wines and show the new side of Australia, but unfortunately the economics of not being able to sell a wine without some serious arm-wringing is a turn off. There is so much more in the consumer's mind right now in terms of esoterica and hot wines. Australian wines are a mere afterthought. Some of the distributors are putting on a bit of a sales push, but not much…In addition, there is not a huge demand from of the consumer for these wines, so I will often overlook them on my lists, or when I bring them on, they just sit and gather dust. In the consumer's mind, and seemingly even here in San Francisco, the Sommelier community is not behind the wines enough to make a positive impact." JohnW, On-Premise, San Francisco

Not only does more work need to be done to get these wines into the hands of the trade, news of these wines has not yet reached the consumer. Meanwhile, heavier style wines and value wines are still prolific in the market, having the greatest share of mind.

"I think there is an awareness that wines with better balance are coming out of Australia right now, but that awareness hasn't necessarily reached the consumer. 'Classic' Australian wines usually still mean wines that play with the volume turned up all the way, so to speak." PatrickM, On-Premise, San Francisco

"While some Australia winemakers are returning to more food-friendly styles (lower alcohol, not so jammy, not too-much-everything), the U.S. public perception is running a bit behind. And the bigger, in-your-face styles are still being made, to (in my not-so-humble opinion) the detriment of the Australian trade as a whole. On the other hand, Yellow tail is still pretty much outselling everyone else on the planet, so we're probably going to see more of that for awhile yet." ArgyleW, On-Premise, New Orleans

"There are some fantastic higher priced wines being produced and introduced, there doesn't seem to be a compelling brand story or region that's caught on with consumers yet. Mollydooker has come the closest to breaking out." GregT, Off-Premise, National Retailer

Suggestions for how Australia should move toward increasing their appeal included marketing varietals other than Shiraz; marketing Australian wine regions (cool climate regions, many agreed); and reaching out to the on-premise channel, as the belief is that this information will trickle down to retailers.

© 2015 Wine Opinions. All Rights Reserved.

“The key to changing market perceptions would be promotion of different varietals other than Shiraz etc. Lowering to the ripeness of the finished wines being sold. Introducing more cooler climates such as Margaret River, or Victoria to showcase less well known regions than say Barossa.” DaveT, Distributor, OR

“Australia is seen as this hot ‘Crocodile Dundee’ place making huge macho Shiraz, when it has loads of cool climate regions and can produce virtually any wine style Chile, New Zealand, or California can muster… and most of the Old World ones too.” RodolpheB, Off-Premise, NYC

“I think a lot of work needs to be done to alter perceptions about the wines…There’s a lot of plonk in Australia – and the newer producers are forced to wade through it. Greece is having the same sort of difficulty. Retsina was THE wine of Greece for a long time. Newer producers are struggling to have their wines noticed – some are in that big California style of extract and oak – and others are wines of finesse and elegance. The trick is – how do you get trade to change their minds and retry Aussie wines. One of the suggestions I have – blind tastings geared toward sommeliers. When restaurants really start hitting a region, wine stores follow. Restaurants and sommeliers are a great resource for countries trying to reimagine and rework their roles in the marketplace.” DawnL, Off-Premise, NYC

“This is a destructive feedback loop. The customer doesn’t know about X and so isn’t looking for it, which keeps demand low which in turn results in less of X being made available because there’s no demand for it. I think some re-branding is in order to create a better awareness. Pushing regional awareness might be the way to do it – especially in the case of Tasmania and Western Australia.” ArgyleW, On-Premise, New Orleans

The “Defend Australia” was specifically mentioned by on-premise discussion participants as a campaign that had impact.

“I thought the ‘Defend Australia’ campaign, while far too small, did well and was the EXACT sort of thing needed. It reached out to sommeliers and retailers, its message was clear and refreshingly honest. When you have a manifesto that starts ‘plainly put, what has been pawned off and consumed over the last ten years in Australian wine is not really wine,’ you know you are going to – at the very least – get some reaction. This was my first introduction to producers like Luke Lambert and Jamsheed, and while those wines aren’t flying for me, I purchased them and actively sell them to my guests.” TimR, On-Premise, Baltimore

“Here’s what I don’t get: obviously Australia has a sales problem. If it didn’t, we wouldn’t be participating in this forum. You have a group of importers and wineries seeking to make some noise and introduce a new, fresh, and immediately appealing set of wines to American consumers and…the reaction from the mainstream Australian wine industry and their U.S. importers is complete and total

© 2015 Wine Opinions. All Rights Reserved.

silence. I realize edgy language and major corporate imports aren’t necessarily congruent, but why not give these guys a hand? Isn’t a new view of Australian wine what everyone wants?” TimR, On-Premise, Baltimore

Both the off- and on-premise groups were asked if they had heard any “cool buzz” about Australian wine lately. Not much came up besides the perception that Australian wine styles are changing. However, one did say varietals besides Shiraz are creating some buzz. Another just doesn’t associate Australia with “cool” at all.

“As I mentioned elsewhere, varietals beyond the ‘big-three’ (Shiraz/Cab/Chard) are generating some buzz. These include Grenache, Marsanne, Verdelho, Mourvedre…” CarlD, Off-Premise, CA (San Francisco)

“I apologize if this sound negative or like I am bashing the mainstream Australian wine industry, but ‘cool’ is not a word I would associate with them or their major importers. For reasons I cannot figure out, their strategy seems to be to use the same old tactics that haven’t worked before and aren’t working now. Its a shame because the ‘New Australia’ wines are SO good and would fit with what so many new wine drinkers want if some energy was put behind them. I mean – lets be real here – Vine Street Imports is not enough of a player to really force much change on the scene. You need people like Old Bridge Cellars and Negociants USA doing similar campaigns. Will they?” TimR, On-Premise, Baltimore

© 2015 Wine Opinions. All Rights Reserved.

OPPORTUNITIES FOR AUSTRALIAN WINE GROWTH – BY TRADE TIER AND PRICE POINT

What Australian wines do you think have the best opportunity for growth in the U.S. in the next few years? Why?

Off-Premise: Under $15 at Retail

A few agreed that some of the established wineries (d'Arenberg and Penfolds, specifically) already have quality wines in this price range that do well in the U.S. market.

> *"Old established wineries like d'Arenberg, Penfolds etc. still make some delicious wines at all price points. I think importers like Old Bridge Cellars (d'Arenberg) have a portfolio chock full of wineries; again at all different price points; but many of them offering wines with great QPR (Quality/price ratio)." JeffreyD, Off-Premise, NJ*

Branded blends similar to California red blends, and varieties that are currently popular or somewhat familiar to consumers are seen as opportunities in this price category. Introducing a Malbec, sparkling wine to go up against Prosecco, a dry rose, or off-dry wines were brought up in this context.

> *"New brands that are more serious yet still a little bit playful. Wines that have more complexity than simple sweet jammy fruit and a lick of alcohol. New hot varieties like Malbec, Sauvignon, Chenin Blanc, Cab Franc in addition to Chard, Cab, Shiraz. California has been so successful with brands and blends (Prisoner, Menage a Trois, etc.) that don't focus on what's in the blend, but lead with the brand identity. Instead of selling Cab/Shiraz blends and GSM blends, Australian brands should focus on awesome branding of their blends." RodolpheB, Off-Premise, NYC*

> *"That price point in the retail wine world needs flexibility and the ability to react quickly to new market trends. That will be a key to increasing volume. Perhaps a Malbec from Australia if it can be grown well would be an option, or inexpensive sparkling wine to go up against Prosecco, which is currently on fire. Only the crystal ball can tell us what American consumers will gravitate towards next. Perhaps a really nice dry, crisp rose of Grenache." DaveT. Distributor, OR*

© 2015 Wine Opinions. All Rights Reserved.

“There’s opportunity with sparkling and dry rosé; also off-dry reds and whites for the Moscato and new-to-red-wine crowd (bridge wines). Focus should be on the branding, not the producer or region. If there was a fantastic red blend that over delivered in quality, and had exciting branding and marketing, that could do well.” GregT, Off-Premise, National Retailer

Only a few respondents were able to name a brand they think would adequately fit the under $15 category. However, Stump Jump was suggested, as was Yalumba and Thorn-Clarke.

“Stump Jump. It’s the next wave in Australian wine.” JamesB, Off-Premise, TX

“We’ve had some success with Thorn-Clarke, and certain SKUs from Yalumba, especially the Viognier. Many of our customers are more interested in non-traditional varietals and blends.” CarlD, Off-Premise, San Francisco Bay Area

“We do a good job with the Yalumba Y Series. We need others from Australia to compare it to, as well as compliment it.” DickH, Off-Premise, Boston

Suggestions of in-store consumer tastings and information comparing wines to similar wines around the world were shared as ways to educate the consumer and help them discover what Australia has to offer.

“Thinking about the regions, I think unless you’re educated in wine or like to learn you just find what you like and stick with it. Most casual drinkers probably don’t know much about Yalumba and other regions. For literature on shelves it may be good to have comparisons of Australian regions/climates to other regions/climates around the world. Something that would let them know that wine could be similar to another wine they like.” JoshuaM, Distributor, Northern CA

“I think tasting customers certainly helps. We have a tasting bar and always have eight wines to taste. It’s interesting when we’ve poured Australian Riesling. Again it’s about perception and education. Many people think they don’t like Riesling because they’re too sweet. When we poured the Rolf Binder Eden Valley Riesling many customers were shocked to discover that it was bone dry. Also tasting customers on Viognier (like Yalumba) or Semillon will offer them something beyond the tried and true standbys like Sauvignon Blanc, Chardonnay and Pinot Grigio.” JeffreyD, Off-Premise, NJ

Off-Premise: Over $15 at Retail

Some respondents were positive about Australia’s opportunity in the over $15 price category. They see it as an area Australia can make inroads with ready-to-drink wines, if they are of a style that will change perceptions of Australian wines as a producer of heavy, jammy value wines.

© 2015 Wine Opinions. All Rights Reserved.

“This is where I see more potential from producers like Langmeil or Leeuwin to take over. Penfolds and Henschke are collector’s items. Mollydooker is still a big name. Our customers might be looking for iconic wines, but they’re also looking for wines to drink now. They want interesting wines. They come in asking for something new and different. They’re willing to spend $20 on something they haven’t had before.” DawnL, Off-Premise, NYC

“This is the best chance Australia has to bounce back. d’Arenberg, Penfolds, Schild, Hylands, Mollydooker, Vasse Felix, Yalumba…they must show that there is more to Aussie wines than the ‘critter’ brands.” JamesB, Off-Premise, TX

“There is a huge opportunity here as Australia has the quality wines to fight in this segment, but it needs to change the perception as a factory farming critter wines. Also need to walk back the ABVs a little. I see huge potential in red blends and Cabernet. Australia also needs to make a name for itself as a great Pinot Noir producer. New Zealand is making a ton of headway there. I’m not sure how much top quality Sauvignon Blanc is grown in Australia, but this could be another opportunity – especially as Marlborough Sauvignon Blanc becomes so expensive.” RodolpheB, Off-Premise, NYC

The advantage of Australia’s wine history and old vine vineyards was bought up as a tactic for wine introductions in the over $15 price range.

“One of the greatest resources that Australia has are all old vine vineyards planted especially when considering a single vineyard Grenache or Shiraz with an emphasis of quality versus price point when compared to what is in the Rhone Valley (Hermitage, Chateauneuf-du-Pape). This would be appealing to America consumers. A more niche area would be the very high-quality dessert wines being produced from Muscat and Tokaji especially.” DaveT, Distributor, OR

“Some of the wines that gain some interest are historic/very old vine wines and blends, both red and white. We’ve had some success with Old Vine Grenache, Marsanne, Verdelho, and very old Stickies.” CarlD, Off-Premise, San Francisco Bay Area

Among the less positive discussion participants were a few who have not seen much interest among their customers in Australian wine over $15. One said the exception was “old school iconic” wines, but others haven’t see movement in that realm either. They believe that well-known wines will need to make a successful entrance into this market, and then others will follow.

“This will be a tough one. There will need to be some solid $20 to $40 producers to elevate the premium Aussie category (likely with Cabernet or proprietary red blends). Agreed with DaveT regarding the need to better market the fantastic history and quality of the old vines. I don’t see

© 2015 Wine Opinions. All Rights Reserved.

much movement happening with the collector crowd, the usual names will continue; Grange, Hill of Grace, etc.” GregT, Off-Premise, National Retailer

“That price segment has taken a hit over the years. With the exception of old school iconic wines from Australia (Grange, Henschke Hill of Grace) generally our customers don’t generally look to Australia at that price point. Many collectors have moved away from Australia, because with the exception of some of the old school icons, many collectors believe that the new school highly rated Barossa valley Wines from the 90’s and early 2000’s haven’t aged well (like Mollydooker).” JeffreyD, Off-Premise, NJ

“There needs to be a few leaders that are well known before people readily try $15+ bottles. If craft beer and cider can do it, it certainly isn’t out of the question though!” JoshuaM, Distributor, Northern CA

On-Premise: Under $10 By The Glass

Some respondents see Australian dry Riesling, unoaked Chardonnay, and other under the radar varietals such as Verdelho as being a good fit for this price category.

“We only offer a couple of wines under $10 by the glass at my restaurant, so not a lot of available real estate there. But I would think that Australian Riesling could undercut a lot of competitors with the understanding that it is a dry Riesling advertised. Unoaked Chardonnay seems like it is becoming more sought after and I think some headway can be made there.” PatrickM, On-Premise, San Francisco

“Speaking by varietals, fruit forward wines tend to drive the under $10 a glass market in my area (Midwest). I would say Riesling, GSM, Sparkling Shiraz, Unoaked Chardonnay.” BrentG, On-Premise, Kansas City

However, some were wary of the many wines in this price range of the “[yellow tail]” type, and even one brought up the point that this may not be the best price category on which Australia should focus.

“Australia wine under $10 has been hit hard by the ‘Yellow Tail’ and with so many regions competing for those slots now. I don’t know if that is where Australia wine will find great success.” MarcU, On-Premise, National Wine Bar Chain

“Riesling, Penfolds Bins 2/8/9, unoaked Chardonnay. These offer compelling taste profiles as well as some uniqueness. Unfortunately, there is still a lot of Shiraz in that price range that is overripe and unbalanced and not a great match for food.” JonD, Distributor, New York Metro

“I do not have an educated answer on this one, I would be wary of anything under $10 for fear of retreading what happened before. Perhaps Verdelho or something unique and different and crisp, not a bone dry Riesling…” JohnW, On-Premise, San Francisco

© 2015 Wine Opinions. All Rights Reserved.

“Most on premise buyers I’ve had taste Australian wines still only relate Shiraz with Australia. Shiraz in my market is not doing much for them. I think that other varietals have a great opportunity as buyers will find a refreshing regional variation with some of the more classic varietals they’re not accustomed to seeing from Australia.” VanessaA, Distributor, WI

A few specific brands that the discussion participants through would be (or have been) successful in the under $10 by the glass category were suggested, Rosemount being mentioned most often.

“Rosemount for sure, pretty much across their board. I’d love to see more Verdelho; it might be a tricky first sell, but the repeats would follow quickly. And as Patrick said, dry Riesling and unoaked Chardonnay are up-and-comers.” ArgyleW, On-Premise, New Orleans

“Heartland by Glaetzer, Rosemount, Penfolds. They have the best opportunity for growth because I am consistently seeing ads for them in several of the trade publications. Also, whenever I do a wine by-the-glass change, which is several times a year, I am almost always presented one of these wines by the wine distribution companies.” TimothyE, On-Premise, FL

On-Premise: Over $10 By The Glass

Most of the on-premise discussion participants think Australia would be successful in this by-the-glass price category and see great opportunity here.

“I think this is a tremendous opportunity…so many wines have been marketed at this price point in the past and I believe those producers have become complacent about their wine in this tier. So long have certain regions dominated this range and given a bit of a push by a competent salesperson, people will be exceptionally surprised by the unbelievable value in an Australian wine. If an Australian wine can knock off a California Cabernet position on a menu at the right price point – consumers will buy it and discover the fact is they have been paying too much for sub par Cabernet.” MarcU, On-Premise, National Wine Bar Chain

“I think this category shows promise. Pinot Noir from Mornington. I love some mid-priced Chardonnays and Cabernet blends from Western Australia. I think if the consumers and sommeliers saw more of these, they might change their perception. Sadly, most of the good stuff is not getting shown properly.” JohnW, On-Premise, San Francisco

“I feel that this category as opposed to the sub-$10 by the glass is a better fit. The time has come for Pinot Noir from Yarra and Mornington to make a splash, as well as Riesling from Clare and Eden, and Bordeaux varietals from Western

© 2015 Wine Opinions. All Rights Reserved.

Australia. Problem is, the wines I am seeing from these areas are generally the higher-end expressions, priced about $20 a bottle, which is where most of my restaurants top-out for by the glass. Where are the introductory wines from these producers? Why are they not being offered by importers?” TimR, On Premise, Baltimore

As noted above, there was discussion about what Australian wines that would do best in this price category. Some felt more “classic” wines would do well, others see Australia’s lesser-known wines as a better fit.

“I believe the higher tiered Cabernets have the most potential. Guests are starting to break away from the California classics and Australia has a good chance of taking the lead.” VanessaA, Distributor, WI

“Quality, reputation and label recognition drive this price level. Classically produced Cabernet, Shiraz, Chardonnay, Riesling.” BrentG, On-Premise, Kansas City

“I would think something from a cooler climate region like the Yarra Valley. I think, actually, a less well-known brand would do better in a high-end, by-the-glass slot. I think Australia can probably sell its ‘old vine’ credentials better than most other countries, although the term is pretty vague and taken advantage of all over the world.” PatrickM, On-Premise, San Francisco

“Margaret River Shiraz and Riesling for sure, Clare Valley Riesling as well. I’d be really tempted to put Grange on as a by-the-glass offering as an experiment; some of our clientele just might go for it.” ArgyleW, On-Premise, New Orleans

“More specific regional representations like Coonawarra Cabernet Sauvignon or Shiraz, or Margaret River Chardonnay and Cabernet blends, or Eden or Clare Valley Rieslings, anything that draws more attention to the specific styles of the origin.” JonD, Distributor, New York Metro

Nonetheless, there are challenges to getting these wines on a list, such as pricing limitations and consumer acceptance.

“High end Cabernets for sure. I have tasted beautiful examples out of McLaren Vale, but it is going to be a few years before I can pull off $16-$20 by-the-glass Cabernet from Australia…even with a solid staff that is excited about the product as well as a demographic of clients who only want higher end Cabs from California or Bordeaux.” SophieO, On-Premise, CO

“Mollydooker’s, higher end Penfolds, Glaetzer wines, again, it goes back to exposure by the wine companies. The higher end wines are sometimes lost in the shuffle, due to pricing, and also, in Florida, limited availability.” TimothyE, OnPremise, FL

© 2015 Wine Opinions. All Rights Reserved.

Gaining Market Share in the U.S.

In your opinion, what are the factors that would most likely help Australian wines gain share of market in the U.S. in the coming 5 years? What are the varietal types and/or styles of Australian wines, the regions of production, the price segments, and other production or distribution factors that you see as critical to expanding the share of market in the U.S. for Australian wines?

Red blends, cool climate wines, and varietals other than Shiraz were the types of wines mentioned as having the best opportunity for growth on the U.S. market in the next 5 years.

> *"Keep emphasizing blends, since consumers like that trend (especially red blends)." JeffreyD, Off-Premise NJ*

> *"Quality over quantity. Show that there are varietals other than Shiraz. Red blends are the future. Make sure Australia is keeping up with new trends. Make Cabernet a sellable varietal that is a rock solid wine from Australia." JamesB, Off-Premise, TX*

> *"Australia has been making red blends for a long time yet has not participated in the growth of that product niche in the U.S. They do GSM (Grenache/Shiraz/Mourvedre) very well and should be capitalizing on that. Semillon on its own can be outstanding, but even blended with chardonnay can rise above the oceans of poor quality stuff we have seen so far. I don't know that there needs to be focus on specific varietals so much as on the right varietals from the right producing regions." JonD, Distributor, New York Metro*

> *"Adding less-common varietals to the market and backing them could also help (I'm thinking Semillon and Verdelho on the white side, Grenache by itself on the red side)." ArgyleW, On-Premise, New Orleans*

> *"We need something beyond the red Bordeaux varieties, Sauvignon Blanc and Chardonnay. I would love to taste Verdelho, Marsanne, Roussanne, Pinot Gris, Muscadelle, or any 'other white varieties' from Australia." PatrickM, On-Premise, San Francisco*

Promoting Australia's wine growing regions such as Margaret River, McLaren Vale, Clare and Yarra Valley, and Tasmania were mentioned repeatedly.

> *"A focus on regions over country might also be a good bet – I'd be more interested in a wine from, say, Clare Valley,*

© 2015 Wine Opinions. All Rights Reserved.

over Australia as a country. As in France, Italy and Germany, region should trump country. We all know that Bordeaux is from France; but the important part of the identification is Bordeaux, not France. Same for Australia." ArgyleW, On-Premise, New Orleans

"A region I particularly see growth for is Tasmania. I am constantly shocked that a bubbly from Tasmania gets ordered off of the list just as much as a red blend from Barossa without server or sommelier recommendation or guidance." SophieO, On-Premise, CO

"Regional identity should be clear and easy to understand. Otherwise those regions don't need separation. For example, what's the difference in style between McLaren Vale and Barossa? Honestly, I'm a multi-unit beverage director with all sorts of pins and certifications (haha) and I can barely say. They both taste pretty turbo-charged to me. When thinking about guest or consumer education, eyes should be on the big picture. No matter what someone says about individual terroirs, not all these regions need 642 sub-regions beneath them. [Single vineyard wines] promote an orientation towards somewhere-ness and terroir. Yet, please, please don't get carried away." TimR, On-Premise, Baltimore

A change in style is needed to gain market share, most importantly wines that are more balanced, food-friendly, and lower in alcohol.

"I think nothing short of a thorough, long-term effort to change the perception that Australian wine as a big, bold, juicy cocktail drink, fit only for grilled meats and getting hammered will 'move the needle.' The public needs to understand that it is wine WITH food, not wine INSTEAD of food. Perhaps the craft beer folks can be instructive on how to achieve this. Craft beer has separated itself from being perceived as a frat-boy party drink, to a serious food-pairing beverage in a relatively short period of time. Absent this perceptual re-think, I fear that many of the other, worthy efforts, will be mostly futile; merely chipping away at the margins. CarlD, On-Premise, San Francisco Bay Area

"Concentrating on balanced, food-friendly wines in the $15 – $25 niche is the sweet spot for growth. It will take time, of course, but that's where PR should be focused on. Getting the image to hand-crafted wines over mass-production is critical to this as far as marketing is concerned." ArgyleW, On-Premise, New Orleans

"Emphasize softer red wines. Often times a customer will come in looking for a sweet or semi sweet red wine. It is my belief that many of those customers have been turned of to very dry TANNIC red wines. We all know that semi-sweet/sweet red wines don't work with a wide range of foods. I think giving customers dry but softer red wines like Grenache blends or Pinot Noirs will help expose those sweet wine customers to a drier style that they will actually like." JeffreyD, Off-Premise NJ

© 2015 Wine Opinions. All Rights Reserved.

“There are so many multi-region blends or huge wine regions, it is hard for that to translate to the perception of quality in the minds of the consumers who are being told that single-vineyard is somehow better everywhere else. I think the word ‘balance’ is going to resonate more in the next five years than the word ‘big.’ I think we need to see more wines that are the exception, like Hunter Valley Semillon (which I have never tasted), to accept the wines that are currently the rule. ‘Cool climate,’ ‘limestone,’ ‘terra rosa,’ or ‘high elevation,’ – descriptors that reference a specific facet of terroir – will all be important in the next five years.” PatrickM, On-Premise, San Francisco

“Customers are leaning towards lighter, fresher less oak and lower alcohol wines, this requires a style change for the value end of the Aussie wine spectrum.” GregT, Off-Premise, National Retailer

Efforts to change trade perceptions of Australian wine needs to continue. Reaching the trade with wines that exemplify what Australia has to offer is called for.

“The image that Australian wines are cheap and over produced needs to be diminished. A focus on quality, handcrafted, wines of a specific place needs to be played up. Regions with promise, Adelaide, Barossa, McLaren Vale Margaret River. Chardonnay, GSM, Riesling, Shiraz, Cabernet. $15 - $25 price range. I want to believe Australian wines are about the place they came from and not just a cheap knockoffs of wine made better in other countries.” BrentG, On-Premise Kansas City

“Australian wines need to win back the hearts of both the big distributors and the fine wine boutique houses. Neither is paying much attention right now and the volume and fine wine sectors need to march in step to grow Australia’s image over the next five years. Australia needs to remain affordable to the entry-level consumer while becoming aspirational with ‘next step on the ladder’ type products.” RodolpheB, Off-Premise, NYC

“There should be a trade tasting targeted to people like me who tend to write off Australia as being jammy, sappy, flabby. Bring in cool climate wines and prove to me that I’m wrong. That Barossa isn’t the norm. Convince me to overhaul my Aussie selections. Have a regional tasting where I can compare and contrast the wines and I’ll have a better sense of what I like and what will sell. Give me a map, give me dialog, give me a reason to care and I’ll push the wines. I’m a Francophile at heart. You won’t be able to change that, but make me think twice when I’m at a portfolio tasting. Make me want to hit up the Aussie table.” DawnL, Off-Premise, NYC

“The only way Australia will gain traction in the US is to do the following: 1) Trade tasting that includes seminars highlighting cool climate regions, 2) Blind tastings for Sommeliers to get restaurants behind the wines – restaurant wine lists appeal to consumers and consumers will always ask about wines their Somms have recommended, 3) Trade

© 2015 Wine Opinions. All Rights Reserved.

lunch or dinner that pairs cool climate Aussie wines with food." DawnL, Off-Premise, NYC

Invest in promotions and especially promote the small producers. Find an advocate to promote Australian wines.

"Distributors play a large role in what gets out there. Everyone wants a piece of them and for the reps it's not easy to concentrate on one region for the time needed to break into the retailer. It'll be a long process and unless there is $$$ spent by some Aussie wine/trade group with deep pockets, it won't happen. In retail, it's all about shelf space and location, location, location and who's willing to pay for it. Our floor displays, and we usually have seven or eight at any given time, are dominated by the big boys. If we had one featuring an Australian brand I would be willing to bet it would open people's eyes to what's out there other than Yellow tail. We have on going displays, with signage, of Barefoot, Cavit, Clos du Bois, Woodbridge, Apothic and can't keep them filled." DickH, Off-Premise, Boston

"Balance promotion between big and small producers. Look, we all get it. Certain heavy hitters are going to dominate any promotional organization because they make the most wine and have the most money. But Australia has done an abysmal job of telling stories of anyone but the big guys." TimR, On-Premise, MD

"Germany, Austria and [grower] Champagne have Terry Theise. France has Kermit and Neal Rosenthal. Spain has Jorge. Italy had De Grazia and Leonardo and now has a whole new generation. Who is the champion of Australian wine? Who is the advocate for its small, family-owned producers? Dan Philips hasn't been heard from in years and his company has folded. Will anyone step up?" TimR, On-Premise, Baltimore

"Partnerships with retailers to feature in-store events and tastings featuring the fantastic folks making the wines; their ebullient personalities would connect with customers. Storytelling is key as well, there needs to be a salesperson-friendly narrative about the region and producer (for > $15 items)." GregT, Off-Premise, National Retailer

Focus on quality wines that are priced affordably, and are available.

"The factors that will help gain market share are good quality wines, at affordable prices, with good distribution." TimothyE, On-Premise, FL

"Consistent quality in a brand they can trust is what's needed. Needs to have a history that we can relate to but yet something unique." JoshuaM, Distributor, Northern CA

"Are there any Bogles or Coppolas of the Australian world? Winemakers that make consistent quality wines at an affordable price? The general public that I deal with drink that sort of wine, and if it came from Australia then so much the better for Australia. Unfortunately, Yellowtail rules that end because people don't know any better and I think that

© 2015 Wine Opinions. All Rights Reserved.

hurts Australia’s image on the whole.” DickH, Off-Premise, Boston

Respondents felt most success for Australia would be in the $10 - $30 range. The idea of “growing the middle” was emphasized.

“The top-tier wines will always sell, as will the bottom-tier. Growth comes in the middle.” ArglyeW, On-Premise, New Orleans

“For the highest end wines, as long as someone continues to give them 100 point scores, they will continue to sell, at least on a very, very, small scale. On the bottom end, Yellow tail isn’t going anywhere: its one of those brands that has become a juggernaut. It has nothing to do with Australia and everything to do with cheap varietal juice. The middle is where the action is.” TimR, On-Premise, Baltimore

“Avoid the ‘value’ category – EXCEPT where the wine will absolutely dominate the other offerings in quality price ration.” MarcU, On-Premise, National Wine Bar Chain

“Australia can increase their wine volume in the U.S. if consumers feel they are getting a better value and quality wine for their dollar. If the Australian wine can stand up to a California classic for example but come in at as little as $5 less this would convince them they’ve found the next ‘hidden gem of a wine region.’ I think the retail price range of $10.99 - $18.99 may be the sweet spot. From the Australian wines I’ve tasted, this price point does have some very nice tasting wines.” VanessaA, Distributor, WI

Reach the consumer with a new image, gather stories, and introduce new wines through on-premise by-the-glass programs.

“Have something unique, something that speaks of place or a nice story. Australia has so many great stories and places. We need to hear more about them. Make the wines less about the show, and more about the substance. Do blind tasting with consumers, show them a different side of Australia.” JohnW, On-Premise, San Francisco

“The ‘Australia is doing what?’ is the exact question a by-the-glass program can answer. Getting people interested in trying something new isn’t hard, provided the price is right, and doing it by the glass also allows for giving a taste.” ArgyleW, On-Premise, New Orleans

“I would scrap many of the old tired labels and come up with some fresh new designs, Americans love anything new from a marketing standpoint. Create some lifestyle wines that are more serious than the critter wines out there but not something the average consumer would consider snooty or elitist.” DaveT, Distributor, OR

“Increase placements on restaurant by-the-glass lists to introduce new wines to potential retail customers. Educate waitstaff, then retail staff, on these items.” GregT, Off-Premise, National Retailer

© 2015 Wine Opinions. All Rights Reserved.

DISCUSSION GUIDE

Recruiting Criteria:

- Must sell or represent wines from Australia
- Two groups: one on-premise and one off-premise with a few distributors in each group
- Each group to have at least half of those "selling more" either value or volume.

DT1 - Please tell us a little bit about what you do professionally in the wine industry, and your experience selling/representing/carrying Australian wine.

DT2 - What current trends in consumer wine preferences influence the wine types, price segments, and countries or regions of origin you sell or represent?

DT3 – Thinking of all of the wine tastings and events you have attended in the past year, what single event made the most impression on you and led to you adding a new wine or wines to your portfolio or wine list.

Ask: What were the most important factors in your purchase decisions? Then probe for or ask about as appropriate, tasting impressions of the wine or wines, filling a price or varietal/style niche in your portfolio, perceptions of consumer trends, or other factors.

DT4 – Please describe how your Australian wine sales have changed in the past two years. What is the reason for that change?

Probe changes by price segment and/or varietal type or style.

Probe for successes here – what works in the market?

DT5 – Please share a success you've had introducing an Australian wine priced higher than Australian wines you've introduced in the past. What contributed to this successful introduction and why?

© 2015 Wine Opinions. All Rights Reserved.

Probe successes in the under and over $15 retail price ranges (for the off-premise group).

Probe successes in the under and over $10 by-the-glass price ranges (for the on-premise group).

DT6 - What are now the greatest competitor regions or countries fighting for share and placements against Australian wines? Why?

DT7 – Over the past few years, what, if any, changes in trade perceptions of Australian wine have you observed?

Probe on whether they think changes in perceptions of Australian wines by price point/varietal or wine type/appellation have contributed to new placements or growing market share.

Probe for any perceived new “cool buzz” around Australian wines.

DT8 (Off Premise) – What Australian wines in the under $15 price range at retail do you think have the best opportunity for growth in the off-premise tier in the U.S. in the next few years? Why?

Probe for specific regions, brands, varietal/wine types.

DT8 (On Premise) – What Australian wines in the under $10 price range by the glass do you think have the best opportunity for growth in the on-premise tier in the U.S. in the next few years? Why?

Probe for specific regions, brands, varietal/wine types.

DT9 (Off Premise) - What Australian wines in the over $15 price range at retail do you think have the best opportunity for growth in the off-premise tier in the U.S. in the next few years? Why?

Probe for specific regions, brands, varietal/wine types.

DT9 (On Premise) - What Australian wines in the over $10 price range by the glass do you think have the best opportunity for growth in the on-premise tier in the U.S. in the next few years? Why?

Probe for specific regions, brands, varietal/wine types.

© 2015 Wine Opinions. All Rights Reserved.

DT10 – In your opinion, what are the factors that would most likely help Australian wines gain share of market in the U.S. in the coming 5 years? What are the varietal types and/or styles of Australian wines, the regions of production, the price segments, and other production or distribution factors that you see as critical to expanding the share of market in the U.S. for Australian wines?

© 2015 Wine Opinions. All Rights Reserved.