# *U.S. Wine Trade Survey Report for Wine Australia*

“Wine Opinions”

July 15th, 2019

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# INTRODUCTION

Wine Australia engaged Wine Opinions to conduct a series of trade and consumer research initiatives on the U.S. wine market for a 5-year period from 2015 through 2019.

The research conducted in 2019 was comprised of both trade and consumer quantitative online surveys of perceptions, attitudes, purchase and usage behaviors, and trends regarding Australian wines comparing the 2019 findings to earlier rounds of Wine Opinions research.

This report summarizes the findings of the trade survey.

### *Objectives*

The primary objective of the trade research was to track trade perceptions of Australian wine across wine types, regions, and price segments from a 2015 baseline survey to the present, and to update trade levels of engagement with the Wine Australia U.S. campaign. A secondary objective was to obtain quantitative input from members of the wine trade in all trade tiers on issues that are critical to the success of the new U.S. market promotional strategy after conducting qualitative research in 2018.

Specific goals of the survey were to:

- Measure the perceived importance of promotional initiatives undertaken by wine region campaigns.
- Track trade levels of engagement in leading wine region campaigns.
- Compare Australian wine representation and sales across trade tiers.
- Measure the degree of importance to the trade of the types of promotional support planned to activate the new U.S. market strategy.
- Rate the importance of factors considered by the trade when deciding to add a $20+ imported wine to a portfolio.
- Measure the change in volume and value of Australian wine portfolios that focus on Australian wines over $15 at retail.
- Track trade evaluations of the quality and value of red and white Australian wines in the campaign targeted price segments.

# INTRODUCTION (continued)

- Obtain potential growth estimates for Australian wines with a focus on the key wine types/varieties by price segment.
- Categorize trade points of view on consumer wine purchase motivations.

### *Methodology*

There were 318 Wine Opinions trade panel participants in this survey. There were respondents from all trade tiers, especially the off-premise and on-premise segments.

All questions were cross-tabulated by the following segments, and significant differences of note are highlighted in this report:

- Trade tier (importers and distributors vs. on premise vs. off premise vs. all others).
- Those involved with the Wine Australia campaign vs. others.
- Those whose companies sell Australian wines vs. others.
- Companies whose Australian wine sales are growing vs. others.
- Companies selling more Australian wines over $15 and/or more Australian appellation wine than in years past vs. others.
- Those who give high quality ratings to Australian wines vs. others.

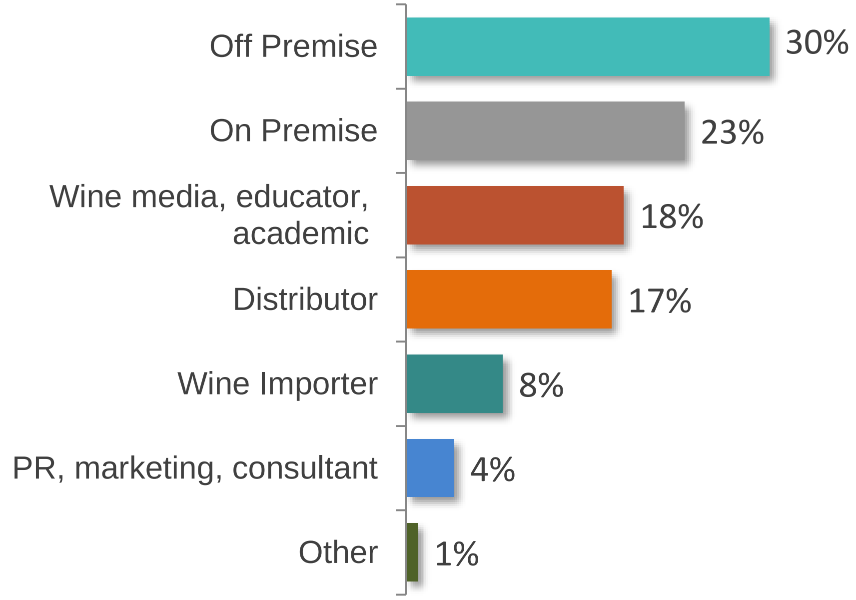
Note: In the tables that follow, light tan shadings call out row numbers of directional or statistical significance.

# KEY TAKEAWAYS

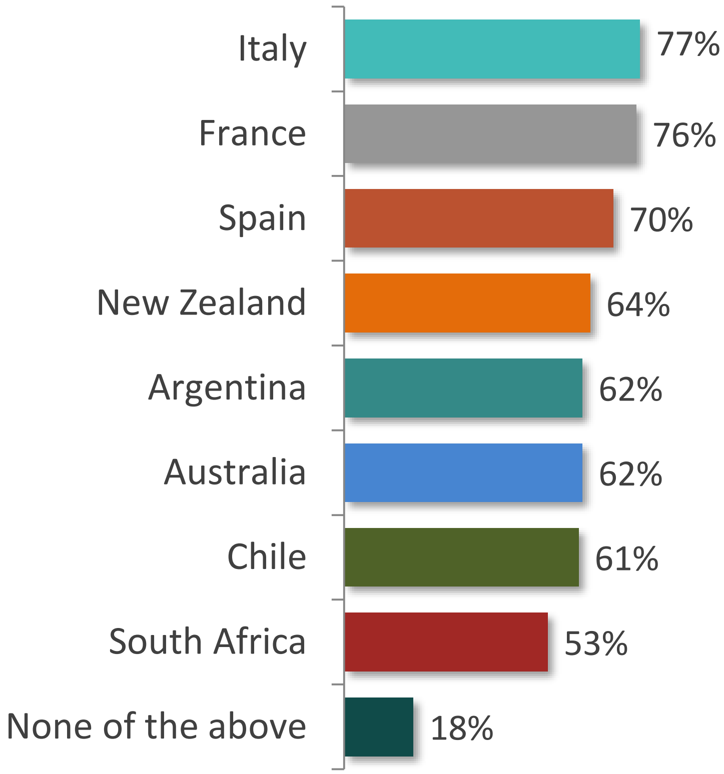
- In “quality for the price” perceptions, there is a significant increase in value seen in Australian white wines over $15, and there are value increases seen in Australian red wines both at the over $15 and over $20 price points. This is a positive indication that the Wine Australia strategic focus on the higher price points is well placed.
- Even among respondents who do not sell Australian wines, there is significant interest in learning about new or different wines from the region, with 43% of non-sellers stating such interest.
- More than twice as many importers, distributors, and on/off premise respondents who report sales gains over the past two years are showing increases in sales of Australian wines over $15 (30%) than under $15 (11%).
- Each of the wine varieties or types that are the focus of Australia’s promotional efforts in the U.S. are seen by respondents as having high degrees of growth potential, especially in the $15 - $19.99 and over $20 price categories.
- Compared to 2015, there were increases in the percentages of Australian wine sellers saying they were “very familiar with and do sell” wines from every listed Australian region except McLaren Vale. Significant increases for wines from Clare Valley, Yarra Valley, Hunter Valley, and Tasmania were reported.
- For the coming five years, 68% of respondents are predicting growth of Australian wine share of the U.S. market, with only 3% predicting some decline in share. Among those selling Australian wines, projections of net positive growth were greater in 2019 than in the 2015 trade survey.

# RESPONDENT PROFILES

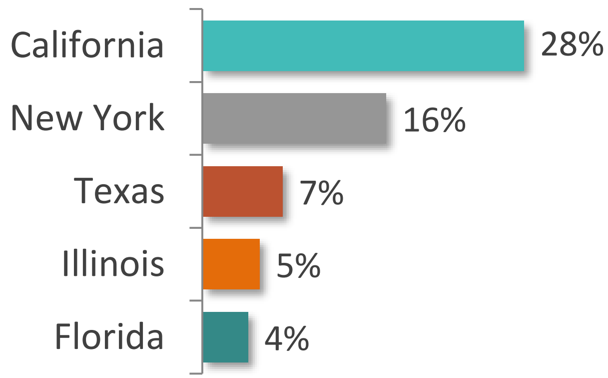
*Respondents by Trade Tier*




*Imported Wines Sold by Country*




*Top States Represented*



# IMPORTANCE OF PROMOTIONAL INITIATIVES

Respondents were asked to evaluate the importance of each of several promotional initiatives aimed at wine consumers or the wine trade that wine region campaigns commonly undertake.

Topping the list and considered “very important” by 69% of respondents was visits to trade accounts by winemakers from the region.

Of nearly equal importance were region websites providing information and downloadable materials (94% rating this “very” or “somewhat” important) and point-of-sale material including display maps of the region’s winegrowing areas. Websites were of greatest importance to the on-premise trade.

All other types of promotional initiatives were deemed of some importance by 70% or more of respondents.

Online advertising was considered to be of much greater importance to the off-premise tier of the trade than on-premise trade members.

Email newsletters and account visits were of more importance to those who sell Australian wine and whose sales of Australian wines were rising than others.

*Importance of Promotional Initiatives*

| | Very Important | Somewhat Important | Not Very Important | Not Important At All |
|---|---|---|---|---|
| Visits to key accounts by winemakers from the region | 69% | 26% | 5% | 0% |
| Website that provides information and downloads | 58% | 36% | 6% | 0% |
| Display maps of regions and related promotional materials | 47% | 43% | 10% | 0% |
| Social Media campaigns reaching consumers | 38% | 46% | 13% | 2% |
| Online advertising reaching wine consumers | 30% | 49% | 18% | 3% |
| Social media campaigns reaching the trade | 25% | 53% | 19% | 3% |
| Advertising in trade publications (print and online) | 23% | 48% | 25% | 4% |
| Email newsletters that are informational | 21% | 54% | 21% | 4% |

# ENGAGEMENT WITH REGIONAL CAMPAIGNS

In successive questions, respondents were asked to indicate the ways, if any, that they engage with leading regional wine campaigns. They also indicated the kinds of direct involvement they have experienced with each campaign.

Italy, France, and Spain dominated in attendance of past-year campaign events held for the trade, with attendance of 80%, 72%, and 63% respectively.

Attendance of an event held by the campaigns of New Zealand, Chile, Argentina, and Australia was indicated by nearly half (48%) of all respondents. The campaigns for Spain and Australia showed the greatest email newsletter distribution percentages (53% and 51% respectively). All campaigns had about one in three trade followers on social media.

Use of campaign materials was high for all regions, led by Australia at 89%. Italy, France, and Spain were somewhat more likely than the other regions to be sponsors of cooperative promotions. Trade trips to Italy and France dwarfed all other countries. This is at least in part due to the multiple regions in each country with U.S. campaigns, as well as the relative ease of access via flights from the U.S. to Europe.

| *Points of Engagement* | Attended Trade Event | Get Email Newsletter | Follow on Social Media |
|---|---|---|---|
| Italy | 80% | 48% | 34% |
| France | 72% | 48% | 34% |
| Spain | 63% | 53% | 31% |
| New Zealand | 48% | 46% | 31% |
| Chile | 48% | 42% | 33% |
| Argentina | 48% | 46% | 36% |
| Australia | 48% | 51% | 36% |

| *Campaign Experience* | Have Used POS Materials | Participated in Coop Promotion | Went on a Trade Trip |
|---|---|---|---|
| Australia | 89% | 23% | 6% |
| New Zealand | 84% | 21% | 5% |
| Spain | 84% | 32% | 11% |
| Chile | 81% | 20% | 8% |
| Argentina | 79% | 25% | 9% |
| Italy | 75% | 34% | 30% |
| France | 74% | 32% | 24% |

# ATTITUDES OF NON-SELLERS

Among importers, distributors, and on/off-premise respondents, those who currently do not sell Australian wines were asked about engaging in Australian wine sales in the future. They were also queried for their degree of interest in Australian wines and their sales outlook in the future.

There were 58 respondents who sell wines but do not sell Australian wines. About half indicated that they were unlikely to sell Australian wines in the future. Most of the others stated they would consider selling Australian wines in the future, and a few felt they were likely to do so.

All “non-seller” respondents (which included those whose companies do not sell wine) were asked whether or not they agreed with statements on the outlook for Australian wines and their personal interest and views on Australian wines. Some 40% expressed interest in learning more about new or different Australian wines, and 37% were either interested in or optimistic about some Australian wines. Only 11% saw the outlook for Australian wines as weak or negative. Very few indicated they simply did not like most Australian wines.

*Non-Seller Agreement Statements*

| | |
|---|---|
| I’d like to learn more about new or different Australian wines | 40% |
| I’m interested in or optimistic about some Australian wines | 37% |
| The sales outlook for Australian wines is weak, or negative | 11% |
| I don’t really like most Australian wines | 5% |

# NUMBER OF SKUs / SALES TRENDS

Respondents in all trade tiers were asked the number of Australian wine SKUs their companies carried. There was a fairly even spread across the ranges shown at right.

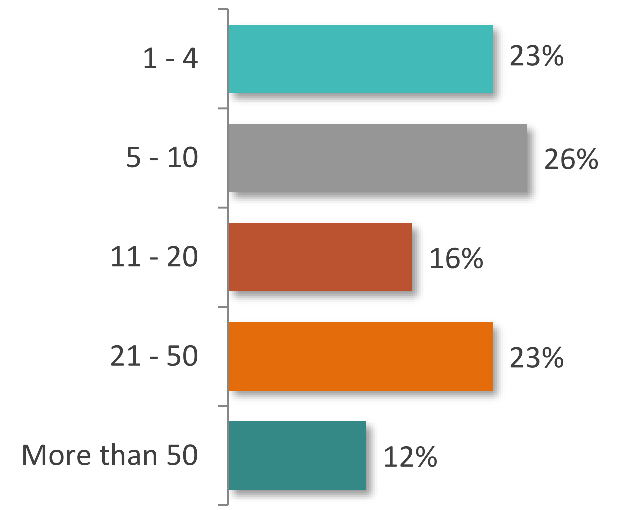
Among those reporting on changes in the size of their Australian wine portfolios, equal numbers reported growth and decline, with the largest group reporting no change in portfolio size.

Volume and value gains, of those reporting growth, were nearly equal.

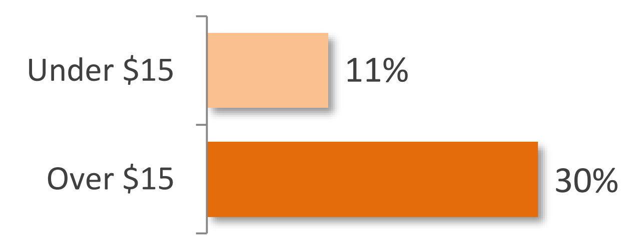
More than twice as many respondents reporting sales gains were selling more Australian wine over $15 (30%) than under $15 (11%).

There were 27% of respondents who indicated they are selling more Australian wines labeled with specific appellations, rather than country or large regional designations.

*Number of Australian SKUs Carried*




*Percent Reporting Sales Gains by Price Segment*



# AUSTRALIAN WINE QUALITY PERCEPTIONS

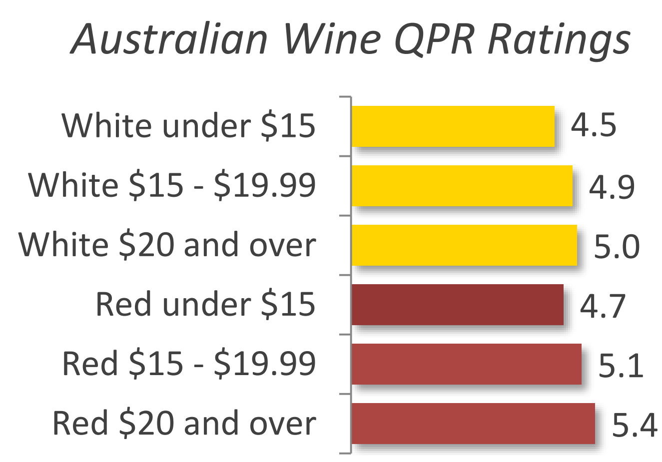
Survey respondents were asked to estimate the Quality/Price Ratio (QPR) of red and white wines from Australia selling in the price ranges of under $15, $15 - $19.99, and $20 and over. Ratings of these wines were on a 7-point scale where 7 means “very best quality for the price (value)” and 1 means “very worst quality for the price (value).”

For white wines, there is a distinct jump in quality perceptions above the $15 price point but scant improvement above $20. Top ratings (6, or 7 on the 7-point scale) for white wines under $15 skew heavily to the off-premise vs. on-premise respondents.

In all white wine price categories those involved in Wine Australia promotions, and those who report increased sales of Australian wines, gave higher ratings than others.

For red wines, QPR ratings increase for wine over $15 and again for wines over $20.

The ratings of red wines under $15 also skewed higher among off-premise respondents than the on-premise trade. In the red wine $15 - $19.99 category, on-premise respondents gave significantly lower quality ratings than importers/distributors and the off-premise trade. In the $20 and over category for red wines, value ratings were fairly even across trade tiers, but were significantly higher among those involved with Australian wine promotions and those whose sales of Australian wines are rising.



# GROWTH POTENTIAL OF WINE TYPES

All respondents who sell Australian wine were asked to estimate the growth potential of each of the wine types or varieties that are the focus of the new Wine Australia market strategy.

Every wine type was deemed to have “good” or “great” potential growth by more than half of respondents, except for Chardonnay (48%). Red blends were seen as having the most potential, with 25% projecting great growth and 54% projecting good growth. Shiraz, Pinot Noir, Sparkling wines, and Cabernet Sauvignon were thought to have great growth potential by 15% - 18% of respondents, and good growth potential by 38% - 49%.

There were very few respondents selling Australian wine who had no opinion on this subject.

Respondents were also invited to enter the name of any other wine type or variety they believed to have good or great growth potential. Most often mentioned was Riesling, followed by Semillon and Grenache.

*Growth Potential by Wine Type*

| | Great Growth Potential | Good Growth Potential | Not Much Growth Potential | No Growth Potential | Don't Know or No Opinion |
|---|---|---|---|---|---|
| Red blends (GSM or other) | 25% | 54% | 15% | 2% | 4% |
| Shiraz | 18% | 42% | 33% | 5% | 3% |
| Pinot Noir | 18% | 38% | 31% | 8% | 6% |
| Sparkling | 15% | 40% | 30% | 9% | 6% |
| Cabernet Sauvignon | 15% | 49% | 31% | 3% | 3% |
| Chardonnay | 8% | 40% | 40% | 6% | 5% |

# POTENTIAL OF WINE TYPES BY PRICE SEGMENT

Growth potential of the key types of wine was also estimated by price category.

In the “over $20” category, Pinot Noir and Cabernet Sauvignon were deemed to have the greatest potential, with Shiraz projected to have “over $20” growth opportunities by one in three respondents.

In the $15 - $19.99 category, the strongest growth was seen for sparkling wines, followed by red blends and Shiraz.

Chardonnay was seen as having growth potential in the $15 - $19.99 category by nearly half of respondents (48%). More respondents believe there is potential of growth for Chardonnay under $15 (28%) than at $20 or more (23%).

*Growth Potential of Australian Wine Types by Price Category*

| | Under $15 | $15 - $19.99 | $20 or more |
|---|---|---|---|
| Pinot Noir | 6% | 44% | 50% |
| Cabernet Sauvignon | 12% | 42% | 45% |
| Shiraz | 15% | 52% | 34% |
| Sparkling | 13% | 61% | 26% |
| Red blends (GSM or other) | 22% | 54% | 24% |
| Chardonnay | 28% | 48% | 23% |

# AUSTRALIAN WINE REGION FAMILIARITY

The survey measured degrees of familiarity and sales of wines from 12 Australian producing regions.

Barossa Valley and McLaren Vale led all other regions in both familiarity and sales, with 63% being somewhat or very familiar with Barossa Valley wines, and 56% stating the same for McLaren Vale. Among those selling the wines, Barossa Valley had the highest perceptions of “very” familiar, followed by McLaren Vale and Margaret River.

A second tier of those who sell and are very or somewhat familiar was formed by Margaret River, Coonawarra, Clare Valley, Yarra Valley, Hunter Valley, and Adelaide Hills, with total familiarity/sales percentages ranging from 41% (Hunter Valley) to 47% for Clare Valley.

Least familiar were Limestone Coast, Mornington Peninsula, and Langhorne Creek.

Top ratings of “very familiar” for Barossa Valley and McLaren Vale were more prevalent among off-premise than on-premise respondents. Such ratings skewed to the on-premise tier for wines from Clare Valley and Yarra Valley.

*Wine Region Familiarity and Sales*

| | Very familiar and do sell | Somewhat familiar and do sell | Somewhat familiar and don't sell | Not familiar |
|---|---|---|---|---|
| Barossa Valley | 41% | 22% | 31% | 6% |
| McLaren Vale | 32% | 24% | 34% | 10% |
| Margaret River | 26% | 19% | 42% | 12% |
| Coonawarra | 23% | 24% | 41% | 12% |
| Clare Valley | 23% | 24% | 39% | 14% |
| Yarra Valley | 21% | 22% | 44% | 14% |
| Hunter Valley | 19% | 22% | 43% | 16% |
| Adelaide Hills | 19% | 24% | 44% | 13% |
| Tasmania | 12% | 14% | 52% | 23% |
| Limestone Coast | 7% | 12% | 35% | 47% |
| Mornington Peninsula | 7% | 7% | 37% | 50% |
| Langhorne Creek | 6% | 13% | 36% | 45% |

# FACTORS IN ADDING $20+ WINES

On review of a number of factors that might be considered when adding a new wine to their portfolio, respondents were asked to rate the importance of each. Five factors were considered “somewhat” or “very” important, and all five were rated similarly, ranging from 82% to 90% “somewhat or very” important.

The availability of good wine supply and the existence of consumer demand were both deemed important, as was the buyer’s personal degree of liking the wine under consideration.

Also of importance was having a portfolio need that could be filled by a new wine, and the reputation of the region of production for quality wines.

Filling a portfolio gap was of most importance to importers and distributors. Consumer demand was of greater importance to off-premise respondents than the on-premise tier. Personally liking a wine was more often “very important’ to on-premise and off-premise respondents than it was to importers and distributors.

*Leading Decision Factors in Adding $20+ Wines to Portfolio*

| | Very Important | Somewhat Important | Not Very Important | Not Important at All | Neutral or Not Sure |
|---|---|---|---|---|---|
| The type, region, or price range fills a gap | 49% | 36% | 10% | 1% | 3% |
| You personally like the wine | 49% | 33% | 13% | 4% | 2% |
| Reputation of region for quality wines of this type | 46% | 43% | 8% | 2% | 1% |
| There’s a consistent supply of the wine | 45% | 37% | 14% | 2% | 2% |
| There’s good consumer demand for the type | 43% | 47% | 7% | <.5% | 2% |

# FACTORS IN ADDING $20+ WINES (continued)

A number of factors were considered “somewhat” more often than “very” important to deciding to add a new wine to a portfolio.

Deemed most important of these factors was the country of origin (78% “somewhat or very” important) and that the wine is in a growing category (79%). Country of origin was more important to importers, distributors, and the on-premise trade than to off-premise respondents. A category showing growth was more important to importers, distributors and the off-premise trade than to on-premise respondents, as was promotional support.

While not considered of great importance to any trade tier, scores of wine critics were regarded a bit more important by importers and distributors than the other trade tiers.

*Less Important Decision Factors in Adding $20+ Wines to Portfolio*

| | Very Important | Somewhat Important | Not Very Important | Not Important at All | Neutral or Not Sure |
|---|---|---|---|---|---|
| The country of origin | 32% | 46% | 18% | 2% | 2% |
| Promotional support from producer or trade assn. | 30% | 42% | 22% | 4% | 2% |
| A category already showing market growth | 23% | 56% | 16% | 3% | 2% |
| Score or rating from a wine critic | 15% | 41% | 28% | 13% | 3% |

# INTEREST IN REGION/TYPE PAIRINGS

Respondents were asked to state the level of interest they believe U.S. wine retailers would have in stocking each of the key pairings of regions and types or varieties of wine, assuming such wines would sell for over $15 at retail.

On a 7-point scale, 7 meant “great interest,” and 1 meant “no interest.” Mean ratings for each pairing are shown at right.

Regional Shiraz and Cabernet Sauvignon led all others with mean ratings of 5.3. Retailers themselves answering this question gave those pairings ratings of 5.5, compared to 4.9 for importers and distributors, and 5.2 for on-premise respondents.

Pinot Noir from Yarra Valley or Adelaide Hills also showed a disparity in ratings, with the on-premise trade (mean rating of 5.2) showing greater interest in these wines than the off-premise trade (4.6).

*Projected Retailer Interest Levels in Region/Type Pairings*

| | |
|---|---|
| Shiraz – Barossa or McLaren Vale | 5.3 |
| Cabernet Sauvignon – Margaret River or Coonawarra | 5.3 |
| Red blends – any region | 5.0 |
| Chardonnay – Margaret River, Yarra Valley or Adelaide Hills | 4.7 |
| Pinot Noir – Yarra Valley or Adelaide Hills | 4.8 |
| Sparkling – Tasmania or Adelaide Hills | 4.6 |

# STRATEGIC PAIRINGS CONCEPT STATEMENTS

Respondents were shown a set of statements representing the concept of promoting Australian wine regions along with wines that offer distinct qualities.

It is notable that the highest level of agreement was the belief that consumers who like a particular type of wine are usually interested in trying that type of wine from regions with which they are not familiar. This was verified through a multiple-cell test in the 2019 Wine Australia consumer survey.

The reputation of a region for quality wines of a specific varietal type was also strongly supported, which is of special note because that is a key assumption of the Wine Australia strategy document.

*Projected Retailer Interest Levels in Region/Type Pairings*

| | |
|---|---|
| Consumers who like a particular type of wine are usually interested in trying that type of wine from regions beyond those they are already familiar with. | 73% |
| The reputation for a region as a producer of quality wines of a given type is important to consumers looking for wines of that type. | 63% |
| People who like a particular wine type are more likely to try a new wine of that type if it has gotten a high score from a well-known critic or wine publication. | 60% |
| When it comes to shopping for wines of a type a consumer likes, a discounted price often influences their choice. | 55% |
| Consumers who like a particular type of wine from a given region are more likely to try new brands from that region than to try the same type of wine from a different region. | 49% |

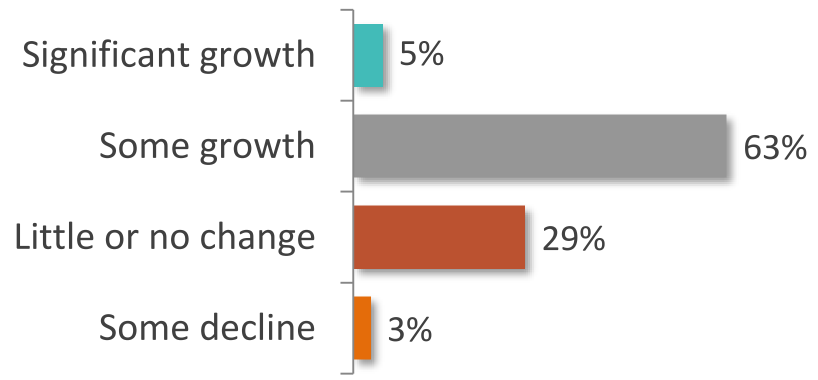
# ESTIMATED AUSTRALIAN WINE GROWTH

Respondents were mostly of the opinion that the Australian wine share of the U.S. market will grow in the coming five years.

A total of 68% of respondents indicated there would be ”some” or “significant” growth, compared to 3% predicting a decline in market share and 29% predicting little or no change.

The percentages foreseeing growth were significantly higher among respondents involved with Australian wine promotions, those whose sales skew toward wines over $15, and those who gave the highest value ratings of Australian wines.

*5-Year Estimated Australian Wine Share Growth*



# TRENDED DATA

There were several questions in the 2019 survey that were first included in a 2015 trade survey. The data on this and succeeding pages compares responses from the 2015 and 2019 surveys.

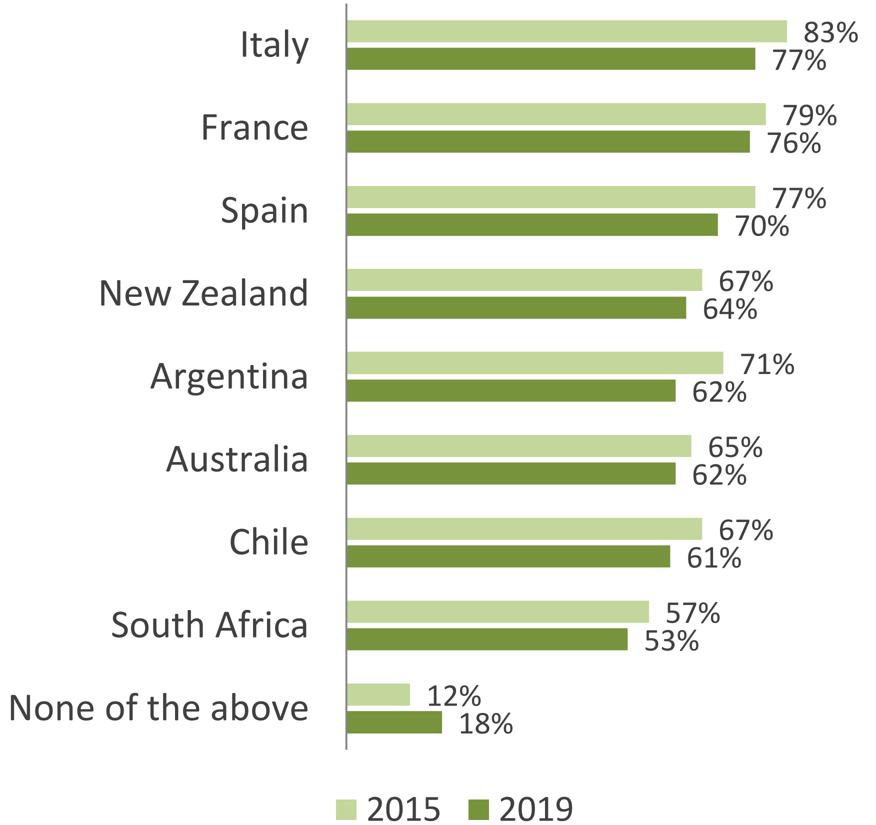
The proportion of respondents by tier of the trade in 2015 and 2019 is fairly consistent, but with a slightly smaller off-premise component in 2019 (30% in 2019 vs. 35% in 2015, and a slightly larger wine media, academic, and educator component in 2019 (18% in 2019 vs. 11% in 2015).

Top states represented were similar in 2019 and 2015.

An important difference between the 2015 and 2019 surveys is that in 2015 a sizeable oversample of trade respondents was obtained from the database of SevenFifty (an online sales tool service bringing distributors and on- or off-premise buyers together). The inclusion of the SevenFifty group in the 2015 analysis and reporting makes comparisons between the two years valuable mostly as “snapshots” or directional in nature, and not in terms of statistical significance.

The percentages of wine sellers carrying wines from the leading countries importing to the U.S. is in most cases just a bit lower in 2019 than 2015, due mainly to the presence of the SevenFifty respondents in 2015. About two-thirds of respondents in both years indicated that they carried Australian wines.

*Percent of Companies Carrying Wines by Country*



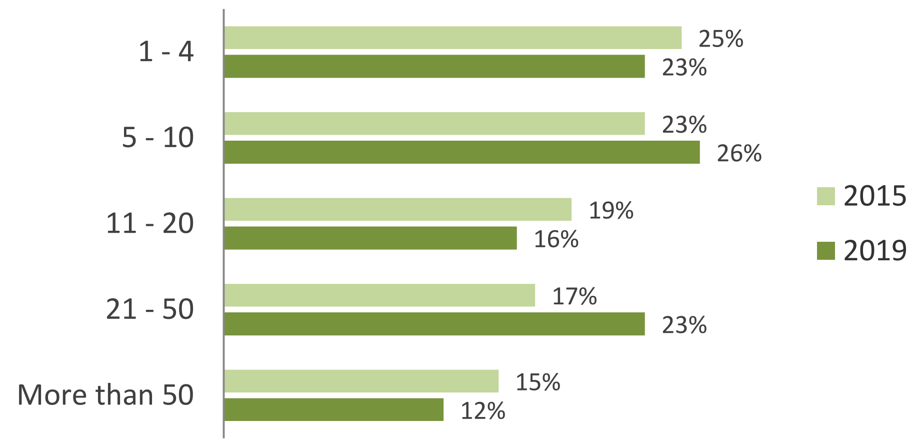
# TRENDED DATA

Among importers, distributors, and on/off premise respondents, those who currently do not sell Australian wines were asked about engaging in Australian wine sales in the future. They were also queried for their degree of interest in Australian wines and their sales outlook in the future.

The percentage of SKUs carried has slightly declined since 2015 in the 1-4, 11-20, and “More than 50” categories. Higher percentages of SKUs in 2019 vs. 2015 were seen in the 5-10, and especially 21-50, categories.

A plurality of respondents in 2019 (41%) reported very little change in their Australian wine portfolios over the past two years (compared to 35% saying that in 2015). Slightly fewer reported sales gains in volume or value in 2019 vs. 2015, but fewer also reported declines in sales volume or value as well. Selling more Australian wine labeled with specific appellations was essentially unchanged (28% in 2015 vs. 27% in 2019).

*Number of Australian SKUs Carried 2015 vs. 2019*



# TRENDED DATA

There were a number of notable shifts between 2015 and 2019 in trade sentiment regarding the importance of campaign initiatives. Except for informational email newsletters, the “very important” ratings of all other promotional initiatives increased. This may be in part due to the inherently competitive nature of the imported wine market.

It is notable that significant increases were seen in the Internet-related initiatives, especially websites, and social media campaigns. Advertising (both online and print) reaching the trade and consumers also rose by 10 percentage points.

*“Very Important” Promotional Initiatives 2015 vs. 2019*

| | 2015 | 2019 |
|---|---|---|
| Visits to key accounts by winemakers from the region | 54% | 69% |
| Website that provides information and downloads | 41% | 58% |
| Social Media campaigns reaching consumers | 27% | 38% |
| Informational email newsletters | 21% | 21% |
| Online consumer advertising | 21% | 30% |
| Social media trade campaigns | 18% | 25% |
| Advertising in trade publications (print and online) | 13% | 23% |

# TRENDED DATA

Trade engagements with Australian wine promotions remained at about the same levels in 2019 as in 2015, with directionally small increases in social media channel “following,” and in email newsletter subscriptions.

Promotional experience with the Australia wine campaign increased in terms of the use of POS materials (up 9 percentage points from 2015 – 2019). There was a modest decline (6 percentage points) in participation in a cooperative promotion.

*Australia Promotions Engagement 2015 vs. 2019*

| | 2015 | 2019 |
|---|---|---|
| Attended a trade event | 48% | 48% |
| Get email newsletter | 45% | 51% |
| Follow them on Facebook and/or Twitter | 34% | 36% |

*Australia Promotions Experience 2015 vs. 2019*

| | 2015 | 2019 |
|---|---|---|
| Used POS materials | 80% | 89% |
| Participated in cooperative promotion | 29% | 23% |
| Went on a trade trip | 6% | 6% |

# TRENDED DATA

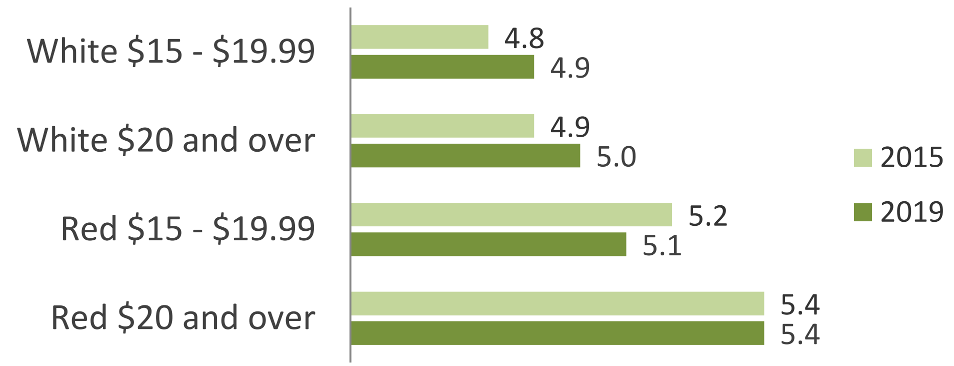
Trade estimations of the quality for the price of Australian wines was relatively unchanged between 2015 and 2019. Among only those who do sell Australian wines, there were slight increases in the value ratings of white wines in both the $15 - $19.99 and $20 and over categories.

A slight dip was registered in the value ratings of Australian red wines in the $15 - $19.99 category, and ratings for red wine over $20 were unchanged.

In the measure of “Great” growth potential, there was a significant decline in this prediction among trade respondents in 2019 vs. 2015 for red blends. This may well be a reflection of the declining momentum of overall red blend growth, which was spectacular in recent years.

There were only slight differences in the “Great” growth potential of other key wine types (Pinot Noir and Sparkling wines were not included in the 2015 survey).

*Australian Wine QPR Ratings*
*(Australian wine sellers only)*




*“Great Growth Potential”*
*(Australian wine sellers only)*

| | *2015* | *2019* |
|---|---|---|
| Red blends (GSM or other) | 34% | 27% |
| Shiraz | 21% | 21% |
| Cabernet Sauvignon | 22% | 18% |
| Chardonnay | 11% | 9% |

# TRENDED DATA

Among respondents who sell Australian wines, there were at least directional increases in sales and familiarity of wines from all Australian regions between 2015 and 2019, with the exception of McLaren Vale.

Increases were particularly significant for Clare Valley, Yarra Valley, Hunter Valley, and Tasmania.

*Very Familiar and Do Sell by Region*
*(Australian Wine Sellers Only)*

| | 2015 | 2019 |
|---|---|---|
| Barossa Valley | 57% | 59% |
| McLaren Vale | 49% | 46% |
| Margaret River | 32% | 36% |
| Coonawarra | 29% | 33% |
| Clare Valley | 25% | 31% |
| Adelaide Hills | 24% | 27% |
| Yarra Valley | 18% | 27% |
| Hunter Valley | 18% | 27% |
| Limestone Coast | 8% | 9% |
| Tasmania | 7% | 17% |
| Mornington Peninsula | 5% | 9% |
| Langhorne Creek | 5% | 9% |

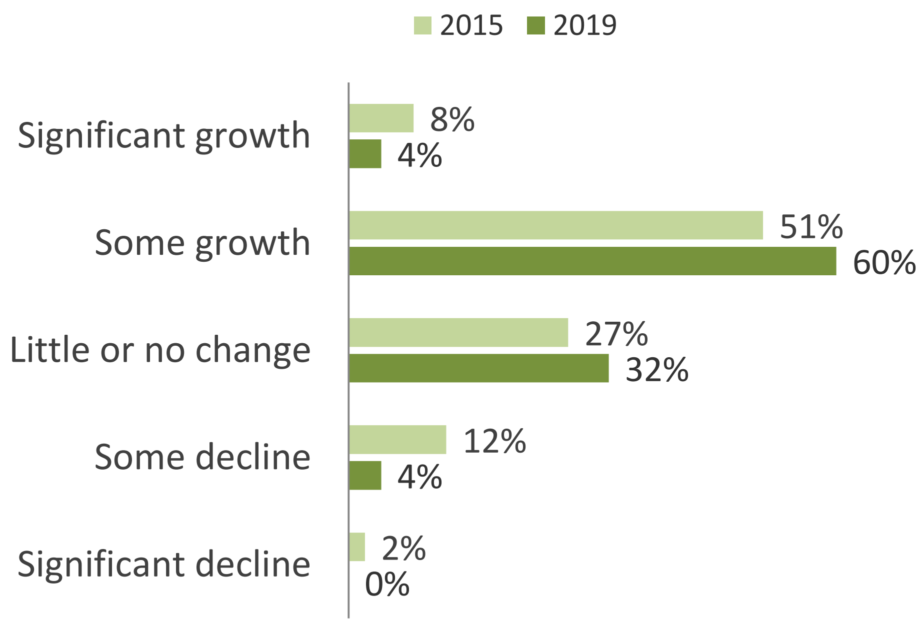
# TRENDED DATA

Respondents who sell Australian wines continued to project overall growth of the Australian wine category over the coming five years.

While the percentage of those predicting “significant” growth declined in 2019 from 2015 by 4 percentage points, there was a 9 percentage point increase in those predicating “some” growth for Australian wines in the coming five years.

An indication that the Australian wine market in the U.S. may be stabilizing can be noted in the increase of those predicting “little or no change,” and by the 10 percentage point drop in those predicting any decline of Australian wine sales in the coming five years.

*5-Year Estimated Australian Wine Share Growth 2015 VS. 2019*
*(Australian Wine Sellers Only)*



# AUSTRALIA TRADE QUESTIONNAIRE

1. Which of the categories below best describes where you work? Please answer based on your company’s field and not your job description within the company.

Grape grower, vineyard management or related field *(Disqualifies)*

Wine producer (or working directly for a wine producer) *(Disqualifies)*

Wine trade or regional association *(Disqualifies)*

Wine importer (or working directly for a wine importer)

Distributor, wholesaler, broker or related field

Restaurant, hotel, or hospitality industry

Wine retailer, retail sales, administration or related field

Wine media, educator, academic, or related field

Public Relations, marketing or retail/restaurant consultant

Other wine industry field (please enter) *(Open-ended text box)*

2. In what state is your company or place of employment located? *(Drop-down menu; Canada and “Other” disqualifies.)*

3. Of all the kinds of things that campaigns promoting wine regions do, what importance do you attach to each of the promotional initiatives listed below?

Email newsletters that are informational and

| Very important | Somewhat important | Not very important | Not important at all |
|---|---|---|---|

Social media campaigns reaching the trade

Social media campaigns reaching consumers

Display maps of the regions and related promotional materials

Online advertising reaching wine consumers

Advertising in trade publications (print and online)

Visits to key accounts by winemakers from the region

*(Factors rotate)*

4. In the past year, which (if any) of the following activities related to the wine countries listed below have you participated in or experienced? Please check any/all that apply.

| Attended a trade event | Get their trade email newsletter | Follow them on Facebook or Twitter |
|---|---|---|

Italy

Spain

France

Australia

Argentina

New Zealand

Chile

*(Regions rotate)*

5. In the past year, what direct experience (if any) have you had with the trade associations of the wine regions below? Please check any/all that apply.

| Have used POS materials | Participated in a cooperative promotion | Went on a trade trip to the region |
|---|---|---|

Italy

Spain

France

Australia

Argentina

New Zealand

Chile

*(Regions rotate)*

6. If your company or place of business sells or represents wines from any of the following countries, please indicate by checking that country. If your company does not sell or represent wines from any of these countries, please choose “none” from the bottom of the list.

Australia *(Skip to Q8; if not chosen, proceed to Q7)*

France

Spain

Italy

Chile

Argentina

South Africa

New Zealand

None of the above

*(Countries rotate except for last row)*

7. You stated that you do not sell or represent Australian wines in the previous question. Please pick any of the statements below that represent your business' experience or outlook on Australian wines. You may choose more than one.

Have sold or represented them in the past at my current business, but not currently

Have sold or represented them in the past, but at a different business

Don't sell or represent them now, and are unlikely to in the future

Don't sell or represent them now, would consider doing so in the future

Don't sell or represent them now, but are likely to in the future

I don't really like most Australian wines

The sales outlook for Australian wines is weak or negative

I am interested in, or optimistic about some Australian wines

I would like to learn more about new or different Australian wines

(All Q7 respondents skip to Q10)

8. How many individual wines or SKUs of Australian wine do you carry, sell or represent at this time?

1- 4

5 - 10

11 - 20

20 - 50

More than 50

9. Compared to two years ago, how have your portfolio of Australian wines and your sales of Australian wines changed? You may check as many as apply.

There has been very little change in our portfolio of Australian wines.

Our portfolio of Australian wines has grown.

Our portfolio of Australian wines has gotten smaller.

Our sales are up in volume.

Our sales are up in value.

Our sales are down in volume.

Our sales are down in value.

We are selling more Australian wines that retail for less than $15 than we did in years past.

We are selling more Australian wines that retail for more than $15 than we did in years past.

We are selling more Australian wine labeled with specific appellations rather than wines with only country or large regional designations.

*(Selections rotate)*

10. Thinking of both RED and WHITE wines from Australia selling in the $15 or UNDER price range (750ml bottle at retail) please indicate your opinion of the PRICE/QUALITY ratio (value) of these wines. On the scale of 1 to 7, “7” means the very best quality for the price (value) and “1” means the very worst quality for the price (value). If you don’t know or have no opinion, please select that choice for any wine type that applies.

| 7 (Very best value) | 6 | 5 | 4 | 3 | 2 | 1 (Very least value) | Don’t know or no opinion |
|---|---|---|---|---|---|---|---|

White wines from Australia

11. Thinking of both RED and WHITE wines from Australia selling in the price range of <u>$15 - $19.99</u> (750ml bottle at retail) please indicate your opinion of the PRICE/QUALITY ratio (value) of these wines. On the scale of 1 to 7, “7” means the very best quality for the price (value) and “1” means the very worst quality for the price (value). If you don't know or have no opinion, please select that choice for any wine type that applies.

| | 7 (Very best value) | 6 | 5 | 4 | 3 | 2 | 1 (Very least value) | Don't know or no opinion |
|---|---|---|---|---|---|---|---|---|
| Red wines from Australia | | | | | | | | |
| White wines from Australia | | | | | | | | |

12. Thinking of both RED and WHITE wines from Australia selling in the price range of <u>$20 and OVER</u> (750ml bottle at retail) please indicate your opinion of the PRICE/QUALITY ratio (value) of these wines. On the scale of 1 to 7, “7” means the very best quality for the price (value) and “1” means the very worst quality for the price (value). If you don't know or have no opinion, please select that choice for any wine type that applies.

| | 7 (Very best value) | 6 | 5 | 4 | 3 | 2 | 1 (Very least value) | Don't know or no opinion |
|---|---|---|---|---|---|---|---|---|
| Red wines from Australia | | | | | | | | |
| White wines from Australia | | | | | | | | |

13. What is your opinion of the growth potential on the U.S. market for Australian wines of the following varieties or types? If you don't know or have no opinion for a particular variety, please choose that response.

| | Great growth potential | Good growth potential | Not much growth potential | No growth potential | Don't know or no opinion |
|---|---|---|---|---|---|
| Shiraz | | | | | |
| Cabernet Sauvignon | | | | | |
| Pinot Noir | | | | | |
| Red blends (“GSM” or other) | | | | | |
| Chardonnay | | | | | |
| Sparkling | | | | | |

*(Grape varieties rotate)*

14. Are there other Australian wine varieties or types beyond those listed in the question above that you believe have “Great” or “Good” growth potential? If so, please enter the names of those wines in the text boxes below. You may enter one, two, or three wine varieties or types, or you can skip this question if none apply. *(Three open-ended text boxes)*

15. (Respondents see the wine types they rated “Great” or “Good” for growth potential in Q13)) You indicated that you believe that the following Australian wine varieties or types have positive growth potential. Do you think these wines have the most growth potential in the under $15, $15-$19.99, or $20+ price category?

| Under $15 | $15 - $19.99 | $20 and more |
|---|---|---|

Shiraz

Cabernet Sauvignon

Pinot Noir

Red blends (“GSM” or other)

Chardonnay

Sparkling

*(Grape varieties rotate)*

16. Please indicate your level of familiarity with the following Australian wine regions and their wines.

| Not familiar with these wines | Somewhat familiar, my business DOES NOT sell or represent them | Somewhat familiar, my business DOES sell or represent them | Very familiar, my business DOES sell or represent them |
|---|---|---|---|

Hunter Valley

Barossa Valley

McLaren Vale

Clare Valley

Yarra Valley

Margaret River

Adelaide Hills

Coonawarra

Tasmania

Langhorn Creek

Limestone Coast

Mornington

*(Regions rotate)*

17. Please rate how important the factors listed below are when making the decision to add to your portfolio a new imported wine that would sell at retail for about $20.

| Very important | Somewhat important | Not very important | Neutral or not sure |
|---|---|---|---|

The country of origin

Score or rating from a respected wine critic

The region of production is known for producing quality wines of the type you are considering

The wine is in a category that is already showing growth on the market

There is good consumer demand for the type of wine you are considering

There is a consistent supply of the wine

Promotional support from the producer or a trade association

You personally like the wine

That the wine is of a type, from a region, and/or in a price segment that fills a gap in your portfolio

Other (Please describe)

*(Factors rotate except for “other”)*

18. Thinking of new wines from Australia that would sell at retail for over $15 on the U.S. market, what level of interest among wine retailers would you forecast for the wine types coming from the regions listed below? On a 7-point scale, “7” means “Great interest in selling this wine from this region,” and “1” means “No interest at all in this wine from this region.” For purpose of rating interest, assume that the wine quality is appropriate for its price.

| 7 (Great interest) | 6 | 5 | 4 | 3 | 2 | 1 (No interest) | Don’t know or no opinion |
|---|---|---|---|---|---|---|---|

Cabernet Sauvignon – Margaret River or Coonawarra

Chardonnay – Margaret River, Yarra Valley, or Adelaide Hills

Pinot Noir – Yarra Valley or Adelaide Hills

Sparkling – Tasmania or Adelaide Hills

Red blends – From any region

19. Thinking of the concept of promoting selected Australian wine regions and the wine varieties or types from each that offer distinct qualities, please check any of the statements below that you are in agreement with. Please check as many as apply.

Consumers who like a particular type of wine are usually interested in trying that type of wine from regions beyond those they already are familiar with.

The reputation for a region as a producer of quality wines of a given type is important to consumers looking for wines of that type.

When it comes to shopping for wines of a type a consumer likes, a discounted price often influences their choice.

People who like a particular wine type are more likely to try a new wine of that type if it has gotten a high score from a well-known critic or wine publication.

Consumers who like a particular type of wine from a given region are more likely to try new brands from that region than to try the same type of wine from a different region.

20. How do you foresee the growth of Australian wine share of market in the U.S. in the coming five years? Please check the statement that best describes your estimate.

Significant growth of share

Some growth of share

Little change or no change in share

Some decline in share

Significant decline in share

21. Are there any further comments you would like to make about Australian wine? If so, please enter your thoughts in the comment box below. *(Open-ended comment box)*

“ Wine Opinions ”

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