



5/12/2008

National Interprofessional Organisation for Vine and Wine
 Comparative analysis of countries-markets regarded as competitors
 or considered cases of excellence
 Australia

Australia

Sector profile

Industry overview

Name of national wine brand	Wine Australia	
Total cultivation area	Total vineyard area of 174kha	
Number of wineries / vineyards / winegrowers	2,146 wine companies	
Number of distinct wine producing regions	64 wine regions located across the country with 103 "defined geographic indications"	
Latest wine production figure	14,298khl (2006 provisional), $\pm 0\%$ 9,620khl (2007 forecast), -32.7%	
Latest wine sales volume figures	DOMESTIC 4,490khl	EXPORTS 7,500khl (2006 prov), +6.9% 8,000khl (2007f), +6.7%

Australia's wine industry has demonstrated remarkable growth over the last decades. The sector employs an estimated 31,000 people in both wine making and grape growing, generating related employment in the retail, wholesale and hospitality industries. Vineyards and wineries are found across 6 out of 7 states: New South Wales, Queensland, South Australia, Tasmania, Victoria and South Australia.

The industry's stellar performance has been the result of winemakers' individual professional interest and hard work, coupled with Australian government's support in embracing technology and innovation, as well as rigorous brand management and safeguarding. The wine industry strategy document "Strategy 2025", published in 1996, set a key target to achieve annual sales of €2.34bn⁶ (AUS\$ 4.5bn) by 2025, a figure surpassed 20 years earlier than planned in 2005.

Moreover, Strategy 2025 outlined resources needed for reaching sales objectives: 40kha of new vineyards; 5,700khl extra processing capacity; 11,000khl new storage; 10, 500 new workers; and €2.59bn (AUS\$ 5bn) funding.

⁶ Currency rate: AUS\$ 1= €0.518

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In terms of image, Australian wines were until recently perceived mainly as reliable, value for money, everyday wine. The updated strategic and operational plan "Wine Australia: Directions to 2025", issued in 2007, acknowledged the need for expanding the national wine brand for the benefit of larger profit margins and future sustainability and competitiveness.

Wine production and exports

Wine production



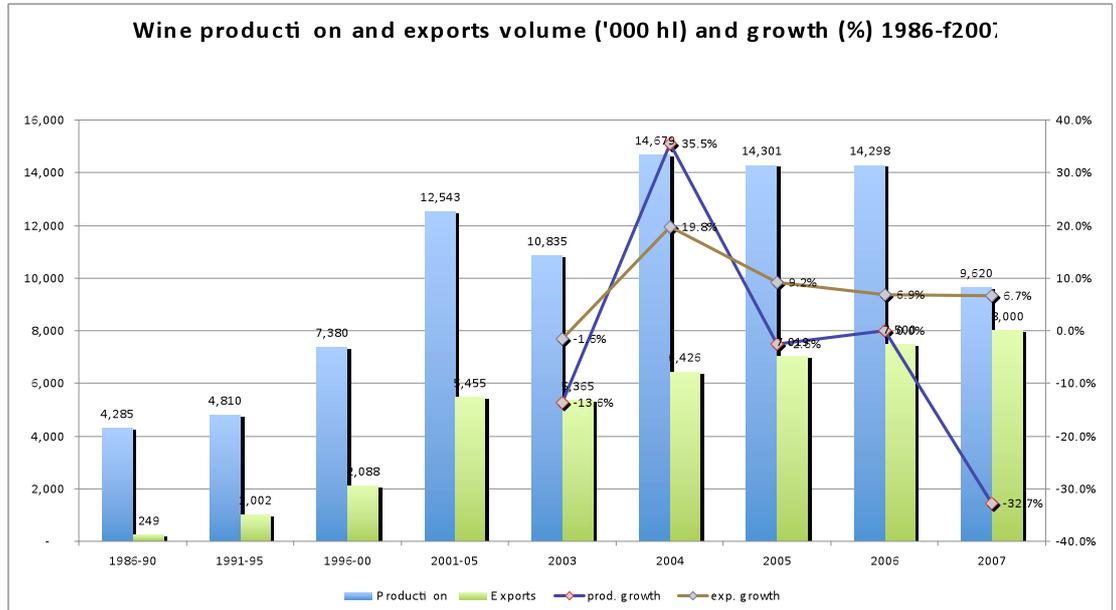
According to OIV predictions for 2007 world production volumes, Australia ranks eighth in the group of selected countries for this study. Based on Australia's definitive figures for 2006–07, the sales of the Australian wine were approximately 1,230khl, ranking the country 7th in the world. From the total sales volume, 4,490khl were sold domestically and 7,860khl were exported.



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Wine production and export volumes and growth are shown in the chart below:



Source: Based on data sourced from OIV

In terms of wine type, the Australian production by volume is equally split between red (49.5%) and white (49.7%) and includes a negligible percentage of fortified wine.

In terms of varietals, information on production volumes per varietal is not available; wine grape crush however, reaching 1.9m tones in 2006, can serve as a basic indicator of significance of each variety. By this measure, Chardonnay leads both white and red grape production with 27% on total weight produced; Shiraz comes second (first in the reds category) with 21% and Cabernet Sauvignon follows with 13.5%. Merlot, Semillon, Colombard, Muscat Gordo Blanco, Sauvignon Blanc, Riesling and Pinot Noir follow next with smaller shares.

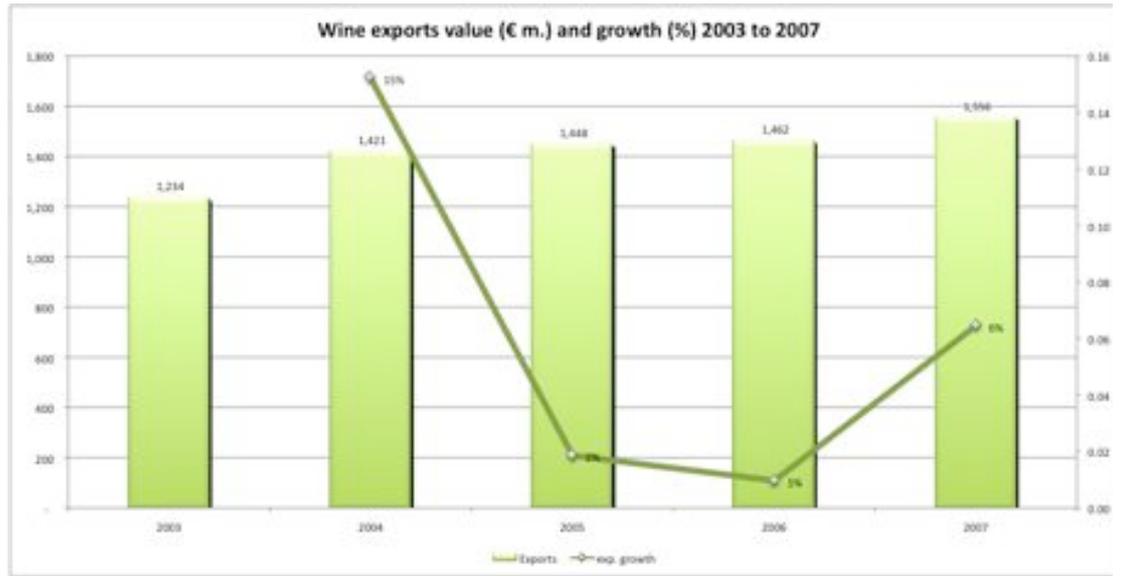


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Wine exports

Australia is the fourth largest wine exporting country by 2007 with total wine exports volume of 7,850khl, achieving a value of € 1.6bn (AUS\$ 3bn). In terms of volume, exports are equivalent to 82.2% of the country's annual wine production.



Source: Based on data sourced from AWBC

Wine exported doesn't follow the equal split between red and white wines. Red wines dominate exports with 63.1% on volume.

Australia's largest wine export market is the United Kingdom (2,690khl, worth € 506m - AUS\$ 977m), with United States coming up second (2,150khl, worth € 443.4m - AUS\$856 million), while Canada, Germany and New Zealand are also major importers.

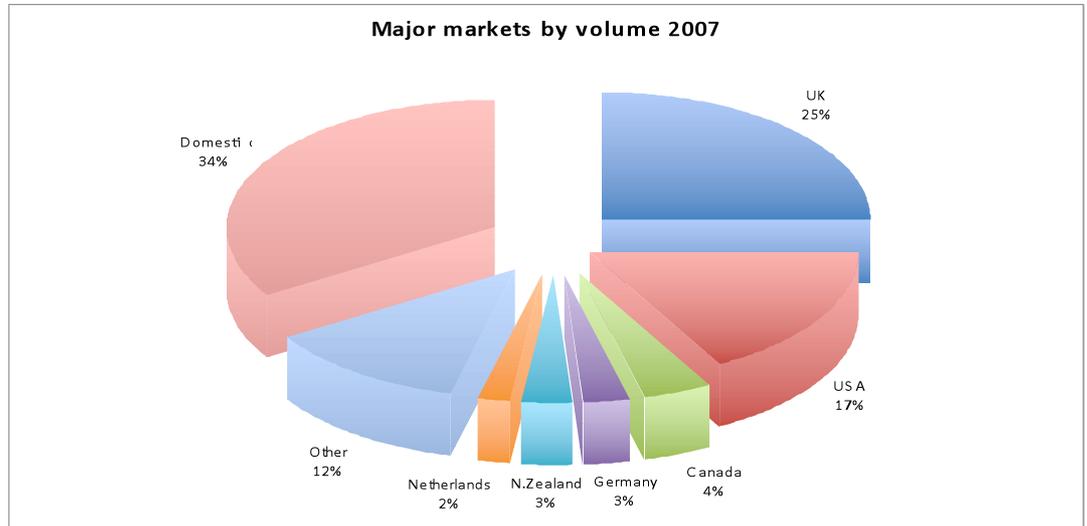


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Source: Based on data sourced from AWBC

In the last two years though 2007-8, however, the recovery of the Australian dollar combined with last year's droughts has landed a heavy blow to the country's wine industry with both the value and volume of exports falling for the first time in more than a decade. Average prices increased by 2% in 2007 and another 1% in 2008 to EURO 2.1 per litre.

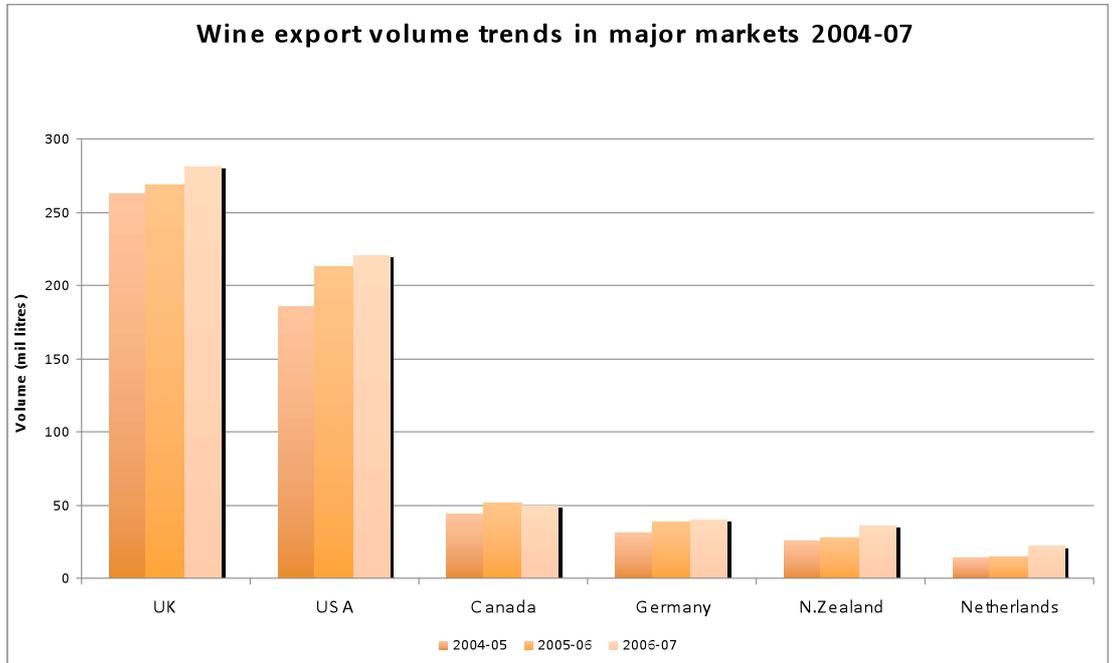
At the same time, wine exports in 2008 declined by 12%, from 8mhl to 7mhl and value fell by almost 11% to €1.5bn., the first time either figures had shrunk since 1995. UK and USA, the two primary markets for Australian wine exports, were mainly responsible for the decline. Specifically for the UK market, situation was aggravated by the additional consumer taxes imposed recently by the Government on all alcoholic beverages.

With cost of grapes rising and the Australian dollar trading on a 23 year high, there are increasing fears that Australian wines will become less competitive. The Winemaker's Federation of Australia's chief executive Stephen Strachan warned that the traditional market for much of Australia's wine production, ultra-cheap bulk wine, was gradually disappearing. However, according to AWBC's reports reduced prices during the recent past were partly due to "opportunistic sales undertaken to draw down excess wine inventory". Therefore, the recent lower-yield seasons are seen to have helped the industry to reduce wine stock levels towards a balanced position.

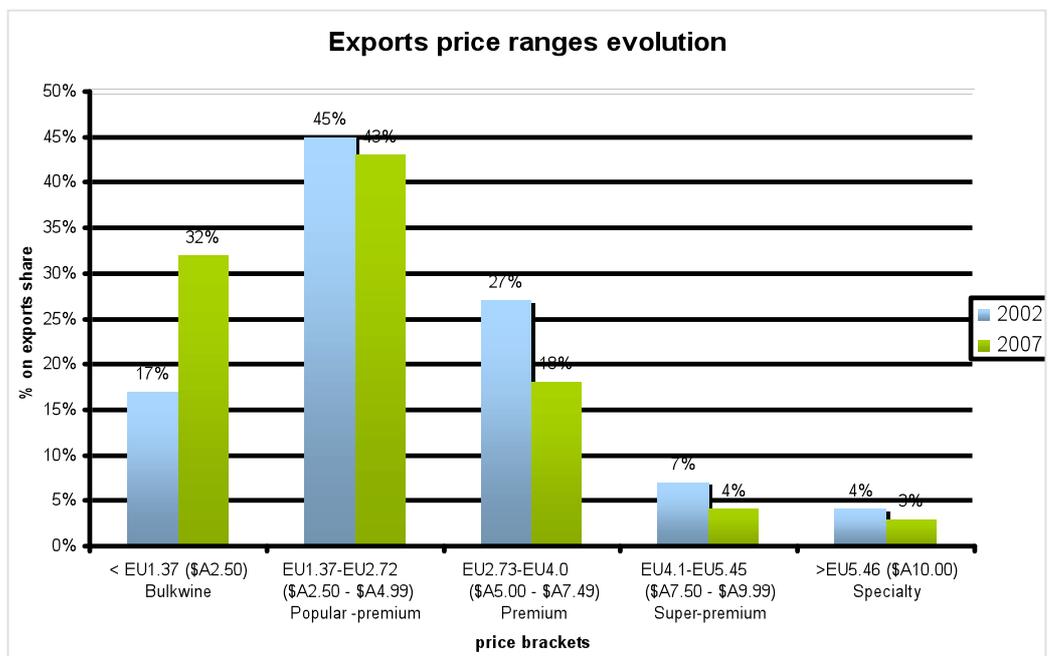


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Source: Based on data sourced from AWBC



Source: Winefacts, AWBC Australia Wine sales at a glance 2007; prices are per lt free-on-board
 1 EU = 1.83AUD



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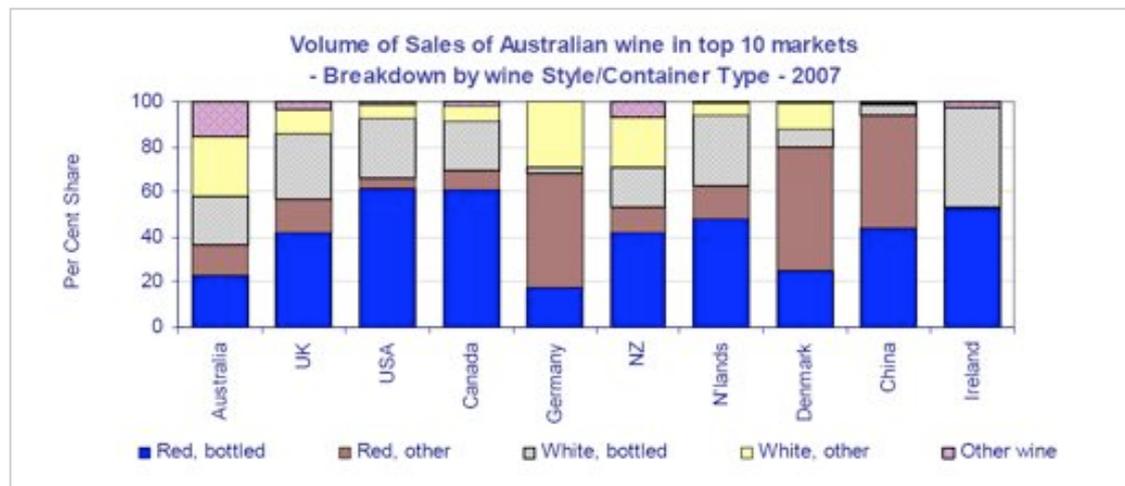
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The majority of wine exports, approximately 43% in 2007, falls within the “popular” price range according to AWBC’s segmentation, i.e. between €1.37 and €2.72 per litre fob.

The following graph shows bottled vs non-bottled sales of Australian wine in volume in its top 10 markets:



Source: AWBC

With the exception of the domestic market and the markets of Germany, Denmark and China, bottled sales dominate all other markets at a 70% to 90% share approximately. In Denmark and China, non-bottled wine is of higher importance; noticeably, only 22% of German imports of Australian wine are bottled, as the country relies heavily on importing in bulk and then selling under its own labels.

Bulk wine exports have been significantly augmented and are expected to increase further as Australia expects to gain from the increasing trend of exports in bulk that include branded product as well. Shipping in bulk provides a cost effective means of transportation while reducing carbon footprint, shipping logistics and tariffs. Moreover, technology advances in wine shipping remove some of the risks of harming product quality associated with bulk shipping.

As Australia exports mostly to distant places such as Europe and North America, Australian producers opt to capitalize on bulk shipping benefits; under regulations already in place in Australia, it is now possible for quality bottled wine to reach the end-consumer in distant markets at profitable levels, due to the reduced costs of bulk shipping.



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“Wine Australia” brand stakeholders

Australian wines are promoted internationally under the “Wine Australia” banner. The Australian Wine and Brandy Corporation, established in 1981, is the Australian Government statutory authority responsible for providing strategic support to the Australian wine sector. AWBC aims at enhancing the operating environment for the benefit of the Australian wine industry by providing the leading role in market development, knowledge development, compliance and trade.

AWBC is one of the of five top national organisations that operate in Australia and overseas on high-level wine industry-related issues, including marketing, policy, lobbying and research; the others are the Grape and Wine Research and Development Corporation, the Winemakers’ Federation of Australia, the Wine Grape Growers Australia and Australian Wine Research Institute.

In addition to the above, a number of state and regional organisations are operating, funded through membership fees.

Industry cohesion and communication

AWBC fosters industry strong cohesion and communication by diffusing a great amount of information regarding the industry, target markets, regulations etc. Australian winemakers are aware that the only way to succeed in the global market is to join forces, align resources and acquire critical mass for measurable results.

Example of the level of industry communication among commercial players was the establishment of the Drought Management Taskforce in 2006, whose mission was to help Australian wine industry plan its way through production impacts of the drought. The taskforce involved both private companies and national organisations.

Safeguarding the brand

Case Study: Wine Australia export process and label integrity program

Australia claims to have in effect the toughest wine export compliance regime in the world. This rigorous regime has the broad support of the industry and was put in place to safeguard the Wine Australia brand, ensuring integrity and reputation for Australia’s “liquid ambassador”.

Export compliance requirements dictate that no wine may be exported from the country without first being assessed as “sound and merchantable” and any label claims on matters as grape variety and vintage must be substantiated. To this end, a panel of inspectors tastes and appraises more than 16,000 wines every year; In addition, wineries are also audited to ensure systems competence.



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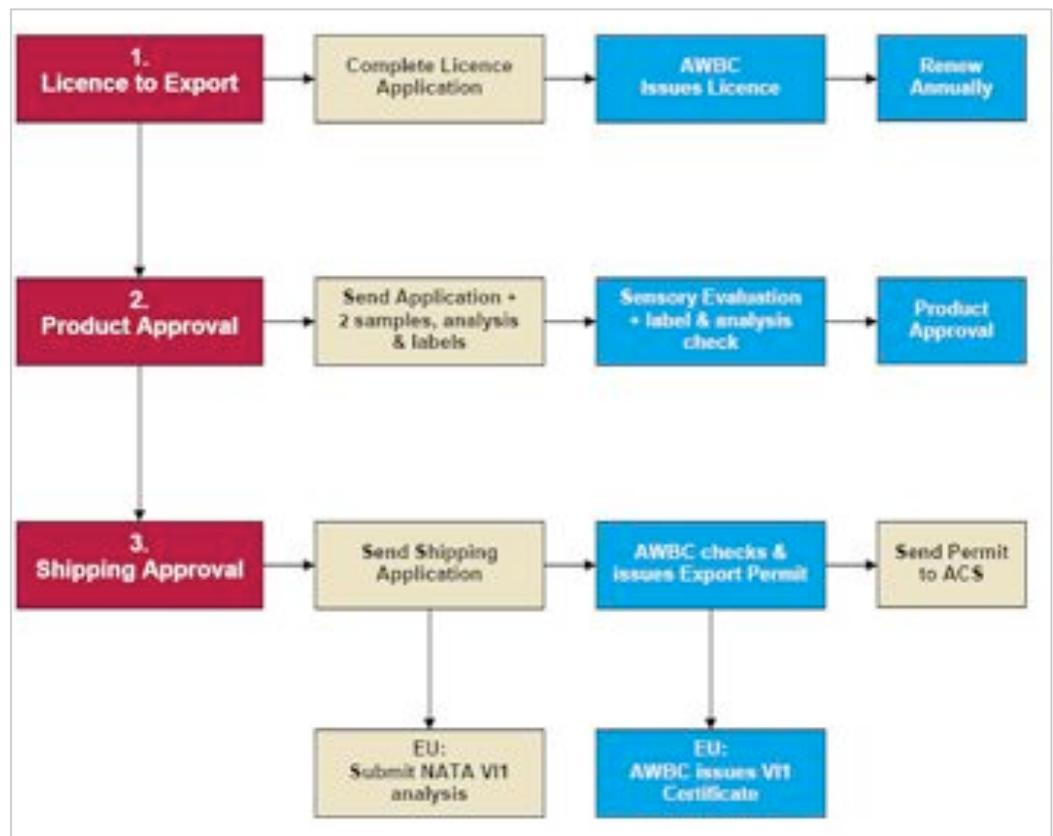
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Wine Australia export process

The Australian Wine and Brandy Corporation wine exports process model is divided into three steps:

- Export license issue
- Product testing
- Export permit issue

At each of the above steps, there are various tests and requirements that the product and the producer must meet. A further analysis follows below.



Export process diagram, source: AWBC



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License to export

The first step of the export process model has more to do with the wine producer than the wine products.

The Australian Wine and Brandy Corporation assess wine producers against the following set of criteria:

- the financial standing of the applicant and his/her company
- the applicant's ability to obtain grape products from Australian suppliers
- matters related to the promotion of the export of grape products
- whether the AWBC has cancelled a license held by the applicant before

Product approval

The second step of the Australian wine exportation model is assessing wine products and production methods.

Two samples of the "finished" product must be forwarded to the AWBC Compliance Centre, accompanied by a Continuing Approval Application and a copy of all labels. Analysis details for each wine and the FOB export price must be provided.

The labeling and analytical detail provided is checked for compliance with domestic requirements, including the blending regulations.

Where the destination country has specific requirements, the product must comply with the import markets requirements and with the Food Standards Code in every respect.

Finally, the product is masked and presented to the AWBC's Wine Inspectors for a sensory evaluation.

The approval for bottled products is granted for 12 months and wine in alternative packaging (including bulk wine) is approved for 3 months or 6 months for fortified wine. Random winery and product inspections are undertaken to ensure a product that has been exported is compatible with the original samples for which approval was given.

Export permit

The third and final step of the export model is concerned with the procedures of exporting. A Shipping Application must be lodged with the AWBC at least 10 days prior to shipment. If the AWBC authorizes the consignment, it will provide a permit number for application of the EDN (Exit Declaration Number) from the Australian Customs Service. The AWBC charges a processing fee. The VI1 Certificate is required for wine being sent to the EU.



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VI1 wine analysis certificate for the European Union

The European Union imports only wine products that are accompanied by a VI1 certificate. The VI1 certificate is achieved by an in-depth wine analysis that is undertaken by a laboratory, chemist, or enologist and determines and states the wine's actual alcohol strength, total acidity, and total sulfur dioxide.

Also the VI1 form certifies that the wine that will be exported:

- complies with the production and circulation rules applicable at Australia
- has been produced using oenological practices in accordance with the terms of the European Union Agreement on Trade in Wine
- has been produced by a winery licensed by AWBC for the production of grape wine

Two bottles of wine must be provided to obtain the analysis. Exporters should specify whether the wine is a "special late harvested" style or is to be exported in bulk, as the testing process differs. The AWBC will issue the VI1 Certificate if and when an export permit is granted and charges a production fee for each VI1.

Bulk Wine Exports

In order to export wine in bulk from Australia, the wine producer must use containers larger than 20 litres in shipments greater than 100 litres. Apart from the export procedures applicable for bottled wine, there are additional ones for bulk wine.

The exporter seeks approval by submitting a completed Bulk Consignee Approval Form (the consignee is responsible for bottling); after receiving the approval he may then seek relevant export permits.

For a consignee to be approved, they must be certified in accordance with one of the following:

- British Retail Consortium (BRC) technical standard or equivalent
- ISO 22000 standard
- HACCP & ISO 9000 standards
- International Food Standard (IFS)

Approval status may be conditional depending on the necessary return samples (bottled) required by AWBC; criteria for evaluating return samples involve the quality of the product as well as the labeling.



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Label Integrity Program

The AWBC, at the request of the Australian wine industry, established a recording system, named Label Integrity Program, to provide an audit trail, from grape purchase to finished product, to help substantiate label claims, such as vintage, variety and GI of origin. Winemakers are not obliged to make a label claim about the above; if they wish to do however, they must keep an audit trail.

A "label claim" includes claims made on a wine label, in a commercial document or in an advertisement, about the vintage, variety or geographical indication of wine goods or of the wine goods from which they were manufactured.

The full regulations are included in the Australian Wine and Brandy Corporation Act 1980; the Act provides for a penalty of up to \$15,000 for a wine manufacturer "*who knowingly or recklessly fails to make or keep records as required or makes or keeps a record that is false, misleading or incomplete in a material particular*".

Supporting wine exporters

The Australian Wine and Brandy Corporation, through its website, provides several ways and means in order to facilitate wine producers with the export procedure. All required export application forms, information about the labeling of the product, the future pricing policy and even information with regards to marketing, promotion and branding of the wine are available online.

Additionally, the Australian Wine and Brandy Corporation with its publications provides extra information with the intention of educating wine exporters. The "Guide to Export" for instance can be downloaded for free from the website. Additionally, the "Export Market Guide", a comprehensive guide for the wine market and regulatory environment of over 32 key countries can be purchased online.

Wine export approval system

The Wine Export Approval System allows wine exporters to obtain export documentation electronically. There are two options:

1. Electronic data transfer (EDT): By choosing this facility exporters will be able to transfer data files from their computer system to the Corporation's computer system via the Internet. It will allow exporters to transfer information in bulk and is considered most suited to medium-large exporters.
2. Online: By choosing this facility the exporter can access the Corporation's WEA system and enter the information included on the Continuing Approval Application form (Product) and Shipping Application form through their own computer. It is considered to be most suited for the small to medium wineries.



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Product portfolio analysis

Classification system

Wine Australia act as the prime example of the New World classification paradigm: "wine of the grape". Moving away from the somewhat complicated for consumers European classification system, consisting of hundreds of denoted areas and regions, Australia uses the grape varietal as its main wine classification criterion.

In 1993 however, the Geographical Indications system was also introduced to allow Australia to fulfil its Agreements with the European Community on Trade in Wine and the Agreement on Trade-Related Aspects of Intellectual Property Rights. Still, GIs cannot be used on exports to the EU or the US until those also are included on the list of Australian Geographical Applications approved for use in those markets.

This in fact depicts the lately increasing trend in New World countries to introduce terroir uniqueness and typicality as quality parameter for their wines.

Geographical Indication

A Geographical Indication (GI) is an official description of an Australian wine zone, region or sub-region designed to protect the use of the regional name under international law. The GI classification is similar to the Appellation naming system used in Europe, yet less restrictive in terms of viticultural and winemaking practices. In fact the only restriction is that wine which carries the GI must include at least 85% fruit from that region.

There are 64 wine regions located across the country with 103 "defined geographic indications" for wine growing districts covering zones, regions and sub-regions, such as Hunter Valley, Barossa Valley etc. which act as an indicator of quality.

Wine zone	An area of land, without any particular qualifying attributes.
Wine region	A single tract of land, comprising at least five independently owned wine grape vineyards of at least five hectares each and usually produce five hundred tonnes of wine grapes in a year. A region is required to be measurably discrete from adjoining regions and have measurable homogeneity in grape growing attributes over its area.
Sub-regions	Regions' restrictions apply as well. Additionally, a sub-region is required to be substantially discrete within the region and have substantial homogeneity in grape growing attributes over the area.

Areas are usually known for specific "signature" wines, such as Barossa Shiraz, Clare Valley Riesling, Coonawarra Cabernet Sauvignon etc. Therefore, the name of the wine-producing area complemented with the type or types of varietals used for



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vinification creates each wine's distinct identity. Vintage ratings are appointed annually for each Geographical Indication.

Type and varietal

In order to facilitate consumers' choice and to enhance the Wines Australia brand promise of "wines for every occasion" to "suit every taste, every mood and every meal", a basic wine style categorisation is used. According to this Wines Australia are divided into red, white, sparkling, fortified and dessert wines.

Around 130 different grape varieties are used by commercial winemakers in Australia. The types of grapes grown and used for vinification in Australia include well-known, established international varietals from France, Italy and Spain. However, the country's climate and geological particularities combined with the winemakers' unique and innovative approach cater for wines with distinct character that sets them apart from their European counterparts. In fact, Australia's impressive winemaking results for Chardonnay and Shiraz have established global quality benchmarks.

Moreover, there are certain wine styles such as fortified Muscat wines and sparkling reds that Australia claims as its own. Blending two grapes and naming wines under the corresponding varietals is promoted as a uniquely Australian trend (even though followed by other new world countries, such as Chile), with the Cabernet Sauvignon/Shiraz being one of the most successful pairings. Over recent years the Australian wine industry has been also exploring lesser known and possibly underestimated varietals –at least for Old World winemakers.

Ambassador product portfolio

Australia winemakers have been consistently producing exquisite quality results for certain wine varieties. Depending on the region where the particular grapes are grown, wines of the same variety tend to develop distinctive, particular characters. As a result, individual areas are usually known for specific "signature" wines. The very best of them serve as brand ambassadors for Wine Australia, propagating the values of premium quality and unique diversity.

Red grapes are amongst Australia's greatest assets, with Shiraz and Cabernet Sauvignon as the most celebrated success stories of the country's wine industry. In the white wines category, Chardonnay is the most widely planted variety in the country.

Ambassador varietals	Shiraz
	Chardonnay
	Cabernet Sauvignon



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However, in terms of a strategic portfolio of ambassador wines, Australia has embarked upon a truly innovative approach: Wine Australia created four sub-brands which classify wines according to their distinct personality, not taking directly into account varietals or GIs. Those four brand personalities are the vehicles for expanding Wine Australia’s brand image, claiming aspirational, authentic and innovative associations.

The flagship personalities are:

<p>Landmark Australia</p>	<p>“High profile, distinguished Australian wines built on inherent quality and world class reputation”</p> 
<p>Regional heroes</p>	<p>“Wines from somewhere rather than wines from anywhere. Australian wines that add and sustain interest for consumers by fostering a clear association between region and variety/style”</p> 
<p>Brand Champions</p>	<p>“Australian wines that appeal through accessibility, ease of enjoyment and a strong premium brand message about product and country”</p> 
<p>Generation next</p>	<p>“Australian wines driven by innovation (marketing; product; packaging) that appeal to audiences who drink wine primarily for social occasion rather than wine attribute alone”</p> 

R&D and innovation

As wine has been nominated Australia’s “liquid ambassador”, both commercial and public institutions collaborate in order to safeguard the future of the industry and claim to lead the transfer of R&D. National Wine organisations collaborate in



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undertaking research initiatives using government matching funds. Initiatives are in conjunction with universities and private commercial research organisations, such as the Australian Commonwealth Scientific and Research Organisation. Several of these projects demonstrate a worth-mentioning level of innovation, for instance the project for profiling flavor particularities of different populations, owing to cultural or other reasons.

Moreover, Australia claims to lead the transfer of the wine industry's R&D. The Grape and Wine Research and Development Cooperation's mission is "to realise for Australia the excellent returns available from strategic investment in wine industry research and development". In this context, it supports special research projects - covering viticultural techniques, fermentation techniques, market preferences and shifts, etc. More than 150 projects are fully or partly funded by GWRDC, an investment of €7.8m (AUS\$15m). Additionally, independent R&D management conducted at an individual business level is facilitated by GWRDC, and supported by the industry's strong cohesion and communication.

Low alcohol wines

The Australian wine industry has identified the emerging trend for low alcohol and non-alcoholic wines as part of a healthier lifestyle and is preparing to address future demand. As Australian kingpin Brian McGuigan points out⁷, low-alcohol, light floral flavours are going to be popular both stylistically and politically.

The issue is reducing alcohol/ethanol content without compromising wine quality. The Australian wine industry acknowledged that there lies considerable commercial advantage for whoever delivers the successful outcome first. Hence, it has invested heavily on gaining the benefit for Australian winemakers. The Australian Wine Research Institute has been researching the field attempting to generate "low-alcohol producing yeasts" using traditional breeding and selection processes which are acceptable by the consumer and cost-effectively adopted by winemakers.

Australian Wine Industry Stewardship

Responding to consumers' eco/environmental concerns, New World producers proactively decided to turn their inherent handicap into a communication benefit. Australian Wine Industry Stewardship provides a reporting mechanism for all brand owners to ensure that their grape growers are able to report key environmental activities against a set of national and regional indicator questions. Within this realm, winegrowers from Australia joined forces with their peers from New Zealand, US, South Africa, and developed a downloadable Greenhouse Gas Emissions calculator, a tool for calculating carbon footprint of vineyards and wineries, owing to wine shipping towards Europe and North America.

⁷ Decanter: McGuigan: low alcohol is the future – 18.07.08



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Brand strategy analysis

Wine Australia is the platform that the Australian Wine and Brandy Corporation use to represent Australian wines internationally. Functioning as an endorsement brand, it provides an assurance of consistently better quality at every price point.



In 2007, the Australian Wine and Brandy Corporation (AWBC) released the new industry strategy and set of market programs as part of a roadmap for wine sector sustainability, developed to move Wine Australia from a 'one-size-fits-all' endorsement brand to one that encompasses sub-brands.

Consequently, four sub-brands with distinctive "personalities" were introduced, communicating both quality and diversity elements of the Wine Australia offer: Brand Champions; Regional Heroes; Generation Next; Landmark Australia. They provide the framework for Australian wine producers to position their wines, and for global consumers to explore and savour Australian wines in every occasion.

By fostering brand segmentation, Wine Australia succeeds in expanding its former single-dimensional brand image of reliable and accessible best-value wines (corresponding to Brand Champions personality) to wines that encompass diversity, regional individuality, innovation and aspiration.



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Brand image elements

The following analysis involves the Wine Australia endorsement brand.

Brand image elements	
Features	<p>Wine types: <i>reds (most celebrated), whites, sparkling reds, Dessert & fortified (stickies)</i></p> <p>Varietals: <i>Internatinal noble varietals</i></p> <p>Regions and appellations: <i>64 wine making regions, 103 GIs; Barossa Valley being the most popular for wine tourism</i></p> <p>National wine sub-brands: <i>Brand Champions, Generation Next, Regional Heroes, Landmark Australia</i></p> <p>Ambassador wines: <i>(varietal-based) Shiraz; Cabernet Sauvignon; Chardonnay</i></p> <p>Wineries: <i>2000 wineries</i></p> <p>Wine routes</p> <p>Prominent wine professionals: <i>winemakers, wine-writers, viticulturists, wine-tourism executives etc.</i></p> <p>Innovation-oriented winemakers</p> <p>Industry cohesion and commitment</p> <p>Sustainable wine growing and winemaking</p> <p>State-of-the art technology and techniques</p> <p>Diverse and unique terroirs</p>
Attributes	<p>Accessible</p> <p>Ambitious: <i>New World benchmark</i></p> <p>Authentic</p> <p>Challenging</p> <p>Collectable</p> <p>Constantly evolving</p> <p>Distinctive</p> <p>Diverse</p> <p>Enjoyable</p> <p>Excellent</p> <p>Exciting</p> <p>“Clean & Green”</p> <p>Inclusive</p> <p>Innovative</p> <p>Internationally acclaimed; <i>award winning</i></p> <p>Popular</p> <p>Reliable: <i>trusted</i></p> <p>Quality <i>at every price point</i></p> <p>Stylish</p> <p>World class</p>



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<p>Benefits</p>	<p>Accessibility Aspiration Consumer understanding Discovery Enjoyment Excitement Inspiration Prestige</p>
<p>Emotional imagery</p>	<p>Accomplishment Belonging Safety Satisfaction Self-fulfilment Status</p>
<p>Experience imagery</p>	<p>Australia's scenic landscapes, endless "unexplored" and "unexposed" lands</p>   <p>Unique, distinct nature, something different from a "far away part of the world"</p>  <p>Hospitality, feeling welcomed and warm in a distant land</p>  <p>Wine tasting in cellars or restaurants; gourmet dining accompanied by wines of the highest quality</p> 



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<p>Consumer imagery</p>	<p>Individuals (mainly Australian wine industry's professionals) 25-40 years old, casually dressed, yet confident</p> 
<p>Brand essence</p>	<p>World-class, ambitious and diverse wines, able to enhance the entire array of drinking occasions, from casual to exceptional</p>



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Ambassador portfolio brand image

Brand Champions

Brand Champions: "Australian wines that appeal through accessibility, ease of enjoyment and a strong premium brand message about product and country."

Core value: accessibility

versatile	dynamic	accessible
rewarding	enjoyable	appealing
popular	trusted	bold

Brand Champions aim at mass market appeal, combining ease, convenience, reliable quality and prices slightly above entry-level wines (€4.1 – €6.2, AUS\$8 – AUS\$12 rrp). Mainly distributed through mainstream off-trade channels with an indicative volume of 100,000+ cases.

Regional Heroes

Regional Heroes: "Wines from somewhere rather than wines from anywhere. Australian wines that add and sustain interest for consumers by fostering a clear association between region and variety/style"

Core value: interest

people	place	family
character	authenticity	heritage
accent	interest	honesty



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Wines that meet criteria (at least two of the following) such as: awarded reputation for excellence (regional or varietal expression); domestic or international media/trade endorsement; strong export performance or potential; acknowledged contribution towards developing regional profile (wine tourism, cellar door innovation, etc).

Several wine varietal /regions were selected to form the core of the strategy, such as Clare Valley Riesling, Barossa Valley Shiraz etc.

Distribution channels include specialist retail chains, independent retail, and alternative channels (mail-order, internet, duty free, airlines and some on-trade).
 Prices are set at €7.2+, AUS\$A14+ rrp with a total volume of 1,000+ cases.

Generation next

Generation Next: "Australian wines driven by innovation (marketing; product; packaging) that appeal to audiences who drink wine primarily for social occasion rather than wine attribute alone".

Core value: innovation

confident	stylish	creative
original	innovative	challenging
exciting	different	independent

Distributed through 70% off-trade, 30% on-trade.



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Landmark Australia

Landmark Australia: "High profile, renowned Australian wines built on inherent quality and world class reputation"

Core value: aspiration

aspiration	distinction	elegance
detail	quality	inspiration
excellence	longevity	renown

Selected labels, distributed mainly on trade (80%), sold at ultra premium (and above) prices (€18.1+, AUS\$A35+ rrp), and production capacity of 200+ cases.

Sub-brands compared

The wheel bellow shows the features and benefits of the 4 sub-brands of Wines Australia:





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The following table summarizes the key elements defining the 4 sub-brands, as well as the recommended retail pricing, volumes and distribution for each.

	Brand champions	Regional heroes	Generation Next	Landmark Australia
Brand elements	Versatile Dynamic Accessible Rewarding Appealing Popular Trusted Bold Enjoyable	People Place Family Character Heritage Accent Interest Honesty Authenticity	Confident Stylish Creative Original Challenging Exciting Different Independent Innovative	Aspiration Distinction Elegance Detail Inspiration Excellence Longevity Renown Quality
RRP	€4.1 – €6.2, AUS\$8 – AUS\$12	€7.2+, AUS\$14+	-	€18.1+, AUS\$35+
Volume (cases)	100,000+	1,000+	-	200+
Distribution	Mainstream off-trade	specialist retail chains, independent retail, and alternative channels	70% off-trade, 30% on-trade	Mainly on-trade

Identity elements

Wines Australia endorsement brand



Wine Australia's signature bears strong associations with the national brand, featuring the kangaroo –symbol of the country- as a landmark and capitalizing on Australia's popularity as a destination. The overall impression of the signature in terms of design is simple, clean-cut and straightforward, conveying an elegant balance between artistic and rational expression.

The image of the kangaroo is a worldwide "proprietary" symbol for Australia, thus ensuring immediate brand recognition and linking wine to its place of origin. Although at first it seems as if hand-painted, it actually consists of perfectly drawn arcs, conveying a creative, yet structured personality.

The kangaroo itself connotes a dynamic, fast and "forward-thinking" character, while its ability for travelling great distances within a few "gigantic" leaps could be associated with Australian wine industry's impressive growth within just a few years.



Another interesting interpretation emerges if the kangaroo icon is rotated at the left side: a vague image - reminiscent of a bunch of grapes with the stem at the top of it – appears producing clear associations with the wine industry.

The deep red color connotes the famous Australian red wines, while at the same time bears associations with elements of elegance and high quality. Typography used is simple and "friendly" using lower case fonts.

No tagline or other brand explanation is used; yet the four sub-brands express and convey the entire spectrum of Wine Australia's offering.

Sub-brands



The four sub-brands differ substantially in terms of their identity exception:

- The "Brand Champions" brand signature uses pop graphic elements to convey impressions of the mainstream, casual, every-day and approachable. Plain typography in all-capitals is neutral and the box around the logotype signs the "all-encompassing" (different styles for every day, every occasion, every person and every pocket) notion of the brand.
- The "Regional Heroes" brand signature uses images focused on wine bottle labels, giving a sense of an existing multitude of regional expressions and styles for Australian wine. The logotype's typefont and selection of Upper-lower case writing as well as the light blue background color all promote a friendly image for a brand that is easy to understand and offers plenty to explore.
- The "Landmark Australia" brand signature's elements (the image of the expensive, posh, empty, formal, all-white dinner table with name cards on every seat, the artistic handwrite-like typefont, the use of the underline and the serious petrol background color) all convey the image of top quality and exclusivity of the unparalleled experience this brand's wines offer.
- The "Generation Next" brand signature uses elements which convey eccentricity, modernity and uniqueness, such as the white artistic pattern present in the wall and the woman's dress, the intensive use of red, and the contrast between smalls and caps in the brand and tag typography. This is the only sub-brand signature directly explaining the brand with the use of tags, namely "Stylish : Confident : Original : Creative : Exciting."

It must be noted that all 4 sub-brand signatures have in common the Wines Australia endorsement signature.



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Marketing strategy analysis

Overview

Wine Australia follows a strategically planned roadmap, often updated and enhanced with operational planning.

Regarding geographical strategy, in 2000, the strategic document "The Marketing Decade: Setting the Australian Wine Marketing Agenda 2000 -2010" segmented Australia's top 20 markets according to their stage of development with regards to Australian wine. The ultimate goal set for 2010 was to achieving the following:

- Category status: UK, Ireland
- Volume penetration: USA, Canada, Switzerland, Sweden, Hong Kong, Singapore
- Niche presence: Germany, Japan, Netherlands, Denmark, Norway, Finland, Malaysia
- Embryonic: Thailand, Taiwan, Korea, China

Marketing activities were planned to best serve the set objectives for each segment.

According to the updated strategic and operational plan "Wine Australia: Directions to 2025" issued in 2007, a single industry body was to be designated with the responsibility of aligning all industry-funded promotional activities with market development objectives of the strategy and implement the Promotion Action Plan. Wine Australia is used as a trust mark, a quality and integrity endorser supporting the four distinct brand personalities, conveying diversity.

The communications and promotional mix are using the full spectrum of tools available. Activities are designed on a global basis and thematically segmented to cover the four distinct brand personalities. Various traditional tools are used, such as roadshows, annual celebrational events, participation in exhibitions, media relations, familiarisation trips for trade and media etc. Significant investment is made in ongoing consumer research in target markets, which provides invaluable insight. This is readily available to all members of the wine industry through a password-protected restricted section in Wine Australia website.

Activities per personality are carefully planned to suit and convey the positioning of each sub-brand. Regional Heroes and Landmark Australia were the two brand personalities selected to be promoted through Year 1 activities, with the objective of establishing regionality and premium quality elements, thus expanding the existing brand image, mainly associated with the Brand Champions personality.



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Additionally, "Wine Australia: Directions to 2025" states that Wine Australia will further embark upon innovative brand alliances and product placements and affinity group marketing in order to capitalise on the association of Wine Australia brand with the successful engagement of international audiences.

In terms of ambassador wine personalities pricing, brackets were set for each one in conjunction to target sales volumes (see table in previous ambassador portfolio section).

Moreover, the following average price points have been registered for 2007 in the top 8 international country-markets, identified by the Attractiveness vs Competitiveness study- and the Greek market. Higher average prices are registered for China, Canada, and Greece, while lower average prices are registered for Germany and the UK.



Source: Based on data taken from IWSR individual country reports on SLW consumption (USA 2007, UK 2007, Germany 2007, Belgium 2007, Netherlands 2007, China 2007, Russia 2007, Canada 2007)

Marketing communications

Interesting points regarding marketing and communications activity are outlined hereafter.

Wine Australia Market Programs

Wine Australia, through its market specific programs, provides collaborative marketing opportunities for the wine industry. Wine Australia Market Programs operate on an annual subscription basis in certain key markets such as the UK, the US, Canada, China etc. Each year strategic initiatives are planned for those markets, aiming at positive category awareness, increased trade and consumer education and commercial opportunities for Australian wineries.

Activities are thematically organized around Wine Australia's brand 'personalities'. Wineries' membership fees are determined by export volumes to the respective



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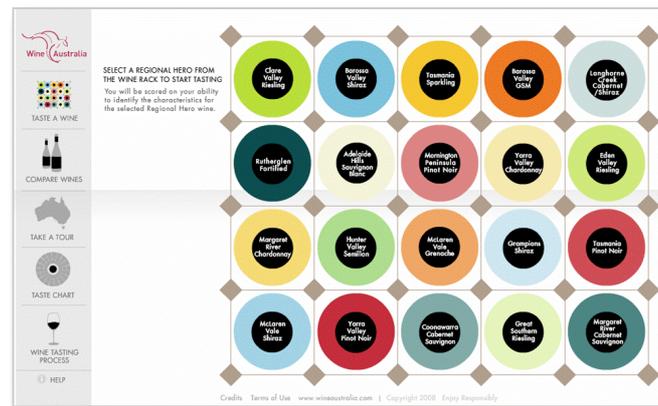
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country. Program Members have the benefit of participating in the various activities organized.

The Regional Heroes program was the first to be planned and implemented during Year 1 of the strategy, and is currently continued and extended in the US, Canada, and Europe. Activities around Landmark Australia were recently launched, such as the Landmark Australia tutorial, conveying the high-profile, exclusive positioning of the "personality".



Discover your Regional Heroes - Australia's wine tasting challenge: interactive online quiz

Other initiatives include the International Visits Program (familiarisation trips) and the Australia World Class education program in partnership with key educational institutions such as the Wine and Spirit Education Trust (WSET) and Society of Wine Educators (SWE).

Internal marketing

The Australian winemakers have long realised that strong industry cohesion and collaboration both among commercial players and between them and national organisations is a critical success factor in the highly competitive global wine environment. AWBC aims at further enhancing this bold business attitude by sustaining the free flow of information and providing crucial guidance through the entire wine industry value chain. Most of the above is available from Wine Australia website in the form of:

- annual reports on the country's wine industry performance
- future strategy documents and multimedia presentations
- manuals on various industry issues such as regions registration, labeling requirements for exports, exporting procedures, use of merchandising etc.



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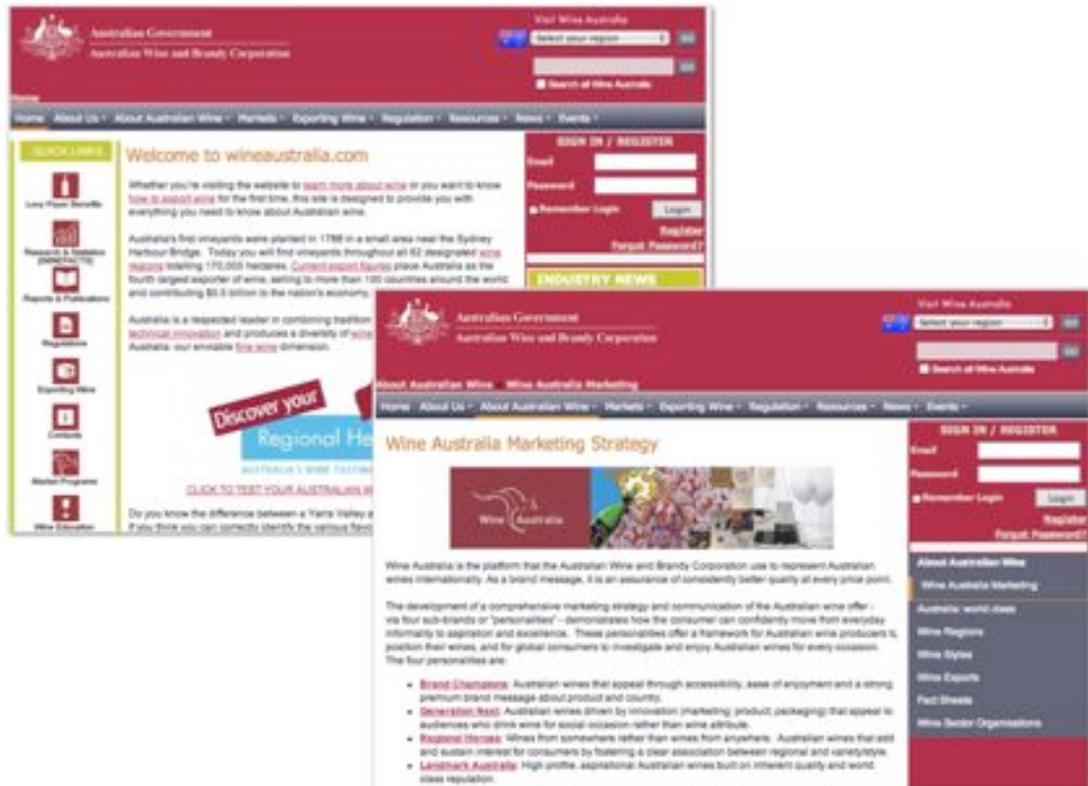
- research reports on consumer trends in target-markets, R&D and innovation etc.

Access is either free or restricted depending upon the individual user's status and the nature of information. Cases of excellent practice in various wine industry-related fields are profiled and promoted as national performance benchmarks.



Wine Australia website

Apart from harnessing industry support and communication and disseminating crucial industry and market information, Wine Australia website also functions as an excellent marketing tool for consumers.



Combining entertainment, education and information, the site is using new-age techniques and elements such as:

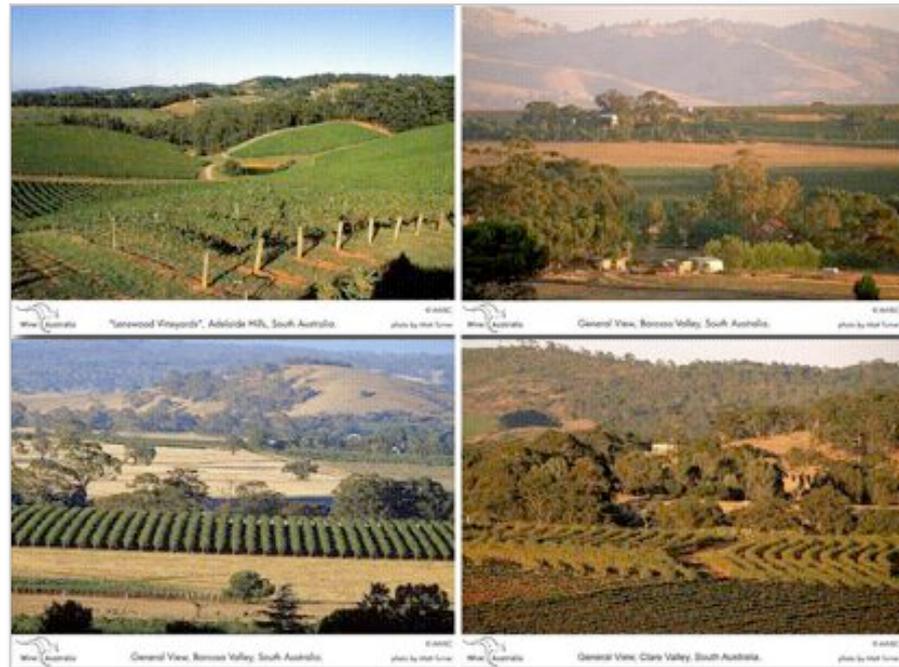
- Storytelling: wine industry professionals, from winemakers' to authors, are profiled and sharing their personal success stories
- Edutainment: introductory podcasts endorsed by well-known professionals on the globally celebrated varietals; interactive quiz on Australian wines; several MP3 format videos presenting success stories, etc.
- Information: interactive events calendar, maps, news on various wine-related issues, MP3 format videos on regions, varietals etc.
- Visual content: image library offering free wallpaper/screensaver downloads



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The Wine Australia website establishes user/customer familiarisation and active engagement with the brand. As a result it succeeds in luring wine-drinkers around the globe with a compelling invitation to explore Australian wines.



Wine Australia Podcasts

Wine Australia uses podcasts to send video and audio format files to the consumer's portable device. The consumer downloads the necessary small-size software, which when connected to the internet, searches for the latest edition of the program on the Australian Wine and Brandy Corporation website and automatically downloads it to the consumer's notebook, mobile phone or iPod.

Current available podcasts feature wine industry's celebrities that guide the audience around Australia's wine regions, discussing the grape varieties grown and wine styles made in Australia. A new series of podcasts focuses on Regional Heroes, presenting grape varieties and their affinity with certain Australia's wine regions.



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Storytelling

Wine Australia capitalises on the recently leveraged marketing trend of storytelling. By profiling success stories of wineries, winemakers and wine industry professionals, who share their philosophy and vision in a relaxed atmosphere, Wine Australia, succeeds in introducing elements such as inspiration and belonging to the offering.



Australia: World Class education platform

This is an online, module-based education platform, aiming at enlightening international wine enthusiasts around making, marketing and enjoying wine. Apart from english, modules are available in other internationally used languages such as german, japanese, mandarin, dutch, korean and french, mostly corresponding to major target markets.



Australia: World Class modules provide the knowledge basis for all other educational initiatives later analyse in the Ambassadors section.



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Wine Australia magazine & e-newsletter

Both publications are a source of news and views on the Australian wine industry covering issues such as compliance requirements, industry events, sector news, overseas reports etc. Mostly oriented towards the industry's professionals, succeeds in maintaining a continuous communication and promotional channel between the national wine brand, key players, and consumers.



Wine Australia *e-News*

AUSTRALIAN WINE AND BRANDY CORPORATION Issue 8, 6 June 2008

Australian Wine Sector Updates

- [Wine Export Approval Report - June 2008](#)
- [2008 Australian Harvest above expectations](#)

Australian Wine News

- [Australian wines shine on world stage](#)
- [Australian Shiraz story remains compelling](#)
- [Wine Australia confirms future Directions](#)
- [Wine online proves hit with UK consumers](#)

Did you know? – Regional Heroes

[Australian Wine Events – July and August 2008](#)



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Investing in human resources

Future leaders program

The 3-year innovative program aims at passing experience and expertise from the industry's "veterans" to the new generation. It is jointly initiated by the AWBC, the Winemakers' Federation of Australia, the Grape and Wine Research and Development Corporation and Wine Grape Growers Australia.

Participants undertake courses that cover personal leadership, tacit leadership, strategic leadership, international leadership and leading change. The program also fosters placement of participants on boards and committees in the Australian wine industry.

Student guide

In an effort to nurture a future generation of winemakers and wine experts, Wine Australia provides a Student Guide, a series of documents and links, selected to provide an overview of the Australian wine industry. Information includes Wine Australia marketing strategies, industry statistics and how Australian wine is placed in a global context. In this way, Wine Australia achieves awareness among younger segments, motivating them to consider a professional career within the Australian wine industry.

Wine Australia synergies

Different partnership initiatives that harness key business synergies.

Wine Australia Export partnerships

The program between the AWBC and a small number of prominent companies that service the wine industry was instigated in 2000 as a result of the increased amount of vine plantings and projected wine production. Its mission is to support existing markets and develop new ones through joint promotional efforts and synergies.

Partners include major companies in sectors such as packaging, labeling, logistics, air transport, hospitality etc.





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Wine Australia Shop ambassadors

This program is exclusively designed for wine specialists, offering shop keepers the opportunity to broaden their knowledge on Australian wines, especially in the premium to super premium ranges. There are shop ambassadors in several European target markets, such as Germany, the Netherlands, Belgium, Switzerland and Denmark.

Wine Australia Ambassador Program

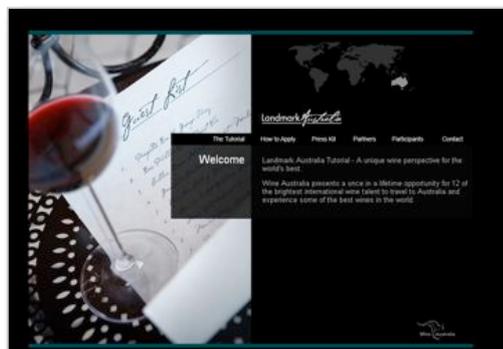
The initiative's objective is to educate gatekeepers (sommeliers, restaurant owners, shop owners), wine writers and consumers on the variety and diversity of Australian wines, particularly in the premium to super premium ranges. The program focuses mainly on gastronomy and lifestyle and participants are given periodical update on food and wine, invitations to annual Wine Australia events, access to exclusive new vintage tastings, study trip on a User Pays basis, free pos material etc.

Educational programs

Currently there are two generic educational programs for wine professionals: the Australian Wine Adventure Tour (AusWAT), for young wine professionals working in the retail or restaurant sector; and the Australian Wine Intensive Study Edition (AusWISE) a higher level for wine educators, realised in collaboration with the Society of Wine Educators (SWE).

Landmark Australia Tutorial 2009

This is inaugural Landmark Australia Tutorial, described as "a celebration of Australia's past, present and future regionally distinct and fine wines". Participants will be selected among applicants from around the world, and will enjoy the privilege of an all-expenses-paid challenging experience of Wine Australia's finest wines, led by the country's prominent wine professionals.





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Merchandized products

A set of products specially designed for and endorsed by Wine Australia brand, varying from procket guides and books and DVDs to aprons and bags.



Wine and Tourism

The vision for Australian wine tourism by 2010 is to succeed in:

- Increasing the profitability for winemakers through increased cellar door yields and other associated activities.
- Increasing visitation for Australia's wine regions
- Becoming an integral part of the Australian tourism image and experiences through the enjoyment of wine, food and other associated activities

Serving this vision, the National Wine Tourism Strategy was developed in 1998 with the mission to develop wine tourism by facilitating the creation of a diverse range of quality visitor experiences, built around visitation to wineries and wine regions. The mission translates to a revenue objective of € 130m (AUS\$ 250m) per annum on international wine tourism business by 2010.

Surprisingly, the Wines Australia site provides very limited information on enotourism for potential visitors. The visitor can find detailed information on the characteristics of each wine producing region of the country as well as a list of Wineries, Cellar Doors and Vineyards in the area that potentially he/she wishes to visit, but further information must be sought elsewhere.

Australia's official tourism site (www.australia.com) does offer relevant listings under the category "Wineries, Vineyards and Breweries". The listings provide an introduction and link to the relevant site:





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Tourists can find more information on Regional (state) Wine Organisation's sites, which normally provide great insight on the different areas, wineries and vineyards and provide details on accommodation, things to do and see and local events. A good example is the Canberra District site (www.canberrawines.com.au):



With regards to its industry audience, the site appears to follow the industry's strategic guidelines: extensive information is offered on wine tourism and key relevant marketing tactics that can enhance not only the experience of the visitor but also the benefits to the winemaker/ vintner individually and hence the industry at a collective level. Information provided falls under the following topics:

- Winning first impressions
- Establishing facilities
- The people factor and service level
- Creating memories (moments of truth)