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Potential Evolutions of Wine MARKETS: evolution of populations, consumption, distribution, competition (oversupply, sustainability of the chain supply, widened range of products, mass distribution and internet, competition of existing and new beverage)

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Résumé : In response to the economic crisis of 2008, the world's wine markets have undergone a period of consolidation. Euromonitor's recent predictions are for the wine world to refocus its attention on developing markets, and for branded wines to have the best chance of success. This forecast bodes well for the larger wine producers who, after undergoing a period of acquisition and expansion, are looking to improve their prospects in these markets by improving efficiency in their supply chains. The period of fragmentation in mature markets is coming to a close as producers have begun turning to their established brands as a way to protect market share. As the global economy begins to grow, the smaller producers are turning to the Internet as their path to financial salvation, while the complement of wine producers begin to look back to the market for signs of opportunities to expand through innovation. Whilst loyal wine drinkers continue their support of the sector through their continuing rate of consumption, as the demand for carbonated beverages grows across the globe, the challenge is to identify how best to attract the next generation of wine drinkers.

WINE MARKETS

Open new ways to
your business



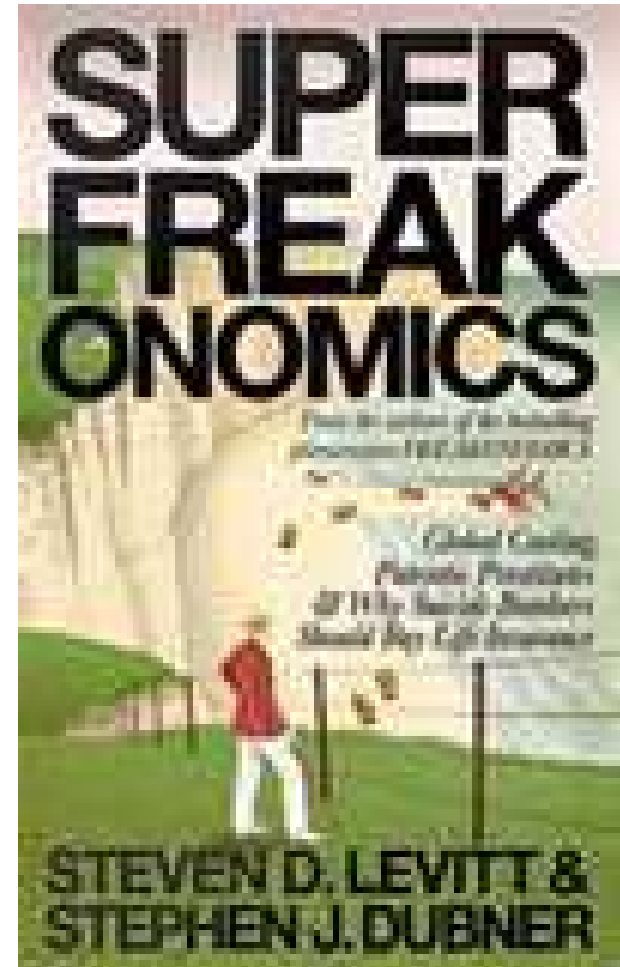
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- Historical Perspective
- Recent Events
- Focus on Strengths
 - France
 - Australia
- The Beverage crisis
- Opportunities to consider



- Levitt and Dubner approach
 - Reviewing History
 - Looking for patterns
- Look at the big picture
- Production is well researched
- Regional Foci
- Lack of Interactions

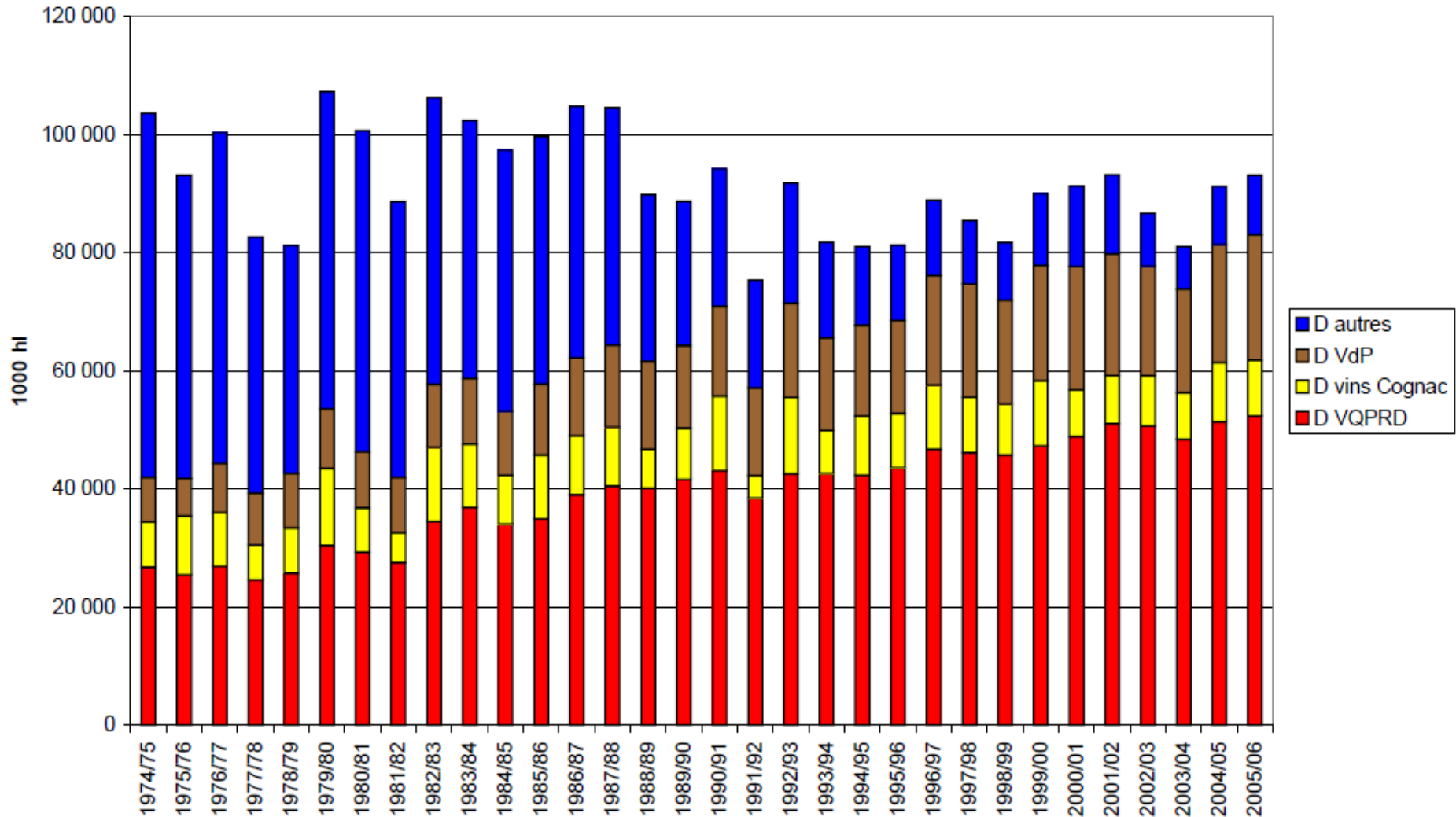


- The Build-up to current events
- Centuries of Experience in France
 - Endless cycles of boom and bust- this is not new
 - Reputation can reduce the impact
- Decades of Growth in Australia
 - Economic cycles will be modeled and exploited
 - Reputation?
 - The crisis hit the wine sector so hard not because of the volume, but the volumes at the wrong price points
- Poor marketing skills led to price competition
- The market's turning point is only recognised on reflection

France – The struggling wine sector

■ Let's look at history...

■ ONIVINS (2007)



Australia – Losing Relevance?

■ Copying wines of terroir

- 70s and refrigeration
- 80s and labeling

■ 1990s

- Part 1: Show success
- Part 2: Critical reviews

■ 2000s

- The dearth of marketing
- The long journey back
- The missed opportunity

■ Can credibility be regained?



The Beverage Crisis

- Wine consumption is static
 - Shifting from 'Peter to pay Paul'
 - Competition is coming from all sides

- 1.1 trillion litres of retail product last year of total drinks.
 - This represented US\$1.2 trillion (Euromonitor 2010)
 - Alcoholic beverages have approximately 30% of the global share of wallet, but only 14,5% share of throat.
 - Carbonated beverages are forecast to take off in wine's target markets
 - Beer is coming back into contention
 - Water is likely to be a big competitor

- The growth in Branded drinks' share of throat has increased over the past ten years, but is expected to stabilize in the next five years (Euromonitor 2010)
 - Branding works for markets where consumers begin to differentiate between wines.

- But what next for those producers relying on branding?

France – based on Terroir

- Fragmentation is killing the reputation
- Unique with no demand
 - Snowflake in a blizzard
 - Robert Ford
- Quality exists when consumers have faith
- Identify how to attract consumers to terroir

Australia – Branding?

- Discounting killed the market
- Marketing skills have to improve
 - Promotion and distribution are but a small part of the solution
 - Demand has to be pulled through the top of the market
- Good branding is not enough...
- A unique offer works, but only if demand doesn't vary
- Credibility is improved when the market drives the message