

# WINE MARKETS

Open new ways to  
your business



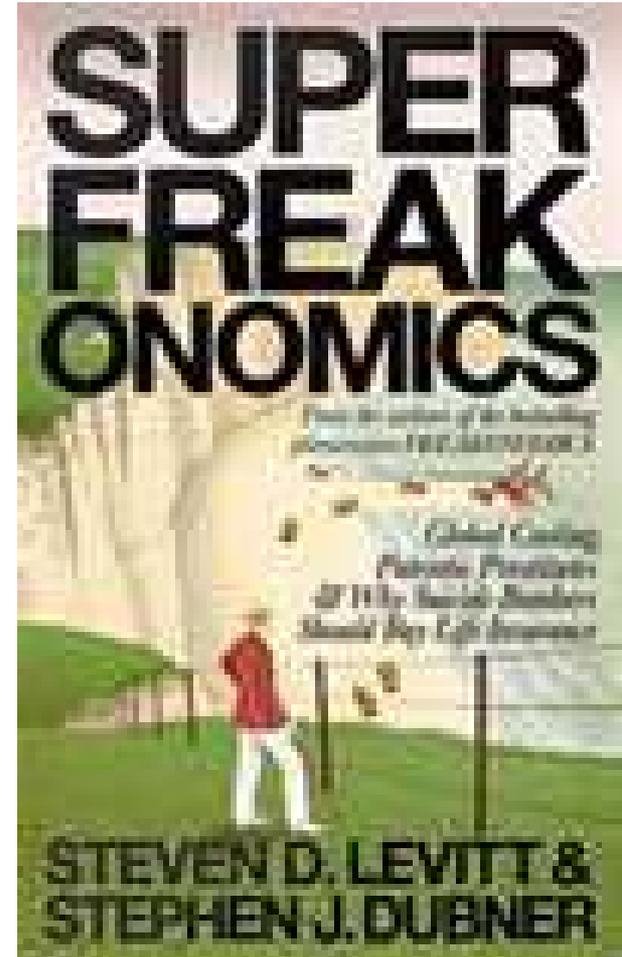
 **GROUPE  
ESC DIJON BOURGOGNE**  
BURGUNDY SCHOOL OF BUSINESS | DIJON | PARIS  
CHAMBRE DE COMMERCE ET D'INDUSTRIE DE DIJON

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for Vinelink International  
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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

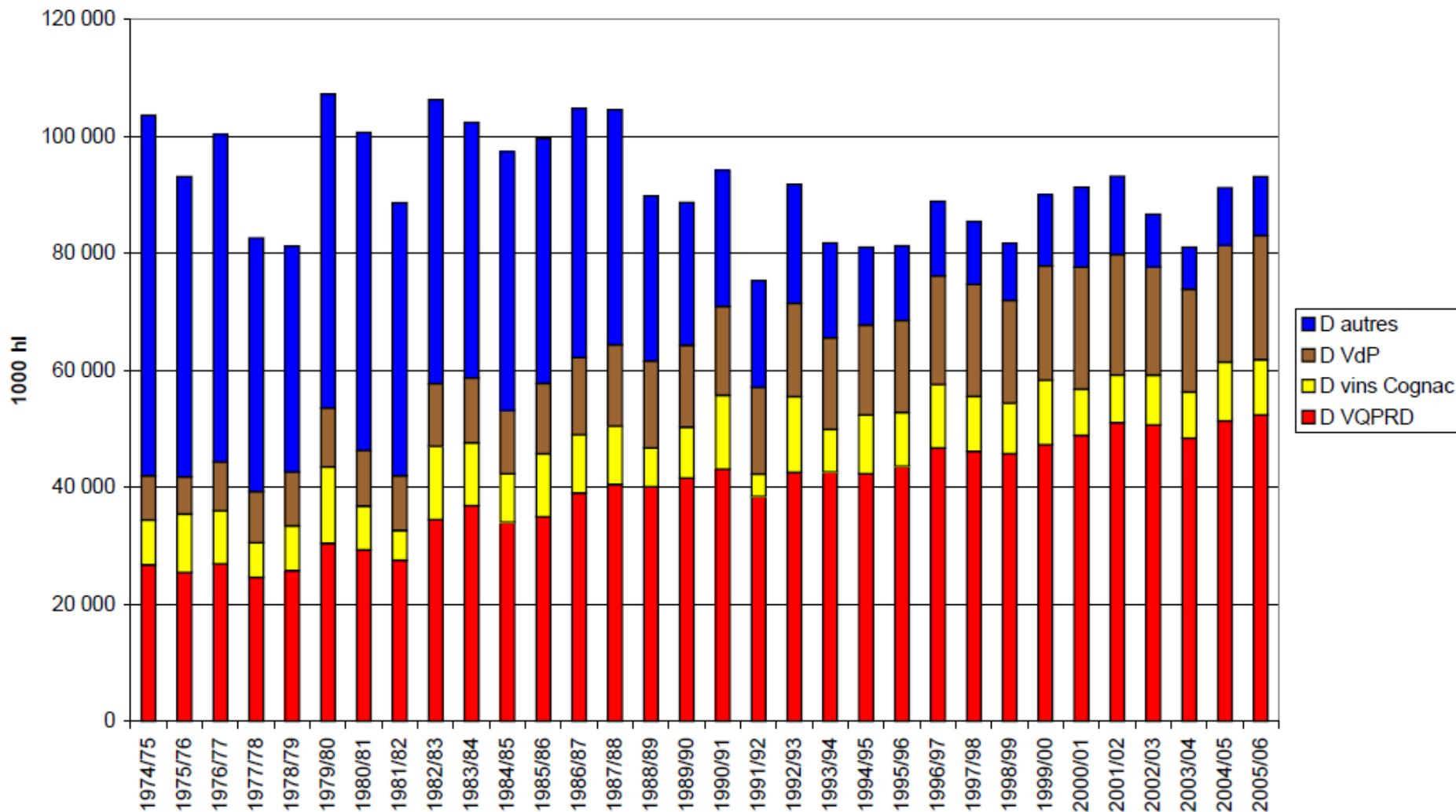


- The Build-up to current events
- Centuries of Experience in France
  - Endless cycles of boom and bust- this is not new
  - Reputation can reduce the impact
- Decades of Growth in Australia
  - Economic cycles will be modeled and exploited
  - Reputation?
  - The crisis hit the wine sector so hard 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