



Australian Government

Australian Grape and
Wine Authority



Gap analysis for 2015–16 investment priority of customer insights

The Australian Grape and Wine Authority Strategic Plan 2015–20 identifies customer insights as a priority research and development (R&D) topic for the Australian wine sector

Background

Priority one of the *Australian Grape and Wine Authority Strategic Plan 2015–20* identifies the need to increase demand and premium paid for all Australian wine. Strategy Three, sitting under this priority area, identifies our goal to build Australian grape and wine excellence.

The customer insights program is directly linked to this goal and research in this area will result in useful resources that will see more effective activities by the grape and wine community in established and emerging markets.

Understanding and developing three key export markets for Australian wine brands is unquestioned; the US, UK, and Chinese wine markets are vital to Australian wine brands eager to grow with the opportunities that export markets provide.

The customer insights research program will focus on understanding not only the end-user of Australian wine, but also the channel actors and influencers in the distribution systems of established and emerging markets (including the three key markets). Research conducted should look into customers' preferences, perceptions, behaviours and result in a better understanding of what influences customers' decisions and should result in outputs that are both valuable to, and useable by, the grape and wine community.

This paper is drawn from consultations with the sector and the market development team of Wine Australia to review current knowledge, to identify issues affecting the Australian category, challenges across channels and the market intelligence 'blind spots' in the US, UK and Chinese markets. This paper seeks to guide the submissions made by potential research providers, allowing a focus on the customer insights research that can assist the wine community to achieve the best results in these markets.

USA

Current situation

Australia is now at a stage where it needs to analyse how to rebuild the market and create a new foundation for the category. There is a clear need for Australia to better understand how our wine is perceived at both the customer and consumer level and how to change the negative perception that currently exists. The crux of all commissioned research should focus on understanding the appetite from both US consumers and trade for the Australian category. It should also look at what the optimal marketing programs could be to change this for the better.

Research and development gaps

- How to get consumers to pay more for Australian wine?
- How to shift the perception of Australian wine in the US?
- How are consumer and customer perceptions of Australian wine linked in the US?
- How to grow the Australian category in the US?
- How to raise word of mouth (WoM) for Australian wine in the US?
- How Australia can re-engage the wine influencers?



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- How can digital be used by Australian brands?
- How can Australia increase on-premise listings?
- How can Australia increase shelf-space allocation?
- What would be the sales impact of innovation on packaging and labels for Australian wine in the US?
- Who are the key opinion-leaders in the US market? Who do they reach?
- How do American consumers perceive Australian wine styles in comparison with their competition from a sensory perspective?

UK

Current Situation

In a retail landscape that is in a period of consolidation, research in the UK market should focus on building the Australian category above £8 (GBP). A better understanding of how Australian wine brands can work better with independent wine merchants and in the on-premise channel would also be of benefit. Research to understand how to shift the perceptions of trade in the on-premise channel especially is required to benefit the Australian wine community by increasing demand and premium paid.

Research and development gaps

- How to get consumers buying higher price point Australian wines in UK supermarkets?
- How to get more Australian wines listed and sold in on-premise?
- What is the eating and drinking landscape across the UK?
- How does Australia re-engage with the UK wine press to shift perception?
- Who are the key opinion-leaders in the UK market? Who do they reach?
- What are the dynamics of origins and preference of wine styles among UK consumers?
- How to select the right channel partner in the UK market?
- What is the 'sweet spot' for pricing of Australian wines across all channels?
- How are channels growing or declining in the UK market?
- Who is the UK wine drinker and how are they evolving?

China

Current Situation

Through interviews conducted it appears that there is a real need to better understand at a granular level how the Chinese market functions across all channels. While there is some need to gain a better understanding of consumer behaviour and preferences, there is also a need to understand the perceptions of channel actors and influencers at the distributor and buyer levels. This should be followed by development of a strategy that identifies actions that will ensure sustainability.

Research and development gaps

- How does distribution work in China?
- How does a brand's profile influence route-to-market decisions in China?
- What is the true size of the Chinese wine drinking population in cities across China?
- How does each channel of retail (i.e. hypermarket, corner store, online, etc.) work in China?
- How to track where wine goes in China?
- How does on-premise work in China?



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- How 'Bring Your Own' (BYO) can be harnessed to Australia's value in on-premise consumption in China?
- How to optimise wine education and engagement for the masses in China?
- How can digital and social be used to develop brands in China?

Please note: Questions are only a guide and non-exhaustive of the issues in each market. It is possible to develop projects that tackle multiple issues and multiple markets simultaneously

Next steps

Wine Australia is looking for research and development proposals that address industry priorities and that:

- lead to industry-relevant outcomes in a timely manner;
- involve appropriate collaboration;
- represent good value for money, including appropriate co-contribution; and
- are novel and feasible.

Key dates

Preliminary Project Applications (PPAs) due	Friday 14 August 2015
Final Project Applications (FPAs) invited	by Friday 4 September 2015
FPAs due	Friday 2 October 2015
Applicants advised	late November 2015
Contracting	December 2015
Projects start	January 2016