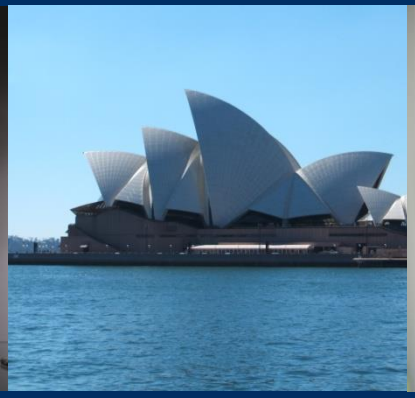
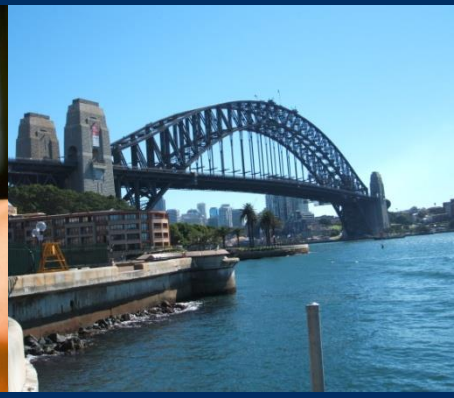
Report Brochure

AUSTRALIAN WINE MARKET LANDSCAPE REPORT

August 2012



REPORT PRICE: GBP 2,500 or 5 Report Credits

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Introduction to the Australian wine market

Graham Holter – Wine Intelligence Landscape Report Series

Not many people have a negative perception of Australia. It's a country that exudes enthusiasm: its people love sport, they love being social, they love life. They also love their wine.

Eighty-one per cent of the adult population drinks wine at some time or another. There are, by Wine Intelligence's calculations, 11.5 million regular wine drinkers in Australia – that is, people who drink wine at least once a month.

That makes it the 11th biggest market for wine on the face of the planet, accounting for 51 million cases a year. By any measure, this is too big a market to ignore, but it's not just the headline numbers that make Australia an enticing proposition.

Unlike in many other markets, notably the US and the UK, Australian wine drinkers have not – yet – allowed promotions and discounts to dictate their wine choices. In research, most of them say that wine is "reasonably priced", and when asked what is important to them when buying a particular bottle of wine, they list the grape variety, brand and the recommendation of a friend before they talk about the promotional offer.

However there are signs that this relative indifference to pricing is changing – these are challenging economic times for Australians, as they are for most parts of the world, and retailers are doing whatever they need to do to hold on to market share. But for now, the situation isn't quite as cut-throat as it is in, say, the UK, where a discount culture has made life difficult for brand owners of all source countries.

It helps, of course, if you happen to be selling Australian wine to the Australians. The country is proud of its domestic wines, which account for a staggering 86% of volumes. That's comfortably ahead of the figures reported in producing nations like the US, Germany or New Zealand.

That's not to say that imports don't have a significant role to play, or that Australians aren't curious about wines from far-flung countries. New Zealand is the biggest imported wine producer by some distance, but more and more Aussies are exploring the wines of an obscure country called France. French wines have enjoyed a spectacular surge in popularity recently, overtaking Italy as the second most popular import (behind NZ), but it's been off a very low base. Indeed French wines still only account for 1% of market volumes, a figure so far away from the natural order of things that you have to assume it will rise.

Might Australia open up more to imports? The increasing quality of domestically produced wine (and a greater variation in styles) means that Aussies are likely to stick to local heroes for the foreseeable future, but younger drinkers in particular are becoming more open-minded. While a third of the wine drinking population say they would rather stick with wines they know, and a quarter don't really care as long as the price is right, almost four in 10 describe themselves as eager to make new discoveries.

Two of the consumer groups identified by Wine Intelligence – the Adventurous Connoisseurs and the Developing Drinkers – are clearly the groups to target in this respect, and the good news is that both account for a market share that's far bigger than their numbers would suggest.

In conclusion, then, Australia is not one of the places in the world where wine drinking is evolving at an explosive rate. It's a mature, developed market, with a large number of knowledgeable and enthusiastic consumers. Wine marketers hoping to encourage them to drink more, or to make radical changes to their repertoires, are likely to be disappointed. But those who can tap into the mind-set of a country that is increasingly receptive to new ideas may well help Australia slowly evolve into a slightly more cosmopolitan wine market than it is today.

Graham Holter
Associate Director, publishing
Wine Intelligence

September 2012

IWSR methodology

- Measures from the IWSR correspond to actual wine consumption figures. This means sales into the trade (on + off premise)
- The IWSR visits each market each year. Discussions are held with key local experts in the market including importers, producers, grey market operators, duty free operators, and supermarket/hypermarket buyers.
- All volume data is given in thousand 9 Litre Cases
- In the breakdown by country of origin, IWSR includes (depending on the market and the size of the category) the following two categories: 'Other' and 'International'
  They are defined as followed:
  - 'Other': category including wine blends (normally in bulk or bottled without specified country of origin) and wines from other countries with volumes too small to break out separately
  - 'International': Category including wine brands that have wines from various countries
- The IWSR includes the following types of wine in its definition of 'wine':

Definitions	
WINE =	
Still light wine +	Sub-categories
Sparkling (Champagne & other) +	
Fortified +	
Light apperitifs (vermouth…) +	
Other (rice wines...)	

Vinitrac® Australia May '12 methodology

- The data for this study was collected in May 2012
- Data was gathered via Wine Intelligence's Vinitrac® online survey:
  1,505 Australian regular wine drinkers
- Respondents were screened to ensure that they drink wine at least once per month; drink red, white or rosé wine; and buy wine in the off-trade and/or in the on-trade
- Invalid respondents (those who sped through the survey or gave inconsistent answers to selected questions) were removed before analysis
- The 2012 data is representative of Australian regular wine drinkers in terms of age and gender

Vinitrac® Methodology

SAMPLE SIZES

At least 500 respondents per survey; 1,000 in most countries, 2,000 in US

Regular adult wine drinkers (where 'regular' = drinks wine at least once per month)

Each Vinitrac® survey starts with questions to screen respondents:

- Adult drinking age within each country
- Permanent resident of the country being surveyed
- Drinks wine at least once per month
- Drinks at least red, white or rosé wine
- Buys wine in the off-premise and/or in the on-premise channels

… and rejects all respondents who do not fulfil these Vinitrac® criteria

Each sample is representative of the 'regular' wine drinking population in that market and is therefore valid; a sample size of at least 500 consumers ensures results are reliable. It's like a 'smaller' version of the wine drinking population at large

We comply with both MRS and ESOMAR codes and guidelines for market research practice

Vinitrac® - Frequently Asked Questions

WHY IS VINITRAC® NOT A PANEL?

- Panels are good for monitoring detailed purchase activity but require regular input from exactly the same complete group of respondents
- This requires more time from respondents, for which they are paid, and panels are therefore more heavily skewed towards home-based consumers, e.g. students and home-makers
- This group of a country's wine-drinking population does not fully represent the accurate weighted sample of adult regular wine drinkers on which Vinitrac® insights are based

HOW DOES VINITRAC® WORK?

- Invitations to participate in Vinitrac® are distributed to adult consumers in each market
- Consumers interested in a wine survey are directed to an URL address, which welcomes them to the online survey
- Wine Intelligence monitors incoming completed responses to build a sample representative of the wine drinking population of the target market
- When a representative sample of at least 1,000 (US: 2,000) is logged, the survey is closed

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Format: 102 page PowerPoint (PDF)
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