

WINE PRESS CLUB OF NEW SOUTH WALES

MARKETING WINE IN THE 21ST CENTURY

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Edited transcript

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Like many of you here, I began my love affair with wine back in the mid 1980s. Back then the mention of wine, whilst to some conjured up names like *Wynns* and *Lindemans*, was probably more about *Mateus* and *Queen Adelaide*. Cellar doors were scarce and rudimentary at best. Mostly they poured sweet, still and fortified wines and they rarely served food. There were just a couple of specialist wine retailers, precious few informative newsletters and but a handful of wine related magazines. The internet and certainly email were barely a twinkle in our eyes and whilst wine show medals existed, no one was scoring wines out of 100 points. *Grange* went for well under twenty bucks back then and *Houghton* White Burgundy was considered a classy drop. Premium wines existed only in the concept of the *Emu Wine Company*, the *Houghton* brand's parent, and sometime export label. Buying wine at auction was the domain of European wine connoisseurs, not us Aussies, who were really only just beginning to discover the fascinating and diverse world of wine.

So as the consumer has changed, so have our methods of marketing and communicating with them. Or is it a case of the chicken or the egg. Have we led the consumer, or have we struggled to keep up with the consumer as they are offered an ever growing variety of creative brands, fascinating wine styles and a myriad of methods of purchasing wines?

Tonight's forum, ***Marketing Wine in the 21st Century***, evolved out of our annual committee discussion as to what hot topics to cover for this year. And the more that we thought about it and discussed it, the more we realised it would be of interest to our members and your turnout tonight proves us correct.

We will hear presentations from each of our five specialists here on my left, and then conduct a forum discussion followed by the opportunity for questions from the floor. We do aim to wind up on the dot of eight o'clock so that you can rush off and have a bite to eat, but if you've all got a glass in your hands, at least our thirst is being quenched while we hear the presentations. So please join me in thanking our speakers for providing the wines that you've enjoyed so far tonight and once again, our venue host *Fosters* for not only the venue but also the beer and the wine. Please thank them all.

[applause]

So to our first speaker. He is partly to blame for my career in wine. My first full time job was with Phil Sexton and his groundbreaking *Sail & Anchor Pub*

Brewery in Fremantle, the precursor to the immensely successful *Matilda Bay Brewing Company*. Despite other dabbles with beer, for the *Swan Brewery*, *Little Creatures* and Micro breweries here and in the US, these days Phil is ensconced in the wine business. He established the *Devils' Lair* winery in Margaret River and launched the leading Fifth Leg wine brand out of the west. Today he heads a trio of brands, *Giant Steps*, *Sexton* and *Innocent Bystander*, out of the *Giant Steps* winery in the Yarra Valley. *Giant Steps* is an incredible cellar door that diversifies the customers' wine tasting experience through things like pizza, coffee, cheese, artisanal breads and even an automatic, pre-paid wine tasting machine. And I urge you to take a look at the *Innocent Bystander* website. We're going to be talking about the internet a lot tonight. It's an innovative, funky and downright daring site. It says that their shiraz viognier, and I quote, '*... won't make you look like a dickhead*'. Ladies and gentleman, he's certainly not a dickhead, please welcome Phil Sexton.

Phil Sexton, Giant Steps and Innocent Bystander Wines, Yarra Valley

When Darren asked if I'd come along and speak tonight I didn't realise that you needed a cool climate wine to go in with all those big buxom McLaren Vale and Barossa wines. But secondly when I asked him why, I think he wanted me to focus a little bit on cellar door and also I guess our views of where small winemaker grape growers are likely to be going in the future. So it's not really my favourite topic. It's not what makes me get up in the morning and go to work. It's to be involved in making wine that gets us out of bed, but we're increasingly finding that to be involved in making wine we do have to address the selling and marketing of wine. And that's really what got me the invitation here tonight, was to talk about my Achilles heel I guess.

I'm going to quote some numbers as I go through this. And these are numbers which I've run through a few people and they generally agree that they are reasonable numbers but I'm not going to be held to the precision of them. But they are pretty topical numbers and they are important because they are the precursor to the arguments that I'm going to lead into. But my argument's going to focus not so much on what the small independent winegrowers need to be looking at in general. I think that the panel will cover that. I'm going to zero in onto one aspect of it and that is our own personal views about cellar doors, the importance of cellar doors, particularly to the small producers, why and possibly ways to take cellar doors from the position they're in now which is often nothing more than a little shop window, into being viable businesses.

But we'll start with the numbers. And the first line to me is the most shocking number there is about our industry. 4.5% of all wines sold off premise in this country is over \$20, at retail price point. I mean there's a marketing term for it. Twenty dollars is a price cliff. In other words, it falls off the cliff at \$20. So if you're going to be in the market, you're really going to have to be under \$20. Otherwise, you're fighting for 4.5% of the market.

The next thing that's also quite interesting, at last count and that's very recent, we've hit 2,100 wine businesses in this country. The last time I looked it was

2,000. It's now 2,100. And of those 2,100 wineries, the top dozen or twelve of them, account for 85% of all wines sold in this country. That leaves the other 2,088 of us competing for 15% of the market. Before we get onto this slide, also by extension, if you consider that a small, independent wine grower has high costs, very limited distribution capacity, almost by definition they're going to have to be making wine that retails at over \$20 a bottle to be viable. Therefore, really those 2,088 wineries are not competing for 15% of the market – they're really competing for 4.5% of the market. And they've got the big guys in there competing with them as well.

Another interesting one, and I've checked this one backwards and forwards, and I have it from a very high up and reliable source in one of the major groups, they acknowledge that's now official, and that is 60% of all wines sold in this country is sold directly, or indirectly – that means it's through groups that are influenced by – the two major chains in this country. So armed with those numbers, which I mean, really if you took all the investment claims that are made about grape growing and why people would go into the wine industry, armed with those numbers you would be a very, very foolhardy person to start investing real money in the wine business right now.

In general the change, in providing a channel or a way for winemakers to sell their wine, requires several things. They include low prices, national distribution, the ability to support brands nationally, volume of production to fill and maintain shelves, and finally, but not least, is brand. And if it's not a brand you'll be producing buyer's own brands for them. We'll talk about the concept of brand in a minute. Actually just as I was driving here in the cab a wine journalist had me on the phone and when I told him that I was talking tonight and what the subject was, he said 'Oh I hope you're not going to start talking about brands and product' as if they were really dirty words. And I said 'Well actually I am' and we'll get onto why things like *brand* and *marketing* and *product* are considered to be dirty words by the small independent winegrowers but hopefully I'm going to make the case that in the 21st century we're going to have to embrace that if we're going to be viable businesses.

I am not the first person to say this, but I think our wine industry in Australia today is now actually two industries. There's the branded beverage industry and then there is the working wine industry. And if you wanted to define them more precisely you'd probably have to say the branded beverage industry is dominated by those twelve major producers, and the other 2,088 of us are the working wine industry. And our challenge in the working wine industry is firstly to understand this phenomenon – is to recognise it, not to deny it. And secondly we have to develop ways forward for those of us in the working wine industry to actually stay in the market. In many cases the working wine industry is being pressured and is succumbing into becoming a supplier of product for the branded beverage industry. We all know many, many reports and stories that the larger producers are outsourcing not only their vineyards, outsourcing wine production or certainly centralising wine production and outsourcing even marketing. And of course they outsource some of their wine production to us in the small, independent winegrowing business.

I saw all this happen twenty-five years ago in the Australian beer business when I was a young brewer working for the *Swan Brewery* on the west coast.

In those days, the distribution of beer was controlled by the breweries. Retail was controlled by the breweries. Those of you that can remember go back to the seventies, all the brewers had major pub groups which they either directly managed or they put management into under some sort of lease arrangement which also protected the products that were sold through those retail outlets. Back in those days if you came from Queensland you drank *Fourex*, if you came from Melbourne you drank *VB*, if you came from Perth there was *Swan* and so on. Ordering a *VB* in Perth, if you could get it, would guarantee you a fight or at least questions about your sexuality.

It was a very simple formula that worked very well. Nowadays it's illegal. But back then the brewers agreed not to cross the state borders. They ran their own local distributions and significantly owned if not managed, most of the pubs on their turf. It was too lucrative to break that cartel until the first chinks appeared in the national beer business. Those chinks were initially ownership changes to several of the main players where the gentlemen's agreements were abandoned in the quest for cash flow to fund other investments. But also several other things happened that drove wedges into that cartel. And the first one was the surge in imported beers that started coming into the country and the second one was what we now call the craft beer business.

And just as I saw some of the things we have described, or I described earlier on, in our working wine industry, I saw this happen in the craft beer business fifteen years ago, as the craft beer business started to develop. How did the craft industry break out of that noose? Well it produced interesting, and I'm avoiding the word 'superior', it produced interesting product. But just as importantly it was a product of story. It developed interesting brands. It took a counter cultural approach to the majors. It challenged them. It wasn't scared to almost be guerrillas running around them – guerrilla's with a U. But very importantly, because they couldn't find retail platforms, they built pubs around their breweries.

And why do I avoid the word 'superior' in terms of product? Well I think it's well acknowledged that the majors, be they brewers or wine products, can produce very high quality product. But more frighteningly for us, they can produce very, very good product at a very low cost. That makes them unbeatable in the business. What the small independent winemakers like the craft brewers really need to do is to make interesting products. And therefore the challenge is that you must make them interesting, you must make them attainable somehow, but you must also make them not break out of a reasonable person's price/value expectation. That is, we cannot make our products too expensive if we're going to be viable in the new marketplace. People do have a price value expectation. It may not be the \$20 price cliff I talked about earlier on but it certainly starts to become a big trap as you move through \$30-\$35. If we're not careful, we end up selling wine to each other rather than selling wine into the market place.

Anyway, although I'd love to go on a little bit more about some thoughts about, you know, moving forward for the working wine industry, I want to touch on the notion of the first or the early craft brewers building pubs around their breweries, which leads me into the notion of a cellar door and how a cellar door can be used by small independent winegrowers as a key and

fundamental part of a marketing platform for the future. And in that regard, at my business we put our money where our mouth is. And we've built a new cellar door. It took us a long time to decide how to build it and where to build it. So we've been in business since, well 1996 when we first planted, but we only opened the cellar door last year. And I want to touch on some of the thoughts that drove the decisions that we took and the thoughts and where or how we see the importance of that cellar door rolling out in the future.

But just before we do get onto the cellar door, I just want to touch on the working wine industry's great sensitivity, or it's Achilles heel. And that is the word '*marketing*'. Since I joined the industry in the late seventies, there's always been this hushed tone about wine, particularly fine wine. It's almost been improper to acknowledge the use of tactics and tools to sell fine wine. 'No, it must be discovered', 'pay it's dues', 'be humble', blah blah blah. I'm sure that worked in the past, but just like the beer business, the world changes. And the challenge to working wine makers needs to become, among many other things, remove the word 'marketing' from the same list that we reserve for 'bretty', 'mousy' and 'volatile' and recognise and embrace the fact that you already are a brand, and therefore capitalise on it.

But now back to our pub. Cellar doors are traditionally intimidating places, set up to cater for wine snobs – us. The very 4.5% of the market, which we all fight over, are already converted. Yet we set up our cellar doors for 4.5% of the market. Cellar doors are elitist. How many of you have experienced watching a favoured taster further down the line getting to taste that bottle under the counter that you're not shown.

Cellar doors can be rude. How many times have you been told, 'No, you have to taste your way through the line-up before you can get to try the reserves'.

Cellar doors can be financially scary, just like the tipping question. 'How much do I need to buy to placate this person that's just sampled me through a range of wines.?' We've all been through it.

Cellar doors can be boring. How often is the cellar door a fancy, architect designed statement of style where the winery is somewhere else hidden or behind. The question is, 'Do they actually make wine here?' but then again, 'Do they actually make wine?', etc, etc.

Cellar door visits can be short – seen one you've seen them all. You've got the ubiquitous local products display and wine trinkets. And you've got the restaurant trying for its life to replicate fine city dining in a rural environment.

Time will tell whether we're right or wrong about this. But we believe that working winemakers need to confirm that they do grow and make wine. They need to confirm that they are not brand heroes, PR aporetics or ex-toothpaste brand managers. And they need to pitch their hospitality not at the converts and wine snobs but rather than 95.5% of the consuming market who at the moment pick up their safe brands from supermarket shelves.

Pitching at that 95.5% of the market who buy wine for less than \$20 but who are also cautious about cellar doors really is the breakout point, I think, for small independent wine producers. In other words, turn the market upside down. Pitch to the people who you feel on the surface you shouldn't be pitching to.

It means changing everything in the way you go about a cellar door. Change the language, drop all the talk about malolactics. Don't correct them when they say 'Riseling' instead of 'Riesling'. It means changing the language that you communicate with the visitors to your cellar door. It means changing the tasting routines, that having to wait for someone to come along and pour you the next wine and maybe they don't notice you or maybe you don't look important enough or you look too much like a granny and therefore you're not going to buy anything so you don't get to see the wines the guy next – it means changing the whole tasting routines. It means changing the style, the pricing and delivery of hospitality. Take the intimidation out of it. And it also, and very importantly, means changing your expectation of immediate gratification in the cellar door. Just getting your brand into their safe set is money in the bank.

I don't know if you can read that t-shirt (on screen). All the staff at our cellar door wear that t-shirt. It says 'Relax, I'm not on commission'. I should also add just on the side, our cellar door is never open for tasting unless one of the winemaking team, and these are all graduate winemakers, is in behind the bar along with a couple of the other staff. So at no time will anyone go and taste wine at our winery without a winemaker being behind the counter somewhere. And we think it's crucial to communicate to people that the winemaking people take this really seriously and that we do make the wine.

Our cellar door is in the main street of town, down at Healesville. And it took a lot of thought and a lot of courage I think, to take it off the vineyard. The natural thing to do was to put it on the vineyard and create the whole vineyard experience. We are down a 1.5km long dirt road and whether we accept it or not, a lot of people aren't going to put their cars down that road.

The other thing about the cellar door is it's big, it's boomy, it's kind of modelled on a railway station café – well it wasn't modelled on anything really but it's clanky, it's noisy, you get often people are asked to move aside as they are moving another pallet load of wine in there or barrels through. It directly engages the actual winemaking part of the winery and although the photographs don't demonstrate very well the view at the top left, top right from your direction, is you're looking straight into the barrel hall and further along you're looking straight into the winery, the tanks, all of our tours, and they leave twice a day, go right through the winery, including vintage, and even to the extent where people can taste juice or wine straight out of open fermenters. They're walking past them all. They go around on catwalks, the only restrictions is they can't be in high heels. We can't get them on the catwalks. But we really want people to engage with the fact that it's, and dare I say this and people will think it's the wrong thing to say, but they're in a factory. We want them to think of it as a factory.

We also love to talk about what side of the hill our grapes came from and which clones we're working with and how irrigation regimes or the lack of irrigation and all those sorts of things and malolactic, but we sense – well I'm sure we know – I believe we know that 95% of the market you lost 'em the moment you start on all that. And if we can't sell to that 95% then I don't think we'll be here in five years time. So we need to be selling to them. And therefore we use a lot of communication devices like this (screen image).

That's our winemaking team, that's our staff standing in a fermenter. Those of you who know Steve Flamsteed, he's at the front. That's Steve hanging from the crane that we move our tanks around with.

That one over there is a mock up. The caption goes '*Messing About with Italian*' and we use that in promoting a Sangiovese merlot blend that we make. We have a program now with small retail businesses where we actually give them disposable cameras and ask them to take shots in their business and send them back so that we can get them into our brochure and our booklets and onto our web site and onto picture sites at the winery. And the best photos – those that are publishable – the best ones get some kind of prize. Usually it's a trip to the winery.

But most important, and I must admit this (picture) is a mock up or set up photograph, but we see this all day long. And that is tourist buses. Right next door to us is the Beechworth Bakery which is a bit of a tourist track in Healesville. So they've done it very well. It's an extension of the original Beechworth Bakery out at Beachworth. And it's now on all the tour guides. And we see pulling into our car park alongside the very large building you saw earlier on, you see cars towing caravans, you see tourist buses and everyone's got their head to directions and they're going towards the Beechworth Bakery across a big car park from us. And they go past our building without even looking at us and for a while we were watching this from our offices or wherever we were in the winery going 'Why do they not look at our building?' and they'd go to the Beechworth Bakery, they'd go in and get their pie or their lamington or whatever it was they'd worked out they were going to get. They'd come out and then they'd stop because their mission was achieved. And you'd see them looking at our building and pointing and many of them would wander over to have a closer look. Because it's quite imposing. But they'd stop at the double doors because they realised that it looked like a winery. It looked like wine was being sold in there. And they'd stop and they'd wait outside. And we've been slowly teaching our staff to engage with these people and encourage them to come in and saying and you can just have a look around and you see the winery. Which they do. They come in and they walk through and the staff will ask them if they want anything. And you get the 'Just looking. Just looking'. And they work their way right through. They go past where we make the pizzas and past the bars and so on and by the time they've come back out they've realised that the place is selling pizza, that there seems to be people milling around trying things, that there's beer on tap, lots of people drinking coffee. So they may venture to a cup of tea. And they'll sit down. Eventually, after all this has gone through, they will wander up to the tasting area. Because they realise that in fact it doesn't look like there's a hard sell going on. They taste. They generally know what they want to try. So they tell us what they want to try and we take them through them. And we are finding it staggering the number of people that walk out with boxes of wine like that. By taking a complete reverse approach. So we're very committed to it.

But in conclusion, I would like to acknowledge that, like most of you here, we're here for the wine. Nothing inspires us more than that magical coming together of site, culture, varietal, clone, climate, technique and not the least, time. But that mouthful goes way outside the realms of acceptable language

for our target 95.5% of the market place. So if we working winemakers are to recognise that unless we are to be the patronised artists, we must embrace and become competitive within the whole of the wine industry using our strengths and points of difference to make inroads into the branded beverage industry whilst indulging ourselves in the fine wine industry.

Thank you.

Darren Jahn

Thank you Phil. That's a very pragmatic approach. I think it's terrific that you've reminded us that words like 'marketing', 'brands' and 'factory' aren't actually dirty words. We need to remember that. But I wonder, if there's 2,100 wineries in Australia these days, what's your call on the number of brands Phil?

Phil: Yeah, you know I think, on average, well it depends as you said - product lines or brands?

Darren: Brands.

Phil: I'm sure you can double it easily.

Darren: I think at least double, don't you reckon? Yes at least double. Thank you Phil.

Now to Mark. Grays Online is a highly successful online auction site that sells everything from perfume, cameras, building materials through to homewares and gifts. It's an incredible list of items. Grays Online wine auctions have crept up out of nowhere to become one of the largest movers of bottled wine in the country. Sales have skyrocketed for Grays in the past twelve months to a staggering 37,000 cases per month from over 250 wineries and other sellers and I'm sure that some of you here wouldn't know that. Whilst a portion of the product is clearly distressed sale stock, like cancelled export orders and things like that, increasingly you will see high profile brands like *Shaw & Smith*, *Brokenwood* and even when I looked on Sunday *Sextons Jones Block Shiraz* for sale on Grays which at the time had a bid of \$74 for a six pack which is a pretty good deal but I have no doubt that by the time the auction closed it went for much more than that.

Grays online wine customers are the same people who buy from cellar door and retail but judging by their purchasing behaviour with Grays, they're telling us that they're happy to buy wine in this very 21st century manner. Our next speaker has a Bachelor of Business degree majoring in marketing, ladies and gentlemen please welcome Grays Online's general manager, Mark Kehoe.

[*applause*]

Mark Kehoe, General Manager, Grays Online Auctions

Thanks Darren. Unfortunately, myself, I haven't travelled particularly well into the 21st century. I know the topic today is selling and marketing of wine in the 21st century. My PowerPoint presentation didn't travel as well as I did here,

so unfortunately we don't have it here to support my presentation but hopefully the absence of it won't detract from what I've got to say.

I think for me the topic of selling and marketing in the 21st century is a relevant and interesting topic. Grays Online, for those aren't aware, is a traditional auction company, with a heritage of over one hundred years and we have truly morphed from a bricks and mortar organisation into an online business. And I think in many ways that mirrors the changes that have taken place over the last ten years from a marketing perspective.

I've been with Grays for over eight years and in that time I've seen enormous changes, not just with us changing, as I said, from a traditional to online auction, but also in the marketing space. I remember one of our very first online auctions – it was actually a wine auction, I think it was in 2000 or 2001. But it was a sale of the wine cellar of Merrony's Restaurant down at the Quay for those of you who might remember it. But back then the online business for us was fledgling. We were only doing, perhaps 1% of our sales was on the internet and the rest was via traditional auction. But we took a gamble and we said to the liquidator in that case that we would run it online. But we had no database, we didn't know how to market online. We really didn't have a clue and it was a bit of a punt for us. But we knew how to run a traditional auction so we thought the lessons that we learned there would work well online. We ran an ad in the auction columns and fortunately, in the business that we're in, we knew a lot of the people at the top end of town: the solicitors, the accountants, the bankers, and this was before the *Spam Act* came in, we basically emailed to the people we knew. And it was an interesting result. I think we achieved retail value for that wine cellar and it was sold by the case and by the bottle. In those days it was just unheard of from an auction environment. You generally talked about cents in the dollar as an adequate return. And it was interesting because what we had was, we had a lot of PAs calling in for their bosses in the city saying, 'How do I bid' and the sale closed at four o'clock on a Friday afternoon and I'm convinced to this day that there were many people, investment bankers, solicitors and the like, in Sydney that night and Saturday night going to their dinner party convincing their friends that they were 'savvy' because they purchased online when in fact that their PA had done it. So that was back then in 2001.

Today wine is the second biggest category for us online. I think Darren gave some of the stats. We're servicing nearly 300 wineries around Australia. We're selling over 400,000 cases per annum. Importantly, I think it's important to know, we're selling on behalf of the trade. So the wineries, distributors, some retailers, but not for consumers. We're not a consumer to consumer sale. We're business to consumer. It's only labelled product. We're not really interested in cleanskins and that's I guess a theme for our site. We sell IT for Dell and electronics for Sony and our vendors, as Darren mentioned, are the likes of Shaw & Smith, Brokenwood, Phil to my left there and many others. And since each case that we sell on our site is totally unreserved, that is, each case starts at \$9, there are no hidden reserves, from our point of view getting people to the site is probably the most important element of the business. We've got a team of business developers who are out there servicing the relationships with the vendors, from a marketing perspective, unless we've got people coming through to the site, we'd be

selling each case for \$9 and that's clearly unacceptable for the vendor. We need to strike a balance where the buyer is getting a bargain and the vendor themselves is getting cash in the pocket quickly and that's, I guess, the challenge that we have from a marketing point of view. So we market both to the vendors, being the wineries, and also to the consumers. I guess what I'm talking about today is our ability and what we do to find the consumers to come through to the site.

So how do we do it? Well in the old days it was just print adverts in the auction columns and that was really it. But now what we do is we communicate to the buyer by what I call 'multiple touches' and it's a shame I haven't got the presentation here. I was going to show all the type of advertising we're doing. And for us, and I think it's important for everyone, you need to look at whether you're developing a brand or you're looking at a call to action campaign and for us it's a bit of both. 'Call to action' means getting people to the site that day to purchase.

And so we'll talk about multiple touches and what I want to do is, I guess, present a hypothetical day for a consumer, really anywhere in Australia, but let's say they're in Sydney. And what we do to communicate with them. To convince them to come to Grays Online, to see that as a legitimate alternative to purchase their wine. Moving forward.

So they get out of bed, they're on the road coming into work and they'll listen to the radio. And we'll run advertisements on *Mike & Fitz* on 2UE or *Alan Jones* or on the weekend you might hear our ads on Vega. They'll park their car in the city. They'll walk to their office. We might be handing out a flyer in the CBD at the city. They'll get to work. They'll read the paper and fair chance they'll see one of our print ads in the paper and there's the question of where you advertise. Is it *The Herald*, *The Daily Telegraph*, *The Australian*. Is it a magazine? But you'll generally find us in some form of print somewhere. Hopefully also in print, if we've presented a good message to the market, to the journalists, the press, see some interest in that and we've got a write-up in one of the papers. Huon Hooke, just about a month ago wrote a very kind piece on the Block 24 Shiraz Grenache that we're drinking tonight. I think that particular wine was featured in about twenty editorial pieces around Australia. Mainly we've targeted that person by direct mail piece. That is, not emailed but we've actually sent them something in the mail and it's arrived to them at work.

It's lunch time and they want to read the news, they've read it in the morning but these days people are consuming their media in many different ways. So they log on to news.com.au or ninemsn. And they hear what the latest news has happened since the newspapers ran last night. They might see one of our banner ads there.

If they're lucky they've got the afternoon off. They've been invited out to the cricket to see the final day of the Ashes. On the way out there they've passed one of our trucks with branding on it. So there's a Grays Online truck zooming around Sydney. They get out to the cricket, it's Warnie's last day – he's retired. And they look up to the scoreboard and the last couple of years, and for the next few years we've owned the scoreboard at the SCG from an outdoor signage perspective. All it is is a sign of our brand. There's no

messaging there at all. This guy's a sports nut so that night he goes out to Aussie Stadium and he sees Sydney FC play soccer. We've sponsored Sydney FC the last couple of years. And so during the game they might see some signage there, they've got some TV commercials playing on the big screen. So the hope with all of things, and this is the hypothetical day, is that hopefully one of those messages is going to trigger an action. We've going to convert them to come to Grays Online to purchase. It is a little bit different. We recognise that it's, not simpler, but it's different than going down to your local bottle shop. But if it doesn't convert them and something that sits across all of it is, and you've probably read about it quite often these days, is SEM or search engine marketing. We spend quite a lot of money in Google and for us, my view is unless we're developing the brand in many other arenas besides the online, then the search engine marketing isn't going to work. For us, you know, whilst we're an e-commerce company now essentially, we're about a 50/50 split between our traditional and online media spends. We ran for three years before we spent our first dollar on the internet. I remember it well. It was an ad that I think our agency at the time convinced us to run an ad I think in the Australian IT website. We were trying to promote some high end, I think HP server IT equipment. It cost us \$5,000 to run a banner ad on their site for a week. And the beauty of the online is you can tell how many click on it – how many people actually come through from that. And for that particular week it cost us five grand and I think there were eight clicks for that week. And I know at least half of them were me just checking to see if it was working. And so we tried it and it failed and we just didn't understand it. It's a complex beast.

Once you capture the buyer, and hopefully in one of those methods we've encouraged them and they're convinced to come to Grays Online and they've made a purchase, you can't let them go. Once you capture them it's the most important thing. We look at it, what we call, a cost for acquisition. How much has it cost for us to acquire a buyer to our site? Once we've got them we can't lose them. And so there are many ways to retain them. Customer service is very important. We've got a national customer service team 1300 number. We wanted physicality. Despite the fact that it's an online business I think it's very important to show a face and so people can ring us. People can come and see me if they wish and that happens from time to time. You need to provide warranties so despite the fact that we're an online auction site we provided a thirty day money back guarantee, no questions asked. And so the refund policy needs to be robust.

Delivery is important. So ten day delivery isn't good enough. It used to be for us. But now we're trying to get to overnight delivery. And as I'm sure some of the other – Bert will probably talk about it, you know, delivering quickly to the customer is going to make them a happy customer. The branding is important when you deliver the goods. Now that we've captured them we're communicating with them differently in this way by EDM or electronic direct mail so you've got an email campaign. And for us, I guess we're fortunate, we're not just a wine site. We're upselling and we're cross selling. It's not just, while wine is certainly a big part of our business and for whatever reason wine seems to resonate with the market, but we're very big in computers and consumer electronics and office furniture and art and cars and everything

else. So whilst we might encourage someone to come to our site for wine they might leave with a Sony plasma TV. Or a forklift. Or whatever it might be that's up on the site. And I think that's the beauty of what we've got. All of those combined together, and this is probably the most important thing. You can't value it – it's word of mouth. And if you can get the word of mouth happening then you've had a success. It's very difficult to gauge but I think for us anyway, that is probably the most important part.

So as you can see, we're using a mix of old and new media. Perhaps a 50/50 split. What I think is really interesting is actually who we're attracting to our web site. And as I said before, the beauty of on line is there is that much data floating around it's ridiculous. You'd have to have an analyst working on it for years to work out what's happening. But who we're attracting for the wine – it's middle aged men. I would have thought before we ran a profile, although I had a feel for who was buying, but generally you speak to people on the street and you talk about an internet site – we've got hundreds of thousands of people coming through to our site, we're selling wine and I would have thought the generation Y, twenty year old iPod wielding guy or girl would be your typical internet buyer. For us the average demographic of a buyer on our website is a forty-eight year old male. Which I think is incredibly interesting. It's generally older than what the market would accept would be normal for an online purchase but for whatever reason again, they've embraced what we have that we're offering. It's certainly unique for internet purchasing and for our vendors it's a highly relevant target market. So our wineries are trying to attract a forty-eight year old male, and that's not to say we don't have females purchasing on the site. We do and it's interesting to see the difference between white wine and red wine sales – there is a difference there. But if you just average it out it's a late forties male. And for our wineries that's a very attractive target market.

In fact it was from profiling our database and who buys and what they want that lead us to a joint venture with *Cheviot Bridge*. We developed a wine specifically aimed at that particular target market and that's the *Block 24* that we're tasting tonight. We've actually had, you know, very good success with that. I think, you know, it's selling on our site every day. We've had very positive reviews and from that we found a number of other wineries have followed suit. And I think this is a trend that we may continue to see moving forward. I think just in the last week or so Andrew at Brokenwood is giving us a wine exclusively for sale at Grays Online under the name *Great Hammer* which will shortly be released. So Grays Online is presenting wineries the unique opportunity to develop their brand and sell direct to the consumer. And that's, I guess, the benefits for them. It empowers the winery to talk directly to the consumer with their brand.

I guess this leads me to my final point, and I think a note on how else I think the market has changed, and that's the empowerment of the consumer. I think increasingly in today's age consumers are employed to make decisions and to think how they want. They can choose when to consume their media now. They don't have to wait for the paper to turn up or they don't have to go into a newsagent in the morning to purchase it. They can jump online any time 24/7 to consume their media. My ten year old son has his own website on *MySpace* and whilst we try and police it as much as we can it's just, that's

what they talk about in the playground. I honestly don't know what's going to happen in ten years time. I love my *Sydney Morning Herald* in the morning and I don't think I'd ever do away with it but for him, he'll probably consume his media completely differently. So they choose how to consume their media. They choose when to be entertained. So you've got music downloads now. You can choose when to purchase your music 24/7 again. You've got Foxtel Box Office. You've got increasing the movie downloads and television episode downloads out of the US now moving into here. And finally they choose when to buy. I did a study trip to the UK last year and there's some very interesting statistics coming out of there. I think from my point of view they're probably 3-5 years ahead of the Australian market in the online space. 10% of all retail spending in the UK is now online. I'd say here it's less than 3%. They're saying in three years time up to 50% of all retail spending will be done on the internet. And that's an extraordinary figure. Whether we replicate here with the geographic constraints that we have relative to the UK, I'm not sure. But they are certainly leading the way.

So whilst I think online is not going to replace traditional retail, I think it will play a much more important part for both the media and the wineries. And I think it'd be interesting to see how it impacts on the wine club business. I notice there was a couple of people I think here from Cellarmasters but the wine club business in the old days was not about the purchaser, the decision being made for the purchaser by the wine club and we will send you wines every month. I know that's changing a little bit. I think increasingly the consumers these days are empowered to make their own choices and they're going into making those. So I just think you need to keep, I guess all of those things in mind when you're marketing and selling wine in the 21st century.

I guess for us, just to conclude, we'll be putting all of these theories to test, well we do it every day. We've got 1,500 cases to sell again tomorrow and we will the next day after that. But we've got coming up in about a month probably one of the largest wine sale events. Whilst we're selling predominantly for the wineries, in this particular case we're managing a major event auction for the wine out of the Heritage Fine Wine Club liquidation. So I think there's about \$2 million worth of inventory which will be pushed through our site in about a month's time and we're sitting down and examining all of these things: what's worked in the past and what hasn't worked, and putting together a marketing plan. So if you haven't found what I've said tonight interesting from a marketing perspective, hopefully you might find our wines pretty palatable either tomorrow or in a months time when we've got Heritage coming up. So thanks very much for your time.

[applause]

Darren Jahn

Thank you Mark. One of the questions I came up with, and I struck it off my list because I thought it might be difficult to answer but a question for later on was going to be 'How do you go about identifying your target market' and you just took us through that experience of a finding a 48 year old, middle-aged gent who is probably going to drink a McLaren Vale *Block 24* Shiraz

Grenache and I think that's well done. You've certainly worked out how to target your market.

Now to speaker number 3. At a time when internet based wine retail models have more often succumbed to the dot com bust, *WineStar* have not only survived but flourished to become one of the finest online fine wine retailers. Their weekly *WineStar* journal is in my opinion one of the best wine industry e-newsletters and one that has been copied by many.

Bert's combination of personal tasting notes, interesting commentary and exhaustive compilation of critics' reviews has made me dig out my credit card on many occasions. The *WineStar* site also houses Star Forum, one of the biggest wine forums in Australia and, they argue, the world. I find it fascinating to drop in at least once a week to Star Forum and review the various threads and get a feel for what's going on in wine drinkers' minds and let me assure you, it's not just wine geeks that frequent the forum. There's winemakers and people like you and me. Perhaps that categorises us as geeks. Please welcome someone who's not a geek by any means. *WineStar's* founding director, Bert Werden.

Bert Werden, WineStar.com.au and StarForum, Melbourne

Thanks Darren. A couple of years ago my then nearly four year old son had his physical assessment with a local government health nurse. For those unfamiliar with the initiative, it's a government initiative that enables parents to see how their kids were developing in both a physical and psychological level. They test their vision, their hearing and their motor skills. During the final part of the assessment the nurse asked my son – she gave him a pen and paper, and asked if he could write his name. He politely answered 'no' however if she gave him a keyboard, he was more than willing to type it out for her. Welcome to the life of a pre-schooler 21st century style. The alarming issue here is I do not consider myself nor my children computer nerds, like some may. I would suggest that most parents of small children who have a PC in their household, as Mark alluded to earlier, would have similar experiences with their kids being totally *au fait* with computers. While my four year old son is far from the target market of companies selling wine, there is a huge lesson to be learnt in the acceptance of computers and specifically the internet in marketing and communicating wine to the market as a whole. Sadly, for most wine companies big and small, they have either zero presence online or, and I find this most disturbing, their presence online is decreasing or out of date. I don't wish to get into class wars but one need not be a Professor of Demography, if such a title existed, to know that if there was a premium wine to sell, one would have a far greater chance of selling it to a household connected to the net than one that was not.

Certainly a number of the more popular wine writers and critics have come to this realisation and have based themselves, either predominantly or in some instances exclusively, on line. A case in point is one of the biggest of them all, Jeremy Oliver. Jeremy has the successful Australian Wine Annual, which as the name suggests, is released once a year when it gets fully updated with the latest ratings on thousands of wines as well as drinking windows. On the

flipside, the consumer also has the alternative to take up an internet subscription with all this information plus more. The person with the internet subscription has the ability to read informative, regular articles and snippets of news but most importantly, the user can view notes on the most recently tasted wines as soon as they are posted. This surely is a far greater advantage to procuring a hard copy of the guide once a year, then attempting to purchase the wines that, at this point, are long sold out. Bearing this mind, I ask the same question as I asked earlier. If you were trying to sell a premium wine, which of these two types of consumers would you target? Jeremy Oliver is one example but certainly not isolated. Campbell Mattinson is one of Australia's best and most respected wine writers. Campbell's website, *The Wine Front*, is updated almost daily with his latest reviews and views though he also has a regular electronic mailout of *The Wine Front*. Campbell does not give consumers a choice. He writes brilliantly about fine wine and targets solely the online market. This market, remember, is one that is totally ignored by many wine companies selling premium wine, in fact the list gets longer and longer.

Winorama, one of the new boys on the block so far as wine review websites go, have made a huge and immediate impact and is wholly and solely online. Even better than that, the website is actually free, though given the quality I couldn't imagine for how much longer. It is abundantly clear to the aforementioned wine writers, the importance of the online wine community, yet for many wine companies, including multinationals spending big on marketing, they are missing the boat big time. Not only are they lacking in their communication to consumers but they are also keeping retailers in the dark: the same retailers that provide an important avenue to market for them.

Let's start at the top. Before the union of Southcorp and Beringer, both of these companies had excellent and accessible information in the form of up to date websites as well as intranet facilities with up to date images, the latest reviews and reports for wine show results. Under the Fosters banner these have unfortunately fallen by the wayside with at best a very poor attempt at a replacement lasting only a few weeks before it was removed from the web.

'Coming soon', 'Under construction' – they're also very popular explanations from a number of other companies. The only problem is they've been using these explanations for years.

Hardy's and Pernod Ricard also have major issues in this regard. Information on some sites is two and three vintages out of date. A favourite at Hardy's at the moment is for generic tasting notes that, even for their premium wines, are the same regardless of the vintage of the wine. So when the next vintage of the wine is released, the same review goes up there. The sad thing is these companies employ dozens of people in so called marketing departments yet it would take one pimple faced first year university student to address these embarrassing issues in this very short period of time.

The issues of nil or inadequate internet presence are not confined to the large companies. A number of smaller wineries, who would benefit from much needed exposure on line, choose to either not have a website at all or spend the money on a site but then neglect to keep it up to date. I suspect the

reasons for the former are because of fear of the internet or fear of the cost but realistically both of these should be non-issues.

Recently my family launched our own foray into the wonderful world of wine by way of a product that some of you have seen tonight, the JaJa Barossa Shiraz. This was a wonderful opportunity for us to test the theories that we developed over the years. The wine itself, we're pretty happy with. It comes from the 2004 Barossa vintage which is one of the better vintages in recent memory from the Barossa. It's made from Stonewell fruit from a name winemaker if you like, in Troy Kalleske. However, no one here need reminding that the quality of any product is almost secondary to its ability to sell on the open market. Despite a run of only 606 dozen, we sent a number of samples to wine media, as well as registering a domain name on the internet. We were careful to include this name on the back label of the bottle and any reviews of the wine were promptly posted on the website for the world to see. We also posted the details of one retailer in each state who agreed to range the wines as well as a few overseas and a couple exclusively online retailers. Our theory was the majority of the work in selling the wine had been done. We sent out the samples, we put the website up, we waited for the reviews to come back, we posted the online and we even told people where they could buy the wine from. We had an excellent wine, we thought. It had received excellent reviews and these were communicated. The wine was released on April 1 last month and promptly sold out inside one calendar month. The website was produced inside two hours. The website can be done or made and published by anyone who has used Microsoft Word before. The cost of a dot.au domain name, including hosting of the web site and mail server is around \$350. The ongoing maintenance fee of keeping that website up is around half that per annum.

There are still hundreds of wineries out there that have email addresses at Bigpond, at Ozemail or at Yahoo or Hotmail. A professional email address and mail server with your own domain can be had for less than \$100, even less is you go through dot com.

Aside from the doom and gloom illustrated earlier a number of smaller wineries have produced outstanding websites. We've got a couple of them here. Although not desirable if I put my retailers' hat on, a number also offer a virtual cellar door which when complete with news and reviews makes shopping a breeze. Which brings me to sharing experience with my own little baby *WineStar*. Regardless of the fact that *WineStar* is an online business, the vast majority of practices employed by a bricks and mortar retail outlet will be just as relevant in cyberspace. The major difference will be how these practices are delivered.

I too have a bit of a snapshot as to our typical customer and our typical customer too would be a forty something year old male, sitting in his level 18 office in Martin Place or Chifley Square. He would have a legal, financial or IT background. He loves his wine and occasionally loves talking about it and socialising in it. The problem is he doesn't have a lot of time. If he does get a spare minute he might quickly check the *WineStar forum* to see what's news in the world of wine and what exciting wine somebody tried last night. But in

reality, he thinks some of the users there are wankers and would much prefer to log onto the *WineFront* to see what Campbell Mattinson has tried recently.

One thing he either stops work for or ensures that it is his first task at lunchtime is to read our weekly newsletter, the *WineStar Journal*. He likes the fact that apart from Bert's opinion, he is a retailer after all, there will be two or three more other reviews there of critics he has previously found he can rely on his palate too. In the event that he does order, it is usually within a day or two of the newsletter coming out. He does not have the time to peruse his local bottle-o anymore and *WineStar* has the added convenience of shipping right to his office, usually overnight. On occasion, his wine sale will ship direct to his wine cellarage account, for example Wineark, which is a plus because then his wife does not know what he is spending on wine. He also knows that he is getting a highly competitive price that may not necessarily be the best out there, but a dollar here or there is not of paramount importance given the package as a whole. He knows by the end of the year, he will be way in front in both service and price. He is incredibly loyal and likes the fact that his preferred wine retailer will always call things as they are.

It is also very fair to say that typical users of the *WineStar* forum, and our typical customer, are very different beasts again. That is not to say that users of the forum are not regular customers, because many of them are, but I'll just generalise for a few moments. Those visiting the forum love to be analytical. They will dissect the wine. They will discuss every element of it from the virtues of American versus French oak, the age of the vines used, the possible presence of brettanomyces, malolactic, open fermented, added acid, to the most popular of all internet forum topics: screw cap versus cork closures.

The forum-using customer is generally well educated. He likes a wine discussion. He *loves* a wine debate. He also loves to experiment with different wine varieties and styles and is not shy in giving his opinion, good or bad, on a particular wine. It is not uncommon for the forum user to purchase twelve different bottles of wine to make up his dozen, which thrills our logistics staff, noting that the twelve are generally of the premium nature and where possible, finished with screw cap.

The final point also goes a long way in describing the online wine buying community. They are incredibly progressive and the issue of closures on wine best illustrates this. This community embraced screw cap long before the market in general did. As many as eight years ago, when given an option of either cork or screw cap, *WineStar* always chose to take their stock in 100% screw cap. The justification in the end was simple – we never had a customer knock back purchasing a wine because it was under screw cap yet we had many examples of the opposite – where consumers chose not to proceed with an order because a wine was finished under cork.

The forum is sometimes responsible for the congregation of light internet users for periodic wine dinners where each person takes a special bottle or two of wine, which is often masked, and meets with other forum users for a live round of options playing and endless dissecting and analysis.

Regardless of the category of customer described, the common denominator is that all customers belong to a community, which is not dissimilar to the one enjoyed by the corner fine wines store, a bricks and mortar shop I would belong to. In fact the main brief we had back in October 1997 when *WineStar* was launched, and it was very much a pub, was attempting to make a perceived impersonal medium of doing business very personal indeed. *WineStar* believes that this is achieved rather than use snail mail, newspaper advertising, in store promotion and verbal telesales. We use electronic means and feel as close, if not closer, to our customers than we did when we relied solely on over the counter sales. Service standards are still incredibly important and should never be compromised. Customers appreciate quick delivery. Ironically some of the wines delivered may not be consumed for several years but it looks great when someone orders a couple of cases of wine at 3.00 p.m. and it's at the foot of their desk at 10.00 a.m. the next morning.

The issues of corked wine are also addressed and rectified but at all times communication is paramount and for many users more accessible via an email sent than picking up the phone and hoping the request is followed through.

Perhaps the most important point to raise and with one my now my five year old son, who can recognise the label of *Veuve* just as easily as Barry Hall on a football field. The online community is one market that will never decrease. Certainly not in the 21st century. It will continue to evolve and increase. We use the net for booking airfares, booking accommodation, we read the news online, we communicate with family friends across town and across the globe. Hell, we even use the net for sex. For many it's the ultimate communication tool and costs virtually nothing to be involved with. It is a medium that every aspect of the industry should be embracing sooner rather than later.

Thank you.

[*applause*]

Darren Jahn

I'm not technologically savvy at all. I'm hopeless at it. Thanks Sparky for organising the laptop over here. I had no idea what I was doing!

Now looking out at this audience I am reminded that many of us own or work for small to medium sized wineries. Some of us even write or produce newsletters for them. Some of us are or have been direct marketers of wine, whether it be like Bert's *WineStar* or this State's own Wine Society, Cellarmaster Wines or Wine Selectors and I know there's representatives from each of those organisations here. Our next speaker teamed with a small group of colleagues in 2004 to introduce a relationship marketing model that takes communicating to a winery mailing list to a whole new level. I have spoken with winemakers who have used their service and consumers who have bought wine via their sales team. Indeed I've been one of them and the experiences appear to have been universally positive. *Cellarforce* is providing a successful way for wineries to tap into their own customer databases and achieve unprecedented sales. So whilst many of us here would curse the

credit card telemarketer who calls from Mumbai, interrupting dinner at 7.30 on a Tuesday night, it would seem that wine lovers are only too happy to be phoned by their favourite winery. With over one hundred wineries on their books and sales in excess of forty thousand cases of premium wine per annum, please welcome director and co-founded of Cellarforce, Sam Willard.

[*applause*]

Sam Willard, Cellarforce

Good evening. Just to let you know, I'm imaging all of you in the nude. Apparently it helps with nerves so I hope you don't mind. So good evening. Just looking for a bit of audience participation to start things off. Who here hates telemarketers? Put up your hands. Mmm. OK. Well that's very lucky that that's not what we do. For those of you that are not familiar with my sector and my industry, what we do is relationship marketing as opposed to telemarketing. Meaning we leverage the goodwill that is found in a winery cellar door customer list and we convert that into sales. Yes we use a telephone and our mode of communication is by the telephone but we don't hard sell and we don't cold call – and we don't outsource to a call centre in Mumbai or Bombay as it used to be known. We operate out of a smallish office in Surry Hills, Sydney.

So a quick synopsis of the sector, I'm imagining some if not most of you have received a call from a winery, but perhaps weren't aware that it was possibly from someone like us. *Cellarforce* is employed from time to time by wineries, so for example *Balnaves* from the Coonawarra, to call its cellar door customers. Typically the call will discuss some news, like the winery's dog has just given birth to a healthy litter of six or seven pups or vintage was even better than last year. Bet you haven't heard that before! So like in the newsletter we tell the pertinent information, then make available an offer to the customers we call. And roughly a quarter of the people we speak to will purchase.

So in terms of my involvement in the sector, I can tell you that I and the team at *Cellarforce* are now in our fourth year of operation and work with just over 110 wineries, the majority being in Australia, however there is a small portion of our database that are in New Zealand as well. In 2006 the relationship marketing model helped wineries sell in excess of 40,000 cases of wine. Relatively small when compared to Grays Online but the average spend I can assure you is very high. The Cellarmasters guys are here so I won't elaborate too much further.

The smallest wineries utilising this service are the likes of *Eppalock Ridge* and *Foggo Wines* and the largest being *d'Arenberg* and *De Bortoli*. Almost all participants are privately or family owned.

So what changes have I observed in the market and how is my sector meeting them?

[*someone's mobile phone rings*] I think that was Adrian Reid!

So I seek three fundamental areas that have changed within the market place in recent years. Areas which have collectively led to the formation of my

sector. And most of the points that I'm going to bring up now you've probably heard before and are widely spoken of. The first two points are on more of a macro level and the third point more specific to direct marketing. So the first and most obvious is wineries have been forced to find new avenues to market. This is chiefly due to the consolidation of the wine producers and liquor retailers which has meant that many wineries are now struggling to access the traditional domestic market. And also we can't forget the increase in the Australian dollar which is also excluding some exporters from many export markets. Wine no longer sells itself. It's no longer good enough just to make good wine. Wineries need to have expertise within their organisation. They can't just – well without this expertise, at least they can't stand out in the crowd, the 2,000 or so wineries – I can't remember the figure of brands but the many brands that are out there. So many small to medium size wineries are now outsourcing such sales and marketing expertise. Cellar door mail order campaigns are far less effective than they once were. So these mail order campaigns, your traditional snail mail are generated from the cellar door. Now this is both from the point of view of the sales generation and also on return of investment. Now I think this is due to a few things. One, increased competition. More wineries are sending out marketing correspondence, therefore most winery buyers are now receiving multiple newsletters whereas in the past they might have only received one or two. Newsletters are often ill conceived and poorly executed. Of course there are plenty of goods ones out there but it's generally the last thing on a large pile of things to do for both proprietors or marketing managers. So often the desired impact that a newsletter is meant to create with database is not established.

More regions exist and more cellar doors are competing for each cellar door visitor. Therefore mail order lists are smaller compared to ten or twenty years ago back when snail mail was more effective. With less visitors to many wineries it's even more important that customers' details are collected and that the customer is effectively communicated to. Consumer habits are evolving. The modern consumer is now time poor or at least confused by choice. Therefore unless a product has disproportionately high demand compared to supply, a passive newsletter is unlikely to generate more than a few percent of buyers, if that. Customers are also less likely to let a winery know these days that they've moved address, meaning that communication will cease unless you make a phone call. So enter the relationship marketing sector. And what does this all mean when considering our marketing model? Well for small to medium size wineries it means options and in some cases are vital. The sector I'm describing provides an alternative distribution channel for wineries, certainly not a replacement to the traditional channels but a model that is flexible and adaptive and one which can generate much needed cash flow for a small or medium size winery. Wineries, depending on the size of their customer list, can receive as many as 1,000 orders or 1,000 cases in just one or two weeks. I can tell you we make the cellar door staff run their little tooshes off, that's for sure. Especially if the campaign is successful.

If a producer has done their job right at the winery and cellar door, then the list of customers they provide us will consist of customers that not only want to be contacted and who enjoy the producer's wine but who offer the potential of

ongoing regular or semi-regular sales. Our experience on the telephone when engaging these customers is that the vast majority experience our calls as high level customer service. Constantly customers will say, 'I was meaning to contact you and I was meaning to place another order. Thank you for calling'. We even won *Chapel Hill* as a client because ex-CEO Pam Dunsford received a call. She was on the *Dowie Doole* customer list. Now anyone that knows Pam will know that it must have been one hell of a call to have impressed her.

The best example of the effectiveness of the model that I'm presenting is demonstrated when describing the experience of a New South Wales producer. Ten years ago this producer was achieving \$60,000 a year in mail order sales. Over the subsequent decade the winery saw their database grow however sales dropped to \$25,000 in 2003. In 2004, as a result of outsourcing campaigns, the winery's direct sales exceed \$170,000. This figure is now matched or exceeded on an annual basis plus the winery continues to conduct mail order activities which bring in further sales.

Now the model can work with equal effect for cult wineries such as *Glaetzer* and *Kilikanoon* or Mudgee weekenders like *Miramar* or *Thistle Hill*. The only ingredients that must be constant are good will. Missing any of these will render the model somewhat ineffective. However, when wineries really nail this formula, they can have 4, 5, 6 or 7 out of 10 people that we call purchase.

Now of course not everyone wants a call. They may no longer drink or they've visited so many wineries they can't remember presenting their details at cellar door or they just fundamentally hate being called regardless of the context. You only have to follow some of the threads on Bert's *WineStar* forum to know that there's a small but dedicated group of people that really dislike us. We do try to attempt, or at least attempt to please everyone but, you know, we can't always help everyone. So I guess at this segment what we do is make it very easy and very early on in a call give them the option to opt out of receiving further information or to at least, if they receive further information, opt for no phone calls as opposed to perhaps terminating the relationship completely.

In 2006 as a result of approximately 230,000 conversations only 4% of customers cancelled their memberships and 2% of customers requested no phone calls.

So finally some ancillary benefits. Calling members regularly not only maintains a relationship with them but it also provides a very valuable housekeeping function. Identifying members that have moved address or no longer wish to receive communications from the winery provides greater health in a database. Basically you're not pestering people that don't want to hear from you and also you're updating their customer details via a conversation so you know if they've moved you can still continue sending them the newsletter. And also, believe it or not, we believe the model can drastically, or if not drastically, can impact retail. Many of the customers called may not purchase when they receive a phone call. But it's possible that next time they go into a bottle shop at least they've got your product or the winery's product that we've just presented to the customer in their mind as opposed to someone else that hasn't.

And to sum up, *Cellarforce* is helping wineries, particularly those shut out of traditional channels, build a new and effective distribution channel. To an extent this channel has been there all along but its potential has simply not been unlocked until now.

Thank you.

[*applause*]

Darren Jahn

Sam, you're holding in some secrets but a 25% strike rate would have a few direct marketers here cursing or smiling, depending on which side of the fence they're on. Thank you very much Sam.

Sparky, you've got 25 minutes max left because we're running a little over time at the moment. But as we get your slides up and running I'll give you an introduction and ladies and gentlemen, we might take a vote at the end and see if we can spare an extra fifteen minutes for our discussion because I'd say you've probably got fifteen minutes in you have you Sparky?

Sparky: Oh I thought I was going to do five minutes in direct speaking.

Well we can aim for that too. Sparky and I met when I was working the early days at *Cellarmasters* some eleven years ago, and it's been rather fascinating to watch his rise from his days as a winemaker at *Fox Creek* to the proprietor of *Molly Dooker*. There's some striking elements to the *Molly Dooker* marketing model and a visit to their website, and I'm sure you're going to see some of these – here it is (indicates the screen)– illustrates them very well indeed.

The site's front page heralds awesome Robert Parker scores of 96 and 99 out of 100 points. As you can see there's enormous bottle shots of the delightfully retro labels and an array of funky brands, *Carnival of Love*, *Enchanted Path*, *the Lefty Series*, *Goosebumps*, *Gigglepot* and *Blue Eyed Boy*. With his partner, Sarah, Sparky Marquis has produced some amazingly intensely flavoured and sought after McLaren Vale wines, most of which head straight off shore, albeit on the back of an incredible array of Robert Parker scores and wine spectator reviews. What's the future of these retro labels featuring styles of red that are often criticised as being too high in alcohol and how would they perform without the support of Parker et al? Please welcome Sparky Marquis as he shares his thoughts on these 21st century marketing dilemmas. And I'm sure you've solved them already mate.

[*applause*]

I'm going to stand here and just do that. Put your hand up if you haven't got a drink. Quick, quick, quick, put your hand up if you haven't got a drink. OK. All of you guys stand up. Go and get a drink please. You need to drink while I'm talking. Alright? Feel free to talk while I'm talking. Don't worry about that. I find it absolutely amazing that I'm actually here sharing with you guys – now that is what I love to see. Interestingly, when I came in the guy said 'How does a winemaker actually get to be sitting on this panel tonight?' It's because I drink! Alright? That's it. That the only qualification I have. The

greatest thing though that I have is that I'm sitting here in front of my heroes in the wine industry. The very first person that I tasted wine with was Dr Andrew Pirie sitting over there, in here, in Sydney, some 25 years ago. Right? And we were here in Sydney and Dr Andrew Pirie was doing a tasting here in Sydney and I was like 'Wow, I'd love to go to that.' I had no idea about wine tasting or anything else like that. I'm just 'OK, let's drink'. Right? And that's really the industry that I've come from. And, you know, like we set up a PowerPoint presentation from here (indicates bottles on the stage) but really you can see everything that we are. I got the opportunity - Darren asked me if I'd come and share the opportunity of talking about 20th century labels on 21st century wines. I have absolutely no idea why I'm the person here, right? Because the wines are all designed by the beautiful girl standing beside me up there, Sarah. On my title, my job description is 'Sarah's Husband'. I then add CEO and winemaker. But my primary job description is Sarah's Husband. I get to talk about these wines - as I walked out of the house today Sarah said, 'Just remind me again why you're going to Sydney' and I'm like 'I don't know, it's 'cause Darren rang me. You know, we tried to get you to come honey'.

For me, the medallion that I wear here and I wore here in the picture and stuff as well, and I wore with our Parker tastings, this is the McLaren Vale Winemakers Medallion. We - as the McLaren Vale winemakers, we are supposed to wear our medallions every time we talk about McLaren Vale wines. As far as I can tell, around the world I am still the only McLaren Vale winemaker that does. But every single time, in actual fact, mostly when I drink I wear it. So I have a couple. Because we swap around because I rub the ribbons, rub them out, have to get new ones and all that sort of stuff. But I just want to very quickly talk about label design, although I reckon I'm the wrong person. If you had Sarah here talking to you, you'd be going like 'Whooooaaa - man that is unbelievable!' So I'm just going to make it up, right, as I go along. That's why I wanted to make sure that you all had a drink going along. What we did is we looked at 'How do people buy wines?' What we understood is that unless people get a bottle of wine in their hands they are not going to buy it. They need to get a bottle in their hands. So we designed our labels - when we designed them, we designed this first series here. These ones here and we've got a couple more of them. We designed them - we call them the *Lefty* series. They're a fun way of looking at lefthanders. I'll just show you how we designed them. We designed them in two things - one is contextually around, 'What is it that excites us?' We believe that creating passion in what it is that you do in marketing - now I'm a winemaker, I have no idea about marketing. But I love drinking. Right? And we wanted people to drink with us. And so we'd say about our wines 'We make wines that make people go WOW'. So attention to detail and commitment to excellence. And so for us, this one here, *The Violinist*, designed by Sarah who's actually - come and look at the bottle later on alright? It's got a picture of - it's not actually Sarah, but it's got a left handed violinist. Sarah and I are both - actually 'Molly Dooker' is Aussie for left hander. Does everybody understand that? Just put your hand up if you're a fellow Molly Dooker. I am. How many lefthanders have we got in the room? That's about right. The number of lefthanders in the world is about 13%. Sarah and I are both lefthanders, my youngest daughter, Holly, who's eight - she tells me eight and three quarters

– I'm telling her 'Eight. You're eight. Calm down', you know. 'I'm eight and three quarters Dad. I can do that'. Geez, I'd hate to see her when she's going to be 15 or 16. And she's a lefthander.

My son, Luke, who's eleven, he's a right hander. He's the only person in our family who's been a right hander but he always shakes hands left handed. But 50% of our company are lefthanders. Alright? You can imagine that – 13% - that's not 50%. 13% of the world, or however many it worked out to be, are lefthanders but 50% of our company are lefthanders. That means that in one out of every two of our offices you walk into you're going to be talking with a left hander. And that's really cool. We reckon it's part of our interview process. In our interview process for our company we drink. We drink. What you'll notice is that with lefthanders they always pick up their glass in their left hand. That always gives them a 75% employment ratio when they come for a job interview with our company. So on these labels here – this is how this worked out. *The Violinist* is Sarah playing violin left handed. Now you can't play violin left handed because what you're going to do is you're going to poke the next kid in the face with the bow. Alright? What we did though is we designed these labels so big that the retailer has no idea which way to put them on the shelves. Because you can either put them there, placing the violinist out or you can put them there with the label facing out. You've got no idea. So what happens is in order to have a look at the full label on this wine, you've got to pick the bottle up in your hands. What we found in our research is that once a consumer picks a bottle up in their hand from a bottle shop, they're 50% likely to buy that bottle they've already picked up. So just to see our label you've got to pick it up. We've got 50% of you buying our wines. We actually like that. A 50% ratio of buying our wines, that's really good. What we then found is that when people put two hands on a bottle they're 75% likely to buy that bottle in a retail shop. So on the back label we designed the back label sideways. So that if you actually want to read the back label you pick it up with two hands. So that then the people that buy our wines are likely, 75% likely, because they've got to buy the wine because they've got to turn it over to read it.

Now what we found though is this. We didn't find this. This is me. I have no memory. You know when you go to a restaurant and you're dining out and you're having wines and you go – is there anybody in the retail trade here? Any retailers? You guys are all going to laugh - and you have the guy that comes in the next day and he says 'Oh last night I went out to this restaurant and I had this bottle, and it was like really cool. And it was like, it had this funny label on it – and this is the cork and it's got no branding on the cork.' Right? And it's like 'oh it was in a blue bottle'.

Well I've actually got no memory. And I'm not quite sure whether that's because I drink but it may be. So what we've done on ours is we've added these little whiz-bang tear-out strips to all of our wines. Now this is absolutely cool. Because what we've now got, is we've now got on all of our wines - we're actually thinking of putting stick-ons. Right? So that people can remember our wines at the restaurant. They can have this stick-on effect. We're actually thinking that in America we may actually do – we may actually run a story where we're going to do 'See how many of these Molly Dooker's

you've collected. The five people that have got the most of these - you get to come to Australia' or something. We're making something up as we go along.

OK. This next one is called *Two Left Feet*. Right? *Two Left Feet* is Sarah and I dancing. When we designed this label, we designed it last year, it was designed with the two left people on the red side of the label. What we actually – because it was designed around Sarah and I dancing in the evening. Now I've got two left feet and as you have a look at the label it's me standing on Sarah's feet, which is about what happens every time. What we found though is in a restaurant when you took the old label that the people dancing, Sarah and I, on the red side was exactly the same tone so you couldn't actually see it in a restaurant. So we swapped it over this year so that's really cool.

The Boxer, when you look at *The Boxer*, now this wine here, *The Boxer*, when we showed this to Robert Parker last year we laughed about these scores here: 99 for *Carnival of Love* and *Enchanted Park*, but for *The Boxer*, he gave this 95 out of 100 points. It scored the best value wine in the world under \$20. We released these products in the market for the very first time 15th of July last year. In nineteen days we sold 31,000 cases. Right? So we've gone on - now that's *The Boxer*. Now you will see *The Boxer* when you come and have a look 'cause we're talking about Molly Dookers. He's got two left fists 'cause he's got plenty of punch.

This one here, this is our newest one. We're so excited about this new range. We've got this new range of wines. Now we made this – we're so excited, because we got this. Sarah loves – so we called these ones the *Lefty Series*. The new series of wines is called *The Party Series*. *The Party Series* is because I work and Sarah parties. I mean that's how it works out. So Sarah designed this sparkling red. We're talking about marketing wines. You know it's interesting. I laughed when I looked at Sarah when she designed this sparkling red and we've called this sparkling red – think about this. When you have something that creates an unbelievable sensation in your body, or you're freezing cold, you get these goosebumps on your, you know, your hairs all stand up on end. You ladies that have been waxed, you won't get that but for us guys – you just get bumps right – for us guys all our hairs stand out perpendicular. And so Sarah created this sparkling shiraz that we're just about to release, like tomorrow, right? And it's called *Goosebumps*. Oh man you should taste it. So what we did is across the label, because we're talking about goosebumps and sparkling shiraz, in braille we wrote the word *Goosebumps*. So even if you're blind you can drink this wine and know what you're doing.

This one here is called *Blue Eyed Boy*. It's a new creation we've done. And if you have a look at this, *Blue Eyed Boy* is a label that we designed. It's generated around the nineteenth century because it's got a picture of my son on it. It's so clashing. In our old brand, you think about this, in the last ten years Sarah and I have developed six very successful wine brands. We developed, first of all we started off with *Fox Creek*. We developed that for Sarah's mum and dad. Then we did *Henry's Drive* and *Parson's Flat*. We became Australian, sorry with *Fox Creek* we were McLaren Vale Bushing King and Queen three times, Australian White Winemakers of the Year in

1997. We then started *Henry's Drive* and *Parson's Flat* with some friends of ours and we became Australian Winemakers of the Year in with someone.

And then we did *Shirvington* which we released in the United States, we started *Marquis Philips* which went from, in its first year 2001 was 8,000 cases and by the time we sold the company in 2004 we were 120,000 so we went from 8,000 to 120,000 cases in three years. We, mind you I think we only got paid six bucks for that company. Anyway, that's how business goes.

But now we're doing *Molly Dooker*. It's really exciting. So this one here – *Blue Eyed Boy*. In this range we've got *Blue Eyed Boy*, *Goosebumps* and you can have a look at it. I was going to show you all the web presentations. But you know, it's better for me to actually show you a picture of my life than it is to show you anything else. Because then at least you know exactly what's really happening in our business. For us, we decided a long time ago that we weren't going to make any decisions unless we agreed. That meant that for a long time we didn't make any decisions. But it was a process that we had to go through. Right? We reckon in five years of making wine – this is back in the days when Darren was doing some stuff for us - you know, looking after us. In five years we went through all the challenges. We worked every day. Our board meetings were in bed and they weren't that boring. They were good board meetings, you know. And that's how it worked out.

We looked at life as like, 'OK look how are we going to do this together?' And so these next ones – *The Enchanted Path* - we named this wine here *Enchanted Path* which we've got up here on the thing, albeit Sarah and I are standing in front of it, we named *Enchanted Path* after the life that Sarah and I reckon that we've had in the wine industry. We have led an unbelievable enchanted path. We have created six very, very successful wine brands in the last ten years, right. We are currently the winemakers with the most 94 and above Parker scores in the world, right?

And you know what I do? Drink. It is great. Right? So *Enchanted Path*. You have a look at this one here. This label here – this *Enchanted Path* and the *Carnival of Love* label. It was designed around that billboard era. You know the billboard era when we all had plenty of time for each other. This is yes? This is no? This is like, 'I don't know what you're talkin' about Sparky'.

In America I talk like this and they're all going like – and I'm like 'Can you guys understand me' and they're like 'Can you go back to "This is my wife Sarah"'. You know, it's funny because in America I reckon they have no idea. They talk to me about going to the bathroom. And I'm like 'Is that like the dunny?' And they're like – well you can't say 'dunny' in America' and I'm like 'Well I've gotta go to the dunny, you know, like where is it?' Anyway 'it's way down the hallway, that way', to the guys. The girls are 'the next one on!', alright. I found that before.

Anyway, this one here, *The Enchanted Path* is named after the life that Sarah and I have had in the wine industry. We are so excited about the things here. Australian wine industry - what's happened - the unbelievable path. If you have a look at the Australian wine industry, Australian wine? Australian..? Anyway I've been drinking. Is it the Australian Wine Industry? In 1995 we developed a thing called Vision 2025. That was to generate an extra 30,000

hectares of vines by the year 2025 and to create a market around that. What you've got to understand, what you all need to understand is that opportunity is - everybody jumped in on that. When you create a vision, a business plan that says you're going to create another 30,000 hectares of vines. Think about it.

In the first year – in 1996 we planted 6,000 hectares of vines. Check that out in the stats. In 1997 we planted 7,000 hectares. In 1998 we planted 8,000, in 1999 we planted 6,000 hectares, in 2000 we planted 1,000 hectares. In five years we've planted all the vines that we said we were going to plant in thirty years! That's why we're struggling through some of the of things we're doing at the moment. Because we don't have the infrastructure right at the moment to do the things that we said that we were going to do. But it is coming. It's coming. So now it's about creating passion and excitement about what to do.

This one here right, *Carnival of Love* which we've got out the back and I was madly pulling corks out of them before right, we've got these here and so these are the new ones. We've opened these –these are the 2006 wines I've got up here now. The *Carnival of Love* is that celebration of love of life, of all the things that you want to do. It's the place where everybody wants to be. We named this wine because it's the wine that we believe creates so much excitement, so much passion about what's going to happen. And it's where we believe everybody wants to be but nobody wants to leave from.

What excites me about this is, did anybody read *Mad* magazine when they were younger – or now? Put your hands up. *Mad* magazine? *Mad* magazine? Come on. Come on. Who saw *Mad* magazine in the newspaper shop then? Right? OK. You know *Mad* magazine on the back page you fold the back page together and it creates one image. You pull it apart, it creates another. Fold line A to line B, it creates this. We got the Australian designer for *Mad* magazine to design these labels, right? So have a look at this. This is so cool. When you put these two bottles together, it creates one label. Right? It's so cool! Pull them apart – they're outstanding in their own rights but put 'em together, it creates one label. You can follow through. You can work out the words. You can just work it all out yourself. Right? Just have a read through it.

But that's how it actually all came about. It was all about fun. But then what happens is that everybody says to me 'Oh yes but how long should you age your wines for?' and I'm like, 'Well that's probably two questions' "How long will they age for? A long time". How long do I age them for? I used to say 'As long as it takes me to get a corkscrew' but now, what we've done, is we've got screw caps. We got screw caps! Why? Cause it's quicker! So you can actually be drinking our wines.

This is 2006 vintage. We bottled this on Friday right? (Sorry 'bout that Sam). Right. OK. I just poured it all over his forehead. Sorry about that mate. What we tell people is if you're going to drink our wine straight away, pour a little bit out, don't pour it all over the table because you've wasted some then and you're going to have to lick that up later on, right? Pour a little bit out, stick your finger in the top. Always treat our wines gently. (Shakes the bottle madly) Never rough 'em up. Never worry about, I mean you have to very careful when you treat our wines. Pull your finger, see that? Did you see

that? This here, the froth on the top, is nitrogen. If you think about – I'm trying to be careful of Sam's notes and phone here right at the moment. Hold that Sam.

Right, if you think about flavour as being a round ball. When you first bottle a wine we put nitrogen in there to protect the wine. Nitrogen creates a flat impact on the ball of flavour, creates a hard impact. If you just – oh look at that. I reckon that by the time that that mousse, oh have a look at this Sam, check this out. See the mousse? There's a mousse that forms on the top of the wine? It's like a café latte. As soon as that mousse goes, the wine is ready to drink. And that's it.

I think that we in the Australian Wine Industry, we are way, way, way ahead of what's happening around the world. But we have the opportunity to touch people's hearts. And we'd send out an email and I'd look at these guys doing email marketing and stuff like that. And we send out an email to our top 100 customers in the US, which is 300 people. You understand that don't you? You know, your top 100? And we sent it out last week to them. And saying, because for me I look at life as like this, every single night I'm going to eat food and drink so I may as well do it with my friends. We send out one email to our top 100 customers, right, which is 300 people, and I have now got bookings for the rest of this year with our top 100 customers and their thirty friends. Right?

We released our website in the US the other day called '*Buy Molly Dooker*' because the number one response after we sold out in 21 days last year was 'Where the heck can I buy *Molly Dooker*'. So we bought the website called '*Buy Molly Dooker*'. We put an e-commerce business on it, exactly the same as Bert was talking about - it cost us 300 bucks. It cost us more for the SSL certificate whatever that is – just so we could put https, not just http on our website. I don't understand what means right? And we sold \$1 million worth of wine. Not pre-order. Paid for in our bank account in fourteen days.

We expect to sell \$5 million over the next couple of days of wine from our direct website in the US but we expect to sell \$15 million through our retail friends, our restaurants, the guys that we are going to back 100% to support.

Anyway, this has been a great forum. We look forward to sharing with you a lot more and we believe that the Australian Wine Industry is something to be very, very proud about and very, very excited about. Thank you very much.

[*applause*]

Darren Jahn

Ladies and gentlemen I give you the Steve Irwin of Australian wine. No wonder you're selling your wines very well in the US mate. Bloody hell. Just stay away from those stingrays.

We're at 8 pm. Is everyone happy just to spend ten minutes with just a couple of questions and answers from the panel or if anyone feels the need to go now, feel free to, but we might just extend this by ten minutes. Are we right to do that Trish do you think? Just for ten minutes. Just to get a couple of responses from the panel and I might just use a couple of these prepared

questions that I've canvassed a few people on our committee and what not. And maybe if I could ask you guys to keep your answers short and sweet, we'll see what you think about it. A few, perhaps, leading topics on communicating wine in the 21st century.

Q: Perhaps maybe if I start with Bert or Sam, whichever wants to go first, if I asked the question in communicating your message what's the first thing that our customers want to know? Is it simply price or is it something else?

A: *Bert Werden, WineStar.com.au and StarForum, Melbourne*

I think when people – there's a general consensus that people go to the net in order to save money. I think that's typical of accommodation type packages and air fares and that sort of thing. The first question we find on line is generally security. You said short and sweet but one of the funny things we find is a number of people want to know that we actually exist and what they do is they ask some really silly questions. They'll ring up and say 'Hi, just perusing your web site and I just wanted to confirm that the price of the Molly Dooker *Carnival of Love* is \$80.' And we'll say yes and they'll say 'Thanks very much. That's all I need to know. All they wanted to do was ensure that you did exist and they'll go ahead and place the order and you'll see it come through for that product in the next few moments. So from our point of view it's generally a security issue which is the number one bugbear of people dealing on line or purchasing something on line.

Q: OK, Sam do you have something to add?

A: *Sam Willard, Cellarforce*

I think generally people want to know how is the cellar door dog? Is it healthy? How are the people at the cellar door? I mean the most successful databases that we operate are outsourced to us are the ones where people have connected with someone at the cellar door, you know, they've had a great experience. So quite often it's 'How's Phil?' or 'How's the cellar door manger?' so it's a personal level and then it becomes about the transaction and, you know, quite often it's a conversation that we're having with people so it'll be, you know, can I get more than what you're presenting to me. So it's a personal conversation.

Q: If we look at things like internet transactions being perhaps somewhat impersonal, what do you think the key factor is in maintaining customer loyalty in those environments and it probably also involves you too Mark, perhaps in that one.

A: *Mark Kehoe, Grays Online Auctions,*

Yeah, we seem to have particular pockets right around Australia. We might have a particular level 18 at a certain building, an office pool situation where we're actually supplying six or seven or eight people within the same building. And the irony is geographically we're thousands of miles away but I think the personal nature of it is the fact that they're communicating with the screen in front of them and the fact

that once a week we're communicating with them via the email. Perhaps our writing and the content is a little bit more personal and I think the other thing is, if somebody takes a moment to actually write an email they generally get a reply relatively quickly and can recognise the person that signed off on the email. And I think despite the geographical distance, that is quite personal. You don't actually get that sort of reply in other business medium.

A: *Bert Werden, WineStar.com.au and StarForum, Melbourne*

And I would concur. I think critically customer service is the primary quality that will retain customer loyalty.

A: *Sam Willard, Cellarforce*

The key element for us is again customer service but also that the customer enjoys the wine. If we call them back, you know, six or twelve months later and they haven't then we're in trouble, so it's all about the wine.

Q: The wine's got to stand up, absolutely. Hey Phil if the Devil had his way and you found yourself at the helm of one of Australia's struggling publicly listed wine companies, what would you do differently to what's going on at the moment? From the big guys?

A: *Phil Sexton, Giant Steps and Innocent Bystander Wines*

Well, I guess there's an ex-colleague of mine who's in that position right now with the Evans & Tate group which we all know about. Look I think one of the things is that you've got to go back to where I started in my talk tonight and that is that we really, as producers I think we need to recognise that there are now two industries. And in some cases I guess some of those publicly listed wine companies really are hands on grower companies and are therefore constrained with all the things that those of us in the privately owned wine industry are constrained with but don't have to deal with publicly and that is the cost of inventory, the investment in vineyards, all those things that don't pay back, not in the short term anyway. And therefore I guess if you were looking at one of these publicly listed companies with these very, very heavy balance sheets, you would have to make your first decision: which industry am I going to be in? Am I going to be in the business of marketing brands, in which case I don't need to own any of the stuff, or am I going to be in the wine growing business, in which case I probably shouldn't be public because public scrutiny will bring me undone.

Q: That's a very good point. Anyone have anything to add to that? No? Alright one for you Sparky. A question for you, a leading question, Have wine show medals had their day and been taken over by critics points?

A: *Sparky Marquis, Molly Dooker*

I don't know. It's hard to say. For us, you know, we have always been about putting our wines out there and having them judged by whoever is prepared to judge them. What we found in the wine shows is that the direction of the wine shows tends to be with, OK let's go with

finesse or lift or whatever, rather than just something you enjoy, and but in so saying, we tasted with Campbell Mattinson the other day and we showed him – I mean like, I mean you think about it, like the *Molly Dooker* that we've got up there is, I think we say 16.5 on the label but it's something like 17.2% alcohol. And you don't know that for the first four glasses but on the fifth glass you certainly do. And you know, I think that the wine, the show judging has gone a little bit into 'What should we judge to be the great wines' as opposed to 'What do I enjoy drinking?' and for me, everything's been about what I enjoy drinking. Not what would I taste but what would I drink the whole bottle of ...or at least give it a fair shot a drinking the whole bottle of, and then drink the rest the next morning for breakfast because I start drinking at eight o'clock every morning so it's alright for me.

So in terms of critic points, I mean me personally, I think that when we have the critics in Australia bagging or competing against the critics in America I think we're doing ourselves an injustice. I don't think we need to do that. I think the critics in Australia, you know, the great guys in Australia, have got an amazing ability to judge wines and do what they do without – you know in the early days, you know when I was at college, like twenty years ago we used to say, 'Why make French wines? We're Australia'. But we never justified ourselves and I find at the moment we're just justifying ourselves a bit. And I don't think we need to. I think we need to say, 'We're Australian'. You know, 'Either drink it or go and drink that froggy stuff'.

Darren Jahn

I think your mate Mr Parker does stand on a pedestal saying 'This is what I like to drink' and that's what he scores them on and that's what his followers know and make their decisions upon. So that's very true. James Halliday, who is incidentally now the patron of our club, still hasn't forgiven us for setting him up with that lecture topic that we gave him a couple of years ago which is still running almost as a forum thread, I think on *StarForum* of 'Thank you Mr Evans and Sorry Mr Parker'. We set him up completely and he did a very good job of diving in for that, to keep that debate and discussion open.

Ladies and gentlemen I do apologise that we are now at 8.10 and we're not going to have time to take questions from the floor, but I would like to ask you to think back over the presentations that we've had today and there's a number of points that have been made this evening. For me the three key points that came out I think was the concepts of communication, which it is as a communications forum that the Wine Press Club certainly has its role to play but in terms of communicating the message to your customer and the wider market place is a vital component of the marketing mix and whether that's just in the passion of presentation of wines that you might do Sparky, or an intelligent website or, you know, getting the message through to the reviewers or the media that can get the message out for you.

So communication is vital. Technology – no question, 21st century is all about technology. Many of us here feel that we're au fait with technology but there's also quite a few I know that aren't and I'm one of those people. I'm hopeless at it and it does frighten me and it's something that even the more I've heard –

the presentations today made me realise that I've got to go away and do some more work upon it, but then also I think this concept of passion for what you do and whether it's passion for wine at a wine wankers level or passion for wine just because you enjoy drinking it and you want to share the moment of enjoyment of drinking wine, either way it's passion for the product that we sell, that we market, that we communicate that's going to get across to our consumers.

So ladies and gentlemen, I'd like you to put your hands together and thank once again Fosters for allowing us to be here today. And three members of the Wine Press Club Committee: Trish Pearson, who's been running around turning alarms off tonight, Mark Pollard over on my right and Cec Lewis, Administrator, for helping pull this evening together. I want to thank you as our members and our guests for your continued support of the club and ask you to remember to please keep spreading the word. Our organisation is only as strong as our members so please try and sign someone up today if you want and use our website for that, and a reminder that a transcript of tonight's presentation will be available on the site. We will let you know when, but I'm told it's not going to take long at all.

Please join me now in thanking our speakers, from my left to right Phil, Mark, Bert, Sam and Sparky. Thank you very much.

And I think my friend Mark here might be a barrel gal for me if you wouldn't mind and just pass, we have a gift for each of you as our speakers. It's a novel gift for a wine press club to give – it isn't in fact a decanter which you'd normally expect. It's actually a water jug. Just to keep the balance of work life going properly.

We're planning our next event for approximately five weeks time to be the second of the Legends of the Vine series of interviews. Trying to pin down a date that suits both the venue, Simon Marnie, our presenter and three often cantankerous legends are not all that easy so as soon as we know that date we'll let you know.

And finally I want to share with you my wine quote for the month and it's from way back in 320BC and it's a short one, it's: *What I like to drink most is wine that belongs to others.* I'm going to go and drink some with you guys tonight.

Thank you. Goodnight.