



DIG & FISH

COONAWARRA CABERNET SYMPOSIUM

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Consumer trends in local and international markets

Drivers of consumer behaviour

Challenges and opportunities for the noble grape



What we'll cover:

Current State of Play For Cabernet Sauvignon

- Domestic sales trends
- Export sales trends

What's behind the numbers?

- The power of perception
- Great wine paradigms...Then and Now
- Consumer trends impacting wine

A word on China



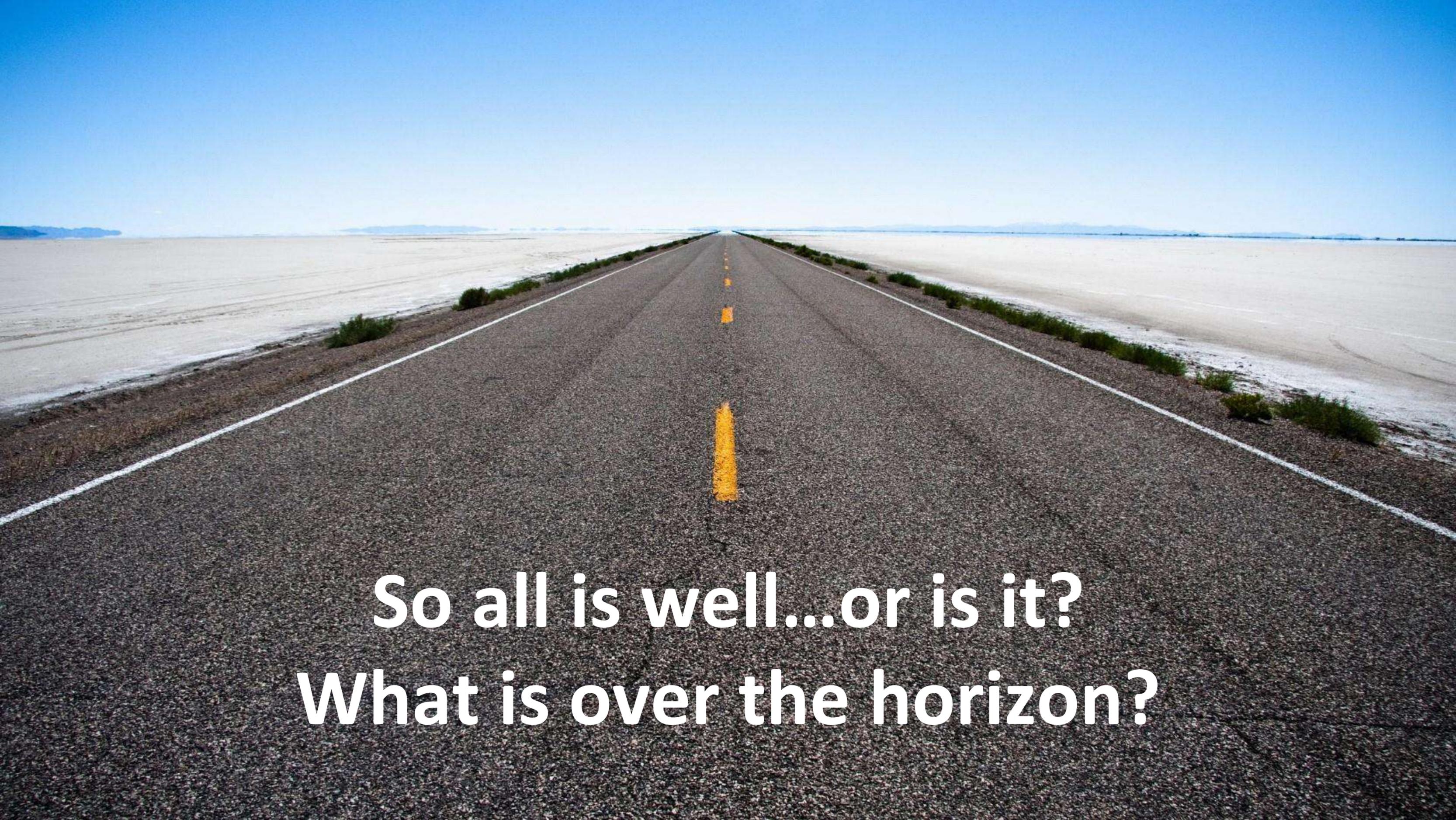
CABERNET SAUVIGNON - DOMESTIC

- 1 in every 5 bottles of red wine is Cabernet Sauvignon
- Cabernet Sauvignon is growing in value at 4.3%
- Total bottled wine growing at 3.6%
- 85% of the value growth > \$10
- Coonawarra delivering 30% of the value
- More people say they drink Cabernet Sauvignon than any other red variety in Australia

CABERNET SAUVIGNON - DOMESTIC

- Cabernet Sauvignon is the second largest Australian varietal to be exported
- Exports of Cabernet Sauvignon grew 25% to be worth \$357m in the MAT to March 2018
- Value growth outstripped volume

Cabernet Sauvignon exports to China grew by 84% to be worth \$175m

A long, straight asphalt road stretches from the foreground towards the horizon, flanked by a vast, flat, light-colored landscape under a clear blue sky. The road has a yellow dashed center line and white solid edge lines. The horizon is visible in the distance, with some faint mountains or hills on the left side.

**So all is well...or is it?
What is over the horizon?**

we don't

SEE THINGS

AS THEY ARE,

we see things as

WE ARE.

- Anais Nin



PARADIGMS

THEN

- Wine had a natural hierarchy
- Old world was 'better'
- Old 'old world' was even better
- Noble grapes dominated
- We educated from on high
- Influence rested with the few, and power with even fewer

PARADIGMS

NOW

- The world of wine is flat
- New world is exciting
- You can win from a standing start
- All grapes have merit and indigenous stories are growing
- Mid-weight “easy drinking” wine styles are dominating the “cool kids”
- Influence rests with the many and power is more nebulous

5 WINE TRENDS

1. **Diversification**
2. **Democratisation**
3. **Lifestyle**
4. **Conscientious consumption**
5. **Conspicuous consumption**



DIVERSIFICATION

1. Of variety
2. Of region
3. Of country of Origin

And for cabernet?

In all the 'new' how does the familiar stay relevant?

If you're not driving the new news through variety / region / country or region then where does the news come from?

Skipped a generation

And for cabernet?

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DEMOCRATISATION

A close-up photograph of a hand pouring red wine from a bottle into a glass. The bottle is tilted, and a stream of dark red wine is captured mid-pour, falling into the glass. The background is dark and out of focus.

- Old rules don't apply...
- Alternative packaging and delivery formats are here to stay...
- “Wine will further shed its stuffy image to embrace democratisation,” said Malandrakis.
- Wine no longer has “occasion exclusivity” with beer and spirits more and more at home at the dinner table

Millennials are less focused on traditional measures of wine quality than the generation before them, and also have less cash to burn. Their spending habits in the drinks category are driven by experiencing new and exciting products, targeted marketing campaigns and word-of-mouth, which could see premium producers lose influence.

The Drinks Bulletin, 2018

LIFESTYLE INCREASINGLY IMPORTANT

1. Occasion dominates wine choice
2. Food choices impact wine choices - Rise of the plant based diet
3. Rise of “New Influencers” who talk about lifestyle and experiences that wine happen to be a part of

"Our increasingly plant-strong diets (whether as full-fledged vegetarians or vegans, or simply eaters of more vegetable-centric diets) will call forth a trend away from ginormous veg-overpowering reds (like Cabernet Sauvignon and Zinfandel) toward more veg-friendly lighter reds (eg Beaujolais, Cabernet Franc, Grenache), rosés, and white wines,"

Andrew Dornenburg and Karen Page, “Kitchen Creativity: Unlocking Culinary Genius with Wisdom, Inspiration, and Ideas from the World’s Most Creative Chefs”

CONSCIENTIOUS CONSUMPTION

1. Natural wines are here to stay.
2. Organic, biodynamic, minimal intervention
3. Increasing trend to transparency in winemaking
4. Land management
5. Environmental consideration in overall business practices



CONSPICUOUS CONSUMPTION

- Where we buy
- What we buy
- Why we buy it
- ..and what it says about us



“Successful wineries 10 years from now will be those that adapted to a different consumer with different values.”

SVB 2018 Wine Report.

TAKEOUTS

Beware of broad brush generalisations (even mine)

- Be mindful of the micro-trends around your business and brand.

Zig when others zag

- Following the leader doesn't always end well

Relevance is more compelling than awareness

- But both are needed for success

The power is in the hip pocket

- Of the ultimate consumer, pipeline is not depletions



A WORD ON CHINA

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- There is amazing opportunity
- Australian wine (and Cabernet) is in growth particularly at higher price points
- Such a big country there is room for everyone

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- Beware Pipeline fill versus Depletion
- Sustainable sales that build brand are much less common
- There are significant barriers to building a wine culture



THE LAST WORD...

THE DAILY.COM

Drinking cab sauv is like dating a guy who wears cashmere sweaters with well-fitting jeans.

If cab sauv was a man, he'd be the guy you can bring home to meet your parents without feeling embarrassed.

You can rest easy, knowing he'll arrive in an attractive package with a twist of creativity in his appearance.

He's the man next to you on the couch, killing the pizza and watching "Bridesmaids" with you, even though he'd rather be watching football.

He's the wine you can introduce to your notoriously picky girlfriends.

After just a little time with him, they'll all be glassy-eyed and laughing as they wink at you about how great he is.

He's the every situation, "always good no matter what" type of wine because he's the type of guy all of us want to find.

Once you find that perfect bottle and ideal price point, you'll keep buying it for life.

It's just that good.



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• ACTIVATE •
• AMPLIFY •

