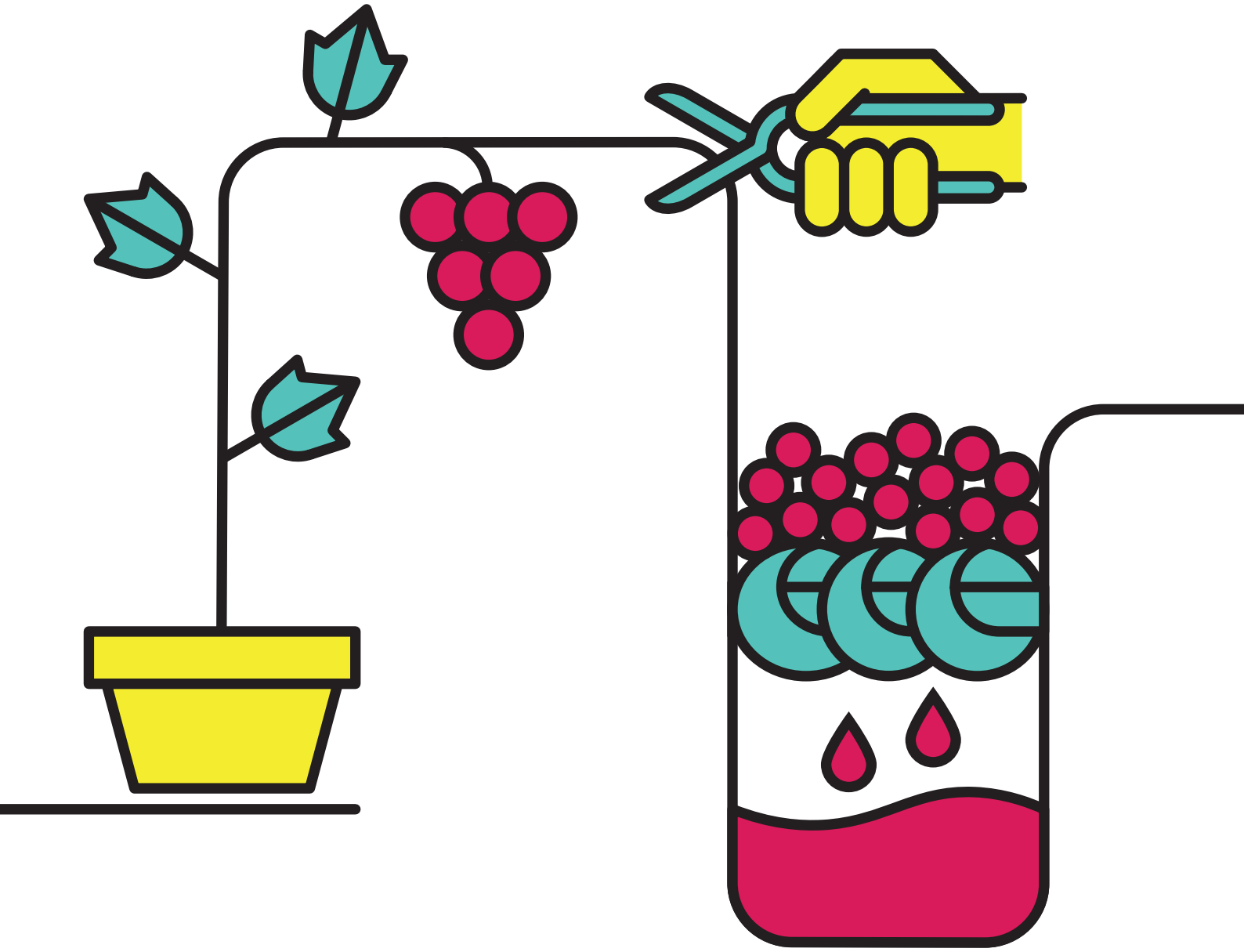
THOUGHT LEADERSHIP

Volume 3

FUTURE LEADERS 2022

B.NXT





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Effective and well-trained leaders are an invaluable asset across all areas of the Australian grape and wine sector.

Perhaps even more so given the various challenges the sector is currently facing.

The sharp reduction in exports to mainland China following the imposition of significant deposit tariffs, the ongoing impact of the COVID-19 pandemic (including the continuing impact of the global freight crisis), conflict in Eastern Europe, rising inflation and capacity issues following a record vintage have created the perfect storm over the last couple of years.

Ongoing and significant challenges remain around how the industry responds to climate change, long-term sustainability, marketing, exports, and diversification as well as ensuring our greatest asset, people, are genuinely supported.

Launched well over a decade ago, the Future Leaders program provides a framework within which a new generation of grape and wine sector leaders have the opportunity to further hone existing knowledge, learn new skills, formulate visionary and innovative responses to challenges, sharpen decision-making skills, develop networks, and form a nucleus of knowledge and enthusiasm to take the sector forward, in good times and bad.

If the ideas in this — Thought Leadership Volume 3 — are anything to go by, the future of the sector is in safe hands.

The pieces in this volume were written by the outstanding individuals from across Australia's grape and wine sector who participated in Future Leaders 2022. Each selected their own topics, based on what they see as pressing issues for the sector — many echoing the challenges referenced above.

This concept of participants putting their leadership thoughts on paper originated in 2017 when Wine Australia established a new relationship with our provider partner, Pragmatic Thinking. Pragmatic Thinking's contemporary perspectives and sound evidence-based approach to leadership development, coupled with excellent feedback from the 2017 and 2019 cohorts, paved the way for our continued collaboration and even stronger design for the 2022 program.

Today you will find many of the Future Leaders alumni making a major contribution to the future direction of the sector.

Harnessing their collective wisdom, we thank the 15 individuals from across the alumni who stepped up to act in a coaching capacity for the 2022 cohort – Andrew Stark, Andy Clarke, Ash Keegan, Ashley Ratcliff, Chris Morrison, Helen McCarthy, Kate Goodman, Lilian Carter, Nick James-Martin, Nicole Esdaile, Paula Edwards, Sam Holmes, Shirley Fraser, Tony Robinson and Wes Pearson.

Since its inception the Future Leaders program has been funded and coordinated by Wine Australia, with the endorsement of Australian Grape and Wine.

We continue to value the way in which this program fosters agile and resilient leadership behaviours and celebrates diversity of voices from across the sector collaborating.



Martin Cole

Chief Executive Officer
Wine Australia



Tony Battaglene

Chief Executive
Australian Grape and Wine

Something special happens when a group of talented, passionate and curious people come together, committed to developing their leadership in service of an industry. When those same people forge a unique bond over five months of intense learning, growth and development, well that's when magic happens.

Like an exceptional wine, the contents of this book are the culmination of a number of carefully curated variables, crafted with care into something quite extraordinary. There have been challenges faced, obstacles hurdled, insights realised and a resounding desire to turn potential into performance. To elevate their voice and strengthen the industry. What you're holding in your hands right now is an insight into this transformational, and at times, deeply personal journey.

It's also an insight into the future of the Australian wine sector from the people who will lead it. The brief we provided was to find your voice, back yourself and share your insights into areas that will make this industry even better. That's a big ask for people who until now may not have considered themselves thought leaders. From the very first session we ran however, we knew this was a group that was willing to dig deep, tap into potential and work hard to challenge themselves to be exceptional.

The insights shared here address issues as diverse as the group of people in this program. While the content covers as much ground as our participants do with regards to expertise, there are a couple of common threads that bind it together. One is connection – our connection to place, to land and to the people that work with it is essential for our future survival, both as an industry and as a community. The other thread is courage – whether that be the courage to innovate, to create, to care more. The same threads that bind this group together are evident throughout these

articles. This is a group of leaders who care deeply about the work they do and the future of the industry in which they work.

From the perspective of Pragmatic Thinking, it has been a pleasure and a privilege to work with this group of leaders. Each turned up on the first day with a commitment to the program, to their personal development and to each other. What's even more impressive is that despite running businesses and families, between busy work schedules, and COVID sniffles, their commitment did not waver. They were challenged deeply, both personally and professionally and they kept showing up willing to embrace the challenges and opportunities with open minds and open hearts.

With these leaders guiding the future of the Australian wine sector, it's in very good hands.



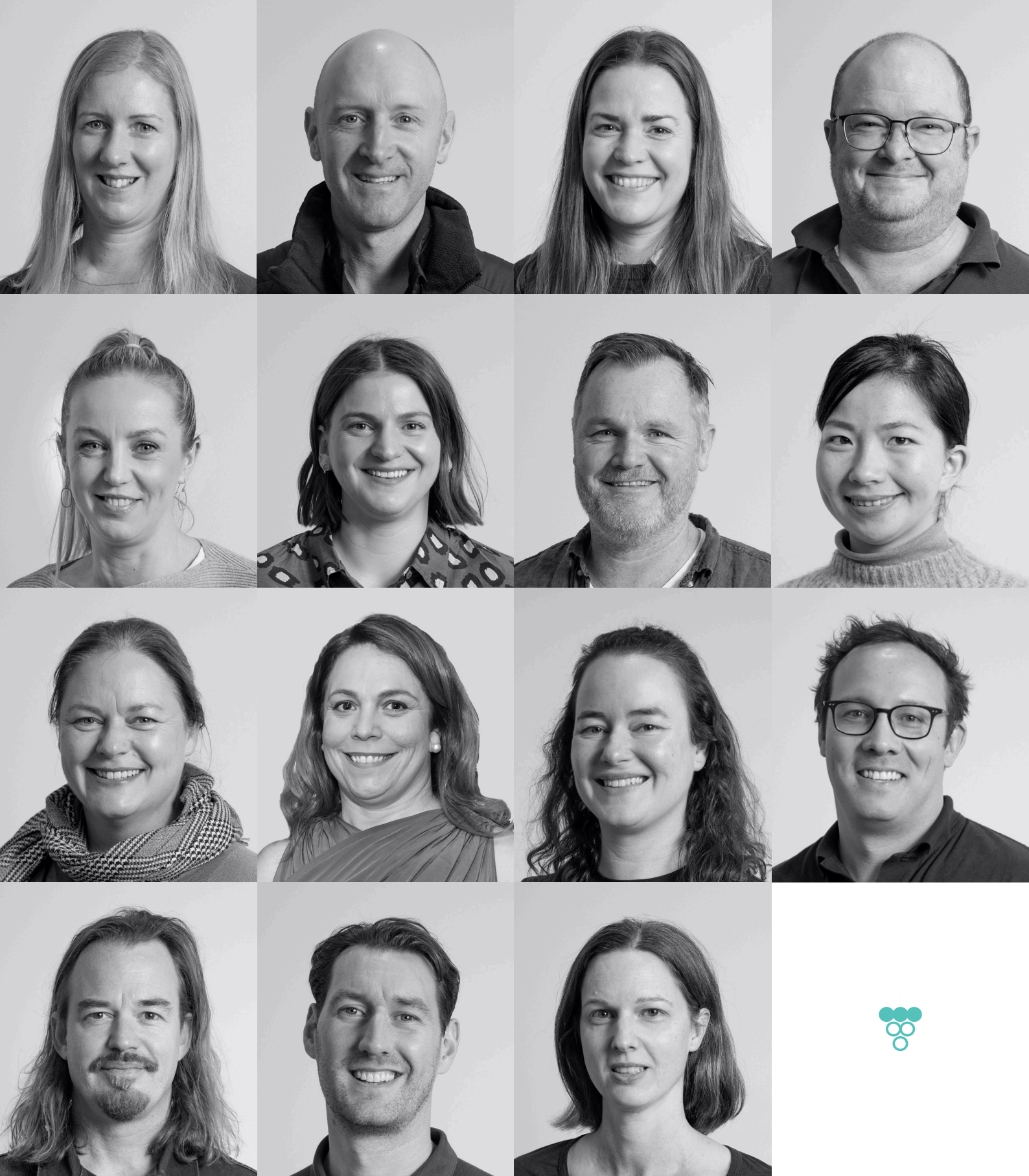
Alison Hill

Psychologist
Co-Founder of Pragmatic Thinking



Darren Hill

Behavioural Scientist
Co-Founder of Pragmatic Thinking



WINE FUTURE LEADERS 2022



Kat **Herd**

Production Manager at LVMH's Domaine Chandon winery in the picturesque Yarra Valley, Kat Herd has been involved in the manufacture of alcoholic beverages for over 20 years. Growing up in Marlborough, New Zealand, with direct lineage to David Herd who planted the region's first ever vineyard in 1973, you could say wine is in her blood.

With a university degree in chemistry, her keen interest in process led Kat on to a career in manufacturing and operations. Kat gained extensive technical knowledge and experience in laboratory and quality management roles in beer and wine production in New Zealand before crossing the ditch to the lucky country.



Daniel **McDonald**

Born and raised in the Barossa Valley, but not on a vineyard, Daniel and his Father Rod, planted their vineyard in the late 90s, which become the ultimate 'prac' for Daniel who commenced studying Viticulture at the University of Adelaide in 1999.

Post-Graduation, Daniel went on to work in vineyards in Robe, Langhorne Creek and the Barossa Valley, as well as International Vintages in Sonoma, California and the Rheingau, Germany. Daniel is currently the Wine Supply Manager for Pernod Ricard Winemakers. He also co-owns The Cutting with his wife, Belinda, a boutique winery and vineyard located in the Stone Well sub region of the Barossa Valley.



Kate **Sturgess**

Kate Sturgess, Winemaker, has been a part of the Brokenwood Wines team since 2015. Her love of Science and a desire to work outside encouraged Kate to take a leap of faith moving from Brisbane to Adelaide to complete her Bachelor of Viticulture and Oenology at the University of Adelaide in 2011.

Kate's experience extends through a number of Australian wine regions as well as time at Culmina Estate, Okanagan Valley, Canada in 2012. Here in Australia, Kate gained experience at Wirra Wirra, De Iuliis Wines, Mount Langi Ghiran, and as Assistant Winemaker at Balnaves of Coonawarra.

Most recently, Kate has been integral in revitalising the Hunter Valley Young Winemaker's Tasting Group through the Hunter Valley Wine and Tourism Association (HVWTA), and was nominated for Winemaker of the Year at the Hunter Valley Legends Awards 2021. One of Kate's professional highlights has been Brokenwood Wines winning James Halliday's 'Wine of the Year' with the 2018 Brokenwood Wines Graveyard Vineyard Shiraz.

Outside of work Kate spends her time renovating houses, taking advantage of Newcastle's pristine beaches, and showing her dog Winston the ropes around the vineyards.



Steve **Faulkner**

My name is Steve Faulkner, my whole professional career has been in the vineyard.

I have worked in 4 wine regions and I am the founder of Viticulture Australia. I am currently based in the Yarra Valley working for Oakridge Wines. One thing has always been a challenge and will continue to be a challenge, and that is managing people in an ever changing environment. I hope my essay helps in some way.



Emily **Hay**

Emily Hay is a marketing and communications professional who specialises in strategic and front-line engagement in the wine sector.

She draws on her 25+ years of experience in visual arts, hospitality and wine to understand customer motivations and deliver campaigns with impact.

Occasionally outspoken, yet deeply thoughtful, Emily lends her voice to challenging issues because she believes in community and the power of joint action.

The influence of her creative and connective style has been recognised on a national level by organisations such as Wine Communicators Australia and the Australian Women in Wine Awards.

Outside her day job, Emily can often be found pencil in hand, designing brand imagery for her side hustle or painting her family's adventures in Tilly, the van.



Lauren **Hansen**

Never sitting still and doing things "the way they've always been done", Lauren is a natural collaborator with an inquisitive mind. She was named a Top 50 Young Gun of Wine in 2018, and a recipient of the 2019 PIRSA Great Wine Capitals scholarship.

Vintages in Bordeaux, New Zealand, and Austria, as well as working with super-premium producers Balnaves, Brokenwood, and Bannockburn, her resume smacks of quality.

Graduating from the University of Adelaide in 2012, dux of the Bachelor of Viticulture and Oenology, Lauren has learnt the subtleties and nuances of climate and soil alike, as a part of her journey to being one of Australia's emerging and qualified winemakers.

Today, Lauren Hansen is the senior winemaker at Penley.



Aaron **Mercer**

Winemaker and founder of Mercer Wines, Aaron Mercer is crafting award winning wines from sustainable vineyards across NSW. Born in the Hunter Valley, Aaron began his career in the wine industry scrubbing tanks and selling wine while learning from local legends of the Hunter.

His passion for education, the environment and winemaking lead to a colourful international career in Canada, France, Germany and the United States - positioning him as one of the most versatile winemakers in Australia. Best known for his positive impact on organic and preservative free winemaking, he aims to help Australia become a global leader of sustainable grape growing and wine production - starting with NSW.



Mavis **Zhang**

Mavis Zhang joined Wine Network Consulting (WNC), a leading wine industry advisory firm based in Victoria, as a consultant since 2019. She has worked on mergers and acquisitions (due diligence and asset appraisal), business strategy, independent expert reporting, new project development, and process optimisations with wine businesses across Australia with a few projects in China. Prior to this, Mavis spent 5 years as a winemaker with winemaking and vintage experience in Yarra Valley, Gippsland, Heathcote, and Margaret River.

Mavis is also an active judge in Australian wine shows, has Wine and Spirit Education Trust III accreditations and holds a Bachelor of Viticulture and Oenology from the University of Adelaide. With an interest in M&A and corporate strategy, she is also currently completing her Master of Business Administration from Melbourne Business School.



Briony **Hoare**

Briony Hoare's interest in wine was sparked at just 15 years old when she first visited a winery. Then as a graduate winemaker in the 1990s, Briony began to weave her winemaking magic throughout the Australian winegrowing regions of Mildura, Great Western, Coonawarra, Barossa Valley, Hunter Valley and McLaren Vale.

When Briony wanted to further expand her wine world, she headed for Italy – the home of some of her favourite varieties – where she enjoyed a vintage in Piedmont, Northern Italy, working with Barbera, Dolcetto, Nebbiolo, Gavi, and Moscato varieties.

Back in Australia, a decade long winemaking stint at Southcorp saw Briony work with a multitude of grape varieties, wine styles and fellow winemakers. High profile awards and accolades followed as Briony was named Young Winemaker of the Year in 2003, and won the prestigious Jimmy Watson Trophy with the Rosemount team in the same year.

2002 saw the first Octave barrel in the back shed of Briony and Tony's house in McLaren Vale. What started as a home brew continued to grow, doubling to two Octaves the following year.

In 2005 Briony began a wine consultancy and hatched the concept of Beach Road Wines. Just a year later, Briony and Tony's home garage was taken over by their new venture. Today, Beach Road Wines purpose-built winery produces many different varieties and styles of wine with a focus and passion for alternative varieties and styles.



Amanda **Whiteland**

Margaret River Wine Association CEO Amanda Whiteland has 25 years of global fine wine sales and marketing experience after working in both large and small organisations, domestically and internationally.

Amanda has held roles in Tokyo, Melbourne and Paris and travelled extensively to wine regions and key markets globally.

Amanda was the Regional Manager - Japan for Foster's Wine Estates (now Treasury Wine Estate) for five years and worked closely with many of the large multi-national beverage companies in Japan.

Before returning home to the Margaret River region in 2014, Amanda also worked for three years in Paris as a Marketing Manager at Louis Vuitton Moët Hennessy, and managed the global marketing for wineries across the USA, New Zealand and Australia.



Zoë **Downer**

Experienced in building elegant and recognisable wine brands, Zoë is the founder and director of Adelaide-based marketing consultancy Counter Space. Zoë holds a Master of Wine Business from the Burgundy School of Business and performed several roles at Shaw + Smith including as marketing manager overseeing the Shaw + Smith, Tolpuddle Vineyard and The Other Wine Co brands.

She sold wine in Adelaide and Brisbane with fine wine distributor Red and White, has a Bachelor of Wine Marketing from the University of Adelaide, and the Level 3 Award in Wines from the Wine & Spirit Education Trust, London.

Zoë believes wine should be economically and culturally rewarding for everyone and is a signatory to the Australian Grape & Wine Diversity & Gender Equality Charter.



Richard **Burch**

After completing a Bachelor of Marketing, Richard worked for a number of well-known Perth advertising agencies. He first joined the family wine business in 2012, working vintage as a cellarhand and brand ambassador, and subsequently became sales manager for the eastern seaboard, based in Melbourne. Richard continued to build his winery knowledge working the 2013 and 2014 vintages in Margaret River and later the 2014 vintage in Burgundy with renowned winemaker Pascal Marchand.

After completing an MBA in 2017 Richard was appointed a Director of Howard Park Wines and promoted to the role of Trade Marketing Manager, leading brand marketing, sales and distribution. Richard now combines innovation, strategic planning and modern management practices in his role as Sales Director, to drive his family's business forward.



Ewan **Proctor**

Ewan is a wine and beverage industry professional with 25 years' experience ranging from managing award winning boutique regional wineries and restaurants, to representing global luxury brands in challenging and dynamic export markets across Asia and North America.

He played a central role in the meteoric rise of Penfolds in China between 2015-2018 where he was the Head of Education for Treasury Wine Estates. Currently he is the ANZ Sourcing Manager for Vivino, the world's most successful wine app, and is simultaneously developing the domestic marketplace while opening up new export pathways for Australian Wine.



Josh **Hixson**

In suburban Adelaide in the early 1990s a fascination with electrical circuits was born. They allowed a young primary school-aged kid to build, to test and to interrogate. Which pieces were vital for the system to work, how can it be simplified…or stress tested to failure and then improved?

Jump forward 30 years, and while electrical circuits have been replaced with wine, the questions haven't changed. That same child-like fascination to understand and problem solve are at the heart of what Josh does today as a Senior Research Scientist at the Australian Wine Research Institute. With some chemistry qualifications up his sleeve, he embraces the chance to tackle challenges facing the sector.



Jean **Macintyre**

Dr Jean Macintyre has been working with wine for nearly 20 years. She completed a PhD at AWRI before moving to the Commercial Services team where she focused on wine quality improvements. She then joined Pernod Ricard Winemakers, bringing her problem-solving skills to a wide range of projects across the business, as well as developing innovative wine products for Jacob's Creek and beyond.

Jean is committed to improvements in wine quality and sustainability across the sector. She is a member of the Australian Grape and Wine Research Advisory Committee and represents Pernod Ricard Winemakers at the Australian Research Council Training Centre for Innovative Wine Production.



Photo credit: Wine Australia



MANAGEMENT AND LEADERSHIP

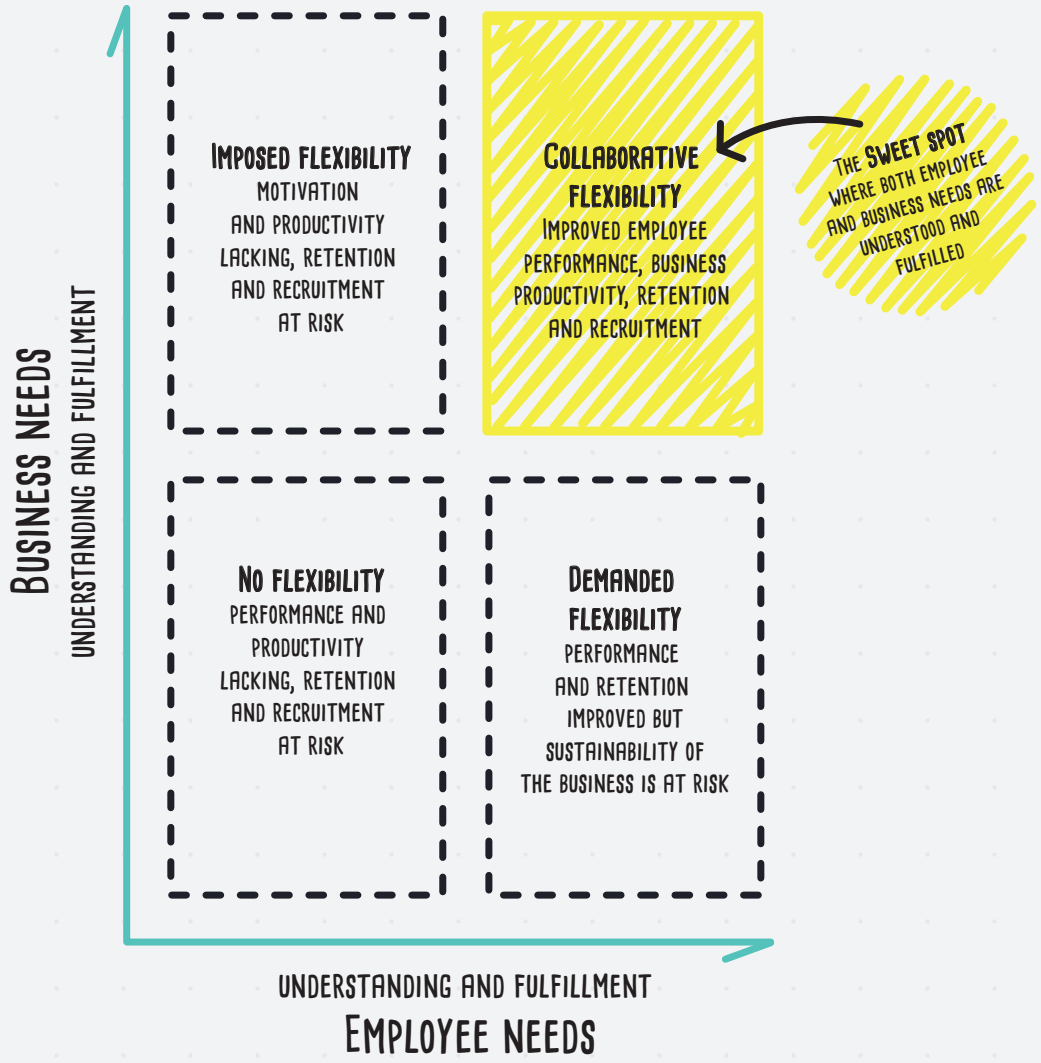


Photo credit: Wine Australia

THE FLEXIBILITY SWEET SPOT

How to find it with your operational employees

by Kat Herd


Business needs
understanding and fulfillment
Imposed flexibility
motivation and productivity lacking, retention and recruitment at risk
Collaborative flexibility
Improved employee performance, business productivity, retention and recruitment
The sweet spot
where both employee and business needs are understood and fulfilled
No flexibility
performance and productivity lacking, retention and recruitment at risk
Demanded flexibility
performance and retention improved but sustainability of the business is at risk
understanding and fulfillment
Employee needs



The working world has been forever changed by the Coronavirus pandemic and all the challenges that came with it; enforced lockdowns, working from home, operational restrictions, supply chain disruptions, labour shortages, the list goes on and the challenges keep coming.

Current record low rates of unemployment find us keenly, almost desperately, looking for staff. Jobseekers across Australia, including our existing workforce, are attuned to the opportunities and flexible options arising from recent challenges. Many wineries now have established working from home (WFH), remote working or hybrid working[6] arrangements for knowledge workers but what about our operational teams? Employers in the wine industry will need to adapt even further and work hard to integrate more flexibility into operational roles if they wish to attract and retain the talent they need.

The past two years of lockdowns and forced working from home for many, has taught even the most diligent workaholics the importance of work-life balance.

Many office-based employees across Australia and the wine industry now have flexible options and can choose to balance work from home, the office, or any location between. The swift response to the pandemic demonstrated it can be done but considering only where work is done is not enough. You will need to act quickly to consider other flexibility options before your people find what they need elsewhere. PwC's latest Global Workforce Hopes & Fears Survey found that of the nearly 18,000 Asia Pacific based employees surveyed, one in five intend to switch to a new employer[1].

The wine industry is no different to any other and all industries are facing the same response from employees. It is not only knowledge workers who are demanding flexible options to fit around their life, but workers from throughout the business — from shop floor workers to truck drivers to cellar hands[2]. It's a simple fact that our viticulture, winemaking and production teams operate process and equipment on site – our finished products can't be manufactured without them. Remote working is not feasible for many of our operational team, but we must acknowledge that WFH is only one aspect of flexible work. More deliberate design is required to take advantage of other flexible working levers related to the "what, how, who and when" of work (in addition to "where")[2].

To retain and attract the employees necessary to sustain the wine industry now and in the future we must work with employees to incorporate meaningful flexibility. Many of our people recognise their role in meeting business needs to enable profitability and sustainability. The needs of our business and the needs of our people are not mutually exclusive.

Employers must be open-minded and begin adapting work to better suit the needs of employees. Together with employees we need to find the sweet spot where individuals can integrate work with life and our wine businesses can achieve productive and profitable outcomes.

Where to start? Start by understanding your **business' needs** in relation to activities and tasks.

Break down the type of work completed within your team, categorise tasks as deadline tasks or coverage tasks. Deadline task are tasks that can be done anywhere and at any time as long as the finished product can be delivered to the customer (internal or external) by a certain deadline. Coverage tasks require an employee to monitor or interact with people, equipment or goods in a specific place or time[3].

Provided the equipment and resources required to complete the tasks are readily mobile then many deadline tasks can easily be considered as WFH opportunities. Investigate how these tasks could be scheduled or modified to allow WFH for operational employees in your business.

Coverage tasks are much harder to make flexible, but they should not be dismissed based on their perceived inflexibility. For coverage work that isn't 24x7, consider if the tasks must be completed between certain hours in the day. Is there a business need for the work to occur within a specific shift time and length or can this be defined by the team? Is it necessary for the work to occur on specific days, or again, can this also be adjusted to fit within your people's lives better?

There may be potential for specific coverage tasks to be completed separately to core processes. For example, must cleaning, maintenance or setup tasks be completed at specific times in relation to operation or could tasks be undertaken at a time better suited to a part-time employee or someone on a split shift?

In many operational workplaces there is added complexity of Unions and Enterprise Agreements but don't use these as reasons not to investigate options. Remaining open-minded and working with your employees may yield some creative solutions. Ensure that when considering flexible options you are remaining compliant to any legal and contractual obligations.

Next determine your **employees' needs.**

Employees' needs are different, and a one size fits all approach will not suffice. Mercer reported in their 2022 study that one in three employees would be willing to forego a pay increase in return for more control over their work schedule[2]. The benefits of flexible work are not only felt by the employee, but businesses are finding it actually helps boost employee satisfaction, and ultimately productivity and their bottom line[3].

Consider surveying your workforce to determine each employee's individual needs. Be clear that you are investigating potential flexible opportunities but can't make any promises. Prompt employees to share their preferred hours of work, preferred shift patterns and any contributing factors. Contributing factors could be many and varied – Are they responsible for shared care of children or elderly? Do they participate in a sports team or contribute to a community group outside of work? Determine if annual and personal leave policies are meeting the needs of your employees. Are they a morning person? Or not!

The following list sets out some options that could be investigated with your people.

Shift patterns

Review shift patterns and timing to ensure they are optimal for both the business and the employees.

Compressed work

There may be a desire to work longer shifts for less days. For example, instead of 5 x 8 hr shifts, would 4 x 10 hr or even 3 x 12 hr shifts suit the workforce better?

Flex time

Employees choose their own start/finish time within a feasible window with set core work hours. Offers Potential to allow employees to work around personal preferences and family responsibilities such as childcare, school drop-off, care of elderly etc. but also ensures the labour is operating within core work hours.

At Globe Manufacturing Co. LLC in Pittsfield, New Hampshire, first-shift employees get to choose their start time between 6 a.m. and 8 a.m. When the policy was first implemented, 80 percent of employees chose to keep their 6 a.m. start time, but they felt better about it because they had been given the choice[4].

Split shifts

Where an employee is scheduled for a break of 1 or more hours in the middle of their shift to attend to outside of work obligations.

Shift swap

Allowing staff the ability to swap half or whole shifts with colleagues (obviously with constraints around comparable skills and responsibilities, etc.) could mean the ability to easily attend an appointment, family obligation or function without consuming valuable leave.

When managers have all the authority to make changes to work schedules, employees have less incentive to help problem-solve around getting work done. Efforts to empower employees with both the authority and the responsibility to make changes to work schedules that ensure work is done well frees up managers from tedious rescheduling while helping employees understand and work within the limitations of successful production schedules.[3]

Part time work and Job sharing

Obviously not new models but as employees seek greater flexibility employers will need to consider re-evaluating a preference for full-time workers.



Work From Home

Wineries should consider ALL the tasks completed by employees. Are there any that aren't fixed to location? For example, could data analysis, reporting or training be completed from home for workers that would appreciate it?

Scheduled Holidays

Many manufacturing businesses schedule a two to three week shutdown over Christmas and early January. Review if this really works for your employees. It may even suit the business and employees better for some workers to take leave at Christmas and others to work through and take leave at a different agreed time.

When employees have more control over their schedules, they are happier, less stressed, and more productive. You may not be able to allow or support employees to work from home, but that doesn't mean you have nothing to offer them. By offering flexibility in creative ways, you can allow your staff a better work-life balance and increase their productivity and engagement at work, so your company can thrive.[3]

Collaborative flexibility is about your people having the power to shape their work. Understand your employees' preferences and give them a say in shaping what their jobs look like. Trust and empower them to know what works best.[1]

I challenge you to actively and collaboratively seek that sweet spot that allows your business and people to thrive.

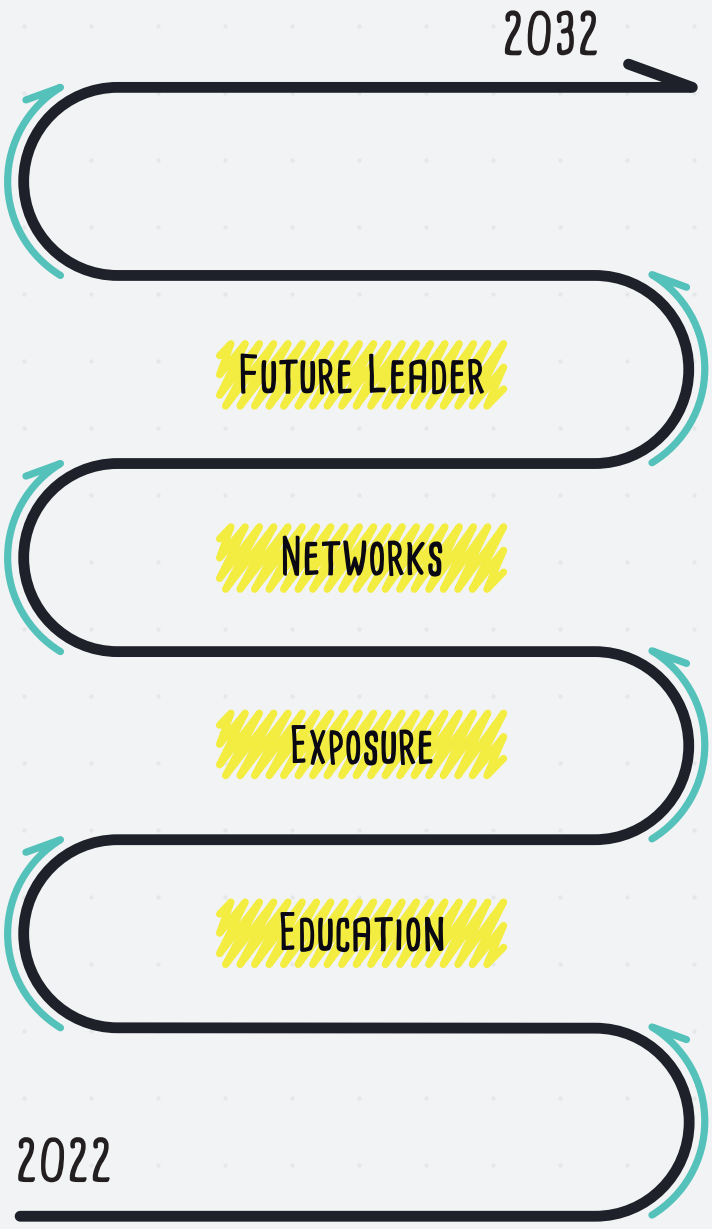
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Photo credit: Wine Australia

FROM EDUCATION TO A FUTURE LEADER

by Daniel McDonald


2032
Future Leader
Networks
Exposure
Education
2022



I was recently asked to speak to some university students about the wine sector, without a clear brief. My assumption being 'I've been in the industry 20 years post university, so talk it up'. My initial thoughts were to talk to the positives, an industry with passion, generations of history, great wines, stories of the vineyards, winemaking, the terroir, the vintages; good, bad and ugly. All things that I DO love about this industry and make it an amazing one in which I'm lucky to be employed.

There was a but; in that I felt awkward talking specifically to opportunities post-graduation, as quite simply, I'm not seeing them. I'm also conflicted in writing this piece, as I have two sons whom I'd love nothing more than to have a career in the wine industry (of course only if they want to) but here's the big question. Would I encourage it, knowing about this 'gap' and limited opportunities post-graduation?

I want to speak passionately about the industry without a 'but' or 'watch out for' or 'you should bear in mind' but right now this is my truth.

When the industry was booming in the late 1990s, all industry participants were making money, some would say too much, and there were plenty of resources, and the '3 x Ps'; people, profit, positivity!

Fast forward to 2022 and times are tough, with the impact of the recent China tariffs, plus Australian wine not 'trending' as it was during the late 90s/early 2000s. I don't need to go into the other logistical/global challenges we are facing, let's just agree that times are tough.

We all know what flows downhill, and ultimately profitability of an operation/department/company dictates the number of staff that can be supported. When times get tough, jobs are not plentiful, and if anything, those in management are looking to drive savings, reduce head counts and human resources.

During the 'good times' all links in the supply chain were profitable, there was ample opportunity, support and jobs available at all levels; senior/middle management, and graduate/trainee positions. This is what I want to address, the entry level/graduate positions.

Let's now jump back to the current 2022, and these 'early' options and opportunities are rare and limited. Building truly great Leaders in the wine industry is dependent on these roles to allow our graduates to assimilate into the industry, and learn 'whilst on the job', to enable them to become better rounded marketers/winemakers/viticulturists et al.

What we need to remember is that the Australian wine sector will see the good times again. When this happens, we don't want to be limited in our ability to maximize this opportunity due to a lack of industry leaders. If we think about career pathways, if you want to be a plumber, teacher or hairdresser, the apprenticeship , university degree, TAFE etc. pathway is very clear, but what are the pathways for the wine industry? This speaks to my 'inconvenient truth' mentioned earlier.

So how do we address my 'inconvenient truth'. My vision is an industry wide program to support those in their late teens/ early 20s coming through TAFE/ university courses who want a future in the wine industry. To hear from those with more experience and help them navigate the career path, by way of advice on what might be the best path forward, particularly considering the aforementioned dearth of graduate/trainee/ assistant/technical roles that were once plentiful. Essentially what I am suggesting is a mechanism to bridge the gap between Education and Exposure.

I should note the Australian wine sector deserves praise for both the informal and formal mentor/ coaching programs that currently exist. The gap is that these focus on industry participants who are already in the industry, are established and have had several years of experience and likely have 'runs on the board'. They've navigated the challenging post-graduate years, have gained experience, holding down a full-time job and in all likelihood got their hands dirty along the way. These programs generally involve an application program in which the successful candidates must prove what they have already achieved in the wine industry, but what about those who haven't achieved anything yet, but are the potential future leaders of our industry?

I see a huge opportunity in our industry for young graduates to get work experience, during study breaks/ holidays, to get their hands dirty, get on the tools and help them to become the best marketers/winemakers/ viticulturists possible. Of course there is nothing wrong with working at Coles, the local pub, or café, but wouldn't it be more valuable for our future graduates to spend some time in a cellar door/wine marketing office/winery/vineyard whilst earning a few dollars?

Once some exposure and experience have been achieved, the next step up the ladder is building networks within the industry. Those already 'in' the industry have started their journey in building these networks, as opposed to those undergoing training. Networks build upon networks, hence the earlier we can expose those training to be in the wine industry, the more likely they are to be able to build these networks prior to entering the workforce.

So where does it start? It starts with you and me. Many of us have been fortunate to have a mentor/ coach/trainee/graduate position where we were helped through the industry once we had established ourselves. So given the vacuum of grad/opportunities in the industry, it is time to give back, be thankful to the mentors that we had and pay it forward. I say this because I was fortunate enough to have experienced these events. I should note with a disclaimer that I grew up in the Barossa and so had a geographical advantage, but this is something that I'd like all future industry employees to be able to experience. I strongly believe you will be a better winemaker if you can operate a pump, be a better viticulturist if you can drive a tractor, so you can understand if you are in a position of authority, you identify what the cellar/vineyard operators are undertaking. I'm not an SME in the sales

and marketing world, but I'm sure working in a cellar door or retail wine outlet would be a great start?

My vision is for an industry platform whereby industry participants, nationally, can put forward some duties available in a 'portal' accessible to TAFE/university graduates to get some hands-on experience, be it a week, a month, or a three-month block. It's also these opportunities for exposure, that builds into the networking facet. Doing a vintage in the cellar, could lead to some cellar door work at a neighbouring cellar door, which could lead to some pruning at a growers vineyard that supplied the winery you worked at during vintage? What a fantastic grounding for a graduate in any field to get this sort of experience and to start to build their industry networks.

This ties in perfectly to some of the challenges the industry and the country faces with labour shortages, and particularly skilled labour shortages. The symbiotic relationship whereby industry gets knowledgeable/enthusiastic labor, and the trainees/graduates get exposure and experience in our cellar doors, marketing offices, wineries and vineyards. These are opportunities for those that are already engaged and passionate about wine, and just might be the future giants of our industry.

My recommendation is for Wine Australia to own the program, with key stakeholders being the regional bodies, that have a great understanding of the local requirements within their regions, what skills shortages there are and what employment opportunities exist. Working up the ladder, to the 'Network', this would be open to all wine businesses big and small, be it a larger winery needing 30 vintage casuals, to a smaller winery needing one cellar door staff member to work Sundays.

There is also the opportunity to think outside the square and have graduate/trainee positions available to share across multiple businesses. Think vintage in a winery, then pruning and growing season in the vineyard, and summer to be spent in a cellar door, to 'plug' any gaps in the schedule, some collaboration within a region across multiple businesses/vineyards/wineries could build an excellent program.

This all ties into my closing question, as the number of graduates reduces, where are the Uni graduates of 2022 with 10 years' experience going to be in 2032? We need to engage with them now, to ensure they can get the exposure and experience, build the networks within the industry, to ensure that they can become the best version of themselves, and in time become the Future Leaders of the Australian wine sector.

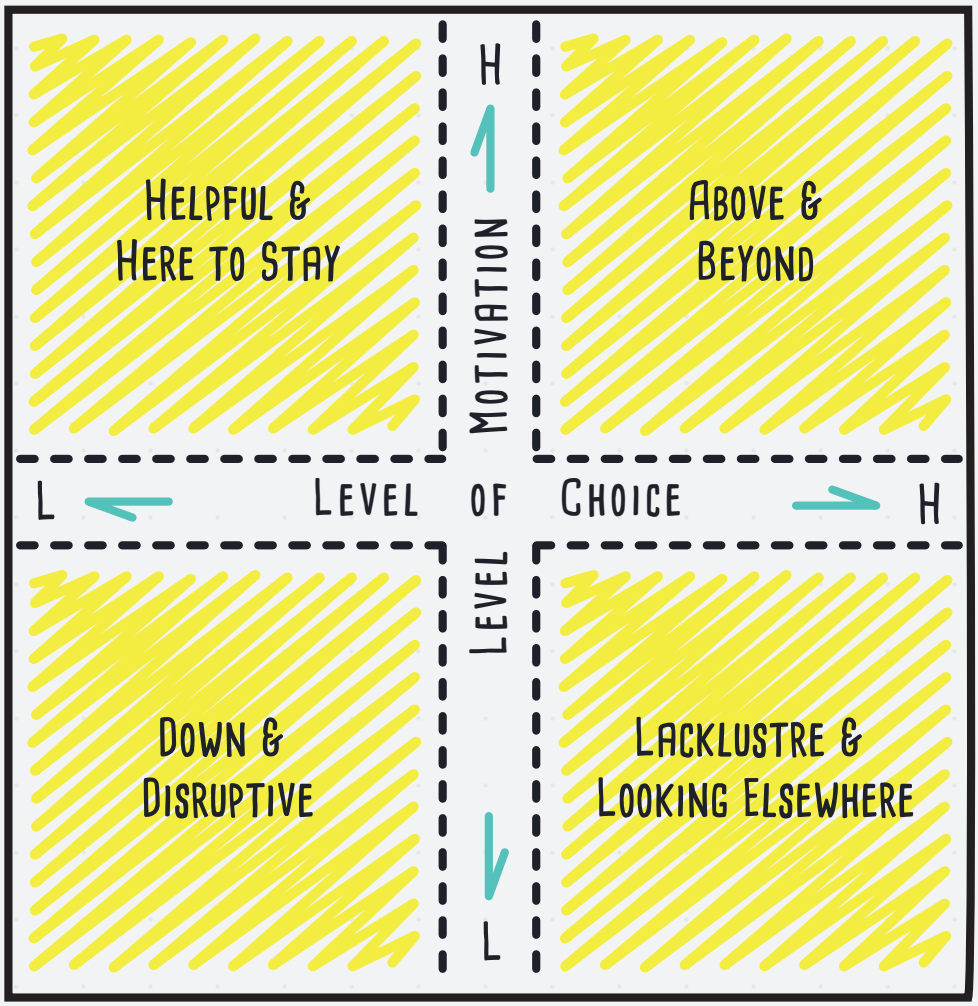


Photo credit: Wine Australia

BRAIN DRAIN

Why keeping staff motivated and inspired
is more important now than ever

by Kate Sturgess


Helpful &
Here to Stay
H
Motivation
Above &
Beyond
L
Level of Choice
H
Down &
Disruptive
Level
L
Lacklustre &
Looking Elsewhere



I've never been asked what my occupation was without replying with a slight sense of smugness. Winemaker, viticulturist, wine marketer, cellar door; most anybody involved in the wine industry I'm sure knows the same feeling. That sense that comes with the knowledge that whoever has just asked will most likely be, at the very least, intrigued and more often than not – outright jealous.

The wine industry has this magic around it – it operates on a constant reiteration that this is the best industry in the world to work in. Dig a little deeper though and you hear stories of grape growers who have had three tough seasons in a row and are seriously considering pulling everything out and farming cattle, or the over-qualified cellar hands who have been biding their time waiting for their next opportunity but they're stuck. Stuck because they're seen to be too valuable where they are now. Or maybe it's the winemaker who 'is lucky' they work for a family business so they can juggle their work commitments around their own family requirements. In the 'age of the great resignation' the time is right for the wine industry to recognise that the human capital we have is our greatest asset, and start to plan for ways to retain those good people before it's too late.

Identifying roadblocks

The first step to retaining employees is to work out at which stages they are being lost, and for what reasons. It has been shown that the number of graduates from the viticulture and oenology degrees are almost at parity between the genders in today's graduating classes. However, the numbers of those that go on to work in the industry splits heavily after graduation. "We think the number of those in the industry is closer to about 70 per cent male and 30 per cent female," said Angus Barnes, the Executive Director of the NSW Wine Industry Association. "And then if you look at leadership or management roles, you're looking at closer to 90 per cent males and just 10 per cent female."

There is one immediate and stark example of the brain drain from our industry. In this example they have identified three phases in which people are routinely lost from the wine industry. Immediately upon graduating and moving into the workforce, staying in the industry and gaining experience over five-plus years, and then transitioning to leadership or management roles. At each of these stages the level of choice, as a result of external factors, against the motivation to stay in the industry is weighed up.

The reasons people leave jobs can be many and varied, however most fall into the following categories: job satisfaction, financial reward, career progression, and perceived opportunities elsewhere. When it comes to an employee's decision whether to stay or go any one of these categories isn't solely responsible. Many employees are willing to forego increased financial reward if they have job satisfaction and can see career progression. Similarly, in a tight job market employees are more inclined to stay even if they have low job satisfaction as there are fewer perceived opportunities elsewhere. It is important to note here that employees staying due to a lack of perceived options, but with low job satisfaction, can be disruptive to the team.

Microsoft's recent research suggests that 41 per cent of workers across the world are thinking about quitting their jobs (Microsoft New Future of Work Report, 2022). There is no reason to believe that this isn't also the case more specifically within the Australian wine sector. The contraction due to the loss of China as a large export market, and resultant over-supply

of grapes and wine in vineyards and wineries across the country, has left a lot of people nervous. This perception of trouble ahead is likely to be amplified by the coming vintage. There is also, across the globe, the era of 'the great resignation' where people are no longer seeing jobs as their only path to fulfilment, and are prioritising life goals above work goals. This is magnifying the issue of an increasing average age of the wine industry workforce, and the low percentage of women moving into leadership or management roles.

Benefits of retention

All businesses want employees who are highly motivated and plan to stay with the company as a direct result of reasons relating to the work itself, rather than external environmental factors. This is not always the case, however. Some employees will stay in a role because they have to due to external environmental factors, and some will leave as a result of a lack of motivation and lack of need. Hiring new employees is costly and time consuming. In a survey of over 1500 HR professionals from Australia and New Zealand, ELMO Software, in partnership with the Australian HR Institute, found that the cost to hire an employee more than doubled in 2021, rising from $10,500 in 2020 to $23,860 per worker (Source: hrmonline.com.au).

Therefore, if you can ensure staff remain motivated in their roles, then you will keep those employees that don't need to be there as well as those that do.

There are not only financial costs to replacing staff. In a team that has constant turnover it can be difficult to cultivate a team environment. This then results in further turnover, which also brings with it a loss of expertise within the roles. High turnover can also lead to a lack of diversity and creativity within a team and can reduce the competition amongst staff which helps lead to growth.

All of these things can lead to a stagnating workforce, which again reduces the motivation of the staff leading to frustration and a decline in work performance.

How to keep good people

It is important to realise that job satisfaction can come as a result of many different factors. The wine industry is particularly well positioned in this sense, as it allows for career progression and growth through many different facets. As such, it can benefit not only an employer but also their employees by encouraging growth across the company. In an effort to ensure that employees remain engaged in the company and motivated in their own careers, it is best to determine where their interests and goals lie. This can help to grow the business through increased staff knowledge across the business, as well as through increasing staff retention by maintaining their motivation within their role.

The wine industry allows for growth through an increased knowledge of viticulture, winemaking, wine judging, marketing, sales, business and finance. All are important to the successful operation of a business, and can be used to build an individual's worth within their own 'brand' in the industry. This progression within a role and development of an individual brand can help to inspire staff retention through keeping the attention and excitement of developing further knowledge and skills. This can also contribute to people's ability to step into leadership roles, hopefully then reducing the loss of staff throughout their progression, as well as at the upper end of their careers.

When encouraging an employee to develop their own brand, allowing them to grow within the company, they

will need to set goals for themselves. It is important to allow an individual to build independence and autonomy within their role, which can build trust for future opportunities. This can also help to develop the relationship with other staff members, allowing for staff to seek honest feedback and adjust what they're doing if needed. It is also very important to recognise the work of the individual as well as how that has help and contributed to the team. If an employee is aware of the benefits of building their own brand within the industry, then they can see all the steps that a business is taking to help them achieve their goals. The definition of clear goals can ensure that everyone is on the same page in terms of an individual's wants in order to achieve their personal needs.

Conclusion

The wine industry can no longer rest upon its 'golden-child' reputation of being an industry of choice. Global economic factors and the current local climate mean that the industry is facing stress in a number of areas and organisations cannot afford to add to this with staffing issues. Structuring a staff program for development and enrichment does not have to be an expensive or intensive process. It can often best be developed with a degree of staff involvement in its design – building the personal goals of the employee alongside the goals of the business.

Employees who have been allowed to develop their own growth within their roles leads to a more engaged work culture within the organisation, which in turn leads to increased staff retention, productivity, and growth. If wine companies are serious about succeeding in the future, nurturing their staff to the same extent they assess, develop and mature their wines will be essential.

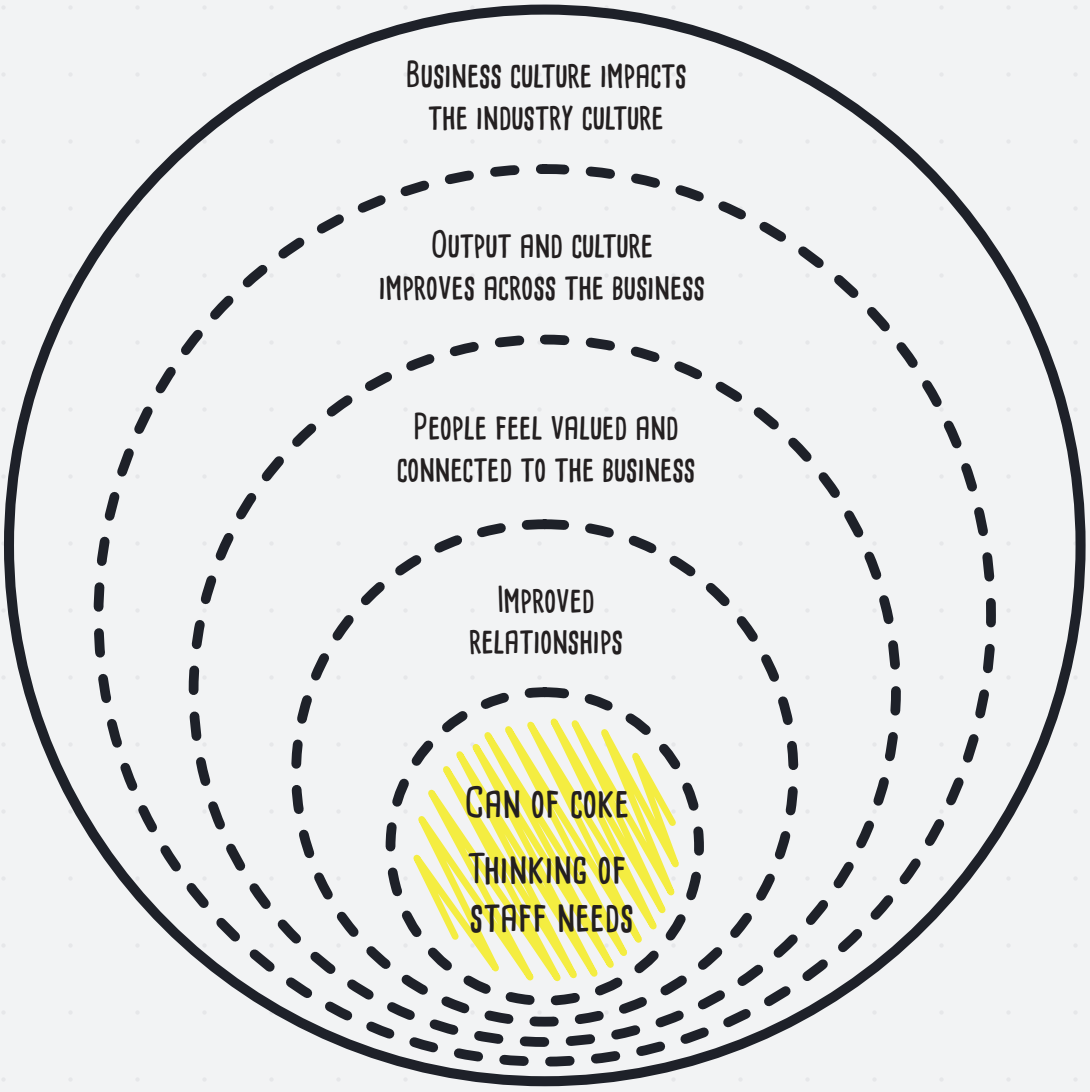


Photo credit: Wine Australia

SMALL ACTS OF MANAGEMENT – FOR THE COST OF A COKE

Workplaces have the power to mould the leaders of tomorrow

by Steve Faulkner


Business culture impacts
the industry culture
Output and culture
improves across the business
People feel valued and
connected to the business
Improved
relationships
Can of coke
Thinking of
staff needs



Management can rule with an iron fist – fear. Management can rule through knowledge – being an expert. Management through charisma – being an effective salesperson. Management can rule with the cheque book – expecting that people get paid, therefore people work. The list goes on and all are part of being a great people manager.

Through being managed and managing people, one thing has always stood out as the most effective way of having people want to work for you and continue to work with you – empathetic management.

My career started as a new agriculture graduate at 22. My first job in the industry was as a casual worker in a vineyard. At the age of 25, I achieved my first role as vineyard manager. The role was the only full-time employee on a 70-acre family-owned vineyard. Stepping up to a leadership role at a young age, there was a lot to learn. Managing people became important, very quickly. Making the most of the budget is always a goal, labour being the most expensive part of most operations.

Managing labour hire crews of varying nationalities is a challenge in itself, and inspiring people to work hard for you in the short periods of time that they are with you, became a challenge which was readily accepted.

Starting out on the bottom ladder, having performed the same work that I was asking others to do, I could easily put myself in their shoes. Having felt the cold, the heat, the physical stress, and the monotony of repetitive jobs. Thinking on this, and what could be done that might bridge the gap between manager and worker, the decision was made to just be more human – more empathetic.

The thought process was to treat people better than I perceived they were at other work places. The hourly rate was set by the contractor, so financial management wasn't an option. I was already working side by side with the crews giving training, encouragement, sharing my enthusiasm and "why we need to get the job done correctly and at a good pace".

The answer was as simple as a cold drink. A nice cold can at lunch from time to time, alongside appreciation with a "thank you for your work". This was a tiny token, that showed there was thought about their needs, and their work was appreciated. Labour is such a large cost to a business, the cost of a can of Coke pales in comparison.

Happiness grew, the work improved and the outcomes improved. It helped build trust between myself and the crews. It humanised me to them. For a young manager with little training managing people, this appeared to be a very good thing to do. A can of Coke, a small act of management is one word – Empathy.

Soon after, a university opened up one subject of their Master's program to industry – attending a residential school, listening to industry speakers and university lecturers.

I was lucky enough to attend this week, as management believed that "if you learn one thing there, it is worth it". This is something that helped motivate me, the feeling that increasing my skills was important, and is an ideal that has become part of my own management style. How we are managed influences how we manage others in the future.

This paper's title comes from an informal conversation that happened during that week. I was talking about the success I thought I'd had with my labour hire crew and a can of Coke, showing how even small acts of empathy could really help managers get the most out of people.

A senior wine industry person chimed in:

"HAAA! If you think that's how we will fix our industry, we are f***ed."

I can understand how a very senior person might think this. Perhaps this seemed too small for the macro environment they worked in. But is empathetic management of people ever too small?

I was shocked by this comment. I also felt embarrassed and belittled. I have never forgotten that moment, and it has helped shape my own approach to people management.

Thinking on this again now. That person may have had a negative experience managing with empathy. This is a very real risk with empathetic management. Being an empathetic manager also requires being able to set boundaries to limit negative experiences. There will be people who try to take advantage of empathetic people.

The definition of empathy is "the ability to understand and share the feelings of another".

Treating people as people, enables them to perform a more productive day's work for a day's pay. Pay itself is not enough. Fear of losing that pay is only temporarily performance enhancing, and does not create a high-performance environment. Regular small acts of empathy improve the workplace.

People tend to trust more empathetic leaders. Word of mouth about great managers spreads fast, leading to easier hiring, and better staff retention. During times of stress, fear and unrest like our current climate, empathetic management is extremely important.

Empathetic management is showing a real interest in your people, thinking about them and their requirements. Talking with them and really listening. Be prepared to listen to personal problems, see where you as a manager can help. Be on the lookout for work stress, watch for people burning themselves out. Take notice and use your abilities as a manager to help. This is not the total answer to management, yet in these uncertain times, it is increasingly important.

What is stopping managers being more empathetic?

Fear of being seen as soft?

Fear of being taken advantage of, being "burned"?

Finding the time in days that are already too short?

The inability to be an empathetic person, just not being wired that way?

Managers may need training to be an effective empathetic leader, as it is not everyone's natural state. It also takes headspace, real thought and commitment. It takes managing yourself. We cannot pour from an empty cup, and we cannot enact that which we have not learnt.

An easy place to start is by asking the question "How would I like to be managed if I was in their shoes?".

"What we do now echoes in eternity. Waste no more time arguing about what a good man should be. Be one." – Marcus Aurelius.

Aurelius highlights that what we do today impacts the future and the workplace, we know that better people, make better leaders.

Steve Jobs said that if a salesman had three months of repeated low sales, instead of attacking "Your sales are down for three months!" and firing them. It would be better to say "your sales are low for the past three months, this is unusual for you, are you ok?".

That small act of empathy, asking "are you ok?" can turn a situation around, showing the person involved there is concern for them. This management doesn't cost anything, except time, and can help return someone to productivity.

The "can of Coke" is another metaphor for putting some time aside for people. This can create a ripple effect leading to larger impacts on the business. A manager being empathetic, can lead to greater trust in management, therefore the company. Greater trust, builds greater content at work. The flow on is motivation for the manager and business to succeed, an increase in quality and quantity of work, also less negative talk between staff. This leads to better products, better profits, and a better business.

In the current environment, managers are being given more and more work. Managers are getting so caught up in big picture things, or projects on top of projects; getting so caught up in the work required of them, that there isn't enough brain space, or time to remember to manage your staff with empathy, and find the time to talk with them

Listening and providing feedback doesn't have to be a once-a-year meeting. Small pockets of time during the year, talking and listening will make a big difference. Schedule regular one on one time with people.

The Covid pandemic has highlighted that people are in short supply. People are re-evaluating their lives and what they want out of it.

When people are in short supply, what is going to make your business the one where people want to stay, where people feel loyalty, where people feel motivated, where people want to be part of and grow your business?

I highly recommend finding your peoples' "can of Coke" and start there.

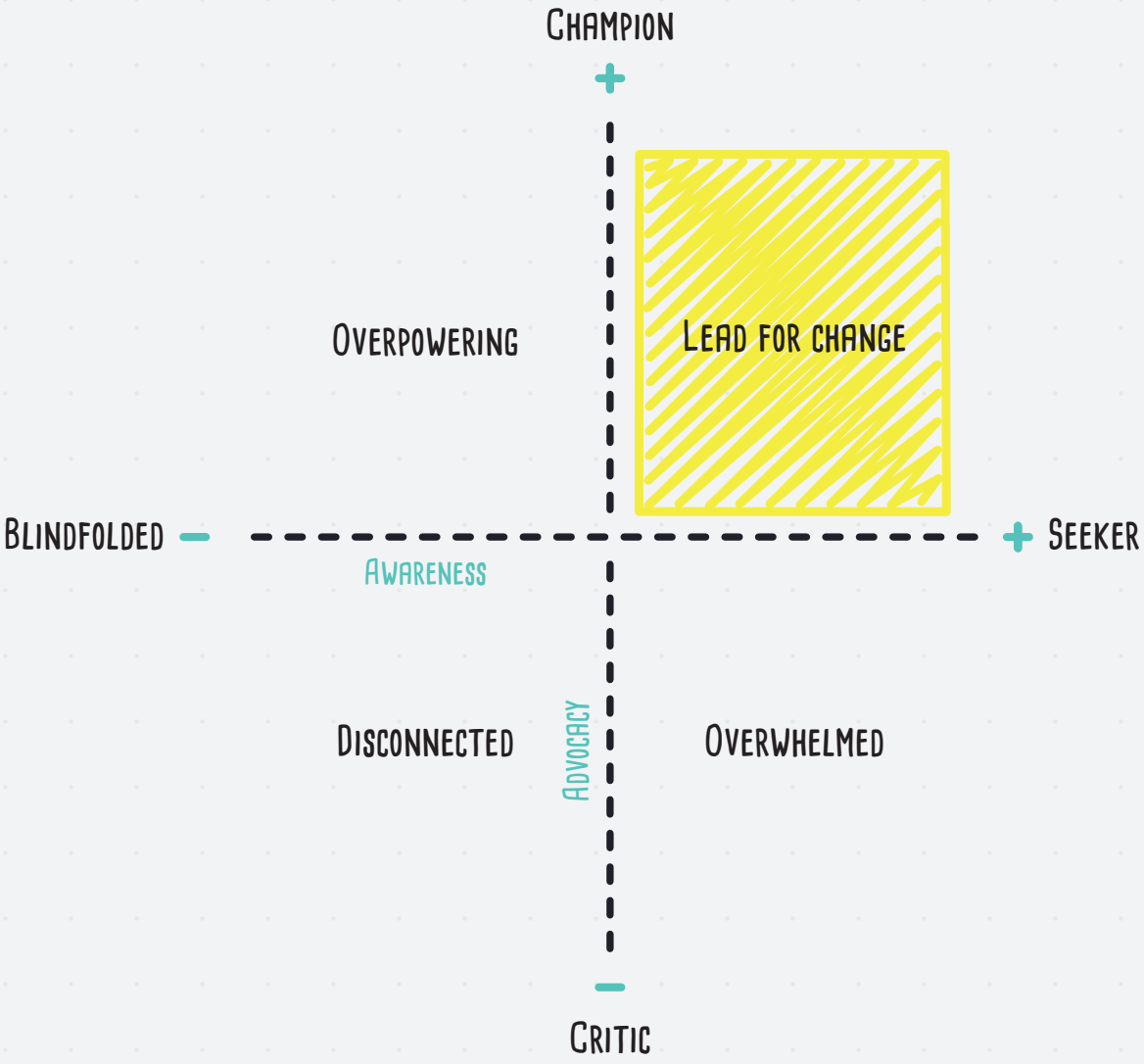
How you manage people now, influences our leaders of the future, therefore how our industry will also be shaped in the future. Small acts can help shape – and indeed fix - an industry.


EMERGENCY
ALARM
BREAK GLASS
AMPAC

ARE WE SAFE AT WORK?

Leading change in the face of an uncomfortable truth

by Emily Hay


Champion
Overpowering
Lead for change
Blindfolded
Seeker
Awareness
Disconnected
Advocacy
Overwhelmed
Critic



Content warning: This story includes references to sexual harassment that some people may find uncomfortable or confronting.

Over the last few years, we've become more attuned to, and exhausted by, numerous health alerts, risks and incident modelling yet there remains a toxin hiding in plain sight.

Like many toxins, the effects are insidious, diverse and cumulative. It's only now that we're discovering the true extent of its damage, which can include cardiovascular disease, musculoskeletal and gastrointestinal disorders, immune deficiencies and a swathe of complex neurological disorders[1].

This risk is not isolated to one group in the wine sector, or even the wine sector alone. 50 per cent of the national population report risk awareness and, despite its ban, a truly unacceptable 33 per cent of the national workforce have suffered chronic exposure[2].

Unfortunately, the emergence of dangerous toxins is not new to our industry. We withdrew Procymidone from use due to potential risks to pregnant women[3], and chlorpyrifos for its potential to create accumulative neurological pathology[4]. As a sector we have a world-leading track record of recognising our fiduciary duty to mitigate exposure risk to our people.

If only the toxin we're talking about today came with a detailed Safety Data sheet highlighting the risks. The label adorned with a bold black and red logo "Toxic. Contains Sexual Harassment and Abuse."

If only.

The incidence of sexual harassment or violence (39 per cent for women[5]) tallies with the incidence of COVID in South Australia's population as at August 2022. Yet, one is shamed into silence and the other is on the nightly news. Imagine if society told you that your COVID infection is just part of our 'larrikin culture'. That it's just a joke and you should lighten up. What if people questioned if your exposure actually happened, or insinuated you were asking for it.

I am one of the 39 per cent.

Years ago, as a restaurant manager, I was serving a table of eight wine executives and their partners. While taking their order a man in his mid-40s spoke up "can I ask you a question?" I assumed this would be about the menu, *what else could it be?* His question… "have you ever squatted over a mirror?" Cue laughter from the whole group, women and men alike. I remained at that table, silent, compliant. The expectation of management was clear, *'the customer is always right. Your job is to give them what they want. Do not cause a fuss or make a scene.'* Management bought customer loyalty with my dignity.

This is far from the only experience like this I've endured in a professional setting, in hospitality or wine, *nor is it the worst*. The worst experiences demand continuous recalibrations to reduce their damaging power and internalised misogyny.

The evidence is clear: two in five women have stories like mine.

We work in a social industry, it's our reason for being. Deals are crafted, networks formed, opportunities sourced, socially. Our social habits of work are ingrained, some would say necessary. However, as leaders in a social industry, we have the obligation to ensure that social means safe.

At Wine Day Out in 2016, Corrina Wright asked us to be brave, to challenge our bias and stop hiding behind the notion of meritocracy. Corrina's own story about

boycotting a wine show dinner because of its location (a Gentlemen's Club) told of the 'gut-churning fear' that went into making the decision to become 'that girl'. The subsequent press frenzy demonstrated just how hard it is to speak up and challenge these damaging social norms.

As Rosalynn Carter said *"A leader takes people where they want to go. A great leader takes people where they don't necessarily want to go, but ought to be"*.

We know where our sector ought to be. As today's leaders we can't keep failing our teams, asking them to bear the discomfort that is borne from generations of uncomfortable to downright terrifying abuses of power. Customer loyalty or sales deals will never justify the cost. We must take the first uncomfortable steps if we expect others to follow.

It's time to get comfortable with being uncomfortable.

But before we move on, a note on power and privilege. Author and executive coach, Kemi Nekvapil writes "Power was white, either a white man in a suit or a white woman who was blonde and thin. A University education also meant power." *As such, we must reflect on the varying perception of power. While we may experience powerlessness on some level, what is it like for those who do not enjoy the privileges we do? Our reality does not define that of others.*

The place to start is awareness.

Awareness is defined as knowledge or perception of a situation or fact.

The beauty and the danger of awareness is that there is always more to learn.

We accept that in professional development learning is a constant. The way we inform ourselves matters. Do we listen only to those who look like us, sit around the same boardroom table and laugh at the same bawdy jokes? Or do we invite conversation and listen openly to those with less power and privilege?

If we look at awareness on a continuum, the former serves only to reinforce our current point of view, keeping the blindfold firmly in place. The latter moves us continuously forward, we become a seeker of knowledge.

There is a danger zone when awareness increases, the more we know the more hopeless we can feel. The problem feels too big, too entrenched in our culture for us to make a difference, especially in the face of others in power who are comfortable with the status quo. We end up feeling overwhelmed, so we do nothing.

This is where we must embrace discomfort and increase advocacy.

The correlation between advocacy and leadership is clear. The origins of the word 'advocate' contains the notion of calling in for advice or witness. Today its adoption as a noun is associated with the legal profession, to stand as a representative.

So, how are we doing our duty as leaders, acting as advocates for our industry and are we doing so from an inclusive perspective? Do we acknowledge change needs to happen, or are we falling into the role of critic when it doesn't directly affect us?

The danger zone of advocacy is the champion who leaps in with a low level of awareness. Though fueled by good intentions, like an untrained lifeguard they overpower the situation. At best doing little to effect change and at worst, causing a drowning.

Safety protocols are not a one-size fits all proposition. We don't implement protection strategies for chemical toxins without understanding how and where the risk lies. In the same way, we can't hand out safety goggles to prevent sexual harassment.

How do we balance awareness and advocacy to become effective leaders for change?

Start where you are. There is a quiet power in small moments that magnifies with repetition. Share your privilege by paying attention. Be the person who doesn't sit in silent compliance or laughs along (hello to the other seven people seated with 'the mirror guy'.) Please never assume *'not in my team, no-one has ever said anything.'* It happens. At every level, in every part of the industry and from those you'd least expect.

Individual comfort levels vary, so check in quietly. Discuss tolerances and nurture empowerment. *You are not expected to smile and play nice. What does support look like to you? What would make you feel comfortable and safe? You can count on management's support.*

Take note when body language and words don't match up, when someone says *"It's OK, I'm used to it"* It's not OK! Step up and share the discomfort, be an advocate; *"No, we need to find a more suitable dinner venue"*.

Stop and think about how you're feeding this toxin. Stop the awkward laughter *"how is that funny?"* Stop the silence. Redirect attention to professional achievements *"Hey, I heard you're working on (x) project. I'd love to know more about that"*. Reinforce their professional value at the moment someone's trying to strip it away.

That wine show demonstrated the benefits of increasing awareness by being more inclusive, inviting Corrina Wright back as its Chair. They listened to Corrina's expertise to advocate for change and change it did. Corrina emphasises the continuing need for uncomfortable discourse, *"I want people to know that even though it's very hard at the time, calling things out that aren't right is the only way change is able to happen. Otherwise, it's all seen as a tacit approval and the inequity persists unchecked."* Burying our heads in the sand does not work.

If the standard we walk past is the standard we accept, do we really accept that 33 per cent of our workforce are not just at risk, but already impacted? As leaders the responsibility to ensure a safe, supportive, and inclusive workplace is no longer a 'nice to have', it's an imperative.

By continuing to educate ourselves from inclusive sources and delivering a thoughtful, quiet advocacy we can find true power. It's with this power that you, too can be a leader for change.

1. *SafeWork Australia*
2. *SafeWork Australia Workplace Sexual Harassment Statistics*
3. *AWRI Agrochemical Updates*
4. *Subtoxic chlorpyrifos treatment resulted in differential expression of genes implicated in neurological functions and development, Andrea R Stapleton, Victor T Chan*
5. *Respect@Work: Sexual Harassment National Inquiry Report 2020*

Photo credit: Wine Australia



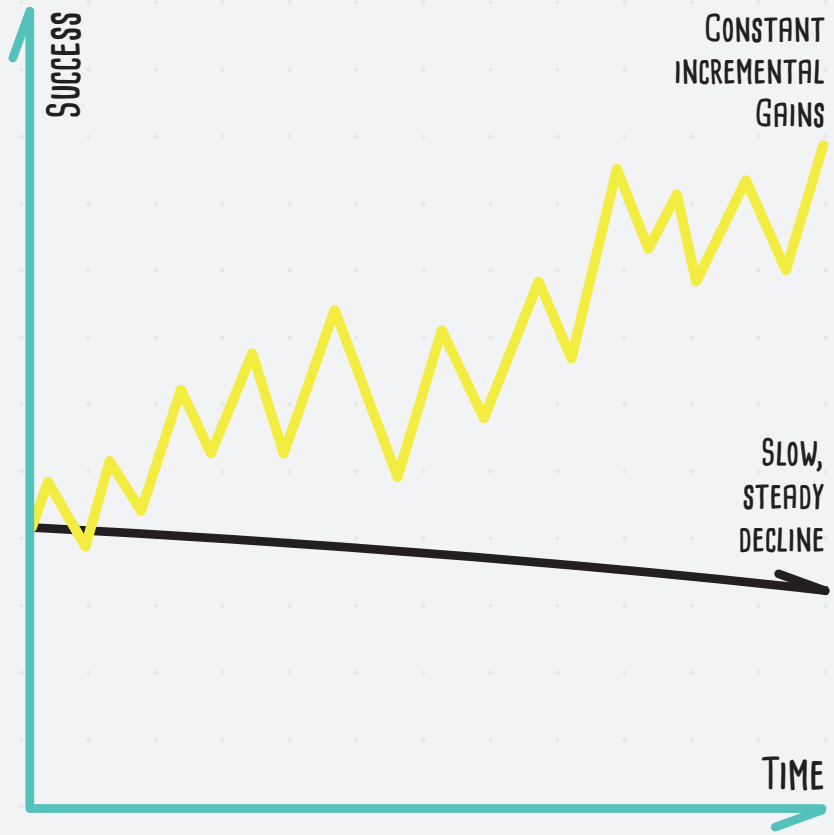
BUSINESS AND INNOVATION



BRAVE NEW WORLD

Creating a culture of innovation
and collaboration

by Lauren Hansen


Success
Constant
incremental
Gains
Slow,
steady
decline
Time



The Australian wine sector has faced turbulent times throughout its history. 2022 brought fresh new challenges, and more than ever businesses need to adapt quickly. Climate change continues to pressure viticulture — droughts, flooding, frosts, or bushfires — every region has had to face more regularly the unpredictable fury of mother nature. Additionally, Australian borders closed for nearly two years, resulting in a scarcity of casual vintage workers. Australian wine exports have declined significantly in both value (down 19 per cent) and volume (down 10 per cent) over the past financial year,[1] in response to tariffs imposed by China.

We will never solve today's problems with yesterday's thinking.

We must embrace change and challenge our comfort zone. There are thousands of ways we can grow grapes and make wine — yet too often we stick to the known, safe, and comfortable: doing things "the way they've always been done". Real growth does not come from this attitude.

"The tighter we cling to an identity, the harder it becomes to grow beyond it" — James Clear

When we step outside of our comfort zone, sometimes we succeed, sometimes we fail, most importantly we grow. The constant is that regardless of the outcome — we learn as part of the process: trial and error bringing valuable lessons, and constant incremental gains.

We can think of this like our savings, placed in a cash account earning no interest; the value remains the same and, through the process of inflation, gradually becomes worth less and less, a slow, steady decline. Alternatively, we invest them in the stock market — there is risk involved — but your savings will likely grow over the long term. The dips, like our failures, can hurt at the time, but we must step back and remember the big picture and broader incremental gains we are making.

But how do we make changes in a sustainable and forward thinking way without taking on risk? How can we invest in the wines for the long-term when the short-term challenges faced as an industry are as monumental as they have been in recent times?

Think Big, Start Small

Trials allow us to experiment and push boundaries without overburdening risk. We can see whether our 'idea' is worth repeating, scaling up, or ditching — using each step as a learning process. If it works, can you push it a little further? If it didn't work, or could be improved — what can you tweak to get closer to success?

Many wine brands are doing this well and sharing their successes. Mac Forbes has an experimental batch (EB) range of wines that sits outside of their core range — allowing staff to "seek the unusual or explore the unknown"[2]. Penley has a Project range where the directive is literally to push the boundaries so far that you occasionally fail. Outside of the wine sector, we can look at Stone & Wood — who have a counter-culture label that allows their brewers to "think outside the box, push boundaries and experiment with different ingredients"[3]. These are just three of a growing number of brands introducing a range that sits outside their 'safe space', with the specific goal of sharing the experimentation successes. While the goal is to question our norms, there is a willingness to embark on scaled up production and adapting existing practices. Stone & Wood's philosophy is that "if a Pilot Batch beer hits major success… (they'll) often make it a national Counter Culture release".

Bring a Fresh Perspective

Looking beyond our own situation can alert us to emerging behaviours, trends and styles. Other brands, regions, countries, and industries provide inspiration and insight into areas of potential. A prime example is the remarkable growth in no-alcohol beer. We've gone from Heineken 0.0 and a handful of other tasteless options, to a growing number of craft beer brands joining this space in a few years. There's an increasing number of consumers looking for an alcohol-like-beverage with no or low alcohol, with more wine brands taking note of this emerging *new* category.

Noting bestselling books, we notice an increase in the diversity of characters represented in fiction and an increase in self-sufficiency, gardening and environment focused non-fiction. Considering the clothing and fashion industry, we notice increased scrutiny of a brand's ethics. Paying attention to consumer behaviours and data provides insights to inspire and ensures our innovation and creativity efforts are focused in the right direction.

Develop a Collaboration Mindset

By viewing the problem from multiple perspectives, we can brainstorm and gain more comprehensive insights, create robust plans, share ideas and harness the power of the collective. Giving your team the agency to suggest ideas and actively encourage this innovative thinking throughout the business nurtures a collaborative and creative culture. We each bring a unique perspective to the conversation; working together and pressing even the quietest voices to contribute captures the team's capacity for innovation and ingenuity. Google is considered one of the world's most innovative companies. One of their six management principles is a people centric approach "based on a belief that people want to be creative and that a company must provide them with a setting in which they can express their creativity"[4].

When tasting wine, two palates are better than one — and when bouncing ideas around, this is no different. The more diverse the people, the wider the insights gained. Two winemakers may see a wine slightly differently; bring in a salesperson, a marketer and a consumer — and suddenly you have dramatically more to consider. The most recent project at Penley took this approach, sending tasting packs out to our best customers with a survey for direct feedback. Working together to move forward is critical. We need to get people on board both internally and externally.

Trying new techniques opens the door for new opportunities and insights to communicate. Be vulnerable, share your successes and your failures. Most importantly, share the story along the way — more often than not, people want to know the inspiration.

Master the art of prototyping

If we don't look at our trials through a critical lens, we may miss vital opportunities to learn, improve, or grow. We should assess progress and identify gaps to avoid missing opportunities. Looking through the inspirational lens of the marshmallow challenge[5] — those that create many prototypes and test their structures along the way are more successful. They're gathering feedback throughout the build process and using it to refine the structure. Another inspirational business doing this well is Apple — constantly

refining their products incrementally and continuously gathering feedback from their users. How can we build this iterative model into collaborative experimentation in the wine sector?

It's worth mentioning here that while innovation and experimentation is a large part of a brand's philosophy, they are all built upon the success of a robust, reliable and consistent flagship product. You cannot think of Stone & Wood without looking at the success of Pacific Ale. You cannot think of Google without thinking of the search engine, or Apple without thinking of the iPhone. These solid and consistent products are the backbone of these companies. They recognise the need for innovation, but consistency will always play to the strength of the idea.

Pushing boundaries leads to growth and new opportunities in all areas. The wine sector is facing some of its most challenging times, and while the short term outlook is positive, there is no doubt that there are further challenges ahead.

Through experimentation, we discover new perspectives, producing a product that appeals to an ever-changing and emerging consumer. The wine industry is a remarkably competitive environment with drinkers seeking better quality, more options, and a growing offering of quality beverages beyond wine – gin was just the start of the spirit(ual) revival.

China was not the largest export market by volume, but it was the largest by value — many businesses supplying this market have been hit hard, and not so surprising to many is the reality of it still needing a home. Already domestically we are seeing a race to the bottom through necessity. Some simply will not survive.

The potential exists to add value to the bottom line through innovation — whether by improving efficiencies, new practices, response to research, insights from other sectors, or increasing engagement and motivation of employees.

Businesses suceeding and leading are always more attractive to potential employees and consumers alike — both more discerning than ever. Attracting the right people to our businesses is more critical than ever.

The Sustainable Winegrowing Australia (SWA) initiative is one way that businesses can demonstrate to consumers their commitment to reducing environmental impacts while being part of a community that can help to grow a more "socially, environmentally and economically resilient business"[6]. These are just a handful of the potential payoffs. Like the analogy of investing our savings, investing in our people and land whilst growing our knowledge will have long term incremental gains towards success.

We need to 'shift the dial' and think beyond the here and now.

We need to be brave, step beyond our norms, and where You discover magic – share it, collaborate and engage.

Be prepared for setbacks along the journey, but also prepare for success likely coming your way.

Keep the momentum going. Keep trialing, keep learning, and keep moving forward.

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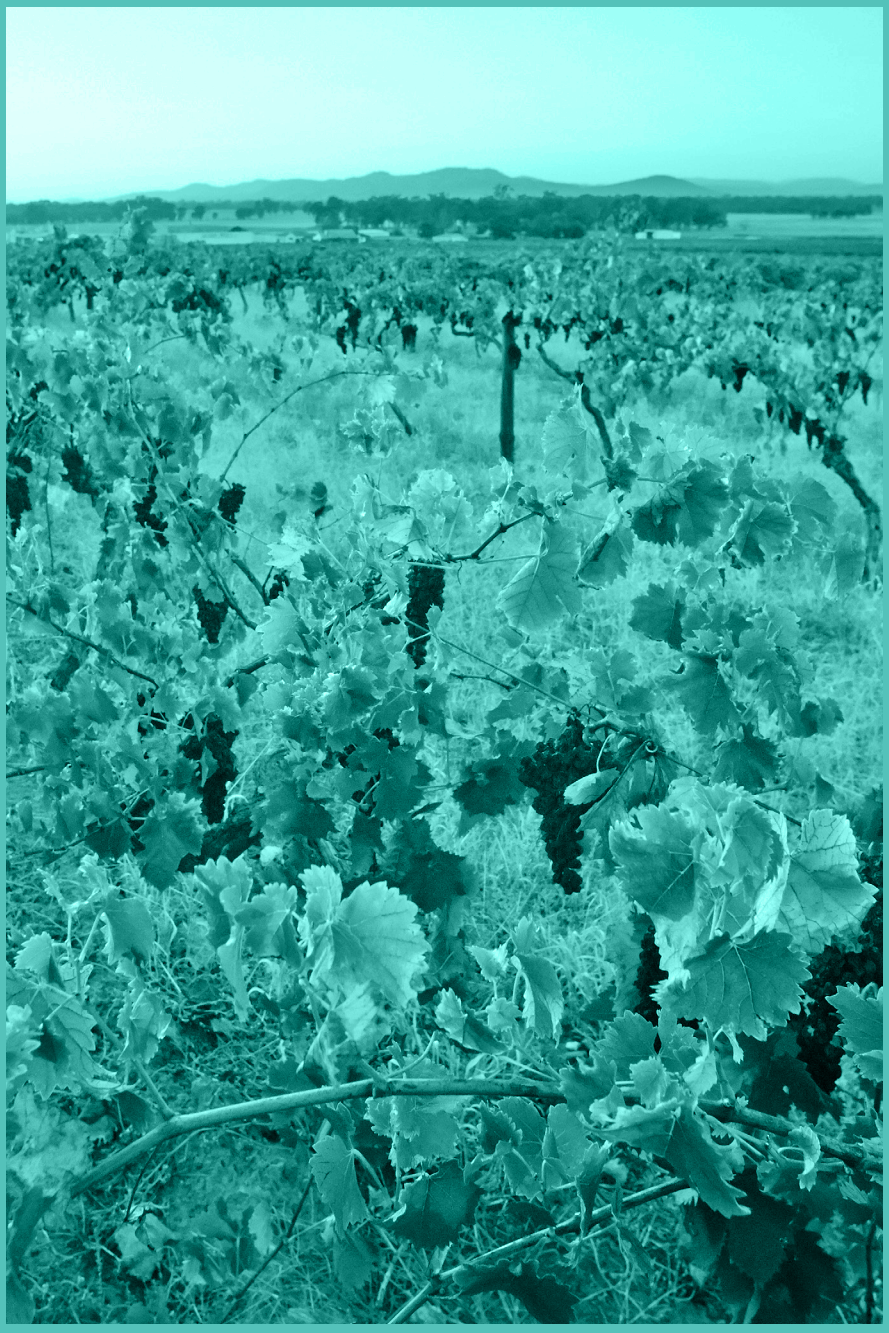
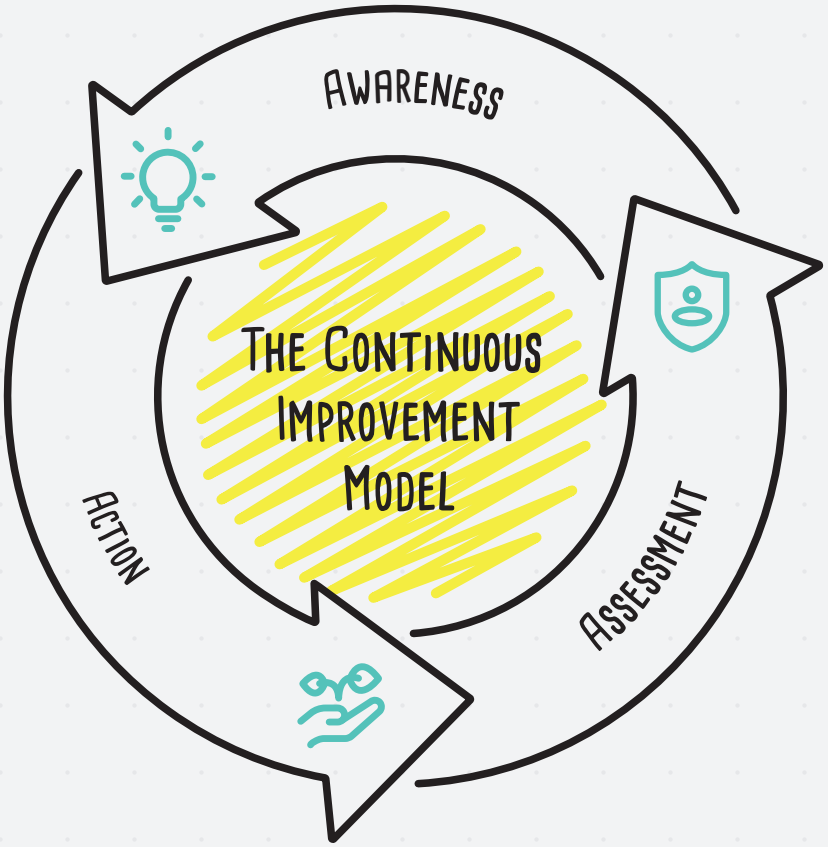


Photo credit: Wine Australia

BUILDING A SUSTAINABLE WINE BUSINESS

by Aaron Mercer

Sust'AAA'inability



This figure represents the continuous improvement model of Sustainability, the endless feedback loop of Awareness, Action and Assessment. Knowledge breeds implementation, from which the business can assess their actions and find the holes in their knowledge, hence once again seeking information.



At the time of writing, we've just come out of two years of on-and-off lockdown due to COVID-19, geopolitical tensions are deeply troubling, and inflation is sky-high, as we await another global recession. Add to the socio-political meltdown mounting problems associated with human induced Climate Change, and it's easy to conclude that the future generations have been dealt a rough hand. They have responded with their wallets (and their recent Teal vote). There's a ground swell, a push to buy local, support small business, make ethical choices, and the wine sector is well positioned to benefit. With cleaner and greener messaging, supported by an ethic of continuous improvement, wine businesses that adopt a culture of sustainability stand to benefit the most.

What does it mean to be a Sustainable Wine Business? This is a thought I've carried for some time, and recently have started working through as we've started our own wine brand and take it to market attempting to tell our Sustainable narrative with the push-pull of real market forces. With naivety we're attempting to save the world, one bottle at a time.

In approaching this writing piece my natural tendency was to revert to my university days and produce a hefty, fact laden argument that would somehow compel the reader to take my position through the sheer weight of scientific evidence. Instead, I realised that I didn't have the facts and that there's no single way. I, like you, am a passenger as the wine sector navigates a future Building Sustainable Wine Businesses. So instead, I'll take the reader through some personal angst around the misuse or 'greenwashing' of the term Sustainability, what I believe the term to mean within the current context of the wine sector and how Sustainability might just be the one-size-fits-all solution to a healthier business, a powerful marketing platform and a platform for continuous improvement.

The 'Greenwashing' Angst

Although uncommon, some of the current Sustainability marketing is somewhat akin to the virtue signalling we witness from business in relation to Gender Equality, First Nations or LGBTQIA+. It's a token to put on the mantle, or to sell another bottle of wine, and it's this misuse from savvy marketing folk that I find abrasive.

Let me set the scene. You've just entered your favourite neighbourhood wine bar and start up a chat with the resident sommelier. They recommend a wine to you. It goes something like...

> SOMM: "Hey we've just got in this exciting, super sustainable new lo-fi producer who's doing great things."
>
> YOU: "Yeah. I'll give it a go. Can you tell me more about the wine."
>
> SOMM: "Well it's grown organically, and nothing is added. The fruit is from the Yarra, but they bring it back to their Sydney warehouse to ferment naturally in a concrete egg. Super interesting. Plus, the bottle is just super cute. It's chunky and the cork is sweet. Super good quality."
>
> YOU: "So that makes it Sustainable…?"

Stop. Wait a minute. Is that what Sustainability in the wine sector looks like? Is this the messaging wine businesses want their consumers to believe? If not, why have we spread this misinformation and perpetuated falsities? The sommelier and retailer are simply repeating the dialogue we've provided. Clearly, we shoulder the brunt of this weight.

Reality Vs Perception: Is the Wine Consumer Being Misled?

Unpacking the above dialogue reveals the holes in the perception of Sustainability versus reality. Navigating this dialogue feels like driving with fog-lights, peering through the mist of buzz words and misinformation. So often they take precedence over the real story. Fortunately, there's hope. There's a framework to measure true Sustainability, to burn-off the fog and tell a more authentic story to the consumer. The surprising hero here is bureaucracy, the rigorous auditing of Sustainable Winegrowing Australia (SWA).

What Does Sustainability Look Like In The Wine Sector?

The Current Landscape

After some years of regional Sustainability programs such as Sustainable Australia Winegrowing (SAW) and Entwine, in 2019 the Sustainable Winegrowing Australia (SWA) program was born. With some early adopters, the program has now picked up a head-of-steam, representing more than a third of the vineyard area in Australia, this represents a core group of wine brands[1]. What a success, a trustworthy, Sustainability certification program backed by research, and with significant adoption from the wine sector. We could stop there, settle for this growing uptake and in just a few years near 100 per cent industry adoption, but why should we? By their own admission SWA is about 'continuous improvement', best summed-up in their definition of Sustainability.

> *"Sustainability is a journey with continuous improvement at its heart. It's a commitment to improving the environmental, social and economic aspects of a business and its impacts on the community around it." – Sustainable Winegrowing Australia (2021 Impact Report)*

What else? How can we improve on the SWA program? Well, we can do plenty. The SWA program, albeit a robust certification process, falls short in a few key areas.

Improvements on Current 'Best Practice'

The SWA program sets the foundations on which we can build Sustainability, or more aptly a pivot on which we can improve on our Sustainable outcomes as a wine business.

On one side of the SWA fulcrum are the decisions we need to make before we even begin farming the vineyards. Decisions such as which varieties to grow where, as we plant new sites or rework the enormity of aging vineyards across Australia. At this time, we must also consider the varieties that will be suitable 20 to 30 years from now as we face a changing climate. The other side encompasses carbon neutrality, or Scope 3 emissions which would focus on packaging, glass, and other suppliers down the value chain. Possibly even the development of a 'Green' economy, where trading occurs within the circle of Sustainable businesses. This culture of continuous improvement allows for expanded thinking, it allows for a wine business to start and start again, realising they can always improve.

The Sustainable Marketing Advantage

As old as time is the marketing saying, "it's not about the sausage, it's about the sizzle." Inferring that the product is less important than the marketing spin, a position still employed by some in the wine sector.

What if, however, Sustainability can be more than that? What if improving the environmental, social and economic aspects of a business could also help sell a bottle of wine? What if Sustainability could be both the sausage and the sizzle? Good news, it can be.

Developing a culture of continuous improvement around Sustainability allows a wine business to tell an authentic

story. A truthful story, without the need for trickery or consumer misinformation. Do what you say and say what you do.

The Culture of Continuous Improvement

Conventional thinking would have the reader make just one choice, the defining path from which there is no return. A choice you'll be presented with just once. Should I choose the Blue Pill or the Red Pill?

Fortunately, this isn't the Matrix, and the door won't close on you. With a committed effort to creating a culture of continuous improvement there will be plenty of pills presented as you create your unique business. This culture will allow businesses to think broad and deep on what Sustainability means, and realise that when you reach the peak, you're not finished, it simply offers a vantage point from which you can view the next mountain, the next chapter of your Sustainability journey.

The key to this infinite chapter in the book of continuous improvement is Sust'AAA'inability, where awareness, action and assessment live in perpetual motion. The adoption of Sust'AAA'inabilty within your wine business allows for constant feedback and reflection. It breeds a healthier and more conscious business overall, one that is adapting to changing environments.

Awareness: Seeking and sharing information around Sustainability is key to progressing a business' Sustainability credentials. Be a sponge, read broadly and converse, also learn from your own business and adapt.

Action: Implement new practices or improvements throughout your business. There's no recipe, test ideas and see how the business and the market reacts, this is where true innovation is borne, within business not theory.

Assessment: Reflect on your business and the improvements made, and measure where you might need to adjust. This is the phase that identifies shortcomings and focuses the areas for future learning and improvement.

Conclusion

With optimism or naivete I'd hope to praise the reader for making a wise choice and getting on board, I understand however that this piece is just berley and at best it has lured you to explore Sustainability further, to develop a culture of continuous improvement within your business. For the converted, we hope this Thought Leadership piece will assist in your Sustainability journey, where you can discover your path and tell your authentic story. Like Frodo we set off on our journey a few years back, we joined the Fellowship of Sustainability. The journey has been tough to navigate at times, but oh so rewarding.

As we continue our journey Building a Sustainable Wine Business my outlook continues to be buoyant. There's a unique camaraderie arisen, wonderful conversations and a united wine sector as more and more businesses hitch onto the Sustainability wagon. Navigating Sustainability isn't the Wild West anymore, there's a clear coach trail and plenty of brave pioneers who have established welcoming outposts. I'm excited to embark on a journey of continuously improving the environmental, social and economic aspects of our business and the community abroad, one bottle at a time.

[1] *https://sustainablewinegrowing.com.au/ August 31, 2022*

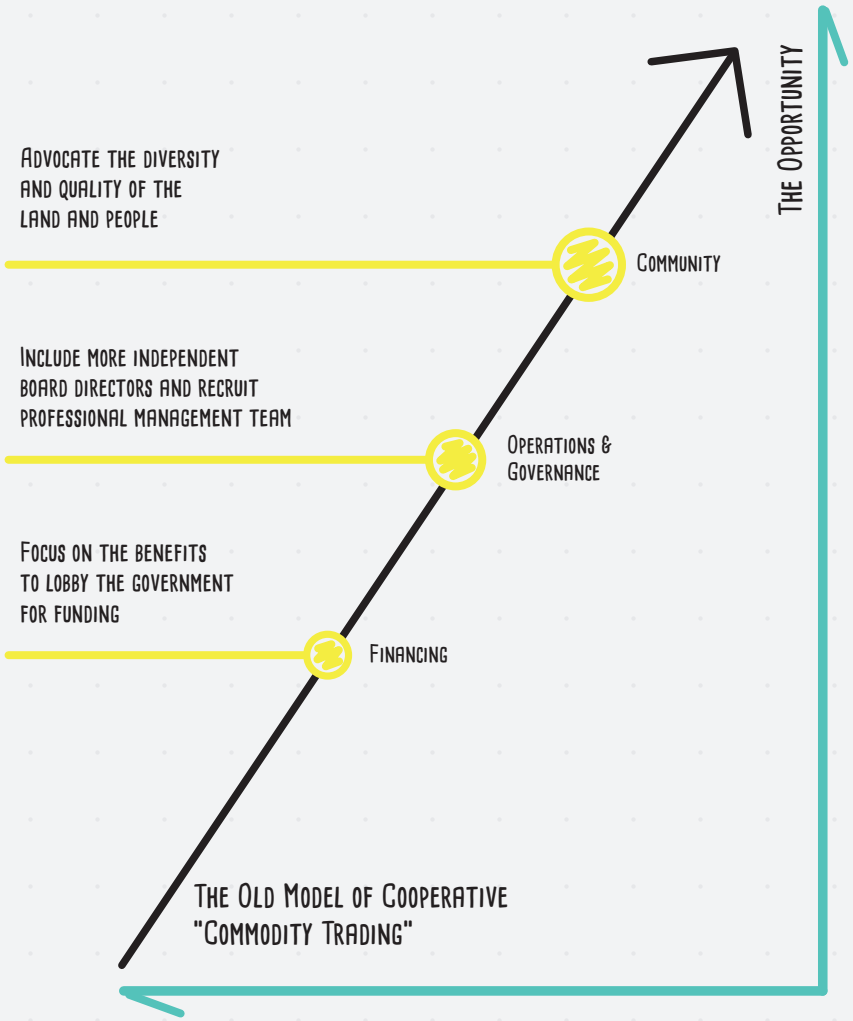


Photo credit: Wine Australia

COLLECTIVELY BETTER

by Mavis Zhang

The New Model of Cooperatives "Shared Office"





The Australian wine sector is made up of a diverse number of businesses, comprising large wine producers, a long tail of smaller and medium-sized producers, some vertically-integrated and many family-owned. There are over 2100 wineries and approximately 6000 grape growers across 65 wine regions[1]. The top five largest wine producers collectively account for an estimated 42.9 per cent of market share in 2021-22[2]. You could ask how do the rest of the industry players find their feet? In reality, thousands of smaller players are very likely struggling to maintain a profit margin.

Purchases, including all raw materials involved in the production process, have been the industry's largest cost and can differ year on year, depending on variations in key input prices[3]. Most recently the industry has faced the loss of the China market, but is also facing increasing pressure of surging input costs due to global supply chain issues. This is reflected by the downward trend of average profit margin (from 9.0 per cent to 7.2 per cent) across the industry over the past five years[4]. The larger corporate wine companies are not immune to these pressures, but may have the resources to navigate the downturn and more readily adapt to the 'new normal'. The question is, how can the medium to small players survive and continue to exist?

One way to support small and medium-sized wine businesses, is through the new model of "Cooperative".

Traditional Model of Cooperative

By definition, the 'traditional' cooperative is "*people-centred enterprises owned, controlled and run by and for their members to realise their common economic, social, and cultural needs and aspirations*"[5]. Why form a Cooperative? Members of a cooperative can achieve lower input costs from economies of scale through the combined purchasing, production, distribution, increased negotiating power and influence of the group.

Cooperation is not a new idea within the global wine industry. In fact, wine cooperatives date back as far as the late 19th century in Europe, and the majority of wine cooperatives were formed in the early 1930s following the Great Depression. Today, cooperatives still play an important role in many major wine-producing countries. For example, in Italy, they account for more than half of the country's production. Their existence is not only due to the benefits mentioned previously, but is also strongly supported by various financial benefits over individual producers, particularly European Union subsidies and cheap loans although they have been decreasing. There is additional marketing advantage for wines made from cooperatives, as these wines are often allowed to be described as bottled by the producer. Such terms include mis(e) *en bouteille à la propriété* in French and *Erzeugerabfüllung* in German, which are more usually related to much smaller and individually managed enterprises.

On the contrary, the cooperative movement is not strong in Australia's wine industry. CCW Co-operative Limited, originating from the Berri-Renmano cooperative which produced 15 per cent of the nation's wine in the 1980s, is one of the very few grape grower cooperatives currently existing in Australia. At CCW, wine grapes from each member were pooled together to supply companies like Accolade Wines under a long-term contract.



The reasons for the low presence of wine cooperatives in Australia are various and complex, including but not limited to[6]:

- no government subsidies and tax related issues;
- limited route to market;
- the low motivation of profit maximisation;
- no formal structure of open market for grape and bulk wine trading;
- culture related: complicated internal politics.

Cooperatives have achieved much more success in other Australian industries such as the grain and dairy industries. You would argue this is because the so-called cooperative model is commodity based which means the output require less differentiation.

Making the same wine would definitely not incentivise small but passionate producers to be the promoter of cooperatives. It is very true that for decades the wine made from cooperatives globally have had the image of being "bulk and beige", while winemakers create boutique and premium brands. Quality concerns have been raised even in those prestige European countries.

The New Co-op Model

The opportunity to explore new approaches is ripe. Small to medium producers could look into a new cooperative model: build a 'shared office' concept by pooling financial resources, skills and knowledge together but maintain their own identity. Using a winery cooperative as an example, a group of small winemakers could pool their own savings together to build a large winery from scratch or buy out an existing facility which each individual could not do by themselves. However they would still be making wines under their own label rather than blending everything together to make the coop brand. The Coop could market and distribute the finished wines using the shared platform. Put simply, it is an equipment/platform sharing cooperative. Each winemaker would enjoy cheaper production costs, have better market access but maintain brand identity at the same time. However, there can be other variations in terms of producing, marketing and managing the brands, depending on what each member would want.

The fear that "What if I can't use the equipment when I need it?" is one of the most common concerns regarding sharing equipment. Timing is critical in viticulture and winemaking, and to be able to share equipment effectively, producers need to be able to access a working tool within a limited time window. It is important to note that this concern has been successfully addressed by many groups of farmers internationally such as US, Canada and Sweden. According to a 20 year study by a group of Swedish researchers, by collectively acquiring larger equipment, on average, members of a machinery cooperative still experienced cost savings in excess of 15 per cent over the time[7]. Instead, producers should have good business planning and management practices rather than treating it as the insurmountable roadblock.

Sources of Financing

Running vineyards and wineries are expensive pursuits. They are capital-intensive enterprises which require high initial investment and may experience lagged cash flow associated with the time between growing grapes and final wine sales.

Traditional wine cooperatives mainly rely on private funding in Australia. For establishing the new coop model, the founding members need to have an initial business plan and conduct a feasibility study in order to determine the size of required capital before registration of cooperatives. Cooperatives could also consider seeking financial sponsors from industry associations and suppliers. Another good opportunity is to lobby the government to gain more access to funding and support. To do that, founding members could focus on the benefits that the new cooperatives will bring to the community and government. These benefits would be less waste to achieve sustainability goals, higher production efficiency, driving innovation, promoting regional economy, protecting classical heritage etc.

After registration, cooperatives could consider raising capital through either debt (borrowing from individuals or institutions) or equity (distributing shares). When it comes to lenders, offering debt securities to the broader community is regulated by requirements for full and accurate disclosure. For share offers to members, they not only receive the financial returns but also the services they receive. This is a different story to external investors. Cooperatives need to justify the added values or other impacts of the enterprise beyond the financial return to investors, either would be broad social issues like unemployment or environmental issues of reducing carbon footprint.

Operations and Governance

No cooperative can succeed without a well-thought governance structure. The co-operative is governed by a board of member-elected directors, representing the mutual interests of the members and a certain number of independent directors appointed with their expertise in specific areas such as finance, technology, legal counsel and business management. In the traditional cooperative model, the great majority of board directors are members as well as the Chairman. Challenges of this structure are missing the big picture view as the producers are operational-centric and sub-optimal business direction due to self-interest. Including more independent directors and recruiting an executive management team will help the cooperative stay strategic and professionally operated. The board structure should be agile in a way to maximise the benefit for the members. Due to the flexibility of the business model, members can either be directly involved in daily winemaking/vineyard operations or not be involved. The rules of a co-operative must specify how a member must actively engage with the co-operative.

Commitment to Community

When we think of investing in a business, we normally relate it to putting money into an enterprise to maximise financial returns. Investing in wine cooperatives is more than that. It means that the cooperative can access the social and financial capital of individuals in the wine community. This would either be on the local or regional level, not only to sustain that enterprise, but also to support its growth for the benefit of the whole community co-operatives. This model challenges the traditional cooperative wines with its poor-quality image but creates a new value proposition that wines made from cooperative can still reflect the diversity and quality from the land as well as the love and care from the people.

When the working social capital is strong and members have a common vision, this will hopefully facilitate the achievement of financial success whilst building a considered ESG framework.

The time is ripe for the new wave of cooperatives. Growing business through cooperation within cooperatives would facilitate thousands of small operators being more resilient and stronger than ever.

Acknowledgment

I would like to thank the following industry experts who have shared their experience and insights on working with cooperatives in Australia:

- Jim Godden, CEO of CCW;
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- Peter Hayes, independent Wine Industry Strategist and Advisor;
- Paula Edwards, General Manager of Winegrapes Australia; and
- Mark O'Callaghan, Managing Director of Wine Network Consulting.

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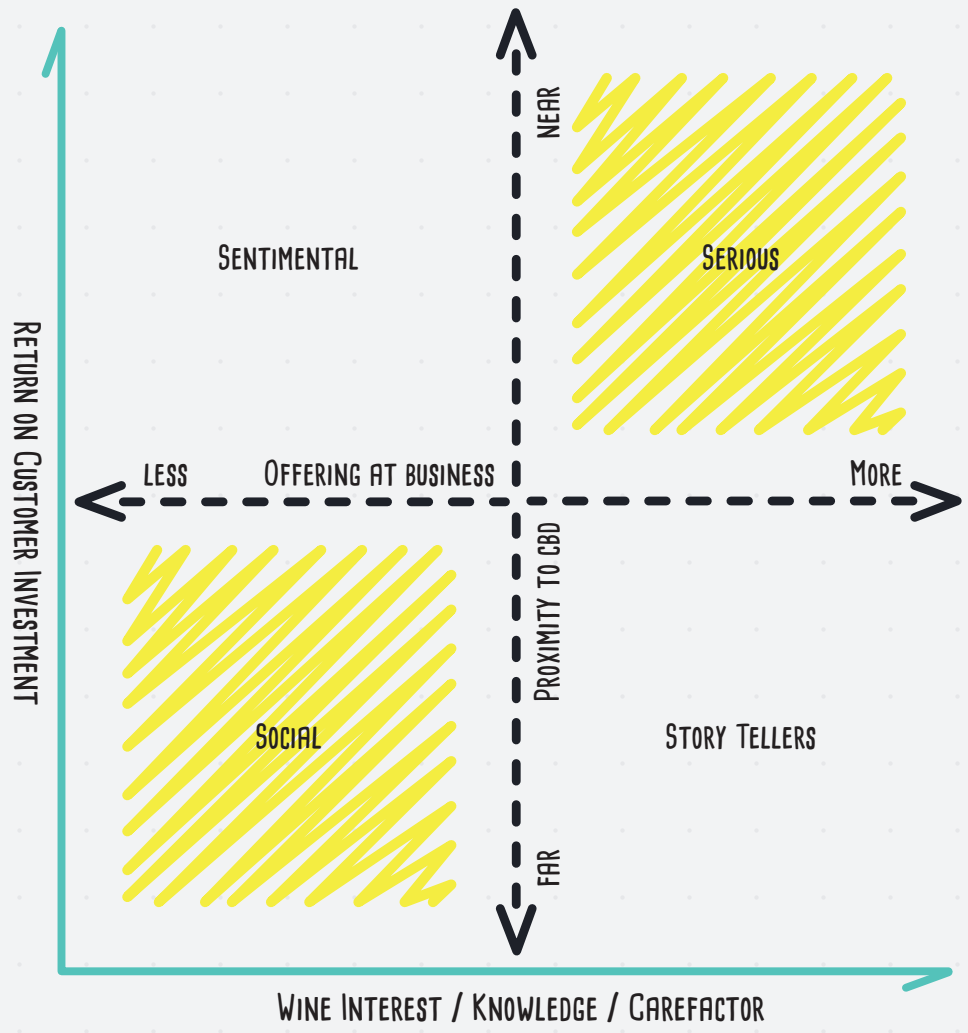
Photo credit: Wine Australia

WINE PURIST OR WINE TOURIST?

Are you better with a wine purist or could you cater to the wine tourist?

Briony Hoare

Customer - Cycle in Cellar Door Tourism





Understanding the type of visitor to a winery is important. Proximity and Offer have a large influence on customer type. There is also a range of maturity in a customer base. Catering to all types is a consideration to wineries that offer more than just pure wine. Being able to collaborate within wine regions and between wine businesses will allow a proactive direction of customer to winery to the benefit of all.

Acknowledging and embracing this difficult truth will allow a wine business to connect with more customers, embrace a diversity of interest and cultivate a deep loyalty to a brand and region.

The utopian model of any boutique winery business is an efficiently run wine focussed cellar door where all customers arrive with a broad understanding of wine, a keen interest in your brand and a healthy bank balance with a willingness to commit to an ongoing wine club membership.

The reality of any winery business is that not all customers are engaged enough to be willing to commit to a wine club membership. At least not yet.

The role of cellar door tourism has evolved from a transactional experience (visit—try—buy) to a destination experience (visit—stay—enjoy). As cellar door owner and operators, it is important to understand that as the reason for visitation has changed, a change in approach is needed to maintain income and to retain customer loyalty over time and generations.

Embracing customers at all stages of their maturation and evolution will ensure that a steady and loyal customer base will continue to grow, while the ultimate (wine club membership) will slowly and steadily grow to form the backbone of any successful business model.

This approach needs to not only apply to an individual wine business within a wine region, but if embraced and understood on a region-wide level, will continue to maintain a vibrant tourism economy and stronger community.

Proximity

Australia is blessed with widespread wine regions, both near and far from main cities. Fantastic marketing campaigns have opened the eyes of both tourism and locals alike to the beauty, romance, and offerings of wine regions.

Wine regions can be between 45 minutes to 7 hours from a capital city. The level of wine interest and understanding of a cellar door visitor is often inversely proportional to proximity to a main city. That is, the more committed wine enthusiast is prepared to travel further from a CBD. General visitors may not choose to travel when an opportunity to immerse oneself in wine is only 45 minutes away.

Proximity offers a wider range of customers, however this may not result in greater wine sales, as customers on an experiential visit are more likely to come and taste, but not necessarily buy. This is also the case with regards to international visitors, more likely to visit a wine region for the day, but not in a position to purchase (much) wine to take away.

Proximity to other cellar doors is also a consideration for business. A cluster of cellar doors will give a visitor an opportunity to visit a few on a day trip, whereas the tourist may not be so interested in visiting a single cellar door in isolation (unless there is significant brand presence/quality/demand).

Offer

In the search for increased visitation, a cellar door business is often challenged with the opportunity to increase their offer, from simply wine tasting and wine sales from the wine shed — to wine tasting and platters. From wine tasting and restaurant, through to wine tasting and sales, restaurant, function centre / wedding venue. Venues are then tempted to offer more, group tours, music nights, lawn games, painting classes and more.

The challenge for any business is to understand that the often-exciting step into 'more' means that the venue is no longer a cellar door, but instead a hospitality/ tourist venue. Any profit margin advantage gained in direct-to-consumer sales is swallowed up in the need to employ more staff, with specialised skills (such as chef, barista, admin, front of house, back of house). The seasonal nature of wine tourism can also result in sporadic business which can be hard to manage.

An increase in offer, if done well, will undoubtably increase visitation and cashflow through the business. While customers spend in a restaurant, there is not necessarily any brand loyalty created to your wine. This is also true for weddings. Wineries are beautiful locations for weddings, but the 80-150 guests that visit a venue are not there for your wine.

Before the leap into offering more, it is recommended that a business consider if they are ready to take on the emotional and financial commitment to such an offer. It is also important to understand that a business offer will change the customer type visiting a cellar door business.

It is this cross-over between proximity and offer that we can better understand customer types.

Customer Types

1. Sentimental

High disposable income, willing to spend, low interest in wines, experiential

Weddings, Birthdays, Parties, Corporate events, Wakes

Proximity: close to large town/capital

Offer: function area, facilities, regular opening hours

Consideration: highly specialised staff needed (wedding, event, kitchen)

2. Social

Low disposable income, want to visit and be seen, low understanding of wine

Instagrammers, Group tours, Sporting groups, Hen's days, Bridal showers, Wine tourist

Proximity: close to large town/capital

Offer: function area, restaurant, facilities, regular opening hours

Consideration: event staff needed

3. Storytellers

Low disposable income, engaged wine enthusiasts

Smaller groups, Luxury wine tours, International tourists, Day trippers

Proximity: moderate distance from town, specific, restricted opening hours

Offer: cellar door, light food (optional)

Consideration: skilled and engaged cellar door staff, winemaker involvement in tasting

4. Serious

High engagement, ability to commit to spend, brand champions

Potential wine club members, Engaged wine enthusiasts, Repeat customers, Wine purist

Proximity: Large distances from townships

Offer: cellar door, shed door, hours by appointment, restricted

Considerations: highly skilled cellar door staff, winemaker tours, dedicated wine club staff members

Customer Evolution

Customers evolve, they do not stay in one category. In a business it is important to understand this and move with their evolution. It is important not to dismiss the role that social, or sentimental customers play in the lifecycle of a customer base, to potentially becoming storytellers and serious customers.

Too often, cellar doors dismiss, resent, or turn away large social groups because of a perceived lack of interest in wine. If either social, or sentimental customers, have a positive experience with you, they are more likely to come back, or recommend your venue to other people, or indeed as they mature in their own wine journey, they may come back, evolved as a storyteller or serious customer.

Scenario:

A wine tour of young people (customer type: social) book for your venue. They pay for a tasting, but on the day, no one listens to the staff member, and they spend more time taking photos for Instagram.

Option 1: go through the motions, throw wine at them, and walk away, with a focus on the next customers. They are hard work and noisy.

Option 2: accept that they don't understand or are not ready yet to engage in wine. Give them a 5-minute TED talk on how to taste, give them some tips on wine tasting, offer them some wine-based cocktails. Show them a great experience and invite them back.

Discussion:

Too often large wine tours are dismissed as a waste of time and money. However, if you recognise the long tail — take time, set boundaries, show you welcome them to your business and maybe tailor your offering to their learning palates, they will only speak positively about your business. One day, that young group will grow up and either become a sentimental customer, or a storyteller.

By creating a positive experience in all areas your customers will return, and, even better, recommend your business.

Capturing the attention of a social customer on a wine tour, may not, on the first visit result in large wine sales. But one day they will come back, older, more mature and be willing to become your storyteller, or indeed a serious, engaged member of your wine club.

Collaboration

It is important within a wine region, to acknowledge the role of each type of wine business. There is a place for all types. A healthy collaborative approach will allow visitors to be directed to the venue that best suits their needs. This will directly benefit individual businesses as better suited customers and will result in better business.

Membership of local tourist associations, training and a fundamental business approach to intraregional collaboration will build trust and business.

Open discussions with other venues, that may encourage set tasting routes (for group tours) will also allow customers to fully benefit from a region, engage regional loyalty and repeat custom. And finally, training a cellar door staff member to be a regional ambassador is a positive consideration for all business.

By being aware of your proximity and offer, you will understand the customer base your business will attract both now and into the future. Creating more offers, while potentially increasing visitation will not necessarily result in increased overall revenue. Where the perception of better return on wine sales in a cellar door is high, increased offer will soak up the return in staff cost. Unless you are prepared to move your business away from a pure wine business, into a tourist experience, it is absolutely better — financially and emotionally — to stay a pure wine business.



Conclusion

Not all customers at cellar doors come to try wine, purchase cases and join loyalty schemes. Reasons for visitation can vary from an Instagram shot amongst the vines, to a wedding proposal or to a catch up with friends. By understanding and embracing customers from an early age — young wine tours, bridal showers, you will ensure their experience is epic, therefore laying the platform for a return of business into the future.

As customers mature in their care factor, and as a business you can gently ease your customer base into an understanding of wine, as they mature, and as their loyalty grows, then ultimately the utopian model will be achieved.

Understanding the different customer base and tailoring to the sector you want, will allow you to make considered decisions. For example, do not offer function space if you are not prepared to host functions.

Working collaboratively with other wine businesses will direct better suited customers your way. Training your staff to value each customer type will reap benefits as positive reviews — storytelling will always encourage return business — leading to serious customers.





Photo credit: Wine Australia



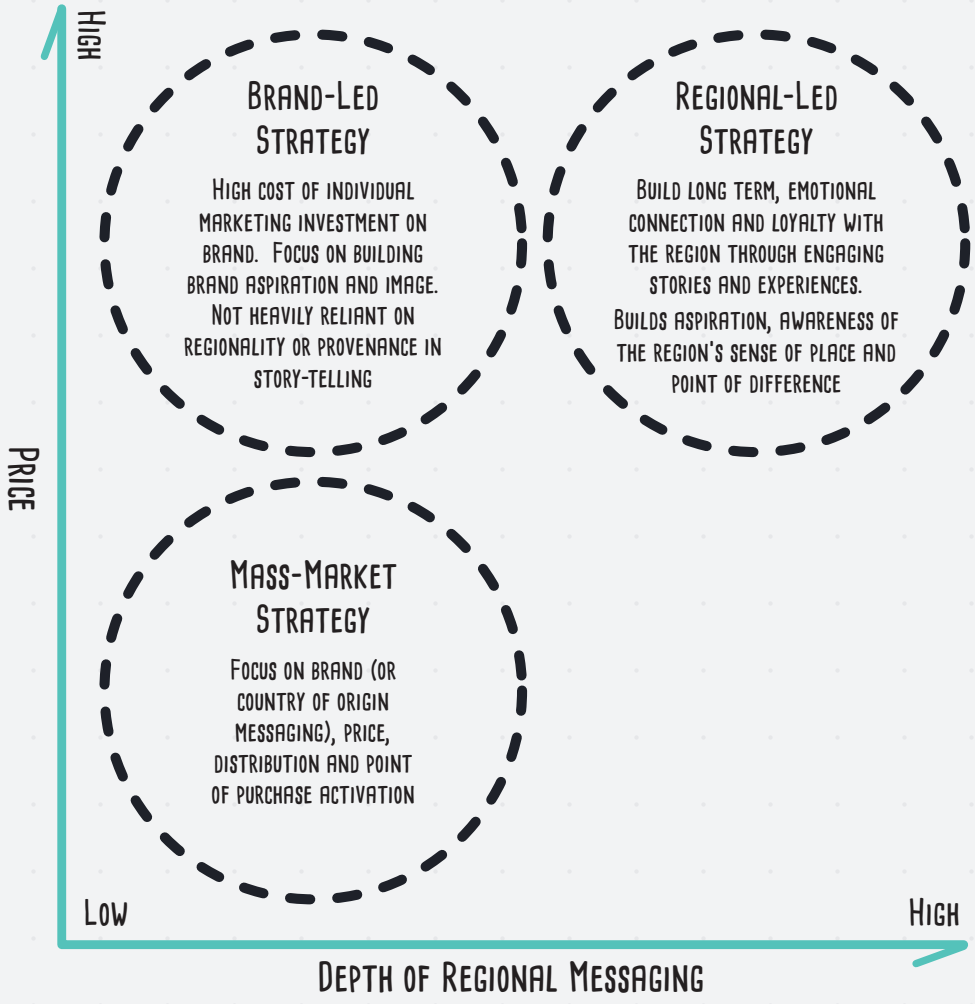
MARKETING AND BRANDS



Photo credit: Wine Australia

THE FUTURE OF REGION-LED MARKETING

by Amanda Whiteland


High
Price
Brand-Led Strategy
High cost of individual marketing investment on brand. Focus on building brand aspiration and image. Not heavily reliant on regionality or provenance in story-telling
Regional-Led Strategy
Build long term, emotional connection and loyalty with the region through engaging stories and experiences. Builds aspiration, awareness of the region's sense of place and point of difference
Mass-Market Strategy
Focus on brand (or country of origin messaging), price, distribution and point of purchase activation
Low
High
Depth of Regional Messaging



There's a greater opportunity for premium Australian wines on the global stage, one that is currently being under represented. There has been a history of Australia promoting all regional wines together under a national Australian wine banner and a global brand platform that is used across all marketing tools around the world, from wine education, consumer and trade events and advertising.

Whilst this one-size-fits-all strategy has served us well in the past, it has also meant there is a lack of global awareness of the wine regions in Australia. Without awareness or emotional connection to these regions it is difficult to command a price premium, and therefore limits the value growth potential of many of Australia's premium regions.

As a continent of 7.7 million square kilometres, with sixty-five diverse wine regions, there is a duality in the Australian wine industry that can be overlooked when looking at the headline export figures. Currently, at MAT June 2022, these figures show Australia exports 625.3 million litres of wine at an average value per litre of $3.33, or total value of $2 billion.

Drilling deeper using $10 per litre as the separator between commercial wine and premium wine and sorting the data between those regions with an average above and those regions with an average below $10 per litre, it tells a different story.

Note: I am using 'commercial wine' for the mass market/volume segments for simplicity, although I fully understand that all wine needs to be commercially viable.

The top ten premium GIs with an average FOB above $10 per litre are South Australia, Barossa Valley, McLaren Vale, Coonawarra, Margaret River, Yarra Valley, Eden Valley, Tasmania, Pyrenees and Grampians. Combining these premium region figures generates $694 million or 33 per cent of the $2 billion wine exports and an average $14.21 per litre export value.

On the other hand, wine exported from the top five commercial regions of South Eastern Australia, Riverland, Australia, Murray Darling, and the Riverina account for 85 per cent of export volume, 54 per cent of export value and an average $2.12 per litre export value.

It is therefore no surprise that the perceptions of Australian wine in many key export markets are good-value, affordable, down-to-earth and 'cheap'. Missing the emotional connection and awareness of the premium regions within Australia.

With this duality in the industry, promoting all wines and regions from Australia under one global brand platform has not translated to growing awareness of the premium wine regions.

To drive value growth for wine exports, we need a more thoughtful strategy, for numerous key reasons.

Regional Brand dilution

The relationship between how the Australian and the Regional brands interplay is an important consideration when aiming to build brand strength for the premium regions.

The current approach with branding and marketing under an Australian wine banner, even when it is a regional opportunity, like a masterclass or booth at an event, means that the regional brand image, positioning and key messages are diluted under the Australian brand platform. This is missing an opportunity for the premium regions to build their image.

The Commercial Halo

Whilst there is efficiency in the single global brand platform, all the regional wines are strongly tied to the Australian wine brand's perception, good or bad. As the Australian wine brand perceptions are often in the territories of affordable, value-for-money, down-to-earth – the commercial halo adds a level of complexity for regions which are working to build aspirational, high-quality, high-value wine awareness.

Other great global wine regions, like Champagne, Bordeaux and Burgundy, have built prestige and created many of the world's most expensive and highly sought-after wines by promoting their regionality or Appellation d'Origine Contrôlée (AOC), rather than their nationality. This promotion of scarcity, sense of place and provenance has successfully built desire, status and engagement for other fine wines and premium regions of the world.

To increase the number of 'must-stock' wines

It is important for luxury and premium brand marketing to have your product being seen in the right places and building aspirational markets and channels that generate reputation and influence.

When looking in aspirational fine wine shops or wine lists it is not uncommon to find large regional sections for Champagne, Bordeaux, Burgundy, Napa Valley, Rioja, Barolo etc., and then just a couple of wines listed under "Australia" as if Australia were one region.

Building desire and understanding of the premium regions in Australia as unique and having diversity, there is a greater rationale that the buyer does not just need one Australian Chardonnay, but needs to stock one each from Margaret River, Adelaide Hills, Yarra Valley and Tasmania. If the regionality could be promoted more prominently, this would also help build awareness of the quality and stylistic differences across the premium regions of Australia, and in turn increase their desirability.

The sustainability of the industry

There are wineries in the premium regions that are implementing the same high-quality level of winemaking and viticulture as other great global wine regions and they often win over other global benchmarks in comparative tastings, yet they are not as highly priced.

The cost of goods to produce these wines is as high or if not higher in Australia, therefore it is not economically sustainable for wine producers in premium wine regions to continue to make these world class wines and not receive the premium price points, and profitability of producers in other countries.

How do we gain momentum behind region-led marketing?

Unlike many of the famous global wine regions, most regional associations in Australia have very limited funding and resources, therefore need to make every dollar stretch as far as possible, and the regions need greater support to tell their individual, unique stories.

The first stage would be gaining backing from all the national stakeholders that to grow premium wine value, there needs to be a strategy that supports building regional champions, with less funds channelled into a one brand platform. Perhaps 33 per cent less as that is the contribution that the top 10 premium regions contribute to export value? It would need to be well-understood that these resources and efforts would be redirected to building stronger regional bodies and stronger regional marketing.

This would require the premium regions, with the capability and aspirations to grow their regional awareness in export markets, to have clearly articulated strategies, brand positioning, marketing and communication goals and authentic wine education tools highlighting their points of difference and nuances.

The positioning and key messages would need to be authentic and differentiated and focus on what would help build an emotional connection and desire for their region.

The peak national bodies could provide value by playing a facilitating role to support region's that may need assistance. The important part though is that each region's tools are developed from the bottom up, not the top down.

Then, when there is an opportunity to tell the regional stories, the national peak bodies would take a more sophisticated approach to promote the individual regions that are participating in the specific initiative utilising that region's brand positioning, imagery and key messages to tell their unique stories and build greater awareness with the global wine buyers, as many of the other wine producing countries do. The global Australian wine messaging should be secondary and more subtle.

A strong coordinated voice would provide significant value for small, premium regional producers.

Having the national bodies reinforce these regional messages and support the region's unique positioning will help build global brand recognition of the quality, heritage, acclaim, scarcity, sense of place and their unique provenance, and build stronger regional brands. Consumers with a greater understanding are more likely to seek out the many premium wine regions in Australia and feel more justified to pay a price premium, so education and engagement is critical.

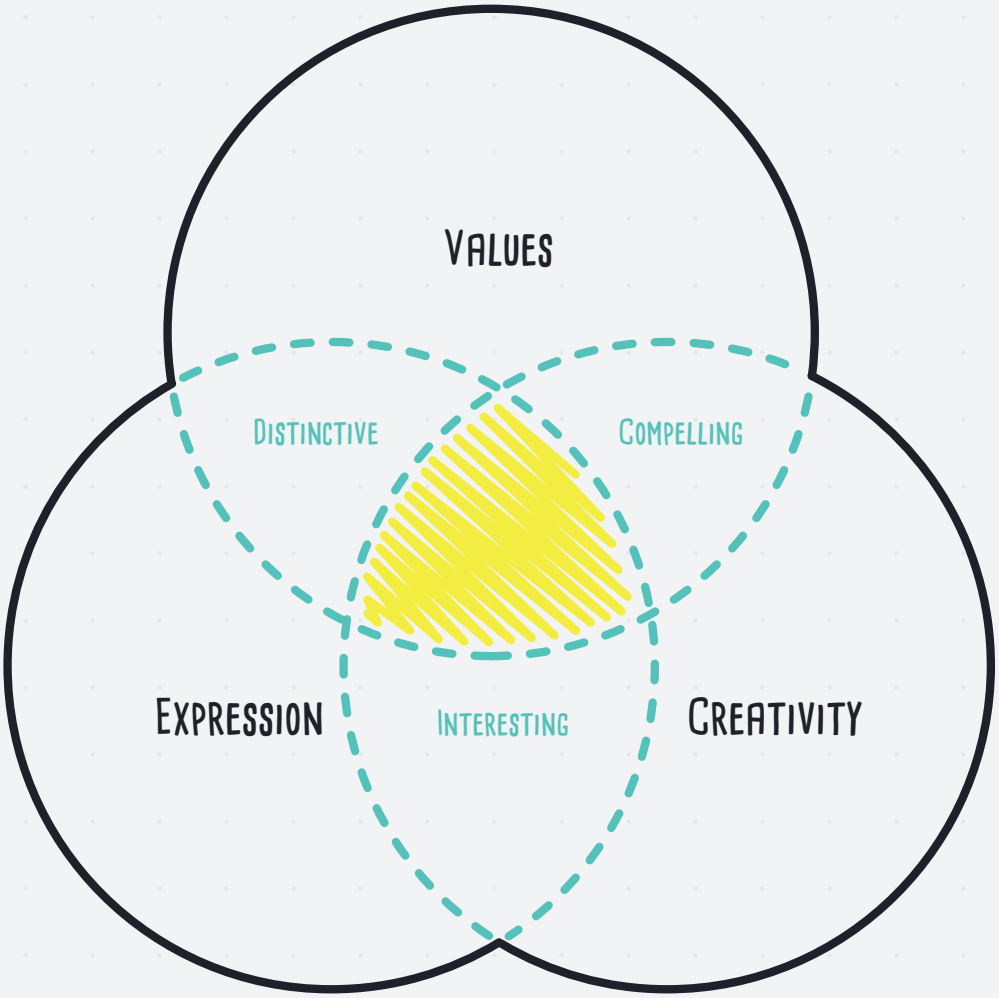
There would be more must-stock regional wines, positioned together with the other leading wine regions of the world, and the net outcome would be more options of wines from Australia to choose from.

With regionality being better understood, and less commercial perception of Australia wine overshadowing the premium wines, they will be able to gain higher prices. Imagine if we could increase by $2 per litre average across the top ten premium regions? That would generate an additional 100 million dollars in export value. An opportunity worth embarking on.



THREE THINGS THE MOST DESIRABLE BRANDS HAVE IN COMMON

by Zoë Downer


Values
Distinctive
Compelling
Expression
Interesting
Creativity



The brands we most desire and aspire to are powerful. We trust and believe in them and above all others decide we want to give them our money in return for what they offer. Seth Godin says it's because they are an expression of the story we tell ourselves about our value, status and place in the world.

Of course, there are many factors that impact the success of a brand, but there are three things the most desirable ones have in common: strong values, expression and creativity. An investment in all three forms an enviable blueprint with great benefit for the customer experience and ultimately the desirability and success of any brand.

Wine is a complicated product to sell – competitive, agricultural, subjective, sometimes esoteric and highly emotive. Investing in values, expression and creativity, is simple, in concept at least. It's not a silver bullet, but it can go a way towards debunking some of the more perplexing ideologies that exist in the craft of selling premium wine and this may be especially useful to wineries running thin on the ground when it comes to marketing resources.

Start with Values

There is an architecture to brands. How they are built relies on their construct and the construct is largely the people involved and how they move through the world based on their experiences. As a building has a framework, brands do too. Values are that framework, and brand owners and managers acknowledge and develop them or they go unattended but they are still in play; just unconsciously.

People see brands for what they are; their purpose, quality, design and the personalities that create them; values trickle through whether we like it or not so the opportunity lies in owning them and that requires investment. It is the hard work of identifying what your brand stands for and stands against. This can take an investment of time, money and effort and it's an ongoing process.

We might know some wine brands with good inputs and a great product but little traction, they just don't stick like they ought to. There could be many reasons why. The availability of time and money is usually top of the list but also, is the story clear? Do we understand what they are doing and why they are doing it? How does the brand help us become the person we want to be and do those motivations trace an authentic line back to the person or people behind the brand?

Values are not aspirational words on the front of a staff agreement; they are inherent beliefs of a group translated into an offer for customers who share similar beliefs. They are unlikely to be one-size-fits-all in an organisation either but interconnection is the aim and higher-level thinking might help. For example, if gender diversity is a priority, could social equity be the value; if organic viticulture is paramount, could natural ecosystems be the hero? Note how small shifts in wording and perspective moves the dial from opinion to learning (learning is an admirable value).

Expression Expression Expression

Expression is the quality of a brand's story; how passionately, accurately and consistently it is shared including where and with what measures plus how often. It's about making known an offer but also thoughts, feelings and ideas. It's about originality, distinctiveness and standing apart from others. It's not just storytelling it's expression and organisations that do it well achieve understanding, clarity and equity for their brand.

Gaja do it well. The cover of their brochure isn't a photograph of a vineyard but theatrical lip-sticked lips! And their website (gaja.com) includes no more details than a business card. Those choices are distinctive and highly individual, it tells us a bit about the people in charge and what to expect from the brand and wines. Expression doesn't have to be loud and flamboyant, choose what is clever and true and do it with every opportunity.

There are a lot of wine brands, so it takes expression to stand out but is the industry using enough originality when it comes to marketing? If there's too much looking over the fence, everything can start to look and sound the same. Another potential pitfall is a winery going so all-out on a story that they think a customer wants, that it ends up too far from the truth – lack of authenticity threatens expression.

Often the brands we desire most are expressions of someone we aspire to. There's a lot of expression in wine of course; the site and so on but what about people separate to the wine; their beliefs and worldview. Are the people behind wine sharing enough of themselves currently and is there enough cohesion between them and the people who drink wine both now and in the future?

Expression might be part of the reason natural wines have the sub-category interest that they do. Was that story just a little bit different and a little bit more distinctive and relatable to some drinkers who found it easier to get stuck to, taking market share. Brand expression could deserve renewed interest in the Australian wine industry.

Creativity

Creativity is valuable to all organisations and now more than ever which is well documented and supported. One of the most powerful components for marketing is emotion – an ability to empathise with people and customers, interpret their feelings and conceptualise their experience; then use all that for ideas generation, critical thinking and problem solving.

Brand Expert Richard Gillingwater says creative solutions are like interesting people, they ignite your imagination, your love of life itself, they are remembered, sought out and admired for simply being who they are – different, exciting, funny, truthful, authoritative, remarkable.

Who Gives A Crap includes one toilet paper roll in a packet of six that is wrapped individually and marked 'emergency roll' so you can cleverly keep a loo roll ahead of the game. The full packet comes packaged in recycled paper so there's no way of seeing the emergency roll on the supermarket shelf. The fun, thoughtful, helpful, unnecessary inclusion is driven by the customer experience back at home.

Seymour Girls' College include a neatly packaged hair ribbon inside their promotional goodie bags that's Black Watch tartan like their uniform. The thoughtful, distinctive, unnecessary addition is there to ignite the emotion of joining their community, to experience for a moment the thrill of how that might feel.

These examples are creative and designed to make a customer feel emotion. Good marketing makes the company look smart. Great marketing makes the customer feel smart - Joe Chernov.

The Cross Section

When a brand is synchronising strong values, expression and creativity, there's a harmony. It feels real and relevant and draws us in. It is not only a distinctive and quality product from a trusted business, a compelling one that stands for something we also believe in or something that piques our interest with world class design, it's all these things and more. There is depth and purpose, substance, clarity and delight. We desire how they help us become the person we want to be. They affirm our values and place in the world.

Aesop is a good reference point and there are many ways their values, creativity and expression coalesce: the ingredients their products contain, a use of quotes on their packaging, the stores and how they look – and smell – or, their investment in cultural engagement with The Horne Prize, an essay award. These are examples but more to the point, there's a *feeling* about Aesop and it is consistent and highly desired as evidenced by the brand's now worldwide reach.

Ten reasons why premium wine brands should invest in values, creativity and expression:

1. Wondering if your brand story is too wishy washy
2. Having multiple wine brands that lack differentiation and individual drive
3. A belief that the values and status desired by humans is evolving
4. You wrestle with the notion of virtue signalling.
5. Worrying that the only person who truly understands what you do and why, is you
6. Achieving brand and business decisions more objectively and proactively – less reacting
7. Enjoying more genuine alignment with your customers
8. Encouraging business culture development and growth
9. Become an aspirational brand
10. Sell more wine without actually selling it





Photo credit: Wine Australia


MARKETS AND
EXPORTS

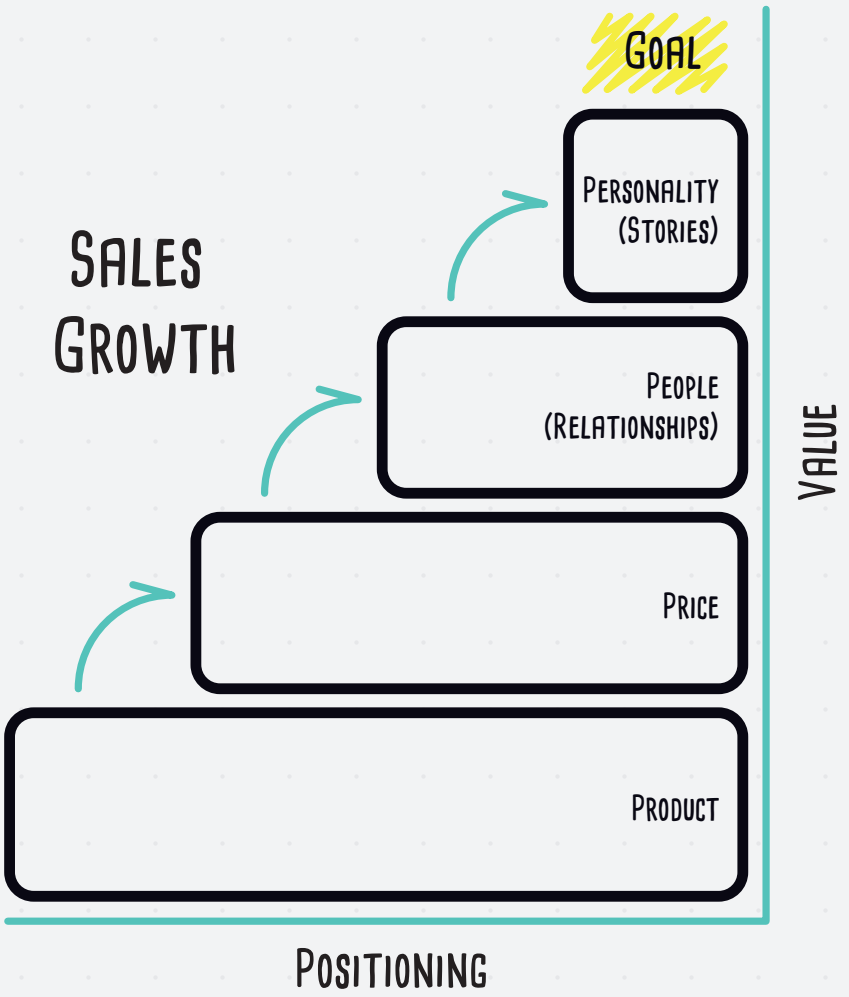


Photo credit: Wine Australia

THE POWER OF PERSONALITY

Sharing stories to grow your sales

by Richard Burch


Goal
Personality
(Stories)
People
(Relationships)
Price
Product
Sales
Growth
Value
Positioning



It's never been more challenging to maintain a successful export strategy and build a sustainable business than in today's global business environment. It's true for every industry, especially winemaking. Inflation, global recession, freight challenges, climate change and geo-political conflict all contribute to the challenges.

That's why it's absolutely crucial to re-evaluate, pulse-check and re-set your sales and marketing strategy for exporting wine. What served us in the past, may not serve us into a future of relentless change. It's time to challenge the foundational principles for selling wine overseas.

In November 2019 I spearheaded an effort to transform our international sales strategy and divert resources away from China to other export markets. It wasn't an easy sell with the management team, many of whom are family members, so the stakes were particularly high. China was the go-to market for Australian wine export and it was our most lucrative export market.

Small but frequent yellow flags in the deteriorating relationship between the Chinese and Australian governments raised my concerns, knowing the potential this had to negatively impact the wine market. We were exposed and needed to diversify – and we needed to do it quickly.

Through perseverance, challenging the management team to change their thinking, and an entirely new export strategy, our business is now on a new, more profitable path. The strategy has been so successful, it's led to the expansion of the business and the purchase of new vineyards. It wasn't easy but the results open a new chapter and provide more stories to tell about our wine business.

RB's 4 Ps of achieving export sales growth

1. Product
2. Price
3. People (relationships)
4. Personality (stories)

Put simply, I tested the four principles of our export sales and marketing strategy – Product, Price, People (relationships) and Personality (stories). Each of these four Ps were evaluated with a fresh perspective about the current business environment. Achieve this and you will find yourself on a pathway to success in exporting wine – or any product.

Let's expand on each of these principles. It's a sequential exercise; there's no point skipping steps if the previous one isn't sound and delivering value to the customer.

Product

Is your product cutting through to the consumer?

There are few wine business leaders thinking and acting like they work with consumer goods. How many get lost in the day-to-day working in a wine business but forget about the customer? People too often get distracted from offering customers what they want. In my case, it's an innovative brand offering crisp, clean, fresh wine styles with strong environmental values.

Start with the facts. It's how you come up with new product development (NPD) aligned with changing consumer tastes and demands. When we reinvigorated our export strategy into the UK we continually asked ourselves, how can we keep the consumer satisfied and engaged?

Ask yourself, is your product relevant to a modern and future consumer? You need to be clear-eyed about your own business. It's not always easy to accept the answers, especially if you've had past success. Wine suppliers must constantly search for better solutions for their current and future customers. If your product is no longer hitting the mark, you waste precious time and energy pushing something people don't want.

Our business has had success with this approach. The strategy is simple – focus on the consumer to find the gaps and opportunities in the market. This allows us to keep one step ahead of demand.

Price

Is this wine priced for growth?

Is the wine priced competitively?

The further you travel from the winery, the harder it becomes to sell wine, leading to higher competition. It's vital for any wine supplier to work in unison with retail partners rather than battle it out over price.

There isn't much room for negotiation in the wine industry. You have your costs, the margin a retailer needs to make, and a price the consumer is happy to pay. It's that simple. You have all the facts in front of you.

The predominant outcome in overhauling our sales and marketing strategy was securing a new distributor in the UK. Another critical element was shipping wine in bulk containers, for local bottling outside Australia. This reduced the retail price and made us more competitive. We now ship more product per container, giving our winery greater efficiencies of scale. Our container shipments grew 2400 per cent, from 2–3 in 2018 to 50–52 in 2021.

For many years we resisted bottling our wines overseas due to a long-held belief that bottling at the source was the best way to maintain quality and control over our product. Unfortunately, it led to our wines sitting on the shelves at price points which didn't convert into sustainable sales. Bottling plants overseas have greatly improved in recent years. Finding the right bottling partner helps shave overheads and allows you to trade harder on price. This is important for consumers, particularly for people affected by recession.

As a result, from 2019FY to 2021FY, our international sales revenue increased by 132 per cent and our total sales revenue increased 19 per cent.

People (relationships)

Do you have a good relationship with your wine distributor?

Do you have the right partner that will help grow with you?

People, and more importantly relationships, are the backbone of the wine industry. Picking the right partners and distributors has never been more important in selling wine. Picking the wrong partner can lead to a commercially awkward business partnership. Picking the right partner can completely transform your business.

Many wineries fall into the trap of picking an established distributor that has been around for decades. There are proven benefits of going with the tried and tested. You might also discover your brand is lost in a huge portfolio and getting no focus, drive and attention. Worse, the distributor's objectives might not align with the winery's objectives.

If sales growth is your objective, you need to find a partner who also want to grow and grow with you in partnership. These businesses are rare and difficult to find, but it's absolutely worth the extra effort when you are mapping out your export strategy.

Additionally, you can only have a successful wine brand if you have enough help to build and scale it. For that you need very close relationships with key

distributors. There is not enough distribution for all the wine brands that exist and many don't have a route to market. It's relationships that help determine which brands survive and which fall into oblivion.

Personality (stories)

This is how you get to the next level, it's got to have its own life and story to tell.

Does your brand have a story?

Is your story interesting and worth listening to?

Stories are the last piece of the puzzle and the one separating good wineries from great wineries. It's how you tap into the imagination of your customer. It's how you build trust, loyalty and begin to build those rusted-on fans of your brand.

Our wine business has been operating since 1986. We've held countless tastings, masterclasses, wine lunches, wine dinners, events, trade shows – the list goes on. Each of those moments is an opportunity for our people to tell customers a story about Howard Park wines.

It's this storytelling, that continues to evolve over time and with each new generation, that underpins our business culture and identity as a wine brand. The stories connect us to the land, its culture, the community, to each other and to our customers. Stories are the brand currency, and we need to be telling them in an authentic way.

As a second-generation wine family, I've witnessed my father become a master storyteller. I am still in awe watching him hold a room's attention in the palm of his hand. He always said if he can go in and talk to a customer or group of customers for a few minutes and share his story, then he has them for life. He knows not everyone understands wine, but his stories give them the confidence they need to enjoy it. The stories my dad tells are not mine; we have our own perspectives anchored in a brand we love.

Those same storytelling principles are vital, but we must expand beyond face-to-face encounters. With the right promotional strategy, we can reach more people, in more places, while still maintaining the intimacy and education my dad achieved. This goes back to understanding the modern consumer and the ways new customers want to engage with a brand.

Conclusion

While our family winery values remain the same, we can't rely on the same methods for success. The world is changing and our consumers with it. It's possible to produce the same excellent wines my family is known for and go out of business. Unfortunately, this is a common story for second generation family businesses and not only in the wine industry.

Having that strong foundation of good product – and good values – puts us at the beginning of a new success path. Nearly every aspect of our business needed to be tested, refreshed and modified for success. Howard Park will continue to make excellent wines, but our products will change. Our price will change. The people we work with will change and our relationships with them will change. How we promote our company is different than anyone could have imagined. Our personality and the stories we tell will be different as well.

On the surface, this can seem confronting and "too hard". When you dig deeper, you discover the strong foundations of your brand are what sets you up for future success – but only if you're bold enough to shake everything up.



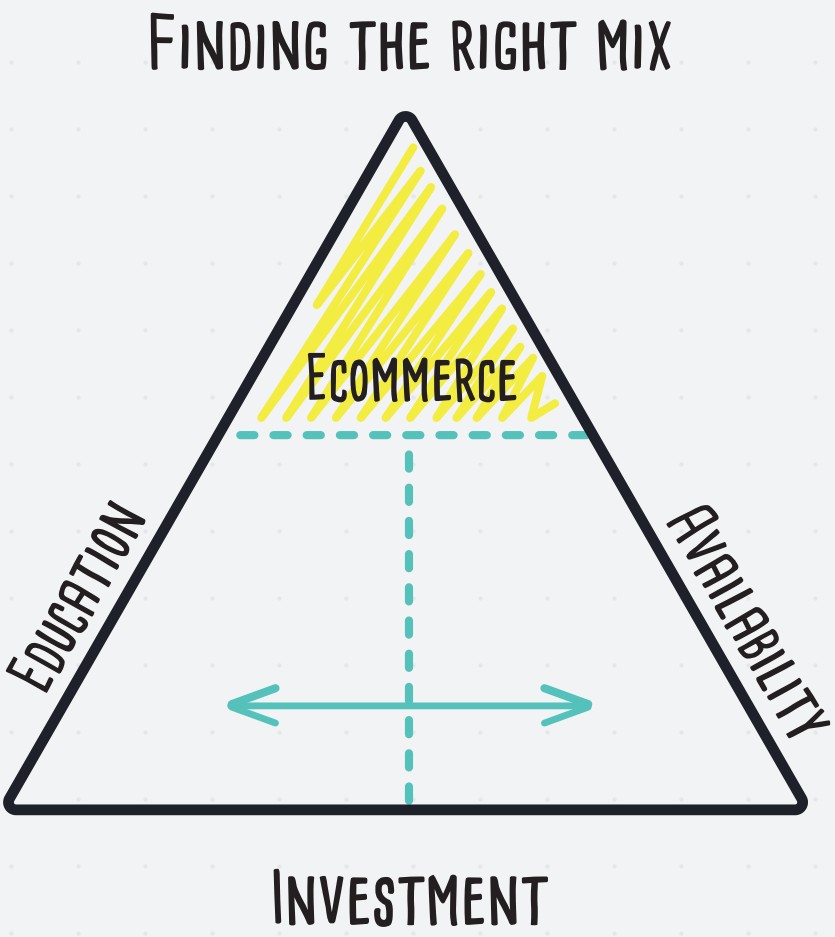


Photo credit: Wine Australia

CATCHING THE DIGITAL WAVE

Education and export for ecommerce

by Ewan Proctor


Finding the right mix
Ecommerce
Education
Availability
Investment



We are all aware that the arrival of ecommerce has sent seismic shocks through the wine sector. However, Australian wine in the export context continues to underperform, often due to the narrowness of the perception of our wine landscape, and lack of availability of our most sought after and highly acclaimed wines. The opportunities seem to be everywhere, but also just beyond our grasp! How then to best to traverse this opaque and unfamiliar terrain?

For a sector that often tends to the conservative, taking wine online has unleashed disruptive and challenging forces, particularly in the manner that the trade engages with the consumer, and there is a notable shift in the balance of narrative control towards the consumer and their consumption of wine. With great change has come great opportunity and the winners and losers are clear. On one hand breakthrough styles and new markets, on the other a disturbing trend towards price annihilation and brand death.

The new landscape is daunting because of the multiplicity of doorways that beckon. The importer/distributor partner model still functions, but what if that partner is not pro-active in the online space? Not all traditional wine businesses seek or wish to develop a coherent understanding of how the online sellers in their market operate. Particularly in the fine wine space, the traditional route to market has focused around on-premise specialists. However, the past two years of pandemic has certainly shuffled the decks.

Recent Wine Australia studies (Market Bulletin 29th April 2022) report that online sellers have boomed throughout lockdowns and whilst there's a return to normal trading of sorts in late 2022, the overall trend is that more consumers globally are searching, discovering and ordering their wines online. Furthermore, consumer data reveals that wine drinkers are the most active and engaged group of alcohol consumers online. This indicates that it is not only a space for sales driven platforms. All of the major wine journals and critics are online with their publications, to compete with the emergence of non-traditional content that can range from the sublime to the satirical. Again this presents a range of options and complexity when seeking to get the message out about a particular wine, style or region.

Education as engagement

Online educational content deserves a special focus. The traditional formal and authoritative tone of wine publications in no longer the only voice in the room. Given this phenomena, subsequent fragmentation and evolution of what constitutes the most relevant information affecting purchasing behaviour is a critical metric to follow. Most markets still adhere to the existing paradigms of significant market advantage conveyed to wines earning high scores from established critics, however issues of integrity continue to whittle away at the grip the status quo exerts on the conversation.

Consumer studies indicate that in wine consumption, hedonistic aspects have a higher impact on the purchase behaviour than utilitarian aspects. Consumer focus, particularly in the younger demographics tends towards concerns around provenance and methods of production that enable virtuous consumption. Online, these hedonistic aspects are not conveyed via scores, rather an overall description of the product, its origin story and other cultural spheres that the producer can project their affiliation or collaborations with. This

behaviour is opening up a whole new era of wine promotion, embodied by the surge in celebrity wines from Kylie, Post Malone, Snoop and more, and the well documented rise of natural wines.

This emerging eco-system and future growth in consumer engagement for Australian wine can be achieved via focused investment in online educational content in conjunction with targeted and specific market-entry strategies for ecommerce. These two avenues of investment must work hand-in-hand, and the balance needs to be achieved relative to the prospects and ambitions of the producer. Whilst investing in educational content can be beneficial at all levels (producer, regional and national) without the commitment to make specific wines available in conjunction with that content, it's essentially failing to close the loop and maximise the return on that investment.

This scenario has been spectacularly played out in the past few years in relation to the US market and premium Australian wine. According to the latest Wine Australia market bulletin and reflecting an established trend, exports are growing to the USA but still remain millions of litres below their peak in the early 2000s. Wine Australia recently invested heavily in education both in market and online. Cult producers were brought to market to instigate discussion and recognition of a more progressive and diverse range of regions and styles, and a leading platform for online educational content now exists in Australian Wine Discovered. These endeavours are well conceived and brilliantly executed, however in isolation there's not always a connection between the education to the available wine for purchase in market. The disconnect here is most often that cult progressive producers do not produce enough volume to satisfy their domestic consumers, let alone supply a market the size of the US with enough wine to really move the needle of perception. In promoting wines that aren't available, these projects struggle to achieve the goal of presenting a viable, durable alternative for the consumer who must be coaxed away from the established dominant market players.

Expanding the core range

The solution can be found by examining the behaviour of the major online sales platforms, particularly those with a high quotient of educational content, or wine education platforms that collaborate closely with wine sellers. Whilst online selling is uniquely positioned to take advantage of opportunistic sales, the genuine real estate is in the core range. Sellers typically establish a core range based on consumer data, category growth or decline, combined with the potential long term availability of that wine. The biggest issue confronting Australian wine in this regard, is expanding the international perception of what constitutes a quality

and desirable Australian product, and encouraging these sellers to increase the available spaces for Australian Wine in their core ranges.

A closer interrogation of this scenario provides some clarity and action points. Currently, the most searched for category of Australian wine is South Australian Shiraz, with wine of this style or blends with Cabernet occupying the top ten positions of most frequently searched Australian wine internationally on Wine Searcher and Vivino. This kind of data trend demands that buyers in this space only provide openings in core ranges for this style, perhaps at multiple price points, to the exclusion of all others. In order to see export growth at a premium level across a diversity of styles and regions, growing the number of core range openings will need to be aligned with a consistent strategy of investment in educational content, closely tied to availability.

This does not automatically exclude smaller producers from the mix, as not all E-retailers are seeking to trade in large volumes. Rather, opportunities abound here for SME producers who's educational content can be fit for purpose, to engage the consumer around the hedonistic aspects of the wine, family heritage, sustainability and back that up with a targeted strategic approach with availability on one or two core products.

Getting ready to rumble

Firstly, finding the right fit between the potential for scale, relative to the new markets a producer seeks to expand into is a crucial component of success. Emphasis on targeting expansion in to the right regions, cities and areas, and meeting the expectations of regulators and partners in the supply chain are critical to achieving sustainable growth. Ecommerce platforms are uniquely able to target a refined range of consumers and therefore enable producers to maintain a market presence that is the right scale for their capabilities in production.

Secondly, the need in many quarters for a rapid pivot toward new entry, requires participants to research and identify markets where potential buyers and consumers and already engaging in behaviours that align with the cultural reception of their products. Focused demographic research and market analytics can provide important cues to upcoming trends and patterns of consumption.

Lastly, Ecommerce requires rigour and discipline regarding the size of a portfolio and the availability of attendant locally relevant marketing content. It is often the case that the expectations and engagement of one group of consumers is not replicated by a similar demographic in other markets. This means selecting the right products to enter individual markets with, and bringing a flexible and open-minded approach to how ones products might be perceived locally, and understanding how that may be divergent from the prevailing domestic reception. The diversity has to be seen as an important opportunity to learn and an invitation to fine tune our strategies to continue to put our best foot forwards.



Photo credit: Wine Australia



RESEARCH AND KNOWLEDGE

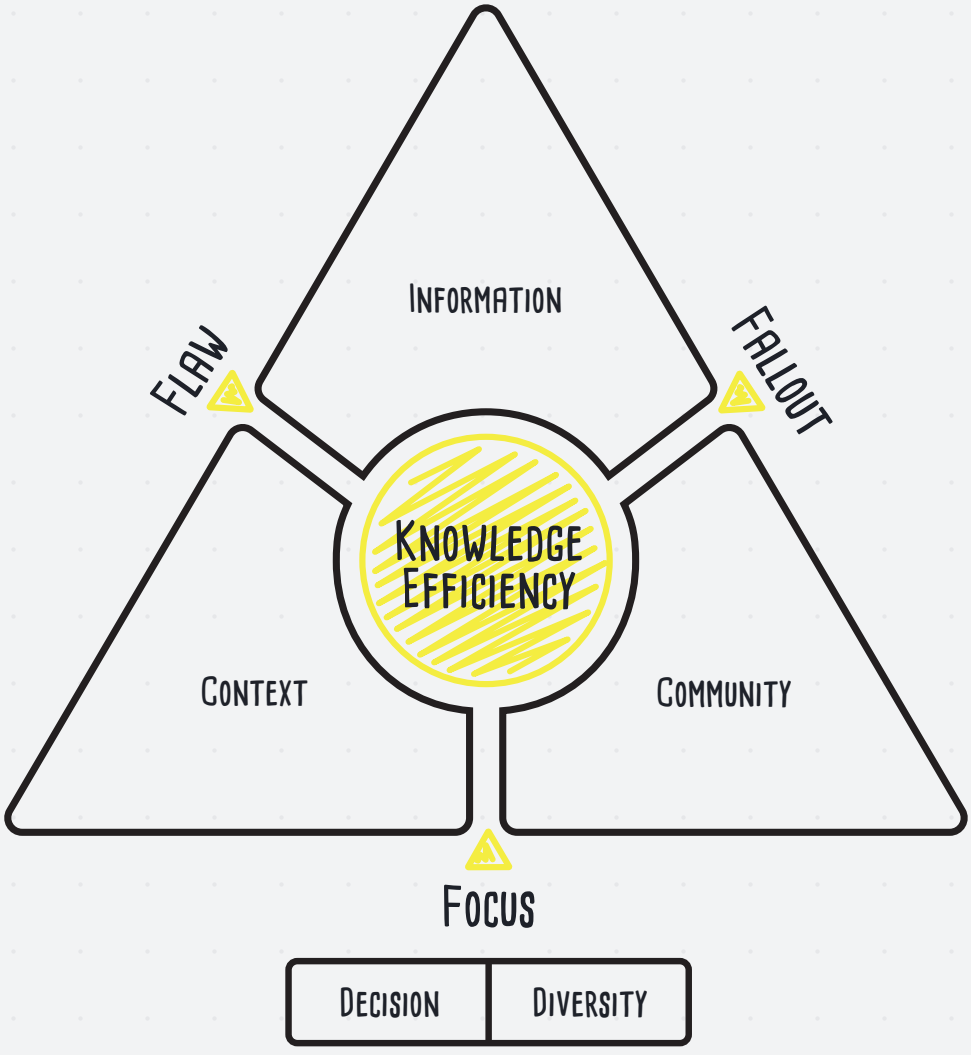


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KNOWLEDGE EFFICIENCY

The process we forget to optimise

by Josh Hixson


Information
Flaw
Fallout
Knowledge
Efficiency
Context
Community
Focus
Decision
Diversity



The Australian wine sector faces an ever-growing list of challenges that require bespoke solutions. Agricultural labour shortages, market access changes and global supply chain disruptions on top of the existing dichotomy of the sector, continuous product innovation and the seasonality of infrastructure use. Regardless of the technical approach one process lies at the heart of every solution, the acquisition and application of knowledge.

How do we optimise the acquisition and application of knowledge, so we can move to the solution quicker?

In a technical sense, our industry is focused on process optimisation, efficiency, and throughput. We monitor and benchmark to detect and fix underperformance. For generating the knowledge required to overcome our problems, we should emphasise 'knowledge efficiency' as we do technical or production efficiency. Similarly, knowledge efficiency requires us to see when it isn't working, pinpoint why, and then learn how to fix it. We will explore this through the lens of three contributing parameters: information, context and community.

Information

The goal might be knowledge, but how do we get there? A common model in information science is the Data, Information, Knowledge, Wisdom hierarchy. The base consists of data which are considered near meaningless in isolation, simply an array of numbers or measurements. When data are given a situational perspective (a reason for existing) it is elevated to information, and importantly allows us to make basic decisions. But the magic truly happens when we absorb information. In the context of our learned experiences and beliefs it becomes knowledge. Then we can start to understand why something happened and make a change if we need to.

In a simplified sense, data is a single food item, an apple. Alone it is boring, but a recipe for apple pie provides the apple with situational perspective or context. You can answer questions like: Will this feed my family? Do I have everything I need? The recipe is information. However, the desired outcome is not the recipe, but the actual apple pie, which is like knowledge. Most critically, if you record anything about the pie, that record isn't a pie (even if you put a photo of it on Instagram) it has devolved back to information. Because knowledge inherently requires personal experiences around it, you can't capture and record knowledge. All you can do is retain high level information about someone's knowledge.

Knowledge transplants do not exist. Knowledge is a process with information as the input and requires cognitive effort. But receiving information fails to meet our expectations of knowledge and we disengage from the process. This can be compounded when we experience information overload.

Context

Elevating data to information and information to knowledge requires context. Situational context in the first instance, and then personal context. Above,

removing knowledge from a personal context gives information to share. Similarly, removing situational context from information reduces it to data.

For example, I ask you the time and you tell me it's 4:20. I urgently sprint into the kitchen swearing while you look bewildered as I take my apple pie from the oven. While 4:20 looks like data to you, I had the context of cooking times and when it went in the oven. I made the decision to take it out, knowing it was overcooked.

But context isn't binary or static, we can have some context and obtain more of it! The closer the information is to our own context (or vice-versa), the easier it is to make sense of and elevate to knowledge. If information can't be put into a personal context it will appear 'not relevant'. Even worse, if the situational context isn't clear, it will look like a 'presentation of data'. When we see information that appears to be data, we know we are missing context.

Community

A sense of community is an amazing thing. It brings psychological safety, feelings of being influential and a propensity to be influenced. Within community information spreads readily and peer-to-peer learning excels. Gaps in context are less likely and information is assimilated to knowledge seamlessly. But this is knowledge that already exists in our community - what about when that community needs new knowledge?

Outside of our community we need to work harder to synthesize information into knowledge. 'Steep learning curves' arise because we lack the context of similar knowledge that we also have to obtain. We are also less likely to be influenced by someone who isn't part of our community. So how do we import knowledge efficiently?

Back to the pie! Your friends always share apple pie but all use the same recipe because it was deemed the best years ago. There is an award-winning recipe online, but you don't know how to make the pastry. Hang on, your cousin uses that same pastry to make lemon meringue pie! So, you take the new apple pie recipe to your cousin's house to make it with their help, and then introduce the new apple pie to your friends.

Our hypothetical cousin acted as a 'community translator'. They facilitated new knowledge (remember the pie is knowledge!) into our community by understanding the outside information (the pastry) or by providing context. An intermediatory or community translator may also help to bridge context gaps while improving our willingness to be influenced. And the purpose of new knowledge is to make a change to something.

Knowledge efficiency

So how do information, context and community work to support knowledge efficiency? Or more importantly what does it look like when it isn't working, when there is a flaw or even huge fallout, and how we focus in to fix it?

Flaw: When we work between information and context but lose sight of community it may not be immediately noticeable. If our community is too tight, we will 'hear the same old things', and if we are too far outside of our community, we may struggle to rapidly assimilate what we hear, or lack the trust to enact it. The quick fix is to involve community translators to bridge gaps between communities.

Fallout: When we lose sight of context, things go wrong very quickly and obviously. Information looks like data or appears to be irrelevant, and it isn't easily assimilated. Motivation for future knowledge transfer activities will be low as they become 'too hard' or people 'didn't learn anything'. We can also get swamped by information overload without the context to pinpoint what is useful and what isn't. It can be disorientating or create a sense of 'not sure what to take away from it'.

Focus: Information might be at the top of the knowledge efficiency triangle, but it sits on context and community for a reason. Between community and context is where we must continually focus our efforts to improve knowledge efficiency. But once we start to notice the flaws or the fallout, how do we start to bring focus?

"Every challenge we face requires a specific and distinct solution, but applying new knowledge is at the centre of all of them. The more efficiently we can access the knowledge required to overcome challenges, the quicker and more effectively we can respond."

One option is via a decision lens. Information exists to help us make decisions. But without situational context it looks like data, and decision making becomes difficult. If we approach knowledge transfer from the decision we need to make, we start with situational context. We also start to narrow in on the information we need to make that decision. It leads to responses like "I would actually make that decision based on X", or "I would also need Y to make that decision". As well as providing someone from outside of our community insight into our world, a decision lens can cut through information overload.

A second is through diversity. If we surround ourselves with people that have different outlooks and experiences, we increase the chance of having different personal contexts in the room. Think about those people who sit in the same meetings and come to completely different conclusions. These people wrap the same information in different personal contexts. When it comes to knowledge transfer from outside of your community, this diversity increases the chances that the information received can be assimilated into personal context and be elevated to knowledge.

The challenges facing the sector are ever changing and unpredictable. When the only stable concept is volatility there are two options. We quickly and reactively find solutions for problems as they arise, or proactively and continually find solutions for problems we don't have yet. One requires rapid and specific knowledge generation, the other an expansive and continual accrual. Either way, knowledge efficiency is required. We need to treat knowledge generation and transfer like we do wine production; find the inefficiencies and improve how we do it. There is one process we will use regardless of the scenarios we face, so we need to put a focus on knowledge efficiency.



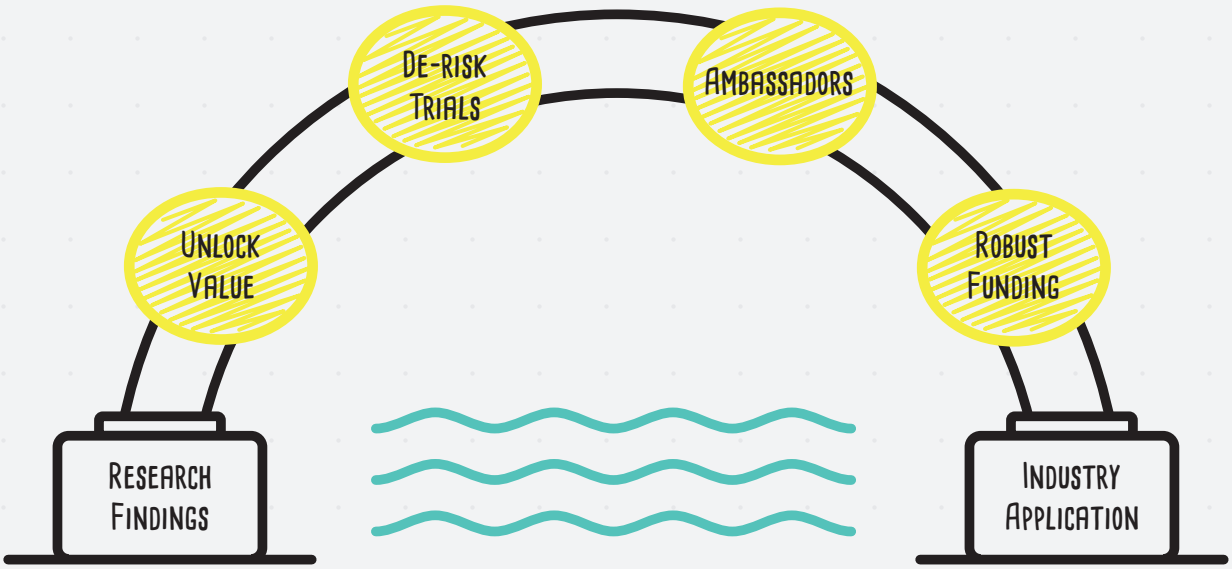


Photo credit: Wine Australia

BRIDGING THE ADOPTION GAP

Accelerating the application
of research in the wine sector

by Jean Macintyre


De-risk Trials
Ambassadors
Unlock Value
Robust Funding
Research Findings
Industry Application



The Australian wine sector has an excellent history of investing in research, with a substantial fraction of the wine grape levy used to fund research projects. Since 1990 Wine Australia (and its predecessors) have funded the sector's strategic research and development portfolio, including completing and publishing over 700 research projects in that time. It operates with an annual budget of approximately $16 million, made up of levy contributions from the sector and Commonwealth government matching. Australian wine researchers have made significant discoveries across all aspects of winemaking, from processing grapes and making wines, through to how wine is packaged and distributed, all the way to how it is sold and enjoyed by consumers. There is arguably, however, an 'adoption gap'. This gap exists between the research findings and application in industry, with many research projects finishing when the researcher submits a final report or sends the manuscript to an academic journal, and while some outcomes are communicated through extension programs, it appears that not enough projects make their way through to commercial trials or wide adoption by winemakers.

The perspectives offered into why this adoption gap exists and how to help bridge it stem from the unique perspectives gained over many years as a career researcher who moved into industry, working across large-scale winemaking innovation projects. Further insights come from acting in various advisory roles across the broader grape and wine research portfolio.

A key barrier to adoption is the risk to a producer. Most research takes place on a small scale, where, if a hypothesis is shown to be incorrect or an experiment does not perform as expected, the financial or product loss is generally small. In an operational setting, at a commercially relevant scale, the losses could be significant, and are generally borne directly by the winery running the trial. However, trialling is a key step on the way to adoption for most wineries, as it is critical to see the predicted outcome on a commercial scale before rolling out the new process on a larger scale. Establishing ways to reduce the risk would allow more uptake of this valuable resource, and lead to more emphasis and focus on adoption and adding value to the wine sector.

Another factor to consider is that both direct and indirect funding available for wine research is stagnating due to a range of local and global issues, many outside the control of the sector, while the cost of research is increasing with inflation. The research and development portion of the grape levy is a fixed rate tied directly to grape tonnes harvested, which has remained relatively constant in recent years. The total crush is likely to drop in the future as the climate emergency reduces yields and as growers remove vines as demand drops, partially tied to the Chinese government's increase in tariffs on Australian wine, effectively closing that valuable market. These factors also impact the profitability of individual wineries, leading to a situation where any new industry-funded research needs to be considered with a more commercial and outcomes-focussed perspective than ever before. In short, wineries are looking for the best value for their research dollars.

It should be noted that this gap between research and adoption has started to draw more attention within the sector, including a recent Wine Australia extension and adoption review leading to the development of the Extension and Adoption Strategy 2020–25. Key pillars

in this strategy include more effective communication to the sector, measuring the impact of changes, and working more actively with the sector on new projects, including integrating extension and adoption into projects from the start.

However, the focus of the strategy is on current and new research, while opportunities still exist from past research, and there are further opportunities that could help support this strategy and give it the greatest chance of success.

There are several additional approaches that could accelerate the adoption of research by industry. The first would be to look back to the past and undertake a systematic review of wine research from recent years, with the focus on all industry-funded research projects. Projects would be rated on a range of parameters, such as value, impact, risk, trial complexity, and application, and this would guide a prioritisation of projects, essentially identifying the low hanging fruit, to take through to trials and ideally adoption by industry.

These proof-of-concept trials should involve the lead researchers where possible, bringing them into the real world of commercial winemaking, and giving them valuable insight into the limitations, restrictions and complexity of the commercial side of the sector. This could be in the form of a secondment, with the researchers working alongside the industry partner to bring the project to life, as well as spending more time learning about the day-to-day processes of running a winery. This would add value to the sector, giving the researchers involved a more holistic view of what is important and what adds value to operational wineries. Alternatively, the researcher could act in a consultant role, helping design the trial, assisting with data analysis and establishing whether the trial was successful or how it could be improved in a later iteration. Both approaches could lead to extension in application of the project, or even new projects by identifying further challenges and opportunities.

Communication of the benefits will be the key to success. There is currently an abundance of communication in the sector, from newsletters, webinars, bulletins, and conferences, leading to people tuning out to the noise. In order to get engagement from the right people at the right times, ambassadors from across research and industry would be established, and they would be tasked with connecting stakeholders from all areas of the sector in a targeted process. A mix of communication approaches may be suitable, and this will develop and grow over time, as certain methods may prove to be more effective and engaging. The ambassadors would also champion the existing success stories. These would include the case studies already shared by Wine Australia, making them more accessible and visible to those in industry. The value and impact should be communicated effectively to the sector, while also sharing a realistic perspective on the risks and challenges that were identified and overcome through the adoption. Giving some solid examples of these success stories will help build the momentum to spread these projects as well as get more willing participants for future trials and adoption.

With funding for wine research forecast to decrease, it is more important than ever to have very clear desired outcomes for industry-funded research. Expanding on the Wine Australia innovation loop model, all project proposals should show greater consideration of the impact and value to in the industry, expanding the parameters for risk analysis and complexity,

and critically, contain an adoption process where the outcomes can be picked up and integrated into industry. The cost of trials and an adoption model should be included in the proposal, to allow the whole cycle to complete, and not have the project report be the end of the process. This would address the financial risk to adoption that slows or stops uptake of research currently.

A cost-benefit analysis and a return-on-investment estimation should also be included, giving greater insight into the tangible benefits of the project. Given this type of analysis would be relatively new to most applicants, a framework would need to be developed to enable this to become integrated into the application process.

The funding model could be reconsidered too, with learnings from venture capital operations or including aspects of a start-up approach, with defined targets and deadlines for deliverables, extending the existing co-design model which forms part of the current Wine Australia strategy.

This approach would not rule out longer-term projects with less tangible outcomes, however it would give a clearer picture of the likely outcomes and application to industry, allowing a more nuanced prioritisation discussion. Some guidelines could be useful, potentially with a defined portion of the funding to be designated to longer-term projects, as these projects can have intangible benefits that are not always predicted at the start of the process. This approach could be reconsidered in line with changes to the funding available in the future, with more flexibility if more money is available.

Adoption of research by industry is a complex and multi-faceted issue. It requires many varied and sometimes bespoke approaches to bridge this gap. While this gap between research and adoption has become a greater focus of Wine Australia, there are more opportunities to establish stronger connections between the two pillars, ranging from better integration of researchers into commercial trials, introduction of ambassadors to sell the benefits, sharing the risk of adoption, and more clarity on value of research as part of the initiation stage. In conjunction with these new processes for future work, spending some time considering how we have got to where we are and defining the desired destination will inform how we get to where we want to go.

There is a huge resource at our fingertips, in various states of readiness to bring to the forefront, and it would be a waste to ignore this at the expense of moving too rapidly into the future. Considering this resource fully will assist as we move through to the next phase and build robust systems where value and impact are critical from the start and adoption is built into the project from the start. Now is the ideal time to choose to work together to get to the future we want.






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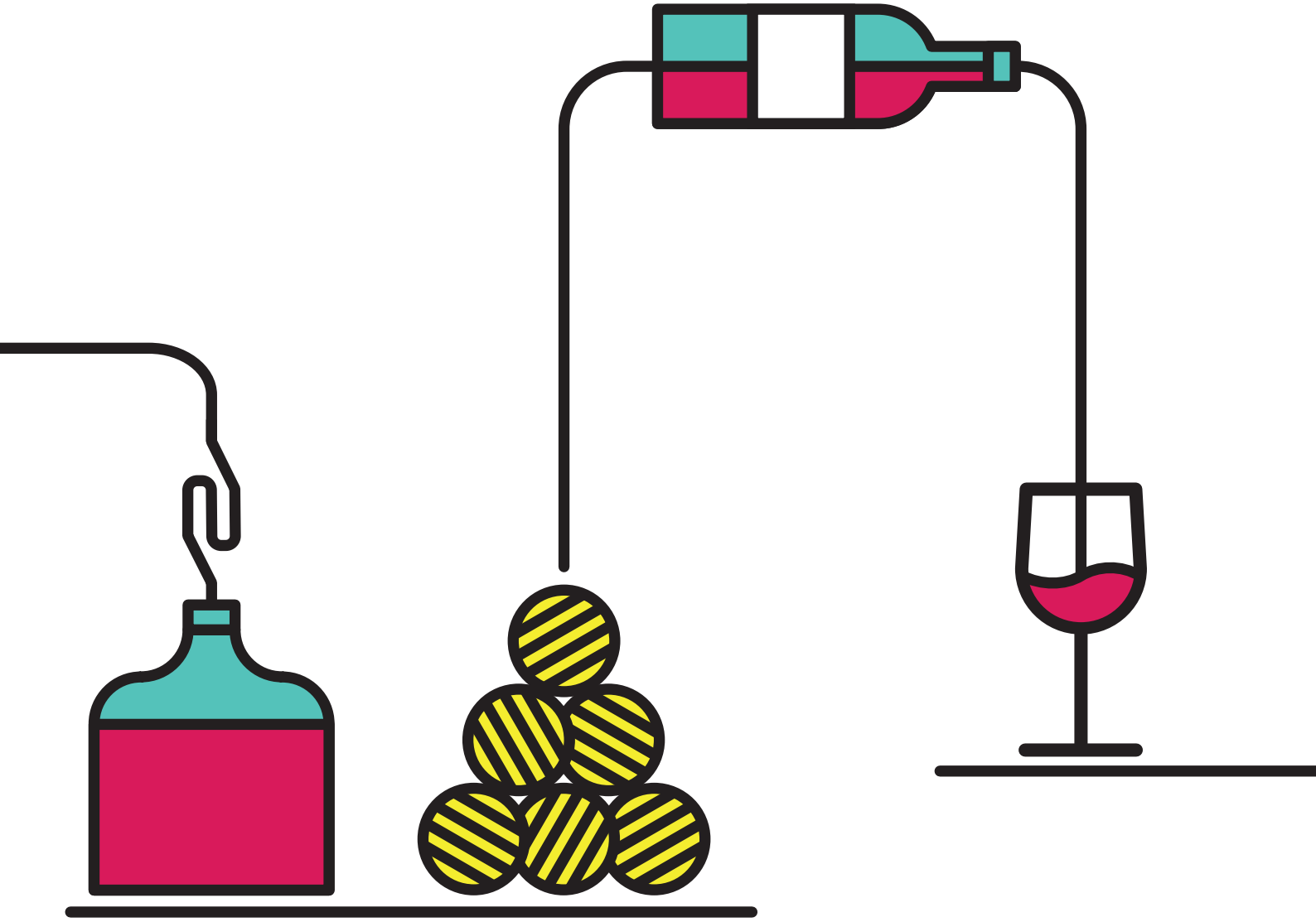






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