

How Best to Communicate Australian Regionality
to the UK Consumer

By Eve Tomlinson

2008

What is Regionality?

Regionality is a term used increasingly by the New World to geographically delimit viticultural land. It represents a move 'from safe, homogenised products to a deep diversity of unique regions, each displaying a discrete stylistic identity' (McLaren. J, 2008). There are close links to the Old World concept of 'terroir', although in comparison, New World regionality is far less bureaucratic and restrictive. This encourages experimentation and reaction to trends in the marketplace.

The following report will focus on Australia who has embarked upon a strategy in the UK to complement varietal labelling with a specific regional perspective. Many, who view the success of Australia to be linked with multi-regional, varietal wines, consider this a dangerous project to undertake. They state that 'regionality is limited by the ability of trade and consumer alike to digest it, and by the merchandiser's ability to display it' (McLaren. J, 2008). Therefore, identifying how best to communicate with the consumer is essential to future success. The report will briefly attempt to explain the aims of a regional focus and provide an overview of the UK market including consumer buying behaviour, which is fundamental to implementing relevant strategy. Then recommendations for successful communication of the regionality concept including pricing, education, supermarkets, product cues and tourism will be presented and finally, conclusions drawn.

Aims of Australian Regionality

Regional Heroes is one of four brand segments that aim to generate more interest in the brand of Australia. The category consists of 'wines from somewhere rather than wines from anywhere' (Wine Australia, 2008). These will utilise varietal labelling as 'a trigger to introduce the consumer to a region' (Lechmere. A, 2008a)

As well as creating a connection between variety and region, regionality will attempt to add value to Australian wines in the marketplace. Consumers will be introduced to producers of higher quality wines while discovering new wine regions. The knowledge of provenance, quality production and the possibility of exploration will create an aspirational product, which consumers will be willing to

spend more on. 'Regionality is aimed at encouraging them (consumers) to upgrade' (Losh. C, 2008).

Australia in the UK Marketplace

'Despite the low levels of domestic production, the British wine market is amongst the biggest in Europe'. (Datamonitor, 2004). The environment is highly competitive but still an attractive prospect for many wine-producing countries.

As an international market for Australia, the UK is categorised within the most advanced level of wine sector development. This maturity is illustrated by Australia's supply capability, The Marketing Decade report states that 'Australian wines are represented in all channels – retail, supermarkets, restaurants, hotels – and readily available in most geographical regions throughout multiple outlets' (AWBC & WFA, 1995). Australia's strong nationwide presence both on and off-trade is also combined with a reputation for reliability. Unlike offerings from the Old World where entry-level wines have the potential to disappoint, Australia has successfully raised the level of quality to one that is consistently good regardless of price point.

Despite these positive associations, Australian wine in the UK off-trade is often sold at entry level, or involved in price promotions. 'Discounting has become a major – and increasingly controversial – feature of the UK market' (Joseph. R, 2006). To illustrate the scale of the situation 'Last year, according to AC Nielsen's data, a full 64 per cent of all Australian wine sold in British off licences and supermarkets was on special offer' (Robinson. J, 2003).

While promotions succeed in reducing risk for consumers and encourage trial of different wines, they do little to enhance Australia's image in the UK, as a serious producer of quality wine. As a result 'Australia's wine assets and culture is still under recognised' (AWBC & WFA, 1995).

It is clear that discounting prices to communicate Australian regionality is not effective. It conflicts with the strategy's aims to enhance quality and encourage consumers to upgrade, diluting the regional message. Instead Australia needs 'to become more adept at engaging the trade, media and the consumer with

something other than price point advantage' (Chalmers. K, 2007). In the UK's mature market this will require a substantial investment of time and money.

UK Consumer Buying Behaviour

To communicate regionality it is also important to understand the buying behaviour of consumers. At present 'modern consumers are influenced by three mega-trends health, convenience and indulgence / premiumisation' (AWBC & WFA, 2007b). These affect the purchase of any product, including wine and identification of these by consumers will add value to the regional wine category from Australia.

More specifically there has been much research conducted on wine purchase behaviour. Studies agree that the perceived risk of the purchase has an overriding impact on wine selection. A Wine Intelligence report quotes Gluckman (1990), who indicates that wine consumers 'feel insecure and unsure about decision making when purchasing wine' (Halstead L, 2002). From this information it is possible to deduct that effective communication of regionality must attempt to reduce or eliminate perceived risk from the purchase process and increase consumer confidence in the way that price has done.

Education

Education is fundamental to the communication of regionality. It reduces risk during the purchase process because greater knowledge will increase confidence and also combat reliance on price promotions. To begin, training should focus on individuals employed by the wine category in the on and off-trade. Employees are 'gatekeepers' (Losh. C, 2008) of the regionality concept and investment in them will help transfer information down to the consumer.

A regional initiative was established this year, its aim was to 'target independently-owned retail outlets and restaurant operations' (Editor, 2007). Focus on these specialist premises will generally engage consumers who are highly involved in the purchase process. They will be very receptive, actively seeking new regions and wine styles due to their greater knowledge of the subject. Indulgence and premiumisation trends are evident here.

However, education is even more crucial in supermarket chains and public houses where concentrations of low involvement consumers exist. It is here the potential to communicate and develop loyalty is greatest as individuals perceive the most risk and generally shop for convenience. Advice from employees regarding Australian regions will give low involvement consumers a taster of what is out there and may encourage them to research further on their own.

Staff training at this level should be structured but fun, in order to simply convey regionality to the shopper and avoid confusion. In comparison, in-depth training sessions 'aimed at communicating the distinctive features of regional expression' (Editor, 2007), as outlined for specialist outlets will overwhelm many and intimidate them further.

Supermarkets

Retail consolidation has made supermarkets a very powerful wine supplier and now 'just 19 percent of the wine sold in Britain is drunk outside the home' (Joseph. R, 2006). Therefore, to gain exposure to a wider audience and keep awareness and familiarity high, regional wines should be available in multiple grocers. This requires retailers to appreciate the value of regionality and not treat the essentially agricultural product like another fast moving consumer good sold 'with small margins and high volumes' (Goode. J, 2004). The strengths of sense of place, quality and low volume production should be highlighted in order to convey the premium and indulgence concepts that are increasingly sought by consumers.

Wine companies need to work closely with retailers to assure a constant supply of regional wines. Investment also needs to be made to maintain optimum shelf space such as an end aisle display which 'will typically increase sales by a factor of at least 10' (Horiszny. K, 2004) or a secondary location in store which 'can double normal sales' (Horiszny. K, 2004) and create focus for the consumer.

Bramwell (1997) 'suggests that up to 70% of consumers decisions are made in store when purchasing wine in a supermarket' (Halstead. L, 2002). Therefore point of sale information in stores is very important to the communication of regionality.

'Retailer funded efforts are rare and the supermarket website packed with wine information is a thing of the past' (Joseph. R, 2006). Investment in point of sale is an invaluable tool, 'an effective shelf talker can increase sales two to three times normal' (Horiszny. K, 2004). Inclusion of regional sub-sections under the generic Australia heading could also increase shoppers' familiarity with quality wine areas over time.

Additional support material such as leaflets should also be available to showcase the regional range. Once taken home, consumers can read them at leisure without feeling under pressure in store. The next wine purchase can be planned which will eliminate risk and confusion, giving the shopper confidence. Overall, consumers will have the convenience of an identifiable premium product on the retail shelves, combined with the ability to understand and aspire to it.

Product Cues

From a European study Keown and Casey (1995) reveal that 'commercial indicators such as branding and design are the most influential factors in wine purchasing (O'Mahony & Hall. J, 2004). Therefore, to communicate regionality it is important to create strong brand awareness and sensitive design to help differentiate Australia's regionality from other New World countries.

Cawley (1992) 'suggests that information given in wine packaging (e.g. origin, grape or region) for which consumers' search in the decision making process act as 'brands' in wine.' (Halstead. L, 2002). Therefore, the regions of Australia should become brand names in their own right. This will highlight more popular regions such as the Barossa Valley while introducing lesser-known regions to the consumer.

Taken further brand alliances should be forged with 'leaders in food, fashion and the arts' (AWBC & WFA, 2007a) to reinforce the premium nature of the wine offering. In particular, food and wine experiences in restaurants and gastro pub operations would be effective. Locally sourced produce would stand beside regional branded wines with a sense of place to communicate quality to high and low involvement consumers. This combined with indulgent surroundings and

atmosphere would simultaneously combat the image of Australia as a 'the purveyor of commodity critter wine' (Grossman. D, 2006).

Packaging is also vitally important for reaching a wider audience and communicating regionality. Firstly in terms of reducing the risk associated with the wine purchase. 'Creating new packaging sizes and formats for added convenience and appeal' (AWBC & WFA, 1995) will encourage trial and again reduce the dependence on price discounts. Smaller packages also invite the individual who wouldn't normally purchase a premium bottle of wine for themselves to up-grade, indulge or experiment.

Secondly, Kidd (1993) states that wine packaging 'reaches out beyond the point of purchase to make statements about it's purchaser' (Halstead. L, 2002). Therefore, careful design can attract a number of different target markets to the concept of regionality. Superior packaging reinforces the communication of quality associated with regional wines. This creates an aspirational product that regular consumers of wine will up-grade to. Packaging can also attract those who are occasional drinkers and are looking to impress socially or reflect their status.

Thirdly, packaging can have environmental connotations, which is of growing importance in the UK marketplace. Formats that are recyclable such as glass or Tetra-paks will not only attract those who are environmentally responsible but it will also reinforce the 'clean and green image of Australian wine which remains a significant selling point' (AWBC & WFA, 2007).

Finally, label information is also an important consideration for communicating regional wines. Shaw et al (1999) confirms 'that consumers do indeed judge wine by using its label' (Halstead. L, 2002). Therefore, wine companies must take care not to confuse or alienate the consumer when introducing regionality to already successful varietal labels. According to research conducted in the UK 'consumers value simple and straight forward advice that attempts to tell them how the wine really tastes' (Halstead. L, 2002). Bottle descriptors which clutter the label, contain sales speak or lifestyle romantics are of no value and can actually loose a sale.

Tourism

Australia is not perceived to have 'a sophisticated food and beverage culture – until it is visited' AWBC & WFA (2007). Therefore, from the vast number of tourists who visit Australia each year it is important to engage as many of them as possible in wine tourism. In 2004, 'over a fifth of international wine visitors were from the UK' (Snapshots, 2005). This illustrates the potential for the communication of regional wines to UK consumers.

There are a number of points throughout the visitor journey where this is possible. Firstly, the international flight provides a captive audience to communicate regionality. Wines should be listed on refreshment menus and magazines must contain coverage of quality viticultural regions. In addition, hotels and restaurants that accommodate tourists throughout the year should make provision for locally produced regional wines, to further raise awareness of the distinct wine areas.

Tourism can also help change inaccurate perceptions of the country and promote the advanced food and wine culture that has developed. Aggressive marketing of cellar door tasting and tourist wine routes can provide an interactive communication of regionality. This type of direct contact between UK citizens and producers can also reveal the historical development of wineries. The authentic experience imparts additional value to brands that consumers can find on their retail shelves or restaurant wine lists in the UK.

Conclusion

Throughout this report it is clear that the UK is a tough market to enter. Producers must have a knowledge of mega trends that include health, convenience and premiumisation / indulgence in order for communication to bear relevance in the current marketplace. Furthermore, risk reduction strategies that do not involve price promotions are essential to initiate trial and develop loyalty.

Initial introduction of regionality through education of the on-trade and high involvement consumers is sensible. However, to increase sales and develop market share, wine companies must raise awareness of regionality with low involvement consumers.

This can only be achieved by extending educational investment to the off-trade where most wine sales occur. Aggressive point of sale is essential to allow consumers to absorb the concept and upgrade in their own time. Wine companies can also design packaging that encourages trial and appeals to many target groups.

Tourism is a significant tool in raising awareness and changing the image UK consumers have of Australia. However, none of these initiatives will communicate and develop the regional message overnight, it will require financial investment over many years.

Bibliography and Reference List

Anderson. K (2004) *The Worlds Wine Markets, Globalisation at Work*, Edward Elgar Publishing Limited

Atkin. T (2006) *Regionality not the Solution*, 14 February, www.talkingdrinks.com (Accessed 30/07/08)

AWBC & WFA (1995) *The Marketing Decade: Setting The Australian Marketing Agenda 2000 – 2010* www.wfa.org.au

AWBC & WFA (2007a) *Wine Australia: Directions 2025 An Industry Strategy for Sustainable Success*, May www.wfa.org.au

AWBC & WFA (2007b) *Wine Australia: Directions to 2025, Global Consumer Trends Overview*

Brook-Carter. C, (2005) *Just-drinks Review of the Australian Wine Industry 2005* September www.just-drinks.com

Carter. F (2008) *Australian Wines Take a Stand* www.winebusiness-international.com May (Accessed 14/07/08)

Chalmers, K. (2007) *Henry Speaks Out on Australia's next big Challenge* August www.harpers.co.uk (Accessed 16/03/08)

Datamonitor (2004) *Wine in the United Kingdom* www.datamonitor.com

Editor (2007) *Australian State Government Backs Wine Australia Regional Heroes* August www.wineindustryreport.finewinepress.com (Accessed 21/08/08)

Goode. J (2004) *Accessing the UK Wine Market* May www.wineanorak.com (Accessed 14/07/08)

- Grossman. D (2006) *Can Aussie Wines Gain Traction Above \$10*
www.winebusiness.com (Accessed 14/07/08)
- Halstead L (2002) *How do Consumers Select Wine? Factors that Affect the Purchase Decision making Process in the Wine Category*
www.wineintelligence.com
- Harpers (2007) *British Wine Consumers Bluff at Restaurants* www.harpers.co.uk
(Accessed 14/07/08)
- Horiszny. K, (2004) *POS in Today's Marketplace* August,
www.winebusiness.com (Accessed 14/07/08)
- Joseph. R, (2006) *The United Kingdom's Dysfunctional Market* October
www.winebusiness-international.com (Accessed 14/07/08)
- Joseph. R & Payne. J. B. (2007a) *How Prices Arise* October, www.winebusiness-international.com (Accessed 14/07/08)
- Joseph. R & Payne. J. B. (2007b) *Wines Without Frontiers* February,
www.winebusiness-international.com (Accessed 14/07/08)
- Just Drinks (2008) *Constellation in Premium Push* 4 March www.justdrinks.com
(Accessed 18/03/08)
- Lechmere. A, (2008a) *Australia sets out on Massive Regionality Education Drive* February
www.decanter.com (Accessed 18/03/08)
- Lechmere. A, (2008b) *Hardy: Approach Regionality Carefully* February
www.decanter.com (Accessed 18/03/08)
- Losh. C, (2008) *Aussie On-trade Campaign Heralds Age of Region* February
www.justdrinks.com (Accessed 18/03/08)

McLaren, J. (2008) *Regionality is Limited by Trade and Consumer Ability*
February www.harpers.co.uk (Accessed 16/03/08)

O'Mahony & Hall. J (2004) Understanding The Impact of Wine Tourism on Future
Wine Purchasing Behaviour: Wine Tourism Experiences and Future Behaviour
www.unisa.edu.au/winemarketing/docs

Payne. J. B. (2007) *A Brand by any Other Name* December www.winebusiness-international.com (Accessed 14/07/08)

Rasmussen. M & Larry. Dr, (1999) *Wine Choice Behaviour: The Effect of
Regional Branding* International Journal of Wine Marketing, Vol 2, Pg 36-46

Robinson. J, (2003) *Australian Wine – at a Turning Point*
www.jancisrobinson.com January (Accessed 07/08/08)

Robinson. J, (2003) *Australia – How are they Doing?* www.jancisrobinson.com
February (Accessed 07/08/08)

Snapshots (2005) *Wine Tourism in Australia* June www.tourism.australia.com
(Accessed 07/08/08)

WBI – Wine Business Insider (2004) *New Research on UK Market*
www.winebusiness.com May (Accessed 14/07/08)

Wine Australia (2008) *Wine Australia – Regional Heroes* www.wineaustralia.com
(Accessed 19/03/08)

WFA – Winemakers Federation of Australia (1996) *Australian Wine Online –
Strategy 2025* www.winetitles.com (Accessed 12/06/08)