



**Australian Government**

**Australian Wine and Brandy Corporation**



Australian Wine and Brandy Corporation

# Emerging Markets - Asia

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# Emerging Markets

1. Where have we been?
2. Where are we now
3. Where to next – Asia Pacific
4. “Defend” markets
5. “Growth” markets
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# Where Have We Been?

## Australian exports over the last 20 years..

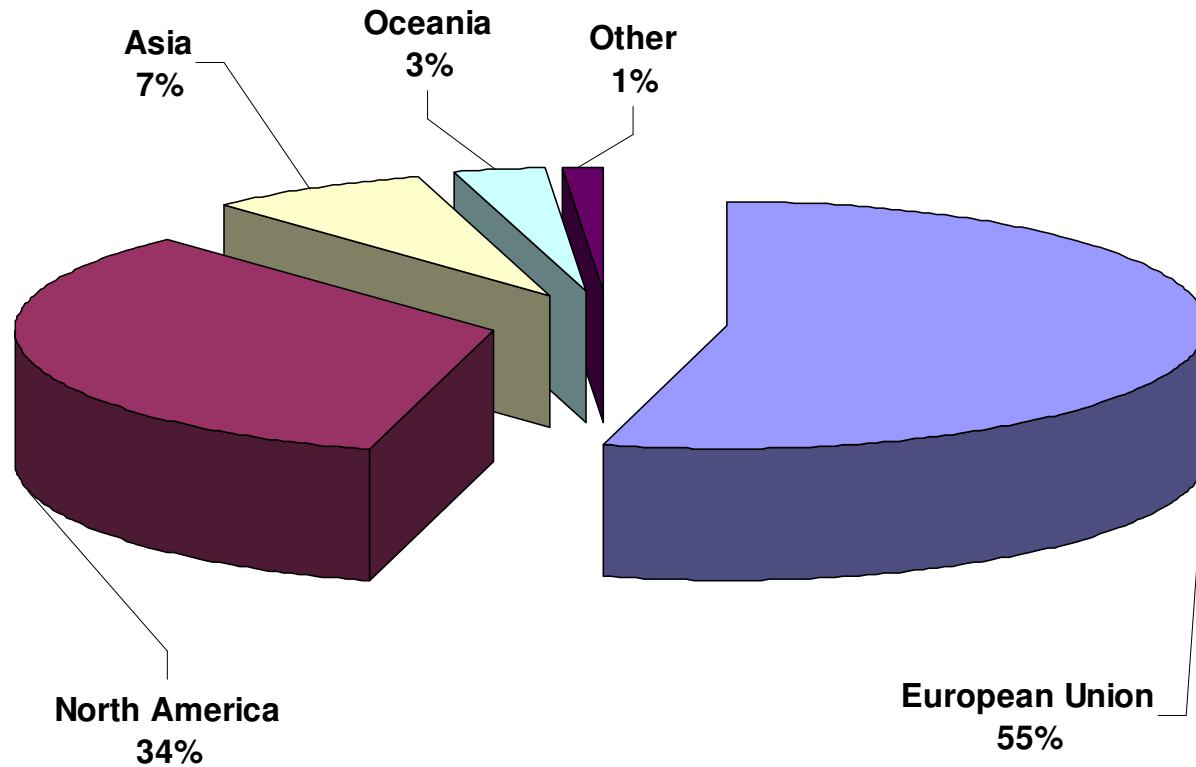
- Australia accounts for only 5% of the worlds wine
- 4<sup>th</sup> largest wine exporting country
- Australia's total global exports \$2.4B year (year ending March 2009)
- Two export destinations have supplied nearly 66% of this volume: UK and USA

# Australian exports over an 10 year period:

	<b>1998</b>	<b>2008</b>	<b>% Change</b>
Number of wine companies	998	2,299	+130%
Vine bearing areas (hectares)	78,090 hectares	166,197 hectares	+112%
Total Grape Crush (tonnes)	975,700 tonnes	1.83 million tonnes	+88%
Export Sales (Value \$A)	\$884 million	\$2.46 billion	+176%
Export Sales (Volume)	199 million litres	698 million litres	+250%
Ave price per litre for export wine (\$A FOB)	\$4.44	\$3.53	-20%
Domestic Sales (Volume)	340 million litres	426 million litres	+25%
Imports (Volume, litres)	29 million litres	65 million litres	+55%

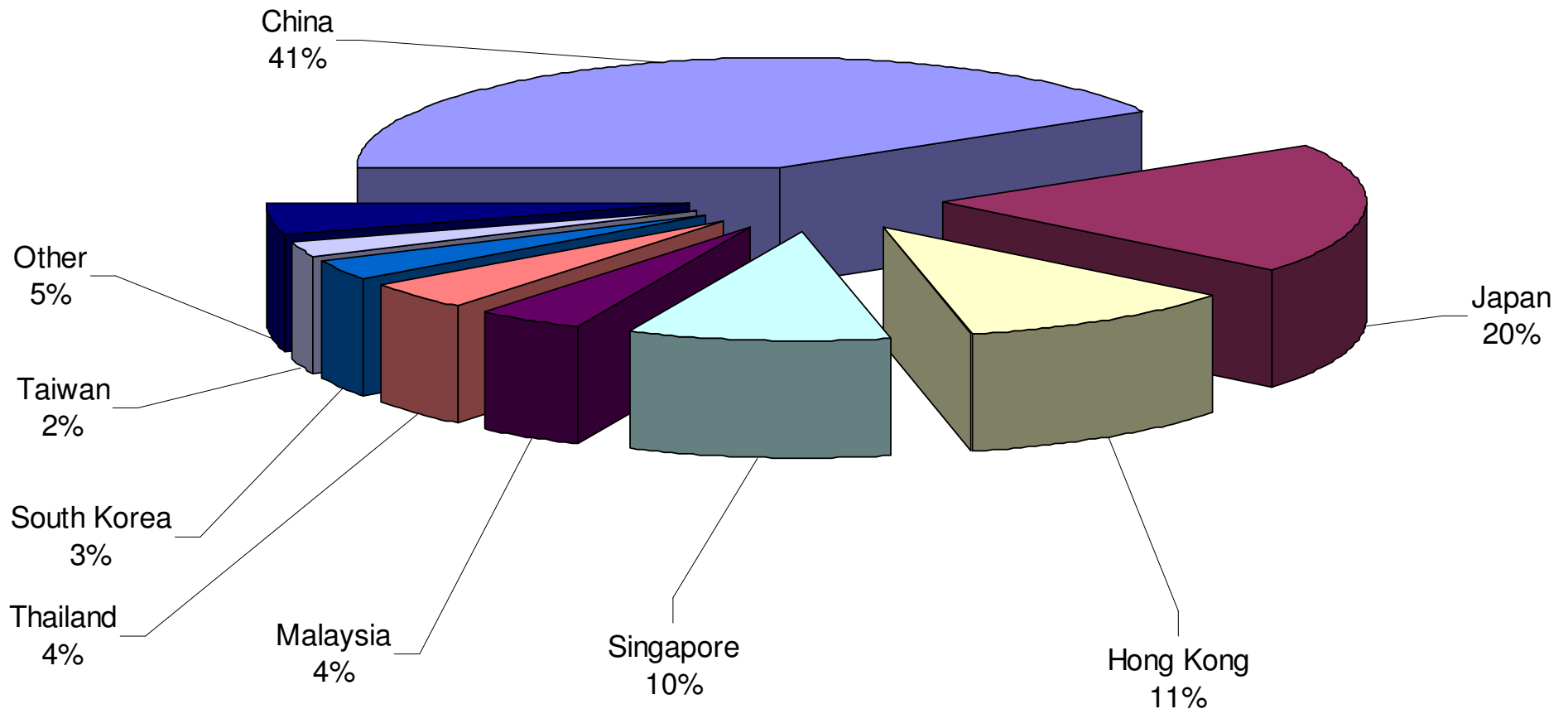
# Where Are We Now?

# Australian wine overseas profile in 2008...



Source: AWBC Export Approval Database

# Australian Wine Exports (volume) - Asia:



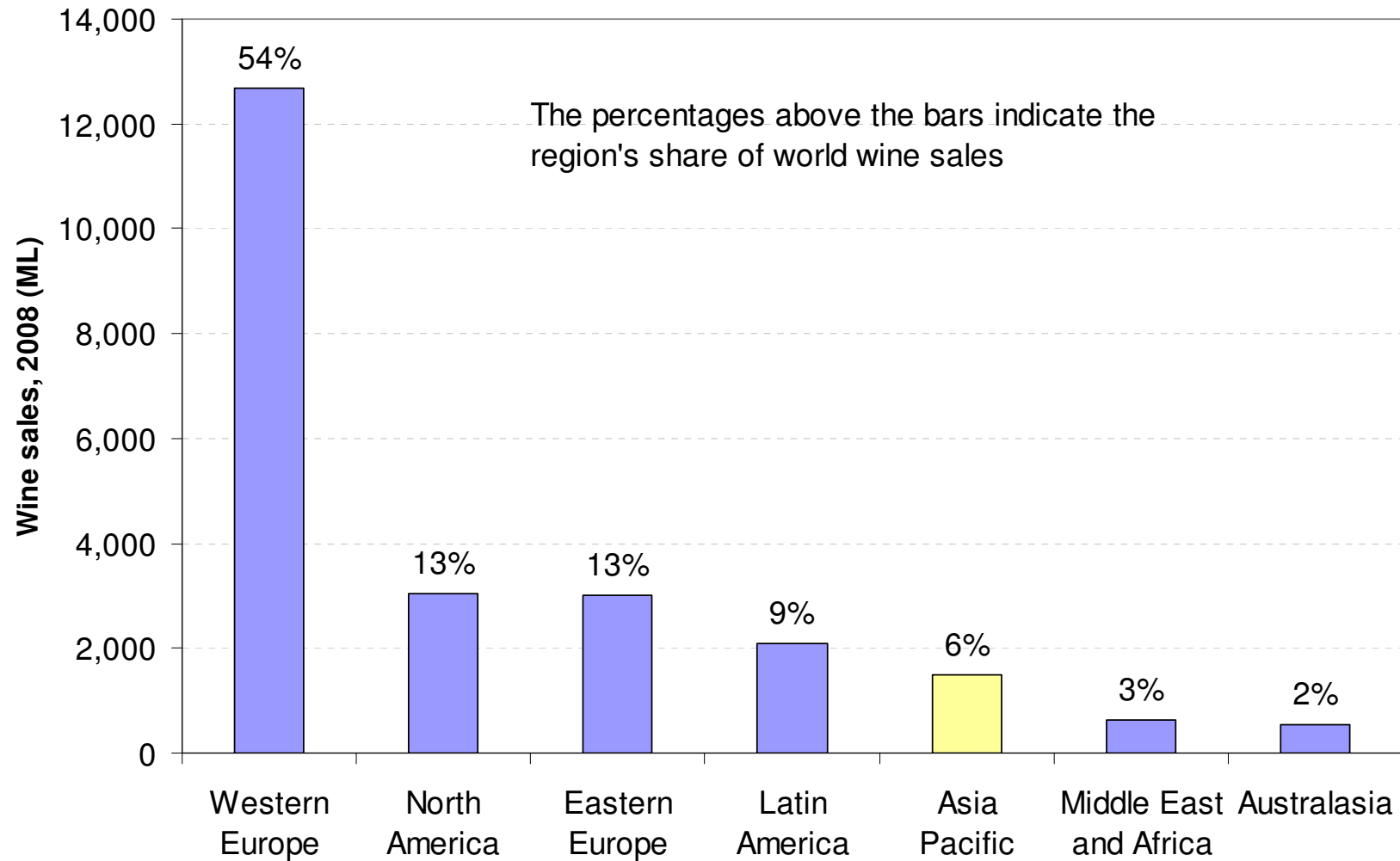
# Challenges facing Australia:

- Maturing markets of the UK, USA and Australia
- Discounting
- Increasing competition – new and old world
- Exchange rate volatility
- Credit crisis – squeezing wine spend
- Rising cost for producers
- Water availability
- Supply/demand ratio
- Slowing per capita consumption

# Where To Next - Asia Pacific

# Wine sales to the Asia Pacific region are small...

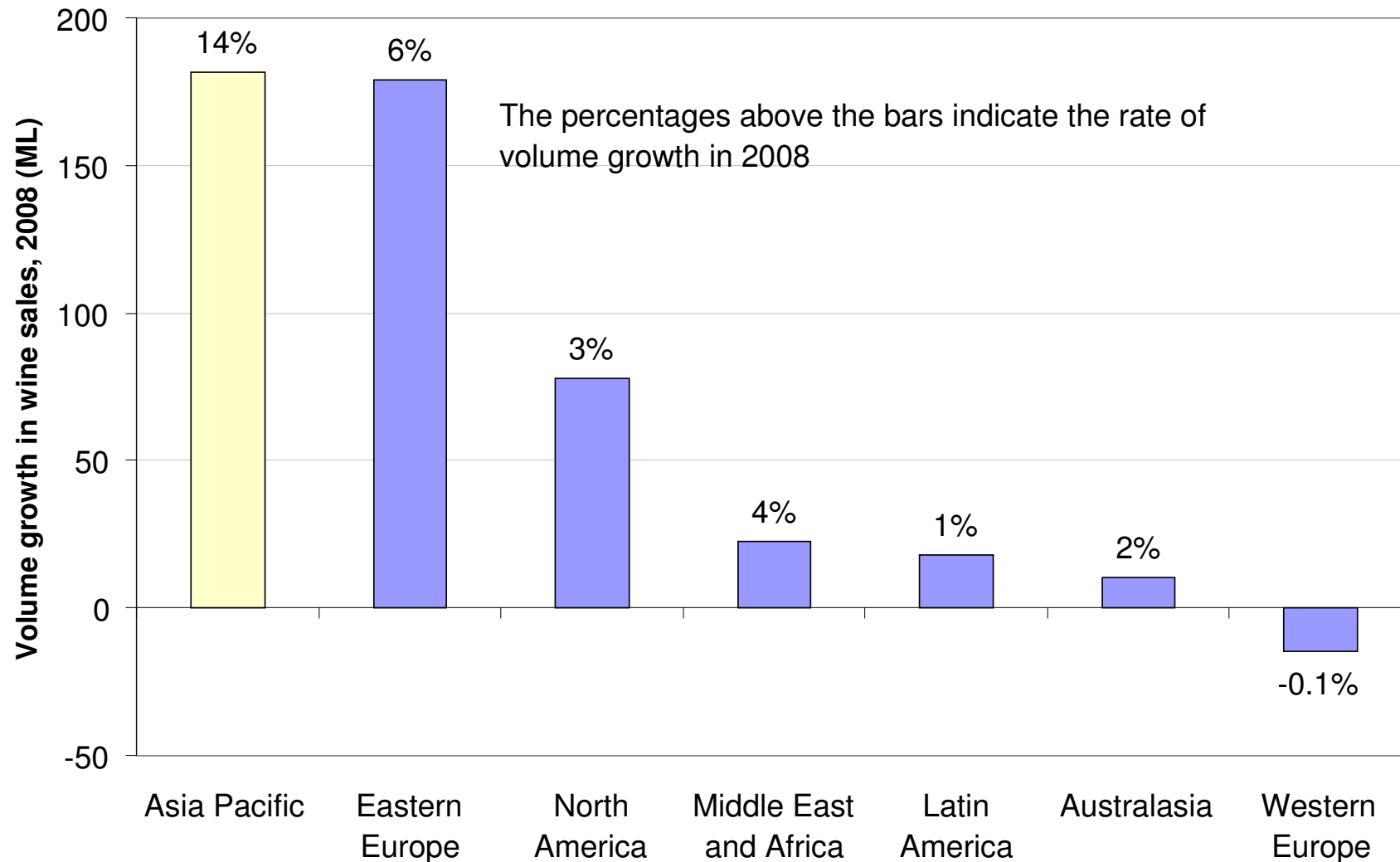
## Global Regional Share of World Wine Sales



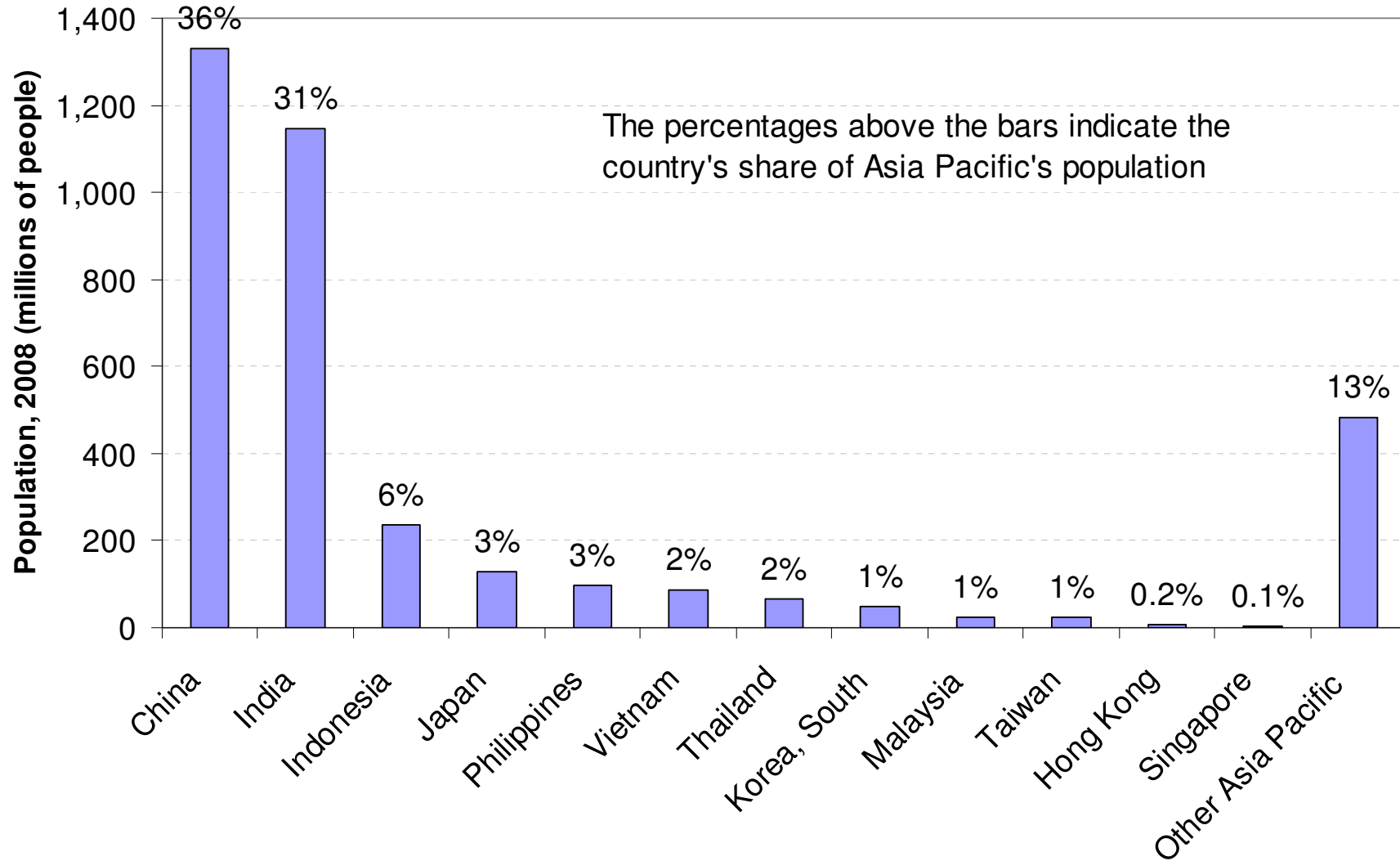
Source: Euromonitor International, 2009

# However it is growing fastest from low base...

## Global regional Growth of World Wine Sales

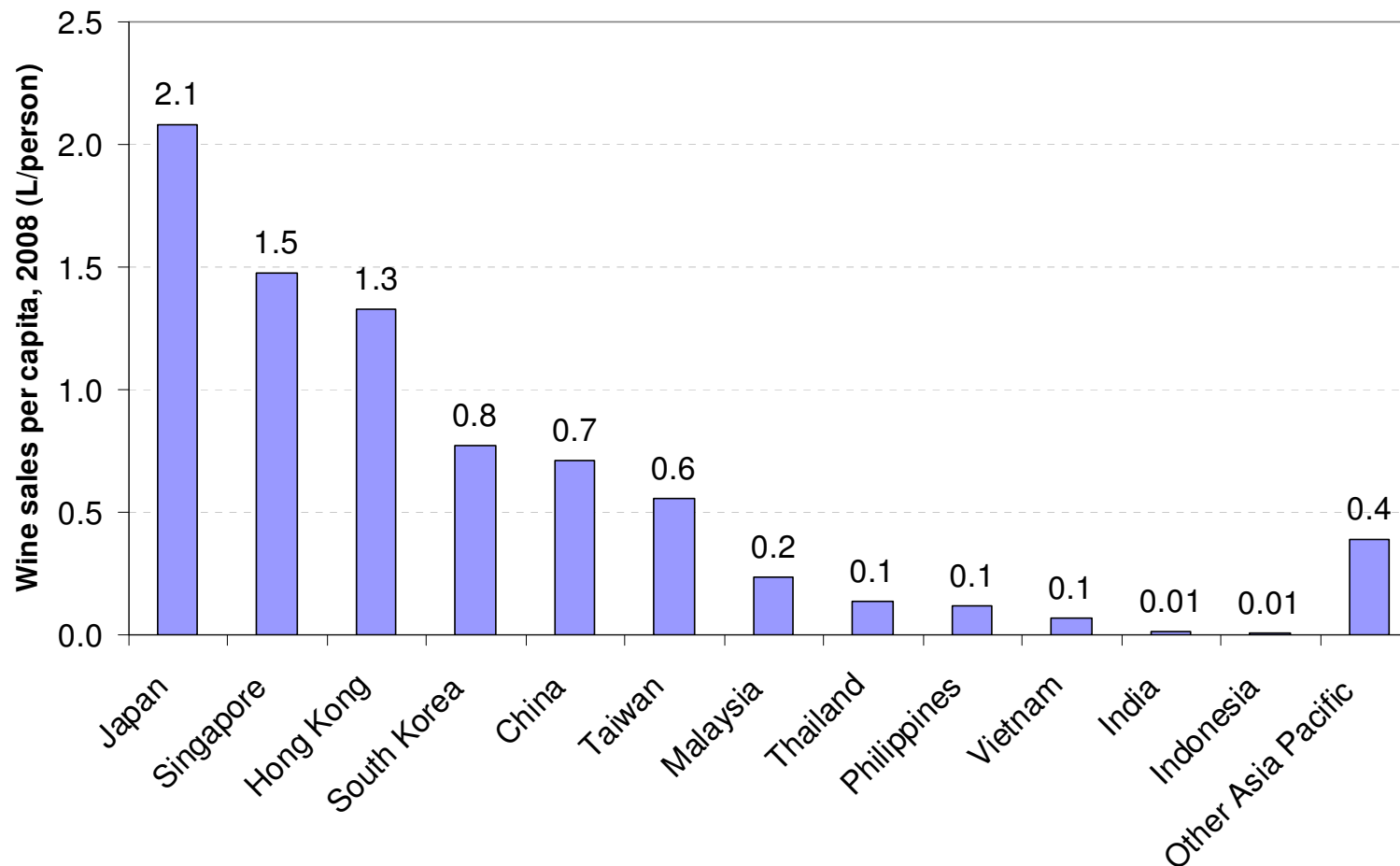


# Potential market size is significant...



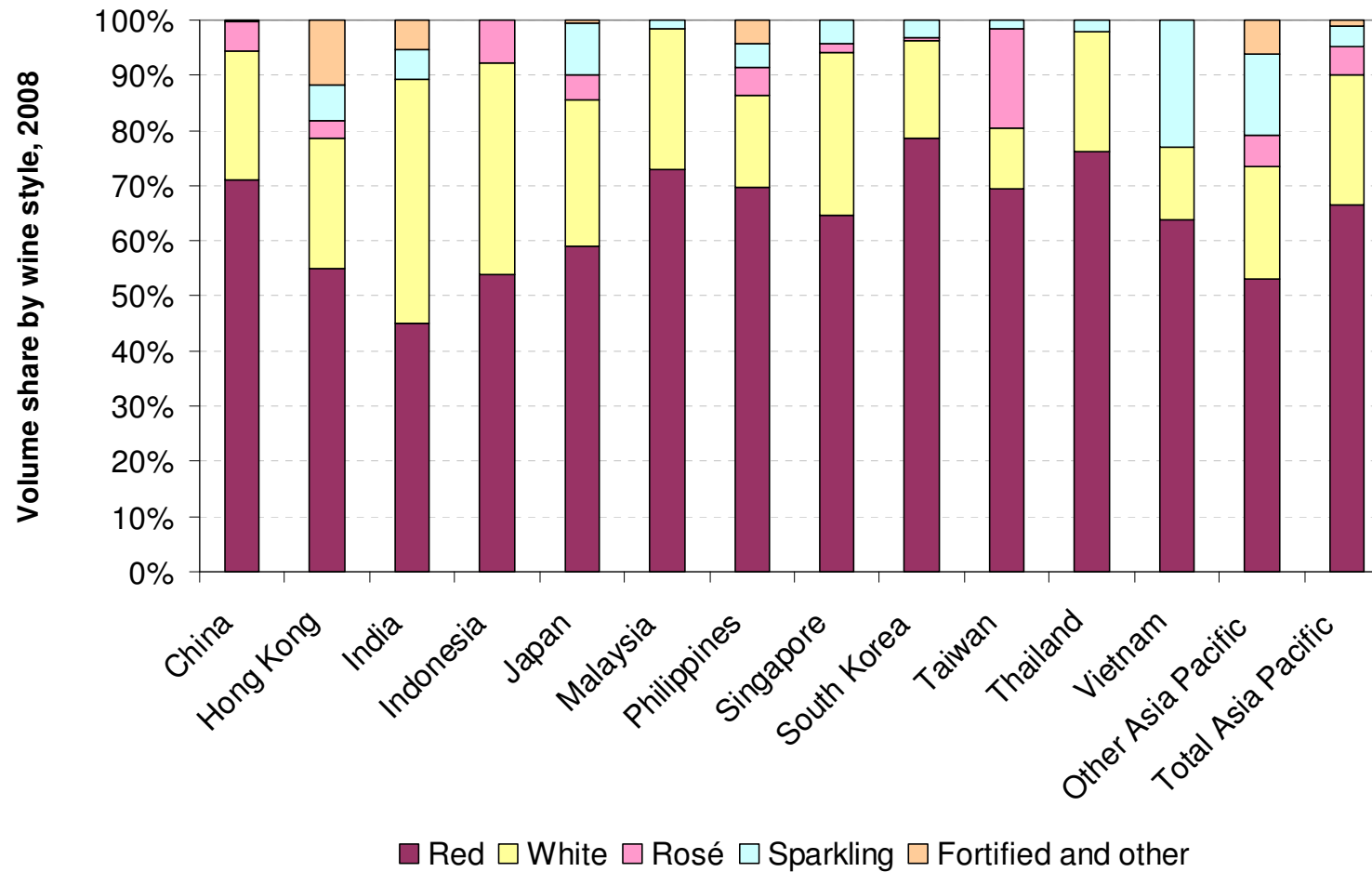
Source: US Census Bureau

# And per Capita Consumption is low...



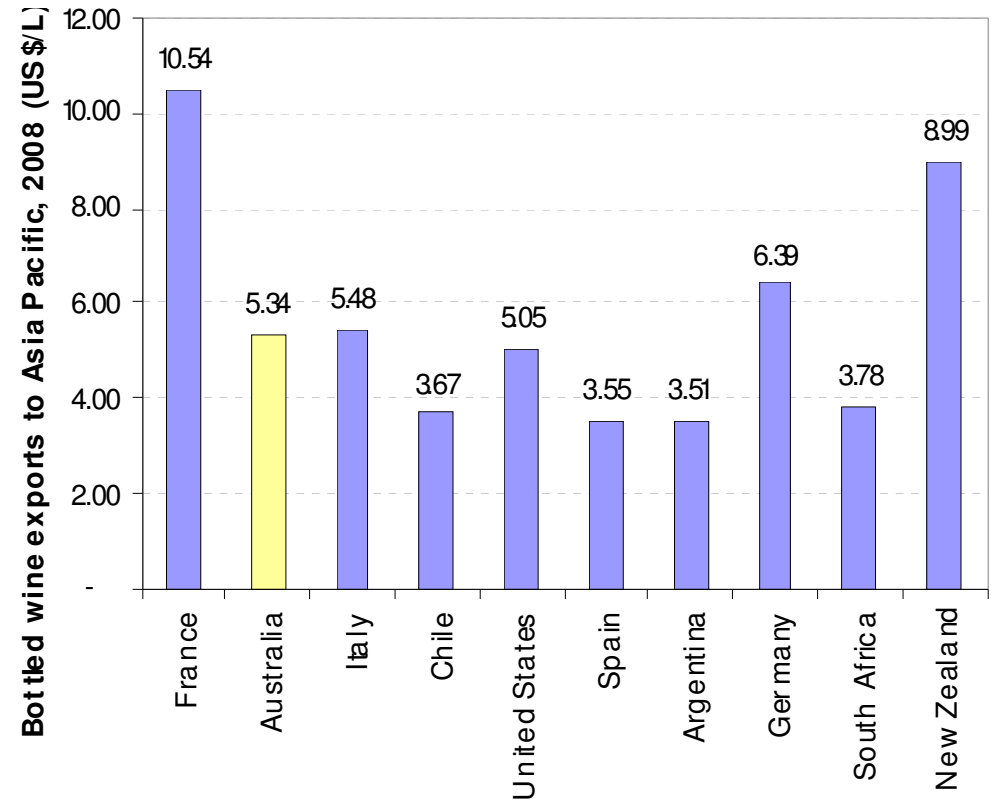
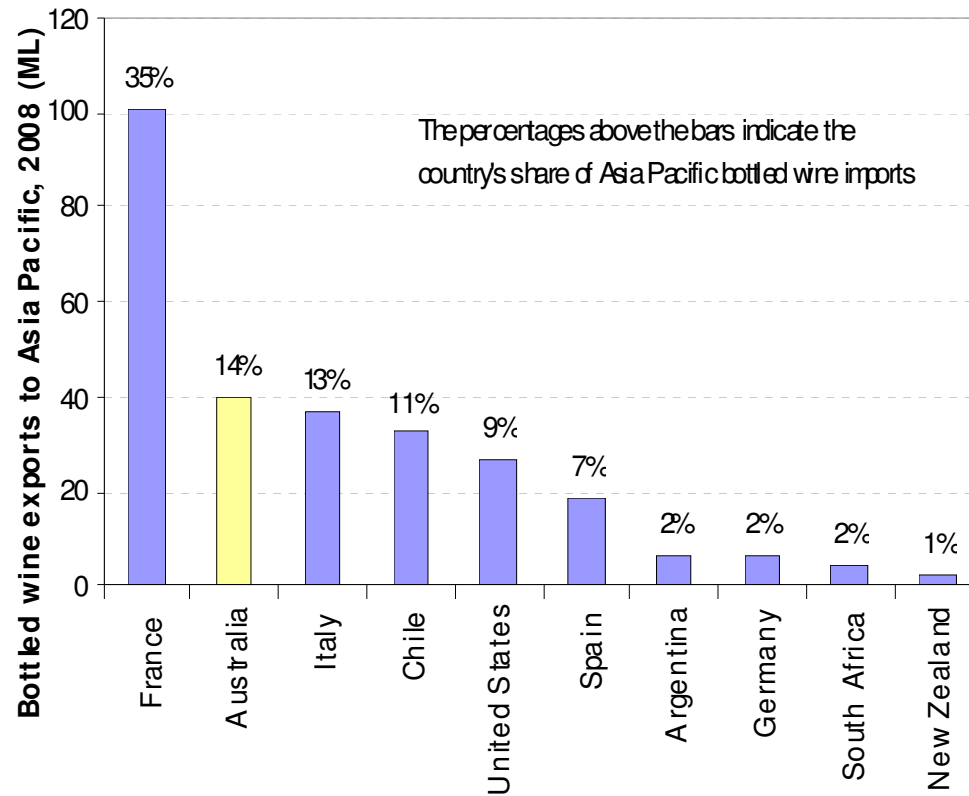
Source: Euromonitor, 2009

# Still red wine accounts for 2/3 of total imports:



Source: Euromonitor, 2009

# France is the leading exporter of bottled wine by volume and value..



Australia strong in volume but lags in value

## And Domestic Industries compete with Imports...

- China (500+ wineries: 90% of market)
- Japan (200 wineries: 40% of market)
- India (60 wineries: 90% of market)
- Thailand (12 wineries: 30% of market)



# Defend Markets

# Opportunities:

## Markets to **DEFEND**

- Close in proximity to Australia
- Little or no domestic wine industry
- Relatively small markets
- Low – medium short term growth prospects
- Australia already has a strong presence

# 'Defend' Markets:



# 'Defend' Markets:

MARKET	CURRENT MARKET SIZE -	AUSTRALIA'S SHARE OF IMPORTS '08
Hong Kong		21%
Singapore		27%
Malaysia		45%
Taiwan		10%
Thailand		19%
India		18%

**TOTAL FORECAST GROWTH FOR AUSTRALIA 2008-2013 :**

**10.67 MILLION LITRES  
OR...  
1.18 MILLION X 9L CASES  
(24% market share)**

Source: Euromonitor Database, 2009 and World Trade Statistics, 2009

# Australia's Competitive Advantage in 'Defend' Markets:

- Geographic location
- Time zones
- Many have lived/studied/worked and travelled in Australia
- Positive perception of Australia/Australian wine
- Relatively low market entry requirements in some countries (Hong Kong)

# India:

- Total imports – 110,000 x 9L cases (2008)
- Australian bottled wine imports – 20,000 x 9L cases ('08) or 18% of total imports (no.2)
- Barriers to entry:
  - Import tariffs and state taxes – up to 260% (cumulative)
  - Embryonic stage of market
  - Cultural sensitivities
  - Distribution
  - Growing domestic wine industry

# Growth Markets

# Opportunities:

## Markets to **GROW**

- Existing *or* growing wine culture, but relatively under developed
- High growth prospects in long term
- Australia has a limited market share

# Potential Growth Markets:

Standard Time Zones of the World



# Growth Markets:

MARKET	CURRENT SHARE OF IMPORTS	FORECAST GROWTH 2008 - 2013	AUSTRALIA'S CURRENT SHARE OF IMPORTS '08
China	3	3	20%
South Korea	3	3	7.5%

**TOTAL FORECAST GROWTH  
2008 - 2013:  
722.5 MILLION LITRES  
OR...  
80 MILLION X 9 L CASES**

Source: Euromonitor Database, 2009

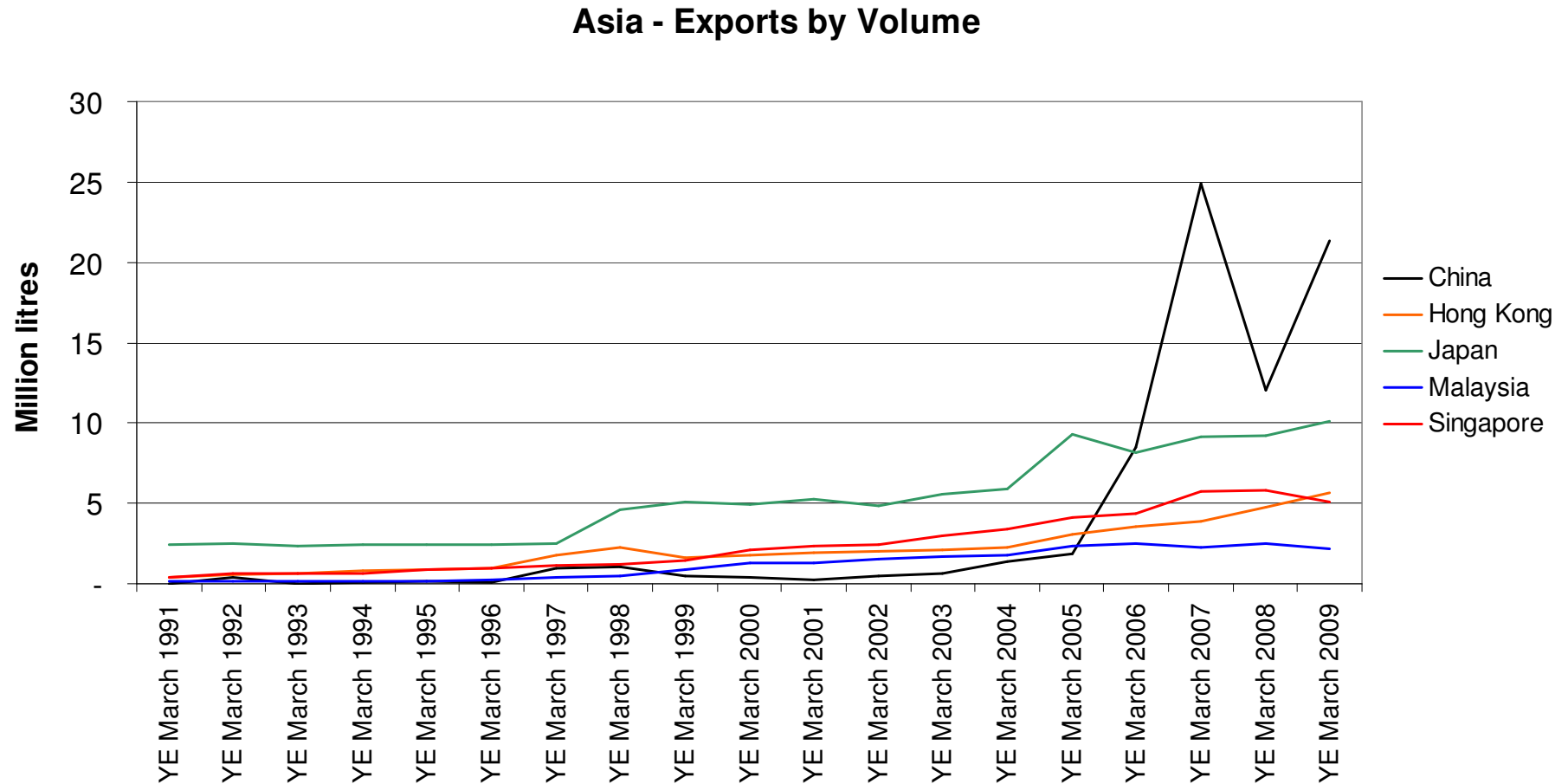
## DEFEND MARKETS

## GROWTH MARKETS

<p>TO GROW BY 5 MILLION DOZEN BY 2013 AND... AUSTRALIA – 1.18 X DOZEN</p>	<p>TO GROW BY 80 MILLION DOZEN BY 2013</p>
<p>MINIMAL GROWTH BUT... AUSTRALIA HAS STRONG GEOGRAPHIC COMPETITIVE ADVANTAGE</p>	<p>MARKET IS GROWING and AUSTRALIA HAS LIMITED TOTAL MARKET SHARE</p>

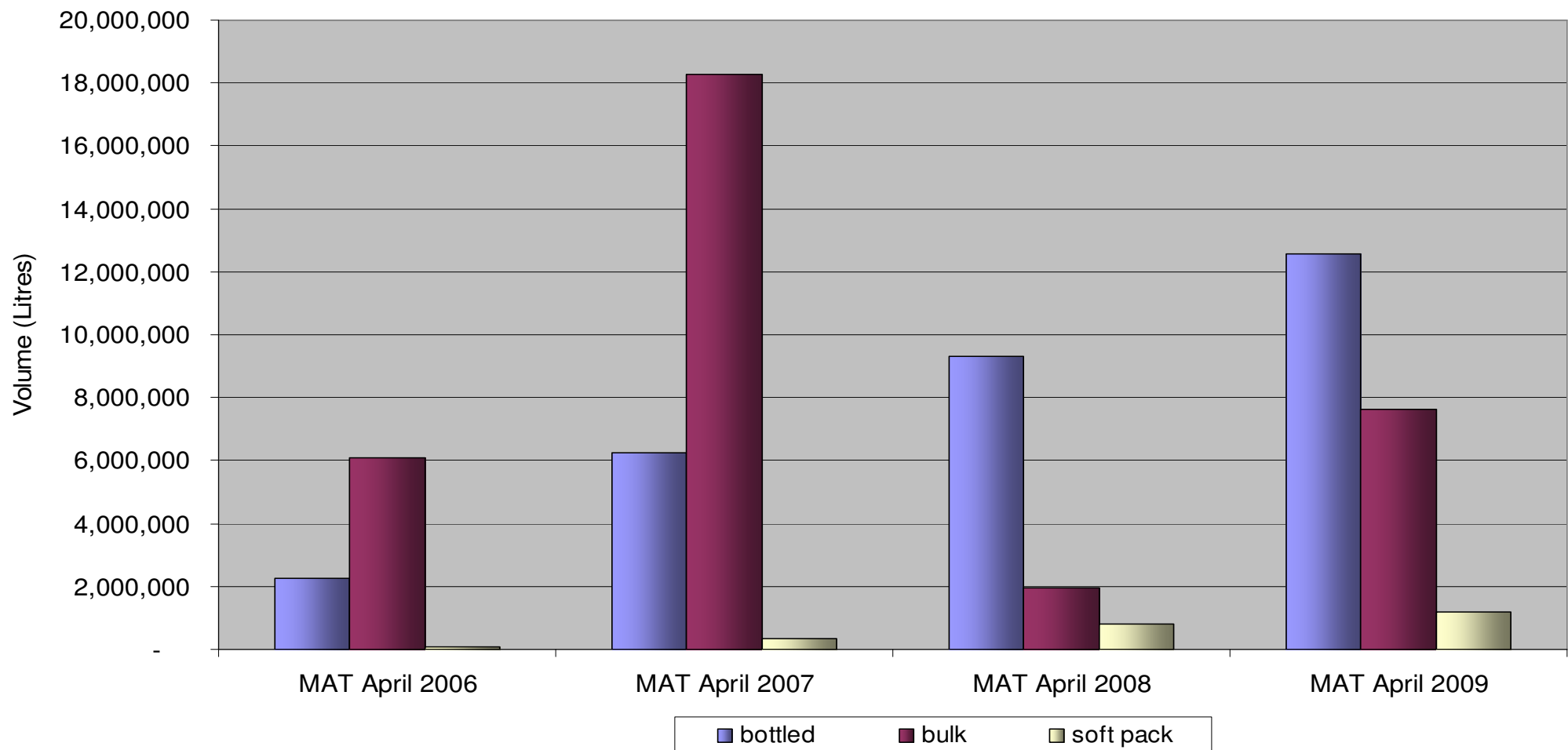
# China

# China has had recent growth by volume...

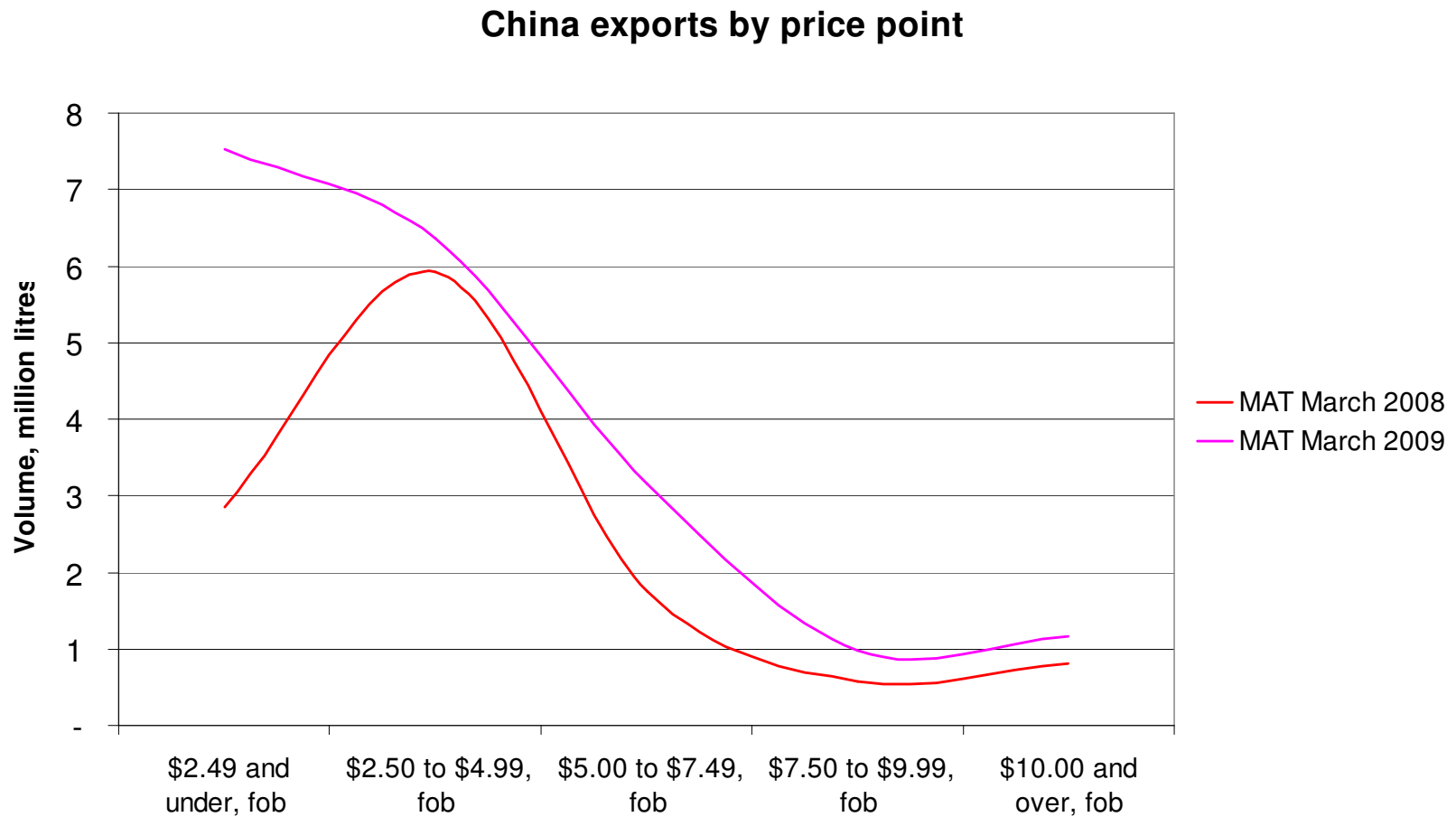


# Driven by consistent growth in bottled wine, & fluctuating bulk exports..

## Aust. Wine Exports (Volume) – MAT April 09 - China



# Exports are at lower and higher price points...



Source: AWBC Wine Export Approvals, 2009

AUSTRALIAN WINE AND BRANDY CORPORATION

## The Opportunity in China:

- One of the fastest growing markets in the world
- Growing disposable incomes and growing middle class
- Existing wine industry and developing wine culture
- Small per capita consumption – 0.7L
- Youth – trend driven and internationally aware
- Australian image and Australian wine image
- Healthy lifestyle trend - shift from spirits to wine
- FTA, MOU and reduction in import tariffs

# Challenges

- Competitive import market – Australia already has 20% share
- Relatively low per capita income
- The ‘real’ wine consuming population
- Geographic dispersion
- Volatility of market & ‘growing pains’:
  - Major players, consumer trends
  - Poor distribution/trade infrastructure
  - Quarantine and inspection rules
  - Parallel importing and counterfeiting
- Cultural differences in business
- Low and limited Wine Education & Culture
- Lack of brand loyalty (and national wine loyalty)
- Domestic wine industry – 90% self sufficient



Boundary representation is not necessarily authoritative.







## AWBC Strategy in China

- Mainland China identified as key emerging market
- Long term view essential
- China shows medium growth from small base
- Education & establishing market priority
- Signed partnership agreement with Austrade China
- Resource in Shanghai – Market Development Officer, AWBC China
- Membership based China Market Program launched:
  - Positive category awareness
  - Increased trade and consumer education
  - Commercial opportunities

# How?

- **Category Promotion** – Tastings, in-store programs, on-trade programs, consumer campaigns
- **Education** - Seminars, master classes, third party partnerships, staff training
- **Key Relationship Management** – Establishing and maintaining relationships with key retail and on-premise gatekeepers, media and agent/distributor community
- **Communications & Public Relations** – Regular and effective management of key messages on sustainability, diversity and quality
- **Trade Access** - Awareness and sensitivity to changing commercial and regulatory



# Who, Where, and How and Resources

# Who?

Emerging middle class

Younger generation

Overseas students studying in Australia

Returnees to overseas

Business people seeking visa to Australia

Women

Black ties

Business groups

Tourists

Business travellers

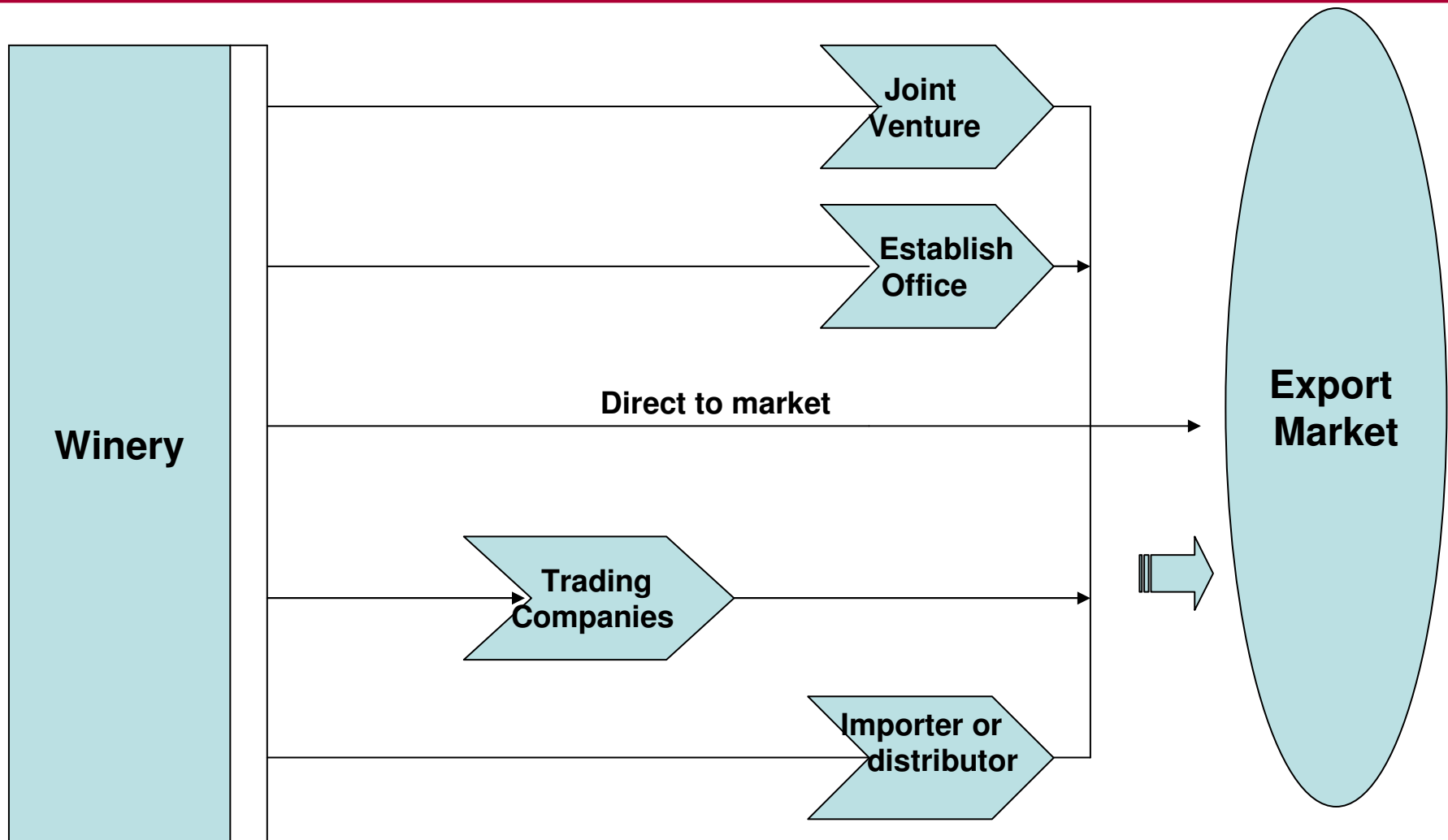
Expats

Wine trade

## Where?

- Personal networks
- Supermarkets/hypermarkets
- 4 and 5 star hotels
- Restaurants/bars/nightclubs
- Domestic wine companies for bulk
- Weddings
- Gift giving
- Holiday periods

# How - Market Entry Methods:



## Resources for those wanting to export to Asia..

- AWBC Market Insight Report for Asia Pacific
- AWBC Emerging Markets Report
- AWBC Wine Export Approval Report
- Austrade website, reports and international network
- Refer to:
  - [www.wineaustralia.com](http://www.wineaustralia.com) for AWBC reports
  - [www.austrade.gov.au](http://www.austrade.gov.au) for Austrade reports and contacts

# Resources for companies already exporting to Asia..

- AWBC's Wine Australia Market Programs – China and Japan
- Aim: Support and position Australian wine/brands
- Collaborative marketing with common objective to achieve:
  - Positive category awareness
  - Increased trade and consumer education
  - Commercial opportunities
- Contact [market.programs@wineaustralia.com](mailto:market.programs@wineaustralia.com) for further information or refer to [www.wineaustralia.com](http://www.wineaustralia.com)

# Thank You