

# *AUSTRALIAN WINE'S PLACE IN THE GLOBAL SUSTAINABILITY LANDSCAPE*

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## **Executive Summary**

The Australian wine sector is at a critical moment with respect to positioning of sustainability as a meaningful component their national wine story. Considerable effort in developing sustainability resources has not resulted in widespread adoption within the sector, and sustainability is not recognised by markets as a core value of the sector. Investing in a few key areas could dramatically alter market perceptions and motivate significant uptake of sustainability within the sector.

The three most important developments are:

- Confirm ownership of sustainability by the national bodies: collectively the peak organisations and national bodies (Australian Vignerons, Winemakers Federation, Wine Australia and AWRI) need to take responsibility for upholding the values of sustainability, and actively support sector-wide participation in sustainability programs.
- Establishment of a single national sustainability program based on the existing SAW workbook and Entwine metrics, supported by robust verification services.
- Integration of sustainability into all global marketing activity undertaken by the sector. In particular Wine Australia should increase the profile of sustainability in their promotional activities.

## **Global Drivers**

There are many drivers that will increasingly place pressure on the sector to improve their sustainability performance. There is a significant internal drive towards sustainability in the sector. Many members have a personal commitment to sustainability as part of their pursuit of excellence, and they have a genuine desire to pass on resilient businesses to the next generation.

Many external drivers do not currently result in immediate requirements on the sector to have verifiable sustainability credentials. However, demand in this area will gain momentum and if the sector does not keep pace with trends it will be severely disadvantaged in the future. The main drivers can be broadly categorised as:

- Consumer expectations: sustainable or responsible production has become a baseline expectation of most customers. Although various demographics may have different sensitivity to sustainability, most consumers have an underlying desire for sustainably produced wine. This requirement does not always drive purchase behaviour and brand loyalty, nor is a price premium a realistic outcome.
- Customer expectations: customers recognise the underlying demand for sustainable products from their consumers, and they have an expectation that products they sell meet basic sustainability standards. Customers are motivated by building and protecting their own brand. Providing them with sustainably produced wines, resulting from application of robust standards, supports their brand positioning, making sustainable wines a more compelling product. For most customers sustainability is a secondary consideration when developing a

portfolio, and no price premium is on offer. There appears to be a renewed and widespread interest in organic and biodynamic wine.

- Broadening definition of sustainability: sustainability is no longer solely focused on environmental issues. Social issues such as worker equity and wellbeing, community development and cultural aspects regularly feature in the global sustainability discussion. Health and wellbeing have strong links with sustainability, and the role of responsible alcohol consumption in sustainability needs to be considered.
- Global sustainability issues: Climate change and water remain the two most important environmental issues that will impact the sector. The pressure came off these post the Global Financial Crisis, but they are likely to re-emerge as the global economy improves. There is potential for regulatory or commercial trade barriers to emerge and these should be closely watched. To provide future proofing on these issues, the sector should continue to develop processes to address significant environmental issues and be prepared to provide evidence of responsible management of them.
- Competitors are doing it: a strong justification for continuing to develop the sector's sustainability credentials is that all of their major competitors are doing it. All competitors are responding to the same global cues, the sector may choose to ignore these, but their competitors have not.

### **Single National Program**

The separate development of SAW and Entwine has led to confusion (internally and externally) and fragmentation. It weakens the sector's sustainability message and their ability to maximise outcomes from limited resources. There is clear support within the sector for the development of a single unified national sustainability Program. The sector expects strong leadership from the national bodies to provide a clear signal of the sector's commitment to sustainability.

The resources developed by SAW and Entwine form a significant foundation to develop the national Program on. Combined, they provide good coverage of current requirements for sustainability programs in the global wine sector. The approach taken by SAW workbook is most favoured by growers and small producers, and this approach should be used in the development of a winery standard for the Program. Future iterations of the Program should include more elements of social and financial aspects.

The sector should consider re-emphasising certification of participants particularly where participants may be used as examples of good sustainable practices in promotional activities. The existing processes for auditing programs are robust, but alternate approaches, including involvement of Wine Australia should be considered. There is sufficient demand from members for the sector to consider introduction of a trust mark for use on certified product, use of trust marks is a growing trend with competitors also.

## **Focus on value for members**

High participation rates in the national Program will provide a clear signal of the sector's commitment to sustainability. Once the new Program is established increasing participation by the sector will be important and will probably be somewhat easier. Various approaches and mechanisms can be deployed to encourage participation, it is a stronger approach to focus on incentives to participate rather than penalties for non-participation.

Consistent communication to the sector of the value of sustainability and promotion of the Program as a vehicle to guide and verify sustainable outcomes is essential. Having the support of key stakeholders in this communication, including regional associations and major wine companies, is important.

Factors that provide value to members, and that lead to increased participation include:

- Financial incentives: participating in verified sustainable practices can make grapes more marketable, result in reduced cost through optimising processes, help reduce compliance costs and potentially improve pest and disease management.
- Being part of an integrated sector initiative supports the Australian wine category and provides the opportunity for individuals to leverage their own story
- Clarifying market signals for growers and wineries helps provide increased incentive. For growers, this will depend on clear demand from wineries for sustainably produced grapes, for wineries this revolves more around creating demand through sector promotion of sustainability.
- Exclusive marketing opportunities for members: restricting specific marketing activities to (certified) members can be a strong incentive for participation. If exclusive opportunities are to be seen as an incentive, rather than a penalty, they need to be additional to "business as usual activity" and provide unique opportunities for members to engage with markets.

## **Communicating sustainability**

Telling of a compelling Australian wine sustainability story is a consistent requirement expressed in sector interviews. Successful implementation and adoption of a national Program will require on development of market-focused resources, and they will provide the greatest long-term benefit to members. However, failure to adequately investment in internal marketing and promotion is likely to seriously restrict adoption of the Program.

Key elements of a strong sustainability communications strategy include:

- Integration into the values and communications of the sector: people are quick to spot insincerity, sustainability needs to be seen as a genuine part of the sector's

values. Sustainability messaging should not be separate from the sector's other activities, but should be a seamless part of the Australian wine offering.

- Invest in resources: development of market-focused resources that explain and demonstrate the sector's sustainability commitment is vital. Resources should have simple and easy to understand entry points, but provide transparent layers of detail for who choose to investigate more deeply.
- Help members tell their story: stories of how individuals apply sustainability in their practices and the differences they make are more compelling than generic statements. Providing tools to help members develop and promote their own stories to the markets benefits both the individuals and the whole sector.

## List of Recommendations

1. Recommendation 1: Australian wine sector proceed with implementation of a single National Sustainability Program.
2. Recommendation 2: establish the national Program under formal joint ownership of all the national industry bodies.
3. Recommendation 3: consider regional representation on the governance group.
4. Recommendation 4: develop a clear resourcing plan for the implementation phase, future development and promotion of the program.
5. Recommendation 5: identify key sector influencers and invest in building strong relationships with them.
6. Recommendation 6: create Program content by mapping Entwine metrics and SAW workbook and associated resources; future content should be modelled on the SAW workbook approach.
7. Recommendation 7: Prioritise development of a winery workbook based on extended Entwine chapters.
8. Recommendation 8: Consider developing a mechanism to require and monitor individual continuous improvement, and report on improvements across the sector.
9. Recommendation 9: establish two membership categories with common minimum requirements and different privileges.
10. Recommendation 10: Continue random audits, but investigate appropriate sampling strategy to provide validation of the Program.
11. Recommendation 11: Review auditing requirements, and consider alternatives including Freshcare.
12. Recommendation 12: Include Wine Australia in the review of auditing requirements
13. Recommendation 13: Include ISO14001 audits as verification of Compliance to the Program, subject to members completing the national workbook, and the audit including mandated requirements for co-recognition.
14. Recommendation 14: consider other environmental standards (e.g. organics or biodynamics) on a case by case basis if requested.
15. Recommendation 15: include consideration of the frequency of audit cycles in the review of auditing.



16. Recommendation 16: elevate “internal-marketing” to members as a core element of the Program.
17. Recommendation 17: direct map content into the new Program, and introduce new content incrementally.
18. Recommendation 18: invest in enhanced benchmark reporting, and track trends over time.
19. Recommendation 19: Develop a clear policy framework for data security and database access management
20. Recommendation 20: consider financial benchmarking post implementation.
21. Recommendation 21: Ensure Platform (software/hardware) is scalable and simplifies data entry and handling.
22. Recommendation 22: Develop an integrated agrichemical use database with appropriate reporting, and spray diary data transfer protocols.
23. Recommendation 23: Include extended social requirements and reporting in a broader definition of sustainability, and incrementally introduce elements to the program.
24. Recommendation 24: consider a “soft launch to markets, pitching the new Program as a natural evolution in the journey.
25. Recommendation 25: Develop a market-focused national sustainability website.
26. Recommendation 26: create a moderated platform for individuals to present their sustainability stories.
27. Recommendation 27: invest in visual media to demonstrate sustainability in action.
28. Recommendation 28: provide members with a guide on telling their own sustainability story in the national context.
29. Recommendation 29: Adopt use of a trust mark to support sustainability claims
30. Recommendation 30: develop specific messaging for customers outlining benefits to their brand of sustainable suppliers.
31. Recommendation 31: develop a sustainability media pack, and identify members to refer media to.

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## Background

The Australian wine industry has an established history in sustainable production. Overtime different approaches have been developed to address specific sustainability issues. Two leading programs, Entwine and Sustainable Australian Winegrowing (SAW) have recognition within the industry, and are supported by independent certification via Freshcare or ISO14001 audits.

The industry is committed to taking the best advantage of their sustainability foundation and developing a unified approach to sustainability. The aim is to address the current and future demands of consumers and customers concerning sustainability.

This review was established to better understand the global sustainability landscape, and how best to position the Australian grape and wine sector in that context. The primary goals of the project are to better understand:

- What are the global drivers for sustainability?
- What are the current drivers of international demand for demonstrating sustainability credentials?
- What should an Australian grape and wine sector sustainability program look like?
- What are the barriers to adoption of sustainability systems by either grape growers or wine producers and how can such impediments be overcome?
- How should Australian wine's sustainability credentials be communicated to the market?

A review of the global sustainability landscape was undertaken to identify trends that are likely impact the wine sector over time. Such trends should be addressed in the ongoing development of a sustainability program. SAW and Entwine programs were evaluated, to assess their robustness with respect to international criteria, and to determine the best approach to meet current and future demands.

To ground truth the review, telephone interviews were conducted with growers, wine makers, industry leaders, sustainability program managers and customers. A range of regional opinions were surveyed, as was the breadth business activities (independent grape growers through to large wineries).

## Global drivers for sustainability

There are many motivations that drive vineyards and wineries to adopt sustainable practices. Drivers encompass personal beliefs, striving for better business efficiency, responding to market and regulatory demands. While some promote sustainability as a means of growing sales, most of the benefits derived are aligned with protecting and supporting a brand. This protection role more pronounced when operating at a sector-wide level.

National sustainability programs provide a collective approach to address current and future risks to the national brand. Most programs include similar elements and minimum sustainability criteria. They may vary to include local legal requirements, or have emphasis on issues in which the sector has a perceived weakness. The minimalistic approach tends to be focused on mitigating current risks, and may be sensible especially where going beyond the minimum requirements may engender resistance from potential members. However, having a realistic but broad approach to inclusion of issues can provide a strong platform to future proof the sector against emerging risks.

Sustainability is a complex concept that encompasses a broad range of issues. This review highlights those of particular relevance to the Australian wine sector.

### **Sustainability is the societal norm especially for large companies and sectors**

Sustainability is a baseline expectation in developed countries, and it is gaining in importance in developing countries. It is difficult for businesses to avoid it. Sustainability reporting, including Triple Bottom Line and Corporate Social Responsibility (CSR), has become normal practice for large businesses and global corporates spanning service and production sectors. The United Nations sustainable development goals<sup>1</sup> set out wide ranging goals that are referred to by governments and corporates when considering sustainability.

Increasingly investors expect reporting on sustainable practices as part of their investment risk assessment. Consumers in affluent economies have an expectation that large producers have good sustainable practices, although purchasing behaviour may contradict this expectation. They want assurances that companies are minimising their impacts on people, the land and the planet.

Globally, those involved in primary production have taken a lead in implementation of sustainable practices, and have developed some of the most detailed management programs. Risk of environmental harm and concerns about food safety (often linked to the use of agrochemicals) were initial drivers (1980s-1990s). Climate change became a major driver in the 2000s. Latterly social elements have emerged as a primary driver.

The wine sector manages large land and human resources and, if these are poorly managed, has the potential to cause significant harm. It is a general expectation by society that these resources are responsibly managed, this expectation is reflected

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<sup>1</sup> <https://sustainabledevelopment.un.org/?menu=1300>

in the legislative requirements on the sector. There is a growing requirement for sectors to provide evidence that societal expectations are being met. The reporting from national sustainability programs can provide this evidence and can avert introduction of regulatory restrictions.

### **Consumers desire sustainability**

There is considerable evidence that consumers in general desire products that have been sustainably produced, and some studies indicate they are willing to pay more for products that have sustainable attributes.<sup>2</sup>



Figure 1: Shows the percentage of respondents indicating that they agree or strongly agree with statement or that they will pay more for indicated product feature.

Source: Euromonitor International Global Consumer Trends survey, 2016

Wine consumers have a preference for sustainably produced wine, and have a willingness to pay more for them<sup>3 4</sup>. These studies demonstrating consumer preference for sustainable wine surveyed intention, or relied on modelling consumer behaviour. They may not reflect actual purchasing behaviour by consumers as consumers tend to overestimate their willingness to pay for positive attributes.

Some studies investigating behaviour at the time of wine purchase shows that most consumers don't take sustainability into consideration and don't pay more<sup>5 6</sup>. Approximately 5 percent of consumers' purchase decisions are driven by environmental issues, attributes such as price, quality, origin, variety and brand more consistently drive purchase decisions.

There appears to be a disconnect between consumer intentions and behaviour. There are many channels that wine is sold through, across a broad spectrum of quality and price categories. Wine is sold in low engagement situations e.g.

<sup>2</sup> [https://www.utz.org/wp-content/uploads/2016/06/Nielsen\\_Customer-Expectations-How-to-drive-growth-with-sustainability-UTZ-June-2016-sent.pdf](https://www.utz.org/wp-content/uploads/2016/06/Nielsen_Customer-Expectations-How-to-drive-growth-with-sustainability-UTZ-June-2016-sent.pdf)

<sup>3</sup> Forbes et al. (2009) Journal of Cleaner Production, Vol 17 Issue 13:1195-1199

<sup>4</sup> Pomarici and Vecchio (2014) Journal of Cleaner Production, Vol 66:537-545

<sup>5</sup> Goodman (2009) International Journal of Wine Business Research, Vol 21 Issue 1:41-49

<sup>6</sup> Mueller and Renaud (2010) 5<sup>th</sup> International Conference of the Academy of Wine Business Research, Auckland, NZ Feb 2010

supermarkets, and in high engagement situations e.g. on premise, specialty stores and cellar doors. Most studies appear to focus on low engagement situations. Anecdotally less tangible attributes such as the producer's history and production methods including sustainability are more a part of the support to sales and marketing in high engagement situations.

People are good at expecting others "to do what they say, not what they do". Even if the purchasing behaviour disconnect exists, many consumers believe they want sustainably produced wine. They will have a positive response to sustainable wines, probably assume sustainability is being addressed by wineries and expect that retailers have checked this on their behalf.

### **Consumers groups attuned to sustainability**

Demographic research abounds pointing to consumers for whom sustainability is important, who are likely to have a preference for sustainably produced wine. While different strategies may be needed to connect with them they all have similar fundamental demands of the products they purchase.

- Life Style of Health and Sustainability (LOHAS). This group transcends generations and describes up to 25% of the USA population, they account for \$196 to \$300 billion of expenditure in USA, \$32 billion in Australia and \$18b in New Zealand. LOHAS look for honesty, authenticity, and alignment of principles and values in their purchases. They tend towards organic, natural, locally sourced non-GMO products. Price and quality are still their primary drivers, but they are more interested in brands and products that are environmentally and socially responsible. LOHAS are likely to research products, and are quick to detect false claims. Testimonials are important to them, and they are likely to be influenced by social media.
- Millennials (Gen Y) are aged 18-34, in most western countries they are the main component of the working population. There are an estimated 88 million millennials in USA spending over \$600 billion, and by 2030 they will account for 35% of all spending. They will pay more for some sustainably produced products (e.g. eco brands), but often view green products as "too expensive" and price is still a major driver for them. Millennials desire products that are ecofriendly, socially responsible and authentic, from producers (brands) they can trust, but do not purchase them exclusively. This group tends to be socially active around sustainability, making conscious choices around sustainable lifestyles.

They will be the future of wine consumption; however, they favour spirits (cocktails) and craft beer. They may be attracted by smaller wine brands with authentic stories. Despite their addiction to smartphones, Millennials enjoy the social aspect of instore shopping, but they seek information online and will engage with brands online. Their high use of interactive technologies, may open the potential for engagement and education regarding sustainability.

- Baby boomers those born post-war (WW2) to 1964, are often overlooked as being interested in sustainability. While sometimes being blamed for wrecking the earth, this is this generation who became focused on providing a better life for

their children than they had, and were the first generation of environmental activists. Boomers are likely to want to save the planet by recycling.

Boomers tend to have high disposable income, are busy travelling the world (creating lots of greenhouse gases), and like wine. They are willing to pay more for a premium experience, and are open to including sustainability as a measure premium quality.

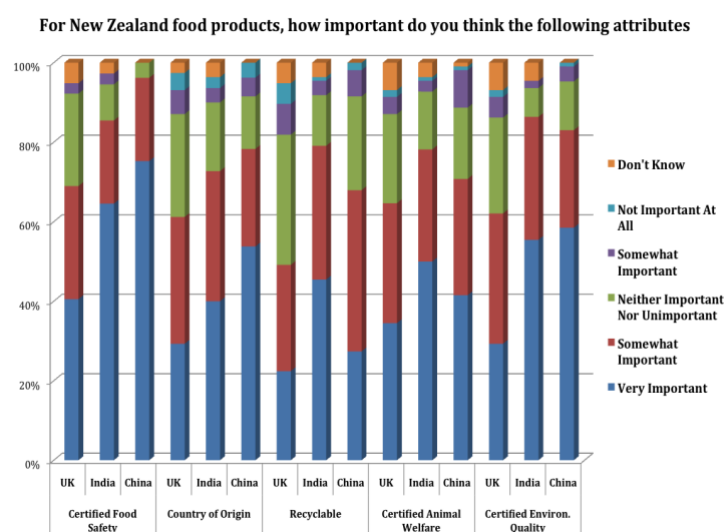
## **China and Asian markets**

Asian markets such as China and India had sustained growth in wine sales over the last decade. These countries have experienced massive economic growth and consequently have rapidly growing middle classes, who are affluent and seek to emulate elements of western lifestyles, including drinking wine. Although economic growth rates have slowed, the momentum in changing lifestyles and increasing wine consumption is likely to continue with drinking wine becoming normalised in the long-term.

Both China and India have poor track records with respect to environmental sustainability, and this would to an assumption their consumers wouldn't value sustainability. In reality their poor standards probably drive a higher demand with affluent consumers for the goods they purchase to have good sustainability credentials.

Tait et al<sup>7</sup> surveyed consumer attitudes to New Zealand food products (lamb) in China, India and the UK. They found food safety and environmental issues were highly valued in the Asian markets (Figure 1). The study found 69% of Chinese and 66% of Indian participants were willing to pay 4-15% more for sustainably produced food. Even though UK participants valued these sustainability attributes only 33% were willing to pay 4-15% more, and 32% wouldn't pay anymore.

Figure 2: Asian and UK attitudes on Sustainability. Adapted from Tait et al. (Manhire)



<sup>7</sup> Tait et al. (2016) Journal of Cleaner Production Vol 124:65-72



Both China and India would be receptive markets to messaging on sustainable wine, supporting country of origin and food safety guarantees. Verifiable credentials in these markets are essential due to low trust of local producers. In time, there is likely to be regulatory interference relating to sustainable claims in these markets and active engagement with them may help influence acceptance of the international principles developed for wine.

Australia has reliable reputation with respect to the environment in Asian markets, and is a tourist destination for many affluent consumers. Providing opportunities for inbound tourists to have positive wine-related sustainability experiences could be an effective strategy for supporting the Australian wine brand in China.

### **Growth in Organics / Biodynamics**

Organic production (including biodynamics) has been increasing steadily for more than a decade. According to the Research Institute of Organic Agriculture (FiBL) total agricultural production grew from 11 million hectares to 50.9 million hectares between 1999 and 2015. Between 2004-2011 organic viticulture increased from 88,000 to 256,000 hectares. Neither of these trends show any signs of abating.

The growth in organic wine production is partially led by market demand, but appears to be strongly producer driven. Many producers prefer the “light touch” on the environment and claim gains in product quality, this was a view expressed by several interviewees.

Early perceptions of organic wine being inferior quality have rapidly been replaced following adoption of organics by prestige brands. Organic wine is often associated with premium or boutique brands, and in some markets it is a significant segment. Approximately 23% of the wines in the System Bolaget listings are organic, and a visit to the wine shelves in many European countries shows an increase in the number of wines with “Bio” certification. Often there is no price differentiation, but they are gaining shelf space.

Organic wine fits with the desires of LOHAS, Millennials and other sustainability motivated consumers, biodynamics may have a particular appeal in China with its metaphysical approach. Demand is likely to increase in some markets; however, consumers are unlikely to compromise on quality and price.

Organic producers often have a marketing advantage over general sustainable producers in that understanding organics is more intuitive consumers (and customers) to understand, and appears more natural. In reality organic production is more complex than consumers would discern, but this is not material, and perhaps provides guidance when developing communications regarding sustainability to keep messaging simple.

## **Customer Expectations**

The range of customers for wine is very wide and their expectations regarding sustainability are influenced by the market they operate in. The focus of this report is on the expectations of larger customers including supermarkets and specialist alcohol monopoly retailers.

Sustainability is important to most major retailers, but their focus is on building their own reputation, protecting their brand and providing value to their customers. Their sustainability activity is mostly focused around their own sustainability as a company. The core motivation of most retailers is summed up by ASDA who say “Sustainability is based on the belief that protecting the environment and saving people money go hand in hand”.

When promoting their sustainability positioning, retailers include both environmental and social aspects including health and wellbeing, ethical sourcing and community involvement. A summary of the sustainability positioning of some major retailers is found in Table 1.

**Table 1. Sustainability positioning of major global retailers.**

Company	Vision	
Sainsburys	To be UK's most trusted retailer where people love to work and shop,	<ul style="list-style-type: none"><li>– living healthier lives</li><li>– sourcing with integrity (independent std including carbon, waste and water)</li><li>– respect for the environment</li><li>– making positive differences to our community</li><li>– a great place to work</li></ul>
Safeways	Creating better lives, vibrant neighbourhoods and a healthier planet.	<ul style="list-style-type: none"><li>– buy local</li><li>– food safety</li><li>– GMOs</li><li>– seafood sustainability</li><li>– animal wellbeing</li><li>– packaging</li><li>– human trafficking</li></ul>
Walmart	Enhancing sustainability <ul style="list-style-type: none"><li>• in our operations</li><li>• of our value chain.</li></ul>	<ul style="list-style-type: none"><li>– supporting measurement and transparency in our value chain</li><li>– reducing environmental impacts</li><li>– providing affordable healthier lifestyles and safer food products</li></ul>

		<ul style="list-style-type: none"> <li>– supporting dignity of workers</li> </ul>
Coles	Australia's leading food retailer	<ul style="list-style-type: none"> <li>– community</li> <li>– environment (operations, packaging and waste)</li> <li>– responsible and ethical sourcing</li> <li>– suppliers</li> <li>– get involved</li> </ul>
Woolworths	Moving to a circular economy	<ul style="list-style-type: none"> <li>– sourcing environmentally sustainable commodities (independent std. by 2020)</li> <li>– responding to climate change (internal reductions)</li> </ul>
LCBO	Managing our footprint	<ul style="list-style-type: none"> <li>– lightweight bottles</li> <li>– greener buildings</li> <li>– recycling</li> <li>– initiatives include: <ul style="list-style-type: none"> <li>• organic/biodynamic product selection</li> <li>• system-wide carbon measurement and tracking</li> </ul> </li> </ul>

Sourcing of sustainably produced product is on the agenda of most major retailers. The level of attention they have with regard to sourcing varies. Most attention is placed on raw materials and commodities, and in particular those that have high public profile and a high reputational risk for the retailer e.g. palm oil, sea food, animal welfare, sourcing from Asia and Africa countries. Wine from Australia is viewed as a low risk product as it comes from a first world country with good regulation, and wine typically is viewed as a “natural” product by customers.

Most retailers interviewed did not include sustainable credentials as a main consideration in their wine purchasing decision, even though some had product specifications such a light weight bottles (e.g. LCBO). The primary drivers for purchase decisions included “quality of the liquid”, price (inevitability margins), maintaining a complete portfolio. Providing a compelling case for shelf space relies fit with these main criteria, but most retailers said if all other things were equal the sustainable wine would be favoured.

It was notable that none of the retailers considered that sustainability credentials were a driver for demanding a price premium.

System Bolaget was an exception, with them actively pursuing sustainably produced wines in their portfolio. They have been mostly focused on organics (23% of listings) which is likely to be their limit. They have recently been reviewing the definitions of sustainable wine production with an aim of developing specifications, and have studied sustainable practices during trips to South America and Australia and New Zealand.

There is a tendency for government-controlled monopolies to have a greater commitment to sustainability as it forms part of their social commitment as public bodies. System Bolaget appears to follow this through to purchasing decisions more than LCBO. The trend to include more organic product in the portfolio was noted in most interviews with retailers.

Although not a major driver of purchase decisions, retailers felt that a well communicated national sustainability program could benefit the Australian wine category. It was felt it would resonate with customers where the category was being promoted instore. Retailers in Australia appear to be more cynical regarding sustainability, this may reflect wider community attitudes.

Few of the major retailers have mandated sustainability specifications for wine, though some require a declaration from wineries that fair labour practices have been applied. Where environmental claims are made by wineries, retailers generally require some form of certification supporting the claim.

Retailers' definition of sustainability is variable, and most have a poor understanding of what is involved in sustainable grape growing and wine making. This lack of understanding provides a good opportunity for the sector to define sustainability as it chooses (or influence retailers definitions), and to educate retailers about how well Australian wine meets sustainability criteria, and how this supports the retailer's brand reputation.

## **Climate Change**

The 2000s was a decade where the world became aware of climate change. The profile of global warming was raised in 2006 by the film "An Inconvenient Truth" featuring the vice-president Al Gore. In markets like the United Kingdom, this awareness fuelled a debate on "Food miles", which had the potential to disadvantage exporters at a greater distance from markets. Much of the food miles debate was driven by support for "buy local" campaigns, and the food miles concept still acts as an emotive driver for some.

Various reports<sup>8</sup> helped move the focus onto the total carbon footprint of a product rather than how far it has travelled. This was perhaps beneficial for wine, as distance to market can be a major factor in the footprint. At this time, many customers started focusing on the carbon footprint of products. Marks and Spencers was notable, their

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<sup>8</sup> [https://researcharchive.lincoln.ac.nz/bitstream/handle/10182/4317/food\\_miles.pdf](https://researcharchive.lincoln.ac.nz/bitstream/handle/10182/4317/food_miles.pdf)

Plan A had a strong emphasis on GHGs and they assisted the development of the PAS2050<sup>9</sup> protocol for greenhouse gas (GHG) lifecycle assessment.

In large measure the Global Financial Crisis (2007-2008) took the commercial pressure off the carbon debate, with companies becoming focused on financial survival. As the financial security of companies has recovered the focus on carbon appears to have been reduced (perhaps it was too confusing for customers) and other issues have emerged. Marks and Spencers new Plan A 2025 no longer highlight's GHGs, focusing instead on health and wellbeing, community and sustainability.

The move away from GHG reporting in the commercial space, perhaps reflecting fashion in public consciousness, doesn't alter the underlying fact human activity is having major impact on the global climate. Climate change is the world's most significant environmental issue. The Intergovernmental Panel on Climate Change (IPCC) continues to issue dire warnings, and there are many reports on the impacts on wine production around the world. The importance of addressing climate change was highlighted by the Paris Agreement which has been ratified by 169 countries including Australia and both major GHG producing countries China and USA (ambiguous).

Addressing climate change will most likely be addressed in the medium-term though regulatory changes by governments as they act to meet international obligations. These are likely to result cost impacts to producers as governments seek to reduce overall GHG production or mitigate their impact.

There is no clear evidence that customers are will to increase their focus on GHG's at this stage. Given the renewed global interest in climate change coupled with improving global economies; the "fashion" is likely to change at some stage and new requirement on reporting are likely to result in the commercial space. Some retailers indicated carbon was an issue for the future. Being prepared for this likely future demand is wise. In the meantime, it is the responsible thing to do to include processes to measure and reduce GHGs as part of sustainability programs. It is the right thing for the planet, it helps mitigate impacts on grape production (every bit helps), and can provide significant production efficiencies (i.e. save money).

### **Responsible water use**

The availability of water is a major global issue, with direct relationship to climate change, that is becoming more pronounced on the international stage. Unlike GHG's which have a global impact, managing water resources have localised impacts. International media highlight water with issues such as the seawall being built to protect Jakarta as fresh water extraction causes the city to sink nearly 8cm per year. The well-publicised droughts in California have also highlighted the conflict between agricultural and urban needs for water.

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<sup>9</sup> <http://shop.bsigroup.com/upload/shop/download/pas/pas2050.pdf>

There are international programs promoting the water foot printing as a means of managing scarce water resources, and several studies have looked at water footprints for wine<sup>10</sup>. It is unclear how water footprints will be used to validate sustainability claims, and some researchers have suggested they should be moderated by fresh water scarcity in the system. This would be of particular concern to some Australian wine producing regions where water availability is low and environmental impacts of scarcity are pronounced.

It does not seem likely in the current commercial environment that water issues will become a major market barrier. However, for countries where availability is a major issue there are likely to be heightened expectations surrounding sustainable water management.

### **Regulatory barriers**

There are no major regulatory barriers for wine based on specific environmental performance criteria. There is a tendency for devolution by governments of responsibility for imposing environmentally responsible trade conditions to large companies (e.g. supermarkets etc.). Restrictions tend to take effect at the commercial level of trade rather than regulatory. There is refreshed interest in climate change issues by many Governments. While there is a low potential for this to result in regulatory changes, but this should be monitored.

The European Commission has a major program developing Product Environmental Footprint (PEFs), which are based on establishing a full life cycle assessment of a product. The PEF for wine is due for release early 2018. The PEF is believed to be very technical, likely to be difficult for small businesses to apply, and probably Eurocentric (e.g. cork is treated favourably).

It is not clear how the PEF will be applied, or if it will have a direct impact on EU regulations or commercial trade. Given this is a Commission project it is well known to regulators they are likely to consider application in some form, particularly if it provides an advantage to European wine producers. A secondary impact if regulatory barriers were implemented, is that some Asian markets may be influenced by EU regulations and implement similar barriers.

### **Redefinition of sustainability - Convergence of issues**

The early development of sustainability programs in the primary production sector addressed environmental issues almost exclusively. Early drivers in horticultural programs were related to managing the impacts of agrochemicals and food safety, these broadened out to include wider environmental issues. Though the 2000s many began to address the global issue of climate change. For many growers and wineries sustainability remains firmly an environmental consideration.

The reality is that the sustainability discussion has broadened over the past decade, reflecting a changing focus in the general expectations of society. The greatest

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<sup>10</sup> [www.mdpi.com/2071-1050/7/9/12190/pdf](http://www.mdpi.com/2071-1050/7/9/12190/pdf)

change in focus is in the area of social issues. Addressing social inequity issues was once the sole preserve of Fair Trade, but has become a mainstream expectation within the concept of sustainable production. While expectations to validate good social performance remain higher for under-developed countries, the expectation of good social performance is on all producers.

The increasing concentration on social elements, and inclusion in the definition of sustainability is clearly demonstrated by the changed emphasis in Marks and Spencers' Plan A in the decade since its launch (Table 2). Their initial focus was heavily on environmental issues including carbon neutrality, they now have a greater emphasis on health and wellbeing, the community and their own CSR.

**Table 2: The evolution of Marks and Spencers' Plan A 2007-2017**

Plan A (2007) "Eco-Plan"	Plan A 2025 (2017) "Customer focused sustainability plan"
<ul style="list-style-type: none"> <li>• become carbon neutral</li> <li>• send no waste to landfill</li> <li>• extend sustainable sourcing</li> <li>• set new standards in ethical trading</li> <li>• help customers and employees live a healthier lifestyle.</li> </ul>	<ul style="list-style-type: none"> <li>• making all M&amp;S packaging 'widely recyclable'</li> <li>• raising £25 million for charities tackling cancer, heart disease, mental health problems, loneliness and dementia</li> <li>• at least half of food sales coming from healthier products</li> <li>• colleagues completing one million hours of work-time community volunteering</li> <li>• all key raw materials M&amp;S uses coming from sustainable sources</li> <li>• a new 10 community pilot that will see M&amp;S work with local councils and charity partners to support communities to deliver positive, measurable change, the results of which will be rolled out to 100 locations</li> </ul>

While individuals will vary in their level of sensitivity to issues, in the mind of the average consumer when they consider sustainability there is not a major distinction between environmental and social aspects.

The responsible sale and use of alcohol is a significant social issue. The websites of some customers (e.g. LCBO) clearly place responsible consumption alongside environmental and community commitments. The implication is that social responsibility around alcohol is linked to sustainability.

The increasing importance of social aspects has been recognised to varying degrees by most sustainability programs in the global wine sector, and international sustainability guidelines (e.g. OIV) are evolving to encompass them.

## **International Sustainability Initiatives and Guidelines**

There are a number of international initiatives to develop sustainability standards most have rules for their use and for making any claims in relation to sustainability attributes. The common driver for the development is to provide consumers and other stakeholders a better understanding of the relative merits sustainability assurance programmes.

- The Global Reporting Initiative (GRI) provides standardised reporting on economic, environmental, and social performance values. GRI developed a Sustainability Reporting Framework which includes Sustainability Reporting Guidelines. They run a sustainability disclosure database including 11,664 organisations globally, allowing benchmarking of an organisation's sustainability report against GRI Guidelines.
- International Organization for Standardization (ISO) have developed a number of standards that are often referred to in sustainability programmes (ISO 9000 Quality Management, ISO 14000 Environmental Management, ISO 26000 Social Responsibility) and have developed standards that define certification and external audit practices.
- UN FAO Sustainability Assessment of Food and Agriculture systems (SAFA) Guidelines have been developed to provide an agreed approach and templates to the assessment of requirements for sustainable production, manufacturing and retailing of food and agriculture products. Pilot studies had been completed on all continents covering approximately 250,000 operators, and at May 2016 SAFA had 700 registered users.

There are very few wine-specific international sustainability guidelines; to date many sustainability programs in the wine sector have referred to generic sustainable productions standards during their development. However, two main initiatives should be considered as global reference points for the future development of sustainability programs in the wine sector, both of which Australian wine participates in.

- The International Federation for Wine and Spirits (FIVS) the international trade body for wine and spirits. FIVS has a history of engagement with environmental sustainability, and has more recently established both economic and social sustainability portfolios. FIVS developed Global Wine Producers Environmental Sustainability Principles which have informed development of international guidelines such as the OIV guidelines for sustainable viticulture and winemaking.

The FIVS principles are:

- Participation in sector-wide sustainability programs (includes triple bottom line)
- Implementation of environmental sustainability activities
- Evaluation of continuous improvement
- Promoting awareness with stakeholders



- Performing environmental risk assessments, including:
  - Site selection (for new vineyards/wineries)
  - Variety selection (for new vineyard)
  - Soil condition
  - Water use efficiency
  - Wastewater
  - Carbon accounting
  - Transportation and fossil fuels.
  - Biodiversity
  - Solid waste
  - Energy use
  - Air quality
  - Neighbouring land area
  - Agrochemical use
  - Human resource management

In 2016, International Organisation of Vine and Wine (OIV) adopted a resolution “OIV General Principles of Sustainable Vitiviniculture – Environmental – Social – Economic and Cultural Aspects”. Building on an existing sustainable production guideline (predominantly environmental encompassing the FIVS principles), the resolution defines five principles of sustainability:

- a sustainable approach integrates environmental, social and economic aspects
- sustainable vitiviniculture respects the environment
- sustainable vitiviniculture is sensitive to social and cultural aspects
- sustainable vitiviniculture seeks to maintain economic viability
- sustainable initiatives require planning and assessment

It is interesting to note that both FIVS and the OIV have expanded their sustainability focus to embrace social (e.g. ISSO26000) and economic aspects. This indicates a collective understanding across the global wine sector of the growing importance on these elements. In time the OIV will develop a new sustainable grape and wine guideline that will provide the global wine sector with a common reference to compare national programs.

## **Demonstrating Sustainability Credentials**

There is a global demand for sustainably produced products, and this is likely to continue to grow and develop. Currently demand is only moderate for products such as wine to provide proof to their markets of implementation of sustainable practices. Countries with known problems are more likely to be expected to provide evidence of good practice, often in that specific problem area. Discussions with retailers suggest that in the future there will be a greater requirement to have demonstrable sustainability credentials.

In some countries wine sectors have managed to use implementation of sustainability programs to meet local or national environmental regulatory requirements, and in some cases to avoid or delay the introduction of unhelpful regulatory restrictions.

Where specific sustainability or environmental claims are made by producers (e.g. organics or carbon neutral) the expectation to provide clear proof of meeting defined standards becomes absolute.

### **Ecolabelling and Trust Marks**

For most consumers, eco-labels are unlikely to influence their decision at the time of purchase. The exception is when consumers are purchasing organics or biodynamic wine, and maybe in the higher engagement situation of premium purchases. The drivers for most consumers remain price, quality, variety and origin.

It is possible that trust marks may engage the customer post purchase, just like other elements of a label's brand story, this may increase the likelihood of repeat purchasing, although no data confirms this.

Delmas and Grant<sup>11</sup> reported that while eco-certification attracted a price premium, eco-labels on wine didn't and may have negatively impacted price. Their empirical study focused primarily on organic wines which at the time of the study had a reputation for poor quality which probably influenced the study's findings. This quality gap no longer exists, and if the study was repeated it is likely that the eco-labelling (organic labels) would have a neutral to slightly positive effect.

If a trust mark is considered for Australian wineries to use on bottles, it will be competing in a crowded environment. There is a plethora of environmental trust marks on products, and a growing number of wine specific ones. Without appropriate support, they can add noise or confusion in the market, and if not linked to rigorous standards they are just greenwash. Environmental labels must be meaningful and defensible, with easily accessible transparent standards if they are to be effective.

If used widely across a sector, trust marks can provide support to sector messaging on sustainability commitments by drawing attention to wide participation. This can add value to individual brands through positive association with a collective sustainability action. They can also provide a visual cue to non-participants and act

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<sup>11</sup> Delmas and Grant (2008) American Association of Wine Economists, AAWE Working Paper No13:1-35

as an incentive to join the sector's program. United sector-wide messaging conveyed through trust marks is probably the strongest rationale for their use by participants in generic sustainability programs.

# Australian Sustainability Program Design

## **Background**

There are many sustainability programs in the global wine sector, all of them are variations on a theme. Whether national or regional programs they include most of the same core elements. This is unsurprising as the fundamental principles of sustainable grape growing and wine production are universal. Programs have also been influenced by the same international guidelines during their development.

Variation in content it is mostly a matter of emphasis reflecting localised factors, or addressing specific market perceptions. For example, in South Africa there is a greater emphasis on social issues such as worker equity and community development. This is a purposeful approach to balance previous inequities, and is driven by pressure from the government and a desire to avoid negative perceptions in the markets. Similarly, in jurisdictions where water resources are scarce, such as Australia and California, there tends to be greater emphasis on water use efficiency.

The biggest differences between programs occur in the physical delivery to participants, levels of participation and integration into the wider activity and messaging of the sector. Successful programs manage to deliver on all of these aspects, through committed sector leadership and appropriate resourcing of all aspects of the program.

Approaches vary in the format of workbooks/scorecards, the level of prescriptive guidance, and the management of continuous improvement. Successful programmes:

- set clear minimum standards and limits (e.g. restricted use of some chemistry);
- provide a pathway for improvement; provide easy to use workbooks for participants;
- present useful feedback and benchmarking to participants;
- leverage research and technology development; and
- have clear audit processes with the opportunity to fail (if everyone passes first time how robust is the system?).

Levels of participation tend to be used as a surrogate indicator for the intensity of commitment to sustainability by a sector. Tracking levels of participation in some cases has been the lead component of the “sustainability journey” messaging of sectors in early stages. Typically, it is easy to get the first 50-60% of a sector participating, going beyond this level is hard, and sometimes includes introduction of inducements. Increasing participation rates build an internal momentum for participation. It is easier for wine companies to require sustainability credentials of growers, where it is seen as “normal” and part of a wider initiative.

Perhaps the most critical success factor is integration of sustainability into the vision and activity at the sector level. This is important for both internal and external purposes. Internally, it demonstrates to participants that sustainability is valued and the peak representatives are committed to support pathways for participants to gain recognition and value for their hard work. Externally, such integration sends the clear

message that sustainability isn't just an inconvenient add-on forced on the sector, or a superficial marketing edifice, but that it is a core value of the sector.

### **Existing Programs: strong foundation for growth**

Global sustainability in the wine sector is weakly defined and unregulated, this provides an opportunity for the Australian wine sector to define what sustainability means to them, and to own that space. This has been the approach taken collectively by some of the global wine community for example FIVS with the Global Wine Producers Environmental Sustainability Principles, which refer to Entwine.

These Principles provide a useful guideline to determine the coverage and credibility of SAW and Entwine as building blocks for the development of a national Program. A comparison of SAW and Entwine (+Freshcare) reveals a high degree of alignment in content with the FIVS Principles (Table 3).

Both programs are strong in fostering implementation of sustainable activities, and they are both weak when it comes to promoting awareness to stakeholders. Entwine has a clear sector-wide approach being available to all participants across the sector, while SAW is restricted to vineyards in some regions. The emphasis on continuous improvement and clear pathway for improvement is strong in SAW, while in Entwine it is less prevalent.

Environmental risk assessments included in SAW and Entwine (for vineyards) cover most elements in the FIVS principles. Only minor exclusions occur around the areas of site and variety selection (for new vineyards), and wastewater management which is not particularly relevant to vineyards. The metrics collected by Entwine provide the ability to include basic carbon accounting. The emphasis on biosecurity in both programs goes beyond FIVS principles, and is an excellent inclusion and given the potential impacts on environmental and economic performance this is a major omission in the risk assessment list of FIVS Principles.

The environmental risk assessment coverage of the Principles of Entwine for wineries is comprehensive.

Assuming an amalgam of the best elements of SAW and Entwine is used to create the national sustainability Program, the content of the Program would be world-class. Implementation of amalgamated content, would allow greater emphasis to be placed building participation levels and on promoting awareness of sustainability with stakeholders.

**Table 3: Alignment of Australia's sustainability programs with the FIVS environmental sustainability principles (strong = 👍, moderate= 🤔, none = 👎)**

FIVS Principle	SAW	Entwine	Freshcare
Participation in sector-wide sustainability programs	🤔	👍	👎
Implementation of environmental sustainability activities	👍	👍	👍
Evaluation of continuous improvement	👍	🤔	🤔
Promoting awareness with stakeholders	🤔	🤔	👎
Performing environmental risk assessments			
Site selection (for new vineyards/wineries)	🤔	🤔	👎
Variety selection (for new vineyard)	🤔	🤔	👎
Soil condition	👍	👍	👍
Water use efficiency	👍	👍	👍
Wastewater	🤔	👍	👍
Carbon accounting	🤔	👍	👎
Transportation and fossil fuels.	👍	👍	👍
Biodiversity	👍	👍	👍
Solid waste	👍	👍	👍
Energy use	👍	👍	👍
Air quality	👍	👍	👍
Neighbouring land area	👍	👍	👍
Agrochemical use	👍	👍	👍
Human resource management	👍	👍	👍

- Specific observations on SAW
  - Coverage is for vineyards only; its foundation is practice-based.
  - Provides clear pathways for continuous improvement, but has no requirement to set improvement goals.
  - Grower interface is well constructed, grower-friendly and appears simple to use, data entry is only open for a 2-month period this could limit interactions with growers.
  - Leads grower to develop organised records and becomes a data warehouse.
  - Links to electronic spray diaries exist but could be improved.
  - Provides linked access to relevant information, regulation (regional) and tools, has the potential to be a good education and technology transfer platform.
  - Strong regional engagement is typical, support to members appears to be a key to success, direct assistance is provided for new members during setting up.
  - Benchmarking reports and meetings provide opportunity for individual improvement and networking
  - 10% of membership audited each year to confirm system integrity with no separate charge to the member.

- Entwine equivalence granted on meeting minimum (level 3) compliance, plus external audit (separate fee).
- Minimal membership fee (\$50), the program relies on external funding or voluntary input for ongoing development.
- Participation in membership is driven by regional organisations leaning on a sense of community good.
- Specific observations on Entwine
  - Coverage includes vineyards and wineries, mixture of practice-based and process-based approach with bias towards the latter
  - Large company friendly, requires greater level of self-organisation than SAW
  - Focus on metrics, with emphasis on GHG reporting.
  - Grower/winery interface appears simple to use, data entry is open over the entire year, this provides greater potential for member interactions through the season.
  - Strong technical links, embedded information and help desk support, good conduit for information/technology transfer.
  - National focus on delivery.
  - Continuous improvement is less up-front, a plan is required for Freshcare validation, but is not strongly enforced and left to the individual.
  - No direct links to spray diaries.
  - Benchmarking reports and regional meetings, supported by technical workshops.
  - Membership fee low (\$110), ongoing development relies on external funding.
  - 3 levels of membership, top level certified after external audit (separate fee), there is a trend towards uncertified membership.
  - Initially grower membership was driven by customer (major wine companies) demand, and they provided support and incentives. This was seen to be a condition of supply.
- Specific observations on Freshcare
  - Coverage includes both vineyards and wineries, process-oriented with strong ISO-like or GAP approach
  - High level of self-organisation required by the participant, supported by training (required) on entry from Freshcare.
  - The participant's approach to address sustainability requirements is self-directed, this suits larger organisations who have resources to develop their own systems.
  - Content light in the areas of Air Quality and Energy, although this may be addressed by individual plans of participants.
  - Continuous improvement is embedded, but not strongly enforced
  - Exists as independently audited certification to a National Standard, not membership-based program.
  - Well set-up and managed standards with robust audit procedures.
  - Relatively expensive, audit cost \$450-650 for vineyards, \$1000 for winery, plus a separate fee (\$200) for Freshcare Certificate valid for three years.
  - Loose relationship with Entwine, and probably not profitable for Freshcare given current certified membership levels.

## **Designing an Australian Grape and Wine Sector Sustainability Program**

Despite the development of multiple programs there is broad agreement across the industry for a single national program for vineyards and wineries, focusing resources on a unified approach to supporting and promoting sustainability. Competing programs are seen to be confusing, and undermine a unified message relating to sustainability.

### **Recommendation 1: Australian wine sector proceed with implementation of a single National Sustainability Program.**

The sector has developed significant resources to use as the building blocks to assemble a world class national program. Successful implementation of the Program will rest just as much on the structure of ownership/governance, and communication and promotion of it, as it will on the design and delivery of content.

The Program should:

- be “owned” by the whole sector
- encompass all of the sector – vineyards, wineries and marketing
- embrace regional diversity
- satisfy international sustainability best practice guideline for wine
- have clear membership criteria
- have a single format for members to record their practices
- provide regular benchmarking to members
- link relevant information and databases to add value to members
- have robust independent audit processes
- have a trust mark available for certified members to use
- be integrated into communication to the markets
- be marketed to the sector.

The following commentary is focused on the design elements and resourcing the sector should consider when developing the national program.

#### *Business Management*

- Collective Ownership
  - For credibility, sustainability needs to be “owned” by the whole sector.
  - The organisational structure of the sector is complex, and externally does not appear to be structured to support a unified program.
  - Collective ownership of the new program by all the national/peak bodies would send a clear signal to the sector, and to the markets, that the Program has credibility as “the” singular national program. This includes responsibility for upholding the values, operation of the Program, communication and resourcing.



- Formal joint ownership, possibly via a consortium, will ensure sustainability is on the Agenda of all the national bodies, and will foster appropriate joint-investment of resources.
- Joint ownership would mitigate perceived conflicts of interest raised by members.

**Recommendation 2: establish the national Program under formal joint ownership of all the national industry bodies.**

- Governance
  - All the national bodies should remain actively involved in the governance of the Program
  - There is significant regional involvement in sustainability, their ongoing engagement with the program is important for success. Although it may introduce complexity, it may be worth considering a mechanism to have a regional representative at the governance level (if this is not addressed adequately through the peak bodies).

**Recommendation 3: consider regional representation on the governance group.**

- Resourcing
  - Membership fees of existing programs are very low, and appear to only support program operations.
  - Program development relies on access to external funding or voluntary inputs.
  - Development and implementation of a national Program, growing membership and promoting sustainability and the Program will require on-going commitment of significant resources.

**Recommendation 4: develop a clear resourcing plan for the implementation phase, future development and promotion of the program.**

- Relationship management
  - There is a tendency to focus predominantly on members and prospective members, especially during implementation of a new program and when driving growth in participation.
  - Active relationship management with key sector influencers should be built into the Program's management approach.
  - Two influential groups in the sector that require active engagement are major wine companies and regional associations.
  - Support for stakeholders will reduce workloads for program management.

**Recommendation 5: identify key sector influencers and invest in building strong relationships with them.**

## *Content*

- Comprehensive content coverage
  - The Program should cover all relevant aspects of grape and wine production including marketing. A “cradle to grave” approach should guide development, with members taking responsibility for components under their direct control.
  - Content must make sense to producers, have well-explained rationale for inclusion and be easy to adopt; but must be technically robust and withstand external scrutiny.
- Creating the content
  - A single format for all members to record their practices should be implemented. This simplifies participation, is easily transferable for growers supplying multiple wineries, and is straight forward to communicate internally and externally.
  - It has been proposed create the content of the Program by mapping over the Entwine metrics (main survey) and the SAW workbook (chapters). This would be a good first step and would:
    - encompass current core international sustainability principles
    - include both top-down and bottom-up elements desired by the sector
    - be approachable for smaller producers who have a greater affinity to the SAW workbook approach and appreciate the guidance it provides
    - provide sufficient data for individual benchmarking and sector sustainability reporting.
  - Many valuable links are embedded in both Entwine and SAW providing members with access to significant information and research outcomes, these must be retained.

**Recommendation 6: create Program content by mapping Entwine metrics and SAW workbook and associated resources; future content should be modelled on the SAW workbook approach.**

- In mapping the content across, it should be structured to reduce any sense of the different origins of components in the minds of members.
- Lack of a winery workbook is a major gap in content, development of a winery workbook should be prioritised. Chapter headings could be drawn from the Entwine winery module with the addition of the social elements in the SAW workbook, these could include:
  - Training
  - Environmental planning
  - Land and soil
  - Biosecurity
  - Hazardous substances

- Emergency response
- Water
- Biodiversity
- Waste
- Air
- Energy and Fuel
- Business/Economic sustainability
- Social

**Recommendation 7: Prioritise development of a winery workbook based on extended Entwine chapters.**

- Reports and Benchmarking
  - Benchmarking reports were highly-valued and used by most members
  - Reports identify areas for improvement and education at regional level
  - Summaries can be valuable marketing resources
- Continuous improvement
  - Continuous improvement is a foundational principle of sustainable production, the SAW workbook provides an easy to follow guide for this.
  - Members reported that consideration of benchmark reports did lead them to improving practices, however there is no requirement for members to implement change.
  - Having implied continuous improvement with no expectation members do so is a vulnerability for the Program.

**Recommendation 8: Consider developing a mechanism to require and monitor individual continuous improvement, and report on improvements across the sector.**

*Membership*

- The participation conundrum
  - To demonstrate the sector's commitment to sustainability, high rates of participation are desirable.
  - One way to increase participation, is to reduce the barriers to entry for members by making it easier to comply, reducing requirements in content or relaxing membership criteria (e.g. reducing certification requirements under Entwine).
  - The danger of relaxing requirements is the potential weakening of the meaningfulness of membership. People want clear demonstration how practices under the Program are different to "standard" practices. When considering membership criteria this distinction should be paramount. Lack of clear differentiation has negative impacts both externally and internally.
- Membership Categories

- Two clear levels of membership should be retained, “member” and “certified member”.
- Emphasis should be placed on certification, this is not in high demand by most markets, but certification:
  - protects your sustainability brand, it confirms individuals highlighted in marketing programs materials do conform to the standard
  - is being adopted by major competitors in the global wine sector.
- Certified members should have access to exclusive rights and privileges, to encourage certification.
- Distinctions between members and certified members could be:
  - Member
    - subscribed to the Program
    - submitted all completed annual reporting requirements
    - have met a mandated minimum standard (this should be built into the workbook), confirmed by the Program management.
    - eligible to use Program resources and logo in their own marketing e.g. websites and promotional material, but not point of sale.
  - Certified Member
    - subscribed to the Program
    - submitted all completed annual reporting requirements
    - have met a mandated minimum standard, confirmed by the Program management.
    - passed a third-party audit within the mandated period (e.g.3 years)
    - eligible to use Program resources and logo in their own marketing e.g. websites and promotional material
    - eligible to use resources at point of sale
    - eligible to use logo (trust mark) on product
    - be listed as a certified member on the sustainability website
    - submit individual sustainability stories to the national marketing program
    - participate in exclusive marketing activities.

**Recommendation 9: establish two membership categories with common minimum requirements and different privileges.**

*Auditing and Verification*

- Verification is essential
  - Independent verification of member compliance is important to maintain the creditability of the Program, and it is essential for certification of members.
  - Audits should be appropriate to the scale of the business and associated risk.
  - Members find audits to be time consuming, expensive, stressful and of little value (particularly as wineries no longer require certification).
  - The complexity of audit processes should be tailored to minimise impact on and maximise value to members

- Validation of the Program
  - The approach of SAW to independently audit a percentage of members annually, appears to be a defensible method to verify the quality of member's recording of their practices.
  - The purpose of this process needs to be communicated clearly, it has the potential to confuse external audiences when considering members vs. certified members.
  - The percentage of members included, and selection criteria may need to be reviewed for the Program. Expansion of the membership base by number, across regions and business models may require stratification of the sample to ensure it is representative and able to pick up faults.

**Recommendation 10: Continue random audits, but investigate appropriate sampling strategy to provide validation of the Program.**

- Certification through Freshcare audits and independent standards.
  - The approach of auditing compliance to the Program via verification to a separate independent standard seems counterintuitive and confusing.
  - The Freshcare model provides advantages, such as;
    - credibility afforded by compliance to a national standard
    - access to trained, independent and well-managed auditors
    - use of Freshcare certification for members who choose to use it
    - ability for some members to double-up audits across other crops they grow
  - There are some disadvantages to the model, such as;
    - poor control of the Standard development, risk of inclusion/exclusion of Program content
    - extra cost to maintain the independent standard
    - potential overkill of audit process for most members
    - confusion for members being audited to a different standard
    - lack of control over audit costs, scope and quality.
  - The benefits of continuing to use the Freshcare verification model may outweigh the disadvantages, and not changing this during implementation of the Program may reduce disruption for members.
  - Redesign of the Program may provide a good opportunity to review the auditing needs, a less complex but robust audit could be considered.

**Recommendation 11: Review auditing requirements, and consider alternatives including Freshcare.**

- Wine Australia as an auditor
  - Wine Australia undertaking audits for the Program, either entirely or as an alternative provider, was raised by several members.
  - The anticipated benefits of this were;

- Wine Australia has greater understanding of the sector
- increased involvement by Wine Australia with sustainability
- it fits well with their regulatory role, and their independence
- they have auditors visiting wineries already
- auditing compliance to the Program rather than an independent standard
- reduced audit costs
- Negative aspects of Wine Australia involvement in audits include;
  - possibility of perceived conflict of interest or lack of independence where they are a co-owner of the Program, and heavily involved in promotion in the markets
  - loss of national standard backup to verification
  - possible lack of infrastructure and auditors to undertake increased audit load

**Recommendation 12: Include Wine Australia in the review of auditing requirements**

- Other audits to demonstrate compliance
  - Co-recognition of ISO14001 audits would appeal to larger wine companies.
  - If permitted it must be transparent to all stakeholders that such audits are being validated to the same production standard as others in the Program. They should be required to complete the common workbook.
  - Clear guidance should be developed on what needs to be included in “add-ons” to ISO audits to confirm compliance with the national Program.
  - Development of such guidelines becomes particularly important where co-recognition of other standards is considered and there may be less overlap of practices with the standard (e.g. organics).

**Recommendation 13: Include ISO14001 audits as verification of Compliance to the Program, subject to members completing the national workbook, and the audit including mandated requirements for co-recognition.**

**Recommendation 14: consider other environmental standards (e.g. organics or biodynamics) on a case by case basis if requested.**

- Audit Cycle
  - Internationally programs in the wine sector have adopted a three-yearly audit cycle, there is no particular rational for this, given its wide adoption this could be the Program requirement.
  - To reduce the audit load on certified members, various approaches could be considered to the audit cycle, including;
    - extend to a longer period for all members
    - extend the period for members with an established good audit history, and demonstrate ongoing compliance through workbooks
    - extend the period for members meeting higher standards, or with demonstrated continuous improvement.

**Recommendation 15: include consideration of the frequency of audit cycles in the review of auditing.**

### *Communication*

- One of the major benefits of implementing a sustainability program is being able to tell the world about what you are doing. Management of communications is a vital function within the program, approaches to promotion of sustainability and the Program to markets are discussed in a separate section.
- Marketing to members and the wider sector should be considered a core element.
  - Building and retaining participation in sustainability requires repeated engagement with the sector, promoting the value of sustainability and participation.
  - Such communication has a different emphasis to Program administration, and needs to be as compelling as market-focused communications.
  - This often requires different expertise and resourcing than the communications associated with Program administration.

**Recommendation 16: elevate “internal-marketing” to members as a core element of the Program.**

### **Critical Success factors for implementation of the national Program**

Establishment of the national Program will be a complex project, and are some factors that stand out as important for a successful project outcome include:

- Being unified (and seen to be) from the beginning on all aspects, leadership needs to be invested
- Well-planned, timely and targeted communication with the sector
  - what, why, how, who and when all need to be addressed
  - identify individuals and organisations that require direct communication
  - provide advanced notification of when components will be introduced
- How change is managed is important
  - include meaningful involvement of key stakeholders in the re-development of resources
  - involve regional organisations, major wine companies and other influencers
  - Note larger companies often require time and investment to change internal systems, work with them to minimise disruption
- Implementation of a project of this size should be specifically resourced; project management should be separated from business as usual activities such as program operations.

### **Future developments for the National Program**

Implementation of the national Program will result in some disruption for members. While the aim should be to minimise disruption during implementation, any significant deficiencies in the Program are best addressed up-front to minimise future disruption.

Considering the review of global sustainability landscape alongside feedback from customers and industry; it is the opinion of the reviewer that the existing content is sufficient to meet current stakeholder expectations. A national Program based on this would provide a valid platform to build market communications and activities on. A gradual or incremental approach to content development will ensure the Program remains relevant and adapt to changing requirements.

**Recommendation 17: direct map content into the new Program, and introduce new content incrementally.**

Members rated benchmark reporting as one of the top benefits of participation, they report it genuinely drives individual business improvement. Ongoing development in this area is likely to provide increased perceived value to members. Attention should be paid to retaining regional reporting alongside national reporting. Reporting on trends over time will become possible and is a valuable instrument in marketing programs.

**Recommendation 18: invest in enhanced benchmark reporting, and track trends over time.**

Integrated database management should be encouraged. Members benefit when they can enter data once, and send the data in an appropriate format to multiple recipients (saving time), or where linked databases can provide enriched information to support decisions in their business.

During interviews concern was raised regarding data security, including who can access information and how it is used, particularly uses outside of the main focus of the Program.

The access issue can be addressed by having a published policy outlining the limits for access. Concerns regarding “creep” in application can be addressed by a combination of leaving permission for use of data in the control of the member (i.e. they actively send all data to the end user) and informed consent (i.e. they are informed how all data will be used, and they can opt out).

A good mantra to remember when contemplating new uses for data is “just because we can do it, doesn’t mean we should”, the focus must remain on the benefit to the participant.

**Recommendation 19: Develop a clear policy framework for data security and database access management**

Benchmarking financial performance was mentioned several times as a possible avenue for delivering benefit to members. Economic sustainability certainly fits with the concept of triple bottom line sustainability. This was not considered by members



to be an immediate priority, and there were perceived challenges with respect to confidentiality.

One issue that encompasses social and economic sustainability that was raised (by growers and wineries) as a risk for Australia was low grape prices. It is not recommended this be addressed by the Program but it does represent a potential vulnerability for sector when addressing economic sustainability.

**Recommendation 20: consider financial benchmarking post implementation.**

To future proof the Program some areas should be strengthened in the mid-term, to provide increased benefits to members, remain in a strong competitive position and reduce future vulnerability.

On an operational level, development of the national Program provides an opportunity to ensure the technology platform of the Program is future-focused. The platform must be:

- scalable to manage the growth in numbers of participants
- simple to operate, members want to reduce time and inconvenience when entering data
- supportive of effective benchmarking; data entry, extraction and analysis must be easy and efficient
- able to receive data from multiple sources, and able to link to other databases

**Recommendation 21: Ensure Platform (software/hardware) is scalable and simplifies data entry and handling.**

Agrochemical management has a central positioning in sustainability programs. From a market perspective concerns centre around food safety and environmental impact, while at the member level focus is more on efficacy and operator safety.

While the use of agrochemicals is highly regulated, it is important for the Program to have specific limitations and checks in place to verify good (best) practices. Internationally there is increasing pressure on the availability and use of agrichemicals, having verifiable data on volumes and responsible use of agrichemicals can help defend their ongoing use, particularly with regulators.

A national agrichemical use database, linked to vineyards practices and outcomes, would be a powerful tool to add benefit to members providing improved benchmarking. To facilitate this, a common data transfer protocol for the main commercial electronic spray diaries would be beneficial, and provide a tangible benefit to members who grow for multiple wine companies.

**Recommendation 22: Develop an integrated agrichemical use database with appropriate reporting, and spray diary data transfer protocols.**

Fundamental elements of social responsibility are in the Program, including employment conditions, remuneration, training and worker safety. Australia has

legislation that is enforced covering these aspects, and is viewed as a low risk supplier by customers.

Many consumers do expect products to have good ethical production standards, and this area is likely to come under greater scrutiny over time. Internationally the focus on social issues is broadening to include elements such as community engagement, wider worker wellbeing and development, and valuing culture. These elements have not traditionally been viewed by industry as part of sustainability, but they represent the new reality of sustainability.

Future development of the program Should seek to “get ahead of the curve” by capturing information on industry performance against a range social components, these will probably already be well covered through compliance to domestic regulation. When introducing such requirements, it is important to avoid “re-auditing” components where members have already demonstrated compliance to regulatory agencies.

There is no escaping the fact wine has alcohol in it, and there is growing international pressure for alcohol producers and sellers to commit to promoting responsible use of their products. Given the wide social impact of alcohol abuse and the potential financial impact should regulatory restrictions increase, it is advisable to include commitments to supporting appropriate responsible alcohol use criteria in the winery requirements.

**Recommendation 23: Include extended social requirements and reporting in a broader definition of sustainability, and incrementally introduce elements to the program.**

## **Planning for growth: building participation.**

An unpublished survey of primary producers in New Zealand investigating attitudes towards environmental sustainability and climate demonstrated good awareness of the issues, but concern for them paled into insignificance when placed alongside financial sustainability. This is likely to hold true for grape growers and wine makers in Australia.

The sector is recovering from a decade of downturn. This recovery may afford members greater flexibility to consider issues such as sustainability, but financial performance will remain highest on the agenda for participants in the sector.

An interesting juxtaposition was noted during participant interviews, some producers stated they were earning too little to afford to participate in sustainability programmes, others were selling all their wine profitably and saw no need to support sales through participation. While some members intimated that financial inducements, e.g. higher grape prices for sustainably produced fruit, would help, none listed financial cost to join was a barrier. The cost and time taken to complete audits were considered to be expensive. Most agreed that the main barrier to participation was a lack of clear value being provided through participation.

While some aspects of sustainability can improve profitability, through cost savings, this incentive is usually not strong enough on its own to attract participation. Focusing on the value proposition for members is likely to provide a major incentive for participation.

When considering growing participation in sustainability the tendency is to concentrate on strategies on how to “make the sector get involved”. A more robust and longer-term approach is to develop an environment where the “sector wants to be involved”. The aim should be to present the sector with lots of “carrots”, and where possible avoid bringing out the “stick”. To achieve this outcome would require activity across a range of fronts to, in effect, change the national conversation regarding sustainability.

### **Financial incentives**

- Marketability of grapes. While some wine companies have provided small financial incentives to growers to participate (e.g. wine vouchers), the likelihood for higher grape prices being paid for sustainably produced grapes in any given category is relatively low. A focus on ensuring sustainably produced grapes are more marketable to wineries i.e. it is an attribute valued by wineries; providing growers a greater assurance of sale of their grapes is a better approach. This will happen over time as more wineries participate in the Program.
- Optimising operating costs. Most members interviewed reported they had made meaningful changes to their business practices after consideration of benchmarking reports; several noted they had made significant financial savings. Collating and promoting case studies of such savings would provide strong testimonial to the benefits of participation. Using growers to talk to growers could be more powerful than a centralised message.

- Simplifying relationships between growers and wineries. Several interviewees reported growing for multiple wineries (often 6-7 with one reporting 23 wineries). Providing a sector-wide template for recording growing practices can reduce risk for wineries purchasing fruit. Standardising protocols for transfer of Spray diary information, and possibly providing a uniform format for spray diary entry, could provide significant benefit to all members.
- Reducing compliance costs. Time away from the business to meet compliance obligations was a problem for many. Sustainability was considered yet another non-productive call on member's time. With some thought in design the new national Program could act as a platform to organise information to meet reporting needs for other compliance requirements. Based on interviews, this isn't "top of mind" for members and shouldn't be a primary focus, but would resonate as a benefit if implemented over time.
- Improved management of pests and diseases. It is possible through the use of linked databases and benchmarking to provide improved decision support for vineyard management. Depending on the level of investment in systems, this can take the form of post-season reviews or in-season updates and alerts. Improving outcomes for seasonal pest and disease management may be a uniting factor for the sector around sustainability. Restricting access to such services to members only provides a tangible benefit for members.

### **Integration into the national brand**

- National pride in sustainability. Despite many participants in the sector being strongly individualistic, there is a tendency for most people to develop pride in collective activities that have a positive community benefit. Most interviewees expressed that they were undertaking sustainable activities as it was the "right thing to do" and it fit with the "clean and green" image of Australia. While there has been significant investment in sustainability in the sector, it does not appear to be a strong component of the national messaging. Increasing the emphasis on sustainability as a component of the "national brand" gives clear messaging to the sector that it is valued, and provides an avenue for individuals to gain pride from demonstrating how they are contributing to the collective greater good.
- Banking the equity of member's hard work. Many in the sector make significant effort to implement and validate sustainable practices. This will increase as the Program gains momentum. Telling the sustainability story to markets provides recognition for this effort, and gives greater motivation for members to be involved. It strengthens the national brand providing an organised platform to demonstrate the collective efforts of the sector to be responsible producers.
- Avoiding cynicism. During the interviews, some producers felt that sustainability wasn't valued by those further up the sector's structure, this included wineries. The lack of concerted sustainability messaging was interpreted as low value placed on sustainability at the national level. There was some feeling sustainable was pushed onto the sector without the appropriate support. Integration of

sustainability into the national communications will begin to build acceptance that being sustainable is part of the wider Australian wine identity, it is “who we are and what we do”.

### **Clarifying market signals**

- For growers

While growers have an understanding of wine markets, their customer is the winery. The signals from wineries to growers on sustainability are weak to non-existent. In most situations wineries encourage participation, and even where companies have made participation in a program a condition of supply, growers report this is often not checked by the wineries. Messaging to growers on potential savings and efficiencies of sustainability is valuable. However, the strongest signal they will have to participate is when wineries actively require sustainable standards to be met. Wineries will need to be reengaged to develop such an emphasis. Messaging around the national good from the national bodies would reduce the perception this is just another imposition by wineries on growers, but is part of a long-term strategy to protect the Australian wine category.

- For Wineries

Smaller wineries reported interest in sustainability from consumers at the cellar door. Most wineries reported that some customers (e.g. monopolies and supermarkets) had specific interest in some elements of sustainability. However, most reported low interest in sustainability or a poor understanding of the issue by customers. Education of customers (and consumers) was seen as a way of building interest in wine brands and supporting sales.

Most wineries wanted to see communication in the markets around a national commitment to sustainability, and felt in the long-term it could assist in building demand for their wines.

### **Mechanisms to encourage participation in the Program**

There are many mechanism that can be deployed to encourage participation in a sustainability program including:

	Pro	Con
Listing (certified) members on website	<ul style="list-style-type: none"> <li>• Low cost</li> </ul>	<ul style="list-style-type: none"> <li>• Low impact</li> </ul>
Logo use for certified members/product	<ul style="list-style-type: none"> <li>• Wanted by members</li> <li>• High visibility</li> <li>• Unified national message</li> <li>• Competitors do it</li> </ul>	<ul style="list-style-type: none"> <li>• High administration cost</li> <li>• Risk of misuse by members</li> </ul>

Link of individual sustainability story to national marketing	<ul style="list-style-type: none"> <li>• Low cost</li> <li>• Direct market connection</li> <li>• Increased sector collateral</li> </ul>	<ul style="list-style-type: none"> <li>• Passive marketing</li> <li>• Requires moderation</li> </ul>
Exclusive access to specific sustainability marketing events	<ul style="list-style-type: none"> <li>• Direct market advantage</li> <li>• Media coverage</li> <li>• Low cost (if part of existing programs)</li> </ul>	<ul style="list-style-type: none"> <li>• Weak draw-card for punters</li> <li>• hard link to quality message</li> </ul>
List individual's sustainability credentials in event/tasting brochures	<ul style="list-style-type: none"> <li>• low cost</li> <li>• direct market connection</li> <li>• visibility</li> </ul>	<ul style="list-style-type: none"> <li>• initially highlights low participation</li> </ul>
Prerequisite for all event participation (not recommended)	<ul style="list-style-type: none"> <li>• Clear signal to members</li> <li>• Rapid driver for Program participation</li> <li>• Supports winery requirements on growers</li> </ul>	<ul style="list-style-type: none"> <li>• Strong member push-back</li> <li>• Reduced participation in programmes</li> <li>• May be illegal to exclude some levy payers</li> <li>• High administration cost</li> </ul>
Exclusive access to wine awards (e.g. sustainability trophy)	<ul style="list-style-type: none"> <li>• Has market presence</li> <li>• Recognised by peers</li> <li>• Low cost</li> <li>• Provides messaging opportunity</li> </ul>	<ul style="list-style-type: none"> <li>• Medium administration cost</li> </ul>
National sustainability award	<ul style="list-style-type: none"> <li>• Market presence</li> <li>• Media coverage</li> <li>• Recognition by peers</li> <li>• Competitive element</li> <li>• Stakeholder engagement (sponsorship?)</li> </ul>	<ul style="list-style-type: none"> <li>• Difficult to define</li> <li>• High administration cost</li> </ul>
Profile sustainability champions	<ul style="list-style-type: none"> <li>• Market presence</li> <li>• Media coverage</li> <li>• Recognition by peers</li> <li>• Potential regional focus</li> <li>• Develop industry spokespeople</li> </ul>	<ul style="list-style-type: none"> <li>• Difficult to define</li> <li>• High administration cost</li> </ul>

### **Reducing barriers to entry**

- For most the membership fee is not a genuine barrier to entry, at an average grape price of \$565 the fee is less 200kg of fruit.
- For many, particularly growers, the real barrier will be the effort required to set up their vineyard in the system. Many do not embrace computing and are hesitant to use electronic workbooks etc.
- Providing training and assistance in the setup and submission of workbook, and spray records could reduce a major barrier to participation by growers.

## Communicating with the Market

The Australian wine sector is in a similar position to New Zealand 6-7 years ago, a lot of the hard work has been done to establish a sustainability foundation, but not much is being said about it. A significant amount of sustainability activity is being undertaken by members, but there is very little external recognition of this hard work. Development of the national Program will strengthen the sector's position and will support increased promotion of sustainability by the sector.

There is clear demand from the sector for inclusion of messaging on sustainability in the wider promotion of Australian wine in global markets. This is regularly mentioned as the main activity that will add perceived benefit to members. There is clear need for a central, well-enunciated platform for messaging around sustainability, that the sector participants can build into their own messaging. There is no justification for sustainability to be the lead message. Sustainability should be part of the marketing mix in sector communication, but only if it is a genuine part of the values of the sector. People (the markets) are good at spotting insincerity.

Many of Australia's international competitors have integrated sustainability into their global marketing. Messaging is usually linked to participation in a sector wide sustainability program, often with high levels of participation (existing e.g. New Zealand or planned e.g. Sonoma) and supported by a trust mark. Given the current sustainability activity in the sector, and the move to establish a single national Program; Australia has a good story to tell and should progress development of communications in this area.

Integration of sustainability into the sector communications will be most successful where a detailed communications strategy is developed and its implementation is well funded. When developing a communication strategy some principles should be kept in mind, these are summarised as "Do's and don'ts".

### Do

- Develop a simple core message around sustainability – most customers and consumers have a passing interest in sustainability, developing the "elevator conversation" will address the majority of direct interactions, and provide a "hook" for members use in their own interactions.
- Build a central repository (website) to explain the components of the sector's sustainability commitment. This acts as the single authoritative source of information for the sector. This provides a unified "song-sheet" for all industry participants, providing this core reference point allows members to focus on telling their own individual stories.
- Facilitate individuals telling their story – provide pathways for members to connect with the market with their own sustainability stories, and make it easy for them to assure customers that they meet claimed criteria.
- Have a trust mark supported by audit – this provides a communication vehicle for those in the sector who wish to use it. It is a mechanism to protect the national



Program's brand by restricting individual claims to only to verified participants or products.

- Involve your marketing team – messaging should be emotive and bold, and avoid complex technical explanations or justifications. Messaging needs to be meaningful, genuine, authentic, relevant and robust, but in the first instance doesn't need to be too detailed.
- Focus on change – people generally want to know what difference “being sustainable” makes to the environment and to business practices, i.e. what are growers and wineries doing differently.
- Be visual – video and simple infographics on performance are effective, very few people are interested in reading technical explanations.
- Be transparent – detailed explanations of standards and membership processes should be accessible for those few consumers, customers and other gatekeepers (e.g. wine media) who want to dig deeper. Traceability is important for these people and it is important to maintain robust systems and data to back up claims.
- Have media-ready material available – most wine media are only mildly interested in sustainability, providing a summary of core information is beneficial. Individual stories carry weight, consider developing a group of reference members with specific verified sustainability activities to refer media to. Note - It is important to avoid being perceived to favouring specific members.
- Be your own gatekeeper – own the message, provide lots of resources and supporting stories to your offshore marketing teams, they should own the messaging and be able to answer questions rather than refer all inquiries back to “head office”.
- Focus on themes – it can be beneficial to highlight particular aspects of sustainability over time. Australia appears to have high levels of adoption of solar technology and good energy conservation activities. Consider a focus on mitigating climate change, this has the potential as first mover advantage for Australia.
- Be Australian – embrace the elements that relate particularly to Australia e.g. unique environments, the people (intergenerational winegrowing).

### **Don't**

- Underestimate the resourcing and time it will take to build credible sustainability positioning in the markets.
- Wait until everything is perfect – the exiting sustainability platform is robust and once mapped to a national Program participation will increase, take the markets on the journey with you.

- Overcomplicate the message – it is easy to get too technical, keep details in the background.
- Separate sustainability from other parts of the marketing mix – make it an integral part of what you do. It can be beneficial to have dedicated communications or events around sustainability but it is more effective if sustainability is built into all marketing/promotional activity. Typically, at events that are about tasting wine it is hard to meaningfully engage people separately in a discussion on sustainability.
- Underinvest on communication – it will take time and persistence for sustainability messaging to be seen as a genuine part of the Australian proposition.
- Confuse the market with levels of membership – be clear on what baselines are expected of all members.

### **Launch strategy - Build the message over-time**

When the national Program has been established, and appropriate communication resources have been developed the question will be “how best to launch the new brand”.

To attract membership, it is important that the new Program is widely promoted internally. The vision for the future, rationale for changes and the merits of the new Program must be “sold” to existing and potential new members. A significant part of the value-proposition for members will be promotion of sustainability and the Program in the markets.

The main communications focus must be on establishing resources and ongoing messaging. The implementation phase may include a program or “brand” launch to actively promote it in the various markets through a combination of media releases and events. This could create some short-term interest and recognition for the Program, and may result in beneficial media coverage.

Clearly, there is no opportunity for first a mover advantage, care should be taken to avoid a sense of Australia being late entrants and playing catch-up in the sustainability space. More importantly avoid giving any sense of the sector taking action to cover up a deficiency not already adequately addressed. The cynics in markets, often view industry media rhetoric on specific issues like sustainability as a smoke screen to hide known problems.

Launch messaging, if considered, should focus on the new Program being a rebranding and building for the future exercise (which it is) rather than a new activity. This puts the focus on what exists already and the future plans. It may be a high-risk strategy to actively promote a vision of growth in participation alongside launch messaging, but could stimulate interest in the sector’s journey going forward.

Consistently building sustainability activity and outcomes into the on-going messaging of the sector, should be the long-term aim. The aim should be to make sustainability part of the conversation about Australian wine. Regular updates and

new stories (examples) of sustainable outcomes are important to keep the messaging fresh and relevant. This also demonstrates to external audiences that sustainability is embedded in the culture, and not just a short-term marketing device. It is most convincing if every time Australian wine is being promoted sustainability is naturally part of the conversation, and not an add-on.

**Recommendation 24: consider a “soft launch to markets, pitching the new Program as a natural evolution in the journey.**

### **Developing resources**

Given the secondary position of sustainability in the mind of most wine customers and consumers, emphasis should be on developing robust resources to support claims and educate on the sustainability issues, rather than “point of sale” resources.

National bodies are well-positioned to develop generic and authoritative background resources. Given the reach and flexibility of websites, it is advisable that a public-facing website be developed. The web presence would be most effective where it is integrated into an existing wine marketing site, rather than a standalone website. It is noted that four national bodies (AV, AWRI, WA. WFA) are involved in this project. The websites of these organisations appear to be biased towards the business and operations of the wine sector, rather than a market focus. This may necessitate development of a more stand-alone site for external audiences. Care would need to be taken to make sure it retains the look and feel of “Australia wine Inc.”.

The website should initially be a generic repository for sustainability information with a focus on education on what sustainable grape growing and winemaking is and how the industry is performing. It should have the ability for visitors to drill down into greater detail on program content as they wish to. Providing acknowledgement of and linkage to members would provide a clear benefit to members. Links to current certification status could also be considered.

A use of websites that should not be underestimated is providing study resources. There are many in the education sector that use sustainability as a theme for study, and the wine sector is appealing as a case study. Such studies can contribute significantly to the sector’s reputation.

**Recommendation 25: Develop a market-focused national sustainability website.**

To varying degrees purchasing wine includes a connection with the story behind the wine, including the place and the people it has come from. The most captivating sustainability stories are usually at the producer level. A mechanism to capture, collate and communicate these individual stories should be considered. Promoting individual stories collectively as part of a national program provides texture and depth to the overall story. There is a risk where individual inputs are not moderated to ensure their integrity. Some form of check on the validity of individual stories is advisable.

**Recommendation 26: create a moderated platform for individuals to present their sustainability stories.**

Most audiences are likely to invest only a small amount of time engaging with sustainability. Messaging needs to be concise, emotive and focused on people and environmental outcomes, not explaining the Program which is just a vehicle to achieve sustainable outcomes.

High quality visual media resources are good tools for conveying key messages and sparking further interest. They can be used as website resources and to assist messaging at events.

**Recommendation 27: invest in visual media to demonstrate sustainability in action.**

Active involvement of members in communication around sustainability creates a cumulative effect of the message. Frequently members have adopted sustainability practices, but they are not aware of the potential to use them to communicate meaningfully with the markets. Members are often not aware of collective industry resources that are available to assist them when communicating with customers.

Development of a member's communication guide could assist members in developing their own sustainability story. This could include links to key communication resources, and provide some case studies to guide them in development of simple summaries of their own activities.

**Recommendation 28: provide members with a guide on telling their own sustainability story in the national context.**

There is not a major demand from the markets at this point of time for a trust mark as vehicle to communicate sustainability. But there is interest from the sector to have a mark available. Trust marks can be a useful device to signal national solidarity to sustainable production, and demonstrate commitment to verifiable standards. Where they are linked to easily accessible information they can aid education on sustainability in the sector.

In New Zealand use of the logo is voluntary. It was requested by the members, often smaller wineries. The logo was available for use on product for several years before becoming widely adopted. Almost 100% New Zealand wine is certified and it is estimated that annually 60-85% of bottled wine bears the Sustainable Winegrowing New Zealand logo.

Other competitors either have logos or they are in development. If for no other reason than placing Australia on an equal footing with their competitor's development of a trust mark for use on certified product should be implemented.

**Recommendation 29: Adopt use of a trust mark to support sustainability claims**

## **Connecting to audience in the right way**

There is no need to develop specific resources for different parts of the market. But there is a need to consider how the information is introduced and presented to them, and to what level.

Large customers such as supermarkets and buyer monopolies are concerned about their own brand and sales, and are open propositions that help them build their brand. Their understanding of sustainable production practices is relatively low, and they require education on the benefits provided through sustainability. Sustainable producers reduce risk to their brand by ensuring production practice won't embarrass them through bad environmental and labour practices. This is a benefit they get implicitly by purchasing from first world producers, however, sustainable production provides greater assurance. Sustainability credentials fit with the public image these customers project, and can "all other things being equal" make the product more attractive. There was some indication some customers would support a category promotion linked to sustainability.

Other customers, who may not be so price sensitive, tend to be more focused on attributes beyond the wine in the bottle, particularly where they have a higher level of involvement with the consumer in the sales process. Providing relevant information, specific to the wine can add value by supporting the sales process, adding greater texture to the story behind the wine.

### **Recommendation 30: develop specific messaging for customers outlining benefits to their brand of sustainable suppliers.**

Wine and lifestyle writers can have significant influence, and can help build awareness of the sustainability activities of the sector. It must be remembered they are dedicated to building their own "brand", and aren't particularly invested in the success of your sector. Most wine writers have a low interest in the concepts of sustainability, and will tend to focus on individuals, organics and usually premium producers. Their interest in sustainability tends to favour quirky facts relating to specific wines or producers, and they are often attracted to organic and biodynamic producers. A few specialist wine writers are interested in sustainability in its own right, and maybe worth targeting, they generally require access to detailed information on the program and outcomes, as well as individual stories.

It is advisable to develop a media kit with simple messages on the sectors sustainability commitment, links to resources, and individual examples of sustainable outcomes. This should be made available to all domestic and inbound wine media. It is advisable to maintain a database of members with good stories who are willing to talk with media, and ensure those members have a good understanding of the national story.

### **Recommendation 31: develop a sustainability media pack, and identify members to refer media to.**

Sustainability has low audience drawing power for targeted events, particularly generic tastings. There have been many such events undertaken by competitors, and unless a novel delivery approach can be devised, participation is likely to be low.

Sustainability should be weaved into promotional material and brochures for events. Having visual materials and passive communication “in room” at tastings and events can be effective. In room messaging should be kept high level and creative while providing links to more detailed information where it is wanted. It is probably more important to engage attendees over the wine experience, and work with industry representatives at events to get them to integrate sustainability stories into their discussions more naturally.

### **Helping members sell more wine – a bold idea**

Implementing sustainable practices can be seen by many as an end in itself. Investing in communicating about sustainability must have the end goal of helping members sell more wine profitably.

One way to leverage the investment in developing communication resources could be to develop an Australian sustainable wine app (or mobile website). Providing the market with: ready access to the sustainability resources, easy links to (certified) members, their stories and where to buy their wine; could provide a tangible benefit to members.

Smartphones are ubiquitous, and are the vehicle used by younger consumers to evaluate products/producers. Engaging consumers directly through mobile devices is possible. In developing the new Program logo, a bottle (product) label version could be developed that is both a logo and QR code linking to resources available in the app.

While an app could be high risk (e.g. costly for little return) it could provide a unique consumer-focused proposition for members.

Elements that could be considered, include:

- general information on sustainability
- national and regional stories of significance
- profile of top performers (could be selected through competition, or other formal criteria)
- Individual (moderated) sustainability stories
- Links to certified members, and where to find their wine in market (e.g. link to wine searcher apps)
- Details on the program
- If transparency was taken seriously, links to specific certification of the individual wine could be considered.

## **Acknowledgments**

The reviewer thanks all industry stakeholders who participated in the interviews. The support of Mardi Longbottom in scheduling interviews across time zones was invaluable.

## **Appendix 1. What they are Saying (summary of interviews)**

### **Industry interviews**

Participant interviews were conducted including growers, winemakers, business owners and directors from a range of company sizes and regions. Participants in both SAW and Entwine, and producers who were not participating in sustainability programs were interviewed. Following is a summary of the main themes (and observations) recurring through the interviews.

#### **There is strong support for a single national program**

- A single national standard should be established and “locked in” for the long-term.
- The program should be based on the existing program/s, and draw on the best available tools and information.
- Keep it simple, “stay focused” and avoid adding extra time commitments especially for growers
- Focus on environmental elements first, build social and financial elements over time.
- The program must be meaningful and “not just ticking boxes”.
- A single standard is critical, but various methods of demonstrating compliance should be considered/retained. Large company systems are set up for ISO approaches.
- Robust benchmarking is the most-valued output, and should be extended with a focus on increasing value.
- Retaining regional engagement, guidance, support and benchmarking is essential, regional access to grouped-data is valued.
- The core program must be standardised for all participants, but some elements need to be customisable for regions or specific business models.
- The program needs to be well-resourced at national and regional levels.
- The program needs to be marketed internationally
- General communication about sustainability should be at sector level (national and regional).

#### **It's time for leadership**

- Confusion from past, once it was HACCP, now Entwine or SAW or ISO, “decide on one and stick to it”.
- It is time to “Get it right or the opportunity will be lost for another decade”
- “Ownership” needs to be at the peak body (i.e. national) level. This is important for credibility, independence and industry-wide engagement, a united approach is wanted.
- There is a strong preference for Wine Australia leadership or involvement in governance. Wine Australia is viewed as nationally inclusive, credible and independent. Their marketing and funding roles are believed to be essential to long-term success.
- Consider Wine Australia undertaking audits, this would have good credibility and could lead to cost savings.



- Concerns over conflicts of interest, in particular with AWR. There is a high degree of trust in technical ability, but concerns exist around being driven by seeking funding and scientific career development. Lack of market focus or connections were also raised.

#### Benefits of participation

- Benchmarking was consistently the most valued perceived benefit from participation. It helps identify areas for improvement at the individual and regional levels. Benchmarking is genuinely believed to be assisting in business performance.
- Associated with benchmarking was the networking occurring via results nights and other related events.
- The value of aggregated data was stressed as both a current and future benefit, but there is a concern around data security and rights of access.
- Sustainability practices and program membership supports brand story but generally takes a secondary role.
- Compliance with a standard seen by some as providing a “ready answer” if needed to address possible future challenges.
- Helps make other compliance faster (information organised)
- Occasionally requested by customers (monopolies, hotels, Asian markets)

#### Greater value could be derived

- A single national program that was clearly summarised for external people, publically available information resources.
- Increased market presence of messaging, particularly in export markets, role for Wine Australia
- There was a distinct market advantage, opens new market segments
- There was a commitment to education of customers/channels on sustainability, also if consumer level resources were available (less emphasis).
- A simple single format for entry/transfer of spray diary was included in the program.
- It was easier to use information to meet other compliance and reporting requirements.

#### Drivers for participation

- “It’s the right thing to do”, genuine commitment as stewards of the land, and it’s a sensible business decision
- Intergenerational farming was a common theme for many, a sense of adding to what was handed down, and wanting to hand on in better condition (environmentally and financially)
- Requirement from winery customer (TWE, PR, Yalumba) but messaging from wineries is becoming unclear. Growers not required to be certified, “encouraged” to participate but not required. Some growers who were required to participate had never been asked for proof of membership, or performance outcomes.
- To make fruit more marketable

- Participating to support regional organisation and marketing, many see their region as unique and sustainability issues to be unique
- Some reported requirements from customers, strong interest from Nordic monopolies, requirements from UK supermarkets include fair labour practices.

#### Lack of clear market signals

- For growers - Wineries don't demand participation or accreditation
- No external financial benefits, internal saving often made, but no greater price for grapes or wine
- Sustainability is not a major requirement from most customers, seldom enters the discussion on sales
- There is growing interest from some markets in Organics/Biodynamics

#### Compliance is simple

- All participants stated that the cost to business was relatively minimal to meet standards
- Completion of workbooks/surveys, either SAW or Entwine, was easy and took 2-3 hours to complete. First time could be considerably longer due to, setting up blocks, organising records, understanding requirements. Having physical help to get set up was highly valued.
- Most participants estimated the annual time requirement associated with compliance was two days in total.
- Audit processes are expensive, financially but in notably in time commitment, often audits span two days.

#### What about trust marks/logos?

- Opinion is divided on the value of trust marks, but is slightly in favour of them being available, where they are supported it is generally strongly so.
- Support is stronger with smaller producers, possibly linked to seeking points of difference.
- Those negative on them didn't see value due to lack of demand, also some are concerned it is another "brand" to support.
- Some participants suggested growers might expect it as a tangible acknowledgment of their effort.
- If a trust mark is to be developed it must be:
  - a single national mark, regional marks would add confusion, a few suggested consideration of grades (e.g. Star rating).
  - well-supported by accessible information,
  - meaningful, the must be underpinned by robust auditing to the national standard

#### People are comfortable what they know

- Support for a single program was unanimous, as was taking the best of both SAW and Entwine

- Most people favour the approach they have been used to.
- Small and medium-sized producers who have done both Entwine and SAW tend to prefer the SAW approach.

### Large Wine Companies

- Have a strong preference for ISO certification, this fits with other internal compliance approaches
- International recognition of certifications is important, and fit with corporate or head office expectations
- Internally important for shareholders and financial markets (CSR)
- Have relaxed their expectations on growers, mostly due to hard financial times, partially due to lack of national position on sustainability.

### **Industry Leaders (national and regional)**

#### There is strong support for a single national program

- Too many programs, a single national standard is needed
- Ground up and top down components should be included
- The program needs strong links to markets, market presence
- Need to address value chain rather than supply chain
- Single sustainability message should be at the category, not regional, level
- Marketing should be managed at national level, but consider regional delivery or the program.
- Uniform platform strengthens core messaging, must be sure of facts and figures included, need simple and consistent messaging. It codifies and confirms environmental best practice.

#### It's time for leadership

- The industry has been too divided. Peak bodies need to take the lead, industry will follow.
- Wine Australia needs to be more involved, as does AWRI but need to avoid conflicts of interest.
- National leadership needs to also engage/involve regions, major wine companies and growers, actively pursue their input.
- Involve (take risks on) young leaders coming through mentoring programmes.
- Regional funding could be linked to engagement with sustainability.

#### Benefits of participation

- Benchmarking is considered the most important benefit for participants.
- Continuous improvement and access to information on latest management options for vineyards.
- Some regions have developed incentives for participation, including exclusive access to activities such as a sustainability category in wine competitions, listing on wine maps, participation in regional sustainability communications.

### Regional benefits

- Identifies Gaps at regional level (e.g. Biodiversity). Networking within regions is a linked benefit. Could consider working with the worst people in each region to demonstrate improvement.
- Communication of regional activity and performance to customers is valued.
- Data can assist with access to funding grants
- Region is special

### Barriers

- Income is too good and growers don't need it, income is not good enough and they can't afford it.
- Growers can't see economic value in participation

### Drivers for participation

- No regulatory drivers (domestic and international) exist but could increase in the future. The European PEF may result in regulation.
- Financial viability needs to be in the mix, and it could encourage adoption.
- Social elements should be included and will become more important over time.
- Consumer/Customer driver was more apparent 5-10 years ago, UK supermarket trade is cynical, potential opportunity with smaller specialty trade.
- Sustainability could help defend the China market, capitalising on Australia's robust food safety record.
- Supports intergenerational resilience for intergenerational businesses
- Younger vignerons are more engaged with sustainability

### Future issues

- Water availability
- Pressure on agrochemicals
- Direct to consumer access, marketing, engagement
- Organic/Biodynamic increasing interest from markets

### Lack of clear market signals

- Limited interest from markets in terms of inquiries directly to organisations

### What about trust marks/logos?

- Growers/wineries(small) appear want trust marks to help them speak about sustainability credentials. They are seen as recognition of "having done the hard yards"
- Some regional trust marks have been developed or are in development
- Maybe favours small producers, it being harder for larger companies to achieve, but could need leading brand support
- Demand is growing for proof of sustainability claims where they are made

- Too many marks are already in markets, a national one would be supported, but keep message simple.
- Wine Australia could act as the verifier.

## **External Stakeholders**

### **Marketing people**

- Sustainability is broader than environment (family business, social structure, rural communities) and should be underlying value/activity
- Sustainability needs to be done on scale for the sector to have credibility
- “Clean Green Australia” provides a positive halo for wine
- Consumers
  - aren’t willing to pay more for sustainability. Focus groups and modelled studies say they would pay more, but this is not reflected in reality (unprompted survey or purchasing).
  - Sustainability is not part of the purchase decision, maybe 10-15% have limited purchase influence including organic/biodynamic. Wine is viewed as a natural product.
  - The millennial lifestyle doesn’t alter purchasing behaviour on big brand decisions, they flip-flop. Although there is a general trend to favour eco-sensitive products/producers, with the younger generations.
  - Consumer purchasing hierarchy is quality then price, they don’t read during purchase and don’t engage with logos.
- Retailers are more interested in own positioning, and focus on own sustainability and CSR. In direct surveys, none mentioned sustainability as a purchase driver, and they had low awareness of programs (SAW and Entwine).
- In the future
  - Consumer connection needs to evolve, technology and social media may have a role in directly reaching customers with sustainability messages
  - Lower alcohol (lifestyle and health) is likely to be important
  - Integrity, food safety, local sourcing, land use intensification and packaging alternatives are likely to increase in importance
  - technology can assist in meeting requirements
  - consider linking sustainability with Chinese fixation with health
- Trust marks can be useful, but there is a need to explain the process behind production, sector probably doesn’t have money to support another brand, avoid another logo.

“farmers have always been stewards of their own land”

### **Financial**

- Sustainability’s primary roles are risk management and productivity, and leveraging technology for financial success
- Sustainability is part of the story linked to provenance, wine is not taking full-advantage of this
- Reputation is critical, this is part of the role of participating in sustainability programs

- Sustainability helps access finance, it is part of risk management for investor, also “investors are people too” they care about sustainability.
- Director responsibility – boards are starting to care, and they may become liable for failures

### Consultants

- Sustainability is an ethical and moral obligation.
- Sustainability is a process not a result.
- It should take into account the well-being of individuals.
- It is important to reduce complexity for participants, focus on key indicators.
- Support a coaching culture, probably SAW does this better due to regional engagement.

### Customers

#### System Bolaget

- Sustainability is a cornerstone, especially organics and ethical. Definition of sustainability is a combination of environment, climate, GHGs, responsible economic treatment of workers.
- Quality is first consideration, sustainability is number two; price is not so important.
- Drivers are mostly internal, being state owned sustainability is very important, wasn't initially consumer driven.
- Organics is 23% of listings, not much more potential for growth followed media trend. Organics weren't understandable to the consumer until EU defined the terminology. Sustainability needs a Standard, and education resources to explain it.
- Sustainability is not promoted in shops, but could be a focus from time to time, messaging must be easy to explain to customers.
- System Bolaget doesn't have specifications yet, but is going to develop requirements; certification are likely requirements and trust marks would have value.
- The next big thing is likely to be Carbon Footprints.

#### Coles

- Sustainability is profitability and margins, taste profile and customer satisfaction.
- Cost and carbon savings through bulk transport, move liquid not glass.
- Social aspects are marketable e.g. Banrock Station, but are more the winery's story/responsibility, and connect with the consumer.
- Trust marks are helpful and need to be on the front label. Provide traceability of certification and keep it simple, for example SEDEX supplier traceability.
- Brand is important to customers for trust, categories with bad reputations face greater environmental scrutiny.

- A national program with good communication “would be owning the space”, needs to be clear, easy to understand and relate back to the winery.
- Future issues – GHGs, carbon neutrality/offsets, always an economic driver but likely to become more important over next decade and driven by carbon pricing.

### LCBO

- Sustainability is not on the consumer’s mind
- LCBO has better understanding of organic, is an identifiable segment, organics only a minor element of the mix and no organic sections in store. Consumers had poor acceptance of organics because of quality, but this is changing.
- Vintages catalogue (140 wine per fortnight) includes sustainability recognition for individual wines, certification must meet equivalence with Government requirements.
- LCBO do not require evidence of producer meeting sustainable certification, they take the producers word on compliance. They make the assumption producers meet legal requirements. A cohesive national standard would be helpful.
- Younger people are interested in integrity, communicating sustainability will bring new customers to the section (be real, true wine credentials, real people, historic connections). Vintages have their own writing team, providing information would help (note opportunity for education).
- Hierarchy of purchase is “quality of the liquid” then a “compelling case for listing”, for Vintages Price vs quality, renown of the brand and region. All thing being equal we will choose the wine with sustainable credentials.
- Logos need to be defendable, easy to understand and validate, QR code to website.
- Future - Fair trade / Child labour issues are in the early stages in Canada, have positive connotations, are likely to increase.

### Morrisons Supermarkets

- Vertically integrated supply (own meat and fish processing) give different perspective with suppliers
- Sustainability, lack of definition makes it hard to communicate to customers, and they can’t tell you what it means. Customer wants good quality at good value.
- Wine is sustainable, assumed to be natural by the customer.
- Buy local high on customer’s mind (for commodities)
- Purchasing “I don’t think in terms of sustainability, it’s not in my head”, sustainability should be how winery thinks, want to do business with people who are going to be around, maintain a balanced mix on the shelves.
- Sustainability is “good quality wine at a fair price, I want to build a longer-term relationship ... but on off deals are important”. “it’s not a bargaining chip for a higher price”
- Australia’s overproduction not sustainable, reduce volume to address price.
- Don’t have product specifications for wine including sustainability. Industry should police itself “it’s not my business to make someone else’s business sustainable”

### Endeavour Drinks (Dan Murphy's and BWS)

- From a consumer's point of view they don't care "all wine is a natural product anyway"
- Purchase driver to maintain a balanced portfolio across a range of price points, looking for points of differentiation, responding to customer demand.
- Trend towards health and wellbeing, alcohol levels and other "ingredients" carbs and sugar are important.
- No imposition of standards for sustainability, except where customer demand it, they will pursue sustainability if a competitor does it. They do audit when sourcing from a "watch list" country, otherwise rely on the rule of law.
- Future – have a sustainability committee and an industry national standard, they are aware of Entwine and Sustainable Winegrowing NZ but "in the absence of an international standard, a retailer might create our own"



## Quotes for interviews

### Sustainability

“enough for all forever”  
“the wind beneath the wings of the industry”  
“we like to nurture what we’ve got”  
“doing the right thing financially”  
“we all have an obligation to leave the place in as good condition as we took it over”  
“call it best management practices ... doing it by stealth”  
“good for the environment and helps us sell our wine”  
“always striving for better”  
“It’s not just about business it’s a lifestyle”  
“sustainability is a process not a result”  
“no one wants to waste on purpose”  
“sustainability in the office not just the vineyard”  
“the world has moved on, it’s not cool to push the sustainability barrow”

### Barriers

“more work than it earns them money”  
“I just do it but I don’t know why”  
“going through the motions at the end of the day they still take the fruit”  
“how am I getting a market advantage”  
“boils down to will it give us a return”  
“show me what the market wants”

### Motivation

“personal benefit, practical benefit and greater intellectual engagement”  
“you do all this stuff already, you just have to write it down”  
“it’s a moral argument, shouldn’t we be doing it anyway”  
“Almost everything we’ve done we have saved money”  
“can’t charge more for it, but it give us a ~~expensive~~ expletive of confidence ... it kicks down doors”  
“reputation is important”  
“cost saving is important, efficient use of energy, efficiency of purchase, not just saving some trees”  
“wine company relationship with growers ... can be a real conduit to encourage growers to join in”  
“opportunity to build brand integrity using brand messages”  
“growers made to feel they are rapists of the land ... program provide balance”  
“data is the most valuable tool, it’s too much value sitting with AWRI”  
“not just box ticking for the buyer of your fruit, is about improving your business”  
“continuous learning is important as well”  
“I can do what I can do ... others need to step up”

## Single program

- “united platform for Australia”
- “single nationally approved program”
- “environmental custodian”
- “self-assessment is important, people do like to know where they sit”
- “National program is important for the future, sort out the baseline”
- “have some standards and get on with it”
- “one national program ... take the best out of everything, we have managed to confuse the hell out of everyone”
- “not trying to land satellites on the moon”
- “the more individual starts you have the harder it will be”
- “national curriculum with regional solutions”
- “doing more isn’t always doing better ... need to talk to the experts in the field”

## Communication

- “we have to think internationally ... with enough organisation and resources to educate the gatekeepers”
- “growers will watch people move forward and overtime people change ... encourage conversation, build the community”
- “embrace fragmentation, tell regional stories”
- “needs to be able to pass the “60 minutes” test”
- “we need to be sure it matters to the gatekeepers”
- “Sales team had never heard of Entwine and buyers hadn’t heard of it”
- “end point is to summarise practical stuff for the marketing people”
- “it’s not just origin, it’s about the care taken to produce it”

## Trust marks

- “...are required, but only one”
- “not sure .. if it was based on strong awareness of the program it might be good”
- “label space is a premium, having a better elevator pitch would be good”
- “if we put sustainability on the bottle, it wouldn’t sell the bottle, but if our customers believe in us we sell a lot more bottles”
- “maybe consider a 5 star rating like on your fridge”
- “no value if you can’t market it”

## Audits

- “critically important to give the claim integrity”
- “it’s an absolute ~~expensive~~ nightmare, you need to keep it simple”
- “let the consumer make the choice, right now it will cost more for the individual, in the long-term it will cost a lot less for everyone”

## Social

- “social aspects is a big one in our minds ... staff, neighbours, family”
- “wine industry is based in rural communities”
- “UK supermarkets require some form of SETA ... social responsibility audit”
- “industry has a large social footprint”