

**WINE CONSUMER AND MARKET INSIGHT SYMPOSIUM**  
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**Insights and opportunities in distribution - (Alan Nelson, Wholesale Wine Services)**

I'm flattered to be here today amongst people with letters that follow their names and even professors.

By way of introduction I'm Alan Nelson.....I work in the pleasure industry.....!

**BRIEF INTRO:** - 13 Years retail, 22 years running NWC, then acquired Winestock, then Prime, then George Street wines

Started with one brand in 1993 - Leeuwin Estate

Now 120 brands, 7 divisions across 4 states - check this, brand count for all divisions

**Insights into wholesale - where do we begin.**

I would like to make this interactive - so I will call for questions every 5 minutes

Let's start with who's in the room

Show of hands for production of wine, distribution, marketing, what other categories?

**Any particular topics you would like to know more about?**

In order to go forward we must look back at where we have come from.

The last 20 years has seen an evolution, more recently a revolution.

Given as a business we rank in the top few companies in Australia in on premise I am generally going to speak with regard to that area of wholesaling.

The general understanding is that brands are most likely going to be built by creating a sound foundation in this area.

Why? We generally eat out to enjoy food that we can't or don't want to cook at home and to have an experience that we can't get at home.

Wine we like to think follows suit, in that we have an experience we may not be prepared to try via the local retailer.

**A good restaurateur friend of mine once described dinner in a restaurant as a giant aphrodisiac.....**

## **Industry changes a quick summary of good and bad changes**

Wine by the glass went beyond house wine creating the opportunity to think outside the square

Asian influenced food is taking over. (little wonder Pinot Noir and Shiraz works well but Cabernet is struggling)

Wine list competitions saw the beginning of huge lists which dilute sales - on average a couple at dinner will order one bottle, yet the list could be 500 bottles or more. My ex-wife did ask me once whilst I was pondering a huge wine list, are you here to talk to me or read the wine list?

Price gouging was unique to Sydney but Melbourne has followed suit.

Dining out is expensive.

6 packs were virtually forced upon us by the National chains - almost doubled logistics costs and apart from heavy format bottles such as champagne or some reserve wines it remains an unnecessary change.

Cork almost disappeared as did the issues we all know too well and the screw cap is now well accepted.

The wine business solutions report released earlier this year for the calendar year 2014 reported a staggering 70% increase in listings of brands also stated that 30% of the content was imports.

On top of that every weird but only occasionally wonderful other variety is on lists now, all these wines have an impact on sales of the traditional varieties.

The core varieties in the case of white wine like Riesling and in particular Chardonnay surely cannot be overtaken by Gris, Grigio, Fiano, Vermentino and so on. Take this a step further and the massive increase of orange wines is scary.

This of course applies to reds with various red varieties emerging.

And we continue to see growth in Marlborough Sauvignon Blanc that is subsidised by a WET (Wine Equalisation Tax) rebate, surely every bottle of NZ Sauvignon Blanc is one less Australian white wine sold.

I believe the WET may be volumed based rather than value based and removed from New Zealand imports .

So when the feedback I get from numerous wine makers that they eat out in Melbourne and don't know a single wine on a list we have a serious challenge.

There needs to be some comfort in ordering wine, would you order a food dish you had no idea about

State by state as we are now in 4 states I have seen not only a trend in Victorians drinking more Victorian wines but in South Australia they almost only drink South Australian wine.

NSW is more open to many regions and have a love affair with Western Australia and organic wine.

Queensland drinks everything but really hot weather does seem to slow red sales.

Anyone working around wine will have been handed the wine list by friends as they go to person and I recently had a group of ten people out for dinner and the list was everything I had never heard of.

More recently in Sydney a restaurateur took great pride in telling me he was not dealing with agents if he could avoid it as he wanted to buy only wines in tiny production or unheard of wines.

I wish I could remind people in the trade, nobody I know goes to a restaurant for the wine list first, it's always, food, ambience, service, the occasion they never ever say crap food but the wine list is good.

Some Sommeliers in my opinion mostly are writing lists for themselves, their peers and their egos, there are exceptions but they are in the minority.

The sommelier cannot be at every table when the client is ready to order, and frankly some/many people may not want advice, they want their favourite bottle of Pinot or Chardonnay but instead have to play Russian roulette to get a drink, this is not sustainable.

My ex wife took me to task at a restaurant with a large list I was labouring over and asked was I here to read the wine list or talk to her....

**So given we are aware of the challenges, how can tackle this.**

I think it starts with how we all deliver our message to that trade

Who in the room has some experience with Neuro Linguistics Programing?

Who in the room has experience with DISC profiling?

Where am I going with this.....

Simple example – A Treasury Wine Estates rep walks into an account and sells without asking a single question, talks about a left field variety and then goes straight to discount for pouring...they don't pour except two house wines and they don't sell unusual varieties.

We call this elicit and detect, or seek to understand and then be understood

We have trained our reps and some of our office staff for the last 15 years, and we still use the say person being Frank Romano.

Simple examples of the language we use are:

*I'm behind schedule – never admit you are late*

*Never go to a meeting not knowing the outcome*

*Never have a meeting without an agenda*

*How do you mean – versus what do you mean*

*Using language back on people, when you say a*

A new rep will be sent to a call and told not to sell, ask them “how does it work here”

What do you expect from a rep?

That rep left with an order, and a clear understanding of what was important to the client.

### **Employing staff - a reflection of your brand and your business**

In the interview process we always ask the candidate to do the disc profile test online before second interview, why?

They learn about themselves and we learn a lot about them.

I believe the stats for business owners are 95% are high D'S, Typical trait is they don't take no for an answer...

I urge you to do this \$35 test on line to learn your strengths and weaknesses.

But additionally it will help you to learn about your staff and your customer

In essence in the absence of repour we have nothing.

The best example is when we greet a child we crouch down and we make silly baby noises so that we are alike.

In NLP it's referred to as match pace mirror.

NLP covers, visual, auditory and tactile.

So when someone asks how do you feel about that...it's a tactile question, how does look to you is a visual question, how does that sound is auditory.

When someone describes something and constantly looks up they are going into the brain and it's visual, they will respond well to all forms of visual presentation...look at this!

Can you recall the last meeting you had you walked away from thinking wow that went well, it generally will be because you're alike and you have rapport.

NLP and DISC will help you to hone these skills.

### **Moving on to brand management**

The quickest and easiest way to get a sense of brand and its position in the market is what we call a velocity report.

So if I asked a winemaker or brand manager how many distribution points they had by state the vast majority cannot answer.

We use this tool to benchmark how a brand is working.

Take the number of clients who purchased whether it be once or 10 times in a quarter and divide the client number into the dozens sold and you get an average. Not useful on its own but when you can trend by quarter and or as we do against other brands it's invaluable.

For example if a brand has 500 active customers in one quarter Oct/Nov/Dec is always the largest, you can use this as the benchmark and then observe each other quarter. Divide dozens into customer count to get an average.

We discovered this when we took over Winestock and it didn't spike at Christmas, they didn't have as many customers as Nelson did and the uptrend was minimal, also every restaurant is usually booked solid for December so sale can double or triple.

Whilst measuring case sales are useful, knowing why you are trending up or down is very helpful.

### **Off and on premise split is vital**

Then a split of the chains versus independent retail, again looking for trends and then why.

You can take this further with sales by rep of your brand and also distribution points.

This allows you to understand one rep's success and why and also another's struggle and why.

### **Example of a brand that hasn't worked for us.**

We had a small Victorian brand, listed it successfully but it didn't sell through in spite of all our efforts so it's vital for the producer to have an ongoing brand building plan.

Most brands are unable to supply me with a marketing plan?