



DEVELOP PROFITABLE AND SUSTAINABLE EXPORT MARKETS

INDUSTRY CRITICAL CHALLENGES ADDRESSED

- Trade development activities need to be focused on higher value markets and segments to lift average sale price and improve profitability.
 - Victorian wine lacks a clear context in international markets: shared messages and program delivery between the industry and the government is needed to support export development.
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OUTCOME

More Victorian wine sold at higher prices through focused export development and better global perception.



“Yes, you could say that our business is an export success story but it has taken many years of in-market leg work. We tailor our wine styles and marketing for each country. We are incredibly excited about the FTAs opening up new opportunities.”

/ MURRAY VALLEY INTEGRATED WINE BUSINESS MANAGER

PROGRAMS	LEAD
3.1 Assist businesses to determine export readiness and grow capability and capacity with specific wine industry programs.	Industry Government (Trade Victoria)
3.2 Work with Wine Australia to develop a shared rolling program of activities that can create a context for Victorian wine.	Industry
3.3 Enhance and promote collaborative export initiatives, such as export clusters.	Industry Government (Agriculture Victoria)
3.4 Provide Victorian industry with export market data and intelligence that outlines specific market and product opportunities.	Industry Government (Trade Victoria)

WHAT'S HAPPENING NOW

Wine Australia Export Market Development

In 2014–2015, the Victorian wine industry funded Wine Australia to the value of \$2.2 million in export market development, including industry levies of \$1.7 million. Wine businesses also paid a total of \$500,000 to participate in Wine Australia's in- and outbound export programs to key markets, including China, the USA, the UK and Canada.

In addition to industry levies and Wine Australia export programs, the largest investment in export market development is estimated to come from individual Victorian companies. The industry benchmark for exporting companies to maintain and grow their markets is approximately 10 per cent of their export value. In Victoria's case, this equates to investment of approximately \$20 million of in-market infrastructure, human resources and marketing activities.

Australia's First Families of Wine

Australia's First Families of Wine, made up of 12 of Australia's leading family-owned wine companies, four of which are based in Victoria, promote Australian wine in export markets. This group tells the “Heart and Soul” stories of wine to a domestic and export audience, with quality and heritage at the forefront.



RATIONALE

Being less than one per cent of global production, the Victorian wine industry must position itself as an agile and innovative niche market player. The development of export markets is critical to the profitability of all parts of the Victorian wine industry. The movement away from a commodity market to premium positioning is key to the future of the Victorian wine industry.

The diversity of Victorian wine is both its strength and weakness. Victorian wine lacks a definitive proposition in export markets. The Victorian Government and industry will work together to build international recognition of Victoria's diverse wine regions, varieties and producers. Creating this context depends on shared messages and increasing the foot-traffic through Victoria's wine regions by wine buyers and industry representatives in key international markets. Wine Australia will be a critical partner in this work. Coordination with Visit Victoria (Platform 2) is essential to ensure congruence with messaging for domestic tourism.

Victoria's point of difference and its competitive advantage in wine export markets is its diversity of varieties, including a range of high quality alternative and cooler climate varieties. An export focus on higher value products will benefit all wine grape growers and producers by building Victoria's international reputation for quality wines in all export markets.

A strong export sector is as important to grape growers as it is to winemakers, because of the positive effect of higher wine prices on grape prices.

A focused export strategy is endorsed by Wine Australia, which recommends targeting Victorian Pinot Noir and Chardonnay into the USA and fuller-bodied Victorian styles into China, where these wines are highly sought after. The entry-level market in China may be challenging, as Victoria's high cost structure across the supply chain makes it difficult to compete globally; however demand for high-end Australian and Victorian wine is growing rapidly.

Many mid to small sized wineries are not confident about exporting and may lack skills to do so successfully. Smaller businesses often do not have the critical mass to be sustainable exporters in their own right; however, they could potentially export successfully as part of an export cluster. Victorian wine producers need support to understand the product needs of target export markets and to promote Victoria's points of difference.

WHAT'S HAPPENING NOW

Export Market Development Association

The Export Market Development Association coordinates cooperative programs facilitating export market development for member wineries. Producers can test export markets for their product in a low-cost, low-risk manner. Investment by the association covers 30 per cent of costs (up to \$5000) for four or five producers to participate in programs offered by Wine Australia or state governments. Each year these programs see up to 80 qualified wine influencers including trade, media, distributors, buyers and sommeliers visit the King Valley region for an immersive and educational experience.

Mornington Peninsula Pinot Noir Roadshow to London

Ten producers and their wine travelled to the London Wine Fair 2016, co-ordinated by the Mornington Peninsula Vignerons Association in conjunction with Wine Australia and self-funded by the producers. Mornington Peninsula Pinot Noir was showcased for the first time en masse to the London trade. Over 200 people attended with 40 attending a specialist Masterclass.

Growing Victoria's Wine Exports

In late 2016, Wine Victoria, the Victorian Government, Victorian Regional Wine Associations and Wine Australia formed an agreement aimed at growing and positioning Victoria's wine exports. By combining and aligning government and industry investment, the partnership aims to increase the value and volume of Victorian wines exported each year.

The Victorian Government, in partnership with industry, also helps businesses to capture export opportunities by providing market insights, enhancing capability with export training and strengthening supply chain and trade relationships. The government will continue to host inbound trade missions and support targeted outbound missions and market development.