

Media Release

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Australian wine sector strategy sets the direction to deliver a \$4 billion sales target

Australia's wine sector has set an ambitious target to sell an extra \$4 billion worth of wine over the next five years.

A new national industry strategy released today predicts cumulative domestic and export sales between now and 2010-11 can reach \$30 billion, rather than the \$26 billion expected based on current production levels and consumer trends.

The gains will come through a combination of new marketing focused on regional and fine wines, an increase in our commitment to research and development and innovation in general, and a focus on business sustainability at an individual winery level.

These gains won't simply be generated by increasing wine prices. Rather, consumers of Australian wine around the world will be encouraged to 'trade up' by strategies to improve their understanding and appreciation of Australian wine's quality and diversity.

The strategy – *Wine Australia: Directions to 2025* – was created following nearly 18 months of research, consultation, data collection and analysis. It is a joint initiative of the Australian Wine and Brandy Corporation (AWBC) and the Winemakers' Federation of Australia (WFA) with the development process overseen by a high level 17-member taskforce, chaired by Kevin McLintock, deputy chairman of McWilliams Wines.

"*Directions to 2025* is not an assessment of how we are performing; it is a business analysis of the best way we can structure our national industry and ensure we deliver the sales increase identified," Mr McLintock said. "The key is growth in sales by value in real terms. That will translate into the kind of profitability for wine sector businesses that has largely not been evident over the past few years.

"To achieve these extra sales will require a sector-wide commitment to make it happen, including a significant and visible financial stake, and strong leadership from the organisations owned and managed by the industry. *Directions* is another good example of the wine sector's proactive, self-help approach to business."

The *Directions to 2025* final report contains 46 separate strategies built around three core themes: anticipating the market, influencing consumer demand and building sustainable success.

A complementary online Information Resource Kit for industry - hosted on the AWBC's wineaustralia.com website - includes comprehensive Market Insight Reports for key markets (including Australia), Winery Benchmarking Guides, a Gross Margin "Ready Reckoner", an international Consumer Trends Report and an Infrastructure Audit Report.

"Market intelligence and financial resources of this calibre have never before been generated at a sector level," WFA chief executive Stephen Strachan said.

"These are real, practical tools that will allow each business to understand their options and assess potential sales avenues and the implications of targeting these options.

"There is also a strong focus on enhancing business skills, environmental performance and an ongoing industry commitment to social responsibility that will underpin sustainability at all levels."

Directions to 2025 incorporates and reinforces a number of major initiatives already in place, most notably the AWBC's new *Wine Australia* brand segmentation strategy that highlights the diversity, accessibility and quality of Australian wine at all price points.

"We have already begun rolling out this strategy overseas and the feedback has been fantastic," AWBC chief executive Sam Tolley said. "The *Directions to 2025* strategy further builds on this early development work to ensure that the new marketing approach becomes an integral part of how the Australian wine sector promotes itself globally."

"By promoting Australian wine according to four sub-brands or 'personalities' – we've called them Brand Champions, Regional Heroes, Generation Next and Landmark Australia – we are raising the level of expectation about Australia wine across the board and encouraging all consumers to explore what we have to offer," Mr Tolley said.

Directions to 2025 builds on the landmark *Strategy 2025* document released by the wine sector in 1996. Mr McLintock said *Strategy 2025* had identified three phases in the development of the Australian wine export story: a focus on production growth to 2002, value growth to around 2015, and global pre-eminence for the Australian wine sector.

"There is clearly overlap in these phases, but the story identified in 1996 is valid," he said. "Our focus in *Directions to 2025* is ensuring our energy and commitment to the *Wine Australia* brand in the coming five years will deliver the value growth phase of the Australian wine story.

"We know things have changed since the heady days of the 1990s, but we also know that Australia has the people, knowledge, technology and commitment to be just as influential and successful in the coming decades. We are setting off in a new direction."

ADVICE FOR MEDIA REPRESENTATIVES:

For further information or to arrange a media interview or , please contact Eric Wisgard, AWBC Corporate Affairs Manager, on (08) 8228 2016 or 0439 998 897 or Sherallee Davies, WFA Public Relations Director, on (08) 8222 9255 or 0407 004 959.

Australian wine sector: the growth continues

	1995-96	2005-06	Percentage change
Number of wine companies	892	2,008	+125%
Direct employment	15,743	31,000	+97%
Wine grape bearing hectares under vine	65,000 hectares	158,000 hectares	+143%
Total grape crush	883,000 tonnes	1.9 million tonnes	+115%
Export sales by value	\$A605 million*	\$A2.8 billion	+363%
Export sales by volume	130 million litres	735 million	+465%
Average price per litre (FOB)	\$4.66*	\$3.80	-18%
Domestic sales by value	\$A1.4 billion*	\$A1.9 billion	+34%
Domestic sales by volume	310 million litres	431 million litres	+39%

* All dollar figures are adjusted to 2005-06 dollars.

Sources: Australian Wine and Brandy Corporation, Winemakers' Federation of Australia, Winetitles, and Australian Bureau of Statistics. Figures are approximate.