



# A TALE *of* TWO MARKETS

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Larry Lockshin sat down with family and friends in Canton, Ohio, for a meal and a few wines. The wine itself didn't come up in conversation. Welcome to America.

I spent the past two months in the US working on my upcoming book, which is based on a selection of my wine marketing articles over the past 15 years. My family home is in a medium-sized midwestern town called Canton, Ohio. One town does not make a generalisation, but it is still useful to contemplate what I experienced visiting friends and family as well as a range of grocery stores, discount stores and other wine outlets.

What opened my eyes the most was having dinner at someone's house. The people I spent time with were typical middle-class baby boomers and Generation X families, who like wine and serve it with informal dinners. Wine was set on the table and replenished as needed. There was little discussion of the type of wine or its origin. Guests were asked if they preferred white or red; once in a while rosé was offered, but even though it is trendy, it has hardly penetrated middle America.

The white wines were the most interesting. There was not a plethora of NZ Sauvignon Blanc as there is in Australia. There was some, but there were also some California Chardonnays and a few southern French whites. I saw Picpoul de Pinet at two different houses – a quite unusual variety from around Montpellier, as well as various white blends. The reds were more typical. They were mainly Cabernet Sauvignon from different regions in California, a few from Chile and a few Malbecs from Argentina. No one

ever put out an Australian wine. This may be in deference to the fact that I drink Australian wines at home, but more likely it is because few are buying our wines. There was little discussion of the wines at all and replenishment was just whatever red or white was next on the shelf.

I visited quite a few stores selling wine and my previous experiences were pretty much confirmed. The wine aisle in a grocery store, discount store or pharmacy (which are large shops with a big health care section, but also groceries and discount store items) is a mishmash of wines. They are mainly organised by colour and somewhat by variety. Different countries are mixed together. Prices are mixed from \$3.99 to around \$25 here and there within the section. Some stores have a special section for high-priced wines, mainly California and Europe (mostly French). There might be an end-of-aisle display of Australian or other wines, but generally Australian wines were just among the other wines.

The experience brought home to me how different my interaction with wines is in Australia. Even at an informal dinner, people bring wines and at least introduce them. Bottles are picked up and labels read. I know I am not a typical Australian wine drinker – and none of us in the industry should forget that – but it was an eye-opener. America's view of coffee is much like its view of wine. It is a beverage to be drunk at certain times and places, but little thinking goes into its selection or consumption. Yes, there



are specialists for both coffee and wine in the US, but these are pretty thin on the ground. I spent some time in New York City, staying with relatives and visiting friends, and these people were no different to those in Ohio. Wine and coffee were time and place dependent beverages and little more.

We in the wine trade live in two different markets: fine wine and commercial wine. I remember Tony Spawton

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writing about this in the late 1980s and it hasn't changed that much even after 30 years of wine marketing. The majority of consumers just pick familiar wines (mainly by grape variety) from the shelves of chain stores with little regard to origin or differences between wines. Wines within the red and wine categories are pretty much substitutable. Labels drive choice, either by their names and design or by the fact they are recognisable, and usually both. Marketing is about getting on the shelf and building recognition. Certainly the big Australian brands still sell wine based on this.

Fine wines, of course, are marketed differently – or so we think. Here, the story of the winery, the family and the brand

are paramount. Many of these wines are chosen with more care from specialty wine shops and restaurant wine lists. Marketing is all about getting on the shelf or list and telling the brand's story to the distributor and the buyers. The story is the important part, but it is merely another version of building awareness and recognition.

A large problem facing many Australian wineries is what happens when they have brands in both markets. The move from fine wines into fast-moving consumer goods taints the whole brand line-up. I recently saw a big end-of-aisle display of Penfolds wines in a large wine shop for \$7.99. This same shop has a temperature-controlled wine room for expensive wines – and there were no Penfolds to be seen there. What do you think this does to Penfolds' overall reputation?

Many of Australia's icon wines have suffered the same fate. Most but not all of these iconic brands were bought by large consumer goods companies or conglomerate alcohol companies to increase profits. The long-term result has been a denigration of the history and true stories of the original brands while replacing them with something simpler and much less accurate. For many brands, these 'repositionings' or 'reimaginings' are patently false; they are merely the latest copywriters' and brand managers' attempt to sell more wine to the folks, like my friends and family in Ohio. The problem is, consumers pay little attention to these fictitious histories, but since they change every time a new brand manager or CEO comes on board, the trade loses the real history and the brand becomes like a boat drifting at sea.

There are several recent online articles detailing this process of denigrating Australia's oldest and most valuable brand assets. Take a look at these web articles if you want more detail:

- Treasury Wines: <http://bestwinesunder20.com.au/treasury-wine-estates-sunken-treasure/>
- The history and destruction of Lindemans: <http://bestwinesunder20.com.au/lindemans-death-by-1000-cuts/>
- The history of this process throughout Australia's wine industry: [http://www.glug.com.au/index\\_industry.php?sec=industry&art=13003](http://www.glug.com.au/index_industry.php?sec=industry&art=13003)

The tale of two markets continues. We are already risking the same process in China and other developing markets by promoting made-up backgrounds and histories, rather than telling true stories of our most famous wines. Consumers don't really care that much about brand stories; these usually just help keep the brand top of mind. But fake positioning confuses the trade and denigrates the hard work Australia's wine pioneers put into building these brands over time and results in lower prices and lower quality over the long term.

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