

# CHANNEL UNO09 SUMMER

For those of you who have been with us for sometime, you will probably be aware that UNO is a member of the IDP, which is the International Design Partnership. Typically at this time of year we get to tell you what we did in some far flung and exotic corner of the world, this year however we were hosting and so we had the opportunity to bring to Melbourne some of our incredible partners.

# VINOVERITAS

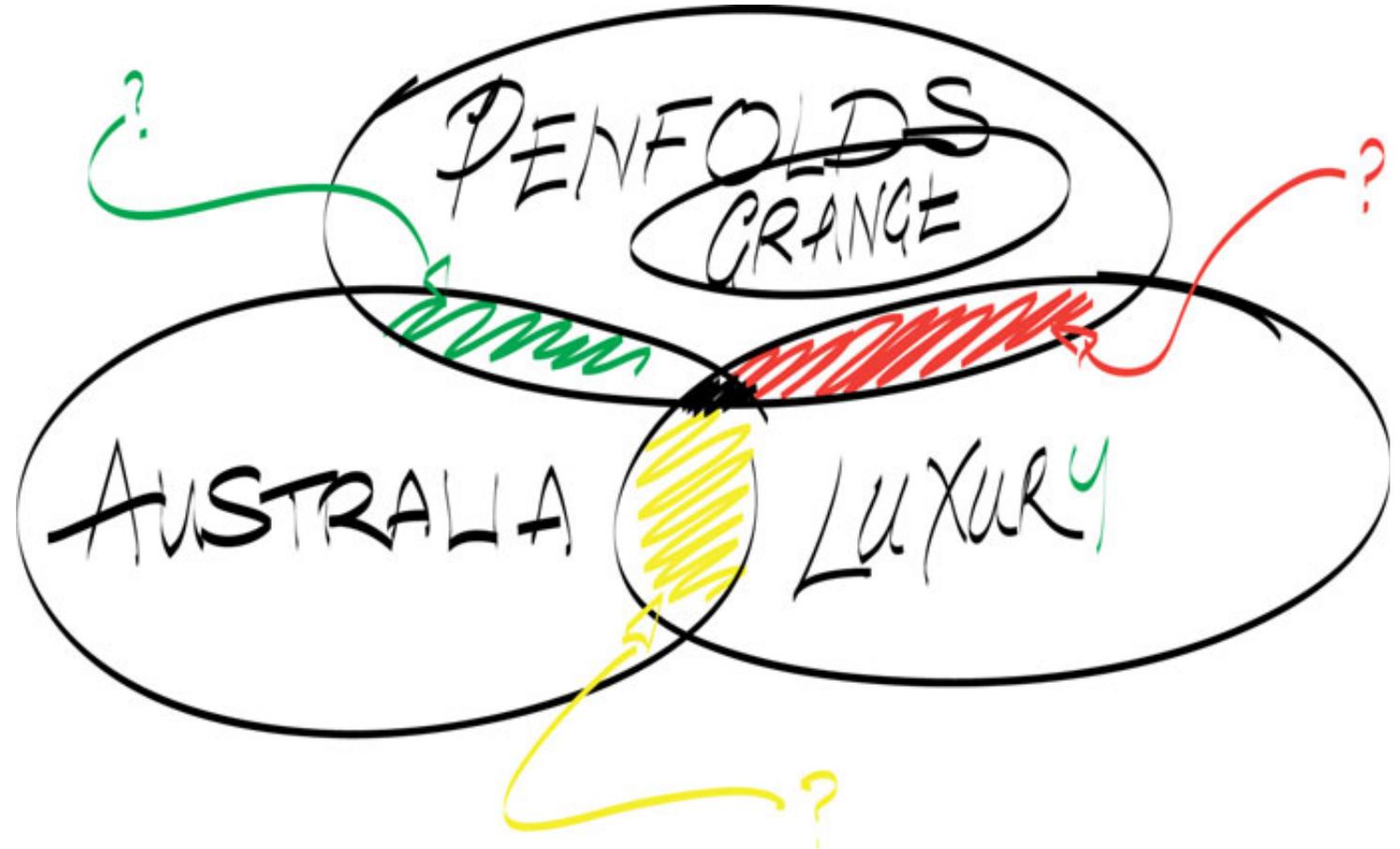


Each year there is a topic and recently these have been related to a real world requirement. Last year in Mexico it was focused on design for social change, and we worked with an indigenous community of craftspeople in the Yucatan area of Mexico to better project the cultural heritage of their crafts to a wider global community and so improve the living conditions of the craftspeople and the wider community, so building a sustainable system that would support the cultural traditions of the community into the future. This project dealt with many universal issues, such as how the globalisation of markets and products can effectively co-exist with small and financially fragile cultures. 

This year we wanted to tackle an issue that was also highly relevant both to our International Partners and to us locally in Australia.

It was probably one part planning and one part serendipity that formed this year's meeting. We were fortunate enough to meet with a core member of the Fosters team and after a broad discussion on what we could do that would be both relevant and challenging to our IDP members and of benefit to Fosters, we finally resolved to look at Penfolds, one of the founding players in the Australian wine market.

Framing the question was, as is often the case, almost as challenging as working towards the solution. The question being, "If Penfolds Grange is regarded by the World's top wine critics as amongst the best in the world then why is this higher status not reflected in the Penfolds brand?". Although there is no doubt a domestic component to this, we asked our International members to answer it from the perspective of their home markets. In this we put together a visual question (see below). This has 3 areas, Penfolds (sub-



set Grange), the concept of Luxury and the prevalent perception of Australia. The principle being to see if there was an overlap between these elements, to give a better understanding into what forces are in play when people are choosing wine and whether or not Luxury and Australia play

a role, either positively or negatively in the perception of Penfolds wines. We also asked that Penfolds Grange be viewed independently of the Penfolds range to define the perceived relationship and also whether the overlap was different.

## Multiple Perspectives

In this project, the strength we have is that each member views the question differently and by and large this is highly appropriate as this reflects the differences between the cultures and their own high level of understanding and empathy with their home markets.

On the perception of Australia, there was almost a universal view, which was largely quite clichéd images of ‘Crocodile Dundee’, ‘Sydney Opera House’, endless beaches, massive surf, red Deserts and Qantas. The UK was slightly more knowledgeable, as you would expect from a country with long and established ties to Australia. The surprising response came from our partner in Shanghai, who used a mix of traditional research and an on-line polling system to gather responses to this question, and visually their response (pic) showed a greater depth of knowledge. The multi-cultural image and the image of a Melbourne tram, showed that there was a much greater awareness of Australian society. This was also supported by a recent ‘Lowy Institute’ survey of Chinese public opinion showed that “Australia was ac-

cepted as an Asian nation, with an important role to play in regional organisations, attractive values and a good political system”. The internal view was different in some key areas. There is a large degree of cultural cringe in the overused images of eyeless and dusty Jackaroos baking under a blistering sun, with miserly language skills and whose evening entertainment consists of drinking endless beers with impromptu intermissions of bare knuckle brawling. The competitive spirit, the desire to improve and the love of the underdog with the contrasting distrust of over-inflated, high profile individuals, more commonly referred to as the ‘tall poppy’ syndrome. The truth is more complex than stereotypes allow but most Australians consider it an open society, although classes and social divisions do exist these are not systems were the door is open or closed at birth.

On a recent ranking on the top branded countries Australia placed at number 8, which puts us in some pretty good company. Simon Anholt, the leading thinker in how to score nations based on their perceived values put it this way, “Australia passes the T-shirt test”, which simply put





means that if you have a T-shirt with the slogan “I Love Australia” printed on the front adds value to the T-shirt, which is not the case for many other countries. However, when one thinks of Australia it is not front of mind to think instantly of wine, and if we do then often it refers back to when it was “Sunshine in a bottle!”



When it came to Luxury, there was no traditionally recognised view of Luxury that sat within the perceptions of Australia, in fact it was really only with a bit of directing that Australians could name an Australian luxury brand, while you ponder this I’ll just give you the standard market requirements of a luxury brand. These are:

- INTEGRITY**
- A LEVEL OF EXCLUSIVITY**
- IMBED INDIVIDUALITY**
- BE HIGHLY CRAFTED**
- CREATE A VIVID EXPERIENCE**
- MANAGE CHANGE**
- WHILE REMAINING TRUE TO VALUES**

The final point is a difficult one to master as it means staying relevant within changing consumer trends whilst not losing the integrity of the brand. The issue of increasing sales while still managing exclusivity, or rarity, is also difficult to negotiate, and even cleverly structured brands like Armani, with their tiering of exclusivity from their Privé down to their Jeans entry level, still require very strong marketing support to properly segment their audiences so as not blur the lines too much. Oh yes, that Australian luxury brand question, for us the first that came to mind was Paspaley, aside from that you could mention some luxury resorts and perhaps the odd fashion designer, but Paspaley is an Australian luxury brand that is equally well regarded abroad. In some ways the Europeans have largely defined the ideas of luxury, and they have captured this concept and projected it so well that almost every category is headed by a European brand and many of us have been happy to act



as ambassadors for these brands. Rarely a day goes by were I don't hear about some luxury European designed this or that, whether it be a German car, a Swiss watch, an Italian suit or French fashions.

So as Australians we don't score high for home grown luxury products but we appear to love it as much as the next country. Many of our IDP members felt that the perceived Aussie persona of equality and frankness did not sit well with ideas of projected wealth and status or with the fictions that luxury brands wrap themselves. However you just need to walk down Collins Street or look to the new Chadstone luxury centre to see that we are avid consumers of this European story.

When it comes to wine, Australia is now a mature market. The introduction of wine to the Aussie drinks repertoire really got underway back in the 1950's, with launch of Pearl wines, often referred to as 'Poor Man's Champagne'. This affable and easy introduction in to the world of wine spawned many others and by the 70's wine popped up on the selection radar of most Australians. The export market blossomed through the 80's and into the 90's with Australian wines being referenced by their inexpensive, straightforward, big & fruity and quite alcoholic reds and so the 'sun-



shine in a bottle' idea came along. During this period of growth, new wineries were popping up all over and big wineries were becoming bigger, with Shiraz and Chardonnay being the flavour of the times, but fashions change and now the Australian wine industry is seeing a decline across many of its main markets as tastes change and as markets mature. At home, the two giant varietals, Shiraz and Chardonnay are in surplus and have only shown an increase within the supermarket, and Chardonnay, once the fashionable drink of choice is in danger of being usurped by Sauvignon Blanc, and what's worse its from NZ. This trend has also occurred globally, although the effect is more notable in more mature markets where the market is more adventurous and there is a greater willingness to experiment outside of the more ubiquitous grape varieties.

The early success that Australian wine enjoyed overseas was largely in the lower price points. Delivering good wine at a great price became synonymous with Aussie wines and the retailers category divisions of New World and then Australia, meant that we were essentially ringfenced by the retailers offer and as they act as the gatekeeper (both here and abroad) winemakers were forced to produce to a retail profile if they wanted shelf space. This created a self-fulfilling truth, in that all anybody overseas really knew was what the retailers put in front of them. Breaking this cycle is fraught with challenges, as the dominant players like Fosters, Constellation and Pernod Ricard are also fighting a rearguard action to maintain their positions against a resurgent South Af-

rica and a battling Chile, as well as from Eastern European countries like Bulgaria, who with the low overheads are challenging for the entry level position. Differentiation is obviously an important factor, but when consumers are shopping by grape variety and within price points then brands need to constantly play the promotional card to buy sales, which in turn destroys any loyalty and over a longer term devalues the brand.

The desire for the supermarket volumes, which is needed to maintain these price points, has been shown in other categories to have the ultimate effect of reducing the brands to the extent whereby 'private label' products are introduced and some supermarkets now have their 'premium' versions available alongside the brands.

If you're thinking this can't happen here, then ponder the number of cleanskin outlets or Coles' venture into the beer market with 'Maxx Blonde'? I can guarantee that this

is merely the pathfinder within this category and more will follow. Removing the premium brands from this cycle is a survival necessity, but changing consumer perception and the market dynamics to regain a measure of value over volume will not be easy. It also requires support from the whole industry to reduce the dangers of opportunistic undercutting and also support from the government to help communicate the great stories behind Australia's great wines. This level of cooperation is being explored by Australia's 'First Families of Wine', who by creating a criteria for membership are looking to establish a recognisable tier of quality, similar to those used by the French with their premier cru but far less oblique. This approach is an attempt to distance their premium products from the masses and it will be interesting to see how this is taken up by the wine buyers and the consumers.

There were numerous suggestions from our members which were specific to Penfolds, but as a brand that acts as one of Australia's foremost wine ambassadors, their success will be a wider success for Australia's wine industry.

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IN THE KNOW



**BREWED LONGER FOR MAXX FLAVOUR AND FUN**

**MAXX BLONDE - PREMIUM LAGER**

When it comes to clean pristine water, wicked snow capped mountains and extreme wilderness, nothing compares to New Zealand. It's natural to the Maxx. That's why we chose to brew Maxx Blonde there. It's brewed 1/3 longer than regular beers which gives you a [pale-free](#), low carb lager hit with a crisp, refreshing taste.

There's nothing more gratifying than Maxxing out on life with a Maxx Blonde. Available exclusively at 1st Choice Liquor, Liquorland and Vintage Cellar stores. Use our handy [store locator](#) to find your nearest stockist and grab a slab today!

