

Wine Business Solutions



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## ***Joining up the Dots...***

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### Abstract Idea

### Execution

### Betterment

This is the basis of our evolution. It's how the best of our clients propel themselves forward. In this Wine Paper, we'll look at the propagation and spread of ideas. We'll look at how wine businesses around the world have leveraged these ideas, transforming their customer experiences, giving those businesses the edge, thereby increasing their direct sales by multiples of revenue, rather than in small increments.

I have been lucky enough to have been made Global Chair of a contest to find the [‘World’s Best Vineyards to Visit’](#). It's a competition of William Reed who own the International Wine Challenge and the 50 Best Restaurants. Both the IWC and the 50 Best Restaurants, despite providing leadership in each category, have fierce competition in terms of their outright ownership of those ‘ideas’. It's a bit of a masterstroke, therefore, that William Reed have been the first to create a globally recognised brand in this space.

There has, of course, been some confusion about the name. The problem is, the world of wine tourism has come up so fast that there is no single word that covers ‘on site, wine related, tourism experience’.



*Andrew Reed launching the ‘World’s Best Vineyards’ at Banquet Hall, Whitehall Palace, London*

It was my job to find (with a lot of help from Georgia Isaacs and the William Reed team, I must acknowledge), 22 Regional Chairs from the 22 main 'Wine Regions' of the world, who then had to appoint 36 'Judges', who ultimately voted seven times for experiences that they enjoyed on wine properties, both locally and internationally. So - a total possible pool of votes of over 5500.

The process of finding these people to be Chair is a lot like my experience as a consultant and reminds me of the old, overly simplistic it must be said, idea of 'A', 'B' and 'C' type personalities. When proposed the opportunity to be Chair, some people 'bitched and died'. Some rolled along and needed prodding all the way but eventually got it done. Others, like most of those that made it to London for the launch, looked at it and immediately got it, figuring "what an unbelievable networking opportunity" and nailed it within days.

It's very much like that with our clients. I've had staff tell me and the owner of the business that they are already too busy to change anything. Not much I could do on my own there. Others look to what other people in their region are doing as the benchmark, never expecting that perhaps it is not global best practice. I've even had people recite to me, at the start of our workshops, that old adage that if they take one thing away and implement it, then that is a success for them. I have had one attendee tell me, conversely, that they made a list of 83 action points in the workshop and that they had implemented 46 when we next met.

Most significantly, I've had clients take my advice, fly to South Africa to see what the experience can be, fly to California to see what selling looks like and bet the farm (literally and scarily) on a multimillion-dollar transformation of their business at cellar door. I have never seen that sort of move not pay off in terms of increasing revenue by the multiples needed to recover the investment. These people change our world.



*The Cellar Door at Fairview, South Africa*



Let's look at [Brokenwood](#) as a bit of case study. [Fairview's](#) cellar door, just outside Paarl, is the most visited cellar door on earth, as far as I can ascertain. It's owner, Charles Back, is one of the most innovative people in the global wine industry. Each year, more than 350,000 people come to see the 'Goats-who-do Roam'.

If you cast your eye around his cellar door, you can see plumbed in spittoons, directional lighting, cash registers on every stand, no possibility for any pair of people to attempt to serve more than 5 people each at a time - clever ideas everywhere.

Brokenwood have then taken all that, cleaned it up, modernised, given it dual aspect lighting and added in some under-bar extras such as glass washers and bottle fridges so that, barring bathroom breaks, the staff never have to leave the stand at all. If that is indeed what you want. We managed to increase one client's sales by 2.5 times through insisting that no staff member ever go behind a counter and that all remained fully focused on clients seated at tables. Most larger businesses do need somewhere to manage 'walk in' customers who want a quick taste. Seated structured sales presentation is, however, where the money is.



*Crittenden's Tasting Room, Mornington Peninsula*

You don't have to spend millions, however, in order to make the sorts of transformation that could see your direct business take off at multiples of revenue. It might be just one little innovation that makes a colossal impact. Garry [Crittenden](#) also flew to South Africa, received religion, as it were, converted to seated, structured, tutored tastings and got the outcome that Silicon Valley Bank's DtC research predicted - a six times increase in sales.

But how do you contain costs if you now have to service this? Garry noticed that Fairview had their tasting bottles in racks. He could see that by simply putting their tasting in a rack, they could save hugely on staff costs. Most large tasting venues in South Africa fail because, by the time staff have run and fetched the next bottle, all they have time for is a rote learnt ten-word product description that most would pay not to hear.



*Crittenden's Tasting Room, Mornington Peninsula*

So, it's the tiny ideas and the big ones. It's the collection of them as a starling builds its nest. It's the taking of the core of an idea from one place and seeding it into another. It's then looking at how others have executed and seeing what can be done better / differently / more efficiently and cost effectively.

Along the way, I often feel like I have been talking about something for a decade without seeing action. Then suddenly you have businesses leapfrogging one another, putting themselves into a position of global leadership and whole regions charging into the future.

Take the idea of wine and food pairing. You all know that I have been pushing this for at least a decade. For most of this time, [The Lane Vineyard](#) in the Adelaide Hills had been the only business in Australia to properly execute. [Our research](#) shows that, alternating with Rockford wines who are also a direct to customer leader, The Lane Vineyard is the most listed wine brand in South Australia. So not only is The Lane leading wine and food education in Australia, people want to relive the experience when they are dining as well.

And the global leader in this space? We are proud to call [Creation Wines](#) South African clients but owner, Caroline Martin was well on her war path with this idea before we first met. Creation are one of the World's Top 50 and it is innovation around a theme (tea tastings for teetotallers, fruit juice 'tasting' for kids etc) that continues to give Creation the edge.



I visited another of the Top 50, [Seppeltsfield Wines](#), last week and they looked to have taken all of this and leapfrogged again. They've got the 'pods'. They've got the pairing. And they have a collection of 100-year-old ports that can't be matched or copied. And a great restaurant and and and...Who copied who and does it really matter? Well, no, I really don't think that it does. You see, so few people are truly innovating that those people can lead from the front whilst a small number effectively chase them, and others struggle to catch up. That is why I am not afraid to share these ideas. By the time everyone else organises themselves to copy, and they can start that process through simple online search, the innovators have moved on.







So, where do useful abstract ideas come from, how are they actualised and how can you look at someone else's execution and leapfrog it? For at least a decade, I have been saying that any brand, a wine tourism brand more so, should present as a beautiful swimming pool that someone just is dying to dive into. I was reminded of this last week when I was working with Australian food legend Maggie Beer's team (Maggie Beer's Farm Shop pictured above) in the Barossa, even if literally diving is not encouraged...



You can't imagine how excited I was to learn that the Francis Coppola winery actually has a pool for wine club members. The thinking being – "Why have someone drive all the way out to our place to taste a few wines and drive home again?" Now that they're here, let's show our customers some real hospitality. Now that might seem like quite a leap but [Jackalope](#) winery, again from the Mornington Peninsula, has bounded way past the mark set by Francis Coppola. By tapping into ultrahigh end Melbourne hipster chic, Jackalope are delivering an experience many gears up from the genteel old money approach used by many of Sonoma's better-known wineries. As in the pictures on the contents page and above, they've gone from the swimming pool to the infinity pool. And overlooking the vineyard.



What other ideas did Jackalope potentially take from the US and deliver at another level? One of the most photographed sculptures in Napa is Hall Wines' 'Bunny' pictured above. It's cute and loved by certain tourists. Jackalopes bunny is more like something out of Donny Darko than anything anyone would want to pat. Was this their inspiration or was it that brilliant campaign by Tourism Victorian 'run rabbit run' tapping into peoples' deep felt need to reconnect with their childhood? Or is it all or none of the above?

Why did I use that word instead of ‘going next level’, or whatever? Many small producers will be asking by now what this has to do with them. Moreover, others will be asking – “what do I have to do to get onto this list and / or multiply my revenue? Spend millions on architects?”

Looking at many Spanish and South American cellar doors, of which there were more of the latter in the Top 50, you would think that to be the case. Certainly, when people talk of wineries like [Craggy Range](#) (also in the Top 50) in New Zealand, there is a lot of “well it’s all right for them and all of their money but how does that help me?”

These wineries set the standard. They reignite interest in tired regions. In the case of [d’Arenberg](#) (another Top 50 winner) ‘The Cube’ is being used to sell an entire State (South Australia) in the Sydney underground and beyond. Barossa wineries are feeling it.

But what about directly leveraging these wineries yourself? One of our clients can see both the Marques de Riscal Hotel (another winner and pictured below) and the beautiful church of Elciego from her lounge room window. Because of the way that most Spanish businesses think about wine tourism is so far removed from their most profitable opportunity, it’s been a real journey. But I am pretty sure she is going to be able to sell some wine with this to look at. And virtually all wineries have something beautiful to look at.





There are a thousand ideas, of course. (There had better be or people will stop coming to my workshops and paying for consulting advice). The one that I am most excited about now is an idea so keenly understood by Francis Coppola and that is the idea of wine and food as adventure.

For so long the wine industry has gotten in the way of what people always wanted. A peaceful place to sit, good wine to taste, maybe something to eat with it, great hospitality, an experience that is fun and educative and a means through which to continue to communicate, buy wine and have your loyalty appreciated.

What's beyond that? I love that Francis Coppola talk about wine, food and adventure. What they hint at is that any winery can do some sort of wine and food event but what would it take to turn a visit into the sort of adventure that would turn a simple tasting visit into an experience to be remembered for a lifetime?

I'm not talking about what Charlie and Jack Stein got up to in the series Wine, Dine and Stein. Even though the series was an absolute coup for the Durbanville wine region in South Africa, zip lining and wakeboarding are not going to sell you more wine, just as my Rioja client's idea to run pony rides through the vineyards may also have been counterproductive.

As ever and always, it's about getting closer to your brand, bringing people deeper into wine and food and making that the enormous fun that it only ever ought to be.

## The “Top Ten Tips” for Building Better Wine Businesses.

**One** - Start by understanding your customer value proposition. Only part of this stems from your company’s unique heritage and / or personality. To be successful, this needs to be strongly linked to what your customers ultimately want from the experience of your brands. There is some excellent research on this that is publicly available. Getting it right is therefore not out of the reach of small companies.

**Two** - Once you understand what customers value most, you can then remove what they don’t want (thereby reducing costs and freeing up cash), focus your communication on what they do want (often at no additional cost), differentiate your company on the basis of fulfilling customer needs more accurately than any competitor (again, often at no extra cost) and raise prices (because your offering is more highly valued)

**Three** - Always be asking the question – “If I could start with a blank canvas today – what would our wine business look like?” It’s all too easy to let existing assets, existing product lines and existing ways of doing things blind us to what it is that our consumers value most. Often, it’s simplicity. Complexity usually adds to costs and often only serves to confuse customers. Retaining unnecessary or irrelevant product lines, assets or business processes is the worst contributor.

**Four** - Make everyone in the company accountable for securing customer preference. This is not just the job of marketing but of everyone in the company, the owner most particularly. Make this the focus of the way every employee innovates their job processes on a daily basis.

**Five** - Invest in relationships. This is particularly so with major distribution partners. Make sure sufficient time and money is invested before demanding results. Be prepared to invest up front in bringing them to your home base and entertaining them in order to build enduring friendships.

**Six** - Make all employees champions for profit. Develop a culture of honesty around net revenue. Make sure everyone knows the actual price achieved net of all discounts, rebates, bonus stock and anything else that might otherwise cloud the true profit picture. Keep them focused on reducing costs but let them know that a percentage increase in wine company revenue is, on average, twice as effective as the same percentage decrease in the cost of goods sold and 3-4 times as effective as the same percentage saving in operating expenses.

**Seven** - Optimise your pricing mix. Focus first on selling more, higher margin product in high value markets to high value customers. Beware of people in love with “big volume”. Big numbers make for big stories but often mean a lot of running around for no additional profit.

**Eight** - Build better business intelligence gathering systems – most companies are good at monitoring their own press. Very few have effective systems in place to monitor competitors, track changes in consumer preferences and turn customer feedback into customer value added.

**Nine** - Build 5-10 year Strategic Plans, forecast rolling 12-month budgets, link them to the most relevant KPIs and tie remuneration to these, wherever possible. Everybody knows they should do this. Few do. The difference in the performance of companies that do is enormous.

**Ten** - Watch your cashflow – building a cashflow forecast is a relatively easy exercise with the right software and some quality assistance. Some people survive years of losses, but you can only run out of cash once. In a cash hungry business, like wine – Cashflow is not just King but Oxygen.

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