

WINE INDUSTRY

“The Time is Ripe”

Agenda

- 1** Problem
- 2** Take-Aways
- 3** Analysis
- 4** Strategic Options
- 5** Recommendations
- 6** Conclusion

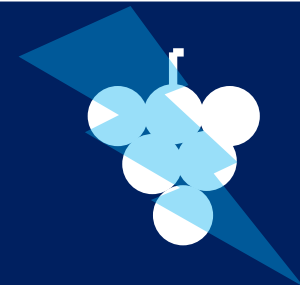
Problem: The wine industry was more than ripe for disruption facing three key challenges that were overlooked

Pretentious Image

Technological Resistance

Lack of Consumer Understanding

The industry was ripe for disruption



Take-Aways: The following recommendations will allow Jacobs Creek to catch up with the prevailing disruptors

**Story-Telling
Marketing**

**New Distribution
Channels**

**Customer
Segmentation**

**Pretentious
Image**

**Technological
Resistance**

**Lack of Consumer
Understanding**

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Analysis (1/2): We observe trends occurring in the market that challenged Jacobs Creek and the wider wine industry

New Customer Segment

- Millennials
- Asian consumers
- Different selection criteria

Ease of E-Commerce

- Change in legal Regulations e.g. US
- Mobile orientation
- Shipping

Democratization of Knowledge

- Online players
- Ratings available online e.g. ViVino

Analysis (2/2): There are three key reasons why traditional wine industry players could not react

Channel Conflict

- Established distributors
- Powerful sommeliers

Traditional Mentality

- How wine should be had
- Defined occasions to have it
- Cork vs. screwcap

Insular in Thinking

- Underestimated the power of online players
- How customers will adopt them

Strategic Alternatives: The following strategic alternatives have been considered to evaluate how Jacobs Creek could have responded

STRATEGY	Innovation Level	Customer Fit	Feasibility	Strategic Fit	Risk	TOTAL
Wine education	×	×	+	×	+	×
In-house online channel	×	+	×	×	+	×
Partnerships	×	×	+	×	×	×
Story-telling marketing	+	+	+	+	×	+
New distribution channels	+	+	+	×	×	+
Customer segmentation	+	+	+	+	+	+



Recommendation (1/3): Story-Telling Marketing

WHAT:

- Tell the story of wine production to allow for emotional sales

WHY:

- Improve the proximity between wine drinker and Jacobs Creek

HOW:

- Use simple language
- Produce own content, e.g. pictures and videos, and avoid stock images
- Exploit digital marketing opportunities
- Allow online vineyard discovery – again, simple language

Recommendation (2/3): New Distribution Channels

WHAT:

- Embrace the opportunities offered by online sales

WHY:

- Target new consumer segments and allow for increased segmentation of the market

HOW:

- Sell wines online via online platforms
- Consider an omni-channel strategy, e.g. pop-up stores with tastings
- Conduct events to reduce the distance to consumers
- Offer a subscription service that introduces customers to e.g. new vintages

Recommendation (3/3): Customer Segmentation

WHAT:

- Understand customers very well

WHY:

- Understand the new generation of wine consumers

HOW:

- Offer new packaging alternatives, e.g. cans
- Introduce different labeling complexity
- Use targeted marketing strategies, e.g. digital marketing via social media
- Offer different price points that meet consumers' willingness to pay

Conclusion: The following recommendations will allow Jacobs Creek to catch up with the prevailing disruptors

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**THANK YOU
FOR YOUR ATTENTION**

We now welcome any questions you may have.