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.
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
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.

<table>
<thead>
<tr>
<th>Channel Conflict</th>
<th>Traditional Mentality</th>
<th>Insular in Thinking</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Established distributors</td>
<td>• How wine should be had</td>
<td></td>
</tr>
<tr>
<td>• Powerful sommeliers</td>
<td>• Defined occasions to have it</td>
<td></td>
</tr>
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<td></td>
<td>• Cork vs. screwcap</td>
<td>• Underestimated the power of online players</td>
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<tr>
<td></td>
<td></td>
<td>• How customers will adopt them</td>
</tr>
</tbody>
</table>

Conclusion

Recommendations

Alternatives

Analysis

Take-Aways

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

<table>
<thead>
<tr>
<th>STRATEGY</th>
<th>Innovation Level</th>
<th>Customer Fit</th>
<th>Feasibility</th>
<th>Strategic Fit</th>
<th>Risk</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wine education</td>
<td>✕</td>
<td>✕</td>
<td>+</td>
<td>✕</td>
<td>+</td>
<td>✕</td>
</tr>
<tr>
<td>In-house online channel</td>
<td>✕</td>
<td>+</td>
<td>✕</td>
<td>✕</td>
<td>+</td>
<td>✕</td>
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<td>Partnerships</td>
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<td>✕</td>
<td>✕</td>
<td>✕</td>
</tr>
<tr>
<td>Story-telling marketing</td>
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<td>+</td>
<td>+</td>
<td>+</td>
<td>✕</td>
<td>+</td>
</tr>
<tr>
<td>New distribution channels</td>
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<td>+</td>
<td>+</td>
<td>✕</td>
<td>✕</td>
<td>+</td>
</tr>
<tr>
<td>Customer segmentation</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
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</tr>
</tbody>
</table>
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.
THANK YOU FOR YOUR ATTENTION

We now welcome any questions you may have.