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### **Wine industry focuses on future profit opportunity**

The wine industry is taking a detailed look at where its future success lies.

The Winemakers' Federation of Australia will lead a comprehensive review of industry dynamics, with a specific focus on where the opportunity for profitability and margin growth will be over the next five years and what steps can be taken to capture this potential.

The six-month study has the backing of the Wolf Blass Foundation, which was established by the legendary winemaker to fund projects that support the industry's sustainability.

The WFA President, Tony D'Aloisio AM, said: "The catalyst for the review was the financial support offered by the Wolf Blass Foundation. This will be another chapter of Wolf's legacy and contribution back to the industry."

In backing the review, Mr Blass said while the wine industry had changed greatly since Australia's golden era of the late 1990s, the basics of business success had not.

"If you can measure it you can manage it," he said. "It is vital that as an industry we understand what is working for and against us and are willing to ask the questions that need to be asked."

Mr D'Aloisio said the aim of the review was to help the industry lift profitability and to ensure future decision making by and for the industry was underpinned by a strong evidentiary base.

"We very much have a 'glass half full' view for Australian wine. However, significant structural imbalances between the domestic supply base and demand in our key markets persist," he said.

"Achieving sustainable profit levels that support long-term investments in innovation, production and brand building remains the key challenge. And high exchange rates and manufacturing costs continue to cast a huge shadow over our best efforts."

Mr D'Aloisio said the review would analyse current and potential profitability across the range of business models and market segments that make up a highly diverse Australian wine industry.

The review would also:

- investigate demand opportunities across key markets
- reconcile the profile of domestic supply against projected demand
- explore the vineyard and processing capacity to change mix and the price elasticities of key markets
- examine the impact of market "distortions" such as exchange rates, taxation arrangements and the highly consolidated domestic retail sector.

The review will be led by the Federation's CEO, Paul Evans, with expertise provided by corporate economic advisors Centaurus Partners. Input also will be provided by Wine Australia, the global information and measurement firm Nielsen and Wine Grape Growers Australia. Funding support has also been provided by the Grape and Wine Research Development Corporation.

"All in all, an impressive coalition of industry players has been brought together to undertake the review," Mr D'Aloisio said.

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