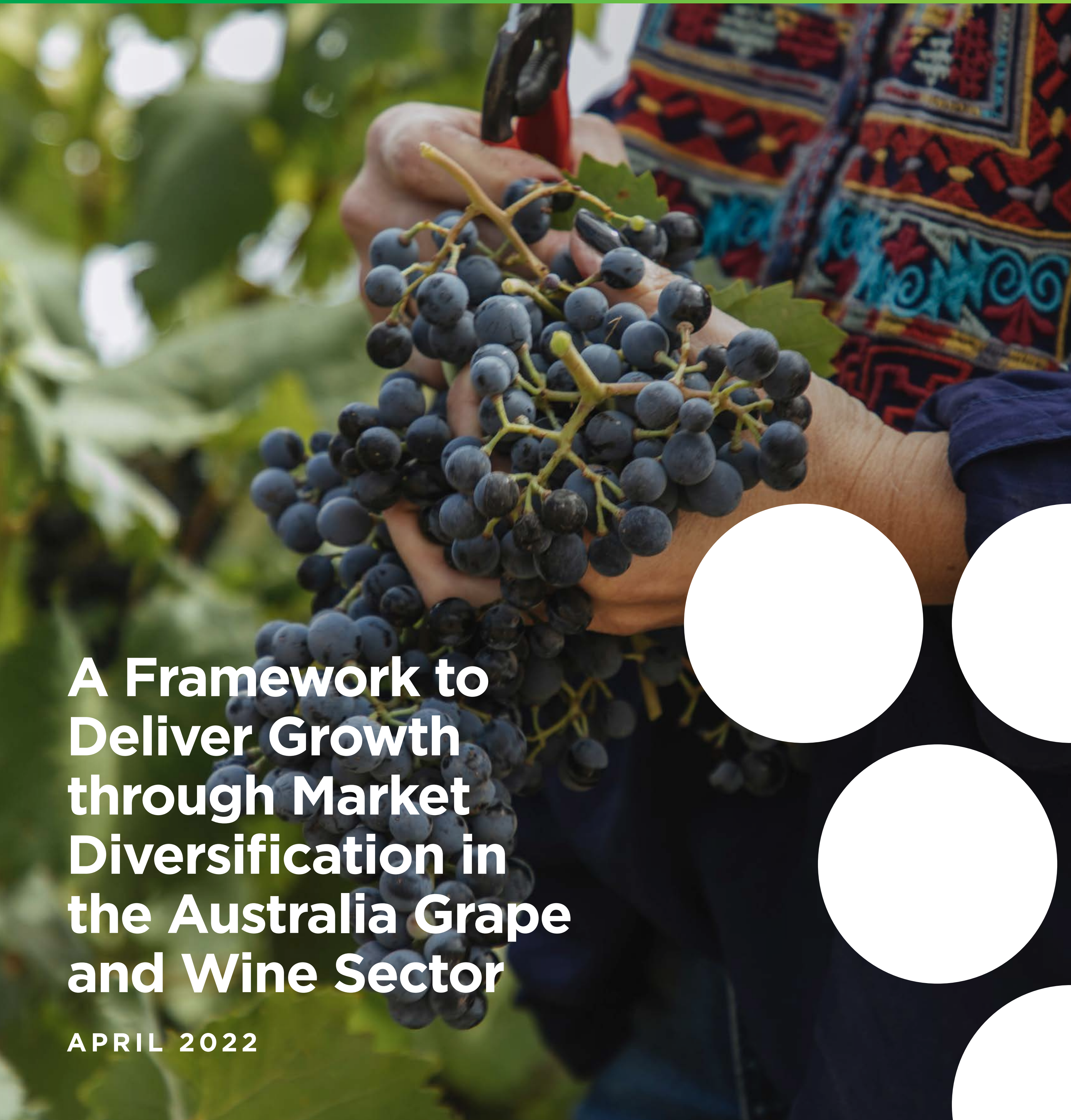
AUSTRALIAN Grape & Wine



A Framework to Deliver Growth through Market Diversification in the Australia Grape and Wine Sector

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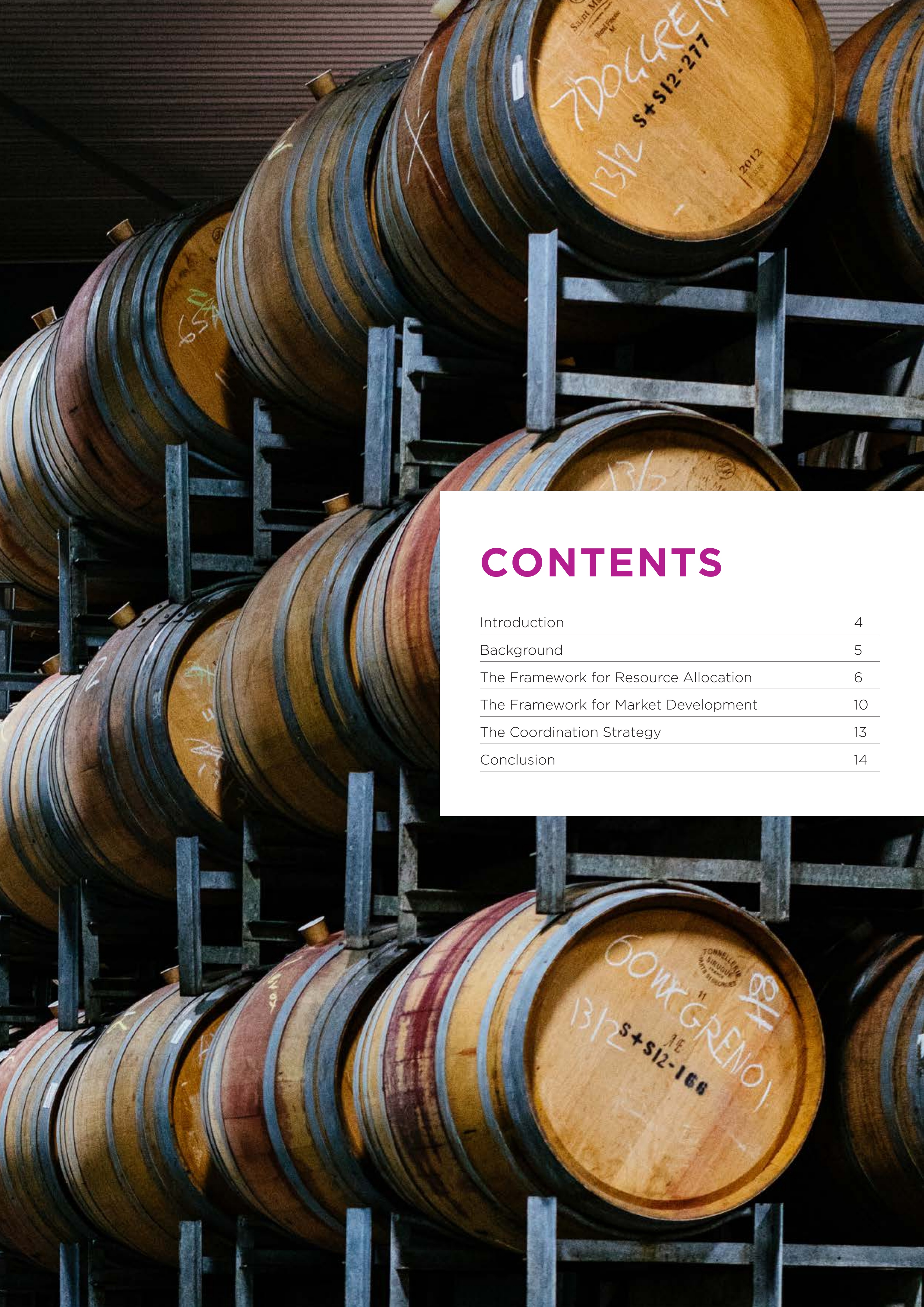

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INTRODUCTION

China's Ministry of Commerce's (MOFCOM) decision in 2021 to impose dumping and countervailing duties, equating to total duties of more than 218.4 per cent for most exporters, has brought the need to diversify Australia's wine export footprint into sharp focus. The duties have made the $1.2 billion China market unviable for Australian wine exporters.

The consequent loss of the China market has been devastating for the Australian grape and wine sector. Grape prices in 2022 have fallen sharply, as result of the loss of this major export market for wine. Growers without long-term contracts, have nowhere to go. As 2021, was the first big vintage in four years, and 2022 shaping to be above average there is a lot of wine that needs to find a home, further squeezing domestic margins.

COVID-19 generated freight and logistics issues have compounded the supply-demand imbalance. For many growers this will drive them into insolvency and structural adjustment will be required if Australian winemakers cannot find new markets. The damage will be felt across Australia and will put pressure on rural communities relying on the wine sector. It should be remembered that the Australian wine sector also underpins the tourism and hospitality sector in many regions with winery related cellardoors, restaurants and cafes generating significant local employment opportunities.

To avoid this situation, we need to find a new home for around 130 million litres of premium red wine annually, and there is no market that can take up this volume in the short term. Unlike many of our key competitors, Australia's export success story has not been driven by subsidies, or a comparatively lower cost base. Science, innovation, and collaboration have driven our rise to becoming the world's fifth largest wine exporting nation.

Market diversification may be geographic or demographic and requires new strategies based on an understanding of consumer drivers, identification of opportunities, product development and improved access to markets. While there is a short-term imperative, a long-term strategy is essential.

We know there is no single market, or collection of markets, that will "fill the China gap", but that diversification of markets will be critical to the sector's growth in the future. It is critical that government and industry investment is targeted and coordinated to ensure we get maximum benefit from market diversification activities. This requires a clear overarching strategy that addresses the key issues around where to target market promotion and marketing and where we invest medium-to-long-term market-access efforts which aim to improve the regulatory environment for businesses in established and emerging markets. We must act now, build our evidence base to inform the strategy, undertake feasibility work, and re-assess the strategy based on our feedback mechanisms.

The evidence base to develop the strategy and deliver the outcomes is critical. To inform key market development requires information. Work should be undertaken to clearly understand the opportunities in alternative markets to China. Wine Australia will play an important role in working to diversify Australia's export footprint, but individual companies are well resourced and, arguably, will do the hard work required to promote their products in market. The large companies have offered to share their work.

If we do not make this effort to mitigate the negative impacts of the disruption, we are experiencing in the China market, the likely ramifications for Australian grape and wine businesses will be felt for generations. The potential for a return to structural oversupply is real, with a high likelihood that we would see grape prices dropping to the point of becoming uneconomic. For some wine businesses, the likely flood of wines on the domestic market will make an already competitive market unviable, potentially forcing the closure of a significant number of wine businesses. If this eventuates, the flow on impacts across regional Australia are potentially disastrous, with widespread job-losses, a reduction in regional tourism stemming from fewer wineries to visit, and a resultant drop in expenditure in hotels, motels, bed and breakfasts, restaurants, cafes, and other businesses reliant on wine-tourism for their survival.

BACKGROUND

By 2050, our vision is for the sector to show 3 per cent compound annual growth in unit value ($15 billion industry) with the total wine sector and associated tourism contribution to the Australian economy of over $100 billion. In the short-term, our objective is to sell 130 million litres of red wine into new or existing markets without cannibalising price or market share of Australian wine.

The options to achieve these objectives are:

- sell more wine domestically
- sell more internationally
- develop new products
- reduce costs/improve efficiency, and
- produce less grapes/wine (industry shrinks by volume).

1. Sell more wine domestically

Imported wine has around 20 per cent of the domestic market. This is primarily white wine from New Zealand and sparkling wine from Europe. However, innovative products and the growth in craft brewers and craft distilleries are taking market share from wine. Key responses to this are:

- A domestic marketing campaign aiming at bringing people to the regions and buying local.
- Respond to changing consumers preferences to lower/non-alcohol beverages, healthy lifestyle focus with new and innovative products, marketing and packaging.
- Research into lower alcohol red wine to complement the knowledge gained by the New Zealand research.
- In the medium term, to promote international tourism and expand the fulfillment aspect through enhanced tourism experiences and enabling sales in their home countries.

2. Sell more wine internationally

Geo-politics and COVID-19 have made it difficult to develop new markets in the past 12 months. Market diversification is the key to our sustained success.

- However, there are a number of Free Trade Agreement (FTA) negotiations that have the capacity to open new opportunities, both geographically and in the form of new demographics and through product innovation. In addition, the targeted investment through Austrade and Wine Australia provide collaborative market opportunities.
- Leveraging limited funding remains critical.
- An overarching brand strategy will drive investment.
- Targeted and collaborative market promotion and development and activities.
- Market access improvements in existing markets and to unlock potential markets remains a critical play for the short and long term.

3. Develop new products

Developing new products is a key strategy to grow both export and domestic markets. The key elements here will be to:

- Identify market opportunities on a collective basis (although product development is essentially an individual company responsibility);
- Respond to consumer demand for sustainable and health products (see Sell more wine domestically);
- No-and low alcohol products are a major growth opportunity. (The South Australian Government in partnership with AWRI, Wine Australia and Australian Grape & Wine have partnered in a $4.8m project to enhance capability in this area).
- Other grape and wine based products are a major potential source of demand growth.

4. Reduce costs

Cost reduction will not grow sales, but will improve profitability and contribute to regional economies. This will be done through reduction in red tape; streamlining of industry bodies and efficiency in service delivery; enhanced production techniques in the vineyard and winery through R,D, and A; and removing of regulatory impediments to trade.

There are significant potential improvements to lower costs for grapegrowers, by improving access to agrichemicals and harmonising international maximum residue limits.

THE FRAMEWORK FOR RESOURCE ALLOCATION

Failure to make progress in each of these areas, will force an adjustment to the supply chain which will result in a much smaller industry. Shrinking the industry would require a large adjustment package and create considerable stress on rural and regional Australia that would extend beyond the wine sector into tourism and hospitality compounding economic pressures.

Each of the four pillars require different strategies, but all require a common framework to ensure coordination of activities and prioritisation of scarce resources.

The Agri-Business Expansion Initiative the Australian Government announced to help Australian farming, forestry and fishing exporters to expand and diversify their export markets in 2021, is a key part of this strategy, but by no means the entire story. Critical to long term success is cooperation between the grape and wine sector (to ensure our priorities are identified and supported); Austrade (to deliver targeted advice and trade missions to help exporters grow in existing and new markets); Wine Australia (to ensure existing levy funds are spent efficiently in those markets; research is targeted to meet consumer demands and provide efficiency in production and good export regulation); the Department of Agriculture, Water and the Environment (to ensure to ensure technical and scientific support can produce real outcomes in key international forums) and the Department of Foreign Affairs and Trade (to ensure we can reduce market access barriers).

Our activities can dovetail in with other major exporting industries to ensure that we work synergistically to develop new markets, coordinate cross -sector research, and reduce market access barriers

a) Market intelligence

To inform market development, research, and market access priorities requires information. Work needs to be undertaken to clearly understand the opportunities in alternative markets. This work should be undertaken by Wine Australia, in consultation with a group of larger wine businesses (where competition policy allows) to spread resourcing requirements and stress-test thinking within Wine Australia. Wine Australia will play an important role in working to diversify Australia's export footprint, but individual companies are well resourced and, arguably, will do the hard work required to promote their products in market. The large companies have offered to share their work.

This market intelligence work should consider:

- Growth opportunities right now, but also in the future as other competitor producer nations shift their focus away from existing markets to fill the Australian market share in China.
- The cost of doing business in markets. Businesses should understand not only where there is room to grow, but how much it costs to get their wine on the shelf, and whether there are any risks to investing time and resources in pursuing the market.
- What the barriers to exports are, both at the border (tariffs, port infrastructure) and behind the border (interstate taxes, labelling requirements, and other non-tariff barriers). Where can Australian Grape & Wine work with Government to target these barriers? Are there common themes across priority markets? Are there forums that we can use to address these barriers?
- Consumer trends and customer requirements.
- Production efficiency, particularly in the grape growing sector to ensure continuity of supply and farmer sustainability.
- Risk management in the face of biosecurity threats, supply chain and geopolitical shocks.

b) Brand Strategy

Collaborative marketing requires the development of an overarching brand strategy allowing individual companies, regions and states to determine where they fit in and where their individual opportunities lie. Australian Grape & Wine supports calls to have Wine Australia work closely with State Governments and regions to co-fund marketing activities. The funding available for Austrade under the Agri-Business Expansion Initiative will a key element to enable exporters to tailor their efforts towards appropriate opportunities.

It is clear that sustainability and the move to healthier living are key drivers of brands that Australian can capitalise on. Australia has a clear comparative advantage in the form of systems that ensure consumers can have faith in the safety and provenance of our wine and food.

In many emerging overseas markets, this is extremely important (as has been the case in China), but it is likely that as an agriculture sector we have not highlighted this strength as much as we perhaps should have. The Australian wine sector needs to invest in demonstrating its sustainability credentials and actively promoting these with key customers.

c) Long term-market access work is critical

In working to diversify our exports it will be critical that we take a long-term, strategic approach to improving market access. In key emerging markets, such as India, we need to increase collective effort to develop a business enabling regulatory and political environment as soon as possible. This will require a sustained investment from both Government and industry, and a commitment to a 'team Australia' approach in which industry and governments (Commonwealth, State and Territory) work to coordinate efforts as effectively as possible.

There is also opportunity for the Australian wine industry to work more closely with burgeoning wine industries in emerging economies. By engaging in technical cooperation and information exchanges, for example, we open new lines of dialogue, gain a better understanding of local industry concerns (and how this manifests politically), and share our experience in production, innovation, sales and marketing, to improve the reputation of the local industry and hopefully grow the size of the wine market in the process. This strategy may be particularly important in our effort to reopen the China market.

Trade Agreements remain a key driver of growth in trade

Australian Grape & Wine is a strong advocate of comprehensive, high-quality, mutually beneficial free trade agreements. These agreements provide certainty for exporters and allow countries to deepen their economic and trade ties, opening up opportunities for trade and other forms of cooperation. We are particularly supportive of efforts to fast-track the proposed agreements with the United Kingdom (ratification of) India and the European Union. We are also supportive of work to contemplate the potential expansion of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) to incorporate new members such as the United States of America, the United Kingdom, Taiwan and other economies that meet the standards and philosophical commitment to free and open trade required by CPTPP.

In saying this, it is also critical that the Australian Government continues to stand-up for the rights of Australian producers to use long-standing, internationally recognised grape variety names such as Prosecco, Montepulciano and others. We will actively oppose a trade agreement with the EU that does not protect these interests.

International cooperation improves global trade in wine

Like the Australian Government, Australian Grape & Wine is committed to doing what it can to support and strengthen the multilateral rules-based trading system. We are proud of our long and productive history of engaging in various international fora in support of this commitment and encourage the Australian Government to continue its investment and philosophical commitment to free and open trade.

Of particular interest to Australian Grape & Wine is ensuring the Australian Government continues to invest in organisations such as the International Organisation of Vine and Wine (OIV) and the World Wine Trade Group (WWTG), both of which involve government-industry delegations that seek to develop international technical standards and protocols that enable transparent, rules-based trade in wine.

Another government-industry collaboration is the APEC Wine Regulators' Forum, within which relatively modest investments in time and resources, have paid dividends in the form of simplified and improved regulatory settings, particularly in emerging APEC economies. The Australian Government should continue to provide its support to these groupings, just as we commit to doing so as an industry.

The Organisation for Economic Cooperation and Development (OECD) will continue to provide a platform in which Australia can promote the benefits of a free, rules-based multilateral trading system. This will require ongoing engagement and leadership from Australia, to drive an agenda that works in the interests of advancing the interests of a free and open market for agricultural trade.

Critically, the issues Australian grape and wine producers face in export markets are not confined to our sector. There are a variety of common concerns, barriers and complexities that wine exporters share with the broader Australian agriculture sector. Australian Grape & Wine will continue to work closely with counterparts across other agricultural industry groups to ensure the Australian Government has a clear understanding of the priorities from not only a grape and wine perspective, but across the pan-agriculture community.

Increased resources for scientific support

With regard to international standard-setting bodies, it is important that industry is represented appropriately. That's why we welcome the government commitment for additional funding through the scientific cooperation element of the Agribusiness package to be made available to enable a greater level of attendance by industry experts in meetings focused on international cooperation and negotiation.

This investment would also increase the number of experts Australia has on the ground in target markets, by funding additional agricultural counsellors and other officials.

Two elements that could show major benefits are:

- Investment in key international forums of particular interest to the Australian Grape & Wine Sector that would benefit from increased investment and coordination:
  - Codex Alimentarius Commission – Committee on Food Additives and Committee on Food Labelling
  - APEC Wine Regulatory Forum, Food Safety Cooperation Forum and Standards and Conformance Sub-Committee
  - International Organisation of Wine and the Vine (OIV)
  - World Wine Trade Group
- In addition, there are bilateral issues around the non-approval of some key additives and processing aids or restrictive compositional requirements that inhibit access to major potential markets, *inter alia:*
  - South Korea – DMDC
  - Vietnam
  - Japan
  - Indonesia – methanol

d) Export diversification

To reach our targets we need to diversify our markets. Exports are key to the profitability of Australian grape and wine businesses. Historically, our ability to attract consumers around the world has been driven by our reputation for producing wines of the highest quality, our clean and green image, and our willingness to embrace innovation. But attracting consumers is only part of the story. Our work with the Australian Government over many years to improve market access outcomes through free trade agreements (FTAs), multilateral engagement and technical and regulatory cooperation, has underpinned businesses' ability to invest in entering markets with confidence.

Unlike key competitors, Australia's export success is not attributable to subsidies or advantages derived from a lower cost base. Instead, our position as the world's fifth largest wine exporting nation has been driven by collaboration, science and innovation.

Market diversification may be geographic or demographic and requires new strategies that leads to understanding of consumer drivers, identification of opportunities, product development and improved access to markets. While there is a short-term imperative, a long-term strategy is essential.

The sector requires investment in growing markets, not in support.

The clear gap in the strategy that needs to be filled is to look at market activations in new developing markets, market access initiatives to drive medium- and long-term market access, but above all tailoring strategies to meet the new environment created by a COVID-19 impacted world. This will include e-commerce platforms, digital engagement with consumers and businesses, collaboration with Australian exporters of other food and beverage products and a sophisticated innovation programme. It is clear that business as usual is not sufficient and our proposal is for a radical rethink and implementation of our business strategies around market diversification. These will build a sustainable future for the sector and a resilient industry that can survive external shocks that arise from geopolitical considerations, exchange rate shifts, climatic impacts, and economic shocks.

It is critical that government and industry investment is targeted and coordinated to ensure we get maximum benefit from market diversification activities. This requires a clear overarching strategy that addresses the key issues around where to target market promotion and marketing and where we invest in medium-to-long-term market-access efforts which aim to improve the regulatory environment for businesses in established and emerging markets.

Finally, businesses have a clear role to play in working with government to design and implement market diversification strategies. Put simply, government cannot do it alone, businesses cannot do it alone, and a coordinated and strategic approach will be required.

THE FRAMEWORK FOR MARKET DEVELOPMENT

We recognise that the markets Australian wine exporters will target in coming years will vary considerably in terms of size, maturity and regulatory complexity. There are three distinct tiers of market development:

1. **Tier 1 wine markets –** in which Australian wines have a very well-established presence, and businesses benefit from favourable trading relations – United States, Canada and United Kingdom;
2. **Tier 2 wine markets –** in which Australian wines have a relatively strong presence in market, but where there remains possible room for growth – Hong Kong, Singapore, Japan and New Zealand.
3. **Tier 3 wine markets –** in which Australian wines currently have a relatively small export footprint, but where demographic and economic changes present opportunities for growth, or potentially surmountable obstacles (such as tariffs or regulatory issues) exist – Taiwan, South Korea, Vietnam, Indonesia, Malaysia, Thailand and other non-traditional European wine markets with identified potential (eg Poland, Denmark, Norway, Sweden, Finland, Iceland) and India.

Each market is different, and each will need a different combination of either marketing and promotion, business services and support, or trade and market access activities to drive gains for Australian grape growers and winemakers. The key resources available to enable this are industry levies provided to Wine Australia for marketing and promotion, Austrade ABEI funding for business services and support, varied State and local government resourcing, matched industry co-contribution, and the Department of Agriculture's ATMAC grant which can be utilised for trade and market access activities.

Australian Grape & Wine and the Australian Government have worked together to identify where gaps exist and where the areas of marketing and promotion and trade and market access could deliver opportunities for growth. These gaps exist mainly in the Tier 2 and 3 developing or emerging markets. Market diversification is not a short term game. We must harness our resources to look at long term markets as well as short term growth.

Initially, it was thought to develop a series of region-specific solus activations to complement existing in-market activities being undertaken by a number of different actors. However, following an extensive review process that involved brand owners, regional and state industry bodies, Wine Australia and Austrade, it became clear that such events would not deliver any meaningful long-term benefit for the industry and would certainly not address the underlying problems that the industry faces.

Specifically, a lack of strategic engagement with markets and a disjointed, and often competing, approach to industry promotion leading to inefficient and ineffective use of resources.

In order to address these issues, as well as to rebuild relationships with markets that we don't have a significant investment in, it was decided that a different approach was needed. In consultation with industry and government stakeholders, it was concluded that a longer-term programme a more effective option for the grant rather than a one-off event. In addition, the consultation process showed that there is a lack of consumer and category understanding amongst exporters, leading to a product-centric push approach to export. This also leads to resource misallocation and a highly transactional relationship with importers and distributors. To deliver these outcomes we are investing to deliver an Australian Wine Ambassador programme in new markets, building on the Wine Australia presence in the United Kingdom and North America, and leveraging off the Austrade offices around the world. In addition, we are conducting primary research to better inform exporters about consumer attitudes to wine and the addressable opportunities in market.

Central to this long-term strategic relationship is better communication between stakeholders and management of their scarce resources. The Stakeholder map is complex (Table 1).

Table 1: Stakeholder Map

Australian Grape & Wine – coordination role (and market access)
Wine Australia – Market promotion with an emphasis on Tier 1 markets
Austrade – B2B and market development
State Agencies (SA, WA, QLD, Tas, Vic and NSW) – events, tourism, and promotion
Tourism Australia – international tourism
Regional Wine and Tourism Associations – marketing, tourism, and events
State Wine associations – marketing, tourism, and events

Information exchange between these participants is critical to ensure consistent messaging, a structured approach to in-market activity and efficient use of resources on the one side and market intelligence on the other.

Basic principles of the framework

Fundamental to development of sustained growth for business is the creation of a repeatable strategic methodology with three major frameworks:

1. **Profit pool evaluation** This framework allows industry participants to more effectively assess the address market opportunities by understanding consumer need states, the current and potential demand for wine as a category, and the underlying market for Australian wine within that category.
2. **Category dynamics** Having identified the markets with the highest potential, the second framework is understanding how those markets operate – routes to market, paths to purchase, how purchase decisions are made, and what are the most effective purchase triggers. This helps to identify the approach and resources needed to success in a particular market and is necessarily consumer- and shopper-centric, which is a significant gap in current industry approach.
3. **Feedback loop** This is a framework for clearly articulating success criteria in consultation with industry stakeholders, as well as mechanisms to both report back to industry and to build industry feedback into future operations. The intent here is to build a culture of collaboration, transparency and accountability that does not currently exist to the extent required for a successful industry.

This final component is fundamental to the effective management of resources, but also highlights the benefit of taking a longer-term approach to the pilot programmes. By delivering lasting in-market capability, we create the opportunity to better understand market trends and respond to them more efficiently. In addition, by creating a strong feedback loop, the industry has the chance to learn from in-market activities and build on what is successful and learn from what is not. None of those benefits would be accessible from a solus activation or a series of unsupported events.

An additional benefit of this approach is that it improves collaboration within the industry and consistency of messaging. Both of these were a precondition of historical industry export success and both have been lost to a certain extent over the last decade. By improving pre-competitive co-operation and focusing on building the Australian wine category, this initiative will deliver benefits to the industry well beyond that which would have been possible with an individual event.

A structured information flow diagram (see Figure 1) has been established for the Ambassador roles which could be adapted more broadly to further refine effectiveness of industry investment in marketing in future.

Figure 1 Marketing Information flow diagram

Where to from here?

Through the consultation process, several benefits of this long-term approach were identified:

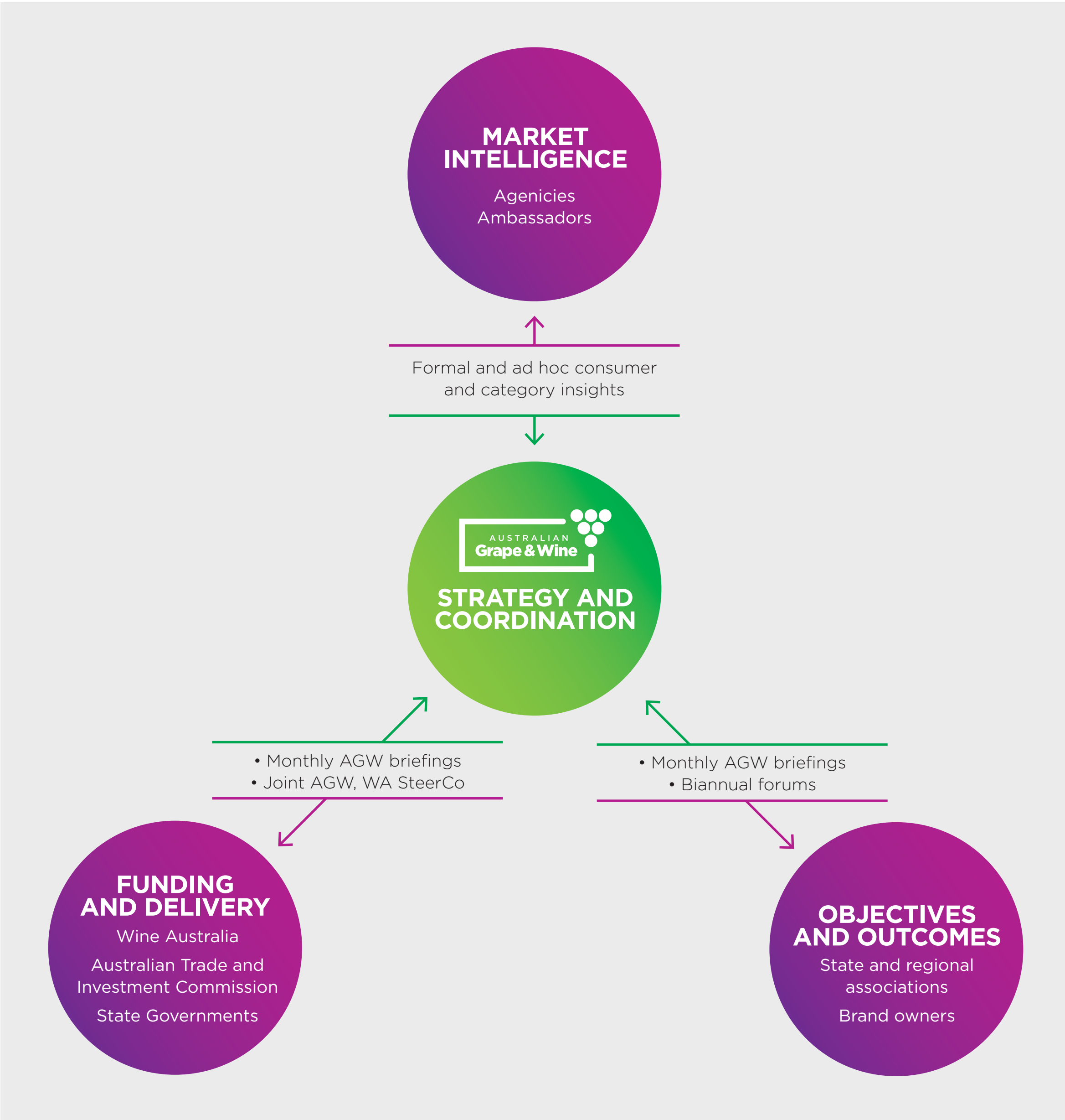
1. Taking a consumer-centric approach to category development, rather than our historical push tactic, not only allows exporters to partner more effectively with distributors but also allows brand owners to better identify which markets are most attractive for their portfolio. This will lead to a better allocation of scarce industry resources.
2. Having a resource in market will help to demonstrate to the trade that the industry is committed to that market. Trade relations with Japan in particular have been harmed by the closure of Wine Australia's office there and subsequent shift of resources to promoting in China. Having a full-time Ambassador there will assist to rebuild ties.
3. The Ambassador role will help to better co-ordinate the many activities that are being undertaken by a host of different organisations, ranging from brand owners and regional associations, through to state trade commissioners, Austrade and Wine Australia. By facilitating better communication and information sharing, having a full-time resource in market will improve the efficiency and effectiveness of industry expenditure.
4. Coordination between all the players in the market is vital for efficient use of resources and prevention of duplication. This framework establishes connections between States and Regions at the government and sector level.
5. The Ambassador role also provides the industry with 'eyes and ears', so that stakeholders get earlier and higher quality market intelligence. This includes consumer and trade trends, competitor activity, and material changes to route-to-market such as new players or changes in legislation. The ambassadors can also follow up leads from in-market activities, as well as providing analysis of event success to assist the industry build more robust and effective programmes.

The common theme for all of these benefits is the improved effectiveness of expenditure. Through better planning, execution, and follow-up, together with greater consumer insight and trade engagement, the ambassador roles will greatly assist industry and government agencies execute better and more clearly measure and report against the success of that spend.

THE COORDINATION STRATEGY

Australian Grape & Wine will continue to provide a central point to link the grass roots industry via State and Regional Associations with Austrade, Wine Australia and State Governments (Figure 2). In order to deliver efficient market intelligence back to the sector and then inform programmes being developed by stakeholders requires regular communication. Australian Grape & Wine will coordinate at least two two-day forums of State and Regional participants each year, with one day devoted to marketing. This will allow industry and government stakeholders to interact and enhance cooperation.

Australian Grape & Wine will continue its monthly engagement meetings with States and Regions and organise regular meetings with State Governments. Communication is central to efficient resource use and in-market intelligence and feedback from ambassadors and industry is critical. We must ensure that our message in our export markets is consistent and that we don't create confusion.



CONCLUSION

There are several planks to the market diversification strategy, which will return the sector to profitability following the dramatic impacts of the closure of the market in China.

- Growing wine exports and wine-related tourism will deliver real, measurable benefits, that will remove the need for further assistance in the future and shape the industry into an efficient and profitable sector for generations to come.
- We must continue to use all opportunities to build relationships with decision makers in major markets.
- International trade is of vital importance to the Australian wine sector. Around 65 per cent of sales are exported, highlighting the wine sector's reliance on exports and the importance of Free Trade Agreements (FTAs). The uncertain geo-political environment demonstrates the need to further diversify our markets to future-proof against the sovereign risk provide by market specialisation.
  - We can invest in marketing and brand building activities in new and emerging markets.
  - Second, the government and the previous Labor government have shown a deep and abiding commitment to lower trade barriers and improve market access for exports through a network of international trade negotiations and sustained efforts to reduce non-tariff barriers.
- Innovation is a critical component underpinning Australia's agricultural sector; improving the productivity, quality and sustainability of agricultural products. The Australian grape and wine industry has grown and prospered through innovation and strong leadership.
- An efficient, and profitable wine sector requires that all participants in the supply chain are profitable and making a fair margin. However, Australia's grape and wine sector does not operate in isolation from the rest of the world. The global wine supply and demand situation is a major determinant of wine grape pricing in the warmer inland regions. To ensure enduring profitability of the grape growing sector, Australia must invest in improved technology to ensure we can compete in terms of production efficiency with our global competitors.
- Better communication and coordination is key to the efficient use of scarce resources.

To maximise efficiency and ensure we get the best from our scarce resources, we must work together. This framework provides us the opportunity to do so. Throughout the stakeholder engagement process, there was clear support for this shift from tactical to strategic. Similarly, there was universal agreement that shifting to a consumer-centric pull approach, rather than the current trade-centric push focus, was of significant benefit to export effectiveness and creating a sense of partnership with importers and distributors. None of the benefits identified above would be delivered with a one-off activation; nor would a solus event address the underlying issues present in Japan in particular, nor would it make a substantive difference to category consideration for emerging drinkers in South Korea.

This framework delivers far better return on investment and a more sustainable improvement to industry performance. Similarly, the strategic framework and approach we are trialling through the ATMAC grant process is easily transferrable to other markets, so again potentially delivers far greater long-term impact than a one-off event.

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