

PUTTING CONSUMERS FIRST

Headlines from Japan and South Korea market research

Objectives of today...

- Overview of the research (not a deep dive or page turn)
- Summary of the key insights (not a shopping list)
- Roadmap of next steps
- Lots of time for Q&A

Market research – what it is (and isn't)

Market research is a tool to reveal consumer truths – why consumers in a particular market behave the way they do.

It will, done properly, provide greater insight into barriers and opportunities in that market.

It is NOT going to provide a universal view of *all* consumers. It brings to life the 'average' consumer – the 'sweet spot' in the mainstream market.

Keep in mind that all markets are diverse, with consumers at all levels of involvement. The key is to understand the consumer, their needs, and where your brand fits. These together tells you the addressable opportunity and how to unlock it.

What we set out to achieve...

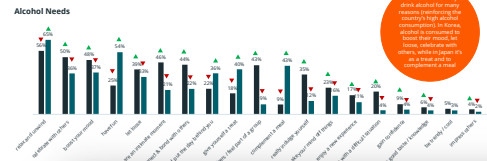
1. To **improve our understanding** of the existing and emerging consumer opportunities in two key markets.
2. To improve how we plan, invest and execute collaboratively for **both the category and our brands**.
3. To start with the consumer and work backwards: **where wine fits into their lifestyles** and what are the opportunities to build new occasions.

What the research gives us...

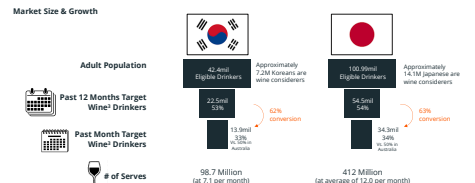
Differences in alcohol behaviours in East Asia versus the west



Both countries enjoy drinking to relax and unwind, however there are some nuances



There is room to increase the number of wine drinkers in both markets, particularly with strong conversion



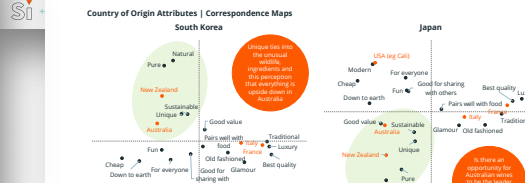
Wines in Korea play in a premium space distinctive for being trendy, self indulgent and knowledgeable



Australian wine is a mid-range wine; French and Italian wines justify a premium price



Australian wines share a similar territory to NZ – both associated with superior natural elements



- ✓ Insight into consumer need states: what is the role of alcohol in their lives and where wine fits in.
- ✓ Insight into perceptions about Australian wines
- ✓ Insight into the opportunities – how to unlock new occasions by overcoming barriers and how Australia can lead this category development



Several key themes came out...

While there are similarities between the markets, there are also **fundamental differences** that need to be taken into account.

There is still a category job to do in both markets. While there is interest in wine, **there is relatively low knowledge of the role of wine** as an everyday drink.

There is **no defining position for Australian wine amongst consumers**. While trade awareness is good, consumers have little to no emotive connection with Australian wines.

THE BIG THREE

Top three take-outs and where to from here

1. Back to basics: developing the wine category

What?

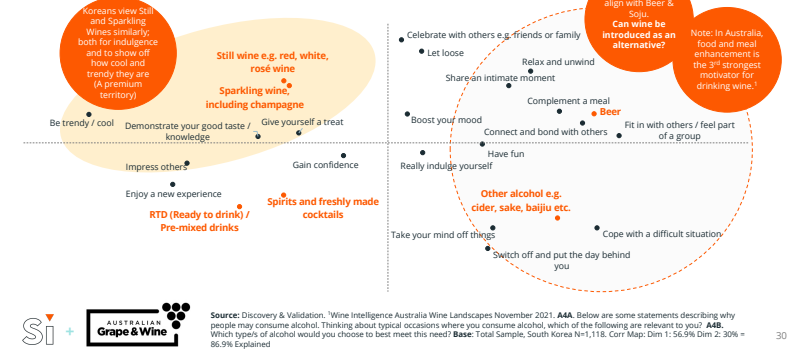
While there is strong interest in wine in both markets, there is little objective knowledge.

Wine is seen as luxurious and indulgent, so is led out by well-known brands and regions like France and Italy.

It is not yet an everyday beverage choice for a wide range of occasions.

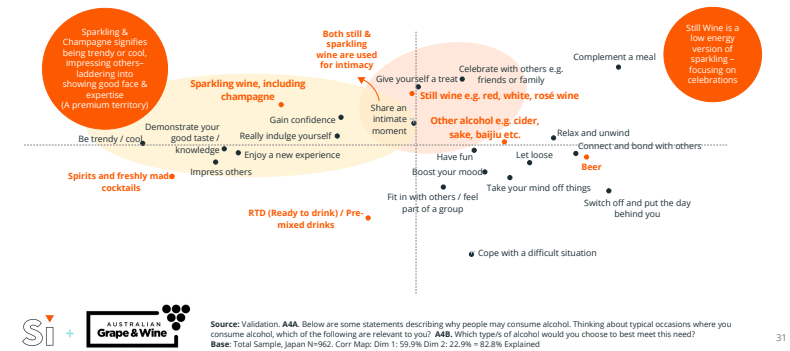
Wines in Korea play in a premium space distinctive for being trendy, self indulgent and knowledgeable

South Korea Category Needs | Correspondence Maps



Still Wines in Japan encroach a similar space to other alcohol types - evoking a sense celebration

Japan Category Needs | Correspondence Map





1. Back to basics: developing the wine category

So what?

There are two main jobs to do here:

1. Build accessibility of wine through building knowledge (especially around food pairing and low tempo socialising).
2. Build new occasions around 'everyday premium' to break down barriers to consumption.

1. How to extend the role of wine...



Make premium more accessible (every day)

Re-define what premium means in these markets by making special moments more accessible.

Consider the following in becoming more accessible (masstige):

- Be seen with more accessible food pairings (i.e. regular steak vs Wagyu)
- Use relatable but slightly fancy language for wine (i.e. gourmet vs degustation)



Introduce new 'everyday special' occasions

Move into a social & casual territory focused on connecting and bonding with friends & family.

Demonstrate wines can be for:

- Non-milestone birthdays
- Larger social gatherings
- Day drinking / early evening moments
- Spontaneous catch-ups / occasions

There is a larger gap to bridge in Korea than in Japan when building these new occasions.



Position Australian wine as the ideal country for 'everyday special'

Leveraging Australian's laid-back and stress-free characteristics to speak to making everyday special.

Popular Australian lifestyle aspects are:

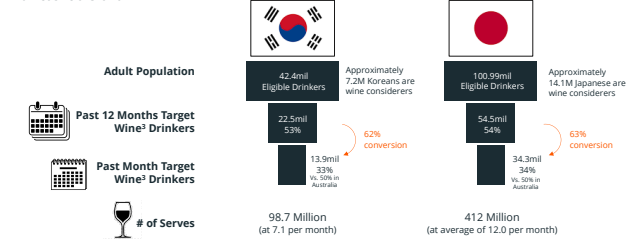
- Laid-back & easy going: Not taking life too seriously, enjoying the smaller things.
- Work to live, not live to work: Prioritising individualism and making small moments special.

Extending into everyday premium can carve a space for Australian wines (away from French & Italian who own premium)

1. Back to basics: developing the wine category

There is room to increase the number of wine drinkers in both markets, particularly with strong conversion

Market Size & Growth



Notes: ¹approx. 20years and above as of Jul21, ²approx. 21years and above as of Jul21, both mirroring Validation work; ³Target Wine defined as Red, White, Sparkling. Source: Discovery & Validation. <https://www.knowledgepartners.com/australian-culture-and-wine>. ⁴Which of the following types of alcoholic beverages have you drunk in the past 12 MONTHS - either at home or out of the home? ⁵Which of the following types of alcoholic beverages have you drunk in the PAST MONTH - either at home or out of the home? Base: Total Sample, South Korea N=1,118, Japan N=1,052

Wine drinking occasions are commonly accompanied with food

A typical wine drinking occasion



Source: Exploration
Discovery: <https://www.knowledgepartners.com/japanese-culture-and-wine/>

Now what?

Key is fitting into consumers' habits, rather than trying to change them:

1. Food and wine pairing is important – create retail events, digital collateral, and trade education assets that help consumers pair with popular dishes.
2. Create new occasions for wine, especially at-home and low tempo socialising.
3. Be where they are: how do we get our wines into venues like Izakayas?

2. Standing for something: positioning Australian wine

What?

Many Japanese and Korean consumers see Australian wine as lacking in differentiation. We are mainly known as a value-for-money offering with no emotive cues.

Conversely, Australia as a country creates strong imagery and associations for consumers that could be leveraged.

Preference for Australian wines is driven by its welcoming taste, value for money & previous experience

Australia Wine Preference



Currently, **only 3% prefer Australian wines** - about less than 10% conversion from those who consider it.

"Australia is a vast place and nature is still alive, so I think you can trust the raw materials grown there"



The **freshness and naturalness** of wines coming from Australia also comes to mind

Taste

Taste of Australian wines is generally seen to be rich, but still able to cater to most consumers with the lightness and pleasantness.

"It is mild and soft for beginners to drink." - South Korea

"It is easy to drink even for beginners and goes well with meals." - Japan

Value for Money

Compared to others, Australian wines are seen to be high quality for the price they pay.

"It's delicious for the price"- South Korea

"It's delicious in wine, but the price is not so high." - Japan

"The cost performance is high, and you can feel the high quality for the price." - Japan

Previous Experience & Recommendation

Most preferers of Australian wines tie back an experience (personal or through others) with their choice.

"A friend of mine recommended Australian wine." - South Korean

"I want to remember the atmosphere, taste, and atmosphere at that time." - Japan

2. Standing for something: positioning Australian wine

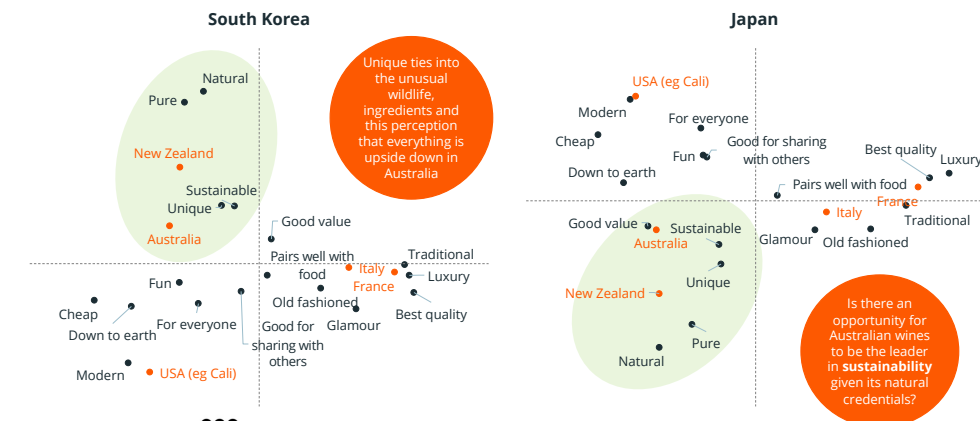
So what?

Our focus in the past has been winning trade minds; we now need to win consumer hearts.

- 'Relaxed excellence' is a compelling personality in these markets that resonates with drinkers and is uniquely Australian.
- 'Sustainable' and 'natural' are strongly associated with Australia and are appealing to wine consumers so could be leveraged.

Australian wines share a similar territory to NZ – both associated with superior natural elements

Country of Origin Attributes | Correspondence Maps



2. Standing for something: positioning Australian wine

Now what?

We need to build an **emotive connection with consumers** that moves us beyond past positioning, whilst replicating how compelling and attractive it was at the time.

The **sense of place and people** that is the essence of wine, but links to what Australia as a brand means to consumers is key, as is being clear **who we're talking to and what we're trying to say**.



3. Make wine more accessible: overcoming barriers

Lack of familiarity is the biggest barrier to drinking (more) wine. This is where education plays a role

Wine Drinking Barriers

"The biggest thing is that I'm not familiar with wine and I don't know much about it." – South Korea



Source: Exploration & Validation. WS. What are the reasons you don't currently drink wine? / What are the reasons you don't drink wine more often?
Base: South Korea N=1,118, Japan N=962. Sigtesting at 95% Confidence Level versus each other ▲▼
Results less than 5% for both countries removed from analysis

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What?

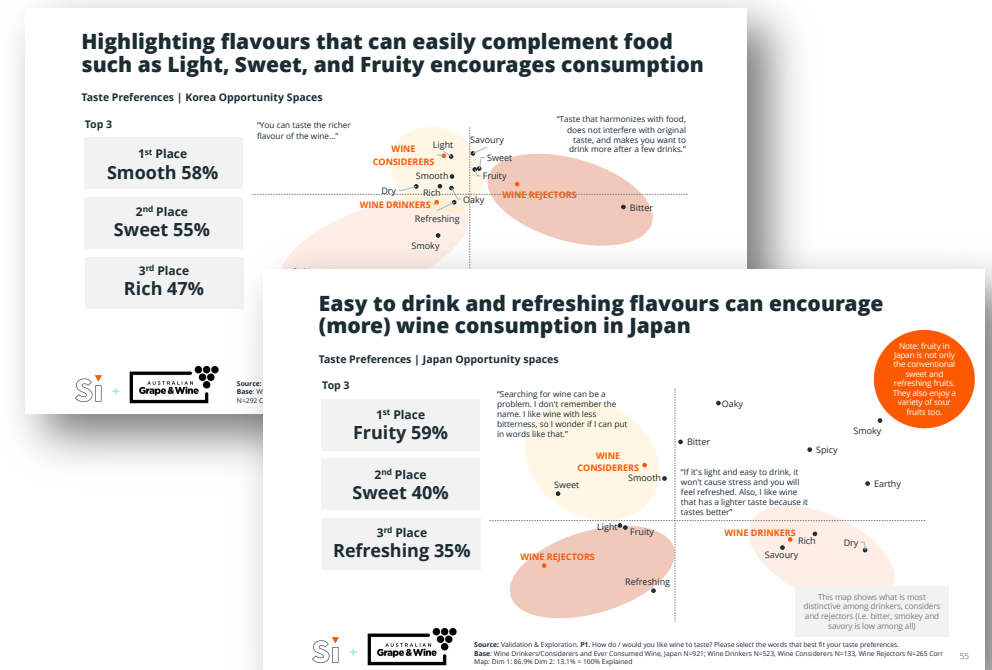
Whether it's recruiting new drinkers, or increasing occasions for existing drinkers, consistent feedback is that the category is confusing. This creates barriers to trial and exploration.

3. Make wine more accessible: overcoming barriers

So what?

There is an opportunity to position Australia as the region that helps decode wine and removes the confusion and impenetrability that surrounds wine for many consumers in these markets.

Whether it's on pack, digital / social comms, or events, there are huge opportunities to be the region that partners with consumers to help them navigate the category.



3. Make wine more accessible: overcoming barriers

Now what?

Look at product and packaging innovation to help consumers into the category, and to encourage exploration once they're there.

- Small format packs to assist trial,
- Rosé and lighter-style wines,
- On-pack food and wine pairing suggestions (POS, QR codes, pictograms, etc.),
- Consumer-friendly language on pack and at point of sale that speaks to flavour and style,
- Cross-category food pairing events, for example Shiraz and Australian beef.

In Japan, at home storage is in boxes or spare spaces in fridges



Cans are easier to stack and store







Tucked into spare spaces in fridge



Source: Exploration

Red Wine preference driven by health perceptions; White & Sparkling are chosen for their refreshing notes

Wine Type Preference: Reasons

Red Wine	White Wine	Sparkling Wine	Rosé Wine
 <ul style="list-style-type: none">✓ Healthier option✓ Rich Taste <p>Consider drinking in future</p> <p>Korea 43%</p> <p>Japan 51%</p> <p>"Red wine with the most classic and flavourful wine; goes well with most of my favorite foods; have various healthy elements." - South Korea</p> <p>"Red is the healthiest (polyphenol content) and has a rich taste." - Japan</p>	 <ul style="list-style-type: none">✓ Refreshing Taste✓ Easier to Drink <p>Consider drinking in future</p> <p>Korea 36%</p> <p>Japan 44%</p> <p>"White wine has a refreshing taste, is easy to drink, and you can enjoy the aroma." - Japan</p>	 <ul style="list-style-type: none">✓ Refreshing✓ Gives a special feeling without being too snobbish✓ Strong Sweet Taste <p>Consider drinking in future</p> <p>Korea 27%</p> <p>Japan 36%</p> <p>"It's refreshing... although there is a special feeling, many of them are reasonably priced (in other appearing at the very beginning of celebrations and course meals)." - Japan</p>	 <ul style="list-style-type: none">✓ Strong Sweet Taste <p>Consider drinking in future</p> <p>Korea 17%</p> <p>Japan 27%</p> <p>"Sparkling or rosé wine has a strong sweet taste" - South Korea</p>

Source: Exploration & Validation, 56. Which of the following types of alcohol have you drunk in the past month?
Base: Total Sample, South Korea N=1,118, Japan N=962

Little is known about Rosé wines with both markets not choosing this over other wine types.



In summary...

- **Understand the consumer:** fitting into their lifestyle and using their language breaks down barriers.
- **Understand the market:** it helps you make better business decisions.
- **One voice is easier to understand** than many voices saying different things. Working together in building the Australian wine category is more efficient and effective.

Any questions?





Tools and resources

AGW export resources:

<https://www.agw.org.au/policy-and-issues/growing-our-exports/>

Wine Australia resources:

<https://www.wineaustralia.com/market-insights>

<https://www.wineaustralia.com/news/market-bulletin>

Arigato gozaimasu

Gam sa ham ni da