

The

Wine Exporter

Success in the long run

by Anthony Manifold, our US correspondent

You couldn't have a longer commute to work – 15,036 kilometres to be exact – but when Bob Baker, formerly accountant and now managing director of Margaret River winery Vasse Felix jets off to America, he is confident he'll be getting great bang for the buck. "The United States has the potential for us to be a 10,000-plus case export market," he asserts. "Many markets, and I'm talking premium and super premium price points, don't have that potential scale. There are added attractions," he continues. "There is a strong wine culture, wine consumption is increasing, it's English speaking so, easy to get around and, from an Australian viewpoint, it's underdeveloped."

Vasse Felix first entered the US market in the late 1980s. "We dabbled in the market," Baker recalls. "It was on a reactive rather than a proactive basis. It's really only in the last two to three years we've become proactive." Now Vasse Felix has big plans. "We're working to lay the foundations with importers and distributors around the country to really launch Vasse Felix in this market."

Baker identifies the mission-critical elements in the strategy as:

- having distributors who understand your market
- getting your product in front of the US media
- being aware of what makes the market work in terms of distribution structure
- appreciating that there is a wine-style that appeals to the American palate.

In addition to their importer, California-based *Negociants USA*, Vasse Felix is represented by distributors in every US State. "*Negociants USA* has people on the ground here which gives us a presence with a lot of people who do have a strong understanding of our product," said Baker. "Many of our distributors have large books. You're here today, gone tomorrow. People from Burgundy turn up tomorrow so you need people on the ground here."

"To help our distributors we try to keep them up-to-date with product information and media reviews. That involves keeping our products in front of the various media which are so important in America.

We're of a scale now where we can have some of our own people do this and our importer deals with this, too. Generally, we try to give them products that will pull through for them."

Dealing with volume discounts and other financial incentives offered by competitors in the American market can be a concern but Baker doesn't consider this to be a major hurdle for his distributors. "Usually people with deeper pockets have bigger quantities to shift. They're not talking to the same people as we are. They're talking to the larger chains and groups.

We're more into independents," he states. "The sort of people we talk to are people who really want to talk to us. They want to

have different product and know they can't compete price-wise with the bigger chains."

Baker is equally philosophical about the related issue of spiraling currency conversion trends. "If the exchange rate remains as it is and doesn't reverse, it's going to become more difficult because we're going to have to have some price rises. I get some comfort from the fact that European markets have similar if not increased difficulties with the euro. There's going to be some impact but you just have to do the best you can."

Vasse Felix plans to introduce new red wines to the market over the next two vintages in line with the strategy of adding wines to their portfolio to satisfy local consumers' tastes. They will be made to appeal to what Baker describes as "the broader US palate". These innovations will be priced in the mid-teens, "just to give better and easier access to retail and 'on premise' market segments", Baker said. "They will make it easier for distributors to work the products so that they have 'good, better, best' structure in our range. It will also give us the opportunity – as we acquire volumes with these products – to make definitive product-styles for the market."

Baker believes this strategy is not called for at their higher price points because, in the case of their premium and super-premium wine levels, the products are made by Vasse Felix winemakers according to style and quality parameters which would fit any market.

Baker candidly admits that Vasse Felix has yet to see a significant return on its recent investment of time and money in the US. "But that," he points out, "has been a function of what wine we've had available".

"We've been exporting to UK, Europe, Japan and south-east Asia for much longer and with much more success. If I look back on the effort we put into the UK, for example, which is really starting to pay dividends now, I'm confident that the equivalent effort in the American market will produce the same result. You've got to be in it for the long haul. You keep showing your wines to the media, showing your wines to the trade and gradually broadening your distribution."

Baker's advice to newcomers to the US market is simple. "America is actually several different markets. Pick one of them," he counsels, "and carefully find a distributor for yourself. Make sure you are of a like mind; that they understand what your volumes and projections are; what your marketing budget is. Take small steps," he stresses, "don't try to be in 10 or 12 places at once." He heartily recommends taking advantage of export trade support groups. "Talk to the Australian Wine Bureau before you do anything and capitalise on their experience and knowledge. After that," he smiles, "all you need is patience, perseverance and hard work." Starting with an 18-hour commute. ■