



ADELAIDE
SOUTH AUSTRALIA

*A great wine capital
of the world.*



Action Plan 2016 - 2018



Government
of South Australia

ACTION PLAN

Background

The Great Wine Capitals Global Network is an international network of wine regions. It was established in 1999 to support the economic, academic and cultural development of each of the regions.

The existing members of this prestigious network are Bilbao / Rioja (Spain), Bordeaux (France), Cape Town (South Africa), Mainz / Rheinhessen (Germany), Mendoza (Argentina), Porto (Portugal), San Francisco / Napa Valley (USA), Valparaíso / Casablanca Valley (Chile), Verona (Italy).

Adelaide, South Australia joined the network in July 2016 as the representative city in Australia. Primary Industries and Regions South Australia (PIRSA), the South Australian Wine Industry Association (SAWIA), the South Australian Tourism Commission (SATC) and Brand South Australia are the founding members of Adelaide's membership of the network. Each are represented on the Adelaide, South Australia Great Wine Capital Steering Committee.

Network membership presents an opportunity to position Adelaide and South Australia alongside nine of the world's most prestigious and well known wine regions. Membership provides an unprecedented opportunity for key government and industry bodies to work together to develop a unified identity, representing wine regions throughout South Australia and embracing the synergy between food, wine and tourism.

Why we are a Great Wine Capital

South Australia, with Adelaide as its capital, has a legitimate and credible position to claim that it is the wine capital of Australia. South Australia's food and wine industries generated more than \$18.5 billion in revenue in 2015/16.

South Australia has an estimated 76,000 hectares under vine and produces 50% of all bottled wine in Australia. We have the oldest vines in the world, due to South Australia's biosecurity measures, meaning we have remained free of Phylloxera, a pest which has ravaged the vines in many of the world's great wine producing regions. South Australia is home to all major national wine industry organisations, the Australian Wine Research Institute and the prestigious Adelaide University School of Agriculture, Food and Wine; all of which add to our status as a world-leader in winemaking, viticulture, research, intelligence and marketing expertise.

Adelaide has more than 200 cellar doors within an hour's drive of the Central Business District, providing the visitor with unique South Australian experiences, regional foods and the opportunity to taste wine and meet the people behind the brands. South Australia has a diversity of climates, soils and topography, which enable winemakers to produce a varied range of wines and styles in every price category. Wine is truly central to South Australia's being.

Strategic Insight

Tourism Australia research¹ shows that domestic visitors associate South Australia with quality wine and food experiences in the city, in wineries and in regions. International consumers conversely have a relatively low level of awareness about the quality of our wine and food, offerings, and wine does not rank in the top 25 reasons to visit. Research shows that 'great food, wine and local cuisine' is a major factor in holiday decision making. For those who have visited, Australia is ranked second for its food and wine experiences after culinary giant France, and ahead of Italy (third). This provides immense opportunity, and our state's newly formalised status as a Great Wine Capital of the World means we can legitimately claim to be the Australian home of premium food and wine experiences.

University of South Australia research² tells us that a good cellar door visitor experience influences ongoing wine purchasing behavior both for the wine brand and the wine region for months after the visit. However, for today's visitor, the traditional wine tasting model is not enough; consumers are wanting a more rounded experience (tours behind the scenes, personal stories, regional food experiences, restaurants) and are willing to pay for it. This too provides significant opportunity for our food, wine and tourism industries if capable of responding to this demand.

Combining an improved cellar door offering together with the robust, broader tourism experiences available (the Riesling Trail, hot air ballooning in Barossa, world class beaches in McLaren Vale to name a few), means there is great potential for South Australia to reaffirm its position as the Australian home of premium food and wine experiences, and be on equal footing with any destination in the world.

Our challenge is to elevate the recognition of South Australian food and wine on an international stage, and promote our exceptional regions and their unique wine and food experiences as a driver to visitation and consequently greater direct sales and through export channels. Membership of the Great Wine Capital Global Network presents the opportunity to position Adelaide and South Australia alongside the world's most prestigious and well-known wine regions.

It is envisaged that the local South Australian public and the local wine industry will show support for membership to allow longevity and success beyond budget and political cycles.

Adelaide is positioned as the gateway to South Australia's 18 defined wine regions which are all recognised within membership. This membership provides the opportunity for key government and industry organisations to work together to develop an agreed action program of activities to benefit the wine industry and to realise economic and infrastructure benefits to regional areas.

Membership supports the Government of South Australia's economic priorities:



Premium Food and Wine Produced in our Clean Environment and Exported to the World

South Australia; a growing destination choice for international and domestic travellers

Adelaide - heart of the vibrant state

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- 1 Tourism Australia Consumer Demand Project Food and Wine: http://www.tourism.australia.com/documents/Statistics/TA_
 - 2 Australian Wine Industry Cellar Door Research Study 2013: <http://research.agwa.net.au/wp-content/uploads/2015/01/USA-1204-Stage-2-report2.pdf>

Credibility Assurance

Membership gives us endorsement and credibility by association, as it positions us with the world's best wine regions. This new connection also presents us with a new message and platforms for storytelling to audiences around the world, providing the impetus for consumers and visitors to become aware of the South Australian offering and help influence their visitation decisions.

Collaborative Philosophy

Resourcing differs from region to region; some regions have greater levels of funding commitment and therefore brand/product maturity than others. Membership of the Network is not designed to compete with or duplicate market development activities already being undertaken either by national bodies, other state economic sectors, or regional bodies. It is not seeking to take over from individual regions and brands; it is a strategy to support individual initiatives. It is an umbrella positioning that everyone can embrace/include and be the impetus for transformational change across industry.

Practical Market Development

A program of activity must have a strong tangible focus and needs to achieve measurable goals and objectives. The Steering Committee is the driver of Great Wine Capital campaigns, activities, promotions and initiatives intended to improve economic outcomes for wine, food & tourism sectors in all of our regions. We can do this by building our brand and capability in order to meet the standard expected of a great wine capital of the world.

Priority Markets

Utilising PIRSA market insights (which leads the South Australian Government's economic priority agenda), an evaluation framework has been developed to identify and assess market opportunities. The framework incorporates a set of different criteria to capture market export attributes, South Australia's ability to supply the market, and our competitiveness and connections into the market. This methodology was applied to 84 food and beverage sectors and 17 markets to prioritise future market development opportunities.

In addition to this, consideration has been given to the international target markets identified by SATC. Priority selection is based on rate of visitation, visitor expenditure, length of stay, air capacity/air access, and the match between the destination offering and travellers with a high propensity to visit/find the offer appealing.

Priority markets are listed below; other markets will be considered where opportunities arise to leverage brand positioning.

Australia (domestic interstate)

The value of tourism in South Australia continues to reach record highs with National Visitor Survey results, from September 2015 to September 2016, showing domestic travel continued to be the highest contributor to the South Australian visitor economy, with day trips and overnight stays injecting \$5.2 billion. In the same timeframe, South Australia attracted a record high 6.2 million domestic overnight visitors, up 9.8 per cent on the year previous, and interstate travel increased by 11 per cent (accounting for 4 million overnight visits) and by 7.6 per cent (with 2.3 million visitors). The top three markets domestically are Victoria with 992,000 visits (and showing 7 per cent growth), New South Wales (618,000 visits) and Queensland (310,000 visits).

Additionally, it has been evidenced that during the six-month period after a cellar door visit the buyer group bought an average of 9.1 bottles of that winery's wine. Most importantly, 16% of cellar door visitors who had never bought the brand before began buying it after the visit and this net gain can thus be directly ascribed to the cellar door visit and experience. These are results found when tested in wine regions around Australia, with a wine buyer profile having a residence in South Australia, Victoria New South Wales and Western Australia.

The cellar door visit is instrumental in provoking various changes in the domestic consumers' wine consumption (higher quality, higher quantity, grape variety/wine type and higher prices were the most important). The strongest impact is in consumption of the visited region's wines while the overall wine consumption also changed. On top of that, a large proportion of consumers recommend a wine of the winery visited to others within 3 months post-visit, clearly underlining the power of word-of-mouth communication and its ability to create a feeling of positive awareness towards the wine brand.

China

South Australian agricultural, food and wine exports to China have grown from USD \$103.5m in 2011 to USD \$235.4m in 2015. China's rising affluence has led per capita spending on food to nearly triple between 2000-2014, with growing demand for South Australia's premium, clean and safe produce.

Future growth to this market will be supported by improved air access in addition to our recently signed Free Trade Agreement which, when fully implemented, will remove tariffs on around 95 per cent of Australian products.

China has recently become Australia's biggest wine export market, but there are also strong opportunities in beef/sheep meat, milk/ice cream, bread/bakery preparations/malt, and seafood (namely BlueFin Tuna and oysters).

The China tourism inbound market has also grown rapidly in recent years to become SA's fifth largest source market and the largest of all Asian markets. Travel periods are usually short in duration with the majority of nights spent in capital cities, and travel is usually undertaken independently or in quality customised group tours.

Hong Kong

Hong Kong is a highly competitive, mature market and remains an important destination in itself. Hong Kong consumers place a high value on dining out and their love of seafood has meant they are the second-largest consumers of seafood per capita in Asia. Good market access and low trade barriers, as well as high levels of existing trade make this market a strong opportunity in the future. In 2016, wine recorded the highest average price of \$13.53 per litre (more than any other market) thanks to the growth in the average consumption frequency of imported wine and the number of imported wine drinkers.

For inbound tourism, Hong Kong represents a small but steady market that has direct air access to Adelaide. There is good compatibility with South Australia, with the majority of Hong Kong visitors speaking some English and are mature travellers. Visitation through the Limestone Coast and Kangaroo Island indicates that this market enjoys self-drive journeys and is encouraging for greater regional dispersal.

United States

The USA is the largest single market for South Australian food and wine exports, with exports growing by 31% between 2014 and 2015. We have a high level of existing trade in this large market, and there are opportunities to build on the Australian brand to improve the prices received there by challenging perceptions and traditional stereotypes.

North America (USA and Canada) is South Australia's second largest inbound market. These visitors are high yield experience seekers and are time poor; they have high median household incomes and have travelled internationally in the last three years. South Australia offers passionate characters that bring to life our world class wildlife, outback and culinary experiences.

France

Within the South Australian Government's EU Strategy, there is a specific strategy to capitalise on the recent Commonwealth Government decision to contract French designers for the \$89 billion Future Naval Shipbuilding Program, with the objective of supporting increased investment and export opportunities to France. On top of this, there are strong links already established through the GWCGN community (the Network's Secretariat is based in Bordeaux) and via University of Adelaide partners (KEDGE Business School in Bordeaux, and The Entrepreneurship, Commercialisation and Innovation Centre in the Champagne region).

France is a small yet reliable market for South Australia. 79% of French visitors to SA are first time visitors to Australia, indicating that SA's product offering has strong appeal; nature, wildlife and landscapes are the most compelling features of the state.

Germany

Currently, Germany is SA's fourth largest inbound market. 70% of German visitors to SA are first time visitors, suggesting our nature, wildlife and landscapes are appealing, and the self-drive holidays along the Adelaide-Melbourne Touring Route and Explorer's Way (Adelaide-Darwin) are a popular way of traveling. Many Germans will spend time in Adelaide and the surrounding food and wine regions although this may not be the main purpose for their visit to SA.

Other Asia (Singapore, Malaysia, South Korea)

With one of the highest GDP per capita in the world, Singapore's per capital food consumption is the highest in the region. Singapore is reliant on food imports for 90 per cent of its needs. The presence too of a large expatriate population impacts buying trends and consumption, and there is a strong awareness for Australian products and produce, which are recognised as clean, green and safe. Singapore represents a large premium market particularly for wine, but also for potatoes, citrus, almonds, meat and bakery/flour preparations.

Singapore is the most mature travel market from Asia with daily direct air access. They are affluent experience seekers, travel as a couple, are well-travelled and are looking for new experiences. Because Singaporeans generally visit one state per visit to Australia, there is potential for long stays in South Australia, and thus greater opportunity for regional dispersal.

Malaysia and South Korea also represent a large premium market where we can realise higher prices for our food and wine. South Australia's market share in wine has been steadily increasing to 39 per cent in Malaysia, and in South Korea, the removal of a 15 per cent tariff on wine has increased our competitiveness and led to a spike in exports.

“ VISION Adelaide, South Australia is a world class destination for premium food and wine product and experiences. ”

2016-17 Purpose & Markers

1. To increase awareness in key priority markets; the fact that we are a Great Wine Capital of the World, but also that we are a world class destination for premium food and wine product and experiences.

Measured by:

- The number of local, interstate and international activities Adelaide's membership undertakes (year-on-year improvement) which delivers our Great Wine Capital messaging and branding
- The increase of industry and key stakeholders' understanding of the Great Wine Capital program and our membership
- The level of media coverage Adelaide, South Australia as a Great Wine Capital receives (year-on-year improvement)
- The growth in Adelaide, South Australia's database contacts and growth in nature and volume of communications to that group
- Digital analytics; the volume of traffic on adelaidegreatwinecapital.com.au, wine and food tourism pages on southaustralia.com.au and social media activity using Great Wine Capital messaging
- Facilitating platforms that have potential to lead to an increase in state wine sales as well as increases in interstate and international visitation to South Australia.

2. To use our membership in the Great Wine Capitals Global Network as transformative for our State.

Measured by:

- Growing participation in the local Best of Wine Tourism awards (year-on-year improvement)
- Exploring the opportunity to establish mechanisms and promote the cultural changes required to improve innovation and standards across the wine industry
- Industry participation and engagement with networking and information/training events, as organised by the Steering Committee and industry associations
- Facilitate global networking and international relationships within the Network
- Hosting the 2018 Network Annual General Meeting, to promote knowledge sharing, global relationship-building and industry development, as well as injection of visitation to the State
- Improved collaboration between the State's food, wine and tourism industries.

Themes & Activities

Build Our Brand

Improve the recognition of Adelaide - A Great Wine Capital of the World in priority markets, and to further strengthen our reputation for quality wine and exceptional visitor experiences. Ultimately, to alter our brand positioning within the wine community of the world, with the aim to convert to an intention to buy/visit.

a) Harnessing local patriotism

Recognise the need for South Australians to be supportive of membership of the Network, as they have immense value in spreading the word beyond the State's borders. This aligns with Brand South Australia's I Choose SA campaign, launched in August 2016, which provides potential for shared promotion.

b) Promoting our premium wine, food and tourism stories using membership and the Network as validation/platform

This focus carries out the market development opportunities, and showcasing our wine stories to various audiences; locally to develop home grown champions to spread the word, to media to encourage them to endorse and recommend our wines and regions, and at an international level to raise consumer level of awareness and understanding.

Promotional activities include proactive media pitching of stories, identification of influencers, international inbound and outbound delegations, media partnerships, events and festivals sponsorships, as well as promoting our leading research and education qualities.

Build Capability

Improve the wine industry's capabilities to become a premium wine destination promoted by the Great Wine Capital Network and respond to the desire of our industry to improve, grow and diversify its current level of offering.

a) Create a competitive business environment

Fostering a competitive and innovative business spirit via the hosting of the local Best of Wine Tourism Awards program allows businesses from across regions to see the standard required to be the best category offering within South Australia. Importantly participating in the international awards program provides a unique insight into the benchmark in a global setting. With exposure to global leaders in winery experiences and the enticement to win an award, more members of our industry will seek to improve by raising the standard.

Additionally, improving service standards and exposure to opportunities in the luxury space can provide a unique point of difference for South Australian businesses. A great food and wine tourism experience will lead to an increase in the average spend at the cellar door, encourage return visits to the winery and or the region, promote post-visit purchases, inspire word of mouth recommendations and motivate social sharing. The significant moments created through a memorable experience through the interaction with a cellar staff member creates brand loyalty and regional ambassadors.

b) Grow the food and wine tourism offering

Providing the evidence and opportunities that encourages diversification and expansion of existing wine tourism offerings into new areas, such as nature, adventure, architecture, arts, music, culture, experiences etc. Work with wineries to develop their tourism product into a marketable and desirable visitor experience.

c) Benchmarking the local wine industry tourism offerings against global competitors

Improving the capacity of the State's wine, food and tourism sector requires a focus on maximising global connections to aid identification and adoption of new practices, techniques and business models. This is true at every level, from productivity improvements in primary production, through to business innovation and direct-to-consumer channel improvements.

Key Stakeholders

Government-related sector
Dept of State Development
Dept of Premier and Cabinet
Adelaide City Council
RDAs/Local Councils
World Heritage bid organisers
Wine Australia
Events SA
SATIC
National Wine Centre
Hospitality-related sector
Restaurant and Catering Association
Transport Network (taxis, Greyhound Bus, etc)
Australian Hotels Association (SA division)
Adelaide Airport
Major Airlines (Qantas, Virgin Australia, Qatar, Emirates, Singapore Airlines, etc)
Adelaide Convention Bureau
Adelaide Convention Centre
Education-related sector
Study Adelaide
Flinders University
Uni SA/Ehrenberg Bass Institute
University of Adelaide
Australian Wine Research Institute
Other
Real Estate Institute of SA
Food SA
Premium Food and Wine Ambassadors
Sporting Clubs (Adelaide Football Club, Port Adelaide Football Club, Adelaide United, Adelaide Strikers)
Adelaide Oval
Adelaide Festival Centre