Accolade Wines

# 2018 UK Wine Report

CATEGORY DEVELOPMENT & INSIGHT

WineNation™

# Contents



## SOURCES

*WineNation segmentation 2017*

*WineNation Consumer Research 2017*

*Nielsen Scantrack Epos sales data to 30th December 2017*

*Kantar WorldPanel data to 31st December 2017*

*CGA on-trade sales data to 7th October 2017*

*Mintel Still, Sparkling and Fortified Wine UK, October 2016*

*Ciatti Global Market Report*

*HMRC*

*www.gov.scot*



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# Foreword

## this is a fascinating time to be in the wine trade

> *"Like wine itself, the market is characterised by subtle nuances and changing moods. The onus is on us to understand those nuances"*

*Despite some exceptional political and economic pressures and a gradual social shift that sees consumers growing increasingly mindful of their alcohol consumption, there are new opportunities emerging all the time for marketing this wonderful wine in creative and inspiring ways.*

*This report is a demonstration of our determination to take those opportunities. Wine is the most widely consumed alcoholic beverage in the UK, drunk by 60% of the nation's adults, and the industry contributes £9.1billion to the Treasury. Like wine itself, the market is characterised by subtle nuances and changing moods. The onus is on us in the wine trade to understand those nuances and respond to those moods. We can only do that by knowing our consumers inside out.*

*The research presented in this report goes deep into the psyche of the adult drinks market and I'm proud of the insight we're able to deliver as a result of it. There are clear changes taking place in the UK wine industry, and as we respond to those changes, we are developing new dimensions to Accolade Wines that are leading the way in helping the market to evolve.*

***Ade McKeon***
*General Manager, Accolade Wines UK & Ireland*

# Executive Summary

## 2017 was a year of change for the UK wine industry

*Volumes fell but value rose overall, influenced in part by rising prices and taxes but also by a discernible shift among consumers towards choosing quality over quantity. This report combines reliable data from various sources and overlays it with insight gleaned from our own research to provide an in-depth picture of the UK wine market as it stands.*

*In January 2017 the average price of a bottle of wine broke the £5.50 point for the first time, due largely to the effect of Brexit, and in March the Chancellor announced the biggest increase in wine duty since 2013, taking the tax on a 75cl bottle of wine to £2.16. But there are other drivers behind the increase in sales value for wine, as our research reveals.*

*Our Wine Nation survey gathered data from 8,000 regular wine drinkers and uncovered valuable insight into their needs and motivations when it comes to buying wine. A second piece of research logged information from a more general sample of adults, including non-wine drinkers, giving us a better understanding of the untapped potential market for wine.*

### MARKET TRENDS

The boom in sales of Prosecco has driven a 23.3% growth in on-trade volumes of sparkling wine - and an 11.7% decline in Champagne sales. The renewed popularity of gin, up 24% by volume in the off-trade and 19% in the on-trade, has had a similar effect on sales of spirits, pushing off-trade volumes up by 1.8%, with a 5% increase in value.

French wine continued to dominate on-trade values but the origin on the rise was New Zealand, which gained 13.3% while France fell by 4.0%. In the off-trade, Australia led the way with sales worth £1.17bn, up 1.5% on 2016, but again New Zealand was the star performer, increasing value by 12.2%. ▶

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*"In the on-trade, the country of origin on the rise was New Zealand, which gained 13.3% while France fell by 4.0%"*

In retail we detected four opportunity areas: the 'Food for tonight' shopping mission, where shoppers can be persuaded to buy a bottle of wine as they choose their ingredients for the evening meal; Perfect For, exploring pack formats which play a part in convenient options for in-home and outdoor occasions, with Wine on Tap transforming the image of boxed wine; No and Low alcohol wine, catering for the growing population of teetotal adults and occasions when alcohol control is high; and the blurring of brand categories, i.e. established drinks brands moving into unfamiliar categories, like our own Echo Falls Summer Berries Vodka.

## PRODUCT, MESSAGE, LOCATION

In the off-trade, convenience stores and discounters are enjoying notable growth and we have seen some interesting initiatives in their tactics for selling wine, bringing higher quality wines into consideration for more consumers with some heavily discounted promotions. In the on-trade, it's the dry led establishments where wine holds sway and there is a growing opportunity to introduce customers to wines at a higher price point.

Our research enables us to segment the market and pinpoint the needs and motivations that drive each segment to buy wine. The largest segment by far is the Newbies (those new to wine drinking), averaging 18-24 in age, 77% female and preferring to drink white wine. At the other end of the scale are the Experts, aged 55+ on average, predominantly male and favouring red wine. While Newbies make up 28% of the Wine Nation population and Experts just 5%, those figures are more or less reversed when it comes to their off-trade value.

The opportunity to capture new wine drinkers and help them develop into more confident, regular wine buyers will be realised by tapping into those four key opportunity areas and delivering the right product, with the right message, in the right location. That means exploring different pack formats, including 50cl, magnums, pouches and Wine on Tap, making it easy and attractive to choose wines of a higher quality and price point, as well as offering No and Low alcohol wines, and positioning these wines intelligently in local convenience stores, to catch the 'Food for Tonight' shopping mission.

In all these cases, brands play a key role, giving consumers confidence that they can quickly and easily choose a wine that they know to be of a consistent quality and of a style that they enjoy at a price they are happy to pay.

## THE OUTLOOK FOR ACCOLADE

Accolade Wines continues to supply the leading brands, including Hardys, Kumala, Echo Falls, Stowells and, in the on-trade, Jack Rabbit, and in 2017 held 11% of volume sales and 9.6% of value sales. But with volumes falling, we need to respond to the evidence of our research and steer a path away from volume towards the power of the brand.

We will continue to offer consumers their favourite brands in formats that suit them, beginning with 50cl. We have strengthened our fine wine offering through the launch of our recently acquired Fine Wine Partners, and now offer an exciting range of outstanding wines, particularly wines from Australia, which will appeal to the high-spending Expert end of the market. And, having broken new ground with the launch of Echo Falls Summer Berries Vodka in 2017, we will investigate further opportunities for blurring categories.

With new measures like Scotland's Minimum Unit Pricing being introduced this year and financial pressures on households, the beer, wine and spirits trade is not going to get any easier. However, with the right kind of knowledge, the power is in our hands to score some significant successes.

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# UK drinks landscape

## What are you drinking?

***The purchase of beer, wine and spirits is falling – down 1.6% to the end of 2017 – although spirit volumes alone are up 1.4%, driven by the gin trend. Wine sales make up a significant chunk of that contraction, with still wine volumes down 2.2% and total Champagne down a bubble-bursting 17.6%. The outlier is sparkling wine (read Prosecco), which has bucked the trend remarkably with 7.8% volume growth and a 13.8% increase in value.***

## MORE MODERATION

The general fall in volumes reflects a consumer shift in attitude to alcohol. Around 20% of UK adults are teetotal and that figure is rising by 0.2% a year. There is also a general trend towards moderation in both frequency and quantity, driven by concerns over health, cost and personal image. The effect of Brexit on population growth and the value of the pound is also a contributory factor, particularly for wine, being predominantly an import business. While volumes are down, however, values are up. The total BWS market saw value growth of 1.8% and still wine value was up 0.8%. This is being driven by off-trade sales, where still wine values rose 2.2%.

## QUALITY NOT QUANTITY

Consumers are also choosing quality over quantity, handpicking better wines for specific occasions and being prepared to pay a bit more to get a brand and style they know that they and their friends will like. The rise of the discounters, Aldi and Lidl, and the work they have put in to promoting premium wines has been a contributory factor.

In the on-trade, dry led outlets have seen a slight rise of 0.3% in sales values, showing that, while Prosecco and gin are enjoying a boom in pubs and bars, when it comes to eating out, wine still holds sway.

The job is to democratise wine, helping young consumers to find what they like quickly and easily and to ease them towards choosing wine more frequently as their knowledge and interest grow.

Source: Nielsen Scantrack / CGA

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PROSECCOMANIA

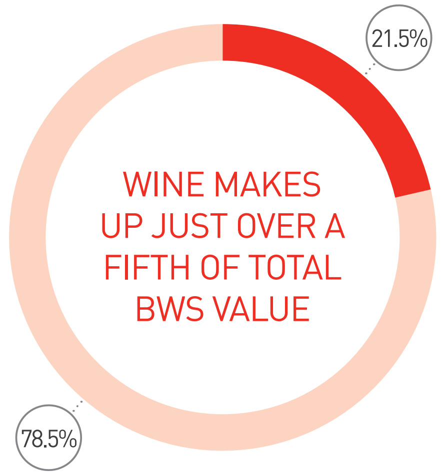
+22.7%

SPARKLING WINE IS THE ONLY ALCOHOLIC DRINK CATEGORY TO HAVE SEEN INCREASED PURCHASE IN 2017, WITH 8.7% VALUE GROWTH IN THE OFF-TRADE AND A MASSIVE 22.7% IN THE ON-TRADE

FLYING KIWIS

11.1%

WHILE MOST OF THE BIG ORIGINS SAW VOLUME FALL, NEW ZEALAND ENJOYED DOUBLE-DIGIT OFF-TRADE GROWTH OF 11.1% AND WAS THE ONLY REGION IN GROWTH IN THE ON-TRADE, WITH 6.7%





# Eight portraits

## of the UK wine consumer

*Wine Nation is an exclusive Accolade Wines project, which has been running since 2006, charting the habits of the UK's regular wine drinkers (people who drink wine at least twice a month) to create a clear picture of the when, where, why and how much of wine consumption. This market makes up 54% of the adult population and by dividing it into eight distinct segments, we are able to identify the patterns and influences that determine purchase choice, and thus target specific consumer groups more effectively. The eight segments range in their wine knowledge and interest from Newbies, just embarking on their wine journey, to Confident Enthusiasts and Experts. When and why they choose to drink wine, where and when they buy and what influences their purchase choice are all revealed in the Wine Nation study.*

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### NEWBIES

Just beginning to take an interest in wine, *Newbies* are starting to buy wine for formal occasions, parties and unplanned social events. They know very little about wine and want to be guided when they shop. Their wine shopping missions tend to be a regular monthly shop or a specific mission to buy wine for tonight.

### STRONG PROSPECTS

Still relatively new to the game, *Strong Prospects* have developed a keen interest in wine and want to be seen as knowledgeable. They will drink wine a few times a week and tend to buy it on their way home from work, as well as stocking up in their regular monthly shop. They like to broaden their knowledge and experiment, especially if they can find something to impress their friends.

### OCCASIONALS

As the name suggests, *Occasionals* are infrequent drinkers, saving their wine consumption for special occasions, but they regard the quality of the wine as important and choose carefully to match the wine to the occasion, guests and food. Most of their buying is done during top-up shops or specific wine-buying missions to trusted shops offering quality wine at good value.

### ECONOMISERS

The lowest spenders of all wine buyers, *Economisers* base their choice mainly on price, past experience and recommendation. They have little wine knowledge or interest, usually partaking no more than once a week, but they like to be sure they're getting good value for money. They take advantage of offers at their supermarket and local convenience shop, or may visit a discounter if they have a specific need for wine.

### CONFIDENT ENTHUSIASTS

Interest is high, knowledge is high and growing, and they regard wine as the drink of choice for social occasions, meals and relaxation. *Confident Enthusiasts* are keen to learn about wine of all styles, including fortified, sparkling and dessert wine, but will have their favourites and tend towards the big name brands. They do a lot of their wine shopping specifically for that day's consumption and are very receptive to labels.

### ROUTINERS

Wine is a staple for *Routiners*, though they don't regard it with any great reverence. They drink it most days and have a broad repertoire, but their spend per bottle is the lowest after Economisers and, like them, they buy on trust. You'll find them buying wine in their regular top-up shops at the supermarket or discounter, or stocking up online, looking for familiar origins and varietals, usually Australian, Spanish and Chilean red.

### ENGAGED EXPLORERS

Regular wine drinkers with an interest in expanding their knowledge, *Engaged Explorers* buy wine for daily consumption as part of their regular and top-up shops, both in-store and online. They're receptive to expert recommendations and promotions and enjoy new discoveries, but they like to apply their own knowledge and experience and are drawn to New World reds and recognised brands.

### EXPERTS

*Experts* are very knowledgeable about wine and will drink fortified, sparkling and dessert wines, as well as reds and whites, but mostly reserve it for drinking with food or for celebrations. They tend to stock up on specific missions to specialist wine shops but will occasionally pick up a wine on spec during a regular food shop, if it looks like something new and interesting.

# Sizing up
## the wine nation

### POPULATION SHARE

| | Share% |
|---|---|
| NEWBIES | 24 |
| STRONG PROSPECTS | 18 |
| OCCASIONALS | 18 |
| ENGAGED EXPLORERS | 10 |
| CONFIDENT ENTHUSIASTS | 9 |
| ROUTINERS | 9 |
| ECONOMISERS | 8 |
| EXPERTS | 4 |

Newbies make up the largest cohort of the UK's regular wine drinkers but contribute the least value to off-trade sales. The challenge is clearly to encourage Newbies' embryonic interest in wine and develop them into more confident, regular wine consumers, so that they become the more high-spending Strong Prospects, Routiners, Engaged Explorers, Confident Enthusiasts and Experts. The graph on the right shows how consumers tend to migrate from one segment to another.

### OFF-TRADE VALUE

| | Share% |
|---|---|
| EXPERTS | 23 |
| ENGAGED EXPLORERS | 18 |
| CONFIDENT ENTHUSIASTS | 17 |
| ROUTINERS | 14 |
| STRONG PROSPECTS | 13 |
| OCCASIONALS | 5 |
| ECONOMISERS | 5 |
| NEWBIES | 5 |

### ON-TRADE VALUE

| | Share% |
|---|---|
| STRONG PROSPECTS | 27 |
| CONFIDENT ENTHUSIASTS | 18 |
| ENGAGED EXPLORERS | 17 |
| EXPERTS | 12 |
| ROUTINERS | 9 |
| NEWBIES | 9 |
| OCCASIONALS | 6 |
| ECONOMISERS | 2 |

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**24%**

NEWBIES MAKE UP A QUARTER OF THE REGULAR WINE DRINKING POPULATION BUT AREN'T YET SPENDING MUCH ON WINE

**23%**

EXPERTS ARE THE SMALLEST BUT MOST VALUABLE SEGMENT FOR OFF-SALES

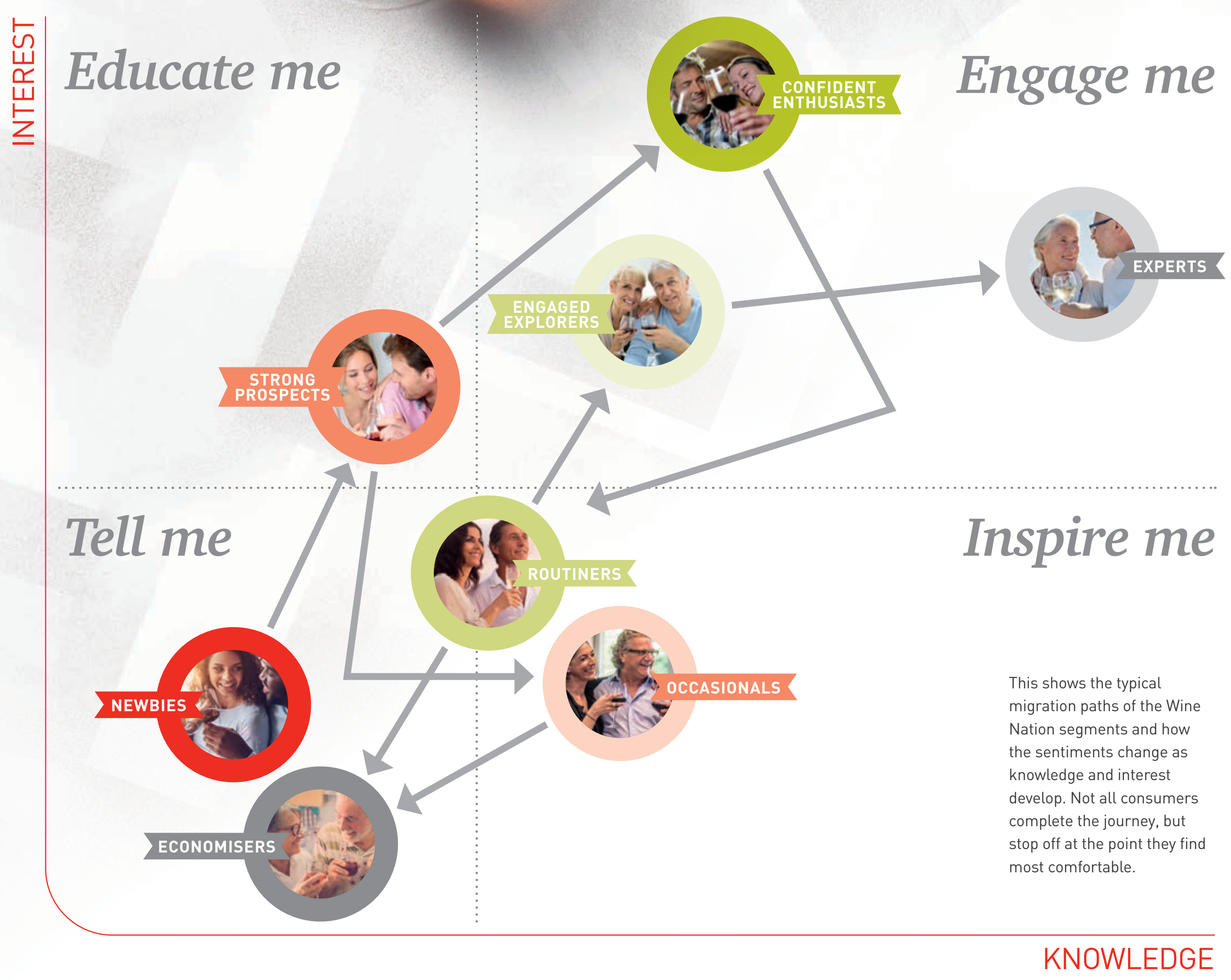
**27%**

STRONG PROSPECTS ARE THE BIG SPENDERS FOR THE ON-TRADE

WHILE EXPERTS HAVE THE MOST WINE KNOWLEDGE, CONFIDENT ENTHUSIASTS SHOW THE MOST INTEREST

NEWBIES CAN QUICKLY BECOME CONFIDENT EXPLORERS. THE TRICK IS TO KEEP THEM THERE

### WINE SEGMENT MIGRATION




This shows the typical migration paths of the Wine Nation segments and how the sentiments change as knowledge and interest develop. Not all consumers complete the journey, but stop off at the point they find most comfortable.

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# Consumer Insights

## occasions, motivations & missions

### WHY PEOPLE DRINK

New to Wine Nation, we have defined eight types of occasion when consumers choose to drink wine. Each has its own motivations and each consumer segment tends towards a different combination of occasions. By understanding the drivers behind these occasions and adding this information to what we know about the eight consumer segments, we can begin to pinpoint the most effective sales strategy for each wine-drinking occasion.

### THE DRINK AT THE END OF THE DAY

**Motivations:** Wind down and relax or treat yourself.
**Prominent segments:** Confident Enthusiasts, Routiners, and Economisers.
**Mission:** Daily shop from local convenience store.
**Strong performer:** Chilled wines. Known favourites. Trusted brands.
**Competition:** Hot drinks.
**Top tip:** Position wines near ready meals, with signage to catch shoppers just before they enter the store.

### INFORMAL EVENING/ LUNCHTIME MEAL

**Motivations:** Habit or chance to spend quality time with friends or family.
**Prominent segments:** Routiners, Experts and Engaged Explorers.
**Mission:** Regular monthly shop, both in-store and online.
**Strong performers:** Preferred varietals and brands, with food matching important.
**Competition:** No strong competitor.
**Top tip:** Strong, clear communication about the occasion in aisle will influence choice.

### UNPLANNED SOCIAL OCCASION AT HOME WITHOUT FOOD

**Motivations:** Wind down and have fun.
**Prominent segments:** Newbies, Occasionals and Economisers.
**Mission:** The most convenient outlet with a wide range of quality brands and good value for money.
**Strong performers:** Deals on favourite brands and wines that impress.
**Competition:** Cider, vodka and whisky.
**Top tip:** Promote deals at front of store and influence in advance through emails and tastings.

THE DRINK AT THE END OF THE DAY IS THE MOST POPULAR WINE OCCASION FOR ALL SEGMENTS EXCEPT EXPERTS, WHO PREFER THEIR EVENING DRINK WITH A MEAL

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### FORMAL/FAMILY SUNDAY LUNCH

**Motivations:** Quality time with nearest and dearest.
**Prominent segments:** Strong Prospects, Occasionals and Economisers.
**Mission:** Regular monthly shop, specialist wine shop or online with good range and value for money.
**Strong performers:** Wines that impress and go well with food, based on recommendations, advertising and tastings.
**Competition:** Soft drinks.
**Top tip:** Promotions and clear information to help choice go a long way.

### FORMAL LUNCHTIME/ EVENING MEAL (4-6 PEOPLE)

**Motivations:** Celebrate and have fun.
**Prominent segments:** Newbies, Strong Prospects and Experts.
**Mission:** Regular monthly shop, specialist wine shop and online store, and impulse purchases when shopping for other things.
**Strong performers:** Wines that impress from respected brands.
**Competition:** Soft drinks.
**Top tip:** Make it easy to find known brands and present food matching notes clearly.

### FORMAL OCCASION PLANNED - WITHOUT FOOD

**Motivations:** Have fun and connect with others.
**Prominent segments:** Newbies, Strong Prospects and Occasionals.
**Mission:** Regular monthly or top-up shops. Some potential to catch shoppers with offers.
**Strong performers:** Good quality wines that impress from well-known brands.
**Competition:** All other drinks categories.
**Top tip:** Stock a good range of premium brands and highlight offers on aisle ends.

### DINNER PARTY (MORE THAN 6 PEOPLE)

**Motivations:** Socialise and celebrate.
**Prominent segments:** Newbies, Strong Prospects and Engaged Explorers.
**Mission:** Regular monthly shop and specific shop for the occasion from convenience store or specialist wine shop.
**Strong performers:** Wines that impress and complement food from recognised brands.
**Competition:** All other drinks categories.
**Top tip:** Build a reputation for attractive offers on a good range of premium wines.

### PARTY/CELEBRATION

**Motivations:** Have fun, socialise and celebrate.
**Prominent segments:** Newbies, Strong Prospects and Occasionals.
**Mission:** Last-minute top-up shop from local convenience store, discounter or specialist wine shop.
**Strong performers:** Popular wines that impress, offering good value when bought in quantity.
**Competition:** All other drinks categories.
**Top tip:** Make sure chilled wines are available.

### GIFTING

*Buying wine as a gift applies on a number of these occasions. Buying habits vary, however, depending on whether the wine is a contribution to the occasion or a thank you. Wine taken to a celebration is more likely to be picked up on the way at a local convenience store or petrol station, whereas the thank you is more likely to be bought from a local specialist. The wine itself needs to be sufficiently prestigious and trusted recommendations count for a lot, but promotions will still sway the final choice. Appealing packaging is also important.*

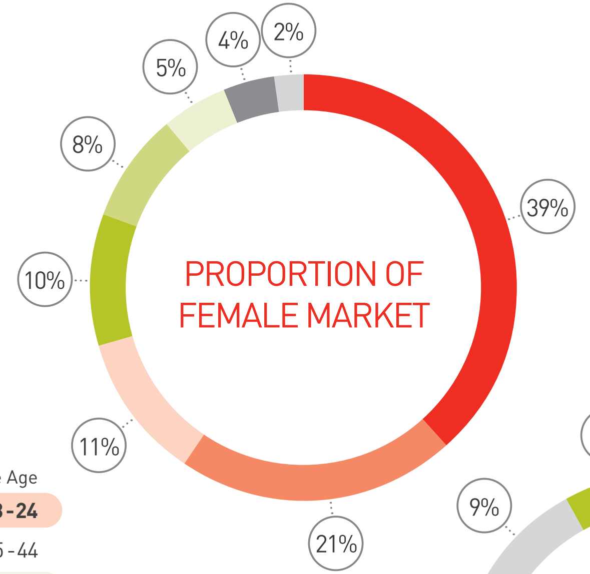
# Consumer Insights

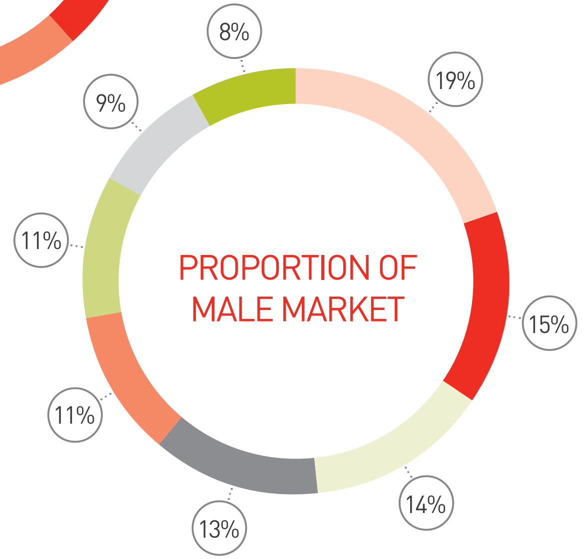
## occasions, motivations & missions

### THE GENDER SWITCH

Young women drive entry into the wine market and continue to dominate as their interest grows towards Confident Explorer level. At the other end of the age scale, the Experts, Economisers and Engaged Explorers are predominantly male and aged over 55.

| | Male% | Female% | Mode Age |
|---|---|---|---|
| NEWBIES | 23 | 77 | 18 - 24 |
| STRONG PROSPECTS | 28 | 72 | 35 - 44 |
| CONFIDENT ENTHUSIASTS | 38 | 62 | 35 - 44 |
| ROUTINERS | 50 | 50 | 45 - 54 |
| OCCASIONALS | 56 | 44 | 45 - 54 |
| ENGAGED EXPLORERS | 65 | 35 | 55+ |
| ECONOMISERS | 70 | 30 | 55+ |
| EXPERTS | 79 | 21 | 55+ |

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### WHAT'S HITTING THE SPOT?

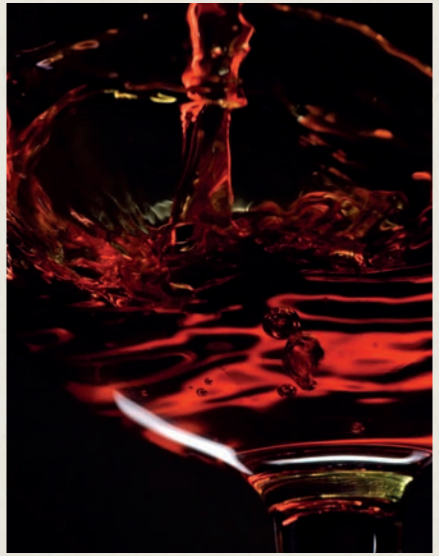
As interest and knowledge develop, tastes change from rosé, popular among Newbies, to the fine wines, particularly reds of specific origins and vintages, that capture the interest of Experts.

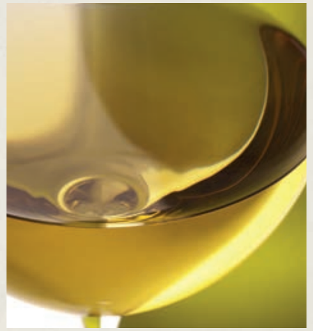
PROSECCO IS THE THIRD MOST POPULAR WINE STYLE AFTER STILL RED AND WHITE FOR ALL SEGMENTS EXCEPT ECONOMISERS

### TYPES OF WINE PEOPLE DRINK

| | White% | Red% | Rosé% |
|---|---|---|---|
| NEWBIES | 64 | 47 | 64 |
| STRONG PROSPECTS | 73 | 69 | 55 |
| CONFIDENT ENTHUSIASTS | 87 | 75 | 57 |
| ROUTINERS | 72 | 74 | 35 |
| OCCASIONALS | 70 | 68 | 40 |
| ENGAGED EXPLORERS | 73 | 77 | 39 |
| ECONOMISERS | 69 | 54 | 34 |
| EXPERTS | 86 | 100 | 50 |

Source: Wine Nation





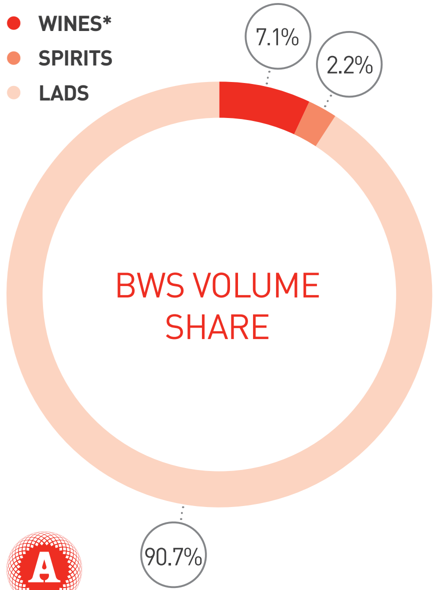
*"Red wine continues to be regarded as the acme of quality wine by Experts. It is the only style that scores with 100% of any one category"*



# On-trade
## facts & figures

### BEER, WINE AND SPIRITS PERFORMANCE

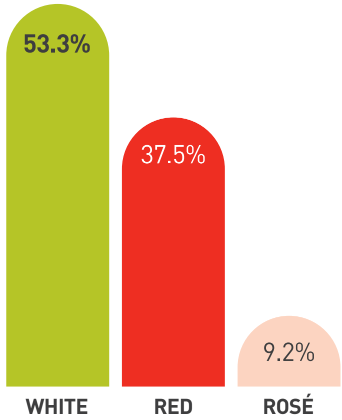
| | Volume Share% | Volume Change% | Value Change% |
|---|---|---|---|
| TOTAL BWS | 100 | ▼ -2.6 | ▲ +0.8 |
| WINES* | 7.1 | ▼ -5.0 | ▼ -0.5 |
| SPIRITS | 2.2 | ▼ -0.6 | ▲ +3.2 |
| LADs | 90.7 | ▼ -2.5 | ▲ +0.2 |




### WINE BREAKDOWN

| | Volume Share% | Volume Change% | Value Change% |
|---|---|---|---|
| STILL WINE | 87.4 | ▼ -7.1 | ▼ -2.2 |
| SPARKLING | 9.5 | ▲ +23.3 | ▲ +22.7 |
| CHAMPAGNE | 2.4 | ▼ -11.7 | ▼ -9.3 |
| OTHER | 0.8 | ▼ -7.2 | ▼ -6.8 |

### WHITE WINE DOMINATES VOLUME SHARE




Source: CGA

* includes still, sparkling, Champagne and fortified wine

### PINOT PICKS UP

+0.4%

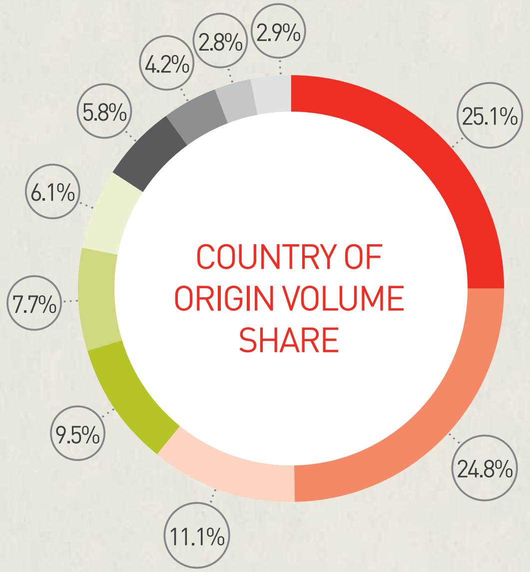
VOLUME RISE SETS PINOT NOIR APART FROM OTHER TOP 5 REDS

33.9%

VOLUME SHARE MAKES MERLOT KING OF THE REDS

70%

OF **WHITE SALES** COME FROM THE TOP THREE GRAPES: PINOT GRIGIO, SAUVIGNON BLANC AND CHARDONNAY




### KIWI VALUES SOAR

13.3%

NEW ZEALAND WINE ADDED SIGNIFICANT VALUE AND GAINED 6.7% IN VOLUME. ARGENTINIAN WINE SAW VALUE GROWTH OF 6% AND ITALIAN VALUE GREW 0.2%

### ACCOLADE ON TOP

THE TOP FIVE SUPPLIERS OFFERING A BROAD RANGE OF STRONG BRANDS, COUNTRIES AND PRICE POINTS IS DOMINATED BY ACCOLADE, WITH FIVE TIMES MORE VOLUME SHARE THAN ITS NEAREST RIVAL

| | Volume Share% |
|---|---|
| ACCOLADE WINES | 9.8 |
| CONCHA Y TORO | 2.0 |
| TREASURY WINE ESTATES | 1.9 |
| INTERNATIONAL WINE SERVICES | 1.0 |
| PERNOD RICARD | 0.7 |


### KEEP YOUR BOTTLE

WHILE SINGLE SERVE VOLUMES HAVE FALLEN ACROSS THE BOARD, WINE BY THE BOTTLE HAS DONE WELL, SHOWING STRONG VALUE GROWTH

750ML BOTTLES

+12.2%

VALUE GROWTH

+5.8%

VOLUME GROWTH

0.3%

STILL WINE HAS SEEN A SLIGHT VALUE INCREASE IN DRY LED OUTLETS

### ALL RIGHT JACK

+4.6%

JACK RABBIT WAS THE LEADING ON-TRADE BRAND BY VOLUME AND THE ONLY ONE IN THE TOP 10 TO SEE A RISE IN VOLUME

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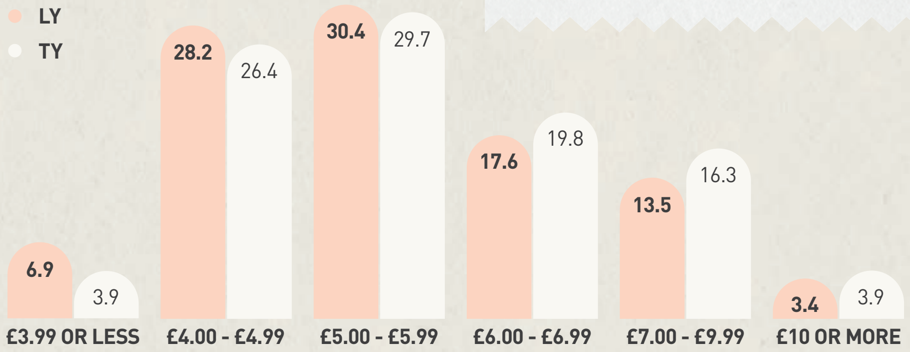
# Off-trade

## facts & figures

*The year-on-year off-trade sales figures for 2017 show that, while the volume of wine sales has fallen (except where Prosecco has driven growth in sparkling wine sales), value is up. As consumers drink less frequently, they are nevertheless spending more, choosing brands of known quality.*

*The popularity of Prosecco has impacted on Champagne sales and the gin trend has driven a rise in spirits sales that poses a challenge to wine.*

### 75CL VALUE SHARE BY PRICE BAND - GROCERY MULTIPLES




WHILE VALUE HAS FALLEN AT THE BUDGET END OF THE PRICE SPECTRUM, WINES ABOVE **£6** A BOTTLE HAVE SEEN VALUE INCREASE, MOST NOTABLY IN THE £7-£9.99 PRICE BAND

### VALUE SALES

| | Value (£m) 2017 | Share 2017 | Growth |
|---|---|---|---|
| TOTAL BWS | 16.485 | | 3.6% |
| STILL WINE | 5.551 | 33.7 | 2.6% |
| SPARKLING WINE | 851 | 5.2 | 8.7 |
| CHAMPAGNE | 293 | 1.8 | -10.6 |
| SPIRITS | 4.196 | 25.5 | 5.0 |

### VOLUME SALES

| | Volume ('m 9L cases) 2017 | Share 2017 | Growth |
|---|---|---|---|
| TOTAL BWS | 373.9 | | -0.6% |
| STILL WINE | 83.3 | 22.3 | -1.1% |
| SPARKLING WINE | 10.2 | 2.7 | 6.2 |
| CHAMPAGNE | 1.1 | 0.3 | -20.4 |
| SPIRITS | 23.6 | 6.3 | 1.8 |

Sources: Nielsen Scantrack / Kantar

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# Buying for tonight

## targeting the food for tonight mission

*On average, shoppers make 273 shopping trips each year and nearly 90% of them are quick missions – to pick up a meal for tonight, a specific item or a top-up. However, wine is in less than 10% of food for tonight or top-up missions, which presents an enormous opportunity.*

### MISSIONS PER YEAR

| | Total | Wine |
|---|---|---|
| MAIN SHOP | 29.4 | 10.0 |
| TOP-UP SHOP | 142.1 | 9.0 |
| FOOD FOR TONIGHT | 43.4 | 3.6 |
| SPECIFIC JOURNEY | 57.7 | 17.6 |

*A largely untapped target for wine sales is the Food for Tonight mission, which has seen an increase in value share of 8.4% for the total grocery market and 2% for still wine. This is a quick shop, where convenience is key, both in terms of location (close to home or work) and store size (smaller than supermarket). By placing favourite brands by the ready meals and promoting food matching, there is a good opportunity to catch shoppers with tonight's meal and relaxation in mind, particularly Newbies and Confident Enthusiasts.*

### MISSION TENDENCIES

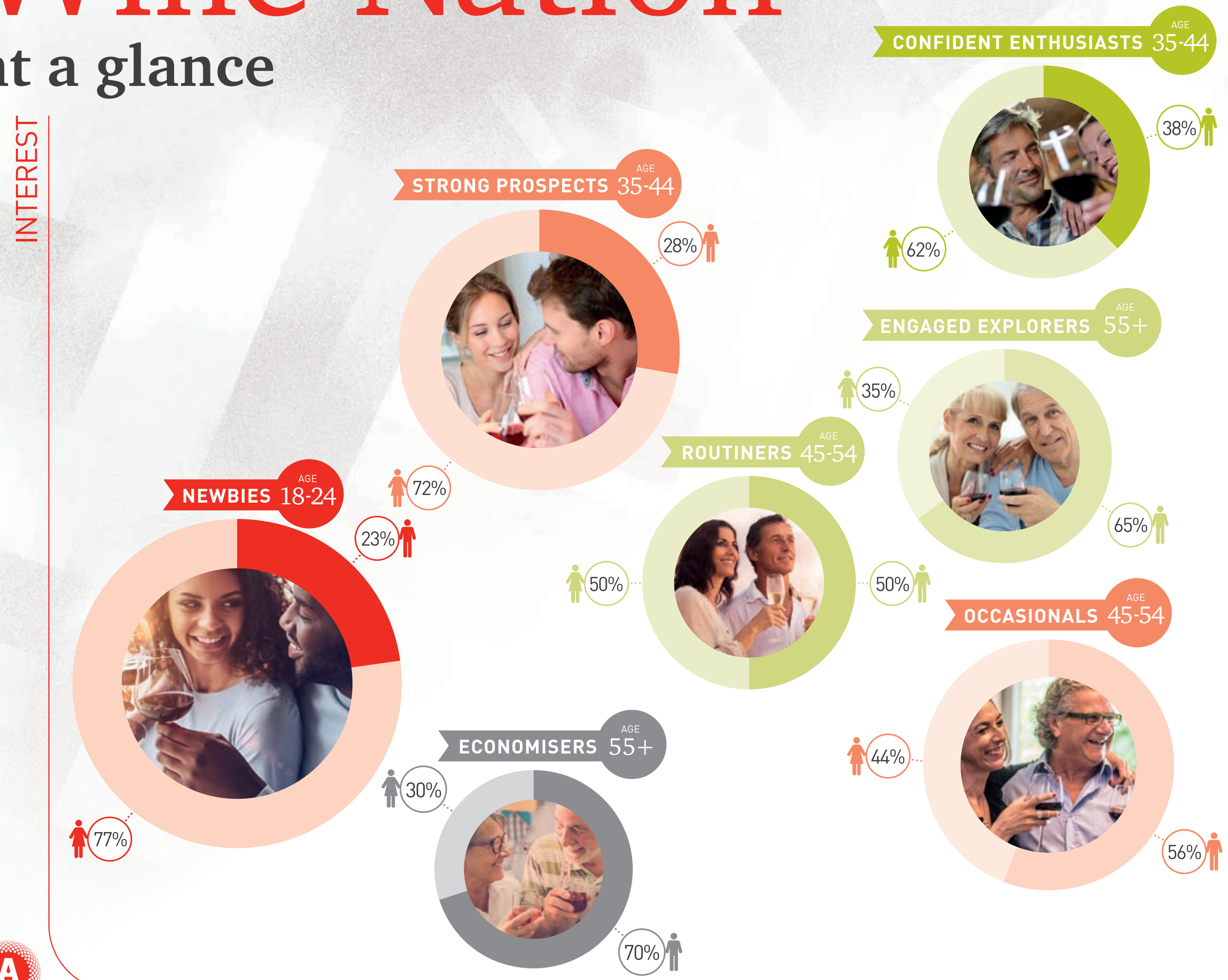
WHEN WINE DRINKERS TEND TO BUY THEIR WINE

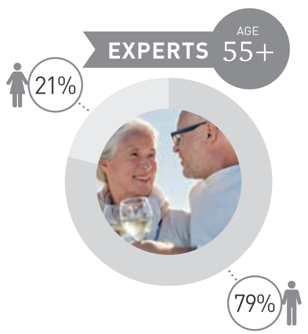
| | |
|---|---|
| REGULAR DAILY SHOP | Strong Prospects |
| REGULAR WEEKLY SHOP | Economisers, Experts, Engaged Explorers |
| REGULAR MONTHLY SHOP | Newbies, Strong Prospects |
| TOP-UP SHOP | Routiners, Occasionals, Engaged Explorers |
| FOOD FOR TONIGHT | Newbies, Confident Enthusiasts |
| SPECIFIC WINE SHOP | Newbies, Experts |
| SPECIFIC SHOP (NON-WINE) | Occasionals, Economisers, Experts |



# Wine Nation

## at a glance




Size of roundel reflects market share, as detailed below. Male/female share is indicated round the perimeter, the lighter colour representing female. The box on the right shows top three style preferences for each segment and top reasons for buying.

| | |
|---|---|
| NEWBIES | 24% |
| STRONG PROSPECTS | 18% |
| OCCASIONALS | 18% |
| ENGAGED EXPLORERS | 10% |
| ROUTINERS | 9% |
| CONFIDENT ENTHUSIASTS | 9% |
| ECONOMISERS | 8% |
| EXPERTS | 4% |

| Segment | Top reason for buying | 1st | 2nd | 3rd |
|---|---|---|---|---|
| NEWBIES | FITS WITH THE AMOUNT OF MONEY I WANTED TO SPEND | WHITE | ROSÉ | PROSECCO |
| ROUTINERS | THE WINE WAS SUITABLE FOR THE OCCASION | RED | WHITE | PROSECCO |
| STRONG PROSPECTS | THE WINE HAD APPEALING PACKAGING | WHITE | RED | PROSECCO |
| ENGAGED EXPLORERS | IT WENT WELL WITH THE FOOD I WAS HAVING | RED | WHITE | PROSECCO |
| OCCASIONALS | IT IS WHAT I KNOW OTHER PEOPLE DRINK AND LIKE | WHITE | RED | PROSECCO |
| ECONOMISERS | FITS WITH THE AMOUNT OF MONEY I WANTED TO SPEND | WHITE | RED | ROSÉ |
| CONFIDENT ENTHUSIASTS | THE WINE HAD APPEALING PACKAGING | WHITE | RED | PROSECCO |
| EXPERTS | IT WENT WELL WITH THE FOOD I WAS HAVING | RED | WHITE | PROSECCO |

# A big role for brands

## brands & promotions

*Well-known brands play an important role in the migration of consumers from one Wine Nation segment to another. In the early stages of their wine drinking life, as Newbies or Strong Prospects, the familiarity and reliability of the brand gives buyers confidence and encourages them to start exploring other varietals. Later in the journey, when knowledge and interest are higher, the brands play less of a part in terms of building confidence but can still provide the engagement to introduce consumers to new styles or formats.*

*In 2017, the leading brands lost volume across the board and private label gained share of both volume and value, as consumption fell and spend increased. The average off-trade spend on a 75cl bottle of still wine was £5.56, marginally less than the average price of £5.67 among the top 10 brands. In the on-trade, however, the average price of a 175ml glass among the top 10 brands was more than £1 less than the overall average, suggesting that value is becoming less of a driver for consumers drinking out.*

*As growth areas like Food for Tonight, Perfect For… and No and Low introduce new, unfamiliar products to the market, it is the known brands that are most likely to succeed in this space and we expect to see a shift back towards the bigger brands that will be leading the way.*

### TOP 10 OFF-TRADE BRANDS BY VALUE SHARE

| | Value share% | Volume share% | Price per 75cl |
|---|---|---|---|
| HARDYS | 5.0 | 5.3 | £5.24 |
| ECHO FALLS | 3.0 | 3.3 | £4.95 |
| BLOSSOM HILL | 2.8 | 2.8 | £5.49 |
| BAREFOOT | 2.6 | 2.4 | £6.06 |
| MCGUIGAN | 2.6 | 2.7 | £5.34 |
| CASILLERO DEL DIABLO | 2.2 | 1.9 | £6.32 |
| YELLOW TAIL | 2.0 | 1.8 | £6.18 |
| GALLO FAMILY VINEYARDS | 1.9 | 2.0 | £5.44 |
| CAMPO VIEJO | 1.8 | 1.5 | £6.91 |
| ISLA NEGRA | 1.8 | 2.0 | £4.84 |
| PRIVATE LABEL | 24.1 | 26.6 | £5.03 |

**Overall off-trade price per 75cl was £5.56**


Source: Nielsen Scantrack

### TOP 10 ON-TRADE BRANDS BY VALUE SHARE

| | Value share% | Volume share% | Price per 175ml |
|---|---|---|---|
| JACK RABBIT | 2.1 | 3.2 | £2.42 |
| STOWELLS | 1.2 | 1.7 | £2.71 |
| BLOSSOM HILL | 1.1 | 1.7 | £2.40 |
| HARDYS | 1.0 | 1.6 | £2.46 |
| FETZER | 0.8 | 1.3 | £2.50 |
| OLIVER & GREGGS | 0.6 | 0.9 | £2.62 |
| CONCHA Y TORO | 0.5 | 0.5 | £3.34 |
| ECHO FALLS | 0.4 | 0.7 | £2.34 |
| FOOTSTEPS | 0.4 | 0.6 | £2.92 |
| INVENIO | 0.4 | 0.5 | £3.39 |

**Overall on-trade price per 175ml was £3.79**

Source: CGA

*"Value is becoming less of a driver and shoppers are more prepared to buy wine off promotion"*

# The falling appeal of promotions

The proportion of wine volumes offered on promotion in 2017 fell slightly from 46% to 43%, as retailers took 1.5% off the overall value of total discounts and cut volumes of the most popular Temporary Price Reduction (TPR) promotions by almost 10%.

The only promotions to see an increase in volume were Multibuys, as Y for £x offers and Meal Deals had volumes cut by 15.9% and 1.7% respectively. Discount values did increase in those promotional categories, by 2.5% and 2.4% respectively, but it was Multibuys that received the biggest push, with a small increase in discount value but a 26% rise in volume.

Multibuys are more likely to appeal to the Experts, Engaged Explorers and Routiners, especially when buying for everyday occasions, while lower volume consumers like Newbies and Strong Prospects are more likely to go for price reductions because they usually buy only one bottle at a time. The fall in TPR volumes is further reflection, however, that value is becoming less of a driver and shoppers are more prepared to buy wine off promotion.

### VOLUMES ON PROMOTION

| Promo type | 2017 (,000L) | Change% |
|---|---|---|
| TPR | 218.834 | -9.6 |
| MULTIBUY | 52.544 | +26.1 |
| Y FOR £X | 34.130 | -15.9 |
| MEAL DEAL | 23.820 | -1.7 |

### DISCOUNT VALUES

| Promo type | 2017 (,000L) | Change% |
|---|---|---|
| TPR | 28 | -10.0 |
| MULTIBUY | 28.6 | +28.2 |
| Y FOR £X | 21.2 | +13.0 |
| MEAL DEAL | 46.0 | +5.5 |

Source: Kantar Worldpanel

# Category
## vision

*With wine consumption falling but spend increasing, the drivers for growth will be bringing in new consumers, creating new occasions and encouraging trade-up to premium brands, to drive penetration, frequency and spend respectively. This requires a good understanding of the whole potential wine buying population and their needs in order to identify the incentives that will capture newcomers and derive greater value from existing wine shoppers.*

*A survey commissioned by Accolade Wines at the end of 2017 gathered information from 5,511 consumers on a specific drinks occasion that occurred within the previous three months. Extending the scope beyond Wine Nation, this research captured lighter drinkers - potential converts to more regular wine consumption - and gathered data for all cold beverages that adults drink, both alcoholic and non-alcoholic, to understand where wine sits within the attitudes of the wider adult market.*

i

+23.7%

THE BIGGEST GROWTH IN OFF-TRADE VALUE SHARE IS IN THE £7.00-9.99 BAND

This insight, when combined with Wine Nation, is enabling us to define clear consumer types and their ‘needstates’ – the motivations and occasions that influence why, when, where, with whom and with what (ie food or not food) they drink. With this deeper level of understanding we are able to identify behavioural patterns that can help us predict more accurately the influences and strategies that could drive penetration, frequency and spend.

> *“More than a fifth of UK adults drink 250ml or less of wine per occasion”*
>
> LightSpeed / Mintel report 2016

We categorised nine drinking needstates, from wanting to stay in control (often with no or low alcohol) to partying and letting loose with friends. For two of these needstates consumers prefer wine to any other choice of drink:

- Meal enhancement
- Relaxing with my partner

These occasions are predominantly midweek evenings at home, when drinkers want to maintain control over the number of drinks and amount of alcohol they consume.

The downturn in consumption is reflected in the fact that more than a fifth of UK adults drink 250ml or less of wine per occasion. That makes the standard 75cl bottle impractical for the most popular wine drinking occasion, the drink at the end of the day.

These occasions often happen midweek, when consumers are busy and stressed and looking to unwind with their partner, but moderating their consumption. They don’t want to drink a 75cl bottle between them but feel the wine will be wasted if they leave some in the bottle.

The opportunity, therefore, is to offer wine in 50cl bottles. This is in line with the ‘Perfect for…’ strategy (see over), where the packaging is designed to make the consumer’s decision as easy as possible, and strongly targeted to catch the rise in shopping missions for Food for Tonight, as covered on *page 19*.

There are a number of consumer benefits to the 50cl offer:

- Just enough for two (no wastage)
- Easy to carry home
- Lower price point
- Suited to the occasion

As well as satisfying the need for moderation without wastage, the lower price point encourages consumers to trial and trade up to better quality wines when they want to treat themselves, against the need to unwind at the end of the day.

This will appeal particularly to Strong Prospects and Engaged Explorers, who are looking to broaden their wine knowledge and are prepared to pay higher prices if they feel they’re getting good value. They will welcome the opportunity to try wines they might not normally stretch to in 75cl bottles, and to buy their favourite wines more frequently due to the lower price point.

In order to successfully target these segments, 50cl has to fulfil certain criteria. First, the product should be a trusted brand or varietal to make their choice easy. As shoppers are not currently thinking about it, wine must be positioned outside the wine aisle, ideally by the ready meals, to target the ‘Food for tonight’ mission, and it should come with the message ‘Perfect for…a midweek meal with my partner.’ ▶

THE 50CL FORMULA


Source: Mintel: Still, Sparkling and Fortified Wine, UK, October 2016


i

39%

OF WINE DRINKERS WOULD DRINK WINE AT HOME MORE OFTEN IF THERE WAS A WIDER RANGE OF SMALLER-SIZED BOTTLES

50%

OF WINE SHOPPERS WELCOME SUGGESTIONS OF CHEAPER WINES IN THEIR FAVOURITE STYLE

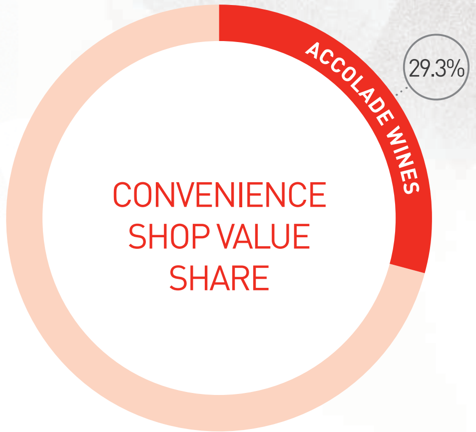
Accolade Wines WineNation

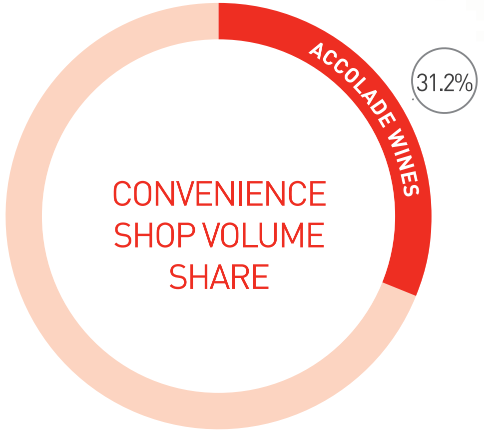
# Category vision

## PERFECT FOR...

The trending Food for Tonight mission, the Replenishment Shop and the Specific Wine Shop are more likely to take place in convenience outlets. Both quick and local, these impromptu missions are an opportunity to catch consumers with inspiring formats and eye-catching offers.

When they come to choose wine for any occasion, most consumers want the process to be made easy. The 'Perfect for…' proposition short-cuts a major aspect of the buying decision by presenting wine in a format that is demonstrably suited to the occasion. Just as the 50cl bottle is suited to the drink at the end of the day, larger formats are perfect for picnics, sporting events and other outdoor occasions, as shown by the striking rise in value sales of still wine in 1.5l serves - up 7.3% compared to 2.6% for the total market. This has been widely reported as a magnum boom but much of the 1.5l category is made up of Wine on Tap (wine boxes), which is driving growth.


Sources: Nielsen Scantrack / CGA / Wine Nation

## HOW LOW CAN YOU GO?


33%

OF ADULTS **DON'T DRINK WINE**

20%

ARE **TEETOTAL**

THERE IS A LARGE AND GROWING POTENTIAL MARKET FOR NO AND LOW ALCOHOL WINE

## BRAND EXTENSION

The rise in spirits sales presents an interesting opportunity for trusted wine brands to branch out into other categories. Our research has identified the key characteristics and qualities sought from a drink. This enables us to translate these characteristics from favourite wines into a category such as vodka, with the brand creating the connection that persuades consumers to try it.

Jack Daniels and Stella Artois have both moved into cider and Accolade Wines made a similar move with Echo Falls Fruit Fusions. Having found that Echo Falls drinkers are big consumers of vodka, we explored this idea further in October 2017 with the launch of Echo Falls Summer Berries Vodka.

# Pricing, tax & legislation

## UK drinks landscape

*2017 began with the average price of a 75cl bottle of wine rising above the £5.50 mark for the first time in UK history. The effect of Brexit – pushing down the value of the pound and driving up the cost of imports – was to send wine prices up by 3% in the 12 weeks to the end of 2016, compared to 1% over the previous two years. Then in March the Chancellor added another 8p in duty with the biggest tax increase since 2013.*

*Duty on wine has risen by 50% in the last 10 years, from £1.46 on a 75cl bottle of still wine in 2008 to £2.16 in 2017. While the wine industry has tried to absorb the rising costs as much as possible in its pricing, the effect is inevitably being seen in the shops, bars and restaurants.*

*The rising prices have hit sales volumes but values have held, and indeed risen in the off-trade. This is to be expected as prices inflate but there is evidence that wine drinkers are looking upmarket in their choice. By looking at value share per price band we can see that value has actually fallen in the bottom three price bands, including the most popular £4-4.99 and £5-5.99 bands, but risen in the next three bands, with a 23.7% value increase in the £7-9.99 band.*

*This trend is echoed somewhat in the on-trade performance of New Zealand wines. In 2017, New Zealand overtook Spain as the highest priced origin in the on-trade, at an average £4.90 for a 175ml glass, yet sold 6.7% more volume while also achieving the best value gain of 13.3%. Evidently price is not dissuading customers from buying quality when the product is right.*

### THE EFFECT OF MINIMUM UNIT PRICING

Looking ahead, the postponement of the Budget until the autumn means no further tax rises for a few months but Brexit is likely to continue to push import prices up. Meanwhile, the industry is grappling with the challenge posed by the impending introduction of Minimum Unit Pricing (MUP) in Scotland.

On 15 November 2017 the UK Supreme Court declared lawful the Scottish Parliament's intention to impose a minimum price of 50p per unit of alcohol. This legislation will now come into force on 1 May. It is not a tax but an enforced charge, designed to curb excessive drinking of low-priced alcohol. As such, its effect will not be felt on wine as much as it is on other beverages, but there will still be an impact, not least because of the range in alcohol content in wine.

A 75cl bottle of wine with an ABV of 14% amounts to 10.5 units. At a minimum price of 50p per unit, the lowest permissible price for that bottle will be £5.25. This will affect wines at the value end of the price scale, notably own label and bigger pack sizes. It may also affect the relative price of reds versus whites, reds tending to have a higher alcohol content. So MUP will certainly pose a challenge for the wine industry - and if the legislation is later rolled out across the whole of the UK, as has been suggested, the impact will be magnified.

### TAX ON WINE

(per 75cl, as of 13 March 2017)

| | Duty(£) | YoY% |
|---|---|---|
| **STILL WINE** | **2.16** | **+3.8** |
| **SPARKLING WINE** 5.5% - 8.5% abv | 2.10 | +4.0 |
| **SPARKLING WINE** 8.5% - 15% abv | 2.77 | +3.7 |
| **FORTIFIED WINES** | 2.89 | +4.0 |

### AVERAGE OFF-TRADE PRICES

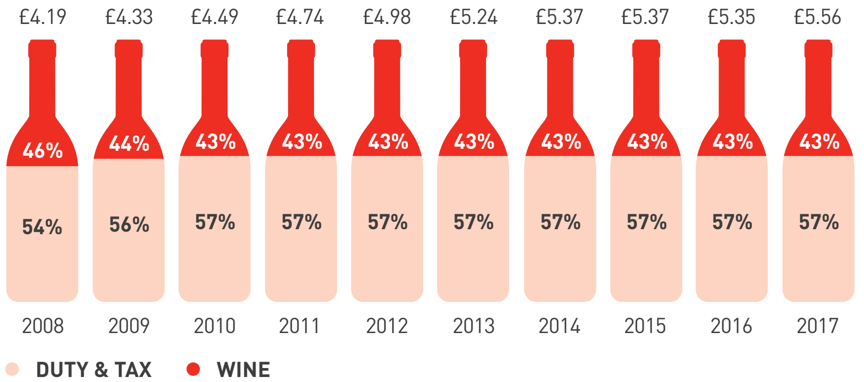
(Price per 75cl)

| | 2017 | Change(£) |
|---|---|---|
| **TOTAL STILL WINE** | **5.56** | **0.20** |
| **WHITE** | **5.50** | **0.19** |
| **RED** | 5.77 | 0.23 |
| **ROSÉ** | **5.05** | **0.16** |
| **AUSTRALIA** | **5.39** | **0.24** |
| **ITALY** | 5.12 | 0.19 |
| **FRANCE** | **7.00** | **0.35** |
| **USA** | 5.64 | 0.23 |
| **CHILE** | **5.43** | **0.11** |
| **SPAIN** | 5.28 | 0.08 |
| **SOUTH AFRICA** | **4.90** | **0.14** |
| **NEW ZEALAND** | 7.20 | 0.07 |
| **ARGENTINA** | **6.13** | **0.37** |
| **GERMANY** | **4.40** | **0.14** |

### AVERAGE ON-TRADE PRICES

(Price per 175ml)

| | 2017 | Change(£) |
|---|---|---|
| **TOTAL STILL WINE** | **3.79** | **0.19** |
| **WHITE** | **3.71** | **0.20** |
| **RED** | 4.02 | 0.22 |
| **ROSÉ** | **3.30** | **0.00** |
| **FRANCE** | **3.96** | **0.21** |
| **ITALY** | 3.78 | 0.09 |
| **AUSTRALIA** | **3.44** | **0.24** |
| **USA** | 2.89 | 0.09 |
| **CHILE** | **3.57** | **0.19** |
| **SPAIN** | 4.76 | 0.04 |
| **SOUTH AFRICA** | **3.67** | **0.16** |
| **NEW ZEALAND** | 4.90 | 0.29 |
| **ARGENTINA** | **4.01** | **0.60** |




Sources: Nielsen Scantrack / CGA / HMRC
www.gov.scot

# Wine Harvest Report

## overview

*The last nine months have seen some dramatic changes in the global wine market, due to falling bulk wine supplies, brought about by a round of adverse weather conditions, which have had a domino effect around the wine growing world.*

*A particularly poor harvest in Chile in 2016 put pressure on stocks, which was exacerbated in 2017 by one of the poorest harvests that Europe has seen for years. Heavy frost in northern Italy and a combination of frost and drought in Spain saw stocks dwindle and prices climb, sending buyers racing to South Africa to buy up stocks of 2017 vintage white wine and pushing prices up there by 20%.*

*Hopes that South Africa would continue to meet this demand were dashed by a severe drought, which has left the country on course for a 2018 vintage that's 20% down on last year.*

*Australia and New Zealand offer some relief but not much. Australian wine is being imported into China at an unprecedented rate - up 63% year on year - meaning there's not as much as usual for the rest of the world. And the 2017 harvest in New Zealand was down, meaning prices were up.*

*An enthusiastic market for New Zealand Sauvignon Blanc is the US, which is in short supply of both Sauvignon Blanc and Chardonnay. Otherwise, however, California is the bastion of stability in global pricing terms - it's just about the only origin that hasn't seen significant price increases and an adequate supply following a decent harvest in 2017 is likely to prompt renewed interest in its exports, particularly Cabernet.*

*In global terms the last nine months has seen a drastic swing from a buyer's to a seller's market. As a consequence, the focus is shifting towards premium wines and the opportunity to put value back into the category.*

*Our global reach and relationships with suppliers put us in a position to weather the storm in terms of ensuring adequate supplies to sustain our brands and our customers.*

### CALIFORNIA

The 2017 crush was slightly down on that of 2016 at somewhere between 3.9 and 4.0 million tons, due to high temperatures during the growing season, but the quality was good. California has an ample supply of red wine for export and prices are stable, but Chardonnay and Sauvignon Blanc are in tighter supply.

### CHILE

Following the poor harvest of 2016, brought on by the effects of El Niño, Chile experienced an even lower yield in 2017 of 949.2 million litres, doing nothing to alleviate the inflated prices. The 2018 harvest looks better at an estimated 1.1 billion litres, but that's still low by pre 2016 standards.

### SPAIN

A drier than average 2017 saw a harvest of 18-20 million hectolitres in Spain's bulk wine producing region of La Mancha, down from 24-25 million in 2016. The damage caused to the vines by the drought is expected to restrict the 2018 harvest to average at best and prices, which rose in 2017, may well remain high for a while.

### ITALY

Heavy frosts, particularly in the north of the country, impacted on Pinot Grigio and Prosecco varietals, reducing yields by an estimated 23% on 2016 and pushing prices up by more than 20%. This year there should be no problem with lack of ground water, following plenty of snow and rain over winter, and Italy looks on course for a better harvest, although the risk of frost will remain until early May.

### SOUTH AFRICA

A severe drought, which has lasted four years, threatened to decimate South Africa's 2017 crop but, at approximately 1.1 billion litres, it was up on 2016, thanks to some astute water management in the bulk wine areas. However, with the drought continuing into 2018, the likelihood of South Africa replenishing its depleted stocks this year looks slim.

### FRANCE

In August, severe heat and water shortages brought predictions of the smallest harvest France had ever experienced: 37.2 million hectolitres. By October that estimate had fallen to 36.9 million hectolitres – an 18% drop on the five-year average. Bordeaux yields were down 33% but the quality was high. This year France is on course for a better harvest.

### AUSTRALIA & NEW ZEALAND

The 2017 crush in Australia was 1.93 million tonnes, an increase of 5% on 2016, driven by a rise in reds of 12%. This year's crop looks like being average at best. In New Zealand the crush was down 9% on 2016, with Marlborough down 6% at 302,396 tonnes. This year heavy rain has struck the North Island late in the piece but Marlborough growers are quietly confident of an improved harvest.

Source: Ciatti Global Market Report

# News
## from Accolade Wines



*The next two years will be a period of exploration for Accolade, as we build on our pre-eminence in the branded wine market to release a range of innovative products, designed in response to the changing consumer habits revealed in our research.*

*Blurring brand categories, as Stella Artois did when it moved into cider, is a trend that is set to grow and last year we decided to test the market with one of our most popular brands. Echo Falls is a very approachable, fruity wine, and a favourite with Newbies and Strong Prospects. As such, it represents an excellent vehicle for us to leverage the potential of those segments of the Wine Nation population. It's an audience that also enjoys drinking vodka, so the obvious strategy on paper was to release a vodka under the Echo Falls brand. In reality, it was much more of a leap. Nevertheless, we sensed an opportunity and went for it.*

*The response was phenomenal, particularly among women aged 18-24, with the promo video getting nearly 379,655 views and 46,812 reactions, comments and shares on social media. One excited follower on Twitter proclaimed: 'Echo Falls Summer Berries Vodka is the best thing that's happened all year x'. We are now exploring other opportunities to blur our leading brands into other drinks categories.*

### LITTLE AND LARGE

This spring we release our new range of wines in 50cl, perfect for sharing in the evening. By offering customers wine in a bottle that suits their volume requirements, we expect to grow the midweek wine-buying category, reversing the recent trend. Among the 50cl range you'll find Kumala Reserve Chenin Blanc and Shiraz, Hardys William Hardy Langhorne Creek Shiraz and Chardonnay and Mudhouse Sauvignon Blanc white and rosé.

At the other end of the format scale comes Festifalls, our Wine on Tap dual wine box, perfect for festivals, picnics, barbecues and other outdoor events. Wine on Tap is a more enticing presentation of the familiar wine box and the larger format is aimed at providing customers with a simple, reliable choice from a brand they know and trust.

Accolade Wines

WineNation

### CONTINUING SUPPORT OF ENGLISH CRICKET

Hardys' partnership with England Cricket, which began in 2014, was renewed in 2017. The three year sponsorship deal will see Hardys as the official wine partner for all England Cricket events and celebration matches. We see cricket as a natural environment for the brand, with its long history, steeped in heritage and tradition, and the sport provides Hardys with the opportunity to increase its brand exposure with UK fans.

We are working at all levels of the game, championing grassroots cricket across the country up to using the profile of Stuart Broad as our ambassador, bringing the Hardys brand closer to the sport's supporters.

As well as marketing in cricket grounds during 2017, Hardys ran an on pack promotion where consumers could win cricket tickets every 24 hours. This was communicated with a limited edition cricket front label and promotional neck flag. Sponsored TV coverage, PR and social media campaigns reached more than 2.5 million people.

The current agreement takes in the highly anticipated 2019 Ashes series, as well as this summer's home test series against Pakistan and India, where Hardys will continue the great work with a full programme of marketing activities.

ESTD HARDYS 1853 | WE ARE ENGLAND CRICKET

OFFICIAL PARTNER

FINE WINE PARTNERS



## PREMIUM AND FINE WINE

Accolade Wines has always had a strong culture of fine wines and winery ownership, with prestige labels like Houghton, Grant Burge, House of Arras and Hardys' own 'Eileen Hardy' range among our top-end portfolio. In February 2017 we made a significant addition to this range when we bought Fine Wine Partners (FWP) from Lion Nathan, and this January we launched FWP in the UK and Ireland.

This adds some of the rarest and most sought after New World wines to our prestige collection, with a particularly strong Australian contingent including Petaluma, Stonier, St Hallett, Croser and Reynella. FWP wines will be priced between £10 and £80 and part of our marketing focus will be to raise awareness of the regional diversity of the wines of Australia, a country comparable to the size of Europe, with very diverse climates, soils and winemaking styles. There is a clear appeal in this for the Experts and Engaged Explorers.

Accolade Wines WineNation

> "Accolade Park is a truly magical place to go to work every day"
>
> Richard Lloyd, General Manager, European Operations and Supply Chain

## ACCOLADE PARK

Fundamental to our planned initiatives is our unique packaging facility, Accolade Park. Laid out over 80,000sq.m in Bristol, it is the largest wine warehouse, distribution and innovation centre in Europe, employing 500 people and producing the equivalent of 25 million 9L cases per year. Customers benefit from the flexibility to deliver single bottles to full loads, seven days a week.

As we respond to changing consumer demands, Accolade Park is our trump card. The facility operates on the basis of four strategic pillars: Agility, Diversification, Differentiation and Cost & Cash. Our product and service offering coupled with our ability to diversify at speed, differentiates us from the competition.

Guiding all elements is our bespoke Lean Business Model which ensures we understand and deliver value in the eyes of our customer. Underpinning the pillars is The Spirit of Accolade Park which develops and connects the talents of all that work there.

We transfer our wine expertise into a truly diverse product and format range. Continued investment means the capability to pack multiple formats, from pouch, PET, 187ml, 250ml, 375ml, 50cl, 75cl and Wine on Tap from 1.5l to 10l. The bottling lines are capable of turning out 1,200 bottles of wine every minute; in addition, it's environmentally friendly, utilising sustainable initiatives throughout the complete supply chain.

Accolade Wines

ACCOLADE-WINES.COM

WineNation™