

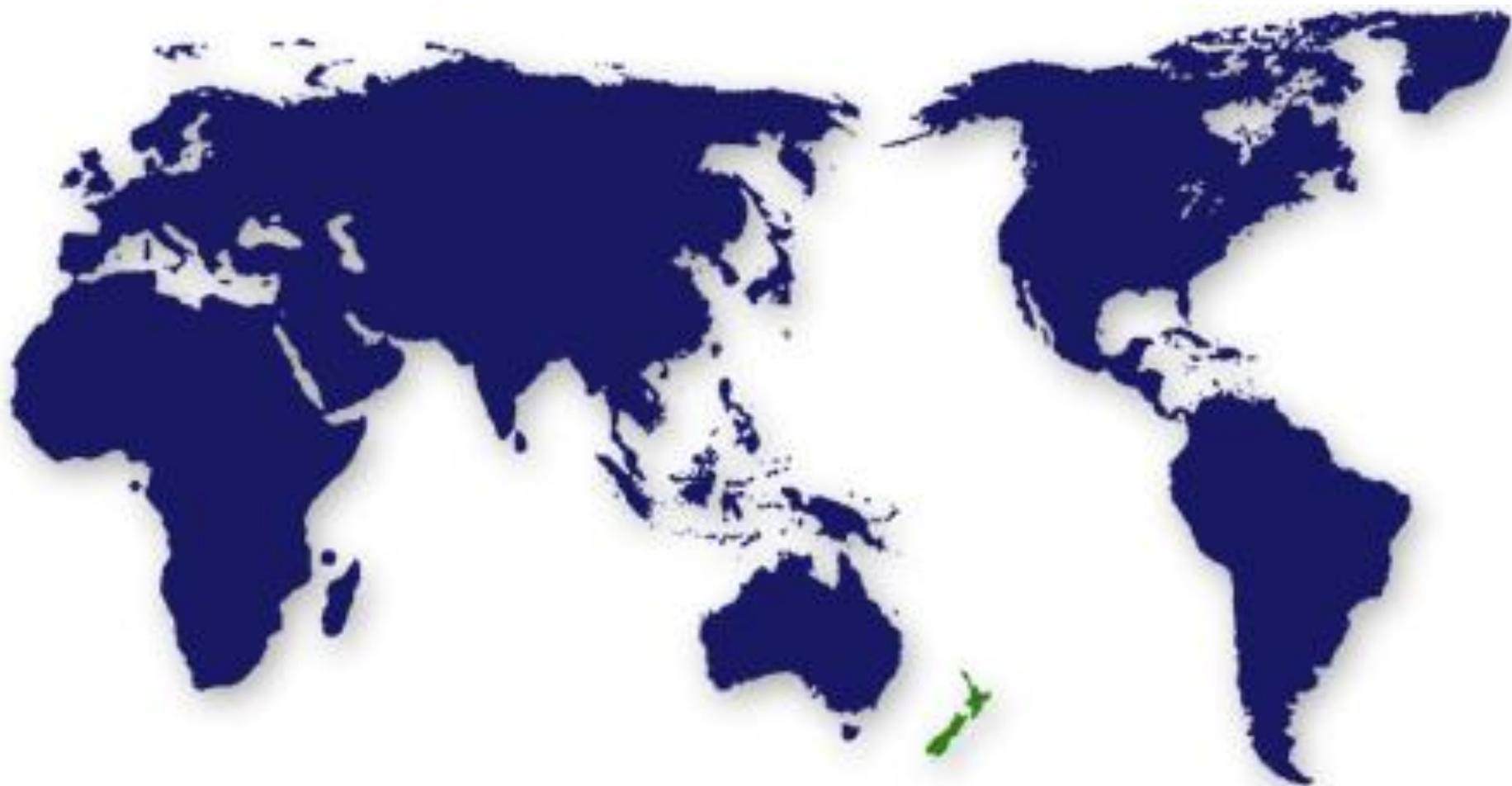
NEW ZEALAND WINE:

SUCSESSES, CHALLENGES AND PERSPECTIVES ON THE FUTURE

**John Barker
General Counsel,
New Zealand Winegrowers**



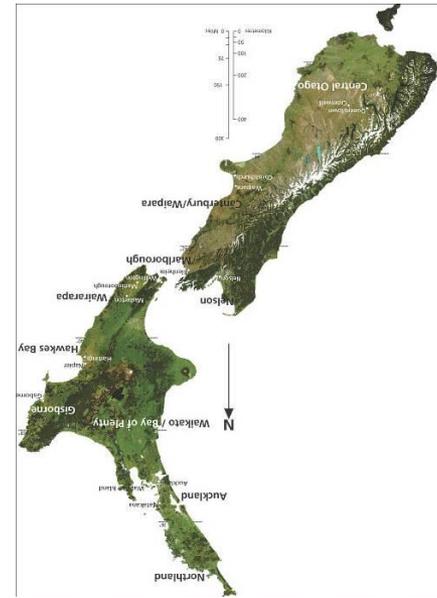
NEW ZEALAND WINE
PURE DISCOVERY



NEW ZEALAND WINE
PURE DISCOVERY



34°



47°



NEW ZEALAND WINE
PURE DISCOVERY

9 regions

32,000 hectares

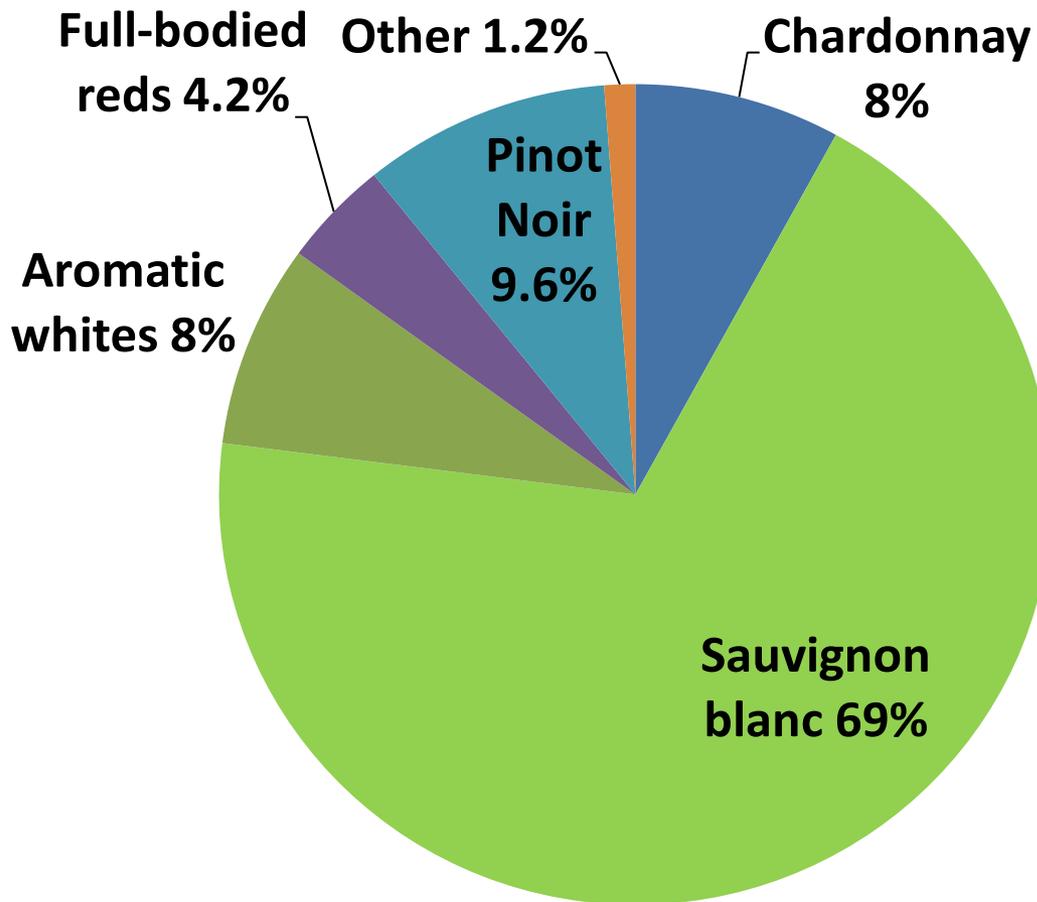
200 million litres produced

140 million litres exported

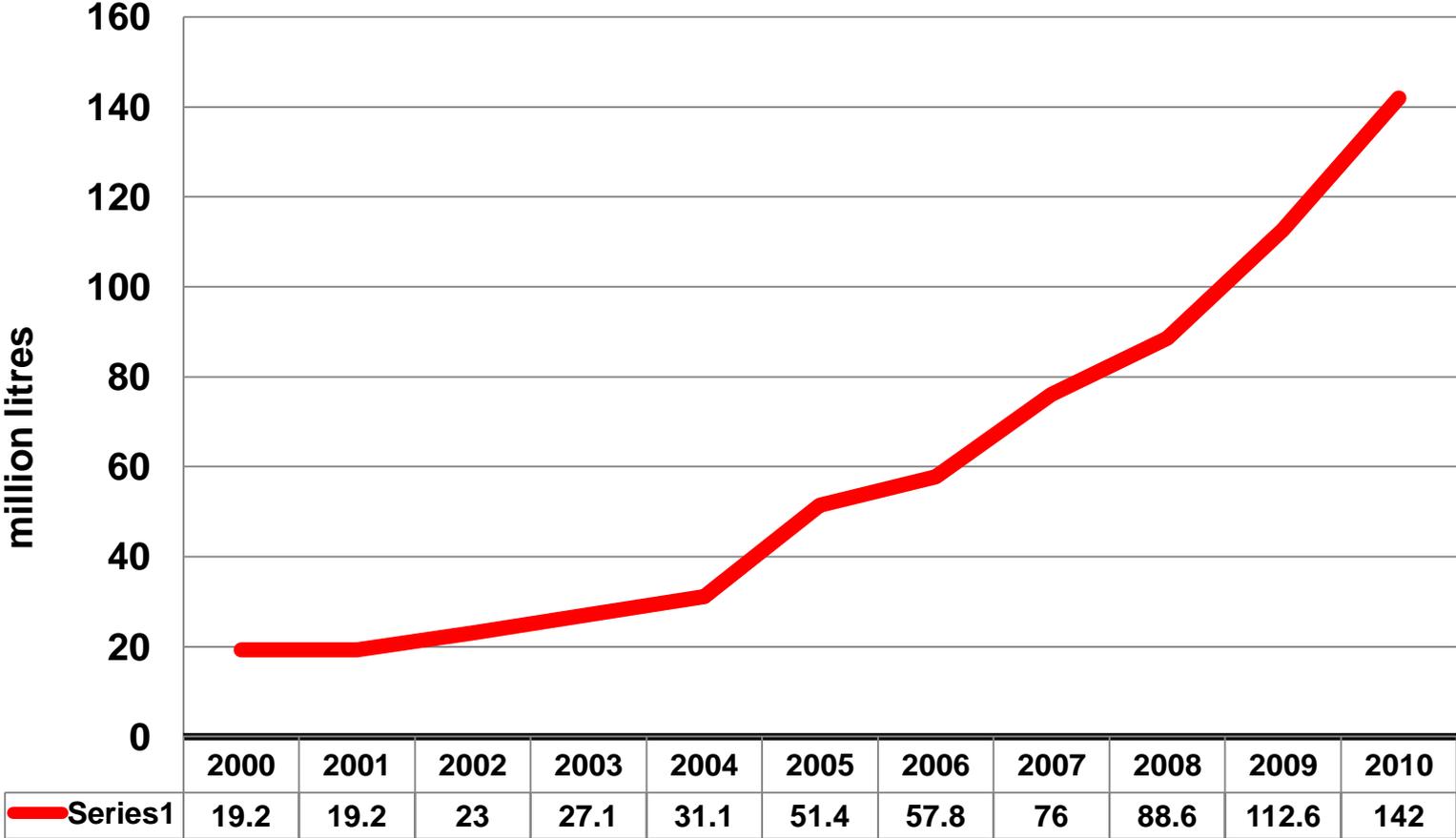
€605 million export value

€3.50 per litre fob





NZ wine exports 2000-2010

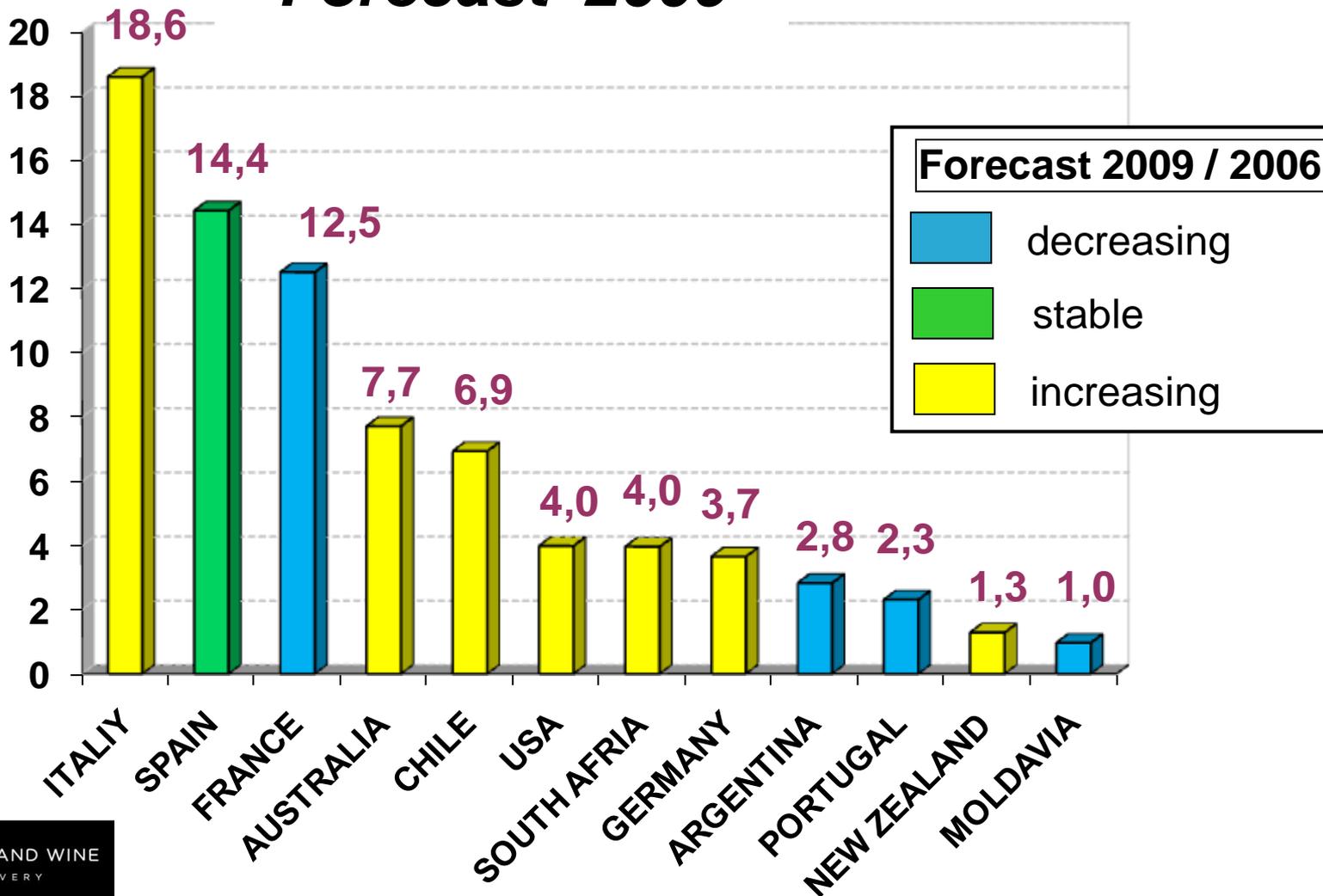


Exports of wine of the 12 leading countries

Forecast 2009

Source:
OIV

1 000 000 HI



NEW ZEALAND WINE
PURE DISCOVERY



UK 34%



Australia 30%



USA 20.5%



Canada 4.5%



Rest of EU 5%



China 1%



NEW ZEALAND WINE
PURE DISCOVERY

Sauvignon blanc

+

English-speaking markets



NEW ZEALAND WINE
PURE DISCOVERY

1985



NEW ZEALAND WINE
PURE DISCOVERY

Success factor #1: good fortune

- **Excellent growing environment**
 - Sauvignon blanc a natural fit

- **Right place, right time**
 - New wave of interest in wine
 - New crop of journalists became fans
 - Anti-freeze, Chernobyl, apartheid etc



Success factor #2: freedom

- **Grow anything, anywhere**
 - Allowed experimentation & expansion
- **No subsidies, no guarantees**
 - Success the only option
- **Free market rules**
 - Quality incentivised with price



Success factor #3: unity

- **Consensus around quality**
 - Both economic and philosophical
- **Competing against the world, not each other**
 - Shared knowledge
 - Cooperative marketing
- **Unified industry organisation**
 - Recognises and drives shared interests



2008

oversupply

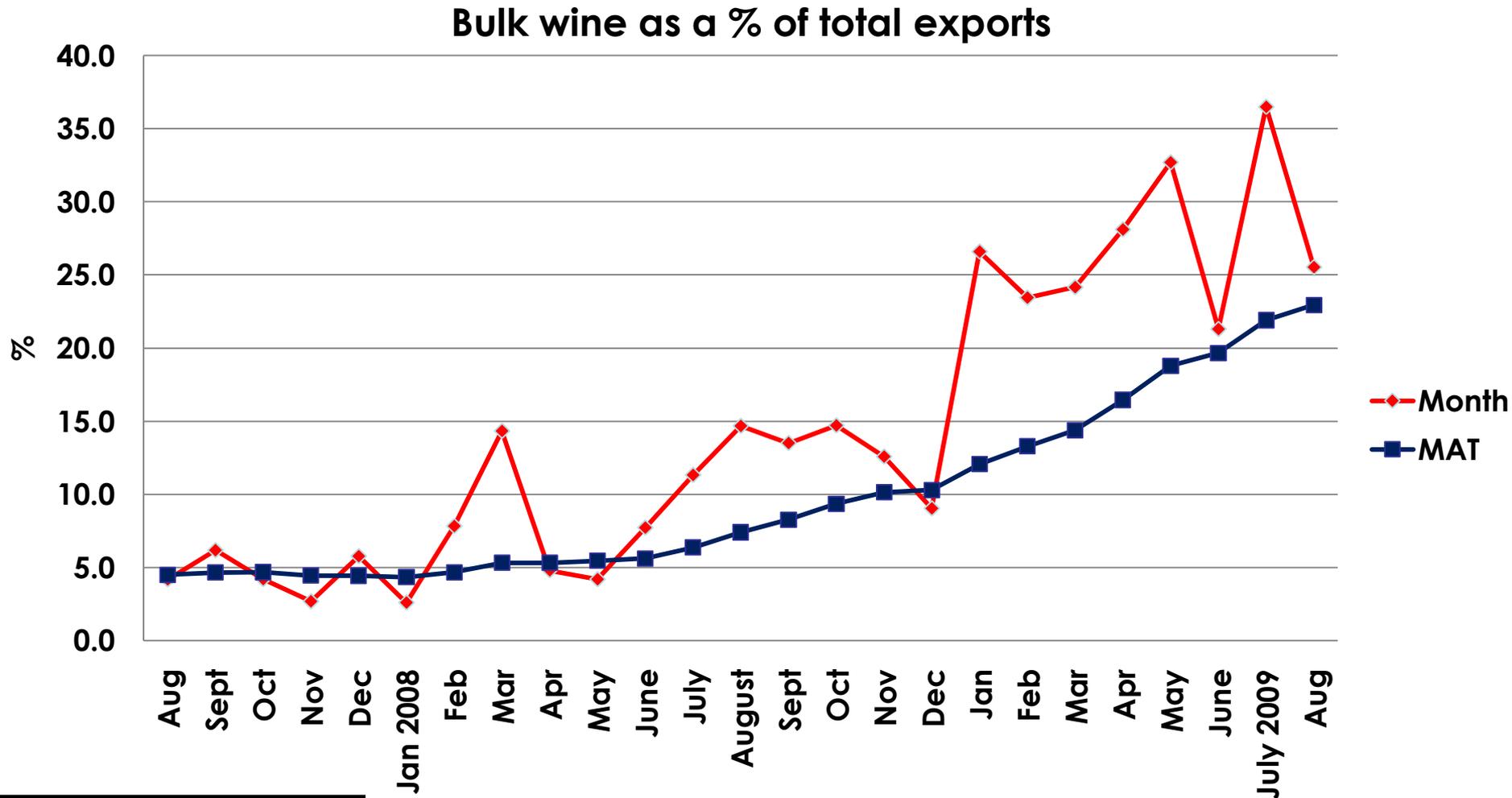
+

global financial crisis



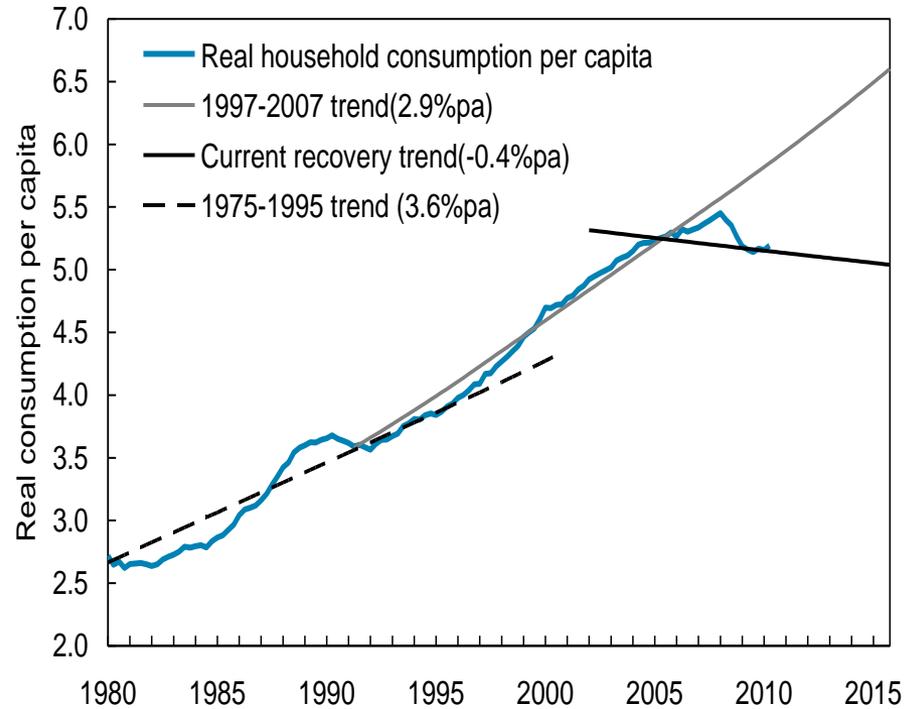
NEW ZEALAND WINE
PURE DISCOVERY

Challenge #1: brand control



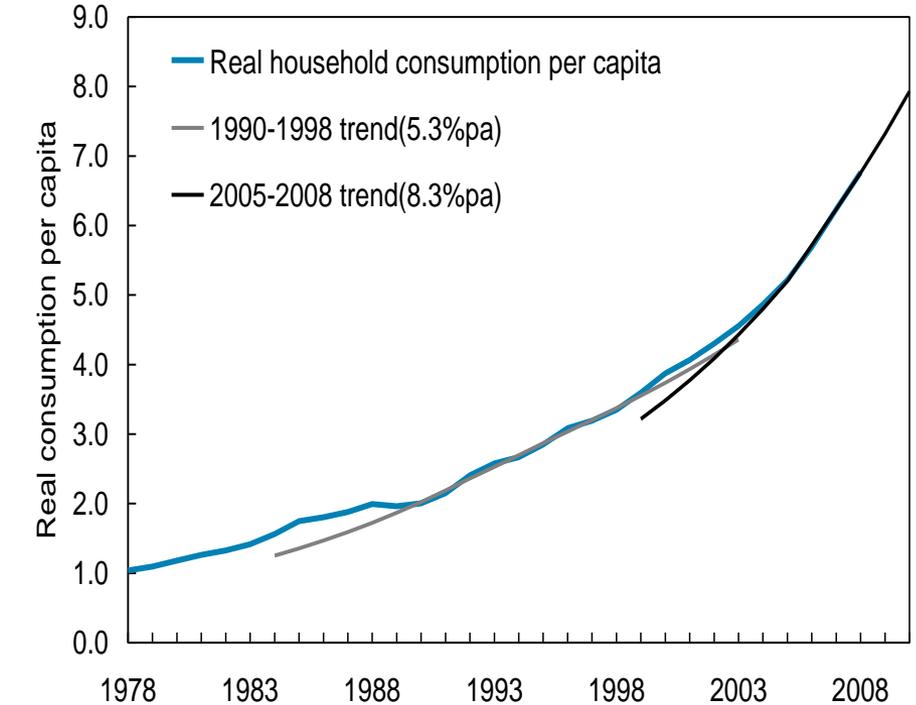
Challenge #2: market evolution

UK Household Consumption



Source: Datastream, NZIER

China Household Consumption

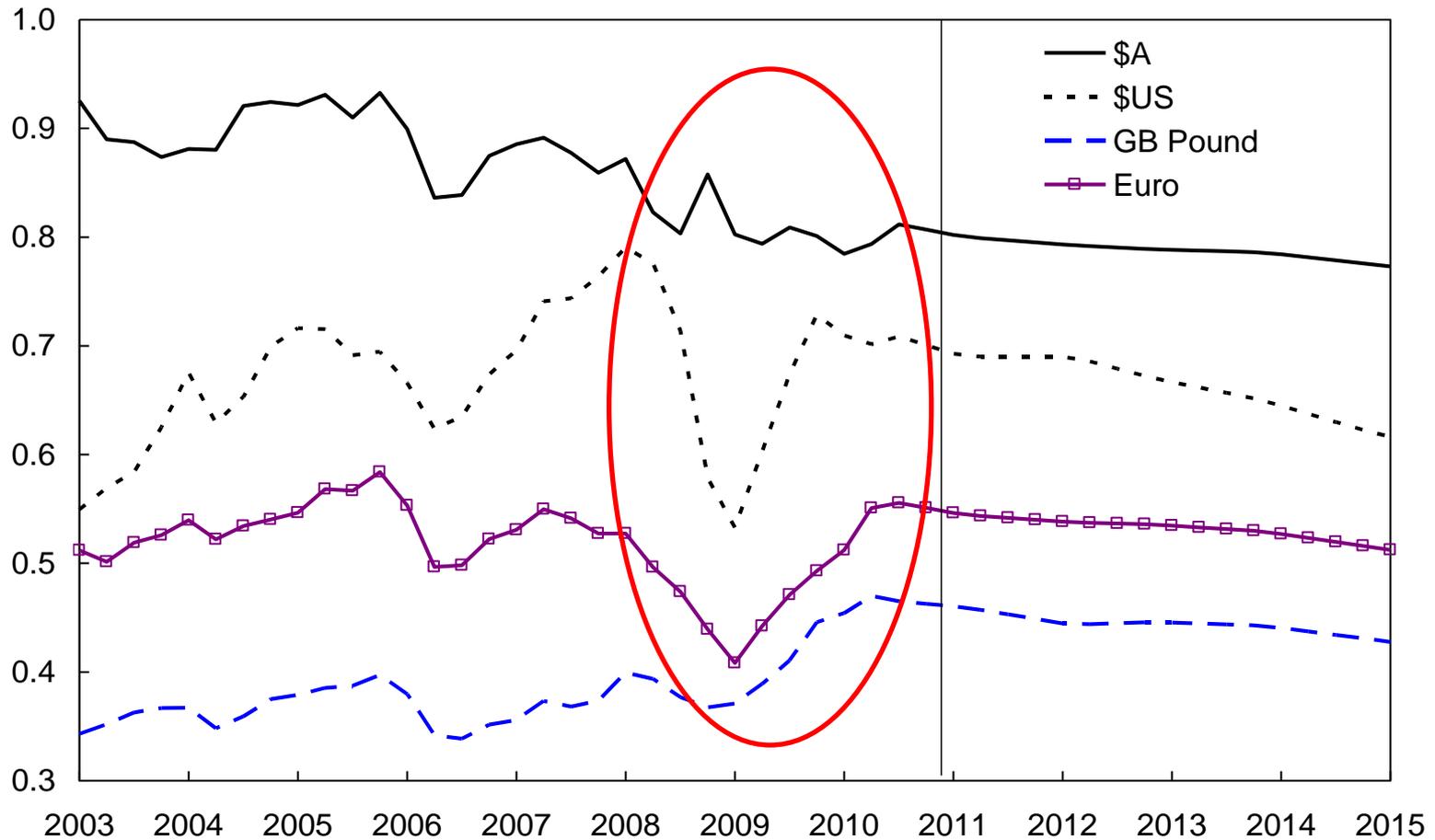


Source: Datastream, NZIER

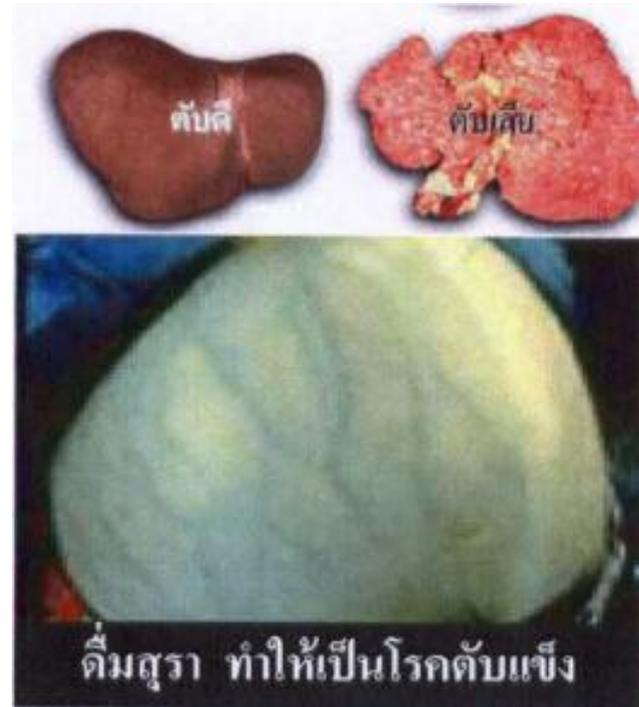
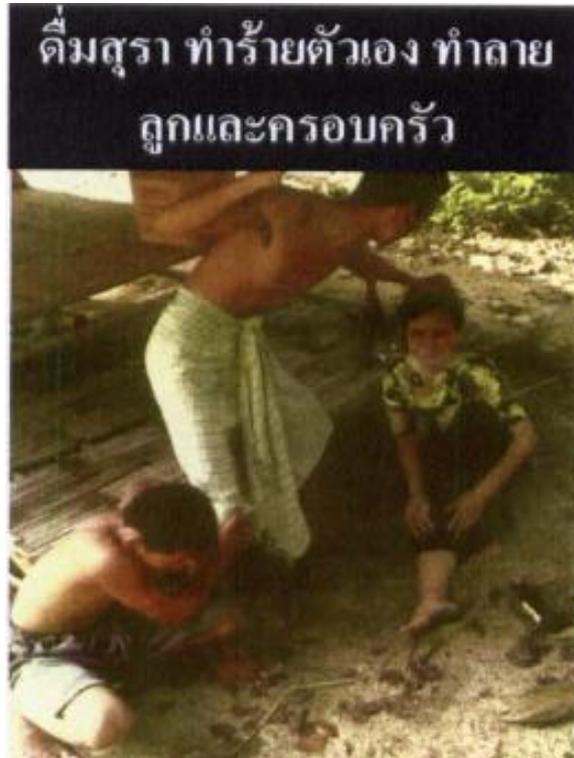


NEW ZEALAND WINE
PURE DISCOVERY

Challenge #3: currency



Challenge #4: health concerns



NEW ZEALAND WINE
PURE DISCOVERY

Challenge #5: sustainability



NEW ZEALAND WINE
PURE DISCOVERY

Perspectives on the future

**the wheel has turned
(again)...**



NEW ZEALAND WINE
PURE DISCOVERY

Perspectives on the future

- **New markets**
 - Distribution? Marketing? Resource allocation?
- **New consumers**
 - How do we reach them?
 - Educate or adapt?
- **New points of regulation**
 - Governments in developing markets
 - Large retailers



Perspectives on the future

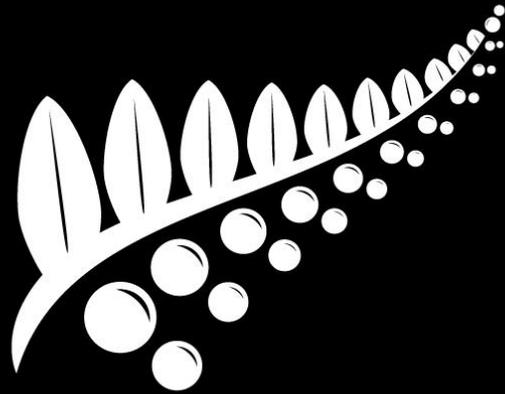
- **New (old) battles to fight**
 - Is wine a food or a drug?
- **New technologies**
 - Where do we draw the line?



there's no going back...



NEW ZEALAND WINE
PURE DISCOVERY



NEW ZEALAND WINE

PURE DISCOVERY