Stakeholder presentation – exhibitor

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Introduction
The benefits of successful participation in wine shows for the large company are many, both from a production and a marketing perspective.

In effect there is a substantial overall corporate value in successfully competing in the wine show arena.

Businesses and companies throughout the world covering a full spectrum of pursuits are regularly judged against their peers on the basis of innovation, service, product excellence or performance.

Many successful businesses have been established based on early successes in competitions, be they Small Business Awards, or in this industry’s case Wine Shows. How many people on earth had heard of Ljubljana, the Jimmy Watson Trophy or Wolf Blass prior to the 1970s?

Failure to perform well in competition may not directly result in failure of a business. However, it may well be symptomatic of an inappropriate culture or set of practices that tend to undermine the potential success of a business, and ultimately lead to its failure.

It is inevitable in an industry producing the most scrutinised product on earth, that wine shows are a prominent feature of the corporate wine world.

Australia’s top 20 wine companies based on tonnes crushed, (Hallier 2001) representing more than 80% of the nation’s wine production, are all active participants in Australian wine shows.

Production benefits
Production benefits from wine shows are ultimately quality benefits. Winemakers are encouraged to be more self critical of their efforts in the first instance, perhaps drawing some positive insight from judges’ assessments, or having the opportunity to see potential ‘benchmark wines’ in the wine show forum.

It is indisputable that the wine show system in Australia has played a key role in the development of wine quality in this country.

For large and small wine company alike, at the very least, wine shows are a mechanism to avoid the possibility of becoming overly self-assured and inward thinking in a wine quality sense or, simply being out of touch with developments in the wine industry—be they developing wine regions or wine styles.

For the winemaker or winemaking team in a corporate environment, wine show success is a very tangible measure of performance. It will indicate that they are technically on the ball and are generally in tune with important elements of style within a particular wine type.

The competitive nature of wine shows is important in encouraging winemakers to strive harder for the final one or two percent of a blend, fining or acid addition that may be the difference between a wine being good or outstanding. Melbourne’s Jimmy Watson Trophy has its critics, however, as Australia’s best known wine award, it is doubtful that any other prize has winemakers as focused on their wines, as they are on their entries for this prize. This is not to say that without competition winemakers are not putting their best wine forward—it is to say that healthy competition helps, and that the competitive element of wine shows does promote a quality benefit.

The broader benefit to exhibitors is the educational/training element of wine shows.

Most large wine companies will have a wine show attendance program that enables winemakers to attend exhibitors’ tastings, evaluate their wines alongside award-winning exhibits, and if they choose, seek direct feedback from a judge. It can be an enlightening or frustrating experience. Hopefully the award wines are outstanding examples of their type and the winemaker goes away with a much clearer picture of what is required to succeed at the highest level.

The best experience that a winemaker can get through the wine show system is to participate as an associate judge or judge. Most large companies are keen to support their winemakers into judging positions.

The issue of exhibitor judges will be covered later; however, let there be no doubt that judging experience for winemakers is a long term quality benefit to the individual winemaker and the organisation that they work for.

Marketing benefits
The incentive to gain marketing benefits from wine show successes is a key factor in the involvement of large wine companies in our wine shows.

A conservative estimate of costs for any one of the four major wine companies in Australia, entering all capital city wine shows would exceed $250,000 annually. Entry fees, cost of wine, transport and manhours involved in selecting and preparing exhibits, attendance at tastings and so on, all conspire to make this a costly exercise.

A gold medal or trophy success is positive feedback to the exhibitor that they are on the right track from a production viewpoint. Given the appropriate publicity this success can be turned into a profitable marketing tool. Publicity can take the form of a medal sticker on the bottle at the point of sale, consumer advertising or, sweetest of all, editorial coverage of an outstanding trophy success.

The subsequent cost of publicising wine show awards, particularly through paid advertising, can greatly exceed the costs incurred in participating in the show system. This in itself points to the perceived marketing value of achieving wine show success.

In terms of marketing power, gold medal and trophy results from capital city wine shows are most highly valued.
However, market research indicates that most consumers are attracted to a medal on a bottle regardless of where it was won. Gold medals for flagship, or so-called ‘icon’ wines provide useful brand reinforcement. However, they achieve relatively small gains in direct sales, as there is an expectation that these are ‘gold medal wines’ and availability is often pre-allocated. Few Australian wine show awards attract general editorial space in the media, the Jimmy Watson Trophy being the notable exception.

The greatest marketing benefit to be gained is a gold medal or trophy success for a commercial wine, or wine that is readily available and selling for less than $12 a bottle. Major retailers are particularly attracted to such wines, using the show results for promotional leverage, and being content in their own minds that they are selling a good product.

Early and consistent wine show success can be instrumental in the development of a strong commercial brand. Omni, Jamieson’s Run and Jacob’s Creek are common examples of commercial wines that have benefited from successful wine show performance.

As the quality bar is being raised, particularly in commercial classes, it is becoming increasingly difficult for commercial wines to win big awards. If the same judging standards are applied across all classes it is hard to imagine wines in ‘value classes’ achieving gold medal awards.

**Corporate benefits**

For publicly listed wine companies any good news is positive in terms of maintaining a company’s profile and its perception as a successful, well-managed business.

Wine show awards are a regular feature of company annual reports, and have been known to generate just as much if not more enthusiasm from small investors than the financial results.

Corporate analysts place particular value on a good performance in international wine shows. Growth potential is seen to be greater in international markets, and wine show success in these key markets most beneficial in promoting growth and profitability in these markets.

**Wine show entry policies**

Which show and which wine do we enter? Traditionally Australia’s capital city wine shows, organised by their respective agricultural societies have been the focus of attention. They are typically well organised, attract the best judges and are judged to high standards.

The circuit of capital city wine shows satisfies local market and industry interest, and provides the exhibitor with an opportunity to have their wines judged over a period of time in differing surroundings. There are examples of wines that fail to be recognised at one show and go on to win a major award in the next. Most corporate exhibitors are pursuing consistency of awards throughout the wine show circuit to reinforce the pedigree of their product.

The capital city wine shows currently attract entries from all regions, hence for judge and exhibitor winemaker alike, these shows present the broadest range of styles within a class, and provide a valuable perspective on developing wine quality, style and contrasting regional characteristics. The insight that can be gained from this experience is particularly valuable to large exhibitor winemakers and the industry as a whole.

In recent years we have seen a proliferation of regional wine shows many of which invite entries of all wine types, from all regions. The relevance of such shows is questionable. What is the significance of a gold medal on a McLaren Vale Shiraz won in Townsville, or on a sparkling wine won in Rutherglen?

As a policy BRL Hardy decided two years ago to enter only regional wines in their respective regional shows and not to participate in regional wine shows as a general exhibitor.

The notable exception to this policy is that BRL Hardy continue to enter fortified wines, regardless of their regional origin, in the Rutherglen Wine Show, as this show is regarded as a particular forum for fortified wines.

While the average consumer may not place importance on where a medal is gained, the concern is that a proliferation of medals on bottles in the marketplace can only diminish the significance of wine awards in the long term. Added to this, participation in open wine shows is a costly and time consuming exercise for the large company, and there comes a time when enough is enough.

Regionality is a strong plank of BRL Hardy’s winemaking philosophy. The company now operates wineries or has brands tied to all wine regions in Western Australia, the Clare Valley, McLaren Vale, Barossa Valley, Limestone Coast, Riverland and regions of South Australia as well as the Yarra Valley, Tasmania and Canberra regions. Thus BRL Hardy strongly supports regional wine shows associated with all of these regions.

**What wine to enter?**

The importance of having a show pedigree for all commercial wines presents a challenge to the large company with an armoury of brands and a significant share of a particular market.

Wine writer Huon Hooke (The Wine Magazine, April 2001) happily accused BRL Hardy of ‘pattern bombing’ tactics to gain success in sparkling wine classes. The inference being that the more entries in a class the greater the chance of success. Hopefully wines will continue to be judged on merit. The real pattern in the example cited by Hooke was that the same two wines shared the top award on 10 out of 14 occasions, indicating that the judging system is working well.

While there is a recognised need to control the number of entries in wine shows, it would seem unfair to restrict the entry of any bona fide commercial wine just because it comes from under the umbrella of a large company.

**Exhibitor judges**

The inclusion of exhibitor judges is crucial to the well-being and effectiveness of the wine show system.

Firstly winemakers add technical rigour to the judging process. Technical faults should not be tolerated and there is a higher probability that a practising winemaker will be more sensitive to yeast faults, volatility, bacterial characters and so on, than non-winemaker judges.

Hopefully practising winemakers are at the forefront of the development of wine quality and style, and are well placed to recognise subtle but positive influences in the judging forum.

Given the high participation rate of wineries in the show system, it would seem difficult to maintain a high standard of judging if the pool of available judges is significantly reduced by the exclusion of winemakers who happen to be exhibitors.

In terms of using wine shows to improve wine quality throughout the industry, exhibitor winemakers stand to benefit significantly from the judging process, and in turn be the most effective conduit of improvement. The use of winemakers from various backgrounds with other industry profes-

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sionals would seem to provide the best balance of specialised skills and general wine understanding.

**Unfinished wine in wine shows**

The exhibition of unfinished/unbottled wine is a major concern to many people, particularly in the context of capital city wine shows. Currently Brisbane, Melbourne and Hobart wine shows accept unfinished wines. In the case of Hobart, wines are awarded commendations rather than medals.

From an exhibitor's perspective it is important to have a forum where wines can be independently assessed on the way through, and for winemakers to be able to make their own assessment in the context of a new vintage (current vintage white wine and one year old red wine).

There is great value in getting wines out of the winery tasting room and looking at them in open competition.

The immediate benefit is that in some cases where a wine has not matched expectation, there is still an opportunity to make blend changes or adjustments and improve the quality of the wine before it reaches the bottle.

As a part of the 'betterment of the breed' concept, it is important for winemakers and judges to have the opportunity to recognise the complexities and essential qualities in wines at an early stage of development.

Within the majority of Australian wineries, a detailed assessment of the previous vintage red wines and the preparation of blends leading up to the commencement of the wine show circuit, is a permanent fixture on the calendar and a healthy part of winery culture.

The judging of unfinished wines is unique to Australian shows and has been an integral part of the 'betterment of the breed' process that has served the industry well.

As such it would seem inappropriate to totally abandon the concept of judging unfinished wines.

Here is an aspect of the wine show system where the long-term quality benefits should be considered first and foremost. To maintain strength of competition and perspective, judging of unfinished wines should have a place in some but not all capital city wine shows. This could be a part of a rationalisation or specialisation process to differentiate and give specific shows a particular purpose.

Uniform adoption of the practice of not awarding medals to unfinished wines would remove exhibitors whose interests go beyond the quality factor, and at the same time remove the credibility cringe.

**Australia vs rest of the world**

The benefits of entering Australian wine shows versus international shows are quite specific.

Gold medals and trophies won in Australian wine shows are generally not understood and have limited value in international markets. Where commercial brands are involved, a consumer may be influenced by the presence of a medal sticker on a bottle at the point of purchase. However, major international buyers and retailers display little interest in Australian wine show results.

The International Wine Challenge in London is the most widely acclaimed and publicised wine show in the United Kingdom. The Wine Challenge has strong connections with the English wine trade at all levels, and a major success for an Australian winery in the Wine Challenge will be of much greater benefit than any award won in an Australian show.

The success of Australian wines in the International Wine Challenge has made a very significant contribution to the growth of Australian brands in the UK market.

The United States market is probably the market most influenced by wine reviews and wine show awards in the world. In terms of marketing value nothing beats a 90+ review in the Wine Spectator. However, major awards from the San Francisco Wine Fair have been most beneficial in increasing sales and distribution for our wines in the United States.

As in the United Kingdom, Australian wine show awards are not understood and carry little marketing benefit in the United States of America.

The Australian wine show system's major contribution in the growth of Australian wine internationally has been its impact in fostering the improvement of wine quality generally. The importance of our show system with respect to international markets should not be underestimated on the basis that there are no apparent direct marketing benefits.

**Summary**

In summary the Australian wine show system has provided a major quality benefit to the industry. This has put Australian wines at a competitive advantage in comparison to the offering from other wine producing countries with less effective wine show systems.

Commercial gains from the promotion of wine show awards can tend to obscure the real benefit of shows. However, without some marketing rewards it is questionable as to whether wine shows would be as strong and well supported as they are.

In a wine quality sense the Australian industry is on a continuum. Wine quality has generally lifted to the point where many would say Australian winemakers are doing a pretty good job. However, as a producer of world class table wines Australia is still in its infancy. The bulk of vineyards in the best regions are immature, and there is ample scope for the improvement of viticultural practice and winemaking practice (oak usage for example). Scientific research has the potential to greatly improve understanding of factors contributing to wine quality.

**How are we really going?**

How many benchmark wines have been seen in Australian wine shows over the past 10 years?

Wines of purity, power, finesse and refinement. Wines that are bright and well structured when young, that will happily live for 10 years or more.

There are some Rieslings from the Eden Valley, some Semillons from the Hunter Valley, but no Chardonnays come readily to mind. A few Cabernets from Coonawarra, but surprisingly no Shiraz, and certainly no Merlots or Pinot Noirs.

In short, there is a long way to go and it is important if the Australian wine industry is to achieve its full potential, that the show system continues to seek out and foster quality improvement as its prime objective.

**References**
