

Uncorking new opportunities for Australian Wine in Japan & South Korea

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STARBURST
INSIGHTS

AUSTRALIAN
Grape & Wine



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Background & Methodology



The Brief

The Australian wine industry needs to develop its export offering to improve sales performance and mitigate channel risk. The two markets of focus have been identified as Japan and South Korea.

Traditionally, Australian producers and the industry have relied on a trade-focused push strategy. However, they are now seeking to better understand what consumers in key target markets want, in order to identify a more emotive way to appeal to them.

Ultimately, the objective is to improve Australian wine's standing in the consideration set and to improve sales – and the first step is to better understanding consumers needs (and barriers).

Straight from the source



Three Project Goals

1. Explore the role of wine, and the consumer motivations underlying the category;
2. Identify preferences and opportunities for wine in general – and for Australian wine specifically; and
3. Deliver insights that enable AGW to position Australian wine to win the hearts and minds of consumers.

On the tip of the tongue

What we did...

A multi-phased approach designed to best answer the project goals

Discovery: A synthesis of overarching consumer and cultural trends, and wine category growth drivers relevant for South Korean and Japanese consumers.

Exploration: Online ethnographic qualitative research over 3 days via an interactive online platform (with n=10 Japanese and n=10 South Koreans alcohol drinkers).

Validation: A 15 min online survey with n=1,000 alcohol consumers in each market.



Who we spoke to...

Exploration Phase: n=20 consumers, n=10 per market (n=5 wine drinkers who are non-rejectors of Australian wine / n=5 alcohol drinkers who are non-rejectors of wine).

Validation Phase: n=1,000 alcohol consumers per market:

- **Wine Drinkers** are those who have drunk Red / White / Sparkling wine last month / 12 months (Korea n=597 Japan n=523)
- **Wine Considerers** are those who don't currently drink but consider drinking Red / White / Sparkling wine in the future (Korea n=189 Japan n=133)
- **Wine Rejectors** are those who have not drunk wine in the last 12 months and would not consider in the future (Korea n=332 Japan n=306)





3 Big Jobs for Australian Wine

The three big jobs to be done...



Extend the role of wine from premium perceptions into 'everyday premium'

In Korea and Japan, wine is predominately drunk in premium occasions (luxurious & indulgent). This makes it difficult for Australian wines who aren't known for this to grow in this territory (note: French and Italian wines own this territory).



Educate the markets about (Australian) wine

In both markets, there is high-interest in the wine category coupled with low knowledge and familiarity. This demonstrates a thirst to know more.

Japanese and Koreans are interested in what to enjoy with their wines (i.e. food) and the best time / moments to enjoy these.



Build distinctive assets for Australian wine

Australian wines don't stand for anything particularly distinctive – and are seen as a value for money option.

There is a job to be done in building stronger, more emotive ties (i.e. with sustainable, natural and laid-back cues). There is an opportunity to lead with Australian brands that already have strong assets that talk to these emotive aspects.



How these jobs are to be done, differ per market

Japan

Korea

1: Extend the role of wine from premium perceptions into 'everyday premium'

Continue to extend wine into an everyday premium territory: Japan currently have two key reasons to drink wine 1) indulgence and to show off who they are, 2) to celebrate with family and share an intimate moment.

Start to create more moments for wine: Unlike Japan, South Koreans have fewer reasons to drink wine. Currently, wine is distinctive only for indulgence and to show off how cool and trendy they are.

2: Educate the markets about (Australian) wine.

Both are interested to learn about what to enjoy with their wines (i.e. food) and the best time / moments to enjoy these. However, their taste pallets differ significantly seeing different wine types and food pairings.

Educate that Australia has popular wine flavours for Japan: Introduce Australian wines that are fruity, sweet and refreshing.

Educate on what meal or snack to pair with these popular flavours: Japan has a lot of delicate and subtle flavours – ensure the wines compliments and harmonises with their meals and snacks.

Educate that Australia has popular wine flavours for Korea: Introduce Australian wines that are smooth, sweet and rich– bolder than in Japan.

Educate on what meal or snack to pair with these popular flavours: Korea are known for enjoying rich and spicy flavours – again wine needs to compliment these flavours.

3: Build distinctive assets for Australian wine

Both share many similarities on this pillar; with South Korea and Japan seeing Australian wine lacking in differentiation and preference (i.e. only known for value for money in both markets). On the flip side, both markets also unveiled an opportunity for Australian wines to position themselves as sustainable and natural.

(Note: both markets have similar perceptions about Australia and Australian Wine)





Key Take Outs

1. How to extend the role of wine...



Make premium more accessible (every day)

Re-define what premium means in these markets by making special moments more accessible.

Consider the following in becoming more accessible (masstige):

- Be seen with more accessible food pairings (i.e. regular steak vs Wagyu)
- Use relatable but slightly fancy language for wine (i.e. gourmet vs degustation)



There is a larger gap to bridge in Korea than in Japan when building these new occasions.

Introduce new 'everyday special' occasions

Move into a social & casual territory focused on connecting and bonding with friends & family.

Demonstrate wines can be for:

- Non-milestone birthdays
- Larger social gatherings
- Day drinking / early evening moments
- Spontaneous catch-ups / occasions



Position Australian wine as the ideal country for 'everyday special'

Leveraging Australian's laid-back and stress-free characteristics to speak to making everyday special.

Popular Australian lifestyle aspects are:

- Laid-back & easy going: Not taking life too seriously, enjoying the smaller things.
- Work to live, not live to work: Prioritising individualism and making small moments special.

Extending into everyday premium can carve a space for Australian wines (away from French & Italian who own premium)

What does it mean to be 'premium'?

...And why does premium matter?

Premium makes for strong brands, it's a key driver of growth in FMCG and 'everyday luxury' is a mega trend (particularly in beverages).

However...

1. Premium is rapidly becoming an overused term and therefore has lost meaning over time. It's been reduced to a label to describe 'not cheap'.
2. Premium is also a paradox: the more a premium product is sold, the more it becomes a consumer staple.
3. Premium is a relative concept. The degree of 'premiumness' depends on what it is compared to. It's a continuum of options, not an end-point in itself.
4. Premium is pre-defined by category rules. The need for 'premiumness' doesn't override other needs of the category e.g. when buying alcohol, needs will firstly be related to alcohol.



'Premium' in wine is ever-evolving. Traditionally, it leans into origin, heritage and status. However, can Australian wine leverage 'new' expressions of premium? For example, facilitating meaningful moments, slow luxury and a future mindset (e.g. building something with endurance).

2. How to educate the markets...



Educate on wine flavours and suitable wine pairings

This is a priority. Flavour & taste are highly motivational. Consumers are especially interested in food & wine pairings. This can be executed in two ways:

- **Matching Australian wine to local cuisine:** Thereby making wine more accessible. (i.e. wine is not just for eating western food).
- **Matching Australian wine to Australian / western cuisine:** To leverage Australian produce perceptions of quality, indulgence and a sense of exploration.



Unclutter the category; make it easy to see a role for Australian Wines

Feedback suggests that the category is very confusing (i.e. knowledge is needed at the varietal level, region and brand).

- **Create intuitive links between varietal & occasion:** offer mental shortcuts (Occasion → varietal → region → brand).
- **Improve visibility at POS:** Utilise POS signage to highlight use cases for Australian wine (i.e. need a drink for a casual catch up? Bring me! I'm a sweet easy drinking wine).



Facilitate trial of Australian wine e.g. smaller pack sizes

Having small bottle sizes can **encourage trial with low risk – especially in Japan** (ie not needing to have a full standard-sized bottle, lower priced).

Other benefits of smaller pack sizes are that it maintains premium cues (i.e. spend on quality vs quantity) and aligning to the cultural needs of health (i.e. moderation drinking esp in South Korea).



How to use flavour to recruit new drinkers, motivate existing?

Some food for thought...

Motivating new to wine drinkers in Japan and Korea:

1. Flavour Profile: Utilise Light, Sweet, Fruity and Smooth flavours to acquire more wine drinkers.
2. Food Pairings: Can this be parried with rich foods to act as a palate cleanser? Or is it better suited to lighter foods (i.e. seafood)

Increase sessionability and exploration among current wine drinkers:

1. Flavour Profile: Utilise Rich, Savoury and Dry flavours to see frequency increase among existing wine drinkers.
2. Food pairings: Can these wines be paired with desserts and/or sweet treats to improve sessionability?

It's important to think about flavour in the context of food as drinking alcohol is almost always accompanied by a meal or a light snack.

Rose is an opportunity to recruit new wine drinkers – as they have lighter and sweeter characteristics

Be mindful of flavour preference differences across countries - Koreans appreciate richer flavours while Japanese more subtle and delicate.

3. How to position Australian wine...

Positioning Australian Wines

Australian wine can be positioned as an **'everyday premium' wine**.

Known for their **sustainable** and **natural** ingredients (functional) and represent a **laid-back** and **stress-free** environment (emotional).

The flavours of their wines are **refreshing, sweet** and perfect as a treat enjoyed in **casual** and **social** moments

(Note: Not intimate and opulent as French and Italian wines)

Especially in South Korea, having a natural and organic wine is a key feature (this is an emerging wine trend in Japan).



Inspiration & Opportunities

Rose is a blank slate:

- Rose has the desirable flavour characteristics that consumers are looking for as well as marry up with Australian flavour perception. **Is there an opportunity for Australia to be known for Rose in these markets?**

Leveraging quality perception from other Australian produce:

- Australian meats are well known in both South Korea and Japanese markets. **Is there an opportunity to partner with MLA to inherit their quality perceptions of their meat produce?**

Leveraging agri-tourism in Australia:

- Partner with Australian Tourism to promote our wine regions & vineyards as desirable destination. **Can food & wine pairings feature as one of the top 20 things to do in Australia?**

Where could Australian wine sit?

Change won't happen overnight...

Changing consumer perceptions takes time, commitment and investment. It's a slow burn. However, it's necessary for Australian wine to 'own' a distinctive territory to compete on the world stage.

Australian wine has some strong positive associations to leverage:

1. **Value for money:** Australian wine is good value in Korea and Japan, however this is not a unique attribute for Australian wine to own – there needs to be an aspirational, emotive element for consumers to gravitate towards.
2. **Sustainability:** AU wine sits near NZ, but can stand out more on the sustainability (leaving NZ with 'pure' and 'natural').
3. **Australian values** e.g. the category can leverage aspirational Australian qualities e.g. laid-back, easy-going, unassuming luxury etc.
4. **Food Pairings:** piggy-backing from positive perceptions of Australian produce and Australian foodie culture.





Alcohol culture in East Asia

Differences in alcohol behaviours in East Asia versus the west



Access to Alcohol 24/7

Both Japan & South Korea have access to 24/7 bars and have alcohol vending machines available.



Obligatory Work Drinking Culture

An essential ritual in both Japan and South Korea, it facilitates bonding and relaxing with colleagues outside of the workplace. It is rude to turn down an invitation, and comes with many rules and etiquettes.



Drinking in Public Places

Drinking is legal in public places (again making alcohol consumption accessible) – especially in Japan as it is allowed on public transport.



Affordable Alcohol

Alcohol is cheap, especially in Korea. Consumers can purchase 375ml of soju (comparable to vodka) for a little more than 1 USD.



Hangover Cures

Anti-hangover cures are prolific and a growing market. Tonics such as bae-juice, liver plus etc. are available in convenience stores and there are meals designed to help with hangovers such as Haejangguk (means hangover soup in Korea).



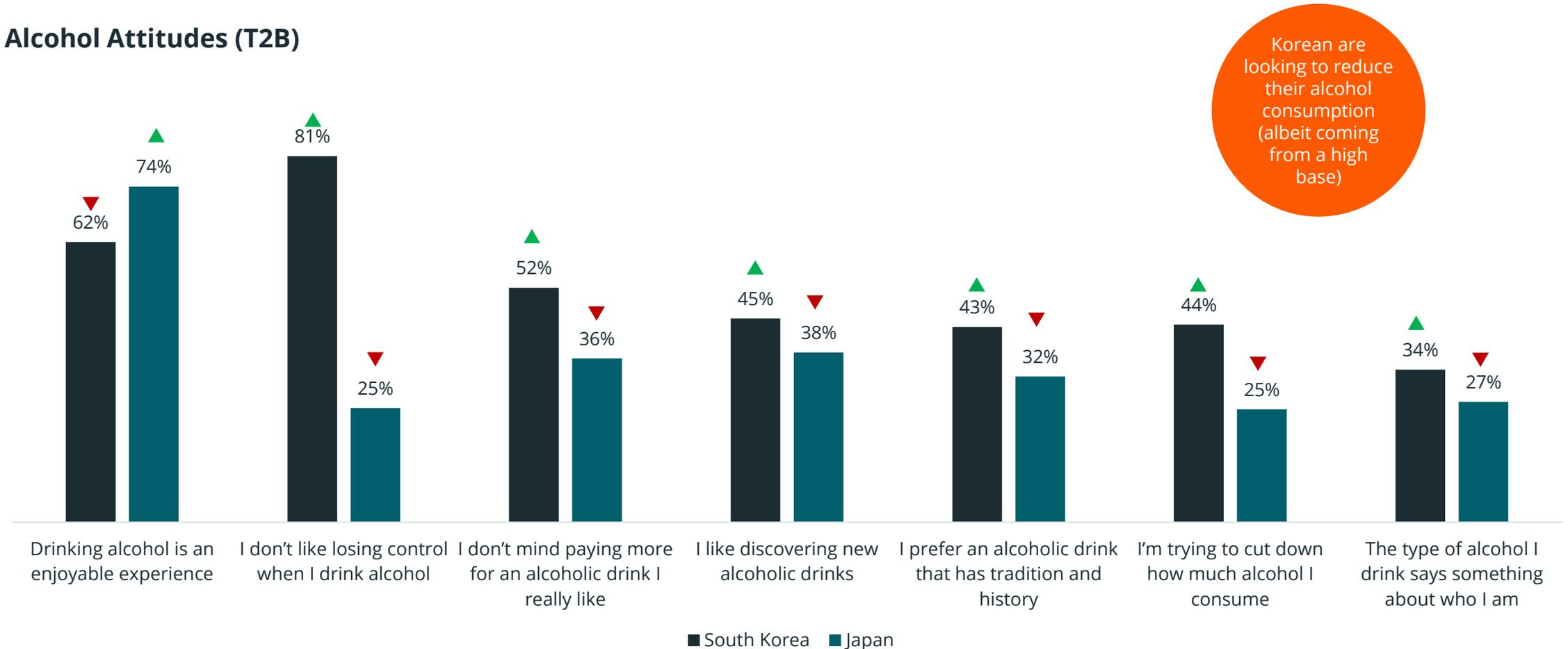
Accompanied with food

Drinking is almost always accompanied by a meal or a light snack – especially in Japan.



Both markets (especially Japan), find drinking an enjoyable experience

Alcohol Attitudes (T2B)



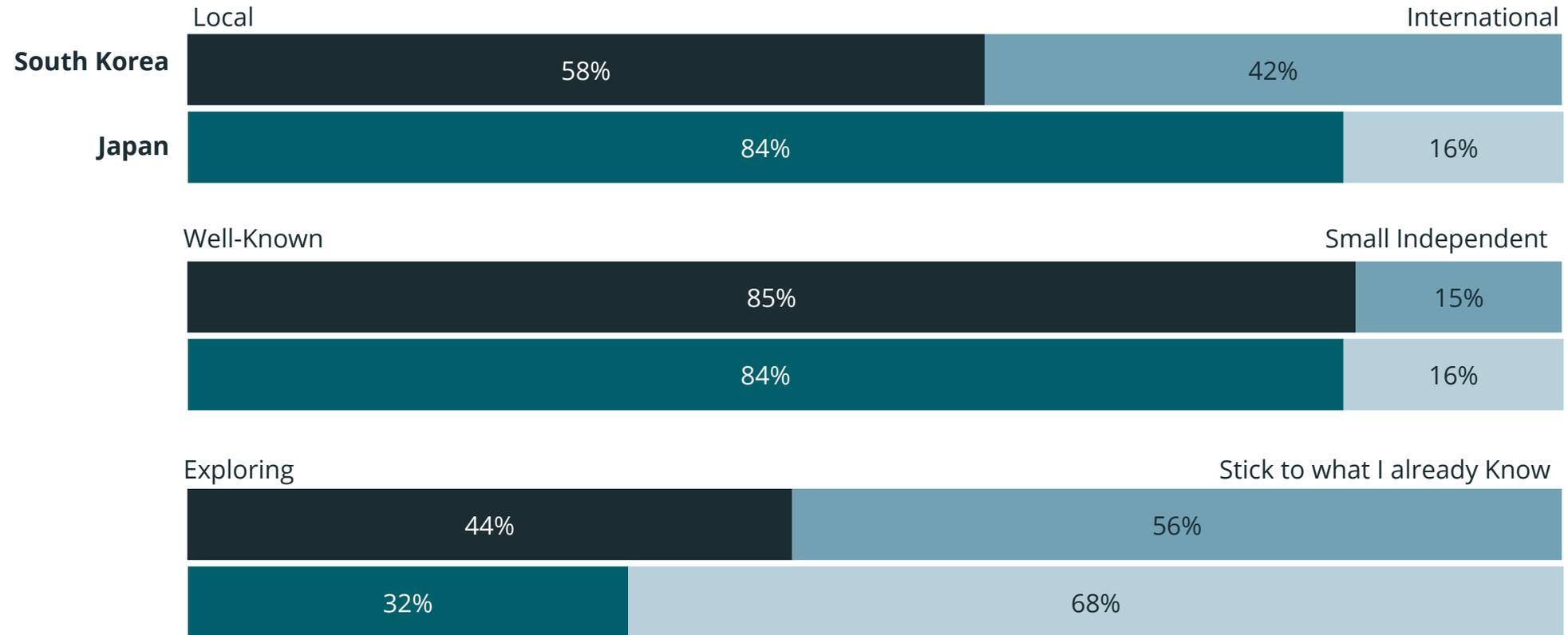
Korean are looking to reduce their alcohol consumption (albeit coming from a high base)



Source: Validation. A2 To what extent do you agree or disagree with the following statements about drinking alcohol Base: Total Sample, South Korea N=1,118 Japan N=962. Sig testing at 95% Confidence Level versus each other. ▲ ▼ i.e Japan is significantly higher on drinking alcohol is an enjoyable experience vs South Korea.

Koreans are more likely to explore and prefer international drinks compared to Japan

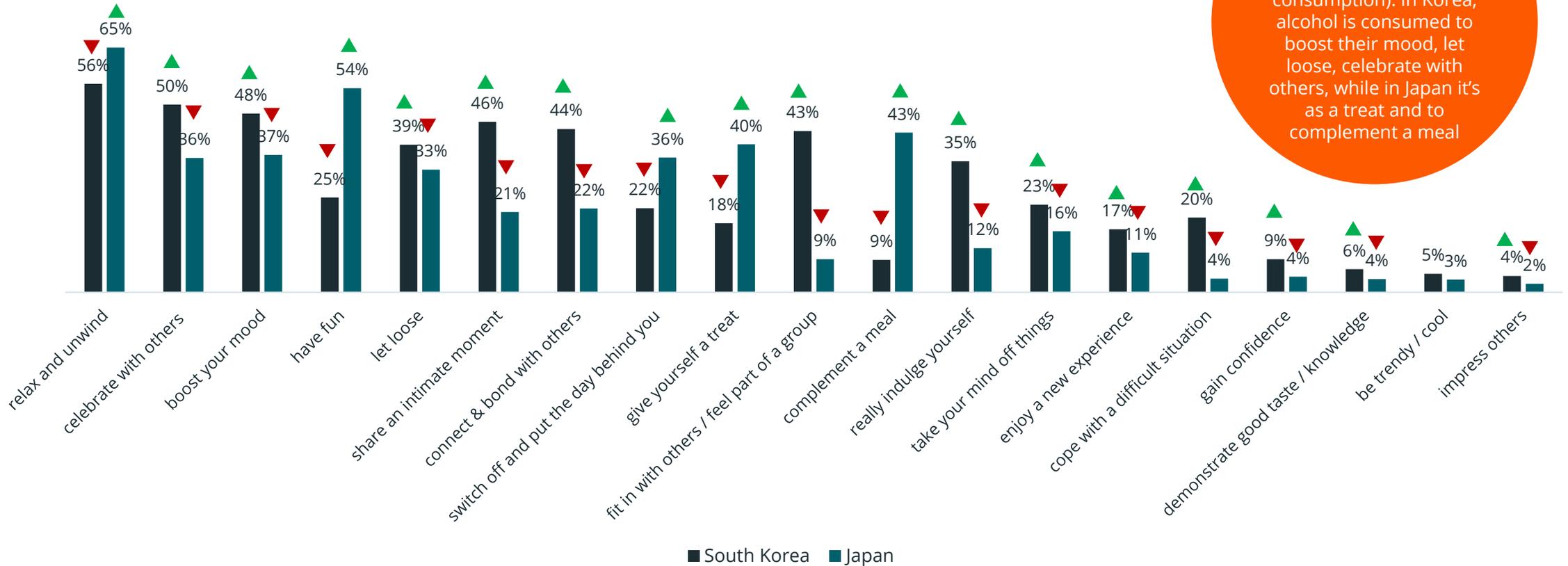
Alcohol Preferences



Source: Validation. A3 For each of the paired statements below, which best reflects your preference when it comes to alcohol in general? Base: Total Sample, South Korea N=1,118 Japan N=962.

Both countries enjoy drinking to relax and unwind, however there are some nuances

Alcohol Needs



Koreans are more likely to drink alcohol for many reasons (reinforcing the country's high alcohol consumption). In Korea, alcohol is consumed to boost their mood, let loose, celebrate with others, while in Japan it's as a treat and to complement a meal



Source: Validation & Discovery A4A. Below are some statements describing why people may consume alcohol. Thinking about typical occasions where you consume alcohol, which of the following are relevant to you? Base: Total Sample, South Korea N=1,118 Japan N=962. Sig testing at 95% Confidence Level versus each other. ▲ ▼

In Japan, alcohol is for relaxing, fun, socialising, & indulgence (with food)



"Drinking party in the house when the restaurant is closed during COVID"

COVID saw a rise in entertaining at home (as pictured here)

Drinking to bond with colleagues is common



"A Tokyo izakaya owned by a former senior of the company"



"When I drank alone in Saizeriya. I'm drinking house wine with escargot."

Alcohol used to treat self (even when solo)

Alcohol served with food



In Korea, alcohol is for celebrations, fitting in & mood boosting



"I like to have fun with my favorite people and drinks in a bright atmosphere"

Socialising and drinking with colleagues is very common (and obligatory)



"I went to a glamping site last winter with my co-workers and made a highball and drank it."

Social occasions are accompanied with food

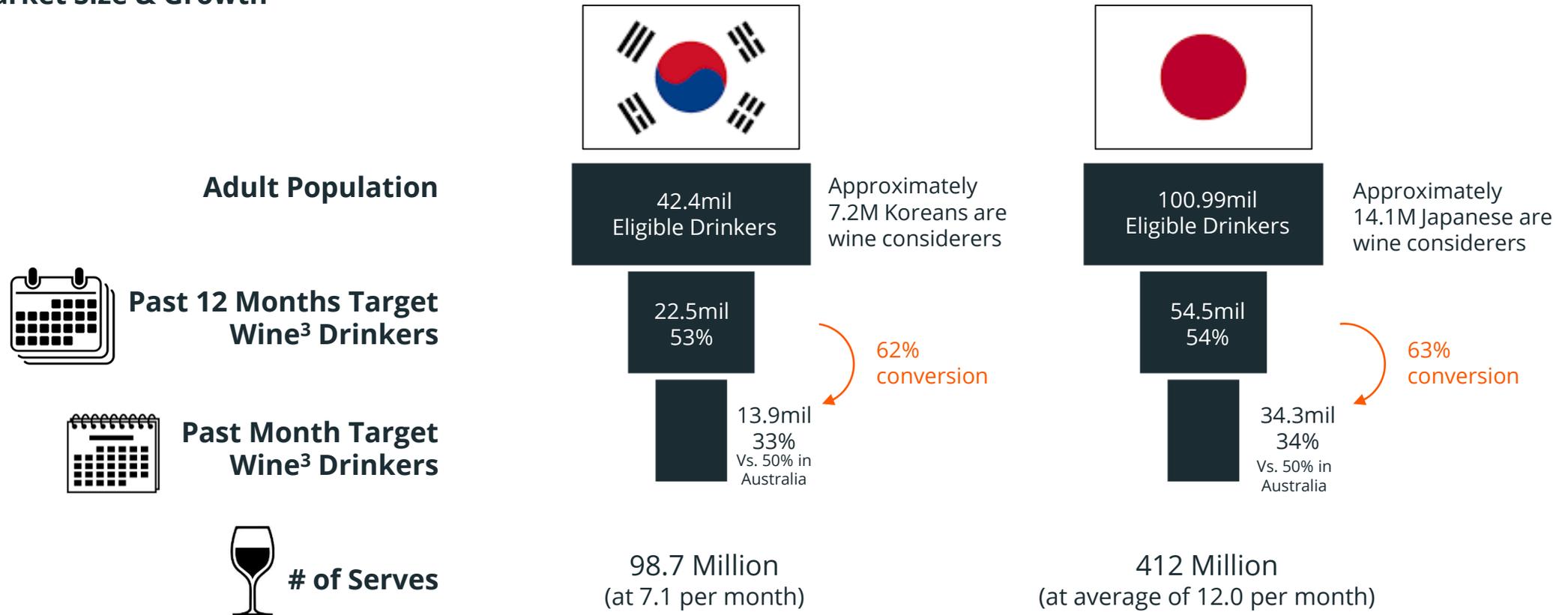
On average, South Koreans consume 14 shots of hard liquor a week, while Americans drink about 3 and Russians about 6. (Quarts, Euromonitor Data, 2014).



What's the role of wine?

There is room to increase the number of wine drinkers in both markets, particularly with strong conversion

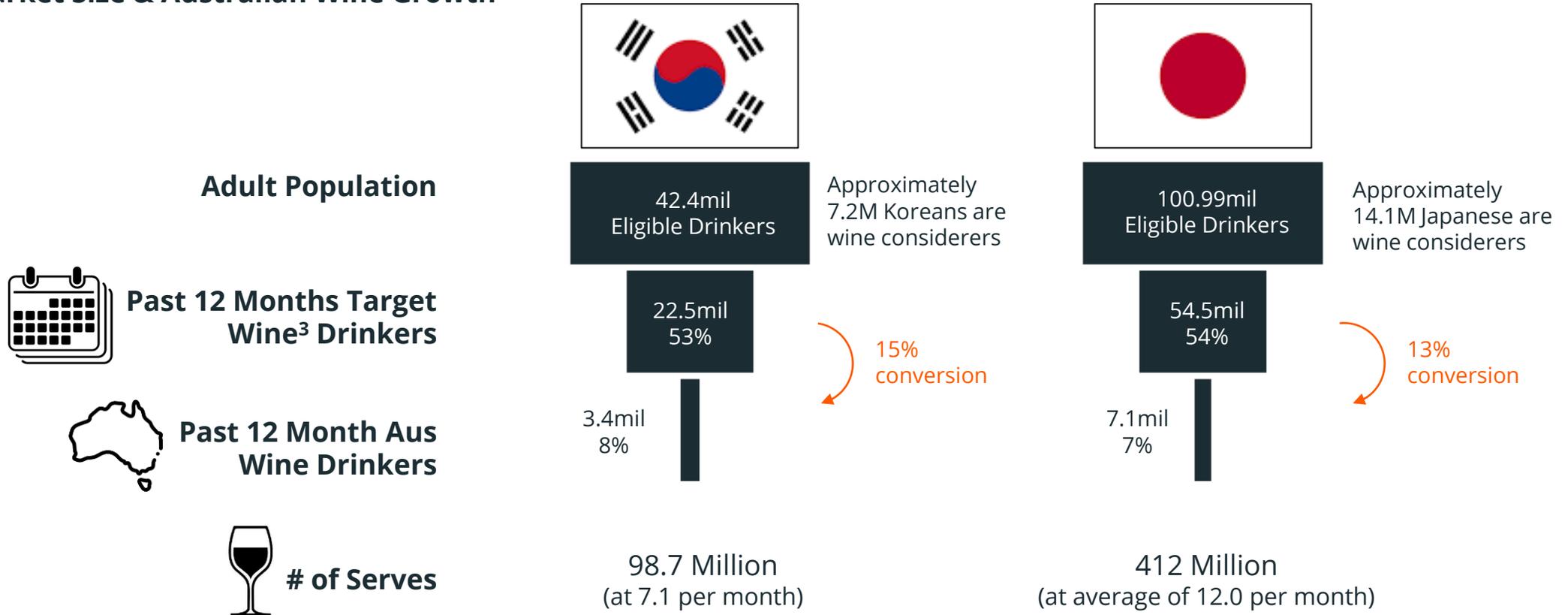
Market Size & Growth



Notes: ¹approx. 20years and above as of Jul21, ²approx. 21years and above as of Jul21, both mirroring Validation work; ³Target Wine defined as Red, White, Sparkling. **Source:** Discovery & Validation. https://www.indexmundi.com/south_korea/demographics_profile.html; <https://www.indexmundi.com/japan/population.html>. **S5.** Which of the following types of alcoholic beverages have you drunk in the past 12 MONTHS - either at home or out of the home? **S6.** Which of the following types of alcoholic beverages have you drunk in the PAST MONTH - either at home or out of the home? **Base:** Total Sample, South Korea N=1,118, Japan N=962

Just under 1 in 10 people in Japan and South Korea drink Australian wine in the past 12 months

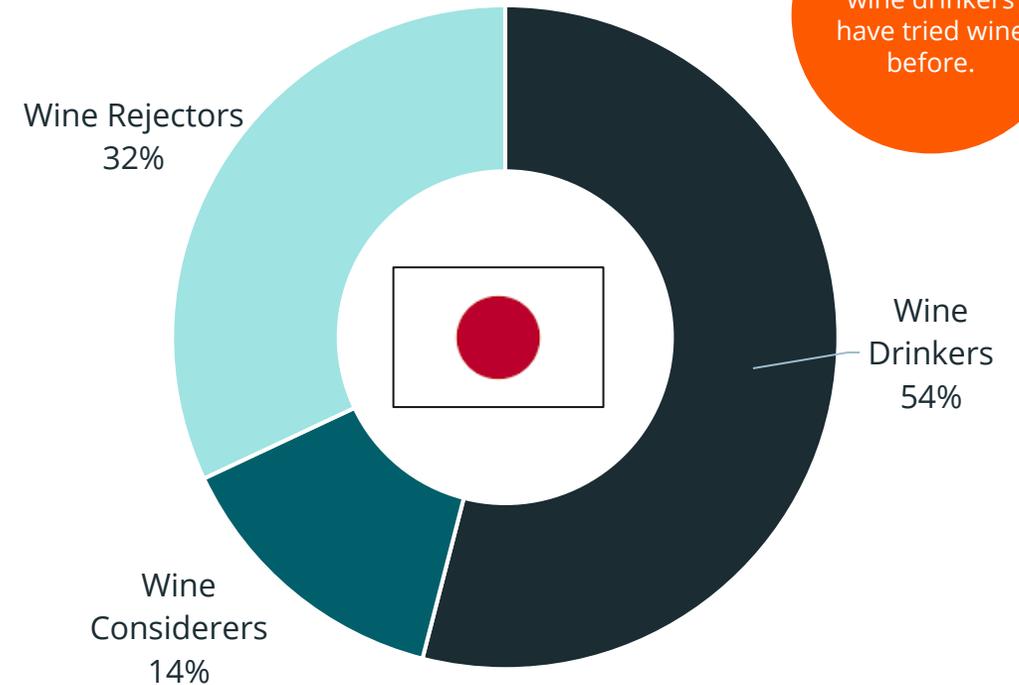
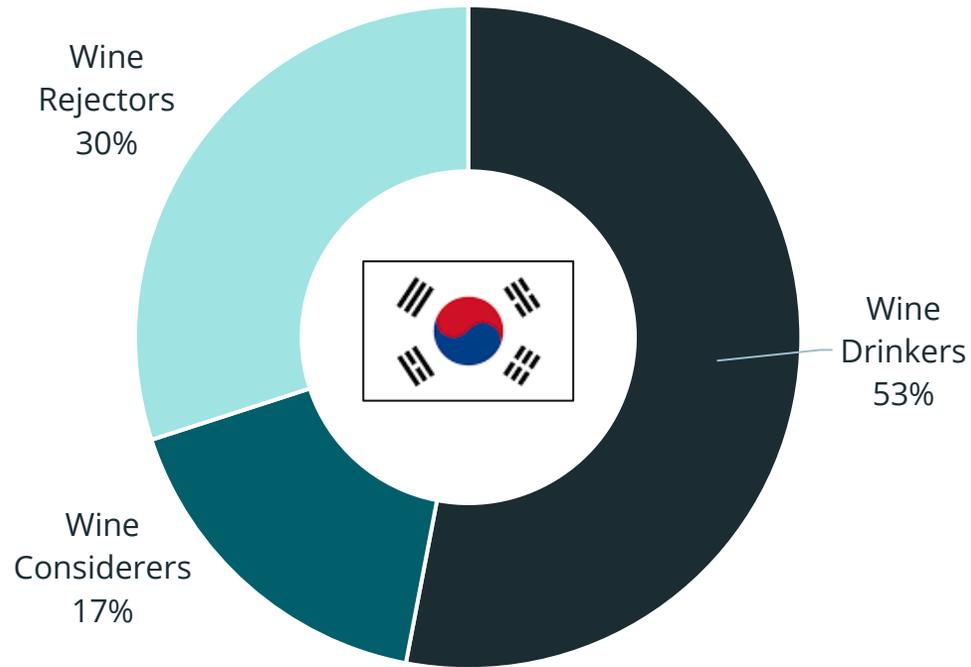
Market Size & Australian Wine Growth



Notes: ¹approx. 20years and above as of Jul21, ²approx. 21years and above as of Jul21, both mirroring Validation work; ³Target Wine defined as Red, White, Sparkling. **Source:** Discovery & Validation. https://www.indexmundi.com/south_korea/demographics_profile.html; <https://www.indexmundi.com/japan/population.html>. **S5.**Which of the following types of alcoholic beverages have you drunk in the past 12 MONTHS - either at home or out of the home? **S6.**Which of the following types of alcoholic beverages have you drunk in the PAST MONTH - either at home or out of the home? **Base:** Total Sample, South Korea N=1,118, Japan N=962

Half are currently drinking wine in both South Korea and Japan

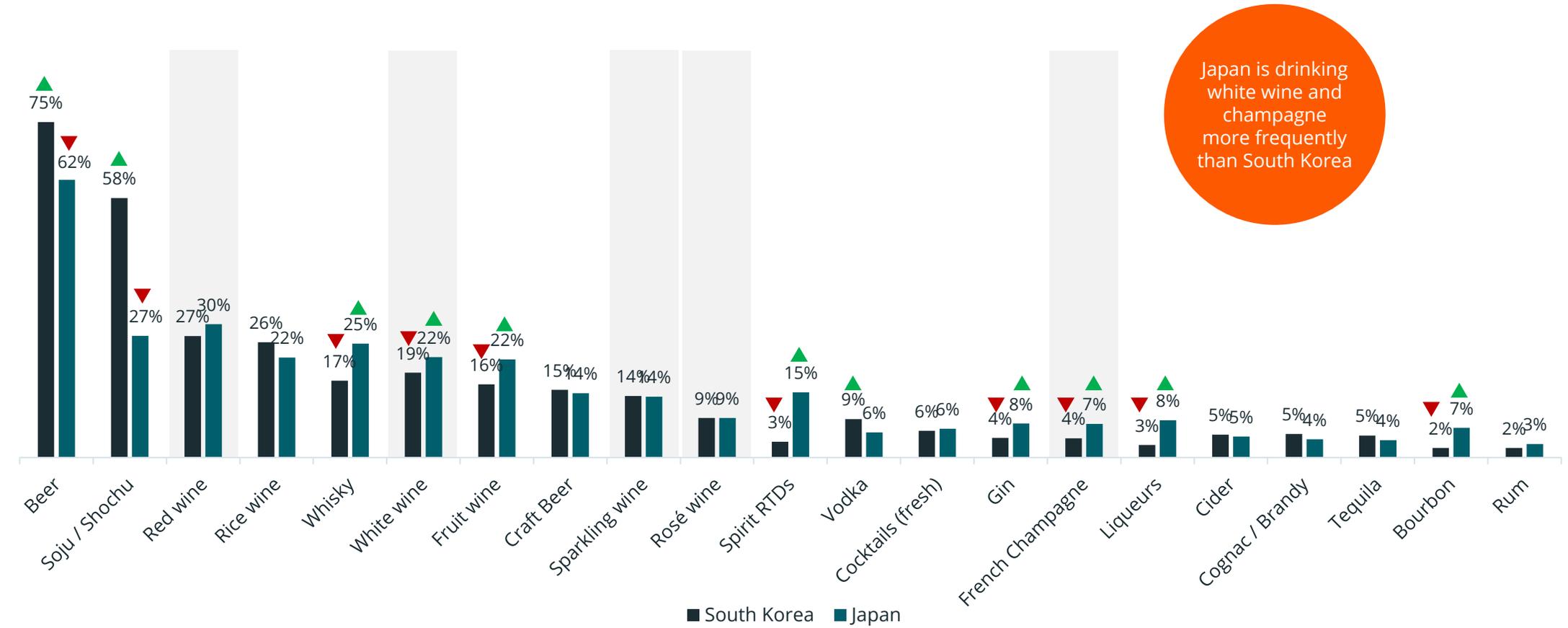
Wine Familiarity



9 in 10 non-wine drinkers have tried wine before.

Red wine is the most consumed wine type in both South Korea & Japan. Beer the most consumed alcohol

Consumption | At least once per month

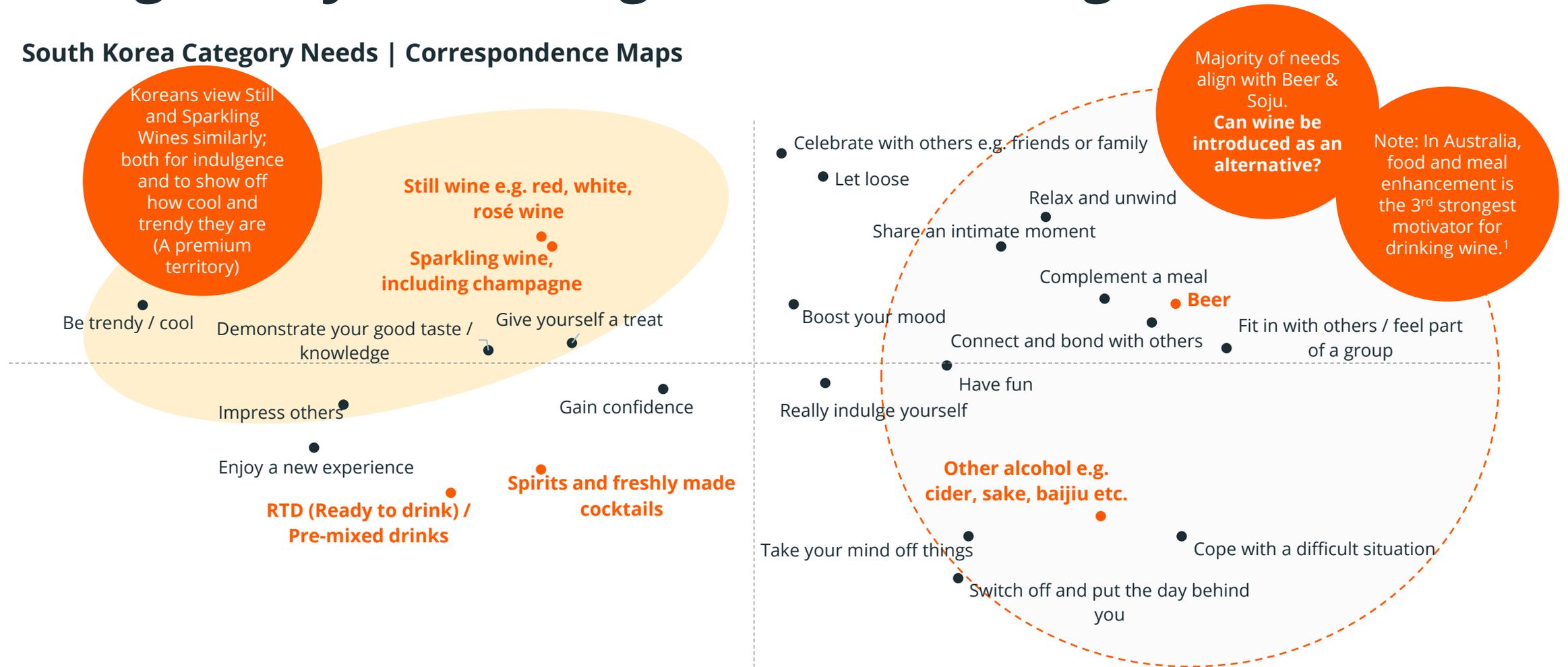


Source: Validation. A1 Thinking about the different types of alcoholic beverages you have consumed in the past 12 months, how often do you typically consume each of these types of alcoholic drinks

Base: Total Sample, South Korea N=1,118 Japan N=962. Sig testing at 95% Confidence Level versus each other. ▲ ▼

Wines in Korea play in a premium space distinctive for being trendy, self indulgent and knowledgeable

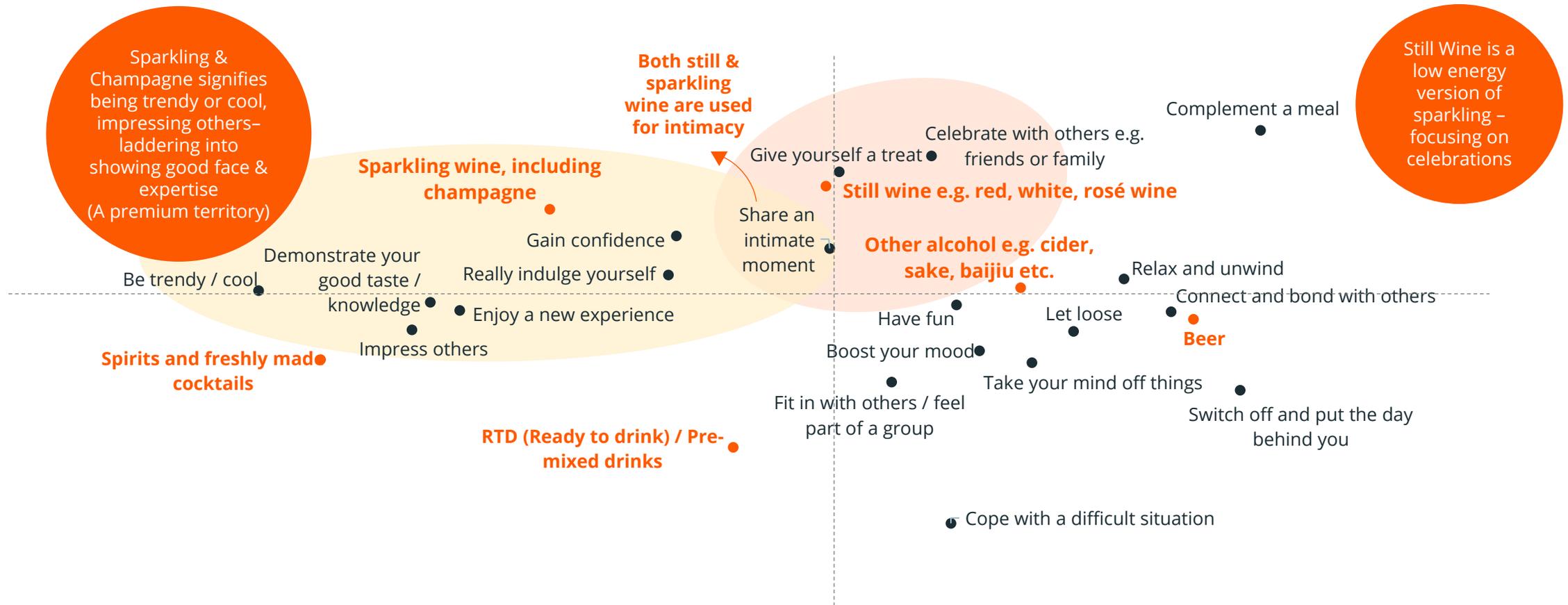
South Korea Category Needs | Correspondence Maps



Source: Discovery & Validation. ¹Wine Intelligence Australia Wine Landscapes November 2021. **A4A.** Below are some statements describing why people may consume alcohol. Thinking about typical occasions where you consume alcohol, which of the following are relevant to you? **A4B.** Which type/s of alcohol would you choose to best meet this need? **Base:** Total Sample, South Korea N=1,118. Corr Map: Dim 1: 56.9% Dim 2: 30% = 86.9% Explained

Still Wines in Japan encroach a similar space to other alcohol types – evoking a sense celebration

Japan Category Needs | Correspondence Map



Source: Validation. **A4A.** Below are some statements describing why people may consume alcohol. Thinking about typical occasions where you consume alcohol, which of the following are relevant to you? **A4B.** Which type/s of alcohol would you choose to best meet this need?
Base: Total Sample, Japan N=962. Corr Map: Dim 1: 59.9% Dim 2: 22.9% = 82.8% Explained

Wine is seen to be luxurious, it can enhance an intimate or special occasion (and is a healthier option)

Impressions of Wine



Luxurious & Expensive

Wine is seen to be a luxurious and fashionable drink for special occasions. Underpinned by the K & J dramas which see wine typically depicted as French and opulent (e.g. tapping into other cultures).

“Luxurious, formal, to celebrate special occasions” - South Korea

“Match Western food in a luxurious place or a special situation. Or for a wedding reception or a Christmas party” - Japan



Creates a desirable 'low-energy' atmosphere

A great option for romantic, intimate gatherings, is suitable for relaxation and having deep conversations with friends, family and partners. Helps to dial down a moment – not as sessionable.

“[wine is good for] when enjoying expensive things or you want to create an atmosphere, such as a blind date or a restaurant.”- South Korea



A Healthier Option

Wine is seen to be a lower alcohol / healthier option.

“It's an excuse, but for some reason, drinking alcohol [wine] a day has the expectation that it will help skin beautification.”- South Korea

“Speaking of wine, polyphenols come to mind.” - Japan

Wine drinking occasions are commonly accompanied with food

A typical wine drinking occasion



When

Wine is most enjoyed on a **quiet weekend night** as it is a 'slow' drink and best enjoyed in low-energy moments.

Wine drinking sessions to wind down in the evening is commonly **2-3 hours**



Where

Wine is typically enjoyed **at home** or at a **restaurant**



Unlike in the West, the culture of going out for just a drink does not really exist (especially in Japan). Drinking is almost always accompanied by a meal or a light snack.

There's an opportunity to educate on wine food pairings – especially in Japan



Who

With a **partner**, **close friends** or **solo** (solo more common in Japan).



Mood

The atmosphere for wine drinking changes depending on the location and company.

- At home the atmosphere is **calm, relaxed & comfortable**.
- At a restaurant it is **elegant and luxe** perfect for celebrations.



Feelings

Wine makes them **calm** and **relaxed** and puts them in a mood to be open. It can facilitate **deep conversations** while **connecting** with their loved ones.

Is there an opportunity to increase the vibe for wine – move into more social & casual, while creating meaningful connections and memories (less so super deep conversations)

Home is where wine consumption mostly occurs

Wine is mostly drunk in three key places:

1. At Home – own or someone else's
2. Casual dining restaurants / cafes
3. Fine dining restaurants

COVID has meant a rise in at home drinking – esp in South Korea

Koreans also tend to drink wine at **low energy bars**, Japanese also consume wine at **Izakayas**

Made up of three kanji with the meaning, in order, “stay-drink-place.” An informal bar serving alcohol and snacks

Low energy bars are lounges/wine bars with low/no music



Wine is typically drunk when celebrating both formal (weddings) and informal (birthdays) events.

Koreans tend to have wine present when having a romantic occasion / on a date.



Japanese are more likely have wine on casual nights (casual night out / watching TV).

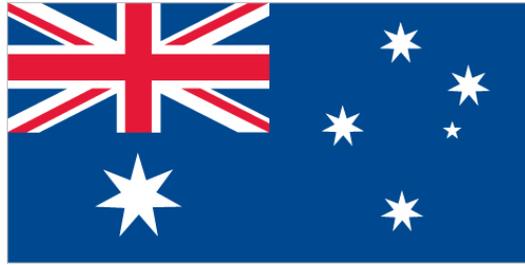




Australian Wine Perceptions

Australian wines are more accessible and affordable than French & Italian

Country of Origin | Spontaneous General Perceptions



Australian Wine

Australian wine is seen as **accessible** and **affordable** (not premium).

"It is often found in wine restaurants or liquor markets, which are always accessible" – South Korea

"Relatively inexpensive wine" – Japan

This challenges if Australian wine has a right to play in a premium territory



French Wine

French wine is seen as **luxurious** and **high quality**. Its long **history and tradition** of winemaking means it is seen as "the home of wine" and seen as the **best in the world**.

"An affluent image comes to mind, with land most important for wine production" – Japan

"The world's highest quality wines, traditional and luxurious wines" – South Korea

When looking for a premium wines, these markets will justify spending much more on a French bottle - less likely on an Australian bottle



Italian Wine

Like French wine there is **history and quality** associated with Italian wine, but it is **not seen as luxurious and expensive**.

"More affordable than French" – Japan

"It's authentic, but unlike the classical image of France, it's a little more casual and fashionable, so let's eat white wine and fish dishes at the restaurant from daytime" – Japan

Italian wines are also known for their **sparkling wine:**

"There are quite a few sparkling wines that are relatively easy to drink." – Japan



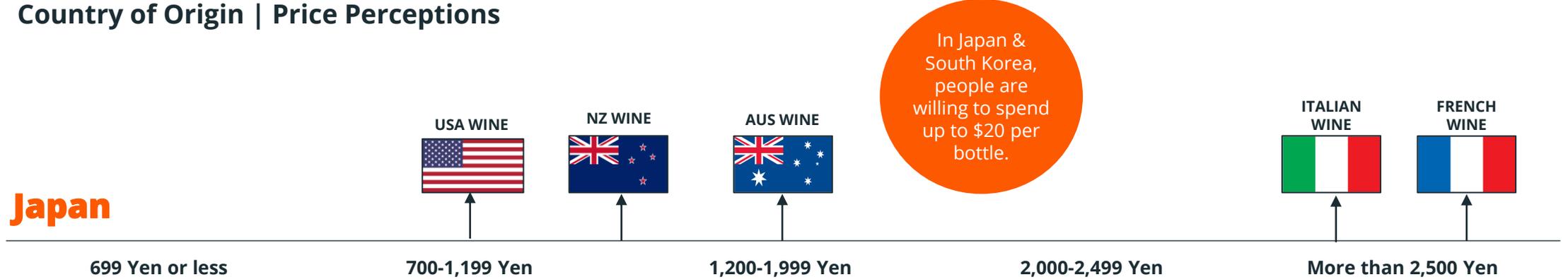
Source: Exploration

Australian wine is a mid-range wine; French and Italian wines justify a premium price

Country of Origin | Price Perceptions

In Japan & South Korea, people are willing to spend up to \$20 per bottle.

Japan



South Korea



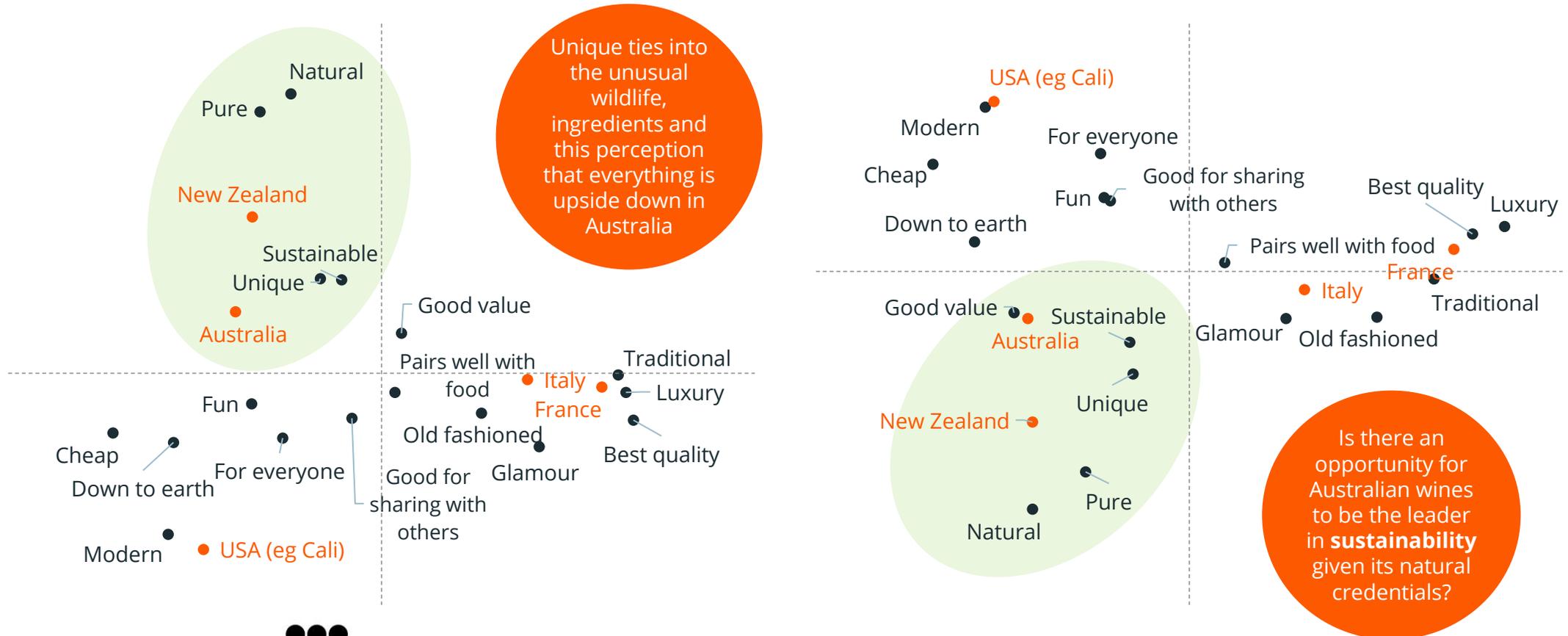
Source: Exploration
Indicative results based on qualitative phase n=10 per market.

Australian wines share a similar territory to NZ – both associated with superior natural elements

Country of Origin Attributes | Correspondence Maps

South Korea

Japan



Source: Validation. C1. Which of the following attributes do you associate with wine made in [INSERT COO]?

Base: Total Sample, South Korea N=1,118, Japan N=962 South Korea Corr Map: Dim 1: 84.5% Dim 2: 13.3% = 97.8% Explained, Japan Corr Map: Dim 1: 91.8% Dim 2: 5.0% = 96.8% Explained

Sustainability is two-fold; it needs to be safe for the environment and for consumption

Sustainability Expectations



Safe for the Environment

They expect that the production is not harmful to the planet and is ensuring that sufficient recycling is in place to minimise waste.

“Wine made by environmentally friendly manufacturing method and distribution” – Japan

“Nowadays, many companies are using a lot of renewable energy to reduce carbon emissions, but I think a more aggressive plan is needed to recycle wine bottles.” – South Korea



Safe for Consumption

They also expect sustainability to mean that it is free from pesticides and aggressive fertilizers.

“I think it's an environmentally friendly wine that doesn't use chemical fertilizers.- It seems to be good for the body because it does not contain chemical fertilizers or additives, and if this happens, it seems to have a positive effect on wine consumption.” – South Korea

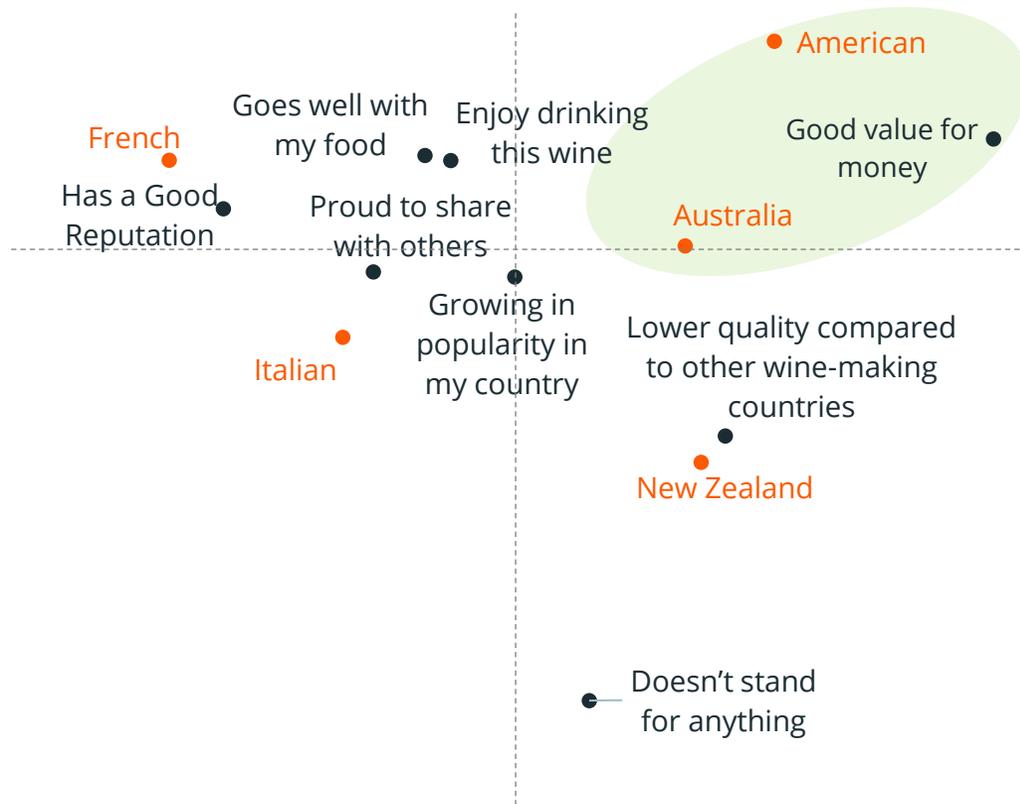
“I imagined eco, bio, and organic” – Japan.



Both markets lack a strong opinion of AU wines outside value for money (need to carve out a unique positioning)

Country of Origin Attitudes | Correspondence Maps

South Korea



Consider an **emotive positioning** for Australian wines to differentiate against other traditional and 'new' wine-making regions

Japan



Source: Validation. C2a/b. To what extent do you agree or disagree with the following statements about Australian wine / [INSERT MARKET]?
 Base: Total Sample, South Korea range n=209 to 779, Japan range n=131 to 531 South Korea Corr Map: Dim 1: 92.2% Dim 2: 5.9% = 97.8% Explained,
 Japan Corr Map: Dim 1: 86.4% Dim 2: 11.3% = 97.7% Explained

Australia has permission to be the sustainable & laid-back wine

What else can Australian Wines stand for?

Functional Associations:

- **Fresh:** Has fresh produce
- **Natural, organic:** Good for the body and is a healthy alternative.
- **Sustainable:** Good for the planet

Emotional Associations:

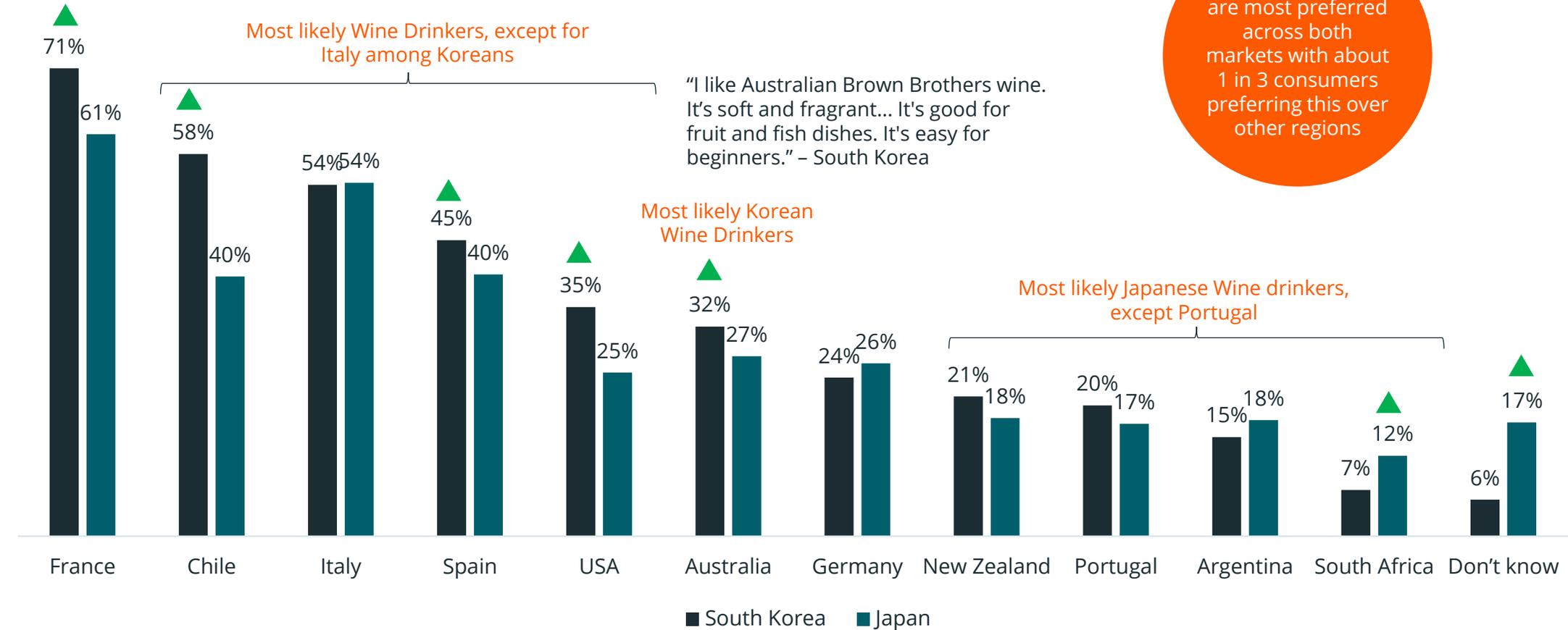
- **Laid-back:** Easy going & stress-free lifestyle. Where you work to live, not live to work.
- **Unassuming but aspirational:** Aspirational without the bells and whistles.
- **Unique:** A place with quirky animals, ingredients and people



"Australia has the image of being rich in nature and people living freely and stress-free. It's close in latitude, but it's a little strange because the four seasons are opposite, and the mysterious animals that live in Australia are also interesting. If you want to appeal, I would definitely like to buy wine that is connected to nature, society, and health that suits the modern society where such an attractive environment and SDGs are being called for." – Japan

Wines from France, Chile, Italy and Spain lead consideration. Aus wines are more considered in Korea

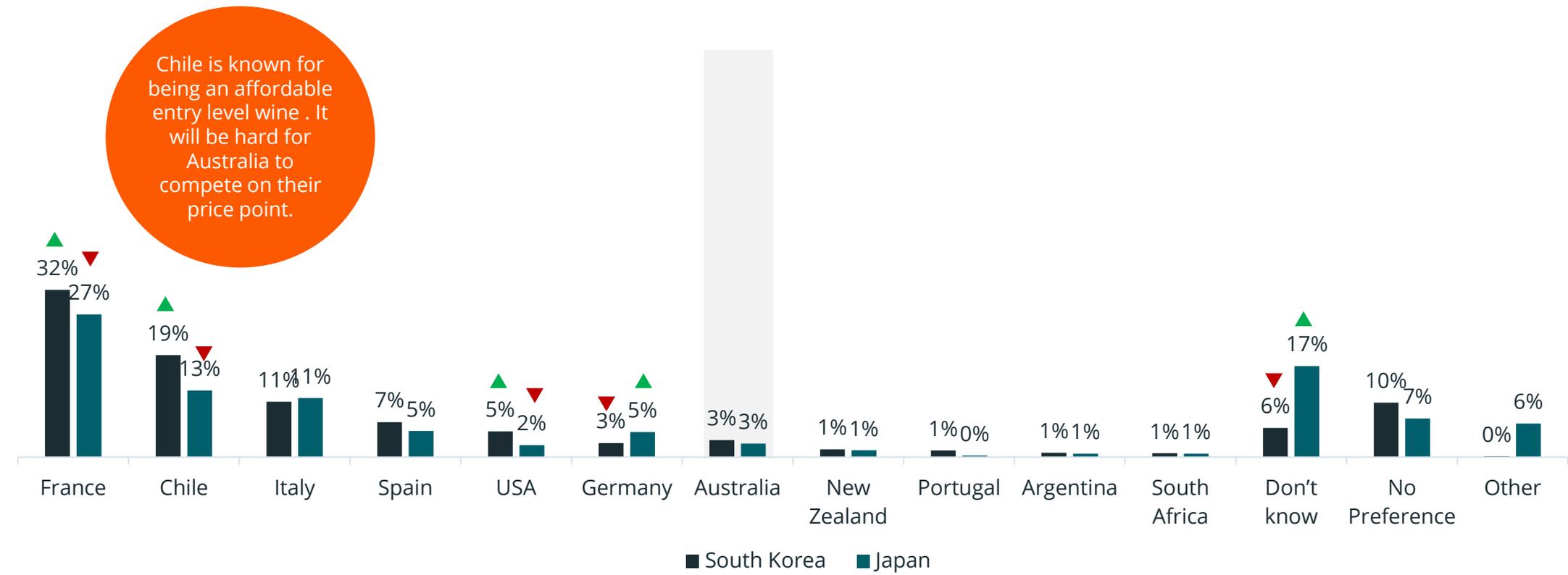
Country of Origin Consideration



Source: Exploration & Validation. P3A. Please select which wine/s you would consider. Base: Quant [Wine Drinkers/Considered & Ever Consumers of Wine, South Korea N=1,078, Japan N=921], Qual [N=20] Sigtesting at 95% Confidence Level versus each other ▲▼

Marrying up with consideration – French wines are the most preferred with only 3% preference for Australia

Country of Origin Preference



Source: Exploration & Validation.P3B. Where do you prefer your wine to come from? Base: Quant [Wine Drinkers/Considered & Ever Consumers of Wine, South Korea N=1,078, Japan N=921], Qual [N=20] Sigtesting at 95% Confidence Level versus each other ▲▼

Preference for Australian wines is driven by its welcoming taste, value for money & previous experience

Australia Wine Preference



Currently, **only 3% prefer Australian wines** - about less than 10% conversion from those who consider it.



"Australia is a vast place and nature is still alive, so I think you can trust the raw materials grown there"



The **freshness and naturalness** of wines coming from Australia also comes to mind

Taste

Taste of Australian wines is generally seen to be rich, but still able to cater to most consumers with the lightness and pleasantness.

"It is mild and soft for beginners to drink." – South Korea

"It is easy to drink even for beginners and goes well with meals." – Japan

Value for Money

Compared to others, Australian wines are seen to be high quality for the price they pay.

"It's delicious for the price"- South Korea

"It's delicious in wine, but the price is not so high." – Japan

"The cost performance is high, and you can feel the high quality for the price." – Japan

Previous Experience & Recommendation

Most preferers of Australian wines tie back an experience (personal or through others) with their choice.

"A friend of mine recommended Australian wine." – South Korean

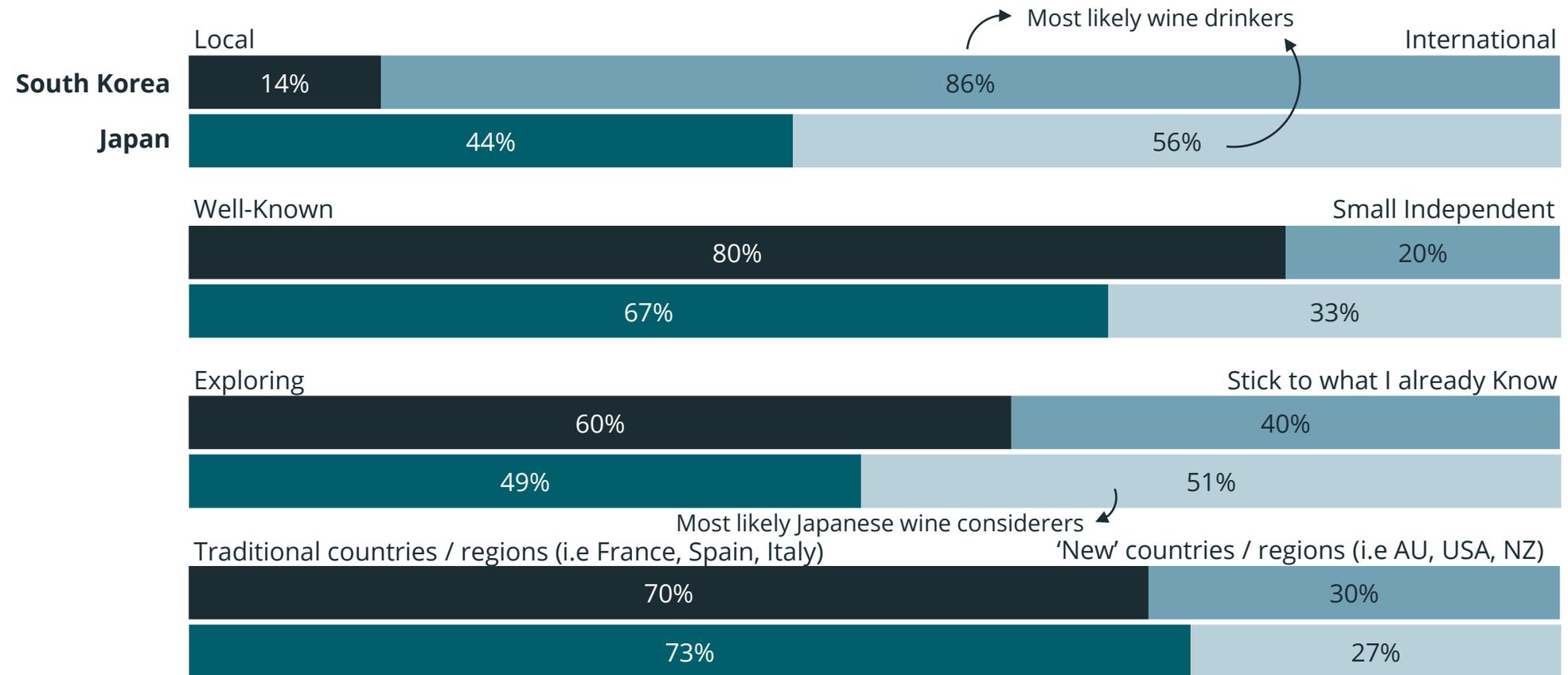
"I want to remember the atmosphere, taste, and atmosphere at that time." - Japan



What are their wine preferences?

Koreans are more open to international wines; both prefer well known wine from traditional regions

Wine Preferences



Source: Validation. W3. For each of the paired statements below, which best reflects your preference when it comes to wine?

Base: Non-rejectors, South Korea N=786, Japan N=656.

Traditional regions are traditional wine-making countries and regions e.g. France, Spain, Italy etc. New Regions are 'new' wine-making countries and regions e.g. Australia, New Zealand, United States etc.

Red Wine preference driven by health perceptions; White & Sparkling are chosen for their refreshing notes

Wine Type Preference: Reasons



Red Wine

- ✓ Healthier option
- ✓ Rich Taste

Consider drinking in future

Korea	43%
Japan	51%

"Red wine with the most classic and flavorful wine; goes well with most of my favorite foods; have various healthy elements." – South Korea

"Red is the healthiest (polyphenol content) and has a rich taste." – Japan



White Wine

- ✓ Refreshing Taste
- ✓ Easier to Drink

Consider drinking in future

Korea	36%
Japan	44%

"White wine has a refreshing taste, is easy to drink, and you can enjoy the aroma." – Japan



Sparkling Wine

- ✓ Refreshing
- ✓ Gives a special feeling without being too snobbish
- ✓ Strong Sweet Taste

Consider drinking in future

Korea	27%
Japan	36%

"It's refreshing... although there is a special feeling, many of them are reasonably priced (ie often appearing at the very beginning of celebrations and course meals.)" – Japan



Rosé Wine

- ✓ Strong Sweet Taste

Consider drinking in future

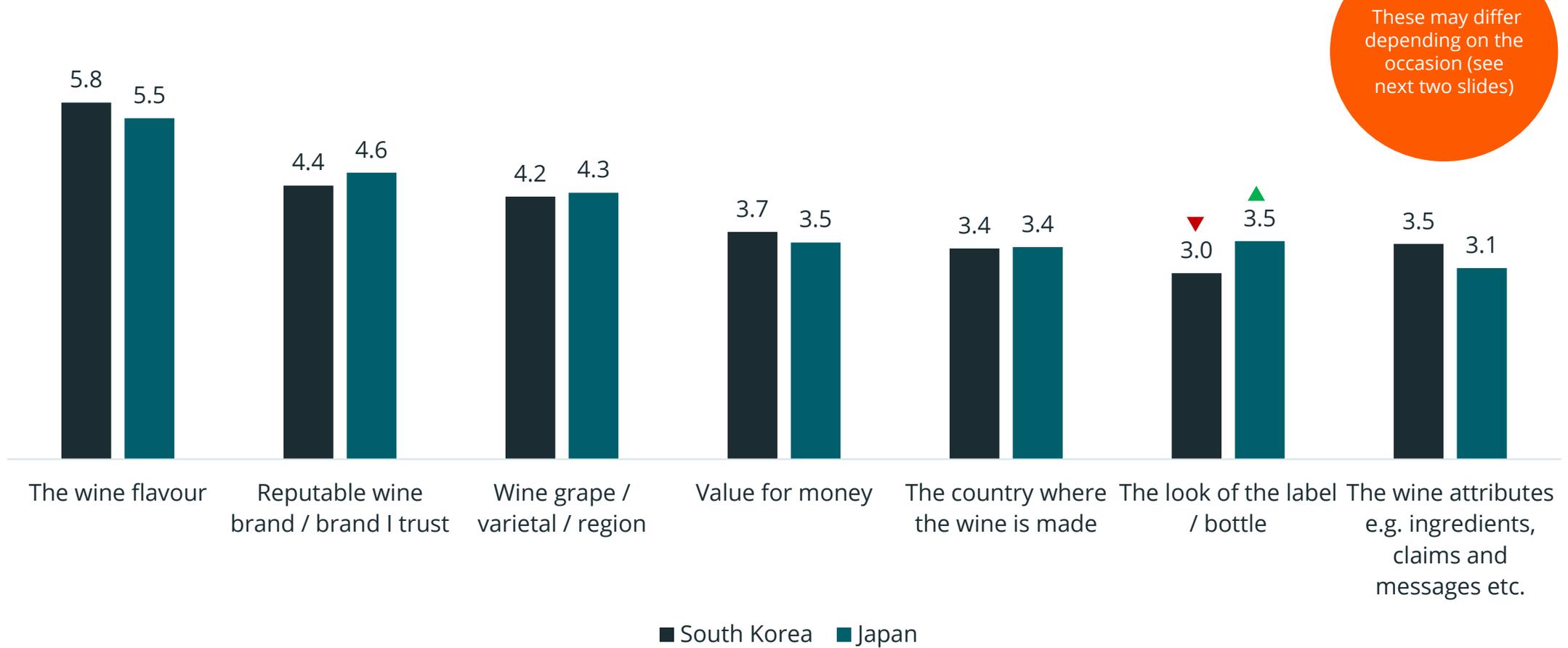
Korea	17%
Japan	27%

"Sparkling or rosé wine has a strong sweet taste" – South Korea

Little is known about Rosé wines with both markets not choosing this over other wine types.

Flavour and Reputation are the most important features when selecting a wine

Key Decision-Making Criteria (Rank Importance)



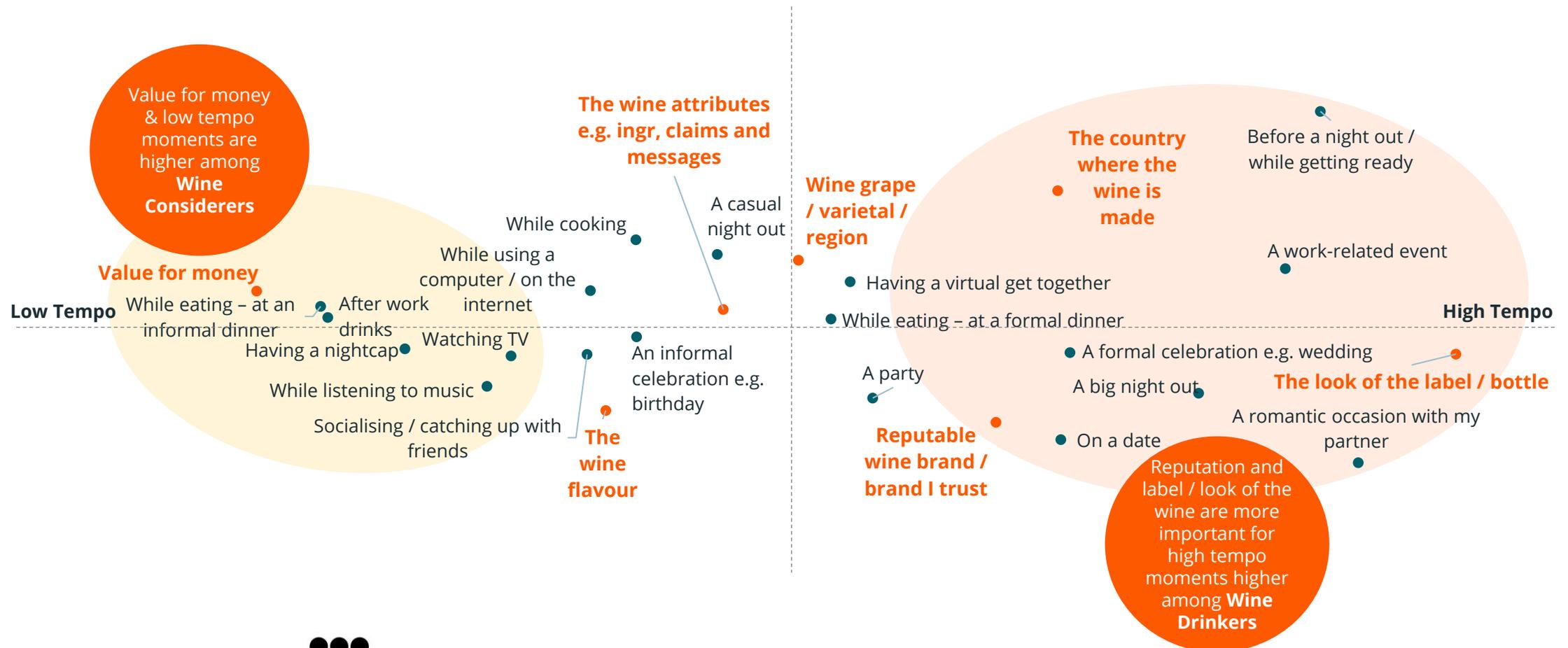
These may differ depending on the occasion (see next two slides)



Source: Validation. W4d-f. What is most important to you when selecting wine for [INSERT W4B CONSUMPTION MOMENT]? Please rank in order of importance, with '1' being the most important, '7' the least important. Base: Wine Drinkers & Considerers, South Korea N=786. Sig testing at 95% Confidence Level versus each other. ▲▼

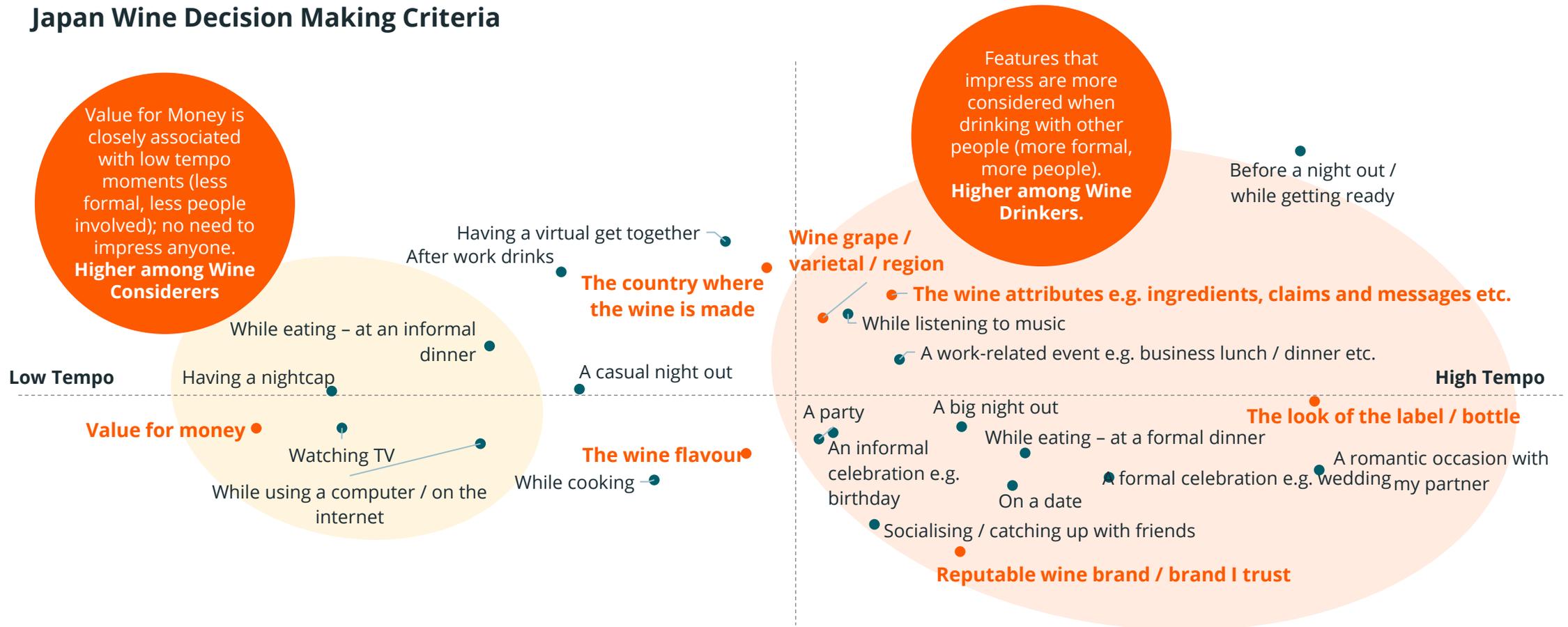
Value for money is key for low tempo moments; whereas the looks and reputation are important for high tempo

Korea Wine Decision Making Criteria



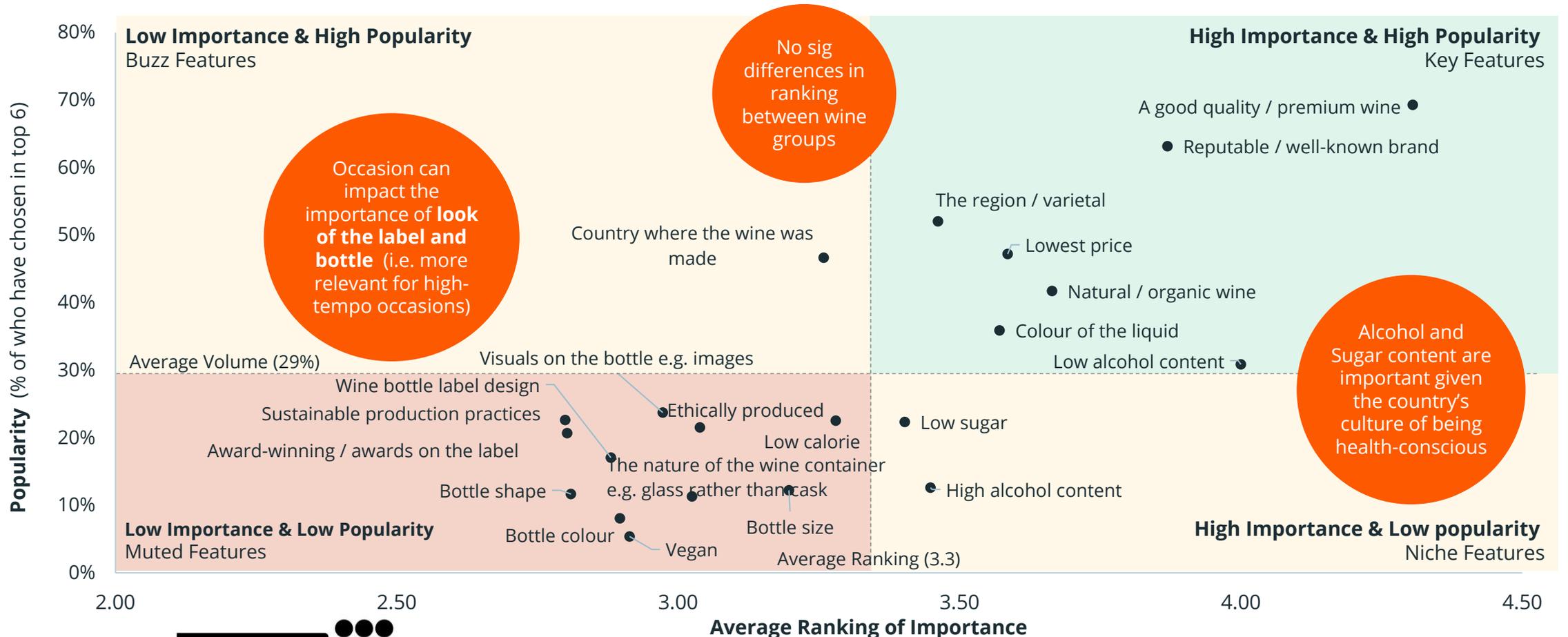
Similar to Korea, Japan's criteria for choosing wine depends on the consumption occasion

Japan Wine Decision Making Criteria



Showcasing Reputation, Quality, Region and Value are what Koreans are looking for

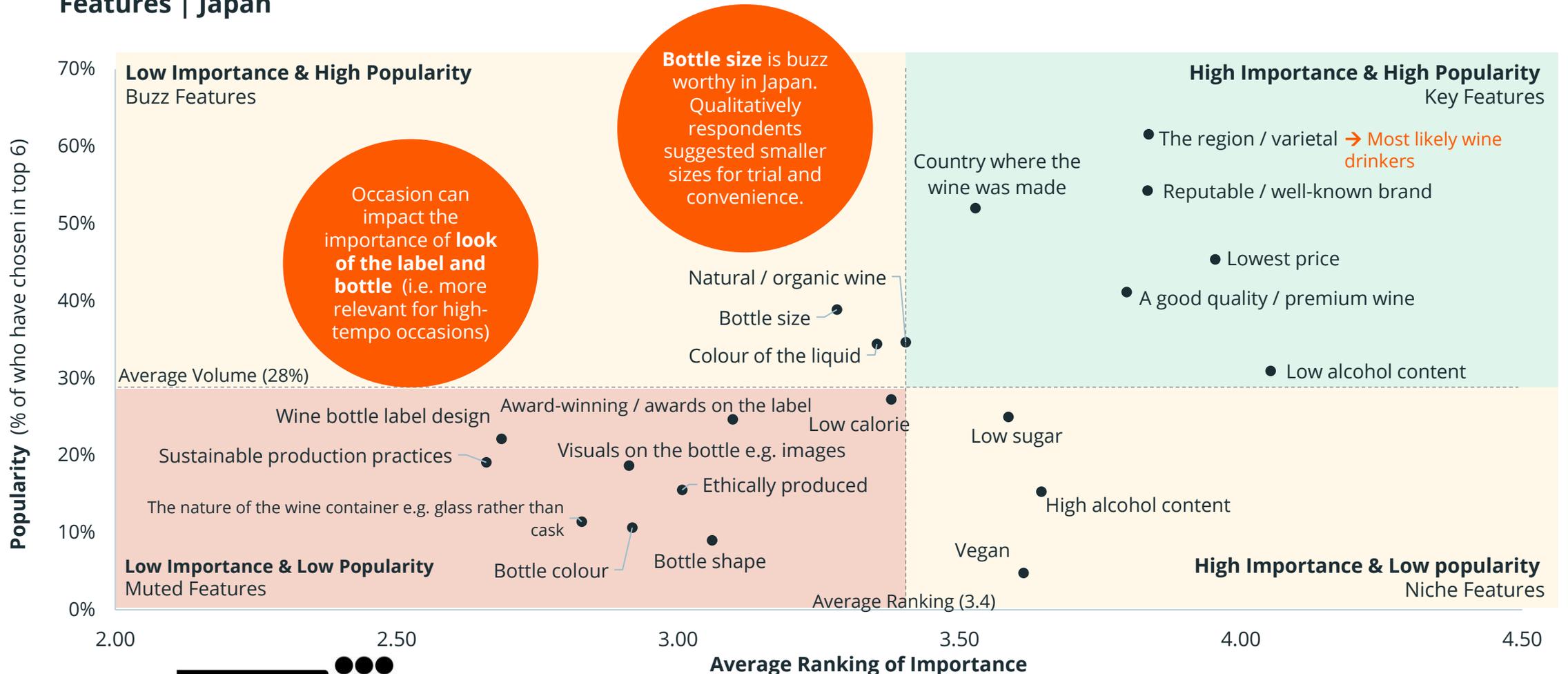
Features | South Korea



Source: Validation & Exploration. **P2.** Aside from wine that reflects your taste preference, which feature/s are important to you for wine? Please select your top 6 in order of importance. **Base:** Wine Drinkers/Considerers and Ever Consumed Wine, South Korea N=1,078

Country of origin / region is important, underpinning quality credentials. Price is a considered factor

Features | Japan



Source: Validation & Exploration. **P2.** Aside from wine that reflects your taste preference, which feature/s are important to you for wine? Please select your top 6 in order of importance. **Base:** Wine Drinkers/Considerers and Ever Consumed Wine, Japan N=921

These cultures have opposing flavour profiles

Cuisine Difference | Flavour Profiles



Rich & Spicy

South Koreans eat food rich with flavour, especially chili. The most common ingredients used are chili pepper paste (Gochujang), chili pepper flakes and sesame oil.

Popular dishes include: bibimbap, bulgogi, tteokbokki and banchan (popular side dishes of which one is the infamous kimchi)



Delicate & Precise

Japanese enjoy building the depth of flavour in their food, especially umami. There is a focus on cooking with precision to extract the most flavour from the produce; from the type of salt used and the angle you cut your vegetables on. This most common ingredients are salt, sweet, sour and bitter.

Popular dishes include: sushi, sashimi, yakitori, and ramen. Pickles and sour / bitter fruit are also very popular.

In Korea, is wine better used as a light palate cleanser or a drink that is rich just like their food?



Source: Discovery

Highlighting flavours that can easily complement food such as Light, Sweet, and Fruity encourages consumption

Taste Preferences | Korea Opportunity Spaces

Top 3

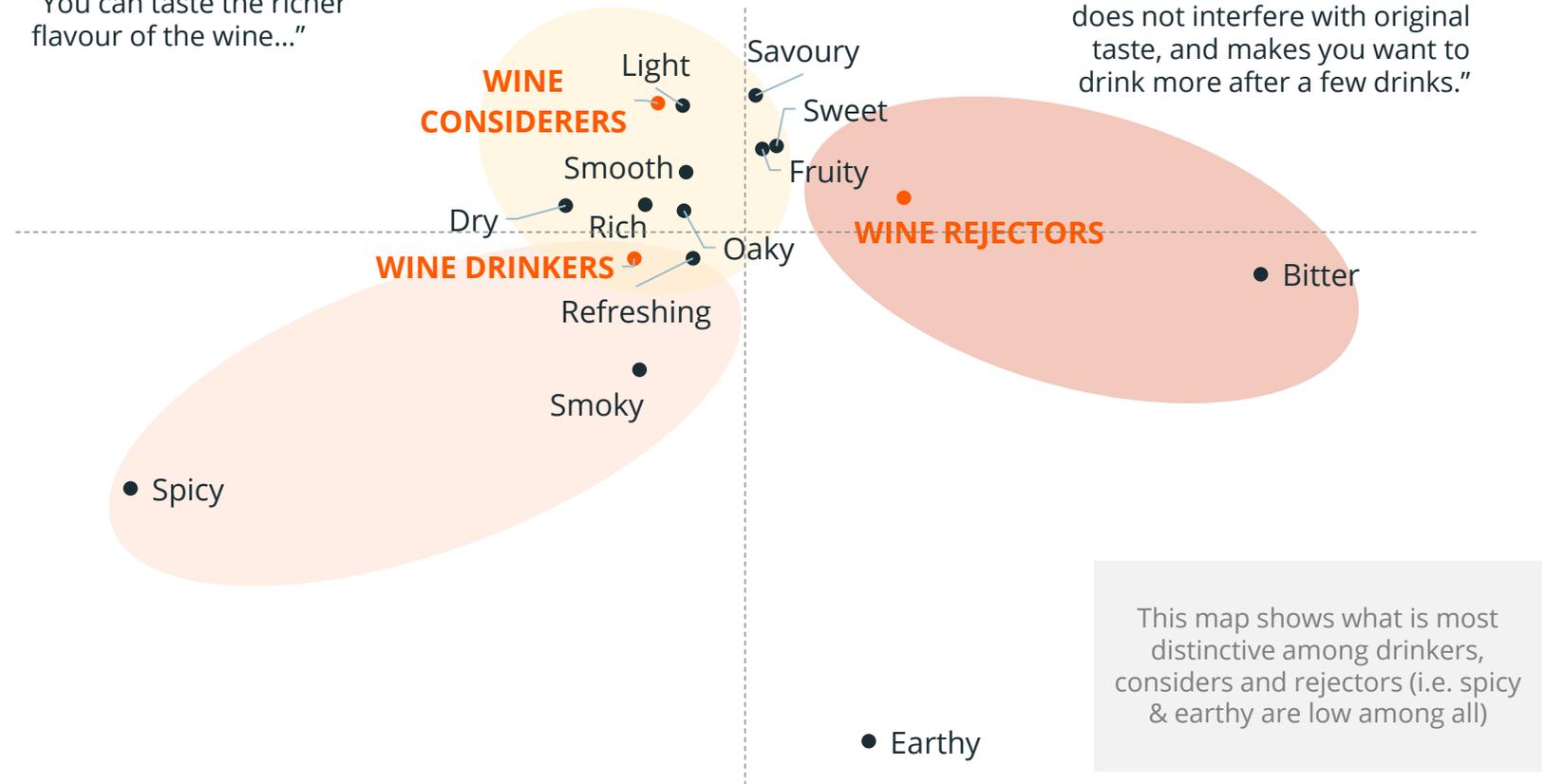
1st Place
Smooth 58%

2nd Place
Sweet 55%

3rd Place
Rich 47%

"You can taste the richer flavour of the wine..."

"Taste that harmonizes with food, does not interfere with original taste, and makes you want to drink more after a few drinks."



This map shows what is most distinctive among drinkers, considers and rejectors (i.e. spicy & earthy are low among all)



Source: Validation & Exploration. P1. How do / would you like wine to taste? Please select the words that best fit your taste preferences.
 Base: Wine Drinkers/Considerers and Ever Consumed Wine, South Korea N=1,078; Wine Drinkers N=597, Wine Considerers N=189, Wine Rejectors N=292
 Corr Map: Dim 1: 82.7% Dim 2: 17.3% = 100% Explained

Easy to drink and refreshing flavours can encourage (more) wine consumption in Japan

Taste Preferences | Japan Opportunity spaces

Top 3

1st Place
Fruity 59%

2nd Place
Sweet 40%

3rd Place
Refreshing 35%

"Searching for wine can be a problem. I don't remember the name. I like wine with less bitterness, so I wonder if I can put in words like that."

•Oaky
• Bitter

• Smoky

• Spicy

• Earthy

"If it's light and easy to drink, it won't cause stress and you will feel refreshed. Also, I like wine that has a lighter taste because it tastes better"

WINE CONSIDERERS

• Sweet

• Smooth

• Light • Fruity

WINE REJECTORS

WINE DRINKERS

• Savoury

• Rich

• Dry

• Refreshing

This map shows what is most distinctive among drinkers, considers and rejectors (i.e. bitter, smokey and savory is low among all)

Note: fruity in Japan is not only the conventional sweet and refreshing fruits. They also enjoy a variety of sour fruits too.

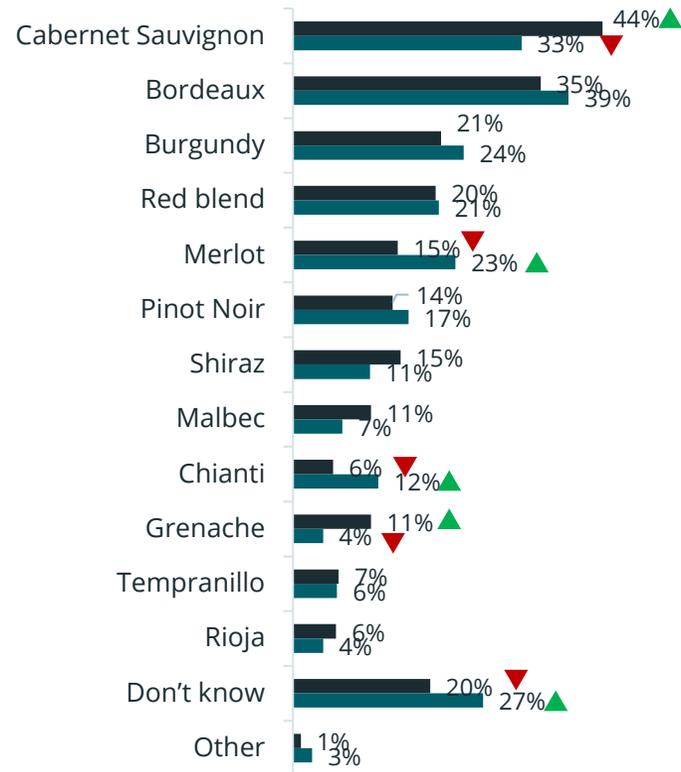


Source: Validation & Exploration. P1. How do / would you like wine to taste? Please select the words that best fit your taste preferences.
Base: Wine Drinkers/Considerers and Ever Consumed Wine, Japan N=921; Wine Drinkers N=523, Wine Considerers N=133, Wine Rejectors N=265 Corr
Map: Dim 1: 86.9% Dim 2: 13.1% = 100% Explained

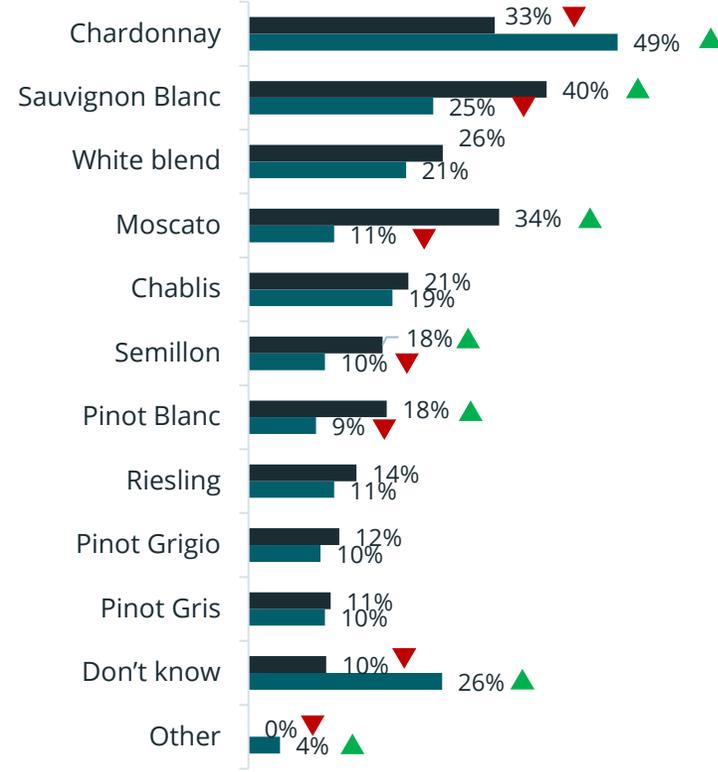
Wine preferences marry up with flavour preferences in both Japan and South Korea

Wine Type Consumed

Red Varietals



White Varietals



Japanese prefer chardonnay for its fruity (white) & chianti (red) – both oaked with fruity notes

South Koreans prefer sweeter wines such as Moscato & Grenache

■ South Korea (n=260)

■ Japan (n=254)

■ South Korea (n=173)

■ Japan (n=166)



Source: Validation. W3a. Thinking of the red wine you have consumed in the past month, what were the grape / varietals / regions? W3b. Thinking of the white wine you have consumed in the past month, what were the grape / varietals / regions?

Base: Those who consumed red or white wine in the past month (bases as above) Sig testing at 95% Confidence Level versus each other. ▲ ▼



Motivators & Barriers

There is an appetite to learn more about wine in both countries - especially in South Korea

Wine Attitudes (T2B)

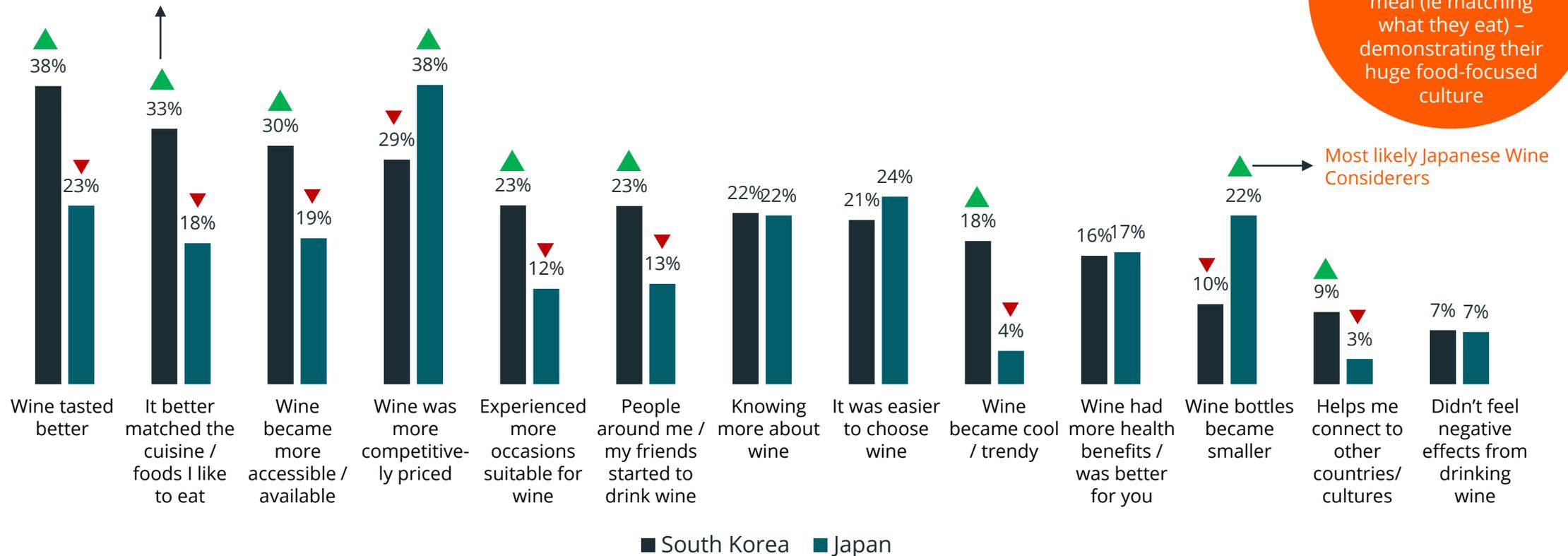


Source: Validation. **W4** To what extent do you agree or disagree with the following statements about wine **Base:** Total Sample, South Korea N=1,118 Japan N=962. Sig testing at 95% Confidence Level versus each other. ▲ ▼

Taste, pairings & access are the strongest motivators for Koreans; Price is key for Japanese

Wine Drinking Motivators

"Have a charm that can be enjoyed even with simple side dishes." – South Korea



Koreans place a stronger consideration on flavour balance between wine and meal (ie matching what they eat) – demonstrating their huge food-focused culture



Source: Exploration & Validation. W6. What would encourage you to drink wine? / What would encourage you to drink wine more often?
 Base: South Korea N=1,118, Japan N=962. Sigtesting at 95% Confidence Level versus each other ▲▼
 None of these (SK=5%, JAP=11%) and Others (SK=1%, JAP=3%)

Lack of familiarity is the biggest barrier to drinking (more) wine. This is where education plays a role

Wine Drinking Barriers

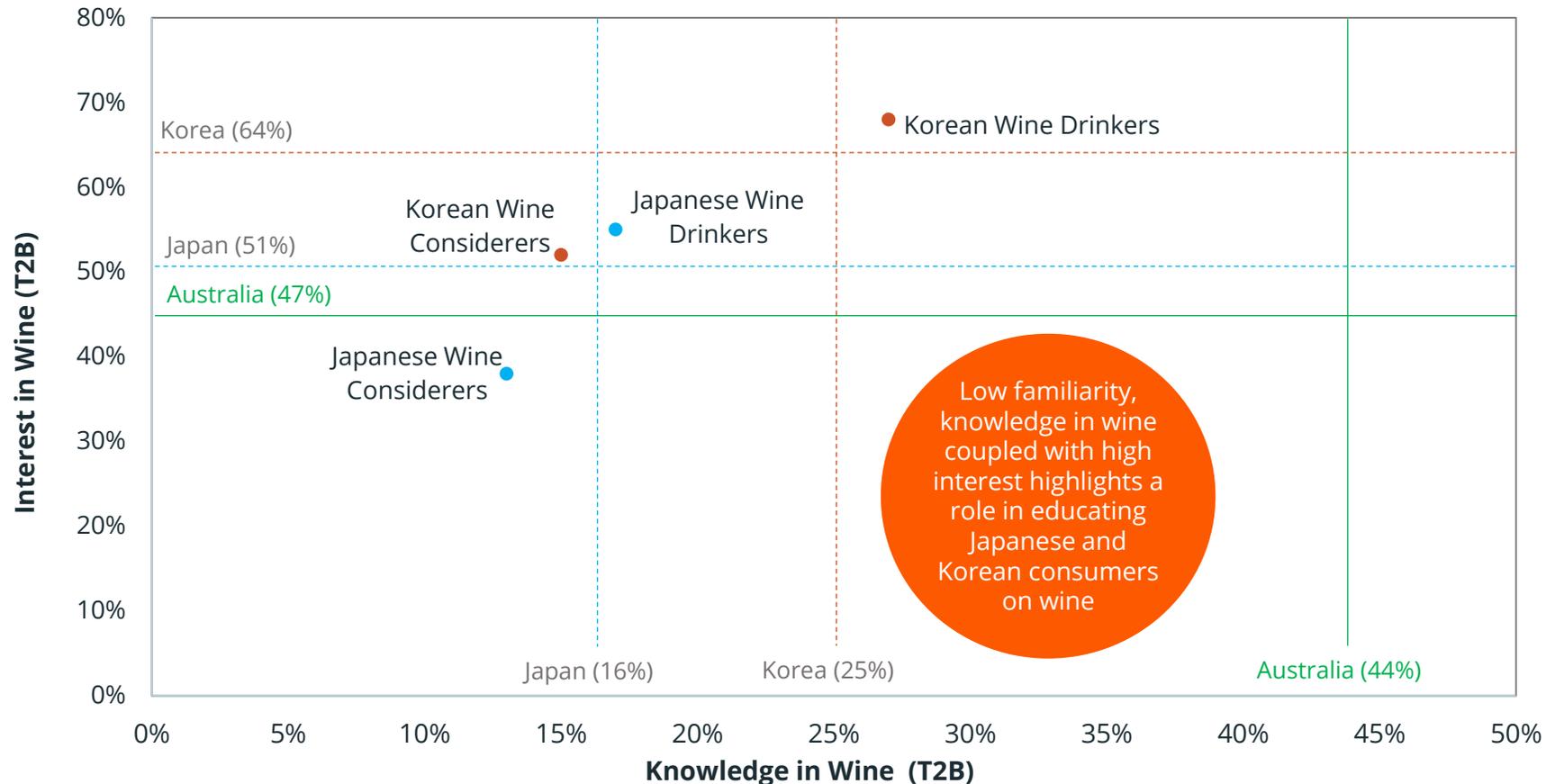
“The biggest thing is that I'm not familiar with wine and I don't know much about it.” – South Korea



Source: Exploration & Validation. W5. What are the reasons you don't currently drink wine? / What are the reasons you don't drink wine more often?
 Base: South Korea N=1,118, Japan N=962. Sigtesting at 95% Confidence Level versus each other ▲▼
 Results less than 5% for both countries removed from analysis

Educating emerging markets (Korea & Japan) on wine is critical (there's low knowledge, but high interest)

Wine Interest x Knowledge



"The more you drink with knowledge about wine, the more you can enjoy it." – South Korea

"There are many kinds of wine, and they have various tastes, and they are delicious, so I am very interested in them." – Japan



Source: Discovery, Exploration & Validation. Australia Wine Intelligence Nov 2021. **W4.** To what extent do you agree or disagree with the following statements about wine? **Base:** Wine Non-rejectors, South Korea N=786, Japan N=656; Australian regular wine drinkers N=1,000.

S i



Thank You!



Appendix: Cultural context

Hierarchy and seniority matters in East Asia

Age Matters

Age determines how someone is to be treated. Therefore, it is commonplace to ask how old someone is.

- **Age Suffix:** Is used everyday when addressing or speaking to someone. For example in Korea: there is a suffix for older brother (oppa or hyung) and sister (onni or nuna) and in Japan they have generic older (san) and younger (chan) suffix.
- **Formal Tense:** It is also commonplace to speak formally to those older than you (even if it is a year) and casually to your peers and below.
- **Order effect:** If you are older you are entitled to go first (i.e., first to be served a drink, first to order their meal in a restaurant etc)



This hierarchical work culture is prevalent in both South Korea and Japan

Position & Status

In the corporate world, hierarchy plays a strong role. It governs how an employee interacts with others and how they expect others to interact with them (i.e. high positions expect to be treated like VIPs).

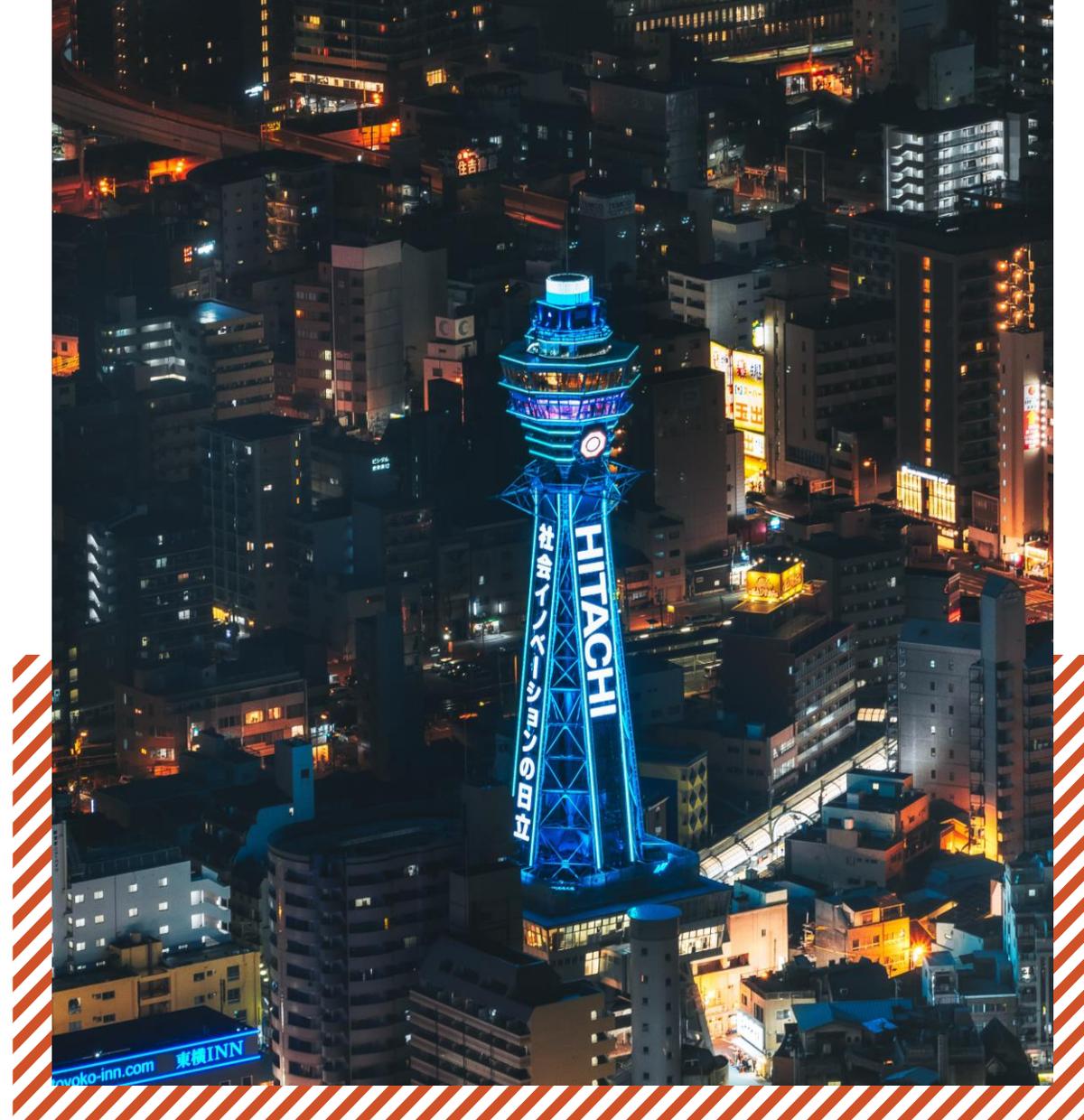
Thereby after work drinking occasion play a strong role in breaking down these formalities and bonding the team. To the point that senior team members put pressure on subordinates to attend.

Small households calls for creative storage solutions

Living spaces in both Japan and South Korea are small

- In Japan, the average size of a dwelling is 93sqm
- In South Korea, close to half (47%) of South Koreans living in apartments vs 10% of Australians

This has implications for storing alcohol at home. It either needs to fit into spare tight spaces or be bought to consume straight away



In Japan, at home storage is in boxes or spare spaces in fridges



Cans are easier to stack and store



Tucked into spare spaces in fridge



Similarly, in Korea drinks are stored in spare spaces



Cans are great to fit into tight spaces - can wine be sold in cans?

Cans & soju stored in the door of the fridge



A collection of French wine was bought to share with friends



Wine bottles in boxes

