Winery Engineering Conference

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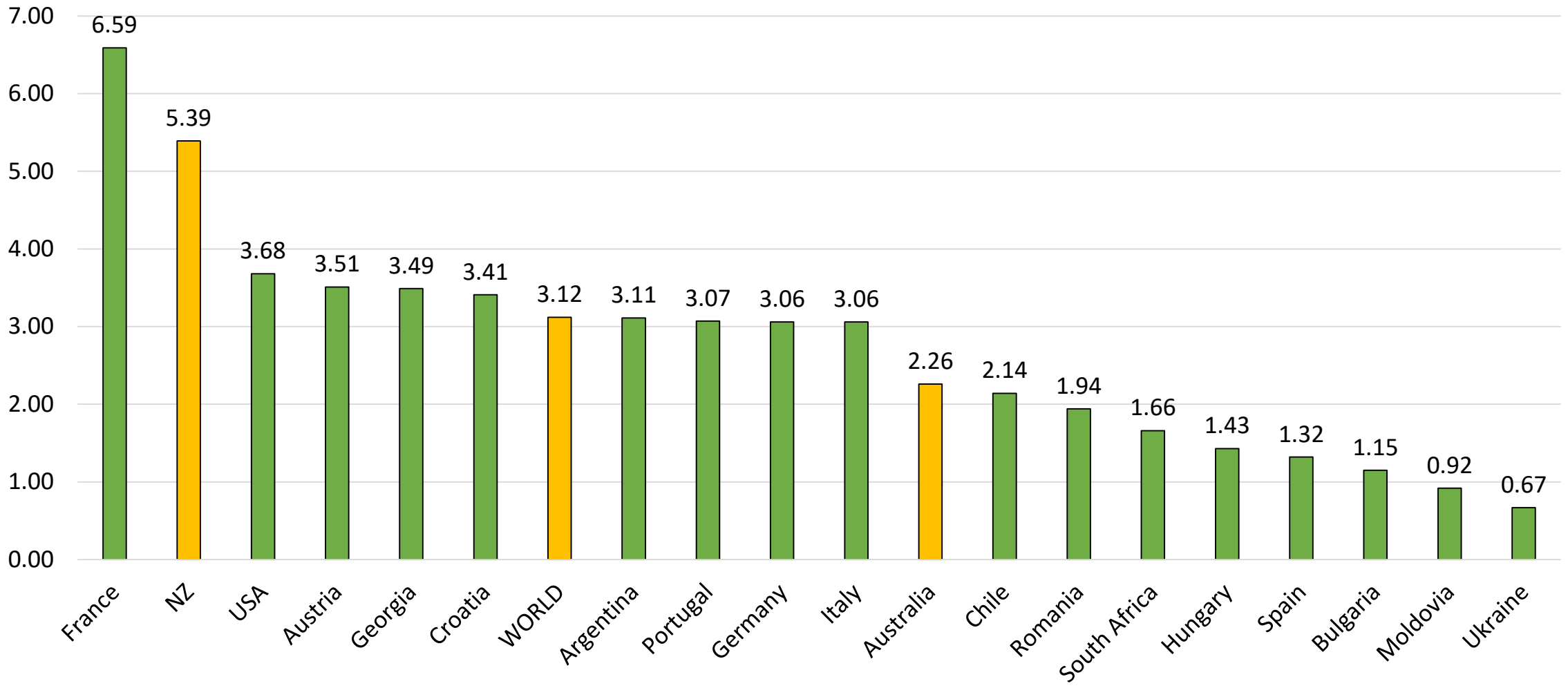
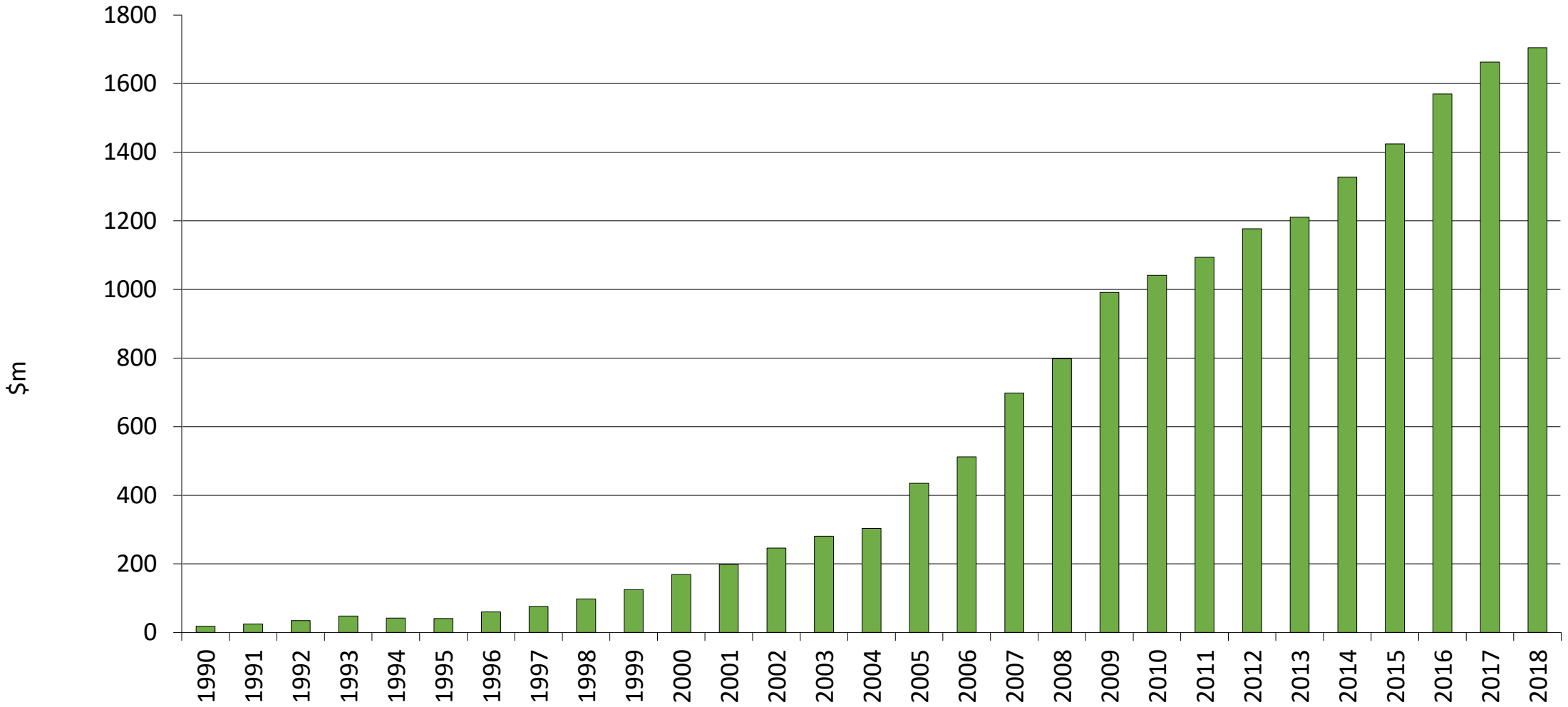
NEW ZEALAND WINE
PURE DISCOVERY

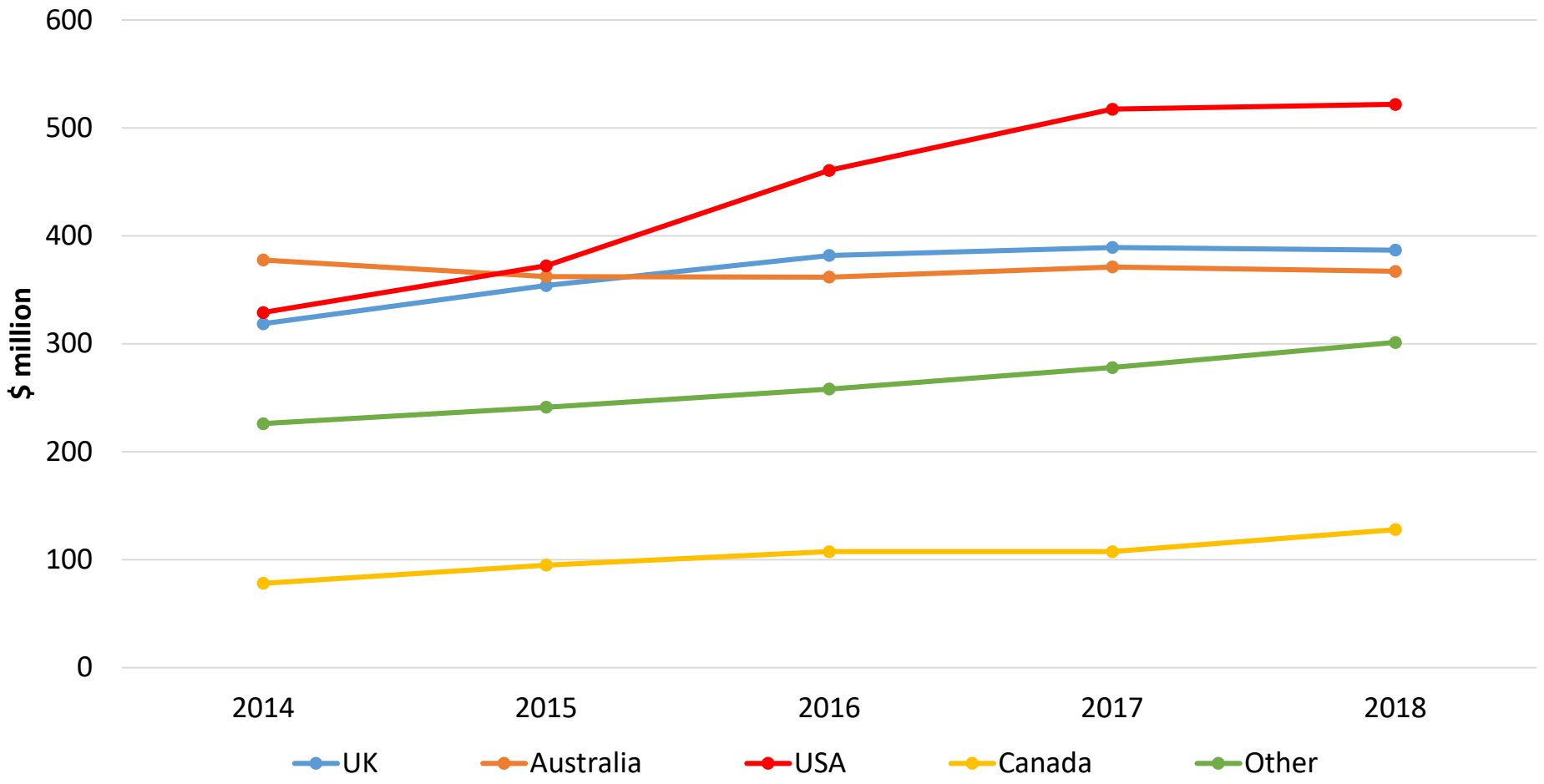
Reputation: Wine exports: $US/litre - 2014-2016



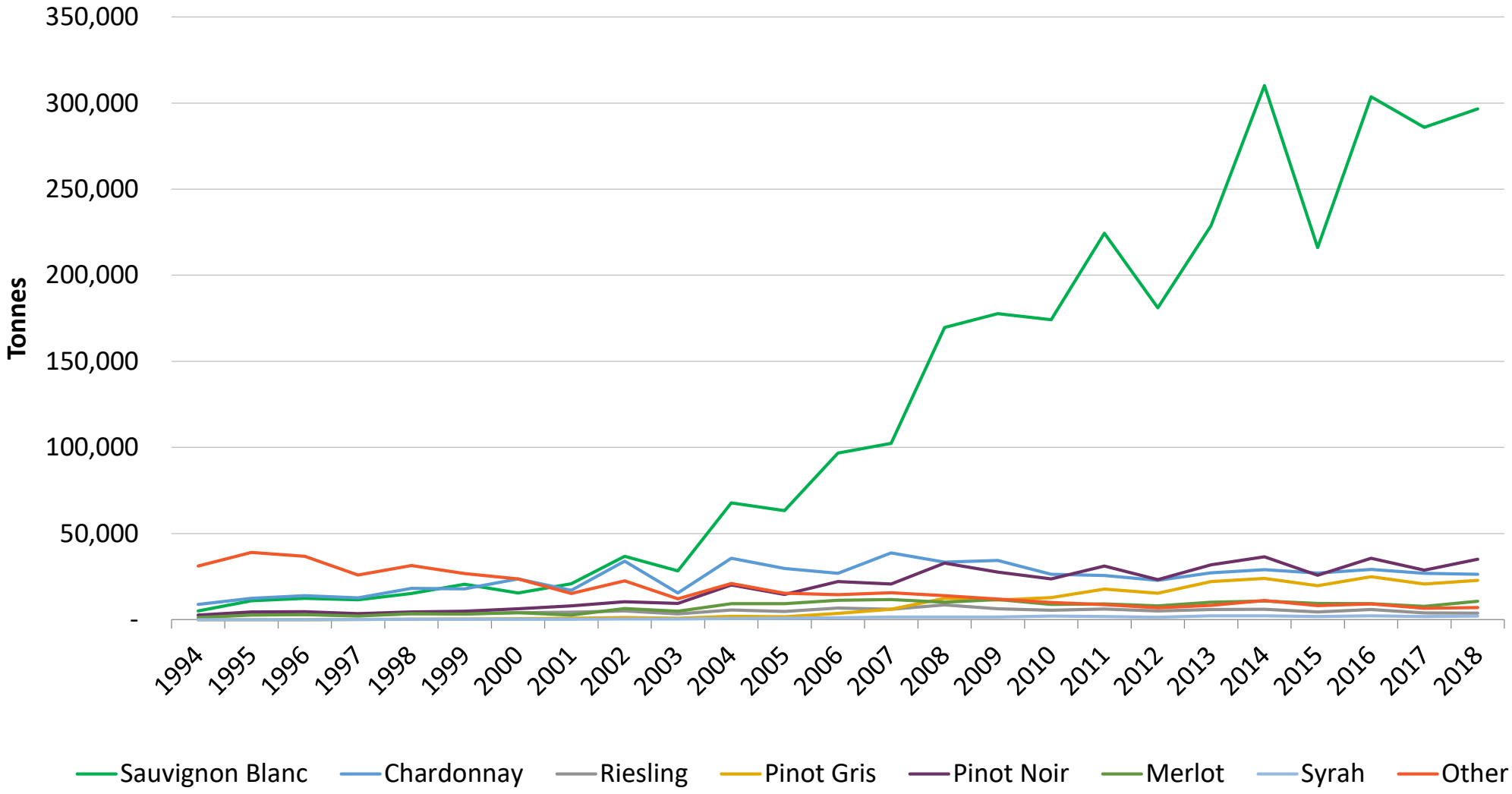
Rising export sales



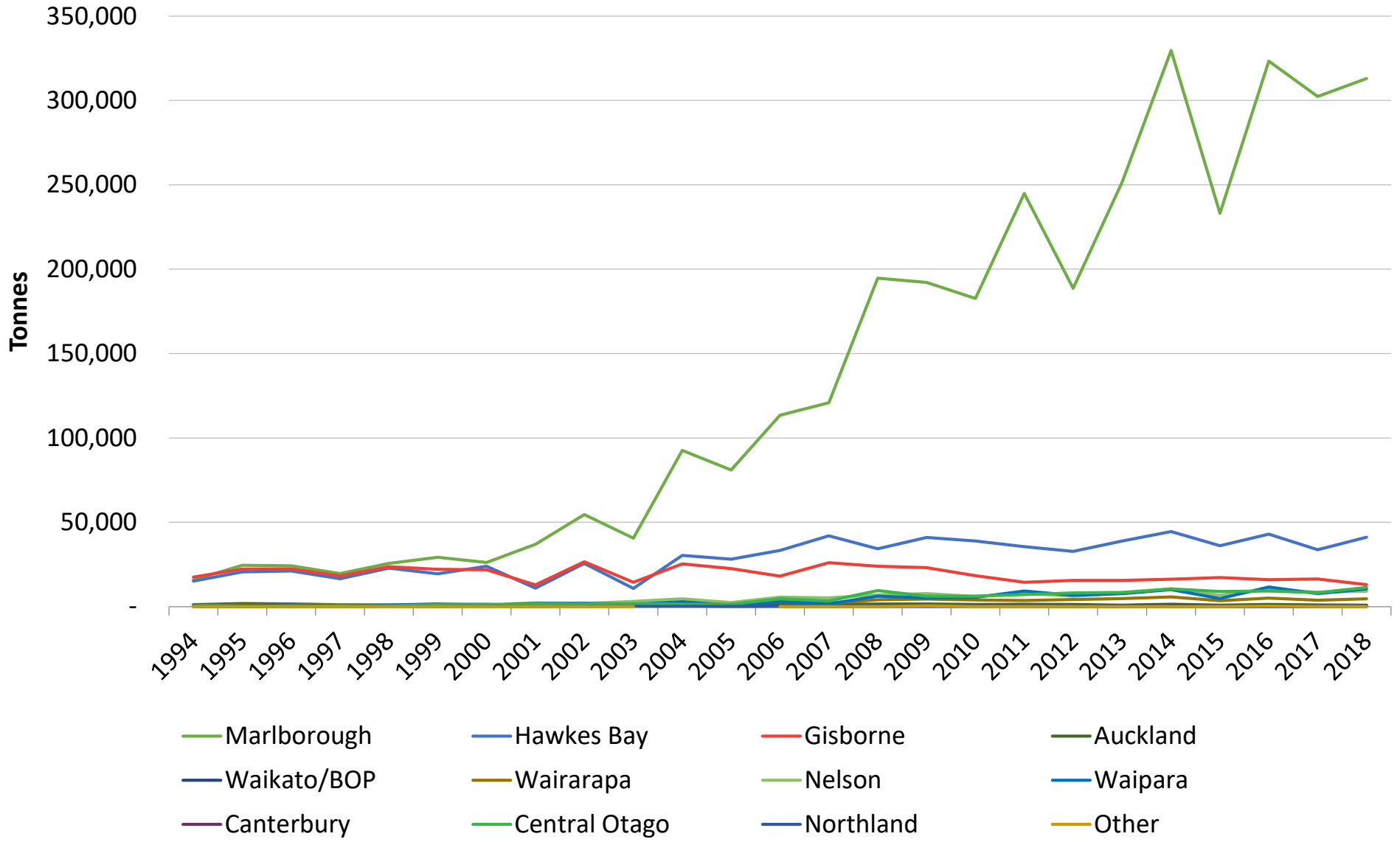
Key market growth



Increasing Sauvignon Blanc production



Marlborough now dominates



Progress to date …

Issue	1981	2018
Reputation	Domestic only International low quality unrecognised	High quality Globally successful Cool climate Niche producer
Globally Competitive	No	Yes in target segments
Point of Difference	None	Our Reputation – the wines can only come from NZ
Markets	NZ	NZ, UK, Australia, USA, Canada
Regions	NI dominant	Marlborough dominant
Vineyard Area	2,600 ha	Approaching 40,000 ha Constrained in Marlborough
Varieties	Muller Thurgau	Sauvignon Blanc, Pinot Noir Pinot Gris

Progress to date …

Issue	1981	2018
Aspiration/focus	Protect domestic market	Grow high value global markets
Importance to NZ	Little	$1,700,000,000 of exports Reputation builder 6th largest export good Tourism
Risk	Agricultural Regulatory risk (inc tariff reduction) in domestic market Access to consumers Inflation Australia (lower cost producer)	Damage to Reputation Regional focus on Marlborough Varietal focus on Sauvignon Blanc Anti-alcohol sentiment Climate change Anti-trade sentiment
Opportunity/The Big Issues	Identify point of difference Grow quality Build a Reputation	Invest in quality & reputation Sustainability Expansion beyond Marlborough Lower alcohol Growth beyond traditional markets

General thoughts on the future

- It is very difficult to be recognised as world's leading … we are with Sauvignon Blanc.
- NZ wine export success reflects our reputation for distinctiveness, quality, sustainability etc.
- We need to ensure that whatever we do in our vineyards, wineries and markets invests in and builds on that reputation.
- Growth will be led by North America over the next 5 years. After that Asia will become an important driver of growth.
- Domestically wine tourism is increasingly important – it needs to be a personal experience
- Marlborough Sauvignon Blanc will continue to be the engine of growth for at least the next 5 years.

Some general thoughts on the future ….

- But exports of Pinot Noir, Pinot Gris and Rose already exceed $250 m and seem set to grow further.
- There are also opportunities with other styles eg Syrah, Chardonnay etc – time is needed to build our reputation.
- Medium term, Marlborough is rapidly running out of land … that will generate some interesting challenges/opportunities for the industry going forward.

Issues for wineries

Issue	Aspect	Matters to consider
Earthquakes	Alpine Fault, 30% chance in 50 yrs Hikurangi subduction zone Other fault risks eg Hope, Wairarapa etc	Insurer willingness to cover Design issues Staff health & safety Concentration risk in Marlborough Bottling & storage location
Climate change	Energy sources CO2 emissions from fermentation	Alternative renewable sources & storage of energy ETS, taxation, regulation CO2 capture & storage Bottling location Packaging type/format
Water	Quantity	Competition & limitations on use Capture, storage & re-use Climate change impact on supply Environmental taxes ? Treaty of Waitangi ?

Issues for wineries

Issue	Aspect	Matters to consider
Water	Quality	Waste water standards will get higher Environmental taxes ? Treaty of Waitangi ?
Marc	Disposal/use	Needs to be treated as a resource not as waste Odour, contamination of ground water are significant issues
Labour	Availability & cost	Cost will increase, availability may decrease Diversity increasingly important Technology to lift productivity Regulation will make low skill roles increasingly expensive Health & safety The rise of millennials

Issues for wineries

Issue	Aspect	Matters to consider
Sustainability	Accreditation	Not if but to what level ? More than just about the environment Critical to our consumers
Traceability & transparency	Food safety/integrity/authenticity	Increasing regulation is inevitable Block chain For consumers, retailers, importers etc it will be about their brand/reputation – an absolute right to know Social media
Wine Tourism	Making it a personal real experience	Design needs to reflect the growing importance of tourism Both a marketing & a sales activity.

Concluding thoughts

- The NZ wine industry is at a very exciting phase in its development.
- NZ wine export success reflects our reputation for distinctiveness, quality, sustainability etc.
- We need to ensure that whatever we do in our vineyards, wineries and markets invests in and builds on that reputation.
- Some issues are going to become far more important over the next few years … reflecting the enormous pressure massive population growth is placing on global resources.
- That makes issues around sustainability - both as a production driver and a consumer driver – ever more important.
- We are in a great place to capitalise on these trends … its just up to us to turn them to our advantage.