

# Changing face of retail presents opportunity for the wine trade

Embrace the chaos brought by the mobile phone-fueled digital age and look to Portugal for a road map to success in the USA. Those were the clear messages from New York wine importer Cape Classics at a gathering of the South African wine industry hosted at Glenelly Estate in Stellenbosch.



Rob Bradshaw

Cape Classics president and COO Rob Bradshaw, speaking to some of South Africa's leading wine producers at the 15th annual "state of the industry" address, said the ever-growing trend is to use mobile phone apps to buy food and alcohol, and this new digital fueled economy is disrupting traditional retail models in the USA.

"It is the changing face of retail; using an app on my phone to have goods delivered to my home. People are not going anywhere anymore, they are having everything brought to them – Uber Eats brings you your dinner and Drizly brings the wine," says Bradshaw.

The use of digital platforms like Uber Eats, Blue Apron, Amazon Prime Fresh and Drizly are putting independent wine shops under threat and many restaurants are going out of business or turning into commercial kitchens which make food for delivery only.

"The restaurant industry is heading for mass closures – studies show the US has 40-50% too many restaurants. This is a risk to us, because restaurants traditionally do lots of wine business," says Bradshaw. "Independent wine stores which were more likely to stock our wines are also in trouble. The landscape is changing. Wine is being sold direct to the consumer via a screen, no longer being hand sold."

The scenario is chaotic, but represents a huge opportunity for South African wine, as it gets the decision blockers out of the way. "The barriers between you and the end consumer are disappearing," says Bradshaw.

## Digital retail investment

Cape Classics says it is investing significant marketing money into digital retail platforms. "We have to be there. To ensure the brands we represent in the US are ahead of the curve," he says.

So it is critically important that SA wine producers are alive on their digital platforms like Instagram, Pinterest, Twitter, Facebook, or their own app. "This is how to make noise and remember this new digital age is all about hieroglyphics, not words. So get onto Instagram as you South African winemakers live in Photographic Utopia," says Bradshaw.

Despite the technological upheaval rocking the industry, the past year has seen an 8% increase in South African wine sales in the USA, and in terms of the number of 90 plus point scores from respected wine media, the scenario has never looked better ... on paper.

"But our main focus, the consumer, still doesn't know who we are. Sommeliers, media and wine buyers are not the challenge – we've got to educate and inspire the consumer," said Bradshaw.



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## Experiential activations

In the effort to up consumer appeal, Cape Classics has evolved the way it markets South African wine. It is now all about experiences, rather than formal portfolio tastings at hotels, restaurants or trade shows. These include hosting a hearty South Africa style braai in New York at Citi Field baseball stadium. “This was experiential, fun and memorable – a wine portfolio show masquerading as a party,” explains Bradshaw.

To target the luxury wine consumer market, the company also had activations with leading CEOs at the Conscious Capitalism Summit and partnered with the foundation of legendary New England Patriots football team coach Bill Belichick, for an event where everyone in attendance got to leave with a Magnum of high performing South African luxury brand De Toren Fusion V.

According to Cape Classics, these activations not only capture the imagination of those who attend, but also create ‘Instagrammable moments’, easily allowing participants to share these memorable experiences on social media platforms. However, if South Africa really wants to generate tidal waves in the USA it is going to take a multi-pronged Government-financed effort.

## Taking cues from Portugal

“With the backing of the European Union and its national airline TAP, Portugal hurled money at a campaign saying Portugal is *cool*! By highlighting everything from their beaches to their chefs and wines, they went from a very small base to 2 million cases per year,” says Bradshaw. “A Portuguese still wine is now a Top 3 sku at Wegmans (a privately owned supermarket chain with 95 stores in 6 states, and sales of \$8.3 billion in 2016) which was unthinkable five years ago.”

Because the wine industry is a big employer and tourist attraction, as well as a significant contributor to the country’s GDP, Cape Classics says the South African Government needs to step up and back a coordinated plan drawing on the combined strengths of the wine, tourism and the country’s exceptional food culture.

“Portugal has provided the roadmap, and is no match for South Africa in terms of natural beauty, wildlife, culture, wine and food,” says Bradshaw. “For example, we recently took some of the world’s most wine and dine wine retailers, distributors and buyers to La Colombe. These buyers and distributor executives travel to Burgundy, Bordeaux, *everywhere* and are no strangers to Michelin Stars, but La Colombe blew their minds. Now we need help to multiply that experience and ‘wow’ factor by the thousands, to get that tidal wave really rolling.”

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