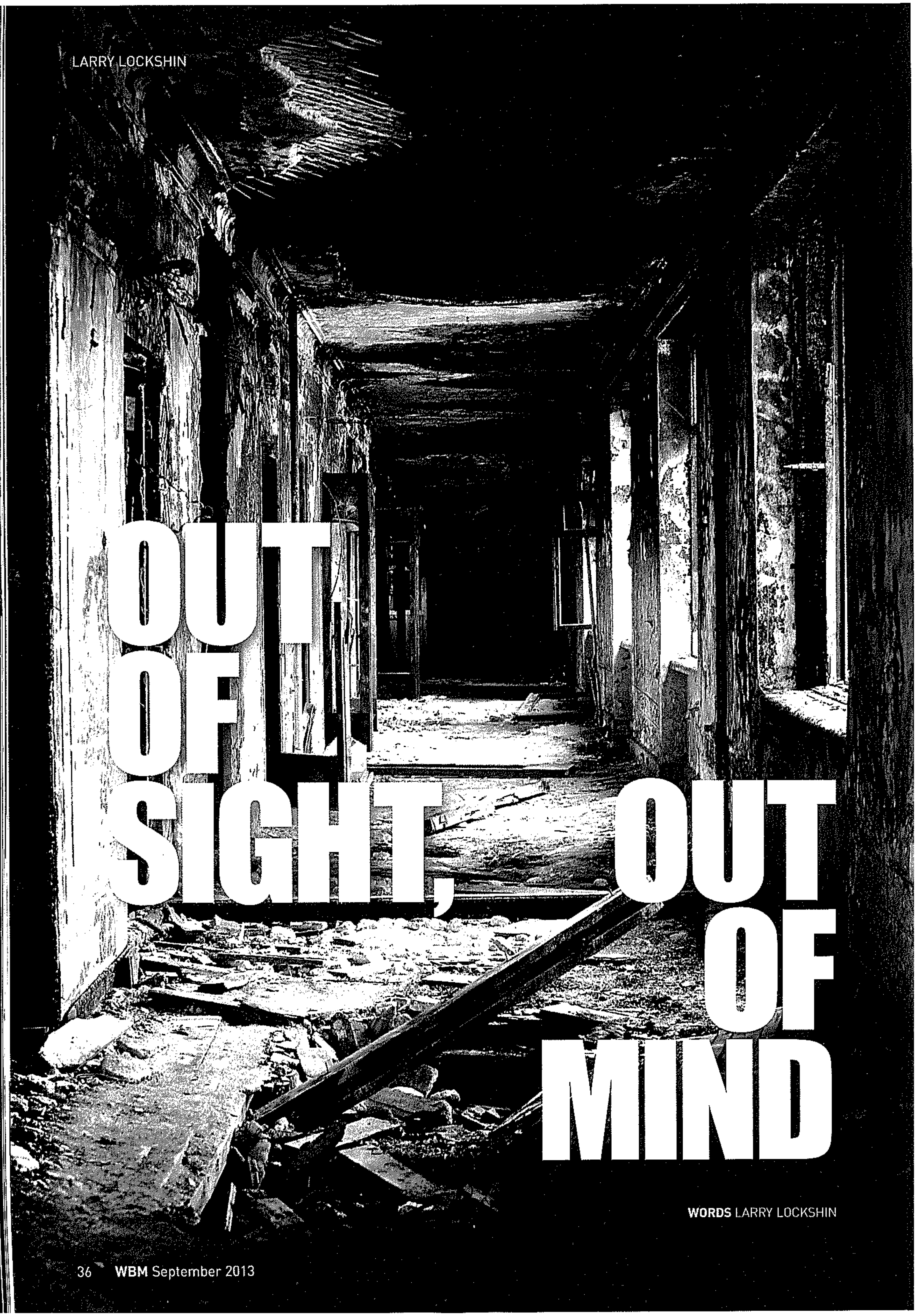

# OUT OF SIGHT, OUT OF MIND

**WORDS** LARRY LOCKSHIN

## Marketing guru Larry Lockshin argues that increasing the number of outlets where your wine is sold will increase sales over time.

Much of marketing is concerned with gaining awareness. Advertising, packaging, events and sponsorships are all focused on bringing the product (wine) to the attention of potential buyers. In our research institute, we call this *mental availability*. We also use the term *salience*, which is a measure of how often the product comes to mind in a purchase situation.

We know consumers don't think very much or very deeply about brands or products; in their lives there are a lot more important things to think about. So, we are not too concerned with building complex memories, but just creating a link between awareness (I have seen this before) and a buying situation (I need a nice wine to drink tonight with my friends). This salience increases the probability that someone will buy your wine. We use the word *nudge* to indicate the small positive effect good marketing can have. If you increase the probability even a tiny bit across many consumers, your sales will increase.

However, the above assumes the product is available at the time and place of purchase. We call this *physical availability*. Nothing can be sold unless it is available. It sounds simple, but every winery struggles with the decisions surrounding availability. Only the largest wineries can consider being available in most wine stores. When we studied the US wine market for our GWRDC project several years ago, we got data from ACNielsen on sales of red wines in two areas: Chicago and Tampa/NW Florida. We modelled our choice experiments to try and predict the known market shares of actual market sales, but our predictions were not that accurate based solely on simulated choices. Once we took into account a variable ACNielsen provided, 'availability', our predictions were very accurate. We basically found that market share/sales correlated highly with the number of stores where the wine was available, and this was true whether the wine was $8 or $25.

Of course it is impossible and not profitable for medium and smaller wineries to aim for such wide availability, especially in major supermarkets and discount stores in the US, or the equivalent in other markets. But it is also not profitable to restrict availability under some idea of exclusivity or rareness to get buyers to search for it. The reality is that very few wines are well known enough to generate such search. For most wineries, increasing the places the wine is available will increase sales as well as help build mental availability.

I just read Philip White's blog about Dan Murphy's buyers meeting Barossa wineries to learn more about the smaller ones and perhaps put more of these on the shelf (http://m.indaily.com.au/food-and-wine/2013/08/06/miles-of-aisles-of-cheap-wine/). White decries the reach of Woolworths (which owns Dan Murphy's) from production to retail and says that selling wine through them merely profits Woolworths and not the small producer. Two small producers are quoted in the article as being positive about the opportunity to sell wine through Dan Murphy's and are not negative like White.

I am with the small producers. There are issues of pricing when selling through large retail chains. One issue is the price paid to the producer, which can be low without strong negotiating skills. The second is the price charged on the shelf, which is often much lower than the winery sells the wine for, and is not controllable by the producer at all. I attended a session at the Australian Wine Industry Technical Conference where the folks from Fowles Wines discussed their brand, Ladies Who Shoot Their Lunch, and showed how they built the brand and sold it through independent retailers and restaurants at first. They turned down Dan Murphy's offers to sell the wines several times over a few years until production could be built, and finally agreed, but at a price *higher* than the price they sell to the independents. Not everyone will be able to build such a strong brand, but it is possible with a good brand story and good wine in the bottle.

My main point is that being available in more places is better than being available in fewer places. These include retail stores, restaurants, online, as well as the winery's own direct outlets like cellar door, mailing lists and website. People are habitual. They tend to shop the same stores and same online outlets. Research shows the average household (not individual) visits 1.2 book websites, 1.3 music websites and 1.8 travel websites in a typical active month. If people go shopping in the same places, whether physically or online, they will tend to see the same products. The only way to get more buyers is to get in front of more buyers by increasing physical availability. Dan Murphy's (and other large retailers) have lots of traffic, far more than independent wine shops. I am not suggesting that all small and medium wineries go begging to large retailers to stock them at any price, only that increasing the number of outlets where your wine is sold will increase sales over time.

Wineries may prefer to pursue a strategy of being in independent liquor stores or on-premise in certain types/price ranges of restaurants. My contention is that more is better than fewer. Of course there is a limit to the availability of both wine and the time to gain and manage wider distribution. Every producer has to consider these constraints when planning his/her marketing strategy, but purposely limiting physical availability will not only limit sales, but also limit the ability to grow mental availability and awareness. The two go hand in hand. ■

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