



# **FY 2020-2021 MARKET STRATEGY & PROMOTION PLAN**

*MEXICO MARKET*

*MAY 6, 2020. ADRIANA CADENA MEXICO REPRESENTATIVE*

# MARKET OVERVIEW



## *MEXICO*

- Mexico's wine consuming grew 22% over the last four years.
- 70% of the wines consumed in Mexico are imported.
- USA stands in 6<sup>th</sup> place of wine importation in Mexico, following Spain, Chile, Argentina, Italia and France.
- Mexico's export market for US Wines decreased 28.40% by value (2018-2019).
- Mexico is now on the spotlight regarding the commercial and politic relations with USA. As a consequence, we are experiencing some challenges to promote US products in Mexico.
- Subsidies for local wine reflected an increase of 12% consumption (2019).
- The age of wine consumers has gone down. 10 years ago the average age for wine drinkers was 35 years-65 years. Now (2019) the average age is 30 years- 50 years.
- STATE OF THE MARKET RIGHT NOW

# SWOT ANALYSIS



MEXICO			
STRENGTH	<ul style="list-style-type: none"> <li>- Wine consuming in Mexico has gone up 22%.</li> <li>- Imported wines take 70% of market share.</li> <li>- California Wines are perceived as guaranteed quality.</li> <li>- 60% of the wine consumed in Mexico is red wine.</li> </ul>	<ul style="list-style-type: none"> <li>- Import wine taxes from US to Mexico is 47%.</li> <li>- Mexico's export market for US Wines decreased 28.40% by value (2018-2019).                         <ul style="list-style-type: none"> <li>- Only 1.4% of wine consumers prefer rosé.</li> </ul> </li> <li>- California Wines are still considered expensive.                         <ul style="list-style-type: none"> <li>- Still a very small market.</li> <li>- lack of awareness of wine drinking.</li> </ul> </li> </ul>	WEAKNESS
OPPORTUNITY	<ul style="list-style-type: none"> <li>- The gastronomic scene in Mexico is very big and people now associate good food paired with good wine.</li> <li>- Mexico has been selected as "The Favorite tourist place to visit in 2019) by National Geographic.</li> <li>- Younger people (25-45 avrg. Age) are starting to drink wine and most of them have had some kind of educational interaction for wines.</li> <li>- Sommeliers say that younger people are more likely to take suggestions from them.</li> </ul>	<ul style="list-style-type: none"> <li>- Because of politics and changes in both governments (US &amp; Mexico) mexicans have boicottted consuming US products.                         <ul style="list-style-type: none"> <li>- Government subsidies for mexican winegrowers reflected a 12% increase in consumption.</li> </ul> </li> <li>- Devaluation from mexican peso to US dollar reflected an increase in pricing: \$3.74 USD per case.</li> </ul>	THREAT

# MARKET PERFORMANCE



## *Value – YTD Nov 2019*

- CA Total value in Mexico (2019): \$19,283,669
- % decrease from 2018: 28.40% decrease.
- (Gomberg Fredrickson Report, November 2019)

## *Volume – YTD Nov 2019*

- CA total Volume in Mexico (2019): \$5,567, 006
- % decrease from 2018: 30.35% decrease.
- (Gomberg Fredrickson Report, November 2019)

## *Market Share – YTD Nov 2019*

- 70% of wines consumed are imported.
- 7% of the total is from US.
- Spain (26%), Chile (19%), France (18%), Italy (16%), Argentina (8%).
- "ICEX Estudio de Mercado de Vino 2019
- Global Trade Atlas 2204

## *Image & Awareness –2019*

- California Wine has some price issues in Mexico.
- People relate CA wine to commercial, large format wines.
- "Wine Intelligence Landscapes"

## **Market Trends:**

- Mexican wine makers are growing very fast every year (12%).
- Wine drinking age has gone down in a significant way (25-45 yrs).
- Mexico's economy is considered "emerging" in wine consuming.
- Subsidies to the mexican winegrowers from the government reflect an increase in 12% of consuming local mexican wine.

# KEY INSIGHTS



## *MEXICO*

- Mexico is growing very fast in the wine consuming industry.
- As the country is growing in tourism business, foreigners who are used to drinking wine regularly are demanding product to be available on their vacations.
- Millennials are now drinking wine and demanding to know the brand beforehand.
- New generations demand good wines at a good price and the less commercial the better.
- The gastronomic scene in Mexico is on the spotlight world-wide and now people are demanding that the food be as amazing quality as the wines paired with it.

## **CONCLUSIONS:**

- People drinking wine now have more knowledge about it and are more interested in learning about different types and brands from all over the world.
- Wine is being related to food now and not necessarily has to be a pricey meal with a pricey food. People are now demanding good wine at good prices.
- In Mexico, wine from CA has a stigma about being a product from US and are now more reluctant to buy them and are choosing to buy local.



# STRATEGY-ON-A-PAGE



## Key Priorities:

- *Focus efforts in younger target markets who are willing to learn about CA wine.*
- *For existing markets, retain them by creating personalized experiences where they can become loyal to the region.*
- *Educate trade people in CA wines and give them tools to help consumers shift perception of not buying CA wine because of politics.*
- *Work hand-by-hand with importers to create brand loyalty to California.*

## Strategic Pillars & Objectives:

### Trade Education #1

*Increase trade knowledge (importers, sommeliers, chefs, bartenders) and appreciation for CA wines.*

### Consumer Engagement #2

*Create more opportunities and reasons to purchase & enjoy California wine. Shift perception of CA wines by one-of-a-kind experiences with the consumer.*

### Consumer Education #3

*Engage with consumer directly for educational purposes in order to educate about wines, shift perception of CA wines and push them to look for and purchase CA wines in Mexico.*

# NEW PROGRAM: CALIFORNIA WEEK



*Objective:* Promote, with different activities, wines from California, what California represents, increase sales and help new wineries find importation and representation in Mexico.

*Priorities:* Promotion, sales and education

*Program Description:*

In September 2021, we will have “California Wines Week” where different activities regarding California will take place.

- SommsWeek: different restaurants in the city will have special menus with wine pairings from California for the final consumer and also help importers enter different restaurants that do not have their wine labels in their wine lists.
- California House: during California Week, we will have a venue for holding different activities in the “house”. For three days, we will have activities like:
  - small tasting for “new to market” wineries looking for representation.
  - seminar for wine professionals to experience different California Regions (ex: invite Sonoma County Vintners to present their wines).
  - Wineries “speed dating” for decision makers to try the wines and talk about them in order to do business and increase sales.
  - Small wine shop
  - dinners sponsored by USMEF with wine pairings by chefs and sommeliers.
  - “Tastings in the dark” wine tastings for sommeliers that work in the restaurant industry that get out of work late.
  - Seminars for bartenders to include wines and wine cocktails in their establishments.

# NEW PROGRAM: TRADE TEAM TRIP



*Objective:* Acknowledge California Wines, help increase sales, educate trade in California Wines.

*Priorities:* Education & increase sales

*Program Description:*

A group of top decision makers, chefs, sommeliers and restaurant owners will be invited to the trip of California to know and live closely the experience of wineries and vineyards. The guests will be carefully selected so that they can expand their wine lists and become California wines enthusiasts. The purpose of taking also decision makers chefs this year is because here in Mexico the gastronomic social scene is very big and important and definitely a boom that we should take advantage of.



# NEW PROGRAM: GRAND TASTING BY CWI



*Objective:* increase sales in the mexican market.

*Priorities:* trade industry buy wines from importers.

*Program Description:*

This year, the GT dynamic will change. The event will be held for the importers to give tastings of their wines from California but only to guests who are pre-approved as TRADE. Using the same venue, around 25 participants (just importers), a seminar with a specific theme (to be determined) and 100 guests top. Because the event has become an annual reference for California Wines, we want to continue to position the California Wine Institute as a leader in the wine industry.

# NEW PROGRAM: SOMMSWEEK MTY VERSION



*Objective:* Increase California Wines brand to be at top of minds of consumers & help increase sales in restaurants.

*Priorities:* reach out to final consumers to create loyalty to brands and help importers do business in the f&b industry in the Monterrey market.

*Program Description:*

Given the success we had last year with this promotion, the objective is to replicate it in other cities, to explore and expand growing markets. The goal of this experience is to reach out to the final consumer in a more intimate setting, where they are going to get a very personal encounter with amazing wines from California at a very chic location paired with a menu created specially for the wines that will be served.

The promotion will consist on 5 top Mexican Sommeliers who will intervene 5 high-end restaurants, creating a 6-course menu based on the wines of California served each day. Each dinner will consist of 15-20 guests, with a total of 5 days, 5 sommeliers, 5 restaurants. This event is going to be promoted via social media, email blasts and word to mouth.

Because here in Mexico we have a lot of foodies and wine enthusiasts, we want to match these two by doing a week where we would have sommeliers in different restaurants in the city where the chef would create a tasting menu based on the wines that the sommelier chooses to serve with the dinner. Monterrey is now a very important food and wine scene and we want to have presence in this city with California Wines.

# NEW PROGRAM: CALIFORNIA WINES AT HOME



*Objective:* to keep California Wines on top of people's minds and help importers push online sales during the pandemic.

*Priorities:* Promote California Wines and support importers.

*Program Description:*

We chose ten of the most influential sommeliers in Mexico City to create small video capsules sponsored by California Wines giving different wine advices for people to learn or do with wines while staying at home. Different topics chosen by the sommeliers to talk about, for example, were: easy wine pairings with food you can do at home; how to store wines in your fridge after opened; right temperatures to serve different wines, etc...

Each of the sommelier had three different wine labels during the video to use as "props", and in the end each of them talked a little bit about the characteristics of the wines and more importantly, where to buy the wines online and get them delivered at people's homes in order to be safe and stay at home.

# NEW PROGRAM: BRAND AMBASSADOR CWI



*Objective:* To educate people (trade, professionals, consumer) about California Wines, what it represents, the regions, expressions, producers, etc.. In order to create loyalty to the brand and help people understand the key messages of what California Wines represent.

*Priorities:* To maintain loyal customers (importers, trade, consumers) and also reach out to new markets and provide them with tools to manage and promote California Wines by teaching the real value of the brand in the Mexican market.

*Program Description:*

1) Before and after COVID-19:

- Continue the educational program designed by the Brand Ambassador that includes different seminars, activities, and education platforms created specifically for the different target markets we want to touch: trade, professional sommeliers, importers, sales teams, media, final consumers.
- Create dynamic activities based on the educational programs to help promote CW: tastings, wine pairings, media interviews, etc..

2) During COVID-19:

- “Webinar Series with Brand Ambassador”: a successive series corresponding of different episodes where people sign up for the online seminar in order to learn, in a very profound class, about the different regions, grapes, profiles that are characteristic to California Wines. The goal is for people to sign up for each episode in order to cover all of California and end up with a very deep knowledge about the region, its wines and the value it has.
- Promote wine sales during the webinars to help reach the final consumer via the brand ambassador. Each episode features different wines that the BA chooses in case people want to taste the wines with him during the seminar.

# PROPOSED ACTIVITIES



2020/2021	Event/Activity	Target	Location
October 2020	"Somms Week by CWI" (7 days, 7 high end restaurants, 7 sommeliers)	Consumer (200) Importers (15)	Mexico City
February 2021	Grand Tasting by CWI	Importers (30) F&B Industry (100)	Mexico City
March 2021	Trade Team Trip to California	decision makers (somms & chefs)	Mexico
September 2020- September 2021	Brand Ambassador Program	importers (30) f&b industry (100)	Mexico City Monterrey Guadalajara Los Cabos
May 2021	"Somms Week by CWI" (7 days, 7 high end restaurants, 7 sommeliers)	Consumer (100) Importers (10)	Monterrey
September 2021	California Week/ California House	Importers/Trade/F&B industry/ consumer	Mexico City





# THANK YOU!

*ADRIANA CADENA- MEXICO REPRESENTATIVE*

*May 6h 2020.*