

# LUXURY FOOD AND WINE IN FOCUS



## Why is this a priority for South Australia?

In 2014, the global luxury market was estimated to be worth approximately AUD1,174 billion. Of this, the global luxury foods market was worth AUD53.9 billion and the global luxury wine and spirits market AUD80.1 billion<sup>1</sup>. Asia accounts for approximately 30% of the global market and is growing at a rate of 7% per year for luxury foods and 5% per year for luxury wine and spirits<sup>2</sup>.

The Functional and Luxury Foods Research Project<sup>3</sup>, commissioned by PIRSA in 2015, found that South Australia's current penetration of the luxury food and wine market in the Asia Pacific is small and undeveloped. This provides the state's food and beverage producers with an opportunity to evolve their business models and product offerings to meet the demands of this highly lucrative market. The researchers identified three potential growth opportunities for South Australia to take advantage of the luxury market:

- Luxury business strategy uptake and export promotion
- Luxury wine driven culinary tourism
- Packaging for luxury products

South Australia's unique heritage and the story behind the origin of its premium products provides a strong basis for repositioning with target markets to appeal to High Net Worth Individuals.

The South Australian Government's Premium Food and Wine Produced in our Clean Environment and Exported to the World economic priority centres around capitalising on opportunities and identifying ways to increase our market share and profit margin – particularly through maximising production of value-added and differentiated food and wine, and realising the increased value for our premium products.

Shifting beyond 'premium' to 'luxury' opens up a whole new world of value to be created.

1. Bain & Co, 2014, Luxury Goods Worldwide Market Study 2. *ibid.*

3. [www.pir.sa.gov.au/primary\\_industry/industry\\_support/food\\_innovation/functional\\_and\\_luxury\\_foods\\_project](http://www.pir.sa.gov.au/primary_industry/industry_support/food_innovation/functional_and_luxury_foods_project)



## What are luxury products?

Luxury brands are not just high priced products. All luxury goods are relatively expensive, but not all expensive products are luxury goods. Luxury brands are created through careful marketing to a targeted consumer group.

These brands share a number of characteristics: brand strength, exclusivity, innovation, high quality craftsmanship, precision and premium pricing - all designed to generate symbolic appeal. A luxury product or brand translates the essence of the product, its heritage and history, into desirable and appealing items.

Luxury goods are considered to be among those purchased by the world's most discerning consumers.

The concept of luxury does not need to be limited to individual items but could extend to a full offering that captures food, wine and accommodation in a comprehensive 'luxury experience'.

The largest opportunities for luxury foods will be in countries where symbolism in food consumption is important, and where there are significant numbers of affluent consumers with investable assets in excess of USD1 million – also known as 'High Net Worth Individuals'. As of 2014, the research noted there were 4.5 million High Net Worth Individuals in the Asia Pacific region, 75% of who were located in urban areas of Japan, China and Hong Kong<sup>4</sup>.

The Luxury and Functional Foods Research Project findings recommended that if South Australia is to succeed in producing globally recognised luxury products and offerings, there is a need for a narrative crafted around the heritage and pedigree of our South Australian quality produce. This narrative should also celebrate and highlight the unique nature of our clean environment.

## Packaging for luxury markets

To be successful in luxury markets, South Australian food and beverage companies need to consider innovative and sophisticated packaging solutions. The packaging solutions targeted to luxury food and wine sectors should protect the product during distribution, but also convey the product's uniqueness; adding to its consumer appeal.

Luxury food packaging solutions need to communicate the supreme quality, exclusivity and sophistication of a product and create 'an experience' that triggers an emotive response in the target consumer. Successful packaging aesthetics are about communicating trust and a narrative or personality that encourages a human connection, often through very subtle cues. These considerations play an essential role in determining consumer purchasing decisions.

The hedonic aspects (pleasant or unpleasant sensations) of packaging also need to be taken into account, with practical characteristics being important but of no interest to the consumer. A positive hedonic influence is drawn from purchasing luxury goods for enjoyment and stimulation.

## Where we want to be?

- The South Australian Government's economic priority Premium Food and Wine Produced in our Clean Environment and Exported to the World sets the following targets:
  - o Increase international exports of differentiated and processed food and wine from AUD2.8 billion in 2013-14 to AUD3.6 billion in by 2017.
  - o Establish a global reputation for premium food and wine.

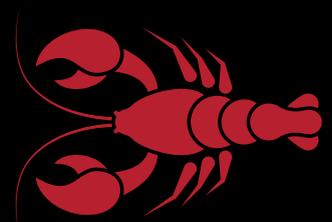


# MISSION

“ To support South Australian food and wine manufacturers to capitalise on the benefits of value-adding for the luxury market, gain new markets and increase the reputation of South Australian luxury products. ”



Global luxury foods market was estimated to be **AUD53.9 billion<sup>5</sup> in 2014**



Asia is considered to account for approximately

**30%**

of the luxury market

growing at a rate of **7%** for luxury foods



Global luxury wine and spirits market was estimated to be

**AUD80.1 billion<sup>6</sup> in 2014**

and **5%** for luxury wine and spirits<sup>7</sup>

Australia represents **1%** of the global luxury goods market<sup>8</sup>



5. Bain & Co, 2014, Luxury Goods Worldwide Market Study 6. ibid. 7. ibid. 8. MO Report, 2013, Australian Luxury Market



# OUTCOMES

## 1. Improved South Australian business's knowledge of the commercialisation opportunities for South Australian luxury food and wine offerings, locally and abroad.

### WHY?

In order to capitalise on the global market for luxury food and wine, South Australian businesses first need to gain **knowledge and awareness** of how it can apply to their business or sector.

### HOW?

Communicate the findings of the Functional and Luxury Foods Research Project to businesses. Share knowledge, promote innovation, and encourage opportunities across food and wine industries.

## 2. Enabled South Australian businesses, with the necessary expertise, to design and implement a luxury business strategy and deliver luxury products to target markets.

### WHY?

Shifting into the luxury world requires businesses to have the **capability and capacity** to transform their business model, to understand the emotive cues of their target customers and design an entire value-chain that delivers an elite product experience.

### HOW?

Seek opportunities to increase business's understanding and capability to design, implement and manage the unique characteristics of a luxury business strategy.

## 3. Developed new complementary industries in smart and sophisticated packaging.

### WHY?

High-quality, experiential packaging with a visual statement is a must for luxury products; the packaging must communicate the quality, exclusivity and sophistication of the product. To be successful in the luxury food and beverage market, South Australian food and beverage business need to have access to innovative and sophisticated **packaging solutions**.

### HOW?

Stimulate creative collaboration between South Australian food and wine businesses, industrial designers and packaging and technology providers, to deliver innovative and sophisticated packaging solutions.

## 4. Increased luxury wine and culinary tourism offerings that promote South Australia as a luxury food and wine destination.

### WHY?

South Australia has a large opportunity to attract High Net Worth Individuals to the state to experience **luxury wine and culinary tourism**, which combines local culture, authentic cuisine and luxury wines. This requires a comprehensive offering of travel and accommodation, dining and wine experiences, shopping and cultural entertainment.

### HOW?

Implement activities to encourage and showcase collaboration across industries to increase the provision of unique, luxury tourism experiences in South Australia and increase the state's global reputation as a luxury food and wine destination..

[www.pir.sa.gov.au/functionalandluxuryfoods](http://www.pir.sa.gov.au/functionalandluxuryfoods)

South Australian Food Innovation Centre | Phone: (08) 8226 0109  
Email: [PIRSA.foodinnovationcentre@sa.gov.au](mailto:PIRSA.foodinnovationcentre@sa.gov.au)