

Cheers to That! \$5M Invested in Crackawines.com.au

21ST SEPTEMBER NATASHA SHOLL

A \$5 million cash injection to Crackawines.com.au will go some way to helping the company achieve its objective of breaking the stranglehold of Coles and Woolworths



Crackawines.com.au has announced that Constant Innovation, an ESVCLP (Early Stage Venture Capital Limited Partnership), has taken a 30% stake in the company for approximately \$5 million. Constant Innovation was established in 2010 by a group of internet entrepreneurs whose prior investments include automotive website, Carsales.com Ltd. The funding will be entirely committed to the expansion of the Cracka Wines business.

Cracka Wines offers consumers a wealth of buying options for mid-range wines, including 'Falling Price auctions' (a new take on the group buying model where the prices fall until everything has sold) and a direct-to-consumer listing engine, which promises consumers savings of up to 70% off RRP. The company claims its business model allows consumers to connect directly with wineries, offering highly competitive prices, while at the same time increasing the margin available for wineries.

Managing Director Dean Taylor has joined forces with Shane Pettiona, Founder of automotive website Discountnewcars.com.au on this new venture. Launched less than 12 months ago, Cracka Wines is already making a name for itself in the industry, coming runner up in the 'Small Business of the Year' category at the City of Sydney Business Awards last week. The company has already seen an impressive 20% month-on-month growth since launch and now represents more than 450 Australian wineries, has sold more than 250,000 bottles of wine and claims to have saved its customers in excess of \$2,500,000.

"Crackawines.com.au's objective is to break the stranglehold that Coles and Woolworths have on wineries by providing them with a completely new sales channel that allows them to connect directly with consumers," said Taylor. So now that Cracka Wines has declared war with the major supermarket chains, what will the fallout be? "I expect it will cause some tension, however it's a bit like tooth decay. While treating it requires a little bit of pain upfront, the long term benefits are that you get to keep your teeth."

"The \$5 million investment made by Constant Innovation will allow us to establish Crackawines.com.au as a household brand. Up until now all of our growth has been entirely organic and driven by word-of-mouth referrals." With the major cash injection, Taylor tells us that Cracka Wines has "earmarked over \$750,000" for the ongoing development of their website. Also expect to see a Cracka Wines app and mobile sight launched in the coming months.

Given the success of Cracka Wines to date, Pettiona, hints that we may see vertical expansion in the future. "Whilst wine remains our primary focus at this point in time, we recognise the potential to expand Cracka's auction model into other verticals and will embark on those ventures in due course." Taylor hints that this vertical expansion may focus on the "lifestyle" market, including "accommodation, travel packages, tickets to unsold events – that sort of thing." But he stresses that "the last thing we want to do is start selling second-hand pallet racking and clapped out forklifts like some online groups."

Grant Taylor, director of Constant Innovation and newest member to the Cracka Wines Board agreed, saying, "we believe that their model is a real game changer; and can be applied to many different markets with the potential to be a truly global dot com."

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