

Online wine retailer has a crack at international market

It's an exciting time for Australian winemakers as local drops gain popularity in foreign markets. The Wine Australia Export Report released in July 2017 found that Australian wine exports have increased in value by 10 per cent to \$2.31 billion in the last financial year.

The opportunity this presents to Cracka Wines—a direct-to-consumer wine marketplace—is enormous. Previously, small to medium wineries have encountered huge barriers to entry in these markets, namely the erosive costs of wholesaling, logistics and distribution. With the arrival of Amazon, we're planning to expand into foreign markets, not only by removing those barriers to entry, but by providing access to a powerful high-margin sales channel.

Established in 2010, Cracka Wines has been about keeping it real, offering real brands, real stories, real reviews and real value

to both customers and wineries. Rather than buying from your local liquor store—now mostly owned by one of two supermarket chains, shifting margins away from the winemakers—consumers buy directly from cellar doors using our platform. By cutting out both the middleman, there's up to 50 per cent additional margin available to share between the consumer and winery. Consumers save money; wineries bank more dollars: it's a win-win situation.

While plenty of wholesalers import and export Australian and New Zealand wines into Asia, we'll be the first to create a platform that will allow producers the opportunity to connect directly with customers in the region. Bringing together the biggest and best range of wines in the country with an amazing resource of expert reviews, we take our customers on a journey through the world of wine, introducing them to brands, labels and varieties that they'd never find at their local liquor store.

In the first step towards foreign expansion, we've announced plans to become the first publicly unlisted company in Australia to raise capital through crowdfunding. Partnering with equity crowdfunding site Equitise, our goal is to raise \$5 million from 'mum and dad' investors who want to join us in our next phase of business growth. Equitise has attracted some of the most sophisticated and best financial investors including Investec, AWI Ventures, H2 Ventures, Tank

Stream Ventures and Bridgelane Capital, and to date have raised over \$20 million for 27 different businesses in New Zealand.

The only way that mums and dads can invest in start-up businesses like ours currently is through funds listed on the Australian Stock Exchange; however, the Federal Government's recent approval of crowd sourced funding will give them the ability to invest directly in startups like ours that aren't ASX listed. Up until now, this was an option only available to venture capital funds, family offices and sophisticated investors. It made sense for us as a startup to support this innovation and offer our loyal customers the opportunity to become owners and even greater advocates.

Right from day one we've been very selective about which wines we stock and recommend. As a result, our customers place a lot of trust in our recommendations at any price point. For example we recently sold over 10,000 bottles of an \$80 Shiraz to our customers without even telling them what the actual wine was. Over the years this has enabled us to save many smaller wineries from going under.

With a loyal customer base in excess of 250,000, we're hoping to harness this trust and support by inviting our customers to join us on the next phase of our journey, taking premium Australian wines to the rest of the world. **BFM**

Dean Taylor is Founder and CEO of Cracka Wines

About the Crowd-sourced Funding Bill (CSF)

- The Crowd-sourced Funding Bill comes into effect from September 29th 2017
- It will allow mum and dad investors to buy a stake in a company, as opposed to existing crowdfunding opportunities where you may receive a product, discount or goodwill for your investment
- Small and medium businesses will be able to raise up to \$5 million per year without listing on the ASX
- Retail investors can invest up to \$10,000 per annum into as many different businesses as they like
- Until this bill takes effect, these options are only available to sophisticated investors – typically with a net worth of \$2.5 million or who've earned more than \$250,000 in the past two years.

For more information visit
www.crackawines.com.au/pages/invest