



press clip

# Crowdfunding helps winepreneurs

Not all SMEs need to ask a big lender to expand. Some are going straight to their customers, writes **Christine D'Mello**.

**A**ustralian wine businesses are taking a crack at the lucrative overseas market, and SMEs are a part of that charge.

Online retailer Cracka Wines is one local entity with plans for the international wine market.

The Sydney-based enterprise has announced plans to raise \$5 million from its 250,000 customers to expand its direct-to-consumer marketplace into Asia.

Founder and chief executive Dean Taylor has appointed Equitise to manage the crowdfunding raise.

Taylor says he started Cracka Wines to provide Australian and New Zealand wineries a marketplace where they could sell their products directly to consumers.

"Since launching in 2010, we've managed to build a large, passionate and loyal customer base. On average, they shop with us every six to eight weeks, spending close to \$1000 each per year. For the last three years, we have hardly spent a cent on advertising or marketing, relying entirely on their referrals to drive growth."

He says year-on-year growth has been running at about 30 per cent. "With the recommencement of mar-

keting and releasing other major strategies, we're expecting this to almost double over the next 12 months."

The world is now their oyster.

"The decision to provide our most loyal supporters the opportunity to invest seemed a logical step," says Taylor. "Until now, the only way we could have achieved this was through an IPO. While this is part of our longer-term vision, in all reality we are too small for that right now.

"However, the changes to allow crowdsourced funding in Australia open up this opportunity for businesses like ours."

Equitise is an online platform that provides SMEs the opportunity to raise capital from both sophisticated and retail investors, he says.

"While they have been operating in New Zealand for a couple of years, now, we're excited to be partnering with them for this Australian first."

For Australian winepreneurs, there are myriad opportunities to be mined in China.

Sommelier Virginia Selleck, who co-founded the Melbourne-based online wine store Magnum + Queens Wine, says the ease of being able to ship wine and the rapid growth of online sales has been a game

changer for entrepreneurs eyeing the overseas market.

"Recent changes to the China free trade agreement and the growth in online wine sales in China in particular have meant there is a real possibility for smaller wine start-ups to enter the overseas market."

A new tech generation predominantly buy online, she says.

At the current level of growth, Selleck expects Magnum + Queens Wine's subscriptions to be at a turnover of \$500,000 by the end of the financial year.

Boutique Australian winemakers are not lagging behind.

Chateau June-Jerome, a vineyard nestled within Manjimup in Western Australia, is in the process of becoming 'export ready', says Melissa Nicholls, co-owner of the self-funded business.

Nicholls says Chateau June-Jerome is seeking to partner with Chinese retailers. "Australia has a

reputation for clean, green quality produce, with our region being no exception. Chinese retailers can apply significant mark-ups on wine procured from Australia, with their target demographic aligned to the growing middle class." Besides China, the winery is seeking to lever-

age the market in South Korea, and is researching the viability of export to Bali and the Philippines.

Nicholls says the export industry presents greater potential for growth, a higher profit margin and potentially less risk than supplying the Australian market.

She says the key target this financial year is to increase the winery's retailer base locally, domestically and secure suppliers in China.

"We are seeking to sell produce with a return of \$105,000, with this increasing by 50 per cent per financial year for the next two years, followed by a 75 per cent in year three, to a 100 per cent increase in year four."

Judith Kennedy, chief executive and founder of Cellardoors.co, says there are great opportunities for Australian wine entrepreneurs.

"When we promote our wine regions to international visitors, it's not just a case of us big-noting ourselves," says Kennedy, who this year became a Member of the General Division of the Order of Australia for significant services to the winemaking industry and to children's health.

"There is no reason why Australian winemakers shouldn't have prospects of great profitability in other countries."

Kennedy's Cellardoors.co, a wine travel discovery platform available on web, app and books will launch early August.



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**Online Liquor Group and Cracka Wines founder Dean Taylor is turning to crowdfunding to expand into the Asian market. Photo: Supplied**