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Thursday, 8 March 2018, 11:30 AM

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## Cracka Wines merges with The Wine Society

Posted by: Alana House | December 20, 2017

Australia's oldest wine club, The Wine Society, has merged with Online Liquor Group's Cracka Wines.

The new enterprise will have a combined customer base of more than 400,000 wine lovers nationwide, with the heads of both companies - Dean Taylor and Lloyd Heinrich - running the business as joint CEOs.

"With total revenue of \$400.5 million in 2016-17, online sales represent just 4% of the overall liquor market in Australia," said The Wine Society's Heinrich.

"Online is the fastest growing channel in Australian retail and with our combined credentials, we'll be a significant player in this space with the expertise to grow quickly."

Cracka Wines' Dean Taylor said his company had set aside plans to expand its online wine business via a crowdfunding campaign. The company had hoped to raise \$5 million from its 250,000 customer base, with Equitise appointed to manage the process.

"Cracka Wines had planned to be the first company in Australia to complete a crowd-funded capital-raising project but instead saw the merit in joining forces with The Wine Society," he said. "The Wine Society is one of Australia's most respected and trusted wine brands.

"The merger will see us provide a broader based network of members to our suppliers and a far superior product range to our members."

Cracka launched in 2010 and has gone from a staff of three to 40. The company's year-on-year growth has been running at about 30%, with Taylor predicting this will "almost double over the next 12 months" as a result of new marketing initiatives and other major strategies.

"We've managed to build a large, passionate and loyal customer base," Taylor recently told the Sydney Morning Herald. "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."

### New chapter for The Wine Society

It's been a big 12 months for The Wine Society, which found itself in financial difficulty - owing \$4.3million to suppliers - after struggling to compete with discount bottle shops and rival online retailers.

Members were asked to accept the sale of 75% of the business to Australian Wine Finance, a subsidiary of the Fogarty Wine Group.

Heinrich became CEO of The Wine Society in July and promised members he would breathe new life into the organisation.

Heinrich told Inside Retail one of the first priorities for The Wine Society will be relaunching its eleven-year-old website as part of a broader digital revamp of the business.

"The first step will be integrating the businesses and getting the teams working together," he said. "We'll continue to operate under the two main headline brands [Cracka and TWS] but we'll start offering services to customers that both businesses hold as strengths," he said.

Cracka Wines will launch a wine-club style offering in the new year and will utilise The Wine Society supply chain infrastructure to begin selling wine by the bottle, not just by the case.



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