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Cracka Wines crowdfunds Asian expansion

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Cracka Wines is expanding its online wine business into the lucrative Asian market via a crowdfunding campaign. The Sydney-based company hopes to raise \$5 million from its 250,000 customer base, with founder and chief executive Dean Taylor appointing Equitise to manage the process. "So far, we've only helped wineries reach 10 million Australian wine lovers," Taylor says. "However, we believe that our model has even greater potential in other markets, especially Asia where demand for premium wine is soaring among a population of over 4 billion." Cracka launched in 2010 and has gone from a staff of three to 40. It has 25,000 "active" customers. 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 tells 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." To qualify for a share allocation and copy of the information memorandum, investors need to be active customers who've made at least one purchase in the three-month period leading up to September 30, 2017. Priority will be given to the most active customers.

Why crowdfunding?

Taylor told Australian Food News crowdfunding was the obvious choice, as Cracka Wines is too small to become a public company just yet. "It's a great vehicle for a pre-IPO round providing both expansion capital and diversifying our investor pool," Taylor said. Equitise's Chris Gilbert added: "Cracka Wines is an innovative business with a brand that punches well above its weight. They have a large and highly engaged database of active customers who we expect will jump at the chance to invest." Taylor isn't the first drinks entrepreneur to use the method. Adelaide's Sparkke Change Beverage Company has been using crowdfunding to finance its sparkling wine, beer, cider, alcoholic lemonade and ginger beer, which all featuring bold messages on the cans that are designed to spark conversation about social change. Issues covered include sexual consent, LGBT and first peoples' rights and immigration.

Chasing the Vinomofa dollar



Cracka is following hot on the heels of fellow wine e-tailer Vinomofa, which has sold 6200 cases in Singapore since launching there since December. Taylor admitted to the Australian Financial Review earlier this month that Vinomofa, which reported 55,000 active customers 18 months ago, had "gotten away from us" because he spent nothing on marketing.

However, it was revealed last week by the AFR that Vinomofa is "suffering a post-funding hangover and is lagging the revenue forecasts set by its major owner Blue Sky Private Equity." Blue Sky invested \$25 million last April, but Vinomofa missed revenue forecasts of \$81.2 million for 2016-17 by more than \$10 million. Co-founder Andre Eikmeier confirmed the the AFR that Vinomofa's revenue run rate was "around \$70 million," and "blamed the shortfall on a need for the company to fix its logistics and rationalise its business lines before a global push."

Passionate about Australian wine

Cracka's Taylor, who also started The Cellar Club and The Wine Exchange and sold his wine storage business Wine Ark for \$8.5 million in 2007, says his company aims to help the Australian wine industry beat the big guys. "Australia produces some amazing wines," he notes. "Rather sadly, the major supermarkets sell 9 out of every 12 bottles made. Many of these are private labels or fake brands invented by the supermarkets. While it helps them generate record profits, it comes at a big cost to the wine industry with less than 15% of grape growers operating profitably. "I started Cracka with the mission to try and help small, medium and family owned wineries by building an alternative route to market. My vision was to create an independent marketplace where wine lovers could discover great wines simply not available in their local bottle shop, save money by avoiding middlemen and greedy supermarkets, keep it real buying real wines made by real wineries with real stories." Taylor says the high costs of wholesaling, distribution agents and logistics make it prohibitive for small and medium sized wineries to enter other regions. "Our model removes those barriers and goes one step further by providing them access to a powerful sales channel." Click here to register interest in funding Cracka Wines.

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