

Naked tasters spend Aus \$100,000 on wine

16 Mar 2009 by Walter Speller

Naked Wines, arguably Britain's most interactive online wine merchant, teamed up last Wednesday with the Australian Trade Commission, Austrade, in what they called 'a crowd powered auction' - a first. [It took place in Australia House, pictured here by Greg Baker and also the scene for Gringots bank in the Harry Potter film, from which comes news today of the new UK and Ireland regional director for Wine Australia, Lisa McGovern - JR]

This event, the brainchild of Naked Wines founder Rowan Gormley and Lachlan Grant and Jennifer Allport of Austrade allowed Naked Wines customers to slip for an afternoon into the role of wine buyer, and select the wines they like best. The wines were all sourced from Western and South Australia, and Naked Wine will order the equivalent of Aus \$ 100,000 worth of them.

The format is as simple as it is clever: Austrade was thinking of ways to open up the fiercely competitive UK market for Australia's smaller producers, the ones who cannot spend large amounts of money on their marketing and cannot afford to play the discount game with UK multiple grocers where margins are so tiny. "You might as well pour the wines straight into the sink", as one winemaker put it. Independently, a senior member of UK wine trade recently referred to the 'sub- prime' discount culture in the UK and US markets, adding that 'the economic slowdown has simply exposed and exacerbated the problem', without being the actual cause.

Naked Wines on the other hand was looking to expand their portfolio of Australian wines, and sell wines their customers actually wanted to buy and drink. To that end 50 of the merchant's best customers travelled to London to make the final choice of a range of wines that Austrade had selected in its homeland.

On its website Naked Wines invites their customers to 'get naked, drink better, spend less', explaining that a considerable portion of the price of a bottle in the UK is determined by marketing costs. The theory is that by cutting out this cost, customers will get better value. This idea is not unproblematic as it suggests that marketing costs can and should be avoided, which of course is unlikely and to my mind wholly undesirable. Wine cannot thrive in a vacuum. I want to hear first hand from winemakers who visit their markets to explain and push their products, and to get valuable feedback.

But in Gormley's opinion many producers will remain unknown to wine lovers due to budget restrictions and it is here that Naked Wines comes to the rescue. The approach is central to the merchant's philosophy and design of its website, which is a social networking cross between platforms such as Facebook and Amazon (although a comparison with Virgin Wines, Gormley's employer until June last year, is arguably more appropriate). Customers recommend and express their opinions on the wines purchased, can make social contacts and become 'angels', the ones that are most active on the platform, and whose taste preferences are shared by the majority of visitors, and of which 50 were yesterday asked for their opinion.

Customers can create their taste profile by rating several wine styles ranging from big and bold reds up to elegant and restrained, and consequently any wine the customer selects gives an indication how it relates to his or her preference and even discouraging a purchase when the wine is not within your algorithm of preferences.

And algorithm also largely determined the auction event. The tasting resulted in the shortlist of most liked wines, and their actual cost price would determine how large a slice of the \$100,000 pie producers would receive. The auction would provide the incentive and the tool with which producers would then lower their cost price in order to sell a greater quantity to Naked Wines, and in doing so were directly competing with each other. Algorithms again were used to integrate the projected cost price the tasters were willing to pay for a certain wine, with the best- value wine, the one whose cost price was lower than the tasters were willing to fork out for, getting a larger allocation and vice versa.

Before our tasting kicked off, Gormley addressed the crowd saying that wine is too much about marketing. What matters is in the bottle, and he encouraged us to search for the rough diamonds. This seemed an apt summary as the majority of the wines, at least the 30 or so that I tasted, were technically sound but no more than that, any excitement mainly coming from some of the more adventurous labels, such as Stiletto or Ladies who Shoot their Lunch. At least it made them stand out of the crowd. Although the tasters were unaware of the actual price of the wines, the average quality seemed to indicate a retail price between £5-8, at which level you cannot expect fireworks, but Grant mentioned that the auction would create the right price, without incurring the dreaded marketing cost.

The tasting looked conventional enough with six or so tables with wines grouped into styles, which in this case was mostly grape variety without any emphasis on provenance, and colour (white, rose and red). The angels were asked to score the wines from 1 (bad) to 5 (excellent). Naked Wines assistants directly keyed their responses into laptops. However, the tasters were not supplied with lists to write down their score and, as the wines were not numbered, this process seemed a bit laborious.

I wondered out loud if the event represented the total democratisation of wine, but Gormley corrected me immediately explaining that democracy is all about reaching consensus resulting in an average taste, which would sell best. Naked Wines objective on the other hand is to offer different kinds of styles, and let their customers decide, describe and communicate their preferences. As if to strengthen his point he mentioned that they had just bought a parcel of wines from Alsace, never the most popular, but he seemed confident that with some of the customers it would become a hit. Another advantage proved that stocks are kept as low as possible in the warehouse, and any wines that fail to sell are auctioned off on the site eBay style.

I could not help but feel a certain unease, thinking of how many styles of wine would survive the Naked Wines customer test. Although the platform seems to offer a broad range of interaction between wine lover and winemaker, with bulletin boards and feedback options, this communication is of course only possible for the wines already taken on board. I was already envisaging Armageddon (but perhaps I was too high up in my ivory tower), wondering how much complexity today's angels can actually bear and at what average price. But Gormley insisted that his aim is to open up the arcane world of wine, letting consumers decide what is a success and what is not, therefore minimising cost and unsellable lines.

The seemingly all- encompassing way the Naked Wines platform works seems too restrictive to me, at least when it comes to identifying the real rough diamonds - but it is still early days as the company is only three months old.

Most clearly it shows a dynamic way of trading wines, one that can only happen in a virtual world. And all things being virtual nowadays, there may be a chance that sales vehicles like these actually could cater for truly niche wines, creating their own worldwide following. Just imagine www.saperavi.com for instance, or www.macvin.com. The possibilities seem endless.

Below are the wines chosen by the assembled tasters, with the price per bottle they were prepared to pay for them and the share of the Aus \$100,000 that will go to pay for them.

Wine	Customer Price	Final Slice (Aus \$)
Amadio, Fetch Unwooded Chardonnay 2008	£6.94	\$8,050
Greedy Sheep Cabernet/ Merlot 2007	£9.11	\$11,400
Coobara Cabernet/ Merlot 2007	£7.76	\$1,040
Chalk Hill Shiraz/ Cabernet/ Grenache 2006	£10.78	\$9,792
Chalk Hill Cabernet/ Cabernet Franc/ Shiraz 2008	£10.26	\$10,962
Nova Vita, Delirium Sauvignon Blanc 2008	£7.27	\$5,580
Nova Vita, Delirium Chardonnay 2008	£7.06	\$4,815
Oakover Chenin Blanc 2008	£8.50	\$5,460
Plunkett Fowles, Blackwood Ridge Un- Wooded Chardonnay 2008	£7.26	\$3,135

Plunkett Fowles, Blackwood Ridge Pinot Noir 2008	£8.81	\$8,030
Plunkett Fowles, Blackwood Ridge Shiraz 2005	£9.72	\$11,935
Plunkett Fowles, Ladies Who Shoot Their Lunch Chardonnay 2008	£9.81	\$1,210
Alta Vineyards Adelaide Hills Sauvignon Blanc 2008	£7.70	\$7,200
Clairault Cabernet/ Merlot 2004	£8.76	\$6,300
Dusty Dog Cabernet Sauvignon 2006	£7.88	\$4,840
		\$99,749