

Artificial vintelligence is here

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The wine industry has become more competitive than ever before. With an annual wine production of 36 billion bottles spread across more than one million different wine labels from 150 thousand professional winemakers worldwide, making a great wine is not enough anymore. How, then, does one wine estate differentiate itself from the others? The answer lies in embracing technology at all stages – from inputs to processing and management all the way through to marketing and sales.

Technology is everywhere: from the vineyard to the (virtual) shopping basket

While nothing will ever replace the human touch that winemakers with years of

experience behind them can bring, savvy winemakers are making more and more use of technology to streamline their outputs. Drones are becoming commonplace in the vineyard, for more precise pest control and to gather data, and some wineries are even harnessing the power of the National Aeronautics and Space Administration (NASA) in the US to map which varietals to plant where, based on the analysis of heat and wind patterns. There are wine-processing tools that improve harvesting, sorting, settling and filtration. Alcohol-free wine is a thing now, made possible by vacuum distilling at low temperatures after fermentation to retain all the flavours while eliminating all but a fraction of alcohol.





Technology exists that takes historical data from wine-drinking trends to model future patterns, which winemakers can use to plan. There are tools that pull conversations and wine mentions from social media and other channels, providing wineries with real-time feedback from consumers to get a better understanding of how the public is reacting to their wine. And by harvesting big data, we can start to probe questions such as whether younger generations are drinking as much wine as their parents did, which wines people will want to drink in a few years' time, and which grapes to plant, given the qualities of a winery's terroir. There is even an app that analyses wine labels to understand what drives consumers to make a purchase.

Distribution is changing forever

Despite the breakneck acceleration to e-commerce brought on by the Covid-19 pandemic, the wine sector has been slow to embrace it, lagging the retail world by five to 10 years, according to the State of the Wine Industry 2021 report. This includes the development of websites, the inclusion of shopping carts, the effective use of social media, the most basic use of e-commerce search engine optimisation (SEO) and Google

Analytics, and even the collection and maintenance of customer databases, and personalisation of customer interactions. While this report refers to wineries in the US, indications are that trends in SA are remarkably similar.

Yet the 2020 Nielsen data showed that global alcohol e-commerce has more than doubled – growing by 234% compared to 2019. Wine has enjoyed the largest success, making up nearly 70% of total online retail sales tracked in the report. And SA is no exception, with online wine sellers reporting triple-digit sales growth in 2020. But this is just the tip of the iceberg and the potential for growth is staggering: China consumes 16 billion litres of wine every year with 50% of these customers buying online.

Thinking out of the box

While digital is unlikely to replicate the immersive experience of visiting a vineyard and connecting a consumer and a wine on an intimate level, there are already some ingenious examples of ways to circumvent this. For example, the online wine club Naked Wines ensures that every single bottle sold has a human story behind it, with a section on the

site where members can view quirky details about the winemaker and estate. Naked Wines also encourages its members and winemakers to chat with and follow each other to develop human connections. With more than \$100 million in sales over the past year, it appears that this policy has been good for business. And then there is the winery in New Zealand that is trying fresh approaches, such as multisensorial wine tastings using virtual reality to create an authentic, immersive wine tasting experience.

The bottom line is that the world – from input to customer – is changing at a rapid pace and we strongly urge our clients to adopt and embrace these changes and technologies. It is a remarkable opportunity to redefine and reinvent the wine industry.

Nedbank is at the forefront of investing in the technology industry and introducing clients in the agricultural sector to disruptive innovation. Partnering with big-data analytics company, Aerobotics, and similar disruptors enables us to offer innovations and banking solutions to

improve our own growth as well as efficiencies within our clients' businesses.

We launched Avo by Nedbank, a super app, to connect customers and businesses. The key objective of the platform is to partner with businesses and create an alternative online store with a captive audience to drive sales and help them grow their businesses. Avo enables a business to reach all South Africans through an integrated logistics solution. To date we have supported the wine industry with over 300 wines from over 20 wine farms listed on the platform in the last month, and this number is growing daily.

Technology need not be a threat: It enhances the role of seasoned professionals and dedicated winemakers by guiding their decisions and adding precision to their practices, resulting in the better use of resources, higher yields, and more profitable businesses. The ideal solution is a blend of human and tech. After all, wine has always been about science and art. 