

YERING STATION

ANALYZING THE VALUE CHAIN AND GROWTH POTENTIAL

Yering Station was established in 1838 by the pioneering Ryrie brothers who adopted the Aboriginal name “Yering” for their new station. In 1996, the Rathbone family purchased the property drawn to its natural beauty, history and the great promise of its wines. Today, Yering Station is one of the jewels of the Yarra Valley region, attracting tourists and wine enthusiasts from around the globe, and offering some of the most exquisite and high-end wines in the Victorian Region. Recognised for its landmark winery/restaurant complex, the building sits harmoniously within the landscape of heritage architecture and the beautiful vineyards from which the winemakers craft award winning wines.

To make certain types of wine at Yering, grapes are put through a crusher and then poured into open fermentation tanks. Both old and modern techniques are employed at the Yering to maintain connections with the winery’s heritage. Once fermentation begins, the grape skins are pushed to the surface by carbon dioxide gases released in the fermentation process. This layer of skins and other solids is known as the cap. As the skins are the source of the tannins, the cap needs to be mixed through the liquid each day, or “punched,” which traditionally is done by stomping through the vat. Yering employs special staff members trained in wine making to run this operation delicately every single day. The wine is then fermented very slowly by being kept under an airlock to protect the wine from oxidation under the expert supervision of the best winemakers in Australia who have been working with Yering for decades. Their knowledge and experience has helped Yering in maintaining its superior range of wine in the valley.

Some of the barrels at Yering’s vineyard are hundreds of years old, further adding to the uniqueness of Yering’s wines. This entire process uses a state-of-the-art equipment that Yering constantly maintains and updates with technological advancements requiring a bulk of investments. Yering typically employs a group of wine researchers and experts in chemical engineers to constantly innovate on their wine producing process. Yering relies on a trusted set of suppliers and vendors for making their wines accessible to the larger markets beyond Yarra Valley area which provides more than 60% of the revenues to Yering. Yering has maintained its position to be the wine-maker and focus on their wine making activities and have

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outsourced their marketing and customer related activities to trusted Victorian partner organizations.

After witnessing the increasing interest from tourists from Thailand and the constant growth of demand for their wine in Thai hospitality sector, Yering is now considering whether to expand and enter the Thai wine market. Traditionally, Thailand is not a major wine consuming nation, however, the forecasts look promising. Yering also has partners, such as Hilton Hotels and Marriott Hotels, that have shown interest in extending their relationships with Yering in Thailand as well.

CASE QUESTIONS

1. What discrete activities or processes make up Yering's current business operations?
2. How does each activity contribute to Yering's relative cost position in Yarra Valley?
3. Which activities contribute to Yering's relative reputation in Yarra Valley?
4. What benefits do the activities and reputation of Yering's bring for the winery in terms of its relations with supply chain partners?
5. Examine how each activity contributes to the customer's comparative willingness to pay.
6. Identify and examine opportunities to improve added value at Yering's Winery in the Yarra Valley. Identify other potential supply chain partners for Yering's Winery in Australian markets.
7. What socio-economic, economic, and political factors in Thailand should Yering focus on and how should it go about entering Thailand? How can Yering use its supply chain partners in conducting this analysis?
8. Should Yering enter Thailand independently or should it rely on external partners? Please remember that either option has an upside and downside.