The Future of Liquor in Australia

5th edition
2006 – 2016

"… although future growth prospects are encouraging, further rationalisation of the liquor industry seems inevitable"

EXTRACT TO INDICATE THE GENERAL NATURE OF THE REPORT

FOOD & BEVERAGES

BIS Shrapnel
BUSINESS RESEARCH AND FORECASTING

Contents

1. INTRODUCTION

This is the fifth edition of our study of the Australian liquor market. In this report we have further refined our questionnaire in cooperation with the subscribers to this study. We have also covered a number of topical issues, such as the sales of private label wines and the increased popularity of rosé wines and premium beers. We also provide an extensive analysis of soft drinks sold by licensed outlets – both straight and mixed with spirits - and preferences for different types of RTDs.

Although we have made a number of changes to this report to make it easier to consult, the format fundamentally follows the familiar business plan modules, which can be combined with internal data to prepare individual marketing reports.

A PowerPoint summary is provided with this report to simplify the task of internal presentations.

After this introduction and the executive summary, the content of this report can be briefly summarized as follows:

Chapter 3- Market overview evaluates the total Australian liquor market in 2006 – covering beer, wine and spirits, showing how this market has evolved in the last 15 years. We also look at the way relative prices have changed in the period and how Australian per capita consumption compares with that of other selected international markets.

Chapter 4- Channels provides a detailed analysis of all liquor-licensed outlets – both retail and on-premise. Liquor retailers are divided between chains, franchised operations and independent operators. A comprehensive list by state is also given in Appendix 3 of this report.

Chapter 5- Beer identifies sales of beer in 2006 by main channel – both retail and on-premise. Comparisons with the results of previous surveys are also shown to indicate significant market trends in recent years.

Chapter 6- Wine provides an insight into the sales of wine by major channel in 2006 and the way changing consumer preferences are affecting the sales of different wine types from various growing regions. We also cover prices of most popular varieties sold and the impact of house and private label wines.

Chapter 7- Spirits and RTDs assesses the market for all types of spirits, liqueurs, aperitifs sold by licensed retailers and on-premise. The preferences for an extensive list of RTDs sold both by retailers and on-premise outlets are also analysed by major sales channels.

Chapter 8 – Soft drinks. Sales of energy drinks are also covered in this chapter. A wide variety of soft drink types sold both straight and mixed with spirits are analysed. We also cover soft drinks served from dispensers by flavour types.

Chapter 9 – Distribution, identifies the main sources of supply (i.e. wholesalers, producers, etc.) for licensed foodservice outlets and the preferred way of placing orders.

Chapter 10 – Competitive insight, provides an assessment of the key factors used by liquor retailers and on-premise licensed operators for the selection of their suppliers. In this chapter we also provide the ratings given by the 500 respondents to our survey of their major suppliers of beer, wine, spirits, RTDs and soft drinks. Appropriate comparisons are made with the results of the previous survey to show variations in the market performance of major liquor suppliers. A review of recent market developments and their likely implications for the future directions of this industry is also contained in this chapter.

Chapter 11 – Forecasts to 2016. This concluding chapter looks at the economic and social changes in the forthcoming decade and the likely implications for the consumption of liquor products in Australia. We also review alternative export scenarios for the wine industry and their likely impact on the local market. Forecasts for the next five and ten years are provided by product type and separately for the retail and on-premise channels.

The interviews for this report were completed in May 2006. The text of our questionnaire was finalized in cooperation with our subscribers and includes a number of topical issues at their request. A copy of the questionnaire is enclosed under Appendix 1, while details of the survey sample are provided in the following tables. A full list of respondents is attached under Appendix 2.

The survey results were weighted according to the total number of outlets in each channel covered by the interviews, to correct any possible variation from the allocated sample.

Our market quantification is largely based on the results of this survey. However, in some instances, survey results have been modified taking into account our accumulated industry knowledge – particularly in the foodservice area – and statistics available from other sources, including the ABS, industry participants and various liquor licensing authorities.

All respondents to our survey will receive a brief summary of selected survey findings and a personal thank you letter. In our experience, this encourages their participation for future editions of this study.

Note: all years refer to fiscal years ending 30 June, unless otherwise indicated.

Respondents - overall profile (on-premise)
(Percentage of total sample)

By location	*Total Sample: 350*
Sydney	9
Melbourne	11
Brisbane	4
Adelaide	10
Perth	9
Other NSW	20
Other VIC	22
Other QLD	15
Total	*100*
By outlet type	
Restaurant	45
Hotel – 5 star/international	<1
Hotel – other	22
Wine bar/bar	<1
Licensed club (RSL, sport, etc)	29
Cabaret/nightclub	2
Caterer (licensed)	1
Sporting venue	<1
Total	*100*
By position of respondent	
Owner	6
Bar manager	26
Manager/assistant manager	60
Sommelier/wine steward/head cellarman	1
Other	7
Total	*100*
Restaurants – by price range	
$35 + average main course	13
$25 - $34 average main course	37
$15 - $24 average main course	36
$10 - $14 average main course	12
<$10 average main course	2
Total	*100*

Respondents - overall profile (on-premise)
(Percentage of total sample)
Continued

Restaurants – by main cuisine type	
Chinese	4
Other Asian	2
Italian	9
Other European	3
Modern Australian	63
Other	19
Total	*100*

Respondents - overall profile (retail)

By location	*Total Sample: 150*
Sydney	9
Melbourne	3
Brisbane	4
Adelaide	7
Perth	8
Other NSW	27
Other VIC	31
Other QLD	11
Total	*100*
By position of respondent	
Owner	1
Bar manager	3
Bottle shop manager	32
Manager/assistant manager	60
Other	4
Total	*100*
Retail ownership	
Independently owned liquor store/bottle shop	31
Part of chain/franchise/buying	69
Total	*100*
Retail type	
Drive through	11
Attached to a supermarket	13
Separate bottle shop	76
Total	*100*

BIS Foodservice

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