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BORD BIA
IRISH FOOD BOARD

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BEST BUSINESS PRACTICES GUIDE

PREPARED BY: **ALTIOS AUSTRALIA**

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1. MARKET OVERVIEW

a. Australia's alcohol consumption

Australia was above the OECD 2021 average consumption of **8.9 litres/capita**

KEY FIGURES – ALCOHOL CONSUMPTION IN AUSTRALIA (2020)



1,184 € spent per year on household alcohol
20,20 € per week spent on alcohol

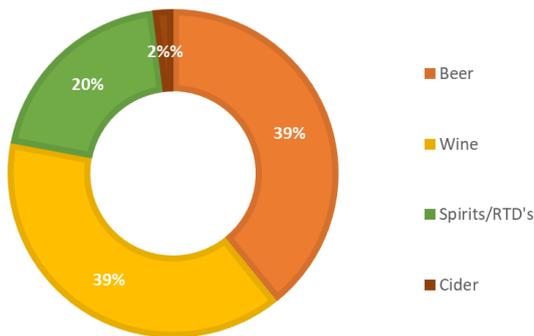


191.2 M litres of pure alcohol were available for consumption in 2020



9.5 litres of alcohol consumed per person
12.43 litres of alcohol consumed by the 77% of Australians who consumed alcohol

ALCOHOL CONSUMPTION SHARES IN AUSTRALIA, 2017-18



Australians tend to drink more beers and wine. However, over the last five years:

- Beer consumption has declined 0.7%,
- Wine and spirits/RTD*s increased 5% each,
- Cider increased 11.8%.

**Ready-to-Drink*

Source: [ABS, Apparent Consumption of Alcohol, Australia](#)

b. Australia's drinking behaviours

Over the last decade there have been significant changes in how Australians consume alcohol, changing the frequency and intensity of how they drink.

Alcohol drinking status, people aged 14 and over, %



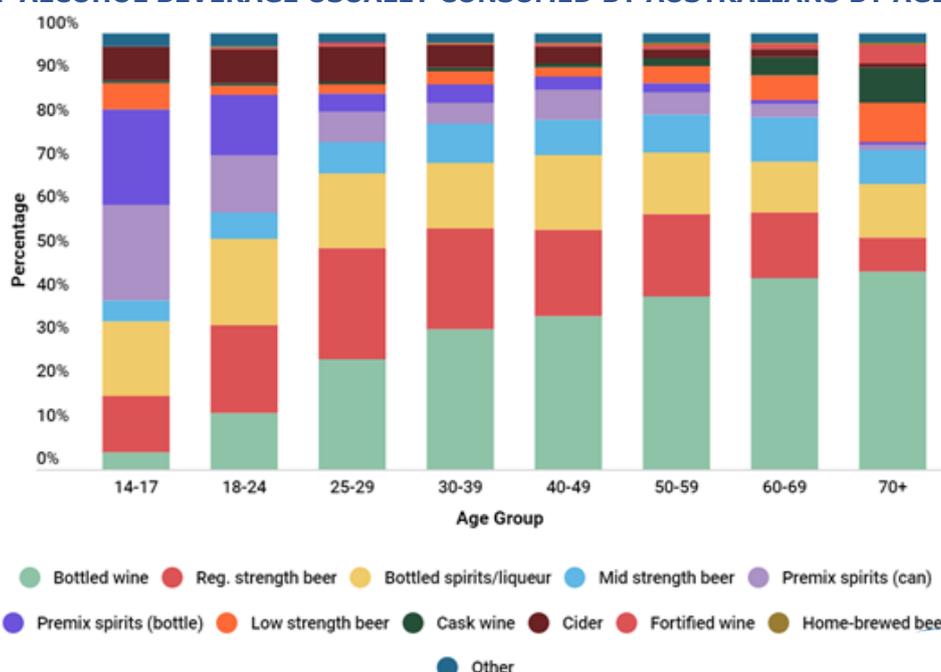
Source: [Australian Institute of Health and Wellbeing](#)

The share of people drinking **daily and weekly** is **decreasing**. The share of people **drinking less than once a month and the number of abstainers** has **increased**.

Australians will drink different types of alcohol beverages depending on their age:

- Baby Boomers are drinking more than any other generation of Australians, according to News.com.au.
- Those aged 14-17 years are more likely to drink pre-mixed spirits.
- Those aged 30 years and older are more likely to drink wine, the popularity of which tends to increase with age.
- However, the consumption of bottled spirits and liqueurs stays the same (15-17%) and does not really change depending on the age. Australian under 60 years are very likely spirits and liqueurs. It however tends to decrease after 60 years old.

TYPE OF ALCOHOL BEVERAGE USUALLY CONSUMED BY AUSTRALIANS BY AGE (2019)

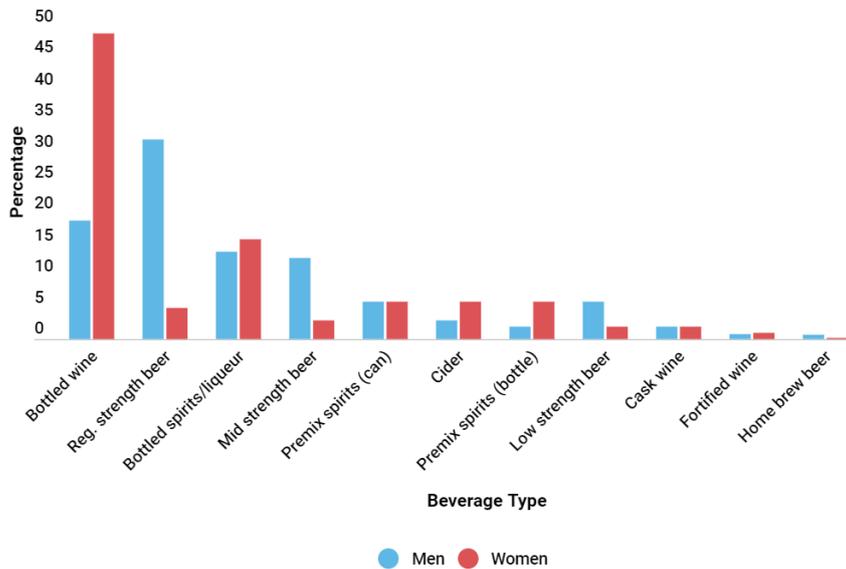


Source: Flinders - [AIHW 2019 and NCTE analysis 2021](#)

Australian men and women drink different types of alcoholic beverages:

- Men are more likely to drink regular strength beer whilst women are more likely to drink bottled wine in Australia.
- Regarding spirits, women are as likely as men to drink bottles spirits/liqueur and Premix spirits in a can in Australia. However, men drink less premix spirits in a bottle than women in Australia.

TYPE OF ALCOHOL USUALLY CONSUMED BY AUSTRALIANS BY GENDER (2019)



Source: Flinders -Australian Institute of Health and Welfare (AIHW). 2019 National Drug Strategy Household Survey (NCETA secondary analysis, 2021).

Alcohol consumption and preferences also differ state-to-state:



- **The Northern Territory** has the highest rates of alcohol consumption per capita in Australia.
- **Tasmanians** are found to favour wine -- both red and white -- more than any other state.
- **Western Australians** consume more glasses of champagne/sparkling wine on average each week than any other state.
- **Queenslanders** appear to be the nation's biggest beer drinkers, with **South Australians** drinking the least.

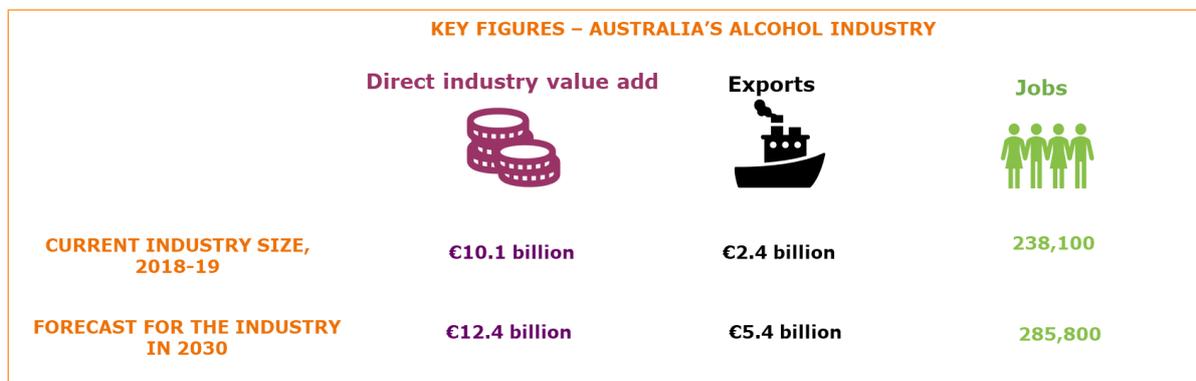
c. The impact of COVID-19 on alcohol consumption

A Finder analysis of Australian Bureau of Statistics data showed that in 2020, Australians spent an average of 1,200€ on household alcohol – up 172€ on 2019.

Following this year's pandemic, one in five Australians (20%) increased their alcohol intake over the lockdown months, according to research from ANU.

d. Australia's alcohol industry economic consumption

In 2018-19, Australia's alcoholic beverage industry contributed **2.7%** to Australia's GDP as the total economic contribution of the Australian alcoholic beverage industry was **32.8 billion €**. This contribution consists of gross operating surplus (returns to capital owners) and wages paid to labour, which collectively determine the industry's value.

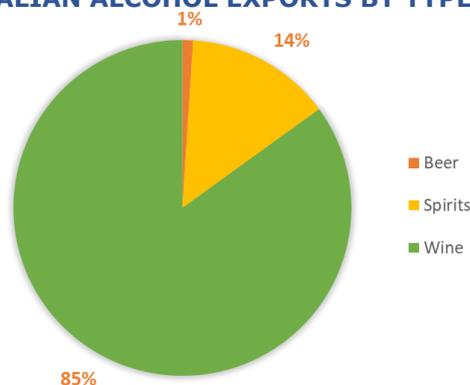


e. Trade of alcohol in Australia:

Exports

Australia's alcoholic beverage exports mainly consist of wine. However, exports of spirits and beers are growing rapidly. Spirit's share of total exports has surged from around 5% in 2009 to 14% in 2019. Only 1% of beer produced in Australia is exported and more than half of those exports are to New Zealand.

AUSTRALIAN ALCOHOL EXPORTS BY TYPE, 2019



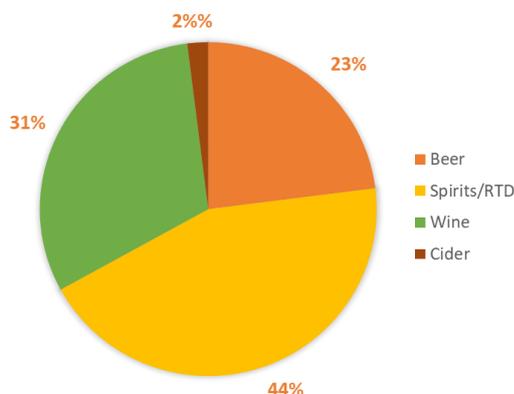
Source: [ABS International Trade](#)

In Australia 7% of all spirits produced are exported. A quarter of these exports are to New Zealand. Thailand, the Netherlands, and the US each account for more than 5%.

Imports

Spirits stand out as the most imported alcohol into Australia.

IMPORTED ALCOHOL BY DECLARED CUSTOMS VALUES (2018)

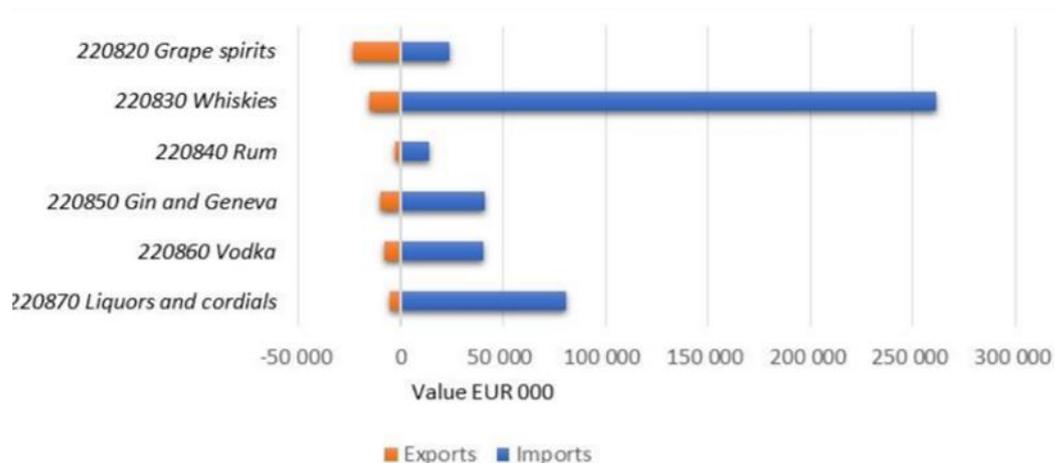


Source: [Department ICS Data 2018](#)

Spirits are also one of the key food and beverage products that Australia has a large trade deficit with, due to smaller domestic production base of spirits and the high volume of imported spirits.

Whiskeys are the most imported spirit into Australia. **Liquors** and **cordials** are the second most imported spirit in Australia

TRADE BALANCE OF SPIRITS IN AUSTRALIA (2019)



Source: [Trade Map, International Trade Centre](#)

f. Key countries of origin for imports of alcohol into Australia:

A large share of the spirits consumed in Australia is imported and receives no further processing transformation. Imported spirits are estimated to account for 32.2% of the domestic spirit demand in 2020-21 and has grown over the past five years in Australia.

Spirits total imports into Australia: €510.8 M

Top countries of origin for spirits imported into Australia (2018)

1. United Kingdom		33%
2. United States		21%
3. France		10%
4. Ireland		8%
5. China		4%

The value of **imports of spirits, liqueurs and other spirituous beverages** to Australia totalled **511 million €** in 2020.

More than 50% of Australia's imported spirits come from the **UK** and the **US**. However, each country has a main export product.

Source: Data from [Trade Map, International Trade Centre](#)

- The UK and the US stand out as the major exporters of gin and jenever.
- Ireland stands out as the major exporter of whiskey to Australia from the EU.
- The EU is a large exporter of Liquors with Ireland, Italy, France, being in the top three exporting nations.
- France is also the largest exporter of vodka and grape spirits to Australia with a value of 16m€ and 24m€ in 2020 respectively.

Beers total imports into Australia: €224.4 M

Craft Beer

1. Mexico		75.4%
2. New Zealand		3.9%
3. Netherlands		3.3%
4. Germany		0.4%
5. Italy		0.4%

The value of **imports of beers** to Australia totalled **224.4 million €** in 2020, with Mexico being Australia's main beer importer.

Source: Data from [Trade Map, International Trade Centre](#)

Cider total imports into Australia: €22 M

Cider

1. Sweden		28.7%
2. New Zealand		27.4%
3. Ireland		14.6%
4. Japan		13.8%
5. South Korea		5.3%

The value of **imports** of ciders to Australia totalled **22 million €** in 2020 with more than 70% of Australia’s imported ciders coming from **Sweden, New Zealand and Ireland.**

Source: Data from [Trade](#)

[Map, International Center](#)

g. Key Trends

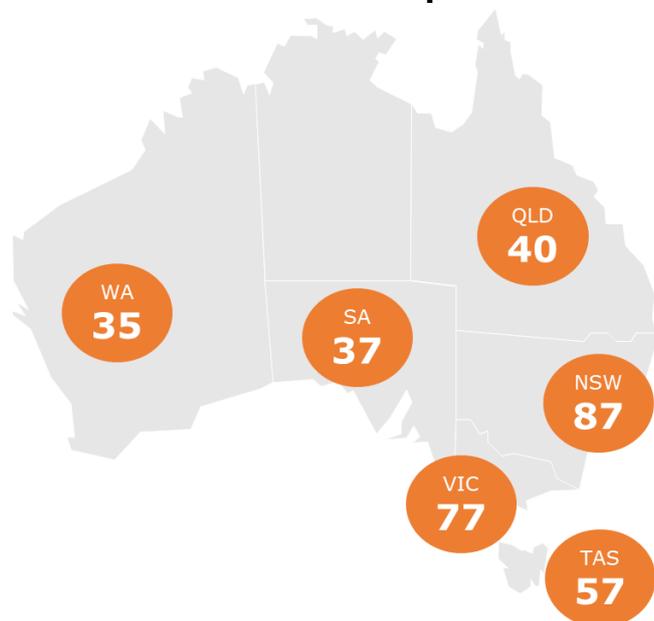
Australia has large and robust whiskey, white spirit, craft beer and cider industries with a range of local and international participants of varying sizes:

LOCAL WHISKEY	LARGE WHITE SPIRITS	LOCAL CRAFT BEERS	LOCAL CIDERS
			
INTERNATIONAL WHISKEY	INTERNATIONAL WHITE SPIRITS	INTERNATIONAL CRAFT BEERS	INTERNATIONAL CIDERS
			

Whisky

There are **over 330 registered distilleries** in operation within Australia, producing whiskey, gin, vodka, rum, and other spirits, of which around **50** have a whisky on the market.

Australian Distilleries Map:



Tasmania hosts the largest concentration of whisky distilleries (**22**) due to its climate and location.

Source: [The Whisky List](#)



For example, Tasmanian-based **Sullivan's Cove French Oak Single Cask** was awarded "World's Best Single Cask Single Malt" at the World Whiskies Awards in 2014 and 2019. This followed winning the same award for their American Oak Single Cask in 2018, making Sullivan's Cove the only distillery in the world to ever win the award twice.

Most Australian whisky is produced using a very similar process to Scottish Whisky. However, the flavour of Australian whisky is subtly different than European Whisky. Irish whiskeys are known to be softer than a Scotch, more versatile and greater for cocktails.

Multiple styles of whisky are produced in Australia, including single malt (majority), rye, wheat, and blended whiskies. There is more variation than what is found overseas, with no strict customs or traditions governing the styles produced.

Even though, the current Australian whisky market is concentrated around small batch offerings, large premium spirits companies are starting to invest in the industry through accelerators which mentor and invest in new and growing independent spirits brands.



Irish Whisky in Australian liquor stores

Compared to a few years ago, Australians now have a far greater choice in Irish whiskey

- Dan Murphys and BWS stores have over 20 Irish whiskey premiere brands like **Dubliner, Jameson, Slane, The Whistler, Writers Tears, Tullamore Dew, McConnel, Bushmills, Proper No.12, Finnlaighs.** and **Black Bush.** Dan Murphy also offers single malt Irish whiskey from **Retronaut, Liberties** and **Teeling.** The highest selling Irish whiskey at Dan Murphy’s is Jameson’s with Conor McGregor’s Proper 12 growing in popularity, according to a Category Manager for Spirits & Premix at Dan Murphy’s ([Drinkstrade](#)).
- Liquorland has around 11 different Irish Whiskeys on their website including **Jameson, Proper No.12, Slane, Tullamore Dew, The Sexton, Bushmills.**



White Spirits

Independent distillers in Australia have started using native botanicals and manufacturing white spirits in Australia, including **Four Pillars Gin** and **666 Vodka**, which have been highly successful. Even though these brands have been able to gain a foothold in retail outlets over the past five years, many of these businesses rely on sales at their distillery door or at local pubs and bars. For this reason, these businesses have been significantly affected by the COVID-19 lockdown restrictions in Australia

- Dan Murphy’s website offers one pure Irish vodka (**Sausage Tree**) and four Irish Gins (**Drumshanbo, Mil, Dingle** and **Jawbox**):
- BWS’s website only has one Irish Gin (**Mil**) and no other Irish white spirits
- Liquorland has one white spirit from Ireland (**Drumbshanbo**) on their website



The Australian white spirit industry has attracted international investment and local investment:



Premix and RTD trends

Premixed drinks or RTDs are spirits that are sold premixed and “Ready To Drink”. They are usually a base of vodka, tequila or whisky combined with a mixer like a soft drink

Australia is known to be at the forefront of RTD innovation and received several medals at the 2021 [World Premix Awards](#):



Source: [Drink Digest](#)

Today, drinks companies around the world are taking the RTDs category seriously. RTDs are the world’s fastest growing spirits category and RTD segments have recorded significant growth in the 12 months to March 2021, with the strongest growth drivers being vodka (+72.3%), bourbon (+32.6%).



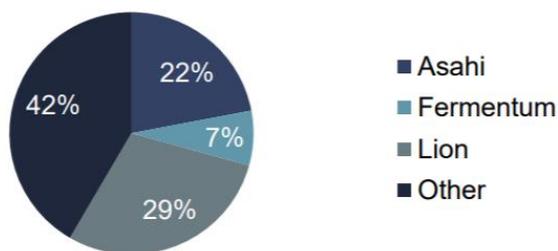
Source: [Drink Digest](#)

In 2016, Diageo invested \$20m on marketing a new range of lighter, lower alcohol pre-mix drinks as it undertakes the biggest overhaul of the category in more than a decade. Diageo also recently launched a new look for UDL, Australia’s first premix (1965).

Craft Beers: AU\$842.6 M Revenue (2020)

Despite around 400 craft brewers in Australia, the craft beer industry is fragmented in Australia. It is dominated by multinationals, such as Lion and SA, who control over 50% of Australia’s craft beer market. The presence and dominance of the following large craft beer companies in Australia (Asahi, Fermentum and Lion) makes life hard for new entrants, especially in the mass market.

Key Craft beer players in Australia:



However, the market is becoming more consolidated over time, as larger market players are acquiring smaller breweries to build their market share. For example, Asahi acquired Carlton and United Breweries in July 2019 and now boast a large and diverse portfolio of products including beer, cider, spirits, soft drinks, and juice.

Australian craft beer (and cider) industry has attracted international investment from a wide range of sources:



Leading beverage firm in Japan
Revenue +16.5b €

➔



Carlton & United Breweries

Australia's biggest brewers

Asahi took control of Australia's biggest beer business **CUB** from June 1 2020, bringing brands including **Victoria Bitter, Carlton Draught, Great Northern and Crown Lager** into its stable. The **Australian craft beers, Mountain Goat, 4 Pines and Pirate Life** are also part of the sale



Leading Global Beer company
Revenue +20b €

➔



Heineken acquired the cider brands **Strongbow, Little Green and Bonamy's** and perpetual licenses of beer brands **Stella Artois and Beck's** from Asahi in Australia. Distribution in Australia by **Drinkworks**, subsidiary of **Heineken** and **DB Breweries'** Australian sales and marketing arm, adding to its premium portfolio in Australia (Tiger, Sol, Monteith's beer and cider and Orchard Thieves cider)



New Zealand global beverage company
Revenue +1.86b €

➔



Fermentum Group, Australian group

Lion is about to acquire the **Fermentum Group** creators of Stone & Wood brewery which has about 1 per cent of the beer market in Australia for 320 million €, according to the Australian Financial Review. They will take the entire portfolio of brands including Two Birds, Fixation, Little Dragon and Sunly Seltzer.

Preferences

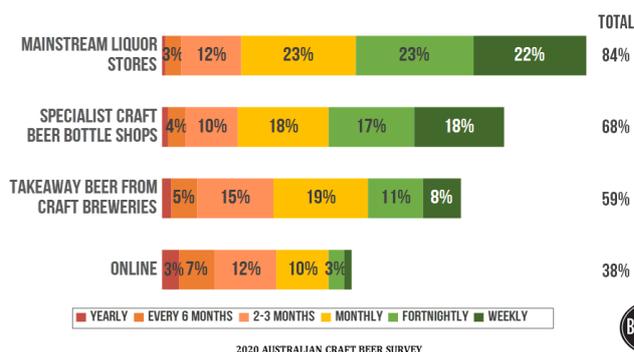


99% of craft beer drinkers have a strong preference for independently owned Australian breweries, according to a survey by Beer Cartel.



Source: Beer Cartel

Shopping Frequency by Store Type (Pre COVID-19)



84% of craft beer drinkers in Australia buy their craft beers in mainstream liquor stores, according to a survey by Beer Cartel.

Source: [Beer Cartel 2020](#)

Dan Murphy's does not have many European craft beers. It only has craft beers from the UK (**Shepherd Neame**) and from Scotland (**Bredg**).

- BWS does not offer any craft beers from Ireland. Popular brands at BWS include Little Creatures and James Squire.
- Liquorland only had **Guinness** and **Kilkenny** craft beers available on their website. They mainly have a range of Australian and imported craft beers from New Zealand.



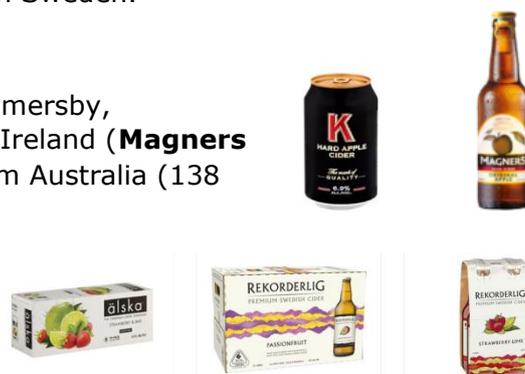
Cider

Declining domestic demand, combined with an increasing preference for Australian made craft cider, is expected to drive the decrease in imported products.

With the acquisition of Carlton & United Breweries by Asahi in 2020, **Asahi** is now the market leader for Cider manufacturing in Australia, with more than 50% market share. **Lion** is the second largest company with around 25% market share.

The two most popular foreign ciders in the Australian market are **Rekorderlig**, owned by Coca Cola Amatil, and **Kopparberg**, both produced in Sweden.

- At **Dan Murphy's**: Strongbow, Monteith's, Somersby, Kopparberg and more including 2 ciders from Ireland (**Magners and K**). However, most of their ciders are from Australia (138 out of 210 products).
- At **Liquorshop**: All their ciders are Australian or imported from New Zealand and Sweden (**Alska and Rekorderlig**).

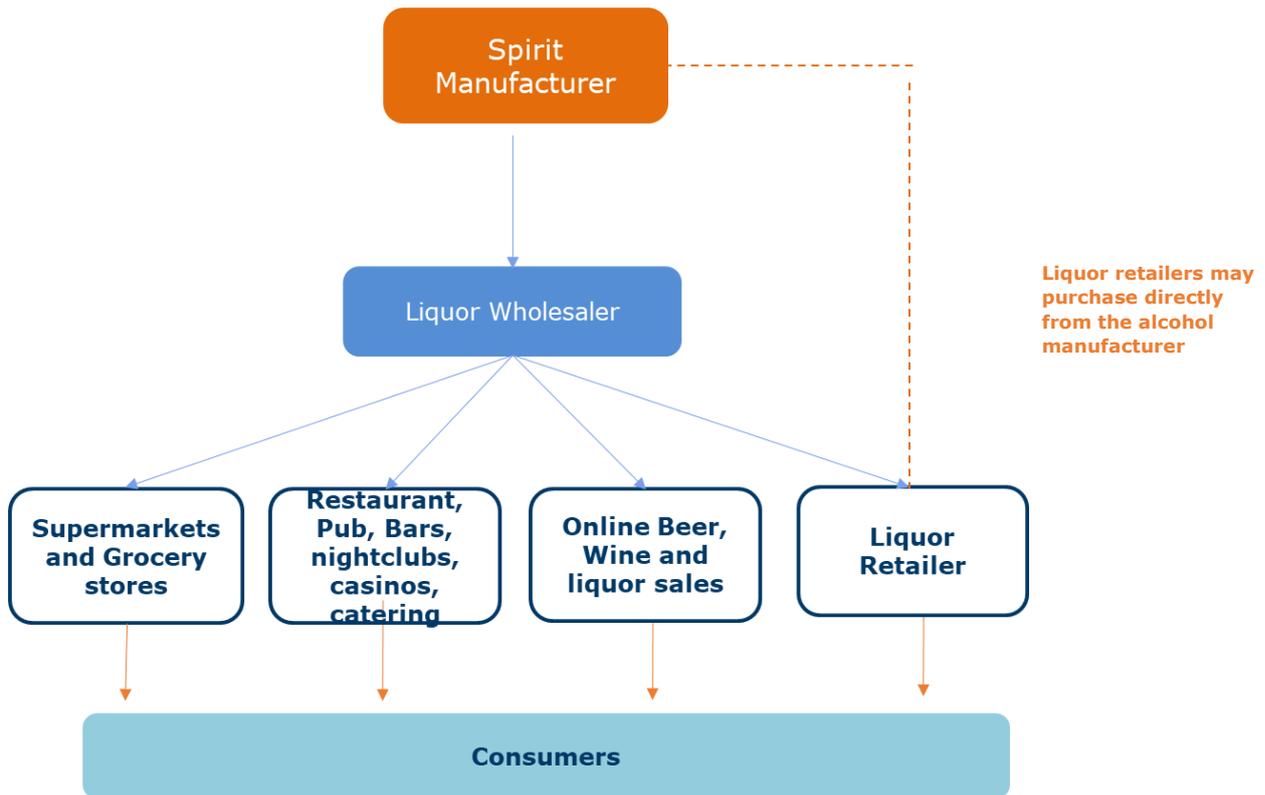


2. DISTRIBUTION CHANNELS AND KEY PLAYERS

a. Supply Chain/Route-to-market:

There are different trading patterns. Most **retail liquor stores** in Australia purchase products through **wholesalers** as they lack the scale to negotiate directly with foreign suppliers.

Diagram of the distribution process:

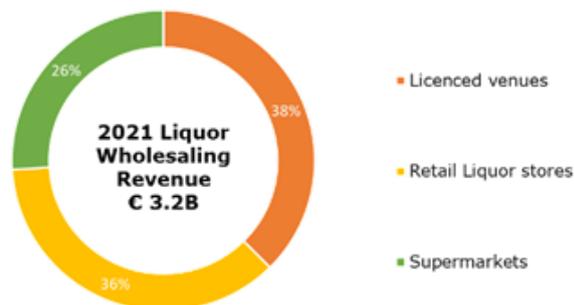


b. On-trade and off-trade key players

Liquor Wholesalers

Operators in the Liquor Wholesaling industry acquire products from manufacturers and sell them to downstream sectors. The main markets for liquor wholesalers are **retailers**, **supermarkets** and **licensed venues**, including those in the **hospitality sector** such as restaurants, bars and cafes.

Major Market Segmentation in Australia



On-trade (hotels, bars and restaurants) environment in Australia:

There are now more than **6,000 hotels pubs and bars** in Australia. With more than 200 pubs, New South Wales has twice as many as in Victoria and Queensland. Australia has 8 different licensing jurisdictions: Hotels, Taverns, Bars, Off-Licences, Roadhouses, Licensed Restaurants, Club Licences and others.

Establishment Type in Australia:

Establishment Type	Number
Hotel	4337
Tavern	731
Inn	261
Bar	162
Pub	75
Others (Saloon,...)	562

69% of Australian pubs are still located on corner blocks, like in the past.



Photos: <https://concreteplayground.com/sydney/pubs>

There are 85 "Irish themed" pubs such as O'Malley's, Mick O'Shea and Dooley's



[O'Malleys Hotel in Woolloomooloo](#)

Most of Sydney's bars are in concealed locations, imitating the American speakeasy trend, which are legal hidden establishments where guests can have the experience of living during the Prohibition era. However, each city and suburb in Australia has its own style. Melbourne whisky bars tend to be more composed, elegant, and relaxed than Sydney. Brisbane, Perth, and Adelaide are similar to Sydney's and Melbourne, but with their own provincial style.



Photo: [The Elysian](#), Whisky Bar of the year 2021



High-end hotels and restaurants will sometimes feature foreign whiskey, but recognised brands dominate. There are more and more fancy whiskey bars in Australia which have a broad selection of whiskey with whiskey cocktails, and which employ staff who are knowledgeable. There is also a return to drinking locally brewed beers/ciders, due to the perceived cost issues associated with importing.

[The Grain Bar, Four Seasons Hotel Sydney Whisky Hotel Bar of the year \(Whisky Magazine\)](#)

On-trade has suffered from the recent trend of people to drinking at home, due to Covid-19. There is also an expanding expatriate population in Australia, who have set up pubs, restaurants, and distribution companies, and are now starting to import more niche drinks.

Clubs and pubs purchase less packaged liquor compared with supermarkets and grocers, which tend to stock products with a high turnover. Licensed venues generally sell single-serve portions of alcohol that they mix or pour themselves for on-premises consumption. These single servings typically have high margins, making this the most valuable industry market. However, licensed venues must stock a large variety of alcohol and provide significant after-sale services through bartenders and waiting staff.

With the COVID-19 outbreak, licensed venues sales have been severely affected with the restrictions and temporary shutdowns of all licensed establishments in Australia. Demand and activity in hospitality venues have significantly declined due to COVID-19, particularly in Melbourne and Sydney, where there were stricter lockdown measures implemented.

Off-trade (supermarkets, retailers, off licences)

Supermarkets

It is important to note that most grocery stores in Australia do not sell alcohol although they may have separate liquor stores on their premises. Consumers are increasingly purchasing alcoholic beverages from major supermarket chains in Australia, which have aggressively moved into liquor retailing through outlets attached to their supermarket stores.

Liquor Retailers

Liquor retailers hold the largest market share for alcohol with **Dan Murphy's** assuming the largest market share in this segment.

The industry is highly concentrated in Australia as the four largest industry players are estimated to account for around 80% of the industry in 2020-21 thanks to strategic acquisitions placing them in a favourable growth position:

Liquor Retailing Revenue in Australia: €9.9bn (2020-21)

Parent Group	Woolworths <i>The fresh food people</i>		coles		Metcash INDEPENDENT BRANDS AUSTRALIA PTY LTD				HOFFER	
Market Share	45.6%		18%		10.3%				5%	
Retail Stores	BWS	Dan Murphy's	LIQUORLAND	firstCHOICEliquor	VINTAGE CELLARS	Cellarbrattons	Wine-O	DUNCAN'S	big brongan distilling	ALDI Liquor
Number of Stores	1,355	248	731	93	80	2,700				300

COLES

Coles, one of Australia's leading retailers, offers an extensive network of liquor stores through **Cole's Liquor** and has three retail banners: **First Choice**, which compete with Dan Murphys, **Vintage Cellars**, which is more premium offering; and the convenience brand **Liquorland**, which has many outlets attached to some Coles Supermarkets.



ENDEAVOUR GROUP AND WOOLWORTH

Endeavour Group is Australia's leading retail drinks and hospitality business. Endeavour Group's largest part of the business is ALH Hotels (Australian Leisure and Hospitality), which owns approximately 30% of pubs across Australia. Their entities include Cellarmasters (online and physical retailer specialized in wine), Jimmy Bring's (beverage delivery service in metro areas), Shorty's Liquor and Pinnacle Drinks (specializes in private-label drinks such as Arc Valley and John Boston beers).

Woolworths recently split from its liquor business, **Endeavour Group**, and manages **Dan Murphy's** liquor supermarket chain and the **BWS** retail brand.

These stores now operate as free-standing stores, financially and managerially separated from the supermarkets. However, they do remain adjacent to Woolworths, although a handful are known to be adjacent to Coles. Woolworths also owns hotels, finances, consumer electronics and general merchandise.



METCASH/IBA

Metcash employs approximately 6,400 employees across Australia and New Zealand and is headquartered in Sydney. The company operates in the industry through Independent Brands Australia (**IBA**), the second-largest network of liquor retail outlets in Australia, under several brands including **Cellarbrations, Duncans, IGA Liquor, The Bottle-O, Big Bargain, Thirsty Camel** (in NSW, Tasmania, Australian Capital Territory, Northern Territory, South Australia and Queensland) and **Porters Liquor**, which was acquired in 2017.



Others

Other than Woolworths, Coles and Metcash, the Liquor Retailing industry in Australia is characterised by:

- Smaller supermarkets, such as **ALDI** and **Foodworks**,

ALDI Liquor is available in selected stores in New South Wales (NSW), Victoria (VIC), Australian Capital Territory (ACT) and Western Australia (WA). Due to liquor licensing limitations, liquor is not sold in Queensland (QLD) or South Australia (SA) ALDI stores.

- Midtier chains such as **Bottlemart**
- Smaller, independent or chain liquor retailers

Over the past decade, many of these smaller retailers have responded to the rising market dominance of the two supermarket giants by joining retail banner groups. Operating under banner names, such as **Liquor Marketing Group**, independent retailers have generated greater economies of scale, obtained stronger collective marketing power, and received lower wholesale prices.

Online Retailers

Lockdowns and social distancing measures have encouraged consumers to switch to online retailing in Australia. Moreover, restrictions on pubs, bars and other hospitality venues have boosted liquor retail sales. The alcohol online retail revenue is anticipated to grow by 27.2% in the current year, to **€1.14 billion** in Australia.

Australians enjoy being able to research and compare different products. For this reason, large retailers operate through online stores offering a large catalogue of products, with listings including customer and critic reviews to help guide and inform consumers:

Woolworths and Coles are holding the largest market share in the online retail industry (61% of market share):

- **Woolworth** owns **The Wine Quarter collective**, which includes **Langton's**, **Cellarmasters**, **Dan Murphy's** online platform (largest discount retail liquor chain in Australia, with more than 8,000 products available online), **Nexday** and **WineMarket**. Woolworths also acquired **Jimmy Brings** and **Shorty's Liquor** and sells alcohol products through its **BWS** website.
- **Coles Online**, and its **First Choice Liquor** and **Liquorland** online stores

However, the number of online retailers has increased strongly over the past five years, as niche online stores offering premium spirits and craft beer products have entered the market.

Online alcohol channels include:

Companies	
Woolworth through:	
- Langton , https://www.langtons.com.au/	
- Dan Murphy , https://www.danmurphys.com.au/dm/home	
- Jimmy Brings , https://jimmybrings.com.au/	
- Shorty's Liquor , https://shortysliquor.com.au/	
- BWS , https://bws.com.au/	
Coles through:	
- First Choice Liquor , https://www.firstchoiceliquor.com.au/	
- Liquorland , https://www.liquorland.com.au/	
ALDI , https://www.aldi.com.au/en/groceries/liquor/	
Pocko trading as Boozebud , https://www.boozebud.com/	
Pinnacle Drinks , https://pinnacledrinks.com.au/	
Grays , https://www.grays.com/	
* Casa de Vinos , http://www.casadevinos.com.au/	
The Old Barrelhouse , https://theoldbarrelhouse.com.au/	
Liquorkart , https://www.liquorkart.com.au/	
Amazon , https://www.amazon.com.au/ref=nav_logo	
Hello Drinks , https://hellodrinks.com.au/	
Secret Bottle , https://shop.secretbottle.com.au/	

*[Casa de Vinos](http://www.casadevinos.com.au/), was elected best online retailer of the year 2021 ([Whisky Magazine](#)).

Promotions

Woolworths-owned and the Coles-owned liquor outlets will often price match each other. Many Liquor stores in Australia offer discounts to customers and members.

Sources: [Dan Murphy](#), [BWS](#), [Liquorland](#), [First Choice](#)

Suppliers can promote their products on the liquor shop's promotion calendar four times a year, in exchange for a commission of the advertising.

3. DEALING WITH DISTRIBUTORS IN AUSTRALIA

a. The Business Etiquette in Australia:



Business Etiquette

- Australians are very straightforward when it comes to business, so they do not need to build relationships for a long time before doing business with you. They are receptive to new ideas
- The decision making will be slower than usually, as the work environment in Australian business culture is collaborative. Top management will consult subordinates

Benefits

- Ease of doing business: 14th
- Australia is a great test market with a multicultural population
- Proximity to Asian markets
- Offers a 365-days business models by season, hence extending your business operations and sales – our summer is your winter



Business Etiquette

- They appreciate modesty, so try not to oversell your company and do not even think of applying aggressive sales techniques
- Offering gifts is not part of Australian business etiquette, but it is acceptable to bring a small gift from your country. They should be opened when received
- If you are invited out for a drink, don't recall the subject of business unless your counterpart does so

Difficulties

- Presence is required with a legal entity and a local representative
- Time difference may be tough, especially for building and maintaining business relationships, customer service and aftersales
- Segregated market based on the States system. Each State has its own regulations, legal implications, processes, and authorities

b. The importance of Supply Chain

Supply chain (points 1, 3 and 10 below) is crucial. The Woolworths Supplier of the Year Awards are based on these metrics.

Top 10 things Australian retailers expect from their suppliers:

- | | | | |
|---|---|----|---|
| 1 | Delivers on time/at the requested time (100% expected) | 6 | Works well with the retailer and is easy to do business with |
| 2 | Works with the retailer to achieve the best value proposition for their customers | 7 | Creates and sustains a climate of co-operation and trust |
| 3 | Delivers complete orders/high percent fill rate (100% expected) | 8 | Manages promotions effectively |
| 4 | Has brands and product that provide adequate margin levels | 9 | Quality of contact with supplier personnel |
| 5 | Works with the retailer to develop category plans that help them build sustainable growth and profile relative to category expectations | 10 | Proactively works with the retailer on forecasting to prevent out-of-stocks |

Source: survey by market research firm, Advantage Group



-  **Category Management Award**
-  **Supply Chain Management Award**
-  **Most Improved Supplier of the Year**
-  **Supplier of the Year**

Australian Drinks Awards Results (2020)

Australian Drink Award Results shows that the local group DIAGEO is a leader in terms of category management and supply chain

Source: [Drink Association](#)

c. Category Selling Plan

Buyers in Australia are overwhelmed with options; foreign alcohol manufacturers challenge is to get their attention and convince them to take on their product. **There are four key steps in a category selling plan:**

- 1. Confirm needs**
 - What does the buyer actually need?
- 2. Customer opportunity**
 - What margin will they make?
- 3. Commercial proposition**
 - How much are you investing behind the brand and behind the customer opportunity?
- 4. Commit to action**
 - What do you need from the supermarket and what do you need to deliver?

- ➔ When considering these things, the manufacturers need a deep understanding of their consumer, their shopper, and their customer.
- ➔ Studying what the trends of the market are per geography and regarding price and packaging is crucial.

d. Portfolio Strategy:

Australians usually know around four main foreign whisky brands including Jameson, Jack Daniel’s, Johnnie Walker and Jim Beam. Therefore, it can be difficult for smaller foreign importers to enter the market.

Ideally, Irish manufacturers would want to find an Australian distributor that does not already offers a brand from Ireland at the same price point so that they can fit nicely into the distributor’s portfolio strategy with no cannibalisation.

Foreign manufacturers need to find a niche distributor who would distribute across regions, varietals, and price points in their portfolio.

Another option for foreign manufacturers and especially premium spirits manufacturers could be to start on-premises (on-trade) as cocktails are a particularly important segment for the on-premises channel in Australia. Australian consumers are looking for more

complicated drinks and are more curious to try new drinks when they're on-premises. Premium spirits and craft beers are experiencing notable performance on-premises and are also garnering consumer attention in Australia. Having knowledgeable bartenders and brand ambassadors could influence consumers on the choice of their cocktails.

e. Distribution alternatives: opting for an on-the-ground representative

Some of Ireland's large spirit producers (Jameson, Slane...) have their own distribution channels or sales representatives who manage distributors in Australia. Having a sales team or brand ambassador flying around the country or a state in Australia, spreading the good word about their brands, providing sales, marketing support, working alongside a distributor, is the best option for spirit manufacturers if they can afford it and if they have the scale to make it work.

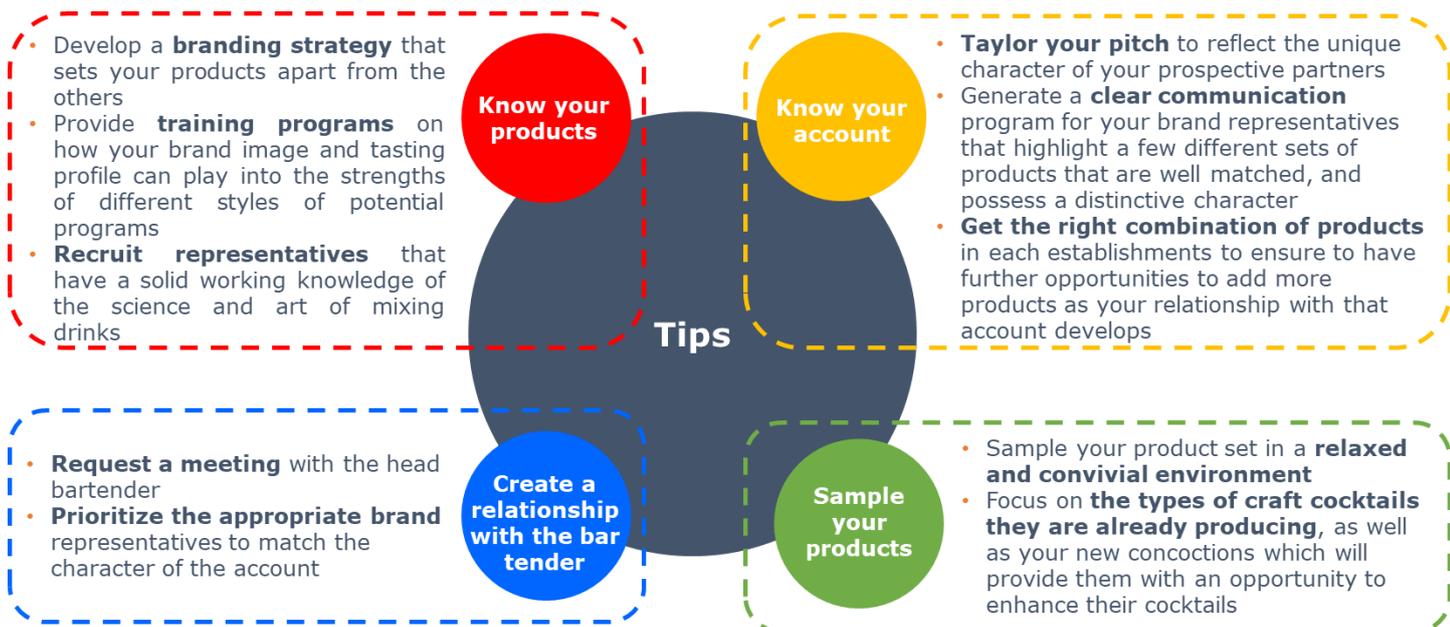


Bartenders have a very important role in Australia and tend to become Brand Ambassadors for alcohol brands. For instance, Australianbartender.com.au interviewed some of Australia's best brand ambassadors, to get their advice on how a bartending career can move into an ambassador role, and what they want to see in the industry in the year ahead.

Source: Bartender Australia

In Australia, bartenders have an unprecedented influence over which spirits are stocked in each bar.

Tips for distilleries on generating brand loyalty from influential mixologists and bartenders:



f. Networking and news:

Australia has a broad range of organisations that support the alcohol beverages industry. It may be relevant for Irish importers to connect with these industry organizations:



- Peak national organisation representing the interests of the world's leading manufacturers and importers of distilled spirits in Australia
- <http://www.dsica.com.au/>

- Incorporated association with a vision of promoting a safe and vibrant spirits sector, which supports Australia's mature drinking culture and creates opportunities for economic growth and industry development
- <https://spiritsandcocktailsaustralia.com.au/>

- Represents the Australian food and grocery supply industry
- A valued service provider to their members, enabling them to contribute to overall industry policy and strategy and to influence category-specific issues and services.
- <https://www.afgc.org.au/>

- Peak body representing Australia's leading beer makers and, more broadly, beer drinkers across Australia
- They work with government agencies, industry, trade and international counterparts
- <https://www.iba.org.au/>

- Peak body for the cider and perry industries in Australia
- <https://www.cideraustralia.org.au/>

Source: Industries Websites

Australia also has some local Associations in each State and chambers of commerce, able to connect you with key players. For example:



- Leading Irish Australian business network
- Highly active chamber association with regular events and strong links across the Australian business community
- Membership-based organization, bringing together individuals and providing them with a network and structure to further business and professional development objectives, both in Australia and in Ireland. Their members comprise a broad range of industry sectors, professionals, and government representatives, both nationally and internationally.
- CEO is Barry Corr
- <https://www.irishchamber.com.au/>

- Australia's largest and most representative business network
- Network of over 160 business associations made up of peak state and territory chambers of commerce and national industry trade associations
- <https://www.australianchamber.com.au/>

Australia also has some tradeshows that may be relevant to Irish importers to visit or exhibit there:

 27 Feb. - 01 Mar. 2022 Foodservice Australia (Melbourne, Australia) Trade fair for foodservice	 08. - 11. March 2022 Fine Food Australia (Sydney, Australia) Trade fair for food, beverage and hospitality	 03. - 05. June 2022 Good Food & Wine Show (Melbourne, Australia) Trade fair for good food and wine	 24. - 26. June 2022 Good Food & Wine Show (Sydney, Australia) Trade fair for good food and wine
 22. - 24. July 2022 Good Food & Wine Show (Perth, Australia) Trade fair for good food and wine	 21. - 23. October 2022 Good Food & Wine Show (Brisbane, Australia) Trade fair for good food and wine	 23. - 25. October 2022 Foodservice Australia (Sydney, Australia) Trade fair for foodservice	 23. - 26. July 2023 Foodpro (Melbourne, Australia) Trade fair for the food and beverage industry

Source: [Trade Fair Dates](#)

Other key shows would be:

- **The [Melbourne Food & Wine Festival](#)** and **Food and Drink Victoria** are committed to championing Victoria's world-class food and drinks industry and will return on the 12th of March 2022 to celebrate its 30th anniversary.
- **[Whisky Live](#)**, Australia's premium whisky sampling event, featuring high quality whiskies and spirits, will take place in Sydney (15-16th July 2022), Melbourne (6-7th May 2022), Brisbane (17-18th June 2022), Adelaide (2-3rd September 2022), Canberra (27-28th May 2022) and Perth (5-6th August 2022). **[Barmania](#)**, importer and distributor of specialty spirits and liqueurs with a strong focus on whiskies, has been involved with Whisky Live events since 2009.
- The **[Whisky Show](#)** is a festival of whiskies from around the world, held in Sydney (12-13th November 2021) and Melbourne (date TBC) in Australia.



WHISKY LIVE
& FINE SPIRITS



Because of the COVID-19 global crisis, many shows got cancelled in Australia this year. However, each tradeshow's website constitutes a reliable source of potential partners and/clients thanks to their online directories.

We also recommend foreign spirits importers to regularly follow the latest bartender and bar industry news. For example, australianbartender.com.au, Australia's leading hospitality trade media company, is the place for bars, bartenders, cocktail recipes, and the latest industry news. They organize an annual Bartender Magazine Australian Bar Awards. Their portfolio includes **Australian Bartender magazine, Sydney Bar Week, the Bartender Magazine Australian Bar Awards, Indie Spirits Tasting, Whiskey Roadshow,** and australianbartender.com.au.

4. SALES PITCH

Key sales points in Australia revolve around the below:

- Selling the features, benefits, and advantages of the brand/product
- Being aware that **European and Australian consumers are different**
- When pitching a product, applying the SMART framework – Specific, Measurable, Achievable, Realistic, Timebound.

How to best introduce your company in terms of your competitive advantage(s):

- ⇒ Mention that you can offer a **diverse product range** to their clients
- ⇒ **Premium spirits** → There is premiumisation trend in Australia, with consumers shifting from basic spirits towards higher value and higher quality brands.
- ⇒ Underline that your products are well-known and successful Irish whiskeys. **Well-known spirits** are desired in the domestic market → Imported spirits are estimated to account for 32.2% of domestic demand in 2020-21.
- ⇒ **Compliance to AU standards** and regulatory environment
- ⇒ Put forward the Irish heritage, thanks to Jameson solid growth in Australia, +15% (Results Year ending 30 June 2021), Irish spirits are well perceived by the Australian population
- ⇒ Increase **Marketing efforts** to promote the premium and craft qualities of products as well the expertise and historical significance of the countries of origin, as Australian consumers continue to seek brands with unique stories. Whiskey producers could **focus on marketing strategies** that portray drinkers as trendy or cultured.
For example, the two most popular foreign ciders in the Australian market, Rekorderlig and Kopparberg, are produced in Sweden, with Rekorderlig promoting the Swedish spring water used in production, while Kopparberg advertises the history of its brewery dating back to 1882.



Photo: [Mumbrella](#)

5. TERMS COMMONLY USED IN AUSTRALIA

a. Mark ups

Mark ups are used when the distributor raises the selling price of its products to cover its own costs and make a profit. On average, liquor stores in Australia have an overall profit margin of between **20% and 30% annually**. However, the profit margins liquor stores have are going to vary greatly depending on the **types of alcohol** they sell, the **type of business** they have, and their **location**.

Type of Alcohol

In Australia, beer, wine, and hard liquor are generally marked up at different rates:

Type of alcohol	Mark Up
Classic Beer	20-30%
Craft beers or hard-to-come-by products	40-50%
Wine	50%

Type of business

Supermarkets and gas stations that sell alcohol may handle smaller profit margins from alcohol sales than liquor stores because they are not relying only on alcohol for their profits.

Restaurants and bars can get away with a much higher profit margin for alcoholic beverages since they're selling by the drink/glass and not typically selling an entire bottle or case to the consumer.

Normally, restaurants have profit margins of around 80% for each drink they sell because they are looking at "pour cost," not wholesale cost.

A simple liquor store will have lower profit margins than restaurants and bars but may have higher margins than grocery stores and gas stations involved in the sale of alcohol.

On trade/ off trade	Type of business	Overall, Mark Up
Off-trade	Retail shops	20-30%
	Grocery store and gas station	20%
On-trade	Restaurants	Up to 80%
	Bars	Up to 200%

Location

Liquor stores competing with several other liquor stores within a short distance may have to accept smaller profit margins to stay competitive.

Small businesses located near a warehouse-type seller that can offer discount pricing because they have such high volume, usually drop their prices to remain competitive, which means smaller profit margins as well.

However, when there is only one liquor store in town, they can usually get away with higher profit margins without losing customers.

If a liquor store offers unique products, they can have a higher profit margin since they're providing something the final customer cannot find anywhere else.

b. Contract stipulations (sign-up, listing and ranging fee)

There are no sign-up fees or listing fees required by supermarkets to sell alcohol in Australia. Suppliers will answer to a tender. To receive a tender, each supplier needs to be on the list of the large distributors. Hence, network is important in Australia, and it is recommended to build a relationship with some buyers from the market's key players.

The tender process consists of submitting the alcohol brand and the price list. The distributor may ask for:

- The capability to deliver the alcohol in each store
- Samples
- A better price than the competition

However, every supplier of every product in Australian supermarket pays a ranging fee or a "slotting fee" for their place in the aisle. The level of the fees is an **industrial secret**.

The relationship between suppliers and Australian retailers evolved out of advertising arrangements. Today, suppliers pay for the space they used to buy in a very efficient way. Space charges are supposed to be inexistent in Australia. However, the major Australian retailers decide whether they are going to give suppliers an end, a shelf, or a bin. Suppliers need to offer a bigger discount to influence retailers to obtain one of those advantages.

A good wholesaler will be able to:

- **Control stock** to maintain warehousing costs and cashflow
- **Effectively communicate and negotiate**, maintaining good relationships with a variety of liquor and other beverage manufacturers so they can offer a diverse product range to clients.
- **Use of high volume/low margin strategy:** Liquor wholesalers must stock many high turnover products due to the industry's low margins. Players also require an accurate and up-to-date understanding of market demand to maintain high turnover.
- **Having contacts within key markets:** Liquor wholesalers benefit from having strong relationships with a variety of retail and hospitality outlets, as this allows them to better negotiate supply contracts.
- **Proximity to key markets:** operating from a strategic location which will allow them to deliver on time to customers and lower transport costs

c. On-trade and off-trade deals

For On-trade (On-premises) and Off-trade (Off-premises), building and selling a brand is a priority. Targeting large groups, may bring both off and on trade opportunities, as they own pubs, hotels alongside wine shops. These usually buy large volumes.

For new foreign suppliers of alcohol products, supermarkets are hard to get into. It is recommended to find a smaller distributor who will invest in the brand for on-premises (on-trade). Direct-to-consumer (online or cellar door) may be challenging to approach but could present an interesting option for new suppliers, as it may have a greater reach.

Other distribution options to consider are Private labelling, catering, and private functions. For example, Aldi and Pinnacle (own by Endeavour Group) are known to have many private label brands (white label).

6. NEGOTIATION OF CONTRACTS

a. Australian business culture (Hofstede Dimensions)

Australia and Ireland both score low on the **Power Distance** Dimension, which means that within both organizations, hierarchy is established for convenience, superiors are always accessible, and managers rely on individual employees and teams for their expertise. In Australia, both managers and employees expect to be consulted and information is shared frequently. Communication is informal, direct and participative in Australia.

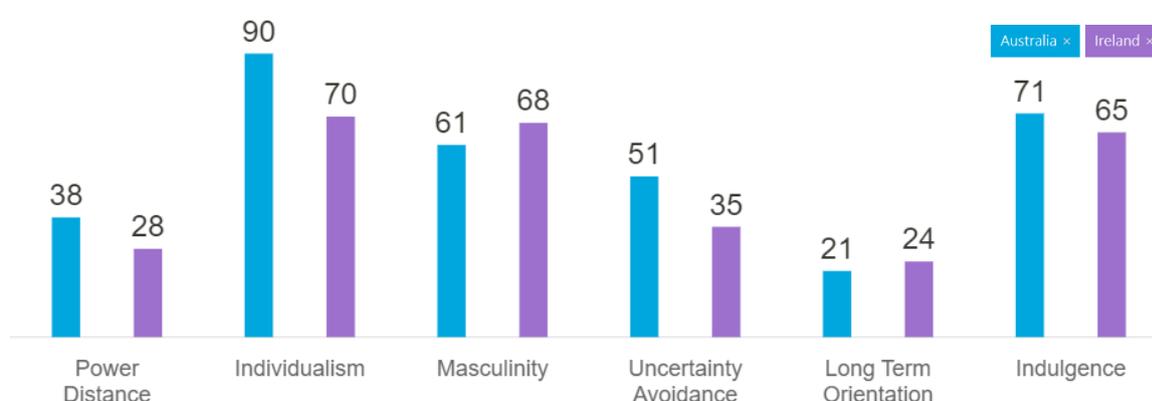
Australia and Ireland are two **Individualist cultures**. However, Australia is a more highly Individualist culture than Ireland. Australian employees are expected to be self-reliant and display initiative. Their decisions will be based on merit or evidence of what one has done or can do.

Australia and Ireland are **Masculine societies** which mean they are highly success oriented and driven. Australians are proud of their successes and achievements in life. Conflicts are resolved at the individual level and their goal is to win.

Australia scores a higher score than Ireland on **Uncertainty Avoidance**. Australian may believe and behave in a stricter manner than Irish people and may avoid unconventional ways of thinking and behaving. Australians may try to minimize the occurrence of unknown and unusual circumstances and to proceed with careful changes step by step by planning and by implementing rules, laws and regulations. Customer trust is also higher in countries with high uncertainty avoidance which may be hard for Irish brands that are not known yet in Australia.

Australia and Ireland both score low on the **Long-Term Dimension**, which means that their societies have a strong concern with establishing the absolute Truth. Australian may be more normative in their thinking than Irish people. They exhibit greater respect for traditions, a relatively small propensity to save for the future, and a focus on achieving quick results.

Australia and Ireland are both **Indulgent countries**. However, Australian may exhibit more willingness to realise their impulses and desires with regard to enjoying life and having fun. They possess a positive attitude and have a tendency towards optimism. In addition, they place a higher degree of importance on leisure time, act as they please and spend money as they wish.



Source: [Hofstede Insight Comparison](#) and Analysis

b. When negotiating

- Leave some variables to negotiate
- Know your entry and exit points
- Advise your internal team about how important each variable is
- Be clear on your non-negotiables.

While imports are projected to increase, the competitive disadvantage traditionally faced by spirit importers from overseas when competing with local manufacturers is likely to increase as consumers increasingly seek out locally produced and higher quality products.

c. Payments

Industry contracts tend to have strict payment terms, and Liquor Wholesaling in Australia operators only open new accounts with clients after a **financial analysis** of the company. If the quantities ordered are less than those already packaged, a repackage surcharge applies to these items.

There is not necessarily a quantity required by bulk purchases in Australia. This will depend on the brand knowledge, distributor type and specificities.

