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News Release

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FOR IMMEDIATE RELEASE

VOLUMES DOWN, BUT AUSSIE CONSUMERS STILL TRADING UP TO PREMIUM LIQUOR

Imported and domestic premium beer growing faster than cheaper beer
Volume sales for premium spirits up 21.3 percent on previous year
Growth in bottled wine priced over \$10 off-setting overall wine category decline

SYDNEY, 10 June 2009: Despite being faced with monetary pressures as a result of the global financial crisis – Australians do not appear to have sacrificed their taste buds when it comes to their choice of alcohol. Strong volume sales performance of imported and domestic premium beer, premium brand spirits and bottled wine priced over \$10, contradict any perception that Australians will turn to cheaper booze in times of struggle.

According to the latest Nielsen report, imported premium beer and domestic premium beer enjoyed significant volume growth of 15.3 and 18.6 percent respectively for the Quarter to March 2009 versus the previous year, while premium spirits increased by 21.3 percent. Volume sales still increased for the cheaper, more traditional beer and spirit segments (mid-strength and full-strength beer; value and standard spirits), however growth was modest when compared to their premium counterparts (*Refer to Chart 1*).

When it came to wine, the overall category continued to experience volume losses driven by long term declines in the value-end of the market (cask wine down by -5.1%, and bottled wine under \$10 down by -5.6%). However, increased consumer demand for more expensive wine (bottled wine priced

\$10-\$20 up by 5.6%, and bottled wine priced over \$20 up by 4.1%) is bucking the category's downward sales trend.

Capitalising on the growth opportunities presented by premium liquor, Diageo Australia recently announced the launch of a new premium rum – Bundaberg Reserve, which is to be supported with media, digital, trade and PR activity worth over \$1 million over the next 12 months.

"The trend towards more premium products in the alcohol category is very welcome news for Diageo. We intend to leverage our best-in-class portfolio of premium spirits brands to meet the continued consumer demand for something more special," said Sally Smallman, Head of Consumer Planning and Communications.

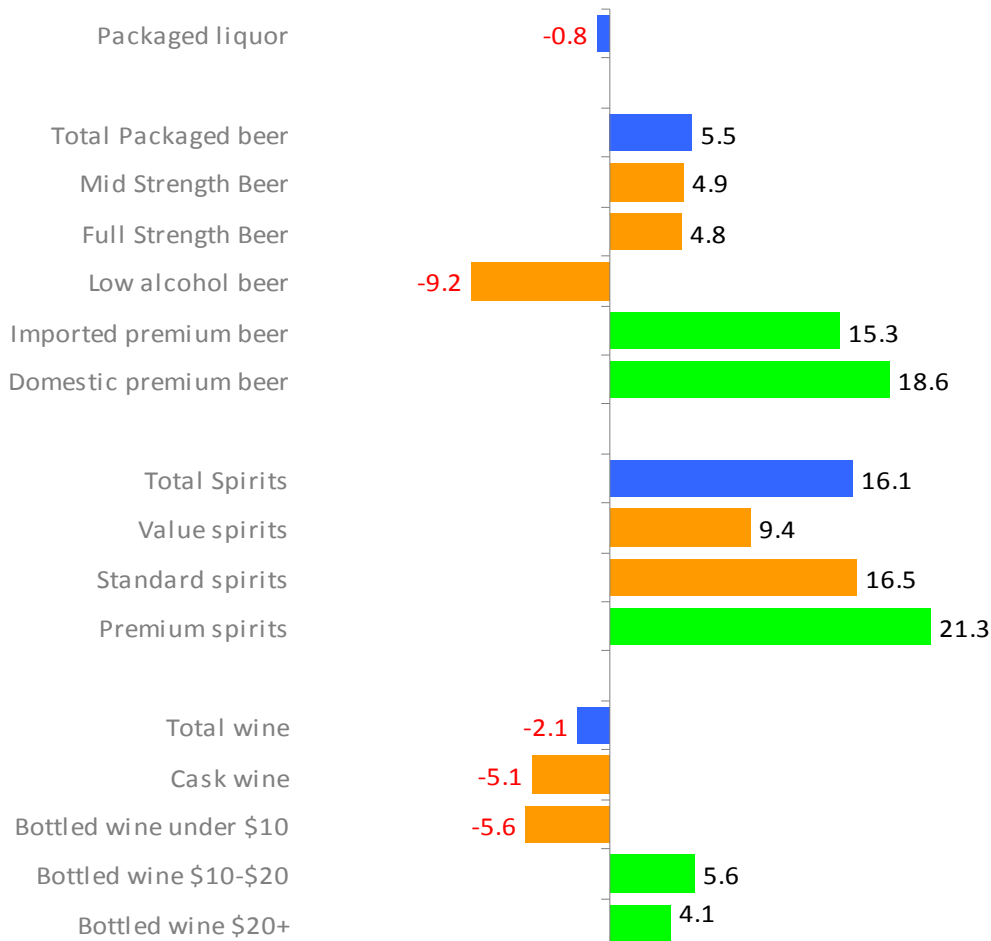
Peter McLoughlin, CEO of Pacific Beverages, commented that despite the worsening economic climate, consumers were still prepared to pay for beer brands which offered superior quality. Pacific Beverages brands like Peroni Nastro Azzurro, Grolsch, Miller Genuine Draft and Bluetongue were growing well ahead of the category as a result and appeared relatively unaffected by the downturn.

Michael Walton, Executive Director of Nielsen Australia's Liquor Services Group says that contrary to public opinion, it is interesting to see that any financial pressures Australian households have been burdened with this past year, has not necessarily had a flow-on effect on their alcohol consumption, and the trend is prevalent across liquor categories.

"Instead of trading down when it comes to buying liquor, Australian consumers are becoming more sophisticated and are choosing high quality spirits, premium wines and a wide and growing variety of premium or artisan-style beers," commented Walton.

Chart 1: Volume % sales growth – Quarter to March 2009 versus previous

Source: Nielsen ScanTrack Liquor



About the study

Nielsen's ScanTrack Liquor Service was used for this study. This service tracks sales for the Australian Off-Premise and Hotel channel. The service utilises Supermarket, Chain and Independent stores point of sale data fused with monthly field audit work.

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