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News Release

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A BIG NIGHT IN REPLACES A BIG NIGHT OUT

The 2009 Nielsen Global Liquor Symposium and Global Wine Forum reveals the shift in consumers' alcohol consumption and purchase behaviour and its impact on the liquor industry in the US, UK, Australia and New Zealand

Sydney, 21 October 2009 – In order to cope with the pressures of the GFC, savvy consumers across the globe have responded by channelling their alcohol spend out of pubs, restaurants, and clubs, preferring to entertain at home with a good bottle of wine. This is one of the key themes which emerged from the inaugural Nielsen Global Liquor Symposium and Global Wine Forum 2009, held yesterday in Sydney and presented by The Liquor Merchants Association of Australia (LMAA).

Attended by around 200 delegates from the Australian liquor industry, these unique events provided the audience with insider knowledge from experts in the key global centres of excellence of liquor research: US, UK, Australia and New Zealand.

The Symposium opened with a keynote presentation by Grant Ramage from Coles Liquor. Ramage's presentation was followed by market updates from Nielsen representatives from each of the key countries. The Global Wine Forum made up the second part of the day, in the form of a Q&A panel session chaired by Huon Hooke, one of Australia's foremost writers and wine critics.

Sandra Przibilla, Managing Director, LMAA said: "The Nielsen Global Liquor Symposium and Global Wine Forum was a first for the Australian liquor industry. Well supported and enthusiastically embraced by the sector, it was a great day that provided market insights and trends, as well as global comparisons and relativity on current market conditions."



While a number of key market and industry trends were covered by the various presenters, one of the central themes consistent across the four countries was that *'Staying in is the new going out'*. Consumers around the world are curbing their out-of-home expenditure on alcohol and instead choosing to purchase from off-premise outlets to entertain at home.

According to Michael Walton, Executive Director, Nielsen Liquor Group, Pacific, there were differences in each of the key markets around the challenges keeping the trade up at night, but there were also consistencies around opportunities for the industry moving forward. These fall into four key areas:

- 1) Low carb and low sugar: new products and brand extensions in this area are appealing to consumers and are performing relatively well (although the low sugar proposition in alcohol is still in its infancy).
- 2) Marketing to the over 50s demographic: A lucrative group who make up between 40-50 percent of consumers over the legal drinking age across the four countries, but a group that is often overlooked when it comes to marketing liquor products in favour of a millennial focus (those aged above the legal drinking age and born between 1977 – 1994).
- 3) The online consumer: new ways and approaches to marketing to the new technologically savvy consumer
- 4) New Product Development: a critical pathway to improve returns and drive real category growth

"It was resoundingly clear from today's presentations that we have a new consumer on our hands. This new consumer has emerged from the worst of the GFC with what could be a permanent shift in their values, spending habits and lifestyle choices and this is having an impact on the way they consume and purchase alcohol. They are more frugal and are demanding value. Investing in your category through new product development should be an essential part of any suppliers' strategy in counteracting consumers' heavy reliance on price discounts as a key purchase driver," commented Walton.

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Nielsen Global Liquor Symposium – key market trends

Gavin Humphreys, Nielsen Liquor Group UK:

Where consumers drink has changed radically over the last decade in the UK. In 1998, 70.5 percent of all beer consumption was in the on-premise channel, compared to just 57 percent in 2009. In fact, the off-trade sector looks set to overtake share of beer consumption over the next two years. Beer is



still the drink of choice among the Brits, however, wine is rapidly gaining 'share of throat' – driven by its link with in-home entertaining and also cheaper South Africa, Italian and Chilean varietals.

Danny Brager, Nielsen Beverage Alcohol Team US:

The US off-premise channel is still growing but at a nominal rate. The on-premise channel is suffering declines as well over 50% of consumers choose to entertain and eat at home more often and go out less frequently. When it comes to alcohol consumption, US consumers are often trading down in an effort to find the best value, favouring domestic offerings and are more inclined to choose what they know and trust (less experimentation).

Paul Kirby, Nielsen Liquor Group Australia:

Almost half (48%) of alcohol consumers in Australia claimed to be going out less often compared to last year, however the growth in premium and super-premium alcohol segments suggest that consumers are treating themselves to more expensive items as a trade-off (imported beer, international wine, bottled wine priced over \$20). Aussies are heavily reliant on promotions with almost half of all packaged liquor sold on promotion, and 77 percent of alcohol consumers selecting their choice of outlet because it offered great promotions.

David Hanson, Nielsen Liquor Group New Zealand:

Three in five (60%) alcohol consumers in NZ claimed to be going out less often compared to last year. Conversely, annual sales for the off-premise market enjoyed 10 percent value growth and seven percent volume growth for the year ending August 2009. Kiwis have become more value conscious and are heavily reliant on price discounts with 77% of all beer sales sold on promotion.

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For more information on what was presented at the 2009 Nielsen Global Liquor Symposium and Global Wine Forum, please contact your Nielsen representative.

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