

## WSTA Conference report by Helena Conibear

A range of speakers presented on issues facing the UK wine and spirit on- and off-trade at the Wine & Spirit Trade Association conference held at the BAFTA headquarters in London on the 15th September.

Home affairs minister James Brokenshire MP kicked off the Conference by reaffirming the UK coalition government's commitment to handing more power to local authorities in the fight against irresponsible alcohol retailing.

Speaking in his role as parliamentary under-secretary for crime reduction, Brokenshire also told delegates that any new measures brought in following the completion of the taxation review will be considered in the context of the potential harm they could do to an already-embattled UK drinks trade.

"We need to see more take-up of local government schemes," he told delegates. "This local focus underpins our approach... We are adamant that central government should not be solely responsible and that local authorities will be at the centre of the decision-making process."

Brokenshire explained that the government was aware that the vast majority of licensed retailers operate within the law, adding: "The new power we want to give local authorities is to help them in their battle against the minority of irresponsible businesses."

He confirmed that the government is going to double the fine for selling alcohol to an underage customer to £20,000 and will ban below-cost selling, but said local authorities will not be required by law to enforce other proposals. "Our aim is to enable, not mandate," he said.

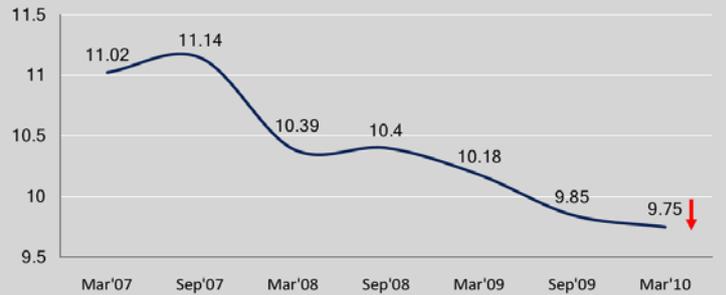
Three statistical specialists, Wine intelligence, Nielsen and CGA Strategy Ltd, painted a detailed picture of the alcohol drinks market across the UK. Common themes included how prices have not increased in real terms over four years and how consumers are drinking on fewer occasions. The average amount consumed per occasion is 1.5 drinks.

From a wine perspective, 28 million people now drink wine once a month (up from 23 million in 2007) but they are drinking less often (-12% in three years) and are more 'detached' from the



### Consumer wine drinking frequency has dropped 12%

Frequency of consumption for UK regular wine drinkers  
Mean no. of times/month  
Base: all UK regular wine drinkers

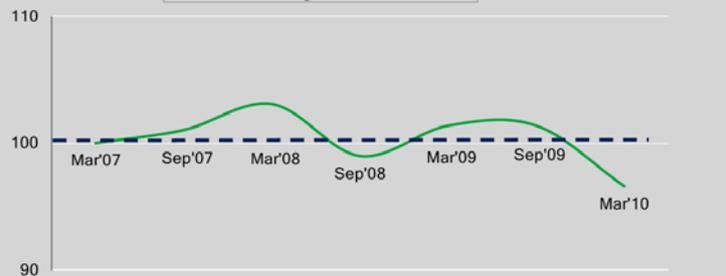


Source: Wine Intelligence Vinitrac® UK, Mar 07 to Mar 10



### Involvement in wine - how much consumers care - is trending downwards

Wine involvement index  
100 = involvement level in Mar '07  
Base: all UK regular wine drinkers



Source: Wine Intelligence Vinitrac® UK, Mar 07 to Mar 10

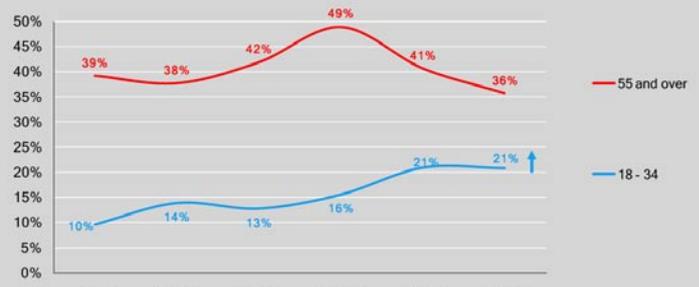
Taken from Portraits UK 2010, published 15 Sept 2010

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### The lowest value segment, Kitchen Casuals, is trending younger

Age over time - Kitchen Casuals  
Base: all UK regular wine drinkers classified as Kitchen Casuals



Source: Wine Intelligence Vinitrac® UK, Sep 07 to Mar 10

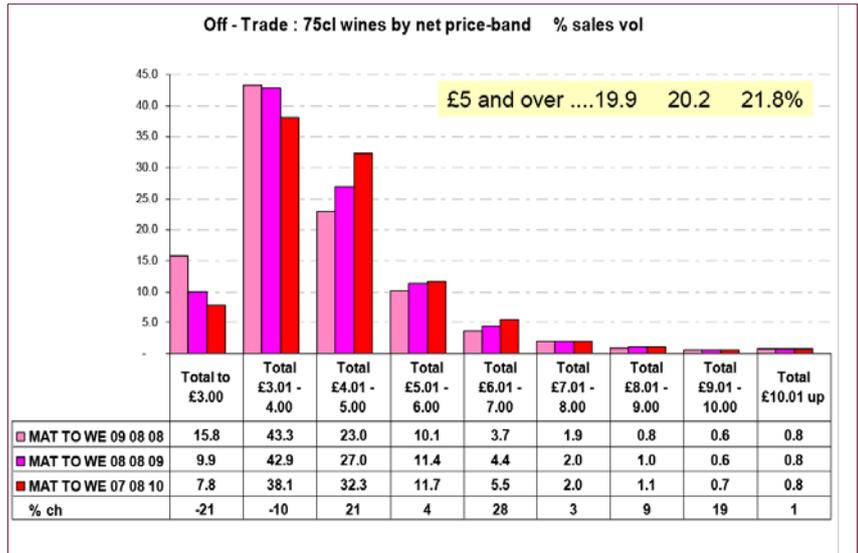
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product, seeing it as a 'commodity' rather than an aspirational product. This is reflected in 40% of rose sales being generic – neither varietal or country of origin being seen as important. The two areas of growth are 'kitchen casuals' i.e. 18 – 34 year olds who have a low average spend and adventurous entrepreneurs (40 – 60) high spend. Wine Intelligence warns that there is a danger of consumers seeing wine as a commodity rather than a crafted product to learn more about.

These concerns were echoed by Nielsen, who showed a growth in the speciality liqueur and spirits market in the off trade, due to a growth in 'shots' and drinking at home before going out. Nielsen saw this trend set to continue with both recession and inflationary issues squeezing spend. CGA strategy completed the picture with a view from the on-trade. Night club and late night venues have seen a decline in sales of -9.5%, there has been a consumer shift to smaller high quality bar and café style venues, with good food offerings. 70% of 18 – 35 year olds visit the on-trade once a week – this is a decline, but their spend per head per occasion is up as they seek a higher quality experience. Brands are important and both rose and sparkling wine have seen an increase in sales, as consumers 'treat themselves'. Overall spirit sales are down, but the growth of premium brands is up, again reflecting a premiumisation trend. Finally, and very importantly, in terms of encouraging 'good' patterns of drinking, 50% of new venue openings are all day cafe/ wine bar style venues, offering good coffee, day time food as well as a mixed high quality offering in the evening. Again specialist liqueurs and spirits have grown at the expense of gin and vodka .

Jonathan Stordy of Beam Global Fortune Brands drew comparisons with the UK discount and volume driven market – low on profits with little to attract a global producer and marketer such as themselves in the current market and other European markets. The UK is the least profitable market for the company in Europe and he asked for a move



nielsen WSTA 2010 14 September 2010 16 Confidential & Proprietary Copyright © 2010 The Nielsen Company

### 70% of 18-35 consumers now visit trade once a week

CGA and Galaxy Radio conduct an annual survey of 18-35 year olds

This year's survey found that:

- People are drinking less
  - More than half of respondents now drink alcohol just once a week or less
- They're drinking at home
  - 77% start a night out by drinking at home/at a friend's house
  - 20% have more than three drinks before heading out
  - 40% majority drinking away from licensed premises (29% in 2005)
- They're going out less and leaving the house later into the evening
  - Shift to one big night out firmly established
    - 70% out once a week; 38% in 2005
- "Weekend Millionaires" increasing spend
  - 43% spending £40+ per visit (36% in 2005)

Source: A Night Out Survey  
2005 Base = 2311  
2009 Base = 2010

CGA

wsta Annual conference 15 September 2010

### Responsibility Deal

Described as:

- "A new relationship between Government and business – one based on shared social responsibility, rather than regulation, with business right at the heart of improving the long-term health of the public. Three key objectives:
- To enable, encourage and incentivise consumers to adopt a better diet and to increase their levels of physical activity as part of a positive decision to lead a healthier lifestyle.
- To enable and encourage people to drink sensibly and responsibly.
- To extend the scope and effectiveness of occupational health services especially in small and medium-sized businesses, with a new emphasis on maintaining a healthier lifestyle amongst the whole workforce and thereby reducing sickness absence."

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away from spend on deep discounting, for social and health reasons as well as for the sake of good brands that end up being 'commodities' and used as pawns to draw in footfall in the retail sector. He called on the industry to have a collective responsibility to change the emphasis to sustainable profitability. He concluded that any company can grow volume, the challenge is to grow sustainably and profitably.

Chris Mason of First Drinks responded by agreeing that a focus on premium, heritage and quality was paramount, but also accepted that in a market where there is over capacity and excess volume, which drives volume sales and low prices, change would be difficult.

Jeremy Beadles, Chief Executive of the WSTA outlined the issues facing the industry with the new Government in place, from the Scottish Alcohol Bill to the licensing consultation raising a worry of regional minimum price setting by local authorities.

The coalition have set up a committee of industry members under the Department of Health to agree on a Responsibility Deal. Minister for Health Andrew Lansley has accepted the work of the RASG and Challenge 25, the Community Alcohol Programme and Why Let Good Times go bad? Under the drink AWARE Trust as part of that deal. Other issues include back labels (look to set as staying voluntary), allergen labelling (not expected to be made mandatory) and ingredient labelling.

Jeremy highlighted alcohol education in schools as a much needed area to be invested in and properly delivered in the UK.

This message was echoed by Adrian McKeon, who detailed ASDA's research into 4000 of its customers over 4 weeks. 54% of their customers saw underage drinking as a serious issue (although underage sales and consumption have been falling year on year since 2005 in the UK), perceived as more important than binge drinking (43%). Interestingly the survey looked at alcohol education and 92% of respondent felt this should be before the age of 13. 84% of parents didn't think their children drank outside of the home. As regards parental behaviour, 70% didn't monitor their unit consumption nor were they sure what daily guidelines for responsible drinking are. McKeon called for the growth of 'the frown factor' on alcohol misuse, as has been the case for seatbelts, and most recently, mobile phone use whilst driving.

For more information, visit [www.wsta.co.uk](http://www.wsta.co.uk)