

Murray Valley Winegrowers & Woolworths Liquor Group

Partners in the Value Chain

Tim Hunt, Mildura, June 2007



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LOWEST
LIQUOR
PRICES
GUARANTEED



Agenda

1. Scope of the liquor business
2. Private label / cleanskin
3. Past, present & future
4. Woolworths & MVW



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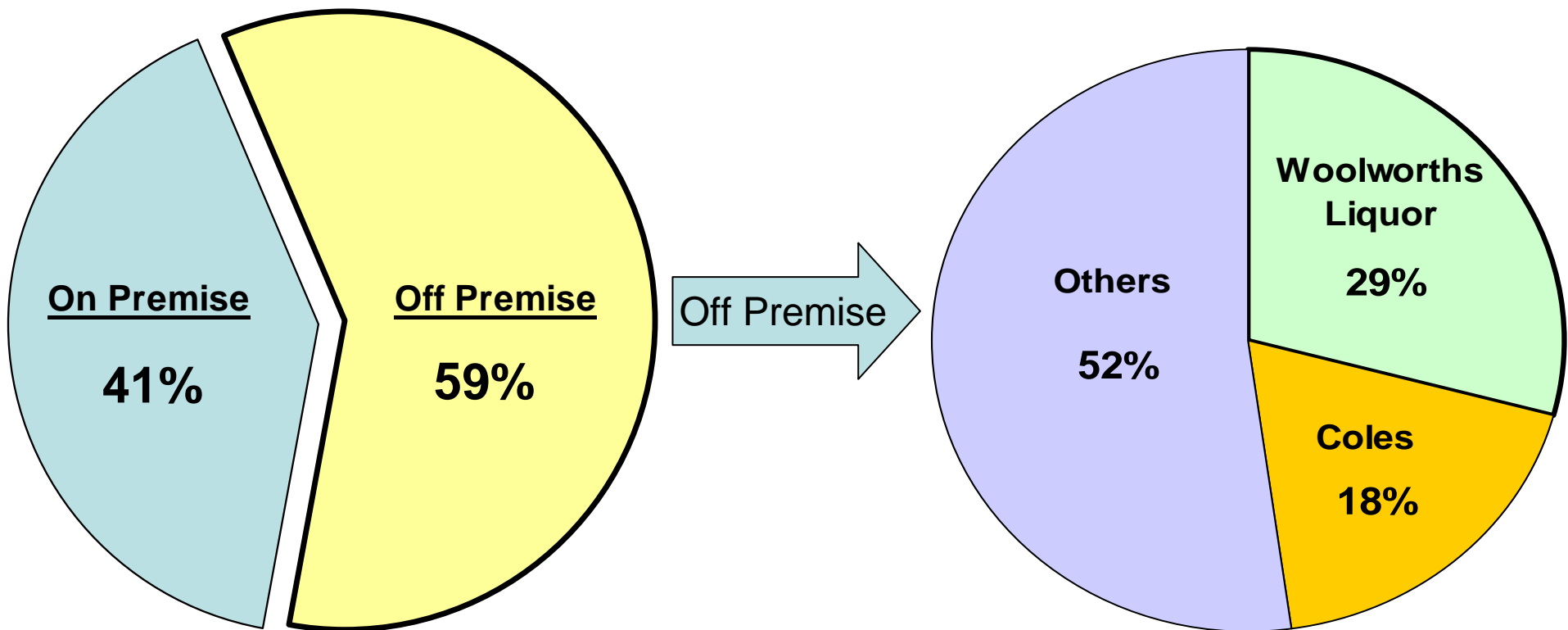
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PRICES
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BWS

BEER WINE SPIRITS

\$22 Billion Australian Liquor Market



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Woolworths Liquor Retail Banners

Woolworths Ltd Brands	No. of Liquor Outlets
	381
	600
	65
	250
Total	1,296



Private label / cleanskin business

- Private label & cleanskins, 17 million litres
- Our expertise - putting a box on a shelf
- Distribution - production, packaging, bottling & freight
- Margin advantage



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The wine industry is tough.....

The past.....what we already know

- A land of droughts and flooding rains
- The cycle of boom or bust
- Capex – experts in finance
- 3 year turnaround from planting to the shelf
-but choosing what to plant used to be easy!
 - 1950s Fortifieds
 - 1970s Generic dry white and dry red casks
 - 1990s Chardonnay, Shiraz & Cabernet



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.....and getting tougher

The present, what's going on?

- We are a victim of our own success!
 - Educated, confident & adventurous wine drinkers
 - Less loyalty to brand, variety & occasion
- There was a gap...
 - Soft drinks → RTD/Beer → ??? → Wine
- ...and we filled it;
 - Wine as a 'beverage'
- Thenchardonnay, chardonnay or chardonnay
- Now sauvignon blanc, CDW, pinot gris, moscato, sparkling, low carb, low alcohol, organic, environmentally friendly, imported



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So where to from here?

The future, how will we adapt?

- Speed up the value chain
 - Think in reverse – it starts with customer, not the vineyard
 - Closer contact with the customer; research and retailers
 - Advances in viticulture
 - Think longer term, flatten out the boom / bust cycle
 - Focus on relationships, not reactions
- ☺ The good news!
 - 2nd mover advantage. Aussies follow international trends
- ☹ The bad news!
 - Yields might be down but consumption is not, I've got shelves to fill



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Woolworths & MVW

- Focus on relationships, not reactions, think longer term
- Vintage Traders Australia is good for us
- Remember! My customers are your customers!



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