

Australian Magazine
Edition 1SAT 26 JUL 2003, Page 043
Chain reaction
By Max Allen

Small bottle shops are fighting back against the behemoths.

Things are hotting up out there in bottle shop land. You might have noticed. Since the beginning of the year the big boys, Coles and Woolworths, have opened a plethora of new stores - most prominently, Woolies' Dan Murphy's outlets in Sydney - and have continued to Hoover up smaller independents, including, earlier this month, Woolworths' purchase of the six premium Baily and Baily stores in Adelaide.

In response, many smaller liquor stores have slashed already slim profit margins to compete, all of which has led to some ludicrously cheap wine - the most extraordinary reduction that I've seen being the delicious 2001 Lindemans Reserve Shiraz, a bargain even at the full price of \$15, given away at Dan's for less than \$9.

But a backlash - a surge of resistance - is also growing. In May, a very public stoush broke out between Woolworths and the large Sydney wine store Kemeny's, with the latter taking out full-page ads questioning the discrepancies in pricing between Dan Murphy's stores in Victoria and NSW - followed by Woolies warning The Australian not to carry the Kemeny's ads.

Earlier this month, retiring Australian Competition and Consumer Commission chairman Allan Fels launched legal action against Coles and Woolies, accusing them of "unlawful behaviour" - doing deals in NSW with smaller retailers to lessen competition. The Independent Liquor Stores Association responded by calling for changes to the state's licensing laws, including a cap on the number of licences a single company could own.

Presumably these weren't the smaller retailers who have turned to the Internet to offer a new option to consumers. The almost 20-year-old Victorian Wine Centre in Albert Park, Melbourne, for example, has been sold, with longtime former owners the Saleeba family moving on to a more focused venture called Wine Flyers, specialising in sourcing top-end local wines and offering cellaring and other services (www.wineflyers.com). Another new Australian venture is Friar's Choice (www.friarschoice.com.au), which offers an unusually international selection of mostly smaller producers' wines - including such things as Canadian ice wine.

The Web has also proven to be a useful tool for an anonymous group which publishes the Liquor Underground newsletter (for details, e-mail liquorunderground@yahoo.com). While mainly a forum for retailers to air their gripes about suppliers (and each other), it offers a fascinating insight into the nuts and bolts of the trade.

The most considered response to the growth of the supermarket chains, though, is the recent formation of an alliance of independent wine merchants. Its stated aim is to "make a stand against the mediocrity of wine service and range currently on offer in chains and service-poor independent stores . to give small, quality producers a genuine channel to market and sell their wine . [and to] undermine false promises of discounting."

This last point is the most interesting. The alliance claims in its manifesto-like statement that "value is not necessarily related to a lower price. Value is related to how good the wine is in the glass and how much you paid for that wine" - the point being that value can be found in a \$10 special offer bottle or a \$50 special-occasion bottle. The alliance also argues that "tangible value" can be offered to the consumer in the form of "the buzz that a wine-lover can derive from a wine that he has been hand-sold, a wine that has a story, a wine that is not available in every supermarket".

Initial alliance members are: Armadale Cellars (03 9509 3055), Prince Wine Store (03 9536 1155), Melbourne; East End Cellars (08 8232 5300), Adelaide; Five Way Cellars (02 9360 4242) and Palm Beach Wine Co (02 9974 4304), Sydney.