

Crackawines calls for ACCC inquiry into Dan Murphy's operations

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Crackawines is calling for the ACCC to investigate alleged anti-competitive behaviour by Woolworths owned liquor giant, Dan Murphy's. Image: www.funadvice.com

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Online wine retailer, Crackawines is calling for the Nation's competition regulator to investigate alleged anti-competitive behaviour by Woolworths owned liquor giant, Dan Murphy's.

The company's chief executive, Dean Taylor says that the liquor giant is placing pressure on suppliers of Crackawines, and that an ACCC inquiry into the company's behaviour is long overdue.

"As a challenger brand disrupting a large and established market, we always knew we'd get some pressure from Woolworths, but I guess we never realised just how dirty they would play," Taylor told [The Australian](#).

"I think Woolworths Liquor Group has become too powerful and needs to be broken up or at the very least put on a damn short leash. An Australian Competition & Consumer Commission inquiry into their behaviour is well overdue."

Taylor's comments however were refuted by a spokeswoman for Dan Murphy's who pointed out that the liquor giant had signed a fairness and transparency agreement with the Winemakers Federation of Australia last week. She said that agreement was as a testament to the retailers commitment to "doing the right thing".

"Cracka is a competitor of Dan Murphy's," the spokeswoman said. "We reject Mr Taylor's un-evidenced statements."

Woolworths is a dominant player in the domestic liquor market and according to [The Australian](#), the supermarket will soon be launching Dan Murphy's Connections to take a piece on the online wine segment which currently represents 10 percent of liquor sales.

Dan Murphy's Connections is a consignment selling model where liquor producers will have products shipped direct to customers from their own premises via a national courier business, eliminating the need for costly storage expenses for inventory.

Connections will charge vendors 25 percent of the full retail price, plus GST together with a hosting fee of \$49 a month after the first year – not dissimilar from the Cracka model. However Taylor says that unlike Connections, the Cracka model enables winemakers to have control over the price, whereas Dan Murphy's keep control via its lowest price guarantee.

"This effectively allows them to undercut any price in the market," he said.

"No other retailer in the country can command terms like that, including Coles."

The Woolworths spokesperson said that Dan Murphy's Connections would have no exposure to the supplier's wholesale price or their margin, as the supplier will only be advising Woolworths of a reasonable recommended retail price.

"In the event of the retail price being beaten due to competitor activity, both the supplier and Dan Murphy's will receive a lower than expected return," the spokesperson told *The Australian*.

"The burden of the discount to the customer is shared between the supplier and Dan Murphy's."