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Wine companies merge to compete with the big boys

ADAM ZUCHETTI - Tuesday, 19 December 2017 0 comments

Two prominent wine retailers have joined forces in an effort to break the stranglehold our supermarket giants have on the liquor sector.

Online Liquor Group, which owns Cracka Wines, Winegrowers Direct and My Wine Guy; and TS Wholesale, owner of The Wine Society, announced their merger, with sights set on growing the online sale of alcoholic beverages.



According to newly merged group, online sales currently represent just 4 per cent of the total liquor market.

“Online is the fastest growing channel in Australian retail and with our combined credentials, we’ll be a significant player in this space with the expertise to grow quickly,” said Lloyd Heinrich, CEO of The Wine Society.

The Australian liquor market is heavily concentrated under the ownership of Coles and Woolworths. Roy Morgan Research suggests that Woolworths alone – comprising its brands Dan Murphy’s, Woolworths Liquor and BWS – generated almost half (49.2 per cent) of all liquor retail sales in 2016.

Big-box retailer Dan Murhpy’s is the single biggest operator in the industry, generating \$4.3 billion of the \$14.5 billion spent on alcohol at retailers. Independent retailers make up just 10.4 per cent of the market, Roy Morgan has found.

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The newly merged group will bring together 80 employees and some 400,000 existing customers. While Online Liquor Group is a relatively new business, having established in 2010, The Wine Society was established as a co-operative back in 1946, and markets itself as the country’s first wine club.

“This merger puts our group in pole position to lead the expected consolidation in the online liquor industry and be a serious contender for the number one independent within the sector,” said Mr Heinrich.

“It’s a very exciting time.”

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