



Capitalising on wine profit potential in the casual on-trade

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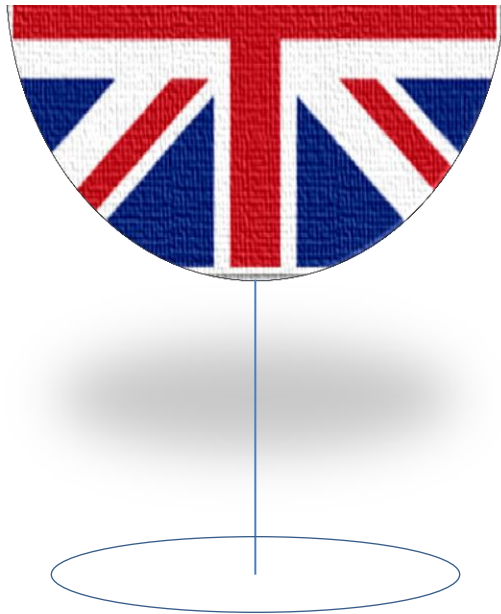
London International Wine Fair, 17th -19th of May 2011



More than half of UK adults drink wine in the on-trade



28.1 m regular
UK wine drinkers



26m UK on-trade
wine drinkers



Meet the on-trade drinkers



Risk-averse Youngsters 16%

Young wine drinkers, lacking in confidence and still growing into the wine category

Generation Treaters 7%

Younger wine drinkers. Growing in confidence and experimenting **with caution** in their wine choice

Mainstream At-homers 29%

Middle-aged 'core' wine drinkers who view their wine drinking as a frequent treat

Adventurous Connoisseurs 10%

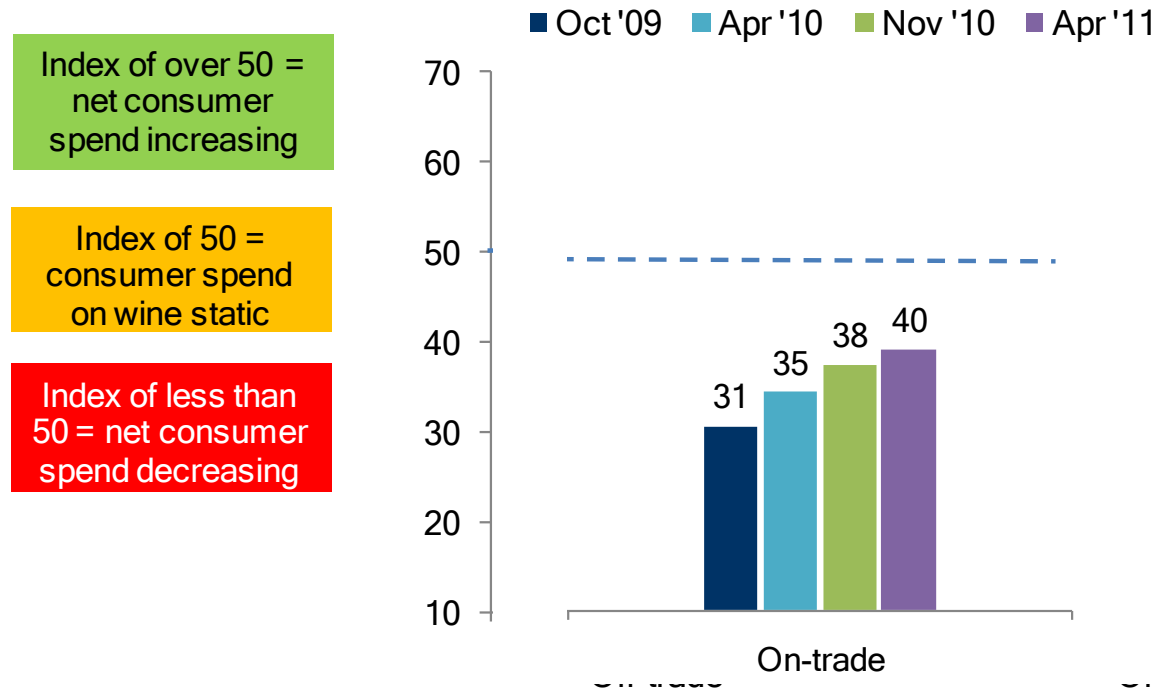
Middle aged confident wine drinkers who enjoy experimenting within their wine lives



On-trade wine spending recovering



Consumer wine spending confidence index: Next 4 weeks



Source: Wine Intelligence Vinitrac® UK Oct '09 to Apr '11; n=500+ UK regular wine drinkers per wave

6 million regular wine drinkers chose not to drink wine in pubs



Preference for other drinks

Lack of wine focus

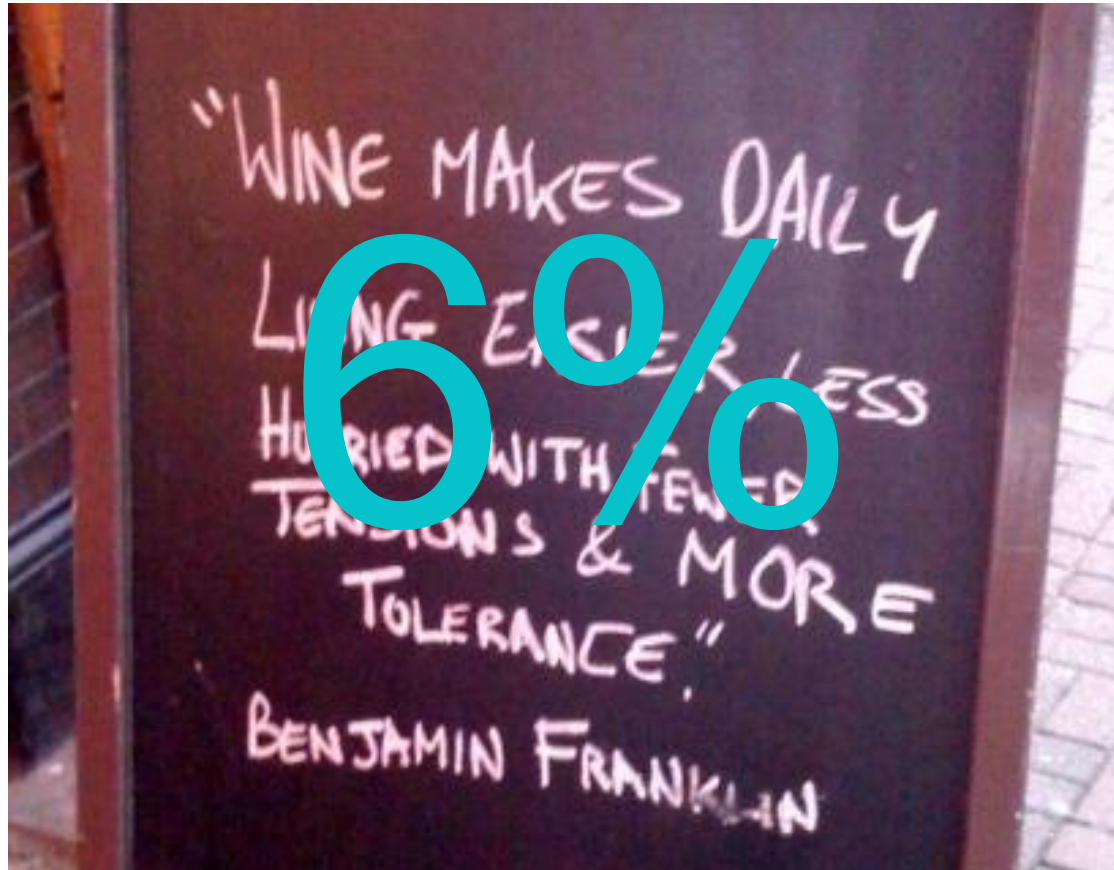
Poor service

Poor quality wine

Poor wine range



Outside the casual restaurant / pub / bar



30% did not shout “WE DO WINE”



1 in 3 wine drinkers were not offered a wine list in pubs and bars



I couldn't even find the wine list!

*Male, Casual restaurant,
Risk-averse Youngster*

Only 1 in 10 received a drinks recommendation



Only 1 in 10 felt their server was passionate about the wine



Serve options: critically important



- 125ml only available in **1/8** cases
- Potential profit advantage



High street brands: Do consumers welcome them in on- trade settings?



9%

Which wine list works best?



44%

Light & Fruity
Big & Bold
Crisp & Light
Refreshing
Sparkling

Australia
Spain
California
Chile
France

19%

29%

Merlot
Malbec
Shiraz
Pinot Noir
Sauvignon Blanc

Jacobs Creek
Concha y Toro
House Red
Campo Viejo
Lanson

8%

Learnings so far...



LOST OPPORTUNITIES FOR WINE IN THE ON-TRADE

Wine list descriptors... banning brands... serve size...service...wine visibility...

Imagine a restaurant...



500 wine drinking covers a week

Open 50 weeks a year

Diners representing UK wine drinkers

What could operators do to increase gross-profit by...

£46,000

...without squeezing suppliers?

Assessing how much to pay



Wine list	Bottle	Bottle	Bottle
Old World			
Italy			
• House White, Da Pimonte 2009	£8.95	£8.75	£10.70
• House Red, Da Pimonte, 2009	£8.95	£8.75	£10.70
• House Rosé, Da Pimonte, 2009	£8.95	£8.75	£10.70
• Pinot Grigio, Villa Piazzero, 2009	£10.20	£12.50	£15.70
France			
• Côtes du Rhône, Celliers du vin, 2008	£13.95	£13.25	£15.95
• Chablis, Domaine de Berenger, 2009	£15.00	£16.50	£20.25
• Bordeaux, Châteaux Perrouy, 2007	£14.50	£18.30	£22.25
Spain			
• Rioja Crianza, Campo Viejo, 2007	£13.30	£14.95	£17.95
New World			
Australia			
• Shiraz Cabernet, Jacob's Creek, 2009	£12.95	£14.20	£17.20
• Chardonnay, Jacob's Creek, 2009	£13.25	£14.30	£17.30
California			
• White Zinfandel, Blossom Hill (Rosé), 2009	£12.50	£12.50	£15.25
• Merlot, Blossom Hill, 2009	£12.75	£13.30	£15.95
Chile			
• Sauvignon Blanc, Casillero del Diablo, 2009	£12.95	£14.25	£17.25
• Pinot Noir, Casillero del Diablo, 2009	£13.25	£14.65	£17.80
Champagne and Sparkling			
• Prosecco, Da Pimonte	£17.20	£19.50	£23.75
• Champagne, Lanson Black Label Brut	£33.25	£35.80	£42.95

£46,000?

Margin effect



The higher the margin...

Generation Treaters 7%

Younger wine drinkers

Adventurous Connoisseurs 10%

Middle aged confident wine drinkers

Mainstream At-homers 29%

Middle-aged 'core' wine drinkers

Risk-averse Youngsters 16%

Young wine drinkers, lacking in confidence

Consumption

Profit





Thank you

Please contact info@wineintelligence.com for further details about the methodology behind this presentation or related reports available for purchase