

Wine Business Solutions



Wine On-Premise
NEW ZEALAND 2020



We conduct this On-Premise research in six of the world's top seven markets for imported wine having originally started with Australia twelve years ago. This is the first time, however, that we have undertaken this research into the New Zealand On-Premise market.

So why New Zealand only now? For years, we have been told by our New Zealand based clients that it is a small, low paying market effectively monopolised by an equally small number of known players and that there would therefore be little interest in such a product.

Is that true? If you are reading this now, then that probably answers the interest part of that question.

As to the rest of those assumptions, that is what this research is designed to test.

With COVID 19 shutdowns having had such a devastating effect on the hospitality sector globally, New Zealand stands out as one of the few markets operating comparatively normally.

But what would you be getting yourself into, if you are not already selling in this market and could you do better if you already are? Those are just some of the key questions that this report sets out to answer.

The Purpose of this Research

The primary purpose of the On-Premise distribution effort is to attain listings. That is what WBS's 'Wine On-Premise New Zealand 2020' measures. To do this, we use over 18,000 individual listings on wine lists (by-the-glass, by-the-bottle etc).

We'll look at who the best distributors are, what the most listed wine brands and styles are, the performance of supplier countries and regions, what restaurants charge and how much wine business owners and distributors can expect to make from On-Premise sales.

Why are On-Premise listings so important?

- People buy what they try.
- It enables your wine to be seen and consumed in the best possible surroundings.
- It's a chance for you to be remembered, recommended and bought again, later.
- It's one of the only true 'brand building' opportunities many wineries will ever experience.

About the Sample

This survey covers the full range of possible On-Premise wine consumption occasions including suburban restaurants, fine dining, hotels, pubs and clubs etc. Our sample of wine lists used is drawn completely at random but in proportion to the New Zealand population.

Our objective is to accurately reflect what the consumer sees when presented with a wine list anywhere in New Zealand. At a minimum, we require 95% confidence that we have less than 4% error.

We would achieve this if each list in the survey had only one supplier. As each New Zealand restaurant works with an average of 8 distributors (compared, for example, to 11 in Australia), we can do better than that when we are discussing gross numbers, such as national distribution and the performance of regions, countries and wine styles. *(Note - That then answers the first question in relation to diversity of suppliers. As to what percentage of NZ wine lists are effectively monopolised by either one player or a supplier working in tandem with just one or two other suppliers of product they perhaps don't carry – the answer is just 6% of wine lists.)*

Naturally, when we start breaking the database down into smaller segments, we lose some of this accuracy. We are careful not to claim any insight beyond what reliable data confirms. With 12 years spent analysing this type of data taken using consistent methodology, we can quickly identify, correct or explain anomalies.

Figure 1 - Share of Wine Lists Used, Based on Population

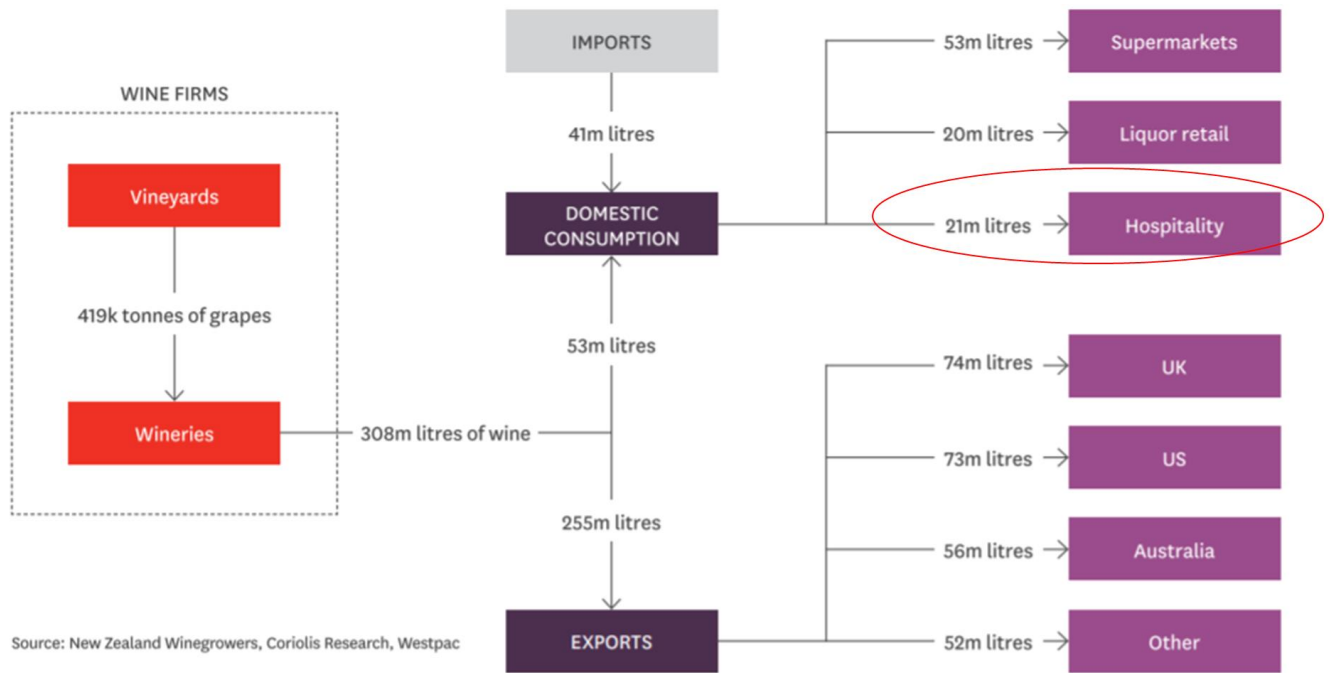
Auckland Area		
	Auckland	39%
Upper North Island		
	Bay of Plenty	6%
	Gisborne	1%
	Hawke's Bay	3%
	Northland	2%
	Waikato	8%
		21%
Lower North Island		
	Manawatū-Whanganui	5%
	Taranaki	2%
	Wellington	12%
		19%
South Island		
	Canterbury	12%
	Marlborough	1%
	Nelson	2%
	West Coast	0.4%
	Otago	4%
	Southland	2%
		21%

How big is the market?

Altogether, 10.4 Million 9 litre cases of wine were sold in New Zealand last year. Of that, 3 Million cases or 22% is consumed in the On-Premise. This is higher than most other developed markets including Australia, Germany, the UK and USA that all sit at around 17-19%. Another major difference between New Zealand and other On-Premise markets is that, even though New Zealand imports 44% of its wine consumption, only 31% of listings, according to this research, are imports. Unlike other wine producing countries that we measure that tend to import high-end wine, New Zealand's imports are weighted towards the lower end.

As around 85% of the volume of wine sold in the Off-Premise achieves less than \$16 per bottle (according to Aztec IRI) and virtually no wine listings in the On-Premise are at the restaurant equivalent of those prices, however, about half of premium wine producers' wholesale opportunity is in the On-Premise.

Figure 2 – New Zealand Wine Sales by Channel and Market



The question then becomes how best to address this most important opportunity for wine producers?

Who are the best distributors, which are the best paths to market, what are the most popular wines styles, which regions / countries / brands / suppliers are having the most success and how much money is there to be made from On-Premise sales?

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