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PRESS RELEASE

***Retailers fend off attacks over pricing
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Asda and Sainsbury's buyers defend cheap deals they deny are irresponsible

Supermarket beer buyers have defended their low beer prices in the face of growing concern about loss-leading drinks promotions.

Speaking at OLN and the Morning Advertiser's International Beer Conference this week, Asda beer buyer Ged Futter said: "I don't think of it as being socially irresponsible. I've never found anything anywhere that says that if we sell beer at £9.99 people are going to drink all 20 bottles in a night and end up in hospital.

"Once consumers get that beer in their homes they drink it at their leisure. If we sell two or three cases in one promotion maybe they don't come back for a few weeks."

Futter denied beer is being sold below cost, and said brewers have not complained to him about losing money through deep discounting promotions - or indeed the social implications of cheap beer. "Every brewer that I've dealt with has come to us with significant growth. I haven't seen a single brewer in the past four years saying, I want to sell less beer and put money back into the market."

Sainsbury's beer buyer Christopher Craig added: "By delivery and hard-hitting activity we drive significant volume. It ends up making it a more profitable year for retailer and brewer, because it triggers more volume for the brewer and more cash in the till for the retailer."

But both buyers accepted that some suppliers, particularly speciality beer firms and ale brewers, sometimes refused to accept their terms.

Brewers and beer pressure groups at the conference warned that if the trade does not take action against irresponsible drinking it will face legislation or duty increases, a tactic employed to regulate the RTD market.

Nielsen consultant Graham Page noted that take-home beer prices have not

gone up at all in the past 10 years, despite pressure from inflation.

Refresh UK chief executive Rupert Thompson encouraged brewers to walk away from deep discounting and have the courage to say "no".

"If deep price discounting begins to be seen as socially irresponsible it starts to risk damage to supermarkets' reputation," Thompson said. "Beer's good image is worth many millions of pounds."

But he said competition laws would not allow supermarkets to get together and agree to raise beer prices.

Luke Jensen, director of OC&C Strategy Consultants, said: "In reality brewers, particularly large ones, are to a relatively large degree to blame for some of the price deflation in the off-trade. The marginal costs of volumes are low, so people are pushing for extra volumes."

He said brewers will have to be more disciplined about aggressively pushing brands in the off-trade in the future.

Mike Benner, chief executive of the Campaign for Real Ale, said drinkers were "pre-loading" before going to pubs. "Clearly that is because of the huge price differential between the on and off-trade," he said.

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Kirin loses patience

Wells & Young's has taken Kirin Ichiban out of the off-trade because retailers were selling it at cut prices. Speaking at the conference, managing director Nigel McNally said: "Kirin Ichiban will become an on-trade exclusive brand for the foreseeable future.

"Kirin is £4.20 in the Royal Opera House. If it's then being sold at 99p in a grocery multiple in my view it's undermining what we're trying to do, and we won't tolerate it."

He said Kirin might return to take-home if there is some price discipline.