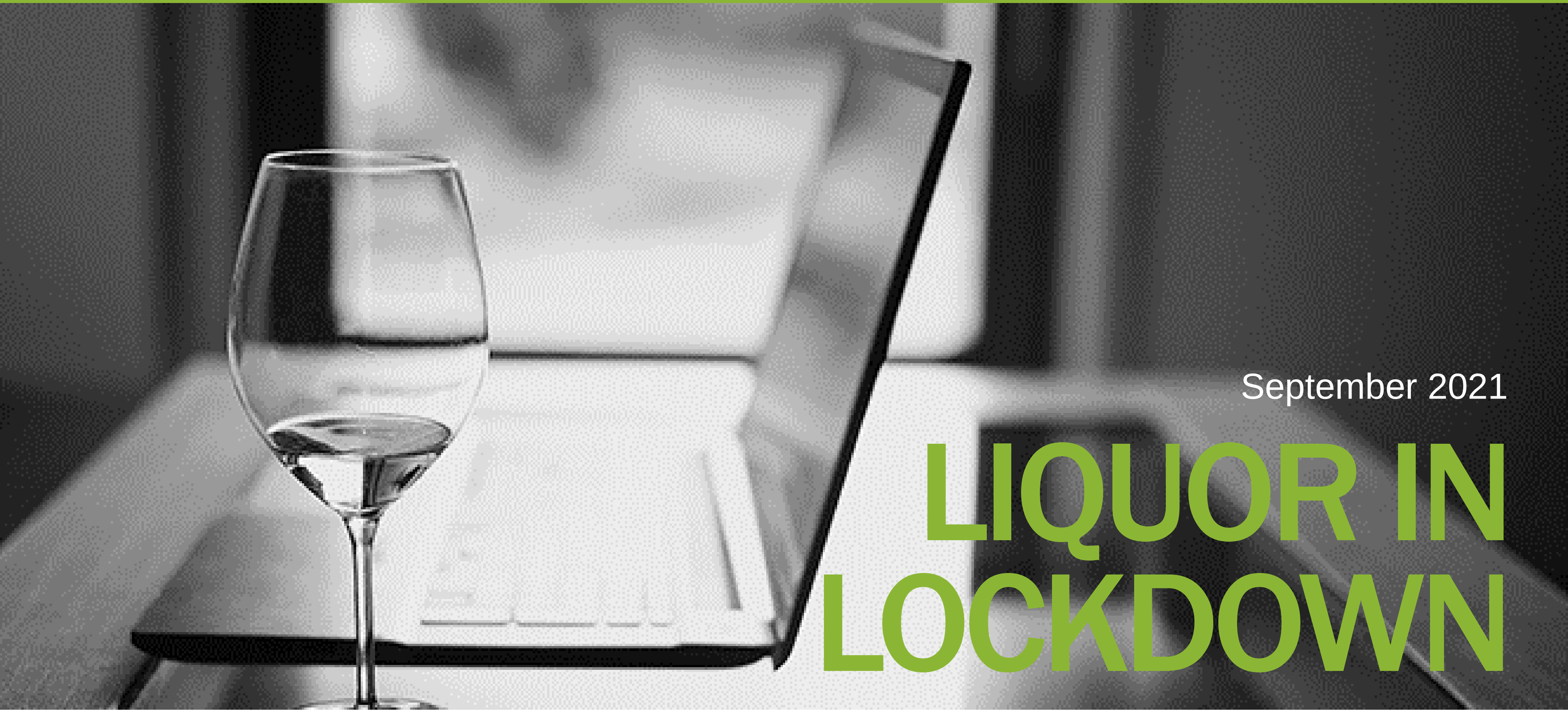
SUMMARY REPORT



September 2021

LIQUOR IN LOCKDOWN

FIVE GROWTH
INSIGHTS INTO ACTION

GROWTH SCOPE
LIQUOR CONSUMER & SHOPPER INTELLIGENCE

COMMERCIAL IN-CONFIDENCE
NOT FOR EXTERNAL DISTRIBUTION

SUMMARY LIQUOR IN LOCKDOWN REPORT

This is a summary Liquor in Lockdown report from Growth Scope. A more detailed report is available for subscription at www.growthscope.com.au

METHOD

Growth Scope surveyed and were able to identify the lockdown vs not lockdown status of 10,719 alcohol consumers between 1 July 2020 and 31 July 20201. These consumers form the respondent base for this report.

Our surveys are conducted using a Nationally representative respondent pool of legal drinking age people domiciled in Australia, leveraging consumer panel to obtain responses.

The survey is conducted via a 20 minute online survey.

To be eligible to participate, respondents must have consumed alcohol within the last month, and we ask about their most recent alcohol consumption occasion.

We have a 1 month exclusion on respondents so that the same person can respond more than once a year, but we are capturing a different consumption occasion each time.

Survey responses are collected daily to capture day of week consumption patterns as well as ongoing seasonal trends.

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LIQUOR IN LOCKDOWN

OUR HYPOTHESIS

The COVID-19 pandemic has fundamentally shifted the types of alcohol consumption occasions that occur which has subsequently changed the market mix.

THE EVIDENCE SUPPORTING OUR HYPOTHESIS

>80%

of people cited feeling negative overall sentiment across 2020

>60%

of people cited feeling 'fear'

WE'RE COVID SAFE

COVID safe rules have put physical limits on social interactions

PROPORTION OF OCCASION TYPES IN LOCKDOWN VS NOT LOCKDOWN

11% ↑ Me time

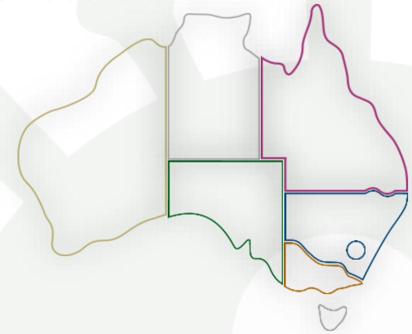
9% ↓ Social engagement

THE OVERALL IMPACT OF THIS CHANGE IN CONSUMPTION OCCASIONS

IRi

18.5%

Retail liquor sales boomed in 2020/21 after 5 years of flat growth



Net higher frequency score = 22

More people said that their frequency of similar alcohol consumption occasions had increased since 12 months ago than those who said it decreased

NSW and **VIC** were disproportionately affected by the pandemic compared to the rest of the country

13% vs. 20%

The proportion of on premise occasions increases from an average of 13% across the year to 20% during times of fewest social restrictions

Categories were not affected equally either

The change is not sustainable, we are already seeing retail alcohol sales growth starting to decline as social restrictions have eased

Fear, negativity, physical and social restrictions and lockdowns throughout the COVID-19 pandemic have had a fundamental impact on the nature of alcohol consumption occasions in Australia.

These changes in occasions have resulted in a growth in off-premise consumption at the expense of on premise, and a shift in what is consumed, when, where and why.

But changes do not affect all cohorts equally.

WHAT HAPPENED IN LOCKDOWN

Lockdown is the deepest state of the pandemic, with social gatherings banned. Looking at lockdowns specifically helps us to magnify the impact of the pandemic to better understand the changes that occurred.

190 days in lockdown

1 July 2020 – 31 July 2021
(13 months)

91% = Victoria

DEFINITIONS

Lockdown: Hard lockdowns where no social gatherings were permitted and on-premise consumption was not possible

Not Lockdown: All other times of the year, this will include varying levels of restrictions

Lockdowns changed the reasons for occasions, the underlying emotional needs being satisfied, product attribute preferences, the types of people consuming and who they consumed with. All of this impacted the categories and products of choice, channels of purchase, timing of purchase, formats and pack sizes.

OCCASIONS

Mid week and evening drinking is more prevalent during lockdown

Winning lockdown emotional need:
Feeling calm and nurtured

Personal needs become more important and sociable needs less important:

Easy drinking and flavour

Popular with the group

CONSUMERS

A greater proportion of females consumed alcohol during lockdowns than not in lockdown

A greater proportion of younger people drank during lockdowns. Greater both in penetration and intensity

Penetration

Intensity

Lockdowns saw a greater tendency towards solo drinking, or drinking just with a partner, with increased levels of social comfort than when not in lockdown

PRODUCTS

Red wine grew in popularity during lockdowns, while beer, white wine and spirits declined

Within each category, sub-categories were impacted by lockdowns differently

e.g. within beer, classic full strength beer increased penetration, while mid-strength decreased

Purchase formats and pack sizes shifted during lockdown, but the differences were not equal across categories. With cases and casks of red wine becoming more popular during lockdowns, but for white wine it was single bottles.

SHOPPERS

We saw an increased propensity to shop for alcohol at supermarket attached liquor stores during lockdown, while the opposite was true for big box and stand-alone liquor stores

Purchasing earlier in the day of consumption became more prevalent during lockdowns

Shoppers used lockdowns as an opportunity to try new things

A greater proportion of people browsed around and choosing something that caught their eye, and a smaller proportion buying the same thing every time

LOCKDOWN VS NOT LOCKDOWN METRIX

Penetration = Very low	Lockdowns were a very small proportion of total occasions in the last 13 months
Frequency = Higher Intensity = Lower	A small increase in frequency of alcohol consumption is more than offset by a decrease in serves consumed per occasion, leading to an overall reduction in the total volume of alcohol consumed per person during lockdown.
Price Premium = Lower	The price premium paid during lockdowns was lower than not in lockdowns, primarily due to the lack of on-premise consumption

Lockdown = Bad for the liquor industry

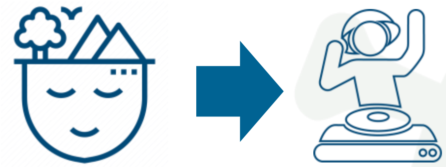
WHAT NEXT FOR 2022?

As we emerge from the pandemic and settle into a 'new normal', what will this mean for the Australian liquor industry? What changes will occur and why?

There are several potential futures:

1. COVID norms remain
2. Pre-COVID norms return
3. Boom in social occasions followed by a 'new normal'
4. Others?

WHAT WILL A SOCIAL BOOM MEAN FOR THE LIQUOR INDUSTRY?



Decline in 'relax and unwind' needs, increase in social and uplifting occasions

Return to on-premise consumption and reduction in off premise occasions

Shift in off-premise purchase channels e.g. decrease in BWS visitation

Shift in category preferences, e.g. increase in beer consumption

If we experience a boom in social occasions, the market mix will shift again. A short-term peak in on premise consumption serving to meet increased social needs will lead to changes in product, brand, channel and pricing choices. This will likely shift again as the boom settled into a new state of post pandemic normalcy.

It is more important now than ever to fully understand the impact of different potent post-COVID futures, track the market changes so you can be the first to see which future is beginning to emerge and use this to inform your approach to extracting maximum market value.

FULL REPORT TABLE OF CHARTS

The full Liquor in Lockdown report from Growth Scope contains more detailed insights and data points than what is covered in this summary report.

Here we show you the table of charts from the full report.

If you would like to purchase the full report, please visit the report shop at www.growthscope.com.au/reportshop

ABOUT GROWTH SCOPE

At Growth Scope, we democratise access to consumer and shopper insights for small, medium and large industry participants.

Growth Scope is a proprietary product, research method and data set created and owned exclusively by Five Growth Pty Ltd.

Five Growth Pty Ltd (Five Growth) are marketing strategists, market researchers, data scientists, analysts, programmers and writers. Growth Scope exists to assist businesses to achieve their organic growth potential by arming them with market-ready insights in an easy to use and digest format, covering the who, what, when, where, why and how much of liquor consumption and purchase in Australia. We also assist businesses in identifying their where to play and how to win choices by synthesising otherwise inaccessible and complex data into easy to interpret frameworks.

ACCESSING MORE INSIGHTS FROM GROWTH SCOPE

1. Bespoke Analysis: Have you got a problem, a blind spot, or a hypothesis that you would like to understand better? At less than the cost of a focus group we can uncover a nugget of insight from our mountain of data specific to your needs, based on to your brief to us.
2. Memberships: Join to get access to your very own portal by category or by channel giving you access to both what has been and our ongoing continuous tracking of consumer and shopper usage and attitude
3. Industry Reports – 20/21 reports are now available to provide you with an understanding the who, what, where, when, how much and why for consumers, shoppers, brands, retailers, channels, categories and sub categories in liquor.

Contact us to discuss options for accessing greater insight from growth scope: info@fivegrowth.com

INDUSTRY REPORTS

Below is a list of some of the types of reports that can be prepared through Growth Scope, for more information contact us.

Category reports
- Total alcohol
- Total red wine
- Total white wine
- Total beer
- Total spirits
- Total cider
- Total sparkling wine

Channel reports:
- Big Box
- Supermarket attached bottle shop
- Stand alone bottle shop
- Online
- Off-premise
- On-premise

Retailer group reports:
- Dan Murphy's
- Endeavour Group (excl. Dan Murphy's)
- LMG
- IGA / Metcash
- Coles Group
- Other independents

Other reports:
- Liquor in lockdown (detailed report) – the impact of a global pandemic on consumer and shopper behaviour
- Location reports
- Demographic reports

Sub-category reports (examples)
- Classic full strength Australian beer
- Mid-strength beer
- Light beer
- Craft / boutique Australian beer
- International beer
- Bourbon / American Whiskey
- Whisky / Scotch, all other
- Gin
- Rum
- Tequila
- Vodka
- Brandy / Cognac
- Ready-to-drink premix spirits
- Shiraz
- Cabernet Sauvignon
- Pinot Noir
- Merlot
- Rose
- Chardonnay
- Riesling
- Sauvignon Blanc
- Pinot Gris / Grigio
- French Champagne
- Sparkling White
- Prosecco
- Apple cider
- Pear cider

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