

shareholders and customers, therefore making us more relevant and pushing price further down the list in terms of priority."

Family-owned Kemeny's is Australia's largest independent liquor retailer and therefore well-equipped to take care of its own sales tracking. It is also in the fortunate position of being able to bypass wholesalers and deal directly with suppliers.

"We can buy better from the suppliers than we can from the wholesalers," said general manager Lance Hogan. "We can get the same sort of deals the supermarkets get."

The only time Kemeny's buys from a wholesaler is if it wants to buy from a company that puts all its product through a wholesaler. Of those, there'd be "less than a handful", he said.

With retailers increasingly being swallowed up by the supermarket chains, "wholesalers will become less and less relevant", according to Lance Hogan.

Smart business people are exploring different strategies to ensure their

survival.

Jill McGovern - who with her husband Terry operates a small Canberra business, The Wine Shed - says it has been difficult with Woolworths entering the market in such a powerful way. She believes the industry will "rationalise a hell of a lot more yet".

The McGovern's buy weekly from ALM, the only wholesaler with a warehouse in Canberra, but deal with at least 25 smaller wholesalers from time to time. Jill says small retailers and small wine companies have become marginalised, and they have chosen to patronise smaller companies "because at that level we can compete."

"It's a lot of work and it requires a lot of wine knowledge but we've made a conscious decision to look for that niche market. We want products that are interesting and value for money."

Many retailers are joining banner groups to compete with the chains, such as ILG's Pubsmart and the Corkers, Dollar Savers and Our Shout Liquor groups operated by Novocastrian Wholesale Liquor.

In this way, they can pressure wholesalers and suppliers to give them a better deal. Canberra group Local Liquor has taken the fight with Woolworths and Coles Myer to a very disciplined level, creating a huge impact on the local market.

General manager Allen de Costa worked in the wholesale liquor industry for 16 years before realising that there was a need for a "proper group to advertise and market" liquor on behalf of Canberra's smaller supermarkets.

He left ALM in 2001 to set up the group, which now has 63 members, most of them IGA supermarkets in Canberra, but also some stores in Sydney, regional NSW and the South Coast.

The group has a "co-operative philosophy" with the retailer members being the shareholders. "The aim is not for profit. It's really just for advertising and marketing, and to get the right price for retailers."

Ninety-nine percent of its stock is obtained through ALM. "We negotiate directly with the manufacturers for discounts which then get loaded into the ALM system."

Mr de Costa says the benefits of dealing with a wholesaler are that "you get one delivery, one invoice, one payment and you only have to buy minimal stock; you don't have to buy a pallet when you might not want a pallet".

The Canberra market is an interesting case study because even the smallest supermarket or convenience store sells liquor.

"There are 23 or 24 Woolworths stores in Canberra and they've all got liquor. Where we (Local Liquor) sit in the ACT we probably have 80 per cent of the independent market share."

The group conducts an intensive advertising campaign with 130 television commercials and 200 radio commercials every fortnight, as well as regular advertising in the press. The result?

"We've certainly got some market back from the chains, without a doubt."

