

Retailers implement 2% duty rise

By Eamonn Houston

Supermarket giant Tesco has become one of the first major retailers to pass on Chancellor Alistair Darling's 2% duty hike on alcohol, announced in the Budget, it has emerged.

The chain, which accounts for over 25% of wine sales in the UK, wasted no time in adding the duty to prices across its wine range.

A spokesperson for the retailer confirmed that the 2% increase had been passed on to the consumer.

On-trade specialists Bibendum has said that it will also pass the duty rise on.

Michael Saunders, managing director, said: "No tax increase would have been the best news in the current climate. We will have no choice but to pass it on. Wine ranges are in danger of becoming more homogenised because everyone is down trading and this will just encourage the sales of more cheap wine.

"It's lucky it's 2% rather than 6%, but what will happen in a year from now?"

But some other companies have held back and chosen to absorb the latest duty rise.

Daniel Lambert Wines, a supplier that deals with small independent producers and off-licences, said that it had no plans to pass on the duty rise.

Owner, Daniel Lambert, said that the duty hike had been less than expected.

"The duty hike wasn't big in comparison to what it could have been.

"We won't be passing it on as we deal with small French independent producers and we are now seeing the rates on the euro coming back around to the pound.

"So I don't see the need to put what equates to 4p on a bottle, for us it's cheaper not to change the price list."

Meanwhile, the Wine & Spirit Trade Association has claimed a unified approach to lobbying government on

4p

What the duty rise will put on a bottle of wine



Tesco is one of the first supermarkets to pass the rise on to customers

duty had met with a measure of success.

Gavin Partington, spokesman for the WSTA, said: "I have no doubt that the decision by the five trade organisations to work together on a joint submission to government did have an impact.

"From what we hear, the increase in excise duty could have been much worse had

we not presented a strong coherent case.

"We hope to have further opportunities to work together in the future. No one could be happy but no one was surprised considering the wider state of the economy. No one can be too shocked that government went ahead with a decision that was effectively taken last year."

RETAILING

Adnams hits back

Adnams has defended the roll-out of its Cellar & Kitchen stores, and its strategy of expanding beyond East Anglia, following criticism from a shareholder.

Guinness Peat, an investment house which holds 5% of Adnams shares, has lambasted the board for its "poor" 2008 results. In a letter to Adnams shareholders, investment manager Max Lesser claimed that the current "A" and "B" share system means "the board is, in effect, unaccountable to the majority of

its shareholders". He accused the Adnams management of a lack of transparency.

He said: "It is highly unsatisfactory for a venture so far removed from the company's core competencies as a regional brewer and owner of pubs."

Adnams chairman Jonathan Adnams has responded with a letter of his own to shareholders, claiming that some of Guinness Peat's observations are "inaccurate" while "others are a matter of interpretation".



Italian Madeinmilan wine brand has turned to art in the hope of gaining a UK distributor. It has come up with the novel idea of implanting its new range of wines into classic paintings through the ages – from the Roman Empire to 19th-century Paris.