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Our ref: IM-72019

Contact officer: Micaela Bassford / Ben Roberts

Contact phone: (02) 9102 4069 / (03) 9290 1497

27 October 2022

Dear Interested Party

**Re: Request for submissions: Endeavour's proposed acquisitions of four South Australian hotels and Cellarbrations bottle shops**

The Australian Competition and Consumer Commission (**ACCC**) is seeking your views on the proposed acquisitions of the following four hotels and co-located Cellarbrations bottle shops in South Australia by Endeavour Group Limited (**Endeavour**):

- the Beach Hotel and co-located bottle shop, located at corner of Commercial Road and Griffiths Drive in Seaford (**Beach Hotel**)
- the Crown Inn and co-located bottle shop, located at 208-210 Old South Road, Old Reynella (**Crown Inn**)
- the Tower Hotel and co-located bottle shop, located at 621 Magill Road, Magill (**Tower Hotel**), and
- the Whitehorse Inn and co-located bottle shop, located at 887-889 Wakefield Road, Bolivar (**Whitehorse Inn**).

Further background on Endeavour and these hotels is set out at **Attachment B**.

Information from you or your business is one of the ACCC's most valuable tools in assessing mergers. Your expertise in the hospitality and liquor industry, or your experience as a consumer, will help the ACCC understand the impact of the proposed acquisitions, including how you or your business may be affected.

**How to share your views**

A list of specific questions is at **Attachment A**. The more information we have, the better we can assess the impact of the proposed acquisitions, but if you are unsure of any questions you can leave them blank. You can also include any other information you think is relevant.

You can contact us in two ways:

- If you would like to comment in writing, please do so by **4pm 17 November 2022** by email to [mergers@acc.gov.au](mailto:mergers@acc.gov.au) with the title: *Submission re: Endeavour's proposed acquisitions of four South Australian hotels and Cellarbrations bottle shops - attention Micaela Bassford/Ben Roberts*. If you require more time to respond, please let us know.
- If you would like to discuss the matter with ACCC officers, or have any questions, please call Micaela Bassford on (02) 9102 4069 or Ben Roberts on (03) 9290 1497.

This matter is public and you can forward this letter to anybody who may be interested.

Updates regarding the ACCC's investigation will be available on the ACCC's Public Mergers Register at ([ACCC mergers register](#)).

### ***Confidentiality of submissions***

The ACCC will not publish submissions regarding the proposed acquisitions. We will not disclose submissions to third parties (except our advisors/consultants) unless compelled by law (for example, under freedom of information legislation or during court proceedings) or in accordance with s155AAA of the CCA. Where the ACCC is required to disclose confidential information, the ACCC will notify you in advance where possible so that you may have an opportunity to be heard. Therefore, if the information provided to the ACCC is of a confidential nature, please indicate as such. Our [Informal Merger Review Process Guidelines](#) contain more information on confidentiality

Yours sincerely



Tom Leuner  
Executive General Manager  
Mergers, Exemptions and Digital

## **Attachment A: Questions**

1. Please provide a brief description of you, your business or organisation and explain your interest in the proposed acquisitions, including any commercial relationship(s) with Endeavour and/or the four hotels / co-located bottle shops.

### **Bottle shops**

*You may choose to answer these questions in relation to one or more of the Cellarbrations bottle shops at Tower Hotel, Crown Inn, Beach Hotel and Whitehorse Inn.*

2. Discuss how closely the Cellarbrations bottle shop at Tower Hotel, Crown Inn, Beach Hotel and/or Whitehorse Inn competes with Endeavour's brands BWS and Dan Murphy's. In your response, please consider price, quality (including service and site amenity), location, range of offering, promotional activity, and any other relevant factors.
3. Identify and describe other bottle shops that compete with the Cellarbrations bottle shop at Tower Hotel, Crown Inn, Beach Hotel and/or Whitehorse Inn. Outline how the competing bottle shops compare based on the factors outlined in question 2.
4. Identify any factors that you consider are important to a bottle shop's customers. For example, the brand of the bottle shop, its range of products, whether the bottle shop is located near other retail stores, whether it is a drive through store, whether it has easy parking access etc.
5. Describe the likelihood of new bottle shops being established in South Australia. In your answer, please have regard to costs, time, and availability of liquor licenses.
6. Describe any impact that the proposed acquisitions, by removing up to four Cellarbrations stores, would have on the strength of the Cellarbrations brand. In your response, please consider the importance of having multiple locations in a region – such as the impact on brand awareness or economies of scale with advertising.

### **Hotels**

*You may choose to answer this question in relation to one or more of Tower Hotel, Crown Inn, Beach Hotel and Whitehorse Inn.*

7. Identify and discuss the hotels and/or other hospitality venues that compete with the Tower Hotel, Crown Inn, Beach Hotel and/or Whitehorse Inn. In your response, please consider price, quality, location and range of offering (including food and liquor offerings and live entertainment and gaming - including poker machines, lotteries and network games).

### **Wholesale supply of liquor**

8. Describe any impact the proposed acquisitions would have on the wholesale supply of liquor, either at the South Australia or national level. For example, would the removal of the Tower Hotel, Crown Inn, Beach Hotel and/or Whitehorse Inn (as independent customers) affect the scale of wholesalers to the extent it may impact the competitiveness of their offerings to other independent retailers.

### **Additional information**

9. Outline any other concerns you have about the likely competition effects of the proposed acquisitions or comments you consider relevant to the ACCC's assessment, including your reasons.

## **Attachment B: Background**

### **Acquirer – Endeavour**

Endeavour is a major Australian alcoholic drinks retailer and hotel operator that operates a portfolio of brands including BWS, Dan Murphy's, Jimmy Brings, Langton's and Cellarmasters. Endeavour also manages over 330 licensed hotels (with more than 12,000 gaming machines) across Australia, through its subsidiary, ALH Hotels.

Until 28 June 2021, Endeavour was a subsidiary of Woolworths Group. However, Endeavour has been separated from Woolworths Group via a demerger and is now a separately listed corporation on the ASX (ASX: EDV).

### **Hotels and Bottle Shops to be acquired**

The four hotels Endeavour is proposing to acquire are all ultimately owned by the Independent Pub Group Pty Ltd (**IPG**), which is in turn ultimately owned by GM Hotels. While there are four separate transactions, at this stage the ACCC is analysing them together. The ACCC may make different decisions in relation to each transaction.

#### 1. Beach Hotel

The Beach Hotel is located on the corner of Commercial Road and Griffiths Drive in Seaford, South Australia, approximately 35km south of Adelaide's CBD. It sits on two adjoining sites that are split by a road called Cascade Drive. The Beach Hotel comprises the main hotel building located on the larger western site (which houses a sports bar, various eating precincts, a commercial kitchen, a gaming room with 34 electronic gaming machines and function rooms) as well as a three-lane drive-through bottle shop on the adjoining site to the east. The bottle shop currently trades under the Cellarbrations banner.

Endeavour currently operates BWS Seaford, which is the closest bottle shop to the Beach Hotel. Post-acquisition, Endeavour would own two of the six bottle shops within 5km of the Beach Hotel.

#### 2. Crown Inn Hotel

The Crown Inn is located at 208-210 Old South Road, Old Reynella, South Australia, approximately 20km south of the Adelaide CBD. It comprises a hotel (sports bar, lounge bar, dining room with commercial kitchen, terrace area, gaming room with 33 machines) as well as a two-lane drive-through bottle shop that currently trades under the Cellarbrations banner.

Endeavour, through Australian Leisure and Hospitality Group Pty Ltd (ALH Group), operates the following hotels within 5km radius of the Crown Inn:

- Emu Hotel, Morphett Vale
- Victoria Hotel, O'Halloran Hill, and
- Aberfoyle Hub Tavern, Aberfoyle Park.

Endeavour operates six BWS bottle shops within 5km of the Crown Inn. Post-acquisition, Endeavour would own seven of 11 bottle shops within 5km of the Crown Inn. The six Endeavour bottle shops located within a 5km radius are:

- BWS Happy Valley

- BWS(a) Hallett Cove
- BWS Woodcroft
- BWS Morphett Vale
- BWS Victoria Hotel Drive, and
- BWS Aberfoyle Hub.

### 3. Tower Hotel

The Tower Hotel is located at 621 Magill Road, Magill, South Australia, approximately 7km from the Adelaide CBD. The Tower Hotel comprises a main hotel building (a function room, dining room, sports bar, outdoor terrace and beer garden and gaming room with 33 machines) and a two-lane drive through bottle shop attached to the main premises and currently trading under the Cellarbrations banner.

Endeavour, through ALH Group, operates one hotel within 5km radius of the Tower Hotel:

- Norwood Hotel, Norwood.

Endeavour operates seven bottle shops within 5km of the Tower Hotel (four BWS stores and three Dan Murphy's stores). Post-acquisition, Endeavour would own eight of 30 bottle shops within 5km of the Tower Hotel. The seven Endeavour bottle shops located within a 5km radius of Tower Hotel are:

- BWS(A) Marryatville
- BWS(A) Newtown
- Dan Murphy's Marden
- BWS Newton Central
- Dan Murphy's Norwood
- BWS Rose Park, and
- Dan Murphy's St Peters.

### 4. Whitehorse Inn

The Whitehorse Inn is located at 887-889 Port Wakefield Road, Bolivar, South Australia, approximately 17km from the Adelaide CBD. The Whitehorse Inn comprises the main hotel building (which houses a function room, bistro, sports bar, gaming room with 34 gaming machines and accommodation block with 10 rooms) as well as a two lane drive-through bottle shop attached to the main premises and currently trading under the Cellarbrations banner.

Endeavour, through ALH Group, operates the following hotels within 5km radius of the Whitehorse Inn:

- Slug n Lettuce, Parafield Gardens
- Eureka Tavern, Salisbury, and
- Stockade Tavern, Salisbury.

Endeavour operates six retail liquor stores within 5km of the Whitehorse Inn. Post-acquisition, Endeavour would own six of the ten bottle shops within a 5km radius of Whitehorse Inn. The six Endeavour bottle shops located within a 5km radius are:

- BWS Slug n Lettuce

- BWS(A) Hollywood Plaza
- BWS(A) Springbank Plaza
- BWS Eureka Drive
- BWS Stockade Drive, and
- BWS Parabanks.

One further Endeavour bottle shop (BWS(A) Mawson Lakes) also sits just outside the 5km radius.