Global Trends - Beverages

- IWSR Press Release: Global growth of premium alcohol shows strength across categories

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The global premium-and-above spirits market gained 6.7m nine-litre cases in 2015 versus 2014, a 5% uplift, according to the recently released IWSR 2016 database, showing a continued rise of consumers’ appetite for quality over quantity.

Total spirits grew 0.5% globally in 2015 versus 2014, which equated to an additional 14.1m cases. However, excluding growth from national spirits* (+22.3m cases, +1.6%), the market shrank by 8.2m cases overall (-0.5%), with significant declines from vodka (-8.6m, -1.8%), brandy (-7.3m, -3.7%) and flavoured spirits (-4.3m, -2.7%). Whisk(e)y (+11.4m, +3.0%), gin and genever (+1.16m, +2.2%) and tequila (+1.15m, +4.2%) all grew.

The largest growth spirits categories in the premium segment were whisk(e)y, gin, vodka, rum and tequila.

For whisk(e)y, the premium-and-above category added 3.9m cases between 2014 and 2015 (+7.3%). In comparison, standard whisk(e)y grew by 2.5m cases (+3.1%). Value whisk(e)y added 5.9m cases (+2.6%), but if you exclude India, the world’s largest whisk(e)y market, value whisk(e)y declined by 2.3m cases. Premium whiskies grew strongest in the US (+2.5m, +14.6%), but also saw good growth in France (+169k, +11.0%), the UK (+136k, +7.6%), Canada (+130k, +8.5%) and Mexico (+126k, +10.0%).

The premium market for North American whiskies is booming. Total US whiskey was up 1.9m cases (+4.8%) in 2015 (+1.6m case growth in the premium segment, +8.5%), total Canadian was up 2.1m cases (+8.6%) (+1.5m in the premium segment, +26.2%). Scotch whisky declined -0.2% globally in 2015 (-166k), growth of the standard-and-above market fell just shy of the decline in the value segment. The largest growth came from the super-premium (+193k, +4.1%) and premium (+119k, +0.6%) segments.

The US market is driving growth of premium vodka, rum and tequila, while the UK is the key growth market for premium gin, where a revival of the gin and tonic trend and the ever-growing range of craft gins entering the market continue.

The top markets for super-premium spirits growth are the US (+435k, +3.3%), UK (+163k, +19.0%), Mexico (+141,000, +23.1%), Duty Free (+93.1m, +3.7%) and France (+64,000,
The top growth markets for premium spirits growth are the US (+3.9m, +8.6%), UK (+422,000, +11.6%), Canada (+253,000, +8.2%), France (+250,000, +10.7%) and Australia (+176,000, +11.0%).

The premium segment is not only doing well for spirits; premium still light wine saw the largest growth of any category and premium sparkling wine has the third-largest growth behind premium whisky.

Total wine consumption overall declined by -3.5m cases (-0.1%), whereas the premium-and-above market gained 13.8m cases in 2015 (+4.7%). Premium still light wine contributed 11.9m cases to this growth (+5.3%). The US posted growth of 4.8m cases (+8.7%) in the premium still light wine market and China added 4.1m cases (+35.5%). Even mature-market UK increased premium still light wine sales by more than 600,000 cases (+2.8%).

In 2015 global beer consumption declined by -0.6% (-122.8m) following a levelling-off of volumes in 2014. The top three growth markets were Mexico (+47.0m, +6.3%), Vietnam (+25.8m, +7.3%) and India (+10.5m, +4.0%). The largest declines were in China (-200.0m, -3.6%), Ukraine (-41.1m, -15.0%) and Brazil (-19.0m, -1.3%).

Cider continues its strong upward trend as new markets are established and innovation and flavours help drive growth in mature markets, with a 3.1% growth to reach 242.3m cases. The mixed drinks** category also remains in growth, adding 1m cases in 2015 (+0.3%) to reach 383.7m cases.

The overall picture was not looking so rosy for travel retail in 2015. Spirits declined -3.3% to 21.8m cases, wine declined -2.9% to 7.5m cases and mixed drinks declined -11.4% to dip below 250,000 cases.

*National spirits is dominated by baijiu and soju.
**FABs, pre-mixed cocktails and long drinks.

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