

# The MILLIONAIRES' club



**Drinks**  
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# LAND OF THE GIANTS

The Millionaires' Club 2013 concludes a story that has been unfolding for years – if not right before our eyes then not much beyond their periphery. The story that Scotland no longer makes the world's best-selling whisky; that the biggest brandies and gins don't come from France, the UK, or the US but from the Philippines and India; that Bacardi – so long the transcendent spirit – is being overrun in the confines of its own category.

The behemoth brands of McDowell's No.1 whisky, Emperador brandy, Ginebra San Miguel gin and Tanduay rum must peer down at the competition and wonder what all the fuss is about. Perhaps they watch with amusement as western brand owners obsess about puny volumes and are forced to prefix the word 'premium' to any world ranking.

A commanding 12 of the top 15 million-case spirits in the 2013 list are what are often dismissed as 'domestic brands'. But let's call them regional – many are crossing borders and, if their rapidly amassed sales are anything to go by, ambition is also not in short supply.

Drinks is a value game, some say, and in many ways it is. But to achieve mass volumes, a brand has to have successfully scaled production and fully extended the tendrils of its distribution. In geographic expanses of the likes of China, Brazil and India, this is no mean feat.

And, no matter their price points, the aforementioned – and the likes of Jinro soju and Red Star baijiu – are feverishly popular. So as society around these brands enriches, why should they not scale the value charts too?

The west is not the centre of the universe. From what we've seen lately, it's not even the centre of the drinks world. The clamour for new growth has taken global brands from barren homelands to fertile plains. This

is the land of giants – and their market footing is solid and deep-rooted. They will be hard to dislodge; their over-sized shoes even harder to fill.

**Hamish Smith**  
Supplement Editor



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### ABOUT INTELLIMA



Intellima is a market research and strategy consultancy focused on the global beverage, food and hospitality business. Its team comprises experienced quantitative and qualitative research experts. Recent projects include spirits brand development, tracking projects about speciality foods, and a large consumer behaviour study which has been published as a report entitled Trends in Alcoholic Drinks 2013, available for purchase via the Intellima website (address below).

Intellima was started as a sister business to Wine Intelligence in 2012 as a way of applying techniques and experience from the wine sector into adjacent, similar business sectors. For more information about Intellima, and its research philosophy, please visit [intellima.co.uk](http://intellima.co.uk) or contact [lulie@intellima.co.uk](mailto:lulie@intellima.co.uk) or [richard@intellima.co.uk](mailto:richard@intellima.co.uk).

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Intellima tells us how new brands are penetrating the annual who's who of spirits

# BACK STORY



**T**he Millionaires' Club is *Drinks International's* exclusive hang-out for the biggest names in world spirits.

Traditionally, they tend to come in two types: the heavyweights on their own heavily-populated patches; and the agile, global brands which flex their muscles in multiple markets. What they all have in common is the only entry qualification needed to get into The Millionaires' Club – annual global sales of more than 1 million 9-litre cases.

This year's membership has seen a fall in numbers from 180 to 176, as vodka powerhouse CEDC was delayed in reporting its results. In the interests of transparency and completeness we have listed the Polish group's titles, along with a few other known Millionaire brands in a separate Nondisclosure List. That aside, the ratio of dropouts to newcomers is relatively even.

This year more than any other, there is a clear difference between the regional champions and the global stars. However, the growing importance of developing markets to international organisations – some of which have acquired strong

domestic brands – means the definitions are starting to blur. As in many other industries, the spirits world is flattening and becoming more integrated.

The data compiled shows that only one of the top 10 spirits brands is in decline, and even that – Pirassununga 51 cachaça – is only 1% off the pace.

The pursuit of growth by the major western global players has focused on the BRIC nations and the emerging markets of Asia and Africa, frequently resulting in a fascinating tussle for supremacy between their brands and dominant local spirits: global marketing expertise versus local market knowledge and distribution.

Of the 176 brands in the club, 17 are Indian whisky brands and 10 are products local to the Japanese market.

Leading brands in South Korean soju, Chinese baijiu and Philippines rum, gin and brandy all scored significant percentage gains for brands of already immense scale.

Hite-Jinro's Jinro soju again occupies the top spot overall in world spirits, with sales more than double those of the number two spirit brand.

But the number two position has changed, with Alliance Global Group's

“The ratio of dropouts to newcomers is relatively even”

Emperador brandy from the Philippines recording another year of phenomenal growth, up 54% to overtake both Diageo's Smirnoff and Lotte Liquor, Korea's second-biggest soju.

The world's biggest gin is next on the list, and it's another Philippines brand – Ginebra San Miguel a 23.8 million-case brand that outsells Gordon's by a factor of more than six to one.

The dominance of domestic spirits in the Philippines market is underlined by Tanduay Distillers' Tanduay rum in the top 10 as well.

While many global players' strategies focus on premiumisation, Tanduay and other local brands have successfully exploited the mainstream in their home markets and regional pockets of strength within them.

Tanduay is a national brand but is targeting the northern metropolitan centres of Manila and Luzon as it looks to build sales further.

Big local players are also targeting specific consumer groups with hip, westernised young people often high on their shopping lists. Ginebra San Miguel is positioning gin as a young person's drink with marketing around **▶ page 6**

► music festivals and nightclub parties, while many western gins still focus on the heritage, tradition and retro-chic that appeals to a more mature audience.

Local spirits producers are also segmenting their offering to appeal to a range of consumers. Tanduay has identified a role for lighter, cheaper spirits in response to demand from younger consumers and a new tax regime. Its T5 and San Miguel's GSM Blue Light are both lighter spirit brands making a pitch in this arena.

The local clout of such producers leaves few places for the major global players at the top table in the Millionaires' Club list.

The top 10 brands show no surprises, with Diageo represented by Smirnoff and Johnnie Walker, and Bacardi clinging on to its status as the world's leading rum – but only just, with Tanduay's annual sales now just 200,000 cases short.

Between places 10 and 20 in the overall spirits chart, whisky is the battleground and, if medium-term trends continue, it may not be too long before some of the Indian brands listed push into the top echelons. Pernod Ricard's Royal Stag, Allied Blenders' Officer's Choice, United Spirits' Old Tavern and John Distilleries' Original Choice all had relatively lacklustre years, but have achieved average annual growth of 10% or more over the past five years.

McDowell's No 1 excelled in 2012 to take Johnnie Walker's place as the world's biggest whisky. Diageo's hoped-for deal to take control of United Spirits may have come not a moment too soon to keep ambitions for its own whisky portfolio in that region on track.

Acquisitions, rather than entry with existing products, seem to point the way for the major global players intent on penetrating new and emerging markets.

Diageo's acquisitions of Ypióca cachaça and a stake in baijiu producer Shui Jing Fang have been significant steps forward in this regard for the company.

The Ypióca acquisition illustrates the scale of the challenge for Diageo in these markets. It's now the fifth-biggest spirit brand in the company's portfolio – but only number four in cachaça, despite being a 6.5 million-case brand.

The sheer scale of some of the brands in categories such as soju, cachaça and baijiu means those sectors have relatively few brands in The Millionaires' Club compared with products whose traditional sales strength is in Europe and North America.

## RULES OF ENGAGEMENT

Collecting accurate data on 176 Millionaires' Club members is a serious business. For the past three months Intellima researchers have compiled data from public company reports, stock exchange submissions, and responses to requests.

Where information from the company itself is incomplete or not available, we have deferred to reliable secondary resources, such as company press releases, interviews in journals or magazines where company officers disclosed sales data.

Brands have been classified as either Global or Regional. Regional brands are confined to a limited geographic area with 80% or more of volumes selling in one region. To qualify as Global a brand must sell in at least two regions with no more than 80% in any one region. Brand classifications can change at *DI* or Intellima's discretion.

Growth percentages were calculated from actual volume data, not the rounded volume figures published.

Dashes indicate that data was not available or the brand didn't exist.

▲ ▼ indicates rank movement; ■ indicates a static list position.

## “Acquisitions seem to point the way for the major international players”

By contrast, vodka is a highly fragmented market with greater geographical reach. There are 54 vodka brands that sell 1 million cases or more annually – a list that includes truly global players such as Smirnoff and Absolut, massive local brands from eastern Europe and the odd fast-growing product in emerging markets, such as Magic Moments in India.

The potential for vodka in India hasn't been lost on international brands either, with Bacardi targeting that market for its main Eristoff brand and green apple and cranberry flavours. Eristoff and others, such as Stolichanya, are also looking to take on local spirits with vodka in Latin America.

Local vodkas are coming under the cosh in eastern Europe from trendy imports, political pressure to fight excessive consumption through tax rises, general economic malaise and competing categories such as wine and beer – but it remains a huge market and not one to be written off too quickly.

The Millionaires' Club list includes eight local brands from Poland, seven from Belarus and two from Russia. The likes of Grey Goose, Eristoff and Skyy can still only dream of the volumes achieved by Nemiroff, Green Mark or Khortytza.

The region continues to be tough but some producers, such as Stock Spirits, are talking of a resurgence of consumer confidence in key markets, including Poland, which could see brands bounce back in future.

Like vodka, rum is a category with a diverse contribution to make to the Millionaires' Club list, with 12 brands represented, five of them local to the Indian market, Tanduay and Bacardi fighting it out at the top and the rest made up of brands with a global presence originating from the Caribbean and South America.

But whisky – compared to the neutrality of vodka – has arguably the biggest range of styles and countries of origin, with 50 brands comprising 19 Scotch blends, 17 from India, six from the US, five from Canada, two from Japan and one from Ireland. There's even a single malt Scotch, Glenfiddich, which maintains its status for a second year, teetering just above the 1 million cases.

Its solo presence – and the absence of competitors – serves as a reminder that, for all the fuss made about luxury brands in world spirits markets, it's those that hit mainstream market needs that provide producers with volume and scale. ■



# FULL LISTING

The brands, their owners and their case figures in one comprehensive breakdown



## Full Listing

VOLUME: MILLIONS OF 9-LITRE CASES

BRAND	OWNER	CATEGORY	2008	2009	2010	2011	2012	% +/-	STATUS
1 ■ Jinro	Hite-Jinro	Soju	76.0	64.0	64.3	61.4	65.3	6%	Regional
2 ▲ Emperador	Alliance Global Group	Brandy	7.2	6.3	9.6	20.1	31.0	54%	Regional
3 ▼ Smirnoff	Diageo	Vodka	25.7	24.4	24.4	24.7	25.8	4%	Global
4 ▼ Lotte Liquor BG	Lotte Liquor BG	Soju	19.9	21.2	22.6	23.9	25.4	6%	Regional
5 ▲ Ginebra San Miguel	Ginebra San Miguel	Gin	-	-	-	20.0	23.8	19%	Regional
6 ▼ Bacardi	Bacardi	Rum	19.6	18.6	19.3	19.6	19.8	1%	Global
7 ▼ Tanduay	Tanduay Distillers	Rum	16.3	16.9	18.4	18.7	19.6	5%	Regional
8 ▲ McDowell's No.1	United Spirits	Whisky-Indian	13.4	13.5	14.3	16.1	19.5	21%	Regional
9 ▼ Johnnie Walker	Diageo	Whisky-Scotch	16.3	15.3	16.9	18.0	18.9	5%	Global
10 ▼ Pirassununga 51	Companhia Müller de Bebidas	Cachaça	22.0	19.5	19.5	18.6	18.5	-1%	Regional
11 ▼ Officer's Choice	Allied Blenders & Distillers	Whisky-Indian	9.5	12.0	16.0	16.5	18.1	10%	Regional
12 ■ McDowell's No.1 Celebration	United Spirits	Rum	9.7	11.2	13.9	15.6	17.8	14%	Regional
13 ■ Red Star Er Guo Tou	Beijing Red Star Co	Baijiu	7.2	8.9	10.9	13.7	16.8	23%	Regional
14 ▼ Bagpiper	United Spirits	Whisky-Indian	15.4	16.3	16.4	16.0	14.1	-12%	Regional
15 ▼ Royal Stag	Pernod Ricard	Whisky-Indian	6.8	8.4	10.4	12.5	12.8	2%	Regional

## Full Listing

VOLUME: MILLIONS OF 9-LITRE CASES

BRAND	OWNER	CATEGORY	2008	2009	2010	2011	2012	% +/-	STATUS
16 ▲ Old Tavern	United Spirits	Whisky-Indian	4.8	6.8	9.1	11.1	11.6	5%	Regional
17 ▼ Absolut	Pernod Ricard	Vodka	10.7	10.0	10.9	11.2	11.4	2%	Global
18 ▼ McDowell's No.1	United Spirits	Brandy-Indian	7.5	9.2	11.5	11.7	10.9	-7%	Regional
19 ▼ Original Choice	John Distilleries	Whisky-Indian	8.8	10.2	10.3	10.8	10.9	1%	Regional
20 ▼ Jack Daniel's	Brown-Forman	Whisky-American-Tennessee	9.5	9.6	9.9	10.6	10.7	1%	Global
21 ▲ Captain Morgan	Diageo	Rum	8.3	8.8	9.0	9.2	9.8	7%	Global
22 ▲ Velho Barreiro	Tatuzinho	Cachaça	7.4	7.7	8.0	8.4	9.2	10%	Regional
23 ▲ Iichiko	Sanwa Shurui	Shochu	9.1	8.7	8.3	8.2	8.2	0%	Regional
24 ▼ Khibniy Dar	Bayadera Group	Vodka	6.6	10.2	12.3	9.3	8.0	-14%	Regional
25 ▲ Imperial Blue	Pernod Ricard	Whisky-Indian	3.8	4.8	6.1	7.2	7.8	9%	Regional
26 ▲ Gran Matador	Ginebra San Miguel	Brandy	-	-	-	-	7.8	-	Regional
27 ■ Khortytsa	Khortytsa Distillery	Vodka	9.6	9.3	9.0	7.5	7.7	3%	Global
28 ▲ Belenkaya	Synergy	Vodka	2.3	2.8	4.9	7.1	7.3	3%	Regional
29 ▲ Hayward's	United Spirits	Whisky-Indian	2.8	4.1	4.7	6.2	7.1	15%	Regional
30 ▲ Pyat Ozer	Alcohol Siberian Group	Vodka	6.5	6.1	6.3	6.6	7.0	6%	Regional
31 ▲ Jägermeister	Mast-Jägermeister	Bitters	6.4	6.4	6.6	6.8	6.9	3%	Global
32 ▼ Baileys	Diageo	Liqueurs	7.6	6.7	6.7	6.8	6.5	-4%	Global
33 ■ Ypióca	Diageo	Cachaça	7.1	6.8	6.9	-	6.5	-	Regional
34 ▲ Jim Beam	Beam	Whisky-American-bourbon	5.2	5.1	5.3	5.9	6.3	8%	Global
35 ▼ Ballantine's	Pernod Ricard	Whisky-Scotch	6.5	5.8	6.2	6.5	6.1	-6%	Global
36 ▲ Kristall	Minsk Kristall RUP	Vodka	3.9	4.4	4.8	4.9	5.5	12%	Regional
37 ▼ Ricard	Pernod Ricard	Anis	5.5	5.4	5.4	6.2	5.5	-11%	Global
38 ▲ Fernet Branca	Fratelli Branca Distillerie	Bitters	3.3	3.3	3.9	4.6	5.4	17%	Global
39 ▼ Medoff	Eastern Beverage Company	Vodka	-	-	5.5	5.5	5.4	-3%	Regional
40 ▼ Mansion House Brandy	Tilaknagar Industries	Brandy-Indian	1.8	4.0	5.4	5.8	5.3	-9%	Regional
41 ▲ Medellin	Medellin	Aguardiente	-	-	-	5.1	5.3	3%	Regional
42 ■ Hennessy	LVMH	Cognac	4.5	4.2	4.7	4.9	5.2	5%	Global
43 ▲ Krupnik	Belvédère	Vodka	-	-	1.9	4.5	5.1	13%	Regional
44 ▲ Honey Bee	United Spirits	Brandy-Indian	2.8	3.6	4.4	4.8	5.0	4%	Regional
45 ▼ Crown Royal	Diageo	Whisky-Canadian	5.1	4.9	5.0	5.0	4.9	-2%	Global
46 ▲ 8PM	Radico Khaitan	Whisky-Indian	3.8	3.2	3.9	4.3	4.9	13%	Regional
47 ▼ Chivas Regal	Pernod Ricard	Whisky-Scotch	4.6	3.9	4.5	4.9	4.8	-2%	Global
48 ▼ Bohae	Bohae Brewery Co	Soju	8.2	8.2	7.6	7.4	4.6	-38%	Regional
49 ▼ J&B Rare	Diageo	Whisky-Scotch	5.9	5.1	4.8	4.8	4.6	-4%	Global
50 ▲ Mian Zhu Jiu	Sichuan Jian Nan Chun	Baijiu	-	3.5	3.9	4.2	4.6	10%	Regional
51 ▲ William Grant's	William Grant & Sons	Whisky-Scotch	5.0	4.8	5.0	5.0	4.5	-9%	Global
52 ▲ Jose Cuervo	JB y Compania and Lancers SA de CV	Tequila	-	-	-	4.4	-	-	Global
53 ▼ Director's Special	United Spirits	Whisky-Indian	4.0	4.4	4.5	4.5	4.3	-4%	Regional
54 ▼ Czysa de Lux (ZG)	Stock Spirits Group	Vodka	1.9	5.4	6.4	4.6	4.3	-7%	Regional
55 ▲ Antioqueno	Fabrica licorera de Antioquia	Aguardiente	-	-	4.3	4.1	4.2	2%	Regional
56 ▼ Jingzhi Baigan	Shandong Jing Zhi Distillery	Baijiu	-	-	-	4.1	4.1	0%	Regional
57 ▲ Langjiu	Langjiu	Baijiu	-	-	-	-	4.1	-	Regional
58 ■ Jameson	Pernod Ricard	Whiskey-Irish	2.7	2.7	3.2	3.8	4.0	6%	Global
59 ▲ E&J Gallo	E&J Gallo	Brandy	-	-	-	-	4.0	-	Global
60 ▲ Brugal	Edrington	Rum	4.4	4.1	4.3	4.0	4.0	-1%	Global
61 ▼ De Kuyper Range	Koninklijke De Kuyper Range/Beam	Liqueurs	4.7	4.4	4.3	4.2	4.0	-4%	Global
62 ▲ Wuliangye	Wuliangye	Baijiu	-	-	-	-	3.9	-	Regional
63 ▼ Gordon's	Diageo	Gin	4.3	4.2	4.3	4.3	3.9	-9%	Global
64 ▼ Yeni Raki	Diageo	Raki	-	3.4	3.9	4.1	3.9	-5%	Regional
65 ▼ Havana Club	Pernod Ricard	Rum	3.4	3.3	3.8	3.8	3.9	2%	Global
66 ▼ Svedka	Constellation Brands	Vodka	2.1	2.9	3.4	3.7	3.9	5%	Regional
67 ▼ Grey Goose	Bacardi	Vodka	3.6	3.5	3.7	3.8	3.8	1%	Global
68 ▼ Malibu	Pernod Ricard	Liqueurs	3.7	3.2	3.4	3.7	3.8	3%	Global
69 ▼ Skyy	Gruppo Campari	Vodka	3.2	3.3	3.4	3.5	3.7	6%	Global
70 ▼ Blenders Pride	Pernod Ricard	Whisky-Indian	1.9	2.3	2.8	3.5	3.7	7%	Regional
71 ▼ Old Admiral	Radico Khaitan	Brandy-Indian	1.4	1.8	3.0	3.2	3.5	9%	Regional
72 ▼ Gold Riband	United Spirits	Whisky-Indian	1.8	2.7	2.3	3.1	3.5	13%	Regional
73 ▼ Stolichnaya	SPI Group	Vodka	3.2	3.0	3.1	3.3	3.4	1%	Global
74 ▼ Kanoka	Asahi Breweries	Shochu	3.6	3.7	3.8	3.6	3.3	-7%	Regional
75 ▼ Dreher	Gruppo Campari	Brandy-Brazilian	3.6	3.5	3.5	3.6	3.3	-8%	Regional
76 ▲ The Famous Grouse	Edrington	Whisky-Scotch	3.1	2.9	3.0	2.9	3.3	13%	Global
77 ▼ Sauza	Beam	Tequila	3.1	2.6	3.0	3.0	3.3	9%	Global



# FASTEST GROWING

## Indian brandy takes the prize for speediest sales growth

It's no surprise that the fastest-growing product in *The Millionaires' Club* is from India, nor that it's one produced by United Spirits. Perhaps more surprising is that it's a brandy, not a whisky, and one that was launched five decades ago.

Golden Grape was first made at the Cherthala distillery in 1962 and was so popular in southern India that stocks had to be rationed. Such supply problems are a thing of the past, but the brand's 50th anniversary saw renewed fervour for the product, which eased into the rankings with a 71% sales spike to reach 1.4 million cases.

A clamour for local brandy in the Philippines too, where Alliance Global Group's Emperador has achieved average annual growth of more than a third over the past five years, and whose 2012 surge of 54% surpassed even its recent high standards. It's also the only one of the top 50 fastest growing brands to earn its place off a base of more than 20 million cases in 2011.

After Emperador, the only brands in the top 50 fastest growing that started 2012 with more than 10 million cases were Red Star Er Guo Tou baijiu and McDowell's No.1 whisky and No.1 Celebration rum, reflecting the extra growth potential that exposure to big populations of new spirits consumers can bring, whatever your starting point.

But naturally, the more mature the brand, the harder blockbuster growth rates are to come by. Diageo's Ciroc, United Spirits' McDowell's VSOP and Radico Khaitan's Magic Moments vodka all scored annual growth of 40% and are all relatively new to the market.

The two 30%-plus growth brands – Bacardi's Bombay gins and Amrut's Silver Cup brandy – did so off bases of 2 million cases or fewer.

The increasing global popularity of US whiskey comes through in the fastest-growing brands, with Beam's Maker's Mark and Campari's Wild Turkey also featuring. ■



## Fastest Growing Global Brands

VOLUME: MILLIONS OF 9-LITRE CASES

BRAND	OWNER	CATEGORY	2008	2009	2010	2011	2012	% +
<b>Bombay</b>	Bacardi	Gin	2.0	2.0	1.8	2.0	2.6	<b>31%</b>
<b>Southern Comfort</b>	Brown-Forman	Liqueurs	2.4	2.2	2.1	2.0	2.5	<b>26%</b>
<b>Wild Turkey</b>	Gruppo Campari	Whiskey-US-bourbon	-	-	1.0	1.1	1.3	<b>18%</b>
<b>Fernet Branca</b>	Fratelli Branca Distillerie	Bitters	3.3	3.3	3.9	4.6	5.4	<b>17%</b>
<b>The Famous Grouse</b>	Edrington	Whisky-Scotch	3.1	2.9	3.0	2.9	3.3	<b>13%</b>
<b>William Lawson's</b>	Bacardi	Whisky-Scotch	1.5	1.6	1.7	2.3	2.6	<b>13%</b>
<b>Poliakov</b>	La Martiniquaise	Vodka	0.6	0.7	0.9	1.0	1.2	<b>13%</b>
<b>Russian Standard</b>	Roust	Vodka	2.1	2.2	2.5	2.6	2.9	<b>12%</b>
<b>Maker's Mark</b>	Beam	Whiskey-US-bourbon	0.9	0.9	1.0	1.2	1.3	<b>10%</b>
<b>Sauza</b>	Beam	Tequila	3.1	2.6	3.0	3.0	3.3	<b>9%</b>
<b>Jim Beam</b>	Beam	Whiskey-US-bourbon	5.2	5.1	5.3	5.9	6.3	<b>8%</b>
<b>Martell</b>	Pernod Ricard	Cognac	1.5	1.5	1.8	1.9	2.0	<b>8%</b>
<b>Courvoisier</b>	Beam	Cognac	1.2	1.0	1.2	1.3	1.4	<b>7%</b>
<b>Patrón Tequila</b>	Patrón Spirits	Tequila	1.7	1.7	1.8	1.9	2.0	<b>7%</b>
<b>Captain Morgan</b>	Diageo	Rum	8.3	8.8	9.0	9.2	9.8	<b>7%</b>
<b>Wyborowa</b>	Pernod Ricard	Vodka	2.3	2.1	1.8	1.5	1.6	<b>6%</b>

## Fastest Growing Regional Brands

VOLUME: MILLIONS OF 9-LITRE CASES

BRAND	OWNER	CATEGORY	2008	2009	2010	2011	2012	% +
<b>Golden Grape</b>	United Spirits	Brandy-Indian	-	0.8	0.7	0.8	1.4	<b>71%</b>
<b>Emperador</b>	Alliance Global Group	Brandy	7.2	6.3	9.6	20.1	31.0	<b>54%</b>
<b>McDowell's VSOP</b>	United Spirits	Brandy	-	-	0.6	1.4	1.9	<b>41%</b>
<b>Ciroc</b>	Diageo	Vodka	-	0.4	0.9	1.5	2.1	<b>40%</b>
<b>Silver Cup Brandy</b>	Amrut Distilleries	Brandy-Indian	1.4	0.9	0.7	1.1	1.4	<b>30%</b>
<b>Royal Challenge</b>	United Spirits	Whisky-Indian	1.3	1.3	1.2	1.4	1.7	<b>26%</b>
<b>Cacique</b>	Diageo	Rum	1.7	1.8	1.7	1.7	2.1	<b>24%</b>
<b>Madira XXX Rum</b>	Tilaknagar Industries	Rum	0.2	0.8	1.3	1.6	2.0	<b>23%</b>
<b>Gosudarev Zakaz</b>	Synergy	Vodka	1.6	1.3	1.2	1.1	1.3	<b>23%</b>
<b>Red Star Er Guo Tou</b>	Beijing Red Star Co	Baijiu	7.2	8.9	10.9	13.7	16.8	<b>23%</b>
<b>Kinmen Kaoliang</b>	Kinmen Kaoliang Liquor Inc	Baijiu	2.2	2.0	2.2	2.3	2.8	<b>22%</b>
<b>Burnett's Vodka</b>	Heaven Hill	Vodka	1.2	1.5	1.5	1.7	2.0	<b>21%</b>
<b>McDowell's No.1</b>	United Spirits	Whisky-Indian	13.4	13.5	14.3	16.1	19.5	<b>21%</b>
<b>Ginebra San Miguel</b>	Ginebra San Miguel	Gin	-	-	-	20.0	23.8	<b>19%</b>
<b>Pastis 51</b>	Pernod Ricard	Anis	1.4	1.3	1.3	1.4	1.7	<b>18%</b>
<b>Muginoka</b>	Suntory	Shochu	-	-	1.7	1.9	2.2	<b>17%</b>

## Fastest Declining Overall

VOLUME: MILLIONS OF 9-LITRE CASES

BRAND	OWNER	CATEGORY	2008	2009	2010	2011	2012	% -
<b>Bohae</b>	Bohae Brewery Co	Soju	8.2	8.2	7.6	7.4	4.6	<b>-38%</b>
<b>Old Cask</b>	United Spirits	Rum	1.7	2.2	2.1	2.2	1.4	<b>-37%</b>
<b>Prime</b>	Olimp Corp	Vodka	1.5	1.5	1.6	1.9	1.2	<b>-35%</b>
<b>Old Port Rum</b>	Amrut Distilleries	Rum	1.9	1.7	1.8	2.0	1.3	<b>-33%</b>
<b>Daigoro</b>	Asahi Breweries	Shochu	4.4	4.2	3.7	2.9	2.3	<b>-23%</b>
<b>Na Berezovykh Brunkakh</b>	Eastern Beverage Company	Vodka	-	-	2.0	1.6	1.3	<b>-20%</b>
<b>Mernaya</b>	Eastern Beverage Company	Vodka	-	-	3.2	2.7	2.1	<b>-19%</b>
<b>Clan Campbell</b>	Pernod Ricard	Whisky-Scotch	1.7	1.8	1.8	2.0	1.6	<b>-18%</b>
<b>Sobieski</b>	Belvédère	Vodka	2.8	3.0	3.1	2.8	2.3	<b>-18%</b>
<b>Khlibniy Dar</b>	Bayadera Group	Vodka	6.6	10.2	12.3	9.3	8.0	<b>-14%</b>
<b>Fenjiu</b>	Fenjiu	Baijiu	-	-	-	-	2.6	<b>-14%</b>
<b>William Peel</b>	Belvédère	Whisky-Scotch	2.1	2.4	2.5	2.9	2.5	<b>-14%</b>
<b>Choya</b>	Choya Umeshu Co	Liqueurs	-	-	1.8	1.7	1.5	<b>-13%</b>
<b>Istynna</b>	Olimp Corp	Vodka	-	0.5	1.6	2.2	1.9	<b>-13%</b>
<b>White Mischief Vodka</b>	United Spirits	Vodka	1.6	1.9	1.9	1.7	1.5	<b>-12%</b>
<b>Bagpiper</b>	United Spirits	Whisky-Indian	15.4	16.3	16.4	16.0	14.1	<b>-12%</b>

# VODKA

**Volatile market makes for fluctuating fortunes**



**T**he global vodka market remained a volatile battleground in 2012. The big two of Smirnoff and Absolut tightened their grip at the top on the back of global campaigns, flavour innovations and packaging initiatives. Immediately beneath them, it's a tale of fluctuating fortunes as eastern European brands slug it out on declining and price-sensitive domestic and regional export markets.

Then there are the western-owned brands steadily chipping away at distribution and listings in a bid to secure a place at the top table, but faced with a big Smirnoff-shaped obstacle blocking their global ambitions.

In 2012 Smirnoff put a little more daylight between itself and Absolut. Its new Red Door ad campaign and the success of unusual flavours such as Kissed Caramel and Iced Cake in North America gave it a growth spurt after several years of stagnation. Its increase of 4% may seem modest but was a strong result for such a mature brand – enough to put Smirnoff on a five-year high.

Absolut also pulled away from a handful of chasing eastern European brands. The rapidly-expanding modern on-trade sector in South Korea ► **page 16**

## Top 30 Vodkas

BRAND	OWNER	2008	2009	2010	2011	2012	% +/-	STATUS
<b>Smirnoff</b>	Diageo	25.7	24.4	24.4	24.7	25.8	<b>4%</b>	Global
<b>Absolut</b>	Pernod Ricard	10.7	10.0	10.9	11.2	11.4	<b>2%</b>	Global
<b>Khlibniy Dar</b>	Bayadera Group	6.6	10.2	12.3	9.3	8.0	<b>-14%</b>	Regional
<b>Khortytza</b>	Khortytza Distillery	9.6	9.3	9.0	7.5	7.7	<b>3%</b>	Global
<b>Belenkaya</b>	Synergy	2.3	2.8	4.9	7.1	7.3	<b>3%</b>	Regional
<b>Pyat Ozer</b>	Alcohol Siberian Group	6.5	6.1	6.3	6.6	7.0	<b>6%</b>	Regional
<b>Kristall</b>	Minsk Kristall RUP	3.9	4.4	4.8	4.9	5.5	<b>12%</b>	Regional
<b>Medoff</b>	Eastern Beverage Company	-	-	5.5	5.5	5.4	<b>-3%</b>	Regional
<b>Krupnik</b>	Belvédère	-	-	1.9	4.5	5.1	<b>13%</b>	Regional
<b>Czysta de Lux (ZG)</b>	Stock Spirits Group	1.9	5.4	6.4	4.6	4.3	<b>-7%</b>	Regional
<b>Svedka</b>	Constellation Brands	2.1	2.9	3.4	3.7	3.9	<b>5%</b>	Regional
<b>Grey Goose</b>	Bacardi	3.6	3.5	3.7	3.8	3.8	<b>1%</b>	Global
<b>Skyy</b>	Gruppo Campari	3.2	3.3	3.4	3.5	3.7	<b>6%</b>	Global
<b>Stolichnaya</b>	SPI Group	3.2	3.0	3.1	3.3	3.4	<b>1%</b>	Global
<b>Finlandia</b>	Brown-Forman	3.0	3.0	3.0	3.1	3.1	<b>1%</b>	Global
<b>Russian Standard</b>	Roust	2.1	2.2	2.5	2.6	2.9	<b>12%</b>	Global
<b>Magic Moments Vodka</b>	Radico Khaitan	0.6	0.9	1.8	2.2	2.5	<b>15%</b>	Regional
<b>Sobieski</b>	Belvédère	2.8	3.0	3.1	2.8	2.3	<b>-18%</b>	Global
<b>Eristoff</b>	Bacardi	1.8	1.9	2.2	2.3	2.2	<b>-3%</b>	Global
<b>Ketel One</b>	Nolet Spirits / Diageo	1.9	1.9	2.0	2.2	2.2	<b>0%</b>	Global
<b>Mernaya</b>	Eastern Beverage Company S.A. (CVC)	-	-	3.2	2.7	2.1	<b>-19%</b>	Regional
<b>Ciroc</b>	Diageo	-	0.4	0.9	1.5	2.1	<b>40%</b>	Regional
<b>Burnett's Vodka</b>	Heaven Hill	1.2	1.5	1.5	1.7	2.0	<b>21%</b>	Regional
<b>Istynna</b>	Olimp Corp	-	0.5	1.6	2.2	1.9	<b>-13%</b>	Regional
<b>Haoma</b>	Kokshetauminvody AO	1.3	1.3	1.4	1.7	1.9	<b>12%</b>	Regional
<b>Morosha</b>	Khortytza Distillery	-	-	-	-	1.8	-	Regional
<b>Pridvinye</b>	Vitebsky Likerovodochny Zavod	1.3	1.3	1.4	1.5	1.7	<b>13%</b>	Regional
<b>Naliboki</b>	JSC Minsk Grape Wines Factory	-	-	-	-	1.6	-	Regional
<b>Wyborowa</b>	Pernod Ricard	2.3	2.1	1.8	1.5	1.6	<b>6%</b>	Global
<b>UV Vodka</b>	Phillips Distilling	0.7	0.9	1.1	1.4	1.6	<b>14%</b>	Regional





► saw the Pernod Ricard brand's sales increase by more than half in that market, and there was rapid growth in Brazil, France and Ukraine. Absolut also began to address declines in recent years in the US market.

Green Mark does not figure in this year's list as CEDC did not release its data in time. Given the brand has seen declines since 2008 and the Polish group's recent financial difficulties, it would be easy to assume it has lost further ground. The UK market – where Green Mark has replaced Russian Standard in the William Grant distribution network – could have made a positive impact on its decline.

Russian Standard owner Roustam Tariko now has his hands on the tiller at Green Mark owner CEDC, and the future of those brands – and other CEDC marques such as Absolut and Zhuravli – may lie where he sees export priorities and potential synergies between the two businesses.

Ukraine's Bayadera Group celebrated 10 years on the market with Khlivnyi Dar. Although sales took a knock in 2012, they're still up by nearly a fifth over the past five years. Had Nemiroff managed to submit its data in time, there would have been a close battle between the brands.

For those and other brands with their power base in the region, where rival drinks categories are knocking vodka's traditional dominance, the ability to crack markets further afield holds the key to their long-term volume strength. ► **page 18**

## Fastest Growing Vodkas

BRAND	OWNER	2008	2009	2010	2011	2012	% +/-	STATUS
<b>Ciroc</b>	Diageo	-	0.4	0.9	1.5	2.1	<b>40%</b>	Regional
<b>Gosudarev Zakaz</b>	Synergy	1.6	1.3	1.2	1.1	1.3	<b>23%</b>	Regional
<b>Burnett's</b>	Heaven Hill	1.2	1.5	1.5	1.7	2.0	<b>21%</b>	Regional
<b>Magic Moments</b>	Radico Khaitan	0.6	0.9	1.8	2.2	2.5	<b>15%</b>	Regional
<b>UV Vodka</b>	Phillips Distilling	0.7	0.9	1.1	1.4	1.6	<b>14%</b>	Regional
<b>Krupnik</b>	Belvédère	-	-	1.9	4.5	5.1	<b>13%</b>	Regional
<b>Poliakov</b>	La Martiniquaise	0.6	0.7	0.9	1.0	1.2	<b>13%</b>	Global
<b>Pridvinye</b>	Vitebsky Likerovodochny Zavod	1.3	1.4	1.4	1.5	1.7	<b>13%</b>	Regional
<b>Kristall</b>	Minsk Kristall RUP	3.9	4.4	4.8	4.9	5.5	<b>12%</b>	Regional
<b>Haoma</b>	Kokshetauminvody AO	1.3	1.3	1.4	1.7	1.9	<b>12%</b>	Regional
<b>Russian Standard</b>	Roust	2.1	2.2	2.5	2.6	2.9	<b>12%</b>	Global
<b>Pyat Ozer</b>	Alcohol Siberian Group	6.5	6.1	6.3	6.6	7.0	<b>6%</b>	Regional
<b>Aristocrat</b>	Heaven Hill	-	1.0	1.0	1.0	1.1	<b>6%</b>	Regional
<b>Wyborowa</b>	Pernod Ricard	2.3	2.1	1.8	1.5	1.6	<b>6%</b>	Global
<b>Skyy</b>	Gruppo Campari	3.2	3.3	3.4	3.5	3.7	<b>6%</b>	Global
<b>Svedka</b>	Constellation Brands	2.1	2.9	3.4	3.7	3.9	<b>5%</b>	Regional
<b>Smirnoff</b>	Diageo	25.7	24.4	24.4	24.7	25.8	<b>4%</b>	Global
<b>Belenkaya</b>	Synergy	2.3	2.8	4.9	7.1	7.3	<b>3%</b>	Regional
<b>Khortytza</b>	Khortytza Distillery	9.6	9.3	9.0	7.5	7.7	<b>3%</b>	Global

## Global Vodkas

BRAND	OWNER	2008	2009	2010	2011	2012	% +/-
<b>Smirnoff</b>	Diageo	25.7	24.4	24.4	24.7	25.8	<b>4%</b>
<b>Absolut</b>	Pernod Ricard	10.7	10.0	10.9	11.2	11.4	<b>2%</b>
<b>Khortytza</b>	Khortytza Distillery	9.6	9.3	9.0	7.5	7.7	<b>3%</b>
<b>Grey Goose</b>	Bacardi	3.6	3.5	3.7	3.8	3.8	<b>1%</b>
<b>Skyy</b>	Gruppo Campari	3.2	3.3	3.4	3.5	3.7	<b>6%</b>
<b>Stolichnaya</b>	SPI Group	3.2	3.0	3.1	3.3	3.4	<b>1%</b>
<b>Finlandia</b>	Brown-Forman	3.0	3.0	3.0	3.1	3.1	<b>1%</b>
<b>Russian Standard</b>	Roust	2.1	2.2	2.5	2.6	2.9	<b>12%</b>
<b>Sobieski</b>	Belvédère	2.8	3.0	3.1	2.8	2.3	<b>-18%</b>
<b>Eristoff</b>	Bacardi	1.8	1.9	2.2	2.3	2.2	<b>-3%</b>
<b>Ketel One</b>	Nolet Spirits / Diageo	1.9	1.9	2.0	2.2	2.2	<b>0%</b>
<b>Wyborowa</b>	Pernod Ricard	2.3	2.1	1.8	1.5	1.6	<b>6%</b>
<b>Poliakov</b>	La Martiniquaise	0.6	0.7	0.9	1.0	1.2	<b>13%</b>

## Regional Vodkas

BRAND	OWNER	2008	2009	2010	2011	2012	% +/-
<b>Khlibnyi Dar</b>	Bayadera Group	6.6	10.2	12.3	9.3	8.0	<b>-14%</b>
<b>Belenkaya</b>	Synergy	2.3	2.8	4.9	7.1	7.3	<b>3%</b>
<b>Pyat Ozer</b>	Alcohol Siberian Group	6.5	6.1	6.3	6.6	7.0	<b>6%</b>
<b>Kristall</b>	Minsk Kristall RUP	3.9	4.4	4.8	4.9	5.5	<b>12%</b>
<b>Medoff</b>	Eastern Beverage Company	-	-	5.5	5.5	5.4	<b>-3%</b>
<b>Krupnik</b>	Belvédère	-	-	1.9	4.5	5.1	<b>13%</b>
<b>Czysta de Lux (ZG)</b>	Stock Spirits Group	1.9	5.4	6.4	4.6	4.3	<b>-7%</b>
<b>Svedka</b>	Constellation Brands	2.1	2.9	3.4	3.7	3.9	<b>5%</b>
<b>Magic Moments Vodka</b>	Radico Khaitan	0.6	0.9	1.8	2.2	2.5	<b>15%</b>
<b>Mernaya</b>	Eastern Beverage Company	-	-	3.2	2.7	2.1	<b>-19%</b>
<b>Cîroc</b>	Diageo	-	0.4	0.9	1.5	2.1	<b>40%</b>
<b>Burnett's</b>	Heaven Hill	1.2	1.5	1.5	1.7	2.0	<b>21%</b>
<b>Istynna</b>	Olimp Corp	-	0.5	1.6	2.2	1.9	<b>-13%</b>
<b>Haoma</b>	Kokshetauminvody AO	1.3	1.3	1.4	1.7	1.9	<b>12%</b>
<b>Morosha</b>	Khortytza Distillery Global Spirits	-	-	-	-	1.8	-
<b>Naliboki</b>	JSC Minsk Grape Wines Factory	-	-	-	-	1.6	-
<b>UV Vodka</b>	Phillips Distilling	0.7	0.9	1.1	1.4	1.6	<b>14%</b>
<b>1906</b>	Stock Spirits Group	0.8	1.4	1.7	1.7	1.6	<b>-6%</b>
<b>White Mischief Vodka</b>	United Spirits	1.6	1.9	1.9	1.7	1.5	<b>-12%</b>
<b>Romanov</b>	United Spirits	1.2	1.3	1.6	1.6	1.5	<b>-10%</b>
<b>Myagkov</b>	Synergy	1.2	1.4	1.6	1.6	1.5	<b>-8%</b>
<b>Pridvinye</b>	Vitebsky Likerovodochny Zavod	1.3	1.4	1.4	1.5	1.7	<b>13%</b>
<b>Gosudarev Zakaz</b>	Synergy	1.6	1.3	1.2	1.1	1.3	<b>23%</b>
<b>Zolodkova Gorzka</b>	Stock Spirits Group	1.7	1.8	1.8	1.4	1.3	<b>-7%</b>
<b>Na Berezovykh Brunkakh</b>	Eastern Beverage Company	-	-	2.0	1.6	1.3	<b>-20%</b>
<b>Staraya Marka</b>	Russian Spirit Group	-	-	-	-	1.3	-
<b>Prime</b>	Olimp Corp	1.5	1.5	1.6	1.9	1.2	<b>-35%</b>
<b>Gorbatschow</b>	Henkell & Söhnlein	1.1	1.3	1.4	1.3	1.2	<b>-4%</b>
<b>Aristocrat</b>	Heaven Hill	-	1.0	1.0	1.0	1.1	<b>6%</b>
<b>Celsius</b>	Bayadera Group	-	-	-	-	1.1	-
<b>Nemanoff</b>	Grodneskyu Likerovodochny	0.9	1.0	1.1	1.1	1.1	<b>0%</b>

► If eastern European producers are looking for clues about where that future lies, they might let their eyes rest on the 40% increase in sales of India's Magic Moments and the rapid growth of developing brands Cîroc, from Diageo and Sean Combs, and Heaven Hill's Burnett's, both of which demonstrate that North America is still a key region to crack.

Strength in the US is core to a mid-market clump of global players that includes Bacardi's Grey Goose, Gruppo Campari's Skyy, SPI's Stolichnaya and Brown-Forman's Finlandia. All saw some overall growth over the year but none managed to climb clear of the pack.

Skyy saw growth in the US and Brazil while Finlandia did well in the premium sector in Russia – but for every bottle that each sells, Smirnoff sells six, and its grasp on the number one position looks unassailable.

## Top 30 Whiskies

VOLUME: MILLIONS OF 9-LITRE CASES

BRAND	OWNER	CATEGORY	2008	2009	2010	2011	2012	% +/-	STATUS
McDowell's No.1	United Spirits	Indian	13.4	13.5	14.3	16.1	19.5	21%	Regional
Johnnie Walker	Diageo	Scotch	16.3	15.3	16.9	18.0	18.9	5%	Global
Officer's Choice	Allied Blenders & Distillers	Indian	9.5	12.0	16.0	16.5	18.1	10%	Regional
Bagpiper	United Spirits	Indian	15.4	16.3	16.4	16.0	14.1	-12%	Regional
Royal Stag	Pernod Ricard	Indian	6.8	8.4	10.4	12.5	12.8	2%	Regional
Old Tavern	United Spirits	Indian	4.8	6.8	9.1	11.1	11.6	5%	Regional
Original Choice	John Distilleries	Indian	8.8	10.2	10.3	10.8	10.9	1%	Regional
Jack Daniel's	Brown-Forman	US-Tennessee	9.5	9.6	9.9	10.6	10.7	1%	Global
Imperial Blue	Pernod Ricard	Indian	3.8	4.8	6.1	7.2	7.8	9%	Regional
Hayward's	United Spirits	Indian	2.8	4.1	4.7	6.2	7.1	15%	Regional
Jim Beam	Beam	US-bourbon	5.2	5.1	5.3	5.9	6.3	8%	Global
Ballantine's	Pernod Ricard	Scotch	6.5	5.8	6.2	6.5	6.1	-6%	Global
Crown Royal	Diageo	Canadian	5.1	4.9	5.0	5.0	4.9	-2%	Global
8PM	Radico Khaitan	Indian	3.8	3.2	3.9	4.3	4.9	13%	Regional
Chivas Regal	Pernod Ricard	Scotch	4.6	3.9	4.5	4.9	4.8	-2%	Global
J&B Rare	Diageo	Scotch	5.9	5.1	4.8	4.8	4.6	-4%	Global
William Grant's	William Grant & Sons	Scotch	5.0	4.8	5.0	5.0	4.5	-9%	Global
Director's Special	United Spirits	Indian	4.0	4.4	4.5	4.5	4.3	-4%	Regional
Jameson	Pernod Ricard	Irish	2.7	2.7	3.2	3.8	4.0	6%	Global
Blenders Pride	Pernod Ricard	Indian	1.9	2.3	2.8	3.5	3.7	7%	Regional
Gold Riband	United Spirits	Indian	1.8	2.7	2.3	3.1	3.5	13%	Regional
The Famous Grouse	Edrington	Scotch	3.1	2.9	3.0	2.9	3.3	13%	Global
McDowell's Green Label	United Spirits	Indian	1.7	2.0	2.5	2.9	3.3	12%	Regional
Dewar's	Bacardi	Scotch	3.4	3.2	3.3	3.2	3.0	-5%	Global
Director's Special Black	United Spirits	Indian	1.8	2.0	2.9	2.9	2.9	-2%	Regional
Suntory Kakubin	Suntory	Japanese	1.9	2.2	2.8	2.5	2.8	11%	Regional
William Lawson's	Bacardi	Scotch	1.5	1.6	1.7	2.3	2.6	13%	Global
Label 5	La Martiniquaise	Scotch	2.0	2.2	2.3	2.5	2.5	0%	Global
William Peel	Belvédère	Scotch	2.1	2.4	2.5	2.9	2.5	-14%	Regional
Bell's	Diageo	Scotch	2.2	2.3	2.4	2.5	2.5	0%	Global

## Fastest Growing Whiskies

VOLUME: MILLIONS OF 9-LITRE CASES

BRAND	OWNER	CATEGORY	2008	2009	2010	2011	2012	% +/-	STATUS
Royal Challenge	United Spirits	Indian	1.3	1.3	1.2	1.4	1.7	26%	Regional
McDowell's No.1	United Spirits	Indian	13.4	13.5	14.3	16.1	19.5	21%	Regional
Wild Turkey	Gruppo Campari	US-bourbon	-	-	1.0	1.1	1.3	18%	Global
Signature	United Spirits	Indian	1.0	1.1	1.3	1.6	1.8	16%	Regional
Hayward's	United Spirits	Indian	2.8	4.1	4.7	6.2	7.1	15%	Regional
Gold Riband	United Spirits	Indian	1.8	2.7	2.3	3.1	3.5	13%	Regional
The Famous Grouse	Edrington	Scotch	3.1	2.9	3.0	2.9	3.3	13%	Global
8PM	Radico Khaitan	Indian	3.8	3.2	3.9	4.3	4.9	13%	Regional
William Lawson's	Bacardi	Scotch	1.5	1.6	1.7	2.3	2.6	13%	Global
McDowell's Green Label	United Spirits	Indian	1.7	2.0	2.5	2.9	3.3	12%	Regional
Suntory Kakubin	Suntory	Japanese	1.9	2.2	2.8	2.5	2.8	11%	Regional
Maker's Mark	Beam	US-bourbon	0.9	0.9	1.0	1.2	1.3	10%	Global
Evan Williams	Heaven Hill	US-bourbon	1.1	1.2	1.3	1.3	1.4	10%	Regional
Men's Club	United Spirits	Indian	-	0.6	0.8	1.1	1.2	10%	Regional
Officer's Choice	Allied Blenders & Distillers	Indian	9.5	12.0	16.0	16.5	18.1	10%	Regional
Imperial Blue	Pernod Ricard	Indian	3.8	4.8	6.1	7.2	7.8	9%	Regional
Jim Beam	Beam	US-bourbon	5.2	5.1	5.3	5.9	6.3	8%	Global
Blenders Pride	Pernod Ricard	Indian	1.9	2.3	2.8	3.5	3.7	7%	Regional
Buchanan's	Diageo	Scotch	1.5	1.3	1.4	1.6	1.7	6%	Regional
Jameson	Pernod Ricard	Irish	2.7	2.7	3.2	3.8	4.0	6%	Global
Johnnie Walker	Diageo	Scotch	16.3	15.3	16.9	18.0	18.9	5%	Global
Old Tavern	United Spirits	Indian	4.8	6.8	9.1	11.1	11.6	5%	Regional
Royal Stag	Pernod Ricard	Indian	6.8	8.4	10.4	12.5	12.8	2%	Regional
Black Velvet	Constellation Brands	Canadian	2.0	2.0	2.1	2.1	2.1	2%	Regional
Sir Edward's	Bardinet	Scotch	1.0	1.1	1.2	1.4	1.4	2%	Global
Teacher's Highland Cream	Beam Global	Scotch	2.0	1.7	1.9	2.1	2.1	2%	Global
Jack Daniel's	Brown-Forman	US-Tennessee	9.5	9.6	9.9	10.6	10.7	1%	Global
Original Choice	John Distilleries	Indian	8.8	10.2	10.3	10.8	10.9	1%	Regional



# WHISKIES

Indian brands dominate the upper echelons of main whisky tables

The upper reaches of the whisky sector remain a battleground between two seemingly unstoppable forces – the global might of Diageo's Johnnie Walker and the domestic market-driven volume increases of Indian brands selling to a growing moneyed middle class.

Johnnie Walker has been knocked off its perch by United Spirits' McDowell's No.1, although it did manage to put a little more light between itself and third-placed Officer's Choice over the past year.

Indian whiskies now account for eight of the top 10 places.

Diageo has used its existing strong distribution for beer to build distribution for Johnnie Walker in on-trade outlets in 13 major African cities, and claims to have brought 10 million new consumers

to the brand in the continent over the past two years.

The ongoing discussions for Diageo to take a controlling stake in United Spirits will give the UK giant 10 of the latter's *Millionaires' Club* whiskies and four of the top 10 – and should ease the achievement of any aspirations it has to make Johnnie Walker a force in the Indian market.

Part of Johnnie Walker's long-term success has been down to Diageo's achievement in segmenting the brand, with whiskies targeted at consumers from the mainstream to the highest of high-rollers, and Indian distillers are starting segmentation strategies to broaden whisky's appeal too.

Allied has launched Officer's Choice Blue in a straight fight with United Spirits' McDowell's No. 1 and expects it to become a million-case brand **▶ page 22**

## Scotch Whiskies

VOLUME: MILLIONS OF 9-LITRE CASES

BRAND	OWNER	2008	2009	2010	2011	2012	% +/-	STATUS
Johnnie Walker	Diageo	16.3	15.3	16.9	18.0	18.9	5%	Global
Ballantine's	Pernod Ricard	6.5	5.8	6.2	6.5	6.1	-6%	Global
Chivas Regal	Pernod Ricard	4.6	3.9	4.5	4.9	4.8	-2%	Global
J&B Rare	Diageo	5.9	5.1	4.8	4.8	4.6	-4%	Global
William Grant's	William Grant & Sons	5.0	4.8	5.0	5.0	4.5	-9%	Global
The Famous Grouse	Edrington	3.1	2.9	3.0	2.9	3.3	13%	Global
Dewar's	Bacardi	3.4	3.2	3.3	3.2	3.0	-5%	Global
William Lawson's	Bacardi	1.5	1.6	1.7	2.3	2.6	13%	Global
Label 5	La Martiniquaise	2.0	2.2	2.3	2.5	2.5	0%	Global
William Peel	Belvédère	2.1	2.4	2.5	2.9	2.5	-14%	Regional
Bell's	Diageo	2.2	2.3	2.4	2.5	2.5	0%	Global
Teacher's Highland Cream	Beam	2.0	1.7	1.9	2.1	2.1	2%	Global
Buchanan's	Diageo	1.5	1.3	1.4	1.6	1.7	6%	Regional
100 Pipers	Pernod Ricard	2.3	2.0	1.7	1.7	1.7	-1%	Global
Clan Campbell	Pernod Ricard	1.7	1.8	1.8	2.0	1.6	-18%	Regional
Sir Edward's	Bardinet	1.0	1.1	1.2	1.4	1.4	2%	Global
Clan MacGregor	William Grant & Sons	1.3	1.3	1.2	1.1	1.1	-4%	Regional
Glenfiddich	William Grant & Sons	0.8	0.8	1.0	1.0	1.0	-3%	Global
Passport	Pernod Ricard	-	-	-	-	1.0	-	Regional

▶ before long. United has itself introduced a Diet Mate version of McDowell's, Royal Challenge and Bagpiper in a bid to move up the price ladder. Royal Stag Barrel Select's introduction in 2011 was Pernod's attempt to stake out a claim in super-premium territory.

But, while premium marques bring more middle-class consumers to Indian whisky and raise its image, some of the big volume growth is coming at the bottom end of the market from the likes of United Spirits' Old Tavern and Haywards' on the back of strong sales domestically and in Africa and the Middle East respectively.

The same producer's Gold Riband, McDowell's Green Label and Signature also put in double-digit volume growth spurts over the year.

US whiskey Jack Daniel's is the only gatecrasher in the top 10 party but a relatively flat performance did little to enhance its volume standing this year, though Brown-Forman has reported a healthy rise in brand revenues after its first global price increase for several years.

Other than Johnnie and Jack, the global players are finding life tough, particularly those with a traditional powerbase in European markets and the US.

Ballantine's, Jim Beam, Crown Royal, Chivas Regal, J&B Rare and Grant's all experienced single-digit percentage volume declines, losing ground on Johnnie Walker and the Indian brands directly above them.

A strong performance from Pernod's Jameson in Russia and Ukraine and Edrington's Famous Grouse in eastern Europe and Africa saved them from joining that list – serving to emphasise the power shift from west to east in the global whisky market. ■

## Indian Whiskies

VOLUME: MILLIONS OF 9-LITRE CASES

BRAND	OWNER	2008	2009	2010	2011	2012	% +/-	STATUS
<b>McDowell's No.1</b>	United Spirits	13.4	13.5	14.3	16.1	19.5	<b>21%</b>	Regional
<b>Officer's Choice</b>	Allied Blenders & Distillers	9.5	12.0	16.0	16.5	18.1	<b>10%</b>	Regional
<b>Bagpiper</b>	United Spirits	15.4	16.3	16.4	16.0	14.1	<b>-12%</b>	Regional
<b>Royal Stag</b>	Pernod Ricard	6.8	8.4	10.4	12.5	12.8	<b>2%</b>	Regional
<b>Old Tavern</b>	United Spirits	4.8	6.8	9.1	11.1	11.6	<b>5%</b>	Regional
<b>Original Choice</b>	John Distilleries	8.8	10.2	10.3	10.8	10.9	<b>1%</b>	Regional
<b>Imperial Blue</b>	Pernod Ricard	3.8	4.8	6.1	7.2	7.8	<b>9%</b>	Regional
<b>Haywards'</b>	United Spirits	2.8	4.1	4.7	6.2	7.1	<b>15%</b>	Regional
<b>8PM</b>	Radico Khaitan	3.8	3.2	3.9	4.3	4.9	<b>13%</b>	Regional
<b>Director's Special</b>	United Spirits	4.0	4.4	4.5	4.5	4.3	<b>-4%</b>	Regional
<b>Blenders Pride</b>	Pernod Ricard	1.9	2.3	2.8	3.5	3.7	<b>7%</b>	Regional
<b>Gold Riband</b>	United Spirits	1.8	2.7	2.3	3.1	3.5	<b>13%</b>	Regional
<b>McDowell's Green Label</b>	United Spirits	1.7	2.0	2.5	2.9	3.3	<b>12%</b>	Regional
<b>Director's Special Black</b>	United Spirits	1.8	2.0	2.9	2.9	2.9	<b>-2%</b>	Regional
<b>Signature</b>	United Spirits	1.0	1.1	1.3	1.6	1.8	<b>16%</b>	Regional
<b>Royal Challenge</b>	United Spirits	1.3	1.3	1.2	1.4	1.7	<b>26%</b>	Regional
<b>Men's Club</b>	United Spirits	-	0.6	0.8	1.1	1.2	<b>10%</b>	Regional

## North American Whiskies

VOLUME: MILLIONS OF 9-LITRE CASES

BRAND	OWNER	2008	2009	2010	2011	2012	% +/-	STATUS
<b>Jack Daniel's</b>	Brown-Forman	9.5	9.6	9.9	10.6	10.7	<b>1%</b>	Global
<b>Jim Beam</b>	Beam	5.2	5.1	5.3	5.9	6.3	<b>8%</b>	Global
<b>Crown Royal</b>	Diageo	5.1	4.9	5.0	5.0	4.9	<b>-2%</b>	Global
<b>Seagram's 7 Crown</b>	Diageo	2.5	2.5	2.5	2.4	2.4	<b>0%</b>	Regional
<b>Black Velvet</b>	Constellation Brands	2.0	2.0	2.1	2.1	2.1	<b>2%</b>	Regional
<b>Canadian Club</b>	Beam	2.0	1.9	1.9	1.9	1.9	<b>-4%</b>	Global
<b>Canadian Mist</b>	Brown-Forman	1.9	1.8	1.8	1.7	1.7	<b>-0%</b>	Regional
<b>Evan Williams</b>	Heaven Hill	1.1	1.2	1.3	1.3	1.4	<b>10%</b>	Regional
<b>Wild Turkey</b>	Gruppo Campari	-	-	1.0	1.1	1.3	<b>18%</b>	Global
<b>Maker's Mark</b>	Beam	0.9	0.9	1.0	1.2	1.3	<b>10%</b>	Global
<b>Seagram's VO</b>	Diageo	1.3	1.2	1.1	1.1	1.1	<b>0%</b>	Regional

## Other Whiskies

VOLUME: MILLIONS OF 9-LITRE CASES

BRAND	OWNER	2008	2009	2010	2011	2012	% +/-	STATUS
<b>Jameson</b>	Pernod Ricard	2.7	2.7	3.2	3.8	4.0	<b>6%</b>	Global
<b>Suntory Kakubin</b>	Suntory	1.9	2.2	2.8	2.5	2.8	<b>11%</b>	Regional
<b>Black Nikka</b>	Asahi Breweries	1.2	1.4	1.8	1.8	1.8	<b>0%</b>	Regional

It's all about Asia in the Cognac and brandy category. The popularity of local brands in India and the Philippines accounts for three of the top five positions in the brandy charts.

When Andrew Tan launched Emperador in the 1980s, the Philippines spirits market was dominated by rum and gin.

The company built sales gradually through the 1990s and 2000s with advertising showing well-heeled groups of young professional drinking "to true success" ("Sa Totoong Tagumpay!"). Tan banished scantily-clad women from commercials and insisted actors be shown wearing suits and coats as a visual clue to their sophistication.

A strong economy, new product lines and exports to Thailand and China have all helped accelerate growth in recent years. Sales more than tripled from 10 to 31 million cases between 2010 and 2012.

In India, United Spirits saw growth for Honey Bee brandy, but even the combined sales of the United Spirits brandy portfolio cannot now match those of Emperador. The emergence of McDowell's VSOP as a 3 million-case brand hasn't done any damage to the main McDowell's brandy.

In Cognac, Hennessy remains in pole position, reporting strong growth for all its expressions in all regions, but especially Asia.

Its sales in China alone topped 1 million cases in 2012 and it has successfully launched Hennessy Classivm, a funky-looking VS Cognac, produced exclusively for the Chinese market and aimed at younger consumers.

LVMH also reported strong growth for Hennessy in Taiwan, Vietnam and Malaysia, and further afield in Mexico, Nigeria and South Africa.

Courvoisier experienced its fastest growth in China, boosted by a new distribution agreement with Asia Euro Wines & Spirits and hoping to kick on after the recent launch of the premium Courvoisier Emperor line in the territory.

Pernod Ricard is also doing well in Asia with Martell, which nudged past the 2 million case mark this year.

Sales in the region were up by a quarter, led by strong performances in both China and Vietnam.

Rémy Cointreau doesn't like to think of Rémy Martin as a volume brand so won't talk numbers. What we do know is that in 2010 the brand sold 1.7 million cases and category sales have been steadily increasing. It probably still lies in third.

# COGNAC & BRANDY

Asian markets remain the stronghold for established and new brands alike



## Cognac

VOLUME: MILLIONS OF 9-LITRE CASES

BRAND	OWNER	2008	2009	2010	2011	2012	% +/-	STATUS
<b>Hennessy</b>	LVMH	4.5	4.2	4.7	4.9	5.2	5%	Global
<b>Martell</b>	Pernod Ricard	1.5	1.5	1.8	1.9	2.0	8%	Global
<b>Courvoisier</b>	Beam	1.2	1.0	1.2	1.3	1.4	7%	Global

## Brandy

VOLUME: MILLIONS OF 9-LITRE CASES

BRAND	OWNER	2008	2009	2010	2011	2012	% +/-	STATUS
<b>Emperador</b>	Alliance Global Group	7.2	6.3	9.6	20.1	31.0	54%	Regional
<b>McDowell's No.1</b>	United Spirits	7.5	9.2	11.5	11.7	10.9	-7%	Regional
<b>Gran Matador</b>	Ginebra San Miguel	-	-	-	-	7.8	-	Regional
<b>Mansion House Brandy</b>	Tilaknagar Industries	1.8	4.0	5.4	5.8	5.3	-9%	Regional
<b>Honey Bee</b>	United Spirits	2.8	3.6	4.4	4.8	5.0	4%	Regional
<b>E&amp;J Gallo</b>	E&J Gallo	-	-	-	-	4.0	-	Global
<b>Old Admiral</b>	Radico Khaitan	1.4	1.8	3.0	3.2	3.5	9%	Regional
<b>Dreher</b>	Gruppo Campari	3.6	3.5	3.5	3.6	3.3	-8%	Regional
<b>McDowell's VSOP</b>	United Spirits	0.0	0.0	0.6	1.4	1.9	41%	Regional
<b>Silver Cup Brandy</b>	Amrut Distilleries	1.4	0.9	0.7	1.1	1.4	30%	Regional
<b>Paul Masson Grande Amber</b>	Constellation Brands	1.4	1.4	1.4	1.3	1.4	4%	Regional
<b>Golden Grape</b>	United Spirits	-	0.8	0.7	0.8	1.4	71%	Regional
<b>Christian Brothers</b>	Heaven Hill	1.2	1.2	1.2	1.2	1.1	-1%	Regional

The league table is looking steady, but a coup could be afoot in the world of rum. With Bacardi treading water, the local Philippines brand Tanduay is coming up hard on the heels of its better-known global rival to take the top spot. Tanduay's growth in 2012 was in line with a five-year trend – and a move by owner Lucio Tan to fold his interests in brewing, tobacco and airlines into the business will raise its profile still further in the region in years to come.

Bacardi may have celebrated its 150th anniversary in 2012 but the year's sales figures failed to produce much to raise a glass to, with flat growth continuing a trend established over recent years.

Recent appointments of a new chief marketing officer and global rum category directors could herald a change of direction and injection of pace for the biggest rum in Europe and North America.

A surge in rum's global popularity is born out by the list, which shows only Amrut Distilleries' Old Port and United Spirits' Old Cask registering a significant decline, and a clutch of brands seeing double-digit growth. Diageo's Captain Morgan grew 7% to close 2012 just under 10 million-cases, with the US, Canada, UK, Germany and South Africa providing the bedrock of sales.

Edrington's Brugal continues to hold off Pernod Ricard's Havana Club in fifth. The Brugal owner will be hoping the launch of its premium white rum Especial Extra Dry in five US states, and the introduction of the ultra-premium Papá Andrés into GTR, can inspire it back into positive growth.

Havana Club's modest worldwide growth was driven by sales in Europe, and it was another brand to see Germany become a rum hotspot. The legal block on it entering the US remains a barrier to grabbing one of the top rankings. Most impressive growth came from Diageo's Venezuelan rum Cacique – on the back of strength in its home market and Spain – and the Indian local brand Madira XXX from Tilaknagar Industries (+23%).

From its consumer base of Sao Paulo and Rio, cachaça brand Pirassununga 51 is declining but still so dominant you'd hardly notice. Velho Barreiro has started to have success in the US, where cachaça has finally been recognised as a category. With the World Cup in Brazil next year, cachaça and its vehicle the Caipirinha should have good times ahead. Pitú, which we believe would occupy second place, has failed to provide sales data.



# RUM & CACHAÇA

Surge in popularity boosts rum's fortunes worldwide

## Rum

VOLUME: MILLIONS OF 9-LITRE CASES

BRAND	OWNER	2008	2009	2010	2011	2012	% +/-	STATUS
Bacardi	Bacardi	19.6	18.6	19.3	19.6	19.8	1%	Global
Tanduay	Tanduay Distillers	16.3	16.9	18.4	18.7	19.6	5%	Regional
McDowell's No.1 Celebration	United Spirits	9.7	11.2	13.9	15.6	17.8	14%	Regional
Captain Morgan	Diageo	8.3	8.8	9.0	9.2	9.8	7%	Global
Brugal	Edrington	4.4	4.1	4.3	4.0	4.0	-1%	Global
Havana Club	Pernod Ricard	3.4	3.3	3.8	3.8	3.9	2%	Global
Contessa	Radico Khaitan	2.2	2.6	2.4	2.4	2.4	2%	Regional
Cacique	Diageo	1.7	1.8	1.7	1.7	2.1	24%	Regional
Madira XXX Rum	Tilaknagar Industries	0.2	0.8	1.3	1.6	2.0	23%	Regional
Old Cask	United Spirits	1.7	2.2	2.1	2.2	1.4	-37%	Regional
Old Port Rum	Amrut Distilleries	1.9	1.7	1.8	2.0	1.3	-33%	Regional
Appleton Jamaica Rum	Gruppo Campari	1.1	1.2	1.2	1.2	1.2	0%	Global

## Cachaça

VOLUME: MILLIONS OF 9-LITRE CASES

BRAND	OWNER	2008	2009	2010	2011	2012	% +/-	STATUS
Pirassununga 51	Companhia Müller de Bebidas	22.0	19.5	19.5	18.6	18.5	-1%	Regional
Velho Barreiro	Tatuzinho	7.4	7.7	8.0	8.4	9.2	10%	Regional
Ypióca	Diageo	7.1	6.8	6.9	-	6.5	-	Regional

# BAIJIU

Brands are targeting affluent young consumers in a bid to revitalise the spirit



## Baijiu

VOLUME: MILLIONS OF 9-LITRE CASES

BRAND	OWNER	2008	2009	2010	2011	2012	% +/-	STATUS
Red Star Er Guo Tou	Beijing Red Star Co	7.2	8.9	10.9	13.7	16.8	23%	Regional
Mian Zhu Jiu	Sichuan Jian Nan Chun (Group)	-	3.5	3.9	4.2	4.6	10%	Regional
Jingzhi Baigan	Shandong JingZhi Distillery	-	-	-	4.1	4.1	0%	Regional
Langjiu	Langjiu	-	-	-	-	4.1	-	Regional
Wuliangye	Wuliangye	-	-	-	-	3.9	-	Regional
Kinmen Kaoliang	Kinmen Kaoliang Liquor Inc	2.2	2.0	2.2	2.3	2.8	22%	Regional
Fenjiu	Fenjiu	-	-	-	-	2.6	-14%	Regional
Maotai	Maotai	-	-	-	-	2.5	-	Regional
GujingGongjiu	GujingGongjiu	-	-	-	-	2.2	10%	Regional

China's national white spirit dominates the domestic hard liquor market – the four leading brands each sell as much as or more than the estimated total market for imported spirits in the country.

Red Star sells just under 17 million cases of Er Guo Tou, which means second distillation and indicates a more refined purity level, but is actually an inexpensive marque traditionally drunk by blue-collar workers in north and north east China. Its scale makes it a top 10 world spirits brand on a par with McDowell's and Officer's Choice whiskies in India.

The brand has been among the first to recognise the fading popularity of traditional baijiu among China's youth. It has rebranded with a contemporary bottle, advertising imagery and in-venue events in an attempt to reconnect with affluent young consumers.

Economy brands such as Mian Zhu Jiu and Jingzhi Baigan occupy the top reaches of the volume chart, but premium baijiu producers are also trying to shift the category's image away from associations with heavy consumption and towards convivial group drinking occasions.

The scale of brands is largely dictated by regional production and consumption, with those tied to larger urban centres or particular provinces highest up the table. Kinmen Kaoliang represents the baijiu sector in Taiwan and has been given a boost by an influx of Chinese tourists.

Exports are minimal but, with estimates of 70 million Chinese people – or of Chinese descent – living outside of China, the potential for international sales is vast.

Red Star is already sold through specialist online spirits retailers in the US and the global potential has not escaped the attentions of the global spirits operators based in the west, witnessed by Pernod Ricard's joint venture with Jian Nan Chun, Rémy's acquisition of a stake in Wen Jun and Diageo taking a chunk of premium brand Shui Jing Fang, to which it has given a soft launch in the Chinese restaurant market in the UK before taking the lessons into other western markets.

Premium Maotai's distribution link-up with Cognac producer Camus has given it a foothold in global travel retail.

Regional and provincial advertising strength is the major driver of Chinese – and by default global – baijiu standing and, with domestic volumes at such a scale, it will be some time before exports have an impact on Millionaires' Club status. ■



# SOJU & SHOCHU

There's a slow-burn trend away from domestic distilled liquor products in South Korea

## Soju

VOLUME: MILLIONS OF 9-LITRE CASES

BRAND	OWNER	2008	2009	2010	2011	2012	% +/-	STATUS
Jinro	Hite-Jinro	76.0	64.0	64.3	61.4	65.3	6%	Regional
Lotte Liquor BG	Lotte Liquor BG	19.9	21.2	22.6	23.9	25.4	6%	Regional
Bohae	Bohae Brewery Co	8.2	8.2	7.6	7.4	4.6	-38%	Regional

## Shochu

VOLUME: MILLIONS OF 9-LITRE CASES

BRAND	OWNER	2008	2009	2010	2011	2012	% +/-	STATUS
Ichiko	Sanwa Shurui	9.1	8.7	8.3	8.2	8.2	0%	Regional
Kanoka	Asahi Breweries	3.6	3.7	3.8	3.6	3.3	-7%	Regional
Daigoro	Asahi Breweries	4.4	4.2	3.7	2.9	2.3	-23%	Regional
Muginoka	Suntory	-	-	1.7	1.9	2.2	17%	Regional
Hakata No Hana	Oenon Holdings	1.6	1.5	0.9	1.7	1.8	4%	Regional
Big Man	Oenon Holdings	2.5	2.4	2.1	1.7	1.6	-8%	Regional
Mugi Zakari	Oenon Holdings	1.0	1.6	1.8	1.5	1.3	-8%	Regional

Any global marketing director who has nightmares over the challenge of taking on, say, Smirnoff in major developed markets might want to think twice before entering the South Korean distilled liquor market.

Though there's a slow-burn trend in the country away from domestic products, spurred by the removal of import tariffs in 2011, 97% of the spirits market is the national spirit soju, the broad appeal of which lies in its relatively low strength and cheap prices.

Jinro is the leading brand, with almost half the market and annual volumes more than two-and-a-half times that of Diageo's big vodka brand.

For a brand with such scale already, a 6% rise in volumes last year was nothing short of incredible, putting it back to its highest level since 2008. Jinro did it Gangnam Style, boosted by a promotional tie-up with Psy, the artist behind the global dance craze, signed by the brand after it saw a sales spike when he swigged from a bottle during a concert in Seoul.

Jinro's growth matched that of main rival Lotte Liquor, whose aggressive promotional activity in new territories within South Korea had seen it gradually erode the gap between itself and Jinro over the past half decade.

The combined sales of these two are almost 20 times those of the next biggest soju brand in the list, Bohae, sales of which took a nosedive by almost a third.

Japan's shochu market has seen falls of between 1% and 2% over the past two years, though the struggling Japanese economy means it is still favoured by low-earners as prices are cheap compared to imports.

Shochu is a more fragmented category than soju, with a relatively high turnover of brands which can lead to rapid fluctuations in brand fortunes. Sanwa Shurui's Ichiko remains the market leader but has shed 2 million cases over the past five years. Asahi's Daigoro has seen sales drop by a half over the same period.

Suntory's Muginoka ko-otsu blended shochu benefited from a significant promotional effort behind the brand to move up 17% and almost overtake Daigoro.

Oenon saw a moderate growth for its oak-aged Hakata No Hana, but its Mugi Zakari blended shochu and mixable kou-type Big Man took hefty blows, down 8%. ■

# OTHER CATEGORIES

The smaller spirits categories still boast big players

Western gin lovers may not know it but the biggest success story of their chosen tittle – in volume terms at least – is a gin they will probably never try. The Philippines' Ginebra San Miguel casts an omnipotent shadow over the category but, for all its volume might, it is a domestic deity.

At 23.8 million cases and 19% growth, the brand needn't look over its shoulder, especially as its nearest competitor, Gordon's, slouched by -9% last year.

Gin sales in western Europe again took a knock in 2012, largely because of the struggling economy in Spain, the western world's biggest gin consumer after the US.

But things could have been worse.

Diageo reports Europe's decline was partly offset by double-digit growth in south east Asia, Russia, eastern Europe, Turkey and Africa.

The group's Tanqueray brand also saw volumes stumble, though it had some success in North America with its Tonight We Tanqueray campaign.

Growth for Pernod Ricard's Beefeater was the mirror of Tanqueray's decline, with interest in high-ticket gins in the US again driving growth, led by the super-premium Beefeater 24 marq. Baileys

## Gin

VOLUME: MILLIONS OF 9-LITRE CASES

BRAND	OWNER	2008	2009	2010	2011	2012	% +/-	STATUS
<b>Ginebra San Miguel</b>	Ginebra San Miguel	-	-	-	20.0	23.8	19%	Regional
<b>Gordon's</b>	Diageo	4.3	4.2	4.3	4.3	3.9	-9%	Global
<b>Bombay</b>	Bacardi	2.0	2.0	1.8	2.0	2.6	31%	Global
<b>Seagram's</b>	Pernod Ricard	3.4	3.0	2.9	2.8	2.5	-10%	Regional
<b>Beefeater</b>	Pernod Ricard	2.4	2.2	2.3	2.4	2.5	5%	Global
<b>Tanqueray</b>	Diageo	2.1	2.0	2.0	2.1	2.0	-5%	Global
<b>Carew's Dry</b>	United Spirits	0.5	0.7	0.8	1.1	1.2	10%	Regional

## Aguardiente

VOLUME: MILLIONS OF 9-LITRE CASES

BRAND	OWNER	2008	2009	2010	2011	2012	% +/-	STATUS
<b>Medellin</b>	Medellin	-	-	-	5.1	5.3	3%	Regional
<b>Antioqueno</b>	Fabrica licorera de Antioquia	-	-	4.3	4.1	4.2	2%	Regional
<b>Aguardiente Nectar</b>	Empresa de Licores de Cundinamarca	1.3	1.4	1.5	1.7	1.7	0%	Regional
<b>Villa Velha</b>	Industria de Bebidas Pirassununga	-	-	1.0	1.1	1.2	7%	Regional

## Liqueurs

VOLUME: MILLIONS OF 9-LITRE CASES

BRAND	OWNER	2008	2009	2010	2011	2012	% +/-	STATUS
<b>Baileys</b>	Diageo	7.6	6.7	6.7	6.8	6.5	-4%	Global
<b>De Kuyper range</b>	Koninklijke De Kuyper/Beam	4.7	4.4	4.3	4.2	4.0	-4%	Global
<b>Malibu</b>	Pernod Ricard	3.7	3.2	3.4	3.7	3.8	3%	Global
<b>Southern Comfort</b>	Brown-Forman	2.4	2.2	2.1	2.0	2.5	26%	Global
<b>Lubelska</b>	Stock Spirits Group	0.5	0.6	1.5	2.0	2.2	10%	Regional
<b>Kahlúa</b>	Pernod Ricard	2.0	1.7	1.7	1.7	1.7	-1%	Global
<b>Bols range</b>	Lucas Bols	1.3	1.3	1.4	1.5	1.5	3%	Global
<b>Choya</b>	Choya Umeshu Co	-	-	1.8	1.7	1.5	-13%	Regional
<b>Amarula</b>	Distell Group	1.1	1.1	1.2	1.3	1.3	0%	Global

remains the world's favourite liqueur, despite a difficult year in western Europe. North America, Asia Pacific and Africa were brighter spots and 2013 has kicked-off with a global packaging redesign and new marketing campaign to shift focus back to its core female audience.

A new consumer engagement campaign for Brown-Forman's Southern Comfort in the US was the driver of 26% global gains – a relief to the brand's marketers, who have witnessed volume decline since 2008.

Patrón tequila gained on established brands Sauza and Jose Cuervo in 2012.

The calling to an end of Cuervo's relationship with Diageo and the certainty provided by its new US tie-up with Proximo makes for a change in 2013.

Bitters behemoth Jägermeister has recorded largely flat sales for five years, but a further slant on exports – now 80% of Jäger sales – and a TV ad campaign promoting frozen on-trade serves maintain stable footing. Sales are also building in the high-volume markets of Russia, Brazil and South Korea.

Fernet Branca bitters is closing fast on Jägermeister, with its third successive year of double-digit growth, driven by cola and ginger ale serves in the US, Italy and Argentina.

The brand has won the hearts of those on the other side of the bar too, its taste profile appealing to the bitter fiends among the bartending fraternity.

Italian rival Campari's flat performance reflects mixed fortunes, with decline in Germany, little change in the domestic Italian market and good traction in the US, Russia, Nigeria and Argentina.

It's not inconceivable that Gruppo Campari's Aperol could overtake the brand from which the company takes its name, though Aperol too experienced a flat year after several of steady growth. The company reported gains internationally, though this was offset by decline in Germany, attributed to a commercial dispute with a retail customer.

In anis, the contrasting fortunes of Pernod Ricard's Ricard and Pastis 51 suggests some brand switching, but the gains of the latter were not enough to make up for the decline of the former – combined sales were down 400,000 cases.

The brands' domestic reliance meant exposure to reduced inventories among distributors seeking to prioritise beer stocking ahead of the 2013 duty hike.

Volumes were also hit after major retailers failed to repeat 50%-off price deals that boosted sales in H1 2011.



## Tequila

VOLUME: MILLIONS OF 9-LITRE CASES

BRAND	OWNER	2008	2009	2010	2011	2012	% +/-	STATUS
<b>Jose Cuervo</b>	JB y Compania and Lanceros SA de CV	-	-	-	-	4.4	-	Global
<b>Sauza</b>	Beam	3.1	2.6	3.0	3.0	3.3	9%	Global
<b>Patrón Tequila</b>	Patrón Spirits	1.7	1.7	1.8	1.9	2.0	7%	Global
<b>El Jimador</b>	Brown-Forman	1.0	1.1	1.2	1.2	1.2	2%	Regional

## Bitters

VOLUME: MILLIONS OF 9-LITRE CASES

BRAND	OWNER	2008	2009	2010	2011	2012	% +/-	STATUS
<b>Jägermeister</b>	Mast-Jägermeister	6.4	6.4	6.6	6.8	6.9	3%	Global
<b>Fernet Branca</b>	Fratelli Branca Distillerie	3.3	3.3	3.9	4.6	5.4	17%	Global
<b>Campari</b>	Gruppo Campari	2.9	2.7	2.8	2.9	2.9	0%	Global
<b>Aperol</b>	Gruppo Campari	1.3	1.7	2.0	2.6	2.6	0%	Regional

## Other categories

VOLUME: MILLIONS OF 9-LITRE CASES

BRAND	OWNER	2008	2009	2010	2011	2012	% +/-	STATUS
<b>ANIS</b>								
<b>Ricard</b>	Pernod Ricard	5.5	5.4	5.4	6.2	5.5	-11%	Global
<b>Pastis 51</b>	Pernod Ricard	1.4	1.3	1.3	1.4	1.7	18%	Regional
<b>PISCO</b>								
<b>Capel</b>	Capel Co-operativa Agricola Pisquera de Elqui	1.4	1.1	1.1	1.1	1.1	2%	Regional
<b>RAKI</b>								
<b>Yeni Raki</b>	Diageo	-	3.4	3.9	4.1	3.9	-5%	Regional



# MAJOR PLAYERS

United Spirits, Pernod Ricard and Diageo are the table's chip leaders



The prospect of a merger between two of the top three major volume players in world spirits is frightening – and not just to Pernod Ricard. The Millionaires' Club will be a different place altogether should a bulked-up Diageo start bowling about the place.

If the deal – and we are still dealing in ifs not whens – is done by this time next year, Diageo could sit plumb at the top of the Major Players table as parent to a clan of 38 million-case brands. And that's assuming the fertile pastures of United Spirits' India don't spawn a few more new million-case children.

Another party to show some concern is the monopoly regulator. But in mitigation of the deal – and putting Whyte & Mackay to one side – these companies are juggernauts driving on different stretches of road.

When India's 150% tax levy is levelled and Diageo's ever perambulating brands pick up pace in the market, a few portfolio overlaps could emerge. By that time the deal should be well and truly done.

For now Diageo lies in third, its line-up bolstered by the arrival of Ypióca cachaça last year. Widely touted as a distribution play, the acquisition gave the UK-based firm its fifth-biggest spirit, underlining the sheer scale of spirit consumed in Brazil.

“Next year Diageo could sit plumb at the top of the Major Players table as parent to a clan of 38 million-case brands”

United Spirits' spread of brands reflects the regionality and diversity of consumption in India. Just think, the number one whisky in the world, McDowell's No 1, accounts for just one in six bottles it sells.

Pernod Ricard's 19 brands equate to about 80 million cases, but volumes aren't the be-all and end-all for the French group. Its biggest brand by volume isn't even one of its 14 strategic international brands, but the Indian whisky Royal Stag.

It outsells Absolut – one of Pernod's two “global icons” – by more than a million cases. The other icon, Chivas Regal, is outpunched by Pernod's own Imperial Blue Indian whisky and the Ricard brand, principally in France.

Bacardi has six million-case titles but is reliant on its eponymous brand, which, at 19.8 million cases, hangs on to the number one spot with bloodied fingers.

Further down, there is a small army of Asian firms whose strength lies in single big-hitting brands, such as Hite-Jinro with Jinro soju and Alliance Global Group with Emperador brandy in the Philippines.

The keen of eye will notice CEDC's ever-slimming figure missing from this year's list. The company's financial worries may have had an impact on the delay of its annual reporting.

Nemiroff too had issues hitting deadline.

## Top 25 Producers

PRODUCERS	BRANDS
United Spirits	20
Pernod Ricard	19
Diageo	18
Beam	7
Bacardi	6
Gruppo Campari	6
Brown-Forman	5
Radico Khaitan	4
Stock Spirits Group	4
Heaven Hill	4
Synergy	3
Eastern Beverage Company	3
Belvédère	3
William Grant & Sons	3
Constellation Brands	3
Asahi Breweries	3
Oenon Holdings Corp	3
Bayadera Group	2
Khortytza Distillery	2
Tilaknagar Industries	2
Edrington	2
Suntory	2
La Martiniquaise	2
Ginebra San Miguel	2
Amrut Distilleries	2

# FORWARD THINKING

Alexander Mechetin, CEO of Synergy, presents to Drinks International his views on building Millionaire brands and the future of the vodka category

## Is the world close to vodka saturation? What new markets are providing growth?

In Russia the market is still very attractive. The spirits industry is still unconsolidated and the market is huge – we have only a 15% share. There is an opportunity for organic growth and acquisition.

For us the simplest way to export is to former USSR countries such as Ukraine, Kazakhstan, Azerbaijan and Armenia. In the long-term the major target for us is the US market with our super-premium vodka Beluga. Seventy per cent of super-premium vodka sales are in the US and there is stable growth from year to year. In western Europe, where the super-premium segment is underdeveloped, we see potential – people will consume less but more premium products. Also travel retail is strong for us.

China could be a major area for vodka – it consumes a lot of white spirits in the form of baijiu, which is quite close to vodka.

Latin America is a vodka market to some extent – volumes are quite strong there. Cocktail culture is quite strong in emerging markets – they are moving to the western way of consumption.

## Why is the vodka category so volatile?

It's not easy to explain. In Russia, the market economy is still quite young and shaky and the industry is still in its early stages. Some companies pop up then leave the market. As soon as the industry is consolidated, brands will be much more stable with better brand equity. The industry is volatile but consumption in Russia is not, it is stable.

**Your mid-market brand, Belenkaya, has grown from 2.3 million cases to 7.3 million cases in five years. How do you grow a brand that quickly?**

In Russian Belenkaya is another name for vodka. It means 'whitish'. We position the vodka as having a high [production] standard and we use this in the brand message. We produce Belenkaya across Russia and we have bottling factories from the far east to Moscow, to Siberia, to the Ural region. With our regionality, distribution – which involves more than 2,000 people – and a strong marketing message we are very close to the consumer. We've been very successful at capturing marketing share.

## Last year Belenkaya's growth flattened to 3%, after +22% in 2011 and +75% in 2010. What went wrong?

The market is shaky because the Russian government has doubled or tripled duty in the past two to three years. It's the right policy – vodka shouldn't be cheap – but the government has been too aggressive. We had an increase of 20% in January 2012, a 25% increase in July 2012 and a 33% increase in January 2013 – it's too much.

Sometimes people do not accept new price points for spirits, it takes time. We will deliver this duty rise to the final consumer – it won't come from our P&L – this year will show if consumers can afford to buy vodka at this level.

## What are the strategies for your other Millionaire brands, Myakov (1.5 million

Alexander Mechetin:  
Continuing to invest

## cases) and Gosuderev Zakaz (1.3 million cases)?

We position Myakov as a trendy brand for young people who enjoy nightlife. It's a low-premium brand – at 25% premium to Belenkaya. In Russia the market is still traditional compared with the US – a flavoured vodka market – but people are starting to accept western-style consumption. People now want to mix vodka, or try different flavours, so we have launched Myakov in a lot of different flavours.

Gosuderev Zakaz is a traditional vodka for the lower-middle segment. Tactically we need to have a portfolio spread across different segments to be competitive in the market. When people want to spend less they might move down to this product.

## Which Synergy brands are close to entering The Millionaires' Club?

Beluga is close to 300,000 cases and we're seeing double-digit growth every year. We think Beluga could be a million-case brand within five years.

Our Russian Ice vodka sells more than 500,000 cases annually and this year it will be close to 1 million cases. Golden Reserve brandy is also around half a million cases – 5% of Russian brandy market – and has strong double-digit growth.

## What's more important, organic or acquisition growth?

We will bring in more products from third parties and continue to invest in our own brands and the distribution platform. We want to continue this growth in Russia but our export strategy is to spend more time, money, effort and resources to grow Beluga into a 1 million case brand.

## Is value or volume more important?

It's a value game. We have a balanced portfolio and balanced approach – we have brands in different segments and price categories – but our strategy is to focus on the premium side of the business.

## What advice would you give to an emerging spirits brand?

Take a long-term view and invest every year in spite of peaks and troughs and the economic environment. Keep the focus on the marketing story, invest in brand equity and don't just discount. The key to distribution is not just to sell to the wholesaler – it is management of the whole channel, from the warehouses to the shelf in the store. Selling products to the distributor is not the end of the deal, it's the start. You should help the distributor and store to sell to the final consumer. ■

## SYNERGY

Synergy (SY Group) produces around 16 million 9-litre cases per year and has revenues of \$1.5bn. Founded by Alexander Mechetin in 1999, it is the parent of three Millionaire brands and super-premium global brand Beluga. It is the only publicly traded spirits company in Russia and, through its seven-distillery production capacity and distribution platform, has witnessed double-digit revenue and volume growth every year since it was founded.



# ONES TO WATCH

Who's on the brink of gaining access to this exclusive club - and who could be on the way out?



A shift in the global power base in malt whisky could be on the cards looking ahead to next year's list. William Grant's Glenfiddich – the only single malt Scotch in the Millionaires' Club to date – has seen sales slide by 3% and is in danger of losing its million-case status.

In contrast, Pernod Ricard's The Glenlivet heads a small clutch of brands that are poised to cross the magic million-case threshold in an upward direction. The single malt is on 800,000 cases and, crucially, it reported some of its biggest gains in the major markets of India and Brazil in the second half of 2012. Growth was also strong in the whole of North America, especially the US, where sales rose 21% in the same period.

Edrington's The Macallan is also a dark horse to join the millionaire malts next year. Recent figures from the Scotch ▶ **page 38**

“Edrington's The Macallan is also a dark horse to join the millionaire malts next year”

## Ones to Watch

VOLUME: MILLIONS OF 9-LITRES CASES

BRAND	OWNER	2012	STATUS
Negrita Rum	Bardinet	0.9	Regional
Stock Prestige	Stock Spirits Group	0.9	Regional
Windsor	Diageo	0.9	Regional
The Glenlivet	Pernod Ricard	0.8	Regional
Zubr	Stock Spirits Group	0.8	Regional
New Amsterdam	E&J Gallo	0.7	Regional
Whyte & Mackay	United Spirits	0.5	Global
Russian Ice Vodka	Synergy	0.5	Regional
Golden Reserve Brandy	Synergy	0.5	Regional
Scottish Leader	Burn Stewart Distillers/Distell	0.5	Regional

## Dark Horses

ESTIMATED

BRAND	OWNER	STATUS
The Macallan	Edrington	Global
Cutty Sark	Edrington	Global
Old Parr	Diageo	Regional
White Horse	Diageo	Regional
Black & White	Diageo	Regional

Whisky Association show the US remains the biggest market export market for Scotch, with value growth of 16% in 2012 increasing the gap over other markets.

This works in The Macallan's favour – Edrington says the brand is enjoying robust demand globally but singles out the US market as particularly strong. The brand's rise gives an early suggestion that the strategy to ditch age statements in favour of colour branding for its 1824 Series could be paying off.

Diageo is also in line to add another whisky to its million-case portfolio, with Windsor on 900,000, principally from sales in South Korea, though the company has reported softening of volume sales in a competitive market after raising prices.

Old Parr, also owned by Diageo, is another one to keep an eye on. It's enjoyed successive years of rapid growth in Latin America, especially in the company's distribution region covering the Caribbean, central America, Argentina and Chile.

The latest 50% increase in those countries was on a par with stablemate Buchanan's, which already has Millionaires' status, and was buoyed by an ad campaign urging consumers to view Life From a Different Perspective.

Elsewhere in whisky, Whyte & Mackay sits on around half a million cases and faces an uncertain future if the United Spirits-Diageo deal goes ahead, with most observers expecting a sell-off. The global muscle of any purchaser could determine its ability to claim millionaire position.

Scottish Leader could be a more likely short-term bet after the acquisition of brand owner Burn Stewart by Distell of South Africa from CL World Brands/Angostura. The whisky is already market leader in Taiwan, where Scotch sales grew 7% last year, and Distell's domestic clout means it has potential to build sales inside South Africa, which is Scotch whisky's seventh biggest world market.

Having already secured Millionaires' Club status for its E&J brandy, spirits are growing in importance for California wine producer Gallo. It could find itself with a second entrant next year if the upward trajectory of New Amsterdam gin continues. The brand is currently on 700,000 cases, largely in the US, where it has targeted its affordable, citrus-style product at a younger audience.

French-owned Bardinet's Negrita rum is on similar volumes to Windsor, along with the Stock Spirits Group's Polish vodkas Zubr and Stock Prestige – now sold in 30 international markets just six years after



“Several brands are in danger of losing their Millionaires' Club cards”

launch, but something of a yo-yo brand.

As well as Glenfiddich, there are several brands in danger of having their Millionaires' Club membership cards taken away. William Gant's Clan McGregor Scotch and Diageo's Seagram's VO Canadian whisky have shed 200,000 cases over five years. Heaven Hill's Christian Brothers brandy lost 100,000 cases over the same period, to leave both with finger tips on the cliff edge, at 1.1 million cases.

After more than doubling sales over the previous four years, Olimp Corp's Prime vodka lost more than a third of its volumes last year and also looks vulnerable on 1.2 million cases.

Indian rums Old Port, from Amrut Distilleries, and Old Cask, from United, are also on the brink after similar percentage slides, while a 20% fall for Eastern Beverage Co's Na Berezovkyh Brunkakh also leaves its Club status under the microscope.

On the Brink

VOLUME: MILLIONS OF 9-LITRE CASES

BRAND	OWNER	2012	% +/-	STATUS
Glenfiddich	William Grant & Sons	1.0	-3%	Global
Clan MacGregor	William Grant & Sons	1.1	-4%	Global
Christian Brothers	Heaven Hill	1.1	-1%	Regional
Seagram's VO	Diageo	1.1	0%	Regional
Prime	Olimp Corp	1.2	-35%	Regional
Old Port Rum	Amrut Distillery	1.3	-33%	Regional
Na Berezovkyh Brunkakh	Eastern Beverage Company	1.3	-20%	Regional
Old Cask	United Spirits	1.4	-37%	Regional