

The MILLIONAIRES' club



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GRAND DESIGNS



It was once a case of the worldly and the parochial – the global brands and the local brands. But what happens when local goes international, when low-value operators premiumise? In The Millionaires' Club 2014, we have learned of such grand plans.

Take our immovable champion, Jinro. Far from content with 66.5m case sales concentrated in South Korea and nearby Japan, Hite-Jinro has set about achieving 100m cases in the next 10 years, by seeding the brand in the 11 world markets with a population of more than 100m. That includes the US – a market now inhabited by Philippine rum Tanduay and the world's latest largest whisky brand, Officer's Choice, which has entered New York.

In the west there is a tendency to think the flow of globalisation only works in one direction, from traditional to emerging markets. But the growth obsession is an instinct of business, not the preserve of the elite. Spirits companies propagated in volatile emerging markets are all too aware that a one-market policy can build volumes but not a secure future. Market plurality is the best way to mitigate exposure.

Johnnie Walker is the exemplar. With Asia ailing in 2013, the brand's worldwide distribution kept sales walking in the right direction.

Of course, emerging brands will have to climb the premium ladder quickly if they are to take on Johnnie Walker's ilk in the likes of the US and western Europe. But some of the first skirmishes of east versus west, established versus emerging, are in the Middle East and Sub-Saharan Africa. Indian brands in particular have established quasi-premium products here and started to build consumer loyalty. If they can gentrify in line with the population, they will have the foothold to put up a fight.

So can Officer's Choice, Tanduay, Ginebra San Miguel, McDowell's or Jinro join Smirnoff, Johnnie Walker and Bacardi as recognised global leaders in the near future? Probably no. But less of a no, than it used to be.

Hamish Smith
Supplement Editor



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There have been ups and downs in every sector over the past year. Hamish Smith crunches the numbers

THE SPIRITS MARKET



There are few constants left in the world, but humankind's appetite for alcoholic drinks is one. Last year earth's great vice stood at 24bn litres of wine, 190bn litres of beer and 21bn litres of spirits (industry estimates). Even spread around 7bn people, it's surprising much gets done. To say which is the most popular category is difficult – at least once abv is taken into account – but what we can say is that spirits consumption is on the up.

Between 2008 and 2013 the global spirits market grew 11% and from 2013-2018 it is forecast for a further 13% spurt, according to Euromonitor International (all spirits figures henceforth). That demand has to be met and, in the main, it will be the members of The Millionaires' Club that step up. This year its numbers rose by three to 179 brands, and of those around 50% were in growth, 10% were flat and 40% in decline. So overall, more pluses than minuses.

Give or take, there are about 200 million-case brands selling in the world today. So, in the interests of transparency and completeness *Drinks International* has listed those that proved elusive.

Some outright refused to give sales data – perhaps because of negative results or company policy – others were incommunicado. But where there is sufficient evidence of million-case or more annual sales in recent times, we have listed the brand in our Nondisclosure list.

CATEGORIES

By a long, long way, the biggest category in the spirits industry is baijiu, which grew 6% to 555m cases in 2013. As drinks historian David Wondrich eloquently put it: "Baijiu is the dark matter of the spirits world – it pervades everything but we don't see it." That's so true, unless of course you live in China, in which case it pervades everything and you do see it. Baijiu makes up a quarter of all spirits – which is arresting reading, though less so when you think one in five of the world's mouths are Chinese.

So The Millionaires' Club should be teeming with baijiu brands – certainly there should be a few more than have provided data. Alas, pinning down category data is an almost impossible task. From what is known of the baijiu industry, it is populated by medium

rather than colossal brands, Red Star aside (16m-17m cases in 2012). Unlike the likes of India and the Philippines, where giants are grown, baijiu is regional in its style and mostly in its distribution.

“Give or take, there are about 200 million-case brands selling in the world today”

Reportedly baijiu brands struggled in 2013. The much-publicised government gift-giving ban among officialdom reduced some premium brands to heavy discounting and sales were not as expected during Chinese New Year and the Mid-Autumn Festival. Moutai, China's most famous baijiu, straddles a number of price points and reportedly experienced difficulties last year.

In the big international categories, signs are that a coup is afoot. We'll have to wait until 2018 to find out but if Euromonitor International's forecast is right, vodka (+0.8% CAGR for 2013-2018 to 381m cases) will be overtaken by whisky (+17.1% CAGR to 387m cases). That's four years away but, if it happens, it represents a remarkable turn around for whisky. It was only a few decades ago that scotch stood at the edge of a whisky loch staring out in deep reflection. Irish whiskey was also a lost soul until Pernod Ricard grabbed the category by the collar and dragged it into double- ▶page 6

►digit growth, while American whiskey's return to form is one of the stories of 2014's Millionaires' Club.

Five of the six million-case American whiskey brands showed growth in 2013 – Jack Daniel's, Jim Beam, Evan Williams, Maker's Mark and Wild Turkey – while Seagram's 7 was flat. Though Irish, bourbon and Japanese have all contributed brands to this year's list, scotch and Indian are the real powerhouses of this 46-millionaire brand category.

Of scotch's 23 brands in the club, there is mixed news. But most of the down-trading can be explained by political volatility in key markets rather than a waning of interest in the category or its brands (more on this on page 26).

Greater trouble for scotch - and other whisky categories - could lie in wait. If laws are changed to allow US whiskey companies to use barrels more than once, the biggest and cheapest source of barrels in the world would significantly shrink. Shortage equals price increases which would could then affect pricing and sales.

Indian whisky is the other powerhouse of the category with 17 million-case brands – 11 of which were in growth in 2013. Though mostly low value in nature, this category is home to seven brands over 10m cases – compare that to scotch, which just has Johnnie Walker. It is also home to the world's largest selling whisky, Officers' Choice, a brand we take a closer look at, along with the Indian market, on page 18.

DIVIDED PICTURE

For a few years vodka has been the number two category, standing at about 16% of world spirits sales. Here the picture is simple. Brands with global distribution grew last year; regional brands, particularly those in eastern Europe, declined, mainly in double digits. The category shrank by 2.2% in 2013 to 384m cases but, in a recent IWSR report, premium-and-above sales were said to be bucking the trend. So the picture is rather divided, broadly on east-west and value-premium lines.

Category leader Smirnoff (26.1m cases, +1%) and Absolut (11.6m, +2%) are exemplars of the global proposition. With Diageo and Pernod Ricard's marketing backing and distribution, these are brands that can scratch out growth wherever it is hiding. Dropping down to mid-table and the story is similar. Grey Goose, Skyy and Russian Standard have all managed

to eke out 3% growth, the latter buoyed by its soon-to-be top market, the UK – where it has become an on and off-trade British standard. As for Grey Goose, after growing just 0.4m cases in five years, we can say the brand is steady but has lost a bit of its cool. You know what they say in business about standing still.

Brands exposed to Ukraine and Russia have not fared as well. The Ukrainian brands Khlibniy Dar, Khortytza, Prime and Istynna all had a tough time of it. Nemiroff chose the right year to have a trading hiatus – 2013 was not a great time to do business in Ukraine. All the aforementioned brands suffered double-digit declines last year while Pyat Ozer, Green Mark and Belenkaya, with significant exposure to the Russian market, also suffered.

Brandy, at 178m cases in 2013, is fourth in line to the throne. The category grew just 0.5% last year but has a projected five-year CAGR of 7.2%, so will continue to swell in size. We can talk about cognac all day long but, in volume terms, the big four of the south west French region are equal to only a third of the sales of Emperador, the category leader. The brand has exploded in recent years, mainly thanks to its Light variant, and this year might feel disappointed by growth of 6%. It grew 54% in 2012. The less said about a brandy with an abv of 27.5% that is made from sugarcane the better, but we must remember the west does not have a monopoly on spirits definitions. Lest we forget, soju and shochu are also lighter spirits than the EU would allow and Indian whisky companies still use some molasses-derived spirit.

Filipinos don't seem to mind. As an observation, they appear to move from one brand to another as a collective. Where once San Miguel's Gran Matador was the brandy du jour now it is Emperador. When asked, consumers told *DI* they switched for its rounded, sweeter taste and slightly lower abv. The spirit is mainly drunk neat or with a mixer.

Meanwhile, India's consumption of brandy seems to only get greater. Last year the market consumed 76m cases with a five-year CAGR (2009-2013) of 15%, according to figures provide by United Spirits. The group said that brandy consumption is deeply regional, with 96.9% consumed in the south, one of four broad regions.

Cognac is the couture end of brandy. Though we shouldn't forget that each of the brands – bar perhaps Rémy Martin – have



“Rum is the category that has its fingers in everyone's pies”

sizable VS markets in the likes of the US and the UK. Ironically it is these once scorned traditional markets that made up for a flagging -10% category display in Asia-Pacific. With demand for luxury cognac in China withering, producers may well long for the innovation enjoyed by scotch, denied to them by their category's own regulations.

Rum is the category that has its fingers in everyone's pies. Its major volumes still lie in white rum, though in recent years most of the growth has come from spiced rums and to some extent aged rums – though \$20+ rum is only 3% of total volumes (IWSR). In the Millionaires' Club there are 14 million-case rum brands but only three that are in the reckoning for supremacy. Bacardi hangs on to the top

spot with bloodied fingers, but more on this volume-off on page 30.

Captain Morgan is the only spiced representative in The Millionaires' Club, though Oakheart is now a consistent growth driver for Bacardi. Sailor Jerry's is a few thousand cases short of millionaire status (more on this in Ones to Watch on page 37), and Proximo Spirits' The Kracken, the segment's sea monster created to eat sailors and captains, is perhaps still a spot on the horizon. Pernod Ricard tells us that a spiced Havana Club has been discussed but that's where it ended. “It would be difficult for us to make a spiced rum because it would no longer be a Cuban rum,” Havana Club's Nick Blacknell told *DI* this year. “It's

tempting to chase trends but that would undermine what we are about as a brand, which is heritage and tradition.” Havana Club has only managed an extra 100,000 cases per year in four years, so it needs something to stimulate growth.

Home to the world's biggest brand is the soju category of South Korea. Jinro is by most definitions a local/regional brand but it has very international intensions. At 66.5 million 9-litre cases now, the world's largest spirit brand is big but is thinking even bigger: it wants to breach 100 million cases in under 10 years, according to Yang Yin Jip, Hite-Jinro co-president and CEO of its international business, who outlined the strategy to *DI* a few months back.

“The world's largest spirit brand is big but is thinking even bigger”

He said the target was “the 11 countries with populations of more than 100 million” and in particular Nigeria, India, China, the US, Russia and Vietnam. Interestingly he also told us he was open to a buy-out offer from Diageo, although nothing has transpired since.

Though it may not always seem like it, gin and tequila are the minnows of the spirits world. In reality they are far smaller than domestic categories such as soju and Brazil's cachaca, which is 95m cases. At times gin feels like it is the new vodka such is the conveyor belt of launches, nearly all of which appear to be made at London's Thames Distillers.

Of the 60m cases sold each year about a third is down to San Miguel's Ginebra from the Philippines. The sugarcane-produced gin appears to operate in virtual isolation from the rest of the category and dropped 11% in volumes last year. Ginebra's double-digit decline bulldozed total category growth, which stood at -4.7% last year. But the future prospects are good, with a 3.7% CAGR expected for 2013-2018. With the Gin & Tonica trend having spread through other gin markets in Europe, it's perhaps unsurprising that the category's global brands put on a good show, that is apart from the ailing Gordon's (more on gins on page 38).

The last of the significant spirits categories is tequila. Together with its agave friend mezcal, the category constitutes 28m cases and grew 3.4% last year. Though available worldwide, the US, not Mexico, is tequila HQ, and Mezcal is now following in its footsteps. To simplify their relationship, Tequila is to Mezcal what Cognac is to Armagnac – it's the difference between big brands and small-scale production.

Tequila has been a hive of activity in the last year. Diageo finally stopped commentators guessing by setting out its grand strategy. In the end it was a plan without a volume brand – only the super-premium and above Don Julio and new recruits Peligroso and Deleón. With Jose Cuervo settling into a new Diageo-free reality, we expected the brand's sales to have dipped as it struggled to renegotiate all of its old listings. In the event, Cuervo declined to provide sales data. A shame, it would have been interesting to see how close Beam Suntory's Sauza is to taking up tequila's top seat.

But that's enough words, now for the numbers. Welcome to the Millionaires' Club 2014. ■

FASTEST GROWING

One brandy is 1,000% up on last year, but dreams are dashed as well as made

Without trawling through the past few decades of results, it's fairly safe to say this is the first time the Millionaires' Club has seen a brand grow 1,000% in one year. But this is what can happen when you combine the distribution might and nimbleness of United Spirits and an impulsive Indian demography. In 2012 Men's Club brandy was a 300,000-case brand and now it is 2.9m cases – bigger than Martell, Rémy Martin and Courvoisier and the seventh largest brandy in the world.

Meanwhile, Radico Khaitan's Crown whisky(+75%), Pernod Ricard's Imperial Blue whisky (+40%) and ABD's Officer's Choice whisky (+31%) all performed extremely well. Behind them were three of United Spirits' whiskies – Hayward's Fine (+30%), Royal Challenge (+24%) and McDowell's No.1 (+22%) – and its brandy, McDowell's No.1 VSOP (+20%), which too showed what a buoyant place the Indian market can be if you get the proposition right.

But here dreams are dashed as well as made. In fact, United Spirits' brands seem to multiply by the year almost in the knowledge that others will lose favour. This seems less a portfolio approach, more a carousel. This year, the big United Spirits losers were Gold Riband whisky (-34%), Honey Bee brandy (-31%) and Bagpiper whisky (-18%).

With the disappearance of Nemiroff from this year's list – and almost totally from the market – the Ukrainian vodka industry has been in a period of flux. Global Spirits' premium offering, Morosha, was one to benefit, even though the vodka market in Ukraine is declining. The four-expression range, which includes those flavoured with herbs, almost doubled its volume last year.

Perhaps unsurprisingly, the Club's global brands witnessed more modest growth.



Fastest Growing Global Brands									
VOLUME: MILLIONS OF 9-LITRE CASES									
BRAND	OWNER	CATEGORY	2009	2010	2011	2012	2013	% +/-	
Jack Daniel's Tennessee Honey	Brown-Forman	Liqueurs	-	-	-	0.7	1.0	45%	
The Glenlivet	Pernod Ricard	Scotch whisky	-	-	-	0.8	1.0	25%	
Passport	Pernod Ricard	Scotch whisky	-	-	0.8	0.9	1.1	18%	
Fernet Branca	Fratelli Branca Distillerie	Bitters	3.3	3.9	4.6	5.4	6.2	15%	
Zubrówka	Russian Standard	Vodka	1.0	1.2	3.5	3.9	4.4	13%	
Crown Royal	Diageo	Canadian whisky	4.9	5.0	5.0	4.9	5.5	12%	
Barceló	Ron Barceló	Rum	-	1.7	1.9	2.2	2.5	12%	
Maker's Mark	Beam Suntory	Bourbon	0.9	1.0	1.2	1.3	1.4	11%	
Tanqueray	Diageo	Gin	2.0	2.0	2.1	2.0	2.2	10%	
Jim Beam	Beam Suntory	Bourbon	5.1	5.3	5.9	6.3	6.9	9%	
Ketel One	Nolet Spirits/Diageo	Vodka	1.9	2.0	2.2	2.2	2.4	9%	
Wild Turkey	Gruppo Campari	Bourbon	-	1.0	1.1	1.3	1.4	8%	
Sauza	Beam Suntory	Tequila	2.6	3.0	3.0	3.3	3.6	8%	
Bombay	Bacardi	Gin	2.0	1.9	2.3	2.6	2.8	8%	
William Lawson's	Bacardi	Scotch whisky	1.6	1.7	2.3	2.6	2.8	8%	
Amarula	Distell Group	Liqueurs	1.1	1.2	1.3	1.3	1.4	8%	
Negrita	La Martiniquaise	Rum	-	0.9	0.9	0.9	1.0	8%	
Jameson	Pernod Ricard	Irish whiskey	2.7	3.2	3.8	4.0	4.3	7%	
Finlandia	Brown-Forman	Vodka	3.0	3.0	3.1	3.2	3.5	7%	
Johnnie Walker	Diageo	Scotch whisky	15.3	16.9	18.0	18.9	20.1	6%	
Wyborowa	Pernod Ricard	Vodka	-	2.0	1.7	1.6	1.7	6%	
Glenfiddich	William Grant & Sons	Scotch whisky	-	-	1.0	1.0	1.1	6%	
William Grant's	William Grant & Sons	Scotch whisky	4.8	5.0	5.0	4.5	4.7	5%	
Jack Daniel's	Brown-Forman	Bourbon	9.6	9.9	10.6	11.0	11.5	5%	
Captain Morgan	Diageo	Rum	8.8	9.0	9.2	9.8	10.3	5%	
Martell	Pernod Ricard	Cognac	2.2	2.3	2.4	2.5	2.6	4%	
Beefeater	Pernod Ricard	Gin	2.2	2.3	2.4	2.5	2.6	4%	

Fastest Growing Regional Brands

VOLUME: MILLIONS OF 9-LITRE CASES									
BRAND	OWNER	CATEGORY	2009	2010	2011	2012	2013	% +/-	
Men's Club Brandy	United Spirits/Diageo	Brandy	0.0	0.1	0.1	0.3	2.9	1000%	
Morosha	Global Spirits	Vodka	-	-	-	1.8	3.3	81%	
Crown	Radico Khaitan	Indian whisky	-	-	-	0.6	1.1	75%	
Soplica	Russian Standard	Vodka	1.4	1.3	1.1	1.4	2.0	43%	
Imperial Blue	Pernod Ricard	Indian whisky	4.8	6.1	7.2	7.8	10.9	40%	
Officer's Choice	Allied Blenders & Distillers	Indian whisky	12.0	16.0	16.5	18.1	23.8	31%	
Haywards Fine	United Spirits/Diageo	Indian whisky	4.1	4.7	6.2	7.1	9.2	30%	
Lubelska	Stock Spirits Group	Liqueurs	0.6	1.5	2.0	2.2	2.8	28%	
Stock Prestige	Stock Spirits Group	Vodka	0.2	1.0	0.8	0.9	1.1	26%	
Royal Challenge	United Spirits/Diageo	Indian whisky	1.3	1.2	1.4	1.7	2.1	24%	
Gosudarev Zakaz	SY Group	Vodka	1.3	1.2	1.1	1.3	1.6	23%	
McDowell's No.1	United Spirits/Diageo	Indian whisky	13.5	14.3	16.1	19.5	23.7	22%	
McDowell's VSOP	United Spirits/Diageo	Brandy	-	0.6	1.4	1.9	2.3	20%	
Evan Williams	Heaven Hill	Bourbon	1.2	1.3	1.3	1.4	1.7	19%	
Burnett's	Heaven Hill	Vodka	1.5	1.5	1.9	2.0	2.4	15%	
Magic Moments	Radico Khaitan	Vodka	0.9	1.8	2.2	2.5	2.9	15%	
Royal Stag	Pernod Ricard	Indian whisky	8.4	10.4	12.5	12.8	14.7	15%	
Mernaya	Eastern Beverage Company	Vodka	-	3.2	2.7	2.1	2.4	14%	
Zoladkowa Gorzka	Stock Spirits Group	Vodka	1.8	1.7	1.3	1.3	1.5	14%	
Ron Viejo de Caldas	Industria Licorera de Caldas	Rum	-	1.1	1.0	0.9	1.0	14%	
Buchanan's	Diageo	Scotch whisky	1.3	1.4	1.6	1.7	1.9	12%	
Seagram's	Pernod Ricard	Gin	3.0	2.9	2.8	2.5	2.8	12%	
Old Admiral	Radico Khaitan	Brandy	1.8	3.0	3.2	3.5	3.9	11%	
UV Vodka	Phillips Distilling	Vodka	0.9	1.1	1.4	1.6	1.8	10%	
Old Port Rum	Amrut Distillers	Rum	1.7	1.8	2.0	1.4	1.5	9%	
Contessa	Radico Khaitan	Rum	2.6	2.4	2.4	2.4	2.6	8%	
William Peel	Belvédère	Scotch whisky	2.4	2.5	2.9	2.5	2.7	8%	
Talka	Russian Standard	Vodka	-	-	0.6	2.6	2.8	8%	

Fastest Declining Overall

VOLUME: MILLIONS OF 9-LITRE CASES									
BRAND	OWNER	CATEGORY	2009	2010	2011	2012	2013	% +/-	
Muginoka	Beam Suntory	Shochu	-	1.7	1.9	2.2	1.1	-50%	
Staraya Marka	Russian Spirits Group	Vodka	-	-	-	2.3	1.4	-41%	
Sloboda	Russian Spirits Group	Vodka	-	-	-	1.7	1.0	-39%	
Gold Riband	United Spirits/Diageo	Indian whisky	2.7	2.3	3.1	3.5	2.3	-34%	
Istynna	Olimp	Vodka	0.5	1.6	2.2	1.9	1.3	-32%	
Honey Bee	United Spirits/Diageo	Brandy	3.6	4.4	4.8	5.0	3.4	-31%	
Naliboki	JLC Minsk Grape Wines Factory	Vodka	-	-	1.1	1.6	1.1	-31%	
Tanduay	Tanduay Distillers	Rum	16.9	18.4	18.7	19.6	14.0	-29%	
Parliament	Russian Standard	Vodka	2.5	2.4	2.0	1.5	1.2	-20%	
Belenkaya	Synergy	Vodka	-	4.8	6.8	6.9	5.6	-19%	
Myagkov	SY Group	Vodka	1.4	1.6	1.6	1.5	1.2	-18%	
Bagpiper	United Spirits/Diageo	Indian whisky	16.3	16.4	16.0	14.1	11.6	-18%	
Khortyt'sa	Global Spirits	Vodka	9.3	9.0	7.5	7.7	6.4	-18%	
J&B Rare	Diageo	Scotch whisky	5.1	4.8	4.8	4.6	3.8	-17%	
Zhuravli	Russian Standard	Vodka	2.4	2.2	2.0	1.2	1.0	-17%	
Ricard	Pernod Ricard	Anise	5.4	5.4	6.2	5.5	4.6	-16%	
McDowell's No.1	United Spirits/Diageo	Brandy	9.2	11.5	11.7	10.9	9.3	-15%	
McDowell's Green Label	United Spirits/Diageo	Indian whisky	2.0	2.5	2.9	3.3	2.8	-14%	
Brugal	Edrington	Rum	4.1	4.3	4.0	3.8	3.3	-14%	
Choya	Choya Umeshu Co	Liqueurs	-	1.8	1.7	1.5	1.3	-13%	
Bulbash	Bulbash Zavod	Vodka	0.7	1.1	1.4	1.7	1.5	-13%	
Green Mark	Russian Standard	Vodka	11.3	10.9	9.3	6.9	6.0	-13%	
White Mischief Vodka	United Spirits/Diageo	Vodka	1.9	1.9	1.7	1.5	1.3	-13%	
Prime	Olimp	Vodka	-	1.0	1.9	1.1	1.0	-12%	
Ginebra San Miguel	San Miguel	Gin	-	-	20.0	23.8	21.1	-11%	
Rémy Martin	Rémy Cointreau	Cognac	-	1.7	1.8	1.9	1.7	-11%	
Khlibniy Dar	Bayadera Group	Vodka	10.2	12.3	9.4	8.0	7.2	-10%	

The fastest grower in the global class was Jack Daniel's Tennessee Honey liqueur – its 45% rise makes it the first American whiskey liqueur to enter the Millionaires' Club. The sweet-toothed US drove sales through the 1m-case barrier, but 2013 was also the liqueur's first full year with global distribution, following its US launch in 2011.

A spokesperson from Brown-Forman said: “We believe we're ideally positioned to build momentum outside of the US. We expect to grow our portfolio in developed markets such as France, Australia, the UK, and Germany and in emerging markets such as Poland, Mexico and Russia.”

More broadly, American whiskey is in boom time. Beam Suntory's Maker's Mark (+11%) and Jim Beam (+9) showed healthy increases last year, while Gruppo Campari's Wild Turkey brand notched up 8% growth and Jack Daniel's rose 5%.

“Global interest in North American whiskeys is driving record spirit exports, and bourbon is growing almost twice as fast as total distilled spirits in the US,” the Brown-Forman spokesperson told *DI*.

Scotch's indifferent 2013 definitely included some bright spells. For The Glenlivet to increase sales 25% in a year is quite unprecedented at these kinds of volumes, especially as the brand is still predominantly sold with age statements of 12 years and up. It should be noted that at the end of Pernod Ricard's 2012/2013 reporting period the brand was a whisker short of 1m cases, at 0.968 cases, though with a growth rate of 25% we fully expect the brand has made the mark by now. The only other Millionaire single malt, Glenfiddich, needed a settling in period after its first year, but is on the up again with a 6% rise last year.

Pernod's other success this year came in the form of an old brand that has been quietly beavering away in emerging markets. Nikki Burgess, international brand director for standard blends at Chivas Brothers, said: “Passport has been demonstrating strong global growth of around 10%, which we attribute to continued growth of the middle class in its key markets. We see Passport as a brand that provides a strong entry point to our comprehensive portfolio.”

Another mover, though on a longer upward trend, is Fernet Branca. In 2007 the bartender favourite sold half the volumes it sells now and grew 15% this year to 6.2m cases. Its major markets are its native Italy and Argentina, where Fernet and cola is about as popular as steak. ■

MAJOR PLAYERS

One group is exerting massive force on the Millionaires' Club this year, but others are also upping their game

Unless you have been living in a yurt in the wilderness, it probably won't come as news that last year's ifs have become a reality: Diageo has a controlling stake in United Spirits.

What does that mean? Well our new Major Players champion is a runaway victor with no fewer than 38 million-case brands.

CATEGORY DOMINATION

Diageo's interest in United Spirits is in the process of doubling. Combined, United Spirits and Diageo preside over 27 regional and 11 global million-case brands. The two companies place in the top two vodka, whisky, brandy, rum, gin, liqueur and raki categories, owning four out of the top 10 brandies and whiskies. There are few categories the combined groups do not dominate.

Can anyone pose a threat to such a major play? Pernod, on 19 Millionaire brands, would be the best bet, but the momentum is with the newly formed Beam Suntory, which is mooted to be on the acquisition trail.

The \$16bn purchase of Beam by Suntory Holdings makes Beam Suntory the world's third-largest maker of distilled drinks. Currently, only four global brands separate it from United Spirits and Diageo's combined global million-case brands.

Already a world leader in Japanese whisky, Beam Suntory's biggest and fastest-growing category in the US is bourbon. Germany is the third-largest market for bourbon and Beam Suntory's has been growing at a double-digit rate there.

Corporate communications & public affairs senior vice president Clarkson

“The spirits category in the US has consistently gained share from beer over the past decade, so the trends are favourable”

Hine, said: “The spirits category in the US has consistently gained share from beer over the past decade, so the trends are favourable there. We have been outperforming the US market over the past four years.”

Interestingly, Beam Suntory equals Diageo's three top 20 fastest-growing global brands.

Hine reported substantial market share has been gained in Russia, where the growing middle class is increasingly turning from domestic vodka to imported western spirits. Scotch, Canadian, Japanese and Irish whiskey are all strong category performers.

Innovation, premiumisation and authenticity are the watchwords of Beam

Suntory's three-pronged attack on the industry, one that will most likely prick, rather than paralyse, the United Spirits/Diageo empire.

Up 4.9m cases on last year, Pernod Ricard retains its place in second. Had Pastis 51 figures been obtained, the French group would be rubbing shoulders with Beam Suntory with 10 million-case brands.

With the acquisition of CEDC brands, Russian Standard is a formidable force, a one million case brand stands between it and the big three. Combined case sales of 22.4 million cases, Russian Standard has a little way to go to replicate the 23.1m CEDC force circa 2011.

Russian Standard International

marketing director, Paolo Gennero, told *DI*: “We are focused on bringing our established domestic category and market leaders to the rest of the world.”

The remaining US contingent, represented by Bacardi and Brown-Forman, return with six million case-titles apiece.

Brown-Forman has risen further up the Top 25 Producers list this year, adding another million case-brand – Jack Daniel's Tennessee Honey – to its arsenal.

EXPANDING PORTFOLIO

Gruppo Campari has been busy expanding its portfolio in the past year. In March, the group made its first moves

into the Canadian whisky category with it's €120.5m buyout of Forty Creek. Not a million-case brand, but this move is a significant indicator of Gruppo Campari's strategy.

With a portfolio including whisky, vodka, brandy, rum and liqueurs, the addition of Forty Creek will only strengthen Gruppo Campari's ever-expanding range. Not one month later, Gruppo Campari put hand in pocket again for the €103.75m acquisition of Sicilian spirits company Fratelli Averna Group, which owns the second best-selling bitters brand in Italy. With more clout in central Europe, Gruppo Campari is a major player and certainly one to watch.



Top 25 Producers

PRODUCERS	BRANDS
United Spirits/Diageo	38
Pernod Ricard	19
Beam Suntory	10
Russian Standard	9
Brown-Forman	6
Bacardi	6
Gruppo Campari	6
Radico Khaitan	5
Stock Spirits Group	5
Heaven Hill	4
La Martiniquaise	4
Eastern Beverage Company	3
Asahi Breweries	3
Belvédère	3
Constellation Brands	3
Oenon Holdings Corp	3
William Grant & Sons	2
Edrington	2
Amrut Distillers	2
Global Spirits	2
Olimp	2
SY Group	2
Fabrica Licorera de Antioquia	2
Russian Spirits Group	2
Luzhou Laojiao	2

MAKING THE RIGHT CHOICES

Hamish Smith spoke to Allied Blenders' Deepak Roy about how the world's biggest whisky brand, Officer's Choice, is aiming for true global recognition

India is home to some of the world's colossal spirits brands so to stand above the market here takes a big beast indeed. That's what Allied Blenders & Distillers has in Officer's Choice, the world's best-selling whisky.

The Indian market is one of historic volatility. It swirls, it plunges and it can swallow a brand up. But if a company can pick the right course, waves can be ridden and rewards can be reaped. The country's middle class is now about the size of the population of America – and arguably has an easier relationship with alcohol.

The trend seems to be going in the right direction, towards more premium products. “Our strategy is in sync with the market. We are leveraging Officer's Choice to get into the higher-price segments of the market,” reports Deepak Roy, ABD's chief executive.

The battle for Indian whisky supremacy has been fought by Officer's Choice – mainly with its standard version but also with the new Blue and Black expressions

– and United Spirits' McDowell's in recent years. Roy says the introduction of the 'semi-premium' Blue variant was a significant factor in the brand's success last year. “Blue sold 3.5m 9-litre cases – it was a huge success. It took share from McDowell's and Pernod Ricard's Imperial Blue.”

Officer's Choice Blue's success says a lot about the new Indian whisky consumer – young, urban drinkers who aspire to drink Johnnie Walker but haven't really got the rupees. “If you ask Indians they would say they prefer to drink scotch – there's a famous saying that there is more Johnnie Walker consumed in India than is produced in Scotland.”

Preachings of the premium gospel are only getting louder. “Pernod and United Spirits/Diageo have said they are focusing on premiumisation so I foresee a lot of investment.” To Roy more premium products mean more profits and he says his company's performance over the past few years is proof that it can compete with the bigger boys.

“We are doing things differently to other spirits brands, whose marketing is all about partying and fun”

He points out that consumers' premium enlightenment can be found at many rungs of the price ladder. Blue sits at around IR400-475 (£4-£4.75) a bottle and Black, the 'semi-premium plus' expression is priced at IR500-600 (£5-£6). Seeded in India's major cities, Roy has high hopes for Black this year. “The semi-premium and premium ends of the market are growing faster than value. Blue we hope to grow to 5.5m cases this year and Black should do half a million cases in its first year.”

Growth is strongest in the more premium segments but, with almost half the population in India aged 21 or under, new drinkers ready to enter the category are a constant stream. The standard Officer's Choice is at the entry level at IR250-400 (£2.50-£3) and, for huge swathes of the population, this is the affordable choice.

CITY INFLUENCE

Tier-one markets Delhi, Mumbai, Kolkata, Bangalore, Chennai and Hyderabad are looking for stories, packaging and everything else that premium entails, and will act as influences on the regions around them, but there is still growth to be found in tier-two cities for value brands as drinking becomes more widespread and socially acceptable.

Roy also attributes Officer's Choice's 31% growth to its marketing, which is centred around the idea of 'righteousness'. “We are doing things differently to other spirits brands, whose marketing is all about partying and fun.” The brand's marketing talks about “doing the right things and making the right choices”. Roy says the Blue variant's slogan, Raise Your Voice, is aimed at resonating with those who see value in speaking out about important social issues. In India there are many.

A conversation about the Indian spirits market without mention of India's punitive import tax regime wouldn't be a conversation at all. “When the tax levees come down it will be an important opportunity for scotch. Premium end Indian whisky will be threatened, as its price will be close to value scotch.”

Many of the Indian whiskies use scotch malt as part of their blends and pay a high price for it. This would change if the 150% levee was dropped but the market would be opened for other countries' whiskies, including scotch.

But just as global companies are looking to swoop down on Indian consumers, home-grown brands from the likes of United Spirits and ABD are carrying out

their own off-shore operations. “We export 1.8m cases of Officer's Choice. A million is to the Middle East – mainly UAE and Oman, where there is a significant diaspora of Indians, but also Lebanese and Pakistani [expats].”

FAVOURABLE SITES

Roy reports favourable gains in sub-Saharan Africa – surely the next big market for spirits – with growth in Nigeria, Ghana and Angola. Sales are also going well in Haiti and Malaysia.

Officer's Choice is in the west too. “Three months ago we launched to New York state. Our distributor is bullish about the brand.” Officer's Choice is mostly sold in discounters but New Yorkers who want the real Indian experience are also consuming the brand in Indian restaurants.

In the UK, Indian food has been practically naturalised, but you won't find a bottle of Indian whisky there – at least not those that haven't been aged for three years, which is most. “A lot has to change for us to launch to Europe. If the Indian government can negotiate a level playing field [it would help].”

Roy doesn't put a time scale on it, but says Officer's Choice Blue and Black could yet make the journey, once Indian whisky is whisky in Europe's eyes. Another problem up to now has been the use of molasses not grain spirit in the blend, which was common.

“Most companies have switched to grain.” There are two reasons for this: “Pernod Ricard has pushed grain so strongly that anyone who wasn't using it is switching.” The other is that the price of molasses has risen sharply since a government move to use molasses-distilled ethanol as a fuel, reducing dependency on petrol.” Roy says 80% of the spirit in Officer's Choice's output is from grain and 100% in what he exports.

Though his whisky looms over the category, Roy isn't complacent. He believes that, in his Blue and Black expressions especially, he is putting good whisky out there and is determined to do more to improve. “We have invested a lot in maturation and our malt plant is being commissioned.” That'll take three to five years but it seems a good step towards the creation of a proper global brand.

Indian whisky has Amrut and John Distilleries but it lacks global recognition that the likes of Japan has achieved. Quality and Indian authenticity will have to be the heart of any progression. Roy agrees. “It has to come from within.” ■

VODKA

A volatile sector sees more brands in decline than anywhere else, but there are reasons for cheer too

With vodka there are wins and there is woe. Vodka boasts the most brands in the list – 52 to

whisky's 49 – but the category also claims the most brands in decline – 22. Global Spirits' Morosha is a rare beacon of promise with 81% gains in 2013 – its growth makes it the fastest growing vodka brand.

Starting from the top though, Diageo's Smirnoff reigns supreme, with sales increasing a further 1% in 2013 and widening the gap between itself and Absolut to a cavernous 14.5 million.

If Smirnoff is the numbers brand, Absolut continues to be more artistic by nature. Its latest work has seen collaborations with Australian film director Baz Luhrmann and redesigns of its flavour range, which will have helped its modest 2% growth.

The major news last year was Nemiroff's disappearance from the club. Its case sales dropped from 8m in 2012 to under a million cases in 2013. Production of the Ukrainian vodka halted in late 2012 following a legal dispute.

CEO of Nemiroff's Ukrainian subsidiary, Yuriy Sorochinskiy, told *DI* the brand is on the comeback and now has distilleries in Ukraine, Russia and Belarus.

It reportedly sold more than 280,000 cases in the first quarter of 2014 in Russia and plans to sell 6m cases of vodka and liqueurs of the Nemiroff brand on the world market in 2014.

This strategy reflects the challenging market conditions in Ukraine, which saw Khortytsa's production fall by 17% from 7.7m to 6.4m cases. Global Spirits, though, still boasts two top

Top 30 Vodkas

VOLUME: MILLIONS OF 9-LITRE CASES

BRAND	OWNER	2009	2010	2011	2012	2013	% +/-	STATUS
Smirnoff	Diageo	24.4	24.4	24.7	25.8	26.1	1%	Global
Absolut	Pernod Ricard	10.0	10.4	11.0	11.4	11.6	2%	Global
Khlibniy Dar	Bayadera Group	10.2	12.3	9.4	8.0	7.2	-10%	Regional
Pyat Ozer	Alcohol Siberia Group	6.1	6.3	6.6	7.0	6.4	-9%	Regional
Khortytsa	Global Spirits	9.3	9.0	7.5	7.7	6.4	-18%	Regional
Green Mark	Russian Standard	11.3	10.9	9.3	6.9	6.0	-13%	Global
Belenkaya	Synergy	-	4.8	6.8	6.9	5.6	-19%	Regional
Medoff	Eastern Beverage Company	-	5.5	5.5	5.4	5.5	2%	Regional
Krupnik	Belvédère	-	1.9	4.5	5.1	5.0	-2%	Regional
Zoladkowa Czysta De Luxe	Stock Spirits Group	5.4	6.4	4.5	4.3	4.5	4%	Regional
Zubrówka	Russian Standard	1.0	1.2	3.5	3.9	4.4	13%	Global
Svedka	Constellation Brands	2.9	3.4	3.7	3.9	4.0	2%	Regional
Grey Goose	Bacardi	3.5	3.7	3.8	3.8	3.9	3%	Global
Skyv	Gruppo Campari	3.3	3.4	3.5	3.7	3.8	1%	Global
Finlandia	Brown-Forman	3.0	3.0	3.1	3.2	3.5	7%	Global
Morosha	Global Spirits	-	-	-	1.8	3.3	81%	Regional
Stolichnaya	SPI Group	3.0	3.1	3.3	3.4	3.3	-3%	Global
Russian Standard	Russian Standard	2.2	2.5	2.6	2.9	3.0	3%	Global
Magic Moments	Radico Khaitan	0.9	1.8	2.2	2.5	2.9	15%	Regional
Pinnacle	Beam Suntory	-	-	-	1.9	2.8	-	Global
Talka	Russian Standard	-	-	0.6	2.6	2.8	8%	Regional
Mernaya	Eastern Beverage Company	-	3.2	2.7	2.1	2.4	14%	Regional
Ketel One	Nolet Spirits/Diageo	1.9	2.0	2.2	2.2	2.4	9%	Global
Burnett's	Heaven Hill	1.5	1.5	1.9	2.0	2.4	15%	Regional
Ciroc	Diageo	0.4	0.9	1.5	2.1	2.2	5%	Regional
Sobieski	Belvédère	3.0	3.1	2.8	2.3	2.2	-4%	Global
Soplica	Russian Standard	1.4	1.3	1.1	1.4	2.0	43%	Regional
Eristoff	Bacardi	1.9	2.2	2.3	2.2	2.0	-9%	Global
UV	Phillips Distilling	0.9	1.1	1.4	1.6	1.8	10%	Regional
Wyborowa	Pernod Ricard	-	2.0	1.7	1.6	1.7	6%	Global

► 30 vodka brands and the second fastest growing regional brand. Khortyt'sa CEO Georgiy Mayorov said: "The youngest brands, Morosha and Pervak, quickly gained popularity among consumers on the Ukrainian market."

"Today it is not enough just to produce a quality product, it is important to anticipate the desires of consumers and be five steps ahead of the competition."

SPI Group's Stolichnaya hit the headlines last year following the boycott of Russian products by members of the lesbian, gay, bisexual and transgender community. A 3% slip in case sales was the first decline for three years, but the company fared better than many were expecting.

SPI Group insists southern Europe is showing signs of growth and, despite the recent economic challenges of the territory – and boycott – it is happy its key markets are continuing to develop.

Green Mark makes a return to the Millionaires' list after CEDC failed to report in time last year. The group is part of Russian Standard's burgeoning portfolio of 13 million-case brands – five of which earned a place in the top 30 vodka brands.

Predictions in last year's Millionaires' were well founded, as Green Mark's sales fell from 9.3m cases in 2011 to 6.9m in 2012 and to 6m last year. In six years Green Mark has lost half its volumes, having peaked at 12m cases in 2008.

International marketing director of Russian Standard Paolo Gennero said: "In the next year or two, the UK will become Russian Standard vodka's largest market, with even greater volumes than our home market of Russia, where we have also grown the brand's market share."

The brand has experienced high double-digit growth in the UK for several years. Gennero says Green Mark will now follow in the footsteps of Russian Standard's global expansion, at an attractive price point. Something is needed to reinvigorate sales.

After a 3% dip in 2012, Eastern Beverage's Medoff has regained lost ground. In the period of crisis, the mainstream company struggled as consumers turned to cheaper alternatives, but believes the 5.5m-case brand has the highest potential in its portfolio. Eastern Beverage says the modern international design of the product matches any category and any market.

Zubrówka is the fastest growing global vodka brand. Introduced by ► page 25



Fastest Growing Vodkas

VOLUME: MILLIONS OF 9-LITRE CASES

BRAND	OWNER	2009	2010	2011	2012	2013	% +/-	STATUS
Morosha	Global Spirits	-	-	-	1.8	3.3	81%	Regional
Soplica	Russian Standard	1.4	1.3	1.1	1.4	2.0	43%	Regional
Stock Prestige	Stock Spirits Group	0.2	1.0	0.8	0.9	1.1	26%	Regional
Gosudarev Zakaz	SY Group	1.3	1.2	1.1	1.3	1.6	23%	Regional
Burnett's	Heaven Hill	1.5	1.5	1.9	2.0	2.4	15%	Regional
Magic Moments Vodka	Radico Khaitan	0.9	1.8	2.2	2.5	2.9	15%	Regional
Mernaya	Eastern Beverage Company	-	3.2	2.7	2.1	2.4	14%	Regional
Zoladkowa Gorzka	Stock Spirits Group	1.8	1.7	1.3	1.3	1.5	14%	Regional
Zubrówka	Russian Standard	1.0	1.2	3.5	3.9	4.4	13%	Global
UV	Phillips Distilling	0.9	1.1	1.4	1.6	1.8	10%	Regional
Ketel One	Nolet Spirits/Diageo	1.9	2.0	2.2	2.2	2.4	9%	Global
Talka	Russian Standard	-	-	0.6	2.6	2.8	8%	Regional
Finlandia	Brown-Forman	3.0	3.0	3.1	3.2	3.5	7%	Global
Wyborowa	Pernod Ricard	-	2.0	1.7	1.6	1.7	6%	Global
1906	Stock Spirits Group	1.4	1.7	1.6	1.5	1.6	6%	Regional
Cîroc	Diageo	0.4	0.9	1.5	2.1	2.2	5%	Regional
Zoladkowa Czysta De Luxe	Stock Spirits Group	5.4	6.4	4.5	4.3	4.5	4%	Regional
Russian Standard	Russian Standard	2.2	2.5	2.6	2.9	3.0	3%	Global
Haoma	JSC Kokshetauminvody	-	1.5	1.7	1.7	1.7	3%	Regional
Aristocrat	Heaven Hill	1.0	1.0	1.1	1.1	1.1	3%	Regional
Skyv	Gruppo Campari	3.3	3.4	3.5	3.7	3.8	3%	Global
Grey Goose	Bacardi	3.5	3.7	3.8	3.8	3.9	3%	Global
Svedka	Constellation Brands	2.9	3.4	3.7	3.9	4.0	2%	Regional
Medoff	Eastern Beverage Company	-	5.5	5.5	5.4	5.5	2%	Regional
Absolut	Pernod Ricard	10.0	10.4	11.0	11.4	11.6	2%	Global
Smirnoff	Diageo	24.4	24.4	24.7	25.8	26.1	1%	Global



► Russian Standard at the end of 2010, Zubrówka increased in volume from 1.2m cases in 2010 to 4.4m in 2013.

With 8% growth, Talka is seemingly another success story. Introduced a year later than Zubrówka, Talka is yet to reach the 3m case mark, but continues to report growth.

Stock Prestige has made the transition from Ones to Watch to the third fastest growing vodka (26%). The brand was in the list in 2011, having risen 400% from 2009-2010.

Minneapolis based Phillips Distilling's UV is a fastest growing vodka, with double-digit growth. The UV Candy Bar flavoured vodka launched in 2013 and is the 17th in its portfolio.

With a core business in the US market, Phillips hopes to continue extending its distribution network by introducing more premium brands in different categories, at the same time focusing new flavours on markets with high concentrations of young people.

The dessert-flavoured vodka category has increased more than 81% over the past year.

At the bottom end of the spectrum, the category's two fastest declining brands belong to Russian Spirits Group – Staraya Marka (-41%) and Sloboda (-39%). Figures provided last year for Staraya Marka were one million shy of true volumes as only one distributor was given, rather than two.

The brand dropped from 2.3m to 1.4m cases.

Russian Spirits Group says the significant downfall is due to the development of the grey market and fake goods in the Russian economy segment, in which the Staraya Marka brand is positioned.

Another contributing factor was the brand's price move in mid-2013 up the economic segment – a decision the group said was due to Staraya Marka's growth in brand recognition and distribution the previous year.

Regional Vodkas

VOLUME: MILLIONS OF 9-LITRE CASES

BRAND	OWNER	2009	2010	2011	2012	2013	%+/-
Khlibniy Dar	Bayadera Group	10.2	12.3	9.4	8.0	7.2	-10%
Pyat Ozer	Alcohol Siberia Group	6.1	6.3	6.6	7.0	6.4	-9%
Belenkaya	Synergy	-	4.8	6.8	6.9	5.6	-19%
Medoff	Eastern Beverage Company	-	5.5	5.5	5.4	5.5	2%
Krupnik	Belvédère	-	1.9	4.5	5.1	5.0	-2%
Zoladkova Czysa De Luxe	Stock Spirits Group	5.4	6.4	4.5	4.3	4.5	4%
Svedka	Constellation Brands	2.9	3.4	3.7	3.9	4.0	2%
Morosha	Global Spirits Group	-	-	-	1.8	3.3	81%
Magic Moments	Radico Khaitan	0.9	1.8	2.2	2.5	2.9	15%
Talka	Russian Standard	-	-	0.6	2.6	2.8	8%
Mernaya	Eastern Beverage Company	-	3.2	2.7	2.1	2.4	14%
Burnett's	Heaven Hill	1.5	1.5	1.9	2.0	2.4	15%
Cîroc	Diageo	0.4	0.9	1.5	2.1	2.2	5%
Soplica	Russian Standard	1.4	1.3	1.1	1.4	2.0	43%
UV	Phillips Distilling	0.9	1.1	1.4	1.6	1.8	10%
Haoma	JSC Kokshetauminvody	-	1.5	1.7	1.7	1.7	3%
Gosudarev Zakaz	SY Group	1.3	1.2	1.1	1.3	1.6	23%
1906	Stock Spirits Group	1.4	1.7	1.6	1.5	1.6	6%
Zoladkova Gorzka	Stock Spirits Group	1.8	1.7	1.3	1.3	1.5	14%
Romanov	United Spirits/Diageo	1.3	1.6	1.6	1.5	1.4	-4%
Staraya Marka	Russian Spirits Group	-	-	-	2.3	1.4	-41%
White Mischief Vodka	United Spirits/Diageo	1.9	1.9	1.7	1.5	1.3	-13%
Istynna	Olimp	0.5	1.6	2.2	1.9	1.3	-32%
Gorbatschow	Henkell & Söhnlein	1.3	1.4	1.3	1.2	1.2	0%
Na Berezyovkh Brunkakh	Eastern Beverage Company	-	2.0	1.6	1.3	1.2	-8%
Myagkov	SY Group	1.4	1.6	1.6	1.5	1.2	-18%
Parliament	Russian Standard	2.5	2.4	2.0	1.5	1.2	-20%
Stock Prestige	Stock Spirits Group	0.2	1.0	0.8	0.9	1.1	26%
Aristocrat	Heaven Hill	1.0	1.0	1.1	1.1	1.1	3%
Naliboki	Minsk Grape Wines Factory	-	-	1.1	1.6	1.1	-31%
Absolwent	Russian Standard	3.7	2.8	2.2	1.1	1.0	-9%
Prime	Olimp	-	1.0	1.9	1.1	1.0	-12%
Zhuravli	Russian Standard	2.4	2.2	2.0	1.2	1.0	-17%
Sloboda	Russian Spirits Group	-	-	-	1.7	1.0	-39%

Global Vodkas

VOLUME: MILLIONS OF 9-LITRE CASES

BRAND	OWNER	2009	2010	2011	2012	2013	%+/-
Smirnoff	Diageo	24.4	24.4	24.7	25.8	26.1	1%
Absolut	Pernod Ricard	10.0	10.4	11.0	11.4	11.6	2%
Khortytza	Global Spirits	9.3	9.0	7.5	7.7	6.4	-18%
Green Mark	Russian Standard	11.3	10.9	9.3	6.9	6.0	-13%
Zubrówka	Russian Standard	1.0	1.2	3.5	3.9	4.4	13%
Grey Goose	Bacardi	3.5	3.7	3.8	3.8	3.9	3%
Skyy	Gruppo Campari	3.3	3.4	3.5	3.7	3.8	3%
Finlandia	Brown-Forman	3.0	3.0	3.1	3.2	3.5	7%
Stolichnaya	SPI Group	3.0	3.1	3.3	3.4	3.3	-3%
Russian Standard	Russian Standard	2.2	2.5	2.6	2.9	3.0	3%
Pinnacle	Beam Suntory	-	-	-	1.9	2.8	-
Ketel One	Nolet Spirits/Diageo	1.9	2.0	2.2	2.2	2.4	9%
Sobieski	Belvédère	3.0	3.1	2.8	2.3	2.2	-4%
Eristoff	Bacardi	1.9	2.2	2.3	2.2	2.0	-9%
Wyborowa	Pernod Ricard	-	2.0	1.7	1.6	1.7	6%
Bulbash	Bulbash Zavod	0.7	1.1	1.4	1.7	1.5	-13%
Poliakov	La Martiniquaise	0.7	0.9	1.0	1.2	1.2	0%
Bols	Russian Standard	1.9	1.6	1.1	1.0	1.0	0%

WHISKIES

Regional players take on the big boys in a constantly evolving climate



Top 30 Whiskies										
VOLUME: MILLIONS OF 9-LITRE CASES										
BRAND	OWNER	CATEGORY	2009	2010	2011	2012	2013	% +/-	STATUS	
Officer's Choice	Allied Blenders & Distillers	Indian	12.0	16.0	16.5	18.1	23.8	31%	Regional	
McDowell's No.1	United Spirits/Diageo	Indian	13.5	14.3	16.1	19.5	23.7	22%	Regional	
Johnnie Walker	Diageo	Scotch	15.3	16.9	18.0	18.9	20.1	6%	Global	
Royal Stag	Pernod Ricard	Indian	8.4	10.4	12.5	12.8	14.7	15%	Regional	
Baggiper	United Spirits/Diageo	Indian	16.3	16.4	16.0	14.1	11.6	-18%	Regional	
Old Tavern	United Spirits/Diageo	Indian	6.8	9.1	11.1	11.6	11.5	-1%	Regional	
Imperial Blue	Pernod Ricard	Indian	4.8	6.1	7.2	7.8	10.9	40%	Regional	
Original Choice	John Distilleries	Indian	-	10.6	10.8	10.9	10.0	-8%	Regional	
Haywards Fine	United Spirits/Diageo	Indian	4.1	4.7	6.2	7.1	9.2	30%	Regional	
Ballantine's	Pernod Ricard	Scotch	5.8	5.9	6.3	6.2	5.9	-5%	Global	
Crown Royal	Diageo	Canadian	4.9	5.0	5.0	4.9	5.5	12%	Global	
Chivas Regal	Pernod Ricard	Scotch	3.9	4.2	4.6	4.9	4.9	0%	Global	
8PM	Radico Khaitan	Indian	3.2	3.9	4.3	4.9	4.8	-1%	Regional	
William Grant's	William Grant & Sons	Scotch	4.8	5.0	5.0	4.5	4.7	5%	Global	
Jameson	Pernod Ricard	Irish	2.7	3.2	3.8	4.0	4.3	7%	Global	
Director's Special	United Spirits/Diageo	Indian	4.4	4.5	4.5	4.3	4.1	-5%	Regional	
J&B Rare	Diageo	Scotch	5.1	4.8	4.8	4.6	3.8	-17%	Global	
Blenders Pride	Pernod Ricard	Indian	2.3	2.8	3.5	3.7	3.8	3%	Regional	
The Famous Grouse	Edrington	Scotch	2.9	3.0	2.9	3.2	3.3	3%	Global	
Dewar's	Bacardi	Scotch	3.2	3.3	3.2	3.0	3.0	0%	Global	
William Lawson's	Bacardi	Scotch	1.6	1.7	2.3	2.6	2.8	8%	Global	
McDowell's Green Label	United Spirits/Diageo	Indian	2.0	2.5	2.9	3.3	2.8	-14%	Regional	
Suntory Kakubin	Beam Suntory	Japanese	-	2.8	2.5	2.8	2.8	0%	Regional	
William Peel	Belvédère	Scotch	2.4	2.5	2.9	2.5	2.7	8%	Regional	
Director's Special Black	United Spirits/Diageo	Indian	2.0	2.9	2.9	2.9	2.7	-6%	Regional	
Bell's	Diageo	Scotch	2.3	2.4	2.5	2.5	2.5	0%	Global	
Label 5	La Martiniquaise	Scotch	2.2	2.3	2.5	2.5	2.5	0%	Global	
Gold Riband	United Spirits/Diageo	Indian	2.7	2.3	3.1	3.5	2.3	-34%	Regional	
Black Velvet	Constellation Brands	Canadian	2.0	2.1	2.1	2.3	2.2	-3%	Regional	
Royal Challenge	United Spirits/Diageo	Indian	1.3	1.2	1.4	1.7	2.1	24%	Regional	

expressions that take consumers up the premium ladder. There's regular Officer's Choice whisky, the 'semi-premium' Blue variant and the 'semi-premium plus' Officer's Choice Black.

Those colours sound awfully familiar, but Johnnie Walker operates in a different sphere and certainly isn't complaining – more on the Diageo brand later.

STRONG YEAR

United Spirits' cross-category mega brand, McDowell's, has had another strong year, its whisky variant (it has a rum and brandy too) moving 22% to 23.7m cases last year, being pipped to first by just 100,000 cases. The company has no fewer than 11 million-case selling whisky brands, which appear to interchange positions with gay abandon. With double-digit growth and declining rates for most of the company's brands, it is clear the Indian whisky consumer is not loyal to brands at this end of the market.

A spokesperson for United Spirits – which is now majority owned by Diageo – told *DI* that India will continue to be the key market for its whiskies, but the long term will see “promising contributions from emerging markets such as Africa, Vietnam and Myanmar”.

India's next step will be the reduction – and perhaps one day abolishment – of its import duty regime, but its local spirits are also undergoing a change with premiumisation Indian style. “We see two significant trends in the Indian spirit industry – premiumisation and delivering novel experiences,” the United Spirits spokesperson said.

“This trend is being driven by rising affluence and the continuing rise of the middle class. Regional tier one and two markets (smaller towns and cities in India) give us headroom for growth in prestige and premium brands, while metro cities such as Delhi, Mumbai, Kolkata, Bangalore and Hyderabad are important for us to drive imagery among existing consumers and influencers in the premium spirits category.”

Pernod Ricard's Royal Stag and Imperial Blue are also doing well out of this trend towards premium, with growth rates of 15% and 40% respectively.

Though at more modest levels, North American whiskey seems to be in a purple patch. Jack Daniel's has had its own way for a long time and in five years has put on almost two million cases. Though the growth has been steady rather than blistering, Brown-Forman is

Fastest Growing Whiskies

VOLUME: MILLIONS OF 9-LITRE CASES										
BRAND	OWNER	CATEGORY	2009	2010	2011	2012	2013	% +/-	STATUS	
Crown	Radico Khaitan	Indian	-	-	-	0.6	1.1	75%	Regional	
Imperial Blue	Pernod Ricard	Indian	4.8	6.1	7.2	7.8	10.9	40%	Regional	
Officer's Choice	Allied Blenders & Distillers	Indian	12.0	16.0	16.5	18.1	23.8	31%	Regional	
Haywards Fine	United Spirits/Diageo	Indian	4.1	4.7	6.2	7.1	9.2	30%	Regional	
The Glenlivet	Pernod Ricard	Scotch	-	-	-	0.8	1.0	25%	Global	
Royal Challenge	United Spirits/Diageo	Indian	1.3	1.2	1.4	1.7	2.1	24%	Regional	
McDowell's No.1	United Spirits/Diageo	Indian	13.5	14.3	16.1	19.5	23.7	22%	Regional	
Passport	Pernod Ricard	Scotch	-	-	0.8	0.9	1.1	18%	Global	
Royal Stag	Pernod Ricard	Indian	8.4	10.4	12.5	12.8	14.7	15%	Regional	
Crown Royal	Diageo	Canadian	4.9	5.0	5.0	4.9	5.5	12%	Global	
Buchanan's	Diageo	Scotch	1.3	1.4	1.6	1.7	1.9	12%	Regional	
William Peel	Belvédère	Scotch	2.4	2.5	2.9	2.5	2.7	8%	Regional	
William Lawson's	Bacardi	Scotch	1.6	1.7	2.3	2.6	2.8	8%	Global	
Jameson	Pernod Ricard	Irish	2.7	3.2	3.8	4.0	4.3	7%	Global	
Men's Club	United Spirits/Diageo	Indian	0.6	0.8	1.1	1.2	1.3	7%	Regional	
Johnnie Walker	Diageo	Scotch	15.3	16.9	18.0	18.9	20.1	6%	Global	
Glenfiddich	William Grant & Sons	Scotch	-	-	1.0	1.0	1.1	6%	Global	
William Grant's	William Grant & Sons	Scotch	4.8	5.0	5.0	4.5	4.7	5%	Global	
Signature	United Spirits/Diageo	Indian	1.1	1.3	1.6	1.8	1.9	5%	Regional	
The Famous Grouse	Edrington	Scotch	2.9	3.0	2.9	3.2	3.3	3%	Global	
Windsor Canadian	Beam Suntory	Canadian	1.0	1.0	0.9	1.0	1.0	3%	Regional	
Blenders Pride	Pernod Ricard	Indian	2.3	2.8	3.5	3.7	3.8	3%	Regional	

Scotch Whiskies

VOLUME: MILLIONS OF 9-LITRE CASES										
BRAND	OWNER	2009	2010	2011	2012	2013	% +/-	STATUS		
Johnnie Walker	Diageo	15.3	16.9	18.0	18.9	20.1	6%	Global		
Ballantine's	Pernod Ricard	5.8	5.9	6.3	6.2	5.9	-5%	Global		
Chivas Regal	Pernod Ricard	3.9	4.2	4.6	4.9	4.9	0%	Global		
William Grant's	William Grant & Sons	4.8	5.0	5.0	4.5	4.7	5%	Global		
J&B Rare	Diageo	5.1	4.8	4.8	4.6	3.8	-17%	Global		
The Famous Grouse	Edrington	2.9	3.0	2.9	3.2	3.3	3%	Global		
Dewar's	Bacardi	3.2	3.3	3.2	3.0	3.0	0%	Global		
William Lawson's	Bacardi	1.6	1.7	2.3	2.6	2.8	8%	Global		
William Peel	Belvédère	2.4	2.5	2.9	2.5	2.7	8%	Regional		
Bell's	Diageo	2.3	2.4	2.5	2.5	2.5	0%	Global		
Label 5	La Martiniquaise	2.2	2.3	2.5	2.5	2.5	0%	Global		
Teacher's Highland Cream	Beam Suntory	1.7	1.9	2.1	2.1	2.0	-4%	Global		
Buchanan's	Diageo	1.3	1.4	1.6	1.7	1.9	12%	Regional		
Old Parr	Diageo	-	-	-	-	1.7	-	Regional		
Clan Campbell	Pernod Ricard	1.8	1.8	1.7	1.6	1.6	-2%	Regional		
100 Pipers	Pernod Ricard	2.0	1.7	1.8	1.6	1.6	-1%	Global		
White Horse	Diageo	-	-	-	-	1.5	-	Regional		
Sir Edward's	La Martiniquaise	1.1	1.2	1.4	1.4	1.4	0%	Global		
Vat 69	Diageo	-	-	-	-	1.2	-	Global		
Black & White	Diageo	-	-	-	-	1.2	-	Regional		
Passport	Pernod Ricard	-	-	0.8	0.9	1.1	18%	Global		
Glenfiddich	William Grant & Sons	-	-	1.0	1.0	1.1	6%	Global		
The Glenlivet	Pernod Ricard	-	-	-	0.8	1.0	25%	Global		

North American Whiskies

VOLUME: MILLIONS OF 9-LITRE CASES										
BRAND	OWNER	2009	2010	2011	2012	2013	% +/-	STATUS		
Jack Daniel's	Brown-Forman	9.6	9.9	10.6	11.0	11.5	5%	Global		
Jim Beam	Beam Suntory	5.1	5.3	5.9	6.3	6.9	9%	Global		
Seagram's 7 Crown	Diageo	2.5	2.5	2.4	2.4	2.4	0%	Regional		
Evan Williams	Heaven Hill	1.2	1.3	1.3	1.4	1.7	19%	Regional		
Maker's Mark	Beam Suntory	0.9	1.0	1.2	1.3	1.4	11%	Global		
Wild Turkey	Gruppo Campari	-	1.0	1.1	1.3	1.4	8%	Global		

Much as it is with rum, the summit of the whisky category involves a tussle between a large international brand and plucky regional players. This year it is Allied Blenders & Distillers' Officer's Choice that has climbed highest in the volume charts, planting its flag at 23.8m cases after a 31% upward burst. The brand leapfrogged last year's big climber, McDowell's No.1, and Johnnie Walker, which finishes third.

Although India is key to the brand, Officer's Choice has spread its wings. Here's how a brand expands by a third of its body size in one year. “The past five years we have made significant inroads into various international markets across the globe. Today our flagship brand, Officer's Choice, is the largest exported spirits brand out of India and sells in more than 21 countries,” an ABD spokesperson said. “Some of our key international markets include UAE, Africa (Nigeria, Angola, Benin, Togo, Cameroon, Ivory Coast) and Haiti. We also recently made a foray into the lucrative US market.”

It would be easy to assume volumes like this come at a price – a low-price, that is – but the brand is centred around three



investing \$100m in its distillery which is a sign of intent if ever there was one. Diageo's George Dickel Tennessee whiskey is small now and not anywhere near the list, but the group's recent challenge to the definition of Tennessee whiskey – and therefore Jack Daniel's – suggests the group's category interest is long term.

CONTINUING MOMENTUM

Jim Beam has also been a solid performer over recent years, adding 9% of growth in 2013. Under the newly formed Beam Suntory, it and Maker's Mark (+11%) will be run by the third-largest spirits group in the world and will enjoy augmented distribution in Asia.

Beam Suntory CEO Matt Shattock said of the new group: "We will be focused

on continuing our momentum, growing in developed and emerging markets, and building on our combined strengths."

One of those strengths is the company's Japanese whiskies, which will benefit from their owner being headquartered in the US – a big whisky market.

Probably it will be Hibiki, Hakushu and Yamasaki that will make the trip, but Kakubin, the Japanese market-leading blend, which is on 2.8m cases, could do with a fillip. It and Asahi's Nikka Black, which is also static on 1.8m cases, are hostages to the vagaries of Japanese consumption and have struggled to find growth in recent years.

The scotch story is complicated. In the good news column you have The Glenlivet (which at 0.968m cases for 2012/2013 makes the list as all brands, for good or for worse, have been rounded to one decimal place) rising 25% while in the top-end blends Johnnie Walker rose 6% and Chivas Regal was flat at 0%.

Down a price point the likes of Ballantine's and J&B are struggling – Spain is the common factor here. Buchanan's, buoyed by its Latin American performance is up 12%.

Meanwhile, Dewar's, Bells and Label 5 are all flat-lining. Famous Grouse and the two Williams – Lawson and Peel – have had a better time but overall scotch growth seems less about the brands, more about the markets they have found themselves in.

If you are a scotch brand with significant exposure to China, South Korea, Taiwan, Japan, Thailand or Venezuela, 2013 was a tough year. If your business is in the US, France, Mexico, Brazil, UAE or Poland, the chances are you have had a good time of it.

“Scotch growth seems less about the brands and more about the markets they have found themselves in”

Indian Whiskies

VOLUME: MILLIONS OF 9-LITRE CASES

BRAND	OWNER	2009	2010	2011	2012	2013	% +/-	STATUS
Officer's Choice	Allied Blenders & Distillers	12.0	16.0	16.5	18.1	23.8	31%	Regional
McDowell's No.1	United Spirits/Diageo	13.5	14.3	16.1	19.5	23.7	22%	Regional
Royal Stag	Pernod Ricard	8.4	10.4	12.5	12.8	14.7	15%	Regional
Bagpiper	United Spirits/Diageo	16.3	16.4	16.0	14.1	11.6	-18%	Regional
Old Tavern	United Spirits/Diageo	6.8	9.1	11.1	11.6	11.5	-1%	Regional
Imperial Blue	Pernod Ricard	4.8	6.1	7.2	7.8	10.9	40%	Regional
Original Choice	John Distilleries	-	10.6	10.8	10.9	10.0	-8%	Regional
Haywards Fine	United Spirits/Diageo	4.1	4.7	6.2	7.1	9.2	30%	Regional
8PM	Radico Khaitan	3.2	3.9	4.3	4.9	4.8	-1%	Regional
Director's Special	United Spirits/Diageo	4.4	4.5	4.5	4.3	4.1	-6%	Regional
Blenders Pride	Pernod Ricard	2.3	2.8	3.5	3.7	3.8	3%	Regional
McDowell's Green Label	United Spirits/Diageo	2.0	2.5	2.9	3.3	2.8	-14%	Regional
Director's Special Black	United Spirits/Diageo	2.0	2.9	2.9	2.9	2.7	-6%	Regional
Gold Riband	United Spirits/Diageo	2.7	2.3	3.1	3.5	2.3	-34%	Regional
Royal Challenge	United Spirits/Diageo	1.3	1.2	1.4	1.7	2.1	24%	Regional
Signature	United Spirits/Diageo	1.1	1.3	1.6	1.8	1.9	5%	Regional
Men's Club	United Spirits/Diageo	0.6	0.8	1.1	1.2	1.3	7%	Regional
Crown	Radico Khaitan	-	-	-	0.6	1.1	75%	Regional

Other Whiskies

VOLUME: MILLIONS OF 9-LITRE CASES

BRAND	OWNER	2009	2010	2011	2012	2013	% +/-	STATUS
Jameson	Pernod Ricard	2.7	3.2	3.8	4.0	4.3	7%	Global
Suntory Kakubin	Beam Suntory	-	2.8	2.5	2.8	2.8	0%	Regional
Black Nikka	Asahi Breweries	1.4	1.8	1.8	1.8	1.8	0%	Regional

SALES SPREAD

This year was the first in a long while that the seemingly bulletproof scotch category reported mediocre results. As Johnnie Walker has perhaps proved with its growth in good and bad times, a spread of sales is the best insurance policy. Hard times in the far east? Johnnie Walker has the US, the world's second largest scotch market by volume and largest by value. Struggling in Venezuela? There is better news across the border in Brazil, or take a jaunt north to Mexico. This brand does indeed Keep on Walking and now joins Smirnoff as one of two premium global brands to penetrate the 20m case barrier.

For a spirit that relies on aged stocks, that is some feat.

Bacardi has survived everything that fate has thrown at it, from fires to earthquakes to Prohibition. At least that's what the global ad campaign says. It might want to add McDowell's No.1 Celebration and Tanduay to the list of the vanquished. After all the talk of last year, Bacardi has survived the Asian challenge to its supremacy and maintains its status as rum's number one brand.

In the end Bacardi sold 19.1m 9-litre cases in 2013, while the United Spirits-owned McDowell's finished a whisker off, at 19m cases.

Bacardi's towering volumes have cast a shadow over the category for four decades, yet the company maintains it is keener on the value charts. Kofi Amoo-Gottfried, the brand's global communication director, told *DI* earlier this year: "Other companies run different business models and for them volume is important. But the dollar coming back is most important to us."

If 2013 growth rates continue, Bacardi's 4% dip could yet see it usurped by the rapidly growing McDowell's No.1 Celebration next year, but that's the 2015 supplement's story.

In the past six years Celebration has almost doubled its volume and shows no sign of abating as alcohol consumption in India opens up to previously uncharted regions, breaks through social barriers and the pool of drinkers swells as new consumers enter legal drinking age.

Tanduay was Bacardi's major volume competitor in last year's list, reaching within 200,000 cases, but this year the Philippine brand's sales shrank because of difficult trading conditions in the wake of typhoon Haiyan.

CACHAÇA

Probably 2013 is Cachaça's calm before the storm. We can expect an uplift in sales next year off the back of football's World Cup and 2016's Olympics. Last year there was further malaise for a sector in historical decline. Category leader 51 dropped by 5% but earlier this brand's CEO Ricardo Gonçalves told *DI* that 51's market share is growing as a corollary of the brand's slower decline than the category. Despite pushing its Caipirinha machines last year, Pitú couldn't raise its sales volumes, and Diageo's Ypióca was flat. The third-biggest brand, Velho Barreiro, seems to only know growth – it increased volumes again this year and has put on more than 2m cases in the past five years.

RUM & CACHAÇA

Bacardi continues to hold firm at the top of the list, but competitors are gaining momentum



Rum

VOLUME: MILLIONS OF 9-LITRE CASES

BRAND	OWNER	2009	2010	2011	2012	2013	% +/-	STATUS
Bacardi	Bacardi	18.6	19.3	19.6	19.8	19.1	-4%	Global
McDowell's No.1 Celebration	United Spirits/Diageo	11.2	13.9	15.6	17.8	19.0	7%	Regional
Tanduay	Tanduay Distillers	16.9	18.4	18.7	19.6	14.0	-29%	Regional
Captain Morgan	Diageo	8.8	9.0	9.2	9.8	10.3	5%	Global
Havana Club	Pernod Ricard	3.3	3.8	3.8	3.9	3.9	0%	Global
Brugal	Edrington	4.1	4.3	4.0	3.8	3.3	-14%	Global
Contessa	Radico Khaitan	2.6	2.4	2.4	2.4	2.6	8%	Regional
Barceló	Ron Barceló	-	1.7	1.9	2.2	2.5	12%	Global
Cacique	Diageo	1.8	1.7	1.7	2.1	2.2	5%	Regional
Old Port Rum	Amrut Distillers	1.7	1.8	2.0	1.4	1.5	9%	Regional
Appleton Jamaica Rum	Gruppo Campari	1.1	1.2	1.2	1.2	1.2	0%	Global
Negrita	La Martiniquaise	-	0.9	0.9	0.9	1.0	8%	Regional
Ron Medellín Añejo	Fabrica licorera de Antioquia	-	1.0	0.9	1.0	1.0	5%	Regional
Ron Viejo de Caldas	Industria Licorera de Caldas	-	1.1	1.0	0.9	1.0	14%	Regional

Cachaça

VOLUME: MILLIONS OF 9-LITRE CASES

BRAND	OWNER	2009	2010	2011	2012	2013	% +/-	STATUS
Cachaça 51	Companhia Muller de Bebidas	19.5	19.5	18.6	18.5	17.6	-5%	Regional
Pitú	Engarrafamento Pitú	9.6	10.1	10.5	10.8	10.6	-2%	Global
Velho Barreiro	Tatuzinho	7.7	8.0	8.4	9.2	9.8	7%	Regional
Ypióca	Diageo	6.8	6.9	-	6.5	6.5	0%	Regional



COGNAC & BRANDY

China's ban on luxury gifting has had consequences at the premium end of brandy



Cognac								
VOLUME: MILLIONS OF 9-LITRE CASES								
BRAND	OWNER	2009	2010	2011	2012	2013	% +/-	STATUS
Hennessy	LVMH	4.2	4.7	4.9	5.2	5.4	4%	Global
Martell	Pernod Ricard	2.2	2.3	2.4	2.5	2.6	4%	Global
Rémy Martin	Rémy Cointreau	-	1.7	1.8	1.9	1.7	-11%	Global
Courvoisier	Beam Suntory	1.0	1.2	1.3	1.4	1.4	-3%	Global

Brandy								
VOLUME: MILLIONS OF 9-LITRE CASES								
BRAND	OWNER	2009	2010	2011	2012	2013	% +/-	STATUS
Emperador	Alliance Global Group	6.3	9.6	20.1	31.0	33.0	6%	Regional
McDowell's No.1	United Spirits/Diageo	9.2	11.5	11.7	10.9	9.3	-15%	Regional
Old Admiral	Radico Khaitan	1.8	3.0	3.2	3.5	3.9	11%	Regional
Honey Bee	United Spirits/Diageo	3.6	4.4	4.8	5.0	3.4	-31%	Regional
Dreher	Gruppo Campari	3.5	3.5	3.6	3.3	3.3	2%	Regional
Men's Club Brandy	United Spirits/Diageo	0.0	0.1	0.1	0.3	2.9	1000%	Regional
McDowell's VSOP	United Spirits/Diageo	-	0.6	1.4	1.9	2.3	20%	Regional
Silver Cup Brandy	Amrut Distillers	0.9	0.7	1.1	1.4	1.4	1%	Regional
Paul Masson Grande Amber	Constellation Brands	1.4	1.4	1.3	1.3	1.3	-1%	Regional
Christian Brothers	Heaven Hill	1.2	1.2	1.2	1.1	1.1	-3%	Regional

Where there is success, there is often sacrifice – Men's Club brandy has soared from 0.3m

cases in 2012 to 2.9m cases in the past year. The impressive 1,000% growth is a result of United Spirits' 'de-emphasising' of Golden Grape brandy in Tamil Nadu, South India, and introduction of Men's Club. Golden Grape dropped 91% in 2013, from a 1.4m-case brand to 0.12m.

The category's giant, Emperador, will soon be stablemates with Whyte & Mackay should Alliance Global Group's purchase go through, is a growing force. It gained another 6% in 2013.

Meanwhile, San Miguel would not give an exact figure for its Gran Matador brand, which placed third last year, so it does not appear in the 2013 table.

But it did say sales were down around 60%.

The company said implementation of higher excise taxes resulted in a market slowdown in the first half of the year and reduced case sales from the 7.8 million reported for 2012.

Another reason is that Filipinos appear to collectively lurch from one brand to another. Just a few years ago Gran Matador was the heavyweight brandy, now Emperador's continued growth (quadrupled sales in four years) leaves others fighting for a distant second.

Double-digit growth for a second year is still not enough for United Spirits/Diageo's McDowell's VSOP to outsell newcomer Men's Club.

After five consecutive years of growth, Honey Bee has lost its sting, falling 31% to 3.4 million cases, and McDowell's No.1's 15% has further widened the chasm between itself and Emperador as 23.7 million cases now separate the two.

Big news in Cognac is that the big four were hit with a Chinese ban on luxury gifting.

The reforms will also clamp down on radio and TV advertisements that encourage "practices of corruption and extravagance".

This, coupled with slowing economic growth, sees the top four producers – Hennessy, Martell, Rémy Martin and Courvoisier – reporting less growth than last year.

That said, for all the talk of Asian independence, three cognacs in growth is much better than expected, though Rémy Martin's exposure to China was inescapable.



SOJU, SHOCHU & BAIJIU

Domestic markets are vital for the South Korean, Chinese and Japanese tipples



Soju								
VOLUME: MILLIONS OF 9-LITRE CASES								
BRAND	OWNER	2009	2010	2011	2012	2013	% +/-	STATUS
Jinro	Hite-Jinro	64.0	64.3	61.4	65.3	66.5	2%	Regional
Chum Churum	Lotte Liquor	-	-	-	-	23.8	-	Regional

Shochu								
VOLUME: MILLIONS OF 9-LITRE CASES								
BRAND	OWNER	2009	2010	2011	2012	2013	% +/-	STATUS
Ichiko	Sanwa Shurui	8.7	8.3	8.2	8.2	8.0	-2%	Regional
Daigoro	Asahi Breweries	4.2	3.7	2.9	2.3	2.1	-9%	Regional
Hakata No Hana	Oenon Holdings	1.5	0.9	1.7	1.8	1.8	2%	Regional
Big Man	Oenon Holdings	2.4	2.1	1.7	1.6	1.4	-10%	Regional
Mugi Zakari	Oenon Holdings	1.6	1.8	1.5	1.3	1.2	-10%	Regional
Kanoka	Asahi Breweries	3.7	3.8	3.6	1.3	1.2	-6%	Regional
Muginoka	Beam Suntory	-	1.7	1.9	2.2	1.1	-50%	Regional

Baijiu								
VOLUME: MILLIONS OF 9-LITRE CASES								
BRAND	OWNER	2009	2010	2011	2012	2013	% +/-	STATUS
Luzhou Laojiao Erqu	Luzhou Laojiao	-	-	-	-	8.1	-	Regional
Luzhou Laojiao Tequ Series	Luzhou Laojiao	-	-	-	-	1.1	-	Regional

The juggernaut Jinro continues to preside over the Millionaires' Club, reporting growth for a third year.

Lotte Liquor's major brand Chum Churum, that makes up the majority of its sales, take second to the fastest selling overall brand Jinro.

At the 66.5m case mark, brand owner Hite-Jinro has lowered the alcohol content to below 20% for the main product in the domestic market.

Health-conscious consumption is cited as the reason for this and is present in its overseas market strategy, positioning its various products as reflections of what the company terms a "wellbeing trend".

"Considering that most of total sales volumes of soju was consumed within Korea, domestic market is absolutely the most important market for us," a Hite-Jinro representative said.

Other than its domestic market, Hite-Jinro says China is expected to have the most potential for the future. The company says sales in China have been increasing at 20.5% CAGR since 2010.

As Bohae Brewery, owner of the soju brand Bohae, was unable to get its results to us on time, it does not feature in this year's list.

Shochu is a sorry saga in terms of growth – Oenon Holdings' Hakata No Hana is the only brand to escape a loss. But Oenon, which owns three shochu brands, spoke of positives, rather than negatives. "Asia is the strongest market due to its increasing population, increasing average income and ever-more familiarity with Japanese products."

After three years of increasing sales and 17% growth in 2012, Beam Suntory's Muginoka has dropped further than it did in 2010. The 50% fall earns it the title of fastest declining overall brand. Asahi Breweries' Daigoro has also experienced large losses, reporting data sets that have halved over the past four years, from 4.2m to 2.1m.

Leading shochu brand Ichiko points to the product's potential as the spirit base of a cocktail and says shochu is now infinitely more popular than sake in Japan due to 'health benefits' which it cites as fewer calories and resolving blood clots.

The only baijiu brand to respond to our request for data, Luzhou Laojiao boasts two million-case brands. The mid-placed and value-end products sell a combined total of 9.2 million cases. The paucity of baijiu in the list is indicative of the isolated local spirits market.



Several brands look poised to take Millionaire status next year – while others stand to lose their winnings

ONES TO WATCH

Of last year's tips a few came home. Bardinet's Negrita, Stock Spirits Group's Stock Prestige and Pernod Ricard all entered the 2014 Club as predicted. We didn't have the numbers for Diageo's under-the-radar trio of Old Parr, White Horse and Black & White but we were pretty sure they were doing enough business in the likes of South America and Russia to be in with a shout. And so it turned out – they made the list. But let's turn our attention to the brands that may nudge into next year's list, the ones to watch for 2015.

One membership The Millionaires' Club is expecting to renew is Nemiroff's. The brand was once one of the largest vodkas in the world, but ceased trading for much of 2013 due to a legal disagreement with the owners of its production factory.

The brand has just reopened production in Ukraine and has launched facilities in Russia and Belarus. Nemiroff told *DI* recently that this time next year it will be a Millionaire – a multi-millionaire in fact. If it happens, it will be one hell of a comeback.

The United Spirits brands Diplomat

Fine Whisky and Antiquity Whisky, which are both on 0.7m cases, would be a good each way bet. United Spirits brands are capable of extraordinary growth if they get their proposition right – just look at Men's Club brandy, which grew 1,000%. These brands could fall off a cliff, or climb a mountain. It's anybody's guess.

Bushmills, Diageo's Northern Irish whiskey brand, stands a chance on 0.8m cases, though it will have to put on something in the region of 30% growth to bring it up to the million. That seems

“Spiced is the major growth engine of the rum category”

a stretch but, with big gains in eastern Europe in recent years adding to its traditional market of the US there is an outside chance.

William Grant's Tullamore Dew, which is at 0.9m cases, is slightly better placed. It plays as a plucky undercard to the heavyweight Jameson in the US and has found central and eastern European pastures happy selling fields.

William Grant's Sailor Jerry has benefited from a trend towards spiced rums in its top markets of the US, Canada, UK and Australia. Spiced is the major growth engine of the rum category so we will likely see Sailor Jerry put on the 100,000 cases it needs for Millionaire status.

Last year we thought single malt The Macallan might squeak in, joining two-year member Glenfiddich and 2013's new boy, The Glenlivet. In the event it didn't happen. Whether the brand's move away from age statements has had an effect, or softness in China, The Macallan slipped out of contention in 2013.

Diageo's Windsor, which is practically a one-market brand, suffered in the face of South Korea's now seemingly long-term trend away from

Ones to watch

BRAND	OWNER
Nemiroff	Nemiroff Ukrainian Vodka Company
Tullamore Dew	William Grant & Sons
Sailor Jerry	William Grant & Sons
Diplomat Fine Whisky	United Spirits
Antiquity Whisky	United Spirits
Bushmills	Diageo
The Macallan	Edrington
Cutty Sark	Edrington
Windsor	Diageo
Scottish Leader	Distell
Molinari	Molinari Italia

► scotch whisky. At 0.7m, a 0.2m drop from last year, it will need to either spread its wings or hope for a change in Korean habits.

SHARPENED FOCUS

Cutty Sark, a few decades ago a brand of 2.5m cases, has fallen down to 800,000 cases. The whisky blend – formerly of Berry Bros & Rudd – stagnated in the malaise of a handful of traditional scotch markets and lacked the steadying effect of emerging market growth.

After a year of stasis, it is being trialled in Edrington's well-trodden Asian markets and is targeting New Yorkers with its new Prohibition variant – it could be in for a return to significant growth this year.

The brand's Jason Craig is bullish about its prospects. "Can it return? Hell yeah," he told *DI*. "I want to get this brand above a million cases, but not in an ugly, non-profitable way. It has to be nurtured healthily. We should not chase volume because of vanity."

Scottish Leader is a rank outsider. Run by Burn Stewart Distillers, now owned by Distell, the brand will have new packaging next year and is making a sub-Saharan Africa push. Africa is surely the next big growth opportunity and, with Distell's local knowhow and logistics, no brand is better placed than Scottish Leader. In 2013 it grew 10% from 500,000 cases to 550,000, but its strategy is about finding value markets that can accelerate growth.

Molinari, at 0.7m cases, has a chance next year but more likely 1m cases is a longer-term goal.

ON THE BRINK

The Millionaires' Club is meritocratic by nature. The door that welcomes can also be a trap door to down-traders. For our On the Brink list we took the brands that will meet this fate if their 2013 growth rates continue into 2014. Aside from Capel, the list features only eastern European vodka brands. Russia has 143m people and almost as many vodka brands, it seems. Because of market saturation, unpredictable law-making and fickle, price-conscious consumers, it is a challenging place to do business.

The Ukrainian vodka market was once seen as more stable. Now the home of Olimp's Prime – which has almost halved in volume in two years – is shrinking. The ongoing conflict won't have helped the market return to good health. Ukrainian vodka Nemiroff told *DI* recently that trading conditions in the east and south of the country has been more difficult since the crisis began.

“Africa is surely the next big growth opportunity and, with Distell's local knowhow, no brand is better placed than Scottish Leader”



On the brink

VOLUME: MILLIONS OF 9-LITRE CASES

BRAND	OWNER	2013	% +/-	STATUS
Staraya Marka	Russian Spirits Group	1.4	-41%	Regional
Istynna	Olimp	1.3	-32%	Regional
Parliament	Russian Standard	1.2	-20%	Regional
Myagkov	SY Group	1.2	-18%	Regional
Naliboki	JLC Minsk Grape Wines Factory	1.1	-31%	Regional
Sloboda	Russian Spirits Group	1.0	-39%	Regional
Capel	Capel Cooperativa Agricola Pisquera de Elqui	1.0	-4%	Regional
Prime	Olimp	1.0	-12%	Regional
Zhuravli	Russian Standard	1.0	-17%	Regional
Absolwent	Russian Standard	1.0	-9%	Regional