

Global market review of gin – forecasts to 2014

2009 edition

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By The IWSR

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Notes about the data

Where '-' or a blank table cell appears in The IWSR data tables, this indicates no sales recorded by The IWSR. When '0.0' precedes '-' in previous years, this indicates that the brand had not yet been launched in the year(s). There may be some cases where low sales are registered as '0.0' due to rounding. Low sales may also be recorded as 'Min' to signify minimum sales.

Unless otherwise specified, all data quoted in this report refers to 2007 market data.

When 'cases' are quoted, these refer to nine-litre cases unless otherwise specified

Data in tables does not include figures for travel retail. Data may not some due to rounding.

Terminology

CAGR: compound annual growth rate

A&P: advertising and promotions

Chapter 1 Scope of the market

Gin sales rose in 2008 by 0.6% to reach 45.8m nine-litre cases. It represents the first increase since 2000. Whether it is the beginning of a trend or an aberration remains to be seen. It certainly is a break from the recent pattern. Between 2003 and 2007, the global gin market declined by a CAGR of 4.7% a year.

It is probably a little too soon to begin celebrating. Much of the increase was derived from the Philippines, which is a relatively low-price market. The next three largest markets – the US, Spain and the UK – all declined, although the decline was only marginal in the UK.

What was particularly discouraging was that the premiumisation trend, so apparent in other white spirits categories such as vodka and Tequila, has been far less evident in gin.

Nevertheless, a handful of brands – Beefeater (owned by Pernod Ricard), Tanqueray (Diageo) and Bombay Sapphire (Bacardi) – are outperforming the gin category.

A number of newer premium and super-premium gin brands, notably Hendrick's from William Grant and Martin Miller's, are also showing some signs of gaining consumer traction.

Gin is another white spirits category that features only a handful of brands posting gains of more than 50,000 cases. Growth in the gin category was led by San Miguel, which sells only in the Philippines and added an impressive 600,000 cases in 2008. E&J Gallo's New Amsterdam was the fastest-growing Growth Brand in this category; it increased sales by 243%. The brand was launched in the US and Canada in 2007; the US market accounts for 99% of sales.

Table 1: World gin sales by total volume consumption – world total and by major market, 2004-2014 ('000s nine-litre cases)

	2004	2005	2006	2007	2008	2009
Philippines	23,415	21,578	18,455	17,301	17,971	18,401
United States	10,995	10,930	10,847	10,974	10,818	10,660
Spain	3,684	3,605	3,524	3,375	3,292	3,215
United Kingdom	2,371	2,315	2,232	2,379	2,375	2,340
India	1,613	1,522	1,619	1,621	1,657	1,651
Travel retail	871	909	949	942	961	955
Canada	659	674	682	690	685	670
Germany	705	710	720	693	680	641
South Africa	814	762	721	685	655	625
France	710	647	603	600	579	572
Italy	592	594	586	576	549	510
Japan	478	433	451	432	426	424
Greece	271	287	292	294	310	314
Venezuela	175	177	182	225	237	255
Poland	192	166	150	171	192	202
Ireland	144	140	124	128	116	106
Russia	41	48	54	76	83	69
Rest of world	4,307	4,303	4,232	4,343	4,193	4,176
Total	52,034	49,796	46,420	45,503	45,779	45,784

	2010	2011	2012	2013	2014
Philippines	18,750	18,951	19,251	19,351	19,401
United States	10,550	10,435	10,340	10,255	10,200
Spain	3,093	3,052	3,031	2,997	2,978
United Kingdom	2,465	2,480	2,555	2,570	2,580
India	1,682	1,703	1,679	1,654	1,694
Travel retail	960	951	946	932	927
Canada	665	670	680	690	720
Germany	615	595	578	565	548
South Africa	598	579	565	556	547
France	561	551	542	539	543
Italy	478	448	424	404	388
Japan	409	406	398	392	383
Greece	318	323	328	335	345

Table 1 (continued): World gin sales by total volume consumption – world total and by major market, 2004-2014 ('000s nine-litre cases)

	2010	2011	2012	2013	2014
Venezuela	275	296	312	329	344
Poland	210	220	231	242	245
Ireland	110	115	116	118	120
Russia	71	75	81	87	93
Rest of world	4,480	4,922	5,025	4,282	3,797
Total	46,291	46,770	47,082	46,298	45,852

Notes:

Figures represent gin only and exclude other juniper-flavoured spirits such as Genever/Jenever/Steinhager

Volumes for countries represent domestic consumption and travel retail is added separately as one market

Source: The IWSR

Leading markets

The global gin market can be divided into several sub-groups. In the UK and the Commonwealth countries of Australia, New Zealand and South Africa, the traditional early evening gin and tonic is still a key driver of consumption. In North America, there is also a lot of gin and tonic consumption; gin and juice is popular among African Americans, however, partly driven by its hip hop music associations.

Then there are a cluster of markets in the southern Mediterranean belt – Greece, Italy and Spain – where gin is seen as a lighter spirit that is typically consumed later in the evening, perhaps as a refreshing change after drinking brown spirits. There are also the very vast low-priced markets such as the Philippines and India.

Just three markets, however, provide international producers with the bulk of sales: the US, Spain and the UK. These countries have all been particularly hard hit by the global economic crisis, and thus, the gin category seems particularly exposed. Hendrick's Gin global brand manager Nick Williamson says: *“Those three markets account for a good share of the world's premium and super-premium gin consumption. Like most other gin producers, we are heavily focused on those three markets. You could not pick three worse markets in terms of the economy. They are all really suffering.”*

Identity crisis in the US

Gin faces varying challenges and opportunities in each of these market clusters. In the key US market, where the category has witnessed a steady decline, gin is suffering from an identity crisis, according to Diageo global brand director, gin Shivaun Lucey. She explains that, for a long time, gin was the definitive white spirit in the US. In fact, many of the classic cocktails, such as the Martini, were originally made with gin. Then gin was eclipsed by the tremendous growth in vodka.

“What happened is that a lot of gins started trying to compete and be like vodka, as opposed to being proud of what gin was about, which is great depth of flavour and richness, whereas vodka is distilled to be the ideal mixable spirit. Our view is that we will eventually be able to take back the role as the definitive white spirit, if we focus on what we are good at – and that is taste, the intrinsic aspect about gin.”

G & J Greenall marketing director Scott Watson: *“Gin hasn’t innovated to the same extent as vodka and has therefore been less able to capture the consumer and trade imagination. Also, gin is certainly a different flavour experience than vodka, so proper sampling is critical to ensure consumer engagement and enjoyment. The more consumers experience the nuances of super-premium gin through sampling, word of mouth, and gifting, the more growth the category will enjoy.”*

Bacardi has launched the Bombay Collins home cocktail kit to encourage consumers to experiment with cocktail usage beyond the gin and tonic. Bacardi global marketing manager of the gin category Raquel Faria says: *“Last year we rolled out Bombay Sapphire Collins in the US and it was such a success that we’ve now rolled it out globally. Some consumers don’t really know a lot about gin and their only experience has been the gin and tonic. They have generally had little experience with gin in cocktails other than that. This is easy for people to make it at home and we are demystifying that whole world of gin.”*

Premiumisation has been the overriding trend for the liquor industry in the US, although the economic crisis has led to some slowing of that trend. Gin has been somewhat less successful than vodka in tapping into this consumer trading-up in recent years. The premium-and-above segment has enjoyed

years of slow, but solid growth in the US. What hasn't happened is the kind of explosive growth witnessed in other sectors, such as Tequila and vodka.

That is despite a lot of new brands coming into the market. This trend is supported by recent data released by the Distilled Spirits Council of the US (DISCUS). Gin's premium [what DISCUS terms 'high-end'] sales amounted to US\$295m in 2008, compared with US\$1.47bn for vodka. At the super-premium end, the differential was even greater with gin sales of US\$13m, a rise of 49% over 2007, compared with US\$899m for vodka.

Lucey says: *"In North America, gin has been declining and you are seeing a lot of decrease in the lower-priced tiers of gin, whereas the premium sector of the gin market is in growth. Gin's natural home is status and discernment. It is more about knowledge than a higher burst of energy. For consumers, it is about a slower discovery of premium gins."* She says that, taken from that standpoint, gin is more comparable with Scotch whisky.

However, Lucey believes that gin will never match vodka in terms of new product activity or energy. *"With vodka, there is a higher proliferation of new products. There seems to be a new premium-plus vodka every week. There are fewer gin houses, so when a new premium-plus variant comes out, there is great excitement. You get a very interesting reception from top-end bartenders and specialists who know their gin, but the top end of gin will get as much consumer excitement at the moment as vodka will."*

Brand director for Beefeater Nick Blacknell says: *"There has undoubtedly been a past lack of excitement in the category. In the last decade, only Hendrick's and Bombay Sapphire have come along and really added any excitement to the category."*

"If you think about the raft of new Tequila brands coming onto the market, with all different age profiles and the complete blitz of vodka, then gin has really lagged behind. It has lacked the dynamism and innovation of other categories."

Blacknell believes this could be changing, however, as the pace of new product activity and introductions ramps up. *"There are a lot of new brands coming on to the gin market, and that is the great hope for the US – that there is more and more interest in the category. There has certainly always been*

strong bartender interest and loyalty towards gin; it has just not necessarily translated into consumer interest.”

All suppliers agree that the support of the bartender community represents a real asset for gin. Lucey notes: *“People might say that gin has been left behind in terms of the explosive growth enjoyed by some of the other premium white spirits, but what we are seeing now is this whole notion of a gin renaissance, led in particular by some barmen and certain consumers, who want a more flavoursome white spirit to be championed again.”*

Bacardi global marketing manager of the gin category Raquel Faria believes that more consumers are ready to move on from vodka to something more flavoursome. *“It is already changing. You’re seeing a lot of more consumers coming into the gin category from vodka and that is because the flavour profile is more complex with all of the botanicals that go into it. People are today much more interested in ingredients and much more interested in the complexity of flavours. Gin has lagged behind but it is now starting to catch up.”*

One of the keys to gin’s revival will be tapping into the prevailing cocktail trend. The retro-trend in big cities towards prohibition-era-style bars, such as Death & Co, Pegu and Please Don’t Tell in New York, is proving beneficial. In New York, gin – along with rum, Tequila and, to some extent, Bourbon – is leading the cocktail innovation at the moment.

Williamson of Hendrick’s says: *“Vodka is just an easier drink to get into. You are working with a blank palate. We are finding that, increasingly, people are looking for a little more craft and heritage in what they are drinking. Gin was originally the base spirit for cocktails. There is a trend back towards the classic cocktails and gin is benefiting from that.”*

“We are seeing the signs of resurgence in the gin category. The general economic situation may favour that. A lot of the vodka brands and their marketing are associated with a bling era. Now people are connecting more with traditional values and are looking more for brands and categories with a little more craft and heritage.”

Blacknell says: *“Ironically, at the top of the market, gin is king. It just hasn’t really translated through into the mass market. Whether that will happen in the*

next couple of years is a good question. Whether that change in its fortunes right at the most cutting-edge bars will lead through – we'll wait and see."

Cocktail usage isn't necessarily compatible with the status and discernment message that Diageo is looking to convey. Lucey adds: *"Gin does lend itself to cocktail consumption. We would recommend that the best way of drinking it is with tonic or a Martini. Gin also mixes well with juice. What we don't want to do is start competing and saying that we are as mixable as vodka. Our premise isn't mixability, it is about great taste shining through. It is about things that enhance, rather than disguise, that we would focus on."*

Creating points of difference

There is also a greater effort being made to create points of difference. Some are highlighting the botanical ingredients to a greater extent. Bombay Sapphire was one of the first to highlight its range of botanicals on the bottle. The new Beefeater 24 makes great play of the use of rare Japanese Sencha tea, while Hendrick's trumpets its rose petals and cucumbers.

Williamson of Hendrick's says: *"Like any gin, the predominate flavour is juniper. That is required by EU law. The thing that sets us aside is the fact that we use infusions of cucumber and rose petals. We have 11 different botanicals in Hendrick's. There have been a lot of new brand launches. Some of them continue to major on juniper, but, increasingly, a lot are focusing on other botanicals and less on juniper as they chase the vodka drinkers."*

G & J Greenall marketing director Scott Watson agrees that the botanicals used will increasingly play a role in providing these points of differentiation. *"There is an identifiable renaissance in gin right now. We see consumers migrating to classic gin cocktails. These consumers will become increasingly experimental, seeking more complex cocktails and ultimately super premium gins, delivering increased depth in brand and product experience."*

Beefeater has also used provenance as a key point of difference, highlighting the fact that it continues to be produced in London with its 'Forever London' advertising campaign.

Tanqueray also trades on its English provenance. Plymouth Gin, which was acquired by Pernod Ricard as part of the broader V&S deal in 2008, also plays

upon its zone of production and is only one of two gins globally that can claim an appellation.

Bombay Sapphire also has traded upon its points of differences. Bacardi global marketing manager of the gin category, Raquel Faria says: *“With Bombay Sapphire we have always challenged pre-conceived ideas of how gin should look and how gin should taste even how it should be mixed. We were the first to come in with a blue bottle, which at that time other gins were in clear or green glass. What the blue bottle did was signal as a beacon to consumers that this was a gin that was completely different. We had a totally unique process for flavours infusion, which delivers this refined and delicately balanced taste. This is in contrast to most other gins where the botanicals are macerated. What the Bombay process does is it delivers it in incredible versatility so we can mix Bombay Sapphire with a lot of different ingredients to create these special cocktails.”*

She adds: *“Bombay was the first to put the botanicals on the side of the bottle. We’ve not only got the botanicals but we’ve also got the source location. We were the very first to actually speak about botanicals about 20 years ago.”*

Need for consumer education

Blacknell believes that producers could do more to educate consumers about gin. *“Compared with Scotch or vodka, gin has done a fairly poor job of explaining product quality, distillation methods or the taste. It is crucial that the gin category begins to do so. The trouble is that, unless all brands do it and unless there is a culture of education within the category, it’s not that easy doing it with just one brand. That’s what happened in vodka and Scotch, for example, and even Tequila; there was a culture, across all the brands that wanted to educate. Unfortunately, that’s not necessarily the case with all gin brands.”*

Faria of Bacardi says: *“Certainly one of the keys to growing the category is educating the consumer about what goes into gin. Once you actually understand that these botanicals are part of what delivers this final flavour, it just makes it that much more interesting for consumers.”*

Chapter 2 Country reports

United States

Table 2: Top ten gin brands in the United States by total sales volume, 2004-2008 ('000s nine-litre cases)

Brand	2004	2005	2006	2007	2008
Seagram's	3,004.5	2,965.0	3,089.0	3,129.0	3,027.0
Tanqueray	1,456.0	1,458.0	1,483.5	1,595.0	1,475.0
Bombay Sapphire	815.0	835.0	860.0	885.0	858.0
Gordon's	890.5	870.0	840.0	825.0	810.0
Beefeater	576.0	594.0	586.0	575.0	549.0
Gilbey's	555.0	525.0	500.0	482.0	468.0
Burnett's White Satin	385.0	380.0	370.0	365.0	370.0
Barton	357.5	350.0	345.0	345.0	350.0
Fleischmann's	350.0	330.0	310.0	300.0	305.0
New Amsterdam				65.0	225.0

Source: The IWSR

Gin sales in the US are estimated to have fallen in 2008 by 1.4% to 10.8m nine-litre cases. This is well above recent trends with the category's five-year CAGR hovering around -0.4%. While locally-produced gins rose slightly (+0.3%), imported gins fell by -5.1%.

The gin category has received a great deal of attention in recent years with many companies, both multinational and single-product companies, launching new brands and brand-line extensions. Many of these have been targeted at the premium end. The advertising and the distribution-led gains made by these brands has meant that the rate of decline within the gin category as a whole has lessened considerably, at least when compared to the rates of even three years ago. Nevertheless, they have not succeeded in reversing gin's fortunes. The category remains an older consumer's drink. The new, more premium, gins have been relatively successful in the on-trade, but this has not been enough to stem the long-term decline in the value segment and there is no evidence that long-term trends will change in the near future.

All the leading six brands declined in 2008. The category's leading brand is Pernod Ricard-owned Seagram's gin. The brand lost 3.3% in 2008. It has tried to maintain sales by introducing several brand-line extensions. These have proven to be fairly resilient in the current climate, with Apple growing as it gains distribution, while Lime and Orange have both held ground. The more expensive Seagram's Distiller's Reserve, about US\$4 to US\$5 more than the mainstream brand, has also held onto sales without gaining any ground, but the parent brand continues to lose volume as consumers drink less or simply switch to other categories.

Second-placed Tanqueray has followed a similar route. It has tried to rejuvenate the brand and interest in the category with the launch of several premium and super-premium brand variants. In recent years, this has seen the launch of Tanqueray Rangpur and Tanqueray Ten. After initial pipeline-filling gains in distribution, both brands have failed to really build further momentum and the parent brand has fallen in each of the last three years. In 2008, the brand fell a further 3.6%.

The third-largest brand, Bombay Sapphire, has also suffered for the first time in years after years of consistent growth. Overall, the brand shed 3.1% of its volume. Bombay has suffered from the weakening on-trade market. The fall in these three leading brands is mirrored in sliding sales of Gordon's, Beefeater and Gilbey's, although Burnett's, Barton and Fleishmann's appear to have gained some ground as people have traded down.

If the performance of the leading brands has suffered, not all is bleak. There are a handful of brands that are gaining sales. The largest growth brand is Gallo's New Amsterdam gin, launched in March 2008. The brand is priced a couple of dollars above Seagram's and has grown to over 200,000 cases in the past two years since being launched. Some of this gain is due to Gallo's distribution power, but the brand has nevertheless built a momentum of its own. In a similar vein to vodka brands such as Svedka or Pinnacle, New Amsterdam seems to be tapping into a consumer willingness to pay a little more for a brand that has a premium image, but which remains competitively priced.

The gin category has also seen a developing super-premium sector. In part, this represents a growing number of attempts to replicate the success seen in other categories such as vodka, but the main driver has been William Grant's

Hendrick's gin. The brand, priced around the US\$30 mark, has built momentum slowly. Its marketing is based around the brand's quirky nature and strong iconography. In 2008, it reached close to 60,000 cases.

The outlook for the gin category in the US remains the same. Volumes are forecast to fall by a further 0.8% in 2009, although some growth is predicted for the super-premium and standard sectors.

Table 3: Top five gin brand owners in the United States by total sales volume, 2004-2008
(**'000s nine-litre cases**)

Owner	2004	2005	2006	2007	2008
San Miguel Group	22,701.0	21,001.0	18,001.0	16,851.0	17,450.0
Tanduay	375.0	350.0	263.0	210.0	250.0
Diageo	205.0	96.2	82.5	140.4	173.0
CL Financial	100.0	100.0	80.0	70.0	70.0
Bacardi-Martini	0.3	0.3	0.3	0.3	0.3

Source: The IWSR

Canada

Table 4: Top ten gin brands in Canada by total sales volume, 2004-2008 ('000s nine-litre cases)

Brand	2004	2005	2006	2007	2008
Beefeater	171.5	186.0	189.0	183.0	175.3
Tanqueray	118.1	122.8	126.0	132.9	141.8
Gordon's	158.0	157.0	147.0	144.5	134.3
Bombay Sapphire	101.5	109.0	114.5	124.5	132.0
Gilbey's	41.5	40.5	47.5	48.5	44.3
Melchers Maxi Dry	12.3	12.3	13.5	15.0	15.3
Schenley London Dry	14.5	13.8	15.5	15.0	13.0
Plymouth	4.0	3.9	4.3	4.7	4.6
Hendrick's	0.6	1.0	1.6	2.5	3.3
Iceberg			0.9	3.3	3.3

Source: The IWSR

Gin sales in Canada fell -1.1% to 685,500 nine-litre cases. Gin in Canada is really a tale of two markets. The domestic market has been in steady decline, falling by CAGR -4.2% between 1999 and 2008. The rate of decline accelerated in 2008, falling by -6.8% over 2007 sales to 271,000 cases.

Diageo dominates the local market with its Gordon's and Gilbey's brands. Gordon's remains the leading local brand at 144,000 cases despite a 7.1% decline last year. Second-ranked Gilbey's fared even worse, declining by 8.8% to 44,000 cases.

Meanwhile, the import sector has enjoyed consistent growth, rising by 4.7% CAGR between 1999 and 2008. In 2008, that rate of growth moderated to a still healthy 479,500 cases. Leading imported gin Beefeater lost ground last year, declining by -4.2% to 175,000 cases. Second- and third-ranked Tanqueray (+6.4% to 138,000 cases) and Bombay Sapphire (+6% to 132,000 cases) both gained.

The only other brand of real significance in Canada is Corbys, a low-priced Geneva gin at around 49,000 cases.

Table 5: Top five gin brand owners in Canada by total sales volume, 2004-2008 ('000s nine-litre cases)

Owner	2004	2005	2006	2007	2008
Diageo	317.9	320.5	320.7	326.0	320.3
Pernod Ricard	188.3	200.5	199.5	188.5	179.9
Bacardi-Martini	101.5	109.0	114.7	124.7	132.1
White Rock	12.3	12.3	13.5	15.0	15.3
Sazerac	15.9	13.8	15.5	15.0	13.0

Source: The IWSR

Mexico

Gin remains a very small category within the Mexican market. In 2008, it reached 70,250 nine-litre cases, down 4.4% on 2007 sales. This represents just 0.3% of overall spirits consumption. Prior to the declines of the last two years, gin had been enjoying a revival, giving it a CAGR of 1.1% between 2004 and 2008.

Local gin makes up 70% of the market, with leading Oso Negro (Casa Cuervo) reaching 31,000 cases. In imported gin, Beefeater is the leading brand at nearly 8,000 cases.

The tiny super-premium segment is effectively Diageo's Tanqueray Ten, which entered the market in 2007. Volumes are small, but did grow in 2008 despite the category's decline. Premium gin is mainly Bacardi's Bombay Sapphire, and is also showing gentle growth. Imports as a whole are growing, taking share from local gin, which is mainly low-price.

Consumption is about 70% on-trade. The growth has been driven by cocktails, especially the Martini, mirroring trends in the US. However, it is not simply a case of US tourists driving the trend – they tend to prefer more 'exotic' cocktails based on rum and Tequila when in Mexico – but upmarket bars in urban centres, some of which specialise in Martinis or hold regular promotional Martini nights. Nonetheless, with the decline in the on-trade that is accompanying the current economic downturn, gin has been affected. The market will continue to contract at least until economic recovery begins, and is likely to fall a further 7 to 9% in 2009. Once the economy recovers, gin's fortunes will depend on whether the cocktail trend can be reignited.

Venezuela

Table 6: Top ten gin brands in Venezuela by total sales volume, 2004-2008 ('000s nine-litre cases)

Brand	2004	2005	2006	2007	2008
Gordon's	55.5	59.8	61.0	56.0	62.0
Old Tom	15.0	16.0	18.0	29.0	40.0
Fisher	27.0	26.0	29.0	32.0	35.0
Citrus	17.0	13.0	14.5	18.0	19.8
Dixon	12.5	13.0	13.0	13.5	15.8
Wellington		3.0	5.0	7.0	10.0
Piccadilly	5.0	5.0	2.8	3.0	4.5
Tanqueray	5.0	5.7	6.2	5.5	3.8
Valencia City Of London	8.0	5.5	5.5	5.0	3.1
Orloff					1.2

Source: The IWSR

Gin sold 237,000 cases in Venezuela in 2008 and was one of the few categories to grow, up 5.6% against 2007 and with a CAGR of +8% between 2004 and 2008. Nearly all gin sold is local (97.5%), which has protected the category from the steep fall in imported goods that has resulted from President Chavez's foreign currency restrictions. Gin has in fact benefited from the fall in imported goods, as consumers are forced to turn to local products, and also from the economic downturn. Venezuelan gin is low-price and consumed by poorer members of society, therefore benefiting from downtrading. Imported gin, which constitutes the standard and premium segments in the market, has suffered and will continue to do so.

These gins are drunk mainly on-trade, but at least 90% of local gin is consumed off-trade. Cocktails have not been a great factor in the Venezuelan gin market; a cocktail culture could have led to growth for imported gins, but the restrictions have ended this before it started.

Diageo's Gordon's leads the market, but Bacardi's Old Tom has grown strongly, more than doubling its volumes between 2006-2008 to move into second place in 2008. Some gins were locally produced from Spanish bulk imports, but the currency controls mean companies will move away from this if at all possible. Pernod Ricard's Larios was produced in this way, but was discontinued in 2008.

2009 can only see further declines for imports, and gains for local gin, as other imported categories continue to disintegrate; the category as a whole may grow by about 8%.

Table 7: Top five gin brand owners in Venezuela by total sales volume, 2004-2008 ('000s nine-litre cases)

Owner	2004	2005	2006	2007	2008
Diageo	60.5	65.5	67.2	61.5	65.8
Lascelles Demercado	15.0	16.0	18.0	29.0	40.0
Bravo Venezuela	27.0	26.0	29.0	32.0	35.0
Deyca	17.0	13.0	14.5	18.0	19.8
Benedetti	12.5	13.0	13.0	13.5	15.8

Source: The IWSR

Spain

Table 8: Top ten gin brands in Spain by total sales volume, 2004-2008 ('000s nine-litre cases)

Brand	2004	2005	2006	2007	2008
Larios	1,360.0	1,335.0	1,235.0	1,125.0	1,060.0
Beefeater	933.3	922.3	961.0	990.0	1,010.0
Bombay Sapphire	168.0	180.0	200.0	210.0	212.0
Gordon's	195.0	190.0	186.0	170.0	150.0
Rives	111.0	103.0	103.0	100.0	103.0
Tanqueray	94.0	91.0	96.5	94.8	100.0
MG	112.5	95.0	78.0	65.0	71.0
Seagram's	7.3	8.5	12.8	15.0	30.0
Giro	26.0	25.0	23.0	21.0	19.0
Hendrick's		3.5	5.0	8.5	16.0

Source: The IWSR

In Spain, the broader spirits category has been under pressure, due to the poor economy and the decline in on-trade purchasing. Gin sales in Spain declined by 2.4% in 2008 over 2007 to reach 3.29m cases. This is roughly in line with its longer-term five year CAGR of -2.7%.

In 2008, while gin continued to decline overall, the super-premium segment continued to gain sales from a small base, driven by Hendrick's. Spain is the only market in the world where the super-premium gin segment is far larger than super-premium vodka.

There are several reasons for this premiumisation. The gin market is much larger and more mature than vodka – and it has an older consumer profile with higher disposable income. Also, the gin market, as with rum or Scotch, is more heavily branded – as opposed to vodka, where Absolut dominates and the other brands fight for generic pouring contracts.

In this context Spain has become the number two market for Hendrick's gin after the US. Gonzalez Byass's London Gin is also growing healthily and more super-premium gins are entering the market: Citadelle, G'vine and Beefeater 24.

A step down in terms of price positioning, third-ranked Bombay, however, slowed considerably with sales increasing by around 1% to 212,000, which is considerably down over its five-year average of nearly 6% CAGR growth. The Bombay Sapphire line is still doing well for Bacardi (+8% to 112,000 cases), but it is Bombay Original, only sold in Spain and the US, that is suffering.

Imported Beefeater continues to grow taking share from Larios, Gordon's and other local gins, which continue to suffer bringing the total market down. Beefeater rose by 2% to 1m cases in 2008, which was also in line with the five-year CAGR.

Much of the decline in Spain is attributable to the long-running decline of Larios, the leading brand, which fell by 5.8% in 2008 over 2007 to 1.06m cases. The Beam Global-owned Larios, last year launched '12', a gin in a blue bottle. The brand was designed with a view to competing more directly with Beefeater.

It will be interesting to see whether the trend of imports gaining at the expense of local brands will be maintained in the midst of economic turmoil. Unemployment has risen from single digit to close to 20% in a year, and the economy is now not expected to recover until 2011. There are some signs that super-premium may have reached its peak. While overall spirits sales seem set to decline, the pace of decline for gin is likely to outpace the broader market. Gin simply does not carry the same youth appeal of other categories such as golden rum.

Although the on-trade sector in Spain remains vast, the poor economy is leading to a shift in consumption towards off-trade outlets. Off-trade consumption – now close to 25% of the total spirits market – continues to erode on-trade sales. This could impact some of these imported brands particularly the less established ones. Lucey of Diageo says: *"We are well-represented in the off-trade [with Tanqueray and Gordon's]. Some of the brands that are newer and have focused their initial efforts in the on-trade and are now being forced to suddenly build a presence in the off-trade, will struggle."*

There is also growing price segmentation. Lucey of Diageo says: *"Before, there were two very specific price tiers. Now we are seeing different shades*

and gin is gradually moving up. And there are different tiers of outlets that have made the shift to the more premiumised end of the category.”

Williamson says: *“What we have found in a lot of our markets, such as Spain, the US and the UK, is that the brands in the middle or premium segment, are getting squeezed. The people that purchase at that end may be struggling and worried about their jobs. They may be trading down from Bombay Sapphire to Gordon’s and Beefeater. However, others in that category may be feeling more buoyant, with a little more disposable income, thanks to lower interest rates. These consumers may be trading up to the super-premiums from brands such as Tanqueray Ten to brands such as Hendrick’s. The growth of Hendrick’s is accelerating today.”*

Blacknell says: *“Beefeater is still growing in terms of volume, although that growth is slight. What’s getting hit, to no great surprise, are the domestic gins such as Larios. That has been the case for a while, but it looks like that decline has speeded up.”*

Blacknell explains that it is not necessarily a case of a straight substitution of Larios for Beefeater, as may have been the case in the past. *“Over the years, Beefeater has gradually changed its position. It is now competing more directly with a tier of imported Scotches, such as J&B and Ballantine’s, dark rums, such as Havana Club, and Absolut. From what we know of Spanish consumers, they switch during the night between an imported white spirit, like Beefeater, and imported dark spirits. Unlike other markets they don’t tend to say, ‘I’m going to drink gin’ or ‘I’m going to drink J&B’, they tend to switch around between those brands quite a lot.”*

Table 9: Top five gin brand owners in Spain by total sales volume, 2004-2008 (‘000s nine-litre cases)

Owner	2004	2005	2006	2007	2008
Beam Global	1,360.0	1,335.0	1,235.0	1,125.0	1,060.0
Pernod Ricard	941.5	931.8	974.8	1,005.5	1,040.0
Diageo	289.0	281.0	282.5	264.8	251.0
Bacardi-Martini	168.0	180.0	200.0	210.0	212.0
Hauptold	111.0	103.0	103.0	100.0	103.0

Source: The IWSR

United Kingdom

Table 10: Top ten gin brands in the United Kingdom by total sales volume, 2004-2008 ('000s nine-litre cases)

Brand	2004	2005	2006	2007	2008
Gordon's	1,226.5	1,193.0	1,037.0	1,164.5	1,130.0
Bombay Sapphire	152.0	163.0	170.0	185.0	205.0
Plymouth	70.0	85.0	83.0	76.0	70.0
Burnett's White Satin	57.0	55.0	52.5	54.0	57.0
Beefeater	26.0	24.5	17.0	39.5	44.0
Tanqueray	40.8	37.3	38.5	50.8	43.3
Glen's	20.0	17.0	15.0	14.0	16.0
Hendrick's		6.0	8.0	10.0	12.0
Hogarth	8.0	5.0	6.0	6.3	6.0
London Hill	2.0	2.5	3.0	3.5	4.0

Source: The IWSR

Overall gin sales in the UK have been declining gently, falling by 0.5% CAGR between 2003 and 2007 to 2.3m cases. Diageo-owned Gordon's dominates the market with around a 50% share (up from 46.7% in 2003).

There was a huge proliferation of own-label brands about ten years ago. That damaged the image of the category and it lost much of its premium image. It also had an ageing population drinking gin, albeit quite a lot of it.

Lucey of Diageo believes that dynamic is now in reverse. *"Premiumisation is now happening. Consumers are seeking out the more premium brands and Gordon's is back to growth. For us, Great Britain is a big market. We have a job to recruit into gin and a job to premiumise it. With Gordon's we recruit into gin and with Tanqueray we premiumise."*

The CAGR 2004-2008 for premium gins is a healthy 8%, with the growth in 2008 being +5.7%.

Blacknell agrees that premiumisation is happening, but only on a limited basis. *"There are echoes of what is happening in the US, but it depends where you are. If you drink in the top-end bars then you're definitely seeing most of the best bars having a strong gin focus. Again, like the US, that has not*

necessarily trickled down into the mainstream consumer market. There are lots of promising signs, but we've yet to see wholesale changes in attitude towards gin."

Low-price and standard gins have been fluctuating for the last five years, with standards growing or falling depending on how market-leading Gordon's has performed. Gordon's isn't the only market driver though. Within the premium segment, Bombay Sapphire (at 205,000 cases) accounts for 78% of the market, growing 10.8% in 2008 with a CAGR 2004-2008 of 7.8%. Hendrick's, although off a smaller base, grew 20% in 2008 to reach 12,000 cases as the brand slowly increases distribution.

The low-price segment is dominated by own-label brands, mainly brought in from mainland Europe by the German retailers, with the only brand of note in the segment being Glen's. Standard and low-price gins were down 2.7% and 3.9% respectively in 2008 compared with 2007. This shows that despite the market declining, it's the cheap end that's suffering the most. The tax increase in the budget in March 2008, raising excise duty by 55p a bottle on a 70cl bottle of 40% abv could have affected the low-priced brands more than the standard brands or premium brands as they tend to have more price-sensitive consumers.

There is also a school of thought that suggests that gin is gaining popularity among mixologists who are seeking alternatives to vodka as a base in premium brand-based cocktails. The market is quite heavily tilted towards the off-trade market (about 70%). With the on-trade market contracting due to the recession, the gin market could decline once more in 2009, affecting what has been a buoyant premium segment.

Looking forward, the performance of the gin category in 2009 and 2010 could depend more than ever on Gordon's. If it's available on discount in the big retailers, it could act as a footfall driver, thereby increasing volumes and growing the category once more. If it's not, then the market is most likely to decline further. Most likely the long-term trend will be continued fluctuation.

Table 11: Top five gin brand owners in the United Kingdom by total sales volume, 2004-2008 ('000s nine-litre cases)

Owner	2004	2005	2006	2007	2008
Diageo	1,273.3	1,234.8	1,078.5	1,218.5	1,175.0
Bacardi-Martini	152.0	163.0	170.0	185.0	205.0
Pernod Ricard	96.0	109.5	100.0	115.5	114.0
Heaven Hill	57.0	55.0	52.5	54.0	57.0
Glen Catrine	20.0	17.0	15.0	14.0	16.0

Source: The IWSR

Ireland

Table 12: Top eight gin brands in Ireland by total sales volume, 2004-2008 ('000s nine-litre cases)

Brand	2004	2005	2006	2007	2008
Cork	90.0	90.5	77.8	79.8	65.8
Gordon's	30.0	27.0	27.0	32.0	34.6
Bombay Sapphire	2.7	2.9	5.6	7.5	8.0
Dublin	1.3	1.0	1.0	1.0	0.8
Tanqueray	0.3	0.4	0.4	0.7	0.6
Miller's			0.5	0.5	0.4
Beefeater	0.2	0.2	0.3	0.3	0.1
Gilbey's	0.9	0.3	0.1	0.1	0.0

Source: The IWSR

Gin sales in Ireland have been declining steadily, a pattern that continued in 2008 – sales fell by 9.4% to reach 116,000 cases.

Locally produced Cork, distributed by Irish distillers, is still the largest brand and sales are almost twice as large as those of second-largest brand, Gordon's. Cork, however, is losing market share; sales fell 17.6% in 2008 and the CAGR 2004-2008 is -7.5%. Gordon's grew by 8% in 2008, selling 34,550 cases, with a CAGR 2004-2008 of 3.6%. The second largest imported brand is Bombay Sapphire, distributed by Edward Dillon, selling 8,000 cases (+6.7%) in 2008.

Premium-priced gin has been performing better than cheaper brands due to greater investment, increasing their appeal with the younger generation and helping gin become a more popular cocktail base. Bartender education efforts by these premium gin owners are also paying dividends. The education of bar staff is also an important step in developing its use in cocktails and introducing gin to more consumers.

The development of the cocktail culture will be hindered by the recession as consumers switch towards off-trade drinking. Even before the economic crisis sales were shifting towards the off-trade, partially due to stricter drink-driving laws and the smoking ban. Other gins are losing sales as their core consumer, usually the older generation, is dying out.

The IWSR forecasts that overall gin sales will decline by 8.6% in 2009 due to the current economic problems.

There was an increase in cross-border sales in the last quarter of 2008. On December 1st 2008 VAT was raised from 21% to 21.5%, while the UK's VAT was reduced from 17.5% to 15%, this along with the weakening of the pound sterling against the euro created a greater price gap between the Republic and Northern Ireland. Consumption may be slightly higher than official sales, due to this cross-border trade.

France

Table 13: Top ten gin brands in France by total sales volume, 2004-2008 ('000s nine-litre cases)

Brand	2004	2005	2006	2007	2008
Gordon's	200.0	170.0	155.5	157.0	145.0
Gibson 30%	75.5	77.8	81.8	84.0	97.3
Old Lady's	77.8	70.0	66.3	66.3	62.5
Beefeater	9.0	14.0	12.5	18.8	18.8
Bombay Sapphire	17.0	17.0	16.8	16.5	16.0
William Peel	11.8	11.0	10.3	8.8	8.0
Gilbey's	25.0	20.0	14.8	11.0	5.0
Larios	40.0	20.0	14.0	10.0	3.0
Seagram's	11.0	10.0	9.3	7.0	2.8
Tanqueray	3.0	3.0	1.7	1.8	2.4

Source: The IWSR

The gin category in France has been in freefall, declining by CAGR -5% between 2004 and 2008. In 2008, sales fell by 3.5% compared with 2007 to reach 579,000 cases.

The category is suffering from a lack of focus by the leading players, little innovation and new product activity. It also has an ageing demographic. Only La Martiniquaise's Gibson brand (ranked second) is growing, rising by 6.5% in 2008. Gordon's, the market leader, fell by almost 8% to 145,000 cases, while third-ranked Old Lady's fell by 5.6% to 62,000 cases.

One brand to watch is Beefeater, which rose by 20% to reach 19,000 cases in 2008. Although sales are small presently, the brand should grow in coming years based on Pernod Ricard's powerful distribution network.

Gin is also losing value: 28.7% of off-trade sales are now supermarkets' own-labels, the highest proportion in the last six years. Off-trade represents over 80% of gin's sales in France.

More than 20,000 cases included in the French totals are actually sold in Spain to French nationals. An extreme case is Marie Brizard's William Peel gin,

which is no longer available in France, but sells the equivalent of 8,000 cases at the border, mainly in large formats.

Gin should continue to decline as category leader, Gordon's, doesn't seem to be a priority for Diageo in France. Diageo is cutting investment in France 2009 and J&B, Johnnie Walker, Smirnoff and Baileys are set to receive most of the focus. With limited promotional activities and new product activity, there is little effort being made to attract younger consumers. The prospect is one of continued volume and value decline.

Table 14: Top five gin brand owners in France by total sales volume, 2004-2008 ('000s nine-litre cases)

Owner	2004	2005	2006	2007	2008
Diageo	228.0	193.0	171.9	169.8	152.4
La Martiniquaise	75.5	77.8	81.8	84.0	97.3
Belvedere SA	90.5	81.0	76.5	75.0	70.5
Pernod Ricard	20.0	24.0	22.3	26.3	21.6
Bacardi-Martini	25.0	23.0	20.8	19.5	18.3

Source: The IWSR

Italy

Table 15: Top ten gin brands in Italy by total sales volume, 2004-2008 ('000s nine-litre cases)

Brand	2004	2005	2006	2007	2008
Gordon's	147.0	143.0	135.0	135.0	135.0
Bosford	125.0	127.0	127.0	115.0	110.0
Larios	117.0	122.0	120.0	110.0	95.0
Tanqueray	51.0	54.5	55.6	58.0	51.3
Bombay Sapphire	28.5	31.0	31.0	32.0	34.0
Lord	1.5			10.5	18.5
Wapping	22.0	28.5	28.0	23.0	17.5
Beefeater	11.5	8.0	10.0	15.0	12.8
MG		4.0	5.5	7.5	9.0
Buckingham	9.5	9.8	10.0	10.0	9.0

Source: The IWSR

Gin has been declining slowly in Italy since 2002 (barring a slight recovery in 2005), and this decline accelerated in 2008, as the category fell by 4.6%. 549,500 nine-litre cases were consumed, down from 576,000 in 2007, which represents a CAGR from 2004 to 2008 of -1.8%.

The decline was strongest in imported gin, which fell by 5.8%, while local gin fell by 2.3%. In 2008, imported gin accounted for 65% of the market; this percentage has remained consistent throughout the last four years. Over the last four years imported gin has had a CAGR of -2.6% while local gin has only fallen by 0.3%.

Roughly 60% of gin sales in Italy are in the on-trade. As is the case with rum and vodka, consumers generally do not order by brand.

Gordon's remains the leading imported brand and, despite a falling market, it has managed to maintain volumes over the past three years at 135,000 cases. The next two imported players, Larios and Tanqueray, both lost between 12% and 14%, while Bombay Sapphire was the only major brand to grow: it increased by just over 6% to reach 34,000 cases. Beefeater grew from a low of 8,000 cases in 2005 to reach 15,000 in 2007, but then fell back again in 2008 as a result of the global repositioning of the brand. There are signs of an increasingly discerning customer base for premium gins, with Miller's, Blackwood's and Hendrick's all recording sales for the first time in 2008; all three are distributed by Genoa-based Velier, the specialist wine and spirits importer.

The leading local brand is Bacardi-Martini's Bosford, which was stable at 125,000 cases between 2004 and 2006, but which fell to 115,000 in 2007 and lost a further 5,000 cases in 2008. The second local brand in recent years has been Stock's Wapping, but having fallen to 17,500 cases, it was overtaken by the resurgence of Pernod Ricard's Lord which grew to 18,500 cases in 2008.

The falls in gin are likely to continue in 2009, and if anything to accelerate. The effects of the economic downturn began to be felt in Italy only in November and December of 2008, but early indications are that 2009 is likely to be a difficult year for imported products.

Genever remains a very small part of the market, with around 500 cases sold each year in Italy.

Table 16: Top five gin brand owners in Italy by total sales volume, 2004-2008 ('000s nine-litre cases)

Owner	2004	2005	2006	2007	2008
Diageo	217.0	206.0	195.6	196.8	188.3
Bacardi-Martini	153.5	158.0	158.0	147.0	144.0
Beam Global	117.0	122.0	120.0	110.0	95.0
Pernod Ricard	13.0	8.0	10.0	25.5	32.1
Oak Tree	22.0	28.5	28.0	23.0	17.5

Source: The IWSR

Germany

Table 17: Top five gin brands in Germany by total sales volume, 2004-2008 ('000s nine-litre cases)

Brand	2004	2005	2006	2007	2008
Gordon's	135.0	138.0	137.0	126.0	127.0
Finsbury	76.5	75.0	73.0	73.0	73.0
Bombay Sapphire	29.0	32.0	35.0	36.5	36.0
Tanqueray	2.0	2.5	3.3	4.4	5.9
Beefeater	3.3	4.0	5.0	5.0	2.5

Source: The IWSR

The German gin market is strongly dominated by private labels sold through discounters such as Aldi and Lidl. The trade suggests that private labels represent over 55% of the total gin market in Germany. The gin market has been suffering for more than a decade, with declining sales as many consumers have started switching to more fashionable vodka. This continued in 2008 and the gin category fell again by 1.9% in 2008. This was also affected by high prices.

The leading brand in Germany – as in many European markets – is Diageo's Gordon's, with sales of 127,000 cases or nearly 20% of market. Gordon's sales are roughly stable. Beefeater, the fifth-ranked imported brand, increased the alcohol content from 40% to 47% ABV, which was not well-received and as a result the brand lost half of its volumes in 2008.

Again, similar to other European markets, the gin category in Germany has an older demographic. It is mainly consumed by men in the 60+ age bracket, which are either dying out or moving to lighter alcoholic drinks.

There are also some significant volumes of flavoured juniper Steinhager and Wacholder, which currently stands at 157,000 cases, shrinking from over 450,000 cases just a decade ago. This market has been driving the whole category down; this is expected to continue.

Table 18: Top five gin brand owners in Germany by total sales volume, 2004-2008 ('000s nine-litre cases)

Owner	2004	2005	2006	2007	2008
Diageo	139.5	142.5	142.3	131.4	134.1
Borco	76.5	75.0	73.0	73.0	73.0
Bacardi-Martini	30.3	33.3	36.3	36.5	36.0
Pernod Ricard	3.3	4.0	5.0	5.3	3.0
Lucas Bols	1.0	1.0	0.2	0.0	

Source: The IWSR

Poland

Table 19: Top eight gin brands in Poland by total sales volume, 2004-2008 ('000s nine-litre cases)

Brand	2004	2005	2006	2007	2008
Lubuski	90.0	74.0	80.0	97.5	116.0
Seagram's	70.0	62.2	40.0	48.3	51.0
Gordon's	7.0	6.4	6.0	7.0	7.5
Finsbury			3.0	3.6	4.1
Bombay Sapphire	1.7	1.3	1.4	1.8	2.0
Beefeater	1.5	1.5	1.3	1.7	1.8
Gilbey's				0.2	0.8
Posejdon			1.4	1.4	0.4

Source: The IWSR

Gin is one of the smallest spirits categories in Poland after Tequila and rum. It is dominated by local brand Lubuski, which accounts for 60% of the total market. Henkell & Co Sektkellerei acquired the Lubuski brand in January and distributes the brand through affiliated company Vinpol.

Lubuski's successful relaunch in 2006 has helped spearhead the growth of the broader gin category in Poland. Its consumer profile has become much younger; it is currently fashionable among young businessmen who consume it with tonic or neat on ice. Lubuski reached 116,000 cases in 2008 (+19%) pushing this market up by 12.3%.

The imported gin market – virtually all Gordon's and Finsbury – is developing from a very small base, rising by 1.7% CAGR between 2004 and 2008. Imports currently accounts for 9.6% of the total gin category led by Gordon's, which sold over 7,000 cases in 2008. This category is forecast to develop further as the cocktail culture is growing and many young consumers are willing to try new products.

Table 20: Top five gin brand owners in Poland by total sales volume, 2004-2008 ('000s nine-litre cases)

Owner	2004	2005	2006	2007	2008
Henkell	90.0	74.0	80.0	97.5	116.0
Pernod Ricard	71.5	63.7	41.3	50.0	52.8
Diageo	7.0	6.4	6.0	7.2	8.3
Borco			3.0	3.6	4.1
Bacardi-Martini	1.7	1.3	1.4	1.8	2.0

Source: The IWSR

Russia

Table 21: Top ten gin brands in Russia by total sales volume, 2004-2008 ('000s nine-litre cases)

Brand	2004	2005	2006	2007	2008
Beefeater	10.5	16.3	21.8	27.8	32.0
Gordon's	13.5	17.5	19.0	31.4	32.0
Casters		0.9	2.1	2.5	5.5
Bombay	2.0	2.8	3.0	4.6	4.0
Seagram	2.5	2.7	2.9	4.3	3.8
Larios	0.2	1.0	1.5	2.0	2.2
Greenall's	1.8	2.5	1.2	1.5	1.3
Perigan's				1.0	0.3
Hendrick's					0.3
Judges					0.3

Source: The IWSR

Despite the popularity of gin and tonic RTDs, many Russians do not associate the drink with gin itself. Overall gin consumption is fairly low for such a large country. The main consumer base of gin is the middle class who can afford to buy Western imports and who are perhaps more educated about gin and how to drink it. RTD consumers, by contrast, are often younger and not always as wealthy. A good example of this dichotomy is Greenall's Gin & Tonic RTD, which is one of the bestselling gin-based RTDs. Full strength Greenall's gin sells relatively little by comparison.

There is no locally produced gin on the market. The large international brands Gordon's and Beefeater hold over 75% of the market. Continued marketing from the big players will continue to solidify their positions.

In the long term, as the economy stabilises there will be greater potential for premium gins and for the whole gin market overall to grow as affluence spreads further across the country. Educating staff in the on- and off-trade is also important. They play a critical role in educating consumers about the different styles of gins and the best way to mix it, providing them with the confidence to buy it.

Table 22: Top five gin brand owners in Russia by total sales volume, 2004-2008 ('000s nine-litre cases)

Owner	2004	2005	2006	2007	2008
Pernod Ricard	13.0	18.9	24.7	32.1	35.8
Diageo	13.7	17.5	19.0	31.4	32.0
Bacardi-Martini	2.0	2.8	3.0	4.6	4.0
Beam Global	0.2	1.0	1.5	2.0	2.2
G & J Greenall	1.8	2.5	1.2	1.5	1.3

Source: The IWSR

Asia

The Philippines

Table 23: Top five gin brands in the Philippines by total sales volume, 2004-2008 ('000s nine-litre cases)

Brand	2004	2005	2006	2007	2008
San Miguel	22,700.0	21,000.0	18,000.0	16,850.0	17,450.0
London Philippine	375.0	350.0	263.0	210.0	250.0
Gilbey's	204.0	95.0	82.0	140.0	173.0
Capital	100.0	100.0	80.0	70.0	70.0
Bombay Sapphire	0.3	0.3	0.3	0.3	0.3

Source: The IWSR

The Philippines, the single largest global gin market, has been declining steadily, posting a negative -8.4% CAGR between 2004 and 2008. However, in 2008 the market bounced back, rising by almost 4% to 17.97m cases.

The San Miguel brand dominates the market with sales of 17.45m cases. San Miguel sales increased by 3.6% in 2008. The next-closest brands are London Philippine Gin (owned by Tanduay) at 250,000 cases in 2008 (+19% over 2007), and Diageo's Gilbey's at 173,000 cases (+23%).

Both, San Miguel and Diageo, with its Gilbey's brand, invested in new product development in 2007, which paved the ground for an improvement in 2008.

Also, some producers have lowered the content of alcohol in bottles, making gin lighter to consume, which became very popular amongst younger consumers.

Most gin sold in the Philippines is very low-priced. Local gin is mostly consumed by males with limited spending power. It is consumed either neat or with ice. Local gin accounts for 99% of market sales.

The imported gin market is very limited at 30,000 cases. Bombay Sapphire is virtually the only imported brand of significance.

Table 24: Top five gin brand owners in the Philippines by total sales volume, 2004-2008
(‘000s nine-litre cases)

Owner	2004	2005	2006	2007	2008
San Miguel Group	22,701.0	21,001.0	18,001.0	16,851.0	17,450.0
Tanduay	375.0	350.0	263.0	210.0	250.0
Diageo	205.0	96.2	82.5	140.4	173.0
CL Financial	100.0	100.0	80.0	70.0	70.0
Bacardi-Martini	0.3	0.3	0.3	0.3	0.3

Source: The IWSR

Japan

Table 25: Top ten gin brands in Japan by total sales volume, 2004-2008 (‘000s nine-litre cases)

Brand	2004	2005	2006	2007	2008
Beefeater	116.0	105.0	105.0	104.0	101.0
Suntory	81.5	73.3	69.3	65.0	68.3
Wilkinson	42.0	42.0	42.0	42.0	45.8
Gilbey's	66.0	65.0	63.0	60.0	39.3
Gordon's	40.0	37.0	35.0	39.0	36.3
Bombay Sapphire	35.0	33.0	33.0	33.0	33.0
Tanqueray	37.5	35.5	35.5	36.4	32.7
Kirin	23.0	22.5	23.0	22.0	29.0
Boodles	2.1	2.1	2.2	2.4	2.4
Seagram's	3.2	2.8	2.4	2.4	1.6

Source: The IWSR

Gin in Japan continues to decline as it remains old-fashioned and vodka, rum and Tequila continue to attract more attention from both consumers and trade. The category is dominated by pouring contracts in Japanese and Western drinking outlets; brand-call in bars is non-existent.

With the worsening of the Japanese economy, the premium segment (Tanqueray and Bombay Sapphire) could suffer more than the standard segment (largely controlled by Suntory's Beefeater). Gin is largely on-trade-driven (over 80%), but has failed to capitalise in the cocktail culture which has been developing in Japan in recent years; this is driven by the liqueur category, and particularly Crème de Cassis.

Gin's constant decline of around 3% CAGR in the last ten years will continue, maybe at a marginally faster pace, with premium gins (-6% last year) and super-premiums (-23%) declining even faster. Local products could replace imports in some pouring contracts to reduce costs and the category value will decline faster than volume overall.

Table 26: Top five gin brand owners in Japan by total sales volume, 2004-2008 ('000s nine-litre cases)

Owner	2004	2005	2006	2007	2008
Diageo	143.5	137.5	133.5	135.4	108.2
Pernod Ricard	131.4	118.5	117.0	115.6	105.5
Suntory	81.5	73.3	69.3	65.0	68.3
Asahi	42.0	42.0	42.0	42.0	45.8
Bacardi-Martini	35.0	33.0	33.0	33.0	33.1

Source: The IWSR

India

Table 27: Top ten gin brands in India by total sales volume, 2004-2008 ('000s nine-litre cases)

Brand	2004	2005	2006	2007	2008
Blue Riband	965.0	928.0	980.0	940.0	950.0
Carew	177.5	225.0	300.0	450.0	535.0
Savoy Club	110.0	100.0	90.0	80.0	70.0
Jagatjit Aristocrat	75.0	60.0	45.0	35.0	30.0
Seagram's	5.0	6.0	8.0	8.0	7.0
Gordon's		5.0	5.0	5.0	4.8
Bombay Sapphire			2.0	2.5	2.5
Beefeater		1.0	1.0	1.0	2.0
Tanqueray		0.5	0.8	1.0	1.0
Old Smuggler	18.0	18.0	12.0	10.0	0.0

Source: The IWSR

There is not much activity in the relatively small gin segment where United Spirits, a subsidiary of United Breweries, controls 1.5m of the 1.6m cases, chiefly through its brands Blue Riband, which now sells 950,000 cases, and Carew at 535,000 cases. A large share of Blue Riband sales is in its lime-flavoured version. Imported only amounted to 10,000 cases or less than 1% of the market. Gordon's represents about half of this import total.

The category has an ageing demographic and its appeal to youth is very limited. The focus of major companies, both local and multinationals, has been to continue to grow their whisky business and to develop a fast-growing vodka category. Gin has received little focus and is largely a commodity product, and will continue to be so.

Premium and super-premium gins' volumes are marginal and confined to major international hotels and travel retail. Over 85% of gin consumed in India will be on-trade, with female drinkers accounting for a large part of this. The core gin market remains local brands selling at around INR180. A growing cocktail culture in India – today largely benefiting vodka – could help gin regain some appeal in the long term.

Table 28: Top five gin brand owners in India by total sales volume, 2004-2008 ('000s nine-litre cases)

Owner	2004	2005	2006	2007	2008
U. B. India	1,216.5	1,170.0	1,310.0	1,413.0	1,485.0
Tilaknagar	110.0	100.0	90.0	80.0	70.0
Jagatjit	75.0	60.0	45.0	35.0	30.0
Pernod Ricard	5.0	7.0	9.0	9.0	9.0
Diageo	20.0	10.5	5.8	6.0	5.8

Source: The IWSR

Rest of the world

South Africa

Table 29: Top eight gin brands in South Africa by total sales volume, 2004-2008 ('000s nine-litre cases)

Brand	2004	2005	2006	2007	2008
Gordon's	560.0	520.0	480.0	452.0	430.0
Old Buck	140.0	135.0	140.0	137.0	141.0
Stretton's	62.0	60.0	50.0	40.0	30.0
Gilbey's	36.8	35.5	34.5	35.0	28.8
Tanqueray	0.5	1.4	3.3	8.3	10.6
Seagram's	2.3	3.5	6.0	6.0	6.5
Bombay Sapphire	0.3	1.2	2.0	2.5	3.3
Beefeater	1.0	1.0	0.8	0.8	1.0

Source: The IWSR

Gin continued to decline and fell by 3.4% versus 2007 to 655,000 cases. Most of that decline was attributed to Diageo's Gordon's brand, which is produced under license by Distell. Some Gordon's produced in South Africa has also made it into the Chinese market in 2008.

It is relevant to note that imported gins are growing from their small base and that Brandhouse – Diageo JV with Heineken and Namibian Breweries in South Africa – has been investing heavily in this market. Bombay Sapphire under

The Really Great Brands Company, unlike most of the rest of the Bacardi portfolio in South Africa, which is produced and distributed by Distell, is also showing growth.

South Africa was hit by recession only at the very end of 2008, which makes forecasting more difficult than usual. There is further space for premium gins to grow. Super-premium gins are a very recent phenomenon and their impact is limited so far.

Table 30: Top five gin brand owners in South Africa by total sales volume, 2004-2008 ('000s nine-litre cases)

Owner	2004	2005	2006	2007	2008
Diageo	597.3	556.9	517.8	495.3	469.4
Distell	140.0	135.0	140.0	137.0	141.0
E. Snell	62.0	60.0	50.0	40.0	30.0
Pernod Ricard	3.3	4.5	6.8	6.8	7.5
Bacardi-Martini	0.3	1.2	2.0	2.5	3.3

Source: The IWSR

Chapter 3 Corporate structure

San Miguel is the global gin leader by virtue of its domination of the vast Filipino market. The flagship San Miguel Gin brand returned to growth last year rising by 3.5% to 17.4m cases. The brand's five year CAGR is down 6.36%. That decline meant its share of the global gin category declined from 43.6% in 2004 to 38.1% in 2008.

Diageo is the second-ranked producers with total sales of 7.08m cases, giving it a 15.5% share. Diageo's share of the category has risen by a full point over 2004 despite a 2.3% CAGR decline in the 2004-2008 period.

Diageo's Gordon's brand is the largest international brands with global sales of 4.5m and almost a 10% share of the global market. Gordon's declined by 3.2% over the past five years.

The company's other main brand is premium-positioned Tanqueray, which has also been steadily declining, falling by 4.7% in 2008 to 2.08m cases.

In other group news, Diageo has launched Tanqueray gin's first-ever global advertising campaign. Entitled 'Resist Simple', the campaign encourages consumers to resist the status quo of bland, ordinary and predictable and to opt for a more sophisticated, interesting life. This includes a refined approach to what to drink. The advert aims to portray the experience of drinking Tanqueray as a multilayered, rewarding journey.

Diageo global brand director for gins Shivaun Lucey said: *"There is a renaissance in gin today. Bartenders are really getting behind the category and there are many new gin brands hitting the market. Diageo wants to play a leading role in that revitalisation. We already have strong existing brands with Tanqueray, Gordon's and Gilbey's as well as local brands. We want to get Tanqueray rolling first and lead the charge with that. Then we will look at renovating Diageo's other gin brands."*

Pernod Ricard is the third-largest player with a 12.7% share of the global market. That position was gained through two major deals. It acquired the

Seagram Gin brand as part of the larger 2001 acquisition of Seagram Corp, and Beefeater with its 2005 purchase of Allied Domecq.

Pernod Ricard has invested heavily in rejuvenating its gin portfolio. In 2007, the company unveiled the main elements of its revitalisation plan for Beefeater Gin. They included a new look for the bottle, as well as a global consumer advertising campaign entitled 'Forever London'.

The 'Forever London' advertising campaign builds on the brand's long association with London; it is a visual representation of both Beefeater's traditional heritage and its place in contemporary London. The new global campaign has been developed to support the brand in its key markets, including Spain and the US.

Pernod Ricard marketing director Martin Riley explained that the general aim of the various initiatives were to restore Beefeater's premium credentials. *"When we acquired the brand there were a number of issues. Beefeater's image had declined outside of Spain. There was a lack of consistent advertising. The packaging lacked premium cues. Through these measures we will re-establish Beefeater's quality credentials."*

That was followed in 2008 with the launch of super-premium Beefeater 24. Distilled in London, Beefeater 24 is named after the capital's 24-hour lifestyle, as well as the brand's 24-hour steeping process.

This renovation work seems to have worked. Beefeater posted a 1.3% CAGR between 2004 and 2008, although growth was roughly flat in 2008 owing to the slowdown in the Spanish on-trade sector.

Pernod Ricard also has a number of niche brands. Its Cork gin is the market leader in Ireland. Its Plymouth Gin, which it acquired in 2008 as part of its acquisition of Sweden's V&S Group, sells 122,000 cases mainly in the UK but is seen as having some growth potential.

Bacardi is the fourth-largest player with a 4.7% share, which is based mostly on the strength of its Bombay Sapphire brand. Bombay sales have growth by 5% CAGR between 2004 and 2008, although that growth rate slowed last year to 2.3%- still far outpacing the category.

Bacardi has entered the super-premium gin market with its launch of the Oxley brand in August of this year in the US and UK. It also launched a pre-mix brand, Bacardi and Collins.

UK-based G & J Greenall is seeking to rejuvenate its portfolio with the introduction of an array of new products. G & J Greenall has been distilling gin since 1761, making it the oldest English gin distillery, but a fire in 2005 almost put it out of business.

In January 2009, the company introduced a number of new products including premium-positioned (GBP21RRP) Greenall's Bloom, a triple-distilled gin produced 100% of natural chamomile, pomelo and honeysuckle. The new ultra-premium (GBP35RRP) Berkeley Square gin is created from high quality botanicals, such as basil, kaffir lime leaves, hand-rubbed sage and lavender. Greenall's also launched a range of RTDs. The company has also re-launched its core Greenall's Gin, a London Dry Gin, complete with new packaging and marketing programmes.

Commenting on the various new product introductions, G & J Greenall marketing director Scott Watson says: *"Greenall's will broaden market and consumer penetration. We know consumers seek real connection with genuine brands. With almost 250 years of gin expertise, our expanded portfolio will fill a real void in the gin category, and I am excited to develop significant opportunities in Europe, the US, and Asia Pacific."*

Appendix: Other market data

Table 31: Top five gin brands in Greece by total sales volume, 2004-2008 ('000s nine-litre cases)

Brand	2004	2005	2006	2007	2008
Gordon's	188.0	193.0	190.0	185.0	191.0
Tanqueray	16.0	21.0	28.4	30.9	37.4
Bombay Sapphire	15.5	19.0	22.0	25.3	27.0
Beefeater	13.0	13.3	13.0	16.0	19.5
Plymouth		1.3	1.4	1.0	1.1

Source: The IWSR

Table 32: Top five gin brand owners in Greece by total sales volume, 2004-2008 ('000s nine-litre cases)

Owner	2004	2005	2006	2007	2008
Diageo	204.0	214.0	218.4	215.9	228.4
Bacardi-Martini	15.5	19.0	22.0	25.3	27.0
Pernod Ricard	13.0	14.5	14.4	17.0	20.6
Borco	2.0	1.5	1.3	1.3	1.0
Wm Grant	1.0	0.5	0.0	0.2	0.5

Source: The IWSR

Table 33: Top ten gin brands in travel retail by total sales volume, 2004-2008 ('000s nine-litre cases)

Brand	2004	2005	2006	2007	2008
Gordon's	346.9	357.8	372.6	373.5	355.4
Bombay Sapphire	163.1	195.4	237.9	236.8	261.3
Beefeater	151.1	144.2	125.0	126.9	131.8
Tanqueray	86.2	90.4	97.4	92.0	100.5
Larios	15.8	13.9	13.7	16.0	17.9
Gilbey's	16.9	17.4	16.6	18.8	16.3
Plymouth	10.1	11.3	10.9	10.5	11.5
Seagram's	12.1	12.0	10.5	8.9	10.8
Seagers	8.7	7.8	6.8	6.0	5.0
Cork	2.5	3.0	2.8	2.4	2.2

Source: The IWSR

Table 34: Top five gin brand owners in travel retail by total sales volume, 2004-2008 ('000s nine-litre cases)

Owner	2004	2005	2006	2007	2008
Diageo	451.6	466.6	487.2	484.3	472.2
Bacardi-Martini	163.8	196.1	239.4	238.1	262.6
Pernod Ricard	178.7	173.2	151.1	150.7	158.0
Beam Global	15.8	13.9	13.7	16.0	17.9
Independent Distillers Group	8.7	7.8	6.8	6.0	5.0

Source: The IWSR