

PRESS RELEASE

21 July 2010

Economic downturn has some unusual consequences for the global wines and spirits industry

The most overriding factor affecting the alcohol industry across much of the world in 2009 and early 2010 has been the global economic downturn, although some countries as diverse as China, Australia and Poland have bucked the trend. **The IWSR's Snapshot Trends Report 2010**, available now, reveals the far-reaching effects the downturn has had on many markets, brands and categories and what they mean for the future, as well as highlighting some newly developing trends.

Some of the most obvious trends seen across much of the world have been

- **The shift from on- to off-premise**
 - As has been witnessed across much of Western Europe and the US.
- **Trading down**
 - An obvious example of trading down is the correlation between the huge falls in Champagne and the uptake in many markets of lower-priced alternatives such as prosecco and cava. And in fact although Champagne has suffered in many markets, there are some signs of a return to growth.

However there have been some less obvious developments, including

- **A return to local products or 'safe' choices.** Local products have gained ground as many consumers have reverted to older, more traditional drinks, partly based on price and partly on emotion – looking for safe, well-known products. One consequence has been an upgrading of local products in many markets. Better quality, better packaging, higher prices. As economies recover, these companies will be well placed for future growth.
 - In many producer markets local wines have been boosted at the expense of imported brands due not only to lower prices but also to improved quality and increased awareness of this quality.
- A marked **rise in parallels** due to a combination of retailers and consumers seeking cheaper products and an easing of pressure on stocks. This in turn has implications for long-term pricing.
- Continued **growth in cocktail culture** in the US and Canada despite strong evidence of the impact of the recession in the US and an ever greater experimentation with new flavours and combinations.
- Some of the most successful brands have been the **'new standard' brands with a premium twist** which have been sold at a marginally higher price than some of the biggest standard brands. Some of these have enjoyed spectacular success and will have a global impact down the line.
- Growth in premium-and-above **Scotch** remained in several markets, but there was also uptake in value as well. Will this be the pattern of the future?

- The first decline for over a decade in global **vodka** consumption.

The report also identifies some of the **hottest flavours and brands** around, including Gorbatschow vodka in Germany, ready-to-serve mojito in Germany and Spain, Żołądkowa Gorzka Czysta de Luxe vodka in Poland, Antica flavoured sambuca and chili-flavoured liquors in the UK and orujo cream and coffee liqueurs in Spain.

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For more information on The IWSR's Snapshot Trends Report 2010 report, please contact Agata Andrzejczak at agata@iwsr.co.uk or telephone +44 20 7689 6841

Methodology

The analysis in The IWSR's Snapshots Trends Report 2010 is drawn from the findings of the IWSR researchers. Each year, IWSR researchers visit over 115 countries to interview in excess of 1300 local operators. These interviews are conducted not only to get the numbers but also, and crucially, to get the story behind the numbers and the insight into what is really going on.

About the IWSR

The IWSR supplies volume and value data on more brands across more countries than any other source. The IWSR covers 233 countries/territories; 133 of which account for 96% of global consumption. Our database has become the industry standard analysed by almost all the leading international wines and spirits companies. To find out more about IWSR's products and services, please contact Agata Andrzejczak at agata@iwsr.co.uk or +44 20 7689 6841