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The travel retail issue

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COMMENT

Joe Bates

Premiumisation within global travel retail spirits survives post-pandemic turbulence

Big numbers likely come with the territory for the liquor buying team at Dubai Duty Free (DDF). The UAE-based travel retailer notched up liquor sales of US$310m and sold over 2.3m bottles of scotch whisky last year, but even they were probably taken aback at the size of last month's US$140,000 blockbuster sale of the Royal Salute Platinum Jubilee Collection. It was the single largest liquor purchase in DDF's 41-year history.

Such a momentous transaction suggests global travel retail has put the traumatic Covid years firmly behind it, the channel buoyed by last year's rebound in international travel in Asia. However, the truth is rather more nuanced.

IWSR figures for 2023, released last month, show the channel's long-standing premiumisation trend is alive and well with revenues up 21%. Yet volumes remain 8% down versus pre-pandemic 2019.

"Footfall is now pretty closely aligned with previous levels, but shrinking basket sizes highlight more cautious post-pandemic consumers, with confidence impacted by day-to-day inflationary pressures," says IWSR GTR senior insights manager Charlotte Reid.

This softness is all too apparent in the European travel retail market where inflation and the cost of living crisis, exacerbated by the effects of the war in Ukraine, still grip many domestic markets.

Gin was a victim of this trend, recording a 3% volume fall in travel retail sales last year, with European airports proving a more challenging trading environment for suppliers (**see p18**). Vodka, another category with a strong European presence, faltered too, dipping 1%.

For high-end brown spirits, the outlook is brighter, especially for cognac which enjoyed a double-digit volume increase in 2023. Promotional activity has focused on persuading travellers to trade up to super-premium and ultra-premium price points to the extent that these upper tiers now account for $4 out of every $10 spent on spirits in travel retail, according to IWSR figures. Richard Woodard's detailed



Illustration: iStock.com/Nadia Bormotova

report on aged brown spirits (**see p10**) confirms this trend, with Pernod Ricard GTR VP global marketing Liya Zhang clearly spelling out the French multinational's long-term plan for the channel.

"Our strategy in GTR is focused on encouraging consumers to trade up through targeted new product development and enhanced travel retail exclusives," she explains. "By launching exclusive, limited-edition offerings and creating immersive brand experiences — the Martell Cordon Bleu City series and Royal Salute innovations spring to mind — we are positioning our portfolio to meet the evolving demands of luxury consumers."

On one level, such thinking is entirely logical given the traditionally high costs associated with the channel and the often-shrinking price gap between domestic markets which travel retailers can struggle to compete with.

Yet there are also wider repercussions to consider, such as, is the travel retail spirits business going to abandon the sector's traditional business model of offering travellers a saving versus the High Street?

Moreover, if the lower rungs of the premiumisation ladder are left to crumble, will younger LDA travelling consumers, many of whom are ambivalent about alcohol anyway, ever begin their journey with 'grown-up' spirits categories such as scotch whisky, cognac and aged rum?

Travel retail must be profitable, of course, but consumers don't start purchasing $140,000 scotch whisky collections out of the blue.

Take a deep dive into the annual reports of leading international airports since the pandemic and an interesting trend emerges. Growth rates for F&B outlets outstripped those of retail stores, prompting airports to rethink their allocation of commercial space and travel retailers, such as Avolta, to develop hybrid store concepts that blend retail and F&B together.

The trend has also shone a spotlight on the under-reported and under-analysed airport bar scene. CGA by NIQ's Andrew Hummel goes a long way to remedy this situation in his report on the US airport on-premise which, he argues, provides unique opportunities for drinks brands to encourage trial, grow loyalty and drive premiumisation (**see p70**).

The fact that typical airport bar drinkers tend to be more affluent than the average US consumer, possess a treat mentality and are more open to different drink choices should also pique the interest of alcoholic beverage brands.

In case you missed it, this month's *Global Drinks Intel Magazine* is our annual travel retail edition, timed to coincide with TFWA World Exhibition & Conference (29 September–3 October). Those heading to Cannes can plan their visit with our round-up of the stands not to miss (**see p60**).

We'd also like to extend TFWA attendees a warm invitation to the second Global Drinks Intel ESG Awards Ceremony Cocktail Party. Celebrating the brands setting new standards for sustainability and ethical practices, the role of the ESG Awards is becoming increasingly important as the drinks business becomes evermore conscious of its environmental and social impact. Hope to see you there. GDI

*The **Global Drinks Intel ESG Awards Ceremony Cocktail Party** will take place on Monday 30 September at the Palais Stéphanie Beach (in front of the JW Marriott Cannes), from 6.30pm–8.30pm. To receive your invite, email **esgawards@drinks-intel.com***

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MARKETING TRENDS

Chris Tyas

Drinks brands must raise their game when it comes to portraying men and masculinity – for everyone's sake

When it comes to the portrayal of men and masculinity in brand communications, drinks marketing especially, it's surprising how many brand owners are stuck in the dark ages. Without doubt, it's a problem — for marketers and society. But it's also an opportunity.

Too many drinks ads portray "old-fashioned, toxic" views of masculinity, and alcohol beverage brands should rethink how they market to men, according to a recent UK study by men's marketing specialists New Macho.

Nearly half of the 2,000 men surveyed by New Macho (48%) feel that the advertising around Johnnie Walker Blended Scotch Whisky doesn't reflect them at all, while 54% feel the same about Gordon's Gin.

"Many old-fashioned, dated and perhaps toxic views of masculinity are still prevalent among British males, thanks in part to the stereotypes seen in advertising," noted the report.

Connected to the thorny issue of outdated portrayals of men is the old-fashioned assumption that marketing around beer, spirits and, especially, red wine should be male-skewed because more men than women consume these categories — a problem which is often overlooked.

Gender Pint Gap: Revisited, published earlier this year by women's beer collective Dea Latis, exposed the extent to which beer marketers overlook women as a primary audience for beer advertising.

Although beer advertising has moved away from sexism and overt masculinity, it still "doesn't resonate" with women — many remain ambivalent towards the category and have no recall of current beer brand adverts, according to Dea Latis co-founder Annabel Smith.

The category remains a "traditionally male preserve in Britain", she adds, with advertising remaining a "key barrier".

Most of beer's marketing may be aimed at men, but does its target audience see themselves accurately represented in the advertising they see?

Sadly, all too often, the answer is no. So there is a powerful argument for having more positive representation in drinks marketing — not just of women but men too.

This brings us to an often-underappreciated problem: the vacuum created when, despite being intended for male consumers, drinks marketing fails to realistically represent them.



At a time of anxious handwringing about a crisis in masculinity — as evidenced by men's declining education rates, rising rates of male deaths from drugs and suicide, and the rise of the 'manosphere' espoused by influencers such as self-described misogynist Andrew Tate — this is an issue no marketers can afford to ignore.

Representing modern masculinity is a challenge brand owners are confronting in all sectors, not just drinks.

Consider how not so long ago, Lynx/Axe was associated by many with lad culture, getting a 'hot babe' and — inevitably — sex. Then it launched its 'Find Your Magic' campaign, encouraging young men to embrace their differences and highlighting issues around male mental health.

Then there's the nuanced repositioning of what success means and how it shapes perceptions of masculinity so sensitively presented in the Australian suicide awareness campaign 'Boys Do Cry', which challenges societal views that men should always put on a brave front.

In drinks, Heineken in 2020 challenged the stereotypes associated with certain alcoholic beverages — notably, beer for the men, cocktails and wine for the ladies — in its 'Cheers To All' campaign. Meanwhile, Tiger Beer's now decade-long call for consumers to 'uncage' their 'inner tiger' and pursue bold ambitions, challenges gender stereotypes and presents a more modern and progressive take on masculinity. But these are, for now at least, exceptions in the drinks industry.

Redefining masculinity in marketing isn't easy. Gillette's efforts in 2019 to engage with the #MeToo movement to promote a new kind of positive masculinity with its 'The Best Men Can Be' campaign attracted criticism, as well as praise. But just because it's hard doesn't mean we shouldn't try — not just for society's sake, but also for our bottom line.

The opportunity for drinks brand owners that lies in improving the portrayal of men and masculinity in their marketing is significant.

"Inclusion does indeed equal income" is one of the preliminary findings from new research into whether progressive advertising with diverse representation leads to increased sales to be launched by the Unstereotype Alliance (convened by UN Women) in September.

To prove that diverse advertising is more than doing social good, the study looked at advertising and sales data for 392 brands across 58 countries, from 2020 to 2023.

Initial findings show short-term and long-term sales were positively affected when brands engaged in diverse advertising — short-term sales were improved by 3.5% and long-term sales saw an uplift of 16.3%. Brands that engaged in progressive advertising reaped the benefits of higher customer loyalty — defined as 'intent to repurchase' — which was 1.29 times higher than the score for brands that didn't.

Referencing data collected from the past 75 years of ads, the alliance observed that "the portrayal of men in advertising and content is largely monolithic, particularly in how indicators of success are represented".

Progressive and diverse advertising is a chance to speak to men and boys directly, while moving away from "prescriptive and entrenched ideas of masculinity", it concluded. It's an approach that will appeal to women and girls too. GDI

Chris Tyas is chief strategy officer at independent creative agency Impero.
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Illustration: iStock.com/Nadia Bormotova



Milestone partners with Bedford & Grove in US distribution deal for Onikishi Whisky

Milestone Beverages has announced a new collaboration with American importer Bedford & Grove that will see the company's Onikishi Japanese Whisky line rolled out across the US.

The partnership aims to grow Milestone's presence across the US and further solidify its position as a global leader in the wine and spirits industry, says the company's managing director Joe Milner.

"Bringing Onikishi to the US market is a milestone in our global expansion strategy," he adds. "Our collaboration with Bedford & Grove is set to introduce American whisky enthusiasts to Onikishi's distinctive flavours and culturally rich backstory, resonating with both connoisseurs and new consumers."

Onikishi, positioned as a premium, entry-level blended Japanese whisky, includes three distinct offerings: Demon Knight Japanese Blended Whisky, Deadly Sakura Cherry Blossom Cask Whisky and Tenbatsu 12-Year-Old Japanese Whisky.

"Each product uniquely blends the rich heritage of Japanese whisky-making with bold, innovative branding that appeals to a diverse global audience," says Milestone Beverages. It describes Onikishi's eye-catching packaging — a fusion of modern manga and geometric patterns, with the classic look of sake and Japanese calligraphy — as a "homage to the duality of Japan's ancient and modern cultures".

Debuting both Demon Knight and Deadly Sakura in the Americas duty-free market, and expanding the brand's footprint to Europe and elsewhere drove almost 360% growth in revenue, so there are high hopes for Onikishi's release in the US.

Milestone Beverages' collaboration with the Kentucky-based fine spirits importer will bring its Japanese whisky brand into US markets

Building customer-centric brands with global reach

An independent brand builder and incubator, Hong Kong-based Milestone Beverages is fast building a reputation for its ability to develop and market wine and spirits that celebrate diverse tastes. Its focus is developing scalable brands in trending categories with a global reach.

With a network of more than 70 international distributors, the company is dedicated to leveraging market insights and consumer demand to build accessible, customer-centric beverage brands.

By working with contract manufacturers, bulk suppliers and marketing agencies, it creates value and fosters customer-centric brands that cater to a wide array of consumer preferences and demands.

Kentucky-based Bedford & Grove is a respected importer of fine spirits, and is known for its discerning selection of premium whiskies. With a focus on bringing exceptional products to the US market, Bedford & Grove partners with innovative distilleries around the world to offer American consumers unique and high-quality spirits.



Onikishi Demon Knight Japanese Blended Whisky

Their expertise in navigating the complexities of import regulations and market trends ensures that they introduce only the finest spirits to the US market, making them the ideal partner for the launch of Milestone Beverages' Onikishi Whisky line in the United States. GDI

On our radar: Five drinks campaigns bringing their own sunshine

From water safety to spritz campaigns, alcoholic beverage brands sought to impress during the long Northern Hemisphere summer. Here's our pick of the sunniest TV/video campaigns



Top performer Cîroc Limonata Vodka

Cîroc's TV ad for its Limonata Flavoured Vodka was 271% more effective than the average alcohol ad in H1 2024, according to EDO, an analytics company that measures the effectiveness of commercials.

EDO ranked national TV spots in the US across 15 categories in July. Cîroc's 'Lemons', which aired 102 times with 35m impressions, came out top in the alcoholic beverage category. The spot was part of the brand's 'Escape with Flavor' campaign which invites consumers to "embrace the essence of a Mediterranean vacation — anytime, anywhere".



Star power St-Germain Hugo Spritz

Bacardí-owned elderflower liqueur St-Germain turned up the summer heat with a marketing tie-in with British actor Sophie Turner.

The 'Spritz Up Your Summer' campaign saw the *Game of Thrones* star promote the brand's signature cocktail, the St-Germain hugo spritz across "various social [media] and online video channels". The series kicked off with Turner searching for "the whole package" in the South of France.

The St-Germain hugo spritz has seen a surge in popularity recently, with over 290m views on TikTok.



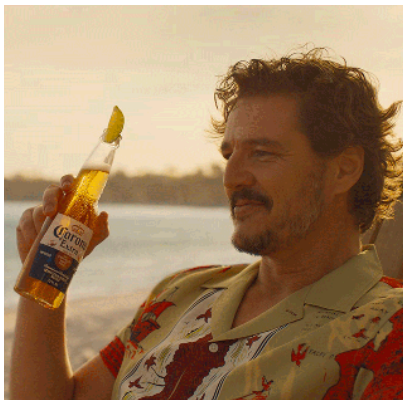


The 'aww!' factor Heineken

To mark International Beer Day in August, Heineken tugged at heartstrings in all the right ways with 'Forgotten Beers' by emphasising socialising over its own product. The spot presented a series of vignettes where bottles or glasses of Heineken were set aside: forgotten at a foosball table, left on a bar while the drinker danced, or set on a rail to smooch with a date. The message? "The best part about having a beer isn't the beer."

State of mind Corona

Life's always a beach for actor Pedro Pascal in 'La Vida Más Fina (The Finest Life)', a playful ad for Corona. Directed by *I, Tonya* filmmaker Craig Gillespie, it highlighted both Pascal's bilingual acting talents and the Mexican beer's Latino roots. A play on the brand's tagline, 'La Cerveza Más Fina' (The Finest Beer), the ad followed the *Last of Us* star as a trail of sand led him to the realisation that to "truly embrace the fine life, you must learn to let go".



Safety first Malibu

In a first for the alcoholic beverage category, five-time Olympic medalist Tom Daley joined forces with Pernod Ricard brand Malibu and water safety charity Royal Life Saving Society UK to warn about the dangers of mixing alcohol and water.

The 'Don't Drink and Dive' campaign delivers a seemingly light-hearted take on responsible drinking, but lands a serious punch. As Rupert Holmes' *Escape (The Piña Colada Song)* plays in the background, Daley strolls poolside holding the classic rum drink, steps onto a diving board and dramatically tosses his robe aside — only to stop short when confronted by the message, "One in four UK drownings involve alcohol".


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‘Renewed sense of opportunity’ for aged brown spirits in travel retail

Recent performances of aged brown spirits in GTR vary by brand owner and region, but gifting and collecting continue to drive premiumisation. **Richard Woodard** reports



Islay single malt Bruichladdich exclusives The Classic Laddie Sherry Cask Edition and The Bruichladdich Twenty One — the brand’s first GTR-exclusive aged statement — were launched at Singapore Changi Airport in May

Discussions around the performance of aged spirits in global travel retail in recent years have to a great extent revolved around two p-words: premiumisation and pandemic.

The former has been the long-term priority of most brand owners, but has come under pressure as a result of macroeconomic challenges and declining footfall. As for the latter, might it finally be time to change the subject?

“It is hard to keep referring to the pandemic,” says Sarah Shimmons, marketing & innovation director at Diageo Global Travel. “The whole industry is in a different or more evolved mindset, and the traveller and all those involved in travel retail have moved on and are now conscious of a number of evolving factors with travellers — motivations, budgets, locations and occasions promoting travel and then spend in the retail environment.

“It is less about moving on from Covid, and more about the renewed sense of opportunity and purpose in the travel retail environment as a unique selling space, combined with the category and interest areas like scotch, bourbon and more.”

Nonetheless, there is still a little to say about travel retail’s recovery from the harrowing lows of 2020–21 — not least because, while global numbers may have returned to pre-pandemic levels, that recovery has been patchy at a regional level.

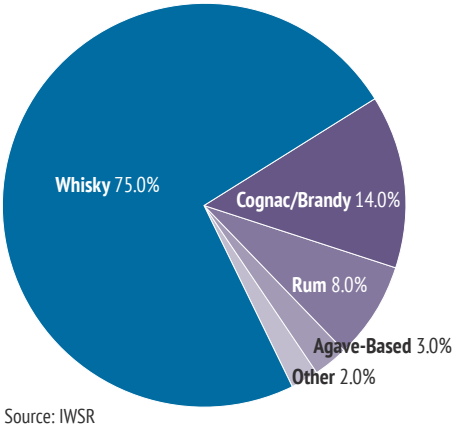
“While the GTR channel has faced significant challenges, there are signs of recovery, driven by a combination of consumer demand for quality, innovation by brands and the gradual return of international travel,” says Patrizia Damiani, global brand director of Brown-Forman-owned Diplomático Rum. “Adaptability and strategic planning are key for brands to navigate the post-Covid landscape successfully.”

For Liya Zhang, VP global marketing at Pernod Ricard GTR, the recovery of the channel has been “uneven”. She explains: “While Europe, the Americas, India and the Gulf regions have shown strong rebounds, China’s recovery has been delayed due to economic and geopolitical challenges, impacting high-end cognac and whisky sales across Asia.

“However, there are positive signs, as Chinese travellers are beginning to return. Despite the substantial gains in GTR high-end brown spirits, the market still has room for further growth in certain parts of Asia.”

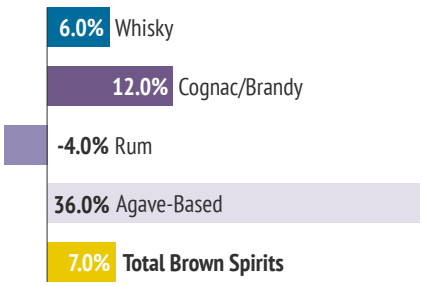
Whyte & Mackay channel marketing manager GTR Louise Easton reckons that East and South East Asian travel is already returning to pre-Covid levels, but — quoting Paxsmart data from July 2024 — adds that it will be “mid-October” before passenger numbers return to 2019 levels across key cities in Europe and North America.

Top Travel Retail Brown Spirits by Type Market Share (Vol) 2023



Source: IWSR

Top Travel Retail Brown Spirits by Type Chg Vol 2022–23



Source: IWSR

Regional differences

The recent experience of GTR varies noticeably by brand owner, as well as region. “At Camus, our travel retail sales have significantly grown in the past four years and are now back to pre-Covid numbers and above in Europe,” reports Camus Wines & Spirits global commercial director Anne Blois.

“In Asia, the situation varies from one destination to another. In Thailand, we have seen double-digit growth for our ultra-premium segment.” This was driven by Asia »



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» travel retail-exclusive Camus Royal Banquet, a Borderies single cru cognac with 100-year-old liquid included in the blend, which received "excellent feedback" from airport stores in Bangkok and Phuket.

"Chinese passengers, the main buyers of these cognacs, have started travelling outside China to Thailand and Japan," Blois explains. "The favourable exchange rate makes Japan a hot shopping destination for Chinese shoppers, while traffic has slowed considerably in Hainan."

The success of Royal Banquet reflects the continued importance of travel retail exclusives, offering shoppers something unique and impossible to obtain in their domestic markets, while fuelling premiumisation for brand owners. And in Asia in particular, it is clear that premiumisation is still alive and well, for all the well-publicised challenges around rampant inflation and cost of living pressures.

"In 2023, the prestige-plus category in China GTR was almost five times bigger by value than it was in 2019," says Easton, quoting IWSR numbers. "Asia travel retail remains incredibly important for ultra-premium whisky, with the region responsible for over 50% of category value sales."

Whyte & Mackay has attempted to harness this potential with a number of single malt innovations in the channel, including the launch of a new, ultra-premium, travel retail-exclusive Fettercairn range — and a series of launches for the company's chief luxury brand, The Dalmore.

These include The Dalmore Portfolio Series — a prestige-plus, GTR-exclusive range of three limited-edition single malts that attempts to build on the Highland distillery's association with the world of design. The series will have an exclusive global launch at London Heathrow in September, before rolling out to international hubs in October, including Dubai and Frankfurt. Later this year, the second of The Dalmore's four-year Cask Curation Series will be released.

Such a sustained period of brand activity reflects Whyte & Mackay's confidence in the future of the segment in GTR. "Single malt Scotch has outperformed the spirits category between 2019 and 2023, and is forecast to continue to outpace the category in GTR," explains Easton, quoting IWSR data.

"Future category growth is forecast across all price tiers in GTR, with both prestige and prestige-plus forecasting double-digit growth. India/Pacific and Asia duty free continue to charge ahead, with prestige-plus fuelling single malt growth. »



Rum looks to fulfil its GTR promise

Long touted as the 'next big thing' in spirits, rum remains a high priority for many brand owners — not least Brown-Forman, which acquired super-premium Venezuelan brand Diplomático in October 2022.

"The rum category in particular still offers many opportunities in the GTR channel," says Oscar Camargo, director EMEAI GTR. "Many consumers seek meaningful experiences and education, wanting to become connoisseurs of the brands they invest in.

"Rum is a rather unfamiliar territory for many. Consumers are particularly interested in understanding the nuances within the rum category, requiring guidance beyond simple age comparisons… With tastings of our Ron Diplomático in GTR we aim to deliver meaningful engagements, impart knowledge and introduce enthusiasts to the exquisite world of sipping rums."

According to Diplomático global brand director Patrizia Damiani, range expansions are also "the ideal way to display Diplomático's premium credentials to consumers". She says: "We continue to strengthen the activations of our flagship DRE [Diplomático Reserva Exclusiva] and expand the portfolio by introducing our ultra-premium expressions such as SV and Ambassador, providing consumers seeking quality products with options that are comparable to the craftsmanship historically associated with other dark spirits."



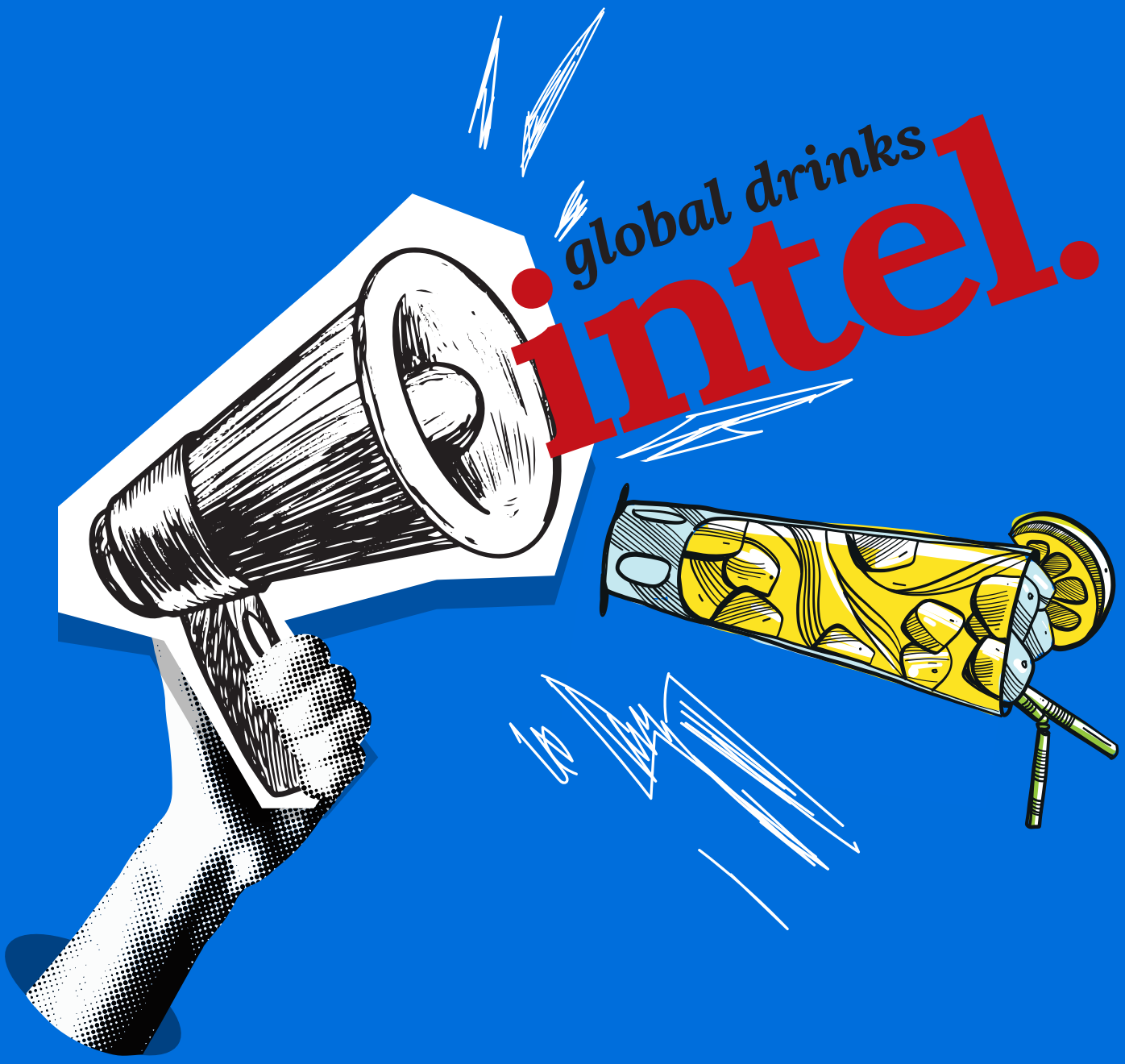
Diplomático GTR tastings aim to deliver 'meaningful engagements', says Brown-Forman's Oscar Camargo





Whyte & Mackay innovations include the GTR-exclusive Fettercairn range (left) and The Dalmore Portfolio Series

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» "With such strong category growth predicted in the channel in the single malt scotch category, our retail partners can be confident in the future commercial opportunity the category presents," surmises Easton.

The refrain is similar at Suntory Global Spirits, where brand marketing director GTR Manuel González observes: "Demand for premium and craft products has increased significantly in recent years, and this growth is projected to continue, particularly within the single malt category, where we have a very strong presence with brands such as Bowmore, Laphroaig, Auchentoshan and, of course, our leading Japanese whisky portfolio from the House of Suntory."

Meanwhile, Diplomático's Damini reports: "Super-premium-and-above brown spirits in GTR have approached, and in some cases surpassed, pre-Covid levels, according to IWSR analysis in 2023. This is driven by pent-up demand, increased spending by affluent travellers and targeted marketing efforts by brands to capture the recovering market."



Suntory introduced travel retail-exclusive Bowmore Timeless 33yo in May

'Premiumisation trend remains robust'

There's no denying the long-term trajectory of these higher price points. Pernod Ricard's Zhang asserts: "The trend of premiumisation in GTR remains robust, with significant growth in the high-end spirits segment. According to IWSR 2023 data, super-premium-plus spirits now contribute 69% of the total spirits value in GTR, up from 65% in 2018. This growth is primarily driven by the prestige category, which has increased its share from 25% to 30%, and is projected to reach 34% by 2028.

"To capitalise on this trend and drive additional value, our strategy in GTR is focused on encouraging consumers to trade up through targeted new product development and enhanced travel retail exclusives. By launching exclusive, limited-edition offerings and creating immersive brand experiences — the Martell Cordon Bleu City series and Royal Salute innovations spring to mind — we are positioning our portfolio to meet the evolving demands of luxury consumers."

This approach spans companies large and small. Bacardí has unveiled a slew of innovations, including Dewar's Double Double 21yo Stone Toasted, incorporating a two-bottle Discovery Pack initially launched as a China Duty Free Group exclusive in May 2024, before rolling out across Asia-Pacific, India, the Middle East and the Americas from June. The US$440 blended scotch whiskies are part-matured in American and French oak casks, then gently and slowly toasted in a method pioneered over the past decade for high-end wines.

Casks are also at the forefront of the company's Aultmore Cask Finish Collection, a four-strong single malt range comprising 12, 18, 21 and 25yo expressions of the distillery's signature light, herbal, grassy character. The age-stated whiskies are finished respectively in second-fill oloroso sherry casks, madeira casks, calvados casks and first-fill oloroso casks, and are priced at $58–$500 per bottle.

The launch also includes a switch to a 50cl format in a move that's designed to »



Inspired by a love of fine wine: Glenmorangie Pursuit of Passion Wine Cask Collection

Glenmorangie's wine-focused passion play

Moët Hennessy-owned single malt Glenmorangie is tapping into its master distiller's love of fine wine with a new, high-end cask-finish collection.

Glenmorangie Pursuit of Passion Wine Cask Collection comprises three single malts, aged between 27 and 29 years, all finished in select wine casks sourced from fine wine regions Bordeaux, Burgundy and Piedmont.

The collection was inspired by Glenmorangie master distiller Dr Bill Lumsden's love of fine wine, and uses experimental casks sourced by Dr Lumsden on his travels through the wine regions of Europe. It comprises:

- **The Margaux Wine Cask Finish** (52.5% ABV): a 29yo whisky, distilled in February 1995 (the month that Dr Lumsden joined Glenmorangie as distillery manager), initially aged in ex-bourbon casks and finished in ex-margaux casks for just over 20 years.
- **The Corton-Charlemagne Wine Cask Finish** (52.1% ABV): also distilled in 1995 and filled into ex-bourbon casks, a 28yo whisky transferred into casks from the celebrated Burgundy white wine grand cru in 2005.
- **The Barbaresco Wine Cask Finish** (51.3% ABV): a 27yo single malt distilled in 1996, it spent about nine years in ex-bourbon casks, then more than 18 years in casks sourced from the celebrated Barbaresco appellation in Piedmont.

"My passion for single malt whisky is perhaps only matched by my passion for fine wine," says Dr Lumsden. "And my travels through the world's finest vineyards have inspired many experiments with finishing whisky in wine casks."

Six hundred sets of The Glenmorangie Pursuit of Passion Wine Cask Collection, priced at GBP7,740 (US$10,150) each, will be available for purchase from the Glenmorangie Boutique in London Heathrow T2, as well as through the Moët Hennessy Private Client channel, from the distillery itself and in select retail outlets worldwide.

» make the whiskies more portable, giftable and collectable.

"According to recent research from travel retail research consultancy m1nd-set, nine out of ten travellers are likely to purchase duty free-exclusive spirits for themselves or as a gift, while over half of travellers identified a 'unique spirit' such as a cask finish as the most important aspect of a travel retail-exclusive spirit," says Bacardí GTR MD Leila Stansfield.

Meanwhile, Rémy Cointreau's recent GTR exclusives include Rémy Martin XO Dragon Limited Edition and the 300th Rémy Martin Anniversary Coupe, both unveiled to mark the cognac house's tricentenary, as well as Islay single malt Bruichladdich's two new channel exclusives, The Bruichladdich Twenty One and The Classic Laddie Sherry Cask Edition (see picture p10).

At Quintessential Brands, the emphasis with the Liberties Irish Whiskey range is on unusual age statements — such as 13, 16 and 27yo — and different cask finishes. "Our main focus for our high-end Liberties range has always been in Asia, mainly because of the scarcity of our liquids," says Oliver Storrie, commercial director global travel retail. "We have seen significant growth in this region, but China still lags behind the other Asian countries."

For Storrie, promotional methods in the channel need to fit with the overall image of the product. "Brand credentials and luxury are key," he says. "The consumer is looking for a point of difference, so exclusive will also have a main role to play. One-litre and larger formats do not lend themselves well to the high-end and exclusive ranges we offer, in my opinion."



Cotswolds Distillery has a 'very clear product strategy'

Flexibility and efficiency: the Cotswolds way

Travel retail headlines are often dominated by the likes of Diageo, Pernod Ricard and Brown-Forman, but smaller operators are increasingly carving out their own niche in this often complex and challenging channel.

Cotswolds Distillery has now been making whisky and gin for a decade, and that maturity has enabled travel retail to become an evermore significant revenue driver for the business. "We have seen high demand in GTR, and growth year on year," says Lynsey Eades, international sales and GTR director at Cotswolds Distillery. "There are still some markets that are sensitive to economic headwinds; however, overall we have seen positive growth and new business."

The approach reflects both the potential of the channel, and the current economic reality. "We have a very clear product strategy, which is driven by premiumisation, but also offers consumer accessibility," says Eades. "This includes offering a variety of bottle size formats for various drinking occasions, consumer needs or price brackets."

Highly targeted promotions such as gifts with purchase, brand visibility and brand ambassadors also play vital roles for a business with limited resources. "As a growing brand, we have to target spend very specifically," explains Eades. "This means we use the available assets as efficiently as possible.

"We strongly believe in the power of the brand's personal approach, so we also participate directly in all key events, and are avidly supported by our founder Dan Szor, who brings the magic of the brand to every occasion."

'Good value at all price points'

Nonetheless, the post-pandemic travel retail channel offers a new reality of relative wariness and value-seeking, even among the higher price tiers. "The current economic climate has created more cautious consumers, who expect the channel to deliver good value at all price points," says Suntory's González. "Immersive/interactive experiences and events that tell a story and create engagement are increasingly important in terms of driving sales."



Diageo's eye-catching 1L GTR-exclusive Johnnie Walker Blue Label Xordinaire Blended Scotch

Pernod Ricard's Zhang agrees. "For those purchasing higher-priced spirits, perceived value is key — they want assurance that the premium they pay is justified by quality, rarity or exclusivity," she argues. "Promotions are indeed part of the strategy, but they are designed to enhance rather than discount. Limited-time offers on rare editions, value-added packs and exclusive tasting experiences are ways to attract consumers while maintaining brand equity."

There's a sense that savvy brand owners remain sensitive to consumer expectations while never losing sight of the unique nature of the travel retail experience. "While price is always important — and some shoppers are focused on price over and above anything else in duty free — premiumisation and luxury limited editions will always be and continue to play strongly in GTR," says Diageo's Shimmons, highlighting the company's recent Johnnie Walker Blue Label Xordinaire Blended Scotch launch, in an eye-catching 1L bottle.

"Gifting — treating self, gifting for a trip or a special occasion — collecting something exclusive as a memento or something you just can't get elsewhere — these are the key drivers which help maintain a premiumisation specific to travel retail. Airport shops are high-end retail spaces – the likes of Changi, Incheon, T5, etc – they are environments where shoppers are looking at items differently — they are not in an off-licence or a supermarket." GDI

Stock Spirits Group: Transforming into a pan-European spirits powerhouse

A quartet of strategic acquisitions over the past year has catapulted Stock Spirits Group into one of Europe's largest spirits producers

Stock Spirits Group enjoyed a transformational year in 2023, thanks to a string of strategic acquisitions. These purchases expanded the group's portfolio into the fast-growing scotch whisky and tequila categories, while furthering its aim to become the leading company for mainstream spirits in Europe by 2027 by entering and growing the company's presence in two of the continent's biggest markets, Germany and France.

At a difficult time when other European spirits producers are struggling with rising costs and falling consumer confidence in many markets, Stock Spirits Group is on a path to successfully transition from being the leading spirits player in Central and Eastern Europe — with historical strength in the vodka, liqueur and brandy categories — to a pan-European spirits player with a diverse spirits portfolio.

The company claims to have a unique business model — it focuses on Europe and European consumers' needs and preferences, local power brands in mainstream and low-premium segments, and has its own route-to-market and production.



Sierra Tequila, Europe's No.2 biggest-selling brand, has joined Stock Spirits Group's portfolio



Clan Campbell, one of four high-profile acquisitions by Stock Spirits Group last year

Strategic acquisitions: Expanding into new horizons

Under the dynamic leadership of CEO Jean-Christophe Coutures, Stock Spirits Group made four strategic acquisitions last year, grabbing the opportunities as soon as they occurred. In August, the company's Polish subsidiary, Stock Polska, purchased Polmos Bielsko-Biala SA, a producer of premium vodkas such as Bialy Bocian and Oginski, as well as Advocaat Egg Cream.

The Polmos deal gave Stock Spirits Group ownership of powerful vodka brands at different price points in the key Polish market, while providing it with additional volume capacity via Polmos Bielsko-Biala's factory.

A month later, Stock Spirits Group announced it had finalised the purchase of Clan Campbell, one of the most popular blended scotch whisky brands in France. Previously owned by Pernod Ricard, the brand has a strong presence in other European markets, such as Spain, Belgium and Luxembourg. The company also revealed the completion of its acquisition of Société Dugas, a Paris-based brand builder and distribution partner for premium and super-premium spirits in France.

The twin deals allow Stock Spirits Group to expand its presence in Western Europe, boosting the portfolio of Société Dugas with Stock Spirits brands, while building its presence in the French on-trade and off-trade by leveraging Société Dugas's extensive distribution network across the country.

The Clan Campbell purchase gives Stock Spirits Group a major foothold in the world's biggest scotch whisky market by volume and the opportunity to grow the whisky brand in other international markets. Signalling that intent, the company announced in June this year it planned to build a EUR30m whisky distillery at Scotland's historic Inveraray Castle, the seat of the Duke of Argyll, who is Chief of Clan Campbell. The 950sqm distillery will be able to produce up to 2m litres per year.

This eventful year concluded with the acquisition of Hamburg's Borco-Marken-Import Matthiesen GmbH & Co KG, one of Germany's biggest spirits producers and distributors. This move marked Stock Spirits' entry into the German spirits market, Europe's largest, and added the highly sought-after Sierra Tequila, the continent's second best-selling brand, and Finsbury Gin, to its growing portfolio. »

A legacy of excellence: Celebrating 140 years

» While Stock Spirits Group has grown substantially over the past two years, the company remains deeply rooted in its rich history. Founded in 1884 by visionary entrepreneur Lionello Stock in Trieste, Italy, the company has a storied legacy as one of Europe's most respected spirits producers.

From humble beginnings during the Austro-Hungarian Empire to becoming the creator of the iconic Stock 84 Brandy, the group has expanded across Europe, maintaining a strong presence in Italy, Austria, Poland and Croatia.

Today, as Stock Spirits celebrates its 140th anniversary, it boasts a portfolio of over 80 brands sold in more than 50 countries, with operations at eight production plants across Poland, the Czech Republic, Germany, Italy and France.

The group's legacy brands —such as the Żołądkowa Gorzka and Lubelska vodkas in Poland; Božkov Vodka, Fernet herbal bitter liqueur and Republica Rum in the Czech Republic, Limoncè Limoncello and Keglevich Vodka in Italy — continue to be beloved by consumers, reflecting the company's long-standing commitment to quality and tradition.



Legacy brand: Sales of Żołądkowa Gorzka Vodka surpassed 4.2m nine-litre cases in 2023

Committed to sustainability: Driving positive change

Despite its rapid expansion, Stock Spirits Group remains committed to sustainability and responsible business practices. In August, the group released its *Sustainability Report*, outlining ambitious goals to reduce its greenhouse gas (GHG) emissions. By 2030, Stock Spirits aims to lower its Scope 1 and 2 emissions by 42% and its Scope 3 emissions by at least 20%. These targets are part of the company's broader Sustainability Strategy, built on the pillars of 'People, Planet, and Processes'.

In a world facing significant challenges such as climate change, water scarcity and societal shifts, Stock Spirits Group is dedicated to being a force for positive change. The company's commitment to sustainability ensures that its growth is not just about expanding market share, but also about making a meaningful impact on the communities and environments it touches.

A future of responsible growth and leadership

Through its strategic acquisitions and commitment to sustainability, Stock Spirits Group has rapidly transformed into a pan-European spirits powerhouse. With a strengthened portfolio and a significant presence in key European markets, the company is poised for continued success.

As it looks to the future, Stock Spirits Group is focused on responsible growth, ensuring that its eventual leadership in the European spirits industry is matched by its dedication to ethical and sustainable practices. GDI



80 brands

+50 sales in markets

9 operations in markets

8 production sites

1,800 employees

Tequila takes the plaudits in GTR, but vodka and gin put on a good show

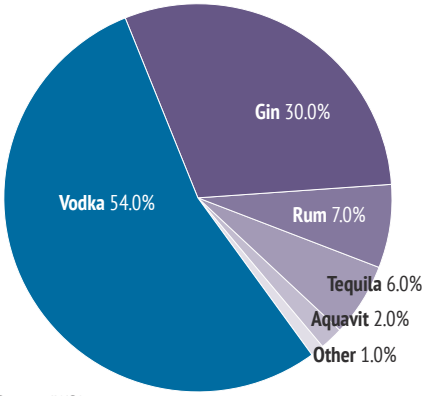
Agave spirits have done all the running in the premium white spirits category in travel retail of late, but there have been notable gin and vodka launches, discovers **Joe Bates**

Tequila has stolen most of the global travel retail headlines this year and for good reason. According to IWSR data, agave spirits sales in GTR rocketed 58% in value terms last year and the category is forecast to grow at an impressive value CAGR of 12% until 2028. These are numbers to get excited about, especially as the higher-priced premium-plus and prestige-plus tiers also posted excellent value results in 2023, jumping 56% and 229%, respectively.

Feet must be kept firmly on the ground, of course, amid all the agave spirits hype circulating in travel retail. A more sober analysis reveals that tequila volumes in GTR still only account for around 2% of the total channel and, in geographical terms, the category still relies heavily on the Americas for most of its sales.

Yet the upward momentum of travel is obvious, which explains why brands are increasingly viewing travel retail as an excellent means of driving international awareness. Teremana Tequila, founded by Dwayne 'The Rock' Johnson and co-owned and distributed by Mast-Jägermeister, launched into GTR in March with great fanfare, staging major activations at eight international hub airports — New York JFK, Los Angeles, London Heathrow, Munich, Berlin, Frankfurt, Istanbul and Atlanta.

Top 5 Travel Retail White Spirits Categories Market Share (Vol) 2023



Source: IWSR



Mast-Jägermeister's 'Share the Mana' activation for Teremana Tequila at Frankfurt Airport

"Our task in GTR is to introduce the brand and category to a global audience and explain to consumers about tequila and the quality of the Teremana brand," says Tobias Witte, VP GTR at Mast-Jägermeister.

"We are rolling out our activation campaign, 'Share the Mana', around the world in key markets, reaching a massive global audience travelling through these hubs. 'Share the Mana' is bringing Teremana to life with unique experiences, showcasing its provenance and craft production techniques.

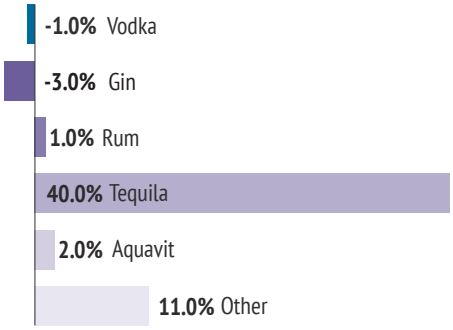
The catchphrase, he adds, is "part of the brand DNA — expressing gratitude and being authentic" and exemplifies Teremana's ethos. "With this campaign, we are giving consumers the opportunity to share what they are grateful for."

In July, the full Teremana range, which features Blanco, Reposado and Añejo, also rolled out to Sydney Airport in partnership with Heinemann Oceania.

Don Julio partners with famed Ibiza club for airport promos

One of last year's biggest spirits launches was Diageo Global Travel's release of ultra-premium Don Julio Tequila at key hub airports. The company showcased the Don Julio brand in key airports throughout the latter part of 2023 and into 2024. The brand has expanded its presence notably within GTR, says Diageo global travel marketing & innovation director Sarah Shimmons, by staging "impactful activations", such as live DJ sets and sampling experiences in locations including Mumbai, Dubai and London.

Top 5 Travel Retail White Spirits Categories Chg Vol 2022–23



Source: IWSR

The activations culminated with Diageo partnering with high-end Ibiza nightclub Pacha to stage thematic Don Julio 1942 pop-ups at airports across Europe this summer. Travellers at London Heathrow, Gatwick, Manchester, Madrid and Ibiza airports were able to sample Don Julio 1942 at branded tasting bars while listening to a Spotify playlist curated by Pacha resident DJ Lovefoxy, who is renowned for playing 1970s and '80s-influenced tracks. »

» Looking ahead, the travel retail sector is poised to witness a surge in tequila brands either making their debut or expanding their presence in the coming years. A prime example is Ocho Tequila, a terroir-driven spirit acquired by Heaven Hill in 2022. Previously exclusive to Mexican airports, Ocho is set to broaden its reach to multiple international airports this year, including several within the US.

"Tequila Ocho is one of the few tequilas still made in the slow, artisanal way with the utmost care and passion," explains a company spokesperson. "Tequila Ocho is a single-estate tequila. Each expression and vintage is a taste of time and place of the agave — proof of terroir in tequila. We only harvest overripe agaves from a single field, or *rancho*, at a time."





Heaven Hill's Ocho Tequila (left) unveiled new packaging in March and is expanding its GTR reach, while Diageo Global Travel collaborated with Ibiza nightclub Pacha on airport pop-ups for Don Julio 1942

Gin brands battle for standout

Gin may not be setting the travel retail sector alight but, according to IWSR, the category will still grow modestly at a value CAGR of 3% over the next four years.

The spirit's largest market in the channel is the UK (11.9% of the total GTR gin market in 2022, according to IWSR), but domestic gin volumes plummeted 14% last year. This means brands reliant on British travellers must work harder to keep sales ticking in duty-free stores, while searching for higher-growth emerging markets.

Summing up current trading conditions, recently appointed Brockmans Gin commercial director Henri Brunel says: "The passenger traffic going through airports is back to pre-Covid levels, but the consumer is spending less. They travel, but they don't spend like they used to. That said, people spend less but buy better, and this is an opportunity for Brockmans as a super-premium brand."

Brunel believes the solution isn't "purely a price-off strategy, which has the potential to devalue a brand, but a mixture of both timely price-off and consumer experience tactics, which will drive traffic through sales". He adds: "In addition, our unique style of gin, with its 'Properly Improper' positioning and high-end, beautiful packaging, provides a point of difference for the consumer in a highly crowded market."

Oliver Storrie, commercial director GTR at Quintessential Brands, whose powerful gin portfolio includes Greenall's, Bloom and Opihr, says the company's gin sales performed well over the first six months of 2024. However, he notes that the firm had to be proactive in its strategy to offer travellers added value and a point of difference.

"Gin sales have softened over the last six months but, crucially, we have maintained listings and grown share," Storrie maintains. "We launched Greenall's Distillers Cut, available in both Original and Wild Berry Pink. This expression offers the consumer a higher ABV [export] cut at 44%. To further enhance this offering, we provide a GWP [gift with purchase] — a jigger attached to the bottle. The success of the jigger project was such that we saw sales increase by over 200%, and this will now be rolled out across Bloom and Opihr Original."

UK domestic gin performance did decline year on year, admits Storrie, adding that Quintessential has actually seen an upside in global gin sales. "Markets such as Latin America and Asia are in growth," he reveals. "Opihr specifically lends itself well to the Asian consumer. Across the UK and EMEA travel retail, we have had to flex our brand harder and offer the consumers a point of difference, such as the jigger project."

Lind & Lime builds on TR market entry

Times are certainly tougher for gin brands in travel retail, but there is still room for newcomers to leave their mark.

Lind & Lime, an Edinburgh-based organic craft gin that gained B Corp certification earlier this year, entered the channel »







From left: Brockmans creates standout with packaging; Greenall's jigger project brought a 200% sales boost; and newcomer Lind & Lime Gin

» for the first time last year, winning listings with Dubai Airport fine wine & spirits retailer Le Clos, German multinational Gebr Heinemann and DFS Group, one of the world's biggest travel retail players.

"Price sensitivity in travel retail has evolved significantly due to increased price awareness from smartphone use, economic fluctuations like the financial crisis and Covid-19, plus the rise of value-conscious Millennials and Gen Z," argues Ian Stirling, the co-founder of parent company Muckle Brig. "As a small B Corp-certified craft gin distillery, we don't aim to price-promote to keep our premium positioning; rather we look to invest in activity to raise awareness and create experiences for travellers."

The brand was heavily active during spring and summer 2024, says Stirling, particularly with Avolta World Duty Free's stores and their new digital 'contentainment' spaces. Lind & Lime will continue its global sampling programme H2 2024, conducting tastings in diverse locations spanning from London and Copenhagen to Doha and Sydney.

Lind & Lime's sustainability credentials are a key aspect of its appeal, says Stirling. "Sustainability is at the core and essence of Lind & Lime, therefore we are very well-positioned for the more eco-conscious consumer. Our gin is distilled with 100% green electricity, produced with 100% organic ingredients and packaged with 100% plastic-free materials. Any NPD will have the same conscientious approach."

Brockmans is also keen to highlight the brand's sustainability initiatives within the travel environment. The company is introducing an eco-friendly bottle which weighs just 500g. This reduction in glass weight translates to a 15% decrease in CO2 emissions throughout the production and distribution process, according to Henri.





Noblewood Group set about rebuilding Beluga's travel retail distribution after acquiring the brand

Vodka remains substantial force; Beluga rebuilds GTR footprint

Vodka sales recorded a stately 5% value growth rate in GTR in 2023, according to IWSR. Yet the category is a substantial force, remaining the second-largest in volume terms after whisky. Moreover, the long-term premiumisation of vodka appears to be alive and kicking, with premium-plus price tiers forecast to grow at a healthy CAGR of 11% over the next three years, ahead of standard-priced vodka (+5%) and overall spirits (+8%).

Beluga is an interesting example of a super-premium vodka brand now thriving in travel retail. Owned by Montenegrin spirits producer Noblewood Group, the vodka is made with neutral grain spirit from the group's distillery in Latvia, which is then filtered, rested and bottled in Montenegro at the group's production site in Nikšić, at the foot of the country's Trebjesa Mountain.

Production at the Nikšić site began in March last year after Noblewood purchased the brand from its former Russian owner. From this standing start, Noblewood global business development MD Andreas Ioannides says Beluga has quickly rebuilt its duty-free business with listings in Dubai, Qatar, Bahrain, Tel Aviv and Cairo in the MENA region.

The brand, whose range extends beyond the core Beluga Noble to include the luxury Beluga Gold Line expression and the flavoured Adriatic Botanicals family, now has a presence in Asia at Delhi Duty Free and Mumbai's Ospree Duty Free in India, and at Seoul Incheon Airport in South Korea, as well as multiple listings at airports in Europe and North America.

"We are also pleased to announce the start of cooperation with Gebr Heinemann," adds Ioannides. "In H2 2024, we expect to expand Beluga's presence in airports in Germany, Austria, Switzerland and Italy, as well as achieve listings in Singapore at Changi Airport and airports in Thailand and Vietnam."

Ioannides reveals that Beluga is introducing a new triple-pack format specifically for Middle Eastern markets, taking advantage of their generous 3L duty-free allowance. Emphasising the brand's expertise in gift packaging, he says it plans to launch a Beluga Celebration pack with a glass, alongside existing gift sets for the brand's Beluga Noble, Transatlantic and Gold Line expressions.

"We utilise an occasion-based approach: alcohol as a gift, a unique addition to one's home bar by offering value-added packaging with premium glassware and bar accessories," Ioannides explains.

Tito's rides the US tourism wave

Despite rising prices, the post-pandemic boom in American international travel has continued. In March alone, 6.5m US citizens travelled internationally, according to the US International Trade Administration. That figure is the highest in over five years and further proof that the US 'revenge travel' bubble has yet to burst.

One brand undoubtedly benefiting from this mass exodus is Tito's Handmade Vodka, according to MD international John McDonnell, who points to new listings at Paris and Rome airports. "We're still missing some key airports in Europe, notably Greece, Spain, Portugal, the UK and Switzerland, but we're doing well in the Americas, especially with our 20cl offer at Dufry Americas," he says. "We're also seeing a nice uptick in the Middle East, in Dubai and Abu Dhabi."

With 35.7m people expected to take a cruise this year (report p68), a 6% increase versus 2023, Tito's has taken its cruise »

Tito's Handmade Vodka reports an uptick in travel retail sales in the Americas and Middle East

» business, a notoriously competitive channel, in-house rather than using a broker. The company has hired the services of Curran Zinn, an experienced cruise retail expert previously employed by US travel retail drinks distributor WEBB Banks, to lead the brand's new in-house cruise team.

Nemiroff reports 'remarkable' H1 performance in GTR

Despite the challenges of operating from a war-torn country, Ukrainian vodka Nemiroff's H1 2024 performance in travel retail has been nothing short of "remarkable", says a company spokesperson.

They attribute a sales surge of 41.7% to multiple factors, such as expansion into new markets — including Germany, Poland, the UK and, shortly, Kazakhstan — and consumer trade-up from standard to premium brands.

In terms of specific channels, Nordic ferry sales of Nemiroff increased 120% over the first six months of the year, while airports and border shops enjoyed growth rates of 53% and 45%, respectively.

Successful brand activations at key hub airports proved a decisive factor, the spokesperson insists. A promotion at Istanbul Airport, for example, generated a sales uplift of 84%, while another at Berlin Airport led to a 122% boost.

While emerging markets, including India and the Middle East, posted promising numbers, there were challenges in Ukraine and some CIS markets, the spokesperson notes. The axing of duty free in Moldova, closed borders in Azerbaijan and the steep reduction of duty-free liquor allowances in Ukraine had an impact, but Nemiroff managed to maintain its market share and even increase sales of its premium lines by 22%. Lex by Nemiroff, the brand's recently launched ultra-premium vodka, made a strong GTR debut in early 2024 at Paris-Le Bourget Airport, a location boasting several private jet terminals and a wealthy passenger mix. During the launch, travellers were offered Lex-based cocktails, such as espresso martinis and Ukrainian mules.

"We continue to work on Lex by Nemiroff's distribution," says the spokesperson. "In the Spanish travel retail market, select retailers have embraced Lex, noting its appeal among travellers seeking a luxurious and refined vodka experience. Similarly, in Azerbaijan, our ultra-premium offering has found a home in exclusive duty-free locations catering to a sophisticated clientele."



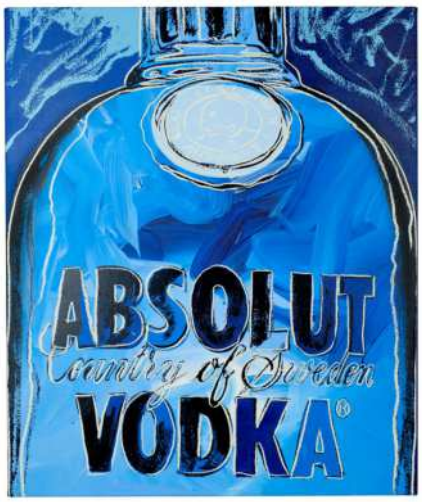
Ukrainian vodka brand Nemiroff saw travel retail sales surge 41.7% in the first six months of the year

Lost Warhol painting inspires Absolut limited edition

In terms of NPD, the biggest development in the vodka category so far in 2024 was arguably the release earlier this summer of Absolut Warhol, a limited-edition bottle developed in partnership with The Andy Warhol Foundation for the Visual Arts. Limited to 2m bottles, the bottle's design is inspired by the recent discovery of a lost Absolut Blue painting the US pop artist created for the Swedish vodka in the 1980s.

Absolut Vodka redefined spirits marketing in the 1980s by abandoning traditional product imagery in favour of artist collaborations. The innovative approach began with a groundbreaking partnership with Warhol in 1985. The iconic artist's pop art rendition of the Absolut bottle, featuring bold colours against a black backdrop, marked the start of a lasting artistic legacy for the brand.

The limited-edition Absolut Blue Warhol bottle will enjoy exclusive availability in travel retail for two months before its global release across more than 50 markets. Priced competitively at approximately US$24 for a 1L bottle, the product launch was marked by a distinctive pop-up 'art gallery' event at Amsterdam Airport Schiphol.



Andy Warhol's 1985 painting Absolut Blue

To amplify the launch, a comprehensive marketing campaign encompassing immersive 3D media, in-store promotions and visual displays will be implemented across major international airports including Dubai, London Heathrow, Sydney and Madrid.

White rum plays second fiddle to older styles

The latest IWSR figures show that white rum enjoyed a 10% uplift in sales by value last year, likely driven by the high numbers of US travellers venturing overseas and the continued growth of the cruise sector, a business with a big footprint in the Caribbean. However, the focus of most rum producers in travel retail is to persuade travellers to trade up from standard silver or blanco rums to more expensive aged golden and dark rums.

Bacardí GTR, the category leader with over a quarter market share, has been focusing on persuading travellers to climb the rum ladder to purchase some of its more premium expressions in its most recent 'Rum Tales' activations at Miami and Frankfurt airports. Using a mix of sampling, gifts with purchase, an AI-powered rum recommendation app and a supporting media campaign, the activations showcased high-end rums such as the Venezuelan label Santa Teresa 1796 and Facundo, a collection sourced from the private rum reserves of the Bacardí family.

The white spirits market in travel retail is at a turning point, driven by tequila's rapid rise and the push towards premiumisation. While tequila's success reflects a growing demand for authenticity and craft, other categories — notably gin and vodka — are adapting through innovation and targeted experiences. The fierce competition for travellers' attention highlights that success now depends not only on the quality of the spirit, but also on its ability to connect with a diverse, value-conscious audience. GDI

'We have remained true to the soul of La Hechicera'

Launched in 2012 by two members of the Riascos family, Colombia's La Hechicera came under Pernod Ricard's majority control in 2021. **Co-founder & MD Miguel Riascos** looks back on how the rum got where it is and forward to its future







La Hechicera's Miguel Riascos: Brand visibility and consumer engagement are key

You're over three years into your partnership with Pernod Ricard. How have things changed since it acquired majority control of La Hechicera? Since joining forces with Pernod Ricard, the journey has been transformative yet grounded in our core values. While the scale and resources available to us have expanded significantly, allowing for more robust distribution networks and marketing capabilities, we have remained true to the soul of La Hechicera. Our craftsmanship and commitment to quality have been respected and preserved. The partnership has enabled us to reach a broader audience, while still maintaining the artisanal spirit that defines our rum. In essence, it's been about growth without compromise.

What is the relationship between La Hechicera and Pernod Ricard's other brands, particularly Havana Club? While both are part of the Pernod Ricard family, La Hechicera and Havana Club maintain distinct identities and market positions. However, there is a shared ethos of excellence and a deep respect for heritage. The relationship with Pernod Ricard's other brands provides us with invaluable access to global expertise, innovation and a powerful distribution network. This collaboration enriches our ability to tell our story on a larger scale, while benefiting from the knowledge and experience that come from being part of a multinational portfolio.

Which are the most important/biggest markets for La Hechicera, and where do you feel the strongest potential is for the brand? Currently, our biggest markets are in Europe and Latin America, with particular strength in countries like Colombia, France, the UK, the Czech Republic, Slovakia and global travel retail. The US holds a lot of promise for premium rum; there is a burgeoning interest in premium spirits, and consumers are increasingly seeking out unique and high-quality offerings like La Hechicera.

Premium-plus rum has grown in importance for multinational brand owners. [In early 2023, Brown-Forman acquired Diplomático and Diageo bought Don Papa.] How has this affected La Hechicera? The increased focus on premium-plus rum by major players underscores the growing consumer demand for high-quality, well-crafted spirits. This trend has only validated our approach and positioning in the market. It has pushed us to continue innovating, while staying true to our roots. We're confident in the unique character of La Hechicera, and we see the growing competition as an opportunity to further distinguish our brand through storytelling, quality and authenticity.

What proportion of sales come from GTR and where have you found success in the channel geographically? GTR has become an important channel for us, contributing a significant proportion of our sales. In Colombia's duty free, La Hechicera has been outperforming other brands, capturing the attention of discerning consumers looking to gift something special. No doubt this rum will be able to seduce and entice consumers in other markets.

How confident are you in the brand's GTR potential? We are highly confident in the potential for La Hechicera within the channel. GTR aligns perfectly with our target demographic — sophisticated consumers who appreciate premium craft spirits and who often are on the lookout for unique experiences and products. The opportunity to showcase La Hechicera in such a dynamic and global environment is immense, and we're committed to leveraging this channel to further enhance our brand's presence and growth.

What do you need to realise your GTR ambitions? We need continued investment in brand visibility and consumer engagement at key points of sale. This includes tailored marketing strategies that resonate with the international traveller, as well as collaborations with retailers to create exclusive offerings that highlight the uniqueness of La Hechicera. Additionally, deepening our understanding of the preferences and behaviours of the global traveller will be crucial to refining our approach and maximising our impact in this competitive space. GDI

LA HECHICERA

FINE AGED RUM FROM COLOMBIA

THE SPIRIT OF ABUNDANCE



DRINK RESPONSIBLY

Uneven return to form for sparkling wine and champagne in travel retail

Geopolitical nuances, macroeconomic uncertainty and a stuttering APAC revival are impeding champagne and sparkling wine's rebound in GTR. But producers remain bullish about long-term prospects. By **Richard Woodard**



Lagardère Travel Retail listed Clarevallis organic champagne ahead of the Paris Olympics this summer

As the global travel retail channel has steadily recovered from the lows experienced during the Covid-19 pandemic, some beverage alcohol segments have attracted particular optimism — and champagne/sparkling wine is definitely one of them. After all, what better way to celebrate the return of international travel than to pop open a bottle of bubbly?

"The GTR market has recovered and, while focusing on our strategic brands, like Mionetto or Freixenet in the past years, Henkell Freixenet has already achieved the volumes of 2019 in this segment," says Ramon Olivé, head of sales of GTR at Henkell Freixenet Global Export.

"Some regions, such as Europe and the Americas, have already fully recovered and are growing versus pre-pandemic levels. In terms of Asia and China, the volume of passengers is recovering month after month, but we are still below pre-pandemic."

However, that doesn't dim the company's long-term focus on the region. "We consider Asia-Pacific as a market with great importance," says Olivé. "Via GTR channels in Asia, we see an opportunity to increase perception and brand awareness in Asian consumers' minds, as they are the ones with the highest spend per capita in the channel. APAC will be one of our focus areas for 2025 in terms of growth."

As Olivé says, the bounceback, even for a segment as dynamic as champagne/sparkling, has so far been uneven — influenced by geographical nuances such as the persistent unwillingness of Chinese nationals to undertake long-haul travel in large numbers, and the uncertain macroeconomic backdrop.

"Globally, our volumes are above 2019, but within airlines and duty free, our volumes declined due to restricted travel during Covid and increased demand in retail over this challenging period," reports Laurent-Perrier UK MD Adam Guy. "Demand in travel retail is gradually returning to pre-Covid levels."

At Bottega, company president Sandro Bottega asserts that turnover is up by "almost 50%" versus 2019, but also admits that growth is "fluctuating" because of "multiple tensions at international level".

He adds: "In Asia, the situation is less positive, however, some distinctions must be made. Singapore and Thailand are growing, also thanks to the large tourist flow and to the favourable rates for purchases in the GTR channel. The other countries of South East Asia are recording a slow increase due to the late recovery of Chinese tourism. China has not yet recovered the turnover of 2019."



Laurent-Perrier believes demand in travel retail is gradually returning to pre-Covid levels

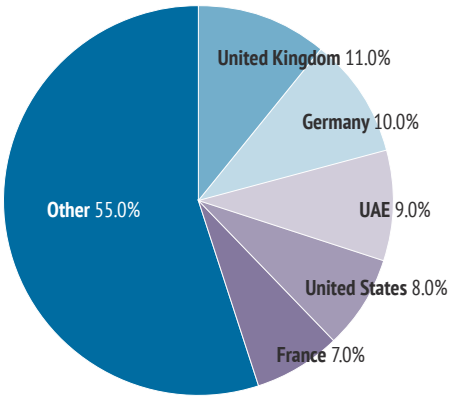
New brands embrace post-Covid travel retail opportunity

While established players in travel retail have played a key role in the resurgence of the channel — including the likes of Henkell Freixenet, Moët Hennessy and Champagne Lanson (see p26) — the disruption and subsequent evolution of GTR have created openings for new companies and brands.

"Drappier has fully entered the GTR channel post-Covid [through a large listing via Aelia and Dufry]," says Charline »

Top 5 Travel Retail Markets for Champagne/Sparkling Wine

Market Share (Vol) 2023



Source: IWSR

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Make their mark (from left): Drappier Rosé Nature; De Luca Prosecco DOC and Sparkling Rosé

» Drappier, co-owner & commercial director of Champagne Drappier. "Therefore it is difficult to provide a comparative point of view. However, as we entered the selection in 2022, champagne sales were very high and it helped us to get a very nice exposure during the first two years, which is still paying off."

Drappier's Brut Nature Cuvée was selected by Lagardère as the retailer's first zero-dosage champagne, and the same company listed Drappier's Clarevallis organic champagne, which benefited from an activation during this summer's Paris Olympics.

"The GTR trade seems to be opening up to newer, more premium products, such as those more focused on environmental principles, and more 'niche' products," says Drappier, but she adds that such esoteric champagnes are only likely to prove successful if they are accompanied by the halo effect of a well-known brand name.

"Notoriety in the domestic market plays a big role, and exclusive GTR products do not seem to drive as much interest as a champagne that is already strong in its market," she explains. Purchase rates for Drappier's Brut Nature and Brut Nature Rosé in travel retail are described as "very high" — but the company's GTR best-seller remains its core Carte d'Or expression.

At Accolade Wines, channel sales director EMEA Jeff Bond reports an "encouraging" sales upturn for the company's Da Luca Prosecco brand since 2019, mainly in Europe, but also through distribution gains in the Middle East and Southern African airports over the past two years.

"Champagne can be seen as a treat or luxury purchase, whereas prosecco is more frequently bought as an alternative to still wine in consumers' shopping baskets," Bond says. "In 2024, we will upweight our tasting activity that proved very successful in 2023. We will be launching a tasting campaign in five UK airports in December this year for Da Luca Prosecco and Da Luca Sparkling Rosé, with the aspiration of sampling 30,000-plus consumers over the period."

Getting 'liquid on lips' crucial

Bond argues that "liquid on lips" remains the most effective means of sales conversion, and many brands believe that a judicious mix of experiential activity and price promotions is the best way to drive awareness and sales in the travel retail channel.

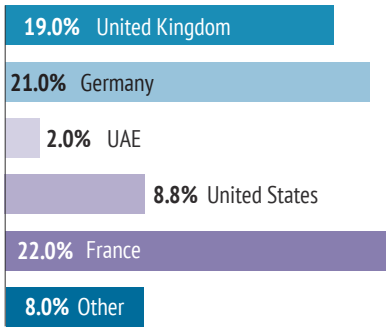
"Promoting a niche family brand is all about spreading the word of the quality of the champagne and how it has been made," says Charline Drappier. "Especially when you grow your own grapes, and if these are cultivated organically, the more important it is that the consumer knows about it."

Sandro Bottega agrees, referencing travel retail's fabled role as a shop window, rather than a cash cow. "Our commercial philosophy has always been to maximise firstly the consumer pleasure instead of our profit margins," he explains. "Store promotions and guided tastings are part of our strategy, as we believe that making consumers aware of our quality is the best way to gain their loyalty."

Such activities can be crucial in persuading travellers to part with a few more dollars, euros or yen to trade up to a higher-»

Top 5 Travel Retail Markets for Champagne/Sparkling Wine

Chg Vol 2022–23



Source: IWSR

Lanson reasserts GTR commitment

Travel retail has long been a strong suit for Champagne Lanson and, despite the obvious challenges of recent years, the house retains a strong commitment to investing in the channel.

"We know champagne and sparkling wine have been key drivers of GTR sales recovery since Covid-19, and for Lanson we have seen clear evidence of that in our results," says Albane Lussat, Champagne Lanson GTR account manager. "This has been further driven by the relaunch of Le Black Label as Le Black Création [pictured below], with excellent results from activations in the last quarter of 2023."



That success has prompted the business to ramp up its schedule of airport activations to support the launch of Le Black Création, while also promoting Le Black Réserve and another new cuvée that will be launched later in 2024.

Lussat sees these initiatives — including a strong focus on tastings and food pairings — as a vital tool in driving brand awareness. "Despite inflationary pressures, we still see that, when they are travelling, consumers are more inclined to look for a special treat and indulgence," she explains. "Champagne perfectly meets that desire. That is why this year we will be investing more than ever in HPPs [high-profile promotions] with our retail partners."

Lanson's bullish outlook comes despite the pressure of continued macroeconomic fragility. "We are aware that there are challenges for this year, with an uncertain political and economic situation across much of the globe," admits Lussat.

"There is also pressure on stocks following small harvests in 2020 and 2021, compounded by over-purchasing in 2022 — but we remain confident that more investment in GTR will pay dividends."

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» quality or more exclusive product. Premiumisation may have taken a battering from the pandemic and subsequent economic woes, but it remains a dynamic to be reckoned with.

"Premiumisation is still a trend in GTR," says Henkell Freixenet's Olivé. "Travellers are looking on-shelf for new SKUs that they cannot find in the High Street, and gifting is still one of the main drivers at the time of purchasing. That is why higher-end products still play an important role within the market." For Henkell Freixenet, examples include Freixenet's new French expressions, Brut Royal and Rosé Royal, as well as vintage cavas from Segura Viudas.

Prosecco is an obvious candidate for premiumisation, and Sandro Bottega believes that should be the "first mission" of Italian wineries. The company's eye-catching Bottega Gold Prosecco DOC has long been a vehicle for this, boosted by a revelatory series of vertical tastings showcasing the ageability of Bottega's wines.

In the near future, the company is set to unveil its Gold Vintage project — a collection of super-premium proseccos produced using selected grapes from individual cru zones and fermented on the lees for nine months (rather than four). The first release, Bottega Gold Cru, an extra brut prosecco from the 2022 vintage, has already been bottled.



Premium push (from left): Freixenet Brut Royal and Rosé Royal French sparkling wines; Segura Viudas Brut Vintage 2022 and Rosé Vintage 2022 cavas; and Bottega Valdobbiadene and Gold Cru proseccos

The desire to push more premium products is all but ubiquitous — Laurent-Perrier's Guy sees more potential for the house's higher-end cuvées in travel retail — but that doesn't mean that the offering of good value has no place in today's GTR channel.

"It's important for retailers to offer value across the board in wine and champagne," says Accolade's Bond. "Although premiumisation is evident, there is still a large consumer need for affordable value." He highlights Accolade's move to an 'always on promotion' approach in its airport retail business, offering a two-for-GBP20 deal on Da Luca Prosecco with retailer Avolta, and an EDLP (every day low price) per bottle and case on UK ferry routes.

Henkell Freixenet's Olivé sums up the company's approach in this area as "mix and match", encompassing new product development, GTR exclusives and luxury proposals, but alongside wine packs or one-litre formats — all tailored to the demands of individual regions and markets. For instance, in Brazil, the company incentivises the purchase of full boxes (six bottles) among consumers.

For Sandro Bottega, a flexible approach and a comprehensive offer are the watchwords. The company's product roster spans medium to high pricing, and flavour profiles ranging from ultra-dry to sweet, while also promoting small, giftable formats such as its 20cl Birilli (pictured below) that are aimed at customers with reduced budgets in these difficult times.

Bottega says: "We can add that Bottega Gold and the other metallised bottles attract immediately on the shelf. Moreover, they convey a message of 'accessible luxury' that is widely appreciated by consumers." GDI



Consumer engagement: Henkell Freixenet's holistic approach

In an evolving travel retail landscape, it is vital for brands to adopt a flexible approach when it comes to marketing and communication, marrying physical events with a comprehensive digital strategy.

"Today's consumer loves a 360-degree approach," says Ramon Olivé, head of sales of GTR at Henkell Freixenet Global Export. "You need to be in the stores and make yourself visible: that is why ensuring presence and having activities within the store will ensure your success.

"We know that travellers like to try new brands in airports and are more open to discover new products. That is why we will prepare a big engagement activation in one of the main European airports, Barcelona, during the months of November and December."



A strong focus for the activity will be the relaunched Freixenet Cordon Negro, the cava brand's core expression, which was unveiled at this year's ProWein trade fair to mark the product's 50th anniversary, and which is now available from Dufry.

"Everything will start at the airport, but we'll connect our consumers with the winery to enhance consumer experience," says Olivé.

He adds: "On the other hand, we are connected to our online devices, and we take some of our purchase decisions just before arriving at the airports. Being omnipresent will make it easier for our consumers to decide which brands/products can be more suitable for them."

Is craft beer wrestling with its own kryptonite?

North American craft brewing and the Marvel Cinematic Universe may make odd bedfellows, but both have followed a similar road to rocky ground. **Stephen Beaumont** reports



Can North American brewers turn the tide or is the era of craft beer simply coming to an end?

As strange a parallel as it might appear, the recent fortunes of craft brewing in North America echo to a curious degree the performance of films in the Marvel Cinematic Universe, or as it is widely abbreviated, the MCU.

In the late 2000s and early 2010s, craft beer, like the MCU, could do no wrong. Every release was a hit, with patrons happily lining up for hours and sometimes paying dearly for the latest experience, be it in celluloid or liquid form. Not every movie or beer was an unqualified success, of course, but fans appeared willing to overlook most failings in support of the franchises they had grown to know and love.

In the latter twenty-teens, however, both market segments hit rocky ground, well short of desperate times but still down from their previous highs. As Marvel struggled through a wave of negative reviews, craft beer faltered, with its previously reliable double-digit CAGR replaced by low single-digit growth.

Post-pandemic, the bloom had well and truly fallen off both roses, with craft beer struggling to recover from its Covid-related crash and the MCU coping with the box office underperformance of *The Marvels* and other films.

While the MCU bounced back with a hit movie this summer, North American craft beer remains mired in an ever-worsening slump. Which has some wondering what may be done to reverse course, or indeed if the era of craft beer has simply come to an end.



Pete's Brewing Company co-founder Pete Slosberg recommends guerilla marketing techniques

Market share there for the taking

As often happens when the skies are at their darkest, however, what the naysayers are failing to see are the glimpses of light which stubbornly persist on the horizon. Including the pretty bright one that is the more than 85% of the North American beer market not presently claimed by craft.

While there is no question that small, perennially underfinanced breweries stealing market share from the well-capitalised internationals is a task far more easily said than done, that challenge was even more daunting in the 1980s, '90s and noughties, when the majors had considerably more than 90% of the market and an even greater share of the public consciousness. In other words, it's been done before and could conceivably be accomplished again today, provided that craft brewers restore their formerly laser-sharp focus.

'Run your business like a business'

A wise place to begin would be the marketing of their wares. While the concept seems curiously repugnant to many in the craft brewing industry, marketing in its various forms was in fact how the segment got going in the first place.

During the glory days of double-digit market expansion, it often seemed like all a brewery had to do was announce a new »

US craft beer outlook

Key takeaways from the mid-year survey of the Brewers Association (BA), the trade organisation for small and independent US craft brewers:

- 54% of breweries reported growth in the first half of 2024 compared with a year ago.
- The number of active craft breweries has edged up from 9,339 in June 2023 to 9,358 in June 2024.
- Beer dollar sales in 2024 are likely to be static, while there has been a continued small decline by volume (estimated to be 2% compared with 2023).
- The volume decline is across channels and regions, with similar trends across packaged, keg and online sales.
- NIQ scan data shows independent craft packaged sales down 2% year on year.
- The BA attributes the drop to a reduction in SKUs and increased competition from other drinks, such as RTDs.

» beer and it would sell out within weeks, days or even hours, but back in the 1980s and '90s, brewers had to sell to their customers one by one and beer by beer. With the beer market crowded and consumer budgets shrinking, it makes sense to revisit some of those methods.

"Ever hear the old adage that if you build it, they will come? With very few exceptions, it's BS," says Pete Slosberg, co-founder of Pete's Brewing Company, an American contract brewing success story from 1986–98. "Run your business like a business. We found guerrilla marketing techniques to be cheap and effective in building support at wholesale, retail, media and consumer levels."

Emphasise core brands

A second strategy that appears to be gaining in popularity among North American craft brewers is to scale back special and seasonal releases in order to focus more clearly on the core brands. With today's beer consumer less easily led by novelty and increasingly interested in quality and consistency, it's an approach that seems strategically sound.

"People have limited incomes and beer isn't cheap, so they want to buy brands they have a lot of faith in," says Matt Tweedy, co-owner of Tooth and Nail Brewing in Ottawa, Ontario. "Some day in the future we are all going to look back on the period when we were all producing dozens or hundreds of labels as complete insanity."

As a bonus, Tweedy adds, having fewer styles in the brewhouse can result in cost savings as the need for often-expensive specialty ingredients is reduced and brewery procedures are streamlined and simplified. All of which, he says, "improve efficiencies like I could never believe".

'Beer drinkers buy on price'

Tweedy's comment on pricing also resonates in today's marketplace. Given the recent and sometimes extreme rise in input costs, it's tempting for a brewer to try to draw out every dollar they can when selling their beer, but it's also important to remember that consumers, too, are feeling stretched.

"Beer pricing is often dictated by larger brewers, so to veer too far off the standards they set can put the craft brewer at a disadvantage with beer buyers," notes Mitch Steele, co-founder & brewmaster at the four-outlet, south-eastern US New Realm Brewing. "Beer drinkers buy on price, and if they see the same beer style at a similar strength from different breweries on the shelf, often price will be the final factor deciding what beer they buy."





Tooth and Nail Brewing co-owner Matt Tweedy (above) advocates scaling back on special releases; while New Realm Brewing brewmaster Mitch Steele (below) says staying competitive on price is key

Some ways breweries are battling to keep their prices down include reducing or eliminating the costly process of dry-hopping and concentrating more on traditional lagers, such as pilsner and helles, than IPAs and their many variants, says Steele. With respect to the latter, he adds, "they are popular, they cost less to brew, and the price is better on the shelf".

Urgent need to extend reach

Fourthly, as should be pretty obvious to anyone connected with the brewing industry, there is an urgent need today to expand the consumer base for craft beer.

The past couple of decades have witnessed a certain degree of tribalism creeping into craft beer, which, other than the North American market's now-well-documented white male bias, was fine and dandy when everyone was selling all the beer they could produce. But with craft now needing to extend its reach to new audiences, brewers must recognise that newer drinkers might not be acquainted with such insider jargon as DDH (for double dry-hopped), kettle souring or thiolised yeast, and as such could be put off by the gate-keeping such terminology would seem to engender.

"I think that, more than ever, craft brewers need to remember that it's a business and not a crusade," says Larry Bell, founder of now-Kirin-owned Bell's Brewery in Kalamazoo, Michigan. "In the golden days of craft, we were blessed with being able to have a large portfolio and explore all the styles that consumers had been missing out on for years, [but] sometimes you have to give up your own personal ideals so as to be able to nimbly move with the marketplace to keep the doors open."

Forward-thinking approaches

In that same vein, the twenty-somethings of today have different interests and concerns than did those of a decade or two ago, and so might require a different approach.

Considering the environmental impact of one's brewery and identifying areas that may lessen its footprint in order to increase its appeal to the more green-conscious Generation Z is a strategy noted by several forward-thinking brewers, as is reviewing the brewery's digital presence and giving it an overhaul if it is found lacking.

Further, where it is legal to do so, adding non-beer offerings to the drinks list at a brewpub or taproom may help attract today's omnibibulous Millennial and Gen Z consumers.

In the end, just as the Marvel Cinematic Universe isn't about to be fully resuscitated via a pivot to romcoms or horror films, neither is craft beer's salvation about to be found in seltzers, cider, hard teas, micro-distilleries or RTDs. Ultimately, what both sides require if they are to return to anything approaching their glory days are renewed creativity, ingenious marketing and, perhaps most importantly, forward thinking. GDI

Craft cider booms as flavours dip

Cider volumes declined 2.3% in the category's largest market — the UK — last year, but craft pushed value up by 2.8% and will continue to set the pace of growth. **Kate Wake-Walker** reports



Craft cider continues to increase share, outperforming the category as a whole, according to Westons' ninth annual cider report. While total cider is up (+2.8%), the craft sector is outpacing the market (+12.2%)

Cider is an often-overlooked category in the global alcohol market. It is a market dominated by the UK, which is bigger than the next four markets combined.

Reports on the market by Heineken and Westons Cider makers highlight the drivers underpinning the UK, many of which not only apply to other cider markets but to global drinks in general.

The UK market

In a nutshell, the UK saw volumes hit 695m litres in 2023, a decline of 2.3% versus 2022. However, value increased by 2.8% to GBP3.1bn (US$3.9bn). Early indications suggest that the very damp start to the summer in the UK in 2024 resulted in volumes continuing to fall.

Volume share for the UK off-trade versus the on-trade splits 63% vs 37%. In value terms, the opposite is true with 62% in the on-trade and 38% in the off-trade. Volumes in the off-trade fell by 3.8% to 440m litres in 2023.

Apple remains the dominant flavour accounting for about 63% of consumption, followed by flavoured cider (35%) and perry cider (2%). Pure apple ciders grew by 2.5% overall, while flavoured ciders dipped 0.5% despite nudging up 0.3% in the on-premise (versus a 2% decline in the off-premise).

Despite the overall decline, there are pockets of growth. The no/low segment, circa 1.3% to 1.8% of total cider sales, is estimated to be the fastest-growing sector, up GBP2.4m (+8.4%). The value white subcategory also showed strong growth, albeit off a low base of only 5% market share.

Much more importantly, the craft sector grew in value by 12.2%, increasing its share from 19.4% to 21.2%. This pushed up cider's average price per litre by 7.1% to GBP2.55.

In the on-premise, overall volumes edged up by 0.5% to hit 255m litres. Again, value rose faster, with the average price per pint up 4.1% to reach GBP4.31. Consumers are buying less but paying more.

Premiumisation

This premiumisation trend is driven primarily by growing demand for craft cider. What makes this trend so valuable is the higher prices that craft cider commands, with an average price per litre of GBP3.70 compared with total cider of GBP2.55 per litre.

Craft's success is replicated in the on-premise, where its share of draught cider continued to climb, up from 9.8% in December 2022 to 13.8% in 2023. It remains a surprisingly concentrated market, with the top ten craft brands accounting for 81% of the total craft segment.

Combined, these ten brands rose 17.8% versus 2022. Three companies — »

Top 10 Largest Cider Markets by Volume 2023 Million Litres



Vectors: iStock.com/Stockdevil/MaksimYremenko

Source: Westons Cider Report 2024

» Westons, Thatchers and Aspall — account for all of the top ten brands. Consumers continue to gravitate to less but better, with demand for brands with provenance and authenticity increasing.

Westons Cider MD Helen Thomas says "cider should look to maximise the authentic and quality aspects of the products, [especially] for apple cider, where most opportunity lies".

This can be seen in the growing number of the top-end ciders ranging from single variety ciders to those whose production values have the look and feel of wine. Companies like Find & Foster are now able to command a price just shy of GBP20 for a 75cl bottle.

Companies such as the Naughton Cider Company are directly mimicking wine styles with their Traditional Method Brut Vintage, which is made in the same style as champagne and costs GBP26 per 75cl.

At the lower end of the price tree, but still 15% above mainstream brands, is the cider company and brand Sxollie Cider, which has three single varieties: Granny Smith, Cripps Pink and Golden Delicious.

Self-styled 'ciderologist' and expert in all things cider Gabe Cook sees it like this: "There is huge scope for being playful and innovative in this space, such as a focus on specific apple varieties, just like grape varietals with wine or hops in beer. Let's get dabinett [apples] as well-known as sauvignon blanc [grapes]. Or even ciders that present a little more like a wine — big bottle, big flavour, big experience."

However, one of the issues with craft and premium ciders remains a lack of clear definition. A brand need only have 35% apple content to be a cider — premium, craft or otherwise. But as consumers delve deeper into the ingredients of their beverages, brands need to be honest with them.

Sustainability

A big opportunity exists around sustainability — 45% of drinkers see ciders with environmental cues as more appealing, according to the Westons report.

Significant efforts are being made in this area with UK cider-makers increasingly adopting sustainable practices to minimise their ecological footprint and appeal to eco-conscious consumers. These range from investing in renewable energy sources and embracing organic farming, to the local sourcing of apples and implementation of waste reduction practices.

Westons Cider, for example, sources apples locally to reduce transportation emissions, and focuses on waste reduction, using apple pomace for animal feed and composting.

More and more cider companies are adopting sustainable packaging, with producers experimenting with eco-friendly options such as recyclable cans, biodegradable labels and reusable containers. Suffolk-based Aspall Cyder uses 100% recyclable packaging, including lightweight bottles and cans.

But there is room for improvement — almost half of cider drinkers say they would like to see more ciders made with 'wonky' fruit. Given the low mileage of UK-grown ciders, the use of local apples and efficient production methods, more should be made of the category's eco creditionals — there is only one B-Corp cider-maker in the UK, Sxollie, and just a handful more in the US.

The problem for many producers is the high level of added sugar and concentrates used, both of which come with high emissions. As Laura Clacey, co-founder & CEO of Sxollie Cider, puts it: "To truly communicate the environmental benefits of cider, producers who use 100% fresh-pressed apples must highlight their sustainability practices.

"Educating consumers about the advantages of cider made from apples — such as being a replenishable resource, supporting biodiversity, avoiding soil degradation, using less water and, of course, lower emissions — can differentiate authentic, sustainable ciders from mass-produced ones."

Flavoured cider

Flavoured cider accounts for 35% of the market, with 2% pear cider by value. Most popular among the flavours is dark fruit (cherries, blackberries and blackcurrants) or variants thereof which make up more than half of the flavoured category in the UK. Strongbow's Dark Fruit is the leading flavoured brand in the UK off-premise and in 2023 was 43% larger than the next-closest rival (Kopparberg's Strawberry & Lime) by value, but it is in decline (-10.1% in 2023).

This is a segment that needs innovation and new brands to remain buoyant. It is no coincidence that the most dynamic brands have been launched in the past two years: Thatchers Blood Orange (+34.9%, now the UK's fourth-largest off-trade brand) and Old Mout Strawberry & Apple (+16.6% at No.7); both hit shelves in spring 2022, while Strongbow Tropical (ranked No.8) was released in 2023.

Recent new flavours include Thatchers Apple & Blackcurrant (released in November 2023) and Strongbow Zest, an apple cider with a mix of lime, lemon and orange (launched by Heineken in March). In May, Budweiser Brewing Group partnered with UK singer & actor Pixie Lott to launch Brutal Fruit — a "blend of ruby apple, citrus and subtle spice notes" — in the UK. One of the prime reasons behind the launch was to encourage greater cider uptake among 18 to 30-year-olds and women.

Flavours have a major role in broadening cider's consumption occasions, especially its seasonality. Cider tends to be a summer drink, with 64% of consumers reporting that warm weather influences their decision to purchase it, according to Heineken's *2023 Cider Report*.

But in the same report, 83% of consumers said they could be tempted to drink cider in the winter. There are a raft of flavours now catering to cooler drinking occasions: from Thatchers Spiced Apple (launched in autumn 2023) to the winter range offered by Kopparberg (Spiced Blackberry, Spiced Apple and Winter Punch). GDI





Sxollie Cider co-founder & CEO Laura Clacey (left) says producers must highlight sustainable practices. Kopparberg's winter range includes Spiced Apple and Blackberry variants (below)

Q&A *with Diageo chief innovation officer Mark Sandys*

Mark Sandys started with Diageo 25 years ago as a graduate trainee. Today his focus is 'finding new capabilities that Diageo doesn't yet know how to do'. Interview by **Olly Wehring**

What's the scope of your role? The position was created two years ago. I'd always worked with innovation through my previous roles, but this is my first time working specifically on innovation. The scope of the job is to broaden how we think about innovation beyond new liquid in bottles to business model innovation and how we can use digital to increase our insight, as well as the way the consumer experiences our innovations.

What's the split of your time between looking to create something totally new for the shelf and these other areas? The role covers all of our categories and countries. I also work to short-term and long-term time horizons — there's huge variety in it. The area in which I spend most of my time is what we call 'Breakthrough Innovation' (Diageo set up a dedicated unit in January). Our definition of breakthrough innovation is finding new capabilities that Diageo doesn't yet know how to do, but can bring transformational value for the future.

This involves working with people outside of Diageo, either in startups — we recently ran a programme called Fusion, identifying startups that have a connection to socialising who we can work with to create new value — or through our more strategic agencies and partners that are able to help us develop new business models.

Because we've got a well-established innovation function that's been running for 20 years, that's still really important. I spend a lot of time looking at how we can improve processes, either by moving more quickly or by developing processes that are more fit for purpose for different types of innovation.

In any given year, we'll launch high-end limited editions, such as Johnnie Walker Blue Elusive Umami, or we'll do some longer-term strategic innovation that we want to last forever, such as Johnnie Walker Blonde. The way you need to operate for a one-off hit versus something you seed and nurture requires different processes. Previously, we'd run everything in a one-size-fits-all approach, which just wasn't really fit for purpose.

How do you stop yourself from being distracted by shiny, new innovation that will barely move the needle when you're responsible for more fundamental and sizable changes? When I moved to Russia in 2008, Diageo's then-marketing director in China gave me this advice: "Your job in Russia isn't to tell the time, it's to build a clock." There's a sense of building the systems that will allow our innovation to be better, rather than being involved in individual projects.

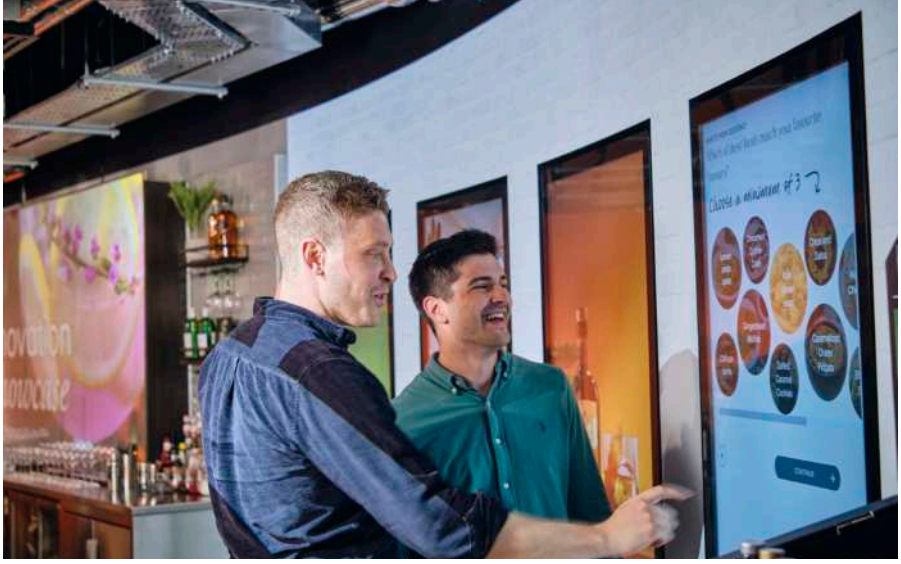
That's something I always have in mind: Am I doing enough to make systemic change in the way we innovate? One of the ways I can add value is by taking people and processes out of the system. Through the normal innovation process, everyone wants to be involved — the ultimate decision maker wants to give their input first, for example. All of those good intentions can just end up slowing things down. So there's a behavioural element that's really important.

There's also a data and tech element — how we can use the insight we get from AI, machine learning and social listening to get insight quicker about how things are changing around the world. We're using that to great effect to both ideate quicker and at a broader scale, as well as to execute in a bigger way.

What differentiates a red light from a green light? In Diageo, we use a foresight system that helps predict macro trends from ten years out to identify what our big hunting grounds for the future should be. These are areas like sustainability, wellness and moderation, or what we call 'neo-hedonism'. If we see growth areas that connect with some of those big spaces for the future, then they're worth going after.

If you look at our business from the »





Diageo's 'What's Your Cocktail?' AI-powered, flavour-profiling technology provides consumers with real-time cocktail recommendations to match their unique flavour preferences

» outside, we prioritise scotch, obviously; tequila, because it's such a big future growth opportunity; and some of the newer areas like non-alc and cocktails — how can we deliver cocktails in a way that doesn't compromise on either taste or margin? — as well as beer, Guinness in particular. Each of these five spaces require some form of long-term planning and we work best when we have a 'now, next and beyond' time horizon for them. Those frameworks help to decide if things are big enough.

There's also something that I and some of the senior innovation people talk about: Can you smell the growth? That's more of an instinctive sense of whether something is big enough to make a difference to Diageo. We don't always get that right. Sometimes you get surprised by things that are more successful than you expected — and sometimes the opposite.

What's neo-hedonism? It's a really interesting trend we're seeing that's rooted in everyone's experience through the pandemic. It's the pursuit of joy, not necessarily by partying every day, but by finding time in nature, for example, which is something we're seeing in drinks through flavour trends towards things like jasmine, hibiscus and rose.

Another example is the desire to be transported to evocative experiences — you might be at home on a Thursday, but by drinking a Smirnoff Spicy Tamarind, you can be transported to Mexico.

How confident are you that as traditional an industry as beverage alcohol has a handle on younger LDA consumers, who appear to have a totally different relationship with alcohol than we've ever seen before? The data supports that view, but there's still growth there. Moderation is definitely a big and present trend among that cohort — non-alc spirits and non-alc Guinness are parts of the fastest-growing area of our business. There's clearly growth for us through the moderation trend.

Over the next few years, I believe moderation's going to evolve beyond non-alc versions of alcoholic brands. We've learned that any offering in this space has to deliver both on taste and on a real consumer benefit. It also has to benefit the consumption occasion, in particular. That's where sometimes people can get things wrong — if you're not adding to the occasion, then it's not going to stick with consumers.

When we were mining for insights into what, why, when and how people moderate, we found they still want to be in that socialising occasion. The people who are drinking our non-alc offerings aren't teetotallers; they're making choices from occasion to occasion, sometimes even within the same occasion. They don't want to make a choice that separates them from the occasion, like having water or a sugary soft drink would do in the past.

In ten years' time, we'll see a lot more variety in this space. It'll also be interesting to see what the current cohort of young LDA adults are doing in ten years' time and how their choices evolve.

Will we start to see the end of brand loyalty among consumers? No, I don't think so. Consumers are all repertoire drinkers. The No.1 thing that drives what they choose from their repertoire of brands is the occasion they're in. Whether they're having a drink before dinner or in a nightclub, it's the occasion that governs what they choose from their selection of brands.

That selection of brands remains relatively tight, but it's still possible to build brands that have an incredible connection with consumers. Look at the success of Guinness over the last few years.

Turning to AI and machine learning, what's the closest you've found to a silver bullet to achieve success? I don't think we have a silver bullet. AI's going to impact every element of what we do, so there'll be many different use cases for it.

Among the areas that are benefiting our business the most at the moment is the work we're doing with AI palettes, which is understanding the speed at which different flavour preferences are evolving. These help to predict both what next year's hot flavours are going to be, but also what the bubbling-under ones are that in three years' time might have a big impact.

Another way that we're trying to harness AI is for flavour preferences through the 'What's Your Whisky?' platform, which has evolved to 'What's Your Cocktail?'. We've also just unveiled 'What's Your Tequila?'. We also use AI a lot in Diageo to drive our digital media purchasing — that's a much bigger spend for us and is already a huge area of efficiency and effectiveness.



Johnnie Walker Blue Elusive Umami, an expression inspired by the 'fifth taste'

The main thing we're doing with AI is experimenting in lots of different use cases and staying connected across the business. We have an internal AI council, so we can share learnings and not duplicate efforts.

I'm sure if we were talking in five years' time, I'd look at what we're doing now and think, 'We were so naive'. Staying open and not thinking that we have all the answers at the moment is a really important mindset for right now.

Do you understand how these tools work? Getting experts in is really helpful, as is having teenage and early 20s kids. There's something important for people of our generation in experimenting ourselves — I quite often use ChatGPT to make sure I'm experiencing it.

The downside to this new tech is younger people are coming in who are more senior than us. I try not to think about that! GDI

The full version of this interview is available to Global Drinks Intel subscribers. To join them, visit ***www.drinks-intel.com/subscribe***

Beverage alcohol struggles in China

Long held up as a key market for future growth and profitability, China's sluggish economy is hitting consumer confidence in high-end spirits. **Richard Woodard** reports



Image: iStock.com/Kizzorner

Tourists explore Beijing Lu, a famous shopping street in Guangzhou, China. Recent IWSR Bevtrac data shows noticeable downtrading among the lower-income cohort of middle-class Chinese for the first time

What's happening in China? After years of pandemic lockdowns and disruptions, 2023 was meant to be the year when this enormous, and enormously promising, market bounced back and began to fulfil its undoubted potential once again. But no.

Total beverage alcohol (TBA) volumes grew only marginally during 2023, according to IWSR data, as losses for spirits (-9%) and wine (-14%) were offset by gains for beer (+3%) and RTDs (+1%). Perhaps most shocking of all, malt scotch volumes fell by 11% — the first decline for the segment in China since 2000.

In its recently announced full-year results to 30 June 2024, Diageo reported what were, on the surface, more positive numbers from the region: organic volumes in Greater China up by 14%, and organic net sales rising 12%. But that growth came mainly from baijiu and the restocking of inventories in the first half of the year — a double-digit revenue hike that merely reversed the declines of fiscal 2023. Meanwhile, the company's scotch sales declined amid widespread downtrading.

"China's beverage alcohol market is going through a period of normalisation following extended Covid-19 lockdowns," says Shirley Zhu, IWSR research director for Greater China. "The industry is contending with destocking of high-end products, [and] consumer caution when it comes to spending amid a crisis in the property sector."

Recovery, when it comes, will be slow, with positive momentum only likely to kick in from 2025, Zhu believes. "Premiumisation has been a strong driver for the market, but has slowed down for categories, with beer as an exception. Some categories saw downtrading as consumers were wary of spending."

The downtrading phenomenon was particularly noticeable, for the first time, among the lower-income cohort of middle-class Chinese, according to IWSR Bevtrac consumer research. It's possible that this could be connected to consumer perceptions that prices have been pushed up across premium spirits categories.

Losses for cognac and scotch as entertaining and gifting falls

As the last of the pandemic restrictions were lifted in early 2023, brand owner hopes were pinned on the reopening on-trade, but this took time to manifest and, says Zhu, the pattern of drinking occasions became more fragmented when it did.

"Many large nightclubs closed and will not reopen; new clubs and live music venues tend to be much smaller," she explains. "Our market research team in China has reported less ordering of bottles of spirits or champagne with sparklers in the nighttime scene. Younger LDA consumers were more likely to order beer buckets or drinks by the glass."

The challenging macroeconomic backdrop led to a drop in high-end entertaining and gifting, with a serious negative impact on XO cognac and expensive scotch. Beyond the notable decline in malt scotch in 2023, cognac's 3% volume decline (-5% value) disguised double-digit losses for prestige and prestige-plus price tiers. VSOP was flat (as was blended scotch), while VS enjoyed growth thanks to its more accessible pricing. "As the movement of products slowed, there were higher inventory levels by the end of the year, despite the efforts of brand owners and wholesalers to move stock," reports Zhu.

One bright spot was the performance of imported white spirits, buoyed by the reopening on-premise. From a small base, gin volumes rose by 25% during 2023, with vodka up 24%, agave spirits surging 40% and white rum increasing by 44%.

The concern, however, is that these gains have been artificially boosted by the post-pandemic surge of customers into bars and nightclubs; Zhu warns that volume declines could easily follow in 2024 as the situation stabilises. »



Image: Marcella Campa courtesy of Ramoprimo

Craft brewers, like Beijing's Great Leap Brewing (left), that started out targeting Western expats, have switched focus to locals as premiumisation continues to propel the beer category



Image: Marcella Campa courtesy of Ramoprimo

China's wine sellers — such as the Studio Ramoprimo-designed Buona Bocca bar in Beijing (above) — will be hoping to disprove IWSR's forecast that still wine losses will continue for some time

Still wine losses to continue

» If anything, the mood is even darker when it comes to China's wine market. While there is some optimism about the prospects for sparkling wine — despite a steep downturn in 2023 — still wine losses are expected to continue, with IWSR predicting a 2023–28 volume CAGR of -2%.

"Total wine volumes will likely continue to decline in 2024, as demand remains weak," says Zhu. "Recruiting younger LDA consumers to wine and generally broadening consumption occasions remain difficult."

On the surface, the cancellation of China's punitive import tariffs on Australian wine is a positive, but the reality is that it has merely added another country to compete for a shrinking pie of wine consumers in the country.

"The lift of the anti-dumping tariffs on Australian wine has given Australian wine a strong boost, but it's at the expense of other wine origins, as consumption is not suddenly going to pick up," explains Zhu.

"Still wine volumes are likely to remain at a low level for some time before consumers spend and explore again."

Longer term, market will remain 'strong and resilient'

It all seems pretty depressing — and so it is, in the short term at least. This year, the process of normalisation continues in the Chinese market as consumers contend with a troubling macroeconomic picture and brand owners adjust their strategies and wait for inventories to unwind.

But, once this process is complete and the economic gloom begins to lift, the future looks considerably brighter, with IWSR forecasts predicting that China will add US$14bn in incremental value by 2028.

"In the longer term, the Chinese market will remain strong and resilient," Zhu says. "The number of upper-middle and high-income households is still growing, which will drive sustainable growth in the long term.

"Penetration of international spirits is still very low and has plenty of room for growth. Brewers are also tapping into the premiumisation trend, where lots of opportunity still exists." GDI

Lower-priced sales are nosediving, leaving baijiu at a crossroads

Baijiu continues to exert a stranglehold on spirits consumption in China, but there are signs that the category has reached an inflection point, with lower-priced sales nosediving and brand owners looking to reinvent the drink for Millennial consumers.

According to IWSR data, baijiu accounts for 99% of spirits consumption by volume in the vast country, and 97% by value. The huge category spans an array of price points, from cheap unbranded baijiu in rural locations to luxury brands consumed at high-end banquets — something illustrated by the fact that standard-and-below products make up 75% of category volumes, but only 29% of value.



The wugroni cocktail, a collaboration between Wuliangye and Campari launched last year

"Baijiu is an integral part of the country's culture," says Shirley Zhu, IWSR research director for Greater China. "It's the principal mealtime and banqueting drink, and pairs well with Sichuan and Hunan cuisine, which is gaining popularity across the rest of the country. The market is fragmented, with only a few brands enjoying truly national recognition and distribution."

Tougher regulations and increased consumer education are eroding the market share of lower-priced products: according to IWSR, standard-and-below baijiu volumes declined by 11% in 2023, capping a CAGR loss of 12% for the 2018–23 period. IWSR forecasts predict continued declines, with a 2023–28 CAGR fall of 4%.

Prospects are rosier for premium-and-above price tiers, despite a challenging 2023 characterised by inventory pressures and destocking.

Zhu believes that competition from imported white spirits isn't a huge factor here: high-end baijiu sales dwarf those of prestige imports, and the categories serve different occasions. "Western white spirits are usually drunk in bars and nightclubs, and often in mixed drinks/cocktails, whereas baijiu is traditionally drunk with meals," she explains.

Nonetheless, brand owners face serious challenges. "Baijiu is in structural decline as its consumer base ages," says Zhu. "To combat this, some producers are trying to reinvent baijiu for Millennials. They are updating their marketing campaigns — for example, incorporating digital marketing campaigns that include cash discounts via QR codes — to attract younger LDA consumers and offer a lower barrier for product trial."

Meanwhile, others are diversifying into whisky or seeking partnerships in this area — Camus and Gujinggong being one example, reports Zhu. She adds: "Some producers have launched products in other categories, such as ice cream and coffee. Some brand owners are expanding into new alcohol categories, such as Moutai into the RTD segment, and others into baijiu cocktails, such as Campari and Wuliangye's wugroni."

‘Lillet has moved from being a gem in our portfolio to being a big bet’

Pernod Ricard recently secured a marketing tie-up for its Lillet brand with Netflix comedy-drama *Emily in Paris*. **Olly Wehring** catches up with the group’s head of marketing for aperitifs, Léa Belot, to discover more



Lillet is ‘proud to be the French pink spritz’, is ‘female-centric’ and has a history of celebrating women

Where does Lillet sit in the group’s wider portfolio? This is a brand that the group bought back in 2008, when it was selling around 70,000 cases. Pernod Ricard made the right choice, though, because the growth has been amazing — today, Lillet’s annual volumes are at around 1.3m cases. In that time, Lillet has moved from being a gem in our portfolio to being a big bet that the group is supporting in order to grow in the aperitif category. The momentum is super-exciting and there’s a lot of passion within the group for Lillet.

The aperitif consumption occasion is well-recognised by Pernod Ricard’s rivals. It’s a booming category — IWSR figures for 2022 were at +26% in value for aperitifs. The growth is coming not only from the future markets for aperitifs, but also in the mature markets where the category is renewing itself, thanks to new players and an extension of the consumption occasion.

In Pernod Ricard, we prefer to look at aperitifs not as a category, but as a moment of consumption. Consumers are looking for qualitative get-together moments, and this is global, for example in China, India and the US. Aperitifs have a role to play in these occasions, because they offer a drink that is often lighter than the harder spirits that they know. As well as a lower ABV, they also offer an alternative to beer and wine with lower calories for the moments that they want to have with their friends.

How familiar is the consumer with Lillet’s proposition in that occasion? There is space for everyone in this type of occasion, which is also rising in frequency. The spritz serve is in the ten most popular cocktails in the US, and it’s becoming global. Meanwhile, consumers are looking for new brands and new colours, so there is space for Lillet. Its pink colour is Instagrammable, while it also offers consumers a kind of French style and elegance. If Aperol is the Italian orange spritz, then we’re proud to be the French pink spritz.



What are the largest markets for Lillet today, in terms of volume and in terms of growth? The largest market is Germany by far. For sure, we want to keep building on Lillet’s successes across Southern Europe, and we have a strong ambition to keep on accelerating in markets like the UK and the US.

We also want to build on our markets of tomorrow, like China and India.

Does Lillet have an RTD extension? Yes. We launched in Germany, Austria and Switzerland last year. We saw in Germany, for example, that the picnic is a key get-together moment of consumption. We want to make Lillet available everywhere. The results we’ve seen in Germany since the launch have been amazing.

Is Lillet considered a premiumisation opportunity or is the priority to grow the brand geographically? The aperitif occasion — and the category’s momentum — is high, so the opportunity is there to expand Lillet across the world. Also, we offer Lillet as a premium alternative to Aperol. So I would say both.

Does the tie-up with *Emily in Paris* risk limiting Lillet’s consumer pool? Maybe you are worrying too much on this one! I understand the concern, but Lillet is female-centric and we’re proud of that. It’s something the brand has in its bones. Lillet has been celebrating women for 150 years and it’s not something that was built to meet some marketing objective — it’s in our heritage.



Léa Belot: ‘Everything we do is made to talk to women.’ Lillet X Emily in Paris limited edition (bottom left)

From its beginnings, Lillet’s had the nickname ‘*l’apéritif des dames*’. This dates back to a time when women didn’t have the vote and the spirits industry was, more than ever, driven by men. That’s why everything we do is made to talk to women.

There are values of female self-confidence and playfulness that Lillet shares with *Emily in Paris*. I’m confident that the show will make Lillet known as a brand that talks to women and has the legitimacy to do so. GDI

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Balancing act for closure players in increasingly competitive market

Innovation and sustainability remain twin concerns for closure producers against a more challenging market backdrop, reports **Joe Bates**



Crealis has developed R-derma material for a 'new generation of sustainable foils and capsules' (see p42)

The fortunes of the fiercely competitive closure sector are closely aligned with those of the wine, beer and spirits industries it serves. Over the past 18 months, market conditions for the alcoholic beverages business have been tough. Global wine production slumped 10% to 237.3m hectolitres last year, according to the International Organisation of Vine and Wine, the lowest level since 1961, mostly because of extreme weather conditions.

Spirits escaped 2023 in better shape, although global volumes were still down 1% versus the previous year, according IWSR data. Beer posted a similar performance, with volumes dropping 1%.

"Times are challenging," admits Christophe Fouquet, co-CEO of Amorim, the world's biggest cork closure producer. "The market in general is overstocked, and some countries have been affected by strong inflation, with an impact on consumption. We are currently working to offer solutions and new products adapted to our customers' requests, to be in a position to respond positively to the demand and maintain our competitiveness levels."

Amorim is making efforts to increase efficiencies in terms of energy consumption, raw material costs and across its entire supply chain to minimise the substantial impact of inflation.

"Naturally, however, the very significant increase in prices throughout the value chain always ends up having some impact upon the customer, although Amorim Cork always tries to minimise this influence, given the current market circumstances," Fouquet concedes.

Growth through acquisitions

Market headwinds have also accelerated the ongoing consolidation the closure sector has experienced in recent years, with smaller regional producers being snapped up by major players.

Guala Closures Group is one company on the acquisitions trail — in April it announced it was acquiring crown closure producer Astir Vitogiannis, which made over 12bn closures last year from factories in Greece and South Africa, while generating a turnover of EUR75m (US$828m).

Established in 1953, Astir Vitogiannis closures are used in glass bottles by both beer and non-alcoholic drinks producers. When completed in the second half of 2024,



Guala Closures Group: 'Ambitious growth agenda'

Guala said the EUR136m Astir deal would give the group a larger presence in emerging markets and entry into the fast-growing RTD and non-alcoholic sectors.

Only three months later, Guala purchased the remaining 30% stake in Guala Closures DGS Poland — one of the world's largest aluminium closure producers for spirits, wine and non-alcoholic beverages, producing around 4bn aluminium closures each year. Guala initially took a 70% stake in the 33-year-old Polish firm in 2011. DGS flourished in the 12 years to 2023, with annual revenues growing from around EUR50m to EUR126m.

"As we continue to pursue our ambitious growth agenda, the decision to purchase the 30% stake from our minority partner perfectly aligns with our long-term strategic objectives," said a bullish Guala Closures Group CEO Mauro Caneschi in a press statement announcing the deal.

Role in sustainability journey

Assisting wine and spirits brands on their sustainability journeys has become a primary aim for leading closure producers alongside performance and aesthetics.

Premium closure producer Tapì, for instance, now offers a wide range of sustainable closures that are either made using recycled materials or can be easily recycled by the consumer.

"Sustainability is a growing concern for beverage brands, and Tapì leads the way by ensuring that every innovation and new design is born with a sustainability focus," explains marketing manager Paolo Boratto. "This commitment manifests in reusing materials to give them a second »

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» life and enhancing the recyclability of products at the end of their life cycle.

"Tapì offers a wide selection of sustainable products and technologies. One notable innovation is Neos, a technology that reduces the carbon footprint of a product by using polymers from renewable sources to create the shanks of closures [or the entire closure if it is a mono-piece solution]," he adds.

Another innovation is the T-Cask design, Boratto explains, a closure range which both supports the environment by reusing spent barrels that were once used for maturation by distilleries and creates a storytelling element for the brand owner.

He also highlights Tapì's Duo, a closure designed for spirits and beauty products, with a head and shank that are easily disassembled for recycling.

Working to preserve cork forests

French technical cork producer Diam Bouchage has demonstrated its sustainability credentials further down the supply chain by partnering with agroforestry firm Ferticork to preserve cork forests.

In July, the pair announced a research project that aims to discover how to support the fragile ecosystem Mediterranean cork forests depend on at a time of extreme climate change, while making cork farming more economically viable.

To this end, they have created an experimental solar-powered 10ha cork plantation in Extremadura, Spain, close to one of Diam Bouchage's factories. Each plot of the plantation is carefully monitored through electronic sensors that measure growth, sap flow, soil humidity and climate conditions to ensure the perfect amount of irrigation for the trees without waste.

Investing in innovation

The closure sector is one of the most competitive packaging industries, with producers constantly investing in technologies to improve the performance and aesthetic look of their lines.

Take Portuguese producer Cork Supply which has spent EUR1.2m developing Legacy, its latest natural cork closure line which it maintains is the "most consistent" performer in the marketplace.

The Legacy closure has been developed using Cork Supply's new X100 technology which analyses each closure to ensure it doesn't allow an abnormal level of oxygen ingress. These potential flaws in the internal structure of a natural cork cannot be spotted by the human eye. The X100 technology is only applied after Cork Supply's DS100 and DS100+ anti-TCA screening processes have been employed.



Tapì's minimalist Duo closure comes apart for easy recycling

"We've been obsessed with the perfect cork closure since we launched Cork Supply in the 1980s," says Cork Supply president & founder Jochen Michalski. "We have always invested in technologies, creating patents and solutions that allow us to reach the premium market today with the natural cork closure closer to perfection in the market. The new technology is the pinnacle of a decade of research and raises the status of the natural cork closure and the position of Cork Supply as an innovation leader in this field."

In the screw cap sector, Herti — a major player producing 2bn closures each year for alcoholic beverages, mineral waters and edible oils — prides itself on the level »



The Stelvin was developed to address challenges faced by grape varieties sensitive to cork taint

The Stelvin screw cap turns 60

It may be a year of multiple challenges for many closure producers, but for Amcor Capsules it is also a year of celebration. The Stelvin screw cap is 60.

The screw cap was created in Chalon-sur-Saône in Eastern France in 1964, back when Charles Aznavour and Édith Piaff topped the music charts, and Charles de Gaulle resided in Élysée Palace. It was first developed to address challenges faced by the Swiss grape variety Chasselas, which was known for its sensitivity to cork taint (TCA).

From its launch in Switzerland, the Stelvin quickly grew in popularity as an alternative closure solution to natural cork for both wine and spirits. Its elimination of TCA, convenience, preservation of freshness and flavour, consistent quality and value for money sealed the Stelvin range's popularity, especially in the New World, where screw caps in Australia and New Zealand now seal 90% of the countries' wines.

The company claims screw caps now close one out of every three bottles worldwide. "Like all innovators, Stelvin has been imitated over the years, but its heritage and impact on the wine industry has never been matched," says Amcor Capsules general manager Yannick Magnon. "With Stelvin, Amcor remains the market leader for wine screw caps, thanks to the quality we provide, as well as the knowledge and expertise of our teams."

Over time, Amcor Capsules has adapted the screw cap to the changing needs of winemakers, introducing the Stelvin Inside range in 2013, which offered a choice of PVDC-free (polyvinylidene chloride) liners with three different oxygen transfer rates for wines needing varying rates of oxidisation during their ageing process.

Meanwhile, the premium Stelvin Lux line avoids the need for external threading thanks to a plastic insert, which the company maintains makes for a smoother opening experience for customers.

More recently, Amcor's focus has turned to sustainability. Last October, the company revealed that its Stelvin 30H60 aluminium range for wine and spirits emitted up to 35% fewer carbon emissions compared with a standard screw cap produced with European aluminium sheets.

According to Amcor, this new greener version of the Stelvin screw cap is possible due to the use of up to 46% recycled aluminium and the selection of low-carbon primary aluminium.

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Herti's specially developed UV-LED ink printer

» of customisation it offers customers. The group produces closures in 50 different sizes and offers a variety of different designs thanks to its investment in the latest printing technologies, such as its PrintabLED process which allows for specially developed UV-LED inks to be printed directly onto metal.

"The essential difference is in the drying of the ink PrintabLED technology," says a Herti spokesperson. "Drying takes place on a specially developed module, where the sheet with the printed ink passes through it and is dried in an extremely short time.

"The new line fits into the smallest possible space and reduces electric power consumption and the need for natural gas. Any emission of CO2, ozone and heat are completely eliminated."

Tailored solutions

For any wine or spirits producer, choosing the right closure has become an increasingly complicated process over the past two decades. The range of closure types has expanded from natural and agglomerated corks and screw caps to include glass, plastic and biosynthetic closures.

There are so many issues to consider beyond price and aesthetics, such as the thorny issue of oxygen management for winemakers, the environmental footprint and any possible impact on bottling line efficiency.

Glass bottle manufacturer Stoelzle Glass Group, which operates six production plants in Europe and one in the US, offers a turnkey solution for drinks brands that potentially avoids many of these issues.

"At Stoelzle, we pride ourselves on offering an extensive range of caps and closures, including security caps, T-shape (wood and aluminium) and GPI aluminium options," says business development manager Alessandro D'Ospina.

"Our global synergies and collaborations with cap and closure suppliers enable us to support our customers with solutions that transcend mere functionality, seamlessly blending design and beauty. This is why we confidently assert that our customisation possibilities are virtually limitless.

"We thrive on challenging ourselves to push beyond conventional limits to transform our customers' ideas into competitive advantages," he adds. "Every closure and cap are tailored to the specific product, offering freedom in shape and type selection. By ensuring a suitable neck finish, we guarantee that the desired closure harmonises perfectly with the overall packaging."

The closure sector stands at a crossroads. Navigating economic headwinds while simultaneously responding to the imperative for sustainability is demanding innovation and adaptability.

The future will belong to those that can balance performance, aesthetics and environmental responsibility, while creating solutions that resonate with both consumers and the planet. GDI

Insider view: Diverse closure solutions help Crealis weather a choppy market

Crealis is an alliance of eight different major brand companies offering closure solutions for wine, spirits, beer, olive oil and vinegar with an annual turnover of more than EUR300m.

The group navigated the recent downturn in the alcoholic beverage market well, leveraging the variety of its portfolio, staying abreast of changing market trends and focusing on sustainability and premiumisation.

It claims to offer the widest range of overcapping and closure solutions in the marketplace, supplying everything from wirehoods, foils and capsules, to crown caps for classic method sparkling wine and beer, screw caps and bar-tops.

Together, Crealis' eight brands, each with specific expertise, boast 15 different production sites worldwide, serving more than 70 countries.

The group's product offer continues to expand. In May this year, Supercap signed an exclusive deal with a Portuguese cork producer to supply the SD Shank, a high-quality item for bar-top closures designed for high-proof white spirits that offers exceptional elasticity and resistance, while ensuring durability and preventing breakage.

A Crealis spokesperson says the "intensive development and investment" behind SD Shank underlines the group's commitment to the growing spirits sector.

Sustainability remains a central focus, adds the spokesperson, with Crealis committed to reducing its carbon emissions "significantly by 2030", in line with targets pending approval from the Science Based Targets Initiative.

Crealis's Green Tech portfolio emphasises the use of recycled, bio-based and compostable materials, aiming to meet growing consumer demand for environmentally friendly packaging.

These innovative materials include



Crealis R-derma offers a reduction in C02

R-Derma Billed as part of a "new generation of sustainable foils and capsules" that capitalises on the circular economy, R-derma comprises up to 60% recycled material within its polyethylene layer. Crealis says this offers a substantial CO2 reduction compared with similar polylaminates.

The group's eco efforts are supported by independent Life Cycle Assessments to ensure that its products align with both customer sustainability goals and broader environmental standards.

Sustainability is only part of the focus at Crealis — enhancing a product's visual appeal is an important element of its brands' closure development. A good example, says the group's spokesperson is the Tinclass capsule, crafted from a single piece of tin and positioned as a premium offering for wine and spirits brands.

Capsules and foils also play a crucial role in preventing contamination and ensuring product integrity, says the spokesperson, emphasising a recent scientific study it collaborated on with European reference centre CSI, which found that the components create "an effective hygienic shield against the transmission of bacteria and mould".

‘With Ardnahoe, the sky’s the limit’

Hunter Laing & Co’s Ardnahoe Distilling Co division unveiled the first expression from its newly-built scotch whisky distillery on the island of Islay earlier this year. **Olly Wehring** gets the inside track from Ardnahoe director Scott Laing



Deciding to build on the island was challenging, but ‘it was always Islay that we had in our hearts’

What’s the story behind Hunter Laing’s first owned distillery? The starting point was in August 2015, when my father and I were trundling around the island with one of the local landowners, looking at various sites. Towards the end of the day, we came upon Ardnahoe, which looked spectacular and ticked every box as far as we were concerned.

We progressed very quickly to drawing up plans for a distillery and putting in a planning application in early 2016 and were granted approval eight months later. Construction took two years, so we had spirit running by October 2018. Since then, it’s been full steam ahead, producing about 650,000 litres a year, mostly of peated spirit. We could go higher — up to 1m litres per year.

We’ve also created a visitor centre to capitalise on tourism on the island. All together, the distillery cost GBP12m to build.

Did you pivot to a white spirit while you waited for your spirit to qualify as scotch whisky? We’ve never done that. Our company [Hunter Laing] has always been an independent bottler and during the pandemic, the single-cask side of our business increased — we weren’t desperate for funds in any way. We were quite happy to carry on making the spirit.

Why did you choose Islay? From the single-cask side of the business, we knew that when an Islay whisky goes onto our pricelist, it usually sells out pretty quickly — it has a certain cachet to it. Islay was the gold standard in terms of what we were looking for. Initially, we were looking all around [Scotland], but it was always Islay that we had in our hearts. We were told it would be too difficult to build a distillery on the island, so we went away. But then we came back and I’m very glad we did.



Scott Laing, Ardnahoe Distilling Co director and member of Hunter Laing’s founding family

Islay whisky fans are a very passionate bunch. Although there are fewer of them, they’re very committed to the cause. When you’re selling something, you want a group of people who are passionate about what you’re selling rather than trying to market to a lot of people who are unmoved one way or the other. Lots of people won’t touch the stuff, which is fine as long as we cater towards the passionates.

Was the choice of Islay a heart-led decision only? It was certainly much more difficult to build a distillery on Islay than on the mainland. You have the logistics of getting materials onto the island in the first place, and then there’s a limited number of people who can actually do the work on the island. There are tons of those kinds of problems. On the other hand, I’m told that if we had built the same distillery today, it would have cost drastically more.

What have been your main learnings from the project? We’re based in Glasgow, so we were managing the project remotely, which added an additional layer of complexity. You need people on the ground that you trust implicitly — which we did, thank goodness!

What was the biggest challenge? There were so many! Once we’d submitted the planning application, a decision was delayed several times for bureaucratic reasons. That was frustrating — we were keen to get going.

Were you made to feel like the new kid on Islay by the established distilleries on the island? We weren’t rocking up as complete unknowns. Because of Hunter Laing — my father’s been in the industry for around 50 years — we weren’t new to Islay. We didn’t know everybody, but we knew a lot of the different personalities, so we had that calling card. Once we had our architect and our manager, both of whom lived on the island, that also made our entry smoother.

What are your expectations for the Ardnahoe brand? We have a blank sheet of paper in front of us at the moment. We set reasonably ambitious volume targets for the first release and I’m very pleased that we’ve hit them. To be honest, we could probably have sold more. I’d like us to be seen on a par with the older established distilleries on the island — that will take time, of course.

I’ve had over ten years of whisky experience with Hunter Laing, but we’ve been selling single casks, which is a very different thing. With Ardnahoe, I think the sky’s the limit, as the first brand that we’re building ourselves. It’s something new for me and I’m looking forward to it. GDI

The full version of this interview is available to Global Drinks Intel subscribers. To join them, visit ***www.drinks-intel.com/subscribe***

Around the world in ESG efforts

Not-for-profit organisation the International Alliance for Responsible Drinking rounds up the latest environmental, social and governance efforts from its brand owner members

SOCIAL

In **the UK**, the **Scottish Alcohol Industry Partnership** and **Police Scotland** kicked off their annual campaign to warn adult consumers against buying alcohol for underage youth, while the **Scotch Whisky Association** unveiled its second annual 'Made to be Measured' responsible consumption activation.

In **Asia-Pacific**, **Carlsberg** began a region-wide responsible consumption activation in partnership with leading food delivery platforms foodpanda, Grab and Meituan. The #CelebrateResponsibly campaign discourages consumers from drink-driving.



Japanese brewer Kirin's 'Slow Drinking' campaign

Diageo announced an 18-month pilot partnership with the Men's Sheds Association in **the UK** that will encourage men to pursue practical activities, build social connections and share skills together to help combat loneliness and social isolation. The campaign will also encourage alcohol moderation through an activity programme via Diageo's DRINKiQ platform.

Aware.org held a roundtable discussion on underage drinking prevention with government, educational and community representatives in **South Africa**. Elsewhere, the **Drinks Federation of South Africa** published a revised Alcohol Industry Communications Code of Conduct for responsible self-regulatory alcohol advertising.

In **Japan**, **Kirin**'s latest 'Slow Drinking' marketing push promotes the importance of moderate consumption, with the message that responsible consumption and mutual respect lead to a more fulfilling life and a better society.

ENVIRONMENTAL

Asahi signed a power purchase agreement with one of **Australia**'s largest solar power farms to provide 30,000MWh of sustainable energy annually, bringing the group closer to its 2025 target of using 100% renewable energy for its total beverage production.



Pernod Ricard's Havana Club kicked off a mangrove replanting project in **Cuba** that will see trees planted across over 500ha of land near its distilleries. Havana Club has also opened a dedicated 'EcoPlant', through a tie-up with EcoSpirits, running a closed-loop distribution scheme for local hotels as part of its commitment to preserve natural resources and minimise waste.

In **China**, **Carlsberg** launched a water replenishment project to aid the protection and sustainable development of the Yangtze River Basin and improve habitat for the black-necked crane. The scheme will construct wetlands to purify domestic sewage and improve biodiversity, and purify aquaculture wastewater across Chongqing, Yunnan and Jiangsu provinces.

Suntory published its *2023 Sustainability Report*, showcasing the progress toward its 'Proof Positive' ambitions. The report highlights the company's progress in several areas of ESG, including nutrition labelling, responsible marketing and diversity promotion. Suntory has also been shortlisted for the 2024 Vibes Scottish Environment Business Awards in the UK, in recognition of its 'Peatland Water Sanctuary' initiative, which has been running since 2021.

GOVERNANCE

Molson Coors Beverage Co is partnering with the Wildland Firefighter Foundation for the tenth year in a row to raise funds for firefighters in **the US**. The 'Protect Our Protectors' initiative has raised more than US$2.5m for the families of firefighters injured or killed over the last decade.

In **Japan**, **Asahi** hosted a run of 'Stop for Safety & Wellbeing' workshops at its headquarters, giving staff the opportunity to voice candid opinions on safety and wellbeing. The sessions were designed to foster authentic and meaningful conversations that also facilitated a deeper understanding and connection to Asahi's Global Safety & Wellbeing Vision, which was established earlier this year.

Finally, **Bacardí** was recognised in **China** for 'Outstanding Health Innovation' at the Mercer China Healthiest Workplace Awards, while Brown-Forman was named a '2024 Best Workplace for Women' in the UK. GDI

IARD
INTERNATIONAL ALLIANCE FOR RESPONSIBLE DRINKING

New resources support workplace alcohol policy

As the workforce increasingly expands to include multiple generations, the International Alliance for Responsible Drinking has unveiled a guide to support organisations in developing responsible alcohol workplace policies and foster inclusive, positive work cultures that prioritise wellbeing.

Based on a recent survey of 1,167 business leaders across the UK, a report by the Work Foundation think tank found that while more than a third (34%) of employers believe staff socialising is important given the increase in hybrid working, nearly four-fifths (79%) do not have alcohol in the workplace policies.

IARD's free online resources — available at **www.iard.org** — support senior leaders to set up alcohol in the workplace policies and provide interactive training tools for line managers. These are intended to help promote responsible consumption, inclusion and informed choice, whether employees drink alcohol or not.

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Five minutes with Maspex Group marketing director Kamil Gebski

A brace of acquisitions has brought Polish food & drinks company Maspex Group into the spirits category. The business has big plans for its Żubrówka and Becherovka brands, marketing director Kamil Gebski tells **Olly Wehring**

Who are you? I'm the marketing director for CEDC International, which is part of Maspex Group. We call this business unit Maspex Spirits and have several huge local alcohol brands. As well as being a brand owner, we're also a distributor of international spirits brands, but I work on the brand owner side.

I joined the unit in 2022 from Maspex's beverage unit. I didn't have a spirits background, so I've had to learn a lot about the category. Poland is a big spirits producer, especially of vodka, where we have great heritage and strong brands. In recent years, however, the category has been frozen in the country — there haven't been many innovations in spirits in Poland recently. My first discovery was that there's a lot of space for innovation in spirits generally and in Polish vodka in particular.

Which brands are in Maspex's spirits portfolio? The biggest is Żubrówka [acquired from Roust Corp in 2022], which is a famous Polish vodka and No.3 [in volume] in the world. Żubrówka is our main focus globally, with 25% of the brand's sales from exports.

We also own Soplica, which is a vodka and range of liqueurs. While Soplica is No.8 globally, most of its exports are to markets with big Polish populations, such as the UK, Germany and the Netherlands.





Kamil Gebski says, in terms of acquisitions, Maspex looks for 'brands that still have a lot of opportunity'

How have you gone about innovating with Żubrówka, which leans heavily into its provenance cues [each bottle contains a blade of bison grass from the Białowieża Forest, a UNESCO world heritage site in Poland]? While this was a challenge, it was also the biggest hook we could use to build something new for Żubrówka. The brand proposition communicates that this product comes from nature. We started to think about the heart of the brand as being wilderness and from this developed a platform for communication and innovation around going wild. It's related very much to high-energy consumption occasions.

To show a more energetic and wild side of Żubrówka, in May last year we launched Fresh Żu, which has four flavours based on mixology. The Sour Apple version is based on the hero serve of Żubrówka with apple juice — it's like our Aperol spritz! In Poland today, half of Żubrówka's market share comes from the bison grass original, the other half comes from this new proposition.

Maspex also hit the headlines late last year, acquiring Becherovka Bitters from Pernod Ricard. Becherovka is a heritage brand and is well-known in its domestic markets [Czechia (the Czech Republic) and Slovakia]. We wanted a strong, established brand as a base to work from — like a springboard for building our spirits business in its local market and then abroad.

Żubrówka Fresh Żu shows the brand's 'wild side'

Becherovka has great potential internationally, where there's a big trend towards bitters. Brands like Jägermeister and Aperol have been selling bitters in a totally different way — they've built a capacity in consumers to try bitter drinks. Becherovka is very easy to drink, with its herbal and fruity taste with a bit of cinnamon.

Also, Czechia has a great image through its culture, humour and cinema. I believe we can take this heritage and build something that can work internationally.

What is Maspex's M&A strategy in spirits? Very often, our acquisitions have been of strong brands that still have a lot of opportunity. That was the case with Żubrówka, and Becherovka is a continuation of this strategy.

Maspex is a leading company in Central and Eastern Europe — a position that's been built over the last 30 years. We are still young. The people who established the company are still owning and running it, so it has entrepreneurship in its blood. That gives us the power to find a brand that's interesting and make it innovative and super-relevant so that it can grow.

Which spirits category would you like Maspex to make an acquisition in next? It doesn't work like that. It's not like we dream about a specific category. It's more that we're looking for an opportunity. We'll look at the potential of a brand: What else can we do with it? With Becherovka, it seems like we can do a lot, like we've already started with Żubrówka.

Anything else to declare? With Żubrówka, it's important for us to explain that while it's a heritage brand, it's also undergoing a super-fast evolution — almost a revolutionary evolution — towards being an innovative spirits brand. We want it to be like a contemporary masterpiece in the museum!

If the industry understands this strategy, then it will really help the brand. I get the impression that the spirits industry tends to be a little bit conservative. Our 'Żubrówka Wild' approach is a good tool to make traditional vodka rock again and rejuvenate the whole category. GDI

RETAIL REVIEW

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INTERVIEWS WITH THE WHISKY EXCHANGE & LOTTE DUTY FREE

THE MIDDLE EAST TRAVEL RETAIL OPPORTUNITY



A limited-edition decanter and a virtual reality experience showcasing the cognac's history and provenance take centre stage at the airport activation

Rémy Martin steps up tricentenary celebrations with Lagardère Travel Retail pop-up at Paris CDG

Rémy Cointreau Global Travel Retail has marked the House of Rémy Martin's 300th anniversary with an eye-catching installation at France's main air gateway, Paris Charles de Gaulle Airport.

Rémy partnered with Lagardère Travel Retail for the pop-up, part of a series of events celebrating the house's milestone, in Terminal 2E (Gate M) from 1 August to 4 September. The group has also created a new cognac experience, the Dream Forward Expedition, which is now touring selected international airports.

Rémy Cointreau GTR CEO Fida Bou Chabke said: "This tricentenary is a hugely significant occasion. It is fitting that we continue to celebrate three centuries of excellence with exceptional events such as this, partnering with Lagardère."

The Paris CDG outpost showcased a new Rémy Martin 300th Anniversary Limited Edition XO and an anniversary coupe. Passengers were invited to take a virtual flight through time — from 1724 to the future — using VR technology to bring them to the vineyards of Grande Champagne and Petite Champagne, among other places, to discover how Rémy Martin is crafted.

Other elements of the pop-up included a history wall marking the house's achievements, gamification of cocktail recipes using an iPad, and various touchpoints allowing travellers to discover and nose the portfolio.

For the US$230 anniversary edition, Rémy Martin's iconic XO decanter has been decorated with golden javelins and a 300-year collar. It comes in a gold gift box embellished with a centaur and opens up in a fan display. Passengers who bought the new limited-edition XO could customise their decanter with a personalised neck tag.

The Rémy Martin Dream Forward Expedition is rolling out now in travel retail via pop-ups and podium formats in major hub airports and downtown travel retail locations including Paris, Dubai, Hong Kong, Macau, Singapore, London and Frankfurt.

The anniversary festivities began in February, with a Chinese New Year campaign featuring an XO Dragon limited edition — the first of the tricentenary collection. This was followed in March with a second release: the 300th Rémy Martin Anniversary Coupe, which made its debut in global travel retail at a series of exclusive dinners in Hong Kong and Singapore.



Rémy Martin 300th Anniversary Limited Edition XO

Kevin Rozario

Take stock: Our roundup of the latest spirits launches



SirDavis American Whisky

Moët Hennessy's new-to-market whiskey — the brand "draws inspiration from global whisky styles such as Japanese and Scottish whiskies, both known for omitting the 'e' in whisky" — has been created in partnership with singer Beyoncé Knowles-Carter.

- American whiskey, produced by an unnamed distillery in Indiana. Mashbill of 51% rye and 49% malted barley, finished in ex-sherry casks, 44% ABV.
- Available in the US and UK off-premise channels, along with selected US airports. Scheduled to roll out to retailers in Paris and Tokyo this month.
- SRP of US$89/75cl bottle.



The Epicurean Calvados

Douglas Laing & Co's malt brand adds an ex-calvados finished expression to its line for a limited time.

- Scotch whisky, blended, no age statement. The blend of Lowland whiskies has been finished for an unspecified period in ex-calvados casks, 48% ABV.
- Rolled out globally in August.
- SRP of EUR77 (US$85)/70cl; limited to 1,800 bottles.

Bicentenario Ron Ultra Añejo

This GTR-only release, which like the rest of Santa Teresa's portfolio is distributed by Bacardí, features "an antique blend of the oldest and most exclusive rums from the Hacienda Santa Teresa" in Venezuela.

- Rum, Venezuela, matured for an unspecified period, 40% ABV.
- On sale worldwide since late August, exclusively in GTR.
- SRP of US$450/70cl/75cl bottle (bottle size depends on market).



Rum Stripe by Red Stripe

Released in Jamaica and the US last year, the rum-based RTD extension of Heineken's Red Stripe Lager reaches the UK.

- RTDs, rum-based. Initial line comprises Cherry & Cranberry, Pineapple & Coconut and Rum Punch, all 7.5% ABV.
- Launched in the UK off-premise in July, with emphasis on the convenience channel.
- SRP of GBP2.75 (US$3.60)/25cl can.



Tomintoul Tempranillo, Madeira & Amarone Wine Cask Finishes

The trio join Angus Dundee Distillers' ten-strong range of Tomintoul "experimental single malts" that have all been finished in different casks.

- Scotch whisky, single malts, Speyside. Line comprises Tomintoul Tempranillo, Madeira and Amarone Wine Cask Finishes. All have been matured in ex-bourbon casks prior to unspecified finishing periods. No age statements, 40% ABV.
- Available now through spirits specialists in the UK off-premise channel.
- SRPs of GBP43 (US$56)/70cl bottle of each expression.



The Glenturret Gleneagles Hotel 18yo

The latest Gleneagles exclusive from Lalique Group's Glenturret brand is seven years older — and GBP225 more expensive — than last year's bottling.

- Scotch whisky, single malt, Highland, 18yo, 46.5% ABV.
- On sale at the Gleneagles Hotel in Scotland, with "a small number" available publicly through a ballot.
- SRP of GBP350 (US$455)/70cl bottle; limited to 600 numbered units. Purchase includes a tour of the Glenturret Distillery.



High Wheat Bourbon

High Wheat, which claims to have "one of the highest percentage wheated mashbills in the bourbon category", will sit in Bardstown Bourbon Co's core Origin Series range.

- American whiskey, bourbon, Kentucky, 6yo. Mashbill comprises corn (53%), wheat (39%) and malted barley (8%), 53% ABV.
- Available now in "all Bardstown Bourbon Co markets" in the US.
- SRP of US$49.99/75cl bottle.



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The Balvenie marks 50 years with rare release into 12 GTR locations

William Grant & Sons' The Balvenie Single Malt is putting one of its rarest releases yet into the travel retail channel this autumn. It is the first of a trilogy, with the second and third editions launching in 2025 and 2026.

The Balvenie Fifty Collection will see 125 bottles released annually over three years, starting with the first edition (52.3% ABV) priced at GBP46,500 (US$61,350). Just 13 of the 125 bottles will go into 12 travel retail stores globally from September 2024.

The full list of locations was not finalised at the time of writing, but the release is expected to be showcased in airports in Hong Kong, London, Los Angeles, Mumbai, Seoul, Singapore and Taiwan (with two bottles).

"The malt growth opportunity is huge in travel retail and that's one of the channel's key strengths," said Gwilym Cooke, head of brand marketing at William Grant. "We are making sure that we're allocating the whisky to the places where the demand exists."

The first edition is a single cask expression aged in a European oak refill butt, filled in 1973 at The Balvenie's Speyside distillery by celebrated former malt master David Stewart. It was subsequently selected by current malt master, Kelsey McKechnie, for the new collection.

For the second edition, an American oak hogshead cask filled in 1973 will be used to marry with the first, before adding a third American oak barrel filled in 1974 for the final edition. This will create a unique trio of 50yo malts.



Key travel retail locations around the world will play host to this exceptionally rare expression

McKechnie commented: "The characteristics of these rare casks come together to create a truly exceptional experience and set a new benchmark for Balvenie's contribution to the rare and extraordinary whisky market."

Penfolds marks 180 years at Melbourne Airport

Australian luxury winemaker Penfolds has partnered with Lotte Duty Free at Melbourne Airport to showcase a one-off product in global travel retail.

To celebrate its 180th anniversary, the Treasury Wine Estates' brand has released a rare commemorative wine — Penfolds Bin 180 Coonawarra Cabernet Shiraz 2021 — with an even rarer 3L jeroboam (pictured), being showcased at Melbourne, Australia's second-busiest airport. It is one of only eight available worldwide and the only one in the GTR channel.



The jeroboam, priced at AUD18,000 (US$12,200), took just over a week to sell after the activation began on 1 August, but remains on display. Other sizes are also available, including 1.5L and 75cl gift boxes. Penfolds attributes the quick sale of the jeroboam to growing demand for high-end products in duty free.

Steve Timms, CEO of Lotte Oceania, commented: "The luxury global travel space thrives on unique and exquisite offerings, and the Bin 180 collector's edition embodies this perfectly."

Penfolds Global Travel division global director Michael Jackson added: "The activation allows us to share a rare piece of history with the world. The Bin 180 Coonawarra Cabernet Shiraz 2021 symbolises 18 decades of invention, trials and triumphs, and is a testament to Penfolds' enduring pursuit of perfection."

South Australian artisan Andrew Bartlett designed a special case for the jeroboam. It is constructed from 18 wood panels made from staves of Penfolds French oak barrels, one for each decade.



X Muse partners with La Maison du Whisky in France

Scottish high-end vodka X Muse has made its French market entry through very selective distribution via La Maison du Whisky, which has exclusive representation of over 250 brands and distilleries around the world and five stores in Paris.

The brand's co-founder, Vadim Grigoryan, formerly a senior creative executive at Pernod Ricard, told *Global Drinks Intel* that he was taking a "city by city" approach to expansion and that "high-end hotspots" are the target. Prestigious retailers such as LVMH's La Grande Épicerie and Le Bon Marché are also in Grigoryan's sights.

X Muse has its roots in the arts and continues to work with galleries and fairs such as the Edinburgh Art Festival and Art Basel Paris.



America's Sovereign Brands eyes UK whisky market

New York-based Sovereign Brands has expanded in the UK with retail listings for its blended scotch The Deacon at Tesco, Asda and Waitrose supermarkets (SRP GBP38/US$50 for 70cl).

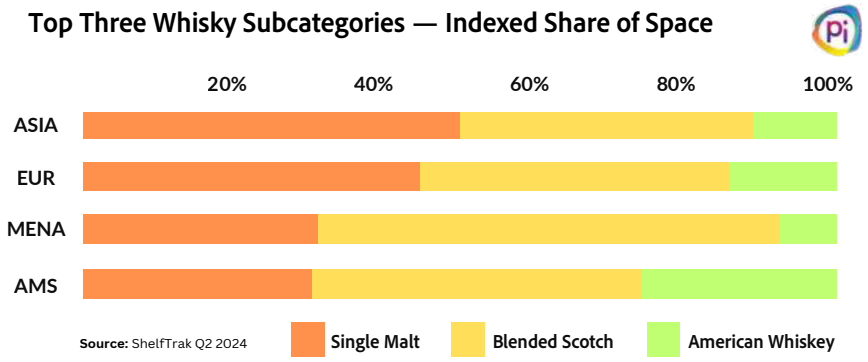
The CEO of family-owned Sovereign, Brett Berish, says the brand wants to disrupt the whisky category, and others, by "cultivating brands that stand out".

The Deacon follows the UK arrival of Sovereign's French sparkling rosé Luc Belaire and Bumbu Rum.

Scotch and imported whiskies increased their share of spirits sales in a "tough" UK on-premise market last year, according to CGA by NIQ. Scotch Whisky Association data shows that scotch contributed GBP7.1bn to the UK economy in 2022.

Whisky a Go Go: How airport selection shapes product choice and price point

In the second of a new series analysing the changing dynamics of travel retail, Pi Insight's **Garry Stasiulevicuis** draws on data from the company's ShelfTrak tool to explore how the whisky category differs across key global airports



An analysis of whisky offerings across 30 major airports worldwide reveals intriguing insights into how location can influence choice. From average prices to the number of SKUs and the dominance of subcategories, each airport provides a distinct shopping experience for the whisky connoisseur.

For example, Asia's Hong Kong International Airport boasts one of the most extensive whisky selections, with more than 330 SKUs. The airport prominently features single malts, which account for over 73% of its whisky offerings. This emphasis on premium whiskies aligns with the continued demand for luxury goods in Asia, where consumers are eager to invest in high-quality products.

Conversely, London Heathrow (T3 main store) offers a diverse range of whisky with a different focus. Here, the selection includes a more balanced distribution across subcategories, including blended scotch, which constitutes a significant portion of the offer. This reflects the broader European market's preference for a variety of whisky types, catering to both traditional and emerging tastes.

Price points: Where to find the best value

Price is another crucial factor that varies across airports. Data from ShelfTrak's pricing module indicates that some airports consistently offer better value than others. For instance, whisky at Dubai International Airport is often more competitively priced compared with other global hubs. With an average price that is notably lower than at airports in North America and Europe, Dubai is a clear hotspot for travellers seeking to purchase whisky at good-value prices.

In contrast, airports in North America, such as New York's JFK, tend to have higher average prices. Several factors contribute to this, including higher taxes and the positioning of airport retail in the US. Despite the higher costs, JFK offers a respectable selection of premium whisky, including rare and limited-edition bottles that might justify the price for collectors and enthusiasts.

Subcategory dominance: what's popular where?

The whisky subcategories most prominently featured at different airports also tell an interesting story. In Asia, single malts dominate, reflecting the region's growing appreciation for complex and refined whisky. This trend is particularly evident in airports like Singapore Changi and Hong Kong, where single malts not only have the largest share of space, but are also among the most promoted products.

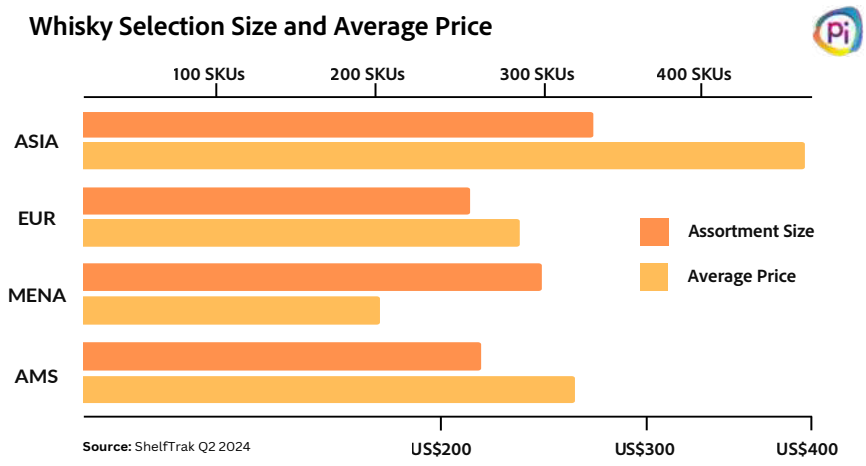
North American airports show a stronger presence of American whiskey and bourbon, aligning with regional preferences. This localised approach allows travel retailers to cater to the tastes of the majority of travellers passing through.

Meanwhile, airports in Europe, such as Amsterdam Schiphol, offer a well-rounded selection with significant space allocated to both single malt and blended scotch. The presence of Japanese whisky as a growing subcategory in some European airports is also noteworthy, signalling the expanding global influence of Japan's whisky industry.

Strategic retail: How airports curate their whisky selections

Airport retail strategies are clearly tailored to the preferences and expectations of their primary travellers. In airports with a high volume of international passengers, there's a noticeable emphasis on premium and luxury whisky brands. London Heathrow and Dubai International both feature exclusive bottles and travel retail exclusives that aren't readily available elsewhere. These airports recognise that travellers are often willing to splurge on a unique or high-end bottle as a special purchase during their journey.

On the other hand, regional airports with more domestic traffic may focus on offering well-known brands at competitive prices, appealing to a different segment of travellers who prioritise value over exclusivity. GDI



Garry Stasiulevicuis is commercial director at leading GTR expert Pi Insight, a technology-led business that transforms data into actionable insight for FMCG brands and retailers. The company's unique ShelfTrak tool captures data on store-level execution across the leading 50 airports and 70-plus stores. ***www.pi-insight.com***

Lotte makes a power play in GTR liquor



Lotte Duty Free Changi Airport store

Exclusive Lotte Duty Free is making strong headway — both abroad and at home. The South Korean retailer's head of merchandising, Hyungil Im, updates **Kevin Rozario** on liquor's prospects

Has the wine and spirits segment become more important for you since the pandemic? Yes, we anticipate wine and spirits will continue to grow. Lotte Duty Free is accelerating efforts to penetrate the global travel retail liquor market, focusing on our Changi Airport store and those in Oceania.

While tourist numbers have not fully recovered, this category continues to grow. Consequently, our liquor sales are expected to increase in 2024. Additionally, the demand for duty-free liquor is rising both domestically and internationally.


Hyungil Im, head of Lotte's merchandising division

Which factors will influence the growth rate and what proactive measure are you taking? If Chinese tourists recover to pre-Covid levels, sales of popular items for them, such as cognac and baijiu, will rise significantly. Securing price competitiveness is also important and we are making efforts to widen the duty-free liquor price gap with the domestic market. We have started direct transactions with some wine brands that were previously traded through importers.

As a result, we have raised the price differential between duty-free and domestic markets and secured larger quantities. We are selling products that are difficult to purchase domestically, and many of them are sold exclusively, or for the first time, in Korea, allowing us to dominate the liquor market.

In March, we strengthened our partnership with King Car Group, the manufacturer of Taiwan's single malt whisky Kavalan, by signing a strategic agreement to expand in global duty free. Moving forward, we plan to enhance these capabilities both domestically and internationally.

You mentioned strong demand from domestic customers. What is driving this? Demand for alcoholic beverages among domestic shoppers is increasing. Since July 2023, the sale of alcohol online has become possible at Korean duty-free shops and we have established a specialised liquor section on our domestic online platform. It has the largest product selection in the industry. Online liquor sales are on an upward trend. Lotte Duty Free plans to hold monthly online promotions to showcase products and strengthen the liquor lineup to keep pace.

As well as overall rising sales, are you seeing specific demand trends within the liquor category? This year, the Korean liquor market is seeing a lift in low-sugar, low-alcohol and low-calorie products, driven by health-conscious consumers. However, due to the duty-free limit in Korean duty-free shops, customers can only purchase up to two bottles of alcohol. As a result, premium products with a significant price difference compared to domestic retail are more popular than cheaper options. High-aged and high-priced products, which have a larger price gap compared to domestic, are particularly popular.

Additionally, since 2023, the proportion of alcohol sales to customers in their twenties and thirties has increased by about 12 percentage points to 46% compared to before the pandemic. This indicates that Millennials and Gen Zers are increasingly buying alcohol from duty-free shops. Consequently, sales are expanding not just for traditionally popular items like whisky and wine, but also for gin, Japanese sake and Chinese baijiu.

So expensive products remain popular? Today's customers are willing to purchase high-priced items if they match their preferences and they often buy alcohol for gifting or storage purposes. In response, Lotte Duty Free is selling vintage wines and high-aged whiskies, some of which are priced in the tens of thousands of dollars. Additionally, we are expanding our liquor range by offering half-bottles of champagne, which were previously sold only as full bottles, and by introducing more vintage wines as of last year. GDI

Measured expansion: Lotte's path to growth

Lotte Duty Free, South Korea's biggest travel retailer, is becoming a heavyweight in the wine and spirits segment in the global airport channel, thanks to measured expansion outside its home market.

Pre-pandemic, the company picked up the sizeable wine and spirits concession at Singapore Changi Airport when DFS Group pulled out. While the move was impacted by the unexpected Covid-19 pandemic — the initial launch was online-only — the location is now expected to reap large rewards as passenger numbers rebound sharply.

Other wins for the Korean travel retailer have also given liquor a lift. In Australia, Lotte extended its contract (and space) at Brisbane Airport for another decade from February 2024. And in mid-2023, the retailer started operating the duty-free concession at Melbourne Airport, ousting Avolta from the country's second-busiest gateway.

Lotte introduced an all-new offer with liquor to the fore. Just over 35m travellers flew through Melbourne in the 2024 financial year, a 14% year-on-year increase, and just 6% off the more than 37m pre-pandemic.

Recycled onboard bottles: 'Shouldn't we at least do the easy stuff first?'

Sustainability is steering change in onboard spirits packaging. **Global Drinks Intel** catches up with Sustainaholics founder David Mills to find out why he believes 100% recycled aluminium is the answer





Select easyJet flights have served Sustainaholics' sustainably focused spirits in 100% recycled aluminium miniatures since March; the company's founder Davis Mills (left)

Sustainaholics launched in 2022 with a clear goal: to champion sustainability initiatives in travel retail. Of late, your focus has been packaging. We're seeing a switch in spirits bottles from glass and PET to 100% recycled aluminium, with 5cl miniatures today onboard major airlines such as easyJet, British Airways, Lufthansa Group, Air France, Ryanair and Aer Lingus.

What is driving this change? Why? Operational efficiency. Why now? Sustainability. When you've travelled in recent memory your options will likely have been endless shelves of heavy glass bottles in duty-free stores, or glass and PET bottles served onboard. Yet neither glass nor PET address the need for an operationally efficient, sustainable material that also feels premium.

Why do you believe the travel industry needs to move away from glass? Glass is the most impractical spirits bottle you could advocate for the travel industry: fragile and dangerous when broken, it's operationally inefficient to pack and store, with its heavy weight generating significantly more carbon emissions and fuel costs when transported than necessary. It's also highly energy intensive to manufacture.

Glass bottles often look and feel premium with striking designs, but is that enough in these times to justify the significant and avoidable carbon footprint of using it, or the sheer awkwardness of transportation for operators and customers alike?

Clearly, there have always been concerns about glass in travel given the rise of PET as the only shatterproof, lightweight alternative — until recently. However, PET is single-use plastic, with a very poor recycling record, and it degrades each time it gets recycled. It eventually ends up incinerated, in landfill or in the general ecosystem, including as toxic microplastics in the ocean or your body. Not great.

Not a fan then? The benefit of PET, beyond being lightweight, is that it's so incredibly cheap. This helps brands meet travel retail's competitive margin demands, albeit the high environmental cost born by the planet is usually overlooked.

Unsurprisingly, because PET is so cheap it also looks and feels very cheap. Even the keenest of PET enthusiasts would struggle to argue that being served spirits in plastic bottles is a premium (or even tolerably pleasant) customer experience. Hence, it's mostly restricted to small bottles.

As we strive to minimise our impact on the planet, sustainability has become a key point of differentiation for brands, hence the rapid rise of aluminium as an alternative.

Barely a week goes by without a drinks brand launching an aluminium bottle in the name of sustainability. Is greenwashing a concern? It's crucial to understand that all aluminium is not equal, and only 100% recycled aluminium is a low carbon choice.

Given that 2020 research by the European Commission found 53% of examined environmental claims created unfair competition by being 'vague, misleading or unfounded', there are already examples in the travel industry of highly misleading launch claims made about the environmental benefits of spirits bottles that are made from virgin aluminium. Virgin aluminium is cheap, easy to source but — crucially — has a carbon footprint 20 times higher than 100% recycled aluminium. As the choice has a hugely different environmental impact, if this matters to you, then always ask: is it an 'aluminium bottle' or a '100% recycled aluminium bottle'?

How is 100% recycled aluminium different? When 100% recycled aluminium is used, it stands out for six reasons: the lowest carbon footprint bottle available; light and operationally efficient; beautifully printed designs; no need for labels; premium and tactile; and it keeps liquid cool.

This is why my company, Sustainaholics, launched the industry's first-ever collection of spirits in ultra-compact, 100% recycled aluminium 5cl bottles in June 2023. The Alumini Collection was created with an ultra-compact design addressing the space and weight constraints all airlines face, and the sustainability issues we all face.

What would you say to a brand owner who may be on the fence about switching bottle formats? It won't save the planet, or even address the huge, long-term challenge of decarbonising travel. But as it's so easy today to significantly reduce the carbon footprint of the spirits bottles available when you travel, shouldn't we at least do the easy stuff first? GDI

Speciality spirits stake their claim to duty-free relevance

They don't often make the duty-free headlines, but speciality spirits have a key role to play in the travel retail liquor offer, argues **Joe Bates**



Ouzo of Plomari has released a 130th anniversary commemorative bottle (far left), while Metaxa aims its 7 Star Mati limited-edition brandy at tourists and its 5 Star Greek Orange (left) at flavour-forward consumers

International spirits categories have long dominated the US$8.9bn travel retail liquor business. The big multinational-owned stars of the scotch whisky, cognac and vodka segments proliferate the duty-free shelves of airports globally, but outside of their home markets, these brands lack the sense of place many retailers and their airport landlords strive to create for customers.

This is where speciality spirits can come in — much-cherished regional favourites with a strong domestic base that possess great potential as souvenir and gift purchases among overseas visitors.

From Greek ouzo and Scandinavian aquavit to regional brandy, these speciality spirits play a vital role for many travel retailers, adding colour to their assortments while generating much-needed gift-driven sales.

Greek spirits benefit from tourist boom

Despite blistering summer temperatures, Greece's tourism sector is set for a record year in 2024, with more than 35m arrivals and EUR22bn (US$24bn) in revenue generated, according to Bank of Greece forecasts.

One company benefiting from the tourist boom is Ouzo of Plomari Isidoros Arvanitis, Lesbos island-based brand which has been producing ouzo in much the same way since 1894. Using certified organic anise grown on the island, the ouzo is distilled in 18 small handmade copper alembics according to a secret recipe.

Company consultant Konstantinos Trivyzas says Plomari has performed well commercially over the first six months of 2024, with overall sales rising 10.3% in all markets. Business in Greece's duty-free stores has been brisk. Trivyzas adds that tourist arrivals have been up on average by 22% this year, driven by the popularity of the capital Athens, the northern city of Thessaloniki and the islands of Crete and Rhodes.

To drive further interest in the brand and celebrate the company's 130th anniversary, Plomari has created a commemorative bottle which has gone on sale in larger duty-free outlets and at Plomari's brand museum on Lesbos.

Rémy Cointreau-owned Metaxa, Greece's famous sweet brandy, a blend of muscat wines from the Aegean Islands, aged wine distillates and a 'secret combination' of Mediterranean herbs and botanicals, has also been alive to the possibilities of Greece's tourism boom this year.

"Metaxa has launched a variety of new products this year within the Greek travel retail market, to ensure its portfolio is diverse enough to meet different consumer needs," confirms Rémy Cointreau GTR marketing director Alice Hoffmann.

"Metaxa 5 Star Greek Orange incorporates a refreshing citrus-forward profile that's perfect for consumers who are open to exploring new flavours from a brand they already know and enjoy," she adds. "Metaxa 7 Star Mati limited edition targets travellers who are looking for gift and souvenir purchases — it's an ideal way to take home a taste of their Greek summer holiday."

Hoffmann reveals Metaxa is also showing considerable potential outside Greece. "We are experiencing a demand for Metaxa across Europe, fuelled by travellers from Germany and Eastern Europe — when they've travelled to Greece, they return home and seek it out, driving sales in those countries too," she explains. "There's definitely a lot of potential to develop Metaxa's presence in these markets, and also in the US, the UK and Australia, where the Greek diaspora have settled but are rediscovering the brand."

Aquavit battles weak currencies and generational challenge

Aquavit, the 'water of life', remains deeply ingrained in Scandinavian culture, its history dating back centuries, employed for medicinal use, social gatherings and as a culinary ingredient. Even today, a celebratory glass of aquavit is an indispensable part of many festive occasions, especially during the summer months.

As a result, aquavit has traditionally enjoyed a strong presence in the Scandinavian travel retail market, which remains dominated by the Baltic ferry lines. Leading Nordic W&S company Anora includes several aquavits in its portfolio, including the best-selling brand Aalborg Akvavit from Denmark; Linie Aquavit, a Norwegian aquavit aged in Spanish sherry casks; and the organic Swedish brand O.P. Anderson.

Mika Raukko, the company's marketing director for Nordic brands, says trading conditions in the region are slowly improving.

"Passenger numbers remain below pre-Covid levels, but we see some positive developments depending on the operator," »



A window to Greece

Greece's No1 Ouzo

Enjoy Responsibly

» he explains. "For the Nordics and Baltics, the challenge is still the weaker macroeconomic trend and the low NOK and SEK currencies. This has led to fewer Nordic travellers with less spending power, particularly for Norwegian and Swedish products.

"Consumption patterns are changing, with consumers opting for lower-tier brands and smaller SKUs due to high inflation and rising interest rates; some reducing consumption for health and wellness reasons," he adds, noting that while older generations are still enthusiastic purchasers of aquavit, younger LDA consumers need to be educated about the spirit and the many ways it can be drunk.

"Mixing drinks and cocktails is a great way to get acquainted with the flavour of aquavits and to learn the versatility of the spirit," says Raukko. "We are so grateful for the bartenders picking up aquavit and mixing amazing cocktails with it and spreading the aquavit knowledge across the world. Sampling in the GTR channel is a great way to introduce aquavit as a versatile spirit which can be enjoyed neat or mixed into drinks or cocktails."

To stimulate further interest in Anora's Opland Norwegian aquavit, a super-premium brand aged in oak barrels, this year the company introduced a new travel retail-exclusive expression, Opland Smoky Finish, inspired by the myth of Huldra, a Scandinavian forest spirit. Priced at NOK399 (US$36.90) for a 50cl bottle at Oslo Airport, Opland Smoky Finish is aged in oloroso sherry casks and smoky whisky casks for a minimum of three years.

Brandy looks to Asia and the Gulf for TR growth

The strong relationship between cognac and duty free goes back decades and it's a powerful bond which endures. Yet regional brandies also have their part to play, often offering better value for money. Spain's Torres Brandy, whose flagship expression is Torres 10, has even managed to break free of its home market to grow a sizeable travel retail footprint, according to Familia Torres GTR director Bruno Teixeira.

"Geographically speaking, we have a strong position in Europe and are working hard to reach this positioning in other regions such as the Middle East, Asia and the Americas," he reveals. "But in all these markets, and mainly Asia, our main focus is on the segment of travelling consumers that look for [super] luxury products like, for example, unique or limited editions. In the other we, of course, also serve the more traditional segment of consumers who are simply looking for a saving by comparing duty free and their home country prices."

In the Philippines, one of the world's biggest brandy markets, Teixeira reveals the company is working on a new business model taking advantage of its main local distributors that could develop the country's duty-free market for the brand.

Meanwhile, back in Spain at Familia Torres' home airport of Barcelona-El Prat, the brand is soon to open a dedicated wall bay which will display a wide range of Torres expressions and brand information.



From left: Opland Smoky Finish Aquavit, Torres 10 Gran Reserva Brandy, Bardinet VSOP Brandy and Alex Grappa Blanca

Above all, Teixeira says GTR remains an excellent testing ground for innovation before a wider domestic market roll-out as exemplified by the launch of Torres 10 Double Barrel in 2018. The channel is also the ideal showcase for collectable releases such as the Reserva del Mamut 1985, a parellada grape brandy aged for over 30 years in Limousin oak barrels, priced at EUR1,300 (US$1,439) in Spanish airport stores.

French brandy Bardinet, established in 1857 and now owned by multinational La Martiniquaise-Bardinet, has experienced challenging market conditions this year, according to international marketing manager Laure Habbouse.

However, India with its strong local brandy market has bucked the trend, with the Southern Indian airport of Cochin proving a particularly strong-performing sales location. The Gulf, home to many Indian subcontinent expat workers, is proving another strong market for Bardinet, she reveals, highlighting the contributions of Muscat, Dubai and Qatar's Hamad airports.

Tourists keep grappa airport sales ticking

Born from the humble beginnings of utilising winemaking by-products, grappa has evolved into a sophisticated, much-cherished Italian beverage deeply embedded in the county's agricultural traditions. After a post-pandemic bounce, grappa production decreased 3.3% to 8m litres in 2023, a victim of the cost of living crisis in Italy, according to trade body AssoDistil.

Yet the country's booming tourism sector has led grappa to perform strongly at the country's airports. "In the last two years, tourism registered strong growth in Italy," says Sandro Bottega, the CEO & president of Bottega Spa, a major grappa and prosecco producer.

"Rome, Florence, Venice and the other artistic destinations have driven the increase in tourist numbers, but also seaside resorts and mountain destinations have proven very popular among international travellers. Duty-free and retail stores inside airports benefited from this flow; we are satisfied with the sales trend of grappas and all our products over this period."

While Bottega's diverse grappa portfolio in duty free includes high-end expressions such as Alexander Exquisite Premium and Bottega Maestri Grappa, this summer the company has promoted a "young white spirit" called Alex Grappa Blanca which is intended to be drunk cold. Bottega's suggested hero serve for this distillate is to chill it with frozen fruit such as grapes, blueberries or orange slices.

"Grappa could be the new tequila — consumers are increasingly appreciating the acquired taste of our distillate," insists Bottega. "The superior quality and the links to Italian cuisine will also help the growth of grappa in the international markets."

Regional spirits continue to prove a valuable asset for travel retailers, offering unique products that resonate with tourists seeking authenticity. As tourism rebounds and tastes evolve, these speciality spirits have an assured, if modest, future in travel retail if marketed astutely. GDI

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Middle East travel retail sees liquor ups and downs

The region is a focus for many wine and spirits brands, but threats and opportunities lie ahead. **Kevin Rozario** reports



Dubai Duty Free at Dubai International. Liquor accounted for US$310m of the retailer's 2023 revenue

Global travel retailers are gearing up for a bigger presence in the Middle East. The opening of the new Terminal A at Abu Dhabi International Airport — now Zayed International Airport — late last year allowed some of them to showcase their prowess in delivering novel retail concepts.

In the wine and spirits segment, Lagardère Travel Retail has been wowing passengers with its Le Club and Little Le Club formats, both attracting enthusiasts of champagne, wine, spirits and tobacco sourced globally and supported by activations to drive footfall.

The French retailer, through a joint venture between Lagardère Capital and Abu Dhabi Capital Group, became one of the largest concessionaires at the Etihad hub by opening 12 duty-free and six food and beverage outlets last November. The company also runs a culinary concept with celebrity chef Todd English called the Todd English Pub & Market. It encompasses a 1,000sqm food hall complete with a licensed bar.



Bottega Prosecco Bar at Zayed International Airport in Abu Dhabi, the capital of the UAE

The opening of Zayed's Terminal A was also an opportunity for Italy's Bottega to launch its second prosecco bar in the region, following its debut at Dubai International Airport.

President Sandro Bottega says: "The Abu Dhabi bar is a direct consequence of the popularity of our format in Dubai. In the past decade, this region has become a primary hub for intercontinental flights connecting Europe, Africa, Asia and the Pacific."

Well-connected

Those connections are key for international drinks brands looking for visibility at hub airports. In the Middle East, there are more of them coming, and/or expansions of existing locations, especially in Saudi Arabia. The kingdom has also hinted it could relax its anti-alcohol laws having opened duty-free liquor sales to diplomats this year.

Germany's Gebr Heinemann is prioritising the Middle East going forward. Bernard Schlafstein, director of the Middle East & Africa region at the German travel retailer, explains: "In addition to our existing MEA business, we signed 14 new clients in 2023, and are now preparing to enter the Saudi Arabian market. Our operation in Jeddah will open soon with our partners.

"We are not aiming for pure revenue growth," he adds. "It is important for us to establish good long-term relationships and to minimise risks by diversifying our business both geographically and in terms of business channels." The company has opened a representative office in Dubai to do this.

Luxury travel retailer DFS Group is also "eager to grow" in the Middle East and its chairman & CEO Benjamin Vuchot says: "The region offers immense potential, with a burgeoning tourism industry and increasing investments in infrastructure and hospitality. We aim to capture a significant market share and forge long-lasting partnerships."

These players will join very experienced duty-free operators such as Dubai Duty Free (DDF), Qatar Duty Free (QDF) and Ireland's Aer Rianta International (ARI). ARI's Middle East arm, Arime, has been in the region for decades with operations in Bahrain, Cyprus, Lebanon, Oman, Saudi Arabia and the UAE.

The company had a strong 2023 despite the challenges of the Israel-Palestine conflict in the final quarter. ARI's business in Riyadh performed solidly, while Muscat in Oman was very robust and boosted by increased liquor allowances in arrivals. Bahrain Duty Free also had a strong showing with its alcohol offer.

DFS can benefit from a long-standing relationship with the most luxurious players in liquor through its annual Masters of Wines & Spirits event. This year, for the first time, it took place outside Asia, in Los Angeles. This type of portfolio is exactly what many airports in the region would be comfortable promoting: low volumes and higher margins.

The reason for that — in multiple markets — is that due to religious and cultural sensibilities, wine and spirits have been frowned upon in the past, but this attitude is easing. For example, in the UAE, Dubai requires people wanting to consume liquor to buy a licence. However, last year, the government made these licences free and easier to obtain — applications can now be made quickly online or at any African + Eastern or MMI store with relevant ID. »

» Such liberalisation is expected to influence other markets. Dubai has led the way due to its focus on international tourism.

No surprise then that Dubai Duty Free is the most significant travel retailer selling liquor in the region. In 2023, the segment accounted for US$310m (14%) of its revenue, making it the second-biggest category behind perfume. But while the liquor business exceeded 2019 sales, it has not rebounded anywhere near as fast as other top categories such as fashion and gold.

The Indian influence

There are signs that liquor's influence may wane due to the changing spending patterns of Indians. They are currently the No.1 nationality at DDF, parting with $266m last year.

According to the retailer's MD Ramesh Cidambi, liquor — led by whisky — is the top category for Indians, making up about 30% of their total spending. Within the category itself, Indian subcontinent travellers accounted for a huge 60% of all sales in 2023, followed by Russians at 11.5%.

With the rise of a much-improved wine and spirits offer at arrivals stores in airports like Delhi and Mumbai, departing Indian travellers from the Middle East are more likely to shop in their home market if the pricing is competitive. Mumbai is a top-three route for Dubai International.

In the first two months of 2024, DDF saw year-on-year liquor sales fall by 2.5% — the only category to see a decline. Cidambi has pointed to price hikes from liquor manufacturers as impacting purchasing. While 2023 showed alcohol sales to Indians topping $50m, using 2019 pricing those sales would have been just $42m.

Goan-produced Paul John Whisky has been available at several duty-free locations in the Middle East for a few years. Paul John, the chairman of brand owner John Distilleries, tells *Global Drinks Intel*: "While the quality of airport shops in India has dramatically improved, we are not yet seeing an impact on our single malt sales in the Middle East."

But he admits that the brand is still expanding in the region and therefore less likely to be hit by any purchasing switch to the subcontinent.

Experienced duty-free consultant Hannes Koch, who facilitated the entry of Douglas Laing into Middle East travel retail, says: "The region is still a growing market where spirits are still not a fully developed category for political and religious reasons.

"But it's gradually opening up and there are extremely interesting airport projects in places like Saudi Arabia and Kuwait. All the retailers are doing good, profitable business. They are probably generating more profit per square metre than in concessions in Europe or in Asia."

Liquor is a core category at Hamad International Airport for QDF and "represents a significant part of our business", notes a spokesperson. While the retailer keeps its wine and spirits business low profile, the spokesperson adds: "We have been seeing a trend within liquor driven by customers willing to trade up to quality products. As such, the premium liquor segment is a key driver, including malt whisky, premium cognac and fine wine. We also see a trend towards exclusives not available in local markets."



Dubai Duty Free MD Ramesh Cidambi



John Distilleries chairman Paul John

Premiumisation still pays

As a popular transit hub for Qatar Airways, QDF liquor sales at Hamad International have been consistently strong, with outbound travellers taking liquor to their destinations. A strategy of premiumisation is paying off, as are high-profile liquor promotions for new launches, limited editions and special releases.

Recent examples include Jack Daniel's Formula One activation where passengers could play interactive games to win prizes, and a partnership with Chivas for the Chivas XV Diwali Festive Edition that capitalises on the strength of the Indian passenger profile.

QDF's liquor strategy is one of diversification and, while liquor remains a departures-only category, Qatar Distribution Company — the country's official and only licensed retail distributor of wine and spirits — was recently integrated with the retailer.

This means QDF can expand liquor at a local level and beyond the airport. Meanwhile, it continues to incorporate alcohol in its airport venues, including the Louis Vuitton Lounge by Yannick Alléno and the Emporio Armani Caffè & Ristorante.

Cultural shift

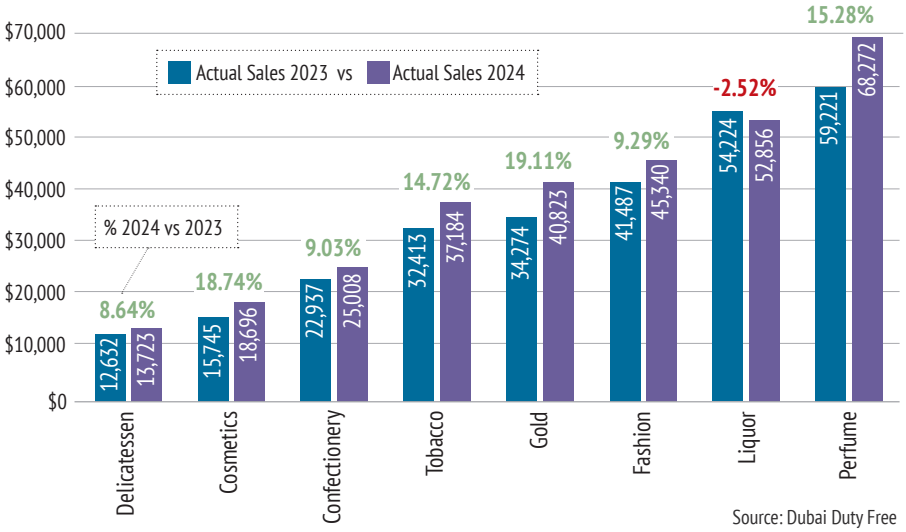
Signalling possibly the biggest cultural shift in the Middle East is the dry state of Saudi Arabia, which in January announced it was opening its first liquor store — but only for the diplomatic channel and non-Muslim shoppers. The shop is in Riyadh's embassy quarter and users must jump through some hoops, including registering via an app, to shop there.

This is a small test of what many observers believe will inevitably lead to the wider availability of wine and spirits in channels like airports and hotels in line with the country's massive investment in developing a hospitality industry from scratch.

The tourism project is part of Crown Prince Mohammed bin Salman Al Saud's series of liberalisations in the kingdom of which legalising alcohol is possibly the most controversial.

The prospect of liquor sales at Saudi airports — only to transfer passengers leaving the country — was mooted as far back as 2022, when consultation began. Sensitivities around the issue have held back progress, but the opening of the diplomatic store is a sign that other channels could soon follow. GDI

Dubai Duty Free Total Company Sales Comparison of Major Categories
US$ Jan–Feb 2024 vs Jan–Feb 2023



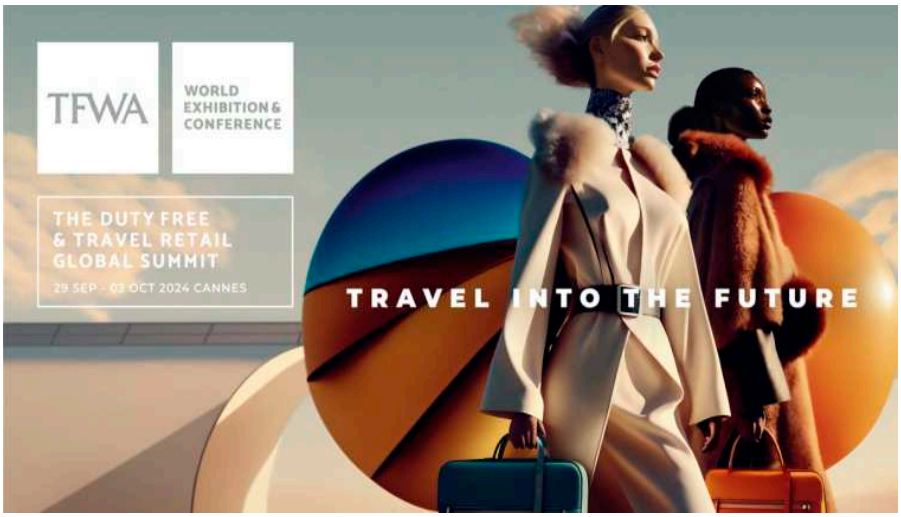
Source: Dubai Duty Free



Accolade Wines
D26, Yellow Village
Created by Accolade in partnership with country music legend Dolly Parton, Dolly Wines is sure to draw in the crowds. Set to land in the UK in September, the two-strong range includes Dolly Rosé and Dolly Prosecco (above). Accolade will also showcase Remastered — a wine brand launched to, as the group says, "disrupt the Old World wine category", and which will include fiano and sangiovese varietals. Finally, the UK-based firm will highlight The Minibox, a new format designed to bring "interest and desirability" to the boxed wine arena. The range is initially launching with Jam Shed Shiraz + Malbec, Mud House Sauvignon Blanc New Zealand + Sauvignon Blanc Chile, and Hardys Cabernet-Shiraz-Merlot.



Bacardí Bay 36, Bay Village
Alongside the rest of its extensive portfolio, Bacardí will showcase the latest innovations from Dewar's Scotch Whisky and Patrón Tequila. The GTR-exclusive Dewar's Double Double Stone Toasted Discovery Pack (pictured) includes two 75cl Dewar's Double Double 21yo Stone Toasted expressions: one aged in American oak casks and one in French oak casks. Meanwhile, described as an "exquisite and refined prestige tequila", Patrón El Alto is primarily crafted with extra añejo tequila that has been blended with añejo and reposado tequilas. The liquid has been aged in 11 types of barrels, mostly hybrids made up of American oak bodies and French oak heads.



Must-visit stands at TFWA's 40th show

Travel retail's biggest annual event — the TFWA World Exhibition & Conference — returns to the Palais des Festivals in Cannes for its 40th anniversary show on 29 September until 3 October. Alongside the litany of leading landlords, retailers and suppliers attending the summit will be a host of drinks brands looking to showcase their travel retail portfolios, share their plans for the market, unveil launches and make new connections. Here we highlight some of the top drinks exhibitors

Bottega A11, Blue Village
Wine, spirits and liqueur-maker Bottega will bring a taste of its native Italy to the south of France, showcasing several new products. Chief among them will be Bottega Gold Cru Prosecco Extra Brut, which is part of a broader initiative launched by Bottega ten years ago to enhance the category. "The aim is to produce sparkling wine of the highest quality by extending fermentation time and thus obtain wine with a more complex character and good longevity," the group says. Bottega will also unveil Crema di Meloncino (pictured), a low-alcohol creamy liqueur with an aroma of ripe melons.



Brown-Forman
Beach 11, Beach Village
US-based Brown-Forman returns to Cannes armed with wealth of super-premium spirits and brand activations. The group will highlight its recently purchased Ron Diplomático and Gin Mare brands; its Jack Daniel's Tennessee Whiskey, including the GTR-exclusive



American Single Malt (pictured, being promoted at South Korea's Incheon Airport); its Woodford Reserve Bourbon, including some of the Master's Collection bottlings; its Herradura Tequila, including the new Herradura Legend expression; plus, new 50yo and 49yo single malt scotch whiskies from Glenglassaugh and Benriach, respectively. "Our mission at TFWA Cannes is straightforward: to showcase how our brands enrich and elevate the travel experience globally," says Nick Mogford, VP, director GTR at Brown-Forman.

Cotswolds Distillery
J17, Red Village
The UK's Cotswolds Distillery — the leading producer of English single malt in travel retail — will display its entire »

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» GTR portfolio of whiskies and gins, including its new 1L Reserve Single Malt Whisky bottling (right), following the launch of the 1L Signature bottling in 2023. Celebrating its 10th anniversary, the brand will also seek to drive visibility with new campaigns for its gin and whisky. As well as enhancing biodiversity at its distillery, over the coming year Cotswolds hopes to build on its GTR business in the Middle East and expand further into Eastern Europe.



Diageo Majestic Beach 1, Majestic Beach Village

The world's largest distiller returns to Cannes to showcase the breadth of its portfolio, and in particular will highlight its liquid innovation and physical activation plans. From classic airside and onboard retail, sampling and gifting, to moments in the lounge and online, Diageo's omnichannel approach to GTR will be on full display. "Attendees can expect a peek at our innovation thinking, our renovations and planned executions for icons like Johnnie Walker [above], but also newer categories in travel retail like tequila," the group says.

Edrington E-Motion, Harbour Village

Known for its exciting travel retail launches in Cannes, this year Edrington-owned The Macallan Single Malt Scotch Whisky is releasing the Time : Space Collection — two unique whiskies created to celebrate 200 years of The Macallan. The first new edition, called Time : Space (below), is a dual chamber vessel that includes two liquids: at 84yo, one is the oldest whisky ever released by the brand, while the other is the first single malt from The Macallan's new distillery. The second release, Time : Space Mastery, is described as a "unique single malt with layers of complexity".



Fraternity Spirits
H4, Red Village



This year, Fraternity Spirits will unveil a new ceramic bottle for 99000 Hours (right), which is already available at duty free in Mexico and Dubai. The group will also highlight its latest tequila marketing campaign — 'From the Farm to the Table' — which aims to instil a deeper knowledge of the Corralejo brand and celebrate one of the oldest tequila haciendas in Mexico. "Fraternity Spirits aims to strengthen our global presence and establish deeper connections with key stakeholders in the industry," says owner Raffaele Berardi. "We hope to engage with potential partners, receive valuable feedback on our new products, and showcase our commitment to quality and innovation."

Halewood Artisanal Spirits
M/S Accama Delta, Harbour Village

Halewood Artisanal Spirits will be using this year's exhibition to focus on its extensive, multi-award-winning whisky portfolio from across the UK and Ireland, all now available in travel retail. As the only company in the world distilling whisky in Scotland, England and Wales, Halewood will showcase the breadth of the UK spirits scene. Products on display will include North Wales-made Aber Falls Single Malt (left); Bonnington Single Malt from Leith in Edinburgh; Bankhall British Whisky; and Irish whiskey brands The Pogues and Samuel Gelston's.



Henkell Freixenet
F11, Blue Village

German-Spanish alliance Henkell Freixenet will introduce several new products at this year's show. In celebration of its 50th anniversary, Freixenet Cordon Negro will relaunch with new packaging, which will be supported by a large-scale activation at Josep Tarradellas Barcelona-El Prat Airport in November and December this year. The Freixenet brand will also debut two new French sparkling wines, while Segura Viudas will launch two new cavas: Brut Vintage and Rosé Vintage. Finally, Henkell Freixenet will augment its portfolio with the new Mionetto Aperitivo Alcohol Free (above right). In addition to its European focus, the group sees the Americas and APAC as key regions for growth in travel retail.



Ian Macleod Distillers
Bay 3, Bay Village

Independent Scottish distiller, blender and bottler Ian Macleod Distillers will bring its full portfolio to Cannes. Its brands include flavoured gin pioneer Edinburgh Gin, Glengoyne Highland Single Malt, Tamdhu Speyside Single Malt, Rosebank Lowland Single Malt (right), King Robert II — the No.1 value whisky in GTR — along with the Speciality Malt Collection. "We look forward to showcasing a range of highly limited releases from Rosebank, Glengoyne and Tamdhu on our new stand in the Bay Village, which will also include an Edinburgh Gin Terrace Bar overlooking the Mediterranean," the group says.



International Beverage
S2-4, Marine Village

Premium spirits company International Beverage — which includes Old Pulteney Single Malt Scotch Whisky (below), Phraya Rum and Caorunn Gin among its »



» portfolio of brands — will this year unveil a new collection of travel retail-exclusive single malts from Speyburn. In addition, Larsen cognac — which the group acquired last year — will be showcased for the first time alongside other brands in International Beverage's stable.



La Martiniquaise-Bardinet/ Marie Brizard Wine & Spirits
KT67-68, Green Village
The La Martiniquaise-Bardinet/Marie Brizard Wine & Spirits group will once again bring its growing portfolio of spirits and liqueurs to the French Riviera. This year the group will be presenting two innovations based around the theme of citrus fruit — stop by to discover more about the new products. The group will also be showcasing France-made Generous Gin (above), acquired by La Martiniquaise-Bardinet last year, on a dedicated stand.



Loch Lomond
Bay 31, Bay Village
The key focus for Loch Lomond Group will be its new travel retail-exclusive range of single malt whiskies: the Remarkable Stills Collection (above). Unveiled in May, the range comprises four non-chill-filtered expressions: Remarkable Origins, Remarkable Alchemy, Remarkable Ingenuity 13yo, and Remarkable Copper. Curated by master blender Michael Henry, the line is said to showcase the exceptional craftsmanship and innovative distilling techniques of Loch Lomond Distillery. The company will also highlight its multicategory portfolio, which encompasses a diverse selection of premium spirits tailored to the GTR channel. »

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Nemiroff Vodka
E30, Yellow Village

» Ukrainian vodka brand Nemiroff will present a number of portfolio updates in Cannes, capping off a year of consumer-focused developments. Chief among these new developments is Nemiroff De Luxe's 'That's My Spirit' campaign, which invites consumers to embrace their inner strength. In addition, the 'What Are You Open To?' campaign for Nemiroff's The Inked Collection (above) speaks directly to young, adventurous drinkers. The brand will also unveil Nemiroff De Luxe Reserve, designed to "meet evolving consumer expectations", and the ultra-premium Lex by Nemiroff.



Penderyn Distillery
H6, Red Village

Welsh distillery Penderyn returns to TFWA Cannes with its core range of duty-free exclusives. The best-selling Penderyn Legend is now available exclusively to travel retail customers in a 1L format (above) and takes its place alongside Penderyn Faraday, launched in the channel last year with a striking new gift carton. Based in the Red Village, the Penderyn team is also looking forward to sharing its full portfolio of single malt whiskies, quality gift packs and single-cask expressions, with the key objective of widening distribution with duty-free operators.

Pernod Ricard Bay 8, Bay Village

French multinational Pernod Ricard returns to Cannes armed with a plethora of new launches. The group will continue celebrating the 200th anniversary of The Glenlivet with the launch of a new TR-exclusive limited edition – which also marks the brand's first collaboration. A new permanent TR-exclusive will also launch from cognac house Maison Martell, while blended scotch Royal Salute will unveil the latest edition in its Fashion Collection. Following its travel retail debut this summer, Código 1530 Tequila will also take the spotlight at Pernod Ricard's stand, where the brand's full portfolio will be on display.



Rampur Distillery
L71, Green Village

Rampur Distillery, based at the foothills of the Himalayas, invites guests to explore the flavours of India via its selection of single malt whiskies, gins and rums. Among the products on display will be the Rampur Double Cask India Single Malt, a combination of bourbon barrels and oloroso casks; Rampur Asāva Indian Single Malt, made with American and Indian cabernet sauvignon casks; Sangam World Malt Whisky, a combination of European and Eastern liquid; Jaisalmer Indian Craft Gin Classic and Gold; and the latest portfolio member Kohinoor Indian Dark Rum (above). Rampur's parent company, Radico Khaitan, currently has brands available in more than 40 GTR outlets.

Rémy Cointreau
Foyer 1, Marine Village

Rémy Cointreau will reveal an immersive retail booth showcasing its diverse portfolio (above right). Attendees will discover a new lineup of limited editions from Rémy Martin, gain a first look at the new Louis XIII retail design, and explore travel retail-exclusive single malt whiskies from Bruichladdich. The show also marks the Cannes debut of Westland American Whiskey, while other key brands such as Cointreau, The Botanist, St-Rémy, Metaxa and Mount Gay Rum will also present their upcoming novelties. "Through these showcases, Rémy



Cointreau hopes to engage travel retail partners and create excitement around its portfolio of luxury spirits," the group says.

Suntory Global Spirits
Beach 14, Beach Village 2

International group Suntory Global Spirits — maker of brands such as Jim Beam, Bowmore, Yamazaki (below) and Roku Gin — will unveil the latest developments within its strategic category vision, including several updates from both a product and brand-building perspective. As part of its premiumisation vision, the firm will showcase a host of yet-to-be-announced new launches, limited



editions and travel retail exclusives. During the exhibition, the group is "keen to further explore the potential of digitalisation, and how to leverage new functionalities to drive incremental business, both for us and our GTR partners," a company spokesperson says.



Tito's Handmade Vodka
M71, Green Village

This Texas-made brand will return to Cannes to showcase its popular pot-distilled, corn-based vodka (above), and will give guests a festive jolt by unveiling its new 'ugly sweater' bottle for the holiday season. The brand, which again is a proud sponsor of the *Global Drinks Intel ESG Awards* on Monday 30 September, recently bolstered its travel retail presence »

» with new partnerships in Turkey. The team members say they look forward to connecting with old and new friends.



Whyte & Mackay
Bay 1, Bay Village

Scottish distiller Whyte & Mackay will use the exhibition to share its dedicated GTR growth strategy and showcase new releases. "With future single malt scotch category growth set to be fuelled by prestige and prestige-plus into 2028, we have developed brand new ranges to meet rising consumer demand," the group says. Whyte & Mackay will unveil a new global TR-exclusive collection for The Dalmore (above) and the latest expression in Jura's Islanders' Expression range, as well as other exciting news for the brand. "Across the wider Whyte & Mackay portfolio, we have exciting plans which will translate into increased spend, footfall and penetration for our retail partners," the group continues.

William Grant & Sons
G02, Golden Village

UK distiller William Grant & Sons will occupy a new-look stand inspired by the recently opened shop-in-shops in APAC airport locations, featuring The Balvenie and Glenfiddich scotch whiskies alongside gins Hendrick's and Silent Pool. New launches on display will include the GTR-exclusive Silent Pool Mediterranean Expression (below), an addition to The Balvenie Cask Collection and a Glenfiddich Grand Series Limited Edition. Meanwhile, Hendrick's will unveil its latest Cabinet of Curiosities expression with an exclusive event during the week. GDI





The Whisky Exchange now 'mothership' of Pernod's D2C strategy

Pernod Ricard's acquisition of the retailer three years ago raised eyebrows, but TWE CEO Nicolas Oudinot says keeping the business independently managed earned the trust of suppliers. **Richard Woodard** reports



Nicolas Oudinot has been CEO of Pernod Ricard's independently-run direct-to-consumer business unit (The Whisky Exchange, Bodeboca, Drinks & Co) since September 2022

The news of Pernod Ricard's acquisition of retailer The Whisky Exchange (TWE) in September 2021 was one of the more surprising examples of M&A activity in the recent history of the drinks industry. After all, brothers Sukhinder and Rajbir Singh, who founded TWE in 1999, had spurned many approaches in the past. In the end, however, they concluded that — if the business was to fulfil its global potential — deeper pockets were required.

For Pernod, the acquisition was the logical next step in the digital transformation of the business under CEO Alex Ricard. This began a decade ago with the harnessing of data to improve promotional efficacy and marketing strategy, but it quickly shifted into the direct-to-consumer (D2C) space, with deals to buy wine-focused Spanish e-commerce businesses Uvinum (2018, later rebranded as Drinks & Co) and Bodeboca (2019).

TWE, a business on a much larger scale and with a strong focus on spirits, represented a shift from the 'test-and-learn' phase of the company's digital strategy, alongside the creation of an independently-run D2C unit, headed by CEO Nicolas Oudinot since September 2022.

For Oudinot, TWE now represents "the mothership" of the D2C unit's strategy, a point reflected in the closing down of Drinks & Co's e-commerce operations (only a concept store in Paris, managed by Pernod Ricard France, now remains). Meanwhile, Bodeboca trades on — not least because TWE does not currently ship to Spain.

'No point' going global with two brands

While Drinks & Co might have been a candidate for global expansion, Oudinot says there was "no point" in trying to do that with two brands, rather than one. And here, the wine focus of Drinks & Co and Bodeboca counted against them.

"There's an assumption that you can increase the share of spirits, that the customers are a homogeneous group of people," he explains. "Actually, it proved not to be that easy. Sometimes it's not the same consumer, or it's the same consumer, but not the same buying occasion."

Another crucial distinction was found in the underlying philosophies of the businesses. Uvinum/Drinks & Co was started, in Oudinot's words, by "tech guys loving wine and deciding to make a move on wine", compared with TWE, where "the core of the business is the product, not the technology, and the website is just an enabler". Speaking of e-commerce businesses in general, he adds: "Whether it's wine or spirits, those that really work all started from the product and not the technology."

Another drawback was Drinks & Co's marketplace model, meaning that the company did not own the stock it sold. While there are upsides to this approach — it can scale up much faster, acquiring more buyers and sellers — Oudinot says it was "extremely challenging" from a commercial and customer service viewpoint.

"The service was not great, the economics were not great, so it was not really a business model that we believed in for this industry," he concludes.

By contrast, Oudinot describes TWE as having a "truly omnichannel footprint" matched by few others around the world. As well as the website, there are three bricks-and-mortar stores in London, »



» events such as The Whisky Show, auction site Whisky.Auction and on-trade distributor Speciality Drinks.

The potential to grow the business internationally is obvious given its strong reliance on the UK market. "The main vehicle is the website, obviously, and geographical expansion is going to be our main growth driver," explains Oudinot. "But not just for the sake of growing, but for the sake of serving the most demanding consumers, wherever they are."

'Retail is an experience driver'

Physical stores have a role to play too. "We won't have shops in 35 cities in the world, but having a shop maybe in Paris, Singapore, Shanghai, Tokyo — why not?" asks Oudinot. "The retail is not a business driver; the retail is an experience driver — we can get to know the consumer, get to know what they like."

The "experience" side of TWE's operations is also vital, from small events in shops to large-scale consumer fairs such as The Whisky Show and The Cognac Show, plus 'money-can't-buy' tastings with master distillers. Such initiatives are as much about consumer interaction as making money, Oudinot emphasises. "Our experiences tend to be financially viable, which is good, but we don't look at them from the point of view of making extra profit; it's about building strong and lasting relationships with customers. This is invaluable."

There's a trade element to the business too that Oudinot is keen not to ignore. "While it's called 'direct-to-consumer', I strongly believe in the complementarity of the D2C arm, online, the shops and the B2B side, Speciality Drinks," he says. "We have access to the best connoisseurs and collectors in the world, but also the best bars and hotels in London."

The aim is to be "the most trusted global destination for connoisseurs of fine and rare spirits, but not trying to be the biggest. We are trying to be the most trusted by consumers, but also by suppliers".

TWE's independence put supply questions 'behind us'

Ah yes, suppliers. There was a little head-scratching from some in the industry when the TWE acquisition was announced. Why would the likes of Diageo, Bacardí and so on be happy to continue to supply a retail business that was now entirely owned by one of their biggest rivals? And how would they feel about that business having access to all of that retailer's consumer data?

Oudinot acknowledges that this was identified as "one of the main points of attention" when the deal was made, and pays tribute to the "incredible work" done by the buying team in earning the trust of suppliers. The fact that TWE is seen to be managed independently of Pernod, he adds, has ensured that the issue is now "behind us".

No data is shared with the parent company, he stresses. "That's a prerequisite, that we're not sharing anything, or we're sharing it with all suppliers. The richness we get [from the data] is not so much a branding thing but, for instance, that we see a signal that agave is booming in top outlets in London."





TWE focuses on consumer interaction at The Whisky Show (top) and its London stores (above)

Luxury fashion vs alcohol: the e-commerce journey

If this concept was alien to some in drinks, it was "very straightforward" to Oudinot, who previously worked in luxury fashion at Gucci owner Kering. For instance, while LVMH owns a number of retailers — including travel retail giant DFS — it's "taken for granted" that no data is shared.

This hints at a clear difference between fashion and alcohol that Oudinot has seen for himself. "It's an industry that is low in terms of e-commerce penetration, but we are accelerating at the moment," he says. "There are good reasons why it's low. We are selling products that are heavy, fragile and very regulated — it's not that nobody woke up and started doing it.

"The industry is exactly like fashion 20 years ago. In fashion 20 years ago, all the big players believed e-commerce would never be big, because you need to touch the fabric." It took disruptors such as Net-a-Porter to prove that, given the right consumer psychology — order an item in three sizes, send two back, and so on — the concept could work for retailers and customers alike.

Amazon pushes 'people to raise the bar'

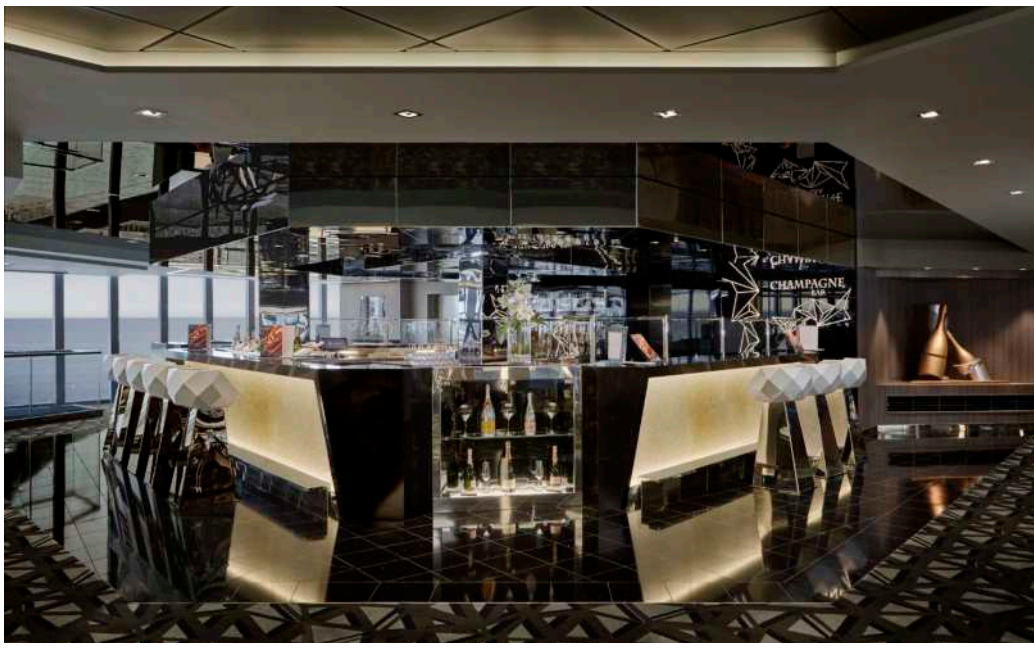
The diversity of TWE's operations reinforces Oudinot's assertion that it is "much more than just a retailer". If there is an overriding philosophy that connects all the strands of the business, it is the imperative of listening to, and serving, the consumer at all times. "We need to become more consumer-centric," he says. "If the only thing you provide is convenience, then you can never compete with Amazon.

"But Amazon is pushing people to raise the bar in terms of advice, in terms of experience, in terms of assortment. I really see it as a positive pressure. Those businesses that remain are very good, but it kills the bad *cavistes* who cannot speak about their wines."

And, for all the differences in e-commerce maturity between luxury fashion and alcohol, Oudinot sees at least one parallel. "In both cases, we sell products that people don't need," he says. "Ultimately, we sell passion, we sell emotion and we sell love. That makes it quite fascinating for me." GDI

MSC Cruises ups beverage offer with World's Best Bars initiative

In the increasingly competitive world of onboard cruise ship bars, MSC Cruises believes its new 'World's Greatest Bars' programme will help it stand out from the rest of the pack. **Joe Bates** reports



Onboard bars, such as MSC Meraviglia's *Champagne Bar (above), boast innovative decor and views*

The onboard beverage market has become a major draw for brand owners, cruise lines and, most recently, leading domestic cocktail bars wanting to broaden their international reach. The food and beverage sector onboard the world's top six cruise lines is now worth more than US$2bn annually, according to the latest *Cruise Food & Beverage Trends Report* by trade website Seatrade.

This figure is only likely to grow as the wider cruise ship business puts the disruptive years of the Covid-19 pandemic era behind it and sails full-steam ahead. About 31.7m people took a cruise holiday last year — an increase of 7% versus 2022, according to industry body the Cruise Lines International Association (CLIA).

Growing appeal of cruise holidays

Industry capacity, a key metric, is forecast to grow by 10% over the next four years, with 36 new ships scheduled to come into service over the same period. Seven new vessels are making their maiden voyages in 2024 alone, including Princess Cruises' *Sun Princess*, Cunard Line's *Queen Anne* and Royal Caribbean's *Utopia of the Seas*.

Crucially, cruise holidays are no longer the preserve of older travellers. According to CLIA's research, 36% of cruisers are now aged under 40 and Millennials are the most interested in taking a cruise vacation.

Cruise lines are ditching their stuffy image to accelerate this trend, offering shorter cruises, focusing on delivering experiences rather than itineraries, and investing in more upmarket F&B outlets. Upscale bars are a huge part of this industry drive to appeal to younger holidaymakers, with tiered beverage packages typically sold to guests when they book.

In recent years, cruise ship bars have undergone a remarkable transformation, evolving from simple, utilitarian spaces into sophisticated, immersive experiences.

A combination of factors, not least increased passenger expectations, but also advancements in design and technology, and a growing emphasis on culinary excellence have driven this evolution.

Evolution of the cruise ship bar

Gone are the days of cramped, dimly lit bars serving only basic cocktails. Today, cruise ship bars often boast breathtaking views, innovative decor and a wide range of speciality drinks. Some of the more impressive examples include rooftop bars with panoramic vistas, underwater lounges with floor-to-ceiling windows, and themed bars inspired by everything from classic literature to exotic locales.

Eye-catching examples from the past decade include Royal Caribbean's Bionic Bars with robotic bartenders on *Quantum of the Seas* and *Harmony of the Seas*; Norwegian Cruise Line's Svedka Ice Bar, where everything from the walls to the glasses is made of ice; and more recently, Anderson's Bar on P&O Cruises' new 5,200-passenger *Arvia,* which boasts an onboard custom-made rum distillery.

In April, MSC Cruises, the world's third-largest cruise line with a 22-ship fleet, shook this rapidly evolving scene up further by launching a new beverage programme called 'World's Greatest Bars'. The initiative's goal was simple: to partner with cocktail bars ranked highly in the influential World's 50 Best Bars list to create onboard pop-ups serving guests some of their most popular signature drinks for six months.

Established in 2005, the World's 50 Best Bars is a prestigious annual competition that aims to recognise and reward exceptional bars based on a variety of factors including cocktail innovation, atmosphere, service and overall guest experience. »





Royal Caribbean's Bionic Bar (left) and the rum distiller in Anderson's Bar on P&O Cruises' new Arvia

Bringing world's top bars onboard

» The two bars selected to partner with the MSC Cruises programme are both based in Barcelona: Sips and Paradiso. Founded in 2020 by Marc Álvarez and Simone Caporale, two iconic figures in the bartending world, Sips garnered international acclaim for its innovative cocktails and exceptional service. It is ranked first on this year's 50 Best Bars list, offering guests "evolved mixology" within a "social and fun atmosphere".

No.4 in this year's 50 Best Bars ranking, Paradiso was founded by Italian mixologist Giacomo Giannotti. A speakeasy-style bar, Paradiso is in a historic building that was formerly a bakery in Barcelona's fashionable El Born district. The bar's décor evokes a sense of mystery and intrigue, with dim lighting, velvet curtains and antique furniture. Its cocktails are renowned for their creativity and complexity, with bartenders using techniques including molecular gastronomy and fermentation.

"We're thrilled to have onboard such exciting bars, Sips and Paradiso, two ranked as some of the best in the world," said Jacques Van Staden, the then-F&B VP at MSC Cruises, when the 'World's Greatest Bars' programme was announced. "These bars are incredibly hard to get into right now, so we're excited that our guests can get a taste of the action."



Paradiso owner Giacomo Giannotti (left) with Marc Álvarez, co-owner of Sips

Senior teams from Paradiso and Sips trained MSC Cruises bar staff on the two ships chosen for the six-month pop-ups, *MSC World Europa* with Paradiso and *MSC Euribia* with Sips.

No attempt was made to recreate the look and design of either bar, given the restrictions necessitated by the cruise ship environment, such as the lack of physical space and strict maritime safety regulations. Nonetheless, bespoke glassware from each bar was used along with branded aprons for bar staff and branded drinks menus.

The Sips onboard menu featured the bar's classic primordial cocktail — a fruity and smoky whisky cocktail built around Johnnie Walker Black Label alongside ruby port, calvados brandy and crème de cacao, served in a signature glass.

Paradiso's onboard drinks list included the kriptonita with its electric flower garnish — a bittersweet gin cocktail made with Tanqueray Ten, shiso, lemongrass, Sichuan pepper, chocolate bitters, grapefruit and riboflavin, which literally makes it glow in the dark — and solera presidente — a sweet, velvety rum cocktail made with Zacapa 23yo Rum, oloroso sherry, banana liqueur and Fernet-Branca, served with a cotton candy garnish.

Three cruise bar trends to watch

The challenges of operating an efficient and profitable onboard cruise line beverage programme are numerous, from the lack of physical space, strict maritime safety regulations and diverse clientele, to supply chain issues and staff recruitment. Yet this niche on-premise sector continues to grow in importance and sophistication each year. Here are three of the latest trends:

No/low options on the rise

The growing number of Millennial and Gen Z holidaymakers eschewing alcohol is leading to a radical overhaul of beverage packages. In this year's *Seatrade Cruise Food & Beverage Trends Report*, a survey based on 74 cruise line F&B managers' responses, more than 46% cited a growing trend toward no/low-alcohol beverages.

In May, luxury cruise line Seabourn announced a new zero-proof mixology programme called 'Zero @ Sea'. The programme offers alc-free creations such as the ginger blossom — Seedlip Groove 42 non-alc spirit, elderflower and ginger ale — and the ginny 'n' tonic —botanical non-alc spirit Optimist Bright, elderflower and grapefruit.

Onboard production

Despite the cost and logistical challenges, cruise lines are increasingly upping their craft spirit and brew game by installing onboard breweries and distilleries.

As well as the aforementioned P&O Cruises micro-rum distillery onboard *Arvia*, the British line boasts a working gin distillery operated by Devon-based Salcombe Distilling Co onboard its *Iona* vessel. Carnival Cruise Line was the first US cruise line to install an onboard micro-brewery — on the 3,954-passenger *Carnival Vista* in 2016; five of its ships now feature micro-breweries. Other cruise lines have followed suit — for example, MSC Cruises' flagship *MSC World Europa*, which had its maiden voyage in late 2022, boasts the glass-fronted Oceanic Craft Brewery, which has even produced beer made from desalinated seawater.



Holland America Line's gold medal De Lijn Gin

Own-label spirits raise the quality bar

Own-label spirits are an increasing focus for many cruise lines, offering brand differentiation, incremental revenues and an enhanced guest experience. The quality of these exclusives is also rising — Holland America Line was this year awarded a gold medal for its De Lijn Gin at the Tales of the Cocktail competition in New Orleans.

Introduced in 2022 to commemorate the company's 150th anniversary, De Lijn Gin is crafted with a blend of "Dutch-inspired, cold-distilled" botanicals. The cruise line also offers its guests its own pilsner beer, HAL Pils, which is brewed by the Seattle-based Pike Brewing Company.

Fred Olsen Cruise Lines livened up its onboard spirits offer this January by joining the trend of ageing spirits at sea. It has partnered with English brewer and spirits producer Adnams to mature a 9yo whisky onboard its *Borealis* cruise ship for a final year of at-sea ageing. The cask will then be taken to Adnams' Suffolk distillery to be bottled and then be made available for Fred Olsen's cruise passengers to buy.

Mutually beneficial trend

The six-month beverage programme has now ended and MSC Cruises is now evaluating the success of the project, analysing any learnings and possible tweaks, but there are firm plans to collaborate with eight other award-winning bars, two each in the US and Latin America, one in Europe and one in Asia.

The idea of style bars collaborating with cruise lines to create pop-up bars is likely to grow in popularity. After all, this nascent trend offers mutual benefits: cruise lines can elevate their onboard dining experiences with renowned bars, while the bars gain exposure to a global audience and new revenue streams. GDI

Connect with the guests and premium brands can take flight in airport bars

The US on-premise sector has seen a notably positive trajectory this year. CGA's **Andrew Hummel** examines the opportunity offered to brands that can successfully navigate the airport channel

Airport bars provide unique opportunities for drinks brands to encourage trial, grow loyalty and drive premiumisation — but only if suppliers respond to consumers' behaviours in this unique environment.

Understanding the airport bar guest

Airports are a consistent market with an engaged and affluent guest base. One in eight (13%) consumers typically visits airport bars, and more than four in five (84%) of them say they will do so again in the next 12 months.

Increasing sales in airport bars begins with an in-depth appreciation of who is using them. CGA by NIQ's research shows guests skew towards younger adults and those with a significantly higher average household income and spend on both alcohol and eating and drinking out. They tend to be very frequent visitors to bars and restaurants in their everyday lives, and so are naturally well-disposed to use airport bars while in transit.

The demographics of airport bar guests makes it important that marketing stays relevant to the needs and views of 20 and 30-somethings. This relative youth also makes airport bars valuable platforms for generating brand equity and sales. Those who discover drinks brands while travelling may well go on to enjoy them elsewhere — for many years to come, and in the off-premise as well as bars.

Tracking behaviours

Along with understanding who is using airport bars, it's vital to know why and when. Around half of users are likely to visit alone, closely followed by with a partner and then friends. Brands need to cater for the needs of the business traveller while also tapping into the excitement of those on vacation in groups. For all guest types, relaxation is a priority need state and choice factor, so promoting brands as the go-to for unwinding and settling back is key.

Timewise, the round-the-clock nature of airports means the range of dayparts in these venues is far wider than in most types of bars. This opens some unique opportunities that are not often found elsewhere, from breakfast and brunch through to late-night. Food-led occasions, as travellers grab a meal before boarding a flight, are especially prevalent.



Airport bars, such as Root Down at Denver International (above), cater for more solo visitors

Five key differences of airport bars

1. Guest affluence
Airport bar users are significantly higher spenders and regular bar-goers than the average US consumer. Those travelling with first-class tickets are especially free with their purchases.

2. Solo visitors
Consumers are more likely to visit an airport bar solo than step inside a neighbourhood or sports bar on their own. Understanding how the needs of solo guests differ from group dynamics is important.

3. Wider dayparts
With flights spread from very early morning to late at night, some airport bars welcome guests nearly 24/7. Assortment and menus that can flex for different dayparts are vital.

4. Treat mentality
Consumers at the start of a holiday often arrive with a treat mentality. Positioning brands to serve this celebratory mood is a powerful route to extra sales.

5. Spontaneous choices
Airport bar guests often arrive with an open mind about their drinks choices. There are various chances to influence those who are undecided about their categories and brands, or those who might be persuaded to change their minds.

Beer leads as the most popular selection, just ahead of spirits and wine. Domestic, imported and craft beer options should all be available, as notable proportions of category consumers have each of these.

Vodka is the most consumed spirit in airport bars, with whisky and tequila also proving popular. Tailoring the spirits »

» selection to match visitor preferences is vital. Spirits drinkers enjoy a range of solo and mixed serves, with cocktails consistently proving the most popular for many categories. Collaborating with venues to ensure they showcase your brands on their cocktail menus can help enhance visibility and premium perceptions.

In-flight soft drinks, which are regularly provided free of charge on American domestic flights, is the category most likely to be consumed, marginally ahead of vodka, table wine and whisky. No single category dominates in-flight consumption, creating opportunities for a range of brands. Consumers engage with a wide range of categories, with around four in five satisfied with the range available. Building strong partnerships with the most used airline providers is key to leveraging this opportunity.

As elsewhere, price is the most common consideration in travellers' selections, and quality, food pairings and habitual behaviours are also front of mind. CGA's research provides a deeper dive into the beer, wine and spirits categories, with insights into the most popular types and preferred serve styles. There is also expert analysis of cocktails, including a rundown of the most popular types — led by the margarita and bloody mary — and a close look at the hard seltzer and RTD segments.

Driving trade-up

While the majority of travellers are on economy tickets and can be sensitive to price, there is a significant cohort of airport users who carry business or first-class tickets and are ready to spend freely.

Two in five (39%) visitors say they are more likely to choose high-quality and expensive drinks — a higher number than the 30% who are more likely to choose drinks with a lower cost.

This brings excellent potential for premium drinks brands, especially if they can demonstrate their high-quality ingredients and suitability with food. Seven in ten (71%) airport bar users say they are very or quite likely to pay extra for a better-quality drink — rising to 82% of those aged 35 to 54. Younger consumers are also receptive to trying higher-quality brands, and those who are at the start of a vacation may opt for them in this environment, because they want to treat themselves — even if they wouldn't do so in other bar types.

The cheerful mood and appetite for experimentation has important implications for ranges in airport bars. Well-known and trusted brands need to underpin offerings, but significant numbers of travellers want to see variety, so they can try new things and trade up. It makes a strong case for range in airport bars to be more substantial than in other channels such as neighbourhood or sports bars.

First-class lounges are, of course, prime targets for premiumisation, and good visibility here is vital for luxury brands — especially those in the vodka, whisky and tequila segments, where high quality and attractive serve styles are vital. Across the channel, clear pricing ladders are needed to guide guests through the trade-up opportunities that are available to them.

Intervening on paths to purchase

So how can suppliers and venues reach these premium-minded airport bar users and secure their spend? CGA by NIQ's research maps their paths to purchase and the numerous factors that shape their choices. It shows that well over half decide their drinks choice prior to visiting airport bars — a higher proportion than in most other channels and a reminder of the role of previous experiences and external influences in decisions. The time of day and type of trip are the two most important factors in these pre-venue decisions.

However, nearly two in five (38%) airport bar users have not decided which category to choose before arriving — and nearly two-thirds of those who have decided say they are willing to change their minds after arrival. Recommendations on menus and from bartenders can be extremely influential on both of these 'in the moment' groups, so menu visibility and collaborating with venue staff to recommend certain brands are pivotal strategies.

Special offers have a role to play too, but a range of other factors like how drinks are displayed and in-venue advertising are also powerful.

Brands can also intervene at the digital touchpoints of guests' journeys through airport bars. Ordering at the bar or at a table via a server are the two most common methods for purchases, but nearly a third (30%) of guests say they now prefer to order digitally.

This is notably higher than in many other bar types, and mobile or app ordering has become the norm for many young adults. Brands that work with venues to get their drinks front and centre of digital ordering platforms and emphasise convenience and speed can get a competitive advantage in this important digital environment. GDI



Image: PiStock.com/Boonsom

Two in five travellers are willing to trade up to premium drinks and want to treat themselves at the start of their holiday with visits to airport bars, restaurants and lounges

The research

All data referenced in this article is sourced from CGA by NIQ's research of around 7,500 US consumers who plan to visit the on-premise in the next 12 months.

The 2024 edition of the *Airport Bars Channel Strategy Deep-Dive Report* will be available to purchase soon.

CGA by NIQ is the global expert in out-of-home eating and drinking, with a wide range of sales measurement and consumer research solutions.

To discover more about the report or other solutions to help develop winning strategies in the US on-premise, email **andrew.hummel@nielseniq.com**

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Sungwon Choi champions local produce at Zeya

CityScapes

SEOUL

South Korea's vibrant capital boasts a diverse bar scene that embraces global cocktail trends, but local products remain the bedrock of drinking culture, prompting a rise in bars specialising in traditional spirits. By **Raphael Rashid**

Seoul's drinking scene has transformed dramatically in the past decade. While soju and beer remain staples, the South Korean capital now boasts diverse drinking options, from traditional *pojangmacha* street tents to sleek cocktail lounges.

This evolution reflects the city's blend of old customs and modern trends, mirroring Seoul's rapid economic development and growing global influence.

The scene

Home to nearly 10m residents, Seoul sits in the heart of a metropolitan area housing over half of the country's 51m population. The capital's economic clout is increasing, with average annual salaries reaching KRW49.16m (US$36,810) in 2022. While Koreans have a cultural inclination towards social drinking, young Koreans are increasingly prioritising quality over quantity, reshaping the drinking landscape.

Bartenders have witnessed this change first-hand. "When I started in 2011, there was no fresh lime," explains head bartender Ike Ryu of Oul at the Four Seasons Hotel Seoul. "It's not like that anymore and now bars are making innovative cocktails. Creativity and hospitality are key."

Seoul's performance on the 2024 Asia's 50 Best Bars list underscores this transformation. This year, it claimed an unprecedented five spots, with Zest leading at No.2, followed by Bar Cham (No.20), Alice Cheongdam (No.46), Le Chamber (No.48) and newcomer Pine & Co (No.50).

"Seoul now has as many excellent bars as any other renowned city in Asia," says Diageo Korea senior brand ambassador Akira Sung.

Seoul's bar scene is diverse. Affluent Gangnam boasts upscale nightlife, while expatriate hub Itaewon and neighbouring Hannam-dong cater to a cosmopolitan crowd. Hongdae and the wider Mapo district offer a more alternative vibe popular with younger drinkers. Even the historic Jongno district has embraced the cocktail renaissance, with several bars cleverly housed in renovated traditional *hanok* buildings.



Ike Ryu at Oul at the Four Seasons Hotel Seoul

The trends

Speakeasy-style bars have found a receptive audience. Charles H at the Four Seasons has cemented its reputation as a landmark for both locals and tourists, offering classic cocktails in an opulent, 1920s New York-inspired setting. Myeongdong Sookhee, hidden behind a mirror, features traditional Korean-inspired decor. Alice Cheongdam, concealed behind a flower shop, and Le Chamber, also in Gangnam and accessed via a secret door activated by a magical book, further exemplify this trend.

The professionalisation of bartending has been a driving force behind Seoul's cocktail renaissance. Sung emphasises the impact of initiatives like Diageo's World Class Bartender of the Year competition: "The World Class has become a competition that everyone in the bartender scene looks forward to, nurturing capable bartenders and discovering star bartenders, like star chefs."

Seoul's cocktail scene stands out for its creative use of Korean ingredients and spirits. Ryu explains: "Many foreign guests are now looking for something Korean in their cocktails. That's why we started using traditional liquors and other traditional ingredients."



Charles H's NYC flight – each manhattan cocktail is named after a different New York neighbourhood

This approach has led to innovative fusions. "We use gin with chrysanthemum, ginger and yuzu," explains Ryu, referencing his hwachae, a traditional Korean punch.

At Zeya, a casual bar in nearby Jonggak, »

» owner Sungwon Choi also champions local produce: "We use local specialties like Seongju melon, Naju pear and Gochang bokbunja (Korean black raspberry), and reinterpret Korean herbs like perilla leaves."

Going local has fuelled a boom in traditional liquors, with popularity among younger consumers surging. Online retailers have proliferated, targeting the MZ (Millennial and Gen Z) demographic.

Sustainability is also gaining traction. Zest uses every component of its ingredients and creates its own carbonated beverages to reduce waste. At Oul, discarded mandarin peels are dehydrated and reused to infuse spirits. At Zeya, Choi creates garnishes from fruit waste and reduces single-use products.

The pandemic has shifted drinking habits, with solo drinking challenging South Korea's traditionally communal drinking culture. The health and wellness trend is gaining prominence too, leading allulose and zero-sugar substitutes to grow in popularity, and an increase in non-alc options.



Alice Cheongdam bartender Kim Harim won Diageo's World Class Korea 2024 final and will compete at World Class Global in Shanghai this month. The competition is an important fixture of Seoul's bar scene

The local players

Local products remain the bedrock of Seoul's drinking culture. Diluted soju still dominates sales, with HiteJinro and Lotte Chilsung Beverage leading the market.

However, there has been a move towards traditional and premium Korean liquors. Kim Byung-Hoon, a researcher at Baesangmyun Brewery, observes: "When people couldn't gather [during the pandemic] and had to drink at home, they began exploring drinks they'd always wanted to try, like traditional liquors."

This enthusiasm has led to new bars specialising in makgeolli (rice wine) and other traditional spirits, often with a modern twist. Brands like Hwayo, offering premium distilled soju with sleek packaging, are changing perceptions of Korean spirits. Domestic spirits producers have expanded beyond traditional liquors: Ki One is South Korea's first single malt whisky, while Korean gin brands, such as Buja and Kori, have gained prominence. At Oul, Ryu exclusively uses Korean spirits in his cocktails. In his take on the french 75, he substitutes sparkling makgeolli for champagne.

The craft beer scene has also gained popularity over the past decade, reflecting a broader trend of consumers seeking unique, premium local products across all beverage categories.

The international players

Global giants such as Diageo, Pernod Ricard and Bacardí have long recognised Seoul's potential and maintain a strong presence. Whisky has surged in popularity in recent years, shedding its 'old-man's drink' image and spawning small-scale malt and cocktail bars across the city.

Sung notes growing interest in other premium spirits: "Whisky has opened the door to consumer awareness and trend changes for premium alcohol and fine drinking, and we are expecting that premium spirits across a wider range of alcohol categories can grow together now. Tequila, which has been gaining attention recently, is an example of this."

Imported wine has also seen notable growth. France, Chile and Italy lead the pack, with wine imports projected to reach $581.3m in 2022, according to the Korea Wines & Spirits Importers Association.

Challenges and opportunities

Prices in Seoul are high and have increased in line with the global cost of living crisis, resulting in consumer sentiment contracting. Since the Covid-19 pandemic, younger people have been avoiding heavy drinking, and in some places, soju is now sold by the glass rather than the bottle.



Baesangmyun Brewery, headquartered in Seoul, is a leading maker of traditional alcoholic beverages

The shift from bottle to glass is also true for whisky and is one of the biggest changes in drinking culture. But this shift aligns with a broader trend towards "fine drinking", emphasising better rather than more and savouring even a single glass.

As Sung explains: "Consumer expectations have evolved significantly, and bar culture has matured accordingly. There's growing interest in the history behind the drinks and the craftsmanship involved in their production."

For Choi, building brand recognition is the biggest challenge in the on-premise. His approach focuses on creating a relaxed atmosphere by reinventing classic drinks with Korean ingredients.

"We want both newcomers and bar enthusiasts to feel comfortable," he says, highlighting the need for approachability given the intimidating atmosphere some bars might emanate, considering that many Korean consumers may be more used to a drinking culture that involves grilling meat and sipping soju in noisy spaces.

The growing appreciation for local ingredients and traditional Korean spirits offers unique opportunities. Sung notes that Korean guest bartenders are now bringing Korean flavours to bars across Asia. For Ryu, this is just the start: "I think that maybe after a few years, Korean liquor will be at bars around the world."

Looking ahead, the expansion of premium spirits offerings is likely as consumers' palates become more adventurous and globally influenced. As Sung notes, "The MZ generation are not hesitant to discover their own tastes, and once they learn about something, they tend to dig deeper." GDI



VIEW FROM THE ON-PREMISE

Charlie Mitchell

Drinks brands targeting tourist hotspots need a multi-channel strategy to keep that holiday romance alive

For those of us with a birthday that falls around Christmas, this is the time of year when the once-bulging alcohol cabinet starts to become bare. Yes, while harvest season in the fields dictates September as a traditional time of bounty, my Christmas and birthday gifts are starting to vanish after nine months of enjoyment — from feast to famine, one sip at a time.

What that means, for me at least, is that the dusty bottles in the depths of the cupboard begin to see the light of day and a treasure trove of previously forgotten brands — and memories — starts to surface.

In the past fortnight I rediscovered creamy South African Amarula, reignited my friendship with a Brazilian cachaça and made an acquaintance with a totally forgotten and neglected bottle of Japanese sake.

What do these have in common? Well, they were all holiday purchases — most were bought in GTR — and each, like an unearthed photo album, brings back joyous memories of distant travel adventures and exploration.

Of course, that exploration extended beyond new cities, beaches and mountains and into the more familiar but still unexplored land of the nearby on-premise — yes, the bars, restaurants and hotels that often deliver the fondest memories of our travel. There really is very little that beats the first local brew, perfectly served and delivered to the table knowing that the out-of-office is on, and the feet are up.

Be it a Peruvian pisco, a Belgian blonde or a Spanish sangria, sampling the local tipple is an essential part of any travel adventure, evidenced by the 36% of global consumers who told CGA by NIQ that "trying local drinks" is one of their favourite holiday activities, second only to the 47% selecting "trying local food".

In this relaxed but experimental state, holidaymakers are keen to sample new and different drinks, which offers an opportunity for drinks brands to build awareness, generate affinity and develop relationships with consumers.

With global travel all but fully recovered post-Covid — international tourism ended 2023 at 88% of pre-pandemic levels — those opportunities should be a priority for both local and global brands alike.

Indeed, while 36% of consumers like to try local drinks, a not too shabby 31% like to taste new drinks while abroad, regardless of whether these are local brands or simply brands that have not been previously trialled.

That's why, for many global drinks suppliers, a strategy for key cities has been prioritised, critically incorporating many tourist hotspots within it to showcase brands to an eager, experimental and enlarged potential audience.

This is easier said than done, especially when, for those few weeks of intense trading, the competition for eyeballs is fierce. Take a walk down the promenade of any holiday hotspot in summer and you will see a plethora of branded A-boards, umbrellas and menus.

That's why a strategy to target tourist venues requires more than just a seasonal approach. Forming partnerships with key venues and supporting them through the lean months will develop a level of loyalty that means brands are well-positioned when the hoards come flocking.

Combine this with genuinely exciting activations that add to holiday experiences will unlock the triple win of benefiting operators, consumers and your brand equity.

Of course, all this necessitates a lot of effort and investment. From researching the venues which provide the greatest return (both on investment and on equity), to the in-outlet support and cost of activation itself, this approach will only work with substantial endeavour.

Is the reward worth it? Well, CGA by NIQ's research shows that "while on holiday" is the second most common occasion for consumers to try new drinks and the most popular occasion for consumers to look to add drinks to their normal drinking repertoire.



Illustration: iStock.com/Kupalina

In fact, nearly ten years ago, as the Aperol spritz boom was just about to take off, CGA by NIQ asked drinkers of the cocktail in the UK where they first tried it. The answer? While on holiday, of course.

For brands to take advantage of this opportunity, a joined-up multichannel strategy is needed. While activating in local hotels, bars and restaurants may tempt consumers to trial and build awareness, conversion probability (for both purchase and then repeat purchase) is at its peak immediately after.

This is where GTR comes in. Yes, those duty-free venues where the holiday buzz has all but worn off can act as the perfect extension of holiday experiences and, if you are able to activate consistently across both channels, will prolong and boost brand trial, awareness and equity. GDI

Charlie Mitchell is research & insight director at CGA by NIQ. His Global Drinks Intel *columns provide perspective from the on-premise, based on the most up-to-date and definitive data available. For details, contact* ***charlie.mitchell@cgastrategy.com***

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