



# IRI Pulse Report Alcohol

Welcome to the Pulse Q4 2013 edition for alcohol. We hope you find it useful. Please do not hesitate to contact us if you have any questions or comments at [EU.Marketing@IRIworldwide.com](mailto:EU.Marketing@IRIworldwide.com).

**Q4 2013**

[IRIworldwide.eu](http://IRIworldwide.eu)



**IRi**

Growth delivered.

## About the Report

---

- This alcohol report is one of 10 super category reports designed to show a high-level comparison and analysis for retail markets across major countries in Europe.
- This report contains data gathered from across Europe. The market was split into the following categories: beer, cider, wine, spirits, fortified wines and alcoholic soft drinks.
- The report highlights key metrics, such as total sales figures, market trends, category share and winners and losers for Europe and individual countries.
- The data has been sourced from IRI retail databases and Eurostat – the statistical branch of administration for the European Commission.
- The countries included in the report are: France, Germany, Italy, the Netherlands, Spain and the United Kingdom (UK).
- The market channels used for each country in this report are as follows:

Country	Channels used
UK	Hypermarkets, supermarkets, drugstores and impulse outlets
ES	Hypermarkets, supermarkets, hard discounters and drugstores. It includes the Canary Islands.
DE	Hypermarkets, supermarkets, hard discounters and drugstores
NL	Hypermarkets, supermarkets, hard discounters and drugstores
IT	Hypermarkets, supermarkets, small self service, hard discounters and drugstores
FR	Hypermarkets and supermarkets

- For analytical purposes the data sourced from available retail databases has been consolidated to provide consistent results. However, for some countries it has not been possible to source data pertaining to certain categories. Where this has occurred, it has been documented in the Notes section found at the end of the report.

## On the Radar

For the alcohol super category we can see that growth in most countries in Q4 2013 was driven by inflation and tax increases, while volume sales remained stable or even decreased in some countries due to the lower average temperatures experienced throughout the year in Europe.

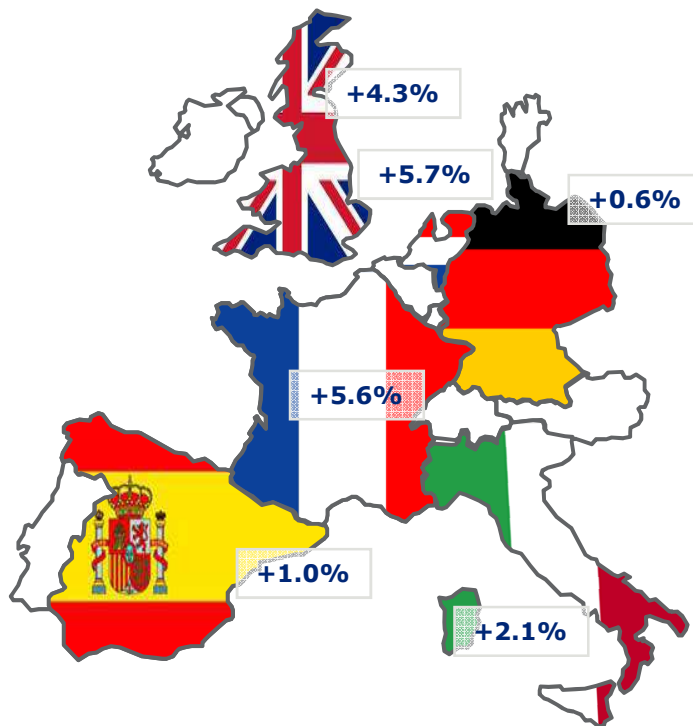
### ECONOMIC FIGURES INFLUENCING CONSUMER BEHAVIOUR

	POPULATION IN MILLIONS		UNEMPLOYMENT (%)		AVERAGE 12 MONTHS INFLATION RATES		GDP IN MILLIONS (€)	
	Jan. 2012	Jan. 2013	Sep. 2013	Average 2012	Sep. 2013	Average 2012	2012	2013 (Estimate)
France	65.3	65.6	11.1	10.2	+1.2	+2.5	2 032 297	2 059 358
Germany	80.3	80.5	5.2	5.5	+1.8	+2.4	2 644 200	2 694 499
Italy	59.3	59.6	12.5	10.7	+1.8	+3.5	1 565 916	1 568 388
Netherlands	16.7	16.8	7.0	5.3	+3.1	+2.8	600 638	604 459
Spain	46.8	46.7	26.6	25.0	+2.3	+2.3	1 049 525	1 051 076
United Kingdom	63.4	63.8	7.5	7.9	+2.7	+3.7	1 901 001	1 854 920

Source: Eurostat, September 2013

# GLOBAL TRENDS

## TOTAL ALCOHOL VALUE SALES AND % CHANGE VERSUS PRIOR YEAR

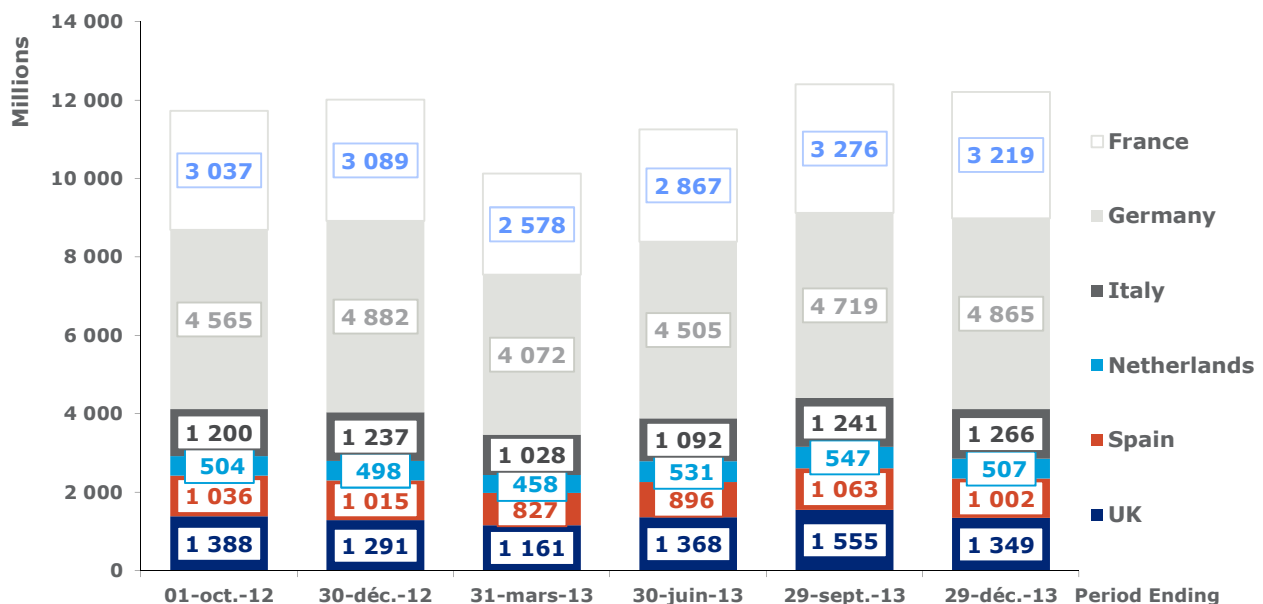


VALUE SALES IN MILLIONS (€)	
Total EU	45 993
DE	18 161
FR	11 939
UK	5 434*
IT	4 626
ES	3 788
NL	2 044

\*based on an exchange rate of €1.150 to the pound

**TOTAL EUROPE +2.7%**

## TOTAL ALCOHOL VALUE SALES FOR THE LAST SIX QUARTERS

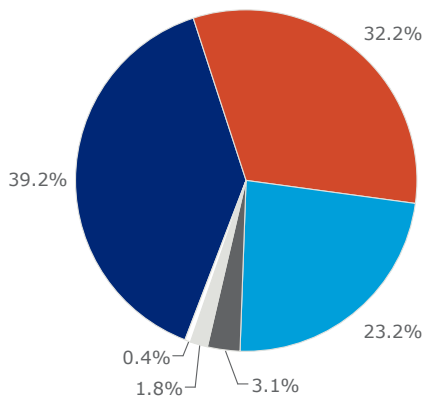


Source: IRI retail databases; period ending 29 December 2013



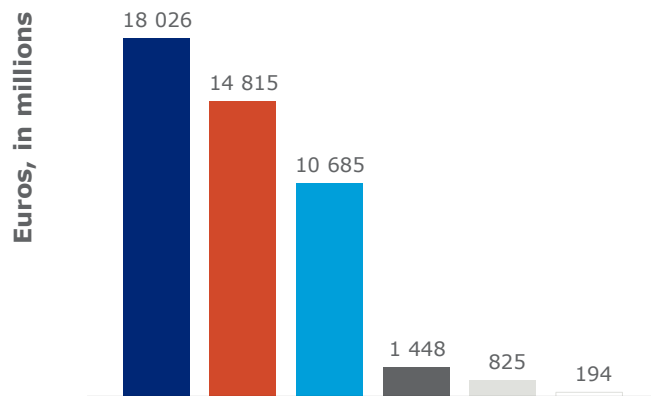
# Europe

## CATEGORY SHARE OF VALUE IN THE LAST YEAR



■ Beer ■ Wine ■ Spirits ■ Cider

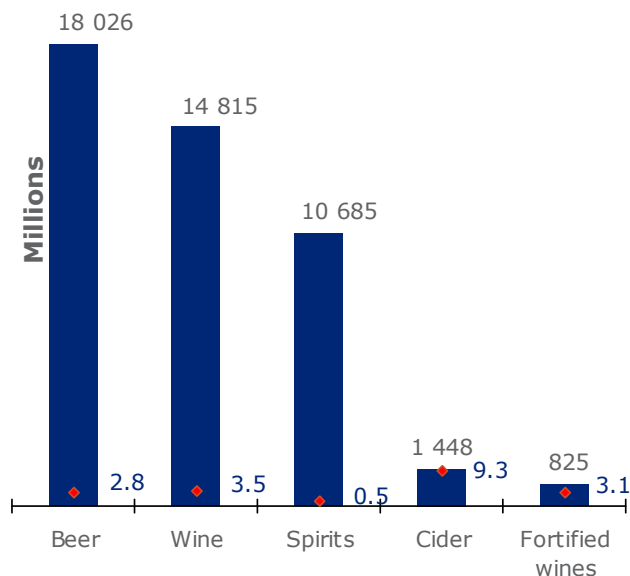
## CATEGORY VALUE SALES IN THE LAST YEAR



■ Fortified wines ■ Alcoholic soft drinks

## TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



■ Total € Sales ◆ % € vs. YA

## KEY TRENDS

- Beer, wine and spirits account for almost 95.0% of total alcoholic beverage turnover in Europe.
- All categories showed value growth at a European level.
- Wine and beer were the top performing categories. Value growth was mainly driven by tax increases, particularly in France.
- Spirits resumed positive value sales growth, driven by a strong performance in France. This growth accounts for all additional value at a European level while volumes for the category continue to decrease.

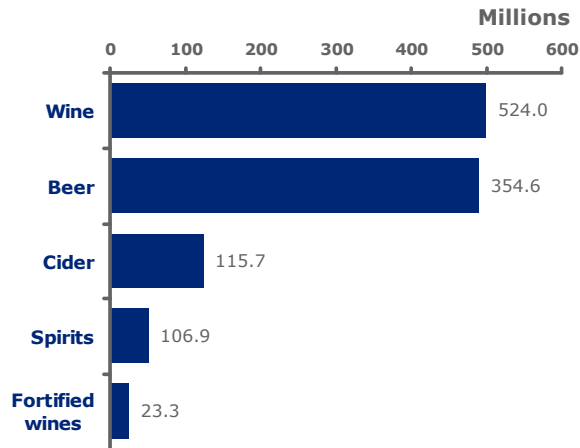
Europe includes: France, Germany, Italy, the Netherlands, Spain and the United Kingdom

Source: IRI retail databases; period ending 29 December 2013



## Europe

### TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



### TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



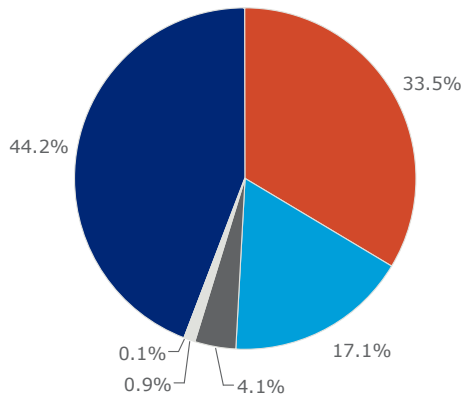
### CATEGORY INSIGHTS

- Despite the poor climate conditions during the course of spring and early summer in Europe, the tax increases applied in France at the beginning of the year increased **beer** sales. Speciality and premium beer sales continued to develop in most European countries in this quarter.
- **Wine** was the top performing category supported by strong growth in most countries. France also played an important role in Europe's wine sales expansion, predominantly driven by still wines. In Spain growth (at 5.0%) was driven by a VAT increase and price inflation and in the Netherlands evolution (at 6.0%) was mainly steered by an increase in promotional activities.
- **Spirit** sales in Europe also rose due to a combination of inflation and tax increases in France and Germany. However sales by volume continued to decline in this category, while in some European countries sales by value also decreased, particularly in Spain (-1.8%).

Europe includes: France, Germany, Italy, the Netherlands, Spain and the United Kingdom

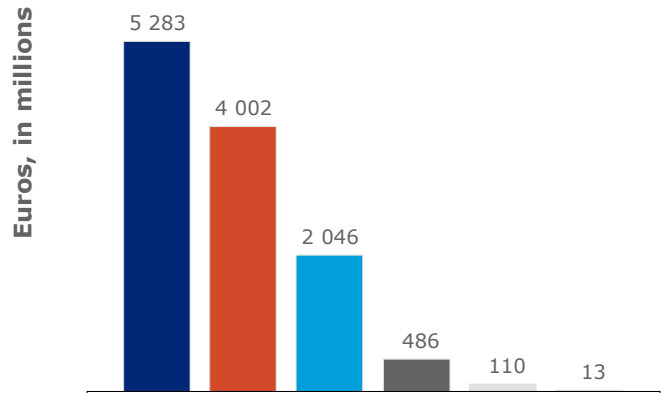
Source: IRI retail databases; period ending 29 December 2013

## CATEGORY SHARE OF VALUE IN THE LAST YEAR



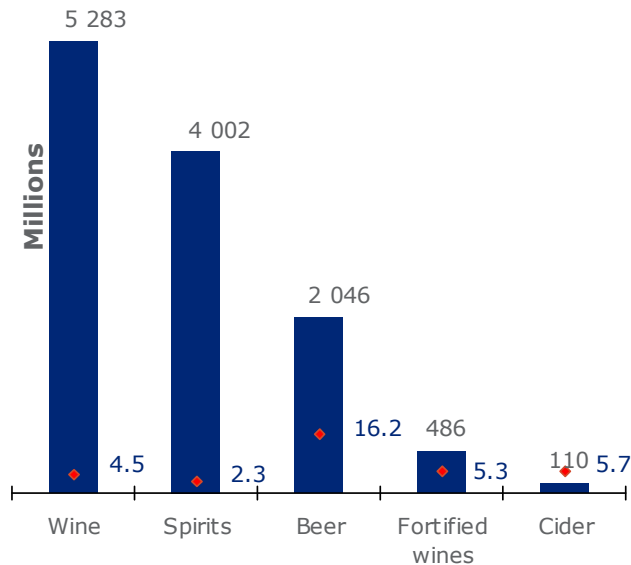
■ Wine ■ Spirits ■ Beer ■ Fortified wines ■ Cider □ Alcoholic soft drinks

## CATEGORY VALUE SALES IN THE LAST YEAR



## TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



■ Total € Sales ◆ % € vs. YA

## KEY TRENDS

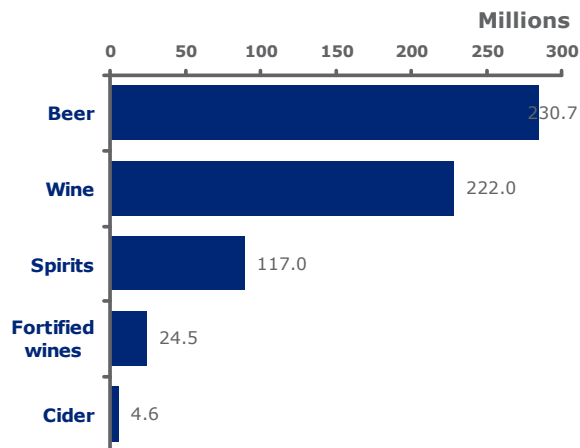
- Hypermarkets and supermarkets increased their total value sales by 0.9% in 2013 due to Fast Moving Consumer Goods (FMCG) growing at +1.6%.
- Alcoholic beverages benefited from a higher growth rate than other categories. In this quarter all of the segments experienced growth ahead of the market.
- Volume sales increased by approximately 1.4% in 2013, despite the impact of a wet spring. This is better than total FMCG which only increased by +0.3%.

Source: IRI retail databases; period ending 29 December 2013

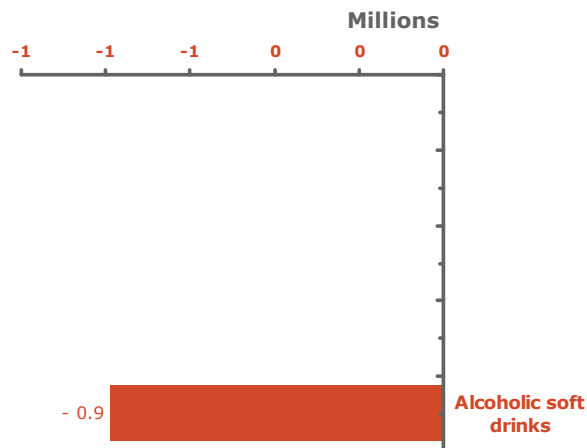


France

### TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



### TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



### CATEGORY INSIGHTS

- The **beer** category experienced an important tax increase at the beginning of 2013. However, it had less impact than the 2012 tax rise on spirits. Taxes have driven an increase in price (accounting for more than three quarters of the increase), but the price rise is also due to valorisation (+1.8%), with the continuous development of the most expensive categories such as specialty beers. Volume sales also went up by 1.5 % (+13 million litres).
- **Wine** – Still wine accounts for 75% value share of the wine market and for 88% of volume share. This segment supports the performance of total wine, due to an increase in both value and in volume, while sparkling wine still suffers as a result of the difficulties with Champagne.
  - Still wines – The first part of the year was stable with the second half of the year seeing growth. This was predominantly driven by the good weather which helped to boost sales of rosé wine. The two top performing segments are labelled *indication géographique protégée* (IGP), meaning with and without an indication of grape variety on the label, with bag in box (BIB) remaining the top performing format as it is increasing in all segments and formats. The *appellation d'origine protégée* (AOP) label remains stable, suffering from a low harvest for both white (Loire) and rosé (Provence).
  - Sparkling and Champagne – Both Champagne (on promotion) and other sparkling wines are experiencing volume decline, mainly due to high prices. However, they remain stable in value.
- **Spirits** – the category is still suffering from the 2012 tax increase with declines in volume sales. This downward trend was linked to a lack of promotional activity, particularly for segments such as anises and whisky. It may also be impacted by the development of other aperitif categories (beers, flavoured wines). Nevertheless, the segment benefited from product valorisation at + 1.0% (drink less, but better quality). Rum and vodka have boosted volume in the market.
- **Fortified wines** – Increases are driven by flavoured wines (BABV in French). The French alcoholic beverage market has experienced positive growth over the past three years with an annual volume of 21 million litres. Growth is mainly from rosé and rose-grapefruit and white-peach. A new feature might be flavoured sparkling wines which could be added to the category.

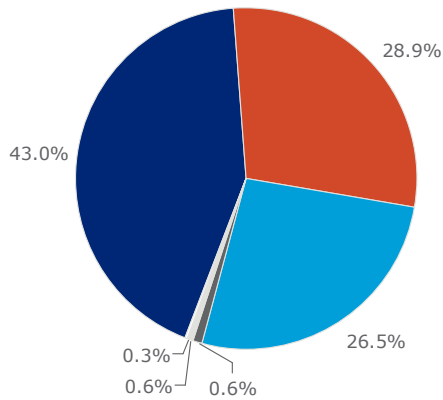
Source: IRI retail databases; period ending 29 December 2013





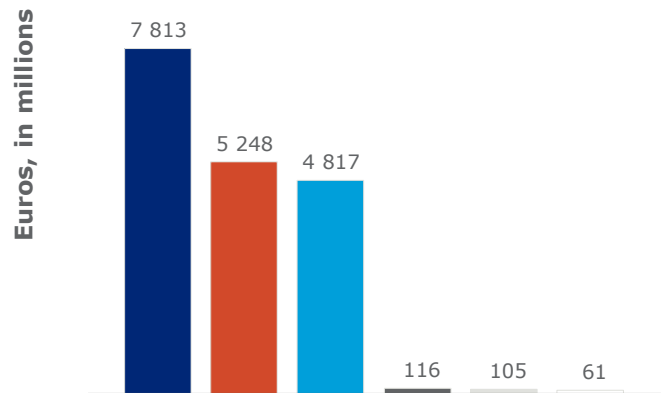
# Germany

## CATEGORY SHARE OF VALUE IN THE LAST YEAR



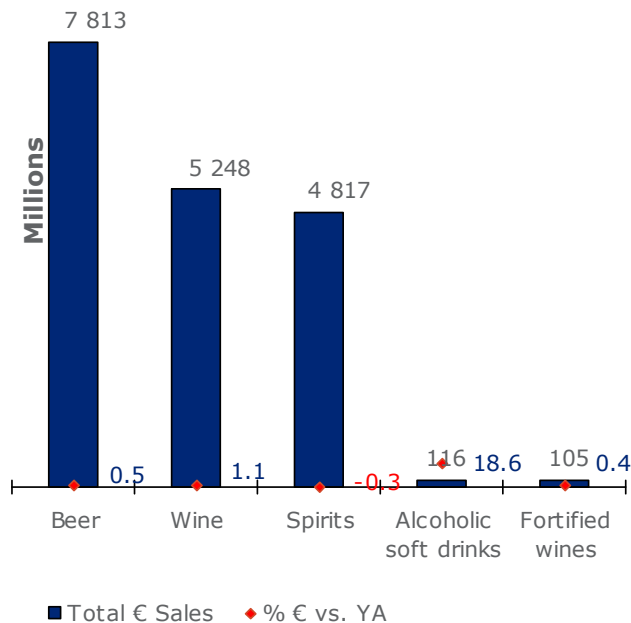
■ Beer ■ Wine ■ Spirits ■ Alcoholic soft drinks ■ Fortified wines □ Cider

## CATEGORY VALUE SALES IN THE LAST YEAR



## TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



## KEY TRENDS

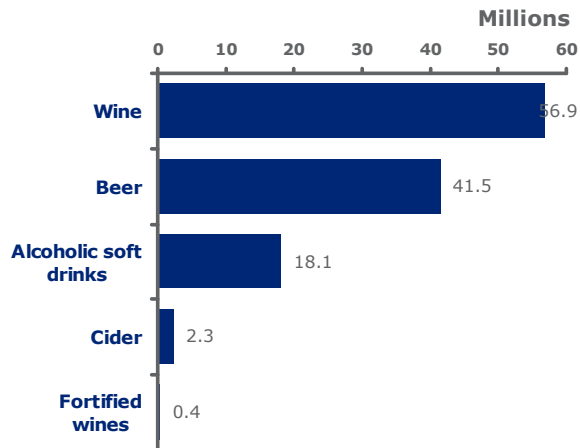
- In the last quarter alcoholic beverages have seen value growth again across all markets due to higher prices. Compared to other FMCG categories the increased prices do not affect alcoholic value sales.
- Slightly more moderate results might be due to missing selling days, due to calendar effects. Still wine was especially affected losing two of the most important days, with the 30<sup>th</sup> and 31<sup>st</sup> December.
- Promotional sales have had a positive impact on the total market which weren't applied in the last quarter.
- Flavoured sparkling wine did not compensate for the loss seen in traditional sparkling wine in the fourth quarter.
- Flavoured and seasonal spirits, such as whisky and honey or modified liquors for the winter season, have added impressive additional volume to their brands.

Source: IRI retail databases; period ending 29 December 2013

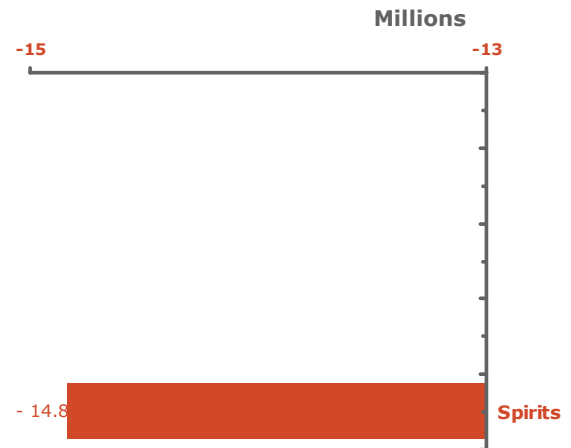


# Germany

## TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



## TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



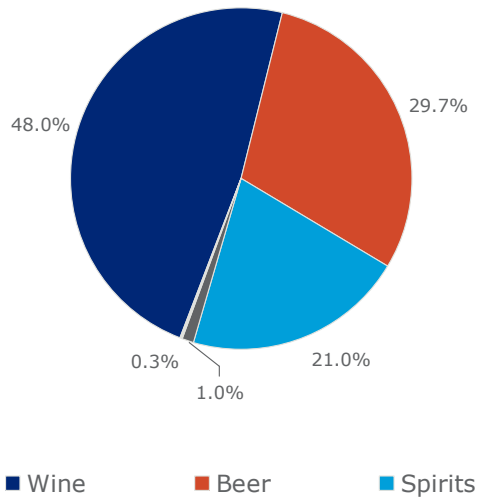
## CATEGORY INSIGHTS

- There was a large amount of promotional support for beer in the third quarter (which brought back almost half of the volume that was lost in the first two quarters of the year) however promotional activity was reduced in the latest quarter, which has brought the market to a stable result. The diversification of brands that operated so far in only one segment will have a huge impact in the upcoming year. As well as this, new flavours and convenient beer-mixes will reach a new target group and increase visibility among the market
- With the exception of whisky and rum all spirits are struggling with decreasing volume sales. The positive performance of these two categories is mainly due to the market entrance of infused and flavoured variants. In addition, seasonal products for winter can gain ground on top of volume sales. Due to the success of whisky and rum the higher priced products can compensate for part of the value losses. Private label has grown in both value and volume while gaining market share across all categories. Hard discounters are not experiencing this growth and are facing problems with their own label products.
- The hard discounters channel is where most of the volume sales for sparkling wine are being lost in the latest quarter. Even though this channel brings the most volume for flavoured sparkling wine in the market, missing promotional sales for traditional sparkling wine can't be compensated with sales from flavoured drinks. Sales have been stable in the last quarter and for the total year in the rest of the channels.

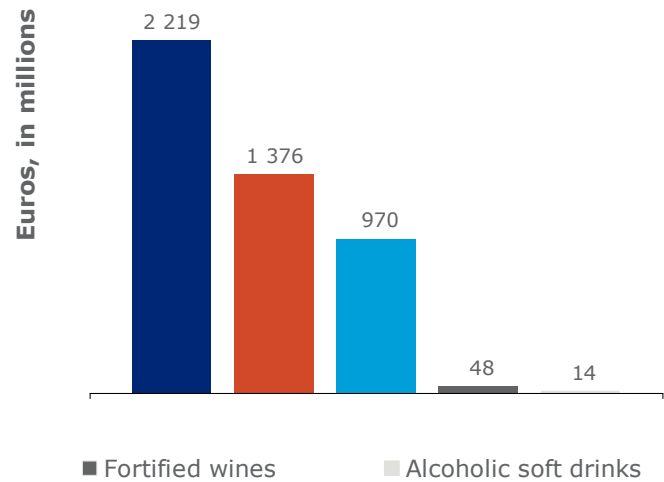
Source: IRI retail databases; period ending 29 December 2013



### CATEGORY SHARE OF VALUE IN THE LAST YEAR

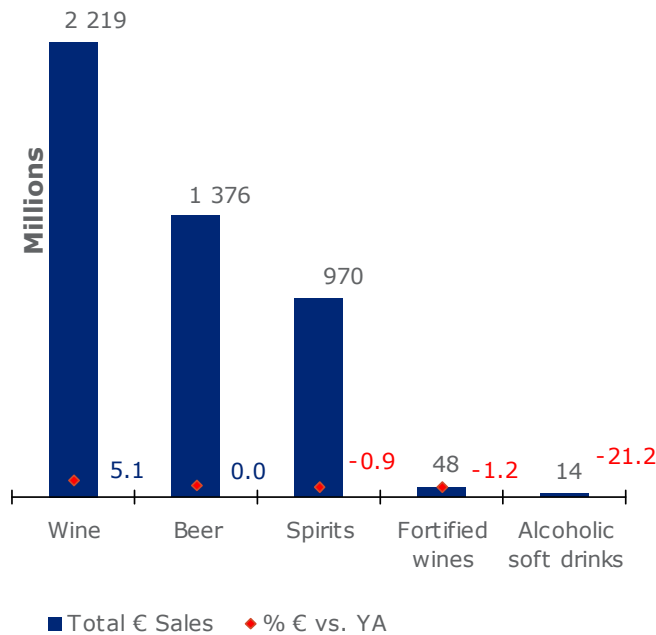


### CATEGORY VALUE SALES IN THE LAST YEAR



### TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



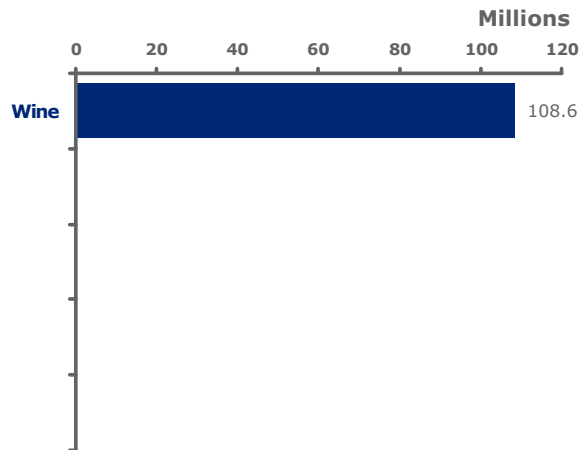
### KEY TRENDS

- Wine has had one of the worst performances in recent years with volume at -6.5%, due to the pressure on prices (+10.2%) that as a result has cooled consumption.
- Beer displayed an increase in volume in the last quarter which has been able to balance out the losses of the previous months (due to a cooler summer).
- Spirits are continuing to decline not only during the low season but also throughout the high season (Easter and Christmas). As a result of this situation the government has modified the excise duty placed upon spirits (in 2014 it will increase) which will penalise the high-proof alcohol.

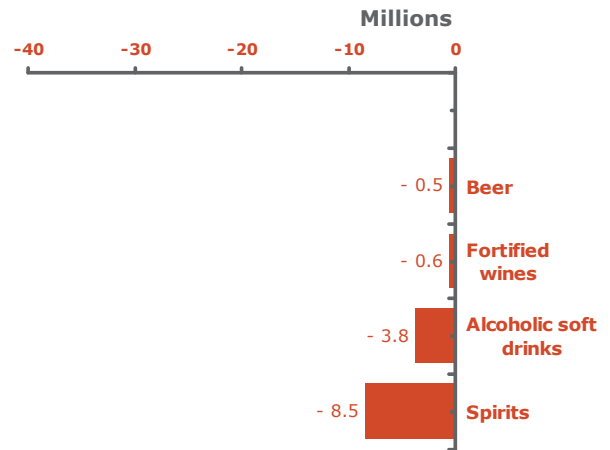
Source: IRI retail databases; period ending 29 December 2013



### TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



### TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



### CATEGORY INSIGHTS

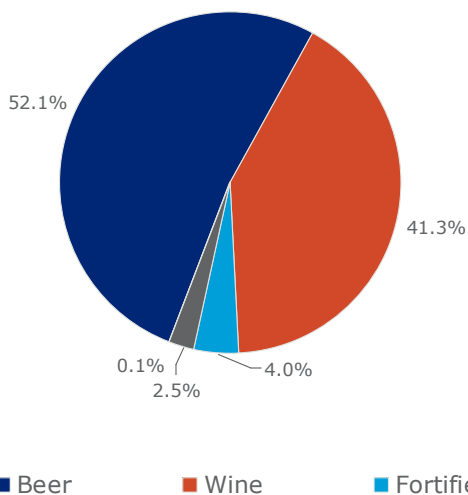
- Wine - The next few months will see a reduction in prices as a result of a generous grape harvest, this is combined with a general recovery in consumption which could open the doors to a sales increase. We think that companies will have to maintain the level of prices to guarantee the correct margin and the quality of the product. We recall an insight from the last quarter that remains relevant: shoppers need to see price stability and less cost fluctuations in the wine category.
- Beer – A recommendation for companies operating in the beer category: the speciality segment continues to grow and it is a good opportunity to invest into this segment as it shows no signs of weakening. Craft beers are of interest to shoppers and this will be a topic for discussion in the coming months.
- Spirits are entering a difficult period and one that is even more challenging than the previous year as a result of the need to understand if this category new entrants will hold the new price positioning. This category will see a change in the balance of power and in the perception of the shopper and it is predicted that sales will decline further. Price elasticity and the effectiveness of promotions will be the watchwords of the year.

Source: IRI retail databases; period ending 29 December 2013

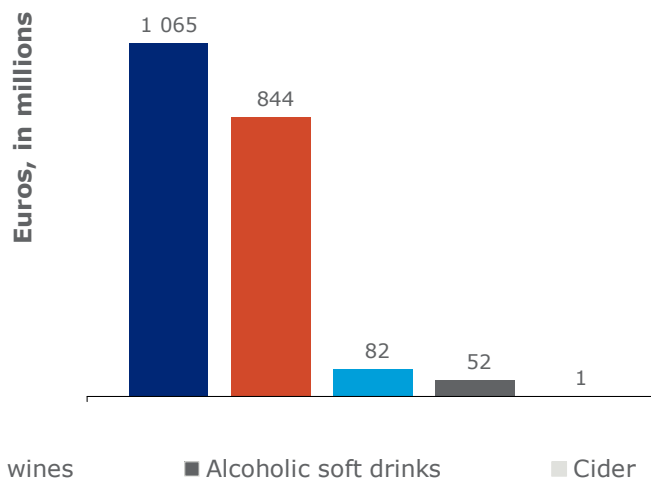


# The Netherlands

## CATEGORY SHARE OF VALUE IN THE LAST YEAR

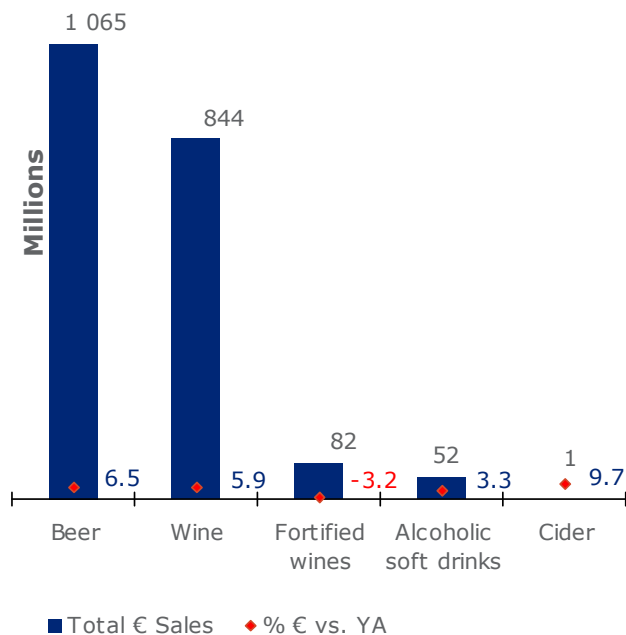


## CATEGORY VALUE SALES IN THE LAST YEAR



## TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



## KEY TRENDS

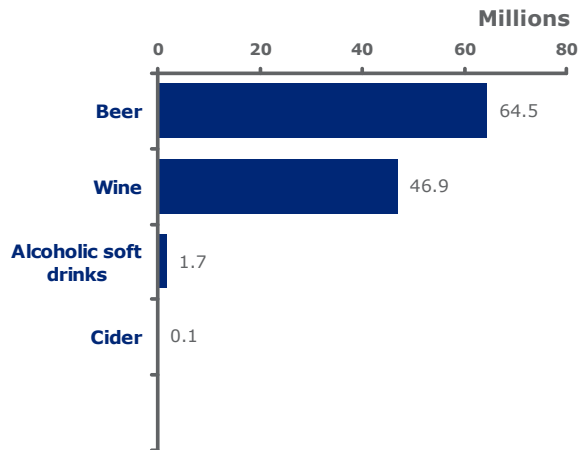
- The total turnover in the Netherlands within the supermarket channel amounted to 34.1 billion euros, a growth of 1.3%, when volume sales are declining.
- Alcoholic related categories represent approximately 7% of total supermarket turnover and are outperforming the supermarket channel's growth as a whole with an increase of 4.7%.
- Promotional activity and new products mainly within the beer category are the drivers behind the growth.

Source: IRI retail databases; period ending 29 December 2013

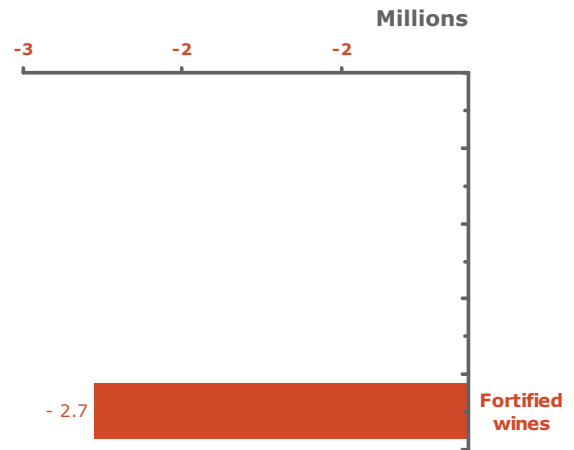


## The Netherlands

### TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



### TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



### CATEGORY INSIGHTS

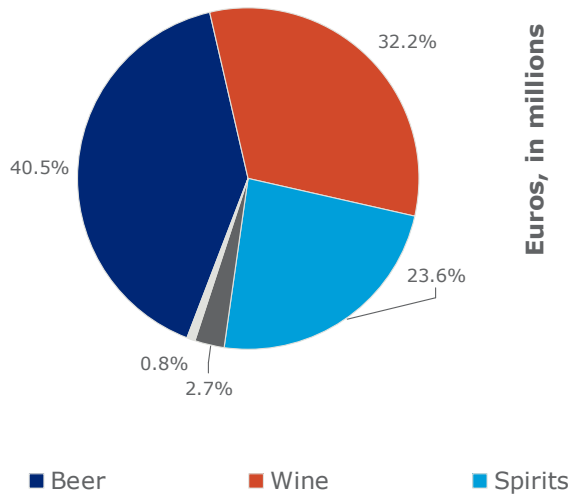
- Beer - There is an upward trend towards home consumption of beer, plus the fact that alcohol free and light beers have been gaining market share since 2012 and was a continued trend in 2013. 2013 has been a year where value has been added to the beer category due to new product launches within the light beer segment from Radler beers.
- Wine - This category is showing an increase in volume and value sales. Growth is mainly driven by a rise in promotional activities. French wines are the top performers in the Dutch wine category and we can also see a tremendous upturn within the South African, Chilean and Australian wines sector.
- Alcoholic soft drinks - Growth is mainly coming from the ready mixed drinks market such as rum-cola or whisky-cola that is dominated by Bacardi and the Diageo Group. Although the biggest volume uptake for 700 and 750ml bottles, the positive evolution that we see is within 250ml cans.
- Fortified wines - Volume sales are down by 9.0% over the last year. The biggest loss comes from the sherry segment with a decline of 14.0%.

Source: IRI retail databases; period ending 29 December 2013

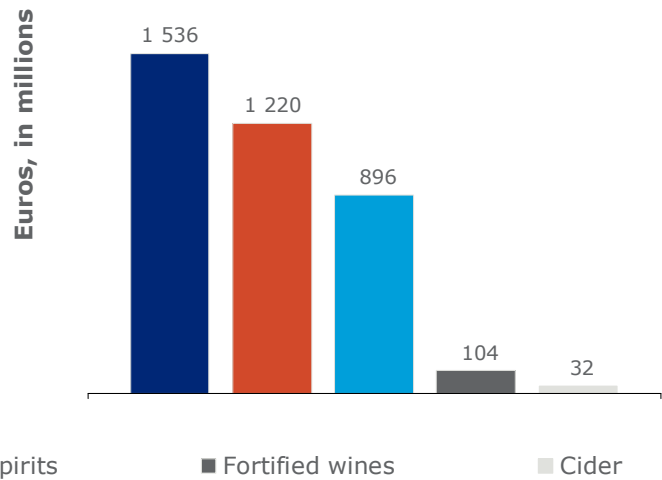


# Spain

## CATEGORY SHARE OF VALUE IN THE LAST YEAR

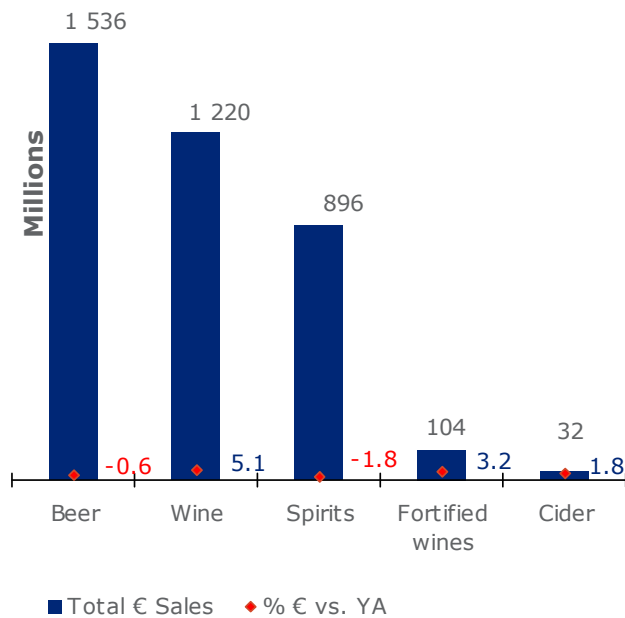


## CATEGORY VALUE SALES IN THE LAST YEAR



## TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



## KEY TRENDS

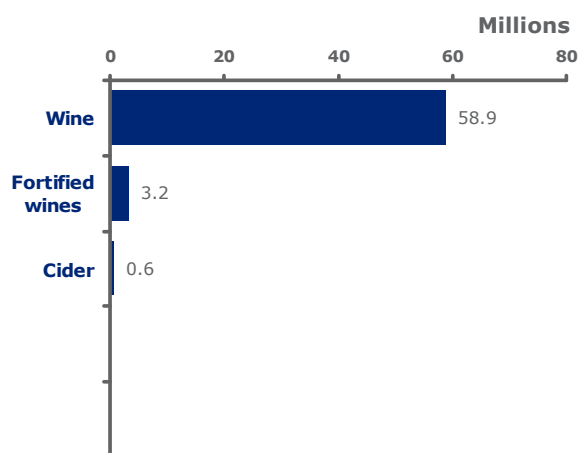
- FMCG sales grew by 0.3% in Spain, while beverages decreased by 1.0%, affected by the lower average summer temperatures.
- In the same context beers showed a slight reduction (-0.6%).
- Wine was the top performing category, driven by lower priced wines and white wines, while spirit sales continued to decline.
- In Q4 2013 whisky, rum and vodka were impacted by an ongoing loss in value sales, whereas gin sales reached double digit levels, boosted by the popularity of gin and tonic.

Source: IRI retail databases; period ending 29 December 2013

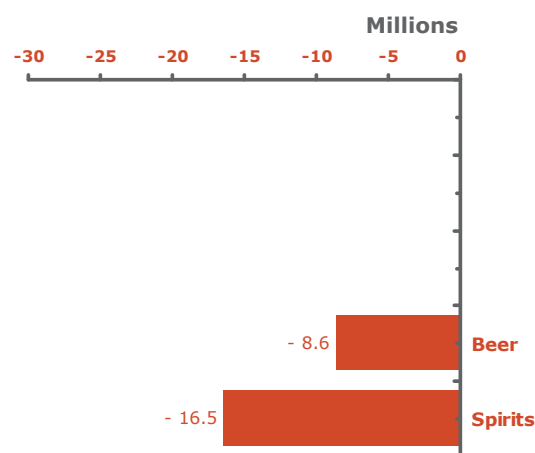


## Spain

### TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



### TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



### CATEGORY INSIGHTS

- As seen over the last 10 years, spirits sales are continuing to decline, with the exception of gin (that has strong growth, 11.0% versus moving annual total (MAT) for December 2012 due to the booming demand for gin and tonic). The rise in VAT and special taxes that affected high graduation beverages is fuelling the demand towards beers and wines. This was a trend that existed before the tax measures and it is also causing a sales decline in the Horeca (bars and restaurants) channel, with night clubs also being affected. This contraction is not compensated by the increase in home consumption.
- The lower average temperatures experienced throughout the year have resulted in a slight contraction in the beer category (-0.7% versus MAT December 2012). The sector is focusing on exports to compensate for the stagnation in the national market, while also innovating to create alternative drinks for different times of the day with lunch, afternoon and night time drinking alternatives replacing the traditional pint or aperitif. Artisanal and premium beers, that have recently emerged as a result of the search for added value products, have consolidated their share in the market (dominated by industrial beers), although sales are low.
- The wine category, and in particular low priced wines, were the best performers (5.0% versus MAT September 2012), and the increase in value added tax (from 18.0% to 21.0% in September 2012) was the main driver for growth. Sales of wines with no appellation of origin were the highest risers (+8.0% versus MAT December 2012) due to an increase in prices. Among the appellation of origin regions, Rueda, Valencia and Valdepeñas were top three performers.

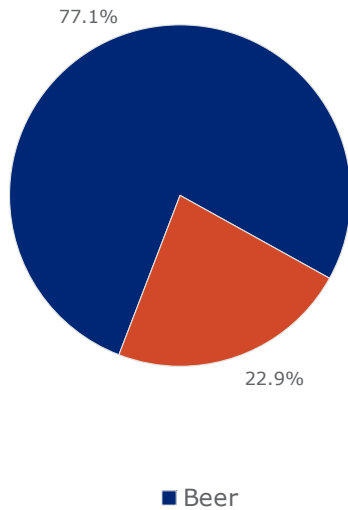
Source: IRI retail databases; period ending 29 December 2013



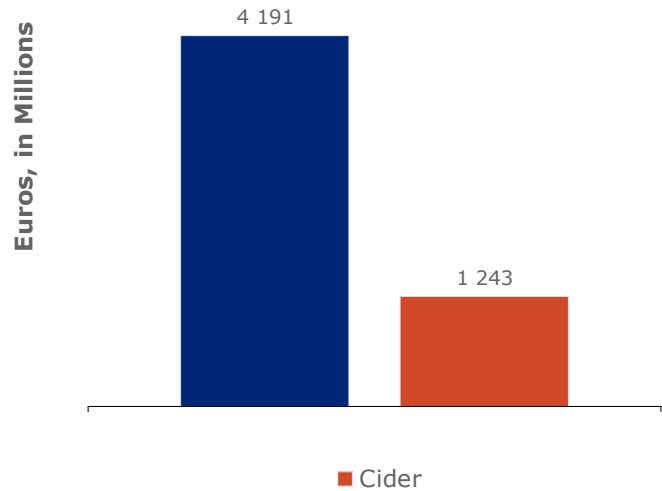


# The United Kingdom

## CATEGORY SHARE OF VALUE IN THE LAST YEAR

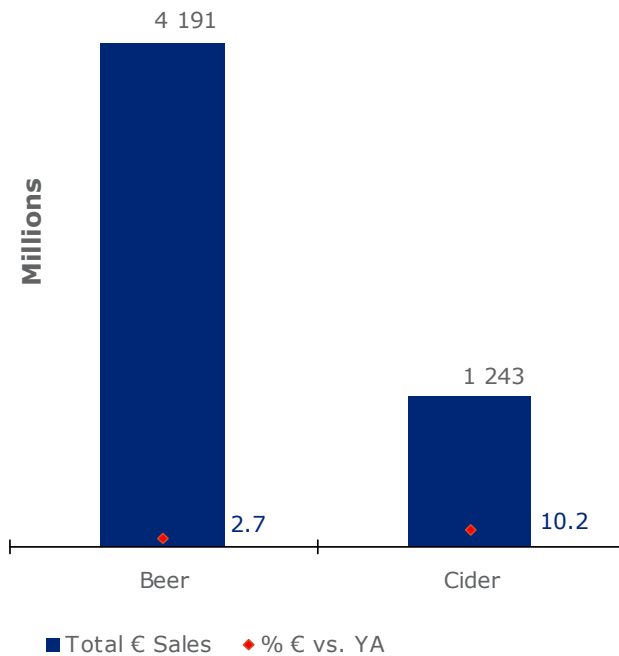


## CATEGORY VALUE SALES IN THE LAST YEAR



## TOP CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



## KEY TRENDS

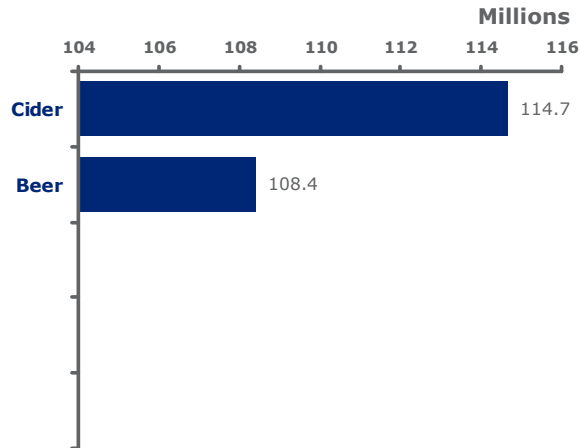
- Overall, this year’s Christmas period was a successful one for beer and cider, with the last two weeks of December benefiting from an extra day for shoppers to stock up.
- The UK beer and cider market grew by 5.3% in value for the 4 week period ending 4<sup>th</sup> January 2014.
- Value grew ahead of volume (+4.1%) driven by a 1.2% increase in price.
- Cider continues to perform ahead of the market, growing +9.4% in value.
- Lager is the biggest winner in absolute terms, with sales up +£11 million year on year (YoY).

Source: IRI retail databases; period ending 29 December 2013

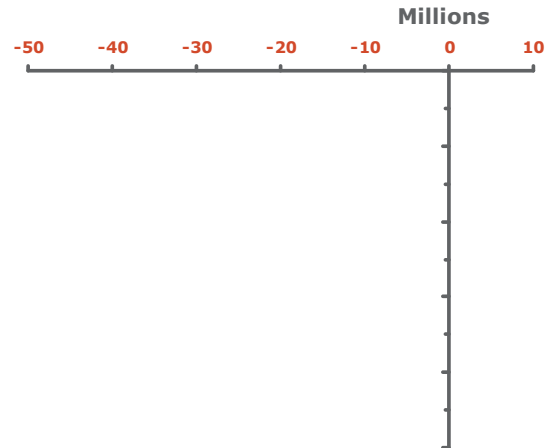


# The United Kingdom

## TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



## TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



### CATEGORY INSIGHTS

#### Christmas Performance

- This Christmas alcohol category recovered this Christmas from a slightly disappointing performance last year.
- Beer and cider was the sixth biggest winner of all grocery categories over Q4, with Sainsbury's recognised as 2013's winning retailer for the alcohol category.
- The trend towards premiumisation continues, with World Lager, Premium Cider & Ale winning.
- Peroni enters the top 10 winners within beer.

#### Q4 Highlights

- Cider continues to show strong growth driven by 'Fruit NPD' (a trend in the market). Strongbow Dark Fruit and Bulmers Bold Dark Cherry contributed over 50 000 Hectolitres (HL) in incremental volume sales over Q4.
- In the 12week period ending 4<sup>th</sup> January 2014, AB InBev was flat in value driven by losses from Stella Artois, with this brand losing 24 000HL in volume versus last year.
- Carling continues to threaten Foster's, retaining its position as the number one growing beer brand in Q4.
- Peroni's distribution gains in the off trade have driven 11 000HL in incremental sales inQ4 versus last year, with this brand a clear one to watch for 2014.

Source: IRI retail databases; period ending 29 December 2013

# Final Notes

---

## Notes on category definitions for countries

Due to the diverse products found in individual countries across this market, it was necessary to consolidate the available data into the categories in this report. In some cases it wasn't possible to align products across all 6 countries. These exceptions are listed below:

### Cider

- The Italy data in this report includes cider within the fortified wines category.
- The Netherlands data in this report does not include pear cider.

### Wine

- The UK data in this report does not include this category.

### Spirits

- The UK data in this report does not include this category.
- The Netherlands data in this report does not include this category.
- The France data in this report includes punch and cocktails and the other countries do not.

### Fortified wines

- The UK data in this report does not include this category.

### Alcoholic soft drinks

- The UK data in this report does not include this category.
- The Spain data in this report does not include this category.

## Resources

---

To gain insight into opportunities across specific categories, segments, channels or retailers, contact your IRI client service representative regarding custom analyses leveraging the following resources:

- **InfoScan Census®** is a syndicated retail tracking service that enables manufacturers and retailers to acquire industry insights used to make better business decisions. InfoScan Census utilises the data that IRI collects from grocery, drug, and mass merchandise retailers to provide the most comprehensive and accurate syndicated data offering in the FMCG sector. With access to accurate, granular detail by category, geography, measure, and time period, clients have the tools needed to develop marketing and sales strategies based on product performance, distribution, and promotion responsiveness. All data about the alcohol category has come from **InfoScan Census®**.
- **IRI Consulting** provides strategic insights and advice leveraging a variety of data sources, predictive analytics, enabling technologies, and business analyses to help FMCG manufacturers and retailers address significant sales and marketing issues effectively.

### FOR MORE INFORMATION

Please contact Leandro Chiesa, Consultant,  
IRI at [Leandro.Chiesa@IRIworldwide.com](mailto:Leandro.Chiesa@IRIworldwide.com) or call  
+33 1 30 06 23 62 with any questions or comments about this  
report.

**About IRI.** IRI is a leader in delivering powerful market and shopper information, predictive analysis and the foresight that leads to action. We go beyond the data to ignite extraordinary growth for our clients in the CPG, retail and over-the-counter healthcare industries by pinpointing what matters and illuminating how it can impact their businesses across sales and marketing. Move your business forward at **IRIworldwide.eu**

Arlington Square, Downshire Way, Bracknell, Berkshire RG12 1WA, Tel +44 (0) 1344 746000

Copyright © 2014 Information Resources, Inc. (IRI). All rights reserved. IRI, the IRI logo and the names of IRI products and services referenced herein are either trademarks or registered trademarks of IRI. All other trademarks are the property of their respective owners.



# IRI Pulse Report Alcohol

Welcome to the Pulse Q4 2013 edition for alcohol. We hope you find it useful. Please do not hesitate to contact us if you have any questions or comments at [EU.Marketing@IRIworldwide.com](mailto:EU.Marketing@IRIworldwide.com).

**Q4 2013**

[IRIworldwide.eu](http://IRIworldwide.eu)



**IRi**

Growth delivered.

## About the Report

---

- This alcohol report is one of 10 super category reports designed to show a high-level comparison and analysis for retail markets across major countries in Europe.
- This report contains data gathered from across Europe. The market was split into the following categories: beer, cider, wine, spirits, fortified wines and alcoholic soft drinks.
- The report highlights key metrics, such as total sales figures, market trends, category share and winners and losers for Europe and individual countries.
- The data has been sourced from IRI retail databases and Eurostat – the statistical branch of administration for the European Commission.
- The countries included in the report are: France, Germany, Italy, the Netherlands, Spain and the United Kingdom (UK).
- The market channels used for each country in this report are as follows:

Country	Channels used
UK	Hypermarkets, supermarkets, drugstores and impulse outlets
ES	Hypermarkets, supermarkets, hard discounters and drugstores. It includes the Canary Islands.
DE	Hypermarkets, supermarkets, hard discounters and drugstores
NL	Hypermarkets, supermarkets, hard discounters and drugstores
IT	Hypermarkets, supermarkets, small self service, hard discounters and drugstores
FR	Hypermarkets and supermarkets

- For analytical purposes the data sourced from available retail databases has been consolidated to provide consistent results. However, for some countries it has not been possible to source data pertaining to certain categories. Where this has occurred, it has been documented in the Notes section found at the end of the report.

## On the Radar

For the alcohol super category we can see that growth in most countries in Q4 2013 was driven by inflation and tax increases, while volume sales remained stable or even decreased in some countries due to the lower average temperatures experienced throughout the year in Europe.

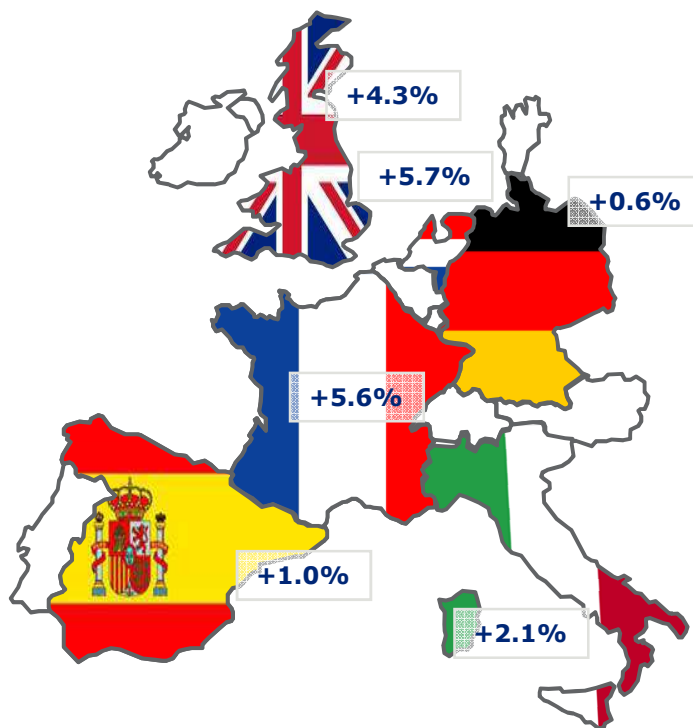
### ECONOMIC FIGURES INFLUENCING CONSUMER BEHAVIOUR

	POPULATION IN MILLIONS		UNEMPLOYMENT (%)		AVERAGE 12 MONTHS INFLATION RATES		GDP IN MILLIONS (€)	
	Jan. 2012	Jan. 2013	Sep. 2013	Average 2012	Sep. 2013	Average 2012	2012	2013 (Estimate)
France	65.3	65.6	11.1	10.2	+1.2	+2.5	2 032 297	2 059 358
Germany	80.3	80.5	5.2	5.5	+1.8	+2.4	2 644 200	2 694 499
Italy	59.3	59.6	12.5	10.7	+1.8	+3.5	1 565 916	1 568 388
Netherlands	16.7	16.8	7.0	5.3	+3.1	+2.8	600 638	604 459
Spain	46.8	46.7	26.6	25.0	+2.3	+2.3	1 049 525	1 051 076
United Kingdom	63.4	63.8	7.5	7.9	+2.7	+3.7	1 901 001	1 854 920

Source: Eurostat, September 2013

# GLOBAL TRENDS

## TOTAL ALCOHOL VALUE SALES AND % CHANGE VERSUS PRIOR YEAR

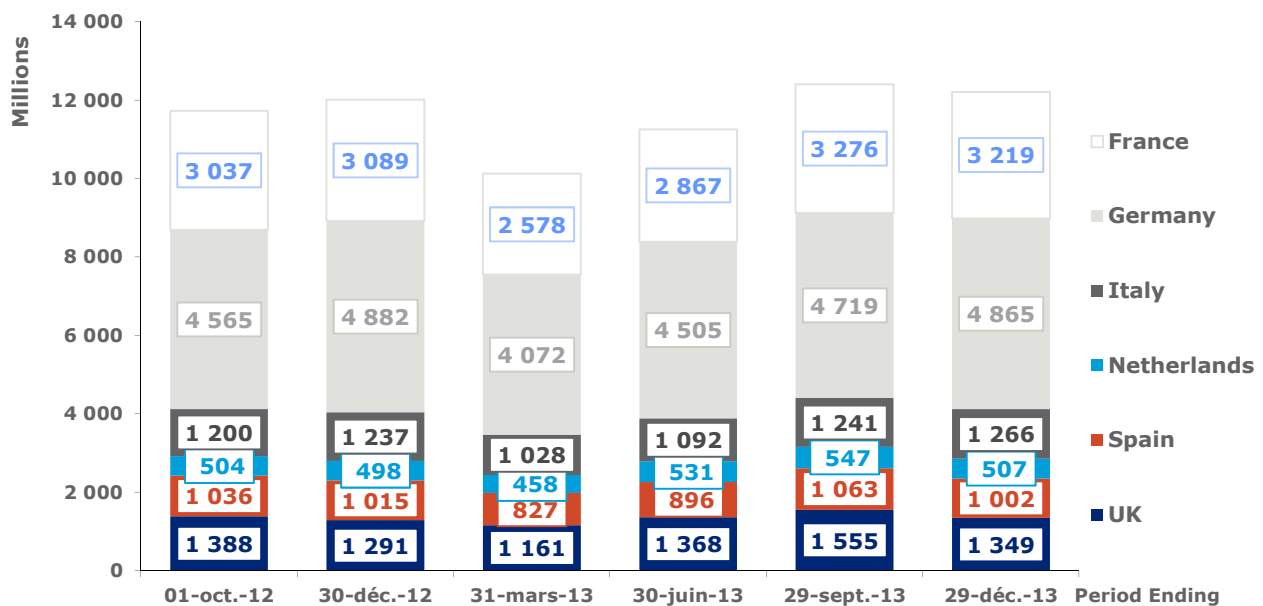


VALUE SALES IN MILLIONS (€)	
Total EU	45 993
DE	18 161
FR	11 939
UK	5 434*
IT	4 626
ES	3 788
NL	2 044

\*based on an exchange rate of €1.150 to the pound

**TOTAL EUROPE +2.7%**

## TOTAL ALCOHOL VALUE SALES FOR THE LAST SIX QUARTERS



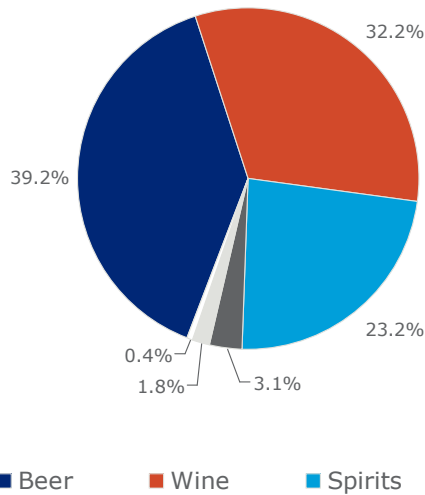
Source: IRI retail databases; period ending 29 December 2013



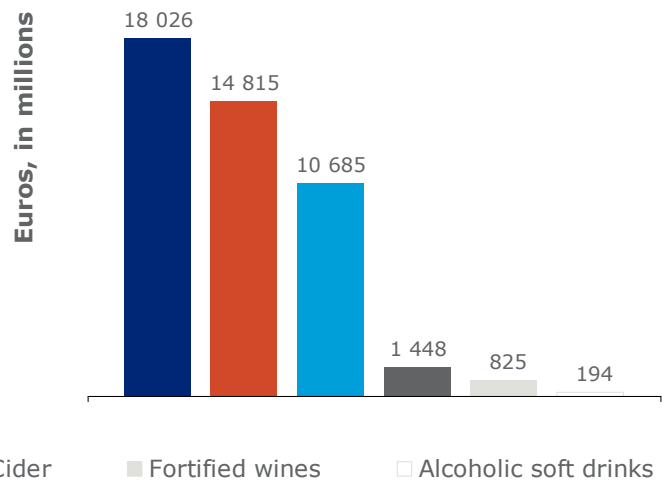


# Europe

## CATEGORY SHARE OF VALUE IN THE LAST YEAR

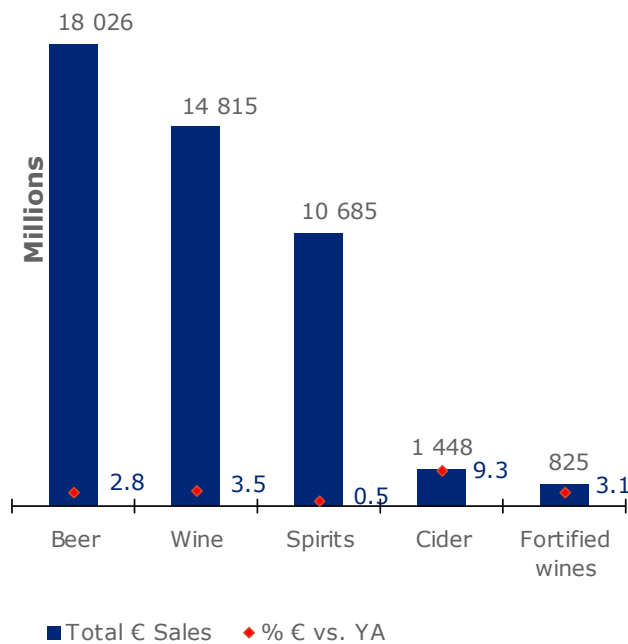


## CATEGORY VALUE SALES IN THE LAST YEAR



## TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



## KEY TRENDS

- Beer, wine and spirits account for almost 95.0% of total alcoholic beverage turnover in Europe.
- All categories showed value growth at a European level.
- Wine and beer were the top performing categories. Value growth was mainly driven by tax increases, particularly in France.
- Spirits resumed positive value sales growth, driven by a strong performance in France. This growth accounts for all additional value at a European level while volumes for the category continue to decrease.

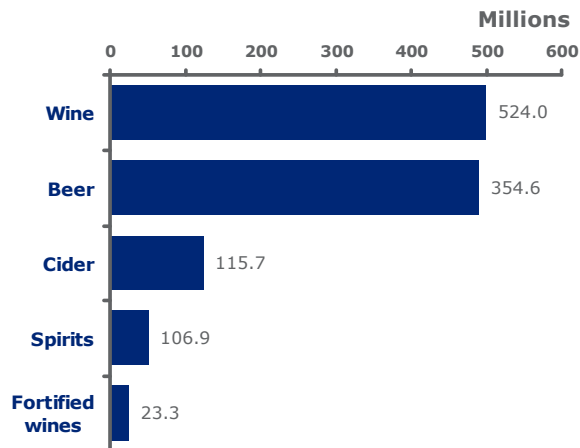
Europe includes: France, Germany, Italy, the Netherlands, Spain and the United Kingdom

Source: IRI retail databases; period ending 29 December 2013



## Europe

### TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



### TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



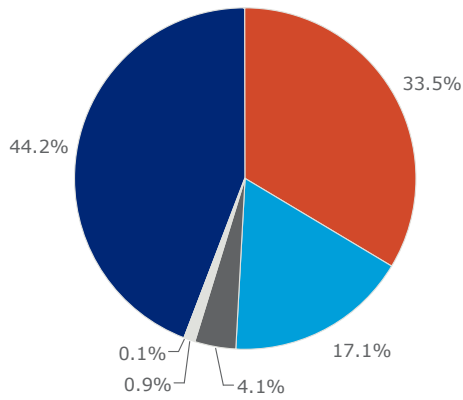
### CATEGORY INSIGHTS

- Despite the poor climate conditions during the course of spring and early summer in Europe, the tax increases applied in France at the beginning of the year increased **beer** sales. Speciality and premium beer sales continued to develop in most European countries in this quarter.
- **Wine** was the top performing category supported by strong growth in most countries. France also played an important role in Europe's wine sales expansion, predominantly driven by still wines. In Spain growth (at 5.0%) was driven by a VAT increase and price inflation and in the Netherlands evolution (at 6.0%) was mainly steered by an increase in promotional activities.
- **Spirit** sales in Europe also rose due to a combination of inflation and tax increases in France and Germany. However sales by volume continued to decline in this category, while in some European countries sales by value also decreased, particularly in Spain (-1.8%).

Europe includes: France, Germany, Italy, the Netherlands, Spain and the United Kingdom

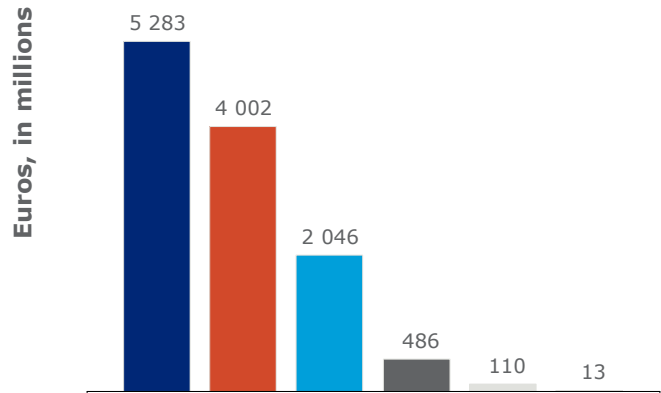
Source: IRI retail databases; period ending 29 December 2013

## CATEGORY SHARE OF VALUE IN THE LAST YEAR



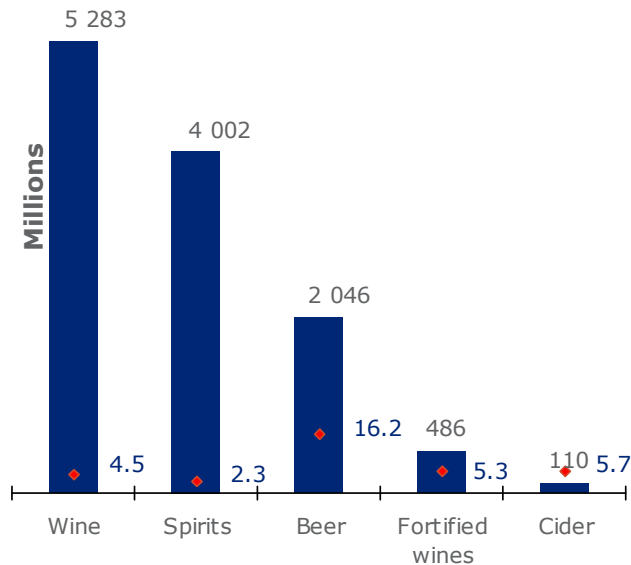
■ Wine ■ Spirits ■ Beer ■ Fortified wines ■ Cider □ Alcoholic soft drinks

## CATEGORY VALUE SALES IN THE LAST YEAR



## TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



■ Total € Sales ◆ % € vs. YA

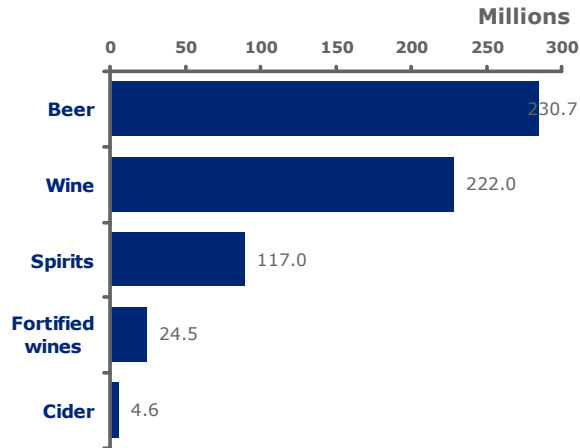
## KEY TRENDS

- Hypermarkets and supermarkets increased their total value sales by 0.9% in 2013 due to Fast Moving Consumer Goods (FMCG) growing at +1.6%.
- Alcoholic beverages benefited from a higher growth rate than other categories. In this quarter all of the segments experienced growth ahead of the market.
- Volume sales increased by approximately 1.4% in 2013, despite the impact of a wet spring. This is better than total FMCG which only increased by +0.3%.

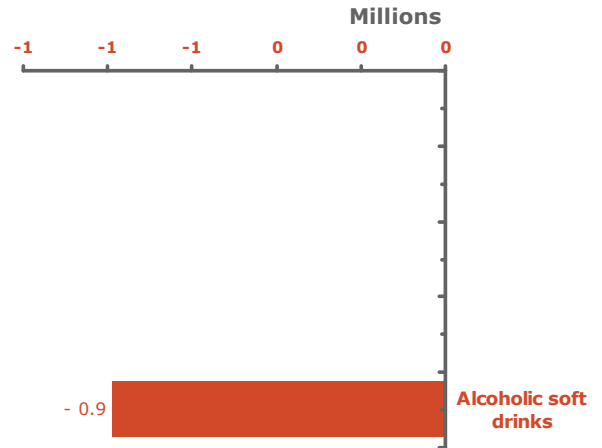
Source: IRI retail databases; period ending 29 December 2013



### TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



### TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



### CATEGORY INSIGHTS

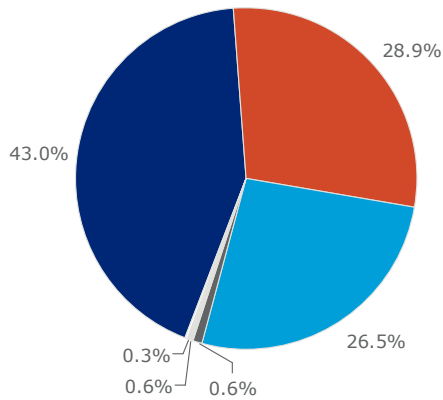
- The **beer** category experienced an important tax increase at the beginning of 2013. However, it had less impact than the 2012 tax rise on spirits. Taxes have driven an increase in price (accounting for more than three quarters of the increase), but the price rise is also due to valorisation (+1.8%), with the continuous development of the most expensive categories such as specialty beers. Volume sales also went up by 1.5 % (+13 million litres).
- **Wine** – Still wine accounts for 75% value share of the wine market and for 88% of volume share. This segment supports the performance of total wine, due to an increase in both value and in volume, while sparkling wine still suffers as a result of the difficulties with Champagne.
  - Still wines – The first part of the year was stable with the second half of the year seeing growth. This was predominantly driven by the good weather which helped to boost sales of rosé wine. The two top performing segments are labelled *indication géographique protégée* (IGP), meaning with and without an indication of grape variety on the label, with bag in box (BIB) remaining the top performing format as it is increasing in all segments and formats. The *appellation d'origine protégée* (AOP) label remains stable, suffering from a low harvest for both white (Loire) and rosé (Provence).
  - Sparkling and Champagne – Both Champagne (on promotion) and other sparkling wines are experiencing volume decline, mainly due to high prices. However, they remain stable in value.
- **Spirits** – the category is still suffering from the 2012 tax increase with declines in volume sales. This downward trend was linked to a lack of promotional activity, particularly for segments such as anises and whisky. It may also be impacted by the development of other aperitif categories (beers, flavoured wines). Nevertheless, the segment benefited from product valorisation at + 1.0% (drink less, but better quality). Rum and vodka have boosted volume in the market.
- **Fortified wines** – Increases are driven by flavoured wines (BABV in French). The French alcoholic beverage market has experienced positive growth over the past three years with an annual volume of 21 million litres. Growth is mainly from rosé and rose-grapefruit and white-peach. A new feature might be flavoured sparkling wines which could be added to the category.

Source: IRI retail databases; period ending 29 December 2013



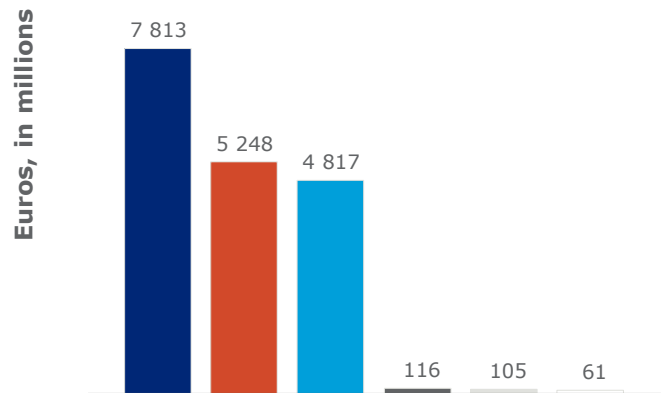
# Germany

## CATEGORY SHARE OF VALUE IN THE LAST YEAR



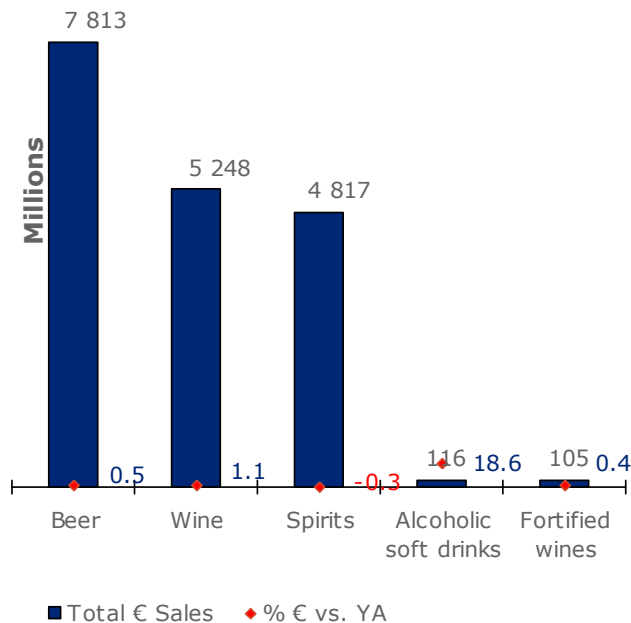
■ Beer ■ Wine ■ Spirits ■ Alcoholic soft drinks ■ Fortified wines □ Cider

## CATEGORY VALUE SALES IN THE LAST YEAR



## TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



## KEY TRENDS

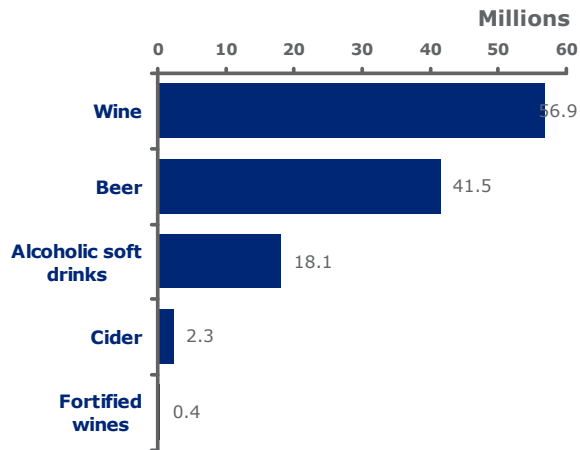
- In the last quarter alcoholic beverages have seen value growth again across all markets due to higher prices. Compared to other FMCG categories the increased prices do not affect alcoholic value sales.
- Slightly more moderate results might be due to missing selling days, due to calendar effects. Still wine was especially affected losing two of the most important days, with the 30<sup>th</sup> and 31<sup>st</sup> December.
- Promotional sales have had a positive impact on the total market which weren't applied in the last quarter.
- Flavoured sparkling wine did not compensate for the loss seen in traditional sparkling wine in the fourth quarter.
- Flavoured and seasonal spirits, such as whisky and honey or modified liquors for the winter season, have added impressive additional volume to their brands.

Source: IRI retail databases; period ending 29 December 2013

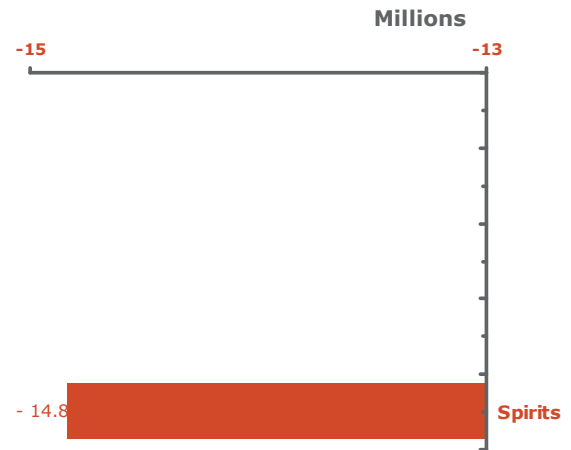


# Germany

## TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



## TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



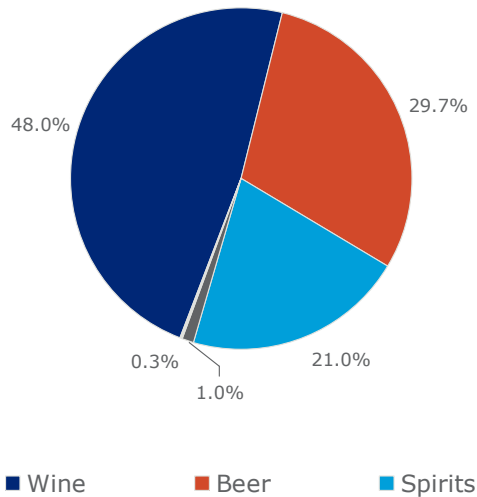
## CATEGORY INSIGHTS

- There was a large amount of promotional support for beer in the third quarter (which brought back almost half of the volume that was lost in the first two quarters of the year) however promotional activity was reduced in the latest quarter, which has brought the market to a stable result. The diversification of brands that operated so far in only one segment will have a huge impact in the upcoming year. As well as this, new flavours and convenient beer-mixes will reach a new target group and increase visibility among the market
- With the exception of whisky and rum all spirits are struggling with decreasing volume sales. The positive performance of these two categories is mainly due to the market entrance of infused and flavoured variants. In addition, seasonal products for winter can gain ground on top of volume sales. Due to the success of whisky and rum the higher priced products can compensate for part of the value losses. Private label has grown in both value and volume while gaining market share across all categories. Hard discounters are not experiencing this growth and are facing problems with their own label products.
- The hard discounters channel is where most of the volume sales for sparkling wine are being lost in the latest quarter. Even though this channel brings the most volume for flavoured sparkling wine in the market, missing promotional sales for traditional sparkling wine can't be compensated with sales from flavoured drinks. Sales have been stable in the last quarter and for the total year in the rest of the channels.

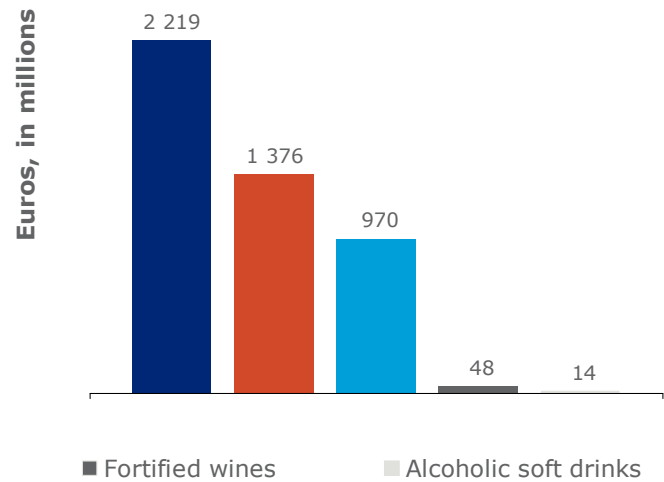
Source: IRI retail databases; period ending 29 December 2013



### CATEGORY SHARE OF VALUE IN THE LAST YEAR

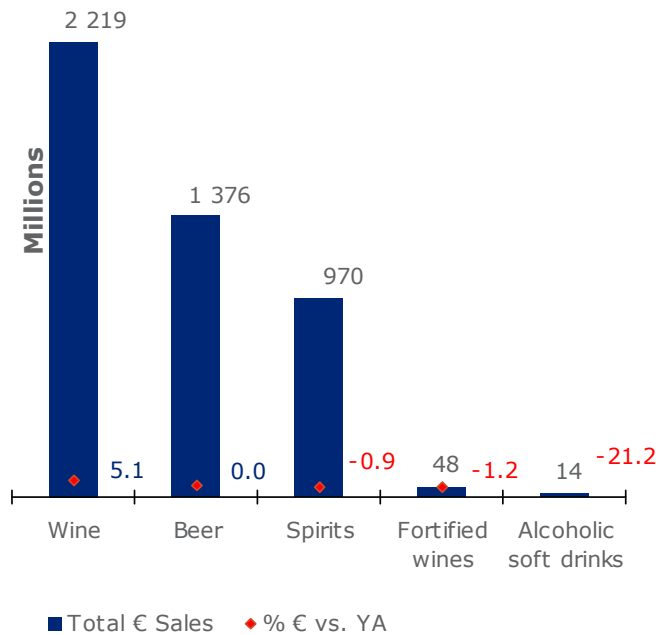


### CATEGORY VALUE SALES IN THE LAST YEAR



### TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



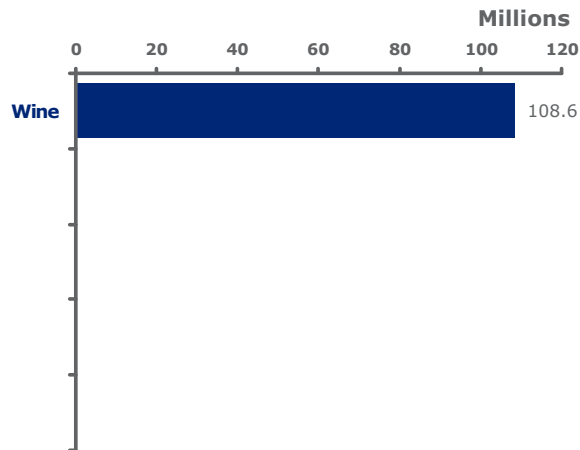
### KEY TRENDS

- Wine has had one of the worst performances in recent years with volume at -6.5%, due to the pressure on prices (+10.2%) that as a result has cooled consumption.
- Beer displayed an increase in volume in the last quarter which has been able to balance out the losses of the previous months (due to a cooler summer).
- Spirits are continuing to decline not only during the low season but also throughout the high season (Easter and Christmas). As a result of this situation the government has modified the excise duty placed upon spirits (in 2014 it will increase) which will penalise the high-proof alcohol.

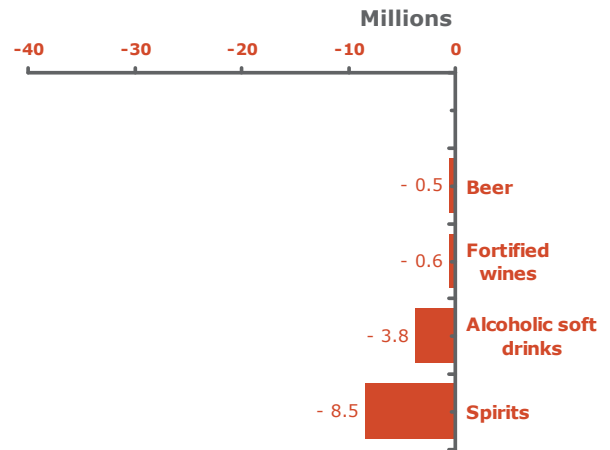
Source: IRI retail databases; period ending 29 December 2013



### TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



### TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



### CATEGORY INSIGHTS

- Wine - The next few months will see a reduction in prices as a result of a generous grape harvest, this is combined with a general recovery in consumption which could open the doors to a sales increase. We think that companies will have to maintain the level of prices to guarantee the correct margin and the quality of the product. We recall an insight from the last quarter that remains relevant: shoppers need to see price stability and less cost fluctuations in the wine category.
- Beer – A recommendation for companies operating in the beer category: the speciality segment continues to grow and it is a good opportunity to invest into this segment as it shows no signs of weakening. Craft beers are of interest to shoppers and this will be a topic for discussion in the coming months.
- Spirits are entering a difficult period and one that is even more challenging than the previous year as a result of the need to understand if this category new entrants will hold the new price positioning. This category will see a change in the balance of power and in the perception of the shopper and it is predicted that sales will decline further. Price elasticity and the effectiveness of promotions will be the watchwords of the year.

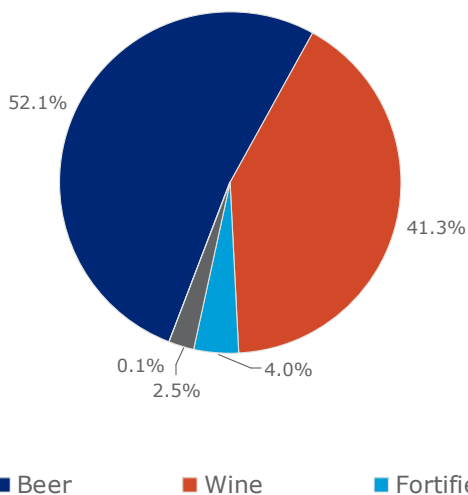
Source: IRI retail databases; period ending 29 December 2013



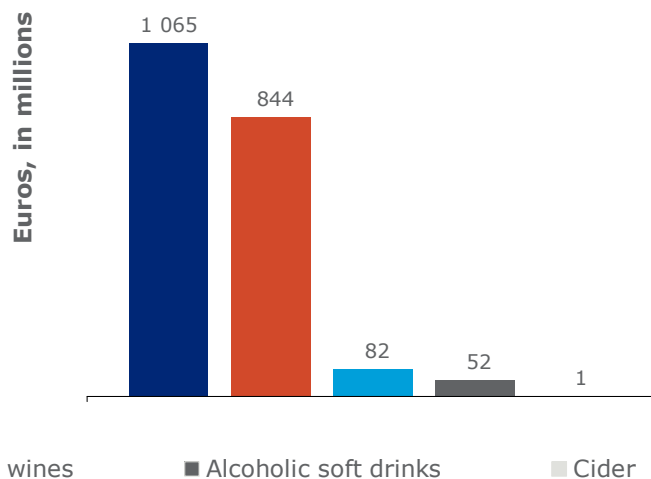


# The Netherlands

## CATEGORY SHARE OF VALUE IN THE LAST YEAR

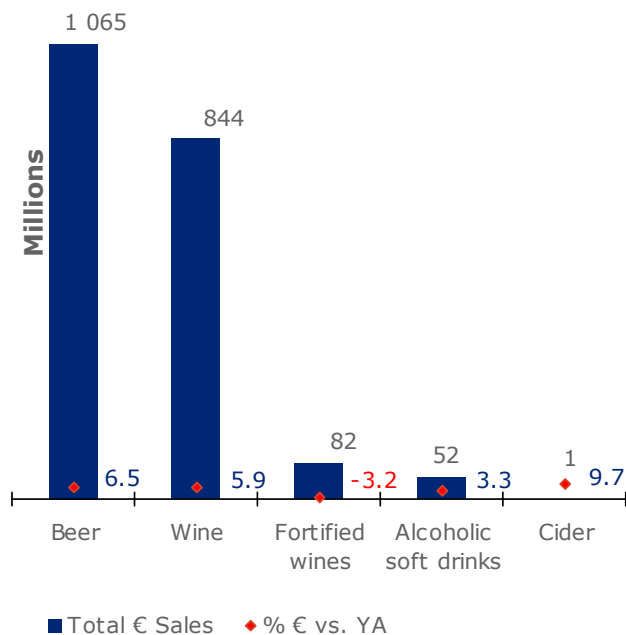


## CATEGORY VALUE SALES IN THE LAST YEAR



## TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



## KEY TRENDS

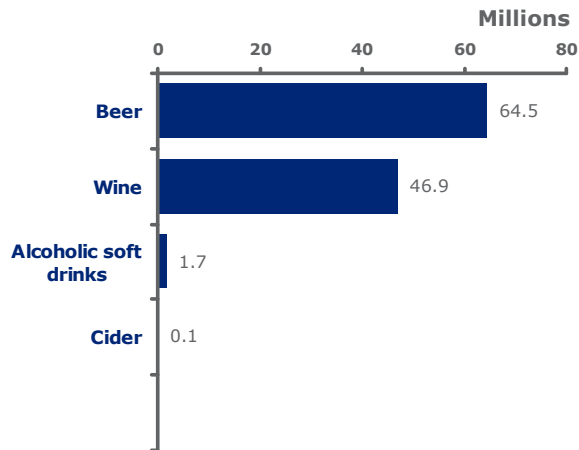
- The total turnover in the Netherlands within the supermarket channel amounted to 34.1 billion euros, a growth of 1.3%, when volume sales are declining.
- Alcoholic related categories represent approximately 7% of total supermarket turnover and are outperforming the supermarket channel's growth as a whole with an increase of 4.7%.
- Promotional activity and new products mainly within the beer category are the drivers behind the growth.

Source: IRI retail databases; period ending 29 December 2013

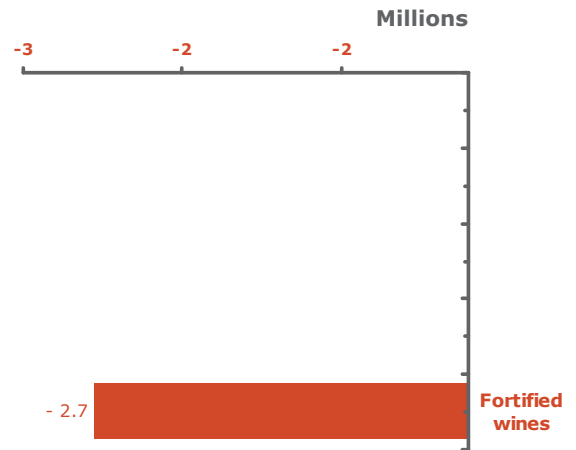


# The Netherlands

## TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



## TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



## CATEGORY INSIGHTS

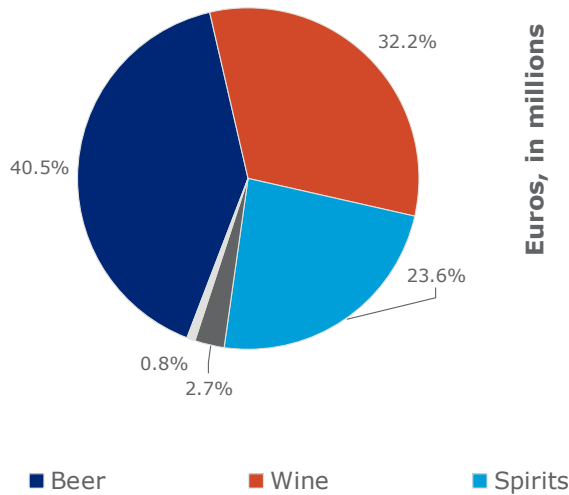
- Beer - There is an upward trend towards home consumption of beer, plus the fact that alcohol free and light beers have been gaining market share since 2012 and was a continued trend in 2013. 2013 has been a year where value has been added to the beer category due to new product launches within the light beer segment from Radler beers.
- Wine - This category is showing an increase in volume and value sales. Growth is mainly driven by a rise in promotional activities. French wines are the top performers in the Dutch wine category and we can also see a tremendous upturn within the South African, Chilean and Australian wines sector.
- Alcoholic soft drinks - Growth is mainly coming from the ready mixed drinks market such as rum-cola or whisky-cola that is dominated by Bacardi and the Diageo Group. Although the biggest volume uptake for 700 and 750ml bottles, the positive evolution that we see is within 250ml cans.
- Fortified wines - Volume sales are down by 9.0% over the last year. The biggest loss comes from the sherry segment with a decline of 14.0%.

Source: IRI retail databases; period ending 29 December 2013

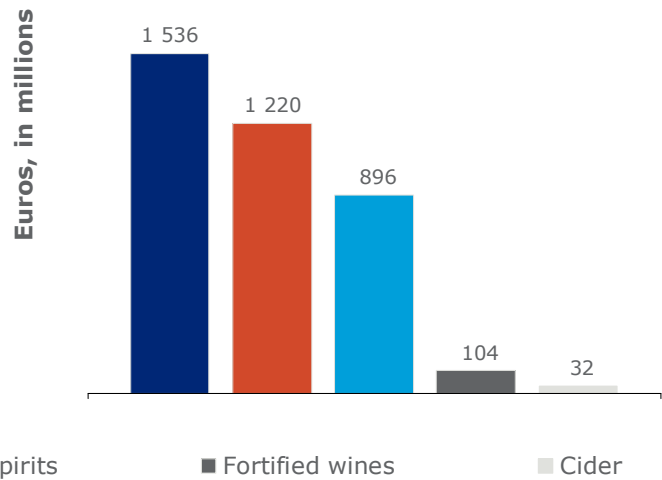


# Spain

## CATEGORY SHARE OF VALUE IN THE LAST YEAR

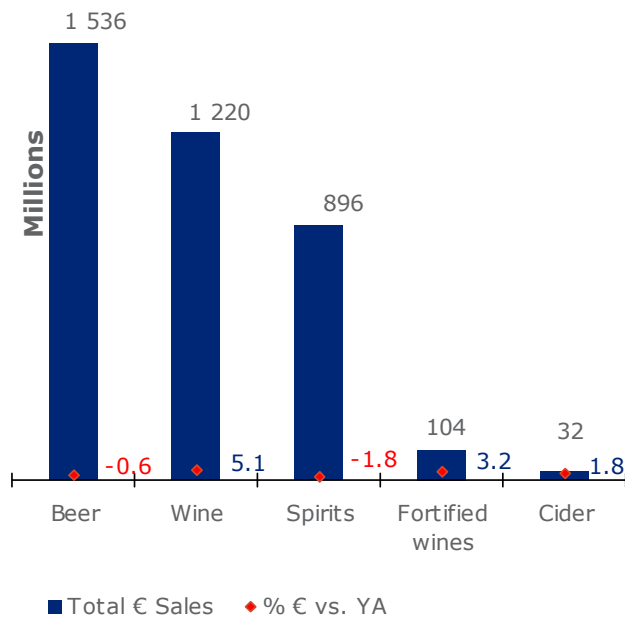


## CATEGORY VALUE SALES IN THE LAST YEAR



## TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



## KEY TRENDS

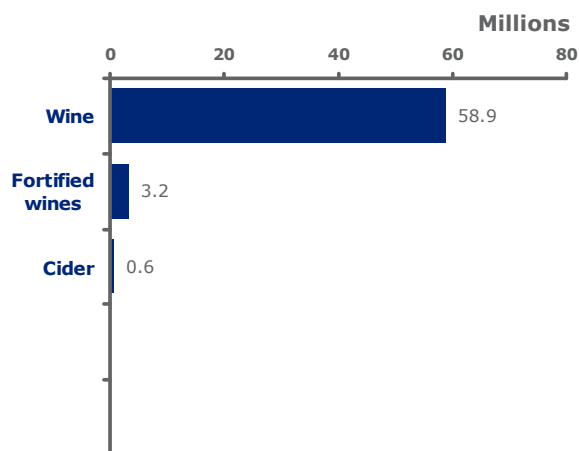
- FMCG sales grew by 0.3% in Spain, while beverages decreased by 1.0%, affected by the lower average summer temperatures.
- In the same context beers showed a slight reduction (-0.6%).
- Wine was the top performing category, driven by lower priced wines and white wines, while spirit sales continued to decline.
- In Q4 2013 whisky, rum and vodka were impacted by an ongoing loss in value sales, whereas gin sales reached double digit levels, boosted by the popularity of gin and tonic.

Source: IRI retail databases; period ending 29 December 2013

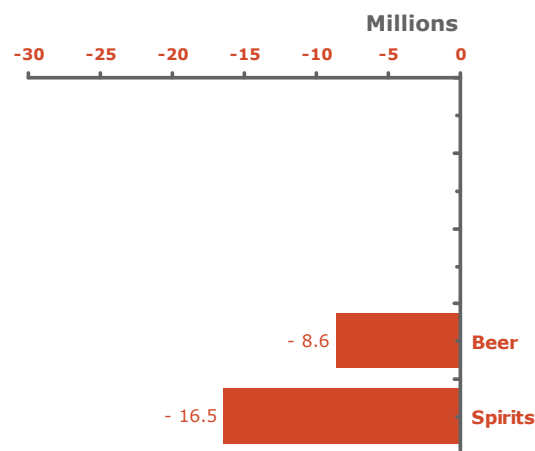


## Spain

### TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



### TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



### CATEGORY INSIGHTS

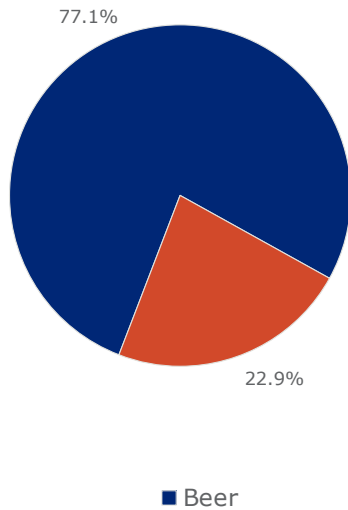
- As seen over the last 10 years, spirits sales are continuing to decline, with the exception of gin (that has strong growth, 11.0% versus moving annual total (MAT) for December 2012 due to the booming demand for gin and tonic). The rise in VAT and special taxes that affected high graduation beverages is fuelling the demand towards beers and wines. This was a trend that existed before the tax measures and it is also causing a sales decline in the Horeca (bars and restaurants) channel, with night clubs also being affected. This contraction is not compensated by the increase in home consumption.
- The lower average temperatures experienced throughout the year have resulted in a slight contraction in the beer category (-0.7% versus MAT December 2012). The sector is focusing on exports to compensate for the stagnation in the national market, while also innovating to create alternative drinks for different times of the day with lunch, afternoon and night time drinking alternatives replacing the traditional pint or aperitif. Artisanal and premium beers, that have recently emerged as a result of the search for added value products, have consolidated their share in the market (dominated by industrial beers), although sales are low.
- The wine category, and in particular low priced wines, were the best performers (5.0% versus MAT September 2012), and the increase in value added tax (from 18.0% to 21.0% in September 2012) was the main driver for growth. Sales of wines with no appellation of origin were the highest risers (+8.0% versus MAT December 2012) due to an increase in prices. Among the appellation of origin regions, Rueda, Valencia and Valdepeñas were top three performers.

Source: IRI retail databases; period ending 29 December 2013

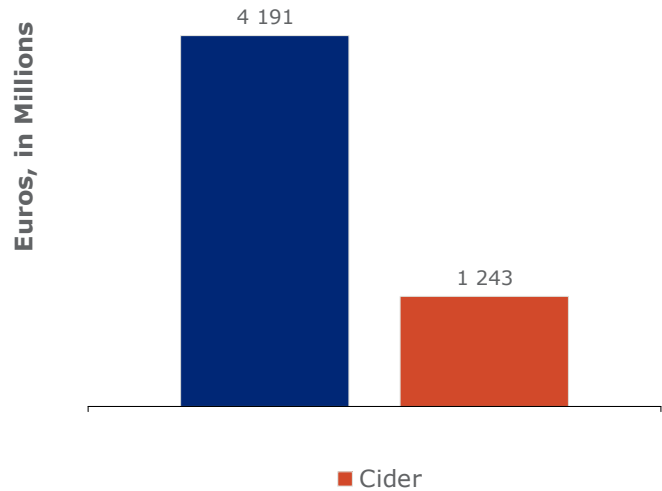


# The United Kingdom

## CATEGORY SHARE OF VALUE IN THE LAST YEAR

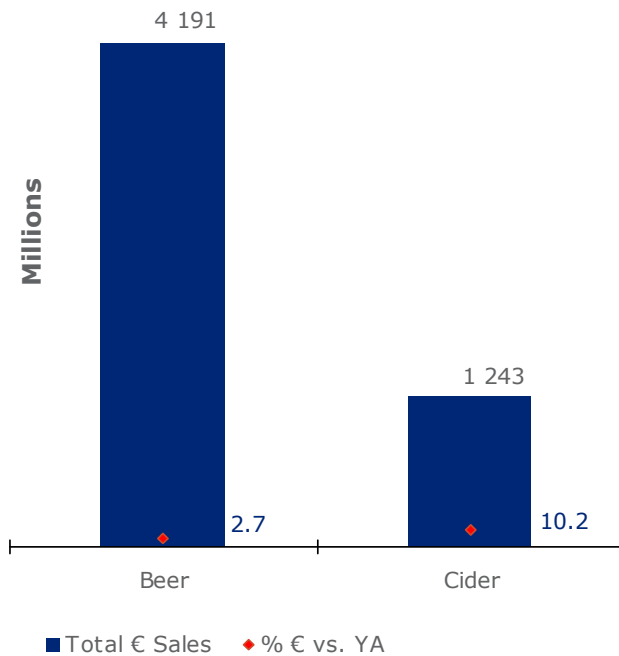


## CATEGORY VALUE SALES IN THE LAST YEAR



## TOP CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



## KEY TRENDS

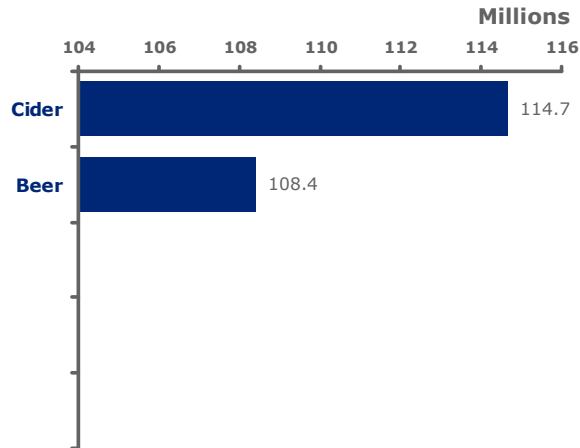
- Overall, this year’s Christmas period was a successful one for beer and cider, with the last two weeks of December benefiting from an extra day for shoppers to stock up.
- The UK beer and cider market grew by 5.3% in value for the 4 week period ending 4<sup>th</sup> January 2014.
- Value grew ahead of volume (+4.1%) driven by a 1.2% increase in price.
- Cider continues to perform ahead of the market, growing +9.4% in value.
- Lager is the biggest winner in absolute terms, with sales up +£11 million year on year (YoY).

Source: IRI retail databases; period ending 29 December 2013

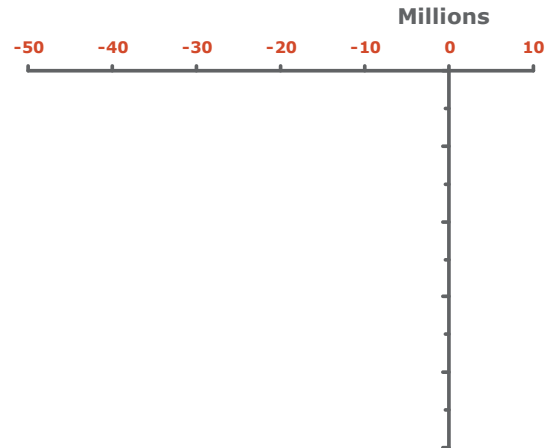


## The United Kingdom

### TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



### TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



### CATEGORY INSIGHTS

#### Christmas Performance

- This Christmas alcohol category recovered this Christmas from a slightly disappointing performance last year.
- Beer and cider was the sixth biggest winner of all grocery categories over Q4, with Sainsbury's recognised as 2013's winning retailer for the alcohol category.
- The trend towards premiumisation continues, with World Lager, Premium Cider & Ale winning.
- Peroni enters the top 10 winners within beer.

#### Q4 Highlights

- Cider continues to show strong growth driven by 'Fruit NPD' (a trend in the market). Strongbow Dark Fruit and Bulmers Bold Dark Cherry contributed over 50 000 Hectolitres (HL) in incremental volume sales over Q4.
- In the 12week period ending 4<sup>th</sup> January 2014, AB InBev was flat in value driven by losses from Stella Artois, with this brand losing 24 000HL in volume versus last year.
- Carling continues to threaten Foster's, retaining its position as the number one growing beer brand in Q4.
- Peroni's distribution gains in the off trade have driven 11 000HL in incremental sales inQ4 versus last year, with this brand a clear one to watch for 2014.

Source: IRI retail databases; period ending 29 December 2013

# Final Notes

---

## Notes on category definitions for countries

Due to the diverse products found in individual countries across this market, it was necessary to consolidate the available data into the categories in this report. In some cases it wasn't possible to align products across all 6 countries. These exceptions are listed below:

### Cider

- The Italy data in this report includes cider within the fortified wines category.
- The Netherlands data in this report does not include pear cider.

### Wine

- The UK data in this report does not include this category.

### Spirits

- The UK data in this report does not include this category.
- The Netherlands data in this report does not include this category.
- The France data in this report includes punch and cocktails and the other countries do not.

### Fortified wines

- The UK data in this report does not include this category.

### Alcoholic soft drinks

- The UK data in this report does not include this category.
- The Spain data in this report does not include this category.

## Resources

---

To gain insight into opportunities across specific categories, segments, channels or retailers, contact your IRI client service representative regarding custom analyses leveraging the following resources:

- **InfoScan Census®** is a syndicated retail tracking service that enables manufacturers and retailers to acquire industry insights used to make better business decisions. InfoScan Census utilises the data that IRI collects from grocery, drug, and mass merchandise retailers to provide the most comprehensive and accurate syndicated data offering in the FMCG sector. With access to accurate, granular detail by category, geography, measure, and time period, clients have the tools needed to develop marketing and sales strategies based on product performance, distribution, and promotion responsiveness. All data about the alcohol category has come from **InfoScan Census®**.
- **IRI Consulting** provides strategic insights and advice leveraging a variety of data sources, predictive analytics, enabling technologies, and business analyses to help FMCG manufacturers and retailers address significant sales and marketing issues effectively.

### FOR MORE INFORMATION

Please contact Leandro Chiesa, Consultant,  
IRI at [Leandro.Chiesa@IRIworldwide.com](mailto:Leandro.Chiesa@IRIworldwide.com) or call  
+33 1 30 06 23 62 with any questions or comments about this  
report.

**About IRI.** IRI is a leader in delivering powerful market and shopper information, predictive analysis and the foresight that leads to action. We go beyond the data to ignite extraordinary growth for our clients in the CPG, retail and over-the-counter healthcare industries by pinpointing what matters and illuminating how it can impact their businesses across sales and marketing. Move your business forward at **IRIworldwide.eu**

Arlington Square, Downshire Way, Bracknell, Berkshire RG12 1WA, Tel +44 (0) 1344 746000

Copyright © 2014 Information Resources, Inc. (IRI). All rights reserved. IRI, the IRI logo and the names of IRI products and services referenced herein are either trademarks or registered trademarks of IRI. All other trademarks are the property of their respective owners.





# IRI Pulse Report Alcohol

Welcome to the Pulse Q4 2013 edition for alcohol. We hope you find it useful. Please do not hesitate to contact us if you have any questions or comments at [EU.Marketing@IRIworldwide.com](mailto:EU.Marketing@IRIworldwide.com).

**Q4 2013**

[IRIworldwide.eu](http://IRIworldwide.eu)



**IRi**

Growth delivered.

## About the Report

---

- This alcohol report is one of 10 super category reports designed to show a high-level comparison and analysis for retail markets across major countries in Europe.
- This report contains data gathered from across Europe. The market was split into the following categories: beer, cider, wine, spirits, fortified wines and alcoholic soft drinks.
- The report highlights key metrics, such as total sales figures, market trends, category share and winners and losers for Europe and individual countries.
- The data has been sourced from IRI retail databases and Eurostat – the statistical branch of administration for the European Commission.
- The countries included in the report are: France, Germany, Italy, the Netherlands, Spain and the United Kingdom (UK).
- The market channels used for each country in this report are as follows:

Country	Channels used
UK	Hypermarkets, supermarkets, drugstores and impulse outlets
ES	Hypermarkets, supermarkets, hard discounters and drugstores. It includes the Canary Islands.
DE	Hypermarkets, supermarkets, hard discounters and drugstores
NL	Hypermarkets, supermarkets, hard discounters and drugstores
IT	Hypermarkets, supermarkets, small self service, hard discounters and drugstores
FR	Hypermarkets and supermarkets

- For analytical purposes the data sourced from available retail databases has been consolidated to provide consistent results. However, for some countries it has not been possible to source data pertaining to certain categories. Where this has occurred, it has been documented in the Notes section found at the end of the report.

## On the Radar

For the alcohol super category we can see that growth in most countries in Q4 2013 was driven by inflation and tax increases, while volume sales remained stable or even decreased in some countries due to the lower average temperatures experienced throughout the year in Europe.

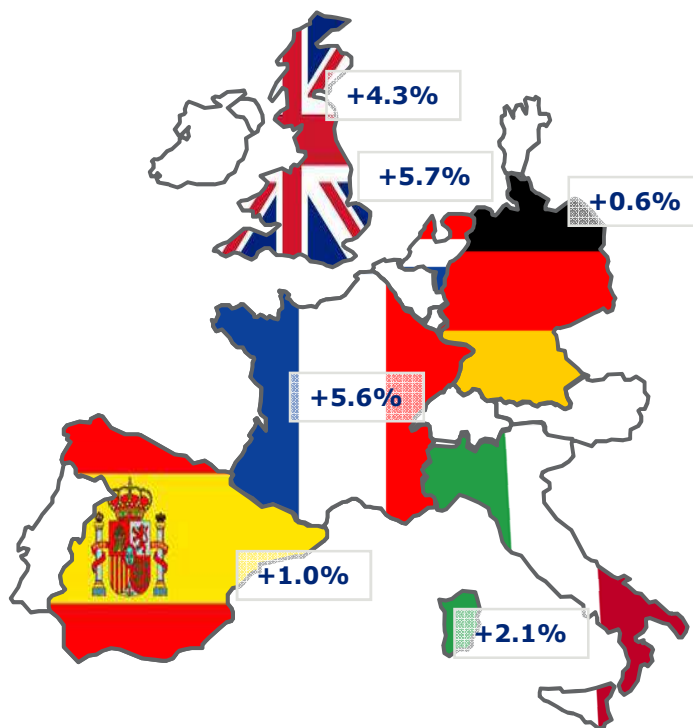
### ECONOMIC FIGURES INFLUENCING CONSUMER BEHAVIOUR

	POPULATION IN MILLIONS		UNEMPLOYMENT (%)		AVERAGE 12 MONTHS INFLATION RATES		GDP IN MILLIONS (€)	
	Jan. 2012	Jan. 2013	Sep. 2013	Average 2012	Sep. 2013	Average 2012	2012	2013 (Estimate)
France	65.3	65.6	11.1	10.2	+1.2	+2.5	2 032 297	2 059 358
Germany	80.3	80.5	5.2	5.5	+1.8	+2.4	2 644 200	2 694 499
Italy	59.3	59.6	12.5	10.7	+1.8	+3.5	1 565 916	1 568 388
Netherlands	16.7	16.8	7.0	5.3	+3.1	+2.8	600 638	604 459
Spain	46.8	46.7	26.6	25.0	+2.3	+2.3	1 049 525	1 051 076
United Kingdom	63.4	63.8	7.5	7.9	+2.7	+3.7	1 901 001	1 854 920

Source: Eurostat, September 2013

# GLOBAL TRENDS

## TOTAL ALCOHOL VALUE SALES AND % CHANGE VERSUS PRIOR YEAR

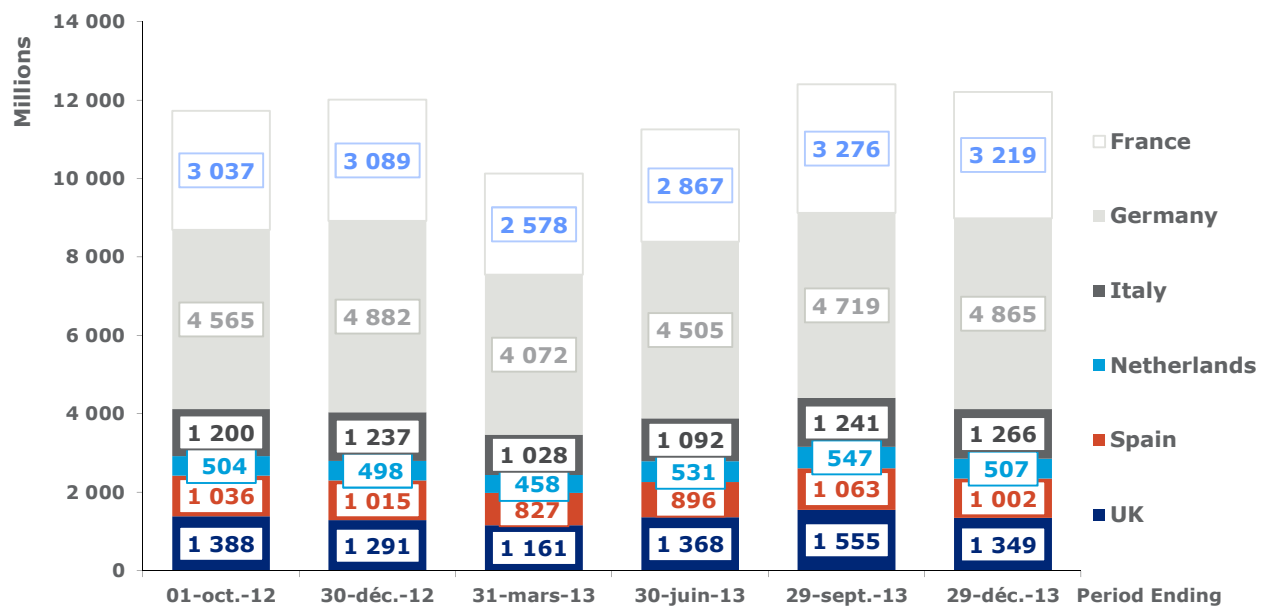


VALUE SALES IN MILLIONS (€)	
Total EU	45 993
DE	18 161
FR	11 939
UK	5 434*
IT	4 626
ES	3 788
NL	2 044

\*based on an exchange rate of €1.150 to the pound

**TOTAL EUROPE +2.7%**

## TOTAL ALCOHOL VALUE SALES FOR THE LAST SIX QUARTERS

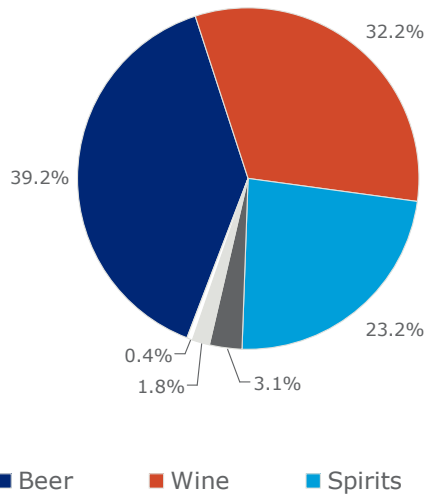


Source: IRI retail databases; period ending 29 December 2013

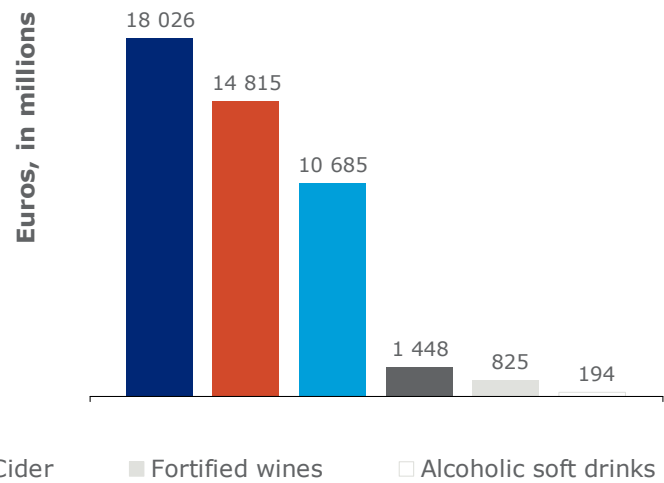


# Europe

## CATEGORY SHARE OF VALUE IN THE LAST YEAR

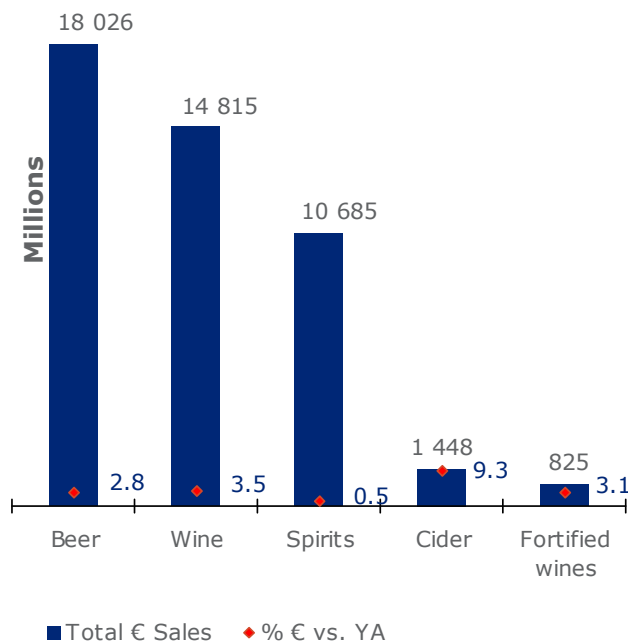


## CATEGORY VALUE SALES IN THE LAST YEAR



## TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



## KEY TRENDS

- Beer, wine and spirits account for almost 95.0% of total alcoholic beverage turnover in Europe.
- All categories showed value growth at a European level.
- Wine and beer were the top performing categories. Value growth was mainly driven by tax increases, particularly in France.
- Spirits resumed positive value sales growth, driven by a strong performance in France. This growth accounts for all additional value at a European level while volumes for the category continue to decrease.

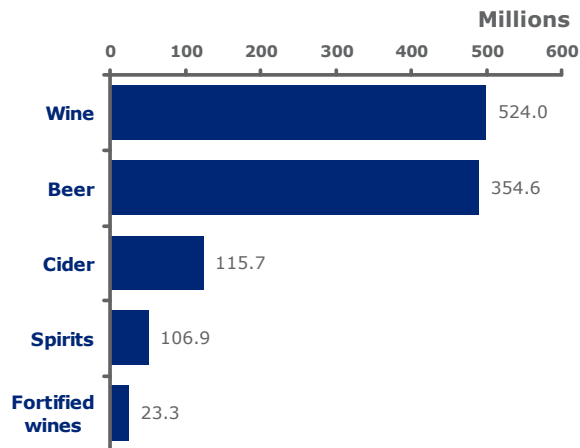
Europe includes: France, Germany, Italy, the Netherlands, Spain and the United Kingdom

Source: IRI retail databases; period ending 29 December 2013



## Europe

### TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



### TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



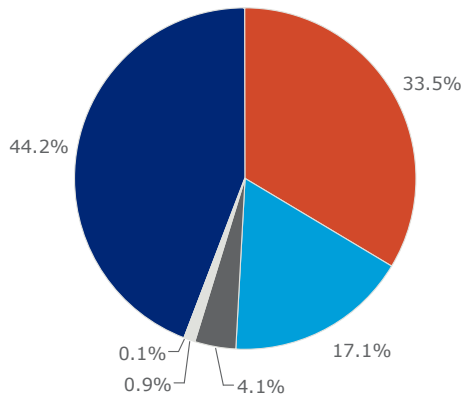
### CATEGORY INSIGHTS

- Despite the poor climate conditions during the course of spring and early summer in Europe, the tax increases applied in France at the beginning of the year increased **beer** sales. Speciality and premium beer sales continued to develop in most European countries in this quarter.
- **Wine** was the top performing category supported by strong growth in most countries. France also played an important role in Europe's wine sales expansion, predominantly driven by still wines. In Spain growth (at 5.0%) was driven by a VAT increase and price inflation and in the Netherlands evolution (at 6.0%) was mainly steered by an increase in promotional activities.
- **Spirit** sales in Europe also rose due to a combination of inflation and tax increases in France and Germany. However sales by volume continued to decline in this category, while in some European countries sales by value also decreased, particularly in Spain (-1.8%).

Europe includes: France, Germany, Italy, the Netherlands, Spain and the United Kingdom

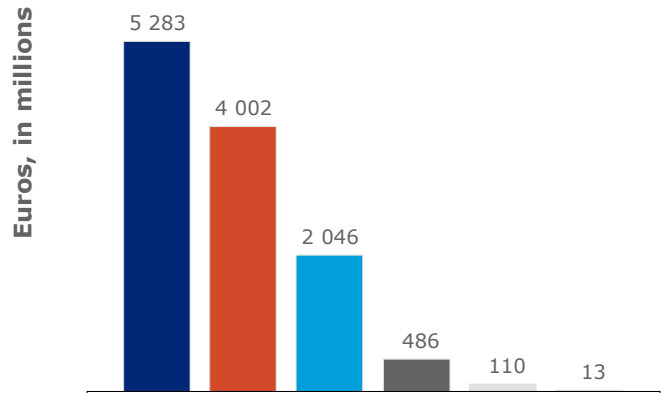
Source: IRI retail databases; period ending 29 December 2013

## CATEGORY SHARE OF VALUE IN THE LAST YEAR



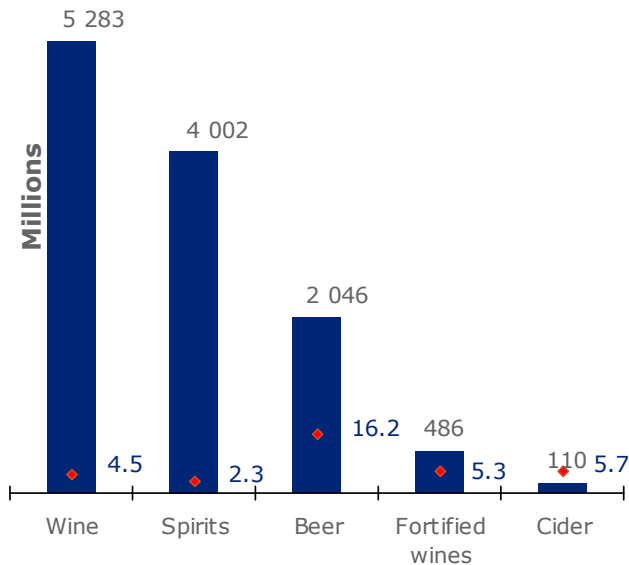
■ Wine ■ Spirits ■ Beer ■ Fortified wines ■ Cider □ Alcoholic soft drinks

## CATEGORY VALUE SALES IN THE LAST YEAR



## TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



■ Total € Sales ◆ % € vs. YA

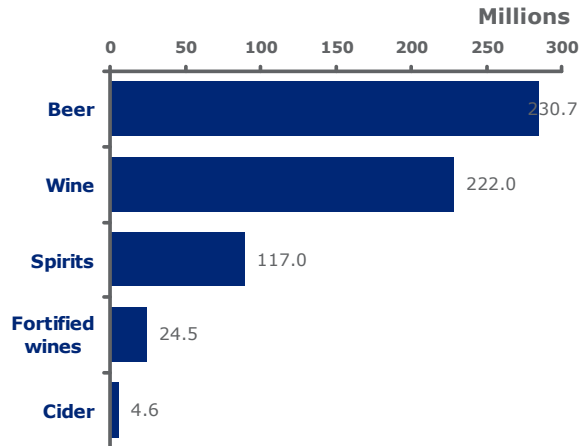
## KEY TRENDS

- Hypermarkets and supermarkets increased their total value sales by 0.9% in 2013 due to Fast Moving Consumer Goods (FMCG) growing at +1.6%.
- Alcoholic beverages benefited from a higher growth rate than other categories. In this quarter all of the segments experienced growth ahead of the market.
- Volume sales increased by approximately 1.4% in 2013, despite the impact of a wet spring. This is better than total FMCG which only increased by +0.3%.

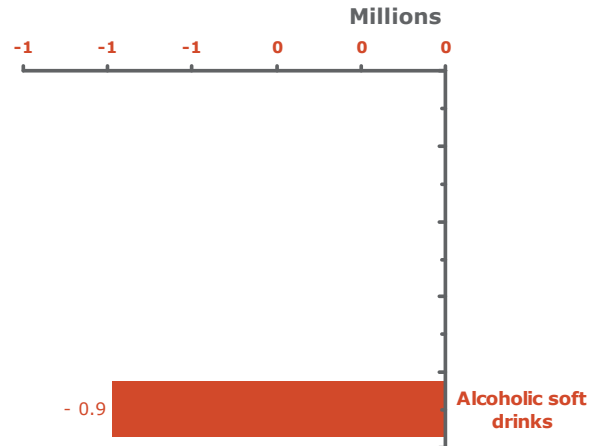
Source: IRI retail databases; period ending 29 December 2013



### TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



### TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



### CATEGORY INSIGHTS

- The **beer** category experienced an important tax increase at the beginning of 2013. However, it had less impact than the 2012 tax rise on spirits. Taxes have driven an increase in price (accounting for more than three quarters of the increase), but the price rise is also due to valorisation (+1.8%), with the continuous development of the most expensive categories such as specialty beers. Volume sales also went up by 1.5 % (+13 million litres).
- **Wine** – Still wine accounts for 75% value share of the wine market and for 88% of volume share. This segment supports the performance of total wine, due to an increase in both value and in volume, while sparkling wine still suffers as a result of the difficulties with Champagne.
  - Still wines – The first part of the year was stable with the second half of the year seeing growth. This was predominantly driven by the good weather which helped to boost sales of rosé wine. The two top performing segments are labelled *indication géographique protégée* (IGP), meaning with and without an indication of grape variety on the label, with bag in box (BIB) remaining the top performing format as it is increasing in all segments and formats. The *appellation d'origine protégée* (AOP) label remains stable, suffering from a low harvest for both white (Loire) and rosé (Provence).
  - Sparkling and Champagne – Both Champagne (on promotion) and other sparkling wines are experiencing volume decline, mainly due to high prices. However, they remain stable in value.
- **Spirits** – the category is still suffering from the 2012 tax increase with declines in volume sales. This downward trend was linked to a lack of promotional activity, particularly for segments such as anises and whisky. It may also be impacted by the development of other aperitif categories (beers, flavoured wines). Nevertheless, the segment benefited from product valorisation at + 1.0% (drink less, but better quality). Rum and vodka have boosted volume in the market.
- **Fortified wines** – Increases are driven by flavoured wines (BABV in French). The French alcoholic beverage market has experienced positive growth over the past three years with an annual volume of 21 million litres. Growth is mainly from rosé and rose-grapefruit and white-peach. A new feature might be flavoured sparkling wines which could be added to the category.

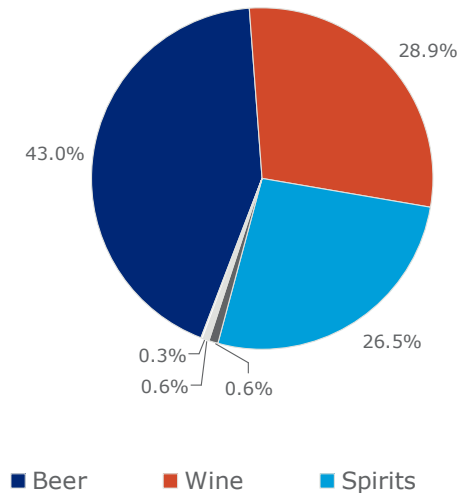
Source: IRI retail databases; period ending 29 December 2013



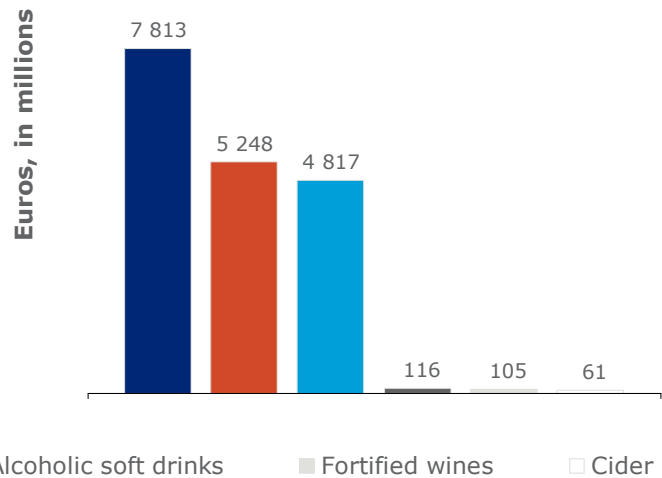


# Germany

## CATEGORY SHARE OF VALUE IN THE LAST YEAR

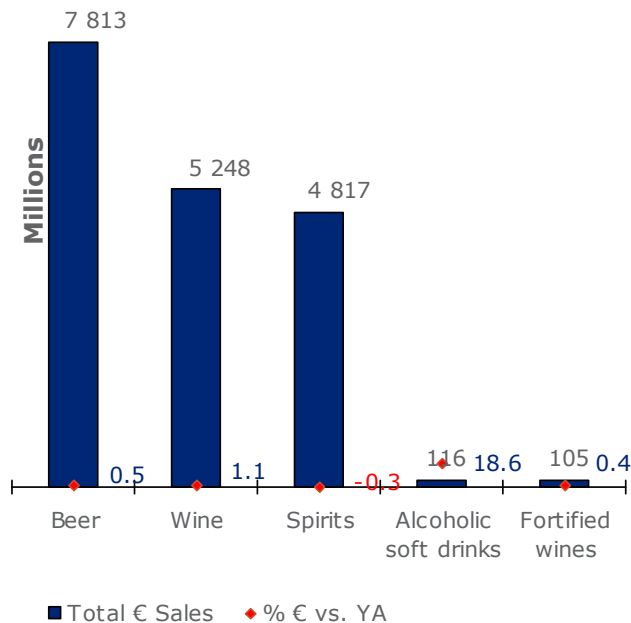


## CATEGORY VALUE SALES IN THE LAST YEAR



## TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



## KEY TRENDS

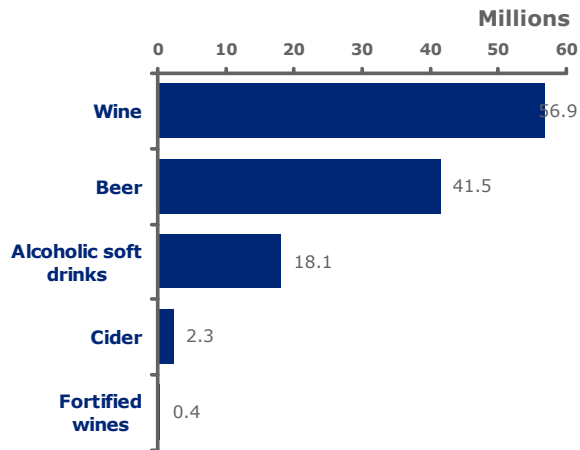
- In the last quarter alcoholic beverages have seen value growth again across all markets due to higher prices. Compared to other FMCG categories the increased prices do not affect alcoholic value sales.
- Slightly more moderate results might be due to missing selling days, due to calendar effects. Still wine was especially affected losing two of the most important days, with the 30<sup>th</sup> and 31<sup>st</sup> December.
- Promotional sales have had a positive impact on the total market which weren't applied in the last quarter.
- Flavoured sparkling wine did not compensate for the loss seen in traditional sparkling wine in the fourth quarter.
- Flavoured and seasonal spirits, such as whisky and honey or modified liquors for the winter season, have added impressive additional volume to their brands.

Source: IRI retail databases; period ending 29 December 2013

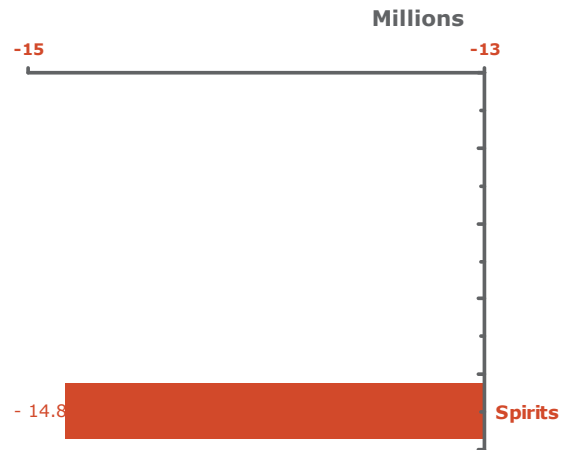


# Germany

## TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



## TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



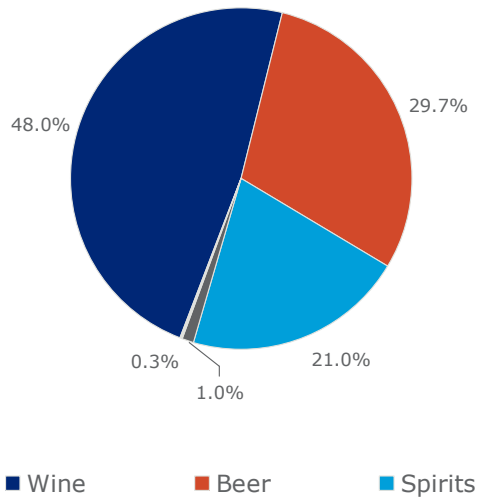
### CATEGORY INSIGHTS

- There was a large amount of promotional support for beer in the third quarter (which brought back almost half of the volume that was lost in the first two quarters of the year) however promotional activity was reduced in the latest quarter, which has brought the market to a stable result. The diversification of brands that operated so far in only one segment will have a huge impact in the upcoming year. As well as this, new flavours and convenient beer-mixes will reach a new target group and increase visibility among the market
- With the exception of whisky and rum all spirits are struggling with decreasing volume sales. The positive performance of these two categories is mainly due to the market entrance of infused and flavoured variants. In addition, seasonal products for winter can gain ground on top of volume sales. Due to the success of whisky and rum the higher priced products can compensate for part of the value losses. Private label has grown in both value and volume while gaining market share across all categories. Hard discounters are not experiencing this growth and are facing problems with their own label products.
- The hard discounters channel is where most of the volume sales for sparkling wine are being lost in the latest quarter. Even though this channel brings the most volume for flavoured sparkling wine in the market, missing promotional sales for traditional sparkling wine can't be compensated with sales from flavoured drinks. Sales have been stable in the last quarter and for the total year in the rest of the channels.

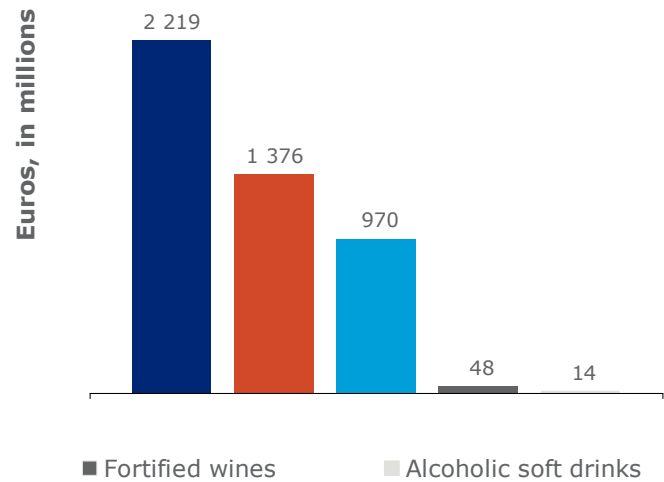
Source: IRI retail databases; period ending 29 December 2013



### CATEGORY SHARE OF VALUE IN THE LAST YEAR

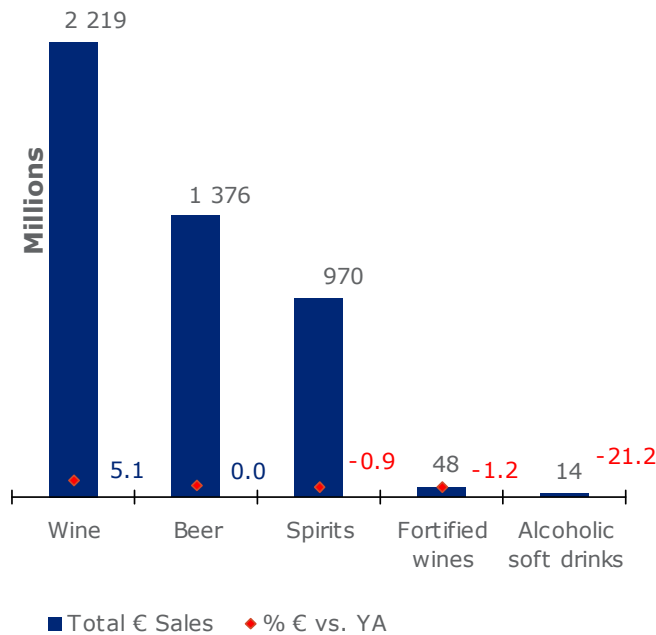


### CATEGORY VALUE SALES IN THE LAST YEAR



### TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



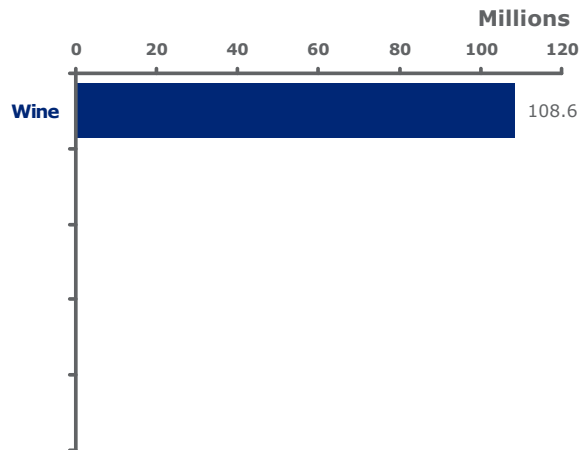
### KEY TRENDS

- Wine has had one of the worst performances in recent years with volume at -6.5%, due to the pressure on prices (+10.2%) that as a result has cooled consumption.
- Beer displayed an increase in volume in the last quarter which has been able to balance out the losses of the previous months (due to a cooler summer).
- Spirits are continuing to decline not only during the low season but also throughout the high season (Easter and Christmas). As a result of this situation the government has modified the excise duty placed upon spirits (in 2014 it will increase) which will penalise the high-proof alcohol.

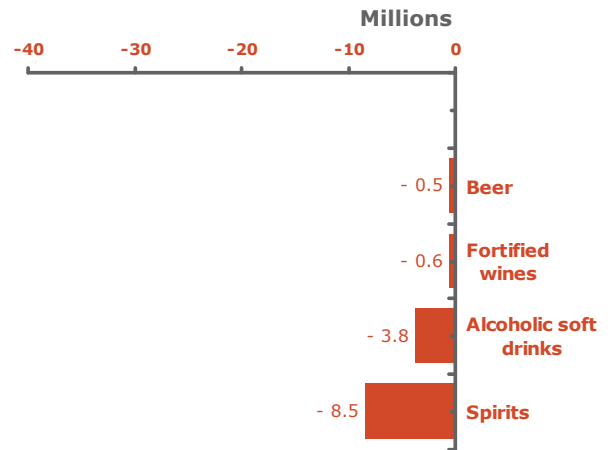
Source: IRI retail databases; period ending 29 December 2013



### TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



### TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



### CATEGORY INSIGHTS

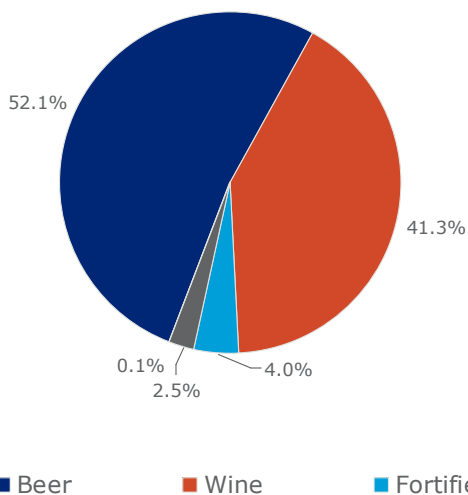
- Wine - The next few months will see a reduction in prices as a result of a generous grape harvest, this is combined with a general recovery in consumption which could open the doors to a sales increase. We think that companies will have to maintain the level of prices to guarantee the correct margin and the quality of the product. We recall an insight from the last quarter that remains relevant: shoppers need to see price stability and less cost fluctuations in the wine category.
- Beer – A recommendation for companies operating in the beer category: the speciality segment continues to grow and it is a good opportunity to invest into this segment as it shows no signs of weakening. Craft beers are of interest to shoppers and this will be a topic for discussion in the coming months.
- Spirits are entering a difficult period and one that is even more challenging than the previous year as a result of the need to understand if this category new entrants will hold the new price positioning. This category will see a change in the balance of power and in the perception of the shopper and it is predicted that sales will decline further. Price elasticity and the effectiveness of promotions will be the watchwords of the year.

Source: IRI retail databases; period ending 29 December 2013

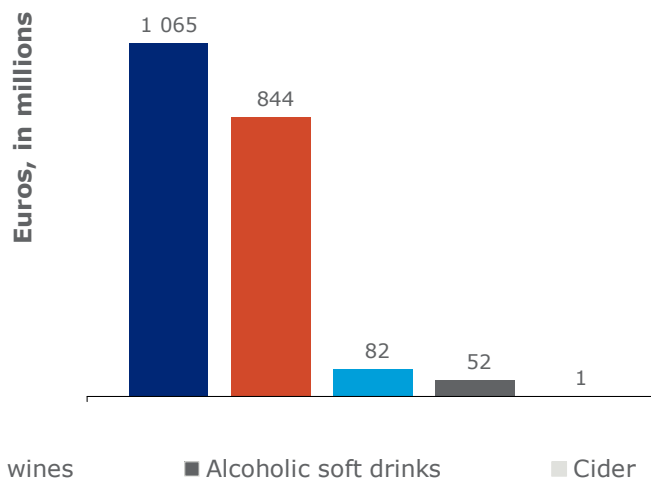


# The Netherlands

## CATEGORY SHARE OF VALUE IN THE LAST YEAR

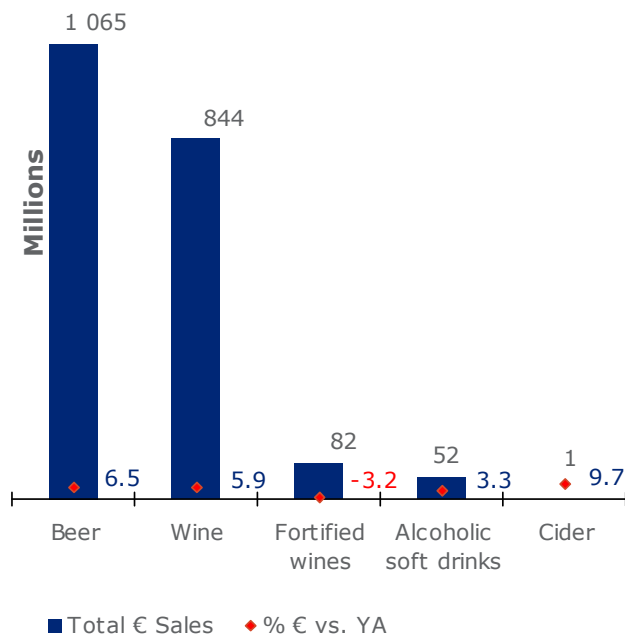


## CATEGORY VALUE SALES IN THE LAST YEAR



## TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



## KEY TRENDS

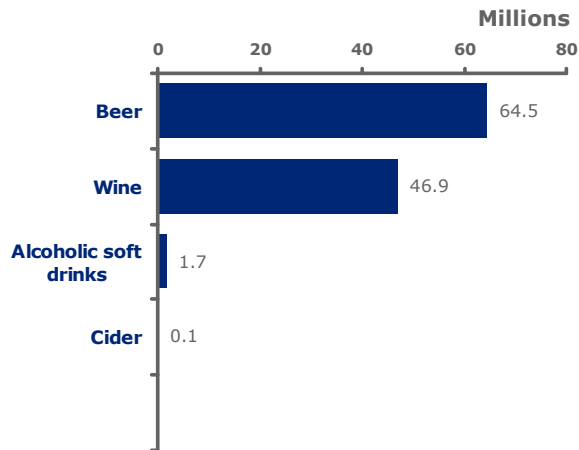
- The total turnover in the Netherlands within the supermarket channel amounted to 34.1 billion euros, a growth of 1.3%, when volume sales are declining.
- Alcoholic related categories represent approximately 7% of total supermarket turnover and are outperforming the supermarket channel's growth as a whole with an increase of 4.7%.
- Promotional activity and new products mainly within the beer category are the drivers behind the growth.

Source: IRI retail databases; period ending 29 December 2013

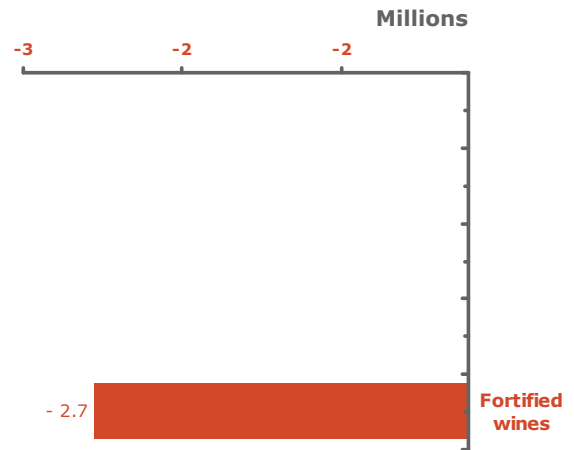


# The Netherlands

## TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



## TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



## CATEGORY INSIGHTS

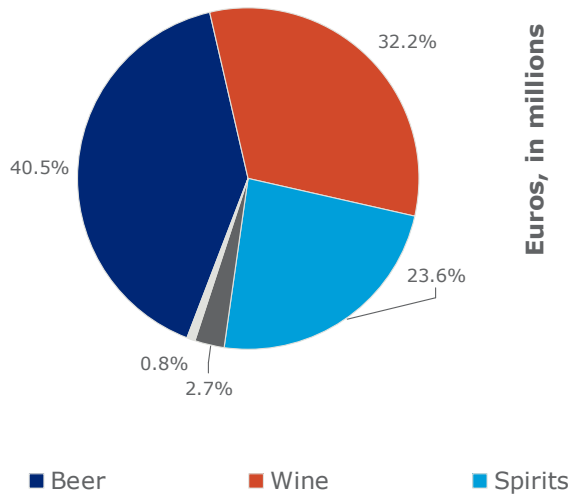
- Beer - There is an upward trend towards home consumption of beer, plus the fact that alcohol free and light beers have been gaining market share since 2012 and was a continued trend in 2013. 2013 has been a year where value has been added to the beer category due to new product launches within the light beer segment from Radler beers.
- Wine - This category is showing an increase in volume and value sales. Growth is mainly driven by a rise in promotional activities. French wines are the top performers in the Dutch wine category and we can also see a tremendous upturn within the South African, Chilean and Australian wines sector.
- Alcoholic soft drinks - Growth is mainly coming from the ready mixed drinks market such as rum-cola or whisky-cola that is dominated by Bacardi and the Diageo Group. Although the biggest volume uptake for 700 and 750ml bottles, the positive evolution that we see is within 250ml cans.
- Fortified wines - Volume sales are down by 9.0% over the last year. The biggest loss comes from the sherry segment with a decline of 14.0%.

Source: IRI retail databases; period ending 29 December 2013

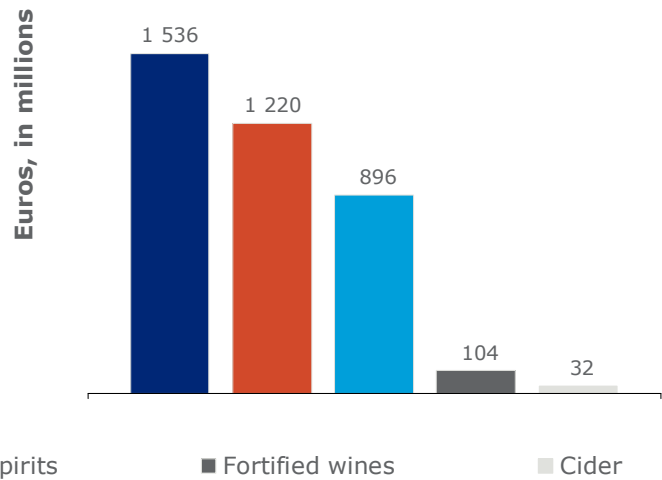


# Spain

## CATEGORY SHARE OF VALUE IN THE LAST YEAR

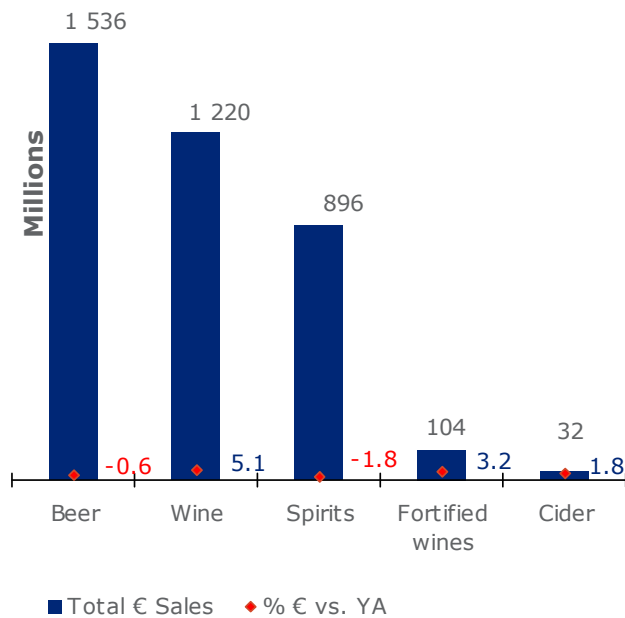


## CATEGORY VALUE SALES IN THE LAST YEAR



## TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



## KEY TRENDS

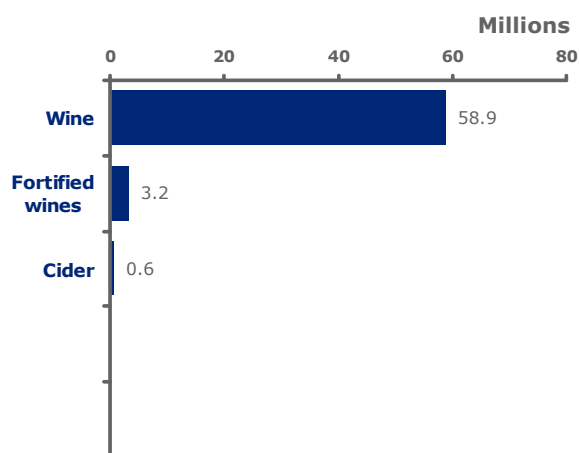
- FMCG sales grew by 0.3% in Spain, while beverages decreased by 1.0%, affected by the lower average summer temperatures.
- In the same context beers showed a slight reduction (-0.6%).
- Wine was the top performing category, driven by lower priced wines and white wines, while spirit sales continued to decline.
- In Q4 2013 whisky, rum and vodka were impacted by an ongoing loss in value sales, whereas gin sales reached double digit levels, boosted by the popularity of gin and tonic.

Source: IRI retail databases; period ending 29 December 2013

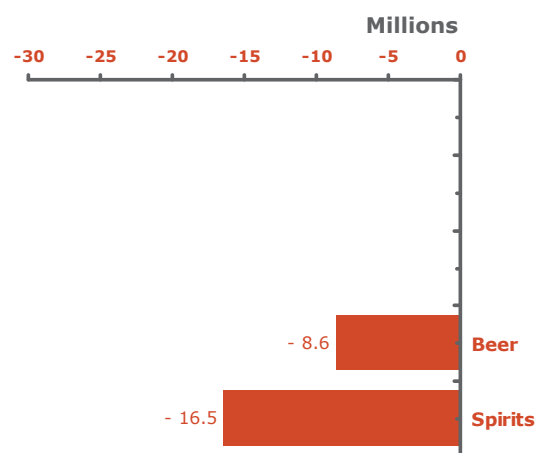


## Spain

### TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



### TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



### CATEGORY INSIGHTS

- As seen over the last 10 years, spirits sales are continuing to decline, with the exception of gin (that has strong growth, 11.0% versus moving annual total (MAT) for December 2012 due to the booming demand for gin and tonic). The rise in VAT and special taxes that affected high graduation beverages is fuelling the demand towards beers and wines. This was a trend that existed before the tax measures and it is also causing a sales decline in the Horeca (bars and restaurants) channel, with night clubs also being affected. This contraction is not compensated by the increase in home consumption.
- The lower average temperatures experienced throughout the year have resulted in a slight contraction in the beer category (-0.7% versus MAT December 2012). The sector is focusing on exports to compensate for the stagnation in the national market, while also innovating to create alternative drinks for different times of the day with lunch, afternoon and night time drinking alternatives replacing the traditional pint or aperitif. Artisanal and premium beers, that have recently emerged as a result of the search for added value products, have consolidated their share in the market (dominated by industrial beers), although sales are low.
- The wine category, and in particular low priced wines, were the best performers (5.0% versus MAT September 2012), and the increase in value added tax (from 18.0% to 21.0% in September 2012) was the main driver for growth. Sales of wines with no appellation of origin were the highest risers (+8.0% versus MAT December 2012) due to an increase in prices. Among the appellation of origin regions, Rueda, Valencia and Valdepeñas were top three performers.

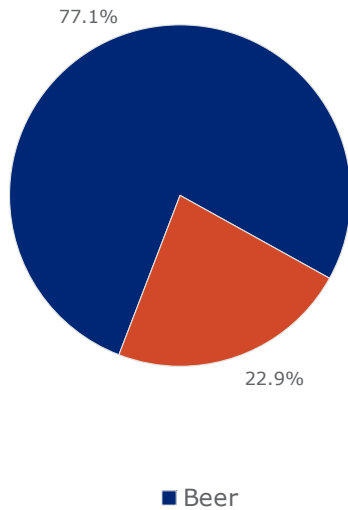
Source: IRI retail databases; period ending 29 December 2013



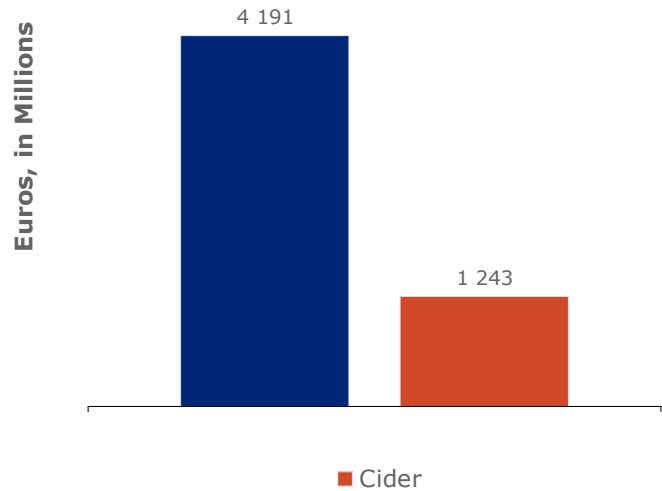


# The United Kingdom

## CATEGORY SHARE OF VALUE IN THE LAST YEAR

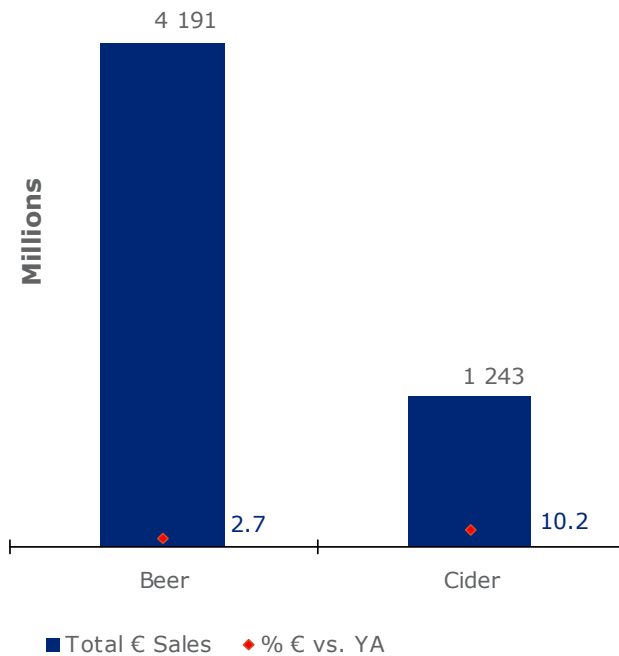


## CATEGORY VALUE SALES IN THE LAST YEAR



## TOP CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



## KEY TRENDS

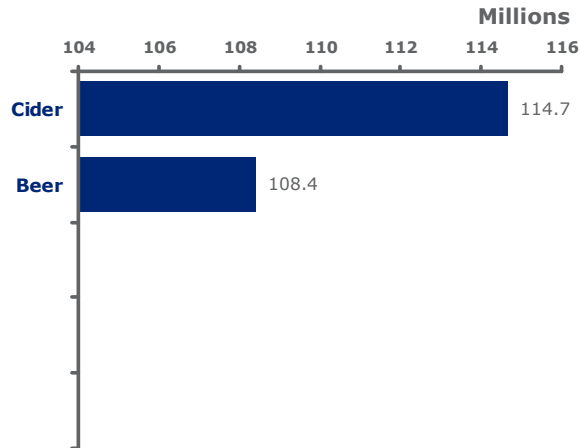
- Overall, this year’s Christmas period was a successful one for beer and cider, with the last two weeks of December benefiting from an extra day for shoppers to stock up.
- The UK beer and cider market grew by 5.3% in value for the 4 week period ending 4<sup>th</sup> January 2014.
- Value grew ahead of volume (+4.1%) driven by a 1.2% increase in price.
- Cider continues to perform ahead of the market, growing +9.4% in value.
- Lager is the biggest winner in absolute terms, with sales up +£11 million year on year (YoY).

Source: IRI retail databases; period ending 29 December 2013

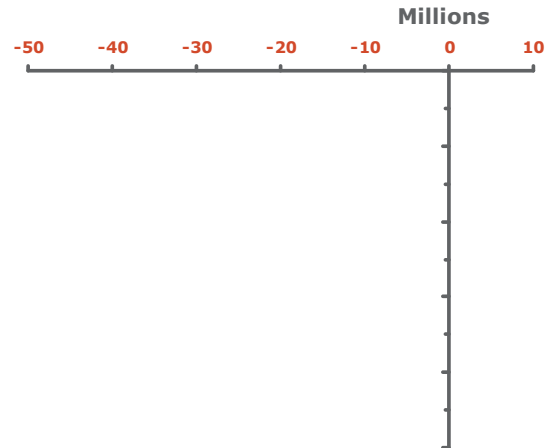


# The United Kingdom

## TOP WINNERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



## TOP LOSERS: VALUE SALES CHANGE VERSUS A YEAR AGO (€)



### CATEGORY INSIGHTS

#### Christmas Performance

- This Christmas alcohol category recovered this Christmas from a slightly disappointing performance last year.
- Beer and cider was the sixth biggest winner of all grocery categories over Q4, with Sainsbury's recognised as 2013's winning retailer for the alcohol category.
- The trend towards premiumisation continues, with World Lager, Premium Cider & Ale winning.
- Peroni enters the top 10 winners within beer.

#### Q4 Highlights

- Cider continues to show strong growth driven by 'Fruit NPD' (a trend in the market). Strongbow Dark Fruit and Bulmers Bold Dark Cherry contributed over 50 000 Hectolitres (HL) in incremental volume sales over Q4.
- In the 12week period ending 4<sup>th</sup> January 2014, AB InBev was flat in value driven by losses from Stella Artois, with this brand losing 24 000HL in volume versus last year.
- Carling continues to threaten Foster's, retaining its position as the number one growing beer brand in Q4.
- Peroni's distribution gains in the off trade have driven 11 000HL in incremental sales inQ4 versus last year, with this brand a clear one to watch for 2014.

Source: IRI retail databases; period ending 29 December 2013

# Final Notes

---

## Notes on category definitions for countries

Due to the diverse products found in individual countries across this market, it was necessary to consolidate the available data into the categories in this report. In some cases it wasn't possible to align products across all 6 countries. These exceptions are listed below:

### Cider

- The Italy data in this report includes cider within the fortified wines category.
- The Netherlands data in this report does not include pear cider.

### Wine

- The UK data in this report does not include this category.

### Spirits

- The UK data in this report does not include this category.
- The Netherlands data in this report does not include this category.
- The France data in this report includes punch and cocktails and the other countries do not.

### Fortified wines

- The UK data in this report does not include this category.

### Alcoholic soft drinks

- The UK data in this report does not include this category.
- The Spain data in this report does not include this category.

## Resources

---

To gain insight into opportunities across specific categories, segments, channels or retailers, contact your IRI client service representative regarding custom analyses leveraging the following resources:

- **InfoScan Census®** is a syndicated retail tracking service that enables manufacturers and retailers to acquire industry insights used to make better business decisions. InfoScan Census utilises the data that IRI collects from grocery, drug, and mass merchandise retailers to provide the most comprehensive and accurate syndicated data offering in the FMCG sector. With access to accurate, granular detail by category, geography, measure, and time period, clients have the tools needed to develop marketing and sales strategies based on product performance, distribution, and promotion responsiveness. All data about the alcohol category has come from **InfoScan Census®**.
- **IRI Consulting** provides strategic insights and advice leveraging a variety of data sources, predictive analytics, enabling technologies, and business analyses to help FMCG manufacturers and retailers address significant sales and marketing issues effectively.

### FOR MORE INFORMATION

Please contact Leandro Chiesa, Consultant,  
IRI at [Leandro.Chiesa@IRIworldwide.com](mailto:Leandro.Chiesa@IRIworldwide.com) or call  
+33 1 30 06 23 62 with any questions or comments about this  
report.

**About IRI.** IRI is a leader in delivering powerful market and shopper information, predictive analysis and the foresight that leads to action. We go beyond the data to ignite extraordinary growth for our clients in the CPG, retail and over-the-counter healthcare industries by pinpointing what matters and illuminating how it can impact their businesses across sales and marketing. Move your business forward at **IRIworldwide.eu**

Arlington Square, Downshire Way, Bracknell, Berkshire RG12 1WA, Tel +44 (0) 1344 746000

Copyright © 2014 Information Resources, Inc. (IRI). All rights reserved. IRI, the IRI logo and the names of IRI products and services referenced herein are either trademarks or registered trademarks of IRI. All other trademarks are the property of their respective owners.