

IRI



Unwrapping Christmas 2019: The Calm Before the Storm

To take our minds away from the global pandemic for a moment, Ishakya Gunaratne, Consultant at IRI, provides a wrap of a successful Christmas 2019 and questions how current events may shape Christmas 2020.

With consumers continuing to allocate higher share of wallet towards liquor during Christmas, it still remains one of the most important key selling periods for the category.

Christmas 2019, in comparison to prior years was especially interesting for Australians as this was prior to the turbulent Q1 experience with the unprecedented bushfires, record rainfall and floods and the panic buying and equity crash due to the fear of COVID-19.

Total Liquor enjoyed healthy growth at four per cent, growing ahead of last Christmas and rounded off a year of improved liquor dollar growth. Glass Spirits, RTD premixes and Wine predominantly drove this. During this four-week Christmas period, liquor shoppers also paid an 11 per cent price premium largely due to the rise of Champagne sales during this time of the year.

The continued momentum of spirits

Led by Gin and Vodka, the momentum in the Spirits category has been evident throughout 2019, with the category contributing to half of total year's liquor growth and nearly 30 per cent of Christmas growth. Gordon's and Smirnoff have largely fuelled this growth being two of the top 10 industry growth brands throughout 2019 and the four-week Christmas period.

Three key segments driving RTD

Gin, Vodka and Canadian Whisky based spirits were the heavy lifters in RTD. These three segments accounted for >80 per cent dollar growth throughout the full year of 2019 and the four-week Christmas period.

Resurgence of Champagne and success of Prosecco

Accounting for 15 per cent of total year's sales, Christmas continues to be an important trading period for Wine. Unsurprisingly this growth came from Sparkling and Rosé varieties. Globally Prosecco has become a juggernaut and this continues to be true even during Christmas, growing eight times more than its share of Wine. However, Champagne still remains the number one growth driver during Christmas with Mumm and Moët making a resurgence in the Top 10 industry growth brands during this four-week period. Despite not having a Champagne offering, Squealing Pig was the largest growth brand in Wine

predominantly through its Marlborough Rosé SKU. It was also among the Top 10 growth brands during the four-week Christmas period.

A craft and contemporary Christmas for beer

Despite the year on year growth Beer experienced, it grew behind total liquor resulting in an overall share loss during the four-week Christmas period. While Craft and Contemporary kept the beer category in dollar growth, Premium and Classic hampered this growth. Cider continued to decline this Christmas as well.

In summary

Christmas trading was characterised by higher dollar and volume growth versus the annual average and latest quarter. Spirits has been accounting for a disproportionately high share of growth throughout the year.

Gin continues to sustain >30 per cent dollar growth, both year on year and during Christmas. Vodka sales growth also accelerated throughout the year. In contrast, Beer sales growth was soft over Christmas, and Cider continued to decline.

Shoppers paid a hefty price premium during the Christmas period, which aligns with a resurgent Champagne segment. Strong Sparkling performance, particularly from Prosecco added some much-needed festive fizz to the category.

Final thoughts

On the back of a successful Christmas 2019, it will be interesting to see what the liquor industry has in store for Christmas 2020. The unexpected turn of events during the last few months will definitely shape the behaviours of consumers, retailers and manufacturers. A final thought to consider is; will we see a weaker Christmas 2020 as consumers keep a closer eye on their household budgets or will people see the occasion as an opportunity to treat themselves and try to momentarily forget about the tough year gone?

For more information on how IRI can provide data and insights to grow your business, visit IRIworldwide.com.au, or contact us at +61 2 8789 4000. ■

Source: IRI MarketEdge Liquor Weighted, MAT and 4 WKS to 05/01/20

“The unexpected turn of events during the last few months will definitely shape the behaviours of consumers, retailers and manufacturers.”

Ishakya Gunaratne
Consultant
IRI