FABs boom in Russia

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Flavoured alcoholic beverages (FABs) are booming in Russia and are showing no sign of slowing down, according to a new report â€“ "Alcoholic Drinks in Russia" â€“ by Euromonitor International.
Euromonitor Internationalâ€™s new research shows that FABâ€™s were the most dynamic performer in the Russian alcoholic drinks market in 2004, recording 26% value growth. Volume sales were similarly successful, growing by 25% in 2004 to reach 560 million litres sold.
The drink of youthThe huge success of FABs can largely be attributed to their growing popularity with younger consumers. Their high alcohol content, varying between 7% and 8.9%, provides a large amount of alcohol for the relatively low price of Rb20-25 (US$0.6-0.8). This affordability, combined with their sweet taste and large variety of flavours, makes FABs very popular with the 17-20-year-old market in Russia and especially the female population.
Innovation and product development drives growthThanks to the launch in 2003 and 2004 of an enormous variety of new products aimed at fashion conscious young people, the Russian FABs market has grown substantially. Image and fashion are very important in the market and in order to maintain brand shares, manufacturers have worked hard to launch innovative new products that appeal to this market.
One of the most interesting new innovations to the market has been energising FABs.
Russiaâ€™s leading FABs manufacturer, Happyland, was one of the first to introduce this type of FAB in 2000 under the brand Red Devil. Recently, the combination of alcohol and energising extracts of guarana or taurin, that are normally used in energy drinks, have become extremely popular among young consumers who live in the big cities. In 2003, Happyland launched a new FAB under the brand Jaguar and following their lead, Borodino launched the XXL energy alcoholic beverage, while Bravo Premium introduced the brands Dosa and EnGINe to the Russian market.
Leading vodka manufacturers are also helping to drive growth in FABs, by moving into the market to make up for declining vodka sales. RVVK, for example, introduced its Flagman brand miniature in the FABs format, while Topaz launched a blue Topaz vodka-based FAB. Stolichnaya brand owner Soyuzplodimport also launched the Stolichnaya Ice FAB, using the local soft drinks bottler Ost-Aqua's capacities.
OutlookBetween 2004 and 2009, Euromonitor International expects sales of spirits-based FABs to continue to show impressive growth, increasing by nearly 60% in volume and 67% in value. Over 2005 and 2006, wine-based FABs are expected to emerge in the Russian market, achieving visible sales for the first time.
Growth will continue to be driven by new product development, especially from established vodka brands or multinational brands, such as Smirnoff Ice and Bacardi Breezer, which are backed by strong and sophisticated promotional campaigns. Further, Euromonitor International expects more regional vodka producers to enter the market, as they are keen to compensate for lagging vodka sales.
"Alcoholic Drinks in Russia" is a new report from Euromonitor International. This report provides the latest retail sales data (1999-2004), allowing you to identify the sectors driving growth. It identifies the leading companies, the leading brands and offers strategic analysis of key factors influencing the market - be they legislative, distribution or pricing issues. Forecasts to 2009 illustrate how the market is set to change. Product coverage includes beer, wine, spirits, FABs and cider/perry.
Further information can be found at: http://www.euromonitor.com/
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