English Gin Separates From its Main Markets

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Consumption of English Gin, not including consumption in India which consists soley of local economy brands, has been dominated by three main markets: the US; Spain; and the UK. In 2013, not including India, these three markets accounted for 66% of global category volume sales. Additionally, these three markets were the only three to see volumes exceed six million litres in each during 2013. There are, however, indications that this is starting to change, with English Gin gaining popularity in a number of underdeveloped Western European markets.

Within the three core markets, there has been a well-established trend towards the rising popularity of super-premium and premium gins. This has not led to huge growth in the category in these markets, but rather a switch in emphasis away from standard and economy brands, such as Gordonâ€™s and Larios, to more upmarket ones, such as Hendrickâ€™s and Bombay Sapphire.

Changing times offer growth opportunities:

The popularity of more premium products is starting to spread to other European markets and boost small and, until recently, moribund markets. While the rise in popularity of gin in Portugal can be primarily explained by its close proximity to Spain, it is markets not connected to the core English Gin markets in Central and Northern Europe, notably Germany, Belgium, Austria, Switzerland and Italy which are most interesting.

In many of these markets, like in the larger core ones, English Ginâ€™s growth is being held back by the large share held by more standard brands; however, as the category is growing from a smaller base, there is a greater possibility of strong volume growth, as more consumers move into the category.

The reasons behind the growth are numerous and inter-related, in part due to the close cultural ties of these markets. At a macro level, there are a number of factors behind the growth:
- Â Growing premiumisation in the region, undoubtedly boosted by the craft movement;
- Â A rising cocktail culture, with an increasing appetite for cocktails and mixology, with growth in bars in places like Berlin and Frankfurt;
- Consumers switching away from traditional products, often in their late 20s/early 30s, as they have more money and look to move to â€œcoolerâ€• products;
- Companies looking for new sources of growth outside the three core markets and hence turning to underdeveloped ones.

Local dynamics help

None of these factors are new and nor does it necessarily mean that English Gin will flourish. For example, in Germany, the move away from traditional products, such as beer, korn and brandy, has benefited international spirits categories, such as whiskies and spiced rum.

In Germany, gin has received a direct lift as a result of the craft spirit movement, which created Monkey 47, a brand originating from the Black Forest. It seems to have followed a route of creating a quirky image, not unlike the godfather of super-premium gin, William Grantâ€™s Hendrickâ€™s brand. This has gained traction with is quirky Victoriana image, which seems to appeal to Germans.

Perhaps the most interesting market is Belgium, where the popularity of premium and super-premium products has exploded. Consumers feeling better off due to a house price boom have been willing to trade up in a move away from their traditional aperitif, champagne. Gin has been the main beneficiary . Aided by cook books which are seeing leading chefs pair gin with food, premium and super-premium brands are growing rapidly, although they are growing so well there is a risk that their appeal could turn into a short-term fad.

In many of these markets, while smaller, super-premium brands, such as Hendrickâ€™s, Monkey 47 and Mombassa, are performing well, much of the growth is coming from bigger brands, such as Bombay Sapphire, Beefeater and Tanqueray. This is, in part, due to the superior distribution of the bigger brands, which are owned by multinationals, but also because the smaller brand owners do not want to over stretch their brandsâ€™ equities and ruin their super-premium images.

The narrow focus of English Gin means that there are still plenty of markets for producers to crack. In Western Europe, France has yet to succumb to ginâ€™s charms, while the Nordics offer huge potential. Outside the region, opportunities are numerous. In most markets, brands will have to be presented as premium/super-premium white spirits; however, it is in

Africa where the potential could be greatest if most distant time wise. Thanks to many of the African countriesâ€™ colonial heritages, gin has some resonance, for example, Ugandaâ€™s biggest spirits brand is the local spirit â€œWaragi Ginâ€•. While never likely to be as ubiquitous or popular as vodka, English Gin will become a bigger global player.

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