



# Summer lifts the spirits

White spirits brand activity, both on- and off-premise, is set for a boost as we enter the warmer months, reports [Samuel Spurr](#).

Summer increasingly draws Australians to popular outdoor music festivals, racing carnivals and lifestyle galas. With consumer confidence returning, open-air events held throughout the warmer months will provide further opportunity for growth in the white spirits segment. This segment is driven primarily by the popularity of vodka, the fastest growing spirit in the market at +22.8 per cent (MAT Aug.09 – Nielsen). Meanwhile,



gin is still a small category in Australia, holding 3.1 per cent volume share of total spirits and growing at 8.6 per cent. Nevertheless, premium gin continues to grow +23 per cent, while light tequila still suffers from poor consumer appreciation - as Cazadores brand manager Brad Richter puts it: "The fact still remains that more consumers need to be educated that a true 100 per cent agave tequila is a moment to savour and not regret."

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**- James France, director Vanguard Luxury Brands.**



### Summer focus

Julian Hartley, brand manager for Southtrade International acknowledges that outdoor events based on education and improved brand awareness are key for a strong summer trading period. "Tasting and education sessions for both on- and off-premise is a big focus of ours leading up to Christmas and into the New Year. Our activity will include consumer and VIP events, festivals, parties, fashion and designer label events as well as recruiting a number of high profile DJs, artists and musicians."

Southtrade International has high expectations for their Patron Silver, Casa Noble Tequila, and Junipero Gin brands over summer, but Hartley doesn't expect it to be all smooth sailing, predicting that established brands will be challenged by emerging white spirits. "We will see improved awareness of white spirits like baijiu from China and cachaca and pisco from South America," Julian says. "New concoctions such as flavoured vodka will also be a challenge and will continue to appear on the market, cannibalising core brands."

James France, director of Vanguard Luxury Brands which distributes Aviation Gin and recently arrived Square One Organic Vodka, lists bartender relationships as the focus of his branding and marketing strategies. "It is still early days (summer trading) for our brands, but they will definitely be used by the leading bartenders; opinion-leaders of the industry. Others will follow down the track." France lists premiumisation as a continuing trend reflecting consumers who are appreciating better quality products, both for their taste and how they feel the next day. "The trend is growing entire



spirit categories responsibly rather than having growth caused by pushing cheap products into the market," says France. He also foresees product and brand differentiation as a challenge for industry players. "Your brands must have a valid reason for being. No one is interested in 'just another vodka' unless it has something unique, tangible and notably different about it."

Echoing James France's perspective on brands having to justify their place in the market, director of Barmania, Ken Bromfield, is realistic about the challenges found in a highly competitive market - a market which his brands Kaufmann Vodka and DOT AU Vodka find themselves in. "The vodka market is saturated. As a new vodka is released, unless it is remarkable, it has a difficult time. If it is remarkable, bars will often need to drop an existing brand to take on the new one."

Sydney Hemmesphere bartender Scott Strater comments on his experience of Premiumisation saying, "customers are definitely trading up, choosing premium vodka such as Grey Goose over Smirnoff Red." He also divulges that customers drinking traditional cocktails such as martinis are usually more educated and are choosing premium, higher quality products. As the temperature rises, Strater expects a naturally higher demand for white spirits. "As summer approaches there will be an increase in the use of gin, vodka and tequila to create fruit-oriented cocktail lists. There will always be patrons ordering classics such as martinis, margaritas and daiquiris."

Kristie Ascik, senior brand manager for Bacardi furthers Strater's argument regarding the use of white spirits on-premise. "The versatility of white spirits is driving growth. Australia's abundance of fresh, quality ingredients, coupled with a lively on-trade market has seen the mixability of white spirits come into favour." She comments that Bacardi, currently experiencing double digit growth, compliments and enhances mixers, and has fared well in this environment.

"The on-premise market is extremely important to the success of white spirits," relates Fernando Navarro, Bombay Sapphire's senior brand

manager. "Brands are built on-premise, as this is where consumers have the chance to take part in the brand experience". He does caution marketers against choosing the wrong type of venue where a brand is exposed. "Venues and bartenders are key brand builders, and the right fit will drive distribution, volume and brand affinity. A premium brand like Bombay Sapphire must be available and promoted in leading edge venues."

### Off-premise

Off-premise, Ryan Anderson, manager of online operation Vintage Blue expects vodka and gin sales to increase over summer, especially gin. "Gin and tonic is a favourite. I've also noticed more vodka brands becoming available in preparation for summer." He comments that in the last month, customer spend has increased, as the GFC panic is well and truly over. "Whilst premium brands aren't yet being purchased at the rate they were before the GFC, they are on their way."

Barry Beer, New South Wales state manager for Liquor Marketing Group notes that LMG has increased the number of core vodkas they promote due to an observed increase in vodka sales both on- and off-premise. Identifying a strong opportunity, LMG has also introduced its own vodka and gin brands into the market with successful results at the value end of the market. Barry asserts that, "vodka has the largest growth volume increase in glass spirits and with the current trend of clear drinks I can see this continuing to gain momentum over the dark spirit category during the warmer months. The white spirit category appears to be driven by the 18 to 24 year old market, with lots of experimenting around mixers." Barry continues Ken Bromfield's previous assertion that there are numerous brands available on the market, stating: "There appears to be several successful players in this category and, not consumed by one brand or price point, the consumer is willing to trade up and try several brands."

### Making waves

Sensing opportunity in Australia is Gruppo Campari, which announced in September that it was setting up a wholly owned subsidiary in Australia. Campari Australia managing director, Enzo Casati, has relocated from Europe to Sydney to manage the creation of this new initiative. The group stated that the recent acquisition of Wild Turkey Bourbon delivered Campari the scale to start a stand-alone sales and marketing company in Australia. Skyy Vodka gives Gruppo Campari a strong foothold in the fastest growing category in the market.

Launched at the end of August, Smirnoff Cocktails from Diageo Australia are the latest innovation from the Smirnoff brand and are set to establish an entirely new 'ready to serve' category. Plugging in to the opportunity presented by summer's outdoor events circuit, Diageo has become the exclusive spirits supplier to the Victoria Cup Races, providing a fantastic opportunity for race-goers to sample this new offering. Smirnoff Cocktails will also be supported off-premise this summer with in-store visibility, strong trial driving activity including in-store sampling, events and an extensive media campaign.

Southtrade International's Ultimate Vodka, from the Patron Spirit Company, is the distributor's new product launch for this season. Expected to have tongues wagging, "it is masterfully crafted from organically grown rye, wheat and potatoes and distilled four times producing a vodka that is as unique as it's smooth and sensuous," says Julian Hartley.

With a number of premium brands vying for critical shelf, bar and outdoor space, consumers with so much as an inkling towards white spirits will be spoilt for choice throughout this year's festive and holiday season. The industry challenge remains brand differentiation in a sometimes crowded marketplace.