



# **Methodology and Definitions**

## Contents

<b>Methodology</b> .....	4
Retail Value.....	4
<b>Forecast</b> .....	5
IWSR 2022 Forecast Assumptions .....	5
Value forecasts.....	7
<b>Why We Conduct Local Research</b> .....	7
Demographic Data .....	7
<b>IWSR Definitions</b> .....	8
Consumption .....	8
Units.....	8
Distributor .....	8
International.....	9
Historical Data .....	9
Country of Origin .....	9
Pricing Data .....	10
Ownership.....	10
Grey Market Definitions .....	11
Exchange Rates .....	11
Other Brand Lines.....	11
Local vs Imported.....	12
Net Tax.....	12
On/Off-Premise Methodology and Notes .....	12
Ecommerce .....	13
Ecommerce Research Methodology .....	14
Ecommerce Values .....	14
Private Label.....	15
No/Low-Alcohol Products .....	16
<b>Product Definitions</b> .....	17
Still Wine .....	17
Sparkling Wine .....	19
Fortified Wine .....	19
Light Aperitifs.....	20
Other Wine .....	20
Whisky .....	21

Gin and Genever.....	21
Vodka.....	22
Agave-Based Spirits.....	22
National Spirits.....	22
Rum.....	23
Cane.....	23
Brandy.....	24
Flavoured Spirits – Liqueurs.....	24
Flavoured Spirits – Bitters/Spirit Aperitifs.....	25
Flavoured Spirits – Aniseed.....	25
Flavoured Spirits – Fruit Eaux de Vie (EDV).....	26
Other Spirits.....	26
Beer.....	27
Cider.....	27
Ready-to-Drink (RTDs).....	27
Price-Band Segmentation for Spirits.....	29
Price-Band Segmentation for Wine.....	30
<b>Notes</b> .....	31
Still Wine Data.....	31
Beer and Cider Information.....	31
Sub-Saharan Africa Data.....	32

## Methodology

IWSR is the industry standard for tracking brand, market and category performance globally, with a database used by every international drinks company to follow market trends, both for competitive analysis and strategy and planning. IWSR has the widest industry buy-in of any research company, with more companies not only using our database but also sharing their data. This means that our clients can be confident that they are looking at the same figures as their peers.

IWSR is the only research company to interview the key players (importers, producers, distributors, retailers, Duty-Free operators) in around 120 countries globally each year. This builds a far better understanding of the dynamics of a market, and helps us to explain why certain trends occur and to adjust official statistics to match reality. It also allows us to cross-check other companies' claims, as local experts have a much better grasp of what is actually being sold, rather than shipped, in each country. Furthermore, in certain markets, by interviewing industry insiders, IWSR is able to reveal what may not be in official reports but which is significantly impacting the market, such as grey market operators.

Our database enables users to see the major importers/distributors and their portfolios.

## Retail Value

Historical pricing data is taken from our store checks across all our reporting markets. IWSR's price segments are based on a brand's retail price relative to other brands.

These price checks are the basis of our retail value data.

We have also released a 'net of tax value' database. Using data on taxes and duties on alcoholic beverages for each country, we deduct this from the retail value data.

This database therefore shows brands without the distortion of widely varying tax rates, allowing effective comparison across markets.

Note that IWSR retail value understates total consumer expenditures, since pricing for on-premise sales is taken to be the same as for retail sales (see 'Pricing Data'). IWSR offers on-premise pricing for certain countries as custom research.

## Forecast

### IWSR 2022 Forecast Assumptions

IWSR is closely monitoring the impact of key economic and geopolitical events on beverage alcohol supply and demand. The current environment is one of the most uncertain we have seen in recent years, and overall the risk levels are significant. The following assumptions have therefore been made when building our forecasts, at a country, category and sub-category level.

### Covid-19

Forecasts assume that most government-imposed Covid-19 restrictions will be over by Q2 2022, and that the remainder of 2022 onwards will be a period of recovery, with most categories returning towards baseline trends by 2023/24. Asia-Pacific markets are the exception here, and some may take longer to recover. For China in particular, IWSR assumes that restrictions will not be eased domestically until towards the end of 2022 at the earliest.

### Supply-chain issues

Forecasts assume that supply-chain disruption will last well into H2 2022 as a minimum, possibly improving by year-end 2022. However, it is likely that some supply-chain issues will remain longer term, with container shipping rates remaining elevated and volatile into the medium term, for example. In terms of category impact, we consider:

- 1) What percentage of a 'normal' year of sales is expected to be supplied?
- 2) What other categories or brands are expected to fill this gap in demand vs supply? For example, if the leading brand of Champagne is not available, which is the next brand that people are likely to choose – and is there sufficient supply of this alternative?

### Inflation

In each market, we consider how inflation will impact consumers' disposable incomes, and what effect this will have on premiumisation vs down-trading, as well as on channel trends. Inflation tends to affect low-price/value brands the most, as consumers in those price segments are most sensitive to price rises. In higher-income countries, standard and particularly premium-and-above products are generally more insulated from inflationary pressures.

IWSR has undertaken extensive data modelling to determine the sensitivity of beverage-alcohol consumption (in volume terms) to changes in inflation and GDP, and considered these findings when determining individual country/category forecasts.

Please note that our category volume forecasts therefore take into account the impact of inflation on consumption across price bands and channels. Our value forecasts are derived from these volume forecasts. [See the Value forecasts methodology below.](#)

### Russia-Ukraine conflict

As well as the global impact of the Russia-Ukraine conflict on energy and commodity prices, we also factor in the following:

- Potential consumer boycotts of Russian products that are likely to affect Russian brands, including 'Russian-sounding' brands or even the vodka category as a whole.
- Disruption to Russian and Ukrainian outbound tourism, affecting markets such as Turkey and Cyprus.
- Disruption of shipments into Russia/Ukraine potentially alleviating allocation issues elsewhere.

*Please note, in line with the IMF, we do not have any forecasts available for Ukraine after 2022.*

### Forecast Methodology, Domestic Markets – May 2022 Release

*(For Travel Retail forecast methodology, please see separate Travel Retail document)*

IWSR's forecast methodology for FY 2022–26 for major markets uses a model that incorporates channel splits and seasonality by category, sub-category and price band.

In outline, the volume forecast analysis is constructed as follows:

- Historical data, including 2021 confirmed FY figures, is used as the base.
- We assess 'normal' seasonality between the on-premise and take-home sector, by month and by category (to surface seasonal hotspots).
- We conduct detailed month-on-month analysis of the impact of any ongoing Covid-19 restrictions or other factors such as supply-chain issues on the on-trade and off-trade (bricks and mortar and ecommerce), whether or not coinciding with seasonal hotspots.
- This is then cross-checked and calibrated with Q1 2022 indications from brand owners, earnings results and other input information, and a FY 2022 forecast constructed.
- The 2023–26 annual assessment is done at sub-category and price-band level, based on: the likely return to long-term trends; any medium- to long-term impact from Covid-19; and other supply-chain, geopolitical or macro-economic factors as given above.
- Minor market forecasts essentially use the same framework and logic, but are built up at a less granular level.

## Value forecasts

Value forecasts are driven from the volume forecasts, with an average price per litre applied per category and price band. The price per litre is fixed at the current year rate, for all future years. We have chosen this simple approach because it is the clearest for our clients and considered the most robust approach by IWSR experts. This also enables clients to see clearly the impact on a category of changes in volume by price band – premiumisation vs down-trading.

Therefore, we have not added inflation to the value forecasts by way of a CPI multiplier. This is available on request (please contact your account manager). However, as stated in the Assumptions section, the impact of inflation on consumption volumes has been taken into account in our forecasts.

## Why We Conduct Local Research

- It is essential in most countries to supplement and improve existing official figures and PR claims, and to refine central company shipment figures when given.
- In every country, we use any official/quasi-official statistical sources available, although these need refining to provide the detail required.
- Import statistics, as well as exporting country/trade body statistics, such as those of the SWA or CIVC, invariably do not match actual local consumption due to onward shipments, inclusion of Duty-Free, redirected goods in transit, or parallels/contraband coming into the market, as well as stocks remaining in the trade.

Copies of country reports are sent to the companies we interview. This has led to many using the report locally and, as a result, providing feedback to improve each country report. This has helped to correct errors, as well as ensure continued co-operation in compiling the reports.

## Demographic Data

- Per capita consumption is based on population data from the US Census.
- Unemployment data (used in the creation of forecast reports) is sourced from the International Monetary Fund (IMF).

## IWSR Definitions

### Consumption

IWSR tries to measure actual consumption in all countries – not shipments, imports or production.

In most cases, this means sales into the trade. All figures, official or otherwise, are adjusted where known stock, parallel, contraband or re-export issues occur.

As an example, the figures in our report on Paraguay are considerably lower than widely available import figures suggest. While we use these figures, we use them **only** as a building block to arrive at Paraguayan consumption after having taken into account the volumes at both brand and category level that are re-exported to Brazil and elsewhere. In turn, the Brazilian consumption figures use not only locally available figures, but also figures ex-Paraguay, among other sources (Uruguay, Duty-Free arrivals, etc). Please contact us where individual problems occur in reconciling your market data with ours.

### Units

All volume data for wine and spirits is given in thousands of nine-litre cases (000s 9LC) in reports, and by default on the IWSR website (theiwsr.com). These can be converted easily into other units of measurement in the settings.

Note: in the country reports (PDF files), units of beer and cider are displayed in thousands of hectolitres (000s hL) due to the enormous size of some of the markets. However, in IWSR's database system, the figures for beer and cider are displayed in thousands of nine-litre cases.

### Distributor

IWSR defines the distributor as the company that handles the distribution of each brand in any given market. In some cases, this is the brand owner; in others, it's a separate company. The exception is in the US, where a brand can have many different distributors due to the size and structure of the market, so in most cases, IWSR records the brand owner as the distributor in the US market.

### Per Capita Data

Our online platform allows users to calculate per capita consumption, based on both entire population and population of legal drinking age (LDA).



## International

To be considered an 'international' brand under IWSR's definition, a brand must:

- Sell in 30 countries or more\*. These 30 countries must include:
  - The United States;
  - At least three of the following European countries: the UK, France, Germany, Spain, Italy, Sweden, the Netherlands, Greece, Poland; and
  - At least two countries from any two of the following regions: Asia-Pacific; Rest of Americas<sup>†</sup>; CIS (includes Russia); Rest of World<sup>‡</sup>; Travel Retail.

One brand is included in the list despite not selling in the US: Havana Club.

\*The number 30 was chosen as it represents 25% of all countries in the world; for the purposes of this definition, 'the world' is 120 countries (120 removes the 'dry' countries, as well as those where data is currently very sparse: Laos, Burma, etc, and Sub-Saharan Africa).

<sup>†</sup>Canada, South America, Caribbean.

<sup>‡</sup>Africa, Gulf, Middle East.

## Historical Data

The data available on IWSR's online platform starts in 1990 for most countries, otherwise data starts when countries came into existence or opened up to imports. Pre-1990 data is available for around 40 of the largest countries. If you require older information, please be aware that much of this data is not directly comparable with current data due to changes of methodology.

## Country of Origin

All brands have a country of origin, which is where the brand is produced. Brands that are produced in more than one country are shown as 'international'. Please note that where a brand has been produced in more than one country historically and production has subsequently been consolidated into a single country, this indicator will continue to show as 'international'. We apply this convention to avoid overloading the database with duplicate brand lines and to continue reflecting the historic situation of the market.

Forecasting by country of origin is only done when the relevant category is broken down by country of origin. If the category is not broken down by country of origin (all beer, cider and RTDs, and some categories within wine and spirits), then country of origin for all forecasts is assigned to 'international'.

## Pricing Data

The pricing data in the reports is based on store checks conducted in each of the countries visited by our researchers. They are usually taken from the largest supermarkets. In a large consumer country, they are conducted across three to five stores, usually super- or hypermarkets, as well as a specialist store. In smaller consumer countries, they are likely to be taken from between one and three stores. In countries where ecommerce is widespread, store checks may be conducted on key online retailer websites. For 2020 prices, where market visits were not possible, prices were researched from local ecommerce sites.

Wherever possible, the same stores/websites are visited at roughly the same time each year to give some degree of consistency. The prices given in the report reflect the lowest price found for a brand, but promotional pricing is excluded. No pricing information is available for any on-premise sector – due to the very wide range of prices, as well as the problems of measuring this.

Prices in reports are given in local currency. Via [theiwsr.com](http://theiwsr.com), these can be converted into US dollars or euros. The bottle sizes to which they refer are shown in centilitres (cl) alongside the price.

Note that, in Venezuela, the local currency used for retail prices in 2019 is the US dollar, as the economy unofficially switched to the dollar following years of hyperinflation.

Be aware that the store checks are part of the research process, so that we can check what is on sale and determine how the market might segment.

These price checks allow us to calculate the retail value. Estimations are made for the price of 'others'.

## Ownership

Owners refer to the ultimate parent company. Changes are made to the database as soon as regulatory approval has been received for a merger/acquisition/disposal. Ownership is based on majority ownership (>50%) and reflects the position at the point when the data is released each year (end-May).

The ultimate parent company is the **corporate entity operating in the beverage alcohol or related industry**. If the ultimate holding company is a finance house such as a private equity company, the parent company in the IWSR database is the **beverage alcohol (or related) industry entity** owned by the finance company.

- For example, the parent company of Whyte & Mackay is Emperador, the Philippines drinks business (not Alliance Global Group, the ultimate holding company, which is a conglomerate).
- The parent company of Loch Lomond, Glen Scotia and Littlemill is Loch Lomond Group and not Hillhouse Capital, its private equity investor.

## Grey Market Definitions

**Parallel importing** This is where large margins between official supplier and distributor/retailer are undercut by a third party. Parallels pay local taxes in the country where they are bought and sold.

**Contraband/smuggling** This covers goods that pay no tax or duty on entering a country.

**Carryback** There are two types of carryback. The first is essentially Arrivals Duty-Free, where goods are bought in Duty-Free/travel retail outlets to be consumed or sold in domestic markets. This can be organised, or simply done by individuals. The second is cross-border shopping, such as the cross-Channel business and purchasing across borders in Scandinavia/Germany.

**Leaks from Duty-Free** These cover supply direct from a Duty-Free supplier back onto the local markets.

## Exchange Rates

Exchange rates are based on the annual average rate for each year, sourced from the UK's HM Revenue & Customs.

The one exception to this is Venezuela where, due to hyperinflation, we have applied unofficial (black-market) exchange rates for 2011–18 instead of the official rates, and 2019 prices are in US dollars as the economy unofficially switched to the dollar. Price and value historic trends in Venezuela are volatile due to hyperinflation and the political and economic crisis.

For Argentina, please note that we use the official US dollar/peso rate but, due to currency controls and a high local inflation rate, this means that the US dollar price and value data for Argentina appears over-inflated.

In Sub-Saharan Africa local currencies are used in all countries, except in the DRC where the Central African CFA Franc (XAF) is used.

It is also possible to use the 2019 exchange rate for all years by selecting 'Use fixed exchange rates' from the settings options in the online database.

## Other Brand Lines

Depending on the market and the category, 'others' can refer to multiple smaller brands where we are unable to track individual brand volumes; private labels or tertiary brands; or direct-to-consumer (D2C) sales (from vineyards, for example), etc. We also use 'others' to make up known category totals, eg, where we have reliable trade and in-market information.

## Local vs Imported

The origin of a beverage is defined as where the liquid comes from, not where it is bottled. The main exceptions are RTDs that are produced from imported bulk Scotch or Bourbon for example, which can be local because much of the production is local (mixing, etc). Bulk-imported then locally bottled (for still wine, for example) is considered imported.

## Net Tax

The purpose of our net tax data set is to show data that better represents value of beverage alcohol to the producer and/or seller, by removing the proportion of retail price that is directed to tax. The collection of net tax data began in 2013.

VAT/sales tax, excise duty on alcohol, and import tariffs (on imported goods) are the main additions to price and value. In some markets there are additional other taxes that apply, such as port fees and special taxes applied to certain products, which are also accounted for where relevant.

IWSR data without tax is calculated by establishing the rates for these taxes/duties as applied to each beverage-alcohol category in each market. These rates are used to calculate the proportion of retail value for each brand that is accounted for as tax, and removing that from the retail price attributed to each brand in the database. This leaves a value figure that has been stripped of the proportion lost to tax.

## On/Off-Premise Methodology and Notes

On/off splits for volume are available online via the IWSR database from 2015 onwards and are updated every year. Splits were initially given at brand line level but, as of the 2020 data release, splits are available at price-segment level only, in order to provide a more reliable measure. The core source of this information remains meetings with local companies in markets.

## Notes

- Often this sort of information is not readily available in the interviews. In these cases, the generally perceived on/off split of the category is applied by IWSR.
- Often those interviewed quote percentages from other sources or provide very vague numbers based on generally perceived category splits.
- In the largest market of all, the US, very few companies think in terms of on/off at a country level, or, if they do, only in the vaguest way.
- There are some grey areas of definition. Very loosely, IWSR's numbers are based on point of purchase, not point of consumption. Different outlet types are classified as follows:

**On-premise** Bars/pubs, nightclubs, hotels, clubs, restaurants.

**Off-premise** Hyper- and supermarkets, specialist stores, Cash & Carry (see below), discounters and online sales.

- Duty-Free/travel-retail purchasing for domestic consumption is treated as off-premise.
- Buying in off-trade outlets for on-premise consumption (at Cash & Carrys, discount stores, etc) is generally treated as off-premise as it was impossible to treat in any other way. However, we cannot be sure that all providers of information did so.

## Ecommerce

- Ecommerce, also known as electronic commerce or internet commerce, refers to the buying and selling of goods or services using the internet, and the transfer of money and data to execute these transactions. For alcoholic beverages, this covers the ordering of products online, with delivery direct to the consumer, or via collection from a designated point (usually a supermarket), described as Click & Collect.
- Currently, most alcobev ecommerce occurs in the off-premise channel, ie, consumers ordering for drinking at home. However, some sales by ecommerce are on-premise venues purchasing to sell in the on-premise, and it is also possible for consumers in the on-premise channel to make ecommerce transactions, for example by pre-ordering drinks via an app to drink later at a bar. Overall, on-premise sales by ecommerce are believed to be very small, so for the purposes of the data we assume all ecommerce to be off-trade.

The IWSR sub-divides ecommerce into the following channels:

- **Omnichannel** Digital turnover element of omnichannel operators (retailers with B&M sales at the forefront). Includes both home delivery and Click & Collect. Retailers can be general grocers (eg, Tesco, Carrefour) or specialist beverage alcohol players (Majestic, Total Wine).
- **Online Specialists** Digital turnover element of retailers with a predominantly online presence. Can be general grocers (Ocado) or specialist beverage alcohol players (Master of Malt, Wine.com). Includes online subscription clubs (Naked Wines, Craft Gin Club).
- **Marketplaces** Digital turnover element of retailers that permit and/or facilitate selling by third parties. Includes sales by the retailers themselves and by third parties. Can be generalists (eg, Amazon, eBay, JD, Mercado Libre) or specialist beverage alcohol players (Vivino).
- **On demand** Operators acting as middle-man between the retailer and consumer, that facilitate the online payment and delivery of goods. These do not typically hold stock or maintain their own warehouses. Can be generalists (Deliveroo, Rappi, Uber Eats, Glovo) or specialist beverage alcohol players (Drizly).
- **Direct to Consumer (D2C)** Digital turnover element of direct-to-consumer sales by alcoholic drinks producers.

The following general points should also be noted:

- To count as ecommerce, the commercial transaction (payment) must take place online.
- While some retailers sell both directly and via other channels (such as marketplaces or on-demand), these sales are included only once, in the channel that ultimately serves the consumer.
- Implied or overt reselling (eg, auctions, C2C sales) that does not constitute real consumption is excluded.

### Ecommerce Research Methodology

In order to be able to size accurately the ecommerce channel by alcoholic beverage category, and to capture the trends in this very dynamic part of the market, we blend a number of research methods:

- Retailer interviews are conducted by our experienced country researchers. These are supplemented by further in-market interviews with drinks industry suppliers and distributors.
- For the top 10 markets, consumer research is undertaken by the IWSR using our trusted panel partner in Q3 2020. This will be updated in Q3 2021 as part of our strategic study.
- Our team of analysts undertakes extensive additional research across a broad spectrum of publicly available sources, including published company reports, trade press and specialist ecommerce sources.
- This comprehensive range of sources is then analysed by our country experts to size the ecommerce channel in alcoholic beverages down to category level, and determine both historic and future trends.

### Ecommerce Values

- Ecommerce values are included for the major spirits, wine and beer categories (whisky, vodka, rum, still wine, sparkling wine, Champagne, etc). The ecommerce values for the most important ecommerce categories in each market are provided in local currency, euros, and dollars. Less important categories will be included in 'other spirits', 'other wine', etc.

## Private Label

- A private-label product is manufactured by a contract or third-party manufacturer and sold under a retailer's brand name. The retailer specifies all the product parameters – ingredients, packaging, labelling – and pays to have it produced and delivered to the stores.
- The retailer brand can be the retailer's own name (eg, Tesco Gin) or a name created exclusively by that retailer (eg, Glen Orchy, the Lidl own-brand whisky). In some cases, a retailer may belong to a wholesale group that owns the brands that are available only to members of that group.

## No/Low-Alcohol Products

The following no- and low-alcohol categories are included in the relevant major categories, from 2014 onwards:

- No-alcohol still wine; low-alcohol still wine
- No-alcohol sparkling wine; low-alcohol sparkling wine
- No-alcohol beer; low-alcohol beer
- No-alcohol cider; low-alcohol cider
- No-alcohol spirits are included under spirits as of 2019.

No- and low-alcohol product thresholds by category are as follows:

Category	No-Alcohol	Low-Alcohol
Still and Sparkling Wine	0.0 – 0.5% ABV	>0.5 – 7.5% ABV
Spirits and Spirit Alternatives – Liqueurs	0.0 – 0.5% ABV	>0.5 – 10.0% ABV
Spirits and Spirit Alternatives – Non-Liqueurs	0.0 – 0.5% ABV	>0.5 – 30% ABV
Beer	0.0 – 0.5% ABV	>0.5 – 3.5% ABV
Cider	0.0 – 0.5% ABV	>0.5 – 3.5% ABV
RTDs	0.0 – 0.5% ABV	>0.5 – 3.0% ABV

Specifically, by category, no- and low-alcohol products include:

- **Still and Sparkling Wine** De-alcoholised wine and reduced-alcohol wine products that are explicitly marketed on this basis.
- **Spirits** Distilled non-alcoholic spirits; reduced-alcohol spirits explicitly marketed on this basis.
- **Beer** De-alcoholised beer; reduced-alcohol beers; clear malt beverages; opaque malt beverages; beer/fruit mixes such as radlers.
- **Cider** De-alcoholised cider; reduced-alcohol cider (excludes apple juice).
- **RTDs** Reduced-alcohol RTDs explicitly marketed on this basis.



## Product Definitions

### Still Wine

Still wine is defined as wine that is made by the fermentation of grapes up to a strength of 15% ABV. Total market volumes are broken down by country of origin, but not by grape type. The markets are split by colour, and each country of origin by price point. Wine splits by colour are sourced from a combination of official statistics (export and local where relevant) and estimates based on local market consensus and feedback.

The following enhancements to the still wine data were first added in the 2019 release:

#### Organic wine

The amount of organic wine, split by volume, is included for 2012 onwards.

The definition of an organic product is specific to the local market. The two most significant guidelines are the US and European Union (EU):

- EU** A wine can be defined 'organic' when it is produced according to the [Regulation of the European Commission \(EC\) No 203/2012](#), that is: (in the vineyard) produced from 'organic' grapes; (in the cellar) produced using only products and processes authorised by the Regulation (EC) No 203/2012. Until 2012, there were no EU rules or definition of 'organic wine'. Only grapes could be certified organic, and only the mention of "wine made from organic grapes" was allowed. In February 2012, new EU rules were agreed. The new regulation has identified oenological techniques and substances to be authorised for organic wine, including a maximum sulphite content (set at 100mg per litre for red wine and 150mg per litre for white/rosé).
- US** Before wine can be sold as organic, both the growing of the grapes and their conversion to wine must be certified. This includes making sure grapes are grown without synthetic fertilisers and in a manner that protects the environment and preserves the soil. Other agricultural ingredients that go into the wine, such as yeast, also have to be certified organic. Any non-agricultural ingredients must be specifically allowed on the National List of [Allowed and Prohibited Substances](#) and cannot exceed 5% of the total product. And, while wine naturally produces some sulphur dioxide (sulphites), they can't be added to organic wine. Sulphites are commonly added to wines to stop the fermentation process or preserve the flavour profile.

#### Wine by region and varietal

These are the individual wine regions, relevant in export markets, that are identified by volume for 2014 onwards. Please note that within Old World country reports, there may be more regions included that are relevant to that particular country.

Alsace	France	Toscana	Italy
Beaujolais	France	Trentino, Alto Adige and Friuli	Italy
Bordeaux	France	Veneto	Italy
Burgundy	France	Dão, Bairrada and Douro	Portugal
Languedoc	France	Vinho Verde	Portugal
Loire	France	Cariñena	Spain
Provence	France	Catalunya	Spain
Rhône	France	Navarra	Spain
Mosel	Germany	Penedès	Spain
Pfalz	Germany	Rías Baixas	Spain
Rheinhessen	Germany	Ribera del Duero	Spain
Tokaj	Hungary	Rioja	Spain
Lazio	Italy	Rueda	Spain
Piemonte	Italy	Valdepeñas	Spain
Sicilia	Italy	Valencia	Spain

The following wine varietals are identified at a global level for the key New World exporters (Argentina, Chile, Australia, New Zealand, South Africa and the US). Please note that within New World country reports, there may be more varietals included that are relevant to that particular country.

Cabernet sauvignon	Pinot noir
Carménère	Pinotage
Chardonnay	Sauvignon blanc
Chenin blanc	Shiraz/Syrah
Malbec	White grenache
Merlot	White zinfandel
Pinot gris/Pinot grigio	

## Sparkling Wine

Sparkling wine covers Champagne and other sparkling wine.

- **Champagne** is a generic term referring only to sparkling wines from the Champagne region of France.
- **Other sparkling** covers all wines not classed under Champagne, and would cover wines usually produced by one of the following methods:
  - Traditional method (Méthode Champenoise): where fermentation has taken place in the bottle.
  - Transfer method (Cuvée Close/Charmat): bulk fermentation which is then subsequently bottled.
  - Carbonated: where wine has had gas added to make it sparkle. (Inevitably in some markets, such as Italy, where no clear statistics exist, some carbonated wine is included under still wine.)

Other sparkling is split between flavoured sparkling wine, Prosecco, Cava, Asti, Lambrusco, semi-sparkling and other sparkling wines. All markets are broken down by country of origin, but not colour/grape type.

## Fortified Wine

These wines are still wines which have had alcohol/spirits added to fortify them, ie, increasing their strength to 16–22% ABV.

- **Sherry** Fortified wine made in, and only in, the Jerez region of Spain.
- **Sherry-style** Wine made in a similar way as sherry, not from Jerez. The key countries producing this sort of wine are the US, Australia, South Africa and New Zealand.
- **Port** Fortified wine made in the Upper Douro region of Portugal, shipped from the port of Oporto, and fortified by the addition of Portuguese grape brandy.
- **Port-style wine** Wine made in a similar way as port, not from the Douro region. The key countries producing this sort of wine are the US and Australia.
- **Madeira** Wine produced on the island of Madeira, perceived as a similar, but distinct product.
- **Other fortified wine** All other fortified wines often defined by their region of origin. Some of the major types are listed overleaf:

Other Fortified Wines	Country of Origin
Hanepoot	South Africa
Kommandaria	Greece; Cyprus
Marsala	Italy
Malaga	Spain
Malmsey	South Africa
Mavrodaphne	Greece
Montilla	Spain
Muscat	Samos (Greece); Setubal (Portugal)
Pineau and Flocs	France
Vin de Liqueurs	France
Vin Doux Naturel	France

## Light Aperitifs

Covers a range of drinks that are drunk as aperitifs, but are not spirits-based. There are three groups:

- **Vermouth** Wines that have been flavoured with herbs, such as juniper, coriander, cloves, wormwood, etc. This would include brands such as Cinzano, Martini, Noilly Prat and Riccadonna, among others.
- **Wine aperitifs** Products similar to vermouth, but made by a different process of flavouring. Brands such as St Raphael, Dubonnet, Byrrh, Ambassadeur and Rosso Antico would be covered by this category.
- **Fruit-based aperitifs** Similar to the wine aperitifs, but fruit- not grape-based. Key markets include Scandinavia, Canada and France.

## Other Wine

Refers to all other wine products that have been fermented, not distilled. Such products include:

- **Flavoured wine** Wine made from the fermentation of grapes to which a flavour has been added. Major markets are Spain, the US, France and Germany.
- **Rice wine** Usually made in various Asian countries, but most notably sake in Japan and similar products in South Korea and China.
- **Fruit wine** Made from berries (usually) or cherries, and including wine flavoured with fruits/spices such as glühwein.
- This category is also a 'catch-all' category that includes products not easily categorised in any of the above definitions.

## Whisky

- **Scotch whisky** Whisky made only in Scotland. Malt Scotch refers to whisky made only from malted barley and distilled in pot stills. It can be blended malt (formerly called vatted malt or pure malt) if made from malt whisky from multiple distilleries, or single malt if it is from a single distillery. Blended Scotch refers to whisky made by blending one or more malt Scotches with grain whisky (produced from a combination of malted barley and other non-malted cereals, and distilled in column stills). Grain Scotch uses only grain whisky. It can be single grain if from a single distillery, or blended grain if made from whiskies from multiple distilleries.
- **US whiskey** Refers to whiskey made in the US and is divided into Bourbon, Tennessee, rye, blended, single malt, and other, which covers all other US-made whiskies, including corn whiskey.
- **Canadian whisky** All whisky made in Canada, including rye.
- **Irish whiskey** Whiskey made in Ireland (south and north). Malt Irish whiskey refers to whiskey exclusively from malted barley and distilled in pot stills; blended Irish whiskey to malt and grain whiskey blended together.
- **Indian whisky** All whisky made in India, including bulk whisky sourced abroad and bottled in India. Malt Indian whisky refers to whisky made exclusively from malted barley and distilled in pot stills; blended Indian whisky refers to malt and grain whisky blended together.
- **Japanese whisky** refers to all whisky made in Japan, including bulk whisky sourced abroad and bottled in Japan. Malt Japanese whisky refers to whisky made exclusively from malted barley and distilled in pot stills; blended Japanese whisky to malt and grain whisky blended together.
- **Other whisky** Any locally made whisky not mentioned above. This would include Spanish, French, German and Brazilian whisky, among others. To differentiate 'other whisky', either look in the brand tables in the Adobe Acrobat PDF reports or select the 'Origin' field in the IWSR database alongside type and/or category level.
- **Flavoured whiskies** have been broken out for Scotch, US, Canadian and Irish whiskies. Flavoured, whisky-based beverages with ABVs of <30% are usually classified as liqueurs, whereas flavoured variants of existing whisky brands will usually be treated as flavoured whiskies. How a product is positioned and marketed can also play a role. Reminder: Sazerac's Fireball is included under flavoured whisky. Despite being lower in ABV than standard whisky, it is seen by consumers and the industry as a competitor within the whisky market.

## Gin and Genever

Refers principally to juniper-flavoured spirits. The distinction between gin and genever reflects different manufacturing processes. Gin, or London Dry, is made from rectified (pure) spirits; genever/geneva bypasses this initial process and therefore retains some of the taste of barley, malt and grain.

- **Gin** Split between flavoured gin and traditional gin, which draws a distinction between a high-strength gin that has some extra flavouring and those gins which do not. Pink gin is a separate category within flavoured gin.
- **Genever** (Dutch or Belgian) is categorised as either jonge or oude. This classification does not reflect an ageing process, but simply describes two slightly different processes, one of which is the older or 'oude' process and one which is the newer or 'jonge' process. 'Other genever' refers to genever that is not described as either jonge or oude, the bulk of which will be made in Argentina or Canada.
- **Other juniper-flavoured** Includes similar drinks to gin and genever. Steinhager and wacholder are made in Germany and are juniper-flavoured. Borovička is Slovakian. 'Other other juniper flavoured' is all other juniper-flavoured drinks.

## Vodka

A clear neutral spirit normally made from grain or potatoes. Vodka is divided into traditional vodka and flavoured high-strength vodka. Both refer to brands with (usually) ABVs of  $\geq 37\%$ .

- **Flavoured high-strength vodka** Normally refers to flavoured varieties of well-known brands such as Smirnoff Twist, Absolut Citron, etc. It also includes brands such as Żubrówka (a Polish vodka flavoured with bison grass) or Jarzębiak (flavoured with rowanberries). The flavoured vodkas do not include low-strength brands such as Ursus Roter, Eristoff, Keglevich and Artic, etc. These are included as a subsection of liqueurs due to their ABVs of normally less than 24%.

## Agave-Based Spirits

Tequila and mezcal.

- **Tequila** is divided as follows: cristalino, gold (which covers reposado, añejo, extra añejo), white (which covers silver tequila) and flavoured. Gold, silver and flavoured tequila can all be either 51% mixto or 100% agave.

## National Spirits

This category covers white spirits not mentioned elsewhere. These largely tend to be national spirits. Principal among these are:

- **Baijiu** A spirit from China, usually made from distilled sorghum, but which can be made from glutinous rice or other grains.
- **Shochu** A clear spirit produced in Japan from a variety of raw materials, typically grains, potatoes, rice and sugar. There are two classifications:
  - **Otsu shochu** (also known as honkaku) is produced using traditional methods, which includes a more restricted list of ingredients, the use of koji during fermentation and a single pot distillation. It must be bottled at  $< 46\%$  ABV.

- **Koh shochu** is produced by continuous distillation, usually from cheaper ingredients such as sugar or molasses, and must be bottled at under 36% ABV.
- **Soju** A clear spirit produced in South Korea. Distilled soju is produced using traditional methods such as batch pot distillation, usually from rice or grain. Diluted soju is produced from neutral spirit, water and flavouring. Distilled soju tends to be higher in ABV, typically 35–45%; diluted soju is limited to 30% ABV by law but is often weaker and can be as low as 14% ABV.
- **Aquavit/akvavit/akevitt** Usually made and consumed in Scandinavia. Made in a similar way to vodka, the spirit is then flavoured with herbs, spices, caraway seeds, cardamom, cumin, fennel, lemon and orange peel.
- **Korn/schnapps** A white spirit made from fermented grains – wheat, barley, oats, rye or buckwheat. This category includes korn at 32% ABV, and doppelkorn at 38% ABV. The category is almost entirely consumed in northern Germany – usually neat and chilled.

## Rum

Rum and cane are essentially distilled fermented sugarcane (molasses).

**Rum** is divided into white, dark, flavoured and rum verschnitt. The white/dark classification refers to the colour of the rum; in young rums, this is determined by the amount of caramel added to the distillate. Flavoured rum is divided into spiced rum and other flavoured rum, where spiced rum refers to brands such as Captain Morgan Spiced and Bacardí Oakheart. Other flavoured includes brands such as Bacardí Limón, but not Malibu, which is a much lower-strength product and is therefore included in liqueurs. Rum verschnitt is rum stretched by adding different spirits and/or rum essence.

- **Dark rum** Comprised of two sub-types: black rum and gold rum.
- **Black rum** More than 90% of black rum is consumed in India (the rest being found mainly in the US, UK and Canada). Very dark in colour, black rum usually sees little if any age and often has caramel, molasses or both added to it. Important brands include McDowell's No 1 (Celebration) in India, Myers's Rum in the US, and Captain Morgan. The non-Indian brands are the old traditional navy or ethnic rums (Pusser's, Lamb's Navy, Stroh).
- **Gold rum** Lighter than black rum, and generally gains its colour from ageing in wooden barrels (generally charred oak). Key brands are Tanduay in the Philippines, Contessa in India and Bacardí and Captain Morgan in the US.

## Cane

**Cane** is divided between cachaça, the Brazilian-made cane spirit, and cane spirits made elsewhere in the world.

## Brandy

**Cognac/Armagnac** Cognac refers only to brandy made in the delimited areas of the Charente and Charente-Maritime provinces of western France, and which meets certain criteria relating to grape types and ageing. Armagnac comes from the Armagnac region in south-west France.

**Other brandy** is divided as follows:

- **Grape brandy** Covers brandy made outside Cognac or Armagnac, ie (other) French, Spanish, Italian brandy, etc. To segment this category, use 'Country of origin' in the online database or look in the individual sections of the country reports.
- **Grape EDV** Eaux de vie made from the remnants of the grape once it has been pressed and the juice extracted (ie, the grape skins and pips). Sub-categories include grappa (Italian EDV), pisco (Chilean, Peruvian EDV), and singani (Bolivian EDV).
- **Other other brandy** Refers to a category of drinks that does not strictly fit into the above, but nonetheless competes directly with brandy. These drinks usually have brandy as a base or flavour. The category includes vinjak and rakia/rakija (Central Europe and Balkans).

## Flavoured Spirits – Liqueurs

**Traditional high-strength liqueurs** Groups liqueurs with an alcoholic strength of around 40%. They can be made from fruit, herbs or roots with the base spirit varying by brand. Brands such as Chartreuse, Bénédictine, Drambuie, Glayva, Grand Marnier, Cointreau, etc, are included in this subsection.

**Amaretti** liqueurs are traditionally of Italian origin and refer to drinks made or flavoured with almonds.

**Liqueur ranges** Ranges of products marketed under the same manufacturer's name and styling, eg, Bols, Marie Brizard, De Kuyper and Cusenier. Generally used for cocktails, they encompass a wide range of different products including Triple Sec/Curaçao, as well as cherry and apricot brandies and Crème de Menthe (mint-flavoured), among many others.

**Coffee liqueurs** Coffee-flavoured liqueurs, eg, Tia Maria and Kahlúa.

**Cream liqueurs** Cream and spirit liqueurs, which would include brands like Baileys and Carolans.

**Cassis** Blackcurrant alcoholic cordials, normally used for mixing with wine or sparkling wine. The category would also include variants made from raspberries, blackberries and myrtle.

**Advocaat/egg liqueurs** Thick, egg-based liqueurs, normally with  $\leq 18\%$  ABV. These are normally made with brandy and egg yolk.

**Ponche/cremas** Includes Spanish ponche, which is a fruit-flavoured, brandy-based liqueur, and ponche cremas, which are emulsified fruit-flavoured drinks.



**Maraschino** Liqueurs based on maraschino cherries.

**Rompoppe** A liqueur that is emulsified to give it a cream-like appearance.

**Licorette** Very low-strength Dutch liqueurs (normally around 14% ABV) created to bypass tax regulations.

**Low-strength flavoured** Genever, korn and lemon brandy are low-strength (around 16–18% ABV) variations of their full-strength counterparts. Low-strength flavoured vodka perhaps causes the most confusion. Brands such as Absolut Citron, Stolichnaya Pepper, Smirnoff Twist and Finlandia Cranberry are full-strength vodkas (at 38–43% ABV) that are mildly flavoured with lemon, lime, pepper, etc. Low-strength vodkas are brands in their own right, with an alcoholic strength of between 16% and 22% ABV.

**Limoncello** A unique traditional Italian speciality, only recently branded on a significant scale.

**Other liqueurs** Refers to all other liqueurs not mentioned above, such as Malibu, Frangelico, Passoã, Archers, etc.

### Flavoured Spirits – Bitters/Spirit Aperitifs

A category of spirits flavoured with bark, roots and herbs, which can be of widely varying alcoholic strength. The unifying factor is their bitter taste. Further categorisation is made based on the respective roles that different brands fulfill, with some generally drunk before a meal as an aperitif and others generally drunk afterwards as a digestif. The most widely known bitters are Underberg, Fernet-Branca, Gammel Dansk, Becherovka and Jägermeister.

Well-known aperitifs would include Aperol, Campari, Picon, Suze and Martini Bitter. The category also includes spirit aperitifs such as Pimm's.

### Flavoured Spirits – Aniseed

'Aniseed flavoured' refers to the underlying flavour of aniseed. This set of drinks is categorised between dry and sweet.

**Dry aniseed** Includes pastis/anis of French origin, ouzo of Greek/Cypriot origin, raki (which is Turkish), absinthe, and arak/arrack. They taste very similar and are usually drunk with water.

**Sweet aniseed** Much more liqueur-type drinks. Sambuca is of Italian origin but can be made elsewhere. Anis/dulce is essentially anisette. Pacharán is a Spanish product, which is aniseed- and sloe-flavoured. Tsipouro is a Greek flavoured brandy traditionally flavoured with aniseed.

### Flavoured Spirits – Fruit Eaux de Vie (EDV)

Drinks distilled directly from fruit.

**Calvados** The French distillate from apple, made in the Normandy region.

**Other fruit eaux de vie** Includes all other distilled fruit products. In some countries, the category also includes some products that are neutral spirits flavoured with fruit essence.

### Other Spirits

The final 'catch-all' for all other spirits not classified elsewhere.

## Beer

IWSR data is divided into the following sub-categories:

**Traditional beer** Beer is a yeast-fermented alcoholic beverage, often produced using grains such as malted barley and wheat. It is usually flavoured with hops. Traditional beer divides into lager, craft beer, ale, speciality, stout, and other traditional beer.

**Flavoured beer** Beer made with the addition of non-traditional flavours, including fruit and non-fruit flavours. This divides into flavoured beer and radlers.

**No-alcohol beer** Beer with an ABV of <0.5%.

**Low-alcohol beer** Beer with an ABV between 0.5% and 3.5% (in several markets, low-alcohol beer can be not exceed 1.2% ABV).

**Malt lager** A high-strength effervescent beer, often light in colour, made from malted barley by fermentation rather than distillation. Most closely associated with North America.

## Cider

Made from the fermented juice of apples. IWSR data also includes cider made from other fruit, such as pears, but these are not currently split out in the data.

## Ready-to-Drink (RTDs)

**Cocktails/long drinks** These are defined as drinks that reflect both well-known cocktails (Mojito, Negroni, Mule, Cosmopolitan) and common mixed drinks containing a base spirit and a non-alcoholic mixer (gin and tonic, vodka and soda, rum and cola, etc). The type of base alcohol used is clearly identified (ie, gin/vodka/rum). This category can contain both branded and non-branded drinks. As most are spirit-based, ABV range can be slightly higher but ranges widely depending on the product.

**Hard seltzers** These are defined as being composed of a blend of carbonated water and alcohol, in some cases with added fruit flavour. In contrast to long drinks, the alcohol is not identified. It is typically malt-based but can also be wine- or spirit-based. Typical ABV is 4–6% but can range from 3.5% to above 12%. These products are often marketed as low-calorie or no/low-sugar.

**Hard coffees** These are alcoholic coffee drinks which can be cold brew or creamy hard coffee, commonly sweetened and often containing other flavourings such as vanilla. The alcohol is typically malt-based. Typical ABV is 4–5%.

**Hard teas** These are alcoholic tea drinks, commonly sweetened and often fruit flavoured. Typical ABV is 4–6%.

**Hard kombuchas** Made with sweetened black or green tea, kombucha is fermented and then often blended with natural juice. This probiotic tea is naturally slightly alcoholic due to the

fermentation process, but hard kombuchas are made by increasing the ABV through a second fermentation; ABVs can range from 3% to over 7%.

**Wine spritzers/coolers** Wine spritzers are drinks which mix wine with carbonated water or sodas; wine coolers mix wine with fruit juice and these are commonly carbonated and contain added sugar. Still wine mixes as well as fruit wine flavoured with spices, such as Sangria, are also included in this sub-category.

**FABs (Flavoured Alcoholic Beverages)** This sub-category covers all other RTDs. Smirnoff Ice, Bacardí Breezer and WKD are categorised as FABs. Products that originate as soft drinks with added alcohol are also included in this sub-category; examples include alcoholic aguas frescas.

## Price-Band Segmentation for Spirits

**Please note** For the 2022 Global Database release, the spirits price-band segmentation has been updated for most countries to account for price changes, inflation, etc (for full details, see Release Notes).

IWSR's 2018 database saw a revision to the segmentation of its spirits data, with a single country-defined price band applied to all spirits categories in each country. The objective for the revision was to provide IWSR clients with a consistent way to look at groups of brands within countries and internationally by analysing brands grouped around the same price points. Revisions were made to provide a robust, updated structure to reflect changes in the marketplace over the past 10 years, principally due to:

- a) The emergence of more high-end brands;
- b) The incidence of up-trading across most markets; and
- c) The increase of occasion-led cross-category purchasing among a new generation of consumers.

IWSR has always aimed to reflect the majority of the industry and in parallel, its methodologies reflect what is the most neutral and objective option. This new classification was created to provide the industry with a common point of reference.

The global spirits pricing segmentation methodology is now based on the following:

- The only neutral recordable points of reference available to the IWSR – retail shelf price – as researched in annual store checks by our analysts in the leading retailers across all markets.
- A completely objective methodology that uses a selection of international brands (drawn from all spirits categories to provide a structure for the reclassification) and then a series of algorithms to build the full database.
- Consistent price bands across all categories.
- Price bands that are available for all users to see (download from the database home page).
- It is easily explainable to and understood by internal stakeholders.
- It has the widest industry buy-in.

Our price-band segmentations are now defined as:

**Prestige Plus**  
**Prestige**  
**Ultra-Premium**  
**Super-Premium**  
**Premium**  
**Standard**  
**Value**  
**Low Price**

These new classifications have been created to provide the industry with a common point of reference. In our many conversations, it is clear that many companies reclassify categories/brands/price points according to internal needs, but use the IWSR as a common industry benchmark. For us, it is a way to organise the 97,000 brand sale records across the 160 countries we cover, bypassing the vast differences in taxation, price position and range of products available across these markets. It is not, as all companies understand, a reflection of a brand's quality.

## Price-Band Segmentation for Wine

IWSR has deepened its analysis of the value of the global wine market, accounting for the fragmented nature of the market to a greater extent.

The updated methodology breaks brands down into different price-segment brand lines and tracks much more accurately factors such as inflation and taxation at a local level. Retail prices have been assigned to around 29,000 wine brand lines, using IWSR store checks. The value data does not currently account for discounts.

While based on retail prices, value figures actually reflect sales in both the on- and off-premise. For consistency, exchange rates are updated every year and carried back historically to counteract the effects of sharp currency deflation/appreciation. As such, figures quoted in US dollars will reflect value based on the most recent yearly exchange rate.

## Notes

### Still Wine Data

All wine sections apart from still wine are as comprehensive as the spirits sections, and can be used in exactly the same way. Still wine is somewhat different given the size and diversity of the market. Total market data exists in the IWSR database and normally goes back at least to 1990. Country of origin tables, showing total French wine sold, total Australian wine sold, etc, also go back to 1990 in most cases. Brand data will go back as far as possible.

#### **Country of origin for still wine**

Where the country of origin is listed as 'International' there is a mixture of several countries of origin.

#### **Issues to be aware of:**

- Some countries have more limited brand data than others – this is normally where there is a strong retail sector dominated by supermarket chains with strong buyer-own brands, such as Germany, Belgium, etc, or producer countries given the sheer size of the market.
- Analysis of total still wine consumption and by supplier countries can be done with confidence back to 1990, but some small volumes of some exporting countries may be missed in some markets.
- Although the depth and breadth of the company and brand volume data has improved significantly in recent years, the sheer number of wine brands and companies in the market make full tracking across all markets problematic, and volumes of some leading brands and companies can be missed. Also, bulk sales for blending or retailer-own brands are not easily tracked. This means that ranking either at a global or national level should be done with some caution.

### Beer and Cider Information

Beer and cider information was first included in the IWSR database in June 2002. This was mostly at market level. In 2016, the information was extensively revised and upgraded to include sales by brands in most countries, and to organise the brand data into the following sub-categories: traditional beer, flavoured beer, low-alcohol beer and malt lager. For the May 2017 data release, prices for beer and cider were added back to 2012. Where pre-2016 pricing information was not available, 2016 prices were carried back to 2012.

## Sub-Saharan Africa Data

There are three historic step changes in data owing to the staggered development of our data in Sub-Saharan Africa:

- **1991** Beer data added for South Africa.
- **2007** Sub-Saharan Africa report started (including 21 markets).
- **2012** Sub-Saharan Africa report expanded to include Namibia.
- **2014** Sub-Saharan Africa report expanded to include Botswana.
- **2019** Sub-Saharan Africa report expanded to include Zambia.