IWSR Methodology & Definitions

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IWSR drinks market analysis

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Methodology

The IWSR is the industry standard for tracking brand, market and category performance globally. All the international drinks companies use the IWSR database to follow market trends, for competitive analysis as well as strategy and planning. The IWSR has the widest industry buy-in of any research company, with more companies both using our database and sharing their data. This means that our clients can be confident that they are looking at the same figures as their peers.

We are the only research company to visit the key players (importers, producers, distributors, retailers, duty-free operators) in around 120 countries globally each year. This allows us to gain a far better understanding of the dynamics of a market, which 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 in each country, rather than shipped. It allows us to talk to people in certain markets who would not commit anything to paper, but who, nevertheless, have a significant impact on the market, such as grey market operators.

Our reports include distributor lists that show the major importers/distributors and their portfolios. We can also recommend distributors and, if known, supply the contact details of the key personnel within those companies. Please contact us if you want to know more.

Retail Value

Our historical pricing data is taken from our storechecks across all our reporting markets. Our 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 have deducted this from the retail value data.

This database shows brands without the distortion of widely varying tax rates and allows 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 p.9 'Pricing data'). The IWSR offers on-premise pricing for certain countries as custom research.

Forecast

In order to generate the IWSR's 2018 forecasts, we are using powerful data science techniques, with results then subject to further analysis and sense checking by our highly experienced country researchers:

- As the first step, volume forecasts are mathematically modelled using a combination of statistical forecasting techniques, at both category and component levels such as price bands. We have undertaken rigorous testing of several forecasting techniques, including Multivariable Regression Analysis (MVA) against selected driver variables such as GDP, and Time Series Analysis. For the MVA testing, we did find some significant correlations between consumption and key driver variables. However, the forecast results were not as accurate as those produced by Time Series Analysis.

- Therefore, we have selected Time Series Analysis to generate the forecasts, with a technique that fits the best time series model on a line-by-line basis. This produces very accurate results (Mean Absolute Percentage Errors, or MAPE's, better than the standard benchmark of 10%), due to the quality and length of the IWSR consumption back data.
- The statistically generated forecasts are next sense checked by our country experts, and adjusted where additional factors need to be considered, e.g. major legislative changes expected, anticipated launch activity, etc.
- Value forecasts are derived from the volume forecasts, with an average price per litre applied per category and quality bracket. 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 most clear to our clients and least open to question internally. Furthermore, prices in major developed markets have been relatively stable over past 10+ years (barring unpredictable tax increases), and assuming a fixed price per litre provides a close match which is understandable to all.

For the 2018-2022 forecast release, we have adjusted the forecasts to take into consideration US whiskey tariffs, but we have not revised commentary given the timing of the tariff announcement. Below are the countries where this was adjusted:

- All EU markets (Austria, Belgium & Luxembourg, Bulgaria, Canary Islands, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, UK), Norway, Canada, Mexico, Turkey, China.

Forecasts for prosecco consumption show a high global growth which assumes significant growth in production. Whether production will grow to meet this demand is open to question.

Why We Visit

- It is essential in most countries to supplement and improve existing official figures, PR claims, and refine central company shipment figures when given.
- In every country we use any official/quasi-official statistical sources if available, although these need redefining to provide the detail required.
- Import statistics, as well as exporting country statistics, such as 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.

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 cooperation 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 also sourced from the International Monetary Fund (IMF).

The IWSR's Definitions

Consumption

The 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 of nine-litre cases) in the reports, and by default in the www.theiwsr.com website. These can easily be converted to other units of measurement in the settings.

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

Distributor

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

'International' Definition

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

- Sell in 30 countries or more.*
- These 30 countries must include:

- 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**; CIS (includes Russia); Rest of World***; travel retail.

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

*30 chosen because 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).

**Canada, South America, Caribbean

***Africa, Gulf, Middle East

Historical Data

The data available on our online platform starts in 1990 for most countries; alternatively, as 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 which 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 in order to avoid overloading the database with duplicate brand lines and to continue reflecting the historic situation of the market.

Pricing Data

The pricing data in the reports is based on storechecks 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 around one to three stores.

Wherever possible, the same stores 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 the reports are given in local currency. Via www.theiwsr.com, these can be converted into US dollars or euros. The bottle sizes to which they refer are shown alongside the price and are shown in centilitres (cl).

Exchange rates are based on the annual average rate for each year, taken from the IMF, OFX and www.OANDA.com. It is also possible to use the 2017 exchange rate for all years by selecting 'use fixed exchange rates' in the settings section of the online database.

Be aware that the storechecks 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 should be made to the database as soon as regulatory approval has been received for a merger/acquisition/disposal. Ownership is based on majority ownership and reflects the position at the point when we release the data each year (end-May).

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 which 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, as well as done simply 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, taken from the IMF, OFX and www.OANDA.com.

The one exception to this is Venezuela where we have applied unofficial (black-market) exchange rates for 2011 to 2017 instead of the official rates. This is because the black-market rate has diverged significantly from the official rate since 2011. Most imported drinks in Venezuela are priced to reflect the black-market rate rather than the official rate; if we were to use the official exchange rate it would result in unrealistically high prices (and overall market value).

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 2017 exchange rate for all years by selecting 'use fixed exchange rates' in the settings section of the online database.

On-/Off-Premise Methodology and Notes

On/off splits are now available via the IWSR database online from 2015 onwards and will be updated every year. Due to the caveats given below, on/off splits were initially added to our PDF country reports, but not to the IWSR database.

The split between on- and off-premise was added for the first time in the 2010 country reports.

The aim was two-fold:

- To give companies a more accurate reading of the trade channel splits by price segment and subcategory.
- To check the splits claimed by other research companies as it is clear that in some markets the overall result is different to what had been generally perceived.

It was decided to make the calculation at brand line level to give the most accurate overall category split (given the wide variations by brand and by price segment) and, in the longer term, to provoke companies to correct figures. To get the information, IWSR researchers ask about the splits at brand level during annual country visits. This means the core source of information is local companies.

Notes:

- Often this sort of information is not readily available in the interviews and even less often at brand line level. In these cases, the generally perceived on/off split of the category is applied by the IWSR.
- Often those interviewed quote percentages from other sources or provide very vague numbers based on generally perceived category splits.
- In very large markets, it is simply impossible to get the split for every single brand line
In these cases, the generally perceived on/off division is applied to all missing brand lines. This has obvious flaws.
- 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, this will be only in the vaguest way.
- There are some grey areas of definition. Very loosely, the IWSR's numbers are based on point of purchase, not point of consumption. Different outlet types are classified as follows:
    - Off: hyper- and supermarkets, specialist stores, cash & carries (see below), discounters and online sales.
    - On: bars/pubs, nightclubs, hotels, clubs, restaurants.
    - Duty-free/travel-retail purchasing for domestic consumption treated as off-premise.
    - Buying in off-trade outlets for on-premise consumption (at cash & carries, discount stores, etc.): 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.

The caveats should diminish over time, but for now companies using the information should do so with caution and understand there could be some substantial amendments in future.

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 in local currency, euros and dollars, for the most important ecommerce categories in each market are provided. Less important categories will be included in 'other spirits', 'other wine' etc.
- Ecommerce definition: 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) – 'click & collect'.
- Currently, most of the alcoholic beverages' ecommerce occurs in the off-premise channel i.e. consumers ordering for drinking at home. However, it is also possible to have ecommerce transactions in the on-premise channel e.g. pre-ordering drinks via an app, to drink later at a bar. Therefore, the sales value number that the IWSR ascribes to ecommerce covers all drinks distribution channels.
- From a supplier point of view, there are three main ecommerce channels:
    - **Marketplaces**: Selling through Amazon and/or other marketplaces.
    - **D2C**: Selling direct to consumer (D2C), via proprietary company or brand websites such as malts.com owned by Diageo.
    - **Retailers**: Retailers such as Tesco in the UK, Wal-Mart in the US, Carrefour in France, sell online on behalf of the brands/organisations.

Private label

- 'Others' lines in our brand sales data are split by 'others private label' vs 'others branded'. This is included for 2014-2018 and applies to categories where the private label share is greater than 5%.
- Private label definition:
    - 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 (e.g. Tesco's Gin) or a name created exclusively by that retailer (e.g. Lidl Glen Orchy). In some cases, a retailer may belong to a wholesale group that owns the brands that are available only to members of the group.

Low- and no-alcohol products

- The following low- and no-alcohol categories are included in the relevant major categories, from 2014-2023:
    - No-alc still wine; low-alc still wine
    - No-alc sparkling wine; low-alc sparkling wine
    - No-alc beer; low-alc beer
    - No-alc cider; low-alc cider
    - No-alc mixed drinks; low-alc mixed drinks
- Low- and no-alcohol products for spirits are noted and commented on in the country PDF report executive summary text, but data is *not* included in the spirits category due to the current small size and developmental phase of this subcategory.
- Low- and no-alcohol products thresholds by category are as follows:

Category	**No-Alcohol**	**Low-Alcohol**
Beer	0.0 - 0.5% ABV	>0.5 - 3.5% ABV
Still & Sparkling Wine	0.0 - 0.5% ABV	>0.5 - 7.5% ABV
Mixed Drinks	0.0 - 0.5% ABV	>0.5 - 3.0% ABV
Cider	0.0 - 0.5% ABV	>0.5 - 3.5% ABV
Spirits & Spirit Alternatives – Liqueurs *(Note: for information only, data not included)*	0.0 - 0.5% ABV	>0.5 – 10.0% ABV
Spirits & Spirit Alternatives – Non-Liqueurs *(Note: for information only, data not included)*	0.0 - 0.5% ABV	>0.5 - 37.5% ABV

- Specifically, by category, low- and no-alcohol products include:
    - **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)
- **Still & Sparkling Wine**: De-alcoholised wine and reduced-alcohol wine products which are explicitly marketed on this basis.
- **Mixed Drinks**: Reduced-alcohol mixed drinks explicitly marketed on this basis.
- **Spirits**: Reduced-alcohol spirits explicitly marketed on this basis.

Product Definitions

Still Wine

Still wine includes wine that is made by the fermentation of grapes up to a strength of 15%. 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.

The following enhancements to the Still Wine data have been added in the 2019 release:

Organic wine

- The amount of organic wine, split by volume, is included for 2012-2018.
- Organic wine definition: 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 "wine made from organic grapes" was allowed. In February 2012, new EU rules have been 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/L 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 (see 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 2014-2018. 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 & Friuli**	Italy
Bordeaux	France	**Veneto**	Italy
Burgundy	France	**Dão, Bairrada & 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, i.e. increasing their strength to between 16% and 22% ABV.

- **Sherry** refers to fortified wine made in, and only in, the Jerez region of Spain.
- **Sherry-style** refers to wine made in a similar way as sherry, but which is not from Jerez. The key countries producing this sort of wine are the US, Australia, Cyprus, South Africa and New Zealand.
- **Port** refers to the 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** refers to wine made in a similar way as port, but which is not from the Douro region. The key countries producing this sort of wine are the US, Australia, Cyprus, South Africa and New Zealand.
- **Madeira** refers to wine produced on the island of Madeira, perceived as a similar, but distinct product.
- **Other fortified wine** refers to all other fortified wines often defined by their region of origin. Some of the major types are listed overleaf:

Type	Country of Origin
Hanepoot	South Africa
Kommandaria	Greece, Cyprus
Marsala	Italy
Malaga	Spain
Malmsey	South Africa
Mavrodaphne	Greece
Montilla	Spain
Muscat	Samos from Greece, Setubal from 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 which are not spirits-based. There are three groups:

- **Vermouth**, which refers to 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** covers products similar to vermouth, but which are 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** are similar to the above, but are 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 would include wine flavoured with fruits/spices such as sangria and glühwein.

This category is also a 'catch-all' category which includes products that are not easily categorised in any of the above definitions.

Whisky

- **Scotch whisky** refers to whisky made only in Scotland. Malt Scotch refers to whisky made with the malt content from a single distillery, but only of malted barley, whereas blended Scotch refers to whisky made from more than one distillery or, more normally, blended with grain whisky. Grain Scotch is whisky made only of grain.
- **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** refers to all whisky made in Canada including rye.
- **Irish whiskey** refers to whiskey made in Ireland (south and north). Malt Irish whiskey refers to whiskey normally made by a single distillery; blended Irish whiskey to malt and grain whiskey blended together.
- **Other whisky** refers to any locally made whisky not mentioned above. This would include Japanese, Indian, 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 on IWSROnline alongside type and/or category level.

Flavoured whiskies have been broken out for Scotch, US, Canadian and Irish whiskies. Reminder: Sazerac's Fireball is included under flavoured whisky. Despite being lower in ABV to standard whisky, it is seen by consumers and the industry as a competitor within the whisky market.

Gin/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, whereas genever/geneva bypasses this initial process and therefore retains some of the taste of barley, malt and grain.

- **Gin** is split between flavoured high-strength gin and traditional gin, which draws a distinction between a high-strength gin which has some extra flavouring (such as Gordon's and Seagram Twist, which have a mild flavour of lemon) and those gins that do not.
- **Genever** (if 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 process' and one which is the newer or 'jonge' process. 'Other genever' refers to genever which is not described as either jonge or oude, the bulk of which will be Argentinian or Canadian-made genever.
- **Other juniper-flavoured** includes similar drinks to gin and genever. Steinhager and wacholder are made in Germany and are juniper flavoured. Borowicka is Slovakian. 'Other other juniper flavoured' will be all other juniper-flavoured drinks.

Vodka

- **Vodka** is 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 an ABV of 37% and over.
- **Flavoured high-strength vodka** normally refers to flavoured varietals of well-known brands such as Smirnoff Twist, Absolut Citron, etc. It also includes brands such as Żubrowka (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 alcoholic strength of normally under 24%.

Agave-Based Spirits

Agave-based spirits is divided between tequila and mezcal. Tequila is divided between gold (which covers reposado, añejo, etc.), white (which covers silver tequila) and flavoured. Gold and silver are divided into 100% agave and 51% mixto; all flavoured tequila is 51% mixto.

National White Spirits

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

- **Shochu/soju** which are distilled products made from high starch grains such as rice, barley, wheat, potatoes, and buckwheat, produced in Japan/South Korea respectively.
- **Baijiu** is a spirit from China, usually made from distilled sorghum, but which can be made from glutinous rice or other grains.
- **Aquavit/akvavit/akevitt** is 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** is a neutral spirit made, as the name suggests, from fermented corn and is usually found in Germany. This category includes korn made from corn at 32% ABV, doppelkorn at 38% ABV, and klarer schnapps made similarly but from other cereals. This category is almost entirely drunk in northern Germany – usually drunk straight and chilled.

Rum

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

Rum is divided into white, dark, spiced, other 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. Spiced rum refers to brands such as Captain Morgan Spiced and Bacardi Oakheart. Other flavoured includes brands such as Bacardi 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** is comprised of two sub-types: black rum and gold rum.
- **Black rum**: over 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, Myer's in the US and Captain Morgan. The non-Indian brands are the old traditional navy or ethnic rums (Pussers, Lambs Navy, Stroh).
- **Gold rum**: is 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 Bacardi 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 as to grape types and ageing. **Armagnac** comes from the Armagnac region in south-west France.

Other brandy is divided between:

Grape brandy, which covers brandy made outside Cognac or Armagnac, i.e. (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 covers eaux-de-vie made from the remnants of the grape once it has been pressed and the juice extracted (i.e. the grape skins and pips). Subcategories in this category include orujo (Spanish EDV), grappa (Italian EDV), fine (Belgium EDV), marc/lie (French EDV), pisco (Chilean, Peruvian EDV), 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).

Other base brandy refers to drinks made from a base spirit to which brandy essence has been added, as opposed to brandy verschnitt, which is brandy stretched by the addition of alcohol and grape flavouring.

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, Southern Comfort, 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.

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

Coffee liqueurs represents coffee-flavoured liqueurs, e.g. Tia Maria and Kahlúa.

Cream liqueurs are cream and spirit liqueurs which would include brands like Baileys and Carolans.

Cassis are 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 are thick egg-based liqueurs, normally of an ABV at or under 18%. 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 are based on maraschino cherries.

Rompope is a liqueur which is emulsified to give it a cream-like appearance.

Licorette are 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 (mostly around 16% to 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% to 43% ABV), which are mildly flavoured by lemon, lime, pepper, etc. Low-strength vodkas are brands in their own right, with an alcoholic strength of between 16% to 22% ABV.

New-style lemon brandy is a unique Dutch spirit.

Limoncello – Limoncello is 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.

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 drunk before a meal as an aperitif and others afterwards as a digestif. The most widely known digestifs are Underberg, Fernet-Branca, Gammel Dansk, Becherovka and Jägermeister.

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

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, arak/arrack. They taste very similar and are usually drunk with water. Absinthe is also included in this subsection.

Sweet aniseed drinks are 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.

Fruit Eaux-de-Vie

Drinks which are distilled directly from fruit.

Calvados is the French distillate from apple made in the Normandy region.

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

Other Spirits

Is the final 'catch-all' where all other spirits not classified elsewhere are included.

Mixed Drinks

Premix cocktails – These are defined as drinks that reflect well-known cocktails – Bacardi Mojito, Smirnoff Mule, Cuervo Cosmopolitan. This category can contain both branded and non-branded drinks.

Long drinks – These are defined as those drinks that essentially a brand and a mixer or a spirit category and a mixer e.g. Smirnoff & Cola, Bacardi & Cola, Southern Comfort & Lemonade and Lime. These could be unbranded as gin-and-tonic or Scotch-and-cola.

FABs (Flavoured alcoholic beverages) – This subcategory covers all other mixed drinks. Smirnoff Ice, Bacardi Breezer and WKD are categorised as FABs, as are brands previously classified as 'cocktails/punches' in the liqueurs category. Wine spritzes and still wine mixes are also included in this subcategory, as well as products that originate as soft drinks with added alcohol. Examples include Hard Seltzers and alcoholic Aguas Frescas.

All these categories are then split into brand line extensions and non-brand line extensions.

Beer

The IWSR's data is divided into the following subcategories:

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.

Flavoured beer – Beer made with the addition of non-traditional flavours, including fruit and non-fruit flavours.

Low-alcohol beer – Beer with a reduced ABV, usually lower than 1.2% ABV.

Malt lager – An effervescent beer often light in colour and body.

Cider

Cider is made from the fermented juice from apples. The IWSR's data also includes cider made from other fruit, such as pear, but these are not currently split out in the data.

Price Band Segmentation for Spirits

The 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 the IWSR's 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 last 10 years, principally due to:

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

The 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:

- It is based on the only neutral recordable points of reference available to the IWSR – retail shelf price – as researched in annual storechecks by our analysts in the leading retailers across all markets.
- It is based on 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.
- The price bands are consistent across all categories.
- The price bands will be available for all users to see.
- It is easily explainable to and understood by internal stakeholders.
- It has the widest industry buy-in.

It became clear that in a small number of cases we did not accurately reflect prices found in markets and as such we made these changes to our database in conjunction with our forecast release on 1 August 2018.

Our price band segmentations are now defined as:

- Prestige Plus
- Prestige
- Ultra-Premium
- Super-Premium
- Premium
- Standard
- Value
- Low-price

These new classifications are being 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 only. For us, it is a way to organise the 97,000 brand sale records across the 157 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

The 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 storechecks. 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 are 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 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 subcategories: 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.