Beverages

US spirits December slowdown (Nielsen to Dec 30th)

Industry Overview

09 January 2024

Equity
Europe
Beverages - Alcoholic

Andrea Pistacchi >>
Research Analyst
MLI (UK)
+44 20 7996 4938
andrea.pistacchi@bofa.com

Victor Beltran-Segarra >>
Research Analyst
MLI (UK)
+44 20 7996 4368
victor.beltran-segarra@bofa.com

Off-trade sales +1.5% YoY in the 4 weeks to Dec 30th

Industry sales grew +1.5% YoY in the 4wks to December 30th (vs +4.6%/+6.9% in the previous 2 periods). On a 4-year stack, sales +25% (vs prev. +31%). Excluding prepared cocktails, industry sales declined -0.7% YoY (vs prev. +2.0%/+4.1%, with volume -2.8%), and +17% vs 2019 (vs prev. +21%).

Key categories slow, including tequila

Prepared cocktails drive industry growth (albeit decelerating to +28%, from +34%). Tequila decelerated more than the industry (+3% vs prev. +7.5%). US whiskey +2% (prev. +5%) and vodka +1% (prev. +2%) grew. Rum (-5%) and cognac (-12%) continued to lag the industry. Brands adding most $ sales YoY: *High Noon*, *NUTRL*, *Cutwater*, *99 Liqueurs*, *Tito's*. Main decliners: *Hennessy*, *Captain Morgan*, *Fireball*, *Remy Martin*, *Jameson*.

Diageo -3%, Pernod -5%, Campari +2%, Rémy -16%

Diageo -2.9% YoY (vs. -1.0% in the previous period). *Don Julio* +12%, *Casamigos* -10%, *Crown Royal* -5%, *Smirnoff* +4%, *Bulleit* -8%, *Buchanan's* +12% (driven by *Pineapple*).

Pernod -5.2% (prev. -0.3%). *Jameson* -7.5% YoY (vs prev. -2%), *Absolut* -3% (prev. +4%). *Jefferson's* +10%, *The Glenlivet* (-13%). Newly acquired Codigo *1530* very strong (+31%). *Monkey 47* still growing triple-digit.

Campari +1.6% (prev. +6.5%), with *Aperol* +41% (prev. +51%), *Espolon* +12% (+19%) and *Wild Turkey* +2% (+10%). *Grand Marnier* -5%, *Skyy* -10%. Adjusting for brand weight (as Nielsen overstates the weight of *Skyy*, understating weight of the faster growing brands), we estimate Campari's growth in the 4-week period at c4.2%.

Rémy -15.6% (prev -12.3%), with *Remy Martin* -22% (prev. -18%). *Cointreau* -1%.

Exhibit 1: Nielsen US spirits sales performance summary
Industry sales grew +1.5% YoY (+25% vs. 2019)

Sales chg (%)	04-Nov-23	02-Dec-23	30-Dec-23	vs 2019	23 vs 22
TOTAL SPIRITS	**6.9%**	**4.6%**	**1.5%**	**25%**	**5.4%**
DIAGEO	1.0%	-1.0%	-2.9%	13%	-0.3%
PERNOD RICARD	0.6%	-0.3%	-5.2%	6%	-2.0%
CAMPARI AMERICA	7.8%	6.5%	1.6%	22%	5.6%
REMY COINTREAU	-15.8%	-12.3%	-15.6%	4%	-14.3%
BEAM SUNTORY	2.5%	-0.1%	-2.1%	13%	-0.4%
SAZERAC	9.9%	7.8%	8.0%	32%	6.5%
BROWN-FORMAN	5.3%	2.5%	-0.7%	10%	4.5%
BACARDI	-0.8%	-1.3%	-5.0%	8%	-1.6%
PROXIMO	4.1%	2.2%	-1.4%	29%	3.8%
MOET HENNESSY USA	-2.8%	-5.7%	-10.2%	-5%	-3.8%
FIFTH GENERATION	9.8%	7.3%	3.6%	42%	7.6%

Source: Nielsen

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Timestamp: 09 January 2024 09:28AM EST

Nielsen US Spirits Tracker

Exhibit 2: Spirits categories snapshot
Cognac, Rum and Canadian Whiskey declined; Prepared Cocktails, Vodka, Tequila, and US Whiskey grew in the latest 4W period

	% Sales (52 weeks)	04-Nov-23	02-Dec-23	30-Dec-23	vs 2019	23 vs. 22
TOTAL SPIRITS	**100%**	**6.9%**	**4.6%**	**1.5%**	**25%**	**5.4%**
PREPARED COCKTAILS	11.9%	36%	34%	28%	316%	42%
BRANDY	1.5%	1.4%	-3.1%	-5.3%	-12%	-3.4%
COGNAC	3.5%	-6.5%	-8.8%	-12.3%	2%	-8.7%
CORDIALS	6.8%	6.6%	1.9%	0.3%	27%	5.3%
GIN	2.2%	1.6%	1.6%	-0.7%	4%	-0.1%
RUM	6.0%	-1.6%	-2.1%	-5.2%	-9%	-2.6%
TEQUILA	11.5%	8.4%	7.4%	2.9%	69%	6.6%
VODKA	22.0%	3.9%	3.0%	0.8%	3%	1.4%
WHISKEY AMERICAN	18.4%	8.2%	5.3%	2.3%	32%	4.7%
WHISKEY CANADIAN	10.7%	1.0%	-2.3%	-3.8%	14%	0.4%
WHISKEY IRISH	2.3%	2.6%	-1.3%	-7.4%	5%	-1.0%
WHISKEY SCOTCH	2.8%	-0.8%	-0.4%	-4.3%	-6%	-3.0%

Source: Nielsen

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Exhibit 3: Spirits price brackets snapshot
Ultra-premium brands outperform

	% Sales (52 weeks)	04-Nov-23	02-Dec-23	30-Dec-23	vs 2019	L52W
TOTAL SPIRITS	**100%**	**6.9%**	**4.6%**	**1.5%**	**25%**	**5.4%**
VALUE	8%	2.3%	2.3%	1.9%	-1%	0.3%
MID	29%	7.6%	6.0%	2.9%	11%	6.9%
PREMIUM	37%	8.7%	6.0%	2.0%	34%	7.4%
SUPER	20%	0.0%	-2.9%	-5.5%	22%	-0.6%
ULTRA	7%	23.1%	19.7%	15.4%	134%	14.3%

Source: Nielsen

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Exhibit 4: Spirits Top 10 Value Gainers / Losers
Prepared cocktails dominate the Top-10 gainers; Key Cognac brands sales decline

		4 weeks		12 weeks		52 weeks	
Brand	**Owner**	**Absolute chg (yoy)**	**% chg (yoy)**	**Absolute chg (yoy)**	**% chg (yoy)**	**Absolute chg (yoy)**	**% chg (yoy)**
Top 10 Gainers							
High Noon Cocktail	EJ Gallo	7,263,465	41%	23,923,731	44%	137,876,786	55%
NUTRL Cocktail	ABI	3,046,308	129%	9,612,128	146%	44,250,279	200%
Cutwater Cocktail	ABI	3,007,003	45%	8,695,897	42%	35,703,912	39%
99 Liqueurs	Sazarec	2,741,193	32%	8,456,995	35%	30,478,851	32%
Tito's Vodka	Tito's	2,101,873	4%	10,525,257	7%	48,471,255	8%
Don Julio	Diageo	1,915,090	12%	5,992,232	16%	8,631,476	6%
Long Drink Cocktail	Sakari Manninen	1,747,416	148%	4,767,028	135%	22,708,653	179%
Jack Daniel's RTD	Brown-Forman	1,716,879	181%	5,198,576	188%	23,786,700	204%
Blanton	Sazerac	1,429,300	91%	3,572,951	93%	10,146,171	72%
Monaco Cocktail	Atomic Brands	1,293,806	24%	5,089,274	33%	28,106,693	44%
Top 10 Losers							
Ciroc	Diageo	-1,229,036	-26%	-2,558,555	-21%	-10,876,576	-20%
Crown Royal Reg Canadian Wsky	Diageo	-1,434,949	-6%	-1,951,749	-3%	-3,579,986	-2%
Rum Chata Cordial	EJ Gallo	-1,450,637	-13%	-1,426,576	-7%	-594,021	-1%
Jack Daniels Black Brbn Wsky	Brown-Forman	-1,530,388	-5%	-2,048,169	-3%	-5,264,209	-2%
Patron Tequila	Bacardi	-1,615,773	-9%	-1,583,486	-4%	-4,698,824	-3%
Jameson	Pernod Ricard	-1,769,267	-7%	-1,926,368	-3%	-4,621,175	-2%
Remy Martin	Remy Cointreau	-1,916,729	-22%	-4,696,490	-20%	-19,813,839	-20%
Fireball	Sazarec	-2,007,115	-4%	-3,060,676	-2%	5,670,922	1%
Captain Morgan Rum	Diageo	-2,163,027	-9%	-5,115,654	-8%	-13,717,573	-6%
Hennessy	LVMH	-2,323,041	-9%	-3,691,350	-5%	-7,441,070	-3%

Source: Nielsen

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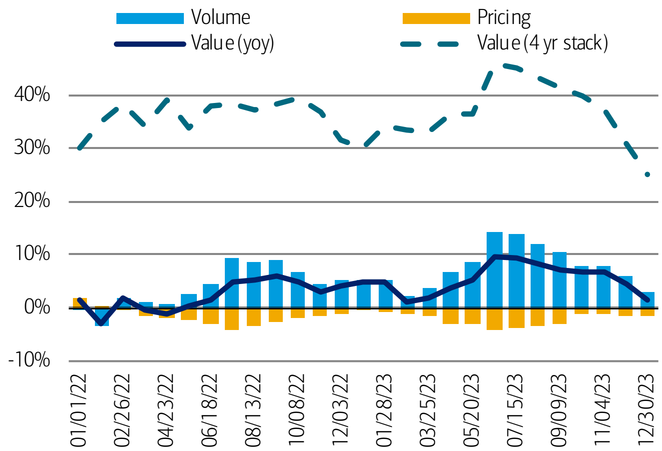
Exhibit 5: Nielsen US Spirits sales
Sales +1.5% YoY; vs. 2019, sales increased 25%



Source: Nielsen

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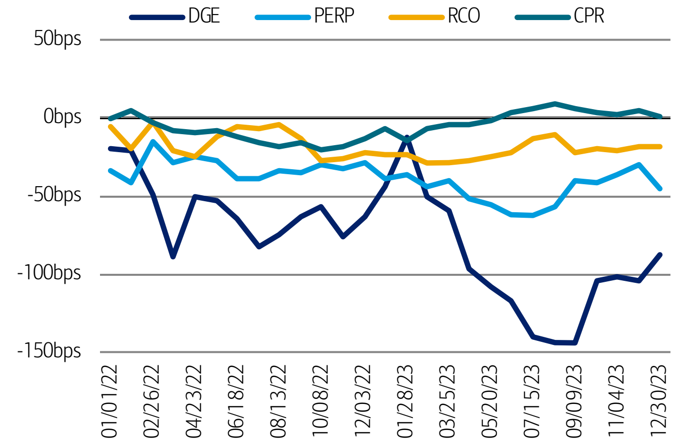
Exhibit 6: DGE, RI, RCO & CPR market share change y-o-y
Diageo market share decline moderates (-88bps in the latest period)



Source: Nielsen

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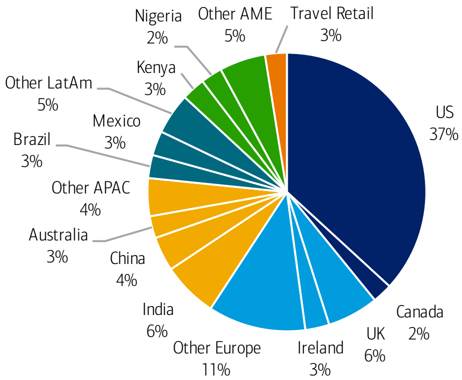
Diageo: value -2.9% and volume -4.1%

Exhibit 7: Diageo sales split by country (FY23)

The US accounts for c40% of group sales



Source: Company Reports, BofA Global Research estimates

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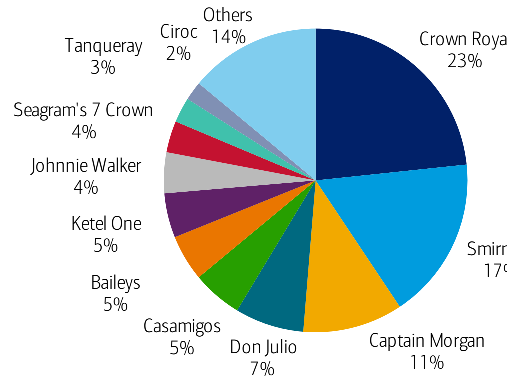
Exhibit 8: Diageo latest 52 weeks US sales split by brands

Crown Royal accounts for almost ¼ of US off-trade sales



Source: Nielsen

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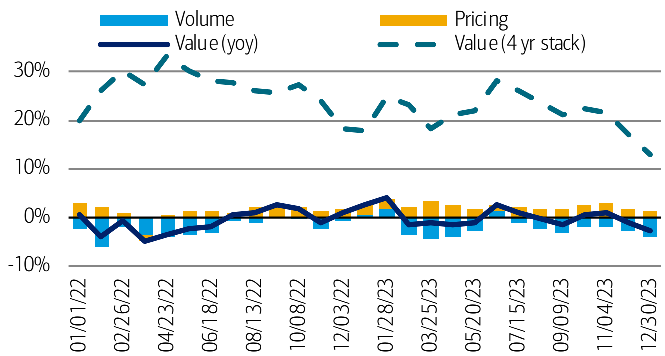
Exhibit 9: Diageo US spirits sales

Diageo sales declined (-2.9%) YoY; vs 2019 sales grew 13%



Source: Nielsen

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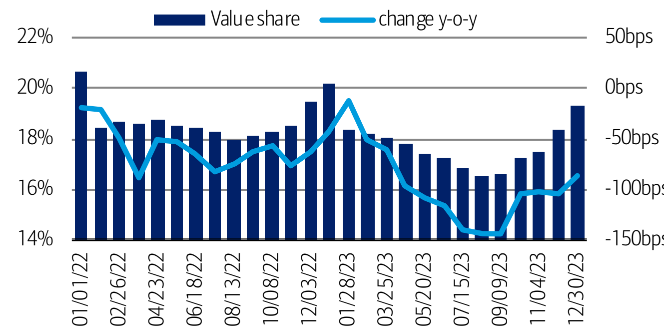
Exhibit 10: Diageo US market share trends

Diageo market share loss moderates (-88bps in the last 4W)



Source: Nielsen

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Exhibit 11: Diageo US Spirits summary

Diageo performance: *Smirnoff, Don Julio, Buchanan's & Seagram's 7* sales grew; *Crown Royal* (whisky & cocktail), *Captain Morgan & Ciroc* declined

	% Sales (52 weeks)	04-Nov-23	02-Dec-23	30-Dec-23	vs 2019	2023 vs. 2022	$ change yoy	% contribution
DIAGEO	**100%**	**1.0%**	**-1.0%**	**-2.9%**	**13%**	**-0.3%**	**-6,861,085**	**-2.9%**
CROWN ROYAL	23%	0.7%	-4.0%	-5.3%	6.2%	-1.4%	-3,061,624	-1.3%
CROWN ROYAL REG CANADIAN WSKY	11%	1.2%	-3.5%	-5.5%	-9.4%	-1.6%	-1,434,949	-0.6%
CROWN ROYAL APPLE CNDN WSKY	6.7%	1.4%	-1.0%	-4.2%	7%	-1.2%	-646,542	-0.3%
CROWN ROYAL PEACH WSKY	3.1%	-18.3%	-10.7%	-14%	NM	-5.9%	-1,062,261	-0.5%
SMIRNOFF VODKA	17%	5.3%	4.2%	3.8%	2.2%	2.8%	1,131,473	0.5%
CAPTAIN MORGAN RUM	11%	-7.6%	-7.8%	-9.2%	-17%	-5.7%	-2,163,027	-0.9%
DON JULIO	7.3%	19.3%	18.1%	11.9%	151%	5.8%	1,915,090	0.8%
CASAMIGOS TEQUILA	5.3%	-4.3%	-4.6%	-9.8%	243%	1.9%	-1,076,637	-0.5%
BAILEYS	4.9%	-3.5%	-4.6%	0.7%	16%	0.8%	182,353	0.1%
KETEL ONE	4.7%	-1.2%	0.9%	-1.0%	3.5%	-1.4%	-96,062	0.0%
JOHNNIE WALKER	4.3%	-2.6%	-1.4%	-4.9%	1%	-0.3%	-573,835	-0.2%
BULLEIT WHISKEY	4.8%	4.8%	-0.9%	-8%	23%	9.3%	-968,233	-0.4%
SEAGRAM'S 7 CROWN	3.4%	4.9%	3.9%	-0.1%	-5.4%	1.2%	-7,672	0.0%
TANQUERAY GIN	2.7%	2.0%	-0.6%	-2.8%	1.1%	-2.7%	-136,965	-0.1%
CIROC	2.0%	-15.4%	-19.9%	-26%	-43%	-20.2%	-1,229,036	-0.5%
BUCHANAN'S	2.4%	34.1%	26.1%	12%	10%	21.6%	775,773	0.3%
CROWN ROYAL COCKTAIL	1.6%	-16.3%	-13.6%	-20%	NA	-20.4%	-589,628	-0.3%
AVIATION GIN	0.3%	-16.3%	-16.1%	-24.1%	12%	-7.4%	-162,686	-0.1%
KETEL ONE COCKTAIL	0.3%	1.0%	31.1%	77%	NA	-14.1%	286,550	0.1%

Source: Nielsen

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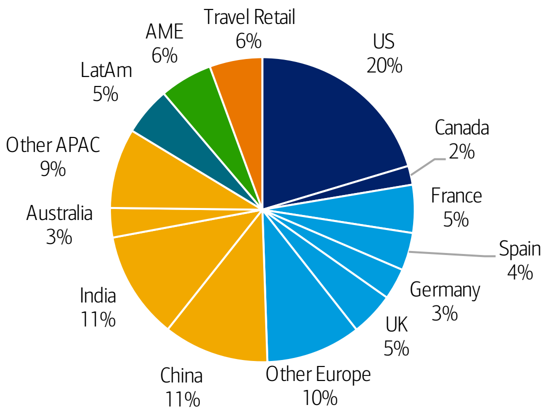
Pernod Ricard: value -5.2%, volume -6.5%

Exhibit 12: Pernod – sales split by country (FY23)
The US represents c20% of group sales



Source: Company Reports, BofA Global Research estimates

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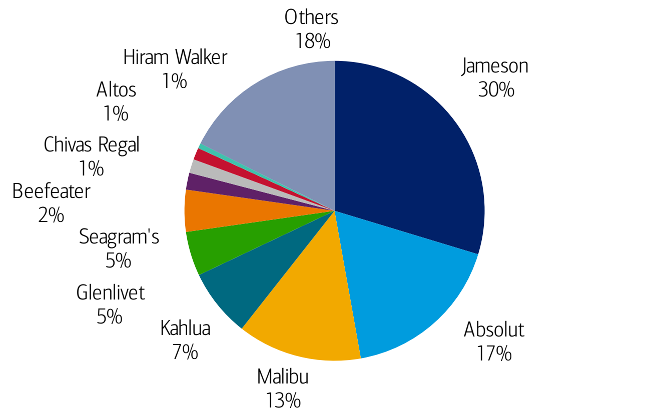
Exhibit 13: Pernod latest 52 weeks US sales split by brands
Jameson and *Absolut* account for almost half of Pernod's US off-trade sales



Source: Nielsen

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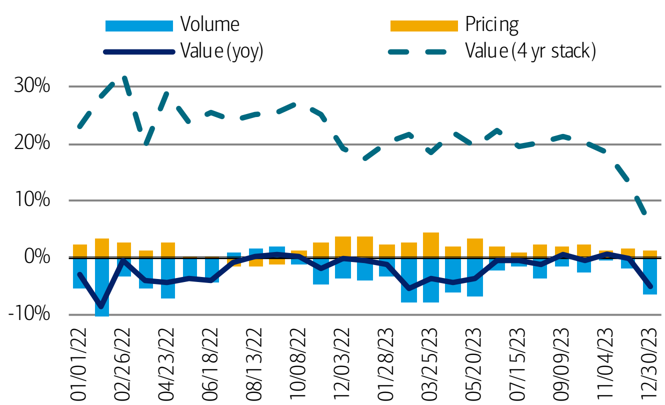
Exhibit 14: Pernod US spirits sales
Pernod sales summary; sales -5.2% in the latest period; vs 2019 +5.7%



Source: Nielsen

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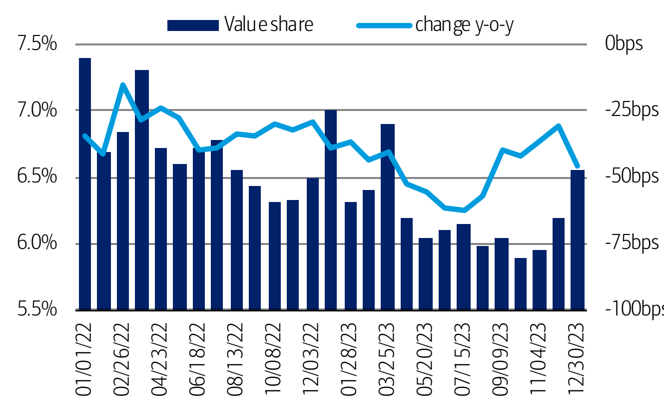
Exhibit 15: Pernod US market share trends
Pernod still losing share (-46bps in the latest 4W)



Source: Nielsen

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Exhibit 16: Pernod US Spirits summary
Pernod performance snapshot: *Jameson, Glenlivet, Absolut* and *Malibu* sales declined; *Malibu* cocktail and *Jefferson's* whiskey sales increased

	% Sales (52 weeks)	04-Nov-23	02-Dec-23	30-Dec-23	vs 2019	23 vs. 22	$ change yoy	% contribution
PERNOD RICARD	**100%**	**1%**	**0%**	**-5.2%**	**6%**	**-2.0%**	**-4,202,466**	**-5.2%**
JAMESON	30%	2%	-2%	-7.5%	0%	-2.0%	-1,769,267	-2.2%
ABSOLUT	18%	0%	4%	-3.3%	-15%	-2.4%	-390,802	-0.5%
MALIBU	13%	-2%	-1%	-9.3%	5%	-3.0%	-816,554	-1.0%
KAHLUA	7%	0%	-2%	-2.9%	14%	-0.6%	-301,878	-0.4%
SEAGRAM'S GIN	5%	4%	5%	4.2%	-22%	-2.3%	112,864	0.1%
GLENLIVET	5%	-11%	-11%	-13%	-7%	-12.4%	-636,526	-0.8%
BEEFEATER GIN	2%	0%	-1%	0.5%	-9%	-1.0%	5,664	0.0%
ALTOS TQLA	1%	-8%	-1%	-14.0%	-20%	-6.5%	-123,360	-0.2%
CHIVAS REGAL	1%	3%	-1%	-7.8%	-38%	-7.9%	-114,725	-0.1%
JEFFERSON'S WSKY	2%	19%	17%	12.7%	184%	11.9%	272,484	0.3%
HIRAM WALKER CORDIAL	1%	10%	-4%	1%	-28%	-15.1%	4,538	0.0%
MARTELL	1%	-9%	-17%	-18.3%	61%	-6.4%	-139,998	-0.2%
ABSOLUT COCKTAIL	2%	18%	18%	15.5%	NA	7.9%	132,656	0.2%
AVION TQLA	0%	-41%	-46%	-37%	3%	-35.2%	-201,554	-0.2%
KAHLUA COCKTAIL	0%	20%	14%	5%	-65%	-5.7%	13,567	0.0%
REDBREAST IRISH	1%	-5%	-2%	-12%	83%	-4.2%	-94,301	-0.1%
MALIBU COCKTAIL	2%	79%	77%	68%	193%	49.5%	376,856	0.5%

Source: Nielsen

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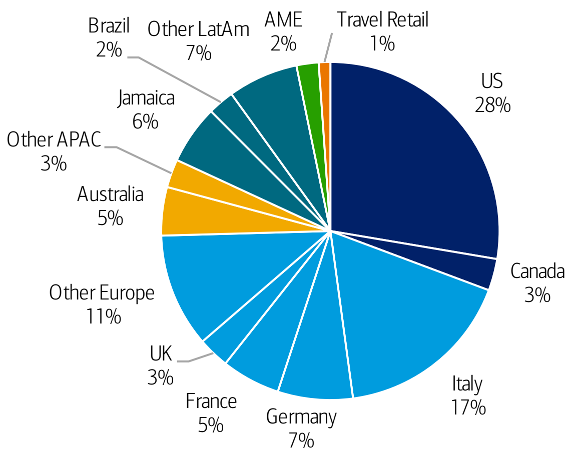
Campari: value +1.6% and volume -2.3%

Exhibit 17: Campari sales split by country (FY22)
The US accounts for 28% of group sales



Source: Company Reports, BofA Global Research estimates

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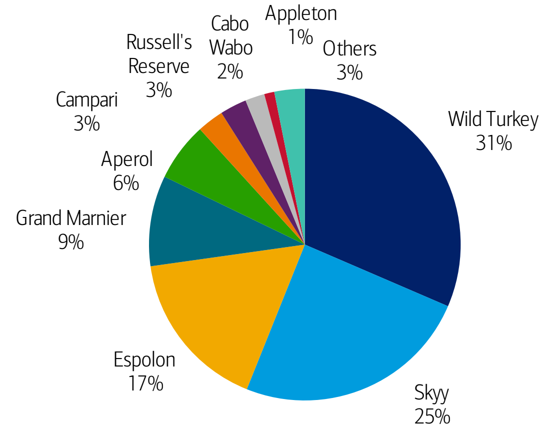
Exhibit 18: Campari latest 52 weeks US sales split by brand
Skyy and *Wild Turkey* each account for c30% of US off-trade sales



Source: Nielsen. Note: brands such as *Skyy* are over-represented on Nielsen (large off-trade skew)

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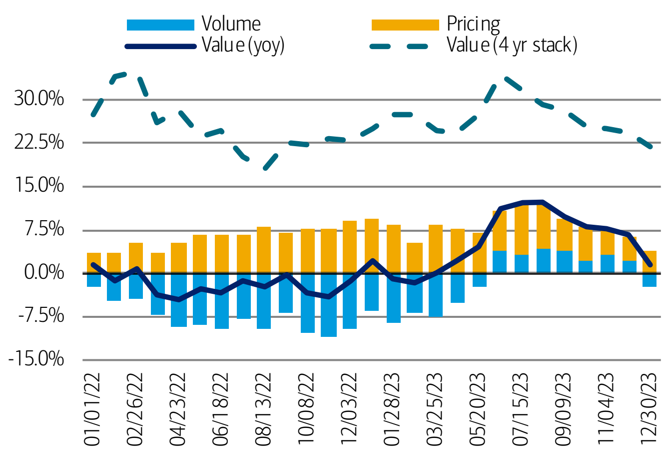
Exhibit 19: Campari US spirits sales
Campari sales grew +1.6% YoY; +22% vs 2019



Source: Nielsen

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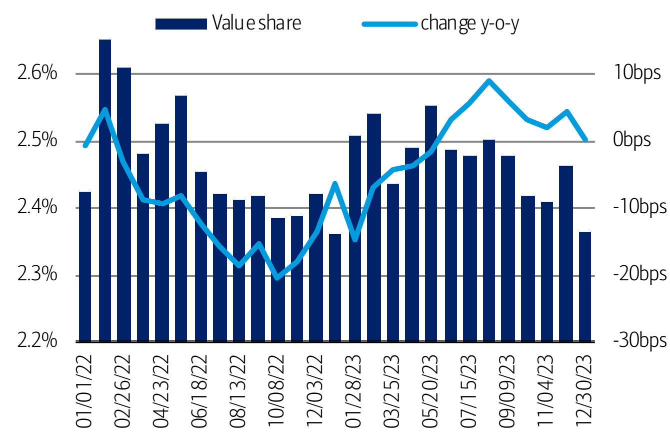
Exhibit 20: Campari US market share trends
Campari share stable YoY



Source: Nielsen

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Exhibit 21: Campari US Spirits summary
Wild Turkey, *Espolon* and *Aperol* sales grew; *Skyy* declined

	% Sales (52 weeks)	04-Nov-23	02-Dec-23	30-Dec-23	vs 2019	23 vs. 22	$ change yoy	% contribution
CAMPARI AMERICA	**100%**	**8%**	**7%**	**1.6%**	**22%**	**6%**	**435,327**	**1.6%**
SKYY	25%	-5%	-7%	-10.3%	-32%	-9%	-645,390	-2.4%
WILD TURKEY	31%	12%	10%	2.2%	33%	11%	188,060	0.7%
ESPOLON	17%	22%	19%	12%	139%	16%	438,274	1.6%
GRAND MARNIER	9.4%	-1%	-2%	-5.3%	9%	-2%	-184,924	-0.7%
APEROL	6.1%	35%	51%	41%	244%	48%	517,222	1.9%
CAMPARI	2.8%	-13%	0%	3.3%	88%	7%	27,903	0.1%
CABO WABO	2.0%	-14%	-24%	-17.0%	-12%	-19%	-95,612	-0.4%
RUSSELL'S RESERVE	2.8%	24%	22%	2%	159%	24%	16,791	0.1%
APPLETON	1.0%	19%	11%	2%	45%	5%	8,574	0.0%
WRAY & NEPHEW WO RUM	1.0%	7%	3%	7.4%	61%	4%	26,052	0.1%

Source: Nielsen

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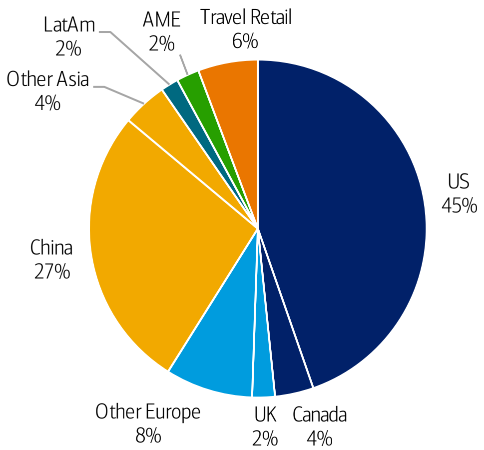
Remy Cointreau: sales -16%/volume -15%

Exhibit 22: Remy sales split by country (FY23)
The US represents 45% of group sales



Source: Company Reports, BofA Global Research estimates

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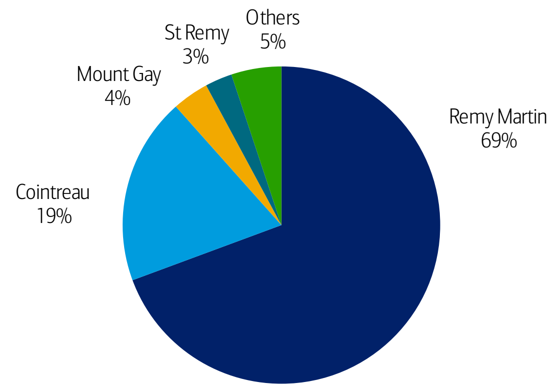
Exhibit 23: Remy latest 52 weeks US sales split by brands
Remy Martin accounts for c.70% of US off-trade sales



Source: Nielsen

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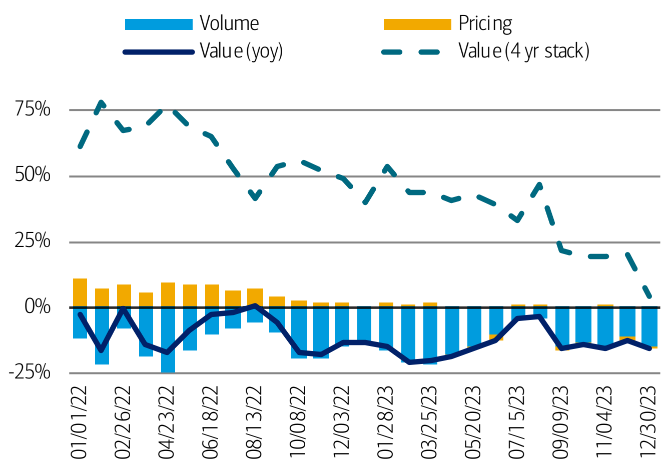
Exhibit 24: Remy US spirits sales
Remy sales summary: -16% in the latest period



Source: Nielsen

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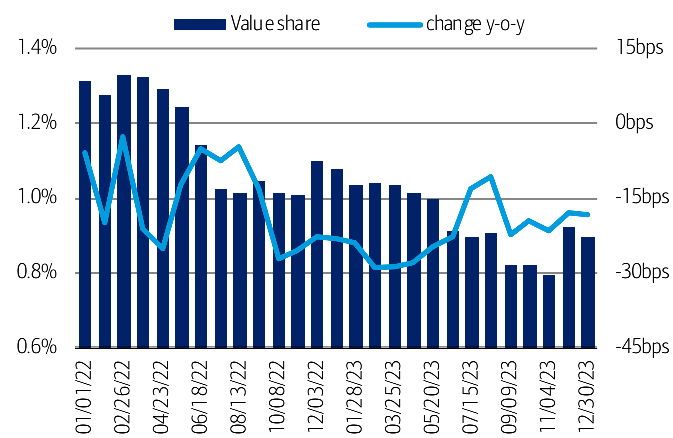
Exhibit 25: Remy US market share trends
Remy market share declines (-18bps) YoY



Source: Nielsen

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Exhibit 26: Remy US Spirits summary
Remy Martin sales declined -22% (underperforming cognac category) and *Cointreau* sales decreased 1% in the latest period

	% Sales (52 weeks)	04-Nov-23	02-Dec-23	30-Dec-23	vs 2019	23 vs. 22	$ change yoy	% contribution
REMY COINTREAU	**100%**	**-15.8%**	**-12.3%**	**-16%**	**4%**	**-14%**	**-1,944,731**	**-15.6%**
REMY MARTIN	69%	-21.6%	-17.6%	-22%	-11%	-20%	-1,916,737	-15.4%
REMY MARTIN VSOP COGNAC	41%	-27.8%	-22.1%	-27%	-28%	-25%	-1,378,896	-11.0%
REMY MARTIN 1738 COGNAC	25%	-12.2%	-11.9%	-17%	17%	-11%	-516,132	-4.1%
COINTREAU	19%	0.6%	0.8%	-1%	85%	4%	-24,024	-0.2%
MOUNT GAY	3.7%	7.6%	5.7%	0%	-11%	2%	-1,824	0.0%
ST REMY	2.8%	5.5%	4.0%	0%	12%	7%	1,133	0.0%

Source: Nielsen

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Underperform	N/A	≥ 20%

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