

IRI Australia Industry Insights

CURRENT & FUTURE TRENDS IN GIN

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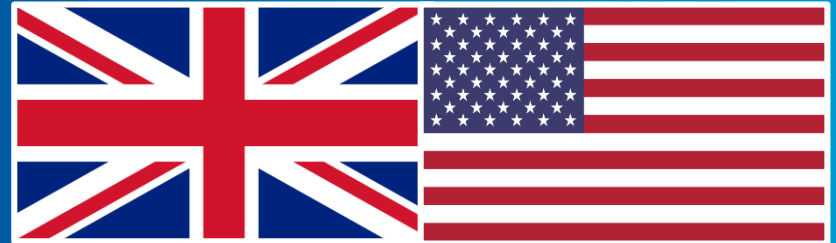
October 2019



This presentation explores **global trends in gin**, with a focus on Australian retail



- **Australian retail sales data** derived from the IRI MarketEdge liquor read
- **Shopper panel metrics & survey sentiment** derived from IRI's 13,000 strong shopper panel
- **In-store observations** from report authors



- **UK and US retail sales data** derived from IRI's UK and US retail liquor reads
- **Shopper panel metrics** derived from IRI's Consumer Network Panel in the US
- **In-store observations** from report authors

It is one of many IRI liquor insight presentations covering retail trends

LIQUOR TRENDS SERIES

BARREL AGING TRENDS DRIVING LIQUOR INNOVATION



IRI Australia Channel Development

August 2018



LIQUOR TRENDS SERIES

THE RISE OF LOWER ABV LIQUOR



IRI Australia Channel Development

August 2018 & September 2018



IRI Australia Industry Insights

TRENDS IN RETAIL LIQUOR PACKAGING



Daniel Bone
Insights Director

May, 2019



IRI Australia Industry Insights

AUSTRALIAN RETAIL LIQUOR TRENDS



Daniel Bone
Insights Director, IRI Australia

June, 2019



LIQUOR TRENDS SERIES

FLAVOUR INFUSION TRENDS IN LIQUOR



IRI Australia Channel Insights

December 2018



LIQUOR TRENDS SERIES

LESS-OF-THE-BEST: TRADE-UP TRENDS IN RETAIL LIQUOR



IRI Australia Channel Development

July, 2016



LIQUOR TRENDS SERIES

THE RISE OF ALCOHOL FREE ALTERNATIVES



Daniel Bone
Retail & Channel Insights Lead

April, 2019



IRI Australia Industry Insights

AUSTRALIAN RETAIL CIDER TRENDS



AusCider 2019

Daniel Bone
Insights Director, IRI Australia

June, 2019



Source: IRI liquor insights presentations authored from June 2018



Gin based liquor sales are soaring, both locally and globally. Global benchmarking, trend analysis and IRI's analytical forecasting indicates further sales stretch potential exists in Australia in the coming 18 months

The local and global 'ginaissance' has been gathering momentum

Both glass gin and RTD gin have doubled share of category sales over the last 5 years, adding +\$217M

Over the last 2 years, gin has outperformed other trending liquor formats (e.g. craft beer, rosé wine)

The 'halo effect' of NPD is evidenced by strong gains from base & new items

Significant range expansion – led by the burgeoning local craft distilled movement – has underpinned growth

The rise of flavoured & premium non-traditional gins has inflated prices (and AWOP), and elevated engagement

IRI anticipate 8 key trends shaping future directions in gin performance

We anticipate these trends driving 50% unit growth (+524M units) through to 2020

The UK, where gin has a 21% share of spirits, is a barometer of gin's potential longer term sales stretch in Australia

IRI anticipate 8 key trends shaping future directions in gin performance

Brand & Format Stretch

this little pig has
a tasty new ~~win~~ gin

new

Made with a dash of Squealing Pig Rosé,
Australia's #1 rosé wine*



squealing pig

*2018 AWG Liquor Limited & Squires Report Q1 18 to 20/04/18

Distilled with love

Local Hallmarks



CONCEIVED, DISTILLED & HAND-CRAFTED
ON THE ISLAND OF ISLAY

THE BOTANIST
ISLAY DRY GIN

22
FORAGED ISLAND BOTANICALS

TRIFOLIUM REPENS
PRAETAGUS MONOCYMA
MELISSA OFFICINALIS
WYOMIUS POLYTRICHUM

Private Label Evolution



'NOLO'



THE ORIGINAL
HAND-CRAFTED
PINK
GIN

**ZERO
SUGAR**

GREENALL'S
Wild Cherry Gin

'Ginsperiences'

BOMBAY SAPPHIRE

**PROJECT
BOTANICALS**

A JOURNEY TO THE EDGES OF
TASTE, MUSIC & IMAGINATION

TRAVEL TO THE ENDS OF THE EARTH WHERE
WE SUSTAINABLY SOURCE THE BOTANICALS
THAT GO INTO BOMBAY SAPPHIRE GIN.

#PROJECTBOTANICALS

Fruitfully Hued



WHITLEY & NEILL
HAND-CRAFTED GIN

ORANGE
GIN

MALEY'S
ITALY
GIN

'Ginspiration'



Alt. flavours & packs

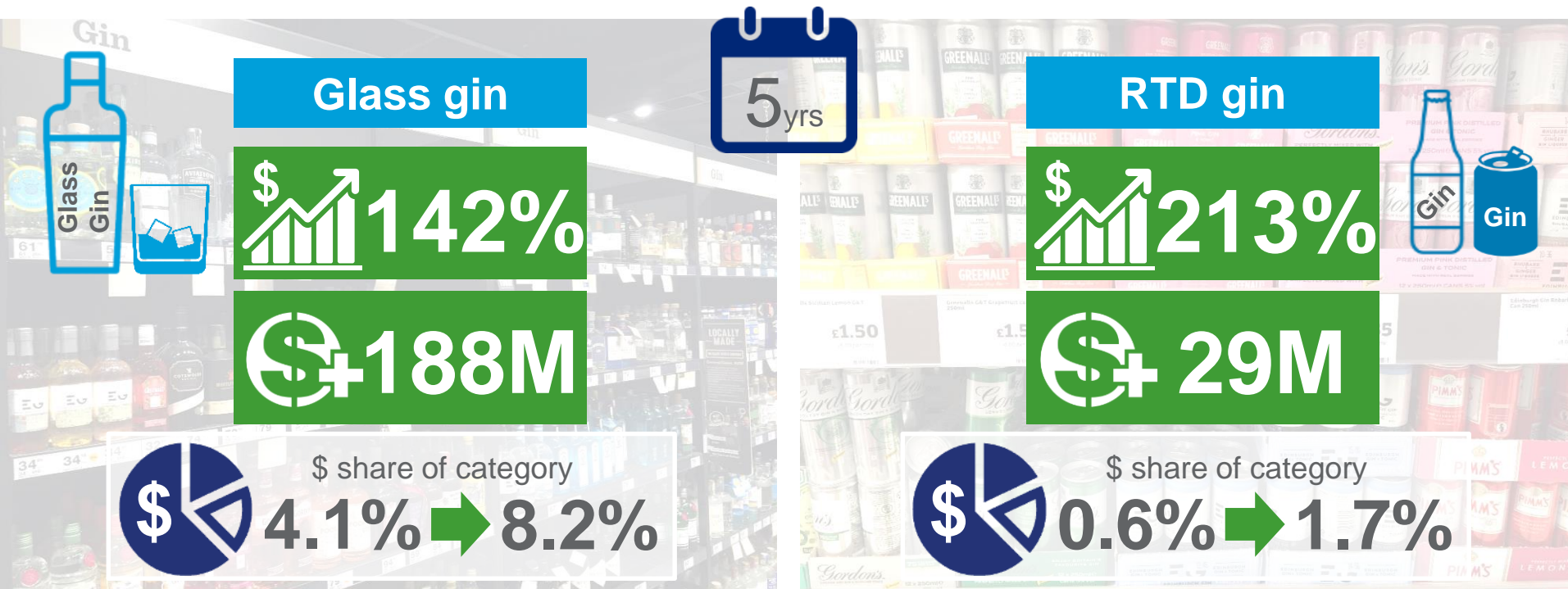


Current & Future Trends in Gin

Part 1: The local and global 'ginaissance'

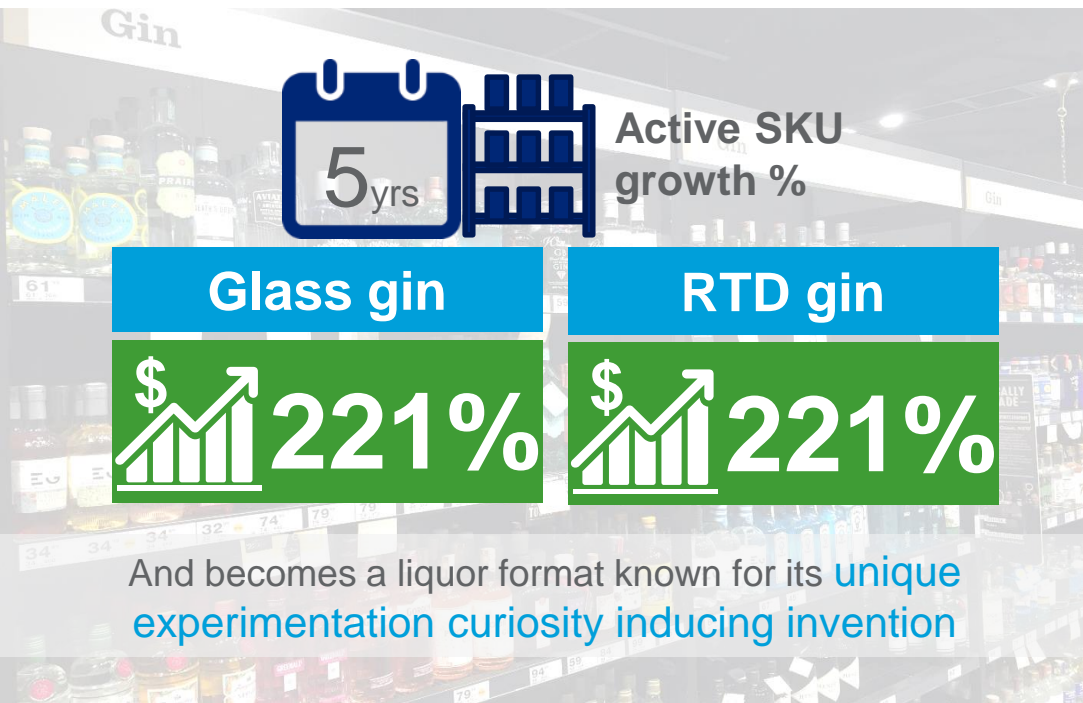


Both glass gin and RTD gin have **doubled share of category over 5 years**



Source: IRI MarketEdge, MAT To 06/07/14 Through MAT To 30/06/19; IRI Store Visits

In that timeframe total gin-based **product range has increased by >200%**



“Assortment and seasonality are the biggest contributors to the category growth. Promotions do not come up as a significant category driver implying that they are not expanding the category but instead just moving shoppers already buying the category”

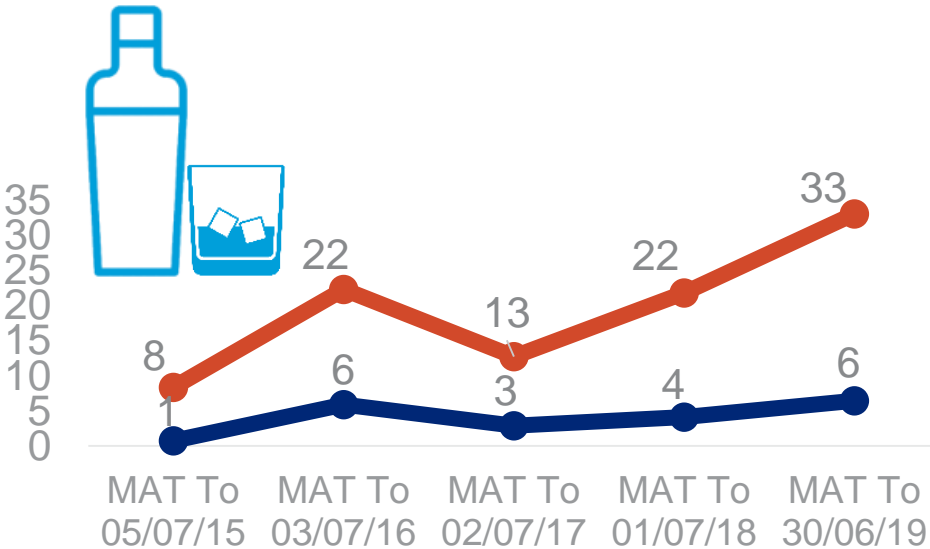
Stelios Marakas

IRI Senior Analytics Consultant

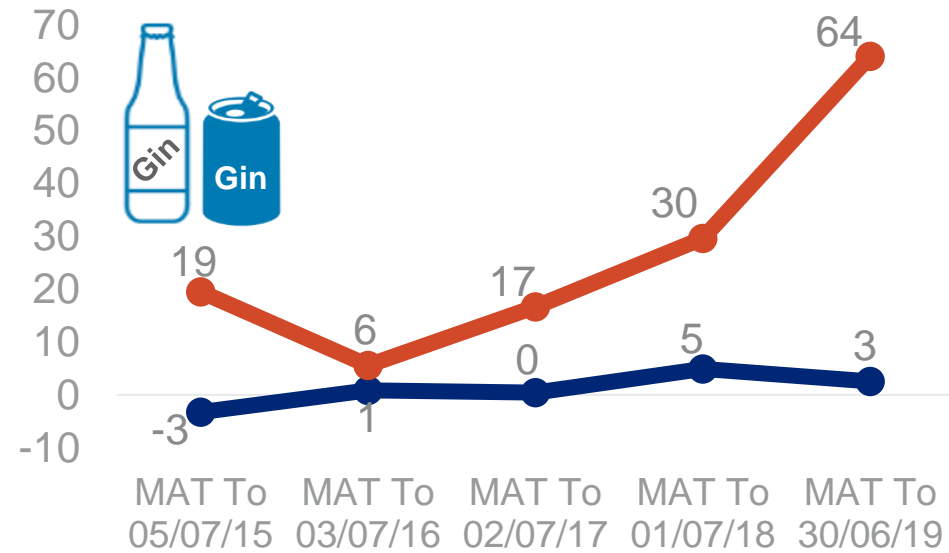
Source: IRI MarketEdge, MAT To 06/07/14 Through MAT To 30/06/19; IRI Store Visits

Both gin formats have **outperformed the category** in each of the last 5 years

- Glass spirits \$ growth % vs. YA
- Glass gin \$ growth % vs. YA



- RTD spirits \$ growth % vs. YA
- RTD gin \$ growth % vs. YA

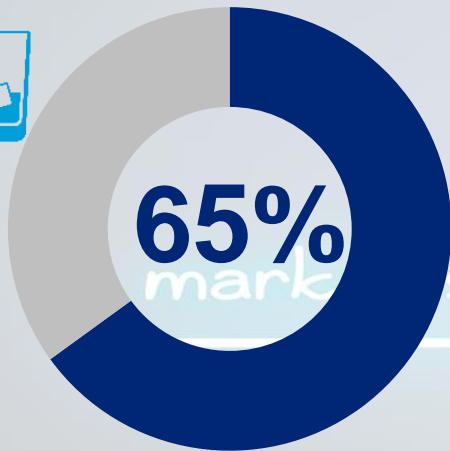


Source: IRI MarketEdge, MAT To 06/07/14 Through MAT To 30/06/19; IRI Store Visits

A large majority of the 5 year growth has been in the last 2 years...

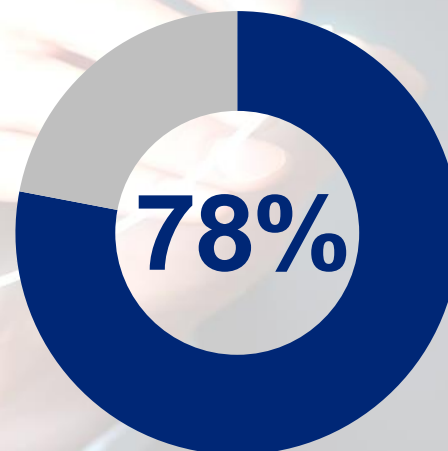


Glass gin



Dollar share of the 5 year growth to have occurred in last 2 years

RTD gin



...with glass & RTD gin adding **+\$145M** during that time

Total retail gin
based liquor*

\$363M

2017-18

2018-19

▲
23%
Dollars

▲
36%
Dollars



Actual growth

+\$145M

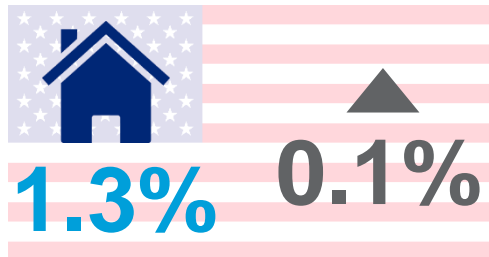
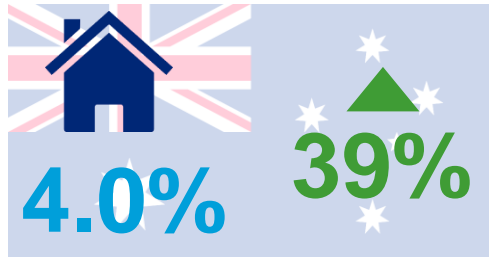
Glass and RTD gin's combined **YOY growth contribution** is almost **9x share**



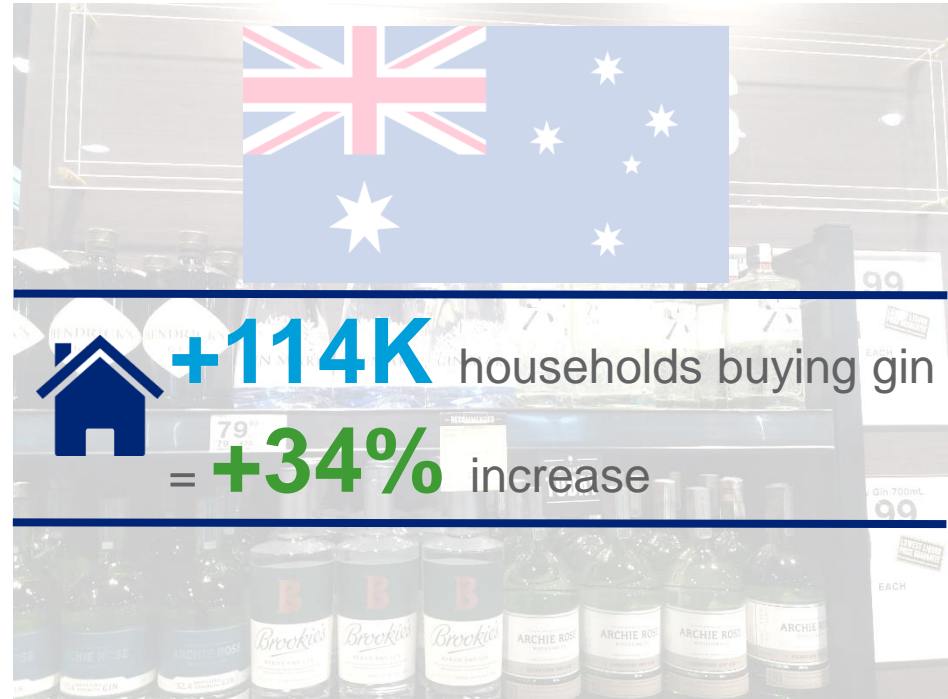
Source: IRI MarketEdge, MAT To 30/06/19; IRI Store Visits

Nearly **+114K** households included gin in their baskets vs. YA

Glass gin household penetration*



Strong penetration gains in Australia (off a higher base) contrast the static gains in the US



Source: Australian market = IRI Shopper Panel, MAT To 21/07/19; US market = IRI Market Advantage, Total US Multi Outlet, 14/07/19 / IRI Consumer Network Panel, NBD Volume Adjusted; IRI Store Visits

Amid penetration gains, gin is **outperforming other trending segments**

Actual growth (\$M)

2 yrs

Actual growth (\$M)

Craft beer

+\$123M

Rosé

+\$75M

Shiraz





+\$64M

Prosecco

+\$52M




Source: IRI MarketEdge, 104 Weeks To 30/06/19

Gin accounts for 5 of retail liquor's top 30 dollar growth driving brands

	<i>Gordon's</i>	<i>Tanqueray</i>	 ROKU GIN THE JAPANESE CRAFT GIN	BOMBAY SAPPHIRE	VICKERS ESTD 1818
Rank among top growth brands 	#5	#9	#17	#20	#29
\$ growth (millions) 	\$28M	\$18M	\$10M	+9M	+7M
\$ growth % vs. YA 	34%	36%	*NEW*	17%	79%
Litres growth % vs. YA 	40%	46%	*NEW*	16%	120%

Source: IRI MarketEdge, MAT To 30/06/19

Gin has propelled Diageo to be the top YOY growth supplier

		\$ Growth % YA	\$ Growth Actual (millions)
1	DIAGEO	+4.7%	➔ +\$88M
2	 LION	+2.7%	➔ +\$61M
3	 Carlton & United Breweries	+1.7%	➔ +\$56M
4	<i>Beam</i> SUNTORY	+3.8%	➔ +\$40M
5	GRUPPO 	+7.6%	➔ +\$32M



Gin's \$ share of Diageo sales



Gin's \$ share of Diageo growth

Source: IRI MarketEdge, MAT To 30/06/19

Australia broadly reflects Diageo's global sales trajectory in gin



Global YOY organic gin sales growth:

+22%

Global YOY Tanqueray brand growth:

+19%



UNMISTAKABLY
Tanqueray
PERFECTLY MIXED
TANQUERAY & TONIC
SIMPLY SERVE CHILLED

SHOP NOW

Source: Diageo Preliminary Results Year Ended 30 June 2019 Presentation

After all, Australia's gin boom mirrors the **surging interest in gin worldwide...**



*“Europe has had a ‘gin-naissance’ for the last three or four years, but the other point is that **gin is getting hot in a number of other countries** — it’s getting very hot in Brazil, **it’s getting very hot in Australia**, it’s getting very hot in South Africa. We continue to **feel good about gin**”*

DIAGEO Diageo Chief financial officer, July 2019

Source: Google Trends; August 2014 – August 2019; Diageo Trading Statements

...with gin cited as the largest liquor growth product globally



IWSR

drinks market analysis

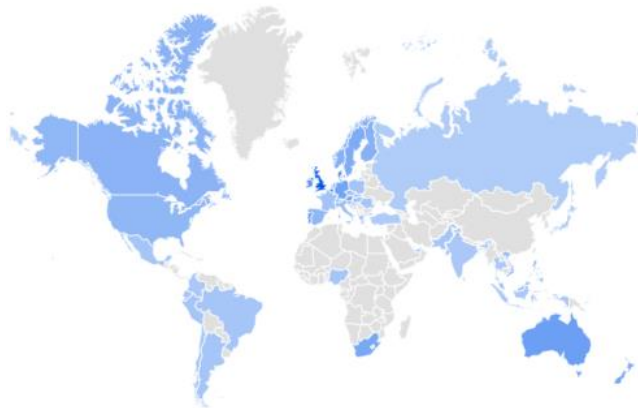
“The largest gain in global beverage alcohol consumption in 2018 was in the gin category, which posted total growth of 8.3% versus 2017”

Google Trends

Interest over time



Gin



Top 10 interest by region

1	United Kingdom
2	Denmark
3	Belgium
4	Ireland
5	Portugal
6	Australia
7	Germany
8	New Zealand
9	Austria
10	South Africa

Source: theiwsr.com; Google Trends; August 2014 – August 2019

The UK's soaring gin growth, from a higher base, is a global benchmark

UK retail gin

2017-18

2018-19

▲
40%
GBP

▲
39%
GBP



21%
of all
spirits

▲
32%
Volume

▲
33%
Volume



MarketWatch

Ginflation? Brits drink so much gin it's now used to calculate inflation

The New York Times

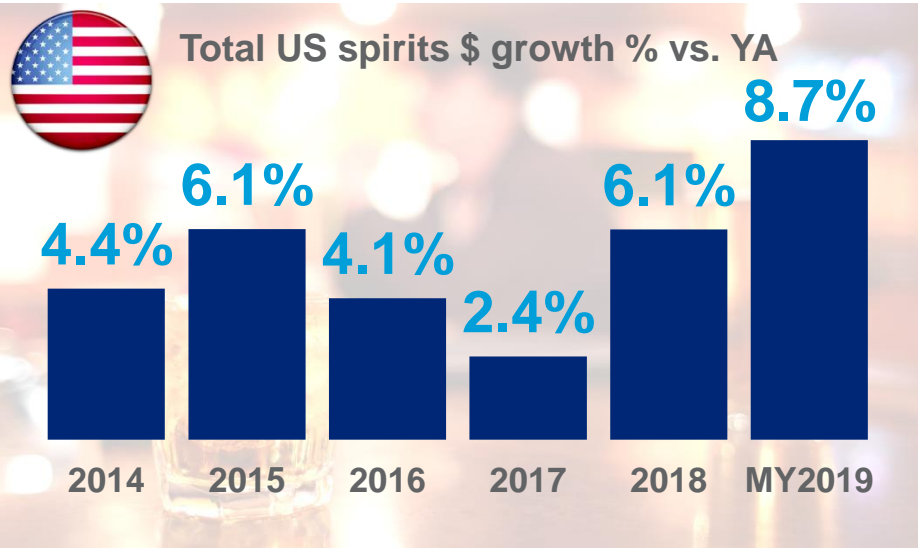
Gin's Journey in Britain, From 'Mother's Ruin' to a Hipster Drink

The Guardian

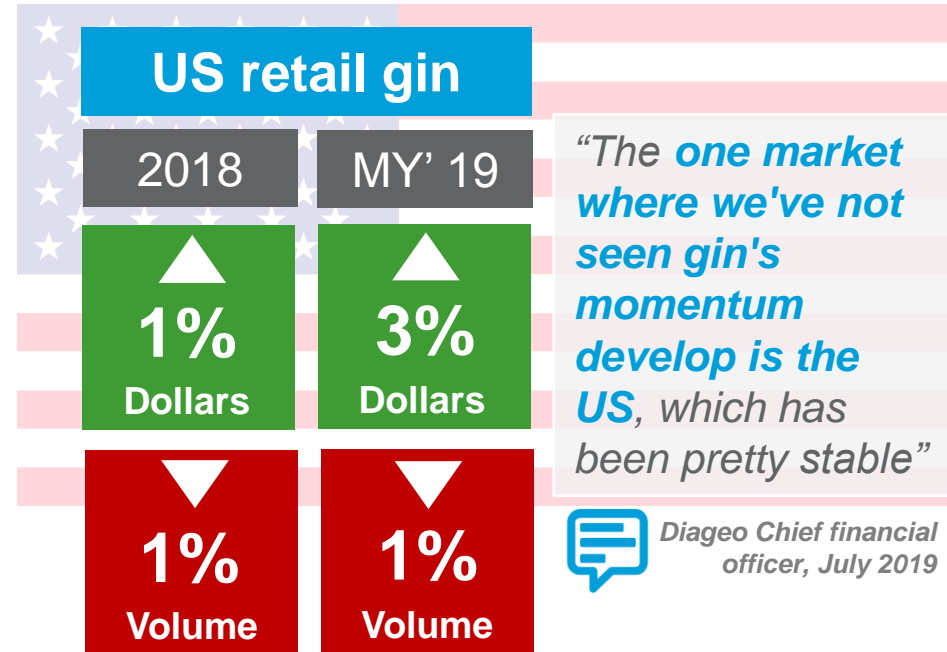
Spirit of the 'ginaissance': revival of gin fuels distillery boom

Source: IRI UK, 52 Weeks To 22/06/19; IRI Store Visits; marketwatch.com; nytimes.com; theguardian.com

In contrast, the US market has not yet seen the same gin sales boom



Vodka (+4%) and American Whiskey (+8%) were the driving forces of overall accelerated spirits growth in 2018



Source: IRI Market Advantage, Total US Multi Outlet + Convenience, 52 Weeks Ending Calendar Years and Total US Multi Outlet + Convenience, 26 Weeks Ending 07-07-19

Superior **quality spirit mixers** have **elevated the G&T cocktail serve**

Mixers (Supermarkets)

2017-18

2018-19

▲
4%
Dollars

▲
11%
Dollars

2
yrs

+\$40M



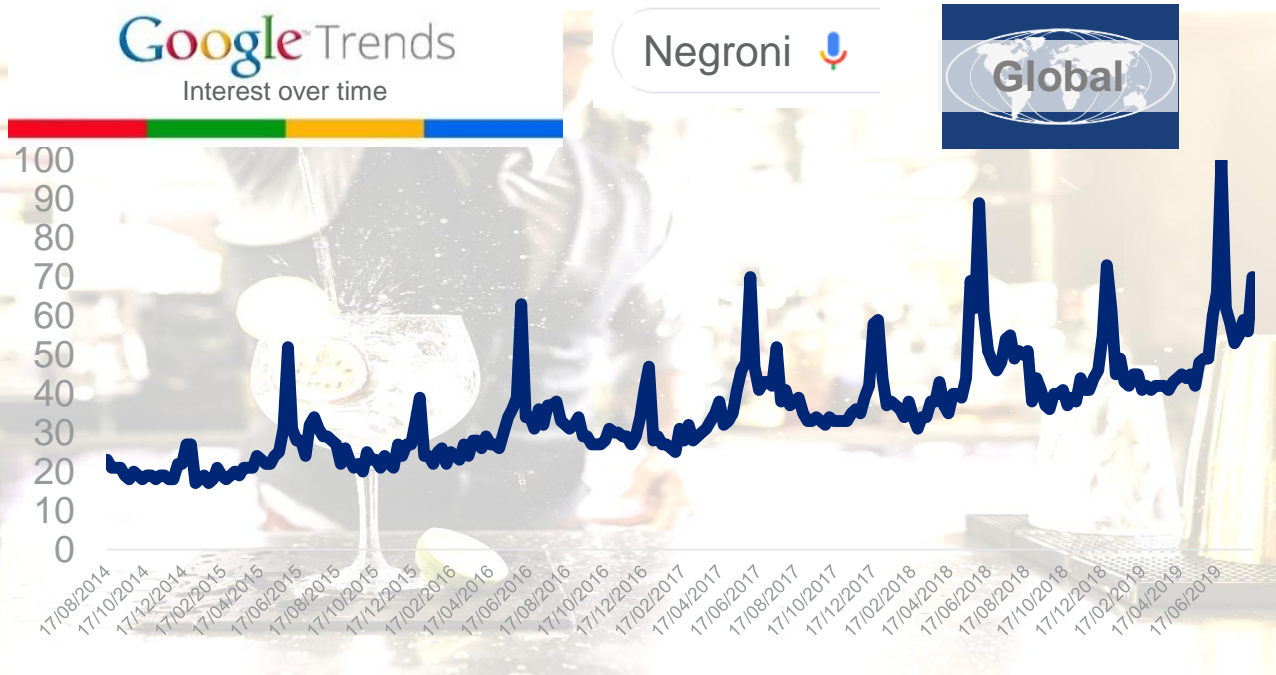
Mixers are no longer a secondary accessory:

Premium brands like Fever-Tree and Fentimans are providing gin drinkers **new ways to experiment**, and thus creating **impetus for accelerating gin sales**



Source: IRI MarketEdge, Total Supermarkets Weighted MAT To 02/07/19; IRI Store Visits

Popular cocktails like the Negroni have (re)introduced gin to consumers



Source: Google Trends; August 2014 – August 2019;

Negroni themed on and off trade activations have propelled interest



imbibe & CAMPARI

NEGRONI WEEK

A multi-year, multi-country & awarding-winning grassroots campaign that champions creative Negroni serves and acts as cause-based marketing

7 Days June 4-10 2018

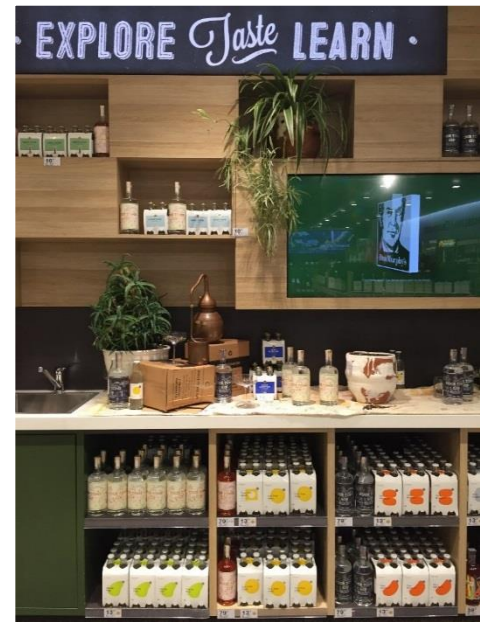
3 Ingredients Campari | Gin | Vermouth

1 Simple Way to Give Back to Charity

DRINK RESPONSIBLY

Source: IRI analysis; IRI Store Visits; warc.com; australianbartender.com.au

A plethora of retail trade activations have amplified curiosity & sales



These premium international and local gin distiller displays are indicative of **gin's growing diversity and vibrancy**

Source: IRI Store Visits

...with **off-location displays** a common theme in elevating shopper engagement



Premium Scottish gin brand **Hendricks** is known for disruptive retail displays across channels

Upscale UK retailer **Waitrose** welcomed shoppers with multi-item 'Glorious Gin' displays in 2019



Source: IRI Store Visits, Australia and UK

Gin is also a compelling and disruptive feature of travel feature



Source: IRI Store Visits

Many product **attribute, supply & customer drivers** have fuelled gin sales

DRIVERS

- ✓ **Innovation:** entrepreneurial flavours, bottling & branding
- ✓ **Upscale mixers:** premium brands elevating the gin serve
- ✓ **Distiller boom:** popular destinations for gin experiences
- ✓ **Botanicals:** botanical base aligns with naturals/plant trend
- ✓ **Versatility:** gin can work in different directions for cocktails
- ✓ **Gender & age neutral:** sensory profile attracts all



INHIBITORS

- ✗ **Gin fatigue:** drinks resemble ever changing apparel fashions
- ✗ **Gin overkill:** revival leading to a spate of gin themed NPD
- ✗ **Loyalty:** proliferation of brands impeding loyalty
- ✗ **Less versatility:** niche flavours undermine versatility
- ✗ **Sugar aversion:** could impede flavoured gin sales
- ✗ **Flavour:** many gin sceptics find floral profile overbearing

Current & Future Trends in Gin

Part 2: Trends in glass gin performance



Australia's **\$320M** glass gin segment is recording **growth above 30%**

Total retail
glass gin

\$320M

2017-18

2018-19

▲
22%
Dollars

▲
33%
Dollars



Source: IRI MarketEdge, MAT and 104 Weeks To 30/06/19

An **extra 1.6M litres** sold...

...and **2.2M units**



LITRES GROWTH

+1.6M

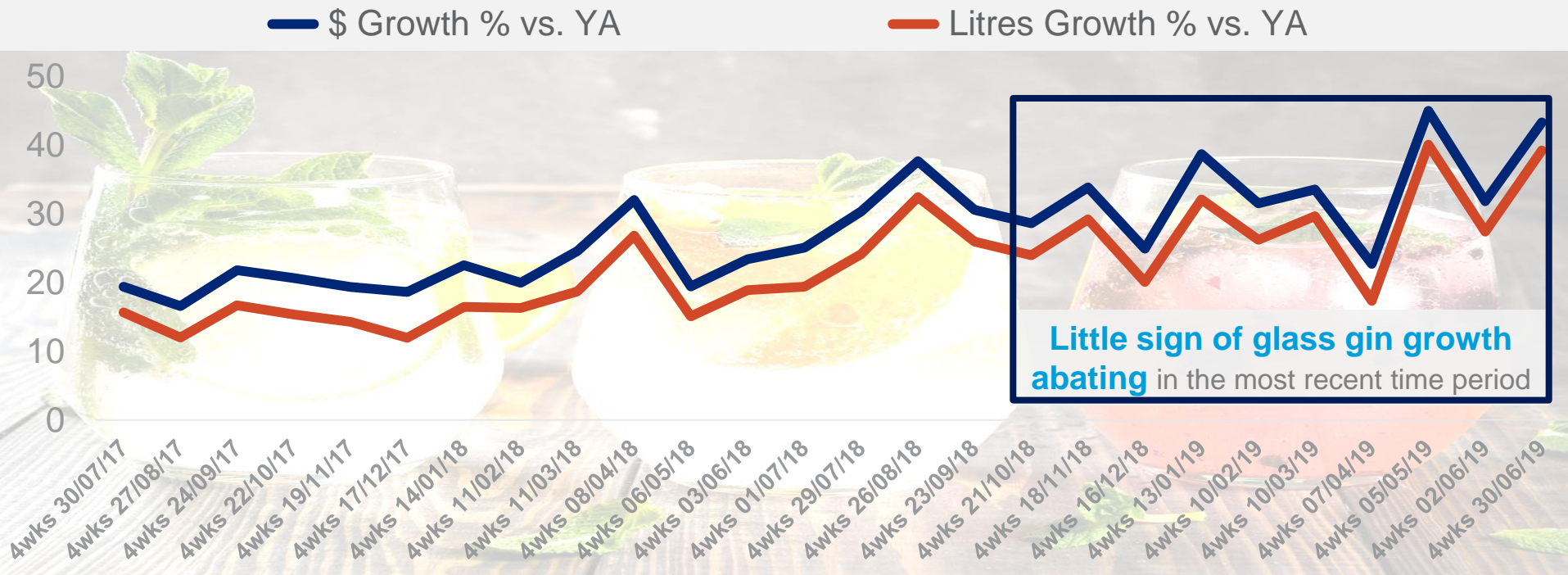


UNITS GROWTH

+2.2M

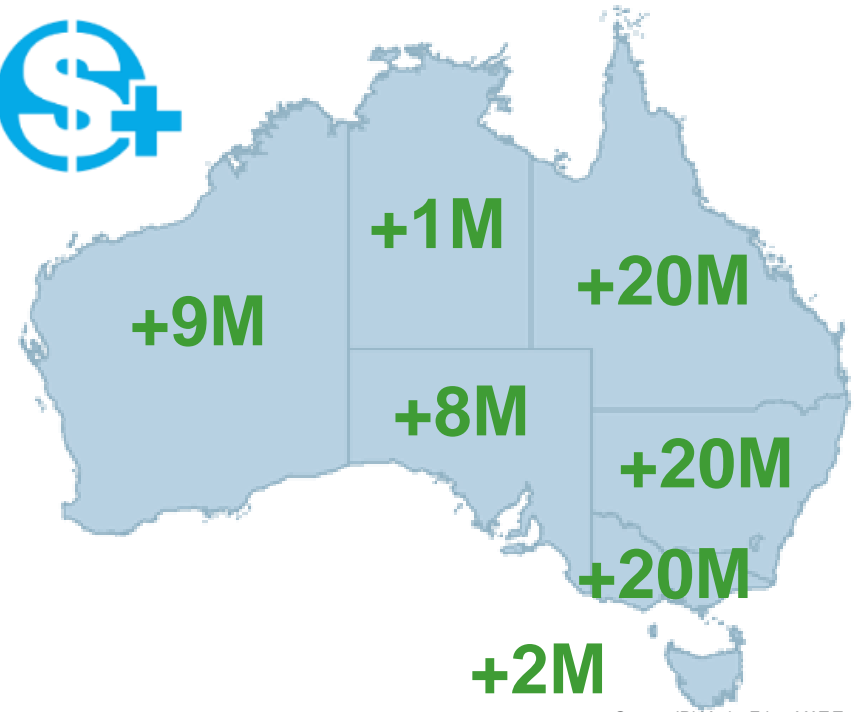
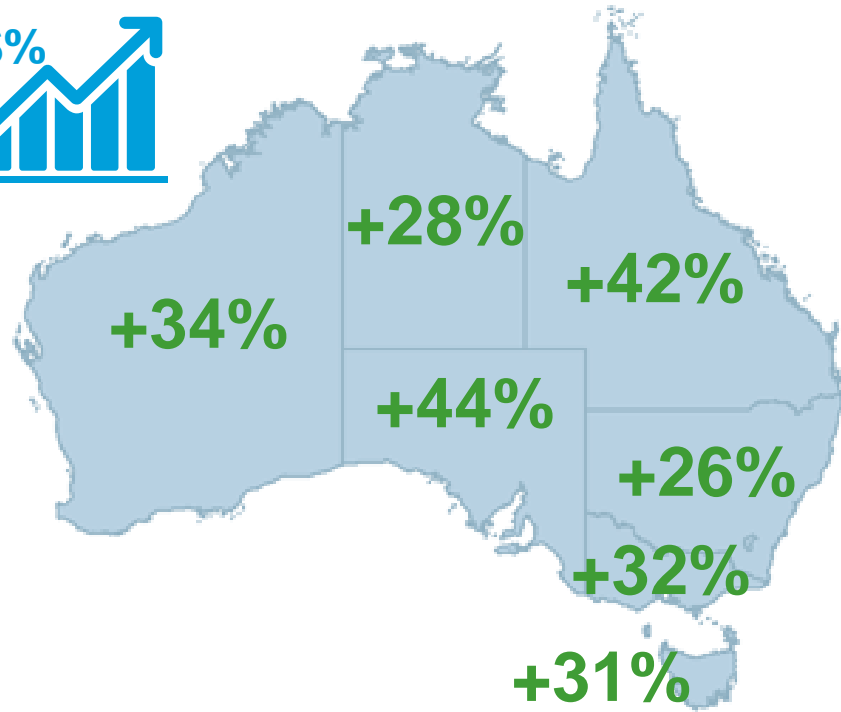
Source: IRI MarketEdge, MAT and 104 Weeks To 30/06/19

Glass gin growth has exceeded 40% vs. YA in recent 4-weekly periods



Source: IRI MarketEdge, 4 weekly data from 30/07/17 through 4wks to 30/06/19

YOY retail dollar growth exceeds 25% across all states



Source: IRI MarketEdge, MAT To 30/06/19

Accelerated growth has contributed to a significant share gains

Dollars



8.2%

market share



+2.6PP

Units



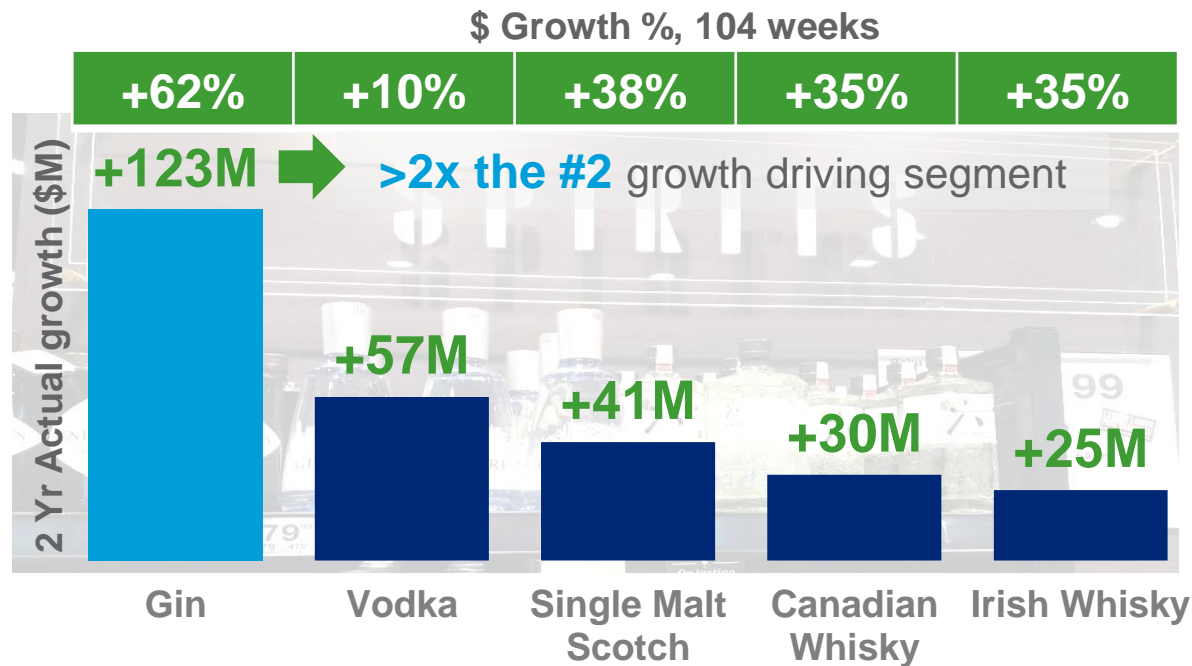
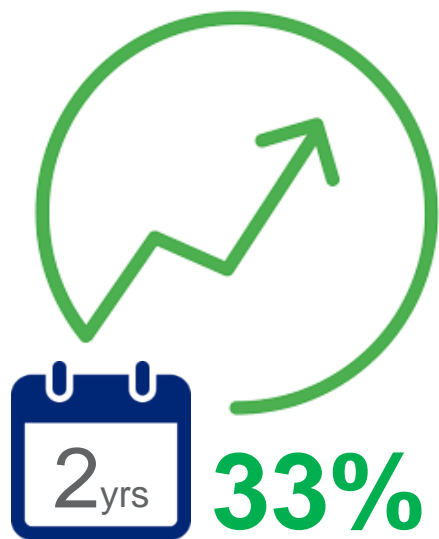
4.0%

+1.2PP

Source: IRI MarketEdge, MAT and 104 Weeks To 30/06/19

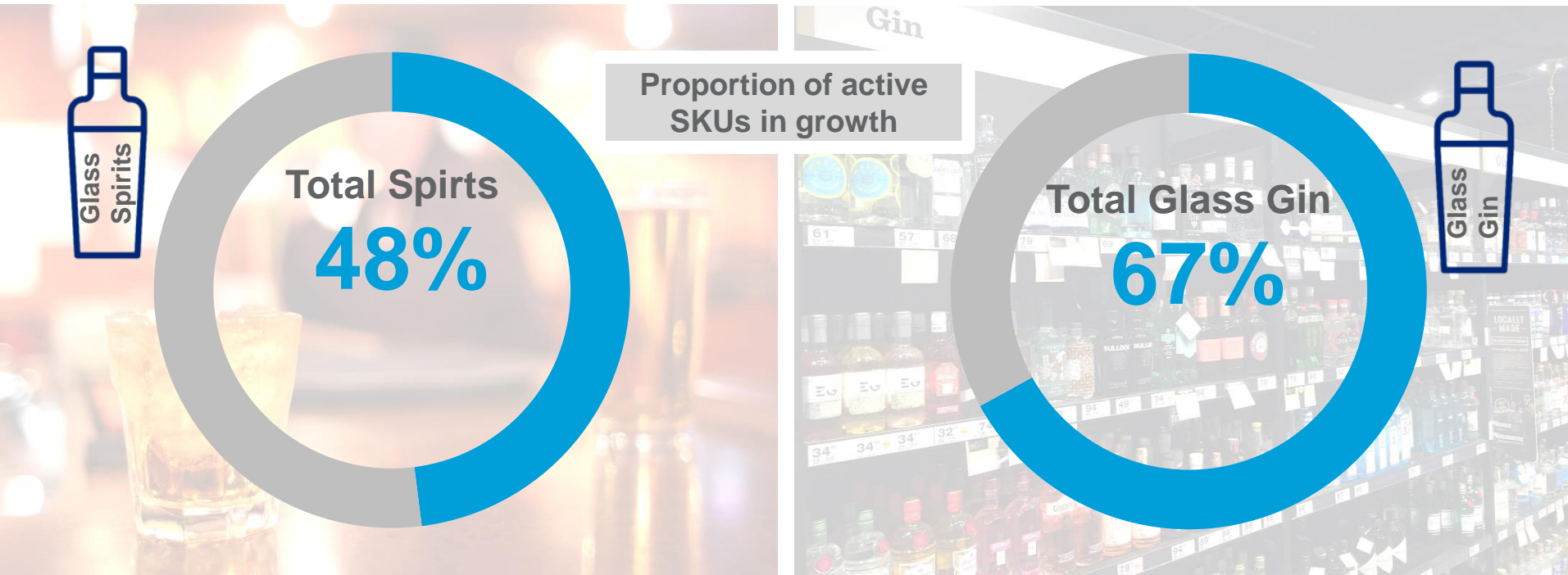
Glass gin's growth contribution far outweighs other segments...

Glass gin's share of total spirits growth



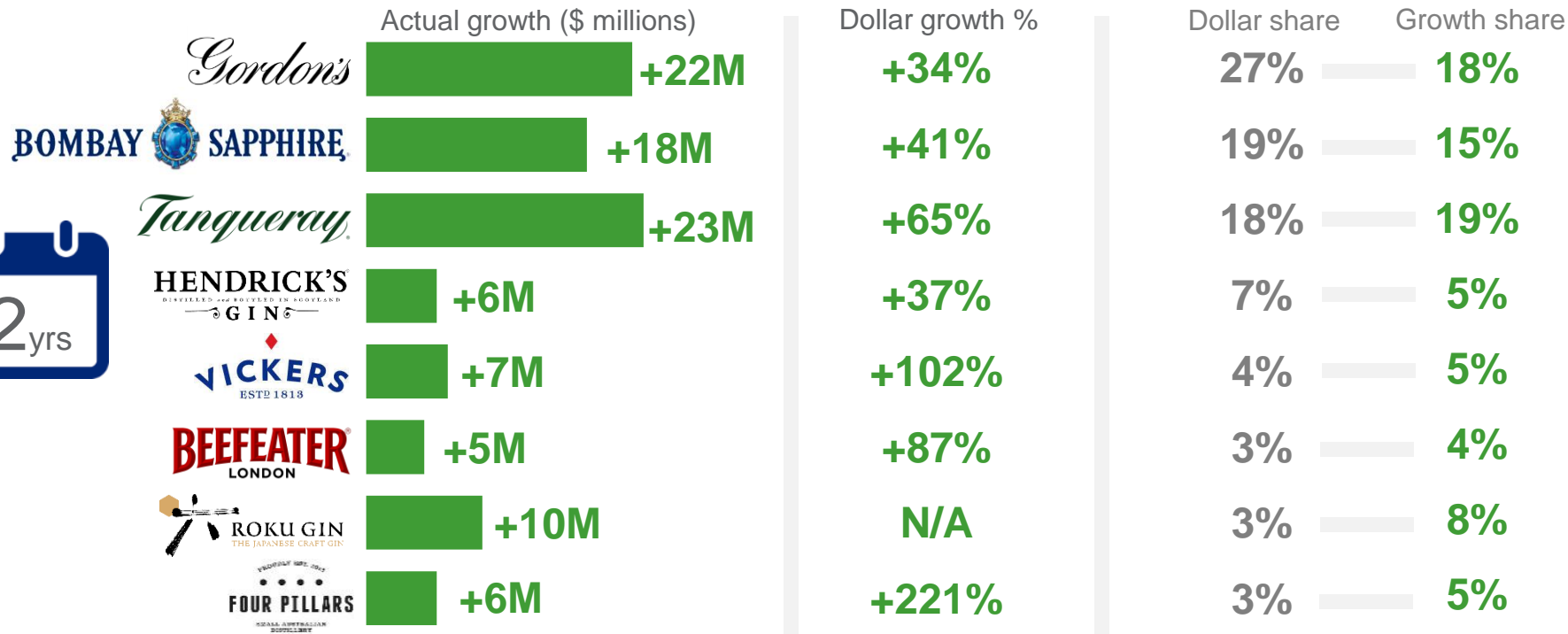
Source: IRI MarketEdge, 104 Weeks To 30/06/19; IRI Store Visits

...with glass gin accounting for a **far higher proportion of growth SKUs**



Source: IRI MarketEdge, MAT To 30/06/19; IRI Store Visits

The top 8 glass gin brands have collectively added **+\$95M** over 2 years



Source: IRI MarketEdge, 104 Weeks To 30/06/19

A significant range expansion has underpinned glass gin's growth

Glass gin active
SKUs

305

2017-18

2018-19

▲
39%
SKUs

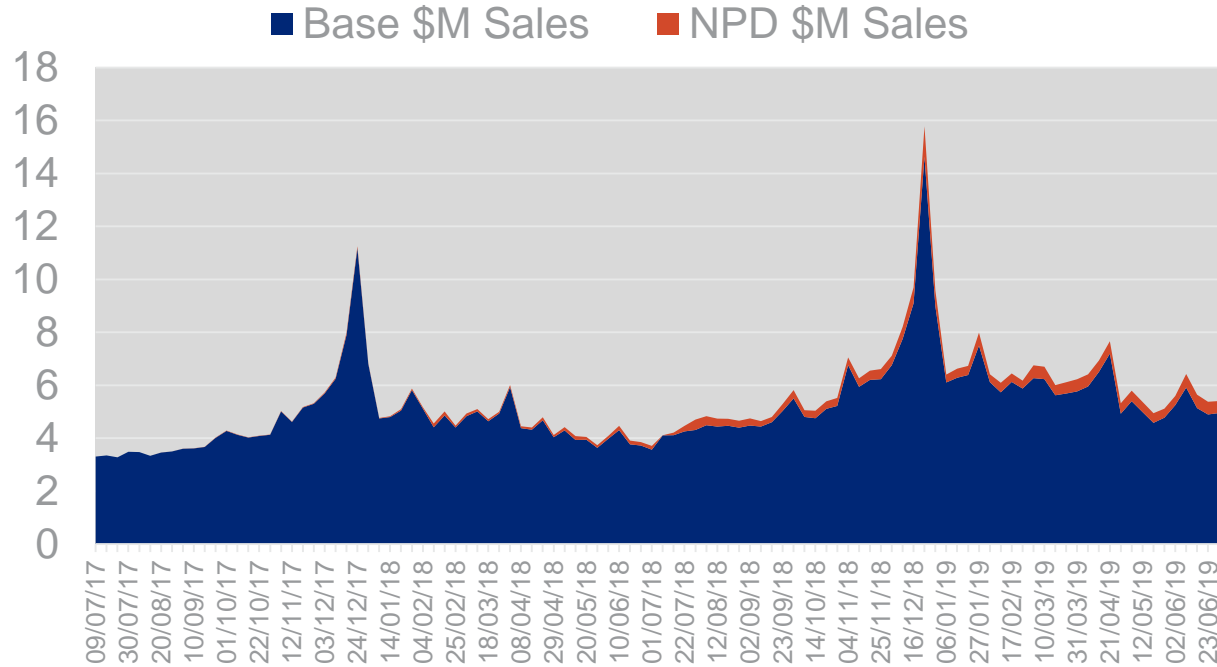
▲
23%
SKUs



Source: IRI MarketEdge, 104 Weeks To 30/06/19; IRI Store Visits

Range expansion has propelled a sales uplift from NPD, as well as core

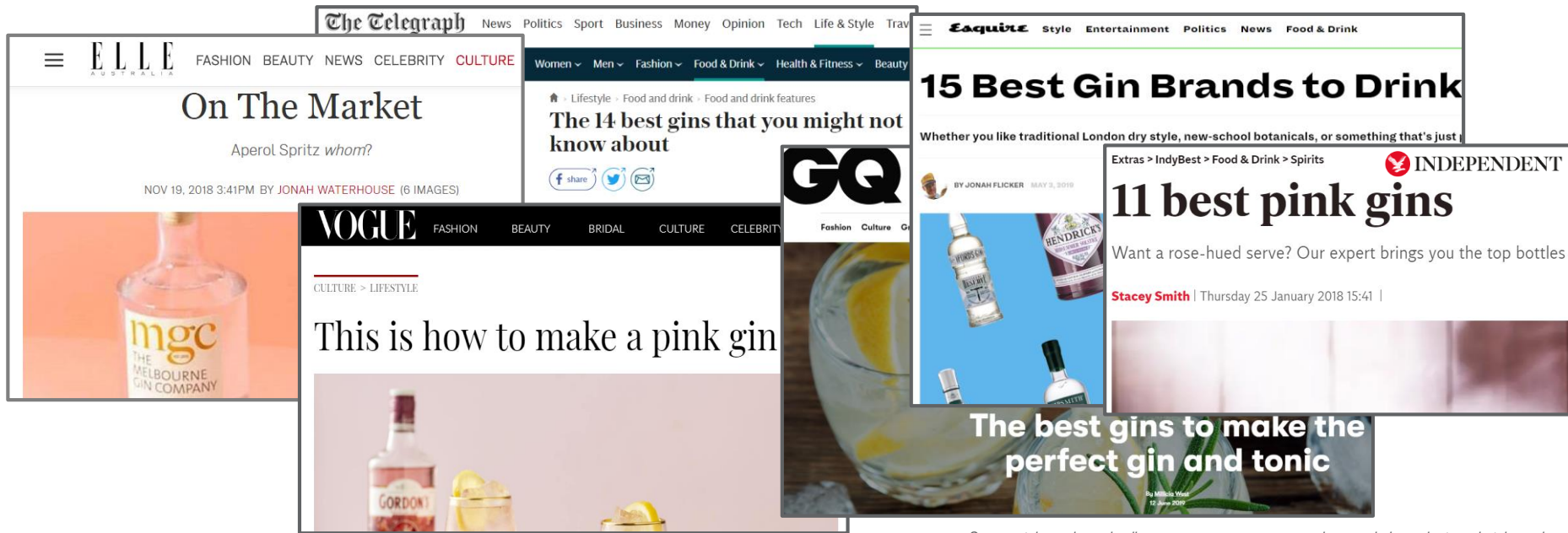
Base sales	2017-18	2018-19
	+40M	+60M
NPD-derived	2017-18	2018-19
	+3M	+19M



Source: IRI MarketEdge, 104 Weeks To 30/06/19

More range diversity has elevated gin's intrigue and 'social currency'

Gin's **vibrancy and** has coincided with **growing attention in lifestyle media**



Source: telegraph.co.uk; elle.com.au; vogue.com.au; esquire.com; independent.co.uk; telegraph.co.uk

NPD and trade activations have fed the **inherent curiosity of gin buyers**



“I like to **try new products**”



Supports the narrative of **gin’s innovation dynamism** being an **exciting choice for adventurous drinkers**



Source: IRI Shopper Panel Psychographics, 2019

Openness to experiment **boosts confidence to make gin cocktails at home**

UK gin lovers have **between 5-6 bottles** of the spirit **on their shelves at any one time**

They are embracing the 'art of the serve': **90% actively experiment with different garnishes** to create the perfect cocktail

Three-quarters believe that they make a **better G&T at home than they could get in a bar**

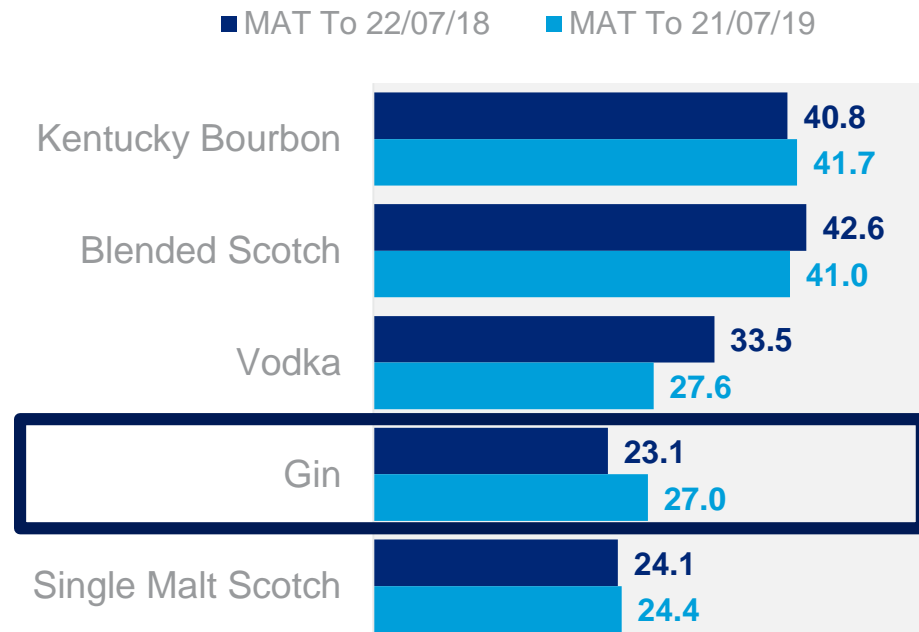


Source: craftginclub.co.uk; telegraph.co.uk; thespiritsbusiness.com

With more products, flavours and serves to explore, **loyalty* to gin has risen**



Value share to total glass spirits among own buyers



Source: IRI Shopper Panel, MAT To 22/07/18 and MAT To 21/07/19; *Loyalty expressed as a % of spirits spend allocated to gin

Gin's #1 brand reflects the growth derived from both core & new SKUs



THE ORIGINAL
GORDON'S
LONDON DRY GIN

\$
↑
+12M

GORDON'S
PREMIUM PINK

\$
↑
+10M



GLOBAL GORDON'S GROWTH

“Double-digit”



Source: IRI MarketEdge, 104 Weeks To 30/06/19; gordonsgin.com

The popularity of the rosé-hued gin serve in Australia mirrors the UK



“Pink has been a runaway success. We’ve taken **just over a year** to get to a **million cases** where it’s taken other gin brands 20 years...it **recruits new drinkers to the brand and category**”*



THE **SPIRITS BUSINESS**

Supreme Brand Champion 2019

The Spirits Business has named **Gordon's gin Supreme Brand Champion 2019** due to the brand's huge volume growth, successful trend-driven product launches and playful marketing campaigns

Source: IRI UK 52 Weeks To 20/07/19; *quoted in thespiritsbusiness.com

Locally, flavoured gin NPDs have propelled the accelerating gin boom

TOP 15 YOY GROWTH SKUs

TOP 15 Growth SKUs +\$61M



Recent NPD* (flagged green) accounts for 7 of the top 15 growth SKUs

Gordons Pink Gin 700ml
Roku Gin 700ml
Bombay Sapphire Gin 1l
Gordons Gin London Dry Gin 700ml
Bombay Sapphire Gin 700ml
Tanqueray Gin 1l
Gordons Gin London Dry Gin 1l
Tanqueray Gin Flor De Sevilla 700ml
Vickers Gin Pink 700ml
Tanqueray Gin 700ml
Ink Dry Gin 700ml
Beefeater Gin Pink 700ml
Tanqueray Gin Rangpur 700ml
Hendricks Gin 700ml
Four Pillars Gin Rare Dry 700ml



+\$9.5M



+\$3.5M



+\$3.2M



+\$2.4M



+\$2.4M

Source: IRI MarketEdge, MAT To 30/06/19; *Gordons & Vickers Pink recorded sales in prior year

Non-traditional (non British) provenance has been a sales driving USP...

ROKU: single origin Japanese gin

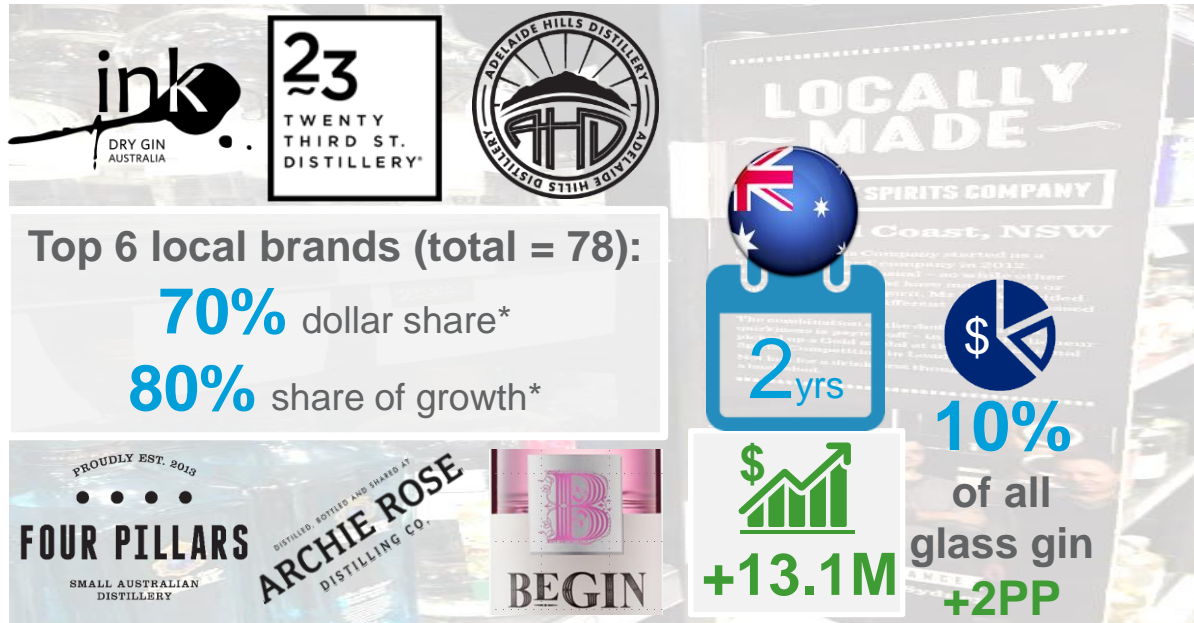
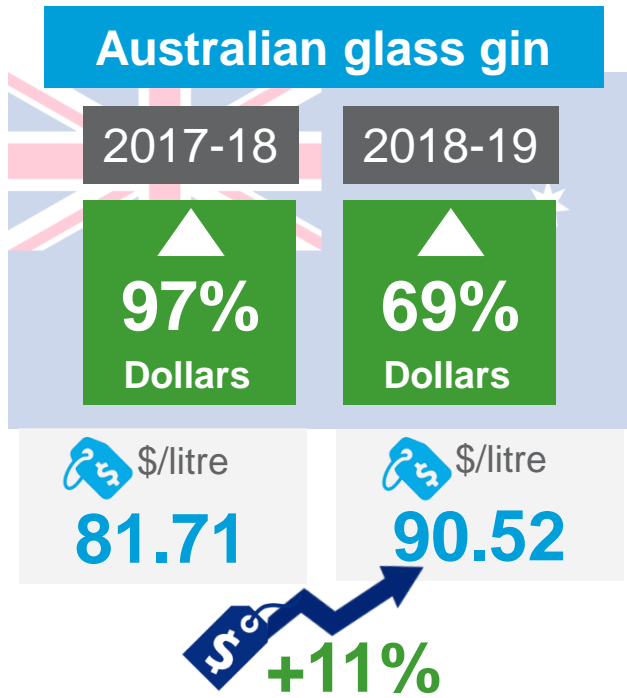


JINZU: multi-origin Japanese influenced gin



Source: IRI MarketEdge, MAT To 30/06/19; IRI Store Visits

...with the \$32M Australian produced gin segment **growing 2.2x higher***



Source: IRI MarketEdge, 104 Weeks To 30/06/19; gordonsgin.com; *Than total market; IRI Store Visits

Lion's partial acquisition of **Four Pillars** highlights **craft gin's kudos...**

Four Pillars to join forces with Lion

The founders of Four Pillars Gin and the management of Lion have announced that Lion has invested in the Healesville-based distillery, taking a 50 per cent stake in the business.



- Pursue **new opportunities beyond beer** amid mainstream beer declines
- Build on **proven credentials in growing craft brands**



- Facilitating **international expansion** beyond current 25+ countries
- Pursue **new channels** such as global duty free

In April, Lion also acquired minority stake in premium spirits distributor Vanguard Luxury Brands

Source: IRI MarketEdge, MAT To 30/06/19; lionco.com; Australian Financial Review; brewnews.com.au

...as Australian craft producers continue to enhance their reputation



BBC
goodfood

The best flavoured gins for 2019

By Joel Harrison and Neil Ridley - *World's Best Spirits*

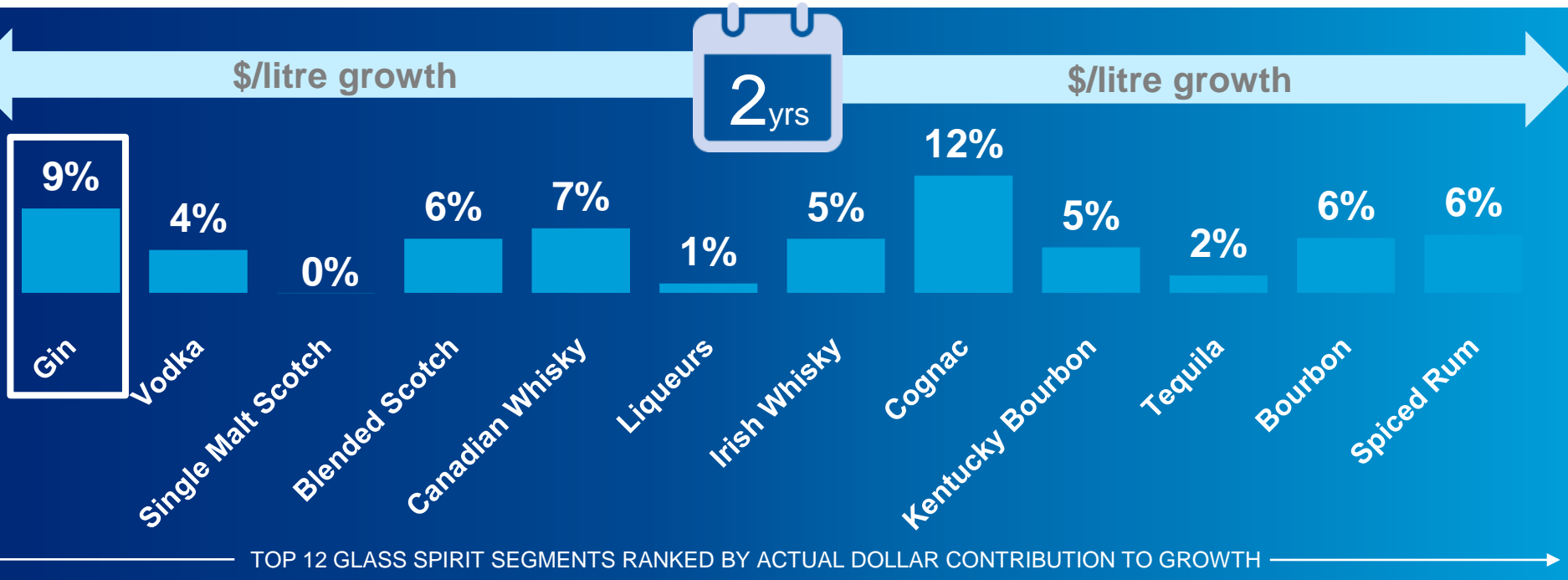
Four Pillars Bloody Shiraz Gin



What's not to like here? A premium Australian gin from industry favourites Four Pillars, which is combined with the dry spiciness of Shiraz grapes! The grapes are left to infuse in the gin for eight weeks before the juice is then pressed out and blended with yet more gin, taking on a wonderful dark purple hue in the process. Makes a killer Bramble cocktail, or add a hearty measure to a glass of *prosecco*.

Source: bbcgoodfood.com; drinkstrade.com.au; eatdrinkki.com.au

The rise of **flavoured & premium** non-traditional gins has **inflated prices**



Source: IRI MarketEdge, 104 Weeks To 30/06/19

Gin has recorded a **higher rate*** of price growth over a 5 year period



Total Glass Spirits

Price/unit growth:

+10%

Price/litre growth:

+9%

Total Glass Gin

Price/unit growth:

+17%

Price/litre growth:

+16%

Source: IRI MarketEdge, MAT To 06/07/14 Through MAT To 30/06/19; IRI Store Visits; vs. glass spirits overall

Gin buyers express a **stronger WTP** a price premium for better quality



“I Am Willing To Pay A Premium Price For Superior Quality”



Supports the narrative of **gin’s innovation dynamism** being an **impetus to seek value beyond price**



Source: IRI Shopper Panel Psychographics, 2019

...which has bolstered **spend per occasion among glass gin buyers**

AWOP (\$ spend) per occasion change (vs. YA) among glass gin buyers:

+9.9%

Current & Future Trends in Gin

Part 3: Trends in RTD gin premix performance



The smaller **\$43M RTD gin segment** is a **category standout**

Total RTD gin

\$43M

2017-18

2018-19

▲
30%
Dollars

▲
64%
Dollars



Source: IRI MarketEdge, MAT and 104 Weeks To 30/06/19

An extra **1.3M litres** sold...

...and **843M units**



LITRES GROWTH

+1.3M



UNITS GROWTH

+843M

Source: IRI MarketEdge, MAT and 104 Weeks To 30/06/19

RTD gin has **almost doubled share in 2 years**, but **remains niche**

Dollars



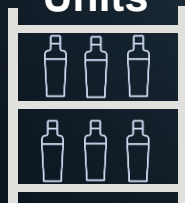
1.7%

market share



+0.8PP

Units

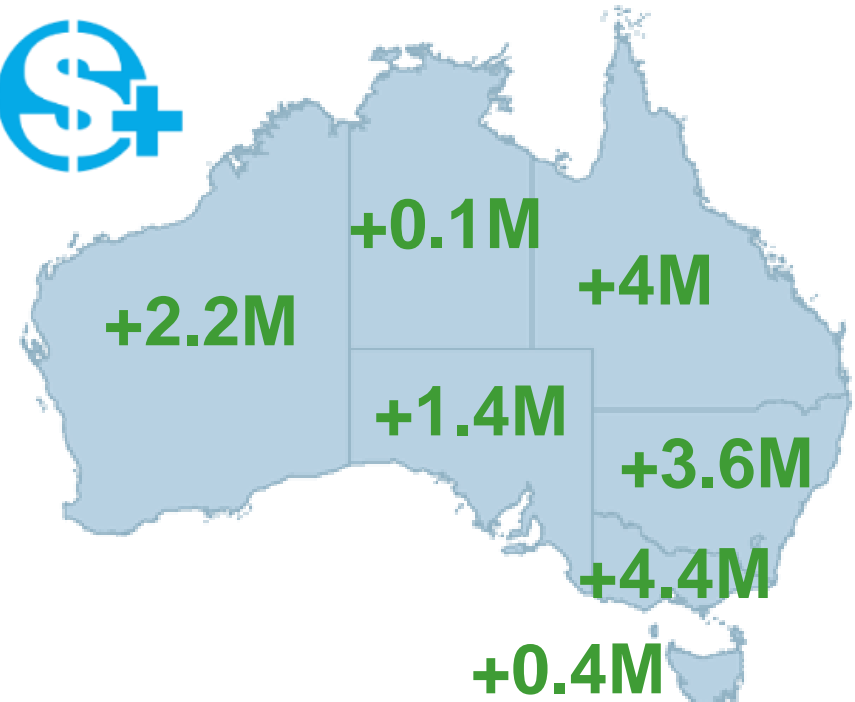
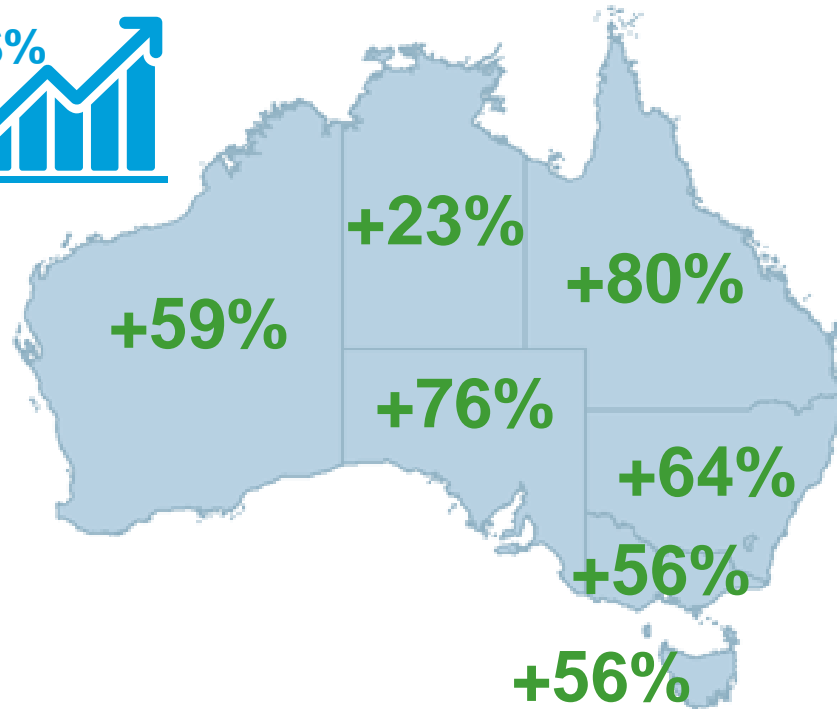


2.2%

+1.0PP

Source: IRI MarketEdge, MAT and 104 Weeks To 30/06/19

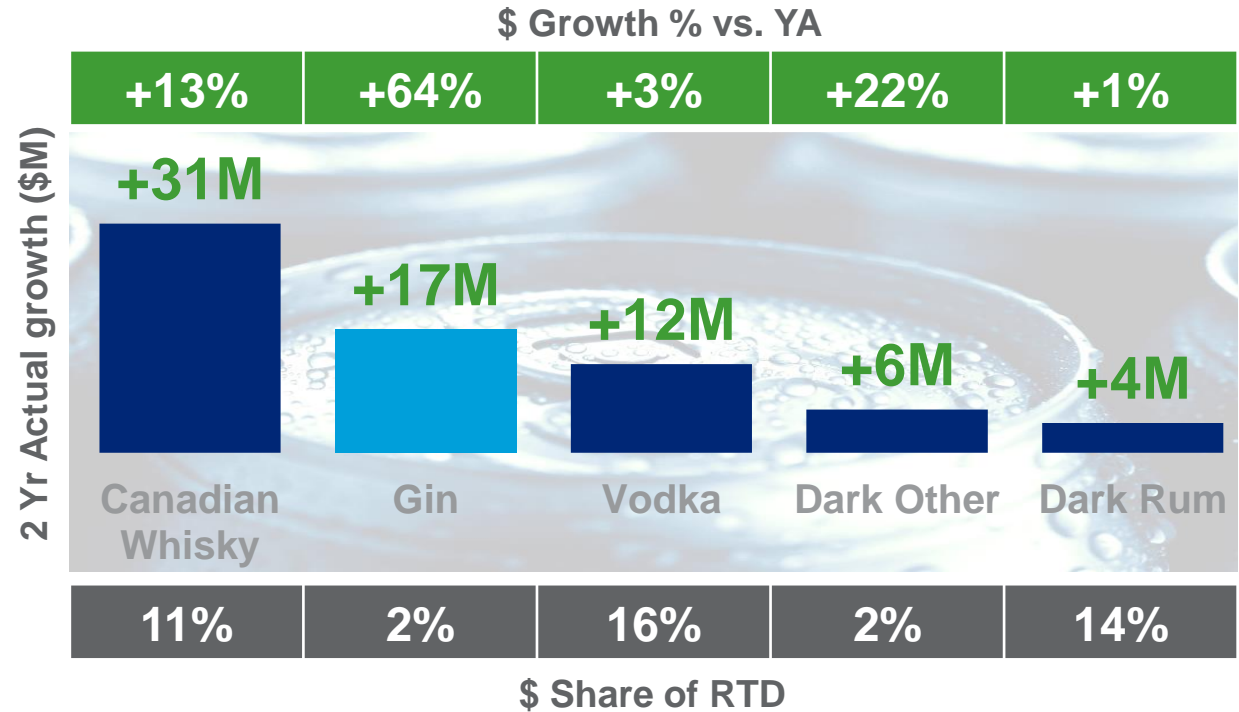
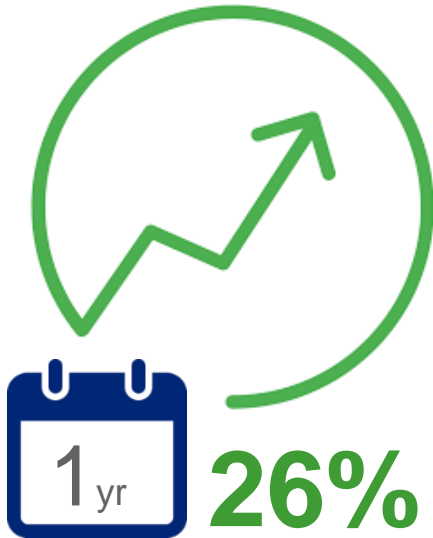
YOY retail dollar **growth exceeds 50% in all states** except NT



Source: IRI MarketEdge, MAT To 30/06/19

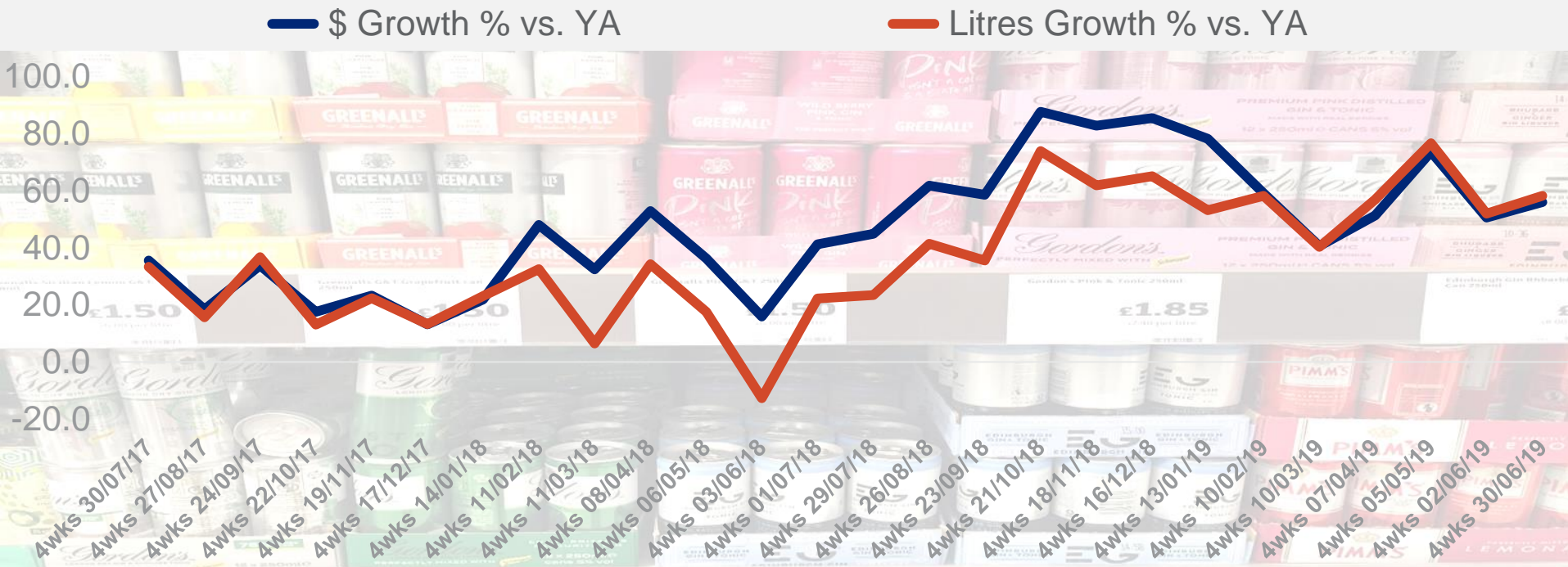
RTD Gin's dollar growth contribution is >15X higher than its share

Gin base share of total RTD growth



Source: IRI MarketEdge, 104 Weeks To 30/06/19

But the dollar and volume growth gap has narrowed in the last 2 QTRs

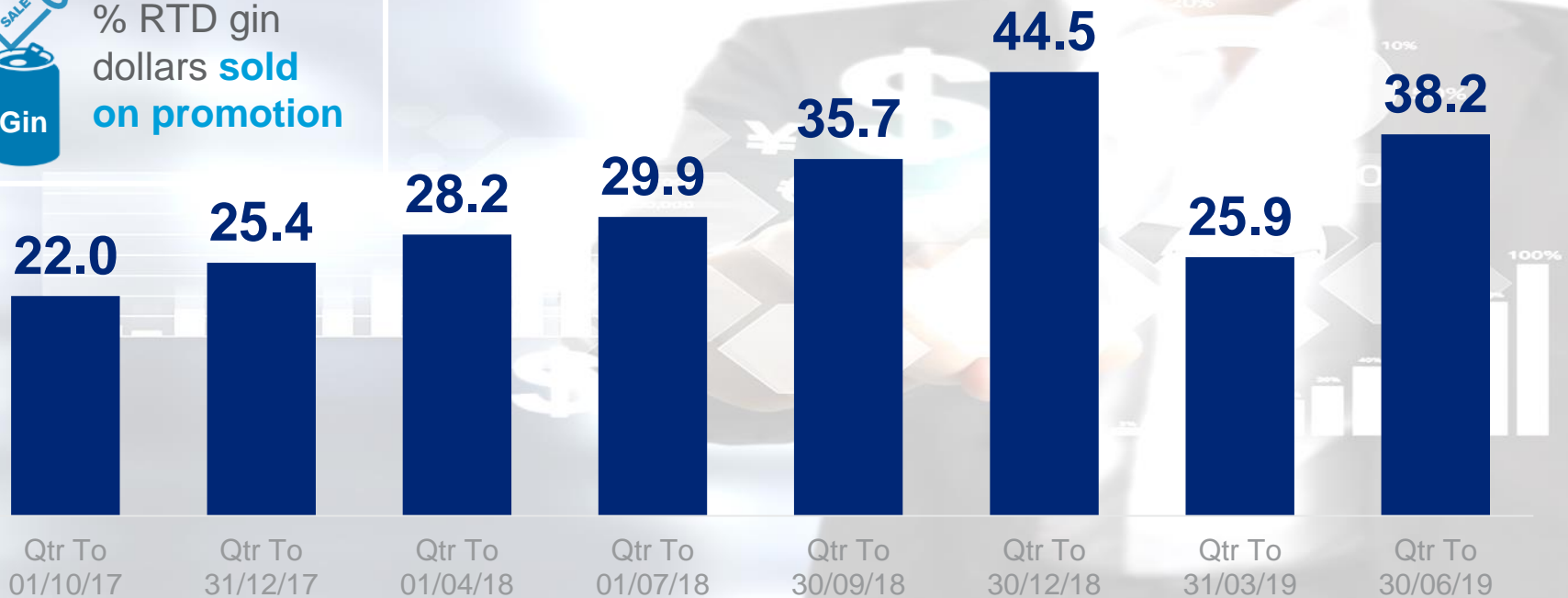


Source: IRI MarketEdge, 4 weekly data from 30/07/17 through 4wks to 30/06/19; IRI Store Visits

Converging dollar and unit growth reflect **increased promotional activity**



% RTD gin
dollars **sold**
on promotion



Source: IRI MarketEdge, QTR 01/10/17 To 30/06/19

The top 3 RTD gin brands in growth account for nearly 30% of all gains

	Actual growth (\$ millions)	Dollar growth % vs. YA	Dollar share of total RTD	vs.	Growth share of total RTD
<i>Gordon's</i>	+11M	+62%	1.1%	—	17.1%
<i>Tanqueray</i>	+5M	+130%	0.4%	—	8.1%
VICKERS ESTD 1818	+2M	+324%	0.1%	—	3.0%

Source: IRI MarketEdge, MAT To 30/06/19; IRI Store Visits

RTD gin has also been **bolstered by the highly impactful Gordon's NPD**



2 SKUs: **\$10M**

Australian launch followed positive European summer (2018) launch

Top 2

\$ growth driving NPD SKUs

+\$4.8M

+\$5.0M



Source: IRI MarketEdge, MAT To 30/06/19; IRI Store Visits

Range expansion has supported a sales uplift from NPD (as well as base)

Base sales

2017-18



+1.3M

2018-19



+6.4M

NPD-derived

2017-18

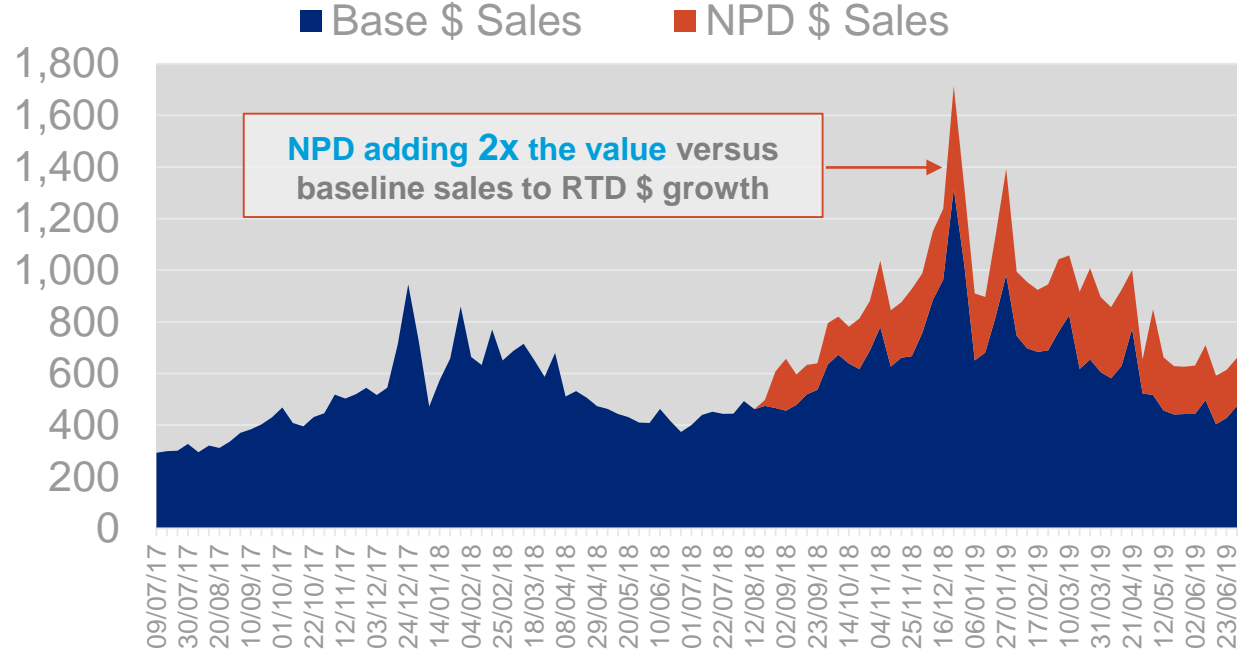


+4.7M

2018-19



+10.4M



Source: IRI MarketEdge, MAT and 104 Weeks To 30/06/19

Gordon's and, to a greater extent, Tanqueray have **premiumised RTD gin**



“We're seeing **good success in premium pre-mix**: in Australia and the UK, we've launched a Tanqueray pre-mix range at **a high price-point**”*


+\$5M


130%
Dollars

\$20.59
\$/litre

42%
\$ premium


7%
\$/litre

TOTAL RTD


-1%
\$/unit

**Rising
Prices**


16%
\$/litre

RTD GIN

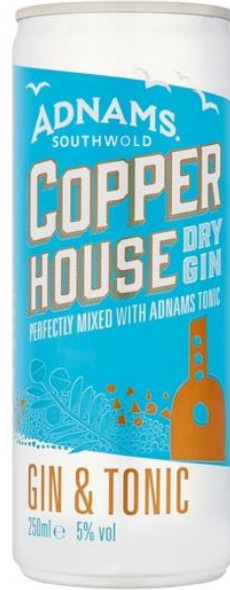
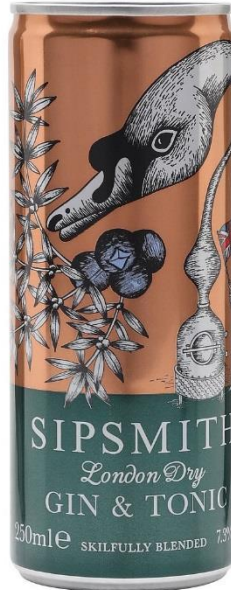

5%
\$/unit


2 yrs

Source: IRI MarketEdge, 104 Weeks To 30/06/19; *Diageo CEO quoted in just-drinks

...which is in line with **premium RTD innovation occurring globally**

Responding to latent consumer demand **for premium RTD gin expressions**



Source: IRI analysis; thedrinksbusiness.com; broadsheet.com.au; thegrocer.co.uk; telegraph.co.uk

...and has since prompted the launch of **Tanqueray's latest premium RTD**

Following the successful premix format launch of Tanqueray Gin & Tonic comes a 5.3% ABV **RTD version of the Flor de Sevilla** gin with soda



EXOTIC SEVILLE
ORANGE GIN
& SODA
PERFECTLY MIXED
UNMISTAKABLY
Tanqueray



“When we launched **Tanqueray Gin & Tonic** in Australia last year, **we underestimated just how popular it would become**”

Source: IRI MarketEdge, 104 Weeks To 30/06/19; *Diageo CEO quoted in just-drinks

Current & Future Trends in Gin

Part 4: 8 global gin trends to watch



IRI anticipate 8 key trends shaping future directions in gin performance

Brand & Format Stretch

this little pig has
a tasty new ~~win~~ gin

new

Made with a dash of Squealing Pig Rosé,
Australia's #1 rosé wine*



squealing pig

*2018 AWG Liquor Limited & Squires Report Q1 2019 to 20/04/19

Distilled
with
pig
skin

Local Hallmarks



Private Label Evolution



'NOLO'



'Ginsperiences'

BOMBAY SAPHIRE
**PROJECT
BOTANICALS**

A JOURNEY TO THE EDGES OF
TASTE, MUSIC & IMAGINATION

TRAVEL TO THE ENDS OF THE EARTH WHERE
WE SUSTAINABLY SOURCE THE BOTANICALS
THAT GO INTO BOMBAY SAPHIRE GIN.

#PROJECTBOTANICALS

Fruitfully Hued



'Ginspiration'



Alt. flavours & packs



These trends will underpin 50% unit growth through to 2020

Brand & Format Stretch

this little pig has
a tasty new ~~whisky~~ gin

Made with a dash of Squealing Pig Rosé,
Australia's #1 rosé wine*

new



squealing pig

Local Hallmarks

CONCEIVED, DISTILLED & HAND-CRAFTED
ON THE ISLAND OF ISLAY

THE BOTANIST

ISLAY DRY GIN

22

FORAGED FROM BOTANICALS

TRIFOLIUM REPENS
PRUNELLA MONOCYMA
ROSSA OFFICINALIS
WIKSTRÖMIA POLYTRICHA

Private Label Evolution



'Ginsperiences'

BOMBAY  SAPPHIRE
PROJECT

'Ginspiration'



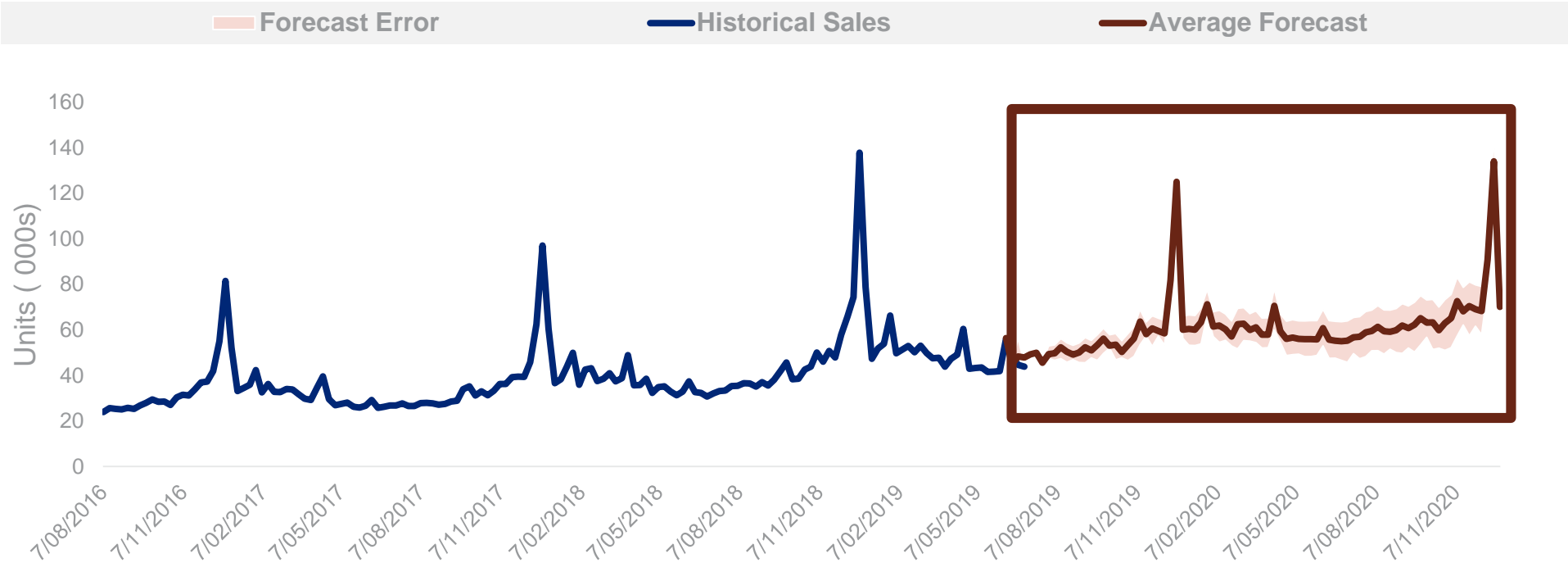
Savoury & Spiced



Units
 +50%

+524M

Forecast growth will be shaped by a continual seasonal sales skew



Source: IRI Predictive Analytics

Although **YOY unit growth is expected to slow**, ranging from 7-19%

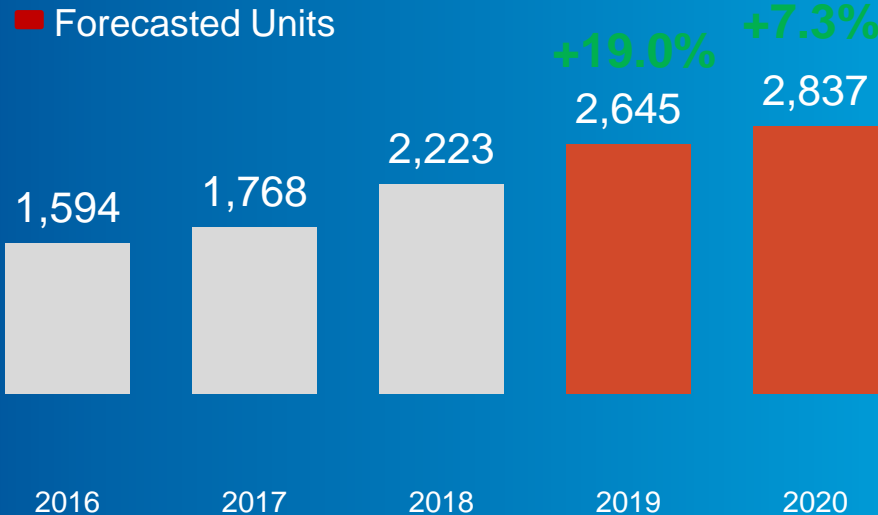
Average Scenario

Actual Units
Forecasted Units



Worst Case Scenario

Actual Units
Forecasted Units



Source: IRI Predictive Analytics



The UK is a barometer of gin's potential longer term sales stretch

The epicenter of the gin revival



Dollar Share:
20.5%



Share change:
+8.4PP

If gin's share of glass spirits in Australia matched the UK, it would amount to:

\$797M

Which equates to:

+\$477M

vs. current glass gin sales

Source: IRI UK, 104 Weeks To 20/07/19 and IRI MarketEdge, MAT To 30/06/19

Trend 1:

Brand & format stretch

Suppliers are stretching contemporary brands into spirits in response to the boom in gin popularity



squealing pig rosé gin combines two high performing segments

this little pig has
a tasty new wine gin

Made with a dash of Squealing Pig Rosé,
Australia's #1 rosé wine*


squealing pig

*IRI Aus Liquor Unwt'd \$ Bottled Rose QTR to 28/04/19



Price:
\$49.9/70cl



new



10 botanicals and a dash of
Squealing Pig **Rosé wine**



Deliberately made in an
approachable drinking style



Capitalising on performance
strengths of rosé and gin



TWE testing **receptivity to** brands
breaking category boundaries



No.2 growth generating wine brand
(+11M YOY)

Source: squealingpig.com; foodanddrinkbusiness.com.au; theshout.com.au; IRI Store Visits

squealing pig joins a broader wave of wine-influenced gins globally

World's first pinot noir gin



Pink gin made with **Pinot Noir** grape distillate

Premium port-infused gin



Sauv. Blanc and juniper blend



A blend of **Sauvignon blanc** grapes and **juniper**

Four Pillars Bloody Shiraz is a globally coveted wine-infused gin

Total Four Pillars Brand

2017-18

2018-19

▲
30%
Dollars

▲
64%
Dollars

Actual Growth

+\$5.7M

2 yrs

Four Pillars Gin Bloody Shiraz 700ml



+700K

▲
164%
Dollars



Source: IRI MarketEdge, MAT To 30/06/19; fourpillarsgin.com.au

Kopparberg's first UK gin and Echo Falls gin fusions have launched



Takes flavour **inspiration** from Kopparberg's strawberry and lime cider



+£2.5M



6th largest growth contributing gin **NPD**



Launched **RTD cans** ahead of the UK summer '19 season



9% ABV **wine-gin blend** of Echo Falls rosé with gin infusion and summer fruit flavours

Make wine **more approachable** to a broader group



+660K



Summer Berries Pink Gin (37.5% ABV) followed the Rosé Wine & Gin Fusion

Source: IRI UK 52 Weeks To 20/07/19; accoladewines.com; thedrinksbusiness.com

Internationally renowned craft brewer **Brewdog** is building a distilling arm



- ✓ **Lone Wolf Gin** launched in 2015 as the inaugural spirit offering
- ✓ **LoneWolf Cloudy Lemon** is the latest gin line extension
- ✓ BrewDog Distilling is planning for future **“collaborative” NPDs**
- ✓ RTD offering **reflects premium NPD** emerging in the segment

Source: IRI UK 52 Weeks To 20/07/19

Trending premium mixer brands have potential to premiumise RTD



✓ **Fever-Tree's** 3-strong line-up promises **non-quality compromising convenience**



✓ **Franklin & Sons** have 2 RTDs derived from **partnering** with Manchester Gin and Caorunn Gin

Trend 2:

Private Label Evolution

Private label penetration is underdeveloped relative to the UK, which offers a window into how local private label might evolve



Private label resonates when shoppers remain so fixated on price



2015

80%

2019

74%



2015

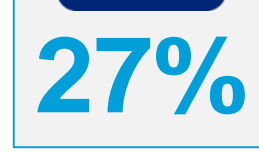
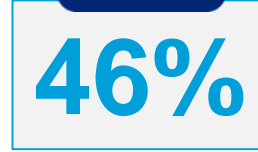
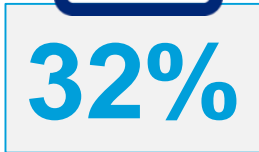
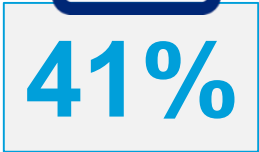
49%

2019

53%

Source: IRI Shopper Panel Psychographics Surveys, 2015 & 2019

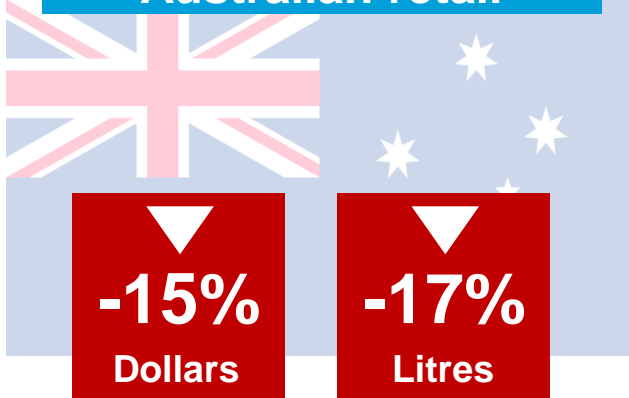
...and when shoppers express growing general **indifference towards brands**



Source: IRI Shopper Panel Psychographics Surveys, 2015 & 2019

Private label gins in Australian retail are showing **double-digit declines...**

Private label gin in
Australian retail



1% of all retail
gin dollar sales



Source: IRI MarketEdge, MAT To 30/06/19

...which contrasts the significant own label gin growth in the UK



Source: IRI UK 52 Weeks To 20/07/19; IRI Store Visits

Sainsbury's acclaimed Taste the Difference gin is expanding via flavours



Sainsbury's gin top in Which? taste test

| £16 supermarket gin beats top brands in our taste test of gins under £20

Which?

“The Sainsbury's gin was the **clear favourite** of our **expert panel**, which was made up of four of the UK's most reputable gin experts”



Source: IRI Store Visits; which.co.uk; sainsburys.co.uk

...while **premium and unique private label** is evident in other UK examples

Heston from Waitrose Citrus Sherbet Lazy Gin

Launched
Nov 2017



ASDA Extra Special Gin & Tonic Bundle



Source: thefatduckgroup.com; groceries.asda.com

Trend 3:

‘Ginsperiences’

Brands pushing boundaries to create a ‘sensory adventure’ & novel experience as gin drinkers experiment with new flavours and brands



Project Botanicals has been an effective multi-year experiential platform

BOMBAY SAPPHIRE PROJECT BOTANICALS

A JOURNEY TO THE EDGES OF
TASTE, MUSIC & IMAGINATION

TRAVEL TO THE ENDS OF THE EARTH WHERE
WE SUSTAINABLY SOURCE THE BOTANICALS
THAT GO INTO BOMBAY SAPPHIRE GIN.

#PROJECTBOTANICALS



Paired **cocktail & dining pop-up experience**, hosted by Bombay Sapphire



Successful **on and off premise retail integration** (e.g. Dan Murphy's supporting partner)



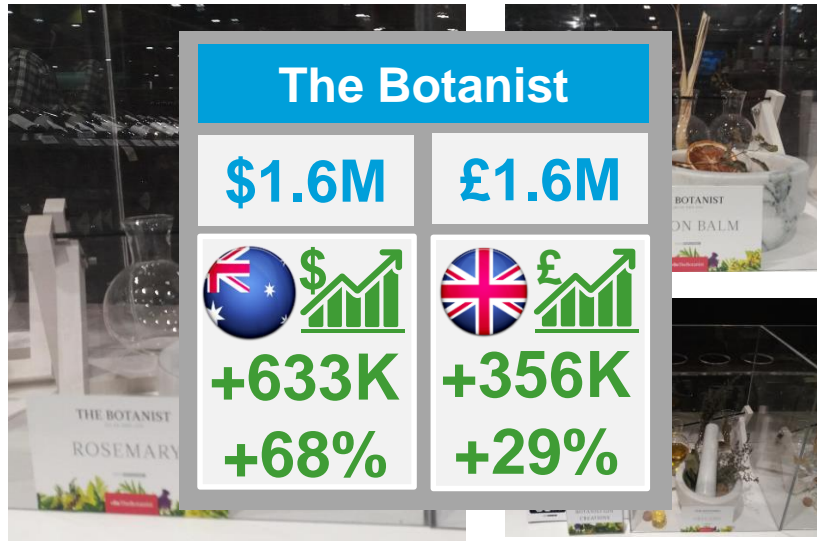
Created **long-term value**; e.g. supported strong **retail sales growth in last 4-5 yrs**

Source: IRI MarketEdge, MAT To 06/07/14 Through MAT To 30/06/19; IRI Store Visits

An interest in botanical flavour notes creates **opportunity for in-store theatre**



The Botanist used **scented boxes to engage with the many botanicals**



Source: IRI MarketEdge, Australia = MAT To 30/06/19; UK = 52 Wks To 20/07/19; IRI Store Visits

Gin as a 'pop-up experience': West Winds Gin Bar at Karrinyup Shopping Centre

WEST WINDS GIN BAR

31 AUG 2019 - 21 SEP 2019

Enjoy a complimentary **West Winds** G&T cocktail every Saturday at **The Sun Kiss Lounge!**

Where: The Sun Kiss Lounge, in Centre Court

When: every Saturday from 31 August - 21 September

Times: 10am - 5pm



Free samples for WA shoppers who can sit, relax and savour a **local artisan gin**



Interesting experiences underpin differences between 'doing the shopping' vs. 'going shopping'

Source: IRI analysis; IRI Shopper Visits; karrinyupcentre.com.au; warc.com

Quality gin accessories will likely become a supporting range fixture



Gin Botanicals Infusion Tube is a collection of **garnishes** and **infusions** for gin

Source: thesmokeycarter.com

Accessories like **infusion bags** provide **novelty factor** and **suit gifting**

OxiGinBotanicals sell gin & tonic flavoured infusion bags via Etsy



“Bought these as a gift for my gin-obsessed partner and he LOVES them! They work really well and **add such a nice twist** to a normal drink”



“Gave this my gin-loving best friend as part of her **Christmas gift**, she absolutely LOVED it and can't wait to try it!”

Source: etsy.com

Gin's growing experiential status is evident from events data

eventbrite



What's Trending in Events Across Australia in 2019

EVENT PLANNING & PROMOTION AUG 21, 2019

*“Events celebrating gin are most popular in Sydney, with more than 3,000 celebrations of the juniper drink. **Gin events are also trending in the smaller states** such as Tasmania and South Australia. Interestingly, **gin events outnumber wine events two-to-one in Adelaide**, despite its proximity to one of the country's finest wine regions”*

Source: eventbrite.com.au; August 2019

Gin's rise to lifestyle product status is evident from broad and niche events

Fever-Tree Gin & Tonic Festival



Manly Spirits Gin Yoga



Copenhagen Jazz Festival



UNMISTAKABLY
Tanqueray
FLOR DE
SEVILLA
MOJITO
VODKA RABARBER
WHITE RUSSIAN
TANQUERAY FLOR DE SEVILLA & TONIC



GIN FEST

Adelaide Hills
2019



SATURDAY
08 JUNE 2019

COME AND
EXPLORE A WORLD
OF GIN AT THE GLEN
EWIN ESTATE
GIN FEST

Events celebrating World Gin Day

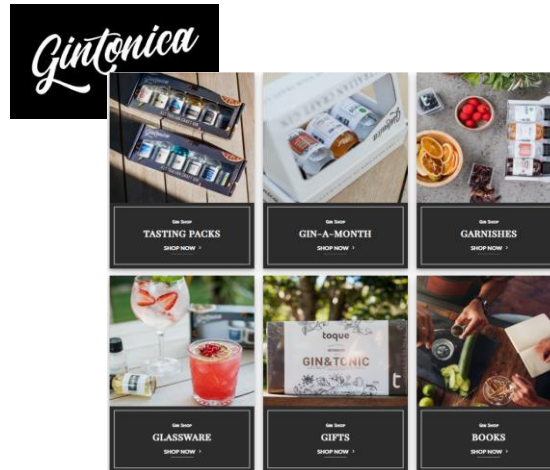
Source: manlyspirits.com.au; concreteplayground.com; ticketebo.com.au; thecraftandco.com.au

Diverse and abundant craft offerings underpin **gin subscription services**

‘Curated consumption’ for confident and curious gin connoisseurs ...



Offers monthly, bi-monthly or quarterly selections of **small-batch gins (as well as garnishes and mixers)**, with free delivery. **Includes a surprise in each box**



“**Curates Australian Craft Gins**” in 50ml bottles, gift packs and the previously mentioned Aussie Gin Advent Calendar



For £40 members receive a full size bottle of **unique, premium craft gin**, along with tasting notes, cocktail recipes and complimentary gifts

Source: craftginclub.co.uk; gintonica.com.au; thinkginclub.com

Waitrose in the UK successfully launched a curated Gin O' Clock experience

WAITROSE & PARTNERS

11 Apr 2019

Let the evening be-gin



- Evolution of the **Waitrose Wine Tasting at Home** was launched in 2019
- **2 hour specialist curated gin tasting** experience includes **5 types of gin**
- Emphasis on **heritage, ingredients, mixing** and **servicing**
- Priced at **£400 for 6-10 people**
- At-home **whisky tasting experience followed** the **success of its Gin O'clock**

Source: IRI analysis; waitrosewinetasting.com

Wetherspoons 2019 Gin Festival is an example of **on premise curation**



CELEBRATE A WORLD OF GIN

GIN FESTIVAL

FRI 16 AUG – SUN 1 SEP



WELCOME TO THE GIN FESTIVAL

- **17-day gin event** showcases up to 13 gins made in the UK and overseas
- **Feature several new gins** not previously served in Wetherspoon pubs
- Line-up includes **distilled non-alcoholic, Ceder's Crisp** (see Trend 4)



FESTIVAL GINS AVAILABLE ON THE WETHERSPOON APP



Source: IRI analysis; jdwetherspoon.com

Product proliferation heightens the **need for a unique sensory experience**

Signature serve with a unique visual cue

GORGEOUS & TASTY



THE *cloudy* G&T

Creates a "pearlescent cloud" due to the drink's high botanical load

Experimental limited releases



LIMITED RELEASE
ARCHIEMITE BUTTERED TOAST SPIRIT

\$79 **SOLD OUT**

Inspired by Australia's love for umami-rich breakfast spreads

Source: thegrocer.co.uk; archierose.com.au

Gin's diversity creates opportunity for variety packs suited for gifting



Festive accessories such as gin advent calendars and Xmas crackers have featured in specialist retailers in the **UK & Australia**. Such products **elevate the theatre** that now exists around gin in most western markets. **Costco's gin advent calendar** is currently trending online in the UK

Source: IRI analysis; gintonica.com.au; shop.boegin.com; express.co.uk

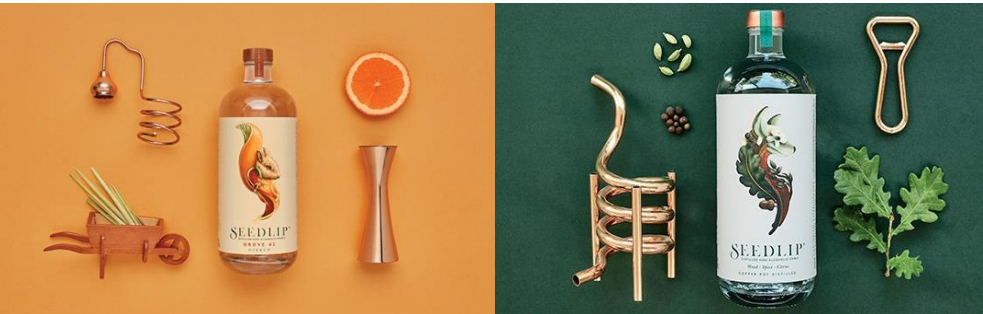
Trend 4:

‘Ginspirations’

A spate of “botanical spirits” innovation globally has been inspired by, or launched to counter, the soaring popularity of gin. Most are used as gin alternatives



Rapidly evolving non-alcoholic spirit brand **Seedlip** is often compared to gin



3 SKUs

Dollars:



+\$676K

Units:

+15K

Price

\$50/70cl

- ✓ Founded in 2015-16 as the **world's first distilled non-alcoholic spirit**
- ✓ Highly **fragrant** and **botanically-rich**, often **sold as gin alternative**
- ✓ Now **available in 25+ countries** and **majority owned by Diageo**
- ✓ Stocked in **7,500+** global bars, hotels, restaurants, and retailers

Source: IRI MarketEdge, MAT and 104 Weeks To 30/06/19



Other botanically rich alcohol-free spirits have hit the retail liquor market



Price

\$50/70cl

Brunswick Aces: gin-less gin using local botanicals and high-grade purified water



Ceder's: made with wild South African botanicals, and blended with Swedish water



Price

£16/50cl



Price

\$63.95/70cl



ALTD: trio of sugar-free, gluten-free, vegan friendly products made using Australian botanicals



Lyre's: gin-like Dry London Spirit is one of 13 alcohol-free items



Price

\$44.99/70cl



2 months:
+\$1,500

Source: IRI MarketEdge, MAT To 30/06/19; brunswickaces.com; altdspirits.com; ceders-alt-gin.com

Absolut Juice added a Rhubarb flavour to compete with gin



Launched
June 2018



Launched
July 2019

Vodka fruit juice blend:
a 35% ABV blend of Absolut vodka and 5% fruit juice

3 SKUs – strawberry, apple and rhubarb designed to extend vodka's consideration

Summer spritz – anew way to 'sip-with-a-spritz'

“We believe Absolut Juice is a great innovation, and we launched it in the UK last year. This has been quite successful”

Source: thegrocer.co.uk; absolut.com.au; pernod-ricard.com; thedrum.com

Botanical infusions are also starting to infiltrate UK beers

Binary Botanical



Light beer with a “prosecco-like taste” that is also “reminiscent of gin and tonic.” Includes new 0.5% ABV expression

Hop & Hemp Brewing Co



CBD-infused, low-ABV craft beers that are derived from the the non-psychoactive component of cannabis

Siren Yu Lu



3.6% ABV Session Pale Ale mixes Earl Grey leaves with hops

Source: binarybotanical.com; hopandhempbrewery.com; sirencraftbrew.com

Blossom Hill Gin Fizz is a newly introduced gin-inspired aperitif



- ✓ **TWE offering** inspired by the success of Aperol Spritz and gin
- ✓ Blends **white wine** with ‘**botanical-infused water**’ and **gin**
- ✓ **Two 8.5% ABV SKUs:** Lemon & Rosemary and Rhubarb
- ✓ **On-pack neck tags** highlight the aperitif style **servicing suggestion**

Source: thegrocer.co.uk; foodbev.com

Then **allure of botanicals** underpinned **Ketel One's** latest extension

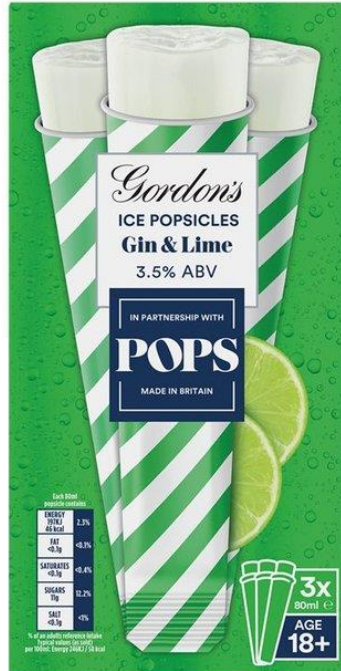


“**Ketel One, we're really happy about.** So there the growth is 10%. It's **doing really well.** Botanicals and the base business are both in healthier shape”

- ✓ **Distilled with real botanicals & infused with natural fruit essence**
- ✓ **3 SKUs** – cucumber-mint, peach-orange blossom and grapefruit-rose
- ✓ **Lower & lighter:** 30% ABV, 73 calories, sugar free, GMO free
- ✓ **Recruiting new consumers** largely from the **wine occasion**

Source: IRI Market Advantage, Total US Multi Outlet + Convenience, 26 Weeks Ending 07-07-19Diageo Trading Statements, 2018-19

Gin's mass market popularity has prompted 'edible ginnovation'...



...the latest example being the UK's favourite yogurt brand



Müllerlight Gin & Tonic inspired yogurt

ShortList

Müller's new gin & tonic yogurt takes breakfast to a new level



“With constant shifting consumer behaviour, we need to find smart ways to grow the brand and drive category growth”

Source: IRI analysis; muller.co.uk; shortlist.com

Trend 5: 'NOLO'

Moderation themed gins, primarily in the form of reduced sugar and low(er) ABV, are emerging in both the glass and RTD formats



Flavoured gins have prompted **scrutiny about sugar composition...**

FREE **METRO**

How much sugar is in your flavoured gin?



Laura Abernethy Wednesday 26 Jun 2019 6:43 pm



Some leading UK flavoured gin brands **contain up to 90g of sugar per litre**

DAILYMAIL.CO.UK

Flavoured gins secretly contain up to 15 teaspoons of sugar
Pink gin is fast becoming the trendiest drink of the summer - but many...

Source: metro.co.uk; dailymail.co.uk

...when a majority share of IRI shopper panellists **are mindful of sugar intake**



“I am **concerned about the sugar content** in the food I buy”



Agree

74%



Neither

16%



Disagree

10%

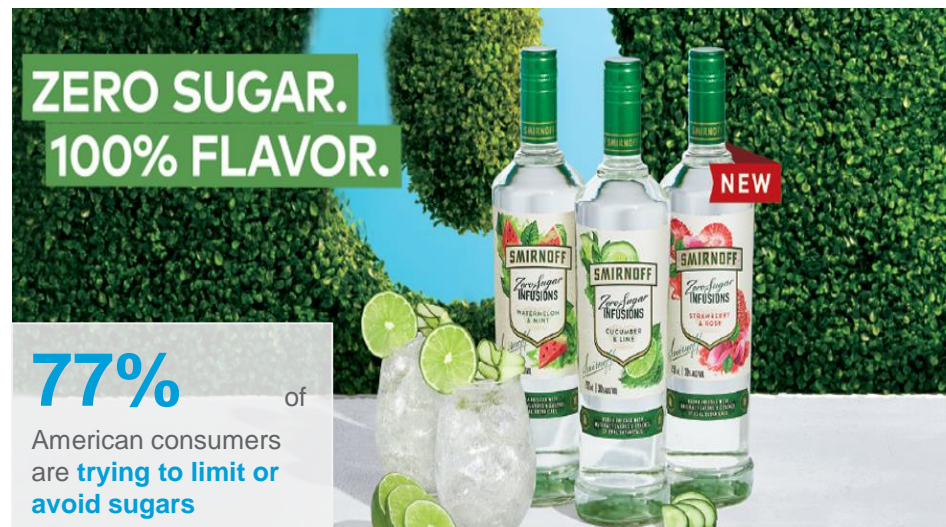
Source: IRI Shopper Panel Survey, 2019

Zero sugar will likely gain prominence as a claim in flavoured light spirits




68% would like to be able to check the sugar content of a bottle of flavoured gin

66% would choose a sugar-free flavoured gin over a flavoured gin that contains sugar



ZERO SUGAR. 100% FLAVOR.

77% of American consumers are trying to limit or avoid sugars

 The only **major gin brand not including any sugar** in its flavoured pink gin variant

 A **sugar-free, lower-ABV** (30% ABV) range infused with **natural flavours**

Source: quintessentialbrands.com; foodbev.com

Australia and NZ is now home to 'on-trend' low sugar gin based RTDs



Sero Rosé Gin



A zero sugar & zero carbs, keto friendly RTS cocktail that is only and only 79 calories per can



Firkin Gin Premixes

firkin[®]
no sugar



Naturally flavoured gin premixes that are free from sugar and artificial sweeteners



Sundown



Low sugar NZ-made 100% natural gin premix containing a unique blend of 9 botanicals

Source: firkindrinks.com; serortd.co.nz; premiumliquor.co.nz



Hayman's introduced the concept of 'small gin' to the UK market

HAYMAN'S
LONDON
SMALL GIN

PACKED FULL OF FLAVOUR
SO YOU CAN USE LESS



JUST ONE THIMBLEFUL MAKES A PERFECT GIN AND TONIC

0.2 UNITS ALCOHOL & 150ML PER RECOMMENDED 5ML THIMBLE SERVE

Small in size but big on flavour, SMALL GIN is so rich in botanical character that our recommended serve of just 5ml (ONE THIMBLEFUL) is all you will need to create a wonderfully-balanced, FULL-FLAVOUR G&T.



Full strength gin only requiring a thimbleful to make a G&T



High botanical content allows for an 80% serve reduction



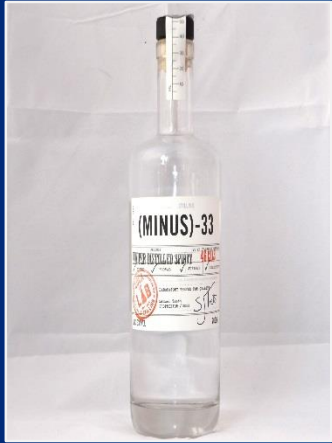
Signature serve to meet greater demand for lower alcohol options



Source: IRI analysis; haymansgin.com; thedrinksbusiness.com

Globally, we have also observed other **reduced calorie gin imitations**

Minus 33



Botanical infused spirit with notes of juniper, elderflower, lavender and angelica. Only **46 calories per serving**

Luxlo - For Gin Lovers



Gin alternative with **9 botanicals**. “Juniper forward with London Dry characteristics” **28 calories per 25ml** serve

Trinity 25



100% grain spirit is positioned as **a 25% ABV lighter alternative to gin**. Infused with a ‘Trinity’ of spiced botanicals

Temperance



4.2% ABV spirit crafted especially for gin-fans who are looking to **moderate their alcohol intake**

Source: spiritofbermondsey.com; portobelloroadgin.com; minus33.co.uk; skinnybooze.co.uk

Danish brand Herbie promises an “alcohol-free G&T” in both taste and fragrance

1 First “non-alcoholic gin worldwide”

Distilled with a number of botanical herbs

Same methods as the original expression

Finalist in “Best brand extension” category

World BEVERAGE Innovation Awards 2017



Source: herbiegin.com

The rise of reduced ABV spirits will prompt **more specialised premium mixers**



Designed to complement lower-abv spirits and give consumers the “opportunity to experiment further with tonic combinations”.

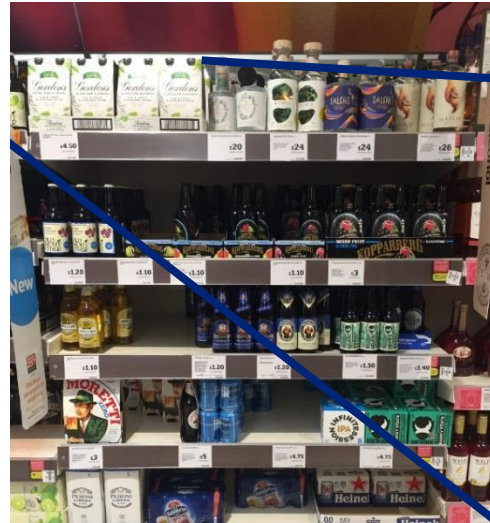
FRANKLIN & SONS SPEARHEADING ‘NO ALCOHOL’ TREND WITH BEAUTIFULLY INFUSED SODA COLLECTION



More recent innovation to tap into the growing non-alcohol trend

Source: globalbrands.co.uk; hespiritsbusiness.com

Gordon's ultra-low alcohol G&T premix is a high profile NOLO launch...



In this Sainsbury's store it is **ranged alongside alcohol-free spirits**



Less than 0.5% ABV and **68 calories per serve**, which is ideal for a consumer looking to **moderate alcohol intake**



Source: IRI Store Visits; gordonsgin.com; diageo.com

...and these items show **alcohol-free premixes** is a broader NPD theme



Square Root



Premixed alcohol-free **G&T** made using brewed juniper distillate and steam distilled botanical.
Only **62 calories per bottle**



Fibs Virgin G&T



Promising **“healthy and guilt-free refreshment”** in the form of two flavours: Classic Dry and pink Rose & Cucumber



Duchess Virgin G&T



Crafted using **re-distilled juniper berries and locally produced botanicals**. Targets a “healthy, successful, and discerning individual”

Source: sqrarootsoda.co.uk; drinkfibs.com; drinktheduchess.com

Trend 6:

Local hallmarks

Distinctive ingredient provenance enables both large and small gin producers to establish a 'storied' unique selling point



Unique local and non-traditional (Italian) provenance is 'on-trend'

Edinburgh Gin 1670



Limited-edition using rare and exotic botanicals grown and handpicked in Edinburgh's famous historical garden

Bombay Sapphire English Est.



Limited-edition handcrated gin inspired by the countryside that surrounds Bombay Sapphire's English home

Villa Ascenti



Super-premium Italian gin made with signature ingredients (including Moscato) from the hills of Piemonte that are distilled within hours of harvest

'Field-to-Bottle' distillers is a small, yet highly but distinctive craft gin theme

Arbikie



Family owned distillery
Describes itself as a **“true field to bottle operation”** that self nurtures the crops used to distil the gin

Oxford Artisan Distillery



The **‘grain-to-glass’** distiller’s ‘Physic Gin’ is a collaborative project with Oxford University. It contains botanicals grown in the university’s 17th century botanic garden

JawBox



Grows its barley in the fields surrounding the distillery for a true field-to-bottle approach

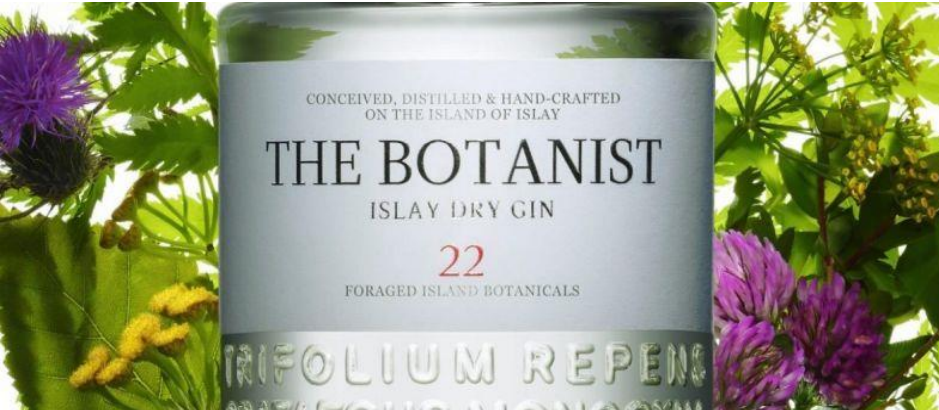
Chapel Down



English winery that made its first leap into gin in 2017. Base spirit is **made from the Bacchus grape grown at the winery’s vineyards**

Source: arbikie.com; spiritoftoad.com; thedrinksbusiness.com

The Botanist is a top growth driving example of 'field-to-bottle' appeal



FORAGING WAS ONCE A WAY OF LIFE FOR EVERYONE. IT'S IN OUR DNA.

The Botanist is the **first and only Islay Dry Gin**, a remote Scottish island. It **includes 22 hand-foraged local botanicals**

The Botanist

2017-18

▲
113%
Dollars

2018-19

▲
68%
Dollars



+\$1.2M

Source: IRI MarketEdge, MAT and 104 Weeks To 30/06/19; thebotanist.com

An abundance of native ingredients has bolstered a thriving local industry

A wealth of native ingredients has propelled Australia to be one of the world's most innovative gin producing nations

Larrikin Sunburnt Country Gin

inside FMCG

Larrikin Gin goes national

August 9, 2019 Ruth Hogan

Ballarat's Kilderkin Distillery has announced national distribution of its core range of Larrikin Gin, following the successful release of Sunburnt Country, Bush Tucker Gin and Cherry Lush to a national audience.

The core Larrikin range includes four gins, Scoundrel, Original Larrikin, Buccaneer and Barrel Aged Gin.

Chris Pratt from the Kilderkin Distillery said it's an "exciting time" for the business.



1 MONTH:
+\$1,500

A gin that **tries to “capture the spirit of Australia,”** it contains **10 Australian native ingredients** and has been **bottled at 50.7%**, Australia's highest recorded temperature

Archie Rose

+900K

More than **doubled** off-premise sales in 2017-18



“Accented” by native Australian botanicals

Signature Dry Gin blends **14 traditional and native botanicals**. Local ingredients include blood lime, Dorrigo pepperleaf, lemon myrtle and river mint

Source: insidefmcg.com.au; archierose.com.au

Adelaide Hills – and the **Green Ant Gin** – is a key example of ‘localism sells’

Adelaide Hills Distillery

2017-18

2018-19

▲
404%
Dollars

▲
136%
Dollars

2 yrs

+\$2.6M

Green ant ‘bush tucker’ is hand harvested in the Northern Territory by the Motlop family of the **Larrakia people**

Gold @ San Francisco Spirits Awards 2018



+\$525K

TOP 30
glass gin
growth
SKU



Source: IRI MarketEdge, MAT and 104 Weeks To 30/06/19; adelaidehillsdistillery.com.au; sbs.com.au

The distinctively blue hued **Gray Whale Gin** has a strong local connection



✓ **Locally sourced** or **wild foraged botanicals** along the migratory path of the California Gray Whale

✓ **Distinctive local botanicals** include Kombu, also known as sea kelp

✓ **1% all sales** proceeds **go to environmental causes**

✓ Bottle is designed with **organic paint** and a **100% biodegradable cork**

Source: IRI analysis; raywhalegin.com ; forbes.com

Glendalough's brand portfolio is underpinned by local influences



✓ **Signature Wild Botanical Gin** derives from foraging wild plants in the mountains around the distillery

✓ **The limited edition 'ginteresting series'** is from experiments with wild local ingredients

✓ **4 seasonal gins** use botanicals gathered at different times of the year

Source: IRI analysis; glendaloughdistillery.com; forbes.com

Trend 7:

‘Fruitfully Hued’

Flavoured gins with a distinctive hue, still a nascent development in Australia, will play a significant role growing penetration by bringing an approachable informality to a traditional liquor format



Brands are evolving beyond pink into other fruit-forward flavours



TOP 10
Gin
growth
brand

£
+7M



In a market where **36% of all gin shoppers now only bought flavoured variants***, Greenall's flavoured gin growth is offsetting declines in core Greenall's brand - a broader sign that **traditional styles of gin may start to decline in popularity**

Source: IRI UK 52 Weeks To 20/07/19; *Kantar data reported in The Grocer; quintessentialbrands.com; greenallsgin.com

New **berry**, (blood) **orange** and **rhubarb** expressions are **trending globally**

Berry/Cherry



Total brand up 7% in UK

“Significantly contributed to brand growth”



Orange



£15M brand in the UK (up + £ 12M)

No.4 UK NPD (+£2.5M)

Top 15 UK growth gin brand

Rhubarb & ...



A variant of pink gin, rhubarb has emerged as a champion of flavoured gin

Source: IRI UK 52 Weeks To 20/07/19

Whitley Neil's huge success in flavoured gins could be telling locally

August
2019

Food & Drink
BUSINESS

Whitley Neil Gins enter
Aussie stores



▲
188%
Dollars

£

+47M



23 August 2019

Most UK growth came from its **Rhubarb & Ginger** and **Parma Violet** flavours

Source: IRI UK 52 Weeks To 20/07/19; whitleyneil.com



Its **sister brand** is also a UK growth leader, underpinned by **unusual flavours**



Total brand



Total violet



77%
share of
growth

Source: IRI UK 52 Weeks To 20/07/19; whitleyneill.com

Rhubarb & parma violet also feature among other NPDs driving UK growth



6M

Second only to
Greenalls Wild
Berry for
growth impact



3M

▲
68%
Dollars

Source: IRI UK 52 Weeks To 20/07/19; shop.boegin.com

Other noteworthy NPD ranges from watermelon to tea

Lemon/Watermelon



Verano's two flavours are made with Spanish watermelon and lemon for “easy entertaining”

Topical fruits



Known a quirky gins and gin liqueurs FlaGINgo Pink Gin features tropical fruit Caribbean flavours including

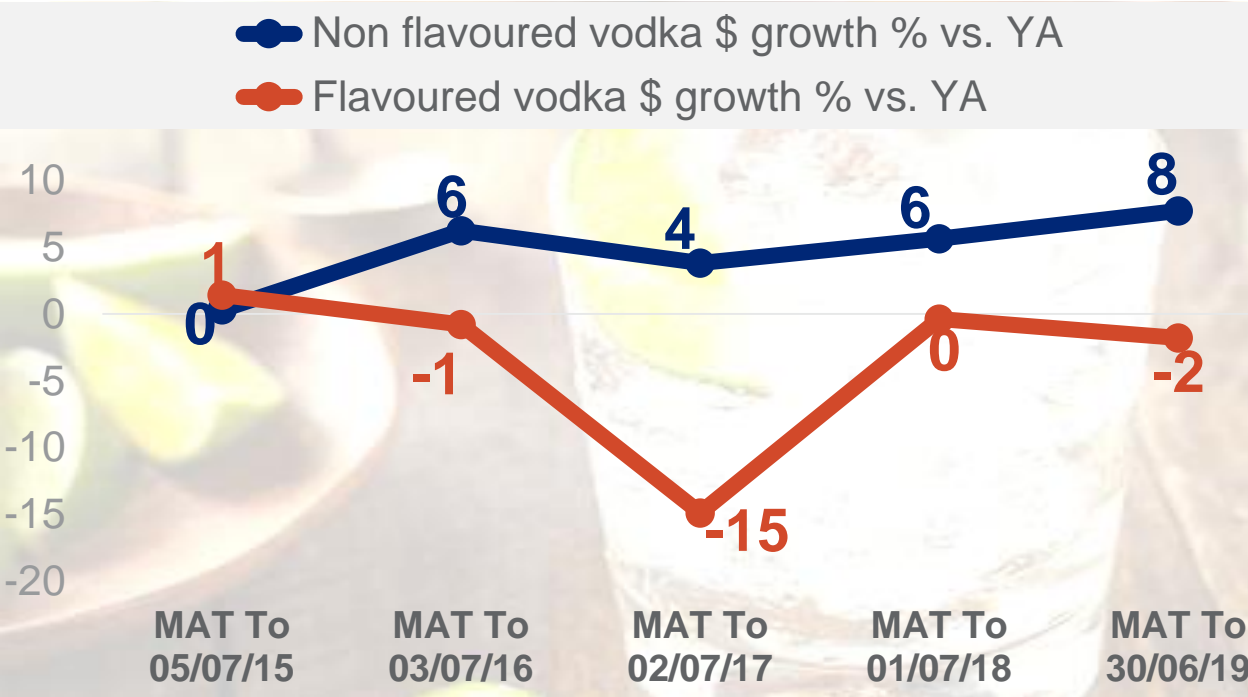
Fruits & tea



A premium blend of 12 botanicals including fruits and Japanese Sencha and Chinese green tea

Source: veranogin.com

There is however is **cautionary tale with flavoured vodka**



A feeling exists among many observers that **flavoured innovation in vodka was taken too far; it became gimmicky**. Similar accusations now exist in gin



Less ambiguous is that **consumers are gravitating towards higher quality fresh and natural ingredients** like fruit peels, and real juice

Source: IRI MarketEdge, MAT To 06/07/14 Through MAT To 30/06/19; IRI Store Visits

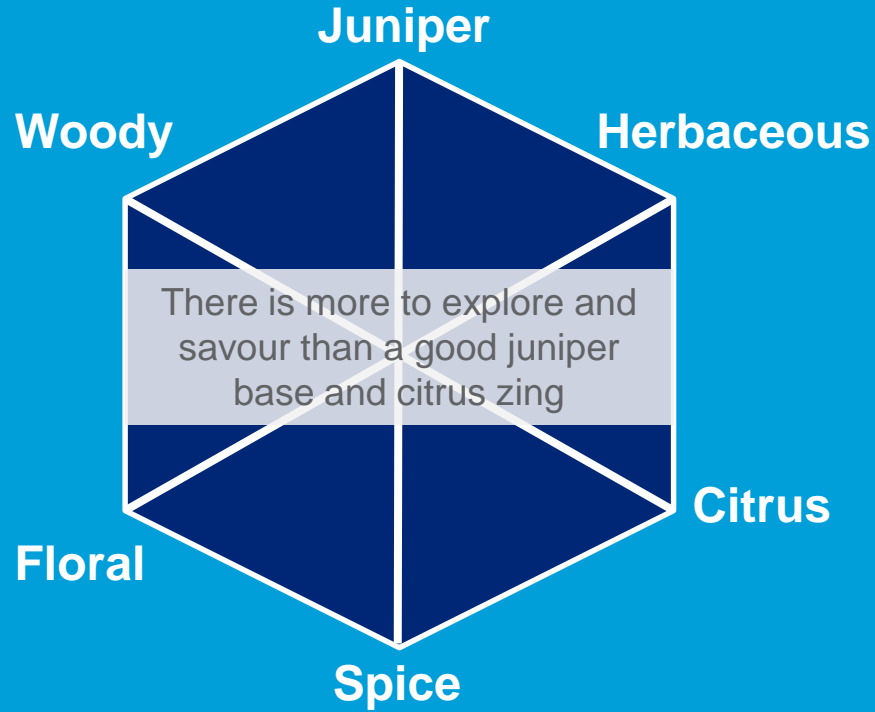
Trend 8:

Alt. flavours & packs

Gin is already an inherently versatile spirit. Ongoing flavour and packaging innovation is creating an environment enlightens the senses, while appropriating gin for all seasons and occasions



Gin's versatility is underpinned by a broad flavour map



So What?

Consider how you as a brand and/or retailer are **helping consumers to navigate** the growing number of convention defying gins available. Aim to **create a 'trade-up journey'** and **showcase that there's plentiful variety in gin to suit anyone**

Gin is currently **more summer season influenced** than overall liquor



Source: IRI MarketEdge, September 2016 To August 2019

Sweet and spiced (winter) festive gins is a private label theme in the UK

2018



Warm spiced notes and rich plum flavours, the gin has a sweet clementine finish



Said to best pair with slices of plum, a sprig of rosemary and a dash of soda water

2019



Marks & Spencer gin snow globe will form part of its Christmas food collection for 2019



M&S anticipate the clementine gin liqueur will be “the gift of the season”

Source: IRI analysis; no1magazine.co.uk; goodhousekeeping.com

Asda's festive range builds on an already eclectic flavour line-up

Recently accounted festive gin range includes **Spiced Cranberry & Clementine**...



...as well as **Mince Pie** and **Toasted Marshmallow**



Asda also has a range of **confectionery inspired gins** under the Extra Special private label brand in apothecary-style bottles

Subject to availability
Serving suggestion

Source: [groceries.asda.com](https://www.groceries.asda.com)

Winter themed NPD from craft distillers also aims make gin as all year drink



Takes their original gin recipe and finishes with **Winter botanicals**



Orange, Cinnamon, Star Anise, Clove and Dried Fruits



Tarquin's **Winter Spice** is a festively infused gin and tonic



On premise exclusivity: it is distilled in exclusive collaboration with Nicholson's pubs

Source: IRI analysis; whittakersgin.com; nicholsonpubs.co.uk

Scottish craft distillery **Dunnet Bay** has embraced **fully recyclable pouches**



- ✓ Recyclable refill pouches that can be **returned to the distillery to then be recycled into new items**
- ✓ **Reduce footprint in shipping** its Rock Rose Gin out to customers (65g vs. 700g ceramic bottles)
- ✓ **Plan to extend the scheme** to bars, restaurants and shops, as well as across all the spirits in our portfolio

Source: IRI analysis; foodanddrink.scotsman.com; paconsulting.com

Fifty Eight Gin is another UK producer embracing refill pouches



58 Gin is a “hand crafted, premium artisan gin” that is ranged in Aldi (among other retailers)



The brand shop includes 3 litre Eco Refill Pouches as the “perfect way to transport 58 Gin to festivals and boozy picnics”

Source: IRI analysis; 58gin.com; aldi.co.uk

With a reputation for flavour innovation, packaging now is a key frontier



Glaswegin is a contemporary gin to celebrate the City of Glasgow



Winner of the 'Best Packaging' category at Scottish Design Awards



Bottle is “ribbed and rippled like the [local] seas of Luskentyre”



Multiple local and global packaging accolades won

Source: IRI analysis; craft56.co.uk; thescottishginsociety.com; harrisdistillery.com; ginfoundry.com

Packaging is a canvass to **creatively showcase innovative ingredients**

Curio is a **high-end spirits brand** sold in retailers including **Harvey Nichols and John Lewis**



Stylised **hand-painted botanical illustrations** on the labels **convey the unique flavours**



Source: IRI analysis; curiospiritscompany.co.uk; kingdomandsparrow.co.uk

We also observe dark hues, unique shapes and added functionality




Premium pricing/
packaging


Irreverent
branding


Unique
flavour
profile




Handcrafted,
small-batch gin


Natural black
clay bottle to
enhance flavour


Baltic
origin




Unique beaker
shape bottle


Matt black
finish &
hypnotic logo



Source: IRI MarketEdge, MAT To 06/07/14 Through MAT To 30/06/19; crosskeysgin.com; gillemore.com

Savoury gins could move out of the craft market and into the mainstream



Limited edition
“**savoury twist**” on the classic Tanqueray with the addition of English garden herb, **lovage**



Described as “**deeply herbaceous, celery-like and earthy**, whilst retaining a juniper-citrus forward style”.



From the **first commercial gin distillery in the Barossa Valley**



Savoury gin with borage, gentian and star anise – as well as fresh thyme and marjoram



A “**refreshing herbaceous gin**” crafted with 19 Italian botanicals (incl. fresh Basil)



Aimed at “**sophisticated foodies** and travel dreamers”

Source: IRI analysis; thedrinksreport.com; australianbartender.com.au; campariuk.com



REMINDER...

**HOW WILL THE
INDUSTRY UNLOCK
FURTHER GROWTH?**



Gin based liquor sales are soaring, both locally and globally. Global benchmarking, trend analysis and IRI's analytical forecasting indicates further sales stretch potential exists in Australia in the coming 18 months

The local and global 'ginaissance' has been gathering momentum

Both glass gin and RTD gin have doubled share of category sales over the last 5 years, adding +\$217M

Over the last 2 years, gin has outperformed other trending liquor formats (e.g. craft beer, rosé wine)

The 'halo effect' of NPD is evidenced by strong gains from base & new items

Significant range expansion – led by the burgeoning local craft distilled movement – has underpinned growth

The rise of flavoured & premium non-traditional gins has inflated prices (and AWOP), and elevated engagement

IRI anticipate 8 key trends shaping future directions in gin performance

We anticipate these trends driving 50% unit growth (+524M units) through to 2020

The UK, where gin has a 21% share of spirits, is a barometer of gin's potential longer term sales stretch in Australia

IRI anticipate 8 key trends shaping future directions in gin performance

Brand & Format Stretch

this little pig has
a tasty new ~~win~~ gin

new

Made with a dash of Squealing Pig Rosé,
Australia's #1 rosé wine*



squealing pig

*2018 AWG Liquor Limited & Squires Rosé GTH 1 to 28/04/18

Local Hallmarks



Private Label Evolution



'NOLO'



'Ginsperiences'

BOMBAY  SAPPHIRE
PROJECT
BOTANICALS

A JOURNEY TO THE EDGES OF
TASTE, MUSIC & IMAGINATION

TRAVEL TO THE ENDS OF THE EARTH WHERE
WE SUSTAINABLY SOURCE THE BOTANICALS
THAT GO INTO BOMBAY SAPPHIRE GIN.

#PROJECTBOTANICALS

Fruitfully Hued



'Ginspiration'



Alt. flavours & packs





**FOR MORE INFORMATION,
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