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Sunday, 1 May 2011

Page: 35

Circulation: 6222

Area of Clip: 78738.00mm

Clip ID: 869471

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Summer Loving

According to a new report, Irish adults spend almost €2,000 a year on alcohol, indicating there is still plenty of life in the drinks market. **Grainne Burns** reports.

The revelation that Irish people spend almost €2,000 a year on alcohol may have raised eyebrows in the media, but for those in the industry, was hardly a source of much surprise.

The research, issued by Aviva Health Insurance to mark Alcohol Awareness Month, highlighted that, despite tough economic conditions, Irish people will continue to purchase and consume alcohol.

Indeed, these statistics confirm many global reports that, during times of recession, more people consume alcohol. Therefore, this is not just an Irish phenomenon.





Thanks to the emergence of the 'Come Dine with Me' culture, cocktail parties are increasingly popular with Irish consumers. Manufacturers have responded to this with the launch of pre-mix SKUs

Heavy promotional activity has dictated the off-trade industry over the last number of years, with the multiples now the leading player in alcohol sales in Ireland.

Symbol groups, discounters and independents have all reacted with their own competitive price points, but this price war has also led to further calls for a minimum price to be set for alcohol products.

Earlier this year, authorities in Northern Ireland initiated legislation to implement this minimum price and, should it be passed, will certainly exert pressure on the Irish government to follow suit.

Continually under the media microscope, pressure is also mounting on the industry to change its packaging policies.

A recent report, entitled *The Future of Sustainable Alcoholic Beverage Packaging*, found that 20% of consumers globally would consider buying an alternative if they perceive an alcoholic produce to be over-packaged.

While environmental considerations are an agenda item, retailers and manufacturers are primarily concerned about driving sales and promoting brands.

As such, in recent months, a number of brand initiatives, product launches and collaborations have been made.

Carlsberg, for example, unveiled a radical global brand strategy, with a revamp of its packaging, visual identity and launch of advertising campaign.

Meanwhile, Diageo is targeting the female consumer with its new offering, *eve*, with Bulmers launching a new pint bottle format of its *Light* variety.

Irish-based brewers, including the Galway Hooker and Dungarvan Brewing Company, are investing in the off trade, with new 50cl bottles of some of their best selling lines.

Retailers are also upping the ante when it comes to off-licence sales. Pallet displays are

just one of the methods used to attract consumers, as too are themed promotions such as Italian or Spanish wine weeks.

Wine sales have soared over the last 10 years, albeit with value growth diminished by the downturn and below cost selling.

With the average bottle of wine now sold is at the €6-€7 mark, there is very little room for margin, a scenario which has led to some accusations that the off-trade has 'dumbed down' wine purchasing in Ireland.

Regardless of whether this is true or not, the fact remains that more Irish shoppers are now buying wine than ever before.

According to data from **Empathy Research**, published in our *Retail Intelligence* newsletter, one in three Irish shoppers buys at least one bottle of wine every week.

Indeed, recent MAT figures show that multiples now account for 48% (+3% v 2010) of the wine market, symbols and forecourts hold 16% (-2%) and discounters at 18% (+3%).

The **Empathy Research** survey, however, highlighted the opportunities for c-stores, with a majority of the survey respondents stating they would like to see a better range in their local store.

Wine clubs and similar social events have proved popular, both in terms of engagement with consumers and encouraging purchases.

There was some further good news for the industry earlier this month with Diageo and Pernod Ricard recording strong sales in Q1, with strong performance in their spirits portfolios.

While much of this growth was attributed to sales in developing markets, it gives a mark of confidence in the sector.

In summary, with a significant part of the €2,000 annual spend on alcohol being spent in summer, the retailer has to get the summer drinks category right.