

# IRELAND'S SPIRIT INDUSTRY



IRISH  
SPIRITS  
ASSOCIATION





## ABOUT THE IRISH SPIRITS ASSOCIATION

**T**he Irish Spirits Association was established in 1997 to promote the interests of the Irish spirits industry in Ireland and internationally. The ISA provides a strong and effective voice at both national and EU level on issues such as taxation, labelling, trade and the ongoing international protection of Ireland's Geographic Indicators (GIs).

The objective of the association is to ensure that optimal international trading conditions exist for the Irish spirits industry. Membership is open to all branded spirits manufacturers and suppliers. The association offers information, representation and advice to its members, and provides a forum for members to network and collaborate on issues that impact the industry.

The association facilitates a number of working groups which represent key category sectors, including:

- Irish Cream Working Group
- Irish Poitín Working Group
- Irish Gin Working Group
- Irish Whiskey Technical Operations Working Group

The ISA is part of the Alcohol Beverage Federation of Ireland (ABFI) which is part of Ibec, Ireland's largest business representative body. For more information, visit [www.abfi.ie](http://www.abfi.ie)

The ISA is a member of spiritsEurope which represents the spirits industry at EU level.



## CHAIRMAN'S INTRODUCTION

**T**his is the first-ever industry and market report issued by the Irish Spirits Association and it comes at a time when our sector is undergoing vibrant growth and has a lot to be proud of.

While alcohol consumption in Ireland has been steadily falling, the exports of Irish spirits are growing at an ever-increasing rate.

Ireland's whiskey renaissance is being matched by unprecedented global sales growth. Irish Cream liquor is also experiencing fresh growth after a lost decade. In total Ireland's two leading GI spirit categories saw sales of nearly 16 million cases in 2016. This growth is delivering for Irish farmers in terms of increasing purchases of malted barley, unmalted grains and fresh cream. Increasing export growth will lead to further increased demand for Irish agricultural raw materials and the commitments being made by Irish drinks producers under Bord Bia's Origin Green scheme means more agricultural raw materials will be sourced locally. The Irish Spirits Association is continuing to work to ensure a bright future for our third GI category, Irish Poitín.

A key trend highlighted in this report has been remarkable surge in the popularity of gin, both of Irish and international brands. The Irish Spirits Association recently established an Irish Gin working group to provide a strong voice for this rapidly-growing industry.

Overall, the Irish spirits industry is delivering more exports, more jobs and more GDP growth than ever. We are on-target to exceed the Government's FoodWise 2025 targets.

I wish to acknowledge the important ongoing support of Government and state agencies, particularly the Department of Agriculture, Food and the Marine and Bord Bia. However, I wish to also highlight the serious threats facing our industry from the Public Health Alcohol Bill and Ireland's excessive excise rates on alcohol.

With Brexit leading to uncertainty and economic tumult, particularly for the integrated All-Island drinks industry, the Irish Spirits Association wants to work with Government to steer a sustainable path forward for what remains one of Ireland's most prolific economic sectors, something which is clearly outlined in this report.



***John Harte***  
Chairman, Irish Spirits Association

## OVERVIEW OF REPORT

**T**his is a report on the overall performance of Ireland's spirits industry and market and about individual spirits categories. Key headlines from this report include:

### **IRISH SPIRITS EXPORTS ARE INCREASING**

The value of Irish spirits exports increased by 6.1% in 2016. Global sales of Ireland's GI spirits – Irish Whiskey, Irish Cream and Poitin totalled nearly 16 million cases in 2016. Exports are set to grow by even more in 2017 with Irish Gin exports expected to all make an unprecedented breakthrough.

### **IRELAND'S WHISKEY RENAISSANCE IS GOING FROM STRENGTH TO STRENGTH**

A few years ago, Ireland had only four operational whiskey distilleries. There are now 18 distilleries operating across Ireland, from Dublin's Liberties to rural communities nationwide. Irish whiskey sales grew by 11.3% in 2016 cementing its position as the world's fastest growing spirits category. Sales of premium Irish whiskey have grown by 135% in five years.

### **IRELAND HAS AN EXCITING AND DYNAMIC DOMESTIC SPIRITS MARKET**

1.3 million people in the Republic of Ireland consumed a spirit drink in 2016. The majority of spirits consumed in Ireland are produced in Ireland and over two thirds are purchased through the off-trade. Vodka remains Ireland's most popular spirits drink, but sales have fallen by a quarter in the past decade. Gin is the fastest growing spirit category among Irish consumers, growing by 31.6% in 2016. Similar levels of growth are being reported for the first half of 2017, both in the on and off trades.

### **THE IRISH SPIRITS INDUSTRY IS GROWING AND IS A MAJOR CONTRIBUTOR TO THE IRISH ECONOMY**

The number of licensed spirits producers in the state doubled between 2014 and 2016. Irish Spirits Association members directly employ over 1,550 people in spirits production, sales and tourism, paying €88 million in wages. The Irish whiskey industry purchases 85,000 tonnes of Irish malted barley and 316 million litres of fresh cream from Irish farmers, sourced from 46,000 dairy cows. Our members invested €478 million in the Irish economy in 2016 and committed €411 million in capital investment between 2010 and 2016.

## OVERVIEW OF REPORT

### WHISKEY TOURISM IS REAL AND IT'S GROWING!

Irish whiskey distillery visitor centres received 733,000 visitors in 2016, up 12.2% from 2015.

Thank you to all who helped input to this report including IWSR, Kantar, Revenue Commissioners, CSO, Ibec Economic Unit, Teagasc and of course to all the member companies who provided industry data.



***William Lavelle***

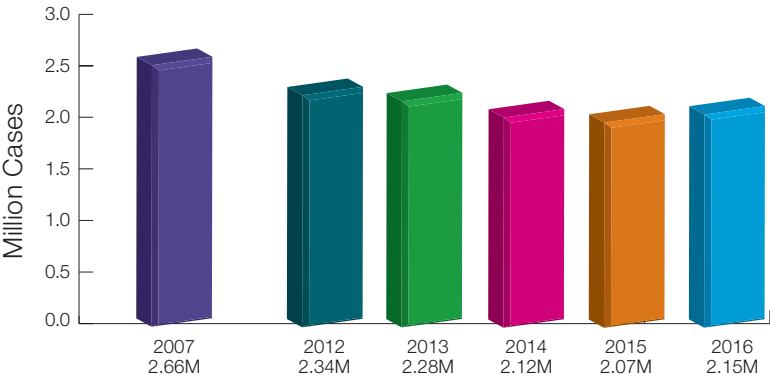
Head of the Irish Spirits Association



**OVER THE PAST 10 YEARS, THE OVERALL CONSUMPTION  
OF SPIRITS IN IRELAND HAS FALLEN BY 19.2%**

**OVERALL SPIRITS CONSUMPTION IN IRELAND**

*Source: IWSR*



**OVER TWO THIRDS OF ALL SPIRITS CONSUMED IN IRELAND ARE  
PURCHASED THROUGH THE OFF-TRADE**

**ON-TRADE VS OFF-TRADE**

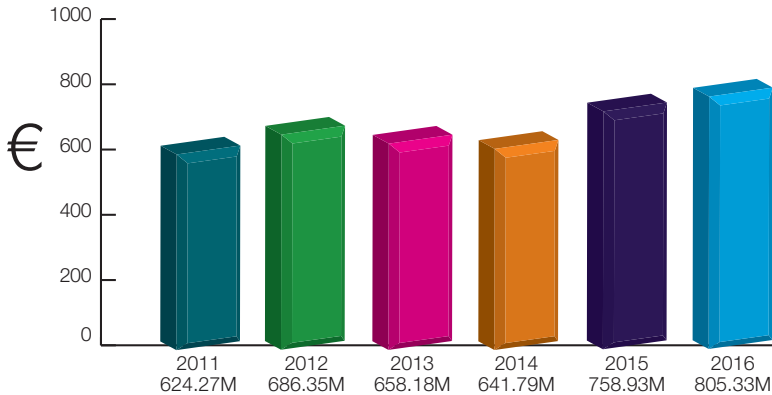
*Source: Industry*



**THE VALUE OF IRISH SPIRITS EXPORTS INCREASED BY 6.1% IN 2016 AND ARE SET TO INCREASE BY MORE IN 2017.**

**VALUE OF SPIRITS EXPORTS (ROI ONLY)**

*Source: CSO*



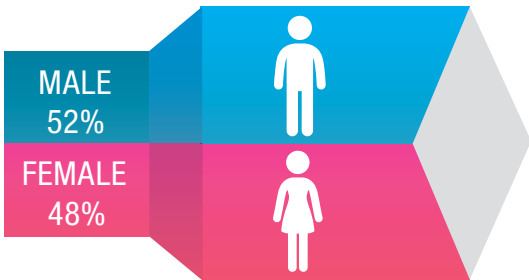
**ALCOHOL CONSUMPTION BY CATEGORY MIX**

*Source: Revenue Commissioners*

	2006	2016
Spirits	20%	19.20%
Wine	21%	27.80%
Beer	51%	46.20%
Cider	8%	6.80%

**MALE/FEMALE (VOLUME SHARE) OF SPIRITS CONSUMPTION IN IRELAND 2016**

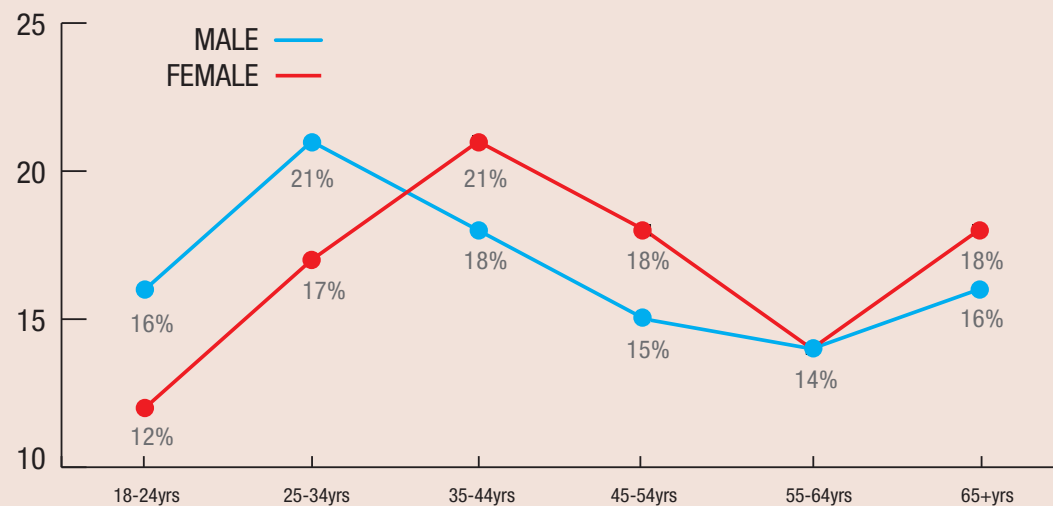
*Source: Kantar*





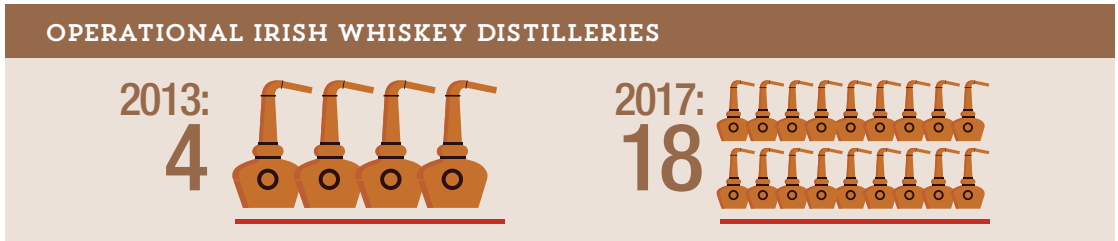
## AGE BREAKDOWN BY MALE AND FEMALE (VOLUME SHARE) OF SPIRITS CONSUMPTION IN IRELAND 2016

Source: Kantar



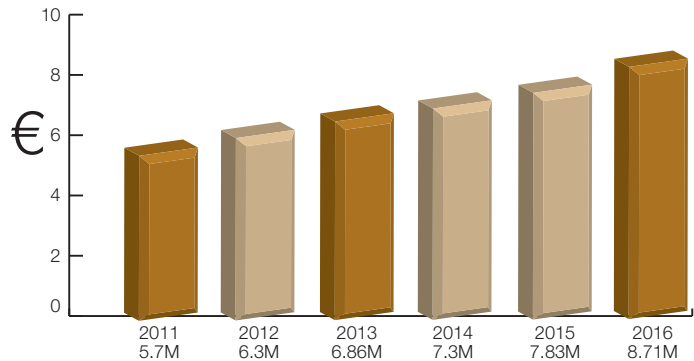
# IRELAND'S WHISKEY RENAISSANCE

**A** few years ago, Ireland had only four operational whiskey distilleries. There are now 18 distilleries operating across Ireland, from Dublin's Liberties to rural communities with at least 16 more at planning or construction stage.

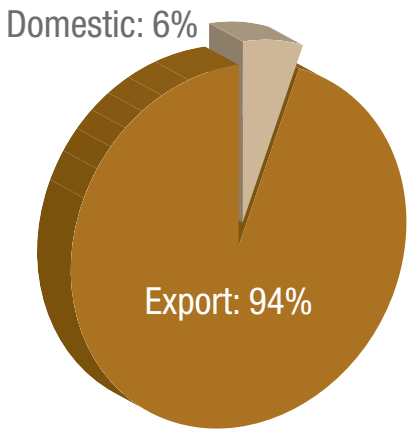


**IRISH WHISKEY SALES GREW BY 11.3% IN 2016 CEMENTING IRISH WHISKEY AS THE WORLD'S FASTEST GROWING SPIRITS CATEGORY.**

**VOLUME OF GLOBAL IRISH WHISKEY SALES**  
*Source: IWSR*



**DOMESTIC VERSUS EXPORT**  
*Source: IWSR*



## STANDARD VS PREMIUM BRANDS

Source: IWSR






	Volume 2011 (cases)	Market Share 2011	Volume 2016 (cases)	Market Share 2016	% Increase in Volume sold
Standard	5,265,000	94.03%	7,901,000	91.52%	50.07%
Premium	281,000	5.02%	661,000	7.66%	135.23%
Super-premium	46,000	0.82%	63,000	0.73%	36.96%
Ultra-premium	7,000	0.13%	8,000	0.09%	14.29%

**SALES OF PREMIUM IRISH WHISKEY GREW BY 135% IN FIVE YEARS WITH THE COMBINED VALUE OF SALES OF ALL PREMIUM, SUPER AND ULTRA IRISH WHISKEY GROWING BY A SIMILAR PERCENTAGE TO OVER €330 MILLION IN 2016.**

## ASSESSMENT

In 2016, global sales of Irish whiskey increased by 11.3% increase to reach 8.7 million cases, breaking the 100 million bottle barrier. Of this, exports accounted for 8.2 million cases, representing an 11.8% increase. This growth rate means that Irish Whiskey remains the world's fastest growing spirits category. Current growth rates point to Irish whiskey exports exceeding the 2020 target of 12 million cases set-out in Irish Whiskey Association's 'Vision for Whiskey' strategy.

**IRISH WHISKEY EXPORTS ARE ON-TARGET TO EXCEED THE 2020 TARGET OF 12 MILLION CASES SET-OUT IN IRISH WHISKEY ASSOCIATION'S 'VISION FOR WHISKEY' STRATEGY**

TOP 5 MARKETS 2016			
<i>Source: IWSR</i>			
	UNITED STATES	3.66 MILLION CASES	17.6% ANNUAL INCREASE
	IRELAND	521,000 CASES	3.4% ANNUAL INCREASE
	FRANCE	381,000 CASES	1.9% ANNUAL DECREASE
	UNITED KINGDOM	341,000 CASES	5.2% ANNUAL INCREASE
	SOUTH AFRICA	335,000 CASES	12.8% ANNUAL INCREASE

**2017 ASSESSMENT**

According to the CSO the value of Irish whiskey exports from the Republic of Ireland to all international markets increased by 18.5% in the first six months of 2017. Exports to the United States grew by 22% and exports to Canada also increased by 31%

**IRISH WHISKEY EXPORTS ARE CONTINUING TO GROW RAPIDLY IN 2017.**

# IRELANDS' GI SPIRITS

## VOLUME OF GLOBAL IRISH CREAM LIQUOR SALES

Source: IWSR

	2012	2013	2014	2015	2016
Volume (Million 9-litre cases)	7.413	7.244	7.197	7.217	7.241

## VOLUME OF POITÍN SALES

Source: IWSR

	2014	2015	2016
Volume (9-litre cases)	5,859	4,872	2,784

## ASSESSMENT

Following a lost decade for Irish cream liquor, 2016 saw a slight return to growth. Preliminary figures for 2017 suggest that Irish Cream liquors sales are continuing to grow both globally and in Ireland, particularly in the Irish off-trade. Regrettably, the Irish Poitín category has seen a sharp fall in sales from an already low base. Ensuring the future viability of the GI-protected category must be a priority.

**GLOBAL SALES OF IRELAND'S GI SPIRITS TOTALLED NEARLY 16 MILLION CASES IN 2016 AND WERE WORTH NEARLY €4 BILLION IN SALES.**

## OVERALL VOLUME OF GLOBAL IRISH GI SPIRIT SALES

Source: Industry & IWSR

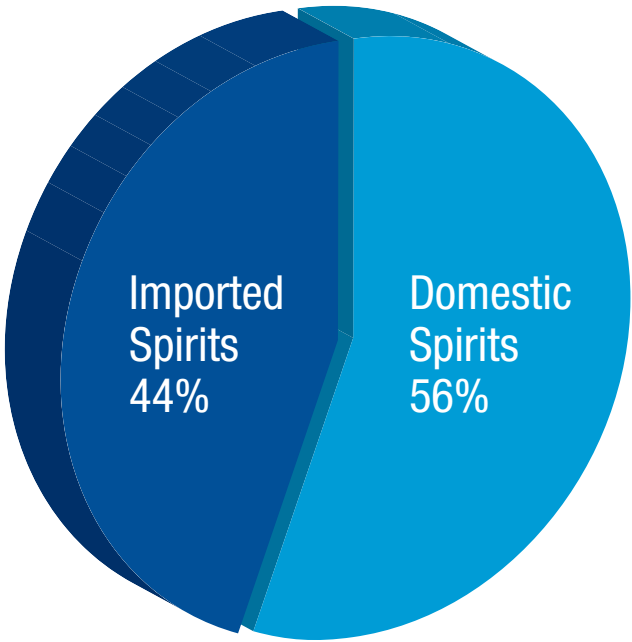
	2014	2015	2016
Volume (Million 9-litre cases)	14.5	15.05	15.95

# IRELAND'S MOST POPULAR SPIRIT CATEGORIES

THE MAJORITY OF IRISH CONSUMED SPIRITS  
ARE PRODUCED IN IRELAND

SALES IN IRELAND 2016

Source: IWSR



**GIN IS THE FASTEST GROWING SPIRIT CATEGORY AMONG IRISH CONSUMERS, GROWING BY 31.6% IN 2016.**

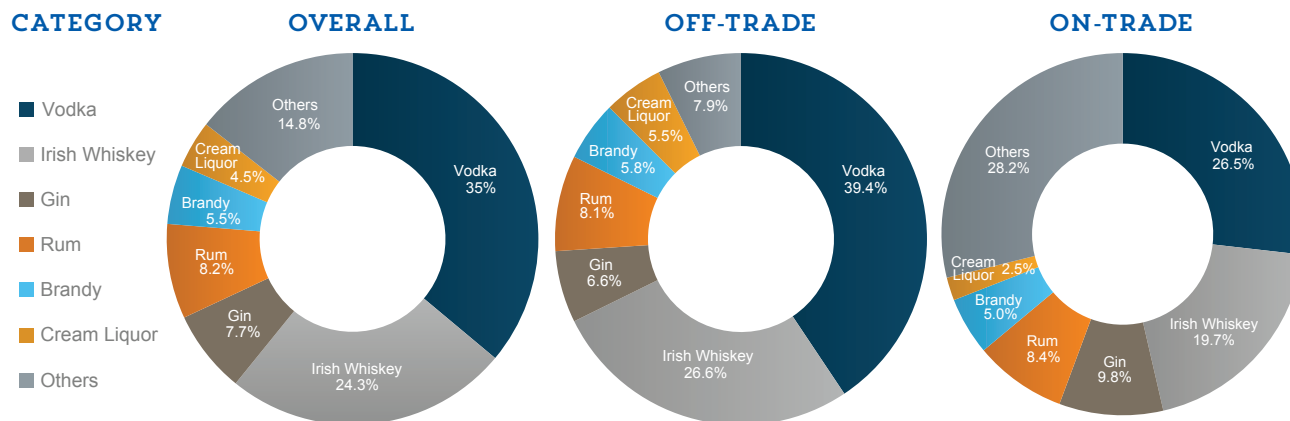
**SALES IN IRELAND 2016**

*Source: IWSR*

						CHANGE
Spirit Category	2012	2013	2014	2015	2016	2015 - 2016
Vodka	887.00	879.50	805.50	743.75	751.00	0.97%
Premium Irish Whiskey	24.55	24.70	31.38	46.40	57.55	24.00%
Irish Whiskey - total	538.25	519.75	468.00	504.25	521.25	3.37%
Dark rum	15.90	16.25	15.25	15.00	15.25	1.67%
White rum	96.70	89.00	83.50	86.50	84.50	-2.31%
Spiced (flavoured) rum	116.30	128.75	112.25	77.75	75.50	-2.89%
Rum – total	228.90	234.00	211.00	179.25	175.25	-2.23%
Gin – Imported	56.00	60.75	65.70	77.50	103.10	33.03%
Gin - Irish	56.50	47.00	45.05	47.50	61.40	29.26%
Gin – total	112.50	107.75	110.75	125.00	164.50	31.60%
Brandy	143.25	124.50	108.25	111.75	118.00	5.59%
Other liquors	102.50	101.20	102.25	103.75	108.60	4.67%
Cream Liquor	108.00	107.30	101.50	94.00	95.90	2.02%
Scotch whisky	90.45	80.50	75.50	67.50	61.75	-8.52%
Bourbon whiskey	47.50	46.25	49.50	55.75	58.00	4.04%
Bitters & Spirits Aperitifs	49.25	51.00	53.50	53.75	54.50	1.40%
Tequila	10.75	13.00	13.50	15.75	16.00	1.59%
Aniseed spirits	16.75	16.25	14.25	15.50	15.40	-0.65%

## SALES IN IRELAND 2016

Source: IWSR



## ASSESSMENT

- Vodka remains Ireland's most popular spirits drink, but sales have fallen by a quarter in the past decade.
- Within the Irish Whiskey category, sales in Ireland of premium Irish whiskey brands increased by 24% in 2016.
- Gin is the fastest growing spirit category among Irish consumers, growing by 31.6% in 2016. Similar levels of growth are being reported for the first half of 2017, both in the on and off trades. However, in recent years, sales of imported Gin brands have out-stripped sales of Irish Gin, although 2016 saw a large increase in the sale of Irish Gin.
- The early part of this decade saw a rapid rise in the popularity of spiced rum, but following a peak in 2012 sales of spiced rum have fallen back.
- Brandy, Scotch, Bourbon and Irish Cream liquor have all seen a decline in consumption in Ireland in recent years, although Irish Cream liquor grew again 2016.



# ECONOMIC CONTRIBUTION OF IRELAND'S SPIRIT INDUSTRY

## THE NUMBER OF LICENSED SPIRITS PRODUCERS IN THE STATE DOUBLED BETWEEN 2014 AND 2016

### DRINKS MANUFACTURING LICENCES (ROI)

Source: Revenue Commissioners

2014	2015	2016
18	19	35

### IRISH SPIRITS ASSOCIATION MEMBERS INVESTMENT IN ECONOMY 2016

MATERIAL PURCHASED	€168.0M
SERVICES PURCHASED	€195.7M
PAYMENTS TO LOCAL GOVERNMENT	€114.7M
TOTAL	€478.4M



Irish Spirits Association members directly employ over 1,550 people in spirits production, sales and tourism, paying €88 million in wages.



The Irish spirits industry purchases 316 million litres of fresh cream from Irish farmers, sourced from 46,000 dairy cows.



The Irish whiskey industry purchase 85,000 tonnes of Irish barley (malted and unmalted) every year."



Irish Spirits Association members committed €411 million in capital investment into the Irish economy between 2010 and 2016.



Irish whiskey distillery visitor centres received 733,000 visitors in 2016, up 12.2% from 2015.



The Irish Whiskey Tourism Strategy aims to grow this figure to 1.4 million by 2020

*Source: Industry*

# EXCISE & VAT

## EXCISE RECEIPTS ON SPIRITS (€M)

Source: Revenue Commissioners

2012	2013	2014	2015	2016
€264M	€290M	€301M	€311M	€338M

**IRELAND HAS THE THIRD HIGHEST SPIRITS EXCISE IN THE EU28 AFTER SWEDEN AND FINLAND.**

Rank	Member State	Alcohol Tax/Excise – Euro per HPLA	Alcohol Tax/Excise – Euro per standard of measure of Whiskey on-trade
1	Sweden	5451	0.77
2	Finland	4555	0.64
3	Ireland	4257	0.60
4	UK	3370	0.47
5	Belgium	2993	0.42
6	Greece	2550	0.36
7	Estonia	2172	0.31
8	Denmark	2014	0.28
9	France	1738	0.24
10	Netherlands	1686	0.24
11	Malta	1400	0.20
12	Latvia	1400	0.20
13	Portugal	1368	0.19

**IRELAND HAS THE THIRD HIGHEST SPIRITS EXCISE IN THE EU28  
AFTER SWEDEN AND FINLAND. - CONTINUED**

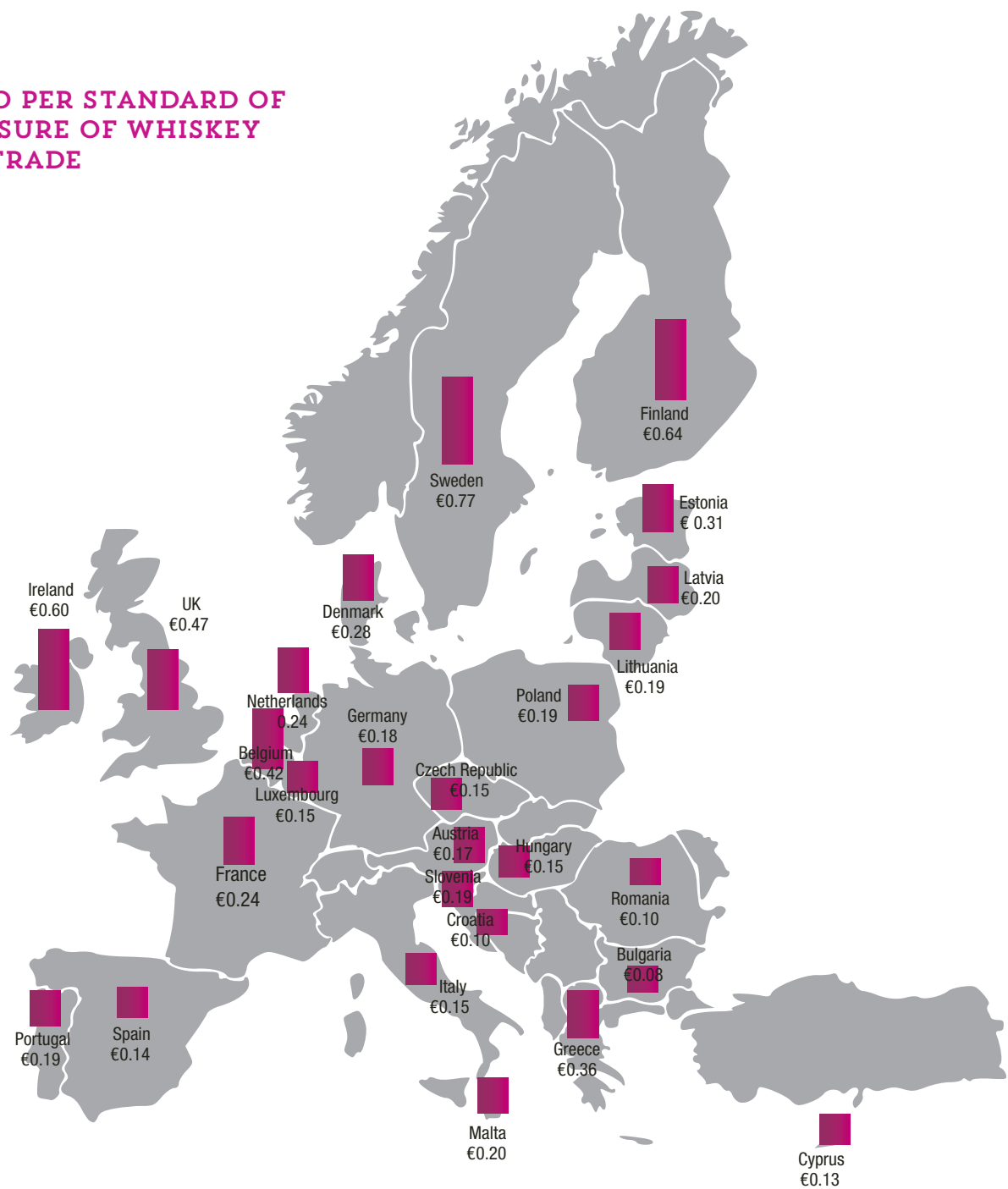
Rank	Member State	Alcohol Tax/Excise – Euro per HLP	Alcohol Tax/Excise – Euro per standard of measure of Whiskey on-trade
14	Lithuania	1354	0.19
15	Poland	1329	0.19
16	Slovenia	1320	0.19
17	Germany	1303	0.18
18	Austria	1200	0.17
19	Hungary	1082	0.15
20	Slovakia	1080	0.15
21	Czech	1055	0.15
22	Luxembourg	1041	0.15
23	Italy	1036	0.15
24	Spain	959	0.14
25	Cyprus	957	0.13
26	Romania	743	0.10
27	Croatia	706	0.10
28	Bulgaria	562	0.80

**VAT RECEIPTS FROM SALE OF SPIRITS (4M)**

*Source: Revenue Commissioners*

2012	2013	2014	2015	2016
244	221	228	233	242

EURO PER STANDARD OF  
MEASURE OF WHISKEY  
ON-TRADE





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