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Status Spirits Decline More Cyclical Than Structural

by The IWSR Drinks Market Analysis, www.theiwsr.com

Sales of status spirits slumped by -8% in value terms last year, but growth prospects persist in an increasingly fragmented marketplace, with duty free and smaller markets outperforming.

High-end status spirits, defined by IWSR as having a global weighted average retail selling price of $100+ per bottle, have not been immune to the negative trends affecting the broader beverage alcohol marketplace with almost $1 billion wiped off the value of the segment in 2024, according to new data revealed in IWSR's 2025 Status Spirits Strategic Study.

As spirits sales in China continue to suffer, falling -28% in value terms last year, the U.S. has emerged as the #2 for the segment behind duty free, despite suffering its own value decline of -5% in 2024.

Duty free, which continues to recover from the lingering impact of the Covid-19 pandemic, will be a key driver of future status spirits growth, alongside an expanding basket of smaller markets, including India, Vietnam and Malaysia.

Status-level Cognac's woes persisted with another -14% value decline in 2024, thanks largely to tough trading conditions in China, while Scotch whisky proved more resilient, and there were signs that high-end agave spirits sales in the U.S. have now peaked.

"Having grown consistently since 2015, barring a dip during the Covid-19 pandemic, the overall value of status spirits fell by -8% last year," said Guy Wolfe, Senior Insights Manager. "Underlying macroeconomic weakness in most major markets, combined with greater uncertainty due to the threat of U.S. tariffs, kept consumer and investor confidence low during the year and restricted spend. In contrast to the previous year, virtually all price bands experienced declines, even the very highest."

Despite current challenges, the longer-term prospects for the segment remain positive. Current macroeconomic weakness and the challenges of oversupply are thought to be more cyclical than structural, with sales expected to return to moderate growth over the next five years.

"Nonetheless, softer demand and greater availability of product means competition is now inevitably fiercer," added out Wolfe. "A wider range of players with aged stocks and the rise of newer status categories like agave have created a more fragmented marketplace. Space on shelf and in buyers' minds is thus very limited. Brand owners who invest through the downturn and focus on limited, high-quality innovation will be best positioned to grow and gain share in the future."

Markets: China suffers; duty free key

Status spirits sales in China suffered another bad year in 2024, with the -28% value slump even worse than the decline experienced in 2023, allowing the U.S. to overtake China in value terms, despite its own -5% value fall.

Duty free continued its post-Covid recovery with a +5% status spirits value gain in 2024. The channel is poised to be a key driver of future growth for the segment, with IWSR forecasting a +3% CAGR value gain between 2024 and 2029. This compares with a projected flat performance for China and a -3%

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NABCA Connects with Supplier Members for Insights Into AI & the Beverage Alcohol Brand Experience

Nowadays, artificial intelligence (AI) is more the rule than the exception. Whether it's for personal use or business strategy today's beverage alcohol companies have integrated it into many aspects of their business operations.

Pernod Ricard NABCA BROWN-FORMAN

AI, Marketing and the Beverage Alcohol Brand Experience

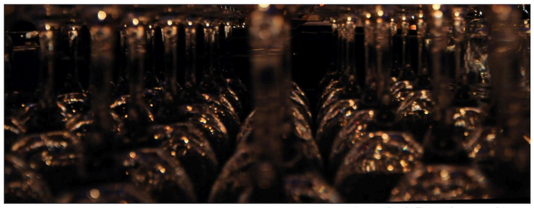

Image by Sullivan Photographics

The National Alcohol Beverage Control Association (NABCA), in its fourth article exploring AI in the beverage alcohol space, continued its collaboration with supplier member Brown-Forman and reached out to representatives from Pernod Ricard to produce an article that uncovers how each uses AI in their marketing endeavors.

Interviewed were Amit Parulekar, Director Global Advanced Analytics & AI Strategy Brown-Forman; Alex Nicolaica, VP - Integrated Consumer Experiences, Global Marketing, Brown-Forman; Pierre-Yves Calloc'h, Chief Digital Officer, Pernod Ricard; and Leyla Bossy, Transformation Communications Manager, AI, Innovation, Data, Digital, Pernod Ricard. They each provided insight, cautions and shared how each supplier is using this technology in their respective efforts in AI, Marketing and the Beverage Alcohol Brand Experience.