



## Has Premiumization Stalled?

by The IWSR Drinks Market Analysis, [www.theiwsr.com](http://www.theiwsr.com)

*IWSR analyses the evolution of the premiumization trend for total beverage alcohol in 2023.*

The long-running premiumization trend in beverage alcohol weakened significantly in the first half of 2023 as consumers felt the full impact of economic pressures and geopolitical uncertainty.

Key trends fueling the deceleration included the slowing of premium-and-above agave expansion in the U.S., losses across the wine category — including Champagne — and softer growth for high-end beer in markets such as Brazil and Spain.

Nevertheless, pockets of premiumization endure in Asia in particular, with high-end baijiu performing well in China, and markets such as India, the Philippines and Thailand recording dynamic growth in high-end spirits consumption. Meanwhile, beer was boosted by the reopening of on-premise in China and trading up in the U.K., U.S. and Mexico.

### Premium+ volumes grow at a slower rate

Across 20 key markets (that make up over 75% of total global volumes), total beverage alcohol premium-plus volume consumption in the first half of 2023 was 11% higher than for the same period in 2019; however, this growth rate is slowing, with volumes only increasing by 1% between H1 2022 and 2023. A similar trend of slowing growth is evident across premium+ volumes for total beer and spirits, as well.

"The growth rate of premium-and-above products weakened significantly across beer and spirits during the first half of 2023, although their share of overall category volumes broadly continued to increase," said Emily Neill, COO Research, IWSR.

"Economic pressures did not relent, as inflation remained high — a backdrop that was more globally widespread than during the same period last year. Geopolitical uncertainty from the war in Ukraine heightened the pressures mounting on brand owners, which passed on increased costs to consumers."

Consumption was boosted by the reopening of the on-premise in Asia following prolonged pandemic restrictions, with consumers eager to return to socializing in bars and restaurants in China and beyond.

This helped premium-and-above spirits volumes in China to rise by +2% in H1 2023 versus H1 2022, or by +7% if national spirits are excluded — a return to pre-pandemic levels. Other hotspots in the region include India, the Philippines and Thailand.

China's higher-end beer market also returned to growth in H1 2023 vs 2022, boosted by strong performances from local brands, and from international products in the reopening on-premise.

However, outside Asia, consumers are withdrawing from the on-premise as post-pandemic behaviors become entrenched and the cost-of-living crisis hampers a full recovery for the channel. Instead, many consumers say they are using home-premise consumption to maintain relationships with premium brands.

For example, in H1 2023, consumption of premium-and-above spirits went into reverse vs H1 2022 in markets including Brazil, Colombia and the

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## Beam Suntory France Begins Operations

Beam Suntory has opened the offices of Beam Suntory France in Paris.

"The establishment of Beam Suntory France will support the company's global strategic focus on building its premium portfolio and will strengthen its position in this dynamic European market," according to a company statement.



*Moving up the stairs: Benoit Vaguer (Head of Supply Chain) in the front, followed by Anne Miller (General Manager), Elodie Pomykala (Head of Marketing), Svetlana Makarova (Head of Finance) & Henri Charpentier (Head of Sales)*

"We want to be the leader in premium whisky in France," said Anne Miller, General Manager of Beam Suntory France, "and we are proud to be able to bring legendary brands like Yamazaki, Hibiki, Laphroaig, Bowmore and Maker's Mark directly to our customers. We have built a strong, experienced team in Paris, and we are looking forward to building a successful premium business together."

Beam Suntory has recruited an experienced team in Paris and built key in-market capabilities. Beam Suntory France now comprises a team of approximately 30 people in Sales, Marketing, Finance and Supply Chain. The management team under Miller's leadership includes Elodie Pomykala (Head of Marketing), Henri Charpentier (Head of Sales), Benoit Vaguer (Head of Supply Chain) and Svetlana Makarova (Head of Finance).