

Scotch and Liqueur Advertising Soars

SCOTCH AND Liqueur advertising volumes are bucking the trend and growing strongly according to Liquor Information Pricing Services (LIPS). The latest findings from LIPS' advertising data show double digit growth for both spirits categories while average pricing falls as the market becomes increasingly competitive.

Total liquor advertising volumes fell 7% in the quarter to 30 April 2010 compared with last year. All alcohol categories were advertised less except for beer which grew 15% over the same period a year ago. Spirits' advertising declined 10% driven by large volume reductions from vodka (-32%), bourbon (-24%), and Rum (-18%). Conversely, scotch and liqueur both enjoyed solid advertising growth, up 13% and 29% respectively. Scotch represents the most promoted spirit, with a 25% share of voice, while liqueur holds a 10% share. Both continue to steal share from other spirits.

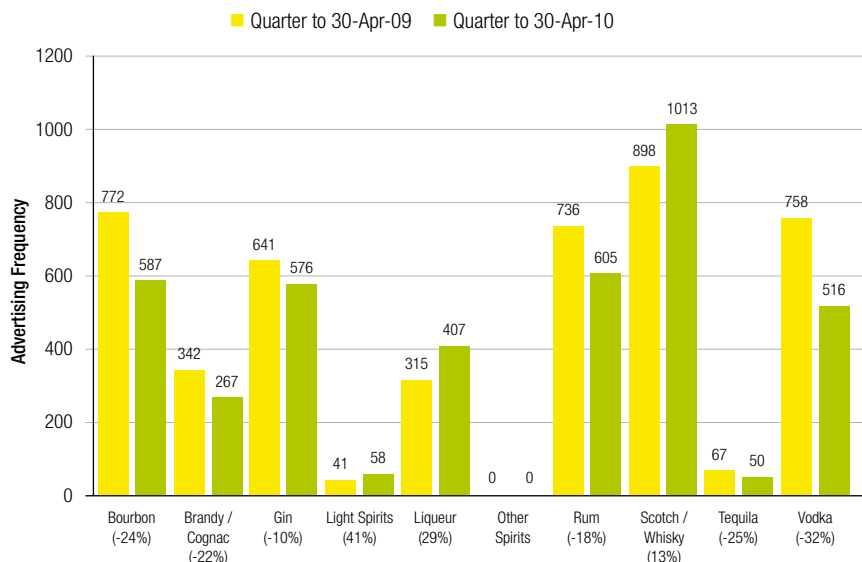
So what's driving the growth of these spirits segments when all others have generally declined? "It's simply a matter of more competition" says LIPS' Director, Sean Jowers. "There are more products and suppliers competing in the scotch and liqueur segments than in any other spirits category. We've seen over 150 liqueur and 90 scotch sku's advertised in the last 3 months from

13 different suppliers. As a result, more deals are obviously being presented to retailers which is growing market visibility", says Jowers.

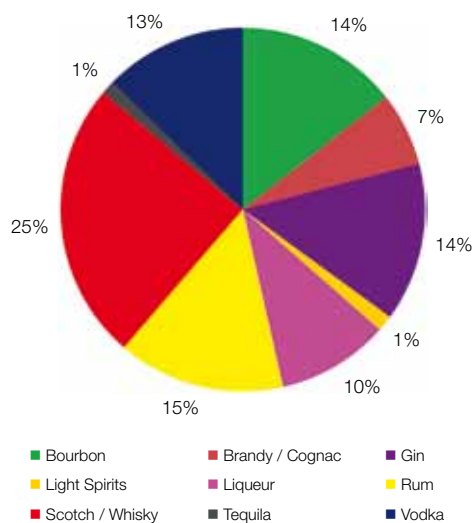
In terms of the retailers driving this advertising growth, Super Liquor and The Mill top the list of merchants increasing their share of voice in both

categories. At 45%, Super Liquor has the largest advertising share of scotch, with volumes up 18% on last year. The Mill has more than doubled their scotch advertising since last year and now holds a 17% share. Similarly, The Mill presently accounts for 30% of all (continued page 16)

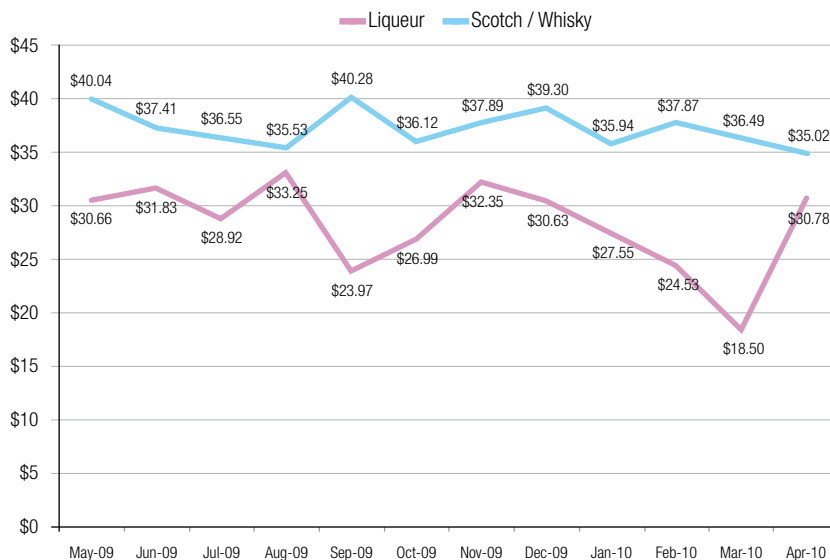
Advertising Volume by Spirits Type



Spirits Advertising Volume Share – Quarter to 30-Apr-10



Average Advertised Spirits Price



advertised liqueur (+122%), while Super Liqueur has a 39% share of voice, with liqueur advertising up +46% from a year ago.

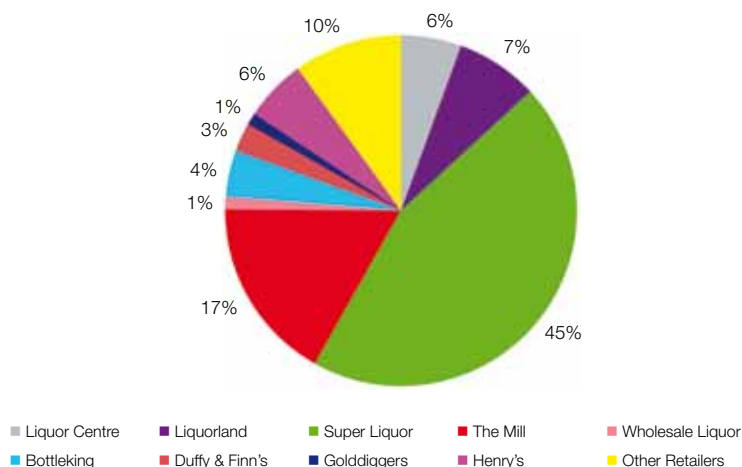
Pricing within the scotch and liqueur segments is continuing to be very competitive, which is also affecting advertising volumes. The average advertised unit price for scotch and liqueur have both fallen over the past 12 months despite rising production costs and excise increases. Liqueur prices have been particularly sporadic in recent months, climbing from the year's low of \$18.50 in March after 4 months of consecutive falls. For the latest quarter to 30 April 2010, the average advertised unit price for liqueur was \$26.54, down 21% on the same period last year. Comparatively, scotch has held up at \$36.40, only 1% lower than a year ago.

In the scotch category, Glen Nevis, Johnny Walker Red and Teachers all had significant advertised price increases over last year, while Dewars, Grants and Canadian Club were promoted at markedly lower prices. Leading liqueur brands, Midori, Canterbury Cream, Omara's and Baileys also experienced lower advertised prices compared with a year ago. However, other major brands including Cointreau, Kahlua and Malibu all had considerably higher average prices.

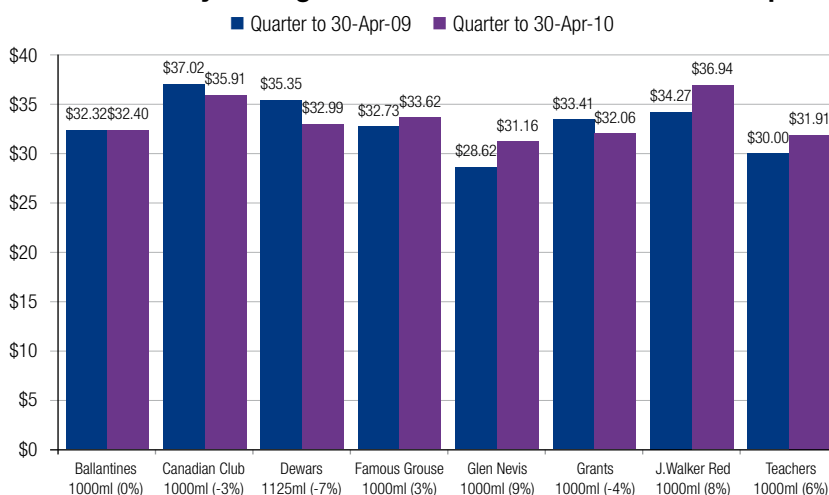
Are we likely to see continued advertising growth and more competitive pricing for scotch and liqueurs? In the short term LIPS believe we will. "Spirits is a tough market. The increased investment in advertising scotch and liqueurs must clearly reflect a surge in sales in these categories. We predict this will continue with more competitive pricing for a while yet. Thereafter, we think you will see prices rise and the category return to slower growth with reduced competition." 🍷

• LIPS monitors alcohol prices advertised in print and electronic media throughout New Zealand. Pricing data and reviews can be obtained by subscription at www.lipsltd.co.nz. For further information, contact Sean Jowers on 021 547 583.

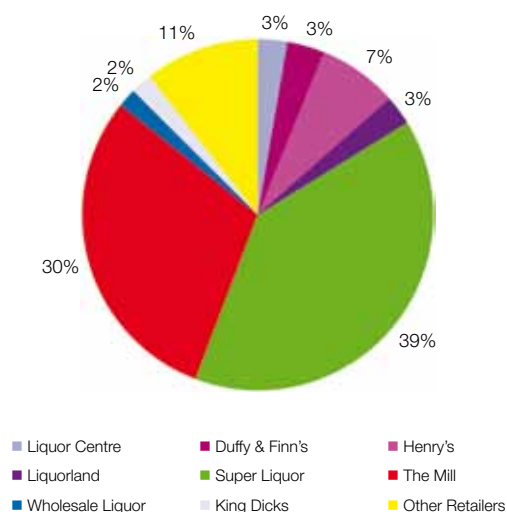
Scotch / Whisky Advertising Volume Share – Quarter to 30-Apr-10



Scotch / Whisky Average Advertised Price – Quarter to 30-Apr-10



Liqueur Advertising Volume Share – Quarter to 30-Apr-10



Liqueur Average Advertised Price – Quarter to 30-Apr-10

