Introduction

The so-called cocktail revolution has been going on for some time and one that has brought pleasure to millions of drinkers. In its wake the revolution brought profitability for bars, increased volume sales for spirits and liqueur brands, opportunities for restaurants, hotels and pubs to reposition themselves and enlivened dull drinks menus.

Not least, the cocktail culture has found a vibrant international home in the UK. Cities such as London, Manchester, Glasgow, Edinburgh have thrown up a new, highly-creative generation of mixologists and cocktail bartenders. Their skill and ingenuity in blending flavours, devising intriguing serves, leading cocktail innovations, is recognised world wide.

The latest twist in the tale of UK cocktail culture is the trend to mainstream acceptance by pubs and a new mass market of cocktail lovers. Girls nights out, mates having a casual drink in a pub, are now as likely to feature a Mojito, Cosmopolitan, Manhattan, or Old Fashioned as they are to feature a pint or a glass of wine (a precursor of the drinking revolution).

CGA Strategy, the leading drinks research organisation has charted this rise of the cocktail culture over the last three years with its reports on cocktails and mixed drinks. However, in the view of Cellar Trends this research understates the true size and impact of the new popular cocktail culture.

Cellar Trends, is the largest independent, family-owned wine and spirit distributor in the UK as well as one of the fastest growing businesses in the drinks sector. In 2011 the company was listed at #32 in the Sunday Times Top 100 growth private companies, moving up to #21 for the second year in 2012.

Founded in 1999 with 7 employees and two brand owners, turnover today exceeds £100 million, employing over 100 people. The portfolio numbers over 40 international wines and spirits brands, many of them major household names. Many of the brands feature strongly in the cocktail culture – brands like Midori Melon Liqueur (48% of its consumption is in cocktails), Finest Call Premium Cocktail Mixes (distributed in 70 countries), Mandarine Napoleon and premium spirits such as Chase Vodka and Gin, Patron Tequila. Not least are Bowmore, Glen Garioch and Auchentoshan Scottish whiskies and Suntory Japanese whiskies.

Within the national Cellar Trends sales and promotional teams are brand ambassadors who train On-trade staff in cocktail techniques and bartending skills. Cellar Trends pioneered “in house” Brand Experiential Teams (BET) presenting our clients’ spirits and liqueurs to the On-trade and their customers.

Cellar Trends sets out to be the best performing independent distributor of branded wines and spirits in the UK, giving the highest standard of service to brand owners and the trade. Cellar Trends builds brands in the On Trade through face-to-face dialogue with bar owners and consistently supports them at consumer level. In short, our know-how and expertise, as well as its understanding of the cocktail culture and trends, makes Cellar Trends the On-trade’s Cocktail Champion.
A more bullish view

The CGA survey is undoubtedly correct in spotting the general upward trend. But, based on the evidence of our nation-wide sales and promotional teams, as well as analysis of depletions and sales volumes from Cellar Trends’ portfolio of more than 40 premium spirits and liqueur brands, we are confident that the true market size is much bigger.

This report has been compiled with the participation of the Cellar Trends Market Insight team which provides data and market analysis for brand planning and strategy.
Cocktail Volumes and growth rates

- Cellar Trends forecasts that the volume of cocktails served in the UK this year will grow between 9% and 10% (CGA forecast: 3.9%)

- This view is based on insight gained via our Brand Experience Team, our Brand Ambassadors, internal research and detailed project work on cocktail consumption, such as a recent U&A which found that 45% of respondents purchase cocktails in pubs/bars, over 10% in clubs, while 20% now do so in supermarkets

- Cellar Trends believes that the cocktail culture will continue to grow at similar rates over the next five years generating volume growth of nearly 50% by 2017

- Moreover Cellar Trends research among 200 younger consumers reveals that:
  - 88% now drink cocktails while out in a bar
  - 25% consume cocktails once a month, 15% twice a month and 6% once a week
  - 73% now drink cocktails at home with the top reason being special occasions such as birthday parties

- Other key reasons for consumption are social – ‘friends all like drinking cocktails’, ‘Friday / Saturday night’, and as a treat

Do you ever drink cocktails in a bar – if yes, how often?
% of respondents

- Do not drink cocktails in a bar: 11.6%
- Special occasions only: 30.5%
- Once a month: 25.0%
- Twice a month: 14.6%
- Once a week: 6.1%
- Twice a week: 0.6%
- More often: 0.6%

What occasion do you drink cocktails at home?
% of respondents

- Do not drink cocktails at home: 27.2%
- Birthday party: 45.7%
- Friends all drinking cocktails: 28.3%
- Friday / Saturday night: 17.3%
- Treat for yourself: 16.2%
- Other special occasion: 16.6%
- Good value for money: 4.6%
- Other: 2.9%

Source: Cellar Trends Research – 195 consumers, 92% aged under 39
The spread of cocktail servings into mainstream pubs, restaurants and hotels will generate an increase in the total number of cocktail outlets.

Pubs alone number more than 50,000 in the UK.

Add to that 7,500 hotels of three stars and above, as well as 23,000 licensed restaurants and the potential market size for cocktail serves is 85,000 on-trade outlets.

Although Cellar Trends does not operate in all cocktail sectors, based on our brand portfolio and our distribution footprint, we believe that the number of outlets serving cocktails is higher than the CGA estimate of 24,000.

Based on this data Cellar Trends estimates the number of outlets serving cocktails in the UK is 30,000 and showing growth of 10% over 2012.

Cellar Trends forecasts that the cocktail outlet universe will grow to number 40,000 outlets by 2017.

This contrasts with the 2013 estimate of 5.4% growth in the CGA survey.
Volumes of spirits, liqueurs and cocktail mixes

- The knock-on effect on sales of cocktail ingredients from all base spirits such as Patron Tequila, Chase Vodka and Gin, or Pusser’s Rum to premixed cocktails such as Finest Call Cocktail Mixes, is considerable.
- In line with our forecasts, Cellar Trends expects the volume of spirits and liqueurs used in cocktails to rise 10% this year and 50% over the next five years.
- Syrups and bitters will show similar increases.
- Newcomers to cocktails, especially pubs with inexperienced staff, seek simple serves. This need will drive sales of pre-mixed cocktails by around 15% a year.
Expertise and training

- In mainstream outlets, levels of expertise and knowledge of cocktail ingredients is a potential constraint on growth.
- Successful brands invest heavily in offering training and project knowledge through specialised teams and Brand Ambassadors.
- In the front line of cocktail and brand development, Cellar Trends’ Brand Ambassadors have created their own forecasts of cocktail trends, the quest for new flavours and the UK’s favourite cocktails.
Cellar Trends’ Brand Ambassadors are in constant touch with bar owners, bar tenders and consumers. They provide training for bar staff, mixology and advise on cocktail menus and are recognised as leaders in their fields.

**Cocktail Theatre**

- There is an undeniable element of theatricality in preparing a personal hand-made drink which enhances enjoyment, customer entertainment and perceptions of value.

- We asked some of our Brand Ambassadors to assess how far cocktail theatre influences sales in a bar and to give their insights.

  - Cocktail theatre is very important. There are three stages to a cocktail. 1st stage is theatre, 2nd stage presentation, 3rd stage is taste. Get these three right and you’re winning.
    - **Liani Devito**  
    - Pitu

  - Presentation skills must enhance the experience of a hand-made, highly personal service. So shaking skills and presentation enhance the impression of a drink with higher added value.
    - **Steve Dingley**  
    - Finest Call Cocktail Mixes

  - Cocktail theatre is about adding value to the experience – less flair bartending and more focused service, speed and friendliness.
    - **Zoran Peric**  
    - Patron Tequila

  - Cocktail theatre is not only essential to engage direct sales but also to encourage repeat custom. Consumers should be engaged/educated and entertained whilst enjoying high quality drinks.
    - **James Chase**  
    - Chase Vodka & Williams Gin

  - Cocktails theatre is about adding value to the experience – less flair bartending and more focused service, speed and friendliness.
    - **Liani Devito**  
    - Pitu

  - Theatricality in presenting cocktails is becoming more and more important as customers become more knowledgeable about cocktails and seek quality and value for money.
    - **Zoran Peric**  
    - Patron Tequila

  - When people are paying for a cocktail they expect to be entertained as well. It is the theatre of making a cocktail that separates it from just a spirit and a mixer.
    - **Peter Thornton**  
    - Pusser’s Rum & Mandarine Napoleon

  - Cocktail theatre is not only essential to engage direct sales but also to encourage repeat custom. Consumers should be engaged/educated and entertained whilst enjoying high quality drinks.
    - **Alasdair Dickinson**  
    - Morrison Bowmore

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Top ten trends in cocktails

From their insights into customer choices and evolution in customer tastes, the Brand Ambassadors foresee growth of between 10% and 20% in demand for cocktails across the UK next year.

They identify ten main trends over the next 12 months:

- Vintage spirits and premium spirits gaining over house spirits
- Bitter flavours on the rise
- Use of herbs, spices, sours
- Vegetable juice cocktails
- More creative use of ice
- Greater use of ready-made cocktail mixes
- Low calorie ingredients
- Simpler cocktails using fewer ingredients
- Smaller cocktail serves but better quality
- Increase in pitcher serves in mainstream outlets
Top five most popular cocktails – and rising stars

• The top five cocktails are well established:
  – Mojito
  – Pina Colada
  – Cosmopolitan
  – Margarita
  – Bloody Mary

• The Brand Ambassadors also note the growing popularity of:
  – Caipirinhas
  – Collins’
  – Manhattans
  – Martinis
  – Mules
  – Negronis
  – Old Fashioneds
  – Sours
  – Tiki and fruit cocktails
Top Christmas cocktails

• More cocktails will be drunk in bars this Christmas than ever before, the Brand Ambassadors believe

• They predict:
  – Hot cocktails – especially rum based drinks
  – Christmas variations on Manhattans and Old Fashioneds as well as Pina Coladas – all using traditional Christmas spices and flavours such as cinnamon and orange

• They also predict a growing trend to cocktail making at home this Christmas

Customer knowledge

• The Brand Ambassadors are impressed by growing customer knowledge about cocktails as customers expand their range and experiment with new cocktails

• Customers seek information about the spirits used, the spirits’ provenance and heritage – “they love a good story around the brands they drink”
Spirits and liqueurs tipped for fame

- Rum and similar cane spirits Pisco and Cachaça
- Japanese whiskies
- Greater use of absinthe and vermouth
- Orange and cherry liqueurs
- Flavoured vodkas
- Gin

Christmas outlook

- Cellar Trends believes volume sales of spirits and liqueurs through bars and the on-trade will rise in the run up to Christmas this year
- We forecast that during Christmas 2013, premium spirits and cocktails will increase in importance, gaining a greater share than last year. Research by CGA during Christmas 2012 showed that 43% of spirits purchased were premium, an increase of 1.3% points vs 2011. Cellar Trends believe that in 2013, at least 45% of spirits purchased will be premium. Based on current trends in cocktails, this figure could be much higher
- Cocktails are finding a special place at Christmas as drinkers now look for a special occasion cocktail
- Cellar Trends Brand Ambassadors have created their own Christmas cocktails (see separate cocktail menu)
Katy Carter, Research & Insight Manager at Cellar Trends, works closely with sales and brand management to give greater understanding of market trends and brand performance. The resulting insights enable Cellar Trends to create authoritative relationships with its brand principals in creating marketing approaches as well as improving sales pitches to the market-focused accounts.

Cellar Trends

A leading niche distributor of spirits, liqueurs, wine and Champagne, Cellar Trends approaches its 15th year with turnover (including duty) of £100 million and over one hundred employees.

The company’s national sales force reaches all parts of the UK. In particular, Cellar Trends has pioneered the deployment of Brand Experiential teams which promote brands in bars and pubs.

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Cellar Trends, Stonehouse Farm, Ashby Road, Woodville, Swadlincote, Derbyshire DE11 7BP

Tel: 01283 217703    www.cellartrends.co.uk