



WILLIAM GRANT & SONS



INDEPENDENT FAMILY
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IRISH WHISKEY MARKET IN POLAND



William Grant & Sons

1.1 – Poland Macro data

Macro data



Source: Poland Central Statistical Office, 09.2021

	2019	2021	2022F
Population in M	38	38	38
GDP in billion USD	596	611	642
<i>GDP growth</i>	5.0%	2.5%	5.0%
GDP per capita in '000 USD	15.7	16.0	16.9
Inflation rate	2.3%	6.8%	8.0%
Inflation rate (alcoholic beverages and tobacco)	1.0%	2.0%	3.0%
Money supply in billion PLN	1,506	1,876	1,989
<i>Money supply change</i>	9.0%	24.6%	6%
Unemployment rate	5.1%	5.6%	6.0%
Youth unemployment rate	7.7%	8.0%	9.0%
Average salary in EUR	1,250	1,270	1,333
<i>Average salary in EUR change</i>	8.0%	1.6%	5.0%
Gov. debt	49%	57%	60%
Income tax rate	19%	19%	26%
PLN / EUR exchange rate	4.3	4.6	4.8
<i>Exchange rate change</i>	3.0%	7.0%	4.3%
Excise in PLN / 1L ABV100	57.04	57.04	62.74
<i>Excise rate change</i>	10%	0%	10%
Excise in EUR / 1L ABV100	13.27	12.40	13.07

Poland GDP was not very much impacted by COVID-19. It is mainly caused by increase of money supply by government and relatively low government debt at the level of 49% in 2019.

Pandemic situation forced central bank to loosen monetary policy by significant increase of money supply in the market through low interest rates and additionally printed money. Polish government increase money supply by 25% (!) in period of 09.2019-09.2021. Taking into consideration low GDP growth over 2019-2021 period (+4% only), it can be estimated that 20% money in the market has no coverage in GDP at the moment.

Above causes significant inflation rate, which is one of the highest in EU (+6.8%) and it is expected to grow to 9-10% in Q1 2022. and then to 8% in whole 2022.

It is expected that central bank will increase interest rates from 0.25% to 2% in 2022 (now. 1.25%). At the same time government will increase taxes from beginning of 2022. Both will pressure inflation rate on behalf of cooling down domestic demand.

At the same time there is low inflation rate in alcoholic beverages and tobacco segment +2% only, what is caused by price war in the segment. It is happening in the situation there is constant excise increase on spirits: +10% in 2019/18 and expected another +10% in 2022/21 and then 5% each year beyond 2022.

Polish zloty devaluated by 7% vs. EUR over COVID period and will devaluate by another 5% in 2022/23.

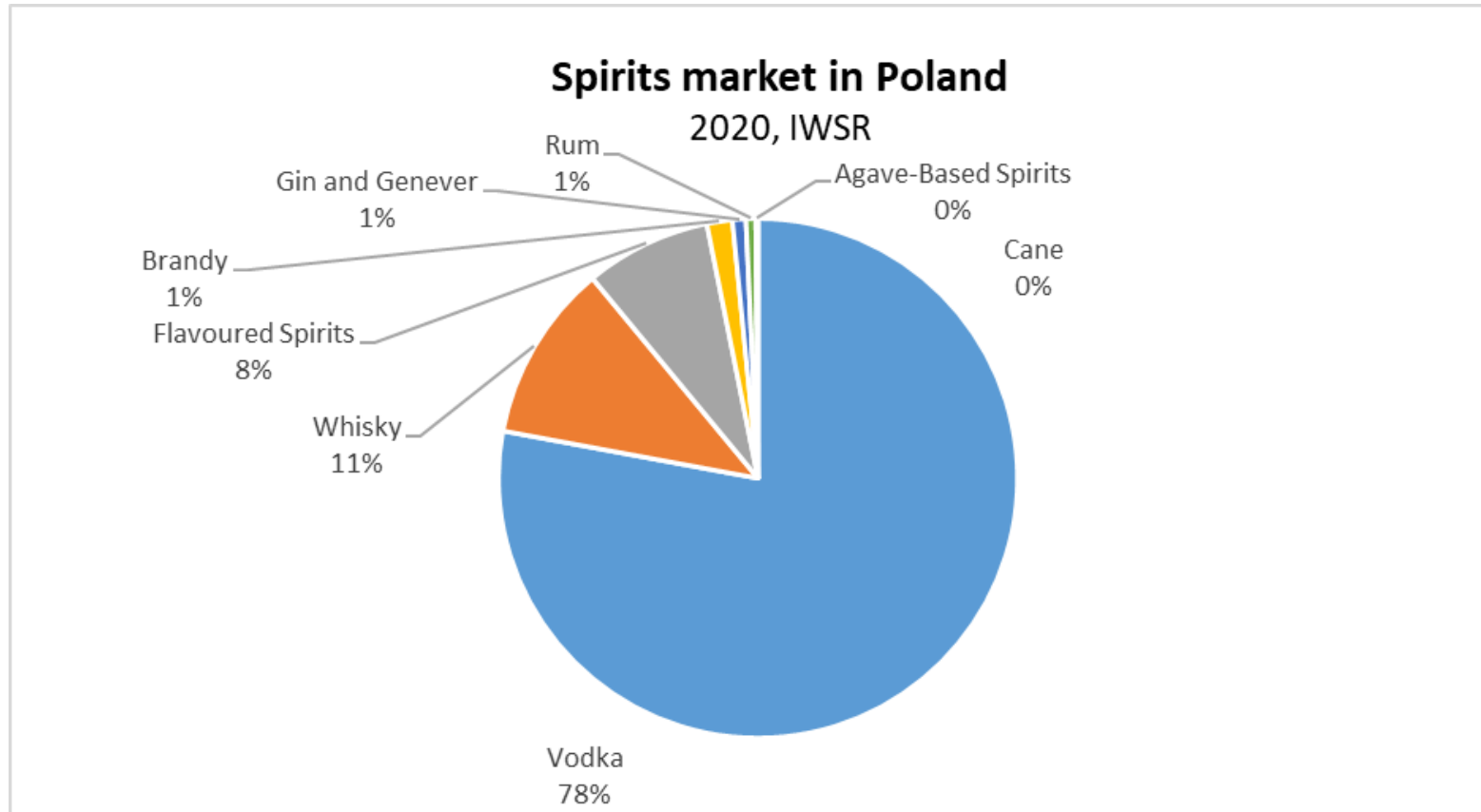
PLN devaluation and continuing price war in the market impacts spirits importers margins.

Low vaccination rate: 52%



2.1 – Spirits market in Poland (1/2)

Spirits market in Poland



Source: IWSR, 2020

Poland is a typical „vodka market”, where vodka share is nearly 80% and together with „vodka like products”, which are flavoured spirits (flavoured vodkas with 27ABV) it is 86% of spirits market in Poland.

As a consequence of the above consumers drink spirits mainly at home. In case of mainstream products it is 95-98% of total demand. In case of premium products it is still above 80%. This proportions has not been changing over last 10 years.

Apart from Vodka, Polish consumers drink whisky only (11% of shares). Other spirits are responsible for 3% of total market only.

Above is due to consumption profile, which is neat spirit or simple mixes with soft drinks and juice.

Cocktail culture is underdeveloped in Poland.

2.2 – Spirits market in Poland (2/2)

Spirits market in Poland



Source: IWSR 2020

<i>in '000 9L</i>	2010	2015	2019	2020	CAGR 20/15	CAGR 20/19
Vodka	31,599	24,765	31,200	30,854	4%	-1%
Whisky	1,096	2,504	3,948	4,381	12%	11%
Flavoured Spirits	2,585	2,370	3,025	3,107	6%	3%
Brandy	463	505	624	628	4%	1%
Gin and Genever	200	193	300	331	11%	10%
Rum	119	135	224	242	12%	8%
Agave-Based Spirits	39	40	44	51	5%	14%
Cane	4	3	4	3	0%	-29%
SPIRITS MARKET IN POLAND	36,104	30,514	39,369	39,595	5%	1%

Spirits market in Poland is relatively big – nearly 40 M 9L. Category grew +1% despite negative impacts: 1/ lock downs, 2/ excise increase, 3/ sugar tax and small bottles taxes.

Spirits category was resistant to lockdowns in Poland due to fact that majority of consummation happens at home. The more people were locked at their houses the more they drank during pandemic.

Vodka declined by 1% in 2020 and is declining -4% in 2021 due to several reasons: 1/ excise increase +10% in 2020/19, 2/ sugar tax on flavoured spirits containing sugar, 3/ special tax on small bottles (0.05-0.3L). As this category is price sensitive important part of consumers replaced their vodka brands with home made vodka, which is 50-60% cheaper and getting more and more popular.

The fastest growing category is whisky category (+11%) in 2020 during COVID and +15% in 2021. It is caused mainly by following factors: 1/ premiumization trend, 2/ accessible taste, 3/ lower prices in the market despite excise increase, 4/ no sugar and small bottles tax impact, 5/ lockdowns.



3.1 – Whisky market development in Poland

Whisky market in Poland

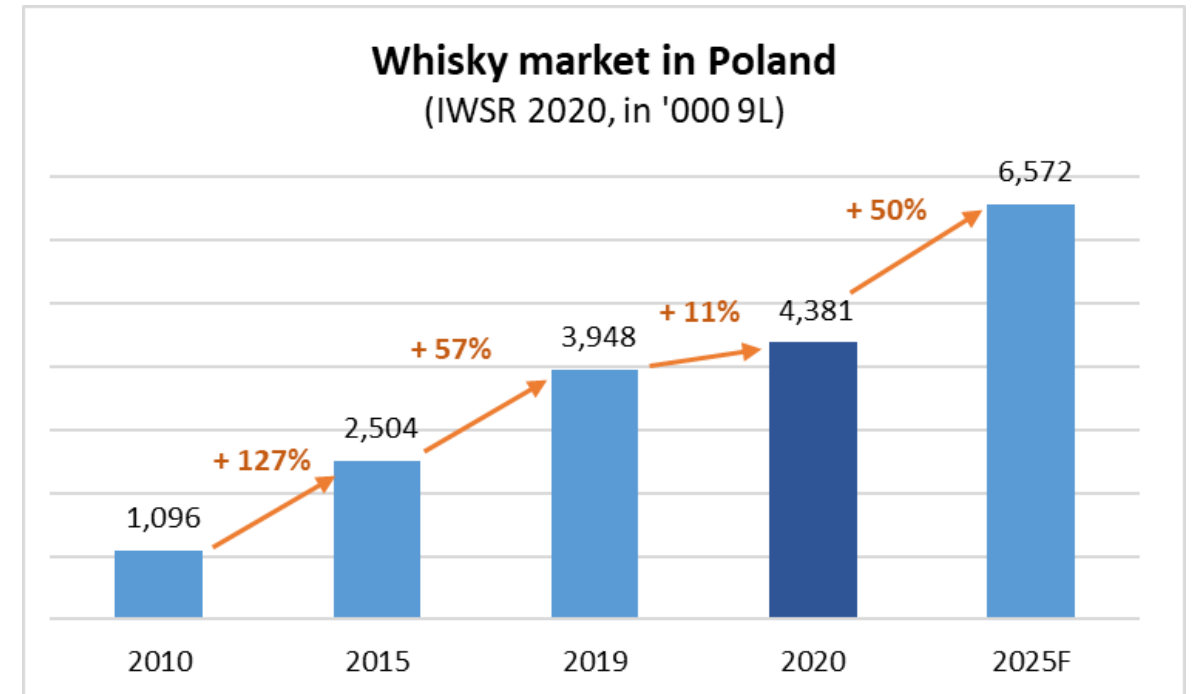


Source: IWSR 2020, internal forecast

<i>in '000 9L</i>	2010	2015	2019	2020	2025F	CAGR (20/15)	CAGR (20/19)	CAGR (25/20)
Whisky market in Poland	1,096	2,504	3,948	4,381	6,572	12%	11%	8%

Whisky market grew +12% over last 5Y on CAGR level, mainly on behalf of vodka.

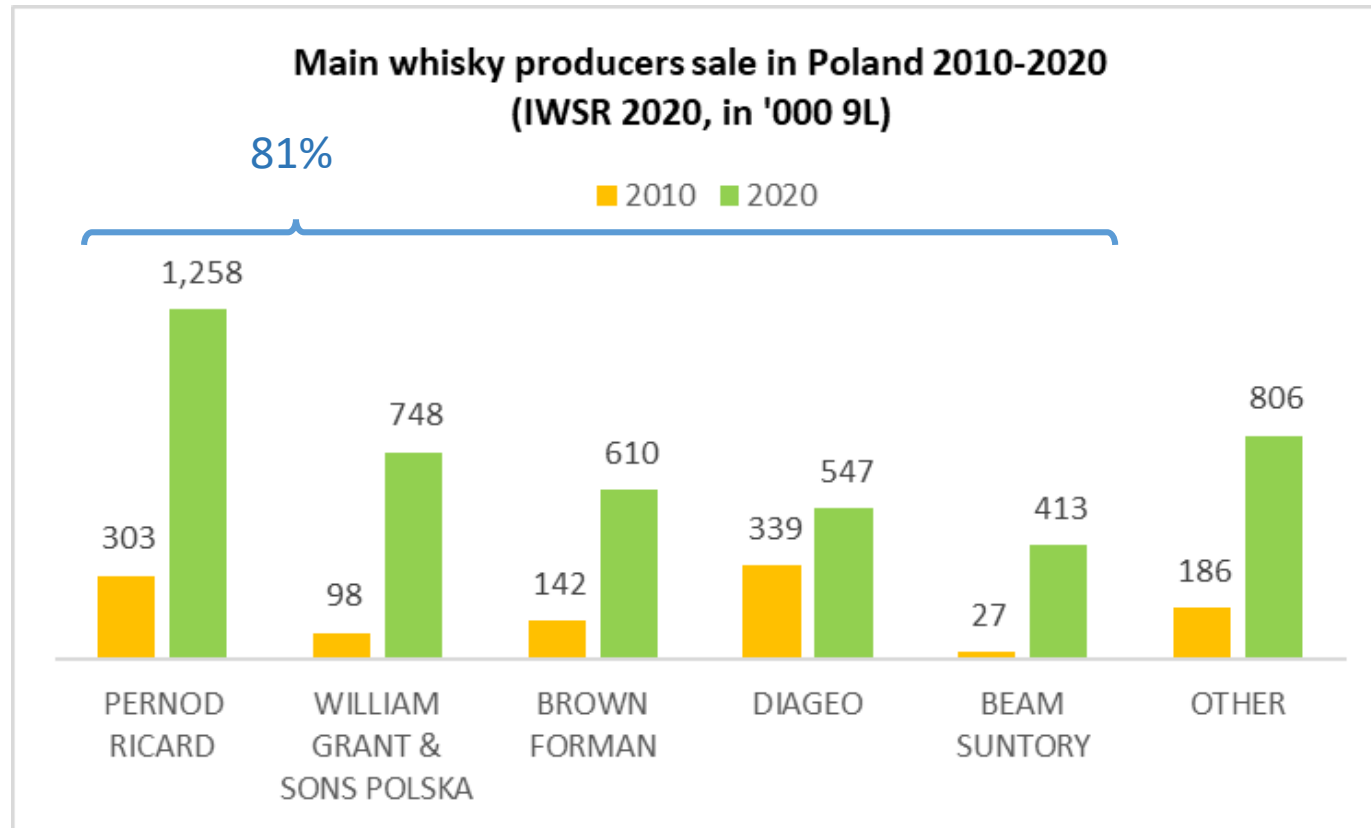
It is expected that the category will grow to the level of 6.5M 9L in 2025 reaching penetration level approx. 15% (now: 11%).



Source: IWSR, 2020

3.2 – Main whisky producers in Poland

Whisky market in Poland



Source: IWSR, 2020

Whisky market in Poland is highly consolidated. 81% of total market belongs to 5 producers totalling: 3.6M 9L in 2020.

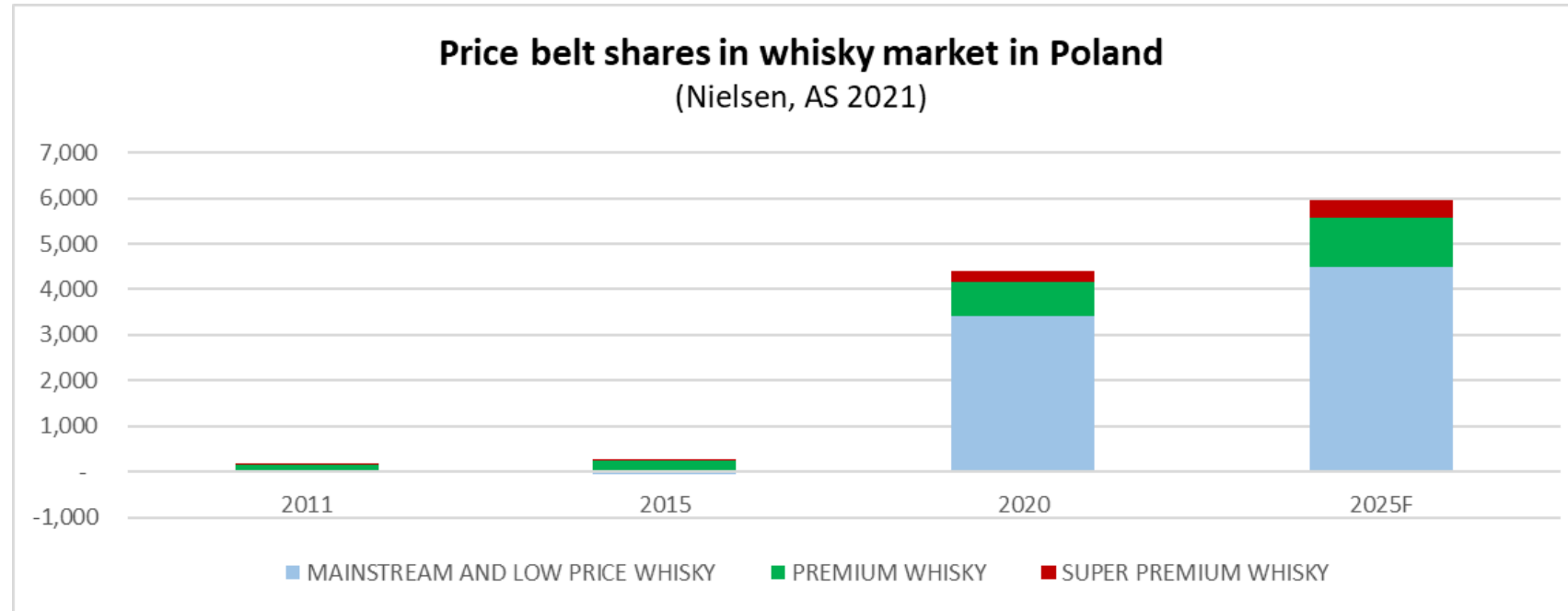
This consolidation is caused by several reasons: 1/ high consolidation of off-trade retailers: discounters are responsible for 50% of total whisky volume, 2/ high investment level required to enter the market.

However on the other side there are other producers selling in total 806K 9L, what makes them also important to the market. They reach these volume due to fact retailers are well organized (easy to buy distribution) and more opened to widen their assortment.

3.3 – Premiumization trend

Whisky market in Poland

Source: Nielsen, AS 2021, Internal forecast

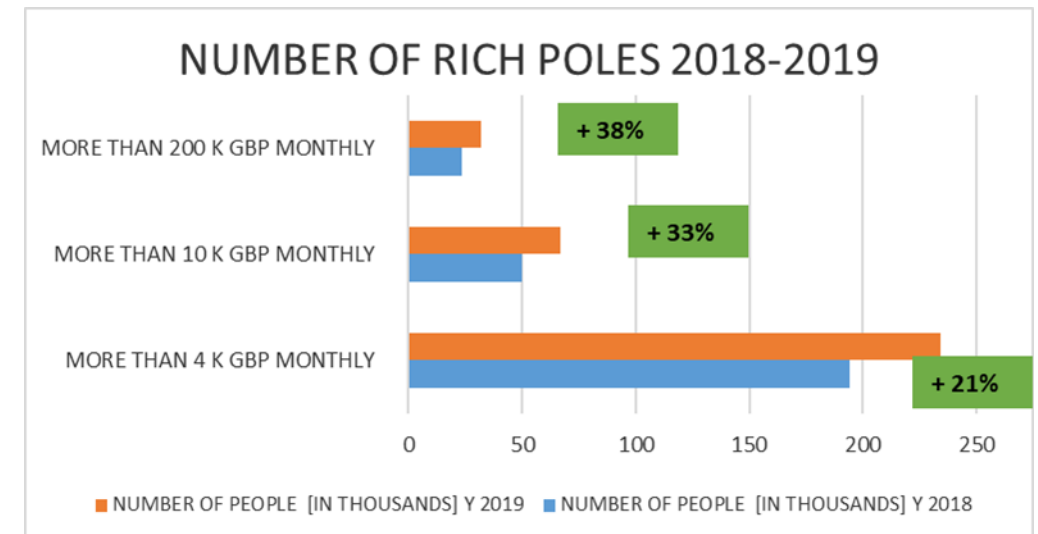


Source: KPMG report, 2020

Premiumization is the most important trend driving whisky category growth on behalf of vodka.

It also causes increase of premium+ whiskies in the market. Premium+ whiskies reached sales of 1M 9L in 2020 and will grow to 1.5M 9L in 2025. It means share increase of premium+ whiskies from 23% now to 25% in 2025. European average is approx. 30%.

It is mainly caused by fact that salaries has been growing rapidly in Poland (8% yoy) over last 5Y and also number of reach Poles increased by 22% in 2019 to level of nearly 300K people.



3.4 – Whisky segments development in Poland

Whisky market in Poland



Source: IWSR, 2020

in '000 9L	2010	2015	2019	2020	2025F	CAGR 20/19	CAGR 20/15	CAGR 25/20
Scotch Whisky	847	1,904	2,639	2,921	3,943	11%	9%	6%
US Whiskey	187	503	975	1,034	1,634	6%	16%	10%
Irish Whiskey	35	84	307	399	953	30%	37%	19%
Other Whisky	22	6	19	21	33	9%	29%	10%
Japanese Whisky		4	6	5	8	-17%	6%	10%
Canadian Whisky	6	4	2	2	1	-25%	-18%	-8%
SPIRIS MARKET IN POLAND	1,096	2,504	3,948	4,381	6,572	11%	12%	8%

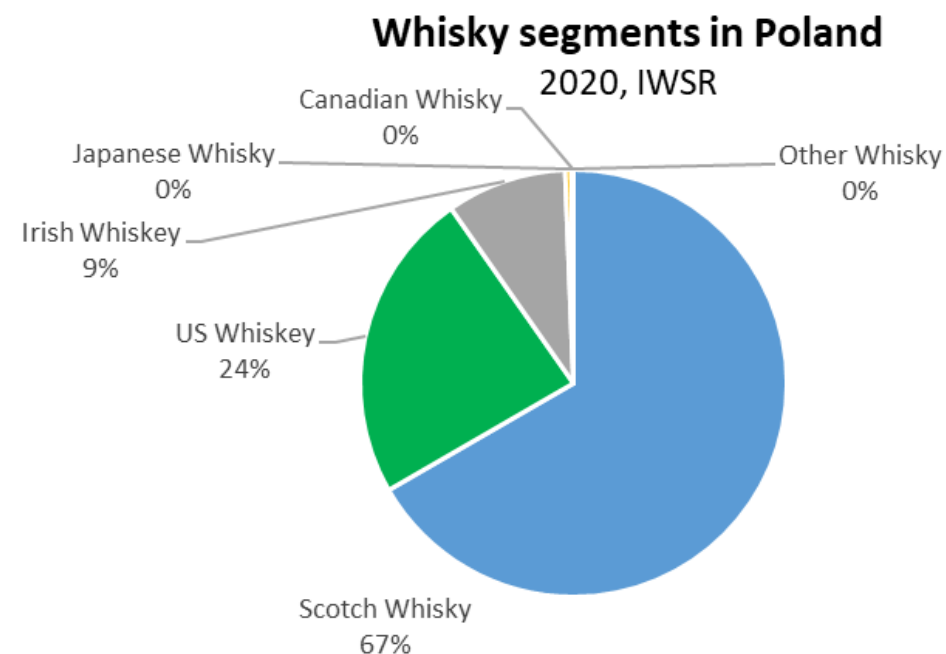
Source: IWSR, 2020, 2021 internal forecast

Whisky market in Poland is dominated by three segments: Scotch, American and Irish whiskey, which are responsible for nearly whole market.

The fastest growing is Irish whiskey segment with 30% growth rate in 2020. It will grow to nearly 1M 9L in 2025 with 19% CAGR growth rate. Irish whiskey shares will grown from 9% to 15% in 2025. This segment was also the least impacted by COVID due to increase of home consumption during lockdowns.

Irish whiskey will grow at the expense of Scotch and American whisky because of following reasons: 1/ price reductions, 2/ premiumization trend, 3/ taste profile – more neat consumption, 4/ further vodka replacement (home consumption and high tempo occasions).

Source: IWSR, 2020



4.1 – Main players volume market shares

Irish whiskey in Poland



Source: Nielsen, AS 2021

There are 3 main brands in the market with nearly the same share of 30%: Bushmills, Jameson and Tullamore DEW.

Other brands are responsible for 11% of total market, however growing mainly through discounter channel.

4.2 – Main players – sales development

Irish whiskey in Poland



<i>in '000 9L</i>	2010	2015	2019	2020	2021F	CAGR 21/20	CAGR 20/15
Tullamore Dew Irish Whiskey	13	41	109	128	180	40%	26%
Jameson Whiskey	12	26	80	100	150	50%	31%
Bushmills Irish Whiskey	7	11	97	132	140	6%	65%
Proper Twelve			8	24	28	17%	
The Dubliner Whiskey			5	5	7	30%	
Other	3	6	8	9	10	8%	8%

Source: IWSR 2020, 2021F – Nielsen AS 2021, internal forecast

It is expected that TD will reach 180K 9L in 2021 with growth rate: +40% yoy.

There are three strategies in the market:

1. Premiumization: Jameson, Tullamore DEW though high A&P investments and innovations (35 ABV concepts)
2. Value for money offer: Bushmills – mainly through discounter channel with variants
3. „Hunters” approach in case of small brands: mainly in/out through discounter channel.



4.3 – Trade universe

Irish whiskey in Poland



SEGMENT	Eg SUPERMARKET	HYPERMARKET	CONVENIENCE	OTHER TRADITIONAL TRADE	SPECIALITY – SWEET & ALCO STORES	DISCOUNTERS	E-COMMERCE
SUB CHANNEL SPLIT %	13,4%	12,1	7,9%	7,7%	7,6%	51,3%	<1%
TREND	+7,9%	-3,3%	+10,6%	+10,7%	+6,8%	+27,5%	No data
RELEVANT UNIVERSE	4539	317	25234	61869	5144	4362	

Source: Nielsen AS 2021

COVID situation impacted trade channels in Poland. There is trade channels polarization in the market. There are two proximity channels growing in Poland:

1. **Discounters** +28% (51% share)
2. **Traditional trade outlets** (convenience, speciality stores and other tradition trade formats): +8% (23% share), some supermarket concepts +8% (14% shares).

Big formats like hypermarkets are decreasing, what causes also structural changes: Tesco market withdrawal, further consolidation.

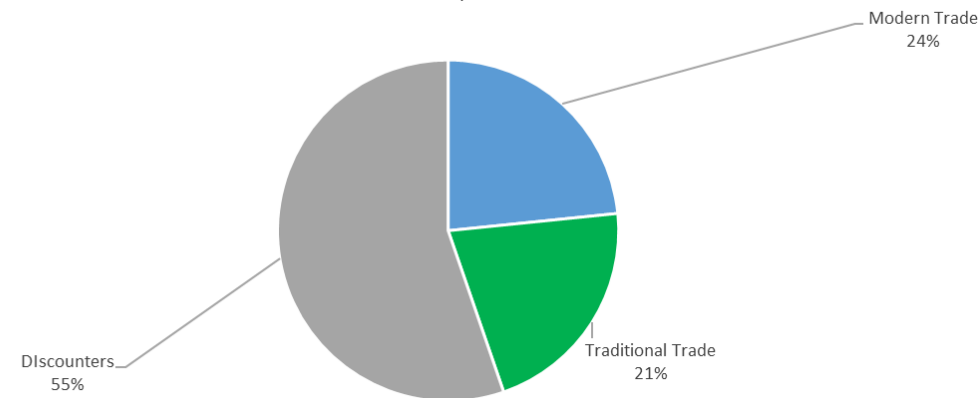
Priority channels for Irish whiskey are (no of outlets):

- **Discounters** (Lidl – 0.6K, Biedronka – 3.6K, Netto – 0.5K)
- **Traditional trade outlets:**
 - Specialist stores (sweet and alco) – 4K
 - Convenience: Żabka – 6K, Lewiatan – 3.2K, ABC (Macro) – 7K, Stokrotka – 0.6K, Polo – 0.3K, Delikatesy centrum (Eurocash) - 1K
- **Supermarkets**: Dino – 2K; C4 – 0.6K

NOTE: e-commerce plays marginal role and it will remain like this for mainstream brands.

IRISH WHISKEY in Poland - volume sales location

Nielsen, MAT AS 2021



In case of Irish whiskey it is expected that discounters will be responsible for 60% of total category and traditional trade will grow to 25% both at the expense of Modern trade.

It is due to further expansion of this niche category due to distribution increase.



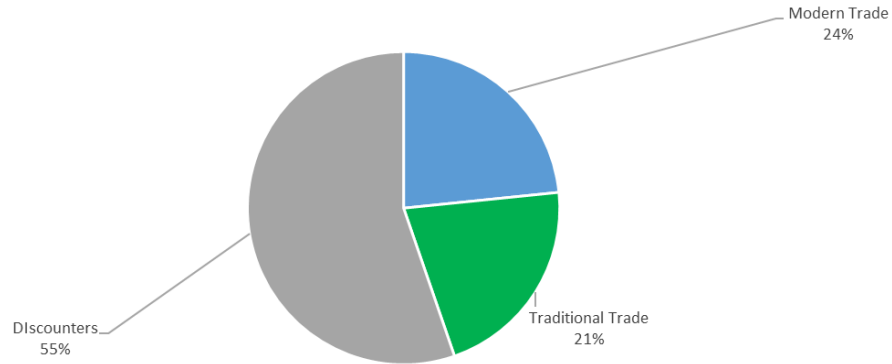
4.4 – Trade channels & main players NRM strategies

Irish whiskey in Poland



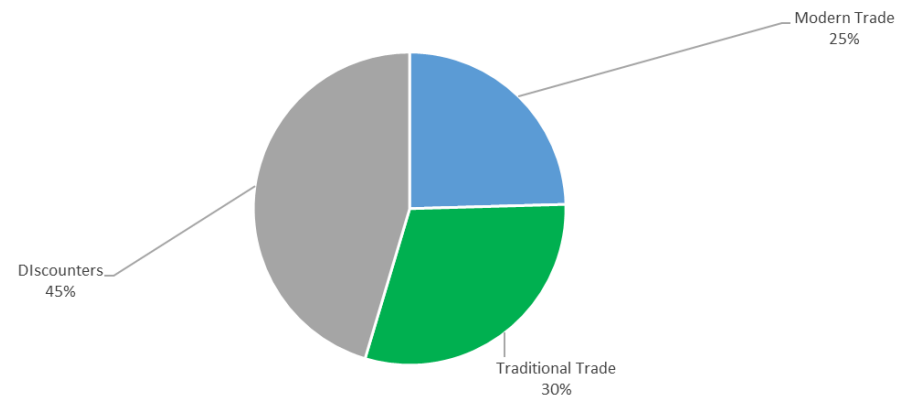
IRISH WHISKEY in Poland - volume sales location

Nielsen, MAT AS 2021



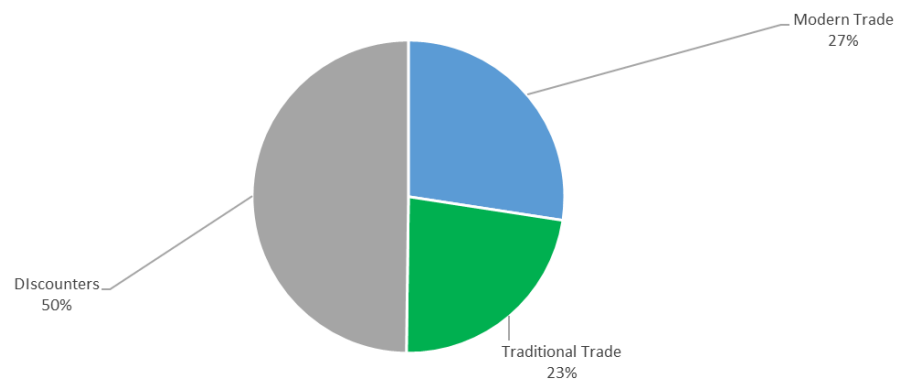
Tullamore DEW in Poland - volume sales location

Nielsen, MAT AS 2021



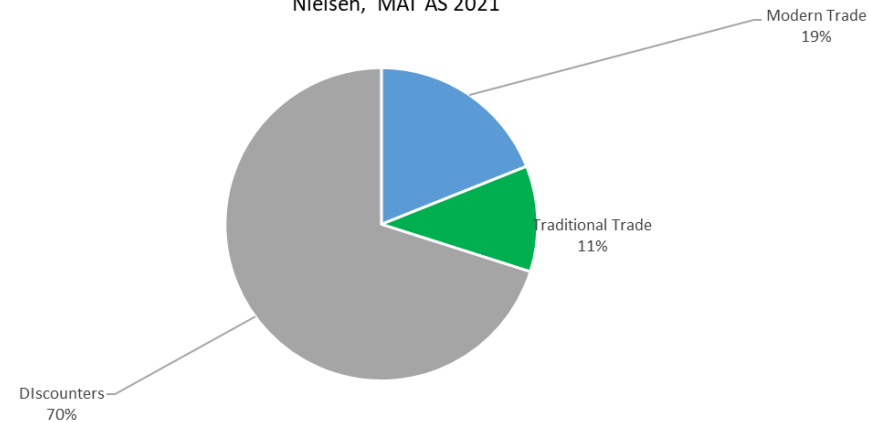
Jameson in Poland - volume sales location

Nielsen, MAT AS 2021



Bushmills in Poland - volume sales location

Nielsen, MAT AS 2021



In case of main players there are two different NRM strategies:

1. **Jameson, Tullamore DEW** – premiumization strategy through moderated share of discounter channel and focus on valuable traditional trade sales
2. **Bushmills** – focus on low price offers in discounter channel.

All players play the game through proper pack sizes offers / mixes and variants with different ABV content. This makes retailers offers not comparable, which helps to increase value per 9L sold.

Source: Nielsen, AS 2021



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4.5 – Consumer prices

Irish whiskey in Poland



<i>in PLN per 9L</i>	2021 MS	AS 2019	AS 2021	Change	Index to the market average
IRISH WHISKEY		783	796	2%	
THE DUBLINER	2%	865	910	5%	1.14
JAMESON	27%	913	891	-2%	1.12
PROPER NO TWELVE	6%		878		1.10
TULLAMORE DEW	30%	816	846	4%	1.06
BUSHMILLS	31%	664	647	-3%	0.81
<i>in EUR per 9L</i>	2021 MS	AS 2019	AS 2021	Change	Index to the market average
IRISH WHISKEY		182	173	-5%	
THE DUBLINER	2%	201	198	-2%	1.14
JAMESON	27%	212	194	-9%	1.12
PROPER NO TWELVE	6%	-	191		1.10
TULLAMORE DEW	30%	190	184	-3%	1.06
BUSHMILLS	31%	154	141	-9%	0.81
Exchange rate PLN/EUR		4.30	4.60		
Excise change		10%	0%		

Source: Nielsen, AS 2021

Over last 2 years average consumer prices per 9L increased +2% in PLN and decreased -5% in EUR in Irish whiskey segment.

Increase is caused mainly by trade channel mix change (expansion of traditional trade by distribution and COVID demand increase).

Average prices were **decreased** by following factors: Jameson price decrease, increase in mix of 1L format and further Bushmills aggressive pricing policy at Scotch level.

It can be assumed that prices to the market were not changed by main players over last 2Y, what negatively impacted their profitability per 9L was due to excise increase (+10%) and devaluation of PLN to EUR (-7%).

There are some niche producers, which are able to enter main retailers with 10-15% higher prices than market average, however cost of this is very high – „Hunter” strategy is advised.

4.6 – Pack formats

Whisky in Poland



<i>in '000 9L</i>	MAT AS 2021	Change
<0.1	2,780	26%
0.1	2,537	953%
0.2	53,110	-4%
0.21-0.49	5,430	96%
0.5	261,177	-11%
0.7-0.75	2,289,166	7%
1	1,638,358	7%
1.01-1.5	438,644	39%
>1.5	149,522	122%

Source: Nielsen, AS 2021

There are 3 main pack formats: 0.7L, 1L, 1.5L in Poland. Over last 4Y is it observed rapid increase of big pack format: 1.5L, which is caused by two main reasons:

1. Lower price per L for a consumer
2. More frequent consumption of whisky at home

It is expected that this trend will continue over next 3-5Y time.



4.7 – Marketing – Poland is a „dark” market

Irish whiskey



There are several alcohol advertising restrictions in Poland. It is allowed to advertise products to closed, defined adult audience only. Therefore following activities are allowed:

1. All promotional actions, visibility inside off-trade / on-trade outlets (no sampling, no free goods, no outside spirits areas)
2. On-line advertising however just to closed defined groups (no open public profiles)
3. Tasting sessions, education to closed groups

What is forbidden:

1. All advertising activations addressed to public audience (ATL, shop windows, public social media)
2. E-commerce

4.8 – Marketing – key activations areas – off trade teatralisation

Irish whiskey in Poland



4.9 – Marketing – key activations areas – social media

Irish whiskey in Poland



Tullamore Dew (PL)

Opublikowane przez: Agnieszka Powązka · 13 marca 2020 ·

Czas na nasz konkurs z okazji Dnia św. Patryka! 😊 Rozwiąż quiz, a następnie odpowiedz na pytanie konkursowe, aby wygrać dwie szklanki oraz butelkę Tullamore D.E.W. z wyjątkową, spersonalizowaną etykietą z Twoim imieniem. Powodzenia! 😊 #Konkurs #StPatricksDay #TullamoreDEW

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KONKURS: Dzień św. Patryka z Tullamore D.E.W.
Rozwiąż quiz, odpowiedz na pytanie i wygraj nagrody!

Rejestracja | Logowanie

Transakcje | PL

Wpisz szukany frazę

Wyszukiwanie zawieszono

dom whiskey
ONLINE

Kontakt | Sklep hurtowy

0,00 zł

Odszacowanie (0)

Nowości | Prezenty | Scotch Whisky | World Whisky | Inne alkohole | Wina & Szampany | Old & Rare | Pozostałe

DECUSTACJE ONLINE



4.10 – Marketing – key activations areas – **advocacy**

Irish whiskey in Poland



4.11 – Marketing – key activations areas – events

Irish whiskey in Poland



4.12 – OPPORTUNITIES AND RISKS

Irish whiskey in Poland



OPPS

- Further strong category growth expected on behalf of Scotch whisky and vodka
- Main retailers will remain key volume drivers with in/out activations (discounters, convenience stores, traditional trade)
 - Lidl, Biedronka – trial
 - Żabka – trial
 - Specialist stores – value
- Omnichannel marketing covering allowed communication channels: off-trade visibility, social media, VAPs, events, advocacy

RISKS

- Macroeconomic situation
- Further margins erosion: PLN devaluation, price war
- Retailers consolidation (60% discounters)
- Market consolidation (90% main players)