



Unlocking the potential for
Authentic Caribbean Rum.



True Rum

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True Rum

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Foreword: Diverse, Distinctive, Delicious: Welcome to Authentic Caribbean Rum.

No other spirit can boast quite such a rich and diverse heritage as rum. The product of a craft developed and refined over centuries and of a history entwined with trade and steeped with the spirit of discovery, rum has played a significant role in the economic and social development of the Caribbean and today, centuries since the first rums were distilled, remains one of the region's most famous and commercially important exports.

The most versatile of spirits, rum not only forms the basis of the world's greatest cocktails from the Mojito to the Daiquiri, the Presidente to the Mai-Tai but is also a great long drink served with ginger ale, soda water, ginger beer, cola or fruit juices, while premium quality rums are perfect for sipping neat or over ice.

Internationally recognised as the spiritual home of rum, the Caribbean produces a remarkable array of rums, each with a distinct character, reflecting the diversity of the countries and people who produce them.

A distillation of climate, geography, personality and passion, Caribbean rum thrives on diversity, with brands on offer to suit all styles and tastes.

It is the perfect serve in a climate of cultural diversity and an environment occupied by savvy consumers thirsty for real encounters in a shrinking world. Authentic Caribbean Rum offers something for everyone, something new for every palate and every drinker's repertoire.

To enjoy the authentic rums of the Caribbean is to set sail on a journey. Explore the history, the countries, the distillers, the rums – the more you explore the more rewarding the journey – let it begin!

Dave Broom
Journalist and author of
the award winning book, *Rum*.

Introduction: A golden future for Authentic Caribbean Rum.

Authenticity, quality and diversity are not only driving consumer interest in exploring new tastes, but are by-words for Authentic Caribbean Rum (ACR).

With a steady and constant investment in the development of their craft alongside a driving passion and commitment to quality, members of the West Indies Rum and Spirits Producers' Association Inc. (WIRSPA) believe that the time has come for Authentic Caribbean Rum to take centre stage in the global rum market.

Rum is at the very core of Caribbean life and WIRSPA members have long appreciated the importance of provenance. The opportunity has never been better to make the most of the countries we come from and the products we produce. Consumers in every market have more access than ever to information and insist on brands which can qualify their claims to authenticity and tell a real story. Authentic Caribbean Rum is the perfect match. As you will see in this report, general spirits sales

and the development of the market for rum over the past few years shows great potential. Indeed, rum sales are growing steadily, with Italy, Spain and the UK in particular looking poised for further growth.

Helping drive growth is the arrival of the 'New Authentics', a newly emerging consumer group eager to explore new tastes and uncover the genuine article. New Authentics seek out quality brands with a real story – a desire which is firmly placing Authentic Caribbean Rum top of their 'drinks to explore' list.

Helping both consumers and trade identify Authentic Caribbean Rums, WIRSPA is embarking on an exciting programme of promotion designed to tell the story of ACR and assist in exploration of the countries and territories producing the many great brands.

Whether new to rum or a true connoisseur, I hope you enjoy exploring the world of Authentic Caribbean Rum – just as much as we all love producing it.

Dr Frank Ward,
Chairman of WIRSPA

About WIRSPA

The West Indies Rum and Spirits Producers' Association Inc. was founded in the late 1960s and is an association of national associations of rum producers in the Caribbean. Based in Barbados, WIRSPA was originally set up to promote and protect the interests of members involved in

the distillation, export and marketing of rum. Rum brands under the WIRSPA umbrella include Angostura, Appleton Estate Jamaica Rum, Barbancourt, Barceló, Borgoe, Brugal, Chairman's Reserve, Clarke's Court, Cockspur, Doorly's, El Dorado, English Harbour, Mount Gay, Mount Gilboa, One Barrel Rum, Sunset Captain Bligh Rum, Westerhall Plantation and XM Royal.

Making our marque.

Authentic Caribbean Rum is made in many territories around the Caribbean – including Antigua & Barbuda, the Bahamas, Barbados, Belize, Dominica, Dominican Republic, Haiti, Grenada, Guyana, Jamaica, St Kitts-Nevis, St Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago – and is produced in many different distilleries.

Irrespective of geography, each shares a passion for creating high quality rums. With each brand presenting its own distinct history, production process, style and flavour, it is this combination of shared values and diversity of character which makes Authentic Caribbean Rums unique.

To help trade and consumers pick out those authentic brands that are part of this unique Caribbean family, WIRSPA is launching a new marque. Designed to serve as a visual symbol of provenance and quality, the marque may be used by eligible brands and will form the basis of a major Authentic Caribbean Rum marketing campaign.

The production processes used to create Authentic Caribbean Rums are as diverse as the brands themselves. Variations in the arts of distillation, ageing and blending ensure a wide choice to suit different palates and serving styles. In order to help consumers appreciate these variations, while also identifying those that have been matured and which represent the best of the art and craft of each producer, the Authentic Caribbean Rum marque will be applied using a

three-tier classification system. It is a voluntary system and companies may apply to use the classification appropriate to their product.



Authentic Caribbean Rum

In order to qualify at this level, products must be produced from sugar cane juice or molasses within the ACP Caribbean region. Products in this classification must achieve accepted industry standards of product quality and may be a blend of different rums to produce the desired characteristics. Products at this level are permitted to display a black and white version of the marque.



'Matured' Authentic Caribbean Rum

A silver and black version is available for use by products that achieve the standard level but have also been 100% matured for a minimum of one year. These products may be blended with much older rums in order to produce products of depth, complexity and character. This classification bears the word 'Matured'.



'Deluxe' Authentic Caribbean Rum

A gold and black 'Deluxe' classification is available for use by qualifying brands that have been 100% matured for a minimum of 5 years. Products in this category reflect the true artistry of the master blender in each company. Products are likely to be blended from a wide palette of aged rums in differing styles. Many will be older but all will be aged for a minimum of 5 years. This classification bears the word 'Deluxe'.

The age-old question

In selecting rums and considering 'maturity' as an indication of quality, there are some key issues to bear in mind. Unlike other spirits, where literal age is often used to imply quality, the climate of the Caribbean means that Caribbean rum matures on average around 2-3 times faster than in cooler climates. As a consequence, a two or three year old rum can easily match the complexity and 'age' characteristics of other premium spirits that have been aged for much longer. In short, rum doesn't have to be 8, 10, or 15 years old to be excellent. Indeed most rum producers will argue that it is the art of the master blender, in selecting individual barrels and then balancing the subtle flavours and aromas of rums from these barrels, that is the key factor in crafting a truly great rum.

Nevertheless, it is important that consumers are clear as to the credentials of the product they are enjoying. Where

age claims are made these should be transparent and easy to understand. All Authentic Caribbean Rums are produced to the highest standards and thus conform to EU regulations concerning statements of age. Any statement regarding the age of an Authentic Caribbean Rum will therefore refer solely to the age of the youngest rum in the blend. For example, a bottle of Authentic Caribbean Rum with '8 years old' written on the label may well contain a proportion of rum which is much older, but none will have been matured for a moment less than eight years.

Furthermore, it is not permitted to use the 'Solera' method – the practice of adding quantities of fresh spirit into barrels containing older spirit – to establish an age claim for a product, neither is the practice of average ageing. While it is a practice well used in some countries it is not permitted to be used as an age attribution for rum within the EU (or many other international markets).



Authentic Caribbean Rum: A journey.

Rum is experiencing a global renaissance. Perhaps this isn't surprising as it may confidently lay claim to being the most prolific and most variable of all of the world's spirits. Defying all attempts at generalisation, rum, unlike many other spirits, really can be seen as a drink with a global footprint and a worldwide audience.

Nevertheless, the Caribbean is recognised as the spiritual centre of the rum world. The spirit we know as rum today has evolved with the sugar industry of the colonial Caribbean world and remains one of the major industries within the Caribbean, responsible for a significant proportion of income for the region. Most of the world's great rums originate from the Caribbean and it is here that the Rum Masters practice an art form that is steeped in history.

There are as many interpretations of what constitutes great rum as there are countries which produce it. In addition to the heartland of the Caribbean, significant rum producing countries and regions include Australia, India, Madagascar, Mauritius, New Zealand,

Philippines, Reunion, South Africa plus South and Central America. Rum is also blended and bottled in places like Austria, Newfoundland, France, Tennessee, Germany and the Netherlands. So whichever way you look at it, drinking rum is a truly geographic experience and a particularly tasteful way to travel.

Although cane spirits were being made wherever sugar was being grown (the plant itself is generally agreed to originate from Papua New Guinea) long before sugar became the Caribbean cash crop, the rums of the Caribbean soon rose to the top of pile. In the seventeenth century, Robert Lignon described the clear spirit he found in Barbados as "hot, hellish and terrible". A few years later things had moved on. A Dutch sea captain returned

from the West Indies and wrote "the spirits are now smoother to the tongue and have acquired a golden colour during the voyage". By the eighteenth century a hogshead of the finest aged Barbados rum was judged fit for George Washington's inauguration party.

No doubt spurred on by this vote of confidence, Caribbean rum producers have spent the ensuing two centuries

perfecting the arts of distillation, ageing and blending. Today, almost all rum is aged in oak barrels allowing the spirit to acquire a golden to dark brown hue. Equally, if not more important than ageing, the final stage of production is blending - the point at which a number of rums are skilfully combined with the personality of the countries and a shot of heritage to produce something uniquely Caribbean – **True Rum**.

A rose by any other name: Defining 'rum'

In accordance with EU regulations and rum standards applicable in WIRSPA member countries, any spirit distilled solely from the fermented sugars derived from the sugar cane plant and distilled below 96% alcohol by volume is rum (rhum in French and ron in Spanish). The sugars may be in the form of fresh juice, cane syrup or molasses. In the EU, the term rhum agricole is reserved for rums made from sugar cane juice in the French overseas departments and Madeira and that have specific characteristics.

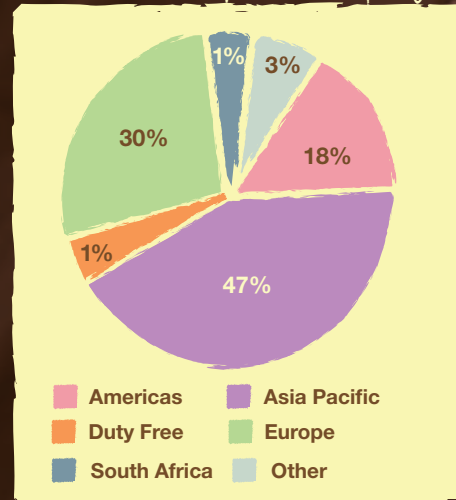
There are also spirits which, though rum by definition, are described as sugar cane spirits or by other synonyms. For example, 'cachaça' the national spirit of Brazil, is distilled from fermented sugar cane juice and you'll discover a number of 'aguardiente de cañas' produced locally across South America. However, if the product is fermented from sugar cane juice, syrup or molasses and distilled below 96% alcohol it is rum, pure and simple.

There are many products around the world which are made using neutral spirits derived from agricultural products such as beet, grain or potatoes then coloured and flavoured to resemble rum. In the specific case of the production of Batavia arrack (also known as arac or arak), fermented red rice is added during the fermentation process and the spirit distilled is therefore not obtained solely from the fermented sugars derived from the sugar cane plant. None of these products are rum according to the definition of rum in WIRSPA member countries or in the EU.

A world of opportunity: An overview of the global rum market.

The total global spirits market reached 2.24 billion cases in 2007 – an increase of 1% or 21.6 million cases on 2006. Europe remains the second largest market for spirits at 30% market share, behind Asia Pacific at 47% (which includes 26% market share in China alone). The US held 8% of the global market share (as part of the America's 18% share).

2007 Global Spirit Sales by Region



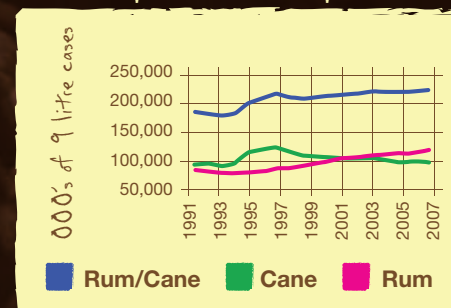
Globally, rum has been one of the fastest growing categories – achieving nearly 40% growth over the period 1990 – 2007, equating to over 120 million cases in 2007 or 5% of total spirit sales.

In terms of volume consumption of Rum, India leads the way with the majority of its consumption coming from domestically

2007 Global Volume Sales



Global Rum and Cane Spirit Consumption



produced rather than imported rum (26.2 million cases in 2007 – up 7% on 2006), followed by the USA (22.7 million cases in 2007 - 6% up on 2006) where the introduction of aged and golden rums are fuelling growth; and the Philippines (11.5 million cases in 2007 – down 7% on 2006) which, like India, has high consumption of domestic production. In terms of growth, Chile takes the lead with a growth of 36% 2006-7, 1.2 million cases although these figures include cachaça (defined as a 'Cane Spirit') which makes up by far the majority of sales. The fastest growing market in Europe is Spain, with 5% year on year growth to 5.0 million cases in 2007.

A golden glow: segmentation within the category

After enjoying sustained growth since 1990, global white rum consumption actually declined by 2% in 2006 to 33.9 million cases, figures showed slight growth (1%) in 2007 but the market has so far failed to return to its peak. Dark and golden rums

today form the largest segment in the global rum market, accounting for 61% of consumption by the end of 2007 – a total growth of 10% in the last 5 years and a clear signal of the opportunity that lies ahead.

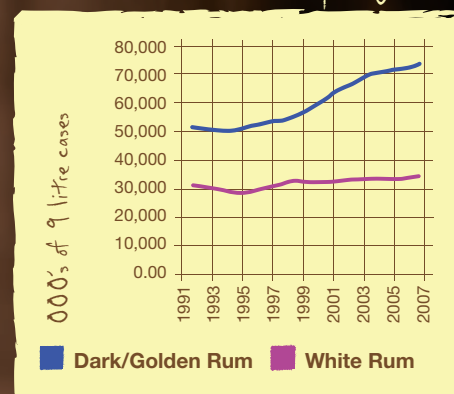
A global trend – the rise of super-premium rums

Recent years have seen an explosion of 'super-premium' spirits (higher price band, luxury and gift packaged, designer bottles etc) in several categories. In Mexico, super-premium tequilas are now seen as an alternative at most celebrations and in the US and Russia sales of super-premium vodkas have gone from strength to strength with no signs of slowing.

Rum is no exception. Globally, sales of super-premium rums have doubled in the last five years, with entrants including Angostura, Appleton Estate 21 year Old, Barceló Imperial, El Dorado 15 year old and Elements 8 and each showing early signs of growth.

All references to billion in this report should be taken as thousand-million. Data has kindly been provided for this report by the International Wine and Spirit Record (IWSR) and their data collection process permits operators within each region to define their categorisation. Given the geographical variations in the definition of rum, for the purposes of this report all references to rum within the data should be taken to exclude cane spirits unless otherwise specified.

Global Rum Growth by Segment



Equally important, golden rums like Mount Gay, Barceló, Brugal and Appleton Estate V/X are beginning to take sales from other spirit categories in a number of markets, notably in Spain and the UK, with all indications showing that consumer desire to 'trade up' will follow suit, thus presenting a significant opportunity for further category value growth.

Brandwatch

The global market for all rum brands continues to offer real opportunity as consumers seek out new brands and new taste experiences. Based upon volumes, Bacardi Superior retains its title as the world's top rum brand, with 70% of sales in the US, despite a slight decline in Europe in 2006.

Barceló was the fastest growing global rum brand in 2007 enjoying a staggering 50% rise in consumption, with the Spanish market offering a significant contribution

to its success. Indian brands Celebration Dark and Contessa Dark are the second and third fastest growing rum brands globally, these are closely followed by Brugal Extra Viejo which enjoyed a 17% rise in 2007.

The global opportunity for golden rums is evident. With well established brands like Barceló and Brugal enjoying continued success and rising stars like Mount Gay, Cockspur, Appleton Estate and El Dorado expanding distribution into new territories, brands are gaining loyal followings among an increasingly savvy and demanding consumer base.

- The total market for spirits reached 2.24 billion cases in 2007, a rise of 1% or (21.6 m cases) on 2006
- Europe has the second largest share of the spirits market at 30% - behind Asia Pacific at 46%
- The rum category has seen a global growth of 37% since 1990 boosted by golden rum sales in growing European markets and bolstered by the rise of super-premium brands
- Rum accounts for 5% of global spirit sales
- Dark / Golden rum accounts for 61% of global rum consumption

Source: International Wine and Spirits Record 2007/8.

States of play: Reviewing the European rum market.

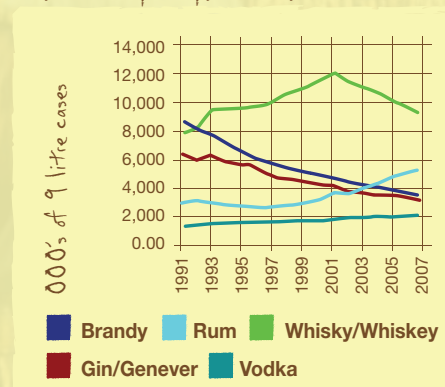
The European share of the global rum market has been steadily increasing over the last ten years, accounting for 18% in 2007, with greatest growth experienced in France, Germany, Italy, Spain and the UK.

Spain is the second fastest growing rum market in the world (after Chile) and by far the fastest growing in Europe. This growth has predominantly been driven by brands from the Dominican Republic, Barceló and Brugal, which are increasingly being used as mixing rums with cola, luring drinkers away from their traditional spirit and mixer.

In the five years to 2007 sales of golden rums more than trebled, exceeding sales of white rum by nearly 80 million euros. And this upward trend shows no sign of slowing. In the last three years, rum sales in Spain have overtaken both brandy and gin, with rum now the spirit of choice especially among younger consumers. Just as Brandy and Scotch have dominated the past, it seems that golden rum is set to become the drink of choice for the future.

In **Italy**, despite an increase in vodka sales and against falling sales in the whisky and brandy sectors, rum held on

Spirit by Type - Spain



to its market share thanks to uptake in restaurants and as an after-dinner drink, with rum beginning to become a digestif of choice for those in the know. Growth in the Italian market has been driven almost entirely by golden rums, sales of which reached nearly 74 million euros by 2002, with share of sales more than twice that of white rum.

According to Eurisko (Sinottica Edizione 06.2) rum is currently drunk by 8% of the total population or 3.9

million people with the figure growing year on year. 43% of this market drink dark/golden rum, 17% white rum, 39% drink both. By far the greatest percentage volume sells through the on-trade, with 43% consumed in bars either as a long mixer or in cocktails and golden rum is particularly popular in cocktails. Development of 'luxury cocktails' specifying branded spirits are also on the rise and are likely to grow in popularity thanks to the support of AIBES (Italian Association of Bartenders and Supporters).

Rum as an after dinner drink is also emerging as a growing opportunity particularly for aged premium and super-premium rums like Brugal Extra Viejo, El Dorado 15 year old and Appleton Estate Jamaica Rum with share likely to be taken from traditional Italian spirits as consumers discover the range of rums available to them.

Spirit by Type - Italy



In the **UK**, the market for premium and golden rums is on the increase, whilst sales in white rum and other spirit categories remain in decline in the face of strong growth in the vodka sector since the late 90's. According to the Mintel Dark Spirits Report 2007, 21% of the UK adult population have consumed rum in the last year (6.2 million adults), with 11% consuming dark or golden rum (3.3 million adults), with all signs showing that the figures are set to rise further.

- Europe has been steadily increasing its global rum market share, to account for 21.3 million cases in 2007 equating to 17.6% - up 4% year on year
- Spain is the second fastest growing rum market globally and the fastest growing in Europe—driven by golden rums such as Brugal and Barceló
- France is the second fastest growing market in Europe, and the only European market showing increase in white rum sales
- Germany remains the second largest rum market in Europe, with white rum again driving growth
- The market for golden and premium rums is seeing steady growth in Italy, Spain and the UK

Cocktail consumption continues to increase in style and city bars which can only benefit the sector with brands like Mount Gay, Appleton Estate and Cockspur already achieving early success.

Premium and super-premium brands El Dorado 15 year old, English Harbour and XM Royal just entering the market are also poised for great things as a result of the emerging 'foodie culture' and its focus on taste exploration and search for authenticity.

Spirit by Type - UK



Although overall rum consumption in the UK is broadly static the combination of the cocktail culture and increased consumer demand for premium brands has already benefited the golden rum category, the sector showing 18% growth since 2002.

Rum sales in **France** have experienced strong growth in the past five years,

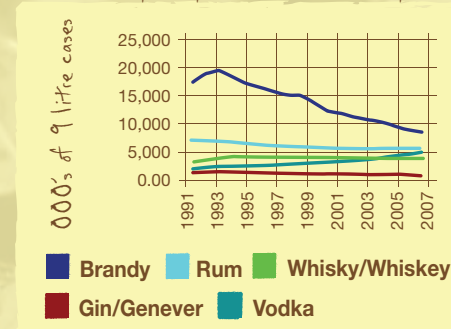
Spirit by Type - France



establishing it as the second fastest growing market in Europe. Despite a global decline, sales of white rum actually increased in 2006. Much of the Rum imported to France comes from the French Caribbean but in recent times certain of the more adventurous operators have started to offer rums from other Caribbean territories with impressive results being achieved and indicating a willingness of French consumers to search for different high quality offerings.

Although showing an overall decline since the 1990's, **Germany** has remained in the top ten global markets for rum over the last 5 years (3.64 million cases in 2007) and is second only to Spain in Europe, mainly due to the popularity of white rums. While the market for rum is strong, significant marketing effort may be required to lure German drinkers to broaden their consumption habits.

Spirit by Type - Germany



The European opportunity in summary

Changing consumer tastes and demands, in particular the increasing desire for new taste experiences and quality products, provides ideal market conditions for the growth of Authentic Caribbean Rum. Combine consumer interest with the general decline of other dark spirits

within the European market and the opportunity takes on sizeable dimension.

Rising interest in golden rums and the established foothold of the Hispanic Caribbean brands clearly identifies Spain as a primary target for growth of the Authentic Caribbean Rum category. Likewise, the rise of super-premium rums in Italy, bolstering sales against decreases in other spirit categories, makes Italy a golden opportunity for golden rums. Finally, in the UK, with signs of a levelling in vodka sales and a downward turn for sales in other spirit categories, plus the continuing growth of cocktail culture combined with a newly emerging 'foodie focus', the stage looks set for Authentic Caribbean Rum to step into the void.

Source: IWSR 2008/TNS 2004



1. Angostura
Five Year Old
(Trinidad & Tobago)
2. Appleton Estate V/X
Jamaica Rum
(Jamaica)
3. Barbancourt
Réserve Spéciale
Five Star Rum
(Haiti)
4. Barceló Imperial
(Dominican Republic)
5. Borgoe 8 Year Old
(Suriname)
6. Brugal Extra Viejo
(Dominican Republic)
7. Chairman's
Reserve
(St. Lucia)
8. Clarke's Old Grog
(Grenada)
9. Cockspur Fine Rum
(Barbados)



10. Doorly's XO
(Barbados)
11. El Dorado
15 Year Old
(Guyana)
12. English Harbour
5 Year Old
(Antigua)
13. Mount Gay Extra Old
(Barbados)
14. Mount Gilboa
(Barbados)
15. One Barrel
Refined Old Rum
(Belize)
16. Sunset
Captain Bligh Rum
(St. Vincent & the Grenadines)
17. Westerhall Plantation
(Grenada)
18. XM Royal 10 Year Old
(Guyana)



A three-legged race: maximising potential in Italy, Spain and the UK.

Rum Britannia: The potential for the lion's share of the UK market.

Worth over €14 billion in 2007, the UK's high taxation and high margins creates a spirits market with a particularly high value to volume ratio, particularly in the on-trade. Whisky is the biggest category overall, accounting for 30% of total sales but recent volume losses combined with increases in the golden rum category suggest that UK consumers are seeking something different to add to their repertoire.

UK spirit consumers cover a demographic range broadly in line with the general population. In white spirits, Vodka has experienced exceptional growth over recent years, although signs are emerging of a 'levelling off' in sales. Equally, Bacardi, though still a sizeable brand, is also now slowing and Gin is in decline. These growth statistics combined with trend analysis imply limited future growth in these categories and suggests opportunity for others – with Authentic Caribbean Rum top of the list.

The UK presents a fantastic prospect. Excluding white rums, consumption grew by 18% between 2003 – 2007 and the figure for golden rum alone would be even more impressive (probably 25%+) due to a decline in traditional dark, navy style

rums. Nearly one quarter of UK adults have consumed rum in the past year – perhaps thanks to the particularly strong cocktail culture in Britain which has seen the Mojito take the lead as the UK's number one cocktail.

While Mount Gay, Appleton Estate and Cockspur are at present the best-known and most requested Caribbean rums in the UK, new smaller entrants including Doorly's XO, English Harbour, Chairman's Reserve, Barbancourt and XM Royal are starting to get noticed and the sleeping giants of El Dorado and Angostura are starting to wake.

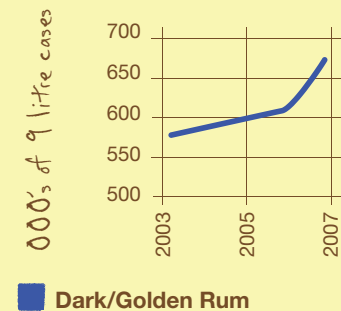
All these are gaining a following thanks to the growth in new city-centre 'style' bars as well as distinct rum bars both of which attract affluent, image conscious

consumers keen to explore new tastes and stand out from the crowd. Products with distinct identity, authenticity and a premium 'package' stand to benefit.

Looking specifically at premium brands, the emergence of the new 'foodie' culture in the UK is also playing a key role in changing consumer attitudes, with consumers increasingly willing to experiment, seeking out both authentic tastes and brands and premium quality, again providing a distinct opportunity for both premium and super-premium brands.

Dark/Golden rum consumption topped 683,000 cases in 2007, a figure set to rise further as research reveals a high desire for trial – particularly for Caribbean rums. TNS research

UK Dark / Golden Rum
Consumption



undertaken for WIRSPA identified high association of the Caribbean with 'the best rum' (85% of respondents) – a figure considerably higher than in other markets.

Interest in 'trying rum from the Caribbean compared to rum from other parts of the world' was also high – 85% of UK respondents said that they would be 'more interested', 38% saying they would be 'a lot more interested'.

With identified interest in Caribbean rum, a growing cocktail culture and ever-increasing demand for authenticity and quality, WIRSPA believes that the UK leads the growth-opportunity league table for Authentic Caribbean Rum.

Sources: IWSR 2008, TNS 2004



Viva España: Analysing the Spanish opportunity for Authentic Caribbean Rum.

Spain has an immense appetite for spirits with a market worth around €10 billion in 2007 and a high per capita consumption.

Significant economic growth over the last ten years has encouraged consumers to 'trade up' to more premium brands. Equally, the growing influence of fashionable top chefs like Ferran Adrià, Martín Berasategi, Juan Mari Arzak and others have been responsible for a revolution in terms of experimentation with new flavours and styles.

Passionate supporters of products with provenance, the Spanish also enthusiastically embrace the DO (Denominaciones de Origen) and EU Protected Food Names Scheme with both being well known concepts in Spain thanks to campaigns by the main wine producers in the country (Rioja, Ribera del Duero, Rueda, Penedes etc). As a result, provenance is considered by many as a guarantee of quality, representing a real opportunity for ACR brands. It is this innate understanding of the importance of origin and an appreciation for the authentic which clearly lies behind the uptake of scotch over other whiskies in Spain. However, with the recent decline in the popularity of scotch, it would appear there is an emerging opportunity

for premium ACR brands to inherit some of the market for 'sipping' as well as mixer spirits.

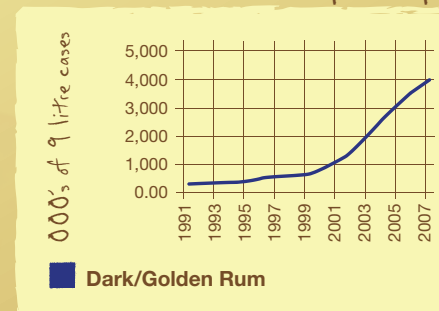
Despite the fact that whisky continues to be the leader in the Spanish market, there has been a sharp downturn in sales since 2001. Coinciding with this decline is the rise in popularity of rum which has been nothing short of spectacular and now takes second place accounting for more than 17% of spirit sales in 2007. Driven by associations with Hispanic culture in the Caribbean and by associations with trendy places and music (Calle 54, La Cubanita etc), growth is particularly strong in the golden category, with white rum experiencing marked decline since 2001.

Brugal and Diageo-owned Cacique share top billing in the Spanish market, each with 25% share. Barceló's share is also growing fast and brands like Legendario and Zacapa are carving their niche.

Looking at the rum consumer profile, in Spain the spirits consumer is typically male and younger (under 30). Increasingly including spirits in their drinks repertoire and more adventurous

and well-travelled than the previous generation, it is likely to be the 25+ group which offers greatest potential for ACR growth, with golden rum most likely to appeal thanks to its versatility as a long serve and in cocktails.

Dark/Golden Rum Consumption - Spain



Association of the Caribbean with 'the best rum' is high among Spanish consumers – 53% for golden, 59% for white and 66% for dark compared to only 10% for Latin and South America. Similarly, interest in 'trying rum from the

Caribbean compared to rum from other parts of the world' is also high – with 45% claiming to be 'much more interested' and 41% 'a little more interested'.

Against this backdrop, Spain represents a clear opportunity for Authentic Caribbean Rum. A national passion for spirits mixed with cola has ensured a recent surge in popularity of golden rums, with the 'lighter' taste of golden rums particularly appealing to the younger market. Club culture, chill-out lounges and style bars are all delivering an increased opportunity for trading up to premium rums. This general trend towards the authentic, quality experience provides significant scope for Authentic Caribbean Rums, with heritage and authenticity leading the volume growth and quality and premiumisation providing the extended value opportunity.

Source: IWSR 2008, Mercasa Spirit Report 2007, TNS 2004.



Alla salute!: Opening the Italian opportunity for Authentic Caribbean Rum.

The Italian spirits market was worth over €4 billion in 2007, the leading categories being traditional liqueurs and local speciality spirits. With an overall decline in alcohol consumption in Italy over the last 10 years, Italians are certainly drinking less but are demanding better quality products, with the popularity of traditional spirits being challenged by growth in other categories, particularly rum.

The spirits consumer is typically male but occupies a broad age range. Younger Italian drinkers are increasingly including spirits in their drinks repertoire, with golden rum increasingly featuring in cocktails in bars and long mixers consumed in clubs. Older drinkers are also discovering the pleasure of rum, with particular focus on aged rum as a digestif. The combined result is growth for rum in both volume and value among both younger and older consumer sectors, with the strongest growth in golden rum which is becoming increasingly fashionable and is likely to lead the way in the growing trend towards brand-specific luxury cocktails.

Although brandy continues to take the largest measure of the Italian market, it is increasingly viewed as 'old fashioned' – as is whisky – and has seen decline since 1990 of 28%. Rum, in contrast,

has seen sales nearly treble since 1990, exceeding 1.2 million cases in 2007.

Like Spain, Italy embraces Protected Designation of Origin (PDO) and is a leading advocate on the international

Dark/Golden Rum Consumption - Italy



stage for products which are produced, processed and prepared in a given geographical area using recognised know-how, with Italian PDO's including Parmigiano Reggiano and Parma ham. The benefits for Authentic Caribbean



Rum brands of such a knowledgeable and receptive audience are clear. Already benefiting from early interest in Authentic Caribbean Rum are brands including Angostura, Appleton Estate, English Harbour, Cockspur and Mount Gay, which are now beginning to make headway in select style clubs and bars. This is in addition to the more established brands of Barceló, Brugal and El Dorado.

Equally important for the growth of the category in Italy will be hotels and restaurants. Here the opportunity exists for golden rums in the cocktail and lounge bars and for aged, super premium rums as after dinner drinks. Rums like El Dorado 15 Year Old, Brugal Extra Viejo and Barceló Imperial lead the way in this premium sector and are mainly consumed straight or on the rocks.

Discerning in palate and recognised as international style leaders, the Italian opportunity for premium and super-premium Authentic Caribbean Rum brands is also strong. Stylised packaging combined with high quality products will appeal to the slightly older, more sophisticated Italian drinker who carefully selects the products he or she chooses to meet both personal taste demands and external 'style statement' criteria.

A 'young' market in consumption terms, but one which is hugely receptive to provenance, quality and style, WIRSPA is predicting a significant increase in Authentic Caribbean Rum in the next five years.

Source: International Wine and Spirits Record 2007, TNS 2004

A golden opportunity: New consumers, new demands, new markets.

Growing consumer interest in product authenticity and heritage, along with demand for increased quality and a move away from what are perceived as purely 'mass market' brands, combine to make provenance an increasingly important factor in the consumer selection process and delivers a golden opportunity for ACR brands across the key identified territories of Italy, Spain and the UK in particular.

While different territories exhibit subtle differences in taste and consumption patterns, their consumer populations share an increased desire to savour a rich diversity of newly discovered products. Irrespective of geography, these consumers demand an increasing level of choice, are inspired by authenticity and quality and are prepared not only to try new brands but to actively seek out the venues and retailers which stock them. Trend-setting bars, clubs, restaurants and retailers provide lucrative channels through which to meet the demand for Authentic Caribbean Rum.

Within the drinks industry and in the spirits category in particular, taste exploration is not just in vogue, it's a trend that is already bringing marked changes to the products on shelves and in bars and is set to continue. 'Big brands' are being jostled for space by products offering a distinctly 'different' experience – with perceived product authenticity being a key driver in consumer interest and demand. Trial and exploration is all around us. Just a decade ago, for example, Sushi was a novelty to most of us. Now you can buy it on virtually every supermarket shelf.

Responding to changing consumer tastes, the spirits market is evolving and presents a distinct advantage for Authentic Caribbean Rum brands. The rise in cocktail culture and the increasing popularity of combination and long serves has been driven by a new generation of drinkers with their own palate searching for an alternative to the established repertoire of beers, wines and the traditional selection of spirits. Bored with vodka's domination of the mixed drinks market, consumers are keen to discover new tastes and flavours and are happy to pay for the experience.

Against this backdrop of changing consumer demands and tastes, the potential for authentic brands with heritage and provenance, like the ACR brands, presents real opportunity for both on and off-trade.

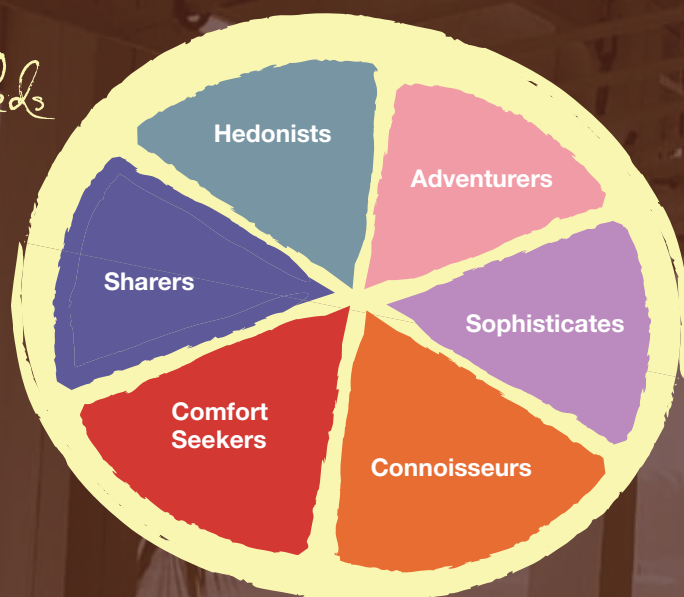
Exploration and discovery driving change

In Europe in particular, there has been a sea-change in consumer attitudes and aspirations. Price is not the key driver. An explosion in non-packaged holidays and tailor-made customer services is just the tip of the iceberg. The emergence of farmers markets and the revival of handcrafted food and drink products is prevalent across Europe. The 'Campaign for Real Ale' in the UK has been described as one of the most successful consumer groups in Europe and the Slow Food movement (which originated in Italy) is gathering momentum across the continent, while Spain has wholeheartedly embraced the EU Protected Food Names Scheme with significant numbers of authentic products already registered and bearing the distinctive symbol. These are just some aspects of an evolution of European consumer culture with an increasing investment in authenticity at its centre.

In seeking a unique insight into the identity of the consumer at the heart of this new trend, TNS and WIRSPA conducted qualitative consumer research across European markets utilising the NeedScope™ technique. Based on an assessment of functional and emotional needs, this research identified six distinct profiles amongst spirit drinkers:

Defining the needs

Six Consumer Profiles Identified in Spirits



Adventurers – want to feel their choices in spirits are individualistic and selective. They are keen to try new tastes and experiences and exemplify the newly emerging ‘cult of the individual’ – selecting products that set them apart from the crowd.

Sophisticates – want to feel their choices show style and sophistication. They choose high quality brands and price is not an issue.

Connoisseurs – feel they have an appreciation of the subtleties of the drinking experience. They are passionate and respectful of specific types and brands of spirits.

Hedonists – want to feel ‘in touch’ with the latest trends in spirits and use this to feel part of the group. Spirits are part of every activity, every occasion and set their mood.

Sharers – want to fulfil their role as providers, as sociable hosts. They rely on the popularity and familiarity of mainstream appeal. Representing a low level of consumption across all spirit categories, sharers show no particular preferences for any drinks brands or sectors.

Comfort-seekers - want to feel comforted by the spirits they drink. Creatures of habit, they are less involved with spirits and stick to what they know and love.

Comparison of the ‘needs’ of each group against the offer delivered by the rum category reveals a clear map of where the greatest opportunity lies for Authentic Caribbean Rum.

With the exception of sharers and comfort-seekers, all consumer segments have a degree of interest in rum although with careful review, it becomes clear where the greatest opportunity lies.

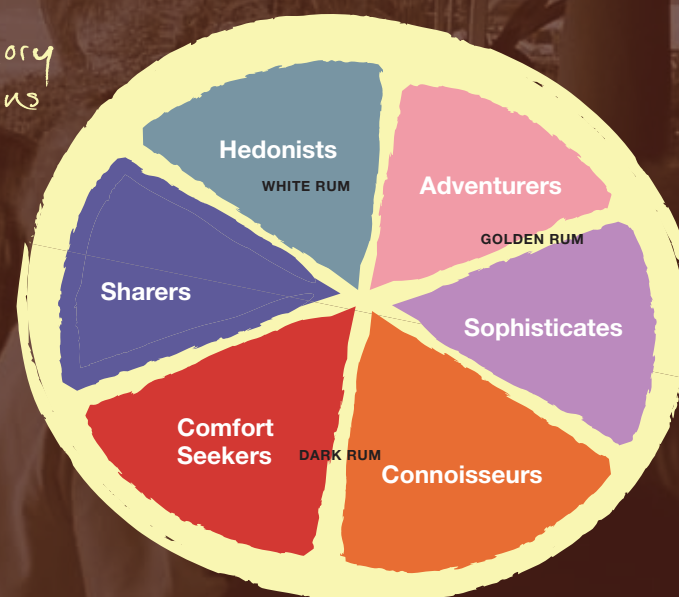
While Hedonists actively seek out new ‘in vogue’ spirits their loyalty and long-term brand or category commitment

is limited. Typically younger, male and single, white and golden rums have appeal to this group, but with the focus on high volume lower value consumption, competition is high, with vodka, sambuca, tequila and a plethora of other spirits all appearing in the Hedonists’ drinks repertoire.

Typically older, Connoisseurs, while interested in the rum category and particularly premium rum brands, offer a more limited opportunity for volume growth. Drinking predominantly at home and drinking less than the other profiles, the potential for expansion amongst Connoisseurs is largely reserved for specialist off trade and higher value sales.

Category Positions

In Italy, Spain and the UK markets





Enter the New Authentics.


Offering growth opportunities in both volume and value, it is the Adventurers and Sophisticates – the true ‘authenti-seekers’ or ‘New Authentics’ - who deliver the greatest potential for expansion of the rum market, accounting as they do for 29% penetration and 31% rum consumption by volume.

A hybrid of Adventurers and Sophisticates, these New Authentics are typically aged 25+, urban or suburban, affluent and with a male bias. Taking a more ‘informed’ approach to their product selection, New Authentics are more likely to read the label, visit the website, talk with friends (and recommend products to try) and importantly, simply to discover and enjoy new tastes.

More than ever before, consumers - and particularly the New Authentics - are drinking and eating smarter. Concerned about quality of all consumed foods and drinks, the trend among this group is also towards a greater appreciation of where it comes from and the ‘story’ behind the brand. With this investigation into provenance comes also a growing desire for exploration and investigation

into different taste experiences with consumers actively seeking out new brands to challenge their routine and add variety to their life. A drink with heritage and authenticity delivers more for the drinker than simply great taste, but actually says something to friends, colleagues and acquaintances about the person consuming.

For Authentic Caribbean Rum, the potential afforded by the New Authentics as a consumer group is enormous. Quality products which can be identified and categorised thanks to the marque, providing an extensive opportunity for taste exploration, combined with heritage and stories that are just waiting to be discovered make ACR brands the perfect choice for these discerning yet adventurous drinkers.



Making authenticity the destination: A preview of the True Rum campaign.

Built on a sound analysis of the global spirits market, with sights set firmly on the uniquely defined and eager audience of New Authentics, WIRSPA is launching an exciting new marketing campaign to support the ACR brands.

Through the implementation of a multi-channel communications programme, the campaign is designed to raise awareness of and inspire engagement with product and brands, creating recognition, value and meaning for Authentic Caribbean Rum and its marque.

Using beautiful photography and carefully crafted copy, the campaign will focus on bringing real Caribbean culture and people to life in an emotive and aspirational way. It will have integrity, character and be unmistakably, uniquely Caribbean. It will encapsulate both heritage and modern Caribbean life, sharing the true story of rum with European consumers.

- **Trade communications** including advertising, PR and distribution of a Guide to Authentic Caribbean Rum
- **Bar tender training** in major cities across Italy, Spain and the UK. The bar tender training programme will introduce leading on-trade professionals to the world of Authentic Caribbean Rum, ensuring their support as ambassadors of the ACR campaign

- **Consumer communications** including print, outdoor and online advertising, PR, sampling and promotions
- **The Authentic Caribbean Rum Experience** at Vinopolis, London will provide a year round education, exploration and sampling opportunity providing a permanent destination for New Authentics
- **Events** will unite the rum brands of the Caribbean under the ACR marque, the ACR campaign will be present at major trade and consumer events in Italy, Spain and the UK
- **The website**, www.truerum.com, is the online focal point for the campaign. International in scope with local language versions, it will include consumer, trade and media areas, offering a chance to explore the countries of the Caribbean and their distilleries and brands

The campaign will run concurrently across Italy, Spain and the UK.

A glimpse into the future.

Quality brands, produced by craftsmen, providing a huge variety of flavours and complexities, colours and presentations, Authentic Caribbean Rum is poised to achieve new levels of success as adventurous younger consumers alongside discerning older 'sophisticates' discover the brands and adopt Authentic Caribbean Rums as their spirit of choice.

Set apart from other rums thanks to their distinct place in history combined with the enormous variety on offer - from bartender favourites through to yet-to-be-discovered small brands with their own unique heritage and history, Authentic Caribbean Rum is poised to become a distinct sub-category within the expanding rum market.

Just as whisky was the spirit of choice in the eighties and vodka in the nineties, Authentic Caribbean Rum is set to emerge as the favoured spirit of the new century.

With the cult of the individual ensuring that artisan-produced products are favoured above mass-produced brands which offer little in the way of story, heritage or authenticity, there is no doubt that ACR brands are poised to take off. The growth in cocktail culture across

all territories will support the growth of rum, with ACR brands in particular finding favour with barmen who pride themselves on discovery and invention, with branded cocktails likely to grow in popularity.

Against a backdrop of a slow down in vodka and decline in whisky, combined with a decline in the overall spirits category, the rise in consumption of golden rum in the period 2005-2007 is nothing short of phenomenal.

In recognition of the growing interest in rum overall and golden rum in particular, WIRSPA is predicting a 7-10% per annum growth over the next 5 years for golden rum as it continues to build share within the overall spirits sector - offering enormous potential to both on and off trade.





Afterword: Serving the spirit of discovery.

My passion for rum was ignited when I first started working in bars. I was fortunate enough to work in a cocktail lounge where the owner was seemingly mad enough to have more than a dozen rums available (we have over 600 behind the bar at Cottons), each really different and each perfect for a different serve.

I started looking into which rums were available and was amazed at just how many there were and how different they could be. Rum is a very special spirit. You just don't get the level of variation with anything else. Rum can be subtle or feisty, smooth or harsh, rich or delicate, floral or woody, or both. It delivers endless combinations of flavours.

The Caribbean produces some classic brands and it's the spiritual home of rum of course. Authentic Caribbean Rum will now get the attention it deserves and I'm really excited to be part of the team delivering the True Rum message to European consumers. It's my opportunity to pass on some of the enthusiasm which rum has inspired in me.

Cheers!

Ian Burrell, Mixologist and proprietor of Cottons Bar, London

Sources and acknowledgements.

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Producers of Authentic Caribbean Rum.

ANGOSTURA – Angostura Ltd, Trinidad. **APPLETON ESTATE JAMAICA RUM** – J Wray & Nephew Ltd, Jamaica. **BARBANCOURT** – Société du Rhum Barbancourt, Haiti. **BARCELÓ** – Barceló Export Import C Por A, Dominican Republic. **BORGOE** – Suriname Alcoholic Beverages N.V., Suriname. **BRUGAL** – Brugal & Co, Dominican Republic. **CHAIRMAN'S RESERVE** – St Lucia Distillers, St. Lucia. **CLARKE'S OLD GROG** – Grenada Distillers Ltd, Grenada. **COCKSPUR** – Hanschell Inniss, Barbados. **DOORLY'S XO** – RL Seale Ltd, Barbados. **EL DORADO** – Demerara Distillers Ltd, Guyana. **ENGLISH HARBOUR** – Antigua Distillery Ltd, Antigua. **MOUNT GAY** – Mount Gay Distilleries Ltd, Barbados. **MOUNT GILBOA** – Rum Refinery of Mount Gay, Barbados. **ONE BARREL** – Travellers Liquors Ltd, Belize. **SUNSET RUM** – St. Vincent Distillers, St. Vincent. **WESTERHALL RUM** – Westerhall Estate Ltd, Grenada. **XM ROYAL** – Banks DIH Ltd, Guyana. National Rums of Jamaica, Jamaica. River Antoine, Grenada. Shillingford Estates Ltd, Dominica. West Indies Rum Distillery, Barbados. Worthy Park Estate Ltd, Jamaica.