Drinks Ireland
Spirits

Irish Spirits Market Report 2022

drinksireland.ie/**spirits**

Foreword

Welcome to this, the seventh spirits industry and market report, issued by Drinks Ireland, and our first since pandemic restrictions came to an end. Like in previous years, the report focuses on the spirits sector and its experiences across Ireland and export markets in the preceding calendar year.

With COVID restrictions ending for good in the hospitality industries of the Republic of Ireland and Northern Ireland as we moved into early 2022, the sector returned to growth as people grasped the opportunity to reconnect in-person with friends in a normalised hospitality scene. Premium brands and categories were the biggest beneficiaries of this as consumers looked to exciting new offerings and serving ideas.

Despite these challenges, the spirits category in Ireland rebounded strongly in 2022. Total sales were up over 6% compared to 2021 and over 10% when compared to 2019, the last year when the hospitality sector was fully open. Irish Whiskey continued its stellar growth of recent years with domestic sales increasing by over 10% in 2022 annually and Irish cream sales rose by 8%.

However, even more encouraging is sales of Irish spirits across 120 international markets rising further. Total Irish spirit exports increased in value by over 17% in 2022, following a 25% increase the previous year, demonstrating that demand for premium Irish spirits continues to grow across global markets.

2022 provided the much-needed opportunity for our award-winning and globally renowned visitor centres and brand homes to reopen after a challenging 2021. Distillery visits were up to almost 680,000 in 2022. While this is slightly behind the 2019 numbers, it is still to be commended given the phased lifting of global travel restrictions that occurred during the year. I am optimistic that these numbers will grow year-on-year into 2023 and beyond as the appeal of experiencing Irish spirits firsthand continues to grow both domestically and internationally.

In reports in recent years, we highlighted several challenges that have impacted business: Brexit, transatlantic tariffs, and the COVID pandemic. Unfortunately, since then, an even bigger, more serious crisis has gripped the world. The invasion of Ukraine by Russia has had a hugely adverse impact on many raw material and energy costs for producers. During 2022 we saw the spectre of inflation in costs of grain, glass, transport, and energy become a reality and unfortunately these challenges have showed little sign of abating going into 2023, driving up producer and consumer pricing across the globe.

Since the European Union and the United States de-escalated their Airbus/Boeing and Steel and Aluminium trade disputes in 2021, tariff escalation which impacted on our products were temporarily suspended until December 2023, while a negotiated deal was pursued. While no deal was agreed in 2022, both camps remained positive for a future agreement and we are keen that this is secured before year end.

From a taxation point of view, there were no changes in excise rates in 2022 and while this is to be welcomed, it is worth noting that Ireland continues to have the second highest overall excise tax on drinks products in the EU. In particular, spirits is levied with the third highest rates behind Finland and Sweden and 42% higher than Belgium in fourth place!

The spirits industry is of significant importance to the economic, social, and cultural fabric of the whole Island of Ireland, rural and urban. It is part of an industry that provides employment to approximately 180,000 who help produce and serve drinks of the highest standards from quality raw materials grown by Irish farmers. Despite this, Ireland continues to levy an excessive tax burden on these on these drinks-producing businesses who promote Ireland and enhance the country's reputation on the global stage.

The production of the data in this report is a team effort which additionally relies on the goodwill of both our members and non-members who provide us with market information. I would like to thank all those whose input has helped assemble this report. These include the IWSR, Revenue Commissioners, CSO, Eurostat, our colleagues in Ibec and companies who have provided industry data. Without your assistance this report would not have been possible.

Bryan Fallon
Chair, Drinks Ireland | Spirits

The spirits industry is of significant importance to the economic, social and cultural fabric of the whole island of Ireland, rural and urban. Total Irish spirits exports increased in value by over 17% in 2022.

Introduction

This report outlines the performance of Ireland's spirit market both domestically and, most importantly, from an export point of view. In reviewing performance of our growing alcohol spirits sector in 2022, we look at its emergence from the earlier pandemic-impacted years, consumer trends including continued premiumisation and developments across global export markets.

The changes that stood out in 2022 were:

- The spirits sector once again demonstrated its strength with spirits sales in Ireland increasing by just over 6% in 2022 to just under 2.7 million nine litre cases. The value of spirit exports also soared by 17.3% to almost €1.5bn. These increases continued the gains we saw in 2021 and moved both domestic sales and exports ahead to their highest levels ever. A thriving trade sector that needs to be promoted!
- Irish Whiskey's spectacular growth continued with export sales reaching 15.2 million cases in 2022. The United States continued to be the key export destination for the category. The United Kingdom is the next biggest market globally for Irish Whiskey. Two markets that have seen significant growth are Poland and South Africa. In 2022, Poland grew by over 24% vs 2021 to become Irish Whiskey's fourth biggest market, overtaking Germany. South Africa grew by over 31% in volume to move up one place to sixth.
- The Irish Cream success story continues as it drew even closer to the 10m case benchmark in sales during 2022. This is a testament to all the Irish Cream producers on the island of Ireland who continue to produce the highest quality brands that are welcomed all over the world. Imitators continue to be a challenge to police, particularly in markets where our Irish Cream GI does not have the same protections it enjoys in the European Union. This is an area of focus for Drinks Ireland.
- Irish Poitín's estimated sales in 2022 showed some decline compared to an exceptionally strong 2021. While sales are in line with 2018 and 2019 and the trends are positive, the domestic Irish and the GTR markets are key opportunities for development in the short-term. The reopening of Global Travel Retail in 2022 was especially welcome for Poitín. However, there is still much that can be done to help promote and grow this Irish spirits GI category.
- The report also shows gin's meteoric rise in the last ten years has slowed in 2022 (down 1.7% vs 2021). Interestingly, that slowdown is driven by "standard" gin sales, with "premium" gin sales powering ahead by 15% in 2022. This shows that while gin drinkers may be drinking a lesser quantity of gin, they are selecting more premium offerings.

- Vodka recovered in 2022 to grow by 7% vs 2021, but like gin, is similarly driven by premium brands sales up 91%.
- Tequila took full advantage of the cocktail culture in Ireland to show remarkable growth of 18%, albeit from a very low base.
- Growth in domestic sales in the relatively new Ready To Drink (RTD) category slowed in 2022 at 0.3%, after a growth of 14% in 2021 and 26% in 2020, possibly suggesting better off-trade distribution than on-trade, and a product more suited to consumption occasions outside Licensed Trade venues. That said, some sub-categories within RTDs did well in 2022 vs 2021: Cocktails and Long Drinks enjoyed double-digit growth (10.4%), with Wine Spritzers & Coolers increasing by 5.6% vs 2021.
- While most RTD products sold in Ireland were imported, encouragingly there was a large increase in share of locally produced RTD products 2022 vs 2021. In 2022, Irish-made RTDs doubled market share from 11% to 22% in the domestic market.
- No and Low alcohol spirit sales continue to outpace the market as a whole with sales growing by almost 47% in 2021 and an astonishing 1122% versus 2019, albeit off a small base. This reflects a consumer that is becoming more health-conscious and which seeks the brands it already knows in no and lower alcohol formats.
- Unlike other categories of alcohol, spirits show a strong seasonal tend and see a significant increase in Q4 with the gifting season around Christmas. While Q4 sales for other categories (e.g. beer and wine) show an upturn of approx 15% at this time, for spirits this is generally in the region of 30%.
- Reflecting the small growth in alcohol sales in 2022, helped by the reopening of the hospitality sector, revenue raised from alcohol increased by 5% vs 2021. Net excise receipts for spirits drinks increased for the thirteenth year in a row coming in at almost €411 million, a 6% increase in the tax take on spirit drinks compared to 2021, and 10% against 2019. Irish excise rates on spirits are the third highest in the EU.

The spirits sector continues to lead the way and Drinks Ireland is proud to represent it. We congratulate all our members on their considerable achievements over the year.

Aengus King
Director, Drinks Ireland | Spirits

1. Revenue data, 2022 Quarterly update for Alcohol

Ireland's protected spirits

Irish Whiskey, Irish Cream and Poitín are protected by EU Geographical Indications (GIs). This means that to be described as such, legally they can only be produced on the island of Ireland in line with an approved technical file[2]. These Irish GIs make up the majority of Irish Spirit exports from the country.

Overall volume of global Irish GI spirits sales

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022
Volume (Million 9-litre cases)	14.5	15.0	16.0	17.4	18.8	20.4	19.7	23.8	25.2

Source: The IWSR

Top 10 markets 2022

	Country	000s 9-ltr cases
1	United States	8,191.6
2	United Kingdom	2,387.7
3	Germany	1,404.9
4	Canada	1,191.1
5	GTR	1,160.8*
6	**Ireland**	832.5
7	Poland	694.4
8	France	670.1
9	Australia	615.7
10	South Africa	611.3

* For comparison, Global Travel Retail (GTR) 2019 figures were 1,313.0, and the 2021 figure was 622.5.

Source: The IWSR

Change 2021-2022

+5.7%

2. https://www.agriculture.gov.ie/gi/geographicalindications-protectedspiritnames/

Value of spirits exports – Republic of Ireland

Change 2021-2022
+17.3%

	2014	2015	2016	2017	2018	2019	2020	2021	2022
€ million	641.8	758.9	804.9	916.1	1,009.9	1,178.9	990.6	1,239.9	**1.455.0**

Source: Eurostat

In 2022, the value of Irish spirit exports grew to almost €1.5bn. This increase continued the gains we saw in 2021 and moved both domestic sales and exports ahead to their highest levels ever.

Irish Whiskey

Volume of global Irish Whiskey sales 2022

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022
Volume (Million 9-litre cases)	7.3	7.8	8.7	9.7	10.6	11.9	11.4	14.0	**15.2**

Source: The IWSR

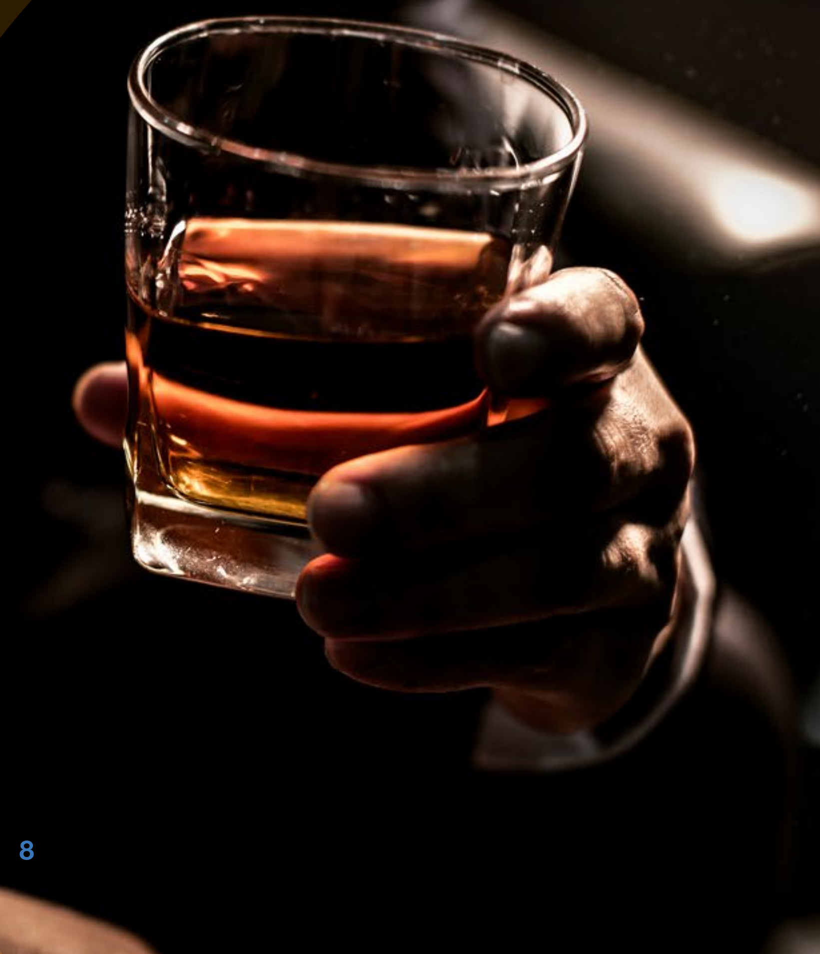
Top 10 markets 2022

	Country	000s 9-ltr cases
1	United States	5,848.3
2	**Ireland**	686.9
3	United Kingdom	682.3
4	Poland	646.8
5	GTR*	640.8
6	South Africa	609.0
7	Germany	574.0
8	Russia	462.1
9	Canada	417.6
10	France	403.0

* For comparison the 2019 figure was 679.6.
The 2021 figure was 340.0.

Source: The IWSR

Change 2021-2022
+8.6%



Irish Cream

Volume of global Irish Cream sales 2022

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022
Volume (Million 9-litre cases)	7.2	7.1	7.3	7.8	8.2	8.5	8.3	9.8	9.9

Source: The IWSR

Change
2021-2022
+1.0%

Top 10 markets 2022

	Country	000s 9-ltr cases
1	United States	2,343.3
2	United Kingdom	1,705.5
3	Germany	830.9
4	Canada	773.5
5	GTR*	520.1
6	Spain	350.4
7	Australia	324.9
8	Italy	303.4
9	France	267.1
10	Mexico	262.5
14	**Ireland**	145.6

* For comparison the 2019 figure was 633.4.
The 2021 figure was 282.5.

Source: The IWSR

Irish Poitín

Volume of Irish Poitín sales 2022

Year	2016	2017	2018	2019	2020	2021	2022	Change 2021-2022
Volume* (6x70cl cases)	5,500	5,800	3,890	3,750	2,486	4,827	3,966	-17.8%

* Estimated figures

Source: Industry

US Whiskey and Bourbon exports to Ireland

Value (excl. tax)	2018*	2019*	2020*	2021	2022
€m	4.4	3.7	2.2	2.8	**3.4**
% change on previous year	+23.0%**	-16.6%	-39.5%	+25.6%	**+19.3%**

Source: Eurostat

* EU tariffs of 25% were applied to American Whiskey and Bourbon imports in July 2018 in retaliation for US tariffs applied to European steel and aluminium products. In July 2021, these tariffs were due to automatically rise to 50%. This automatic doubling was unilaterally postponed by the EU for six months to facilitate further negotiations between both sides. In November 2021 the EU and the US reached an agreement (an armistice) in this dispute temporally postponing further tariffs on American Whiskey and Bourbon imports in exchange for increased quotas for European steel and aluminium products.

This agreement came into effect on 01 January 2022 and is scheduled to last until 31 December 2023 by which time the EU expects to see the removal of all tariffs on European steel and aluminium products. Failure to see a resolution to this dispute could see the reintroduction of EU tariffs on American Whiskey and Bourbon imports.

** American exporters frontloaded Whiskey and Bourbon exports into Ireland in the six months prior to EU tariffs being applied in July 2018 resulting in a 75.11% increase of exports compared to the same six-month period the previous year.

Ireland's most popular spirits categories

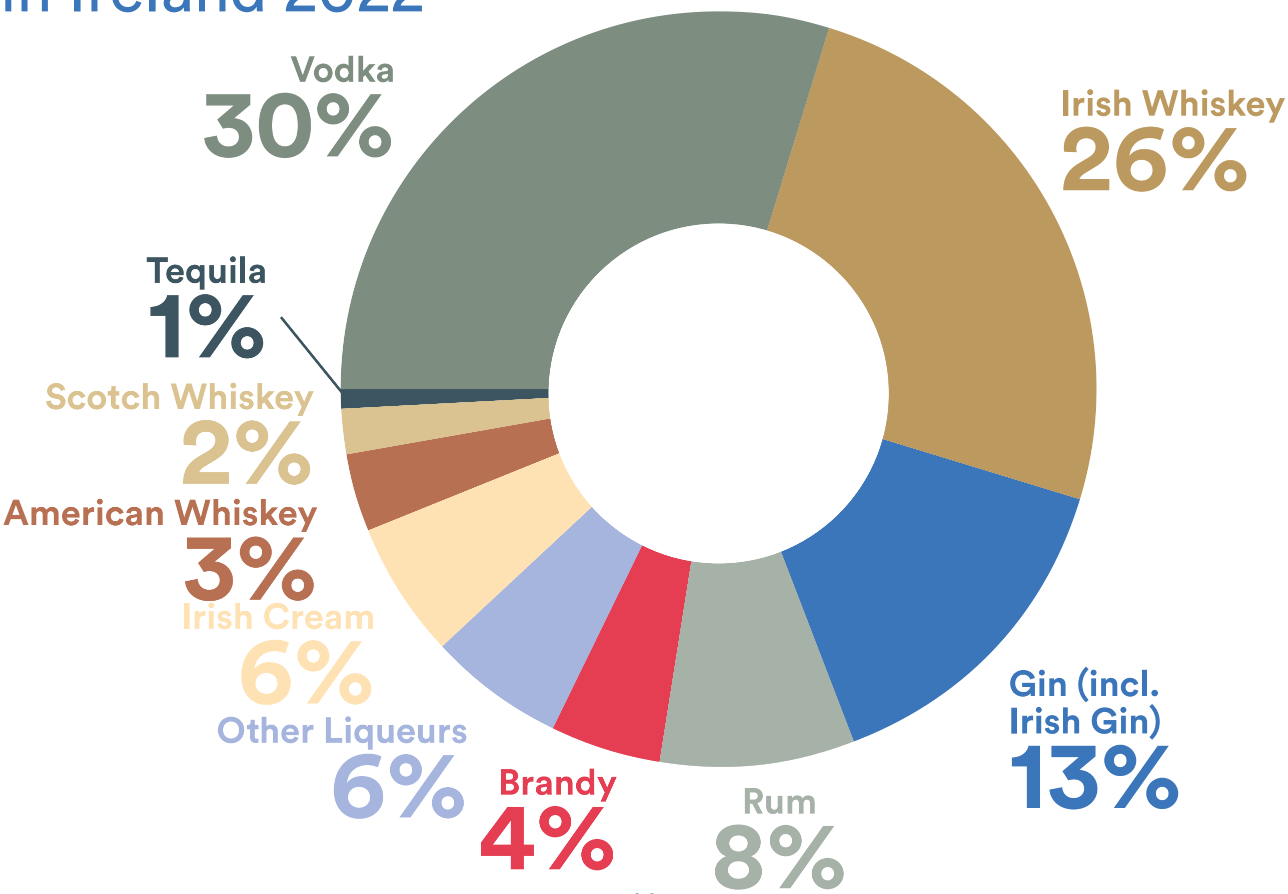
Sales* in Ireland 2022

Spirit Category	2014	2015	2016	2017	2018	2019	2020	2021	2022	Change 2021-22
Vodka	805.5	743.8	751.0	750.0	786.0	791.0	710.7	740.0	791.5	+7.0%
Irish Whiskey	468	504.3	521.8	548.3	584.8	590.5	591.0	619.6	686.9	+10.9%
Gin (incl. Irish Gin)	111.3	125.5	171.3	245.7	329.0	348.5	331.5	357.2	351.0	-1.7%
Rum	211	179.3	176.5	175.5	185.0	185.8	178.5	204.0	201.3	-1.3%
Brandy	108.3	111.8	118.0	117.3	119.0	117.0	107.7	113.7	115.6	+1.7%
Other Liqueurs	103.0	104.5	109.7	111.7	112.9	113.6	116.2	144.8	152.1	+5.0%
Irish Cream	100.8	93.3	95.2	84.5	95.4	89.4	113.1	141.4	153.2	+8.4%
American Whiskey	49.5	55.8	58	56.5	84.3	81.0	84.5	84.3	85.0	+0.1%
Scotch Whisky	75.5	67.5	61.8	55.8	51.5	42.5	47.0	42.5	42.5	+0.0%
Tequila	13.5	15.8	16.0	15.8	17.0	18.0	14.0	20.7	24.5	+18.4%

* Volume sales in thousands, 9-ltr cases

Source: The IWSR

Breakdown of sales in Ireland 2022



Source: The IWSR

Overall spirits sales in Ireland

Change 2021-2022

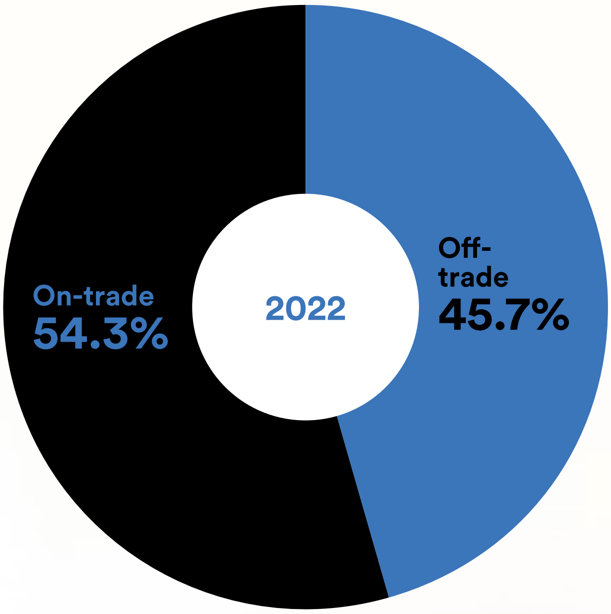
+6.1%

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Million 9lt cases	2.1	2.1	2.2	2.22	2.4	2.4	2.4	2.5	**2.7**

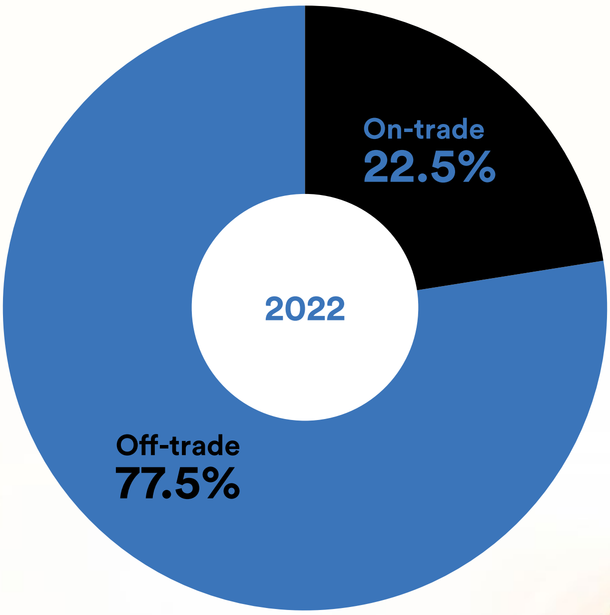
Source: The IWSR

Sales channel

On-trade vs off-trade – Value



On-trade vs off-trade – Volume



With the on-trade reopening, the spirits category added another €216m in value in 2022.

Other spirit drinks

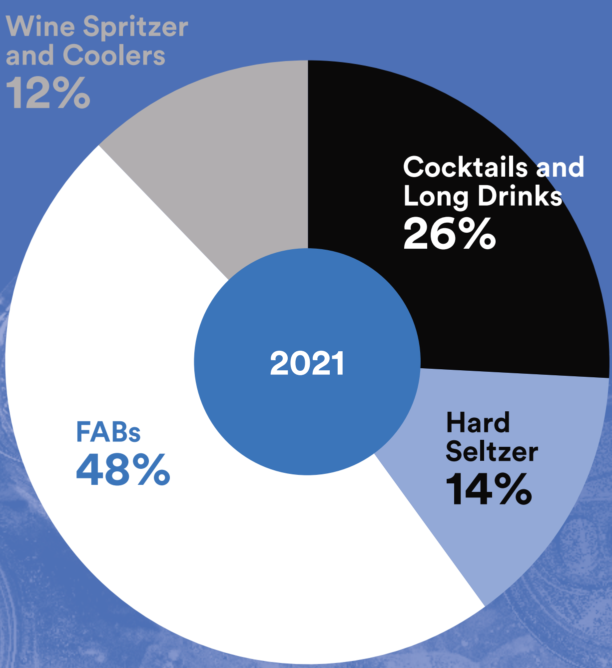
Ready to Drink (RTD) sales
Sales in Ireland 2022

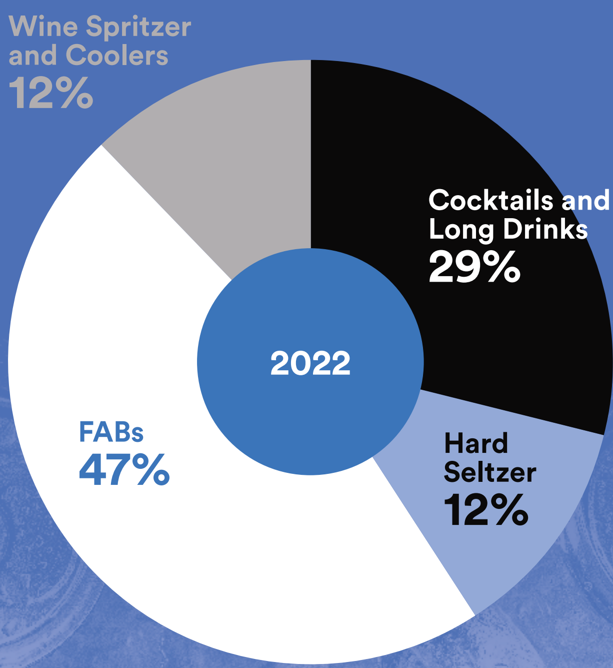
RTD category 000s 9-Ltr cases	2019	2020	2021	2022	Change 2021-2022
Cocktails & Long Drinks	106.5	176.3	283.9	**313.5**	10.4%
Hard Seltzer*	NA	102.5	150.0	**127.6**	-15.0%
FABs**	369.0	443.4	516.9	**499.0**	-3.5%
Wine Spritzer & Coolers	110.6	113.5	124.8	**131.8**	5.6%

* Hard Seltzer can be made with a malt or spirit base. In the EU excise rates on Hard Seltzer products are dictated by the final characteristics of the product rather than what alcohol base is used. Since the final characteristics of Hard Seltzer resemble a spirits, rather than a beer product, Hard Seltzer has been classified as a 'spirit' drink in the EU.
** Flavoured Alcoholic Beverages

Source: The IWSR

Sales in Ireland 2022

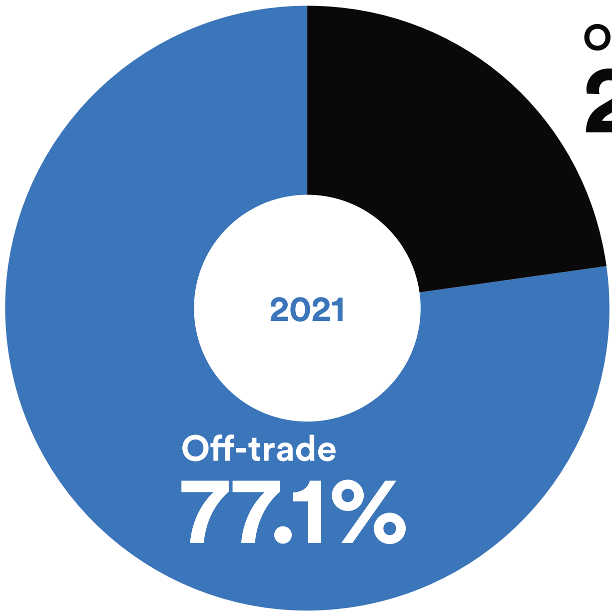




Source: The IWSR

RTD sales channel

On-trade vs off-trade – Volume split by sector



The on-trade doubled its share of RTDs in 2022 driven by the reopening of trade.

Source: The IWSR

Local vs imported RTD

Origin 000s 9-ltr cases	2021	2022	Change 2022-2021
Irish RTD products	115.7	245.4	+112.1%
Imported RTD products	959.8	826.4	-13.9%

Irish-made RTDs have doubled their share of the RTD market in 2022, with sales more than doubling in those 12 months.

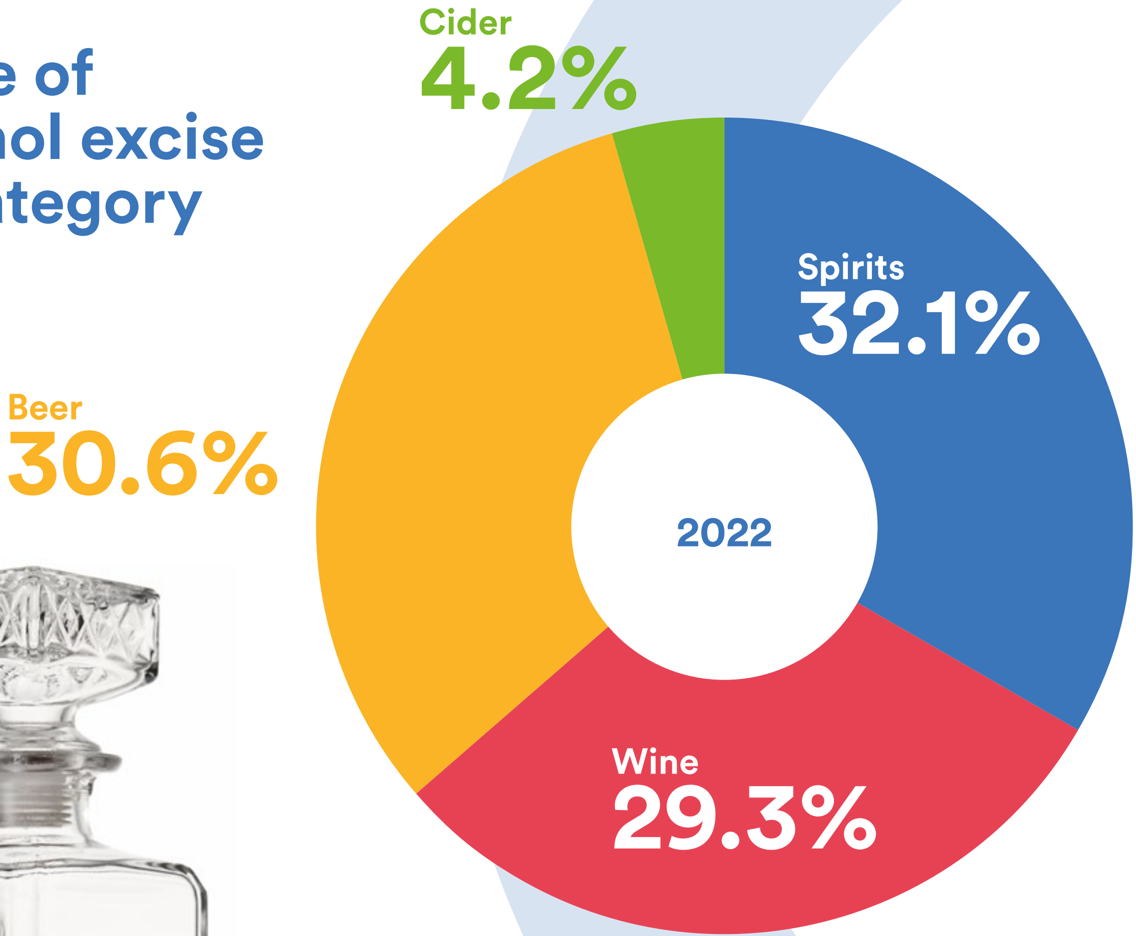
Source: The IWSR

No and Low alcohol

No & Low Alcohol 000s 9-ltr cases	2020	2021	2022	Change 2022-2021
Spirits (No & Low alcohol)	0.9	7.5	11.0	+46.6%

Source: The IWSR

Share of alcohol excise by category



% Share of Total Excise Duty Paid	2018	2019	2020	2021	2022	% Value Change 2022 vs 2021
Spirits	**30.0**	**34.5**	**30.2**	**30.4**	**32.1**	+5.7%
Wine	30.4	31.0	34.3	30.0	29.3	-2.5%
Beer	34.4	32.9	27.4	27.4	30.6	+11.6%
Cider	4.9	4.9	4.3	4.2	4.2	+1.0%

Source: Revenue Commissioners

Spirits excise receipts 2022

Alcohols – net excise receipts

Spirits (€m)	2018	2019	2020	2021	2022
Q1	79.3	80.5	83.1	83.6	89.4
Q2	87.2	89.2	87.5	84.0	98.3
Q3	85.8	85.3	84.7	91.5	99.2
Q4	120.0	118.4	119.0	129.6	125.0
Total	**372.2 m**	**373.4 m**	**374.3 m**	**388.7 m**	**392.0 m**

Source: Revenue Commissioners

Quantities of spirits upon which net duties paid

Spirits (000s Ltrs of Pure Alc)	2018	2019	2020	2021	2022
Q1	1,681.6	1,551.1	1,769.7	1,620.5	1,924.6
Q2	1,927.7	2,023.0	1,826.0	1,967.2	2,238.2
Q3	1,992.8	2,133.9	2,040.0	2,074.4	2,433.3
Q4	3,161.3	3,113.2	3,247.6	3,328.9	3,203.2
Total	**8,763.4**	**8,821.1**	**8,883.3**	**8,991.0**	**9,799.3**

Source: Revenue Commissioners

Excise receipts for all categories (€m)

Year	Beer	Spirits	Wine	Cider	Total	% Change
2009	404.3	**264.1**	242.5	57.1	968.0	NA
2010	320.1	**243.5**	218.8	44.0	862.0	-10.9%
2011	307.3	**247.3**	231.0	44.0	830.0	-3.7%
2012	308.0	**263.9**	231.4	42.8	846.0	1.9%
2013	358.0	**290.3**	302.1	51.6	1,002.0	18.4%
2014	424.8	**301.8**	354.6	58.5	1,139.8	13.7%
2015	417.0	**311.0**	355.0	54.0	1,137.0	-0.2%
2016	430.0	**338.0**	380.0	59.0	1,207.0	6.2%
2017	424.0	**353.0**	382.0	61.0	1,220.0	1.1%
2018	430.1	**372.2**	376.4	61.2	1,239.9	1.6%
2019	421.4	**373.4**	377.9	59.8	1,232.5	-0.6%
2020	351.1	**373.3**	424.8	53.1	1,202.3	-2.4%
2021	351.2	**388.7**	384.6	51.4	1,175.9	-2.2%
2022	**390.9**	**410.9**	**375.0**	**51.8**	**1,228.0**	**+4.6%**

Source: Revenue Commissioners

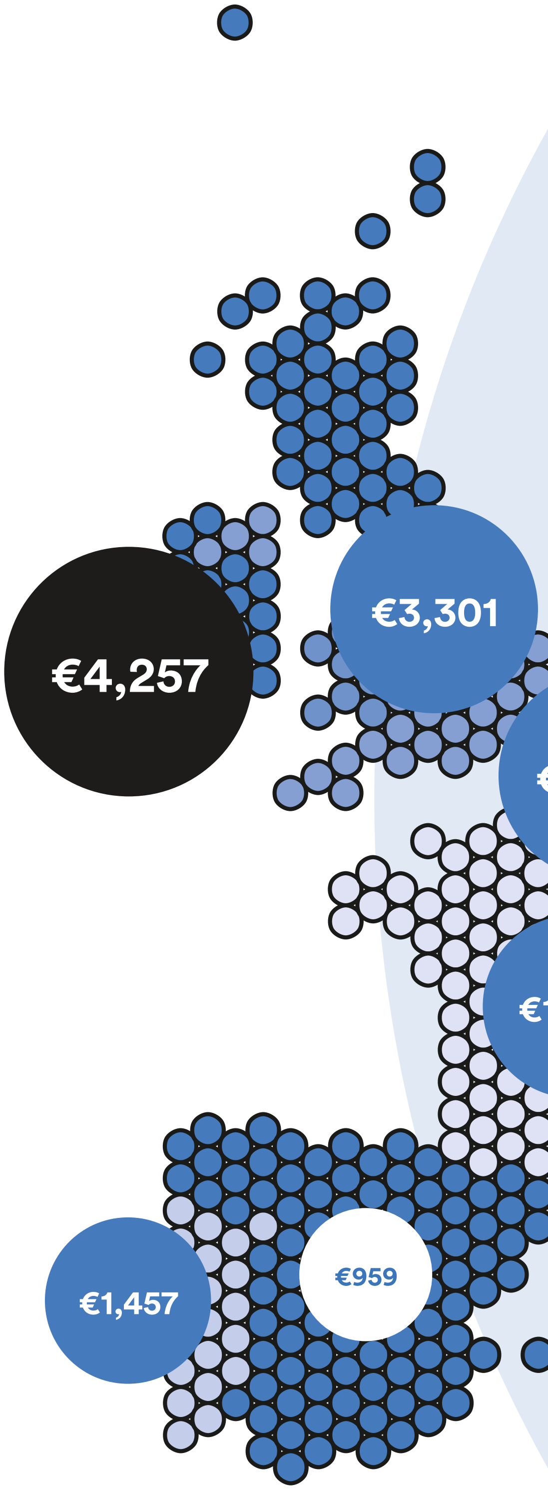
European spirits excise rates 2022

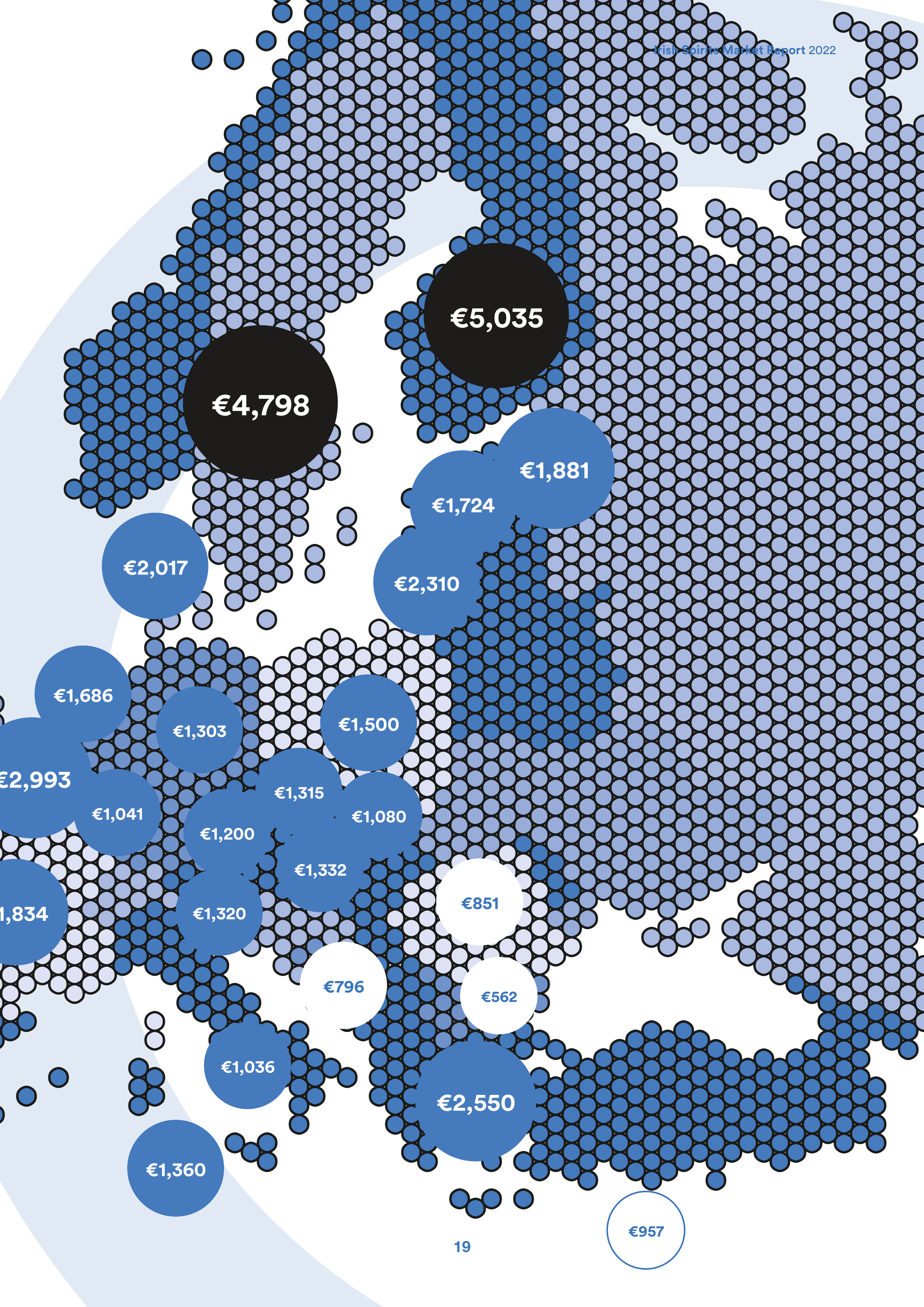
Alcohol Tax/Excise duty € per hectolitre of alcohol (HLA)

Rank	Member state	Alcohol Tax/Excise duty
1	Finland	**€5,035**
2	Sweden*	**€4,798**
3	**Ireland**	**€4,257**
4	UK incl. Northern Ireland*	**€3,301**
5	Belgium	**€2,993**
6	Greece	**€2,550**
7	Lithuania	**€2,310**
8	Denmark*	**€2,017**
9	Estonia	**€1,881**
10	France	**€1,834**
11	Latvia	**€1,724**
12	Netherlands	**€1,686**
13	Poland*	**€1,500**
14	Portugal	**€1,457**
15	Malta	**€1,360**
16	Hungary	**€1,332**
17	Slovenia	**€1,320**
18	Czech Republic	**€1,315**
19	Germany	**€1,303**
20	Austria	**€1,200**
21	Slovakia	**€1,080**
22	Luxembourg	**€1,041**
23	Italy	**€1,036**
24	Spain	**€959**
25	Cyprus	**€957**
26	Romania*	**€851**
27	Croatia	**€796**
28	Bulgaria*	**€562***

* based on exchange rates on 01/10/2022.

Source: spiritsEUROPE

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€957

Championing Ireland's best loved drinks

Drinks Ireland | Spirits and the **Irish Whiskey Association** exist to promote the interests of the Irish spirits industry in Ireland and internationally. We provide a strong and effective voice at the national, EU and global levels on issues such as taxation, labelling, trade and the ongoing international protection of Ireland's three Geographical Indications (GIs) for spirits i.e. Irish Whiskey, Irish Cream and Irish Poitín.

Our objective is to ensure that the best international trading conditions exist for the Irish spirits industry. Membership is open to all branded spirits manufacturers and suppliers. The association offers information, representation, and advice to its members, and provides a forum for members to network, share best practice and collaborate on issues that impact the industry.

Drinks Ireland | Spirits and the **Irish Whiskey Association** are a part of **Drinks Ireland**.

Drinks Ireland is the Ibec sector association that represents the interests of alcohol drinks manufacturers and suppliers on the island of Ireland. Drinks Ireland is globally unique as it represents all categories of alcohol products in one umbrella organisation through its various trade associations:

- Drinks Ireland | Beer
- Drinks Ireland | Cider
- Drinks Ireland | Spirits
- Drinks Ireland | Wine
- Irish Whiskey Association

Drinks Ireland aims to ensure that the business environment on the island of Ireland is conducive to drinks enterprises. Through our activity we aim to ensure that the industry is recognised for the positive contribution it makes to the economic and cultural landscape.

Drinks Ireland
Ibec

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