

Liqueurs - UK - June 2010

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What is this report about?

The liqueurs market is struggling to prevent sales decline in an increasingly competitive marketplace. While, it retains a large user base, the category has suffered from a lack of drinking occasions, meaning a low frequency of usage. Part of the problem is that liqueurs were traditionally an after-dinner drink but that has become less relevant to today's consumer. However, the growth in popularity of cocktails in which liqueurs make an ideal ingredient is helping to re-invent the category for a younger generation.

What have we found out?

- The liqueurs market splits into two main types: traditional liqueurs, such as Cointreau or Tia Maria are typically thick, sweet products with a spirit base and combined with an infusion of flavours such as fruit or herbs and cream-based liqueurs, such as Bailey's Irish Cream.
- Traditional liqueurs often appear in classic cocktails eg, Cointreau or Grand Marnier in Cosmopolitans. Helped by the continuing popularity of cocktails, Mintel forecasts this segment will grow to represent over half of all liqueur value sales by 2013 in an otherwise declining market.
- Currently, liqueurs are still more likely to be drunk neat (three quarters of drinkers) rather than in cocktails (less than half), primarily due to the dominance of market leader Bailey's Cream which is a rare example of a strong brand in a heavily fragmented market.
- Despite being drunk by a half of UK adult drinkers, the total liqueurs market suffers from its perception, by women especially, as a guilty pleasure to be indulged in only occasionally. For example, a half of liqueur drinkers think "they make a nice treat", a third that "that they are fine in small measures" and a quarter that "they are for special occasions only".
- Key to arresting value sales decline is to increase occasions for usage and offset guilt about drinking liqueurs more often. Becoming more integral in the dessert category can help to replace the diminishing after-dinner liqueur occasion, while mixing liqueurs with functional ingredients such as superfruits can balance indulgence and health.
- Dual targeting is also key to maximising revenue. Older (45+ year-olds) consumers associate drinking liqueurs with in-home, after-dinner "cocooning" occasions. In contrast, 18-24 year olds are much more likely to drink liqueurs as part of a cocktail, therefore perceiving them as exciting, sociable and about going out.

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