



DECADE OF RUM

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Rum: **A WORLD TOUR**

The following analyses the global rum market over the last decade. We highlight country-by-country data, market trends and the performance of individual types of rum.

A GLOBAL SPIRIT

Sugar cane is grown in tropical regions across the globe, so it is not surprising that rum has a following in all continents.

Its breadth of production generates a wide variety of definitions, but for the purpose of this review we'll take an "if-they-call-it-rum, we'll-call-it-rum" approach.



THE OVERALL PICTURE

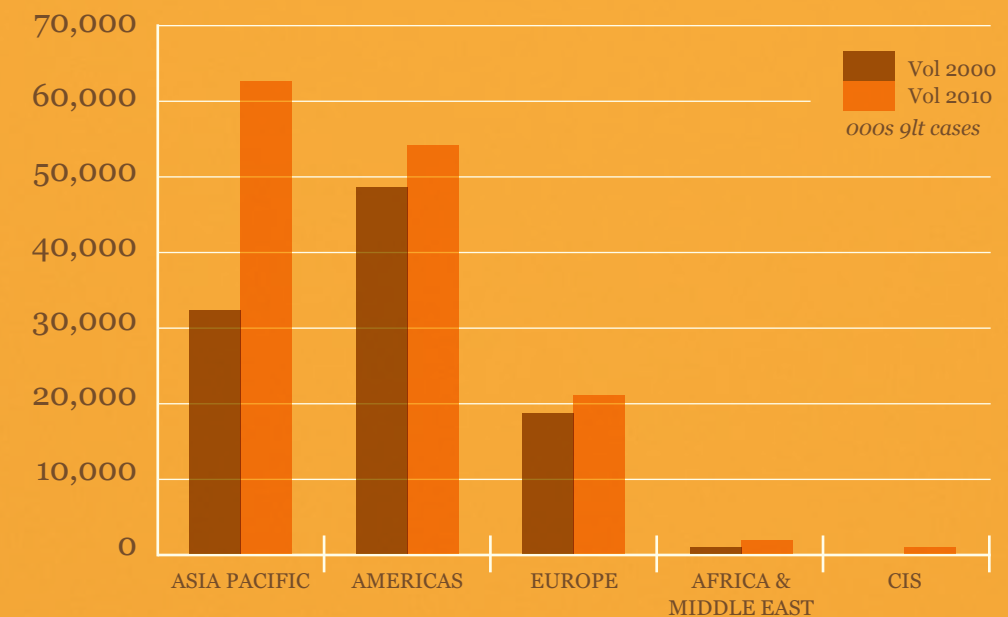
Despite the widely reported economic problems in recent years, the first decade of this century has seen strong growth across many spirits categories. In fact, rum enjoyed a growth rate of +40%, ahead of one of the most talked about categories of the decade – vodka.

Global Growth Of Individual Spirits

| <i>IWSR – 000s 9 lt cases</i> | <i>2000</i> | <i>2010</i> | <i>% change</i> |
|-------------------------------|-------------|-------------|-----------------|
| Rum | 101,757 | 142,291 | 40% |
| Bitters / Spirit Aperitifs | 22,479 | 28,509 | 27% |
| Vodka | 395,668 | 495,218 | 25% |
| Shochu / Soju | 189,184 | 236,440 | 25% |
| Cognac / Armagnac | 8,577 | 10,315 | 20% |
| Fruit Eaux de Vie | 20,382 | 24,081 | 18% |
| Liqueurs | 72,862 | 85,119 | 17% |
| Scotch Whisky | 74,233 | 84,330 | 14% |
| US Whisk(e)y | 26,378 | 29,576 | 12% |
| Canadian Whisk(e)y | 20,672 | 19,995 | -3% |
| Cane | 131,903 | 115,451 | -12% |
| Gin / Genever | 60,545 | 50,873 | -16% |
| Aniseed | 34,856 | 28,408 | -18% |
| Aquavit | 1,502 | 1,070 | -29% |
| Korn / Schnapps | 9,496 | 6,438 | -32% |

RUM'S GLOBAL SPREAD

Given rum's global spread, and all the differences in production techniques, it is even more surprising that rum is one of only two spirits categories to have seen growth in all major regions of the world.



In addition to local sales, in 2012 there was almost 1.5 million cases sold through Duty Free channels and this number is also growing strongly.

SPICING UP THE CATEGORY

Spiced rum has more than doubled in size over the last ten years and flavored varieties are up by over 50% (source: IWSR). They have easy appeal to many different consumers and perhaps this is why spiced rum has helped grow the rum category amongst younger consumers over the last ten years. According to just-drinks, spiced rum now accounts for 8% of the total rum market and it doesn't look like holding back – new innovations and a number of new brands have dramatically increased the choice available to consumers which has, in turn, brought new consumers to rum. For premium and super-premium varieties, like those bearing the Authentic Caribbean Rum Marque, this increased category interest can only be a good thing.

USA

Rum is seen as an approachable yet dynamic and diverse spirit with an image of exotic beaches. This elicits the romance associated with the Caribbean and has led to another year of increased volume.

The reality of the market in the US is that premium spirits brands are growing despite the lack of economic growth of recent years in developed markets. The activity by these brands focuses on providing consumers affordable luxury, spreading knowledge about craft producers and redefining the spirits category with super-premium brands. With global rum sales at 145 million cases in 2013 (4.7% of global spirits sales) and 940 launches in the US alone in the past five years, this is clearly a vibrant sector.

The premium aged rum category continues to increase in popularity capturing the attention of bartenders, retailers, and most importantly, end-consumers.

“The great thing about rum, from a spirit enthusiast point of view, is the wide array of production processes used. Most spirits have a certain method which doesn’t vary too much from one brand to another, while rums have different stills, yeast types, fermentation times, aging climate, barrel management and so on. It’s a different story not only for each country but also for each brand”

H. Ehrmann (beverage consultant and owner of Elixir in San Francisco).

Consumer attention is also being placed in the super-premium segment, but this category is still in its early stages of development.

From a social point of view, there is eagerness in US society for change in the spirit market. As a report on just-drinks by IWSR has shown, rum has still some way to go to be considered equal to other premium products, but the room for improvement is big. The American palate continues to evolve, and consumers are willing to engage with new and emerging styles, products, brands, flavors and formulations including lighter alternatives. The report also states that cocktail usage in general is having a positive impact on the rum category across a range of markets. “As a sugar-based product, rum is readily mixable and the Caribbean is widely associated with cocktails such as the mojito and piña colada.”

USA Market Share Of Spirits

| <i>IWSR – 000s glt cases</i> | <i>2003</i> | <i>2013</i> | <i>10 yrs</i> | <i>Share of Spirits</i> |
|------------------------------|---------------|---------------|---------------|-------------------------|
| Vodka | 41,729 | 70,725 | 69% | 35% |
| Whisk(e)y | 43,264 | 50,542 | 17% | 25% |
| Flavored Spirits | 21,677 | 24,177 | 12% | 12% |
| Rum | 18,426 | 23,150 | 26% | 11% |
| Tequila | 7,752 | 13,835 | 78% | 7% |
| Brandy | 10,083 | 10,460 | 4% | 4.6% |
| Gin | 11,025 | 10,343 | -6% | 4.4% |
| Cane | 220 | 129 | -41% | <1% |
| Mezcal | 29 | 75 | 159% | <1% |

Rum Style

| | | | | Share of Rum |
|---------------------|-------|--------|-----|--------------|
| Flavored/Spiced Rum | 6,246 | 10,545 | 69% | 45% |
| White Rum | 7,994 | 8,025 | 0% | 35% |
| Gold/Dark Rum | 3,824 | 4,580 | 20% | 20% |



CANADA

With the changing social and demographic landscape in Canada, consumer preferences continue to evolve and shift, creating both challenges and opportunities for the marketers of alcoholic drinks. The much talked about millennials demand diversity and variety, along with high quality, while the changing ethnic make-up of Canadian cities continues to encourage more experimentation with flavors and product varieties in imported and domestic beverages.

The consumer preference for higher end spirits gained momentum in recent years, with quality over quantity defining demand. The long-term trend of “premiumization” is a result of the convergence of market forces: firstly, Canadian consumers are becoming better educated, more sophisticated, more discerning and more traveled, which increases their willingness to pay higher retail prices, only for products they perceive deliver greater value. Secondly, producers are faced with greater input costs (raw materials, packaging, energy costs) with a consequent need to counterbalance lower margins. Thirdly, Liquor Boards have a mandate to enhance revenue and maximize profitability for government funding.

“Connoisseur consumers continue to drive the Whiskey category. I suspect it will not be long before their interest stretches to encapsulate aged rums too”

Joe Howell (head bartender at the Spoke Club, Toronto).

Compared to the majority of global markets, Canada is unique, in that the importation, wholesale, distribution and retailing of alcoholic beverages is largely a monopolysystem, controlled and regulated by provincial governments.

The level of taxation by both provincial and federal governments and provincial mark-ups are key issues for the industry. From 2012 to 2016, alcoholic drink sales in Canada are expected to grow to roughly C\$42 billion (Euromonitor, 2012).

There has been an abundance of new product launches in the alcoholic drinks category, a key strategy for driving sales and growth in a competitive market.

Canadian Market Share Of Spirits

| <i>IWSR – 000s 9lt cases</i> | <i>2003</i> | <i>2013</i> | <i>10 yrs</i> | <i>Share of Spirits</i> |
|------------------------------|--------------|--------------|---------------|-------------------------|
| Vodka | 3,402 | 4,851 | 43% | 29% |
| Whisk(e)y | 4,724 | 4,685 | -1% | 27% |
| Rum | 2,841 | 3,332 | 17% | 20% |
| Flavored Spirits | 2,319 | 2,525 | 1% | 15% |
| Gin | 723 | 760 | 5% | 4% |
| Brandy | 670 | 581 | -13% | 3% |
| Tequila | 133 | 276 | 108% | 2% |

Rum Style

| | | | | Share of Rum |
|---------------------|-------|-------|------|--------------|
| White Rum | 1,500 | 1,219 | -19% | 36% |
| Gold/Dark Rum | 867 | 1,223 | 41% | 37% |
| Flavored/Spiced Rum | 232 | 889 | 283% | 27% |

White rum accounts for half of all rum volume but is declining over the long term. Spiced rum has seen growth over the last 5 years and has doubled in volume.

The growth of the whisk(e)y category and the trend towards more premium spirits suggests there is room for golden rum brands in a market that is still to be developed, as is shown by the dominance but decline of white rum brands and the growing interest in the category as shown with the spiced versions. Indeed retailers are now indicating strong double-digit growth in the Golden Deluxe category for rum.

SPAIN

The economic backdrop has not been good for Spain. GDP decline, problems in the banking sector and severe unemployment have had an impact on all consumer markets, especially spirits. Despite this, rum continues to be the second biggest spirits category at nearly 4 million cases a year and the Spanish market is the largest in the EU.



The main trend in recent years has been the resurgence of gin with the category showing growth in a heavily depressed market. Gin & Tonic has driven premium brands into growth, while sales at the lower end decreased. However, there are signs that this is beginning to slow as consumers once again become more adventurous and seek recommendations from bartenders. There is a great opportunity for rum to step in and educate consumers about premium-aged rums as they look for the next big thing in the spirits world.

“Gin & Tonic is not being ordered as much as before. The consumer is starting to get tired of this trend.”

Miguel Figueredo (writer, consultant and experienced bartender).

The Spanish rum market is dominated by Brugal and Barceló, who together, hold over a third of the market. Their long-term growth trends have been remarkable, but as with many premium brands both have recently been hit by economic factors. Essentially, rum consumers are young and it is this group experiencing the highest unemployment rate. In turn, this has seriously impacted on the night bar sector and the rum category in particular.

Despite this, many brands are continuing to invest in this market as they see the future potential it offers once the economy starts to recover. The premium end of the market has been affected by consumers switching to gin, while brands in the standard rum category have been hit by younger consumers trading down to cheaper alternatives or looking to other categories. Brands have also suffered at the hands of own-label competitors as the value segment expands.

Spanish Market Share Of Spirits

| IWSR – 000s 9lt cases | 2002 | 2012 | 10 yrs | Share of Spirits |
|-----------------------|--------------|--------------|------------|------------------|
| Whisk(e)y | 11,486 | 5,535 | -51.8% | 26% |
| Rum | 3,289 | 3,929 | 19% | 18% |
| Gin / Geneve | 3,978 | 3,422 | -14.0% | 16% |
| Brandy | 3,839 | 2,142 | -44.2% | 10% |
| Vodka | 1,410 | 1,303 | -7.6% | 6% |

Rum Style

| | | | | Share of Rum |
|-----------|-------|-------|------|--------------|
| White Rum | 1,320 | 382 | -71% | 10% |
| Gold Rum | 1,893 | 3,478 | 84% | 89% |



GERMANY

Germany is the second biggest spirits market in Europe and 10th largest in the world. Despite a more favorable economic climate than many other countries, the German spirits market shows steady long-term decline. Within this, vodka (the largest category) shows steady growth, but rum and whisk(e)y have been the recent pacesetters. According to Bastian Heuser (bartender, PR and beverage consultant):

“The success of rum has come about through the large brands successfully adopting lifestyle positionings, a trend to premiumisation and an increase in availability of sipping rums.”

As with many other countries, rum & coke is the most popular way of consuming rum in Germany, and ginger beer (locally known as ginger bee) is beginning to grow in popularity. Looking at high-end on-trade outlets, mojitos and daiquiris are the most popular cocktails.

In general, as the market grows, consumers are becoming more brand aware and brand loyalty is growing in the spirits category, which in turn is extending to rum.

German Market Share Of Spirits

| <i>IWSR – 000s glt cases</i> | <i>2002</i> | <i>2012</i> | <i>10 yrs</i> | <i>Share of Spirits</i> |
|------------------------------|--------------|--------------|---------------|-------------------------|
| Vodka | 3,340 | 8,245 | 147% | 17% |
| Brandy | 11,268 | 6,888 | -39% | 14% |
| Rum | 3,509 | 4,413 | 26% | 9% |
| Whisk(e)y | 3,514 | 4,057 | 15% | 8% |
| Gin / Genever | 1,118 | 923 | -17% | 2% |
| Other Spirits | 2,000 | 770 | -62% | 2% |
| Cane | 250 | 277 | 11% | 1% |

Rum Style

| | | | | <i>Share of Rum</i> |
|----------------------|-------|-------|------|---------------------|
| Gold Rum | 1,720 | 2,297 | 34% | 52% |
| White Rum | 1,189 | 1,073 | -10% | 24% |
| Spiced Rum | | 539 | ++ | 12% |
| Other Rum Verschnitt | 410 | 235 | -43% | 5% |
| Other Flavored Rum | 50 | 144 | 187% | 3% |
| Black Rum | 140 | 126 | -10% | 3% |

FRANCE

The French market is dominated by rums from the French overseas territories. Traditionally these rums were imported at 55% alcohol by volume (ABV) but in recent years this has been reduced to 40% and has had a favorable impact on pricing.

Overall, rum is relatively underdeveloped in France, at around 8% of total spirits, and rum from the French overseas territories is very competitively priced. However, according to just-drinks: “there is also an emerging premium and super-premium tier” with premium rums growing by some 36% between 2010 and 2011 – this category may well see further development. Christophe Bouyssie (freelance journalist) puts it succinctly:

“The image of rum has moved from something very colonial to something much more exotic.”

White rum is the most popular variety, with around two-thirds of volume, but in recent years golden rums are growing faster.

French Market Share Of Spirits

| <i>IWSR – 000s glt cases</i> | <i>2002</i> | <i>2012</i> | <i>10 yrs</i> | <i>Share of Spirits</i> |
|------------------------------|--------------|--------------|---------------|-------------------------|
| Whisk(e)y | 12,249 | 14,934 | 22% | 40% |
| Flavored Spirits | 20,820 | 14,887 | -28% | 40% |
| Rum | 2,337 | 3,108 | 33% | 8% |
| Vodka | 930 | 2,979 | 220% | 8% |
| Brandy | 852 | 502 | -41% | 1% |
| Gin / Genever | 796 | 486 | -39% | 1% |
| Cane | 5 | 71 | ++ | 0.2% |

Rum Style

| | | | | <i>Share of Rum</i> |
|-----------|-------|-------|-----|---------------------|
| White Rum | 1,434 | 2,035 | 42% | 65% |
| Gold Rum | 903 | 1,066 | 18% | 34% |

UNITED KINGDOM

The UK market has traditionally been a strong one for rum. The last five years have seen a rapid growth in spiced rums, which now represent over 20% of the market and have overtaken golden rum. However, the golden rum category continues to grow and according to just-drinks:

“The number of smaller brands entering the market has helped to stimulate the dynamism of the category.”

The cocktail trend continues to be strong and is predicted to increase by more than 10% in the next two years (source: just-drinks 2013). Cocktail bars continue to push the boundaries with innovations such as bespoke infusions and quirky garnishes as consumers are willing to pay more for the perfect serve. Pubs and bars are also getting in on the cocktail trend, made more accessible with the advent of pre-prepared mixes.

London's international community is helping to grow the top-end of the on-trade, whereas outside of the metropolitan areas consumers appear to be cutting back. In addition, the premium off-trade sector also continues to grow as consumers trade up at home instead of going out. Generally, the UK remains an important focus for brand owners, acting as a showcase for the Middle East and Far East markets.

UK Market Share Of Spirits

| IWSR – 000s glt cases | 2002 | 2012 | 10 yrs | Share of Spirits |
|-----------------------|--------------|--------------|------------|------------------|
| Vodka | 5,657 | 9,181 | 62% | 30% |
| Whisk(e)y | 8,981 | 7,848 | -13% | 26% |
| Rum | 2,237 | 2,767 | 24% | 9% |
| Gin / Genever | 2,356 | 2,726 | 16% | 9% |
| Brandy | 2,252 | 1,928 | -14% | 6% |
| Cane | 32 | 28 | -12% | 0% |

Rum Style

| | | | | Share of Rum |
|------------|-------|-------|------|--------------|
| White Rum | 1,520 | 1,445 | -5% | 52% |
| Spiced Rum | 150 | 573 | 283% | 21% |
| Gold Rum | 222 | 415 | 87% | 15% |
| Black Rum | 346 | 323 | -7% | 12% |

ITALY

As with Spain, the overall economic climate has not helped the Italian alcoholic drinks market. Health concerns, alcohol awareness campaigns and new drink-driving regulations also appear to have hit the overall spirits category with a steady decline apparent since 2007.

White rum has shown some growth in the Italian market due to the popularity of cocktails such as the mojito, and rum still remains popular with younger consumers. However, sales are skewed heavily to the on-trade with some 80% being sold through this channel. According to just-drinks: “There is likely to be faster growth at the top end of the quality spectrum as awareness of premium and super-premium brands increases as they become more available”.

“In Italy consumers are quality and style conscious, so consumers would be more interested in sipping rums. Premium rum is usually considered to be just for sipping but we need to focus on the diversity and educate consumers more.”

Dan Biondi (founder and CEO of Rum Club Italiano).

Italian Market Share Of Spirits

| IWSR – 000s glt cases | 2002 | 2012 | 10 yrs | Share of Spirits |
|-----------------------|------------|--------------|------------|------------------|
| Brandy | 3,869 | 2,838 | -27% | 19% |
| Whisk(e)y | 2,079 | 1,106 | -47% | 7% |
| Rum | 938 | 1,041 | 11% | 7% |
| Vodka | 492 | 900 | 83% | 6% |
| Gin / Genever | 612 | 460 | -25% | 3% |
| Cane | 29 | 17 | -43% | 0.1% |

Rum Style

| | | | | Share of Rum |
|-----------|-----|-----|-----|--------------|
| Gold Rum | 625 | 636 | 2% | 61% |
| White Rum | 301 | 392 | 30% | 38% |

NETHERLANDS

Although the total spirits market in the Netherlands has been in slow decline for some years, rum continues to buck the trend. Flavored rums are a well-developed market segment, but the real potential lies in golden rum as just-drinks comments: “Golden rum remains a fashionable category. The slow up-trade to premium and super-premium brands is expected to continue”.

“Like other countries, Rum & Coke is a common drink, but there are more people now drinking with other mixers and cocktails too. High-end bars are now really ‘playing with rums from the dark and golden categories to create different and exciting drinks.’”

Andrew Nicholls (mixologist and co-founder of Barchaeology).

Dutch Market Share Of Spirits

| <i>IWSR – 000s glt cases</i> | <i>2002</i> | <i>2012</i> | <i>10 yrs</i> | <i>Share of Spirits</i> |
|------------------------------|-------------|-------------|---------------|-------------------------|
| Gin / Genever | 2,809 | 1,575 | -44% | 22% |
| Whisk(e)y | 953 | 1,037 | 9% | 14% |
| Rum | 507 | 644 | 27% | 9% |
| Brandy | 837 | 533 | -36% | 7% |
| Vodka | 298 | 433 | 45% | 6% |
| Cane | 1 | 18 | 1700% | 0.3% |
| Rum Style | | | | Share of Rum |
| White Rum | 385 | 412 | 7% | 64% |
| Other Flavored Rum | 58 | 103 | 78% | 16% |
| Gold Rum | 37 | 53 | 42% | 8% |
| Spiced Rum | | 50 | | 8% |
| Black Rum | 27 | 26 | -3% | 4% |

OVERVIEW OF OTHER MARKETS

ASIA-PACIFIC

India and the Philippines both have a strong culture of locally produced rum. According to just-drinks “both are low priced markets” and have rather skewed tax regimes that mitigate against imported products. However, many observers feel that aged rum could succeed in the way that cognac and scotch have grown popular in other emerging markets.

BELGIUM AND LUXEMBOURG

Spirits have fared relatively well during the recent economic downturn, but this may be due to a good deal of cross border trading. Spiced and flavored varieties are starting to find favor, but as with other countries, golden rum continues to show good growth.

CHILE

In the last decade Chile has galloped up the world rankings with volume increasing six-fold to place it as the 13th largest rum market. According to just-drinks: “Rum has been the fastest-growing category of the decade as Chileans of all ages have switched en masse from pisco”. However, this trend seems to have reversed recently.

CHINA

Rum is not well known in China, but there is a widely held view that aged rums could emulate the success of cognac and whisk(e)y by finding favor with quality conscious consumers.

DENMARK

Denmark offers real potential as there is steady growth in the spirits sector over the medium-term. It has a well-developed rum segment covering all major styles and represents 11% of the total spirits market. Like the Scandinavian markets, there is a strong appreciation of premium-aged spirits and many observers see these consumers diversifying into premium-end rums.

RUSSIA

Rum has been finding lots of fans amongst fashionable Russian city dwellers, leading to growth rates of around 30% in each of the last three years. It looks set to be a key market for many golden rum brands over the next decade.

A photograph of a dirt path leading through tall, green grass towards a cloudy sky. The path is in the center, flanked by dense grass on both sides. The sky is filled with soft, white clouds, and the overall lighting is warm and natural.

Rum: **INSIGHT AND OPINION**

*The following section looks at the journey of
Authentic Caribbean Rum, its incredible history
and how it's viewed by industry leaders.*

RUM AND THE CARIBBEAN

The Caribbean is the spiritual home of rum. Nowhere else in the world can claim the authenticity or diversity of the rum produced here. It's the consequence of centuries of refinement and a unique culture that embraces its future as much as it celebrates its past.

Rum defines the area and the people who live here, whether it's their livelihood, their business, or simply their choice of drink. It's also one of the Caribbean's most important exports, having an economic and social impact that cannot be underestimated.



Diversity is one of the strongest virtues of Caribbean rum. Every distillery is different, and within each, the production process will be unique – fermentation, distillation, aging and blending can all play a part in creating an incredible variety of rums. When so much time and effort goes into a range of products like this, it's only right that there is a form of recognition to match, which is why the Authentic Caribbean Rum Marque was developed.

It's a unique example of a group of diverse countries and producers that have agreed common standards and regulations – all this in a category often criticized for a lack of rules. In addition, people are becoming more and more interested in stories of provenance and production. They want to know where something has come from, who has made it and the detail of how it came to be – the ACR Marque offers exactly the guidance they're looking for.

Within the drinks industry, rum is seen as the most versatile of spirits. Rum not only forms the base of the world's greatest cocktails (Mojito, Daiquiri, Presidente, Cuba Libre etc.) it also makes a fantastic long drink with ginger ale, soda water, ginger beer, cola or fruit juices, while premium quality rums are perfect for sipping neat. However and wherever it's enjoyed, Authentic Caribbean Rum has the ability to take you on a journey. The history, the countries, the producers and all the incredible flavors are distilled into each and every sip. Enjoy!

"Authentic Caribbean Rum is history, heritage, process, it could be family, it's definitely community, it has social impact, it's a quality statement, it's the story of a method but in every single situation it comes back to culture and nobody should lose track of that. What the Authentic Caribbean Rum Marque promotes is culture."

Steve Olson (drinks educator, founder of the Beverage Alcohol Resource - BAR).

A GOLDEN AGE FOR RUM

It's no surprise that Authentic Caribbean Rum (ACR) is enjoying such popularity. Provenance, taste and genuine craft are sought after in so many other global markets, which makes the diversity and skill that goes into Authentic Caribbean Rum such exceptional commodities. Our Marque of authenticity was launched 8 years ago and today we celebrate the continued growth of our rum brands in the knowledge that they are cementing their place in the world drinks market.



The analysis highlights WIRSPA's Marque of authenticity and its impact on the spirits market since launch. It has played a tremendous part in setting Authentic Caribbean Rum aside from other spirits, using its symbol of authenticity, provenance and quality to help guide purchase decisions.

Thanks to the return of the cocktail culture and the rise of the educated consumer, there is a growing global audience who are thirsty for guidance and knowledge on quality products. It's why we've analyzed the global rum market as a whole – country by country it's important to know the types of rum being chosen by consumers, where money is being spent and which are the most popular rum brands.

We also look at the differences in trends and attitudes towards rum, as well as the most popular varieties within the category – we recently hosted round table debates in Milan, London and Madrid, as well as an online video discussion with industry experts to get real insight into trends and attitudes.

The outlook is very good for rum and there is a real interest in all styles – white, golden, dark, flavored and spiced are at a real high. Consumers' growing desire for information on provenance means that Authentic Caribbean Rum looks set for a golden future.

"...Authentic Caribbean Rums represent geography, product of place, and nobody's ever done this, different countries, different cultures, different distillation methods, different families, from all different attitudes, coming together saying we have one thing in common; we make great Rum..."

Steve Olson (drinks educator, founder of the Beverage Alcohol Resource - BAR).

WEST INDIES RUM & SPIRITS PRODUCERS' ASSOCIATION INC. (WIRSPA)

WIRSPA was founded in the late 1960s. It is a group of national associations of rum producers within the Caribbean and is based in Barbados. Featured rum brands under the WIRSPA umbrella include: Angostura 1919, Appleton Estate V/X Jamaica Rum, Barbancourt Réserve Spéciale, Barceló Imperial, Borgoe 8 Year Old, Brugal XV, Chairman's Reserve, Clarke's Court Old Grog, Cockspur Fine Rum, Doorly's 5 Year Old, El Dorado 15 Year Old, English Harbour 5 Year Old, Mount Gay Extra Old, Mount Gilboa, Travellers 5 Barrel, St. Nicholas Abbey and Captain Bligh XO.



AUTHENTIC CARIBBEAN RUM

THE MARQUE OF AUTHENTICITY

Authentic Caribbean Rum can lay claim to a rich heritage and, because of the region's make up, a vast range of styles. Forming an area of over a million square miles, the region is home to an array of different cultures and languages which represent all continents of the world. From this melting pot over 30 distilleries have developed, each as diverse as the countries from which they come.

We have an incredible variety to offer the consumer. Each of the rum brands and distilleries has its own history, process, character and flavor. While this variety in fermentation, distillation, aging and blending methods makes for an incredibly wide choice of rum that suits all different palates and mixes, there is a shared passion for creating the highest quality rums – these are authentic products of the Caribbean and every single producer wants to celebrate the region as much as the products themselves.

A UNIQUE MARQUE

To help trade customers and consumers identify Authentic Caribbean Rum brands, our Marque was created. It is designed to represent provenance and quality, and may be used by eligible brands after application, assessment and being granted a licence.



A QUESTION OF AGE

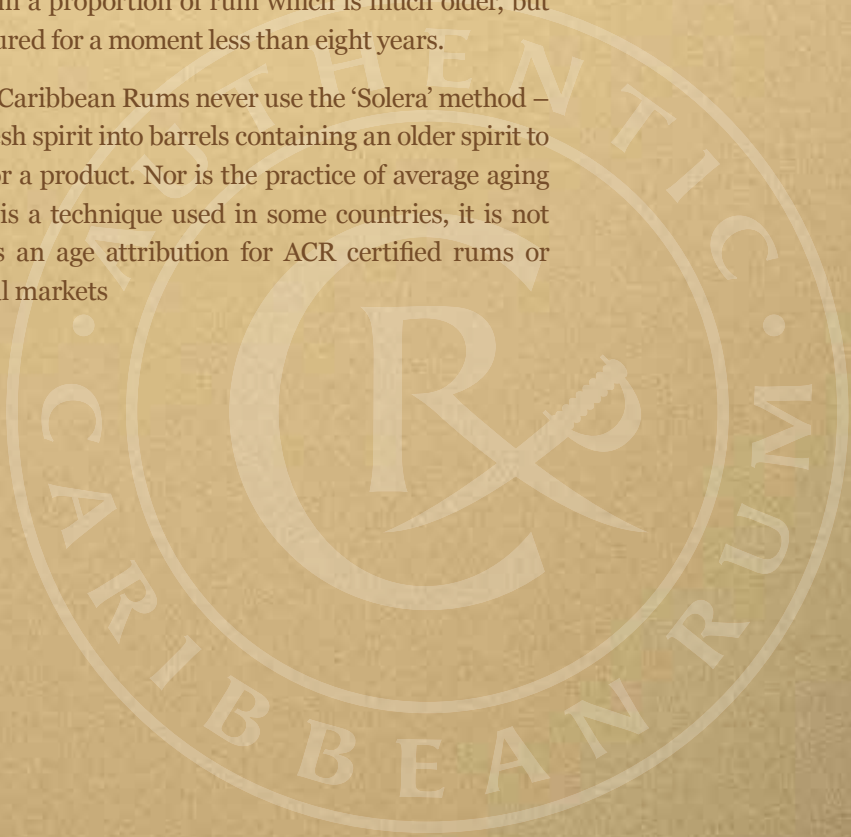


The glorious Caribbean climate means that the rum produced here matures 2-3 times faster than spirits produced in cooler climates. As a result, a five year-old rum can easily match the complexity and ‘age’ of a premium spirit that has been aged for much longer elsewhere. Authentic Caribbean Rum doesn’t have to be 8, 10, or 15 years old to be exceptional. It becomes exceptional, quicker.

So unlike other spirits, maturity is not the only major indication of quality. In fact, many argue that it is the art of the master blender (the person who selects individual barrels and then balances the subtle flavors and aromas of rums from them) who is key to crafting a great rum. Nevertheless, it is important that consumers are clear about 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 conform to Caribbean Community (Caricom) and EU regulations when it comes to referencing age – any age-related statement refers 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, Authentic Caribbean Rums never use the ‘Solera’ method – the practice of adding fresh spirit into barrels containing an older spirit to establish an age claim for a product. Nor is the practice of average aging ever used – although it is a technique used in some countries, it is not permitted to be used as an age attribution for ACR certified rums or within most international markets



AUTHENTIC CARIBBEAN RUM'S GLOBAL JOURNEY

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



For all its global recognition, it's the Caribbean that is seen as the spiritual center of the rum world. The spirit we know today as rum has evolved alongside the sugar industry of the colonial Caribbean world and remains one of the major industries, 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 and tradition.

THE WORLD'S BEST?

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 include Australia, India, Madagascar, Mauritius, New Zealand, Philippines, Reunion, South Africa plus South and Central America. Rum is also blended and bottled in many other places. Not all of these would achieve the definition applied to Authentic Caribbean Rum, but whichever way you look at it, drinking rum is a truly global experience and a particularly tasteful way to travel.

A SWEET HISTORY

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, one writer 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 that "the spirits are now smoother to the tongue and have acquired a golden color during the voyage". By the eighteenth century a hogshead of the finest aged Barbados rum was judged fit for George Washington's inauguration party.

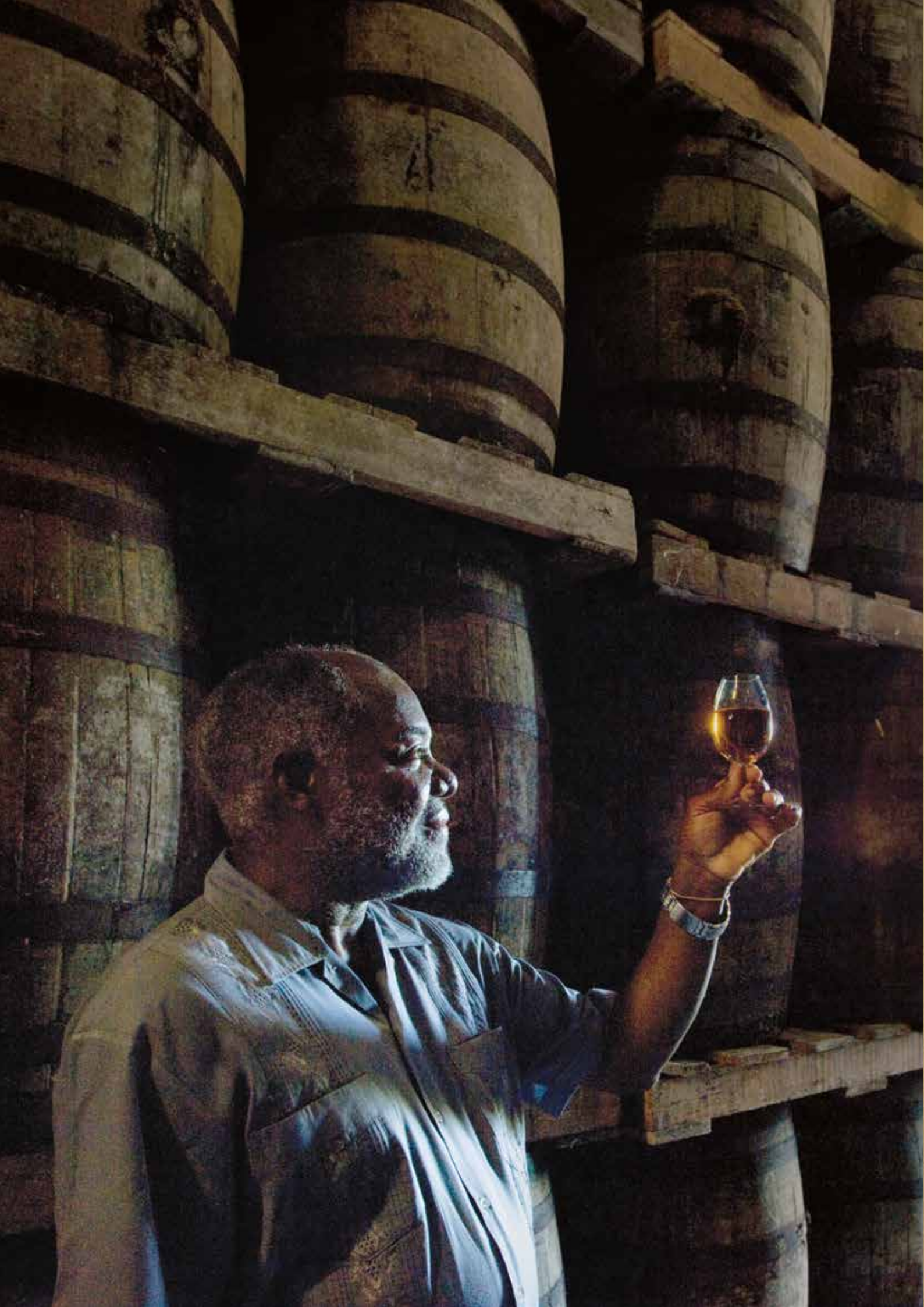
No doubt spurred on by this vote of confidence, Caribbean rum producers have spent the ensuing two centuries perfecting the arts of fermentation, distillation, aging and blending. Today, much rum is aged in oak barrels allowing the spirit to acquire a golden to dark brown hue. Equally, if not more important than aging, the final stage of production is blending – the point at which a number of rums are skillfully combined with the personality of the countries and a shot of heritage to produce something uniquely Caribbean.

THE DEFINITION OF 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). Authentic Caribbean Rums are unique in that they depend solely on skill and craftsmanship to develop a wide array of flavors without the use of additives (something that's broadly permitted in many other jurisdictions).

There are many products around the world that would not fit the above specification – some are made using neutral spirits derived from agricultural products such as beet, grain or potatoes then colored and flavored to resemble rum. In the case 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 most international markets.





RUM'S GOLDEN FUTURE

Looking at the dynamics of the market, and the views of influential characters in the industry, there is huge optimism for the future of the category, which is being driven by four key factors – the breadth of appeal for rum, the growth of cocktails, the global trend to premiumisation and the enthusiasm of top trade professionals for the category.

UNIVERSAL APPEAL – A SPIRIT WITHOUT COMPROMISE

As many have noted, the range of available rum styles means that there really is something for everyone. No one has to compromise.

The latest just-drinks report suggests some interesting market insights, one of which states that rum: *“...possesses the energy of vodka and the discernment and connoisseurship of scotch or cognac. Rum hits all the right notes”*. In the mainstream market, rum with a mixer will probably always be at the core of consumption, although many believe that there are interesting options that will continue to expand this area.

At the younger end of the rum spectrum, spiced and flavored products are bringing new consumers into the category all the time. As these people grow their understanding of the category better, they are likely to seek out premium products with different characteristics. Many believe that the real boom is still to come, and that it will take the form of

premium-aged rum for sipping and savoring. In many markets, there is an understanding of high-quality aged spirits, it just requires a little more education to unlock the real potential. There are also many opportunities to grow the golden rum category in the on-trade. Bartenders can experiment with different styles of rums in their cocktail recipes, while the taste profile of Authentic Caribbean Rums makes them ideal for matching with desserts, or served as a digestif.

“There is a real opportunity for rum to be served as a digestif, instead of, say, a cognac at the end of a meal.”

Alice Lascelles, (journalist and rum expert).

COCKTAILS, MIXOLOGY AND CREATIVITY

While the diverse nature of rum gives a wide range of options for its use, the recent global resurgence of the cocktail has also brought rum to the fore – time and again, rum is used as the bartender's go-to spirit for making cocktails.

This return of the cocktail culture is undoubtedly an important driver in rum's growth across a range of markets over the last decade. Bartenders are constantly innovating and looking for new flavors. They have moved from using white rums in cocktails to aged and premium rums. In turn, this has introduced new consumers to these styles of rum and encouraged them to experiment more in the rum category.



“The rise of quality tiki bars in Chicago and other cities in the US have driven massive interest in the category. Rum must learn how to use these trends to entice people to try more premium and diverse offerings”

Peter Vestinos (bartender, consultant and president of the USBG Chicago).

Cocktail culture is a talking point in many markets and just-drinks reports that ***“cocktail consumption in Asia is coming in,”*** and that, for rum, ***“the future looks good”***.

Ease of drinking and affordable luxuries are both felt to be key trends going forward.

PREMIUM POTENTIAL - THE RISE OF THE CONNOISSEUR

While the talk in the global spirits market is that growth is being driven by developing markets, there are also great opportunities for premium rums in more mature areas, despite the weak global economy. This is a trend reflected throughout spirits and other luxury markets thanks to the development of aspirational consumers globally. The IWSR predicts that super-premium rum volume will increase by around 50% by 2017 with many countries showing the right pre-conditions for growth of this sector.

In most markets, consumers are becoming increasingly educated about food and drink – they are constantly seeking out new trends and flavors from around the globe. Provenance in this arena is playing an ever-increasing part in consumer choice.

Hungry for knowledge about where ingredients come from and how products are made, consumers will take time to read and learn about a product, and really engage with it if they believe in its authenticity.

“Connecting to authenticity links to experience and expertise, so ‘hyper-specificity’ plus demonstration of ethical responsibility and sustainability, can really help niche brands.”
Philip Duff (Liquid Solutions).

With such a rich seam of history and heritage to draw on, Authentic Caribbean Rums are well placed to capitalize on this trend, offering a broad range of styles and flavors. The ACR Marque provides the perfect communication tool at the point of sale, highlighting rum’s authentic Caribbean provenance.

“Because people are looking for ways to qualify and differentiate rums, there are certain rums that are very flavorful but the question is, are they authentic? People are moving through their rum discovery and starting to look for that word ‘Authentic’. Rum has been sitting in the back room for a while now but it is time for it to be brought to the fore”

Robert Burr (Rum XP Panel and host of the Miami Rum Renaissance Festival).

Within the rum category, many consider that there is room for further premiumisation. The category is relatively under-developed at the top end and many have spoken about its potential. In the recent just-drinks rum review, Yves Schladenhaufen (Havana Club’s international marketing director) says that:



“Globally, rum is an underpremiumised category, especially when compared to whisk(e)y and vodka. We believe it will progressively catch up on this trend, especially as more of the stronger players have now entered the super-premium and above category.”

In the same report, Captain Morgan global brand director, Russell Jones, says:

“It is bizarre how underdeveloped the super-premium rum area is because, as a category, rum does a really nice job of marrying the energy of white spirits with the tradition and authenticity of dark spirits. There is no reason why the super-premium area could not be much larger than it is today. It is not so much a question of ‘will that gradually change’, but rather ‘when is it going to explode?’ When the super-premium rum area begins to catch fire it won’t be gradual, it will be pretty quick and dramatic.”

Another positive factor in rum’s premium popularity is an increase in quality. While multinationals have well-established products and the marketing muscle to force their brands in front of consumers, niche producers have been raising their game too. According to just-drinks:

“Local producers are raising their standards in terms of packaging, liquid quality and marketing. Significantly, these local producers are now intent on building export sales”.

When it comes to standards, rum is often negatively referred to as a maverick category without regulation, which actually adds to the appeal for some. However, WIRSPA believes that structure and reassurance are both needed if Authentic Caribbean Rum is to be respected. It is one of the main reasons behind their Marque of authenticity, provenance and quality – to reassure both trade customers and consumers.

“The consumer is becoming more knowledgeable so if you say you’re hand crafted, they want to know how it is hand crafted. If it is healthy they want to know why. They want proof. Brands have to be extra careful about what they say and how they market it

Wanda G. Rowe (editor at Southern Beverage Journal).

We know that consumers are actively looking for products with stories of provenance and quality behind them, and that certainly applies to the cocktail bar. Premium, super-premium and niche rum brands (like Authentic Caribbean Rums) fit perfectly into this category.

So, now really is the time for golden rum, in particular Authentic Caribbean Rum, to shine.



THE IMPORTANCE OF THE BARTENDER

At bartender level, many credit rum's popularity to being based on sugar cane and therefore offering a remarkable foundation for mixing and carrying flavors. In addition, rum's diversity across white, golden, dark, spiced and flavored styles means that there is something for all palates, but ahead of all other categories it gives bartenders the freedom to explore and discover 'flavor fusion'.

"When I started in the industry it was enough to just turn up, but we are now in a golden age of mixology and standards are extremely high."

Philip Duff (Liquid Solutions).

The bartender's role in influencing consumer choice cannot be underestimated and engaging with bartenders is a critical part of the education process.

"Right now, bartenders are pushing golden rum to make it more successful. If people come into the bar and ask for a rum & coke, it's their job to suggest something more interesting, like Authentic Caribbean Rum."

Bonny Sila-Trakoon (international bartender).

The growth and popularity of rum is influenced in part by the big brands ***"but we should also consider the role of key influencers mixing and pouring in bars across the globe"***.

Cyrille Hugon (director of the Rhum Fair, Paris).

The opportunity for these individuals to showcase their talent is taken up by many and this not only develops the individual, but explores new boundaries for the brands as well.

"We want to make cocktails with high end stuff, because we don't mess flavors, we don't take the spirit and throw a bunch of juices in there and give it to someone so they can get alcohol and taste mango. No, we like to take a spirit, a well made spirit and we like to frame it, we evaluate it, take its flavor core and see how we can build on it..."

John Lermayer (bartender and drinks consultant in Miami).

For bartenders, rum is one of the best-loved spirits at their disposal. Endlessly versatile, mastering the use of rum is an absolute must for any successful bartender and as Misja Vorstermans (high-profile bartender) says:

"Rum is the bartender's most favorite spirit to work with and to drink. It's such an interesting spirit, without being too pretentious – sometimes whisk(e)y or cognac can be too elitist."



THE DECADE OF RUM?

“We’re in it right now.”

Dr. Frank Ward, Chairman of WIRSPA



AFTERWORD

“Rum is such an incredible spirit – diverse, unique and familiar all in the same sip. I’ve always been amazed by just how many different types of rums there are – so many different flavors and variations.

There are also many different ways of fine-tuning a rum’s flavor – fermenting, distilling, aging, blending to name a few. So there really are endless possibilities for this spirit and its diverse tastes – subtle or feisty, smooth or harsh, rich or delicate, floral or woody, or a little of each. And all that before you’ve even considered mixing it.

It’s fantastic that Authentic Caribbean Rum is getting all this attention and growing so much in popularity. It’s the spiritual home of rum and I’m really excited to be able to tell people all about its amazing history. Rum has been part of Caribbean life for centuries and, by sharing our passion, energy and knowledge of it, I’m sure we will help it stand the test of time.”

Cheers!

Dan Biondi (founder and CEO of Rum Club Italiano)



Acknowledgments.

We gratefully acknowledge the contribution of data from the following sources:

Just-drinks/the IWSR Global Market Review of Rum – Forecasts to 2017. (published May 2013)

- Just-drinks www.just-drinks.com
- The IWSR. www.iwsr.co.uk



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| 1. Angostura 1919 (Trinidad & Tobago) | 10. English Harbour 5 Year Old (Antigua) |
| 2. Appleton Estate Rare Blend (Jamaica) | 11. Foursquare Port Cask Finish (Barbados) |
| 3. Barbancourt Réserve Spéciale (Haiti) | 12. Hampden Gold (Jamaica) |
| 4. Barceló Imperial (Dominican Republic) | 13. Monymusk Plantation Special Reserve (Jamaica) |
| 5. Borgoe 8 year old (Suriname) | 14. Mount Gay Black Barrel (Barbados) |
| 6. Brugal 1888 (Dominican Republic) | 15. Mutineers Gold (St Vincent & The Grenadines) |
| 7. Chairman's Reserve (St. Lucia) | 16. St Nicholas Abbey (Barbados) |
| 8. Clarke's Court Old Grog (Grenada) | 17. Travellers 5 Barrel (Belize) |
| 9. Cockspur Fine Rum (Barbados) | 18. Westerhall 10XO (Grenada) |

