

## Pernod Ricard reports difficult year in Americas Travel Retail

Pernod Ricard has reported a “difficult year” in Americas Travel Retail in its full-year 2016 results, due mainly to the weak market in Brazil and the appreciation of the US Dollar.

Americas Travel Retail sales were down -9%, with the decline mainly volume led, particularly on Chivas and Absolut, with some negative pressure on pricing but positive market and quality mix.

Overall sales in the Americas were up +4%, with acceleration driven by the United States and the strong growth of Jameson. Jameson was up 23% in the US, with the brand now representing close to ¼ of total US Sales. Jameson was up 23% across all regions.

Absolut was down -3% in the US, according to Nielson, and -4% overall, with the brand still down in value. However, the company reports that underlying trends are improving, with the brand on track to stabilize in the medium-term. The company is seeing growth for the brand outside the US and Travel Retail, especially in Europe,

Africa and Canada.

The Glenlivet was up +9% in the US, while Martell grew +25% in the country.

Chivas was down -4% overall, with volume driven difficulties linked to FX and recession in Brazil impacting Travel Retail Americas and continued challenging market conditions in China.

Havana Club sales are up +3%, with growth driven by the increased tourism to Cuba.

Pernod Ricard reports solid growth in Canada, driven by Jameson and Jacob’s Creek, with good growth of overall Top 14 brands thanks to positive volume and pricing.

Sales in Brazil increased +5% for the year, in spite of a difficult environment, with the overall economy in recession. The sales growth was led by double-digit average price increases to compensate for FX and inflation.

Pernod Ricard has created two Management Entities in Latin America reporting into Pernod Ricard EMEA in

order to leverage the region’s expertise and optimize the organization. Under the new structure, Brazil is a lead market, together with Argentina, Uruguay and Chile, and Mexico is the other lead market, together with Venezuela, Colombia and Peru.

Looking at other parts of the world, Pernod Ricard’s sales in Travel Retail Asia fell due mainly to domestic market weakness (especially in China and Korea) and currency fluctuations, with the decline driven by its Scotch portfolio and a tough commercial and competitive environment.

The company’s sales in Travel Retail Europe experienced a “small decline in a context that remains difficult” with the Russian situation and the Ruble devaluation continuing to impact commercial performance.

Overall sales at Pernod Ricard were up +1% year-on-year to €8.68 billion, with the improvement mainly led by the US and Spain. Organic sales were up +2%. Sales in China fell -9%.

## MONARQ adds new brands to portfolio

Spirits distribution and marketing company MONARQ Group continues to add new brands and listings for its portfolio of leading spirits, beer, and wine, says Robert de Monchy, MONARQ managing director/owner.

“Our overall business has enjoyed a double digit growth versus the previous year,” he says. “Latin America (excluding Brazil), Mexico, the Caribbean and USA Duty Free have all shown growth, particularly USA Duty Free and Mexico.”

MONARQ has added new brands to its portfolio over the past year including Gosling’s Bermuda Rum and Akashi Japanese Whisky. The company is also handling the Berry Bros. & Rudd portfolio with a focus on The Glenrothes Speyside Single Malt Whisky.

MONARQ continues to add to listings throughout the region.

“We recently listed with London Supply three of our gins: Greenall’s, the

oldest London Dry Gin in the world, since 1671; Thomas Dakin Small Batch Gin; and Opilr Oriental Spiced Gin. SMT recently listed Alizé, and JPT in Chile listed Heineken. We also listed Crystal Head Vodka, Opilr, Ole Smoky Moonshine and Tomatin Single Malt Whisky with Golden Duty Free in Asuncion airport. Luxardo Grappa has recently been listed with DFA in the USA.”

The political and economic situations in Brazil have impacted MONARQ’s business in the region, but de Monchy believes the market is starting to improve.

“Since we cover both Duty Free and domestic markets we are not so much impacted by the Brazilian crisis,” he says. “The slowdown in Brazil has obviously affected the duty free business on its borders, although it seems the decline has bottomed out. The recent impeachment of the President, Dilma Rousseff, will eventually lead to a rebound but there is

quite a long way to go. Brazil is a relatively closed and bureaucratic market that needs to strengthen its foundations, while creating a true open economy.”

