

FOOD AND BEVERAGE

Premium brandy predicted to see rise in consumption over 5 years

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LVMH-owned Hennessy V.S.O.P cognac

By BRIELLE JAEKEL

Cognac brands are expected to see comeback in the upcoming year thanks to continued consumption in the United States and China, as well as support from popularity gains in areas such Russia and South Africa.

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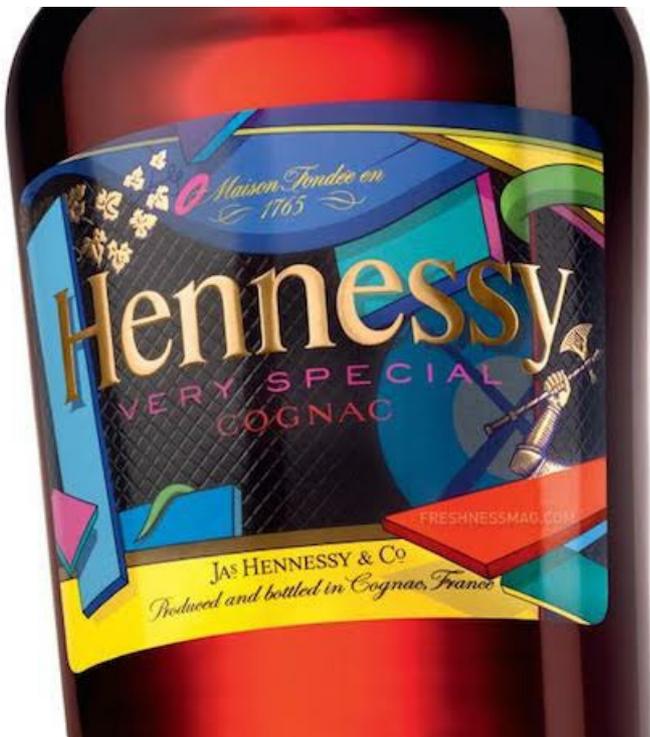
Russia, South Africa, Canada, Indonesia, Nigeria and India are expected to support cognac's continued growth, as the spirit becomes more in demand in these territories. While the general market has seen a decline that will likely persist, premium brands will see an increase over the next five years.

"Of Cognac's top 20 markets, 14 are poised to post volume gains, including the top five of the US, China, travel retail, the UK and (predicted to have overtaken Germany in 2017) Russia," said Alexander Smith, report author and editor-in-chief of the IWSR Magazine. "Although growth in the US will moderate slightly compared to the past five years, it is predicted to add more than 2m cases in Cognac sales to 2021, moving up at a CAGR of 6.5 percent to hit 7.7m cases.

"After staging a recovery in 2016, China is expected to see sales increase every year to 2021 at a CAGR of 3 percent, reaching 2.6m cases in the process and regaining most of the ground lost following the government's austerity measures," he said.

Cognac community

According to a [report from IWSR and just-drinks.com](#), the cognac industry will see sales grow beyond 17 million cases a year by 2021.



KAWS did an illustration for Hennessy Cognac labels in 2011. (Courtesy Photo)

Brandy markets in the Philippines and India make up more than 100 million cases per year in sales, but these markets are declining. South Africa and Russia are now taking the lead as citizens become more interested in brandy and cognac.

New government policies in China affected the success of cognac brands in the country, causing a decline. But the spirit is gaining its footing again in the Asian nation with growth in key areas such as Guangdong and Fujian.

The love Chinese consumers have for cognac is spreading to other parts of the world as these individuals travel.



Cognac is gaining more support from new regions

As well as support in China, cognac is continuing to maintain its image as a status of wealth for the African-

American community in the U.S., making the Western country an important part of the spirits' success.

Additional insight

An IWSR report from 2017 previously predicted that the global cognac market would see strong continual growth in the coming years, driven by increased consumption in the China, the United States and the United Kingdom.

IWSR's "Global Cognac Insights" report estimated that global consumption of the wine-derived spirit will increase by approximately 2 million cases by 2021. By the end of this period, the U.S. alone was expected to move more than 6 million cases of the spirit ([see more](#)).

In light of this growth, LVMH-owned Hennessy delved into its heritage through a book that combines humor and heritage.

"Hennessy: A Toast to the World's Preeminent Spirit," penned by essayist Glenn O'Brien, jumps into the lifestyles associated with Hennessy throughout its centuries-long story that began in 1765. While Hennessy has educated consumers on its history before through other initiatives, publishing this look at its house over the years gives fans something to hold onto ([see more](#)).

"One of the big movers will be Russia, which after overtaking Germany in 2017 will regain all of the ground lost post-2014 by 2019, moving on to nearly 400,000 cases by 2021 at a CAGR of 3.6 percent," Mr. Smith said. "Emerging markets also promise strong gains, including Indonesia, Nigeria and India, which is set to move into the top 20 during the lifetime of this report.

"The IWSR forecasts that premium-plus Cognac sales will rise by 3 percent CAGR through 2021, but tightening supplies could reduce that projected growth."

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