The Evolution of the Spirits Market over the Last Decade

Investigating how Covid-19 impacts the evolution of Nordic spirit market trends from the perception of specialists

Arthur Fehlen

Paul-Louis Lafaye

Jyväskylän ammattikorkeakoulu
University of Applied Sciences

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Description

Arthur Fehlen & Paul-Louis Lafaye

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Abstract

As the growing economy and a global awareness of more eco-responsible and ethical consumption demonstrated a shift in the landscape of the spirits market. Covid-19 has been shaking up that market. This investigation aims to study the impact of Covid-19 on major trends in the spirits market based on the opinions of experts in the Nordic spirits market. We used an inductive approach and used a mono method to collect data. To this end, an interview with open-ended questions was conducted. Respondents were aware that the Covid-19 has had a major impact on their market. All respondents showed that the strategies implemented by their companies had to adapt to the changes in consumption habits in the Nordic countries linked to the Covid-19 crisis. Overall, respondents confirmed that Covid-19 has disrupted the spirits market and that significant changes in individual consumption patterns have occurred, accelerating two of the three major trends in this market in Nordic countries. The trends of premiumization and digitalization have accelerated in an already well-established momentum, while the environmental and ethical trends continue to thrive.

Keywords/tags (subjects)

Spirits market, trends, Covid-19, premiumization, consumer perception, ethics, industry players, environment, digitalization

Miscellaneous

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1 Introduction

1.1 Background, motivation, and purpose

The two authors of this thesis have both stepped into the world of spirits and alcohol in different ways. The first, Paul-Louis Lafaye, has completed several internships with a direct or indirect link to the world of spirits, such as the last one at VETZ Aperitivo, a start-up based in Stockholm that has launched its natural bitter made from 22 botanical ingredients. The second, Arthur Fehlen, has been close to spirits brands since he was 18 and interested in the world of spirits because his father has two bar-restaurants in Nancy, in France.

Moreover, the spirits market is a market that relies heavily on branding and storytelling of different products and being marketing students, the choice of the subject was natural. The first spirits were invented in the Middle Ages with the appearance of the first brandies, which were mainly used for medicinal purposes. Today, and for several centuries now, spirits have been used as beverages to be enjoyed and consumed, found in most bars, restaurants, supermarkets.

However, in recent years, consumption patterns have changed, and the strategies developed by the leading groups and brands in the market have clearly adapted to consumer needs. Some clear trends in current consumption patterns have been emerging for a few years, among which we can find the phenomenon of "*premiumization*", digitalization or the attraction for a more ethical and eco-responsible consumption.

Therefore, the purpose of this study is to observe the evolution of the spirits market over the last decade through the changes in consumption patterns and their causes, and to analyse with the arrival of the Covid-19.

1.2 Research objectives, questions, and approach

The objective here is to analyse, in the Nordic spirits market, the strategies of the industry players and the consumption patterns related to the trends of this market and to determine how they have been impacted by Covid-19, based on the opinions and insights of market specialists through qualitative interviews conducted with them.

To carry out this qualitative study, we conducted nine interviews with specialists in the spirits market and we analysed all the data collected to draw our conclusions.

RQ1: To what extent the strategies of the industry players, related to the trends of the market have been impacted by Covid-19 in the Nordic spirits market?

RQ2: To what extent the consumption patterns, related to the trends have been impacted by Covid-19 in the Nordic spirits market?

RQ 3 What are the current increasing trends within the Nordic spirits market trends over the Covid-19 period?

We apply in this study an inductive approach where qualitative data is collected through interviews with a mono-method.

1.3 Thesis structure

We begin in the introduction chapter by presenting the background, our motivation, and our connections to the world of spirits, why we chose to study this industry, and the issues and trends in the industry. In the literature review, we reviewed these trends in four different parts. The first part presents the market by first explaining what a spirit is, then presenting the structure of the market, the global market and finally summarizing the impact that Covid-19 has had on its growth. The second part is dedicated to premiumization and deals with the structure of this phenomenon, the "*Millennials*", the preference, especially for the latter, for quality rather than quality, the development of the cocktail segment and finally synthetically the impact of the Covid-19 on this trend. The third part develops the digitalization trend through marketing, sales, and the impact of Covid-19 on this trend. The fourth and last part presents this growing trend of more eco-responsible and ethical consumption within the sector. After the literature review, the next chapter presents the research methods and implementations containing the research context, approach and design used to conduct the interviews. In the Results chapter, the authors analyse the data collected and present the research findings. Finally, the authors discuss the limitations of their investigation, how research questions have been answered and compare the results with previous work as well as look at ethical considerations in the Discussion chapter. The Conclusions chapter presents the key findings, their managerial implications for businesses and potential recommendations for future research.

2 Literature review

2.1 Introduction

We used a Google Scholar search to identify relevant publications to our research topic using several keywords such as "*spirits market*", "*trends*" "*Covid-19*", "*premiumization*", "*consumer perception*", "*ethics*", "*industry players*" "*environment*" and "*digitalization*".

The bar graph below shows the number of publications found by keywords, always combining "*spirits market*", our global topic (Figure 1).

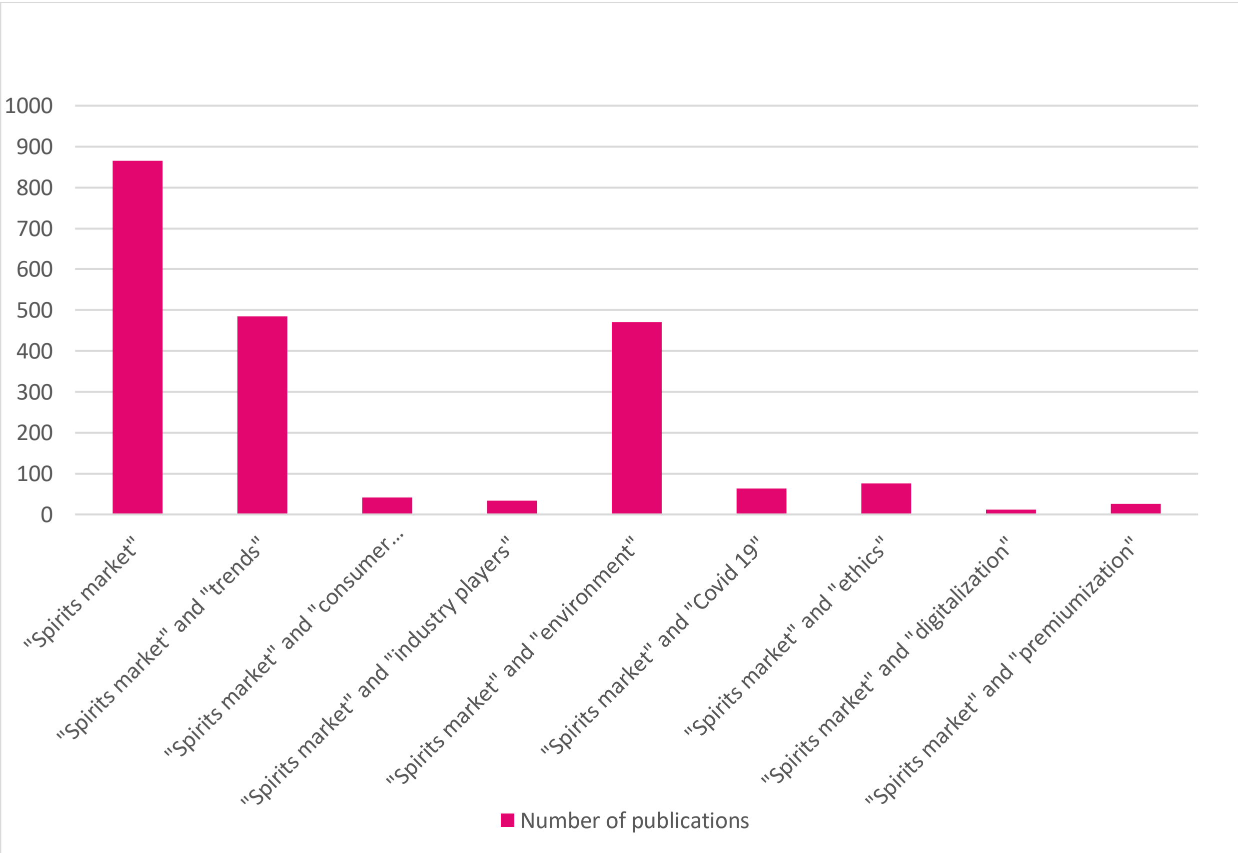

Figure 1. Number of publications for each keywords combination

This table shows the link to the main scientific documents used for each concept (Table 1).

	Premiumization	Digitalization	Environnemental & Ethical awareness
Plata & al., 2022	☑	☑	☑
Garnett, 2007	☐	☐	☑
Prasad & al., 2020	☑	☐	☐
Musonera & Pore, 2018	☑	☐	☐

Table 1. Academic publications linked to the concepts (Cn) of the Literature Review

2.2 Spirits Market Introduction

2.2.1 What is a spirits drink?

First of all, before talking about the spirits market as a whole and its evolution over the last decade, it is necessary to know what spirit drinks are, what are the characteristics of these drinks and the conditions to be applied to be classified as a spirit drink.

The distillation process appeared a very long time ago, we know that the ancient Egyptian, Chinese and Eastern civilizations were already using this process to create medicines or perfumes from herbs, plants, and spices. However, it was not until the early Middle Ages that the distillation process was used to make alcohols. It was the Arab alchemists who started distilling the first spirits in the 10th century and then this practice spread to Europe where it adopted different names depending on the country: in France it was called "*eau de vie*", in Ireland it was called Whiskey and in Russia it was called vodka. Despite the development of this practice, it was really in the 15th century that distilleries exploded because it was not regulated and so anyone could create their own spirits as long as the process was learned (Blue, 2004).

First of all, spirits are divided into two categories: distilled spirits and liqueurs. Distilled spirits are characterized by an alcoholic strength between 30% and 50% v/v, that a drink must contain between 30 and 50 ml of ethanol per 100 ml of beverage. Moreover, this category must follow a strict process: they are first produced by distillation from fermented agricultural products containing carbohydrates, then the taste is given by the aromatic compounds coming from the permeate and the alcoholic fermentation, but also by the distillation, storage, and aging processes. The liqueurs must have a minimum ethanol content of 15% v/v added to a sugar content of 100g L-1. The process is quite different, simpler and less time consuming, the liqueurs are created by following a process of aromatization of ethanol of agricultural origin. The ethanol is flavoured with natural plant materials such as fruits, herbs, cream, chocolate, fruit juices or steam distilled essential oils, and a liqueur is obtained (Christoph & Bauer-Christoph, 2007).

Moreover, each bottle must be labelled with precise and specific information: the name of the brand and the type of spirit drinks that can be found in the bottle, the age of the whisky if it is less than 4 years old, the alcohol by volume (or ABV) which must be noted in the form of percentage, the country of origin as well as the address and the name of the importer, and finally, the message of prevention of the State on the dangers of the alcohol (Figure 2) (Newman, 2020).

Figure 2. Image explaining how to read a spirit drink label (Newman, 2020).

2.2.2 Structure of the market

Kweichow Moutai is now the largest spirits company in terms of market capitalization, surpassing the giants Diageo and Pernod-Ricard. This is thanks to their brandy, the Moutai, a drink very popular among Chinese fortunes, whose price ranges from 300 euros for the starters to 1000 euros for the most expensive. A luxury product, less popular in Europe than in Asia and is only available in limited edition (Saccani, 2021).

Among the world leaders we find other Chinese brands such as Wuliangye, Yanghe, Luzhou Laojiao, Gujing Gong Ju, and next to that we find European brands leaders in the industry like Diageo or Pernod Ricard.

Diageo is an English brand, based in London and was for years the market leader in alcohol and spirits. The brand is known for the production and sale of products such as the Smirnoff vodka brand, the Johnnie Walker Scotch whisky brand, the Baileys liqueur, or the Guinness beer. The group has a portfolio of more than 200 products that it markets in over 180 countries (Statista Research Department, 2021a).

Finally, Pernod-Ricard is a leading French company in the industry as well, with a broad portfolio of over 240 products. In the spirits industry it is known for brands such as Absolut Vodka, Malibu, Jameson, and Ricard (Pernod Ricard, 2022).

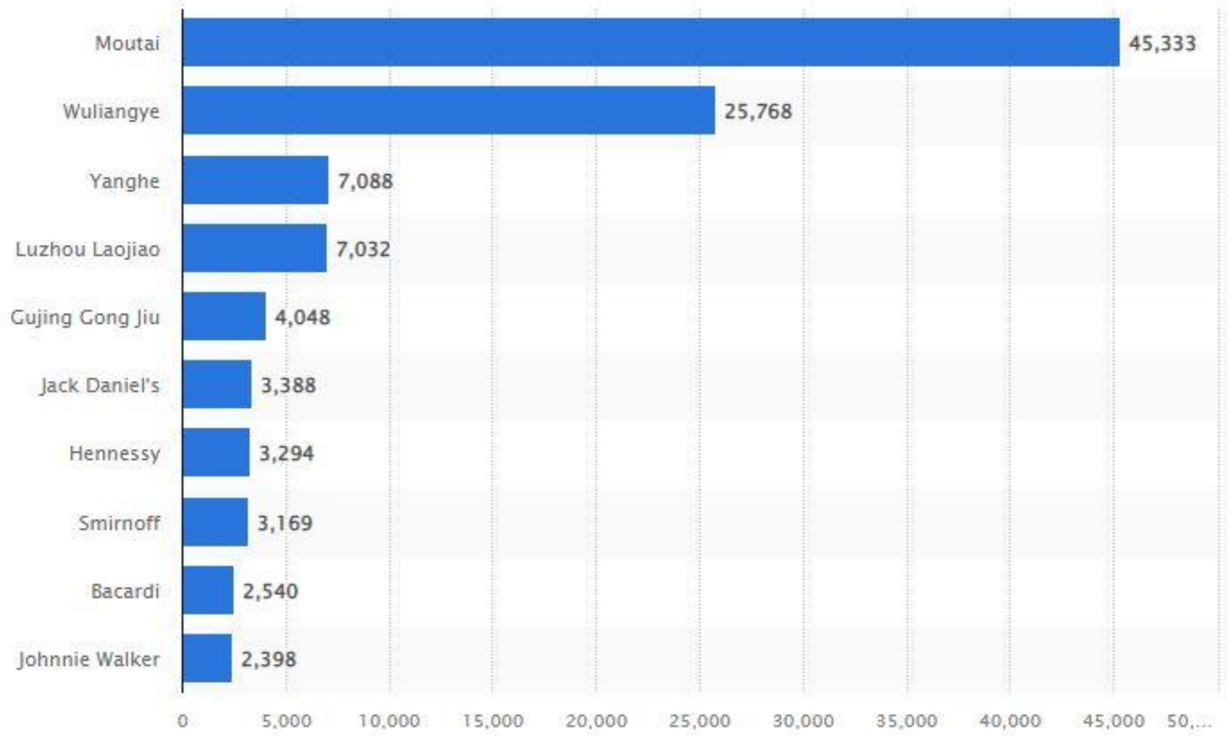

Figure 3. Most valuable spirits brands worldwide in 2021, based on brand value in millions of US dollars (Statista, 2021a).

The graph shows the most valuable spirits brands worldwide in 2021, based on brand value. Moutai was the first leading spirits brand worldwide with a total brand value amounting to about 45 billion of USD (Figure 3).

The very strong presence of Chinese companies among the market leaders has only been made very recently. In 2017 and 2018, the podium of brands with the highest value was already similar, however, the values of these companies in 2021 are much higher. Moutai posted a value of $12.283 million in 2017 and $21.243 million in 2018, an increase of 73%. In 2017, Wulliangye posted a value of $5.604 million in 2017 to a value of $14.635 million in 2018, an increase of 161%. Finally, Yanghe posted a value of $4,281 million in 2017 to a value of $7,795 million in 2018, an increase of 82%. There is only Langhe that has seen a reduction in value between 2018 and 2021 (Brand Finance, 2018).

Rank 2013	Rank 2012	Brand	Parent Company	Domicile	Category	Brand Value 2013 (USD $m)	Brand Value 2012 (USD $m)	Brand Rating 2013	Cases sold 2012 (millions)	Cases sold 2011 (millions)
1	1	Johnnie Walker	Diageo	Britain	Whisky	4,372	2,432	AAA	18.9	18.0
2	6	Kweichow Moutai	Kweichow Moutai	China	Baiju	2,368	1,493	AA	na	n/a
3	3	Hennessy	LVMH	France	Cognac	2,260	1,917	AAA	5.2	4.9
4	2	Bacardi	Bacardi	United States	Rum	2,136	2,009	AA+	19.8	19.6
5	4	Smirnoff	Diageo	Britain	Vodka	1,987	1,718	AA+	25.8	24.7
6	5	Chivas Regal	Pernod Ricard	France	Whisky	1,763	1,551	AA+	4.8	4.9
7	7	Wuliangye	Wuliangye Yibin	China	Baiju	1,639	1,308	AA	na	n/a
8	14	Luzhou Laojiao	Luzhou Laojiao	China	Other	1,542	789	AA	na	n/a
9	9	Jack Daniels	Brown Forman	United States	Whiskey	1,373	1,246	AAA-	10.7	10.6
10	8	Baileys	Diageo	Britain	Liquer	1,349	1,269	AA	6.5	6.8
11	10	Absolut	Pernod Ricard	France	Vodka	1,320	1,235	AA	11.4	11.2
12	12	Grey Goose	Bacardi	United States	Vodka	1,116	945	AA+	3.8	3.8
13	11	Ricard	Pernod Ricard	France	Anis	884	952	AA-	5.5	6.2
14	16	Crown Royal	Diageo	Britain	Whisky	862	775	AA-	4.9	5.0
15	24	Jinro	Hite Jinro	South Korea	Soju	762	409	A+	65.3	61.4

Figure 4. The 15 most valuable liquor brands in the world (Rosenberg, 2013).

Going back to the beginning of the decade (Figure 4), we can see that Diageo was the market leader by having two products in the top 5, at places 1 and 5 respectively in 2013. We also noticed that Chinese brands were starting their rise, especially Moutai by moving from the 6th brand in terms of brand value in 2012 to the second place in 2013. However, the ranking was not yet dominated by other Chinese brands.

2.2.3 The global spirits market

The on-trade market, also known as the out-of-home market, includes all sales made in establishments such as restaurants, hotels, bars, nightclubs, and the like. On the other hand, there is the off-trade market, which covers all sales made in supermarkets, hypermarkets, kiosks, spirits shops and more generally, all retail outlets (Statista, 2021b).

The sales strategies for the two types of markets are different. To sell in the on-trade market, brands must trust the different managers or bartenders who work behind the bars or restaurants and who are the specialists of the products presented. To sell, it is important to create a contact with the customer and the success to sell is therefore behind the relationship and the ability of the specialists on the spot to sell the products. Conversely, in supermarkets, brands cannot rely on the ability of specialists to sell products, so they apply promotions to stand out from the competition and make customers lean towards their product and not another (Hartiozis, 2021).

In 2021, the revenue of the global spirits market was 445.4 billion USD. Sales volume of the global spirits market was 35.26 billion litters. The expected growth for this market in 2022 is 4.3%. In 2020, China generated nearly 149 billion U.S. dollars in spirit revenue, making it the leading country in the global spirits market that year. At about 76 billion U.S. dollars, the United States rank second. The United Kingdom was the world's leading spirits exporter in 2020. Roughly 6.2 billion U.S. dollars' worth of spirits was exported to other countries across the globe. The most popular spirits brand, in terms of sales volume was Jinro, a brand of soju owned by HiteJinro, with sales standing at 95.3 million 9-liter cases in 2020 (Conway, 2021).

The spirit's market has grown significantly, the Figure 5 shows the volume of pure alcohol served over the last 24 years and even hypothesizes that the volume of spirits sold in terms of pure alcohol will exceed that of beer by 2030 in the US (Figure 5). The IWSR defines a pure alcohol serving as the average drink serving prescribed by the US Department of Health and Human Services. It is important to identify each alcoholic beverage type by a standardized amount of pure alcohol as total liquid volume per drink can vary by category. This equivalency metric is as follows: beer (12 ounce serving of regular beer at about 5% ABV (Alcohol by Volume)) = wine (5 ounce serving of still wine at about 12% ABV) = distilled spirits (1.5 ounce serving at about 40% ABV). This methodology provides a more accurate portrayal of the total beverage alcohol market because it has equivalent categories in terms of pure alcohol, or servings. This shows us that the trend to consume spirits is slowly replacing the trend to consume beer among Americans (IWSR, 2019).

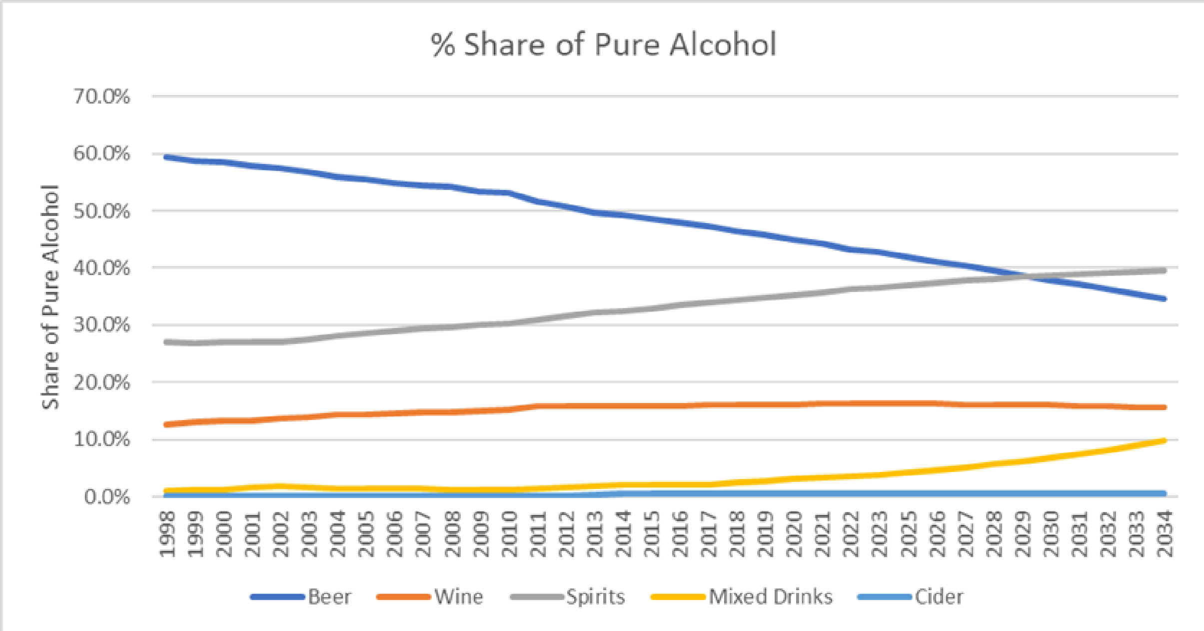

Figure 5. Table showing the percentage of pure alcohol shared in the United States from 1998 to a projection until 2034 (IWSR, 2019).

The brand Jiro is dominating the market by far in terms of volume sold and this since 2002 The gap between Jinro and the other brands is huge, and the numbers show it. There is a bigger gap in terms of volume sold between the first and the second than between the second and the tenth for 2014 and 2017, Jinro even manages to increase its sales volume between 2014 and 2017 by almost 5 million of 9 litters cases. Moreover, we can notice the gap between Jinro and Chum-Churum, the second most important soju brand, but the gap remains immense and highlights the undisputed leadership position that the brand has in this market (Figure 6 & 7).

Since 2002, Jinro Soju has been the most popular spirit on the planet, ranking first among spirits in terms of sales volume every year. This rice-based spirit is used extensively in South Korean cuisine in addition to being consumed as a social lubricant when Koreans hang out (Wolinsky, 2019).

We also notice that some names appear in the top 10 in 2014, 2017 and even in 2016 of which we can see the rank that the products had that year. Emperador, Officer's choice, McDowell's, Smirnoff, and Chum Churum are the brands present in these rankings and we can see that they show some stability in terms of volume sold per year with slight variation between 2014 and 2017 (Figures 6 & 7).

GLOBAL RANK	LIQUOR BRAND	PARENT COMPANY	LIQUOR TYPE	PARENT CATEGORY	MILLIONS OF 9 LITER CASES
1	Jinro	HITE-Jinro	Soju	Soju	71
2	Emperador	Alliance Global Group	Brandy	Brandy	33
3	Officer's Choice	Allied Blenders & Distillers Pvt. Ltd.	Indian Whisky	Whiskey	30.2
4	Chum-churum	Lotte Liquor	Soju	Soju	28.4
5	Smirnoff	Diageo	Vodka	Vodka	25.6
6	McDowell's No.1	Diageo/United Spirits	Indian Whisky	Whiskey	25
7	Laojiao	Luzhou Laojiao	Baijiu	Baijiu	20.9
8	Ginebra San Miguel	Ginebra San Miguel Inc.	Gin	Gin	19
9	McDowell's No.1 Celebration	Diageo/United Spirits	Rum	Rum	18.3
10	Bacardi	Bacardi	Rum	Rum	18.2

Figure 6. The 10 most popular spirits in the world in 2014 in terms of volume (Wolinsky, 2019).

IWSR Real 100 – Largest spirits brands 1-10

Rank					Volume	% Chg Volumes
2017	2016	Brand	Category	Owner	2017	2016 to 2017
1	1	**Jinro**	Soju	Hite-Jinro	75,910.0	0.8%
2	3	**Ruang Khao**	Other Spirits	Thai Beverage	31,750.0	1.8%
3	2	**Officer's Choice**	Indian Whisky	ABD	31,510.1	-2.5%
4	4	**Emperador**	Brandy	Emperador	28,756.8	-3.0%
5	6	**McDowell's**	Indian Whisky	Diageo	26,338.2	2.7%
6	7	**Smirnoff**	Vodka	Diageo	25,635.0	0.7%
7	5	**Chum Churum**	Soju	Lotte	25,551.0	2.2%
8	8	**Hong Tong**	Other Spirits	Thai Beverage	21,200.0	2.4%
9	10	**Imperial Blue**	Indian Whisky	Pernod Ricard	18,847.7	5.2%
10	9	**Good Day Soju**	Soju	Muhak	18,550.0	-1.3%
Volume Units: Thousands of nine-litre cases						**Source: IWSR 2018**

Figure 7. The top 10 most popular spirits in the world in 2017 in terms of volume (IWSR, 2018).

2.2.4 The Covid-19 impact on the market growth

The virus that arrived from Wuhan in China in 2019, has totally disrupted the world and the different markets. When the virus spread and turned into a global pandemic, measures were taken such as confinements, closing of bars and restaurants in some parts of the world and then, the switch to remote work. All these measures have therefore strongly limited social interactions. For the spirits market, the distilleries were very impacted because with the confinement, most of the distribution chains were stopped and the manufacturers could not assume the production due to lack of raw materials (The Business Research Company, 2021).

On one hand, the on-trade market (bars, restaurants, coffee shops, hotels, clubs…) has suffered enormously with the closure of bars, restaurants, and nightclubs. However, brands such as Diageo have donated USD 100 million to help bars and restaurants to be able to welcome back customers when they reopen (Reanin Research & Consulting Private Limited, 2022).

On the other hand, the off-trade market (retail outlets: hypermarkets, supermarkets, kiosks, spirits shops…) have soared. With containment, vodka, tequila, and some other liquors sold extremely well because being deprived of bars and restaurants, people started making their own cocktails at home and creating their own spirits (Aceville Publications Ltd, 2021).

In the Figure 8, we can see a decrease of about 35 trillion dollars in 2020 due to the global pandemic. However, by 2021, the market is on the upswing and according to specialists and their projections, the market revenue is expected to increase significantly year on year until it reaches a revenue of approximately USD 609 billion in 2025.This increase in expected revenue can be explained by the development of certain trends mentioned in this study such as premiumization, digitalization and the enormous development of e-commerce during the pandemic or the tendency to consume better quality and therefore more expensive products (Figure 8).

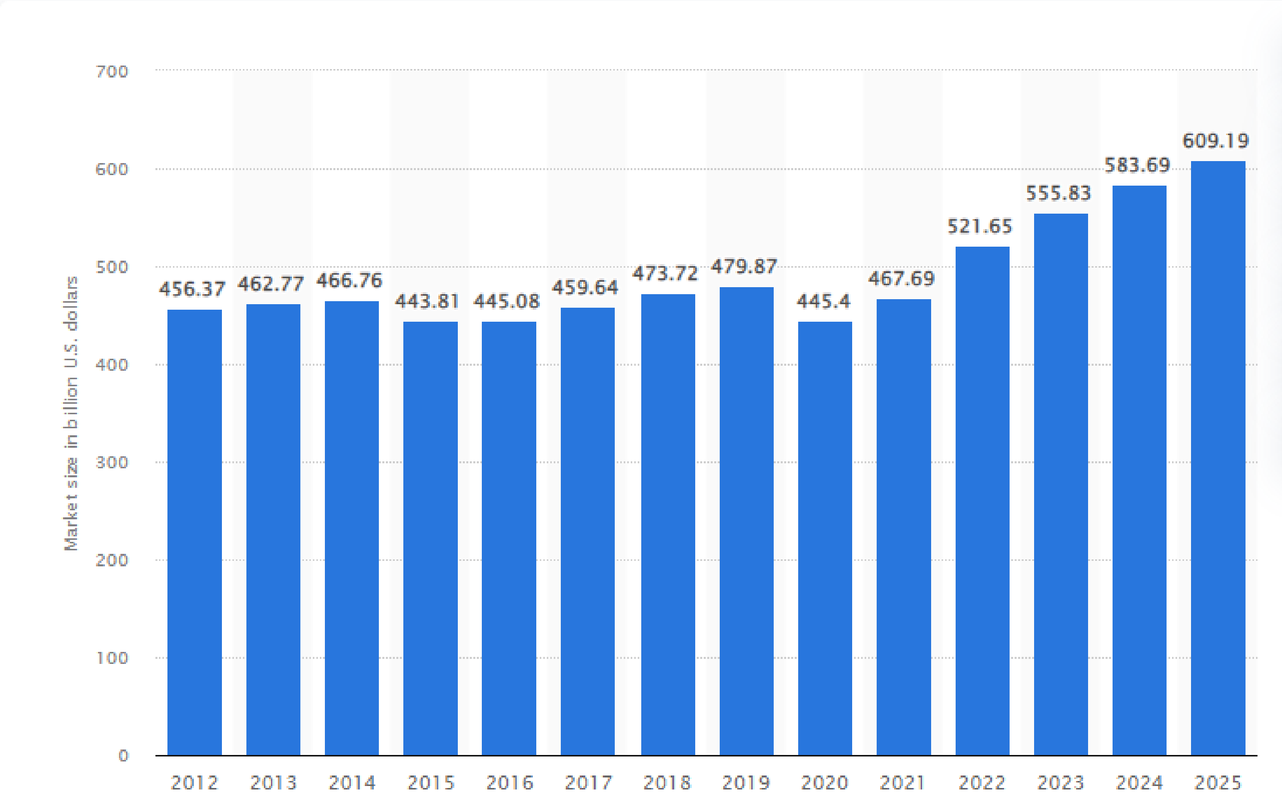

Figure 8. The spirits market in terms of revenues in billion US dollars from 2012 until projection for 2025 (Statista Research Department, 2021b).

2.3 Premiumization

Lexico, dictionary *"Powered by Oxford"* defines premiumization in the global sense of the term as *"The action or process of attempting to make a brand or product appeal to consumers by emphasizing its superior quality and exclusivity"* (Lexico, 2022).

According to a study by Christ University, premiumization is a phenomenon that has been developing since the 1990s. It is the alcohol and beverage companies that started using this term *"to market their product as a top-shelf offering or premium product to the consumer"*. This growing trend can be explained by the booming economy and the increase in wages (Prasad et al., 2020).

2.3.1 How to structure premiumization

The premiumization of the market is segmented into several categories. First of all, we have the *"premium"* category, premium being defined in the global sense of the term as *"an amount that is* *more than usual"* (Cambridge, 2022). This definition is based on the price but the term premium, in spirits, is often specific to the marketing development of a product with a more sophisticated design of the bottle (label, materials), the development of experiences around the bottle or the use of raw materials of better quality, which comes to justify a higher price (Cannavan, 2013).

The term *"high-end premium"* falls between the *"premium"* and *"super-premium"* category and its definition is roughly like *"Super-premium"* with lower intrinsic quality elements and often higher product volume for a *"high-end premium"* product. The *"super-premium"* category for spirits incorporates high value products, often in smaller volumes than the lower categories and playing on *"know-how"* and quality (LWC Drinks, 2019).

Finally, in the spirits sector, we have seen the emergence in recent years of products described as even more upmarket: *"ultra-premium", "prestige"* and *"luxury"* (Morrell, 2019).

According to DISCUS, the *"ultra-premium"* category refers to any bottle priced above $150 or $200, and here refers to products that come to the regular retail market in very limited quantities, and whose price, packaging, and promotion are designed with prestige in mind. In the *"prestige"* and *"luxury"* categories, the selling price will be well over $500, and then rise to very high levels, depending on the quality offered and the rarity of the bottles offered for sale (Emen, 2015).

2.3.2 Millennials

An important aspect of this trend is the appeal of the millennial generation, and their buying motivations. In 2017, a study was conducted by Deloitte, one of the world's leading audit and advisory firms, on the purchasing motivations of Millennials. Deloitte reveals through its study that Generation Y consumers prioritize consuming more for their personal well-being than for the image they give of themselves. Quality is one of the key factors in their purchasing decisions especially for luxury goods (Deloitte, 2017).

IPSOS, the world's 3rd largest market research group, conducted a two-part study for Whisky Live Paris 2018 and 2019. The first edition of the study, revealed in September 2018, focuses on the type of consumption of spirits in France, the quality of products and the purchasing preferences of Millennials. It was conducted on a sample of 1,022 French people aged 18 to 75. For 70% of the respondents, the primary criterion remains the quality of the product, with price being pushed into second place, and is therefore part of the premiumization of the market.

For Millennials, consumption must be responsible and controlled, so they prioritize ethics and locally produced brands. The study shows that for the last ten years, most respondents have been basing their global consumption more on sustainable development principles. The second edition of this IPSOS study, unveiled in September 2019, focuses more specifically on *"age effects in spirits consumption."* Millennials, unlike their elders, are more sensitive to *"the marketing aspects of a spirit":* the visual aspect of the bottle*, "offers combining spirits and accessories"* or novelty are important factors in their purchasing criteria. They are *"more open to discovering drinks considered more niche".*

According to this IPSOS study, the second generational phenomenon is the place of consumption. If for all generations, the first place of consumption remains the home, one Millennial out of two consumes outside the home and most often in cocktail bars.
While older generations tend to drink neat, Millennials are more likely to drink alcoholic cocktails (Boudon, 2019). Brands and retailers in the spirits industry understand that Millennials need to inspire them to understand the world of tomorrow, and their success will lie in part in understanding the needs and desires of this generation.

2.3.3 Quality over quantity

Quality, a key factor in Millennials' purchasing decisions, is at the heart of the development of premiumization.

Market premiumization is directly linked to higher value market shares. We can see that in 2018, Diageo, the world's largest spirits group had a *"Total Value Share"* around 5% among the *"Leading Global Alcoholic Drinks Companies"*, making them the leader of the spirits industry in this segment. As for Pernod Ricard, one of the leading groups in the spirits industry, it is, like Diageo, in the top 5 of the leading companies in the alcoholic beverages market by value share (Figure 9).

Figure 9. Leading Global Alcoholic Drinks Companies by 2018 Value Share: Volume vs Value (Ward, 2019)

Brands and retailers in the spirits industry understand that Millennials need to inspire them to understand the world of tomorrow, and their success will lie in part in understanding the needs and desires of this generation.

2.3.4 Cocktails segment development

The growing development of the cocktail culture is linked to the premiumization of the spirits market and this trend is a real driver for the growth of the global spirits market.

In developed economies (Europe and North America) as well as in emerging countries such as China or India, the cocktail culture has been intensifying over the past few years and *"is expected to promote the scope of premium spirits"* (Premium Spirit Market Share | Industry Report, 2020-2027, 2020).

Consumers are constantly looking for innovation and novelty and cocktails offer a wide range of creative possibilities.

The proliferation of flavours is a phenomenon that we have been seeing for quite a few years, particularly in the vodka segment with a 25% expansion of flavoured vodkas in the United States between 2012 and 2013. Grey Goose, a rather smooth and easy to mix premium French vodka is very popular for making *"signature cocktails".* Premium segment vodkas like Belvedere (Polish vodka) or Stolichnaya (Russian vodka) seek uniqueness, the primary purchase motivation of the premium segment, through unique flavours for Belvedere for example like jasmine, cinnamon, or ginger and/or unique names for Stolichnaya like *"Peachik"*, *"Strasberi"*, or *"Oranj"* (Musonera & Pore, 2018).

Also, in the United States, according to the Distilled Spirits Council, the most significant increases in volume of consumption of alcohol are on Whiskey (+5.2%), Brandy and Cognac (+4.5%) and on Tequila (+6.9%) between 2012 and 2017. Indeed, tequila has seen a strong development especially in the super-premium segment, and overall, these latest increases can be explained by the development of *the "cocktail culture"* through more *"innovative"* and *"creative"* cocktails (Figure 10).

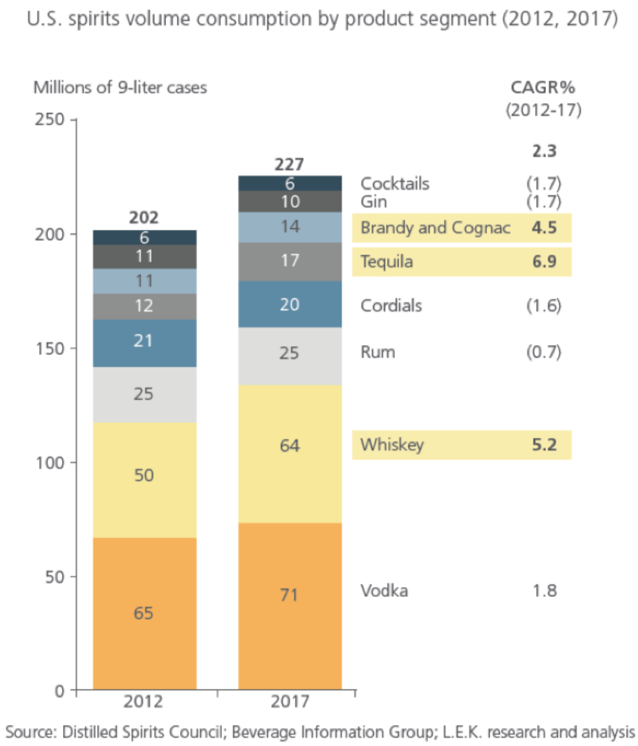

Figure 10. US. spirits volume consumption by product segment in 2012 and 2017 (Wilson, 2018).

2.3.5 Impact of the Covid-19

A study conducted for the *"International Journal of Gastronomy and Food Science"* on the first three quarters of 2020 presents the impact of the Covid-19 on different trends and notably on premiumization (Plata et al., 2022).

It tells us that during the different periods of lockdowns in multiple countries, many people wanted to recreate *"gastronomic experiences"* at home, notably through mixology.

This premiumization trend would have accelerated due to the *"current events"* for several reasons. According to BevAlc, more customers *"seem to be intent on spending their alcohol budget on premium alcohol brands"* as the purchase prices of premium products are generally lower in stores than in bars and restaurants. Also, according to IWSR, premium spirits are generally sold through virtual channels or specialized retail stores rather than in bars and restaurants (Plata et al., 2022).

Finally, people staying at home and spending less in bars and restaurants have allocated their higher budget to more premium spirits, especially for making high-end and premium cocktails (Bevalc Insights Team, 2020).

2.4 Digitalization

2.4.1 Digitalization of marketing: communication and design

In recent years, spirits brands have tried to adapt to the digital challenges of their industry. The development of digital marketing with for instance the emergence of social networks has led brands to digitalize their communication. Through creative marketing campaigns, brands are trying to build loyalty with their audience by creating engagement with them, for example.

As early as 2011, Jim Beam launched a campaign called *"Bold Choices"* that encouraged his Facebook community to share bold choices made in their lives. The campaign went viral when Fred Noe, *"seventh-generation Beam family distiller"*, made a bet to get a tattoo of the Jim Beam logo *"if the brand got one million friends on Facebook - and they did"* (Meredith, 2014).

The Jack Daniel's whiskey brand plays on its rich heritage by stimulating nostalgia in its community through photos and text that highlight its history since 1866. It also seeks to create engagement with its community with, for example, in 2016, for the brand's 150th anniversary, the organization of a global *"barrel hunt"* with 150 barrels to be found around the world using clues posted on its Facebook account (Dua, 2016).

The Absolut Vodka brand is trying to connect with the world of nightlife through a program launched in 2014: *"Absolut Nights"*. This campaign initially took place in 4 different cities around the world and many local influencers were invited.

Through these experimental nights and by creating synergies between influencers, *"Millennial spirit drinkers who put massive value in experiences"*, and their brand, Absolut grows considerably on a digital level through the use for example of the hashtag *"#Absolutnights"* taken up thousands of times and the sharing of events by local influencers on their social networks (Sidlee, 2015).

Still on the marketing level, some brands have also focused on the digitalization of packaging. Thanks to augmented reality, spirits brands can offer digital and immersive experiences through their labels. This is the case of the Bombay Sapphire gin brand, which allows buyers to enter the *"world and unique aesthetics of Bombay"* through a digital animation by scanning the label on its bottle. This so-called *"smart"* label is linked directly to video content from the brand and offers recipes to make with its product. Also, launched in 2019, the app *"The Jack Daniel's AR Experience"* allows its users, by always scanning the bottle label, to get information about its brand such as its history or even more unusual *"a tour of the [distillation] premises in Tennessee"* (Studio Blackthorns, 2022).

2.4.2 Digitalization of sales: e-commerce

In 2019, the e-commerce channel for alcoholic beverages represented US$21 billion in *"the top ten markets studied by IWSR."* Between 2015 and 2019, sales of spirits on this same channel would have increased by 15%, in these same markets. The largest market globally was China in 2019 with Baiju (Chinese national spirit and brandy) very dominant in the e-commerce market and for *"imported-only spirits [a dominance of cognac] with a 74% share of the value"* according to IWSR's Asia-Pacific research director. The French market is the second largest e-commerce market for alcoholic beverages, followed by the US (IWSR, 2020).

In 2018, Julie Laurens, global head of e-commerce declared that e-commerce was *the "fastest-growing channel"* and that the Pernod Ricard group was making this channel *"a key priority"*. The group was already offering at that time a platform called Wecommerce that provides access to online content about its products (Kiely, 2018).

This platform allows its users access to visual content about Pernod Ricard products, information about consumption patterns, tasting notes, ingredients used, and even product history (Wecommerce, 2022).

Also, Pernod Ricard has digitized its sales via the Drinks&Co platform, which belongs to them and currently offers *"more than 100,000 references of wines and spirits - signed Pernod Ricard but not only - available for home delivery..."* (Rapport Annuel Intégré 2020/21, 2021).

The Diageo Group, co-leader of the Pernod Ricard Group, meanwhile, had already partnered with delivery platform Deliveroo in 2016 to launch the alcoholic beverage delivery service *"thebar.com"* (Kiely, 2018). This platform, still available today, offers a wide selection of the Diageo group's spirits, recipes for making cocktails and even gift ideas.

2.4.3 Impact of Covid-19

A study conducted in March 2022 by four researchers from different universities reports a digital trend in spirits that has accelerated. This study shows us that in the markets studied, online sales have largely increased between 2019 and 2020.

This is the case in the United States where, according to the Nielsen marketing institute, *"online alcohol sales during March 2020 grew by 234% as compared to the same month in the preceding year"* (Plata et al., 2022). Bloomberg Second Measure reveals in September 2020 that home delivery of alcohol has become a very popular channel for American consumers, linked to the multiple health restrictions during Covid-19 and notably the closure of bars and restaurants. We can see that the featured home delivery companies have seen their sales increase as of February 2020 (except Minibar) (Figure 11).

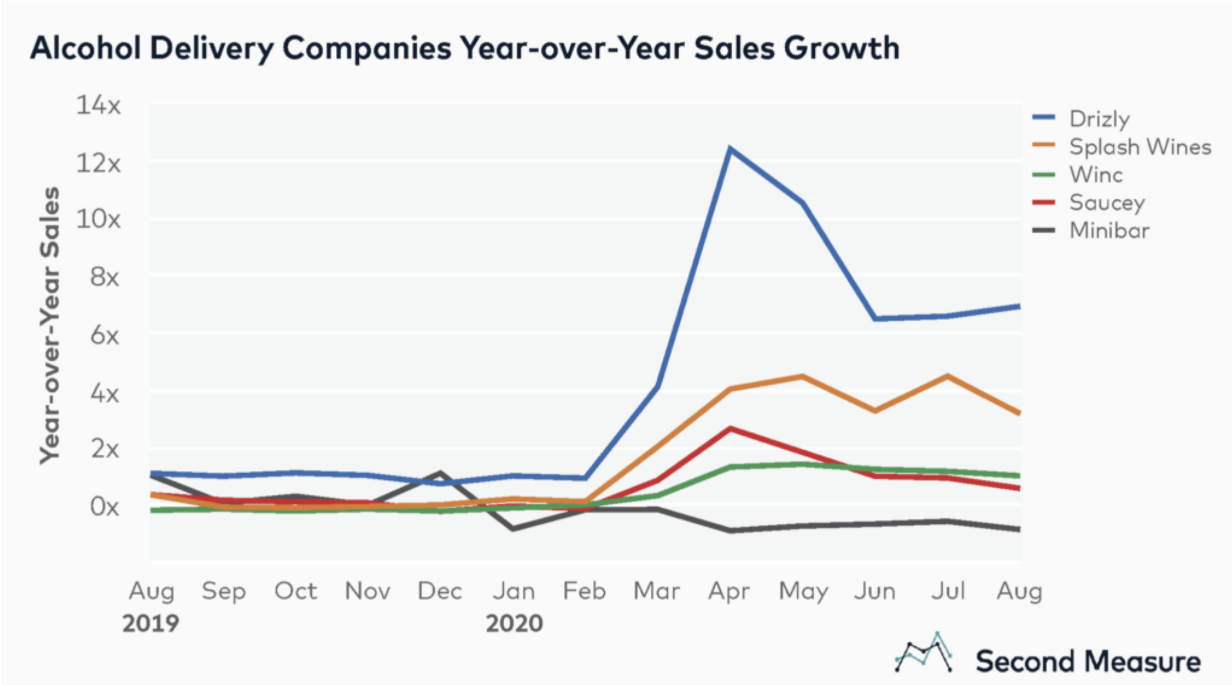

Figure 11. Alcohol Delivery Companies Year-over-Year Sales Growth (Yeo, 2020).

One company stands out from the other alcohol delivery companies: Drizly. We can see that its sales increased at its peak by more than twelve times in April 2020. Splash Wines, Drizly's direct competitor, showed significant sales growth but three times less than Drizly in the same period (Yeo, 2020).

In the Mexican market, according to Expansión, multiple online retailers *"reported a growth of between 300% and 900% in March 2020 as compared to March 2019"*. Finally, according to an article of The Spirits Business, comparing the first week of the lockdown in the UK with the same week in 2019, online sales had increased by more than 50% (Plata et al., 2022).

According to a study of the GlobalData institute carried out in September 2020, the closure of bars and restaurants in most countries is a major element explaining the increase in *"home consumption"* and therefore partly the online channel. In the 11 countries surveyed in this study, at the end of May 2020, 68% of the consumers in the study declared that *"they had stopped or reduced visits to pubs and bars due to the outbreak of Covid-19"* (GlobalData, 2020).

2.5 Ethical and environmental trends

Alcohol production is an industry that pollutes more than people think and requires large amounts of resources, especially large amounts of water for the wine. According to a study, 0.7% of greenhouse gas emissions in the world are due to alcohol production (Shields, 2019).

The production of beer requires less water but produces a large amount of greenhouse gasses. The consumption of a beer ordered locally in a microbrewery would be responsible for 300g of CO2 while a beer of the same quantity bought and consumed at home would be responsible for the triple, namely 900g of C02. However, gin and vodka would be the most polluting alcohols. To understand why, it is simple. Firstly, the distillation process is extremely energy-intensive, so the production of these two alcohols requires more energy than the production of other alcohols, and secondly, these two alcohols are made from a mixture of several types of cereals that require a lot of water and pesticides to grow. Rum is also very polluting because being produced from sugar cane, the amount of water required is also very important and contributes to soil erosion and pollution (Garnett, 2007).

However, ecology and the environment are becoming an increasingly important concern, especially among young people (18-30 years old) who, for 32% of them, think that the environment is a major concern. However, ecology and the environment are becoming an increasingly important concern, especially among young people (18-30 years old) who, for 32% of them, think that the environment is a major concern and 12% of them are members of an association for the defence of the environment in 2019 against 3% in 2016 (APPA, 2020).

The spirit’s market does not escape this general awareness, especially among young people. New trends related to this awareness are emerging, and the appearance of Covid-19 will simultaneously reinforce some of these trends. Consumers will tend to favour drinks made from more natural products such as plant-based products for example, to reduce transport pollution by consuming as locally as possible, driven by the development of microbreweries and micro distilleries, and by avoiding plastic waste by favouring eco-friendly packaging. Some consumers therefore expect to drink products that meet these new standards. In general, consumers are looking to connect with more authentic brands that advocate local communities and products. In addition, according to, U.S. alcohol drinkers report that their purchasing decisions are positively influenced by a company's sustainability or environmental initiatives. This figure increases to 72% among Brazilian alcohol drinkers and 70% among affluent urban Chinese alcohol drinkers.

More ethical drinking has also grown widely and with it the *"low alcohol"* and *"no alcohol"* trend. Some consumers, concerned about their health, choose to reduce their consumption, and prefer to drink better products when a good opportunity arises. The emergence of these new categories of beverages allows consumers to drink more regularly if they wish while keeping this mentality of well-being (Studio Blackthorns, 2021).

According to a Bon Appétit survey (2019), alcohol-free and low-alcohol products are expected to increase by 32% between 2018 and 2022. The study also adds that in 2019, non-alcoholic beverages are worth $7 billion more at retail than in 2015 (Bainbridge, 2019).

The main target of these non-alcoholic or low-alcohol beverages are occasional drinkers who do not want to abstain from drinking completely but who nevertheless want to lead a healthier lifestyle. They drink fewer alcoholic beverages, reduce their overall alcohol consumption, and take extended breaks (Dry January) for example (Studio Blackthorns, 2020).

In addition, the development of spiritourism contributes to the evolution of consumption patterns and is established to consume more ethically and locally (Laboissière, 2020). Spiritourism is a relatively recent trend that refers to tourist-based activities designed to promote regions where spirits are produced (Caseau, 2018).

The arrival of the Covid-19 has put a strain on tourism worldwide. Paradoxically, this of tourism is boosted by the health crisis because the population cannot travel internationally and favours activities such as this for their vacations and to meet local producers. In France, for example, each region has its specialty in terms of spirits, and thus allows a wide choice in the visits to make. Spiritourism presents itself as a more ecological, ethical, and local method of consumption for several reasons (Figure 12). Firstly, it allows to consume in direct distribution channel or in proximity and to limit the use of means of transport and thus to limit the carbon footprint (Laboissière, 2020). A definition of direct distribution channel, for example according to Ross (2022): *"A direct distribution channel allows consumers to buy and receive goods directly from the manufacturer."*

Moreover, this activity preserves and values certain traditions, leading to dialogues and interactions with producers directly, so consumers know what they are consuming and know the origin and quality of the products. Spiritourism therefore represents an authentic experience where the trend of consuming more ethically and environmentally conscious is exploited to connect people with the products of their land (Laboissière, 2020).

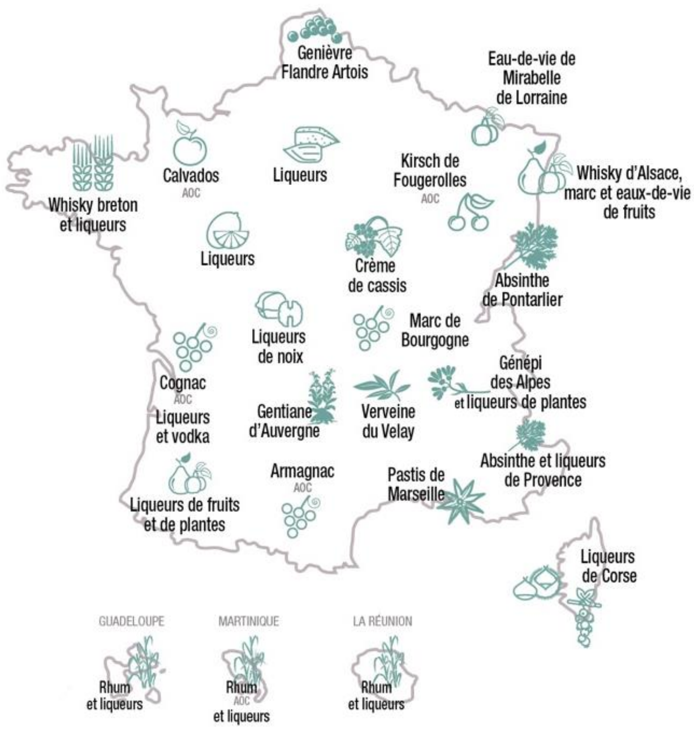

Figure 12. Map of France presenting the different spirits produced by regions (Lesseps, 2021).

2.6 Identified gaps

Based on our work through the literature review on the different concepts, we can deduct that the evolution of the spirits industry is determined by the changes in consumption habits and therefore in the strategies developed by the companies in the market. Therefore, the main market trends studied are mainly determined and defined through the study of the main markets.

Since last decade, few studies directly related to our investigation have been carried out and we then worked on the main markets. However, there are plenty of the global market reports from business organisations focusing on their own interest; nonetheless, there is a lack of scientific publications on our main topic of impact of Covid-19 on the Nordic spirits market. As a result, we decided to target and interview specialists in the Nordic spirits market.

We knew that this would allow us to get clearer and more objective views from market experts from different companies and institutions such as Pernod Ricard, co-leader of the global spirits market, VETZ Aperitivo, a start-up in the Nordic spirits industry or Business France with an expert in Spirits & Food.

The Covid-19 crisis has disrupted all industries, including the spirits industry. We found that it accelerated certain trends, including digitization, which saw e-commerce and social networking grow. Premiumization has also increased, with consumers allocating a larger budget to premium spirits due to the various containment periods in the affected countries and the lack of opportunity to consume in closed bars and restaurants. Finally, the environmental and ethical appeal continues to thrive with issues for our planet and our economies.

2.7 Research Framework

In previous years, the growing economy including rising wages (section 2.3), and new issues such as more eco-responsible and ethical consumption (section 2.5) have changed the landscape of the spirits market marked by great evolution. The Covid-19 crisis led us to believe that the predominant trends studied in the literature review were impacted by this virus. Therefore, we wanted to study the evolution of these trends but also the changes made by the spirits companies and their adaptation. We therefore decided to carry out a qualitative interview of 10 open-ended questions to collect and analyse the opinion of specialists on the impact of Covid-19 on the spirits market, choosing the Nordic region.

This diagram presents the different concepts studied in our research. It presents the four trends studied in the questionnaire and presents the three angles from which we decided to study these trends, namely: the impact of Covid 19 on these trends, the impact on consumer habits, and finally, on the strategies implemented by the various companies. This study applies only to the spirits market in the Nordic countries (Figure 13). All concepts are numbered like this "cn1, cn2...".

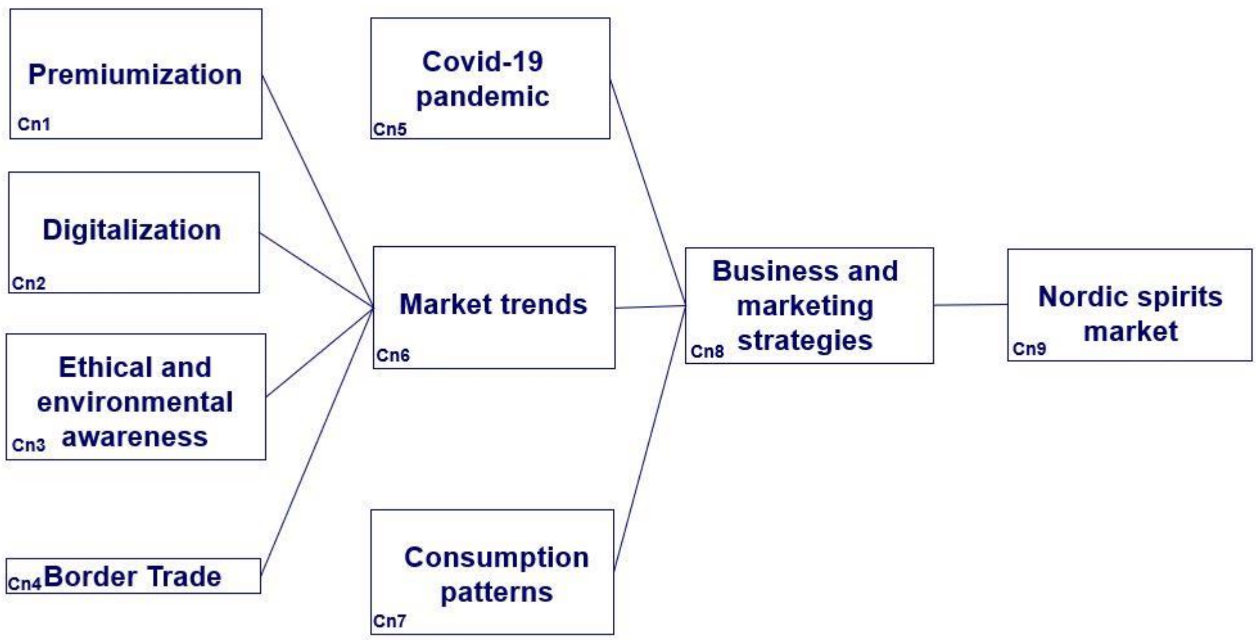

Figure 13. Proposed research model.

The table shows the different concepts presented in Figure 13, related to the different interview questions (Table 2).

	Cn1	Cn2	Cn3	Cn4	Cn5	Cn6	Cn7	Cn8	Cn9
IQ 2					X			X	X
IQ 3						X		X	X

IQ 4					X	X	X	X	X
IQ 5	X				X	X	X	X	X
IQ 6		X			X	X	X	X	X
IQ 7			X		X	X	X	X	X
IQ 8				X	X	X	X	X	X
IQ 9						X	X	X	X
IQ 10									X

Table 2. Table showing which concepts (Cn) feeds which interview questions (IQm).

3 Research methods and implementation

3.1 Research context

After studying the spirits market and its main trends, we chose to focus on the impact of Covid-19 on the spirits market in the Nordic countries, and more specially on the consumption patterns and the strategies of the industry players. The choice of this market was not made by chance, this market presents many specificities, notably in terms of environment and communication policy, which make it an atypical market. Moreover, Paul-Louis had the chance to recently do an internship within a company evolving on this market and we were thus able to get in touch more easily with the specialists that we interviewed.

Finally, having the chance to interview specialists allows us to compare the trends mentioned in the literature review with those directly mentioned by the specialists and thus to realize the similarities and differences between the global trends and the trends observed in the Nordic countries.

3.2 Research design

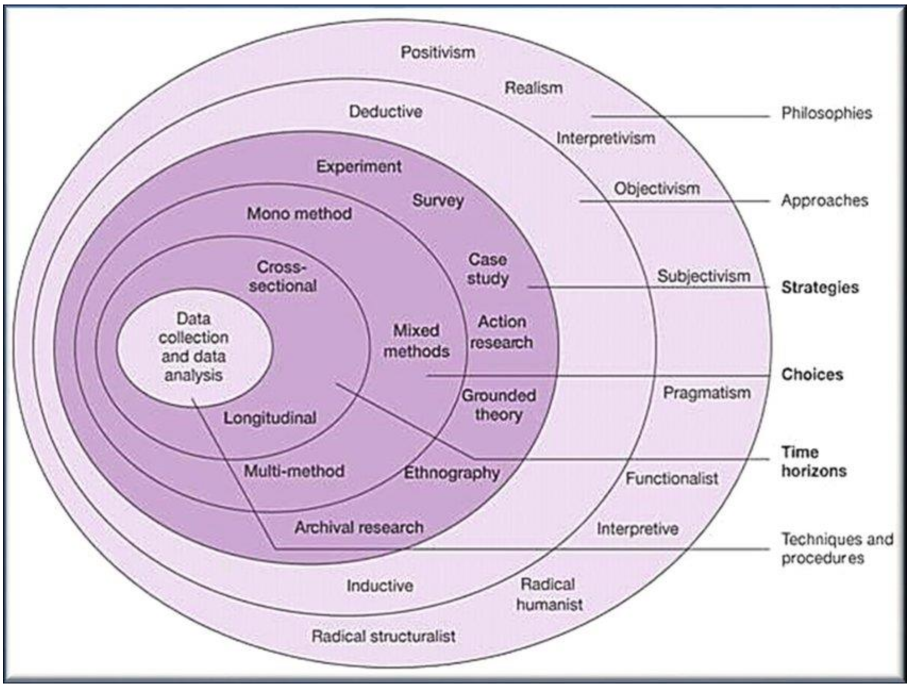

Figure 14. Onion method (Saunders et al., 2013).

“*It’s the procedure for collecting, analysing, interpreting and reporting data in research study*”.

3.2.1 Research Philosophy

Interpretivism:

For this investigation, the two authors have decided to follow an interpretivism approach as a research philosophy. This philosophy is based on the impact of cultural and social criteria on individuals. The reason we chose this research philosophy for our thesis is because it is based on interviews as a means of collecting data and more generally on stakeholders' interpretation of data and information.

In addition, the information sought by following this philosophy is characterized as follows: “*what some people think and do, what kind of problems they are confronted with, and how they deal with them*”, interpretivism is opposed here to positivism, which would seek to know “*how many* *people have a specific problem?"* without wanting to find out what that problem is (Research Methodology, 2016). Our objective is to understand how the different stakeholders were confronted with Covid-19, how the virus impacted their professional activity as well as the market and the potential solutions they could find.

3.2.2 Research purpose

The two authors of this investigation have chosen to follow exploratory research. This research method is used to deal with new topics or to show new points on existing topics. Furthermore, interviewing *"experts"* is one of the main ways of conducting exploratory and this is what we have chosen to do as a method of data collection (Saunders et al., 2013).

3.2.3 Research approach

We have decided to follow an inductive approach for their research approach. This approach is often chosen when the research topic reveals an important context, in this case, the Covid-19. However, it is also more interesting when the sample of people studied is small and the type of interview is qualitative (Saunders et al., 2013).

3.2.4 Research strategies/methods

We chose to use a mono-method to collect the data namely the qualitative interview.

3.2.5 Methodological choice

For this investigation, the two authors have decided to choose qualitative interview as a qualitative method and interview questionnaire as a research instrument. The main objective of these interviews is to be able to collect the information considered important by the interviewees and to have answers formulated differently according to each person. We chose this method of data collection because the objective of this research topic is first and foremost to understand the impact of Covid-19 on this market.

3.2.6 Time Horizon

We chose to use a cross-sectional method for this study. Cross-sectional is defined by the study of specific phenomenon (or phenomena) at a particular time meaning the data will be collected only once from each interviewee (Saunders et al., 2013). We have chosen to study the spirits market in the Nordic countries during the Covid-19 period, so this is a study focused on a specific point in time.

3.3 Data collection

Primary data represents data that are collected through tools like surveys, interviews, experiments specially designed for understanding and solving the research problem at hand. This research approach is often chosen when the research topic reveals an important context, in this case, for this thesis, the Covid-19, but it is also more interesting when the sample of people studied is small and the type of interview is qualitative (Saunders et al., 2013).

We decided to collect qualitative data through interviews, conducted with specialists of the Nordic spirits market. We were able to interview people who are specialists of the spirits market and obtain new contacts through people already interviewed. Thus, we were able to obtain interviews with people working with one of the market leaders, Pernod-Ricard.

The interviews took place between November 2021 and January 2022, with each interview lasting between 1 hour and 1.5 hours. These interviews allowed us to gather data from people with in-depth knowledge of the Nordic spirits market and to bring us different points of view on open-ended questions.

Among the specialists, 4 work for Pernod-Ricard Nordics, 3 for VETZ Aperitivo, a very recent and fast-growing brand of aperitif drinks, 1 person from Business France, a structure in charge of the international development of French companies and the support of foreign investors in France, and finally, 1 person from Anora Group, a leader in the spirits and wine market in the Nordics.

Sample

The specialists chosen to answer our interviews are the following:

-Nicholas DELLAI

VETZ partner

-Alberto CORTI

Head of Partnerships and Development - VETZ partner

-Fintan COLLIER

Old Senior Global Digital Manager - VETZ partner

-Manon CLEMENT

Export Trade Advisor Spirits & Food - Nordics

-Jorge JIMENEZ GONZALEZ

Insights & Optimization Marketing Manager

Northern Europe

-Anna MÖLLER

Commercial Director Spirits Scandinavia

-Mikkel OLSSON

Director Pernod Ricard Norway

-Jonas LINDSTROM

Head of Marketing Pernod Ricard Denmark

Pernod Ricard

-Khaled KORTAS

Marketing Manager Spirits & Champagne

Pernod Ricard Norway

Pernod Ricard

Research instrument: Interview questionnaire

Demographic questions:

DQ1 What is your gender?

DQ2 How many years of business experience?

DQ3 How many years of spirit business experience?

Ethical questions:

EQ1, do you authorize us to reveal your name as an interviewee?

EQ2, do you authorize the transcription of your writings in the thesis?

Interview questions

IQ 1 Could you introduce yourself and tell us about your relationship with the Nordic spirits market?

IQ 2 What difficulties have affected the business and marketing strategies put in place by your organization in the Nordic spirits market during the Covid-19 pandemic so far?

IQ 3 Could you sum up the trends which have emerged in the Nordic spirits market for the last few years (2015-2019) before Covid-19?

IQ 4 Can you tell us about the evolution of this market from the point of view of the consumption patterns over the last six years?

IQ 5 A trend/phenomenon has been emerging for several years now: the premiumization. Could you comment on the evolution of this trend/phenomenon during Covid-19 and its impact on the Nordic spirits market?

IQ 6 Could you tell us about the emergence of digitalization and the accelerated development of this trend during Covid-19 across the Nordic spirits market?

IQ 7 In the Nordic spirits market, what impact did Covid-19 have on the acceleration of environmental awareness and ethical choices by both consumers and industry players?

IQ 8 How has legislation in the Nordic countries, and in the country where you were working, evolved during the Covid-19 period in terms of taxation and border trade?

IQ 9 Finally, could you tell us at this moment in your opinion which trends will remain after Covid-19, which will disappear, and which will flourish in the Nordic spirits market?

IQ 10 Is there anything else you would like to share about the Nordic spirits market?

For information about the Table 3, which presents the matchmaking between interview open-ended questions and research questions they contribute to feed, here are below our Research Questions:

RQ1: To what extent the strategies of the industry players, related to the trends of the market have been impacted by Covid-19 in the Nordic spirits market?

RQ2: To what extent the consumption patterns, related to the trends have been impacted by Covid-19 in the Nordic spirits market?

RQ 3 What are the current increasing trends within the Nordic spirit market trends over the Covid-19 period?

The table shows the correspondence between the established research questions and the questions in our questionnaire (Table 3).

	IQ2	IQ3	IQ4	IQ5	IQ6	IQ7	IQ8	IQ9	IQ10
RQ1	X	X							
RQ2		X	X			X	X	X	
RQ3				X	X	X	X	X	X

Table 3. Table showing which interview questions (IQm) feed each research question (RQn).

3.4 Data analysis

3.4.1 Qualitative data analysis

Based on the research questions and objectives, the chosen technique to analyse qualitative data is thematic analysis (Figure 15).

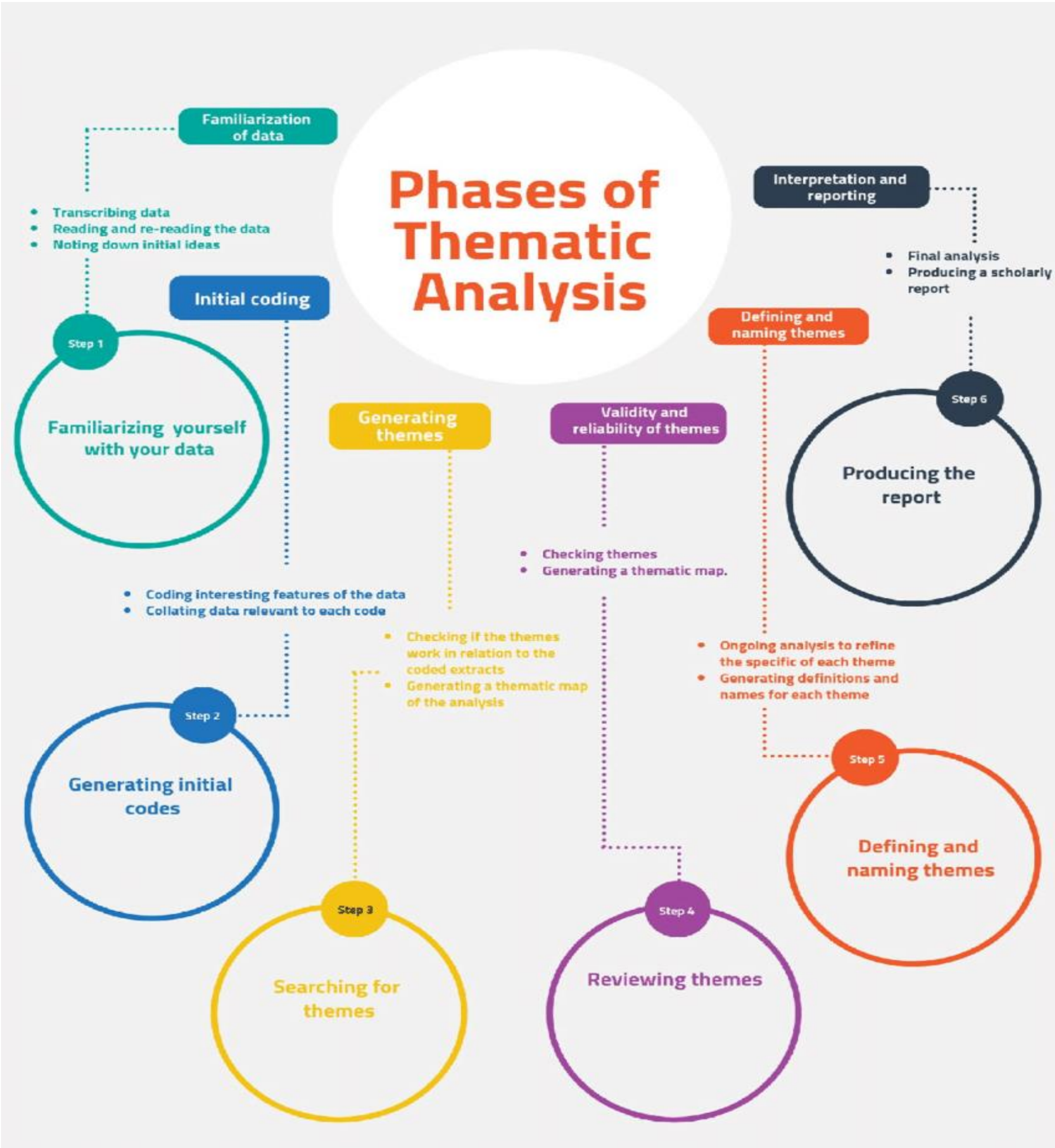

Figure 15. Illustration of Braun and Clarke thematic analysis approach for developing themes from qualitative data (Braun & Clarke, 2006).

We present the final step, which is*: "step 6: Producing the report"*, which corresponds to the *"Research Results"* part.

3.5 Ethical considerations

For this study, it was important to respect certain ethical rules concerning the desire for anonymity or not of the different specialists who participated in our interviews. For this reason, we simply asked all the participants, without exception, for their agreement to mention their names or not in this report. Moreover, we asked for the agreement of the respondents to transcript the answers told in the interview in this study. Both answers have been reported in the table number 3 corresponding to the column "*Eq1*", "*Eq2*".

4 Research Results

The table 4 lists the responses to the demographic and ethical questions for each interviewee.

	DQ1	DQ2	DQ3	EQ1	EQ2
Nicholas DELLAI	M	7 years	4 years	YES	YES
Alberto CORTI	M	10 years	4 years	YES	YES
Fintan COLLIER	M	11 years	8 years	YES	YES
Manon CLEMENT	F	8 years	3 years	YES	YES
Jorge JIMENEZ GONZALEZ	M	20 years	14 years	YES	YES
Anna MÖLLER	F	20 years	11 years	YES	YES
Mikkel OLSSON	M	20 years	15 years	YES	YES
Jonas LINDSTROM	M	25 years	25 years	YES	YES
Khaled KORTAS	M	14 years	10 years	YES	YES

Table 4. Results for the demographic and ethical questions

For the first question, we decided to present the results in the form of individual responses, as they directly concern the specialists themselves and their careers and the responses are therefore totally individual and different.

IQ 1 Could you introduce yourself and tell us about your relationship with the Nordic spirits market?

Nicholas DELLAI: "*I'm Nicholas Dellai, Co-Founder of VETZ. Vetz is a Premium and Natural Aperitif, produced in Italy and distributed in Sweden, Italy, and Norway (in the coming months). My relationship in the Nordic spirits market is mainly related to sales/promotions of the product, also at today's date the company is based in Stockholm, Sweden*."

Alberto CORTI: *"I am the co-founder of an alcoholic brand (VETZ Aperitivo Superiore), currently present in the Swedish market and soon to be launched in the Norwegian market."*

Fintan COLLIER: *"I started working as a Jameson Brand Ambassador in Sweden in 2011 and since then worked in numerous marketing and business development roles within Pernod Ricard working locally in Sweden but also on a global level supporting all Nordic countries. Since leaving the group in 2019 I have been the marketing lead for VETZ Aperitivo an Italian start-up which has since launched in Italy, Sweden, and Norway."*

Manon CLEMENT: *"My name is Manon Clément; I work in Stockholm since 2019 for Business France Sweden. As a trade advisor, my aim is to help French companies from the Wine, Spirits & Food industries to access the Swedish market and find the best opportunities to develop their export activities."*

Jorge JIMENEZ GONZALEZ: *"I am Insights & Optimization Marketing Manager for Pernod Ricard Northern Europe. I lead the unit looking after Business & Consumer Insights, Marketing Effectiveness, and Innovation Governance across the Nordic + Baltic countries (Sweden, Norway, Denmark, Finland, Estonia, Latvia, Lithuania). I have worked for a bit less than 10 years in this region always for Pernod Ricard both for Spirits and Wines."*

Anna MÖLLER: *"I'm Anna and I'm senior executive (commercial director) at the largest spirits company in Sweden which is Anora Group."*

Mikkel OLSSON: *"My name is Mikkel Olson, I'm Danish. I did work my first years in Copenhagen, at Carlsberg. In 2007, I joined Pernod-Ricard Denmark and Pernod Ricard Sweden in 2009 that I left in 2010 to join Arcus Norway (Known today as Anora Group). I finally came back to Pernod Ricard in 2014, in Norway. I have had both contacts with the marketing in Denmark, Sweden, and Norway and with sales and the commercial side. Since 2019, I have been the director/country manager of Pernod Ricard Norway."*

Jonas LINDSTROM: *"I started as a product manager for Pernod Ricard Sweden in Stockholm in 1997 where I was the first person in the marketing team. I've been then promoted as a Senior Manager and Marketing manager after that, at the time of the big acquisition of Absolut Vodka in 2008. In April 2008, with the fusion of Absolut, Vin&Sprit and Pernod Ricard, I became brand director for international spirits and champaigns for the Nordic region (which included Norway, Sweden, Denmark, Finland, Estonia, Lithuania, Lettonia). I've been then Business developer where I was leading a team of senior experts focused on innovation and business performance. In 2016, I moved to Copenhagen as a Marketing Director of Pernod Ricard Denmark."*

Khaled Kortas: *"I started at Pernod Ricard in 2012 as junior brand manager for two years, right after my studies. I then spent 5 years in Denmark, in Copenhagen as Brand Manager and Senior Brand Manager for the spirits market at Pernod Ricard Denmark. For more than 2 years now, I have been recruited by Pernod Ricard Norway as Marketing Manager for the spirits and champagne market."*

IQ 2 What difficulties have affected the business and marketing strategies put in place by your organization in the Nordic spirits market during the Covid-19 pandemic so far?

When we asked this question to the different specialists, 8/9 interviewees responded positively to our research question by stating that Covid-19 has totally upset the strategies implemented by the different groups within the spirits market in the Nordic countries and one interviewee on the contrary, has claim the opportunity that Covid-19 represented for his company.

Two main themes mentioned by 7 out of 9 participants stand out for this question: the impact of Covid-19 on the on-trade market and on the off-trade market. The Covid-19 shutdown strategies implemented by the different companies on the on-trade market, the closure of bars, restaurants, and the cancellation of all events allowing to meet consumers forced the different companies to adapt and develop strategies to attract consumers to their products in supermarkets and other off-trade chains. For two of the specialists interviewed working for Pernod-Ricard Norway, the situation has been even more critical than elsewhere because the state prohibits any communication including alcohol products through the various social networks or traditional media. With no possibility to meet consumers face to face and this prohibition to communicate, the different strategies have been really disrupted.

IQ 3 Could you sum up the trends which have emerged in the Nordic spirits market for the last few years (2015-2019) before Covid-19?

For specialists, different trends appeared or developed before the arrival of Covid-19 and were more or less impacted by the health crisis.

The themes that emerged from the responses were: sustainable consumption, premiumization, the rise in popularity of micro-distilleries, the revival of gin through premium and super premium gins, consumer interest in aperitif beverages, low-alcohol and non-alcohol products, consumer choice for more organic products, and finally the trend to consume less but better.

IQ 4 Can you tell us about the evolution of this market from the point of view of the consumption patterns over the last six years?

For this question, the different specialists all answered positively, stating that consumption habits had changed during the last six years, including the pandemic period.

7 out of 9 interviewees mention the theme of *"less but better",* meaning that during the pandemic period and before the trend of consuming less but better products emerged. This trend emerged before Covid-19 but developed during Covid-19 with the impossibility of consuming in bars or restaurants, consumers saved their agent and were therefore able to afford better spirits to consume at home.

The theme of sustainability also recurs among 6 interviewees. In Sweden in particular, this aspect is important for consumers in their choice of products: *"Sweden has a high degree of market maturity and has an appreciation for leading a modern lifestyle. In general, they consume less but better, pay more attention to their ecological impact, and look for quality products"* (Manon Clément); and, among the youngest: *"Swedes are educated to eat and drink good spirits with environmental awareness, at younger age than in other countries*" (Jonas Lindström).
Two respondents mention the change in the place of purchase of the products due to the sanitary crisis, indeed with the closing of the airports the consumers could not buy any more in the tax-free shops and thus bought more locally: *"Purchase has shifted from travel intake to domestic monopoly sales"* (Anna Möller).

IQ 5 A trend/phenomenon has been emerging for several years now: the premiumization. Could you comment on the evolution of this trend/phenomenon during Covid-19 and its impact on the Nordic spirits market?

For this question, all respondents agreed that premiumization was a current evolving trend during Covid-19.

Whether in Sweden, Norway, Denmark or Finland, the spirits market has seen this trend grow during the Covid-19, with the closure of the on-trade market and the advent of containment, the purchasing power of consumers has increased, and we could see that consumers are increasingly moving towards premium products to consume at home, creating their own cocktails or just to enjoy neat. There has been a growing interest in local products and local distilleries offering quality and sustainable products. Gin has been the product that has benefited most from this trend in the spirits family.

IQ 6 Could you tell us about the emergence of digitalization and the accelerated development of this trend during Covid-19 across the Nordic spirits market?

For this question again, all respondents recognized the importance of digitalization today and its acceleration during the pandemic, especially e-commerce.

Indeed, this trend has climbed with the lockdown: *"The crisis has led to a fast acceleration of digitalization and e-commerce, which have been growing rapidly these recent years in the Nordics. The monopoly's online sales website recorded +50% turnover and an unprecedented increase in traffic"* (Manon Clément).

The theme of social networks also emerged from all the interviews: *"we can observe a change of the allocation of the budget from traditional medias like television or newspapers towards digital"* (Mikkel Olsson). For Khaled Kortas, this trend was already well underway before the global health crisis but is accelerating*: "between 2014 and 2019, the share of budget allocated to digital marketing has increased enormously because ROI is much more interesting for brands than communication via traditional means of communication and the possibility to target in a much more precise and efficient way the clienteles concerned by such or such product."* The rise in popularity of the influencer profession has also contributed to the development of advertising campaigns on social networks. Moreover, thanks to influencers, events such as virtual bars could be made possible to animate consumers and show them cocktail recipes for example during the lockdown period.

However, despite the recognition of this trend, some specialists have mentioned the difficulties of communicating through these networks in the Nordic countries: *"Covid-19 has accelerated the digitalization of periphery elements of the Nordic spirits market, but the core of the industry remains labor intensive. Due to the strong regulations of digital media has meant that many gains that other industries have benefited from have not been seen in the alcohol sector"* (Fintan Collier).

IQ 7 In the Nordic spirits market, what impact did Covid-19 have on the acceleration of environmental awareness and ethical choices by both consumers and industry players?

For 7 out of 9 respondents, there is no real correlation between the arrival of Covid-19 and the environmental and ethical awareness of consumers. There is no real correlation between the arrival of Covid-19 and the environmental and ethical awareness of consumers. In fact, this tendency to consume more responsibly and ethically was already in the minds of consumers in the Nordic countries. However, the trend towards more responsible consumption continues to be democratized with more and more eco-responsible products or eco-friendly packaging, even though Covid-19 has had little or no effect on this.

For 2 of the 9 respondents, Covid-19 had a direct impact on consumers. For Manon Clément, one of the two respondents: *"Covid-19 has accelerated this trend because consumers wanted to be reassured about the origin of the product, composition, and traceability. For example, the share of organic products in monopoly sales in 2020 has never been so high (14%) and concerns all categories of alcohol."*

IQ 8 How has legislation in the Nordic countries, and in the country where you were working, evolved during the Covid-19 period in terms of taxation and border trade?

For respondents, taxation has not been influenced by Covid-19, but border trade has been influenced by the pandemic. The impossibility to buy spirits in duty free shops or in various travel retail channels has largely influenced the spirits' market. So the big groups were very much impacted by not being able to sell their products in airports or on ferries for example, however, for Mikkel Olsson it also had a positive effect, especially on the local branches of the big groups like Pernod Ricard Norway: "*Norway won as a market because people didn't go to Sweden anymore to get the alcohol and Swedish won also because people didn't go to Denmark anymore and Finland won also because people didn't go to Estonia anymore. So, overall, it's positive because people stayed more in their country and consumed in the local retail market.*"

IQ 9 Finally, could you tell us at this moment in your opinion which trends will remain after Covid-19, which will disappear, and which will flourish in the Nordic spirits market?

The main trends that will remain, flourish, and disappear can be regroup by theme.

For the trends that will remain after Covid-19 in the opinion of the specialists, we can put sustainable development strategies, eco-friendly products, premiumization, the "*drink at home*" culture, interest for local products, and finally consume "*less but better*".

For the trends that will disappear, specialists mention less purchases abroad than before, less orders online due to the reopening of the on-trade market. Some categories of spirits will still decrease in popularity like vodka, cognac, or Bacardi artificial flavoured spirits.

For the trends that will flourish after the Covid-19, specialists are mentioning craft products and micro distilleries, premiumization will remain for some specialists and for others it will thrive, low-alcohol and non-alcohol have a bright future as well, and finally RTD (Ready to Drink) category will increase in popularity. In term of drink categories, gin trend will continue booming, malt whisky's as well.

IQ 10 Is there anything else you would like to share about the Nordic spirits market?

On the 9 respondents, 5 had nothing else to add or share in addition of the precedent questions. With only 4 respondents, there was no theme that stood out, each giving a different response from the others.

Mikkel Olsson said: *"it is important to understand that the spirits market is different from country to country in the Nordic countries in terms of culture, mechanism, and mentality. For example, the on-trade market is very important in Denmark, but less so in Norway."*

For Khaled Kortas, there is a trend to follow for the future*: "I think the non-alcohol trend will really grow and especially in Norway."*

For Anna Möller, we could see changes in the laws: "*the future of the monopoly and the marketing legislation will be interesting topics the coming five years*."

Finally, for Jonas Lindstrom, he advises We of this study to particularly follow the activities of a new market giant*: "What is interesting about the Nordic spirits market are the big move made right now. There is Pernod Ricard, there is Diageo, but now you also have Enora, made of the fusion of two groups, and who is categorized as the leader of the spirits market in the Nordics."*

5 Discussion

5.1 Limitations, reliability, and validity

This study involves a qualitative interview conducted with market specialists. The first limitation that we can mention is the limited number of stakeholders that we were able to interview (n=9). To have a larger and more varied number of responses and thus identify certain trends, it would have been interesting to have a larger number of respondents. In addition, four of the respondents work for the same company, namely Pernod Ricard. Thus, another limitation that could be seen is the lack of diversity of businesses that the interviewees represent. It would have been interesting to interview representatives of leading companies competing with Pernod Ricard, to have even more different points of view, even though we were able to interview a representative of Anora Group, a leader in the Nordic countries.

Moreover, for the literature review, due to the choice of our subject which covers the last decade of the spirits market, we have observed a lack of scientific publications on the period covering the arrival of Covid-19 to today. We therefore exploited a few scientific publications documents that were available, while we also exploited had to analyse and exploit non-academic reports, i.e., brand reports or statistics from businesses specialized in this market. The fact that we used a cross-sectional method can also be seen as a limitation because we cover a market at a specific point in time. To finish on the limitations, we can mention the unbalanced gender participation because we have only 2 female specialists for 7 male specialists. However, we have managed to bring together specialists with varied years of experience.

Regarding the reliability of the information presented in this study, we have first depicted a general view of the spirits market and its main trends. Regarding the reliability of the information presented in this study, we have first depicted a general view of the spirits market and its main trends. Then, we conducted a series of 9 interviews with market specialists, thus ensuring a certain quality of research and results of the information provided.

As for the validity, our empirical study is focused on the Nordic spirits market that we addressed through the interview of 9 specialists of the Nordic spirits market. Our study therefore only applies to the spirits market in the Nordic countries at a specific point in time because we have chosen a cross-sectional method. Thus, the results obtained for this research cannot be applied to the spirits market in other regions of the world because the information gathered are specific to this market.

5.2 Answering the research questions

The purpose of this study is to answer the three research questions we have established. Thanks to the work done in the literature review and thanks to the answers brought by the specialists, we were able to answer all three research questions.

First, the literature review has allowed us to address trends that have been validated and mentioned by specialists.

Then we created a table to show which interview questions (IQm) feed each research question (RQn) (Table 3).

For the first research question (RQ1), we could notice that the strategies set up by the various actors of the spirits market in the Nordic countries were very largely upset by the arrival of Covid-19. Indeed, the on-trade and off-trade markets have been disrupted by the closure of bars and restaurants and the marketing activation strategies as well. We have seen that the different actors of the market had to adapt and find solutions to continue to communicate and sell their products.

For the second research question (RQ2), we have seen that the consumption habits of consumers have also been impacted by the arrival of Covid-19 and the closure of the on-trade market. With the impossibility to travel, consumers have tended to consume much more locally and better-quality products. The closure of airports and ferries and therefore duty-free shops have seen retails shops increase their sales and especially their online sales with the acceleration of e-commerce during the pandemic.

For the last research question (RQ3), the specialists were able to specify the trends that increased during the pandemic period. Among these trends are the "*less but better*" which has become more pronounced with Covid-19, the rise in popularity of premium and super premium gins as well as spirits craft, the explosion of e-commerce with the closure of the on-trade market, and finally the rise in popularity also of micro distilleries and local consumption.

5.3 Dialogue between key results and knowledge base

The study with which we chose to compare our research is a study used in the literature review, namely: *Trends in alcohol consumption in relation to the Covid-19 pandemic: A cross-country analysis issue of the International Journal of Gastronomy and Food Science* (Plata et al., 2022). This study, unlike our research, reports on the impact of Covid-19 on an international scale. However, there are many similarities between this study and our research work.

This study, unlike our research, reports on the impact of Covid-19 on an international scale. However, there are many similarities between this study and our research work. Both this study and our research findings show that Covid-19 has had a significant impact on the spirits and alcohol market in general. The study also reports on the development of e-commerce in this sector during the pandemic, the acceleration of the premiumization phenomenon and local consumption. On the other hand, the interviewees behind this study believe that e-commerce will continue after the pandemic, whereas the specialists we interviewed believe that it will decrease once the on-trade market starts up again. The specialists (interviewees) behind this study also believe in a continuity for the trend of drinking less but better. Thus, many of the trends that apply to the Nordic countries also apply globally, despite a difference of opinion on the continuity of some trends.

5.4 Compliance with research ethics guidelines

We made sure to respect the wishes of the various specialists for anonymity by asking them at the beginning of each interview if we could mention their name or not in this interview. As shown in the results obtained for EQ 1 and EQ 2, all specialists gave us their permission to mention their names and personal information.

6 Conclusions

6.1 Key Findings

These interviews allowed us to identify the main changes of Covid-19 on the spirits market in the Nordic countries.

The Covid-19 has largely impacted the strategies put in place by companies, notably with the closure of the on-trade market and then the consumption patterns with a shift towards consumption at home instead of bars, with local products.

Moreover, we can see that trend such as premiumization or digitalization have also evolved during the pandemic with a growth in the consumption of premium products during the health crisis and a tendency to buy more online, on e-commerce sites.

On the other hand, for most specialists, among the interviewees, there is no link between the arrival of Covid-19 and the consumer trend towards more ethical and ecological consumption.

To finish on the key findings, we can mention trends such as the "*less but better*", the premiumization, eco-friendly products, *"drink at home"* culture, interest in local products, which, according to specialists are trends destined to last in time while other trends such as vodkas or cognac will decline with the reopening of the on-trade market. Premium gin and malt whiskies are trends that are bound to grow even more in the future.

6.2 Managerial implications

For managers, our results could be used to create new product lines by combining the different trends found in the key findings. For example, managers could plan to launch a brand of gin or malt whiskies with eco-friendly products, all produced in an environmentally friendly way with recyclable packaging. After that, they could promote this product on their website where it would also be possible to order this product online to consume it at home. Moreover, we could also imagine a marketing campaign based on proximity to local producers to interest people who have seen their interest in local consumption grow.

6.3 Recommendations for future research

In terms of future work, the first option would be to gather a larger panel of interviewees from a wider variety of businesses and regions to get a maximum of perspectives and with a better gender balance.

Moreover, as a second option, it would be interesting to conduct a quantitative study in addition to complement our qualitative study to obtain more reliable results.

Finally, as a third option, doing a repetitive analysis instead of a cross-sectional analysis, to see the evolution of different market trends over time.

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Appendices

Appendix 1. Interview questionnaire

Demographic questions :

DQ1 What is your gender?

DQ2 How many years of business experience?

DQ3 How many years of spirit business experience?

Ethical questions:

EQ1, do you authorize us to reveal your name as an interviewee?

EQ2, do you authorize the transcription of your writings in the thesis?

Interview questions:

IQ 1 Could you introduce yourself and tell us about your relationship with the Nordic spirits market?

IQ 2 What difficulties have affected the business and marketing strategies put in place by your organization in the Nordic spirits market during the Covid-19 pandemic so far?

IQ 3 Could you sum up the trends which have emerged in the Nordic spirits market for the last few years (2015-2019) before Covid-19?

IQ 4 Can you tell us about the evolution of this market from the point of view of the consumption patterns over the last six years?

IQ 5 A trend/phenomenon has been emerging for several years now: the premiumization. Could you comment on the evolution of this trend/phenomenon during Covid-19 and its impact on the Nordic spirits market?

IQ 6 Could you tell us about the emergence of digitalization and the accelerated development of this trend during Covid-19 across the Nordic spirits market?

IQ 7 In the Nordic spirits market, what impact did Covid-19 have on the acceleration of environmental awareness and ethical choices by both consumers and industry players?

IQ 8 How has legislation in the Nordic countries, and in the country where you were working, evolved during the Covid-19 period in terms of taxation and border trade?

IQ 9 Finally, could you tell us at this moment in your opinion which trends will remain after Covid-19, which will disappear, and which will flourish in the Nordic spirits market?

IQ 10 Is there anything else you would like to share about the Nordic spirits market?