



Stolichnaya (cocktails pictured) is one of the leading names in the imported vodka segment, along with Svedka, Absolut, and Grey Goose.

Imported Vodka Fights Back

Imported vodkas were once the darlings of the spirits world, but then saw their growth surge slowed by the emergence of craft-style domestic vodkas. While domestic vodka was up a modest 1.5% last year—depleting 55 million 9-liter cases—

imported vodka slipped by about 1%, to around 23 million cases. The import sector in fact has been mostly on the decline since 2013, when it peaked at around 25 million cases.

Why have U.S. consumers moved to domestic vodkas? “There are just a lot of them out there,” says Martin de Dreuille, senior vice president for Grey Goose global. “In the last few years, I’ve seen an increased number of domestic vodkas coming to the market. But it’s not only apparent with vodka—it’s domestic spirit brands overall.” de Dreuille explains that U.S.-made spirits, including brown spirits, “make a lot of noise” in the marketplace, drawing in consumers with back-stories and familiar origins.

But the imported vodka space has been working to recapture the momentum, with moves in innovation, marketing,

Though the import sector has slipped amid an onslaught of domestic craft brands, its energy is high

BY JESSICA BEEBE

Ivan Hidalgo, senior brand director for Effen vodka at brand owner Beam Suntory, has hope for the sector. “Vodka remains a dominant category across the spirits industry,” he says, explaining that consumers “rely heavily on brand image and various emotional factors to make a decision.” Hidalgo adds that imported vodkas can regain their traction if they look to trends and stay premium. “In a fast-changing spirits market and with the rise of quality domestic brands, imported vodkas must work hard to distinguish themselves while remaining relevant,” he says.

Jeff Mahony, CEO of Neft vodka, adds that the apparent waning of the imported vodka segment must be taken with a grain of salt. “While it’s of interest, it doesn’t quite paint the full picture of what’s happening in terms of growth and consumer trends in the market,” he says.

PHOTO BY COURTESY GRANT WINSTON

Innovative Efforts

“Many imported vodka brands are innovating with new packaging, new bottle sizes, and RTDs,” notes Chris Zaborowski, owner of Louisville, Kentucky’s Westport Whiskey & Wine. One of the most creative import brands on the market in terms of packaging innovation is Russia’s Neft, which launched in 2012. The vodka has a 750-ml. bottle (\$33), but also comes in a 100-ml. “double shot” size (\$9) as well as a 750-ml. Black, White, or Pride barrel (\$33) and a 1-liter Black or White barrel (\$40). The barrels are very portable, as well as heat-resistant, shatter-proof, and resealable. Holland-made Effen vodka is another brand opting for unique

One Botanical, an innovation that was first released in 2018. Ketel One Botanical (\$25 a 750-ml.)—named the MARKET WATCH LEADERS Best New Spirit in 2019—comes in Peach & Orange Blossom, Cucumber & Mint, and Grapefruit & Rose flavors. The low-abv line is geared toward health- and wellness-minded consumers, made with non-GMO grain, real botanicals, and natural fruit essences. Svedka recently innovated with a similar flavored product lineup, Pure Infusions. The offerings—Strawberry Guava, Ginger Lime, and Dragonfruit Melon (\$15 a 750-ml.; \$16 a 1-liter)—contain no sugar, fat, or carbs, and are only 70 calories a serving.



As imported vodka looks to recapture some of its magic, brands are differentiating in various ways. Poland-based Belvedere (Heritage 176 expression pictured left) is focusing on terroir, while Swedish stalwart Svedka (bottle display pictured right) is leaning into flavors.



packaging, with its sleek, minimalist-style bottles. “Our packaging allows us to stand out on the shelf from a sea of endless, standard bottle designs,” notes Hidalgo.

Several brands are also tapping into the RTD trend. Among them is Sweden’s Absolut, which depleted 3.4 million cases in 2019, down 4.3% from the previous year, according to Impact Databank. The brand launched its canned cocktail lineup this spring, offering Lime & Cucumber, Grapefruit & Rosemary, and Raspberry & Lemongrass Vodka Sodas in addition to a Grapefruit Paloma, Mango Mule, and Berry Vodkarita (\$13 a 4-pack of 355-ml. cans). And Sweden’s Svedka, which depleted 4.6 million cases last year, up 3.9% from 2018, debuted its Vodka Soda RTD cocktails in October, available in Strawberry Lemonade, Black Cherry Lime, and Mango Pineapple flavors (\$13 a 4-pack of 12-ounce cans; \$3 a single can).

Diageo-owned Ketel One vodka—which depleted 2.4 million cases last year, up 4% from 2018—debuted its first RTD line, Ketel One Botanical Spritz (\$15 a 4-pack of 12-ounce cans; \$4 a single can), in August. The RTDs are made with Ketel



Neft, a Russian vodka brand launched in 2012, looks to its innovative packaging to stand out. The brand offers eye-catching barrels in addition to standard bottles to capture a range of consumers.



brand's first vodka to have a clear bottle—launched last year.

Grey Goose has largely stayed the course however, maintaining its focus on quality and sourcing. "At this stage, we've had no changes in packaging or new flavors," says de Dreuille. Grey Goose depleted 2.23 million cases last year, down slightly from the previous year, according to Impact Databank. De Dreuille adds that while the company has certainly observed the "dramatic growth" in RTDs, it hasn't released any of its own as it stays more focused on occupying its premium positioning.

Upscale Endurance

Indeed, some of the more trusted and recognized imported vodka brands are confident their upscale status will keep them afloat. "I see consumers looking for a premiumized experience," says de Dreuille. "And if you look at the last six months, you'll see the super-premium space has grown far faster than the premium and standard categories." De Dreuille notes that Grey Goose, which sits firmly in the super-premium tier, has seen growth rates of 40% over the past six months.

Absolut has also remained a higher-end player. Its flagship product (\$29 a 750-ml.) is classified as premium, with a focus on its "one source" philosophy and emphasis on terroir. "It redefined the landscape when it was first introduced stateside in 1979," says Dhati, adding that the spirit "revolutionized" mixology. In 2013, Absolut launched Elyx (\$45), a luxury product made in a vintage copper column still from 1921; the name is a combination of the English



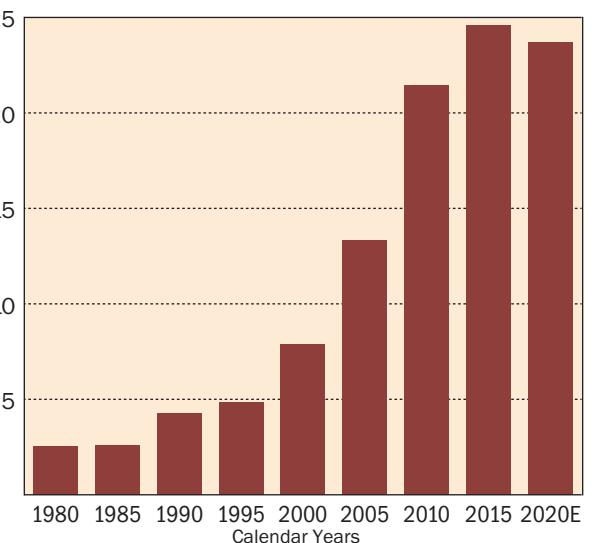
Flavors remain popular for many imported vodkas, including Effen (top), which offers Blood Orange, Black Cherry, and other variants. Other brands are turning to alternative serves: Absolut has expanded into RTDs with its recent launch of Absolut Vodka Soda (above).

Chief among the innovations for imported vodka brands is a new outlook on flavors. Absolut jumped on the bandwagon last summer with the launch of Absolut Juice; the lineup includes Strawberry, Apple, and Pear & Elderflower offerings (all \$25 a 750-ml.). "We launched Absolut Juice in response to growing consumer demand for naturally sweet and balanced flavored vodkas," says Absolut brand director Reshma Dhati. "We're constantly exploring new ways to offer and adapt to consumers' evolving taste palates." Effen too has been churning out flavored vodkas, among them Black Cherry, Blood Orange, and Green Apple (\$19).

"Flavored vodka lovers are seeking new, bold, and innovative flavor experiences," says Jaymie Schoenberg, vice president of marketing for Svedka, which has likewise looked to flavor innovation. The brand has long been a leader in this space, ever since the launch of its Citron, Vanilla, and Clementine flavors in 2005, and it continues to innovate with new flavored expressions in colorful packaging; a recent addition was Blue Raspberry (\$13 a 750-ml.), which Schoenberg notes has "remained one of the top ten fastest-growing flavored vodkas in the category." Svedka Rosé (\$13)—the

IMPORTED VODKA MARKET IN THE U.S.—1980-2020E

(millions of 9-liter case depletions)



Source: IMPACT DATABANK ©2020

TOP 15 IMPORTED VODKA BRANDS IN THE U.S. ¹										
(millions of 9-liter cases)										
Rank	Brand	Importer	2005	2010	2015	2016	2017	2018	2019	Percent Change ² 2018-2019
1	Svedka	Constellation Brands	0.64	3.27	4.20	4.32	4.40	4.38	4.55	3.9%
2	Absolut	Pernod Ricard USA	4.73	4.63	4.07	3.93	3.81	3.57	3.41	-4.3
3	Pinnacle	Beam Suntory	0.06	1.40	2.62	2.59	2.46	2.44	2.42	-0.7
4	Ketel One	Diageo North America	1.60	1.90	2.17	2.17	2.10	2.31	2.40	4.0
5	Grey Goose	Bacardi USA	2.08	2.96	2.65	2.71	2.18	2.26	2.23	-1.5
6	Stolichnaya	Stoli Group USA	1.99	1.80	1.67	1.72	1.75	1.80	1.85	2.9
7	Ciroc	Diageo North America	0.07	0.74	1.74	1.86	1.57	1.52	1.38	-9.0
8	Three Olives	Proximo Spirits	0.48	1.36	1.01	0.99	0.96	0.95	0.90	-4.5
9	Sobieski	Marie Brizard Wine & Spirits USA	-	0.77	0.78	0.77	0.78	0.75	0.70	-6.0
10	Exclusiv	Serge Imports	-	0.05	0.67	0.61	0.60	0.57	0.52	-8.0
11	Belvedere	Moët Hennessy USA	0.37	0.40	0.50	0.46	0.42	0.41	0.41	-0.5
12	Luksusowa	Deutsch Family Wine & Spirits	0.13	0.18	0.25	0.25	0.28	0.27	0.29	9.4
13	Fris	Pernod Ricard USA	0.13	0.36	0.23	0.22	0.22	0.23	0.23	2.0
14	Pearl	Sazerac Co.	0.02	0.12	0.28	0.27	0.25	0.24	0.22	-6.5
15	Effen	Beam Suntory	0.04	0.05	0.10	0.18	0.21	0.21	0.19	-9.7
Total Top 15			12.30	19.98	22.94	23.05	21.96	21.88	21.71	-0.8
Other Brands			1.05	1.45	1.67	1.62	1.60	1.58	1.52	-3.8
Total Imported Vodka³			13.35	21.43	24.61	24.67	23.57	23.46	23.23	-1.0%

¹ Includes flavors

² Based on unrounded data

³ Addition of columns may not agree due to rounding.

Source: IMPACT DATABANK ©2020



Imported vodkas have long seen success at the off-premise channel. Retailers like Kentucky's Westport Whiskey & Wine (exterior pictured), however, note that they've lost momentum in the overall vodka category's image wars, as compared to domestic labels.

PHOTO BY WILLIAM DESHAZER

Despite the success some leading names have found in the premium space, many have had to compete heavily on price. "Imported vodka has lost the 'premium' upscale image, in my opinion," says Zaborowski of Westport Whiskey & Wine. "The whole idea of imports in the beginning was to be upscale, more authentic, and higher-quality." Zaborowski says those values were traded for chasing sales at chain businesses, which pushed

prices down. "They gave up the ground they fought so hard to win," he says, adding that brands instead got caught up in trends, which diluted the core message of the category.

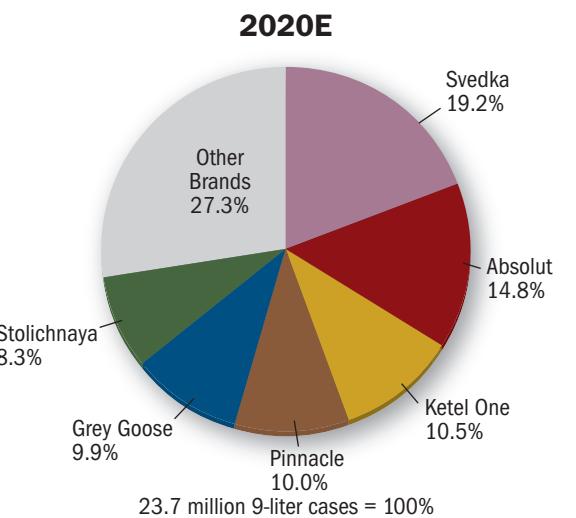
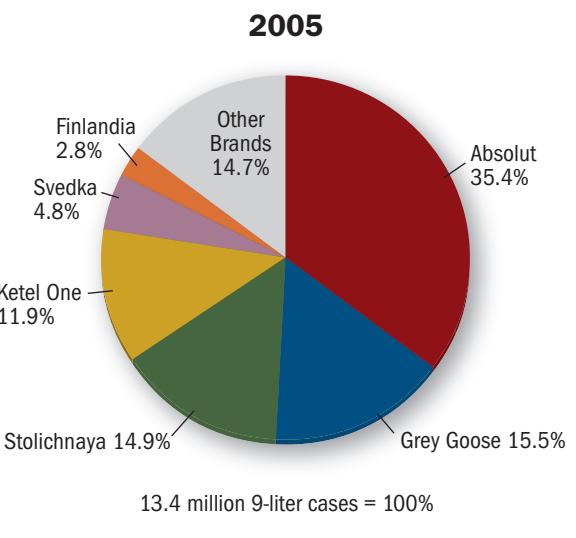
Jim Ruane, vice president of reserve vodkas at Diageo, thinks consumers are willing to pay more for select products in both the imported and domestic vodka spaces. "However,



which debuted in 2018 and now includes TV and digital platforms. A recent Ketel One creative campaign is called “Drink Marvelously,” which Ruane says embodies the idea that “anyone and everyone above the legal drinking age can enjoy elevated drinking experiences.” Ketel One also markets itself by partnering with celebrities like Billy Porter and brands like Goop and Chillhouse.

Absolut, meanwhile, has a “Responsibility” platform, which it uses to tackle the many conversations surrounding responsible drinking. The first version of this campaign was #SexResponsibly; Absolut also partners with RAINN, the nation’s largest network devoted to helping people who have suffered sexual abuse. A recent iteration of the campaign was #VoteResponsibly, boasting the message “vote first, drink

TOP SIX IMPORTED VODKA BRANDS IN THE U.S.—2005 vs. 2020E (share of depletions)



Netherlands-based Ketel One vodka (distillery exterior top) has seen success in recent years thanks to doubling down on innovation with offerings like the health- and wellness-minded Ketel One Botanical line and its subsequent RTD offshoot, Vodka Spritz (above).

“It’s important to note that ‘imported’ doesn’t necessarily mean ‘better’ in the eyes of today’s consumers,” he adds. “In recent years, people have shifted away from categorizing vodka in these terms.” Ruane says that instead, today’s vodka consumers select products based on the occasion and the quality.

Getting The Message Out

Imported vodka brands largely depend on social media campaigns to appeal to the coveted millennial consumer base. Svedka, for one, runs its “Bring Your Own Spirits” campaign,

TOP EIGHT PREMIUM IMPORTED VODKA BRANDS IN THE U.S.¹

(thousands of 9-liter case depletions)

Rank	Brand	Importer	2014	2015	2016	2017	2018	2019	Percent AACGR ² Change ³	'14-'19	'18-'19
1	Svedka	Constellation Brands	4,080	4,200	4,320	4,400	4,380	4,550	2.2%	3.9%	
2	Absolut	Pernod Ricard USA	4,134	4,068	3,928	3,808	3,566	3,415	-3.8	-4.3	
3	Pinnacle	Beam Suntory	2,675	2,619	2,595	2,457	2,436	2,417	-2.0	-0.7	
4	Ketel One	Diageo North America	2,179	2,174	2,175	2,100	2,306	2,400	1.9	4.0	
5	Stolichnaya	Stoli Group USA	1,590	1,670	1,720	1,745	1,797	1,850	3.1	2.9	
6	Three Olives	Proximo Spirits	1,175	1,010	985	955	945	903	-5.1	-4.5	
7	Lukususowa	Deutsch Family Wine & Spirits	217	250	250	275	270	295	6.3	9.4	
8	Russian Standard	Russian Standard	215	210	215	215	205	195	-1.9	-5.0	
Total Top Eight			16,265	16,202	16,187	15,954	15,905	16,024	-0.3	0.7	
Other Brands			1,025	1,034	943	946	921	892	-2.8	-3.2	
Total Premium⁴			17,290	17,235	17,130	16,900	16,826	16,916	-0.4%	0.5%	

¹ \$10-\$25 a 750 ml.

² Average annual compound growth rate

³ Based on unrounded data

⁴ Addition of columns may not agree due to rounding.

Source: IMPACT DATABANK ©2020

TOP FOUR SUPER-PREMIUM IMPORTED VODKA BRANDS IN THE U.S.¹

(thousands of 9-liter cases)

Rank	Brand	Importer	2014	2015	2016	2017	2018	2019	Percent AACGR ² Change ³	'14-'19	'18-'19
1	Grey Goose	Bacardi USA	2,773	2,652	2,708	2,178	2,262	2,227	-4.3%	-1.5%	
2	Cîroc	Diageo North America	1,898	1,736	1,855	1,574	1,516	1,380	-6.2	-9.0	
3	Belvedere	Moët Hennessy USA	469	495	456	417	407	405	-2.9	-0.5	
4	Effen	Beam Suntory	57	102	177	209	214	194	27.6	9.7	
Total Top Four			5,197	4,985	5,196	4,378	4,399	4,206	-4.1	-4.4	
Other Brands			878	885	914	898	910	849	-0.7	-6.7	
Total Super-Premium⁴			6,075	5,870	6,110	5,275	5,310	5,055	-3.6%	-4.8%	

¹ At least \$25 a 750-ml.

² Average annual compound growth rate

³ Based on unrounded data

⁴ Addition of columns may not agree due to rounding.

Source: IMPACT DATABANK ©2020

second.” More and more imported vodka brands are likewise turning an eye toward causes in their marketing efforts. Effen vodka recently leveraged its social media presence to connect consumers with organizations that support marginalized groups, including Outfest, a global LGBTQIA+ arts, media, and entertainment nonprofit. “It is a continued priority for Effen to increase awareness of these systematic social issues and engage consumers to embrace change,” says Hidalgo.

Neft vodka works to educate consumers about sustainability while at the same time promoting its own environmentally friendly product. “From the sourcing of the grain to our protected water supply and our highly recyclable aluminum and tin packaging, we make every attempt to be planet-friendly without

compromising the uniquely smooth and balanced flavor profile of Neft,” Mahony explains. As more and more U.S. consumers are becoming hyper-aware of how to shop sustainably, this image is indeed enticing.

Education remains integral to imported vodkas’ marketing efforts, with brands offering cocktail recipes on their websites to help consumers understand how to best enjoy the products they’re drinking. Many brands—via their websites, social media platforms, and bottle labels—also educate consumers about their histories and how their vodkas are made. Grey Goose, for instance, is constantly upping its focus on terroir, highlighting its unique production process; the vodka uses fresh spring water from an irrigated well near Cognac.

TOP SIX IMPORTED VODKA BRAND MEDIA ADVERTISERS IN THE U.S.¹

(millions of dollars)

Rank	Brand	Importer	2005	2010	2015	2016	2017	2018	2019	Percent Change ² 2018-2019
1	Grey Goose	Bacardi USA	\$26.9	\$12.9	\$15.6	\$25.2	\$15.1	\$12.6	\$28.1	+
2	Ketel One	Diageo North America	17.9	10.1	8.2	3.4	2.8	13.3	21.9	64.2%
3	Svedka	Constellation Brands	0.7	6.8	1.7	0.7	0.6	3.3	8.0	+
4	Cîroc	Diageo North America	3.2	5.4	8.9	11.6	2.5	7.2	4.1	-42.5
5	Belvedere	Moet-Hennessy USA	3.7	10.9	5.2	0.2	0.3	0.3	2.6	+
6	Absolut	Pernod Ricard USA	18.6	23.7	13.0	10.7	10.6	7.7	1.8	-77.0
Total Top Six³			71.1	69.9	52.7	51.8	31.9	44.5	66.4	49.3
Other Brands			33.2	27.5	20.0	11.0	5.7	14.3	0.9	-93.9
Total Imported Vodka			104.3	97.4	72.7	62.8	37.6	58.8	67.3	14.5%

¹ Includes flavors

² Based on unrounded data

³ Addition of columns may not agree due to rounding.

Sources: Kantar Media and IMPACT DATABANK ©2020

Effen also educates its consumers on its filtration and distillation methods, as does Neft. “Neft’s water is filtered for 50 years beneath the Rhaetian Alps in Austria and uses only four distinct non-GMO rye grains,” says Mahony. “These ingredients are so pure that only three distillations are necessary to create the vodka.” These sorts of specifics appeal to the inquisitive mindsets of modern shoppers. “Today’s consumers are looking for that information, which might not have been the case ten years ago,” says de Dreuille. “But today, we know that they’re more aware, more educated, and very, very curious to know exactly what they’re consuming.”

Future Forecast

Some retailers suggest that the future of the imported vodka category is bleak. “We don’t see strong demand, and we’ve eliminated several brands over the past couple of years,” says Zaborowski. He adds, though, that it’s not only imported vodka that’s in danger. “We’ve seen an overall decline of all vodka over the past five years,” he explains. “This category has become bloated.” The only real standout Zaborowski has noticed in the vodka space, of course, is the domestic Tito’s. Of Westport Wine & Whiskey’s 100 vodka SKUs, imported vodka accounts for 30 of them.

It’s a similar case at Jersey City, New Jersey’s Super Buy-Rite, where imported vodka accounts for less than half of the store’s 452 vodka SKUs. Owner and president



Rather than play into trends, Grey Goose (senior vice president Martin de Dreuille pictured) focuses on touting its distillation and production methods and educating consumers on how it's crafted.

Adithya Bathena notes that while imported vodka brands have innovated with RTDs, they might not have done so soon enough. “I fear they might be a little late to the party, because the hard seltzers have now become a massive category that they have to compete with,” he says. He adds that the entire vodka category is probably in trouble. “While it’s a versatile neutral spirit that mixes with almost anything, consumers aren’t necessarily looking for that right now,” he explains, noting that fewer and fewer drinkers are choosing to drink Red Bull Vodkas or Vodka Cranberries. “Instead, people are gravitating toward sipping brown spirits like Bourbons and Scotches.”

To achieve success, marketers say imported vodka brands must continue to set themselves apart while resolutely moving upscale. “We’ve found that the majority of people in the U.S. don’t think about the vodka category in terms of domestic versus imported,” says Diageo’s Ruane, adding that because imported vodka tends to be categorically pricier, “having clearly differentiated, premium offerings” is vital. Bathena suggests that some imported vodkas that have seen falling sales should play on their pasts to make gains in the future. “Maybe some brands could cycle through, and become nostalgic comeback brands, like PBR in the beer category,” he says. “Otherwise, they should keep innovating, and try to go upmarket by creating interesting products and teaching consumers about nuances in flavors, ingredients, or process.”