

# Small beginnings



Thanks to a number of small producers, the rum category looks set to become a whole lot more interesting, says **Andy Knott**



**T**he global commercial history of rum has been in stark contrast to that of its production. The former has been largely monolithic, dominated by a solitary brand, B... you know who, while the latter has been (and still remains) a remarkably diverse and multiple range of products and styles from a staggering array of largely Caribbean island sources – and increasingly from the mainland Americas.

Despite the rise of Havana Club over the past decade, Bacardi's current strategy is largely to devote attention towards its brand rather than its category, gradually neutralising the rum character of its Carta Blanca to compete with vodka, and making numerous forays into new and emerging markets, with pre-mixed drinks such as alcopops and neo-flavoured rums.

Activity among the ranks of the commercially smaller distilleries and producers is currently experiencing a fillip, with the majority of players emphasising their main strength – a point of difference – to broaden the horizons of potential drinkers and alert them to the sheer diversity that rum has to offer.

'The first big step is giving customers greater choice, and Santa Teresa is just one of many smaller players increasingly coming into the sector,' explains Marianella

Abadi, director of Santa Teresa's UK importer, Solera Ltd.

Santa Teresa has several centuries of tradition behind it, and enjoys a 44% market share in its domestic Venezuelan market. With exports constituting just 11% of sales, this is unsurprisingly its target area, with South America, the US, Japan, Russia, Spain, Italy and the UK as key destinations.

The 'difference' principle is the company's strategy, with the aged '1796' its introductory product for these markets – unique in using the *solera* ageing system, a production technique normally associated with Jerez. Thereafter, Santa Teresa is aiming to develop the expanding flavoured rum sector, with its Rhum Orange Liqueur and Araku Ron y Café.

'We believe that smaller, independent companies such as Santa Teresa will create increased competition and can make inroads in certain sectors,' adds Abadi.

Of course, Santa Teresa's success will rely on the continued expansion of the on-trade sector which, at least compared to off-trade, retains more 'independent' status, allowing it to foster emerging products.

The UK supermarket Sainsbury's, however, has bucked this trend by offering the first national listing to a pure sugar cane-distilled rum, La Mauny 50, the 50% abv Martinique *rum blanc agricole*. This suggests a recognition that fragmentation will be a feature in future sales of white rum.



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*Martin Grassl*





One company that has played an integral role in upgrading consumers' perception of the category has been Porfidio, whose erstwhile Tequila achieved astounding success during the 1990s. CEO Martin Grassl has controversially shifted agave production to South Africa, but has retained a production presence in Jalisco, Mexico, with its limited production, triple-distilled single cane *plata* rum.

But, while the Tequila targeted the sizeable North American market, Porfidio's rum is pursuing a more dispersed, expansionary approach, disregarding fixed national or regional borders in favour of 'above average disposable incomes in any corner of the world'.

'The future trend for rum is clearly towards fragmentation, as opposed to its monolithic past - the same phenomenon Tequila has gone through,' asserts Grassl.

'Rum is gradually transforming

itself into a true multi-faceted category, which will result in tri-market fragmentation, with low-end, molasses-based value brands; super-premium, aged, molasses-based styles (whose only merit consists in additional ageing); and the third and highest echelon, sugar cane juice brands, such as Porfidio,' says Grassl.

He anticipates the latter could eventually encompass a 20% market share. 'Contrary to vodka, where the intrinsic difference between value and super-premium and above is rather evasive, there are easily tangible points of differentiation between the first and third fragments of rum. This point of difference is as tangible as the difference between

*mixto* and 100% agave Tequilas or blended and single malt whiskies.' Grassl also points out that, unlike a spirit such as Tequila, rum is 'governed by free, international competition, rather than rigid appellation politics, which is fundamental for category creativity'.

Grassl concludes by saying: 'Our strategy is geared towards converting non-traditional, rum-adverse drinkers of anything premium to premium rum.'

And so it appears that the quality credentials are now finally in place to transform rum from an economies-of-scale product to an economies-of-scope product. ■

## Bristol fare

The top-downwards approach is one favoured by The Bristol Spirits Company, which has amassed a bewildering array of single estate, even single cask, frequently 'early landed' aged rums.

A sixth of Bristol Spirits' sales are in the company's domestic market, with the remainder being spread around Europe and North America.

While chairman John Barrett insists that 'we all owe Bacardi much in keeping rum in the consumer's mind and glass', he rules out any considerations of competing against rum's market leader. Barrett insists it's best to 'ignore such a strategy - super-niche is the way ahead'.



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