

Back to the future of rum

Rum is emerging from the world of cocktails into a premium drink which can be taken neat or over ice. **Andrew Burnyeat** reports.

The very word rum conjures up images of Caribbean sunsets - sandy beaches, and cocktails. It is a popular drink, but it has never attained the premium status of malt whisky or cognac. But that is precisely the aim of many of today's smaller producers. In recent times, rum distillers have taken great strides in both product quality and marketing.

Such a route is ideal for the smaller, heritage distiller trying to break into the market.

Producers such as these in any market play a similar role - they upset the market dominance of the leading players and can lead the transformation of the public's perception of the category or product.

They have not abandoned the cocktail - far from it - but to grow their category they have to move into those areas traditionally dominated by other spirits.

Antigua Distillers sent its senior people to Europe earlier this year to visit key bar owners and journalists to tell their story. As sales and marketing manager Sharon-Ann Green said, "Rum is becoming a fashionable drink because of its unique taste and mixability. The emphasis by the style bars is on quality rums with an aged statement that can be used in making cocktails or drinking neat. Some of the more recent aged rums are quite mellow and can be enjoyed neat. The aged rum market - that is, sipping rums - is also growing nicely with many



brands coming to market. It is not uncommon to find a fairly extensive list of rums from the age of five anywhere up to 25 years old in the more up-market style bars."

One distiller is using age creatively in its advertising. Posters for Bermuda's Gosling Rum feature centenarians as the distiller celebrates its bicentennial. Antigua Distilleries plays on the island's dry climate, which, it says, gives its five year-old rums the character of an eight year-old product.

The distiller does not refill its casks, which loses a small percentage of rum volume to evaporation over time, which distillers have dubbed "The angels' share".

The question is, who is drinking it, and when? Green said, "Rums are still

primarily enjoyed by men, especially the aged rums which are taken neat. This category enjoys growth in the colder months where a little warmth is welcomed. Generally, spirits with lighter tastes are consumed by younger drinkers who enjoy their spirits mixed, a fact that appeals to the golden rum category which is still relatively unknown."

A heavy hint was dropped here. The golden rum category is set for a major promotional push in the coming months to add a new dimension to the category, and distillers believe that golden rums will appeal to the all-important younger spirits drinker.

Golden rum is nothing new in the Caribbean, where it has been popular for many

years, but Europe, where almost all the rum consumed is either white or dark, has yet to go gold. "Golden rums are relatively unknown and must be introduced as a distinctive style," said Green.

Antigua is enjoying success in the UK, Italy and Spain, thanks to the intensive work it is doing on service with key bartenders such as Angus Winchester. Across the category, new product development is being driven by aged rum and creative infusions. Again, this is helping rum to compete with whisky, which has enjoyed considerable growth in recent years, thanks in part to new finishes.

To promote the idea of aged rums, Antigua has been introducing bars to its rare, single estate 1981 Vintage. The taste can be challenging, and the

drink is for connoisseurs, but the mere sight of it gets the point across that there is more to rum than the big brand three year-olds.

One challenge ahead is in getting the on-premise bars to stock the brand. The company has realised that paramount to achieving this is educating UK traders and consumers of the uniqueness of Antigua rums, and in particular golden rums.

The UK bar scene provides the perfect environment to nurture new niche brands, with its emphasis on provenance, quality and service. Consumer research conducted across key rum markets in Europe has shown that provenance is extremely important. As Green claimed, "People want to know the origin, tradition, and heritage of the brands that they consume. Understanding the latter gives identity to the brands and is the first move to developing an affinity to the brand and category as a whole."

Mario Maggi, executive vice chairman of Peru's Destilerias Unidas, said trends are changing. "Traditionally the preference is to mix rum with cola or to drink it neat but this is changing because of the youth market. Also, we are seeing more women drink Rum & Diet Coke or even Red Bull, which we don't encourage." He added, "A lot of smaller distilleries in the Caribbean make very nice dark rums which experts are using in tastings."

His company sells rum chiefly in the UK, Spain and Italy. Its new milky, cream rum is an example of what is happening with NPD in this category. Natural concentrates give coffee and

chocolate flavours to other brand extensions.

But it is not just the products that are changing. Even the production methods are shifting. Destilerias Unidas has introduced continuous fermentation

and vacuum distillations, borrowed from bourbon and whisky production.

The company is also beefing up its blending skills to bring out the woody, sherry, vanilla flavours of its rum. As Maggi said, "Dark Rums will compete



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with whisky and brandy because of the big improvement in quality. Dark and black rums with character will play a strong part in the future of the category. Light rums will continue to be used as cocktail mixers. Last year, the category grew in Spain, Italy, Germany, the UK and even smaller markets such as Chile and Argentina."

Another South American producer with optimistic hopes for the European market is Carlos Camacho, export director of Mexico's Destileria Porfidio. According to him, "Rum is in the process of being transformed from a low-class drink into a fully socially acceptable product with pedigree. Progress will be slow and will take many years."

He declared that at the moment, younger drinkers prefer white rum, whereas the over-50s go for the aged rums. Be this as it may, evidence of progress is clearly there. "Premium white rum and cachaca offerings are at the same price point as premium vodkas such as Grey Goose, Belvedere and Chopin," Camacho went on, "This market segment did not exist a couple of years ago."

It is interesting that he brought up cachaca, used to make the cocktail Caipirinha. Camacho went on to say, "The true competition in white premium rum is not between brands, but between cachaca and rum. Both are the same with a different terminology. The question is which term will prevail in terms of marketing and consumer appreciation."

But to upgrade rum in the customer's mind, rum producers have to persuade bartenders to upgrade their cocktail offering with mojitos and caipirinhas. He said, "The biggest



challenge consists in convincing bartenders to actually offer mojitos and caipirinhas. Both drinks are more time consuming to make than a Margarita or a Cosmo. This is rum's biggest challenge of all.

"Traditionally the preference is to drink rum neat but this is changing because of the youth market" - Mario Maggi, Distilerias Unidas

At Ron Matusalem, based in Dominica, international sales director Jim Tirrell said, "The trends in Europe generally reflect the flavour boom in the industry. Rum and coke, together with flavoured rum cocktails, are getting a great deal of play."

However, his Matusalem Gran Reserva product adopts an "Entirely different approach".

"Our rum audience is the top five per cent of consumers who prefer to drink Matusalem Gran Reserva Solera 15 Year Old on the rocks or neat, said Tirrell. Gran Reserva represents 48% of the company's worldwide business. Of the four labels the company sells, the others being Clasico, Platino, and Solera 7, Gran Reserva is by far the

largest seller at the highest price. Other brand extensions will follow.

"Gran Reserva's taste can cross category lines, which expands our audience to include drinkers of cognac, bourbon, Irish whisky and single malt scotch. Therefore the neat/over ice drinker is where our market is," he added.

But, as Tirrell emphasised, "The taste pattern is not changing dramatically from existing rum drinkers. Rum and coke is still the big call drink and will not impact our future at all. Sweet mixed drinks made

with flavoured rum are more popular than ever. Our target audience is the 25 to 37-year old upwardly mobile male who is looking to set himself apart from the pack. It is also during this period that spirits consumers establish lifelong drinking patterns."

Some statistics chart the rise of Matusalem in its new packaging, launched in 2003, sold at superpremium prices. The company will ship 61,000

9-litre cases of the four labels in Europe in 2006. Currently Italy and Spain are the brand's largest markets, accounting for 70% of its business. Overall, the company shipped 24,390 9l cases in 2003, growing to 53,000 in 2005 and an expected 61,000 in 2006. Tirrell believes the superpremium category will grow at 15 to 20% annually for five years as the distribution base increases.

Most rum producers are tiny, in the grand scheme of things. Their only hope is to sell the category as a whole, rather than attempting to compete with each other. In doing so, however, they face various challenges. Chief among these is convincing distributors that, while case numbers may be limited,

margins can contribute significantly to their bottom line.

If they can surmount these obstacles and hook bartenders on caipirinhas and mojitos, rum might just be the next spirit trend when the market becomes saturated with vodka.

At the least one of today's small players could well end up being the next Havana Club. Only a few years ago, Havana Club was a relatively small brand, albeit owned by drinks supergiant Pernod-Ricard – and the Cuban government. Its painstaking work in urban clubs and bars, with heavy emphasis on heritage and quality, began to pay off in the early part of this decade and mainstream on-trade and supermarket listings followed.

Its owners know that the same commitment to provenance is as vital today as it has always been. Pernod-Ricard describes its mission in regard to Havana Club as "A permanent search for quality".

It was Havana's 7-Year Old that opened the doors for aged rums to enter the minds - and the mouths - of the European public. Since then, brand extensions have been coming through thick and fast – Añejo Especial, for example, is matured that little bit longer to add to the bouquet and warm golden glow.

Silver Dry, the more familiar brand, is matured for 18 months. While this may seem passé to some, it allows Havana Club to take customers through the range from entry-level to connoisseur. Its range comprises:



Añejo Blanco, Añejo 3 Años, Añejo Especial, Añejo Reserva, Añejo 7 Años, Cuban Barrel Proof and Máximo Extra Añejo.

The man in charge of preserving Havana Club's image is chief master blender Don José Navarro. And Pernod-Ricard has not held back in promoting Don Jose as the keeper of the great keys. Introducing the production supremos to the world of advertising is not unique to Havana Club, nor indeed to the rum business. The personalities in bourbon and Tennessee whisky have made themselves masters of the art.

Havana Club is proud of the fact that 10 years of training are required before one can become a "Maestro Ronero" - master of rum. As Don José Navarro said, "Havana Club has intensity; it is both complex and

harmonious, when other rums are either too simple or too aggressive. This makes drinking Havana Club a richer sensorial experience."

Although it has smaller competitors snapping at its heels, the brand can claim more awards than many rums. Awards play a crucial role in the minds of buyers, and there is evidence that they sway consumer purchasing decisions.

"Rum and coke is still the big call drink and will not impact our future at all." - Jim Tirrell, Ron Matusalem

If a sector such as rum is attracting new customers – customers who are taking something of a risk when they try rum – they are likely minimise that risk by opting for a brand which carries some kind of quality seal. The smaller players feed off the contribution their larger rivals make to the category, while making a vital contribution of their own through their innovation and energy. ■