

Germany: Distilled Spirits Market Evaluation

The Distilled Spirits Council of the United States recently concluded an evaluation of the German distilled spirits market, which includes insights into the broader European market. The market evaluation was an important follow-up to the Council's previous activities to promote American distilled spirits products in Germany. The market evaluation was supported by the U.S. Department of Agriculture under its Market Access Program.

In summary, the report found that Germany is an important market for the U.S. distilled spirits industry, as it offers a combination of size, wealth, and a strong interest in premium imported distilled spirits. The report notes that the German spirits market is dominated by imported spirits which account for about 65 percent of the value of the market.

Though overall spirits sales in volume terms has diminished in Germany, interest in premium spirits remains strong and is driving growth in the market as consumers are looking for quality products and are willing to pay a higher price. In particular, there is a strong premiumization trend underway in whiskey, gin, and aperitifs. This bodes well for American spirits exports as whiskey is the primary type of U.S. spirit exported to Germany. The report notes that while the largest U.S. spirit brands are well known and widely available, craft spirit products are not as well known.

The report also notes that although Germany is traditionally a beer drinking culture, spirits and cocktail culture have been gaining consumer and trade attention over the last decade. German consumers like to experience unfamiliar ingredients and are enthusiastic about mixology. Bars and nightclubs are driving the premiumization message to consumers and penetrating trendy bars and clubs.

More broadly, the report notes that the EU contains several other high-growth markets for U.S. spirits. For example, U.S. whiskey exports have been expanding rapidly in Spain and Portugal, driven by economic and tourism growth. Exports have also increased to central and eastern European markets like Latvia and Poland.

Nevertheless, the report concludes that prospects for the continued growth of American spirits exports to Germany and the EU is complicated by the recent imposition by the EU of retaliatory tariffs on American Whiskey imports. Depending on how long these are in place German spirits consumers may choose to enjoy other spirits categories which are not impacted by retaliatory tariffs.

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