

Russian alcohol market trendwatching

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The Research Problem. Alcohol retail is one of the most profitable business projects all over the world. It is also true for Russia despite of all the warnings about alcohol harm, realization complexity, advertising and consumption limitations. On the contrary, this brings benefits to the industry as stimulates creativity and innovations. The product is in demand and the market is crisis resistant. However, an effective usage of niche advantages is impossible without complex marketing analysis, especially considering strong rivalry. Profit hunt constantly involves new producers, distributors, alcomarkets and bar owners. Despite market oversaturation, businessmen continue searching for new beverages recipes and their brand building. Thus, there is no doubt that alcohol market research is relevant.

The aim of the research is analysis and forecast for alcohol market trends in Russia. To reach this goal, global and local niche trends have been explored and prospects for their further development have been worked out. First of all, it should be noted that consumer trends are dynamic: they can quickly replace each other or turn into large-scale. On the grounds of sorts and brands diversity, describing market trends is impossible without separation into the main types of alcoholic beverages.

Results. Firstly, several Russian and external theoretical articles on a relevant topic have been studied. The empirical data for the analysis has been taken from the official website of state statistics department of Russian Federation. It includes the dynamics of consuming alcohol in general and such types of alcoholic beverages as beer, vodka and liquors, cognacs, still wines and sparkling wines from 2000 till 2017. In order to predict the development of the market, further sales have been projected. The mathematical function of the standard linear least-squares approximation has been applied to plan potential consumption until 2020.

Based on the analysis, the following conclusions can be made. Stable tendency of annual sales increase from 2000 to 2008 has changed to a diminishing trend. On the one hand, global financial crisis certainly reduced purchasing power of the population of the country. On the other hand, it could be caused by growing state opposition to counterfeit and alcohol consumption in general. At the moment, the taxes are being increased, the import is limited, the quality of domestic product falls down and the product of high quality is overpriced. Thus, sales growth of alcohol in Russia should not be expected in the near future.

Nevertheless, statistics vary for different types of alcohol. First of all, beer and beverages made from it are sold the most in Russia. Their sales are very dynamic and in 2017 exceeded the sale of wine by 8 times and vodka by 9 times. In the next few years, sales will probably continue to decline. By contrast, the consumption of sparkling wines and cognacs in Russia has remained stable since 2000 and has minor fluctuations. This suggests that consumers of these alcoholic beverages buy them constantly, which could not be affected by the socio-economic situation in the country over the past 20 years or any other factors.

Unlike cognacs and sparkling wines, the consumption of vodka and still wines has a pronounced dynamic. Just 15 years ago vodka was three times more popular than wine and was the second most popular beverage after beer. It maintained its position until 2017, when its demand dropped significantly and wine production ranked second. Accordingly, vodka sales will be at least 1,5 times lower than wine sales by 2020. Consequently, wine is the only alcoholic beverage which consumption in Russia is slowly but surely increasing. The volume of sales of still wines increased from 52,4 million dal in 2000 to 91,9 million dal in 2017. According to forecasts, by 2020 wine consumption will increase twice compared to the 2000 figure, and some experts predict an increase by another half by 2030.

Conclusion. To sum up, the main conclusion is that contemporary Russian people drink less and less, preferring cheap and low alcohol drinks like wine and beer. It is difficult to predict any long-term prospects for trends development as the market niche and socio-economic situation in the country and in the world can change quickly and globally. However, the main current and short-term trends have been described, which means that the goal was achieved. All in all, Russian alcohol consumption is a huge and not very good known research field and requires a lot of investigation in the future.