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European spirits sales decline slowed to 4.9% in early September

UBS said third-quarter volumes still fell 5%, with some major suppliers posting firmer value sales

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Spirits sales in Europe showed a slower monthly decline in retail volumes at the start of September, but the broader quarterly trend remained weaker, according to a UBS analysis of Nielsen data published on Oct. 2.

The volume of spirits sold through Europe’s retail channel fell 4.9% from a year earlier in the four weeks ended Sept. 6. That was still a clear decline, but it was less severe than the 5.6% drop recorded in the previous four-week period. The change marked an improvement of 0.7 percentage points on a sequential basis.

That monthly easing did not carry through to the quarter as a whole. UBS said third-quarter spirits volumes were down 5% year over year, compared with a 3.5% decline in the second quarter. That represented a deterioration of 1.5 percentage points, suggesting that the latest four-week improvement has not yet changed the weaker direction seen over the full quarter.

The figures point to a market that remains under pressure even as the pace of decline moderated in the latest reading. The data released in the UBS note did not include absolute volumes such as liters sold, and it did not identify which European countries were included in the Nielsen panel. The analysis was based on percentage changes only.

At the supplier level, the picture was more mixed. Diageo’s sales by value in Europe moved from a 1.6% year-over-year decline in the previous period to 0.4% growth in the latest four weeks. That was a 2-point sequential improvement. Pernod Ricard also improved, with value sales moving from down 7.4% to down 3.9%, a change of 3.5 points.

Campari posted 0.1% growth in value sales in the same period, while Rémy Cointreau recorded 2.6% growth. UBS did not provide a directly comparable prior-period figure for those two groups, so their latest results cannot be measured against the earlier four-week period in the same way as Diageo and Pernod Ricard.

The divergence between the industry’s retail volume trend and the performance of some large suppliers in value terms is one of the main points in the data. A sector can post weaker volumes while individual companies improve value sales if they raise prices, sell a richer product mix, or gain market share from competitors. UBS pointed to that gap as a reason for caution in interpreting the numbers. The aggregate spirits figure measures volume, while the company results measure sales value, so they are not equivalent indicators and should not be read as direct like-for-like comparisons.

Even so, the latest snapshot suggests some of the largest groups may be holding up better than the broader category. Diageo’s move back into positive territory and Pernod Ricard’s narrower decline came during a period when total spirits volumes in European retail were still falling at close to 5%. That kind of separation can matter for investors because it may signal stronger pricing power or a better sales mix in a weak consumer environment.

The quarterly comparison, however, limits any reading of the latest month as a firm recovery in the market. A 4.9% drop is still a substantial fall in retail volume, and the third-quarter decline being steeper than the second quarter shows that demand has not stabilized across the period as a whole. For producers, that means improved company sales trends in value terms may still be happening against a difficult backdrop for category volumes.

The data set also leaves important gaps. UBS did not publish euro sales totals for the companies or absolute market values for the sector. It also did not break out performance by country, which makes it difficult to know whether the improvement in the latest four weeks was broad-based across Europe or driven by a smaller number of markets. Without those details, the figures offer direction rather than a full measure of the size of the shift.

What the numbers do show is that the pressure on European spirits demand has eased somewhat in the latest monthly reading, while remaining negative overall. They also show that some of the largest producers are seeing better value trends than the category volume data alone would suggest, at least in the most recent four-week period covered by the Nielsen figures.