

# CLIMBING UPSCALE



Rum is seeking greater entry into the higher price tiers, but progress is only gradual as mainstream volumes remain huge | **BY SALLY KRAL**

**R**um faced another challenging year in 2023, with overall sales slipping 4.5% to 21.38 million 9-liter cases, marking its tenth decline in the past 12 years and the first time since 2005 that the category sold fewer than 22 million cases, according to Impact Databank. But like most spirits categories these days, the super-premium end of rum is a bright spot: Rums in the \$25-and-over range are projected to approach 1 million cases in the U.S. by year-end. Planteray, formerly Plantation, leads this pack and broke through the top 15 brands for the first time last year, coming in as the 14<sup>th</sup> bestselling rum in the U.S. on a 4% growth to 178,000 cases. The other two brands in the top 15 to grow last year were premium labels Don Q, up 1.5% to 280,000 cases, and Appleton Estate, up 3.3% to 254,000 cases.

“Rum has been touted for a decade as a category primed for a breakout, but it’s still niche,” says Terrence Tompkins, COO of Downtown Spirits and Esquin Wine & Spirits, both in Seattle. “Rum is amazing and has an extraordinary breadth of expression, but that breadth is also an Achilles heel because it can be difficult to understand at a glance. But those who have taken the rum plunge are enamored with the spirit, so I would expect a slow and steady expansion, but nothing meteoric.”

## Peaks And Valleys

Across Downtown Spirits and Esquin Wine & Spirits there are around 100 different rum brands on the shelves. “It’s one of the smaller sets, despite lots of predictions over the last decade or so that rum would be the ‘next big

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*At Downtown Spirits and its sister store Esquin Wine & Spirits in Seattle, about 100 rum brands grace the shelves. The category makes up just 5% of spirits sales at the Seattle stores.*



*Despite a 5% loss in 2023 to 180,000 cases, Flor de Caña is optimistic about the future after the creation of its own importing company, Luxury Spirits International.*



Ammar Sheikah stocks 60 rum brands, which make up just under 2% of sales—this is compared to over 200 brands each for Bourbon and Tequila, making up 22.8% and 19.1% of sales, respectively. Large format 1.75-liters of Bacardi (\$20), Captain Morgan (\$25), Malibu (\$29), and Sailor Jerry (\$21) dominate sales, but Sheikah does note some traction in the \$30-\$35 range per 750-ml. “Brands like Planteray, Bumbu, and Appleton Estate do solid numbers for me at those prices,” he says. “But anything over \$40 becomes less of a player in terms of volume sales.”

Indeed, while categories like Tequila have had great success with luxury-tier brands, rum is still in the early stages of premiumization. “To date, rum is one of the few categories to resist wide-scale premiumization, but that appears to be changing as consumers are expressing greater interest in higher priced rums,” explains Lander Otegui, senior vice president of marketing for

Proximo Spirits, which owns premium rum brand The Kraken. The Kraken slipped 0.5% last year to 378,000 cases, according to Impact Databank, while the top eight premium brands dropped 6.6% total. “In 2023, we saw the brand’s strongest performance in three years, as it outperformed both the premium rum category and the rum category overall,” Otegui adds. “The Kraken Black Spiced rum remains the premium dark rum category leader with over 40% share.” Early last year the brand launched The Kraken Gold Spiced, which Otegui says grew to become the sixth-largest Gold Spiced rum in the premium rum category in its first year on the market.



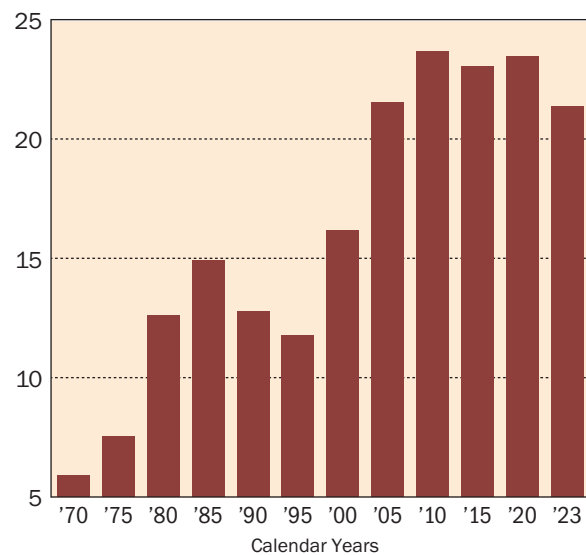
Super-premium Planteray (Cut & Dry expression top) launched into the top 15 rum brands in the U.S. last year on 4% growth. Premium brands like Captain Morgan and Malibu remain popular at retail (Downtown Spirits shelves above), despite losses.

thing,” Tompkins says. “For us, it’s larger than brandy and smaller than gin, with rum at all price points making up about 5% of spirits sales.” Bestsellers include Bacardi (\$30 a 1.75-liter), Mount Gay Eclipse (\$40), Malibu (\$30), Doctor Bird (\$36 a 750-ml.), Planteray Grand Reserve 5-year-old (\$39), and Smith & Cross (\$36). “I think it’s important to point out that while sales aren’t massive, rum is a complex and fascinating category that is worthy of attention,” Tompkins adds. “Stocking a robust selection of rum is important to any spirits department.”

Rum is also a small category at Joe’s Beverage Warehouse, which has two stores in the Chicago suburbs. Co-owner

### RUM CONSUMPTION IN THE U.S.— 1970-2023

(millions of 9-liter case depletions)



Source: IMPACT DATABANK ©2024

### TOP 15 RUM BRANDS IN THE U.S.

(thousands of 9-liter cases)

Rank	Brand <sup>2</sup>	Company	2018	2019	2020	2021	2022	2023	Percent Change <sup>1</sup> 2022-2023
1	Bacardi	Bacardi USA	6,496	6,567	7,018	6,828	6,631	6,451	-2.7%
2	Captain Morgan	Diageo North America	5,635	5,495	5,575	5,405	5,350	5,000	-6.5
3	Malibu	Pernod Ricard USA	2,109	2,247	2,735	3,030	2,804	2,565	-8.5
4	Admiral Nelson	Heaven Hill Brands	872	875	880	845	820	787	-4.0
5	Cruzan	Beam Suntory	858	843	795	791	720	685	-5.0
6	Sailor Jerry	William Grant & Sons USA	697	633	680	609	584	537	-8.1
7	The Kraken	Proximo Spirits	380	390	395	390	380	378	-0.5
8	Castillo	Bacardi USA	484	452	395	391	356	339	-4.7
9	Don Q	Serralles USA	240	243	228	263	276	273	-1.0
10	Appleton <sup>3</sup>	Campari America	225	225	250	255	246	254	3.3
11	Parrot Bay	Sazerac Co. Inc.	250	230	240	225	220	215	-2.5
12	Blue Chair Bay	Fishbowl Spirits	161	180	200	227	206	200	-3.0
13	Flor de Caña	Luxury Spirits International	144	157	167	181	190	180	-5.0
14	Planteray	Maison Ferrand USA	78	98	110	149	171	178	4.0
15	Myers’s	Sazerac Co.	220	214	215	200	190	175	-8.0
<b>Total Top 15<sup>4</sup></b>			<b>18,622</b>	<b>18,623</b>	<b>19,635</b>	<b>19,533</b>	<b>18,898</b>	<b>17,961</b>	<b>-5.0%</b>

<sup>1</sup> Based on unrounded data  
<sup>2</sup> Includes flavors. Excludes RTDs.  
<sup>3</sup> Includes J Wray Overproof  
<sup>4</sup> Addition of columns may not agree due to rounding.

Source: IMPACT DATABANK ©2024

### TOP EIGHT PREMIUM-PRICED RUM BRANDS IN THE U.S.<sup>1</sup>

(thousands of 9-liter case depletions)

Rank	Brand	Company	Origin	2015	2020	2021	2022	2023	Percent Change <sup>2</sup> 2022-2023
1	Captain Morgan	Diageo North America	U.S. Virgin Islands	5,519	5,575	5,405	5,350	5,000	-6.5%
2	Malibu	Pernod Ricard USA	Barbados	1,922	2,735	3,030	2,804	2,565	-8.5
3	Sailor Jerry	William Grant & Sons USA	Trinidad & Tobago	718	680	609	584	537	-8.1
4	The Kraken	Proximo Spirits	Trinidad & Tobago	360	395	390	380	378	-0.5
5	Appleton	Campari America	Jamaica	219	250	255	246	254	3.3
6	Blue Chair Bay	Fishbowl Spirits	Barbados	70	200	227	206	200	-3.0
7	Flor de Caña	Luxury Spirits International	Nicaragua	102	167	181	190	180	-5.0
8	Myers’s	Sazerac Co.	Jamaica	241	215	200	190	175	-8.0
<b>Total Top Eight<sup>3</sup></b>				<b>8,910</b>	<b>10,003</b>	<b>10,096</b>	<b>9,760</b>	<b>9,114</b>	<b>-6.6%</b>

<sup>1</sup> Between \$15 and \$25 a 750-ml.  
<sup>2</sup> Based on unrounded data  
<sup>3</sup> Addition of columns may not agree due to rounding.

Source: IMPACT DATABANK ©2024

In January 2023, premium brand Flor de Caña created its own importing company, Luxury Spirits International, and president Marc Hirten is optimistic about the future of the brand, though it did post a 5% loss last year to 180,000 cases, according to Impact Databank. “Looking to the future, we have ambitious goals for our premium 12-year-plus portfolio for 2024 and beyond, with targets of 50% growth,” Hirten says. “The standard, sub-\$25 price range rum segment represents around 58% of the category but is declining. The

growing consumer preference for dark spirits is helping super-premium rum’s reputation as a sipping spirit.”

Super-premium rum is certainly making moves. “All in all, Planteray has grown 20% since 2021 and we’re maintaining solid growth patterns both on- and off-premise,” says Guillaume Lamy, managing director for importer Maison Ferrand USA. “It’s particularly interesting to note that Planteray sales in control states grew 17% in 2023—we think that the brand is truly beginning to bloom in these markets and consumers



As the rum category works to maintain relevance, companies are innovating in a number of ways. Don Q has leaned into aged expressions such as its Reserva 7 (top), while Captain Morgan has tapped into the RTD book with its sliced line of RTDs (lineup above).

are embracing the diversity and premium quality offered up and down our range. We plan to be back to a minimum of 20% growth at the end of 2024—we know we have the partners and products to make it happen.”

In addition to Planteray, the top-five super-premium labels include Bumbu, Ron Zacapa, Diplomático, and Pusser’s, all of which have been growing steadily for years, paving the way for other \$25-plus rum brands to earn attention. “The past year

teray Cut & Dry, an artisanal coconut rum that we revealed for global export in January,” he says. “We’ll be revealing some other incredible rums this July at Tales of the Cocktail, and in September before the holidays—I can’t disclose details just yet, but it’s very exciting.”

Shekah adds that in addition to Planteray, labels and brands like Don Q Gran Reserva XO, Ron Zacapa, Diplomático, Bumbu, and Bumbu XO, which are all in the \$30-\$50 a

was a challenging one for rum but we were still able to achieve 18% organic growth with our premium rum portfolio led by Rhum Clement, Rhum J.M, Bounty, and Chairman’s Reserve,” says Ben Jones, managing director of Spiribam USA. “The overall category is dominated by the standard price tier, which is declining and thus dragging the category with it. However, the very small ultra- and super-premium price segments are growing. So, while I believe the rum category will continue to decline, we’re expecting our portfolio to grow 15% in 2024. This is congruent with our recent historical growth, and we’re swimming in the current of the more premium segments of the rum market.”

Diplomático senior brand manager Alex Fellows points out that super-premium and above rum only accounts for 2.8% of total rum volume and 8.8% of total rum value in the U.S. “There’s substantial room for further growth there, as consumers become more educated about the category,” he says. “We have a great opportunity to develop Diplomático among fans of super-premium brown spirits—these consumers are primed to appreciate what premium rum has to offer and recruiting them will largely fall on leading brands and industry gatekeepers to educate and shake off historical rum category stereotypes. We believe Diplomático is in a unique position to help usher in this next era for super-premium rum.”

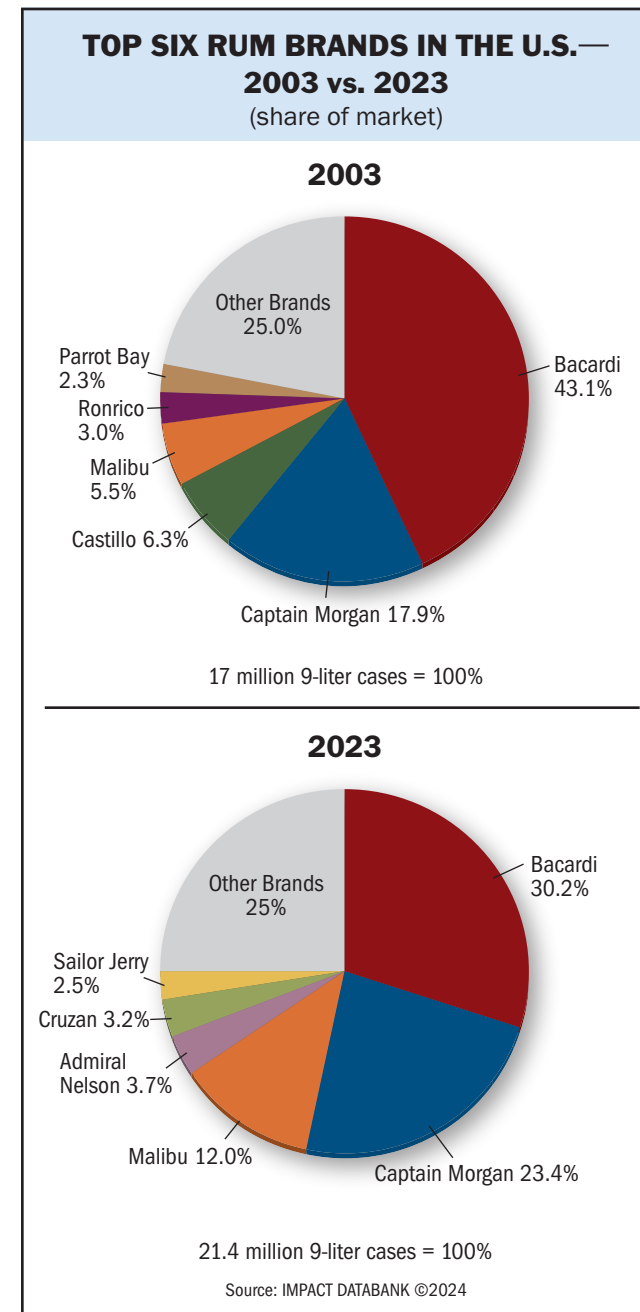
### Taking Cues

Sheikah of Joe’s Beverage Warehouse points out that as consumer hype faded slightly on Bourbon, Tequila became the new “it” beverage, and that rum may very well be the next category on the rise. “Specifically, age statement and cask-finished tropical rums seem to be growing,” he says. “One brand that’s showing tremendous growth is Planteray. Even with the awkward name change on the fly, the brand has always been very innovative in terms of sourcing rum from all over the tropics and parts of Central and South America. The different finishes and emphasis on terroir remind me of Bourbon and whisk(e)y in general.”

To help debut its name change, Planteray will be releasing a crop of new products this year, Lamy says. “Perhaps none so anticipated as Plan-

750-ml. range, are gaining momentum in his stores, particularly with Bourbon consumers looking to broaden their horizons.

Don Q has placed significant attention on growing its aged, more premium rum portfolio, says John Meisler, vice president of sales for Destileria Serralles. Meisler adds that the brand is seeing its strongest growth in the on-premise. “Don Q has been a pioneer in the aged rum category over the years, beginning in 1995 with Don Q Gran Añejo, which we renamed Don Q Gran Reserva XO in 2020,” Meisler says. “Then we moved to single barrel expressions and finally, double aged expressions—once in the classic American Oak and then laid back to rest until ready in a myriad of casks like Port, Sherry, Cognac, and Zinfandel. Moving forward these will only be available in our Selección Exclusiva program. Similar to a



Known for its aged offerings, super-premium brand Santa Teresa 1796 rum has taken some cues from whisk(e)y with its recent innovations. The brand released the limited-edition Speyside Whisky Cask Finish expression (pictured) last October.

barrel program, these rare, limited editions—generally just 1,000 6-pack cases produced—will only be available to our customers who wish to purchase 30 cases of an expression.”

Also taking cues from whisk(e)y, super-premium Santa Teresa rum introduced Santa Teresa 1796 Speyside Cask Whisky Finish (\$50 a 750-ml.), its first limited-edition expression, this past October. “While we value tradition, we’re always looking for innovative techniques to ensure we’re pushing boundaries and creating a spirit that is not only on trend, but high quality,” says Santa Teresa North American brand director Edwin Hincapie. “Santa Teresa has an exciting project underway that we can’t wait to announce soon. Continuing the success of our Speyside Whisky Cask Finish expression, we’re excited to be actively enhancing and working on expanding our portfolio of unique flavor experiences.”

Sheikah points out that while he’s been most intrigued by new releases from super-premium brands, some big names are making waves too. “I would be negligent to not mention that Bacardi specifically has not taken this onslaught of innovation sitting down; rather, it has countered the race to premiumization with new line extensions of its own,” he says. “These innovations include Bacardi Cuatro, Ocho, Ocho Sherry Cask, Ocho Rye Cask, 10-year-old, and others. Bacardi has done a tremendous job in showing consumers that their brand isn’t just a mass-produced mixer.”



Niche rum releases are garnering interest with consumers. Goslings Black Seal rum (left) is a leader in the small-but-growing black rum segment, and craft brand Copalli (right), which launched in 2018, continues to show gains thanks to its authenticity and sustainable practices.

This past August, Bacardi, which fell 2.7% to 6.45 million cases last year according to Impact Databank, released the Bacardi Reserva Ocho Sevillian Orange Cask Finish, the third installment of its limited-edition Cask Series that launched in 2021. “When creating this line, we looked to different spirits categories, like whisk(e)y, to create a product that attracts new consumers with the same quality craftsmanship and bold flavors that they’re used to seeing in other spirits,” says Bacardi North America vice president Lisa Pfenning, adding that the new expression also aims to

attract fans of craft cocktails. “According to the 2024 Bacardi Cocktail Trends Report, 45% of bartenders are interested in experimenting with new flavors in cocktails, and we’re looking for ways to incorporate rum into this trend. Our Sevillian Orange expression lends itself well to the flavors of the Old Fashioned, with notes of orange peel, stone fruit, and a smoky wood aroma.”

While many rum brands are looking to categories like Bourbon for inspiration, others are taking note of the booming popularity of RTD options. Goslings rum has done both: it has released limited-edition rums like Goslings Spirited Seas Ocean Aged (\$62 a 750-ml.) and Goslings Family Reserve Old Rum Rye Barrel Finish (\$91), and also launched a Dark ‘n Stormy RTD line (\$20 a 4-pack of 12-ounce cans) in 2023. “Goslings’ most established variety—Black Seal Rum—has maintained its position as one of the top three best-selling black rums in the U.S. and continues to drive our rum volumes, while our limited-edition and super-premium expressions help ignite consumer interest and contribute to our bottom line,” says brand director Laura Baughman. “Our signature serve, the Dark ‘n Stormy—one of the few trademarked cocktails in existence—has also been key to the brand’s success. The drink has helped introduce our Black Seal Rum and Stormy ginger beer to countless consumers around the world, and it also facilitated our foray into the RTD category.”

No.-2 brand Captain Morgan, which slipped 6.5% last year to 5 million cases according to Impact Databank, has also hopped on the RTD bandwagon. In February 2023 it partnered with Vita Coco coconut water to launch Vita Coco Spiked with Captain Morgan (\$15 a 4-pack of 12-ounce cans), and earlier this year it released Captain Morgan Sliced (\$20 a 12-pack of 12-ounce cans), a line of cocktail-inspired malt beverages. “We’ve seen that RTD shoppers are shying away from lightly flavored seltzers and turning toward full-flavored RTDs and flavored malt beverages,” says brand vice president Anne Nosko. “We’re ready to make our mark on the RTD space.”

## Making A Mark

With the top three rum brands—Bacardi, Captain Morgan, and Malibu—taking up a whopping 65.6% of the category, smaller rum brands have to tell a clear and compelling story to reach consumers. “We’ve doubled our volume over the past year, which is a testament to the quality of our rum, of course, but also to our environmental mission,” notes Scott Shaw, chief commercial officer for Copalli rum, a craft brand that entered the U.S. market in late 2018. “People appreciate and support brands that have a clear and authentic sustainability message, which in our case is a commitment to preserving the rainforest of Southern Belize where Copalli is produced and bottled.” The Copalli lineup includes White (\$35 a 750-ml.), Cacao (\$38), and Barrel Rested (\$40). “We’re building a category,” Shaw adds. “So much of the rum in the U.S. today is volume rum produced from the big players in the industry. With a brand like Copalli, there’s a real opportunity here to change the perception of rum and premiumize the category.”

Sheikah of Joe’s Beverage Warehouse notes that smaller craft rum labels are definitely on the rise. “We’re seeing more trendy niche brands that focus on explaining where they’re sourced and what type of special finish they have,” he says. “One emerging brand in my store that fits this profile is Chairman’s Reserve—I actually brought this brand in because a group of my Bourbon customers kept asking for it. Chairman’s includes vintage years on its labels like many Bourbons do. This sort of marketing connects mainstream Bourbon consumers to the world of rum by telling them a familiar story.”

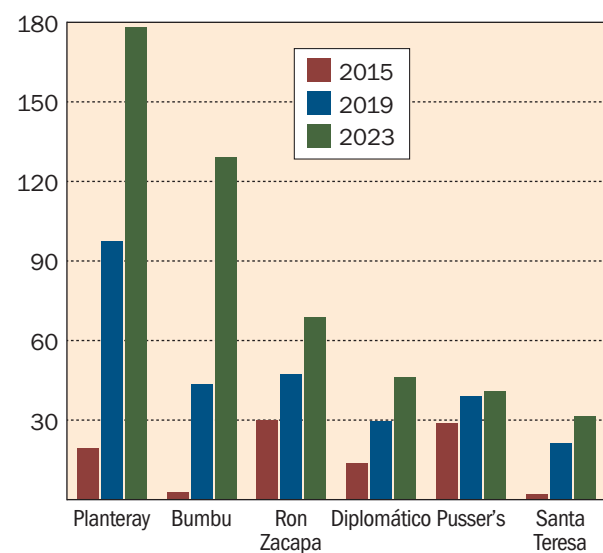
Spiribaum’s Jones notes that Chairman’s Reserve is coming to the market this year with its own proprietary bottle and new packaging, and other recent releases have included



Smaller rum brands are making waves. At Joe’s Beverage Warehouse in greater Chicago, Chairman’s Reserve (pictured) has become popular with Bourbon drinkers because of its finish. The brand is set to revamp its bottle and packaging this year.

### LEADING SUPER-PREMIUM RUM BRANDS IN THE U.S.\*

(thousands of 9-liter case depletions)



\*At least \$25 a 750-ml.

Source: IMPACT DATABANK ©2024



The world’s largest rum brand, Bacardi is innovating rather than resting on its laurels. The brand has been experimenting in the aged segment, releasing such expressions as Reserva Ocho (pictured).

limited-edition vintage blends (\$80 a 750-ml. each) and Chairman’s Reserve Legacy (\$45) a blend of various aged rums. Rhum J.M, meanwhile, released “L’Atelier des Rhums,” a trio of rums showcasing Martinique terroir, earlier this year, including Fumée Volcanique, Épices Créoles, and Jardin Fruité (\$40 each). “Each of our brands has a real authentic story to tell and its own unique terroir—that heritage resonates with consumers,” Jones adds.

Sheikah predicts that the smaller high-end rum brands will continue to put pressure on the bigger names to innovate and premiumize. “Premium rums will continue to have special finishes, like Sherry, Bourbon, or even wine cask finishes,” he says. “I think we may see these finishes done in barrels that the major companies have in their portfolios, like we see with Bourbon and Tequila. For example, might we see a top shelf expression of Admiral Nelson finished in an Old Fitzgerald barrel, or maybe a Bacardi rum finished in a D’Ussé VSOP Cognac cask? Innovation knows no bounds. Eventually, consumers will be anticipating specially aged rums the same way they eagerly await Buffalo Trace offerings each fall. Some rum brands will earn that sort of cache in the next decade, I just know it.”