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Russia's Cheapest Vodka Producer Becomes New Market Leader

By The Moscow Times

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Production and distribution of illegal liquor has boomed in recent years as the government pushed up alcohol prices through taxes and minimum pricing.

Alcohol producer Status Group has taken pole position in the Russian vodka market, as its lower prices lure buyers amid an economic slump, the RBC news agency reported Monday, citing market research.

Founded only 18 months ago, Status Group has surpassed such major Russian vodka producers as Synergy, which sells brands including Beluga and Gosudarstvenny Zakaz (Government Order) and Roust, with vodkas such as Russian Standard and Zelyonaya Marka (Green Label), according to a study based on data from consumer research firm Nielsen.

Status Group accounted for 13.1 percent of total vodka bottles sold in Russia in the year to July — containing more than 10 million liters — while Synergy and Roust had market shares of 10.3 and 9.3 percent, respectively.

Driving sales for Status Group's surge was a worsening recession, which has forced more Russians to turn to lower-price goods.

Among others, Status Group sells the vodka brands Dobry Medved (Gentle Bear), and Staraya Marka (Old Label).

The company was boosted by a decision by Russia's alcohol market regulator to slash the minimum price for vodka from 220 to 185 rubles ($3.50 to $2.90) per half-liter bottle on Feb. 1 to fight increasing consumption of surrogate alcohol.

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After the introduction of the lower minimum price in February, Status Group's sales grew 2 1/2 times, RBC said, citing the report.

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