



wonderworks



WONDERWORKS TREND REPORT

**THE CHANGING FACE OF WHISKY**

February 2020



## DEATH OF THE ESTABLISHMENT? THE CHANGING FACE OF WHISKY

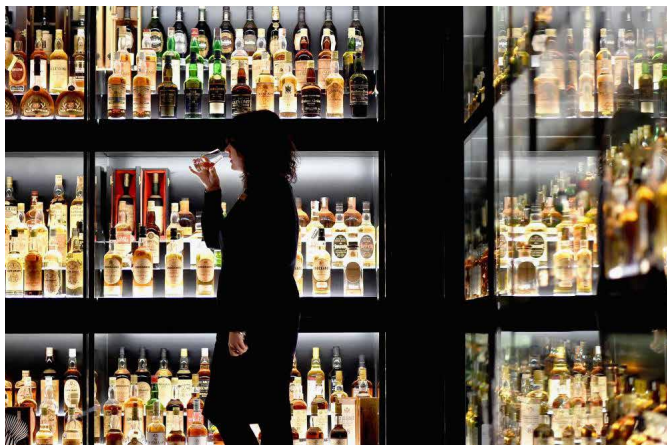
*Whisky has long been regarded the king of spirits. Rich in pedigree, it was the glamorous choice of the suave and sophisticated drinker who could take their pick from a wealth of iconic brands enshrined in popular culture.*

One of the best-performing categories in global spirits as far back as figures exist, whisky's pre-eminence has waxed and waned over the last century, however. Is the public's love affair with this institution finally over? It's all about gin these days, isn't it.

Perhaps there has never been a more interesting time to examine the changing face of whisky. In this trend report, we look back at some of the factors that have shaped the current marketplace and forward to the fast-moving trends and innovations that will determine the future.

### *The global picture*

The 2019 Mintel report, 'Global Outlook for Whiskies', confirms that global demand for all whiskies grew 2% year on year in the period 2013-18. But the good news isn't restricted to volume. With consumers ready to splash the cash to buy more premium, innovative and value-added drinking experiences, the market has seen even stronger growth in value.



Jeff J Mitchell, Getty Images

Fuelled by strengthening economies and rising personal wealth, the biggest markets for whisky consumption remain the US, India and Japan, with Russia and Central and South America developing rapidly behind. While blended whiskies continue to drive category growth, the marketplace is becoming more dynamic and we will no doubt see the picture changing over the next decade.

So far, so good. Have reports of whisky's death been greatly exaggerated, then?

## *Clashing swords over trade*

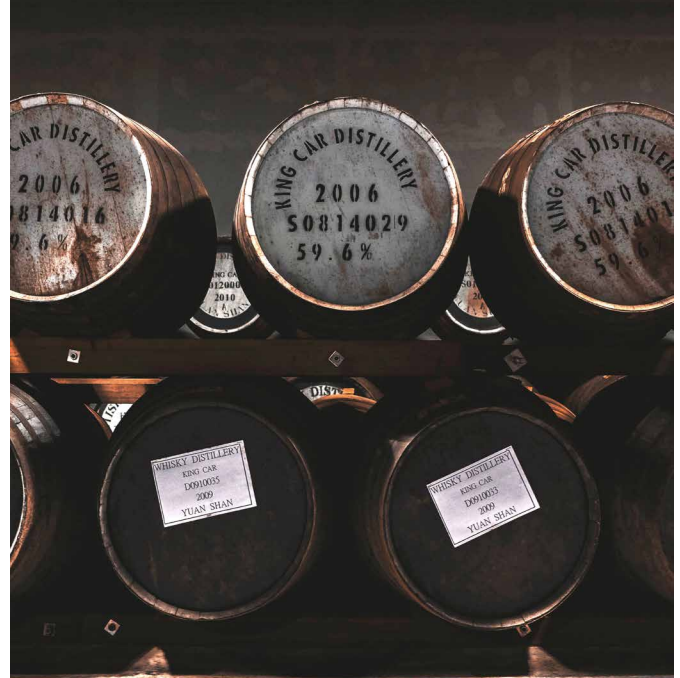
It may be a spat involving totally unrelated industries – steel, aluminium and aircraft manufacturing – but for the last 18 months, the dispute between US corporation Boeing and EU company Airbus has affected whisky producers in the US and the UK. On both sides of the Atlantic, whisky is now subject to a 25% tariff on imports.

To protect market share, producers have been forced to maintain prices and absorb the tariffs. So while consumption hasn't dropped drastically, profits have. Both governments are being lobbied by industry bodies to remove the tariffs and let business return to normal.

It will be interesting to see if market forces have created new ways of thinking – we foresee some savvy innovations prompted by Scottish and US producers being forced to think differently. Watch this space!

Meanwhile, whiskies from parts of the world not impacted by the trade wars have seen growth in volume, the number of producers and NPD in the liquid itself.

The reigning monarchs ignore upstarts at their peril.



## *So what are the key trends driving changes?*

Macro consumer trends are shaping the whisky category as much as they are the broader drinks sector. While Johnnie Walker isn't quaking in his striding boots just yet, innovation and consumer consumption habits are starting to change the whisky landscape in a way that the big players need to recognise if they don't want to trip up.

## *Drinking less...*

We can all quote the stats around people drinking less – and Gen Z not really drinking at all, at least in the most developed nations. The rise of wellness is an increasingly burgeoning threat to the alcohol industry, driving some interesting responses from brands and producers.

---

*“58% of consumers are drinking more no-and low-ABV drinks than last year, while 55% of the most influential bartenders in New York, Los Angeles and London believe the no-and low-alcohol trend will continue to grow within the next 12 months”*

Distell Ventures, “Non-Alcoholic drinks. A growth Story”. May 2019<sup>1</sup>

---

In reviewing the whisky category, it would be accurate but foolish to leave out the growing numbers of 'not whisky' on the market. Celtic Soul, Lyre's and Ritual Zero Proof are serious contenders for the whisky drinker to add to their repertoire – all still enabling the whisky moment, just without the alcohol.

Some consumers love the concept, others simply can't see the point. While the majority might still be in the latter camp at the moment, we expect that the balance may shift over the coming years – especially as the Celtic pretenders develop the intensity of flavour and mouthfeel crucial to emulating the much-loved dark spirit. Whisky producers will find they need a strategy to respond that's more proactive than scoffing from the sidelines.

### *...But drinking better. And demanding an experience*

As the reports and stats point increasingly to less, so they also highlight the demand for more: consumers may want to drink less alcohol, but they want more 'occasion', even better taste, an amazing look. An all-round Insta-friendly experience is a basic requirement for today's social drinker.

Happily, such high expectations aren't limited by the price consumers are willing to pay, which offers benefits in terms of margins for both on-trade venues and producers. And as consumer palates become more sophisticated, demand grows for more challenging, interesting and novel flavour profiles, driving innovation in liquid profiles and in serves.

### *Using decent whisky in a cocktail is no longer treason*

Until recent years, listing a named single malt as an ingredient in a cocktail would have been unthinkable. But we are witnessing a meteoric rise in the number of whisky cocktails on menus in bars around the world that now feature even the most complex matured liquids.

This trend has been driven partly by the ever-creative bartending industry, but also by producers: holding insufficient aged stock to meet demand has prompted single malt's big players to add non-aged products to their core range. And to promote new ways of drinking the new expressions to justify them, some might think.

The hoary bar room tussle over ice/no ice or just a splash of water with your dram has been left far behind.

The Glenlivet Founders Reserve and the Glenfiddich Experimental series are strong examples of brands embracing a free spirit attitude on how to enjoy your water of life.



*Toki Umeshu Manhattan*



## *An uprising in whisky mixed drinks and highballs*

For consumers who don't care for fancy cocktails, there are other trending ways of approaching whisky that fall under the heading 'new ways of drinking'. In fact, the highball is a classic serve recognised for over a century, but it is increasing in popularity and growing the category again for a new generation of whisky drinkers.

En garde, G&T, there's a new pretender to the mixed drink throne.

## *Rebellion against 'the image problem'*

So much for changes to the way whisky is being served - but isn't it still rather fuddy duddy? Not if you're fortunate enough to live near one of the new urban distilleries that are popping up with specific appeal for the younger generation. Adding a little street cred to the category are the Libertine Distillery in Dublin, with a clear aim to make Irish whiskey cooler than it's ever been; Glasgow's own Clydesdale Distillery, which reminds you that whisky runs through the city like the River Clyde itself; and the Bimber Craft Distillery in West London, which is churning out not only whiskies but also rums, gins and vodkas a mere stone's throw from the cool bars where they're consumed. Another rebellious brand we admire across the water is J.J.Corry Irish Whiskey who have unsettled the apple cart amongst the big Irish Whiskey giants and brought back the art of bonding.

## *New knights of the realm*

The rise of the at-home bartender is growing both the repertoire of spirits stocked in the home and the ambition of domestic mixology.

---

*"The intersection of technology and home entertainment will provide opportunities for new occasions, rituals, educational initiatives and radical experimentation, ranging from homebrewing to mixology and beyond."<sup>2</sup>*

---

Retailers are responding to the trend. We have seen Waitrose launch a 'two hour whisky discovery experience' in collaboration with Beam Suntory. The guided masterclass "shows just how versatile whisky can be by showing guests simple and delicious cocktails and delicious food pairings".

The experience is designed for groups to enjoy a traditional whisky education in their own home. Priced at £400 for 6-10 people, a host guides guests to make three cocktails and pair spirits with soft drinks. Guests are also given the chance to taste Jim Beam Double Oak with dark salted caramel chocolate and to experience how Laphroaig pairs with a range of cheeses.

By way of goodie bag, guests are presented with a complimentary highball glass and rocks glass.<sup>3</sup>



## *The democratisation of whisky*

The truth is that consumers no longer pay humble deference to age statement and price when they buy whisky. Drinkers new to the market don't associate quality solely with heritage-laden brands – and increasingly, neither do the more shrewd existing drinkers.

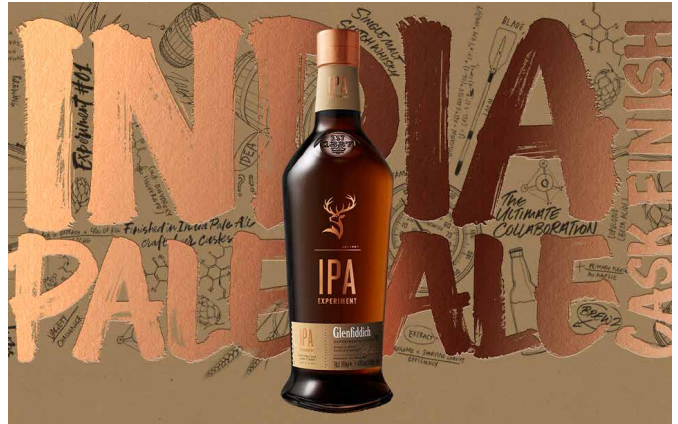
In the UK, the rising popularity of challenger supermarkets Aldi and Lidl has seen own brand spirits labels grow in market share. These own brand spirits have won numerous awards and medals in industry taste awards against the classic players. The whisky category is becoming more democratic as competition drives up quality – and that has to be welcomed.

In the US a direct consumer purchase model has recently been launched. Thirstie Access ([www.thirstie.com](http://www.thirstie.com)) has the mission to “continue to democratise the alcohol beverage industry by allowing independent alcohol companies to compete with marquee brands”. The platform has been built to allow alcohol brands to go to market through the ever-popular e-commerce route, at low cost and with ease. Unlike Amazon it allows for a fully branded e-commerce experience, enabling brand building, data tracking, a personalised experience and huge exposure to small independent brand owners.

## *Sorry, whisky and what did you say?*

Whisky from mixed casks. Whisky with cold brew coffee. Whisky with CBD. The times they are a changin' and nowadays it seems anything goes. The new experience-driven drinking culture is encouraging exploration in liquid development, from added flavours and enhancers to innovation in blends and production processes.

What excites us is that experimentation with liquids is happening not only in response to consumer trends – it is also being championed by the industry. One of the most fascinating set-ups is the Kinivie Distillery in Speyside. Built solely to experiment, the team have dedicated themselves to researching and seeing what's possible if you make changes to each and every part of the whisky production process. They have shared their findings about single malt, single grain and blended whisky as white papers on their website.



*Glenfiddich IPA experiment*



*Jameson Cold Brew Whiskey*



*1420 Hemped Whisky*

*“Kininvie Works is our free-thinking Distillery. A place a little out of the way, where we (that’s one distillery manager, one stillman, and plenty of others too) like to experiment. We don’t work to a commercial agenda, that’s not what motivates us. What excites us is what we can learn, and what kind of Scotch Whiskies we can make.”<sup>4</sup>*



## *Women who rock the dram*

Although public perception might suggest otherwise, women have always been important to the whisky industry – the power behind the throne, if you will. In 2013, US writer Fred Minnick published his book “Whiskey Women: The Untold Story of How Women Saved Bourbon, Scotch, and Irish Whiskey”. Given the current resurgence of female distillers, entrepreneurs and drinkers, it may come as little surprise to learn that it was women who were responsible for driving the success of the Scotch whisky industry, turning small batch distilleries associated with low quality and smuggling into thriving legitimate businesses. Women invented the first stills, and managed and modernised distilleries to improve liquids, cask management and production capacities, ensuring quality products and enabling future growth.

According to Minnick, two of the most influential characters in the history of Scotch whisky are Bessie Williamson, who took over the running of Laphroaig in Islay in 1938 and launched its single malt in the US, and Elizabeth Cumming, the lady behind Cardow (Cardhu) Distillery in Speyside.



*Bessie Williamson*



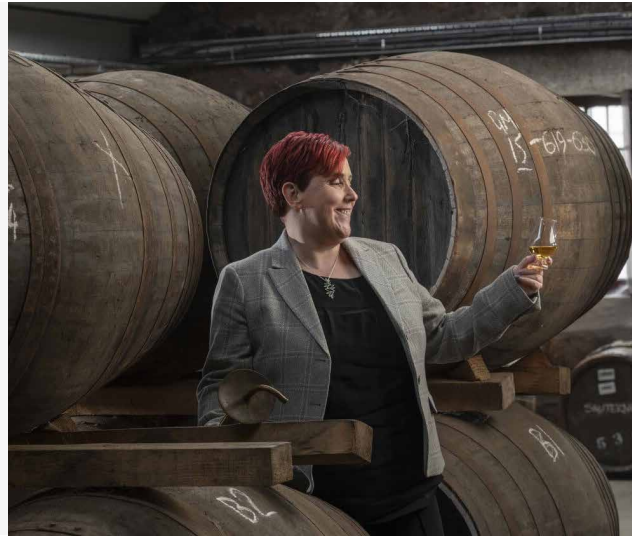


Today we celebrate some of the women who are once again changing the face of whisky:

### *Dr Kirstie McCallum*

HEAD OF WHISKY CREATION AT GLEN MORAY

On completing a PhD in Analytical Chemistry, Kirstie started her career in grain whisky distilling. A two-year secondment in Speyside consolidated her appreciation of malt whisky, and she went on to gain a diploma in distilling. A qualified blender since 2007, and a global brand ambassador between 2012 and 2016, after a number of years as Master Blender at Distell International, Kirstie joined Glen Moray to oversee quality and develop new products, expressions and limited editions.



### *Terri Brotherston*

WHISKY SPECIALIST FOR EDRINGTON-BEAM SUNTORY

A native of Leith in Edinburgh, Terri has over a decade's experience in the hospitality industry. Working in some of the world's best cocktail bars has honed her love of whisky and her desire to share her enthusiasm. She holds popular training sessions for industry professionals and can be found on juries such as Imbibe's Drinks List of the Year.

### *Annabel Meikle*

DIRECTOR OF THE KEEPERS OF THE QUAICH

Working in the industry since 2001, Annabel arranged events and tastings before becoming global brand ambassador for Glenmorangie and Ardbeg. While running her own consultancy, Whisky Belle, she was contributing editor to two publications, noted for her sensory evaluation and tasting notes. As Director of The Keepers of the Quaich, Annabel organises its high profile ceremonies and banquets which induct new members of the society each year at Blair Castle.







## *Is this the future?*

Glyph has launched in the US as the first molecular whiskey.<sup>5</sup>

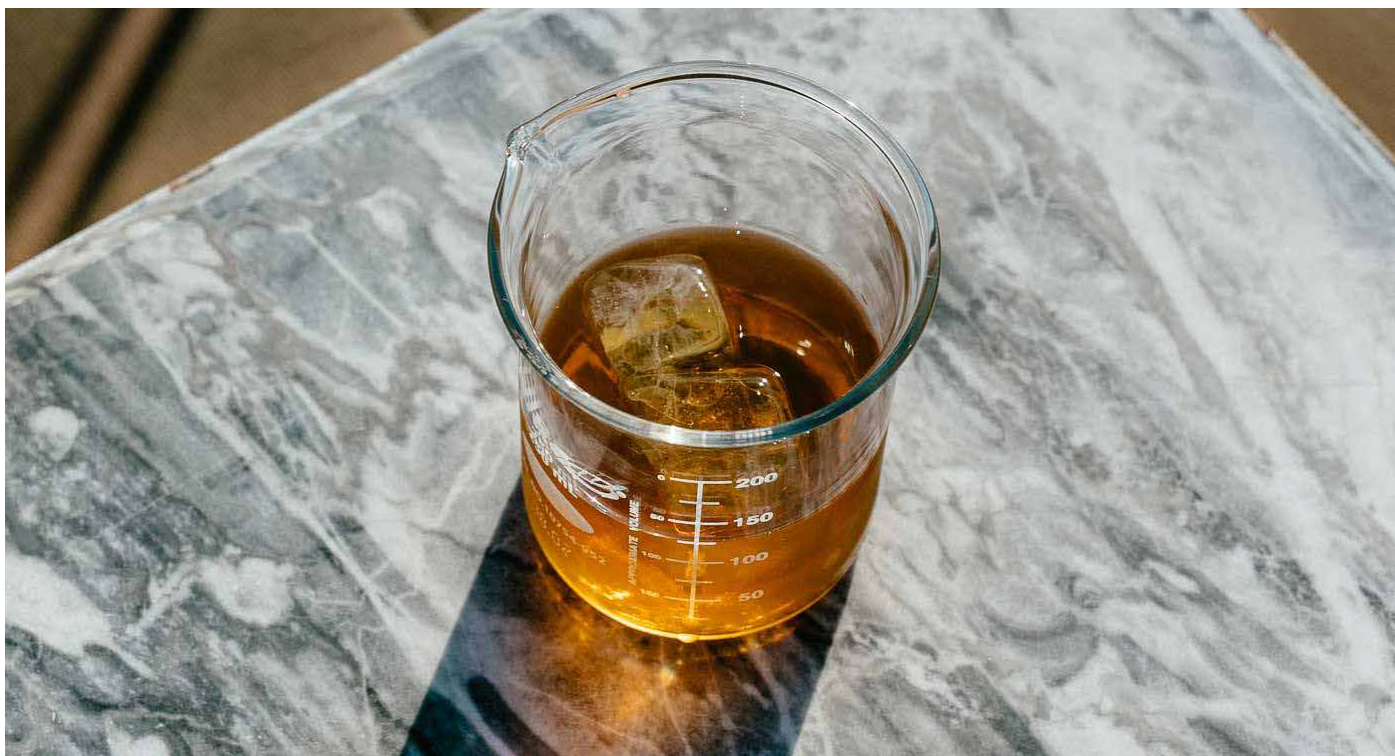
No distillery. No casks. No blender. Glyph is “the first whiskey made from the molecule up”. Molecules are sourced from plants and yeasts and developed into a whiskey through “note-by-note production”. In their words “Glyph is biochemically equivalent to the finest aged whiskies.”

We’ve not tasted the result so can’t vouch for it. But it’s a shot across the bow – a sure sign that the world of whisky will continue to change, and more than likely at an increasingly rapid pace.

We believe it’s inspiring to see how a behemoth category like whisky can grow, evolve and adapt to appeal to a more diverse and trend-led audience. Some might think not before time, others will no doubt be weeping salt tears into their dram.

The bottom line is we predict there’s room for everyone in this canny category.

THE KING IS DEAD. LONG LIVE THE KING.



### *Glyph Whisky*

1. [https://distill-ventures-uploads.s3-eu-west-1.amazonaws.com/190514\\_non-alc-white-paper-a4\\_final-small.pdf](https://distill-ventures-uploads.s3-eu-west-1.amazonaws.com/190514_non-alc-white-paper-a4_final-small.pdf)
2. <https://www.euromonitor.com/alcoholic-drinks-global-industry-overview/report>
3. <https://www.thespiritsbusiness.com/2019/08/waitrose-launches-at-home-whisky-tasting-experience>
4. <https://www.kininvie.com/uk>
5. <https://endlesswest.com/glyph>



wonderworks

[sarah@wearewonderworks.com](mailto:sarah@wearewonderworks.com) [miranda@wearewonderworks.com](mailto:miranda@wearewonderworks.com)  
33 Percy Street, London W1T 2DF. Tel. +44 (0) 207 637 5337