

Press release

USA CHALLENGES SCOTLAND'S ALCOHOL MARKET DOMINANCE

- **USA closing in on Scotland as top alcohol brand producing country, with US whiskey and bourbon growing in popularity**
- **Scotland's Johnnie Walker remains number one but falling consumption in China blamed for Scotch volume declines and slowdown in exports**
- **Jack Daniel's seen as jewel in US' crown with growth of 7% compared to 11% drop in total score for Johnnie Walker**
- **Beam Suntory enters the Power 100 for the first time with eight brands ranked – underlines growing popularity in bourbon**
- **Intangible Business' 10th annual Power 100 also takes a retrospective look at the top drinks trends of the decade and predicts future trends**

Scotland remains the world's number one for producing powerful drinks brands, with Johnnie Walker in the number one slot but the USA is closing in, according to the Power 100 2015, the tenth annual survey of the world's drinks brands published today by brand valuation consultancy Intangible Business.

A falling demand for Scotch in China has affected brand owners, with export numbers falling dramatically.

Due to this, the USA is rapidly closing in on Scotland as the world's most powerful alcohol producing nation – a title Scotland has held for the last ten years. Jack Daniel's has seen the largest rise in total score in the last year – 7% compared to an 11% drop for Johnnie Walker, as drinkers' appetites shift away from Scotch and towards US whiskeys and bourbon.

The Power 100 2015 assesses both the financial contribution of each brand alongside its strength in the eyes of the consumer and has been compiled by combining scores from a panel of some of the world's leading drinks industry experts with hard data. The brands are rated according to share of market, future growth, premium price position, awareness, relevance, heritage and brand perception.

Intangible Business, which creates the annual league table and works extensively with the drinks industry, researches nearly 10,000 spirit and wine brands across the globe to produce The Power 100, which is celebrating its tenth anniversary this year.

Stuart Whitwell, joint managing director at Intangible Business, said:

"No brand is unaffected by market conditions and China's falling appetite for Scotch has certainly hit the market hard – Johnnie Walker, Chivas Regal and Rémy Martin have all felt the effects. The US has also emerged as a worthy market competitor, challenging Scotch's dominance with strong brands such as Jack Daniel's and pricing advantages. Whilst consumers will always be prepared to pay for premium Scotch, other premium whiskey categories such as Bourbon, Japanese and Irish whiskey are starting to be genuinely attractive in the premium and super premium segments. Scotch is facing some tough competition.

"We expect to see both Irish and American whiskey to continue to capture market share from Scotch whisky. Recent figures show Scotch whisky exports fell in 2014 and this is partly down to China's dwindling appetite for imported whisky. Equally, renewed interest in bourbon brands such as Jim Beam means that the US is edging closer to Scotland as the number one country of origin for premium spirits brands.

“These market conditions make Johnnie Walker’s dominance of the Power 100 all the more impressive. Diageo’s ability to retain supremacy with Johnnie Walker and Smirnoff reiterates the sheer market power they possess and their dexterity in reacting to adverse market conditions.

“Given this year’s results and the direction the global drinks market is taking, we can expect to see more movement and upheaval in the rankings in the following years. The US is likely to continue to grow its market share with whiskey and bourbon brands - Suntory’s acquisition of Beam including their namesake brand Jim Beam last year, further underlines bourbon as a growth area. Furthermore I would expect to see more M&A activity as brand owners look to boost their own whiskey and bourbon offerings.”

The ranking’s top five remains unchanged, with Smirnoff Vodka, Bacardi, Jack Daniel’s and Hennessy listed behind Johnnie Walker. Elsewhere in the rankings, Jägermeister enters the top ten for the first time and wine brands Lindemans and Kendall Jackson are amongst some of the highest climbers in the table (52nd and 87th place respectively).

Top 10 Power Brands 2015

Rank 2015	Rank 2014	Brand	Sub Category	Owner /Country	Total score 2015
1	1	Johnnie Walker	Blended Scotch	Diageo / Scotland	85.9%
2	2	Smirnoff Vodka	Vodka	Diageo / Russia	85.7%
3	3	Bacardi	Rum / Cane	Bacardi Martini / Cuba	64.5%
4	4	Jack Daniel’s	US Whiskey	Brown-Forman / USA	49.9%
5	5	Hennessy	Cognac	LVMH / France	41.6%
6	8	Captain Morgan	Rum / Cane	Diageo / Dominican Republic	36.1%
7	7	Absolut	Vodka	Pernod Ricard / Sweden	35.6%
8	6	Martini Vermouth	Light Aperitif	Bacardi Martini / Italy	33.0%
9	9	Chivas Regal	Blended Scotch	Pernod Ricard / Scotland	28.6%
10	13	Jägermeister	Bitters / Spirit Aperitifs	Mast- Jägermeister / Germany	22.7%

The decade’s top trends – and what to expect in the next ten years

The last ten years in the drinks industry have been epitomised by transformation with globalisation, consolidation, the global recession and innovation all contributing to change in the industry.

Brands such as Jägermeister, Grey Goose and Russian Standard have all benefited from globalisation, boosting their regional brands through a series of distribution deals globally.

Consolidation has also been a major driver of growth in the drinks market - we are seeing a much more streamlined market where mega brands dominate after a series of mergers and acquisitions. This trend doesn’t look like it is likely to slow down - Intangible Business expects Beam Suntory, Campari and Proximo Spirits in particular to acquire more brands.

As China’s growth continues to slow, other emerging markets such as Latin America are expected to offer development opportunities for drinks brands.

Finally, innovation has also been a key theme across the market over the last ten years and this is likely to continue as brands look to capture a greater share of an increasingly competitive market.

More and more brands have experimented with new flavoured variants – especially in the white spirit sector which has struggled to compete with the more fashionable darker, aged drinks. Smirnoff's unusual flavoured versions such as fluffed marshmallow have ensured the brand remains relevant in the changing market.

Movers and Shakers

Wine brands Kendall Jackson and Lindemans were the biggest risers in the Power 100 this year, soaring 17 and 13 places up the table respectively. Southern Comfort also rose 13 places to the 56th spot after enjoying an impressive 19% year on year growth.

Competition in the wine industry remains fierce, and Hardy's has been a casualty, falling 16 places in the rankings to 46th. Three Olives vodka also experienced a significant decline, falling 14 places to 94th.

Star Performer

This year the Star Performer award goes to Captain Morgan, Havana Club, Jameson Irish Whiskey and Lindemans in recognition of the brands' increasing total scores in this year's Power 100.

ENDS

Notes to editors

The Power 100 Methodology

Nearly 10,000 brands in the spirits and wine sectors were researched to derive a list of the 100 most powerful spirits and wine brands in the world. Power is defined by a brand's ability to generate value for its owner. Value is classified by a series of measures as identified below. The population for the research is all current and potential users of alcoholic drinks.

Scoring

Hard Measures

Share of market: volume-based measure of market share

Future growth: projected growth based on 10 years' historical data and future trends

Price Positioning: a measure of a brand's ability to command a premium

Market Scope: number of markets in which the brand has a significant presence

Soft Measures

Brand Awareness: a combination of prompted and spontaneous awareness

Brand Relevancy: capacity to relate to the brand and a propensity to purchase

Brand Heritage: a brand's longevity and a measure of how it is embedded in local culture

Brand Perception: loyalty and how close a strong brand image is to a desire for ownership

A panel of leading experts in the drinks industry independently ranked each selected brand out of 10 on the above measures (10 = high, 0 = low). The scores given by the individual panel members were

aggregated and averaged to reach a total score for each brand. A total score was achieved by multiplying a brand's weighted volume by its brand score, within a defined range. The weighting is designed to adjust the volumes to a comparable level. Brand score is a derivative of the eight measures of brand strength. This results in a ranking of the world's most powerful spirits and wine brands.

About Intangible Business

Intangible Business was established in 2001 to provide an independent approach to brand valuation, brand strategy and brand development. As well as experts in brand valuation, Intangible Business is now an internationally recognised leader in all IP valuation, including copyright valuation, trademark valuation, valuing websites, valuing databases and software.

In the beverages industry Intangible Business provides advisory, due diligence, valuation and transfer pricing advice for all forms of assets and liabilities. Intangible Business is the leader in brand valuation for the spirits and wine sector, having worked on an extensive list of deals for both listed and private companies.