

the drinks business

POWER BRANDS SURVEY EXPOSES SCOTCH SLOWDOWN

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The results of this year's Power Brands survey are out, and for the first time in 10 years, Johnnie Walker has suffered a declining score.



Having lost more than a million cases of sales during 2014, Diageo's flagship Scotch saw its total score drop by 11% in 2015's Power Brands survey, which ranks the world's 100 most powerful wines and spirits according to a series of hard and soft measures, such as volume sales during the past year and price positioning, along with levels of awareness, market scope and heritage.

Nevertheless, Johnnie Walker retained its position as the world's most powerful brand in the survey, with a total score of 85.9%, putting it just ahead of Smirnoff, which once more came in second place, achieving a score of 85.7% – down 3% on last year.

Speaking to the drinks business about the results, Stuart Whitwell, director at Intangible Business, which compiled the survey in partnership with ourselves, said that the result for Johnnie Walker reflected the fact that the brand has lost volume for the first time in a decade – Power Brands was launched in 2006.

"For the first time in 10 years of doing this survey Johnnie Walker has taken a hit on volumes," he said, adding, "which is largely down to the clampdown on conspicuous consumption in China."

Continuing, he said that it was a problem for other mature upmarket Scotch power brands, such as Pernod Ricard's Chivas Regal, which suffered a 4% volume decrease last year.

"Like Johnnie Walker, Chivas Regal was doing very well in China too," he stated.

Looking more broadly at the survey results, he observed a general slowdown in sales of Scotch worldwide.

"I think Scotch whisky is pretty much at its zenith at the moment," he observed.

He ascribed the decline not only to a fall in Scotch demand in the once fast-growing Chinese market, but also due to rising consumption of Bourbon, spiced rums and Irish whiskey in more mature markets, especially the US.

"I don't think Scotch has kept pace with American whiskey and to a certain extent, leading brown rums or Irish whiskey," he commented.

Continuing, he observed, "And from a big brand perspective, Jameson, Jack Daniels and Captain Morgan stand out as the big brands that will grow over the next decade."

He also suggested that we could soon see further names in the Power Brands survey from the US brown spirits category – and, such is the phenomenal growth in sales of Fireball Cinnamon Whisky in North America, Whitwell said that he forecast this becoming a future Power Brand.

"Fireball has taken off, it is now selling 7 million cases, and if that growth continues, it will make it into the Power Brands next year," he predicted.

Meanwhile, Spiros Malandrakis, who is an alcoholic drinks analyst at Euromonitor International, said that Johnnie Walker and other big Scotch brands were suffering due to their staid image and tight rules on production, which stifle innovation.

"Scotch has been left behind in terms of innovation and dynamism, it has become trapped within its own conservative nature," he said.

Continuing he stressed, "Bourbon is definitely taking the reins now, alongside Irish Whiskey, but I would underscore the importance of Bourbon, which is much more innovative than Scotch, and Bourbon's techniques and positioning are the closest to the micro-distilling movement, which is hitting the right notes at the moment."

For the future, he said that big brand Scotch will only recover lost volumes should emerging markets like China see a return to growth.

"They haven't grown in mature markets for a while, so it is really about the potential of emerging markets – and the billion dollar question remains China.

"There are some signs of reversal and it appears that we are past the worst already, but the uncertainty concerns the macroeconomic level – the austerity drive may be reaching an end – but macro-economically, China is slowing down."

Concluding on this topic, he stated, "China is moving to a new normal where premiumisation is coming of age, which means no diamond encrusted decanters and bling, but more affordable luxury rooted in heritage and authenticity."

The drinks business will be bringing a number of reports on this year's Power Brands survey over the coming weeks, including an analysis of all 100 wines and spirits in the survey, and a look at their 10-year performance.

You can read more about the survey as well as find out last year's top 10 most powerful drinks brands [here](#).

For 2014's top 10 Scotch brands by volume, [click here](#).