

third party

Johnnie Walker is brand power at its best



Stuart Whitwell

Rumours swirling around a potential takeover of Diageo have got the markets in a fizz, with some analysts arguing it doesn't even matter whether these rumours actually turn out to be true or not – the impact on the conglomerate's drinks brands is already being felt.

Yet we see Diageo as enjoying a far stronger position than others give it credit for, especially given one of its best-loved brands, Johnnie Walker, has

topped our 10th annual Power 100 List for the third year running. The Power 100 charts the most powerful spirits and wine brands in the world based on the brands' financial contributions alongside their strength in the eyes of the consumer.

Johnnie Walker has done extraordinarily well as 2015 is already proving a tough year for many drinks brands – especially in Scotch. Irish and American whiskey continue to encroach on the market share held by Scottish brands. 2015 is the first year where we have seen the US rapidly closing in on Scotland as the world's most powerful

alcohol-producing nation – a title Scotland has held for the past 10 years. Similarly, China's falling appetite for Scotch has hit the main brands hard and while consumers will always be prepared to pay for premium Scotch, other premium whiskey categories such as Bourbon, Japanese and Irish whiskey are starting to become genuinely attractive in the premium segments.

Diageo's ability to retain supremacy with both Johnnie Walker and Smirnoff (second in the rankings respectively) reiterates the sheer market power it possesses and its dexterity in reacting to adverse conditions.

Consolidation has been – and continues to be – a major driver of growth in the drinks market; we are seeing a much more streamlined market where mega-brands dominate. The US is likely to continue to grow its market share with whiskey and bourbon brands – Suntory's acquisition of Beam last year further underlines bourbon as a growth area. Yet it is clear that even if Diageo does succumb to a takeover bid, we can expect it to utilise its strong brands to command a significant premium. ●

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