

## Scotland retains top spot in drink brands



Brands like Johnnie Walker have helped Scotland maintain top spot. Picture: Ian Rutherford

**THE United States is closing in on Scotland's number one position for producing the world's most powerful drinks brands according to a report.**

For the tenth year running, spirits brands including Johnnie Walker helped Scotland maintain its top position in the Power 100 league table compiled by brand valuation consultancy Intangible Business.

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But the report said falling sales of Scotch in China has hit brand owners and enabled the US to make up ground. Jack Daniel's enjoyed the largest rise in total score in the last year – up 7 per cent compared to an 11 per cent drop for the table's most powerful brand Johnnie Walker, which the report said reflected drinkers' appetites shifting away from Scotch and towards US whiskeys and bourbon.

The Power 100 is based on 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 leading drinks industry experts.

Brands are rated on factors including share of market, future growth potential, premium price position heritage and brand perception.

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."

The company said it expected to see both Irish and American whiskey continue to capture market share from Scotch whisky.

Recent figures showed Scotch whisky exports fell 7 per cent to £3.95 billion in 2014. The decline was in part due to a sharp drop in exports to the US, the biggest market for Scotch by value, where sales fell by 9 per cent to £748m.

At the time the Scotch Whisky Association blamed the decline on weaker economic conditions and political volatility in some markets but said the long-term outlook for the sector was positive with underlying strong growth in most emerging markets.

Taiwan saw exports increase by 36 per cent to £197m and exports to India were up 29 per cent to £89m.

Whitwell said the backdrop of tough market conditions in many areas made 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 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."

The ranking's top five remains unchanged, with Smirnoff Vodka, Bacardi, Jack Daniel's and Hennessy listed behind Johnnie Walker.