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WILLIAM GRANT  
& SONS  
*Trending* 2020



## Welcome to our Trending 2020 William Grant & Sons Report.

In a volatile, uncertain world, deep insight and consumer understanding has never been more critical – or harder to come by.

This is the 9th edition of our in-depth, data rich analysis of the drinks industry. For 2019 we are excited to share with you our 'Trending 2020' Report, providing context to year-on-year movements in the industry and the consumer trends that are driving these changes, as well as the evolving trends which are set to influence 2020 and beyond.

The differentiating factor with Trending 2020 is the valuable insight it uncovers into evolving consumer behaviour. The evolution of the Active-ist Consumer and the changing face of luxury, coupled with what it means to the drinks market, provides thought-provoking content. It provides examples and data to help you drive your business forward in this complex and ambiguous world we continue to navigate.

In 2018 we outlined that the pace of change had never been faster, but you could argue that the last 12 months have seen even greater acceleration in terms of geopolitical, economic and technological developments.

This acceleration is propelling UK consumers into ever more action – activists have risen from all walks of life. The Active-ist Consumer we identified in 2018 has evolved; people are living more curated lives and demanding more authenticity, story-telling and deeper connections from the organisations and brands they choose to interact with.

Our Trending 2020 Report navigates the role of premiumisation and innovation in building connections with consumers and the importance of investing in these relationships. What is clear is that brands must work harder to establish meaningful transactions, based on mutual benefits, with customers in the year ahead and beyond.

More than 130 years after the very first drop of spirit fell from the copper stills, William Grant & Sons is today run by the fifth generation of the family. We now distill some of the world's leading premium spirits brands that are enjoyed in 180 countries, thanks to our teams in over 40 global locations managing production, sales, marketing and distribution. We pride ourselves on our commitment to working with our partners to understand the premium drinks market and unlock the opportunities available for future growth and to meet consumers' needs.

I hope you will find the insights into the UK drink industry and consumer behaviour contained in Trending 2020 valuable for the year ahead.



*Neil Barker*

Neil Barker,  
Managing Director,  
UK and Ireland  
William Grant & Sons UK

# CONTENTS

08

## Chapter 01 *Market Overview*

28

## Chapter 02 *Category Focus*

38

## Chapter 03 *Channel Overview*

56

## Chapter 04 *Appendix*



# ABOUT TRENDING 2020

**The William Grant & Sons UK Trending 2020 Report is based on Great Britain (GB) data. Certain data covers the UK – in those instances, the copy will mention the UK specifically.**

The consumer trends in this report were developed in partnership with Kantar Consulting and demonstrate the evolving consumption habits and lifestyles of UK Consumers based on fundamental consumer values and attitudinal shifts.

Premium spirits brands are identified in this report as those that retail from £23+ per 70cl in the GB Off-Trade. They can show strong brand equity, as well as credentials based on the brand's uniqueness in its category, quality and ingredients.

On-Trade looks at bars and clubs, pubs, hotels and restaurants and uses data from CGA Strategy to 15.06.2019.

Off-Trade looks at multiple grocers and convenience, as well as wholesale, and uses data from Nielsen to 15.06.2019. IGD looks at grocery, convenience and wholesale, and is referenced as IGD Channel Opportunity Report 2019.

Grocery multiples data represents UK grocery retailers including ASDA, Co-op, Morrisons, Sainsbury's, Tesco and Waitrose. Impulse data represent symbols, independents, convenience multiples, multiple off licences, and multiple forecourts.

Consumer data is taken from CGA Brand Track and Kantar Worldpanel to 16.06.2019.

Unless otherwise stated, all figures that highlight % growth or decline are based on year-on-year moving annual total value data.



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# WG&S MARKET REPORT 2019

**GB BEER, WINE & SPIRITS**  
£43.1BN, UP 3.2%

**GB ON-TRADE**  
£25.7BN, UP +2.9%

**Managed:** £10.1BN, UP +5.5%  
**IFT:** £10.6BN, UP +1.4%  
**Other:** £5.0BN, UP +0.9%

**GB OFF-TRADE**  
£17.4BN, UP 3.6%

**Multiples:** £13.6BN, UP 3.6%  
**Convenience:** £3.7BN, UP 3.6%

## GB SPIRITS CATEGORIES

### TOP 5 BY VALUE

1. Non-flavoured Vodka
2. Gin
3. Blended Scotch
4. Non-cream Liqueurs
5. American Whiskey

### TOP 5 BY VOLUME

1. Non-flavoured Vodka
2. Gin
3. Blended Scotch
4. Non-cream Liqueurs
5. American Whiskey

Spirits is the second largest sector and continues to see strong value growth ahead of total GB beer, wine and spirits (BWS).

The Total GB BWS Market is worth **£43.1BN**, UP **3.2%**

The On-Trade accounts for **59.6%** of value sales, UP **+2.9%**

The Off-Trade accounts for **40.4%** of value sales, UP **+3.6%**

Total premium spirits is now worth **£1.66BN**, UP **+16.3%**

**70.7%** of premium spirits are sold in the On-Trade, where it's worth **£1.18BN**, UP **+18.1%**

Premium spirits account for **14.6%** of all spirits value sales, and **34.3%** of all spirits value growth over the last year.

Premium Spirits account for **£487M** in the Off-Trade, up **+12.3%**

The spirits sector is worth **£11.4BN** up **+6.3%**.

Gin is now worth over **£2BN**. If current growth rates are sustained, gin is set to overtake vodka as the biggest category by 2020.

While gin stole the headlines in 2018, emerging categories of Irish whiskey and flavoured/spiced rum are also seeing strong double-digit growth.

Premiumisation remains a key driver for the spirits market, with premium brands accounting for **£233M** of incremental value.

ALCOHOL

PREMIUM SPIRITS

SPIRITS



*Chapter 01*

# MARKET OVERVIEW





# TRENDING 2020

A clear impact of the social, technological, environmental, economic and political landscape evolving at pace is that Active-ist Consumers are spurred into greater action and are compelled to take greater control in the day-to-day. They are continuing to react to the increased sense of information overwhelm, mis-trust, and despair, resulting in today's Active-ist Consumers becoming more proactive when it comes to curating online identities, managing health, social groups, and spending on experiences and services. At the same time, in 2019 and beyond, consumers also expect the brands they engage with to go the extra mile for them and with them – they are more concerned than ever before about the world around them and their role in it.



In 2018, the William Grant & Sons Market Report identified rise of the Active-ist Consumer, a mindset-based consumer group more determined than ever to use its voice, choice and purchasing power to improve the world around them. In the Trending 2020 Report we have seen that The Active-ist Consumer is continuing to gain in both strength and voice, and in 2019 four of the five trends have evolved.

To understand these changes, we need to review these against the high level macro trends to make sense of the continued Volatile, Uncertain, Complex and Ambiguous (VUCA) world we are still experiencing.



# CONSUMERS IN THE UK: THE MACRO TRENDS

## SOCIAL

Longer life expectancies and declining birth rates have resulted in an overall ageing population in the UK; working lives are getting longer and 'middle-agedness' is extending. Centennials (Gen Z) are coming of age and will be the next wave of influencers, disruptors and consumers; new pressures caused by an 'always on' culture are causing many to feel lonely and stressed, with more of them living with their parents well into adulthood (40% of 15-34 year-olds, according to ONS data). Single person households are the most common household type in our market and are forecast to grow by 2039 (ONS). Both household size and structural change inevitably disrupts traditional at-home occasions with drinks; moving forward there will be an even stronger need to reframe definitions of typical households.

## TECHNOLOGICAL

From a technological standpoint, the UK is on the verge of rapid advancements in connectivity thanks to 5G network roll outs, and innovative data analysis techniques enabling more accurate targeting and anticipation of consumer moves. With this, however, comes consumer concerns about how data is being used. Perhaps surprisingly, Kantar's Global Monitor survey reveals 19% of 16-24 year-olds agree that they are "dependent on their mobile devices, but resent their influence" on life, scoring higher when compared to older generations. The reality for marketing or in-app experience is harsh; when designing customer experiences, brands should be hyper-critical about the value their audience is actually getting from their screen-time.

## ENVIRONMENTAL

Public awareness on issues of sustainability is at an all-time high and, in parallel, within the last 12 months environmental pressure group Extinction Rebellion has been formed and its tactics have garnered widespread media coverage and public interest. The UK is pushing for a post-plastic and zero-waste world following consumer pressures and regulations. Innovating the supply-chain and production process is fast becoming a key differentiator between successful and stagnant brands. The UK is also witnessing an increase in the volatility of weather and seasonality such as an increase in extreme temperatures out of season; in fact, the hottest day on record fell this summer. Truly feeling the effects of climate change for the first time pushes the issue higher up the UK consumer agenda. FMCG brands are already pivoting or redeveloping their messaging to respond to this sense of urgency.

## ECONOMIC

The growth rate of the UK economy is slowing (along with the rest of the world). This, coupled with political factors, has led to uncertainty around the future of the UK. As companies reject the UK for markets with more certain futures, uncertainty is predicted to turn to fear. In spite of this, Britons continue to feel confident about their own financial situations - 67% feeling that "things are going very/fairly well with my personal financial situation" compared to 45% for "my country's situation" (Kantar Global Monitor, 2019). The drinks market is yet to feel a significant pinch, but looking ahead brands will have to differentiate the relationships and experiences they build with consumers to stand out among the competition in tougher economic times.

## POLITICAL

Political turbulence and uncertainty has obviously ruled the headlines in the last year, with "political divisions paralysing the government of your country" considered a 'Top 3 Risk' in Kantar's Global Monitor survey. This internal tension has stolen media attention from emerging regulation that has far-reaching impact; a minimum unit price for alcohol is now in place in Scotland, with Wales soon to follow; alcohol brands are also exploring sugar reduction methods over expected legislation to overspill from sugar tax on soft drinks. Overall, rising protectionism and nationalism have led to increased political polarisation and tension. This developing political picture will create new regulation challenges, costs and supply chain complications for businesses operating from the UK, touching every consumer packaged goods sector. operating from the UK, touching every consumer packaged good sector.







## THE EVOLUTION OF THE ACTIV-IST CONSUMER

### Activist consumers seek greater sense of control

A clear impact of the uncertainty bubbling in the UK and the increased sense of information overwhelm is a greater consumer need for control in the day to day. The Active-ist Consumers identified in 2018 are becoming even more proactive when it comes to curating online identities, managing health, social groups and spending on experiences and services. At the same time, in 2019 and beyond, consumers also expect the brands they engage with to go the extra mile for them and with them – they are more concerned than ever before about the world around them and their role in it.

Previous market reports by William Grant & Sons UK identified five key themes representing fundamental human motivations. Whilst these human truths remain valid against the backdrop of the macro trends, their narratives and expressions have evolved.



1

# MY IDENTITY

From: Embracing diversity and transparency

To: Heightened awareness of the extrinsic value of identity and humanity

What's driving the trend?

- Proliferation of platforms and outlets for connection and expression
- Declining trust in traditional voices and authorities
- Increasing risk-aversion and desire for identity control and management

The identity trend has moved forward significantly in recent years, and promises to become even more top-of-mind for consumers with increasingly digitally-directed lives and means of outward self-expression. **True Tribalism** emerges more strongly as niche audience groups (e.g. cycling Middle Aged Men In Lycra or MAMILs) find new ways to connect and socialise – constantly contributing and digesting others' content. In fact, 80% of Millennials say they will post content about shows they watch or events they go to, whilst 88% read other people's comments on the same topics (MindShare Futures Trends, 2019). Connected and aligned communities gather momentum, such as high-tech cycling clothing brand Rapha, expanding to events, holidays, clubs and cafes in the UK and beyond.

Amidst new communities forming, an undercurrent of distrust drives expectations of companies and brands to be **Authentic & Inclusive Storytellers**. This year, 47% of UK consumers agree that they "like brands to have a point of view and stand for something", a staggering 11% increase

from 2017 (Kantar, 2019). Oatly boldly stood for its plant-based point of view through rebellious ads that engulfed King's Cross station earlier this year, and progressive 'carbon unit' measurements on its packaging.

In a backlash against constant and unconstrained online sharing, regulation and recent scandals, there is an increased consumer desire for anonymity and the need for **Curation & Control**, changing aspects of socialising and marketing. One in five consumers believe they are at risk of public humiliation from a social media post going viral (Kantar), and this risk-aversion is manifesting in behaviours, as well as venues, when going out. Leading-edge nightclubs such as Egg in Camden are going as far as placing stickers over phone cameras to ensure anonymity in these environments upon entry.



## MY IDENTITY: WHAT'S NEXT?

Questions over the safety and trustworthiness of the internet is a hot topic. Tech-savvy consumers are able to establish individual Virtual Private Networks (VPNs), and businesses are building closed intranets for secure sharing. There has been a staggering 8% increase in UK consumers being concerned about data privacy and protection on the internet in the last four years (Kantar Global Monitor, 2019). The different identities we curate online will become a 'keychain', allowing us access to certain goods and services, but also meaning we are more easily targeted by both marketers and cybercriminals. Cyborg Unplug is an early manifestation of the sorts of privacy technologies we see on the horizon. It is a 'privacy appliance for the home, hotel, and workplace' which can detect and automatically disconnect a variety of wireless devices known to be used for surveillance purposes, such as remote cameras, sensors and microphones.



## 2 MY HEALTH

**From: No nasties and Rooted Realness  
To: Simplified management of holistic wellbeing**

**What's driving the trend?**

- Heightened access to information, tracking and guidance
- Increasingly proactive approaches to health
- Rising awareness of mental health and wellbeing
- Growing desire for transparency and simplicity

In recent years, sugar and fat have been vilified, while consumer understanding of diet and nutrition is becoming more sophisticated. People increasingly understand and manage their overall wellbeing as interrelated systems. As such, they put wellbeing first in decision-making, opting for functional or fortified options. Beer brand Sufferfest is playing to this desire, launching 95-calorie-per-can beer infused with bee pollen that promotes muscle recovery post workout. The number of people saying they regularly eat functional foods has increased 5% since 2016, according to Kantar's Global Monitor survey. In the same **Wellbeing First** mindset, we more than four million people take on the Dry January challenge in 2019, more than ever before (Alcohol Change UK, 2019). This also ties with a continuation of the no/low trend – Kantar's Alcovision panel data confirms a 5% decline in UK adults drinking in the on-trade (from 86% in 2014 to 81% in 2018).

This summer, William Grant & Sons launched its first ultra-low alcohol spirit, Atopia. Created by Hendrick's master distiller Lesley Gracie, and with 75 times less alcohol than a standard gin and tonic,

Atopia's flavors are attained through natural distillation and botanical extraction to 'build layers of taste and complexity and sophistication' in both its Spiced Citrus and Wild Blossom variants.

Beyond just cutting out the 'junk', UK consumers are beginning to understand how certain types of energy and ingredient can contribute to **Mood Management**. 2019 non-alcoholic entrants to the market such as Kin Spritz promise mood enhancing benefits, through stress-regulating adaptogens and brain-boosting nootropics – words now entering the health-conscious UK consumer vocabulary. We cannot fail to mention CBD, the cannabis derivative that is about to reach a market value of £22bn in the US, according to Brightfield Group, and projected to be worth £1bn in the UK by 2025. CBD infusions have entered many categories of consumable in the UK, promising relaxation without the associated health risk of alcohol. UK brewery Hop & Hemp Brewing Co. launched two new CBD infused, low-alcohol craft beers this summer to help consumers unwind without the downsides of traditional alcohol content. While wellness brand Meda launched a range of alcohol free RTDs said to 'restore the body's balance'.

In a world full of overwhelming choice and noise, there is an increasing appreciation for **Mindful Indulgence** and **Essential Simplicity** from products and brands, with easy-to-understand ingredients and minimalistic presentation alleviating the pressure or anxiety that increasingly comes with social occasions. When we consider that, according to a 2019 New Nutrition Business report, nearly four in five UK and US consumers find messaging around health confusing, it should come as no surprise that minimalistic, stripped-back brands and informal venues, menus and occasions are gaining traction in the market. PairMe Wines, Brandless, And Union and House Beer are four great examples of drinks brands cutting surplus design and detail right back.

### MY HEALTH: WHAT'S NEXT?

and desires for consumers who want their digestive health, mental health, physical performance and sleep quality to interrelate perfectly. Supplements to harmonise bodily functions will grow in popularity, along with more granular and seamless ways of tracking health habits and progress. Taboos around mental health will continue to dissolve, with powerful players like Instagram removing functionality that leads to reduced self-esteem.

More sophisticated understanding of the body as a system will bring about new concerns



## 3 MY EXPECTATIONS

**From: On-demand, yet considered living**

**To: Service and innovation as new markers or luxury**

**What's driving the trend?**

- Rise of data-drive, personalised services
- Increase of insurgent, local entrepreneurs and brands
- Explosion of 'third spaces' for living, working, retail and socialising

The UK continues to be a global leader when it comes to entrepreneurial activity in consumer goods. For more discerning consumers with increasing amounts of choice, innovation is the new marker of 'luxury' and category definitions. A recent example from the drinks world is Mackmyra A.I. Whisky – the result of a partnership between Microsoft and Mackmyra that automates the distilling of up to 70 million different whisky variants. Its artificial intelligence can alter the formula based on identifying tasting notes, combined with data on what is selling in the market. Meanwhile, William Grant & Sons has partnered with specialist blockchain technology company arc-net to allow customers to track bottles of Ailsa Bay from 'source to store'.

It seems consumers are not just concerned with innovation for novelty's sake; significant R&D investment and high-end consumer attention is being given to more sustainable solutions at the luxury end of the market, across sectors. Edition Hotels is the first luxury hotel chain to go single-use plastic free, while watchmakers Baume & Mercier only use natural or recycled material in the manufacturing process, often from high-spec skiing or aviation equipment. At this year's London Cocktail

Week William Grant & Sons-owned sweet vermouth Discarded, launched in July 2018, collaborated with anti-waste pop-up Trash Tiki to create six sustainable cocktails served alongside a six-course dinner at London restaurant Cub. Without a stance on environmental or societal issues, brands risk being boycotted; two thirds of UK consumers say they make choices on what to avoid on that basis (Generation Less, Positive Luxury report, 2019).

Consumers are also eating and drinking in new, innovative places, given the increasing development of 'hybrid' spaces that promote socialising in live/work/retail environments. In 2011, there were just 1,000 co-working spaces worldwide, mostly in Europe and the US. In 2018, there were over 37,000 operational co-working spaces with around 2.4m professionals working from them (PeopleWorks, 2018). Food, drink and other consumer good companies are leveraging these new spaces as retail channels; Deliveroo + Heineken have partnered on its 'Brew House' initiative. While Desk Beers are facilitating same day alcohol deliveries to co-working and co-living spaces.

### MY EXPECTATIONS: WHAT'S NEXT?

Greater expectations of employers to create higher-end, better-equipped

As part of William Grant & Sons Richmond office re-development and physical move, which is currently home to around 140 employees and regularly hosts a number of UK and international visitors, the new office environment, will facilitate 'activity-based working' recognising that people undertake a range of different activities during their working day, and that often current office layouts do not provide the right mix of areas and zones for people to operate at their best. Research suggests that people aren't able to perform at their peak when they are expected to undertake a whole range of different tasks at a set desk or in a set space. However, a range of brand new spaces to suit different energy levels, according to the tasks people need to get on with, will empower William Grant & Sons' people to move around the zones throughout the day, according to their tasks and collaborations ahead, when the brand new Richmond office is opened in early 2020.

With so many competing time pressures, format and delivery solutions or services that can maximise time for consumers on the move are growing in popularity. A clear indicator of this is the UK's Food-to-Go market, which is set to grow by £0.5bn over the next three years according to MCA Insight. In the interests of timesaving, British Airways will even collect luggage from a traveller's home and check it in before the flight, via a beta test partnership with AirPortr. And let's not forget draught cocktails, providing a win-win for both bartenders and consumers – an efficient and consistent solution for bars, and the cocktails people love, more quickly, and the same taste as before.

working environments will create new opportunities for goods and services in workplaces. In both home, work and public spaces, embedded technologies and smart sensors will tailor and improve environments that can recognise individuals as they come and go. When 90% of occasions only feature one venue, the need for offering everything in one place is growing, and the spaces of the future will be adaptable and multi-purpose. Enticing consumers from their home is harder than ever, so appealing to occasions which simply can't be replicated in the home is vital; everything in one, modern place is key (Kantar Worldpanel, 2018).





## 4

## MY EXPERIENCES

**From: Multi-sensory moments and dreams of extremes**

**To: Intentional investment in experiences**

**What's driving the trend?**

- Increased access to information and guidance
- Prioritisation of experiences over material possessions
- Proliferation of platforms and outlets for connection and expression

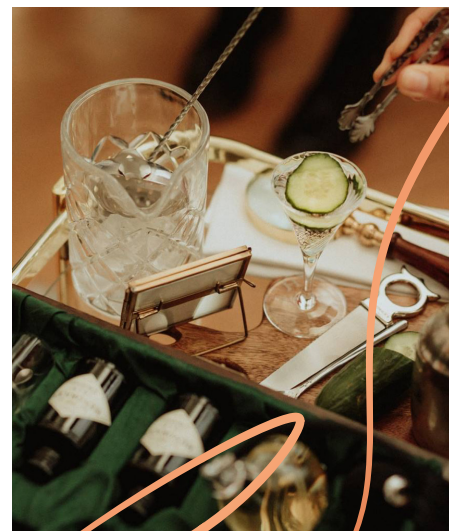
The 'extremes' of social occasions still exist for UK consumers in 2019, but we see the frequent, high-octane occasion is giving way to lower tempo time spent together. This time is increasingly centred on **Sharing & Pairing** of food and drink; the kitchen and bar taking inspiration from each other in more creative ways. HelloFresh introduced a wine plan to its subscription meal kits this year, while in home dinner parties increased by 38 million compared to 2013, according to Kantar Worldpanel's Grocery Retail Review. Meanwhile, Waitrose have rolled out a new two-hour whisky tasting experience featuring cocktails and food pairings to create a learning experience that consumers can enjoy in the comfort of their own home.

With higher tempo moments less frequent, people are much more likely to invest in shareable, **Immersive Worlds**, which capture and hold their attention. Scotch whisky distilleries reap the benefits of this increased investment in experiences, with a record-breaking 1.9 million visits to their sites last year, an 11.4% increase on last year (Scotch Whisky Association, 2018). The third Glenfiddich Festival Experiment took place in September at its distillery in Dufftown, welcoming over 1200 bartender guests from all over the world, tripling its capacity since in launch in 2017.

In this experience-seeking climate, the UK sees the rise of immersive eating clubs and extreme sports travel agencies like the Gingerline and The Extraordinary Adventure Club, respectively. Super Premium gin Hendrick's has also created novel pop-up immersive experiences with 'Instagrammable' appeal in 2019, having disrupted the mundane with a series of floral phone boxes used to launch its limited-edition Midsummer Solstice Gin, and the use of Lesley's Launderette in Hackney for one of the brand's 'portals to the peculiar' experiences.

The key consumer value underpinning this market growth is reflected in Kantar's Global Monitor survey question: "desire to seek out new experiences and sensations that liven up the everyday". Total number of respondents 'agreeing strongly' has grown by 6% since 2015 (Kantar GM, 2019).

The flipside of our desire for novelty and immersion is that our attention spans are shortening. Generally **Faster Filters** mean consumers will skip content or communities that aren't differentiated or 'story-worthy'. In fact, the average attention span of someone born after 1997 is 8 seconds (note: for Millennials this is 12 seconds (Vision Critical, 2018)), whilst the percentage of consumers who believe "it is important to have less choice to make life easier" has increased by 3% in just one year, to nearly half of all UK consumers according to Kantar's Global Monitor survey. YouTube has been quick to pick up on this shift, introducing 'bumper ads' that last only 6 seconds, combatting the desire to 'Skip Ad' five seconds into a typical 30 second slot. The short form ads resulted in 56% increase in ad recall, 19% increase in brand awareness, and 300% increase in product interest (thinkwithgoogle.com).

MY EXPERIENCES:  
WHAT'S NEXT?

Investing in experiences becomes commonplace for the next generation of consumers who 'live large and carry

little' (Kantar, Future of Consumption, 2018), but an experience won't even enter a younger person's consideration without an attention-grabbing hook, or significant social media kudos and traction associated with it. For all generations, experiences are increasingly a vehicle for cultivating skills and connoisseurship, especially in the realm of food and drink. Moreover, increasingly sophisticated home entertainment set ups will mean out-of-home experiences can be translated into many households. The global market for in-home entertainment grew 16% year-on-year to reach \$55.7bn this year (MPAA, 2019), and that growth is not set to slow anytime soon. This shift in environment represents an opportunity to reimagine food and drink occasions and formats.



5

## MY VALUES

From: Purpose-led brands as a 'nice to have'

To: Alignment with intrinsic values as a hygiene factor for businesses

What's driving the trend?

- Increasing political and economic turbulence
- Declining trust in traditional voices and authorities
- Increasing access to information and guidance

Recent turbulence and betrayals of trust in the UK have caused fragmentation and polarisation across groups of consumers and regions. A clear uptick in interest in **Local Activism** is manifesting across product categories; Isle of Harris Scottish gin, Carling's Made Local campaign, and localised delivery services such as Farm Drop are all testament to that growing consumer preference in 2019. Interestingly, 60% of people in the UK would pay more to brands that give back to their local community (Mediacom, 2018), showing this phenomenon is growing beyond ingredients and provenance, to active economic and social contribution.

Along with positive impact, greater openness and democracy is desired, making the high-brow accessible and human. For the first time in its 108-year history, Chanel revealed all details of its operations – from finances to sustainability initiatives – in an open report. Meanwhile, Renegade Wines in East London deliberately serves its vast range of organic wines in urban-industrial surroundings, proclaiming “you don't have to know anything about wine to come join us”.

Ultimately, these brands are reflective of that shift towards honesty and openness; 64% of UK consumers agree it is extremely important to seek trust and transparency in others, information and from brands, which is an enormous 12% increase from 2017 (Kantar Global Monitor, 2019).

In the midst of this fragmentation of trust and politics, **Leading-Edge Women** are collaborating and proving themselves to be disruptive shapers of culture, shifting expectations of industries across the UK. This is true at William Grant & Sons, who is proud to include the world's youngest female apprentice malt master, Kelsey McKechnie, as part of the Balvenie team. Kelsey along with Alwynne Gwilt, the UK's The Balvenie brand ambassador, form a dynamic female duo pushing the Scotch Whisky brand forward. The female employment rate stands at 71.4% this year, the highest since comparable records began, and companies across sectors are reaping the benefits of greater female economic inclusion, expressing this in both investment and campaigns. This Nike's breakthrough 'Dream Crazy' campaign perfectly captures this cultural moment.



### MY VALUES: WHAT'S NEXT?

factor in decision-making, along with total transparency in communications. This will increasingly be measured objectively, by emergent technologies like distributed ledgers for supply chains, and information and identity verifiers like FullFact, who Facebook has engaged to police its features content.

For government, businesses and individuals, diversity and inclusion will become a central



# LUXURY

## THE DEMOCRATISATION OF LUXURY

In 2018, the global luxury market grew to nearly 1.2 trillion euros, with fine wines and spirits growing by 4% to a market size of 71 billion (Bain & Company, 2018). As luxury has proven one of the most resilient industries in the current downturn, there has been a rush to the high end.

Much of the growth in luxury spend in 2018 was driven by millennials and their younger counterparts, Gen Z – albeit with a shift in how they're buying into the luxury market. The influence of this group on luxury brands will only grow as this generation enters the workforce and their incomes increase.

Many luxury brands are capitalising on this opportunity by offering products at a lower entry-point which is in turn opening up luxury to a wider audience. This impact can be seen by the strong sales growth in luxury footwear, accessories, fashion and beauty brands. Alongside this, the growth in online and social media has made the luxury market far more accessible.

Capturing this trend is Bang & Olufsen. This 90-year-old Danish brand, makers of high-end audio equipment, is renowned for its iconic designs and meticulous quality control. It recently released a new speaker range that is aimed at a younger, style-conscious audience with a more affordable price point.

Similarly, alongside its haute couture offering, Chanel makes beauty products that are priced from £10 - £15. However, it still manages to maintain its luxury status, even in the smaller, everyday items, thus making luxury more democratic, dynamic and inclusive than ever before.

“

Meta-luxury is the economic reflection of a culture of excellence. Meta-luxury brands embody the human quest for unique achievements that can stand the test of time, enduring and evolving from one generation to the next. They challenge the boundaries of knowledge, transforming history into the future. Sustaining excellence into eternity.”

*Manfried Ricca and  
Rebecca Robins,  
Interbrand Directors  
and authors*

## LUXURY RE-BORN: THE BIRTH OF META-LUXURY

The definition of luxury is in a state of flux. Technological developments, combined with demographic shifts in luxury consumers, are serving to redefine what luxury means and represents to people, especially younger consumers. Once defined by exclusivity, price, quality and availability, the term luxury has become increasingly widespread with purveyors of coffee to detergent makers, all calling themselves 'luxury'.

This has brought about a new term: 'meta-luxury' – defined as 'luxury after luxury where brands crave a place in history through unique achievement, rather than business results. As the new luxury consumer prioritises experiences over objects, access over ownership and inspiration over exclusivity, the traditional luxury cues are rendered obsolete. Luxury is now seen as a self-proclaimed status, whereas meta-luxury is a restless pursuit for something more meaningful. If the luxury of old was about showing, this new form of luxury, 'meta-luxury', is about knowing.

In response, luxury brands are discarding outmoded concepts of heritage, minimalism and gloss to embrace a new subversiveness that mixes high and low culture, allowing them to express their own style, over the traditional markers of luxury.

In order to connect with this new audience, we must acknowledge this shift in consumer perception and associated expectations of personalisation, time, knowledge, freedom and authenticity as key markers of the new, luxury experience

At William Grant and Sons, this very much plays to our advantage, as we have all these elements already deeply engrained in our DNA. The recent launch of Glenfiddich Grand Cru - an exquisite 23-year-old single malt whisky, finished in French cuvee casks – is testament to this. It combines exceptional quality with the unexpected, to elevate the drinking experience to the extraordinary and redefine what constitutes a modern luxury spirit.



## THE IMPORTANCE OF STORYTELLING

A brand's story is one of its most important attributes, but one that is often overlooked. Affluent consumers are ready to spend more on luxury brands who tell a compelling story that customers can relate to.

With the advancement of technology and, of course, social media, luxury brands can no longer solely rely on their origin story. Younger consumers scroll through their social media feeds more quickly when on mobile devices, making it difficult for luxury brands to capture and retain their attention.

A new level of brand storytelling is required to help stay hyper-relevant to a new generation of users and connect on a deeper, more meaningful level. Luxury brands must shift from crafting messages to creating experiences that work across every device, particularly mobile.



“

Tell me a fact and I'll learn.  
Tell me the truth and I'll believe.  
But tell me a story and it will live  
in my heart forever.”

*An old Indian proverb*

Earlier this year The Balvenie launched a unique new 'Stories' range – three new expressions each bringing to life its own tale of character written in whisky. For example, A Day of Dark Barley, aged 26 years, details the story of Malt Master David Stewart MBE and The Balvenie's malt men experimenting with a heavily roasted dark barley in 1992. The resulting liquid was originally released in 2006 as the 14-Year-Old Balvenie Roasted Malt, however casks were retained for extra maturation, eventually becoming a classic aged Balvenie, but with extra depth and oak notes gleaned from the darker malt. Both whisky enthusiasts and story lovers can listen to these tales of human endeavour, craft and unexpected twists, as told by the craftsmen themselves, via specially recorded audio conversations captured at key locations around the distillery. And, to accompany and complement these fine liquids, The Balvenie has just published Pursuit – The Balvenie Stories Collection\*, a curated collection of short tales by acclaimed writers from around the world.

Chanel is a great example of how to establish a strong relationship between the essence of a brand and the consumer's self-identity. When consumers buy a luxury item from Chanel they feel they are buying into a lifestyle of Parisian elegance. Storytelling is at the heart of the Chanel brand, brought to life through its website, which takes viewers into the world of Chanel through several chapters.

## “EATING WITH OUR EYES”

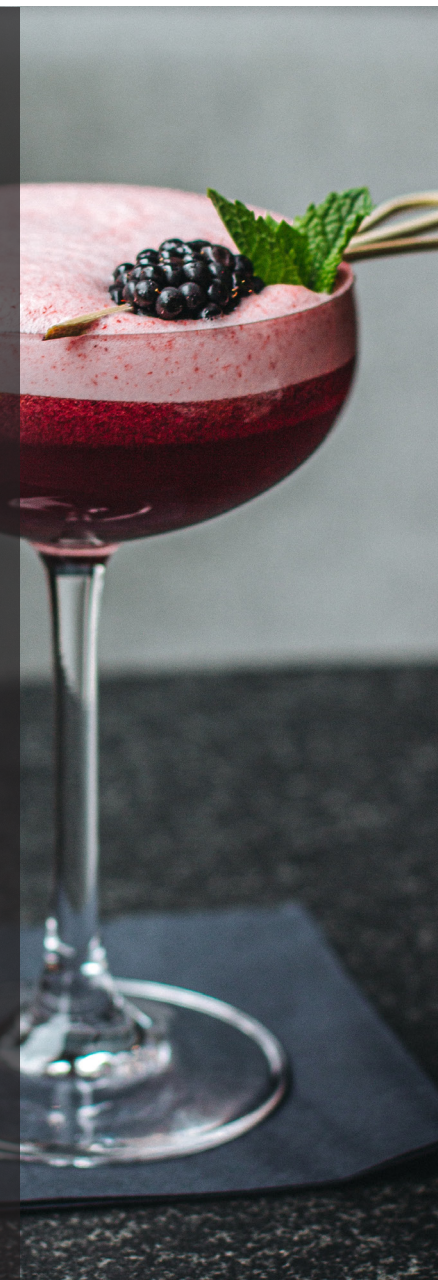
The consumer purchase journey has evolved from a linear funnel to a complex journey across online and offline touchpoints, giving brands multiple chances to connect with their customers.

In a largely digital world, there is greater emphasis on making a memorable impact with not just the physical product but also the packaging. In many cases, the product packaging can be the first customer touch point.

Well-crafted packaging hints to the quality and value of what's inside. It creates desire, showcases the premium nature of the product and builds a red thread throughout the brand messaging.

Apple has developed instantly recognisable packaging that creates an emotional response, provides cultural meaning, and act as a competitive differentiator. As does the tiny box in duck-egg blue, tied with a white satin ribbon that is synonymous with Tiffany & Co.

Whether bought online or offline, unboxing the product becomes a series of delights that enhance the overall customer experience. Glenfiddich's Grand Cru is hand-finished at the William Grant & Sons' centre of excellence for luxury packaging, innovation, gifting and service at Arete in Scotland. This site is a clear commitment to the company's approach to luxury for its super premium portfolio – each bottle of Glenfiddich Grand Cru is individually hand-checked 23 times which, for recipients of the 23-year-old single malt whisky, is attention to detail indeed.





# INNOVATION IN THE ON-TRADE

## ALL ABOUT THE MENU

With ever increasing back bars, a greater number of brands and unusual ingredients the bar can be a difficult place for consumers to navigate and can be confusing when it comes to ordering a drink. This means the menu is a vital tool in bringing drinks offerings to life and an essential for venues. From the world's top bars through to National Groups, 2019 saw venues getting creative with their drinks menus to ensure stand out from the crowd.

Originally an idea from City Social in London, augmented reality was brought to those willing to experiment this year by The Alchemist Group. Created in partnership with William Grant & Sons the 'Conjuror' augmented reality menu was a massive step for a national account to work on technology that only three years ago would have seemed impossible.

Meanwhile, over at the American Bar at The Savoy the most recent menu creation sees a list of 20 cocktails all inspired by the musicians who have played at the American Bar throughout its 130-year history. Constantly voted as one of the top bars in the world, the team always produce something special when it comes to their menus. Given music and atmosphere have gone hand in hand with the bar's award-winning drinks, the team pay homage to the legendary musicians and songwriters that have entertained guests in the American Bar for decades with their new cocktail menu showcasing a collection of cocktails that have been created with the bar's most iconic performed songs in mind.



**At The Alchemist we have always prided ourselves on creating market leading drinks experiences. The opportunity to partner with William Grant & Sons gave us the chance to create theatre for the digital age.**

*Jenny Mcphee, Head of Brand,  
at The Alchemist*

## CARBONATION-NATION

Bubbles are no longer solely reserved for champagne and sparkling wines, this year cocktails have been getting in on the act too. Bars are constantly looking to create a point of difference so the ability to carbonate their own sodas in-house offers both flexibility and creativity, simply by adding one interesting step to the process.

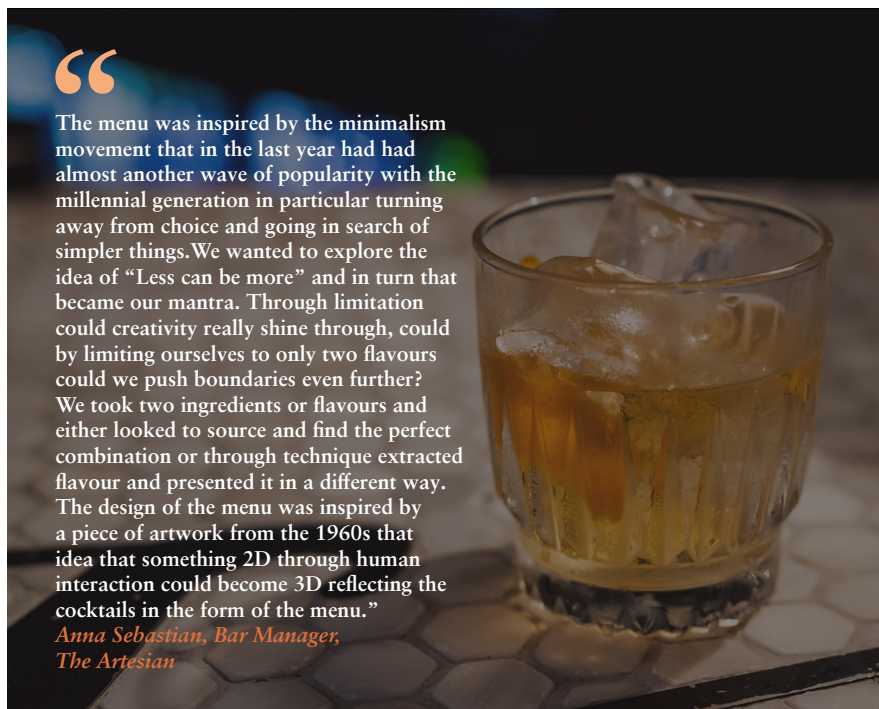
One of London's most 'famous' carbonated cocktails is the French 75 created by Three Sheets. The team has delivered a new twist on this classic cocktail by creating its own sparkling wine by taking white wine verjus and carbonating it, to which gin and citrus is added, and then pre-batching it for easy service, consistency and theatre at the bar.

Looking outside of the UK, Operation Dagger, voted 24th this year by The World's 50 Best Bars and hidden down an alley way in Singapore, boasts a full menu of home-made sparkling cocktails, all of which are carbonated in-house to produce a range of complex yet easy to serve drinks.



**When creating our Three Sheets French 75 we took inspiration from the classic 75, which usually uses Champagne. We formulate, clarify, and carbonate ours in house to allow us to ensure its super fresh and fizzy, as it's served and poured like a glass of champagne. It allows us to have more control over the levels of carbonation and give the perfect effervescence to each glass we pour."**

*Rosey Mitchell, Three Sheets*



### SIMPLICITY IS KING

In a world full of noise many bars are reverting back to the ‘less is more’ approach and moving away from using complicated, unrecognisable ingredients to creating simple yet innovative drinks. However, don’t be fooled as these two or three step serves are anything but simple in flavour and whilst they may allow the bartender to spend less time making the drink they will still deliver the same punch.

The Artesian Bar is championing this trend with each cocktail on their minimalist menu combining only two elements – a carefully selected spirit plus one other flavour. Although the drinks may appear uncomplicated, many of the flavours are

concocted from scratch by the team in their in-house lab. The Monkey Shoulder and Yuzu for example is created using sous vide Yuzu where the flavour is extracted at low temperatures – normally unachievable in a usual bar environment.

Back for a second year due to the success of the last campaign The G1 Group launched its second Summer Spritz campaign. Developed in partnership with William Grant & Sons and London Essence, every drink contains only three ingredients, but by describing flavours on menu it allows customers to understand the complexity behind each serve.



### TAKE OVERS AROUND THE WORLD

2019 has seen a rise in bar takeovers with bars and bartenders travelling the globe to take their experiences to a host of different on-trade venues and celebrating the moments across social media channels. Designed with the aim of bringing maximum global exposure to the bar and bar team, guests can experience a little taste of what it would be like to visit one of these much talked about venues in their very own city.

When the world’s best bar invites you to do a takeover, you jump on the next flight! With Lyaness doing a monthly take over and sending their bartenders all around the world to solidify their status as leaders in the bar scene, expect this renowned team to be popping up in

other cities for the definite future. Bars from all around the world bring their menus to Lyaness in London and take over the running of the bar for the evening, inviting influencers and bartenders to join them and enjoy what would otherwise not be achievable unless networks and relationships had been forged in far flung destinations.

Over in Helsinki, Goldfish invites bars from all around the world and then hosts them in their incredible city before heading back to reciprocate. This adventure focuses on the idea being that the more people they can influence across the globe, then the more chance they have of hitting the best bars lists.



*Chapter 02*

# CATEGORY FOCUS





# THE GIN BOOM CONTINUES

The value of the gin category in the UK has grown by +45.4% over the last year, prospering into a category now worth over £2.4billion. If current growth rates are sustained, the gin category is set to overtake vodka as the biggest category by 2020.

Gin was once stereotyped as a clear, bitter spirit reserved for a niche few, but the versatility of the liquid enabled 'The Gin Renaissance'. Innovation and premiumisation of the category has seen new flavours, new occasions and new formats emerge across the UK.



## PREMIUM VS. MAINSTREAM

Premiumisation has been at the heart of category growth, with the value of premium gin growing +47.6% over the last year. Consumers are becoming more adventurous and sophisticated with their drinks, learning about new craft brands and exploring micro-distilleries, creating opportunities for labels to add value and premiumise their brands.

A staggering 402 new gin brands have entered the market since May 2016, 367 of which are premium brands. The premium gin consumer has an average repertoire of 7.3 – more gin brands than the average gin consumer (6.9) and this is increasing year-on-year. While this is good news for the category, this increased choice makes it difficult for consumers to decide between brands, which must fight harder to win over the gin consumer.

Despite increasing competition, Hendrick's has managed to maintain strong double digit growth of 15%, driven by the on-trade as well as concept-led innovation and the launch of Hendrick's Midsummer Solstice.

## OCCASIONS

New occasions for gin have also driven growth of the category. People are seeking more meaningful social occasions to enjoy gin – giving rise to the aperitif (early-evening) moment. This has acted as a catalyst for refreshing G&T spritzes which can be adapted in many ways as a result of the boom in both gin and tonic water flavours. Across the on-trade, you'll find more space dedicated to gin and gin-based cocktails, making it the number one category drunk out-of-home.

## NEW FORMATS

Expanding gin brand portfolios to RTDs has also been a growth driver for gin. Gordon's Pink G&T RTD became the best-selling canned pre-mix launch in 2018. Since then, a number of premium gin brands such as Edinburgh Gin, Sipsmith, and even premium mixer brand Fever-Tree, have launched their own variants of ready-to-drink G&Ts, making the serve more accessible for social gatherings and outdoor activities.



FLAVOURED GIN

TOP FLAVOURED GIN BRANDS	MAT TY
Gordons Premium Pink	144,722,680.7
Whitley Neill Rhubarb & Ginger Gin	33,002,700.3
Greenalls Wild Berry Gin	19,250,461.6
Tanqueray Flor De Sevilla	14,841,487.6
Whitley Neill Parma Violet Gin	12,923,962.6
Beefeater Pink Strawberry	12,868,658.5
Private Label	11,088,075.9
Opihr London Dry Gin	10,978,811.0
Whitley Neill Raspberry Gin	9,278,726.5
J.J Whitley Violet Gin	5,517,140.1
Other Flavoured	52,633,921

Flavour innovation is arguably the biggest driver of gin growth in the UK. In the off-trade, the value of flavoured gin has grown by +192% over the last year with 50+ NPDs and now accounts for over a third of all gin sales. In the on-trade, Gordon’s Premium Pink has overtaken Gordon’s Original to be the no.1 gin in the market, demonstrating the impact of flavours from a product less than 5 years old.

It has been a strong launch for the William Grant & Sons innovation brand Verano; in the first four weeks on sale in Asda, it entered the top 10 of flavoured gin brands and remains in the top 10 after 12 weeks on sale. During this time it has delivered more than £550,000 in value. Tapping into

the strong flavoured gin trend, Verano is available in two variants: Verano Watermelon and Verano Lemon. The premium brand is inspired by the relaxed lifestyle and colourful vibrancy of Spain. Verano Watermelon has a sweet and refreshing flavour, whilst the lemon variant is a blend of Spanish lemons infused with extra lemon peel for a zesty citrus flavour.

Interestingly, 85% of flavoured gin growth is incremental, and that figure stands at 95% for gin liqueurs. This growth is driven by new shoppers and consumers brought to the category with 2.95 million households only buying from flavoured gin and gin liqueurs.



The flavoured gin consumer is different to the regular gin consumer. Firstly, they are more likely to be younger and likely to take part in high-tempo occasions, with a greater focus on weekends. These new consumers approach gin differently, with the classic G&T playing a less important role as they opt for alternative mixers e.g. lemonade.

With flavoured gin recruiting a whole new, younger consumer to the category, we now face the challenge of retaining them. Consumer palates will continue to evolve, so relying on the sweet berry dew of pink gin will not suffice in the long-term. Nielsen has identified the fastest growing flavour profiles as Rhubarb +238%, Orange +1800% and Raspberry +115%, so it is important for gin brands to maintain levels of innovation and continue to respond to changing consumer tastes.

SUMMARY

So what’s next for gin? Has it reached its peak? While growth rates have slowed, the category is still in strong double digit growth. Innovation will play a crucial role in the sustainability of the category and in avoiding a scenario similar to the over proliferation within vodka. For a gin brand to survive in today’s overcrowded market it must continue to adapt to these evolving trends, maximising its visibility and relevance across a number of different touchpoints.





## THE CHANGING FACE OF WHISK(E)Y

**It has been a strong year for Whisk(e)y that continues to grow, accounting for 1 in 4 of all spirit sales.**

Up until a few years ago, the word 'whisk(e)y' elicited images of older gentlemen, sitting in a Scottish pub next to a roaring fire, sipping a neat dram of single malt. Fast forward to 2019 and the world of whisk(e)y has evolved beyond this stereotypical image to meet the growing needs of our new age consumer. The spirits category as a whole has seen a stream of innovations over the last three years, and whisk(e)y is no exception.

For some, the malt whisky category has been an expensive and somewhat unattainable choice. However, the introduction and growth of entry level malt (ELM) has made the category more accessible, whilst maintaining an aura of something 'special'. Over the last two years ELM has grown by over £6m in the UK off-trade, helping the malt whisky category grow by +4%. ELM has played a vital role in moving shoppers up the whisk(e)y ladder, with over a third of the switching growth coming from blended whisky drinkers. On top of this, a third of ELM value sales in the last year has been a result of attracting new shoppers. With brands such as Aersone and Glenfairn simplifying the single malt category, existing malt drinkers and new entrants are better placed to learn all the different flavours and styles of single malt Scotch. These brands, which launched at the end of last year, have created more choice for shoppers, leading to over 30% increase in the number of SKUs in the ELM space compared to two years ago.





While ELM is driving strong growth at the lower end of the malt whisky category pricing ladder, the high end, featuring aged whisky statements, is growing just as fast. The higher end of this category plays a crucial role in both 'Gifting' and 'Self Treat' missions as shoppers are proud to give it away or be seen enjoying it at home or in a bar. Higher end malt whisky brands sold at an average price of £35+ per 70cl now account for over £22M in the UK off-trade. Similarly, malt whisky aged 15 years or more grew by over +12% in the UK on-trade compared to two years ago. This indicates healthy growth for the category, showing that shoppers and consumers are stepping further up the whisky ladder and driving significant value into the market.

Though the essence of whisk(e)y is steeped in history, the spirit of innovation is embedded throughout. This has seen malt brands push boundaries to appeal to the modern whisk(e)y drinker and offer more choice to the consumer. At The Balvenie, the new Stories Range of single malts is a collection of unique liquids, each telling its own rich and authentic story. Whilst the Glenfiddich Experimental Series, led by Master Blender Brian Kinsman, challenges tradition by pushing the boundaries of what is possible in single malts. This spirit of innovation permeating the whisk(e)y industry will be continue to evolve in tune with the evolution of the typical whisk(e)y drinker.

There has also been impressive growth within imported whiskey. Whiskey regions such as Ireland, Canada and Japan continue to grow in importance, although at slightly different stages of maturity. The Irish whiskey category has grown by over +21% within the UK off-trade. This is in part due to retailers capitalising on key seasonal dates such as St Patrick's Day, which has helped drive more than +£10m additional sales for the category. Similarly, within the UK on-trade we have seen the Irish whiskey category grow at double the rate of the imported whiskey category overall, adding over £9m in additional sales compared to last year. While Japanese whiskey is still relatively small within the whisk(e)y universe (1% share of Total Imported Whisk(e)y), it has grown by almost +£2m across on and off-trade year on year. Whilst the Japanese whiskey category's significant growth over the last few years has slowed due to limited availability, this has only helped it grow in popularity and desire. When we look at the imported whiskey category as a whole, including American whiskey, the category has seen +£23M of additional sales in the last year, which only means positive things for the world of whiskies.

Blended whisky remains the largest whisk(e)y type, accounting for over £1bn worth of value sales across the on-trade and the off-trade. The off-trade represents the vast majority of blended sales with almost 70% of blended sales going through the channel. However, blended whisky remains the whisk(e)y category facing the most challenging situation, currently declining at -5.3% year-on-year.

Arguably blended whisky has been one category which has been slower to innovate and had relied purely on promotions and price in order to encourage consumer/shopper interest & engagement. That said, over the last year the category has seen smoky and rum variants come out from brands such as Grant's as well as a new lower ABV variant from Whyte & Mackay. These types of innovation have been tasked with attracting new consumers who are looking for differentiation and products that meet their growing product needs. Whilst it is too early to identify if these have been successful, it does show an important step for the category in evolving and adapting to meet the demands of the new age whisk(e)y consumer/shopper.

Whisk(e)y is undoubtedly the most diverse category within spirits; be it price, region or flavour, whisk(e)y offers consumers new and distinct brands and expressions to explore. That said, accessibility and understanding of the diverse world of whisk(e)y remains a constant barrier, and the long-term success of the category is dependent on brands empowering consumers/shoppers with information, enabling them to explore with confidence.

ELM = malt brands sold on average between £20-£23 per 70cl

Whisk(e)y is undoubtedly the most diverse category within spirits



A photograph of a group of people at a social gathering, possibly a party or conference. In the foreground, a woman with long brown hair, wearing a dark sleeveless top, is laughing heartily, looking towards the camera. Behind her, several other people are visible, some looking towards the camera and others looking away. The background is slightly blurred, showing an indoor setting with light-colored walls and a framed picture. The overall atmosphere is warm and social.

*Chapter 03*

# CHANNEL OVERVIEW





# OFF-TRADE: MARKET OVERVIEW



There are now over

**58,000**  
**OFF-TRADE OUTLETS**  
in the UK.



The Off-Trade total BWS market is worth

**£16.8BN**

Value sales growth has increased, now up **+3.9%** with volume flat at **+0.1%**.



The BWS market has grown by almost

**£637BN**

in the last year, with spirits accounting for almost **47%** of the growth.

The table wine category remains the largest BWS Off-Trade category, worth

**£5.6BN**

and accounts for

**OVER 1/3**  
**OF BWS SALES.**



However, the category continues to see value and volume performance behind total BWS.

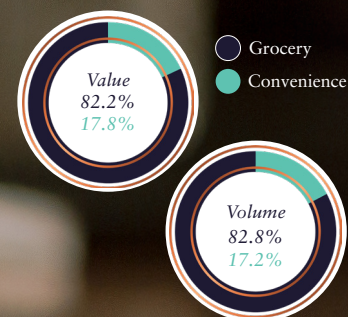


Spirits are the **FASTEST GROWING CATEGORY** **+5.9%**, with **77%** of growth driven by gin.

## OFF-TRADE SPIRITS SECTOR:

- The spirits sector is worth £4.6bn, up **+5.9%**, with value sales continuing to grow.
- The growth of 6.3m litres in the last year equates to over 17,000 litres being purchased every day, and is being driven by more shoppers entering the sector, and shoppers purchasing more frequently.
- Premium Spirits account for £487M in the Off-Trade, up **+12.3%**.
- Spirits is the second largest sector within BWS in the Off-Trade.
- Spirits account for over a quarter of all BWS spend.
- The sector has added almost £255m in incremental value sales in the last year.
- The largest categories within the spirits sector continue to be vodka, gin and blended whisk(e)y, accounting for almost 60% of value sales.
- The fastest growing categories within spirits are gin (**+35.4%**), Irish (**+22.7%**) and golden rum (**+15.7%**).

## CATEGORY IN CONTEXT



## GB OFF-TRADE SPIRITS BRANDS:

### Top 10 by Value

- 01 Smirnoff Red Label Vodka
- 02 Gordon's London Dry Gin
- 03 The Famous Grouse Scotch Whisky
- 04 Jack Daniel's Tennessee Whiskey
- 05 Gordon's Premium Pink Gin
- 06 Glen's Vodka
- 07 Russian Standard Vodka
- 08 Bell's Original Whisky
- 09 Baileys Original Irish Cream Liqueur
- 10 Bacardi Carta Blanca White Rum

### Top 10 by Volume

- 01 Smirnoff Red Label Vodka
- 02 Gordon's London Dry Gin
- 03 The Famous Grouse Scotch Whisky
- 04 Baileys Original Irish Cream Liqueur
- 05 Russian Standard Vodka
- 06 Glen's Vodka
- 07 Gordon's Premium Pink Gin
- 08 Bell's Original Whisky
- 09 Jack Daniel's Tennessee Whiskey
- 10 Bacardi Carta Blanca White Rum



# OFF-TRADE: GROCERY

## GROCERY BWS MARKET:



The grocery BWS market is worth £13.6bn, with value sales growth of +3.6% with volume sales now in growth, +1.5%.



The market has grown by an additional £474m in the last year, driven by spirits and beer.



Grocery accounts for 78.3% of total off-trade BWS value.



Table wine is the largest BWS sector, worth £4.6bn, however, continues to see value growth behind the BWS average.



The fastest growing categories within BWS are Ready-To-Drink (RTDs) (+17.6%), Spirits, and Beer, both up +6.4%. Spirits account for 47.4% of total BWS value sales growth.

## GROCERY SPIRITS SECTOR:

- The spirits sector accounts for more than a quarter of BWS value sales, making it the second largest BWS category.
- The sector continues to see strong value sales growth, up +6.4%, ahead of the total market.
- This value sales growth is being driven by more shoppers purchasing more expensive products.
- Overall, spirits has grown by an additional £224m in the last year. Gin has the most incremental value sales, up £219m, driven through Flavoured Gin +£187m.
- Premium Spirits (70cl +£23) grows at +22%, significantly ahead of mainstream spirits growing at +9%.
- Gin has now become the largest category, and combined with vodka and blended whisky, these three categories account for over 65% of value sales in grocery alone.
- The fastest growing categories are Flavoured Gin +186% and Low/No +141%.

## GROCERY SPIRITS BRANDS:

### Top 10 by Value

- 01 Smirnoff Red Label Vodka
- 02 The Famous Grouse Scotch Whisky
- 03 Gordon's London Dry Gin
- 04 Jack Daniel's Tennessee Whiskey
- 05 Gordon's Premium Pink Gin
- 06 Russian Standard Vodka
- 07 Bell's Original Whisky
- 08 Baileys Original Irish Cream Liqueur
- 09 Bacardi Carta Blanca White Rum
- 10 Bombay Sapphire Gin

### Top 10 by Volume

- 01 Smirnoff Red Label Vodka
- 02 The Famous Grouse Scotch Whisky
- 03 Gordon's London Dry Gin
- 04 Baileys Original Irish Cream Liqueur
- 05 Russian Standard Vodka
- 06 Gordon's Premium Pink Gin
- 07 Bell's Original Whisky
- 08 Jack Daniel's Tennessee Whiskey
- 09 Bacardi Carta Blanca White Rum
- 10 Captain Morgan Original Spiced Rum





# OFF-TRADE: CONVENIENCE

## CONVENIENCE OVERVIEW:



There are over 45,700 convenience stores in the UK, with slight growth in number of stores compared to 2017.



Convenience retail performs well ahead of supermarkets, with solid growth from all segments - although convenience multiples grow at the fastest rate out of all the segments.



Convenience is forecasted to grow by £7.1bn by 2023, making it a £47.2bn channel.

## CONVENIENCE BWS MARKET:

- The convenience BWS market is worth £3.8bn, and is now seeing a value sales growth of +3.6%, whilst volume sales grow at +3.3%.
- Beer is the largest BWS category in convenience, accounting for a 31.9% share, followed by table wine at 27.9%.
- The fastest growing BWS category is Ready to Drink (RTD), which grew at +23.9% compared to last year.

## CONVENIENCE SPIRITS SECTOR:

- The convenience spirits sector accounts for 22.6% of BWS sales, now worth £852m, and is the third largest sector.
- The sector is now seeing value sales growth, up +3.7%, which is behind other channels of trade e.g. Grocery Multiples at +6.4%.
- Premium Spirits grew at +9.2% whilst mainstream spirits also achieved year-on-year growth, up +2.9%.
- Vodka and blended whisk(e)y account for almost 60% of all convenience spirits sales.
- The fastest growing categories are flavoured gin (+243.0%), Irish whiskey (+25.8%), flavoured/spiced rum (+14.6%) and flavoured vodka (+10.9%).

## CONVENIENCE SPIRITS BRANDS:

### Top 10 by Value

- 01 Smirnoff Red Label Vodka
- 02 Glen's Vodka
- 03 Gordon's London Dry Gin
- 04 Jack Daniel's Tennessee Whiskey
- 05 Chekov Vodka
- 06 The Famous Grouse Scotch Whisky
- 07 Bell's Original Whisky
- 08 Gordon's Premium Pink Gin
- 09 Captain Morgan Original Spiced Rum
- 10 Russian Standard Vodka

### Top 10 by Volume

- 01 Smirnoff Red Label Vodka
- 02 Glen's Vodka
- 03 Chekov Vodka
- 04 Gordon's London Dry Gin
- 05 The Famous Grouse Scotch Whisky
- 06 Bell's Original Whisky
- 07 Russian Standard Vodka
- 08 Captain Morgan Original Spiced Rum
- 09 Gordon's Premium Pink Gin
- 10 Jack Daniel's Tennessee Whiskey





# OFF-TRADE: ONLINE

## SHOPPER EXPECTATIONS OF THE ONLINE CHANNEL CONTINUE TO GROW:



New technology has enabled more personalisation of the online shopfront experience. However, shoppers still feel that online content requires more tailoring to help reduce browsing time and clutter; 77% of shoppers feel that almost all digital communication should be personal.



46% of UK shoppers say shopping online is easier or more convenient than going in-store. Examples such as smart assistants are aimed at making shoppers lives easier and 'convenient' through reducing browsing time, avoiding running out of daily essentials and/or supporting them with their health & wellbeing.



Due to the rapid rise of online shopping technology, shoppers' expectations of in-store retail experiences are increasing. 'Seamless shopping' is a key trend with consumers now looking to have the 'online' tech and convenience brought into the physical world. Sainsbury's Smartshop is a good example of how physical stores are embracing technology in order to meet with growing consumer expectations.



Although none of this is 'new' to the world of retail, these types of technologies and services continue to become more widespread as shoppers engage and build confidence with these technological advancements.

## ONLINE MARKET REVIEW:

- The UK's online value sales rose by +5.6% in June 2019, and now accounts for £8bn worth of sales
- According to research and training charity IGD, sales of the channel are also forecasted to grow by an additional £5.1bn by 2024 and will see the channel reach 7.7% value share of the grocery market.
- There are currently 2.1m shoppers purchasing spirits through the online channel, up from 1.9m this time last year. Shopper penetration, combined with people buying higher volumes per trip, is driving spirits growth through the online channel. The BWS market represents £774m worth of sales in the online channel, growing ahead of the Total Online at +8.2%.
- The spirits category grows at over double the rate of the BWS market, representing £191m value sales and up +13.6% compared to last year.
- The spirits category under-indexes within the online channel and, like total BWS, offers significant opportunity for online retailers.
- Categories such as gin, flavoured vodka, imported whiskey and cream liqueurs are driving growth within the online channel.





# ON-TRADE: MARKET OVERVIEW



Newer and evolving categories like premium gin and no/low alcohol continue to

## INNOVATE AND BRING NEW CONSUMER INTEREST TO SPIRITS



Total BWS  
is worth  
**£25.6  
BN**  
up +2.9%



Spirits ranks behind beer for BWS with

## 27% MARKET SHARE

Spirits grew more in absolute sales and fully offset the decline seen across the other BWS categories



Total spirits  
is worth  
**£6.8  
BN**  
up +6.7%



Premium spirits continue to drive significant growth in the on-trade, valued at

## £1.2BN

up +18.1%

### CHANNEL OVERVIEW:

- Both value and volume performance have increased within the On-Trade versus this time last year, with each growing over three times faster than the BWS category average.
- Premiumisation is still in effect within the On-Trade, as value sales continue to grow well ahead of volume.
- There are now more than 115,000 outlets in the On-Trade, of which spirits feature in 109,700.
- The decline in the number of outlets is largely due to closures in sports/social clubs (851 closures), drink-led pubs (626 closures) and hotels (273 closures).
- Outlets continue to increase their offering to consumers more significantly in the gin category where the average mainstream bar is now stocking seven gins, compared to four in the previous year.
- The average British outlet stocks 39 spirit brands, up over +10% compared to a year ago.





# ON-TRADE: MARKET OVERVIEW

## GB ON-TRADE TOP SPIRITS CATEGORIES:

	VALUE SHARE %	% CHANGE	VOLUME SHARE %	% CHANGE
Non-Flavoured Vodka	25.1	-3.0	26.1	-6.8
Gin	21.3	53.0	20.1	49.1
Non-Cream Liqueurs	10.6	-2.5	11.2	-4.4
American	6.2	-1.8	5.6	-5.6
Blended Whisky	5.0	-8.3	5.6	-10.0
Specialities	4.8	-6.7	5.5	-8.4
Spiced Rum	4.7	14.3	4.9	10.2
Total Cognac	3.5	-1.2	2.9	-6.5
White Rum	3.2	-4.6	3.2	-8.0
Sambuca	3.0	-2.0	3.3	-3.7
Total Malt Whisky	2.6	1.4	1.8	-4.2
Tequila	2.6	6.7	2.3	3.5
Flavoured Vodka	1.7	4.4	1.5	1.9
Golden Rum	1.6	3.1	1.2	-5.7
Cream Liqueurs	1.3	-0.7	2.1	-5.0
Irish	1.3	8.3	1.2	4.1
Dark Rum	1.2	1.5	1.3	-3.8
Other Brandy	0.2	47.6	0.1	-4.3
Other Imported Whiskey	0.1	3.5	0.1	27.2
French Grape Brandy	0.1	4.0	0.1	-3.6

## CATEGORY OVERVIEW:

- The spirits market is now worth £6.8bn, up +6.7%, driven primarily by premium spirits as consumers continue to trade up to improve their On-Trade experiences.
- Premium spirits are worth £1.2bn, up +18.1%.
- Mainstream outlets show the highest sales growth quality segment in the total On-Trade, worth £5.6bn, up +4.6%.
- Sales growth is being driven, in actual terms in Independent Free Trade, by gin (+£501.9m), spiced/flavored rum (+40.5m), and Tequila (+£11.0m).

## GB ON-TRADE SPIRITS BRANDS

### Top 10 by Value

- 01 Smirnoff Red Label Vodka
- 02 Gordon's Premium Pink Gin
- 03 Gordon's London Dry Gin
- 04 Jägermeister
- 05 Jack Daniel's Tennessee Whiskey
- 06 Captain Morgan Original Spiced
- 07 Bacardi Carta Blanca White Rum
- 08 Courvoisier VS Cognac
- 09 The Famous Grouse Scotch Whisky
- 10 Bombay Sapphire Gin

### Top 10 by Volume

- 01 Smirnoff Red Label Vodka
- 02 Gordon's Premium Pink Gin
- 03 Gordon's London Dry Gin
- 04 Jägermeister
- 05 Jack Daniel's Tennessee Whiskey
- 06 Captain Morgan Original Spiced
- 07 The Famous Grouse Scotch Whisky
- 08 Bacardi Carta Blanca White Rum
- 09 Courvoisier VS Cognac
- 10 Baileys Original Irish Cream Liqueur



# ON-TRADE: MANAGED OVERVIEW

## GB ON-TRADE TOP SPIRITS CATEGORIES:

	VALUE SHARE %	% CHANGE	VOLUME SHARE %	% CHANGE
Non-Flavoured Vodka	26.9	-2.3	26.9	-6.0
Gin	23.9	66.9	22.9	64.3
Non-Cream Liqueurs	9.7	-6.6	11.0	-6.8
American	6.8	-0.2	6.3	-4.1
Specialities	4.9	-3.7	3.5	-4.8
Spiced Rum	3.7	13.6	5.7	9.3
Blended Whisky	3.4	-5.6	3.8	-6.4
Total Cognac	3.2	4.5	2.8	-0.4
White Rum	2.8	-2.3	2.7	-4.8
Tequila	2.5	8.7	2.8	3.9
Sambuca	2.5	1.0	1.6	-1.6
Total Malt Whisky	2.2	11.0	2.3	3.5
Flavoured Vodka	2.2	5.7	2.0	1.1
Golden Rum	1.6	6.4	1.3	-1.2
Irish	1.3	14.3	1.8	12.2
Cream Liqueurs	1.2	3.0	1.2	-1.0
Dark Rum	0.9	3.0	0.9	0.3
Other Imported Whiskey	0.1	82.1	0.1	81.3
Other Brandy	0.1	47.1	0.1	62.1
French Grape Brandy	0.0	-16.0	0.0	-14.6

## CHANNEL OVERVIEW:

- Both value and volume performance have increased within the On-Trade versus this time last year, +10.3% & +6.5% respectively.
- There are now over 20,000 outlets in Managed, of which spirits feature in 18,700, up +1.4%.
- The main outlet type in growth for spirits has been managed food-led pubs which have seen spirits sales grow by +22% year on year.
- The On-Trade is constantly evolving and improving, which is being driven primarily by the premium end of the market, both outlet type and category, as consumers desire new and better experiences with each visit.

## CATEGORY OVERVIEW:

- The spirits market is now worth £3.2bn in Managed, up +10.3%, driven primarily by premium spirits as consumers continue to trade up to improve their On-Trade experiences.
- Premium spirits is worth £595m, up +28.6%.
- Sales growth is being driven, in actual terms, by gin (+£303.1m), spiced/flavored rum (+£14.2m), and Malt Whisky (+£7.0m).
- The single biggest growth driver in the Managed accounts was Gordon's Premium Pink Gin which grew +£174m last year; more than five times the growth any other brand achieved in the trade.
- The few struggling categories are non-flavoured vodka (-2%), blended whisky (-6%), and non-cream liqueurs (-7%).

## GB ON-TRADE SPIRITS BRANDS

### Top 10 by Value

- 01 Smirnoff Red Label Vodka
- 02 Gordon's Premium Pink Gin
- 03 Jack Daniel's Tennessee Whiskey
- 04 Jägermeister
- 05 Gordon's London Dry Gin
- 06 Absolut Blue Vodka
- 07 Tanqueray Gin
- 08 Bombay Sapphire Gin
- 09 Hendricks's Gin
- 10 Courvoisier VS Cognac

### Top 10 by Volume

- 01 Smirnoff Red Label Vodka
- 02 Gordon's Premium Pink Gin
- 03 Jack Daniel's Tennessee Whiskey
- 04 Jägermeister
- 05 Gordon's London Dry Gin
- 06 Captain Morgan Original Spiced
- 07 Absolut Blue Vodka
- 08 Courvoisier VS Cognac
- 09 Tanqueray Gin
- 10 Bombay Sapphire Gin



# ON-TRADE: INDEPENDENT FREE TRADE (IFT) OVERVIEW

	VALUE %, SHARE, TOTAL, SPIRITS			VOLUME %, SHARE, TOTAL, SPIRITS		
	MAT THIS YEAR	MAT YEAR AGO	MAT % CHG YEAR AGO	MAT THIS YEAR	MAT YEAR AGO	MAT % CHG YEAR AGO
Non-Flavoured Vodka	23.1	24.8	-6.7	25.3	27.0	-6.6
Gin	18.6	14.0	33.3	17.7	13.0	35.9
Non-Cream Liqueurs	11.4	11.5	-1.3	11.5	11.6	-0.9
Blended Whisky	6.7	7.5	-11.2	7.5	8.3	-9.5
American	5.6	6.1	-7.3	5.1	5.5	-7.4
Flavoured/Spiced Rum	5.2	4.6	12.5	5.3	4.7	12.9
Specialities	4.7	5.4	-12.7	5.2	5.9	-12.0
White Rum	3.6	3.9	-9.2	3.6	4.0	-9.1
Sambuca	3.5	3.7	-7.9	3.7	3.9	-5.5
Malts	3.0	3.2	-0.1	2.0	2.1	-0.1
VS	3.0	3.3	-10.7	2.8	3.1	-9.8
Tequila	2.7	2.7	1.5	2.2	2.2	2.6
Golden Rum	1.8	1.9	-2.9	1.2	1.3	-9.5
Cream Liqueurs	1.6	1.6	-5.6	2.4	2.6	-5.9
Dark Rum	1.3	1.3	-0.1	1.4	1.5	-4.0
Irish	1.2	1.2	0.0	1.1	1.1	-2.8
Flavoured Vodka	1.2	1.3	-8.0	1.0	1.0	-3.4
VSOP	0.7	0.7	-5.7	0.4	0.5	-4.6
XO	0.5	0.4	17.5	0.1	0.1	-16.7
Other Brandy	0.3	0.3	-12.5	0.2	0.2	-20.9
Other Imported Whiskey	0.1	0.1	18.6	0.1	0.1	-12.9
Canadian	0.1	0.1	7.7	0.1	0.1	5.7
French Grape Brandy	0.1	0.1	5.0	0.2	0.2	-1.6
Fruit Liqueur	0.0	0.0	-48.8	0.0	0.0	-45.8

Sources:  
Kantar Data to 16.06.2019, IGD Channel Opportunity Report 2019, Nielsen data to 15.06.19, CGA data to 15.06.19

## CHANNEL OVERVIEW:

- Total BWS has achieved slight growth compared to last year, growing at +1.4% and now representing £10.6bn; driven by Spirits, Beer & Cider.
- Total beer is still the largest category within BWS, representing £4.9bn in value sales with a growth of +2.4% compared to last year.
- Total spirits is now worth £2.9bn, up +3.5% in MAT Value and growing ahead of the overall BWS category.
- Wine & Champagne sales are down -4.6% year-on-year as consumers have moved over to the gin category, making it the biggest sales driver within IFT.
- There are now just under 72k outlets distributing spirits within IFT, a slight decline of 3% compared to last year.

## CATEGORY OVERVIEW:

- Premium spirits continue to drive significant growth within IFT, valued at £481m and up +7.9%.
- 54% of spirits value sales are made up of vodka, gin, and non-cream liqueurs.
- Value sales continue to grow ahead of volume as a result of consumers seeking trade up and more premium options.
- Actual spirits sales growth is being driven by gin (+£149.5m) and flavoured/spiced Rum (+£21.4m.)
- Innovations within categories such as premium gin and low/no alcohol are sparking interest and attracting new consumers.

## GB ON-TRADE SPIRITS BRANDS

### Top 10 by Value

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- 02 Gordon's London Dry Gin
- 03 Jägermeister
- 04 Captain Morgan Original Spiced
- 05 Gordon's Premium Pink Gin
- 06 Jack Daniel's Tennessee Whiskey
- 07 Bacardi Carta Blanca White Rum
- 08 The Famous Grouse Scotch Whisky
- 09 Courvoisier VS Cognac
- 10 Bombay Sapphire Gin

### Top 10 by Volume

- 01 Smirnoff Red Label Vodka
- 02 Gordon's London Dry Gin
- 03 Captain Morgan Original Spiced
- 04 Gordon's Premium Pink Gin
- 05 Jägermeister
- 06 Jack Daniel's Tennessee Whiskey
- 07 The Famous Grouse Scotch Whisky
- 08 Bacardi Carta Blanca White Rum
- 09 Courvoisier VS Cognac
- 10 Baileys Original Irish Cream Liqueur



Chapter 04

# APPENDIX







## GLOSSARY

**ABV:** Alcohol by volume

**AI:** Artificial Intelligence

**BWS:** Beers, Wines and Spirits

**CATEGORY:** e.g. vodka, liqueur, rum, whisky, brandy & Cognac

**CHANNEL:** An on or off-trade channel such as wholesale, convenience, hotels and restaurants

**CIRCUIT BARS:** Predominantly high street, late night venues on a frequently trodden local circuit

**CONVENIENCE MULTIPLES:** (Convenience specialists). Supermarket based chains e.g. Sainsbury's Local or Tesco Express

**GB:** Great Britain (England, Scotland and Wales)

**IGD:** IGD is an education and training charity for the food and grocery industry that undertakes research for the benefit of the public

**INDEPENDENTS:** Small stores with a single location or up to three locations, often owned by an individual, family or two person partnership

**LIGHT WINE:** Any wine with an ABV of 0-14%

**MAT:** Moving Annual Total

**MULTIPLE FORECOURTS:** Sites operated jointly by an oil company and a convenience specialist retailer or symbol

**GROCERY MULTIPLE(S):** The major GB supermarkets including Co-op

**MULTIPLE OFF LICENCE:** Shops licensed to sell alcoholic beverages for consumption off premises

**NAS:** Non-Age Statement

**NPD:** New product development

**OFF-TRADE:** Consumption off-premise, i.e. in the home

**OMNI-CHANNEL:** The use of all physical channels (offline) and digital channels (online) for a seamless and unified customer experience

**ON-TRADE:** Consumption on premise, i.e. in pubs, bars, hotels, restaurants & clubs

**PENETRATION %:** A measure of brand or category equity. Number of households/individuals that bought the defined category/brand at least once in the considered time period as a percentage of total households/individuals

**POS:** Point of Sale

**PREMIUM SPIRITS BRANDS:** Those which retail at £23+ per 70cl

**ROS:** Rate of Sale

**RTD:** Ready to drink. Packaged beverages sold in a prepared form, ready for consumption.

**SEO:** Search engine optimisation is the process of affecting the online visibility of a website or a web page in a web search engine's unpaid results

**SKU:** Stock Keeping Unit

**VALUE:** £ms, unless stated

**VOLUME:** 000 9L cases, unless stated

**VS:** Very Special. Aged for minimum of 2 years

**VSOP:** Very Special Old Pale. Aged for minimum of 4 years

**WHOLESALE:** Wholesale operation based in self-service depots

**YO:** Year Old, i.e. Glenfiddich 12 YO



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