

THE  
NEW WORLD  
OF  
NEW WORLD  
WHISKY



DISTILL  
VENTURES



Whisky consumers are varied in their demographics and purchasing behaviours, but we're now seeing the emergence of a new, younger (18-34) generation who are more affluent, curious and confident in their whisky knowledge<sup>1</sup>.

At the same time a new band of passionate whisky makers from outside of the traditional whisky-producing countries are creating exciting, innovative and quality liquid.

While innovation continues across the category, these 'New World' whisky makers are delivering more choice than ever before, appealing to consumers' search for new experiences while connecting with their inherent values and behaviours.

As such, New World whisky has the potential to influence the whisky category as a whole, setting the stage for a new defining era.

While the instability and uncertainty created by Covid-19 continues to unfold, for New World producers the path forward involves harnessing digital opportunities and partnering with retailers to create ways for the curious new whisky consumer to discover and enjoy their products.

Through interviews with whisky makers, retailers, bartenders and analysts, the latest category insights and data, as well as Distill Ventures' own US and UK consumer survey, it's clear the segment is on the cusp of real change, with New World whisky playing an important role in helping develop the whisky industry.

However, much rests on the ability of both producers and retailers to collaborate and adapt to the changing buying and consumption habits of this new generation of whisky consumer.

<sup>1</sup>SOURCE: DISTILL VENTURES/DYNATA WHISKY CONSUMER SURVEY, FEBRUARY 2020. SEE PAGES 13-15.

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# INTRODUCTION

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# DEFINING NEW WORLD WHISKY



New World distillers are bringing exciting areas of innovation to the category. Located in places not usually associated with whisky production, these producers have respect for tradition, are inspired by their environment and are focused on quality innovation. New World also encompasses the unconventional whisky made within established whisky-making countries, such as American single malt or Scottish rye.

## New World Whisky

/n(y)oo/wəɜld/'(h)wɪskē/  
(noun)

1. A whisky not produced in Scotland, Ireland, Canada, the USA or Japan.
2. A whisky made in a style not traditionally associated with the country that it is made in.

# WHERE ARE WE NOW?

**In 2018 the global whisky category grew by 7% to 440million nine-litre cases<sup>1</sup>.**

Much of whisky's volume growth can be attributed to the success of premium local and international brands in India, while Scotch, American, Japanese and Irish whisky all posted strong global growth<sup>2</sup>.

On an international level a flourishing cocktail culture and whisky's aspirational image have helped attract new consumers<sup>3</sup>, in turn inspiring a wave of New World whiskies from emerging distillers and blenders in non-traditional whisky countries.

While whisky is traditionally considered a product of Scotland, Ireland and the US, today there are over 30 countries making whisky around the world.

## GLOBAL WHISKY SALES ARE FORECAST TO GROW 5.7% CAGR BETWEEN 2018-23<sup>4</sup>

IN 2018

440M

NINE-LITRE CASE VOLUMES OF WHISKY

BY 2023

581M

NINE-LITRE CASE VOLUMES OF WHISKY

The landscape has changed significantly since these projections were made by IWSR in 2018. However whisky has been growing, driven by continued innovation in cocktails, liquid production and the retail environment.

### CATEGORY DRIVERS:

COCKTAIL CULTURE  
LIQUID INNOVATION  
RETAIL EVOLUTION

<sup>1234</sup>SOURCE: IWSR DRINKS MARKET ANALYSIS GLOBAL DATABASE, MAY 2018

# A NEW WORLD OF WHISKY



CANADA  
USA  
MEXICO



PERU  
BRAZIL  
BOLIVIA  
ARGENTINA  
CHILE



ICELAND  
SCOTLAND  
IRELAND  
ENGLAND  
WALES  
FRANCE  
SPAIN



SWEDEN  
NORWAY  
DENMARK  
NETHERLANDS  
BELGIUM  
GERMANY  
SWITZERLAND



FINLAND  
POLAND  
AUSTRIA  
ITALY  
ISRAEL  
SOUTH AFRICA



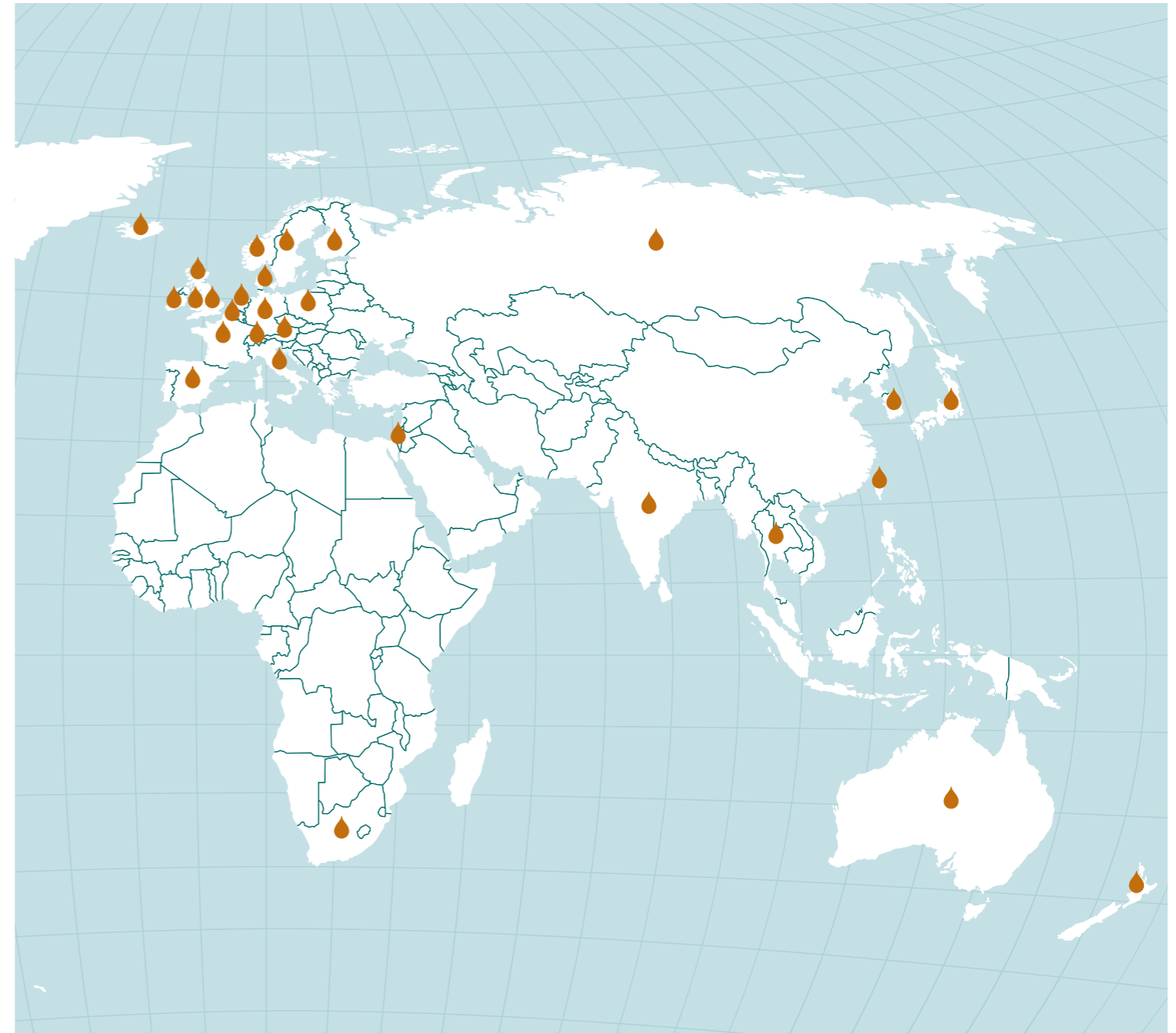
RUSSIA  
INDIA  
THAILAND



SOUTH KOREA  
JAPAN  
TAIWAN  
AUSTRALIA  
NEW ZEALAND



New distilleries are springing up all over the world, in both traditional and non-traditional whisky countries such as England, Denmark, New Zealand and even Bolivia. Many of these emerging New World whisky producers are forging their own styles, combining traditional practices with their own take on innovation.



# WHISKY-MAKING COUNTRIES TO WATCH

## AUSTRALIA & NEW ZEALAND

Although Australia and New Zealand are home to dozens of whisky distilleries, only a handful have started selling outside their local market. Styles include wine cask matured single malts, peated expressions, and most recently, blended whisky. Expect to see more choice for locals as distilleries release mature liquid and make pricing more accessible.

## SCANDINAVIA

A new generation of distiller is emerging across Denmark, Finland, Norway and Sweden, each focusing on a different aspect of Scandinavian provenance, from distilling organic local grains to harnessing the sub-zero climate. Whisky styles are varied and individual, ranging from single malt made with glacial water (Aurora Spirits) to 100% rye (Kyrö).

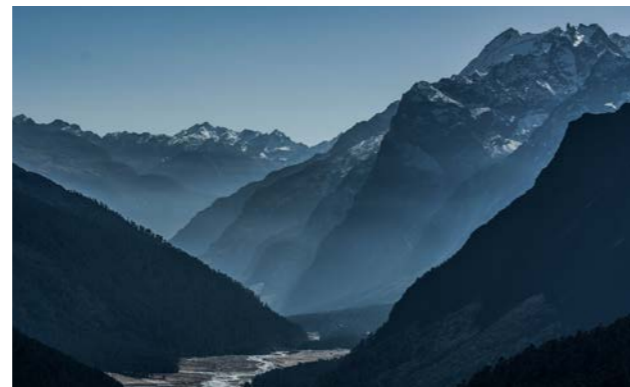


## INDIA

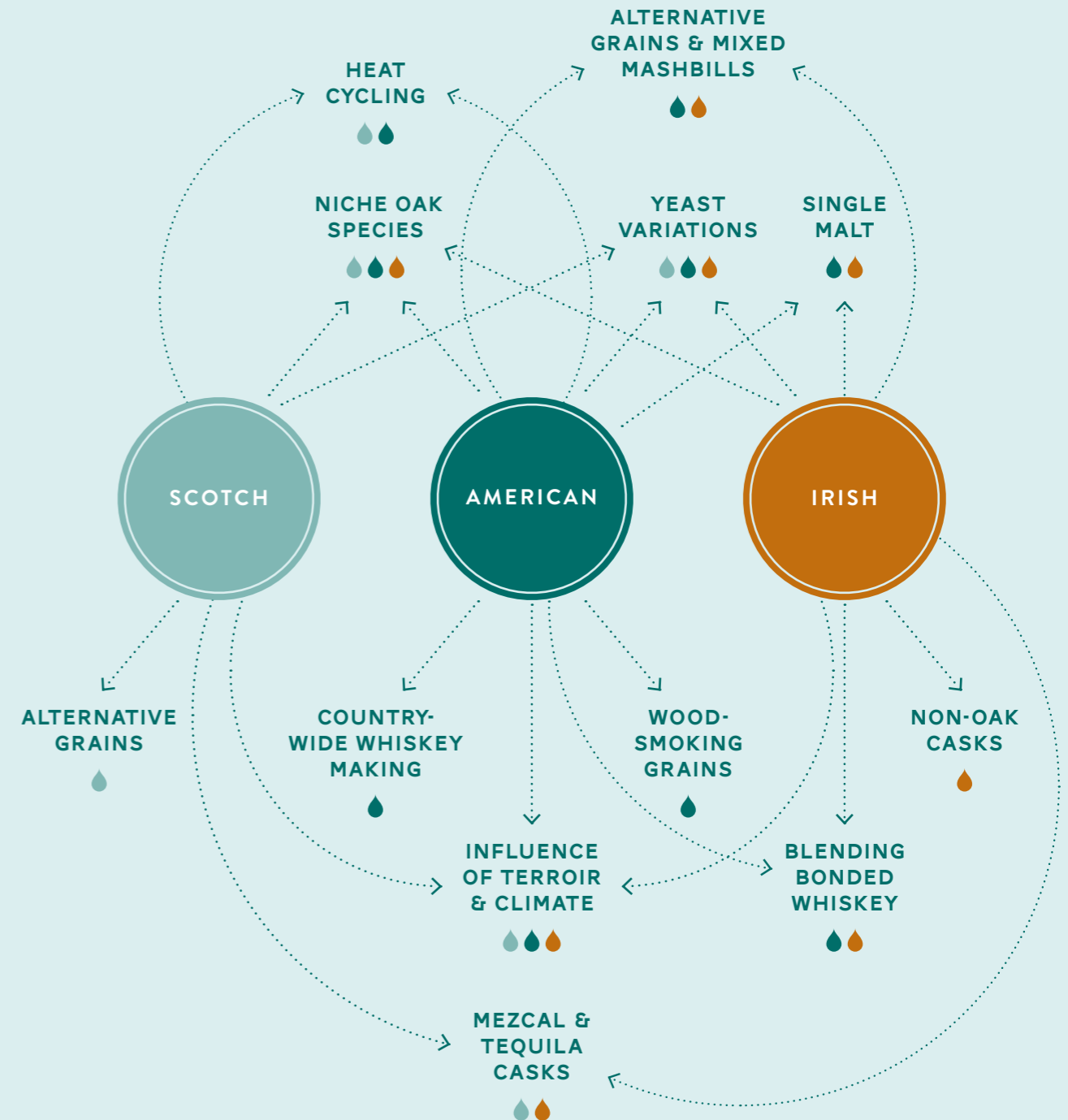
Innovation and premiumisation in Indian whisky are helping attract new domestic consumers, while simultaneously introducing Indian whisky to international audiences. High quality and often experimental single malts from emerging distillers like Amrut and Paul John are gaining the attention of curious whisky consumers around the world.

## UK

While innovation continues in Scotch, with some producers experimenting with oats or rye, some 50+ distillers in England, Wales and Northern Ireland are busy establishing their own styles, from London rye to Norfolk peated single malt.



# WHISKY MAKERS IN TRADITIONAL COUNTRIES ARE INNOVATING TOO



While New World whisky hails from countries not usually associated with its production, established distillers in Scotland, North America and Ireland are also experimenting with raw materials and processes to create new flavours and non-traditional styles.

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## WHAT'S IN THE FUTURE?

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Exciting innovations from New World whisky producers have driven growing interest in the category, providing consumers with a wider choice of styles, flavours and regions than ever before.



With the rise of social media and online retailing, more consumers can easily access and navigate a growing selection of whiskies from all over the world.

However with greater choice can come greater confusion, and without appropriate guidance and education New World whisky can quickly go from exciting to overwhelming.

With consumers increasingly discerning, emerging New World distillers need to consider how to engage and educate consumers, gain visibility in a busy category and set themselves apart from the competition.

Over the long term, some consumer behaviours forged during Covid and the subsequent global lockdown will likely continue for the foreseeable future, impacting the way people discover, interact with and purchase brands.

By focusing on establishing strong partnerships between producers and retailers, and maximising new digital opportunities to engage consumers in a post-Covid world, there is a pathway for the New World whisky category to emerge from this stronger, and with deeper consumer connections.



## THE NEW WHISKY CONSUMER

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Whisky’s liquid quality, variety of styles, diverse founder stories and aspirational reputation are attracting a new generation of adventurous consumers.

Our belief is that these younger consumers (LDA-34-years-old) are digitally savvy, willing to spend more on first purchases and take their time researching new bottles to buy.<sup>1</sup>

<sup>1</sup>SOURCE: DISTILL VENTURES/DYNATA WHISKY CONSUMER SURVEY, FEBRUARY 2020.

“

WE DO HAVE PEOPLE COME IN WHO KNOW ABOUT THEIR WHISKY. BECAUSE IT’S SUCH AN AMAZING CATEGORY WITH ITS HISTORY AND PROCESS YOU’LL ALWAYS HAVE THAT GEEKY FAIRY DUST ELEMENT. BUT THERE’S A WHOLE NEW CONSUMER OUT THERE WHO JUST WANTS TO KNOW HOW IT TASTES.”

– ANDY GEMMELL, OWNER, THE GATE PUB, GLASGOW.

# VALUES

KNOWLEDGE

ADVENTURE

TRANSPARENCY

DIVERSITY

“

THE CONSUMER NOW IS SOMEWHAT PROMISCUOUS WITH THEIR WHISKY – THEY’RE OPEN TO NEW BRANDS AND JUST WANT SOMETHING THAT TASTES GOOD. IT DOES THE WHOLE INDUSTRY A JUSTICE – IF EVERYBODY WERE BRAND LOYAL WE PROBABLY WOULDN’T SURVIVE”

– TOMMIE TARDIE, OWNER, FLATIRON ROOM, NEW YORK.



“  
 THE DISCERNING WHISKY CONSUMER  
 IS LOOKING FOR DISCOVERY AND NEW  
 EXPERIENCES TO TRY. PEOPLE CHOOSE  
 WHISKIES BASED ON REFERRALS FROM  
 EXPERTS. THEY NEED HAND HOLDING, BUT  
 IF IT'S GOOD THEY'LL COME BACK.”

- MICHAEL VACHON, FOUNDER,  
 MAVERICK DRINKS, UK.

# BEHAVIOURS

**DRINK BETTER, NOT MORE**

BRAND FLUID

**CURIOUS EXPLORATION**

CRAVES NEWNESS

**EXPECTS QUICK,**

**CONCISE INFORMATION**

VALUES EXPERIENCES

+ KNOWLEDGE OVER

BELONGINGS

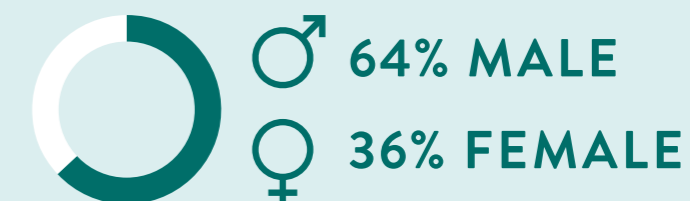
## TODAY'S WHISKY CONSUMERS

We commissioned Dynata to survey over 3,000 US and UK consumers. We asked them about their whisky preferences, buying habits and values, to build a picture of who the new whisky consumer is.<sup>1</sup>

PERCENTAGE OF RESPONDENTS WHO DRINK WHISKY:

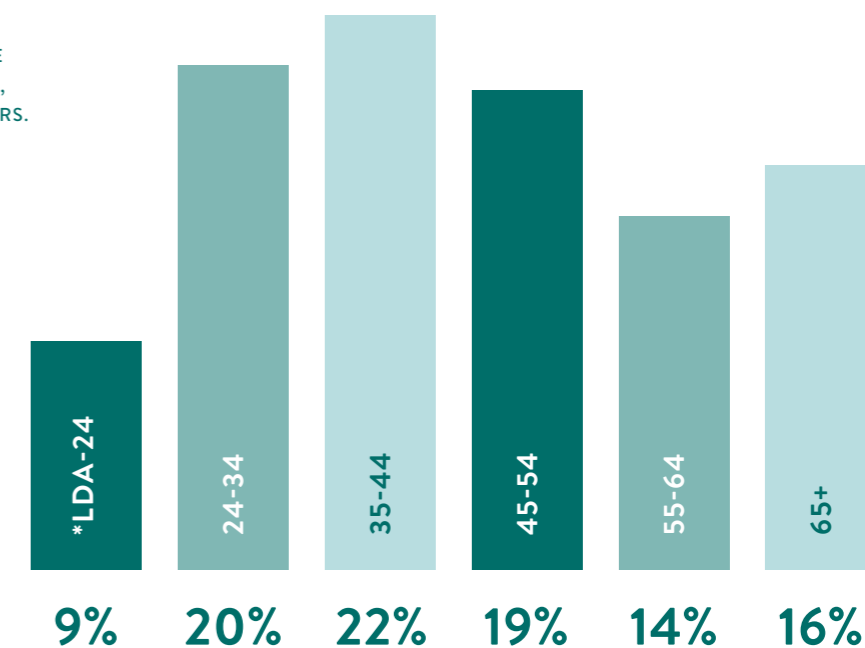


WHISKY CONSUMERS ARE:



### AGE

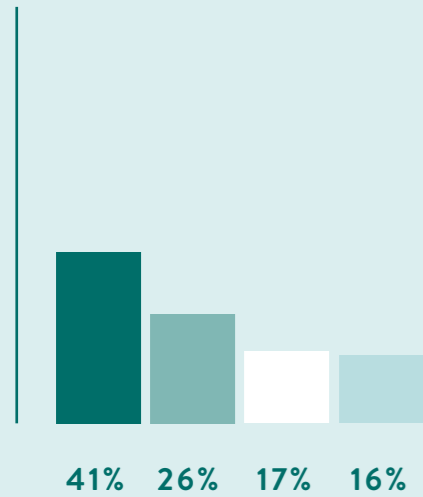
\*THE LEGAL DRINKING AGE IS 18 FOR UK CONSUMERS, AND 21 FOR US CONSUMERS.



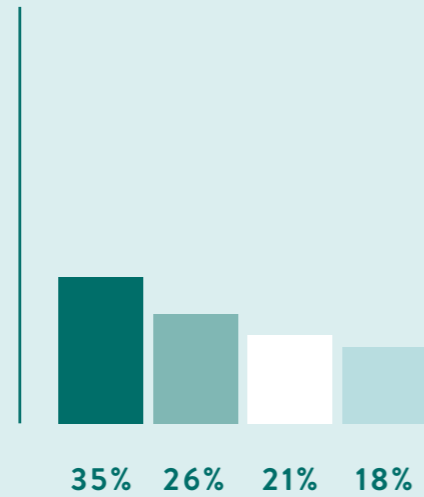
<sup>1</sup>SOURCE: DISTILL VENTURES/DYNATA WHISKY CONSUMER SURVEY, FEBRUARY 2020.



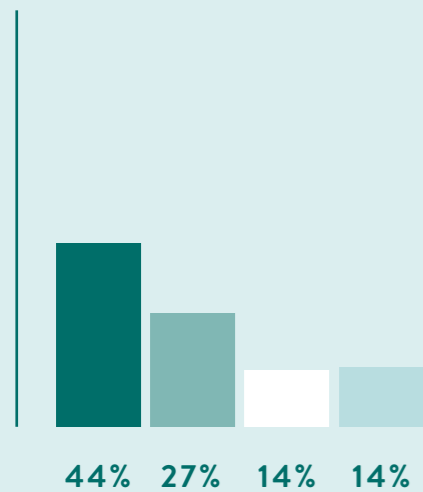
**SPLIT OF RESPONDENTS WHO DESCRIBE THEMSELVES AS BEING A WHISKY 'EXPERT' OR 'CONNOISSEUR':**



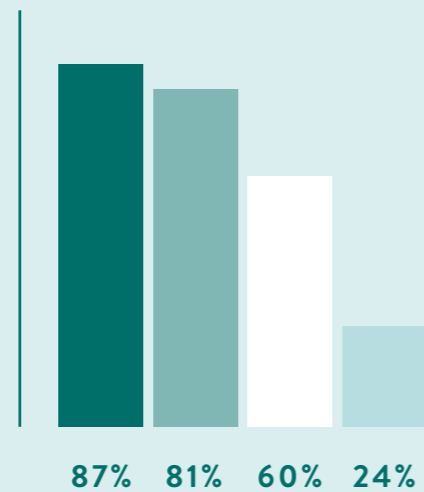
**PERCENTAGE OF RESPONDENTS WILLING TO SPEND OVER £75/ US\$75 ON A BOTTLE OF WHISKY THEY'VE NOT TRIED BEFORE:**



**PERCENTAGE OF RESPONDENTS WHO SPEND A WEEK OR MORE RESEARCHING A NEW WHISKY PURCHASE:**

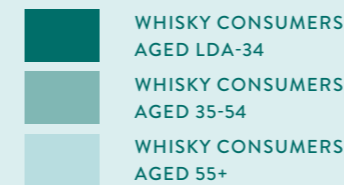
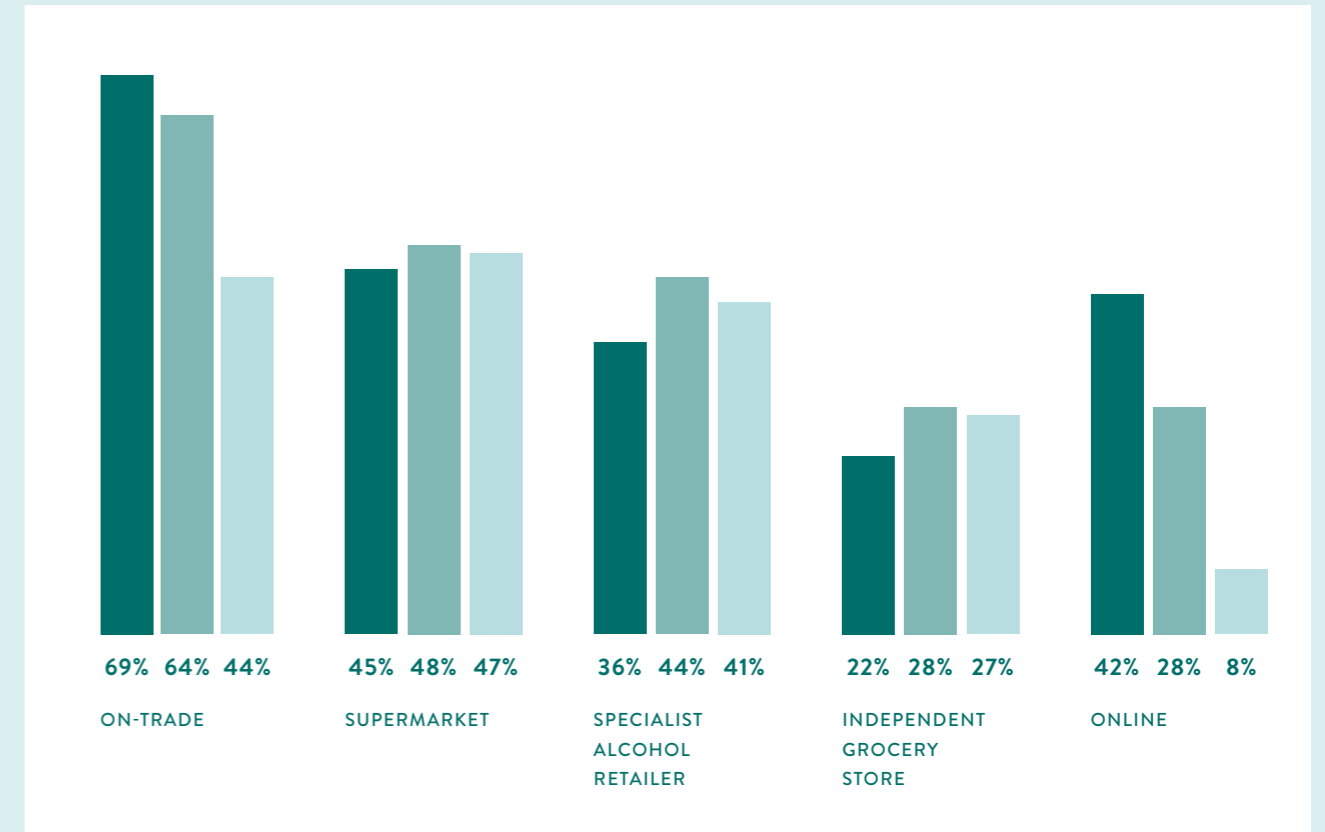


**PERCENTAGE OF RESPONDENTS WHO PRIMARILY USE THE INTERNET TO FIND OUT ABOUT NEW WHISKIES:**



SOURCE: DISTILL VENTURES/DYNATA WHISKY CONSUMER SURVEY, FEBRUARY 2020.

**RESPONDENTS' PREFERRED PLACES TO PURCHASE WHISKY:**



Based on the results of our survey, the burgeoning New World whisky category is more likely to appeal to a new, younger generation of whisky consumer who appear more confident to explore different styles, are willing to spend more on a new bottle they've not yet tried and take their time discovering and learning about new brands.

Although whisky consumers are not defined by their age, older consumers are more likely to be brand loyal and less likely to purchase a new brand. They are also less likely to invest time in researching new whiskies online and have a self-confessed limited whisky knowledge, with an overwhelming majority of those aged 55+ classing their expertise as novice or average (81%).

With this new generation of whisky consumer more likely to use the Internet for discovery and purchases than their older peers, New World whisky brands will benefit from greater digital engagement, as well as partnerships with tech-savvy retailers that enhance the user experience and educate new customers while providing new sampling opportunities. This is especially important in light of Covid-19 restrictions affecting consumer confidence in the on-trade, LDA-34-year-olds' preferred channel where trial is most likely to occur.

However, with supermarkets, specialist retailers and the on-trade still popular destinations among younger consumers, the evolution of bars and the bricks-and-mortar retail space will be more important than ever for New World whiskies.

In addition, those brands that champion quality innovation with a real focus on accessibility through how they market and sell their products, are well placed to capture the imagination, adventurous spirit and spend of today's whisky consumer.

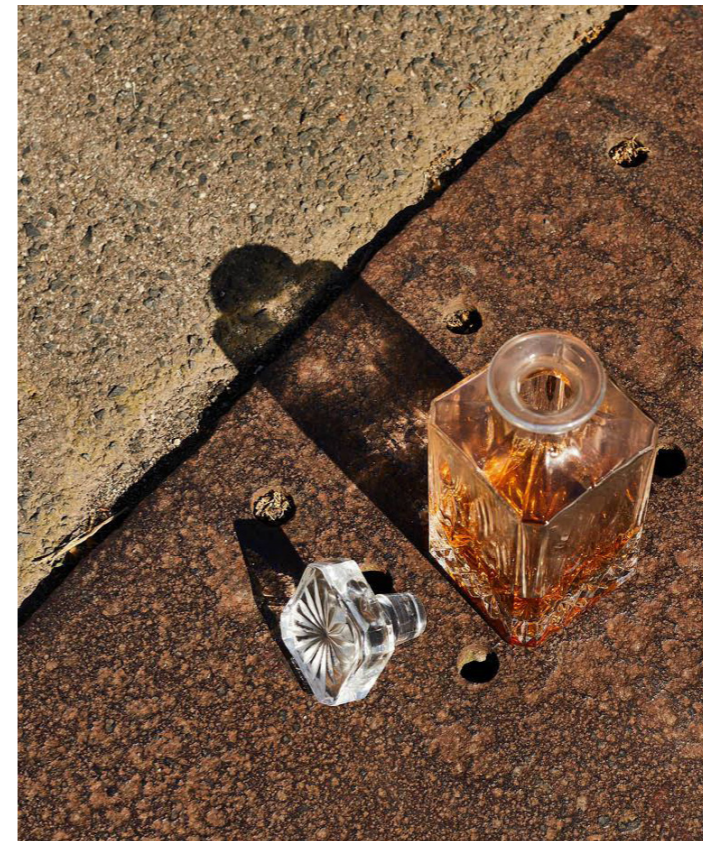


## THE NEW WORLD WHISKY MAKER

New World whisky makers are emerging in countries all over the world, in both traditional and non-traditional markets. While each of these producers has their own personality, they share many traits.

### NEW WORLD WHISKY MAKERS ARE:

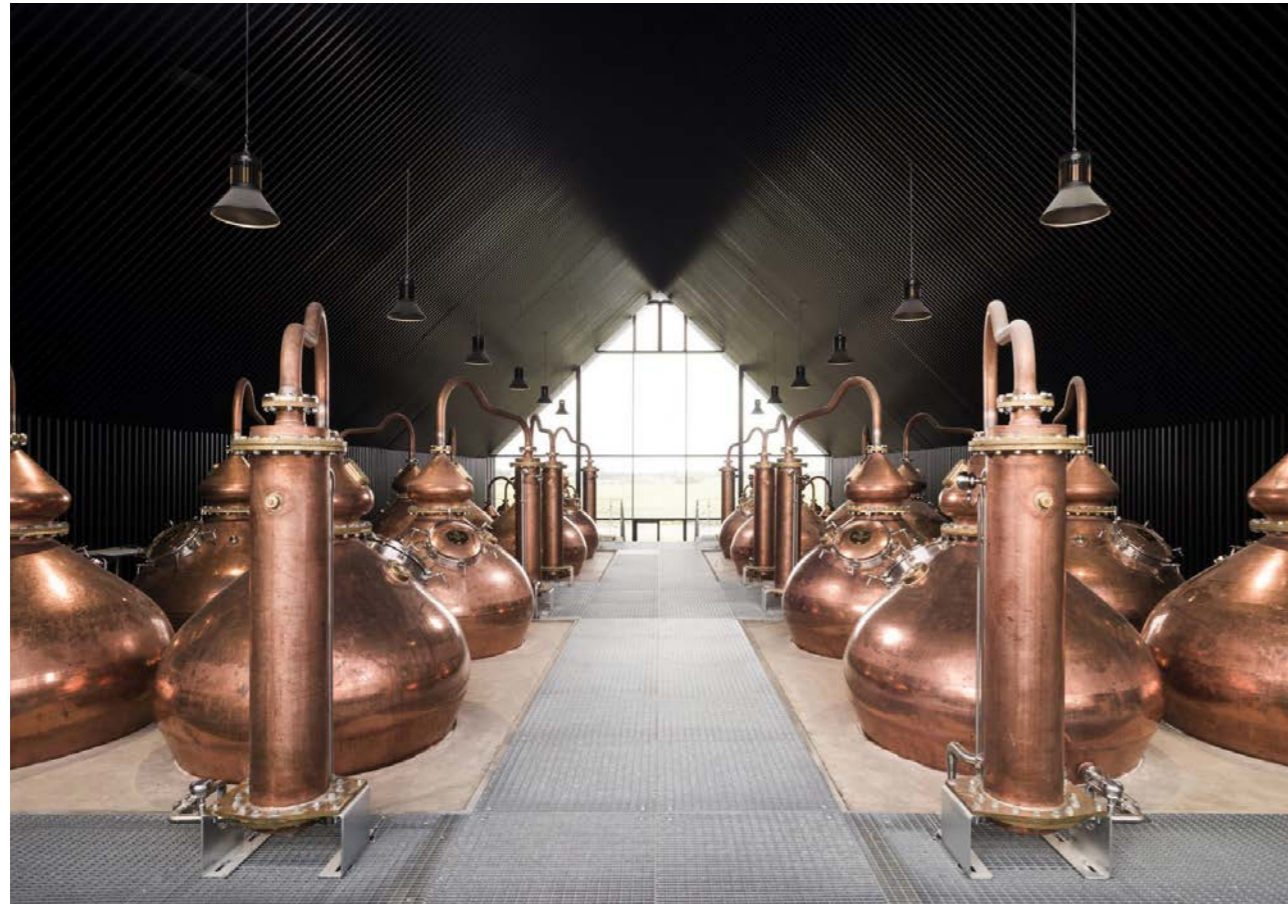
**DRIVEN INNOVATIVE IMAGINATIVE**  
**CREATIVE UNBOUND RESPECTFUL**  
**OF TRADITION A REFLECTION OF**  
**THEIR SURROUNDINGS INSPIRED**  
**BY LOCAL CULTURE & HERITAGE**  
**MODERN AGILE RELATABLE**



While New World producers have learned from the whisky industry's pioneers, without their own local traditions they are free to focus on creativity and defining their own segments. With an audience seeking innovation and new flavours, New World producers have a clean canvas on which to paint their own whisky vision.

IMAGE SOURCE: STARWARD WHISKY.

# A FUTURE OF OPPORTUNITY



New World whisky makers have an exciting opportunity to capture the imagination of consumers seeking new experiences and different flavours.

Successful producers are the ones releasing **quality, innovative** liquid with a ladder of expressions at various price points. They're engaging curious audiences by focusing on education and accessibility with **modern branding** and **genuine stories**, are connecting and building **meaningful relationships** with followers and are **driving digital discovery** in new and exciting ways.

IMAGE SOURCE: STAUNING DISTILLERY.

“  
**WE'RE NOT TRYING TO MAKE A DANISH WHISKY THAT TASTES LIKE SCOTCH; THIS IS A WHISKY THAT TASTES DIFFERENT.**”

– ALEX MUNCH, CO-FOUNDER, CMO, STAUNING DISTILLERY, DENMARK.

## QUALITY INNOVATION

Innovation and the development of exciting new flavours are hallmarks of the New World whisky set, with many distillers exploring the impact of manipulating raw materials and processes in ways that reflect their own locality and cultural identity.



### SOME CURRENT AREAS OF INNOVATION INCLUDE

#### 01.

THE ADOPTION OF BREWING TECHNIQUES TO ROAST AND SMOKE MALTS WITH LOCALLY-SOURCED PLANTS, WOOD OR PEAT.

**CORSAIR:** TENNESSEE, USA.  
**MACKMYRA:** GÄVLE, SWEDEN.  
**EDEN MILL:** ST ANDREWS, SCOTLAND.

#### 02.

THE EXPLORATION OF LOCAL, HEIRLOOM AND NON-TRADITIONAL GRAINS, AND THE IMPACT OF TERROIR.

**COPENHAGEN DISTILLERY:** COPENHAGEN, DENMARK.  
**WESTLAND:** SEATTLE, USA.  
**WATERFORD:** WATERFORD, IRELAND.

#### 03.

COLLABORATION WITH LOCAL BEER, WINE AND SPIRITS PRODUCERS IN CASK EXCHANGE PROGRAMMES.

**VIRGINIA DISTILLERY CO.:** VIRGINIA, USA.  
**STARWARD:** MELBOURNE, AUSTRALIA.  
**CARDRONA:** WANAKA, NEW ZEALAND.

#### 04.

FERMENTATION USING CUSTOMISED YEASTS TO ACHIEVE SPECIFIC QUALITIES AND FLAVOURS, EVEN CULTIVATING WILD STRAINS, AND EXPLORING INNOVATIONS IN SWEET AND SOUR MASHES.

**WESTWARD:** PORTLAND, USA.  
**LAKE DISTILLERY:** CUMBRIA, ENGLAND.  
**LONE WOLF:** ELLON, SCOTLAND.

#### 05.

MATURATION IN ALTERNATIVE OAK SPECIES AND WOODS SUCH AS ACACIA AND CHERRY, CHINQUAPIN AND GARRYANA.

**TEELING:** DUBLIN, IRELAND.  
**WESTLAND:** SEATTLE, USA.  
**BALCONES:** TEXAS, USA.

#### 06.

EXPLORATION OF LOCAL CLIMATE'S EFFECT ON MATURATION.

**STAUNING:** SKJERN, DENMARK.  
**MILK & HONEY:** TEL AVIV, ISRAEL.  
**BIVROST:** LYNGEN, NORWAY.



While production innovation is key to giving new whisky consumers more choice in their search for unique whiskies, it should be in service of flavour, and shouldn't come at the expense of quality or value.

The most successful producers are those innovating in ways that deliver on flavour, reflect their terroir and perspective, use locally sourced ingredients or champion partnerships with local businesses. A variety of interesting new world innovations are available for even the most considered curious whisky consumer - who is often going 'straight to great' with their initial purchases.

IMAGE SOURCE: WESTWARD DISTILLERY.

“

**WE ARE VERY MUCH PROVENANCE FIRST, SO EVERYTHING WE DO IS IN ONE WAY OR ANOTHER CONNECTED TO THE CULTURE, THE PLACE OR THE PEOPLE OF THE AMERICAN NORTHWEST. WHETHER IT'S PORTLAND'S BREWING CULTURE THROUGH AN IPA FINISH WITH CULMINATION BREWERY OR PARTNERSHIPS WITH CHEFS LIKE KEN FORKISH WHOSE SOURDOUGH STARTER WE'VE USED TO FERMENT A BATCH OF WHISKY. WHEN SOMEONE THOUSANDS OF MILES AWAY TAKES A BOTTLE OF WESTWARD HOME, THEY ARE BRINGING OREGON HOME.”**

– TOM MOONEY, CEO,  
WESTWARD DISTILLERY, PORTLAND.

## GENUINE, ENGAGING STORYTELLING...

The power of compelling storytelling cannot be underestimated. Research shows<sup>1</sup> over half of consumers would be more likely to buy a product having heard a brand story they love.

Often established by groups of friends, or a passionate whisky-loving founder, most New World brands already have genuine, people-centric stories that consumers can relate to and get behind. Coupled with their innate drive to collaborate with and support their local communities, quest to discover new flavours and fresh approach to whisky, these businesses are sitting on a goldmine of engaging stories.



“

**IN INTERNATIONAL BRAND MARKETING THERE'S SO MUCH FROTH, AND MANY STORIES THAT ARE COMPLETELY FABRICATED. WE WANTED TO BE AN ANTITHESIS TO ALL OF THAT, TO EXHIBIT THIS MENTALITY OF TRANSPARENCY AND HONESTY TO THE FULLEST, FROM BEING INDEPENDENT AND MAKING OUR OWN SPIRIT, TO USING LOCAL INGREDIENTS. IT'S ABOUT OWNING OUR ROOTS. IT ALL NEEDS TO BE THERE FOR THE WHOLESOMENESS OF OUR STORY. WE DON'T WANT A CLEAN, GLITZY, GLOWING START-UP CULTURE IMAGE, WE JUST WANT TO SHOW HOW IT'S DONE.”**

– MIIKA LIPIÄINEN, FOUNDER & CEO,  
KYRÖ DISTILLERY COMPANY, FINLAND.

<sup>1</sup>SOURCE: L.E.K. EXPERIENCES WITH CHARACTER: THE NEW LEISURE ECONOMY, AUGUST 2019.

IMAGE SOURCE: KYRO DISTILLERY.

## ...WITH AN INCLUSIVE APPROACH

As innovators, it can be easy for New World brands to complacently market solely to the knowledgeable whisky enthusiast. While these consumers may wish to discover intricate process details, many new consumers simply want to understand the brand story and the whisky's flavour. Tailoring language, imagery and stories to different audiences will be vital to a New World whisky's ability to recruit new consumers while engaging existing ones. Serving suggestions and cocktail tutorials will be a big part of attracting younger whisky consumers.

Similarly, consumers wish to see more of themselves reflected in brands' marketing<sup>1</sup>. If brands wish to attract a diverse audience they must consciously feature a broad range of faces embracing different ages, genders and ethnicities. Particularly in light of recent movements to recognise and champion diversity.

Transparency and authenticity are important values for today's whisky consumers, and should be adopted as core drivers of brands' communication and product development.

## BUILDING MEANINGFUL RELATIONSHIPS

Consumers are looking for a connection with the brands they support. This means New World whiskies need to take meaningful action to show they understand their consumers' interests, values and needs. That might be through supporting local charities and communities or enriching their consumers' lives through education, added value or even building a community that provides a sense of belonging.



## DIGITAL DISCOVERY

With finite shelf space in traditional bricks-and-mortar stores, digital channels have become the place for consumers to discover and engage with New World whiskies. Simply having a presence in online retail or on social media isn't enough; brands need to go further to actively engage both new and existing audiences.

Digital tastings have been a lockdown success, with brand ambassadors and whisky makers hosting live-streamed Q&As, festivals, cocktail tutorials and masterclasses to thousands of viewers at a time across social media. These have allowed whisky makers to broaden their reach and connect with new and existing fans all over the world, presenting an opportunity to build a dedicated group of followers.

The personal nature of these tastings resonates with consumers' desire for authenticity and engagement with the personalities behind the whisky. Candid stories of passion, intent, trials and mistakes are more engaging.

As in-person tastings and events start to resume for small groups, authentic live-streamed events will continue to be a part of brands' marketing outreach, as they have the potential to reach larger audiences and engage new customers.



<sup>1</sup>SOURCE: L.E.K. EXPERIENCES WITH CHARACTER: THE NEW LEISURE ECONOMY, AUGUST 2019.



## THE NEW RETAIL ENVIRONMENT



The way whisky brands are discovered, bought and consumed is rapidly shifting as at-home consumption rises, digital advances make discovering and purchasing easier, and the market becomes busier with new entrants. These were growing trends already but in many ways, the Covid-19 pandemic has accelerated their growth.

# KEY TRENDS

## AT-HOME EXPERIENCES

The growth of the experience economy has seen consumers allocating more of their disposable income on entertainment and events for some time<sup>1</sup>, a trend that the Covid-19 crisis has transformed into an at-home phenomenon. Domestic experiences such as virtual tastings, happy hour drinks and digital festivals have been popular with consumers during lockdown and as restrictions ease.

## GROWTH OF ONLINE RETAIL PRESENCE

Covid-19 has also accelerated a growing need for all retailers to develop online shopping platforms, not just those specialising in e-commerce. Drinks have traditionally lagged in this area but are growing steadily. Due to the impact of Covid-19, Oregon changed its direct shipping laws, helping brands like Westward maintain sales levels.

“

**WE WON THE RIGHT TO TAKE AN ORDER, PUT IT IN A BOX AND SHIP IT TO PEOPLE IN OUR STATE. IT'S MADE ALL THE DIFFERENCE IN THE WORLD."**

– TOM MOONEY, CEO,  
WESTWARD DISTILLERY, PORTLAND.

## TRY BEFORE YOU BUY

Most specialist whisky retailers have historically offered a selection of open bottles for customers to sample before making a purchase in-store. But with shops and bars closed during lockdown, brands and retailers have found innovative ways to drive trial and online conversion through hosting virtual tastings, and sending sample packs and tasting kits to consumers at home.

## SHOP LOCAL MENTALITY

The Covid-19 pandemic has renewed the importance of supporting local communities, with neighbours helping one another and consumers shopping with local businesses. Specialist whisky retailers, especially those with a great online presence, are set to benefit, as are New World whisky producers that support and market to their local community. The trend is set to continue with almost a third of UK consumers intending to support local retailers more often in the future.<sup>2</sup>

## RISE OF CLUBS AND DIRECT SHIPPING

The relaxation of shipping laws in some US states has allowed brands to continue to serve consumers affected by from the closure of tasting rooms, bars and restaurants. Home delivery platforms such as Drizly and Reservebar are helping more brands get discovered through connecting consumers with local retailers. Meanwhile exclusive whisky membership clubs such as Flaviar, Caskers and Drammers enable global whisky-loving communities to find new whiskies and connect with like-minded consumers.

The increased investment in quality at-home experiences, emergence of new ways to try at home and expanded availability online all create conditions for New World whisky to thrive, particularly where brand-retailer relationships are formed and sophisticated digital advances are made and established distribution channels flourish.

<sup>1</sup>SOURCE: L.E.K. EXPERIENCES WITH CHARACTER: THE NEW LEISURE ECONOMY, AUGUST 2019.

<sup>2</sup>SOURCE: GLOBALDATA UK CONSUMER SURVEY, MAY 2020.

# OFF-TRADE

There are several ways retailers can optimise their offer to champion New World brands and appeal to consumers seeking new flavours.

## TASTING OPPORTUNITIES

Enabling safe and responsible trialling of whiskies at appropriate opportunities. “We wouldn’t have sold as much Kavalan as we do now if we didn’t have a bottle of Kavalan open to show the consumer what a Taiwanese whisky tastes like.” – Dawn Davies, Head Buyer, The Whisky Exchange

## CONFIDENT STAFF

Retail staff are on the front line of consumer education. Teams must be equipped with the knowledge and confidence to assist customers. Founders have a big role to play in sharing what makes their brand magic and drumming up enthusiasm for their product.

## DRAM DIVERSITY

Stocking a diverse range of styles and price points is key to attracting a wide range of consumers. Having exclusive bottlings and proprietary blends that are of high value and which communicate an engaging story can also help create intrigue and loyalty, especially among more experienced shoppers.

## COMMUNICATE FLAVOUR

The new generation of whisky consumer is willing to spend more on a bottle they’ve not tried before<sup>1</sup>, but selling a new brand at a premium price point can be challenging. New World brands should introduce a ladder of expressions and communicate their whisky’s unique flavour, provenance and story.

## SUPERMARKET VISIBILITY

According to Distill Ventures/ Dynata’s whisky consumer survey, almost half of those aged LDA-34 (45%)<sup>2</sup> purchase new bottles at supermarkets, which traditionally stock mainstream brands. In the UK, this number rises to 63%.

With the supermarket clearly a key area of discovery, there’s an opportunity for both large multiple retailers and New World producers to benefit from greater visibility of the category.

## CLEAR MERCHANDISING

Intuitively merchandised and signposted shelving arranged by region, style or even flavour helps consumers navigate categories. Retailers might even consider grouping New World whiskies together as a category in its own right, or creating a dedicated discovery area for consumers to easily find new, innovative whiskies.

“

**BRANDS IN THE NEW WORLD WHISKY SEGMENT SHOULD BE GROUPED TOGETHER. CURRENTLY, WE’RE IN AN UNDER MERCHANDISED AND UNDER REPRESENTED PART OF STORE."**

– DAVID VITALE, FOUNDER,  
STARWARD WHISKY, AUSTRALIA

<sup>1</sup>SOURCE: DISTILL VENTURES/ DYNATA WHISKY CONSUMER SURVEY, FEBRUARY 2020.



# E-COMMERCE

While the online marketplace is developing at different speeds around the world, there's plenty of opportunity for producers and retailers to collaborate, evolve, and seize digital trends and technological advances to make the most of this vital space.



“

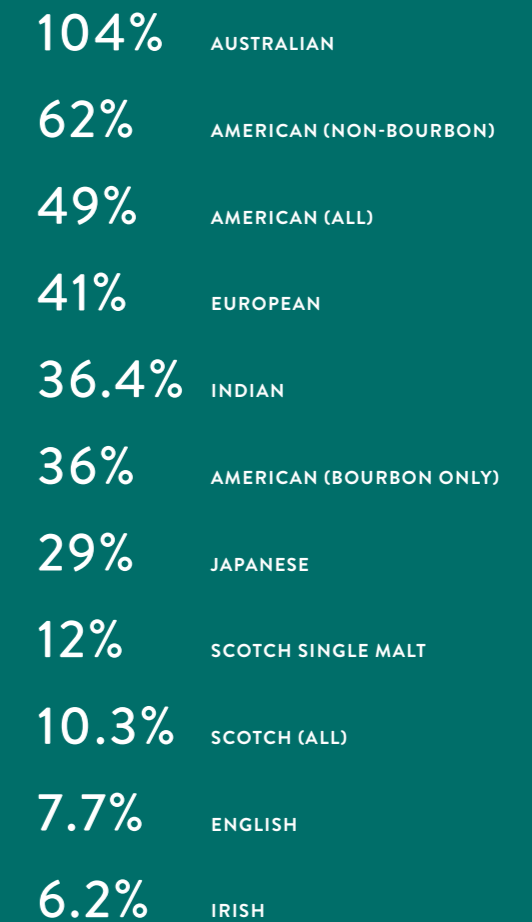
A LOT OF CUSTOMERS COMING TO SPIRITS E-COMMERCE SITES NOW ARE NEW TO IT. PEOPLE ARE COMING ONLINE WHO ARE COMPLETELY NEW TO THESE BRANDS. IT'S A HUGE OPPORTUNITY AS WELL AS A CHALLENGE. BRANDS NEED TO WORK CLOSELY WITH THE RETAILER, EVEN ON THINGS LIKE PRODUCT DESCRIPTIONS. THE ON-TRADE MAY HAVE BEEN WHERE PEOPLE GOT RECOMMENDATIONS; IT'S NOW GOING TO BE ONLINE.”

– KRISTIANE SHERRY, CONTENT EDITOR, MASTER OF MALT, UK.

<sup>1</sup>SOURCE: IWSR DRINKS MARKET ANALYSIS, 'THE IMPACT OF E-COMMERCE ON ALCOHOL TRADING', JULY 2018.

## MASTER OF MALT WHISKY VOLUME GROWTH 2018-19

Whisky is one of the fastest-growing categories in the world. For UK-based online retailer Master of Malt, although they make up a small percentage of total sales, whiskies from New World producers have been hugely popular.



### INFORMATION AND VISIBILITY

Clear product descriptions with accurate product names and categorisations can aid consumer discovery. Further collaboration between brands and retailers to ensure listings are correct and New World whisky brands are effectively signposted can help guide consumers as they shop.

New World whisky brands can also help retailers to tell their unique stories: know what's newsworthy, and make sure when a new expression is ready to drop all the product information, backstory, brand communication and imagery is lined up ahead of time.

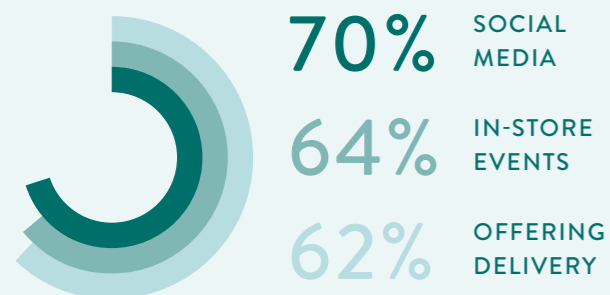
### DIVERSE OFFERING

Stocking a curated, diverse selection will stand retailers apart. Including New World whisky categories provides more choice and ultimately more chance of conversion and future loyalty.

### HARNESS SOCIAL MEDIA

Retailers can use their platforms to communicate the unique stories behind brands, tailoring content to individual channels. By tracking engagement, brands can also better understand their audience's interests and work to connect further with them.

### MOST EFFECTIVE WAYS FOR U.S. BRICKS-AND-MORTAR RETAILERS TO MAKE AND RETAIN CUSTOMERS<sup>1</sup>:



“AS A RETAILER WE WANT TO GET BRAND STORIES OUT THERE BECAUSE IN THE VERY COMPETITIVE WORLD OF E-COMMERCE YOU’VE GOT TO OFFER SOMETHING THAT’S NOT JUST A SHOP FRONT. WE WANT TO WORK WITH CRAFT PRODUCERS BECAUSE THE RICH AND DIVERSE PORTFOLIO THEY CREATE, AND THE STORIES THEY HAVE TO TELL, GIVE US AN EDGE.”

– KRISTIANE SHERRY, CONTENT EDITOR, MASTER OF MALT, UK.

“VIRTUAL TASTINGS HAVE BEEN VERY IMPORTANT FOR US. WE LAUNCHED OUR FIRST COMMERCIAL RELEASE JUST BEFORE THE COVID SITUATION STARTED, SO WE HAD TO USE EVERY MEANS OF COMMUNICATION WE COULD TO SPREAD THE WORD. IN SOME CASES AND MARKETS THE TASTINGS WERE A GREAT SALES GENERATOR. NOW WE ARE LAUNCHING THE SECOND TIER, THE ELEMENTS SERIES, SO WITH NO WHISKY SHOWS AROUND THIS IS OUR WAY TO REACH MORE CONSUMERS. ALSO, IT IS A GREAT WAY FOR CONSUMERS TO ACTUALLY SEE THE DISTILLERY AND MEET THE TEAM, WHICH IS NOT ALWAYS POSSIBLE AT IN-STORE TASTINGS AND WHISKY SHOWS.”

– DANA BARAN, VP MARKETING, MILK & HONEY DISTILLERY, ISRAEL.

“DIGITAL PLATFORMS WILL CHANGE THE ALCOHOLIC DRINKS LANDSCAPE FOREVER, PROVIDING A MARKETPLACE FOR A PLETHORA OF BRANDS AND CONCEPTS.”

– “THE IMPACT OF E-COMMERCE ON ALCOHOL TRADING”, IWSR.

<sup>1</sup>SOURCE: DRIZLY CONSUMER SURVEY REPORT 2020, JUNE 2020.

<sup>2</sup>SOURCE: DISTILL VENTURES/DYNATA WHISKY CONSUMER SURVEY, FEBRUARY 2020.

## ALCOHOL DELIVERY

On-demand alcohol delivery platforms are growing in popularity in many markets around the world, many of which have the capacity to help New World whiskies get discovered.

According to US-based platform Drizly, prior to March 2020 the majority of US consumers purchased their alcohol from local independent liquor and grocery stores. Asked where they expect to purchase alcohol from for the rest of 2020, 81% (many of whom have used Drizly before) named alcohol delivery apps, followed by local liquor stores (59.8%) and large liquor chains (59.8%)<sup>1</sup>.

In the UK, home delivery services such as Deliveroo and UberEats are capitalising on the upward trend for at-home drinks by delivering alcohol purchased from local retailers.

Wineapp, which delivers over 700 beers, wines and spirits to Londoners in under 30 minutes, reported a 1600% increase in daily sales between March-April 2020<sup>2</sup>. Google searches for ‘alcohol delivery’ were up 250% in April alone.

The ability for New World whiskies to succeed on these platforms depends largely on their distribution in each state or market.

Visibility is also key. Although on-demand delivery platforms are a huge growth area, their layout and functionality can often favour big brands. For New World whisky to get noticed, specialised, signposted sections helping consumers to discover local and alternative whiskies are vital.

### U.S. CONSUMERS



<sup>1</sup>SOURCE: DRIZLY CONSUMER SURVEY REPORT 2020, JUNE 2020.

<sup>2</sup>SOURCE: THE INDEPENDENT, ‘MORRISONS AND DELIVEROO NOW DELIVERING ALCOHOL ACROSS THE UK IN UNDER 30 MINUTES’, PUBLISHED 5 MAY 2020.

### U.K. CONSUMERS

INCREASE IN WINEAPP SALES SINCE MARCH 2020

1600%

GOOGLE SEARCHES FOR ‘ALCOHOL DELIVERY’

UP 250% IN APRIL 2020

## SUBSCRIPTIONS & CLUBS

With curious consumers willing to invest more time and money into exploration and experiences, whisky clubs are gaining in popularity and provide an exciting avenue for New World whisky discovery.

Members of subscription service Flaviar enjoy benefits like free tasting boxes, full-sized bottles every quarter and access to rare and exclusive liquid. “Whisky clubs are democratising access to spirits,” says founder Grisa Soba. “Through those clubs smaller brands can reach a much wider audience with much less money, while the consumer can more easily find new favourites.”



IMAGE SOURCE: FLAVIAR.

Flaviar witnessed a ‘significant uplift’ of new members during lockdown as consumers turned to affordable luxury and ways to connect with friends and family. “It will probably level off to some extent, but not entirely, because these are also habit forming times and in many industries digital transformation is accelerated. A lot of people are shopping for alcohol online for the first time and many of them will continue to do so.”

The popularity of more exclusive whisky clubs such as Drammers is also rising. An invite-only global society with regional chapters and events, Drammers helps members discover new whiskies through exclusive tastings and special limited edition single cask bottlings that are available only to members.

“

**OUR FOCUS IS ON THE PEOPLE, THE COMMUNITY. OTHER CLUBS FOCUS ON THE WHISKY, NOT THE SOCIAL NETWORK. THERE'S NO DRESS CODE, WE NORMALLY POUR 2-3 DRINKS, TAKE A BREAK AND IN BETWEEN PLAY HIP-HOP AND EAT PIZZA. IT'S ACCESSIBLE TO ANYBODY.”**

– CHARLIE PRINCE, PRESIDENT, DRAMMERS CLUB.

## ON-TRADE

In most markets, the on-trade is adapting to new ways of hosting customers safely. Even with bars and restaurants reopening, limited capacities and social distancing measures mean trading will not return to ‘normal’ for the foreseeable future.

However there are ways New World whisky brands can work with bars and restaurants to speed the channel’s recovery and forge a symbiotic relationship.

## AT-HOME COCKTAIL EXPERIENCES

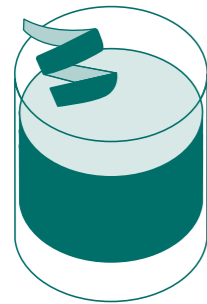
At-home cocktail making became popular for consumers during lockdown, while bottled cocktails sold for takeaway and delivery became a lifeline for some bars.

This trend is expected to continue, and is an area New World whiskies can embrace through mutually beneficial bar partnerships. The continued popularity of simple whisky cocktails, particularly the Highball, has created an avenue for brands to enter potential new consumers’ homes in a different form.

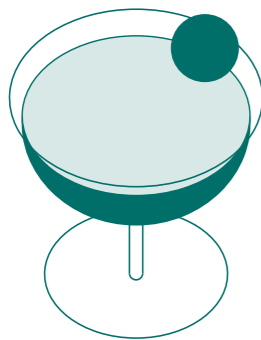


# FIVE BEST-SELLING WHISKY COCKTAILS AT THE WORLD'S BEST BARS<sup>1</sup>

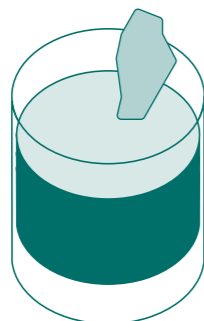
**OLD FASHIONED**  
(THE WORLD'S FAVOURITE COCKTAIL)



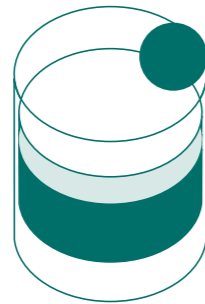
**MANHATTAN**



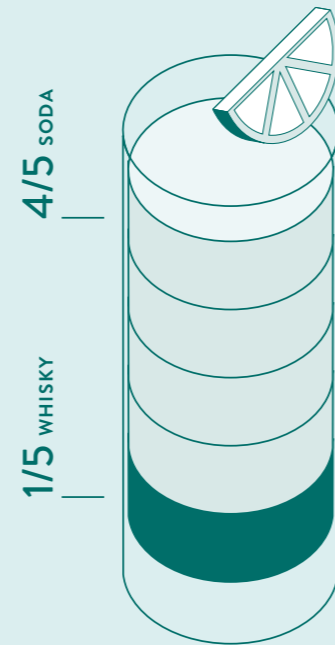
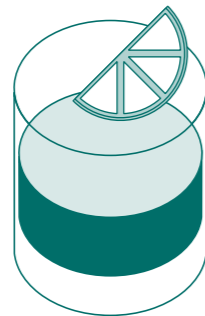
**PENICILLIN**



**WHISKEY SOUR**



**SAZERAC**



## THE HIGHBALL

Whisky's answer to a gin and tonic plays in the same consumption occasion as any other long, refreshing drink. Traditionally a mix of one part whisky to four parts soda water, the serve can feature any type of carbonated soft mixer, from cola and ginger beer to Irn Bru and green tea. With Johnnie Walker promoting the serve in key cities, brands can ensure they're part of the movement by embracing their own signature serve.

<sup>1</sup>SOURCE: DRINKS INTERNATIONAL 2020 BRANDS REPORT.

# FOCUS ON EDUCATION

Now more than ever it's vital that both bars and brands ensure their staff are educated when it comes to suggesting whisky. New World Whisky is still emerging and relatively unknown by the majority of consumers, and bartenders will continue to play a significant role in both education and positive experiences.

“**THE VAST MAJORITY OF KNOWLEDGE THAT THE AVERAGE GUEST HAS REGARDING SPIRITS COMES FROM ON-TRADE INTERACTIONS.**”

– JAMIE BOUDREAU, PROPRIETOR, CANON, SEATTLE.

With more non-specialist bars, restaurants and hotels stocking a greater number of New World whiskies, there is an opportunity to work with bartenders to increase awareness.

A new generation of specialist whisky bars are excelling at warmly guiding newcomers through the whisky category while also catering to those who consider themselves connoisseurs. These bars offer lessons for the whole industry in education, range, price point and serves.

“**IN MODERN COCKTAIL BARS THERE'S WAY MORE TRAINING AND BRAND AWARENESS NOW AS BARTENDERS HAVE TO KNOW ALL ABOUT THEIR SPIRITS. BUT IN THE GENERAL ON-TRADE A LOT OF BARTENDERS ARE LESS VERSED IN THEIR WHISKIES – THEY'RE HIGH UP ON A SHELF GATHERING DUST.**”

– KATIE GROVES, MILROYS OF SOHO, LONDON.



<sup>1</sup>SOURCE: DISTILL VENTURES/DYNATA WHISKY CONSUMER SURVEY, FEBRUARY 2020.

## CASE STUDY: THE GATE, GLASGOW

Describing itself as a modern Scottish pub, The Gate serves all manner of beer, wines and spirits, although its specialty is its 200-bottle whisky selection. Language used is simple and flavour focused (a 'swear jar' is implemented for use of geeky terms), cocktails are bright and attractive (there's a dedicated Highball menu), and prices are affordable (ranging from £3.50 for a malt of the month up to £24 a dram) with bottles clearly labelled with coloured stickers.



“

**THE NEW CONSUMER IS SO PUT OFF ASKING FOR SOMETHING IN CASE IT'S AN £18 DRAM. OUR PRICE CHART HAS MADE PEOPLE A LOT MORE COMFORTABLE AND REALLY DRIVEN OUR SALES.”**

– ANDY GEMMELL, OWNER,  
THE GATE, GLASGOW.

IMAGE SOURCE: THE GATE.

# O5

## CONCLUSION

Whisky is a truly global spirit, enjoyed by millions around the world and now produced on six continents by a new generation of blenders and distillers with boundless creativity.

These New World whisky makers are free-thinkers. They are passionate about taking whisky to the next level, maximising flavour and connecting with their local climate and culture. While their innovative whiskies offer more variety than ever before, their values resonate with a new generation of consumer who is driven by provenance and new flavours and experiences.

New World whisky makers are playing an important role in developing the whisky category through liquid innovation, digital communication, the formation of real connections and their own followers.

Yet for the category to fully realise its potential there are numerous challenges that must be faced. Stronger partnerships between brands and retailers need to be forged, e-commerce must become more sophisticated, communication more inclusive and an agile mindset adopted.

Brands can navigate the instability created by Covid-19 by supporting the recovery of the on-trade, exploring emerging sales channels and adapting to a digital frontier that's become more important than ever. Not least, forming genuine connections with new whisky consumers and reflecting their values through their actions.

New World whisky has developed so quickly that the existing retail landscape has struggled to keep up. But we're on the cusp of real change, and New World whisky has the potential to catapult the whole category into a new defining era for the spirit.

## CONTACT US:

Distill Ventures is committed to developing innovation in whisky. We're proud to work hand-in-hand with the best entrepreneurs and their cutting edge whisky brands, but we collectively continue to learn and evolve.

**Email:** [hello@distillventures.com](mailto:hello@distillventures.com)

**Twitter:** [@distillventures](https://twitter.com/distillventures)

**Facebook:** [@distillventures](https://www.facebook.com/distillventures)

## REFERENCES

### DRIZLY CONSUMER SURVEY REPORT 2020, JUNE 2020

Report based on a survey conducted by Drizly during June 2020 among a representative sample of 15,000+ adults of legal drinking age who had used and not used Drizly before and includes some data points directly from Drizly's database. Respondents were recruited from Drizly's database and results were gathered via online survey. For the purposes of this survey, Gen Z is defined as age 21-26, millennials as age 27-41 and Gen X/Above as age 42 and older.

### DISTILL VENTURES/DYNATA WHISKY CONSUMER SURVEY, FEBRUARY 2020

Survey conducted by Dynata on behalf of Distill Ventures of a representative sample of 2,000 US and 1,014 UK consumers of legal drinking age who had and had not consumed whisky in the past six months. Participants were selected from across all Dynata's proprietary online research panel assets and the samples quota controlled to reflect the population on age, gender and region. Interviews were conducted online in the US and UK from 17th to 20th February 2020.

Dynata is the world's largest first-party data and insights platform with a reach that encompasses 60+ million consumers and business professionals globally, and an extensive library of individual profile attributes collected through surveys.

### EUROMONITOR/THE SPIRITS BUSINESS BRAND CHAMPIONS REPORT, JUNE 2020

Euromonitor International collates global and local company data and accounts, global research, material in the public domain, first-hand checks of place, product, price and promotion to form its database of market trends across several categories. Euromonitor supplied overview spirits industry growth figures to industry publication The Spirits Business for its 2020 Brand Champions report of the world's best-selling spirits brands.

### IWSR DRINKS MARKET ANALYSIS GLOBAL DATABASE, MAY 2018

The IWSR is the leading source of data and intelligence on the alcoholic beverage market. The IWSR's database quantifies the global market of wine, spirits, beer, cider, and mixed drinks by volume and value in 157 countries, and provides insight into short- and long-term trends, including five-year volume and value forecasts. The IWSR tracks overall consumption and trends at brand, price segment and category level.

### IWSR DRINKS MARKET ANALYSIS, 'THE IMPACT OF E-COMMERCE ON ALCOHOL TRADING', JULY 2018

A paper published by IWSR in July 2018 exploring the effect of digital sales on the global drinks industry using insight from IWSR's global database.

### DRINKS INTERNATIONAL 2020 BRANDS REPORT

Annual poll of 109 global bars from 38 countries, either winners of or nominees from worldwide awards such as The World's 50 Best Bars (1-100) and Tales of the Cocktail's Spirited Awards, or regional awards.

### BARCLAYCARD/OMD SURVEY 2018

A nationally representative survey of 2,000 British adults and 250 businesses was conducted by OMD on behalf of Barclaycard between June-July 2018 into the value of the experience economy.

### GLOBALDATA CONSUMER SURVEY, MAY 2020

GlobalData's survey of 2,000 nationally representative UK respondents conducted in early May 2020.

### L.E.K EXPERIENCES WITH CHARACTER: THE NEW LEISURE ECONOMY, AUGUST 2019

Report compiled using various sources and L.E.K insight and analysis. L.E.K is a global management consulting firm that uses industry expertise and rigorous analysis to help business leaders achieve practical results.

# ABOUT DISTILL VENTURES



Distill Ventures was born out of a realisation that there were many visionary drinks entrepreneurs with barriers holding them back and little access to resources to help them build global brands. We brought together a passion for drinks and a range of experts to fill the void. We approached Diageo as a partner, and in 2013, the world's first accelerator for the spirits industry was born.

Portfolio brands take advantage of our deep understanding of how the best drinks brands are built as well as our network of experts, giving companies of all sizes the support needed to succeed. Our team leverages our expertise to drive businesses forward, whether it's establishing an online sales platform, brand building via social media, liquid development for non-alcoholic drinks, or unlocking access to control states in North America.

# OUR WHISKY PORTFOLIO PARTNERS

We're dedicated to helping entrepreneurs unlock growth and are committed to developing the world whisky category. Among the brands in our portfolio are three whisky distilleries with global ambitions.

“

SINCE SCALING UP WE ARE SEEING THINGS IN PRODUCTION WE WERE NOT USED TO SEEING WHEN WE WERE MUCH SMALLER. THE BENEFIT OF WORKING WITH DISTILL VENTURES IS WE NOW HAVE GOOD FRIENDS WE CAN CALL UP AND ASK FOR HELP. THEY ARE REALLY GOOD AT GIVING ADVICE AND HELPING US, THEY REALLY WANT THE BEST FOR THE BUSINESS.”

– ALEX MUNCH, CMO AND CO-FOUNDER,  
STAUNING DISTILLERY, DENMARK.

## STAUNING

STAUNING, DENMARK

Nine friends with a passion for whisky came together in 2006 to open a small distillery in a disused abattoir. In 2015 Diageo invested in a minority stake in the business, allowing the team to build a much larger 900,000lpa capacity distillery. Stauning is still focused on producing whisky using traditional equipment such as floor maltings and fire-heated stills.



## STARWARD

MELBOURNE, AUSTRALIA

This Antipodean distillery is a champion of flavour, describing its product as ‘whisky for a curious, food-obsessed generation’. Locality is important, from the yeast and grain sourced from within a day’s drive to the red wine barrels used to mature the whisky and the wildly varied climate. Through Distill Ventures, Diageo invested in the business in 2014.



“

**ALL OUR CASH WAS IN THE LIQUID; WE DIDN'T HAVE ENOUGH TO GROW THE BUSINESS. THE BIGGEST BENEFIT OF WORKING WITH DIAGEO AND DV IS HAVING THE CASH TO BE ABLE TO INVEST WITH AN ALIGNED PARTNER THAT REALLY UNDERSTANDS THE TIMESCALES OF WHISKY.”**

– DAVID VITALE, FOUNDER,  
STARWARD WHISKY, AUSTRALIA.

## WESTWARD

PORTLAND, OREGON, USA

This single malt whiskey is influenced heavily by local culture, climate and people to represent a taste of Northwest America. Diageo made a minority investment in the Westward brand through Distill Ventures in 2018. As well as financial backing, the partnership provided guidance on everything from brand positioning to identifying commercial opportunities.



“

**THE EVOLUTION OF GOING FROM A PRODUCT TO A BRAND HAS BEEN LARGELY AIDED BY INVOLVEMENT FROM PEOPLE AT DISTILL VENTURES HELPING US TO CREATE A COMPELLING CONSUMER STORY. OUR PRODUCT AND IDENTITY ARE STILL THE SAME, BUT WE HAVE BECOME BETTER STORYTELLERS AS A RESULT.”**

– TOM MOONEY, FOUNDER AND CEO,  
WESTWARD DISTILLERY, USA.







[DISTILLVENTURES.COM](https://distillventures.com)