

The whisky industry is in a conflicting status. Since the last year, the effects of the US 25% tariffs on single malt, then the uncertainty about Brexit and now the COVID-19 worldwide lockdown has had a lasting impact on the industry.

While some of these issues may be soon be solved (US-UK trade representatives are in talk to lift the tariffs on single malt whisky¹), others remain. Brexit is still a big interrogative point and more so the COVID-19 pandemic. Both will see definite developments in the next few weeks, which will clear the skies a bit.

On the positive side instead, the global exports in 2019 have seen a 4,4% surge, up to £4,91bn. This was mostly driven by Asia and Africa, with a 9,8% and 11,3% increase, respectively, last year². There's hope these numbers will hold up in 2020 too, despite the lockdowns. Consumers have managed to keep the purchases of alcohol-related beverages high by shifting to stores and online, but not managing yet to off-set the loss of revenues of on-premises. Home consuming should keep at a slightly above 0 growth (0.8%) in 2020, with a -23,32%% for on premises consumption. In 2021% both should see a rebound³.

The overall situation for single malt whisky and not only is thus quite conflicted, with positive and negative trends interlacing each other. Some general trends for 2020 can be gleaned from the past data.

Sustainability will be a big word

Consumers are gathering more towards those companies that make sustainability an important part of their offer. The whisky world may be more traditionalist than others, but there's no reason to believe that whisky fans wouldn't care at all about the environment.

The last year's partnership of big names like Absolut, Carlsberg, Coca Cola and L'Oreal to bottle their liquids in a paper bottle⁴ may be still in its early stages but if successful will open the possibility for whisky producers too to be more attractive to the environment-conscious consumers.

Historically, single malt whiskies are more sustainable than other spirits, by sourcing their ingredients locally, sometimes even mere meters away from each other. Yet addressing big CO2 emission sources, like the distillation process and the electricity necessary to keep the production going, will make a favourable impact on the reputability of companies in 2020. Steps have been taken in increasing the sustainability of distilleries⁵ but more can be done. Legislation can be an hindrance in updating systems of production to greener forms of energy.

¹ <https://www.thespiritsbusiness.com/2020/05/removal-of-tariffs-very-significant-during-pandemic/>

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<https://www.scotch-whisky.org.uk/newsroom/scotch-whisky-exports-surge-amidst-backdrop-of-tariff-uncertainty/>

³ <https://www.statista.com/outlook/10020100/100/whisky/worldwide>

⁴ <https://www.greenbiz.com/article/not-pulp-fiction-absolut-coca-cola-and-paper-bottle-project>

⁵ <https://www.thespiritsbusiness.com/2018/03/the-long-term-benefits-of-sustainability-in-distilleries/>

It being out of scope for companies, actual recycling of waste, sourcing locally, switching the electricity production to less impactful energy sources and preserving the local biodiversity are instead in scope of any distillery. Consumers have the eyes on the green aspects of companies these days, a trend that can only surge more in 2020, for single malt whiskies too.

Online sales can drive growth

Even before the recent pandemic affected on-premises sales, consumers were slowly but increasingly buying spirits and alcoholic beverages online. With an average growth of 11,6% between 2014-2019⁶, the percentage of consumers buying alcohol online remains though in the single digit area.

Due to the high prices of most whiskies compared to cheaper alcoholic beverages like beer or wine, most consumers are wary to splurge for a bottle that they haven't tried before. Yet this may change in 2020, also thanks to the lockdowns.

Many companies incorporated alcoholic beverages in their online shopping offerings⁷, with positive results. The possibility to gather consumers' data and target them with the right spirits for their tastes is unparalleled in on-premises business. That may lower the reluctance of some consumers to buy an expensive spirit, like a single malt whisky can be, without having tried it before. Leveraging consumers' data to better target their desires could be in 2020 the key to increase online sales.

Whisky will continue raising in popularity

Despite the difficulties and challenges, there's no reason to believe whisky isn't going to climb more in popularity. Fuelling the sales like in the last years, both in key markets like US⁸ and China⁹, where whisky is the most popular foreign spirit, whisky's popularity is going to keep up in 2020.

The renown interests among millennials for cocktails and mixology are behind the growth in popularity of many spirits, with good quality whisky at the fore. It is no coincidence than for the fifth year in a row the most popular cocktail among both fans and bartenders is a staple

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<https://www.ibisworld.com/united-states/market-research-reports/online-beer-wine-liquor-sales-industry/>

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<https://www.grocerydive.com/news/why-more-retailers-are-raising-a-glass-to-alcohol-delivery/553064/>

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<https://www.cnbc.com/2018/07/13/whiskey-sales-in-us-are-up-bourbon-more-popular-among-millennials.html>

⁹ <https://daxueconsulting.com/spirits-market-china/>

of the whisky-based mixes, the Old Fashioned¹⁰. As seen in many other beverages' markets, like coffee and tea, there's a strong interest in quality products, and more so if they have a long history like whisky.

Unconventional cask finishing for Scotch

In June 2019, the Scotch Whisky Association widened the list of permitted cask types in Scotch whisky production¹¹. While still greatly regulated, the new regulations allow for a wider flexibility in the choice of how to finish scotch whisky in barrels. Not many producers have moved to exploit the new possibilities but 2020 could be the year in which whisky finished or matured in other types of casks than the usual sherry or wine.

This will inject nuances that have been so far not present in whisky. Especially single malt whisky producers can play with a larger taste palette now, as bourbon and whiskey have been doing for a long time. That may be a breaking advancement for the less conservative whisky drinkers like millennials, and a key development to watch in 2020.

Climate changes for single malt too

While Scotland is the traditional zone for single malt whisky and will undoubtedly continue to be for the foreseeable future, warmer climate countries have entered the fray. Taiwan, India and Southern USA are all experimenting with aging single malts in much warmer climates than Scotland¹².

The higher all year round temperatures mean much quicker maturation and a different chemical composition for the resulting whiskies, with components that will lean towards the fruity, floral and lighter overall flavours. This can both mean cheaper single malt, as the cost of maturing are inferior, and lighter ones, appealing to a less expert clientele.

Single malt whiskies will keep their distinctive taste and appeal, no doubts. More experimentation is needed to address how good of an interest there's in the market for lighter, easier to drink single malts. But 2020 may be the year when we will see some results and its impact on the single malt market as a whole.

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https://drinksint.com/news/fullstory.php/aid/8115/The_World_92s_Best-Selling_Classic_Cocktails_2019.html?current_page=5

¹¹ <https://www.masterofmalt.com/blog/post/our-top-drinks-trends-for-2020.aspx>

¹² <https://www.whiskyadvocate.com/warm-climate-single-malt-whisky-flavor/>