

Consumer mega trends
underpin our confidence in
the future of Single Malt

GREGOR MINA

**Global Head of
Insights & Innovation**



Single Malt will continue to benefit from foundational
consumer drivers that continue to accelerate

These drivers have resulted in
Single Malt consistently ...

recruiting new CONSUMERS

But why has it successfully recruited more consumers than other categories?

1

Single malt meets
consumer needs
aspirations better
than other spirits

2

A growing number
of consumers can
afford to buy it

2

For many Single Malt is the
“Original Craft” category...



Single malt's 4P's make it the original craft category

PEOPLE

PROCESS

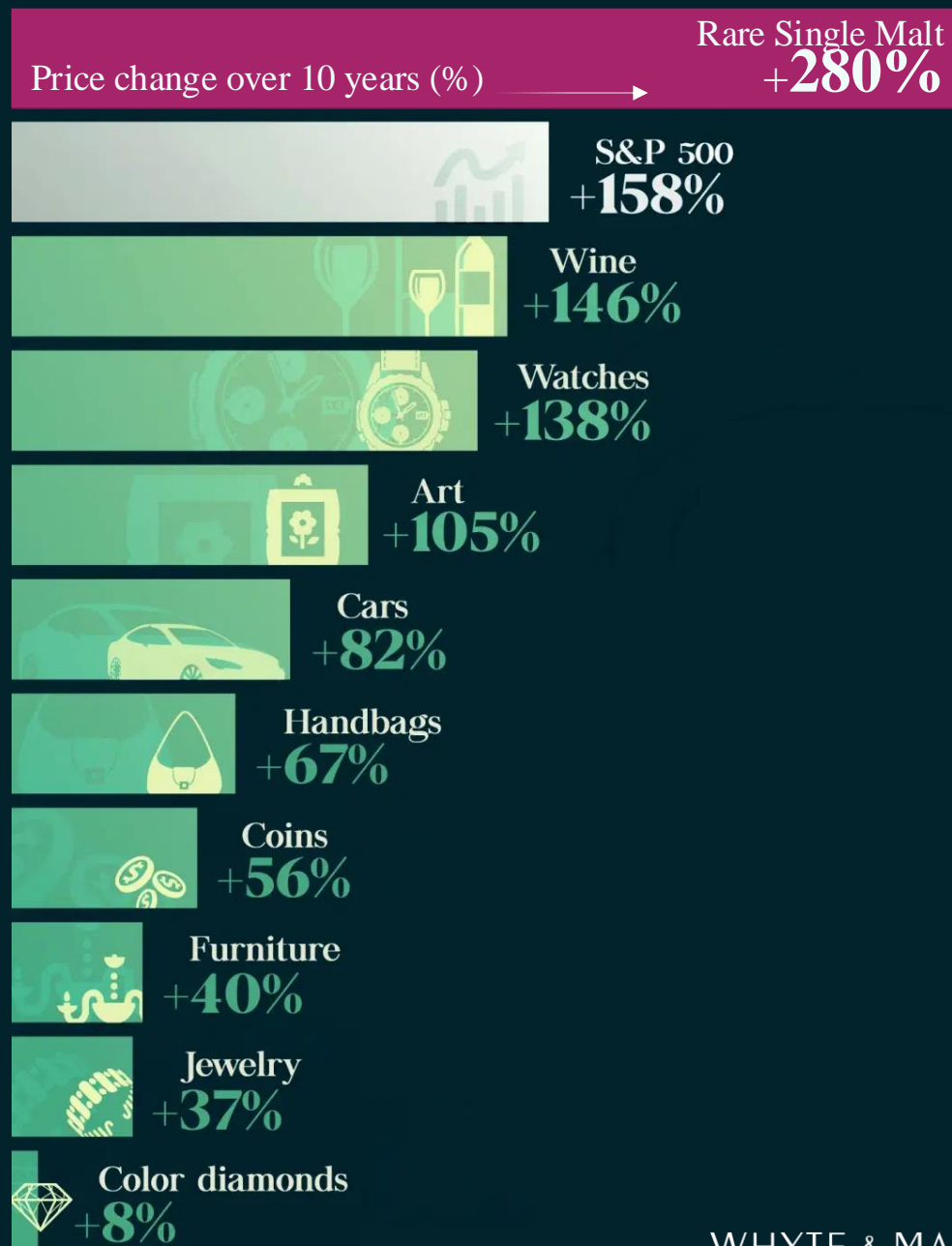
PRODUCT

PROVENANCE

RARE SINGLE MALT IS REVERED

& Out-Performed
The S&P 500

Rare single malt whisky
is the best performing
luxury asset over the
past 10 years...





Ongoing “Societal” and “Attitudinal” trends
have propelled Single Malt into the Zeitgeist of today

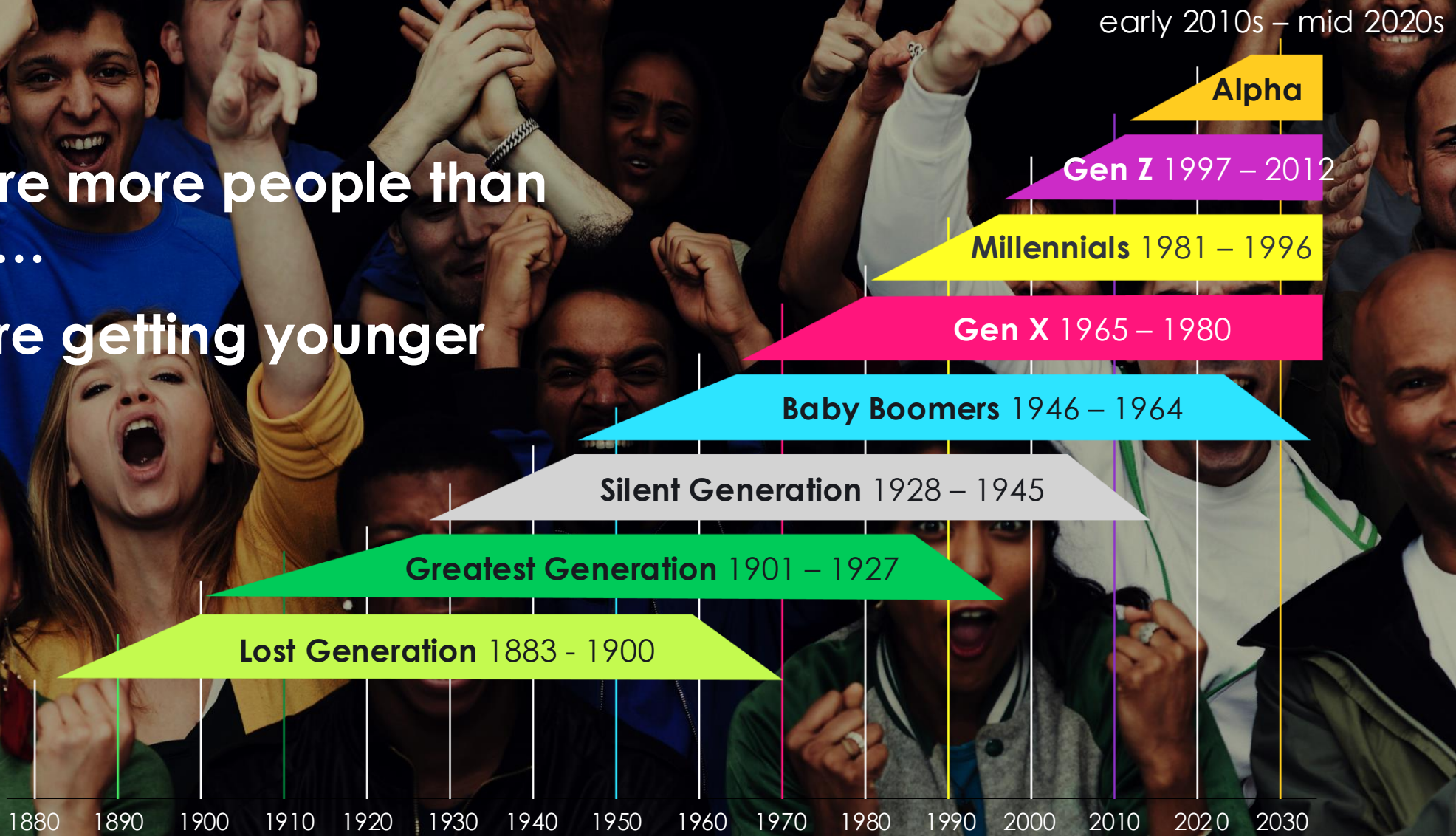
“Societal trends” make Single Malt more accessible to more people than ever

Expanding
Middle-Class

Growing
Affluence

Younger
Consumer
Base

And there are more people than
ever before...
...and they're getting younger



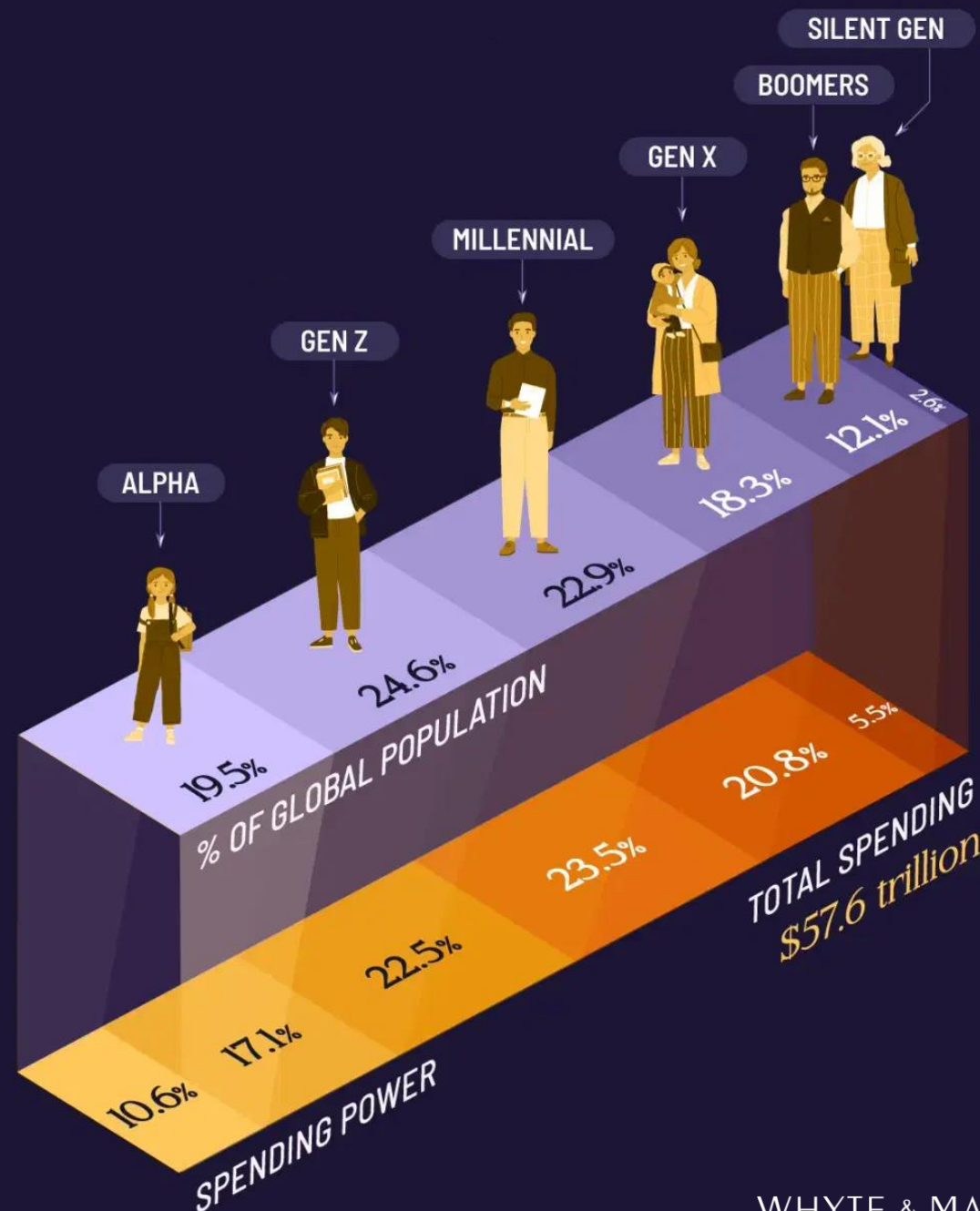
Societal Drivers

EVERY GENERATION SPENDS MORE THAN THE ONE BEFORE

Today, Gen X are the biggest spenders, making up 23.5% of total global spending

By 2034, **Gen Z** is expected to lead global spending growth, adding \$9 Trillion

Societal Drivers



In total, Millennials and Gen Z will spend
more on Spirits than older Generations

2024 2034

Gen Z	\$5.7B	\$16.0B	+10.9%
Millennials	\$9.8B	\$22.4B	+8.6%
Gen X	\$13.9B	\$25.4B	+6.2%
Baby Boomers	\$12.3B	\$13.6B	+1.0%

Societal Drivers

Younger cohorts value luxury more

Millennials more likely to seek luxury items than other Generations

Economize differently to Baby Boomers; reducing frequency not quality

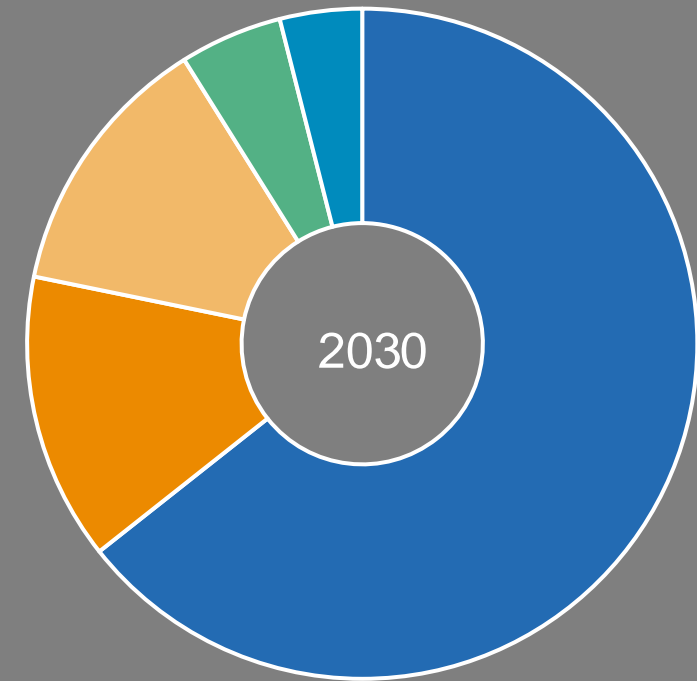
Societal Drivers

Single Malt will continue being propelled by growth of the middle-classes

Global middle class: 3.8 billion
Growing by 160 million/year
Asia accounts for 40% growth
China has largest middle class

Societal Drivers

Share of global middle class by region



- Asia Pacific
- Europe
- Americas
- Middle East and North Africa
- Sub-Saharan Africa

PEOPLE ARE BECOMING WEALTHIER

OVER THE LAST 13 YEARS:

People in developed countries have become wealthier

In Europe big gains in Czechia, Hungary, Sweden, UK, Germany, Portugal, Belgium, & France

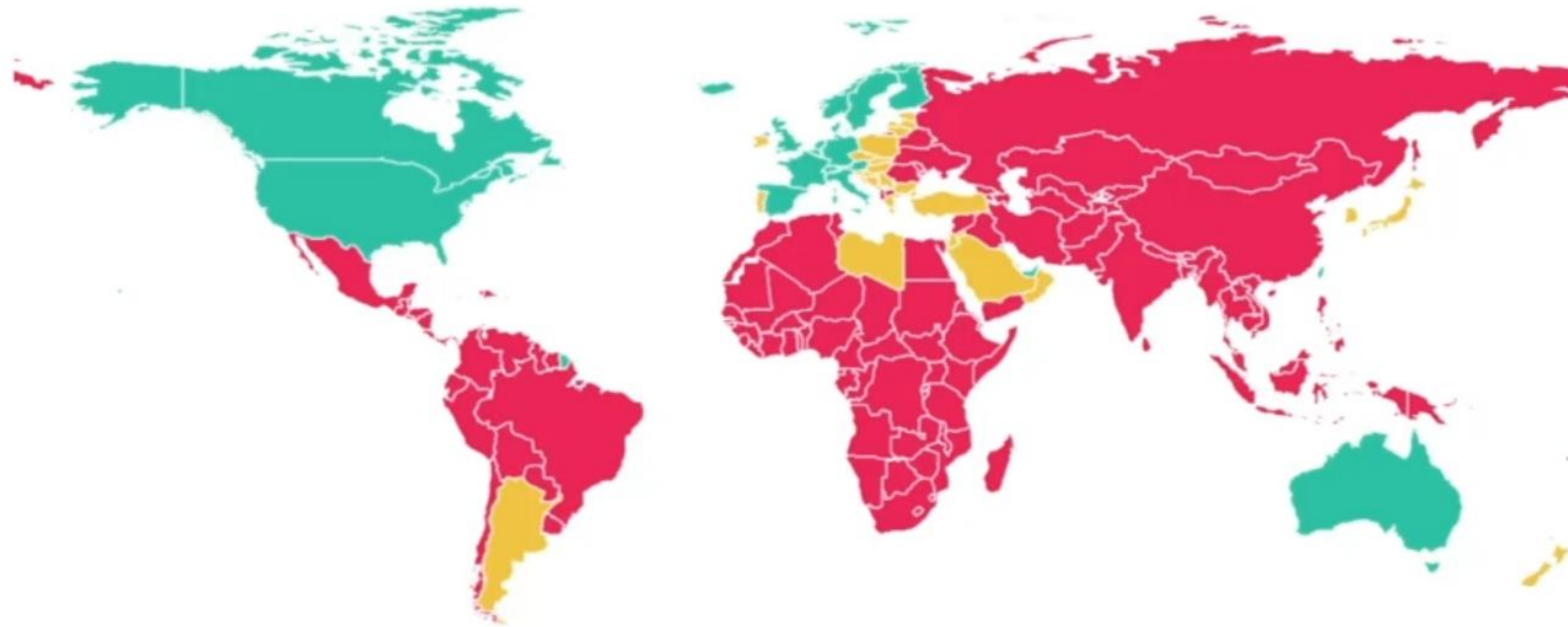
China, with its huge population, gained wealth almost as fast as Kazakhstan – a major producer of oil & uranium

Societal Drivers



By 2047 the middle class and rich will outnumber the poor in most nations

Year: 2001



Poor is Majority



Middle Class Surpass Poor



Rich Surpass Poor

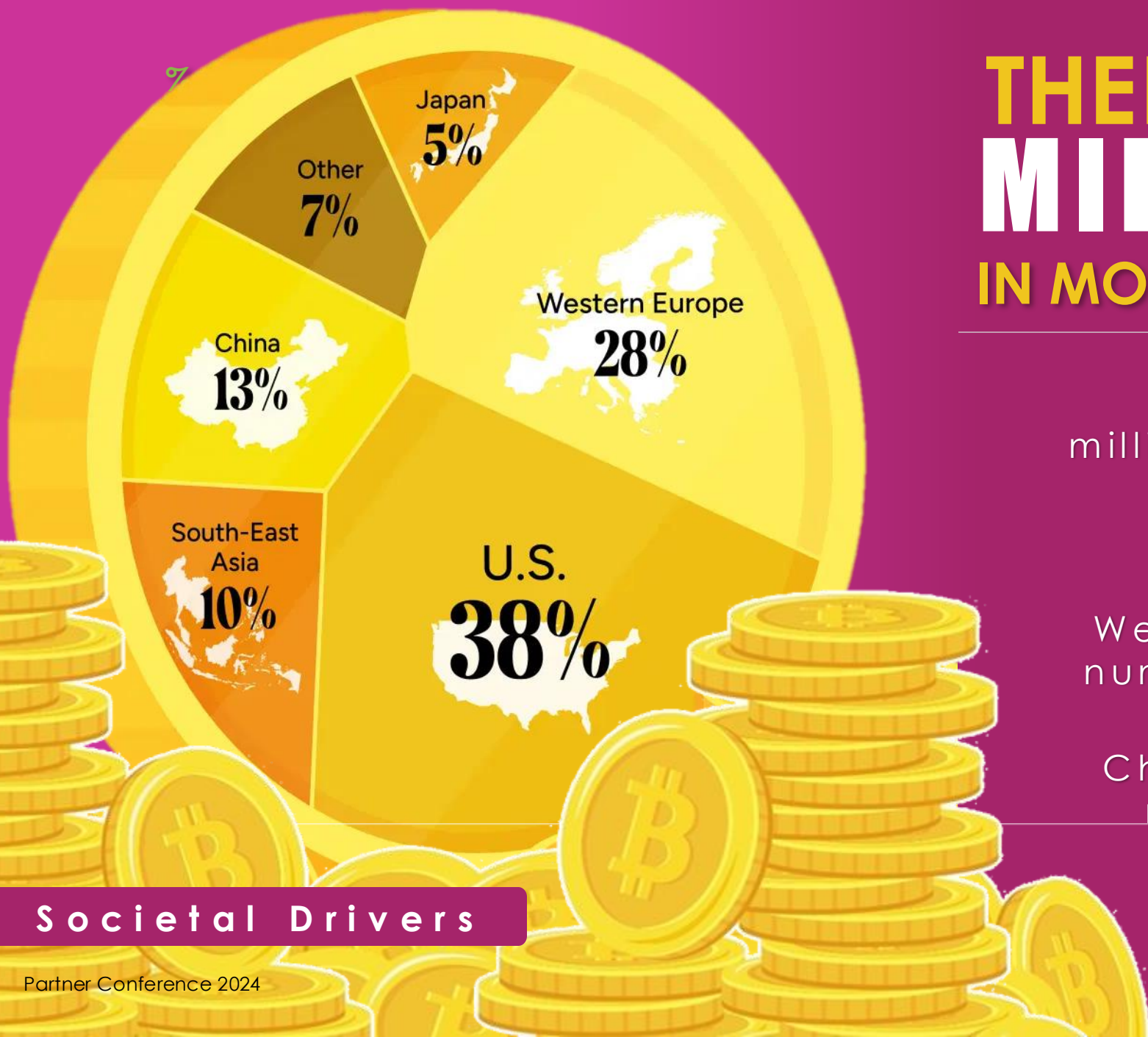
Societal Drivers

THERE ARE MORE MILLIONAIRES IN MORE PLACES THAN EVER

The U.S. has the most millionaires globally, with 38% (5.4 million), more than Ireland's population

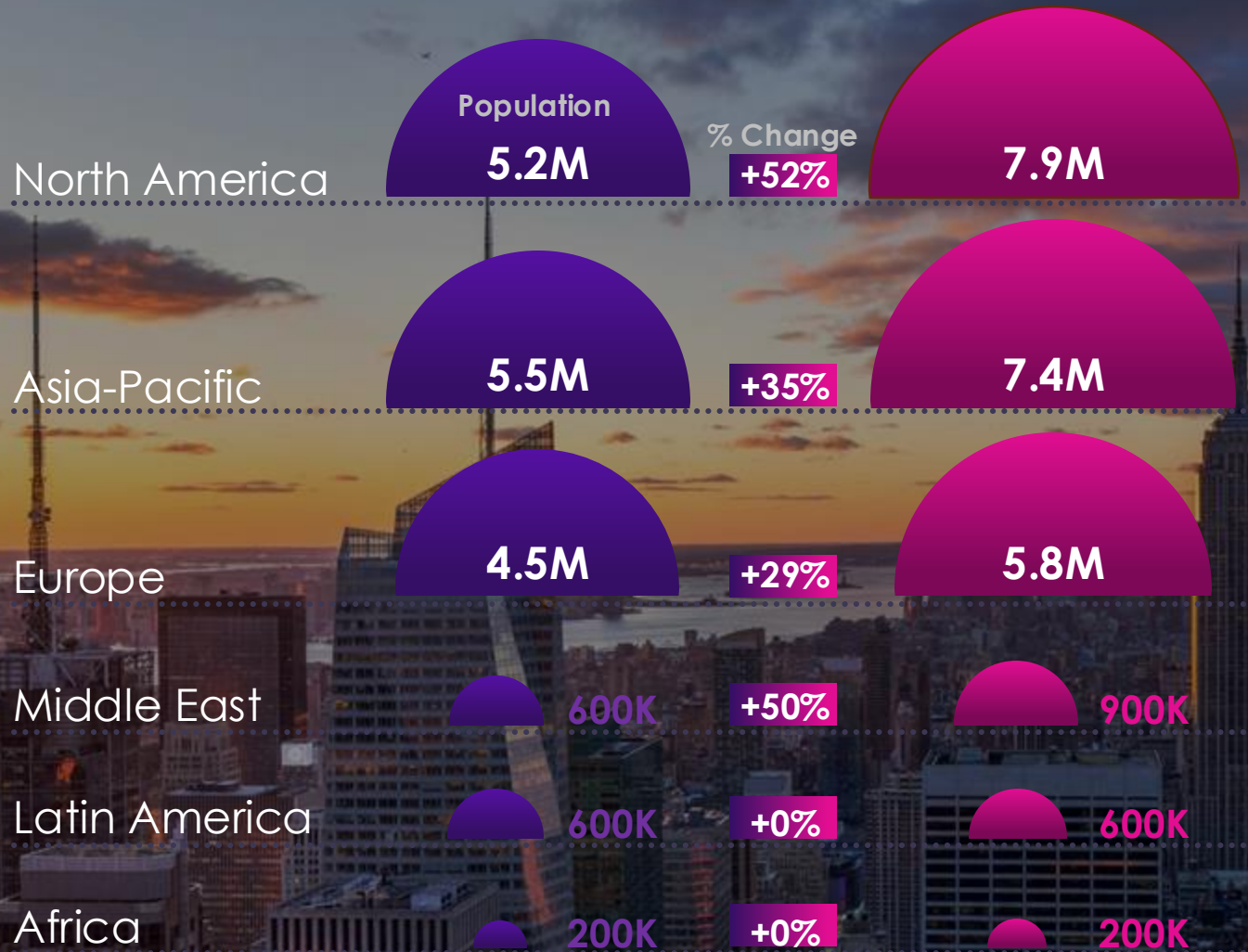
Western Europe has the same number of Millionaires as Asia

China has 13% of the world's millionaires, but 15,200 are expected to leave in 2024



Societal Drivers

MILLIONAIRE POPULATIONS HAVE BEEN GROWING



Europe growing +29%

North America added 2.7 million millionaires in the past seven years

Latin America and Africa have had no change

Societal Drivers

Single Malt has attributes & benefits
which meet consumer needs better
than other spirits categories

The Single Malt category benefits from “Attitudinal” drivers:



Fewer But Better

Reducing quantity but not
quality

Prioritizing over Convenience

A desire for premium, everyday
luxury

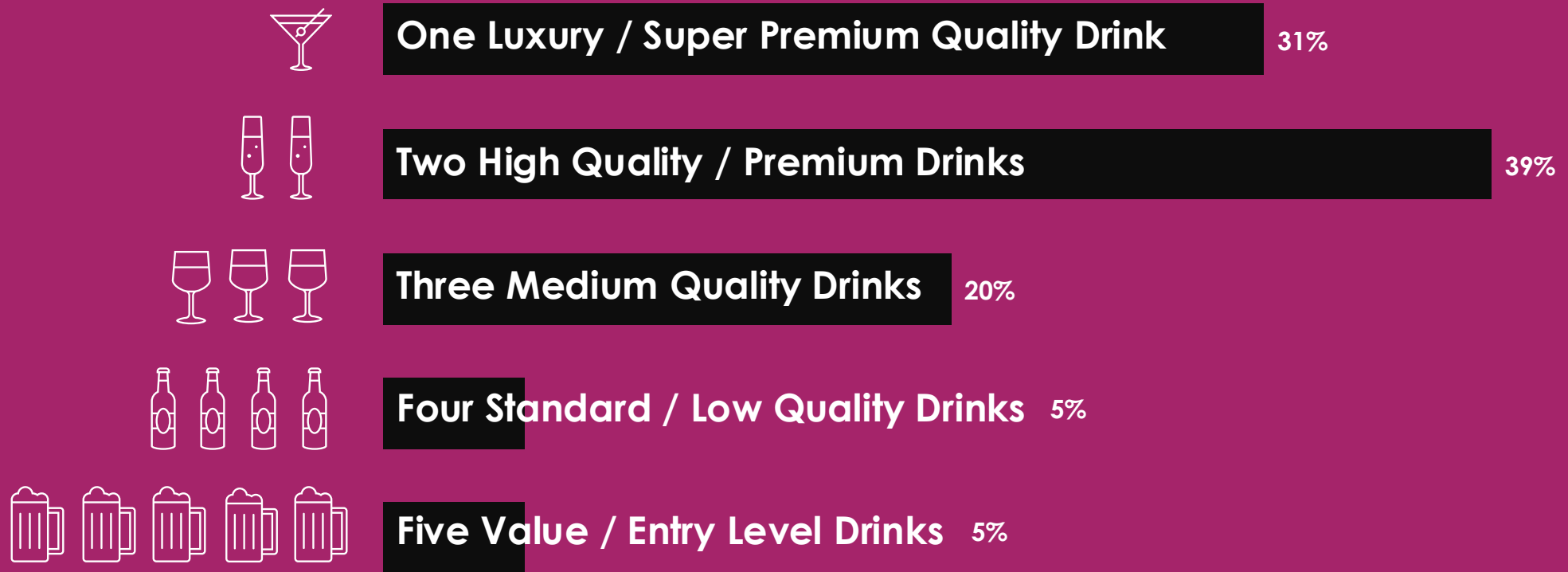
Attitudinal Drivers

Premiumisation

Expectations are rising
Luxury becoming
everyday
Craft alcohol in
mainstream

Attitudinal Drivers

The positive impact of these “attitudinal” drivers can be seen when asking consumers if they’d prefer...



Attitudinal Drivers



Since 2020, global events have given rise to new influences...



2020 sped up change

Catalyzed new trends:
a decade of change in
just one year

Digital transformation driver in
luxury retail

Health and wellness: heightened
focus, rising demand

Impact of 2020

But these new trends compliment,
not contradict, "Fewer but Better"



Health Is Wealth

Post-Covid, people value wellbeing & health more

Results in less frequent and lower consumption

People seek fewer but better-quality moments

Impact of 2020



Mainstreaming of moderation

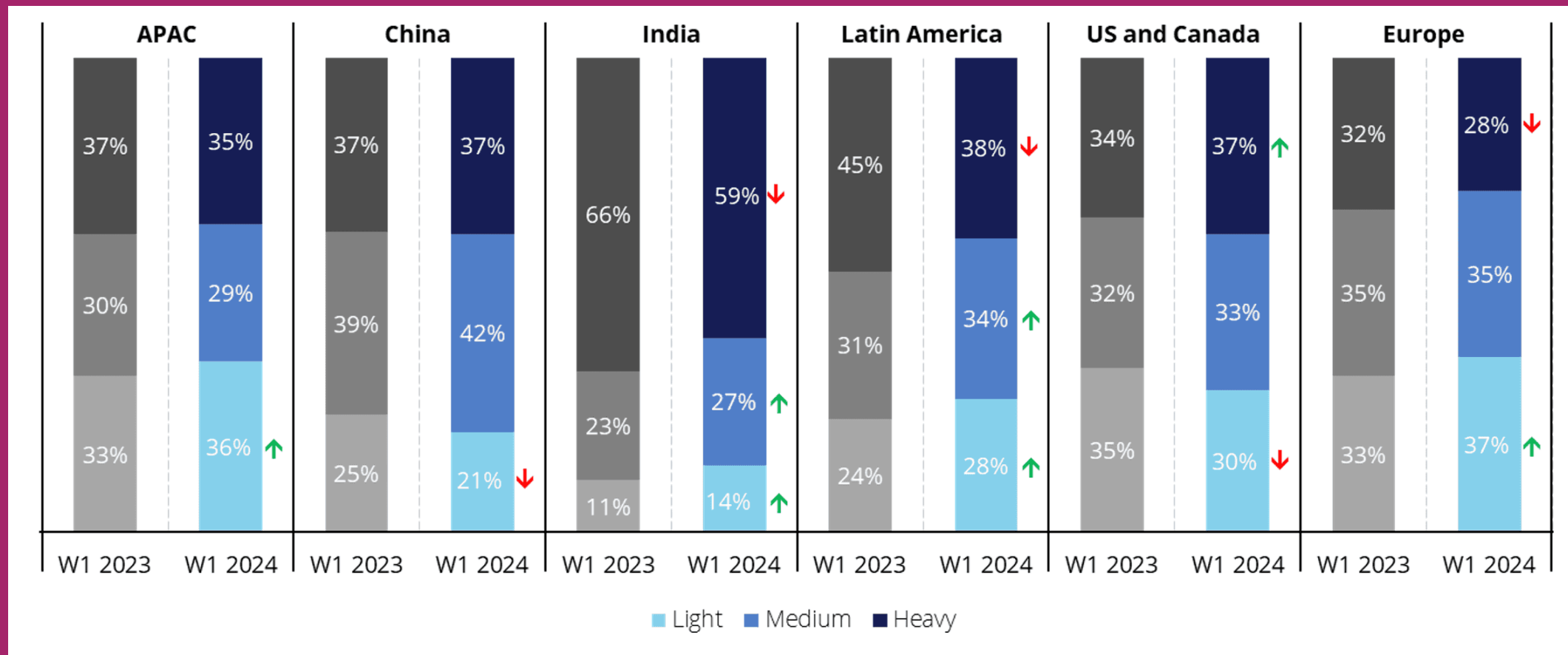
Millennials largest group of no/low
consumers

39% of Gen Z (18-24) don't drink
alcohol

Growth driven by lifestyle choices

Impact of 2020

Light & Medium consumption of spirits is increasing as consumers premiumise and focus on fewer but better consumption occasions



Rise of Mindful Living

Mindful consumption vs. mass
production

Driven by younger people

Authentic, hand made products

Impact of 2020

We've now seen how Single Malt is perfectly positioned to continue recruiting



Post-COVID, there's been a major re-evaluation
of the importance of connection and spending time together



Human Connection

People increasingly value more meaningful connections in their everyday lives

Connection, sharing, & spending time together can be digital or physical

Finding their tribes | Authentic connection

48%

of 18-44-year-olds engage in digital communities, more so than they do in real life communities.

Human Connection



Single Malt is uniquely placed to grow share of Post-COVID socializing occasions

- Social interactions have shifted with a focus on connection rather than consumption
- Consumers prioritize the experience of socializing over the effects of alcohol
- This new social interaction is centered around people, wishing to overindulge in each other, not in alcohol!

Human Connection

Our goal is to recognise all forces
shaping the Single Malt category

Understanding Single Malt Consumers Better



We've invested in research so that we
better understand...

- 1 how consumers engage with the category
- 2 their expectations of brands
- 3 how brands meet different consumer needs

A person wearing a dark suit jacket, blue jeans, and white sneakers is standing against a light grey wall. They are holding three large shopping bags: two are light blue and one is white with a yellow stripe. The text is overlaid on the right side of the image.

**"Your customers are really other people's customers
who occasionally buy you"**

Byron Sharp

Unlock brand growth by understanding how to recruit consumers more effectively

**Partnering with
Global Experts**

**Understanding
Human
Emotions**

**Leveraging
our portfolio**

We invested in three major global studies

1

Category Drivers

2

Kantar Pathways

3

Kantar Needscope

Why?

To understand Shopper behaviours

To understand what drives Consumer Demand

To understand how brands meet consumer's emotional needs

So what?

Consumers are more similar than different

Packaging is the most important driver of Consumer Demand

Brands that connect emotionally are in more demand

Key outputs

Key growth drivers to overcome barriers

How packaging can drive taste and quality messaging

A framework to guide how our brands meet emotional needs

We understand HOW Malt shoppers interact with the category...



Gifting

Replenishing

By adding consumer insights,
we now understand WHY...

What consumers told us:

**Simple
navigation
aids choice**

**Trusted
brands guide
choice**

**Emotion
influences
choice**



We followed up the category learnings with a global Pathways study to better understand the factors driving consumer demand

These important levers consist of 3 categories: Fundamental, Experience, & Emotive

FOUNDATIONAL LEVERS:

ATTRACTIVE
PACKAGING

MODERN

INTRIGUING
HISTORY

TRADITIONAL

EXPERIENCE LEVERS:

TASTE TO
SAVOUR

HIGH
STANDARDS

EXCEPTIONAL
QUALITY

EXPENSIVE

LUXURY

EMOTIVE OUTCOMES:

PROUD TO
DRINK

PREPARED
TO PAY
MORE

TREAT
MYSELF

GIFTABLE

Meaningful
Different
Salient

Functional

Emotional

Importance to Brand Equity



Attractive Packaging is the most important driver of equity in the Single Malt category

This is foundational, underpinning
most other perceptions that ladder
to Demand and Pricing Power

'THE FURY OF THE STAG'

SCOTTISH NATIONAL GALLERIES OF SCOTLAND

Key Learning

KING ALEXANDER III

A UNIQUE ASSEMBLAGE OF SIX EXQUISITELY CURATED CASK FINISHES

Taste & Quality are the second most important drivers

These brand levers are inherently
experiential

Packaging can unlock a direct route
to helping land taste and quality
messaging

Key Learning



Authentic story-telling drives emotional connections

Story-telling can be perceived as modern or traditional depending on the brand

Storytelling creates long-lasting memories that drives saliency

Key Learning

Consumers told us that Emotion influences their purchase choice

Simple
navigation
aids choice

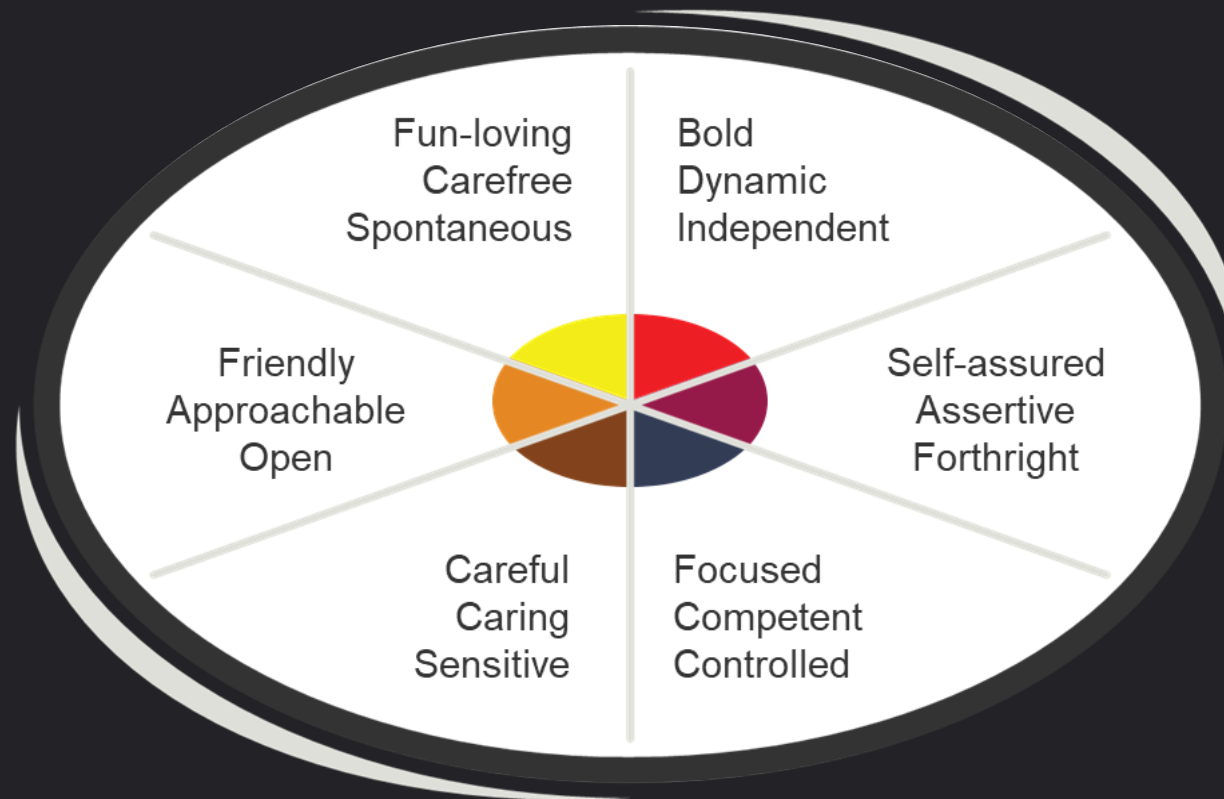
Trusted brands
guide choice

**Emotion
influences
choice**

How can our brands can better meet
consumer's emotional needs?

NeedScope is a framework which helps brands position themselves in clear emotive territories that meet consumers emotional needs

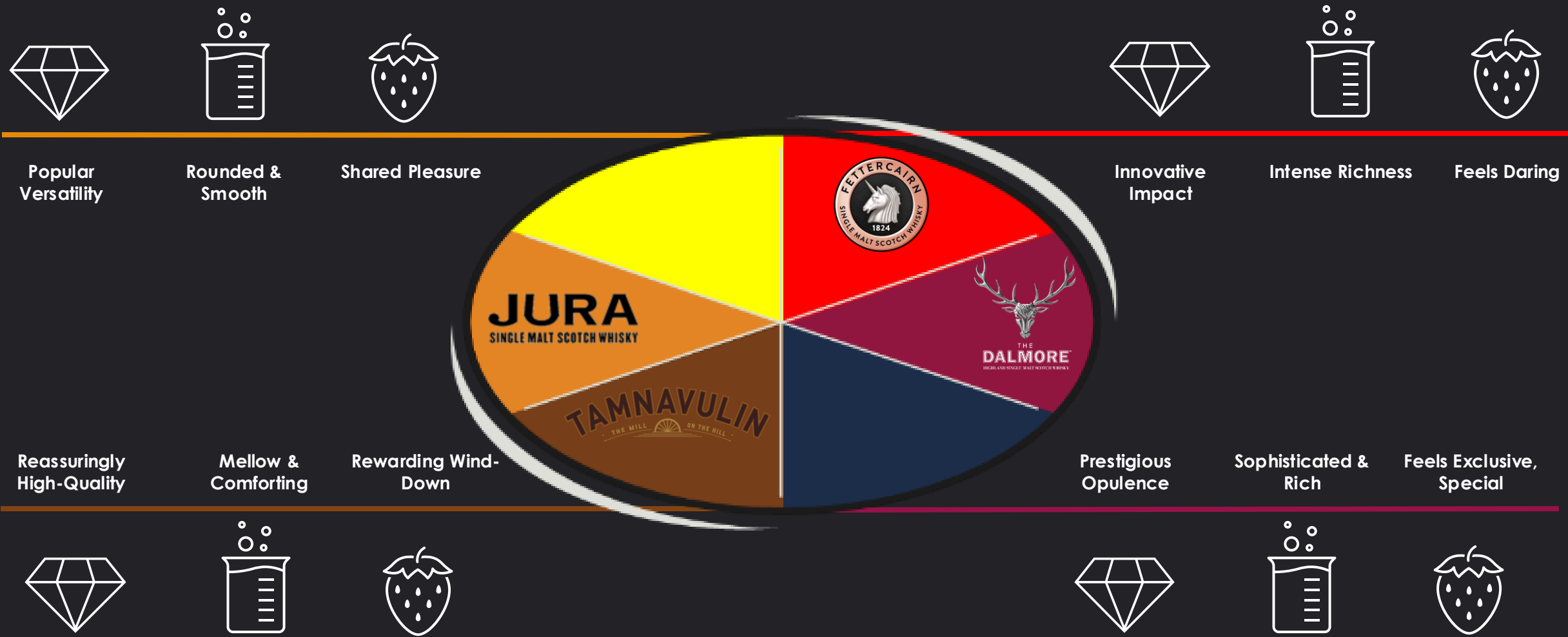
The Six Emotive Territories



NEEDSCOPE

Clear framework of the different emotive positions

Our brands occupy distinct emotional territories across the category



This allows us to use our portfolio to meet distinct consumer needs & play in different occasions

**To understand
brands'
emotional impact**

**Emotive brands
are more in
demand**

**Emotive clarity
and consistency
drives success**

And to help shape brand strategy



How our brand can recruit
more effectively

WHYTE & MACKAY

SHAPING OUR FUTURE
TOGETHER

Consumer recruitment has been crucial
to Single Malt's current success...
...and future growth