

Canadian Whisky's Growth Potential

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If Scotch is the undisputed, flamboyant protagonist of the multifaceted whisk(e)y stable, the liquor's Canadian guise has been largely limited to a clearly secondary and supporting role.

Nevertheless, Canadian whisky's high mixability, entry-level profile and its appeal to a young, upwardly mobile demographic underscore its seemingly saturated performance and pave the way for it to capture the limelight when the circumstances prove fittingly mature.

Is now the time? Euromonitor International investigates.

Seizing the chance

Accounting for only a fraction of whisk(e)y's global sales and securing an even smaller portion of publicity and promotional investment, Canadian whisky has been quietly constrained to the sidelines. Posting flat total volume growth on a global level in 2009 might not appear to be headline grabbing material at first glance.

However, taking into account the unprecedented recessionary pressures that momentarily stalled the advance of its once-defiant Scottish siblings, with blended Scotch variants posting flat growth rates for 2009 and single malt facing a straightforward 1% decline, its relative resilience becomes impressive.

Focusing primarily on the US and Canada, which account for a whopping 94% of total volumes, and to a lesser extent on markets such as Sweden and France, the category has managed to retain a comparatively small but still remarkably loyal consumer base.

Brands such as Crown Royal, Black Velvet, Canadian Club, Canadian Mist and Seagram's VO are the flag bearers for the category, accounting for more than half of total volume sales between them.

Interestingly, the vast majority of these brands - with the notable exception of the leading Crown Royal - have either a standard or economy positioning, a fact that by definition makes them more competitive in the still volatile financial environment.

It is Canadian whisky's affordability and generically lower-end credentials that "while proven to be a disadvantage in the past - can potentially provide a platform going forward, as cash-strapped millennials increasingly look for high-quality trading down alternatives.

Which takes us to the category's strongest point - taste profile.

In a similar note to Irish whiskey which has managed to capitalise on its smooth and cocktail-friendly attributes, Canadian whisky is overcoming the peaty hurdles of Scotch variants to directly compete with white spirits for the hearts and wallets of young urbanites around the globe.

In this context, while top-line forecast figures appear anything but inspiring, with global volume sales for the category expected to post a 1% CAGR decline over 2004-2009, Canadian whisky's key selling points can paint a potentially much more buoyant picture provided that sufficient promotional investment is in place.

While adequately communicating these points to audiences in mature key markets is essential and potentially highly lucrative for volume gains, focusing on the underdeveloped higher-end should also become a priority.

After all, the premiumisation bandwagon might still be slightly derailed in Western markets but the roar of the emerging ones is a beacon for the rising tide of iconic Western products with convincing status associations.

Scotch has successfully gone down that path, Irish is following in its footsteps; what, then, is stopping Canadian whisky from doing it all over again?

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