



REPORT 14 Apr 21

HOW A DESIRE FOR NEWNESS IS SHAKING UP SPIRITS

Established players in the spirits segment are being challenged by newcomers that are defying the rules of the game by reevaluating terroir, developing new processes, and even forging their own category-disruptive descriptors. But can these innovators go from niche to mainstream?

Location [United Kingdom](#)

Featured Experts

[Allison Crawbuck and Ryhs Everett](#)

Allison Crawbuck and Ryhs Everett are co-owners of The Last Tuesday Society's cocktail bar in East London, which in 2019 was voted the Best Bar in London at the seventh annual Design My Night Awards. In December 2020, they launched London's first absinthe distillery, Devil's Botany. The duo are also co-author of *Spirits of the Otherworld: A Grimoire of Occult Cocktails & Drinking Rituals*.

[Holly Browne](#)

Holly Browne started her career at Tesco before joining a global research organisation specialising in food and drink retail, where she gained a great understanding of changing consumer trends. At Distill Ventures, the drinks industry's first accelerator for new and growing brands, her focus is to find the best new founder-led brands for potential DV investment who illustrate the disruptive spirit she's interested in.

[Alex Munch](#)

Alex Munch is one of nine co-founders in Denmark's oldest whisky distillery (which is still only 16 years old). With investment from Distill Ventures, they opened a new state-of-the-art distillery in 2018 to increase their production 50-fold.

Author

[Lisa Harris](#)

Lisa Harris and Alexandra Hayes are food and drink specialists. As Harris and Hayes consultancy they specialise in future forecasting, food trends and insights, and always knowing the next big thing before it hits your plate. www.thefoodconsultants.org

Highlights & Data

- Spirits with unexpected origins are gaining popularity as people come to appreciate how different production processes and cultural factors affect flavour
- Future-facing spirits brands are borrowing methods and ingredients from outside

their categories to invent something new and surprising

- Some challenger brands are developing their own terminology on labels that focuses on improving consumers' understanding of a spirit
- **52%** of Gen Z members of online marketplace Drizly say they've tried at least one new alcohol brand since March 2020 (*Drizly, 2020*)
- **20%** of alcohol consumers say they're keen to sample drinks they would never have tried before the COVID-19 pandemic (*Bacardi, 2021*)
- When people feel connected to a brand, **57%** will increase their spending with it and **76%** will buy from it over a competitor (*Sprout Social, 2019*)

Scope

The spirits industry has long thrived on tradition, with brands often governed by a tightly bound set of rules and very particular ways of doing things. Distillers may have pushed the boundaries with blends or new ageing techniques, but this was mainly to keep experts and connoisseurs interested and rarely overhauled the industry itself. However, modern challenger brands are shaking things up, manipulating every element from where and how the liquor is made to how it's classified. Consequently, the sector is taking a long hard look at itself and redefining its foundations and values to stay relevant.

The **decline of trust in established voices** and institutions has given rise to a 'to hell with it' attitude in many sectors, including spirits. People are seeking more than the same old vodkas, whiskies, gins, and rums, instead valuing boundary-breaking innovations that are more aligned with their fluid identities. A more spirit-savvy consumer, with a newfound post-lockdown knowledge and appreciation for craft, is also emerging. In turn, new players look to plug the gap, as reflected in the fact that 124 new distilleries registered with the UK government in 2020 – a record number, and up by 28% from 2019. [1]

The opportunity to discover new products is an all-important factor in modern drinkers' decision-making process. Yet at the same time, as a more mindful approach to alcohol consumption spreads – searches for 'non-alcoholic drinks' on Waitrose.com rose by 157% between 2019 and 2020 – people are prioritising high-end sipping spirits and brands that bridge the gap between health and indulgence. [2] Alison Crawbuck, the co-founder of London's first absinthe distillery, **Devil's Botany**, believes that there's a huge opportunity for new-wave spirits. "Consumers are becoming home bartenders and are interested in trying new spirits with a unique provenance," she says.

“The interest in new spirits is only just beginning. There are so many new spirit categories that can be explored further and the number of craft spirit producers in the UK continues to rise.” [3] So, how can both new and established brands stand out from the crowd to attract curious drinkers?

Unexpected origins

Spirits with new and unexpected origins are rising up to challenge long-held norms of provenance in the sector. These new-wave producers learned the ropes from the industry's old guard before forging their own distilling paths. For example, [Taxi Spirit Co](#) is London's first rum distillery, building on the city's history as an international trading port for the spirit, while the release of London's first single malt whisky, created by [Bimber Distillery](#), sold out in three hours. And in December 2020, Crawbuck and Rhys Everett opened Devil's Botany. “Our absinthe bridges the gap between the spirit's historic traditions and the tastes of a modern absinthe drinker,” they say. “In researching absinthe's origins, we found a unique connection to London that had not been celebrated before. We knew it was time for the city to have an absinthe of its own.” [3]

According to data from North American online alcohol marketplace Drizly, young drinkers are eager to discover and explore a variety of styles and brands – 52% of Gen Z Drizly members said they'd tried at least one new alcohol brand since March 2020. [4] It's a similar story in Britain, according to Holly Browne, the search and insight manager at [Distill Ventures](#), the UK's first drinks industry accelerator. “The rise of social media and online retailing has enabled consumers to both easily access and navigate a growing selection of global spirit brands,” she says. [5]

New origins are adding a layer of interest to established spirits categories, inviting consumers to enjoy a familiar tippie from an unexpected location. As knowledge of the implications of terroir grows, people are appreciating the subtle flavour nuances that different origins produce. Danish brand [Stauning](#) has been shaking up the whisky category since it launched its first commercial bottles in 2011. “Danish whisky did not exist before,” says co-founder and CMO Alex Munch, “so we defined what it was to us. Since there were no traditions, we founded our own distilling philosophy on what we like about Danish gastronomy, Danish design, and Danish culture.” [6] The brand's philosophy stood it in good stead, winning the Icons of Whisky Brand Innovator of the Year award for 2021.

Alternatives to the norm are driving drinkers towards innovative brands

Devil's Botany | Facebook (2021) ©

Mixing it up

There's been a notable surge of innovative spirit hybrids, with a particular focus on experimental maturation. The US-based **Copperworks Distilling Company** released two gins in 2020 that were matured in casks previously filled with peated Scotch whiskies. Wine and spirit hybrids are also entering the market, with new launches including **Mirabeau Rosé Gin** and **Four Pillars Bloody Shiraz Gin**. The former is stocked in Waitrose – proof that category hybrids have hit the mainstream.

Innovators are also focusing their attention on the convergence of two former opposites: health and spirits. With volume sales of no- and low-spirit drinks set to increase by 40.5% globally from 2019 to 2024, brands are becoming increasingly ambitious with their USP. [7] **Edi** is distilled from hemp and calls itself a new kind of 'endorphin spirit', formulated to unwind rather than intoxicate. It even has a new hybrid name – nootranical. It's formulated with nootropics, adaptogens, and botanicals, and claims to be the first of its kind in Europe.

On the softer side, brands are piggybacking on health trends and incorporating wellness favourites into their serves. **Salcombe Gin** has achieved a world first by using kombucha as the base botanical for one of its Restless series, while Finnish brand **Kyrö Distillery** collaborates with Berlin-based kombucha brewer **Roy** to offer a healthier take on the classic G&T, sold direct to consumers.

Gen Yers and older Zers are eager for both novelty and authenticity

Stauning Whiskey | Facebook (2021) ©

A new world of liquor

Research commissioned by Bacardi shows that many consumers now expect constant novelty and discovery in the spirits segment, with 20% of those surveyed saying they're keen to sample drinks they would never have tried pre-pandemic. [8] Innovations that reimagine old favourites are helping to satisfy this appetite for newness. For example, craft agave spirits such as sotol and raicilla are gaining popularity among discerning drinkers who want more than an old-fashioned tequila.

Independent bottler and importer **El Destilado** was co-founded by Michael Sager of **Sager + Wilde** and Alex Wolpert of **East London Liquor Company**. The brand's Mexican spirits are intentionally unnamed to highlight their status outside normative categorisation. It labels each expression with details including the maker, origin, mash, and fermentation technique, offering a level of clarity and detail to give consumers the confidence to try new styles.

Other brands are following suit by moving away from traditional descriptors. Generic names like tequila or rum automatically infer a product that's standard, over-familiar fare. Instead, brands are using more flavour-forward, detailed, and evocative language to seduce customers. Danish-born **Empirical** has developed a range of spirits with names including Helena and Ayuuk. The company has signed to UK spirits distributor Mangrove and describes itself as a flavour company, with these new names telling the stories and flavour notes behind each expression.

Visionary signature ranges are moving from niche to mainstream as brands realise the opportunities to develop more interesting, nuanced liquors. Brands such as Empirical have been paving the way for entrants into this new space since the mid-2010s. **Cooper King** released its Pilot Series new-make spirit label in September 2020, featuring small-batch experimental releases branded by a number and a flavour profile such as No.3 Black Cardamom. And Stauning Whiskey made the decision not to label bottles with age because Munch believes "age is often confused with quality." The brand challenges the traditional, standardised approach, opting for more intuitive ways of finding the optimum flavour and balance. "It's neither 'new world whisky' nor 'old world whisky,'" he says. "It's 'our world whisky.'" [6]

Discerning drinkers are looking past labels and savvy branding

Copperworks Distilling & Tasting Room | Facebook (2020) ©

Insights and opportunities

Invest in developing know-how

In an increasingly crowded category, spirits brands will need to commit to an ambitious pipeline of research and development. From honing in-house capabilities and experimenting with raw materials to developing new fermentation or maturation methods and nurturing partnerships with experts, the most successful brands will be relentlessly innovating to drive a disruptive agenda. **Bespoken Spirits** is a great example, using new technologies to precisely tailor spirits for aroma, colour, and taste in a matter of days. Large multinationals will need to work hard to keep up with challengers, whether that's by fostering a test-and-learn/entrepreneurial mindset or scaling up regional innovation hubs and accelerators.

Compelling storytelling

An origin story is no longer enough. Spirits brands need to communicate a clearly-defined, captivating narrative that offers genuine differentiation to appeal to the growing number of purpose-driven consumers. According to research from Sprout Social, when people feel connected to a brand – whether through storytelling or other loyalty-building strategies – 57% will increase their spending with it and 76% will buy from it over a competitor. [9] An attention-grabbing, hyper-relevant hook is key, enabling a new generation of drinkers to connect with brands at a deeper and more meaningful level. Browne recognises that new players have an advantage in this area, saying: “Often established by groups of friends or a passionate founder, most new brands already have genuine, people-centric stories that consumers can relate to and get behind.” [3]

Flavour first

Spirits brands must keep flavour at the forefront if they're to retain and attract new drinkers. While “flavour innovation is arguably the biggest driver of gin growth in the UK,” according to William Grant & Sons, shortcuts and gimmicky quick-wins will be quickly passed off as fads. [10] The most successful challengers commit to relentlessly innovating in the pursuit of flavour, even if it adds time, cost, and effort. Stauning is known for reintroducing forgotten ways of distilling, such as floor malting and direct flames, for maximum flavour. With a mantra that echoes the spirit of so many innovators, Munch says: “We are not here to do easy. We are here to do good.” [6]

Sources

1. [WSTA](#) (February 2021)
2. [Waitrose & Partners](#) (June 2020)
3. Interview with Allison Crawbuck and Rhys Everett conducted by the author
4. [Drizly](#) (2020)
5. Interview with Holly Browne at Distill Ventures conducted by the author
6. Interview with Alex Munch conducted by the author
7. [Decanter](#) (January 2021)
8. [Bacardi](#) (2021)
9. [Sprout Social](#) (2019)
10. [William Grant & Sons](#) (2019)

WANT TO KNOW MORE?

Canvas8 are a leading behavioural insight practice. Working across media, communication and product design, we harness a range of research methods to reveal practical insights into what audiences really think and do.

EXPLORE THE LIBRARY

Canvas8's Library is an unrivalled resource of 29,000+ articles on global consumer behaviour and is available exclusively to members at www.canvas8.com

CONTACT

Lucy Thompson, Senior Memberships
Manager
[+44 \(0\)20 7377 8585](tel:+442073778585)
lucy@canvas8.com

BESPOKE SOLUTIONS

From ethnographic research to strategic planning workshops, we offer a range of solutions tailored to enhance your understanding and inspire creativity.

CONTACT

Sam Shaw, Strategy Director
[+44 \(0\)20 7377 8585](tel:+442073778585)
sam@canvas8.com