

Retail Prices of whiskies in the USA, European Union and Switzerland, comparison between retailers in 2017 and between 2006 and 2017.

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Introduction:

Over the years, I have issued several versions of this report, the first one in [2004](#) and the last one in 2013 ([report here](#)). For many years, prices for standard whiskies remained stable, with a slight increase for the older and premium versions, but looking at the price of the latest releases, it was time to repeat this analysis in order to compare the prices 1) in 2017 between retailers in the EU, USA and Switzerland, 2) some selected brands between 2006 and 2017 and 3) one brand between 2006 and 2017 for 1 selected retailer in each region.

Methodology:

The prices of 20 standards ([see Table 1](#)) and 21 premium ([see list here](#)), have been collected from the following retailers in April 2017 from their websites: The Whisky Exchange (UK), The Whisky Shop (UK), Oddbins (UK), The Royal Mile Whisky (UK), The Wright Wine (UK), Park Avenue Liquors (USA), Binny's (USA), La Maison du Whisky (FR), Expert24 (AT), Pot Still (AU), The Whisky Store (DE), Scoma (DE), Ambrosius (BE), Van Zuylen (NL), Ullrich (CH), World of Whisky (CH), Glenfahrn (CH) and whisky corner (CH). Prices from the previous

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years were copied from the previous versions of this report. As of 2017, I replaced Whiskymarkt.de by Expert 24. The Loch Fyne data were not anymore captured, as it is now property of The Whisky Shop. Data from Germany and Austria were grouped together as DEAT and from France, Belgium and the Netherlands as BENEFR.

Between US and Europe (EU and Switzerland), there are two major differences: 1) the volume of the bottles is 750 ml (75 cl) in the US vs. 700 ml (70 cl) in Europe and 2) European retail prices include Value Added Tax (VAT) but not in the US (State Tax; the US equivalent of VAT). The difference of volume being close to the taxes, no adjustments have been done to the US prices.

Table 1 Selected standard single malts

Aberlour 10
Ardbeg Ten
Bowmore 12
Bruichladdich Fifteen 2nd
Bunnahabhain 12
Dalmore 12 (70 cl)
Edradour 10
Glenfarclas 10
Glenfiddich 12 Special Reserve
Glenmorangie 10
Laphroaig 10
Littlemil 8
Macallan 18 Fine Oak
Mortlach 16 F&F
Springbank 10
Talisker 10
The Glenlivet 12
Tobermory
Tomintoul 10
Tullibardine 1993

Currency conversion:

The currency exchange rate used for converting prices from local currency in GBP (£) was the following one (source: www.xe.com):
1 euro= £0.86; 1 US\$=£0.80, 1 CHF=0.80

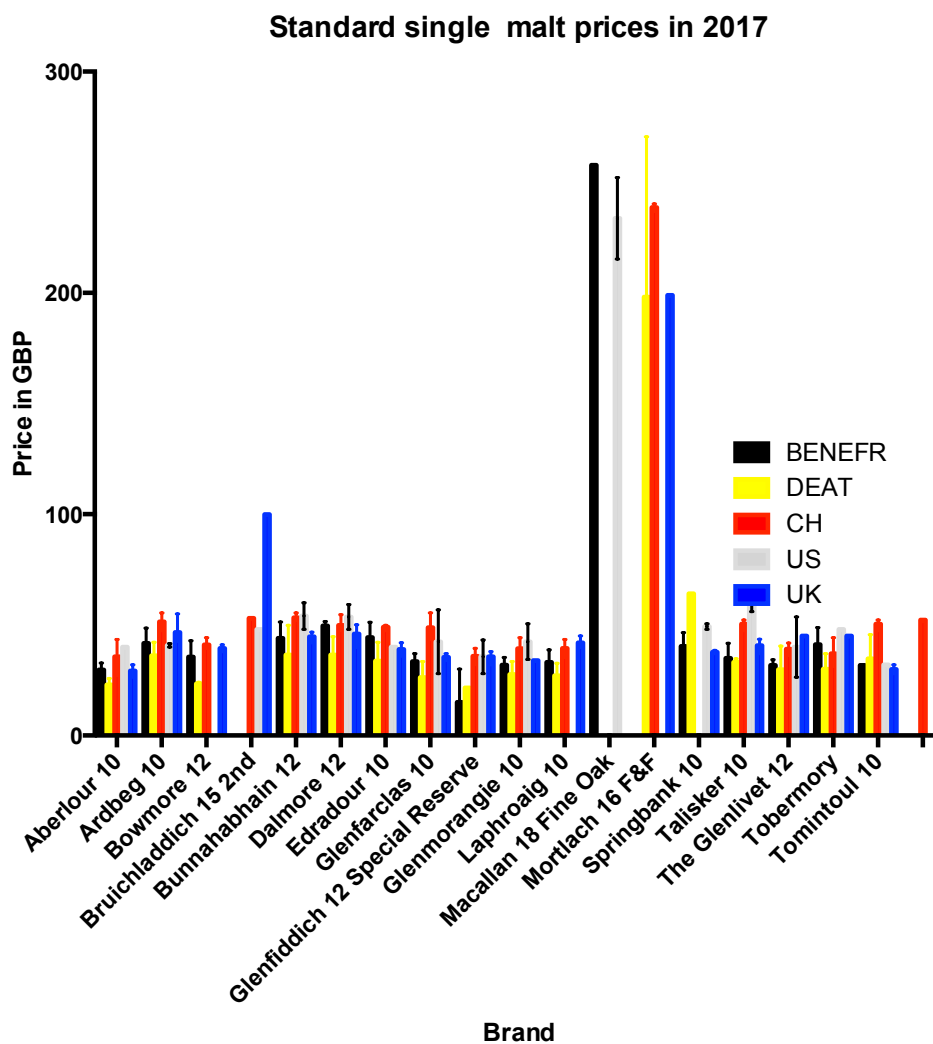
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Results:

Prices in 2017 across regions

Prices between standard single malts show (see Figure 1) a strong contrast between two products (Macallan 18 YO fine oak and the Mortlach 16 YO Fauna and Floral) and the other products. As the Mortlach has been discontinued from the Fauna & Flora range, a London retailer has increased markedly its prices to reflect its collectible status to £199, explaining the high price for this product. The Macallan 18 YO is the oldest (age wise) product (vs. 10-12 YO for the others) and the Edrington priced it as a super premium whisky.

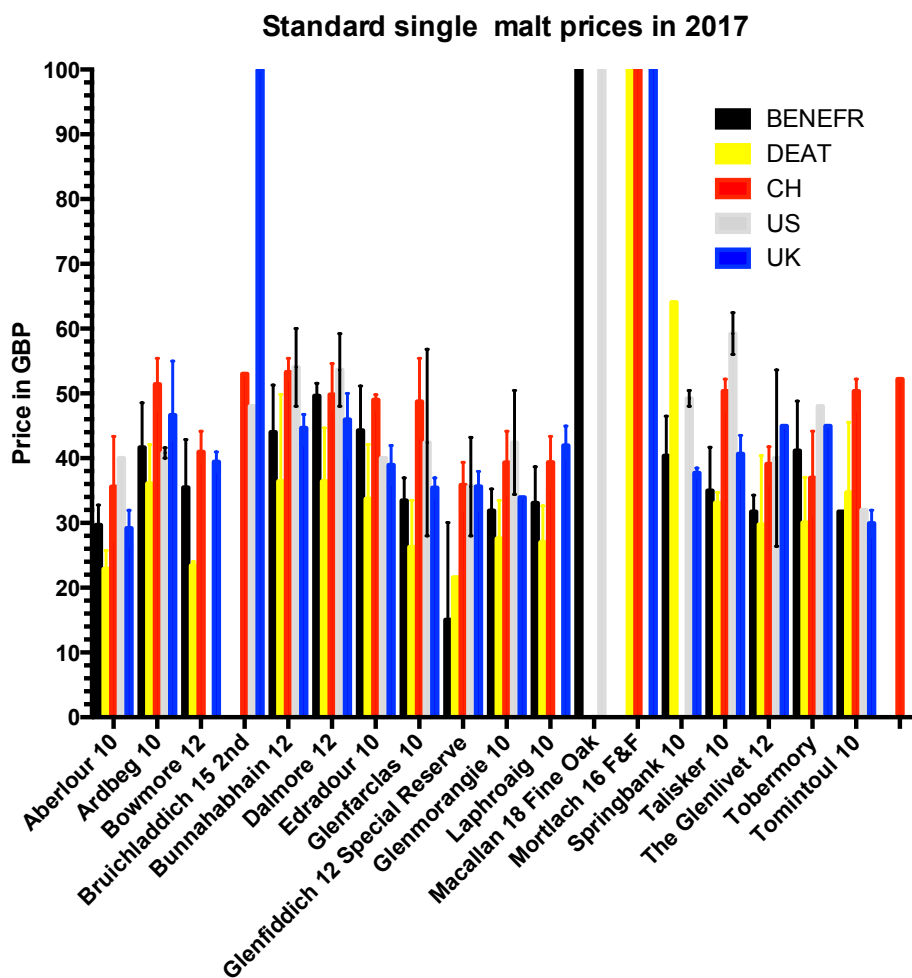
Figure 1 Average prices of single malts across several regions and countries (full scale with min and max prices)



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Looking at the other brands, prices are mainly in the 20-40 GBP range on average, with a general trend for the highest prices in Switzerland and the lowest in the DEAT region (Figure 2). However, it should be noticed that within the same region, variability for the same product can be very high, especially in the US or DEAT, with e.g., the Glenlivet 12 YO sold between 26.41 and 53.64 (GBP equivalent) in the USA or between 24.67 and 40.39 (GBP equivalent) in the DEAT region. Comparing prices between shops is worthwhile, as a set of Glenlivet 12 YO, Glenmorangie 10 YO and Talisker 10 YO might cost you the equivalent of 75.90 GBP in Germany, 123.85 GBP in London or 159.32 GBP in New York!!

Figure 2 Average prices of single malts across several regions and countries (reduced scale, with min and max prices)



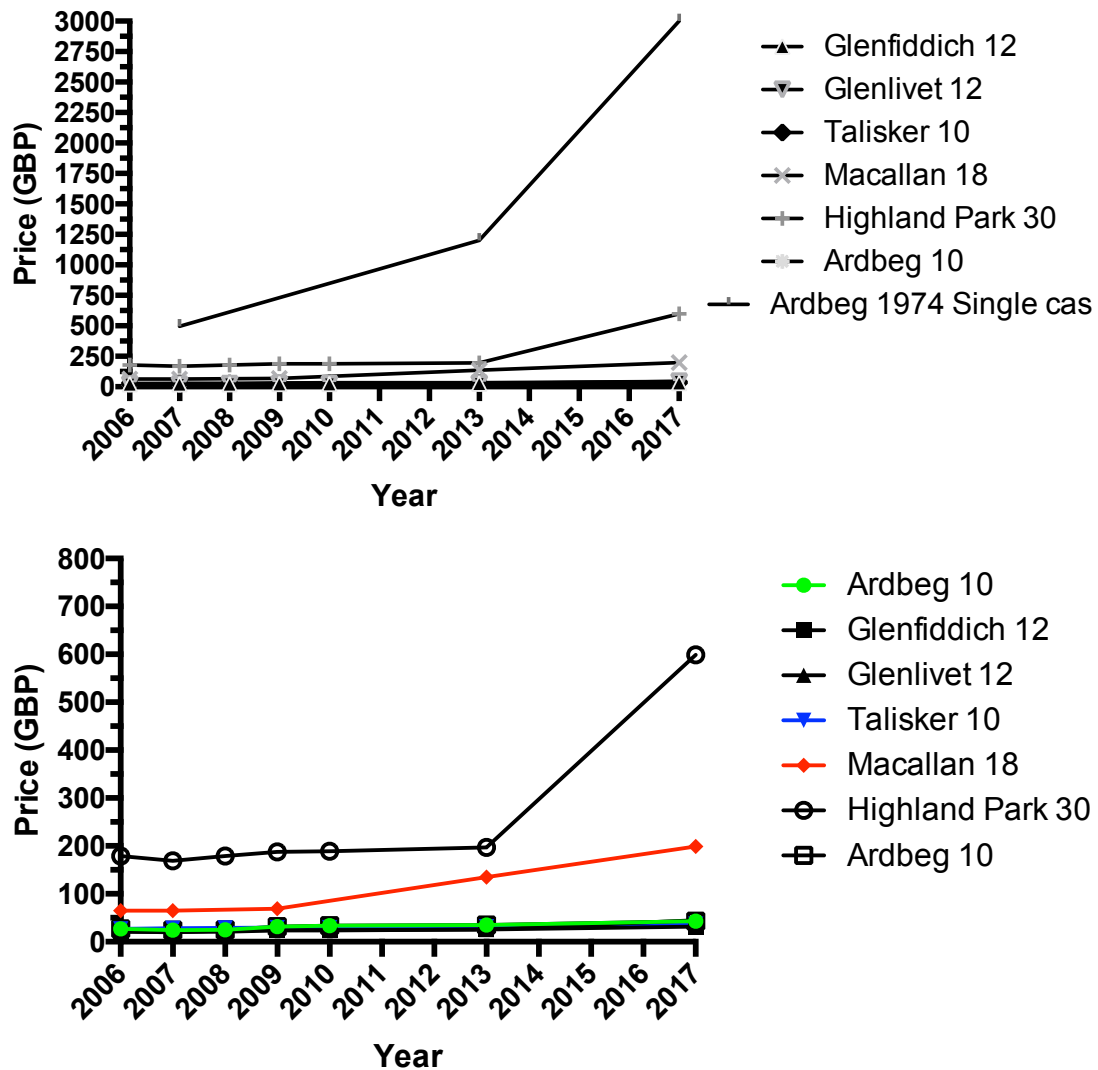
Historical evaluation of selected brands

The Figure 3 illustrates nicely the sharp price increase in the super premium category over time. For instance, you could buy an Ardbeg 1974 Single Cask OB for £495 in 2007, while you would have paid £1200 in 2013 and a whopping £3000 in 2017, or <6x price increase over 11 years. While the vintage 1974 from Ardbeg is very sought after and a discontinued product, the price of the Macallan

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18 steadily increased from £64.99 to £199 over the same period, or a 3x price increase. Looking at an older product, the Highland Park 30 YO, was very stable between 2006 and 2013, with prices fluctuating between £169 and 197, but then the price increase was very sharp, as it sells in 2017 for £599 or a 3x increase in less than 4 years. Similarly to Edrington with the Highland Park, William Grant and Sons did the same with the Balvenie 30 YO (data not shown).

Figure 3 Prices of selected single malts at a London whisky shop between 2006 and 2017 (with [top] and without [bottom] Ardbeg 1974 Single Cask)

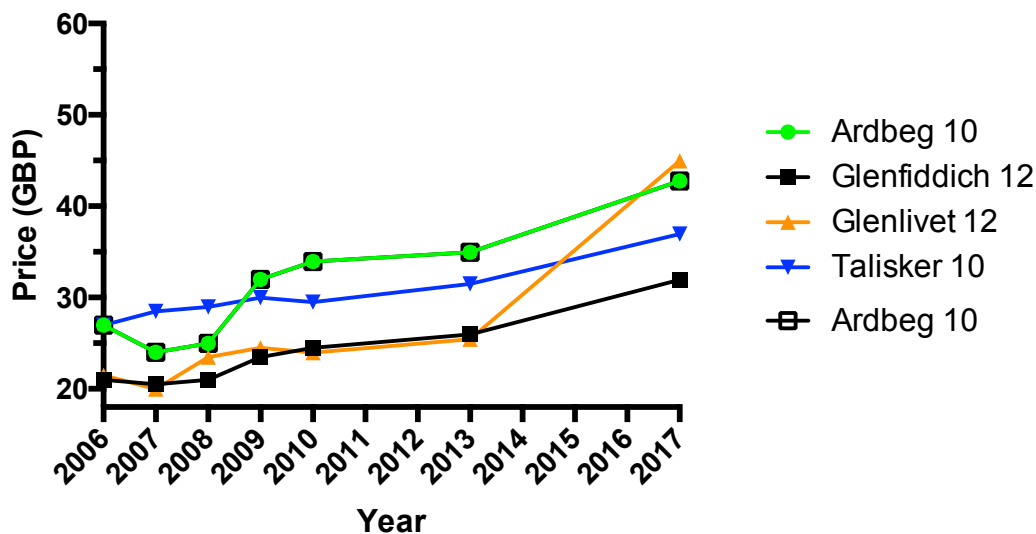


The prices of these super premium malts are well apart from the standard 10 or 12 YO single malts, but the younger ones move in the same direction (Figure 4). With Ardbeg, there was a sharp increase between 2008 and 2009 (from £24.99 to £31.99), probably due to a revised pricing strategy by LVMH following their

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acquisition of the distillery in 2005. A similar increase was observed between 2013 and 2017, with the price increasing from £34.95 to £42.75. Amongst the other products, only the Glenlivet and Tobermory increased their prices of 2x over this time. While Tobermory has redesigned the package and increased the alcohol by volume from 40 to 46.3%, no changes were made to The Glenlivet. The other brands have seen their prices going up from 20 to 75%.

Figure 4 Prices of selected single malts at a London whisky shop between 2006 and 2017, standard bottlings



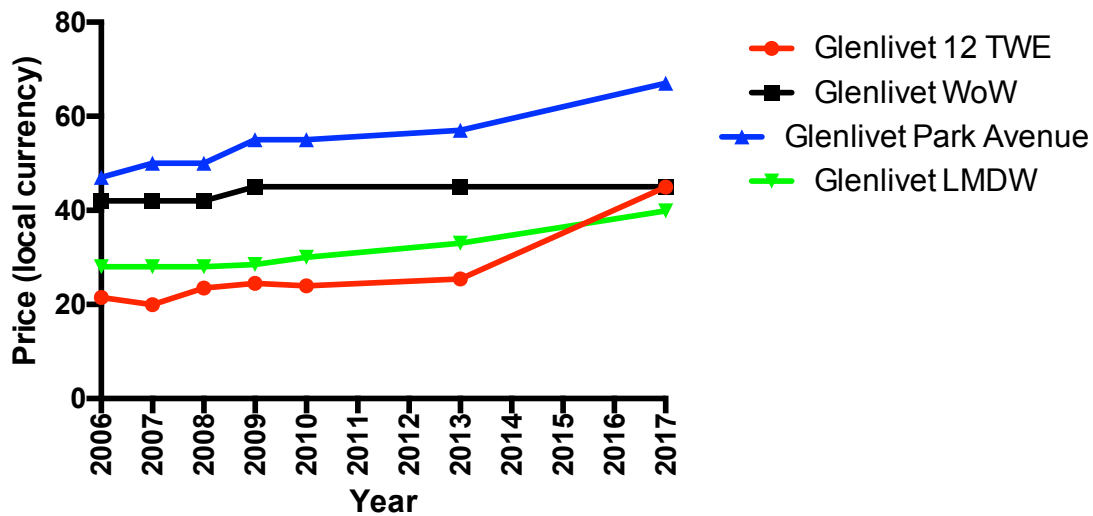
Evolution of prices in local currencies

As the British pound devaluated against other currencies during these 10 years (i.e. from 0.42 GBP for 1 CHF in 2007 to 0.80 in 2007, from 0.519 to 0.80 for the US\$ and 0.68 to 0.86 for the EUR), what has the evolution on prices in local currencies?

Although the price of the Glenlivet 12 YO has doubled between 2006 and 2017 at The Whisky exchange, the price remained stable at the Swiss shop World of Whisky (from 42 CHF to 45 CHF). At La Maison du Whisky (LMDW), the increase was more pronounced and continuous (from 28 to 39.9 euros) as for the Park Avenue Liquor (\$47 to \$67)

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Figure 5 Prices of The Glenlivet 12 YO single malts between 2006 and 2017 in local currencies



Discussion and conclusion

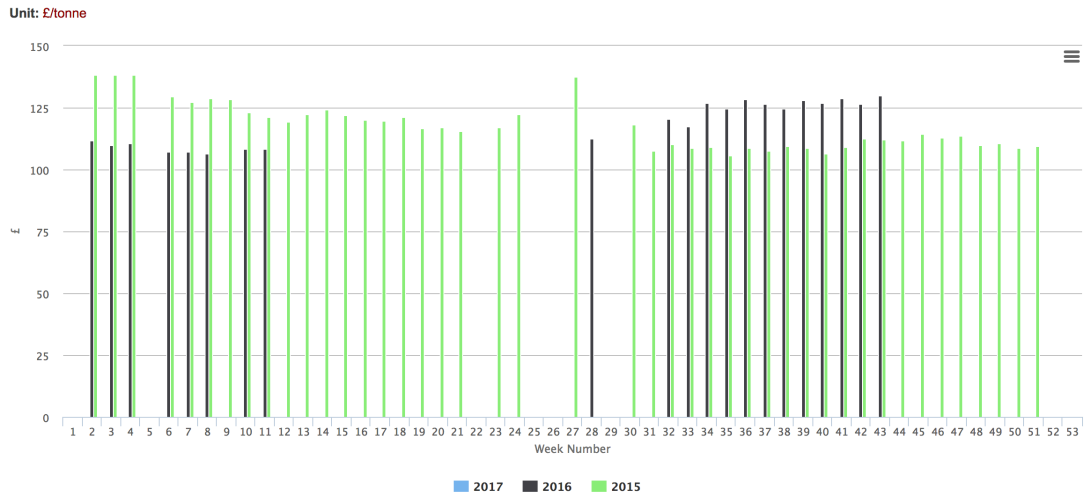
The “feeling” of rising prices is not just a perception, but also a fact, as the prices represent commonly found single malts on the market and from all the major companies. While most single malts increased “only” of 20 to 75%, prices for the “Super premium” have doubled or tripled, and even more for more old exclusive single malts. But are there any reasons behind this?

Looking at the prices of the malted barley these last years, the farmers have not become richer, as we can see Figure 6, for the price of the malting barley these last years. Some years ago, distillers justified a price increase to compensate for the increased costs of fuels, but looking at the Figure 7, the price of the fuel did increase between 2011 and 2014 compared to 2010, but the last years, the price of fuel dropped to levels lower than 2010. Thus, costs of energy have decreased, as probably energy efficiency, but have you seen the prices going down? The only supportive data to justify the price difference is the inflation rate. The data from the Office of National Statistics (see Figure 8) indicate indeed an average rate of approximately 2.2% during this period.

As the costs of whisky production are composed of raw material, wages and energy, a price increase of 20% could be explained by the inflation rate, but not 75% or 300%.

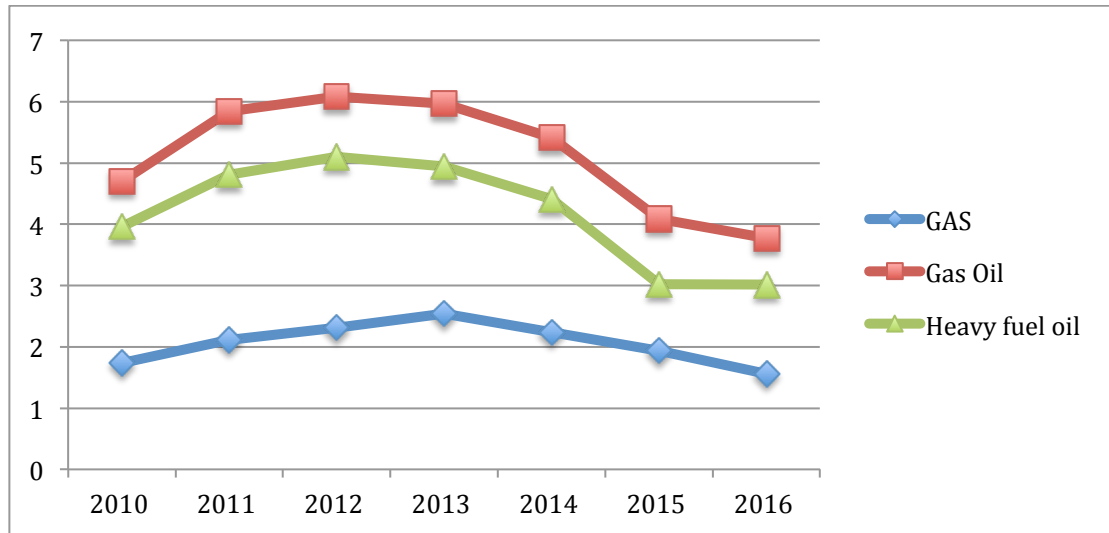
Figure 6 average prices in GBP for malting barley in UK between 2015 and 2017

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Source: www.farminguk.com

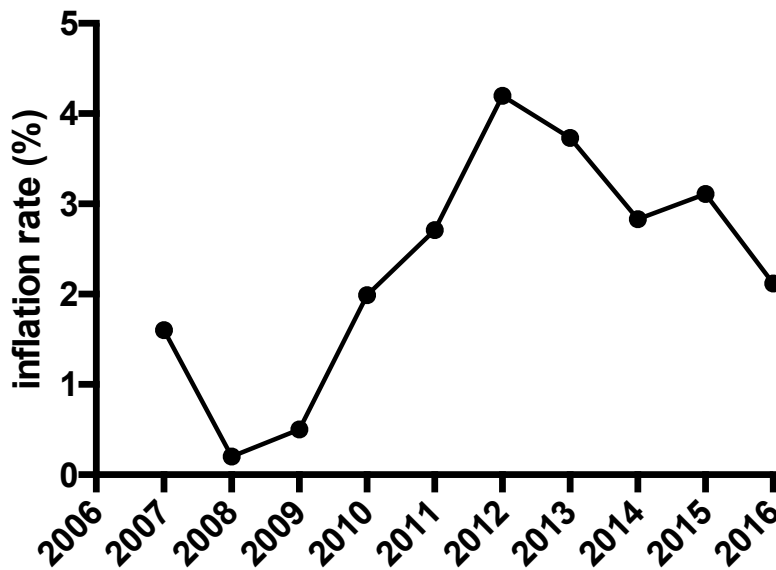
Figure 7 average prices per pence per kWh for different fuels in UK between 2010 and 2016



Source: <http://www.gov.uk>

Figure 8 Inflation rate in UK between 1989 and 2017

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Source: <http://www.gov.uk>

But finally, how much is worth the whisky inside your bottle?

Considering a price of £4.2 per litre of pure alcohol (including the cost of a sherry cask), and a yearly interest of 10% (to cover the warehousing, interests, inflation, Angel’s share, etc.), the value of the whisky inside a standard 10 YO single malt bottled at 40% (70 cl) is approximately £2.78 (see Table 2), consistent with the figures published by the Scotch Whisky Association.

In addition to the costs of the content, duty on alcohol needs to be added, as well as the packaging, margins from the distributor, retailer, taxes (e.g., VAT).

Table 2 Estimated costs of single malts at 10 and 30 years old at difference alcohol by volume

Age of the whisky	at 50% ABV?	At 40% ABV?
10	£3.5	£2.78
30	£23.3	£18.7

Packaging for standard bottles is rather low (approximately £0.30) and margins for such single malts are low for the distillers, due to the pressure. Packaging might be markedly higher for super premium, with the wooden boxes costing £15+. In terms of absolute costs, between e.g., a Glenmorangie 10 YO and a Highland Park 30 YO, the difference in value of the whisky content is only about £20, but at the shop, you will pay approximate a premium of over £500, due to the luxury packaging and the impression to taste something exceptional. The famous “emotional value” (see my article on the emotional value). No figures for marketing costs could be found, but I would not surprised if they have markedly increased over the last years, with an increasing number of brand ambassadors

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travelling around the world, more advertisements (including the costs of stands/stalls at whisky events and in travel retail), repackaging every 2-3 years, etc....

As long as there are enough whisky enthusiasts ready to pay a lot of money for “emotional” content (see my [interview on the subject with Ralph Warth](#)), why should these companies not continue do so? This is also good for their shareholders!

I wrote a lot about whisky and money, but satisfaction is also important. If the price is very high, but it provides you with a lot of pleasure, then the price was “right”. If you spend £500+ for a whisky that does not taste much better than your £25 single malt, then, disappointment will be consequent.

My main complain about whiskies in the £200+ category is that nowadays, it becomes very difficult to taste them, as distributors will tell you “they are too expensive to be opened”. Well, this seems they want sure you buy the bottle first and then judge the quality of the quality afterwards, and this has sadly changed over the last 10 years. For instance, 10 years ago, it was possible to taste a Balvenie 30 YO, Glenfiddich 30 YO or Highland Park 30 YO at whisky fairs such as the whisky live. Today? Dream on, unless you have to pay for it or you are a privileged client. I hope distributors and distillers will reverse this trend and allow whisky fans to have the opportunity of tasting their super premium products.

Slainte,
Patrick Brossard, 19 May 2017