

Retail Prices of Whiskies in the USA, European Union and Switzerland

Two years ago, I published a report on the price of single malt whiskies in the USA, European Union and Switzerland (see www.whisky-news.com). Over the last year, several articles have been published in newspapers about shortage of barley, increasing prices of oil leading to increased production costs and old bottles getting always more expensive. To check if the prices have indeed increased, I decided to reconduct the same type of analysis, which gave the following results:

Methodology:

The prices of some selected single malts (Table 1) were obtained from six UK, three US, one French, one Austrian, three Germans and four Swiss on-line whisky retailers in 2006. In 2007, one retailer from Belgium and one retailer from the Netherlands was also added. The names of the whisky retailers have been blinded to avoid any legal issues. For this 2008 edition, the same retailers as the previous editions were used.

The whiskies have been selected to represent most Scotch whisky companies. In 2008, the list of Premium whiskies has been slightly modified, some references were removed and some new added. The prices for 2008 were collected between February 25 and April 16, 2008

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 included Value Added Tax (VAT) but not in the US (State Tax; the US equivalent of VAT). The difference of volume is roughly equivalent to the taxes. Therefore, no corrections have been done to the US prices.

For graphical presentations, countries have been pooled together in order to have at least 3 retailers by geographic region. Austria and Germany together in the ATGE group and Belgium, France and the Netherlands as the BENEFR region. For consistency with the evaluations conducted in 2006 and 2007, the prices in the graphical presentations and in the tables were converted in British pounds (£) in order to compare the prices between the different regions. However, an additional comparison was also done in local currencies, comparing the prices in 2006 vs 2007 and 2007 vs 2008.

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

Table 1: List of Standards single Scotch whiskies.

Currency conversion:

To compare all these prices, prices in the local currencies have been converted to British Pounds (£) using the exchange currency rate on www.xe.com on April 20, 2008.

£1= US\$ 0.50= € 0.78802 = CHF 0.4919

For 2006, the conversion rate was as follows:

£1= US\$ 0.5745= € 0.685 = CHF 0.438

For 2007, the conversion rate was as follows:

£1= US\$ 0.518= € 0.681 = CHF 0.424

Results:

Changes between 2006 and 2008

	2006			2007			2008		
	Mean	Upper Limit	Lower Limit	Mean	Upper Limit	Lower Limit	Mean	Upper Limit	Lower Limit
Aberlour	21.35	42.61	15.51	21.18	25.84	15.54	22.49	27.19	16.55
Ardbeg	24.39	31.59	20.54	27.37	31.73	21.78	29.38	33.94	24.99
Bowmore	21.00	26.99	14.36	23.79	38.98	13.98	24.94	30.73	20.03
Bruichladdich	34.45	42.51	30.76	35.86	43.52	30.22	36.50	44.13	34.90
Bunnahabhain	24.65	30.22	20.99	25.60	30.22	20.99	27.52	33.94	23.56
Dalmore	23.98	27.41	17.12	23.10	30.22	15.54	25.69	37.82	15.02
Edradour	27.68	32.88	26.65	28.82	32.68	24.48	30.43	36.25	23.60
Glenfarclas	19.99	25.84	18.43	22.36	25.58	19.00	24.30	29.02	20.03
Glenfiddich	21.73	26.99	16.43	21.32	26.99	16.55	23.12	28.99	16.55
Glenmorangie	25.33	61.80	18.49	24.17	28.53	19.06	25.82	30.25	22.54
Laphroaig	24.66	64.25	17.12	23.17	28.47	17.70	24.29	27.99	20.03
Littlemill	25.60	30.41	20.48	37.73	74.02	27.92	27.54	38.61	22.50
Macallan	54.60	74.67	54.73	60.66	78.30	38.98	71.96	92.99	57.49
Mortlach	32.45	44.53	31.99	37.22	44.94	31.99	38.99	43.78	35.90
Springbank	26.89	32.41	24.99	28.99	36.19	24.99	31.88	37.97	27.50
Talisker	28.13	38.61	21.23	26.77	34.82	19.03	28.47	33.95	23.35
The Glenlivet	21.73	27.00	15.75	21.98	30.22	16.55	22.77	28.99	15.02
Tobemroy	19.88	30.22	18.38	21.98	29.29	16.57	23.85	33.94	16.02
Tomintoul	20.17	27.37	19.11	24.18	28.47	20.43	25.81	31.48	21.90
Tullibardine	22.99	29.39	24.90	25.51	27.95	22.40	27.08	29.95	25.04

Table 1: Price for 2006 to 2008 in GBP (£) for each standard single malt.

Based on the data illustrated in Table 1, the mean price (£29.64) of a standard whisky bottle has increased of £1.55 as compared to last year. This increase in prices is mainly linked to the weakness of the British currency vs. the euro and the mean price. In fact, when comparing the prices retailer by retailer, the prices have roughly increased of £1 in average for a bottle of standard whisky in UK, with the retailer GB1, who increased the prices of his single malts by £2.07 by bottle. In the US, the general increase was more moderate (data not shown), with an increase of \$1 by bottle (£0.5), while the prices remained the same in Europe (Switzerland included), and even, for several retailers, a decrease in prices (e.g., for the retailer BE1, the mean decrease was €3.16! [£2.5]).

When comparing the distribution of prices per bottle and per region (Figure 1), at some exceptions (e.g., Bruichladdich and Macallan), there are no major regional differences. However, the price difference between

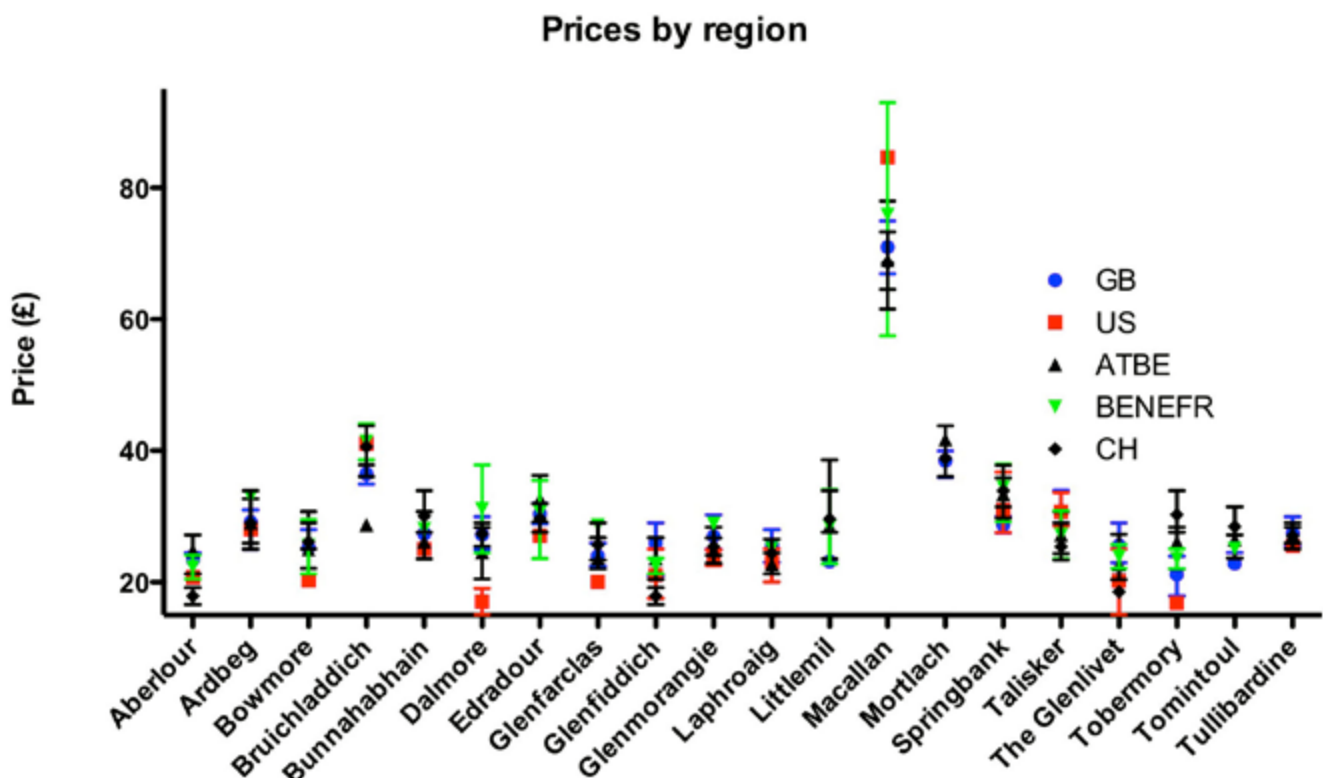


Figure 1: Distribution of the average (min, max) price per country in £.

the cheapest and the most expensive retailer is rather significant. For instance, a bottle of Aberlour can be bought for the equivalent of £16.55 in Switzerland and £27.19 in a neighbouring country (Austria) (difference: £10.64). The variation in price is even more extreme, when looking at the most expensive bottle of Standard whisky, the Macallan 18 YO: £57.49 in the Netherlands and a whopping £92.99 in France. Of note, the price of the Macallan 18 YO Fine Oak in this retailer has already increased of €3 at the end of April). The difference between these two European retailers is €35.5.

In terms of premium bottlings, a comparison between the different regions and retailers is rather difficult. The selection is changing rather quickly and not all the retailers are storing the same products. With some products being discontinued, some retailers, mainly British, don't hesitate to increase considerably their prices. For instance, a bottle of Glenmorangie 30 YO was sold for £189 in 2007 and the same bottle is now sold for 248.99, a £60 extra within 1 year. Surprisingly, this trend was observed mainly with the british retailers, while the German and Belgian retailers had an opposite move.

Conclusion:

At the exception of some individual variations, the mean prices for the selected standard single malts have not changed much between 2007 and 2008. In UK, the prices have increased of £1 on average for the standard single malts and the increase in prices in the other regions is related to weakness of the british pound now. In local prices, outside UK, prices have not increased.

Discussion:

There are a few polls on the whiskymag.com forum and other whisky dedicated forums showing that in general the feeling was that there had occurred an increase of price in single malt whiskies during the last 12 months. Why do these results diverge from that perception?

As mentioned, the prices were only given for the standard bottlings. More and more often, distillers are producing new limited editions (one-off) single malt whiskies. Since these whiskies are unique, they can price them as they wish, as long as the consumer is ready to pay for it. During the last part of 2006, a certain number of very young whiskies (3-7 years old) were sold for over £30, with some for around £60, which is more than the price for a bottle of Macallan 18 YO fine oak. Another example is the Bruichladdich 1970. This bottle was available until last year for £135, while the Bruichladdich 125th anniversary, distilled in the same year is now sold for £199. There are many more example, such as some Bowmore 1968 from Duncan Taylor, with the first batches sold for £125-150 and the last batches for plus £200.

Even if the mean price for a standard bottle of single malt whisky has not changed, the distillers are producing more varieties of their whiskies (limited edition, finishes, etc) which are priced higher and which will attract the client and give him the impression of buying something very exclusive. However, with the prices of malt going up since 2006, sales volumes are increasing while the stocks of old single malts are decreasing quickly. As many producers wish to promote their products as luxury or Premium products, the prices will very likely increase during 2008.

Let us wait and see what will happen until the next version of this report in spring 2009!

Patrick B., www.whisky-news.com ©12 May 2008