

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

During the last 3 years, I published annually a report on the price of single malt whiskies in the USA, European Union and Switzerland (see www.whisky-news.com). Evaluating the evolution of single malt prices is not easy, since whisky producers are always releasing new bottlings, new packaging, and changing their range. However, the range of standard bottlings have not changes much over the years and they can be used as a marker for the price changes in single malts.

Methodology:

The prices of some selected single malts (Table 1) were obtained from six UK, three US, one French, one Austrian, three Germans, one Belgian, one Dutch and four Swiss on-line whisky retailers in 2009. The names of the whisky retailers have been blinded to avoid any legal issues. For this 2009 edition, the same retailers as the previous editions were used.

The whiskies have been selected to represent most Scotch whisky companies. I have continued to monitor the prices of premium whiskies, but they don't discussed in details in this report, since the selection of premiums is changing too rapidly to make any conclusions. The prices for 2009 were collected between March 15 and May 10, 2009.

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 2008 vs 2009.

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 May 14, 2009:

£1= US\$ 0.656= □ 0.896 = CHF 0.5949

For 2008, the conversion rate was as follows:

£1= US\$ 0.50= □ 0.78802 = CHF 0.4919

Results:

Changes between 2008 and 2009

Table 1: Price for 2008 to 2009 in GBP (£) for each standard single malt.

	2008			2009		
	Average	Min	Max	Average	Min	Max
Aberlour 10	22.49	16.55	27.19	25.58	22.90	31.33
Ardbeg Ten	29.38	24.99	33.94	36.19	26.99	45.95
Bowmore 12	24.94	20.03	30.73	30.11	24.11	38.67
Bruichladdich 15 2nd	38.94	34.90	44.13	47.70	38.20	58.90
Bunnahabhain 12	27.52	23.56	33.94	32.50	24.95	41.05
Dalmore 12	25.69	15.02	37.82	35.39	27.74	43.02
Edradour 10	30.43	23.60	36.25	36.30	30.39	43.02
Glenfarclas 10	24.30	20.03	29.02	29.77	23.26	50.57
Glenfiddich 12	23.12	16.55	28.99	26.85	22.97	34.96
Glenmorangie 10	25.82	22.54	30.25	31.00	24.89	39.99
Laphroaig 10	24.29	20.03	27.99	29.30	24.19	34.79
Littlemil 8	27.54	22.50	38.61	32.30	24.70	43.92
Macallan 18 Fine Oak	71.96	57.49	92.99	87.39	65.39	112.04
Mortlach 16 F&F	38.99	35.90	43.78	48.65	36.99	54.99
Springbank 10	31.88	27.50	37.97	38.09	28.70	52.95
Talisker 10	28.47	23.35	33.95	33.68	23.30	44.12
The Glenlivet 12	22.77	15.02	28.99	26.54	19.69	36.11
Tobermory	23.85	16.02	33.94	30.16	19.99	44.03
Tomintoul 10	25.81	21.90	31.48	29.24	22.22	38.67
Tullibardine 1993	27.08	25.04	29.95	33.15	28.99	41.05
Average standard bottling price	29.76			35.99		

Based on the data illustrated in Table 1, the mean price (£35.99) of a standard whisky bottle has increased of £6.23!! as compared to last year. This increase in prices is mainly linked to the weakness of the British currency vs. the euro, the US\$, and CHF. In fact, when comparing the prices retailer by retailer, the prices have approximately increased on average of £2 for a bottle of standard whisky in UK (range: 0.65-4.77£). In local

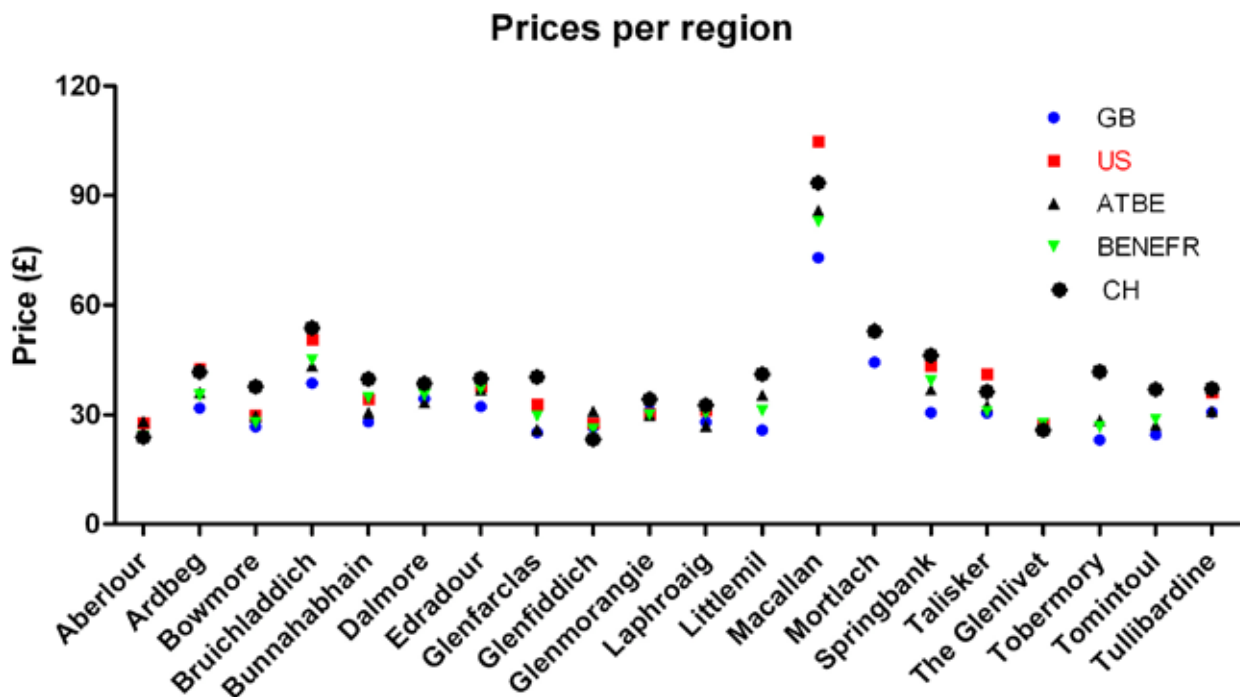


Figure 1: Distribution of the average price per geographical region in £.

currencies, regardless of the geographical region, the prices have increased (e.g., US: +2\$ (average), EU: +1€, CH: +2 CHF). When comparing the distribution of prices per bottle and per region (Figure 1), at some exceptions (e.g., Macallan), there are no major regional differences, at the exception of UK, which is, on average the cheapest country. However, the price difference between the cheapest and the most expensive retailer is rather significant. For instance, a bottle of Tobermory can be bought for £19.99 in UK and it will cost the equivalent of £44.03 in Germany (difference: £24.04). The variation in price is even more extreme, when looking at the most expensive bottle of Standard whisky, the Macallan 18 YO: £65.39 in the Netherlands and a whopping £112.04 in Austria. The difference between these two European retailers is £42.65 (or 52.05 € in local currencies). Amongst the standard bottlings, the highest increase for one reference between 2008 and 2009 was £15 for the Mortlach 16 YO for the retailer GB3,

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. For example, the Laphroaig 30 YO is now discontinued and move to the collectors item, with a corresponding price increase. In the US, retailer US1 increased the price of the Balvenie Thirty from \$560 to \$630.

Discussion:

The prices have generally increased of approximately 5% between over the period of observation in local currencies. However, when converting the prices in British pound (£), equivalent, the price for a standard single malt whisky bottle has increased of more than £6. What does this mean?

Over the last 12 months, as you can see from the currency conversion (see page 1), as a consequence of the financial crisis, the £ has lost almost 20% of its value. In other terms, if you are in UK and you want to buy goods outside UK, you will have to pay at least 20% more £ to get the same goods, but if you are outside UK and you want to buy UK products, the products will be significantly cheaper.

Whisky is produced in UK and since the price of a standard single malt has increased of less than 5% in UK, why do the European or American customer do not benefit from the weakness of the British currency? When the price of the oil is going up or if there is a duty increase, you will be charged more for your goods, which is normal, but when prices are going down significantly, why the consumer does not benefit from it?

One can understand if the goods have been bought before the £ went down, it would take some time before this is reflected on the final price. But after 6 months, I haven't seen much change. Also, if you look at the products from Independent bottlers released over the last 4 months or the new releases (e.g., Glendronach) and you compare the ratio between the euro or the CHF and the GBP (£), the same conversion factor as 12 months ago is used. So who is cashing this difference?

By talking to some retailers, the prices they pay for a bottle has not gone down over the last months, but have a tendency of going up. Prices from the producer have slightly increased, but not so much, otherwise the price increase on the UK market would be significantly higher, indicating the importers and/or other intermediates are making more money?

At the end, it does not really matter, as long as the customer is paying a fair price for the final product and that he is happy with his purchase.

For standard bottlings, the difference between UK and the rest of the world, in terms of absolute value is not that dramatically different, but when the bottle is getting pricy (e.g., over £100), then the difference is very substantial and it is not surprising that many whisky enthusiasts are now doing their shopping in UK.

Conclusion:

The average price for the selected standard single malts significantly increased (+6£) when comparing the prices in £-equivalent. In UK, the prices have increased of £2 on average for the standard single malts and in local currencies, outside UK, prices have increased of approximately 5%.

The mean increase in price can be explained by the weakness of the British and by the fact, that the loss of value of the £ has not been reported to the final product outside UK.

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