

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

During the last 4 years, I published annually a report on the price of single malt whiskies in the USA, European Union and Switzerland (see <http://www.whisky-news.com/En/Report.html>). 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.

In addition to the retail prices.

Methodology:

The prices of some selected single malts (Table 1) were obtained from six UK, one US, one French, one Austrian, three Germans, one Belgian, one Dutch and four Swiss on-line whisky retailers in 2010. The names of the whisky retailers have been blinded to avoid any legal issues. For this 2010 edition, the same retailers as the previous editions were used. However, the number of US retailers included as decreased to 1, since one stopped trading and for the second, the price was list not anymore available online. Thus, no US region summary is provided either.

The whiskies have been selected to represent most Scotch whisky companies. The prices for 2010 were collected between July 04 and August 16, 2010.

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 ATDE group and Belgium, France and the Netherlands as the BENEFR region. For consistency with the previous reports, 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 2009 vs 2010 (not shown).

<u>Standards (Original Bottling, 70 cl)</u>	
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 August 20, 2010:

£1= US\$ 0.644= € 0.818 = CHF 0.622

For 2009, the conversion rate was as follows:

£1= US\$ 0.656= € 0.896 = CHF 0.5949

Results:

Changes between 2009 and 2010

Table 1: Price for 2009 to 2010 in GBP (£) for each standard single malt.

	2009			2010		
	Average	Min	Max	Average	Min	Max
Aberlour 10	24.50	16.55	31.33	25.50	16.55	31.33
Ardbeg Ten	33.93	25.04	44.62	35.73	25.04	44.62
Bowmore 12	28.23	20.03	38.67	29.78	20.03	38.67
Bruichladdich 15 2nd	45.20	36.08	58.90	56.53	36.08	58.90
Bunnahabhain 12	30.76	24.04	41.05	33.30	24.04	41.05
Dalmore 12	32.97	15.02	43.02	34.65	15.02	43.02
Edradour 10	34.77	26.04	43.02	35.42	26.04	43.02
Glenfarclas 10	25.89	20.03	35.10	28.83	20.03	35.10
Glenfiddich 12	25.53	16.55	34.96	26.63	16.55	34.96
Glenmorangie 10	29.64	24.89	39.99	30.28	24.89	39.99
Laphroaig 10	27.48	20.03	34.79	28.57	20.03	34.79
Littlemil 8	31.66	24.70	43.92	32.29	24.70	43.92
Macallan 18 Fine Oak	82.90	61.55	112.04	92.98	61.55	112.04
Mortlach 16 F&F	45.63	36.08	54.99	51.60	36.08	54.99
Springbank 10	35.89	28.54	52.95	37.52	28.54	52.95
Talisker 10	31.31	23.30	40.05	32.22	23.30	40.05
The Glenlivet 12	25.15	15.02	36.11	26.50	15.02	36.11
Tobermory	27.40	16.02	41.05	26.84	16.02	41.05
Tomintoul 10	28.00	22.22	38.67	27.53	22.22	38.67
Tullibardine 1993	32.15	25.04	41.05	32.89	25.04	41.05
Average	33.95			36.28		

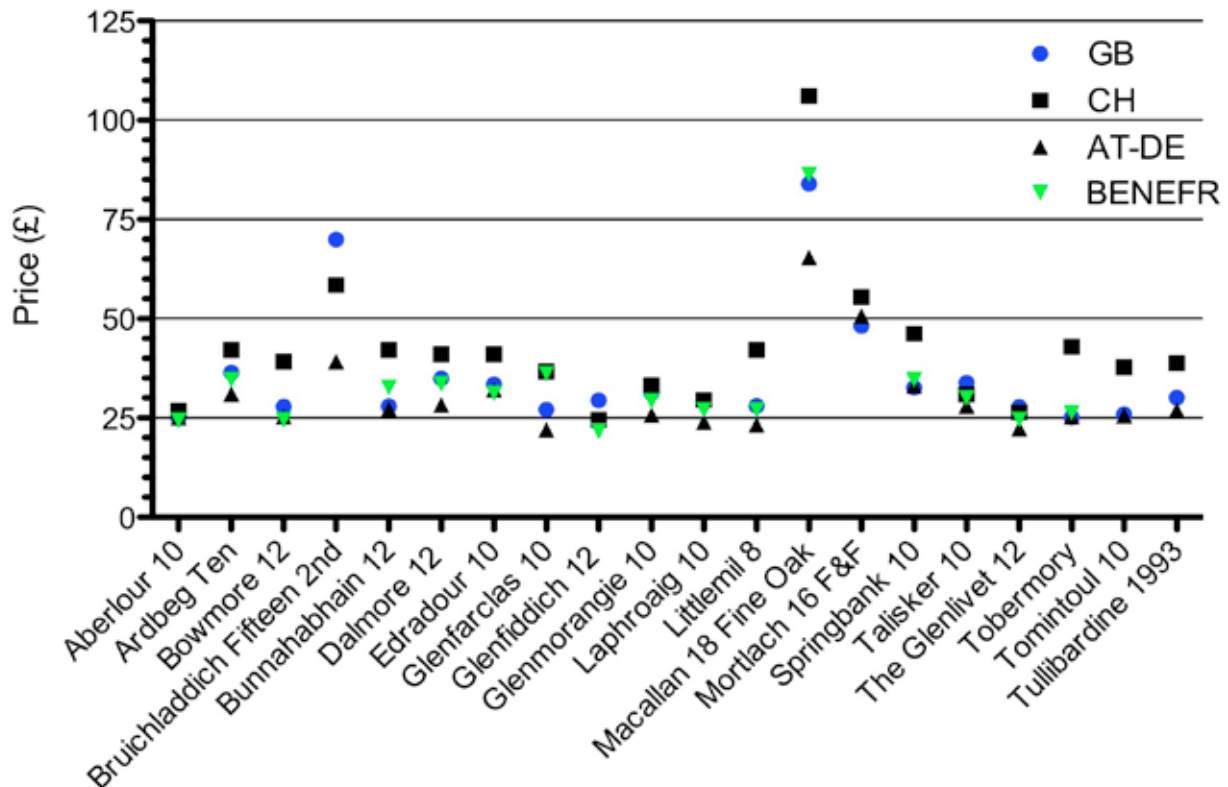


Figure 1: Distribution of the average price per geographical region in £. GB: Great-Britain, ATDE: Austria & Germany, BENEFR: Belgium, The Netherlands & France, CH: Switzerland.

Based on the data illustrated in Table 1, the mean price (£36.28) of a standard whisky bottle has increased of £2.33 as compared to last year. Last year, this was supposed to be related to the weakness of the British currency, but this year, the pound remained low as well as the euro compared to a stronger Swiss Franc (CHF) and US dollar (\$). In local currencies, the prices increased in Great-britain of £5.94 on average, while they remained flat (fluctuating around +/- 1 euro) for the continental European retailers in the euro zone (Austria, Germany, France, Belgium and The Netherlands, while decreasing of approximately 1-2 CHF in Switzerland for all but one retailer. When comparing the distribution of prices per bottle and per region (Figure 1), there are no major regional differences, with the exception of Switzerland where the prices, once converted in £ are higher than for the other markets. For some products (e.g., Bruichladdich 15), GB is the most expensive country, since some shops are very fast at promoting some products in the “collector” category, so the price increased of £31! at once.

Discussion:

The prices have generally increased of approximately 7% between over the period of observation when converting the prices in British pound (£), or £2.33 in absolute values. One reason being the strong US and CHF currencies, regions where the difference in the exchange rate has not been fully reported on the prices (which is understandable, if the shops have purchased their stocks 1-2 years ago) and secondly, most surprisingly, a marked general increase in UK (average: +£3.94). This increased is quite remarkable since the cost of productions have not really increased (e.g., price of oil stable, good crops, etc). This suggests that Retailers and/or producers have decided to increase their margins. However, I do not really understand why the Euro zone has not been similarly affected.

I haven't talked about prices for the premiums and super-premiums, simply because there is no need to speak anymore about them, since there seem to be no more limits to prices, with some malts selling for over \$10'000. The industry might be playing a dangerous game.

Conclusion:

The average price for the selected standard single malts increased again significantly (+7%) compared to last year, when looking at the general picture and in prices converted in £.

Slainte Mhath

Bonus:

Serge Valentin wrote in 2007 an article in the French version of Whiskymagazine (N°22) about collectable whiskies. Amongst the list of brands with collectables bottles, the following ones were mentioned: Ardbeg, Bowmore, Brora, Glen Garioch, Laphroaig, Longmorn, Macallan, Port Ellen and Springbank.

I have always been interested in the evolution of the prices, but extracting the prices of selected brands from auctions requires some technical skills. Therefore, I was never able to generate figures that could help in understanding the trends in collectable whiskies. I was lucky to recently get in contact with such a “number cruncher”, M. Kleinhenz, who kindly shared some of his data with me, so let's see what these figures are telling us!

Methodology:

The values given in table 2 are the mean price reached at <http://www.whiskyauction.com> for the given brand and time period. Since not all bottles of a given distillery are collectable, filtering would have been welcomed, but this is unfortunately too complicated to perform.

Results:

For each of the selected brands mentioned above, the minimal, average and maximal price are listed in Table 2. In terms of average price, most of the brands remained stable, with a small decrease for Springbank, but with an increase for the lost distilleries of Brora and Port Ellen. For these two distilleries, the same observation can be made regarding the minimal price. With the exception of Springbank, Port Ellen and to some extent, Glen Garioch, the maximal price reached for a bottle has significantly increased during the period 2006-7.

Average Price	Ardbeg	Bowmore	Brora	Glen Garioch	Laphroaig	Longmorn	Macallan	Port Ellen	Springbank
2005 (8-12)	211 €	176 €	160 €	96 €	143 €	190 €	180 €	175 €	312 €
2006	232 €	159 €	159 €	153 €	166 €	164 €	188 €	175 €	229 €
2007	204 €	152 €	229 €	114 €	196 €	171 €	167 €	189 €	227 €
2008	209 €	161 €	229 €	144 €	210 €	154 €	160 €	217 €	242 €
2009	275 €	170 €	263 €	141 €	190 €	180 €	179 €	250 €	255 €
2010 (1-8)	193 €	175 €	279 €	143 €	162 €	204 €	182 €	256 €	182 €
Max	Ardbeg	Bowmore	Brora	Glen Garioch	Laphroaig	Longmorn	Macallan	Port Ellen	Springbank
2005 (8-12)	713 €	1,835 €	270 €	336 €	707 €	400 €	960 €	1,905 €	1,550 €
2006	1,315 €	2,505 €	281 €	855 €	750 €	305 €	1,516 €	1,755 €	1,292 €
2007	1,655 €	1,155 €	1,255 €	293 €	1,106 €	627 €	2,405 €	2,183 €	1,026 €
2008	1,621 €	2,900 €	905 €	910 €	1,506 €	580 €	2,480 €	1,561 €	1,501 €
2009	8,114 €	3,305 €	1,003 €	686 €	1,895 €	782 €	3,655 €	2,602 €	2,055 €
2010 (1-8)	1,555 €	3,405 €	1,510 €	870 €	1,705 €	665 €	4,505 €	1,425 €	1,360 €
Min	Ardbeg	Bowmore	Brora	Glen Garioch	Laphroaig	Longmorn	Macallan	Port Ellen	Springbank
2005 (8-12)	38 €	30 €	80 €	25 €	35 €	65 €	35 €	55 €	40 €
2006	36 €	21 €	66 €	30 €	15 €	40 €	20 €	65 €	26 €
2007	30 €	25 €	77 €	15 €	11 €	30 €	13 €	66 €	31 €
2008	25 €	20 €	80 €	20 €	25 €	40 €	25 €	96 €	33 €
2009	31 €	18 €	80 €	15 €	20 €	32 €	17 €	101 €	16 €
2010 (1-8)	25 €	25 €	101 €	15 €	29 €	30 €	12 €	72 €	31 €

Table 2: Average (mean), maximal and minimal price reached at whisky auction for selected brands for a given period. Courtesy of M. Kleinhenz.

Discussion:

These results indicate that the most collectables are indeed the Islay single malt whiskies, with the only challenger being Macallan, that has preserved its cult status. Brora popularity is increasing, while Glen Garioch, Longmorn, or Springbank remained at a rather stable level for each parameter (average and max). The minimal value is not very informative, since most of the distilleries are active and the min price should refer to recent bottling. Since no filtering by age or by year of distillation was not possible, the average price for the collectable whiskies for distilleries in production (e.g., old Springbank, Glen Garioch), might be hidden by the numerous recent bottlings auctioned. However, there are some common elements between these most expensive bottles regardless of the brand: 1) Presence of sherry casks, 2) distilled before 1975 and/or 3) High rating on the “WF” website.

Whiskyauction is not the only available whisky auction on-line service, but it is indicative of the general trend. Since a few months, whiskymag (www.whiskymag.com) has a whisky auction index, and the results are slightly different, since they include only Bonhams or McTears sales. According to the issue 89 of whiskymagazine, the top 10 was constituted (by ranking order) of: Macallan, Bowmore, Glenmorangie, Ardbeg, Springbank, Glenfiddich, Highland Park, Bruichladdich, Glenlivet and Dalmore. One particularity of these British auctions compared to whiskyauction of the sales of some very special bottles (e.g., Dalmore 50 YO or Glenfiddich 64 YO) by the distillers, who tend to use these auctions are promotion.

In any case, the whisky market is very strong and the effect of the crisis are not very apparent. Prices will continue to increase in the near future, but if the whisky market is getting too speculative or would change of “mode” (e.g., decrease interest in Islay whiskies), speculators might have bad surprises.

Conclusion:

The prices reached at auctions by collectable whiskies are either stables or going up, with no trends for a downturn at short term. Prices have considerably increased since 2006-7. Islay whiskies have benefited the most for the current trend for peated single malts.