

Malt Maniacs E-pistle #2011-01 ***By Oliver Klimek, Germany***

This article is brought to you by 'Malt Maniacs'; an international collective of more than two dozen fiercely independent malt whisky aficionados. Since 1997 we have been enjoying and discussing the pleasures of single malt whisky with like-minded whisky lovers from all over the world. In 2010 our community had members from 16 countries; The United Kingdom, Sweden, Germany, Holland, Belgium, France, Switzerland, Italy, Greece, The U.S.A., Canada, India, Japan, Taiwan, Australia & South Africa. More information on: www.maltmaniacs.org.



Beefing Up or Dumbing Down?

A Closer Look on Current Trends in the Scotch Whisky Industry

Scotch whisky has always been marketed as a very traditional product. Granted, the days of tartan and bagpipes on whisky bottles are gone for good, today the emphasis is more on craftsmanship (may it be proper or just on the label) and the image of a high quality natural product with deep roots in history and landscape. But yet the whisky landscape has been constantly changing, be it by producers issuing new whisky expressions or be it by re-designing their existing products. "Standstill means falling behind" seems to be the reasoning of many whisky producers, so they relentlessly try to think of ways not to bore consumers with more of the same.

If we look at the whisky news of the last few years, some patterns can be made out that seem to be rather contradictory on first glance. While some producers noticeably move towards more quality (may it be proper or just on the label), others create the impression of quality playing second fiddle to marketing. And we even can note some extremely smart industry members who manage to combine these two in their ranges - and sometimes even in the same product. But on closer examination these trends are just two sides of the same medal.

Beefing Up #1 - True Quality

In recent years there have been increasingly loud voices calling for what I would like to call "Honest Whisky". No-frills high quality bottlings that don't cheat the eye by adding caramel colouring and that don't cheat the palate by removing flavour-carrying fats through chill-filtration which itself is made necessary by the dilution of the whisky to the legal minimum alcoholic strength of 40% in order not to become cloudy.

An increasing number of whisky producers have been following this call, from Bruichladdich to Springbank or Bladnoch, to name just a few of the smaller distilleries. Glenmorangie/-Ardbeg have changed at least part of their range and Morrison Bowmore seem to use Glen Garioch as testing grounds before hopefully tackling their more prominent malts of Auchentoshan and Bowmore. Finally, in 2010 Burn Stewart announced to revamp their entire single malt range to 46.3% uncoloured and unchillfiltered.

Don't get me wrong. As long as there are people willing to pay the prices asked, why not? I haven't got any problem whatsoever with bottlings like these, if the same companies also offer whisky of good quality at affordable prices. But only then.

Dumbing Down #1 – Sneaky Quality Loss

This is not a recent phenomenon and none of the past, it is a constant one. I don't want to imply that all whisky has become worse over the years. But how often do you hear from the lucky people who have the chance to compare old expressions of a whisky with modern ones that they don't prefer the older version? Is it all just bottle aging? This holds especially true for blends where it often manifests in a decrease of malt content over the decades. But also single malts are affected. Why do people search for the White Horse Lagavulin bottlings? Are these only collectors?

Another popular approach is to lower the alcohol content when releasing a new batch. A prominent example is the drop in ABV from 43% to 40% of the Laphroaig 10 a few years ago.

Dumbing Down #2 - Patronization

Some independent bottlers like Wemyss and the SMWS have started to name their whiskies after what they are supposed to taste like. "Ferrari Screech", "Explosive Impact With After-Tremors", "Crumpets & Cordite" - the list goes on and on. Call me old-fashioned, but I don't like to taste a whisky with a prejudice in mind.

Dumbing Down #3 - Negation

After decades of telling us that single malt whisky is best enjoyed neat at room temperature, some whisky producers now try to convince us that in fact the opposite is true. Diageo presented an "Ice Pillar" for their Johnnie Walker Gold, *"stemming from the connoisseurs' practice of freezing their Gold Label to release its true character"*. And of course the Macallan Ice Ball Serve deserves a mention here, advertised by the distillery as *"the ultimate way to enjoy the ultimate whisky"*.

Dissolving Contradictions

As contradictory as these trends seem to be, they all have a common denominator: Money.

Whisky is big business. A lot of money can be made and lost in this industry, so it is only natural that whisky makers try to run their business successfully. In the light of this, all of the above examples can be explained by one of two basic motivations of the whisky industry: Increasing their profitability or increasing their market share. A company facing or fearing difficulties may of course also take such steps to avoid losses of profitability or market share.



How to Increase Your Profitability

To make profit you need to keep your costs low and your income high, that's pretty obvious. To increase it you can either lower your costs or hike your prices. It is easy to see that the quality loss example stands for the former and premiumization for the latter. Those hideously expensive ultra-premium bottles also have another desirable side effect: Collateral revenue from people who are impressed by the the whisky but because they can't afford to buy it may pick a bottle from the lower end of the distillery's product range instead. A luxury whisky is supposed to act like a carrot on a stick for whisky buyers: It is unreachable for the donkey but it keeps it going.

How to Increase Your Market Share

To increase you market share you have to find new buyers for your products. One way to do this is to snatch buyers from your competitors. To succeed in this exercise you could lower your prices. But then you would risk to run into profitability problems that could only be resolved by lowering the quality. For gaining market share this isn't really advisable. So you have to think of other things you could do. One approach is to raise the quality of your whisky by listening to your buyers like in the first example. You will make them happy and you can also attract new customers that may have turned away from you because of quality issues. You can also try to make your product range more attractive to buyers by a rebranding campaign, with our without improving the quality of your whisky.

But wouldn't it be great if you could also convince people to buy your whisky who normally would never touch it? For example casual whisky drinkers may feel somewhat frightened when confronted with the immense variety of single cask bottlings available from independent bottlers. Cask numbers, distillation dates, weird cask types - it's all so confusing. As a bottler you could try to lower the bar that potential buyers have to jump by telling them what to expect from their whisky. Perhaps by a fancy name that gives them a sledge hammer hint about its taste?



And what about all those young and hip cocktail lovers crowding the downtown bars? Couldn't there be a way to get them interested in a grandpa's drink like whisky instead of shelling out their money for caipirinhas? We need something fancy and uber-cool, something with that special wanna-have factor that turns the creation of a drink into a ritual, we need the iPhone of drinks. Combine this with a catchy slogan and watch the bucks roll in.

Advanced Lesson - Beefing Up by Dumbing Down (BUDDing)

But this is not the end of the game. The true superheroes of the whisky business manage to maximize their interest by beefing up and dumbing down their whiskies at the same time. Let's close with four case studies:

Case Study #1 - Kilbeggan by Cooley

In 2010 the bottle design of this Irish blend was modernized. What they didn't tell us was that they lowered the malt content of the new release. Kilbeggan was placed aggressively priced in German supermarkets. Germany is bigger than Ireland, so it has a lot of supermarkets. So do other countries. Obviously, the only way to cope with a demand raised by good quality was to lower the quality. Too bad we noticed in spite of the fancy new label.

Case Study #2 - Macallan Fine Oak

This is not exactly fresh news, I admit, but nonetheless it's a prime example for BUDDing. Always having stated that all whisky was best matured in sherry casks, The Macallan ran into a problem when growing demand for their single malt met dwindling supply of first class sherry casks. So they came up with the idea of introducing a whole new product range that allowed them to use bourbon casks as well. In spite everything they said before about the superiority of sherry casks, the Fine Oak range was marketed as the best thing that ever happened to whisky since the invention of the pot still.

Case Study #3 - Fettercairn 40 yo

When Fettercairn was rebranded recently, the 40 yo was introduced as new flagship bottling. Without a doubt it's a very fine whisky, praised by many a commentator. But yet it has one thing in common with Whyte & Mackay's cheap *Special* pub blend: Caramel colouring. Dumbing down? I think so. The message in this bottle is: *"This is the best whisky our distillery has to offer, but we don't trust that you will like it the way it comes out of the cask. Perhaps you might think it's a bit on the bright side for a 40 yo, or maybe you are shocked to learn that the last batch might have been a tad darker than this one, so we adjusted the color to our liking."* Hands up anybody who thinks a whisky that has spent 40 years in a sherry cask needs to be colour-adjusted. BUDDing or not?

Case Study #4 – Ardbeg Blasda

With the re-opening of Ardbeg in 1997 the distillery has built up a reputation for producing a typical heavily peated Islay malt. But the team around Dr. Bill Lumsden, Glenmorangie's "Head of Whisky Creation" have always had a sweet spot for experiments, so they started to distill a lightly peated version of the Ardbeg spirit. The whisky was finally released as *Ardbeg Blasda*. Apart from the lower peat level the bottling differs from the standard 10 year old in a variety of ways: The bottling strength is reduced from 46% to 40%, it is chill-filtered and it is a rather young NAS malt. And yet it sells for 15% to 20% more than the trusty old *Ardbeg Ten*. This can fairly be called BUDDing as the *Blasda* perfectly combines premium pricing with reduced value.



Oliver Klimek (b. 1968) is living in Germany just outside Munich and earns his living by selling stamps over the internet. In 2009 his growing affection for whisky made him start his own whisky blog. Dramming.com currently features more than 300 ratings and tasting notes as well as more than 100 articles about everything whisky - interviews, whisky knowledge for beginners and anoraks alike, distillery visits and more. He has joined the Malt Maniacs in December 2010