

Thirty years ago South Africa was one of the top ten markets in the world for Scotch whisky and the trade was dominated by a handful of standard or proprietary (“prop”) brands. The top sellers were Bells and Johnnie Walker Red label and their combined volumes represented almost half the total market. Sales of prestige or premium products were almost insignificant, and the only malt whisky with any presence was Glenfiddich (which was often purchased by consumers who thought of it as a more exclusive Scotch, rather than as a malt.) Discounted retailers' house brands hardly featured. Whiskies from Ireland, the United States, Canada and Japan were exotic and largely niche commodities. When Stellenbosch Farmer Winery launched a locally distilled whisky (Three Ships) many licensees considered the project an ill-fated act of hubris that would never make financial sense.

By the mid-1990s this picture had begun to change. The market was polarising. Volumes of discount product were growing, the middle ground of “prop” whisky was shrinking (with only a few big names holding their own in the presence of this erosion), and the premium segment was growing visibly. Led by Johnnie Walker Black label, and followed shortly thereafter by Chivas Regal, it profited from the burgeoning taste for visible luxury.

Changes in the regulations governing threshold levels of compounds formed during distillation (notably furfural) opened the way for a wider range of malt whiskies to enter the country - at much the same time as this category began to enjoy international attention. Suddenly whisky wasn't just a “Scotch and soda” beverage. It was an expression of the pursuit of nuance and exclusivity which had begun to fuel the boutique wine market (and which now drives the so-called craft beer phenomenon.) It also offered a perfect fit for consumers who wanted to show off their knowledge of the more intricate and artisan side of the trade, and it offered pricing options from just above the blended whisky prop segment to whatever stratospheric level appealed to the well-heeled.

Fast forward to 2016 and a wholly different picture emerges. Jameson's Irish Whiskey is one of the top three sellers in the South African market. Premium Scotch has totally swamped the middle ground: names which a generation before dominated the prop trade - White Horse, White Label, Haig and Black & White - have all but vanished. Discount whisky has become so commoditised that there's almost no brand allegiance in that segment, and exotic whiskies now occupy the bulk of the facings in the country's upmarket outlets.

If today you wanted to build up a collection of malt whiskies, you could easily assemble a line-up of somewhere between 200 and 400 different products. There's a real choice of Irish and American premium whiskeys, and small volumes of highly regarded Japanese brands. You could even treat yourself to several excellent bottlings of Three Ships, some with aged statements of 12 years and older, and now even one which comes with a Pinotage cask finish. Instead of local being the bottom end of the cheap-and-cheerful market, it's ahead of the erstwhile prop segment and starting to acquire real territory.

In a curious way whisky has pretty much tracked the same curve as every segment of the liquor business. The once monolithic beer market has seen a similar trend, though the major brands still represent the bulk of the trade. Brandy, once the preserve of a handful of major brands, has seen a smaller (but nevertheless significant) loss of the middle ground, with the discount and the premium segments pulling away from the centre. The wine business has been no different. The number of local producers has

trebled over the past 25 years, with a commensurate increase in the number of labels in the market. And while the vast majority of what is sold trades for less than R50 per bottle at retail, the pull upwards to more premium pricing has taken the shock value out of R1000+ bottles.