

FOOD AND BEVERAGE

With big sales and events, spirits are at the forefront of duty-free retail

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Le Clos' flagship location in Dubai International where the sale happened. Image source: Le Clos

By DANNY PARISI

Interest in high-end spirits is growing, with significant sales in the duty-free alcohol sector and events being held at international airports to celebrate fine whiskies and other beverage types while affluent consumers travel the globe.

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Spirits retailer Le Clos has broken the record for most expensive duty-free alcohol purchase yet again with the sale of a 29-bottle set of The Macallan for \$530,000. Meanwhile, DFS Group, an LVMH-owned travel retail company, announced the opening of a global whiskey festival at eight of its locations around the world.

"To achieve a second duty free world-record sale in just six months with The Macallan is a tremendous milestone," said Andrew Day, group chief executive officer at MMI, Dubai. "It reinforces the strength of our partnership, Le Clos' world-class retail environment and recognition of the iconic nature of The Macallan itself."

Duty-free retail

Duty-free shops are incredibly lucrative. Due to the lack of taxation on products, customers are used to spending large amounts of money on products without excessive taxes on their purchases.

Over the past 18 months, Le Clos has made three massive sales, each one topping the previous record for largest single sale at a duty-free shop.

Now Le Clos' latest sale tops their two previous record-holders with a collection of 29 bottles of The Macallan, including every remaining vintage of its The Macallan 18-Year Old, ranging from 1958 to 1986, one of the most sought after spirits in the world.

This collection retailed for \$530,000 and set a high bar for future duty-free shops attempting to match the sales price.



THE OLDEST SPIRIT IN THE COLLECTION SPENT 56 YEARS MATURING

The Macallan Fine & Rare. Image source: Le Clos

Duty-free shops are a haven for luxury brands, which rely on the looser inhibitions of wealthy customers in an environment where their purchases will not be taxed as heavily.

DFS is also getting in on the valuable market for duty-free spirits with The Whiskey Festival, a global event from June until the end of August that will celebrate the finest whiskies on sale at its shops in eight different airports.

The festival will travel from airport to airport, stopping at each one for a month at a time, with multiple airports hosting the festival at once.

At The Whiskey Festival, consumers can enjoy masterclasses from leading brand ambassadors and complimentary tastings of the whiskey on sale.

DFS is hoping to drum up sales for its duty-free whiskey in light of data that shows duty-free spending is on the rise.

With more airports, lower-cost airlines and bigger planes, international travel is becoming more accessible to less affluent consumers, especially those in emerging markets. Shopping is inherently linked to tourism, and airports offer brands a captive audience that is likely to be wooed by competitive prices ([see story](#)).

Luxury spirits

Duty-free has been a valuable new retail frontier for luxury brands as its share of luxury purchases grows. Aimee Kim, lead partner at McKinsey & Company, once called duty-free "the sixth continent" for luxury retail.

Led by the Chinese, Asia's luxury consumer is a globetrotting, shopping abroad force that differs completely from affluent demographics based elsewhere. Contributing to 30 percent of duty-free transactions with an average spend that dwarfs other nations, Chinese consumers' pull toward tax free shopping has cause the retail format to become a fruitful sub-market ([see story](#)).

THE WHISKEY FESTIVAL



The DFS Whiskey Festival is on tour from June till the end of August. Image source: DFS

Due to high consumer demand and affordable travel rates, the duty-free retail sector is expected to reach approximately \$98 billion in revenue by 2019. As such, Technavio's "Global Duty-Free Retailing Market 2015-2019" examines market growth by revenue and tracks emerging trends for the sector to illustrate why having a duty-free strategy can be profitable for global luxury brands ([see story](#)).

With this massive sale at Le Clos and DFS making duty-free whiskey into an event in and of itself, the world of duty-free spirits is booming. With that in mind, duty-free retailers specializing in other retail sectors would be well to observe the success of the spirits sector and adjust their strategies accordingly.

"Le Clos and The Macallan will continue to develop our partnership," Mr. Day said. "We will shortly launch the newly designed shop-in-shop in our flagship Concourse A store at Dubai International (DXB), ensuring that Le Clos remains the destination of choice for those seeking iconic collectibles by continuing to set the standard in luxury travel retail."

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