

# KANE'S BEVERAGE WEEK

*The marketing, regulatory and financial news that matters . . . when it matters  
for bev/al executives and their advisers*

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## Who & What —

**Wolf Spirit** snags **Wendy Dunlap** from William Grant & Sons to serve as VP-Sales, National and On-Premise Accounts. **Tom Nicholls**, who was CMO of the Hard Rock branded ready to drink cocktails, will launch Wolf Spirits' new RTD division in September.

**Winebow** promotes **Michael Manzo** to executive vp & chief financial officer. He has been senior vp-finance & strategy.

**Winebow** said **Aileen Sevier** has joined the company as Director of Marketing for its Upper Left Campaign. The program is intended to bring sales and recognition to Washington and Oregon wines and to signal Winebow's commitment to the region. Most recently she served as VP-Strategy and Marketing at Early Mountain Vineyards in Virginia.

**Wine Market Council** appoints **Liz Thach, MW, Ph.D.**, president, effective Aug. 1, succeeding **Dale Stratton**. Thach is a well-known wine writer, business consultant and distinguished professor of wine and management at Sonoma State University and Texas A&M.

Prof. **Edward Spang** the helm of the **Robert Mondavi Institute for Wine & Food Science** at University of California, Davis. He succeeds Prof. Emeritus Andrew Waterhouse, who retired in June after five years with the institute.

**Rutherford Wine Co.** promoted **Janet Hammer** to director of sales, national accounts, while **Jennifer Burke** was hired as Intermountain Regional Sales Manager and **Chad Hause** joins the company as Northern California Area Sales Manager.

## **Molson Coors Net Soars 623.9% on 11.8% 2nd Quarter Sales Gain**

**Molson Coors Beverage Co.** reports an eye-popping 623.9% increase in net profit after taxes to \$342.4 million, or \$1.57 a share, on an 11.8% rise in net sales to \$3.27 billion.

It was the best quarter of reported net sales since Molson and Coors were merged in 2005.

Molson Coors' second-quarter results were accelerated by trends in the beer industry, but the groundwork for success was already in place, said **Gavin Hattersley**, Molson Coors' president and CEO.

"This achievement is not only a measure of three months in the second quarter, it's a measure of the past three years. It's about the work we've done to strengthen our business, which put us in a position to attract consumers when they began looking for alternatives," he said in a call with analysts.

Molson Coors saw its best quarterly U.S. brand volume trend since the MillerCoors joint venture in 2008, leading to revenue growth in every channel, segment and region, Hattersley said.

The company is raising its 2023 guidance based on the continued strength of its core brands in the U.S., "while remaining mindful of the softness in the beer industry and continued caution around the consumer," said Tracey Joubert, chief financial officer, also noting that Molson Coors will lap its 2022 price increases in the second half of the year and will begin unwinding a large contract brewing agreement that is scheduled to end in 2024.

### A surging core

Molson Coors' top three global brands – **Coors Light**, **Miller Lite** and **Miller High Life** – grew volume globally.

In the U.S., Molson Coors' brand volumes were up 8.7%, driven by Coors Light, Miller Lite and **Coors Banquet**, which were all up double digits.

Combined, Coors Light and Miller Lite are now 50% bigger than Bud Light by total industry dollars and 30% bigger than Modelo Especial. In the second quarter of last year, by comparison, Bud Light was bigger than Coors Light and Miller Lite combined.

In the second quarter, Coors Light grew more industry dollar share than any other beer brand, Hattersley said, and it grew faster than Modelo Especial and Corona Extra combined.

In Canada, Coors Light and the Molson brand franchise grew volumes and share of the industry; Coors Light became the No. 1 light beer in Canada in March, as well as the No. 2 beer overall. Brand volume across the country increased 11.3%.

While Molson Coors' top brands played a large role in the quarter's results, Hattersley said the entire business contributed.

### Growth across segments

In the U.S., Molson Coors gained the most dollar share in the second quarter, with Coors Light, Simply Spiked and Miller Lite representing three of the top five franchises. Each of Molson Coors' top five U.S. brands grew dollar share.

Coors Banquet gained dollar share of U.S. total beer for the eighth straight

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quarter and Simply Spiked Peach was the best performing new product in the quarter by dollar share.

Meanwhile, Molson Coors gained more than 12,000 new tap handles last quarter and grew e-commerce sales at double the rate of the category's leading platforms.

In the quarter, Molson Coors' economy brands grew dollar share of U.S. total beer, with Miller High Life and Keystone Light growing volume.

#### **Above premium drives global revenue**

Globally, its above premium portfolio, highlighted by the success of Madrí Excepcional in the U.K., drove revenue.

Madrí helped drive Molson Coors' on-premise performance, which hit its highest share level in over a decade. Madrí, which is also sold in the off-trade, saw triple-digit volume growth last quarter and is now the company's fourth-largest above-premium brand globally.

More than half of Molson Coors EMEA & APAC revenue came from its above premium products.

#### **A sound foundation**

Hattersley said the company was on solid footing due to a series of strategic moves it made years ago, including improving its supply chain, investing in facilities and capabilities and changing its approach to marketing and media.

"We're proving this business can grow the top and bottom line sustainably. We're proving we have the resilience and wherewithal to navigate macro challenges affecting our industry and the world," he said. "And we believe we're proving that when we stick to a clear strategy over the long term, results will continue to follow."

### **AB InBev Revenue Up 7.2%, Net Plunged in 2nd Quarter**

"Stay calm, carry on" seemed to be the motto at **Anheuser-Busch InBev** as the global brewer reported total volume declined 1.4% globally, organic revenue rose 7.2% but net profit was slashed to \$607 million from \$1,975 million a year earlier.

That 7.2% revenue growth isn't as impressive as it initially appears because it includes Argentina, which is experiencing hyperinflation. "Fully excluding the Argentinean operation, 2Q23 organic revenue increased for AB InBev would be 4.6% versus the 7.2% reported.

Revenue from ABI's own beer volumes fell 1.8% and non-beer revenue inched up 0.5%. But organic revenue from third-party products jumped 12.9%.

In the U.S., where ABI's **Anheuser-Busch** unit was struggling with fallout from the Dylan Mulvaney controversy, revenue fell 10.5% and STR volumes fell 14% "with performance impacted by the decline of the Bud Light brand," said Michel Doukeris, CEO.

"We have actively engaged with over 17,000 consumers since April, and there are a few clear insights. First, most consumer surveyed are favorable toward the Bud Light brand and approximately 80% are favorable or neutral. The consumer will always be at the center of everything we do. All of us at ABI deeply care about and respect all our consumers.

"Second, regardless of favorability, our consumers across all sentiment groups have three points of feedback in

common. One, they want to enjoy their beer without a debate. Two, they want Bud Light to focus on beer. Three, they want Bud Light to concentrate on the platforms that all consumers love, such as NFL, Folds of Honor and Music" Doukeris said, adding:

"ABI's total beer industry share fell 520 basis points to 36.9%, it has been stable since the last week of April through the end of June. U.S. EBITDA declined by 28.2% this quarter with approximately two thirds driven by market share performance and one third driven by productivity loss and the long-term strategic choices we made to increase sales and market investments in our brands and provide support to our wholesaler partners."

Responding to a question, Doukeris said ABI's market share in the U.S. seems to be stabilizing "with signals of improvement."

### **Diageo Net Sales Up 10.7%, Profit Advance 15%**

**Diageo** reports for the year ended June 30, net sales rose 10.7% and profit rose 15%. Although volume in North America declined 4%, net sales advanced 11% from a year earlier and operating profit grew 6%.

"We have delivered strong fiscal 23 full-year results, with organic net sales growth of 6% and organic operating profit growth of 7%, both within our medium-term guidance. We expanded organic operating margin by 15 basis points in a challenging cost environment while continuing to invest in the business," said **Debra Crew**, CEO. "These results demonstrate Diageo's ability to consistently deliver resilient performance, even in challenging macro environments.

"In fiscal 23, we drove double-digit organic net sales growth in scotch, tequila, and Guinness, with our premium-plus brands contributing 57% of overall organic net sales growth. We delivered strong growth in four of our five regions, with Europe and Asia Pacific growing double-digit. North America delivered stable performance as the US spirits industry continued to normalise post-pandemic, and we lapped strong comparators, particularly in the second half of fiscal 23. Globally, we gained or held share in over 70%<sup>(1)</sup> of total net sales value in our measured markets in fiscal 23.

"Our culture of everyday efficiency and strong pipeline of productivity initiatives drove £450 million of savings in fiscal 23, fueling sustained investment in brand building. Our revenue growth management capabilities, deep consumer insights, and smart reinvestment enabled us to take strategic pricing actions with precision and effectiveness. Through free cash flow delivery, we increased our capital expenditure, acquired a number of brands to strengthen our exposure to attractive categories and bolstered our investment in maturing stock in fiscal 23, positioning us well for sustainable, long-term growth.

Looking ahead to fiscal 24, I expect operating environment challenges to persist, with continued cost pressure and ongoing geopolitical and macroeconomic uncertainty. This requires us to move with greater speed and agility. My near term opportunities to drive the business

focus on bolder and faster innovation, stepping up operational excellence to meet consumers' evolving tastes and preferences while driving scotch, tequila and Guinness.

Fiscal 24 marks the start of Diageo's next stage of evolution, and it is an incredible privilege to be leading the company through it. I believe total beverage alcohol (TBA) is an attractive sector underpinned by strong consumer fundamentals, including population growth, increased spirits penetration, and resilience in premiumization globally. I see a long runway of future growth opportunities for Diageo to go after with our winning strategy. And, I firmly believe we have an advantaged portfolio to capitalize on, to drive sustainable long-term growth and generate value for shareholders."

### Heineken Holding's 1st Half Revenue Jumped 6.3%, Net Slipped 8.6%

Heineken Holding N.V. reports for the first half of 2023, revenue was 6.3% higher than a year earlier. Beer volume organic growth was negative 5.6%; Heineken posted a 1.7% growth, excluding Russia, and net profit fell 8.6%. The company, which holds shares of Heineken, said the Americas region "was impacted by a soft beer market, notably in the second quarter, combined with the continuing impact from OXXO mixing in Mexico."

Premium beer volume declined by 6.5%, driven by Vietnam and Russia. Outside these markets, premiumization trends remain strong as premium volume grew by a low -single-digit, ahead of the total beer portfolio in aggregate and in more than half of Heineken's markets. The growth was driven by Heineken, further supported by the growth of Desperados, Birra Moretti, Beavertown, Bedele Especial and El Águila among others.

Heineken continued to lead Heineken's portfolio and grew volume by 1.2% (2.1% excluding Russia) in the second quarter to close the first half with a 1.7% increase (3.7% excluding Russia). Growth was broad-based across 50 markets, most notably in China, Brazil, Mexico, Ethiopia, Panama, Portugal, Croatia and Algeria. Heineken Silver is now present in 45 markets and grew volume by more than forty-five percent, led by China, Vietnam and Mexico. The company said it continues to build Heineken Silver across European markets and the launch in the USA shows promising early results as we scale distribution and reach more and more consumers.

### Spring Mountain Vineyard Names CEO, Outlines Planned Renovations

Spring Mountain Vineyard named Peter Ekman CEO as it emerges from Bankruptcy Act proceedings following its purchase by MGG Investment Group and injection of new capital. Ekman has more than 25 years experience in revitalizing businesses.

Numerous renovations are planned to the 845-acre property which was the setting for the TV drama "Falcon Crest," including replanting all 200+ acres of current vineyards, planting an additional 70 acres of new vines pending Napa County approval, a complete renovation of its 20,000 square feet of wine caves, including a hospitality center, and

developing a new water reservoir on the La Perla ranch.

Atelier Melka, one of Napa's most accomplished winemaking consultants, has been retained to work closely with Ekman and his team. Atelier Melka will assist with Spring Mountain's future vineyard replanting, winery renovation, and efforts to harvest the finest grapes and craft world class wines showcasing the unique terroir of Spring Mountain.

Ekman has served in executive and senior leadership roles at companies including Procter & Gamble, Wine.com, Moët Hennessy, Vivino, Cosentino Wineries, Bulgheroni Estate, and Bounty Hunter Wine & Spirits, where he collaborated with Atelier Melka, among others.

### Ste. Michelle to Trim Grape Purchases 40%

Ste. Michelle Wine Estates plans to reduce total anticipated grape supply by 40% over the next five years, and has begun negotiating with individual growers over contracts it no longer wishes to continue.

News of Ste. Michelle's cutback was delivered at a meeting with growers, according to Sean P. Sullivan, who first reported it in his *Northwest Wine Report*. Also attending the meeting was Sean Conway, Ste. Michelle's new CEO who was hired in March, the company's CFO and a representative from Sycamore Partners, the private equity firm that purchased the winery in 2021.

What does a 40% reduction mean for Ste. Michelle and the industry? In 2017, Ste. Michelle contracted with 35,000 of Washington's 50,000 acres. A 40% reduction means Ste. Michelle would go from using about 35,000 acres to potentially 18,000 acres in less than 10 years time.

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## Control States Post Volume, Sales Increases

Total Control States spirits 9 liter volume in June increased 2.3% over a year earlier and 4.9% increase in sales, showing a resultant +2.6% price mix, the **National Alcoholic Beverage Control Association** said. The rolling 12-month 9L volume results remain positive up 0.5% and +3.4% in \$Vol. During June, selling days were flat vs last year with Michigan -7 days, Pennsylvania +5 days and New Hampshire and Utah +1 day each. Pennsylvania sales also impacted by the pending July 3rd ERP update causing licensees to purchase inventory in advance.

Cocktails, driven by Canned RTDs (+46.5% 9L volume and now 68% share of the category), continue to dominate the category growth of +25.6% 9L volume. Brandy/Cognac, Canadian, Gin, Irish, Other Imported Whiskey, Rum and Scotch all declined in 9L volume in June although only Scotch -1.2% and Brandy/Cognac -13.9% declined in \$ Vol.

Wines grew at 7.8% in 9L Volume with 9.4% in \$Vol returning a positive price mix +1.6% mainly due to the additional selling days and advance purchases in Pennsylvania. Rolling 12-month 9L volume was -3.2% with \$Vol at +1.0 resulting in a +4.2% price mix.

The On-Premise spirits channel was +3.6% in June with +7.8% growth in \$vol resulting in a +4.2% price mix. Pennsylvania +32.5% in 9L volume reflects the advance purchasing by on-premise licensees ahead of the ERP implementation. The On-Premise wine channel was +11.0% 9L volume with \$vol also being positive at +16.9% and +5.9% price mix. Results primarily driven by Pennsylvania +14.1% but also aided by New Hampshire +7.9%.

## Heaven Hill, Log Still Settle Dispute Over 'Dant' Trademark

**Heaven Hill Brands** said it and **Log Still Distilling, LLC**, a family-owned-and-operated spirits company in Nelson County, Ky., have finalized a mutually agreeable resolution of their dispute regarding the usage of the "**J.W. Dant**" trademark and its associated goodwill, which were purchased by Heaven Hill in 1993.

The resolution, which includes an agreed, permanent injunction that was approved and entered by the U.S. District Court on July 31, 2023, demonstrates that both Heaven Hill and Log Still value the importance of intellectual property rights and maintaining strong, independent brand identities within the spirits industry. In their ongoing efforts to enhance their respective portfolios, the companies have jointly agreed to terms that respect the ownership of existing trademarks and that will prevent any possible confusion around future trademark usage. Heaven Hill will continue to be the sole producer of J.W. Dant distilled spirits.

In another development, Heaven Hill celebrated the filling of the 10 millionth barrel of Kentucky Straight Bourbon Whiskey.

## Study: Drinking Alcohol Routinely May Raise Blood Pressure — Even in Adults Without Hypertension

Even in adults without [hypertension](#), blood pressure readings may climb more steeply over the years as the num-

ber of daily alcoholic drinks rise, according to an analysis of seven international research studies published in *Hypertension*, an American Heart Association journal.

With the statistical power of seven international research studies, this analysis confirms for the first time there was a continuous increase in blood pressure measures in both participants with low and high alcohol intake. Even low levels of alcohol consumption were associated with detectable increases in blood pressure levels that may lead to a higher risk of cardiovascular events.

"We found no beneficial effects in adults who drank a low level of alcohol compared to those who did not drink alcohol," said senior study author **Marco Vinceti**, M.D., Ph.D., a professor of epidemiology and public health in the Medical School of the University of Modena and Reggio Emilia University in Italy and an adjunct professor in the department of epidemiology at Boston University's School of Public Health. "We were somewhat surprised to see that consuming an already-low level of alcohol was also linked to higher blood pressure changes over time compared to no consumption — although far less than the blood pressure increase seen in heavy drinkers."

"Our analysis was based on grams of alcohol consumed and not just on the number of drinks to avoid the bias that might arise from the different amount of alcohol contained in 'standard drinks' across countries and/or types of beverages," said study co-author **Tommaso Filippini**, M.D., Ph.D., an associate professor of epidemiology and public health in the Medical School of the University of Modena and Reggio Emilia in Italy, and affiliate researcher at the University of California Berkeley School of Public Health.

Researchers reviewed the health data for all participants across the seven studies for more than five years. They compared adults who drank alcohol regularly with non-drinkers and found:

Systolic (top number) blood pressure rose 1.25 millimeters of mercury (mm Hg) in people who consumed an average of 12 grams of alcohol per day, rising to 4.9 mm Hg in people consuming an average of 48 grams of alcohol per day. (In the U.S., 12 ounces of regular beer, 5 ounces of wine or a 1.5 ounce shot of distilled spirits contains about 14 grams of alcohol. Usual alcohol content differs in alcohol available in other countries.)

Diastolic (bottom number) blood pressure rose 1.14 mm Hg in people consuming an average of 12 grams of alcohol per day, rising to 3.1 mm Hg in people consuming an average of 48 grams of alcohol per day. These associations were seen in males but not in females. Diastolic blood pressure measures the force against artery walls between heartbeats and is not as strong a predictor of heart disease risk in comparison to systolic.

"Alcohol is certainly not the sole driver of increases in blood pressure; however, our findings confirm it contributes in a meaningful way. Limiting alcohol intake is advised, and avoiding it is even better," Vinceti said.

Although none of the participants had high blood pressure when they enrolled in the studies, their blood pressure measurements at the beginning did have an impact on the alcohol findings.

"We found participants with higher starting blood pres-



sure readings, had a stronger link between alcohol intake and blood pressure changes over time. This suggests that people with a trend towards increased (although still not “high”) blood pressure may benefit the most from low to no alcohol consumption,” said study co-author **Paul K. Whelton**, M.D., M.Sc., the Show Chwan Chair in Global Public Health in the department of epidemiology at Tulane University’s School of Public Health and Tropical Medicine in New Orleans and president of the World Hypertension League. Whelton is also the chair of the American Heart Association’s 2017 Hypertension Practice Guidelines and a member of the writing committee for the Association’s 2021 Scientific Statement on [Management of Stage 1 Hypertension in Adults](#).

[According to American Heart Association recommendations](#), if you don’t drink already, don’t start. If you do drink, talk with your doctor about the benefits and risks of consuming alcohol in moderation. The Association also does not recommend drinking any form of alcohol to gain potential health benefits. Instead, follow the Association’s lifestyle and health metrics for optimal cardiovascular health called [Life’s Essential 8](#): eat healthy food, be physically active, don’t smoke, get enough sleep, maintain a healthy weight, and control cholesterol, blood sugar and blood pressure levels.

#### **Study details and background:**

Researchers analyzed data from seven, large, observational studies involving 19,548 adults (65% men), ranging in age from 20 to their early 70s at the start of the studies.

The studies were conducted in the United States, Korea and Japan, and published between 1997 and 2021. None of the participants had previously been diagnosed with high blood pressure or other cardiovascular diseases, diabetes, liver disease, alcoholism or binge drinking.

Usual alcoholic beverage intake was recorded at the beginning of each study and the researchers translated this information into a usual number of grams of alcohol consumed daily. The researchers used a new statistical technique that allowed them to combine results from several studies and plot a curve showing the impact of any amount of alcohol typically consumed on changes in blood pressure over time.

Systolic blood pressure, the top number in a blood pressure reading, measures the force against the artery walls when the heart contracts. It rises steadily with age and is a strong predictor of cardiovascular disease risk. Effective blood pressure management is vital to reduce, prevent or delay the development of high blood pressure.

### **Most Popular Beer? Guinness**

Popularity depends upon how you measure it, of course. But a YouGov survey in the second quarter found 58% of Americans have a positive opinion of Guinness, ahead of Corona Extra (53%), Heineken (51%) and Samuel Adams (49%).

The same survey found that within the Anheuser-Busch family, **Budweiser** remains the [King of Beers](#) which is tied with Blue Moon for a 48% popularity rating.. It occupies position No. 6 on the YouGov list, one spot ahead of

Modelo (47%), and two ahead of Stella Artois (47%).

Coors is No. 10, with 45% popularity; Miller High Life, No. 11 (45%); Corona Light, No. 12 (44%) is tied with Miller, No. 13 (44%). Bud Light, which until recently was the No. 1 seller is No. 15 in popularity according to the YouGov poll and tied with Miller Genuine Draft and Miller Life at 42%. White Claw is No. 19 in popularity at 40%, tied with Coors Light, No. 20, also 40%.

What immediately struck us looking at this list is how the light beers, despite their sales, tend toward the bottom in terms of popularity, while beers with stronger taste and more body tend to be more popular.

Guinness, which provided us with this survey, noted that the brand's non-alcoholic brew, **Guinness 0**, was declared "King of NA Beers" by *Esquire*.

### **Independence Day Ranks as 2d Most Valuable Tuesday YTD**

With slight growth over recent weeks, velocity in the US continues to follow similar trends to previous years. Velocity remains slightly ahead of last year (+2%), thanks to an increase in check value (+2%), with traffic flat, according to the latest *BeverageTrak* data from **CGA by NIQ**’s *On Premise Impact Report*, with sales trends up to week ending July 29<sup>th</sup>, 2023. .

Trends are led by Florida (+6%), with all key states aside from California (-1%) positive vs 2022. Over the last 9 weeks there have been generally positive trends observed in the key states: Illinois and New York state have performed well in recent weeks, with each seeing double[1] digit growth on July 15 vs the previous week. California and Florida both had a positive start to July, with 4 consecutive weeks of growth experienced over the end of June and into July.

**Matthew Crompton, Regional Director** - North America, said: “Although Independence day is typically seen as an Off Premise occasion, on July 4th the On Premise saw a velocity uplift of 6%, making it the second most valuable Tuesday for the US On Premise year-to-date. Those who made a long weekend of it uplifted sales on Monday 3rd July by a remarkable 27% compared to the average Monday of 2023. This highlights that consumers are willing to celebrate significant occasions at bars, restaurants, and other On Premise venues. In light of this trend, hospitality businesses have an opportunity to capitalize on it by providing distinctive experiences to attract consumers and drive sales for future occasions.”

### **Vodka Makers Won’t Like This**

*The New York Times* has a product recommendation web service called [The Wirecutter](#). It’s sort of like consumer reports: They test a bunch of similar products and share which ones they think are best.

From the Friday, [Aug. 4, Wirecutter](#): “While there are certainly some product categories that you [should not cheap out on](#), there are some instances in which more affordable products are solidly designed and constructed, and work just as well as their pricier counterparts.

“Take vodka, for example. Our kitchen team recently shared this little secret with us: Unlike more complex spirits like whiskey or tequila, there’s never a reason to pay a premium for

so-called premium vodka. (And yes, we do have a vodka guide coming.) “

## FTC Seeks to Regulate Consumer Reviews and Testimonials

**Federal Trade Commission** has published a notice of proposed rulemaking that would prohibit: deceptive consumer reviews, including those written by someone who has not actually used the product or service. It would also address the use of company-controlled reviewed websites, suppression of negative reviews, or misuse of fake indicators of social media influence. The Proposed Rule is [here](#), and comments are due no later than Sept. 29.

## Rack & Riddle Acquires Weibel Family Winery

**Rack & Riddle** acquired **Weibel Family Winery** in Lodi, Calif. The acquisition makes Rack & Riddle the largest premium, custom sparkling wine producer in the U.S.

Rack & Riddle began in 2007 as a small company focused on producing superior sparkling wine on contract for other wineries using the Methode Champenoise. Earlier this year it expanded to include Charmat and inline carbonation processing when it leased the Virginia Dare winery facility, which formerly was known as Geysers Peak, from Delicato Family Wines.

Rack & Riddle now has capacity of 3.5 million cases, and will bottle almost 800,000 cases of Methode Champenoise sparkling wine this year, while disgorging 600,000 cases. Weibel typically makes about 600,000 cases, much under contract.

Weibel will now be known as Rack & Riddle Lodi, and its offices will remain at 1 Winemaker Way in Lodi, Calif.

In a statement, Fred Weibel Jr., owner of Weibel Family Winery, said “Rack & Riddle is the only company that I trust to continue what we long ago began. I feel confident that Rack & Riddle will build upon what my family created and diligently accomplished during our 100-year history, as Rack & Riddle is an organization that conducts itself fairly, ethically, and sustainably.”

The Weibel legacy began in 1937, when Rudolph and Fred, Sr. immigrated to the United States from Switzerland. Fred Jr. has run Weibel for 65 years.

## DtC Wine Shipping Returning To Pre-Pandemic Normal

It's not the best of times for shipping wine direct to consumers, but it's not the worst. either.

While “the DtC shipment channel may not be hitting the highs of previous years, it's far ahead of where it was pre-pandemic and remains a dynamic and vital sector of the overall U.S. wine market,” said **Andrew Adams**, an editor with *WineBusiness Analytics*, discussing the DtC Wine Shipping Report. “And while wineries continue to contend with inflation, the DtC market remains the most effective way to engage with their best customers and create new ones in the intensely competitive total beverage alcohol market.”

At midyear, volume is down 7% from a year earlier at 3.4 million cases, sales have slipped 2% to \$1.9 billion as

the average bottle price has climbed 5% to \$46.12.

The Napa average bottle price is now \$80.79 but had the lowest increase at 1%. Washington had the largest rise in average bottle price (11%), followed by Sonoma (10%) and the Central Coast (9%).

California maintains its position as the top destination state, with a 29% share. However, it also had a 14% drop for volume growth YoY for the first half.

Of the top 10 destination states in terms of volume, the top three for volume changes were Virginia (13%), Texas (-2%) and Washington (-3%). In terms of the top 10 destination states by value, the top three for value growth were Arizona (12%), Washington (7%) and Colorado (5%).

Of note: While also a top 10 destination state, Oregon experienced the largest dip in deliveries in both volume (-17%) and value (-18%). Alabama saw a 25% spike in value, which was the highest of any state, but is growing on a very small base. This increase, along with a 26% growth in volume, was also likely due to the continued effect of laws passed in 2021 that allowed for DtC shipments of wine in the state.

### Winery location

Washington wineries lead all other regions with a 7% increase in volume growth YoY in the first half of 2023. Washington also enjoyed a 19% increase in value growth. The Rest of the U.S. category was the second-place finisher for both volume (flat at -0%) and value (+8%). Comparatively, the Rest of California category saw the largest retreats in both volume (-13%) and value (-9%).

### Winery size

The largest wineries – those producing 500,000+ cases per year – increased their average bottle price the most (12%) to \$19.45. Those wineries also had an 11% drop for volume growth. The smallest wineries (under 1,000 cases produced per year) saw the second-highest increase of average bottle price at 10%, topping off at \$88.86. Those wineries also had the only reported increase in volume growth at 1%. Wineries producing 1,000 to 4,999 cases per year saw the biggest drop in average bottle price, dipping 7% to \$60.53. Additionally, those wineries had the largest decline for value shipped (-13%).

### Varietal

Of the top four wine types (Cabernet Sauvignon, Pinot Noir, Chardonnay, Red Blend), which account for 53% of the total share of the volume of all wine shipped DtC, each saw average bottle price growth (2% to 12%) and little to negative value growth (-7% to 2%).

The Other White category had the biggest gains in both average bottle price (17%) and value (10%). The next top varietal categories in terms of value growth were Zinfandel (7%), Chardonnay (2%), Riesling (1%), Merlot (1%) and Pinot Noir (1%).

No varietals saw an increase in volume shipped. Merlot and Riesling had the smallest dip for volume shipped, each with a 2% drop. Petite Sirah and Zinfandel followed at a 3% decrease year over year. The Other category had the largest drop in this category at -21%, followed by Moscato (-19%) and Sangiovese (-19%).

## House of Suntory Announces Legent Yamazaki Cask Finish Blend

House of Suntory, a pioneer of Japanese whisky, announces the launch of **Legent Yamazaki Cask Finish Blend**, a limited-edition whiskey breaking new ground in the bourbon category. In addition to selections of bourbon matured in French Oak wine casks and Spanish Oak sherry casks, this blend also features a selection of bourbon aged in Spanish Oak sherry casks previously used to mature The House of Suntory's flagship **Yamazaki Single Malt Japanese Whisky**.

"Partnering with **Fred Noe**, Seventh-Generation Master Distiller of **James B. Beam Distilling Co**, on Legent Bourbon was an honor and an exciting opportunity to create something special that represents East meets West," said Fifth-Generation Chief Blender of Suntory Whisky **Shinji Fukuyo**. "Taking it one step further to create this limited-edition release that is finished by the climate of Yamazaki Distillery, creating its unique matured aroma, and reimagined with our blending techniques has been an exciting endeavor. The result is a first-of-its-kind whiskey with new layers of rounded and complex flavors."

Legent Yamazaki Cask Finish Blend starts as Kentucky Straight Bourbon crafted from American grain. Following eight years of aging in Kentucky, it then traveled to the outskirts of Kyoto for finishing and blending at the Yamazaki Distillery.

Yamazaki, the birthplace of Japanese Whisky, was identified by Suntory as an ideal environment for maturation due to its distinct seasons and warm, humid climate. It is also where Suntory developed its signature concept of *Tsukuriwake* or "diversity of making," which involves creating and harmonizing many different types of whiskies to create a subtle, refined and complex profile. This concept is applied while creating Suntory Japanese Whiskies as well as Legent Bourbon.

Legent Yamazaki Cask Finish Blend (57% / 114 Proof) will be available for a limited time only online and at select locations in the U.S., Canada, Germany, and Global Travel Retail for a suggested retail price of \$199.99 USD.

## Barrell Craft Intros 2 New Products

**Barrell Craft Spirits** (BCS), the original independent blender of unique aged, cask strength whiskey since 2013, today launched **Barrell Bourbon Batch 035** and the highly anticipated **Rye Batch 004**.

Barrell Bourbon Batch 035, which struck gold at the San Francisco World Spirits Competition, is a multi-mash bill blend of six and seven-year-old spicy and earthy, high-rye, high proof oak forward barrels. They were combined with a blend of eight-year-old softer, lower-proof barrels with concentrated notes of dark cherry and butterscotch. After mingling for two months, 13-year-old barrels with dominant fruit flavors were layered in. A portion of these barrels had more tropical fruit notes and the other portion showed more dried and candied fruit notes. The resulting bourbon is peppery and intriguing on the nose, and sweet and long on the finish. The blend was bottled at cask strength (116.24 proof).

Rye Batch 004 is a blend of straight rye whiskeys from Indiana, Tennessee, Kentucky, and Canada. Ten-year-old In-

diana Rye barrels with notes of brown sugar and a touch of smoke had five and six-year-old barrels layered in for fruit and spice character. 14-year-old Canadian barrels were added for their dry herbal notes. The result is fruit-forward rye with layers of depth. With a derived mash bill of rye (89%), corn (7%) and malted barley (4%), the blend was bottled at cask strength (115.7 proof).

"It's incredible to think we've launched 35 unique bourbon batches over the past 10 years, which truly speaks to our passion for pushing the creative envelope every day," said BCS Founder **Joe Beatrice**. "We're also thrilled to launch our first rye batch since 2020 which marks the debut of our new back labels that will become a staple of nearly all our future releases. As longtime champions of transparency, this further underscores our commitment to informing consumers about what's in their glass of whiskey."

Founded in 2013 in Louisville, Kentucky, BCS selects and blends products that explore different distillation methods, barrels, and aging environments, and bottles them at cask strength. BCS's extensive stocks of high-quality casks mean it can craft extraordinary blends that maximize the nuances of each ingredient. Creative finishes, a liberated approach to blending, and a deep-seated commitment to releasing each whiskey at cask strength guides every product release.

Both expressions are available for purchase online via the BCS website at [barrellbourbon.com](http://barrellbourbon.com) and in select retailers later this month for the suggested retail price of \$89.99 per 750ml bottle.

## Hudson Whiskey Offers Official Bourbon of New York Mets

The new "Official Bourbon of the Mets" is a limited edition bottling of Hudson Whiskey's **Bright Lights, Big Bourbon**, a bold, grain-forward straight bourbon bottled at 92 proof (46% ABV). Produced and bottled in the Hudson Valley, the limited-edition bottle will be available for purchase at select retailers in New York, New Jersey and Connecticut with an SRP of \$39.99 (750ml).

This exclusive release comes on the heels of a new three-year partnership between the New York Mets and William Grant & Sons USA (WG&S), the independent, family-owned distiller and Hudson Whiskey's parent company. As of opening day on April 6, the WG&S portfolio of premium spirits is available for purchase at Citi Field for fans to enjoy throughout the season.

Distilled from New York corn, rye, and barley and aged in new charred American oak barrels for a minimum of three years, the Official Bourbon of The Mets offers notes of rich vanilla and lightly salted caramel on the finish. All Hudson Whiskey variants are 100% NY-made, sourcing all ingredients locally from family farmers in the Hudson Valley.

## UK's Longbottom Canned Bloody Mary Launches in U.S.

**Longbottom**, a UK Bloody Mary brand, is launching in the U.S.

Longbottom says it is the *first* premium tomato beverage of its kind, with better ingredients, better flavors, and better-

for-the-planet packaging. Made from Canary and Pear tomatoes from Southern Spain, known for their sweet and balanced flavor, they're squeezed within two hours from the tomato orchards, for optimal freshness.

Plus, it says it adds its unique flavor blend created with natural ingredients, like red pepper, onion, spices, olives, capers, plant-based Worcester sauce, and scotch bonnet. "Our drinks are proudly straight from the land to the can."

## Blue Moon Sets Intro of Non-Al Belgian White

**Blue Moon Brewing Co.** plans to introduce a non-alcoholic version of its flagship beer later this year.

**Blue Moon Non-Alcoholic Belgian White**, a Belgian-style Wheat Brew that comes as the non-alc segment continues to grow and consumers seek out more low- and no-alc options.

The new brew is poised to launch in six packs of 12-ounce cans in time for Dry January and will be the first non-alcoholic wheat brew from a major brewer in the market.

"Blue Moon changed the way we think about beer, and it's doing it again, this time in the non-alc segment," says **Jamie Wideman**, wp-innovation for **Molson Coors Beverage Co.**

At under 0.5% alcohol by volume with 80 calories, Blue Moon Non-Alcoholic Belgian White is light and refreshing, and brewed with the same Valencia orange peel that's made its namesake the No. 1 craft beer in America. It will be available nationally.

The non-alc segment has taken off in recent years, growing more than 27% in the last year, according to Circa data. That surge has been driven, in part, by craft brands; the top three non-alc craft brands account for more than 80% of non-alc beer sales, Circa data show.

"Consumers know and trust Blue Moon, they enjoy consistent quality and a subtle citrus taste each time they reach for a Blue Moon Belgian White. We are so proud to deliver that same unique experience in the non-alcoholic version," Wideman says. "As the No. 1 craft brand in the U.S., Blue Moon has an opportunity to deliver a non-alcoholic craft brew from a brand that drinkers trust."

## Wyoming Whiskey Releases 'Integrity.' a Tribute to Alan K. Simpson

Retired Sen. **Alan K. Simpson** (R-Wyo.) is being honored by **Wyoming Whiskey** with a new, limited-release Bourbon, **Integrity**.

Every drop of this bourbon is 100% Wyoming, and Wyoming Whiskey prides itself on doing things the right way, not the easy way. This authentic bourbon and whiskey is as proud and as American West as it gets. Alan K. Simpson has embodied this same spirit as a true and passionate representative of Wyoming for so many years, which is why Wyoming Whiskey has chosen to honor him with the release of *Integrity*.

## Foley Family Wines Offers New Zealand Gin, Hires Master Distiller for Minden

**Foley Family Wines** is launching **Lighthouse Gin**

(SRP: \$49.99) in the U.S., an 80-proof, citrus-forward, New Zealand gin produced by **Rachel Hall**, the country's first female Head Distiller, and has appointed **Joseph O'Sullivan** as the Master Distiller of **Minden Mill Distilling** in Nevada.

FFW purchased Lighthouse Gin in 2014 and is launching it in the US as a priority brand in its expanding spirits portfolio.

Lighthouse Gin enters the market as super-premium offerings fuel Gin category growth with \$30+ Gin Brands leading as the fastest growing segment at +11% (750ml).<sup>1</sup>

Named for the famous Cape Palliser Lighthouse, Lighthouse Gin's new brand identity includes an innovative elegant bottle with painted glass and bold shoulder detail, which represents the Fresnel lens – a layered prism that concentrates light into the beacon in a lighthouse visible from great distances.

### New Master Distiller

In another development, FFW named **Joseph O'Sullivan** the Master Distiller for **Minden Mill Distilling**, Minden, Nev.,

Previously Master Distiller for Clear Creek Distillery and Hood River Distillers, O'Sullivan started his career in 2005 as the craft spirits industry emerged. He quickly developed a passion for whole fruit fermentation and the spirit that would later be known as American Single Malt. Under O'Sullivan's leadership, Minden Mill Distilling will produce its own new brands of Bourbon, Rye, American Single Malt, and White Spirits from locally sourced, sustainable grains. These spirits distilled at the site will be available through national wholesale markets and direct-to-consumer channels, including the tasting room.

"I've been working in distilleries for nearly two decades, and I'm looking forward to applying my spirits knowledge and experience to Minden Mill," O'Sullivan commented. "With custom-built production equipment, access to local grains and pure Sierra Nevada water, and a talented team, we will produce some remarkable Nevada spirits."

The total spirits category is growing by 6%, driven by domestic and premium segments. FFW is one of the top 10 super premium plus suppliers in the wine industry, growing more than three times faster than the total segment.

### Briefly Noted —

**Paulaner USA** said it shipped 85% of its orders before the Oktoberfest season.

**Starco** said after selling more than 3 million Whipshots in 17 months since its retail launch, it added d10 more states to its distribution footprint, bringing to 36 the total plus the District of Columbia where it is available.

To Your Continued Success,  
KANE'S BEVERAGE WEEK



JOEL WHITAKER, Editor