

KANE'S BEVERAGE WEEK

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

Volume 84, No. 25

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September 3, 2023

Who & What —

Lambert Bridge Winery promotes **Jennifer Higgins** to vp-winemaker from vp-winemaking and vineyards. With Higgins at the helm in her new role, Lambert Bridge's management and production teams are now 100% staffed by women.

Martine's Wines promotes **Justin Timsit** to director of sales and promotes **Cortney Lease** to national sales manager. Timsit had been California sales manager and Lease had been western regional manager.

Pernod Richard North America promotes **Colin Kavanagh** to chief marketing officer from senior vp transformation. He will succeed Pam Forbus, who was appointed CMO in 2020.

Patz & Hall hires **Brianna Beighle** as assistant winemaker. Beighle has over a decade of experience in viticulture and enology from some of Napa Valley's top estates including Bryant Estate and Spotteswoode in St. Helena.

Crowe PR is now representing **Rabbit Hole Distillery**. Founded by Kentucky Bourbon Hall of Fame Member, **Kaveh Zamanian**, Rabbit Hole offers a new vision of what authentic whiskey can be by unifying heritage techniques with innovative, exclusive mash bills. offers four signature bottlings, in addition to its limited-edition, cask-strength Founder's Collection.

Brock Lindsay, Co-Owner of Succession Wines, Alta Cellars, Dies at Age 40

Brock Lindsay, 40, winemaker and co-owner of **Succession Wines** and **Alta Cellars**, of injuries sustained in an utility vehicle accident. Survivors are his wife, Erica, and daughters, Layla and Reese.

Gallo Buys Massican, a White Wine Producer in Napa

Just two days after announcing its purchase of **Rombauer**, one of the most popular chardonnay producers in the U.S., **E&J Gallo** said it acquired **Massican**, a white-wine-only brand in Napa Valley. Terms weren't disclosed.

The sale was of the brand and unsold 2022 inventory only. Founded by **Dan Petroski**, Massican doesn't own a vineyard, winery or tasting room. In 2022, the winery produced 7,500 cases' it expects to bottle 10,000 cases this year. As part of the deal, Petroski agreed to continue as winemaker for at least five years.

Selling at this time is a natural progression to expand the brand's reach, Petroski said. "Massican has been a one-person operation since its inception. In order to grow and achieve my objectives, I began to realize I needed help." he said. "The reality is, I can't go from 10,000 to 100,000 cases without finding a financial partner to help me fund that growth." Gallo, he added, was the right partner at the right time.

Gallo found Massican appealing, Petroski said, because there's a joint goal of bringing this brand to a wider audience of wine drinkers. "Massican has been Napa Valley's only white wine winery since the day it was founded in 2009," Petroski said. "The style of our wines has bucked a few trends in the arc of California wines in the last 20 years, and that has been appealing to both consumers and trade customers."

Massican's crisp, zesty Mediterranean-inspired wines are made from Italian grapes that are hard to find in California. Gallo brand manager John Irwin said that while Massican wines are atypical for California, the acquisition enables the company to offer "a stylistic counterpoint" to Rombauer's rich, round and buttery Chardonnay. Massican fits with Gallo's mission to "create a more inclusive identity for California wine," he said.

"If someone's shopping for wine for their dinner party and puts a bottle of Massican Hyde Chardonnay into their basket with a bottle of Rombauer Chardonnay, they'll get two very different takes" on Napa's Carneros region, Irwin continued. "Now it's a conversation, it's a deeper way into wine."

As for Petroski, he's committed to stay with the brand for five years, maybe ten. And then? "This is my last job in wine. I signed on for five to 10 years' potential growth in this brand. When I hit 10 years, what's my next move? It's probably going to be on the beaches of the French Riviera."

E&J Gallo Buys Rombauer Vineyards

E. & J. Gallo's Luxury Wine Group said it agreed to purchase **Rombauer Vineyards**, producer of critically acclaimed wines from Napa Valley, Sonoma County, the Sierra Foothills, and the Santa Lucia Highlands. Terms weren't disclosed.

Founded in 1980 by **Koerner and Joan Rombauer**, Rombauer Vineyards is known for its high-quality wines, exceptional vineyard sites, and commitment to sustainability, as well as family-style hospitality. Four decades later, the winery has become widely acclaimed for its well-balanced, fruit-driven varietal expressions.

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Subscriptions: \$799, 47 issues a year

ISSN: 0882-2573

Similar to Gallo's philosophy on cultivating the land with care, Rombauer Vineyards recognizes that winemaking is a holistic endeavor, and sees the interaction of land and community as a vital part of the winemaking process.

The acquisition includes the Rombauer Vineyards brand, three winery and production facilities, two tasting rooms with breathtaking vineyard views, along with over 700 acres of sustainably farmed vineyards in Carneros, Atlas Peak, St. Helena, Calistoga, Sonoma Valley, and the Sierra Foothills.

"On behalf of the Rombauer family, we are thrilled that we were able to find a dedicated, multi-generational family who share in our vision and passion of providing exceptional wines with a long-term focus on quality and reinforcing community. Gallo places great importance in stewardship of the land, the Rombauer brand, and their employees," stated **K.R. Rombauer**, owner, and son of Rombauer founders, Koerner and Joan Rombauer.

"The Rombauer brand and family have built a reputation around quality and integrity. It's an iconic brand rooted in distinctive and respected wines," said **Joseph C. Gallo**, VP-General Manager of Gallo's Luxury Wine Group.

Gallo continued: "We are excited to work on this next chapter alongside the very talented Rombauer Leadership and Winemaking team. Their values, along with their long-term focus, align seamlessly with our culture. Our shared goal is to honor and build on this legacy."

Brown-Forman Sales Up 3%, Net Slides 7% in 1st Quarter

Brown-Forman Corp. reports fiscal first quarter net sales increasing 3% to \$1 billion (+2% on an organic basis). In the quarter, reported operating income decreased 4% to \$327 million (-6% on an organic basis) and net income fell 7% to \$231 million as diluted earnings per share, which decreased 7% to \$0.48.

Lawson Whiting, president/CEO, said, "As anticipated, our first quarter growth was impacted by the difficult shipment comparison from fiscal 2023, when we rebuilt inventory impacted by prior glass supply challenges. We continue to be confident in the strength of our people, our brands, and our business, and reaffirm our full-year fiscal 2024 guidance of 5-7% organic net sales growth and 6-8% organic operating income growth."

Portfolio growth was led by recently acquired Gin Mare and Diplomatico brands, which collectively increased reported net sales 2%, New Mix RTD which sales exploded 52%, el Jimador, whose sales grew 27%, and Jack Daniel's Tennessee Apple, which reported net sales growth of 49%.

Reported net sales for Whiskey products declined 1% (flat organic) led by **Woodford Reserve** and **Gentleman Jack** due to an estimated net decrease in distributor inventories, partially offset by the growth of **Jack Daniel's Tennessee Apple** and Jack Daniel's super-premium expressions such as **Jack Daniel's Sinatra** and **Jack Daniel's Bonded**. While reported net sales of **Jack Daniel's Tennessee Whiskey** was flat, the brand led the company's organic growth (+2%) even as it was negatively impacted by an estimated net decrease in distributor inventories in the U.S.

Ready-to-Drink (RTD) growth continued to be driven by consumer preference for convenience and flavor, the company said.

Pernod-Ricard Sales Rose 13% in Year

Pernod-Ricard reports net sales for fiscal 2023 rose 13% (10% organically). Net profit rose 12%.

The company said growth was broad-based across all regions with strong pricing execution. The Americas saw 2% growth; it was described as "dynamic" in Latin America, led by Mexico, and low single-digit growth in North America with stable net sales in the U.S. and underlying value depletions up 2%. Declining sales are expected in the first quarter because of high comparables, but the company said it has a positive outlook for the year. A

Asia-RoW was up 17%, and Europe was up 8%.

All spirits categories delivered strong growth:

- Strategic International Brands: +11%, strong momentum led by Scotch, Martell, Jameson and Absolut.

- Strategic Local Brands: +10%, very dynamic growth notably led by Seagram's Indian whiskies and Olmeca.

- Specialty Brands: +8%, continued development led by Lillet, Aberlour, Malfy and the Spot Range.

- Strategic Wines: (2)%, overall soft performance mainly driven by Jacob's Creek and Campo Viejo in UK and North America.

Looking to the future, the company said that based on its "very strong FY23 performance, we confidently reiterate our FY23 to Y25 mid-term financial framework of aiming for the upper end of +4% to +7% Net Sales growth and +50/+60bps operating margin."

Alexandre Ricard, chairman/CEO, said: "Pernod Ricard once again delivered a very strong full-year performance, achieving double-digit broad-based growth in sales and earnings despite a volatile environment. The relevance of our growth strategy, the desirability of our brands and the unwavering commitment and agility of our teams enabled us to gain share in most markets and strengthen pricing. Our transformational journey continues to accelerate through the deployment of tech and data-powered organizational, sales and marketing initiatives. We are making solid progress on our sustainability and responsibility roadmap to 2030. While the environment in FY24 remains challenging, I am confident in Pernod Ricard's ability to deliver on its medium-term objectives."

Chivas Brothers Confirms Strongest Financial Performance in Decade: Sales Up 17%

Chivas Brothers, the Pernod Ricard business dedicated to Scotch whisky, reports net sales rose 17% during fiscal 2023, ended June 30, taking total sales to a ten-year high. The results demonstrate ongoing strong global demand for Scotch and reinforce the company's long-term premiumisation strategy.

The North American market has seen stellar growth in a highly saturated market, with 8% growth. The US and Canada saw 8% and 7% growth respectively.

The company also announces more than £60 million in planned investment over the next three years to accelerate

its energy and carbon reduction journeys to achieve carbon neutral distillation by the end of 2026. It follows the company's move to make its heat recovery technology learnings open source for the industry, after proving successful at Glentauchers distillery, with a 53% reduction in carbon emissions at this site alone.

Chivas Regal celebrated global growth of 25%, with impressive performance in markets such as India and Japan. The brand's success was driven by its core aged range, with Chivas Regal 18 the leading 18-year old blended Scotch globally by both volume and value in calendar year 2022 according to IWSR Drinks Market Analysis 2022¹. Chivas Regal was also the leading contributor to Pernod Ricard Group growth in FY23.

Ballantine's grew by 13% in FY23, driven by particularly strong growth in its prestige range, which exceeded that of the total Prestige and Prestige Plus Scotch category, according to IWSR in 2022. Ballantine's 21 and Ballantine's 17 have been the key drivers alongside Ballantine's Finest, with the Asia region excelling during this fiscal.

Royal Salute recorded a significant 32%, growing ahead of the Prestige and Prestige Plus Scotch category by both value and volume in 2022, as the brand continues to elevate through exclusive luxury releases such as the Royal Salute Coronation of King Charles III Edition. It showed particularly strong growth in the US, along with double digit growth in core Asian markets including Korea, India and the Taiwan Market.

The Glenlivet continues its upward trajectory with 9% growth and was the best-selling single malt by volume in 2022, according to the IWSR⁴, setting the brand in strong stead for its 200 year anniversary in 2024. This has been driven by significant demand for its Super Premium and Ultra Premium ranges in an already competitive category, with balanced growth across the brand's global footprint.

Specialty brand **Aberlour**, part of the broader Chivas Brothers single malt brand portfolio, also grew 11% in the highly competitive malts category.

DISCUS Decries NIAAA Chief's Call for 2 Drinks a Week Limit

Dr. George Koob, director, **National Institute on Alcoholism & Alcohol Abuse**, undermined "the scientific rigor and objectivity of the entire Dietary Guidelines process" when he said the U.S. Department of Agriculture could revise its alcohol advice to match Canada's, where the government recently advised people to have just two drinks a week, the **Distilled Spirits Council of the U.S.** said.

The current *U.S. Dietary Guidelines for Americans* recommends just one drink a day for women, two for men. But Koob said that the Guidelines' alcohol recommendation is currently under review, and "if they go in any direction, it would be toward Canada."

Distilled Spirits Council of the U.S. quickly responded with a statement from Amanda Berger, vp-science and health, saying that Koob's comments "calling for a drastic change to the federal recommendation on alcohol before the review of alcohol research has even begun undermines the scientific rigor and objectivity of the entire Dietary Guidelines process."

"For more than 30 years, the federal guidance on alcohol consumption has been no more than one drink per day for women and two drinks per day for men for those who choose to drink. It is extremely alarming and inappropriate for a federal official to predetermine the outcome of the Dietary Guidelines and suggest changing decades of precedent without the benefit of the scientific review to support such a sweeping move."

Beer Institute and **Wine Institute** did not respond to our request for comment.

The press office at NIAAA noted the U.S. Dietary Guidelines as recommendations. "They provide advice on what to eat and drink to meet nutrient needs, promote health, and prevent disease."

Koob told the Daily Mail, a London newspaper, there weren't any benefits to drinking alcohol in terms of physical health.

For more than 35 years, moderate consumption of alcohol, and in particular red wine, has been associated with a significant reduction in cardiovascular disease.

Koob pooh-pooed that body of research, saying: "Most of the benefits people attribute to alcohol, we feel they really have more to do with what someone's eating rather than what they're drinking.

"So it really has to do with the Mediterranean diet, socio-economic status, that makes you able to afford that kind of diet and make your own fresh food and so forth.

"With this in mind, most of the benefits kind of disappear on the health side."

Mediterranean Diet

How much Koob or others understand the Mediterranean Diet is open to question. "The Mediterranean Way of Drinking and Longevity," a study in NIH's National Library of Medicine, notes that "Moderate wine drinking is part of the Mediterranean diet, together with abundant and variable

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plant foods, high consumption of cereals, olive oil as the main (added) fat and a low intake of (red) meat. This healthy diet pattern involves a "Mediterranean way of drinking that is a regular, moderate wine consumption mainly with food (up to two glasses a day for men and one glass for women). Moderate wine drinking increases longevity, reduces the risk of cardiovascular diseases and does not appreciably influence the overall risk of cancer."

Unable to counter evidence that light to moderate alcohol consumption reduces the risk of cardiovascular and certain other diseases, anti-alcohol advocates have seized on research showing that drinking raised the risk of cancer.

One 2020 study, for example, conceded that "evidence has suggested that there may be benefits from moderate consumption of alcohol, such as lower rates of cardiovascular disease, type 2 diabetes, Alzheimer's and dementia." But, it suggested, these benefits might not exist. That study emphasized that even small amounts have been linked with several types of cancer.

The same researchers whose studies have demonstrated the benefits of moderate alcohol consumption on cardiovascular disease have acknowledged that alcohol consumption, especially heavy drinking, can increase the risk of various cancers. But, they say, heart disease kills far more Americans each year than cancer, a point neither Koob nor the study mentioned.

Multiple Critics

DISCUS's Amanda Berger isn't the only critic of the studies embraced by Koob. **Eric Rimm**, a professor in the Harvard T.H. Chan School of Public Health's Departments of Epidemiology and Nutrition—who headed the panel that created the 2010 guideline recommendations—said in an August 5, 2020, article in *Wine Spectator* the panel "ignored all research before 2010 and were very dismissive of observational studies of alcohol and chronic disease, even though this represents the only way to study alcohol and long-term health."

The current committee "got it wrong and was overly conservative about their advice for adults that drink moderately, can control their consumption and do not binge drink," Rimm said.

Koob is not the first person to propose revising the Dietary Guidelines to reduce to alcohol consumption recommendation. In 2020, the advisory panel proposed a new guideline for men of just one drink a day. That proposal ultimately wasn't accepted.

NIAAA: Koob Isn't a 'Czar'

In a statement to *Kane's Beverage Week*, the NIAAA press office took issue with the *Daily Mail's* characterization of Koob as a "czar."

"The title "czar" implies a White House-level position that is appointed by the President, which Dr. Koob is not. He is a federal employee and Director of the National Institute on Alcohol Abuse and Alcoholism (NIAAA) within the National Institutes of Health. NIAAA supports biomedical and behavioral research. NIH does not set alcohol policy and is not responsible for developing U.S. guidelines for alcohol consumption," NIAAA's statement said.

A-B to Invest \$22.5 Million

In Houston Brewery

Anheuser-Busch said it will invest \$22.5 million in its Houston brewery, to upgrade the facility's internal systems to enhance workplace safety and improve brewery efficiency.

Last year, the brewer implemented water reuse technology at the Houston brewery to reclaim more than 100 million gallons of water each year. Building on this success with the addition of the most efficient cooling system will help the company continue to make great beer for all Americans to enjoy.

"The upgrade to our cooling system will enable us to stay at the forefront of brewery safety and efficiency standards," said **Ryan Hudgins**, General Manager, Anheuser-Busch Houston Brewery. "By transitioning to this new system, we not only have a positive impact on employees, but also conserve resources for the local Houston community."

The \$22.5 million investment includes an upgrade to the Houston brewery's cooling system, improving workplace safety, and reducing electricity consumption by 2,180,000 kWh per year. To equip the brewery with a modern, highly efficient system, the existing cooling system will be completely removed and repositioned to ensure improved functionality. A free-standing structure will also be added to house the evaporative condensers. The Houston brewery's new cooling system will be fully operational by Q4 2023.

Anheuser-Busch has a long history of commitment to being a strong partner to the communities it calls home, and these upcoming local investments reflect the brewer's dedication to delivering the highest-quality beer and other beverages to consumers while driving economic prosperity around the country.

"Investing in our people and in our communities to drive economic prosperity is part of who we are," said **Brendan Whitworth**, CEO of Anheuser-Busch. "We're excited that this \$22 million investment will improve the work environment for our frontline employees while also serving as an engine of economic growth for Houston and surrounding areas. We're proud to reinforce our decades-long dedication to our employees and communities through continued investments in our facilities across the country."

This investment builds on the success of the brewer's capital expenditure program, which included an investment of \$1 billion over two years in 2021 to help accelerate the nation's recovery following the pandemic and drive economic prosperity in the communities where the brewer operates. Across the United States, Anheuser-Busch operates more than 120 facilities, including 12 flagship breweries, 14 agricultural facilities, and 19 craft partner breweries, across 24 states. In Texas, more than 1,000 people work in Anheuser-Busch's facilities and nearly 6,000 are a part of the larger Anheuser-Busch distributor family. Anheuser-Busch's work in Texas creates more than \$1.4 billion in capital investments, significantly contributing to the state's economic growth.

Danny Wirtz Elevated to Co-Chairman of Breakthru Beverage Group

Danny Wirtz has been elevated to the role of Co-Chairman of **Breakthru Beverage Group's** Board of Man-

agers. Danny, previously Vice-Chairman, succeeds his father, the late **Rocky Wirtz** and will join business partner **Charlie Merinoff** who also serves as Co-Chairman.

The growth and success of Breakthru since we founded the company has been significant and only illustrates the strength of the partnership between the Merinoff and Wirtz families," said **Charlie Merinoff**. "Danny has effectively influenced the company's long-term strategy, its growth initiatives, and plays a key role in driving our industry relationships. I look forward to our continued success together."

Also announced, **Hillary Wirtz**, a fourth-generation family member, joins the Breakthru Board as a new member. Hillary has worked in the business for more than 11 years and currently leads the company's Diversity, Equity and Inclusion strategy.

Hillary joins Chad Stone, Brian Onufrychuk, Jacob Onufrychuk and Arthur Wirtz as next-generation family owners serving on the Breakthru Board of Managers.

Tequila Defies Premiumization Cooling: Drizly

Tequila is defying overall premiumization cooling, Drizly says, with reposado making gains. And there are new trends hitting the tequila category, from barrel aging to additive-free options.

Tequila has steadily gained share on Drizly over the last five years, growing from 13% of the liquor category in 2019 to 19% in 2023 year-to-date. Even as the premiumization trend has cooled, tequila remains red-hot as consumers embrace the spirit as a year-round choice and diversify their purchasing beyond the silver subcategory into the higher-end realms of Reposado and Añejo.

IWSR Drinks Market Analysis has also tracked impressive growth for the category. The compound annual growth rate (CAGR) for tequila grew four percent from 2017 to 2022, and the growth rate for tequila in the premium-and-up price tier reached 21%. IWSR predicts that the CAGR for higher-end tequila will increase by an additional 13% between 2022 and 2027.

Younger consumers of legal drinking age over-index on tequila sales relative to overall share on Drizly. Gen Z accounts for 7% share of tequila sales yet only 4% of overall sales on the platform, and millennials account for 51% share of tequila sales but only 45% of total sales on Drizly.

Top 20 Tequila SKUs on Drizly YTD

1. Casamigos Blanco
2. Clase Azul Reposado
3. Espolòn Tequila Blanco
4. Casamigos Reposado
5. Don Julio 1942, Añejo
6. PATRÓN Silver
7. Jose Cuervo Especial Silver
8. Don Julio Blanco
9. 1800 Blanco
10. Espolòn Tequila Reposado
11. Don Julio Reposado

12. Teremana Tequila Blanco
13. Jose Cuervo Especial Gold
14. Tequila Casa Dragones Blanco
15. Teremana Tequila Reposado
16. Casamigos Añejo
17. Milagro Silver
18. Don Julio Añejo
19. Hornitos Plata Tequila, Silver
20. Don Julio Rosado Tequila Reposado

The top three SKUs held their positions from the previous year, while Don Julio 1942 moved up from the No. 4 spot to No. 5. Celebrity-owned Teremana Blanco slipped from the 10th position to No. 12. New on the list this year is Don Julio Rosado, a pink tequila finished in Port wine casks.

Reposado Stealing Share from Silver

Silver/Blanco has long been the top-selling tequila subcategory on Drizly, but its share has decreased over the last four years. In 2021, silver/blanco accounted for 57 percent share of the tequila category and it held 12 positions among the top 20 tequila SKUs. However, silver/Blanco's share is now 50 percent, and the subcategory holds 10 of the top 20 positions.

Meanwhile, reposado is moving up in the ranks. In 2021, it accounted for 23 percent of tequila share and held four spots among Drizly's top 20 SKUs. The subcategory now holds 30 percent share in 2023 year-to-date and has six entries in the top 20—including the No. 2 spot.

Nielsen IQ data shows that dollar sales for reposado grew 14 percent in the 52 weeks ending July 15, 2023. The añejo category grew 4.5 percent, while silver/blanco tequila gained nearly six percent, and gold tequila sales increased two percent.

More so than for any other category, celebrity brands are driving tequila sales. Celebrity-owned brands have become a major driver of the category," **Liz Paquette**, head of consumer insights for Drizly, says, "with brands like Casamigos and Teremana making up several of the top 20 SKUs."

The premiumization trend has slowed during the past 12 months, tequila's average unit price on Drizly has increased from \$39.32 in 2019 to \$48.55 in 2023 year-to-date.

"The growth of more premium subcategories within tequila has helped drive this trend," says Paquette, "especially with the growing popularity of reposado in recent years."

Añejo has seen significant gains in average unit price over time, from \$86.62 in 2019 to \$98.61 in 2023. Likewise, reposado's average unit price rose from \$44.50 in 2019 to \$61.43 in 2023. The average for silver/Blanco tequila in 2023 year-to-date is \$39.26, while gold tequila is \$25.96 and flavored tequila is \$32.83.

Two Roads Brewing Teams With Noah Kahan on New IPA

Two Roads Brewing Co. has teamed up with Noah

Kahan, a Vermont singer and songwriter who has been touted as one of 2023's biggest and best new artists, to create **Northern Attitude IPA**, which **Collin Kennedy**, director of marketing at Two Roads, describes as "a piney, resinous, 7% ABV IPA inspired by the music that Noah's fans have come to know and love."

Two Roads and Kahan worked closely together to create Northern Attitude IPA, from taste profile to package design – all while Kahan is on tour. The beer aims to drive awareness and funds for The Busyhead Project, an organization founded by Kahan that provides resources to mental health organizations dedicated to meeting the needs of marginalized communities with both crisis care and tools for sustainable resilience.

Loverboy's New RtDs: Spritz Variety Pack, Black Cherry Vanilla 6-Pack

Loverboy said it added a Spritz Variety 8-Pack and Black Cherry Vanilla Sparkling Hard Tea 6-Pack to its lineup of premium sparkling hard teas, spritzes and canned cocktails.

Stemming from exceptional DTC sales and urging requests from their ultra-dedicated fanbase, following are more details on the new, premium offerings:

- **Spritz Variety Pack:** The first eight-can Spritz variety pack brings three of the brand's iconic spritz flavors – Passion Fruit, Blueberry Lemon and Mango Peach – together with newer Pear Kiwi that fans couldn't get enough of after launching in the Spring. The pack's new design is a can't-miss on shelf, Loverboy says, doubling as POS for retail partners and fans looking for 'premium' from start to finish.

- **Black Cherry Vanilla Sparkling Hard Tea 6-Pack:** Not just another black cherry seltzer, this new, dedicated 6-pack uniquely yields a cherry cola-esque flavor for an irresistibly rich and smooth hard tea. Originally a hard tea variety pack exclusive, the flavor is now available in a single flavor pack at the request of Loverboy's ultra-dedicated fanbase who ranked the flavor first among other fan-favorite Loverboy hard tea flavors.

"We tap our DTC channel to bring new flavors to market without wholesale and retail buy-in so we can rapidly test our innovation instincts, collect feedback, and gain traction with fans. Pear Kiwi went online this spring, and our customers made it clear that they wanted more – and the sooner the better – so, we included it in a variety pack with three other proven flavors and made it available at retail, ASAP," says **Kyle Cooke**, Loverboy's CEO/founder. "It's standout new packaging doubles as POS for our retail partners and says 'premium' from start to finish."

The new Spritz Variety Pack and limited-edition Black Cherry Vanilla Tea 6-Pack can be found nationwide at Loverboy retailers like Total Wine.

Schlafly Beer Releases New Biergarten Variety Pack

Schlafly's new Biergarten variety 12-pack is a canned

beer variety pack with three exclusive brews – **Dunkel Lager**, **Munich Helles Lager**, **Bavarian Weiss Ale** – plus the seasonal fan-favorite, **Oktoberfest Amber Lager**. The pack is Schlafly's celebration of the German tradition of Biergartens: an outdoor gathering spot to enjoy local beers located in villages and towns across Germany.

"Schlafly's Oktoberfest is such a huge hit with our customers for the fall season that we wanted to create a full pack that embodies German seasonal beers," says Schlafly CEO, **Fran Caradonna**. "This is our take on classic recipes and a nod to the rich history of that particular tradition."

It's available across Schlafly's distribution area as well as the St. Louis brewer's four brewpubs.

Scott Disick Introduces Lèo de Verzey Champagne to U.S.

Lèo de Verzey, a luxury champagne from one of the first Champenoise families of France is now available for the first time in the United States in 41 states by entrepreneurs **Scott Disick** and **Brad Turk**. Founded by an 8th generation wine-grower **Charlotte Castagne-Chaudron**, an heir of **Maison Chaudron** (est 1820), one of the 75 global "Grandes Maisons de Champagne," the champagne is the fusion of the love and heritage of champagne with modern finesse.

Lèo de Verzey's Reign Brut and Reine Rosé are the varieties selected for the brand's initial US launch. The Reign Brut is a blend of Pinot Noir, Chardonnay and Pinot Meunier, blending vivacity, roundness and freshness, highlighted by notes of grapefruit and citrus on the nose and a taste of brioche and dried fruit on the palate. The Reine Rosé features Pinot Noir subtly balanced by Chardonnay, which gives it the aroma of red berries and slight hazelnut and boasts a smooth, fresh finish taste on the palate with flavor notes of acidulous apple and flavors of wild berries.

The family owns 18 acres of vines. They initially settled 100% Grand Cru in Verzenay before expanding their domain throughout several villages growing Premier and Grand Cru in the Reims Mountain: Verzy, Verzenay, Vaudemange, and Villers. Leo de Verzey Champagnes are only made of wines coming from the first press. Leo de Verzey Cuvées are aged a minimum of three years in the bottle and embody everything the Champagne experience has come to represent and does so with an irrepressibly artistic and powerful personality down to the certified Swarovski crystals adorning each bottle.

Sunshine Punch Debuts

Forgive me, but the perfect (and obvious) jingle and tagline for **Sunshine Punch**, which debuted this week is the 1960s-era hit: "Let the Sunshine In."

Sunshine Punch is a new ready-to-drink cocktail made from orange, creme, rum and vodka.

Beyond the bottle, Sunshine Punch is rooted in friendship. What began as the go-to-drink of their campfire jam sessions in North Carolina went through years of taste testing among friends to get the flavor profile just right. Founders **Brian Thomason** and **Matt Hemmings** are lifelong

friends who bonded over a shared interest in creative pursuits, adventures and a love of music. Inspired by sound and sun, the former classmates teamed up with a band of friends to develop a unique drink designed to be savored wherever you find your sunshine. Today, Sunshine Punch is proudly blended and bottled in their home state of North Carolina and aims to bring you back to those same, sweet summer memories we all share.

Sunshine Punch is available for \$29.99/750 ml bottles across the sunbelt from North Carolina to Texas. Additional states will debut later this year.

TTB Establishes Winters Highlands AVA

Alcohol & Tobacco Tax & Trade Bureau established the 7,296-acre "Winters Highlands" viticultural area in parts of Solano and Yolo counties in California, effective Sept. 28. These new AVAs, first proposed by Berryessa Gap Vineyards, are not in any other AVA.

There are planted vineyards covering about 134 acres within the proposed AVA as well as three wineries. An additional 60 acres of vineyards are planned for planting in the next few years.

Captain Morgan Launches Alcohol-Free Captain Morgan Spiced Gold 0.0%

Captain Morgan Spiced Gold 0.0% is the first dark spirit to join Diageo's alcohol-free portfolio. It follows the successful launch of Guinness 0.0%, Tanqueray 0.0% and Gordons 0.0% over the past few years, and is launching in the United Kingdom. It will roll out across Europe in 2024.

Diageo noted that with 49.6% of those between legal drinking age and 24 in GB looking to moderate their alcohol consumption^[1], the launch of Captain Morgan Spiced Gold 0.0% provides Diageo with an alcohol-free spirit able to tap into lighter, upbeat, drinking occasions favoured by this demographic.

"When creating Captain Morgan 0.0%, we went through more than 400 recipes before we were able to capture the iconic rum and spice flavour of Captain Morgan Original Spiced Gold, but without the alcohol. Captain Morgan 0.0% has been created by layering flavours that deliver the complexity and depth that consumers know and love," said Amanda Brown, liquid scientist at Diageo.

Spirit of Gallo Brings VMC Tequila-Based Canned Cocktails to U.S.

Spirit of Gallo will begin distribution of VMC in select markets in September. VMC is a ready-to-drink tequila-based canned cocktail born from a partnership between world champion boxer Saúl "Canelo" Álvarez, Spirit of Gallo and Casa Lumbre. VMC is a celebration of Mexican heritage, tradition and flavors, founded by one of its most iconic, globally recognized sporting superstars.

VMC is available in three flavors – Paloma, Jamaica Hibiscus Cocktail and Margarita. It is packaged in premium gold-accented cans emblazoned with iconic symbols of Mexican heritage and tradition: an eagle standing atop a *piña* (the heart of the agave plant) among the agave fields of Jalisco.

"Our roots bring us to where we all are at moment. It is

that same spirit that will take us to where we want to go," says Álvarez. Born in Guadalajara and raised in rural Jalisco where the native blue agave is used to craft authentic Mexican tequila, Canelo was inspired to create VMC in honor of this shared heritage. "Today a dream comes to fruition, demonstrating that we are unique and ready to celebrate with the strength that unites us."

"VMC was created and first launched in Mexico led by our partners at Casa Lumbre, and it was a huge success among Canelo's fans," states Britt West, senior vp/general manager of Spirit of Gallo. "We are confident that VMC will capture the hearts and palates of Mexican and Mexican-American consumers in the United States. We are thrilled to embark in this journey together with Canelo."

With its initial release planned for select markets with large Mexican-American populations, VMC is the first canned cocktail to be aimed primarily at the Mexican audience in the US. The Hispanic population is the second largest in America as well as the fastest-growing demographic. More specifically, Mexicans represent 62% of Hispanics in the US, while also driving growth within the demographic.

"Tequila is not only Mexico's spirit of choice but is also the third largest and fastest-growing major spirit category in the US²," continues West. "Pre-mixed cocktails and flavored alcohol beverages are driving growth in the market, each up 14%³. So, consumers are looking for canned cocktails and full-flavor styles, but until now there hasn't been an authentic Mexican offering in this category. VMC is here to change that."

VMC will be available in the U.S. starting in September, sold in four packs of 355mL slim cans (\$10.99 SRP). The Paloma and Jamaica Hibiscus Cocktails are also available in a 700mL resealable can (\$4.99 SRP). VMC is 5.5% ABV per serving.

Atomic Brands to Distribute Ollitas Tequila in U.S.

Atomic Brands will distribute Ollitas Tequila by Destilería Orendain within the U.S.

Ollitas is a triple distilled 100% agave tequila with no additives that represents the first-class quality and tradition of Orendain products. Following an artisanal process preserved over three generations, Ollitas Tequila honors Orendain's heritage and preserves the spirit of bringing people together to share good times. With Ollitas Tequila, consumers can "Celebrate Together, anywhere & anytime together happens."

"We're both excited and honored to work with Destilería Orendain and bring Ollitas Tequila to consumers in the U.S., where demand for the category has exploded," said Don Deubler, CEO of Atomic Brands. "Consumers are at the core of everything we do at Atomic. We're thrilled to partner with Destilería Orendain, who completely aligns with our passion in delivering premium products and experiences for consumers at an incredible value."

It's no secret that agave spirits are dominating the spirit industry. They contributed \$1.6 billion in 2022 alone, reflecting 70% of the overall volume growth and 65% of overall value growth of total US spirits, according to IWSR. "Atomic is

participating in every category driving industry growth from spirit based RTD to flavored whiskey, so it was a natural fit to step in and handle Orendain's distribution of Ollitas Tequila in the U.S. market," said Deubler.

Cork Supply, Crealis Expand Partnership To Distribute Maverick Screwcaps

Cork Supply has been distributing **Crealis's** Rivercap tin capsules to the American market since 2001. Now that partnership has been expanded, with Cork Supply also distributing Crealis's Maverick Screwcaps in the U.S.

Maverick screwcaps are said to represent the next generation of caps, surpassing traditional screwcaps in numerous aspects. These innovative caps boast enhanced durability, effortless opening, and superior tamper-evidence. Moreover, they are fully recyclable, aligning with the industry's growing sustainability demands.

Control States Spirits Volume Eases 0.4% in July, Rises 1% in Sales

National Alcoholic Beverage Control Association reports total Control States spirits volume decreased 0.4% over July last years but rose 1% in dollar volume, showing a resultant +1.4% price mix. The rolling 12-month 9L volume results remain positive at +0.6% and +3.5% in dollar volume.

Cocktails, driven by Canned RTDs (36.5% 9L volume and now 70% share of the category), continue to dominate the category growth of 20% 9L volume. Tequila 9L volume results remain positive at 7.7% and 8.1% in dollar sales and Cordials grew by 1.5% in 9L volume. All other major categories declined in 9L volume although Gin, Domestic Whiskey, Irish and Vodka posted positive dollar volume results.

Wines declined 3.2% in 9L Volume and 1.7% in dollar volume, returning a positive price mix +1.5%. Rolling 12-month 9L volume was down 2.8% with dollar volume up 1.6% resulting in a +4.4% price mix.

The On-Premise spirits channel was +0.2% in July with +3.4% growth in dollar volume, resulting in a +3.2% price mix. Only Mississippi, Montgomery County, New Hampshire, North Carolina, Oregon, and Pennsylvania were positive in 9L volume. All states were up in dollar volume except for Idaho, Vermont, and Wyoming.

The On-Premise wine channel was down 5.9% 9L volume with dollar volume also being negative at 0.7% and +5.2% price mix. Only Montgomery County and New Hampshire were up in both 9L volume and \$Vol.

Full details by state are available at <https://www.nabca.org/control-state-results>

Utah's Bev/Al Control Law Faces Challenge

Jeff Carter, who used to work for **Southern Glazer's Wine & Spirits**, has filed a citizen's initiative to put major changes in Utah's bev/al control system on the ballot next year.

He wants to do away with most state-owned liquor

stores, allow private liquor stores, allow grocery stores to sell wine and spirits, and allow consumers to have wine shipped to them.

His bill would also change the state-mandated 88% retail markup to a 30% tax on alcohol. That would reduce the price of a bottle of wine to \$55 from \$80, he says.

Why it matters: Granting Carter's petition would likely increase bev/al sales. It would also reduce state government revenue by \$120 million a year, according to Utah's Office of the Legislative Financial Analyst.

Chance of Success? The state's position on alcohol has always been driven by the Church of Jesus Christ of Latter-Day Saints (a.k.a., "the Mormons"). The Mormon population has been declining – it now represents only 55% of the population – but 90% of the state legislature are still members. Opposition to bev/al is a fundamental doctrine for the LDS Church, and thus the legislature is expected to oppose the initiative.

Heaven Hill Installs Still in New Distillery

Heaven Hill Brands celebrated the installation of a new Vendome copper still, the next step in developing a \$200 million distillery in Bardstown, Ky. This critical piece of the new Heaven Hill Springs Distillery marks a major step towards returning the company's distilling processes to Bardstown for the first time since the 1996 fire that destroyed the original distillery.

"This project represents a significant investment in the future of bourbon production, solidifying Heaven Hill's commitment to upholding the time-honored traditions that have made Kentucky Bourbon world-renowned," said Allan Latts, co-president of Heaven Hill Brands.

The distillery is being built at 1015 Old Bloomfield Pike and is expected to be operational by the end of 2024. Initial production is slated for 150,000 barrels a year, and over time will have capacity to ramp up to producing 450,000 barrels annually. This will be in addition to the company's distilling that occurs at the historic Bernheim Distillery in Louisville, which will continue to operate at full capacity of 450,000 barrels annually.

The new Vendome copper still was shipped by Vendome to Bardstown in two pieces on separate flatbeds. At nearly 60 feet tall and weighing more than 22,000 pounds, this still is capable of producing 35,500 proof-gallons per day which is equal to more than 500 barrels per day. Crafted from copper, a material celebrated for its role in distillation due to its exceptional heat conductivity, the still represents a marriage of traditional and modern technology.

To Your Continued Success,
KANE'S BEVERAGE WEEK



JOEL WHITAKER, Editor