

# 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. 30

Copyright 2023 Whitaker & Company, Publishers, Inc. All Rights Reserved.

October 21, 2023

## Who & What —

**Alcohol & Tobacco Tax & Trade Bureau** named **Amy Greenberg** deputy assistant administrator for the Office of Headquarters Operations. She has served as the Director of the Regulations and Rulings Division (RRD) since 2015.

**Distilled Spirits Council of the U.S.** hires **Aimee Carter** as vp-member services and business development. She joins DISCUS from Alliance for Health Policy.

**Melissa Nguyen** – formerly Manager, Premier Accounts for MarkeTeam, Inc. with specific responsibility for MGM Resorts International – has joined **Bosscal Mezcal** as Director, Strategic Accounts.

**Dunn Vineyards** hires **Lily Mirabelle Freeman** as general manager. She joins from Colgin Cellars, which she directed private client sales, managed global pricing, and spearheaded a variety of operations, technology, and hospitality initiatives.

**Valdemar Family**, proprietor of **Bodegas Valdemar** in Rioja Spain, and **Valdemar Estates** in Walla Walla, Wash., named **Mandie Silver** national sales director-U.S. market. She joins after six years with Vintage Wine Estates, where she was Eastern Regional Manager.

**Oregon Liquor & Cannabis Commission** appointed **Craig Prins** as the agency's executive director. He has been serving an interim director since February.

## **Texas Wine Pioneer Ed Auler Dies**

**Ed Auler**, who is widely credited with bringing legitimacy to Texas wines, has died. The founder of Fall Creek Vineyards in Tow, Texas, was 78.

## **Vintage Wine Sales Fall 16.4%; Net Loss Nearly Triples**

**Vintage Wine Estates** reports revenue of \$16.1 million in the fourth quarter, down 16.4% from a year earlier, reflecting declined in all segments:

Wholesale revenue declined \$2.2 million, or 10.3%, to \$18.8 million as improved pricing and higher ACE Cider sales did not fully offset 3.5% declines in total wholesale case volume<sup>1</sup>. Distributor and retailer destocking and lower consumer takeaway were the primary reasons for the volume decline.

Direct-to-Consumer ("DTC") revenue was \$19.9 million down \$2.6 million, or 11.7%, as higher sales of the Company's digitally-native **Cameron Hughes** brand helped to offset weaker e-commerce sales. Total revenue decline was partially offset by higher revenue per case.

Business-to-Business ("B2B") revenue was \$23.4 million, down \$7.1 million, or 23.4%, due primarily to a \$3.4 million decline related to the elimination of a less profitable, private label sales program for a major retailer and \$2.1 million reduction in bulk distilled alcohol sales.

The company recorded a net loss of \$47.6 million, nearly triple the \$16.9 million loss a year earlier.

## **Scheid Family Wines Sales Fell 9%; Loss Widens**

**Scheid Family Wines's** total revenues were \$27.7 million, down 9% to \$2.7 million. This decrease was driven by the Company's cased goods sales which decreased 6%, from \$23.9 million to \$22.5 million, and a decrease in bulk wine sales of 28%, from \$2.9 million to \$2.1 million.

The 2023 grape harvest began in late September, about three weeks later than a normal harvest season on the Central Coast, due to a cool summer growing season that has affected all of California. **Scott Scheid**, president/CEO, said: "We are currently about 40% complete with harvest, as compared to 80% completion at this time during the 2022 harvest. Overall yields are trending close to slightly above the Company's five-year average yields. Our winemaking team is impressed with the quality thus far; the winter rains and extended growing season have lent themselves to favorable conditions for producing high quality wine grapes."

## **SipSource Analysts See W&S Volume Growth**

The last two years have seen spirits volume fall from 8.8% in January of 2022 to a negative 2.5% this year. Even worse, neither beer nor wine showed any growth at all in that period.

Wine and spirits category trends will improve compared to the last few months, **Danny Brager** and **Dale Stratton**, analysts for **WSWA's SipSource**, said yesterday. The last four years have been unprecedented they said. The Covid-19 pandemic accelerated on-line shopping, led more people to discover cooking at home and left consumers both impacted and insulated from each other for extended periods.

Add to that the current unstable geopolitical situation, with wars in both Ukraine and between Hamas and Israel, the later threatening to spill over into other countries, continuing pressure for a government shutdown, a stalemate in Congress

and the upcoming 2024 elections.

And there's more: Consumer debt levels are high: Credit card debt recently topped \$1 trillion for the first time, both inflation and interest rates are high, and and, contrary to what you might expect, employment remains strong despite the Federal Reserve's best efforts to send the country into a recession.

All those factors affected all bev/al categories, but wine and spirits prices have risen less than beer. For example: in September beer purchased for at-home consumption was 4.7% higher than last year, wine was up 1.4% and spirits was up 3%. In terms of on-premise consumption, price-taking has been much higher: beer was up 5.7%, wine, 6.7% and spirits 7.8%.

### **Seek New Experiences**

Consumers have been seeking new experiences and much more willing to experiment than in the past. They've wanted convenience, flavors, and – significantly for bev/al – have been driven by wellness. They want transparency on what they eat and drink, look at company purpose and values (to see what happens when a company get this wrong, just look at Bud Light which is still down 25-30%)

Consumers no longer feel that a particular beverage is suitable only for one-type of occasion.

In terms of demographics, the country is increasingly ethnically diverse, particular among younger adults; there are more senior citizens, and there has been a tremendous population migration from high-tax, liberal states such as California, Illinois and New York to low-tax, more conservative states such as Texas, Florida, Georgia and North Carolina.

So, as we head into the final months of 2023 and the first quarter of 2024, the question is which way will be pendulum swing? Will it be toward and expanding economy that lifts all boats (and brands), or to a stable or contracting economy? The next six months are critical to the answer, Stratton and Brager said.

### **Attitude Change**

There's been a change in attitudes of both investors and retailers. They want volume growth, which only one household goods giant has achieved; they are no longer impressed with price increases to defend margins.

The last four months of 2022 and the first quarter of 2023 saw negative growth rates. That means it should be easier to beat the comps, but its not guaranteed.

### **Beer**

If you wonder why beer sales keep declining in terms of volume, it's because brewers have been aggressively raising prices. The results: Hard Seltzers have had double-digit losses, while flavored malt beverages have posted double-digit gains, proving T.Rowe Price's wisdom back in the 1960s when the Baltimore investment advisor observed that "change is a businessman's only certainty."

Stunningly, imports are now larger than domestic premium beers, craft volume is down about 5%, nonalcoholic beer is gaining steam, and then there's the Bud Light fiasco that resulted in the No.1 beer becoming No. 3, and Modelo Especial becoming No. 1.

### **Wine**

When it comes to wine, those products priced at \$15

and above are performing better, while those between \$11 and \$15 are showing moderate decline. How much: For both the 12 months ending August 2022 and 2023, table wines priced below \$15 showed declines in both years. Those priced \$15 and above enjoyed strong volume gains last year, from 7.3% for those priced \$15 to \$24.99; 6.9% for those \$25-\$49.9 and 11.1% for wines priced above \$50.

This year, however, even wines priced above \$15 showed negative growth rates, down 4.3%, 7.5% and 12.9% respectively. Effectively, they gave back last year's volume gains and a bit more.

While August was challenging, Brager and Stratton expects to see improvement among wines in the coming months. The biggest improvement will be for Chardonnay, followed by Cabernet Sauvignon and then red blends. B oth white and sparkling wine are performing better than red and pink wines they added.

### **Spirits**

Turning to spirits, the SipSource analysts noted that high-end price segments are struggling. That's true regardless of price segment, although most premium tiers are doing better than lower-price tiers.

Unsurprising, cocktails and tequila continue to lead growth, although vodka continues to be the No.1 seller in terms of volume. What's driving the growth in cocktails? In a word, cans.

Spirits RtDs are a good news-bad news story: Hard seltzer sales are in decline and spirits RtDs are expanding to the point that RtD Spirits are now the second largest Spirits category, leading U.S. Whiskey and Tequila. With variety, flavors and convenience, they bring consumer excitement.

But. . . Spirits RtDs are de-premiumizing Spirits, with volume exceeding dollar growth, cannibalizing sales of mainstream spirits, constantly churning, are a shelving nightmare and have many decliners, including Crown Royal Cocktail (-25%), Jose Cuervo Cocktail (-16.4%), Bacardi Cocktail (-31.2%), Canteen Spirits Cocktail, down 48%, and Svedka Cocktail, down a stunning 63.8%.

So, everything hinges on the holiday season. This year it really is "critical." But 84% of consumers said they will spend the same, less or nothing for holiday and special occasion celebrations, and 82% said that;s also true of socializing. Still Stratton and Brager said, what consumers say and what they do aren't always the same.

The good news is that softer comps are ahead for most price tiers in spirits, table wine and sparkling wine. Wine growth rates will remain negative but "less so," they said, and spirits will swing to flat.

Brager and Stratton both predict wine and spirits category trends will improve relative to what we've seen the last few months, economic, geopolitical, and evolving consumer sentiments will continue to subdue growth rates. "It's going to get better," they say, "but the question is by how much?"

## **RNDC Acquires Natural State Distribution**

**Republic National Distributing Co.** acquired **Natural State Distributing**, an independently-owned wine and spirits distribution and import company in Fayetteville, Ark. Terms weren't disclosed.

“We are thrilled about the opportunities in Arkansas,” said **Nick Mehall**, RNDC President and CEO. “This purchase of Natural State opens new doors for our current and future suppliers and customers. We’re in closer proximity to one of our key customers, Walmart, and our presence in Arkansas will further strengthen our capabilities with other chain customers.”

“RNDC is a company best known for industry leading capabilities and extraordinary sales execution. This will allow Natural State to continue to meet the needs and provide best-in-class service to our current suppliers, as well as expand to include new ones,” said Natural State Distributing President **Kim Crawford**.

### Dennis Murphy Acquires Shares In Seven Hills Vineyard

**Dennis Murphy**, Owner/Winemaker at **Caprio Cellars**, acquired the ownership interest of TIAA/Nuveen/PCP Partners and the Leonetti/Figgins Family in the **Seven Hills Vineyard**, one of Walla Walla's most historic vineyards. The transaction includes the **SeVein Vineyards**.

Murphy is also CEO of **Murphy Homes**, a Pacific Northwest homebuilder.

“If you track everything Dennis has done, he’s slowly built his way into the wine industry in a really positive and respectful way,” **Marty Clubb**, owner of **L’Ecole N° 41 Winery**, told *Great Northwest Wine*. “He’s proven his value to the Walla Walla Valley with his winery, and he’s done a great job with his estate vineyards.”

“Both Seven Hills Vineyard and SeVein are industry leaders in viticulture with their innovative technology and vineyard development. Their commitment to world-class vineyards and their unique mix of wine industry expertise have been instrumental in developing Walla Walla’s rich wine legacy. I look forward to partnering with the Marty Clubb, Norm McKibben and Bob Rugar in this exciting new venture as we continue to build on their successes,” Murphy said.

### Martignetti Cos. Expands Distribution Relationship With Vintus In Connecticut

For more than 20 years, **Martignetti Cos.** has represented the **Vintus** portfolio in Massachusetts, New Hampshire, and Rhode Island. Now, Martignetti's Connecticut division, **Hartley & Parker**, was named the preferred distributor for Vintus in Connecticut.

### WarRoom Cellars Acquires Toad Hollow Vineyards

**WarRoom Cellars**, San Francisco, has acquired **Toad Hollow Vineyard**, Healdsburg, a producer known for bucking the rich, buttery Chardonnay style that was the norm in 1994. Toad Hollow produced instead a feshier style fermented in stainless steel tanks.

Earlier this year WarRoom Cellars president Andrew Nelson said: “Our strategy is to acquire wine brands and do a deep dive on the brand to understand what customers really love about it. Then we focus on and develop what customers really love about the brand. Sometimes that’s a wine style, founder story, growing region, or winemaking methodology.”

“Our focus has always been a light-hearted approach to offering serious wines. Each wine expressing the regional terroir while exceedingly approachable,” owner Frankie Williams said in a statement. There aren’t any plans to change the winemaking style, WarRoom said.

### Thieves Steal More Than \$1.6M of Alcohol From RNDC Florida Warehouse

Burglars used tractor-trailors to steal more than \$1.6 million of alcohol from a Republic National Distributing Co. warehouse south of Tampa in Gibsonton, Fla. Gibsonton is in Hillsborough County.

The theft is believed to have started around 4:10 a.m. By 8:45, the thieves had removed 4,277 cases of liquor from the warehouse. The thieves also removed digital video recorders used by RNDC for surveillance.

### TTB OKs Grenache Gris, Garnacha Roja As Grape Varietal Names for Labels

**Alcohol & Tobacco Tax & Trade Bureau** approved Grenache Gris, and Garnacha Roja as a synonym for Grenache Gris, as type designations on American wine labels. Terms weren’t disclosed.

### Craft Distillers Brief Congress On the Strains of This Economy

Six craft distillers, all members of the **Distilled Spirits Council of the United States** Craft Advisory Council, met with home-state legislators to discuss the severe economic strain they are under as a result of inflation, continued supply chain disruptions, the threat the EU might reimpose and double its tariffs on American Whiskey. They also discussed the important economic contributions distillers make to their state and local economies.

#### Use This Coupon to Subscribe Or Renew

To: **Whitaker & Company, Publishers, Inc.**  
 14305 Shoreham Dr, Silver Spring, MD 20905-4481  
 YES! Begin (or renew) my subscription to **KANE'S BEVERAGE WEEK**.

- Daily and Weekly by e-mail - \$823 (1 yr/233 issues)
- Weekly by First Class Mail — \$823 (1 yr/47 issues)
- Maryland residents — add 6% sales tax
- Check enclosed
- Charge my VISA/MasterCard/Amex

# \_\_\_\_\_  
 Expires \_\_\_\_\_ Security Code \_\_\_\_\_  
 Signature \_\_\_\_\_  
 Name \_\_\_\_\_  
 Firm \_\_\_\_\_  
 Address \_\_\_\_\_  
 City \_\_\_\_\_  
 State \_\_\_\_\_ ZIP+4 \_\_\_\_\_  
 Phone \_\_\_\_\_  
 FAX \_\_\_\_\_  
 e-Mail \_\_\_\_\_

**For Fastest Service: FAX TO 301-879-8803**

The visit to D.C. ended with the distillers attending the celebration of the opening of the new DISCUS headquarters at 101 Constitution Ave. NW and the 50th anniversary of the trade group.

### Best Vodka Is From Costco: New York Times Wirecutter

This ought to give marketers heartburn. After tasting 15 different vodkas, including **Stolichnaya**, **Tito's** and **Smirnoff**, Wirecutter, an email newsletter from *The New York Times* has declared **Kirkland Signature American Vodka**. It's a "creamy, superb, all-purpose vodka," Wirecutter says. Kirkland is a private label of Costco.

Runners up are **Smirnoff No. 21 Vodka** ("crisp, classic and citrusy"), **Pinnacle Vodka** ("A Salty, unique vodka), and **Stolichnaya Vodka** (:mild, maskable").

Wirecutter's comments on some of those not picked will make marketers cringe. **Hangar 1** "has nice flavors of orange citrus, pine, and forest soil. But it was sharper and more bitter than our picks." Absolut and Belvedere both produced a "harsh, alcohol burn on the nose and palate;" **Grey Goose** "disappeared" when diluted but left behind the unpleasant taste of ethanol. **Chopin Potato Vodka** was "skunky and garlicky with notes of burnt plastic."

### Wine Containers Impact Environment Differently, Consumers Believe

U.S. wine consumers believe wine sold in boxes, tetra, plastic and cans reduce harm to the environment and are most easy-to-recycle. However, they may not be perceived as providing the highest wine quality or appropriate for every wine style or occasion.

That's according to a new study by **Liz Thatch**, MW, and four other wine researchers.

The containers consumers believe are the lightest weight are plastic bottles, cans, and light-weight bottles.

Consumers perceive the regular weight glass bottle to be the heaviest, but most appropriate for taking to a formal event or gift-giving. It is also considered good for red wines especially, and suggests higher quality.

The light weight glass bottle is considered to be more fashionable, good for sparkling, rose, and white wines, and when you enjoy wine on its own. It is perceived to be lighter than regular glass bottles.

Bag-in-box products are believed to reduce harm to the environment, to be good value for money, keeps wine cheap, is convenient, and good for an informal meal at home. However, most consumers list it as being heavier, especially if they are buying a larger box. BIB is also perceived to contain lower quality and cheaper wines.

Cans are viewed as for portion control, for taking to a casual event, easy to store, easy to recycle and durable. Cans also share the same perception of BIB and Tetra about the wines they contain.

Plastic bottles are viewed favorably by consumers who believe them to be light-weight, easy to recycle, easy to store, and great for taking to a casual event. They are also considered to be more durable, and provide average quality at an average price.

Interestingly, U.S. consumers still don't associate light-weight bottles with helping the environment. They also rank taste, recommendations, price, brand, sustainability certifications, and many other factors higher than packaging weight.

This suggests they don't understand the link between bottle weight and harm to the environment. But retailers have agreed to reduce bottle weight.

### Conor McGregor Intros an Irish Stout

**Conor McGregor**, known as one of the greatest fighters in UFC history, introduces **Forged Irish Stout** to the U.S. Crafted with precision and McGregor's signature commitment to quality and excellence, Forged is launching in the U.S. promising an unparalleled drinking experience for beer enthusiasts and stout lovers as the world's creamiest Irish Stout.

"It's time the world got to experience a true Irish stout that is 100% Irish compared to the competition. My team and I have worked extremely hard to produce the world's creamiest stout here in my brewery in Dublin, Ireland and it is breaking all records in Ireland and the UK. Now it's time to take over the USA," McGregor said.

### Really Good Boxed Wine Debuts Single-Vineyard Napa Cabernet Sauvignon

Really Good Boxed Wine, the pioneer of top-tier boxed wines in the U.S., is set to release their most ambitious wine yet: a 2019 Cabernet Sauvignon from the celebrated Oak Knoll District of Napa Valley. This is not merely their newest release – it's a bold statement of innovation and a fearless challenge to the wine industry status quo.

From an organic single-vineyard, this Cabernet Sauvignon was aged for 26 months in 33% new French Oak barrels. It captures the essence of the terroir and the depth and sophistication the region is famous for. While comparable Napa wines typically demand a \$100+ price tag, Really Good Boxed Wine is offering their 3 Liter box for \$120, translating to a mere \$30 per standard bottle equivalent.

"This is an unparalleled blend of quality and value, encased in the magic of the box," says **Jake Whitman**, founder/CEO. "We are constantly thinking about how far we can push and elevate boxed wine, and now was the moment to release what stands as the benchmark of American wine, Napa Cab." Whitman continues, "For the 97% of wine consumed within a year of purchase, the boxed format is superior to traditional bottles."

### El Tesoro Tequila Partners With Knob Creek on New Product

**El Tesoro de Don Felipe Tequila**, the award-winning Tequila producer from La Alteña Distillery in the Jalisco highlands of Mexico, and the third-generation **Camarena** distilling family, are proud to introduce the second installment of "The Mundial Collection" Limited Edition Cask Finishing Series: **El Tesoro® Mundial: Knob Creek® Rye Edition**.

El Tesoro® Mundial: Knob Creek Rye is a unique expression of El Tesoro® Añejo, aged for twelve months in genuine charred-oak Knob Creek Rye Whiskey barrels that



previously held Knob Creek Rye Whiskey for seven years, resulting in a delicious sipping tequila that is perfectly balanced with subtle sweetness and spice. As a special one-time release, this is the first and only time El Tesoro® has been rested in Knob Creek Rye Barrels.

"We are thrilled to introduce this exceptional new tequila, produced at our home in La Alteña with barrels so generously provided in the spirit of innovation by our friends at Knob Creek," says **Jenny Camarena**, third generation family proprietor and master of operations for El Tesoro. "My brother Carlos and I are the students of our father and grandfather before us, who were both proud tequila traditionalists, yet pioneers of their time who were always experimenting.

"The Mundial series allows us to pursue these creative paths in tequila, and the Knob Creek Rye edition is no different. The way that our delicate Añejo marries with the amazing full bodied, bread pudding and spice flavors of the bourbon casks makes this fascinating tequila a delicious treat that we are incredibly proud to share."

### **Gallo, Issa Rae Intro Viarae Prosecco**

Emmy- and Golden Globe-nominated actress, producer, entrepreneur, and writer Issa Rae and **E. & J. Gallo Winery** introduce **Viarae Prosecco**, a bright, crisp, lively, and refreshingly refined take on the classic Italian sparkling wine.

Rae is known for her unique flair and infectious sense of humor that she's weaved into the Black stories she's brought to life on screen.

With Viarae Prosecco, Rae is helping create representation for herself and the vibrant Black female community in a category where it didn't previously exist. That commitment is reflected in the radiant gold and brown packaging. Inspired by the spirit of Italy 1978, the label unapologetically represents the freedom to let loose and be authentic.

"We are excited to partner with Issa Rae, who entrusted us with executing her vision of the perfect Prosecco – one that shares our desire to serve joy in everyday moments. Crisp, lively, and expressive, this is a perfect choice for those candid, unfiltered times with friends, whether that's a sunny day by the pool or in the bright city lights at night," says Beth Orozco, vp-marketing for **E.& J. Gallo Winery**. "Issa also shares our mission to demystify wine and make it more inclusive. Viarae will help us reach that goal."

### **King of Kentucky Bourbon Offers 6th Edition**

King of Kentucky, a super-premium straight bourbon, is returning this year with the release of its sixth edition. Hitting shelves mid- October, the limited-edition expression will mark the sixth anniversary for the brand.

The 2023 expression is a 16-year-old Kentucky Straight Bourbon, featuring a premium embossed label with a stamp border and details. Approximately 3,800 bottles will be produced with a suggested retail of \$299.99. While the majority of this year's volume will remain in Kentucky, the expression will also be available in limited quantities in Alabama, California, Florida, Illinois, Nevada, North Carolina, Metro New York, Ohio, and Tennessee.

King of Kentucky was established in 1881 as a Kentucky Straight Bourbon Whiskey. Brown-Forman acquired the brand in 1936 from Selected Kentucky Distillers and, by 1940, converted it to a blended whiskey until it was discontinued in 1968. In 2018, Brown-Forman revived the label paying homage to the brand's past.

### **Jackson Family Wines' Napa Vineyards Certified Organic by Calif. Organic Farmers**

Jackson Family Wines said all its Napa Valley estate vineyard properties achieved organic certification through the Certified California Organic Farmers (CCOF) program. Covering approximately 480 planted acres across 15 estate vineyards throughout Napa Valley, this milestone aligns with the company's Rooted for Good: Roadmap to 2030 sustainability initiative.

"I firmly believe that agriculture should lead the way in redefining our relationship with the planet as a species. Transitioning our Napa Valley vineyards to organic practices is a testament to the Jackson family's broader commitment to sustainability," stated **Christopher Carpenter**, winemaker at Jackson Family Wines. He added, "This organic certification in Napa represents the initial step as we progress towards regenerative organic certification and continue to foster harmony between the natural world and the agricultural world."

In overseeing the company's Napa Valley vineyards, Carpenter collaborated with Vineyard Manager Rafael Jimenez, a 35-year veteran of organic farming. Together, they implemented a range of organic practices, including the use of biochar and compost to enrich the soil and increase organic matter under the vines. Additionally, they transitioned to no-till farming methods and introduced sheep for controlled grazing in the vineyards. Integrated pest management strategies, such as employing ladybugs to control leaf hoppers and installing owl boxes, were also employed.

Securing organic certification was a significant endeavor, considering the diversity of the company's estate vineyards, which span from valley floor vineyards in Oakville and Rutherford to hillside and mountain estates in Mt. Veeder, Howell Mountain, Spring Mountain, and Diamond Mountain. These vineyards are the primary source for some of the company's most sought-after wines, including **Cardinale, Freemark Abbey, Lokoya, La Jota, Mt. Brave, and Caladan**.

### **3 Employee-Owned Vermont Breweries Collaborate on ESOP Collaboration Beer**

To celebrate Employee Ownership Month, three Vermont employee-owned breweries (ESOPs) **Switchback Brewing Co., Harpoon Brewery, and Long Trail Brewing Co.** collaborated on a limited-edition draft only beer: **ESOP ESB**.

"We met back in early August to discuss making a beer that was sessionable and approachable," said Switchback brewer **Morgan Capron**. "We wanted to capture the feeling of Vermont in fall with the elements of brewing that make our ESOP breweries great."

With this collaboratively designed recipe in hand, each brewery put a unique spin on the brew by using proprietary ingredients – so while there are minor differences in the brews, the result is a piney, medium bodied ESB that is super drinkable and refreshing.

In February 2017, at Switchback's annual meeting, owner and Brewmaster, **Bill Cherry**, told the brewery's 30 employees they had become partners in ownership of the 14-year-old company. They are the first 100% employee-owned brewery in New England.

"We were thrilled to be able to make this collaboration happen with a fellow employee-owned brewery," said Harpoon brewer Dan Lipke. "Being employee owned is something we are very proud of, so this is the perfect beer to celebrate all of the hard work that goes into employee ownership."

**Mass. Bay Brewing Company** – parent company to Harpoon Brewery and as of 2022, Long Trail Brewing Company - established their Employee Stock Ownership Plan (ESOP) in 2014. CEO Dan Kenary gathered the company together for a special meeting in the Harpoon Beer Hall in Boston, where he asked everyone in the room to turn to the person next to them and shake their hand and congratulate each other for now being the owners of the Harpoon Brewery.

ESOP ESB is available exclusively on tap at Switchback Brewing in Burlington, VT, Harpoon Brewery Taproom & Beer Garden in Windsor, VT, and the Long Trail Brewery in Bridgewater Corners, VT while supplies last.

**Comment:** ESOPs are effective to transfer ownership of a company on a tax-favored basis to employees. It's especially useful in a family business when the children don't want to be involved with the business.

## Cabernet Sauvignon Top Selling Varietal on Drizly, Twice Pinot Noir

Cabernet Sauvignon is the top-selling red grape variety on **Drizly** and across the U.S. as a whole, accounting for 45% of all red varieties on the platform with double the share of the next-closest competitor, Pinot Noir. And share consistently peaks in cooler months, particularly December, Drizly said. And Cab Sauv's share keeps growing.

[NielsenIQ](#) (NIQ) data shows that Cabernet Sauvignon performed a bit better than the wine category overall during the 52 weeks ending Sept. 9, at least in terms of unit sales. Dollar sales declined 1.4 percent for both Cabernet Sauvignon and wine overall, while unit sales dipped 4.3 percent for Cabernet versus 4.9 percent for the total wine category during the same period. Among Cabernet Sauvignon blends, Cabernet and Malbec gained more than three percent in dollar sales, outpacing all other NIQ-tracked Cabernet Sauvignon-based blends.

With the varietal available at price points for just about every budget and it offers a variety of styles ranging from rich and luscious to structured and complex.

Prices are trending upward: a bottle that cost \$18.38 in 2019 costs \$22.79 today.

One of the drivers of Cab Sauv sales is its popularity as

a gift. "The varietal leads red wine category sales for gift orders on Drizly," Paquette says. "In 2023 year-to-date, Cabernet Sauvignon accounts for 62% share of red wine gift sales." Out of all gift orders on Drizly, she adds, 11% are Cabernet Sauvignon.

Domestic cabernet sauvignon is overwhelmingly preferred, Drizly says. In fact, 95% of all Cab Sauv sold last year was produced in the U.S.

The top-selling Cabernet Sauvignon SKUs on Drizly are:

1. Josh Cellars Cabernet Sauvignon
2. Caymus Napa Valley Cabernet Sauvignon
3. Decoy Cabernet Sauvignon
4. Justin Cabernet Sauvignon
5. Bota Box Cabernet Sauvignon
6. Silver Oak Alexander Valley Cabernet Sauvignon
7. Stags' Leap Winery Napa Valley Cabernet Sauvignon
8. Bread & Butter Cabernet Sauvignon
9. Stag's Leap Wine Cellars Artemis Cabernet Sauvignon

Black Box Cabernet Sauvignon

And the fastest growing brands are:

1. The Wonderland Project
  2. RPB Wines
  3. Rare Earth
  4. Adorn
  5. Marietta
  6. Charles & Charles
  7. Bellissima
  8. Banshee
  9. Kicker Cane
- Gramercy Cellars

## Phenomenal Spirits Expands to Europe

**Phenomenal Spirits** highly successful **RY3 Whiskey** and **Ron Izalco Rum** portfolios to four new European markets, with an eye towards continued expansion to the Asia-Pacific region.

Beginning in October, RY3 whiskey and Ron Izalco Rum will be available in Denmark, through H.J. Hansen Vin A/S, Germany through Haromex Development GMBH, and Slovenia through RR Selection and Hungary through Premirum.

"Since we first launched the RY3 Whiskey & Ron Izalco Rum brands in the US just three years ago, the success of both brands has fueled further expansion to seventeen states across the country and provided the launching pad needed to take these two exquisite, super-premium craft brands to the global market," said **Karthik Sudhir**, founder/CEO.

Leading the global expansion charge is **Barry Sly**, Phenomenal Spirits' newly appointed International Commercial Manager, based in the UK. His previous experience

includes Heineken, Fentimans, Coors Brewers and Global Brands, among others.

## Opici Completes Purchase of Pacific Highway, Announces New Leadership Team

**Opici Wines & Spirits** completed the acquisition of **Pacific Highway Wines** and introduced an expanded leadership team composed of executives from both Opici and Pacific Highway.

**Don Opici** will be CEO. He joined the family business in 2005 after graduating from Columbia Business School.

**Mark Giordano** moves to the role of President. He spent more than a decade growing the Pacific Highway Wines business.

**Stefano Francini** takes on the newly created role of Vice President, Sales Strategy and is responsible for the architecture of Opici Wines & Spirits sales planning. **Jerry LaVecchia** moves over from Pacific Highway Wines and is promoted to Vice President, Sales – National Wholesale. The third sales executive, also from Pacific Highway Wines, is **Rachel Roberts**, VP-National Accounts.

**John Mihm** joins as Vice President, Operations, from Pacific Highway Wines. Finally, Angela Slade is named vp-communications, a new division in Opici.

## Molson Coors's Economy Brands Show Gains as Segment Sinks

The economy beer segment is down 2.4% in volume sales for the 13 weeks ended Sept. 24 compared to last year. But **Miller Coors Beverage Co.** officials say Miller Coors's economy portfolio is growing in both dollar and volume sales.

In the fourth quarter of 2022, Miller Coors' four priority brands in the segment – **Keystone Light**, **Miller High Life**, **Icehouse** and **Steel Reserve Alloy Series** – collectively grew dollar share of the total category. That momentum has continued into 2023, with the entire economy portfolio growing both dollar and volume share of the segment, Circana data show.

“Molson Coors’ economy portfolio is growing, and we haven’t been able to say that in quite a while,” says Frank Cirone, senior director of marketing for Molson Coors’ economy brands. “What’s encouraging is that the growth isn’t driven by one brand. We’re seeing share gains across many of the brands in our portfolio though the second quarter.”

### Economy Brands Lead

Molson Coors’ two largest economy brands, Miller High Life and Keystone Light, are leading the way.

High Life has grown volume sales by 2.5% versus last year, while Keystone Light has increased volume sales by 4.3%, according to Circana data for the 13 weeks that ended Sept. 24.

The brands, Cirone says, have been buoyed not just by consumer purchasing trends, but by smart partnerships and marketing platforms that have kept them at the forefront of legal-age beer drinkers’ minds.

“We have had some really strong plans behind our brands that created an open door, so when someone wanted a new option, they turned to us,” he says. “These national partnerships are relevant to our core drinkers, so we’re driving

authenticity and are able to do it at scale.”

Miller High Life’s big year was boosted by a large-scale collaboration with Planters brand nuts, which included a merch collection and a dive bar on wheels, linking together two iconic staples of bar culture. It will close out 2023 celebrating its 120<sup>th</sup> anniversary with specialty packaging featuring its famous Girl in the Moon icon, as well as limited-edition merchandise celebrating The Champagne of Beers.

“The anniversary packaging offers our drinkers something special that fits in perfectly with the celebratory nature of the holidays and the new year. It gives retailers a flexible display solution that can last through the entire season,” Cirone says.

Miller High Life is surging in the on-premise, as well, where it’s the fastest-growing economy beer, according to Nielsen data through Aug. 12. It aims to keep up the momentum with partnerships focused on bars, with more big news to come in 2024, Cirone says.

“We’re really excited about the major partnerships we have lined up for next year,” he says. “They’re perfect fits for High Life and its close association with dive bars and food culture.”

### Wearing It

Meanwhile, Keystone Light’s work with outdoor lifestyle-apparel company Realtree has attracted drinkers with an affinity for hunting, fishing, camping and more. The return of “**The Hunt**” contest and its blaze-orange can has driven interest in the brand, as well.

“We heard consumers loud and clear: they wanted ‘The Hunt’ back, so Keystone Light delivered. We’re already starting to think about how we can expand upon the program even more next year,” Cirone says.

Molson Coors is looking to grow its two other economy brands, Icehouse and Steel Reserve, as well.

With Icehouse, Molson Coors has been working with distributors in key markets to execute distribution drives, in-store merchandising and local media buys. This focused approach works, Cirone says.

“This is an example of where we’ll continue to amplify what’s working,” Cirone says. “In the markets where we execute this plan, our trends beat the national trend, so we’re going to expand this approach to even more markets.”

The brand has been buoyed by the reintroduction of its 8% ABV **Icehouse Edge**, which has helped grow sales volume in the last 13 weeks, according to Circana multi-outlet and convenience store data. In the 26-week that ended Oct. 8, it’s seen sustained momentum, boosting sales volume, Circana data show. In the Great Lakes region, sales volume during that time is up 13.3%, while in Ohio, it’s up more than 20%.

Meanwhile, Steel Reserve’s Alloy Series will enter 2024 with eight flavors, including new Cherry Slushie.

With its bright red color and sweet cherry aroma, it fits in perfectly with the rest of the Alloy Series’ flavor-forward offerings, says Joel Salgado, associate marketing manager for the brand.

“Cherry Slushie perfectly articulates what the Steel Reserve Alloy Series is all about: bold, delicious flavors that are equally refreshing,” he says. The 8% alcohol-by-volume beer is sold in 16- and 24-ounce cans, and is on shelves now.

With good news throughout the portfolio, Cirone says it's time to strike while the iron is hot.

"For our economy brands, we haven't had an opportunity to ask for more floor and shelf space like this in years," Cirone says. "And I'm confident our sales and distributor teams are doing everything they can to seize the moment and capitalize on that opportunity."

### Where Cocktails Are Hot

The second quarter saw a dip in velocity versus the same time last year (-20%). Yet cocktails have performed comparably to previous quarters, with an average check value of \$81.73 (+\$2.44) and an average price of \$12.50 (+\$0.50). That's according to the NIQ Cocktail Sales Tracker, which is published by BeverageTrak.

So, which channels are experiencing cocktail higher velocities? Eating outlets continue to outperform bars and other drinking venues over each quarter. Although drinking outlets are picking up pace and performing better now than versus the second half of 2022, (\$6,024 compared to \$5,561 in Q3 of 2022 and \$5,529 in Q4 on 2022).

In terms of when consumers are ordering cocktails, the most recent quarter has outperformed over most days of the week, but velocity remains strong on Sundays, at \$1,806 in Q2 2023, ahead of the previous three quarters.

From mid-day onwards, all dayparts have experienced consistent or slightly lower cocktail velocities, while the breakfast / brunch slot at 0600-1100 shows an increase in Q1 and Q2 of 2023 versus the last two quarters of 2022, reflecting an increasing opportunity at this daypart outside of the early evening.

Geographically, velocity over the majority of states has dropped this year. However, Nevada continues to perform well, maintaining top spot with \$35,647 value velocity in Q2 2023, up significantly from \$27,605 year-on-year. Texas also remains a popular state for cocktails, going up from 3rd place in Q2 2022 to 2nd in 2023.

Rhode Island saw an increase in velocity from \$17,785 to \$18,531, and also ranked higher versus last year, up from 9th to 3rd place. The outlook was similar for Arizona, with a cocktail velocity increase from \$17,954 to \$18,430, plus a move up the table from 8th to 4th spot.

Overall, various cocktails are enjoying higher velocity on different days of the week and during multiple dayparts across different States. With many and varied horizontals and verticals at play, it's of imperative for brands and suppliers to understand which cocktails align best with brand strategies, in order to identify opportunities and maximize sales.

**Matthew Crompton**, regional director – North America said: "Cocktails are demonstrating comparable performance and continue to hold firm as a key category for spirits suppliers, due to the significant proportion of spirits sales going into cocktails. The latest tracker measures and analyzes not only the size of the prize of the cocktail category, but how it translates into brand opportunities. As a result of unlocking key insights, drinks suppliers and brands are fore-armed to identify potential and evolve their cocktail strategies for the highest impact."

### Why Consumers Dump Favored Brands

Why might a consumer leave your brand? At what point in their relationship with a brand? A just-released study from MBLM seeks to answer those questions.

The No. 1 reason consumers break up with their brands is that quality changed as did ownership. (Subway). This was also true of Facebook where seemingly failed to address mental health issues.

Many consumers broke up with brands before the three-month point was reached. The end to the relationship occurs quickly and is often rapid.

Declining quality stood out as the leading factor, followed by differing values. Disappointment was the most common emotion consumers felt leading up to the breakup.

But a majority of consumers say they think brands can still repair and regain their interest. How? Improved quality, addressing concerns and improving reliability.

To create stronger relationships with customers, MBLM recommends companies understand the causes and outcomes of brand breakups. "A strong emotional foundation is your best defense," the report concludes.

### Riboli Family Wines Expands Fine Wine Portfolio

**Riboli Family Wines**, family-owned and operated since 1917, launched its latest brand – **Riva de la Rosa** - a collection of unique, approachable, easy-to-drink white wines from Italy's notable wine regions of Piemonte, Toscana, Marche, and Lazio.

Sourced from Italy's diverse terroirs and named for the roses planted to watch over the vineyards, Riva de la Rosa, or "Shore of the Rose," is a collection of crisp, refreshing, light-bodied white wines. All have less than 13% ABV, showcasing Vermentino, Gavi, Verdicchio, and Frascati. Italy's cooler, coastal influence makes these wines approachable and easy to drink thanks to the influence of the sea and mineral-rich soils, which provide incredible salinity to the wines. Such versatility lends itself to countless food pairing opportunities.

"We are thrilled to introduce a dynamic new collection of Italian white wines from the regions for which they are best-known," says **Steve Riboli**, president/CEO. "Riva de la Rosa captures the essence of Italy's coastal beauty, its rich history, and its vibrant culture. We want to cater to consumers who are interested in trying and enjoying unique white wines-something different from traditional varietals."

To Your Continued Success,



JOEL

WHITA-

KER, Editor