

# 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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December 2, 2023

## Who & What —

**Au Bon Climat** names Cher Englestadt national sales manager. She will hold the same position for Clendenen Family Vintners and succeeds **Michael Main** who is retiring.

**Anna Maria Ponzi**, former owner, chief executive and president of **Ponzi Vineyards**, will serve as interim director of **Linfield University's Center for Wine Education** after **Tim Matz** announced plans to step down at the end of the year.

**Riboli Family Wines** hires **Dan Goldstone** as Chief People Officer, a new position. He joins from Chicken of the Sea, where he led the human relations function for Thai Union's North American companies.

**Vintage Wine Estates** names **Farzana Shubarna** vp- operations, a new post. She joins from Unilever Ltd., where she was Global Director, Center of Excellence.

### **Banfi, Partners to Provide 50,000 Coats to the Needy**

**Banfi** said it partnered with national non-profit One Warm Coat to provide a coat to 50,000 people in need.

**Banfi** will spread the word among distributor and retail accounts and urge them to conduct coat drives.

**Empire Merchants North**, one of **Banti's** distributor partners, is promoting the campaign on its website and social channels.

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**Truly Seitzler** is running a sweeps offering \$350 toward someone's holiday electric display holidays

## **Good News for Beer: Beer Purchasers Index Shows Growth**

The **National Beer Wholesalers Association's** Beer Purchasers Index jumped 13 points in November over the year-earlier level to close at 51.

The At Risk Inventory reading of 42 indicates lower inventory levels, a big improvement over a year earlier

Ordering trends were positive for six of the seven measured segments, led by 18-point and 12-point YoY increases for Premium Regular and Premium Lights, respectively. The Imports segment continued its strong year with a 10-point jump from November 2022.

- The index for imports continues to point to expanding volumes with the November 2023 reading at 69 higher than the November 2022 reading of 59.
- The craft index at 26 for November 2023 continues to signal contraction in this segment; the tally is about the same as the November 2022 reading at 25.
- The premium light index rose to 53 for November 2023, above the November 2022 reading at 41.
- The premium regular index rose to 48 for November 2023 above the November 2022 reading at 30.
- The below premium segment for November 2023 fell to 39 and is lower than November 2022 reading at 47.
- The FMB/seltzer reading for November 2023 at 25 is higher than the November 2022 reading at 16.

Finally, the cider segment posted a November 2023 reading at 30 compared to 28 for November 2022.

## **Conor McQuaid to Succeed Ann Mukherjee As CEO at Pernod Ricard North America**

Pernod Ricard appointed **Conor McQuaid** as CEO of North America (USA and Canada), succeeding **Ann Mukherjee**, who has decided to step down to focus her time and energy on her family's well-being.

McQuaid is a 25-year veteran of Pernod Ricard, most recently serving as Executive Vice President Sustainability & Responsibility, Communications and Public Affairs and as a member of Pernod Ricard's Executive Committee. He previously served as Chairman and CEO of Irish Distillers (Jameson) and Executive Vice President Global Business Development.

In a statement, Alexandre Ricard, Chairman and CEO of Pernod Ricard, said: "The U.S. continues to be our No. 1 market, and Conor brings a unique skillset from his 25 years at Pernod Ricard that is perfectly suited to continue our transformation in such a dynamic market. He has a deep understanding of every aspect of our business and a proven record of execution. His leadership and the instrumental role he played in the success of Jameson, particularly in the US, underscore his ability to further advance Pernod Ricard's ambitions in North America."

Mukherjee leaves McQuaid an organization with "a strong foundation of achievements in the evolution of our portfolio strategy and brand marketing effectiveness across the North American market."

Chris Swonger, president/CEO, Distilled Spirits Council of the U.S. and Responsibility.org, thanked Mukherjee for her service and leadership as vice chair of

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the DISCUS board of directors "where she provided important guidance on critical initiatives from making the industry more inclusive and diverse, advancing sustainability efforts, and modernizing the marketplace for spirits brands and consumers. "But perhaps most importantly," Swonger continued, "we thank Ann for the positive impact she has had on our industry's efforts to increase responsibility, eliminate drunk driving and combat underage drinking. She has been a light to all in the industry who have had the privilege to work with her, and we will miss her passion and determination to set the industry on a path for growth and future success."

Swonger said he looked forward to working with McQuaid "to further strengthen and unite the spirits industry. With more than 25 years of spirits experience, Conor's expertise in the global spirits industry will foster continued success for Pernod Ricard and the spirits sector as a whole."

### Thanksgiving Eve Draft Volumes Eased 2.5%

On the biggest party night of the year, Thanksgiving Eve (Nov 22), draft volumes saw a second consecutive dip of -2.5% compared to the same night in 2022, BeerBoard said. In 2022, on-premise draft volumes were down a sizeable -17.1%.

However, BeerBoard added, the usual on-premise "bump" did occur when week-over-week figures across draft (up 45%), packaged (up 61%) and spirits (up 26%).

Thanksgiving Eve saw no movement among the Top 5 styles when compared to 2022. Light Lager continued to have a firm grip on the #1 position followed by Lagers (#2), IPA (#3), Belgian Wit / White Ale (#4) and Euro Ales (#5). When looking at the previous Wednesday (Nov 22 v Nov 15, 2023), Light Lagers were +46%, Lagers +53% and IPAs +29%.

### Top 10 Draft Brands Poured Nationally in 2023

2023 Rank / Brand / 2022 Rank in parenthesis (#)

1. Michelob Ultra (2)
2. Miller Lite (3)
3. Bud Light (1)
4. Coors Lights (5)
5. Modelo Especial (4)
6. Blue Moon Belgian White (7)
7. Dos Equis Lager Especial (6)
8. Yuengling (8)
9. Busch Light (11)
10. Stella Artois (9)

### WSWA Challenges Sovos Finding 87% Back DTC Spirits Laws

Saying Sovos ShipCompliant "handpicked data" in a recent report to show that direct shipping legislation enjoyed broad support among consumers, **Wine & Spirits Wholesalers of America** said that Sovos' claim that "87% of regular craft spirits drinkers say they want to be able to legally purchase craft spirits via DTC shipping," ignores the fact that less than 30% of those surveyed responded.

The survey was conducted in conjunction with the **American Craft Spirits Association**. Not only did Sovos fail to disclose that it had only a relatively narrow response rate, but that most responders "were college educated men under the age of 34 with a household annual income above \$100,000 – not the broad base of support the headline implies," WSWA said.

WSWA also took issue with the report's assertion that 81% of regular craft drinkers would be more likely to try new craft spirits brands if they were able to purchase them through DTC shipping, calling it "dubious at best."

"Consumers are much more likely to discover craft brands through retailers, on premise and off, when individual interaction and tastings can help people determine what product is right for their taste," WSWA said.

In truth, WSWA said, craft spirits are booming under the three-tiered system. Craft producers have grown 14% growth, with craft spirits sales showing an impressive 7% increase by volume and a 10% surge in retail value over the last five years.

WSWA said SOVOS also disregards risks associated with multi-national producers dominating the online landscape if DTC shipping were to take over.

Legislators haven't expanded DTC spirits shipping because they are responding to consumer concerns that DTC shipping would increase underage alcohol access, undermine the integrity of the existing regulatory framework, and compromise local public health and safety, WSWA said.

No state passed DTC spirits legislation since Kentucky did so in 2020, and the number of state legislatures even considering the issue has dwindled year after year. For example, while 15 states introduced DTC spirits legislation in 2022, and only seven did so in 2023, WSWA said.

"In fact, in Texas – a state identified by SOVOS as "giv[ing] hope for successful [DTC legislation] in the future" – industry associations from all three tiers have banded together to oppose DTC spirits shipping for future legislative sessions, including the Texas Distilled Spirits Association (TDSA). This compromise between the tiers was rooted in an understanding that public health and safety are paramount when considering alcohol legislation, and that DTC spirits shipping directly threatens these values, WAWA said.

### EU Wine Labeling Rule Threatens 'Hundreds of Millions' of Labels

If U.S. producers think our government operates on a whim, ought to take a look at what's happening in Europe.

Two years ago, the European Commission adopted a new regulation requiring wines and aromatised wine products to feature a list of ingredients and nutritional value of the contents on the back label. The legislation permitted producers to make the info available via a QR code and gave them two years to come into compliance.

Fair enough. Many people think food and beverage companies benefit when consumers know what they are eating and drinking. But just two weeks before the new label rules take effect, the European Commission published

guidelines suggesting the QR code had to be indicated on the label with "ingredients" and not simply "i", which many producers had adopted.

That has producers screaming foul because it's just two weeks before the regulation takes effect, and there's no use up period. That's a problem, **Mauricio Gonzalez**, president, **Comité Européen des Entreprises Vins (CEEV)** says, because "several hundred million labels have already been printed, many of them already on shelves" featuring a QR code with an 'i' symbol to indicate ingredients."

Tough, the commission replied. The wine industry has had two years to transition to the new rules. In the commission's view, the "i" can refer to many different types of information. He added the new provisions should be implemented only with the 2024 harvest.

*The Drinks Business* first reported the story.

### 60+ Congressmen Ask USTR to Try Harder to Expand Export Access for U.S. Wine

Katherine Tai, the U.S. Trade Representative, was urged to commit additional resources to expand access to critical markets, such as India, China and Vietnam, for high value exports like wine.

The appeal came in a letter signed by more than 60 members of Congress led by Reps. Mike Thompson (D-Calif) and Dan Newhouse (R-Wash.)

"Wine is one of the most sustainable, high value-added agricultural products grown in the U.S. adding more than \$170 billion annually to the national economy and supporting 1.1 million jobs across the nation," the members wrote. "U.S. wine exports have seen an unfortunate decline in value over the last six years due to numerous factors including retaliatory tariffs and the coronavirus pandemic.

"As you work to expand U.S. agricultural exports, we ask that USTR commit additional resources to expand access to critical markets for high value exports like wine. We recognize that the administration is not pursuing traditional comprehensive market access agreements at this time but urge you to launch targeted efforts to address the competitive disadvantage faced by U.S. wine producers."

In India, U.S. wines are subject to a 150% tariff as well as many non-tariff measures. Australia recently completed a trade agreement with India which lowers the tariff on premium Australian wine to 75% percent immediately and 25% in the future.

Currently, Vietnam applies a 50% tariff on U.S. wine while wine from competitors in the European Union, Australia, New Zealand, and Chile will soon pay a 0 percent tariff.

U.S. wines continue to be targeted by retaliatory tariffs in China as a result of U.S. actions on Sec. 232 and 301 tariffs. U.S. exports face a 54 percent tariff, while wines from the EU pay 14 percent and wines from New Zealand and Chile pay 0 percent tariff.

"Expanding export opportunities is a top priority for our wineries so it is very encouraging to see the broad support within Congress for these efforts," said **Robert P. Koch, President and CEO of Wine Institute**. "We look forward to continuing to work with the Congressional Wine Caucus and the administration to level the playing field for

U.S. wineries throughout the world."

### Sparkman Cellars Vandalized; 5000 Gallons of Wine Down Drain

Shortly after employees left for Thanksgiving, a masked figure about a back door at Sparkman Cellars, Woodinville, Washington, and used an employee keypad to gain entrance. Once inside the facility, the vandal opened the valve on two 2,500 gallon tanks, draining the tanks onto the floor. The value of the lost wine was placed at \$1 million. Police said they are investigating but haven't any clues.

### Weight Loss and Alcohol

Tom Wark, in his excellent blog, *Fermentation*, says he expects drugs like Ozempic and Mounjaro, originally developed to treat diabetes and now also being used for weight loss, will result in lower wine sales. He notes that Morgan Stanley's AlphaWise research unit found "people taking these drugs consumed 62% less alcohol, and more than one in five said they had stopped drinking booze altogether."

I can tell you from personal experience that Tom is right. No, I don't take Ozempic, Mounjaro or Wegovy. But just about a year ago, my doctor put me on a drug called ConTrave. It's not for treating diabetes. It's strictly for weight loss. and My doctor was concerned about fat accumulating around vital organs in my belly.

So what happened? I've lost about 11% of my weight in a year. I suspect I've plateaued. I also eat less because I usually feel nearly full. As far as I can it hasn't affected my enjoyment of food – or of alcohol. But I now drink anywhere from one-third to one-half the amount I did a year ago. Where I have really cut back is potato chips and simi-

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lar snacks.

Wark says he doesn't know what the impact on bev/al sales will be. According to the **Centers for Disease Control & Prevention**, about 41% of U.S. population is obese, so if you assume that one-third of the obese population does not drink anyway, at the most your sales will go down 27%.

I think the number will be substantially less than 27% because (1) not all obese drinkers will be put on one of these drugs, and (2) not everyone who is on one of these drugs will take them on a regular basis.

Morgan Stanley thinks the new weight loss drugs will reduce your sales 1.8%. I think they are wrong. I think it will be much more than that. Do I have a number? No. What I do know, however, is the threat to your sales from these drugs is much less than some of the measures being proposed by the anti-alcohol lobby led by the World Health Organization.

### Latest Jack Daniel's Finished In Oloroso Sherry Casks

**Jack Daniel Distillery** introduces **Distillery Series Selection #12**, a Straight Tennessee Whiskey Finished in Oloroso Sherry Casks. The latest in the distillery's line of experimental and innovative whiskeys features Jack Daniel's classic Tennessee Whiskey with an additional layer of complexity perfect for the season.

Jack Daniel's Distillery Series is available in Tennessee only and in limited quantities. Like all Jack Daniel's Tennessee Whiskeys, the latest expression has a grain bill of 80% corn, 12% malted barley, and 8% rye and is charcoal mellowed before entering into new, charred American white oak barrels. Once fully matured, the whiskey was then finished in Oloroso Sherry casks for an additional three years.

"We first used Oloroso Sherry Casks with our American Single Malt, and it was only natural to continue experimenting with them to craft innovations that only Jack Daniel's could," said Chris Fletcher, Jack Daniel's Master Distiller. "What resulted was something completely unique that further elevates the complexity of Old No. 7 but maintains a balanced profile. We can't wait for our friends to try what we believe is the perfect sip for the season."

### 44% Go Out More Often, For 32% On-Premise Visit Is a 'Treat' -- CGA by NIQ

Over a third of consumers are visiting the On Premise more than usual, despite the cost-of-living crisis and student loan repayments, according to CGA by NIQ's November Consumer Impact Report.

On a continued encouraging note, the vast majority of consumers visiting bars, restaurants and similar venues in the past month have either spent the same amount or more overall (77%) and per visit (80%).

Why are they spending more when out? In short, while rising prices have played their role, 44% are simply going out more often and 32% are spending more because they're treating themselves.

One in four consumers have been directly affected by the re-start of their own or a spouse/partner's Student Loan repayments on October 1st. Those aged 21-34, who typical-

ly visit the On Premise with a higher frequency than other age demographics, are especially impacted by student loan repayments with almost half of these consumers and/or their partner or spouse now making Student Loan repayments.

For this reason, almost two thirds of this category are experiencing a negative impact on their disposable income, and 7 in 10 are making a conscious effort to buy cheaper drinks options. What's more, significant proportions have also been cutting back on frequency of visitation to the On Premise and/or opting for cheaper venues.

All in all, the report paints a picture of higher spends across the board. Conversely, it also highlights greater budget consciousness and a desire for value options amongst the key 21-34-year-olds demographic.

For both purposes, it's vital for drinks brands, suppliers and operators to strategically maximize higher and more frequent spenders, while not losing sight of the needs of younger consumers who continue to represent a sizeable prize.

**Matthew Crompton, Regional Director – North America** said: "The findings in the latest Report indicate ongoing resilience in the On Premise, with over a third of consumers increasing visits despite economic challenges. Understanding diverse spending motivations is crucial for brands, suppliers and operators to ensure a piece of the action. Conversely, over a quarter of consumers are visiting less, emphasizing varied preferences. Then there's younger consumers, impacted by student loan repayments and seeking affordability. This key group represents both a challenge and an opportunity. So, it's wise for suppliers and venues to balance how they cater to higher spenders while also addressing the specific needs of 21-34-year-olds for sustained success in a shifting environment."

### 80 Large Firms Adopt Practices to Prevent Sales, Marketing of Bev/Al to Underage

More than 80 large companies signed on as members of the **International Alliance for Responsible Drinking's** Global Standards Coalition pledging to put in place policies and practices to prevent the sale and marketing of alcohol to those underage, are supporting employees and partners with resources, and are working together to further reduce harmful drinking.

Among the signers are Anheuser-Busch InBev, Asahi, Bacardi, Beam Suntory, Brown Forman, Carlsberg, Diageo, Heineken, Kirin, Moët Hennessy, Molson Coors, Pernod Ricard, William Grant & Sons and some less obvious firms, including Coca-Cola Co., Retail Brands Australia, Walmart, Meta, and others.

The International Alliance for Responsible Drinking organized the promotion

### Maker's Mark Fills First Certified Regenified Barrel

**Maker's Mark** said it filled its first Certified Regenified barrel of Maker's Mark whisky. It becomes the first spirit's distillate to achieve this certification designated by Regenified, a leading third-party regenerative agricultural verification and supply chain-solution company. With this certi-

fiction, the brand continues on its long-term mission to cultivate bourbon that betters the world, while crafting the most flavorful product possible.

This historic barrel filling was made possible by the strong partnership and shared vision between Maker's Mark and its long-term partner farmers in the Kentucky community who supply its corn and distinctive flavoring grain of red winter wheat, which together make up 86% of the iconic Kentucky bourbon's mashbill. To be Certified Regenified, more than 75% of the grains in the mashbill must be sourced from Certified Regenified farms that have demonstrated a commitment, like Maker's Mark, to restoring and revitalizing our most precious resource – our soil – through regenerative agriculture practices. Each of the brand's corn and wheat farm partners achieved Regenified certification this fall.

Regenified was founded in 2021 by a team of regenerative farming pioneers, experts and innovators to promote regenerative farming practices and combat the decline of soil health due to intensive and unsustainable agricultural practices. The organization works with farmers and ranchers alongside food manufacturers and retailers to repair, rebuild, revitalize and restore the function of the ecosystem and preserve the soil for future generations. Through the Regenified verified label and their proprietary 6-3-4 Verification Standard, Regenified helps farmers and ranchers understand where their practices and lands are on the regenerative path.

"Today, I am proud to say that the Maker's Mark fans know and love is being crafted, in large part, using regenerative practices that give back to the land more than we take," said **Rob Samuels**, 8th generation whisky maker and grandson of the founders at Maker's Mark.

"When we commit to these practices, we are rewarded with a healthier environment, higher quality ingredients and ultimately, a more flavorful whisky. I couldn't be more grateful to our grain farmer partners who have shared our commitment from the beginning. It's a proud moment to have our efforts, together, validated and recognized by an organization like Regenified."

## New Firm Targets Invasive Species

A new company that seeks to eradicate invasive species has completed its first fundraising round.

**Invasive Species Corp.**'s first focus products, Zequanox and Piscamycin, provide cost-effective solutions to eradicating the highly invasive Zebra & Quagga Mussels, as well as Asian Carp. These invasive species have massively disrupted the Great Lakes and Mississippi River ecosystems, and also cause massive damages to marine infrastructure and surrounding economies.

The round was led by Silverstrand Capital, a Singapore-based single-family office that committed \$2.5m to accelerate growth and bring additional products to market. Peter Kennedy will represent Silverstrand on ISC's board of directors and take on a senior management role.

Invasive species are a \$400 billion annual problem with few safe or economically viable solutions that is responsible for 60% of global extinctions, and have been the sole driver of 16% of recorded extinctions. The UN reports

estimated the global economic cost of invasive species in 2019 at \$423 billion annually.

"One million species of plants and animals are now at risk of extinction," said **Kelvin Chiu**, founder and principal of **Silverstrand Capital**. "We look for effective ways to combat biodiversity loss globally. Developing natural, sustainable control solutions that restore the natural balance in land and sea ecosystems is the type of crucial work that we want to support and encourage."

Invasive species have a large social cost too, particularly for indigenous peoples and local communities, through the loss of traditional livelihoods and knowledge, reduced mobility and access to land, and increased labor needed to manage the invasive alien species.

"When we decided to create a company to combat the effects of invasive species, we were determined to help counteract the serious impacts of invasive species with effective and environmentally responsible biological solutions," commented Dr. Pam Marrone. "We have the experience to rapidly discover and deploy the solutions that Nature already provides, to address these issues using specific microorganisms and other natural products."

Mr. Peter Kennedy added "I have known and invested with Pam for many years, and we believe her team has the experience needed to address one of the largest and most under-served opportunities in the ag tech space."

ISC's first focus products, Zequanox and Piscamycin, provide cost-effective solutions to eradicating the highly invasive Zebra & Quagga Mussels, as well as Asian Carp. These invasive species have massively disrupted the Great Lakes and Mississippi River ecosystems, and also cause massive damages to marine infrastructure and surrounding economies.

The fundraise will be used to improve and expand on their product lines, and to continue developing stronger customer relationships.

## Wines of Georgia's 2023 Strategic Comm Plan Is Rated 'a Success'

How do you measure success in a strategic communications campaign? One way, of course, might be impressions. Another way is increased sales, and by that measure, **Wines of Georgia's** 2023 campaign has hit the ball out of the ballpark.

"Georgian wine has seen significant growth in the United States, with a 29% year-over-year increase in exports from 2016 to 2022," says **Tamta Kvelaidze**, Head of Marketing & PR at the Georgian National Wine Agency. "We are thrilled about the success of the 2023 integrated communications program in further strengthening our relationships in an important market. It is exciting to witness influential trade and press in the US, as well as consumers, embrace our country's unique, high-quality wines that reflect a rich history, as well as modern innovation."

The 2023 Wines of Georgia campaign kicked off at Vinexpo America in New York on March 8-9, where 26 Georgian wine companies promoted their products with the support of the National Wine Agency. The event saw record attendance, with a 28% year-over-year increase in attendees,

to the benefit of the participating Georgian wine producers.

Also in March, Wines of Georgia launched the Georgian Wine Certification program, in partnership with the Napa Valley Wine Academy, the first of its kind in the U.S., available to media, wine trade and wine-loving consumers. Endorsed by the National Wine Agency, the three-hour course features seven learning modules on Georgia and its wines, along with a final quiz that gives users access, once passed, to a Georgian wine certificate.

### Bev/Al's Worst Enemy: 'No Safe Limits' Claims

Thursday (11/31) at 7:31 pm *The New York Times* published a stunning report that Israeli officials had obtained Hamas's battle plan more than a year before the Oct. 7 attack, but dismissed it as aspirational.

A day before, [Wine Titles Media](#) carried a report of a speech Felicity Carter, an Australian wine journalist and co-founder of *Business of Drinks* gave at a wine industry conference in Adelaide. She implored wine producers to battle claims put forth by the World Health Organization (WHO) that there is "no safe limit" when it comes to alcohol consumption.

"People don't believe me, but this is the worst thing I have seen in 25 years of reporting about wine," said Carter. "The World Health Organization came out in 2022 and they declared there is 'no safe limit' for drinking alcohol. They are pressuring the EU to change their guidelines about cancer, they have come out and they have said alcohol causes cancer."

"Every time I say this, people say, 'well prohibition didn't work the first time' and I say there's a difference: prohibition was imposed by government, this is people *choosing* not to drink as they hear the health data."

We've been voicing the same concerns ever since the WHO came out with its pronouncement. To us, it's a misleading message; it's probable there's at least one person on this planet who has a gene to which just one sip of wine trigger the cancer mechanism. But for most people, adverse effects from alcohol consumption require extreme consumption over a number of years. And for most people, the risk of dying from coronary artery disease is substantially higher than the risk of dying from drinking a moderate amount of alcohol on a daily basis.

But Carter is absolutely right. The WHO's campaign is insidious in that it doesn't ask government to prohibit alcohol consumption. Instead it is targeted at consumers on the principle that they will process the information and stop drinking anyway. Plus: Governments can adopt the same message, citing the World Health Organization as their authority, and most people will say, "Well, if it's the *World Health Organization* it must be so."

A "not one drop" campaign aimed at consumers is much more difficult for the bev/al industry to challenge than legislative action. To fight a bad bill, you only have to target 535 members of Congress and 100 senators, plus legislators

in state legislators and municipal government around the country.

For the industry to rebut the WHO's claim will be a much bigger challenge. It's going to require different message, and, Carter says, perhaps encouraging moderate drinking by introducing smaller formats. For wine, it also reinforces the importance of pairing wine with food.

All three segments would benefit, we think, by focusing their messaging on the consumer, not so much on the product or the producer. How does wine, beer, or spirits benefit the consumer in terms of health? in terms of pleasant meals? etc.

The industry does a great job of messaging its environmental activities, its diversity-equity-inclusion initiatives and its anti-drunk driving programs, including the Distilled Spirits Council's partnership with Mothers Against Drunk Driving. Now it needs to do a great job of communicating how spirits or beer or wine benefits consumers.

### Good News for Debra Crew: Tequila Surging Outside U.S., Mexico -- IWSR

**Diageo** has benefitted mightily from the growth of high-end tequila, and the company's new CEO, **Debra Crew**, has made it clear she intends to export the U.S. enthusiasm for agave-based spirits to the rest of the world.

There's a reason for that: demand for premium agave spirits shows signs of moderation in the US, overall sales are declining in the category's other major market, Mexico, with volumes slipping by -4% in the first half of 2023.

But outside the U.S., In the first half of 2023, agave grew in 15 out of the world's top 20 beverage alcohol markets (including the U.S.) – and recorded double-digit volume growth in 11 of them.

Category expansion was driven by a number of factors, including the reopening of the on-trade in China and growing appreciation of tequila as a quality spirit in Spain.

In India, volumes more than doubled in the first half 2023 vs 2022 (off a small base) partly thanks to growing consumer acceptance of locally grown agave, which has helped to soften the impact of supply constraints.

And in the UK, the 4% volume decline recorded in H1 2023 masks the changing image of agave in the country: as traditional tequila shot consumption in the on-trade declines, the higher end is enjoying growth, particularly in the home premise.

"Strong interest in agave outside the U.S. has been boosted by growing interest in Mexican culture, celebrity influence and the popularity of cocktails," says **Jose Luis Hermoso**, Research Director, IWSR. "The category is also continuing to gain traction thanks to the increasing appreciation of tequila as a quality spirit, a revival of the on-trade and tourism in Asia, and the recovery of the Duty-Free channel post-pandemic.

"Strong performance in the U.S. has meant some brands were on strict quotas in secondary markets, with many of these undersupplied for years as allocations could not fulfil existing demand."

#### Premium tequila under-indexes in ROW markets

The disparity between markets in the Americas and the rest of the world means that luxury tequila has huge growth potential. Currently, the U.S. and Mexico sell about 25 times as much ultra-premium-plus tequila as a group of nine ROW markets (the UK, Spain, Australia, China, France, Japan, Italy, Germany and Poland).

For other spirits categories, such as Cognac/brandy and whisky, the differential in ultra-premium-plus volumes is less than two to one.

"The ultra-premium space for agave-based spirits under-indexes outside the U.S. and Mexico, compared with other spirits categories," says Hermoso. "Potentially, this gives high-end tequila enormous headway for future growth, if brand owners can continue to successfully promote its quality credentials with consumers."

In the short to medium term, the U.S. (and, to a lesser extent, Mexico) will continue to be by far the most important priorities for agave brand owners – simply because they account for more than 85% of category volumes, and an even larger proportion in the higher price tiers.

But, if demand continues to moderate in the U.S., and volumes keep declining in Mexico, companies may have to rethink their global brand strategies – and look to a larger and more diverse group of markets around the world to fuel future category growth, IWSR says.

## Von Stiehl Winery to Test AI For Crafting Taste of Wines

"Technology has helped advance wine quality immensely in the last few decades," Brad Schmiling, winery co-owner, said. "Now we want to see if AI can help us raise the flavor bar even higher."

But AI requires human taste buds and the input of personal preferences to make recommendations. Schmiling admits that wine preferences are subjective, and winemaking is complicated by several factors. The winery plans to use two baseline wines to gather feedback, which it will utilize as input for new wines to be blended based on Artificial Intelligence output.

Schmiling acknowledged the idea launched and took off fast. "We trademarked AI for wines, then proceeded to figure out what to do with it. We blended wines from 2022, and released them in the summer of 2023," he said. "Now we're seeking feedback and comments on these wines to input to AI. Our new wine will be blended according to the interpretation of suggestions for v2.0."

Von Stiehl winery began in 1967, with a focus on heritage and tradition. It has since evolved using cutting-edge technology along with the rest of the wine industry. The Schmiling brothers recognize that embracing AI is risky, but they're fascinated with the potential: "There's no running from technology," says winemaker Aric, "we're open to the possibilities and to including others in the journey to see how AI can help wine evolve into v2.0 and beyond."

Von Stiehl Winery is inviting wine consumers to get involved in merging the wine and technology worlds by participating with critical input on the next wine release. The current AI White and AI Red wines are \$16.49 each and available for

purchase online at [artificialintelligencewines.com](https://artificialintelligencewines.com). Tasters can sample each wine, then return to the website again to rate the wines. Data collection will conclude on January 15, 2024. The new blends will be released on April 15, 2024, when participants will be able to purchase the wines and taste the evolution and AI influence.

## Two Roads Brewing, Guy Fieri Launch Spiked Fruit Punch

Guy Fieri, the Food Network television host, has partnered with **Two Roads Brewing**, to launch the **Flavortown Spiked** line.

The line's debut recipe, **Flavortown Spiked Fruit Punch**, is a next-level boozy refresher that delivers a liquid symphony of fruit sensations and bold, out-of-this-world taste. Inspired by classic fruit punch and made with real cranberry and orange juices, its bright notes of fresh berries and fruit infuse every sip at 6% ABV.

The line will expand to include a variety pack of additional spiked punch and hard tea recipes in early 2024, all inspired by Fieri's favorite drinks.

Flavortown Spiked Fruit Punch is available everywhere Two Roads is sold. Available to start in 6-packs of 12 oz. cans for \$11.99 with large-format 19.2 oz. cans rolling out in early 2024.

## Paulaner Munchner Lager Adopts 16.9 Oz Can

**Paulaner USA** said its popular **München Lager** is now available in a convenient new 19.2 oz can. This is Paulaner's first ever 19.2 oz can and was developed to expand consumer usage occasions for the fastest growing product in the Paulaner USA portfolio.

"Consumer demand for a taller, bigger beer can continues to grow and we're happy to now offer our popular München Lager in the new 19.2 oz can," **Steve Hauser**, president/CEO of Paulaner USA. "Our single is ready to mingle" as the new 19.2 oz can offer consumers at gas stations and convenience stores a classic German Lager to go. "It's also great for consumers searching for a premium beer at sporting events, concerts, backyard barbecues, fun at the beach or lake, and more, he said.

Paulaner München Lager was among the first beers that German brewmasters brought to the city's Bavarian taps. It's a true classic, with its clear gold sparkling hue and crowned by a pure white head. A beer which always goes down well: mild, elegant malts, with a hint of sweetness and hops in the background. This Munich beer is ideal to accompany spareribs and spicy dishes.

"The Paulaner München Lager is the perfect beer, now in the perfect package, for consumers in search of immediate refreshment," Hauser concludes.

## Accolade Wines Launches Banrock Station in the US

Accolade Wines, producers of premium wine brands across the globe and the largest producer of wine in Australia,

in partnership with the Arbor Day Foundation, is pleased to launch Banrock Station, a premium range of South Australian Riverland wines in the US (SRP \$10, line priced).

"Sustainability is at the heart and core of Banrock Station, every drop goes into helping conserve the planet," says **Shannon Grant**, Managing Director of the Americas at Accolade Wines. "Banrock has a rich global legacy of prioritizing planet conservation and supporting causes the brand, and its consumers are passionate about. Our impact would not be possible without our consumer, and we are beyond proud to be able to make a difference in the US together with the Arbor Day Foundation."

## Wheel Horse Whiskey Intros Cigar Blend Bourbon

**Wheel Horse Whiskey** introduced **Wheel Horse Cigar Blend Bourbon**, a limited-edition whiskey distilled at the historic Green River Distillery in Owensboro, Ky. With just 3,000 bottles available, this limited offering is available online in most states beginning today, along with limited availability on shelves.

Cigar Blend whiskeys are a growing trend as many drinkers look for new, unique offerings to sip and add to their collection. This new Wheel Horse Cigar Blend Bourbon was aged over four years in its original oak barrels and then finished in a combination of Sherry, Port, and Armagnac casks for approximately 6-8 months. The barrels were married and the whiskey was bottled at 101 proof (50.5% ABV), non-chill filtered. The expression retails around \$40 per bottle, a testament to Wheel Horse Whiskey's dedication to offering whiskey lovers an affordable luxury.

"While there is no official definition for a 'Cigar Blend,' there is history to the term," says Terry Lozoff, Spirits Director at Latitude Beverage, owners of the Wheel Horse brand. "In American whiskey, Cigar Blends have typically involved a combination of finishes, with Armagnac and/or Cognac being a favored choice. For Wheel Horse Cigar Blend, we are using Armagnac-finished Bourbon as the base, but this is complemented by a smaller amount of Sherry and Port-finished Bourbons to create a profile that we believe is balanced, flavorful, and perfectly paired with a fine cigar."

On the nose, the whiskey is full of dark fruit aromas, such as cherry and plum, with a light undertone of tobacco. On the palate, sweet brown sugar is balanced with rich coffee before revealing earthy notes of leather and dark chocolate. The finish lingers with complex flavors of mulling spice and roasted almonds.

## Broken Barrel Intros Honey Smoke Reserva

**Broken Barrel Whiskey Co.**, known for its innovative whiskey finishing techniques, introduced **Honey Smoke Reserva**, which builds off its immensely popular **Honey Smoke Rye** from last year. This new offering features a Kentucky-distilled American Whiskey aged for six years, finished for five months using 50% Honey barrel staves and 50% Texas Sotol barrel staves, and bottled at 110-proof (55% ABV).

About 1,900 bottles of Broken Barrel Honey Smoke Reserva are now available online at [BrokenBarrelWhiskey.com](https://BrokenBarrelWhiskey.com) and [Seelbachs.com](https://Seelbachs.com), and in select retail stores in: CA, IN, KY, MN, OK, and SC, for an SRP of \$79. The expression features a mash bill of 99% corn and 1% malted barley.

## Diageo Launches 'Magic Of Moderate Drinking' Campaign

**Diageo** launched a new global responsible drinking campaign: "The Magic of Moderate Drinking," that looks to make moderation aspirational and encourages consumers to drink responsibly over the festive period.

The campaign will show consumers that by drinking better, not more, you can savour every moment and occasion. The story is told through a hero film which features Guinness, Johnnie Walker, Tanqueray 0.0 and Seedlip, where our host enables guests to experience the "magic of moderate drinking," and shows how responsible drinking can take many forms for every individual. From spacing your drinks with water or food, having a non-alcoholic option, or measuring your units to help you keep an eye on how much you drink, the guests can all be seen choosing to moderate whilst not having to compromise on the fun.

Speaking on the launch, Kate Gibson, Global Society Director, Diageo, said: "I love this campaign as it shows that you don't have to compromise on fun in order to moderate your drinking. This is challenging outdated perceptions about responsible drinking and demonstrates you can still have a great celebration!"

Supporting the launch of the campaign, Diageo has created a new and refreshed dedicated positive drinking page on its website. The site will be host to resources such as DRINKiQ and demonstrate the latest responsible drinking work from Diageo and its brands.

## Angry Orchard 'Solves' Unwanted Gift Problem

People who get a gift they consider really disappointing will have the chance to swap it for \$50 and a year's supply of new **Angry Orchard Crisp Imperial Hard Cider**.

"To be clear, we don't want your crappy gifts either," the brand says. But winning the sweepstakes should ease the pain of taking the unwanted gift to Goodwill. Simply share a photo of your unwanted gift on Instagram or Twitter using #AngrySwap and tagging @AngryOrchard for a chance to win \$50 and a year's supply of new Crisp Imperial. The sweepstakes will be open from Nov. 29 to Dec. 20 and winners will be notified via direct message from the official @AngryOrchard social channels or by email.

Continued Success,  
KANE'S BEVERAGE WEEK



JOEL WHITAKER, Editor