

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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Biden's Covid Plan Offers Hope for On-Premise

President-elect Joe Biden's Covid plan, announced Thursday night, offers hope for significant recovery in the first half of the year to the hospitality and entertainment industries, including bars, restaurants, sports arenas and theme parks, all places where bev/al sales play critical roles, and all segments of the economy that have been particularly hard hit by the global pandemic.

While Biden pronounced the current vaccine distribution plan "a dismal failure," his plan builds on the shoulders of Operation Warp Speed, President Trump's bold decision to buy millions of doses of vaccines before they had even been tested.

Still, overall, Trump's approach to the pandemic was an abysmal failure. To understand why — and to understand why Biden is pumping \$50 billion to expand testing and make it routine — look at the pandemic as if it was a wildfire. One hundred years ago, the best forestry officials could do was climb into towers and survey the horizon for smoke that might indicate a fire miles away. Whether it was a fire or how large it was and how fast it was moving was essentially unknown.

Today, through the use of satellites, aerial reconnaissance and similar techniques, firefighters have a better chance to control the blaze. If you think last year's wildfires in the West were bad, consider how much worse they were 100 years ago.

In fighting the coronavirus, testing performs exactly the same function as satellite and aerial reconnaissance performs in fighting forest fires. Widespread testing enables health officials to spot outbreaks. Contact tracing enables them to build breaks around the outbreak.

The failure of Trump and of governors such as California's Gavin Newsom to mandate extensive testing explains why Covid's devastation today is worse than it was in the fall.

So Biden's \$50 billion for testing will help to get testing much more widespread. And frequent. We know testing works. It's been key to Australia, New Zealand, Finland, Norway and Slovakia restraining the virus, as well as South Korea, Japan and Korea.

And then there are the 108 New England colleges and universities profiled in *The Wall Street Journal* a couple of months ago, along with Duke University. All of those required students to be tested twice a week, and had positivity rates of 0.2% or less. Indiana University, which used a sampling plan, had positivity rates

'DC Looks Like an Armed Camp'

As we were putting together this issue of *Kane's Beverage Week*, we heard from a long-time source who has spent more than 30 years in Washington. He said he was "shaken to the core" after driving into Washington Friday morning.

"DC looks like an armed camp," he said. "A new fence goes blocks and blocks west from the Capitol. It's going to affect how we hold our annual conference — what will it look like and feel like for our members going to the Hill. What does it look like and feel like for a seventh grade class from Topeka, Kans., on the annual school trip to Washington?"

Seeing it on CNN is one thing, he said. Seeing it in person is something else.

"We've got to figure out how to put our country back together," he said as he returned to his home in Virginia.

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of 0.5% or less for most of the fall semester at a time when the state of Indiana as a whole had positivity rates of 6% or higher.

So, between Biden's plan to accelerate delivery of approved vaccines and testing, for the first time since last Spring there is hope for beleaguered bars, restaurants, sporting arenas, theaters and theme parks. We expect them to be substantially open this summer.

Other parts of his plan will bring criticism from some. For instance, the plan to distribute an additional \$1,400 per person in stimulus checks will result in protests that it is going to people who don't need it. It is true that the stimulus mechanism is a blunderbuss approach, but economists generally agree that \$1,000 checks last summer kept the economy out of an even deeper recession.

It is also true that some people won't spend those checks but will use them to pay down credit card debt, build reserves or invest. Who cares? Paying down credit card debt results in more money for spending in the future rather than paying interest to banks; building reserves that enables people to deal with disasters — whether its loss of jobs in the next recession or a roof leak or medical emergency — also helps maintain consumer spending in the future. Investing, whether in stocks or a business, is also beneficial to the economy in the long run.

There are other parts of his plan that are, in our view, more dubious. Because the cost of living in different areas differs, is it really necessary to mandate a \$15 an hour minimum wage in, say, Mississippi? If people are able to rapidly return to work, is it really necessary to provide \$130 billion to help K-12 schools reopen?

We'd rather see that \$35 billion Biden plans to give public colleges and universities to cover pandemic-related expenses go to small, private liberal arts colleges, a number of which are likely to close their doors this year, thanks to the pandemic.

But those are quibbles. The simple fact is that the Biden plan is a lifeline for bars, restaurants, theaters and sports arenas. For that reason, it should be welcomed by bev/al marketers.

Bev/Al Groups Laud Plan: 'We Must Defeat Covid to Restore Economy'

President-elect Biden's Covid relief package won plaudits from bev/al associations and other business interests.

In regard to the package, **Craig Purser**, president, **National Beer Wholesalers Association**, said, "It is a serious proposal. It's a good beginning. The key to this is on-premise relief. You can't build on-premise back until you get people back into bars and restaurants," and, he added, "that won't happen until there is widespread testing and vaccinations."

Distilled Spirits Council of the U.S. "greatly appreciates President-elect Biden's determination to prioritize the recovery of the nation's hospitality industry from day one of his Administration," **Lisa Hawkins**, senior vp-public affairs, told us. "We look forward to working with the new Administration and Congress to ensure that much-needed

relief is quickly delivered to America's craft distillers, restaurants, and hospitality workers who continue to suffer due to the economic fallout from the pandemic," she added.

Wine & Spirits Wholesalers of America said it "praises the incoming Biden Administration for recognizing the continued threat to the American economy posed by the COVID-19 pandemic. Congress took an important first step toward recovery when they restored the full deduction for business meals in December, indicating a commitment to helping the wine and spirits industry's on-premise partners recover from unprecedented challenges in 2021.

"We are also mindful in urging Members of Congress and the incoming Administration to pay special attention to the hospitality industry as the nation charts a course out of the pandemic. America's restaurants, taverns, music and sporting venues, and hotels will need further relief in order to return to pre-pandemic employment levels, WSWA said.

The **U.S. Chamber of Commerce** applauded President-elect Biden's "focus on vaccinations and on economic sectors and families that continue to suffer as the pandemic rages on. We must defeat COVID before we can restore our economy and that requires turbocharging our vaccination efforts. We look forward to working with the new administration and Congress on the details and in ensuring that any additional economic assistance is timely, targeted, and temporary."

Why Biden Plan Is Important: A Third Of All Bev/Al Sales Are On-Premise

That helpful statistic comes from Barenberg Beverages, which in a note to clients Friday morning said with Covid-19 vaccines being approved and starting to be rolled out, "there is hope that a new normal could be with us by the summer."

Since almost one-third of all bev/al sales are on-trade, the bev/al sectors "has been a victim of the severe disruptions Covid-19 has brought to this channel."

Javier Gonzalez Lastra, Barenberg's lead beverage analyst, has downgraded earnings forecasts for the 2020 fourth quarter and 2021 1st quarter. But starting the July, he expects on-trade to recover 85% of pre-pandemic business and travel/retail to recover 45%

Beer companies will show a greater rebound than wine and spirits producers, he says, noting they also took a bigger hit.

In another development, Federal Reserve Board Chairman Jerome Powell said the U.S. jobs market has a long recovery ahead. His comments came as the latest jobs report showed the U.S. lost 140,000 in December. As a result, Powell said, "Now is not the time to be talking about exit" from easy-money policies.

Yuengling to Enter Texas in Fall

"We have heard from consumers all over the country who are excited to enjoy our beer, which is why we're proud to announce that Texas will be the first western state we'll be expanding to," said Wendy Yuengling, Chief Administrative Officer and 6th generation family member of D.G. Yuengling & Son, Inc. "We are working hard to en-

sure our recipes and brewing traditions will be followed to our high-quality standards. We have passionate Yuengling fans in Texas, so we are excited to finally bring them the goods."

Yuengling's beers will be brewed locally by Texans at the Molson Coors Ft. Worth brewery, the company said. The Yuengling family and its team of brewers are working hand-in-hand with Molson Coors to deliver the rich tradition and quality that is associated with America's Oldest Brewery.

"We are excited to take the first step in our long-brewing partnership, a step that will provide tremendous growth opportunity for Yuengling and Molson Coors, said Gavin Hattersley, President and CEO of Molson Coors Beverage Company. "By brewing Yuengling's iconic beer at our world-class Ft. Worth facility, we are going to make a lot of Texans happy."

This expansion is the first since Yuengling and Molson Coors launched its new long-term brewing relationship — The Yuengling Company — in September of last year.

Pandemic Caused 10-Fold Jump in Online Sales at Family Wineries

The Covid pandemic resulted in a 10-fold increase in online sales at family wineries, **Rob McMillan**, evp and founder, **Silicon Valley Bank Wine Division** writes in his latest "State of the Industry" report.

The pandemic rewarded those wineries that "made the effort to collect and maintain good customer lists," he says, adding that "phone sales, which didn't even register as a sales channel in 2019, became a meaningful source of revenue for many wineries that in 2020.

"Digital video sales strategies also flourished and have replaced a portion of the in-person experience. Wineries discovered how to take the experience on the road, forever breaking the long-held belief that a winery experience could only take place at the winery."

That's not to say all is well, business-wise in wine country. With "boomers accelerating their retirement due to COVID-19, the need to attract young consumers is more pressing than ever," McMillan writes. "The successes of the past 25 years can't be repeated without evolving the industry message and without an industry marketing organization coordinating that message and providing a counterargument for anti-alcohol claims," he adds.

Looking to the future, McMillan sees 2021 as a tale of two phases -- in the first half, industry will continue to react and execute in a Covid-restricted environment. In the second half, the post-Covid world will see many changes, with more people working from home, consumers moving to suburbs, acceleration of online sales, which will take business from other channels.

He anticipates the surge in grocery sales to "unwind" in 2021 and restaurant sales to return when restrictions are lifted. "However, we won't see a return to pre-COVID on-premise conditions for years — if ever. In the longer term, the permanent closures of restaurants will result in reduced selling opportunities on-premise.

"Restaurants will also incrementally move away from full-service seated models to new revenue-generating strate-

gies, particularly home delivery and curbside to-go models, neither of which favors alcohol sales, McMillan writes. "The expectation for many restaurants is that their wine inventories will be minimized and streamlined into smaller offerings."

Here are McMillan's predictions:

The US economy will continue to recover as vaccines and therapeutics gain traction.

- The pandemic experience will have owners thinking more about the strategy of focusing sales into narrow channels.

- The experience of repeated fires and smoke damage will prompt owners to consider the need to diversify supply sourcing.

- The high level of liquidity in the markets looking for a return will attract new investors who expect improving industry conditions and warmer M&A activity (which cooled during 2020).

- For the sake of scenario planning in hospitality businesses, we are predicting a 25% reopening by April 15, a 50% reopening by June 15, a 75% percent reopening by August 15 and full reopening by Oct 15.

- There will be a reversal of the COVID-induced channel shifting as we reopen.

- o Overall wine sales will be sluggish until business restrictions are lifted, but wine sales will gather momentum through the year.

- o Restaurants will come out of this damaged and will need new investment. Wine sales through the restaurant channels will not recover to pre-COVID levels in 2021 and, more likely, for many years.

- o Wineries with direct-to-consumer models will focus on COVID-era strategies in the front half of the year but finish 2021 with strong sales.

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o Retailers with existing online sales strategies will have a strong year.

o As hospitality, cruise lines, airport and airlines, concerts, sports and the like rebuild, there will be strong demand from consumers and a bounce for overall sales in 2021 that may not be sustainable past 2022. "We think the consumer will celebrate in 2021 and make up for many postponed life events," he says.

When 2020 totals are calculated, McMillan guesses California will have crushed 3.3 million tons, which would be the smallest harvest since 2011. The Pacific Northwest harvests in both Oregon and Washington will also come in smaller than normal.

- Supply in the West is largely balanced going into 2021, but overall growth rates in sales will still be modest, and some acres of vines will still need to be removed in California and Washington in particular in order to sustain the balance.

- Grape and bulk prices will stabilize at lower levels than we've seen in the past five years. Buyers will remain cautious on price.

- California vineyard prices in premium regions will remain lower than their prior high points, flattening in the best areas and softening in secondary regions.

- Retiring baby boomers seem to have a long tail and fortunately aren't quick to run to pasture. They continue to buy wine at all price points, but their buying seems to be moderating, both on price and volume, as they age. Online sales will be a growth channel for the boomer at home.

- The rotation to younger consumers is not an even trade on an economic basis, but the under-40 cohorts are where we will find growth in the next decade. In the next five years, 27.9 million Americans will cross normal retirement age at 66, while 30.3 million will cross age 40. That is too much buying power to ignore.

- Millennials aren't engaging wine as hoped. They lack financial capacity, having been slow to get into their careers after the financial crisis that started in 2007. They have a current preference for premium spirits and craft beers, which have a better value per serving.

- Premiumization, a move to higher-priced wine, is nearing an apex but will continue in 2021 as deferred celebrations and reduced supply stall the expected change.

Retailer Liquor Delivery Advances in Illinois

A bill legalizing liquor delivery by retailers passed both houses of the legislature. Under current law, local governments can ban retailer delivery. That put some retailers at a disadvantage.

The bill also permits the use of "third party facilitators," which would facilitate sales of alcohol by the internet or a mobile app that a retailer could use to facilitate sales of alcohol for delivery.

"Innovative measures like home delivery of spirits have created convenience for consumers and a safe alternative way to purchase and enjoy their favorite spirits at home," said **Kristi Brown**, Senior Director of State Government Relations, **Distilled Spirits Council of the U.S.** "As consumers

social distance during the pandemic, home delivery provides a responsible option for adults to order distilled spirits. We urge Gov. Pritzker to sign this bill to bring consumers additional convenience and choice."

High Court Won't Hear Jack Daniel's Beef About Dog Toy Trade Dress

The U.S. Supreme Court refused to hear a complaint by **Jack Daniel's** over a dog toy that, Jack Daniel's said, appropriates the **Brown-Forman** brand's trade dress.

The folks at Jack Daniel's office in Nashville might find some cold comfort in the fact that the brand isn't the only victim of VIP Products creative energies. VIP has also created dog toys that mimic Mountain Dew, Amstel Light, Pabst Blue Ribbon and Stella Artois.

The high court's reasoning? "The Bad Spaniels dog toy, although surely not the equivalent of the Mona Lisa, is an expressive work. The toy communicates a humorous message ... using word play to alter the serious phrase that appears on a Jack Daniel's bottle – 'Old No. 7 Brand' – with a silly message – 'The Old No. 2,'" the appeals court decision reads. "The fact that VIP chose to convey this humorous message through a dog toy is irrelevant."

The Supremes sent the case back to a lower court to rehear using a higher standard for parodies.

U.S. Beer Production Rises

U.S. production of beer rose to 15.73 million barrels in August from 15.41 million, a 2% increase, a year earlier, **Alcohol & Tobacco Tax & Trade Bureau** said.

Taxable removals also rose, to 15.04 million barrels from 14.37 million, a 4.7% increase. Tax-free removals fell to 389,036 barrels from 478,050 barrels a year earlier.

Explosion, Flash Fire Injures Guest At NoFo Brew Co. & Distillery

A guest who was learning about the distilling process was critically injured with second-degree burns over 50% of his body after an explosion, followed by a flash fire at **NoFo Brew & Distillery**, Cumming, Ga. None of the company's employees was injured, it said.

Some equipment was damaged in the explosion, but the building was not damaged, officials said.

Firestone Walker's New Solar Array One of Craft Beer's Largest

It's one of the largest on-site solar arrays in the craft beer industry --- a 2.1-megawatt solar array and 281-kilowatt solar carport on 9.7 acres in Paso Robles, Calif., and will generate the majority of the brewery's energy, which is enough to brew and bottle 6 million cases of beer annually.

"REC Solar and Duke Energy Renewables have been solid partners throughout this process. They helped us unlock our vision for 'beer brewed with sunshine,' and methodically executed the complex entitlements, engineering and installation of the array. It was as painless a process as we could have hoped," said **David Walker**, co-owner of Firestone

Walker Brewing Co.

The on-site solar, single-axis trackers and carports were made possible through the collaboration of two Duke Energy subsidiaries. REC Solar designed and built the solar project, and Duke Energy Renewables provided Firestone Walker financing through a 25-year power purchase agreement.

"Now more than ever, companies are powering their businesses using renewable energy to ensure sustainability and reduce carbon emissions," said Chris Fallon, president of Duke Energy Renewables. "Duke Energy is uniquely positioned to offer sustainable solutions that meet the important needs of our customers. We're proud to work with Firestone Walker to deliver an on-site solar solution and offer financing that will address their needs for decades to come."

Trade Groups Urge Suspension of New U.S. Tariffs on Spirits and Wine

A coalition of 21 trade associations representing U.S., European Union, and United Kingdom wine, distilled spirits and related sectors said they are "extremely disappointed" with the imposition by the U.S. "of additional excessive tariffs on certain Cognacs, other brandies and wines from France and Germany." The tariffs took effect this week.

"These tariffs will just compound the harm caused by existing tariffs. The added pressure resulting from these tariffs will force more businesses to close their doors and more workers to be laid off in sectors already negatively impacted by the global pandemic," said the coalition.

Since June 2018, there has been a steady escalation in the number of tariffs on distilled spirits and wines on both sides of the Atlantic as part of unrelated trade disputes.

These tariffs are having a damaging ripple effect throughout the entire industry. The widespread harm impacts distillery and winery workers, importers, exporters, distributors, retail and restaurant workers, farmers, packaging companies that provide the containers, caps and lids, and truckers, freight forwarders and logistic providers that get these products through Customs.

"The spirits and wine industries have been suffering since the imposition of retaliatory tariffs in 2018 related to disputes wholly unrelated to the drinks business. It is beyond time for these unwarranted and excessive tariffs to be suspended. We are strongly urging the U.S., EU, and UK to return to the negotiating table without delay and reach an agreement to immediately suspend these tariffs," the coalition added.

The coalition is made up of the Distilled Spirits Council of the United States, SpiritsEUROPE, Comité Européen Des Entreprises Vins, Wine Institute, Scotch Whisky Association, American Beverage Licensees, WineAmerica, Wine & Spirits Wholesalers Of America, National Retail Federation, American Craft Spirits Association, American Distilled Spirits Alliance, U.S. Wine Trade Alliance, National Council Of Chain Restaurants, Kentucky Distillers' Association, National Restaurant Association, National Association Of Beverage Importers, National Association Of Wine

Retailers, The Wine And Spirit Trade Association, North American Shippers Association, Napa Valley Vintners, and Wine And Spirits Shippers Association.

CBrands Completes Sale of Brands, Premiumization of Portfolio

Constellation Brands, Inc. said it closed its sale of the Paul Masson Grande Amber Brandy brand, related inventory, and interests in certain contracts to Sazerac for about \$265 million, subject to certain post-closing adjustments.

"The closure of this sale concludes a series of transactions within our wine and spirits business designed to help accelerate revenue growth and operating margin performance by advancing our vision of building a winning portfolio of distinctive, higher-end brands," said Bill Newlands, president/chief executive officer. "With these transactions now behind us, our team can more fully concentrate our resources and focus behind a smaller set of more premium brands that better align with consumer premiumization trends."

On Tuesday, Jan. 5, 2021, Constellation said it completed the sale of a portion of its wine and spirits portfolio principally priced at \$11 retail and below, including certain related facilities, and its Nobilo wine brand to Gallo. Constellation also divested certain brands used in its grape juice concentrate business, together with related inventory, interests in certain contracts, and liabilities to Vie-Del Company.

Tanteo Tequila Intros New Premium Brand

Tanteo Tequila, the only distillery owned by its cooperative of agave farmers, introduces Espero Blanco Tequila." It's currently rolling out nationally. SRP: \$29.99.

Espero means "I hope" in Spanish, and Neil Grosscup, master blender and CEO, said that "in the wake of the Covid-19 crisis, we began thinking of ways we could support bars and restaurants in the recovery. It struck me there had never been a better time to introduce this high quality, well-produced tequila without markup. With Espero, we hope to inspire hope in our partners and friends."

Amass Launches Non-Alcoholic Spirit

The California company already markets a Dry Gin and a Botanic Vodka. Now it is adding an alcohol-free option, Riverine, which uses natural botanicals to deliver a "complex flavor profile and unique finish that consumers have come to expect from sophisticated spirits.

Riverine is a regional blend of 14 organic botanicals including Sorrel and Sumac. Each botanical is individually distilled to extract essential oils. Retail: \$35.

MGP Debuts New Single Barrel Rye

MGP said it expanded this year's Single Barrel selections to include three mash bills. Rossville Union Single Barrel releases will be offered at cask strength and are available for pre-sell until March 15.

MGP invited participating accounts in the Single Barrel program to connect virtually with the distillery team in Lawrenceburg to taste, select and order their preferred mash bills. Participating retailers can also opt to customize the label on their 2021 Single Barrel Selection to enhance the collectible aspect of this special offering.

"Our Lawrenceburg distillery team is proud to produce the finest Rye Whiskey in the country," says **Andrew Mansinne**, vp-brands, MGP. "The Rossville Union Single Barrel Program has exceeded expectations. We're thrilled to expand our offering with a choice of three mash bills and marketing support that exemplifies MGP's commitment to our partners in the Rye Whiskey category."

Michelob Ultra Intros First National USDA-Certified Organic Hard Seltzer

Michelob Ultra Organic Seltzer, the first-ever national USDA certified organic hard seltzer, hits shelves nationwide this month with three refreshing flavors – cucumber lime, spicy pineapple and peach pear. It has zero carbs, zero sugar, 80 calories and is filtered six times to remove impurities and caters to the more mature hard seltzer lover, ages 35-54 years old, who is driving half of growth in the hard seltzer segment.

"We're kicking off 2021 in a big way by bringing an innovative, first-of-its-kind organic option to the hard seltzer category for those who enjoy clean and refreshing flavors," said **Ricardo Marques**, global vice president of Michelob Ultra. "We believe that Michelob Ultra is uniquely positioned to win in the hard seltzer segment, not only because it's one of the hottest brands in the country, but also because it has unmatched equity as a high-quality brand. This is just the beginning of an exciting, action-packed year from Michelob ULTRA, and we couldn't be more excited."

It will be available in 12-pack 12oz cans, 24-pack 12oz cans, and a 25oz can wherever Michelob Ultra is sold. A second variety pack and additional flavors will be available later this year.

To promote the launch, Michelob Ultra Organic Seltzer is releasing its "As Real As It Tastes" national campaign supported by **TV**, **OOH**, digital, radio and social media.

Wolf Spirit Distillery's Puncher's Choice its 10K Cases in 4 Months

Wolf Spirit Distillery, Eugene, Ore., launched **Puncher's Choice** 100% Kentucky Straight Bourbon in September 2020, mid-pandemic. With only four full months of sales, this independent brand has already shipped more than 10,000 6-bottle cases, as well as 30 private barrels at cask strength (115-122 proof).

Famed sports and entertainment announcer **Bruce Buffer**, also known as the "Voice of Mixed Martial Arts," explains: "A puncher's chance means that anyone has the potential to succeed, whatever the odds or circumstances, if he or she works for it."

Wolf Spirit CEO, **Bradd Levitan**, says: "This is the most exciting launch I have been part of in my 27 years as a supplier. "We have partnered with some of the most discern-

ing supply sources in the industry, including **IJW** and others, to build a robust pipeline of excellent quality, true Kentucky bourbon, in enough quantity to keep up with demand. We are on track to sell more than 25,000 9L cases in 2021, which will be our first full year of business; this would place us among the fastest-growing new bourbon brands from an independent producer."

Koloa Rum Co. Expands to Minnesota

The brand is being distributed by **Vinocopia Wine & Spirits**. Minnesota is the 28th state in which Koloa Rum's products are available.

Products available in Minnesota include Kaua'i White, Gold, Dark, Spice, Coconut and Coffee rums.

Kōloa Rum Company was founded to create superior Hawaiian rum and ready-to-drink cocktails using locally sourced ingredients. In doing so, Kōloa Rum provides quality employment opportunities for the community of Kaua'i and meaningful support to the local agricultural industry by increasing cultivated acreage and preserving open space.

Dant Family Revives Legacy with Log Still Distillery, Resort, Names PR Shop

Log Still Distillery has named Nashville-based **MP&F Strategic Communications** as its agency of record for both the distillery and its expansive 300-acre tourism destination, Dant Crossing. The award-winning full-service agency will support the sister brands with media buying, marketing, public relations, design and digital strategy efforts.

With the opening of the distillery's Tasting Room in February 2021, an almost 200-year family legacy in the bourbon business is being revived under the leadership of president and distiller J.W. "Wally" Dant III, the great-great-grandson of bourbon legend Joseph Washington Dant.

The Log Still Distillery story all began with Joseph Washington Dant's hollowing out a poplar log to distill his first batch of Kentucky bourbon in 1836. And now a new generation of distillers is reviving his legacy, with Joseph Washington's great-great-grandson Wally Dant at the helm as president/distiller. The distillery is set to open in phases beginning in spring of 2021 in Gethsemane, Ky., in southern Nelson County and will employ approximately 75 people once fully operational.

Anchored by Log Still Distillery, Dant Crossing will also include a network of wooded walking trails, a fully functional train depot, an outdoor amphitheater, farm-to-table restaurant, 12-acre lake for fishing, a wedding and events venue, and unique lodging options that create an immersive experience never before seen in bourbon country. The Homestead bed-and-breakfast opened this winter and is now accepting reservations.

Musician, Pecan Magnate Launch Tequila Brand

Reigning ACM Awards "Entertainer of the Year" **Thomas Rhett** and his cousin, pecan magnate **Jeff Worn**, are behind a new ultra-premium tequila brand: **Dos Primos**. Spanish for "Two

Cousins," Dos Primos is a blanco tequila made from hand-harvested 100% blue agave sourced from estates in Los Altos and the valley area of Jalisco, Mexico. The finished product is crystal-clear with earthy herbal notes on the front palate, followed by smooth floral and citrus hints.

"Our decision to create a new tequila brand grew out of just loving being with family," said **Thomas Rhett**. "Jeff and I wanted to create a tequila that was expertly crafted and could be enjoyed year-round – regardless of the season or activity – with the people we care about most. Dos Primos is all about who we are and what's important to us."

Dos Primos is distilled at Destiladora González Lux, located just outside Arandas, Mexico, in the highlands of Jalisco.

The Dos Primos packaging reflects its ultra-premium category and its founders' attention to detail. Each clear embossed-glass bottle of Dos Primos features a natural wood cork and genuine black-leather cord wrapped around the neck. The fabric label is hand-applied in Mexico and bears the signatures of Worn and Thomas Rhett.

Drizly Sees Covid Behaviors Continuing After Vaccine

Drizly said it expects 2021 to result in a continuance of many pandemic-induced trends and behaviors even as daily life slowly begins to normalize.

"The most significant difference in e-commerce for 2020 was simply the increase of consumer awareness as to the ability to purchase alcohol online," says **Cory Rellas**, CEO. "While we are all excited for the return of on-premise, we believe the e-commerce landscape has fundamentally changed in how consumers will discover and shop the Bev-Alc category."

From connecting the industry through technology to increasing brand value consciousness, these are our top predictions for beverage alcohol in 2021.

Pandemic Trends Will Persist

The pandemic served to introduce new beverage alcohol trends in 2020 and accelerate others, and while Americans eagerly anticipate a normalization of everyday life in 2021, don't expect these trends to disappear. Retailers should expect the fastest-growing categories of 2020 — including RTD cocktails, triple sec and citrus liqueurs, bitters, and hard kombucha — to remain strong in 2021.

Take at-home bartending, for example. "We expect customers who learned how to make the perfect margarita or whiskey sour in 2020 will continue to stock their bar carts with ingredients for those cocktails," says Rellas. Now that consumers have become comfortable with making cocktails at home and realize the cost-effectiveness relative to going to a bar, the process will likely become part of their regular routine.

At the same time, safety concerns will persist even as vaccinations help to lessen the threat of Covid-19, which will continue to boost the value of single-serve drinks like RTDs and hard seltzers. "Those who discovered new RTD and hard seltzer brands like High Noon and Cutwater will continue to reach for those through 2021," says Rellas, "particularly as safety concerns and convenience values persist."

Technology Will Transform and Connect the Industry

In 2020, Drizly more than doubled its number of online retailers, and data indicates growth will continue as the U.S. continues to battle Covid-19. With traditional shopping venues closed or severely limiting capacity, online sales are poised to continue playing a key role throughout 2021.

"In 2020, ecommerce and general technology adoption went from a progressive strategy to a business necessity," says Rellas, who notes the company's number of retail partners now exceed 4,000 participating retailers.

This trend will likely accelerate in 2021 as new stay-at-home orders and closures are put into place throughout the winter, and even as conditions begin to normalize as the year goes on, this shift to e-commerce won't disappear. Now that consumers have been introduced to the accessibility and convenience of purchasing alcohol online, they are likely to continue turning to online retail partners as regular beverage sources.

It won't just be the retail sector embracing technology within the beverage alcohol industry in 2021, either; both suppliers and distributors have begun to embrace online sales as a result of changing consumer purchasing behavior, and we anticipate that technology will play an even bigger role in connecting the industry's three tiers this year.

"More brands and distributors are recognizing the importance of using e-commerce channels to connect with partners across the three tiers and to connect directly to consumers," says Rellas. Startup companies in the wholesale space like [LibDib](#) and [SevenFifty](#), for example, are building technology to more closely connect suppliers with retailers, and many producers are investing heavily in technology to improve direct-to-consumer relationships and sales volumes.

Once defined by holidays like Cinco de Mayo, Mexican spirits — particularly tequila and mezcal — have hit the mainstream, and data suggests that premium brands are poised to boost this category's upward trajectory. "In recent years, tequila has become a breakout in the liquor category as consumer perception of the drink has shifted from occasion-based to a versatile everyday spirit," says Rellas.

The onset of the at-home cocktail trend, combined with the widespread popularity of classic cocktails like margaritas, led tequila to skyrocket in 2020, with share of liquor sales up 22 percent over 2019. Two tequila brands — Casamigos Blanco and Espolòn Blanco — ranked among Drizly's top 10 best-selling liquor SKUs in 2020. At the same time, mezcal has experienced massive gains on Drizly, with share of liquor sales up 57 percent year-over-year in 2020.

In 2021, we expect this trend to accelerate as consumers continue to explore these categories and trade up on their tequila and mezcal choices. Early data indicates that consumers will explore more sub-categories of tequila, like añejo and reposado, and premium sipping tequilas will compete more closely with their whiskey counterparts.

Sales Will Reflect a Divergence in Price Point Trends

Though vaccines are signaling a potential return to normalcy in 2021, the year will also bring a continuance of economic uncertainty and shifting political tides, Drizly said, all factors that will impact consumer spending on beverage al-

cohol. In all likelihood, some premiumization will occur even as value brands become more important than years prior.

Despite economic uncertainty, early in the pandemic, Drizly saw an accelerating premiumization trend as consumers reallocated funds normally spend on experiences towards at-home indulgences. "With travel, on-premise dining, concerts, and other areas for consumption shut down," says Rellas, "many customers realized they could purchase more premium products at cheaper prices relative to on-premise."

However, as the economic difficulties persist into 2021, this trend is likely to diverge: Premium growth will still occur, but it may be accompanied by growth in high-value brands as many Americans limit spending and shift their buying habits to lower-priced, value-driven wine, beer, and spirits brands.

"In 2021, there is a question of whether the premiumization trend will persist, or consumers will shift towards a focus on value," says Rellas. "The reality will likely be a combination of both. Depending on their target audience and customer base, retailers should be utilizing local data to understand consumer trends and what that means for ideal selection and pricing on their shelves."

Consumers Will Be More Conscious of Brand Values

2020 somewhat signaled the end of corporate neutrality in America, as protests rose up in cities from coast to coast, invigorating American consumers. "Beyond the impact of Covid-19 on the world, 2020 was also a transformational year in terms of social justice and the fight for equality," says Rellas. "From the Black Lives Matter movement to awareness about immigration and women's rights, the year had many businesses and consumers increasing consciousness of the impact of their decisions on minority groups. Businesses must lead from the front."

In the weeks after George Floyd's murder in May, Drizly consumers actively sought to purchase and support Black-owned drinks brands; McBride Sisters Collection, for example, was the second-fastest growing wine brand on Drizly in 2020.

Molson Coors JV Launches Line Of Non-Al, Sparkling CBD Beverages

Truss CBD USA, a joint venture majority owned by **Molson Coors Beverage Co.** ("Molson Coors") and operated in partnership with HEXO Corp ("HEXO"), said it launched Veryvell™, a new line of non-alcoholic, sparkling CBD beverages, made and distributed exclusively available in Colorado.

Veryvell is a hemp-derived, adaptogenic, sparkling CBD water infused with a crisp taste, zero calories and zero sugar. Veryvell is now available to Colorado-based consumers both online and at select retailers in Colorado in three flavors: Focus (Grapefruit Tarragon), Mind & Body (Strawberry Hibiscus) and Unwind (Blueberry Lavender).

Knob Creek Intros IGTV Video Series

Knob Creek Bourbon is introducing Bourbon Reflection, a IGTV video series encouraging people to sit back, reflect and

renew for the year ahead.

The Bourbon Reflection series consists of three reflection experiences, each narrated by Jesse Israel, reflection expert and founder of The Big Quiet, with cameos from the Beam Family's 7th Generation Master Distiller **Fred Noe**, images from Knob Creek's distillery and bourbon-making process.

Ole Smokey Donates \$35,000 To Friends of the Smokies

The Gatlinburg, Tenn., distillery began selling a limited edition "Friends of the Smokies Blackberry Moonshine" in November. A portion of the proceeds made up the donation.

[Friends of the Smokies](#) is a non-profit organization that assists the National Park Service to preserve and protect the Great Smoky Mountains National Park.

"We are committed to helping our neighbors in East Tennessee and are thrilled that so many Ole Smokey fans purchased our commemorative 'Friends of the Smokies' Blackberry Moonshine. We will continue to support this important effort throughout the year and look forward to welcoming back millions of Great Smoky Mountain visitors in 2021," said **Robert Hall**, CEO, Ole Smokey Distillery.

Capitol Steps to End Performances

There's so much sad news out of Washington these days, but we've refrained from reporting much of it because the mainstream media has done a really fine job.

But there's one piece of news we are reporting, because we first saw the Capitol Steps performance at WSWA and NBWA meetings here in the nation's capitol, and that is the Capitol Steps, the group that wrote musical parodies of political events and politicians is planning to shut down.

"We simply weren't built to survive going a year or more without live performances," the group said in announcing their plans to close.

The group was started by five Republican Senate committee staffers, expanded to include Democrats and went professional in 1984 after the defeat of Sen. Charles Percy (R-Ill.), who chaired the subcommittee a couple of the Steps members worked for.

Their albums will continue to be sold through their website.

Who & What —

WEBB Banks, the leading premium wine and spirits distributor for travel retail, the Caribbean and Central America, hired **Jose Castellvi** as vp-Travel Retail and Spirits. He joins from William Grant & Sons where he was Regional President, Travel Retail Americas and Caribbean.

Continued Success,
KANE'S BEVERAGE WEEK



JOEL WHITAKER, Editor