

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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Spirits Sales Grow 7.7% Last Year Despite Pandemic 'Crushing' Hospitality Industry

The "pandemic and tariffs have been crushing to the hospitality industry," said **Chris Swonger**, president/ceo, **Distilled Spirits Council of the U.S.**, during the association's annual economic briefing today.

Still, revenue for U.S. distilled spirits was up 7.7%, volume was up 5.3%. And for the 11th consecutive year, U.S. distillers experienced market share gains.

But tariffs did curtail U.S. export growth and is putting jobs at risk. he said.

Swonger also said he believes some marketplace modernizations. such as cocktails to go, can be made permanent, help craft distillers to recover.

Christine LoCascio, chief of public policy, noted that from 1997 through June of 2018 there weren't any tariffs on distilled spirits between the U.S and Europe. But in June 2018, the EU imposed a 25% tariff on American whiskey, and the U.S. retaliated with a 25% on some EU products. That was followed by an expansion by the EU of the 25% tariffs to additional U.S. products earlier this year and the U.S. then imposed additional tariffs on European products.

She noted the EU's 25% tariff on American whiskey will double to 50% in June.

These tariffs have had a real impact she said, noting Spirits exports increased 26.7% over the past 10 years. But following the EU's tariffs, total U.S. exports declined 28.9%.

This an important issue, since the EU accounted for 52% of all U.S. spirits exports, with the UK representing one-fifth of shipments to the EU. Since imposition of retaliatory tariffs, U.S. American whiskey exports to the UK plunged 53% and fell 38% to the EU.

Some 31 states exported American spirits last year, and 38% exported American whiskey, so tariff relief is a widespread issue, she said. .

Imports of Scotch whiskey increased 94% from 2010 to 2018. From 2019 to 2020 imports fell 29%.

"We're hopeful that the Biden administration is looking to solve some of these disputes," she said.

Legislative priorities are an immediate suspension of all distilled spirits tariffs, further relief for the hospitality industry in any new Federal Covid relief bill, and any spirits-based RTDs treated fairly relatively to other RTD she said, adding DISCUS also wants to expand market access.

Thirty-three states and Washington, D.C., now allow cocktails-to-go, helping craft distillers and restaurants to stay afloat. Direct-to-consumer is also becoming and economic lifeline. And this past year shows that consumers are demanding more market expansion and convenience.

Dr. Sonat Birnecker-Hart, owner of **Koval Distillery**, the first legal distillery in Chicago since the 1800s, said the woman-owned distillery relies on on-premise visits to promote its products, to have bartenders tell consumers to try its products. "We also depend on people coming into our distillery," she said, adding that from March 17 through Monday, Koval's tasting room has been closed.

Craft distillers rely upon a tasting room model, she said, adding Koval "invested \$1.5 million in a bar and tasting room that has never opened since

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the pandemic. Over 50% of people who tour our distillery come from outside of Illinois," she added.

In addition to problems from the pandemic, we have been hard hit by tariffs. Koval's exports to 55 markets have decreased 60% because of tariffs.

"American budgets and especially craft brands will have a difficult time without the tariff problem being solved," she said.

Small craft distilleries are spread out all over the U.S. providing jobs in the local market, buying local grains, etc., she said, adding, "While we have been a real force in local manufacturing, right now craft distillers are really suffering.

Some 850 craft distillers "were there to make hand sanitizer for our local economies, This shows the power of local manufacturing," she noted.

David Ozgo, chief economic, said supplier revenues from U.S.-based shipments rose 7.7% to \$31.2 billion, the fastest revenue growth in 40 years. Volume was up 5.3 points. In terms of market share also grew to 37.2%\$ from 36.3%. But growth slowed rapidly to 6.6% in the four weeks ended Dec. 27, down from 16.3% for the 52 weeks.

Super premium spirits accounted for 40% of revenue growth. Value brands were flat, Ozgo said.

On premise sales were down 44% across entire year. Employment in the restaurant industry is down 2.3 million jobs. Thirty-six percent of craft distillers said their total sales were down 25% last year.

"Having bars and restaurants closed meant consumers had an additional \$20 billion to spend off-premise. A lot of people stocked up their in-home bars, buying brands they might not otherwise have purchased," Ozgo said, adding he expects some the bottles purchased last year "will be around a long, long time."

Total American whiskey volume was up 7% to 28.4 million cases and revenue was up 8.2%. Rye volume was up 16.3% and revenue was up[16.9%.

Cognac has grown 18.7% to nearly 7.9 million cases and revenue advanced 21.3% to \$2.4 billion. Almost all cognacs are high end.

Tequila/Mezcal volume up 10.2% and revenue grew 1.4%. Single malt Scotch imports were down 6.5% to 2.4 million case, revenue down 2.1%. previous 10 years volume grew an average of 7.8% and volume 10.7%, so the impact of tariffs showed in a really big way.

Premixed cocktail volume 35.1% volume growth and revenue up 39.1%. They account for only 2.6% of volume but 17.3 of growth.

Turning to spirits-based RTDs, Ozgo noted traditional spirits continue to show volume growth in Canada. But they are now exceeded by spirits-based RTDs, after Canada, cut taxes on spirits with 7.7% or less, giving the spirits-based products a level playing field with malt-based RTDs. That helped spirit-based RTD products actually exceed traditional spirits. He projects 280 million cases of RTD U.S. spirits if the U.S. cuts their excise taxes to get the same rates as they have in Canada.

Fastest growing category was premixed cocktails, which benefited from bars/restaurants being closed, Ozgo added.

Swonger noted there hasn't been a rise in total bev/al

sales during the pandemic.

Turning to the Biden Administration, Swonger said DISCUS is "really excited about Biden's comments about resetting the relationship with the EU."

MGP to Buy Luxco for \$475 Million

MGP Ingredients, Inc., which has stuck its toe into the branded spirits business in the last couple of years, signaled it intends to become a major player, agreeing to acquire **Luxco, Inc.**, and its affiliated companies ("Luxco") for \$475 million in cash and stock. The transaction gives Luxco shareholders two seats on MGP's board, with **Donn Lux** being the first Luxco director once the transaction closes.

For the unaudited 12 months ended Oct. 31, 2020, Luxco generated net revenue of about \$202 million and 9-liter case volume of 4.8 million.

"Luxco presents a unique opportunity to take a material step towards realizing our long-term strategy. It significantly expands our product line in the higher-value branded -spirits sector and increases our sales and distribution capabilities across all 50 states," said **David Colo**, president and CEO of MGP Ingredients, Inc.

This transaction will immediately increase MGP's scale and market position in the branded-spirits sector and strengthen its platform for future growth of higher value-added products. Importantly, the transaction is expected to improve MGP's gross margin and cash flow generation profile, and management expects EPS to be low to middle single digit percentage accretive in the first full year following its close, excluding one-time transaction expenses.

Luxco provides an established platform of extensive operational capabilities and a comprehensive national sales footprint with an attractive portfolio of brands including **Ezra Brooks Bourbon Whiskey, Daviess County Straight Bourbon Whiskey, Yellowstone Bourbon Whiskey, El Mayor Tequila** and **Everclear**.

"We have enormous respect for the platform Luxco has built, and we're excited to add its portfolio of fast-growing premium distilled spirits brands together with strong, cash-flow generating legacy brands. We welcome Donn and his family into the MGP shareholder base and look forward to growing together," Colo added.

"There is a clear strategic fit between Luxco and MGP and I believe this transaction represents a great outcome for Luxco employees and customers," said **Donn Lux**, chairman and CEO of Luxco. "I'm excited to continue my involvement with this blend of two well-positioned companies whose strong records of performance and commitment to excellence provide an attractive platform for continued growth."

Under the terms of the agreement, Luxco shareholders will receive aggregate cash consideration of \$238 million, subject to customary adjustments for working capital, net indebtedness and transaction expenses. They will also receive 5 million shares of MGP common stock, valued at approximately \$238 million based on a 20-day volume-weighted average price as of Jan. 11, 2021.

Luxco shareholders will have the right, subject to certain conditions, to nominate up to two of the Company's

nine Board directors with Donn Lux being designated as the Luxco shareholders' first director following the closing of the transaction.

The cash portion of the purchase price, plus transaction-related expenses, will be financed by borrowings under MGP's existing revolving credit facility. The transaction is anticipated to be completed during the first half of 2021, subject to regulatory approvals and routine closing conditions.

Nomura Securities International, Inc. acted as exclusive financial adviser to MGP in this transaction. Stinson LLP acted as MGP's legal counsel. Perella Weinberg Partners acted as exclusive financial adviser to Luxco, and Bryan Cave Leighton Paisner LLP acted as Luxco's legal counsel.

Private Equity Firm Takes Oliver Winery Stake ;Julie Adams Moves Up to CEO

Oliver Winery, which sold more than 700,000 cases last year, a 40% jump from 2019, said NexPhase Capital agreed to invest in the winery, which currently distributes its wine in 27 states along with operating a substantial DtC business. It has been 100% employee-owned and is one of the largest wineries east of the Mississippi.

Oliver Winery's headquarters, including its tasting room and winemaking, will remain in Bloomington, Ind. Founding family member **Bill Oliver** will remain deeply involved with the company on the board of directors. **Julie Adams**, president, will become CEO.

"We have an incredible, dedicated team, and together we've grown Oliver Winery into a national, respected brand," said Oliver. "NexPhase is a dream-come-true new partner. They're smart, good people, who will bring even better resources to the table. We couldn't be more excited about what's next."

"It's always been a point of pride for us that the winery's success benefits our hardworking, loyal employees," said Adams. "I am confident that this transaction will benefit all of our stakeholders, including our customers and especially our employees. This is the beginning of a new, exciting chapter for our team, and we are thrilled to continue to build on our strong foundation with the support of NexPhase."

Jamie Kaufman, a Partner at NexPhase, said: "NexPhase is committed to protecting and nurturing the exceptional company culture and brand that has made Oliver Winery a leader and innovator in the wine industry. We look forward to partnering with the Oliver team to support their industry leading growth and intend to continue to invest in their facility in Bloomington, Indiana."

Kaufman and NPC Operating Partner **Doug Corbett** will join the company's board of directors. Kaufman leads the Firm's consumer investing practice and Corbett brings nearly 30 years of consumer operating experience growing and optimizing branded businesses in the U.S., Western Europe and Canada. The NexPhase consumer team focuses on investing in branded CPG companies, including **Zing Zang**, the leading non-alcoholic cocktail mix brand in the U.S.

Oliver Winery was founded in 1972 as a hobby by Indiana University law professor William Oliver. He was instrumental in passage of the Indiana Small Winery Act.

CDC Says Open Schools. But Must Bars, Eateries Then Close?

Centers for Disease Control & Prevention recommended schools reopen. Many people online said if schools

should reopen, bars and restaurants must have to close.

The CDC recommendation was based, among other things, on a study in rural Wisconsin that found low transmission rates within schools when mitigation measures -- masking, social distancing, etc. -- were followed. The study did not, however, evaluate asymptomatic spread.

We're in favor of opening schools. We're not in favor of closing bars and restaurants. With reasonable protocols -- extensive testing, contact tracing followed by quarantining/isolation, masking, etc. -- it should be possible to reopen the economy to a large extent, understanding that the moment a positive case pops up, we need to pivot in that area.

If one school area in Los Angeles has a mass outbreak, does that mean that all of Los Angeles should be closed? Obviously not.

The key is widespread testing, accompanied by vigorous contact tracing, mask wearing, social distancing, travel bans, etc. This has been shown to work in colleges in this country, in Australia, in New Zealand, in South Korea, in Singapore, in China, in New Zealand, in Australia, and even in Singapore.

Likewise, we must be vigorous in searching for new strains. Those variants can be stopped if uncovered early, but that will require more genetic sequencing.

Remy-Cointreau Group Sales Dip 4.1% In 9 Months; U.S. Helps Offset Weakness

Sales of 780.9 million Euros (\$947.77 million USD) were down 4.1% or 1.6% on an organic basis. The group noted that after falling 16.4% in the first half, its sales surged 25.1% in the third quarter.

The Americas region has posted strong growth year-to-date thanks to "excellent performance in the U.S.," the group said. Asia-Pacific continued to decline while Europe, Mid-

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dle East and Africa region showed a sequential improvement but closure of the on-premise trade continued to hurt. Only the UK has "really seeny dynamic at-home consumption since the start of the pandemic."

Cognac sales were steady, after falling 18.1% in the first half, thanks to catch-up effects in U.S. shipments. The U.S. also helped third-quarters sales at the House of Cointreau to rise 7.2%. But that wasn't enough to completely offset the first-half results, leaving sales for the full nine months up 6.2%.

In another development, Cointreau will advertise in 15 markets during the Super Bowl for the first time, urging consumers to write a "Love Letter" on social media to their favorite bars and restaurants, tagging the posts with #SaveRestaurants.

One in six on-premise outlets have closed during the pandemic, putting 2.4 million out of work.

Pabst Stops Making Olympia Beer, Steps Up Distilling Operations

If you can't beat 'em, join them.

That seems to be where **Pabst Brewing Co.** is, at least with regard to its iconic **Olympia Beer**, which it said it is "pausing" production "for now." It cited a "growing decline in demand," but said **Olympia Vodka** brand will continue.

Olympia has been in production for 125 years, except during Prohibition, of course. "Sadly, we have not been able to find a solution to the challenges posed by reduced beer sales and have had to make the difficult decision of temporarily pausing production of Olympia beer," the statement reads. "We remain committed to finding the best solution to keep brewing Olympia Beer in the future."

25% Making Cocktails at Home, RTD Up 131%

Convenience wins.

That's the gist of a new study by Bacardi, which notes that new off-premise launches "have been hugely successful, (and) cocktails in cans have proved particularly successful. Nearly 30% of consumers say the plan to purchase RTD cocktails or canned spirits and mixers. Why? Protability and convenience.

Release of the report comes as Bacardi has had success in Germany and the UK with Twistails, pre-mixed cocktail kits that only require addition of ice and water,

The study says the top RTDs in North America are Vodka Soda & Flavors (53%), Margaritas (24%), Moscow Mule (32%), Low-ABV cocktails (34%) and Gin & Tonic (33%).

It turns out that 40% of consumers in the U.S. are interested in make-at-home cocktail kits, followed by canned cocktails and grab-and-go options, both of which rate 37% interest.

Popular cocktails for takeaway include familiar such classics such as the negroni, bloody mary, old fashioned, and strawberry daiquiri.

The report also notes that Bacardi will be rolling out its recently announced biodegradable bottle. When it debuts by 2023 it will replace 80 million plastic bottles a year. Citing a study by IBM and the National Retail Federation, Bacardi says 70% of U.S. and Canadian consumers think it's

important that a brand by sustainable or eco-friendly.

Bacardi also expects the low- and no-alcohol market to expand. It notes that 22% of consumers are drinking less and 55% of mindful consumers are consuming low-alcohol drinks. The study also notes that 63% of U.S. consumers said they planned to drink or offer more no- and low-alcohol options.

The Covid pandemic has had major impacts on the economy in many ways, and one is a new focus on mindfulness and wellbeing, with anti-viral diets being favored by many who prioritize a minimum five-a-day fruit and vegetable intake alongside plant and botanical ingredients and superfoods. Indeed, 23% of Britons are saying they are eating more fruit and vegetables since the Covid outbreak, Bacardi.

Bay Area Wineries, Eateries Drop Suit Against Newsom

Having achieved its goal of getting California Gov. Gavin Newsome to lift a stay-at-home order which had banned outdoor dining and wine tasting, **Wine Country Coalition for Safe Reopening** said it withdrew its lawsuit against Gov. Gavin Newsom and California State Public Health Officer Tomás J. Aragón.

The lawsuit had alleged that the state's ban on outdoor dining and wine tasting was arbitrary, irrational, and unfair and brought "devastating" effects on local businesses and the thousands of workers who lost their jobs.

At the time the Coalition filed its suit, all outdoor dining and wine tasting was banned in the Bay Area, including Napa and Sonoma counties.

Previously, Coalition members had collectively invested millions of dollars to comply with prior regulations and operate outdoors safely for their customers and employees. But California imposed a new blanket ban on outdoor dining, even while it continued to allow retailers like big-box stores to operate in much riskier indoor settings.

The Coalition had asserted that the ban was causing long-term economic hardship especially on their employees, who were forced to undergo countless layoffs and furloughs as restaurants and wineries closed permanently around the region.

"We were gratified that the Governor ended this needless ban on outdoor dining and wine tasting, but we will be ready to refile our lawsuit if the ban is imposed again," said Carl Dene of Sam's General Store and Spokesperson for the Coalition. "We support all efforts to limit the spread of COVID, but there is simply no data that shows outdoor dining and wine tasting contribute to the spread, so we are happy to see the Governor following the science."

Patron Tequila Aids Black Marketing Students

Patron Tequila said it is collaborating with Marcus Graham Project (MGP), a non-profit organization founded to help Black students find careers in marketing advertising industry by investing in exposure, training and mentorship.

At the current rate of hiring, retention, and promotion, the advertising, media, and marketing industries will not reflect the rich racial diversity currently found in the U.S. until 2070.

To support Marcus Graham Project in programs that enact change and foster greater equality, Patron will be sponsoring the spring 2021 edition of the organization's annual iCR8 Boot Camp, which provides diverse aspirants in the fields of marketing and media, with the exposure and experience necessary to solidify meaningful careers within the industry.

The iCR8 Boot Camp sponsored by Patron will give 12 up-and-coming marketers the opportunity to follow along and contribute as Patron rolls out an initiative centered around some of the brand's premiere focus areas.

Participants will be assigned a specific marketing campaign with Patron, and exposed to the campaign development process, have one-on-one meetings with stakeholders from different layers of the marketing mix to understand channel efforts, and see the end-to-end rollout of a core pillar program.

The boot camp team will function as a student-run pop-up agency and will have the opportunity to provide consulting services for a select non-profit organization or minority-owned business, as well as for Patron, one of the world's biggest brands.

Champagne's Decline in U.S. Edges World-Wide Slump

Champagne shipments to the U.S. fell 20% last year, greater than the global average of 18%.

"Despite the (Covid) crisis, Champagne remains dear to the hearts of consumers who feel the need to keep something exceptional in their everyday lives and to choose quality products when so many other pleasures are unavailable due to the health crisis," said Jean-Marie Barillère, co-president of the **Comité Champagne** and president of the **Union des Maisons de Champagne**. "It is the strength and power of our appellation to be the champion of prestige and, above all, quality among our consumers."

Molson Coors to Rep Superbird RTD Cocktail

Molson Coors Beverage Co. announced a partnership with **Casa Komos Beverage Group (CKBG)** to distribute **Superbird**— a 100% blue agave tequila-based cocktail. The agreement marks Molson Coors' first entry into the premium ready-to-drink (RTD) spirits category and its latest move beyond the beer aisle.

The agreement is intended to expand distribution nationally, beginning with 10 new markets this Spring.

Superbird is a canned, carbonated, 5.9% alcohol-by-volume take on a Paloma made with 100% blue agave tequila grown and processed in Tequila, Mexico; natural grapefruit juice; agave nectar; and sparkling water. The hand-crafted premium RTD cocktail has no sugars or artificial ingredients.

CKBG first launched Superbird as a ready-to-drink cocktail in 2018. Since then, the RTD spirits category has experienced an 142% growth in 2020 and will be worth an estimated \$1.2 billion in 2021, according to Nielsen.

8 Brands Top Bev/Al Brand Loyalty List

The 25th annual ranking of consumer brand loyalty

found bev/al brands faced two loyalty challenges in the 2020 marketplace, Robert Passikoff, president of Brand Keys, which conducts the survey said. The first was emotional engagement and the second was how to leverage brand values to best meet customer expectations.

Emotional engagement is a result of effective marketing communications that increases a brand's equity and results in customers behaving more positively toward the brand, noted Passikoff.

Consumer expectations, a key dimension of customers' brand belief-systems, are unconstrained customer desires. Expectations increase on average 22 percent a year, yet brands typically manage to achieve only a 7% increase, a big gap between customer desires and brand promises to deliver, he added.

Jack Daniels, Coors Light, Grey Goose, Crown Royal, Sauza, Corona, Jose Cuervo, and Tito's managed to have high levels of both emotional engagement and meeting customer expectations.

Maker's Mark, Coors, Stolichnaya all had low levels of consumer engagement but high marks for meeting customer expectations.

Amstel Light, Suntory, Canadian Mist and 1800 Tequila all achieved high engagement levels but fell short in meeting consumer expectations.

Anheuser-Busch brands -- in particular, **Busch, Budweiser and Bud Light** -- as well as **Popov, Dewar's and Absolut** all had low emotional engagement and low scores for meeting customer expectations.

Throughout the coronavirus pandemic, liquor stores were the one type of business that seems to have seen an increase in activity, although they too had to face the same obstacles as brick-and-mortar retailers.

Those included health-and-safety regulations and dealing with increased customer expectations; mask wearing, controlling the number of employees and customers in stores, and then controlling physical distancing, and addressing the problems of contactless transactions. For alcoholic beverages, customer loyalty to brands was preeminent during the pandemic.

Broken supply chains caused by the pandemic led to lack of product availability but not lack of loyalty, he said.

During pandemics consumers will compromise, but they still continue to demand that their expectations be met, he said. "But lack of availability does not denote a decline in loyalty. Yes, being in-stock matters as regards sales, but loyal customers are more likely to stick with their favorite brands through difficult times and, in a more stable marketplace, will wait for them or will actively seek them out."

"What's incontrovertible is that the 2021 Customer Loyalty Engagement Index confirms brands that best meet consumers' expectations, and are capable of sustaining emotional engagement relationships, always see enhanced loyalty and the market share and profits that come with it, added Passikoff.

Buffalo Trace Attracts 145,365 Visitors Despite Covid

That's down from the nearly 300,000 people who visit-

ed the Frankfort, Ky., distillery in 2019, and is the first time since 2010 that the distillery hasn't seen a record number of visitor.

As soon as the pandemic erupted, the visitor center closed for four months. The company used the time for a massive expansion of its visitor center which is now three times its prior size and features enhanced safety and sanitation protocols.

The expanded Visitor Center conveniently allows for easier social distancing, and provides ample space and comfort for guests exploring the Gift Shop or tasting in the new expansive tasting rooms. With the reopening, Buffalo Trace kept its complimentary tours, but began limiting tour group sizes, accepting visitors by registration only, and implementing increased sanitation, mask-wearing and social distancing campus wide.

In May, Buffalo Trace began hosting live stream segments on [social media](#) each week, called [Whiskey Wednesday](#). From May 13 through December, these episodes were viewed by more than 3.6 million people around the world. The Distillery is continuing its Whiskey Wednesday episodes in 2021, continuing to feature a variety of topics including more bourbon tastings, behind-the-scenes tours, trivia, history and special guests.

"With the many challenges 2020 brought to all of us, we are thankful to have seen such robust visitation, and even year-over-year growth around the holidays," Homeplace Development Director Meredith Moody said. "We are encouraged by the visitation we have experienced since reopening and look forward to welcoming more visitors in 2021."

The Distillery, which has remained operational as an essential business, also undertook hand sanitizer production at the onset of the pandemic, having now created about 1.1 million gallons on an industrial scale for some of the world's largest organizations in healthcare, government, military, retail, distribution, airline, pharmacy, and banking industries. This is in addition to its never-ceasing bourbon production, and its ongoing [\\$1.2 billion infrastructure improvement](#) and distillery expansion to increase production for future demand.

DISCUS Launches 1st Comprehensive Training on Business of Distilling

Distilled Spirits Council of the U.S. launched DISCUS Academy to provide the spirits industry with best-in-class training and ongoing support in five key subject domains: Leadership Development; Business Management & Finance; Sales & Marketing; Safety & Risk Management; and Laws & Regulations.

In addition, DISCUS is partnering with Cornell University, to also offer two [Leadership Development programs](#) to provide professionals of varying leadership experience education tailored to their career stage.

"As the leading voice and advocate for distilled spirits in the U.S., DISCUS is uniquely positioned to create the standard for distilled spirits industry business education," said **Chris Swonger**, president and CEO of the **Distilled Spirits Council of the U.S.** and **Responsibility.org**. "DISCUS Academy will facilitate the transfer of knowledge from our

industry's legends and business luminaries to develop the next generation of leaders, allowing for a more diverse, inclusive and successful industry."

Examples of upcoming course content include:

- ✓Fire Protection Best Practices
- ✓Risk Management
- ✓Foundation on the 3-Tier System
- ✓Developing a Safety Program
- ✓Understanding Financial Statements & Cash Flow Management

ment

- ✓Organizational Structure, Job descriptions & Compensation
- ✓Trade Practice and Tied-House Considerations

"One of our main reasons for creating DISCUS Academy to provide professional education to those willing to make a commitment to their education and to bettering our industry," said **Courtney McKee**, CEO of Headframe Spirits and chair of the DISCUS Academy Curriculum Working Group.

"The Academy's curriculum was designed by leaders in our industry who are experts — some legends — in their craft. Through the DISCUS Academy, we've created a broad series of courses that will serve as a masterclass in their respective subject areas and made them available through an easy-to-access online learning platform for available to everyone in our industry," he added. "We believe providing this education will foster a safer, financially healthier and more diverse and inclusive industry. We know that the better each of us does, the better we all do together, and we're proud to work in service of that vision."

Durham Distillery Intros New Barrel-Aged Gin Series

Durham Distillery, a craft distillery and producer of Conniption Gins in Durham, N.C., introduces **Conniption Barrel Aged Gin Series No. 1 2020 Release**, the newest member of the Conniption Gin family, joining Conniption Navy Strength gin and Conniption American Dry gin.

Series No. 1 2020 Release is a limited-edition release of Navy Strength gin aged in **High West bourbon barrels** and the first in a series of aged gins to be introduced annually by the distillery. The product is currently available for purchase on Durham Distillery's web site with shipment to New York.

Initially launched at the end of 2020 as a North Carolina exclusive, the product has performed extremely well at a local level resulting in a limited supply of this delicious new product.

Berkshire Mountain Readies Whiskeys With Craft Beer Labels

Berkshire Mountain Distillers (BMD), will release a trio of whiskeys in partnership with three brewers in the Northeast as part of its *Craft Brewers Whiskey Project (CBWP)*.

The five-year collaboration includes the distilling of a dozen different popular beers from a limited group of the country's top craft brewers across five states.

Each addition to the American whiskey collection is the product of a single-sourced craft brew distilled into a unique *Berkshire Mountain Distillers* whiskey.

"We were thrilled to collaborate with all of our brewer-partners and are excited these whiskeys are finally ready to

be enjoyed by beer and whiskey aficionados alike," said **Chris Weld**, founder and proprietor of Berkshire Mountain Distillers. "This fun collaboration has been an exceptional project-in-the-making involving 12 brewers, 12 beers, 12 whiskeys and 80 barrels of spirits -- we're eager to release each one to the public."

Produced by the region's first legal distillery since prohibition, each whiskey will be blended to 86 proof using BMD's proprietary historic spring water in Sheffield and packaged in custom bottles with brewer-designed labels.

Aged at the distillery since 2015, the whiskeys will be released in the order in which they were distilled. Being a limited collection, each whiskey will be sold in the BMD tasting room and then distributed to select stores and restaurants.

The first release will feature three whiskeys distilled from UFO White Ale from Mass. Bay Brewing Co., Spencer Brewery's Trappist Ale and Big Elm Brewing's 413 Farmhouse Ale located in BMD's hometown of Sheffield.

Scheduled to be released later in 2021, whiskeys will highlight beer from Samuel Adams, Berkshire Brewing Company, Jack's Abby Craft Lagers, Brewery Ommegang, Captain Lawrence Brewing, Smuttynose Brewing, Long Trail Brewing Company, Two Roads Brewing and Chatham Brewing.

Clydedales in Super Bowl After All -- Just Not for Budweiser

Budweiser's not running a commercial during this year's Super Bowl, donating money to promote Covid vaccinations. But that doesn't mean there won't be Clydesdales. Except this time, they'll be pulling a green wagon, and once a pin is pulled, they'll be running wild through a New England town.

And the \$700,000 ad buy will appear only in Boston and New York. That lets Boston Beer Co. avoid the troublesome fact that **Anheuser-Busch** has a lock on national beer advertising during the game. And Boston Beer's ad buy won't be promoting any of its beers. Rather, it will promote Truly.

Cost of the Super Bowl campaign to Boston Beer: About \$2.5 million.

Cutwater, Too

Boston Beer isn't the only bev/al brand to jump into the Super Bowl festivities. **Cutwater Spirits**, which say it is "the most awarded canned cocktail brand in the U.S.," releases its "Cut Out With Cutwater" ad campaign with a TV commercial airing on game day, digital takeovers, and a social media series featuring actress Emily Hampshire, renowned for her role as Stevie Budd on *Schitt's Creek*.

The new 30-second "Cut Out" spot is Cutwater's first-ever ad to run during the biggest football game of the year, and is now airing on TV channels including ESPN and CBS Sports, as well as social media. On Sunday February 7th, the ad will air in key regional markets on the west coast including Los Angeles, San Diego, San Francisco, Sacramento, Las Vegas, Phoenix and Seattle. There will be an accompanying national rollout on YouTube the following day (2/8).

While the TV commercial comes to life with lively outdoor "Cut Out" occasions, Emily Hampshire, the actress,

will highlight her own hilarious at-home interpretations of the theme.

As part of the series, Emily will announce Cutwater's Ultimate Backyard Sweepstakes with prizes to help winners "Cut Out" from the daily grind. The winning packages include a glamping Yurt (16'), premium fire pit, cabana chairs, Cutwater cooler filled with a supply of Cutwater Spirits' award-winning canned cocktails and more. To enter, consumers can interact with the brand via Twitter and/or Instagram during the big game, following, liking and tagging @CutwaterSpirits, and using #CutOutWithCutwater and #sweepstakes*.

Hornitos Tequila Unveils New Ad

Hornitos Tequila said its newest advertisement, "First Steps," allows viewers to follow individuals who are plunging into the unknown toward the exploration of something greater "just as Hornitos Tequila has fearlessly pushed the boundaries of the tequila category since the brand's inception in 1950."

From boxing rings to boardrooms and concert stages to ocean swells, each endeavor profiled in "First Steps" poses a daunting, unknown outcome, but the shot taken in that first moment of bravery yields tangible, personal reward.

"'First Steps' is a natural extension of our long-term brand work that motivates our fans to pursue what they're passionate about, even if it means taking chances and getting out of their comfort zones," said **Rashidi Hodari**, managing director-tequila at **Beam Suntory**. "Sometimes taking that first step is the hardest part, and we hope the diverse, first-hand accounts chronicled in this spot ignite excitement and courage in fans ready to take their shot in 2021."

The spots will run across multiple national news, entertainment and sports outlets in both English and Spanish, including ESPN, FX, FOX, NBC, TBS, ABC and MLB Network. "First Steps" will also air on Hulu, Hulu Latino and Vevo platforms, as well as social media channels including Instagram and Twitter throughout 2021.

Dewar's Launches New Port Cask Scotch

Dewar's Scotch Whisky (Bacardi) launches **DEWAR'S Portuguese Smooth**, showcasing the exciting flavors that are crafted when Scotland meets Portugal in a bottle.

Marking the brand's 175th anniversary this year, this new iteration of the Dewar's Cask Series features Dewar's 8 year old double-aged blended Scotch whisky, finished in ruby port casks for a rich, full-bodied blend. SRP: \$21.99.

Washington Winegrowers Convo Goes Virtual

Washington Winegrowers Association said its annual convention, **WineVit™**, will be virtual with sessions spread out between March 9 and 18. Specific session times, dates, and speakers will be posted soon. The virtual event will provide cutting-edge presentations, networking opportunities, information on trends and products in the market and access to industry suppliers.

After an unprecedented 2020, a special focus will be on the State of the Industry session as oversupply coupled with a pandemic have created challenges and opportunities. Speakers will discuss industry trends, global supply and de-

mand chains, the latest research and future projects.

Though virtual, the annual convention celebrates the Washington wine industry's collective resilience, dedication to connections without boundaries, and commitment to high-caliber learning and networking.

Visit www.winevit.org to register or learn more.

Researchers Seek to Find How Yeast Benefits Wine's Mouthfeel

Researchers at **Washington State University's** School of Food Science are analyzing hundreds of *Saccharomyces* yeasts taken from vineyards all over Washington State to determine what strains are most beneficial for fermentation.

"These non-saccharomyces yeasts influence the sensory quality of the final product," said **Charles Edwards**, professor and food scientist in Food Science. "If you drink a glass of water, and then you drink of glass of chardonnay, you may feel that the wine is thicker on the tongue. That's part of what is called mouthfeel. Many winemakers believe these yeast strains positively contribute to mouthfeel in the final wine."

Saccharomyces vs. non-saccharomyces yeast

The winemaking process uses yeast to convert sugar into alcohol, which ferments the wine.

Often known as the baker's or brewer's yeasts, *Saccharomyces* yeast is an important part of food production. The term is Greek in origin, and translates to "sugar fungus." It has long been used for brewing, distilling, making wine, and baking bread.

The other group of yeast, known as non-saccharomyces, refers to those found naturally on the grape before it is harvested. When grapes are harvested, crushed, and prepared for fermenting, non-saccharomyces yeasts are bound to be present in the juice.

"Non-saccharomyces yeasts can add flavor characteristics to the wine, but they can also negatively affect it, causing odd flavors and aromas," said Heather Carbon, a graduate research assistant with the School of Food Science. "There is a huge trend lately in wineries wanting to use different types of yeast in their fermenting process, in order to get unique flavor characteristics."

These wild strains of yeast can yield positive flavors for the final wine, or bring problems to the fermentation process. It can be hard to predict the outcome, since the impacts of the species are unknown.

In 2015, then WSU plant pathology professor Dean Glawe (now retired) along with Edwards took grape samples from vineyards all over Washington state, isolating hundreds of indigenous strains of wild non- *Saccharomyces* yeast to analyze.

The team found 55 different species of yeasts on grapes throughout Washington. Now, WSU researchers are looking through the culture collection to identify beneficial strains that might be useful to Washington winemakers.

"We're trying to figure out what these strains of yeast are doing metabolically, how they're processing that sugar from the grape, and seeing if we can use that to our benefit," said Carbon.

Wine industry trends

"It didn't take me long after talking with other winemakers and reading articles to start experimenting with non-saccharomyces yeast," said Brian Carter, owner of Brian Carter Cellars in Woodinville, Washington.

"I started doing fermentations using wild non-saccharomyces yeast present on the grapes," said Carter, who has served on the Wine Research Advisory Committee (WRAC) for 35 years, and serves as the industry liaison to Edwards' research projects.

"Because they represent a lot of different species, not just strains, the differences they can generate in terms of aromas, mouthfeel, and flavor, are truly significant," he said.

Results of the study are expected next year.

"The overall goal would be to bring some of these non-*Saccharomyces* yeasts to market once our research identifies the optimal growth conditions, and how these yeasts enhance wine quality," said Carbon.

This project has supported multiple WSU graduate students, with research funded by Washington State University, Auction of Washington Wines, and all of Washington's wine grape growers and wineries in partnership with the Washington State Wine Commission.

Beam Suntory Moving to New York

Its global headquarters will be in the Big Apple by mid-2022, but its North American headquarters will remain in Chicago. Civic leaders in the Windy City might want to call their counterparts in St. Louis to see what the move of **Anheuser-Busch's** marketing department did to the city.

Beam Suntory's new 100,000-square-foot office at 11 Madison Ave. will be co-located with **Suntory Holdings Inc.**, Beam Suntory's parent.

Who & What —

FunWine Hires 3 Regional VPs

Fun Wine, a flavored wine brand, hired three regional vice-presidents --**Kendy Ferrell** (RVP Central States), **Christopher Reed** (RVP Southeastern States), and **Larry Majchrzak** (RVP Eastern States). They will report to Stephen Yoder, who has been promoted to President of North American Operations.

Joe Peleg, Founder & CEO of FunWine, said the company also hired **Elenteny Imports** to be its logistics force worldwide.

* * *

Eastside Distilling Inc. names **Jason Ericson** heqd distiller, effective Jan. 11. He's been with the company since 2014.

Continued Success.
KANE'S BEVERAGE WEEK



JOEL WHITAKER, Editor