

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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Even Cranberry Growers and Nutritionists Urge Removal of Tariffs on Sectors Not in Trade Disputes

Some 113 organizations -- including the **American Cranberry Growers Association** and the **Council for Responsible Nutrition** -- joined in a joint statement calling for the permanent removal of tariffs on sectors unrelated to the ongoing transatlantic trade disputes.

The statement says the organizations would like to see the tariffs removed before July 11. But if more time is needed for negotiation, "our sectors request advance notice that the tariffs will not return, even if there is a need for additional time to negotiate, to account for shipping times between the EU and the U.S."

Bev/al organizations signing the statement include [American Beverage Licensees](#), [American Craft Spirits Association](#), [American Distilled Spirits Alliance](#), [American Distilling Institute](#), [American Single Malt Whiskey Commission](#), [Arizona Craft Distillers Guild](#), [BNIC - Bureau National Interprofessionnel du Cognac](#), [Colorado Distillers Guild](#), [Connecticut Spirits Trail](#), [Distilled Spirits Council of the United States](#), [Distillers Association of North Carolina](#), [Drinks Ireland](#), [FEVS - Fédération des Exportateurs de Vins & Spiritueux de France](#), [Florida Craft Spirits Association](#), [Idaho Distillers Association](#), [Illinois Craft Distillers Association](#), [Iowa Distillers Alliance](#), [Kentucky Distillers' Association](#), [Louisiana Distillers Guild](#), [Maryland Distillers Guild](#), [Michigan Craft Distillers Association](#), [Montana Distillers Guild](#), [Napa Valley Vintners](#), [National Association of Beverage Importers](#), [National Association of Wine Retailers](#), [NY Wine Industry Association](#), [Ohio Distiller's Guild](#), [Oregon Distillers Guild](#), [Oregon Wine Council](#), [Pennsylvania Distillers Guild](#), [Tennessee Distillers Guild](#), [Texas Distilled Spirits Association](#), [The Maryland Wineries Association](#), [U.S. Wine Trade Alliance](#), [United States Bartenders' Guild](#), [Virginia Distillers Association](#), [Washington Wine Institute](#), [Willamette Valley Wineries Association](#), [Wine & Spirits Wholesalers of America](#), [Wine and Spirits Shippers Association](#), [Wine Institute](#), and [WineAmerica](#).

NABI: Harm from Retaliatory Tariffs Becoming More Apparent

National Association of Beverage Importers President **Robert M. Tobiasen** highlighted the ever-growing number of signatories to statements opposing these punitive tariffs on unrelated products since before the imposition of the Airbus dispute tariffs in October 2019, and the steel and aluminum tariffs in June 2018.

"The realization of the widespread harm done to economies, jobs, consumers, and all levels of the manufacture, trade, import, distribution, and retail of a vast number of products and commodities has become readily apparent," said Tobiasen and "the repositioning of the U.S. trade pillars to include a worker-centric theme to protect and create jobs is dead-on consistent with removing the tariffs on unrelated sectors." Moreover, NABI pointedly noted in its letter, dated July 7, 2020, on proposed tariffs in the French Digital Services Tax (DST) investigation:

"There are multiple principles and precedents in trade disputes for limiting trade remedies to the same sector as that of the underlying violation, nullification, or impairment was found. These include Article 22.3 of the WTO Dispute Settlement Understanding and the Trade Act of 1974 requirement that a retaliation list include reciprocal goods. The Trade Act of 1974, 19 USC 2426(b)(2)(F), also fo-

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cuses on reciprocal goods. More specific to wine, we note that the World Wine Trade Group of which the United States is a member and the U.S. delegation is headed by a USTR agricultural official has adopted a position that wine should be not targeted for retaliation in a trade dispute involving products other than wine."

"Simply put" said Tobiassen "what we are asking for is consistent with international agreements and U.S. trade laws." He added "if 113 organizations on both sides of the pond can reach agreement on a basic principle of appropriate trade sanctions, then why should it be that hard for the United States, the European Commission, and the 27 Member States of the EU to conclude the same?"

Brown-Forman Profit Surges 9% in Year As Net Sales Grew 3%

Brown-Forman Corp. reports net profit of \$903 million, or \$1.89 a share, up 9% on net sales of \$3.5 billion, which grew 3% (+6% on an underlying basis) compared to fiscal 2020. Reported operating income increased 7% to \$1.2 billion (+4% on an underlying basis) and diluted earnings per share grew 9% to \$1.88.

The growth in fiscal 2021 was across all three International Money Fund clusters. **Jack Daniel's** family of brands grew 4% (1%, reported), Brown Forman's premium bourbons maintained double-digit underlying sales growth, and the tequila portfolio's net sales grew 14% (9% reported).

Jack Daniel's family of brands underlying net sales growth was driven primarily by Jack Daniel's RTDs, the international launch of **Jack Daniel's Tennessee Apple**, and volume-driven growth from **Jack Daniel's Tennessee Honey** and **Gentleman Jack**. These gains were partially offset by a reduction in Jack Daniel's Tennessee Whiskey's underlying net sales.

The Jack Daniel's family achieved several milestones in fiscal 2021 including:

- Jack Daniel's RTDs depleted over 12 million cases
- Jack Daniel's flavors depleted over 3 million cases
- Gentleman Jack depleted over 800 thousand cases

Premium bourbons grew underlying net sales with both **Woodford Reserve** and **Old Forester** maintaining strong double-digit growth.

The tequila portfolio's underlying net sales growth was led by double-digit underlying net sales growth for **el Jimador** and **Herradura** in the U.S. coupled with strong volume-driven increases from New Mix in Mexico. These gains were partially offset by declines for Herradura and el Jimador in Mexico.

Brown-Forman's President and Chief Executive Officer Lawson Whiting stated, "Brown-Forman's performance in fiscal 2021 demonstrates the resilience of our strategy and our people, and the strength of our portfolio and our brands. In an unprecedented and complex environment, we delivered underlying net sales growth consistent with our long-term expectations. I am proud of this performance, and the work we did throughout the year to advance our commitments to environmental sustainability, diversity and inclusion, and community outreach. We place great care and focus on being strong stew-

ards of our culture, our brands, and our communities, and it is evident in this fiscal year's results."

Looking to the future, "We are optimistic as we look ahead, as we expect the operating environment to continue to improve" noted **Jane Morreau**, EVP/CFO. "We remain confident in the collective strength of our markets and should benefit from the re-opening of the on-premise channel and increase in tourism. Additionally, our portfolio remains well-positioned to capitalize on the continuing spirits premiumization trend. For fiscal 2022, we anticipate mid-single-digit growth in underlying net sales and operating income."

Betz Family Won't Offer 2020 Vintage, Cites Smoke Taint

Washington State's **Betz Family Winery** said it won't be releasing a 2020 vintage due to smoke taint caused by last year's wildfires. It also announced its sister winery in Oregon, **SUNU Wines**, would not be releasing a 2020 vintage either.

"Through rigorous sensory evaluation our team has identified varying levels of smoke taint in our 2020 wines," said Betz Family's owners, **Steve and Bridgit Griessel**. "We later confirmed that analysis through extensive laboratory testing as well. While the intensity varied from vineyard to vineyard and barrel to barrel, ultimately all lots showed some impact."

"As you can imagine, this was an absolutely brutal decision," the Griessels said. "Our team has been hopeful since harvest that certain lots might be salvageable, but after countless hours of evaluation, we believed this was our only option. The idea that we would release any wine that we had reservations about, or that a wine we released might start to develop deepening smoke taint indicators post-bottling, was something we just couldn't stomach. In the end, our commitment to quality is paramount and something we cannot compromise."

Last year was challenging for West Coast winemakers as fires raged through California, Oregon, and Washington, blanketing many vineyards with smoke and ash. This created the danger of "smoke taint," an infrequent but severe hazard for fine wine grapes that can lead to a wide spectrum of sensory effects: ashy/smoky aromas, disrupted/masked flavors, or harsh, austere textures. These flaws can range from barely perceptible to severely off-putting and can stay latent in barrel or bottle for months, sometimes even years, before revealing their full impact.

Not much is known about the exact mechanisms of smoke taint. Researchers at both Washington State University and UC Davis are working hand-in-hand with wineries and growers to learn more about how smoke taint develops, what can be done to protect vineyards that might be exposed to wildfire particulates, and how to mitigate the damage once the exposure has happened.

Currently, there is no insurance available for damage or loss due to smoke/ash exposure in wine. Wineries and growers bear the full brunt of the financial impact, a very difficult proposition for small producers, many of whom are currently wrestling with the impact of the 2020 fires.

Winc Acquires Natural Merchants

Winc, Inc. said it purchased substantially all the assets of **Natural Merchants, Inc.** ("Natural Merchants"), a leading purveyor of natural, organic, biodynamic and vegan wines from around the world. Natural Merchants products are found in retailers and restaurants nationwide. Terms weren't disclosed.

The acquisition is part of Winc's drive to "become the market leader and go-to source for organic wine in the U.S."

76% of Winc's customer base falls into the 21 - 44 age group, a consumer segment that is expected to drive disproportionate industry growth and one that is increasingly demanding organic products from companies that prioritize sustainability. Organic wine is growing at a 12% CAGR in North America and is projected to be a \$17B category globally by 2027.

"We have a high degree of conviction that the suppliers comprising Natural Merchants' portfolio can unlock additional value for Winc going forward," said **Alex Goodwin**, VP of Corporate Development & Innovation, Winc. "The integration of Natural Merchants' assets and supplier relationships will leverage our DTC platform to enable newfound digital capabilities and customer exposure, while providing existing Winc customers with an enhanced breadth of products in the desirable natural and organic category."

Natural Merchants was founded in 2004 by husband-and-wife duo Edward Field and Pilar Meroño to help U.S. consumers enjoy the best natural wines the globe has to offer and increase awareness in the organic wine sector. Following the transaction, Field and Meroño, along with their team, will continue to manage the supplier relationships responsible for the Natural Merchant wine portfolio.

Off-Premise Sales Slip 10.9%, But Still Far Above Average

It shouldn't be a surprise that with on-premise locations reopening, some of that alcohol purchasing would be moving to on-premise from off-premise.

For the latest four weeks ending May 29, 2021, **Nielsen IQ** reports total alcohol off-premise sales fell 10.9% compared to the same four weeks in 2020. Wine experienced the strongest declines, down 13%, followed by beer/FMB/cider, down 11%, and spirits, down 9%. Alcohol declines surpassed the declines of total fast-moving consumer goods, which are down 2% for the latest four weeks.

But off-premise alcohol sales remain far above average compared to pre-pandemic time periods. For the latest four weeks, spirits is up 32%, wine is up 16%, and beer/FMB/cider is up 11% compared to the same 4 weeks in 2019. This clearly is an indication that not all drinkers are returning to the on-premise, and alcohol consumption continues to be shifted more towards in-home consumption, compared to pre-pandemic time periods.

Premiumization Slowing

During the pandemic, premiumization accelerated, as consumers traded up to more expensive price tiers and more premium segments of alcohol for at-home consumption. Now, however, alcohol premiumization is slowing. It remains above pre-pandemic time periods, but the trading-up

trend is happening at a much slower rate than peak Covid months in the U.S. from 2020.

During the initial months of the pandemic, when consumers were loading pantries with large sizes and mainstream or value brands, high-end alcohol share gains began to slow (with the exception of seltzer).

Following the initial pantry-loading months, beginning in June 2020 there was an acceleration in share growth across high-end segments. The growth of premium share gains peaked in January/February 2021, and then started to level off in March. The exception to this timing is hard seltzers, which peaked in share gains during initial months of the pandemic, and then began a steady decline in share gains beginning in May 2020.

One of the contributing factors to premiumization in alcohol during the pandemic was the closure of on-premise establishments. Consumers shifted their dollar spend from bars and restaurants, to more premium brands and products for at-home consumption.

With the re-opening of on-premise across the country, we should expect premiumization to grow at a much slower pace in off-premise retailers over the coming months, and Nielsen IQ says we should expect to see some consumer segments begin to shift premium dollars back to the on-premise.

Additionally, it is important to note that not all consumers will react the same. Some consumers are still hesitant to return to the on-premise, and similarly, some consumers have developed home-body mentalities that will linger for the foreseeable future. Finally, we should expect a divergence in the way that consumers contribute to premiumization -- with the "insulated consumers" (those who have not faced financial hardship during the past 15 months) contributing to a greater share of that premiumiza-

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tion. With little to no financial constraints, the insulated consumers will be seeking ways to explore and experiment in premium segments of alcohol.

Wine

Total wine declined by 12.5% in the latest 4 weeks, driven primarily by table wine (-15.3%), while sparkling wine was only down 1.0%. Declines are consistent across all channels. As a reminder, trends vs two years ago were still strong, up 16% (compared to 6/1/19). Wine based cocktails (+41%), French Champagne (+24%) and non-alcoholic (+39%) are the only segments seeing growth.

From a packaging perspective, cans (+2%) and tetra (+7%) are still driving growth as well as smaller formats, with 375ml and 187 ml both up 8%. Nielsen IQ continues to see diverging trends within pricing, with only \$25+ wines seeing growth (+4%), but even that growth has slowed in recent weeks.

Spirits

For the latest 4 weeks, spirits dollars were down 8.5% compared to last year, with vodka (-13.9%) and whiskey (-5.9%) as the largest contributors to decline for total spirits. Most other spirit categories are down compared to last year's soaring off-premise sales, with rum (-19.8%), gin (-15.1%), and cordials (-17.9%). Throughout most of the last year, cognac, tequila and ready-to-drink cocktails were driving most of the growth for spirits. Facing incredibly tough comps, cognac is now in decline (-4.1%), as is tequila (-3.3%). However, RTD spirit-based cocktails are skyrocketing, with dollar sales up 102% compared to last year.

While spirits is down compared to 2020, off-premise dollar sales are still far above normal ranges, with total spirits up 32% for the latest 4 weeks compared to 2019.

Beer/FMB/Seltzer/Cider

Dollar sales for the total category were down 11.2% in off-premise channels for the latest 4 weeks. Core beer (excluding FMBs and seltzers) was down slightly more, -12.7% compared to last year. Premium light (-15.4%), craft (-16.8%), and below premium (-15.5%) contributed to the largest declines in the category, while most beyond beer segments are still growing, with hard seltzers up 3.6%, hard tea (+15.3%), kombucha (27.6%), and non-alcoholic beer (+24.1%). Imports experienced slight declines (-6.5%), super premium (-10.1%), cider (-21%) and FMBs excluding seltzer (-18.7%).

C-Brands Takes Minority Stake In Sapere Aude Sparkling Wine

The transaction is part of **Constellation Brands Ventures'** Focus on Minority Founders Initiative to invest \$100 million in African American/Black, Latinx, and minority-owned businesses by 2030. Terms weren't disclosed.

Sapere Aude, which is Latin for "dare to know," was founded in 2012 by wife and husband **Pampata** and **David Airaudi**. The duo has taken an entrepreneurial approach to building a uniquely Californian sparkling wine that has no residual sugars, low alcohol, fine bubbles, and a refreshing brand identity that seeks to evolve and refine a new definition of elegance for the next generation of legal drinking age wine consumers.

The Focus on Minority Founders program will support the growth and development of Black and minority-owned businesses by providing funding and access to sales, marketing, operations, and finance expertise through the Constellation Brands Ventures team and Constellation's many subject matter experts.

Beer Imports Up 27% in April

The Commerce Department's Import-Export report for April shows total imports up 27% for the month over April 2020 and up 6.5% YTD over 2020.

Total imports for Mexico were up 39.5% for the month and are up 8.6% YTD, **Beer Institute** said after reviewing the report. Total imports for the Netherlands were down 8.9% for the month and are down 3.2% YTD. Imports from Nicaragua were up 1309.6% in April 2021 over April 2020.

Comparing packaging, draft was up 123.94%, cans were up 48.2% and bottles were up 13.9% in April 2021 over April 2020. Draft is still down 29.9% YTD, while cans are up 22.41% and bottles are up 2.67% YTD.

Vintage Wine Estates Goes Public

It began trading on the Nasdaq Global Market under the symbol "VWE" after it merged with **Bespoke Capital Acquisition Corp.**, a special purpose acquisition company (SPAC). It had an initial market capitalization of \$617.9 million.

In connection with the merger and related private placement, VWE and certain of its shareholders will receive approximately \$306 million in cash proceeds.

The funds received by the Company are expected to be used to expand and accelerate its proven growth strategy, driven by a combination of acquisition led and organic growth, across a well-balanced omni-channel model encompassing direct-to-consumer, wholesale and exclusive brand arrangements with national retailers.

The combined company will be led by **Pat Roney**, CEO and founder of VWE, and retain VWE's highly experienced management team, augmented by former Diageo CEO and Executive Chairman of BCAC, **Paul Walsh**, as non-executive Chairman.

"This marks the completion of another significant milestone for VWE, and this is just the beginning of the Company's growth as a publicly traded company. Through the transaction with Bespoke, we were able to use a more controlled entry to access the public markets, and we believe the capital gained from the transaction will allow VWE to scale and maximize our profitability for all stakeholders. We are excited to continue on our impressive track record and will continue to capitalize on the opportunity the highly fragmented and rapidly growing U.S. wine industry presents."

BeerBoard 'Partners' with A Head for Profits

BeerBoard and A Head For Profits, the North American leader in draft beer equipment sales, installation and service, agreed to jointly market their technology and services to decision-makers at every level within the industry: C-suite level executives for corporate and franchise-owned retail operations, Beverage Ops managers, Owners and Managers of

local or regional chains, and Owners of independent operations.

Bill to Replenish Restaurant Revitalization Fund Introduced in Congress

Congress provided \$18.6 billion in grants to help restaurants, bars, food trucks, caterers, tasting rooms, and taprooms recover from the COVID-19 pandemic.

But that wasn't nearly enough and the funds were quickly exhausted. So on Thursday (6/10), U.S. Rep. Earl Blumenauer (D-OR), U.S. Rep. Brian Fitzpatrick (R-PA), U.S. Senator Kyrsten Sinema (D-AZ), and U.S. Senator Roger Wicker (R-MS) introduced legislation to replenish the fund and to enable the Small Business Administration to continue outreach efforts.

"The extraordinary demand for the Restaurant Revitalization Fund shows that many more businesses still desperately need help," **Blumenauer said**. "We must work quickly to replenish this critical relief program and ensure all local restaurants get the support needed to keep their doors open, pay their staff, and support the industry's trillion-dollar supply chain that impacts every sector of our economy."

The **Distilled Spirits Council of the U.S. (DISCUS)** was quick to endorse the measure. "The hospitality industry has been devastated by the pandemic, and the path to recovery is far from over," said **Christine LoCascio**, DISCUS Chief of Public Policy. DISCUS previously advocated for the inclusion of distilleries with tasting rooms as an eligible entity in the original RESTAURANTS Act in 2020 and the initial funding provided through the *American Rescue Plan Act* earlier this year.

"This legislation provides much-needed support to restaurants, bars and distilleries as they work to get back on their feet. We applaud Reps. Blumenauer and Fitzpatrick as well as Sens Sinema and Wicker for their continued support of our nation's hospitality industry and for their introduction of the Restaurant Revitalization Fund Replenishment Act. We urge Congress to move quickly to enact this important legislation," LoCascio said.

Marketers Should Focus More On Long-Term Brand Building—Study

Nielsen has come out with an interesting report that sheds some light on balancing brand building and quick sales. It notes that when Covid burst upon the scenes, marketers of all sizes (including Coca-Cola) cut back on brand-building seeking quick sales through conversion marketing.

"Conversion-oriented marketing has been the marketing industry darling for some time. It's attractive because it drives sales in this quarter, not the next—and immediate gratification carries weight," the report says. But it goes on to add:

"Conversion-dominated strategies stand in opposition to numerous academic studies that claim upperfunnel marketing is the best path to growth. The [Ehrenberg-Bass Institute](#), for example, has long argued that awareness (or "mental availability") is the best path to customer acquisi-

tion, which is in turn the only true path to growth. Some brands have learned the value of awareness the hard way. A wide range of companies across categories have made public acknowledgments of missteps in forsaking brand building in the name of increasing focus on activation. Gap Inc., Adidas, TripAdvisor and Booking Holdings (formerly Priceline) are just a few of the organizations that came to these realizations, citing the need to do more to create and maintain long-term equity." Among Ehrenberg-Bass's sponsors: **Diageo**.

The Nielsen report notes that marketing accounts for 10%-35% of a brand's equity. Equity also comes from visibility, such as seeing a product on the shelf or signage on a storefront, as well as regular product usage, such as the subtle reminder about an auto brand every time you drive your car. Brand owners often take these non-marketing sources of equity for granted, but today, that's a risky proposition.

One problem is that fewer people are seeing your logos inside stores, because they aren't driving to stores and shopping inside them as often. Another problem is that the online "shelf" is infinite, which makes it really hard for your product to stand out. Finally, supply chain disruptions are having an impact on brand equity.

In the U.S. consumer packaged goods (CPG) market, consumers say that 4.3% of their brick-and-mortar purchases involve a brand they had not purchased before, according to Nielsen Commspoint. For online purchases, the metric jumps to 12.1%. The increased rate of new brand purchase is entirely at the expense of brands that consumers use regularly, the Nielsen report says.

That presents marketers with a quandry. For example, the report notes that consumers "believe television is among the best channels for becoming aware of a brand. Yes, TV is, on average, one of the most effective channels for driving long-term sales lift, but every campaign is different—and so is the effectiveness of TV across them. We found that in 25% of Nielsen marketing mix studies, TV was in the lowest quintile of all channels in producing long-term effects. In a separate 25%, it was the very best."

To add to the quandry, Nielsen found that "lower-funnel messaging has a higher short-term impact than upper-funnel messaging, but it doesn't deliver much additional value in the long term. Upper-funnel messaging delivers slightly lower short-term results, but it delivers meaningful additional value in the long term." In other words, you may be damned if you do, and damned if you don't.

Some research suggests 60% of your efforts should be devoted to long-term brand building and 40% to short-term efforts. But Nielsen you shouldn't focus on that, but rather "assess their brand-building efforts and ensure that they insert a balanced share of voice in both upper- and lower-funnel messaging."

For 1st Time in 26 Years, an Alcohol Brand Tops IRI's Food, Beverage Pacesetter List

Bud Light Seltzer was named IRI's No. 1 New Product Pacesetter for the entire food and beverage category. It's the first time a bev/al product has earned that position.

One trend in this year's Pacesetters is notable consumer interest in carbonated beverages, including sparkling waters and hard seltzers. Of the top 25 food and beverage Pacesetters of 2020, IRI said, 10 are beverages. Bud Light Seltzer, which launched in January 2020, took the No. 1 spot, followed by **Truly Lemonade** and **Mtn Dew Zero Sugar**. All of the top three food and beverage Pacesetters generated more than \$100 million in sales in IRI's measured multi-outlet markets.

Beverage alcohol products accounted for eight of the 27 beverage Pacesetters and generated a massive \$547 million compared to last year's six that brought in \$198 million, IRI said. In 2020, beer, wine and spirits reigned supreme as consumer celebrations and entertaining moved in-home. New product launches in this space made a huge splash, generating a combined 44% of Pacesetter beverage dollars compared with 17% last year.

Bud Light Seltzer launched in January 2020 – two months before the pandemic set in. The brand had to adapt to an extremely fluid environment and find new ways to connect with fans across the country with new marketing tactics such as virtual livestream concerts and gaming competitions, and lean heavily in connecting with fans via social media channels.

As one example the company cited, in August 2020 Bud Light Seltzer announced via Instagram they were hiring the first ever CMO aka 'Chief Meme Officer.' The brand received an incredible response from fans getting nearly 3,000 submissions for the role in less than 48 hours, Bud Light Seltzer said. It was a fun and unique way to engage the current Bud Light fan base while also attracting approximately 2,000 new followers to the Bud Light community on Instagram as a result.

Innovative, fun flavor offerings such as the wildly popular limited-edition Ugly Sweater Pack release around the holidays (featuring Peppermint Pattie flavor), the limited-edition Out of Office Pack launched this spring (featuring Watermelon Mojito flavor), and most recently, the limited-edition Retro Summer Pack keep consumers heading back to the shelves to enjoy new seasonal offerings, brand officials say.

Texas Wine Makers Sue Monsanto, BASF, Say Chemical Kills Vines

Monsanto's Roundup was very efficient at killing weeds. But several years ago, the weeds Roundup was supposed to kill were becoming resistant to Roundup. according to a complaint filed on behalf of 57 Texas wineries. So Monsanto developed a new chemical, dicamba, which not only killed weeds, but also any crop it touched that wasn't resistant to dicamba because dicamba "was highly prone to volatilizing into a gas and moving miles off target where it would damage whatever plants it came into contact with."

This led Monsanto and BASF, which also produced dicamba, to see an opportunity to start an agricultural "protection racket," according to the complaint filed in the Jefferson County, Tex., District Court. Monsanto and BASF were producing cotton seeds that were genetically modified to be dicamba resistant and, therefore, farmers would have to buy those seeds "or see their crops destroyed."

"But cotton is not the only crop grown in the High Plains," the 39-page complaint states. "Within and among the cotton fields are dozens of vineyards that produce roughly 85% of the grapes used to make wines in Texas. They are the core of the state's \$13 billion wine industry, the nation's fifth largest. Grapes, however, are extremely sensitive to dicamba. And grapevines cannot be made dicamba-resistant.

"Dicamba damage on grapevines in the High Plains was unheard of prior to the release of Monsanto and BASF's dicamba-based seed system. Now it can be found throughout every portion of every vineyard in the region.

The result has been that some High Plains growers "have seen grape production decrease by as much as 95% in recent years. Others have suffered widespread vine death, canceled contracts, ruined buyer relationships, and a resulting stigma. Many young vineyards have been stopped in their tracks before ever having a chance to make a crop," the complaint says.

"As volatilizing or drifting dicamba comes in contact with a grapevine, the plant is harmed, reducing the plant's overall health. Leaves deform, cup, and shrink—and soon the plant stops growing. And when vines get hit with dicamba many times a year, for multiple years, the results are disastrous—stunted development, significantly reduced yields, poor quality grapes, and, eventually, vine death. Over the past few years, this is exactly what has happened in the High Plains," the complaint says.

According to the complaint, the 57 wineries have suffered more than \$114 million in economic damages. The wineries are seeking to recover the economic damages plus at least \$228 million in punitive damages from Monsanto and from BASF. Altogether, they are seeking to recover at least \$560 million at trial.

The complaint says 90% to 95% of grape vines in the Texas High Plains region have been damaged.

"Even in the 1960s, dicamba's dangers were well-known, and it was used with caution," the complaint says. "Its use was limited to applications that were before planting or after harvest in cooler temperatures. Dicamba was never used during the summer growing season or over-the-top of cotton or soybeans. This is because the chemical had a strong track record of turning into a gas and forming invisible clouds in the air that could then move. This is especially true when the weather is warm."

How serious a threat is dicamba? According to the complaint, "as little as 10-16 drops of dicamba from an eyedropper is enough to damage an entire acre of grapes."

Outside experts warned to the danger dicamba posed to specialty crops such as grapevines as early as 2009. "Monsanto and BASF's response was to reduce their testing to make sure they did not create data that would corroborate what outside experts were saying. Monsanto and BASF responded by, as they described it, "pull[ing] back some of this academic testing . . . to ensure that these formulations keep a 'clean' slate," the complaint says. "They also refused to test the product under the type of real-world conditions found on the High Plains—high temperatures and strong winds."

The complaint goes on to note that a vineyard, once planted, "can be expected to produce grapes for decades. . . .

the vines are a 25-year investment that will continue to make money -- provided the vines stay healthy. But when damaged by dicamba in even one season, a vineyard can take years to recover (if at all). When a vineyard is hit by volatilized or drifting dicamba in multiple years, the damage increases (and the recovery, if any, takes even longer). This is especially true for younger vines and vineyards that are still developing."

Mobile Sports Betting Can Boost Sales for Bars, Restaurants: CGA

Illinois legalized mobile sports betting in June 2020, and CGA found that 22% of consumers have participated in mobile sports betting while at a bar or restaurant. In New York, where legislation supporting legal sports betting is expected to pass, 43% of consumers say they would participate in sports betting while out at Bars and Restaurants. While still appealing to a minority of consumers, mobile sports betting is quietly changing on-premise behavior.

An astounding 70% of On Premise visitors said they would order more drinks if watching a game they placed a bet on opposed to one they did not. Given that baseline, it is unsurprising, yet significant, that 79% of bettors between the age of 35-54 agree that they are more likely to stay at a bar or restaurant for another drink if they win a bet.

Bars and restaurants poised for longer visits

So, what does On Premise mobile sports betting engagement look like? In Illinois, 61% of sports bettors have placed bets at Sports Bars and 41% have done so at Neighborhood Bars. These subchannels lead betting engagement and are well positioned to benefit. Streaming relevant sports is key and the right sport-schedule mix can prove more lucrative than showing a rerun of Die Hard 2. Football is the most popular sport to wager on with 62% of bettors participating, followed by College Basketball at 44%, and Baseball at 40%.

Also encouraging for Operators, 71% of respondents agreed that mobile sports betting would keep them at a bar or restaurant longer. To complement the occasion, 39% of visitors drink beer while watching sports. 12% of On Premise bettors typically drink shots – however CGA believes there is opportunity for more Shot Category engagement given strong correlation to celebratory occasions in the On Premise.

Value-added offers for consumers

Alexandra Martin, Operator & Analytics Director, Americas, said: "Operators must offer consumers value they cannot replicate at home in order to become a sports betting destination. A predictable schedule of televised games available along with compelling food and drink offers can help bars build sustainable incremental revenue".

Murphy-Goode Winery to Hire 2 Candidates for "A Really Goode Job"

Over 5,000 people have applied thus far for a "Really Goode Job" being offered by Murphy-Goode Winery.

Job perks include a \$10,000 salary per month, rent-free living for a year (in beautiful houses in the middle of a vineyard no less!) in the charming town of Healdsburg, one

of Sonoma County's premier destinations, and a year's supply of Murphy-Goode wine.

To apply, applicants must create a short video explaining their ideal role in the wine industry and why they would be a great addition to Murphy-Goode, then upload it to the official [campaign website by June 30](#).

Bulleit Launches New "Local Bar Sundays" Hospitality Mission at Tribeca Festival

Bars across the U.S. suffered mightily during the Covid crisis. But only consumers who visit their favorite local New York bar or restaurant during the Tribeca Festival through June 20 will be reimbursed online for any **Bulleit, Johnnie Walker, Crown Royal, Ketel One** or **Don Julio** cocktail over \$10 by participating in the "First Drink Is On Us" \$50,000 virtual bar program.

Diageo plans on expanding the program across the U.S. in coming months, a spokesman told us.

New York consumers will be reimbursed \$10 via Venmo for uploading a receipt to [FirstOnUs.com](#) after purchasing a qualifying brand cocktail during the designated period. Participating consumers are encouraged to remember to tip their favorite bartenders.

"At the heart of every community is a gathering place - often in the form of a bar or restaurant," said **Sophie Kelly**, SVP-Whiskey at **Diageo North America**. "As a brand focused on building community, we're thrilled to bring our Local Bar Sundays initiative to New York in partnership with Tribeca Festival to help reignite excitement and encourage folks to get back to their local establishments that they know and love."

As part of the Local Bar Sundays and Tribeca Festival programming, Bulleit will also take over New York City with an out of home and social media campaign, encouraging consumers across the city to make every Sunday a Local Bar Sunday with the "first drink on us" when they head to their local bars.

As the official Bourbon of Tribeca Festival, Bulleit will also have an on-site presence with a variety of touchpoints and activations The Local Bar Sundays mission comes on the heels of the brand's initial commitment of \$250,000 to support the North American Hospitality Industry as part of the Bulleit Frontier Fund. This additional \$50,000 pledge made by Bulleit Whiskey, **Johnnie Walker, Crown Royal, Ketel One** and **Don Julio**, Diageo brands, will continue to support industry recovery.

Crown Royal to Donate As Much as \$100,000 to NYC Neighborhood

Crown Royal (Diageo) Crown Royal will donate up to \$100,000 to the Washington Heights Business Improvement District with the donation being used to provide direct financial relief to hospitality and small business workers adversely affected by COVID-19/Coronavirus.

Dewar's Sponsors US Open, Releases Exclusive Blend

Dewar's scotch whisky has released an exclusive 19 year old blend, **Dewar's "The Champions Edition"** to

commemorate the start of the 2021 U.S. Open and the first partnership between the two historic brands. This special limited-edition bottle features a 19-year-old blended Scotch whisky, double-aged and finished exclusively in the finest American ex-bourbon casks, delivering the same exceptionally smooth, 175-year old heritage whisky experience of Dewar's.

The silver bottle design is also a nod to the U.S. Open® trophy, reflecting the "Champions" namesake of this special offering designed specifically for the 121st U.S. Open Championship®, which takes place at Torrey Pines on June 17-20. Part of the bottle proceeds will go towards the USGA Foundation, which celebrates, serves and advances the game of golf.

Rootstock Cider Enters Texas Through Favorite Brands

Rootstock Cider & Spirits, a farmstead cidery and craft distiller in western New York, has introduced its hard ciders and spirits to the Texas market through distributor Favorite Brands, beginning in June. Rootstock kicked off its expansion into Texas by capturing the top award for cider at the 2021 TEXSOM International Wine Awards.

Rootstock Ciderworks was the first post-Prohibition cidery in apple country near the shores of Lake Ontario.

Bev Canned Wine Sponsors Rose Bowl Stadium

Los Angeles-based canned wine brand **Bev** has become the Official Canned Wine partner of the Rose Bowl Stadium, announcing the start of a three-year partnership with America's Stadium. Bev's zero sugar canned wines will be served at all Rose Bowl Stadium events, including concerts, sporting events, and the monthly Rose Bowl Flea Market - as well as the neighboring Brookside Golf Club. Rose Bowl Stadium visitors can find Bev at various kiosks throughout the stadium for these events.

Aberfeldy Offers Gold-Dipped Bottles for Father's Day

The personalized hand-dipped gold wax bottles to consumers via local retail promotions as well as via ReserveBar.com. Available across the 12 Year Old, 16 Year Old and 21 Year Old bottlings from the **House of Aberfeldy** portfolio, these gold wax dipped bottles will be stamped by hand with initials at the purchaser's request.

Additionally, Aberfeldy 16 Year Old and 21 Year Old gift sets come with two gold-dipped Glencairn glasses to accompany these higher price point offerings. Consumers can purchase their own gold-dipped bottles at limited local retailers in New York City, Chicago, Dallas, Miami and San Francisco as well as on [the Aberfeldy ReserveBar](https://theAberfeldyReserveBar.com) page from now until June 19.

Cutwater Launches Vodka Transfusion

Cutwater Spirits (Anheuser-Busch) launches its newest canned cocktail, **Vodka Transfusion**. Known as a true golfer's cocktail, the Transfusion is a modern classic enjoyed at golf course bars and country clubs across the world. Cutwater's Transfusion is delicious, portable, and refreshing - perfect for toasting to that one good shot of the day.

To celebrate the release, Cutwater has teamed up with PGA TOUR Player and longtime Transfusion fan, Harold Varner III (known by the nickname, HV3) to showcase how he likes to cut out with Cutwater both on and off the course.

Firefly Distillery Opens a Recording Studio

The North Charleston, S.C., the oldest working distillery in the Charleston area, is opening a recording studio. It already does live concerts. The space is free for touring artists who will need to pay the engineer.

"It's a great way for people without access to studio equipment to get, you to know, their first little three singles to maybe somebody in Nashville. That's a lot better than out of the garage or off the laptop," says **Scott Newitt**, owner of Firefly Distillery.

Who & What -

NEW AGENCY: Magrino, New York, is named the agency of record for Horse Soldier Bourbon, an all American, ultra-premium whiskey crafted by U.S. Army Green Berets who answered the country's call days after 9/11 with a daring insertion, on horseback, into northern Afghanistan.

PROMOTED: Brandon Joldersma to chief operating officer, **Still Austin Whiskey Co.** He joined Still Austin in July 2019 as general manager.

HIRE: Jay Finnigan as evp-national sales director of **Traverse City Whiskey Co.** He joins from Republic National Distributing Co. where he was senior vp in the Shared Sales Services Division.

ELECTED: Suzanne Groth of **Groth Vineyards & Winery** to be **Wine Institute** Chairman 2021-2022. Other officers elected were **Rick Tigner** of **Jackson Family Wines**, First Vice Chairman; **Randall Lange** of **LangeTwins Family Vineyards & Winery**, Second Vice Chairman; **Matt Gallo** of **E. & J. Gallo Winery**, Treasurer; and **Robin Baggett** of **Alpha Omega Winery** and **Tolosa Winery**, Secretary.

Continued Success,
KANE'S BEVERAGE WEEK



JOEL WHITAKER, Editor