

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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Bev/Al Consumption Fell 5% Last Year From 2019

Sixty percent of U.S. adults currently report drinking alcoholic beverages such as liquor, wine or beer, marking a decrease from 65% in 2019 when the measure was last tracked, according to Gallup. This puts current alcohol consumption on the low end of the range Gallup has recorded over the past two decades, with the percentage imbibing as high as 67% in 2010.

Since 1939 when Gallup first asked Americans about their use of alcohol, majorities ranging from 55% to 71% have reported they have occasion to drink. Alcohol drinking was at its highest point between 1976 and 1978.

Since the late 1990s, at least 60% of U.S. adults have consistently reported alcohol use, although Gallup did not measure this in 2020 when the nationwide lockdowns brought on by the coronavirus pandemic may have impacted Americans' drinking habits. Since 1984, the legal drinking age in the U.S. has been 21 years, and 61% of Americans aged 21 and older currently say they drink alcohol.

Alcohol Use Varies Among Demographic Subgroups

Some groups of Americans are more likely than others to report using alcohol, including men, whose 63% rate of drinking exceeds the 57% among women. Likewise, U.S. adults aged 35 to 54 are more likely to drink than their older and younger counterparts, and more college graduates say they drink alcoholic beverages than do those without a college degree. Still, majorities in each of these groups say they drink alcohol.

Less than half of U.S. adults with an annual household income of under \$40,000 (44%) say they drink alcoholic beverages, while 62% of those with an income of \$40,000 to \$99,999 and 81% of those with an income of \$100,000 or more say the same. Similarly, fewer Americans who attend religious services at least weekly (42%) report using alcohol, compared with those who attend at least monthly (61%) or less often/never (67%).

Average Consumption Down Slightly; Few Say They Overindulge

Not only are fewer adults drinking alcohol, but those who do are consuming less than they have in the recent past, Gallup's study finds. Gallup tracks the number of drinks Americans say they have had in the past seven days. This year's average of 3.6 drinks includes 34% who say they had no drinks in the past week, 52% who say they had between one and seven, and 13% who say they had eight or more.

The latest average number of weekly drinks is the lowest recorded since 2001 and is more in line with reported alcohol consumption in the late 1990s and early 2000s than with more recent readings.

Gallup also asks U.S. drinkers whether they overdo it at times. This year, 18% say they sometimes drink more than they should, which is stable and near the low point for the trend that Gallup has tracked since 1978. In the mid-to-late 1980s, roughly one in three U.S. drinkers said they sometimes drank too much.

U.S. Drinkers Remain Most Likely to Consume Beer

While the proportion of Americans consuming alcohol and the amount they drink are down slightly compared with 2019, *what* they are drinking is essentially unchanged Gallup found. Drinkers in the U.S. remain most likely to consume beer (39%) rather than wine (31%) or liquor (27%).

The overall trend has shown beer as the preferred drink in nearly all readings, though it is less dominant than in the 1990s when close to half said it was their preferred alcoholic beverage. Wine has been the next most popular drink, essen-

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tially tying with beer between 2011 and 2013 but more clearly trailing beer since then. Liquor has mostly lagged behind beer and wine in popularity, but it has been generally trending upward -- particularly in the past five years, including a high of 29% in 2019.

As has been the case in the past, there are significant differences in drinkers' beverage of choice based on their gender, age, education and income level.

- Men are more than twice as likely as women to say they drink beer most often, and women are more than three times as likely as men to say wine is their most common beverage.
- Beer and liquor are more popular with younger drinkers, while wine is more likely to be older drinkers' preference.
- A plurality of college graduates drink wine most often, but those without a college degree are more likely to say beer is their preferred beverage.

Those in the lower- and middle-income groups mainly choose beer as their most frequent drink, while upper-income drinkers lean toward wine..

TWE Commits to 100% Electric Power by '24

Treasury Wine Estates Ltd (TWE) said it is joining the RE100 global renewable power initiative as part of the premium wine company's commitment to switch to 100% renewable electricity by 2024 across its global operations.

TWE's luxury wines including **Penfolds** in Australia and **Beringer, Beaulieu Vineyards** and **Sterling Vineyards** in the United States, will be made with 100% renewable electricity by 2024. **Beringer Vineyards** and TWE's Paso Robles facility have used solar panels for more than a decade.

As part of its transition to renewable power, TWE Chief Corporate Services Officer Kirsten Gray said the company was also taking action to improve energy efficiency and minimize energy use.

"We have more than 12,700 hectares of vineyards globally, so we understand the importance of managing and planning for the impacts of climate change – not only as a global premium wine producer but also as a responsible business that operates in communities all around the world," Ms Gray said.

"As we all work towards a cleaner world, we're proud to be one of the early wine industry adopters to join RE100 alongside some of the world's most influential businesses. We know that global warming is happening faster than previously predicted, which is why we have set the bold target for our global operations to be powered with renewable electricity by 2024," she added.

RE100 Australian Coordinator Jon Dee said: "Vineyards have always relied on the sun to produce the grapes for wine. It makes business sense for TWE to go the next step and use the sun to power the facilities that turn their grapes into wines."

"This plan will help TWE to lead the way in addressing climate change. When consumers drink these premium wines, they'll know that the sun is helping TWE to grow and produce their wine in a cleaner and greener way."

Ms Gray said the company's commitment to RE100 is built on a legacy of reducing energy consumption and identifying alternatives to minimize the environmental impact of its wines.

"Electricity currently accounts for approximately 75% of our Scope 1 and 2 emissions and we've already begun the transition to renewable electricity through solar panel installations and solar hot water at key sites around the world," Ms Gray said.

If Glass Bottles Are Biggest Contributors Of Greenhouse Gases for Wine . . .

A 2021 Italian wine study, cited by Liz Thatch in Forbes.com, found the main contributors of greenhouse gas emissions for wine are: the glass bottle (29%), electricity in the winery (14%), transport and distribution of wine to the consumer (13%), heat used in the winery (9%) and fossil fuels used in vineyard (8%).

If that's the case, we wonder, why aren't most wine brands packaged in bag-in-the-box packaging or in cans, either of which would involve less gas emissions to produce in the first place, and if the cans were infinitely recyclable aluminum, less likely to have negative impacts on the environment?

Of course, some might say that white table cloth restaurants need wine to be in bottles to produce a bit of a "show" when serving. If that's the case, they might follow the example of Chandon and work to reduce the weight of glass bottles. Those lighter-weight bottles could be sold to restaurants while wines produced for consumers are in boxes or cans.

Many U.S. wineries have gone to solar or wind power, but with electricity used in the winery the No. 2 source of wine-related greenhouse gases, why haven't more wineries gone to solar and/or wind?

Oregon's Wine Grape Output Fell 34% in '20

The estimated farm gate value of Oregon wine grape production plunged 34%, or nearly \$80 million, in 2020 to about \$159 million, according to a new report, compiled by the **University of Oregon's** Institute for Policy Research and Engagement (IPRE). It also showed these downward movements in 2020:

- Yield per acre decreased by 24% attributable to cooler late spring weather reducing cluster sizes and weights.
- Total grape production was down 29% as yields and September wildfires resulted in 30,000 fewer tons harvested than the prior year.
- Case sales were roughly flat, growing less than a percentage point of 0.7% to 4.69 million across all channels. Compare this to 2019, when case sales were 4.66 million, making a leap of 1 million cases over a two-year period from 3.60 million in 2017.
- Sales through direct-to-consumer (DtC) channels declined by 27%. Some tasting room losses were offset by wine club and other channels.

The report also uncovered a handful of bright spots in a year marred by calamities. What was a brutal year on the

production and supply side remained favorable for demand and sell-through. This is evident in Oregon's volume growth of **over 9%** nationally in a very slow-growing national market, due in part to the highest level of national market penetration ever recorded for Oregon.. Additionally,

- With vintners looking toward the future, total planted acreage increased 6%, or by more than 2,100 acres from 37,399 to 39,531. Plantings expanded in every region of the state.
- Grape tonnage harvested increased in the Rogue Valley and Columbia River regions, by 5% and 4%, respectively, accounting for 28% of Oregon's wine grape tonnage in 2020.
- Oregon wine sales to national distributors increased 3.5%.
- International sales increased 24%, with notable growth in all markets. Leading the export market for Oregon wine continues to be Canada, which accounted for 46% of export sales.
- Consumer takeaway during Oregon Wine Month improved 29% in Nielsen scanner-store data versus the comparable pre-COVID baseline in 2019, while the overall wine category grew just 9%.
- Also during that period, Oregon's direct-to-consumer (DtC) shipments **increased 31%**, outpacing the wine category's growth of 24%.

Wineries and Vineyards

Some 995 wineries now dot Oregon, an increase of 10% over 2019. In addition, the number of vineyards increased to 1,370 in 2020 from 1,297 in 2019, representing growth of 6%. Leading the charge are two areas of the report. First, the Columbia River region, which includes the Oregon side of two-state Columbia Gorge, Columbia Valley and Walla Walla Valley AVAs, as well as The Rocks District of Milton-Freewater, showing a 20% increase in wineries in 2020 over 2019. The Rogue Valley AVA, which includes the nested Applegate Valley AVA, now has 122 wineries, an uptick of 12%.

Varieties

The leading variety in Oregon remains Pinot noir, accounting for 59% of all planted acreage and 49% of wine grape production. The Willamette Valley in 2019 was responsible for 70% of the production of wine in the state, which dropped to 63% in 2020. Similarly, its harvest acreage slipped from 71% of the state's harvest in 2019, down to 67% in 2020.

Production plummeted for Pinot noir statewide, except in the Rogue Valley and the Columbia River regions, which had increases of 20% and 76%, respectively. Pinot noir production in the Willamette Valley fell over 41%.

Some up-and-coming varieties thrived across the state in 2020. Albariño's production went up almost 45% in the Willamette Valley, and acreage rose from 8 to 25 planted acres in the Rogue Valley. Tempranillo saw a slight uptick with 124 planted acres in the Umpqua Valley and a 13% hike in the Rogue Valley.

Exports

Exports of Oregon wine were particularly heightened with 115,434 cases sold internationally in 2019, compared to 143,541 sold in 2020. All countries measured, including

Canada, Mexico, United Kingdom, Europe, Hong Kong, and Japan, had bumps in case sales. Canada had the largest increase of 23% at 65,459 cases of Oregon wine sold, reflecting the residual effects of pre-COVID promotions.

Sales

Sales of Oregon wine crept up less than a percentage point. However dollar-wise, sales increased almost 4% from \$673.9 million statewide to \$699.6 million. A key to Oregon's continuing growth is the fact that its dollar sales are growing faster than its case volume. Longtime industry analyst **Danny Brager** saidt this helps explain why "Oregon is a growth standout," and continues to be a profitable segment for retailers.

Brager noted that the average price per bottle of Oregon wine shipped directly to consumers continued its upward climb in 2020 at \$41.88, second only to Napa Valley wines which average out to \$59.92 per bottle.

As noted in previous research, the average bottle price of Oregon wines remains high in retail stores measured by Nielsen at \$16.72 compared to \$8.19 for the overall category.

Covid 19 and Wildfires Impact

Oregon Wine Board also tasked IPRE with a similar breakout report called **Impacts to Oregon's Wine Industry: Covid-19 and the 2020 Wildfires**. Key call outs from this report showed that 62% of growers reported impacts from the 2020 wildfires, and the COVID-19 pandemic impacted about 35% of vineyards and 45% of wineries, posing a series of challenges for businesses. These include but aren't limited to:

- The virus drove labor shortages as workers either got ill or avoided working altogether
- Increased costs due to supply constraints and having to invest in health and safety measures.

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- Decreased revenue due to occupancy limitations (to comply with social distancing) and stay-at-home orders shuttering restaurants and tasting rooms..
- **Quality** Although the 2020 vintage will be characterized by fewer grapes crushed and lower production volumes, it is worth noting that the quality of the wine produced will be high and befitting of the quality consumers and wine critics alike have some to expect from Oregon. Winemakers will not release wines that won't enhance the brand reputations they have been building for years and want to uphold.

"All winemakers are ultimately responsible for all picking decisions and resultant wines," said **Jesse Lange** of **Lange Estate**. "The 2020 vintage white wines are shaping up to be some of the best we've ever released—opulent, round, and gregarious. And the red wines have deep concentration from a warm growing season and historically low-yielding vineyards."

"Every winemaker on the west coast would probably agree that the 2020 vintage presented some conditions we'd rather not see again," said Oregon Wine Board President **Tom Danowski**. "Nevertheless, the resiliency of Oregon growers and winemakers has made the vintage one to remember for the ways in which it called us to collaborate and cooperate, while upholding Oregon's well-deserved market position rooted in exceptionally distinct, complex wines."

Calif. Bill Extending Cocktails-to-Go Until 2026 Heads to Governor

The California Legislature passed SB 389, a bill to extend cocktails to-go until December 31, 2026, and sent it to Gov. Gavin Newsom for signature.

"The COVID-19 pandemic continues to devastate California's hospitality businesses, and it will be years before they fully recover," said **Adam Smith**, vp-state government relations, **Distilled Spirits Council of the U.S.** "Cocktails to-go has already proven to be a vital part of their survival during COVID-19 and will provide increased stability as they work to get back on their feet. Extending cocktails to-go for five years will provide a critical lifeline for California's bars, restaurants and distilleries. We thank the legislature for passing this bill and encourage Governor Newsome to sign this measure into law."

During COVID-19, more than 35 states began allowing restaurants and/or bars to sell cocktails to-go as an economic relief measure via executive orders or other temporary measures. Since then, 16 states and the District of Columbia passed legislation to make cocktails to-go permanent, and 14 other states passed legislation to allow cocktails to-go on a temporary basis.

Angel's Envy to Plant Trees On Barrel Supplier's Land

Angel's Envy says in partnership with the Arbor Day Foundation, it will plant a portion of the trees from this year's Toast the Trees initiative on a private farm straddling the Meramec River in Dent County, Mo., that directly supplies its majority barrel provider, **Independent Stave Co.** Addi-

tionally, **Angel's Envy** will work with **Green Forests Work** in conjunction with the Arbor Day Foundation to plant a portion of this year's trees on its own land in Henry County, Ky., for future use in bourbon barrels.

Angel's Envy's 2021 Toast the Trees goal is to plant 65,000 white oak trees – an increase of 15,000 from last year's goal of 50,000. While a portion of the trees from this year's campaign will be planted on private lands for future use in barrels, the remainder will be planted with **Green Forests Work** and the Arbor Day Foundation throughout eastern Kentucky and the surrounding Appalachian areas to support reforestation. As the Toast the Trees program continues to grow, **Angel's Envy** plans to increase the percentage of tree plantings that will specifically support a sustainable barrel production cycle.

To support this year's Toast the Trees initiative and help **Angel's Envy** reach its goal, fans can: share a photo or video of their **Angel's Envy** drink or bottle with #ToastTheTrees on social media; refer a friend to 500 Main, **Angel's Envy's** online membership platform; take a weekly quiz about white oak ecology on 500 Main; or purchase any cocktail at **Angel's Envy's** downtown Louisville distillery. Additionally, to celebrate the progress made over the past eight years of the program, **Angel's Envy** is gifting a Treehouse Getaway to one member of 500 Main who helps plant trees via the platform this year.

Beam Suntory Donates \$500,000 to Support U.S. White Oak Forest in Launch

Beam Suntory said it will donate \$500,000 to the White Oak Initiative as the company celebrates the release of **Yamazaki 55**, its oldest Japanese single malt whiskey.

The donation represents \$5,000 for every bottle released in the U.S. this year. The 100 bottles retail for \$60,000 each., we're told..

Boston Beer Expects to Write Off Some Hard Seltzer Inventory

Boston Beer Co. withdrew its 2021 financial guidance and said it expects to incur hard seltzer-related inventory writeoffs, shortfall fees paid to third party brewers and other costs related to decelerating demand for hard seltzer.

The company said demand for its hard seltzer products "continues to grow at faster than category rates in measured off-premise channels" but noted that "the market for hard seltzer products has continued to experience decelerating growth trends. Industry reports have estimated that the full year 2021 volume for the hard seltzer market retail sales will have over 100 million fewer cases than the volumes estimated in May 2021 and over 30 million fewer cases than the volumes estimated in July 2021. "

Boston Beer said it "currently expects full year 2021 earnings per diluted share will fall below the previously-reported estimate of between \$18.00 and \$22.00, excluding the impact of ASU 2016-09."

Heineken Leads Beer Brand Intimacy: Study

Heineken is followed by **Coors** (76) and **Miller** (97). Surprising to us, **Budweiser** and other **Anheuser-**

Busch brands are not mentioned in the study by MBLM, an agency that seeks to "build greater intimacy between people and brands that drive performance and services."

The study found the emotional connections users have with brands have increased in the past year during the pandemic. Brand intimacy attempts to measure how well brands foster relationships and establish trust, engagement as well as longevity. Consumers are willing to pay a premium for highly intimate brands compared to those with lower intimacy ratings, the study says. During the Covid pandemic, it adds, the idea of brand intimacy has become more meaningful than ever.

What do top performers have in common? The study identifies six factors:

- Fulfillment -- "exceeds expectations, delivering superior service, quality and efficacy."
- Identity -- "reflects an aspirational image or admired values and beliefs that resonate deeply."
- Enhancement -- "Customers become better through use of the brand-- smarter, more capable and more connected."
- Ritual -- "When a person ingrains a brand into his or her daily activities, it is more than just habitual behavior. It becomes a vitally important part of daily existence."
- Nostalgia -- "focuses on memories of the past and the warm feelings associated with them."
- Indulgence -- "creates a close relationship centered on memories of pampering and gratification that can be occasional or frequent."

Diageo's 2030 Greenhouse Gas Targets Approved for 1.5 Degree Pathway

Diageo said it is now in the top 1000 companies in the world taking action to address climate change in a data-led and systemic way. Its goal to achieve net zero in direct operations by 2030 (Scope 1 and 2 emissions), and a 50% emission reduction in scope 3, have been calculated in accordance with the principles of Science Based Targets initiative. The Science Based Targets initiative defines and promotes best practice in science-based target setting and independently assesses and approves companies' targets.

Diageo has committed to reducing absolute scope 1 and 2 GHG emissions 100% by FY2030 from a FY2020 base year^[1]. Diageo has also committed to reducing absolute scope 3 GHG emissions 50% within the same time frame. In addition to this, Diageo commits to increase annual sourcing of renewable electricity from 66% in FY2020 to 100% by FY2030.

Belvedere Finishes Biomass Capture Facility

Belvedere opened a biomass capture facility at it Warsaw, Poland, distillery and said the new facility will start producing 100% renewable energy immediately. The result: a 95% reduction in energy-related CO2 emissions in 2022.

Rodney Williams, president/ceo of Belvedere Vodka, said, "There is a Chinese proverb that says, 'a journey of

1000 miles begins with one step.' We know we have a long way to realizing our ambitions to nourish the lands we share and protect ecosystems and biodiversity we depend upon. This new biomass facility marks a major step (truly leap) forward towards Belvedere making good on our belief that better business practices create a better world."

Spirits Gains Share in Drizly Orders Over Labor Day Weekend

The liquor category gained share year over year Labor Day weekend, share was 45% in 2021 compared to 42% in 2020. Liquor share remained flat compared to August 2021.

Tequila gained share from 17% to 20% year over year, up from 19% in August 2021. Ready-to-drink, a category that has been on the rise this year, saw the trend continue over Labor Day weekend, with share increasing from 4% to 7% share year over year. Further, RTDs saw gains over LDW compared to the month before share was 6% in August 2021.

High Noon and Cutwater retained their #1 and #2 position as the top two RTD brands Labor Day weekend from 2020 but On the Rocks replaced Jose Cuervo as the third best-selling RTD brand.

Whiskey declined share from 33% share of the liquor category in 2020 to 31% this year. Whiskey share dropped one percentage point over LDW from 32% in August 2021.

Vodka share remained flat at 24% year over year over Labor Day weekend as well as LDW 2021 compared to August 2021.

The wine category share remained flat at 34% over Labor Day weekend year over year, however share was down from 36% last month (August 2021).

The beer category experience share declines year over year this Labor Day weekend. Share was down from 21% in 2020 to 18% in 2021. However, beer share was up over the long weekend from 16% share in August 2021.

Over Labor Day weekend, hard seltzer, the best-selling beer subcategory on Drizly, lost one percentage point share year over year (26% in 2020 vs 25% in 2021).

White Claw, Truly and Bud Light held strong YoY at the top 3 hard seltzer brands however there were several new entrants to the top 10 brands including Topo Chico (#4), Lone River (#7), Michelob (#8), CACTI (#9).

Light larger saw gains within the beer category over the long weekend, growing from 15% to 18% share year over year

Though a small piece of the total beer category, non-alcoholic beer saw significant growth over the long weekend compared to last year, up from .4% share in 2020 to 1% share in 2021.

Clerkin Seeks to Develop Digital-First Brands

Jim Clerkin, former CEO of the Americas for **Moët Hennessy** and **Jim Beam**, and **Jeff Menashe**, Founder and CEO of Demeter Advisory Group, a leading investment bank to the adult beverage industry, unveiled a new company, **Demeter & Co.**, that will launch its first brand into the U.S. market in late September 2021, introducing the UK's leading no and low alcohol spirits brand through wholesale

as well as direct-to-consumer. Clerkin and Menashe are especially excited to get out of the gate to bring the brand's fresh take on tequila, one of the fastest growing categories in the US.

Clerkin and Menashe have a long-standing relationship that started when Menashe became M&A Advisor to Clerkin, as he looked to expand Moët Hennessy's portfolio.

"Covid-19 made us all re-evaluate what really matters in life. I was locked in an apartment in New York feeling increasingly frustrated, doing a lot of thinking - whilst at the same time all these great opportunities were arriving on my desk that I couldn't move on because I didn't have the autonomy to do so," explained **Jim Clerkin, Co-Founder of Demeter & Co.**

"As I talked to Jeff, he was the first to have the idea of doing something completely new together. We saw an immediate opportunity to mix up the industry's approach to developing global adult beverage brands, through a digital-first lens and by celebrating the real boldness and expressiveness of their consumers. The speed at which we can move compared to big committees and corporate organizations allows us to take a new approach that will mix up how our industry develops global brands."

Who's Drinking Bourbon? Millennials, Gen-X

We've all known that when it comes to spirits, no one wants to drink their father's liquor. So, my generation was into white goods, principally vodka. But the current young-to-middle-aged adults are into brown goods, and in particular Bourbon. At least that's what **Drizly** notes after analyzing its sales data.

Drizly finds that 52% of its Bourbon sales went to Millennials, 37% to Gen-Xers, 9% to Baby Boomers and just 3% to Gen-Z.

Drizly's analysis finds its customers don't just buy bourbon. They are most likely to add red wine, vodka, [bourbon](#), white wine, or light lager to their baskets second. Jameson is currently the platform's top-selling whiskey brand.

The top SKUs added to whiskey-first baskets, according to Drizly, are:

1. Tito's Handmade Vodka
2. Coca Cola
3. Canada Dry Ginger Ale
4. Diet Coke
5. Ice
6. Bulleit Bourbon
7. Bud Light
8. La Marca Prosecco
9. Jameson Irish Whiskey
10. Sprite

However, "**extras**" — non-alcoholic inventory items — comprise half of the top 10 specific products that Drizly users add to baskets when whiskey is purchased first. "With Coca Cola, Canada Dry Ginger Ale, Diet Coke, and ice among the top whiskey add-ons, this suggests a consumer preference for whiskey-and-soda mixed drinks," notes Liz Paquette, Drizly's head of consumer insights.

A-B Sues Gas Supplier for Price Gouging During Texas Winter Storm

Anheuser-Busch sued **Symmetry Energy Solutions** alleging price gouging during "the worst winter storm to hit Texas in the last half century to line its pockets."

The suit recalls that the February winter storm obstructed supplies of natural gas throughout the state, prompting the pipeline company used by Symmetry to issue an operational flow order restricting the usage of some of its customers. A-B's usage was not restricted, the suit says, but A-B "operated at the minimum flow required to avoid catastrophic damage to the furnace in its gas plant and contamination in its brewery."

A-B paid Symmetry \$233,298.74, which is the amount A-B should owe for February, the lawsuit says. "But Symmetry has taken the position that Anheuser-Busch must pay for gas overtake based on a retroactive reduction of the Volume Commitment for that month and at a price nearly 100x what the contract " allows.

Under the contract, A-B is obligated to take 62,139 million Btus over the entire month. A-B's obligation is not a daily commitment, only a monthly one, the lawsuit states. If A-B takes more than the volume commitment for a month, it pays more. If it takes less, Symmetry is obligated to issue A-B a credit.

During Winter Storm Uri, the pipeline company supplying Symmetry issued an operational flow order reducing the amount of gas that would be supplied to Symmetry for 10 days. As noted, A-B reduced its natural gas consumption to the minimum needed to avoid damage to its glass furnace and to avoid contamination in its brewery. The parties had agreed that the remedy for failure to comply with an operational flow order would be the penalties imposed by the natural gas transporter.

A-B had reduced its gas usage days before the pipeline transporter issued the operational flow order. When Symmetry notified A-B of the order, A-B responded that its usage was at the minimum to avoid "catastrophic damage to our furnace." Symmetry never offered an indication that A-B should reduce its usage and also assured A-B that it wouldn't be subject to any additional fees from Feb.20 forward.

A-B did reduce its usage during the storm, but for the month overall used 69,112 million Btus, exceeding the monthly volume commitment by 6,973 million Btus. A-B's lawsuit shows a dramatic reduction in gas usage during the time of the storm, and notes that "stopping the supply of natural gas would ruin the furnace which could take millions of dollars and several months to rebuild."

A-B's lawsuit asks the court to resolve the obligations of the parties and doesn't seek any additional damages.

Symmetry declined to comment on A-B's lawsuit.

Beer Imports Rise 2% in July, Exports Surge

Reviewing Commerce Department data, **Beer Institute** reports total beer imports rose 2% in July and are up 16.8% year-to-date over 2020. Total exports rose 38% to 7.3 mil-

lion barrels. Year-to-date, U.S. brewers exports 64.8 million barrels, a 23.7% increase over July 2020.

Total imports from Mexico were up 3.5% for the months and are up 18.4% year-to-date. Total imports from the Netherlands fell 14% in July but were up 7.2% year-to-date.

Cotes de Provence Ravaged by Wildfires

The blaze raged on the French Riviera for a week, leaving two people dead, 27 injured and 10,000 persons forced to evacuate from the Var region, not far from Saint-Tropez. At least one small estate in the region is known for its Cotes de Provence wines saw its vines destroyed.

South Korea Closes in on U.S. As Most Attractive Global Wine Market

The U.S. has once again topped the list of the most attractive wine markets in the world, though its lead over No. 2 South Korea was cut, according to a new report from **Wine Intelligence**. In 2020, South Korea rose eight places to take the No. 2 spot, where it remains again this year.

The Global Compass 2021 Report is an annual study that measures key economic and wine market factors to rank wine's attractiveness in 50 focus countries.

"The US's strong economic rebound, partly funded by government stimulus, along with a standout year for wine sales, kept it ahead in our rankings," said **Lulie Halstead**, CEO at Wine Intelligence. "However, No. 2 South Korea is gaining fast in our model. Wine growth in the US is tailing off, but still wine volume in South Korea grew more than 11% CAGR 2016-2020, according to IWSR Drinks Market Analysis."

Globally, the study shows an overall negative average score change compared with 2020. But while total global wine volume and value decreased last year, the Covid-19 pandemic has proven to be positive in some ways in certain markets. For example, among the countries which experienced the most significant jumps in the study's 2021 rankings were Norway, Sweden, and Finland as Covid restrictions forced consumers in those nations to purchase wine locally instead of crossing borders to buy. South American markets such as Brazil, Colombia, and Argentina also rose in the model rankings, driven by expanding consumer bases, the rise of ecommerce, and adventurous attitudes.

Conversely, tourism-dependent regions such as Spain, Italy, and France have fallen down the annual rankings as a result of the dramatic decline in the volume of wine that holidaymakers drink within those countries. Angola's economic troubles and South Africa's alcohol sales bans during the pandemic put those two markets at the bottom of the ranking.

In many global markets, the immense surge in ecommerce during Covid lockdowns has also been a positive for wine, creating an unprecedented growth opportunity for the category. Survey data suggests that wine drinkers are committed to continue with online purchasing even as Covid restrictions are lifted. In the UK, for instance, a larger proportion of consumers have said they would be more likely than pre-pandemic to continue using online channels when purchasing beverages.

"While the Wine Intelligence Global Compass 2021 report explores several factors impacting the global wine industry, Covid of course has been the dominant impact on the model over the past year. But even though global wine consumption has declined, fortunately what we've seen is that consumers have pivoted, rather than cancel, their consumption habits, transitioning their going-out behavior into new occasions in the home or in outdoor settings," added Halstead.

After the US and South Korea, rounding out the top-5 ranked markets in the study are the UK, Ireland, and Germany, which all saw strong wine volumes during the year. The report notes that Colombia has joined Brazil, Poland, Romania, South Korea, and Singapore as a "growth" market this year, with Mexico and Russia falling from that category into the "emerging" wine markets category. China, also considered an "emerging" market, fell 13 places in the rankings to No.17.

New Products

Sokol Blosser Extends Evolution Line With Two New Box Wines

The new box wines, **Evolution Chardonnay** and **Evolution Big Time Red**, mark an updated package design for all four Evolution box wines. The boxes feature a "by Sokol Blosser" tagline beneath the bold Evolution brand name, as well as an "Oregon" icon and reference to Sokol Blosser's B Corp status. There also is a "gluten-free" indication on each box.

"We acted fast last year with the first two boxes and this time around, we were able to add some great new design elements to the boxes," said **Alison Sokol Blosser**. "The Evolution brand is all about enjoying great wine with friends and having fun, so the box design and labeling gives customers the information they want with a lot of visual appeal. We can't wait for people to see these beauties on store shelves this fall!"

All of the Evolution 1.5L box wines fill a growing consumer demand for great quality wines in convenient and accessible formats. "These are the same high-quality wines that consumers know and love in glass bottles," says Sokol Blosser Winemaker **Alex Sokol Blosser**. "Putting them in the bag-in-box package helps them stay fresh for up to 30 days – if people don't polish them off before then," added Sokol Blosser.

Germain-Robin Introduces Single Barrel Pinot Noir Brandy, Aged 19 Years

It's the brand's first new single-barrel product since joining the **E. & J. Gallo** spirits family four years ago. The initial release at California Brandy House in Napa, which Gallo opened last year to raise awareness of premium California brandies, will be followed by a limited release to select markets. SRP \$250.

Crafted exclusively from Pinot Noir grapes grown in California's bucolic Anderson Valley in coastal Mendocino County, the brandy pays homage to Germain-Robin's distinctive heritage of being among the first to ever distill California Pinot Noir grapes in the history of brandy making.

"Hubert Germain-Robin and I shared a simple vision: to make the best brandy possible," said Gallo's Vice President of Distilling **David Warter**. "And I believe we're delivering on that vision. The lot behind this release stood out among a multitude of barrels because of its true Pinot Noir characteristics of red fruit that can hold oak. We selected Pinot Noir to honor the path blazed by our visionary founders who revolutionized brandy making in the early 1980s when they were among the first to distill California Pinot Noir grapes."

Codorniu Limited Edition Honors Catalan Modernism

Codorniu is debuting at this week's Food & Wine Classic in Aspen a limited-edition sparkling wine that pays homage to Catalan modernism inside and out: a fresh, elegant wine adorned in designs inspired by the cultural movement of the early 20th century.

This new Cava honors the transformative movement that occurred a century ago: Catalan modernism, or *Modernisme* as its known in Catalan. With floral motifs of brilliant gold on black matte, the cutting-edge packaging of the limited edition encapsulates both the old and the new with inspiration from the pomegranate: a symbol of modernity rooted in a Medieval legacy, revived in fabrics, tapestries, and décor of the *Modernisme* artists.

Additionally, the new packaging underlines the close link between Codorniu and the *Modernisme* movement. The Codorniu winery in Sant Sadurn d'Anoia—a Monument of National Historic-Artistic Interest since 1976—is the work of Puig y Cadafalch, one of the most renowned architects of the Catalan modernist era, along with Domènech y Montaner and Gaudí. The Raventós family also played an important role as patrons, placing orders for advertising posters by key modernist artists, such as Ramon Casas and Miguel Utrillo.

"Raventós Codorniu is a winery deeply connected to its centuries-old history, and this limited-edition Cava speaks to our dedication to our Catalan roots—honoring our past while continuing to evolve and move forward towards the future," says **Mike Jackson**, president of Raventós Codorniu North America.

Codorniu Limited Edition is a Brut Reserva Cava made from the traditional varieties of Penedès—Macabeo, Xarel·lo and Parellada—and Chardonnay sourced from vineyards heavily influenced by the Mediterranean. At harvest, grapes are pressed, fermented, and then transported to Codorniu's underground cellars for secondary fermentation, followed by aging for 15 months in the bottle.

Pale straw in color, the Codorniu Limited Edition (SRP: 412.99) has very fine and persistent bubbles and aromas of citrus and almond blossom, layered with notes of brioche and nuts.

Lux Row Distillers, Ducks Unlimited Launch Daviess County Double Barrel Bourbon

Ducks Unlimited (DU) and **Lux Row Distillers** launched **Daviess County Double Barrel Bourbon**.

As an official licensed partner of DU, Lux Row Distillers created a new Daviess County Bourbon variant that features a unique flavor profile, DU-branded packaging and a name that is certain to appeal to outdoor enthusiasts and bourbon drinkers alike.

Finished in Missouri white-oak barrels with toasted heads, Daviess County Double Barrel was created by Lux Row Master Distiller and long-time DU member, **John Rempe**. Double Barrel features a mashbill that is similar to the other Daviess County Bourbon variants, along with the same proof level (96 proof). The double-barrel finish gives this limited-edition release a unique flavor profile.

Who & What -

A-B Revamps Commercial Structure

Kyle Norrington, currently president of Labatt in Canada, will assume a new role as U.S. chief commercial officer, overseeing **Anheuser-Busch** sales and Marketing in the U.S. During his time leading **Anheuser-Busch InBev's** business in Canada, Norrington developed and implemented the Canada 10YP, resulting in the gain of a full share point in 2020 driven by the outperformance of above core brands, led by **Michelob Ultra**. He also step-changed the Beyond Beer portfolio and performance through innovation, organic growth, and strategic acquisitions like Nutrl Vodka Soda.

Simon Wuestenberg, currently president of A-B's wholly owned distributor business unit AB ONE, is appointed U.S. chief sales officer. Wuestenberg joined the U.S. business over five years ago and has served in several leadership positions prior to his current role in AB ONE. Most recently, Wuestenberg was the Midwest Region vp-sales where, under his leadership, market share grew for three straight years after eight years of decline and 90% of A-B's wholesaler partners grew topline.

Marcel Marcondes, currently U.S. chief marketing officer, is transitioning to a new role within AB InBev that will be announced at a later date. He will be succeeded by **Benoit Garbe**, currently U.S. chief strategy officer.

HIRE: **Nik Keane**, as the Ultra Premium Portfolio Leader and **Tim Szonyi** as Global Innovations Leader at Stoli Group. Keane joins from Diageo, where he was global marketing leader, and Szonyi from Tribe Breweries, one of Australia's largest craft beer brewers where he built the commercial marketing, innovation and sales functions.

Continued Success,
KANE'S BEVERAGE WEEK



JOEL WHITAKER, Editor