

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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74 U.S. and EU Organizations Urge U.S. and EU to Agree To End Retaliatory Tariffs on Products Unrelated to Dispute

Ahead of the G20 Heads of State and Government Summit to be held in Rome this weekend, 74 organizations representing sectors unrelated to the Section 232 steel and aluminum dispute — everything from motorcycle and footwear producers to port authorities and rice producers — urged U.S. and EU leaders to reach an agreement to remove retaliatory tariffs, and the threat of tariffs, on products unrelated to the dispute.

“Since June 2018, our industries, suppliers and supply chains have greatly suffered from the imposition or threat of tariffs stemming from the steel and aluminum dispute, which is wholly unrelated to our sectors” the groups said. “The last 18 months have been particularly challenging due to the COVID-19 crisis. We are only slowly starting to rebound from this crisis, while facing supply chain and logistics disruptions.

“Tariffs, and the threat of tariffs, are acting as major barriers at a time when we want to focus on creating jobs, growth and investments in both Europe and the United States,” they said, adding:

“We welcome the EU’s decision not to impose the second tranche of re-balancing tariffs on June 1 to de-escalate the Section 232 dispute and the pledge made by the U.S. and EU to find a solution before December 1. However, with only a month left before the Dec. 1 deadline, we now need to see a permanent resolution of this dispute which has already lasted far too long. This will allow the EU and U.S. to strengthen the transatlantic trading relationship, which is of key importance to our industries, and to tackle pressing common challenges together, in a spirit of unity.” (Related story detailing impact of tariffs, Page 6)

83% Visiting On-Premise Same or More Than Before Covid-19

That’s the finding of a survey conducted by CGA of 1,984 consumers in Florida, Texas, California, Illinois and New York.

The survey also found that 45% of consumers say they will be visiting on-premise for Halloween. The top venues consumers say they visit for Halloween are casual; dining chains (14%), independently owned restaurants (31%) and neighborhood taverns (30%).

Visitation to On Premise venues is anticipated to be slightly lower for Black Wednesday, with 39% intending to visit bars and/or restaurants for this date, with high levels of comfort to travel interstate for this if necessary. Of those not planning to visit the On Premise for this date, the majority state this is because they usually don’t celebrate Black Wednesday (63%).

Three in five consumers will be celebrating Black Wednesday this year in the urban cities.

The survey also found consumers are aware of the staffing challenges in the On Premise, with 61% noticing this on their most recent visit to bars and restaurants.

Staffing challenges do have an effect on consumer experience, with 50% of consumers identifying this issue as having a negative impact on their visits to the On Premise. And 31% of consumers are willing to pay a higher price for food and drinks to support restaurants and/or bar staff.

Over 2 in 5 consumers either agree or strongly agree with the concept of

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14305 Shoreham Dr, Silver Spring, MD 20905-4481

Donna Whitaker, Subscriptions Manager

subs@bevnewsonline.com

Phone: 301-384-1573; FAX: 301-879-8803

JOEL WHITAKER, Editor and Publisher

editor@bevnewsonline.com

Phone: 301-384-1573 (New number!)

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disclosing staff wages and benefits to explain additional charges.

Almost a third of consumers are more likely to visit On Premise venues if they disclose staff wages and benefits, with this resonating more with younger consumers.

Around half (52%) of consumers are willing to help support bar and restaurant staff by paying a higher tip which is not stated by the venue.

Matthew Crompton, CGA Client Solutions Director, Americas, said "As the On Premise deals with multiple challenges, it's promising to see that many consumers are willing to support the sector as long as there is clarity and visibility around increased costs. We can now see that 83% of consumer are visiting the On Premise the same amount or more often than pre-COVID-19 and with this number growing, operators need to ensure they can address any challenges as consumers are beginning to notice the impact of staff shortages."

Molson Coors Profit Surged 32% As Sales Rose 2.5% in 3rd Quarter

Molson Coors Beverage Co. reports net sales for the third quarter rose 2.5% to \$2.82 billion and profit jumped 32.1% to \$453 million, or \$2.08 a share.

The company attributed the 2.5% sales gain to strong net pricing in both North America and Europe, favorable brand mix from premiumization of the portfolio as well as positive channel mix as the on-premise continues to reopen, particularly in Europe and Canada, partially offset by the impact of lower financial volumes driven by economy brand declines and U.S. domestic shipment timing.

Brand volumes decreased 3.6%, primarily due to a decline in the U.S. driven by economy brands including the de-prioritization of non-core SKUs, as well as lower Central Europe volumes and the cycling of prior year volumes of our India business which was disposed of in the first quarter of 2021, partially offset by brand volume growth in Canada and Latin America as the on-premise continues to reopen.

Net sales per hectoliter on a brand volume basis increased 3.6% in constant currency, reflecting the strong net pricing growth as well as favorable impact to brand mix of premiumization of the portfolio, as well as favorable channel mix.

Higher transportation and "inputs" costs pushed the cost of goods sold up 9.3%.

In North America, reported net sales decreased 1.2% and 2.1% in constant currency primarily due to a 4.8% decrease in financial volumes which was driven by lower brand volumes and unfavorable shipment timing in the U.S., the company said. North America brand volumes decreased 3.8% primarily due to a 5.2% decline in the U.S. driven by economy brands including the de-prioritization of non-core SKUs, partially offset by growth in above premium. Brand volumes in Canada and Latin America grew 0.5% and 9.0%, respectively, reflecting the benefit of fewer on-premise restrictions in the third quarter of 2021.

Net sales per hectoliter on a brand volume basis increased 2.4% in constant currency due to net pricing in-

creases and positive brand mix, partially offset by unfavorable geographic mix attributed to growing license volume in Latin America.

In the U.S., net sales per hectoliter on a brand volume basis increased 3.2% which Molson Coors said "reflects strong brand mix performance as we continue to premiumize our portfolio. The rate favorability was offset by financial volume decreases, resulting in a 3.7% decrease in net sales revenue in the U.S.

"Net sales per hectoliter on a brand volume basis grew in Canada due to positive brand and channel mix, as well as net pricing increases, while Latin America also increased due to favorable sales mix."

"Twenty-four months ago, we announced a revitalization plan to put Molson Coors on track to deliver sustainable top- and bottom-line growth, and we continue to make meaningful progress towards that goal," said Molson Coors CEO **Gavin Hattersley**. "I remain confident that we are on track to deliver our full-year key financial guidance for 2021."

The gains came despite a raft of global supply chain issues and significant inflation, which resulted in soaring prices for transportation and key raw materials. Those pressures are expected to persist in the months ahead.

"Fuel prices are up. Truckers are in short supply around the world, and freight costs are up too," Hattersley told analysts and investors on the company's earnings conference call.

That resulted in lower shipments during the quarter than the company projected, but the tide is beginning to turn, Hattersley said. So far in the fourth quarter, shipments are up to nearly 1 million barrels a week in the U.S., Molson Coors' largest market, helping boost distributor inventories by more than 10% heading into the key holiday season.

Molson Coors' largest brand, **Coors Light**, is growing share of total beer in the United States for the first time in more than five years. Its strong performance in the third quarter, aided by the continued success of its "Made to Chill" campaign, was fueled by increased marketing investment, Hattersley said.

The company plans to continue robust marketing support for the brand into and beyond the fourth quarter.

The brand also is showing momentum in Latin America. In Puerto Rico, for instance, Coors Light is growing for the first time in 15 years.

During the quarter, Molson Coors said its global portfolio of above-premium beverages, including brands such as **Vizzy**, **Topo Chico Hard Seltzer**, **Blue Moon**, **Madri Excepcional** and **Praha**, eclipsed 25% of total brand volume net sales revenue.

This so-called premiumization of the company's portfolio, a key goal of its revitalization plan, is helping drive profitability.

In the U.S., the company has grown share of the above-premium segment for two consecutive quarters for the first time in more than five years.

That growth is largely tied to its continued success in hard seltzers. While the segment is showing signs of flattening and leading brands are mired in declines, Molson Coors

[continues to gain share](#) with the fastest-growing hard seltzer portfolio in the U.S.

Vizzy brand volumes surged 50% in the third quarter to become the No. 4-selling hard seltzer in the country, per IRI data. **Topo Chico Hard Seltzer**, meanwhile, holds the No. 3 slot among new items released in 2021 in the general malt beverages category and holds a 2.4 share of the market despite being sold in just 16 markets, per IRI.

In the U.S., **Peroni** also is [up double-digits](#), outpacing all other European imports. **Blue Moon Belgian White** is up high single digits. And Blue Moon **LightSky** continues to post double-digit growth.

Molson Coors said it sold nearly 2 million cases of non-alcohol beverages during the first nine months of 2021, marking progress toward its ambition of reaching \$1 billion in revenue by 2023.

Leading the way is **ZOA**, the No. 1 new energy franchise in 2021 that's elbowed its way into the Top 20 brands in the space, IRI data show. Molson Coors now has secured more than 115,000 points of distribution for the brand, with "more coming online every day," Hattersley said.

Molson Coors' partnership with La Colombe on its ready-to-drink line of coffees also is picking up steam. Early success with distribution in large, national retailers has allowed the company to unlock national distribution of La Colombe products in grocery and other chain stores for early 2022.

"Growing beyond the beer aisle is no longer an aspiration," Hattersley said. "We're doing it."

ABI Global Volume Up 3.4%, Revenue Climbs 7.9%, But Profit Is Halved in Quarter

Anheuser-Busch InBev reports volume in the third quarter grew 3.4%, with own beer volumes up by 2.8% and non-beer volumes up by 7.8% and total revenue gained 7.9% to \$14.3 billion. Sales of the company's three global brands, **Budweiser**, **Stella Artois** and **Corona**, increased 5.0% globally and 9.3% outside their respective home markets.

The company's profit, however, plunged in the third quarter to \$695 million from \$1.28 billion. The company didn't address the plunge in net profit, choosing instead to focus on its sales strategy and use of technology. It noted that its earnings before interest, taxes, depreciation and amortization rose 3% year over year. CEO Michel Doukeris said the company now projects 2021 EBITDA growth to a range of 10% to 12%. It previously had projected EBITDA growth at around 8%.

In the U.S., both revenue and EBITDA grew mid-single digits versus 2019. Compared to the third quarter of 2020, total revenue declined 0.8%, with sales-to-wholesalers (STWs) declining 4.7% and revenue per hl growing by 4.1%. Sales-to-retailers (STRs) declined 4.7%, driven by a lower industry, segment shift and supply chain disruptions resulting in out-of-stocks. EBITDA decreased by 2.6%.

Michelob Ultra once again outperformed the industry in the U.S., maintaining its position as the second largest brand by volume and retail sales, according to IRI. ABS's Seltzer portfolio continued gaining share of segment, grow-

ing 1.8 times the segment year-to-date. The canned cocktail brand Cutwater once again grew by triple-digits this quarter.

Beer Shipments Fall 5.1% in September

Perhaps they overdid it.

U.S. brewers wasted no time rebuilding inventories at wholesalers after the pandemic, with the result distributors had an abundance of product in the early months of the summer. The result: Shipments slowed considerably beginning in July, into August and September. Domestic tax paid shipments fell 5.1% in September to 14.8 million barrels from the year-earlier month, the **Beer Institute** said.

Danelle Kosmal, Beer Institute's vp-research, noted year-earlier comparisons were very strong. September was one of the strongest performing months of 2020, when domestic tax paid was up 5.1% to 15.6 million barrels.

For 2021 through Sept. 30, beer shipments are up 0.8% to 129.4 million barrels.

Spirits Performing Better Than Wine On-Premise: WSWA SipSource

The on-premise sector continues to improve, and **SipSource**, which tracks trends for distributors, finds growth resumed in September after stalling in August. The September data shows spirits are performing much healthier (index of 94) on-premise than wine (index of just over 84).

When looking at the CSI data, regional discrepancies also continue to be visible. The SipSource on-premise CSI for both wine and spirits was the lowest in the Pacific region (with California as the largest state). On the positive side, in the South Central, where Texas is the largest state, spirits on-premise CSI is greater than 100 – indicating a full recovery when compared to pre-COVID dates. Likewise, the South Atlantic and Mountain division areas are both

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While wine's on-premise CSI remains under 100 everywhere, it did improve significantly in both the Northeast and West North Central parts of the U.S.

"When we go deeper into on-premise channels, the Recreation channel has bounced back the fastest over the longer term," said industry analyst Danny Brager. "On the flip side, the Lodging and Transportation channels remain well behind where they were pre-COVID, indicating the travel-related business continues to suffer the impact the pandemic."

The September SipSource on-premise channel-shifting index revealed some product segments continue to advance, most notably:

- ✓ The on-premise CSI for Ready-to-Drink cocktails (RTDs) is now well over 200 for the past three months, indicating that the on-premise share of this segment, compared to its total business, has now more than doubled since pre-COVID. The growth reinforces the growing popularity of pre-mixed cocktails and RTDs.
- ✓ Cordials, Rum, and Brandy categories all have an on-premise CSI exceeding 100.
- ✓ Within the Wine segment, Champagne (with an on-premise CSI of 108 for the past three months) continues to be an important element of the overall, very positive story for sparkling wine generally. This segment is well above table wine's on-premise CSI of just 81.

An index above 100 indicates the channel referenced has a greater share of the market than it had pre-COVID; an index less than 100 indicates that the channel has a smaller share of the market than it had pre-COVID. I

Eastside in Deal to Raise Over \$2.5 Million, But Customers Can't Play

Eastside Distilling Inc., Seattle, said it entered into a agreement in which Crater Lake Private Ltd. would purchase up to 2.5 million shares of Eastside's Series B Preferred Stock, \$0.0001 par value per share, at a purchase price of \$1 per Preferred Share. The Preferred Shares are convertible into shares of the Company's common stock, par value \$0.0001 per share an initial conversion price of \$3.10.

In connection with the purchase of the Preferred Shares, Crater Lake shall receive a warrant to purchase up to 116,666 shares of common stock at an exercise price equal to \$3.75. The Company anticipates that the private offering will close on or before Friday (10/29). The securities in the private placement haven't been registered with the Securities & Exchange Commission.

In addition, the Company has sold 718,000 of shares of common stock pursuant to an "at-the-market" offering previously announced on Sept. 10, bringing the total common shares outstanding to 14,087,028 as of Oct. 25.

Who is Crater Lake PLC? We don't know. Eastside's press release didn't provide any information about its funder, and we couldn't find anything on the internet. However, we do know something about Kelvin Seetoh, managing director of Crater Lake. He's apparently a 29-year-old Singaporean investor, who has created Growth Investing Mastery, in which he shares his insights as an investment analyst, and a blog, Kelvestor.

The bigger question, in our mind, is why Eastside didn't give its fans -- the people who drink its products -- the opportunity to invest in the preferred shares. One answer, of course, is that opening the investment to its fans probably would mean the offering would have to be registered with the SEC.

But still, it seems to us, the people who drink Eastside's products will probably be more loyal than some almost-30 investor from Singapore. So, why does he get the opportunity and the people who are building the company don't?

We asked Eastside. If it answers, we'll share the response with you.

CGA: On-Premise on Road to Recovery

CGA's previous research has highlighted that 2020 was a volatile year for the On Premise in the U.S., and sales suffered as a result in comparison to previous years. However, 2021 has proven to be a different story, not without its challenges, but showing the sector is on the steady road to recovery.

Using CGA's On Premise Measurement (OPM) service, CGA's previous analysis shows how much 2021 has recovered compared to the levels of 2019. CGA's OPM service is the only fully projected, extensively validated, measure of beverage alcohol performance in the American On Premise. Used to track share and trends by all the leading beverage suppliers, OPM is the most robust view of sales performance for bars and restaurants ever produced in the US. In addition, OPM data also provides deeper insight into the universe of outlets that are active in the On Premise pre- and post-COVID-19 and identifies the percentage of outlets that ordered pre-pandemic who are still ordering now.

In January 2020, pre-COVID-19, the universe of traditional On Premise accounts in the US was just under 300,000. Across the mega categories, these accounts would typically order on a regular basis month by month. However, COVID-19 had a dramatic impact on these outlets and the regularity with which they'd order stock.

By April of 2020, at the height of restrictions and lockdowns, the On Premise was at its lowest point. Only 49% of outlets who ordered beer and wine stock and 56% of those who had ordered spirits in April 2019 were now ordering stock in April 2020. At this point of the pandemic, many outlet owners were anticipating that they may be reopening in the next few months, as restrictions in some states were initially implemented for only four weeks. With this in mind, permanent closures had not been seriously considered yet.

A year later, it's clear that confidence had returned among the majority of outlets, as orders were nearly reaching the levels last seen in 2019. Eighty-eight percent of outlets that ordered beer in April 2019 were now ordering again in April 2021 -- this was the same for 91% of outlets that had ordered spirits and 90% that had ordered wine.

Moving ahead to August 2021, ordering activity had maintained these levels at 90% across three categories. This indicates that the outlet universe has definitely decreased, and CGA's outlet sales data supports this narrative, with consumers returning to the On Premise with an increase in a

higher percentage of sales compared to 2019, but from a slightly smaller pool of outlets.

CGA's data indicates On Premise has evolved over the last 12 months, as outlets gain more experience in implementing COVID-19 safety measures. As tracked in our Consumer Impact Study every four weeks, which evaluates the different dynamics influencing consumer behavior and visitation, this is paying off - with consumers reporting that overall they feel more comfortable and safe thanks to these measures.

However, outlets that have survived this volatile period still face more challenges. As cited in CGA's VIBE leadership report, staff shortages are having a significant impact on the sector, and anything suppliers can do to alleviate pressures on operators will be well received.

Patrick Bannon, CGA Client Director, Americas, said: "There is evidence to suggest we are returning to normal levels in terms of the market. While there have been some changes in the overall universe, for the most part it appears that consumers have returned to the On Premise and outlets are back to consistent ways of working. CGA are working to support our suppliers and operators and ensure they can tailor their strategies to different market conditions, with our four weekly impact reports along with our range of measurement services."

The COVID-19 On Premise Impact Report is a consumer research report tracking and reflecting on how consumers currently feel about returning to the On Premise, what other states can expect as they reopen fully and how the On Premise can position its offering to encourage more visits.

On-Premise Velocity 22% Higher Than Like Week in 2019

CGA's latest sales data shows On Premise velocity in outlets currently trading is +37% higher than the same time last year in the week to October 16 and +22% against the equivalent week in 2019.

Daily velocities have been generally flat or slightly positive over the last two weeks. Most key states observed an uplift in velocity due to Columbus Day on Oct. 11, with New York experiencing the greatest boost (+46%) thanks potentially to the extra footfall from the parade taking place in the city.

Average outlet dollar sales (velocity) trends have been generally positive in recent weeks following declines in August.

These recent trends are mirroring 2019, suggesting that the country is back to experiencing normal seasonal trends.

Matthew Crompton, CGA Client Solutions Director, Americas, said: "As we look towards 2022, it's now more important than ever to have access to the latest data and insights in the On Premise, as consumer behavior shifts and settles into a new normal. CGA's solutions can help to ensure that suppliers and operators alike have a full understanding of the On Premise, and maximize their opportunities within the channel."

Control States' Spirits Case Sales

In September Up 4%

During September nine-liter control states spirits case sales grew 4.0% over same period sales last year, a noteworthy growth rate measured against its Himalayan comp (17.9%), **National Alcohol Beverage Control Association** reports.

Alabama (8.3%), Montgomery County Maryland (13.6%), Michigan (3%), Mississippi (1.8%), Oregon (1.7%), Utah (34.2%), Vermont (5.1%), West Virginia (4%), and Wyoming (10.3%) reported monthly growth rates for September exceeding their twelve-month trends.

The growth rates for Iowa (-5.2%), Idaho (-2.2%), Maine (1%), Montana (0%), North Carolina (4.3%), New Hampshire (-5.9%), Ohio (2.8%), Pennsylvania (10.0%), and Virginia (2.6%) fell short of their twelve-month trends. Control state rolling-twelve-month-volume growth, 5.7%, fell from August's reported 6.7%. Spirits' volumes are growing 5.3% year-to-date compared to 8.1% a year ago.

September's 3-year CAGR of rolling-twelve-month 9-liter case volumes, 5.5%, is the second highest recorded 3-year growth period in the control states during the 21st century. 3-year CAGRs calculated for the past six rolling-twelve-month periods (5.2%, 5.2%, 5.6%, 5.4%, 5.3%, 5.5%) are strikingly higher than those calculated for their year ago counterparts (3.5%, 3.5%, 3.4%, 3.5%, 3.9%, 4.3%). The 21-year control state CAGR of 3.1% demonstrates that the last six 3-year growth periods are significantly above the average.

Control state spirits shelf dollars were up 6.4% during September while trending at 11.4% during the past 12 months. Montgomery County Maryland (16.4%), Utah (35.8%), Vermont (9.3%), West Virginia (8.0%), and Wyoming (12.2%) reported growth rates exceeding their twelve-month trends. Alabama (8.5%), Iowa (-2.9%), Idaho (1.5%), Maine (4%), Michigan (4.4%), Mississippi (0.4%), Montana (2.9%), North Carolina (10.1%), New Hampshire (-5.6%), Ohio (5.5%), Oregon (6%), Pennsylvania (9.8%), and Virginia (6.1%) grew shelf dollars at rates below their 12-month trends. Shelf dollars in the control states are up 11.0% year-to-date compared to 13.6% last September.

Price/Mix for September is 2.4%, slipping from August's reported 2.7%.

September's Price/Mix, 2.4%, has moderated from the eye-popping values of May 2020 through June 2021 (5.9%, 6.6%, 9.5%, 8.0%, 8.6%, 8.5%, 4.8%, 5.4%, 7.0%, 6.8%, 9.2%, 10.6%, 6.0%, 5.1%), NABCA said. Its value is coming in line with pre-COVID averages (2.3%). However, premiumization continues to sustain the Price/Mix values calculated for the control states.

During September 2021, the median and weighted average prices of 750 ML spirits volumes sold in those control states that set retail price points continued to be reported at historically high levels; the median price was \$24.99, and the weighted average price was \$17.59. During 2020's September these prices were \$24.87 and \$17.16, respectively.

Cocktails, with 4% share of the nine-liter case control states spirits market, was September's fastest growing category with 54.6% reported and a twelve-month trend of 38.8%. **Tequila**, with 8% share, grew at 20.1% during Sep-

tember and 23.4% during the past twelve months. **Irish Whiskey**, with 2% share, grew during September at 13.1% and 14.2% during the past twelve months. **Vodka**, with 32% share, grew during the same periods at 2.0% and 1.0%, respectively.

Cocktails (54.6% during September, 38.8% 12-month trend), Gin (0.6%, 0.4%), Rum (1.6%, 1.5%), and Vodka (2%, 1%) grew at rates above their twelve-month trends, while Brandy/Cognac (-20.9%, 0.8%), Canadian Whiskey (1.8%, 2.8%), Cordials (7.7%, 11.7%), Domestic Whiskey (4.0%, 6.9%), Irish Whiskey (13.1%, 14.2%), Scotch (-0.6%, 2.4%), and Tequila(20.1%, 23.4%) grew at rates below their 12-month trends.

September's nine-liter wine case sales growth rate was -2.9%. Pennsylvania (reporting -5.7% nine-liter-case growth for wines), New Hampshire (-7.6%), Mississippi (-1.8%), Utah (26.8%), Montgomery County Maryland (-3.8%), and Wyoming (-5.2%) are the control states that are the sole wholesalers of wines and spirits within their geographical boundaries. Rolling-12-month wine volume growth in these six control states is -0.4%, down from August's reported 0.3%.

Cowhorn Vineyard Owner Acquires Johan Vineyards

Running a winery with half the family 6,000 miles away is a challenge, which explains why **Dag Johan Sundby** has sold **Johan Vineyards**, Rickreall, Ore., to **Katherine "Mini" Banks**, who also owns **Cowhorn Vineyard**. Jacksonville. Terms weren't disclosed. Banks and partners purchased Cowhorn earlier this year.

The purchase puts two of the country's most notable biodynamic vineyards under a single ownership group.

Johan Vineyards is an expansive 175 acre site, operated as a holistic farm. Eighty-eight acres of certified organic and biodynamic vineyards are complimented by organic gardens, a growing animal husbandry program (chickens, ducks, and sheep), a beautiful pond, reserved native woodlands, and a winery and tasting room.

Founded in 2005 by Dag Sundby, a native of Norway, Johan Vineyards received both organic and biodynamic certification in 2010 spearheaded by then winegrower **Daniel Rinke** (now at Art+Science Cider & Wine). In addition to producing ultra-premium 100% estate grown biodynamic wines, Johan Vineyards sells fruit to some of the top wineries in the Willamette Valley. While the focus of Johan has been on Pinot Noir, Johan has also earned a reputation for excellent Chardonnay and Pinot Gris, and produces varietals unique in the Willamette Valley, including Cabernet Franc, Melon de Bourgogne, Gruner Veltliner, and Blaufrankisch, among others. Johan was recently honored by Wine & Spirits Magazine as one of the Top 100 Wineries of 2021.

Johan's Founder, Dag Sundby said, "it was very important to us to find a buyer that would continue to honor our philosophy of winegrowing. Mini shares our vision and we are confident she will carry on the Johan legacy with a passionate commitment and holistic approach to farming and winemaking that is the foundation on which this vine-

yard and winery were built."

Campari Group to Raise Prices To Offset Surging Costs

The increases will be higher than normal, the company said, and will offset costs for glass, alcohol and sugar.

"We normally raise prices every year... in 2022 we plan to have more robust increases than usual, given higher costs on all raw materials," said Campari CEO **Bob Kunze-Concewitz** told Reuters..

Campari will raise prices in all its main markets, including the United States, Kunze-Concewitz said, adding that speciality beverages such as Aperol and Campari could see higher increases than drinks that are more exposed to competition, such as vodka.

"We have increased tequila prices twice in 18 months, and we will have to do it again in 2022," he said.

The group expects costs for materials, production and logistics to increase 5%.

DISCUS Report Details Tariff and Non-Tariff Trade Barriers to U.S Spirits Exports

"U.S. spirits continue to face an array of new and existing tariff and non-tariff barriers in export markets," the **Distilled Spirits Council of the U.S.** said in a submission to the U.S. Trade Representative.

"The U.S. spirit sector's top trade priority continues to be securing the removal of retaliatory tariffs on U.S. spirits exports imposed by key trading partners. These tariffs seriously impede the export progress that has benefited our sector and created jobs across the country." it added.

Due to the continued application of retaliatory tariffs, from 2018 to 2020, total U.S. spirits exports were down 23% to \$1.4 billion and American Whiskey exports were down 29% to \$846 million. American Whiskey drives U.S spirits exports and accounts for 61% of total American spirits exports, DISCUS said, adding that in 2020, the top five markets for American spirits exports by value were: 1) Canada (\$249 million, up 23.2%); 2) Japan (\$125 million, down 9.4%); 3) Australia (\$114 million, up 11.2%); 4) United Kingdom (\$83 million, down 25.4%); and 5) France (\$81 million, down 13%).

The top five markets for American Whiskey exports by value were: 1) Japan (\$103 million, down 15.7%); 2) Australia (\$98 million, up 15.8%); 3) Germany (\$76 million, down 7.2%); 4) United Kingdom (\$71 million, down 29.6%); and 5) France (\$60 million, down 18.5%), DISCUS said.

"The impact of restrictions related to preventing the spread of COVID-19 and the necessary closure of bars and restaurants around the world is having a compounding negative effect on exports of American distilled spirits already suffering due to retaliatory tariffs," the study says.

Retaliatory tariffs imposed by the EU, UK, China, and Turkey have resulted in cancellations of contracts with U.S. distillers "of all sizes," DISCUS says, resulting in many distillers cancelling or putting on hold plans to expand.

"These tariffs make American spirits less competitive

and may result in international spirits consumers choosing other spirits categories that already provide stiff competition in some third markets. These markets may be lost as foreign adult consumers shift to distilled spirits produced domestically or by our global competitors," DISCUS warned.

In addition to retaliatory tariffs, several priority target markets maintain high tariffs and/or an array of non-tariff barriers to U.S. spirits, which inhibit the sector's long-term growth prospects.

Among the nontariff barriers is an Australian regulation that spirits must be aged for two years. This is an issue because U.S. regulations don't have a specific period for which Bourbon and Tennessee Whiskey must be stored. Australia has already agreed that U.S. standards govern Bourbon and Tennessee whiskey, but it is now "reviewing" their status because they don't meet Australia's requirement.

Australia is the third-largest export market for total American spirits and American whiskey.

Templeton Intros Rye Oloroso Sherry Cask Finish

It's the third expression in Templeton's Cask Finish Series.

Templeton's limited release cask finish series offers an annual unique twist on what rye can be. An outlet for innovation, this limited-edition American straight rye whiskey was originally matured to perfection for a minimum of six years in first fill American oak flame-charred barrels.

The whiskey was then expertly finished in the finest oloroso sherry casks for an additional nine months. The 500-liter Oloroso Sherry casks were meticulously sourced from the Marco de Jerez region of Spain and once contained dry, full-bodied Oloroso sherry aged between eight and twenty years. The additional maturation time spent in the oloroso sherry casks accentuates the rye spice while adding subtle, alluring flavors and tropical fruit tones and nutty aromas.

"Our Cask Finish series is committed to creating innovative offerings with compelling taste profiles and our Templeton Rye Oloroso Sherry Cask Finish delivers this in abundance," said **Tim Grimes**, Senior Brand Ambassador. "We are delighted to share this limited-release with the world that showcases the influence of Oloroso Sherry on American Rye whiskey with a flavor profile not to be missed".

Jetway Premium Wine Seltzers Seeks Distribution

Jetway, an ultra-premium wine seltzer is launching in Los Angeles, San Diego and Orange counties this weekend. It's being distributed by **Scout**, an independent craft alcohol wholesaler. The team is looking for additional distribution.

The grapes are sourced solely from Washington's **McNary Vineyard** overlooking the Columbia Valley. The two initial offerings are blended with distinct and rare ingredients chosen by Albert Hammond Jr., guitarist for The Strokes, and include elderflower, yerba mate, Fijian ginger, and yuzu.

Unlike other hard seltzers, Jetway contains no cane sugar or artificial flavors and is gluten free, vegan friendly and natu-

rally uplifting. It's 100-110 calories and 5% alc/vol per 8.4 oz can.

Ben Parsons (Infinite Monkey Theorem Urban Winery & The Ordinary Fellow) is chief operating officer. Parsons pioneered the "canned wine" category has worked throughout his career to dispel the elitism and complexity often associated with wine, while bringing high quality beverages to everyday consumers.

"Jetway is all about a sense of place," says Parsons. "At its core, it's a single-vineyard designate wine blended with distinct and rare ingredients that actually complement the wine, coming together in unison to make something better. Wine has a healthy halo in its DNA since it's made with grapes so the added ingredients only enhance that."

To successfully launch Jetway, Hammond Jr. is also partnering with alcohol beverage industry experts Ethan Stienstra and Daniel Kiefer of **Ahead of the Curve (AOTC Strategy)** in Denver.

Jetway will make its arena debut at The Strokes' October 27th show at The Forum in LA. Over the weekend of October 29-31, Hammond Jr. will be pouring Jetway at Outside Land's Wine Lands event in San Francisco. The Strokes will also be headlining the event.

Bisquit & Dubouche Makes U.S. Debut

Bisquit & Dubouche's flagship V.S.O.P (\$59) and its high-end X.O. (\$180) will initially launch in select states, focusing on California, Texas, and Florida, where the premium plus and super-premium business is concentrated, with plans for further expansion in 2022.

Founded nearly 200 years ago by two fearless Frenchmen – **Alexandre Bisquit** and **Adrien Dubouché** – Bisquit & Dubouché was built on a revolutionary vision: to buck long-held tradition and embrace an innovative method to distillation that relies on intuition over conventional techniques. This radical approach launched what would become a world-renowned house of fine cognac. By the end of the 1800s, Bisquit & Dubouché was the third most exported cognac in the world and was popular among celebrities like Joséphine Baker, one of the most important entertainers of the 20th century.

Known as Bisquit Cognac for many years, the brand returned to its roots and its original name Bisquit & Dubouché in March 2020, honoring both its founders and heralding in a new chapter and contemporary look as part of **Campari Group**.

Distinguished Vineyards Intros Fuji Whiskey

Distinguished Vineyards & Wine Partners ('DVWP') announces the U.S. debut of **Fuji Whisky**, grain and blended whiskies from Japan. Launching in the U.S. for the first time, FUJI Single Grain Whiskey (\$94.99) is available at select establishments nationwide with Fuji Whisky (\$59.99) slated to arrive in November. Both expressions will be available nationwide on and off premise.

Mt. Fuji Distillery was established in 1973 to bring the best of Japanese craftsmanship to life while employing Scottish, American, and Canadian whisk(e)y making methods un-

der a single roof, an amalgamation that celebrates whiskey's worldwide heritage.

Named after one of Japan's most iconic landmarks, Mt. Fuji Distillery is situated just miles from the peak of Mt. Fuji and uses the mountain's snowmelt in its production. The snowmelt's 50-year journey from Mt. Fuji's peak to the depths of an underground aquifer to the distillery results in a uniquely clear, pristine, and soft water that is the foundation for FUJI's distinctive whisky expressions.

The FUJI Single Grain Whiskey is a blend of three different grain whiskeys, each distilled in three different methods, each possessing its own unique flavor profile. The American features a more heavy, rich, floral fruity style; the Canadian type is medium, luscious, and delicately fruity; and the Scotch type is known for its lighter, soft, yet compelling qualities. This results in a delicately fruity whiskey that is both mellow and multi-layered in profile.

Tanteo Intros Limited-Edition Navidad Tequila

Tanteo Tequila announces a new limited-edition seasonal expression, **Tanteo Navidad** (SRP \$59.99). It's the brand's first aged offering and is rested 18 months in American oak barrels, then hand-infused with pequin chilis, nutmeg, clove, cinnamon, ginger and cocoa beans.

Ten percent of all profits from the sale of Tanteo Navidad go towards [Un Salto Con Destino](#), a charity providing essential medical services to underprivileged members of Tanteo's Mexican community.

Michters to Release 20 Year Kentucky Straight Bourbon in November

"I really enjoy this release because the barrels that our Master Distiller **Dan McKee** and our Master of Maturation **Andrea Wilson** selected for it are so layered and rich," stated Michter's President **Joseph J. Magliocco**. This 2021 edition will mark the first release of Michter's 20 Year Kentucky Straight Bourbon since 2019. SRP: \$750.

Wilson commented, "This whiskey really showcases how thoughtful care and attention throughout the aging life can lead to an absolutely beautiful expression. Sipping it mirrors the experience of savoring a fine, decadent dessert."

"We pay extra special attention to our barrels once they reach 15 years because we want the barrels we offer to achieve the perfect balance of flavor and oak-driven complexity," said Michter's Master Distiller **Dan McKee**.

Two Roads Brewing, UConn Athletics Launch TwoConn Easy Ale

Two Roads Brewing Co. is teaming up with University of Connecticut Athletics to launch a truly iconic, collaborative beer, TwoConn Easy Ale.

The goal for Two Roads master brewer, **Phil Markowski**, was to create a universally delicious brew for a broad range of fans and customers. According to Markowski, "the beer is golden-ale inspired. It's crisp and clean with a touch of sweetness and a kiss of hops for balance. We recognize that not every UConn fan is an IPA fanatic. With TwoConn Easy Ale we have crafted something that is appealing to both craft and non-craft beer drinkers alike. In short, it's a real crowd pleaser!"

The launch of TwoConn is two phased—Kegs of the easy-drinking ale will be available in Connecticut bars, restaurants and UConn athletic venues the first week of November to kick off the start of the Men's and Women's basketball seasons. Then, this coming February, the brewery will add cans to the lineup with 12 oz twelve packs and also 16 oz four-packs. Since Husky fans can be found everywhere, these packs will eventually be available throughout New England in liquor and grocery stores.

Phillips Distilling's Revel Stoke Intros New Flavored Whisky Line

"Over time whisky has gotten too serious and boring," said **Peter Olson**, senior brand manager – brown spirits at **Phillips Distilling Co.**, Princeton, Minn. "Whisky should be about outrageously good times, so we made Revel Stoke for those who live life on their own terms and boldly challenge convention at every turn."

The Revel Stoke line now has 12 flavors and starting this Fall Revel Stoke will feature a new tagline "Stoke Your Wild." The brand also will launch the largest integrated marketing campaign in Phillips Distilling's history, aimed at "Zillennial" men 21-34 years old who embrace the freedom to pursue what matters most to them. Out-of-home billboards will run in Minnesota, Wisconsin and Iowa to drive awareness and trial.

Additionally, the campaign will feature a wide array of digital components including social media, influencer partnerships, streaming audio, e-commerce and delivery app promotions and "text to save" offers via PayPal and Venmo.

"Flavored whisky as a category is growing exponentially and there already is high early demand for our 'SonofaPeach,' 'Hardcore Roasted Apple,' and 'Shellshocked Roasted Pecan' flavors," Olson added. "We're thrilled to bring a never-before-seen-energy to the category and inspire a new set of drinkers to stoke their wild in an entirely new world of whisky."

Continued Success,
KANE'S BEVERAGE WEEK,



JOEL WHITAKER, Editor