

KANE'S BEVERAGE WEEK

*The marketing, regulatory and financial news that matters . . . when it matters
for bev/al executives and their advisers*

Volume 83, No. 6

Copyright 2022 Whitaker & Company, Publishers, Inc. All Rights Reserved.

February 11, 2022

The Inside Story

Omicron's Toll on On-Premise Likely to Get Worse	2
U.S. Online Alcohol Sales Reach \$6.1 Billion, More Growth Expected — Rabobank	2
Wine Tops New Year's Eve Sales on Drizly	3
The Mess in California Ports Cost Wineries Over \$250 Million	3
Christmas Day Delivered 2d Highest Day for Check Value in 2021	3
Christmas Day Delivered Second-Highest Day for Check Value in 2021	4
Control States Volume Up 4% in November	4
Miller Family Wine Co. Launches New Non-Alcoholic Wine Brand	4
Paulaner USA, Van Diest Beer Cut Ties	5
Molson Coors Halts Production Of Saint Archer, Sells Facility	5
US Beverage Takes Stake in Unita Brewing	5
Spirits, Wine Sales Rose Up to 40% In Early Months of Pandemic	5
Permanent Spirits Direct Shipping Advances in California	6
Boston Beer: Earnings to Fall Dramatically	6
Frozen Cocktail Pop Producer Files as Winery	6
US Chamber Seeks to Make Case That Business is Competitive, Resilient	6
And Much, Much More	

TTB Urged to Focus on Trade Practices, Category Management, Label Rules

You can expect **alcohol & Tobacco Tax & Trade Bureau** to prioritize labeling rules to provide more information about allergens, nutrition and ingredients, to strengthen its rules deterring category management practices including shelving schemes and offering similar services for “free,” and to step up enforcement of trade practice rules.

Those are some of the outcomes the industry should anticipate from a 63-page Treasury Department report on competition in the bev/al industry. The report, prepared in consultation with the Justice Department and Federal Trade Commission, was ordered by President Biden. It finds the state of competition in the alcohol industry to in some areas be quite good and in other areas problematic.

For instance, it notes there has been significant growth in the number of small “craft” producers of beer, wine and spirits. Where there were 89 operating breweries in the U.S. in the late 1970s, today there are more than 6,400 breweries, 6,600 operating wineries, and 1,900 distilleries. That suggests competition is alive and well in the bev/al industry, as does “innovation in American wine, beer and spirits in the last few decades has resulted in a flourishing of small and craft producers in local markets.”

But the report also expresses concern over significant consolidation in distribution and notes that two brewers have dominated the U.S. since 2008 and today account for 65% of all beer sales nationwide. “Studies have shown direct links between major brewery mergers and an ability to raise prices in the markets in which they operate,” the report observes.

It notes that **Alcohol & Tobacco Tax & Trade Bureau** actively enforces the Federal Alcohol Administration Act’s competition provisions. Still, “complaints about exclusionary behavior by large producers, distributors and retail are common,” the report says, citing concerns over discriminatory conduct by distributors and the use of slotting, shelving and other trade practices prohibited by the FAA Act.

Current laws and regulations at both the state and federal level “may impose a disproportionate burden on small and medium-sized producers without corresponding justifications based in public health or preventing anticompetitive behavior.” Label preapproval requirements, bottle size restrictions, mandatory classification of beverages and “complex application requirements to qualify for a permit to produce alcohol.”

Indeed, the report says, some state and federal laws may actually inhibit growth and competitiveness of small producers, while other laws may inhibit marketing that could help competition. “Post and hold” laws may be leading consumers to “spend \$147-478 million more than they did previously.”

Without specifically saying so, the report appears to recommend tax equalization, perhaps based on the amount of alcohol in a product.

The report “encourages” the Department of Justice to consider the effect on distribution from acquisition of craft brewers by major brewers and to take a closer look at vertical mergers or arrangements that may lead to monopolization or exclusion in the alcohol markets, particularly exclusion of small firms or new

KANE'S BEVERAGE WEEK

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!)

Subscriptions: \$799, 47 issues a year

ISSN: 0882-2573

entrants.

The report notes that there have been complaints that TTB is “underenforcing” trade practice rules, especially as to conduct by larger members of the industry. While calling for stiffer enforcement against major players, it also suggests TTB “continue to exercise enforcement discretion against entities lacking market power.

Trade Groups Respond to Treasury Report on Competition

Wine & Spirits Wholesalers of America said Treasury’s report “fails to recognize how consolidation in other tiers created the need for an evolution of the distribution tier to address supply chain and logistics challenges.” But WSWA said it was “encouraged (that) maintaining a strong, independent wholesale tier remains critical to federal and state regulators.” The wholesaler tier is highly competitive and modeled on efficient and effective logistics that “save the other two tiers more than \$11 billion annually and created a craft brand selection at the retail level that is unrivaled.”

WSWA applauded Treasury for recognizing that trade practice regulations need to be clear and enforceable. “When enforced evenly against all industry participants, large and small, trade practice regulations are an effective tool for the Alcohol & Tobacco Tax & Trade Bureau (TTB) in maintaining a fair marketplace.” TTB should consider all industry viewpoints in changing the regulations, WSWA added.

The trade group expressed concern that “direct-to-consumer shipment of alcohol drastically increases underage access to socially sensitive products” and emphasized this issue was one for state legislatures to decide.

Meanwhile, **Distilled Spirits Council of the U.S.** noted “there remain a number of laws and regulations that continue to discriminate against spirits producers and our consumers, from taxation to market access, that should be revised to improve competition in our modern economy.”

Beer Institute President/CEO **Jim McGreevy** said brewers are “disappointed by the Administration’s mischaracterization of the thriving American beer industry. The American beer industry is one of the most vibrant industries in the country. Since 2010, we have seen more than 10,000 new breweries permitted, and today—from agriculture and manufacturing to construction and transportation, the beer industry supports more than two million American jobs and contributes more than \$331 billion to the nation’s economy. Consumers are benefiting from the growing number of brewers and beer importers, with more choices for beer than at any other time in our nation’s history.

“Even with the COVID-19 pandemic, which resulted in a nearly \$20 billion reduction in retail beer sales and a loss of nearly 570,000 jobs that depend on the beer industry, our nation’s brewers and beer importers continue to invest in their communities, support local jobs, and aid people in need,” he said, adding:

“Despite being one of the most regulated industries in the United States, the beer industry is experiencing an unprecedented level of healthy competition. It will continue to grow and innovate so it can best serve the millions of

Americans who make beer America’s favorite beverage alcohol.”

Recent Bureau of Labor Statistics data shows that beer prices have remained low even during a historic period of inflation. This trend of low beer prices continued last year, as beer’s Consumer Price Index (CPI) trailed overall CPI 1.8% to 4.7% on average in 2021, Beer Institute noted.

TTB Final Rule Liberalizes Distilled Spirits, Malt Beverage Labeling Requirements

Alcohol & Tobacco Tax & Trade Bureau published a 96-page [final rule](#) that among other things:

- allows greater flexibility in the placement of mandatory information on labels by eliminating the requirement that certain mandatory information appear on the “brand label”;
- specifically authorizes certain relabeling activities;
- allows addition of labels on malt beverages identifying the wholesaler, retailer, or consumer; and
- provides additional flexibility in allowing the labeling of kegs with “keg collars” and “tap covers” that are not firmly affixed to the keg under certain circumstances to facilitate the reuse of kegs by different brewers.

The final rule also contains a number of clarifications, including:

- adding a definition of “grain” to the distilled spirits regulations that includes all cereal grains, as well as the seeds of the pseudocereals amaranth, buckwheat, and quinoa;
- incorporating certain rulings and industry circulars for ease of use;
- clarifying current policy by removing some outdated restrictions on the use of “disparaging” statements or depictions of the American flag if the labeling representations are truthful and non-misleading;
- allowing the use of designations in accordance with trade understanding, rather than statements of composition, in the labeling of malt beverages that are flavored or fermented with ingredients that TTB has determined are generally recognized as traditional ingredients in the production of a fermented beverage designated as “beer,” “ale,” “porter,” “stout,” “lager,” or “malt liquor”, in accordance with TTB Ruling 2015-1;
- creating a class for distilled spirits “specialty products”; and
- specifically permitting certain descriptive terms (such as “amber”, “red”, “dry”, and “cream”) with the designation on malt beverage labels, to reflect existing policy.

The final rule does not deal with wine. That will be dealt with in a rule to be published later.

During the comment period, a number of issues were raised which TTB determined to be outside the notice inviting public comment. TTB said many of these issues will be dealt with separately or added to the rulemaking agenda.

Sparkling Wine Not Most Popular Valentine's Day Option

This research from CGA surprised us: Sparkling wine

isn't the most popular option for Valentine's Day. Soft drinks (28%) and beer are. They are both tied at 28%. Rounding out the list is Table Wine (27%) and Cocktails (25%), with Sparkling Wine/Champagne sitting fifth at 24% in terms of categories consumers are planning to drink. This trend in planned consumption may also be influenced by the overlap with Superbowl Sunday, with 28% planning to celebrate Valentine's Day earlier on Sunday 13th February.

The latest CGA study also finds 41% of US consumers are planning to visit On Premise to celebrate Valentine's Day, and, as reinforced in CGA's BeverageTrak data, the occasion typically sees consumers opting for fine dining restaurants (41%). However casual dining chains (30%) and independently owned restaurants (29%) also rank highly, highlighting that there are additional opportunities for these channels.

While the Superbowl is not traditionally seen as an On Premise event, CGA's research reveals more than a quarter of consumers plan to visit the channel for the game and that 39% are planning to celebrate Valentine's Day earlier to avoid a clash. Of those planning to visit venues on Sunday, 68% are planning a pre-game visit but 55% plan to stay to watch the game in the On Premise.

Not surprisingly, beer (53%) tops the list of drink categories consumed during the Superbowl, but vodka (25%), shots (24%) and cocktails (22%) also rank highly as On Premise visitors celebrate during the game. While just over half of visitors plan to go to sports bars for the Superbowl, neighborhood bars (27%) also see a boost in terms of planned visitation.

Consumers are less concerned about COVID-19, a fact reflected in the lifting of mask mandates, with 20% of consumers reporting that they are not concerned about Covid-19 at all. While this sentiment varies on a state-by-state basis, with those in Florida the least concerned about COVID-19, overall planned visitation has seen an uptick versus last month, with 39% planning to visit the On Premise in the next week (+6pp vs January 2022).

Looking ahead to future events, around 1 in 8 U.S. consumers plan to visit the On Premise to celebrate Mardi Gras, and again – Beer (41%) and Vodka (33%) prove popular, but Tequila (29%) and Cocktails (27%) are also favored.

“Consumers are showing their love for the On Premise this weekend, demonstrating they're keen to celebrate occasions in their favorite venues rather than staying home, as concerns about COVID-19 fade away. There's a lot for suppliers to take away from these insights, particularly in terms of drinks categories as we see Spirits and Cocktails continue to grow in popularity. CGA's On Premise Cocktail Report delves deeply into the dynamics of this ever-evolving category and reveals how seasonally-focused trends translates into brand opportunities and helps drive sales,” **Matthew Crompton**, CGA Regional Director – North America, said.

Pernod Ricard 1st Half Sales Up 17% Organically

Pernod Ricard reports first half sales jumped 17% organically (20% reported). Sales in the Americas were up

14%, and Pernod noted sales in the USA, Brazil and Travel Retail were especially strong. Europe posted the best growth for any region, up 21%, while Asia/Rest of World advanced 16%, led by China, Turkey and India.

All of the company's strategic international brands sales showed growth, ranging from 51% for Perrier-Jouet to 2% for Ricard. In terms of volume, Royal Salute was up 40% and Havana Club was down 1%.

Profit from recurring operations rose 25% (reported) 22% organic, the company said, noting that in the Americas reported profit rose 30% and organic profit was up 24%.

“The execution of our Transform & Accelerate strategy is delivering an excellent and broad-based performance in the first half, with brand share gains in most countries and with all our Must-Win Markets showing very strong growth," said Alexandre Ricard, chairman/CEO. "I take the opportunity to praise the engagement and performance of our teams throughout the world, who have relentlessly accomplished outstanding work, in an environment still largely disrupted on many fronts by the Covid crisis.

Despite the ongoing volatile environment, Ricard said he expects year-end FY 22 to show strong sales growth across regions, with continued On-Trade rebound, Off-trade resilience and a gradual Travel Retail recovery. "We will increase investments to fuel growth momentum," he said.

We remain focused on executing our strategy, progressing on our Sustainability and Responsibility journey and accelerating our digital transformation. A successful mix of robust fundamentals, the dedication of our teams and our portfolio of brands, has yielded a very strong set of results and seen us through this crisis, emerging even stronger.”

Half of Popular Hard Seltzer Brands Could

Use This Coupon to Subscribe Or Renew

To: **Whitaker & Company, Publishers, Inc.**
14305 Shoreham Dr, Silver Spring, MD 20905-4481
 YES! Begin (or renew) my subscription to **KANE'S BEVERAGE WEEK.**

- Daily and Weekly by e-mail - \$823 (1 yr/233 issues)
- Weekly by First Class Mail — \$823 (1 yr/47 issues)
- Maryland residents — add 6% sales tax
- Check enclosed
- Charge my VISA/MasterCard/Amex

 Expires _____ Security Code _____
 Signature _____
 Name _____
 Firm _____
 Address _____
 City _____
 State _____ ZIP+4 _____
 Phone _____
 FAX _____
 e-Mail _____

For Fastest Service: FAX TO 301-879-8803

Disappear from Grocery, C-Stores in Utah

Some of the most popular brands will be available in grocery and convenience stores and half will be available only in liquor stores.

A flavor that meets Utah's glycol-based flavoring standards will stay in grocery stores, while those that use an ethyl alcohol flavoring will be in a Department of Alcohol Beverage Control store.

It's all part of the 223-page omnibus liquor bill being negotiated in Salt Lake City. The measure also rebrands the Utah Department of Alcoholic Beverage Control to the Department of Alcoholic Beverage Services and is expected to enable people to order online and pickup from a state store.

75 US, UK Trade Groups Urge End to Tariffs On Products Not Tied to Steel, Aluminum

Seventy-five trade associations, ranging from clothing manufacturers to food processors to rice producers, all representing sectors unrelated to the steel and aluminum dispute, urged U.S. and UK leaders, consistent with their recent commitments, to expeditiously reach an agreement to remove retaliatory tariffs and the threat of tariffs on their products without delay.

"We welcome the suspension of tariffs between the U.S. and EU in the steel and aluminum dispute and urge the UK and U.S. governments to quickly secure an agreement removing tariffs and the threat of tariffs on products unrelated to the dispute, following the precedent set under the Airbus/Boeing dispute," they said, adding: "This is an important step in helping to reset the critical U.S.-UK trading relationship, and it is essential to our ability to recover from the pandemic."

Health, Wellness Trend to Impact Super Bowl Parties This Year: NielsenIQ

Roughly two years into the pandemic, shoppers have developed a variety of new product preferences with underlying notions of boosting health and wellness, with 61% of Americans saying physical and mental wellness will become more of a priority over the next 12 months including as they watch the Super Bowl, according to NielsenIQ's recent [2022 Consumer Outlook report](#).

Shoppers are proactively managing their health and are starting at the grocery store, adding and deleting ingredients and categories based on personal health needs (i.e., allergies and intolerances) and specialized eating regimens – which have driven 10% dollar growth in “food as medicine” categories since 2019.

The pandemic-related shift towards immunity-boosting food and beverage items fueled double-digit growth for clean-label, sustainable, specialty diet, and plant-based products, and it is expected that these new preferences will unfold across kitchen tables around the country during the most infamous Sunday of the year.

However, Nielsen says, these newly developed behaviors will come secondary to consumers' desires to indulge with family and friends, especially for those who have not attended a Super Bowl gathering since prior to the pandemic.

Overall, there has been a large, growing consumer interest in healthier (but not necessarily the “healthiest”) options, where they're searching for nutrition but also indulgence,

with 29% of consumers actively seeking “healthier” options when browsing. As consumers' definitions of health continues to evolve, retailers and manufacturers are tasked to aim higher by providing products that meet the massive shift in health-focused product preferences, in addition to in-depth product attribute data online and on packaging in order heavily reinforce the range of benefits a product provides. Health- and wellness-related consumer need states will continue to drive both consumption and grocery innovation, and corporations must pay attention to growing need states.

On-Premise Drinking Shifts to Weekends

COVID-19 restrictions and working from home have triggered a notable shift in drinking-out occasions to weekends, CGA says, noting that Saturdays and Sundays have increased their share of total wine sales by 3 and 2 percentage points respectively.

CGA's outlet data shows the number of dining and drinking outlets in the US fell 4.7% between late 2019 and late 2021. Independents (down 5.4%) have been hit harder than chains (down 0.8%), while the fine dining (down 20%) and premium nightclub (down 27.3%) segments have suffered most. With the market now building back, some of these deficits should be made up as 2022 progresses.

On Premise continues to play a pivotal role in drinking choices in the U.S., CGA says. More than half (53%) of consumers say menu options influence their alcohol purchases in stores—a reminder that drinks brand-building starts in bars and restaurants.

Spirits have been among the biggest category winners of the last few years. They took a 44.3% share of all drinks sales over the last year—a rise of 1.7 percentage points since 2019. Tequila has been the big winner in market share terms, but whiskey and vodka remain the two biggest categories by value, with 53.6% of sales between them. Cocktails remain a major driver of spirits, with Margaritas, Moscow Mules, Martinis and Mojitos having the highest value velocity.

In contrast to spirits, beer's share of sales has stayed flat over the last two years. The craft category, down by 2.3 percentage points, has seen the largest dip, though imported and super-premium beers have grown share.

While wine sales have been well below pre-COVID-19 levels lately, two types—Cabernet Sauvignon and French Champagne—have achieved growth in market share. They now attract 20.5% of all wine sales between them.

The hard seltzer category continues its inexorable rise in the US On Premise. In Fall 2019, 8% of consumers had drunk one in the previous three months—but by Fall 2021, the number had doubled to 16%.

More market share growth can be found in no and low alcohol drinks. Small but significant number of consumers have drunk no/low cocktails (11%), beer (10%), wine (10%) and spirits (8%) in the last three months.

There are some positive signs for spending in the US On Premise in 2022. Nearly half (47%) of consumers plan to visit venues more often than they did in 2021, compared to just 10% who think they will visit less. Around a third (34%) think they will spend more too, while 8% will spend less.

Moonshiner Pleads Guilty to Tax Fraud

Clifton Ray Anderson, Jr., 47, of Boomer, N.C., pleaded guilty to conspiracy to defraud the United States of excise taxes on distilled liquor and to violate the laws of the United States, including the interstate transportation of untaxed liquor and possession of an unregistered still.

Alcohol & Tobacco Tax & Trade Bureau investigated the case along with the Tirad ABC Board in North Carolina.

Anderson's co-conspirators, Roger Nance, 76, of Wilkesboro, N.C., Huie Kenneth Nicholson, 75, of Hamptonville, N.C., and Gary Matthew Ray, 53, of Roaring River, N.C., previously pleaded guilty to the same conspiracy charge as Anderson. James Patterson, 71, of Dinwiddie, VA, previously pled guilty in a separately filed case in the Western District of North Carolina to distributing untaxed moonshine distilled by Anderson.

According to filed plea documents and the plea hearing, from April 2018 to September 2020, Anderson conspired with Nance, Nicholson, and Ray to operate and maintain an illegal still at a barn owned by Ray in Wilkes County. Anderson leased the barn from Ray for \$500 per month and used it to illegally produce more than 9,000 gallons of untaxed liquor, commonly known as moonshine. Court records show that, during the relevant time period, Nance, Nicholson and Ray transported the moonshine across state lines to Patterson in Virginia for sale and distribution, which resulted in a total federal and state excise and sales tax loss of over \$100,000.

Anderson was released on bond following his guilty plea. The conspiracy charge and the charge of possession of an unregistered still each carry a maximum prison sentence of five years and \$250,000 fine.

Detroit City Distillery Triples Pączki Day Vodka Production

What started as an experiment making 20 bottles for family and friends five years ago, has become a must-have sensation within Michigan's Polish community. Last year, **Detroit City Distillery** (DCD) sold out of 4,200 bottles of Pączki Day Vodka online in just 22 minutes, while many liquor stores sold out as soon as it hit the shelves, has set a goal of tripling production in 2022 for this Friday's limited-edition release.

Additionally, DCD will make a "Pączki Head Seltzer," made from PDV, and bring back popular bottled cocktails, the Polish Bloody and Polish Daisy. PDV will be hand packaged in a unique glass bottle from Poland this year. PDV, seltzer and bottled cocktails sales begin online via www.detroitcitydistillery.com.

This year the Distillery will procure over 3,500 glazed raspberry pączki from Hamtramck's New Palace Bakery to distill in 100 percent potato vodka from Poland and Michigan. Each batch uses 18-dozen pączki baked fresh that morning, which are then are soaked for 24 hours in vodka inside a 500-gallon copper pot still before they are distilled.

In addition to PDV, Detroit City Distillery creates small batch artisanal whiskey, gin and vodka, and limited-edition spirits, using local ingredients sourced directly from

farms near its Distillery and Tasting Room located in Detroit's famed Eastern Market.

BeatBox Beverages Launches Crowdfunding Campaign

BeatBox Beverages, which says it has the fastest-selling single-serve wine offering in the U.S., launched a second equity crowdfunding campaign in partnership with **Wefunder** and is seeking \$5 million worth of investments. The company will recognize investors for their contribution with rewards such as VIP festival tickets, seats on the BeatBox Innovation Panel, and exclusive BeatBox NFTs allowing holders access to unique brand experiences. BeatBox says it has already raised over \$2 million just days into the campaign.

BeatBox has distribution in over 23,000 retailers nationwide, including Walmart, 7-Eleven, and Kroger. "We grew our retail distribution by 102% in 2021, which was a huge accomplishment," says BeatBox Co-founder and CEO **Justin Fenchel**. "However, what's even more exciting is that our depletions grew 150%, all driven by significant increases in rate of sale. Our retailer partners are thrilled with how much BeatBox is selling in their stores, and we are looking to double our accounts again in 2022," Fenchel added.

RTDs are currently the fastest-growing category in alcohol, and BeatBox continues to outperform its competition with unprecedented growth. Vice President of Sales **Tony Zangara** explains, "Our topline sales grew 160% in 2021, and an astounding 350% growth vs. FY 2019. Over the next three years, as we see the RTD category accelerating even faster, we have forecasted our business to grow another 5X vs. FY 2021, which is extremely exciting for the entire BeatBox team!"

BeatBox is also launching its new 6% ABV Zero Sugar line nationwide to stoke the ever-growing demand for the brand. The Zero Sugar line promises the same great flavor as BeatBox's 11.1% **Party Punch** but lower alcohol by volume, fewer calories, and fewer carbs. The new line extension will be hitting shelves in March of 2022 in both single-serve Tetra format and a six-flavor variety package.

In addition to new product offerings, BeatBox has expanded its distribution footprint across the United States, adding five selling states in 2021. Along with expanding into new regions, BeatBox also has its sights set on the on-premise territory, including bars, restaurants, and music venues. Vice President of on-premise sales, **Jeff Diem**, adds, "We see a massive opportunity for BeatBox in all on-premise classes of trade. From cruise ships to bowling alleys to sports bars and hotels, not to mention movie theaters and independent bars in high indexing legal drinking aged consumer markets in 2022 and beyond."

The incredible demand for BeatBox is also attributed to its social media presence. With a reach of over 100 million consumers, the BeatBox influencer network has driven growth on social media, with 600,000 store locator searches and 1.2 Million unique web visitors in 2021. Expanding on BeatBox's consumer strategy, VP-Global Marketing, **Zech Francis** adds "We've partnered with some of the biggest

names on TikTok and Instagram to rapidly accelerate Beat-Box's brand awareness and are outpacing Truly Hard Seltzer, Twisted Tea, Four Loko, High Noon, BuzzBallz, June-Shine, and many more. We are very excited to have the consumers who helped build this brand be able to have ownership and a tangible part in its success."

Old Bridge Cellars to Sell, Market Goosecross Cellars' Wines

Until now, **Goosecross Cellars** wines have only been available through the winery, 100% direct to consumer. Under a long-term agreement effective this month, **Old Bridge Cellars** will take on sales and marketing activities for Goosecross Cellars to the wholesale channel. The initial range for this market will be: 2021 Napa County Sauvignon Blanc (\$25 SRP), 2020 Napa Valley Chardonnay (\$33 SRP), 2019 Napa Valley Proprietary Red Wine Blend (\$45 SRP) and 2019 Napa Valley Cabernet Sauvignon (\$50 SRP).

Goosecross was founded in 1985 in Yountville by the Gorsuch family and is now owned by **Dave and Christi Ficeli**. Goosecross was founded in 1985 in Yountville by the Gorsuch family and is now owned by Dave and Christi Ficeli. Renowned winemaker Bill Nancarrow joined Goosecross in 2014 after spending more than ten years making wine at Duckhorn.

Old Bridge Cellars imports, produces and markets wines from a handful of independent wineries in the world's leading wine regions. Its portfolio, while anchored in Australia, boasts 200 different wines from 26 applauded wine-making regions in Australia, France, Italy, New Zealand and the U.S.

Lack of Proxies Leads Eastside Distilling To Postpone Shareholder Meeting

Eastside Distilling, Inc. said it postponed the Special Meeting of Stockholders scheduled to be held Feb. 8 due to its receipt of insufficient proxies and a probable lack of the required quorum. The Special Meeting has been postponed until Friday, March 4, at 2:00 p.m. Pacific Time to allow additional time for the Company's stockholders to vote on the terms and issuance of common stock purchase warrants to purchase up to 900,000 shares of the Company's common stock at an exercise price equal to \$3.00 per share.

Dick Leinenkugel to Retire, Nephew to Take Over

Dick Leinenkugel, who led his family-founded **Jacob Leinenkugel Brewing Co.** to an audience of drinkers across the country via the massive hit **Leinenkugel's Summer Shandy**, will retire at the end of 2022 after serving eight years as president of the brewery.

Leinenkugel, 64, will pass the baton to his nephew and sixth-generation Leinenkugel, **Tony Bugher**, who will be charged with steering the 155-year-old Chippewa Falls, Wis., brewery into its next chapter.

Bugher, 45, joined Molson Coors at his uncle's urging in 2014 and has progressed through several roles in the

company, including craft and import manager, field marketing manager and senior distributor sales executive. He recently took over as associate marketing manager for Leinenkugel's, where he works on sales and distributor engagement and branded partnerships and is overseeing the installation of a new pilot brewery in Chippewa Falls that's slated to come online this spring.

Black-Owned Brands Post Gains on Drizly

As of 2021, over 65% of Drizly retailers carry products from Black-owned brands, and these brands' growth across all Drizly sales makes it clear that supporting brands from diverse owners can pay dividends for retailers, Drizly says.

Since the Black-owned product tag was added on Drizly in 2020, Drizly consumers have increasingly sought out Black-owned brands. Following the launch of the tag in June 2020, daily sales for Drizly's top-selling Black-owned brands were up anywhere from 40% to 585% over May 2020 daily sales.

The volume of Black-owned brands available to shop on Drizly has also grown dramatically in recent years, with the catalog of Black brands expanding 10% in 2021 over 2020, and a whopping 115% over 2019. The volume of Black-owned SKUs on Drizly likewise grew by 45% in 2021 over 2020. Among Black-owned brands, offerings skew heavily toward the liquor category, which accounts for 57% of Black-owned SKUs; wine and beer hold 37% and 6% of share, respectively.

Both new and existing Black-owned brands are experiencing this growth on Drizly. The **McBride Sisters Collection**, which includes wines from California and New Zealand in traditional bottle and can formats, scaled 300% within the wine category on Drizly in 2021 alone. Similarly, **Uncle Nearest** whiskey – a longstanding favorite among whiskey purchasers – increased by 36% of share within the liquor category in 2021.

To drive continued support for Black-owned brands among consumers, the industry needs to make real change too – and part of that equation is evaluating product mix on store shelves. On Drizly, for example, the presence of Black-owned drinks brands is limited to the inventory of its retail partners. Drizly is proactively working with its partners to bring more Black-owned brands onto the platform and to make them more widely available.

Hella Cocktail Co. founder **Jomaree Pinkard**, whose brand has been among Drizly's most popular Black-owned products since 2020, believes the strategy to satisfy consumers and increasing diversity lies in year-round action. "The challenges will always be at the high level for underrepresented brands," he says. "The system isn't operated by underrepresented people – we're constantly knocking down doors that other people just open with a key."

Pinkard, whose brand is celebrating its 10th anniversary in 2022, believes it's crucial that retailers support Black- and minority-owned brands year-round in order to drive equality and inclusion. "It has to go beyond Black History Month because not only is that cliché, but broader transparency and expanded choice is what consumers are looking for year-round," he says

Bev/Al Imports Grew 17% in Value In December; Exports Up 25%

Total beverage alcohol imports (including bulk and packaged) grew +17% by value over the last twelve months and grew +10% by value over the last three months. 35% of all imported beverage alcohol by value came from Mexico over the last twelve months, according to **bw166**, which analyzed Commerce Department data.

Total beverage alcohol exports (included bulk and packaged) grew +12% by value over the last twelve months and grew +25% by value over the last three months. 28% of all exported beverage alcohol by value went to Canada over the last twelve months.

Key points by category from the report:

- Imported beer grew +8% by volume and grew +11% by value over the last twelve months. Over the last three months, imports declined -3% by volume and declined -1% by value. 76% of imported beer by value comes from Mexico.
- Exported beer grew +13% by volume and grew +41% by value over the last twelve months. Over the last three months, exports declined -13% by volume and declined -13% by value. 25% of exported beer by value goes to Chile.
- Imported packaged spirits for the last twelve months grew +15% by volume and grew +22% by value. Over the last three months, volumes grew +7% and grew +18% by value.
- Imported bulk spirits for the last twelve months declined -11% by volume and declined -23% by value. Over the last three months, volumes declined -24% and declined -34% by value.
- 36% of all imported packaged spirits by value arrived from Mexico while 32% of all imported bulk spirits by value arrived from Mexico.
- Exported packaged spirits for the last twelve months grew +12% by volume and declined -8% by value. Over the last three months, volumes grew +29% and grew +12% by value.
- Exported bulk spirits for the last twelve months grew +10% by volume and grew +19% by value. Over the last three months, volumes grew +75% and grew +55% by value.
- 18% of all exported packaged spirits by value is destined for Canada while 33% of all exported bulk spirits by value is destined for Canada.
- Imported packaged wine for the last twelve months grew +14% by volume and grew +25% by value. Over the last three months, volumes grew +2% and grew +19% by value.
- Imported bulk wine for the last twelve months grew +18% by volume and grew +26% by value. Over the last three months, volumes grew +7% and grew +17% by value.
- 34% of all imported packaged wine by value arrived from Italy while 22% of all imported bulk wine by value arrived from Chile.
- Exported packaged wine for the last twelve months grew +18% by volume and grew +21% by value. Over the last three months, volumes grew +13% and grew +6% by value.
- Exported bulk wine for the last twelve months declined -

25% by volume and declined -28% by value. Over the last three months, volumes declined -38% and declined -38% by value.

39% of all exported packaged wine by value is destined for Canada while 58% of all exported bulk wine by value is destined for the United Kingdom.

Splash Beverage Signs Heimark For Southern California

Splash Beverage Group, Inc. said it signed a distribution agreement with Heimark Distributing to distribute TapOut through the key Southern California markets.

UK's Royal Mash Vodka Names PACE Its U.S. Agent

Royal Mash Ultra-Premium Vintage Vodka partnered with PACE, a specialist Direct-to-Retail sales agency to handle the product across the country.

Royal Mash Vodka is distinguished by the exclusive Jersey Royal potatoes from which it is made. It is truly a 'vintage' vodka as it is made just once a year, when the world's finest potatoes – Jersey Royals – are harvested.

Royal Mash was created by Rachel de Caen, a trained chef, and Peter Le Fol du Taillis. The Royal link originates both from the potatoes and the Royal connections of the Jersey-based owners. The Royal Mash logo is the crest of the Le Fol family, who were ennobled by Henry IV in 1594.

The brand is sustainable using uses potatoes which are over- or under-sized for retail that would otherwise need to be ploughed back into the land.

Breakthru Beverage to Rep Remy Cointreau in Colorado

The agreement extends the two firms' partnership in Delaware, Illinois and Pennsylvania.

"Rémy Cointreau's reputation speaks for itself; their culture, progressive approach and way of doing business match those of Breakthru Beverage," "As Rémy's preferred partner in Illinois, their largest Cognac market in the U.S., we see an incredible opportunity to expand our success into new markets like Colorado," said **E. Lloyd Sobel**, Breakthru Beverage Group EVP, Chief Commercial Officer. "We intend to elevate this energy and commitment, striving to deliver the exceptional performance they have come to expect from us across their full luxury portfolio of brands."

Whipshots Goes National

Whipshots (Starco Brands), the vodka-infused whipped cream in partnership with global artist **Cardi B**, launched its national retail program through **Republic National Distributing Co.** Whipshots is available at GoPuff, BevMo, Liquor Barn, and Total Wines & Spirits beginning in California, Colorado, Washington and Florida, with additional regions being added monthly. Whipshots will be available for retail purchase in 50mL (\$5.99) and 200mL (\$14.99) sizes in all three flavors: vanilla, caramel and mocha.

New Products

The Macallan Offers a \$125,000, 81-Year-Old Whisky

The Macallan unveiled **The Reach**, a rare 81 Years Old single malt, is the oldest whisky ever released by The Macallan, created from a single, sherry seasoned oak cask. Crafted during the Second World War in a period of increasing hardship, The Reach was laid to rest in 1940 before The Macallan was compelled to close its doors for the first time in its history.

The Reach will be highly limited to only 288 decanters worldwide for an SRP of \$125,000. It went on display at The Macallan Estate Boutique Feb. 9. It will be available later in The Macallan domestic and travel retail Boutiques.

The dark whisky is encased in an exquisite decanter created from mouth-blown, hot glass, cradled on a bronze sculpture of three hands. Each hand represents characters in The Macallan's history and their unique story.

Hercules Mulligan Rum & Rye Debuts Off-Premise in NY

Hercules Mulligan Rum & Rye (43% ABV/\$38), formerly distributed only through direct-to-consumer **Flaviar**, launches on-premise in New York and plans to expand into additional markets. It's being distributed by **Empire**.

Troegs Intros Hop Horizon

Troegs Independent Brewing, Hershey, Pa., describes it as "your shortcut to where the sky meets the bines" an opportunity to smell a hop field in full bloom. "This juicy IPA starts with a subtle blend of pale malts, wheat and oats. But the real star of the show is the hop combination – featuring Citra, Mosaic and Sabro. We taste: juicy waves of citrus, hints of bubblegum and a pop of tropical fruit. This delicious new IPA clocks in at 6.5% ABV and is available here at Tröegs and everywhere our beer is sold," the company says.

Promotions

Smirnoff to Throw 'Most Epic Super Bowl Watch Party' for Alaskan Gold Miners

The miners are 100 miles north of Anchorage and love football but miss the amenities to normally tune in. This year they will as Smirnoff stages when it is calling "the most epic Super Bowl watch party ever."

As the first official vodka sponsor of the NFL, Smirnoff also ran a tect-to-win sweepstakes to award 56 lucky fans (in honor of Super Bowl LVI) "the ultimate Super Bowl Party watch kit perfect for the most unforgettable home-gating gameday. Starting of course with **Smirnoff No. 21**, the Super Bowl kit will feature 21 essentials all football fans need based on survey findings!"

Smirnoff and Super Bowl Champion, **Vernon Davis** will

also make surprise drops with all the fixings for a winning game day to essential workers in the LA area who are not able to tune into the Super Bowl.

Remy Cointreau to Launch Major Ad Push for The Botanist During Super Bowl

The ad will appear on all social media platforms. "This first large-scale campaign is a major milestone in the growth of The Botanist," Remy's gin brand, "and aligns perfectly with our strategic plan," says **Eric Vallat**, CEO. The amount of spending behind the campaign wasn't disclosed, although Vallat says Remy Cointreau "will mobilize all necessary resources" to make The Botanist "an undisputed leader in high-end gin by significantly increasing our marketing and advertising spending to boost the brand's visibility and desirability."

"Characterized by strong ties to its terroir, The Botanist is perfectly positioned to take advantage of the rapid advance of the gin category in the U.S. and new consumption trends like mixology and premiumization," he explained.

Who & What —

Desert Door Texas Sotol hires **Rachael Vallejo Carneglia** as director of marketing. She joins from the Austin Parks Foundation, where she was marketing director.

* * *

Survive Enterprises, a subsidiary of **Barton & Gustier France**, is renamed **BGPL USA** a representation of the three wine houses the company imports and distributes: Barton & Guestier, Patriarche and Listel – the three parent companies of the French Castel Group. **Carlos Varela** was recently promoted to CEO.

In addition to the name change, BGPL USA has bolstered its U.S. team, adding three hires in key markets. **Jessica Rutter**, California Sales Manager, brings 11 years of experience to her role with a strong background in sales, marketing and business strategy for Champagne and Fine Wines. An experienced sales representative, **Benjamin Aubry**, Illinois & Canada Field Manager, brings 10 years of wine industry knowledge to his position. Lastly, **Noemie Dauvissat** was promoted from Pacific NW Field Sales Manager to National Marketing Manager for BGPL USA, and previously held a position as Brands and Marketing Manager for Finewines in Vietnam.

Continued Success,
KANE'S BEVERAGE WEEK



JOEL WHITAKER, Editor