

# 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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## **UK to End 'Debilitating' Tariffs on American Whiskeys**

Retaliatory tariffs that cost U.S. distillers 42% of their exports to the United Kingdom, the fourth-largest U.S. market for American whiskeys, are going away. And a new pattern for trade agreements involving critical industries has been set.

In a historic agreement, the U.S. and UK agreed to allow “historically based sustainable volumes of UK steel and aluminum products to enter the U.S. market without the application of” punishing section 232 tariffs. In return, the UK has agreed to lift retaliatory tariffs on over \$500 million worth of U.S. exports to the U.K., including distilled spirits, various agriculture products and consumer goods.

The UK tariffs have been “debilitating,” said **Chris Swonger**, president, **Distilled Spirits Council of the U.S.**, and have resulted in a 42% decline in exports to the UK, the fourth largest market for American Whiskeys, to \$88 million in 2021 from \$150 million in 2018.

“Distillers throughout the United States are cheering the end of this long tariff nightmare. We toast the Biden administration for its resolve in bringing a stop to these punitive tariffs on American Whiskeys and securing the return to duty-free trade in spirits across the Atlantic.”

### **Brown-Forman, Beam Suntory**

**Brown-Forman Corp.**, the leading producer of American whiskey, in a statement by President/CEO **Lawson Whiting**, commended the Biden Administration for the agreement with the U.K., saying “American whiskey will again enjoy tariff-free trade between the U.S. and the UK as of June 1.” The EU had removed its tariffs of American whiskey one Jan. 1. “As the leading producer of American whiskey,” Whiting said, “Brown-Forman appreciates the Administration’s unwavering commitment to rebuilding the Transatlantic alliance. The removal of tariffs on American whiskey and other U.S. exports creates more opportunities for the continued international growth of our American-made products.”

**Beam Suntory** also praised the agreement. “This is great news for the hard-working men and women who produce Bourbon whiskey and for consumers in the UK. Tariff-free spirits trade benefited trading partners on both sides of the Atlantic for more than two decades prior to the imposition of the retaliatory tariffs, so the removal of these tariffs will enable Bourbon to resume a great American export success story. Beam Suntory appreciates the efforts of the Biden Administration, all in Congress who advocated for this outcome, and their counterparts in the UK who championed this agreement,” the producer of **Jim Beam** and other brands said.

In his statement, Swonger said that “from day one, the Biden administration made it a priority to reset the relationship with the EU and UK, two of our most important allies and trading partners. The successful resolution of two separate and complicated trade disputes that saddled distilled spirits on both sides of the Atlantic with tariffs could not have been possible without the strong leadership of Commerce Secretary Gina Raimondo, Ambassador Katherine Tai and their teams at the Departments of Commerce and Office of the United States Trade Representative.”

### **Focus on China**

Raimondo noted that in addition to novel smelt and cast requirements on aluminum, this deal also requires that any UK steel company owned by a Chinese entity must undertake an audit of their financial records to assess influence from

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the People's Republic of China government. The results of these audits must be shared with the United States.

Raimondo called the agreement "historic" and said it "will benefit America's steel and aluminum industries and workers by protecting manufacturing, as well as consumers by easing inflationary pressures in the U.S."

"By allowing for a flow of duty-free steel and aluminum from the U.K., we further ease the gap between supply and demand for these products in the United States. And by removing the U.K.'s retaliatory tariffs, we reopen the British market to beloved American products."

Tai, the U.S. Trade Representative, noted that "in addition to the UK eliminating the retaliatory tariffs against the U.S., we have also agreed to continue engaging on the threat posed by carbon intensive non-market excess capacity in the steel and aluminum industries."

### **A New Pattern for Trade Deals**

In our view, this agreement is historic because it sets a new pattern for trade agreements, focusing on the impact on workers. Until now, for the last 40 years, trade agreements have largely been based on the 18th Century Scottish economist Adam Smith's concept that people acting in their own self-interest would benefit society at large. In practical terms, this means it benefits everyone to buy the least-expensive products possible. But this view expressed by economists associated with the University of Chicago, led by Milton Friedman, ignores the impact on U.S. workers. Friedman spearheaded opposition to minimum wage legislation.

But the practical effect of Friedman's reading of Smith in the 20th Century was the destruction of many American industries that simply could not compete against cheap labor in Asian countries, notably China, a point noted by California vintner Charlie Barra in a 2015 interview with us. It's really tough, Barra said, to compete against wineries paying workers 10 cents an hour when you are paying \$7.50 an hour or more.

The laissez faire attitude of Friedman and his associates has come under attack by Bruce Kaufman, an economist at Georgia State University, who has argued that "a more inclusive, balanced and neutral review" of Smith's *Wealth of Nations* "reveals that while Smith definitely favored free trade and opposed protection as general principles, his noncompetitive model of labor markets, dynamic theory of production and humanistic social welfare criteria suggest that on both positive and normative grounds he might have favored a minimum wage set at the poverty level." Tariffs are a way of leveling the playing field between U.S. workers and those of other nations.

#### **Essential Products**

The world is vastly different now than it was in Smith's time, a point driven home first by World War II and more recently by the Covid pandemic. World War II demonstrated that countries must be able to produce essential products themselves with minimal reliance on other nations. That was the gist of the Trump Administration's argument in favor of imposing Section 232 tariffs on imported steel and aluminum, which resulted in the British retaliating with punitive tariffs on American whiskey and

some other products. In addition, the Trump Administration's position probably was driven by an awareness of the impact on American workers of cheap steel from China flooding the U.S. market. As Charlie Barra said, it's tough for an economy in which workers are paid at the level U.S. workers are paid to compete with economies in which workers are paid 10 cents an hour.

As for Covid, the benefits of domestic production of everything from personal protective equipment to vaccines was amply demonstrated during the pandemic. The U.S. could not quickly produce PPE because we had outsourced it to China, which (1) gave priority to fulfilling its own needs and (2) shut down production as it implemented its "no-Covid" policy. Meanwhile, the U.S. and other advanced economies were able to produce vaccines against Covid while low-wage economies even today largely lack those vaccines.

If it's unwise for a country to allow unfettered imports of critical products, such as steel, aluminum and vaccines, it is equally unwise to prevent a reasonable level of imports of any product. The best example of this is, ironically, the steel industry, and also the automobile industry.

As a result of World War II, Japan's steel industry, which like all steel producers prior to 1940 had used the open-hearth production method, was destroyed. When Japan set out to rebuild its steel industry in the 1950s, it turned to the modern basic oxygen furnace (BOF), which was more efficient and produced steel at lesser expense. U.S. steel producers — essentially just two companies, U.S. Steel and Bethlehem Steel — did not convert to the BOF with the result that over time their products became uncompetitive, users came to rely upon foreign steel production, the U.S. steel industry was largely destroyed and hundreds of thousands of workers lost their jobs.

As for the auto industry, in the 1960s the U.S. auto market was dominated by the "Big Three" automakers — General Motors, Ford and Chrysler, which had a combined U.S. market share of 85% or more through the 1960s. They became fat, happy and lazy. Meanwhile, the Japanese automakers began exporting small cars that were better quality and were less expensive to the U.S. market, and they began to capture market share from the Big Three.

At a press briefing introducing the Ford Mustang, Henry Ford II said Ford would continue to produce big cars, leaving the small car market to the Japanese, because "big cars equal big profits while small cars equal small profits." By 2018, the U.S. market share fell to an all-time low of 44.2%. Unlike the steel industry, the Japanese automakers, once they reached a critical level of U.S. sales, built factories here, employing U.S. autoworkers.

#### **Balancing Trade, Workers**

In our view, this agreement represents a balancing of free trade vs. protecting U.S. workers and industrial capacity, setting a level that will assure U.S. production of steel and aluminum while also allowing for imports. The unfortunate thing is that U.S. distillers paid the price for politicians to reach that agreement. Nonetheless, we suspect this agreement will set the pattern for future trade deals that will adopt the principle of free trade, but with limits that will prevent the wholesale destruction of U.S. industries.

**MillerCoors Archivist: We Used ‘Stone’ in Ads Before Stone Brewing was Founded**

A MillerCoors archivist may have driven a stake through the heart of **Stone Brewing Co.**'s lawsuit contending that MillerCoors violated Stone's trademark for "stone" in connection with alcoholic beverages.

Archival evidence shown in court confirmed that MillerCoors used "stone" in advertising for Keystone Light just a couple of years after the economy brand debuted in 1989. Stone Brewing was founded in 1996.

Molson Coors lawyers showed cases of beer, some still full and unopened, and dozens of marketing and advertising proofs to bolster its contention that even before Stone Brewing was founded, MillerCoors used "stone" to build up interest in its brand. Among the items: a large, plastic, blue and lime green wall clock with the words, "Time to party with the stone," in its center. The clock dated to the 1990s.

"The Keystone family of brands has consistently used the term '30 stones' since 1995 to current, there is other evidence and material from the archive that consistently uses the term 'stones,'" MillerCoors archivist Heidi Harris testified.

The company didn't begin using the word "stone" on packaging consistently until it introduced a 30-pack of Keystone Light in 1995, she said. "This is an introduction pack, so they want to make it big and different compared to the other packaging that's on the market," Harris said of the 1995 packaging which featured a gold sunburst with the words "Six Extra Inside" in large font.

She displayed T-shirts featuring NASCAR driver Wally Dallenbach Jr.'s red race car with the word "stone," and a poster of Dallenbach from 1992 contained the phrase "roll with the stone."

On cross-examination, Stone Brewing's attorney got Harris to concede that Keystone Light was rebranded in 2017 to center its branding around "stone."

**Bev/Al Sales Up Double-Digits in Key States**

Bev/al sales in all key states tracked by CGA are now double-digit positive versus 2020, with the latest week being the first to be affected by COVID-19 two years ago. Some cities jumped the gun on St. Patrick's Day, choosing not to wait for the day itself but rather to celebrate on the preceding. Chicago experiencing a 34% uplift versus the average Saturday in 2022, driven by higher traffic (64%).

Over recent weeks, velocity in the US has been steady, and trends versus 2021 remain strong for Total US (+27%). BeverageTrak data reveals trends are slightly lower in Florida (+13%) and Texas (+8%) versus last year due to far fewer COVID-19 restrictions in these states compared to New York, Illinois and California.

What about key states? According to CGA:

**Florida**

- Sales velocity is now +31% vs March 14, 2020
- Sales velocity is now +13% year-over-year (comparing the same week one year prior)
- Sales velocity is now +2% vs March 5, 2022

**Illinois**

- Sales velocity is now +40% vs March 14, 2020
- Sales velocity is now +42% year-over-year (comparing the same week one year prior)

- Sales velocity is now +4% vs March 5, 2022

**California**

- Sales velocity is now +72% vs March 14, 2020
- Sales velocity is now +56% year-over-year (comparing the same week one year prior)

- Sales velocity is now +3% vs March 5, 2022

**New York**

• A later Winter storm in New York, which cut power and caused disruption, resulted in trends of -29% in the state for the most recent Saturday versus the previous Saturday

- Sales velocity is now +59% vs March 14, 2020
- Sales velocity is now +50% year-over-year (comparing the same week one year prior)

- Sales velocity is now -1% vs March 5, 2022

**Texas**

- Sales velocity is now +38% vs March 14, 2020
- Sales velocity is now +8% year-over-year (comparing the same week one year prior)

- Sales velocity is now -3% vs March 5, 2022

**Matthew Crompton**, CGA Client Solutions Director, Americas, said: "The market is now +27% versus the same time in 2021, so it's fair to say that the channel is continuing to build back at speed."

Crompton said CGA was preparing to launch "our biggest ever enhancement to OPM, our flagship measurement service. These new enhancements will be an industry-first in terms of the level of detail we can provide – making 20 DMAs, 20 states and sub-channels available for share and

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trend tracking.”

## St. Patrick's Day Beer Sales Doubled In Year, Advanced 9% from 2019

Across the nation, on-premise returns for St. Patrick's Day were up significantly, **BeerBoard** reports. Draft volume was up 118.5% nationally when compared to 2021. In looking back at 2019, the last fully-open holiday prior to Covid shutdowns, 2022 saw a solid 9% growth in volume.

**A Bump for Light Lagers and Lagers:** Light Lagers and Lagers saw a healthy bump on the day when compared to 2021. Light Lagers were up 116%, while Lagers advanced 74%. After seeing a slight dip last year, IPAs rocketed back and were up 169%. **Bud Light, Michelob Ultra** and **Coors Light** were the Top 3 brands poured nationally on the day this year.

**Stouts (aka Guinness) Outperform Average:** After a shocking decline in 2021 (albeit a nominal one), Stouts were back and in a big way, BeerBoard said. Typically checking in at #11 on the list of Top Styles, Stouts climbed all the way to No. 6 for the Holiday and saw 137% volume growth nationally. **Guinness**, the top-poured stout, and normally sitting just outside the Top 10 brands, moved up to the No. 8 brand for the day.

**St. Patrick's Day Hubs Bounce back:** Two major American cities, both noted for their St. Patrick's Day celebrations, realized a major lift. New York City and Chicago, each under heavy restrictions the past couple years, welcomed back revelers in fine fashion. In NYC, volume was +507% over 2021 and saw Bud Light as the No. 1 poured beer (Guinness checked in at #3). Chicago, which goes as far as to dye the Chicago River green for the day, was up 628% over 2021. Coors Light was the top-poured draft in the Windy City, while Guinness clocked in at #5.

## Who Is Gen Z and What Are They Drinking?

Demographically, Gen Z is legal drinking age consumers 21 to 25 years old. “Gen Z is the first generation of true digital natives,” says **Liz Paquette**, Drizly's head of consumer insights. “They are used to shopping online for anything and everything, so as they become 21 and over, they seek the ease and convenience of online shopping and delivery even more so than previous generations.”

They're the most racially and ethnically diverse generation in U.S. history, and they're on track to be the best-educated generation, too. These digitally savvy buyers prefer to stand out rather than fit in—both of which influence alcohol purchasing decisions.

Compared to other generations, here's Gen Z's purchases on Drizly:

- Liquor: 48 percent (vs. 45 percent)
- Wine: 28 percent (vs. 38 percent)
- Beer: 21 percent (vs. 15 percent)
- Extras: 3 percent (vs. 2 percent)

Light and fruity flavors are preferred when Gen Z makes alcohol purchasing decisions, as are lower sugar and calorie count beer alternatives. In fact, Gen Z is the key driver in ready-to-drink cocktail purchases on Drizly, which, at eight

percent share of liquor sales, is rising to compete with hard seltzer.

When it comes to liquor, Gen Z over-indexes on soju (26 percent share), tequila (eight percent share), and rum (seven percent share).

Wine has the biggest gap on Drizly between Gen Z purchasers and people in other generations. Gen Z only accounted for a three percent share of total wine sales on Drizly in the past year. There are some wine subcategories Gen Z over-indexes on, however, including wine spritzers (seven percent), Champagne and sparkling wines (five percent), and rosé (five percent).

“For this youngest generation, we've seen a lower spend overall and more of an appetite for ‘value’ wines,” says Rene Brown, a wine educator at Napa's [Sequoia Grove Winery](#). “Since these consumers are still in the first stages of their wine journey, they're not quite ready to commit to more expensive wines and multiple bottles (as opposed to more experienced, older consumers). We're also noticing the Gen Z contingent preferring fresher wines like rosé and sauvignon blanc.”

The top brands purchased by Gen Z on Drizly tracks with the generation's preferred categories and subcategories. White Claw, Don Julio, Truly, Espolòn and Hennessy all ran higher among Gen Z purchasers.

## Distillers Review Proposed SEC Rule On Disclosing Greenhouse Gases

The **Distilled Spirits Council of the U.S.** said it was reviewing a proposed rule by the Securities & Exchange Commission that would require publicly held companies to provide in their SEC filings detailed information about their greenhouse gas emissions.

“As an industry, we have a long-standing commitment to sustainability and continue to seek ways to reduce our footprint and protect our environment and natural resources,” DISCUS said. “In fact, we recently partnered with the U.S. Environmental Protection Agency to launch the *Eneergy Star Guide for Energy Efficiency and Cost Saving Opportunities for Distilleries* which outlines nearly 180 energy savings and efficiency opportunities specifically for distilleries. As producers of agriculturally based products, we know careful stewardship of the environment is essential for the continued success of our great industry and look forward to continuing our work in this area.”

We asked **Wine Institute** and **Beer Institute** for comments on the SEC's proposed rule. As of press time, they had not responded.

## Michter's 10 Year Bourbon Release Held Back Until 2023

**Michter's Distillery** will be waiting until 2023 to release its 10 Year Bourbon.

“Over the more than two decades since we restarted Michter's in Kentucky, we have had several years where we've chosen to hold back particular offerings,” observed Michter's President Joseph J. Magliocco. “Our goal is to put out the greatest American whiskey. When we think something is already wonderful, but will become spectacular with

a bit more aging, we have not been shy about waiting to release it. When it comes to whiskey, there's no substitute for patience and time."

"I'm proud to be at a company that is so laser focused on offering top quality whiskey. This continues the protocol set by our late Master Distiller Willie 'Dr. No' Pratt," commented Michter's Master Distiller **Dan McKee**. Many years ago, Pratt earned this nickname from Michter's Executive Vice President Steve Ziegler for his refusal to release any whiskey until he felt it was just right.

The Louisville distiller plans to keep the barrels originally slated to be bottled this year for one further year of aging. Michter's Master of Maturation **Andrea Wilson** stated, "Bourbon enthusiasts often tell us how much they love our 10 Year Bourbon for its depth and complexity. While we know our Michter's supporters will be disappointed, just know we are continuing to stay true to our philosophies of who we are as a company and as a brand by always delivering extraordinary whiskey to those who are willing to wait."

Michter's 10 Year Bourbon has a suggested retail price of \$160 in the United States.

## Highclere Castle Gin Launches Multi-Million Dollar Crowdfund

**Highclere Castle**, known to millions of fans around the world as "the real Downton Abbey", is inviting fans to invest in Highclere Castle Gin, one of the fastest growing and most awarded gin brands in the world.

Investors will be invited to attend cocktail masterclasses, exclusive events, both virtual and in person, and top investors may get the exceptionally rare opportunity to stay on Highclere Castle's grand estate. Investors will appreciate the benefits of ownership in Highclere Castle Gin, including an invite-only cocktail event at Highclere planned for September 2022 for certain tiered investors.

Participation in this investment opportunity starts with a minimum investment of \$150 per share. The purpose of the crowdfund capital raise is to invite consumers to participate in the international growth and expansion of Highclere Castle Gin in a meaningful way, allowing them to appreciate future profitability and /or a future liquidity event.

Highclere Castle Gin was launched in 2019 and quickly spread throughout the US, UK and Europe, with e-commerce partners shipping to 40 US states and 27 EU countries.

For more info: <https://wefunder.com/highclerecastlegin>

## 7 in 10 Consumers Would Boycott Product Made In or Imported from Russia

That's according to a survey by 5WPR, the large public relations agency, which found that 84% of Americans surveyed are feeling the direct impact of inflation, but 74% are still in favor of sanctions against Russia, even if it means higher prices. In fact, 7 in 10 said they would boycott a product after learning it was produced in or imported from Russia.

And 77% said they are now more inclined to support Ukrainian brands and businesses. And only 16% of Ameri-

can consumers surveyed oppose boycotts of American companies still operating in Russia. Some 71% said a brand's decision to cut off ties with Russia to support Ukraine impacted their perception of the brand for the better.

And nearly half of consumers surveyed said donating to Ukraine relief is the most meaningful action a brand can undertake right now — far better than simply issuing a statement.

## 80% of Calif. Wine Made In Sustainable Wineries

In advance of California Wine's annual "Down to Earth Month," which celebrates the industry's commitment to protecting and enhancing the land, regions and wine industry for future generations, **Wine Institute** said California is a world leader in sustainable winegrowing:

- ✓ 80% of California wine (255 million cases) is made in 178 certified sustainable wineries.

- ✓ 55% of California's vineyard acreage is certified sustainable.

- ✓ 2,402 Certified California Sustainable Winegrowing vineyards farm 204,857 acres, or 33% of California winegrape acres.

- ✓ Another 22% of California winegrape acres are certified to other sustainability programs — including Fish Friendly Farming, LODI RULES, Napa Green, and Sustainability in Practice (SIP Certified) — with some vineyards certifying to more than one program.

"As the fourth largest wine-producing region, California has the most comprehensive and widely adopted sustainability programs in the world," said **Robert P. Koch**, president/CEO of Wine Institute. "April is the perfect time to support our member wineries across California, whether by visiting to taste and learn in-person or virtually."

## Brand Napa Valley Intros Vineyard N°95 Cabernet Sauvignon

The new Vineyard N°95 Cabernet Sauvignon joins the Brand's portfolio of estate-produced wines, including Brand Cabernet Sauvignon, Brand Proprietary Blend, and Brand White Wine. Harvested from the property's vineyard at 1,200 feet, this Bordeaux-style blend is aged in French oak for 20 months and bottled unfined and unfiltered.

"We are excited to introduce Brand Vineyard N°95 this year as we continue to develop our portfolio and explore the concept of place that we find so special at Brand," said **Jim Bean**, co-proprietor of Brand Napa Valley. "As our decade-old vineyards continue to mature, the characteristics of each distinct site are being revealed."

## The Most Popular Liquors in Every State

The people over at [Upgraded Points](#), a travel website, ran some keyword searches to determine the most popular liquor in every state. It found 11 different types are popular in at least one state.

This even includes less common liquors like Nevada's most popular liquor, absinthe, and Utah's most popular liquor, vermouth.

While a lot of different liquors are the most popular in at least 1 state, for many of the staple liquors, 1 state is as far as things go. For example, gin is only the most popular liquor in Washington, D.C., rum is only the most popular liquor in Hawaii, brandy is only the most popular liquor in Wisconsin, and bourbon is only the most popular liquor in Kentucky.

Whiskey is the most popular in 18 states, followed by vodka in 15, Cognac, Scotch and Tequila in four states each. In terms of the most popular liquor brands in each state, Malibu is the leader in five states, followed by Appleton Estate in four, Ciroc in three, Hennessy in three and Jose Cuervo in three.

## Napa County Eases Requirements For Micro Wineries

A new ordinance allows Napa Valley Winegrape growers to build a "micro winery" and sell its product at their family farms.

The new ordinance requires micro wineries to ferment at least 201 gallons of wine with estate-grown fruit every year. (A home-based wine production can ferment up to 200 gallons in Napa County.)

Also, micro wineries can produce up to 5000 gallons of wine annually. At least 75% of the fruit must be estate grown either on the property or on contiguous parcels under the same ownership. In addition, the structures on the property have to total 5,000 square feet or less in size. Micro wineries have to conform to all regulations, including the American with Disabilities Act rules.

Under the new law, micro winery cannot generate more than 10 round trips per day by staff and customers. No marketing events are allowed. Vineyard properties must total at least 10 acres.

## Vintner Pleads Guilty to Killing Cyclist While Driving Drunk

Ulises Valdez Jr. pleaded guilty in Sonoma County Superior Court to killing a cyclist and costing a 12-year-old boy his leg while driving drunk.

The counts included gross vehicular manslaughter while intoxicated, driving under the influence of alcohol causing serious injury, and driving with a blood alcohol content above the legal limit.

Prosecutors said he drank at at least two bars before racing with a friends and losing control on a curve with the accelerator "100% depressed."

Va;dez's late father founded Valdez Family Winery.

The Toasts Not Tariffs Coalition consists of 50 U.S. trade associations representing the entire three-tier chain of the U.S. beverage alcohol sector (i.e., at the producer, importer, wholesaler, retailer and on-premise levels) united in opposition to U.S., EU and UK tariffs on beverage alcohol products.

## Maine Legislature Extends Cocktails-to-Go to 2025

The Maine Legislature passed and sent to Gov. Janet

Mills (D) a bill extending cocktails-to-go in the state until March 30, 2025.

"Not only does this measure provide increased convenience for consumers, but it also gives restaurants a stable source of revenue as they work to recover from the pandemic. We are grateful the legislature acted to extend this consumer- and business-friendly measure and are hopeful Governor Mills will sign it into law swiftly," said Jay Hibbard, vp-state government relations, **Distilled Spirits Council of the U.S.**

Eighteen states and the District of Columbia have passed legislation to make cocktails to-go permanent, and 14 other states passed legislation to allow cocktails to-go on a temporary basis.

## Champagne Shipped Over 34 Million Bottles to U.S. in 2021

**Champagne Bureau, USA**, said 34,119,758 bottles of Champagne were shipped to the United States in 2021, a 63.9% increase year-over-year in the adjusted final annual figures and the most bottles shipped to any country outside of France. In addition, the value of these shipments reached more than \$872.5 million (€793.5 million) in 2021, again the highest of any country outside of France. Globally, Champagne shipped 322 million bottles in 2021, an increase of 32 percent from 2020 as COVID-19 restrictions eased worldwide.

"Champagne has bounced back as the United States made progress towards recovery from the global pandemic, including a return to in-person celebrations and fewer restrictions at restaurants and bars across the country," said **Jennifer Hall**, director of the Champagne Bureau, USA. "We are proud to say that not only did Champagne shipments to the United States rebound last year, but the United States led all countries in shipment volume for the first time in decades."

The closure of primary consumption and sales hubs, along with the cancellation of in-person events, put pressure on the Champagne industry globally in 2020. However, thanks in part to steps taken by the Comité Champagne to preserve the economic fabric of the Champagne industry and consumers finding new ways to enjoy Champagne even in the face of unprecedented restrictions, global shipments increased by 32% year-over-year in 2021.

The Champagne industry has weathered global upheaval before, most recently following the 2008 financial crisis. Shipments to the United States fell nearly 27 in 2009. However, as in 2021, the shipments quickly bounced back, and the industry subsequently saw seven consecutive years of growth in the United States between 2012 and 2019, with an average 6.2% growth in volume per year. Champagne now hopes for a similar cycle of growth as the industry heads into 2022 and beyond.

## Eastside Distilling Secures \$3 Million Credit Facility

**Eastside Distilling, Inc.** said it has closed a new secured credit facility of up to \$3 million in available principal amount with TQLA, LLC.

The Company has entered into a definitive agreement with TQLA, LLC to accept a one-year loan of \$2 million with a conditional additional loan of \$1 million and a conditional term extension of six months. The loan will bear interest at 9.25% and carry a commitment fee of 2.5%. The Company will issue a common stock purchase warrant to TQLA covering the loan amount with a strike price of \$1.20.

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This even includes less common liquors like Nevada's most popular liquor, absinthe, and Utah's most popular liquor, vermouth.

While a lot of different liquors are the most popular in at least 1 state, for many of the staple liquors, 1 state is as far as things go. For example, gin is only the most popular liquor in Washington, D.C., rum is only the most popular liquor in Hawaii, brandy is only the most popular liquor in Wisconsin, and bourbon is only the most popular liquor in Kentucky.

Whiskey is the most popular in 18 states, followed by vodka in 15, Cognac, Scotch and Tequila in four states each. In terms of the most popular liquor brands in each state, Malibu is the leader in five states, followed by Appleton Estate in four, Ciroc in three, Hennessy in three and Jose Cuervo in three.

## New Products

### Mike's Hard Intros 'Slushies'

**Mike's Hard Lemonade** is bringing back the 90's with new Mike's Hard Freeze, a collection of four refreshing, throwback flavors that will remind you of your favorite slushy flavors. In fact, more than 70% of consumers<sup>1</sup> crave nostalgic flavors, reminding them of simpler times and carefree days.

**John Shea**, chief marketing officer, Mike's Hard Lemonade Co., said, "Mike's Hard Freeze was inspired by 90's nostalgia with throwback flavors, colors, and packaging. As a first for Mike's Hard Lemonade, we crafted four refreshing, delicious and sessionable flavors to create a taste experience that brings back that 90's nostalgia."

All four flavors come in a 12-can variety pack. Both Blue Freeze and Red Freeze will also be available in 23.5oz. single-serve cans. Mike's Hard Freeze is 5% ABV and comes in four refreshing flavors.

In addition to **Blue Freeze**, which tastes just a melted blue raspberry slushy flavor, and **Red Freeze**, a liquified classic red cherry berry slushy, Mike's also offers **White Freeze**, inspired by an indulgent, chilled creamcicle flavor, and **Pink Freeze**, which tastes like a frosty pink lemonade slushy.

The brand is launching a fun, integrated campaign that will transport consumers back to the 90's. They're bringing this rad decade to life through a mix of social, digital, and influencer content and live events from now through the summer. Mike's Hard Freeze will be pulling consumers into the 90's through the Freeze Factory, a magical place where the colors, flavors, and influences of the 90's are infused into eve-

ry can of Mike's Hard Freeze: [Boy Band :15](#).

### Infinium Spirits Adds 2 Flavors To Seagram's Vodka Portfolio

The two new flavors are [Seagram's Strawberry Lemonade Vodka](#) and [Seagram's Mango Pineapple Vodka](#). "Vodka is the largest value spirits category and the #2 spirits category overall – and we are proud to say that Seagram's Vodka checks both of those boxes," said **Marcel Durand**, vp-marketing, **Infinium Spirits**. "Our goal with these new flavor launches is to introduce more consumers to our quality, mixable product at an affordable price, especially ahead of the warmer weather." ABV: 35%, SRP: \$12.99.

### OldKnow Bev Co. Creates 1st Rtd Absinthe Seltzer

**OldKnow Bev Co.**'s **Verte Absinthe Spirited Seltzer** is said to be the first Absinthe-based seltzer in the U.S.

Absinthe is an herbaceous elixir with a long tradition of lore, intertwining the romance of the spirit and its use by artists, writers and bohemians throughout the centuries. Absinthe was created in the 1790s by Pierre Ordinaire, a French doctor living in Switzerland. Ordinaire created absinthe with the intent for it to be used as an alcohol-based elixir distilled from the bitter-tasting herb *Artemisia absinthium*, or wormwood. OldKnow is based in Rabun Gap, Ga.

### Lagunitas Brews its First Sparkling Hard Tea

**Lagunitas Brewing Co.** launches [Disorderly TeaHouse](#) premium spiked and sparkling tea. This freshly brewed, just slightly sweet hard tea features natural fruit flavors, such as yuzu lemon, raspberry and blackberry.

**Disorderly TeaHouse** is the first hard tea to be fresh-brewed with premium [guayusa tea](#) leaves that are hand-picked by Indigenous farmers from Ecuador. Guayusa [gwahy-yoo-suh] is described as "ancient energy" and Lagunitas deliberately chose it because of its slightly sweet, smooth, and never bitter flavor.

"Lagunitas saw an opportunity to create our first hard tea that taps into people's growing demand for a better-for-you alcoholic beverage — coming in at just 100 calories with 0 grams of sugar and gluten-free. Nothing artificial," said **Paige Guzman**, Lagunitas' Chief Marketing Officer. "We've seen the hard seltzer and premium malt beverage market become so oversaturated, and wanted to offer up an alternative that spoke to the authenticity of our heritage in the craft brewing process and gives consumers a more premium offering."

Hard teas are building in popularity among consumers. In fact, tea is growing at 50%, which is 8 times faster than total beer, according to Numerator.

### Epic Brewing to DtC to Ohio

**Epic Brewing Co.**, Salt Lake City and Denver, is now shipping beer direct to Ohio consumers.

### Bombastic Brewing Enters 3 States

**Bombastic Brewing**, Hayden, Id., is expanding into Ida-

ho, Washington and Utah and is planning to enter Oregon and Montana.

**Orcas Distributing, Ltd.**, is distributing Bombastic at retailers in Washington, including several Total Wine & More and BevMo! locations, plus smaller specialty shops. **Northwest Specialty Beverage**, based in Boise, is distributing Bombastic throughout Idaho, and **Golden Beverage** is distributing Bombastic in Utah state liquor stores by special order.

## Advertising & Marketing

### Kendall-Jackson, Kentucky Derby Unveil Two Commemorative Wines

**Kendall-Jackson** released two co-branded, limited-edition wines to honor a partnership in which Kendall-Jackson is the Preferred Wine of the Kentucky Derby. Blending the Jackson family's legacy for award-winning winemaking and Thoroughbred horse racing, the commemorative Chardonnay and Cabernet Sauvignon are the first of several releases planned to launch annually, leading up to the 150<sup>th</sup> running of the Kentucky Derby in 2024.

"Our family's legacy in winemaking runs deep, and while many wine enthusiasts across the nation recognize Kendall-Jackson as the makers of America's favorite Chardonnay, our family's endeavors in the horse racing world are lesser known," said **Barbara Banke**, chairman and proprietor, **Jackson Family Wines**.

This year's limited-edition Kentucky Derby x Kendall-Jackson wines will prominently feature the Kentucky Derby icon along with an artist's rendering of Stonestreet's homebred champion Good Magic, who ran in the 2018 Kentucky Derby and finished second behind Justify, who went on to win the Triple Crown.

### Peroni Launches 'Live Every Moment'

**Peroni Nastro Azzurro**, Italy's premium lager, announces "Live Every Moment" the brand's new lifestyle campaign inspired by the brand's style and Italian heritage. The new spots mark Peroni's first major lifestyle creative in two years and began airing March 14.

Shot in the Italian, cliffside village of Positano, the "Live Every Moment" TV spot brings to life a perfect summer day on the Mediterranean and pairs stylish locales and alfresco gatherings with the crisp, refreshing taste of Peroni.

The launch of the campaign marks the latest initiative for Peroni to grow share and for Molson Coors to premiumize its beer portfolio. While total European Imports stayed essentially flat at +0.1% in 2021, Peroni's off-premise velocities grew 27.9%, outshining the category. Year to date, Peroni has also increased its dollar sales by 9% while the remainder of the category has fallen according to IRI multi-outlet and convenience data.

The "Live Every Moment" campaign will come to life on TV in select markets including New York, Miami and Los Angeles, on streaming and online video and in paid and organic social, influencer marketing, OOH and retail.

In addition, Peroni offering fans the opportunity to win passport renewal upgrades and a dream trip to the Amalfi

Coast where the "Live Every Moment" campaign was filmed.

One lucky fan will win \$20K to upgrade their next trip to the Amalfi Coast, while an additional 50 fans will win the funds to renew their passport ahead of future travels. For those looking to bring a bit of Italy to their homes, 500 fans will win the funds for a six-pack of Peroni.

### Johnnie Walker Funds Official Anthem For All-Women's Angel City FC

Johnnie Walker (Diageo) launches "First Strides," a long-term initiative "that aims to celebrate, inspire and enable those people and organizations that are taking bold steps towards progress, and pushing boundaries to move culture forward for all."

To kick off the program with a special nod to strides being made for women's progress, Johnnie Walker and partners at the National Women's Soccer League's LA-based Angel City Football Club tapped five-time Grammy Award-winning artist Brittany Howard and LA-based artist Tia P. to create "[Running with the Angels](#)," the first original anthem for a U.S. women's professional sports team and the official anthem for the ACFC team.

Along with the anthem release, Johnnie Walker will enable more people to take bold steps towards progress through a series of First Strides grants. Anyone 21+ can apply for a First Stride grant but the brand will continue to dedicate funding to communities where inequality exists.

Through a partnership with the go-to funding marketplace for women-owned businesses [IFundWomen](#), Johnnie Walker will continue to support women entrepreneurs and fuel women-owned businesses. The brand is also introducing a grants and mentorship program with first-of-its-kind streaming service [Blacktag](#), who is changing the model for pay equity among Black creators.

## Who & What —

**KLG PR** adds **St. George Spirits**, which is celebrating its 40th anniversary, to its client roster. St. George's family of spirits includes single malt whiskey, absinthe, several gins, vodkas, brandies, and liqueurs.

**Atwater Brewery**, Detroit, taps **Katy McBrady** as its new president. She joins Atwater, a Molson Coors unit, from Classic Beverages of California, where she served as vp-sales and marketing.

**Buchholtz Perkin**, an M&A Advisory Firm which launched in 2020, said **Si Brown**, former president/CEO of Bruce Foods Corp., will join as a Managing Director, Head of Food & Beverage.

Continued Success,  
KANE'S BEVERAGE WEEK



JOEL WHITAKER, Editor