

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. 13

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

April 1, 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	

Southern Glazer's Wine & Spirits Expands Distribution Relationship with Phillips Distilling

As this issue of *Kane's Beverage Week* went to press, **Southern Glazer's Wine & Spirits**, which has been representing **Phillips Distilling Co.** in the Central U.S., said it will now represent Phillips nationwide, except Iowa, Nebraska, the Dakotas and Minnesota. As a result, Phillips will realize significant route-to-market efficiencies and better benefits from Southern Glazer's national scale and expertise, Southern said. **Andy England**, Phillips president, said he was excited by the opportunities the expanded relationship presents.

Provi Says Southern Glazer's, RNDC Harm Bev/Al Competition

Southern Glazer's Wine & Spirits LLC and **Republic National Distributing Co. LLC** have unlawfully sought to stifle the growth of Provi, a new online marketplace for alcohol products, Provi said in an antitrust complaint filed in the Northern District of Illinois.

Southern Glazer's has also, Provi said, "unlawfully forced retailers to use its own online marketplace, SG Proof ("Proof"), by tying online sales of its alcohol products to use of that specific marketplace." Not only does the alleged action hurt Provi's business, but it also hurts "alcohol producers, other distributors large and small, thousands of retail customers, and countless consumers across the country."

Both Southern Glazer's and RNDC in statements said they were acting lawfully and denied their actions violated antitrust laws.

The complaint notes that President Biden in 2021 signed an Executive Order directing the Secretary of the Treasury—in coordination with the Federal Trade Commission ("FTC") and the Department of Justice ("DOJ")—to assess "threats to competition" in the industry. The Secretary's Report to the president specifically identifies large distributors, like Southern and RNDC, as two such threats, stating "distributors with a larger national footprint may be able to leverage their size and enter exclusive agreements with producers that tend to push out smaller competitors."

Defendants enjoy substantial market power because retailers: (i) must buy certain brands from them in particular; and (ii) are significantly less likely to split their basket of orders once they are already shopping directly with Southern or RNDC to buy lesser-known products from other distributors, even if those distributors offer better prices or service.

The defendants online alcohol marketplaces do not include other distributors products, the complaint says, but they also give Southern Glazer's and RNDC "access to valuable purchasing data that further entrenches them with retailers and allows them new monetization streams, including advertising and data analytics. As RNDC has explained, "Data has become the key to unleashing new value and insights in the end-to-end distribution process." It is for this reason that RNDC is "focused on strengthening [its] end-to-end selling model with new digital capabilities." Southern's vision is similar, Provi alleges.

Provi, on the other hand, seeks to offer "all licensed distributors and retailers a one-stop-shop to browse and buy all available products for purchase, not just those of a particular distributor like Southern or RNDC. Founded in 2016 by entrepreneur **Taylor Katzman**, Provi offers a single marketplace where retailers can search for products across distributors, fill their shopping carts with products, and

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

then click a button for Provi to communicate the order to all relevant parties for fulfillment.”

Provi makes life easier for retailers, it says, while giving visibility to “hundreds of small distributors across the country that only carry lesser-known or up-and-coming commodity or craft beverages.”

From as early as 2016 until the latter half of 2021, Defendants fulfilled over 120,000 alcohol orders totaling nearly \$200 million in revenue that they received from retailers through Provi the complaint says. “Scores of Southern and RNDC sales representatives created their own accounts with Provi’s online marketplace to handle retail orders through Provi. As a result, Southern and RNDC reaped substantial profits from retailers that chose to use Provi, while Provi grew quickly in popularity and scale.”

In April 2019, Southern and RNDC released their own marketplaces, and then in summer 2021, nearly simultaneously announced that they would no longer work with Provi and would stop accepting orders that retailers choose to submit through Provi’s marketplace. They also blocked emails from Provi so that orders retailers submitted to the Defendants through Provi could not reach their sales representatives.

Southern and RNDC “took these actions specifically and intentionally to foreclose competition and maintain and extend their market power. For example, when national restaurant chain Red Robin complained about the Provi boycott, Southern responded that there was “good news” because Red Robin “should already be using Proof.” **Alan Rosenberg**, General Counsel for RNDC, similarly admitted that “RNDC will continue to . . . steer our customers towards” eRNDC and “away from Provi” even though retailers prefer an ordering mechanism that encompasses all distributors.

Defendants’ conduct has unlawfully restrained competition among alcohol distributors, online alcohol marketplaces, and related advertising and data analytics providers, Provi said, adding it has harmed suppliers, retailers, and consumers by maintaining and extending Defendants’ market power, increasing costs, stifling innovation, and reducing output. They also have unlawfully harmed competition in key markets that otherwise could revolutionize the sale and marketing of spirits and wine in the United States, including the markets for spirits and wine search advertising on online alcohol marketplaces and data analytics services for spirits and wine, Provi alleged.

In its complaint, Provi cited a 2022 Treasury Department report that “identified distributor consolidation in the wine and spirits markets as ‘the greatest threat to competition in the alcohol market.’ The Treasury report explained that the enormous market share of distributors like Southern, combined with long-term exclusive agreements, allows distributors to ‘accomplish indirectly what regulators would never allow them to accomplish directly,’ as ‘distributors with a larger national footprint may be able to leverage their size and enter exclusive agreements with producers that tend to push out smaller competitors.’ This is just what Defendants have done and continue to do, to the detriment of competition in various relevant markets and ultimately consumers.

The report cites states’ franchise laws as “insulating distributors from competitive market forces” because a supplier that wishes to terminate a distributor for good cause must undertake numerous, time-consuming, and costly steps.” The complaint goes on to say that “When Bacardi, the second largest U.S. spirits supplier by sales, tried to switch distributors to Southern in 2015, it sought—at considerable expense and burden—a declaratory judgment to mitigate the risk of a lawsuit by the distributor. It then named Southern its exclusivedistributor in more than 40 states, further enhancing Southern’s substantial market power.”

NJ’s Top Bev/Al Distributor Signs with Provi

Provi’s antitrust suit comes just days after **Allied Beverage Group**, New Jersey’s largest and most comprehensive wine and spirits distributor, signed with Provi. Retailers will get access to Allied’s current portfolio with up-to-date inventory, real-time product discounts and a direct line of communication to sales reps.

“Our goal is to offer our customers the greatest possible access to our products,” said **Corey Bronstein**, Allied’s general manager, senior vp-sales and marketing. “To that end, our collaboration with Provi will allow us to showcase our broad product portfolio on a marketplace that we are confident will continue to become more important to the customers we serve. The Provi team has proven their priority is on customer experience and ease of use, which aligns perfectly with our operating principles; thus, collaborating with Provi so deeply just makes sense.”

By integrating Allied’s diverse portfolio of more than 15,000 SKUs into Provi’s marketplace, Allied sales reps will now be able to complete entire ordering processes with customers in one, streamlined place. Allied customers can access the site 24 hours a day, placing orders at times that work best for them, while Allied sales reps can keep track of incoming orders and communicate directly with accounts, allowing for more time to build relationships with new and existing customers. As part of the new relationship, Allied will have its own dedicated space within Provi’s marketplace, showcasing new releases, seasonal selections and announcements in a branded experience optimized for Allied’s customers.

Stone Brewing Defeats Molson Coors In Trademark Infringement Case

MillerCoors Brewing Co. (now **Molson Coors Beverage Co.**) infringed **Stone Brewing Co.**’s **Stone** trademark when MillerCoors rebranded its Keystone beer as Stone, a federal court in San Diego found.

During the time of infringement, Molson Coors sold more than \$1.7 billion of Keystone beer branded as STONE. The three-week trial took place before U.S. District Judge Roger Benitez and an eight-person jury.

Stone Brewing is the nation’s 9th largest craft brewery, yet in 2020 it produced 347,000 barrels of beer, only 0.5% the volume of beer produced by Molson Coors. This underdog win is a victory for every craft brewery that prides itself in independence, valuing quality over all else, Stone said.

“From the moment our team saw Keystone’s intentional theft of the Stone trademark, we believed this day would come, explained **Maria Stipp**, Stone Brewing CEO. “We are committed to doing everything in our power to protect the incredible reputation of the Stone brand and the passionate team who built it. We’d like to thank the team at BraunHagey & Borden LLC for their representation of our case. They put their heart, souls and talent into it, and we couldn’t have asked for anything more than that.”

Stone Brewing Co-Founder Greg Koch added, “This is a historic day for Stone Brewing, and for the craft beer industry. MolsonCoors threatened our heritage, but we stood up to that threat. They will put the ‘Key’ back in ‘Keystone’ ending their hostile 4-year co-op of the Stone name. Cheers to our legions of fans, friends and supporters who believe in the good that craft beer brings. This is your win too.”

Stone was represented by the law firm BraunHagey & Borden LLP, a litigation boutique based in San Francisco and New York.

MolsonCoors didn’t immediately respond to our request for comment. When they do, we’ll update this story.

Willamette Valley Vineyards Sales Rose, But Net Profit Fell

Willamette Valley Vineyards reports earning \$2.4 million, or 20 cents a share, in 2021, a 28% decrease from 2020’s \$3.4 million, or 46 cents a share. Sales rose to \$31,786,864, a 16% increase from the year-earlier figure. The improved sales were attributed to a 26% increase in direct sales and a 10.3% jump in sales to distributors.

“Our largest volume products are continuing to experience high demand such that we are now very tight on inventories and are allocating some key wines,” **Jim Bernau**, Founder/CEO, said. “We believe this tight inventory situation will limit our revenue growth until such time as we can rebuild our wine inventories. “We are also expecting to experience some margin reductions in 2022, mostly as a result of certain supply logistical delays and much higher packaging prices. We believe that our higher SG&A costs in 2021 are enabling us to build a stronger sales and administrative foundation to support our growth, which we believe will lead to greater profitability in the long term.”

Eastside Trims Net Loss, Sales Ease

Eastside Distilling Inc. reports a net loss for 2021 of \$2.2 million, narrower than the year-earlier net loss of \$9.9 million.

Net sales for 2021 decreased to \$12.4 million from \$14 million for the year ending December 31, 2020 primarily driven by a decrease in mobile canning revenue. During 2021, craft brewers have begun to shift sales back to on-premise locations that utilize higher margin kegs. Increased competition in aluminum canning and higher supply chain costs impacted the Company’s ability to achieve its sales and margins targets in its Craft C+B business.

During the fourth quarter, the Company delivered 8,388 cases of spirits, excluding Redneck Riviera. Of that total, **Portland Potato Vodka** represented over 4,700 cases as the brand did grow distribution outside of Oregon. The Company shipped 2,032 and 1,299 cases of Azuñia and

Burnside, respectively. The Company took strategic price increases in the fourth quarter to offset higher cost of goods, which had an impact on sales. The Eastside brand launch was impacted by lack of brand awareness and did not offset legacy brand volume.

The Company’s spirits division reported lower sales from the prior year due to Azuñia supply chain constraints and a lack of attention from distribution partners resulting in a slower than planned expansion of distribution outside Oregon. In addition, the Company reduced deep discounting, which resulted in lost chain account placements in California and other markets.

Fresh Vine Wine Sales, Loss Soar in Year

Fresh Vine Wine reports annual revenue grew 681% to \$1.7 million from \$217 million in 2020. The Company reported a net loss of \$9.97 million for fiscal 2021, compared to a net loss of \$1.29 million in fiscal 2020.

Revenue growth was attributed to an increased presence in the wholesale market, where we significantly expanded our distributor network and geographic presence, and the introduction of our wine club, which drove direct-to-consumer sales. Of total 2021 revenue, \$773,000 was from our wholesale distribution channel and \$774,000 was from our direct-to-consumer sales channel.

Splash Beverage Sales Soar 139% In 2021, Net Loss Widens a Bit

Splash Beverage Group reports net revenue of \$11.3 million in 2021 vs. \$2.3 million a year earlier. Non-cash compensation of \$12.8 million, up from \$2.3 million a year earlier, was principally responsible for the company’s net loss growing to \$29.1 million from \$28.7 million.

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

U.S. Beer Production Fell 5.8% in February

Beer Institute estimates federal excise tax was paid on 11.1 million barrels in February, a 5.8% decrease from February 2021 removals of 11,781,000. Thus far this year, production is down 6%.

Beer Inventories a Bit High As Hard Seltzer Continues Slide

It's like good -- well, maybe not quite so good -- old times in the beer industry. The **National Beer Wholesalers Association's** Beer Purchasers Index for March stands at 52 and an "at risk" inventory of 56.

"Both numbers are reminiscent of the days when inventories were a little too high, and purchase order index was typically at or below 50 " NBWA said, adding the March 2022 total beer reading of 52 is about average for this time of year with slightly more ordering ahead of spring holiday beer occasions.

The dramatic drop in the FMB/seltzer BPI continues, falling to 42 in March 2022 from 85 in March 2021. The import segment was the only segment to report a significant expansionary index in March with the premium lights index slightly above 50.

The index for **imports** continues to remain in expansion territory with a reading of 67 in March 2022, slightly higher than the March 2021 reading of 60.

The **craft** index at 47 is close to matching last March's reading of 46.

The **premium lights** index posted a higher reading of 51, above the March 2021 reading of 44. The **premium regular** segment index is at 39, which is slightly below the March 2021 reading of 38.

The **below premium** segment is at 41, which is slightly above the March 2021 reading of 37.

Finally, the **cider** segment remains below 50 with a reading of 36 in March 2022, compared to the March 2021 reading of 36.

What Arkansans Look for in Buying Wine

When it comes to choosing a wine, Arkansans look to three factors: cost, place of origin and grape variety, according to a survey conducted by the Arkansas Quality Wine program.

The survey was conducted between February and April 2021 to understand consumer wine purchasing and consumption habits and perceptions of the quality of Arkansas-made commercial wines. More than 270 people responded to the survey.

"It's a sign that wine consumers are becoming more educated about differences among varietals and being more selective," said Renee Threlfall. "That bodes well for the industry and indicates that we are headed in the right direction in terms of the perception of Arkansas wines." Threlfall, a food science researcher with the University of Arkansas System Division of Agriculture, is leading the Arkansas Quality Wine program.

Nearly half of respondents — 49% — thought Arkansas wineries produce quality wines, while 91% preferred to purchase wines made with Arkansas-grown grapes. Of those

surveyed, 81% had purchased Arkansas wines.

Tanduary Says Export Growth Doubles

A major factor: new partnerships with **Hensley Beverage** (Arizona), **Horizon Beverage Group** (Massachusetts), **Romano Beverage** (Illinois).

It also inked distribution deals with **Kreyenhop & Kluge for Germany** and **Alcobrands** for Belgium, the Netherlands, and Luxembourg.

Tanduary is available in 12 U.S. states and the territory of Guam as well as in the countries of China, Singapore, Australia, the United Arab Emirates, Belgium, the Netherlands, Luxembourg, and Germany.

"2021 has been another good year for Tanduary. We have expanded into new markets and received more international recognition for our products. We hope to continue with this growth momentum in 2022," said **Lucio Tan III**, president/chief operating officer. Tan assumed leadership of the company in late 2019, steering the company throughout the pandemic.

Buzzard's Roost Releases New Cigar Rye

Buzzard's Roost Whiskey, Louisville, is releasing a new, limited edition Cigar Rye finished in American oak barrels that were cold-smoked with aged tobacco leaves grown in Kentucky. The result is a rye whiskey that delicately integrates the sweet, smoky aromas of a fine cigar.

Jason Brauner, co-founder and master blender for Buzzard's Roost, chose a four-year-old Indiana rye for finishing in Char 1 barrels which were toasted to coax out flavors that would pair well with the aged cigar tobacco. SRP: \$75; 105 proof (52.5% ABV).

Wyoming's Brush Creek Debuts in Kentucky

Brush Creek Distillery, set in the one-of-a-kind epicurean center of world-renowned Brush Creek Ranch, announced the first line of Brush Creek spirits consisting of **Brush Creek Vodka**, **Brush Creek Gin**, **Brush Creek Straight Bourbon** and **Brush Creek Straight Rye**, is now available in liquor stores, restaurants, and bars across Kentucky.

Control States Volume Up 3% in Month

Control States nine-liter spirits case sales grew 3% from a year earlier, **National Alcoholic Beverage Control Association** reported.

Control state spirits shelf dollars are up 6.9% during February while trending at 8.6% during the past 12 months.

Cocktails, with 4% share of the nine-liter case control states spirits market, was February's fastest growing category with 40.6% reported and a twelve-month trend of 36.6%. Tequila, with 9% share, grew at 22.9% during February and 23.2% during the past twelve months. Vodka, with 32% share, grew during the same periods at 0.8% and 0.7%, respectively. Canadian Whiskey(1.1% during February, -0.7% twelve-month trend), Cocktails(40.6%, 36.6%), Irish Whiskey(16.7%, 14.1%), and Vodka(0.8%, 0.7%) grew at rates above their twelve-month trends, while Brandy/Cognac(-18.6%, -8.9%), Cordials(8.2%, 11.2%), Domestic Whiskey

(2.6%, 3.0%), Gin(-2.0%, -0.4%), Rum(-0.8%, 0.5%), Scotch(-1.5%, 0.5%), and Tequila(22.9%, 23.2%) grew at rates below theirs.

Wine case sales fell 6.2% in the Control States. Pennsylvania (-7.2% followed by New Hampshire (-6.9%), Mississippi (-3.0%), Utah (-0.5%), Montgomery County Maryland (-0.9%), and Wyoming (-14.6%) are the control states that are the sole wholesalers of wines and spirits within their geographical boundaries. Rolling-twelve-month wine volume growth in these six control states is -4.6%, down from January's reported -4.1%.

Beer Pouring Open Rate Steady

Higher gas prices haven't led to a decline in volume or the number of beer-pouring locations open and ready for business, according to BeerBoard, which reports the number of locations open and pouring beer held steady at 94% for the second weekend in a row. In fact, the number of open beer-pouring locations hasn't retreated once so far this year.

The number of taps remained at 20 per location, although four states added a handle during the March 24-27 weekend — California (23), Illinois (18), Minnesota (21) and Nevada (21). Percentage Taps Pouring checked in at 75% on the weekend, a two-point increase over the prior period. Nine of the 11 states tracked saw an increase on the weekend, with growth paced by Minnesota (+6%), Illinois (+4%) and Nevada (+4%).

For the second consecutive period, volume grew, this time rising 4.2% after a 3.3% climb for the prior period of March 10-13. Nevada (+17.1%) and Minnesota (+15.4%) realized double-digit growth, while California (+9.2%) and Michigan (+7.3%) were also among the 10 states BeerBoard tracked to see an uptick on the weekend. Rate of sale grew 4.1%, the second consecutive period of growth.

Wisconsin Report Proposes 61 Different Actions to Curb Alcohol Use

With a 54% increase in alcohol-related deaths since 2014, "Wisconsin leads the nation in excessive use of alcohol with reports showing increased alcohol sales and a rising death toll," according to a new report by the Medical College of Wisconsin's Comprehensive Injury Center. The report outlines 61 policy and systems recommendations to help modify the factors that encourage excessive alcohol consumption, but the major ones can be summarized as:

- Raising the price of alcohol (reduce youth consumption and binge, heavy drinkers);
- Reducing the density of alcohol outlets;
- Alcohol Compliance checks to ensure outlets aren't selling to children;
- Place of Last Drink (POLD) to help communities understand where excessive alcohol drinking is happening within their communities; and
- Screenings and brief interventions as evidence show they can help reduce those who are binge drinking and also those who should be referred to treatment.

TTB Seeks 21.33% Budget Boost To Administer Import Rebate Claims

Alcohol & Tobacco Tax & Trade Bureau is seeking \$14.9 million and 40 additional employees to administer a new import claims program. The Craft Beverage Modernization Act (CBMA), as amended, transferred jurisdiction for import-related provisions from U.S. Customs and Border Protection (CBP) to Treasury as of Jan. 1, 2023, and Treasury intends for TTB to administer the new CBMA import claims program.

Under the law, starting in 2023, alcohol beverage importers will no longer be eligible for the CBMA tax benefits at the time of entry; rather, importers will be required to pay the full tax rate at entry and submit quarterly refund claims to TTB to receive the benefits. TTB anticipates that this program will roughly double its current claims workload, estimating that importers will submit approximately 7,000 claims per year for roughly \$250 million in refunds.

The FY 2023 request supports the development and maintenance of custom information technology (IT) modules for foreign producers and importers to enable online filing and processing of claims as well as additional tax administration and enforcement staff necessary to timely issue refunds.

What Millennials Are Drinking

Millennials, whose ages range from 26 to 41, favor spirits and beer over other beverages, according to Drizly, which finds they over-index on beer (17% share versus 15% for the other generations), and slightly under-index on wine (37% vs. 38%). Liquor holds 44% of share among millennials.

Within the spirits category, on Drizly, millennials over-index on tequila and ready-to-drink cocktails, with RTDs holding 5.2% of spirits share and tequila holding 20% of spirits share. Millennials also specifically over-index on silver/blanco tequila.

Whiskey also tends to be a favorite of millennials at 37% of spirits share; this generation's top sellers include bourbon, Scotch, and Irish whiskey.

Within the beer category, hard seltzer holds 24% of beer share on Drizly for millennials (versus 21% for other generations), and IPA (including standard, double, imperial, hazy and New England varieties) holds 17% share (versus 15% for other generations). This suggests that millennials appreciate a variety of malt-based beverage styles, from crisp and refreshing to bold and hops-forward.

Millennials over-index on Champagne and sparkling wine on Drizly, with the category holding 28% sales share for millennials versus 25% for other generations. This is the No. 2 wine category for millennials, while white wine ranks second across other generations.

Mariana Fletcher, the head of analytics and insights at **IWSR Drinks Market Analysis**, has also seen younger generations gravitate toward sparkling wines. However, she notes the occasions for drinking them differ between millennials and Gen Z.

"We've found that millennials associate Champagne with parties and celebrations at home, while Gen Z relates

the drink to occasions outdoors on the street, or in virtual gaming events," she says. "It's the same drink, but in very different occasions."

Millennials' wine preferences run toward dry selections over sweet, and they enjoy a wide range of varieties and are very willing to try wines from off-the-beaten path regions," and wines made with esoteric grapes like Godello and Falanghina.

Across the beer, wine, and spirits categories, millennials purchase more non-alcoholic and low-alcohol beverages than other generations. Alcohol-free drinks accounted for 0.22% share of total sales on Drizly during the past 12 months, compared to 0.18% share for all other generations.

Millennials also buy a greater share of canned beverages on Drizly, making up 14% of sales share compared to 13% for other age groups. Bottle sales make up a slightly lower share for millennials at 82% versus 84% for all other age groups.

When it comes to choosing brands, millennials tend to seek out producers that share their ethical and environmental values.

Heineken, Carlsberg to Exit Russia

Danish-based **Carlsberg** has a 27% share of the market through its ownership of **Baltika**, the country's largest brewer. Carlsberg said it will book a "substantial non-cash impairment charge." Last year, Russia accounted for 10% of Carlsberg's total revenue and 6% of its operating profit.

"We have taken the difficult and immediate decision to seek a full disposal of our business in Russia, which we believe is the right thing to do in the current environment," Carlsberg said. "Upon completion we will have no presence in Russia."

For **Heineken**, with only 2% of its sales in Russia, the decision to exit was less painful. It said it will seek an "orderly transfer" of its business, while reducing operations in an effort to avoid nationalization. "We have concluded that Heineken's ownership of the business in Russia is no longer sustainable nor viable," the company said in a statement, adding that it would not profit from any transfer of ownership.

Iconic Brands Launches New Line Of Premium Quality, Zero Sugar Still Wines

Iconic Brands, Inc. said it launched **Bellissima Zero**, a new line of zero sugar still wines created by **Bellissima Prosecco** and co-developed by Bellissima brand partner, supermodel, actress and entrepreneur, Christie Brinkley.

Bellissima Zero is available in five expressions: Pinot Grigio IGT, Chardonnay IGT, Rosé Wine, Merlot IGT and Cabernet Sauvignon IGT.

Bellissima Zero has zero sugar, a serving size of approximately 1g Carb per 5 oz, is made with organic grapes and is certified vegan. Bellissima's Zero is boutique winery quality, with no residual sugar and no compromises on taste. Iconic Brands said it believes Bellissima Zero will live up to

the expectations of the most demanding wine connoisseurs, offering all the essence of its terroir.

"Launching Bellissima Zero is a major milestone for us. We believe Bellissima Zero will help us capture a larger share of growing trends that we are seeing in the alcohol industry, with a push for Keto options, 'Better-For-You' options and health and wellness options, in addition to sustainability and unique branding with a story that consumers can connect to," said Iconic Chief Executive Officer, **Larry Romer**.

Wine Group Launches Lemonade Stand at Main & Vine

Lemonade Stand at Main & Vine, a new line of wines blended with natural flavors of freshly-squeezed lemonade and ripe sun-kissed fruit is available nationally in two blends, Lemonade Moscato and Strawberry Lemonade Rosé, with a suggested retail price of \$6.99 for 750mL and \$11.99 for 1.5L.

Lemonade Stand at Main & Vine is the first mainstream wine brand to enter the lemonade category with varietal wines. Lemonade Stand at Main & Vine wines are lower in alcohol at 6.5% ABV and only 90 calories per 5 oz serving, as well as vegan-friendly and gluten-free. Available in 750mL and 1.5L bottles.

"As a company, we are strategically focused on building new brands and launching innovative products that connect with all types of alcohol beverage consumers," said **Jeff Dubiel**, Wine Group's Chief Marketing Officer. A donation from Lemonade Stand at Main & Vine will go towards furthering the foundation's mission of changing the lives of children with cancer through funding impactful research, raising awareness, supporting families, and empowering everyone to help cure childhood cancer.

Svedka Extends Line with Tropics Tea Spritz

Svedka Tropics Tea Spritz, a new spirits-based hard seltzer, combines Svedka Vodka with real tea, sparkling water, and natural tropical fruit flavors, – Pineapple Guava, Raspberry Kiwi and Orange Mango. (SRP: \$19.99, 5% ABV)

It's offered in a variety 8-pack containing four cans of Pineapple Guava and two cans each of Raspberry Kiwi and Orange Mango, all packed conveniently to go where the party is. The spirits-based hard seltzers are also available in a 4-pack for \$12.99 SRP and a single can for \$2.99 SRP.

"This is the summer of Svedka. With our new Vodka Tea Spritz, Svedka Tropics is filling the consumer need for a different type of spirits-based hard seltzer," said **Billy Lagor**, Senior VP-Brand Management. "With real ingredients and a lower ABV, Svedka Tropics provides a depth of flavor and a unique taste experience that sets it apart from other hard seltzers. The RTD canned category continues to grow at a rapid pace, and we believe Svedka Tropics offers a fantastic option for any occasion."

CK Mondavi Intros 2 New Wines

CK Mondavi & Family is introducing two bold wines to its lineup. New Buttery Chardonnay and Dark Cabernet

Sauvignon will be available nationwide this spring.

"We're excited to be able to highlight multiple expressions of these popular varietals, and to give our fans more options to explore," said **Randy Herron**, Head Winemaker. "Each wine stands on its own and will complement different meals and appeal to different taste preferences. I also like to sample them side-by-side, which makes the distinct flavor profiles even more pronounced."

Buttery Chardonnay has aromas of fresh citrus and melted butter, and flavors of vanilla and buttercream. Malolactic fermentation leads to the rich, creamy flavor and lush finish, while the oak regime brings out notes of maple and brown sugar. CK Mondavi & Family's original Chardonnay is crisper, with no malolactic fermentation, and flavors of fresh apple and pear that mingle with a hint of oak. The new Buttery Chardonnay also features a thermochromic label, which changes color from cream to golden yellow when perfectly chilled, at approximately 55 degrees Fahrenheit.

Ruby red in color, the Dark Cabernet Sauvignon makes a statement with vibrant black fruit character and notes of mocha and coffee. The full-bodied wine ends with a plush, velvety finish. It's recognizably richer than the winery's classic Cabernet Sauvignon, which offers brighter notes of cherry and baking spice.

Wild Heaven Releases Sunburst IPA

Wild Heaven Beer, Georgia's 4th oldest production craft brewery, introduces Sunburst IPA, its newest year-round beer, and flagship India Pale Ale.

With the launch, Wild Heaven discontinues its twin IPA flagships, Wise Blood and Altair.

Distribution across Georgia launches the following week via **Georgia Crown Distributing Co.**, including at most metro Atlanta Kroger stores, followed by the rest of the Wild Heaven Beer distribution footprint in Tennessee, Alabama, and South Carolina.

Left Hand Brewing to Brew Homefront IPA

Left Hand Brewing Co. said it will introduce a custom recipe, **Homefront IPA**, to raise funds to support U.S. service members, veterans, and their families.

The announcement by the veteran-owned Longmont, Colo. brewery marks the ninth craft brewer to collaborate on this year's "Hops for Heroes" campaign, which helps fund Soldiers' Angels' national and international support programs. Other breweries participating in the program include **Founders Brewing Co.** (Grand Rapids and Detroit, Mich.), **Center of the Universe Brewing** (Ashland, Va.), and **Karbach Brewing** (Houston, Tex.).

Left Hand Brewing plans to release its version of Homefront IPA in its tap room on Memorial Day, May 30.

All net proceeds from sales of Homefront IPA will be donated to Soldiers' Angels to support its service programs, which provided assistance to more than 982,000 service members, veterans, wounded heroes, and their families in 2021 alone.

Cayman Jack Offers 1st Margarita Variety Pack

Cayman Jack claims a 50% national growth rate, which it attributes to "unmatched Margarita taste that tastes hand-crafted because it is a unique blend that includes lime juice, agave nectar and other flavors."

Ciroc Intros an Ultra-Premium Vodka

CÎROC Vodka Spritz, the luxury vodka brand's first ready-to-drink cocktail, will debut April 1. (SRP: \$16.99/4-pack.)

"Breaking into the RTD category is a landmark moment for the brand and we're excited to launch a line of spirits that bring a new energy and audience segment to the growing market," says **Sean "Diddy" Combs**. "With nearly 15 years leading the brand and having historic success growing the CÎROC portfolio, I'm looking forward to making CÎROC Vodka Spritz the No. 1 brand in the category."

Combs has continued spearheading innovation and design, having a direct hand in all creative, marketing and partnering with Diageo on innovation and product development processes. With its sleek clean lines, the can's elegant design hints at the carefully crafted cocktail inside. Infused with vodka made from fine French grapes and brimming with natural flavors, the varieties are gluten-free and contain no artificial sweeteners.

Compass Box Intros Vellichor to U.S.

Vellichor (SRP \$450; 44.6% ABV) is **Compass Box Scotch Whiskymakers'** first limited release of 2022.

"To us, Vellichor starts with a word and an emotion: the experience of being in a second-hand bookshop and being enveloped by its aroma," says Whiskymaker, **James Saxon**. "We scoured Scotland for the volumes we needed to express this, eventually discovering two parcels of Scotch whisky from a distiller and bottler in Speyside. Both were blends that had been aged further in Sherry casks and were more than two decades old."

'Vellichor' itself is a word that describes and embodies the fragrance and nostalgia of old books found within second-hand bookshops. This sentiment flows through all elements of the bottle as it is shown in the artwork with the aesthetic of aged, well-used paper, and the shades of brown and yellow convey the accumulated age of the whisky components they have used to create such a special whisky.

Trudy Busch Valentine Seeks U.S. Senate Seat

An heiress to the Busch Family beer fortune, Busch Valentine is seeking election as a Democrat. She filed just days after Republican candidate Eric Greitens was accused of physically assaulting member of his family. Greitens has said the accusations are "completely fabricated" and "baseless."

Cool Cat Wine Spritzers Adds 3 Distributors

Cool Cat, a line of low-calorie wine spritzers, signed **Republic National Distribution Co.**, **Johnson Brothers Distributors** and **Reyes Beer Division** as distributors. RNDC will represent the brand in California, Virginia and South Carolina; Johnson Brothers in North Carolina, and Reyes Beer in Florida.

In a separate development, Cool Cat said it secured sponsorships with the New York Mets (Citi Field) and the San Francisco 49ers (Levi's Stadium).

Liquor Lobby Launches 'Ship My Spirits' DtC Campaign in New York State

American Craft Spirits Association (ACSA), American Distilling Institute (ADI) and Distilled Spirits Council of the United States (DISCUS) joined forces to launch "Ship My Spirits," a grassroots coalition with the common goal of modernizing the spirits marketplace by allowing direct-to-consumer shipping of distilled spirits.

"Wineries in New York and from across the United States have been able to ship directly to New York consumers for more than three decades," **Brian Facquet**, president, **New York State Distillers Guild**. "These shipments create jobs, generate tax revenue and protect small manufacturers. There is no logical reason for not granting distillers the same opportunity. In fact, with the temporary allowance of spirits DTC shipping during the pandemic, we proved this is a safe and convenient way to reach our customers. The Ship My Spirits campaign is a great way to share that with legislators."

The New York legislature is considering two bills, S4245-A/A3275-A and S556/A2513 which would permanently allow distillers to ship their spirits products directly to adult consumers just as wineries have done for more than a decade.

"Direct shipping is a critical step to secure the future of our industry," said **Margie A.S. Lehrman**, CEO of the ACSA. "Not only do we know we can do this safely and responsibly, but we have also seen how direct shipping has created an important lifeline for our community of craft producers who are currently facing so many small business challenges, from tourism declines due to COVID, the rising costs of grains, to global glass supply shortages."

ShipMySpirits.org, the coalition's website, has an interactive map where consumers can click on their state to learn about the laws regulating spirits shipments and other data related to the spirit industry's impact in the state. For example, the site notes that the spirits industry supports 94,000 jobs in New York and has an economic impact of more than \$8.5 billion.

"Allowing direct-to-consumer shipping for spirits in New York will drive consumer interest which will support the growing craft distilling industry in the state," said **Erik Owens**, ADI president. "Further, the marketplace has changed, and consumers have grown accustomed to spirits DTC shipping. The 'Ship My Spirits' campaign provides a quick and easy way for consumers to get involved and let their voice be heard in the legislature."

Visitors can [take action](#) through the site by sending letters to their legislators on the issue in less than three minutes.

"Consumers want distilled spirits shipped straight from the distillery to their doorbell, and that's the goal of the 'Ship My Spirits' campaign," said **Chris Swonger**, DISCUS president/CEO. "The DTC law in New York needs to be modernized to increase consumer choice, build small businesses and tourism, and create an on-ramp to distribution for new prod-

ucts. Allowing distillers, large and small, to direct ship supports consumers, producers, wholesalers and retailers which continues our support of the three-tier system."

A-B to Invest \$50 Million in a Seltzer Building

It will be the first addition to A-B's St. Louis campus in 15 years, and is part of a \$1 billion in A-B's facilities nationwide. The investment will increase and enhance its brewing and packaging capacity. Construction will begin this spring and is in addition to the \$100 million renovation of Ever-Grain's new US headquarters, which is near completion, at the St. Louis campus.

Specific updates include the upgrading of one of the can lines and a dedicated seltzer building to house new systems and equipment for brewing some of Anheuser-Busch's most popular products, including **Bud Light Seltzer** and **Michele-lob ULTRA Organic Seltzer**, among others. Additionally, the brewery is being outfitted with advanced technical equipment that allows for the streamlined addition of flavors to the seltzer liquid.

The investment in the St. Louis brewery is part of a larger investment spanning 26 states that is expanding Anheuser-Busch's U.S. operations, stimulating economies in communities across the country, and enabling sustainable innovations. Anheuser-Busch owns and operates more than 120 facilities around the country and employs more than 19,000 people. The beer industry in the U.S. creates more than 2 million jobs and generates more than \$331 billion in economic activity each year.

Early in Pandemic, Users Drank More Often

Over the course of the pandemic, anecdotes about soaring alcohol sales have abounded. A new study from the University of Michigan shows that the frequency of drinking went up among those who used alcohol, even though the overall prevalence of drinking went down.

Who & What —

Remy Cointreau appointed **Nicolas Beckers**, who has been CEO for China, to be CEO for the Americas region. He succeeds **Ian McLernon**, previously CEO for the Americas region, who has been appointed CEO of **the EMEA region** and will also be responsible for North and South Asia Pacific and Travel Retail. They are both members of the executive committee.

Riboli Family Wines hires **Marty Spate** as Winemaker. Spate will be involved in winery operations in Paso Robles and Monterey County that go into brands such as San Simeon, Maddalena, Opaque, and Highlands 41. He joins from O'Neill Vintners & Estates.

Continued Success,
KANE'S BEVERAGE WEEK



JOEL WHITAKER, Editor