

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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At NBWA'S Legislative Conference, Liquor is Topic No. 1

Liquor is the enemy.

That's the clear message given 550 members of the **National Beer Wholesalers Association** who gathered at the Hyatt Regency Capitol Hill Hotel in Washington Monday (4/4) for NBWA's first legislative conference after Covid-19 forced cancellation of the 2020 conference.

With beer shipments sinking month after month, "the liquor industry is going on the offensive to seek lower taxes" that would actually be equivalent on a unit-of-alcohol basis with beer and to be able to ship distilled spirits direct to consumers through the U.S. Postal Service, NBWA President/CEO **Craig Purser** said.

"Liquor is swinging for the fences," Purser said, using a baseball analogy just three days before Major League Baseball's Opening Day, April 7. That day also happens to be the day in 1933 when Prohibition ended for beer and wine and the day a wagon of beer was delivered to President Roosevelt in gratitude.

The issue for beer now is the distilled spirits industry's reinvigoration of its equivalency advocacy — the idea that a drink is a drink is a drink, and it doesn't make any difference what that drink is. If a drink really is a drink, and if it doesn't make any difference whether the drink is beer, wine or spirits, then the alcohol in each beverage should be taxed at exactly the same rate, the distillers argue.

But Purser said, the differences between beer and liquor have been recognized for centuries, and not just in the U.S. Worldwide, beer is taxed at a lower rate than spirits.

Justin Kissinger, CEO, **Worldwide Brewing Alliance**, said the campaign for governments to recognize alcohol equivalence is a global campaign. The Alliance is interacting with global agencies, such as the World Health Organization, to explain what makes beer different and why the differential in tax rates should be maintained.

Retailers really suffered during the Covid pandemic, Purser said, adding the hotel in which the conference is being held closed its doors just a few days after NBWA had to cancel the legislative conference because of Covid in 2020.

John Bodnovich, executive director, **American Beverage Licensees**, the retail trade group, said "retailers build brands" and added liquor's drive for direct-to-consumer shipments not only doesn't take into account public health concerns, but also fundamentally would change the way business has been built. **Jim McGreevey**, president/CEO, **Beer Institute**, said policy makers are "seeing through and rejecting" liquor's lower FET proposals.

The final policy issue addressed during the conference was CBD beverages. Bodnovich said it was important that policymakers understand the current alcohol regulatory scheme is "finely balanced" and should not be sacrificed however policymakers decide to deal with CBD. He said he was especially concerned about impaired driving increasing because of marijuana. "Beer," he said, "is different and better than marijuana."

"The world is watching what's happening in the U.S. regarding cannabis," Kissinger said. Purser concluded the discussion saying, "We don't want alcohol regulation to be a casualty of the debate over cannabis."

TTB Focused on Biden's Order on Competition, Added Mission

Alcohol & Tobacco Tax & Trade Bureau is focused on responding to President Biden's recent executive order on promoting competition, **David M. Wulf**,

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deputy administrator, told **National Beer Wholesaler Association's** legislative conference. "The fact alcohol is mentioned is a recognition of the alcohol industry's importance," he said.

TTB is considering possible trade practice updates, along with revisions to the process of establishing standards of identity and ingredient labeling. "You can count on the process being open and inclusive," he said.

TTB is also focused on improving the industry's "TTB experience," he said, with efforts under way to further cut the time required to process COLA and formula applications, as well as to improve the online process. "We want your business to grow and thrive and to contribute to the federal excise tax base." Other priorities include maintaining a competitive marketplace and trade practices.

The agency is still incorporating provisions of the Craft Beverage Modernization Act, Wulf said as it gears up to take over some bev/al import responsibilities from Customs & Border Protection. Wulf noted that the President's budget includes \$14 million and authorizes hiring of 40 people to implement that mission. Whether Congress will approve both the funding and the personnel in time to meet the Jan. 1 deadline when TTB assumes that function is an open question.

Wulf noted that TTB collects about \$20 billion a year in taxes which makes the agency and its 550 employees the federal government's third largest tax collecting agency behind the Internal Revenue Service and U.S. Customs & Border Protection.

2022 Likely to Be a Miserable Year For Democrats, Analyst Tells NBWA

Charlie Cook, editor of the *Cook Political Report* newsletter, told the **National Beer Wholesalers Association's** legislative conference that the 2022 election is going to show American politics is more divided than at any time since the Civil War and Reconstruction. "This is an unusually important election because the country is divided, politics is divided and the policy consequences of changes in control are much greater than before."

Cook noted that in the 2016 election, which brought Donald Trump to Washington, results in six states were divided by just 1.5 percent, and 78,000 votes in those six states put Trump in the White House. President Joe Biden's margin in 2020 was less than 120,000 votes across six states. As for the Senate, this is only the second time since the country began the direct election of senators that the Senate has been split 50-50, Cook said. "Politics used to be stable," he said. Not any longer. Now politics is very volatile.

There is a huge gap between the parties, he added. It used to be that conservative Democrats were the ballast that kept the Democrats from going off the rails, and the same thing was true for liberal Republicans from the Northeast. Now, conservative Democrats and liberal Republicans are almost oxymorons and the two parties are virtual silos. One more indication of how "siloes" politics has become: 2016 was the first election in which every U.S. Senate race was won by the same party that won that state's Presidential race.

Turning to the 2020 midterm election, Cook said the deciding factor will be which side is more motivated to turn out. Truly independent voters or represent about 10% of the electorate, and they tend to get "buyer's remorse" and vote against the party that won the White House. For independents, the two major mid-term election issues are (1) competence and (2) overreach. "In 36 of the 39 elections since the Civil War, the party in the White House loses seats in the House," Cook said, adding that he expects Democrats to lose their majority in the House and are likely to give up several seats in the Senate.

Cook made an interesting observation when he discussed unemployment and inflation. If the normal unemployment rate is 4% and joblessness surges to 8%, that means 4% of the country is affected by unemployment. But, he added, 100% of the country is affected by inflation, and President Biden's approval rating on inflation is only 43%.

Cook said he thinks Biden and the Democrats are in big trouble and he traces that back to the four challenges he faced when he took office:

- The first was Covid, and Biden gets reasonably good marks is that department.
- The second was illegal immigration .
- The third was the departure from Afghanistan. On Afghanistan, which is hurting Biden and the Democrats is not the fact the U.S. left but how it left. By comparison, Cook said, the U.S. departure from Saigon was almost quaint.

- The fourth challenge was his legislative agenda.

On the legislative agenda, it was a good thing the infrastructure bill passed. That was good for the country and good for beer wholesalers. But the "Build Back Better" bill was a big mistake. "It wasn't going to get GOP support," Cook said.

So why did Biden stick with. Early in his presidency he met with a group of presidential historians who talked about President Franklin Delano Roosevelt's New Deal and Lyndon B. Johnson's Great Society. But FDR's Democrats held 59 of 96 U.S. Senate seats (Alaska and Hawaii hadn't been admitted as states yet), and LBJ had 68 of 100 U.S. Senators. Biden has an evenly divided Senate.

"If you want to do big, historically transformational things," Cook said, "you have to win big. Biden doesn't have a mandate."

CBands Sales Rose 2.8% in Year, Net Turns to a Loss

Constellation Brands Inc. reports net sales rose 2.4% to \$8.820.7 billion in fiscal 2022, ending Feb. 28. The company reported a \$40 million loss compared to a \$1.998 billion, or \$10.44 Class A share, profit a year earlier.

The company said its beer business posted depletion growth of nearly 9%, marking the 12th consecutive year of volume growth, driven by continued strong demand in off-premise channels, as well as a return to growth in on-premise channels. When adjusted for two extra selling days, generated approximately 8% depletion growth.

In IRI channels, the Beer Business significantly outpaced the total beer category, the high-end segment, and was the No. 1 dollar share gainer, adding 1.2 market share points, the company said. **Modelo Especial** achieved nearly 15% depletion growth and became the No. 2 beer brand and No. 1 share gainer in the entire U.S. beer category in dollar sales in IRI channels; **Modelo Chelada** posted depletion growth of over 30% and solidified its position as the No. 1 Chelada in the U.S. beer market. **Corona Extra** sustained its reinvigorated growth trajectory, reported depletion growth of 9%, and positioned itself as the No. 3 brand in the high-end.

Operating margin decreased 110 basis points to 40.0%, as benefits from favorable pricing, marketing as a percent of net sales, and mix were more than offset by increased COGS driven by obsolescence, higher brewery and material costs, and increased depreciation.

Turning to CBrands' wine and spirits segment, the company said, "Increased focus on our higher-end price segments yielded benefits as our fine wine and craft spirits portfolio achieved double-digit net sales growth driven by **The Prisoner** and **High West**. Strong organic net sales growth was driven by favorable price and double-digit shipment volume growth for Meiomi and Kim Crawford, which also generated robust mix benefits. Meiomi cabernet sauvignon and Kim Crawford Illuminate sauvignon blanc held the top two spots among new high-end products released over the last two years in IRI channels.

Operating margin decreased 180 basis points to 22.7%, as mix benefitTED from divestitures and favorable price were more than offset by increased marketing and SG&A spend as a percent of net sales and increased COGS driven by freight and warehousing costs.

Sands Family Gets Set to Bail From Constellation Brands

That's not how they are spinning it, of course. Officially, **Constellation Brands** said the Sands Family has proposed declassifying Constellation Brand's common stock, a move that would lead to a single-class common stock structure. Each Class B common share would be converted to 1.35 shares of Class A common stock.

But that's the practical effect. Currently the Sands Family controls 59.5% of CBrands' voting power. If the move is approved, it would reduce the collective voting power of the family to 19.7%. Anything less than 50.01% voting power means the company can be taken private regardless of what the Sands might say.

Why the family is proposing the move is not known. What is certain is that the move will result in the family losing absolute voting control, and that will most likely lead to lower returns to shareholders. Research over the years has found that, over the longer term, family-controlled public corporations tend to outperform non-family controlled corporations.

It is also a fact that once a business-controlling family sees its voting power dip below 50.1% of all shares, the company is open to a hostile takeover. That's what happened to Anheuser-Busch, and it's also what happened to the Cadbury chocolate company. The Cadbury family's

voting control dipped below 50%, and while the family, like the Sands family, remained the largest shareholder, Kraft bought up smaller shareholders until it became the largest shareholder, at which point it bought out the Cadbury family.

CBrands' situation is much closer to that of Anheuser-Busch: 4.5% of shares are held by CBrands insiders, and 84.23% of shares are held by institutions. So the Sands Family just hung a "for-sale" sign on the company.

This is a different approach than taken by the Brown Family of **Brown-Forman Corp.** or the Ford Family of Ford Motor Co. The Brown family has been very clear that their No. 1 objective is perpetual family control, and their two-class stock structure is designed to ensure that happens.

As for Ford Motor Co., the Ford Family owns only 2% of all stock outstanding. But it control 40% of voting power, and Bill Ford Jr., says, "I think it's really important that the family legacy continue. It gives us a face and maybe a humanity that a lot of other companies don't have."

CBrands Speeds Stock Buyback

Constellation Brands, Inc. said it entered into an accelerated share repurchase ("ASR") agreement with Bank of America, N.A. to repurchase \$500.0 million of its Class A common stock ("Common Stock"). Under the ASR agreement, Constellation will receive approximately 1.7 million shares on April 8, 2022, representing about 80% of the expected share repurchases under the ASR agreement, based on the company's April 6, 2022 closing stock price of \$231.81. The repurchased shares will become treasury shares.

Ukraine's XDar Vodka Resumes Production

XDar, a world-renowned Ukrainian vodka, has safely

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resumed production at its distillery in this time of unrest.

When conflict broke out in mid-February, XDar was forced to halt vodka production but continued to pay its 4,400 employees, some of whom are currently serving in the Ukrainian army to protect their country.

"The people at XDar are committed to their employees," said **Natalya Kolosok** of **Liquorum Imports, Inc.**, the US importer of XDar. "They are some of the strongest people in the world. The employees, while grateful for the assistance, don't just want a check, they want purpose. They want to work, which is why, as safely as possible, XDar opened up their facility to resume production."

The modern, high-tech XDar Distillery was built in 2005 in Cherkassy region near Belarus and north of Kyiv, where the largest supply of mineral and freshwater resources is concentrated. XDar has created more than 100 signature recipes of distilled beverages and continues to innovate past the 18 unique patents already in place. Prior to the invasion by Russian forces, the factory was capable of producing over 150 million bottles per year. In 2021, the brand sold upwards of 8 million cases worldwide.

XDar is a unit of XBayadera Group, one of the largest alcohol holding companies in Eastern Europe, with 30 distribution offices nationwide. Currently, the company exports brands such as XDar to 45 countries, and has officially donated more than \$150,000 in support of Ukrainian troops.

XDar has also seen support from its partners in the US. **Royal Wine Corp.**, distributor of XDar vodka in the New York and New Jersey markets, is donating all proceeds from sales during March to Ukrainian relief efforts, with more than \$100,000 raised already. ABV 40%. SRP: \$16 on Drizly and royalwinemerchants.com

Deutsch to Market Beau Joie Champagne

Deustch Family Wine & Spirits entered into a partnership with **Toast Spirits LLC** giving Deutsch a minority stake in **Beau Joie Champagne** as well as exclusive sales and marketing rights for the U.S., Canada and the Caribbean. Terms weren't disclosed.

Beau Joie is a hot brand and grew 65% in 2021. By comparison, Champagne grew 25% in the United States in 2021, more than double that of Sparkling Wine's overall growth of 11%. Beau Joie sold 13,000 cases globally and 12,000 cases in the United States in 2021.

"We are thrilled to enter into a partnership with Deutsch Family Wine & Spirits, to continue fueling Beau Joie's remarkable growth," said **Jon Deitelbaum**, Founder/CEO of Toast Spirits. "Beau Joie has been climbing the ranks of Champagne because of the brand's highly differentiated positioning."

The first priority of the joint venture will be to launch a new \$49 Brut Champagne, assemblage will be 30% Pinot Noir, 30% Chardonnay and 40% Pinot Meunier, and it will be aged 6-8 years on yeast. It will feature a unique, elegant package design and new consumer communication.

21st Amendment, Fieldwork Brewing Merge

The **21st Amendment Brewery** and **Fieldwork Brewing** said they merged to create **Field Amendment Brewing**

Co. The combined entity distributes in 35 states.

To celebrate the merger Fieldwork is set to release a 16 ounce, four-pack limited edition release of **Double Dry Hopped Watermelon Pulp** this week at all seven of their joint Bay Area tap locations including the 21st Amendment's San Francisco Brewpub and San Leandro Tap Room.

Rombauer Acquires 3 California Vineyards

Rombauer Vineyards said it acquired three premium vineyards totaling 154 vine acres in the prestigious California appellations of Carneros-Sonoma, Sonoma Valley and Fiddletown. The acquisitions include the **Haire Vineyard** in Carneros-Sonoma, the **Carriger Vineyard** in Sonoma Valley, and an historic vineyard in the Fiddletown AVA of Amador County, bringing the family-owned winery's estate and leased vineyards to a total of 830 planted vine acres. Terms weren't disclosed.

"The Rombauer family's goal has always been to produce the highest quality wines possible. Having control over our own vineyards and consistent access to premium fruit is key to our philosophy of continual improvement in wine quality and style" said President and Chief Executive Officer **Bob Knebel**. "The acquisition of these long-established premium vineyards also gives us the resources to satisfy the increasing demand for our world class portfolio of wines."

The 52-acre Haire Vineyard in Carneros has been a source of Chardonnay for Rombauer for nearly two decades, ever since **Koerner Rombauer** shook hands with owner **Jim Haire** on a deal to acquire the fruit.

The Carriger Vineyard sits in a small pocket on the southwestern reach of Sonoma Valley, an historical AVA with a tradition of winegrowing dating back over 150 years. With well-drained soils of high rock content, the vineyard has been a source for Rombauer's popular Sauvignon Blanc, with 45 acres planted to the variety. Climatically the site is a "sweet spot" between Rombauer's other Sauvignon Blanc sources in the warmer Napa Valley and cooler Russian River Valley, and the fruit brings punchy varietal intensity to the wine. Rombauer plans to replant 45 additional acres at Carriger to Sauvignon Blanc to meet demand for this wine.

"Owning and farming our own vineyards is essential to the high-quality winemaking we are dedicated to, and these three sites are destined to become jewels in Rombauer's portfolio," said Allen. "It's especially gratifying to see properties like Haire and Fiddletown pass from family to family. Rombauer is determined to be an excellent, long-term steward of these premium sites."

Illegal Mezcal Moves to Recycled Glass

The global glass shortage has caused supply chain disruptions, but for **Illegal** – a leading artisanal mezcal – it presented an opportunity for an eco-friendly solution. All Illegal Mezcal bottles will now be made with 100% recycled glass, representing a pivot to a more sustainable future. The new bottles will enter the market this month.

The bottles are produced by Fusion y Formas, a family-run company that recycles 10,000 tons of glass each year at its facility in Jalisco, Mexico. Fusion y Formas' production process emits less CO2 emissions and saves energy during

the smelting process, since recycled glass is more malleable. Compared to newly made bottles, those at Fusion y Formas require about 30% less energy to create.

The recycled bottles – available in 375ml and 750ml sizes – enter the market this month.

Wineries Sued Over Website Accessibility

Dozens of North Coast wineries have been sued, mostly by the Center for Disability Access, a part of Potter Handy LLP, a San Diego, Calif., civil rights law firm, according to the *Press Democrat* newspaper. Court documents describe the plaintiff as Andres Gomez, who is described as a “legally blind man who uses screen-reader software, which is designed to audibly describe what’s displayed on the screen and guide the visitor in navigating the site and inputting information.”

Wine Institute, Napa Valley Vintners and Sonoma County Vintners have alerted their members about the risk of such actions and provided tips that could help them start developing solutions.

Among the problems encountered by Gomez is text descriptions for images, too low of contrast between background and foreground elements, lack of keyboard accessibility, and a user interface that doesn’t have built-in instructions for assistive devices.

One provider of artificial intelligence solutions is AudioEye. Another is UserWay.

Wine, Spirits Continue to Gain On-Premise

With consumers becoming more comfortable going out, SipSource’s on-premise Channel Shifting Index reached a new high of 85.3 for the 12 months ending February 2022, a two point improvement versus the 83 CSI for the 12 months ending January 2022. Both wine and spirits posted gains. But the latest SipSource CSI “is still lagging where it was pre-COVID,” said **Danny Brager**, SipSource analyst. Wine’s recovery lags well behind spirits. Brager added:

“We would expect to see further on-premise share improvements as COVID cases decline and restrictions fall, along with warmer weather just around the corner. At the same time, some consumer behaviors like where they choose to eat and drink might persist, benefiting off-premise. So it’s still a hill to climb for on-premise to get back to pre-COVID levels.”

Regionally, the pace of recovery still differs across the country, with the on-premise CSI for South Central and South Atlantic generally leading other geographic areas.

Relative to its on-premise share pre-COVID, recovery of this channel’s share has been fastest for rum and flavored vodka and slowest for Irish Whiskey, Scotch, Bourbon, Rye and Flavored Whiskey, according to SipSource. Rate of share recovery though, even when lagging where it was pre-COVID, is not necessarily a problem – in some cases (Irish Whiskey and Rye for example) the segment has grown extremely well in the off-premise during COVID, so COVID may have just shifted the on- versus off-premise channel balance.

SipSource is an affiliate of **Wine & Spirits Wholesal-**

ers of America.

Beyond those segments above, ready-to-drink (RTD) cocktails is the single category where the on-premise is **hugely more** important now than it was pre-COVID (its on-premise CSI is now over 160) as a result of its rise in consumer popularity, its convenience to operators, and drinks-to-go legalization in several states. At the same time though, RTD spirit cocktails volume is still largely off-premise, as the latter still accounts for 93% of its volume.

Miller Lite Releases New Ads , Beer Drops

The new campaign is focused on the “great taste and first-sip feeling only Miller Lite can bring.” It’s also introducing limited-edition Beer Drops: Miller Lite’s liquid taste enhancer that adds more beer taste to other light beers. “Simply squeeze your Beer Drops into 12 oz. of beer, take a sip and enjoy more beer taste,” the Molson Coors brand says.

On April 6 at 9 a.m. ET, the day before National Beer Day, Miller Lite fans could visit [Shop.MillerLite.com/Collections/Beer-Drops](https://www.shopmillerlite.com/collections/beer-drops) and have Beer Drops shipped nationwide for only \$4.07, while supplies last (must be 21+ to order). In honor of National Beer Day, Miller Lite encourages fans to reward themselves with more light beer taste, regardless of the label. Plus, consumers can save other-light-beer-drinking friends from less tasteful celebrations by sending Beer Drops right to their door.

While Beer Drops are one starting point for Miller Lite’s new campaign, the brand is also announcing two :15 ads that send a powerful message: light beer shouldn’t taste like water.

“This campaign combines Miller Lite’s two most iconic attributes: great taste and Miller Time,” said **Sofia Colucci**, global VP, Miller family of brands. “Miller Lite has been an iconic brand since 1975 for good reason. It’s remained true to itself while other light beers have diluted what they’re all about. We know there’s a practical side to why people love Miller Lite, and that’s because it’s a light beer that embraces the taste of beer. But at the same time, there’s an emotional component – it’s that first-sip feeling that ‘Miller Time’ represents. We’re blending these two pieces of our history for the next generation, and we couldn’t be more excited about it.”

Virginia Extends Cocktails-to-Go to July 2024

Virginia Governor Glenn Youngkin (R-VA) signed HB 426 and SB 254, extending cocktails to-go until July 1, 2024. Cocktails to-go provide increased support for hospitality businesses struggling to rebound from the harsh economic impacts of COVID-19.

Eighteen states and the District of Columbia have passed legislation to make cocktails to-go permanent, and 12 other states passed legislation to allow cocktails to-go on a temporary basis.

Latin Gin, ‘the World’s Ultra Luxurious Premium Gin’, Makes U.S. Debut in Florida

Southern Glazer’s Wine & Spirits will distribute the

new, ultra-premium gin throughout Florida with four distinguished expressions — Latin Spice, Latin Lover, Latin Seco and Latin Beach.

Craft Brewer Sales Rebound, Up 8%

Small and independent brewers collectively produced 24.8 million barrels of beer and realized 8% growth in 2021, increasing craft's overall beer market share by volume to 13.1%, up from 12.2% the previous year, Brewers Association reported.

The overall beer market grew 1% by volume in 2021. Retail dollar value was estimated at \$26.9 billion, representing 26.8% market share and 21% growth over 2020. This growth is stronger than volume primarily due to the channel shift back to on-premise, which has a higher average retail value. Craft brewers provided more than 172,643 direct jobs, a 25% increase from 2020.

"Craft brewer sales rebounded in 2021, lifted by the return of draught and at-the-brewery traffic," said **Bart Watson**, chief economist, Brewers Association. "However, the mixed performance across business models and geographies as well as production levels that still lag 2019 suggest that many breweries remain in recovery mode. Add in continuing supply chain and pricing challenges, and 2022 will be a critical year for many brewers."

The number of operating craft breweries continued to climb in 2021, reaching an all-time high of 9,118, including 1,886 microbreweries, 3,307 brewpubs, 3,702 taproom breweries, and 223 regional craft breweries. The total operating brewery count was 9,247, up from 9,025 in 2020.

Throughout the year, there were 646 new brewery openings and 178 closings. Openings decreased for a second consecutive year, with the continued decline reflecting a more mature market, Watson said. Ongoing pandemic challenges and rising interest rates were additional factors. The closing rate also declined in 2021, likely helped by a combination of better sales numbers and additional government relief through the Restaurant Revitalization Fund, which was available to some brewpub and taproom brewers.

"While the boom in breweries of a few years before has certainly slowed, the continued growth in small breweries shows the solid foundation of demand for their businesses and beers," added Watson.

Beer Imports Surge 18.2%; Almost All Growth from Mexico

Beer imports grew by an astounding 18.2% for February 2022 compared to February 2021, according to the **Beer Institute**, which analyzes Census Bureau data on imports. This growth was driven almost entirely by Mexican imports, which grew by 38.8%, up more than 660,000 barrels compared to a year ago. Note that the net gain for total imports was 450,000 barrels compared to February 2021, Beer Institute said.

Year ago comparisons are very favorable, with Mexican imports down 9.2% (down nearly 175K bar-

rels) in February 2021 compared to February 2020. In fact, February 2021 was one of the lowest volume months in the past two years, with May 2020 as the only other month with lower volume, BI said.

Mexican import barrelage is in line with volume trends for recent months. For example, February 2022 shipments for MX imports are down -0.8% compared to January 2022 and up 0.5% compared to December 2021. Typically, February volume drops compared to the prior month of January. In 2020, Mexican imported volume dropped 9% in February compared to the month prior of January 2020. The slight dip in volume for this latest month compared to January is a much better trend than we see in a typical drop from January to February.

Sweetens Cove Intros a Union of Kentucky, Tennessee Bourbons

Sweetens Cove Spirits Co. introduced its latest expression – **Kennessee**, a union of Kentucky and Tennessee Bourbons, hand-curated and blended together by Master Blender **Marianne Eaves**.

"Rather than argue whether Kentucky or Tennessee is better or best, why not put them together in one bottle and create magic?" said Eaves. "Each of these liquids reflect the enduring and exceptional personality of their region, sharing common ground and yet, distinctive qualities. Working barrel by barrel, I added a hint of toasted sugar maple wood to elevate this one-of-a-kind blend, just right at 110.7 proof."

With an SRP of \$59.00, Sweetens Cove Kennessee is the company's first foray into the "all-access" market, with a high-end product and approachable price-point, ideal for happy hour, barbecues, tailgates and mixology.

Zamora Expands into Agave Spirits

Zamora Co. USA said **Mezcal San Cosme** was joining the company's portfolio, effective immediately.

"We have been searching for some time for the perfect agave spirits that align with our high-standards and meticulous focus on the world's top-quality ultra-premium products," says **Bill Corbett**, CEO of Zamora Co. USA. "Without a doubt, San Cosme is one of the finest mezcals in the category, led by an incredibly passionate and talented team in Oaxaca, the premier region in Mexico for mezcal production. We're very proud to represent this world-class brand here in the U.S."

Southern Glazer's Wine & Spirits will be the distributor.

Añejo Tequila Snags 20% of Drizly Tequila

Añejo tequila has accounted for a 19% share of the tequila category on Drizly over the past 12 months. While it's still a lower share than reposado and blanco, the añejo share on Drizly has risen three percentage points from a 16% share the prior 12 months.

The añejo subcategory is the priciest among the tequila subcategories, and the average unit price is only going up. Over the past 12 months, the average unit price for añejos on Drizly was \$98, compared to \$85 over the previous 12 months—a 15% increase year-over-year. Añejo has seen the strongest year-over-year growth in tequila subcategories. Reposados reach an average unit price of \$57, while blancos have an average unit price of \$38.

As with some other spirits categories, the rising average price point can in part be attributed to premiumization trends.

“We’ve seen a trend toward premiumization within the spirits category overall; however, it has impacted different categories differently,” says **Liz Paquette**, Drizly’s head of consumer insights. “Whiskey and tequila have seen growth in high price-point categories like Scotch and añejo, while other categories like vodka have not seen such impact.”

Another factor in the rising sales of añejo tequila is that people are swapping lower-priced styles for añejo. “We are seeing consumers trade up within tequila as they become more educated on the category and seek to try new styles beyond silver or blanco,” says Paquette.

The subcategory is also attractive for people looking to send gifts. Key sales-driving occasions are days associated with gifting, with Mother’s Day and Father’s Day as important ones to watch coming up as well as looking ahead to the Q4 holidays.

New Wine Brand Targets Under-40s

Stel+Mar, a new wine brand, is targeting the Under-40 crowd with “a combination of unique positioning, good price and highly rated taste.” SRP: \$13.99.

After a limited release in 2021, the brand is poised to make a big push in 2022 with distribution quickly lining up throughout the U.S. in both retail and online (wine.com and drizly.com) distribution.

“Similar to other industries, many younger consumers aren’t looking to the same brands as their parents. They care less about status and more about shared experiences with friends as well as finding great value at every level in their lives. That’s what Stel+Mar embodies in every bottle,” said co-founder **Justin Dumitrescu**. “Stel+Mar hits the trifecta of great tasting wine that is affordable and speaks to a new psychographic of wine drinker,” continued Dumitrescu.

Firm Produces 1st Ethanol-Free AlcSeltzer

KetoneAid has produced the world’s first ketogenic alcohol. Instead of containing the addictive and toxic form of alcohol called ethanol, KetoneAid has formulated something special. The active ingredient, “1,3 Butanediol,” produces similar effects without the drawbacks.

Where typical alcoholic drinks get metabolized into toxic byproducts, the liver converts R 1,3 into brain-strengthening molecules called D-BHB. Compared to ethanol, Hard Ketones:

- ✓ Suppresses hunger rather than stimulating it
 - ✓ Protects the brain and body rather than damaging it
 - ✓ Contains zero carbs and sugar
 - ✓ Energizes rather than leaving you tired and hungover
- Both the taste and can resemble that of hard seltzer.

Paulaner USA Rolls Out Paulaner Münchner Lager 12-Pack

Paulaner USA, the U.S. importer of the legendary **Paulaner Brewery** portfolio and other premium beverage alcohol brands, announces its popular **Paulaner Münchner Lager** is now available in a convenient new 12-pack. Answering consumer demand, the new packaging is the perfect size for parties, gatherings and outdoor events.

“As the warmer months near and more and more consumers begin to gather together, we recognized the need to provide a 12-pack offering,” says **Steve Hauser**, CEO of Paulaner USA. “Too often we hear that a six pack just isn’t enough, while a case may be too much. Therefore, our new Münchner Lager 12-pack is a great solution, offering the perfect amount.”

Mass. Cocktails-to-Go Extended a Year

Massachusetts Governor Charlie Baker signed [H 4650](#), a spending package that includes a one-year extension for cocktails to-go from restaurants and bars in the state.

Mateus Offers 3rd Vintage of Dry Rose in U.S.

Mateus announces the launch of **Mateus Dry Rosé 2021**, the third vintage released in the United States. Coming off the heels of its best worldwide sales results in three decades, Mateus said its Dry Rosé continues to reinvigorate the U.S. rosé category by delivering a wine that embodies the New Shape of Rosé.

Champagne Telmont to Shave Bottle Weight

Champagne Telmont said it launched a pioneering experiment to reduce the weight of its glass bottles, working in close collaboration with the French glass-maker Verallia. The goal is ultimately to decrease the current weight of 835 grams to an even lighter bottle, weighing 800 grams. The would be a 4.4% lighter bottle.

The glass used for its bottles represents about 20% of Champagne Telmont’s carbon emissions . There-

fore, shaving weight off its bottles could substantially reduce its carbon footprint: less glass means less CO₂ in the melting and manufacturing of glass, and also less fuel for transport, both upstream and downstream. This means extra energy savings and environmental benefits.

The appearance and shape of the bottle will change very little; the only real difference will be its weight.

This modification requires an upstream test phase to guarantee bottle resistance during the champagne bottling process and transport. In fact, due to the specific characteristics of champagne, these bottles must withstand much higher pressure than others: about 6 kilograms per square centimetre. The lighter-weight bottles therefore need to be tested to withstand this pressure over time with 35 grams less glass weight.

This test phase began several days ago at the Telmont estate, on a batch of 3,000 bottles during the *tirage*, or stage when the wine is bottled and a second fermentation takes place, specific to the champagne-making process. Over a six-month period, a representative sample will be continuously monitored and analyzed, and the results communicated on a regular basis. These lighter bottles will be approved for sale once they have successfully passed each step of the test, including ageing time in the cellar.

If the outcome is conclusive, Telmont will market the first 800-gram bottles of 'Telmont Réserve Brut' (aged a minimum of 3 years) from 2025 – an initiative that could potentially benefit the Champagne region to help collectively reduce its carbon footprint.

The House is very enthusiastic about this experiment. In fact, it is the last in a series of initiatives taken by Champagne Telmont since June 2021 as part of its *In the Name of Mother Nature* project : eliminating all packaging and gift boxes based on the principle of "the bottle, and nothing but the bottle", replacing all transparent bottles (made with 0% recycled glass) with classic green champagne bottles (made with 85% recycled glass), overhauling the logistics chain upstream and downstream to limit greenhouse gas emissions indirectly related to its business, selecting transporters according to their CSR score, using 100% green energy, continuing to enforce its zero-air transport policy for supply and distribution, converting the estate to 100% organic viticulture by 2031...

"Telmont is a traditional house that embraces innovation, especially when it enables us to reduce our

carbon footprint. We want to thank our partner in this experiment, Verallia, who also shares these values. I sincerely hope that what we are testing today, with this lighter 800-gram bottle, will be a step forward for the Champagne region," said **Ludovic du Plessis**, President of Telmont House

"The Champagne bottle is a symbol. But that doesn't mean it shouldn't evolve, stepping up to meet today's challenges. In line with our purpose "Re-imagining glass for a sustainable future", we work closely with our clients, supporting their efforts to reduce environmental impact. Shaving weight off bottles is a strategic focus of this approach. Therefore, we are thrilled to partner up with Champagne Telmont who is offering us a remarkable life-size testing ground," added **Axel Guilloteau**, Sales and Marketing Director at Verallia France.

Who & What —

NV Group USA names **Scott Franklin** EVP-Sales. He joins from Angel's Envy Bourbon, where he was regional sales director.

Carma Connected is a full-service, integrated Miami Beach public relations agency which has been named the p.r. shop for **Latin Gin**.

ReserveBar elevates two executives who were part of the leadership at **Minibar Delivery**, which ReserveBar acquired in November 2021. **Andrew Jacobson** has been appointed the Chief Operating Officer of ReserveBar. He was formerly the Chief Operating Officer of Minibar Delivery. In addition, **Lauren Henderson**, who was the VP-Brand Partnerships and Marketing for Minibar Delivery, has been named the Head of Minibar Delivery Product, responsible for the day-to-day executive leadership for Minibar. **Lindsay Held**, Chief Executive Officer of ReserveBar, is now CEO of both companies.

Fresh Vine Wine, Inc. hires **Ellen Scripta** as Chief Financial Officer. Most recently, she was CFO of Intricon, a joint development manufacturer of advanced micro-medical technology. **Elliot Savoie**, who had been serving as Fresh Vine Wine's CFO since its IPO, has transitioned to Head of Corporate Development and Ventures.

Ranch Rider Spirits, the first company to put a pure Ranch Water cocktail in a can, taps R\West for public relations.

Continued Success,
KANE'S BEVERAGE WEEK



JOEL WHITAKER, Editor