

# 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. 27

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## Wine Groups Vow to Fight Just-Passed Model Act on Direct Shipping Enforcement

It may not be war, but **Wine Institute** and **WineAmerica** have vowed to "actively oppose" a proposed law that would significantly tighten direct shipping of alcohol beverages.

And it may be unconstitutional, **National Association of Wine Retailers** (NAWR) warned.

Meanwhile, **Wine & Spirits Wholesalers of America** said it was "disappointed" the Uniform Laws Commission took up the issue of direct shipping of alcohol beverages at all. But, it added, it "appreciated the efforts the ULC has taken to provide state lawmakers with model legislation to promote a compliant and fair marketplace for those states that choose to allow certain types of shipping."

The Model Act was adopted not by elected officials but by a group of lawyers, judges, legislators and legislative staff and law professors at the Uniform Law Commission (ULC) meeting this week in Philadelphia. The Uniform Alcohol Direct Shipment Compliance Act was one of five Model Acts that was adopted. The other five were amendments to the Uniform Commercial Code to accommodate emerging technologies, Uniform Electronic Estate Planning Documents, Model Public Meetings During Emergencies Act and the Uniform Telehealth Act.

The ULC seeks to provide state legislatures with well-researched and drafted model acts to bring clarity and stability to critical areas of statutory law across jurisdictions where uniformity is desirable and practical.

"However well-intentioned this effort is," **Steve Gross** of Wine Institute and **Michael Kaiser** of WineAmerica, said, "we expect this Act will become a Trojan Horse that will serve to curtail existing wine shipping privileges.

"Pulling at the threads of an alcohol law already established in 47 states with common provisions that experienced trade groups representing all three tiers meticulously crafted to co-exist with each state's unique alcohol distribution laws is, we believe, beyond the scope and expertise of the ULC," they added.

WSWA, which opposes the direct-to-consumer shipping of alcohol, said "many public health and safety problems exist in an interstate DTC marketplace as those shipments are essentially hidden from regulatory management. While not the most effective solution, tools such as common carrier reporting and fulfillment provider reporting help provide some transparency for regulators seeking to enforce their laws and keep citizens safe. The best solution is local, licensed delivery that provides unparallel consumer convenience and state oversight, as well as promotes strong communities."

Half the committee that drafted the measure recognized it may be unconstitutional, **Tom Wark**, of NAWR said. They voted to strip the measure of its fulfillment house provision. The measure would require fulfillment houses, which perform services -- mainly storage and packing services -- on behalf of wineries and wine retailers, to register and submit to the jurisdiction of another state. The problem with that, Wark said, is that to assert jurisdiction over an entity, that entity must have minimum contacts with the forum state. The fulfillment house only does business at its location and doesn't derive any income from the customer who ordered the wine in another state.

The only reason the fulfillment house provision remained in the measure is that the chair "decided that his vote as chair in a deadlock situation held sway," Wark said.

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The other problem with the measure, Wark said, is that it would allow a state liquor commission to penalize a local business for a perceived violation of another state's laws without due process.

The measure itself is pretty turgid. In addition to suppliers, wholesalers and retailers as well as carriers, it also establishes a "fulfillment provider," which is defined as "a person that acts on behalf of a licensed direct shipper to ship covered alcoholic beverages to a consumer and arranges for transport of covered alcoholic beverages by carrier to the consumer."

The legislation provides that the fulfillment provider must register with every state into which its arranges bev/al to be shipped, is responsible for verifying a direct shipper is licensed, must provide a list of all direct shippers each month to the state ABC, etc.

Just because a fulfillment provider is licensed does not relieve a carrier of the responsibility of making sure the direct shipper is also licensed.

The draft legislation goes on like that for 23 pages. Before passage, **Wine Institute** and **WineAmerica**, on behalf of their 11,000 members, expressed "the strongest opposition to ratification of the proposed Uniform Alcohol Direct-Shipping Compliance Act."

In a letter to Uniform Laws Commission members, Gross, the Wine Institute VP-state government relations, and Kaiser, the Executive VP-government relations for WineAmerica, noted that originally the committee was focused "on the emerging area of DTC shipping of wine and/or beer" but had shifted in 2019 to being "focused solely on changing existing state wine shipping laws." By 2019 direct shipping of wine was lawful into 45 states, and that the initial draft was drafted without input from wineries but with extensive input from wine wholesalers, they said.

Wine Institute and WineAmerica said the benefits of the proposed legislation "are greatly outweighed by the need to protect existing wine shipping statutes from opponents that will seize this opportunity to undermine existing shipping laws." They noted the 21st Amendment was adopted "precisely to prevent national uniformity of laws governing the sale and transportation of alcohol across state lines.

## Diageo Promotes Debra Crew to Global COO, Claudia Schubert President, North America

Crew is currently president, North America and Global Supply.



As Chief Operating Officer, Crew (left) will take accountability for driving continued performance momentum across Diageo's markets, brands and supply operations globally, and will continue to report to **Ivan Menezes**, Chief Executive.

In July 2020, Crew was appointed President, North America. She has embedded

greater external focus and connectivity across the market's teams and strengthened commercial execution, resulting in market share gains and 20% organic net sales growth in fiscal 21, and 13% organic net sales growth in the first half of fiscal 22.

She is the former president and CEO of Reynolds American, Inc. Before that, Crew spent five years at PepsiCo, where she served as president, North America Nutrition; president, PepsiCo Americas Beverages; and president, Western Europe Region. Prior to PepsiCo, Debra held positions with Kraft Foods, Nestlé S.A., and Mars, Inc. She currently serves on the board of Stanley Black & Decker, Inc.

Schubert (below) will join the Diageo executive committee. She has been president, U.S. Spirits and Canada since 2018, and reshaped the market's strategy, put in place a strengthened route to market and built trusted partnerships with Diageo's distributors to deliver strong growth.



In fiscal 21, organic net sales grew 24% in US Spirits, and 15% in the first half of fiscal 22\*. Claudia brings 20 years of market and category experience at Diageo, having led the company's Continental and Eastern Europe, US Wines and US Control States businesses. She began her career as a management consultant with Boston Consulting Group.

## Sands Brothers to Retire from Active Management at Constellation Brands

Just days after **Heaven Hill Brands** announced executive changes to pass control of the family-owned distiller to a third generation, **Constellation Brands** announced **Robert** and **Richard Sands**, who currently serve as Executive Chairman of the Board and Executive Vice Chairman of the Board, respectively, will retire from their employment with Constellation Brands in their current executive capacities. Robert Sands will become Non-Executive Chairman of the Board and Richard Sands will continue on as a Board member.

The retirement will follow approval by shareholders to eliminate the company's Class B common stock.

The proposed transaction contemplates that each outstanding share of the company's Class B common stock, including those owned by the Sands Family, will be converted into the right to receive one share of Class A common stock plus cash consideration in the amount of \$64.64 per share of Class B common stock, or a total amount of \$1.5 billion. This represents a 26.5% premium relative to Constellation's Class A common stock closing share price as of June 29, 2022.

The Company expects to realize a number of corporate governance and other benefits from the proposed reclassification, including:

- the elimination of the higher vote Class B common stock, including the associated voting control of the Sands

Family, and a reduction in the concentration of voting power

- simplification of the Company's equity capital structure to better align the voting rights and interests of all shareholders

- broader appeal of its shares to a larger base of investors who prefer single voting class common stock structures

- operating cost savings associated with executive salary and certain benefits (\$15-20 million of cost in fiscal 2022), as well as administrative savings from maintaining the Class B common stock

- rotation of the lead independent director position on the Board at the next available normal cycle opportunity

- shift to majority voting in uncontested elections from current plurality standard for its Board of Directors and adoption of a Board anti-pledging policy

Constellation said it expects the Sands family to continue to be the company's largest shareholder after the transaction.

"The proposed share reclassification will strengthen the Company's corporate governance profile by aligning voting rights with the economic interests of all shareholders. In addition, the Company's simplified capital structure will provide a solid foundation as the Company continues to pursue its strategic growth initiatives and capital allocation priorities to build shareholder value," said **Bill Newlands**, president/CEO.

Constellation appears to be following the path of **Anheuser-Busch Cos.**, which eliminated a dual-class structure rather than that of **Brown-Forman Corp.** and **Ford Motor Co.**, both of which have two classes of stock and remain controlled by the founding families.

Wall Street traders, and especially those involved in mergers and acquisitions, hate dual-class companies because they eliminate the ability for a quick takeover, which is what happened to Anheuser-Busch. Family controlled companies generally cite the factor of family control as enabling long-term business building whereas one-class companies are more focused on quarterly results.

Constellation was founded by Richard and Robert Sands' father, Marvin Sands, and grew from a small wine business into a global behemoth under the brothers' leadership through a series of acquisitions. Richard Sands is 71 years old and lives in Delray Beach, Fla. Robert Sands is about 65 years old and lives in Canandaigua, N.Y. Robert worked for two years at a Rochester law firm before joining C-Brands as general counsel.

Both brothers are married. It is not known whether either has children or, if they do, whether the children are actively involved in the business.

**CBrands Net Soars 143%, Sales Jump 17%**

Constellation Brands reports net income rose 143% to \$390 million, or \$2.06 a share, as fiscal first quarter sales rose 17% to \$2.36 billion.

**Beer Business**

The beer business achieved double-digit net sales and operating income growth and 9%depletion growth driven by continued solid performance by Modelo Especial, which

saw depletions grow 15%, and Corona Extra. Modelo Especial continued as the No. 1 brand in the high-end and No. 1 brand share gainer in the entire U.S. beer category, based on IRI data, Constellation said. Modelo Chelada remained the No. 1 chelada with depletions growing more than 39% and expanding its share to more than half the entire chelada segment.

Pacifico's depletions grew more than 21%. The company said the brand regained distribution with increased brown glass availability.

The beer business's operating margin eased 260 basis points, a result of higher raw material, transportation, brewery and depletion costs.

In IRI channels, Constellation's beer business "significantly outpaced the entire beer category as well as high-end beer, adding 1.4 share points and carrying four of the top 15 share-gaining brands.

**Wine and Spirits Business**

The wine and spirits business share net sales and depletion grow 2% to \$465 million, driven by strong performance of its higher-end brands including Meiomi, Kim Crawford, SIMI, The Prisoner Wine Co., High West Whiskey and Casa Noble Tequila.

The company noted its wine and spirits business outperformed the total U.S. wine and spirits category and gained share. Aspira, the company's fine wine and craft spirits portfolio, achieved 16% depletion growth. The Prisoner Wine Co., High West Whiskey and Casa Noble Tequila all grew significantly ahead of their corresponding categories.

Operating margin fell 330 basis points to 19.6% and higher raw material costs, transportation costs, increased general and administrative costs and marketing spending all took a bite. Wine and spirits continues to expect sales to ease 1% to 3% in fiscal 2023 and net operating income to

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grow 4% to 6%.

## Scheid Revenue Jumps 34%, But Firm Swings to a Loss

**Scheid Family Wines** reports total revenue of \$15.9 million in the three months ended May 31, a 34% increase from \$11.9 million a year earlier. But the company, for reasons that are not clear to us, post a net loss of \$2.2 million versus a profit of \$15.1 million a year earlier.

Cased goods sales increased 36%, bulk wine sales increased 41%, and winery processing and storage revenues increased 60% from the previous year. Overall increases in revenues were partially offset by gross margin decreases from 24% in the 2021 period to 22% in 2022. Margins decreased primarily due to changes in product mix, as well as increases in material costs. Total gross profit increased 24%.

Sales and marketing expenses increased 25%, from \$2.8 to \$3.5 million, as the Company continued its investment in the marketing of new brands and territories. The Company recognized a gain of \$23.8 million from the sale of vineyard properties in the first quarter of fiscal 2022. The net loss before the effects of the gain on vineyard sales and income taxes totaled \$2.8 million in the first quarter of fiscal 2022 of as compared to a net loss before income taxes of \$3.1 million in fiscal 2023.

As noted, it's not clear to us why the company posted a loss. We've asked, and will let you know when we get an answer.

## Dos Equis Enters Spirits Category

**Heineken USA** launched **Dos Equis Margarita Classic Lime**, a ready-to-drink spirits-based product that blends Blanco Tequila and high-quality ingredients to create the perfectly mixed cocktail. Each 12 ounce cocktail-in-a-can is 10% ABV and is made with Blanco Tequila, real lime juice and natural flavors - refreshing and exciting your taste buds without an artificial taste.

"We are excited to bring our first ever spirits product, Dos Equis® Margarita Classic Lime, to the U.S. market which spotlights our commitment to innovation at Heineken USA and Dos Equis," says **Hannah Dray**, Dos Equis Brand Director. "Dos Equis is a credible quality brand born in Mexico and we wanted to bring the excitement that consumers have for a traditional margarita to a can to save them the time and hassle of having to make it themselves."

Dos Equis Margarita Classic Lime is now available in 4-pack, 12 oz. cans in select markets in the U.S.: four New Mexico, New Jersey, Colorado, Massachusetts, Louisiana, Illinois, Las Vegas, Nevada, and Georgia. The beverage will additionally be available in Southern California and Arizona this September.

## Ste. Michelle Wine Estates Expands Ties With Southern Glazer's to 10 More States

**Ste. Michelle Wine Estates** said it expanded its current distribution agreement with **Southern Glazer's Wine & Spirits** to include Colorado, District of Columbia, Louisiana, Maryland, Mississippi, Nebraska, North Dakota, Oklahoma, South Dakota, and Texas, along with the addition of the An-

tinori portfolio in Illinois; bringing the total strategic alignment in the U.S. to 36 states.

"Having been partners for more than three decades, this is a natural and strategic next step in our successful business partnership with Southern Glazer's," said **David Dearie**, president/CEO, Ste. Michelle Wine Estates. "This national strategic alignment will strengthen the ultimate path of bringing Ste. Michelle Wine Estates' portfolio to more consumers."

Ste. Michelle Wine Estates and Southern Glazer's have a well-established relationship of 34 years. Some of Ste. Michelle Wine Estates' signature brands include **Chateau Ste. Michelle**, **14 Hands**, **Columbia Crest**, **Erath**, and **Stag's Leap Wine Cellars**.

"From our shared values to our rich histories with wine, there's incredible synergy between Southern Glazer's and Ste. Michelle Wine Estates that we're excited to build on," said **Wayne E. Chaplin**, CEO, Southern Glazer's. "We're thrilled to continue working closely to deliver results and sustained impact for this iconic portfolio."

This agreement follows an earlier expansion to the Pacific Northwest announced in 2018. Now extending to the central region of the U.S., this represents a long-term commitment by both companies to the continued growth of the Ste. Michelle Wine Estates portfolio.

## Wine Continues to Lead on Drizly

It's always interesting to see what's leading on Drizly, and it's usually not what we'd expect. For instance, everybody knows that beer accounts for roughly half of all bev/al sales, right? At least that's the popular myth, and wine trails at No. 3. Not on Drizly. At least not in June.

Red wine accounted for 12% sale of sales, white wine 11%. Vodka came in at 9% share, followed by bourbon at 6%, tied with champagne, 6%, silver/blanco tequila at 4%, Scotch whisky, 3% tied with hard seltzer and rose wine reposado tequila, both tied at 2% share.

The list looks similar to the previous 12 months with a few slight share shifts, as well as the addition of reposado tequila in the place of light lager, Drizly said. One notable change is the rise in average unit price among the subcategories with the largest share.

"Among the average unit price of the top 10 subcategories in 2022 versus 2021, all categories have seen year-over-year gains except vodka," says **Liz Paquette**, Drizly's head of consumer insights.

The subcategories that have seen the biggest year-over-year increases in average unit price are reposado tequila (\$61.50 in 2022 versus \$56.90 in 2021), Champagne (\$53.80 versus \$50.70), and Scotch whisky (\$73.10 versus \$71.60).

At the national level, the subcategories with the highest share of sales are remarkably consistent: Red wine, white wine, vodka, and bourbon rise to the top 4. During the summer months, white wine typically overtakes red wine as customers seek out something lighter to pair with warmer weather.

### Wine a Consistent Seller

Wine remains a consistent seller on Drizly. It held four of the top 10 subcategories (red wine, white wine, Cham-

pagne, and rosé) over the past 12 months, which was also the case in the prior 12-month period in the same time of year. In the case of Champagne, the position has even strengthened. While Champagne remained the number five top-selling subcategory year-over-year, it saw share gains from five percent to six percent — the same share level as bourbon.

New York City, Chicago, Miami, San Francisco, and San Diego all over-index in Champagne sales. In New Jersey and Boston, Champagne has the fourth-highest share compared to the fifth-highest share nationally, and in New York City, Champagne holds the third position.

On Drizly, the top-selling Champagne brands include Veuve Clicquot, Moët & Chandon, Dom Perignon, and Perrier-Jouët.

### **Liquor**

Liquor accounts for five of the top 10 top-selling subcategories in the past 12 months. In the 12 months prior (May 2020 to May 2021), four liquor subcategories made the list. This reflects the rise in popularity of reposado tequila, the newest liquor subcategory to make it in the top 10 over the past year.

New York City, Los Angeles, Denver, Dallas, and Miami all over-index for reposado tequila sales on Drizly compared to the rest of the country.

One factor helping tequila over the past couple of years of growth has been consumer willingness to spend more for tequila as they begin to understand it can be more than just a shooter. "We have really started to see premiumization take hold in the tequila category, with more upper-tier brands entering the space," Paquette says, noting that tequilas priced \$30 or more are seeing a greater share of growth than lower priced products. The top selling reposado tequilas include SKUs from Clase Azul, Casamigos, Hornitos, Espolón, and Teremana.

One interesting note in the liquor category is that vodka remains the number three best-selling subcategory on Drizly. In fact, even as the liquor category sees more subcategories take share from vodka, vodka's overall share on Drizly has increased over the past 12 months from eight percent to nine percent.

### **Beer Lags, Except for hard seltzer**

On the national level, hard seltzer is the only beer subcategory that makes it onto the list of the top 10 overall. This is a change from the 12 months prior, when light lager came in at number 10 with a two percent share.

Hard seltzer's overall share of sales held steady year-over-year at three percent. Its position in the top 10 selling subcategories, however, dropped from seven to eight as other subcategories rose.

Looking at the percent share on a more local level tells a different story, however. In Boston and New Jersey, light lager still has a place in the top 10 (number seven and number eight, respectively). In Boston and New Jersey, hard seltzer also holds a higher position of six versus eight.

Though hard seltzer growth has slowed, it's still a top-performing category to keep in stock going into the summer months, when sales see year round peak. The top-selling hard seltzers on Drizly are White Claw, Truly Hard Seltzer, Bud Light Seltzer, Topo Chico Hard Seltzer, and Vizzy.

## **Timberwolf Whiskey Launches Barrel-Aged Bourbon Brand, Seeks Distributors**

Timberwolf Whiskey is seeking regional distributors as a prelude to national distribution.

"Our first product was just bottled last month," said founder **Rob Thomas**. "Our first plan is to expand local distribution state-by-state across the country." Timberwolf is headquartered in Seattle.

Timberwolf Whiskey is a 94-proof bourbon with what Thomas calls "a distinctive bold, peppery flavor for sipping straight or mixing. Being from the pacific northwest, our brand demographic is people who enjoy the outdoors, mountains and nature."

Crafted in small batches and barrel-aged, Timberwolf Whiskey's ingredients are 60% corn, 35% rye and 5% barley. "Obviously, being an aged bourbon, we do source barrels from other distillers," Thomas noted.

## **Chopin Vodka Introduces USDA Organic Rye Vodka to U.S. Market**

Chopin Vodka, the world's first super-premium vodka, is releasing Chopin Rye Organic, its first organic single-ingredient vodka in California, Florida, Texas, Colorado, and Washington.

The spirit is made from a heritage rye variety called Dankowskie Ruben, which is certified 100% organic and sourced from a multi-generational farm within 20 miles of the Chopin Vodka distillery in Poland. Chopin Rye Organic is hand-crafted in small batches, following traditional distilling techniques and strict requirements for ecological processing, and is blended with natural spring from Chopin's own well on property. The spirit is then rested for six months to bring out its full flavor before bottling.

The Chopin team works with one organic farm to grow the organic rye with naturally fertile soil without using synthetic chemicals such as human-made pesticides, artificial fertilizers, or genetically modified organisms (GMOs). As a result, organic rye has a yield of about half of regular rye and has an increased cost of 40% relative to non-organic rye. The farmers closely monitor the fertility of the soil, the optimal sowing time, peak conditions for development, and the ideal harvest time, which together guarantee the perfect raw material to produce Chopin's Rye Organic.

The Organic Trade Association reports that 82% of American households buy organic products on a regular basis and total organic food sales amount to \$40 billion in annual spending. Despite the prevalence of organic consumption, Nielsen found less than 1% of commercial spirits, beer, and wine are certified organic because the majority of the crops needed to make these products are not produced organically in the U.S.

## **Shannon Family of Wines Wins 100% Organic Certification**

The certification makes the Lake County, Calif., producer one of the largest 100% certified organic mountain-grown vineyards in the country. Shannon has adopted a wide variety of sustainable practices displayed by the win-

ery, from regenerative farming practices to the elimination of all herbicides and fossil fuel-based fertilizers, the use of 100% renewable corks, the utilization of grape varieties that use less water and the use of 100% organic farming materials.

"As a winery owner, I take my job as steward of the land very seriously, which is why I am excited about our recent organic certification and all of the other sustainable efforts that are in the works," said Shannon Family of Wines owner **Clay Shannon**. "This certification is just the beginning for us. We are committed to continuing to reduce our carbon footprint and to advocate for sustainability in Lake County and beyond."

### Masq Hard Tea Expands to Texas With L&F Distributors, Favorite Brands

**Masq Hard Tea**, a health-forward, all-natural hard tea geared toward active lifestyle consumers., said it awarded distribution rights in Texas to **L&F Distributors** and **Favorite Brands**. March launched in 2021 and is now in 14 states. Masq is 4% ABV, 90 calories, vegan, gluten free, lightly carbonated

"When Masq was created, we wanted a better way to drink. There are so many 'less bad' items on the shelf – 0 carbs, no sugar, etc. but most of it is flavored water, alcohol and artificial sweeteners. We wanted something that actually uses real, beneficial ingredients," says **Brad Parkes**, co-founder.

### Tamworth Distilling Turns Pesky Crab into Whiskey

**Tamworth Distilling Co.** is turning green crabs, often called one of the world's worst "invasive species," into **Crab Trapper Whiskey**.

Crab Trapper is made with a bourbon base steeped with a custom crab, corn and spice blend mixture, best likened to a Low Country Boil, the New Hampshire craft distillery says. The crab is present lightly on the nose, accompanied by coriander and bay to smooth out any high notes. The body carries hints of the maple and vanilla oak notes lent from the full-bodied base. The spirit finishes with heavier notes of clove, cinnamon, and allspice, leaving a light, pleasant spice on the palate. SRP: \$65.

### Texas Securities Commissioner Dismisses Case Against Whiskey Cask Wholesaler

The Texas Securities Board, which functions in Texas much as the Securities & Exchange Commission does for the United States, accused the **Whiskey & Wealth Club** of violating U.S. securities statutes in selling pallets of whiskey. Now, the Texas Securities Commissioner has determined that Whiskey & Wealthy didn't engage in securities investment or trading or trading under U.S. law.

Before any evidence was presented, the Board accused the company of "engaging in fraud in connection with the offer for sale of securities" which threatened to do the public "irreparable harm" – statements they have now totally retracted.

The agreement to dismiss these accusations filed on July 7 also found Whiskey & Wealth Club did not engage in illegal acts in connection to the offer or sale of securities and did not make statements to deceive the public.

The Board also dismissed allegations and orders against individual Whiskey & Wealth employees.

Commenting on the dismissal, Whiskey & Wealth co-founder **Jay Bradley** said the decision now paves the way for a highly regulated business model to flourish in the United States, where sales of Irish whiskey - the fastest growing premium spirit in the world - are forecast to overtake Scotch by 2030.

"This is a hugely important victory for Whiskey & Wealth Club in a case that has been hanging over our business for eight months and which cost a significant amount of money in legal fees, drained resources, and defamed our company, yet now paves the way for our cask wholesale business to prosper in the United States and around the world," Bradley said.

"The Securities Board has now rectified its mistake and recognized our substantial co-operation with the investigation. The retraction and dismissal of the case is the closest thing to an apology that we are going to get," he said.

The new order states that Whiskey & Wealth Club cooperated with the Enforcement Division and provided relevant records and information about its business to the Enforcement Division.

### Heaven's Door Series Intros Decade Series

**Heaven's Door Spirits** announced the inaugural release of its Decade Series, a limited collection of super-premium American whiskeys, each 10 years of age or older. The first release in the series is a high-rye 10-year-old straight bourbon whiskey.

The inaugural release in the Decade Series lineup, a high-rye 10-year-old straight bourbon whiskey, is bottled at



100 proof to highlight the nuances and flavors wrought from a decade of barrel aging. This release is neither chill-filtered nor charcoal-mellowed, which allows the bold flavors of the rye to come through along with sweet notes of toffee and bitter chocolate followed by a long, silky-smooth finish.

"We've been patiently waiting on our barrels of aged liquid to mature to the optimal flavor profile for many years, and we are thrilled to release them for our fans to enjoy. When we sourced these barrels from our industry partners years ago, the product was phenomenal, but we purposely let some of them sit for several additional years to get even better..." said Heaven's Door Master Blender **Ryan Perry**. "Our first release is whiskey the world has not yet tasted. This Tennessee bourbon has a mash bill that's non-traditional to all other whiskeys ever created from the state, with 22% rye and without charcoal mellowing. The distillation is more reminiscent of what you would expect from a traditional Kentucky bourbon."

## On-Premise Sales Grow 6% in Value: CGA

Check value was up 2% and there was a 4% increase in customers, CGA said.

With similar trends over recent weeks, velocity remains slightly ahead of last year (+7%) as the country continues to follow a similar seasonal pattern to previous years. All key states aside from Florida (-4%) and Texas (-3%) are positive compared to last year. New York leads the way, with velocities +22% higher than last year.

Interestingly, growth is being powered by areas outside Check value was up 2% and there was a 4% increase in customers, CGA said.

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Interestingly, growth is being powered by areas outside major cities. In New York State, for instance, which was up 10% overall, it was areas outside the major cities that saw growth of 14%. Same thing was true in Illinois (+3%), where areas outside major cities were up 9%, and all other Texas (+7%) experienced stronger trends than the state as a whole.

## Drinking Alone Increases Risk of Problems Later -- Especially for Teens, Young Adults

That's according to a new study from Carnegie Mellon University in the July issue of the journal *Drug and Alcohol Dependence*. This risk is especially high for women.

"Most young people who drink do it with others in social settings, but a substantial minority of young people are drinking alone. Solitary drinking is a unique and robust risk factor for future alcohol use disorder," said lead author **Kasey Creswell**, associate professor of psychology at CMU. "Even after we account for well-known risk factors, like binge drinking, frequency of alcohol use, socioeconomic status, and gender, we see a strong signal that drinking alone as a young person predicts alcohol problems in adulthood."

Excessive alcohol use is a worldwide burden, contributing to 3 million deaths globally each year. Doctors often screen young people for risky alcohol use, but their questions have focused on the frequency and quantity of alcohol consumed. Creswell believes the social context in which young people drink is a critical but often overlooked indicator of future alcohol misuse.

Creswell joined Yvonne Terry-McElrath and Megan Patrick at the University of Michigan to analyze data from the **Monitoring the Future** study, an ongoing epidemiological study of drug and alcohol use among American youth followed into adulthood. Approximately 4,500 adolescents (age 18) responded to surveys asking about their patterns of alcohol use and whether they consumed alcohol while alone. These participants were then followed for 17 years, providing information about their alcohol use and drinking alone in young adulthood (ages 23/24) and reporting AUD symptoms in adulthood (age 35).

Results showed that adolescents and young adults who reported drinking alone were at increased risk for developing

AUD symptoms in adulthood compared to their peers who only drank in social settings. The team controlled for a host of well-established early risk factors for alcohol problems, such as binge drinking and frequent drinking. They found the odds of having AUD symptoms at age 35 were 35% higher for adolescents who drank alone, and 60% higher for young adults who drank alone, compared to social-only drinkers. Adolescent females who drank alone appeared to be at particular risk for developing future alcohol problems in adulthood.

About 25% of adolescents and 40% of young adults reported drinking alone. These findings suggest targeted interventions may be helpful to educate and inform these groups, especially young women, of the risks of solitary drinking to prevent the development of AUD in the future.

Previous work by Creswell and others has shown that young people drink alone as a way to cope with negative emotions, which is a pattern of alcohol use that has been consistently linked to the development of alcohol problems. Creswell noted that the pandemic has increased solitary drinking among young people.

"With concurrent increases in pandemic-related depression and anxiety, we may very well see an increase in alcohol problems among the nation's youth," Creswell said.

## Brockmans Gin Sells 1 Million Bottles Globally in 12 Months

That's a first for the super-premium brand, and is equivalent to 77,760 9L cases sold across key global markets including the USA, Germany, and Spain and is confirmation that gin continues to develop rapidly across the world. Brockmans Gin revenues grew +36% in the 12 months to end December 2021.

Brockmans' CEO, Guy Lawrence commented, "This is an incredible moment for us as a brand, and we're extremely proud of our team, partners, and distribution network across all our global markets for achieving this milestone. As they say, your first million is always the hardest, and we look forward to the next! The category continues to grow rapidly worldwide, with IWSR forecasting Super-Premium Gin to grow +87% over the next 5 years, or 14.5% per annum, and we intend to perform well ahead of that."

Brockman's is one of the largest privately owned super premium gin brands in the world. In the US, Brockmans is available nationwide and sells for a suggested retail price of \$34.99/750ml.

## Redwood Empire Whiskey Plants 500,000 Trees in Three Years

"You bought bottles, we planted trees -- 500,000 of them! Since we launched our partnership with Trees for the Future in 2019, we never thought we'd plant so many trees in such a short time span," says **Derek Benham**, founder and managing partner of **Purple Brands**. "We'll continue to grow our efforts alongside the rapid growth of our craft whiskeys," he added. In addition to working with Trees for the Future, Purple Brands also partnered nationally with One Tree Planted to coordinate volunteer planting days during Earth Month with the company's team and wholesale partners.

The Redwood Empire's majestic forests stretch from San

Francisco north along the coast to the Oregon border. Located in a fog belt, the cool weather conditions and low humidity in this area allow a slow, even extraction of flavor from barrels throughout the year, resulting in whiskeys of exceptional complexity, balance, and subtlety.

Founded in 2015 as part of Purple Brands, Redwood Empire Whiskey is distilling California craft whiskey.

With over half a million trees planted, Redwood Empire Whiskey's impact translates to restoring 125 acres of degraded farmland, more than 18,000 metric tons of CO2 sequestered (over 20 years) and paving a pathway for over 1,000 people who were heading towards hunger and poverty. When looking at the entire impact of Trees for the Future, they have been responsible for planting more than 225 million trees around the globe in the last three decades and are on track to plant one billion trees by 2030.

### Bardstown Bourbon to Buy Green River Spirits

**Bardstown Bourbon Co.** said it agreed to buy **Green River Spirits Co.** The deal will give Bardstown production sites in Owensboro and Charleston, S.C., and the Green River brand. Terms weren't disclosed.

**Mark Erwin**, CEO of Bardstown Bourbon Company, said. "Bardstown Bourbon Co. was founded to honor the traditions and history of Kentucky bourbon while taking a wholly modern approach. The addition of one of the oldest distilleries in Kentucky allows us to offer a comprehensive assortment that showcases the state's flagship industry."

### Pernod Ricard Creates Unit To Oversee American Whiskeys

**Pernod Ricard** created a dedicated business unit -- The American Whiskey Collective -- to manage marketing and production of its premium American whiskey brands and appointed veteran Pernod Ricard marketer **Craig Johnson** to lead the team along with **Jessica Chen**. Johnson is joining Pernod Ricard's USA executive team and will report to **Ann Mukherjee**, chairman/ceo. Chen is appointed VP-Operations, American Whiskeys and will report to Pierre Joncourt, SVP, Operations, Pernod Ricard North America.

The objective, said Mukherjee, is to become a leading player in American whiskey in both U.S. and global markets. "American whiskey is an extremely vibrant spirits category, and our investments over the last few years in **Jefferson's**, **Rabbit Hole**, **Smooth Ambler** and **TX** have proven very successful," Mukherjee said. "Now it's time to drive even more outsized growth for these brands by managing and building a world class marketing and operations approach."

American whiskey sales are expected to account for a significant amount of Pernod Ricard USA's total volumes within the next 5-10 years, and the company's American whiskey export business also has enormous growth potential, Mukherjee said.

## Who & What —

**Frederick Wildman & Sons** announces the departure

of **Marc Hirten**, president/chief operating officer. **Roberta Corra**, ceo, will act as president/coo, until a replacement is named.

In another development, Frederick Wildman hires **Matt Munn** as chief commercial officer. He most recently was senior vp and general manager at Southern Glazer's Wine & Spirits.

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**Kentucky Distillers' Association** announces several staff promotions:

**Adam Johnson**, 47, becomes the KDA's first VP-State Relations. He has led the KDA's Kentucky Bourbon Trail experiences since 2012.

**Colleen Thomas**, 47, is the KDA's first VP-Operations. She has been with the KDA since 2016 and most recently was Senior Director of Marketing and Member Services.

**Mandy Ryan**, 33, is named Director of the Kentucky Bourbon Trail. She has been Director of Marketing.

**Marielle McElmurray**, 29, is named Operations Manager and Executive Assistant. She has been Special Projects Manager since 2021. She also is Assistant Secretary-Treasurer to the KDA Board of Directors.

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**Jiant**, a Los Angeles hard kombucha brand, hires **David Macon** as chief sales officer. He joins from Firestone Walker, where he was chief sales officer.

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**Early Mountain Winery** promotes **Maya Hood White** to winemaker from associate winemaker.

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**Miner Family Winery** promoted **Michelle Shafrir** to head winemaker. She has been assistant winemaker for almost five years.

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**Wine Institute** elected **Rick Tegner**, president/ceo, Jackson Family Wines, chairman; **Russell Lange** of **LangeTwins Family Vineyards & Winery**, first vice chairman; **Matt Galloof E. & J. Gallo Winery**, second vice chairman; **Robin Baggett** of **Alpha Omega Winery** and **Tolosa Winery**, treasurer; and **Alex Ryan** of **The Duckhorn Portfolio**, secretary.

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**National Conference of State Liquor Administrators** elects **Stephanie Strauss** of Iowa president, **Travis Hill** of Virginia 1st vp; **Steven Marks** of Oregon, 2nd vp; **Ernest Legier** of Louisiana, third vp. **Thomas Philpott** of Florida is the immediate past president.

Continued Success,  
KANE'S BEVERAGE WEEK



JOEL WHITAKER, Editor

P.S.: Next issue July 30.