

Distillery Age modern



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Potatoes, Terroir and Vodka



Photo by Michael Anstendig

Master blender Börje Karlsson, who created Karlsson's Gold and Absolut Vodka, was recently in New York City at an event for the media that showcased multiple vintages of single variety virgin potato vodkas to show how potatoes, like grapes, change with each harvest and how, in the resulting distillate, different potatoes have different flavor characteristics.

Diageo To Raise Ad and Promo Spending to Support Price Hikes

At a recent briefing in London, Larry Schwartz, president of Diageo in the U.S., said, "We need to take price, and we are counting on an uplift in spend. Unprecedented spending will be happening in the quarter."

Schwartz said Diageo protected its market share in the U.S. through the economic downturn by using promotions.

"We thought it intelligent to keep customers with our brand," Schwartz said.

Now that growth is returning, Schwartz said Diageo would raise its prices in the first quarter of its fiscal year starting on June 30.

Diageo expects sustained recovery in North America, but only by 2011.

"North America is still a bit uneven at the moment, and it will be 2011 before the recovery becomes more sustained," said Ivan Menezes, head of Diageo's North American operations.

Menezes said that Diageo had increased marketing by 25 percent in the first six months of 2010 in the North American spirits markets.

Kentucky Distillers Warn Congress HR 5034 Could Destroy Bourbon Industry

The Kentucky Distillers' Association (KDA), a Kentucky-based trade group, recently sent a letter to the Congressional Bourbon Caucus and every member of Kentucky's Congressional Delegation urging strong opposition to legislation that the KDA claims would "significantly damage Kentucky's signature Bourbon industry."

KDA President Eric Gregory highlighted the legislation's "many far-reaching and negative consequences" noting that under the bill individual states could establish their own formulas, labeling and bottling standards for Bourbon, overriding uniform federal requirements as now prescribed by the U.S. Treasury Department.

"For more than 200 years, Kentucky's legendary distilleries have crafted the world's finest Bourbons using a time-honored process that today is regulated by strict federal 'standards of identity.' Allowing individual states to concoct a whiskey and call it 'Bourbon,' based on their own definition, would destroy the industry as we know it today," Gregory wrote. "On behalf of Kentucky's signature Bourbon and distilled spirits industry, I strongly urge you to oppose H.R. 5034 and ask that you make your colleagues aware of its potentially disastrous repercussions."

The KDA, and other groups opposed to H.R. 5034, believe that the legislation would strip away the protections of the Commerce Clause and exempt state alcohol laws from all federal laws such as the federal antitrust statutes, the Federal Alcohol Administration

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Scotch Whisky's Economic Impact in Scotland

Figures recently released stated that Scotch Whisky is worth £4 billion a year in added value to the Scottish economy — with the industry spending in excess of £1.1 billion annually on supplies produced north of the Scottish border with England.

The study — The Economic Impact of Scotch Whisky Production in Scotland — by Verso Economics, also stated that the industry's annual turnover in Scotland is now £6.4 billion and that after oil and gas, Scotch Whisky is the country's leading manufactured export with shipments of £3.1 billion a year.

Glenmorangie Celebrates 100 Years in USA

Glenmorangie recently celebrated the 100th anniversary of what may be the first purchase of single malt Scotch whisky in the U.S. The Brown Palace Hotel in Denver made this purchase on May 31, 1910. The story is that the hotel chose to order Glenmorangie because a cattle baron, Murdo Mackenzie,



a native of Tain, Scotland, the birthplace of Glenmorangie, came to Colorado in the 1880s and frequented the Brown Palace Hotel. Whatever the real reason, two casks filled with 36 gallons of Glenmorangie made the lengthy voyage by land and sea — first by train to Liverpool, then shipped across the Atlantic Ocean to Galveston, Texas, and finally by train again to Denver.

Diageo U.S. Virgin Islands Rum Distillery Passes Halfway Construction Milestone

Diageo recently announced that construction of its new rum distillery and barrel warehouse in the U.S. Virgin Islands had passed the halfway construction milestone and is on schedule to become operational by January 2011. The company also announced the appointment of U.S. Virgin Islanders to four key positions at the distillery, in addition to other strategic hires.

“Construction of the distillery in St. Croix is moving at an impressive pace, and we look forward to an on-schedule completion of the project,” said David Cutter, Chairman, Diageo USVI. “The diligence, dedication and hard work of the local construction workers have enabled us to reach this exciting milestone. We all look forward to the day when

Captain Morgan will truly be able to call St. Croix home.”

Construction of the 20-million-proof-gallon rum distillery began in August 2009. Diageo USVI has committed that at least 80 percent of the full-time employees at the distillery will be from the USVI and is expected to hire a total of about 60 full-time employees to operate and manage the distillery. To date, Diageo USVI has named six strategic hires, four of whom are native USVI residents, to fill the positions of Human Resources Director, Maintenance Team Lead, Quality Manager, Executive Administrative Assistant, Finance Manager and Engineering Manager.

Beginning in 2012, the distillery will supply all rum used to make Captain Morgan branded products for the U.S.

Tequila 1921 Moves Production to New Distillery

Casa 1921 Tequila recently moved production to Destileria Morales, a state-of-the-art distillery in Arandas, located in the Los Altos region of the state of Jalisco, Mexico. Casa 1921 Tequila is a producer and mar-



keter of ultra-premium tequilas with a portfolio that includes 1921 Tequila Blanco, Reposado, Añejo and Tequila Cream Liqueur. Its brands are available in most major U.S. markets, throughout Mexico and in limited international markets.

U.S. Drinks Conference Returns to New York

The U.S. Drinks Conference returns to New York City on October 12-13 with a focus on the practical information spirits, wine and beer suppliers need to be successful in penetrating the American market. The global gathering brings owners, entrepre-

neurs, exporters, importers, marketers and distributors together to share case histories and lessons learned from successful brands.

This year’s speakers include a diverse group of key industry executives representing all areas of the trade from distributors, importers and suppliers to regulatory agencies from key states and the TTB. Attendees last year came from 11 countries on four continents.

Panel discussion subjects will include a detailed look at regulatory issues affecting new brands, finding an importer, allocating marketing budgets and how distributors support new brands. A detailed agenda, roster of speakers and registration and hotel information is available at www.USDrinks-conference.com.

The U.S. Drinks Conference is organized by MHW Ltd., Next Level Marketing and Brand Action Team.

Stolichnaya Vodka Launches Celebrity-Driven Advertising Campaign

“Would You Have a Drink With You?” is the theme of a new ad campaign for Stolichnaya Vodka that will feature celebrities. The series kicks off with *Playboy* magazine’s Hugh Hefner. Print ads and TV spots broke nationally on May 24 and will run into 2011.



Furthering the brand’s relationship with Hugh Hefner and *Playboy*, Stoli will release a limited edition bottle of Stoli Ohranj in October featuring the iconic *Playboy* bunny logo. Stoli recently sponsored the 2010 *Playboy* Playmate of The Year Awards.

Early Times Searching for Next Artist for Commemorative Bottle

For the past 23 years, the Early Times Mint Julep has been the “Official Drink of the Kentucky Derby” with a commemorative artwork bottle released for the past 12 years. Early Times is now looking for the next artist whose work will cover the 2011 Early Times Mint Julep bottle with the “Early Times Mint Julep Bottle Artist Search” contest.



For 11 of the 12 commemorative bottles, the paintings of Celeste Susany have covered the bottle. 2010 marks her final year with her painting entitled “A Golden Moment.” Starting next year, consumers have the opportunity to submit original artwork for the chance to be featured on the 2011 Kentucky Derby bottle. They can submit their “What Derby Means to Me” artwork to www.early-times.com/etmjartistsearch. The winner will win a VIP trip for two to the 2011 Kentucky Derby, \$5,000 in cash and have their artwork featured on the 2011 Early Times Mint Julep bottle.

Miami Rum Renaissance Festival

More than 100 rums from around the world were available for tasting by over 2,000 attendees at the Miami Rum Renaissance Festival on May 5-9. As part of the festival, 24 “Rum XPs” tasted and evaluated more than 80 rums in a blind tasting for the International Rum Tasting Panel competition. These experts included masters of rum, authors, mixologists, collectors, journalists, consultants, lecturers and cane spirit ambassadors.

The top winners — all receiving Gold/Best In Class — were:



White Rums

Montanya Platino 21

Gold Rums

Tommy Bahama Golden Sun

Dark Rums

Bacardi Select

Aged up to 6 Years

Plantation Grande Reserve Barbados

Aged 7 to 12 Years

Abuelo 12

Aged Over 12 Years

Cartavio XO

Flavored and Spiced Rums

Castries Rum Crème

Rhums Agricole

Clément Cuvée Homère

The full results are available at www.rum-renaissance.com

Ardbeg Supernova SN2010

Ardbeg Supernova SN2010 is the second edition of Ardbeg’s Supernova series. It has the same high peat levels as the 2009 release but a higher strength at 60.1% ABV and sells for about \$117 for a 750-ml bottle.



Hennessy Black

The first major Hennessy product launch in the U.S. in almost 50 years is Hennessy Black, described as a “done different” Cognac and being marketed as the main ingredient in a variety of mixed drinks. Hennessy Black was introduced in 2009 in select cities and is now available nationwide. To support the release, the brand will be aimed at “young, hip consumers through dance and music in high-energy settings across the country.”



Hennessy Black (43% ABV) is a blend of 35 to 45 pale and gold colored eaux-de-vie selected for their floral characteristics and aged in French oak barrels for at least five years. It’s available in 750-ml bottles for about \$39.99.

Bols Genever Minis

Lucas Bols has introduced Bols Genever minis to the U.S. market. The 50-ml minis



are the exact replica of the 750-ml bottle and sell for about \$4.99. They’re available at high-end liquor stores in New York City

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Bols Genever Minis

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San Francisco and Los Angeles.

Bols Genever has also partnered with the ACE Hotel and Brooklyn Brewery to offer complimentary “kopstootjes” to Dutch guests who book through Fox vacations. A “kopstootje” is literally translated as a “little head butt,” which in Holland represents an original tulip glass filled with Bols Genever next to a beer. In the U.S., the Dutch drinking ritual will be marketed with the 50-ml minis and Brooklyn Brewery Lager.

Malibu Cocktails

Malibu Rum has released Malibu Cocktails, a line of premixed drinks packaged in “environmentally friendly” 1.75-L pouches. The three flavors — Rum Punch, Caribbean Cosmo and Tropical Mojito — will go on sale beginning July 1.



Malibu Rum Punch Cocktail is made with Malibu Coconut and a blend of pineapple, banana, passion fruit and mango flavors. Malibu Caribbean Cosmo is a blend of Malibu Coconut, lime, orange and cranberry flavors. Malibu Tropical Mojito blends Malibu Coconut with mango, mint and kaffir lime flavors.

To support the launch, Malibu will offer specially designed POS materials including permanent display racks, cold box display enhancers and shelf talkers. To get the word out to consumers and the trade, the brand will utilize a targeted public relations, social media and trade advertising campaign.

The cocktails (all 15% ABV) will retail for a suggested price of \$19.99 for a 1.75-L pouch.

Mezcal Vida

Del Maguey Single Village Mezcal has released Mezcal Vida, a 100 percent organic and handmade artisanal mezcal from Oaxaca, Mexico, in California, New York, Illinois and Massachusetts. After the first three or four months of limited rollout, Vida will



go nationwide to all of Del Maguey’s markets including Arizona, Colorado, Georgia, Hawaii, Indiana, Kentucky, Michigan, Minnesota, Missouri, Nevada, Oregon, Pennsylvania, Rhode Island, Washington and Wisconsin. Mezcal Vida (42% ABV) sells for about \$36 for a 750-ml bottle.

Gene Sullivan — Vice-President, General Manager of Southern’s Coastal Wine & Spirits Division

Gene Sullivan has been appointed Vice-President, General Manager of Southern Wine & Spirits of Florida’s Coastal Wine & Spirits sales division for Florida. He began working for Southern in 1990 as a sales representative in the Orlando market. In 2003 he was promoted to General Sales Manager for Wine and Spirits in Southern’s South Florida Division, and in 2005 he was promoted to Vice-President, General Manager for Southern Wine & Spirits of Florida’s Central Division. Sullivan attended the University of Florida and earned a degree in Business Administration.

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Act, the Food, Drug, and Cosmetic Act and other laws “that provide critical consumer protections and prohibit price-fixing and other anti-competitive behavior.”



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Spirits — Current 52 Weeks Ending May 16, 2010

Total US FDMxC (Supermarkets, Drugstores, Gas/C-Stores and Mass Market retailers excluding Wal-Mart). In addition to excluding Wal-Mart, the FDMxC data also does not include sales at Club Stores or Liquor Stores.

Data from SymphonyIRI Group, a Chicago-based market research firm.

	Dollar Sales	Dollar Sales % Change Prior Year	Equiv Volume Sales	Equiv Volume Sales % Change Prior Year	Avg Price/ Equiv Volume	Avg Price/ Equiv Volume Change Prior Year
TOTAL SPIRITS CATEGORIES	\$3,572,585,000	2.25	27,137,890	2.02	\$131.65	\$0.29
Brandy	\$116,884,500	0.24	1,098,354	(2.69)	\$106.42	\$3.10
Cognac	\$73,895,480	3.74	187,540	4.78	\$394.02	\$(3.95)
Cordials	\$348,210,400	(2.27)	1,962,895	(2.46)	\$177.40	\$0.34
Gin	\$147,108,600	0.14	1,231,410	0.50	\$119.46	\$(0.42)
Rum	\$462,529,000	1.10	3,580,544	1.75	\$129.18	\$(0.82)
Tequila	\$257,006,800	2.41	1,252,153	5.24	\$205.25	\$(5.66)
Vodka	\$1,076,141,000	5.66	9,763,412	5.95	\$110.22	\$(0.30)
Whiskey	\$957,140,200	1.80	6,389,766	(0.10)	\$149.79	\$2.80

Weekly Marketplace

The Bar and Wine Show
 A Trade Event for Food & Beverage Professionals
 June 20 & 21, 2010, New York City — www.newyorkbarshow.com

the **SIP AWARDS**
 INTERNATIONAL SPIRITS COMPETITION

*Earn Your Reputation
 Enforce Your Legacy
 Let the People Decide*

June 10, 2010, Los Angeles, CA — www.sipawards.com

 Only World Spirit Competition where the Consumer
 Decides the Winners

Indy Spirits Expo
June 23, 2010
New York City
www.indyspiritsexpo.com

Weekly Marketplace



7th Annual Spirits of Mexico Festival
Spirits of Mexico Tasting Competition –
August 16-18
Spirits of Mexico Festival – September 15-19
San Diego, CA
www.polishedpalate.com

17TH ANNUAL
SINGLE MALT & SCOTCH WHISKY
EXTRAVAGANZA
14 Cities — March-November 2010
www.singlemaltextravaganza.com



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Milagro — “Tequila, Evolved”

William Grant & Sons USA has a new print and outdoor campaign for its Milagro Tequila brand. The campaign, titled “Tequila, Evolved,” runs from May through August. It’s aimed at consumers aged 25-39.

The ads have four taglines — “Weekends, Evolved,” “Taste, Evolved,” “Backyard, Evolved” and “Tequila, Evolved.” They will appear in magazines such as *Surface*, *Paper Magazine*, *Blackbook*, *SOMA* and *Wine Spectator*.

Milagro launched in the U.S. in 2004. “Tequila, Evolved” is the first major consumer campaign for the brand.



Calendar of Events

- June 3-5:** San Diego Spirits Festival, San Diego, CA, www.letsplaydowntown.com/Spirits
- June 5-8:** 2010 WAABI National Leadership Conference, Deadwood, SD, www.waabi.org
- June 6:** Salute The Sky Ranch Hall of Fame Class of 2010, Deadwood, SD, www.skyranchfoundation.org
- June 7:** WAABI Unity Dinner honoring the Wirtz Family, Deadwood, SD, www.waabi.org
- June 10:** Spirits International Prestige (SIP) Awards, Los Angeles, CA, www.sipawards.com
- June 20-21:** The Bar & Wine Show, New York City, NY, www.newyorkbarshow.com
- July 21-25:** Tales of the Cocktail, New Orleans, LA, www.talesofthecocktail.com
- June 23:** Indy Spirits Expo, New York, NY, www.indyspiritsexpo.com
- August 16:** (week-long) Spirits of Mexico Competition, San Diego, CA, www.polishedpalate.com
- September 17:** Tequila Fest, Las Vegas, NV, www.lasvegasmariachifestival.com
- October 7:** Ninth Annual NY RumFest, New York, NY, www.polishedpalate.com
- October 7:** Single Malt & Scotch Whisky Extravaganza, Chicago, IL, www.singlemaltextravaganza.com
- October 8:** Fourth Annual WhiskyFest, San Francisco, CA, www.maltadvocate.com
- October 12-13:** U.S. Drinks Conference, New York NY, www.usdrinksconference.com
- October 17-20:** Santé Symposium 2010, Lake George, NY, www.santemagazine.com
- October 21:** Single Malt & Scotch Whisky Extravaganza, Boston, MA, www.singlemaltextravaganza.com
- October 27:** Single Malt & Scotch Whisky Extravaganza, Washington, DC, www.singlemaltextravaganza.com
- October 29:** Single Malt & Scotch Whisky Extravaganza, Philadelphia, PA, www.singlemaltextravaganza.com
- November 9:** Thirteenth Annual WhiskyFest, New York City, NY, www.maltadvocate.com
- November 16:** Single Malt & Scotch Whisky Extravaganza, San Francisco, CA, www.singlemaltextravaganza.com
- December 2:** Single Malt & Scotch Whisky Extravaganza, Ft. Lauderdale, FL, www.singlemaltextravaganza.com
- Autumn (TBA):** Indy Spirits Expo, San Francisco, CA, www.indyspiritsexpo.com