

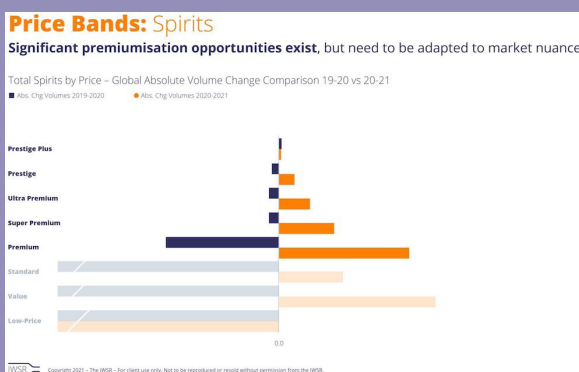


IWSR Predicts Material Opportunities for Increased Premiumization of Beverage Alcohol Consumption in Key Markets & Categories Post-Covid-19

by The IWSR Drinks Market Analysis, www.theiwsr.com

Significant premiumization opportunities exist, but need to be adapted to market nuance.

Significant premiumization opportunities exist, but brand owners should plan for a two-speed recovery in key markets post-Covid. Markets with high vaccination rates and substantial financial support structures will thrive in the short to medium term, however IWSR expects to see significant downtrading in less protected markets and regions.



Lockdown Savings

The premium-and-above beverage alcohol market stalled amid lengthy periods of lockdown during 2020, but with opportunities to spend severely curtailed, consumers in developed economies accumulated extraordinarily high levels of savings.

In the U.K., the household savings ratio hit 25.9% in the second quarter of 2020 — the highest figure since tracking began in 1987. In France, the figure was 27.4%, and in April 2020 in the U.S., the personal savings rate hit 33%, according to government reports.

“Covid restrictions have led consumers to appreciate the value of at-home treating through the purchase of premium products,” said IWSR Research Director Jose Luis Hermoso. “The pandemic has put a lot of things into perspective, and ‘carpe diem’ is back on the agenda.”

Many brand owners responded to this pent-up consumer demand, moving promotional spend to targeting consumers at home and becoming more creative in terms of at-home packaging and experiences.

Premium Gains: Markets

IWSR expects premium-and-above price bands for spirits to more than regain 2020's volume losses during 2021, reflecting the fact that alcohol remains an affordable luxury for those willing and able to spend.

However, less developed nations will be impacted harder and for longer by the effects of Covid-19.

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Toasts Not Tariffs Coalition: U.S.-E.U. Trade & Technology Council

The Toasts Not Tariffs Coalition, 50 associations representing the entire three-tier chain of the U.S. alcohol industry, has sent a letter to U.S. Secretary of Commerce Gina Raimondo and U.S. Trade Representative Ambassador Katherine Tai urging the Biden administration to secure the immediate suspension of the E.U. and U.K.'s tariffs on American whiskeys and to ensure the U.K. does not impose additional tariffs on U.S. wine.

In the letter, the coalition commended the administration's progress in resetting the important trading relationships with the E.U. and U.K., including agreements to suspend tariffs for five years in the WTO-Boeing-Airbus disputes. These agreements have resulted in the suspension of tariffs on a range of U.S., U.K. and E.U. distilled spirits and wines.

However, the E.U. and U.K. continue to impose a 25% tariff on American whiskeys in the steel and aluminum dispute, making it the only spirits category subject to tariffs in connection to ongoing transatlantic trade disputes.

The coalition pointed out that the E.U. and U.K.'s “continued application of 25% tariffs on exports of American whiskeys — now in its third year — is having a devastating impact for U.S. exporters to our most important export markets; American whiskey exports have declined by 37% to the E.U. and by 53% to the U.K.”

The coalition added that “urgent action is needed as the E.U.'s tariff on American whiskeys is scheduled to double to 50% on December 1. If this is allowed to happen, it will further exacerbate the unlevel playing field in the E.U. market for American whiskeys, which account for over 61% of total U.S. spirits exports.”

The coalition called attention to the EU's public commitment to resolve the underlying dispute on steel and aluminum by the end of the year.

In addition, the group noted that the U.K. is reviewing its retaliatory tariffs on American products in connection to the steel and aluminum dispute, and that an announcement is imminent. The U.K.'s proposed list retains American whiskeys and includes American wine, which is not currently subject to tariffs.

The letter conclude: “We reiterate our request for the Biden administration to secure the immediate

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IWSR: Premiumization of Beverage Alcohol Consumption

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"In many developing countries, mainstream premiumization — trading up from local spirits to imported, for example, or from value to standard price bands — has suffered a blow and will take time to resume," said Hermoso. "But even in these economies, there is a small segment of the population less affected by economic hardship through Covid-19 who could embrace the very high end at even a faster pace than before."

Detailed Trends Will Vary by Market, Including the Following:

- China saw an approximate -4% dip in volumes for premium-and-above spirits during 2020, driven by severe lockdowns and the market's dependence on the on-premise, with baijiu and, to a lesser extent, cognac and whisky suffering the greatest impact. However, all three categories are expected to return to growth, with the premium-and-above spirits market expected to bounce back with an approximate +11% volume gain in 2021.

- By contrast, the U.S. recorded close to +10% volume gain in premium-and-above spirits in 2020, which is expected to moderate closer to a +7% gain in 2021. Here — as in other developed markets, such as the U.K. and France — brands successfully adapted to at-home consumption trends. In the U.S., consumers are responding to the more varied offer in premium-plus spirits, the buzz around celebrity endorsements and more interest in flavored drinks.

- After an almost static year for premium-and-above spirits in the U.K. during 2020, volumes are expected to increase by close to 6% in 2021. Premium no-alcohol spirits performed particularly well in 2020, driven by new product launches, shifting consumer attitudes and Covid-fueled concerns over health and wellness.

Premium Gains: Categories

Malt Scotch whisky and cognac remain best placed to benefit from a greater appetite for high-end products, but this segment of the market is changing fast, and a rising number of categories and brands have it in their sights, said IWSR director Alastair Smith: "Scotch and cognac have been the prime drivers of international premium-plus consumption for years, but this has changed now, and that change

will accelerate as many more whiskies — Irish, U.S. and international — focus on the premium-plus space."

This phenomenon extends beyond whisky.

"On-trend categories, such as tequila and mezcal, could be the ones to watch," said Hermoso. "Agave-based spirits have trebled in volume in the prestige-and-above segments in the past five years, and we forecast them to grow at a CAGR of close to +40% over the next five years. Rum also has potential — a lot of work is going into establishing dedicated high-end rum brands without lower-priced brand line extensions."

In wine, consumption of premium-and-above products is not predicted to return to 2019 levels until 2022. The premium wine trend was interrupted in France and China, both of which are more dependent on the on-premise, but still wine benefitted from the switch to at-home consumption in the U.K.

Premium sparkling wines are expected to see long-term recovery and growth as the on-premise re-opens and large-scale celebrations and weddings return. Premium prosecco proved resilient in 2020 thanks to its reputation as an affordable luxury, and champagne's allure remains intact in key markets such as the U.S., with rosé champagne increasingly in vogue.

Purchase Drivers & Channels

As the premium-plus marketplace becomes more crowded and competitive, consumer engagement is vital to brands finding an audience.

"Luxury consumers are becoming more discerning about what is in the bottle, and how the liquid justifies its price," said Hermoso. "Fancy, expensive packaging is no longer enough."

The pandemic has given brands a new set of tools to reach customers virtually. After discovering the huge potential of e-commerce, digital communication and social media during lockdown, many companies now have dedicated budgets and teams working in this space.

However, they are also having to cope with ongoing supply-chain issues as a result of the pandemic, including worker shortages, shipping delays and rising raw materials costs. Some importers in the U.S., for example, have already seen their costs increase — for some, the cost to bring one container on a barge into the U.S. has increased 60-75% between 2019 and 2021. These changes in the supply chain

will leave brand owners facing a choice between putting up their prices or eroding profitability. IWSR predicts that many brand owners will look at increasing prices in the next 12 months, and there is increasing evidence that consumers will — within reason — accept price increases; however, this hypothesis is finely balanced and caution is required.

Brands will also have to deal with the long-term damage inflicted on the travel retail channel — the ninth-largest global market for premium-plus products in 2019. Recovery is however expected here, and IWSR foresees a scenario in which this channel could see a real shift in increased premiumization, especially at the ultra-high end of the market. The number of SKUs in this channel is expected to decrease materially in the middle-market segment, with consumers focused at opposite ends of the market — at the very high end and in value-for-money brands.

A resurgent on-premise will also be vital to the recovery of higher price segments in the world's top 10 markets, which together account for more than 80% of global premium-and-above sales. Covid-19 will have a severe long-term impact here, with many venues permanently closed or struggling to survive.

Extended periods of on-premise inactivity may also have had a psychological impact on consumers, noted Hermoso: "There is a belief that, during lockdown, they may have learned not to pay hospitality price. As the on-premise returns in 2021, consumers may prefer to drink a premium product at home (at retail cost), rather than a more standard product in a restaurant (at on-premise margins)."

Covid-19 has created a notable shift in the channel balance for premium-and-above beverage alcohol, with e-commerce now a significant feature of the trading landscape and at-home consumption likely to remain dominant — in the short term at least.

But, as Hermoso said, this last point should be viewed with a degree of optimism: "The desire of consumers to go out and enjoy concerts, night entertainment and festivals should not be underestimated. Nor should we forget the crucial role of the on-premise as a brand-builder. Grey Goose, Patrón and Diplomático rum in France — all of these were built in the on-premise before making the leap into retail.

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"This is why multinationals have continued — and will continue — to support the on-premise throughout the crisis, regardless of how investment levels in each channel might change post-Covid."

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Toasts Not Tariffs Coalition

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suspension of the E.U. and U.K.'s tariffs on American whiskeys and ensure the U.K. does not impose additional tariffs on U.S. wine. We stand ready to support the administration's efforts to rebuild our critical relationships with the E.U. and U.K."

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WSWA's SipSource to Host 2021 Holiday Trends & 2022 Drinks Preview Webinar

Wine & Spirits Wholesalers of America's (WSWA) SipSource has set October 26 at 1 p.m. EST as the 2021 Holiday Trends and 2022 Drinks Preview webinar, a free event.

WSWA's SipSource is a comprehensive source for channel performance and shifts based on distributor depletion data across both off- and on-premise channels and sub-channels at a national and U.S. Census division level.

The webinar will be led by SipSource analysts and industry veterans Danny Brager and Dale Stratton. Topics they will cover include:

- What's Hot & What's Not? Wine and spirits trends moving into this holiday season.
- What role could RTDs play during holiday celebrations and into 2022?
- What does the SipSource CSI tell us about 2021 on- and off-premise trends and what can be forecast?
- Bullish or Bearish on this holiday season?

The webinar is sponsored by BrandMuscle, a leader in integrated local marketing technology and services, and Oracle NetSuite, a leader in cloud business management software suites.

Sourced Craft Cocktails Creates "Sampling as a Service"

Sourced Craft Cocktails in Texas has created its newest innovation in the beverage alcohol sector, coined "Sampling as a Service" — SaaS — "to allow for a more luxurious experience for consumers, as well as a data-driven approach for off-premise retail and alcohol brands — something that has not yet been seen in this space," according to a company statement.



Sourced was formed six years ago to streamline and innovate when it comes to consumer experience with cocktails.

As the inventor of the "Non Premise Distribution Channel," Sourced is working in the alcohol sampling experience, this time with off-premise retailers, by offering high-end bar carts, branding, on-site mixologists and with the alcohol being sampled within a fresh craft cocktail manner. Sourced said that the benefits to the alcohol brands and retailers are infinite, given this new SaaS model collects anonymous data of every consumer who samples the alcohol via proprietary software.

"We are offering better value to consumers through a more luxurious experience in-store while adding extraordinary amounts of value for the alcohol brands, who can now track what alcohol is being sampled by whom, what people are favoring and what their demographics are," said Tim Angelillo, founder and CEO of Sourced. "Gone are the days of alcohol sampling where consumers try a sip of alcohol in a plastic cup, at room temperature, where the retailers and brands have zero visibility as to how their products are performing and which clientele they're attracting."

SaaS, although only 60 days into inception, has already activated over 500 sampling events with brands such as Fistful of Bourbon, El Silencio Mezcal and Monkey Shoulder. Currently, Sourced is sampling in 17 states with a handful of brand partners looking to be top of mind this holiday season, with consumers looking to entertain family and friends again. Sourced plans to continue to expand its SaaS footprint to include its sampling services in 30 states by the end of 2022, as well as grow the team to take on more partners.

"We are here to be of service by bringing the alcohol industry into the 21st century while in full compliance with the regulatory environment," said Angelillo. "Not just for our own benefit, but for all three key stakeholders within the industry, and ultimately the consumer."

Angelillo has experience as a successful entrepreneur and leader. He worked for Yahoo! and Time Warner before founding and leading three start-ups in Austin — all still successfully running — including Sourced.

Luxco Rebrands Indiana Home as Ross & Squibb Distillery

Luxco will rename the 174-year-old, Lawrenceburg, Indiana, distiller of its branded spirits Ross & Squibb Distillery as it joins the Luxco family of brands. Effective immediately, the distiller of George Remus Straight Bourbon Whiskey and Rossville Union Straight Rye Whiskey will go by its new name.



Like the brands it produces, Ross & Squibb Distillery pays tribute to Indiana's distilling history and the pioneers who transformed Lawrenceburg into "Whiskey City USA" and helped make Indiana the rye capital of the world. The Ross & Squibb name is a celebration of two such stories.

"Ross" is inspired by the legacy of George Ross, who in 1847 founded the Rossville *continued on page 4*

Luxco Rebrands Indiana Home as Ross & Squibb Distillery

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Distillery, located on what is now the Ross & Squibb Distillery campus. Considered one of Lawrenceburg's original distilleries and one of America's last Prohibition-era distilleries, Rossville Distillery produced some of the finest rye whiskeys in the world and was the inspiration for the Rossville Union Straight Rye Whiskey brand.

"Squibb" calls back to the historic Squibb Distillery, founded in 1869 in Lawrenceburg and later purchased in 1921 by George Remus, a.k.a. the King of the Bootleggers, and inspiration for the George Remus Straight Bourbon Whiskey brand.

"In rebranding our Lawrenceburg distillery, we sought to celebrate Indiana's rich and important distilling history, particularly as it involves the inspiration behind our branded spirits," said David Bratcher, COO and president of branded spirits for MGP. "All Ross & Squibb brands find their inspiration in Indiana distilling history, so it is fitting the distillery itself now does as well."

MGP will continue to produce bourbon, rye, whiskey, gin and grain-neutral spirits from this facility under its current name, MGPI of Indiana, in Lawrenceburg for its customers.

Founded in St. Louis in 1958 by the Lux Family, Luxco is a producer, supplier, importer and bottler of beverage alcohol products. The company merged with MGP Ingredients in 2021, and Luxco operates as MGP's Brands Division and manages all MGP/Luxco brands. This spirits portfolio includes well-known brands from five distilleries: Bardstown, Kentucky-based Lux Row Distillers, home of Ezra Brooks, Rebel, Blood Oath, David Nicholson and Daviess County; Lebanon, Kentucky-based Limestone Branch Distillery, maker of Yellowstone Kentucky Straight Bourbon Whiskey, Minor Case Straight Rye Whiskey and Bowling & Burch Gin; Jalisco, Mexico-based Destiladora González Lux, producer of 100% agave tequilas El Mayor, Exotico and Dos Primos; Ross & Squibb Distillery, where George Remus Straight Bourbon Whiskey and Rossville Union Straight Rye Whiskey are produced; and the Washington, D.C.-based Green Hat Distillery, producer of the Green Hat family of gins. The brand portfolio

also includes Everclear Grain Alcohol, Pearl Vodka, Saint Brendan's Irish Cream, The Quiet Man Irish Whiskey and other well-recognized brands.

Diageo Opens Its First Carbon Neutral Whiskey Distillery in North America

Diageo has opened its first carbon neutral distillery in Lebanon, Kentucky. The site will support the local community with 30 full-time jobs, while also sourcing 100% non-GMO corn locally.



The 72,000-square-foot facility has the capacity to produce up to 10 million proof gallons per year and has begun distilling Bulleit Bourbon using electrode boilers that are powered by 100% renewable electricity throughout the cooking, distillation and dry house processes. Bulleit is the first and lead brand being produced at the Diageo Lebanon Distillery, which supplements existing production at the nearby Bulleit Distilling Co. in Shelbyville, Kentucky.

Designed with sustainability at its core, the distillery is built to ensure that fossil fuels are not used during production. By partnering with Inter-County Energy and East Kentucky Power Cooperative (EKPC), Diageo is sourcing a mix of wind and solar energy to power the electrode boilers, onsite electric vehicles and internal and external lighting and equipment, making the facility one of the largest of its kind in North America. The site has implemented virtual metering technology to advance visibility of water, electricity and steam usage, collecting key data that is used to drive the company's resource efficiency and sustainability. These technologies will allow the Diageo Lebanon Distillery to avoid approximately more than 117,000 metric tons of carbon emissions annually, the equivalent of taking more than 25,000 cars off the road for a year.

"Two years ago, we set a vision and commitment to build our first carbon neutral

distillery in North America," said Perry Jones, President, North America Supply for Diageo. "Now that the Diageo Lebanon Distillery is operational, I'm incredibly proud of the innovative actions from our teams and partners to fully electrify the facilities and power them with renewable electricity. This is a significant step in our journey to create a low carbon future and be part of the solution to tackle the ongoing climate crisis."

In addition to the sustainability features of the new facility, Diageo implemented an optimized staffing model consisting of Bourbon Production Experts (BPE's) responsible for all aspects of distillery, dry house and operations. By rotating through each operational area to ensure depth of knowledge and flexibility, Diageo aims to accelerate the development of future leaders, ensuring a focus on gender equity and diversity to help shape the industry.

"At Bulleit, we believe we have a responsibility to our environment, our communities and our planet," said Sophie Kelly, SVP Whiskies, Diageo NA. "We are proud to initiate the production of Bulleit Bourbon at the carbon neutral Lebanon Distillery as we take a significant step forward in the brand's long-lasting commitment to sustainability."

Bulleit has a long-standing commitment to sustainability and reducing its carbon footprint at the existing distillery in Shelbyville, which was honored with the award of Highly Commended for Sustainable Distillery of the Year at *Whisky Magazine's* 2020 Icons of Whisky American Awards.

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228 Silvermine Avenue

Norwalk, CT 06850-2032

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Diageo Opens Its First Carbon Neutral Whiskey Distillery in North America

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In 2021, the brand committed an annual \$25,000 grant to support Kentucky State University students in the Master of Agriculture Sciences in Environmental Studies program for the next five years, helping build a pipeline of diverse talent into the spirits industry by supporting the sustainability leaders of tomorrow.

Bulleit recently partnered with American Forests to plant one million trees by 2025, providing a variety of environmental benefits including carbon sequestration, air purification, water conservation and providing vital wildlife habitat.

The Bulleit Distilling Co. production is also a zero-waste to landfill site.

The Bulleit Visitor Experience includes a partnership with the non-profit Oceanic Global to ensure its tasting experience and cocktail bar aligns with The Oceanic Standard (TOS) certification for venues that have adopted sustainable operating practices and are committed to eliminating single-use plastics.

Diageo's Plan to Building a Low Carbon Future

Combating climate change and its associated impacts is at the heart of Diageo's "Society 2030: Spirit of Progress" action plan. The company has already halved the carbon emissions associated with its operations since 2008, and is now working to reach net-zero carbon across its direct operations by 2030, harnessing 100% renewable energy. As part of its action plan, Diageo is developing site-by-site roadmaps and is also working to achieve net-zero carbon across the entire supply chain by 2050 or sooner, with an interim milestone to achieve a 50% reduction by 2030.

Diageo is part of a pioneering group of organizations that are championing a green recovery and supporting the Sustainable Development Goals through membership of the United Nations Global Compact, We Mean Business Coalition and other key global advocacy organizations. As a signatory to RE100, Diageo aims to source 100% of its electricity from renewable sources by 2030. In addition, Diageo has signed onto the global Race to Zero

campaign, a commitment to achieving net-zero carbon emissions by 2050 or earlier. In North America, the company joined the Renewable Thermal Collaborative to share best practices and work together to scale up renewable thermal energy.

Naud Spirits & M.S. Walker Brands Partner with Jeezy

Naud Spirits and its U.S. importer M.S. Walker Brands have partnered with Grammy-nominated artist, entrepreneur, philanthropist and media "multihyphenate" Jay "Jeezy" Jenkins. Naud's line currently available in the U.S. includes V.S., V.S.O.P., X.O. and Extra. In conjunction with this new partnership, M.S. Walker Brands is also importing Naud's gin and vodka.

Jeezy will be involved with the brand's marketing and promotional efforts to reach new consumers. The partnership is designed to expand brand awareness through activations, including concert sponsorships, meet and greets, retail bottle signings, tasting dinners, nightclub appearances and promotions and online activations.

Richard Booth – President, Drake's Organic Spirits

Drake's Organic Spirits in Minnesota has appointed Richard Booth as president. He recently retired from a 35-year career with



Richard Booth

Southern Wines & Spirits as VP/General Manager of the South Florida Division, where he oversaw 1,400 employees and annual sales of \$800 million. He then set up his own consulting firm, which included clients such as Bardstown

Bourbon Company, working directly for its founder and Chairman of the Board, Peter Loftin. Booth and Loftin first became acquainted at Loftin's then residence, the Versace Mansion on South Beach, which became the site of many of their meetings. Two months after Loftin's untimely death, Booth was invited to join the Senior Advisory Board of Drake's Organic Spirits. Shortly thereafter, Booth was asked to run first Florida, then the entire East Coast.

Brian Mehta – CMO, ReserveBar

ReserveBar, which works in the premium and luxury spirits e-commerce business, has appointed Brian Mehta as the company's Chief Marketing Officer (CMO).



Brian Mehta

Mehta joins ReserveBar from Trading Technologies, where he was CMO for six years and helped guide the company through rebranding and the transformation to a SaaS/Cloud-based business. Prior to that, as Head of North America Marketing at Motorola Mobility, Mehta oversaw major marketing initiatives, product launches, channel management and partnerships, including the NFL. He'll report to company President Derek Correia.

Mehta will oversee all aspects of ReserveBar's strategic marketing efforts, including the development and execution of ongoing and future initiatives, such as its most recent Spirited Change Initiative, which provides consumer and trade exposure to support the growth of minority and women-owned brands and businesses in the beverage alcohol industry.

Mehta has a Master of Management and a Bachelor of Arts in Economics from Northwestern University.

Great Jones Distilling

Great Jones Distilling opened this past summer as Manhattan's first and only legal whiskey distillery since Prohibition. Located in the NoHo neighborhood, the distillery is a 28,000-square-foot space and includes tours and tastings for the public, a restaurant, speakeasy and event venue.



Great Jones Distilling was founded by Proximo Spirits and its owner and 11th generation spirits maker, Juan Domingo Beckmann. The whiskeys are made exclusively with grains grown in the Black Dirt region, less than two hours north of Manhattan in upstate New York.

The first three whiskeys are Straight Bourbon Whiskey, Four Grain Bourbon and Rye Whiskey. They aged for the past five years in new, charred American oak barrels in upstate New York.

Straight Bourbon Whiskey (43% ABV) is distilled from corn, malted barley and rye, and it aged a minimum of four years in new charred American oak barrels. A 750-ml bottle sells for about \$40.

Four Grain Bourbon (45%) is distilled from corn, malted barley, rye and wheat, and it aged a minimum of four years in new, charred American oak barrels. A 750-ml bottle sells for about \$50.

Rye Whiskey (45%) is distilled from 100% rye, and it aged a minimum of four years in new, charred American oak barrels. A 750-ml bottle sells for about \$40.



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Inspiro Tequila

Inspiro Tequila has released its first brand, Inspiro Tequila Luna Blanco (40% ABV), a 100% Blue Weber Agave tequila.



The company was founded by Mara Smith, a former attorney in Chicago. She worked with Maestra Tequilera Ana María Romero Mena, one of the preeminent master distillers in the tequila business, to create the taste profile and process for distilling Inspiro (Spanish for *inspire*).

Inspiro Tequila Luna Blanco is gluten-free and additive-free and contains zero sugar and zero carbs. After distillation, the tequila rests in American oak barrels for a lunar quarter.

A 750-ml bottle sells for about \$53.

Redbreast: The Iberian Series

Redbreast Irish Whiskey, distilled by Irish Distillers at Midleton Distillery in Ireland, has released a new collection of whiskeys — The Iberian Series — in connection with the brand's longstanding connection to some of the Iberian Peninsula's most celebrated cooperages and winemakers.



Redbreast Pedro Ximénez Edition (46% ABV) joins the Lustau Edition (released in 2016) in the inaugural Redbreast Iberian Series lineup. The Pedro Ximénez Edition is a single pot still Irish whiskey triple distilled and initially aged in ex-bourbon and Oloroso sherry casks before being re-casked into Pedro Ximénez hogsheads from the southern tip of Spain for a minimum of 12 months.

The Lustau Edition will remain the anchor expression in the Iberian Series and will be joined by new limited edition releases from time to time.

A 750-ml bottle sells for about \$86.

Walker's Cay Bourbon & Hope Town Vodka

Steven Busch, founder of King Spirits and the son of August A. Busch III (of Anheuser-Busch), has released Walker's Cay Bourbon and Hope Town Vodka.



Walker's Cay Bourbon Whiskey (45% ABV), named after the Bahamian island, aged in new Missouri oak barrels and was finished on sherry cask staves. It was distilled at Green River Distillery in Kentucky from a mash bill of 70% Kentucky corn, 21% winter rye and 9% malted barley. A 750-ml bottle sells for about \$35.

Hope Town Vodka (40% ABV) is handcrafted in small batches in Charleston, South Carolina, and is inspired by a tiny village in Elbow Cay, located in the Abaco chain in the northern Bahamas. The company's proprietary method yields an all-natural, gluten-free vodka distilled six times and available in Original and Lime expressions.

A 750-ml bottle of each sells for about \$23.



Stranahan's Caribbean Rum Cask

Stranahan's Colorado Whiskey has released Caribbean Rum Cask (45% ABV), an American single malt from five- to nine-year-old Stranahan's Single Malt Whiskey finished in Caribbean rum casks for up to three years.



A 750-ml bottle sells for about \$70.

The Dalmore Decades 5

The Dalmore Highland Single Malt in Scotland has released The Dalmore Decades 5 Piece Collection, a collection of five whiskies spanning five decades: 1967 (42.5% ABV), 1979 (41.5%), 1980 (40.8%), 1995 (42.5%) and 2000 (47%).



The whiskies are available exclusively at Wally's Wine & Spirits. The set sells for about \$275,000.

Tip Top Proper Cocktails

Tip Top Proper Cocktails in Georgia was founded in 2018 by childhood friends and music industry veterans Neal Cohen and Yoni Reisman. They have released six RTD cocktails developed by Atlanta mixologist and six-time James Beard Award nominee Miles Macquarrie (of Kimball House and Watchman's Seafood & Spirits).



The line includes Manhattan (31% ABV), Negroni (26%), Old Fashioned (37%), Margarita (26%), Daiquiri (24%) and Bee's Knees (26%).

An eight-pack of 100-ml cans sells for about \$35.

Holmes Cay Mhoba Rum 2017

Holmes Cay Rum has released South Africa Mhoba 2017 Rum (59% ABV) from the Mhoba Distillery. This is the first time South African rum has been sold in the U.S. The rum aged for four years in South African whisky casks.



A 750-ml bottle sells for about \$109.

Takamine Whiskey

Honkaku Spirits in Japan has released Takamine Whiskey (40% ABV), an eight-year-old 100% barley- and koji-fermented whiskey.



Jokichi Takamine, a Japanese chemist living in Illinois, was the first to apply koji fermentation to American whiskey in the 1890s. Koji (*aspergillus oryzae*) is a mold that grows on grains, breaking the starches into sugars, which yeast can then convert into alcohol through fermentation. Koji has been used in Japan for more than 1,200 years to make sake, as well as soy sauce, miso, shochu and other familiar umami-laden Japanese specialties. Koji is considered the national mold of Japan.

Koji fermentation is Japan's alternative to malting. Takamine realized that koji fermentation saccharifies grain more than twice as efficiently as malting. In 1891, he patented his Takamine Process and began experiments with the Illinois Whiskey Trust. Shortly thereafter, the building in which the experiments were taking place burned to the ground under mysterious circumstances. Not dissuaded, in 1894 the Trust began producing whiskey using the Takamine process. The following year, the Trust was busted, and Takamine's koji-fermented whiskey never made it to the American public.

Takamine transformed his koji know-how into medical innovation, becoming the preeminent Japanese businessman in early 20th century America. Long devoted to Japanese-American relations, in 1912 he donated 2,100 cherry trees to Washington, D.C.

Takamine Whiskey was revived by the Shinozaki Distillery (Asakura City, Fukuoka,

Japan), which has been making traditional Japanese alcohol since the 1800s. The mash bill is 100% pearled two-row barley: 40% koji-fermented and 60% steamed. A two-day koji propagation is followed by a two-stage open fermentation, then a double pot-still distillation. The whiskey is aged in virgin American oak and ex-bourbon casks, and it's bottled at cask strength with no color added. The Takamine Family Trust, which had never before approved use of the Takamine name for a commercial product, granted the Shinozaki family permission for the revival of Jokichi's 19th century American experiment.

A 750-ml bottle sells for about \$99.

Waterford Biodynamic: Luna & Gaia

Waterford Whisky in Ireland has released Biodynamic: Luna (50% ABV), the world's first whisky made from biodynamic barley. It's the latest in the Arcadian Series, which showcases the flavors produced by forgotten ways of farming and rare barley varieties.



For the Demeter-certified Biodynamic: Luna, three Irish growers — Trevor Harris, John McDonnell and Alan Mooney — accepted the challenge of applying unusual agricultural practices to growing barley. They run their farms according to esoteric principles derived from a 1924 series of lectures by the Austrian polymath Rudolf Steiner.

Steiner created a codified agricultural system for post-WW1 farmers, who were worried about the industrialization of agriculture, the degradation of the land

and the loss of millennia of farming know-how — *bios*, meaning life and dynamos energy.

"Having been adopted by many of the world's greatest wine producers seeking the ultimate of pure and intense flavors, biodynamics today stands at the cutting edge of regenerative agriculture," according to a company statement. "Some say it is an advanced form of *über-organic* farming, in which each farm is its own self-sustaining organism where elements including soil, crops, animals, people and the 'spirit of place' are all interconnected."

The approach includes an array of seemingly controversial practices, such as burying manure-packed cow horns to 'ferment' underground, and the creation of simple plant treatments and natural compost fertilizers to stimulate microbial activity — all following the natural rhythms of the lunar calendar. The purpose is to produce vibrant, chemical-free living soil.

Biodynamic: Luna aged in a combination of 35% first-fill U.S. oak, 17% virgin U.S. oak, 26% premium French oak and 22% vin doux naturel oak.

A 750-ml bottle sells for about \$125, and only 21,000 bottles are available.

Waterford has also released a new bottling of Organic: Gaia (50%), drawing from the 2016 harvest. It aged in a combination of 39% first-fill U.S. oak, 17% virgin U.S. oak, 19% premium French oak and 25% vin doux naturel oak.

A 750-ml bottle sells for about \$115, and only 30,000 bottles are available.

Cathead Sparkling RTDs

Cathead Distillery in Mississippi has released its first canned RTD cocktails.



Cathead Sparkling is available as Limeade, Satsuma Mandarin, Strawberry Lemonade and Cranberry (all 5.0% ABV). They are sugar and gluten free, 100 calories per can and vegan.

An eight-pack of 12-ounce slim cans sells for about \$20.

Modern Distillery Age Tasting Panel

In this week's tasting panel, we have notes on four Salt Point RTD cocktails.

All spirits are tasted blind. The panelists know only the style and ABV. The notes are a distillation of the panelists' comments.

The panelists vary with each panel but often include: Tom Jensen (Millstone Spirits), Dave Schmier (Independent Spirits Expo), David Talbot (Ultimate Beverage Challenge), John Henry (El Buho Mezcal), John Heffernan (Senior Master of Whisky), Renzo Kian-Kubota (Harry's Wine & Liquor Market), Frank Whitman (food & drinks writer), Linda Kavanagh (MaxEx PR), Paul Zocco (Zok's Homebrewing & Winemaking Supplies), Ernie Adamo (spirits lover), Steve DeFrank (spirits lover), Dave Sokoloff (spirits lover), Phil Simpson (Asbury Park Distilling), Thomas Henry Strenk (drinks writer), Melissa Dowling (Editor of *Cheers*), Kyle Swartz (Managing Editor of *Beverage Dynamics*, *Cheers* & *StateWays*), Michael Anstendig (*Modern Distillery Age*) and Gregg Glaser (Publisher/Editor of *Modern Distillery Age*).

Salt Point Beverage RTD Cocktails

Mill Valley, Calif., canned by Salt Point in Rigby, Idaho — ~\$18 (12-oz cans, four-packs)

Moscow Mule, 10%

Clear with an aroma of lots of ginger and light lime. In the taste are real lime, spicy ginger, a faint hint of vodka and low alcohol. A light body. Finishes with spicy ginger.

Greyhound, 10%

A light, hazy grapefruit color with an aroma of lots of grapefruit and ginger. More fresh grapefruit in the taste with a pleasant sweetness, lime, CO2 and the vodka is evident. A light body. Dries out in the finish with more lime flavor.

Gin Highball, 10%

A slight haze with an aroma of cucumber, some juniper and salt. Fruity sweet in the taste with lovely cucumber, CO2 and the gin is evident. A light body. A long, earthy finish.

Margarita, 10%

A pale hazy color with an aroma of fresh lime and tequila. In the taste are tequila, lime and soft orange — a good balance. A pleasant finish with all the above.



The *Modern Distillery Age Tasting Panel* meets once or twice a month. Samples are sent by distillers and importers and are tasted blind. Samples can be sent to:
Modern Distillery Age
228 Silvermine Avenue
Norwalk, CT 06850

Tasting Events & Competitions



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