STUDY: MAJORITY OF AMERICANS SUPPORT THREE-TIER REGULATORY SYSTEM

Source: Beer Business Daily

August 31, 2019

One of the valuable knowledge pieces that the NBWA funded Center for Alcohol Policy puts out biannually is a study of consumer attitudes on alcohol regulation conducted by Lori Weigel at New Bridge Strategy.

In an age when online retailers and others are trying to dismantle or liberalize alcohol laws, it's imperative that lawmakers and policymakers understand what Americans expect and want in the form of regulation.

Here are some stats from a survey of 1,000 LDA adults Lori shared with us at the annual CAP meeting in Boston this week:

- 86% agree that alcohol is a product that needs to be regulated.

- 82% agree that alcohol is different than other products, and therefore should be regulated differently.

- 83% agree that individual states should get to set their own regulations regarding alcohol.

- 76% agree that alcohol should come through a licensed system for tracking (although that's down from 89% in 2012).

- 87% have a high degree of confidence in the safety of alcohol products sold in their state.

- 77% support requiring license holders to be a resident of their respective states.

- 82% are satisfied with the existing system for alcohol in their states.

- 87% are satisfied with the variety of alcohol products available.

- 75% are satisfied with the current three-tier regulatory system.

Given the recent Supreme Court ruling striking down residency requirements in Tennessee, these stats show that alcohol laws are supported by a clear majority of Americans.

News From TTB

Source: TTB / INU

August 31, 2019

Currently, TTB is rejecting 65% of first time spirit label / COLA applications due to manufacturer errors and 33% for wine and 42% for beer.

Top items causing delays in approvals of COLAs.

Top Errors for Distilled Spirits Labels

. Formulation-Label contains conflicting information (e.g. Formula contains artificial flavors but the label shows all natural flavors.)

. Class and Type Conflict (e.g. Brand label indicates that the product is a flavored vodka; however, the narrative on the label refers to it as just "vodka.")

. Translation Required (Label contains foreign text that requires translation into English.)

. Formula Required (Label application is for a product that requires prior formula approval. However, the applicant did not include approved formula information on the application when submitted)

. Labels Distorted (The quality of labels uploaded is poor so that they are illegible. The label must be reloaded and verified clear on the applicant's end.)

. Class and Type Buried in Text (e.g. Class and type is not displayed separate and apart from other information on the label, as required by the regulation. It is only contained in the story or puffery.)

. Class and Type Designation Missing (Class and type designation is required by the regulation to be on labels, and it was omitted.)

Boston Beer CEO: We're looking at cannabis after success of hard seltzer business

Source: https://www.cnbc.com/

Jasmine Kim

AUG 30 2019

The CEO of Boston Beer Company told CNBC on Friday that the brewer is looking to enter the cannabis market next after its success in the hard seltzer business.

"We're not going to be the first one in, but we're going to study and learn once the [hard seltzer] category develops. We'll play it sometime down the road," CEO David Burwick said on "Power Lunch. "

As the cannabis market is emerging, several beverage brands have started to dabble in the space. In 2017, Corona beer maker Constellation Brands bought a near 10% stake in Canopy Growth Corporation. Lagunitas Brewing, owned by Heineken, launched a cannabis-infused sparkling water to be sold in select locations in California.

Burwick said until Boston Beer moves into the cannabis market it will be "happy to grow double digits with the portfolio that [it has]."

The hard seltzer category has expanded in the last few years. According to market research firm Nielsen, sales of the alcoholic beverage grew roughly 200% over the past year.

Boston Beer's Truly hard seltzer makes up about 29% of the market share. "We tripled the brand last year. This year, we're going to come just short of tripling it again. We're investing a lot," the CEO said.

The company's flagship brand, Sam Adams, experienced two years of dramatic declines starting in 2015. But after the launch of its hard seltzer brand, its stock turned around.

The sparkling beverage helped offset the losses of Sam Adams in April 2018. Then by the end of June that year, Boston Beer's stock gained $100 per share, reaching $300. As of Aug. 30, 2019, the stock is about $440 per share, growing nearly 80% year to date.

Burwick told CNBC that hard seltzers "[have] disrupted the broader beer business the way craft beer did in the 1980s. It's that much of a change. It's sort of a gold rush right now. Everybody's trying to get as much shares as they can."

CBA Seeks Answers on Future of Anheuser-Busch Partnership (Additional Coverage)

Source: https://www.brewbound.com/

Aug. 30, 2019

Justin Kendall

The awkwardness between Craft Brew Alliance and Anheuser-Busch InBev didn't end last Friday when the world's largest beer manufacturer passed on making a qualifying offer to purchase the company.

A-B, which owns more than 31% of the Portland, Oregon-based craft beer company, had until August 23 to either make an offer of at least $24.50 per share to buy the remainder of the company or pay a one-time $20 million, opted for the latter.

CBA CEO Andy Thomas told Brewbound that the awkwardness has shifted from a will-they, won't-they-get-married scenario, to one in which the question is if the two companies still want to live together now that they're no longer engaged.

"There's a different kind of tenor to the relationship now," he said. "That's not good or bad. That's just what it is."

Thomas described CBA and A-B's "it's complicated" relationship in terms of a break up. Sometimes couples who break up become better friends; other times, there's no basis for a friendship.

"The question is what role do they play, and what role do they want to play," he said. "Those are the conversations that we're having in the future of CBA's development."

Answers to those questions are still unclear. Thomas said A-B didn't offer an explanation for why it didn't make an offer when the company informed him on August 22 that it wouldn't be making an offer. He described the conversation as "cordial" and "amicable."

"We didn't get a lot of color in terms of what their decision criteria were, other than they concluded that they valued the partnership, they valued the brands, they valued the company, but they didn't feel like they wanted to make a qualifying offer," he said.

A-B Brewers Collective president Marcelo "Mika" Michaelis' statement last week announcing it was passing on the option to buy CBA also didn't offer much insight into the future of the partnership. Michaelis did call the relationship with CBA "extremely valuable," adding that CBA is "a key complement" to A-B's craft portfolio.

"We look forward to working together for many years to come," he said.

A-B has declined to comment further on the relationship.

Thomas and the CBA team are continuing discussions with A-B in hopes of providing more clarity - to investors, at least - on the two companies' future relationship during an off-cycle conference call with investors and analysts on Thursday, September 5, at 11 a.m. EST.

"Between now and next Thursday, we'll be working to try to get a little more clarity from ABI, how they're thinking," he said, which will help CBA inform its own thinking on a future direction. "We'll run it through our independent board members, the non-ABI board members, so that by the time we get to next Thursday, we can answer that question in terms of this is what we're thinking about and these are the directions that we might want to run."

What is clear is CBA, at its election for the next seven years, can continue leveraging a Master Distributor Agreement (MDA) to use A-B's wholesaler network, a contract brewing arrangement for up to 300,000 barrels at A-B's production breweries, and an export deal through A-B subsidiaries. Thomas said those agreements give CBA and its shareholders "a nice chess board."

"We've got a lot of security for our brands, a lot of security for our shareholders," he said.

What CBA - whose brands include Kona Brewing, Widmer Brothers, Redhook, Omission, Square Mile Cider, Wynwood Brewing, Cisco Brewers and Appalachian Mountain Brewery, as well as the pH Experiment - won't be doing is making any "knee-jerk" moves, Thomas added. He said the company will continue to take a "thoughtful" and "grounded" posture. Nevertheless, CBA has begun exploring its options, which Thomas described earlier this month as an "infinite" number of possibilities.

"In the process of getting to work immediately, it doesn't mean that you start to run in every direction but you start to contemplate in which direction you want to run," he said.

As for the $20 million payment from A-B, chief financial and strategy officer Christine Perich said the company will use part of the windfall to help lower its debt level but is still exploring the best place to strategically invest the money.

"We haven't determined that yet," she said.

Q2 Restaurant and Bar Sales Revised Upwards, While Broader GDP Growth Adjusted Downwards (Link)

Source: Berman and Company

By Jackson Shedelbower

September 2nd

According to the latest data from the Bureau of Economic Analysis, Q2 GDP contributions made by the hospitality sector were revised upwards, while broader growth was adjusted downwards from 2.1 to 2.0 percent. The new figures reveal food services and accommodations contributed 0.22 percent (up from 0.21 percent) to the quarterly GDP growth and off-premise food and beverage purchases contributed 0.27 percent (up from 0.24 percent).

https://www.bea.gov/system/files/2019-08/gdp2q19_2nd.pdf?utm_source=The+Industry+Update&utm_campaign=88c792321a-EMAIL_CAMPAIGN_2018_1_06_COPY_01&utm_medium=email&utm_term=0_c11ca6169d-88c792321a-119715613

Trump's proposed European tariffs could be painful for Americans who love cheese, wine, and olive oil, and industry experts estimate that close to 100,000 jobs could be affected (Additional Coverage) (Excerpt)

Source: https://www.businessinsider.com/

Shoshy Ciment

Aug. 29, 2019

There might be some sad news in the near future for cheese and wine lovers - not to mention close to 100,000 workers in those industries.

The US has proposed retaliatory tariffs on dozens of European products in response to the European Union's subsidies to Airbus, Boeing's European rival. The World Trade Organization ruled the transactions illegal in May 2018.

Both the US and the EU are waiting on a WTO decision regarding the tariffs. But while airplane manufacturers are on the front lines of this trade war, the food industry is being caught in the crossfire.

A preliminary list of European products that could be taxed includes cheese, olive oil, and wine. Additional products were published in another list in July. **Duties on these items could reach up to 100%.**

The effects could be devastating to companies and consumers alike, industry insiders say.

https://www.businessinsider.com/trump-proposed-eu-tariffs-could-hurt-cheese-wine-olive-oil-2019-8?utm_source=The+Industry+Update&utm_campaign=88c792321a-EMAIL_CAMPAIGN_2018_1_06_COPY_01&utm_medium=email&utm_term=0_c11ca6169d-88c792321a-119715613

Scotch H1 exports reflect 'uncertainty of future trading conditions'

Source: https://www.thespiritsbusiness.com/

30th August, 2019

by Nicola Carruthers

Scotch whisky exports grew 10.8% to £2.19 billion (US$2.66bn) during the first half of 2019, however the SWA has warned that the growth reflects distillers' moves to shift stocks ahead of Brexit.

According to HMRC figures released by the Scotch Whisky Association (SWA), the volume of Scotch exports increased by 7.1% to 598 million 700ml bottles.

Single malts "continue to grow in popularity", up 18.8% to £652m (US$794m) during the period. The sub-category makes up 30% of the value of all Scotch shipped overseas.

Blended Scotch whisky grew exports by 7.5% to £1.35bn (US$1.64bn).

The SWA said that the export growth demonstrates the "enduring popularity" of Scotch around the world.

However, the trade body believes that it also suggests that a number of distillers have exported some stocks early ahead of a potential no-deal Brexit, which is backed up by a "spike" in EU exports in the first quarter.

The SWA said that the recent figures "do not necessarily, therefore, reflect steady state trade for the Scotch whisky sector, and do reflect the uncertainty in future trading conditions that the industry is currently having to deal with".

The trade body also warned that the sector faces tariffs on exports to some key global markets after Brexit, as well as an excise tax rise from the HM Treasury's budget plans, which "affects Scotch whisky sales in the UK and the industry's tax treatment in export markets".

"Demand for Scotch whisky is growing both in developing markets, like India, and in established ones like the US, Japan and Germany," said SWA chief executive Karen Betts

"This reflects the enduring popularity of Scotch whisky in so many cultures around the world.

"It also reflects our industry's continued focus on improving trading conditions - for example, removing tariffs and discriminatory taxes - across our global markets.

The figures, however, highlight "the uncertainties in today's challenging trade environment", Betts warned.

"The value of exports grew more than anticipated in the first six months of 2019. We believe this was driven by action taken by producers to mitigate the risks of a no-deal Brexit and the threat of tariffs in key global markets.

"For example, there was significant growth in exports to South Korea and Morocco, both markets where tariffs could have been re-imposed if the UK had exited the EU without a deal on 29 March. While some progress has been made on continuity agreements, there is more work to be done."

'Prolonged uncertainty'

The SWA is calling on the UK government to "ensure certainty in future trading conditions as parliament returns from summer recess".

"We are urging the government and MPs to work constructively together to enable the UK and the EU to agree on the terms of the UK's departure," said Betts.

"This will give us clarity in the UK's future trade relationships with the EU and other global markets.

"Prolonged uncertainty is costing the industry money in no-deal planning and in exporting as companies have, where they can, brought exports forward, incurring additional capital on additional warehouses and other associated costs.

"The UK government must take these pressures into account when deciding on duty rates in the autumn Budget.

"Cuts and freezes to spirits duty over the last five years have increased the revenue available to government to spend on public services, while at the same time giving our industry the confidence to invest in production and tourism, benefitting communities across Scotland and our UK supply chain.

"Uncertainty in our trading environment means, now more than ever, that the Scotch whisky industry needs continued tax stability here at home."

Virginia Distillery drops 'Highland' after SWA lawsuit

Source: https://www.thespiritsbusiness.com/

by Nicola Carruthers

30th August, 2019

American producer the Virginia Distillery Company will remove the word 'Highland' from its products after reaching an "amicable resolution" in its lawsuit with the Scotch Whisky Association (SWA).

In June this year, the SWA took legal action against Virginia Distillery Company in the US district court in Delaware.

The trade body argued that Virginia Distillery's products are "being passed off as Scotch whisky" since the term 'Highlands' is "reserved exclusively for Scotch whisky under US federal regulations".

The distillery imports whisky from Scotland, blends it with American single malt and finishes the liquid in Virginia using a variety of casks.

Earlier this month, the SWA filed a voluntary dismissal of its lawsuit in a bid to "conclude the matter very soon, without the need for further court action".

The Virginia Distillery Company will cease using 'Highland' on its Virginia-Highland Whisky range after it sells the remaining stock.

The firm said it had "always endeavoured to ensure that their Virginia-Highland Whisky series was labelled in accordance with federal regulations", but will continue to label its products as 'whisky' under US law.

Gareth Moore, Virginia Distillery Company's CEO, said that he was "happy to work with the Scotch Whisky Association to ensure that there is no chance of confusion about our products".

He said: "From the start, Virginia Distillery Company has been transparent about the nature of our products, which have been recognised for their quality, and we are committed to growing and championing the American single malt whisky category."

Lindesay Low, deputy director of legal affairs at SWA, added: "We welcome Virginia Distillery Company's willingness to work with us to protect the integrity of Scotch whisky.

"With the company's commitment to remove all references to 'Highland' and other Scottish indicators from their products over a phased period, we are pleased to cease the pending legal proceedings.

"We appreciate the prompt and positive attitude shown by the Virginia Distillery Company team in bringing the issue to resolution, removing the need for action in the courts to protect the intellectual property of Scotch whisky."

Virginia Distillery will release its American single malt line Courage & Conviction next year. A sneak peek of the first product in the range, Prelude: Courage and Conviction, will be unveiled on Sunday (1 September) in Virginia, and across the US from 1 October.

Retailers, Wholesalers Pushing Back on Natty Light Seltzer Pricing

Source: Beer Business Daily

August 29, 2019

In response to our report yesterday on the hard seltzer wars, and how Natty Light Seltzer is curiously selling at very premium prices, we received a ton of feedback from both wholesalers

and major retailers backing up our theory that they're not as eager to drop price on a very profitable and high velocity category so soon as A-B apparently is. A sampling?

"Regarding Natural Seltzer pricing, a couple things: First, of all the rush to go to market has retailer set ups all wrong in some cases," writes one distributor. "We've got chains who are incorrect and not fixed in many instances.

"Second, there is a real conflict from both chains and wholesalers on following AB disruptive pricing strategy and protecting the profitability of the segment. Retailers don't want to erode the new found dollars, and wholesalers that either have White Claw or Truly don't either! Unless you are an exclusive AB wholesaler or branch there is no reason to torpedo the biz and not sure the retailer is going to allow it anyway." <- This is a point we received from several sources.

A GIANT RETAILER'S ULTIMATUM. If you didn't believe retailers are wary of A-B pooping on the profitable hard seltzer category, here's a note we obtained from A-B's Publix person to wholesalers:

"Publix was clear that Natty Light Seltzer 12-pack could only be merchandised on display and adjacent to Natural light in coolers. Publix has advised that it is showing up in FMB sections in stores. They included this direction in the authorization letter that was sent to us and stores. They are sending another letter out next week. If this is not corrected immediately, Natty Light Seltzer 12-pack will be discontinued immediately. Please alert your team ASAP to ensure this is removed from any FMB section in stores. IT IS CRITICAL THAT WE COMPLY. IF IT IS DISCONTINUED, WE WILL NOT GET IT BACK IN."

Indeed, we spoke to another major grocery chain who confirmed they are not allowing distributors to put Natty Light Seltzer in the FMB section in the cold box, and they don't wish to see it displayed next to Bon & Viv or other hard seltzers.

And this from a c-store retailer source: "This is a super interesting article and I have been thinking the same thing for a while. We pushed out Natty Seltzers to our locations for Labor Day. I work directly with AB and from day 1 with this item they have pitched it as a low cost seltzer...yet in some of my markets I am up to $16.99 due to high distributor costs. If I pinch any lower I will be making pennies on the item. In those same areas I have my White Claw 12pks at 17.99. so there isn't THAT much of a difference. I do not see myself going any deeper in the future with NL Seltzers."

A BRAVE NEW WORLD. This is significant, because it's really the first time, at least in my 25 year memory, that major chains (and wholesalers) have pushed back on A-B's pricing and marketing plan when it comes to a major new beer brand/category. Usually, A-B has the power and market share strength to almost dictate what's going to happen in a new growing category they didn't create, (imitate, assimilate, then denigrate through pricing).

But clearly what we are observing from our extensive wholesaler and chain retailer contacts is that they are strongly pushing back on letting A-B price-crash and "disrupt" a thriving and profitable category that everybody seems to like, including the consumer who is apparently willing to pay a premium, while simultaneously paying top dollar to make their premium hard

seltzer, Bon & Viv, an official sponsor of the NFL. The dichotomy of the strategy is fascinating to me. And the backlash is palpable and nearly universal.

There's an old adage in consumer packaged goods originally put forward by Roger Enrico at PepsiCo: that once you fall below 40% dollar share in your category, you no longer can dominate that category with respect to the chains. He said that 25 years ago. I suspect it's even more true today.

Kombucha and cocktails: Molson Coors boosts low/no alcohol portfolio by moving beyond beer

Source: https://www.beveragedaily.com/

September 1, 2019

Consumers are seeking more moderate choices and Molson Coors' innovation team is trying to meet this by expanding its established brands and introducing different products to new markets, it says in its 2019 sustainability report published this month.

"We're especially excited about expanding our portfolio beyond beer to add more low- and no-alcohol products that support increasingly health-conscious consumers,"? says the company.

Coming to the US this year: Coors Edge

Quoting Nielsen data, Molson Coors observes that one third of beer drinkers have reduced their consumption; while a quarter are looking for alcohol choices that are compatible with wellness.

"As part of our strategy, we're stepping further into the low- and no-alcohol category, which we believe is ripe for innovation as more drinkers globally look to moderate their consumption. We also believe it's our responsibility to help reduce harmful drinking and support moderation. ?

"That's why, by 2025, we aim to provide quality low- and no-alcohol choices in 100% of the countries where we have large brewing or significant selling operations. By providing more beverage options that are 3.5% ABV or lower, our brands can play a role in encouraging moderation."?

No and low alcohol beers are the obvious first step: particularly with the expansion of Coors Edge, a non-alcoholic lager that was launched in Canada in 2018 and is set to hit the US later this year.

"We will leverage our global brands that our consumers know and love to expand into the low- and no-alcohol category," ?says Molson Coors. ?

"By innovating around our core brands that consumers already trust, we can help moderate drinkers find quality low- and no-alcohol alternatives. ?

"For example, in 2018, we launched Coors Edge, a refreshing non-alcoholic beer, in Canada with great success. After positive feedback on the product in Canada, we're ready to bring Coors Edge to the US starting at the end of 2019. ?

"Following in the footsteps of Coors Edge, we will also be launching Staropramen 0.0% in the Czech Republic. By leveraging established brand trademarks like Coors and Staropramen, we can invite old and new consumers to try great-tasting options that support moderate consumption."?

But expanding beyond beer opens up more opportunities, says Molson Coors, pointing to its moves into the non-beer arena with kombucha and sparkling water.

"We are excited about taking steps toward this new area for Molson Coors and our ambition to offer new types of refreshment for everyone," ?the company says.

In 2018 it made its first acquisition of a non-alcoholic beverage brand, California's Clearly Kombucha, a move it identified at the time as 'a step to build its growing non-alcoholic portfolio'.

Clearly Kombucha

Containing less than 0.5% ABV from natural fermentation, Clearly Kombucha's six flavors are all gluten-free, non-GMO, vegan-friendly, kosher and certified organic.

With the brand nurtured by craft and specialty import division Tenth and Blake (alongside beer brands such as Hop Valley, Saint Archer and Terrapin), Molson Coors is now expanding distribution of the brand in the western US region.

Across the Atlantic, this month Molson Coors has launched what it claims is the UK's first hopped sparkling water brand: as well as being the brewer's first UK launch outside the beer and cider category.

Called Wellraiser,?? the drink is billed as an "adult soft drink that gives consumers a different option to a diet soda or water", with a 'zingy, hoppy taste' and a drink that is 'naturally refreshing'.

The sugar-free sparkling water is made by combining natural hop extract and natural hop flavors with carbonated water, and is packaged in 330ml cans.

"We're a brewer and cidermaker first and foremost, but our portfolio strategy is about making sure we respond to changing tastes and give adults a drink option for a broad range of occasions," ?observes Molson Coors UK marketing director Jim Shearer.

sparkling hop water inset

Wellraiser

"Wellraiser is another step in that strategy, which you can see reflected in our global portfolio with Clearly Kombucha, for example, in the US."?

Wellraiser has been launched in online supermarket Ocado to gauge the response ahead of a potential wider launch.

Calorie counting

Molson Coors' beyond beer portfolio is also expanding with calorie reduced options.

Cape Line, for example, is a new range of 4.5% ABV cocktails that uses six natural ingredients and has 120 calories, while Movo, a 5.5% ABV 100-calorie canned wine spritzer, is made with all-natural ingredients and no added sugar. "Both these options aim to help consumers looking to cut down their sugar and alcohol intake,"? says Molson Coors.

And another path already cleared for the company beyond beer is the new world of cannabis beverages??: with its joint venture with medicinal cannabis company HEXO developing non-alcoholic, cannabis-infused beverages ready for when such products become fully legalised? ?in Canada.

As far as products seeking specifically to appeal to the moderate drinker go, however, the portfolio is only set to keep developing.

"Our focus going forward is to keep growing our low- and no-alcohol and responsible choice brands,"? says the company.

"As we look at 2019 and beyond, we're excited by the potential our innovation pipeline holds to take Molson Coors in new directions.?

"By thinking outside the bottle, we're mapping the journey to a future where our portfolio includes innovative, new brewed beverages while retaining beer at its core. The result is a more diversified brewed beverage company that offers more choices that help support alcohol moderation and reduce harmful drinking."?

Molson Coors: examples of no and low alcohol brands

Coors Edge: a premium non-alcoholic lager at 0.5% ABV, with 45 calories per 355ml can. "Made with the finest malted barley and all natural flavours to deliver superior taste... A refreshing golden lager with that classic Coors taste, containing less than 0.5% alcohol by volume, ensuring that you'll always be in the moment."

Clearly Kombucha: an organic sparkling fermented tea with added probiotics; less than 0.5% alcohol due to natural fermentation. 20 calories per 14 fl oz bottle

Wellraiser Sparkling Hopped Water: carbonated water infused with hop extract, launched August 2019.

Cape Line sparkling cocktails: 4.5% ABV, launched in April 2019

Movo 100 calorie wine spritzer, 5.5% ABV, launched in March 2019

Other non-alcoholic products from Molson Coors includes Bergenbier Non-Alcoholic; Cobra Zero; Coors Non-Alcoholic, Sharps and Staropramen Non-Alcoholic.

NIC fraternities ban hard alcohol in decisive action

Source: https://nicfraternity.org/

August 31, 2019

In an important, decisive action to enhance health and safety in fraternity communities, the North American Interfraternity Conference (NIC) recently adopted a Standard prohibiting hard alcohol from fraternity chapter facilities and events.

At its Aug. 27 Annual Meeting in a near unanimous vote of its 66 inter/national fraternities, the Conference determined that each organization will implement the new Standard by Sept. 1, 2019, across their more than 6,100 chapters on 800 campuses.

"At their core, fraternities are about brotherhood, personal development and providing a community of support. Alcohol abuse and its serious consequences endanger this very purpose," said Judson Horras, NIC President & CEO. "This action shows fraternities' clear commitment and leadership to further their focus on the safety of members and all in our communities."

This is the latest in a series of NIC Health & Safety Initiatives launched in the last year, including Conference-wide adoption of medical Good Samaritan policies; piloting further measures to reduce alcohol; developing SocialSafe, an online event management platform and app; testing measures to reduce hazing in the new member experience; and advocating for stronger anti-hazing laws.

Our IFC and member fraternities eliminated hard alcohol from facilities and events on our campus several years ago and have seen a positive shift in our culture when it comes to the health and safety of our members and guests," said Seth Gutwein, Purdue University IFC President. "With all NIC fraternities implementing this critical change, it will provide strong support for fraternities to move as one to make campus communities safer."

Under the resolution passed by the Conference, each NIC member fraternity will "adopt and implement a policy by September 1, 2019, that prohibits the presence of alcohol products above 15% ABV in any chapter facility or at any chapter event, except when served by a licensed third-party vendor. Chapter facilities and events outside the United States may have one additional year to achieve compliance. Any member fraternity that does not have a business meeting between Sept. 1, 2018, and Sept. 1, 2019, will be granted a one-year extension in adoption." As with all NIC Standards, this is a minimum expectation; when member fraternities and campuses have more restrictive policies, students and chapters will still be expected to follow those.

Conor McGregor's Proper no. Twelve brand is a 'gimmick' that tastes like medicine, according to a scathing YouTube whiskey reviewer

Source: https://www.businessinsider.com/

Barnaby Lane

Aug. 30, 2019

A scathing YouTube review has labelled Conor McGregor's Proper no. Twelve whiskey a "gimmick."

It also tastes "medicinal" and "industrial," the reviewer said.

Philip Dwyer, who runs the channel Whiskey Wednesday, also said "it's probably one of the most generic, uninteresting products you've ever tried."

He warned his thousands of subscribers not to waste their money on the product.

Conor McGregor's Proper no. Twelve brand is a "gimmick" that tastes "medicinal" and "industrial," according to scathing whiskey reviewer on YouTube.

Philip Dwyer, who runs the channel Whiskey Wednesday, posted his assessment of McGregor's triple distilled Irish malt earlier this week, and did not hold back.

"F------ hell," Dwyer told his thousands of subscribers as he took his first sip.

"There's that additive, really syrupy, sugary note, and then there is just that medicinal, industrial note beneath it, which isn't pleasant or complimentary in any single way.

"Taste wise: it's pretty bad. Like, it's probably one of the most generic, uninteresting products you've ever tried."

He later said: "I'm not sure what more there is to say about it but it's just a facade, it's a gimmick. It is a trend, it's something that, in ten years' time, nobody will remember."

"Steer clear, don't go near it." Dwyer concluded as he threw the mostly full bottle in the trash.

Read more: Dana White says Conor McGregor told him the ---ual assault he has been accused of was 'somebody else'

The no-holds-barred review follows a pub owner who filmed himself pouring bottles of Proper no. Twelve down the toilet as a protest against the Irish fighter earlier this month.

Sean Rice, who owns the Salty Shamrock bar in Florida, disposed of McGregor's product after TMZ showed footage of the UFC star appearing to punch a man in the face in a Dublin pub.

Rice called McGregor a "scumbag lowlife" and called on sellers of the whiskey everywhere to follow his actions.

McGregor recently apologized for the incident on ESPN, and also announced he expects to return to the UFC later this year despite having announced a retirement from mixed martial arts in March.

Martignetti Companies Announces New Senior Vice President of Sales Positions

Jim Hickey promoted to Senior Vice President of Sales, Spirits

Christopher Conrad promoted to Senior Vice President of Sales, Wine

Source: Martignetti Companies

September 1st

Martignetti Companies announces two new Senior Vice Presidents of Sales positions effective September 1, reporting to Mark Fisher, President, Sales and Marketing. "I firmly believe this enhanced sales structure will significantly improve our capabilities and allow us to achieve even greater results for our supplier partners and our customers", stated Fisher.

Martignetti is pleased to announce the promotions of Jim Hickey and Chris Conrad to the newly created positions of Senior Vice President Sales - Spirits and Senior Vice President Sales - Wines, respectively. These new positions will be accountable for all aspects of the sales cycle with a focus on sales execution results, supplier relationships, financial metrics, personnel management, inventory management, pricing strategies, and go-tomarket sales structure. Additionally, they will lead sales efforts in Northern New England and act as liaisons with Rhode Island Distributing.

Jim Hickey has led the Century Division of Martignetti Companies over the past sixteen years as Vice President Sales. He will have direct responsibility for all spirits sales in the Century, United and Excel Divisions and will be involved with the spirits suppliers in the Commonwealth, Carolina and Classic Divisions. Jim's extensive spirits industry experience includes channel dedicated sales positions for multiple suppliers at all levels giving him a unique understanding of the marketplace.

Chris Conrad has spent twenty-four years at Martignetti Companies with the last nine serving as Vice President Sales - Northern New England. He will have direct responsibility for all wine sales in the Carolina, Commonwealth, Connoisseur and Classic Divisions and will be involved with the wine suppliers in the United and Excel Divisions. He has led his team to national recognition and set the standard for control state sales success. Chris is widely recognized for his expertise and his business disciplines in our industry.

Pierre Pringuet to step down from Pernod board (Additional Coverage)

Source: https://www.thespiritsbusiness.com/

by Amy Hopkins

30th August, 2019

Former Pernod Ricard CEO Pierre Pringuet has offered to resign from the French group's board of directors as it looks to "improve governance".

Pringuet joined Pernod Ricard in 1987, becoming joint-CEO with Richard Burrows in 2000 and later group CEO in 2008. He was succeeded by Alexandre Ricard in 2015.

Along with academic Martina Gonzalez-Gallarza, Pringuet has volunteered to resign from Pernod Ricard at the group's next annual general meeting (AGM) on 8 November 2019. Meanwhile, independent director Nicole Bouton has elected not to stand for reappointment.

Aerospace technology executive Philippe Petitcolin and consumer goods executive Esther Berrozpe Galindo have been appointed to Pernod Ricard's board of directors - a move that will be submitted for shareholder approval at the AGM.

The board reshuffle follows the acquisition of a 2.5% stake in Pernod Ricard by activist investor Elliott Management Corporation at the end of last year. The US-headquartered hedge fund accused the distiller of having "inadequate" corporate governance and a "lack of outside perspectives".

The Jameson and Absolut maker said it has been working to "increase diversity, independence and the international and female representation" on its board of directors for a number of years, and that the initiative started under Pringuet's leadership.

Alexandre Ricard said: "For me, Pierre Pringuet will always be a brilliant and visionary mentor. There is no question that the group would not have become this French leader without his boldness and his exceptional work capacity. Pernod Ricard is, and will forever be, grateful to him."

He added that the appointment of Petitcolin and Berrozpe Galindo would "enhance the collective expertise" of the board of directors. Former Christie's CEO Patricia Barbizet joined Pernod Ricard as its lead independent director shortly after Elliott's move.

At the same time as announcing a 6% organic lift in its full-year sales earlier this week, Pernod Ricard revealed its plans to acquire US spirits firm Castle Brands for US$223 million, and pledged US$150m to build China's first malt whisky distillery.

Climate change: Gene discovery could 'future-proof' barley

Source: https://www.thespiritsbusiness.com/

by Amy Hopkins

2nd September, 2019

Whisky producers are set to benefit from new research by Edinburgh-based scientists who have identified a gene responsible for drought resistance in barley.

Climate change is having an increasingly dramatic affect on the food and drink industries, but academics at Heriot-Watt University claim to have found a way to help "future-proof" barley as weather conditions become drier.

The team associated the gene HvMYB1 with drought resistance for the first time. This will potentially affect how planter breeder cultivate crops that are more resistant to the affects of climate change.

"This is a significant finding that will allow more drought-resistant crops to be bred in the future," said Dr Peter Morris from the Institute of Earth and Life Sciences at Heriot-Watt University, who conceived the project.

"Drought is already impacting yields with the European cereals harvest hit particularly hard in 2018. A prolonged, dry and hot summer significantly impacted yields and quality."

Morris added that it was a "considerable challenge" to characterise one particular barley gene, since the crop has more than 39,000 genes - almost double the number for humans.

"By increasing the expression of this particular gene in test plants and simulating drought conditions, we've been able to prove that plants in which HvMYB1 is more prominently expressed are able to survive prolonged periods of drought," continued Morris.

The research was conducted over the course of five years

"Genetic variation is essential in plant breeding for resilience so we expect this research will now be used by plant breeders as a marker for drought resistance.

"It will help focus attention on different barley varieties in which this gene is naturally expressed more prominently. This may lead to greater variation in the gene pool of crop plants and more drought resistant crops in future years."

The research also has "important implications" for the production of wheat, maize and rice, according to Morris..

Dagmar Droogsma, director of industry at the Scotch Whisky Association (SWA), said: "The Scotch whisky industry relies on a sustainable and secure supply of good quality raw materials, now and in the future. Quality barley is central to the success of the Scotch whisky industry."

Approximately 90% of the barley used for Scotch is sourced from Scotland, while the rest is sourced from the UK and EU. In 2018, the value of barley grown in the UK rose by £85 million (US$102.6m) to £957m (US$1.15bn), according to figures from the Department for Environment, Food & Rural Affairs.

The new research, which is the result of five years' work, has been published in the Plant Physiology and Biochemistry journal. It was funded by the SWA.

The Spirits Business recently explored how climate change is affecting the Cognac industry as the region faces untimely frosts and hailstorms.

Surgeon General to teens and pregnant women: Weed is way too risky for developing brains

Source: https://www.usatoday.com/

Jayne O'Donnell, USA TODAY

Aug. 29, 2019

Federal health officials are issuing a national warning against marijuana use by adolescents and pregnant women, as more states legalize some forms of the drug's use.

Surgeon General Jerome Adams issued an advisory Thursday warning against marijuana use by teens, pregnant women and those who are breastfeeding because of its effects on the "developing brain."

It marked the federal government's strongest statements since states started allowing marijuana, which is legal for some use in 33 states. A public awareness campaign on social media will follow.

"No amount of marijuana use in pregnancy or adolescence is safe," said Adams, the father of three young children, who has spoken publicly about a brother's struggle with drug addiction.

Health and Human Services Secretary Alex Azar noted the amount of THC - the chemical that leads to psychological effects in marijuana - now is about three times higher than a few decades ago.

A third of teens who vape use their e-cigarette devices for marijuana oil, said Adams, and edibles, oils or waxes lead to another tripling of the effect of the THC.

"As I like to say, this ain't your mother's marijuana," he added.

The "rapid normalization" of marijuana use by young people is of particular concern, Adams said. It's now the third most common illegal substance used by high school students after alcohol and electronic cigarettes, he said, and one in five of teens who try it will become addicted. Teens are also more likely to miss or drop out of school, and significant drops in cognition have been reported in adults who started using as young teens.

"Just like the famous advisory on tobacco in 1964, the significance of today's marijuana advisory cannot be overstated," said Kevin Sabet, a former Obama Administration drug policy adviser who now heads the advocacy group Smart Approaches to Marijuana. "Administration officials should be applauded for finally shining a light on the harms of today's high potent marijuana."

Dr. Elinore McCance-Katz, a psychiatrist who heads HHS' Substance Abuse and Mental Health Services Administration, said a "significant increase" in marijuana use starting at age 12 was particularly troubling. The brain, she said, is still developing from age 18 to 24. Marijuana use can't be definitively cited as the cause of higher rates of major depression and suicide, but she said increases are seen in studies among young people who use the drug.

Thursday's advisory and awareness campaign, paid for in part by President Trump's recent donation of his second-quarter salary, comes as state and federal health officials are investigating some 200 cases of severe lung illnesses among people using e-cigarettes.

Adams and regulators continued to warn against vaping overall. They did not flag the problem of THC oil or other contaminants as a potential cause of the recent spike in illnesses, as two leading academic researchers and the vaping industry contend may be the case.

The advisory also addressed the growing problem of cannabis-induced psychosis and schizophrenia linked to marijuana use. It was the highest level acknowledgement of the problem, and went further than the National Academies of Sciences, Engineering, and Medicine conclusion in a 2017 report that schizophrenia and other psychoses "are correlated with, but not necessarily caused by, heavy marijuana use."

"Marijuana use is linked to risk for and early onset of psychotic disorders, such as schizophrenia," said the advisory. "The risk for psychotic disorders increases with frequency of use, potency of the marijuana product, and as the age at first use decreases."

The National Organization to Reform Marijuana Laws lashed out at the advisory, calling it "fear-mongering."

"Our current model of federal prohibition represents the utter lack of control over any aspect of marijuana or the marijuana market," NORML said in a statement. "The Surgeon General's time would be better spent advocating for a legally and tightly regulated cannabis market - one in which we educate Americans about the potential harms and benefits of cannabis through evidence-based public education campaigns...."

The Surgeon General's findings, however, were a relief to author and former New York Times investigative reporter Alex Berenson, who said he has struggled to get traditional media attention for his book, "Tell Your Children: The Truth About Marijuana, Mental Illness and Violence."

"The cannabis lobby is desperate to try to shout down any discussion of the links between cannabis and mental illness and will personally attack anyone who tries to raise the issue," said Berenson. "It will be far harder for them to do so in the future now that the Surgeon General - the nation's leading physician, a non-partisan authority on health - has confirmed these links."

Latest Brexit Headlines

Source: Multiple

September 3rd

https://www.telegraph.co.uk/politics/2019/09/02/brexit-news-get-ready-boris-johnson-prorogue-parliament/

https://www.telegraph.co.uk/politics/2019/08/31/boris-johnson-warn-tory-rebels-face-deselection-michel-barnier/

https://www.telegraph.co.uk/politics/2019/08/31/parliament-must-give-boris-johnson-space-secure-better-brexit/

https://www.dailymail.co.uk/news/article-7415007/Youre-scared-election-bring-Boris-Johnson-Jacob-Rees-Mogg-tells-Remainer-rabble.html

https://www.dailymail.co.uk/news/article-7414911/Boris-Johnsons-allies-plot-topple-John-Bercow-election.html

https://www.theguardian.com/politics/2019/aug/31/boris-johnson-must-launch-inquiry-dominic-cummings-reign-of-terror

https://www.independent.co.uk/news/uk/politics/brexit-no-deal-article-50-eu-extension-leo-varadkar-emmanuel-macron-a9080881.html

EIGHT NEW MASTERS OF WINE ANNOUNCED (Excerpt)

Source: https://www.thedrinksbusiness.com/

by Patrick Schmitt

30th August, 2019

Eight new Masters of Wine have been announced this morning, including two who are based in China and one from outside the drinks trade.

The latest crop of MWs comprises, as always, a highly impressive set of individuals, although particularly notable in today's announcement is the fact that two of the eight are from mainland China, a country that may be relatively new to wine appreciation, but has embraced wine education with extraordinary enthusiasm - indeed, it is one of the biggest sources of students today for the Wine and Spirit Education Trust (WSET), whose courses are a stepping stone to the Master of Wine study programme.

Also newsworthy, and remarkable, is the fact that one of the new MWs, UK-based Dominic Farnsworth, works for a law firm, and has therefore managed to gain this notoriously difficult qualification from a position from outside the wine trade.

Bearing in mind how well one must understand all aspects of the wine business to pass the MW qualification, this person's achievement is extraordinary - MWs from outside the trade are an extremely rare breed.

Indeed, the Institute strongly discourages people from attempting the qualification if they don't work in the wine trade.

The results this morning also mean that the wine world now contains a fifth MW couple - with Edward Ragg MW one of the eight announced today, and he is married to Fongyee Walker, who is already an MW. (The other MW unions are Peter & Philippa Carr, Serena Sutcliffe & David Peppercorn, Susie Barrie & Peter Richards, and, the youngest of them all, Lenka Sedlackova & Justin Knock).

As for a further noteworthy element to today's announcement, one of the additional MWs, Heidi Mäkinen is from Finland, meaning this Nordic country now has four MWs, which is a lot relative

to its sub 6m population. (Heidi joins existing Finnish MWs Essi Avellan, Thomas Meriluoto and Taina Vilkuna).

Nevertheless, Norway, which has a marginally smaller population, has a higher concentration of MWs, with as many as five. Add to that a further three MWs from Sweden, and it's apparent that this part of northern Europe is a hotbed of wine talent.

The eight new MWs now take the total number worldwide to 390, with the latest members of the IMW being, in alphabetical order: Julien Boulard MW (PR China), Thomas Curtius MW (Germany), Dominic Farnsworth MW (UK), Lydia Harrison MW (UK), Heidi Mäkinen MW (Finland), Christine Marsiglio MW (UK), Edward Ragg MW (PR China) and Gus Jian Zhu MW (USA).

Over the following pages you can read more about each one of these figures, as well as the topic of their research paper, which is the final part of the examination - a three-stage process, comprising this in-depth wine-related study, as well as two extremely demanding sets of exams, with one focused on tasting (known as the practical) and the other focused on a series of essay-based papers to assess the candidate's understanding of all aspects of wine.

Following the announcement today, there are 14 Masters of Wine in the '2019 vintage', as Edouard Baijot MW (France), Nicholas Jackson MW (USA), Brendan Jansen MW (Australia), Jonas Röjerman MW (Sweden), Harriet Tindal MW (Ireland) and Jonas Tofterup MW (Spain) were announced as MWs in February.

They will all be formally welcomed to the IMW at a ceremony in London later this year.

The 2019 crop shows the increasing internationalisation of the IMW. The top six countries where MWs are based around the world are Australia, France, Germany, New Zealand, the UK and the USA.

Read on to find out more about today's new MWs.

https://www.thedrinksbusiness.com/2019/08/eight-new-masters-of-wine-announced/

FOLIO FINE WINE PARTNERS EYES PORTFOLIO GROWTH

Ogier, L'Avenir, and Château Puech-Haut Join National Wine Importer

Source: FOLIO FINE WINE PARTNERS

September 1, 2019

Rhone Valley's Ogier, Stellenbosch producer L'Avenir and Languedoc's Château Puech-Haut join the Folio Fine Wine Partners portfolio effective immediately. The new additions expand the national importer's relationship with more than 18 family-owned suppliers and marks the Company's first foray into the key categories of Languedoc and South Africa.

BURGUNDY HARVEST DATA SHOWS ACCELERATION OF GLOBAL WARMING (Excerpt)

Source: https://www.thedrinksbusiness.com/

by Phoebe French

30th August, 2019

A study, which plots the date of the Beaune harvest from 1354 to 2018 - the longest record of such data ever published - has found that the region has experienced "rapid warming" in the past 31 years.

The study, which was conduced by the University of Leipzig and published in the journal Climate of the Past, attempted to plot and explore the significance of the change in harvest date in Beaune.

Thomas Labbé, lead-author of the study, was responsible for collecting the data, which involved examining archives including wage payment records in order to plot the harvest dates through the ages. He then calibrated the results against the Paris temperature series which includes data from 1659 to 2018.

He said that other records available, including the Dijon series, are "error prone" as "scholars.have uncritically drawn the data from 19th century publications instead of going back to the archives".

Labbé wrote wrote that the data was sub-divided into two parts.

"From 1354 to 1987 grapes were on average picked from 28 September on, but during the last 31-year period of rapid warming from 1988 to 2018, harvests began 13 days earlier (15 September)."

He revealed that since the hot summer of 2003, eight out of 16 spring-summer periods were reported as "outstanding" in terms of temperature, when compared to data from the last 664 years. Five of these occurred during the last eight years.

There were a total of 33 "extremely warm events" occurring over the period studied, which Labbé said were "unevenly distributed over time".

21 of them took place between 1393 and 1719 (equating to one hot spell every 15 years), while only five instances occurred between 1720 and 2002.

Labbé said the data "demonstrates that outstanding hot and dry years in the past were outliers, while they have become the norm since the transition to rapid warming in 1988."

He also noted how his data bore significant correlations to the "long Paris temperature series from 1659 to 2018" together with documentary and tree-ring data from 1354 to 1658.

To read the full article, please click here.

https://www.thedrinksbusiness.com/2019/08/burgundy-harvest-data-shows-acceleration-of-global-warming/

OBITUARY - Jack LeRoy Quinn - NOVEMBER 9, 1936 - JULY 18, 2019

Source: https://www.dignitymemorial.com/

August 31, 2019

Jack Quinn passed away on July 18, 2019. He was born in 1936 to Howard and Xina Quinn, who preceded him in death. He was also preceded in death by his brother, Howard Quinn.

He is survived by his wife, Ann Quinn, son, Jack Quinn, Jr., daughter, Michelle Many, and a niece and several cousins. Jack was born in Frontier, WY. For the majority of his life, he lived in Tacoma, Puyallup and Lakewood, and in Olympia for a few months.

However, he lived in Salt Lake City for his 5th grade school year and learned to play the trumpet there. Jack worked at many different jobs during his early adult years in Tacoma. Jack was educated in Tacoma, WA. He graduated from the University of Puget Sound where he was Head Resident and made the list of National Social Sciences Honor Society. He continued on to law school at the University of Washington in Seattle.

After law school, Jack worked as an attorney in Seattle and then went into the beverage business, working for two different companies for a total of 24 years in the industry. At the second beverage company before his retirement, he built a fledgling division of his company into one of the largest brokerage firms in the PNW. He traveled all over the world in his business life. He mentored his quality staff and set high standards of performance. His bow ties, tropical shirts and quick wit livened many events.

He began as a salesman in the industry and retired in 2004 as a Vice President. After retirement, Jack made several trips to Hawaii, which was his favorite place to vacation. He had a passion for cars, which came from his Dad and uncles, who enjoyed doing body work on cars. He enjoyed the ownership of five corvettes at different times, as well as cadillacs and other vehicles. In later years, he enjoyed putting together model cars as a hobby.

Another hobby was painting and he received offers to buy his paintings. However, he refused, since he only wanted to enjoy painting as a hobby. Jack enjoyed spectator sports as a Seahawk fan and Mariners fan. He watched some boxing on television, since he had done some boxing early in his life at the Tacoma Boys Club. As requested by him, there will not be a funeral service or memorial service. The family would like to extend special thanks and gratitude to the staff at St. Peter's Hospital. Please leave online condolences.

Dollar General blows past Street estimates in Q2, raises guidance; names COO

Source: CSA

MARIANNE WILSON

August 29, 2019

Dollar General on Thursday reported a strong second-quarter performance, beating Wall Street's earnings and sales expectations, and announced two key promotions.

The discounter has appointed Jeffery C. Owen, as COO, with responsibility for store operations, merchandising and supply chain. Owen, a Dollar General veteran with more than 25 years of retail experience, returned to the chain in June 2015 as executive VP of store operations. Steven G. Sunderland will succeed Owen as executive VP of store operations. He joined Dollar General in September 2014 as senior VP of store ops, overseeing stores predominately throughout the southern half of the country.

Dollar General's net income rose to $426.6 million, or $1.65 a share, in the quarter ended Aug. 2, up from $407.2 million, or $1.52 a share, in the year-ago period. Adjusted per-share earnings came to $1.74, easily topping analysts' estimates of $1.57 a share.

Sales rose 8.4% to $7.0 billion, beating estimates of $6.9 billion. Same-store sales rose 4%, also more than expected.

"Our results this quarter were fueled by solid execution across many fronts, including category management, merchandise innovation, store operations, and continued progress with our strategic initiatives," said Todd Vasos, Dollar General's CEO. "In addition, we remained focused on disciplined cost control, which culminated in another quarter of strong earnings growth."

Given its first-half performance and expectations for the remainder of the year, Dollar General said it was raising its full-year financial guidance. It now expects fiscal 2019 sales growth of about 8%, up from a previous forecast of 7% growth. It expects same-store sales to grow in the low-to-mid 3% range, above its prior forecast of 2.5%. Adjusted earnings per share are expected to range from $6.45 to $6.60.

As of August 2, Dollar General operated 15,836 stores in 44 states.

Foreign supermarkets change tactics in tough China market

Costco's impressive debut contrasts with contentious exits by international chains

Source: FT

Tom Hancock in Shanghai

AUGUST 29, 2019

The crowds of shoppers cramming into US retailer Costco's first store in China this week, forcing it to close early on its opening day, were in stark contrast to a stampede of foreign supermarket owners out of the country.

In June, French chain Carrefour agreed to sell a majority stake in its China stores to local company Suning for $700m, following in the footsteps of Britain's Tesco and Spain's Dia. German wholesaler Metro is selling its China business.?

The largest remaining wholly foreign supermarket chain in China is US-owned Walmart, which after more than two decades has more than 430 stores in the country, but just a 1.7 per cent share of the $692bn Chinese grocery market, according to data provider Euromonitor.?

Many problems have frustrated foreign operators in China, ranging from a failure to localise and adapt to ecommerce, to soaring rental costs and disputes with local partners. But one common weakness has been a lack of unique products.?

Now Walmart, Costco and Germany's Aldi - which opened its first China stores in June - plan to change that, by focusing on "private label" products, often imported from their home markets and by partnering with tech companies on ecommerce.?

For Walmart, growth has been elusive, with sales rising just 0.3 per cent last year from 2017 to Rmb81bn ($11.3bn), according to Fung Business Intelligence. But it remains committed to the market and opened 33 stores in China last year, and in July vowed to spend $1.2bn over the next decade on store upgrades, logistics and new openings.

"Every business has different reasons to leave and we continue to see other foreign retailers coming in," said Daniel Shih, the company's chief corporate affairs officer in China.

Shopping habits differ from those of the US and Europe, meaning that supermarkets need to adapt. Chinese consumers are more likely to walk to stores to buy fresh food several times a week, rather than driving for a weekly shopping trip.?

Local chains specialising in fresh produce have gained market share, most notably those run by Yonghui Superstores, a domestic group that has seen revenues increase from Rmb30bn to Rmb70bn in the five years to 2018.

Foreign supermarkets have stocked favoured local products, from durians to duck necks, but sometimes struggled to match the lively atmosphere of Chinese rivals, which offer loose vegetables and live fish in tanks.?

"Foreign retailers made things a bit too hygienic and clinical. That was a mismatch," said Jack Chuang of consultancy OC&C.

Tesco happily localised, stirring controversy in the UK by selling live turtles, but behind the scenes it struggled to adapt to local practices.?

British and Chinese management often clashed over small issues, such as in-store promotions and displays, said a former executive at the company. "There was a governance issue at Tesco. And, overall, the Brits didn't trust the Chinese," he added.

Tesco sold 80 per cent of its Chinese business to state-owned retailer China Resources in 2013.

Carrefour rolled out dozens of small stores. But as it did not buy the land for many of its outlets, it was left liable for soaring rents over the past decade, people familiar with the matter said.?

Metro is profitable in China but is selling its operations there because of financial strains at home in Germany, according to people briefed on the situation.?

Foreign clothing retailers, from Uniqlo to Nike, have gained a bigger market share than Chinese rivals because of their unique brands. But foreign supermarkets have often stocked the same noodle and sauce brands as their local rivals.

New market entrants are attempting to change that. At Aldi's Shanghai stores, the most popular items include its branded wine and beer imported from Europe. Costco's Kirkland private label products were seized on by Chinese shoppers this week.

Walmart is taking a similar approach at its Sam's Club stores, now the focus of its expansion in China - it aims to have 40 by next year, up from 26 now. "Sam's Club develops private brand items which are hard to find and we source them from overseas markets," Mr Shih said.?

He added that an average Sam's Club stocks only about 4,000 items, compared with 25,000 in its hypermarkets. Aldi has a similar focus on fewer product lines, while Costco sells fewer than 5,000 different items, allowing lower costs and higher margins.

The rapid growth of ecommerce, led by companies such as Alibaba and JD.com, has reduced the attraction of physical stores. "There are a lot of headwinds now due to ecommerce, which is pushing grocery more online," said Wai-chan Chan of consultancy Oliver Wyman.

Foreign companies are instead turning to local ecommerce groups to reach consumers. France's Auchan, the second-largest foreign chain in China, sold a 36 per cent stake in a joint venture with Taiwan's Sun Art, which operates more than 400 stores, to Alibaba in 2017 for $2.9bn.

Walmart abandoned its own online platform in China to co-operate with JD.com, the country's second-largest ecommerce company, in which the US group has acquired a 12 per cent stake.?In some cities it aims to deliver within 20 minutes.

"We are big, like an elephant," said Mr Shih, "but we decided to make a change."

Earnings decline for Endeavour Drinks, but confidence high for future success

Source: https://www.theshout.com.au/

by Andy Young

30 August, 2019

Woolworths has delivered its results for the 2019 financial year which as a whole delivered increased sales, earnings before interest and tax (EBIT) and net profit after tax, despite challenges in some of its businesses, including Endeavour Drinks Group.

CEO Brad Banducci said that the group had a challenging start to the year, but a strong second half meant the year ended with good momentum. Group sales and profit momentum

improved in the second with normalised sales and EBIT growth of four per cent and 10 per cent for H2. Group online sales continued to grow strongly, increasing by 32 per cent on a normalised basis compared to the prior year to $2.5bn.

For EDG, EBIT for the year was $474m, 9.7 per cent down from $516m last year, while the hotels business' EBIT was $261m, a one per cent increase on last year.

Speaking about the result, Chief Financial Officer, Stephen Harrison, said: "The underlying performance did improve in the second half but the EBIT does include a $21m impairment charge related to intangibles associated to Summergate in China. Excluding this, EBIT declined by six per cent in FY19.

"The hotel business had a better second half with strong growth from bars, food and accommodation with gaming more subdued."

Talking about EDG as a whole, Banducci said: "We have been speaking for some time about accelerating innovation in drinks and evolving the business to meet rapidly changing customer needs.

"While the financial performance of Endeavour Drinks in FY19 was below our aspirations we have taken a number of positives during the year driven by our ambition to connect everyone with a drinks experience they will love and we are seeing some very pleasing early signs of improvement.

"The biggest changes are happening at Dan Murphy's with the repositioning of the business focused on discovery. Customer 1st ranging, which has been very successful in our food business and BWS, is well underway in Dan Murphy's."

He added: "Endeavour X was established during the year to ensure a consistent digital experience across Dan's, BWS and the other Endeavour Drinks businesses and we have made very good progress in this contest offering increasing convenience to customers.

"In FY20 we have more work to do to continue to build operating momentum with Endeavour Drinks as we work towards the separation of Endeavour Drinks and ALH in calendar 2020.

"Endeavour Drinks' sales improved in H2 driven by more settled weather and early progress on our refreshed strategy. We have begun to reposition Dan Murphy's in a rapidly evolving drinks market, delivering improvements in service, range, price and convenience, and while early days, the results are very encouraging.

"BWS continued to perform strongly driven by Customer 1st Ranging, as well as leading in convenience options for customers."

Talking about the group as a whole, Banducci said: "In summary, we are pleased with the progress we made during the year and have exited F19 with good momentum across the Group. In F20, we expect the uncertain consumer environment and input cost pressures to remain as well as an impact from new enterprise agreements. However, we are well placed to respond to these challenges and are excited about what we can achieve together in F20."

Woolworths Group Chairman, Gordon Cairns, added: "The Group's focus on creating value for shareholders has been delivered through a stronger trading performance, particularly in the second half, and further Portfolio optimisation.

"Highlights included the $1.7bn share buy-back following the successful sale of Petrol and the recently announced intention to merge and subsequently separate Endeavour Drinks and ALH. The Group's financial position remains strong with the Board declaring a fully franked final dividend of 57 cps bringing the full year dividend to 102 cps, a 9.7 per cent improvement on the prior year."