

# JULY 2019 CONTROL STATE RESULTS (Additional Insight)

Source: Cowen

August 21, 2019

## THE COWEN INSIGHT

In July, the distilled spirits category posted 8.5% sales growth and 6.2% volume growth. Domestic whiskey, Canadian whiskey, Irish whiskey and tequila all gained dollar share of the category. We would note that July trends were impacted by 1 additional selling day, however 1 less Sunday YoY offset the benefit. Adjusting for selling day variations, dollar sales were +9.0% and volumes were +6.6%.

### Trends by Total Company

The distilled spirits category posted 8.5% dollar sales growth and 6.2% volume growth in NABCA (which captures 18 control states and we estimate accounts for 20-25% of the total U.S. market). Meanwhile, 3-month reported dollar sales and volumes were up 6.0% and 3.2%, respectively, as price/mix added 2.7 pts to 3-month reported sales growth.

Brown-Forman. For the month of July, dollar sales and volumes increased 6.4% and 4.6%, respectively, as price/mix contributed 1.7 pts to overall performance. On a 3-month basis, dollar sales and volumes were up 5.2% and 3.7%, respectively. Sales for core Jack Daniel's were up 2.9% and sales for Fire were up 1.7%. Tennessee Honey sales increased 8.2%. The Woodford Reserve family grew 25.2% for the month.

Constellation Brands. In July, STZ dollar sales and volumes were up 6.4% and 7.9%, respectively. Price/mix was a 1.5 pt drag to overall performance. On a 3-month basis, sales were up 3.8% and volumes grew 3.1%. Sales for core Svedka vodka were up 5.4%, while sales for the Casa Noble family declined 5.9%.

Diageo. For the month of July, dollar sales and volumes increased 8.9% and 5.2%, respectively, as price/mix was a 3.6 pt benefit to overall performance. On a 3-month basis, dollar sales grew 5.1% and volumes grew 1.2%. Crown Royal Regal Apple grew sales 23.2%, while sales for core Smirnoff vodka declined 1.6%. Meanwhile, the Bulleit family posted sales growth of 14.9%.

Beam Suntory. Dollar sales and volumes in July up 6.7% and 3.6%, respectively. Price/mix was a 3.0 pt benefit. On a 3-month basis, dollar sales were up 3.9% and volumes were up 0.3%. Core Jim Beam dollar sales were up 8.5%.

### Trends by Total Category

In July, the distilled spirits category posted 8.5% dollar sales growth and 6.2% volume growth in NABCA (which captures 18 control states and we estimate accounts for 20-25% of the total U.S. market). Domestic whiskey, Canadian whiskey, Irish whiskey and tequila all outperformed total category sales growth.

Domestic, Canadian and Irish Whiskey Gain Share. The Domestic whiskey category was the fastest growing brown spirit with sales up 12.0% for the month of July, and volumes up 10.3%, as price/mix was a 1.7 pt benefit to overall performance. Canadian whiskey sales and volumes were up 8.6% and 6.4% respectively, with price/mix providing a 2.2 pt benefit. Meanwhile, Irish whiskey sales were up 10.9% and volumes up 7.6%.

Vodka, Rum, & Gin Sales Underperform Category. Vodka posted sales and volume growth of 4.3% and 4.2%, respectively, as price/mix was a 0.1 pt benefit. On a 3-month basis, sales and volumes were +3.3% and +2.4%, respectively. Meanwhile, rum sales and volumes grew 3.6% and 2.5%, respectively, while 3-month trends for sales and volumes were 0.7% and -1.0%, respectively.

Tequila Sales Up DD. Tequila gained dollar share (+93 bps) during the month of July, driven by dollar sales growth of 18.8% and volume growth of 13.8%. On a 3-month basis, sales and volumes were up 13.7% and 9.1%, respectively.

### Items Impacting July Comparability

July 2019 had four Sundays vs. five in the YoY period.

Five control states are closed on Sundays (Alabama, Mississippi, Montana, North Carolina and, Utah).

West Virginia had five additional selling days this year vs. last year.

New Hampshire reported four weeks of sales vs. five weeks last year.

Equivalized dollar sales grew 9.0%, while volumes were up 6.6%, as price/mix was a 2.4 pts benefit to results.

## **Amazon is Not Bigger Than the Law (Additional Coverage)**

The interior of one of Amazon's purported retail stores doesn't look much like an actual retail store.

Wine-Searcher has questions about Amazon's commitment to California liquor law.

Source: <https://www.wine-searcher.com/>

By Wine-Searcher staff

21-Aug-2019

At Wine-Searcher, we support the delivery of wine and spirits. Of course we do: helping people find wine to order online is what we do. When Amazon decided to join the business, we thought, bully for them.

But Amazon should follow the law, like every small mom-and-pop liquor shop.

California's law that requires companies that make wine and spirits deliveries to have a brick-and-mortar location would seem to have been written specifically to prevent a big company from monopolizing the liquor-delivery business. A company with a warehouse and no retail storefront has better efficiency and can charge lower prices, undercutting the competition.

A retail liquor store open to the public must have disabled access for customers, and it must accept cash payments from people who don't have credit cards or who want to be anonymous. It must hire cashiers and store clerks. It must protect against shoplifting and clean up incidents of vandalism. These things go into the cost of doing business for mom-and-pop liquor stores; Amazon can avoid these costs if it has no retail store location.

Amazon's low wine and whiskey prices from its warehouses are a competitive threat to family-owned stores. You can make an argument about whether using convenience and low prices to drive customers to the most ordinary wines - because Amazon's selection of wines from its warehouse is uninspired - is good for society. We believe in free choice at Wine-Searcher; we're not going to make that argument.

Instead, we must make an argument we spend most of our time resenting.

A look at the California Department of Alcoholic Beverage Control (ABC) official page of potential penalties for license shows the department's priorities. The top two things ABC seems to want to prevent are selling liquor to minors, and selling liquor to intoxicated people.

The exception to this is a violation Amazon might have committed - filing a license application with false information - which has the most severe potential penalty of all, license revocation. But, if a company lies to get its license, how can it be trusted to tell the truth about anything?

If Amazon cannot tell the truth about something so basic as whether or not it has a retail store, can it be trusted to ensure that its non-employee Flex delivery "partners" don't deliver whiskey to minors?

We do not believe that minors attempt to order wine very often; we do believe that they almost never successfully receive wine deliveries. There are easier ways to get alcohol. And the major delivery companies - FedEx and UPS - require an adult signature from liquor recipients. The system works well to keep liquor out of the hands of minors if businesses are honest. High delivery prices also act as a deterrent.

Now Amazon comes into the mix offering free two-hour delivery of wine and liquor, specializing in the low end. Adolescents probably don't spend a lot of time scheming about how to get whiskey delivered from a liquor store. But it's not hard to see how they might use Prime Now, especially if their parents already use it to get their groceries delivered. Who would notice?

Can the state trust Amazon to enforce California's liquor laws when Amazon doesn't follow those laws itself?

A big company like Amazon should not be able to come into a state and blatantly ignore its laws. It should not be able to agree to terms of a license and then simply ignore those terms, and maybe get a slap on the wrist if it gets caught.

Amazon is not running the state of California. Yet.

FYI, the "s" word has only been edited to avoid setting off everyone's SPAM filters

## Diageo responds to allegations by Hollis Worth

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

by Amy Hopkins

21st August, 2019

Diageo has responded to what it calls "false statements and inferences" made by former brand ambassador Hollis B Worth about the firm following allegations of abuse against her father, Tom Bulleit.

Worth took to Facebook last week to accuse her father, Bulleit Bourbon founder Tom Bulleit, of physically and ---ually abusing her as a minor - claims he "strenuously denies". Worth, who identifies as gay, had also previously accused Bulleit of espousing homophobic views.

In the post, Worth said she now suffers from complex post-traumatic stress disorder as a result of the violence she allegedly experienced. Furthermore, she said: "Diageo knows all of this and has continued to back this man."

Her post continued: "This cycle of abuse must stop. Diageo needs to stop backing a criminal. Tom needs to stop stealing my life from me. It is time for the liquor industry to be under the microscope as part of the national #metoo & #timesup discussions.

"I am the daughter of a powerful narcissistic abusive man who helped to create a culture of continued abuse (---ual, physical, mental) with his unlimited access to all three tiers of the liquor industry."

Worth added that the alleged "cycle of abuse" she experienced "was safeguarded, upheld, and encouraged by a global multi-billion dollar corporation". She said Diageo had not responded to her allegations beginning in June this year, and that she would "push" for court proceedings in Florida.

In 2016, Worth's brand ambassador contract with came to an end and after lengthy negotiations, her role was not renewed. The breakup was messy and Worth has since expressed scathing opinions about Diageo, accusing the multinational of discrimination.

Diageo has said Worth's statements about the firm have "been shown to be untrue". In a recent statement, the distiller confirmed that Tom Bulleit had stepped down as a brand ambassador for the company in light of the allegations against him.

The spokesperson said: "Diageo learned of claims of abuse, directed at her father, through a recent letter from Ms Worth's (née Bulleit) attorney. These claims had not been previously brought to Diageo's attention by Ms Worth or anyone else. While it would be impossible for us to determine the veracity of these claims, given their nature it was decided Mr Bulleit would

step back from his brand ambassadorship role. Mr Bulleit strenuously denies his daughter's claims.

"We continue to be deeply disappointed by Hollis Worth's false statements and inferences about Diageo, many of which have been shown to be untrue.

"When Ms Worth's last brand ambassador contract was set to expire at the end of 2016, we worked to extend her role, but ultimately, we were unable to come to terms on her future involvement with the brand.

"Diageo's long track record demonstrates the depth of our dedication to creating a culture that supports inclusivity and does not discriminate on any basis, including sexual orientation. Our Bulleit brand stands for the same values and ethics. Indeed, we were aware of Ms Worth's LGBTIQIA+ identity for some 10 years."

Bulleit Bourbon, one of Diageo's high-end 'Reserve' brands, registered an organic sales increase of 7% in 2018/19. The brand recently completed a US\$10 million upgrade of its visitor centre in Kentucky. Its US\$115m distillery opened in 2018.

## **Bulleit Bourbon at a Crossroads Amid Sexual Abuse Allegations (Additional Coverage)**

Sales are up. But behind the scenes, the Bulleit family is reckoning with its own #MeToo moment

Source: <https://www.insidehook.com/>

BY KIRK MILLER

AUGUST 21, 2019 9:45 AM

The whisk(e)y world is built on stories of recipes passed down from generation to generation within families that would eventually become dynasties.

It's all a bit fanciful, because the real stories are often more complex and, sometimes, even troubling.

In the case of Bulleit, there's quite a tale to tell. There's a great-great grandfather who made whiskey, his great-great-grandson who became a lawyer in Lexington but dreamed of resurrecting his family's heritage, and of course the family-run business he built that became a huge global success and a bourbon staple at every bar.

That's the story they'll tell you at a distillery or at a tasting - but it hides a lot of painful truths.

Most recently, after extensive allegations of physical and sexual abuse by his daughter, the founder of Bulleit whiskey is moving aside at the company as a spokesperson and the public face of the brand.

Two years ago, the Washington Post reported that Hollis Bulleit - daughter of founder Tom Bulleit and a global brand ambassador for the brand - had been fired from the company, previously a family-owned business that had been purchased by drinks giant Diageo.

In a series of Facebook posts, Hollis claimed she had been let go due to homophobia. She also accused now-parent company Diageo of not providing appropriate protection or safeguards. (Her Facebook post is no longer available).

Diageo, meanwhile, had until then been seen as an LGBT-friendly place to work - for example, the Human Rights Campaign has the company a perfect 100/100 in their Corporate Equality Index.

Before Hollis left the company, Diageo claimed they had offered her a multi-year contract. But at the same time, the Bulleit family seemed to be erasing their daughter from the brand history, at least according to the Post article; on the other hand, Hollis was still considered by the drinks industry at large to be a public face for the whiskey (a role she had played for nearly two decades). For her work within the industry, she was awarded a 2014 Dame Hall of Fame induction at Tales of the Cocktail.

In the midst of the conflict, the Lexington Herald Leader reported that Hollis and Diageo had reached a "mutually acceptable resolution" in early 2018, and the matter - at least to the general public and drinking community - seemed resolved.

But Hollis (who now goes by Hollis B Worth) started making new Facebook posts this year alluding to past sexual abuse and her father's alleged domestic violence. On August 13th, she released a more detailed summary of her family history, accusing her father directly of sexual abuse, homophobia, pedophilia and being forced to pose for naked photos as a young child. It's a long, harrowing read and one where she directly referenced Diageo and the company's continued association with Tom Bulleit.

Before the public Facebook posts, sometime around July, Diageo asked the Bulleit founder to step back from representing the brand in public; this seemed to be a response to letters from Hollis and her lawyers to the company that had laid out more detailed accusations.

However, Worth recently told the drinks publication Neat Pour she was unaware of her father's recent "benching" by Diageo and questioned why the brand or Tom's attorneys had not reached out to her directly about the recent move.

In a series of emails with InsideHook, Hollis expanded on this.

"It is unclear as to what [Diageo's] internal investigation entailed; but I know one thing I was never approached," she wrote in an email. "After over a month of not hearing a word from Diageo, I find it hard to believe that, upon consulting experts in the sexual abuse field, Diageo would think it was okay or respectful for me to hear about any movement in our situation first from a reporter."

She continues: "It is my belief that Tom Bulleit will continue to receive his consulting salary even while being temporarily benched, along with royalties based on case sales. And of course, Diageo will continue to profit. In addition, having Tom 'step away' does not change



internal policy or the corporate environment that allowed these abuses to occur. I believe that Diageo is distracting the public instead of proposing real solutions and have again misjudged the intelligence of the consumer in a post #metoo society."

(Hollis also refuted the idea suggested by a recent Herald-Leader article that she was urging a boycott of Bulleit. "I never asked for boycotts," she told us.)

As someone active on drinks/bar professionals/bar media Facebook groups, I can attest that several bartenders have voluntarily boycotted Bulleit (and will explain to customers their reasons, if asked). Other posters on these boards, however, have expressed that this recent move by Diageo was a "step in the right direction" for the brand and seemed open to continue serving the whiskey.

Tom Bulleit has denied all accusations. In a recent statement, he said he has "willingly agreed to step back from my ambassadorship role while we honor our commitment to our customers, the LGBTQ community and our family to pause and demonstrate the falsity of Hollis's accusations in full transparency and good faith." He also claimed the abuse claims are "monetarily motivated."

In statement sent to InsideHook, a spokesperson for Diageo says they "learned of claims of abuse, directed at her father, through a recent letter from Ms. Worth's (née Bulleit) attorney. These claims had not been previously brought to Diageo's attention by Ms. Worth or anyone else. While it would be impossible for us to determine the veracity of these claims, given their nature it was decided Mr. Bulleit would step back from his brand ambassadorship role."

Diageo also reiterated both its preference to extend Hollis a contract (a long and equally troubling/detailed look at that process can be found here) and its commitment to a corporate culture that "supports inclusivity and does not discriminate on any basis, including ---ual orientation."

According to the Herald Leader, sales of Bulleit are up eight percent this year, and a \$10 million visitor center recently opened at the company's new \$115 million distillery.

And for most people, that's sadly where the story ends.

## **Bourbon exec: Tariffs have had a 'significant impact' on business**

Source: <https://finance.yahoo.com/>

Sarah Smith

August 20, 2019

Pour one out for U.S. liquor industry.

Trade tariffs are undermining what was one of the largest booms for American bourbon exporters. An industry executive told Yahoo Finance that the dispute between the U.S. and its trading partners is hammering the business.

"We represent about 60% of all the whiskey that's exported from the United States," Campbell Brown, Old Forester President and fifth generation Brown family member, said. "So we look at it as a tariff on Brown-Forman."

Old Forester, manufactured by the Brown-Forman Corporation (BF-B), is the longest running Bourbon currently on the market.

Brown-Forman has done well over the last year, reporting strong fiscal 2019 results, but European Union (EU) tariffs are impacting Old Forester's bottom line, Brown told Yahoo Finance. The company is taking a hit of roughly \$10-\$11 million a month, he added.

Kentucky bourbon production reached its highest level of 1.7 million barrels in 2018, since 1972, according to Kentucky Distillers Association.

But despite a surge in the global demand for traditionally made spirits and cocktails, exporters are struggling to recoup lost sales after the EU imposed 25% tariffs on American whiskey back in 2018.

U.S. whiskey shipments to Europe plummeted 21% between June 2018 and 2019, according to data from the Distilled Spirits Council.

While tariffs are hitting the whiskey business overall, craft spirits are on the rise. The U.S. craft spirits industry is seeing continued growth year-over-year. Active craft producers in the U.S., saw a nearly 30% jump in sales, according to American Craft Spirits Association (ACSA) 2018 Craft Spirits Data Project report.

The competition craft bourbon has brought to the U.S. whiskey industry is "great for everybody," Brown told Yahoo Finance.

"The cocktail culture has been elevated as a result of the craft bourbon boom, and we've certainly benefited from that as well," he said.

As it prepares to celebrate the 150th anniversary in 2020, Brown said the way the brand navigates the market is based on the whiskey itself.

"The product you're drinking today is the same product you were drinking 50 years ago," said Brown. "It's uniquely American, from start to finish."

It is very rewarding for us to know that what we make can raise a lot of money for worthwhile causes!

## **BUFFALO TRACE DISTILLERY SELECTS CHARITIES TO RECEIVE SPECIAL FUNDRAISING BOTTLES**

Distillery Hopes to Raise \$500,000 for Charity

Source: BUFFALO TRACE DISTILLERY

August 21, 2019



Earlier this spring, Buffalo Trace Distillery announced the offering of 400 limited edition bottles from its sixth millionth barrel of bourbon to non-profits across the country. The bottles are being offered at no charge for the charities to auction off and raise money for their worthwhile causes.

Non-profits had until July 1st, 2019 to apply for a bottle, and selections have been made. All organizations selected received an email notification. The selected charities can be viewed here. <https://www.6millionthbarrel.com/>

"From organizations focused on those with autism to others helping veterans, we hope these wonderful charities can use these rare bottles to boost fundraising," said Kris Comstock, senior marketing director. "We hope these individual non-profits can collectively raise a half million dollars for their various causes. So if there's a charity event near you, go bid on a bottle!"

The six millionth barrel bottles of Buffalo Trace Kentucky Straight Bourbon Whiskey are aged 10 years, 11 months and are packaged in a numbered collector's edition hardwood showcase box that includes a piece of the charred oak stave from the historic barrel and small brochure explaining the significance of this collector's edition. The bottles are 375ml (the smaller size allows for more charities to take part) and have a handwritten description on the bottle explaining the significance. All recipients of the bottles have been notified and all bottles will be shipped by the end of August.

This commemorative bottling of the Buffalo Trace Sixth Million Barrel is not available in stores. Bottles were only made available to non-profit organizations in the United States wishing to raise funds for their charity. Recipients will have until Dec. 31, 2019 to auction the bottle.

This is the third time Buffalo Trace Distillery has offered commemorative bottles for non-profits to use for fundraising purposes. In 2011 the Distillery offered its Millennium Barrel of bourbon, put up to age on Dec. 31, 1999. That effort raised more than \$150,000 for various charities across the U.S. In 2016, its inaugural O.F.C. Bourbon Whiskey from 1980, 1982 and 1983 were released in the same manner, and non-profits reported back they had raised more than a million dollars for charitable causes.

## **2019 North American Bourbon and Whiskey Competition Winners Announced**

Limited Edition Weller C.Y.P.B. Wheated Bourbon Takes Best Of Show Award

Source: Wine Country Network, Inc

August 20th

Wine Country Network, publishers of Wine Country International magazine and producers of five professional beverage competitions have announced the winners of the 5th Annual North American Bourbon and Whiskey Competition.

The N.A.B.W.C. was created to promote excellence in Bourbon, Whiskey, and Moonshine. This double-blind competition is based on a 100-point scale. Only American and Canadian made

whiskeys have the opportunity to compete against America's native spirits for the coveted N.A.B.W.C. "BEST OF SHOW AWARD."

This year's "Best Of Show" winner was the Limited Edition Weller C.Y.P.B. Wheated Bourbon, 95 Proof, Kentucky Straight Bourbon Whiskey, and \$39.99 MSRP. Weller C.Y.P.B. letters stand for, "Craft Your Perfect Bourbon". This limited-edition whiskey is the result of the overwhelming consumer survey consensus for the distillers to create a wheated recipe bourbon, aged on the highest warehouse floors for eight years and bottled at 95 proof.

Double Gold Medal Winners include:

George Remus Remus, Repeal Reserve Series II

Buffalo Trace, Buffalo Trace Kentucky Straight Bourbon

W. L. Weller, W. L. Weller 12 Year Old

A. Smith Bowman, John J. Bowman Single Barrel

Town Branch, Malt Whiskey

Wine Country Network, C.E.O., Christopher J. Davies, stated "this year's competition, which was originally scheduled to take place in New Orleans on July 16 to 17 but was affected by Hurricane Barry. This was the fourth recorded storm to make landfall at hurricane strength on the state of Louisiana in the month of July. So the competition was moved to Colorado and took place on August 3 and 4, 2019 at the Omni Interlocken Hotel in Broomfield". A follow-up trade, media tasting took place to celebrate the more than 50 medal winners.

Wine Country Network plans to produce the 2020 North American Bourbon and Whiskey Competition in New Orleans next year. For a full list of winners visit: [WhiskeyComp.Com](http://WhiskeyComp.Com)

**Briefing is done in that Mississippi wine shipping case that could result in "Amazon of liquor." Here's why you should be paying attention to it.**

Source: <https://libationlawblog.com/>

BY ASHLEY BRANDT

AUGUST 15, 2019

Justice Gorsuch's much vaunted "Amazon of liquor" comment from the oral argument on the Tennessee Retailers case is a step closer to potentially coming before the Supreme Court as briefing is now finished in the Mississippi wine shippers case.

We first covered the case here and you can bone up on the issues with that coverage. At that time, only the Mississippi Attorney General and the National Beer Wholesalers had filed briefs. Now, the shippers have responded, a reply has been filed, and the Wine Freedom group run

by Tom Wark has posted an amicus brief supporting the shippers. Here is a link to the full docket on the matter which gets you to copies all the briefs.

The interesting argument here that the Mississippi Attorney General is challenging is that under the UCC, the parties agree that title to the liquor/wine/beer passes to the buyer at the time of sale and the buyer (citizen in another state) makes the retailer its agent for contracting and shipping the citizen's wine/beer/liquor to themselves.

The potential impact of this case is vast and would benefit wine, liquor, and beer retailers everywhere if similar circumstances give rise to similar results in other states. An affirmance by the Mississippi Supreme Court on the UCC argument would ratify a practice of out-of-state online retailers having online contractual terms that, under the UCC, allow those retailers to ship products for other state's residents to those residents. Hence, if any state allows its citizens to bring alcohol into the state, then the practice of having their agent send it into the state for them is allowable and . all of a sudden retailers can ship peoples' wine/beer/liquor to them provided they've got the proper online agreement in place. so you could order any alcohol from anywhere so long as the sale lawfully took place in the retailer's location and the state its sent to allows residents to bring liquor in for their own use. No need for the retailer to hold a license from the state the alcohol is shipped to. No need for the state it is shipped to to allow for delivery or shipping of alcohol.

Either side will likely seek to appeal the issue from the Mississippi Supreme Court, which would set the stage for Justice Gorsuch to confront the matter SCOTUS didn't have a chance to address this last time around.

## **Pomerantz, Rosen, Robbins Geller Vie To Lead AB InBev Suit**

Source: Law360

By Dean Seal

August 21, 2019

Three investors separately asked a New York federal judge on Tuesday to appoint them as lead plaintiffs in a suit accusing Anheuser-Busch of misleading shareholders about the beer giant's ability to reduce its "mammoth debt level."

Represented individually by Pomerantz LLP, Robbins Geller Rudman & Dowd LLP and The Rosen Law Firm PA, each of the investors claim they were harmed when Anheuser-Busch InBev SA/NV made a series of false reassurances about meeting its deleveraging targets, up until an October disclosure about dividend reductions that led to a nearly 10% stock drop.

Should the lead plaintiff race come down to a determination of who has the greatest financial interest in the case, as is common, the appointment would presumably go to the Robbins Geller-represented City of Birmingham Retirement and Relief System, which claims to have suffered more than \$252,840 in losses as a result of the Anheuser-Busch's misconduct.

"The retirement system is an experienced and sophisticated institutional investor with ample resources and the capability to oversee complex litigation," according to the pension fund's

motion. "In addition to timely filing its motion, the retirement system has a significant financial interest - an interest believed to be greater than that of any competing movant."

Coming in behind the Alabama pension fund is Rofim Chevra Leniol Kupot Gemel Ltd., led by Pomerantz and alleging losses of approximately \$119,177, and individual Roy Quarve, who claims roughly \$17,261 in losses.

Filed in June, the putative class action alleges that Anheuser-Busch's 2013 takeover of Mexican brewer Grupo Modelo, 2014 acquisition of Korea's Oriental Brewing and 2016's \$100 billion merger with SABMiller all caused the beverage giant's debt to "skyrocket," shooting up from \$86 billion at the end of 2013 to \$166 billion in 2017.

With its debt nearly doubled, Anheuser-Busch was facing a debt-to-earnings ratio of 4.8 at the end of 2017 - far from the company's stated "optimal capital structure" of a 2.0 ratio. According to the complaint, debt rating agencies have given Anheuser-Busch until 2020 to reduce its debt-to-equity ratio to 3.0 if it hopes to avoid a potential rating downgrade.

Despite its debt level, the company continued to reassure investors during 2018 that it was on track to meet internal targets for deleveraging the company, saying publicly that "no drastic measures were required" for deleveraging in the wake of the 2016 merger and implying that dividend cuts were not necessary, the suit claims.

Between March 1, 2018, and Oct. 24, 2018, Anheuser-Busch repeatedly made positive representations about its finances without disclosing significant challenges in meeting deleveraging targets, such as the devaluation of currencies in key emerging markets or the impending expiration of cost savings measures the company had adopted, the complaint alleges.

Anheuser-Busch was also facing weaker than expected growth and profits in certain markets, and approximately 40% of its debt was expected to reach maturity within a five year period, yet the company continued to put on a happy face for investors, according to investors.

Things came to a head on Oct. 25, 2018, when the brewing behemoth announced quarterly and year-to-date financial results and revealed that it had to slash its dividends in half to accelerate deleveraging, the suit said. The price of Anheuser-Busch's shares fell approximately 9.5% that day, wiping out approximately \$15 billion of the company's market capitalization.

The investor suit aims to hold Anheuser-Busch liable for the stock drops, alleging that the company and its executives violated securities laws by staying quiet about the company's financial challenges.

Counsel for the three prospective lead plaintiffs and Anhesuer-Busch did not immediately respond to requests for comment Wednesday.

The Birmingham pension fund is represented by Samuel H. Rudman, David A. Rosenfeld and Vincent M. Serra of Robbins Geller Rudman & Dowd LLP.

Yhav Rofim is represented by Jeremy A. Lieberman, J. Alexander Hood II and Patrick V. Dahlstrom of Pomerantz LLP.

Quarve is represented by Phillip Kim and Laurence M. Rosen of The Rosen Law Firm PA.

Anheuser-Busch is represented by Brian T. Frawley and Matthew Joseph Porpora of Sullivan & Cromwell LLP.

The case is City of Sterling Heights General Employees' Retirement System v. Anheuser-Busch InBev SA/NV et al., case number 1:19-cv-05854, in the U.S. District Court for the Southern District of New York.

## **Should you let your kids drink wine, like the French? Here's the truth about underage drinking**

Source: <https://www.telegraph.co.uk>

Luke Mintz

21 AUGUST 2019

Why can't teenagers drink a little wine with dinner, like the Europeans do? It's a question that will be asked this month by many British parents returning from summer holidays on the Continent, where they witnessed their teenage son or daughter sipping on Sauvignon Blanc in the corner of an Italian piazza - the picture of civilisation, without a vomiting binge-drinker in sight.

The so-called "European ideal" tells parents that a small amount of alcohol is actually good for their children, teaching them how to handle booze responsibly. And it appears to have caught on among the middle-classes, according to a new NHS study which shows that children from affluent backgrounds drink significantly more alcohol than their poorer classmates.

Some 37 per cent of 11- to 15-year-olds from the wealthiest third of families said they had drunk alcohol recently, versus 27pc of poorer children, according to the Smoking, Drinking, and Drug Use study, which surveyed 13,500 pupils. Of all the children who had tried alcohol, 71pc were given it by their parents, 49pc by friends, whilst 48pc took it from home without permission.

Experts point to a number of factors to explain the difference, with many highlighting the desire from some middle-class families to emulate the laissez-faire approach of the French, Spanish, and Italians and "adopt a more Continental approach to alcohol," in the words of Dr Guatam Mehta, Associate Professor in Hepatology at University College London.

A small glass of wine with dinner teaches children to drink responsibly, the popular theory goes, and prepares their minds and stomachs for adulthood, when alcohol will be readily available. But is it really such a good idea?

Dr Mehta thinks there is no safe amount of alcohol for children under the age of 16, and says it is "quite worrying" that some parents are emulating the Continental approach: "There is this perception that the relationship with alcohol is healthier on the Continent, [which] is obviously very alluring when you go on holiday and everyone seems like they handle alcohol better. But it isn't really borne out by the data. Individuals from countries like France, Belgium, and Spain



drink more per capita than people in the UK do, and as a consequence there's a greater burden of liver disease, for example, which is one of many health consequences."

Studies have shown that alcohol can take a particularly damaging toll on teenagers and their developing brains, he says, with MRI scans showing marked differences in the brain's hippocampus region (responsible for memory) between adolescents who regularly drink alcohol and those who do not.

What's more, he thinks a Continental model of teenage drinking may only work in a southern European culture, where rates of binge-drinking are lower than in Britain. Rather than preparing their offspring for a life of responsible sipping, he says, it's more likely that laissez faire parents are "normalising alcohol for individuals entering adulthood, where there is a heightened culture anyway".

Dr Bob Patton, lecturer in Clinical Psychology at the University of Surrey, also gives short shrift to the "urban myth" that teenagers benefit from a small glass of wine with food. "You wouldn't do it with cigarettes, so why would you do it with alcohol?" he asks. "Up to the age of 15, there shouldn't be any alcohol going on. That would be my standard advice to any parent. It affects the development of many different parts of the physiology of a young person, and can impede some aspects of brain development, which would have a knock-on effect in terms of their ability to do various cognitive tasks."

"And of course, people can choke on vomit if they're ill, they're more likely to be involved in accidents, causing trouble, getting into fights and such like. Parents might choose to give alcohol under supervision in the home environment, but it doesn't escape the underlying psychological, physiological harms that could be caused."

But he thinks that it's not just the "European ideal" that explains why affluent children are drinking more than their poorer classmates, pointing out that middle-class children may have easier access to alcohol - often living in close proximity to a well-stocked wine cabinet - and can more easily afford to buy drinks when out with friends.

He also suggests that affluent children might feel more comfortable breaking the law to buy booze: "If you do have a legal problem, which background is more likely to be able to address that?"

Dr Patton does welcome, however, that rates of teenage drinking are down overall, having fallen continuously since the 1990s, with 44pc of the 11- to 15-year-olds surveyed in the NHS study having tried alcohol at least once.

"Alcohol is part of British culture, we're steeped in it, this is how it is in the UK. And I think avoiding excessive consumption for as long as possible is by far the best plan. And of course, parents themselves being responsible in their own drinking in front of children."

Health experts speak with a unified voice on the perils of underage drinking, it seems, but some parents will argue that moderate teenage experimentation brings certain benefits that cannot be measured on a medical chart, helping to build character, for example.

That is one decision that each parent must make by themselves.



# UK BREWERS REDUCE CARBON EMISSIONS BY 42%

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

by Phoebe French

21st August, 2019

The brewing industry in the UK has decreased its CO2 emissions by 42% in a decade and now recovers 98% of its waste, according to figures published by The British Beer & Pub Association (BBPA).

A handful of freshly harvested hops. Hops are the key bittering ingredient in the brewing of beer.

The new figures were included in the association's Brewing Green 2019 report which summarises the industry's achievements as well as its future environmental goals.

It noted how total CO2 emissions from brewing had fallen by 42% in 10 years, from a total of 487,146 tonnes in 2008 to 284,194 tonnes in 2018.

The industry has increased the amount of waste it has recovered, rising from 71% in 2006 to 98% in 2018. In addition, the document noted that the industry had decreased its water to beer ratio with almost 7 hectolitres of water needed to make one hectolitre of beer in 1992 to just 3.5 hectolitres in 2017.

As part of its commitment to the environment, the industry is working on long-term solutions and sustainable ways to source the products used in brewing. According to the report the UK is currently eighth in global hop production and fourth in terms of the varieties that are grown.

The figures used in the report refer to BBPA members, rather than the brewing industry as a whole. However, according to the BBPA, the beer made by its members accounts for over 90% of the volume production in the UK.

Moving to the pub industry, the BBPA said 100% of its pub operators said that reducing food waste and improving energy efficiency was important, or very important, to them.

86% of the pubs surveyed said they were offering smaller portion sizes to reduce waste, 83% said that had insulated their cellars to reduce energy lost, and 71% said they had installed smart metres to monitor their consumption.

Those surveyed represents around 10,000 out of over 48,000 pubs in the UK.

The report also highlighted the initiatives of many brewers to improve their environmental credentials. These included packaging innovations employed by Carlsberg, Adnams, Diageo and AB InBev; use of leftover bread in brewing by Toast Ale and Adnams; energy targets set by AB InBev, Molson Coors, Heineken and Carlsberg; water innovation by Fullers, Hobsons, Freedom, Carlsberg, Heineken, Adnams and local sustainability initiatives by Hogs Back, Heineken, Adnams, Bermondsey Beer Company and Robinsons.

Brigid Simmonds, chief executive of the British Beer & Pub Association, said: "Britain's brewing and pub sectors are amongst the oldest and most revered around the world. To maintain this reputation, we must brew our beer and serve our pub-goers in a sustainable way.

"From reducing emissions to lowering waste, Britain's breweries and pubs are determined to be world leaders in environmental sustainability and meet the United Nation's Sustainable Development Goals."

## **Michigan: Governor Whitmer Appoints Patrick Gagliardi and Geralyn Lasher to the Michigan Liquor Control Commission**

Gagliardi will serve as Chairperson of the Commission

Source: Michigan Executive Office of the Governor

August 21, 2019

Governor Gretchen Whitmer today appointed Patrick Gagliardi and Geralyn Lasher to the Michigan Liquor Control Commission, and designated Mr. Gagliardi as Chairperson of the Commission.

"The Michigan Liquor Control Commission is a critical component to the success and economic growth of businesses here in our state," Whitmer said. "I'm certain that both Patrick and Geralyn will perform their duties intelligently and thoroughly while serving on the commission."

Patrick M. Gagliardi, a Democrat of East Lansing, is currently a consultant and owner of Gagliardi Associates, LLC. He is a former member of the House of Representatives where he also served as the Democratic Floor Leader, and chair of the Tourism Committee and the Oversight and Ethics Committee. Since his time in the House of Representatives, he has served as a commissioner on the Michigan Liquor Control Commission and director of corporate and foundation relations for Lake Superior State University.

Gagliardi earned a Bachelor of Arts in Sociology from Lake Superior State University. He is appointed to succeed Teri Quimby, whose term expired June 12, 2019, for a term commencing August 26, 2019 and expiring June 12, 2023.

The Governor has designated Mr. Gagliardi as Chairperson of the Commission.

Geralyn A. Lasher, a Republican of Okemos, is currently the senior deputy director for External Relations and Communications for the Michigan Department of Health and Human Services. With almost 30 years of experience in public service, she has served as the interim executive director of the Michigan Health Endowment Fund, director of communications for former Governor Rick Snyder and director of communications for the Michigan Department of Community Health.

Lasher earned a Bachelor of Arts in Advertising from Michigan State University. She is appointed to succeed Andrew Deloney, whose term expired June 12, 2019, for a term commencing September 9, 2019 and expiring June 12, 2023.

The Liquor Control Commission is responsible for being the sole wholesaler for all spirit products in the state, and the licensing of the manufacture and sale of all beer, wine, distilled spirits, and mixed spirit drinks in Michigan. The Commission is responsible for the enforcement of the state's liquor laws and the collection of excise and specific taxes on beer, wine, distilled spirits, and mixed spirit drinks.

These appointments are subject to the advice and consent of the Senate.

## **Latest Brexit Headlines**

Source: Multiple

August 22, 2019

<https://www.dailymail.co.uk/news/article-7380121/Boris-Johnson-arrives-Berlin-crunch-Brexit-talks-Angela-Merkel.html>

<https://www.dailymail.co.uk/debate/article-7381219/PETER-OBORNE-wanted-fail-Boris-Johnson-triumphed-Berlin.html>

<https://www.theguardian.com/politics/2019/aug/21/boris-johnson-visit-will-not-change-german-stance-says-merkel-ally>

<https://www.independent.co.uk/news/uk/politics/boris-johnson-news-live-no-deal-brexit-angela-merkel-berlin-visit-eu-tusk-corbyn-a9072501.html>

<https://www.telegraph.co.uk/politics/2019/08/21/brexit-latest-news-boris-johnson-angela-merkel-no-deal-backstop/>

<https://www.telegraph.co.uk/politics/2019/08/21/could-no-deal-brexit-affect-uk/>

<https://www.independent.ie/opinion/comment/colette-browne-lies-damned-lies-and-brexiters-shameless-dishonesty-on-the-way-to-their-nodeal-crashout-38422312.html>

<https://www.independent.ie/business/brexit/merkel-vows-to-keep-backstop-in-headtohead-with-johnson-38422284.html>

<https://www.irishexaminer.com/breakingnews/business/columnists/peter-brown/its-simple-parity-against-sterling-at-100p-means-irish-firms-shut-down-944704.html>

## **Are Online Wine Clubs a Scam? (Link)**

Source: <https://vinepair.com/>

August 21, 2019

We've all seen the ads, whether it's scrolling through Instagram or as pre-roll on a favorite podcast: the online wine club that promises to deliver the ideal wine for your tastes directly to your door for a remarkably reasonable price. Sometimes they promise to scientifically analyze your preferences, while others rely on clever labels or a famous sommelier; but all are selling

the idea of wine made easy. So with all this advertising, hype, and venture capital money floating around, we have to ask the question: Are online wine clubs a scam?

That's the topic of this week's VinePair podcast, where Adam and Zach are joined by Paul Zitarelli, owner of Full Pull Wines, to discuss the realities, challenges, and benefits of online wine clubs.

<https://vinepair.com/articles/are-online-wine-clubs-a-scam/>

## **Wine industry faces challenges, opportunities, experts report**

Source: <https://napavalleyregister.com/>

JENNIFER HUFFMAN

August 21, 2019

Aging baby boomers, turning millennials into wine drinkers, rising labor costs and supply versus demand.

These are just a few of the challenges that the Napa Valley wine industry faces, according to a panel of industry experts who spoke on Tuesday morning at the 2019 Impact Napa Conference.

Held at the Westin Verasa resort and hosted by the North Bay Business Journal, the program included presentations including a panel titled "State of the Local Wine Industry."

Moderated by Richard Mendelson of Dickenson Peatman & Fogarty, panelists included Jon Moramarco, the managing partner of wine industry advisory business BW 166 LLC of Santa Rosa and Carol Reber, SVP chief marketing officer at Duckhorn Portfolio.

Mendelson started the discussion with a summary of the state of the wine industry.

The 2018 harvest was "quite large," and 2019 is likely to be larger than normal, said the attorney. At the same time, market prices for Cabernet Sauvignon grapes and bulk wine have fallen and the cost to produce wine has risen, including labor and grape prices.

Millennials appear to be less brand loyal and are just as interested in craft beer as they are wine, he said. And then there are bigger economic cautionary signs to consider: trade wars, government policies and a potential recession, said Mendelson.

"Napa has done a wonderful job" with creating and developing its wine industry, Moramarco said. "There are great opportunities."

Yet since 2010, "We've seen a diminishment of the growth rates. It's something that is probably going to continue and something we have to deal with," he said.

Generational differences between older baby boomers and the up-and-coming millennial generation are another factor.

In the last 25 years, the baby boomers have been driving the growth of the wine industry, he said. In the future, "We probably are going to see slower growth," he said. The question is: "How do we target more specifically" new wine drinkers?

Moramarco noted that in terms of cost per serving, wine has become more expensive than beer or spirits. This is likely impacting younger consumer choices, he said. "They are choosing where it's less expensive to get a drink."

And then there's what these younger drinkers want from a visit to Napa Valley.

"Younger consumers that are migrating to Napa tend to want more experiences than collecting things," said Moramarco. "How does all of this shake out?" was his question.

Reber gave the audience the equivalent of a good shake to the shoulders. Yes, there is plenty of doom and gloom about wine drinkers, the economy and climate change, she said.

"There's some real concern but we don't have to be depressed," said Reber. "We're Napa, for God sakes."

"We have survived recession, floods, fires, Prohibition," trade wars, grapevine diseases and more. "We've got it going on here. Napa has exhibited there are so many ways to be successful and resilient."

Reber detailed five specific case examples of such resilience.

Frog's Leap Winery has used innovative farming techniques, is exported around the world and also sells direct to consumer.

John Anthony's wine business took a risk during the Great Recession and brought a stable of lower-priced wines to consumers, virtually all sold retail.

St. Clair Brown Winery & Brewery created "an awesomely conceived boutique urban winery" and brewery, sold direct to consumer.

Daryl Sattui, "an absolute genius and business operator and character," created V. Sattui winery and Castello di Amorosa.

"He used every asset he had and leveraged it in smart ways," including building an authentic Italian castle.

"Those two properties are a contrast in leveraging what you have; incredible bookends in Napa Valley," Reber said.

The owners of Failla Wines in St. Helena chose not to create Cabernet wines, instead focusing in cool climate vineyard varietals. "It's another example of going your own way," she said.

"All these vintners focused on their assets and what they cared about the most and leveraging that to the hilt."

"I believe passionately we have to tell this story," Reber said.

"There are so many different things, and those are the things that make us unique. If we start with those, we are winning before we even start."

"It's important that we fight for the nobility and soul of wine," especially with millennials who can be cultivated into wine drinkers, Reber said.

Moramarco said new wine drinkers have to be educated "to understand that wine has an appropriate place" in their lives.

"Younger people may not end up being collectors" of wine like baby boomers have, "but younger people like experiences, and those build relationships, and that's a long-term business advantage," Moramarco said.

Perhaps legendary winemaker Warren Winiarski put it best. Rising from the audience, he shared his thoughts with the crowd.

The nobility of wine should not be underestimated, Winiarski said.

"Wine is a food," he said. "It's one of the few things we take into our bodies whose sensory experience of it in the mouth goes to the head."

The room was silent as Winiarski spoke.

"In the head, it gives the experience of completeness, which very few other things do," said Winiarski. There is a beginning, a middle and an end.

"The pleasure of the completeness is what gives wine its nobility. It elevates us for a moment in that experience."

The crowd, seemingly in agreement, applauded.

In addition to the panel, Linda Reiff, president and CEO of the Napa Valley Vintners, was interviewed by Mendelson at the Impact Napa event.

Calistoga Mayor Chris Canning and Ryan Gregory, chairman of the Napa County Board of Supervisors, District 2 spoke about wildfire preparedness.

Napa Mayor Jill Techel hosted a session titled "Napa Today and Tomorrow."

## **Bordeaux winemakers forced to promote rose and white wines as young drinkers abandon red**

Source: <https://www.telegraph.co.uk/>

David Chazan, paris

20 AUGUST 2019



Bordeaux vintners facing declining sales are trying to appeal to younger drinkers by promoting lighter white and rosé wines as the French are drinking less of the clarets that made the region famous.

For centuries Bordeaux has been renowned for its medium- and full-bodied reds, but young French people are joining the global trend of favouring rosé, white and sparkling wines.

French connoisseurs once sniffed at rosé as a cheap tippie tolerated only during summer holidays in the south of France, but it has gained respectability thanks to a worldwide craze for blush wines that began in the United States a decade ago.

Breaking with Gallic tradition, young French people now tend to drink more wine as a pre-dinner apéritif rather than with meals, preferring easy-drinking rosés and whites to more complex reds, seen as better when paired with red meat or cheese.

Louise Descamps, 28, an assistant television producer, said: "It's a change in lifestyle from our parents' generation. They used to drink mainly red wine at dinner, but we tend to drink more at bars or parties. My friends and I drink more rosé or white. I still enjoy reds from time to time, but only ever with dinner."

Bordeaux produces mainly red wine but is now investing in whites and rosés. Bernard Farges, president of the Bordeaux Wine Council, the region's largest trade body, said: "Our sales have fallen under the effect of changing patterns of consumption. We are funding a campaign to promote and make our whites and rosés better known."

The light "party wines" are selling better, but still account for only 8 per cent of Bordeaux wine sales.

Some experts are sceptical about their potential. Yohan Castaing, a wine critic, said: "It's not because rosés made in other parts of France work well that they'll work in Bordeaux. They're not really part of Bordeaux's DNA."

Mr Castaing said Bordeaux producers might do better to invest in lighter, easy-drinking reds.. Sales of Bordeaux wine in France fell by 8 per cent in terms of value last year and 13 per cent by volume.

Export sales rose 4 per cent by value but fell 13 per cent by volume. Other problems faced by France's largest wine-growing region are that one of its largest export markets, China, is buying more wines from countries such as Australia and Chile, which are often cheaper.

Also, late frost in 2017 reduced production by up to 40 per cent in some Bordeaux vineyards. Rosé sales have tripled in France in less than 20 years, and now make up a third of sales by volume.

## **ST EMILION 2012 CLASSIFICATION TRIAL SET FOR 2020**

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

by Rupert Millar

21st August, 2019

The long-running saga around the St Emilion classification of 2012 will finally go to court next year, as a Bordeaux magistrate accused the owners of Angélus and Trotte Vieille of illegal interference in the process.

Hubert de Boüard, owner of Château Angélus, and Philippe Castéja, owner of Château Trotte Vieille have been ordered to stand trial by a magistrate on charges of having an "illegal conflict of interest" with regards the classification.

According to a report in today's Times (21 August), prosecutors allege de Boüard was "present at all stages of the process elaborating the 2012 classification" while Castéja "pulled strings" to ensure the promotion of his own estate.

Both deny the charges and the trial is expected to take place next year at some point.

The 2012 reclassification of the Right Bank Bordeaux AOC led to an immense fall out, with claims by some estates that they had been passed over for promotion to higher 'cru' status or even unfairly downgraded while others who were promoted were shown undue favouritism and the whole thing was 'rigged'.

The blame has fallen largely on the shoulders of both de Boüard and Castéja who are accused of using their influence with the AOC, INAO and personal fortunes to control the outcome of the classification which saw Angélus elevated to the highest level, 'Grand Cru Classé A' and Trotte Vieille retain its status as 'Grand Cru Classé B' despite acquiring and incorporating a lower ranked estate just prior to the judging.

The claimants in the case who accuse de Boüard and Castéja of undue involvement are the owners of Château La Tour du Pin Figeac, Corbin-Michotte and Croque-Michotte.

The owners of all three estates felt aggrieved at the way their estates fared in the 2012 classification which they say was unfair.

La Tour du Pin Figeac was not promoted to grand cru classé status; Corbin-Michotte lost its grand cru classé status and Croque-Michotte was refused promotion from grand cru to grand cru classé.

Charges were first levelled in 2013, thrown out and then reintroduced in 2015 which were thrown out again by an administrative court.

The three claimants followed up with criminal charges which were investigated by a magistrate late last year with the

The 2012 classification was also the root cause of an adjacent lawsuit that is almost as long-running.

In 2014 the classification was presented in a book by French journalist Isabelle Saporta as "illustrative" of what she saw as the problems with modern French winemaking.

She called big châteaux owners "cruel" and claimed that they had used the size of their visitor car parks and comfort of their conference rooms as parameters in the judging process which she claimed outright was "fixed".

De Boüard took her to court on charges of libel, which were thrown out in late 2016.

## **BOLLINGER EMBRACES HISTORIC CHAMPAGNE GRAPES TO COMBAT CLIMATE CHANGE**

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

by Patrick Schmitt

21st August, 2019

Bollinger is replanting the historic grapes of Champagne to combat the effects of a warming climate, and retain the freshness of this famous fizz long into the future.

Following news reported by db yesterday that US winery Larkmead Vineyards is planting a research block at its Calistoga property, believing that heat-resistant varieties such as Touriga Nacional may be better suited than Cabernet to a warmer Napa of tomorrow, it should be noted that other producers in different parts of the world are taking similar measures.

Notable among them is Bollinger, which is exploring a range of options to retain the acidity in Champagne, which is so important to the character of the fizz, and yet has diminished over the past 30 years.

And one of the solutions to keeping the freshness of Champagne is to embrace the historic grapes of the region, according to Bollinger deputy cellar master, Denis Bunner.

Speaking at a seminar on sustainability in London earlier this year, which was organised by Bollinger's UK importer, Mentzendorff, Bunner outlined the threat, and his response.

"For the past seven years at Bollinger we have been replanting the forgotten, old grapes of Champagne, because today we only use three, but there used to be seven [in regular use]," he said, referring to the fact almost the entire appellation is currently covered with Chardonnay, Pinot Noir and Meunier, split roughly into equal parts.

However, the region also allows the plantation of four other "forgotten" grapes, which are Pinot Gris (called Fromenteau in Champagne), Pinot Blanc (also known as Blanc Vrai in the region), Arbane and Petit Meslier, and it is the latter two that hold particular interest for Bunner because of their high levels of natural acidity.

He explained, "In 2018, which was a very early year, with our harvest starting on 23 August giving very mature grapes, we found that the two old varieties, Petit Meslier and Arbanne had a pH below 3.0, because they ripen more slowly."

As a result, he said that Bollinger would now be planting more of these two grapes "because they mature more slowly, so they can bring freshness to our Champagnes 30 years from now."

Continuing, and looking back, he recorded the impact already of a changing climate in Champagne.

"In the last 30 years due to global warming the acidity has reduced in Champagne [on average] by 1.3 g/l, and it will continue to fall, so these old grape varieties could be interesting to use again to produce freshness," he said.

During a subsequent discussion with the drinks business, he said that the main issue for Champagne was the sensation of freshness, because it is hard to retain acid levels during very hot growing seasons.

"The problem for managing acidity, especially the level of Malic Acid, comes with heatwaves during August, which we had in 2017 and 2018," he said.

"This is more a question of weather than climate, because if it is warm early in the year, but cool in August, then we will have enough acidity, but if it is warm during August, then it affects the acidity. For sugar levels, we can adjust the date of harvest, but it is harder with acidity," he added, when asked whether picking grapes earlier would provide a solution to the issue of acid-retention.

On a larger scale, Bunner referenced a further possible solution to sustaining Champagne's freshness in the face of hotter summers, and that concerns a project from the French National Institute for Agricultural Research (INRA) and the Comité Champagne.

As part of this, the two organisations are experimenting with crossings of Champagne varieties with hybrid grapes, selected both due to their slower rate of ripening, as well as greater levels of disease resistance - the latter being necessary as the region experiences warmer and wetter conditions, which promote the spread of fungal diseases, especially botrytis.

While Bollinger is working with the historic grapes of Champagne on a trial basis, there are other producers who are already making and selling bottles using the old varieties of the region.

Notable among these is Champagne Château de Bligny, which makes the Cuvée 6 Cépages, combining the three classic varieties with Arbane and Petit Meslier, and Champagne Drappier, which produces the Quattuor Blanc de Quatre Blancs, comprising equal parts Chardonnay, Arbane, Petit Meslier and Pinot Blanc.

The latter producer is also soon to release its first Champagne made using Fromenteau.

## **'Wine country' doesn't have to mean Napa and Sonoma: Here are 10 off-the-beaten-path wine destinations**

Source: <https://www.marketwatch.com/>

Aug 19, 2019

U.S. cities where you might not have expected to find a nice bottle of local wine

You won't need a passport to explore the many cities that are redefining the boundaries of wine country. Chances are, you're only a hop, skip and cork pop away from one of the many vineyards peppered throughout America. Whether you have one day or an entire week to dedicate to wine tasting, you probably won't have to travel far to sample some of the country's best.

### 1. Geneva, Ohio

The Midwest has a sweet side, and it tastes a lot like Riesling. The next time you're passing through Ohio, grab a glass and stay awhile. Boasting 180 wineries throughout the state, Ohio is a hub of unique events for wine lovers. Round out your hike along the Grand River with a tasting at South River Winery or check out classic cars as you sip some vino during Cruisin' da Vines Metal Muscle Nights. Geneva is located in Ashtabula County, which boasts the most wineries in the state.

### 2. Santa Fe, N.M.

With six wineries within the city limits - and more on the fringe - Santa Fe is more than a pit stop on the New Mexico wine trail. Sample organically grown Chenin Blanc and Petit Verdot at Vivac Winery, before settling in at Santa Sidra for a signature hard cider.

### 3. Palisade, Colo.

Nestled in the Grand Valley along the Colorado River sits Palisade, known as Colorado's wine country. Many tours and tastings are not only affordable but family-friendly as well. Those with adventurous palates can sample the valley's unique wines made from peaches, honey, cherries and plums.

### 4. Winston-Salem, N.C.

You're going to need something to wash down that Carolina barbecue, and what better than a glass of a full-bodied Cabernet? The city of Winston-Salem alone is home to 42 vineyards growing varieties of European-style grapes for you to swirl, swish and sip.

### 5. Arrington, Tenn.

Drive 30 minutes south from the action of downtown Nashville, and you'll find yourself in the peaceful hills of Arrington, home to a most crowd-pleasing red called Antebellum. This wine is a gem among a diverse portfolio of varietals produced at Arrington Vineyards by its owners: country-music artist Kix Brooks, winemaker Kip Summers and entrepreneur John Russell.

### 6. Stonewall, Texas

Texas Hill Country may conjure images of rugged cowboys, sitting around the chuck wagon eating over an open flame and sipping ... Pinot? With 46 wineries to choose from along the Texas Wine Trail, make a stop in Stonewall and its surrounding towns, where there are multiple vineyards to explore.

### 7. Clermont, Fla.

Rainy day at the beach? Head inland and sample the Muscadine wines that put Lakeridge Winery and Vineyards on the map. If you're feeling festive, splurge on Pink Crescendo sparkling wine, Florida's answer to Champagne. Tours and tasting are offered seven days a week, and they're always free of charge.

#### 8. Buchanan, Mich.

Tucked in the middle of the Lake Michigan Shore Wine Trail, the city of Buchanan has multiple stops for wine lovers. Spend a day of sampling wine and upscale dining at Tabor Hill Winery, or just enjoy a glass at Hickory Creek Winery. Although the vineyards are open year-round, summer is especially recommended for visits.

#### 9. Santa Barbara, Calif.

When it comes to California's massive wine industry, Napa and Sonoma tend to hog the spotlight. But SoCal has a hidden gem that it's not necessarily eager to see outsiders discover. The geography of Santa Barbara is enough to make you swoon, but stir in a few wineries and you have a legitimate paradise. You don't even have to leave the city limits to enjoy the 50 different varieties of wine Santa Barbara has to offer - you can easily Uber UBER, -1.08% from one to the next in a day's time.

#### 10. Lincolnville, Maine

If you're visiting Maine, you're going to want something appropriate to pair with all that lobster you'll be noshing on. Plan to spend a day tasting some of Maine's finest wine selections, with vineyards such as Cellardoor Wineries offering tastings of everything from a Petit Sirah to a signature maple-syrup-and-brandy-infused port called C'est de l'Or.

## Your Wine List Is A Treasure (Excerpt)

Source: <https://www.go-wine.com/>

Aug 20, 2019

One of the most effective engagement tools remaining in the restaurant industry is the wine list. However, it remains one of the most incorrectly and underutilized resources in most dining environments.

During a recent consulting activity with a prominent hospitality client we discussed the mindset, critical knowledge, and tactics which are required to sell wine effectively.

Before we got into the discussion of sales we established the need for the team to have a change of mindset.

<https://www.go-wine.com/wine-article-691-Your-Wine-List-is-a-Treasure.html>

## Target stock soars on heels of blowout quarter; raises outlook

Source: CSA



August 21, 2019

Target Corp. hits the bull's eye in its second quarter, with results that beat the Street on nearly every metric as the retailer's investments in its stores, online channel and private brands continue to reap benefits.

The discounter's shares surged 20% on Wednesday, closing at a record high of \$103. The company's market value was put at \$52.67 billion, up from \$43.819 billion at the end of Tuesday's trading session.

Net income rose to \$938 million, or \$1.82 a share, in the quarter ended Aug. 3, from \$799 million, or \$1.49 a share, in the year-ago period. Adjusted earnings per share of \$1.82 easily topped analysts' estimates of \$1.62.

Total revenue increased 3.6% to \$18.42 billion, better than the \$18.29 billion analysts had expected. Same-store sales rose a better-than-expected 3.4%, driven by 2.4% traffic growth. Target's comp sales have grown approximately 10% during the past two years - its best performance in more than a decade, the discounter said.

Comparable digital sales grew 34%, contributing 1.8 percentage points to the quarter's comparable sales growth. Target's same-day fulfillment services (order pick up, drive up and Shipt) accounted for nearly 1.5 percentage points of the company's overall comparable sales growth.

In comments, analyst Neil Saunders, managing director of GlobalData Retail, noted that one of the most impressive aspects of Target's growth is that it has been driven by both the digital channel and physical stores.

"Although many in the investment community were skeptical, Target rightly understood the importance of the store to the health of its whole operation," said Saunders. "This is why store refurbishments have been such a vital component of the success story. Our own data show that refurbishment has a positive impact on visit frequency, conversion and average ticket - and that this outpacing effect does not disappear after the first year."

In a statement, Target chairman and CEO Brian Cornell said that the chain's second-quarter performance demonstrates the "strength of our strategy and the durable financial model we've built over the last several years.

"By appealing to shoppers through a compelling assortment, a suite of convenience-driven fulfillment options, competitive prices and an enjoyable shopping experience, we're increasing Target's relevancy and deepening the relationship between our guests and our brand," Cornell said. "Traffic and sales continue to grow while our EPS reached an all-time high, driven by the strength of our team's execution and their focus on delivering for our guests. Because of our outstanding performance in the first half of the year and our confidence moving forward, we are increasing our guidance for full-year earnings per share," he said.

For full-year 2019, Target now expects GAAP EPS from continuing operations and adjusted EPS of \$5.90 to \$6.20 compared with the prior range of \$5.75 to \$6.05.

## **Albertsons on the hunt for a chief marketing/merchandising officer**

Source: CSA

MARIANNE WILSON

August 21, 2019

Albertsons Cos. is losing a key executive.

The supermarket retailer announced that Shane Sampson, executive VP and chief marketing and merchandising officer, has decided to leave the company on Sept. 7, which is the end of its second quarter. Albertsons it has begun a search for his successor.

Sampson has served in the post since January 2015.

"Shane has been instrumental in building the Albertsons Cos. we know today - both at a division level and nationally," said Vivek Sankaran, president and CEO, Albertsons. "Since 2013, he has helped our team turn around operations in addition to building a robust merchandising and marketing function to help support our 2,200 locations. He launched our e-commerce business in key markets and strengthened it in areas where it had operated since 2002, and accelerated the growth of our Own Brands business by envisioning a faster, smarter way to connect with customer needs."

Albertsons operates stores across 34 states and the District of Columbia under 20 banners including Albertsons, Safeway, Vons, Jewel-Osco, Shaw's, Acme, Tom Thumb, Randalls, United Supermarkets, Pavilions, Star Market, Haggen and Carrs. It also owns meal kit company Plated.

## **DoorDash eyes autonomous food delivery with latest acquisition**

It just acquired autonomous vehicle tech startup Scotty Labs.

Source: <https://www.engadget.com/>

Christine Fisher

August 21, 2019

It's no secret that DoorDash wants to deliver your food with autonomous vehicles. Early this year it partnered with GM to test deliveries via self-driving Cruise vehicles, and in 2017, it was part of a Starship Technologies trial that sent deliveries scurrying about in six-wheeled robots. Now, DoorDash is getting a bit more serious. As The Verge reports, the company just acquired Scotty Labs, a startup that makes autonomous and remote-controlled vehicle technology.

Scotty Labs CEO Tobenna Arodiogbu announced the deal on Medium yesterday. He said the three-year-old startup has been working to "transform the logistics industry for the better" and has former NASA, Google, Apple and Cruise Automation staff in its ranks. It's unclear, though, exactly how DoorDash will use Scotty Labs' tech.

DoorDash has been criticized recently for using employees' tips to pay their wages. Some see this acquisition as a way for DoorDash to eliminate the need for human drivers in the near future. Though, most delivery companies are exploring autonomous systems that would eliminate the need for human drivers. Dominos uses self-driving vehicles to deliver pizza in Houston. Uber Elevate is experimenting with drone deliveries, and Starship Technologies has logged more than 50,000 delivery miles, some of which included food deliveries.

## **SKY RANCH FOUNDATION AWARDS \$300,000 IN GRANTS**

Source: SKY RANCH FOUNDATION

August 2019

On behalf of the Beverage Alcohol Industry, Sky Ranch Foundation has awarded a total of more than \$300,000 in grants this year to several organizations which help rehabilitate our nation's at-risk youth. The Beverage Alcohol Industry's contributions have helped the Foundation to award grants to these worthy organizations. This year's grants are awarded as follows (alpha by state):

### California

East Bay Children's Law Offices, San Francisco ([ebclo.org](http://ebclo.org))

Individuals Now dba SAY (Social Advocates for Youth), Santa Rosa ([saysc.org](http://saysc.org))

Peninsula Outreach Center (POPS Kids) Woodside ([popskids.org](http://popskids.org))

Project Avary, Novato ([projectavary.org](http://projectavary.org))

### Florida

Florida Guardian Ad Litem Foundation, Tallahassee ([gal.fl.org](http://gal.fl.org))

Learning for Success/Kapow, Cooper City ([kapowlfs.wordpress.com/about](http://kapowlfs.wordpress.com/about))

Voices for Children of North Central Florida, Inc., Ocala ([voices4childrenfl.org](http://voices4childrenfl.org))

### Georgia

The Orange Duffel Bag Initiative, Atlanta ([theodbi.org](http://theodbi.org))

### Illinois

SOS Children's Villages Illinois, Chidago ([sosillinois.org](http://sosillinois.org))

Urban Initiatives, Chicago (urbaninitiatives.org)

Iowa

Sky Ranch Behavioral Services, Sioux City (skyranchbehavioralservices.org)

Kansas

Sacred (---ually Abused Children's Relief Endeavor), Overland Park (kidsaresacred.org)

Michigan

Christ Child House, Detroit (christchildhouse.org)

South Dakota

Boys and Girls Club of Rosebud, Mission (rosebudbgc.org)

Foundation President Ralph Aguera states, "We encourage you to learn more about these organizations. Each has performed exceptionally and have helped countless less fortunate youth move on to lead productive adult lives."

Organizations wishing to receive a grant can link below to view the Foundation Guidelines:  
<https://www.skyranchfoundation.org/grants/funding-guidelines/>

For almost 6 decades the Sky Ranch Foundation's SKY RANCH FOR BOYS has been assisting young people rehabilitate their lives for the better. If you would like to join us in assisting in the rehabilitation of young people, please click on the contact page of our website [skyranchfoundation.org](http://skyranchfoundation.org) for details.

The full list of beverage alcohol industry companies who support the Foundation can be accessed via a link on our Support page, [SKYRANCHFOUNDATION.org/support](http://SKYRANCHFOUNDATION.org/support), which also offers a link for donations. If you made a donation and do not see your company listed here, please contact [doribryant501@gmail.com](mailto:doribryant501@gmail.com) (note new email address).

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