

**From:** John Bodnovich <[bodnovich@ablusa.org](mailto:bodnovich@ablusa.org)>

## **WILL COCA-COLA MAKE A MOVE INTO ALCOHOL?**

Source: the drinks business  
by Phoebe French  
15th November, 2017

An analyst from financial services company Wells Fargo has speculated that drinks giant Coca-Cola may announce plans to move into the alcoholic beverages market at its investor day on Thursday.

Wells Fargo has announced that it has upgraded Coca-Cola from 'market perform' to 'outperform' and has raised its 12-month price target for the company from \$45 to \$51.

Analyst Bonnie Herzog has said that Coca-Cola may announce plans to move into the alcoholic beverage market this Thursday at its investor day in Atlanta.

"We expect management will highlight a lot of this innovation," said Herzog on Monday, continuing that she expects CEO James Quincey's commentary to reveal more details on whether the company plans "to expand into other premium segments such as adult craft beverages" and whether this will include alcohol or just mixers.

In 2014, Coca-Cola took a 16.7% in energy drinks brand Monster, having also bought Keurig Green Mountain in the same year.

It has a market value of US\$199.6 billion, making it the world's largest non-alcoholic beverage maker. In comparison, AB InBev is the world's largest brewer and has a market value of US\$197.2 billion.

The beer giant has experienced a fall in sales of its flagship beer brands Budweiser and Bud Light and has recently announced a number of executive leadership changes in its North American division.

Herzog added: "We continue to believe Coca-Cola's best-in-class distribution and strong brand portfolio will allow it to retain its premium valuation and believe that investments in productivity and marketing today will pay off in years to come. We think Coca-Cola can support roughly 5 to 6 percent organic revenue growth over the next several years, ahead of current consensus estimates."

"With a new reinvigorated management team, and renewed focus on accelerating top-line growth while maintaining discipline around costs, we believe Coca-Cola's next chapter of growth is around the corner".

Coca-Cola rose 1.5% to 47.43 in Tuesday's (14/11/2017) stock market trading.

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## Big Booze Makers Lose a Price Fight

U.K. Supreme Court ruling comes as a setback for some of the world's biggest distillers and breweries

Source: WSJ  
By Saabira Chaudhuri  
Nov. 15, 2017

In a blow to big alcohol, the U.K.'s Supreme Court has ruled that Scotland can set a floor on beverage prices—a landmark decision that could set a precedent for other countries.

With the ruling, Scotland will become the first country to implement a per unit floor price for alcohol, which is meant to curb heavy drinking by boosting the price of the cheapest alcoholic beverages. Unlike a tax, a minimum per unit price can't be absorbed by retailers and customers can't just trade down to a cheaper option.

Currently, a three-liter bottle of white cider can cost as little as £3.59 (\$4.73) and contain 22.5 units of alcohol—almost nine units more than an adult's recommended weekly limit in the U.K., according to the European Alcohol Policy Alliance. Minimum unit pricing would raise the price of a big bottle of cider to £11.25. A bottle of wine would sell for a minimum of £4.32 and whisky for £14.

A handful of countries already implement a floor price on alcohol, but it isn't per unit—equal to 10 milliliters of pure alcohol—allowing people to trade down. Parts of Canada have some form of minimum unit pricing.

The ruling comes as a setback for some of the world's biggest alcohol makers, who successfully tied up the issue in court for five years, worried this could have a ripple effect.

Scottish Health Secretary Shona Robison hailed the ruling's "global significance" and said alcohol-related deaths in Scotland had increased in the period the beverage industry had blocked the move.

She said the government would implement the ruling as soon as possible, after consulting on the price floor and updating its assessment of business and regulatory impacts.

"Minimum pricing is the most effective and efficient way to tackle the cheap, high-strength alcohol that causes so much damage to so many families," said Ms. Robison. "This is a historic and far-reaching judgment and a landmark moment in our ambition to turn around Scotland's troubled relationship with alcohol."

Wales said in October it would introduce a law to force a floor price per unit of alcohol and public health campaigners and politicians recently called for the overall U.K. government to do so as well. Australia, Estonia, Northern Ireland and Ireland have all indicated they could pass laws mandating minimum unit pricing and have been closely watching the ruling on Scotland.

In 2012, the semiautonomous Scottish government passed legislation that set a minimum price for all alcoholic beverages of 50 pence a unit. The alcohol industry attacked the law as illegal and ineffective, saying it wouldn't stem heavy drinking but instead force responsible drinkers to pay more. Executives have expressed concern that laws passed in the home of Scotch could set an international precedent that could unleash a wave of regulation and crimp profits.

The Scotch Whisky Association-which counts Johnnie Walker maker Diageo PLC and Jim Beam maker Beam Suntory Inc. among its members-filed a complaint in 2012 with the European Commission. It said a pricing floor would "artificially distort trade in the alcoholic drinks market, contrary to EU law." It also opposed the legislation in Scotland's highest civil court, Edinburgh's Court of Session, saying it breached the U.K.'s European Union treaty obligations.

After years of the case bouncing between courts in Scotland and Europe, it landed with the U.K.'s Supreme Court, which Wednesday ruled unanimously in favor of the measure, saying it didn't breach EU law.

"Minimum pricing is a proportionate means of achieving a legitimate aim," it said.

Karen Betts, chief executive of the SWA, said the association accepted the ruling.

"We will now look to the Scottish and U.K. governments to support the industry against the negative effects of trade barriers being raised in overseas markets that discriminate against Scotch whisky as a consequence of minimum pricing and to argue for fair competition on our behalf," she said.

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## UK Supreme Court backs minimum unit pricing for alcohol in Scotland

Source: [beveragedaily.com](http://beveragedaily.com)  
November 15, 2017

In 2012 the Scottish Parliament passed legislation to introduce a minimum unit pricing for alcohol, as part of its efforts to improve public health, but the move was challenged by drinks associations and the case has been tied up in legal proceedings ever since without legislation being implemented.

But today the UK Supreme Court has ruled that the 2012 Act does not breach EU law, and is a 'proportionate means of achieving a legitimate aim', with the Scottish government hailing the decision as a 'landmark moment' for public health.

Nicola Sturgeon, First Minister of Scotland, has welcomed the decision, saying: "This has been a long road - and no doubt the policy will continue to have its critics - but it is a bold and necessary move to improve public health."

While European spirits and wines associations say they accept the ruling, they are calling for objective assessments of the impact of MUP once implemented.

In Scotland, alcohol is available at prices as low as 18p per unit. Ministers in Scotland will now conduct a consultation on the minimum unit price of 50p, hoping to follow this with the introduction of minimum unit pricing as soon as possible.

This would make it the first country in the world to establish minimum unit pricing for alcohol.

Some states in Canada operate variants of minimum unit pricing, while other EU countries, such as Ireland and Estonia, are also considering the measure.

Reducing harm ?

Minimum unit pricing (MUP) sets the lowest price an alcoholic drink can be sold for.

MUP: What's the big deal?

Arguments for MUP: In Scotland, alcohol misuse causes 670 hospital admissions and 24 deaths a week. Affordability drives increased consumption: alcohol is now 60% more affordable in the UK than in 1980. The Scottish government says MUP is 'the most proportionate and effective way to reduce the harm caused by cheap, high strength alcohol'. A modelling study from Sheffield University suggests a minimum unit price of 50p would result in 121 fewer deaths and 2,000 fewer hospital admissions a year by the 20th year of the policy.

Arguments against MUP: While accepting the need to reduce public health problems created by alcohol, opponents of MUP say there is no link between alcohol price increases and reduction in

alcohol related harm. They argue that it creates an illegal barrier to trade; and will distort competition by penalizing efficient low-cost producers of alcohol.

In 2012 the Scottish Parliament passed legislation to introduce MUP for alcohol, aiming to reduce the harm caused by cheap, high strength alcohol.

But the move was challenged by drinks associations. While the Court of Session backed the legislation last October (after the case had also previously passed through the Court of Justice of the European Union), the Scotch Whisky Association (SWA) appealed and the case was sent to the UK Supreme Court.

Opponents to minimum unit pricing argue that there is no link between alcohol price increases and reduction in alcohol related harm; and fear that an 'ineffective' measure would instead create an illegal barrier to trade (as outlined in the legal action from the SWA, spiritsEUROPE and Comite Vins (CEEV) in 2012).

MUP at 50p per unit

70cl bottle of whisky = £14

Bottle of wine at 12% = £4.50

Four 440ml cans of lager at 5% ABV = £4.40

On-trade beverages generally cost more than 50p per unit so unlikely to be affected.

But in its ruling this morning, the Supreme Court dismissed the appeal, saying the 2012 Act does not breach EU law and that minimum unit pricing is a 'proportionate means of achieving a legitimate aim'.

Spirits will face the greatest impact from MUP, with 69% of volume currently sold below the 50p per unit threshold, according to Nielsen.

Blended scotch will require a 20% price rise?? to meet the threshold; although premium spirits (and indeed other premium alcoholic beverages) could benefit as the price difference between them and cheaper brands narrows.

Not all alcoholic beverages will be affected: only those that currently fall below the 50p per unit threshold.

While a 2016 survey from Alcohol Focus Scotland found that the average price of a unit of off-trade alcohol is 52p, it also highlighted an 'abundant supply of alcohol products selling well below that price'.

The lowest price it found was for white cider at 18p per unit - allowing the recommended weekly limit of 14 units to be drunk for just £2.52.

Industry asks for careful assessment?

The industry associations behind the appeal say they accept the ruling from the UK Supreme Court: but ask the Scottish government to carefully monitor the impact of MUP.

"Looking ahead, the Scotch Whisky industry will continue to work in partnership with the government and the voluntary sector to promote responsible drinking and to tackle alcohol-related harm,"? said Karen Betts, SWA chief executive.

"We will now look to the Scottish and UK Governments to support the industry against the negative effects of trade barriers being raised in overseas markets that discriminate against Scotch Whisky as a consequence of minimum pricing, and to argue for fair competition on our behalf. ?

"This is vital in order that the jobs and investment the industry provides in Scotland are not damaged. At home, we hope to see an objective assessment of the impact of MUP."?

'Experimental' measure?

The CEEV, which represents the wine industry in Europe, is calling on other European member states to wait to see the impact of MUP in Scotland before considering such measures themselves.

Jean-Marie Barillère, President of CEEV, said: "We regret, but respect, the Supreme Court decision and hope to count on the Scottish government to ensure a smooth implementation of this legislation, in a way that would as much as possible limit market distortion and preserve a level-playing field."? said

Dr Ignacio Sánchez Recarte, Secretary General of CEEV, added: "We are disappointed because we remain convinced that the predictions are not based on a good model, but considering that the Scottish MUP system will be 'experimental', we now encourage the Scottish Government to carefully monitor its impact.?

"We also request Member States thinking about developing the same kind of measures, not to take premature decisions but to wait for the first review report on the effects of MUP, both on health and economic operators."?

Effect on fair competition??

spiritsEUROPE argues that MUP 'will distort competition' by preventing efficient low-cost producers of alcoholic drinks in other Member States from using that competitive advantage against higher cost producers.

Joep Stassen, President of spiritsEUROPE said: "This decision sets an unwelcome precedent for fair competition between alcohol beverage producers and for the proper functioning of the internal market. The same is true for third country barriers to our European products, resulting in a very negative impact on one of the most valuable agri-food exports of the EU."?

Other EU countries - such as Ireland and Estonia - are considering MUP.

These countries would have to respect European law: national governments need to show that minimum unit pricing is justified and proportionate; and there is no alternative measure which would be at least as effective in achieving the aim and less distorting or restrictive of inter-community trade. Assessments are done on a case-by-case basis.

'Ruling of global significance'?

But C&C Group, a manufacturer, marketer and distributor of cider, beer and wine, has welcomed the decision to uphold the introduction of minimum unit pricing.

Tom McCusker, Managing Director C&C Group Ireland, commented: "While most people enjoy alcohol responsibly and in moderation, we believe MUP is a responsible and proportionate measure that will effectively target widespread access to alcohol that is very cheap, relative to its strength. ?

"By targeting the correlation between harmful drinking levels and strong, cheap alcohol, MUP will help reduce irresponsible alcohol consumption and moderate the relationship some of our society has with alcohol.?"

"Today's UK Supreme Court decision will have an immediate and lasting impact on public health policy in Scotland. We hope the ruling will further strengthen the case for the introduction and implementation of this legislation in Ireland and Northern Ireland."?

The Scottish government says it will now work to introduce minimum unit pricing as soon as possible.

Health Secretary Shona Robison said: "In a ruling of global significance, the UK Supreme Court has unanimously backed our pioneering and life-saving alcohol pricing policy.?"

"This has been a long journey and in the five years since the Act was passed, alcohol related deaths in Scotland have increased. With alcohol available for sale at just 18 pence a unit, that death toll remains unacceptably high.?"

"Given the clear and proven link between consumption and harm, minimum pricing is the most effective and efficient way to tackle the cheap, high strength alcohol that causes so much damage to so many families.?"

"The Scottish Government has always supported whisky as a key part of our economy and an icon of Scottish food and drink, and we will continue to work closely with the sector to ensure its economic success. We will also work closely on the promotion of safe and responsible alcohol consumption and the smooth implementation of the policy."?

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## Drinks trade groups bemoan MUP ruling

Source: The Spirits Business  
by Amy Hopkins  
15th November, 2017

The UK Supreme Court has today ruled that minimum unit pricing (MUP) for alcohol can proceed in Scotland, concluding a lengthy legal challenge from drinks trade groups.

The Scotch Whisky Association took its case against MUP to the UK's highest court after members of Scottish Parliament approved the legislation in 2012.

The SWA and fellow trade groups Spirits Europe and Comité Européen des Entreprises Vins (CEEV) argued that MUP contravenes European law and is not sufficient to tackle alcohol-related harm.

The European Court of Justice agreed that the legislation was "likely to breach single market rules and distort competition when less trade restrictive measures are available".

However, last year, Scotland's Court of Session ruled in favour of MUP, prompting the SWA to appeal to the Supreme Court.

This morning, Justices Lord Neuberger, Lady Hale, Lord Mance, Lord Kerr, Lord Sumption, Lord Reed and Lord Hodge announced their decision that MUP "does not breach EU law" and is a "proportionate means of achieving a legitimate aim".

Scottish health secretary Shona Robison will soon announce the government's "next steps" in implementing MUP. The Scottish Government expects to set a 50 pence per unit price on alcohol "as quickly as possible".

"This is a historic and far-reaching judgment and a landmark moment in our ambition to turn around Scotland's troubled relationship with alcohol," said Robison.

"In a ruling of global significance, the UK Supreme Court has unanimously backed our pioneering and life-saving alcohol pricing policy.

"This has been a long journey and in the five years since the act was passed, alcohol related deaths in Scotland have increased. With alcohol available for sale at just 18 pence a unit, that death toll remains unacceptably high.

"Given the clear and proven link between consumption and harm, minimum pricing is the most effective and efficient way to tackle the cheap, high strength alcohol that causes so much damage to so many families."

### Objective assessment

The SWA said it accepts the court's decision and will continue to work with the government and the voluntary sector to promote responsible drinking and tackle alcohol-related harm.

Karen Betts, chief executive of the SWA, added: "We will now look to the Scottish and UK governments to support the industry against the negative effects of trade barriers being raised in overseas markets that discriminate against Scotch whisky as a consequence of minimum pricing, and to argue for fair competition on our behalf.

"This is vital in order that the jobs and investment the industry provides in Scotland are not damaged. At home, we hope to see an objective assessment of the impact of MUP."

European trade body Spirits Europe called the ruling "a sad day for the internal market", arguing that MUP will "distort competition" between low-cost and higher-cost producers of alcoholic drinks.

"We remain convinced there are more appropriate, proportionate and effective responses to tackle harmful use of beer, wine and spirits drinks," commented Joep Stassen, the new president of Spirits Europe.

He continued: "This decision sets an unwelcome precedent for fair competition between alcohol beverage producers and for the proper functioning of the internal market."

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## Senate Republicans tax plan includes a 'monumental' change that craft beer has been fighting for for years

Source: Business Insider  
Kate Taylor  
15 Nov 2017

Senate Republicans added an amendment to the Trump-backed GOP tax plan that would cut craft brewers' excise tax in half.

The craft-beer industry has been fighting to cut taxes for years.

According to a craft-beer industry leader, this would be "monumental" if passed.

The GOP tax plan could slash a tax on craft beer in half.

The long list of changes that Senate Republicans made to their tax plan Tuesday night includes an amendment that reduces craft brewers' excise tax from \$7 per barrel to just \$3.50 per barrel on their first 60,000 barrels.

That effectively halves almost every American craft brewers' tax rate, dropping to 22.6 cents a gallon from roughly 58 cents a gallon.

"If that amendment ... were to become law, it would be monumental for small and independent craft brewers," Bob Pease, the CEO of the Brewers Association, told Business Insider.

The amendment would also cut excise taxes for bigger brewers from \$18 a barrel to \$16 a barrel.

Originally, Pease said, craft brewers pushed for tax reduction exclusively for small, independent brewers, but they found more congressional support when Big Beer also had something to gain.

Craft brewers have been fighting for this change for years. The amendment added on Tuesday is a variation on legislation that was introduced previously but hadn't yet passed, despite garnering support from the majority of US senators.

However, don't expect prices on your favorite beers to drop just because they're paying less in taxes. According to Pease, craft brewers see this as a way to reinvest more money into their businesses, rather than reduce beer prices.

"When small and independent brewers make more beer, they hire more workers," Pease said. "Our members, our segment have created 130,000 jobs in the last 25 years."

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## NBWA Releases Beer Purchasers' Index for October 2017

Source: NBWA  
November 15, 2017

The October 2017 Beer Purchasers' Index for total beer at 50.5 is significantly higher than the September 2017 reading of 41.3. The total beer index for October 2017 also saw a significant increase over the October 2016 reading of 45.9. The back-and-forth between expanding and contracting purchasing volumes continue into the fourth quarter of 2017. The index for both craft and import segments remain above the 50 index for all months of 2017.

The survey asks purchasers at beer distributorships if they ordered more beer, about the same or less beer from their suppliers in the current month. The results are reported as a composite diffusion index where a reading greater than 50 indicates the segment is expanding, and a reading below 50 indicates the segment is contracting.

National Beer Wholesalers Association (NBWA) Chief Economist Lester Jones said: "These two high end segments are now tracking each other much closer over the past few months. Premium Lights, Regular Premium and Below Premiums all posted slightly higher readings compared to the past three months, however their index readings are still below the 50 mark."

The FMB segment registered its second month below the 50 index. The Cider segment posted its highest index reading for the year but continues to contract. For the second month, the "At Risk" inventory measure for October posted another month above the 50, indicating that distributors are only reporting a slight increase in the amount of inventory at risk of going out of code within the next 30 days.

For more information, visit [www.nbwa.org/bpi](http://www.nbwa.org/bpi).

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## The Hard(er) Wars

Source: Beer Business Daily  
November 15th

While the FMB segment has seen some overall softness recently, there's one part of the category that is growing, and is drawing the attention of even the big players: The high ABV flavors.

We've chronicled how Phusion Projects (Four Loko), United Brands (Joose), Mike's and A-B and MillerCoors have tackled this hot sub-segment, which with the latter two suppliers, would have been incomprehensible just a few years ago.

What's changed? I think with the growth of availability of hard liquor and the legalization of cannabis, the attitudes and mores of consumers have relaxed. ("Legalize Original Four Loko" was perhaps the most popular sign held up during College GameDay this past Saturday). We have a youth culture that believes taking shots is not only mainstream, but common. It also helps that at least some of the products are more upscale than the malt liquors of yore.

Phusion Projects in particular has been rather quiet recently, but the original "bad boy" FMB, Four Loko, has been growing again this year, up 4.6% YTD in IRI scans. It's about to make some noise too with its first ever TV spot, per Ad Age. The spot, dubbed "Quadruplets," stars goofball rapper Riff Raff known for classic cuts like "Tip Toe Wing In My Jawwdinz" and "Deion Sandals." As of now, the "ad is slated to run only on Viceland," which is the ideal medium for Four Loko's debut spot. The ad is "kind of our toe in the water," says Jaisen Freeman, co-founder of Phusion Projects to Ad Age. But "if this is successful and goes the way we want, we will definitely look at other channels."

Phusion is also coming out with liquor products: Four Loko Shots to break into the on-premise, [see BBD 04-18-2017].

### THE HIGHER THE ABV, THE BIGGER THE GROWTH

We checked out the top 100 brands for c-stores in the latest IRI ending October 8, and found nearly a fifth of them (18) hold an abv of 8% or higher. Of those 18 brands, 12 of them are growing volume YTD. Half of the brands growing are posting double digits.

Here's a list of them (all brands are 8% abv unless otherwise indicated):

#### ANHEUSER-BUSCH:

Hurricane High Gravity up 4.4%  
Natty Daddy up 3.4%  
Straw-Ber-Rita up 3.6%  
Lime-A-Rita up 9.3%  
Mang-O-Rita down 23.7%

#### MILLERCOORS:

Steel Reserve 211 High Gravity down 1.8%

Steel Reserve 211 Alloy Hard Pineapple up 9.2%  
Icehouse Edge up 9.2%

#### MIKE'S HARD LEMONADE:

Mike's Harder Lemonade up 18%  
Mike's Harder Cranberry Lemonade up 10.4%  
Mike's Harder Strawberry up 5.9%  
Mike's Harder Blood Orange up 15.9%  
Mike's Harder Seasonal up 86.5%

#### PHUSION PROJECTS:

Four Loko Gold (14%abv) up 18.2%  
Four Loko Fruit Punch (12%abv) down 19.6%  
Four Loko Black Cherry (12%abv) up 7.4%  
Four Loko Sour Apple (14%abv) up 133%  
Four Loko Watermelon (12%abv) down 19.4%

So that's the rundown. But IRI doesn't pick up new products, and the big boys are jumping in with both feet. We have A-B's new Natty Rush+ which will be 12% abv. Natty Rush has seen orders flying, say distributors. MillerCoors is fronting a new Steel Reserve Alloy with a Spiked Blue Razz at 8% abv. And Mike's is coming out with MXD Cocktail, weighing in at 12%.

And don't forget United Brands has the J Series, at a whopping 14% abv, with a Blue Lemonade flavor going exclusively to Circle K.

#### ON-PREMISE BREAKTHROUGH?

The bottom line: Higher ABV FMBs are on fire, and they may be our biggest opportunity to take on wine and spirits in the off-premise. The real question: Can these products ever cross the proverbial Rubicon and make hay where it matters: the on-premise. If that code can be cracked, "beer" has a fighting chance.

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## Anheuser-Busch InBev SA (ABI.BR) - Confident message at Morgan Stanley Consumer conference

Source: Morgan Stanley  
Olivier Nicolai, Richard Felton  
November 15, 2017

Europe  
Stock Rating Overweight  
Price Target ?125.0

We hosted Carlos Brito, ABI CEO, for a fireside chat. Tone was confident for the group, particularly around Emerging Markets. CEO flagged strong fundamentals in Brazil, upside from Global Brands, intellectual synergies from SAB deal and confidence about the US post leadership change.

Emerging Markets outlook is positive for LatAm, Asia and Africa

We estimate Emerging Markets is 64% of group sales. Management flagged a robust consumer environment across Latin America ( Mexico, Peru, Colombia, Argentina, Brazil), ongoing strength in China and upside in Africa.

Brazil: Improving macro, positive about beer, upside on EBITDA margin

Between 2015-2016, Brazil had been impacted by tax increase, adverse currency impact, challenging macro and political uncertainty. Brito reiterated its confidence in Brazil fundamentals for beer, in terms of volume outlook and premiumisation potential. Management also stressed the importance of continuing to invest during the recession whilst competitors had retrenched (in particular around key sponsorships on Carnival and "Soccer").

Lastly, management stated that the pre-crisis high watermark EBITDA margin remains the target for the business, without giving timing. We estimate FY17 EBITDA margin for LatAm north of 43%, which is well below FY13 peak of 53.5%.

Global Brands rollout going well and offers further upside

The High End accounts for 9% of group sales and CEO sees the global brands (Budweiser, Corona, Stella) as a big driver for future growth. SAB markets were starved of global brands so ABInBEv had the opportunity to create the segment like in Colombia, take their "fair" share of premium like in South Africa and develop premium in other markets.

United States: Bud Light remains a challenge; new leadership brings "commercial mindset"

Management highlighted 3 phases of the US business since they acquired Anheuser-Busch 9 years ago. Phase 1 was about deleveraging (given the macro environment around the time of financial crisis, high leverage and debt covenants) and improving the financial performance in EBITDA and FCF. Phase 2 was about developing the portfolio with premium brands, like Stella Artois, Michelob Ultra and the craft portfolio and working with wholesalers. Phase 3 and the

leadership change is about bringing more commercial mindset to the business with a regional approach and leveraging analytics more. This is something that Michel Doukeris has strong experience in and had used this approach in Asia. Stabilising Bud Light in the US remains an important gap and a key focus.

ABInBev trades on 21x CY18 PE and offers a 6% FCF and 3.8% dividend yield

The next catalyst is FY17 results on March 1 2018.

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## Boston Beer Company - Truly Topped Out For The Season. Sticking With Our Underperform

Source: Cowen  
Vivien Azer  
Gerald Pascarelli, CFA  
November 15, 2017

Price: \$173.00 (11/14/2017)  
Price Target: \$138.00  
UNDERPERFORM (3)  
Symbol NYSE: SAM  
Market Cap (MM) \$2,034.7

### The Cowen Insight

Over the last 5 months, SAM's share price has moved up nicely, as Nielsen trends improved, and SAM raised EPS estimates, despite revising top line down to the low end of the range. With depletions through SAM's 3Q still down 6%, Nielsen data yesterday clarifies that nuance, as trends deteriorated, despite easing compares. Maintain Underperform.

### Truly Loses Its Sparkle

One of the key drivers of SAM's improved trends has been Truly Spiked & Sparkling in the hard seltzer category, as the brand expanded distribution in its sophomore year. Year-to-date, Truly has contributed an average ~400 bps to SAM's top-line growth in Nielsen-tracked channels, and a bigger ~500 bps over the most recent 6 months. But, as the brand exits key summer selling season, trends are starting to reverse as the contribution from Truly has narrowed in each of the last 4 periods. Indeed, after achieving peak sales in August, Truly sales contracted ~30% sequentially in September and another ~20% in October.

### Beer Blues

2017 got off to an abysmal start with core seasonals declining as much as ~58% at their worst such that abating declines over the course of the year have also been beneficial. SAM has a done a lot to improve upon those trends, as Summer Ale and OctoberFest narrowed those losses considerably. These however, are SAM's 2 strongest seasonal franchises, in particular OctoberFest. As the brand transitions to Winter Lager and despite an easing comparison, revenues for the 4-weeks ended 11/4/17 were down 10.1% (a 410 bps sequential deterioration, despite a 340 bps easier compare). To be sure, on a TTW basis seasonals continue to improve and the comps will ease through March. But we question how beneficial these easier compares will be when core Boston Lager declines continue to worsen, down 14.7% on a TTW basis. Further, with the core franchise under sustained pressure, this could necessarily limit the incremental benefit from the launch of Sam '76.

### Total Portfolio Comps Not So Easy?

The easing compares for beer, in particular seasonals, certainly support a view of brighter days ahead. We however, would note that on a 2-Yr stack basis things aren't really getting any better. In fact if we hold the TTW 2-Yr stack constant, the growth evident today would be about as good as it gets for SAM.

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## Goldman Just Can't Stop Raising Its Target on This Liquor Maker

Source: Bloomberg News  
November 14, 2017

Kweichow Moutai Co., the manufacturer of an expensive liquor popular in China, has a fan in Goldman Sachs Group Inc.

Goldman has raised its target price for the Shanghai-listed company 11 times this year. In its latest increase, the brokerage lifted the estimate by 18 percent to 881 yuan, the highest among analysts tracked by Bloomberg. The new target implies a gain of 29 percent in the next 12 months for the company, which earlier this year overtook Diageo Plc as the world's most-valuable distiller.

Goldman cited Moutai's move to make distributors sell more on its online platform as the catalyst for its increased bullishness. The new retail model will squeeze distributors' "outsized" margins and "significantly" boost the company's earnings by allowing it to raise its ex-factory price more regularly, according to a note published Wednesday by analysts Xufa Liao and Brian Dai.

It's certainly paid off to be bullish on Moutai. After the company successfully navigated an anti-corruption campaign by targeting a broader consumer audience rather than relying on official banquets, the shares have taken off with earnings. The stock has risen almost 400 percent in the past three years, compared with a 58 percent gain by China's CSI 300 Index of large-cap shares. Moutai's net income more than doubled in the third quarter to 8.7 billion yuan (\$1.3 billion).

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## Moet's Joint \$1.95M Wage Deal With Models Gets Initial OK

Source: Law360  
By Dorothy Atkins  
November 14, 2017

A California judge on Tuesday gave an initial green light to Moet Hennessey USA and Strategic Experiential Group's collective \$1.95 million deal that resolves a putative class action brought by models, brand ambassadors and logistics personnel who claim they were misclassified as independent contractors.

During a hearing in Oakland, California, Alameda Superior Court Judge Brad Seligman said he appreciates how quickly the parties resolved the case, and he indicated that aside from some minor tweaks, the settlement is in line with what he expects.

"It complies with what I wanted and I appreciate that," the judge said.

If granted final approval, the deal would resolve a putative class action that three former workers - Krystle Harrison, Napoleon Aparicio and Shyron McDougall - filed against Moet Hennessey, SEG and several individuals in March 2016. SEG contracts with various liquor promotion companies like Moet Hennessey to provide brand ambassadors and logistics personnel for the promotion of liquor brands at bars and other public venues.

The suit alleged the companies knowingly misclassified models, brand ambassadors and logistics personnel, even though they regularly worked more than eight hour shifts.

The companies allegedly managed and supervised all aspects of the workers' labor during promotional events, including what they said and how they dressed, according to the complaint. The models and promotional staff were also required to attend training sessions without being paid, to learn sales pitches and to learn how to introduce the products, and to learn how to achieve the brand's particular look with uniform and makeup, the suit claims.

As a result, the companies allegedly broke multiple California labor laws by denying the workers overtime wages, by failing to reimburse them for uniform expenses and by failing to compensate them for missed or interrupted meal and rest breaks, the suit claims.

Since the suit was filed, the companies maintained that their payroll practices complied with the state's labor laws. But in June, the parties notified the court they reached a settlement to resolve the claims. Under the proposed deal, each class member who submits a valid claim will get an average payout of approximately \$1,580, while the workers' attorneys are asking for up to \$650,000 in fees.

On Monday, Judge Seligman issued a tentative ruling, saying he is inclined to preliminarily approve the settlement. But he took issue with elements of the proposed deal, noting that he won't approve a general release for all class members. He also said the cy pres provision in the settlement didn't comply with the recently amended state statute on cy pres payments.

Additionally, he said, the class notice should include language making it clear that a class member can appear at the fairness hearing to object to the deal, and the notice should explain how they can access documents at the courthouse.

At the hearing Tuesday, attorneys for both parties said they agreed to make the requested changes, and they provided the judge with a revised motion and proposed order. Judge Seligman said he'll sign it once they email the revised version to him.

A final fairness hearing is scheduled for April 24.

The workers were represented by Jason Erlich of McCormack & Erlich and Jennie Lee Anderson of Andrus Anderson LLP.

Moet and the other defendants were represented by Lori M. Yankelevits of Swerdlow Florence Sanchez Swerdlow Wimmer.

The case is Harrison v. Strategic Experiential Group, case number RG16807555, in the Superior Court of the State of California, County of Alameda.

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From: John Bodnovich <[bodnovich@ablusa.org](mailto:bodnovich@ablusa.org)>

## Arkansas: Federal Judge Denies Injunction Against Grocery Store Wine Expansion

Source: <http://www.arkansasmatters.com>  
Nov 14, 2017

Federal Judge Brian Miller has denied a request for a preliminary injunction in a lawsuit by retail liquor stores attempting to block a state law taking effect Thursday that allows permitted grocery stores to sell all types of wine, not just Arkansas and so-called small batch wines.

The judge also dismissed the liquor store claims of a U.S. constitutional equal protection violation - that is, that differences in regulation for liquor stores and grocery stores were unfair.

The state Alcoholic Beverage Control Board has more than 200 applications for grocery store wine sales under the 2017 law. The new law is a product of arguments between grocery stores and county line liquor stores. According to the Arkansas Times liquor stores went along with the new law in return for a promise that retail grocers wouldn't continue a county-by-county effort to vote "dry" counties wet and thus open them to competition to liquor stores perched at their borders.

Liquor stores say they are already harmed by beer sales in grocery stores, often marked lower than liquor store beer, and that expanded wine sales hold the same peril to them.

Judge Miller said the key question on the injunction was whether the alleged inequities were so great the liquor stores were likely to prevail on the merits at trial. Miller said they did not demonstrate a likelihood of success.

Miller specifically rejected a claim that the new law was in conflict with an earlier law generally restricting the number of permits to distribute wine, spirits or malt liquor. The more recent specific statute prevails, he said. He wrote: "Act 508 leaves no doubt that the legislature intended to change Arkansas law to permit grocery stores to sell wine."

He also rejected an argument that the law was limited to a single grocery store, rather than a number in a chain. He said "the plain language of Act 508 demonstrates that multiple, distinct locations of chain grocery stores are not prohibited from obtaining permits to sell wine" without regard to common ownership. He noted that each store must order wine individually, not as part of a chain order.

In rejecting the equal protection argument, the judge said legislatures are accorded great "deference" on economic issues and business regulation.

To prevail, plaintiffs must show that the difference in treatment given to the classes is not rationally related to any legitimate governmental interest.

The judge noted that differences in regulation stem in part from different merchandise. Grocery stores won't sell spirits. Furthermore, a grocery store may realize no more than 20 percent of

revenue from alcohol sales, where a retail liquor store can receive virtually all its revenue from that source. He wrote:

Even if retail liquor stores and grocery stores are similarly situated, the record indicates there is a rational relationship between Act 508 and a legitimate governmental interest. Act 508, in part, is intended to raise revenue for the state. See Ark. Code Ann. §3-5-1802(e) ("One hundred percent (100%) of the fee shall be paid into the Arkansas Wine Grants Fund."). As Director Casteel testified, the collection of grocery store wine permit fees raises money that has been appropriated by the Arkansas legislature to support Arkansas wine production and tourism. ("All the money goes to the Wine Grants Fund."). This, in turn, directly supports agriculture and tourism across the state. Moreover, the legislature may have rationally concluded that grocery stores, which may not sell liquor and which may sell other, non-alcohol-related items, need not be regulated as stringently as liquor stores, which may sell liquor and which may not sell other non-alcohol-related items.

The judge sent the case back to Pulaski Circuit Court, where it was originally filed. The ABC Board will meet on pending permit applications Wednesday, ABC Director Mary Robin Casteel confirms.

John Crow, owner of 107 Liquor in Sherwood, a lead plaintiff in the suit, said lawyers were reviewing the situation, but "it's not looking good." He said the suit was "kind of our last ditch effort to create a level playing field." He said he expected the ABC to approve permits Wednesday, as it is required to do, and for grocery stores to begin wine sales Thursday. Some liquor stores, depending on proximity to new wine outlets, will feel the pain worse than others, he said.

You can read Judge Brian Miller's order here. <https://www.arktimes.com/media/pdf/miller.pdf>

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From: John Bodnovich <[bodnovich@ablusa.org](mailto:bodnovich@ablusa.org)>

## Indiana: Head of alcohol commission 'bothered' by lobbyist booze deal

Source: Associated Press  
NOVEMBER 14, 2017

The chairwoman of a commission reviewing Indiana's antiquated alcohol laws said Tuesday that she was troubled by the actions of two powerful lobbying groups that recently announced a deal which they claim will lead to the elimination of a retail Sunday alcohol sales ban.

The Indiana Association of Beverage Retailers and the Indiana Retail Council said Friday that they resolved longstanding differences that previously led state lawmakers to give up on efforts to overturn the Prohibition-era Sunday carryout sales ban.

Liquor store owners represented by the beverage association agreed to drop their opposition to Sunday sales, which they previously argued would allow grocery stores to siphon away business on a major shopping day. In return, retailers will oppose a proposal that would allow convenience and grocery stores to sell cold beer - a right primarily enjoyed by liquor stores.

But Bev Gard, who leads the Alcohol Code Revisions Commission, says the groups are "really jumping the gun" at a time when her commission is still doing work at the Legislature's request. What's more, she noted the agreement would cut out convenience stores that are seeking the ability to sell cold - and not just warm - beer.

"The way the issue was framed, it sounds like these two associations have come to a compromise, so that's going to be the new policy for the state," said Gard, a former Republican state Senator, who said she was "bothered" by the announcement.

Any actual change in law will require legislation signed by the governor. But Indiana's package liquor stores, which have donated generously to lawmakers' campaign funds, have enjoyed outsized influence for decades.

"Obviously they've had their way for a long time," said Gard, who characterized the lobbying influence of as "significant."

The beverage retailers association did not respond to a request for comment on Gard's remarks.

The commission Gard oversees was created this year by the Legislature after debate over who can sell cold beer blew up into a major legislative fight.

It touched off when Jay Ricker, owner of Ricker's convenience stores, found a legal loophole allowing him to sell cold beer, so long as he obtained a restaurant permit and sold prepared food.

The ensuing debate pitted populists who argued for free markets against entrenched business interests, who say alcohol is a controlled substance that needs to be tightly regulated and

overseen by a trusted industry. The commission was tasked with sorting through the arguments, as well the state's entire alcohol code, in order to make recommendations to lawmakers before session starts in January.

On Tuesday, commission members voted to recommend that the ban on Sunday retail alcohol sales be repealed. But they held off on making a recommendation over whether convenience and grocery stores should be allowed to sell cold beer.

Ricker noted that many retailers had been on his side - until now. He also characterized the lobbying groups' deal as "a corrupt bargain."

"That's because you have two sides that flipped their positions so that they each got something they wanted," said Ricker. "But they each look very hypocritical."

But not everyone is opposed, including state Sen. Ron Alting, who leads the Indiana Senate committee which oversees alcohol policy.

The Lafayette Republican called it "good, good, good."

"It hasn't been the fault of the General Assembly that you don't have Sunday sales," said Alting, who has received more contributions from liquor store interests than any other lawmaker in recent years. "What you need to do is blame both the package stores and big boxes. They had never come to an agreement."

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**From:** John Bodnovich <[bodnovich@ablusa.org](mailto:bodnovich@ablusa.org)>

## Magazine Publisher by Day, WhiskyFest Host by Night

Marvin Shanken is building a second name as a producer of events for fans of spirits, wine and cigars

Source: WSJ  
By Charles Passy  
Nov. 15, 2017

On Thursday night, about 2,000 spirits enthusiasts will gather at the New York Marriott Marquis for the 20th annual edition of WhiskyFest, a tasting event with a top ticket price of \$345.

For them, it is an opportunity to sample a global array of more than 400 spirits, including pricey and often hard-to-find single-malt Scotches, bourbons and even a select number of Japanese offerings.

But for Marvin Shanken, it is just another day at the office.

Mr. Shanken, publisher of Wine Spectator, Cigar Aficionado and Whisky Advocate magazines, is building a second name for himself as a producer of such events in the city, where his media company is based.

In addition to WhiskyFest, he hosts the New York Wine Experience, whose 37th edition took place in October. It is a larger affair, spread over three days, with events that range from seminars to "grand tastings" to a concluding banquet. A ticket that covers all the festivities runs \$2,495.

Mr. Shanken says he has little trouble finding customers. Many of his affairs, which also include WhiskyFests in Chicago, San Francisco and Washington, D.C., and Big Smoke cigar events in Las Vegas and Miami, sell out.

"It's all about delivering enjoyment," he said.

It is also about raking in the cash. The events, which are cross-marketed with Mr. Shanken's publications, generate at least \$15 million in revenue, according to Mr. Shanken, who is quick to note that ticket income is just one part of the business. The wine, spirits and cigar brands also pay to be there. Booth prices at WhiskyFest, for example, start at \$4,200.

Brands say they are willing to bear the cost, since the exposure to such an interested and affluent customer base can be key to building sales.

And the timing of the New York WhiskyFest, which takes place typically around the holiday season, doesn't hurt, either.

The event "coincides with one of the most important sales periods of the year for the whiskey category," said David Blackmore, a brand ambassador for Ardbeg, a single-malt Scotch. Mr. Blackmore, who has been attending WhiskyFest since 2005, adds that he will be bringing no

fewer than five different styles of Ardbeg to showcase at this year's event, including a limited-edition one that sells for \$550.

Still, Mr. Shanken faces challenges with his event business, especially in terms of the increased competition.

In New York alone, there are now numerous other tasting events, including such annual ones as the New York City Wine & Food Festival, Whisky Live and Whisky Jewbilee. Smaller events also pop up on the calendar, such as the Sherryfest that was held last month at various locations in the city.

Looking beyond New York, there's the Universal Whisky Experience, a lavish annual affair in Las Vegas that can run up to \$3,000 a person-not including an optional tasting event at the Grand Canyon. Founder Mahesh Patel says he is targeting a whiskey enthusiast who is looking for a more intimate and exclusive experience than might be had at Mr. Shanken's WhiskyFest, where longtime attendees sometimes carp about the crush of patrons.

Mr. Shanken counters that his events' popularity speaks for itself and he is not afraid of the competition. "We don't mind being compared to any other event," he said.

Not that everything has worked out according to plan. For example, Mr. Shanken had a Big Smoke cigar event in New York, but he said he had to can it when he could no longer find a venue that was up to his "level of quality." (The event was last held at a pier along the Hudson River.)

WhiskyFest hasn't posed any such problems for Mr. Shanken. And plenty of longtime attendees say it is one of the highlights of their year -- Count Shawn Chen, beverage director of Manhattan restaurants RedFarm and Decoy, among them. Mr. Chen comes to WhiskyFest with a plan of attack, so to speak: He goes for a select number of whiskeys-the rarer, the better -- and makes sure to sample and spit along the way, so as not to overindulge.

It is not an easy challenge, adds Mr. Chen, given the quality and quantity of what is showcased at WhiskyFest. "It's almost like Disneyland to me," he said.

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## FRENCH POLICE SEARCH FOR WHISKY THIEVES AFTER \$793,000 BURGLARY

Source: <https://whiskycast.com>

Mark Gillespie

November 14, 2017

Police in Paris are investigating what may well be one of the largest whisky thefts on record after an audacious team of burglars struck at the legendary La Maison du Whisky shop Sunday night. According to media reports, the thieves broke through the store's metal shutter and door, then took 69 bottles of rare whiskies valued at ?683,000 (\$793,670 USD). Not only did the thieves manage to not alert residents of Rue d'Anjou in the city's 8th arrondissement, but La Maison du Whisky is located directly across the street from the British Embassy, which is usually under tight security and often guarded by police officers. The neighborhood is within several blocks of the Élysée Palace, and in addition to the British Embassy, is home to numerous other embassies.

"The Squirrel," a 1960 Karuizawa single cask bottling stolen from La Maison du Whisky in Paris on November 12, 2017. Image courtesy La Maison du Whisky. Among the bottles stolen was one of the rarest Japanese whiskies in the world: a 1960 Karuizawa single cask bottling known as "The Squirrel" and billed as the oldest Japanese single malt ever bottled. Only 41 bottles were released in 2013, when the whisky was bottled after being matured for 52 years in cask #5627, an ex-Sherry butt. Each of the 41 bottles has a different name, based upon the character on the unique "netsuke" that hangs from the bottle's neck.

Estimates of the stolen bottle's value have been as high as ?195,000 (\$229,800 USD) in the aftermath of the break-in. However, other bottles from the same cask have gone for much less at auction. Last April, [WhiskyAuctioneer.com](http://WhiskyAuctioneer.com) sold "The Archer" from the same cask in an online auction for £100,100 (\$131,561 USD). Another bottle from the same cask, known as "The Cockerel," brought a high bid of \$117,744 at a 2015 Bonhams auction in Hong Kong.

La Maison du Whisky is one of Paris's oldest whisky shops, having opened on Rue d'Anjou in 1968, 12 years after Georges Bénitah founded the family-owned spirits importer and distributor. His son, Thierry Bénitah, is the current managing director of LMDW, which also operates a second shop in Paris's Carrefour de l'Odéon and locations in Singapore and Reunion Island. The company is also the promoter of the annual Whisky Live Paris festival held each September and publishes the French edition of Whisky Magazine.

WhiskyCast has contacted Thierry Bénitah for an interview, and this story will be updated with additional information.

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**From:** John Bodnovich <[bodnovich@ablusa.org](mailto:bodnovich@ablusa.org)>

## **Cognac category unveils new visual identity**

Source: The Spirits Business  
by Amy Hopkins  
15th November, 2017

Cognac producers and negociants have collaborated with the Bureau National Interprofessionnel du Cognac (BNIC) to create a new brand identity for the Cognac appellation.

Industry representatives selected the proposal from Be-Poles Studio, an agency based in Paris and in New York City. The new identity will roll out across all communication for the BNIC.

"We chose an inspiring identity, just as Cognac is inspiring," said Vincent Chappe, member of the standing committee of the BNIC and president of its Communication Commission.

"It is both bold and flamboyant, illustrating a beautiful story about the Cognac appellation. The identity represents all the contributors who, together, produce our most proud creation - Cognac."

Be-Poles Studio's project was inspired by the high-end positioning of Cognac and its terroir. The historic typeface for the logo, Garamond, was created by the famous typographer Claude Garamond in the 16th century, when Charentes wine was being distilled to facilitate its transport to Northern Europe.

The Cognac region was officially defined in 1909 and covers the Charente-Maritime, a large part of the Charente and some smaller parts of Deux-Sèvres and the Dordogne.

Claire Caillaud, BNIC director of communication, added that the category's new identity will "reinforce the image of a product with a guaranteed origin and authenticity and reaffirm its role within French vinous and gastronomic know-how".

She added: "Authenticity, heritage and terroir are at the heart of the new identity; concepts that are central to today's expectations of the current spirits market."

Earlier this year, the BNIC revealed that Cognac exports increased for a third year running in the 1 August 2016 to 31 July 2017 period.

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## **SPIORAD PUBLISHING TO RELEASE THE ART IN WHISKY BOOK**

Source: the drinks business  
by Natalie Wang  
15th November, 2017

Spiorad Publishing is releasing what it bills as the "ultimate" whisky connoisseur's coffee table book, *The Art In Whisky*, in early December with two limited editions.

A photographic collection of the spirits by award-winning photographer Jon Purcell, the book closely examines whisky including its history, traditions and production.

From grain to bottle, and all points in between, whisky connoisseurs are taken on an odyssey from whisky's Celtic spiritual home, then across seas and continents to investigate its production, look behind the scenes and meet the characters involved in crafting the spirit in Japan and Australia.

Each copy is litho printed on vellum uncoated paper, featuring a suite of luxurious finishes. This allows every page to lay completely flat, unencumbered by a gutter, no matter where the book is opened.

Available in copper edition and black edition, the former is limited to just 250 hand-numbered copies, the 256 page volume is hand-bound in leather and burnished copper.

The book includes a forward by Master Distiller, Richard Paterson, who says: "This book should be part of every art lover and whisky connoisseur's collection."

The copper edition comes in a bespoke, handcrafted, calfskin leather clamshell case with suede interior, and sells for £1,250 a copy.

The black edition is limited to 1000 hand numbered copies and sells for £450 a copy.

The book will be available from 4 December at Spiorad Publishing's website [spioradpublishing.com](http://spioradpublishing.com).

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**From:** John Bodnovich <[bodnovich@ablusa.org](mailto:bodnovich@ablusa.org)>

## **Latest Brexit Headlines**

Source: Multiple  
November 16, 2017

<http://www.telegraph.co.uk/news/2017/11/15/number-eu-nationals-working-britain-reaches-record-level-official/>

<http://www.telegraph.co.uk/news/2017/11/15/pmqs-live-theresa-may-jeremy-corbyn-clash-tories-labour-gripped/>

<http://www.telegraph.co.uk/business/2017/11/15/brexit-customs-hassle-bad-costly-tariffs-firms-mps-told/>

<http://www.telegraph.co.uk/business/2017/11/15/jp-morgan-begins-telling-uk-staff-relocated-eu/>

<http://www.telegraph.co.uk/news/2017/11/15/jeremy-corbyn-suffers-backbench-rebellion-brexit-19-labour-mps/>

<http://www.dailymail.co.uk/news/article-5085177/Tory-rebels-press-ahead-plans-rewrite-Brexit-laws.html>

<http://www.dailymail.co.uk/news/article-5085323/May-holds-showdown-Brexit-talks-key-Merkel-ally.html>

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From: John Bodnovich <[bodnovich@ablusa.org](mailto:bodnovich@ablusa.org)>

## Building an Import Empire with a Family Winery Portfolio

Quintessential Wines bucks tradition by working solely with family-run wineries around the world

Source: <https://daily.seventy.com>

Kathleen Willcox

November 14, 2017

From the very start, Quintessential Wines forged a new path. Father and son Stephen D. Kreps Sr. and Dennis Kreps founded the import, distribution, and sales and marketing organization based in Napa, California, in 2002. While most successful importers at the time focused on a region, a grape, or a particular philosophy of winemaking, the Krepes went in another direction: representing wineries all over the world, producing every kind of wine.

While that scope may sound impossibly broad, they narrowed their selection by a different criterion—they focused solely on family-owned and family-operated wineries. Steve Sr. says they were confident that their family-centric ethos would be enough on which to build a successful company. "The type of wineries we work with is very specific," Dennis adds. "The businesses must be owned and operated by multigenerational families—that's key, the family still has to operate it. We also want to work with wineries that are making business decisions not based solely on fiscal goals but on what's best for their family and their vineyards long term."

Perhaps unsurprisingly, many of their contemporaries were dubious about their mold-breaking globalist vision. "When we got started and we shared our vision for the company, industry leaders—many of whom I respected—told us it wasn't possible," Dennis says. "They said, 'You can't be global; it will never work. You need to specialize in one country, maybe two.'"

That advice, intended to dissuade the Krepes, had the opposite effect. "I really took offense, to be honest, with the notion that it couldn't be done," Dennis says. "I knew, and my dad knew, that we weren't taking a shotgun approach. We had a very specific vision, one that was actually narrow in scope. It just didn't fit the blueprint of what was happening in the market at the time."

But the winemaking families they first approached understood and embraced the Krepes' globalist but family-oriented mentality. "Since the moment I walked into the Quintessential office, with shorts on, without an appointment, and coming back from a wine tasting in Napa, it has been a very honest and open relation with them," says Javier Murúa, owner of Bodegas Muriel in Rioja, Spain.

### Building the Framework

Steve Sr. and Dennis started out in the wine business by following a similar path, but they say their strengths are complementary rather than overlapping. Steve Sr. started out in 1973 as a sales rep and merchandiser; in 1988 he founded a wine brokerage company for premium and ultra-premium wines. He then formed another import and marketing company before Dennis and he founded Quintessential.

Dennis got his start in 1991, also as a sales rep and merchandiser, and then moved over to distribution. "Even though we have similar backgrounds, our strengths are different," Dennis says. "My father is very good at motivating salespeople and distributors. He's a people person. My strength is organization-making sure all the details happen."

Initially, the Krepes wanted to work with 8 to 10 wineries they could comfortably bring to market themselves. They first took note of which countries, though they produced a lot of wine, were underrepresented in the U.S., then determined which wineries were family run, and finally, narrowed the brands down based on such considerations as the wine's quality, the team's chemistry with the winemakers, and the brand's potential in the U.S. market.

Soon they were humming along, successfully breaking ground in new territories, and comfortably accruing accounts. Then, in 2005, Steve Sr.'s other son, Steve Jr., who had built a career as a commercial pilot but always felt the pull of his family's single-minded devotion to wine, joined his father and brother, initially as a sales rep in California. He was soon managing sales for California, but when Quintessential's wholesaler for the state backed out of their business relationship, he decided to turn what could have been a crisis into a coup.

### Moving Into Distribution

Steve Jr. persuaded Dennis and Steve Sr. that if they themselves became distributors in California, they would not only solve their short-term problem but the long-term issues the crisis had put into focus. "At first it was by far the worst thing that happened to us as a company," Dennis recalls. "It was our wholesaler for California, one of the biggest wine markets in the country, and we were distributor-less."

The Krepes used this disruption as an opportunity to take a step back and reassess how their business was performing overall. They decided that their core philosophy-working with family-owned and -operated businesses-would remain unchanged. But their approach to getting the wines to market would have to change if they wanted to flourish. "Being a distributor's top priority in a large market like California is impossible, and they'll never know our brands like we do," Dennis says. (Also, becoming a distributor in California is more straightforward than in other states, where additional licenses and permits are required.)

Instead of relying solely on distributors, Quintessential reps began hitting the streets themselves, reaching out to retailers and on-premises accounts. "We realized just how important it is," Dennis says, "to take the stories of the wineries and their families directly to the consumers and retailers ourselves."

### Expanding the Business

To support the hands-on business model, the company has now built up a staff of 78 people, 60 of whom focus on sales. For these salespeople, training is key: Quintessential invests significant time training its staff, working with them on sales calls, and helping them strategize to get face time with buyers. Though headquartered in Napa, Quintessential operates a satellite office in New York City. Both offices are staffed with professionals who handle logistics, compliance, accounting, and other "back office" duties, as well as marketing and public relations. But most of Quintessential's staff spend their time on the road, meeting with buyers.

According to Alexander Joerger, the director of wine, beer, and spirits purchasing at Cost Plus World Market, an Alameda, California-based retailer with 259 units, Quintessential's personal

touch is one factor that sets them apart from other importers. "On all levels I find them to be smart, innovative, and engaged with their suppliers and their customers," Joerger says, "which sounds simple, but you'd be surprised how many others struggle with this."

Quintessential's sales approach varies from state to state depending on the local laws. For example, in some states, the company's salespeople play two roles: they participate in ride-alongs with their distributor's reps to market the wines, and they're allowed to sell wines directly to on- and off-premises accounts, with wine coming from distributors' warehouses. In several states, only distributors can make sales calls.

The wines Quintessential represents span the spectrum of price, as well as geography and style. At the upper end, there are the highly rated Attilio Ghisolfi from Piedmont, Italy, and Gustave Lorentz from Alsace, Germany, but there are also value-priced brands like Georges Duboeuf Cru Beaujolais and California's Leaping Horse. "It's not about acreage, varietals, or even prices," Dennis says. "We have ultra-premium wines, and we have bargains. We will import 100 cases from one particular low-volume producer and well into the thousands from another. We work with people because we like their personalities and we like what they're doing."

Ted Carmon, the vice president and senior director of wine for BevMo, a Concord, California-based retailer with 165 stores, says he appreciates the price spread of Quintessential's wines. Their "global product selection is unique, and the range is also terrific, from opening price points to high-end wines at \$100-plus a bottle."

Quintessential has racked up "nice, but not extreme, double-digit growth" every year since its founding, Dennis says. Last year, Quintessential sold more than one million cases of wine. They have 38 wineries on board, and they turn down four to five wineries per week that are vying to get into their book.

It's clear that the Krepeses have minds that work like spreadsheets. Their approach to data measurement and goal-setting sounds like an ambitious blueprint for information systems management. "We really break down every single element," Dennis explains. "We look at and evaluate each brand in each market. We look at markets and channels. On-premises versus off-premises, sales of each brand in independents versus chains. We evaluate velocity. And from there, we decide what to pull back on, what to promote, and what to change."

While it's tempting to imagine that the Krepeses' admittedly meticulously tracked metrics removes the human element from the equation, in speaking to their partners it becomes clear that their focus on data only complements their devotion to people.

Winemakers credit the Krepeses' level of attention to detail for their brands' success in the U.S. market. "I've been working with Quintessential for over 10 years now," says Kim Longbottom, the owner of Henry's Drive Vignerons in Padthaway, South Australia. "They have always welcomed me into the market to work alongside their sales team. This is something that we both hold in high regard as the key to long-term business in the U.S. market."

Quintessential develops a U.S. marketing plan for each of the brands it represents, allowing its winery clients to focus on what they excel at—growing grapes and bottling wine. "Quintessential is not just an importing company; it is a family," says Luca Bosio, the owner of Luca Bosio Winery in Piedmont, Italy. "They take care of all aspects of importing, distribution, and

marketing; they help build brands, and they take care of the whole portfolio of a winery, not just the best-selling wines."

### Connecting with Consumers

These days, Quintessential is focused on getting in front of consumers to drive demand for its brands and products. "We do as many events that focus on the consumer as we can," Dennis says, which can mean tastings at grocery stores, liquor stores, and charity events. "Anywhere we think will be the right demographics."

And social media has been a driving force for brand awareness. What started as a flirtation with Twitter, Instagram, and other forms of social media two and a half years ago has evolved into a well-developed marketing channel. Quintessential posts many times throughout the day, sharing photos of its vineyards and winemakers, promoting tastings, and linking to articles about its brands. One employee is devoted exclusively to managing Quintessential's social media, with two others assisting as needed.

The company also arranges a massive meet and greet for its winemakers every three years, called the Quintessential Road Show. On the six-city tour, representatives from each of the company's 38 wineries meet customers of all types. Wake-up calls begin at 4 am, and each day's minutes are precisely accounted for, with trade shows, meetings with distributors, retail tastings, and wine dinners, until bedtime. "We usually reach about 6,500 consumers on each tour," says Dennis, "and yes, it's a lot to schedule and manage, but getting consumers to meet winemakers and build that connection is so worth it."

Now, as the Krepses' mold-breaking business is reaching 16 years of age, Dennis is glad that he and Steve Sr. went with their gut. "Now I look back at the advice people gave us when we started out, to focus on one or two countries," he says, "and so many of those importers they pointed to are out of business." Quintessential Wines, meanwhile, is flourishing, thanks to its idiosyncratic approach to curating terroir-focused wine made by families from around the globe.

Kathleen Willcox is a journalist who writes about food, wine, beer, and popular culture; her work has appeared in VinePair, Edible Capital District, Bust magazine, and Gastronomica, and on United Stations Radio Networks, among other venues. She recently coauthored, with Tessa Edick, "Hudson Valley Wine: A History of Taste & Terroir." She lives in Saratoga Springs, New York.

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**From:** John Bodnovich <[bodnovich@ablusa.org](mailto:bodnovich@ablusa.org)>

## Convicted Fraudster's Wines for Sale

Eric Greenberg, who was found guilty of defrauding Bill Koch, is selling more of his cellar.

Source: Wine-Searcher  
By W. Blake Gray  
14-Nov-2017

Zachys is hosting an unusual wine auction in Hong Kong this weekend.

Let's just let the auction catalog give you the story about Eric Greenberg, consignator of the entire Golden Gate Collection: "After an auction of approximately 17,000 bottles from his cellar in 2005, Eric was found civilly liable for fraud when 24 of the bottles were determined to be inauthentic," the catalog reads.

It's fascinating to see such a note from Zachys President Jeff Zacharia on page 10 of a 173-page auction catalog. Zacharia's note also includes this quote: "Eric Greenberg's collection at one point numbered over 60,000 bottles, and he has bought wines of questionable authenticity over the years." In both cases, the catalog seems to want to overwhelm with big numbers the legally established fact that some wines Greenberg sold in the past - through Zachys - were not what they seemed.

"Why would Zachys want to get back involved with him?" Los Angeles attorney Don Cornwell asked Wine-Searcher. "It makes no sense. It bothers me. It really bothers me. Sure, he's going to make money. The big picture issue is, why are they doing this at all? He not only defrauded Bill Koch; he defrauded Zachys. Why is Zachys having anything to do with him?"

Let's step back and establish what we know about Mr. Greenberg and his wines.

Greenberg was sued by Bill Koch in federal court, and a jury in 2013 found that Greenberg committed willful and intentional fraud by knowingly selling Koch 24 bottles of counterfeit old and rare wines through a 2005 Zachys auction. Koch settled a lawsuit against Zachys out of court.

According to court testimony in the Koch lawsuit, Greenberg first discovered that he had counterfeit wines in his collection in 2002, when Sotheby's auction house refused to sell some wines for him. He had bought those wines from Royal Wine Merchants in New York. Greenberg threatened Royal with a federal fraud complaint and ended up receiving a cash settlement.

Pay attention now, because this is a good part. Under deposition, Greenberg's house manager Jaime Cortes testified as follows:

Q. What did Mr. Greenberg say to you, and what did you say to him?

A (Cortes). He said: Good, you know, I settled with Royal. And I said: Cool. I take it that you won. And he says: Well, better than that. He goes: I don't have to give the wine back. And I said: Well, do you mind if I take a couple of bottles as a trophy for all the hard work that we've done? And he said: No. He said: What they did to me, I'm going to do to someone else.

Q. What did you understand Mr. Greenberg to mean when he said "What they did to me, I'm going to do to someone else"?

A (Cortes). I mean, I understood that he was probably going to get rid of the wine.

Q. What do you mean "get rid of the wine"?

A (Cortes). Sell it, most likely.

Subsequently, Greenberg bought some "rare wines" directly from Rudy Kurniawan, who would later be convicted of wine forgery. The Greenberg/Kurniawan transactions also came out in discovery of the Koch lawsuit.

One might wonder why Greenberg is selling these wines now. One answer is that he is going through a divorce. On Monday, his divorce case against Carmen Greenberg had a status conference scheduled in Marin County, California.

Greenberg, who made his money as an internet entrepreneur, is also selling his house, a majestic seven-bedroom mansion in Ross, about 20 miles north of San Francisco. The house has a temperature-controlled 31,000-bottle wine cave and "an acoustically optimized home theater built by Lucasfilm theater professionals". Originally listed at \$22.9 million, the price has since been lowered to \$18.9 million. The astute home buyer might ask: "Are those magnificent Ron Herman-designed vegetable gardens really organic?"

As for the wines on sale this weekend, Zachys says that wine authentication expert Michael Egan has inspected and approved them. Neither Greenberg nor Zachys responded to requests for comment.

Good luck, wine bidders. May the odds be ever in your favor.

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#### UPDATE:

In a statement released after this story was published, Zachys president Jeff Zacharia said through a public relations specialist: "Zachys is constantly vigilant in evaluating the provenance, authenticity, and condition of the wines that are sold. In the instance of the Golden Gate Collection, as with any collection, Zachys is confident in the wines for sale. As an added measure of transparency, Zachys has named the consignor in the auction catalog. In addition to Zachys specialists inspecting every bottle, Zachys has hired Michael Egan, a world renowned wine authenticator and wine expert who spent nearly a month inspecting every bottle offered in the auction."

Maureen Downey who, like Egan, specializes in authenticating wine, doubts that Egan had sufficient time to check all 1115 auction lots, many of which include a case or more of wine.

"There are over 7200 bottles in this collection," Downey told Wine-Searcher. "It takes between 20 minutes and 1.5 hours to properly authenticate wines. And everything in this collection should have been scrutinized. As far back as 2002, I found counterfeits in Greenberg's collection - Italian wines, Burgundy and Bordeaux. So, at only 7200 bottles at the minimum of 20 minutes per bottle, that is 144,000 minutes, or 2400 hours. That is 240 days of non-stop 10-hour work days. Even at a mere five minutes a bottle, it still would have taken 60 days of 10-hour, non-stop work days.

"It can take far longer than 1.5 hours on some truly old and rare bottles where anomalies must be researched," Downey added. "This is a consignor who has lied before, even to Zachys about the authenticity of his wines. What is Zacharia thinking taking this consignment?"

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From: John Bodnovich <[bodnovich@ablusa.org](mailto:bodnovich@ablusa.org)>

## THE SEVEN STAGES OF DRINKING AT WHOLE FOODS

Source: VinePair  
Sam Sumpter  
November 15, 2017

With the holidays upon us, the need for last-minute grocery reinforcements and for a stiff drink, consumed alone while staring blankly at no one, tend to increase in tandem.

Enter Whole Foods. Not only does this chain of supermarkets cater to health nuts and people who say "ancient grains" a lot, it's also a surprisingly good place to drink. Whether you're on a mission to acquire trans-fat-free pie crust or just escaping the in-laws, stress relief and salvation can be found at your nearest grocery store bar. Once you locate it, there's a certain booze-fueled blueprint you're destined to follow.

### STAGE 1: GETTING THERE

Not all Whole Foods locations have in-store bars but, so long as there's one within driving distance, it's totally justifiable to venture a little bit farther than your local supermarket and do your shopping there. Sure, the carbon footprint from that extra 90 minutes might negate the environmental benefits of your pesticide-free produce, but life is all about finding balance.

(Note: You will absolutely accrue a substantial amount of credit-card debt due to this philosophy.)

### STAGE 2: WELL, WHILE I'M HERE.

You had good intentions.

You got halfway through your grocery list; you sampled some coconut water; you felt up some unidentifiable fruits. You even examined 18 types of barley and Googled "nutritional yeast." Knowledge is power!

But when the siren song of the bar calls, you have no choice but to spin that green cart 180 degrees, take a shortcut through dairy, and probably mow over a few yoga pants-wearing moms in the process. (They're wearing activewear - they really should be moving faster anyway.)

When your parents, S.O., or sponsor (wait, what?) ask where you are, the answer "Whole Foods" always goes over better than "the bar" - even if they have to translate a text that actually reads "WhOle Foodz1!" . which kind of sounds like an awesome AIM screen name now that you think about it.

### STAGE 3: GO BIG OR GO HOME

A glass of Prosecco is \$8. The bottle is \$17. There are four to five glasses of wine in a bottle. If you can do third-grade math, you know what you've got to do. It's not about the drinking, it's about economics. Plus, with all the money you're saving, you can probably purchase at least one more half an avocado, which are like 19 cents cheaper since Amazon bought the place. (#blessed #Bezos)

As long as you ignore the fact that this decision might cost you a \$27 Uber ride home and a \$200 fee when they tow your car because apparently Whole Foods doesn't double as an overnight parking garage, this is a really sound investment.

#### STAGE 4: SUPER-SMART POLITICS TALK

There's no need to sign up for The Bubble - you can engage in your own liberal circle jerk right here, by the deli aisle!

The Whole Foods bar is a safe (blue) space where the only heated, booze-fueled arguments going down are over totally trivial topics. Like what hummus brand is the best. Have a few glasses of whatever organic wine your resident bearded bartender has suggested, and befriend your invariably like-minded neighbors. Your Bernie Sanders shirt is sure to help you find common ground when you're a few IPAs deep and passionately arguing your #TeamSabra position to the man bun munching on roasted marcona almonds next to you. Agree to disagree, Pita Pal! Feel the Bern!

#### STAGE 5: I NEED FREE-TRADE SOCKS FROM GUATEMALA!

Bottom-of-the-bottle logic: "If I can afford the second-cheapest Chardonnay and live in an area gentrified enough to have a Whole Foods, I must karmically redeem myself by supporting women villagers who have been empowered to make a living via these handcrafted, one-of-a-kind accessories!"

Plus, while you're there, you might as well get some holiday shopping done. "Hope you enjoy this handwoven basket, Jimmy Jr.!" Six-year-olds love that stuff - and Santa's never been a more conscious consumer.

#### STAGE 6: SOBERING UP VIA SAMPLES

Whole Foods is already a proponent of the "try before you buy" thing, and when you've spent enough at the bar to purchase your own vineyard, it seems fair to simplify the store's generous policy to just, uh, "try." Plus, you won't feel shy asking for six sample cups after consuming a veritable pond of Prosecco. And they're totally gonna throw those samosas out at the end of the night anyway.

#### STAGE 7: WAIT - DID I MATCH ON TINDER WITH THAT BRO IN THE SUSHI SECTION?

You did. And no, that doesn't mean you should try and start a conversation wi-

Too late.

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From: John Bodnovich <[bodnovich@ablusa.org](mailto:bodnovich@ablusa.org)>

## Winn-Dixie's parent company could be nearing bankruptcy: reports

Source: [Nola.com](http://Nola.com)

Nov 14

The parent company behind the Winn-Dixie grocery store chain is struggling with soaring debt and could be nearing a bankruptcy filing, Bloomberg and the trade magazine Grocery Headquarters report.

Citing sources familiar with ongoing debt negotiations, Grocery Headquarters reports Southeastern Grocers, which owns the Bi-Lo, Winn-Dixie and Harveys chains, is considering filing for Chapter 11 bankruptcy restructuring. The company has hired outside advisers to help as it seeks to refinance \$1 billion in debt.

Bloomberg reports the potential default puts some 50,000 jobs at Bi-Lo, Winn-Dixie and Harveys on the line. The private equity firm that bought out the company in 2005 -- and is largely responsible for loading it with debt -- has signaled it does not want to pitch in more funds, though it is likely to emerge having earned money, the Bloomberg report says.

The reports note U.S. grocers face a tough market ahead thanks to ongoing price wars and the rise of e-commerce. Debt-laden chains are particularly vulnerable.

There are more than 30 Winn-Dixie stores in the greater New Orleans area.

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**From:** John Bodnovich <[bodnovich@ablusa.org](mailto:bodnovich@ablusa.org)>

## Target Q3 tops Street but holiday forecast worries

Source: CSA  
BY MARIANNE WILSON  
November 15, 2017

A warning about a "highly competitive" holiday season overshadowed what was, in many ways, a positive quarter for Target Corp.

Sales rose 1.4% to \$16.67 billion in the quarter, up from \$16.4 billion in the year-ago period. Analysts had expected \$16.61 billion.

Same-store sales inched up 0.9%, also more than expected. Comparable traffic grew 1.4%.

Target's comparable digital channel sales increased 24%, and contributed 0.8 percentage points to comparable sales growth. Target's online sales now account for 4.3% of total sales, up from 3.5% last year.

Net income fell to \$480 million, or 88 cents a share, amid higher costs, compared with \$608 million, or \$1.06 per share, a year earlier. Adjusted earnings per share were \$0.91, compared with a forecast profit of 86 cents per share, and down 13.1% from the same period last year.

Target devoted \$847 million to capital investment in the quarter, during which it opened 12 stores and completed 37 store remodels as part of its ongoing store overhaul initiative. It said it seeing an average 2%- to 4% comp sales lift in remodeled units.

The chain's quarterly SG&A expense rate was 21.1%, compared with 20.3% last year, driven by higher compensation costs. Starting in October, its minimum hourly wage was increased to \$11 per hour.

"We're very pleased with Target's third quarter performance, including traffic and sales growth that demonstrate we're building on the progress we saw in the first half of the year," said Brian Cornell, chairman and CEO. "The investments we're making in our business will help Target drive long-term success and ensure we're well positioned to deliver for guests in the all-important holiday season. While we expect the fourth-quarter environment to be highly competitive, we are very confident in our holiday season plans."

Analyst Neil Saunders, managing director, GlobalData Retail, commented while Target is making progress, it needs to be bolder and more creative.

"Many legacy issues, such as a lack of stock control which leaves frequent gaps on shelves, also need to be resolved," he noted. "All that said, the company is now in a much stronger position than it was at this time last year which bodes well for the holiday quarter and beyond." For more, [click here](#).

For the fourth quarter ending in January, Target expects per-share earnings to range from \$1.05 to \$1.25, missing Wall Street projections for \$1.27. It Target expects fourth quarter 2017 comparable sales growth of flat to 2%.

**From:** John Bodnovich <[bodnovich@ablusa.org](mailto:bodnovich@ablusa.org)>

## Whole Foods Market cuts prices-again

Source: CSA  
BY DEENA M. AMATO-MCCOY  
November 15, 2017

Whole Foods Market is making another round of price cuts - just in time for Thanksgiving.

The natural foods grocer and Amazon once again lowered prices at Whole Foods stores, but this time they are targeting the chain's best-selling grocery items and holiday staples, including organic and no antibiotic turkeys. Amazon is also rewarding Prime customers with additional discounts on these holiday birds, according to the companies.

Specifically, discounts on turkeys range from \$3.49 per lb. for organic, and \$2.49 per lb. for no antibiotic turkeys. Prime members will only pay \$2.99 per lb. for organic, and \$1.99 per lb. for no antibiotic turkeys.

Amazon Prime members will receive a coupon via email, which must be presented at checkout to get the discounted price, according to CNBC.

Other discounted merchandise includes chicken breasts, peeled shrimp, and items across Whole Foods 365 Everyday Value line, including canned pumpkin, broccoli, salad mixes, and potatoes.

The decision to lower merchandise prices coincides with Amazon's efforts to integrate the natural foods grocer within its operation.

"These are the latest new lower prices in our ongoing integration and innovation with Amazon, and we're just getting started," said John Mackey, Whole Foods Market co-founder and CEO. "In the few months we've been working together, our partnership has proven to be a great fit."

This is the second round of price cuts that Whole Foods has made since Amazon officially acquired the natural foods grocer in August for \$13.7 billion. On its first day as the owner of Whole Foods, Amazon lowered the prices on a selection of the grocer's best-selling items across its stores.

To further drive holiday sales, the online giant is also adding Amazon Pop-Up stores in a handful of Whole Foods Market stores nationwide. The dedicated spaces will enable Whole Foods customers to try out Amazon devices and learn about Prime and its other services.

These pop-ups augment 100 Whole Foods locations that already carry Amazon devices, such as the new Amazon Echo, Echo Dot, Fire TV, Kindle e-readers and Fire tablets, among other gadgets, Whole Foods reported.

**From:** John Bodnovich <[bodnovich@ablusa.org](mailto:bodnovich@ablusa.org)>

## **Sodexo to acquire Centerplate**

Move makes company a leading player in the convention center and sports/entertainment concessions markets in the U.S. and internationally.

Source: NRN  
Mike Buzalka  
Nov 15, 2017

Sodexo has announced the signing of an agreement to acquire Centerplate, a major provider of food and beverage, merchandise and hospitality services at sports facilities, convention centers and entertainment facilities in the United States, the United Kingdom, Canada and Spain, for \$675 million from investment firm Olympus Partners, which had purchased the company five years ago. The acquisition is subject to customary regulatory approvals and is expected to be closed by the end of 2017.

Centerplate CEO Chris Verros will lead the new combined business in the United States while the company's European operations will be integrated into Sodexo's existing Sports & Leisure business in the region.

Centerplate is the fourth largest operator by revenues in the United States Sports & Leisure market, the world's largest, and annually hosts more than 116 million guests across its portfolio of venues for marquee events that have included 14 Super Bowls, 36 U.S. Presidential Inaugural Balls, All-Star and Championship games for professional football, baseball, basketball, hockey, soccer, collegiate athletics, and many of North America's largest conventions.

Major sports facilities in the U.S. where Centerplate currently operates include Hard Rock Stadium in Miami, home of the NFL's Miami Dolphins; Major League Baseball parks in Seattle (Safeco Field) and San Francisco (AT&T Park); NHL arenas in Miami (BB&T Center) and Winnipeg (Bell MTS Place); and the Smoothie King Center in New Orleans, home of the NBA's New Orleans Pelicans. It also managed concessions at Tropicana Field in Tampa this past Major League Baseball season but the club reportedly recently transferred the contract to Levy Restaurants starting next year.

Convention center facilities where Centerplate operates include the Javits Center in New York, the Las Vegas Convention Center, the Nashville Convention Center, the Pasadena (Calif.) Convention Center and the Ernest M. Morial Convention Center in New Orleans.

Revenues for Centerplate's last completed fiscal year, which ended in June, were \$998 million. It placed No. 6 on the 2017 FM Top 50 Contract Management Companies listing.

Sodexo's Fiscal Year 2016 revenues for the Sports & Leisure segment were 903 million euro (about \$1.070 billion at the current conversion rate), so the deal would basically double the company's business in these segments.

"This acquisition substantially strengthens Sodexo's position in the North American market, and brings the Group's Sports & Leisure business to scale in the region," the company stated in a release announcing the deal. "In the UK, the acquisition supports Sodexo's strategy to grow its stadia and cultural destination portfolio. The acquisition also positions Sodexo as a leading player in Sports & Leisure globally, more than doubling its footprint."

"This acquisition is another step in our long-term strategy to become a leading player in every market in which we are present," added Pierre Henry, Vice-President of the Group Executive Committee and CEO Sports & Leisure Worldwide for Sodexo in the same release. "Centerplate is an ideal partner with highly professional, dedicated teams who bring a wealth of industry expertise. We look forward to working together with Centerplate to bring exceptional Quality of Life experiences to tens of thousands of fans and spectators around the world."

"With Sodexo, we share the same vision to deliver a unique and memorable service for our clients and guests through our tailored food and beverage programs, unique hospitality design, rewarding event and retail services," noted Veros. "Centerplate's clients will benefit from Sodexo's global capabilities, solution innovations, other on site services and geographic reach."

From: John Bodnovich <[bodnovich@ablusa.org](mailto:bodnovich@ablusa.org)>

## Top Asia Pacific bars to visit in 2018 (Excerpt)

Source: The Spirits Business  
15th November, 2017

The diverse cities of Asia Pacific are united in their approach to making innovative and exciting cocktail experiences, writes Luke McCarthy.

The Asia Pacific region is incredibly diverse, and so are its bars. From the pristine islands of the Pacific, to the densely inhabited cities of the Asian continent, down to the vast open plains of Australia, you can find every type of environment in the region - and every type of bar.

But it's also a place of constant change and development. It's the fastest growing economic region globally, and more than 60% of the world's population resides there.

It's little wonder, therefore, that some of the world's most successful bars - New York's Employees Only and Dead Rabbit and London's Artesian Bar at the Langham among them - are either popping up or opening venues in Asia.

Likewise, the region's most sophisticated drinking spaces have always been influenced by North American and European bar cultures, and while this is still the case, change is definitely afoot.

Over the past 10 years, air travel in the region has rapidly developed. It's now easier - and cheaper - to quickly skip between Asia's major hubs. Those who own bars and work behind them are travelling around and taking in the flavours of Asian cuisine and culture.

As a result, local ingredients and spirits - spices, fruits, herbs, teas, Japanese whiskies and Australian gins - are now at the forefront of some inspired cocktails.

Click through the following pages to discover the Asia Pacific bars to watch in 2018.

<https://www.thespiritsbusiness.com/2017/11/top-asia-pacific-bars-to-visit-in-2018/>

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From: John Bodnovich <[bodnovich@ablusa.org](mailto:bodnovich@ablusa.org)>

## Colorado: Open records lawsuit against Hazel's Beverage World in Boulder dismissed

The terms of the settlement are confidential

Source: <http://www.dailycamera.com>

By Jerd Smith

11/14/2017

Boulder-based Hazel's Beverage World will be able to keep public records it obtained about Applejack Wine & Spirits in Wheat Ridge after a lawsuit seeking to keep the records confidential was dismissed late Monday.

The dismissal came after a settlement agreement was accepted by Jefferson County District Court Judge Lily Oeffler. The terms of the agreement are confidential.

"I am delighted," said Bruce Dierking, an attorney and one of the owners of Hazel's. "I feel vindicated."

The two giant retailers - Hazel's at 35,000 square feet and Applejack at roughly 80,000 square feet - are considered destination stores, where people travel for miles to shop their extensive collections of wine, beer and spirits.

Applejack owners did not respond to requests for comment.

Wheat Ridge spokeswoman Sara Spaulding said the city would have no comment on the dismissal. "We were involved because we were custodian of the records. This is between the two of them (Applejack and Hazel's)."

Dierking, who obtained the disputed records through a Colorado Open Records request last spring, was temporarily barred from using them in a May ruling by Oeffler.

The case dates back to last spring, when new attempts in the Colorado Legislature were made to amend a hard-fought compromise over grocery store liquor sales that was approved by lawmakers in 2016.

The new law allows for a gradual phase-in of grocery store full-strength beer and wine sales and a gradual ramp-up in the number of liquor licenses various entities, including out-of-state chain liquor stores, can purchase legally. The phase-in will occur over a 20-year period, which began in January.

Dierking was among those backing the 2016 compromise, while Applejack pushed to allow expanded sales to occur faster, according to published reports.

But attempts to amend the law this spring by Applejack prompted Dierking to ask Wheat Ridge for liquor store licensing records involving Applejack. The Wheat Ridge store recently had taken on a new out-of-state partner who purchased an 80 percent stake in the operation, according to published reports.

Later, Applejack said the data that Wheat Ridge provided to Dierking under the Colorado Open Records Act contained confidential and sensitive information that should not have been released.

In May, Applejack and Wheat Ridge, which opted to join the liquor store's lawsuit in Jefferson County, won a temporary injunction against Dierking, which prohibited him from discussing or distributing the information he received from the city. Wheat Ridge had sought to have the records returned.

He countersued, saying the injunction violated the Colorado Open Records Act and his free speech rights.

As a part of Monday's dismissal, Dierking said his countersuit has also been dropped and the temporary restraining order against him is no longer in effect.

Whether another challenge to the state's new liquor law will emerge in this next legislative session isn't clear yet. But Dierking said he is prepared to reactivate his fight if another bill that attempts to speed the deregulation is presented to lawmakers.

"If Applejack runs the chain store bill again, I will have plenty to say as well as interesting documents to share," he said.

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