



VODKA

THE ALL-AMERICAN SPIRIT... OR NYET?

BY JACK ROBERTIELLO



When Burnett's, a top ten vodka brand with dozens of flavored versions, underwent a redesign last year, those in charge of the brand decided it was time to proclaim front and center: "Made in America."

Is the renaissance of American whiskey alerting consumers that some pretty good clear spirits are made here? Perhaps it is social, or political, or even just a regional trend? Whatever is behind the boomlet, American vodka is suddenly considered something worth cheering about. Thirteen of the top 20 best-selling brands are American-made, as are many fast-emerging brands. Meanwhile, as the ultra- and super-premium tier of the vodka business sags, the price tiers below are filled with growing American brands.

All in all, a great time to be an American vodka.

"American-made vodka trends are the strongest they've ever been," says Frank Polley, VP of Trade Marketing for Tito's, now second only to Smirnoff in U.S. volume. "We're also seeing the expansion of the American-made vodka segment with many new brand and line extension launches throughout the year. American-made vodka is definitely driving growth in the category."

Vodka being famously fast to market, the category has seen a remarkable number of new brands succeed. "Over the past decade, the lines between domestic and imported vodkas have blurred as Americans are purchasing more domestically-

produced vodkas," says Michael Sachs, Director of Spirits Marketing at E. & J. Gallo Winery, whose New Amsterdam Vodka debuted in 2011 and is now a top seller. "American vodka brands are focusing on quality of original ingredients and the care put into production."

MADE IN USA = BUILT FOR COMPETITION

"American vodkas are in a good position as competition among higher-end brands leads to price slashing," says Reid Hafer, Senior Brand Manager in charge of Burnett's and Deep Eddy for Heaven Hill Brands, although she notes competitors in the \$10-\$15 and \$15-\$25 tier where most American vodkas sell are also cutting prices.

CLOCKWISE: Vodka, the ultimate shape-shifting spirit, is enjoying an extended spell of Americana. Blood Sweat Tears is crafted in Oregon...in a repurposed laundromat. Skyy's latest flavored vodka is trendy Cold Brew Coffee. Deep Eddy just opened a new Tasting Room in Austin, Texas. Smirnoff builds promotions around their Red, White & Berry every July. B&E makes vodka from Minnesota sugar beets. Dixie makes six vodka expressions at their distillery in Charleston, SC. New Amsterdam is a top ten vodka, and not even ten years old. Tito's Smokin' Summer promotion includes a grill giveaway.

While the flavor craze churned vodka sales madly a decade ago, that tide has receded; unflavored vodka commands 85% of all vodka consumed in the U.S., points out Bernadette Knight, Senior Director of White Spirits for Skyy-owner Campari America: "American-made vodkas are in a strong position. Vodka remains the number one spirit consumed in the U.S. and the category has shown small but consistent year on year growth. Consumers are looking for authenticity, quality and provenance, three things that American-made vodkas, especially Skyy, have been able to deliver on."

Brands that have focused on particular regional markets have shown that organic growth sometimes works best. For example, a majority of Seagram's business is off-premise and in the West, predominantly California, says Katherine Foley, Seagram's Brand Manager at Infinium Spirits. (By comparison, Infinium also sells Crystal Head, which sells globally.) Meanwhile, new legal-age consumers are up for grabs, says Foley: "The growth with American vodka is spurred by Millennials, and this consumer market communicates and purchases dominantly through digital platforms, particularly social media."

THINKING LOCAL, GETTING CRAFTY

While talk of "terroir" is usually the turf of wine, not vodka, regionality still plays an important role in some vodkas, increasingly so with craftier producers. No discussion of regional vodka can get far

without mentioning “Our” Vodka—a group of distilleries (doubling as bars) in major global cities, each existing precisely to create a namesake vodka for their locale.

American outposts include LA, Detroit and New York, with Miami coming soon. The project attracted the attention and investment of Pernod Ricard.

One might infer that vodka is the new “oil” in Texas, where Tito’s Handmade, having emerged stronger than ever after a labeling controversy, is now surrounded by a bevy of Texas-made vodka brands. Deep Eddy has big plans, having just opened a brand new Tasting Room (replete with round-trip transportation available from downtown Austin). Western Son and Dripping Springs have added to the local lore, especially with respect to flavors (Western Son’s portfolio includes prickly pear; Dripping Springs makes one from hand-zested Texas oranges). Just launched, Frankly Organic, made in Austin, is certified organic, non-GMO and gluten-free—in five all-natural flavors.

Water quite naturally is a favorite point of distinction in vodka, as it comprises 60% of the finished liquid. Water is so central to Leaf Vodka that they produce two—one from Rocky Mountain mineral water, the other from Alaskan glaciers. Ocean Vodka boasts of the high mineral content of water drawn off the Hawaiian coast. American Harvest proudly taps water from “deep beneath the Snake River Plain.” Spring 44, located in Colorado’s Buckhorn Canyon, is literally named after its water source.

Ingredients are another area where small producers can stand apart from the big distillers. The top-rated American vodka at this year’s Ultimate Spirits Competition was Boyd & Blair, made from potatoes near Pittsburgh. BET (pronounced “beet”) is made in Minnesota from sugar beets (not red beets, so the vodka is still clear); Comb (Port Chester, NY) is made from honey; Clear Creek (Oregon) distills apples into vodka, while Core (Hudson Valley, NY) starts with apple cider. In Nevada, Bently Heritage distills Source



Tito’s Handmade continues to be a market leader and the centerpiece of Texas’s burgeoning vodka scene. Seagram’s Vodka, once a staple nationwide, is now concentrated in Western states.

One Vodka from 100% estate-grown oats.

Hangar 1 Vodka, launched in 2002 and made from a mix of grain and wine grapes, recently took it one step further to create Hangar 1 Rosé Vodka, which blends the straight vodka with a Northern California rosé wine.

Of course, let’s be realistic: authentic vodka can sprout up practically anywhere; and sometimes the image is as carefully crafted as the spirit. Consider “Blood x Sweat x Tears,” made in Oregon from Pacific Northwest winter wheat and pure Cascade water. But that’s not all... it’s made in a converted laundromat, “handcrafted with grit and fury,” and its matte black bottle is illustrated with Oregon landmarks.

TAKING IT NATIONAL

Some American vodkas have used the local platform to expand nationally. Maybe the best example from Texas is Deep Eddy, whose Ruby Red Grapefruit helped the brand break out. Idaho’s 44 North and Dry Fly Washington Wheat Vodka are two more in multiple states. The New York metro area has at least two brands that have thrived regionally: Recipe 21 and Voda.

Recipe 21 was created in 2012 by Roc House Brands’ owner LiDestri Foods as an on-premise-focused brand for local distributors to expand their market, says Joe Ragazzo, VP of Sales for Roc House. The 12-flavor brand now distributes in 11 states. “We have a favorable quality-price proposition, with good packaging and taste that over-delivers for the price. That got us into many on-premise accounts in the



FLAVORTOWN... POPULATION SHIFTING

Flavored vodkas have seen better days. Heaven Hill Brands’ Reid Hafer says, “Overall, consumers have turned away from the whole flavor end of vodka but they do like all-natural flavors that are not overly sweet.” Burnett’s “totally rode” the flavor explosion, she says, and while the core flavors still sell, with 33 variants some are inevitably less appealing.

What’s behind the less-flavor shift? Chalk it up to Americans’ rising health consciousness, which has, ironically, prompted a distinct trend among imports, namely the launch of brands that are fresh-ingredient-driven and wellness-minded brands. To wit, just within the past two years, Stoli Crushed jumped out with “real fruit” Pineapple and Ruby Grapefruit expressions; Ketel One Botanical brought complex combos like Peach & Orange Blossom; Smirnoff Zero Sugar Infusions was just released in three variants: cucumber and lime, watermelon and mint and strawberry and rose; and Absolut is going the real-fruit route with their Strawberry and Apple versions of Absolut Juice.

At the same time, some unusual flavors—such as the fig-flavored Figenza—have gained solid footing among mixologists. Pinnacle’s round-shouldered blue bottles remain an American-made shelf staple. In California, Charbay distills bold displays the number of extraction days on the front label of their flavored vodkas.



Thank you
for all your help getting
us where we are today!

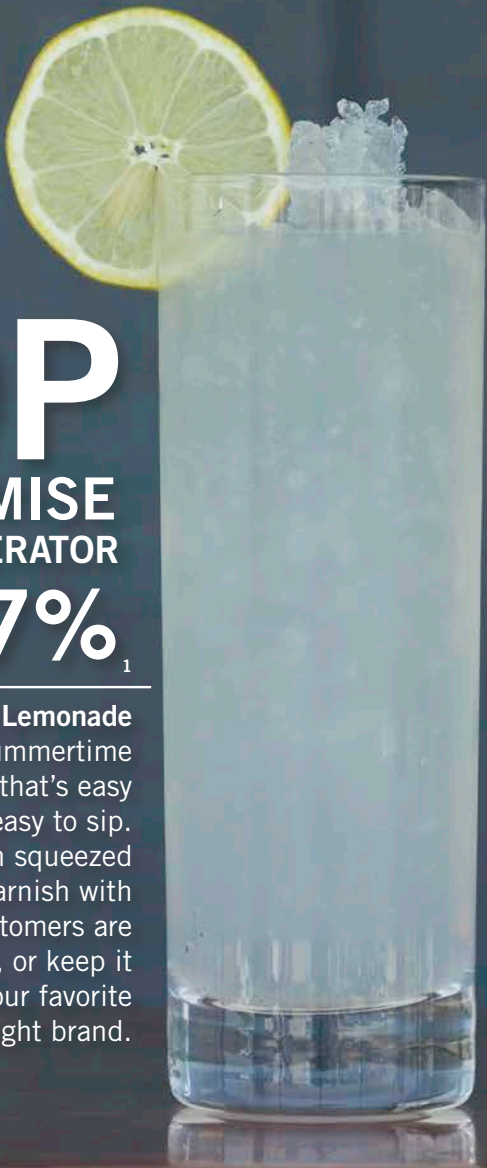
-Tito

TOP
ON-PREMISE
PROFIT GENERATOR
+30.7%₁

Tito's Lemonade

A refreshing summertime cocktail classic that's easy to make and easy to sip.

Mix with fresh squeezed lemonade and garnish with mint if your customers are feelin' fancy, or keep it simple with your favorite store-bought brand.



* TitosVodka.com * Crafted to be savored responsibly. DISTILLED & BOTTLED BY FIFTH GENERATION INC. 40% ALC./VOL. © 2019 TITO'S HANDMADE VODKA.

Source: (1) Nielsen CGA on premise data - market total, US total spirits top 25 spirit brands by \$ value, volume 9L EQ, value \$, Avg Price 1.50Z EQ, rolling 52 w/e 08/11/2018 vs YA



well, and now we are moving off-premise, too,” notes Ragazzo.

Voda may sound imported but it’s all-American, says Charles Lynch, VP of Spirits Sales & Business Development for Royal Wine Company, which sells the brand in five states and the metropolitan NY area. “There is a consumer that is very price-sensitive who is looking for value and quality,” reasons Lynch. “You can say that vodka is six different categories, and while the super- and ultra-premium are taking price cuts and fighting for market share, that is good for those brands like Voda that are already aggressively priced.”

CLEAN & GREEN

With purity always a vodka signature, it should be no surprise that organic vodkas are proliferating. Nationally distributed organic vodkas include Ocean (Hawaii); Koval (Chicago), made from local rye, milled on-site; and Prairie Vodka, made from organic Minnesota corn, in cucumber as well as neutral. In Califor-



BET is clearly on the craftier side of the vodka spectrum. Square One takes a multi-botanical approach to three of their spirits; Square One Botanical, Basil and Bergamot, all of which use between 7-8 botanicals each.

nia, Humboldt Distillery’s Organic Vodka is filtered through virgin activated-carbon made from coconut shells; and Crop Harvest Earth’s full line claims to be distilled so efficiently that it needs no filtering.

Allison Evanow, Founder and CEO of organic producer Square One notes that their brand has distinct appeal for consumers, “who prefer quality over marketing hype,” and bartenders. “Because of their knowledge of spirits, they know that this is a big commit-

ment for us as organic rye is not as readily available nor as easy to distill as organic wheat or corn yet it delivers a fantastic flavor profile. Bartenders have really embraced our multi-botanical approach to three of our spirits.”

For American vodkas overall, the ascent of organic offerings is just one of the numerous consumer trends that bode well for the future. As Tito’s Polley puts it: “Over the last ten years, American-made vodka has slowly built a reputation for producing some of the best-tasting vodkas in the world. The changes in the economic landscape across the world have led people to reevaluate their priorities and that’s impacting their choices.” ■

WHOSE FLAG IS IT, ANYWAY?

One might think that if any spirit these days were to become politically tinged, it might be vodka, with Russian roots part of the spirit’s lore. Interestingly, identity politics among vodka brands appears to be quite malleable—as when Russian-sounding **Smirnoff** rolled out a “Made in America” video campaign in 2017 featuring Ted Danson. On the other hand, the official vodka of the Kentucky Derby this year was... **Finlandia**? **Russian Standard**—a vodka truly made in Russia—appealed to good old fashioned American materialism with a weekly gold bar giveaway for their Russian Standard Gold Vodka expression. And heck, what vodka brand—American, European or other—has not tried to grab a slice of the Moscow Mule pie?

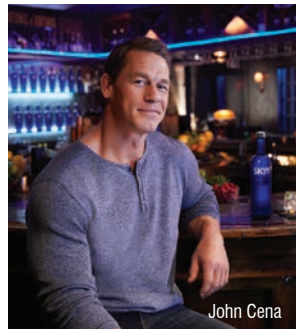
Perhaps because whiskey is not typical summer sipping, vodka—

and its neutral character—has become a natural driver of summer promotions in general and July 4th in particular. Nothing goes with red, white and blue like clear vodka, even when the vodka is imported. Witness **Svedka**, born and distilled in Sweden, is famous for the brand’s annual American Flag limited edition 1.75L bottles.



Tito’s promotions this summer cover multiple bases: a burlap red, white and blue bottle sack is available (while supplies last); meanwhile, POS materials are promoting simple but bold cocktails.

Perhaps there is a limit on how many ways vodka can be rejiggered, but we apparently aren’t there yet. It appears there is still ample room for the spirit to inspire. For instance, as part of their “Proudly American” campaign, **Skyy** Vodka recently hosted an evening of cocktails and conversation with actor and activist



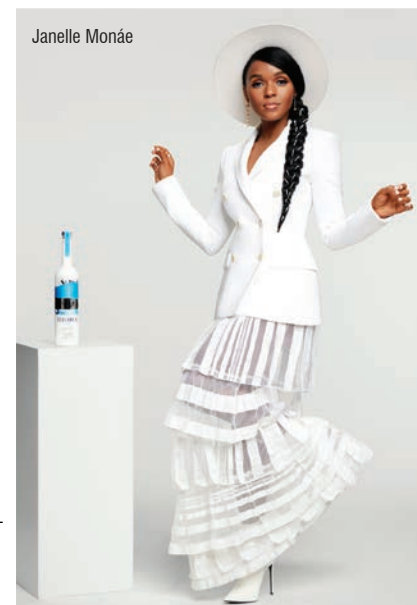
John Cena

John Cena for trade media and industry elite. Cena explained that he wakes up every day with the intent to “earn the day” and reflect on all the opportunities he has that make him proud to be an American. Launched last summer, “Proudly American” celebrates the evolution of the traditional American values on which the country was founded, and what they mean to today’s optimistic citizens.

Belvedere has also pushed the vodka promotional envelope of late. They premiered “The Art of Brunch,” an initiative developed to elevate the at home brunch experience with cocktail-friendly

recipes created by celebrated chef and wellness guru Candice Kumai. And as part of a partnership with musician, actor, and activist Janelle Monáe, Belvedere is debuting her “Beautiful Future” bottle, supported by online content and a series of summer launch events. Suppliers and re-sellers alike are certainly on board with the idea of a beautiful future for vodka in America.

Janelle Monáe





Not all Masterpieces
are Found Hanging
in a Gallery.

THE
ART OF
VODKA



#TheArtOfVodka

Gogh Responsibly.
Imported by 375 Park Avenue Spirits, Louisville, Kentucky. Van Gogh Vodka 35% alc. by vol., 40% alc. by vol. Please enjoy responsibly.