

# SHANKEN NEWS *Daily*

**Exclusive news and research for the wine, spirits and beer executive**

[Sign up for Shanken News Daily](#) | [Forward to a Colleague](#) | [Visit ShankenNewsDaily.com](#)

Visit: [WineSpectator.com](#) | [CigarAficionado.com](#) | [WhiskyAdvocate.com](#) | [Market Watch](#) | [Impact Newsletter](#) | [Impact Databank](#)

Thursday, May 14, 2015

---

## On-Premise Update: Key Players Innovate To Target Millennial Tastes

While the inclement weather thwarted on-premise growth in the first few months of the year, the channel's foundation appears strong amid a flurry of innovation that's frequently targeting a key demographic: Millennial consumers.

On-premise operators say Millennial drinking habits are driving their beverage business. "We've seen a shift to more craft beers and cocktails," says Mary Melton, beverage director at P.F. Chang's, which has 211 locations nationwide. She adds that the craft sensibility—largely driven by Millennials—has led to an expanded craft presence on her beer list, and a call for craft spirits in cocktails, along with fresh ingredients and fresh juices. While Melton has seen a steady increase in whiskies like Jameson, Woodford Reserve and Maker's Mark, the chain's five bestselling cocktails all feature white spirits, including the Asian Pear Mojito, Organic Agave Margarita, Chang's Mai Tai, Red Sangria and Moscow Mule.

Millennials have also had a dramatic effect on the wine side. At the 74-unit Morton's The Steakhouse (owned by Landry's), where wine sales comprise 65% of total beverage sales, divisional vice president of wine and spirits Tylor Field says by-the-glass (60%) outweighs bottle sales (40%), with guests looking to experiment. Tapping into that trend, the chain has begun a sampling initiative with wine portions delivered via Coravin, the technology that allows small servings of wine to be extracted from bottles without removing the cork. "A key driver in demographics is the '\$30,000 millionaire'," says Field. "The younger working set wants luxury and will splurge on it but you need to let them manage that budget." The steakhouse is currently testing Coravin in three properties and plans to expand the program. Labels include Tignanello Super Tuscan, Cakebread Chardonnay, Justin Isosceles Red and Gaja Sito Moresco.

---



**elit**  
*Schwarz*

**DISTINGUISHED  
BY TASTE**

[Learn More >](#)

enjoy elit™ responsibly. elit™ by Stolichnaya® Ultra Premium Vodka. 40% Alc/Vol. (80 proof). Distilled from Russian grain. Stol Group USA, LLC, New York, NY ©2015 Spirits International, B.V.

Bill Terlato, CEO at Terlato Wine Group, sees significant upscaling. "Consumers are trading up, choosing quality over quantity," he says. "The average by-the-glass is nearly \$11 now, so it's clear that wine drinkers are willing to spend for quality." Terlato is in the process of extending its Terlato Family Vineyards line with a Pinot Grigio and Friulano from Friuli, both of which will be almost exclusively focused on-premise.

*A full report on the on-premise channel appears in the May 1 issue of Impact.*

## Deep Eddy Quashes Sale Rumors

Austin, Texas' Deep Eddy Spirits LLC is denying reports that it is considering a sale of its [Deep Eddy Vodka](#) business. The company tells SND it has been approached by some industry leaders in the past about acquiring or investing in the brand, but that it plans to maintain its independence.

"With the help of investment banks, we continue to evaluate strategic growth initiatives, which could include partnerships, exporting relationships and even acquisitions of other brands," Deep Eddy CEO Eric Dopkins said in a statement. The Wall Street Journal yesterday reported that Deep Eddy had hired UBS to seek a buyer for the business.

An Impact "Hot Brand," Deep Eddy (\$19.99 a 750-ml.) grew 130% last year in the U.S. to reach 330,000 cases. Noting that the brand is in less than 10% of spirits accounts in the U.S. currently, the company says its goal is to reach 1 million cases by the end of 2016.

## Beam Suntory Revamping Sauza

[Beam Suntory's](#) Sauza Tequila is getting its biggest rebranding in its history, beginning with a new look this June. The refresh is intended to highlight Sauza's family heritage, quality and craftsmanship. Sauza's brand-wide repack includes a redesigned label, a unique bottle structure and a monogram embossed on the glass. Also, as part of the initiative, the premium Sauza Blue 100% Agave line will be renamed Sauza Signature Blue, and feature a premium cork and wood closure.

Second only to Jose Cuervo among Tequilas in the U.S. market, Sauza's depletions increased 2.5% to 2.1 million cases in 2014, according to Impact Databank.

### News Briefs:

•Duckhorn Wine Company has acquired Three Palms Vineyard, located in Napa Valley and renowned for the quality of its Merlot. Spanning 83 acres (with 73 under vine and 50 planted to Merlot), Three Palms has been a grape source for Duckhorn dating back 37 years, and has an average vine age of roughly 20 years. Now it will be "the crown jewel" of Duckhorn's seven-vineyard, 223-acre estate program, according to Duckhorn president and CEO Alex Ryan. The sellers were Sloan and John Upton—who have owned Three Palms since 1967—and the price was undisclosed. Duckhorn has been purchasing all of Three Palms' production since 2011.

---

### Craft Brewing and Distilling News:

•Providence, Rhode Island-based Narragansett Beer is expanding into Maryland and Delaware this month, as well as the Pennsylvania markets of Pittsburgh, Erie and Reading. Legends Distributing will handle the craft beers in Maryland, NKS Distributing in Delaware, Frank B. Fuhrer in Pittsburgh, Glenwood Beer in Erie and All-Star Distributing in Reading. The move follows Narragansett's recent expansion into New Jersey, Philadelphia and Washington D.C. Narragansett is also available in Rhode Island, Massachusetts, Connecticut, Vermont, New Hampshire, Maine, Florida, North Carolina, Tennessee and Oregon.

### Recently in the News:

- [Wine Spectator: Bordeaux Prices Drop, But American Wine Lovers Yawn](#)
- [WSWA Takes Stake In Alcohol Delivery Service Drizly](#)
- [Diageo Targets Upscale Bourbon Tier With Blade And Bow Rollout](#)

A special report on the On-Premise drinks market and a category update on Imported Wine are featured in the newest issue of Shanken's Impact Newsletter. [Subscribe today](#) and you'll receive every issue in both print and digital format.