Overview Of The U.S. Beverage Alcohol Market, Trends & Market Entry Conditions

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Beverage Alcohol Community Symposium

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Agenda

- Overview Of Beverage Alcohol in the US
  - Size of market and volume trends (Beer, Wine & Spirits)
  - Industry experiencing tremendous change with explosion of new brands meeting the demands of consumers.
  - Next ten years will be the most dramatic in history.

- Thoughts On Where the Industry is Heading, Challenges and Changes in the Distribution System, Brand Valuations and M&A.

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Data Sources

- Various data and charts are sourced from Beverage Information Group.
  - For consistency and objectivity, much of the trend information in this section is sourced from the Beverage Information Group.
  - The Beverage Information Group is the industry's most comprehensive source of consumption information by beverage category, brand and channel.
  - The Beverage Information Group Handbook Advance is published annually.
  - Mike Ginley, CEO of Next Level Marketing (premier beverage alcohol "Brand Ambassador" service provider in the US) provides certain formatted slides.
- I also utilize Beverage Information Group Data as well as Nielsen (Danny Brager), MHW Ltd. and other sources noted. Projections, forecasts, and opinions in sections addressing the future are my own.

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Take Away- The Perfect Beverage Alcohol Storm Is Here!

- Industry poised for the greatest period of economic growth in our history.

Why?

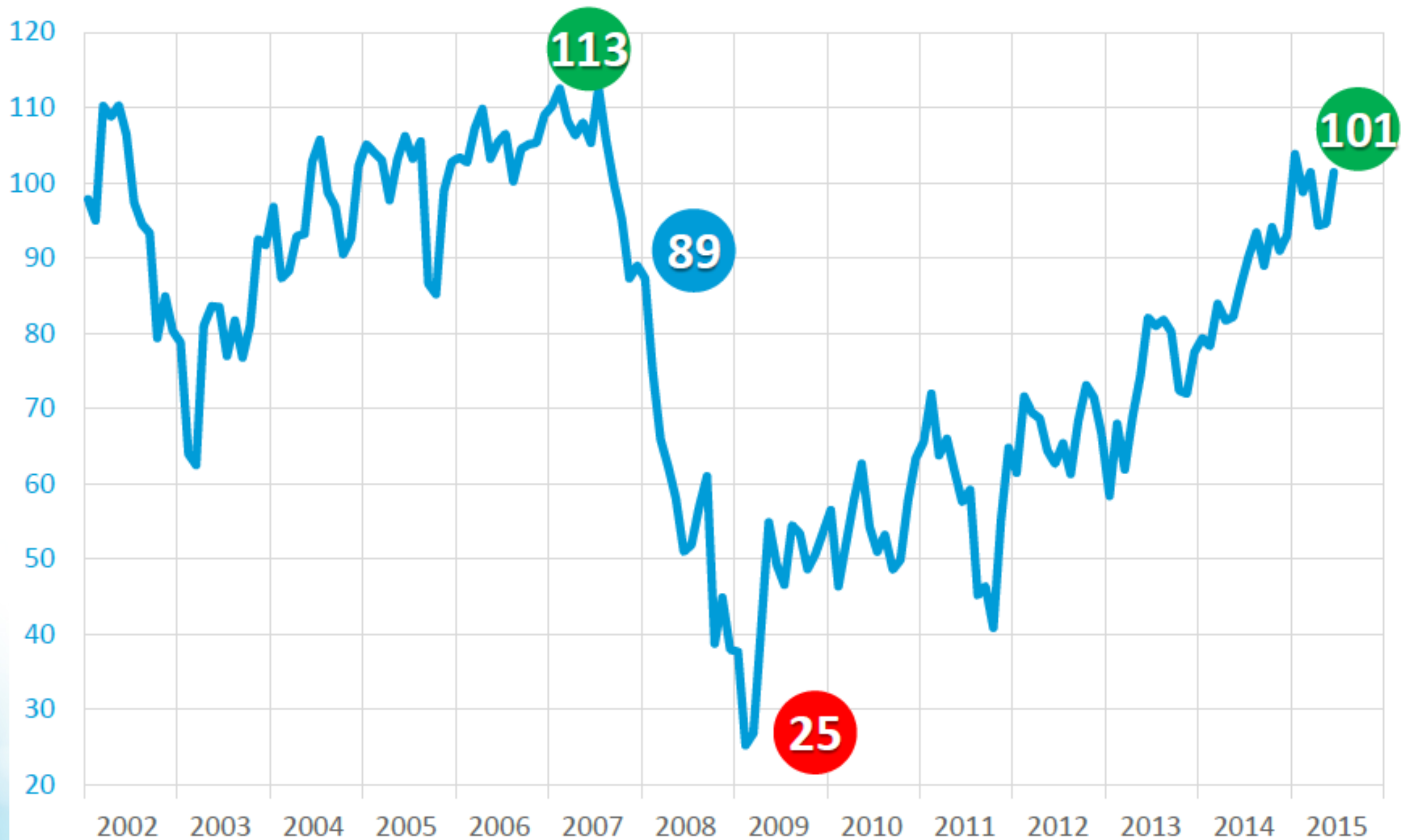
- We will combine *pre-recession growth rates (3.5%+)* with a *continuation* of the *explosion* of new industry members, new brands, new technology, new distribution options, new services etc.
- Federal and State Governments recognize economic impact opportunity and are actively pursuing change.
- Big industry players need growth and look to new brands and entrepreneurs.
  - Strong brand valuations and active M&A brings new money and new players.
- Trade members and Regulators continue to effectively focus on protecting the public, our youth etc.-Stay Vigilant with Social Responsibility!
- America is the primary target market for the world because we have the best balance of excise taxes, product integrity and competitive landscape controls along with a growing diverse 21+ market.

Take Away (cont.)

- Anyone connected to this industry in any capacity has a great opportunity to succeed.
  - The "economic impact multiplier" for growth including direct and indirect spending on products, services, and the resulting jobs is huge.
    - Production, marketing , advertising, PR, administration, licensing, legal, compliance, software / technology, travel, hospitality, regulatory and tax collection, press, etc.
  - Strong opportunity brings strong competition so the business of beverage alcohol wont get easier-but more room for more players to win.
    - Distribution is still the primary challenge for so many players.

"THE INDEX NOW STANDS AT 101 (1985=100), BACK TO PRE-RECESSION LEVELS

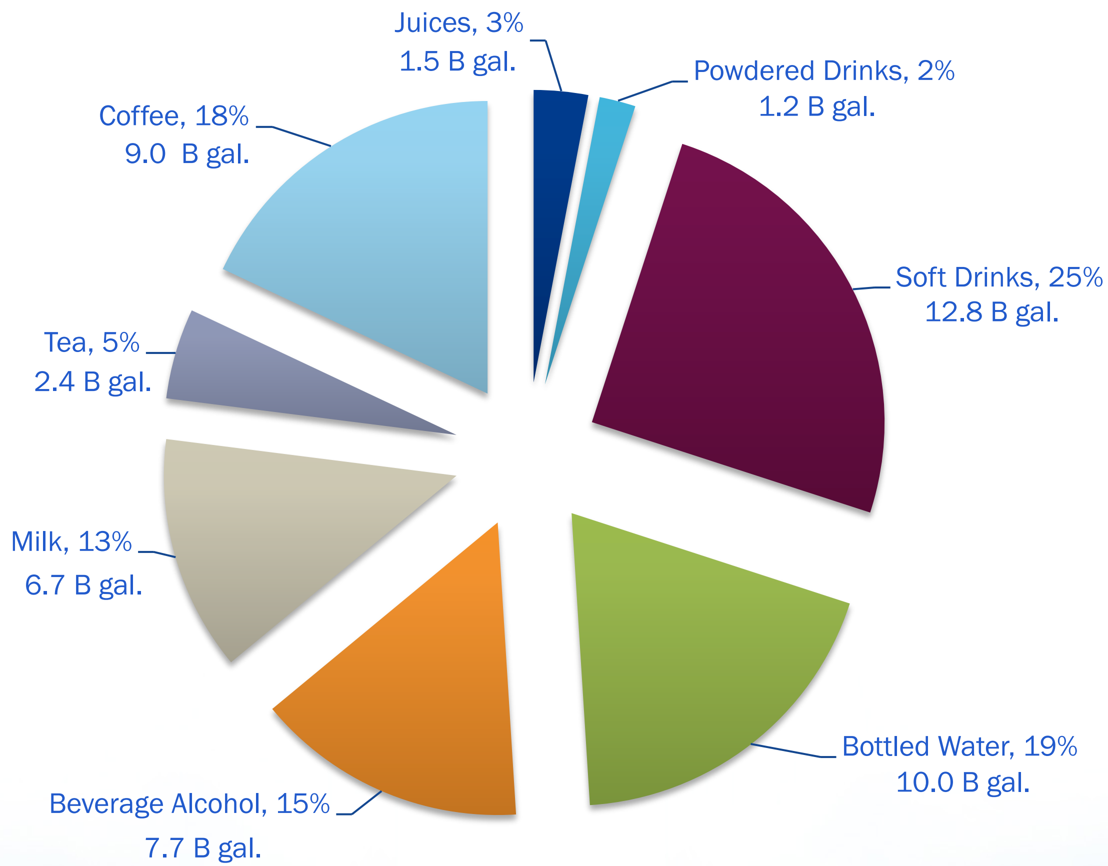
Consumer Confidence Index – January 2002 through August 2015



Sources: The Conference Board; Nielsen supplied data as of February 2011; U.S. Energy Information Admin. – Monthly U.S. Regular All Formulations Retail Gas Prices – prices include all taxes

Total U.S. Beverage Shares

Beverage Alcohol is the 4th largest beverage category in the U.S. at 7.7 Billion Gallons consumed in 2014.



Total: 51.3 Billion Gallons

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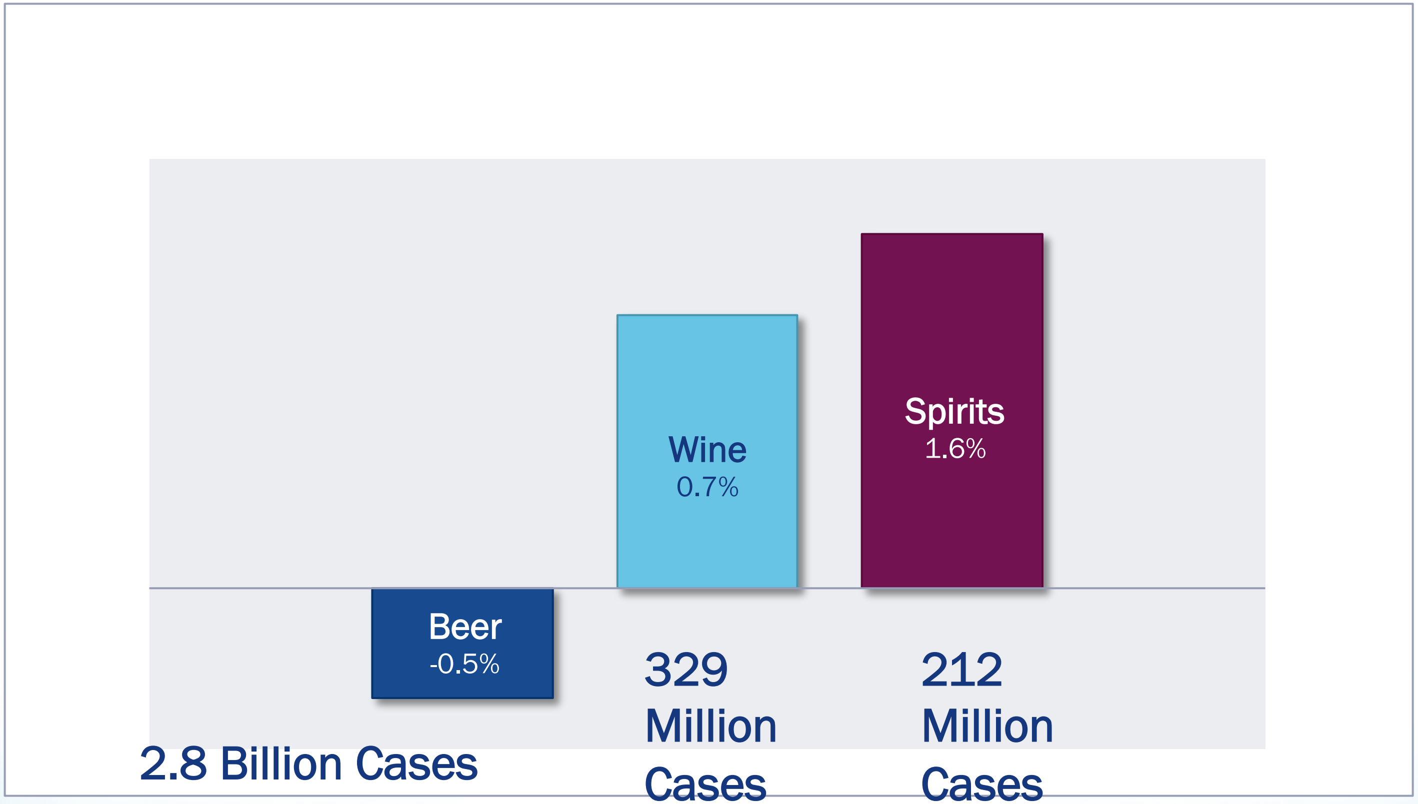
2014 Beverage Category Growth Rates

In 2014, Spirits grew by 1.6%, Wine grew by 0.7% and Beer declined by 0.5%.



Source: BIG

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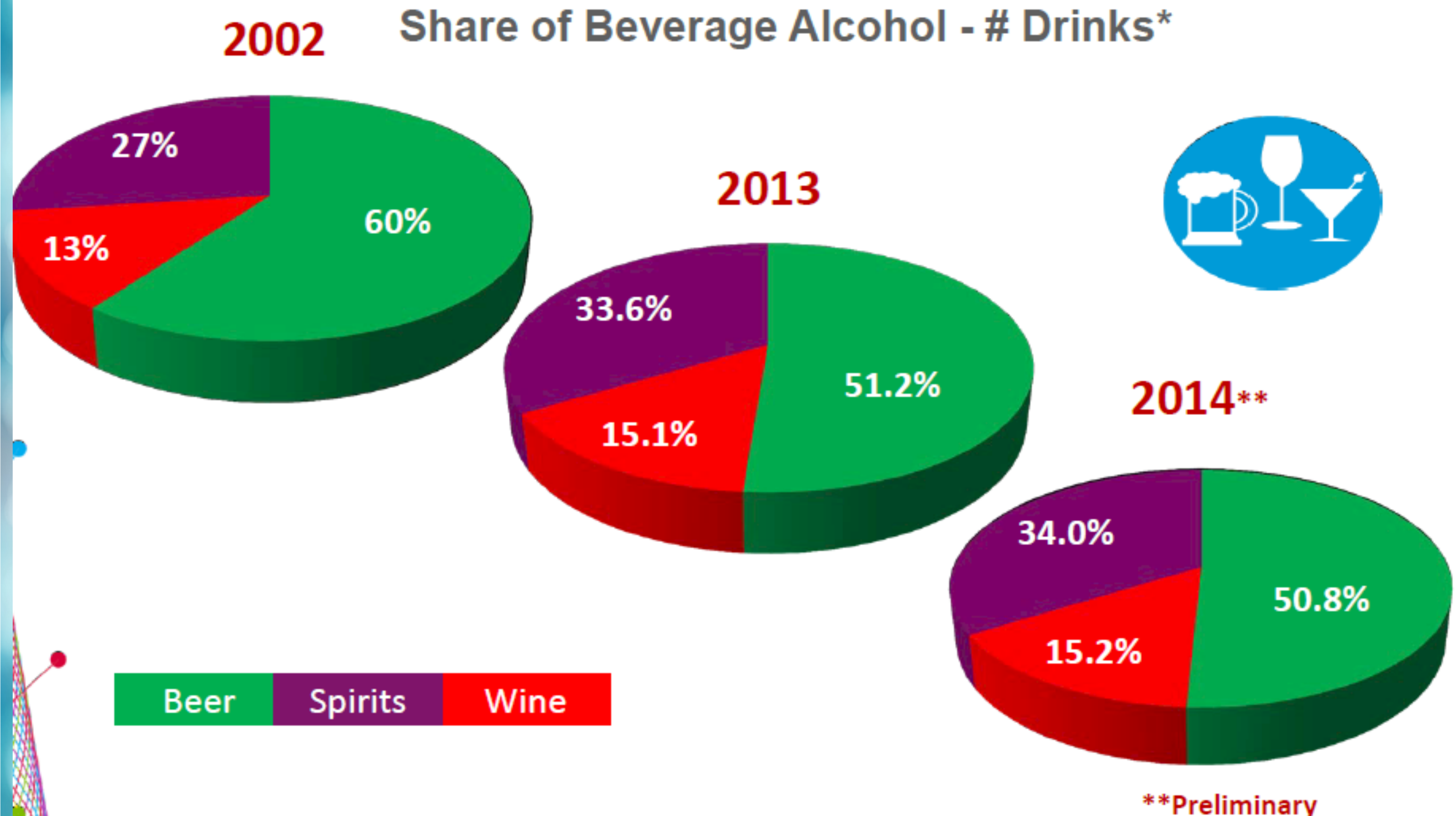
SPIRITS AND WINE WINNING THE BATTLE VS BEER

And it's been younger Generations (Millennial/Gex X) driving those shifts



Source: THE BEVERAGE INFORMATION GROUP

*Beer: 12 oz; Wine: 5 oz; Spirits: 1.5 oz

FUSION/BLURRING ACROSS CATEGORY LINES

Spirit Flavored Beer

Other Hybrids

Wine Infused Spirits

Hopped Spirits

Wine Infused Beer

Consumer Consumption Trends

HISPANICS

Millennials

women

FLAVORIZATION

across all beverage alcohol categories

return to

Premiumization

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Consumer Trends-What Nielsen Says

MILLENNIALS

...requires every industry to think "differently"

...always connected
...techno–savvy
...multi-taskers
...positive; optimistic – enjoy life, fun
...social minded; "green" minded
...self-confident
...most educated
...VERY diverse, and accepting
...gender role shifts
...more liberal
...self-expressive
...embrace "personalization"
...love to "capture" life, and "share" it
...craves feedback – if it's good?
...values authenticity – be genuine & real
...experimental, adventurous
...conversational - talk with, not to – but succinctly

E-Commerce and alcohol delivery apps facilitating in-home consumption

MINIBAR

wine.com

Peapod

DRINK FLY

Drizly

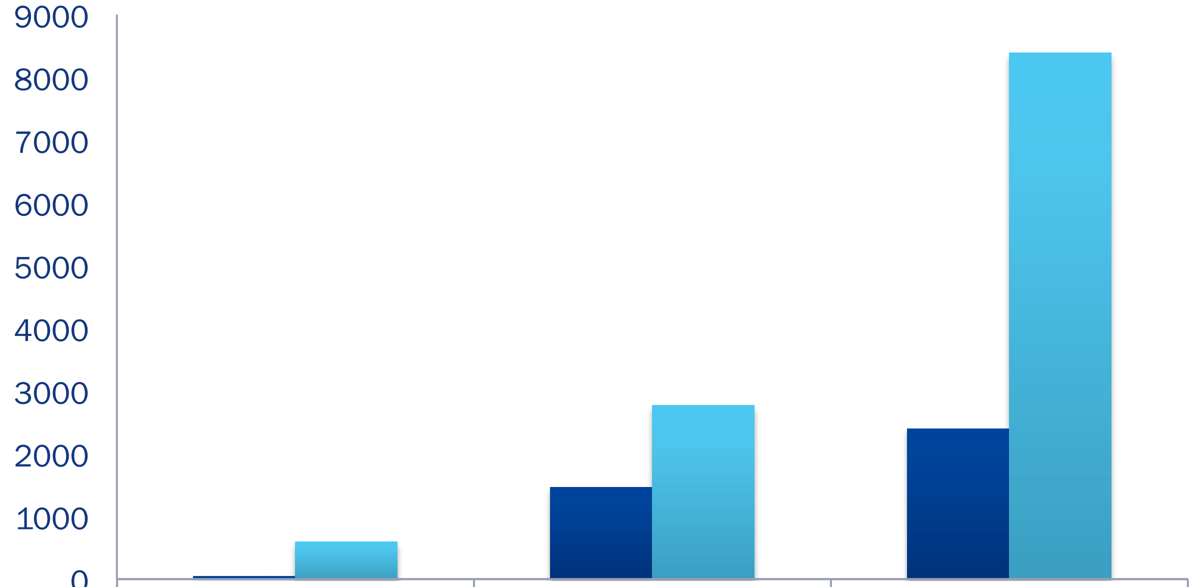
S C

Google Shopping Express

The Local Artisanal Craft Movement

Over the past 10 years, there has been craft distilleries, breweries and wineries all across the U.S. that are helping to drive consumer interest and excitement with their innovative new brands.

Number of U.S. Distilleries, Breweries & Wineries



	Distilleries	Breweries	Wineries
2004	50	1463	2400
2014	600	2774	8391

Source: BIG

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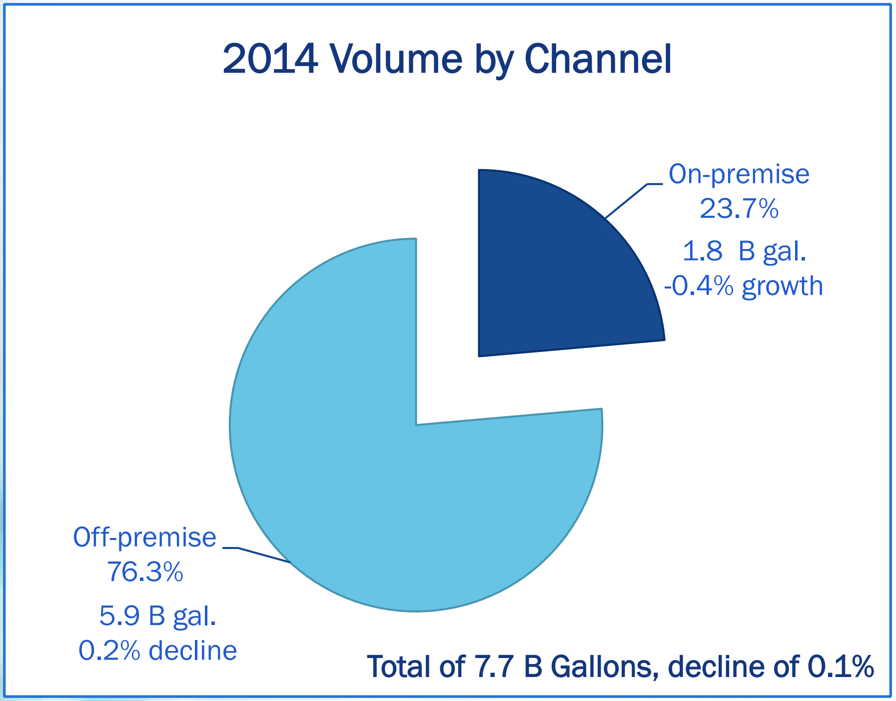
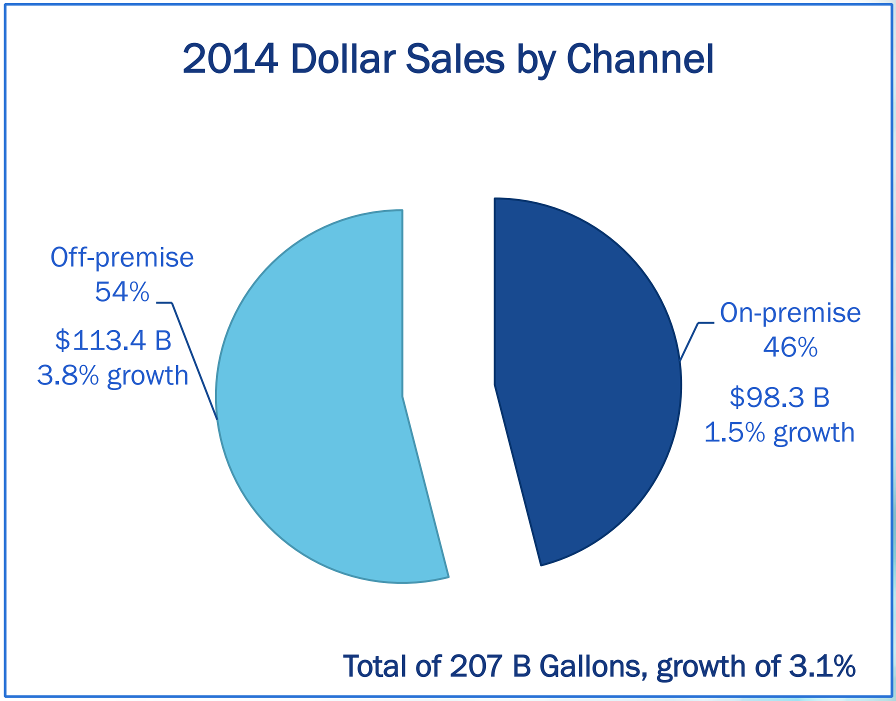
2014 On and Off-premise Channel Trends

- U.S. beverage alcohol volume splits 76.3% off-premise and 23.7% on-premise. Off-premise volume declined by 0.2% while on-premise declined by 1.4%.
- U.S. beverage alcohol dollar sales are more evenly split with off-premise accounting for 54% and on-premise for 46%. The off-premise channel grew by 3.8% while the on-premise grew by 1.5%.





ON-PREMISE LOSING SHARE TO OFF-PREMISE

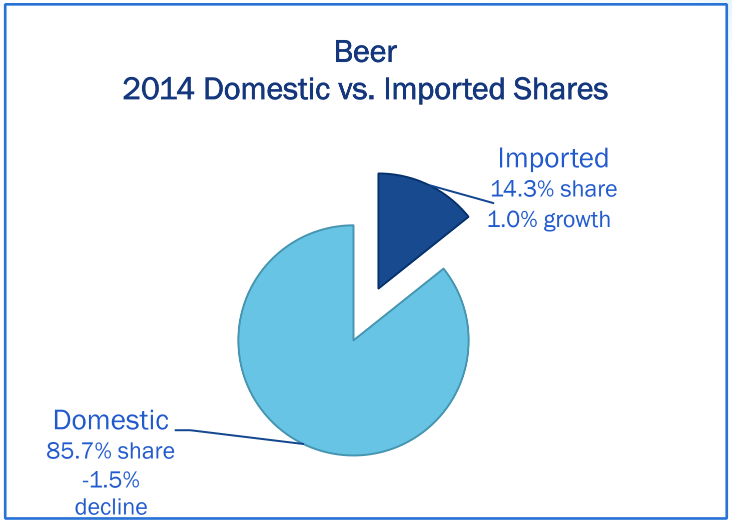
Lower gas prices, along with more economic certainty can turn this around

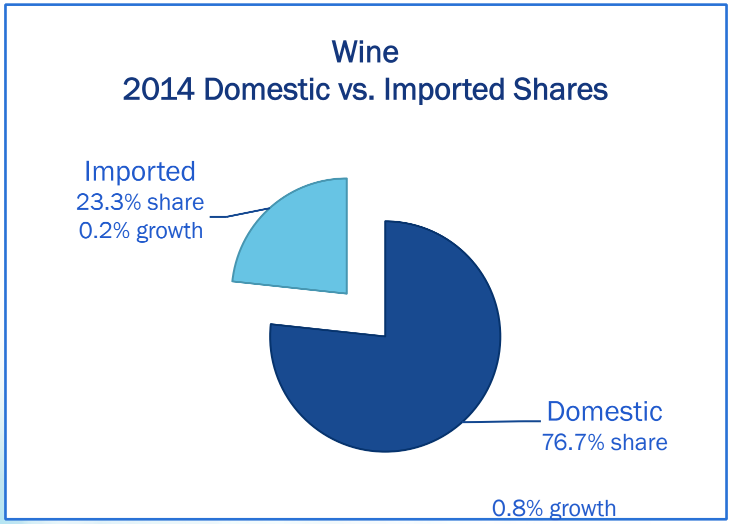
ON-PREMISE SHARE OF TOTAL INDUSTRY - DOLLARS

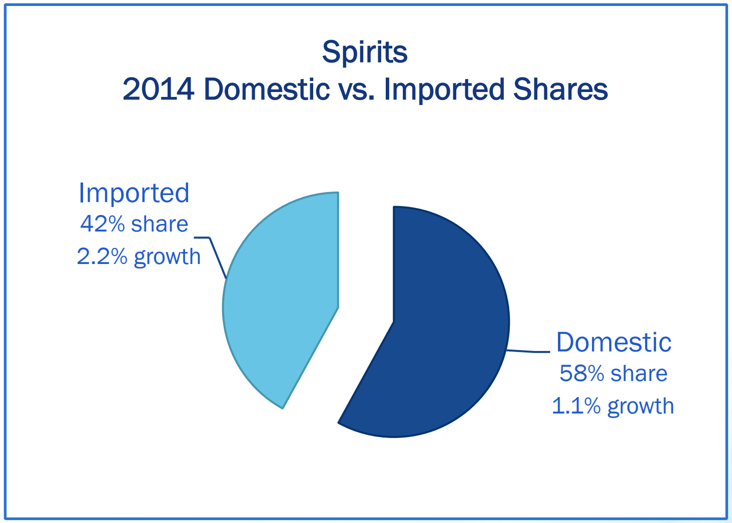
Source: Beverage Information Group (Annual 2014)

2014 Domestic vs. Imported Trends

Domestic vs. imported volume shares vary greatly by category with beer imports accounting for only 14.3%, wine 23.3% and spirits at 41.3%.







Source: BIG

U.S. Total Wine Sales Volume Trend

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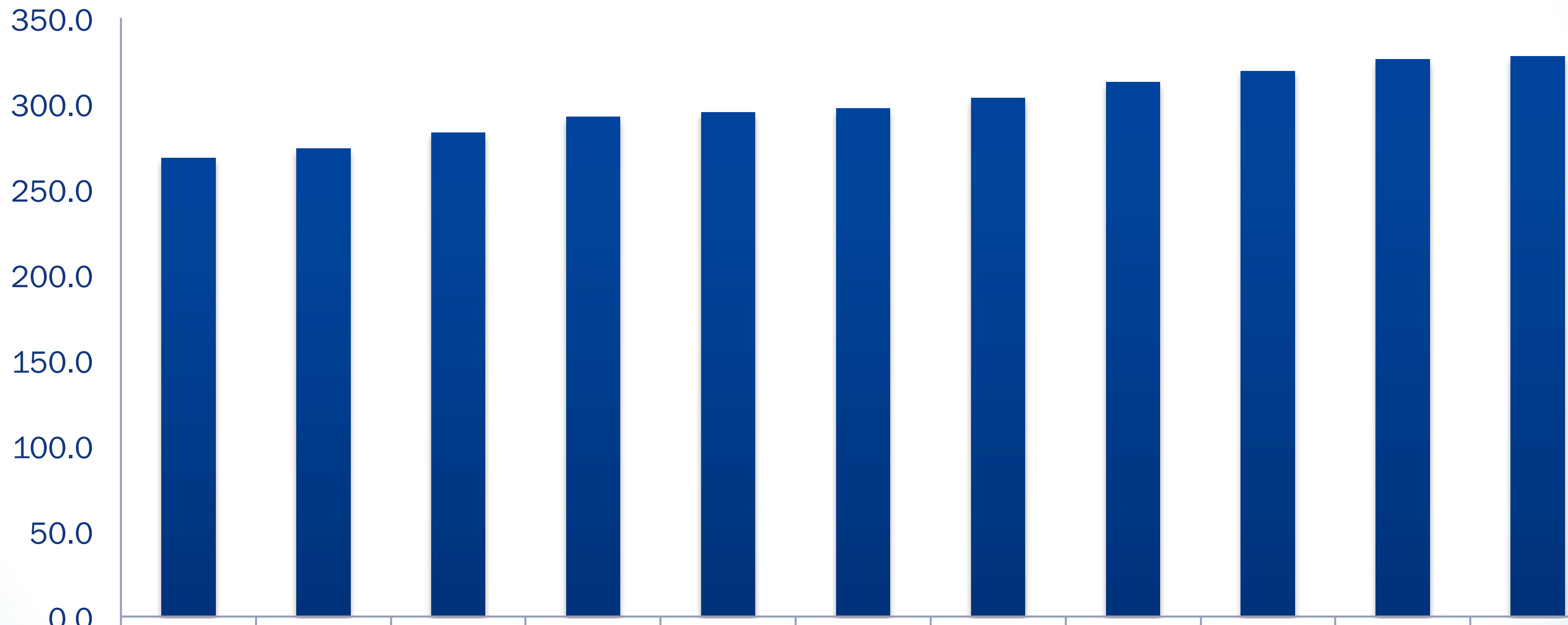
In 2014, wine sales volume increased by 0.7% to reach a record level of 327.6 million 9-liter cases marking **21 consecutive years of growth**.

Wine – Millions of 9- Liter Cases



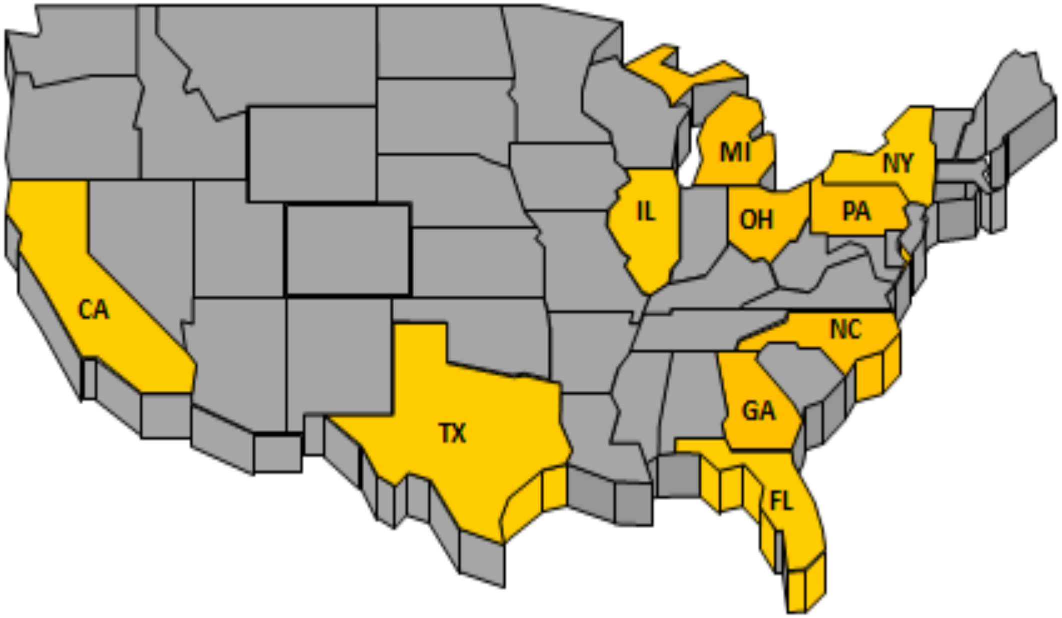
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Series 1	268.1	273.7	283.0	292.1	294.7	297.0	303.1	312.4	318.9	325.8	327.6

Source: BIG

Top 10 Wine Consumption States

The top 10 states account for 60.8% of U.S. wine volume and they grew slightly faster than the total U.S. in 2014.

Top 10 Wine States (000 9-Liter Cases)			
State	Cases	Share	Growth
California	60,318	18.3%	3.0%
Florida	26,818	8.3%	1.2%
New York	26,152	8.0%	2.2%
New Jersey	14,848	4.5%	2.3%
Texas	14,730	4.5%	2.3%
Illinois	14,665	4.5%	2.2%
Massachusetts	12,595	3.9%	2.3%
Washington	10,040	3.1%	2.9%
Virginia	9,901	3.0%	3.5%
Ohio	9,254	2.8%	2.9%
Top 10 Total	**199,319**	**60.8%**	**0.0%**
U.S. Total	**327,600**	**100.0%**	**0.0%**



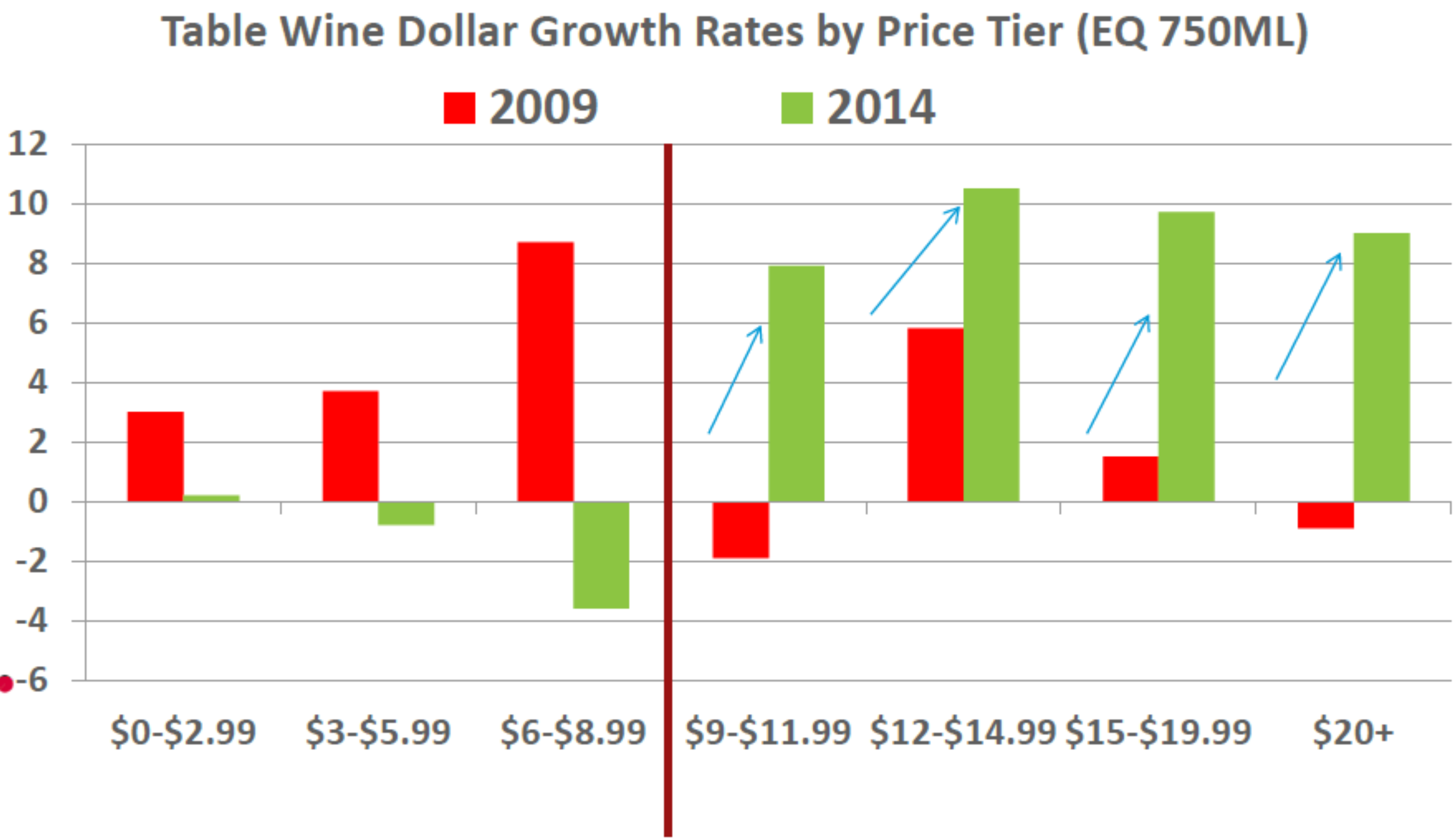
Source: BIG

GROWTH FROM $9 AND ABOVE; $15-$20 ESCALATING MORE RECENTLY AS WELL TO DOUBLE DIGIT %

Sales Share		Price Segment (Eq 750 ml)	Value % Change	Volume % Change	Average Price/750 ml
Value	Volume				
100%	100%	Total Table Wine	+3.4%	+1.0%	$6.70
6.7	19.1	<$2.99	+0.3	-1.5	$2.35
31.7	43.4	$3-$5.99	-0.8	-0.4	$4.91
13.4	12.0	$6-$8.99	-3.5	-3.3	$7.52
22.5	15.0	$9-$11.99	+8.0	+7.9	$10.02
12.6	6.4	$12-$14.99	+10.7	+9.3	$13.10
6.9	2.7	$15-$19.99	+9.9	+8.0	$17.20
6.2	1.5	$20+	+9.2	+4.3	$28.45

Source: Nielsen Total U.S. All Outlets (xAOC + Liquor Plus + Conv + Military); 52 w/e 1-10-2015
new items over last 2 years (With sales >$1,000)

WHAT A DIFFERENCE FROM THE RECESSIONARY PICTURE OF 5 YEARS AGO...



Source: Nielsen Total U.S. All Outlets(Food/Drug/Mass/Conv/Liquor/Club/Dollar/Walmart)
52 w/e 1-3-2015

NZ CONSISTENTLY LEADS IMPORTED GROWTH – AVERAGE PRICE RISING FOR SEVERAL COUNTRIES

PT faring very well on smaller base; IT and FR up on dollars

Sales Share		Country of Origin	Value % Change	Volume % Change	Avg Price/ 750 ml
Value	Volume				
27.2%	25.6%	Total Imported	+1.1%	-2.1%	$7.15
8.6	6.6	- Italy	+4.2	+1.6	$8.85
6.0	8.1	- Australia	-7.2	-7.1	$4.94
3.3	3.3	- Argentina	+1.7	-1.8	$6.75
2.3	1.4	- New Zealand	+14.9	+14.5	$11.10
2.2	2.5	- Chile	-1.0	-2.0	$5.86
2.1	1.2	- France	+3.7	-1.6	$11.80
1.3	1.3	- Spain	-0.9	-2.4	$6.30
0.8	0.6	- Germany	-5.8	-7.7	$8.47
0.2	0.2	- S. Africa	+3.4	+4.4	$8.97
0.2	0.2	- Portugal	+13.8	+10.1	$6.86

Source: Nielsen Total U.S. All Outlets (xAOC + Liquor Plus + Conv + Military); 52 w/e 1-10-2015

RED BLENDS ARE THE BIG GROWTH STORY

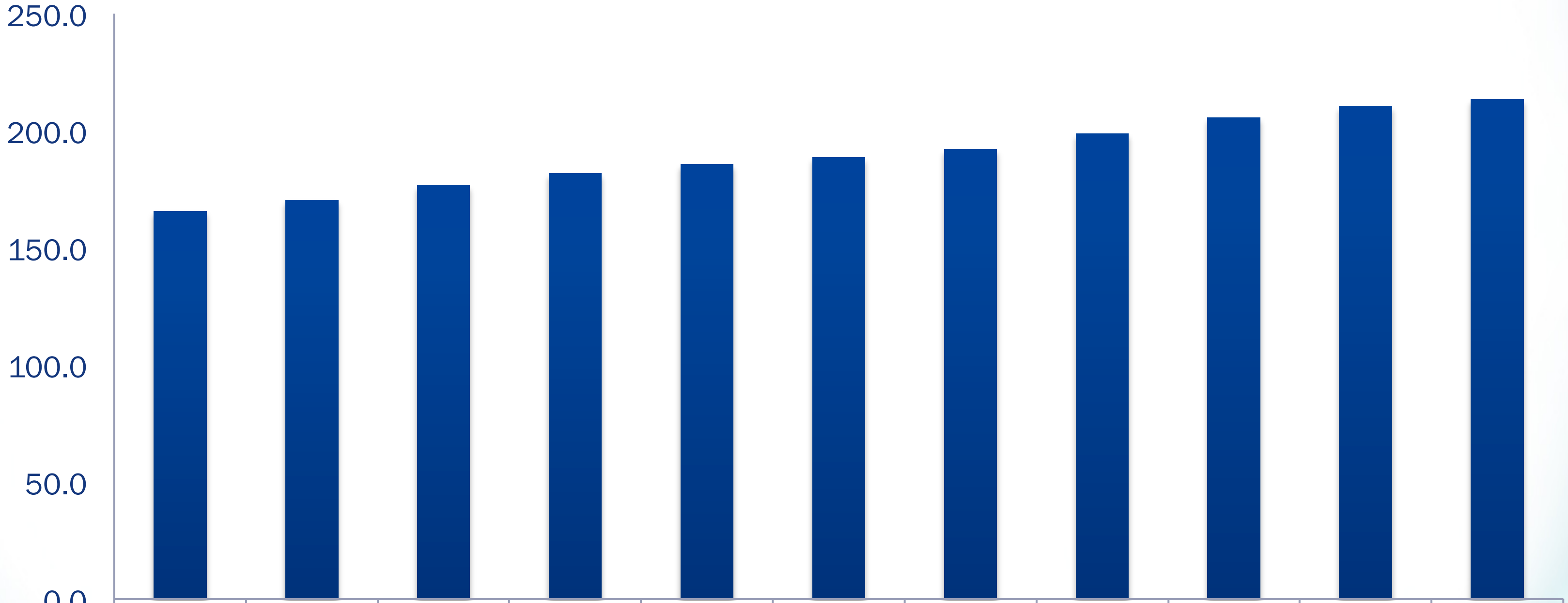
Sales Share		Varietal	Value % Change	Volume % Change	Avg Price 750 ML
Value	Volume				
100%	100%	Ttl Table Wine	+3.4%	+1.0%	$6.70
19.0	19.4	Chardonnay	+1.5	+0.1	$6.58
16.0	13.3	Cab Sauv	+7.7	+5.0	$8.10
8.7	8.8	P. Grigio/Gris	+4.6	+4.8	$6.65
7.0	5.6	DM Red Blends ex 4/5 L	+14.0	+11.8	$8.33
7.0	8.3	Merlot	-3.7	-3.8	$5.67
6.8	4.6	P. Noir	+7.2	+5.4	$9.76
5.3	6.1	Moscato	+6.6	+7.9	$5.77
5.2	4.0	Sauv Blanc	+8.7	+5.8	$8.84
2.9	4.9	White Zin	-7.8	-8.8	$3.94
2.2	1.7	Malbec	+5.7	+4.9	$8.66
2.1	1.9	Riesling	-1.5	-1.8	$7.68
1.9	1.3	Zinfandel	-0.8	-2.8	$9.91
1.3	1.3	Syrah/Shiraz	-13.4	-14.5	$6.65

Source: Nielsen Total U.S. All Outlets (xAOC + Liquor Plus + Conv + Military); 52 w/e 1-10-2015

U.S. Total Spirits Sales Volume Trend

In 2014, spirits sales volume increased by 1.6% to reach a record level of 213.4 million 9-liter cases marking 16 consecutive years of growth.

Spirits – Millions of 9- Liter Cases



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Series 1	165.7	170.3	176.7	181.7	185.6	188.6	192.1	198.7	205.6	210.6	213.4

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Source: BIG

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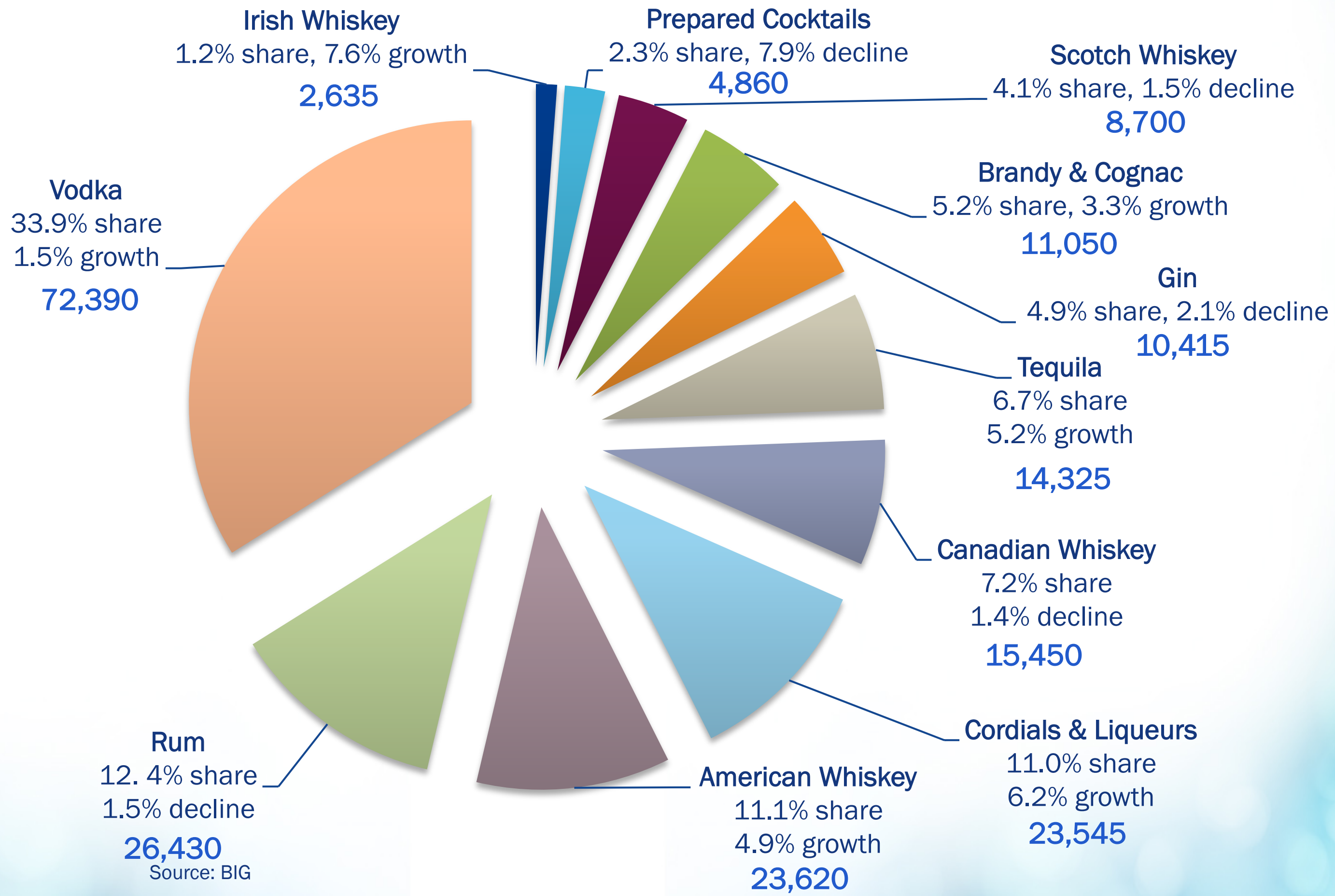
2014 Spirits Category Shares by Type

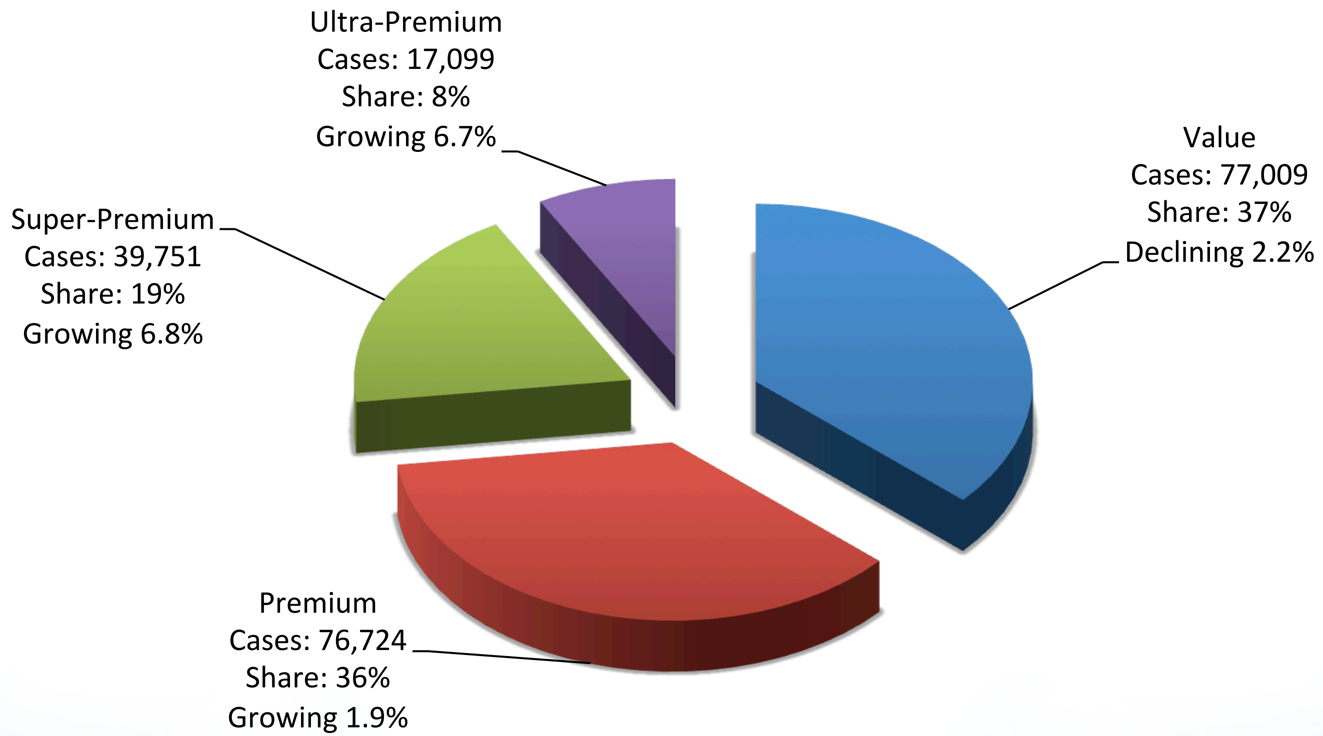
Vodka dominates at 34% of consumption, followed by rum at 13%, American whiskey and cordials & liqueurs at 11% each. Vodka, Irish whiskey and tequila are the fastest growing categories but the growth story is American whiskey.



Source: BIG

2014 Spirits Trends by Price Segment

The super-premium and ultra-premium segments account for 25.9% of spirits volume and continue to be the fastest growing segments as consumers look to trade-up across total spirits.



Source: BIG

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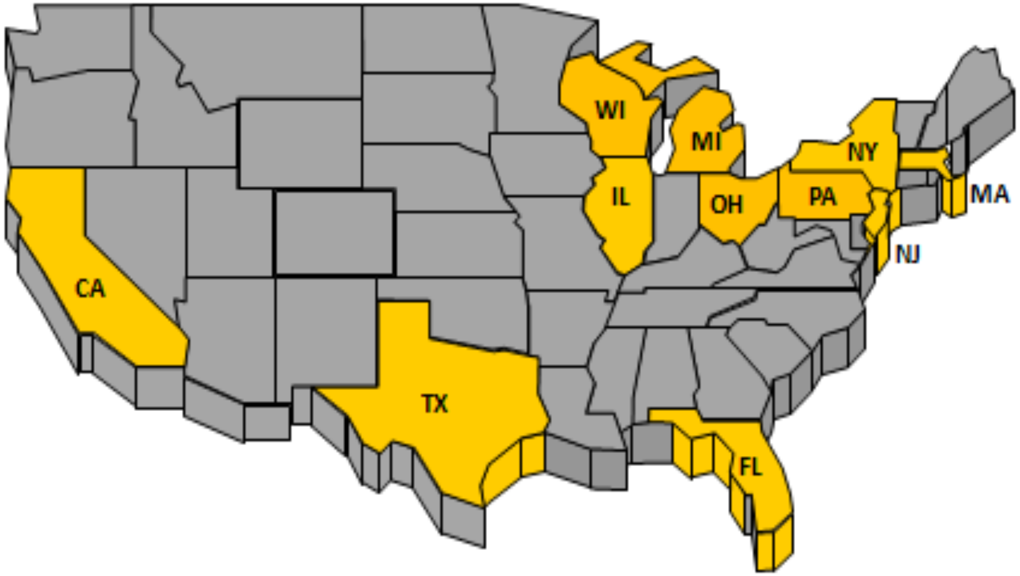
Top 10 Spirits Consumption States

The top 10 states account for 52.4% of U.S. spirits volume and they grew slightly slower than the total U.S. in 2014.

Top 10 Spirits States (000 9-Liter Cases)			
State	Cases	Share	Growth
California	25,718	12.0%	4.2%
Florida	17,024	8.0%	4.1%
New York	13,567	6.4%	4.4%
Texas	12,291	5.8%	3.7%
Illinois	8,751	4.1%	3.7%
New Jersey	7,783	3.7%	4.0%
Pennsylvania	7,422	3.4%	4.2%
Michigan	7,336	3.4%	2.3%
Wisconsin	6,011	2.8%	3.2%
Massachusetts	5,926	2.8%	4.4%
Top 10 Total	**111,830**	**52.4%**	**1.5%**
U.S. Total	**213,420**	**100%**	**1.6%**



Consumer Trends-What Nielsen Says

WHISKEY RENAISSANCE DRIVING TOTAL SPIRIT GAINS; TEQUILA & COGNAC ALSO CONTRIBUTING

Sales Share		Sub-category	Value % Chg	Volume % Chg	Avg Price/750 ml
Value	Volume				
100%	**100%**	**Ttl Spirits**	**+5.0%**	**+2.6%**	**$13.25**
32.8	26.4	Whiskey	+10.7	+6.6	$16.48
28.6	36.3	Vodka	+3.4	+2.7	$10.44
10.6	12.4	Rum	-0.1	-0.4	$11.24
9.7	7.8	Cordials/Schnapps	+1.1	+0.3	$16.46
6.6	4.5	Tequila	+6.1	+4.9	$19.35
5.5	4.1	Brandy/Cognac -unflav	+5.7	+0.7	$17.81
3.6	4.0	Gin	+0.9	-2.4	$11.92
2.0	3.7	Prep/RTD Cocktails	-7.6	-4.1	$7.08

Source: Nielsen Total U.S. All Outlets (xAOC + Liquor Plus + Conv + Military); 52 weeks thru 1-3-2015

2014 Top Vodka Brands

2014 Leading Brands of Vodka (Thousands of 9-Liter Cases)							
Brand	Supplier	2010	2011	2012	2013	2014p	%Change
Smirnoff	Diageo	9,600	9,690	9,850	9,580	9,310	-2.8%
Absolut	Pernod Ricard USA	4,630	4,575	4,646	4,440	4,135	-6.9%
Svedka	Constellation Brands	3,300	3,690	3,825	3,950	4,080	3.3%
Grey Goose	Bacardi USA	3,015	3,059	3,076	2,900	2,868	-1.1%
Skyy	Campari America USA	2,700	2,754	2,805	2,850	2,805	-1.6%
Pinnacle Vodka	Beam Suntory	1,400	2,500	2,550	2,756	2,675	-2.9%
Burnett's Vodka	Heaven Hill Brands	1,520	1,850	2,039	2,350	2,608	11.0%
New Amsterdam	E&J Gallo	--	300	1,130	1,978	2,480	25.4%
Tito's Handmade Vodka	Fifth Generation	364	582	850	1,200	2,200	83.3%
Ketel One Vodka	Diageo/Nolet Spirits	1,905	2,015	2,100	2,150	2,175	1.2%
Total Leading Brands		28,434	31,015	32,871	34,154	35,336	3.5%
Others		33,666	35,455	37,189	37,181	37,054	-0.3%
Total Vodka		62,100	66,470	70,060	71,335	72,390	1.5%

- Total of 72.4 million cs.
- 33.5% of total spirits.
- Growth of 1.5%.
- Top 10 brands account for 49% of category.
- Tito's (+83%) is the fastest growing brand.
- All other brands account for 51% of category and were effectively flat.

Source: BIG

2014 Top Rum Brands

2014 Leading Brands of Rum (Thousands of 9-Liter Cases)							
Brand	Supplier	2010	2011	2012	2013	2014p	%Change
Bacardi	Bacardi USA	8,140	8,179	8,084	7,831	7,452	-4.8%
Captain Morgan (ex. Parrot Bay)	Diageo	5,500	5,515	5,675	5,730	5,755	0.4%
Malibu	Pernod Ricard USA	1,636	1,744	1,870	1,886	1,845	-2.2%
Admiral Nelson	Heaven Hill Brands	698	725	800	820	836	2.0%
Cruzan Rum	Beam Suntory	648	725	750	741	750	1.2%
Sailor Jerry	William Grant & Sons	575	667	728	733	738	0.7%
Castillo	Bacardi USA	939	885	845	777	722	-7.1%
The Kraken	Proximo Spirits	75	150	225	325	424	30.5%
Captain Morgan's Parrot Bay	Diageo	570	545	460	390	355	-9.0%
Ronrico	Beam Suntory	424	422	398	377	342	-9.3%
Total Leading Brands		19,205	19,557	19,835	19,610	19,219	-2.0%
Others		6,334	6,773	6,910	7,220	7,211	-0.1%
Total Rum		25,539	26,330	26,745	26,830	26,430	-1.5%

- Total of 26.4 million cs.
- 12.4% of total spirits.
- Growth declined 1.5%.
- Top 10 brands account for 73% of category.

- Kraken had strong growth
- All other brands account for 27% of category and declined by 4.5%.
  - Blue Chair Bay (Kenny Chesney), launched in 2013 continues to be the hot rum brand.

Source: BIG

2014 Top Cordial/Liqueur Brands

2014 Leading Brands of Cordials & Liqueurs (Thousands of 9-Liter Cases)							
Brand	Supplier	2010	2011	2012	2013	2014p	%Change
Fireball	Sazerac	125	350	770	1,870	3,895	++%
DeKuyper	Beam Suntory	2,445	2,429	2,378	2,251	2,175	-3.4%
Jagermeister	Sidney Frank Importing	2,630	2,525	2,445	2,190	1,935	-11.6%
Baileys	Diageo	1,350	1,345	1,332	1,380	1,300	-5.8%
Southern Comfort	Brown-Forman Beverages	1,283	1,189	1,166	1,121	1,072	-4.4%
Kahlua	Pernod Ricard USA	998	986	949	899	852	-5.2%
Hiram Walker Cordials	Pernod Ricard USA	890	885	881	828	786	-5.1%
Jack Daniel's Tenn. Honey	Brown-Forman Beverages	--	320	487	609	670	10.0%
Rum Chata	Agave Loco Brands	17	64	325	460	540	17.4%
Grand Marnier	Moet Hennessey USA	475	485	500	500	465	-7.0%
Total Leading Brands		10,212	10,578	11,233	12,108	13,690	13.1%
Others		9,438	9,432	9,807	10,072	9,855	-2.2%
Total Cordials & Liqueurs		19,650	20,010	21,040	22,180	23,545	6.2%

- Total of 23.5 million cs.
- 11% of total spirits.
- Growth of 6.2%.
- Top 10 brands account for 58% of category.

- Fireball and Rum Chata are the fastest growing brands.
- All other brands account for 42% of category and declined 2.2%.

Source: BIG

Brand Sales & Valuation Trends

- Beverage Alcohol Brands Commanding Strong Prices
- Valuation Ranges/Methods:
  - Annual Case Multiples (ACM) $300 to $1,500 (spirits); $73 (beer)
  - Revenue Multiples (1 to 5+Times)
  - EBITDA Multiple (6 to 14+ Times)

Brand Sales & Valuation Trends

- Valuation Ranges/Methods:
  - Annual Case Multiples (ACM) $300 to $1,500 (spirits); $73 (beer)
  - Revenue Multiples (1 to 5+Times)
  - EBITDA Multiple (6 to 14+ Times)
- Recent Examples Deep Eddy (Heaven Hill), Angels Envy (Bacardi), Leblon (Bacardi), Souverain Wine (Gallo), Founders Beer (Mahou San Miguel), Lagunites (Heineken).

Craft beer mergers, acquisitions, ESOPs and liquidity transactions the last 12 months

- Duvel Moortgat – Firestone Walker (July 2015)
- Odell Brewing Company ESOP (July 2015)
- Left Hand Brewing Co. ESOP (July 2015)
- Logsdon Farmhouse Ales – Uptown Market LLC (July 2015)
- Lucid Brewing – American Sky Brewing (June 2015)
- SABMiller – Meantime Brewery Company (May 2015)
- Enjoy Beer LLC – Abita Brewing Co. (April 2015)
- Full Sail Brewing Co. – Encore Consumer Capital (March 2015)
- AB InBev – Elysian Brewing (January 2015)
- Bayhawk Ales – Evans Brewing Co. (January 2015)
- Founders Brewing Co. – Mahou San Miguel (December 2014)
- Green Flash Brewing – Alpine Beer Co. (November 2014)
- AB InBev -Ten Barrel Brewing Co. (November 2014)
- SweetWater Brewing – TSG Consumer Partners (September 2014)
- Southern Tier Brewing – Ulysses Management LLC (September 2014)
- Uinta Brewing – The Riverside Company (August 2014)
- Harpoon Brewing ESOP (July 2014)

Source: Craft Brewing Business -Kyle R. Leingang

Distribution Landscape

- Exploding Growth In brands produced in the US and around the world.
  - Consumers want everything-imports, craft, premium etc.
  - Social media, internet and referrals make it easier for consumers to find a brand and for brands to find a consumer.
  - Industry and non industry players are jumping into brand distribution and ownership at unprecedented levels.

US Distribution Entity & Brand Trends

- 2008-2013 Licensed Entity Increases:
  - Breweries: 100%
  - Wineries: 52%
  - Distilleries: 270%
  - Importers: 38% (13,000, tripled since 1994)
  - Wholesalers: 33%
    - CURRENT WHOLESALERS APPROACHING 30,000*
- 2014 COLAs Received: 142,440 / Formulas 13,000
  - 12 Year growth for both

Source: TTB & BIG

Proliferation of Suppliers/Wholesalers to Meet Consumption Growth and Demand for New Brands

Suppliers
(Wineries, Distilleries, Importers)

Wholesalers
(Distributors)

Retailers
(Stores, restaurants, bars, hotels)

Consumers
(Legal drinking age)
230 Million+

Retail Outlets up 90k to 640k in 10 years

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Brand Approaches to the U.S. Market and Trends

- Major National Importers/Suppliers (examples)

Pernod Ricard BACARDÍ BROWN-FORMAN JIM BEAM DIAGEO Constellation Brands PROXIMO

- Midsize / Small Importers and Distributors (many and growing).
- Local / Regional Distributors (with importing capabilities).
- Licensed Service Importers & National Distribution Companies.
- Local Craft Brewers, Craft Distilleries, Wine Contract Production
- Establish US Import & Distribution Company.
- Other (Internet for wine), "Reverse Tier Marketing"/Private Labels., "Crowdfunding" (a new approach to initial capital raises).

Distribution Landscape-Challenges

- For Wine & Spirits, top 10 wholesalers control 70% of volume
  - Many markets have 2 majors handling 4,000 to 7,000 sku's.
  - All brands, even the majors need brand owner street support.
  - Smaller and newer brands face distribution challenges.
- For Beer, wholesalers handling the top brands dominate even more than wine and spirits.

Top 10 US Wine/Spirit Wholesalers

	Distributor	Markets	(Millions) 2014P	Mkt Share 2014P
1	Southern Wine & Spirits of America	AL, AK, AZ, CA, CO, DC, DE, FL, HI, ID, IL, IN, IA, KY, MD, ME, MN, MS, MT, NC, NH, NM, NV, NY, OH, OR, PA, SC, UT, VT, VA, WA, WV, WY	$ 11,750	22.1%
2	Republic National Distributing Co.	AL, CO, DC, FL, IN, KY, LA, MD, MI, MS, NE, NC, ND, OH, OK, SC, SD, TX, VA, WV	$ 6,480	11.8%
3	Charmer Sunbelt Group	AL, AZ, CO, CT, DC, DE, FL, MD, MS, NJ, NY, PA, SC, VA	$ 5,575	10.4%
4	Glazer´s Family of Companies	AL, AK, AZ, IL, IN, IA, KS, LA, MS, MI, OH, OK, TN, TX	$ 3,655	6.7%
5	Young´s Market Co	AL, AZ, CA, HA, ID, MT, OR, UT, WA,, WY	$ 2,925	5.5%
6	Wirtz Beverage Group	IL, IA, MN, MI, NV, WI	$1,860	3.4%
7	Johnson Brothers	AL, AZ, CA, CT, FL, HI, IL, IN, IA, KY, MA, MN, NE, NV, NM, NY, NC, ND, RI, SD, WA, WI	$1,735	3.2%
8	Martignetti Companies	MA, ME, NH, RI, VT	$ 1,200	2.3%
9	Allied Beverage Group	NJ	$ 775	1.5%
10	Fedway Associates	**NJ**	$ 760	1.4%
		Total Top 10	***$36,715***	***68.4%***
		Other Wholesalers	***$ 15,975***	***31.6%***
		Total U.S. Market	***$ 52,690***	***100 %***

Source: Impact 4/1&15/15

Distribution Considerations

- New wholesalers (beer, wine, and spirits) are emerging but for a new brand owner, they must proceed cautiously.
- Beer wholesalers now handling spirits and wine are improving each year- especially with craft beer marketing techniques.
- "Direct to Consumer" wine opportunities by state continue to grow.
- Service providers on all fronts necessary to cost effectively help get product (especially new) to market.
- Imported wines losing share to domestic due to DTC "reciprocity" approach used by states.
  - Current Transatlantic Trade & Investment Partnership Treaty ("TTIP") Negotiations Addressing this.
- States are looking for ways to accommodate in- state craft brewers, distillers, and wineries to promote business and jobs.
  - Opens door for reform of antiquated rules and regs.
- Import and export "Crafts" may be the next boom.

THANK YOU

John Beaudette
Beverage Alcohol Community Symposium
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