

## Succeeding in Retail Despite Recession Indicators

Dear Client:

At the Bar Convent Brooklyn conference in June, Park Street University hosted a panel of presenters from across the beverage industry to provide their two cents on how to effectively enter retail channels as a craft or emerging brand— whether that's package stores or on their favorite backbars.

The panelists included: Chris Cardone, owner of Continuous Beverage Solutions; Derek Correia, CEO of ReserveBar; and Andrew Weir, president and co-founder of Martingale Cognac.

While this information may be familiar to some readers, it's always good to brush up on best practices.

**2008 VS. TODAY.** One theme that cropped up a few times throughout BCB was how today's economic environment mirrors that of 2008, but the business of booze has fundamentally changed in the meantime.

"A couple of things that I remember: the first thing was— relative to other categories— this industry was kind of recession proof," back in 2008, noted Andrew, which isn't the case nowadays. Beyond that, distributors were known for helping build small brands.

In addition, consumers largely "began a buying relationship with brands in one of two places," either the bar or in the liquor store— "certainly not online and certainly not white label sites," added Andrew.

Andrew pointed to some of the most prominent landscape shifts over the past couple of decades, including: a consumer that is "spoiled for choice"; in-store traffic falling as consumers move to online methods; media consumption largely happening on screens; and consolidation and automation rising in the middle tier.

On the other hand, what has largely remained unchanged since 2008 is: 1) the beverage legal landscape and 2) how suppliers have adapted to this new consumer environment, noted Andrew.

**MODERN PROBLEMS, MODERN SOLUTIONS.** So, what are the best ways suppliers can tackle this new environment? Chris set the tone, noting that "there's a common misconception that when you get your products on a shelf, it's over" and your job as a supplier is done. "The shelf is just the starting line," he added.

Instead, brands should have a plan to achieve what Andrew calls "A Case In, A Case Out" (or ACIACO): a balance between not collecting dust on the backbar, but also not selling out faster than what a brand can support.

Some methods Andrew suggested include reaching out to stores' mailing lists; utilizing digital retail media (as many stores have shifted to "clean aisle policies" that don't allow brand merch on their shelves, instead only promoting proprietary messaging); and embracing new technology, while being careful about falling for gimmicks.

Additionally, "I also think sometimes small brands need to watch big brands do it first because they can afford to fail. Big brands can afford to lose money. Small brands, you don't get too many opportunities to fail," Andrew added.

**A "FRICTIONLESS" RETAIL FUTURE THROUGH E-COMM.** On a similar note, Derek's presentation centered around his belief that "we're now at a point where the future is frictionless," and explained how e-commerce can support that future for retail.

"So the first thing I want everybody to understand is e-commerce is not a channel. And one of the most maddening things is that when our industry hit a little bit of friction," most suppliers cut back on their e-commerce budgets to reallocate to on- and off-premise, as e-comm only contributed about 5% or 6% of sales, he illustrated.

While Derek acknowledged that less than 5% of most wine and spirits businesses are directly in e-commerce, "almost none of that is DTC," he pointed out. "It is all off-premise. E-commerce supports the off-premise channel" by routing orders to brick and mortar stores for fulfillment.

Additionally, the data gathered from e-commerce operations punches above its weight. "Some of the biggest suppliers in the world who've been around... for 50, 80 years... they don't have any idea who their consumer is," said Derek. "Maybe you get some survey data or you got... 50,000 names in [your] database because you gave away hats at Coachella," but that doesn't actually translate to buyers.

“So, even the lowest level of e-commerce enables you to start to understand that and ... truly understand your consumer,” driving efficiency and marketing efforts “in a way that’s powerful relative to what it costs to do that,” he concluded.

## **VOLUME DECLINE WEIGHS DOWN BONTERRA’S Q2 GROWTH**

Viña Concha y Toro reported a global net sales increase of 2.3% for the first half of the fiscal year ended June, with an acceleration in Q2 largely thanks to a larger share of higher-value brands, per earnings release.

Meanwhile, sales for Bonterra Organic Estates (the company’s US subsidiary) were flat in value in H1, impacted by an 8% decline in volume year-over-year.

Then, too, US sales revenue slipped in Q2, down 8.8%. “This was mainly due to declines in non-premium segments caused by tariff policy announcements, as well as seasonal promotions that will be observed in the second half of the year,” per release.

In the first half, the company highlighted that Bonterra, Don Melchor and Diablo brands saw a “notable increase in sales value,” while the “most significant declines” were in the non-premium segments, such as Frontera and Fetzer.

## **WSD BRIEFS:**

**PENELOPE BOURBON ADDS BLACK WALNUT OLD FASHIONED TO READY-TO-POUR LINE.** MGP Ingredients’ Penelope Bourbon is adding Black Walnut Old Fashioned to its line of ready-to-pour bottled cocktails alongside Peach Old Fashioned. Black Walnut Old Fashioned is bottled at 76 proof, and will be available nationwide starting this month at a suggested retail price of \$30 a 750ml.

**CASA AZUL PARTNERS WITH BREAKTHRU IN CALIFORNIA.** Casa Azul Organico announced today a new distribution partnership with Breakthru Beverage Group in California. BBG also handles the brand in Nevada and Missouri. “We’re thrilled to partner with Breakthru Beverage Group in California to reach new consumers in this critical market,” says Casa Azul cco Bryan Tilbury.

**US BEV INKS NATIONAL SALES & MARKETING PARTNERSHIP WITH ROW 94 BOURBON.** US Beverage announced this week it has signed a national sales and marketing partnership with Row 94 Kentucky Straight Bourbon, founded by country music star Dierks Bentley. “Since our launch, Row 94 has been well received by whiskey and country music fans,” says Row 94 managing partner Miles Scully. “As we look to expand beyond our initial markets, it only made sense to choose a partner who has the relationships and resources that will work for us starting day one.” Row 94 is currently available in 29 US markets at a suggested retail price of \$40.

**2026 SUMMIT: RESERVE YOUR SPOT TODAY!** That’s right folks, it’s already time to start thinking about your 2026 schedule. And what better way to kick off the year than to attend the Beer, Wine & Spirits Summit? You’ll hear from top execs across the industry, and have the opportunity to network with fellow industry members. The Summit (<https://beernet.com/summit/>) is taking place January 18-20, 2026 at the Hotel Del Coronado in San Diego, CA. Register (<https://beernet.com/summit/23rd-annual-summit-registration/>) now and take advantage of our early bird special.

Until tomorrow,

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