



Ohio

SPIRITS INSIDER NEWS



Another Step Forward

Jim Canepa, Interim Superintendent

By the time you read this newsletter, we will have completed the deployment of Phase 2 of the Liquor Modernization Project (LMP) – the last group of Agencies went live on June 14. This is a momentous milestone, and many hours of hard work went into making this launch a success. I want to publicly thank the project team for their dedication and the countless hours, late nights and weekends that went into getting us here. Throughout the process, they remained committed to making this project a success.

You are the reason they did so. Our team understands that, for you, this isn't just business, it's personal. This is your livelihood, and when there's a change as significant as this, it's critical that your needs are taken into account. Any changes should make it easier for you to run and grow your business. Steps should be taken to minimize disruption to you. And the proper support must be put into place. While it wasn't easy for you – change never is, and there always are bumps in projects like this – I believe the team did a great job on all fronts.

I also want to acknowledge the role you played in the project, and thank you again for your support and partnership. Without the engagement of Agencies and other stakeholders, this project would not have succeeded. I am committed to continuing this engagement and two-way communication, which I believe will help all of us see success across the enterprise.

While we have completed deployment, our work on LMP is far from over. We have been focusing on the critical issues and fixing the things that need corrected; the "must have now" issues, if you will. Much of that work is complete, and now we can focus on the issues that still need to be addressed. This also is the time to start looking at enhancements. As we continue this work, keep calling the Liquor Enterprise Support Center, or LESC, when you need support – this resource isn't going away because deployment has ended.

Of course, our commitment to modernization of the Liquor Enterprise doesn't end with completion of this current project. In this fast-paced business environment, it's a continuous process. We need to build on the benefits the new technology infrastructure offers and move the enterprise forward. From a structural standpoint, this includes looking at ways to strengthen our operations and processes to improve service to our stakeholders, and bring more consistency to Agencies to improve the customer experience.

One of those improvements is addressing slow-moving products. When we announced the Warehouse Inventory Reduction, Agencies were excited to clear space in their stockrooms and on their shelves. However, wholesale customers shared that some of these products are used in specialty cocktails that are central to their business. To balance the needs of both Agencies and wholesale customers, we will be making certain specialty products available in select Agencies across the state. Wholesale customers will be able to purchase these products from these Agencies as needed. Regular wholesale orders will still go through the assigned Agencies.

We are also looking at enhancing our social responsibility efforts. While we celebrate the steady increase in sales and the fact that the proceeds from the Liquor Enterprise fund job growth in the state, we have a duty to promote the responsible consumption of alcohol. We will enhance those efforts and are in the planning stages of a campaign that will engage stakeholders to reinforce our commitment to not sell alcoholic beverages to underage consumers in Ohio. The expansion of our efforts is made possible through a grant from the National Alcoholic Beverage Control Association (NABCA). Watch for more information, as we will need your help in sharing this important message.

As I look to the future, I am excited about the opportunities that are before all of us. I know it's been a challenging few years with all of the changes that have taken place, and I can understand why some may be anxious. While all change is difficult, we remain committed to partnering with you to further advance the enterprise. I think you're beginning to see the benefits of some of these changes and know that we will all be better positioned for success in the future.

How to Contact Us

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Specialty Product Strategy Update

Progress continues to be made on the new strategy to make certain that specialty products are available to wholesale customers. The specialty products and the Agencies that will carry these products soon will be identified, as well as the date when all of these products will be available in all of the identified Agencies. More information will be shared via email.

Agencies are asked to share this information with wholesale customers who inquire about these products. This will strengthen relationships with wholesale customers by helping them access the products they need. A list of products and a map of the Agencies will be made available to share with wholesale customers.

Please note that regular wholesale orders will still go through the assigned Agencies – only the specialty products included can be purchased from an Agency that isn't the wholesale customer's assigned Agency. Existing relationships with wholesale customers will be maintained.

Flavored Vodka

When vodka was first made, it likely had a strong flavor and a harsh finish due to its rudimentary production process. Many producers added flavoring to hide the harsher flavors. Flavoring was often a sign that vodka was of poor quality. Today, with advanced distillation techniques, vodka is much more smooth and neutral, and adding flavor is a skill – flavored vodka no longer has a stigma of poor quality.

Typically, vodka flavoring comes from post-distillation infusion of flavors. Various chemicals that reproduce the flavor profiles of foods are added into vodka to give it a specific taste. One can find many flavors, from mild (vanilla) to exotic (hot chili).

Ohio consumers enjoy a variety of flavored vodkas.

Retail

- The top 10 selling flavored vodkas in Ohio are peach, apple, berry, citrus, cherry, pineapple, confection, raspberry, orange and whipped. Apple, citrus and raspberry are the only growing flavors.
- The top 10 trending flavors are lime, mango, apple, cucumber, grapefruit, blueberry, cinnamon, pear, raspberry and strawberry. Only eight of these flavors are showing positive growth.

Wholesale

- The top 10 selling flavored vodkas in Ohio are citrus, cherry, peach, orange, apple, raspberry, berry, grape, vanilla and pineapple. The only flavor not declining is apple.
- The top 10 trending vodka flavors are lime, mango, apple, melon, grapefruit, pear, cucumber, blueberry, citrus and raspberry. Only eight flavor are showing positive growth.

Source: National Alcoholic Beverage Control Association

Vodka Drinks

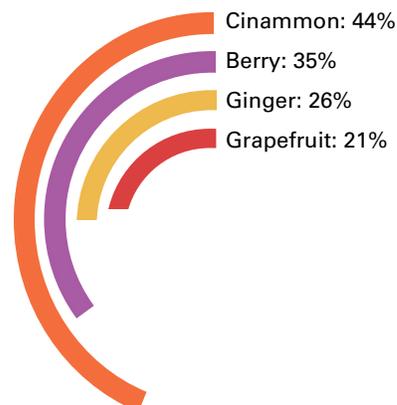
The fastest growing vodka drinks based on year-over-year growth are:

- Moscow Mule: 41%
- Bellini/Mimosa: 33%
- Adult Coffee Drinks: 18%
- Beer Cocktails: 17%
- Classic Cocktails: 10%

Source: 2016 Technomic Inc. Menu Monitor

Fastest Growing Vodka Flavor Pairings:

Source: 2016 Technomic Inc. Menu Monitor





Coffee Lover's Martini

- 3 oz coffee flavored vodka
- .5 oz dry vermouth
- .5 oz hazelnut liqueur

Directions: Pour all ingredients into a cocktail shaker half-filled with cracked ice. Shake well, and strain into a chilled cocktail glass. Garnish with coffee beans, and serve.

From the Distillers' Glass

New products, hot items, recipes and more
From brokers and suppliers.

Absolut® Vodka – Citrus

Brand Codes:

- Absolut Mandrin: 0064L
- Absolut Lime: 0259B

In Ohio, flavored vodka as a whole is on the decline (-2.0%), however, citrus flavors are NOT following that trend and are actually on the rise! Citrus vodkas are currently growing at 4.9% in the state of Ohio!

Absolut has the #1 Selling Orange Vodka (Absolut Mandrin®). The newest flavor, Absolut Lime®, has shown early success and has already sold over 1,000 cases in only 4 months!

Three Olives® Pink Grapefruit

Brand Code: 9286B

One of today's hottest vodka flavors is now our coolest new release. The juicy, tangy goodness of Pink Grapefruit in our smooth, premium vodka will make you want to squeeze some into your next cocktail. Grapefruit is a hot flavor in vodka, growing +10% over the past year. The big citrus kick of Three Olives Pink Grapefruit Vodka makes it a perfect tangy refresher straight up or in any cocktail you create!

Svedka® Cucumber Lime Vodka

Brand Code: 9292B

This imported Swedish vodka is perfect for your summer gathering. Clean and smooth flavor with a gentle finish, infused with real cucumber and lime flavors it's sure to be a summer hit. Try it mixed with lemonade or on the rocks with a splash of club soda. Or muddle some fresh strawberries add SVEDKA Cucumber Lime and a splash of Sprite for a colorful, sweet cocktail.

Stoli® Bluberi

Brand Code: 9128L

Stoli Bluberi is made with fresh blueberries from the south of France combined with hints of natural blackberry flavor for extraordinary depth and complexity. While many other brands add artificial flavorings or sugar syrup to their vodka, we rely on using premium ingredients during the infusion process giving Stoli flavors a distinct smooth character.



**Absolut Mandarin
Madras**

- 1** part Absolut Mandarin
- 2** parts cranberry juice
- 2** parts orange juice



**Three Olives
Grapefruit Sunset**

- 2** parts Three Olives Pink Grapefruit Vodka
- 1** part grapefruit juice
- 1** part pineapple juice
- 1** splash of lemon lime
- cherry garnish



**Stoli Blueberry
Mule**

- 1.5** oz. Stoli Bluberi
- .75** oz. St. Germain
- .5** oz. lime juice
- 3** oz. ginger beer

Blueberry garnish

Price Changes Resume

The temporary freeze on price changes that was put in place during the rollout of the Liquor Modernization Project is ending, and price changes resume August. A higher-than-normal volume of price changes is expected for August 1.

Agencies should plan for this increase. A few points:

- **Shelf tags:** New shelf tags will arrive in Agencies in mid-July. The new shelf tags will have to be placed after the close of business July 31 in preparation for August 1.
- **Price file:** The price file for spirituous liquor products will need to be updated prior to the start of business on August 1. The process to follow depends on what retail terminal Agencies have:
 - o For those that used an integrator: Agencies will need to call their integrator and obtain the process to update their prices. Their integrators have access to the Get All Prices Web API (source for prices) to obtain the information to update their price file.
 - o For those that have Clover: Agencies will need to download the file using the Clover Station:
 - Tap the Ohio DOLC 2.0 app
 - Enter Web API credentials if asked
 - Tap the Get Prices option to update prices—this process can take 30-60 minutes
 - Tap the sync button on each Clover to make sure it synced the new prices

Contact the Liquor Enterprise Service Center at **877-812-0013** or liquoragencyhelp@com.state.oh.us with questions.

New Ohio-made Products

The Micro-Distiller industry is growing in Ohio. In 2008, the state only had one micro-distiller; now, there are 40 businesses that distill spirits. These distillers manufacture a wide variety of products, including vodka, gin, bourbon, whiskey and moonshine. Ohio micro-distillers are located all across the state and, for many, the business started small, even as a hobby. Many small distillers still make every product from scratch and have flourished into successful businesses, putting Ohio on the map. Ohio's micro-distillers recently launched several new products

<i>Product Name</i>	<i>Brand Code</i>
Liberty Spirits Moonshine	5910B
Liberty Spirits Rum	5911B
Liberty Spirits Vodka	5912B
Classified Vodka	2035B
Keelhaul Dark Rum	5359B
Keelhaul Light Rum	5360B
Stillwrights Margarita	8991B
Stillwrights Peach Cobbler	8992B
Little Chicago Moonshine	5984B

Not all products are available for order; Agencies interested in ordering these products should call Liquor Enterprise Service Center at **877-812-0013** or liquoragencyhelp@com.state.oh.us.

