

2012 Sales Rise for Ky. Bourbon, Tenn. Whiskey

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LOUISVILLE, Ky. (AP) — Kentucky bourbon and Tennessee whiskey had another sales spike in 2012, led by pricier premium brands that lifted revenue above \$2 billion.

Mixed together, Kentucky bourbon and Tennessee whiskey sales from producers or suppliers to wholesalers rose 5.2 percent to 16.9 million cases last year, according to the Distilled Spirits Council, a national trade association that released figures Wednesday.

Total revenue shot up 7.3 percent to \$2.2 billion, it said.

"This is the second or third year in a row now that we've seen strong growth from the bourbon and Tennessee whiskey category," the council's chief economist, David Ozgo, said in a conference call. "It means that the consumer is really willing to experiment."

The industry lumps bourbon and Tennessee whiskey into one category. Both are produced in the same way and with similar ingredients. The main difference is that Jack Daniel's and a few other Tennessee whiskeys are charcoal mellowed before going into the barrel to age, while bourbons go straight into the barrel without the charcoal filtering.

Louisville-based Brown-Forman Corp. produces its popular Jack Daniel's brand in Lynchburg, Tenn.

Kentucky produces 95 percent of the world's bourbon supply, according to the Kentucky Distillers' Association. There are 4.9 million bourbon barrels aging in Kentucky, which outnumbers the state's population.

Premium brands, generally made in smaller batches that carry heftier prices, were the leaders in sales and revenue gains.

Volume rose 12.4 percent for super-premium brands of bourbon and whiskey, resulting in a 14.4 percent revenue gain to \$222 million, the council said. Premium brands had a 7.5 percent volume gain, with revenue up 9.4 percent to \$499 million. Super-premiums tend to age longer and carry some of the loftiest prices.

Demand from international markets continued to play a key role in the growth.

The value of bourbon and Tennessee whiskey exports for the first 11 months of 2012 rose 12 percent to \$892.2 million, compared to the same period a year previous, according to data from the U.S. Department of Commerce and the U.S. International Trade Commission.

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In another sign of the category's strength, 46 new bourbons were introduced in the past year, the Distilled Spirits Council said.

"Our signature bourbon industry continues to grow at an unprecedented rate, and that means more investment, more tourists and more tax revenue for the commonwealth," said Eric Gregory, president of the Kentucky Distillers' Association.

In the last year, Kentucky distilleries invested nearly \$230 million in new and expanded production facilities, warehouses, visitor's centers, bottling lines and more, he said. It's the largest expansion since Prohibition, he said.

A record-breaking 500,000-plus people visited distilleries along the Kentucky Bourbon Trail in 2012, marking a 15 percent increase over the prior year. It's the first time since the trail opened in 1999 that the number of visitors broke the half-million mark.

Nationally, the spirits industry has benefited from the steady repeal of prohibition-era laws that put restrictions on alcohol sales.

Since 2002, 16 states have allowed Sunday liquor sales, for a total of 38 nationally, said Peter Cressy, president and CEO of the Distilled Spirits Council. That is worth \$260 million in new annual sales, he said.

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