

Whiskey Insiders: Bourbon Truly American, Despite Foreign Ties

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In this Monday, Jan. 13, 2014, photo, Jim Beam and Maker's Mark bottles line the counter at the Jim Beam visitors' center at Clermont, Ky. The bourbon brands will be acquired by Japanese-based Suntory Holdings Ltd. as part of its planned \$13.6 billion acquisition of Beam Inc. Whiskey insiders say Kentucky bourbon still ranks as authentically American, even when some of its distillers answer to foreign companies. (AP Photo/Bruce Schreiner)

CLERMONT, Ky. (AP) — Kentucky bourbon remains authentically American, whiskey insiders maintain — even when some of its distillers answer to foreign companies.

The planned \$13.62 billion acquisition of the owner of Jim Beam and Maker's Mark by a Japanese company adds two more classic brands to the lineup of bourbon staples tied to foreign-based parent companies. Wild Turkey and Four Roses are other historic brands with foreign ownership connections.

But the caramel-colored liquor is made almost exclusively in the Bluegrass state, and some master distillers have family ties going as far back as the state's pioneer whiskey-making days. Jim Beam's master distiller, Fred Noe, is a descendant of Jacob Beam, who set up his first Kentucky still in 1795.

In a booming industry that swears by tradition, that history is a valuable commodity, and reassures aficionados that while the mailing address for some corporate headquarters may change, the taste of the bourbon won't.

"Ultimately, what the consumer should be interested in is the product," said Chuck Cowdery, an American whiskey writer and author of "Bourbon, Straight." "There's absolutely no reason that the product should change. So the consumer really

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doesn't have anything to be concerned about."

Four Roses bourbon sales shot upward since being acquired in 2002 by Japanese-based Kirin Brewery Co., but production was untouched.

"We run the distillery exactly the way we always ran it," said Jim Rutledge, master distiller at Four Roses. "Nothing has changed except ownership."

Industry insiders predicted fans of Beam's bourbons are unlikely to notice changes trickling down from Monday's announcement that Suntory Holdings Ltd., a Japanese beverage company, will acquire Beam Inc., whose spirits portfolio includes other whiskey, cognac, tequila and vodka brands.

The transaction will create a global spirits heavyweight with annual sales of more than \$4.3 billion. Beam, based in Deerfield, Ill., was spun off as a stand-alone liquor company in 2011 and will continue with its current management under the Suntory banner.

"It's business as usual," said Beam spokesman Clarkson Hine, noting Suntory has indicated it wants the company to "keep doing what we're doing."

Rutledge predicted that people will eventually forget who owns the Jim Beam and Maker's Mark brands.

The transaction comes at a time of surging bourbon sales. In the U.S., sales volume for bourbon and Tennessee whiskeys such as Jack Daniel's has grown 26 percent over the past decade, according to the Distilled Spirits Council, an industry group. Exports of U.S. whiskeys have grown to roughly \$1 billion last year, more than double what they were a decade ago.

Kentucky, which claims it produces 95 percent of the world's bourbon, has shared in the prosperity. As demand worldwide has spiked, the state's bourbon production has risen more than 120 percent since 1999 to more than 1 million barrels in 2012, according to the Kentucky Distillers' Association.

Also, more than 2.5 million visitors toured the major distilleries along the Kentucky Bourbon Trail in the past five years, the group said.

Homegrown Kentucky companies have been part of the prosperity. Heaven Hill Distilleries Inc., based in Bardstown, makes Evan Williams bourbon — the world's No. 2-selling bourbon behind Jim Beam. Louisville-based Brown-Forman Corp. produces Woodford Reserve and Old Forester bourbons.

But foreign-based companies also have been players in the expansion.

Four Roses was a powerhouse U.S. brand until a previous owner limited sales to overseas markets. Now it has regained a place on U.S. shelves under Kirin's guidance. Rutledge said his first question to the new owners was whether they would be willing to resume Four Roses bourbon sales in the U.S. They were, and

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Four Roses has had strong domestic growth, with its case sales rising 42 percent in 2011 and by another 58 percent in 2012, he said.

"It's been a great experience with us," he said.

At Wild Turkey, Italian-based Gruppo Campari has put more than \$100 million into the operation since buying the brand in 2009. The investments include a distillery expansion that more than doubled production capacity, a new packaging facility and more warehouses where the bourbon ages for years in barrels. Also, a new visitors' center is opening this year.

"I have seen a lot of distilleries changing hands in my 60 years in the bourbon business," said Wild Turkey master distiller Jimmy Russell. "Whether they be from Italy, Japan or Timbuktu, the ones who succeed are always the ones who honor this centuries-old bourbon craft and invest in its future."

At the Jim Beam visitors' center at Clermont, some tourists weren't enthused about the multi-billion-dollar deal between Suntory and Beam.

"I think it's a shame," said Eric Norman of Fountain, Colo., predicting that profits will go overseas.

John James, who was visiting from Louisville, Ky., said he never likes to see a U.S. company bought out by foreign interests, but said it reflects the realities of the global economy. At least production is staying put, he said.

"It's better than shipping jobs overseas," he said.

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AP business writer Candice Choi in New York contributed to this report.

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