Trends in Wine, Spirits, & Beer
Hawaii HLC Conference, October 2015
New Products, New Services, New Experiences

- History of Alcohol in Hawaii
- Trends in Beer, Wine, and Spirits
- Craft Beer and Local Beer Growth
- Spirits Summary – Whiskey Winners
- Sake and Shochu (Soju)
Ancient Hawaiian’s brewed Okolehau

▪ Made from root of ti plant, Hawaiian “moon-shine”

▪ Okolehau translates to “iron-butt” (for shape of iron brew pots)

▪ Exported since late 18th century, first by English seamen
Don Francisco de Paula Marin, the early Spanish settler in Honolulu, was the first Island resident known to have brewed beer.

In his journal entries for both February 2, 1812, and December 7, 1815, Marin recorded making “a barrel of beer,” apparently for sale.
Hawaii’s first brewery opened in 1854.

- Hawaii’s first full-scale brewery appeared in April 15, 1854.

- *The Polynesian*, a weekly newspaper, carried an unchanging one-column advertisement. Titled “Honolulu Brewery.—Genuine Beer,” the ad stated: “The undersigned, having established a Brewery in Honolulu, Fort street, opposite the French Hotel, are now prepared to supply families, hotels, boardinghouses and bar rooms, in bottles or in kegs. This beer is made of barley and hops only,—contains no alcohol. . . .”

- On October 28, 1854, the ad was retitled “Honolulu Brewery Malt Beer,” and the reference to its non-alcoholic contents was deleted.
In 1899, a New York architect designed a brewery building to the specifications of the **Honolulu Brewing and Malt company**.

The four story building on Queen Street is of grand proportion and a rare architectural statement with its three-story brick arches, corbels, and intricate patterns reflecting the finest masonry craftsmanship of the time.

The Brewery building is a landmark of the downtown area and is the only building of its type in the state.

Though beer has not been produced in the building since 1960, the building stands as a unique structure in Hawaii.
Don Pacarro in Kalihi brewed “Steam beer” in 1888

Other breweries eventually followed.

The National Brewery Company in Kalihi produced steam beer from January 1888 until about 1893.

The Honolulu Brewing and Malting Co., Ltd., makers of Primo Beer, commenced production on February 13, 1901, and continued until the arrival of Prohibition.

Renamed, the company resumed brewing in 1934 and finally discontinued its Hawaiian operations in 1979.

Other beer manufacturers have included the makers of Royal Beer and, more recently, several microbreweries.
First modern beer, “Primo” (est 1901).
Craft beer expansion in Hawaii since mid 1990’s.

- Hawaiian Craft Wine and Spirits also growing aggressively!
2014-15 Summary of Alcohol in the U.S.

- Sales in 2014
  - Beer $103B
  - Spirits $77B
  - Wine $31B

- Aggressive introduction of new products in 2014
  - 10,441 new product introductions
  - 4,622 new wine products
Alcohol growing faster than rest of store....

- Craft beer driving growth in Beer.
  - Local is the new “organic”
- Whiskey driving growth in Spirits.
  - Bourbon, Rye, & Irish double digit growth
  - Flavored whiskeys (Fireball, Apple, Honey...)
- Wine sales growth driven by Red Blends
  - Red wine (46%) noses out white wine (44%)
  - Sparkling (10%) bubbling up driven by Prosecco
BEVERAGE ALCOHOL CATEGORY FOUR-YEAR SALES TRENDS
TOTAL U.S. MULTI-OUTLET (MULO)

- Beer Dollar Sales trends outpaced both Wine and Spirits sales trends for the first time since 2008.

Dollar Trends

Note: Spirits sold in WA State starting in 2012

Dollar Share of Bev Alc 2013

Dollar Share of Bev Alc 2014
▪ The U.S. is the largest wine market in the world with 19 consecutive years of volume growth.

▪ Wine sales increased 2% from the previous year to a new record of 360.1 million 9-liter cases

▪ Estimated retail value of $34.6 billion

207.7 million cases of California wine account for a 58 percent share of U.S. ($22B)

Imported Wine shipments to the United States market increased nearly 50% since 2001.
2014 Wine Report Card Nothing to Whine about

- iGeneration (born 1995-2015), 60 Million strong will bring unprecedented wine experimentation
- Women rule! Female wine drinkers, at 54%, now outnumber men.
- Women driving whiskey trends.
2014 Wine Report Card, Red Wine & Beer up

- Red blends growing at 15%.
- Beer & Wine behavior – 69% of wine drinkers now also choose beer (craft up 15%)
- Social media on rise… 64% of millennials, & 40% of Gen X use social media to select wine.
- Wine culture evolving, but still seen as “exotic”.
Diversity Driving New Consumers

- "The amazing diversity of choices and exciting new offerings are attracting new consumers and boosting consumption."

- Wine also pairs well with food, leading to larger, more profitable shopping baskets."
- Chardonnay remained the most popular varietal with a 21% percent share.

- Cabernet Sauvignon with 12%, Merlot 8%, and Pinot Grigio/Gris holding at 8%.

- Domestic red blends/sweet red wines, which were up 22%.

Sparkling wine and champagne, shipments reached 17.7 million cases in 2012, up 2%

- The largest percentage gains came from Muscat/Moscato, up 33%.
Wine and Mead in Hawaii
Don Francisco de Paula Marin plants first vineyard in 1799.

Don Francisco de Paula Marin was a productive man. He arrived in Hawaii in 1793 after deserting a Spanish naval ship in the Northwest. Marin was an important figure in the beginning years of the Hawaiian kingdom, serving as Kamehameha I’s business advisor, bookkeeper, sometime physician, and interpreter.

Within Marin’s gardens were onion, pineapple, horseradish, cabbage, asparagus, corn, chili pepper, lime, lemon, orange, coffee, carrot, plum, fig, mango, lettuce, olive, avocado, parsley, pea, guava, apricot, peach, pear, apple, papaya, eggplant, potato, tea, cotton, and cocoa. Perhaps his most famous plantings were those of his vineyards from which he produced the first wine in Hawaii. Vineyard Boulevard was named so because it cut through his orchard.

Marin also pioneered beer brewing in Honolulu in as early as 1812.
Don Francisco de Paula Marín at Hale Kauila with the royal court receiving the French Captain Du Petit Thouars, 1837.
2014 Spirits Report Card, Bottoms Up!

- Whiskey leads sales volume.
  - Bourbon, Rye, & Irish double digit growth
  - Flavored whiskeys (Fireball, Apple, Honey…)
- Spirited Women – women drinking more spirits.
  - Women driving whiskey trends
2014 showed SPIRITED RESULTS!

Overall US retail sales (all spirits) were estimated at $66 billion.

American distilled spirits grew 4.4% to $22.2B last year. (dollars)

Total U.S. growth (cases) was up 1.9% to about 206 million cases.

U.S. bourbon & Tennessee whiskey sold $2.4 billion. Sales up nearly 7 percent to 18 million cases.

Irish whiskey up 17.5% to 2.5 million cases last year Single Malt Scotch rose 11.6% 1.8 million cases.
SPIRITS TOOK SHARE FROM BEER, WHILE WINE SHARE WAS FLATTISH VERSUS THE PRIOR YEAR

Y/Y $ Share Change in Alcoholic Beverage Mix (2014)

- Spirits: 0.4
- Wine: -0.1
- Beer: -0.3

Source: GuestMetrics Full Year Ending Dec 31, 2014
CRAFT DISTILLING INDUSTRY GROWTH 1982-2013
Craft Spirits in Hawaii
Farm to Bottle Oahu, Manulele Rum and Hawaiian Shochu Co
Bruno Mars teamed up with three rum aficionados, found legendary Master Blender Don Francisco "Pancho" Fernandez, who'd carved out a distillery from the jungles of Panama. Together they created SelvaRey Rum.

SelvaRey slogan...

"it's a jungle out there.
drink responsibly."
2014 BEER REPORT CARD, SALES BREWING WELL

▪ Beer sales trends outpaced both Wine & Spirits, first time since 2008.

▪ Best ever Craft Beer Intro led to record year for new Craft products
2014 BEER REPORT CARD, SALES BREWING WELL

- Big Beer repositioning to Craft Beer future.
  - AB buying up Craft – Elysian & 10 Barrel
  - Heineken buying 50% of Lagunitas
The term “craft beer” has been meant to describe beer from brewers that are small, independent, traditional, and LOCAL.

### CRAFT BREWER DEFINED

An American craft brewer is small, independent and traditional.

**Small** = Annual production of 6 million barrels of beer or less (approximately 3 percent of U.S. annual sales). Beer production is attributed to the rules of alternating proprietorships.

**Independent** = Less than 25 percent of the craft brewery is owned or controlled (or equivalent economic interest) by an alcoholic beverage industry member that is not itself a craft brewer.

**Traditional** = A brewer that has a majority of its total beverage alcohol volume in beers whose flavor derives from traditional or innovative brewing ingredients and their fermentation. Flavored malt beverages (FMBs) are not considered beers.
1.5 breweries opening every day during 2014
2014 Was Another Great Year For U.S. Craft Beer
Craft beer breweries and barrels produced in the U.S. from 2008 to 2014

- 1,412 Brewpubs
- 1,871 Microbreweries
- 135 Regional Craft Breweries

Barrels of craft beer produced:
- 9m (2008)
- 9m (2009)
- 10m (2010)
- 12m (2011)
- 16m (2012)
- 16m (2013)
- 22m (2014)

Source: Brewers Association
2014 BEER REPORT CARD, SALES BREWING WELL

- Craft can sales increase dramatically.
U.S. BEER SALES VOLUME GROWTH 2014

**Overall Beer**
- 0.5% growth
- 197,124,407 bbls

**Craft Beer**
- 17.6% growth
- 21,775,905 bbls

**Import Beer**
- 6.9% growth
- 29,430,185 bbls

**Export Craft Beer**
- 36% growth
- 383,422 bbls

**Overall Beer Market**
- $101.5 billion

**Craft Beer Market**
- $19.6 billion
- 22% dollar sales growth

**Craft**
- 11% share in 2014
- 21,775,905 bbls

**Import**
- 29,430,185 bbls

**Domestic**
- 145,918,317 bbls

Source: Brewers Association, Boulder, CO
Craft beer sales pass #1 Budweiser

Battle of the Brew
Craft beer’s growth pushes it past Budweiser in total barrels shipped.

<table>
<thead>
<tr>
<th>Year</th>
<th>Craft Barrels</th>
<th>Budweiser Barrels</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>16.1M</td>
<td>16M</td>
</tr>
<tr>
<td>2004</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td></td>
<td></td>
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<tr>
<td>2007</td>
<td></td>
<td></td>
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<tr>
<td>2008</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Beer Marketer’s Insights; iStock (photo)
USA Today’s Top 15 Craft Beer Breweries in the USA

1. Dogfish Head | Milton, Del.
2. Stone Brewing Company | Escondido, Calif.
3. Boulevard Brewing Company | Kansas City, Mo.
5. Cigar City Brewing Company | Tampa, Fla.
7. Lagunitas Brewing Company | Petaluma, Calif.
9. Russian River Brewing Company | Santa Rosa, Calif.
10. Sierra Nevada | Chico, Calif.
11. Odell Brewing Company | Fort Collins, Colo.
12. Three Floyds Brewing Company | Munster, Ind.
15. Rogue Ales | Portland, Ore.

* Not distributed by KDI or available for purchase in the State of Illinois.  
August 26, 2013
CRAFT BEER MAKES UP NEARLY 10% OF TOTAL BEVERAGE ALCOHOL $ SALES AND ~27% OF TOTAL BEER $ SALES

Category Mix (by Retail $ Sales) -- Alcoholic Beverages (2014)

- Beer -- Craft: 23.5%
- Beer -- Other: 42.8%
- Wine: 24.0%
- Spirits: 9.8%

GuestMetrics data reflects new definition of Total BA Craft which includes Yuengling

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Source: GuestMetrics Full Year Ending Dec 31, 2014
CRAFT BEER GROWING FASTEST OF ALL ALCOHOL BEVERAGES

Volume Share for Craft Brewers

<table>
<thead>
<tr>
<th>Year</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>4.4%</td>
</tr>
<tr>
<td>2010</td>
<td>5.0%</td>
</tr>
<tr>
<td>2011</td>
<td>5.7%</td>
</tr>
<tr>
<td>2012</td>
<td>8.5%</td>
</tr>
<tr>
<td>2013</td>
<td>7.8%</td>
</tr>
</tbody>
</table>

U.S. Operating Breweries

- Total Breweries: 2,822
- Craft Breweries: 2,768
- Other Breweries: 54

Craft Retail Dollar Value Growth

- $14.3 BILLION
- 20% GROWTH OVER 2012
- Craft Dollar Share = 14.3%

Source: Beverage Digest, The Atlantic
Craft Dollar Sales % Change vs YA & Share of Beer Category

SIG Eight U.S. Food Regions

Total U.S. - Supermarkets
Craft Dollar Sales % Chg vs YA = 15.1%
Craft $ Share of Beer Category = 10.8%, +1.3

$ Share of Beer Category 18.0
+2.1 Chg vs YA
+16.0%

$ Share of Beer Category 12.7
+1.4 Chg vs YA
+13.3%

$ Share of Beer Category 15.2
+1.4 Chg vs YA
+9.4%

$ Share of Beer Category 8.0
+1.2 Chg vs YA
+21.1%

$ Share of Beer Category 8.5
+1.1 Chg vs YA
+17.5%

$ Share of Beer Category 7.1
+0.9 Chg vs YA
+15.8%

$ Share of Beer Category 9.0
+1.3 Chg vs YA
+15.8%

$ Share of Beer Category 6.0
+0.8 Chg vs YA

SIG Data 52 Weeks Ending Jan 1, 2012

SymphonyIRI Group
For the second straight year, Craft Beer led all Beverage Alcohol Segments in Dollar Sales Growth in Total US MULO.

<table>
<thead>
<tr>
<th>Beverage Segment</th>
<th>Dollar Sales % Chg YA</th>
<th>Dollar Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRAFT - BEER</td>
<td>18.5%</td>
<td>$1,729,698,215</td>
</tr>
<tr>
<td>($11.00-$14.99) TABLE WINE</td>
<td>15.1%</td>
<td>$1,246,595,717</td>
</tr>
<tr>
<td>($8.00-$10.99) TABLE WINE</td>
<td>6.7%</td>
<td>$2,224,762,394</td>
</tr>
<tr>
<td>WHISKEY</td>
<td>9.1%</td>
<td>$1,534,594,707</td>
</tr>
<tr>
<td>IMPORT - BEER</td>
<td>4.7%</td>
<td>$2,683,566,938</td>
</tr>
<tr>
<td>SUPER PREMIUM - BEER</td>
<td>7.0%</td>
<td>$1,528,782,507</td>
</tr>
<tr>
<td>CIDER - BEER</td>
<td>57.9%</td>
<td>$272,133,422</td>
</tr>
<tr>
<td>($20.00+) TABLE WINE</td>
<td>16.3%</td>
<td>$362,347,763</td>
</tr>
<tr>
<td>($3.50-$4.99) BOX TABLE WINE</td>
<td>20.6%</td>
<td>$280,854,342</td>
</tr>
<tr>
<td>PAB's - BEER</td>
<td>7.3%</td>
<td>$643,226,253</td>
</tr>
<tr>
<td>($15.00-$19.99) TABLE WINE</td>
<td>9.0%</td>
<td>$470,169,410</td>
</tr>
<tr>
<td>VODKA</td>
<td>2.7%</td>
<td>$1,460,740,051</td>
</tr>
<tr>
<td>($8.00 - $12.99) SPARKLING WINE</td>
<td>9.5%</td>
<td>$378,631,270</td>
</tr>
<tr>
<td>($13.00 - $17.99) SPARKLING WINE</td>
<td>21.1%</td>
<td>$121,273,488</td>
</tr>
<tr>
<td>COGNAC</td>
<td>14.7%</td>
<td>$95,295,960</td>
</tr>
</tbody>
</table>
Craft’s momentum continued as it achieved its highest positive sales percent increase vs a prior year in 2014.

**Dollar Sales % Chg YA**

<table>
<thead>
<tr>
<th>Year</th>
<th>Craft</th>
<th>Beer</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>11.0%</td>
<td>4.4%</td>
</tr>
<tr>
<td>2009</td>
<td>12.7%</td>
<td>4.1%</td>
</tr>
<tr>
<td>2010</td>
<td>15.1%</td>
<td>0.9%</td>
</tr>
<tr>
<td>2011</td>
<td>15.6%</td>
<td>0.9%</td>
</tr>
<tr>
<td>2012</td>
<td>14.7%</td>
<td>3.9%</td>
</tr>
<tr>
<td>2013</td>
<td>17.0%</td>
<td>4.0%</td>
</tr>
<tr>
<td>2014</td>
<td>18.3%</td>
<td>4.0%</td>
</tr>
</tbody>
</table>
However... while overall beer continues to lose share, craft beer continues to aggressively increase its share of TBA dollar sales and is nearly 2x the gains achieved by spirits during 2014.

Y/Y Change Alcohol Sales Mix (points) (2014 vs. 2013)

- Beer -- Craft: 0.67
- Spirits: 0.38
- Wine: -0.09
- Beer -- Other: -0.95

GuestMetrics data reflects new definition of Total BA Craft which includes Yuengling.

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Source: GuestMetrics Full Year Ending Dec 31, 2014
CRAFT AND CIDER SHARE GAINS HAVE COME PRIMARILY AT THE EXPENSE OF PREMIUM LIGHTS

Y/Y Change in Beer Volume Share -- by Segment (2014 vs. 2013)

- Craft: 2.1
- Cider: 0.5
- Value/FMB/Other: -0.1
- Premium Regular: -0.2
- Import: -0.2
- Premium Plus: -0.3
- Premium Light: -1.8

GuestMetrics data reflects new definition of Total BA Craft which includes Yuengling

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Source: GuestMetrics Full Year Ending Dec 31, 2014
Explosion of Craft Beers and Flavored Spirits equaled new cocktails and huge sales growth.

**RECIPE FOR SALES SUCCESS...**

Take the #1 Craft Cider – **ANGRY ORCHARD** Cider (Sam Adams) and mix with the #2 Flavored Whiskey – **FIREBALL** cinnamon whiskey.

**Innovation Driving Sales!**
Explosion of new flavors...Hard Root Beer hits the scene ...HARD!

RECIPE FOR SALES SUCCESS...

Craft beverage
Balanced
Quality
Familiar yet new flavor
CRAFT BEER in Hawaii

- Kona Brewing Company was started in the spring of 1994 by father and son team Cameron Healy and Spoon Khalsa.

- Originally from Oregon, the pair saw a need to create fresh, locally made brews with the same spirit and passion for quality that existed in the Pacific Northwest.

- Because of their great love for the Big Island, the Kona Coast in particular, they wanted to build a business that would benefit the island and would not harm the pristine environment.

- The happy result of this dream is the brewery in Kailua-Kona
Local leads the way

THE IMPORTANCE OF LOCAL

All beer drinkers like local, but it’s most important to young craft beer drinkers

ALL BEER DRINKERS  CRAFT BEER DRINKERS

<table>
<thead>
<tr>
<th>21+ YEAR OLDS</th>
<th>21-34 YEAR OLDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>45%</td>
<td>53%</td>
</tr>
<tr>
<td>52%</td>
<td>55%</td>
</tr>
</tbody>
</table>

Read: 45% of all beer drinkers 21 and older believe local is an important factor in the beers they purchase. Source: Nielsen Total U.S. All Outlets 52 weeks ending Jan. 3, 2015.

Copyright © 2015 The Nielsen Company
Local brew from every island....
Brewed with Aloha
# Top 10 Beers Made in Hawaii

<table>
<thead>
<tr>
<th>No.</th>
<th>Beer</th>
<th>Brewery</th>
<th>Island</th>
<th>Tastes</th>
<th>ABV%</th>
<th>IBU</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bikini Blonde</td>
<td>Maui Brewing Co.</td>
<td></td>
<td>Light, Refreshing, Smooth</td>
<td>5.1</td>
<td>18</td>
</tr>
<tr>
<td>2</td>
<td>Big Swell IPA</td>
<td>Maui Brewing Co.</td>
<td></td>
<td>Big, Hoppy, Bold</td>
<td>6.8</td>
<td>82</td>
</tr>
<tr>
<td>3</td>
<td>Hula Hefeweisen</td>
<td>Kona Brewing Co.</td>
<td></td>
<td>Banana/Herbal Flavors &amp; Aroma</td>
<td>5.0</td>
<td>16</td>
</tr>
<tr>
<td>4</td>
<td>White Mountain Porter</td>
<td>Big Island Brewhaus</td>
<td></td>
<td>Hints of Chocolate &amp; Hoppy Spice</td>
<td>5.7</td>
<td>40</td>
</tr>
<tr>
<td>5</td>
<td>Hapa Brown Ale</td>
<td>Hawaii Nui Brewing Co.</td>
<td></td>
<td>Light, Toffee Aroma, Caramel Malt Flavor</td>
<td>6.4</td>
<td>33</td>
</tr>
<tr>
<td>6</td>
<td>Coconut Porter</td>
<td>Maui Brewing Co.</td>
<td></td>
<td>Flavors of Coconut, Chocolate &amp; Coffee</td>
<td>6.0</td>
<td>30</td>
</tr>
<tr>
<td>7</td>
<td>Paniolo Pale Ale</td>
<td>Big Island Brewhaus</td>
<td></td>
<td>Smooth, Hoppy, Hints of Tropical Fruit</td>
<td>5.7</td>
<td>40</td>
</tr>
<tr>
<td>8</td>
<td>Mana Wheat</td>
<td>Maui Brewing Co.</td>
<td></td>
<td>Crisp, Refreshing, Hints of Pineapple</td>
<td>5.5</td>
<td>18</td>
</tr>
<tr>
<td>9</td>
<td>Kiawe Honey Porter</td>
<td>Aloha Beer Co.</td>
<td></td>
<td>Light Honey &amp; Roasted Chocolate</td>
<td>6.0</td>
<td>26</td>
</tr>
<tr>
<td>10</td>
<td>Southern Cross</td>
<td>Hawaii Nui Brewing Co.</td>
<td></td>
<td>Jackfruit, Citrus, Toffee &amp; Caramel</td>
<td>8.3</td>
<td>58</td>
</tr>
</tbody>
</table>

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Wait, Wait, we have more!

- Young’s Market- Hawaii will now present:
  - Trends in Spirits – Whiskey Winners
    - Why Rye?
    - Fireball on fire!
  - Emerging Sake and Shochu (Soju) –
  - Sake and Shochu 101
    - Who is drinking Sake & Shochu?
Whiskey/Bourbon Overview
Whiskey driving growth in Spirits.

- Bourbon, Rye, & Irish double digit growth

- Flavored whiskeys (Fireball, Apple, Honey...) driving new trial
Whiskey/Bourbon – Top 5
Canadian – Tennessee Bourbon-Irish-Kentucky Bourbon-Cinnamon
WHISK(E)Y
(FERMENTED GRAIN MASH)

IRISH → BOURBON → RYE → SCOTCH

TENNESSEE WHISKEY
Charcoal filtered bourbon. Made in Tennessee.
Aged in wood casks at least 3 years. Made in Ireland.

BOURBON
CORN WHISKEY
At least 80% corn. Unaged, or aged a few months.
Contains at least 51% corn. Aged in new, charred oak barrels. Made mostly in Kentucky.

RYE
CANADIAN WHISKY
Contains some rye. Aged at least 3 years.
Contains 51% rye. (United States) Aged in new, charred oak barrels.

SCOTCH
Contains malted barley. Aged in oak casks at least 3 years. Made in Scotland.
Whiskey/Bourbon Fun Facts

Whisky has two legitimate spellings.

“Whisky” is used in Scotland and Canada, and “Whiskey” is used by Irish and Americans.
Whiskey/Bourbon Fun Facts

Every year 2-4% of all whiskey stored in wooden barrels evaporates into air.

The term “Angel’s Share” is a common term to describe the amount of spirit lost to evaporation during the aging process in a barrel.
Think you are taxed heavily, spare a thought for whiskey!

More than 50% of the purchase price on a bottle of whiskey sold in the United States goes to federal, state and local taxes…
Quick... Rank these from Smoothest to Strongest (full-flavor)
Smoothest to Strongest (full-flavor)
Sake vs. Shochu
HISTORY

SAKE
- 1,000 years of production
- Most noted Breweries located in Central & Northern Prefectures

SHOCHU
- 500 years of production
- Most noted distilleries located in Southern Islands
What is Sake?

Sake is almost always described as rice wine, but it is BREWED. It is not called sake in Japan, but rather NIHONSHU or SEISHU. Sake has more alcohol than either wine or beer, usually around 30-35 proof, though still much less than hard liquor.
Important Sake Facts

• Sake is NOT Rice Wine

• Sake is NOT Rice Beer

• Sake is Sake

• Sake is Gluten Free
  – rice contains no glutens perfect for customers who are gluten intolerant

• Sake is Sulfite Free
  – some people are sulfite sensitive and get a slight headache from wine
Sake Myths

**COMMON MYTH #1 — All Sake Should be served hot!**

Most sake should be served chilled. Heating most sake is the same as boiling your chardonnay before drinking it!

**COMMON MYTH #2 — only Asian People drink Sake!**

Sake customers are diverse... 20~40 yr old Americans are drinking and appreciating Sake. Sake growth is NOT from Japanese people (they drink Pinot Noir)

**COMMON MYTH #3 — Sake only goes with Sushi!**

Sake is ok with Sushi but goes better with all seafood as well as chicken, steak, vegetables and even cheese! Sake is half the acidity of wine and low to no sodium it makes for perfect food pairing.
Sake Classification System

Rice Milling

Percentage of rice grain remaining after milling:
- 90%
- 80%
- 70%
- 60%
- 50%
- 40%
- 30%
- 20%
- 10%

Ingredients:
- Rice, Water, Yeast, Koji

Pure Rice Style

Minimum of 50% Remaining → JUNMAI DAIGINJO

Minimum of 60% Remaining → JUNMAI GINJO

JUNMAI
- No Minimum Rice Milling Requirement

Alcohol-Added Style

Ingredients:
- Rice, Water, Yeast, Koji + Distilled Alcohol

Minimum of 50% Remaining → DAIGINJO

Minimum of 60% Remaining → GINJO

Minimum of 70% Remaining → HONJOZO

FUTSU-SHU
- No Minimum Rice Milling Requirement

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Shōchū (焼酎) is a Japanese distilled beverage.

It is typically distilled from barley (mugi), sweet potatoes (imo), buckwheat (soba), or rice (kome).

Sometimes produced from other ingredients such as brown sugar, chestnut, sesame seeds, or even carrots.

Shochu is more popular and has outsold sake in Japan for the past decade.
INGREDIENTS

SAKE

SHOCHU
SHOCHU’S GROWING POPULARITY

- 25-45yr old preference for premium & NEW & exotic
- Mixology’s focus on craft spirits.
- New interest in international cocktails like Caipirinhas (Brazil’s cachaca) and Pisco Sours (Peru’s pisco)
- Skinny cocktail craze
- Trendy Japanese Culture, Food & Fashion
#1 SHOCHU IN HAWAII

Hawaiian Shochu Co.: In Haleiwa, Making Shochu out of Sweet Potatoes
To enjoy tonight… Hakushika / Tozai Snow / Mizabasho / Chiyonsono/TyKu Cucumber.....

Kanpai
Soooooo…. What did we learn…?

- People drinking less, drinking better.
- More spirits, innovative mixed drinks.
- Craft Beer is rising!
- People want Local products.
- People exploring new… Sake/Soju.

Next step … on to the practice…
Mahalo for allowing us here today!