

Ohio

SPIRITS INSIDER **NEWS**



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Supporting Ohio Business Growth By Superintendent Harry Knight

2016 was a very dynamic year for the Ohio Division of Liquor Control (Division), as well as the entire alcohol beverage industry. Many significant and positive changes are a result of the Division's ongoing mission to provide for the safe manufacture, distribution, sale and consumption of alcoholic beverages in Ohio.

The Division has a much larger role than just providing products to Ohioans. It is an economic driver, both for businesses and the state. The success of the Division is only possible when our partners – including Contract Liquor Agencies – are successful.

To help all partners be successful, we have focused on modernizing operations for improved efficiency, increasing focus and emphasis on exemplary customer service, and taking a common sense approach to regulations to provide an environment to help Ohio businesses thrive. As part of all of this, we continue to remain committed to helping inform and educate stakeholders to promote compliance, as well as safe and responsible sales.

Here are some of the highlights from 2016:

Spirituous Liquor Sales

The dollar sales of spirituous liquor reached a new record level in 2016, once again totaling more than \$1 billion (\$1,140,209,832). This was an increase of more than \$63 million over last year. Volume growth during the holiday season, combined with consumers continuing to trade up to premium brands, helped sales continue to increase well beyond the billion-dollar mark.

Liquor Permits

In, 2016, the Division issued 1,523 new liquor permits. Those permits are a part of the 24,000 privately-owned and operated manufacturers, distributors, and retailers of alcoholic beverages that are licensed in Ohio and regulated by the Division. On a daily basis, this regulation includes the issuance of new permits, permit renewals and transfers, as well as the investigative and hearing requirements associated with permit issuance.

Product Registration

The Beer & Wine section registers beer, wine and low-proof products to be sold in Ohio. The number of product registrations continues to grow each year as manufacturers, including Ohio's rapidly growing craft brewing industry, wineries, and micro distilleries, offer new and innovative items. In 2016, a total of 11,340 new products were registered, expanding options for consumers. These included 2,945 wines, 101 low-proof products and 8,294 beers. On a side note, 94 of the new beer products registered last year contain more than 12 percent alcohol by volume (ABV).

Legislative Changes

There were a number of legislative changes in 2016 that provide more opportunity for Ohioans and Ohio businesses.

- A new Ohio farm wineries permit class was created for manufacturers of wine from grapes, fruit or other agricultural products grown on land devoted exclusively to agricultural use.
- Certain permit holders now are able to offer customers free samples to help promote products.
- Brewers and distributors can expand their offerings thanks to the elimination of the cap on alcohol by volume (ABV) in beer products that can be manufactured and sold in Ohio; previously, the cap was 12 percent.
- Permit holders at two Ohio farm markets, the North Market in Columbus and the Findlay market in Cincinnati, can sell alcohol for on-site consumption outside of their premises but within the markets, due to a new exemption in the Ohio Open Container Law.
- A temporary permit was created to allow Ohio wineries to sell their products at farmers' markets.
- Micro distillers can increase their production to 100,000 gallons of spirituous liquor per year, up from 10,000 gallons. They are also eligible to obtain Class A-1a liquor permits that allow them to sell beer, wine, and spirituous liquor products for on-premises consumption.

I'm proud of the Division's achievements and excited about the advances in Ohio liquor law, which will help many Ohioans and Ohio businesses. I am confident that the improvements we are making to our operations, both from a technology as well as business process improvement point, will lead to continued industry growth that will help strengthen Ohio's economy. There is much more to do in 2017, but with the assistance and support from our stakeholders and industry partners, I'm certain we can accomplish our goals.

Thank you all again for your efforts. I look forward to continuing to lead this great organization of which we are all privileged to be a part.

Harry G. Knight

Superintendent, Ohio Division of Liquor Control



Agency Best Practices:

By Gerry O'Neil, Director of Agency Operations

Winter Weather Safety

As winter has arrived, please take extra precautions to assure the safety of your customers and employees. Snow removal is especially important. Please keep walkways and entrances clear. It is also important to keep receiving docks and doors clear of snow and ice. These steps will help keep your agency safe and running efficiently.



Single Malt Scotch

Single malt Scotch is single malt whisky made in Scotland. To be a single malt Scotch, the whisky must have been distilled at a single distillery using a pot still distillation process and/or made from a mash of malted grain. In Scotland, the only grain that can be used in a single malt whisky is barley. It also must be distilled in Scotland and matured in oak casks in Scotland for at least three years and one day, though most single malts are matured longer.

Single malt Scotch has a smoky flavor. When enjoyed straight, a dram (or glass) of Scotch generally is served at room temperature in a snifter glass. Manufacturers recommend you enjoy single malt Scotch without ice or water; if you dilute it, only a few drops of water are recommended. It also is used in mixed drinks.

Fast Facts

- The age statement on a bottle of single malt Scotch is the number of years the whisky spent maturing in casks. Very few whiskies are bottled from a single cask, and the mixing of spirits with different amounts of ageing is allowed; the age statement reflects the age of the youngest whisky in the mix.
- The earliest written record of whisky production in Scotland from malted barley is an entry on the 1494 Exchequer Rolls, which reads “Eight bolls of malt to Friar John Cor, by order of the King, wherewith to make aqua vitae.”

Trends

According to the October 2016 issue of Beverage Dynamics, six important Scotch trends in 2017 are:

- Millennials are drinking brown spirits, and Scotch offers a lot of what appeals to this generation.
- Scotch, once rarely used in cocktails, is becoming more popular in drinks.
- Whisky blenders are partnering with mixologists to create spirits that meet the needs of bartenders.
- Experimenting continues to be important.
- More consumers – not just millennials – want to know more about the spirits they are drinking.
- Anyone can appreciate Scotch.

To read the full article, **6 Trends in Scotch Seen** By Jim Beveridge, Johnnie Walker Master Blender, visit beveragedynamics.com.

Recipes

Single Malt Scotch Martini

- 3 oz Oban Scotch
- 1/4 oz Sherry
- Lemon peel spiral

Directions: Combine Scotch and Sherry in cocktail shaker, stir, strain into martini glass and garnish with the lemon peel spiral.

Blood and Sand

- 3/4 oz single malt Scotch
- 3/4 oz sweet vermouth
- 3/4 oz Cherry Heering
- 3/4 oz orange juice

Directions: Pour all ingredients into cocktail shaker filled with ice. Shake well and strain into cocktail glass.

Public Enemy #1

- 2 oz single malt Scotch
- 1/2 oz Muscat wine
- 1/2 oz walnut liqueur
- 1 dash orange bitters

Directions: Stir all ingredients together in a mixing glass with ice. Strain into a martini glass and garnish with a twist of lemon peel.

Liquor Enterprise Distribution Network Changes

The Liquor Enterprise has conducted an assessment of the enterprise distribution network, or warehouses and trucking. As a result, the Enterprise will implement several changes that will reflect commercial best practices for improved inventory management, distribution, speed and accuracy. Each change is a step forward in overall modernization of the Enterprise to ensure consumers have the products they want, when they want it, where they want it.

The first change is the consolidation of four warehouses into two new facilities; one in Northeast Ohio and one in Columbus.

The second change will be a new warehouse management provider. DHL, a world-class global organization with U.S. headquarters in Westerville, Ohio, has been selected as the new warehouse management provider. DHL has experience with spirituous liquor and manages supply chain processes in New Hampshire and the Province of Alberta, Canada. The company's reputation with Suppliers is strong in both regions. In addition, DHL is well positioned to meet aggressive Liquor Modernization Project (LMP) timelines, with experience launching more than 450 new warehouses a year.

The transition from the current warehouses to the new will take place over the next few months in alignment with the launch of Phase 2 of LMP.

This change has been communicated to warehouse and trucking partners. The Enterprise will work closely with them to ensure a smooth transition for everyone. Agencies will be actively involved in this transition and have the chance to meet the new warehouse management company in the near future.

Contact Gerry O'Neil at 614-644-2390 or

Gerry.O'Neil@com.ohio.gov with questions.

Clover Next Steps

Agencies that chose the Clover solution to integrate with the Ohio Liquor Enterprise received information about what to expect next, and what needs to be done to get up and running with Clover.

Agencies who selected the Clover solution will need a merchant service agreement with Huntington and Clover for the Liquor Enterprise program, regardless of their choice to use Huntington/FirstData for credit card processing.

Emily Ebright and the Huntington Merchant Services team are in the process of contacting Agencies to collect the information needed for the merchant services agreement. The information needed includes a copy of a **VOIDED check or bank confirmation letter for the checking account that will be linked to your merchant services account**; this is required for bank confirmation and accuracy.

This process will allow Huntington/FirstData to set up a Merchant ID number in advance of the rollout of Clover, which is scheduled for the first quarter of 2017. This part of the process takes several weeks, so Agencies are encouraged to get started as soon as possible.

Have questions? Please reach out to Emily Ebright at **ohioliquorenterprise@firstdata.com**.

From the Distillers' Glass

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

The Glenlivet Founder's Reserve - Code: 3627B

Founder's Reserve is a permanent new addition to the core range, created as an homage to our Founder George Smith with his original style in mind. Founders Reserve features **no age** statement as would have been the case 200 years ago.

In the words of **The Glenlivet's Master Distiller, Allan Winchester**, launching a non-age declared product means that "if I find a good cask young, I can use it – I can '**play more tunes**' if you like. I can make use of first fill casks earlier in their life cycle, which makes the flavour more intense, and I can introduce more oak-type casks."

- Distilled in tall, slender lantern shaped copper pot stills, inspired by Smith's original shape
- Aged in hand selected oak casks with selective use of American first fill oak casks
- Resulting in a refined whiskey with the celebrated fruitiness of The Glenlivet complemented by a smooth, creamy finish

Tasting Notes

At the heart of The Glenlivet Founder's Reserve is the perfectly balanced, smooth and fruity flavor profile that underpins the Glenlivet portfolio. A skillful selection of traditional oak casks, complemented by selective use of American first fill casks, gives Founder's Reserve a distinct hint of creamy sweetness.

Nose: Delicate aromas of citrus fruit, notably sweet orange.

Palate: Sweet, fruit notes of zesty oranges and pears, with a hint of candy, toffee apples. Well balanced and exceptionally smooth.

Finish: Long, creamy and smooth.



Cocktails

Auld Fashioned

- 3 dashes bitters
- 3 parts Founder's Reserve
- 1 tsp water
- 1 sugar cube

Muddle the bitters and water into the sugar cube using the back of a teaspoon. Almost fill the glass with ice cubes and add the scotch. Garnish with orange slice & cherry.

Speyside Spritzer

- 1.5 parts Founder's Reserve
- 0.5 part simple syrup
- 0.5 part lemon juice
- Sparkling wine to top

Build in a wineglass or highball over ice (preferably crushed) and top with sparkling wine. Garnish with a lemon twist and spring of mint.

Rivet Livet

- 1.5 parts Founder's Reserve
- 1 part fresh grapefruit juice
- 0.25 part fresh lemon juice
- 0.5 part honey syrup
- 3-4 raspberries

Muddle raspberries and honey syrup together in a shaker tin. Combine remaining ingredients and shake with ice. Fine strain into a chilled cocktail glass and garnish.

Bruichladdich Port Charlotte Scottish Barley

The texture is extraordinarily rich with a huge depth of character. The smoldering heat of peat fires pulls you into a whirlpool of Islay flavors and aromas but with such finesse that you welcome the storm.

This whisky is testament to our belief that raw ingredients matter. Trickle distilled from 100% Scottish Barley the spirit gently matures in the lochside village of Port Charlotte before being bottled at the distillery using Islay spring water.

Code #1457B



Bruichladdich Scottish Barley

Smooth as pebbles in a pool. It's clean, fresh and lively with both the oak and the grain in perfect harmony.

Bruichladdich is made from 100% Scottish barley, trickle distilled, and then matured for its entire life, on Islay, by the shores of Loch Indaal.

Each vatting of this classic multi-vintage cuvee is now carefully assembled from a suite of individual casks by our Head Distiller, Adam Hannett.

Code #1458B



Glenmorangie - The Original

The original expression of our elegant, floral spirit and the real backbone of the Glenmorangie range. A ten-year-old single malt, Glenmorangie Original is produced by marrying the delicate spirit that emerges from Scotland's tallest stills, with first and second fill American white oak casks.

It is here, maturing for ten long years in a range of ex-bourbon casks such as our famous slow-grown and air-dried 'designer casks' from Missouri, that our raw spirit develops a perfect balance between sweetness and complexity. Resulting in a mature spirit that is soft, mellow and creamy. Perfect for enjoying at any time.

Code #3645B



Winter Cocktails

Bloody by the Fire

- 1 oz Ardbeg 10yr
- 4 oz tomato juice
- .5 oz fresh squeezed lemon
- Worcestershire
- Hot sauce

Garnish with bacon, cooked shrimp, olives and celery.

Horchata on Ice

- 1.5 oz Hennessy V.S.
- 1 oz Espresso
- 1.5 oz milk
- .25 oz Grand Marnier
- 4 dashes Angostura bitters

Strain over ice and garnish with orange twist and cinnamon stick.

Mint Chocola-tini

- 1.5 oz Smirnoff Vanilla
- .5 oz Godiva Chocolate Liqueur
- .25 oz Rumpel Minze
- .25 oz Peppermint Schnapps
- Splash of cream

Garnish with peppermint stick.