

DON'T COUNT OUT CANADIAN

By Jeffery Lindenmuth



It seems nearly every spirits category has had its day: The single-malt Scotch craze of the 80's was followed by a similar renaissance for small batch Bourbons, the rush for all-Agave Tequilas, a barrage of boutique vodka, and now sipping rums. But Canadian whisky (always spelled sans "e," like Scotch whisky) continues to chug along, posting huge category sales of 15,351,000 9-liter cases for 2002 (surpassed only by vodka and rum) with little fanfare.

Dan Kelley, vice president and brand director for Brown-Forman's **Canadian Mist**, the number two-selling Canadian Whisky in the U.S. after **Crown Royal**, says there are a few reasons for this power player's low-profile. "If you are not brand conscious and you order a drink, you'll order a rum and Coke or gin and tonic, but nobody orders a 'Canadian.' Canadian whisky drinkers order by brand, so you simply don't hear the



required for full-blooded American rye whiskey). The greatest component of the blend in most Canadian whisky is neutral grain whiskey, which contributes to the characteristic light and smooth character of this spirit and allows the influence of even a small amount of rye to shine through.

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name of the category much." Kelley also points out that Canadian Mist boasts an unusually high percentage of off-premise consumption, also contributing to its seldom-heard call at the bar. "If the industry is around 80 percent off-premise, we're about 93 percent off-premise, seven on," says Kelley. "When you have very loyal, slightly older customers, you're going to have more off than on. Basically, they are married and tend to entertain at home."

Also keeping Canadian whisky from the spotlight might be the dubious nature of the spirit as far as serious whisky enthusiasts were concerned. The United States BATF leaves the definition of this spirit almost entirely to Canada, which takes a rather *laissez-faire* stance with distillers. According to the Association of Canadian Distillers, "Canadian whisky is grain spirit that has been aged in charred oak barrels for a minimum of three years." Unlike American whiskies, there are no strict regulations regarding whether the barrels are new or used or precisely which grains should be used and in what proportion. However, most distillers do take the time to age their product six years or more, well in excess of the minimum.

While Canadian whisky is often poured on-premise when rye whiskey is requested, the primary grain is almost always corn with just a small percentage of rye (compared to the 51 percent



ductory whisky for those testing the waters of brown spirits. In this respect, Canadian whisky is North America's counterpart to Irish whiskey.

Halid Izzet, brand manager for **Canadian Club** from Allied Domecq, agrees that Canadian whisky is "under-thought of by the consumer and by the trade." But at the same time he points out that Canadian whisky is indeed holding its place among brown goods. "If you look at the total whiskey category, it's been in decline for about ten or fifteen years, and that's brought about by rums and vodkas taking over. Canadian whisky has been decreasing at the mirror image rate as the total whiskey category."

But Izzet notes that in the last nine months of 2003 there has been an upward trend of Canadian whisky outpacing the whisky category, with Canadian Club enjoying 3.7 percent growth over a 52-week period ending November 2003.

In addition to their flagship Canadian Club, aged six years, Canadian Club offers Classic 12, Reserve and Sherry Cask — introduced three years ago and still one of the more innovative Canadian whiskies. "It's a delicious whisky, finished-off in sherry casks and it's not like a Scotch. The role we see for Sherry Cask is to be more in the specialty whisky role." Sherry Cask capitalizes on the liberal government definition of Canadian



whisky to do something creative, in many ways superior, yet undeniably Canadian.

Another category leader, Barton Brands' **Black Velvet**, is determined to shed the stodgy image of Canadian Whisky with their provocative advertising campaign featuring a sexy woman in a black dress. Ed Gaultieri, Barton's executive VP, marketing, sees the potential consumer as a slightly older, more sophisticated consumer who is looking for something with more flavor, yet isn't ready to leap from vodka to Scotch. The challenge is getting these consumers to see that Canadian is a hip, as well as tasty, alternative.

Smaller brands are also recognizing the need for more robust whisky from the North. Hood River Distillers of Oregon launched their **Pendleton Canadian Whisky**, a premium Canadian retailing around \$26, in Oregon last April and will exceed 3,000 case sales there this year. By adding the states of Washington, Texas, Alabama, Georgia and test marketing in Connecticut and Pennsylvania throughout 2004, they anticipate 15,000 case sales for this calendar year.

According to many producers, Canadian whisky performs well in traditionally outstanding markets like Nevada, but also has an unusually strong following in many Northern border states



are targeting that segment but we are hoping to overlap into other areas and appeal to the little bit of cowboy and cowgirl in all of us," says Kossler, alluding to Pendleton's namesake, the Pendleton Round-up rodeo in Oregon.

Crown Royal was up 7.6 percent in 2002 over 2001 with an impressive volume of 3,058,000 9-liter cases.

David Kilfoil is brand manager of **Forty Creek** Canadian Whisky, another small, innovative brand produced by Kittling Ridge in Ontario and distributed by Shaw-Ross. "There has not been a lot of experimentation; I think it's because the Canadians that you have out there are owned by these large conglomerates and they are overall pretty satisfied. Whereas a guy like Forty Creek's John Hall wanted to bring back the art of Canadian whisky making," says Kilfoil.

Distiller John Hall applies winemaking strategies to his unique whiskies. For Forty Creek Barrel Select, for instance, he distills each grain in separate batches and then blends the results, much the way a winemaker would separately ferment different lots of grapes. With praise pouring in from noted whisky experts, tiny Forty Creek is another small breath of new life that promises to help the entire category.



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— Alaska, Michigan, Minnesota, New York — where presumably a Prohibition-era penchant for the spirit lives on.

Ken Kossler, vice-president of sales for Hood River says, "One thing that piqued our interest was that the Canadian category was actually not growing a lot." The Hood River Distillers strategy, like that of most Canadian brands, is to recruit within the category, particularly from the front-runner. "We obviously take note of Crown Royal which has been hugely successful and it just continues to grow to the amazement of everyone. It almost seems to be bulletproof. A recession economy and price raising just don't hurt it. We

"Canadian did have its heyday, and it had its slow days as well. And I'm really pleased all the evidence points to the fact that we'll see another heyday soon. By the time two generations of people forget about what type of Canadian whisky their fathers and grandfathers consumed, we're in a great position to recruit the younger consumers," says Izzet.

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Ever in search of fine drink, Jeffery Lindenmuth regularly contributes reviews and tales of good tipples to Food Arts, Taste, and Wine & Spirits. He has also appeared in men's magazines including Men's Health, Maxim, Stuff, Gear and Esquire.