

# Distillers Drams July 2011



Another year has flown by and the whisky produced between 1999 - 2001 is turning eleven. Of the barrels of whisky tasted recently from that time, most are proving to be of excellent quality and should appeal to local and international markets.

**Marketing Plan:** As mentioned in last year's newsletter, the global financial crisis did slow the momentum of overseas orders and later, local sales were also affected just as sales were building steam. In response to that and also to follow up on the original business plan, a marketing consultant was employed to have a serious look at the Tasmania Distillery business. The consultant's job was to develop a practical marketing plan designed to push us through these difficult times and get sales moving especially now that some of the whisky stocks are reaching a marketable age. The marketing plan was completed earlier this year and implementation of some of the strategies recommended in the plan have commenced. The main points of the plan are to concentrate on supporting and building the markets already established before spending limited funds on finding new markets. However if new markets become then they are to be pursued vigorously. The plan also recommended to streamline the product range and make changes to suit market requirements. This led to reduction of the percentage of the single cask bottlings from 60% to somewhere between 46% – 50%. The higher percentage was proving to be a deterrent to the restaurant market and some export markets. A lower percentage should be more acceptable to a wider audience. Once sales start moving, more marketing funds will be available to further increase sales and expand markets. Early indications are good with a clear income growth in the past few months against the same period last year.

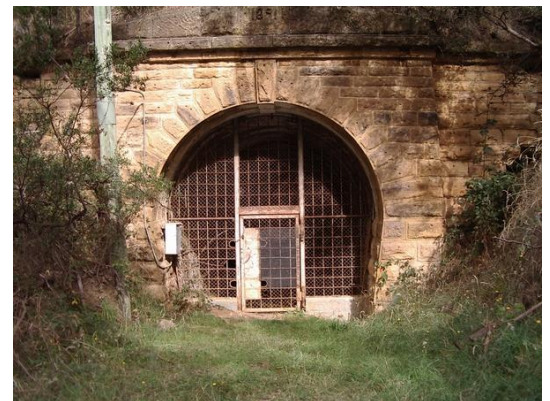
**International Sales:** So far international sales have been small through this financial year with only Canada and Singapore placing orders. The Canadian distributor has started expanding into the US market with increasing success with a few other whisky brands. Getting a product into the US market is not as easy as with some other markets. Tas Distillery is continuing to work with the Canadian distributor to cut through the red tape and get Sullivan's Cove onto the US shelves and into restaurants. France is about to order again, indications are good with the Belgian importers and there is growing interest from China.

**Local Sales:** The Australian distributor was changed once again. John Boston Premium Beverages was appointed late last year. JBPB are part of the Wine Society, based in Sydney with an office in Melbourne and plans to head to other states in the near future. Since the change, Australian sales have increased by 210%. JBPB plan to get Sullivan's Cove whiskies ranged in bottleshops and restaurants around the country over the next year or two. Keep an eye out in Dan Murphy's and 1<sup>st</sup> Choice Liquor Super Stores.

**Duty Free:** Sullivan's Cove is the first Australian whisky to be accepted into the duty free outlets in Australia after a successful trial over the pre Christmas period in the Downtown Duty Free stores (operated by the Nuance Group) at Melbourne and Sydney international airports. Subsequent reports from the Nuance Group confirm that Sullivan's Cove 'Double Cask' single malt was the highest selling single malt at both airports over the November – December period. This cemented the relationship between Sullivan's Cove and the Nuance Group. Nuance now plan to add both single cask bottlings to their range and expand to all of their Australian outlets. This is a significant step in the branding process for Sullivan's Cove whiskies. Although the margins are small, exposure to the outbound Australian and overseas visitor markets is potentially huge.

**Awards:** Sullivan's Cove whiskies have enjoyed more success on the world award stage again this year. The Sullivan's Cove American oak matured single cask bottling won the World's Whiskies Awards "Best Other Whisky – 12 years old or younger" category and the Sullivan's Cove French oak matured single cask won 3 ½ stars and 'Best in Class' in the Winestate Magazine's 'Whiskies of the World Awards 2011' in the Australian single malt category. This was the only Australian single malt to win an award in this event. The Sullivan's Cove Bourbon cask matured single cask also achieved a bronze medal at the recent Malt Whisky Society of Australia awards 2011. Winning these awards and accolades over the years demonstrates the consistent quality of our spirit and is starting to attract the attention of more of the world's whisky markets, judges and connoisseurs.

**Cambridge Tunnel:** Some major changes with the barrel bond store were made this year. The old bond store at South Hobart was bought by the Christian City Church and is being converted into a church. From one spirit to another. This required the relocation of the barrels to a new location at Derwent Park, one of the northern suburbs of Hobart. The new facility is modern, clean and secure so it is a good site for the time being. Since then another site was found that will be even better. This site is an old disused railway tunnel, located only a few minutes from the distillery. A lease over the tunnel was recently secured and paperwork has begun to set it up as the bond store for barrel maturation. This site will be ideal for this purpose as it is very secure and will provide more subtle temperature changes throughout the year with little or no radiant heat from the roof or walls as is currently experienced. That means the maturation can be longer with fewer losses through evaporation, therefore higher yields per barrel. The distillery is looking to build a new facility on that site some time in the next few years. That will be a significant move as then the distillery and barrel storage will be at the same location for the first time in the distillery's history.



Once again the Tasmanian Government's, **Department of Economic Development, Tourism and the Arts** has supported Tasmania Distillery with export markets and the Tasmanian Whisky distiller's industry group with the Whisky Live events in Sydney and Paris and at the Pot Still Festival in Holland.

As noted on previous newsletters, if you own a **50 or 100 litre barrel** of whisky I'd recommend you have it bottled and take it home. It is ready to be bottled now. For information on the costs and procedure contact the distillery on [info@tasmaniadistillery.com.au](mailto:info@tasmaniadistillery.com.au) [www.sullivanscovewhisky.com](http://www.sullivanscovewhisky.com)