

BEVERAGE AUTHORITY

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The Business Side of Vodka

The vodka category continues to grow unabated, and according to Impact, it is expected to maintain this upward spiral through 2010. Vodka dominates consumption figures, accounting for more than 27% of all distilled spirits sold in the U.S. While interest in tequila and rum are also on the rise, vodka clearly remains America's spirit of choice—something that won't likely change for the foreseeable future. To the uninitiated, vodka seems like an uncomplicated proposition. But that's far off the mark. They are the unique product of microclimate, technique and water. Their base commodities, be they grain, grapes or potatoes, are nurtured by the sun, rain and soil. Distillation then renders their essence into the lightest of all spirits, one unfettered by the weighty effects of barrel aging. The character of the water is a most telling ingredient, however. Water is what gives vodka its singular identity—a genetic fingerprint, if you will—which in respect to the top-end brands is why no two are alike. One question persists however, regarding the long-term prospects for the category; namely, is the steady stream of new vodka brands inundating the marketplace? While providing consumers with a huge selection from which to choose, when does it become overwhelming and ultimately sends consumers scrambling to other spirits? "To some extent, distributors, bartenders and consumers are a bit bewildered by the wall of vodkas brands—so, yes, the market is becoming somewhat saturated," contends David Katz, importer of award winning *ZYR Russian Vodka*. "On a business level, it's tough for new brands to get mind share from distributors and shelf space in stores, restaurants and bars. With the proliferation of new brands, you must have a product that delivers, a package that drives trial and a brand that people can identify with, or you'll never break through the clutter." The torrent of new vodkas raises the question of how operators determine which brands to stock. Limited back bar space dictates that some means of culling through these new offerings be applied. Adam Seger is the general manager, sommelier and cocktail authority at Chicago's *Nacional 27*, a classy Pan-Latin restaurant in the Lettuce Entertain You portfolio. His approach to stocking new brands is predicated on carefully delineated criteria. "The first of those factors is whether the new brand fits into our restaurant's concept and marketing position. Secondly, the product has to be of impeccable quality and taste. That's a rather significant hurdle, one that eliminates a fair percentage of candidates. Next is whether the new product will generate more profit than a comparable brand. For example, I'd be favorably disposed to a brand that offers us a higher financial return than a similar product. Lastly, I consider the level of marketing support the supplier is bringing to the table. Four green lights and I'll give the new brand a shot."

Marketing America's Spirit Of Choice

The rapid growth in ultra-premium vodkas has presented beverage operators with something of a marketing challenge. Vodka drinkers tend to have entrenched loyalties, convinced that their favorite brand of vodka is the purest and therefore the best. Enticing guests to sample other brands is often like getting them to switch political parties. "By far the most effective approach to marketing vodka I've found is server education," says Greg Den Herder, managing partner of *33 Restaurant & Lounge* in Boston. "A few well chosen words from a bartender or server is often all it takes to entice our guests to try a new vodka. Considering how many vodkas we stock and the relatively slight differences between them, professional recommendations often make a huge difference in driving sales." Education is an essential step in debunking the often-held misconception that all vodkas are created equal. Impress upon servers the fine and subtle differences between the brands and what makes them worth their enhanced price. Conduct tastings so servers can distinguish for themselves which vodkas have discernible taste from those that are neutral. This will enable them to make appropriate recommendations to the clientele. When approaching guests about a specific vodka, servers should concentrate on stressing four important characteristics. First and foremost is the nature of the water used in its production. Water is the unsung hero of vodka's surging popularity and arguably the most significant variable. Today's generation of super-premium vodkas feature spring waters, artesian waters, peat-filtered water and water harvested from glaciers. It's a major point of differentiation between the brands. Secondly, they need to concentrate on what the vodka is distilled from, such as wheat, potatoes, corn, rye, or barley malt. Each commodity will produce a distinctively different spirit. Next, mention how the vodka is distilled. Most are made in continuous stills, but a growing number of brands are crafted in small batch alembic stills. Finally, super-premium vodkas are distinctive representatives of their homelands, and as such, deserve to have their origins highlighted. Even America's best selling category of spirits in the country can use a boost now and again.