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REPORT: TEQUILA PARTIDA CHANGES DISTILLERIES

Tequila Partida is changing distilleries, founder Gary Shansby told WSD today. The new Partida distillery, Fabrica La Autentica, is in the town of Tequila in the state of Jalisco just a few miles down the road from the previous facility in Amatitán. They brought in the same team to run the tequila on the same equipment. The estate agave is coming from the same location, and of the same age and sugar content and specifications. The recipe also remains the same.

Gary felt it was important to remain "transparent" about switching to a new distillery, and said his distributors are excited about Partida's openness. "In the industry people do things without telling anyone and the mixology community eventually gets word," which can hurt producers' credibility. "I'm a firm believer in transparency," he said.

So what led to the distillery change? "We started looking at our production a few years ago...and realized the facility we were using that was owned by the Partida family...was on a hill and landlocked on three sides and at some point we would run out of capacity," he said.

They considered building their own distillery, but "to do it correctly" would take almost 3 years and cost about \$8.5 million.

They realized there are "lots and lots of very good distilleries" in their region, and Partida eventually narrowed it down to Fabrica La Autentica, where Partida will be the dominant brand. They took some time to convert some of the equipment "to our particular specifications," and signed a 20 year exclusive deal with options to renew. Gary opted to begin the process without telling anybody but "filmed everything" they did, "took complete notes," and "wrote a case study that can be available to industry people."



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Then Partida held blind tastings in New York and Mexico with tequila experts including Paul Pacult, Steve Olson and Julio Bermejo to confirm the consistency of the product.

PERSPECTIVE ON THE INDUSTRY. Gary believes the spirits industry will see a "resurgence" in some of the more premium tequila brands this year because consumers "don't really want to sacrifice" taste profiles if they have a preference, he's found. Gary says the "premium brands that are holding the line and standing for their quality are doing reasonably well," while some lower priced brands are also having a good year.

Some of the premium brands that have lowered their prices in the recession are committing "brand suicide," he said. Although the economy is slow now, Gary believes "it's going to get better," and at that point it will be hard to convince consumers to spend \$10 or \$15 more on a bottle. But that's also the difference between being a large corporation with shareholders compared to a small operation with investors that tend to be "passionate" about the product and more patient.

With that said, Tequila Partida is not planning to take a price increase this year. They experienced double digit growth in 2009 compared to 2008, and expect to have double digit growth again this year as they continue to "work closely with the mixology community and consumers."

Partida produces Blanco, Reposado, Añejo and Elegante. It is now distributed in Australia, Mexico and the United Kingdom, as well as Arizona, California, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Louisiana, Maryland, Massachusetts, Nevada, New Jersey, New York, Ohio, Oklahoma, Oregon, Texas, Washington, DC and Washington.



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