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The Hyatt Centric in Dublin's Liberties is the venue for our interview with John McDonnell, managing director, International, for Tito's Handmade Vodka. Described by *The Independent* (UK) as "Dublin's coolest neighbourhood," it seems a fitting location to discuss a similarly up-and-coming vodka within the Irish market. While in recent years, the gin renaissance – or 'gin-aissance' if you will – has been making waves – Tito's is confident that its brand can work similar wonders for the perception of the vodka category, through its premium 'liquid to lips' ethos.

"It's all about the way we're made," says McDonnell. "We're pot still versus column still, distilled six times and our use of corn makes our taste a little creamier with a distinctive mouthfeel versus the other major players. When you taste Tito's, you see that there's a discernible difference."

America's original craft vodka

Indeed, an important USP for Tito's is that it proudly holds the title of 'America's original craft vodka'. In 1995, sixth-generation Texan Bert "Tito" Beveridge obtained the first legal permit to distill in Texas and created Tito's Handmade Vodka on a plot of land in rural Austin, Texas. He built a small shack, rigged a pot still with spare parts and batch distilled his corn-based, naturally gluten-free vodka.

But what was the inspiration behind this innovative business? "Tito used to work on oil rigs," explains McDonnell. "He was based in South America and when he would come

home for rest and relaxation, he would make fragrant vodkas as a hobby and give them to his friends." He later decided to turn his erstwhile hobby into a fully fledged professional enterprise. Determined to create the best vodka possible, "he went around to all the liquor shops in the state of Texas and said, 'I really want to do this, what should I do?'" explains McDonnell. "They said 'whatever you do, don't make a flavoured vodka'."

Tito duly took this advice to heart, researched all the rules and regulations and



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With premium and above vodka growing by 56% last year in Ireland, John McDonnell, managing director, International, for Tito's Handmade Vodka, is buoyant about the future prospects here for 'America's original craft vodka'. Gillian Hamill reports



Tito's Handmade Vodka was born. It was a smart move considering it's best to "fish where the fish are," according to McDonnell, with "vodka in America accounting for 35% of total distilled spirits so one out of every three bottles sold is vodka". A quarter of a century later, the brand is now stocked in over 140 markets internationally and has plenty to celebrate during its 25th anniversary.

Not least of which is the opportunity for further growth presented by the Irish market. When the numbers are crunched, the growth of premium vodka is impressive. "Europeans have been on a gigantic gin kick, you see that much less in the United States, and I see that trend in Europe slowing down dramatically," says McDonnell. "I think there's been a disproportionate amount of shelf space given to gins versus vodka because vodka is the biggest category in the country of Ireland and it's growing. In 2021, premium and above vodka grew 56% compared to premium-plus gin which grew 24.3% so vodka is coming back in a big way."

Irish growth

Distributed in Ireland by Comans, Tito's Handmade Vodka has now been in Ireland for seven years; six of those with Comans. The brand is currently stocked in Tesco, Dunnes Stores, O'Brien's, SuperValu, Spar, specialist accounts and independent outlets. "This is our best performing country euro for euro in Europe," says McDonnell and Tito's is aiming for "healthy growth" of 50 – 60%. "We see a large runway; this is a very important vodka

market in Europe as the continent's fourth largest imported vodka market, so we want to get our fair share of that pie."

The introduction of minimum unit pricing (MUP) to the Irish market has been a hugely positive development for smaller brands, he continues. "A lot of the larger players are not able to heavily discount in the way they have done in years past, so the playing field is more level." With a RRP of circa €30 per bottle and promotion several times a year at €25, "that gets us closer to the bigger players".

Nevertheless, Ireland's high taxes remain a challenge. "When you get outside the US, the taxes on imported spirits are onerous," says McDonnell. "Ireland has one of the highest tax rates in the EU, with the third highest excise rate on spirits, so when people look at some of the price disparity, it goes to taxes but the consumer doesn't realise that. That's why, particularly in these markets, the duty-free airport sector is very important as are the ferry lines." Accordingly, alongside enjoying a strong presence at both Dublin and Shannon Airports, Tito's was recently listed with Stena Line Ferries.

Standing out from competitors

As in the US, the brand started its journey in Ireland within the on-trade. "We started off on-premise, and when we had built up good momentum, we went into the off-trade because we wanted to show that there was demand for the brand," says McDonnell. "Word of mouth is huge for us. That's what got us momentum in the United States was the idea that 'if you like it, please tell ten of your friends' and hopefully they tell ten of their friends and you gain momentum that way. We're not a brand that's going to start taking up billboards on major motorways and heavy newspaper announcements; it's more about word of mouth and social media." A brand ambassador also visits different bars and works closely with mixologists because they represent the "frontline" in terms of making trend-setting recommendations for consumers. The brand currently has a special USA-themed bag available for consumers to mark its 25th anniversary, while during the holiday season, its bottles are adorned in mini colourful, knitted jumpers – "ugly jumpers" at they're known Stateside – which really helps them stand out on-shelf.

In a further boon for the brand, this year Tito's signed a five-year agreement with the Professional Golfers' Association to be the exclusive vodka and official sponsor of the Ryder Cup. This saw Tito's participate in a major charity event at Killea Castle for the Greg Hill Foundation earlier this year.

The vodka for dog people

"Another way that we attack the market that's different from the major players is that we're known as the vodka for dog people," McDonnell continues. The company comes at



Tito's brand ambassador works with mixologists to spread awareness of the brand as they are at "the frontline" of interacting with customers and making recommendations

this from a quirky and memorable angle. "We work with pet welfare organisations around the globe to raise money for pet shelters. Instead of running 'Happy Hours', we run 'Yappy Hours', where the owner of the establishment donates a portion of drink sales to the pet welfare organisations and we as a company match that donation euro for euro."

Tito's Handmade Vodka also sells a selection of pet accessories such as dog leashes and bowls, the proceeds of which all go to pet welfare organisations. Explaining where this focus originated, McDonnell explains simply: "Tito is a dog lover. When he was building the still, he always had his dog with him, and he has also rescued a number of stray dogs out by the distillery. He nurses them back to health and then finds a family for them.

"It's part of our company culture, it's not a marketing ploy," he stresses. "Our employees get to bring their dog to work every day and we have a doggy playground out back." Sustainability is likewise an important focus for the company. "We catch all the rainwater and irrigate our fields as an example," says McDonnell. "A large percentage of our packaging is made from recycled materials and we also have solar panels in the distillery. Nevertheless, we don't want to stand on a



Tito's Handmade Vodka is known as "the vodka for dog people" with initiatives such as 'Yappy Hours' instead of 'Happy Hours' to raise funds for pet welfare organisations

mountaintop and scream about everything that we're doing. It's just part of the company culture; we'd rather lead by example. The younger consumer has shown in research that they're willing to pay more for brands that are socially conscious and are concerned about protecting the planet."

Industry experience

With a wealth of experience in the industry, knowing what the customer wants is McDonnell's area of expertise. "I started 39 years ago today in market research in New York City for a company that is no longer here, Joseph E. Seagram & Sons, which used to be the biggest, baddest liquor company in the world." Unfortunately, it fell victim to the 'Stupid Grandson Theory', quips McDonnell. In 1924, Samuel Bronfman and brothers founded the Distillers Corporation which acquired Seagram in 1928 and kept the name.

"Samuel Bronfman turned the company over to his son Edgar M. Bronfman, who grew Seagram Liquor Company from just a United States and Canada business into a global business and the biggest liquor company in the world. He turned it over to his son, the grandson, Edgar Bronfman Jr., and he nearly bankrupted the company and Diageo bought half and Pernod bought half. Seagram used to have Chivas Regal, Seven Crown, VO, Crown Royal, Martell, Captain Morgan, and even had the distribution for Absolut Vodka so all that came to an end and the sale happened the first week of 2002, just after 9/11. I spent the first 20 years of my career there and then I went to Patrón Tequila, we took that global and then the last nine years have been with Tito's Handmade Vodka, growing international operations."

After joining Tito's in August 2013, the brand is "now in 144 countries around the world and many duty-free outlets at airports and border shops so it's becoming a truly global brand. People are discovering that high quality vodkas are not just made in Russia and that Americans can make an outstanding vodka. We've proved that so hopefully more and more people will discover what we're doing." ■

