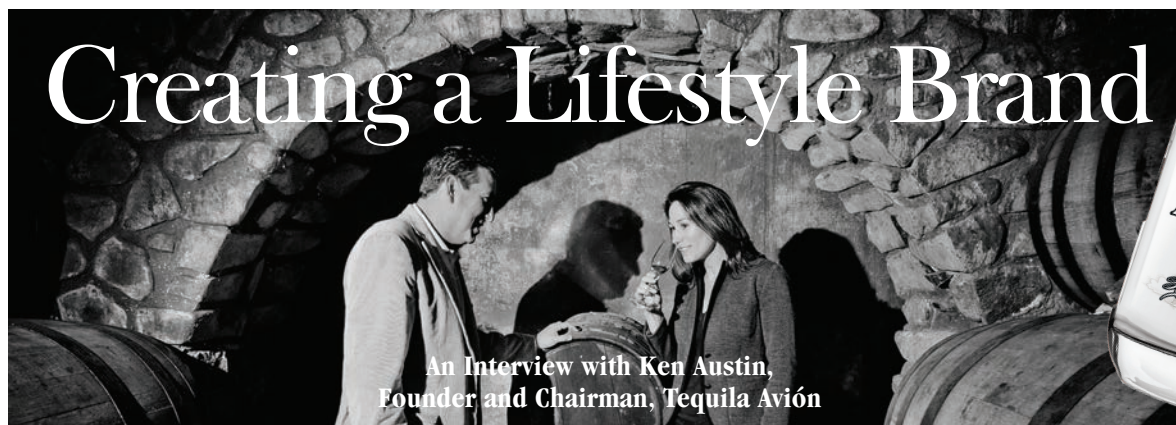


Creating a Lifestyle Brand



EDITORS' NOTE Ken Austin is the former President and Vice Chairman of Marquis Jet. In November 2010, the company was sold to Berkshire Hathaway. Ken began his career at Price Waterhouse and then held positions of increasing responsibility at the E.&J. Gallo Winery and The Seagram Beverage Company. Austin is the Founder and Chairman of Tequila Avión, which launched in July 2010.

COMPANY BRIEF Tequila Avión (www.TequilaAvion.com) is produced from only the finest Blue Weber Agave found in the very highest regions of Jalisco, Mexico. The smooth taste of Tequila Avión begins with the product formulation that comes to life through slow roasting the agave in brick ovens followed by a small batch distillation and culminates in a proprietary filtration process coined ultra-slow filtration, during which the flavors become firmly set to Tequila Avión's specification. Tequila Avión is available in Silver, Reposado, and Añejo expressions and is currently expanding distribution in the U.S., Canada, and Mexico.

Where is the Tequila Avión brand positioned in the market today?

Thirteen months from the launch date, the brand was already number eight in the ultra-premium tequila category and distribution is only at 3 percent nationally. To achieve that kind of brand awareness and sales velocity in such short period of time rarely happens in the wine and spirits industry.

We recently signed a global joint venture with Pernod Ricard, the global co-leader in the wine and spirits industry. They acquired a minority stake in the company and with that came a global distribution partner for the brand. Pernod Ricard owns some of the world's most powerful brands such as Absolut, Jameson, Glenlivet, Chivas Regal, Malibu Rum, Perrier Jouet, and more. For Pernod to take a brand on like Avión proves that we have the recipe for success, which is a great product in the bottle, a double Gold medal-winning product, and marketing and buzz at an early stage, which is difficult to achieve.

How have you built awareness about where this brand fits and what makes it different?

Consolidation on the distribution side as well as dealing with 800-pound gorillas in the space, such as our new partner, Pernod Ricard, makes this a tough industry to break into.

Anyone can say their product is great in the bottle. It happens to be that you can put a fair product in a bottle and market it well, and sell a lot of it. History has proven that there are products out there that sell well because they're marketed well that are not as good as people perceive them to be.

On the other hand, the question is, can you put a great product out there in the bottle and not market it well but do well? And the answer is, probably not. There are many great products in the bottle but they're not handled properly from a consumer perspective.

With Avión, it began with pursuing my dream of more than 20 years to create an adult beverage product. I chose tequila because I have been a lover of the spirit for many years and felt there was a massive opportunity in a space that most companies have been unable to crack outside of the #1 player. I also wanted to create a tequila that women would find delicious and smooth and felt if we could satisfy them, men would respond easily. The ultimate result followed a huge amount of time, money, and effort put into creating Avión, which we believe is the smoothest tequila in the world.

It all started with the tequila, the actual liquid, but we had a plan to market Avión in ways that most new companies don't. Most new brands in the spirits industry come from small players like us and those companies launch and wait to sell product, hopefully make money, and then use that money to market. We came out with a great product in the bottle and we marketed out of the gate with ads in newspapers, magazines, billboards, aerial banners, and digital media. For a new company in this economy to come out and spend ahead of the curve is very rare, but in the spirits business you cannot cross your fingers and hope consumers will notice you.

Also, a huge hit for the brand was the inclusion in the storyline on seasons seven and eight of HBO's *Entourage*. This was based on my friendship and the lifelong relationship my partner Kenny Dichter has with Doug Ellin, the show's creator. Many people ask how this happened and the story is a classic example of good friends and great timing. We were vacationing with Doug and were discussing the show and how he wanted a new storyline for the character, Turtle. After talking a bit about our launch of Avión, Doug felt it was a great story for characters Turtle and

Vince, and Doug said to me and Kenny, if you give me the rights to the brand as it relates to artistic control, I will include the brand. So in one year, we have created an early stage lifestyle brand that medaled at the San Francisco World Spirits Competition, which gives us huge credibility with bartenders, mixologists, retailers, and consumers.

It has been a perfect storm for us. Now the key is to execute over the long term to create the next iconic brand in spirits.

Within the U.S. market, how has the distribution developed and what channels have you used?

When we launched the Avión brand, we went at it alone, so we set up our own distribution network, which was very powerful. The issue we had as a company is that we could not grow our own infrastructure at the pace of the opportunity. It became clear to me and our President Jenna Fagnan that we did not have the soldiers on the ground to execute.

Our distributors were great but internally, as Avión the company, we could not spend the time and focus the attention on distribution that was needed based on the size of our organization. That is why, when we were approached by several companies that already had many people in the field selling, we decided that the clear choice for the brand would be Pernod Ricard.

In the U.S., they have around 900 employees who are working every day and night on the portfolio, which was a far cry from the 14 people we had at Avión. So it has been game-changing for the company and for the brand. We saw results in our first 30 days that far exceeded anything we could have imagined.

In terms of having someone lead the brand day to day, how important has it been to have a President who has such a detailed understanding of the industry?

There are two things that are the most important to any business, especially one that is consumer-facing, and those are the brand and the people.

Our President Jenna Fagnan came from LVMH, where she ran the champagne portfolio and Tag Heuer. She is a dynamic and charismatic leader. It is a great relationship and we complement each other well. ●

Ken Austin, Founder and Jenna Fagnan, President, Tequila Avión (center photo); Tequila Avión Silver (right)