



The Next Big Lifestyle Brand

An Interview with
Jenna Fagnan, President, Tequila Avión



EDITORS' NOTE Jenna Fagnan left her job as Vice President-Marketing and Sales for LVMH's TAG Heuer and joined the partners of Marquis Jet to launch Tequila Avión. After graduating from college, she moved to Japan to work on U.S. sister city programs for its government. She moved back to the U.S. to Wieden + Kennedy, working on Nike and the global relaunch of Diet Coke. Fagnan then went back to business school, graduating from Harvard with an M.B.A. She got her first taste of the spirits industry at LVMH as the Managing Director for Dom Pérignon USA.



Jenna Fagnan

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 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.

When the opportunity presented itself to start a new brand, what made you feel it was the right fit for you?

When Ken (Austin, Founder and Chairman) came up with the brand vision, I sat down with him in his Marquis Jet office as he was describing the concept and thought, rarely in life do you have all of these stars aligned where you can so clearly see that this was going to be the next big lifestyle brand.

It's tough to create a lifestyle brand, unless you have a quality handcrafted product. That is something I learned at LVMH: everything starts with incredible quality and then you can build the brand excitement. So when I did a blind taste test of Ken's final recipe, I found it surprisingly delicious. There was no doubt, the quality is in the bottle.

There was also only a number one in the category of ultra-premium tequila and not a clear number two. In terms of marketing and the storyline for the product, there was so much there that it again reinforced the fact that this was going to be the next big lifestyle brand in an industry I know well. I knew I just had to do it.

How do you differentiate in the marketplace? Is it tough to get the message out?

Getting the message out is a challenge for all brand builders. You have to connect with the consumers and get them excited to share the product with their friends and family, and then people start buzzing about it. But they need to know that what they're recommending is a phenomenal product.

Entourage on HBO gave us that lifestyle, but people didn't know just how incredible the product was. At the San Francisco World Spirits Competition, we recently won Best Tequila out of hundreds, and we won Best White

Spirit, which beat all vodkas, gins, white rums, and the other tequilas. So there is now legitimacy with bartenders, mixologists, and the trade, and we're beginning to tell consumers that story, which is why we saw such growth this summer.

How has distribution evolved?

This industry is incredibly complex because you have different distributors in every state. It's highly regulated, so you're not the one selling to the end consumer – you have to find a distributor that does that. Those guys have been in the business a long time and they have hundreds of brands to sell, so it is difficult to get the attention and focus one needs to build a new brand.

When we launched, we had great relationships with them because we knew them from past lives, and they did help. But at the end of the day, they have their big suppliers saying, don't push their tequila, push ours. That made it tough – we had a small team and would go into a state once and never go back, and that doesn't work.

We were out there every day, killing ourselves to get the distribution and we realized we could not do it on our own based on the size of the opportunity. The consumer engagement was so large and we could not take advantage of it other than to partner with someone who had power with the distributor and who had a sales force of its own.

It was then that we met with several large companies who were approaching us regularly and we ultimately partnered with Pierre Pringuet, Paul Duffy, and Thibault Cuny of Pernod Ricard. As we looked at the options, it appeared Pernod Ricard was the perfect potential partner because they had a solid global portfolio including Jameson, Absolut, Chivas Regal, The Glenlivet, Perrier Jouet, Malibu Rum, and others but didn't have an ultra-premium tequila. They also have a phenomenal sales team, which is global, so expansion was possible. We did the

deal rapidly, and one year in with Pernod and we are clearly breaking out.

Tequila Avión expanded into 50 states as of February of this year, and Canada as well, and we're in the process of launching France and some of Asia this winter.

As the market grows, is production a challenge?

It is. We recently built more brick ovens in Mexico and we built a new warehouse where we can store additional dry goods. We also built a state-of-the-art bottling line with another on the way, which has helped a lot.

We have increased our capacity significantly, but we'll only grow as fast as we can keep that exact same process and the quality that won us World's Best Tequila.

Is there growth in each of the tequila segments or has one taken over?

I thought Silver would be the massive workhorse, but we were out of Reposado and Añejo within two months after we launched.

Silver is still the lead, but Reposado (aged in American oak whiskey barrels for six months) has done incredibly well through the Western part of the U.S. and Añejo (aged for two years) has done well on the East Coast. Scotch drinkers are really drawn to our Añejo and people on the West Coast who know tequila better love Reposado because it's the most popular in Mexico.

How have you maintained an affordable price point?

We have had to. We want people to feel they can have something that is of phenomenal quality for themselves or to give as a gift without feeling gouged. We're lucky we took that tack, especially with the economy, as it seems to resonate with the consumer. It's still at the higher end, but people realize they're getting quality for the price point because there are tequilas that go for \$100 to \$300 per bottle that Avión beat out at the World Spirits Competition.

Is the tequila market still predominantly male?

It's almost 50/50, male/female. A lot of that is driven by margaritas – it's the number one cocktail in the U.S. It used to be that you only drank tequila in shots or margaritas and that is still the majority of it, but we made ours so you can sip it and mixologists are using tequila as one of their staples. Many consumers are now replacing their vodka with Avión in their everyday cocktails. Avión just makes it more fun. ●

Avión Elevated Margarita (left); Avión bottles (right)