

Jack Daniel's Prepares For Its Largest Expansion

Bruce Schreiner, Associated Press

LOUISVILLE, Ky. (AP) — Jack Daniel's is being served a \$100 million-plus expansion of its rural Tennessee distillery to flex more muscle in the growing whiskey market.

The investment amounts to the largest single production expansion in the brand's long history. It will add stills and barrel warehouses at the Jack Daniel's operations in Lynchburg, Tenn., the brand's Louisville-based parent company, Brown-Forman Corp., said Thursday.

A second production building will go up on the same grounds as the current distillery site, which traces its roots back to a year after the Civil War ended.

Expansion work will begin this fall and is expected to wrap up within two years. Company officials didn't specify how many stills and warehouses where the whiskey agers will be added. The distillery is bumping up against capacity pressures that will be relieved by the second production facility.

"It's a good time in the whiskey industry, and our future prospects look really good," said Jeff Arnett, master distiller at the distillery. "We don't want to find ourselves without any additional throttle, if we need it. This will basically secure that we've got the ability to give Jack Daniel's to all of those who want Jack Daniel's for years to come."

The new production facility will have access to the same source of cave spring water as the existing distillery, he said.

"It's going to ensure that every drop of Jack Daniel's is made here in Lynchburg, Tenn., from the same water source," Arnett said.

Jack Daniel's sales have soared in the past decade, as the venerable brand has spread to more countries. The brand has had volume growth for 21 straight years, and its global net sales increased by 9 percent in the last year. Since 2004, global case sales have risen from about 7.7 million cases to nearly 11 million cases last year.

The brand is sold in more than 160 countries. The U.S. still ranks as its largest market and the brand's domestic sales grew in 2012.

But overseas markets now represent slightly more than half of overall sales. Its largest international markets include the United Kingdom, Germany and Australia, where the brand's premixed cocktails are popular. Emerging markets such as Russia, China, Turkey and Brazil have become key contributors to global sales.

In neighboring Kentucky, the bourbon industry is in the midst of its largest

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expansion since Prohibition to meet growing demand.

In the past two years, Kentucky's bourbon makers have invested nearly \$300 million in new and expanded production facilities, warehouses, visitors' centers, bottling lines and more. Kentucky produces 95 percent of the world's bourbon, and the 4.9 million barrels of aging bourbon in Kentucky outnumber the state's 4.3 million people.

Jack Daniel's is the flagship brand for Brown-Forman, whose other brands include Southern Comfort, Finlandia, Korbelt and el Jimador. The Jack Daniel's brand lineup includes the mainstay Jack Daniel's Old No. 7 Tennessee Whiskey, Gentleman Jack, Jack Daniel's Single Barrel and Jack Daniel's Tennessee Honey. The expansion will give the venerable brand more room to roll out new products, part of a key industrywide trend as spirits makers introduce new flavor combinations.

The 147-year-old distillery and its employees, along with Lynchburg, have been the focus of Jack Daniel's folksy advertising for years. Black-and-white labeled bottles of the charcoal mellowed sippin' whiskey list Lynchburg's population as 361, but the town and county really have about 6,400.

The distillery is tucked away on 1,700 hilly acres down the road from the quaint town square in Lynchburg, about 65 miles south of Nashville.

Tennessee Gov. Bill Haslam called Jack Daniel's a "global ambassador" for the state.

"Jack Daniel's is one of our most historic exports, and it helps us in our efforts to bring new Tennessee products to the world marketplace," he said.

The expansion will add about 90 full-time jobs in the next five years, the company said. The distillery currently employs about 435 workers.

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