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DEFINING *Luxury*

A Brand with True Heritage

An Interview with J. Gary Shansby,
Founder and Chairman, Partida Tequila, LLC

EDITORS' NOTE As Founder and Chairman, J. Gary Shansby provides marketing vision, strategy, and brand-building guidance for Partida Tequila. A noted brand builder, he cofounded a consumer goods private equity firm. Shansby has developed and marketed such noted household products as Vitamin Water, Famous Amos Cookies, Terra Chips, and La Victoria Salsa. Prior to founding his own private equity firm, Shansby was Chairman and Chief Executive Officer of Shalbee Corporation. He brings more than 40 years of brand development experience to Partida Tequila.



J. Gary Shansby

COMPANY BRIEF Partida Tequila (www.partidatequila.com), based in San Francisco with Mexico headquarters in Guadalajara, combines traditional tequila-making methods with cutting-edge technology. Partida is an award-winning, 100 percent blue agave, estate-grown tequila. The special ingredient is the pure natural essence of blue agave, which is cultivated for 7 to 10 years until the piñas are ripened with concentrated sugars, harvested by hand, and slowly baked in state-of-the-art stainless steel autoclaves. The marketing of Partida Tequila reflects the true heritage, passion, and pride of Mexico.

How did Partida Tequila come to evolve as a product and as a brand?

I decided I'd look at the spirits business to see what was happening. I'd heard about a number of brands, and it was fascinating to me that most of the evolving brands that were becoming leading brands were coming from non-industry people who were not following the traditional spirits business. So I studied the spirits categories and noted that the fastest growing category was tequila, and all the growth was coming out of the superpremium area.

I sent a guy who worked for me to Mexico, and he came back and told me that you need to understand four things if you really want to be in the business. The first is that tequila is a natural product. It's made out of agave, which is a giant lily plant, and where it's grown has a significant impact on the taste. Second, there are hundreds of farmers, and every decade or so, there's a tremendous agave problem, and



everyone panics, and you can't get agave. You need to have the ability to get consistently good and properly aged agave. In addition, you need to develop a very smooth, very good product. Third, in America, when we had prohibition, the government approved a three-tiered system – the distiller, the distributor, and the retailer or bar – that says that if you're going to sell spirits, you have to go through a distributor. In some cases, distributors have thousands of brands, and you have to figure out why they would take your brand. Fourth, you have to know it's going to be expensive – you can't just develop a product and expect people to discover it.

So I felt it was an interesting challenge. I spread the word that I wanted to break into the tequila industry. I got a call from a guy who said he had a young woman from Mexico with a family tequila business. Her name is Sofia Partida, and she had tequila that had poor packaging and didn't taste good. But her uncle is a well-respected agave farmer in Amatitlan, which is the birthplace of tequila, so I said I wanted to meet him. She took me to this whirling estate of about 5,000 acres and introduced me to him.

That led to my forming a relationship with the Partida family in Mexico. I rebuilt the distillery and developed two products. We did a blind taste test with judges from the official academy of tequila, La Academia Mexicana del Tequila, and I was stunned that the product we cooked in the stainless steel autoclave finished number one. What I realized was everything else was baked in a stone oven, which generates smoke in the product and gives it a slightly bitter smoky taste. Some people like that, but most Americans don't. I then brought the product to a tasting panel run by Julio Bermejo, the official ambassador of tequila in the U.S., and we were highly rated by the spirits judges.

We then went through various age testing in various barrel types and settled on the American oak barrel Jack Daniels used, which imparted a slight touch of sweetness. Next, we developed the package. I wanted a bottle that was friendly

to bartenders and women, as the consumer profile shows that half the consumers are women. Bartenders like something that they can grab a hold of, and they like to see the liquid come out as they pour. Women like something that's a bit feminine. We had already started talking to a number of distributors, and they described our tequila as elegant and smooth. We launched in four of the six biggest markets, and we did pretty well. We began to enter spirit competitions, and we won them all. We've been rated as the best tequila in the world, and we're the only tequila to have five stars or 100 points across our entire product line. We're also one of the very few estate-grown tequilas. I've tried to make the brand a true heritage brand. Everything has been made in Mexico – not only the tequila, but also the bottle, the leather wrap, and the silver spirit bird. We started selling in Mexico, because we couldn't claim to be Mexican if we weren't there. Now we're all over Mexico, in 17 U.S. states, in the United Kingdom, and in Australia.

How many cases are you doing today?

In 2008, we should do more than 50,000, and that's a record. But I'm not anxious to get too big too quickly, because I don't want people to think of this as a big brand. We're the only tequila brand that takes people out cruising in the agave fields. We take them to see the farmers, and they watch the process from start to finish. I want people to understand that this product starts in the land.

You had reached a point in your life where you could have taken it easy. Is that not a part of your nature?

I decided I'm going to retire when I'm carried out feet first. I had prostate cancer three and a half years ago, and I'm on the Prostate Cancer Foundation board. I'm a proponent for curing all cancers, so I dedicate time to that. And when I like a politician, I get involved in the campaign. Also, I have a home in Mexico. I love Mexico, and I travel all over. This to me is fun. I've never had more fun in my life. ●

Partida Tequilas

