



AT THE BAR WITH BOWDITCH

A Legal Blog for the Craft Brewing Community

Innovation in the Bourbon Industry as Supply of Aged Whiskey Struggles to Meet Booming Demand

BY TIMOTHY H. POWELL • MARCH 12, 2015

Few things are more American than wanting our products available instantaneously. And when satisfaction cannot be delivered immediately, American companies will innovate and disrupt the market to meet demand. Such is the case for the American bourbon industry, which has seen a rapid increase in interest over the past decade, as discussed in a recent issue of Nautilus Magazine, [“Whiskey Can’t Hide Its Age Either.”](#)

The industry has seen nearly 50% growth over the past decade, from 13 million cases of bourbon sold in 2002 to 19 million cases in 2014. The demand is great for business, but consumers are finding that premium bourbons – which are often aged for 12, 18, or more years – are simply selling out faster than distillers can supply them.

“Enter entrepreneurs with start-up spirits and a potential solution” writes Tasha Eichenseher, author of the article. To speed up the traditional aging process, whereby harsh distilled ethanol is smoothed out over years of aging in charred oak barrels, new distilleries are experimenting with smaller barrels, wood chips, and rapid oxidation technologies. As expected, some bourbon connoisseurs claim these “accelerated” whiskeys don’t measure up to the real deal, but the proof will be in the pudding, as they say, when these start-ups start to compete in the under-supplied market of premium bourbon whiskeys.

From a regulatory perspective, we can expect that the older, more established brands with market share and an image to protect may start lobbying for higher standards on labeling and advertising of bourbon (currently, federal law requires a minimum of two years of aging to be labelled “straight bourbon”). In the meantime, bourbon enthusiasts should give these new distilleries a taste, and stay tuned for further developments in the industry.