

Nice guys finish thirst? Fair Trade vodka is here

by Kieron Monks @CNMMoney

September 9, 2016: 10:04 AM ET



COURTESY FAIR SPIRITS

Fair Spirits

Drinking vodka need not be a guilty pleasure, if it is distilled from ethically sourced Bolivian quinoa.

This is the pitch of Fair Spirits, the first and only Fair Trade certified liquor company, and it is resonating with a growing market that covers dozens of countries.

Fair was launched by former cognac salesman Alexandre Koiransky in 2009, after he tired of selling luxury liquor in some of the poorest areas of Chicago.

"I loved the idea of selling French savoir-faire abroad, but it was wrong to sell \$40 bottles to guys that could not afford their rent," says Koiransky.

"My idea was to bring some meaning to the world of spirits," he adds. "I was already a Fair Trade coffee lover, and I tried to bring this world into spirits."

On the road

After forming Fair with friend Jean-Francois Daniel, Koiransky targeted the popular vodka market for his first product. But he found that using only Fair Trade goods required creativity.

Fair Trade does not certify common ingredients such as potatoes and wheat, so the entrepreneur turned to in-vogue grain quinoa, which marked the beginning of a "world tour of co-operatives."

"Fair Trade put me in touch with a co-operative in Bolivia that needed to sell their quinoa," Koiransky recalls. "We went to see the guys in Bolivia, and found the right price to make it a win-win relationship."

Koiransky then toured the Cognac region of France in search of a distiller capable of creating the first quinoa-based vodka, and found one in master brewer Philip Laclie.

The product was an instant hit, winning the 2009 gold medal of the Beverage Testing Institute, the first of several awards.



Alexandre Koiransky

Companies must comply with around 200 rules to maintain Fair Trade certification.

Many in the liquor business would balk at the requirement to pay producers 15% more than market price, and return 2.5% of revenue to support local development.

But Koiransky sees benefits in forging close ties to suppliers. "One rule is that once you start working with someone, you must make sure you have a system with them and a long-term relationship with them," he says.

Fair's relationship with the Bolivian quinoa farmers has endured to the present day, and the company has since formed lasting links with co-operatives across the world to support an expanding range of liquors.

The company now produces gin using juniper berries from Uzbekistan, rum from Belizean sugar cane, and coffee liquor from Mexican beans.

Despite the diverse and far-flung supply chain, Koiransky says the commitment of his suppliers ensures that production runs smoothly and without delays.

Upward curve

Fair currently sells around 15,000 cases of liquor a year, making it a minnow in industry terms compared with giants such as Smirnoff, which sells over 25 million.

But the company is spreading rapidly, with products now distributed in more than 20 countries, and it is targeting the same niche of savvy, metropolitan consumers across the world.

"Our market is located in the heart of big cities," says Koiransky. "Anywhere in the world you have the same people who care about what they eat and drink ... people are looking for quality ingredients different from what they know, and it is more exciting to discover them through a spirit."

Koiransky is confident that consumer trends are on his side.

Sustainable produce is increasingly popular, with Fair Trade sales approaching \$7 billion in 2014. There is growing demand for healthy alternative produce, which Fair targets with gluten-free and organic recipes, and sales of premium spirits are rising fast.

Growth strategy

Fair is continuing to look outwards, with the imminent launch of a Brazilian acai liquor, and steady expansion into new markets, most recently Hong Kong.

But the priority is to strengthen in Europe, with plans to scale up in the U.K. that will make it the company's largest market, overtaking the U.S., which Koiransky says is the most challenging market.

"The level of financing you need, the competition and the level of innovation in the U.S. is probably the highest in the world," he says. "There are 300 new brands of vodka launched every year in the US which tells you how competitive it is."

Koiransky says that word of mouth often sees new business come to him, with increasing buzz around the new flavor of the month.

But he does not expect to remain the only fair trade liquor provider for long.

"I'm totally aware there are other people working on this, and there will be many other new products like ours," he says.