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A Cocktail Shot Company Looks Beyond Beer Pong

8-10 minutes

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Image





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Mention the word "shots" and visions of frat boys from the cult movie "Animal House" often come to mind, with the Delta Tau Chi boys chugging Jack Daniels. They didn't care about quality, health or taste. The aim was to get drunk as quickly as possible at the cheapest price.

But two New York entrepreneurs are shaking up that image and adding a little sophistication with their ready-to-drink cocktail shots, called <u>LIQS</u>. They use premium spirits, real fruit juices and low sugar to create premixed cocktails in sealed 50-milliliter plastic shot glasses.

"You don't need ingredients, a shaker, shot glasses or bartending skills — it's pre-made and you can enjoy it almost anywhere," said Harley Bauer, who co-founded the company in 2013. It comes in five flavors.

Millennials have been particularly receptive. About 62 percent already buy ready-to-drink alcoholic beverages for the convenience, according to a December 2015 report by Mintel, a market research group. And LIQS's natural juices and high-quality spirits appeal to the group's penchant for healthier ingredients.

Industry experts say LIQS, short for "liquor shots," is in the right space at the right time. Television shows like"Sex and the City," "Mad Men" and, more recently, "Boardwalk Empire" and "Billions" helped bring high-quality spirits and cocktails into vogue, said Frank Coleman, senior vice president of the Distilled Spirits Council, a trade group.

Also, the 2008 recession prompted a surge in consumers hunting for easy and cheaper ways to make cocktails at home, he said. Cocktails may be trending big, but at least one expert isn't sure cocktail shots will be equally fashionable.

"Shots are not usually meant to savor or drink or sip," said Beth Bloom, a food and drink analyst at Mintel. "Shots are the thing you drink to get to the end — which is drunkenness." And millennials are shunning the drink-till-you-drop fad, preferring higher-quality drinks in moderation. "Beer pong is passé," she said.

Mr. Bauer dismisses that idea. "You can sip it, you can shoot it, you can pour it over ice in a martini glass if you wanted to."

A server, at center, offering LIQS to a crowd at New York's Webster Hall last month. CreditKrista Schlueter for The New York Times



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LIQS sales hit \$600,000 in 2015, up from \$250,000 in its first full year in 2014. Mr. Bauer is projecting sales of at least \$1.5 million in 2016, \$4.5 million in 2018 and \$7 million to \$10 million in 2020.

Mr. Bauer and Michael Glickman are the brains behind LIQS.

Born in Brooklyn in October 1977, Mr. Bauer caught the entrepreneurial bug early on, watching his father, Victor, build a thriving beer and soda distribution company. As a teenager, he spent summers working for his father, delivering crates to bars and clubs. "I was a scrawny 5-foot-9, 130-pound kid, and I'd be hauling a keg of beer that weighed twice as much as I did," he said with a laugh.

He honed his marketing skills, working at entertainment firms, including the William Morris Agency and Flutie Entertainment, before taking a job and an ownership stake in his brother Jason's Crumbs cupcake company in 2006. At Crumbs, he coordinated the company's West Coast expansion to 30 stores from four over 24 months. After the 51-store chain was sold and taken public in 2011, he left and searched for new investments.

Mr. Glickman, 47, was born in the Bronx. At 17, he started his first business, creating a phone directory for the newly built Valley View Mall in 1985 in Roanoke, Va., where store owners paid him to list their numbers in his book. In 1986, he started a portrait photography business, and in 1989 he built custom computers to pay his way through college.

After graduating from Georgia State University with a bachelor's degree in business administration and marketing in 1992, he

started his own company, Performance Event Marketing, which served such clients as Chivas Regal, IBM, Amazon, and HBO. He sold the firm in 2004 and began consulting.

It was during business trips, which kept him on the road four months of the year, that Mr. Glickman came up with the cocktail shots idea. He wanted a convenient way to grab a cocktail at the end of a long day that didn't require going to a bar, buying big bottles or mixing ingredients.

When a graphic designer friend introduced Mr. Glickman to Mr. Bauer in 2012, Mr. Bauer loved the cocktail shots idea, and the two agreed to build out the concept. Mr. Bauer, his father and his brother invested \$800,000 to start LIQS.

The founders hired two former Bacardi executives as advisers, retained a well-known bartender, <u>Alex Ott of Manhattan</u>, to create the cocktail flavors, and spent about 10 months developing the shots.

Finding a distillery was the biggest hurdle. "Almost every distillery is set up to fill 750- milliliter bottles or a 50-milliliter airplane bottle," Mr. Bauer said. They approached more than 40 companies, before finding one willing to make custom molds and retool their machines to fill and seal the contoured shot glasses, Mr. Glickman said.

By 2020, the maker of LIQS shots expects to be in more than 30 markets in the United States. CreditKrista Schlueter for The New York Times





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In late 2013, LIQS debuted in Miami. The founders used coffee shops and rental cars as offices and went door-to-door, selling

the shots to liquor store managers. "My rental car was like a storage facility — it carried the product, racks, posters, stickers, buttons and T-shirts," Mr. Bauer said. They hustled, handing out samples at more than 50 charity galas and hip Miami parties.

They expanded into Massachusetts and Texas in August 2014, and into Connecticut, Rhode Island, New York, and Alberta, Canada, in June 2015. By 2020, they expect LIQS to be in more than 30 markets in the United States.

LIQS's closest competitor is Twisted Shotz, which offers 25-milliliter shot-size cocktails. It caters to the college crowd, with its high sugar levels, artificial flavors and neon-colored drinks carrying names like Porn Star, Sex on the Beach and Miami Vice.

Another rival, BuzzBallz, makes ready-to-drink cocktails with premium spirits similar to LIQS, but they are packaged in 200-milliliter containers.

Other companies attract a different customer. Ludlows offers cocktails in jelly shots, Gasolina sells them in 200-milliliter pouches and Daily's offers frozen pouches.

"LIQS is very different — nobody is really doing it," said Barbara Oaktree, owner of Diplomat Wines & Spirits in New York. She initially ordered three cases for one store. "Within two months, they were sold out." She now sells LIQS at all four of her company's stores.

But David Manno, a buyer for Gramercy Wine & Spirits, thinks LIQS's \$7.99 retail price for a three-pack is too high — especially when it contains only 20 percent alcohol. "Eight

dollars for three weak drinks is kind of a lot," he said. Still, LIQS is "carving out something new," he said.

Michael Weinstock, an angel investor, first heard about LIQS in 2014 but waited a year before investing. "I wanted to see proof of concept before I invested," said Mr. Weinstock, who had previously invested in a craft beer business that failed. In May 2015, he jumped in.

To date, the LIQS founders have raised \$2.5 million, and they are in the process of raising \$2 million more. Mr. Glickman expects the company to turn a profit by 2018. He anticipates growth through the addition of new flavors and expanding into new markets, music festivals, clubs and stadiums.

Several investors speculate that the company will probably be bought by a deep-pocketed player in the spirits industry down the line. But most are in no hurry to exit. "You need to have patience," said Bill Wise, a LIQS investor. "You never want to sell too early."

A version of this article appears in print on April 7, 2016, on Page B7 of the New York edition with the headline: Pop-Top Shots That Aim a Little Higher. Order Reprints I Today's Paper I Subscribe

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