

# Spirit of ROCK

*Veteran musician Sammy Hagar built the Cabo Wabo Tequila brand from the ground up—first using grassroots promotion, then partnering with Skyy Spirits*

BY AMBER DREA • PHOTOS BY JENNY ACHESON

**S**ammy Hagar's first rule for building a spirits brand is simple: become a successful musician with a fan base of millions. Of course, that's not as easy as the Grammy-winning rocker makes it look. In 13 years, Cabo Wabo Tequila has gone from being a brand sold only in Hagar's Cabo Wabo Cantina restaurant in Cabo San Lucas, Mexico, to a 65,000-case-per-year brand with worldwide distribution via majority owner Gruppo Campari.

"I wanted the Tequila to be in the cantina," Hagar says. "I didn't plan to release it. (The distillery) would send it to us in 5-gallon jugs." In 1996 Wilson Daniels Ltd. approached Hagar about distributing Cabo Wabo in the United States. Hagar accepted, and he began promoting the Tequila at his concerts. "I built a stage to look like the cantina, and waitresses brought me Margaritas after every three or four songs," Hagar recalls. "We played for 20,000 people every night, 100 shows a year. And after three years, we were doing 80,000 (six-pack) cases without spending a penny on promotion. I was lucky because



*This summer, Cabo Wabo Tequila unveiled a new, more modern and rock-influenced look for its Blanco, Reposado and Añejo expressions.*

Tequila was taking off at that time. It wasn't intentional."

That's the kind of advertising you can't buy—or at least, not without spending tens of millions of dollars. Eventually, though, Hagar realized his brand couldn't grow any further unless he got bigger backing, and that's where Skyy Spirits came in. "There was a time when we were at about 150,000 (six-pack) cases on our own," Hagar says. "I was just a rock star (who wanted to) go out and play music. I didn't have time to fly out and meet with distributors. I was still hitting a wall every time somebody would come up with a big marketing plan. They'd say, 'We can spend \$5 million,' and I'd answer, '\$5 million!'"

In early 2008, Hagar and Cabo Wabo president Stephen Kauffman decided to sell their majority stake in the Tequila to Skyy Spirits' parent company, Gruppo Campari, whose international presence and "young attitude" appealed to them. "I didn't want to sell the whole brand—I've got (Cabo Wabo) tattoos on my arm," Hagar jokes. After Campari

rejected his offer for a 50-percent deal, they settled on an 80-20 split. "I'm really happy because now I just go out and play music and do interviews," Hagar says. "And I don't have the headache of the accounting. It's been a great relationship."

The partnership has led to some changes for Cabo Wabo, including a packaging redesign—the fifth for the brand—courtesy of Burbank, California, design firm Meat & Potatoes, which worked on Hagar's last three solo albums and the recent record from his newly formed super group, Chickenfoot. Skyy Spirits recently unveiled the Blanco, Reposado and Añejo expressions (\$44.99 to \$54.99 a 750-ml. bottle) with the revamped look, which features clean, modern labels with metallic lettering on clear bottles, allowing the color of the Tequila to show through. Printed on the inside label for each expression is a different illustration depicting one of the elements that inspired the brand—the blue agave plant, the Cabo San Lucas landscape and a jimador who's wielding a guitar to cut the agave. The brand is also launching a 375-ml. size for Blanco (\$24.99) and Reposado (\$26.99) this fall. "It's an expensive brand, and most of my fans are fairly blue-collar people, so I think it's a gift to my fans," Hagar explains. "And for those people sitting on the fence about it, (the smaller size) gives them an incentive to try it."

Hagar is expanding his on-premise business as well. Last year, he partnered with HMSHost Corporation to open a new concept, Sammy's Beach Bar and Grill (SBBG), in Kahului Airport in Hawaii and in McCarran Airport in Las Vegas. There's also a location in Harrah's St. Louis resort casino that's not affiliated with HMSHost. The island-themed restaurants offer classic American fare, such as Cabo Wabo Ceviche, and a full bar focusing on fresh-fruit cocktails, with 100-percent of Hagar's profits donated directly to local children's charities near each city, including A Keiki's Dream in Maui, Hawaii. "The plans are to roll (the venues) out quite vigorously in two to three years," Kauffman says. "We'll have 10 to 15 (SBBGs) in major airports around the United States."

In addition, an outlet of Cabo Wabo Cantina is opening on the Las Vegas Strip this month. Located in the old Trader Vic's space at Planet Hollywood Resort & Casino, the two-level, 15,000-square-foot nightclub and restaurant serves traditional and contemporary Mexican cuisine and seafood, as well as a variety of Margaritas and other cocktails. And Hagar has partnered with chef Tyler Florence to take over Mill Valley, California's El Paseo restaurant, which will re-open in mid-December offering local, seasonal dishes, with an extensive wine list and a selection of beer and artisanal ciders, though no hard liquor due to its limited beverage license.



*Though he sold an 80-percent majority stake in Cabo Wabo Tequila last year to Skyy Spirits' parent company, Gruppo Campari, Hagar remains an integral part of the brand's identity, as he's deeply involved in marketing and decision-making.*

As for the Tequila brand, Hagar continues to play a large role in Cabo Wabo's growth and development. "There's no such thing as 20-percent involvement," Hagar explains. "I'm still involved in every decision they make. They come to me at the end—that's the best place to be." While Hagar no longer actively promotes Cabo Wabo during his live shows, he says the brand has become entrenched in his onstage persona. "There are more Cabo Wabo shirts out there than anything else," Hagar admits. Kauffman says that future plans include a "serious" advertising campaign scheduled for 2010, complemented by Hagar's frequent touring.

What about trying his hand at any other spirits? Hagar is cautious, but sees potential. "I would like to add a rum because it's a cool spirit," he says. "I think there's some room for an interesting rum concept." **mw**