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|  | e - NEWS |
| *January 27, 2006* | |

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**1. What, No Keg? Beer Gets a Makeover**

By Parija Bhatnagar, staff writer - *CNNMoney.com*

January 20, 2006

**As sales fall, Anheuser-Busch and others start a campaign to brew a 'finer' product image.**

NEW YORK (CNNMoney.com) - As wine, vodka and whiskey grab market share from beer, leading brewers have crafted a new industrywide campaign that's aimed at "fighting back the enemy" by touting -- get this -- the *finer* aspects of beer.

The effort is being spearheaded by beer industry leader [Anheuser-Busch](http://money.cnn.com/quote/quote.html?symb=BUD) ([Research](http://cnnfn.investor.reuters.com/Reports.aspx?ticker=BUD)), said Robert Lachky, the company's executive vice president of global industry development, in an interview with CNNMoney.com Thursday.

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| |  | | --- | | Beer companies are expected to launch a new campaign next month that aims to overhaul the image of beer by highlighting some of the beverage's | | **Beer companies are expected to launch a new campaign next month that aims to overhaul the image of beer by highlighting some of the beverage's "finer" attributes.** | |

Lachky said Anheuser and its competitors are working with the Beer Institute, an industry trade group, to develop the campaign, which is expected to debut in February.

Its official kickoff will be driven by a new Web site -- Herestobeer.com -- followed by brief spurts of TV ads which will direct viewers to the Web site for more information. "It's more of a grassroots effort," Lachky said.

**Beer has every right to be romanced**

So what will the new face of beer look like?

The ads will educate consumers about the "social value" of beer, Lachky said. Since beer is a less-concentrated form of alcohol, it's more appropriate for occasions other than sporting events and has "every right to be romanced as wine does," he said.

The campaign will also "romance the product," or in other words, expose consumers to the brewing process and all that it entails. "There's more to beer than just knowing how to drink it," Lachky said.

And just like wine makers have excelled at educating retailers and consumers about what foods go best with different wines, he said the beer industry will attempt to teach retailers about how to sell beer with various food groups.

Because of the potential litigation risk, beer companies have shied away from openly advertising the "health" benefits of beer.

However, a safer option is to get third parties, such as research groups, to conduct studies on the subject and discuss the role of beer in living a healthy lifestyle, Lachky said.

"I don't think wine has anything over beer in terms of health benefits," he said. "But we won't say that. It's better that others study it and then we have an open dialogue about it."

**Will it work?**

In a recent article published in *Knowledge@Wharton*, an online newsletter published by the Wharton School, associate professor of marketing Patricia Williams said beer companies shouldn't expect to reap immediate results from this effort.

"It is a challenge in general to change an image, especially the image of an entire product category," Williams wrote. The beer industry faces an uphill battle in trying to "change the types of people who drink beer and the circumstances in which they consume it."

Even though beer still leads in total alcohol consumption in the U.S. versus hard alcohol, the ongoing decline in beer sales is a worrisome trend for the industry, said Lachky.

According to the Distilled Spirits Council of the United States (DISCUS), beer currently represents 51.4 percent of the total market for alcohol beverages, down from 53 percent in 2004.

At the same time, market share for liquor like whiskey and vodka rose to 32 percent last year from 31.2 percent in 2004 and wine's market share also increased moderately to 16.6 percent in 2005 from 15.9 percent a year ago. Beer's market share has been trending lower since 2000.

Wall Street isn't too happy about the situation.

Investors have punished stocks of both Anheuser-Busch and Molson Coors. [Anheuser](http://money.cnn.com/quote/quote.html?symb=BUD) ([Research](http://cnnfn.investor.reuters.com/Reports.aspx?ticker=BUD)) shares have fallen more than 14 percent over the past 12 months while [Molson Coors](http://money.cnn.com/quote/quote.html?symb=TAP) ([Research](http://cnnfn.investor.reuters.com/Reports.aspx?ticker=TAP)) shares have declined 12 percent over the same period.

Joel Whitaker, editor of trade publication *Beverage News Daily*, said beer companies have little choice but to shake things up any way that they can.

"If I was in the beer business, I would be very concerned about how quickly I can turn things around," Whitaker said.

Anheuser's Lachky argues that it's not too late. "We recognize that we have to become better at recapturing our market share," Lachky said. "Liquor companies are doing a good job at targeting beer drinkers and beer-drinking occasions. So we know who the enemy is and we have to do something about it."

"But you have to put it in perspective. Beer is coming off its all-time highs while hard alcohol sales are coming off their all-time lows," Lachky said. "[Nevertheless], you're concerned about the future, about not letting this trend become a runaway train."

**Trading up**

"The big difference between beer and spirits is that spirits like vodka and Scotch offer consumers a wide range of flavors and mixable options and you can buy them in a range of price points," said DISCUS' chief economist David Ozgo.

Liquor and wine sales are growing at the expense of the mass-market beer brands also because consumers continue to "trade up" in alcohol beverages.

"Spirits are perceived as affordable luxury," said Ozgo. "People are more careful with their spending today. Maybe they can't buy a $40,000 BMW but they're willing to buy a good $60 to $70 bottle of Scotch. You don't get that kind of trading-up feeling with beer."

Ozgo said he's not worried about beer's image-enhancing efforts. "Imitation is the best form of flattery," he said.

Miller Brewing and Coors could not immediately be reached for comment.



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| http://cmsimg.desmoinesregister.com/apps/pbcsi.dll/bilde?Site=D2&Date=20060125&Category=NEWS10&ArtNo=601250360&Ref=AR&Profile=1001&maxw=250http://desmoinesregister.com/graphics/spacer.gif RODNEY WHITE/THE REGISTER **Attentive:** Lincoln High School junior Andy Nicolino, foreground, is among students listening to a proposal called "Nick's Law."   |  |  |  | | --- | --- | --- | |  |  | • Traffic crashes are the leading cause of death and serious injury among Iowans younger than 25.   • From 2000 to 2004, drivers between the ages of 16 and 24 made up 17 percent of Iowa's licensed drivers but represented 24 percent of traffic fatalities and 26 percent of serious injuries.  • From 2001 to 2004, 439 Iowans died in crashes because someone was drinking or otherwise impaired. More than 35 percent were between the ages of 15 and 24.  • For 16- and 17-year-old drivers, just one passenger increases crash risk by about 50 percent. With three or more passengers, the risk is nearly four times greater than while driving alone.  • Teenage drivers using a cell phone have a 50 percent "miss rate" in identifying potentially dangerous events, such as a car quickly changing lanes in front of them. The adult miss rate is 13 percent for the same event.  *Source: Iowa KYDS Initiative and governor's office* | |  |  |  |
| **2. Vilsack Urges Young-Driver Curbs**  By Jonahthan Roos, Staff Writer – *Des Moines Register*  January 25, 2006  **The governor asks teens to support stricter driver's license restrictions.**  Gov. Tom Vilsack, along with a former legislator whose son died in a car crash, a disabled teacher and public safety experts, asked for the support of Iowa teenagers Tuesday in a campaign to toughen license restrictions for young drivers.  Proposals include stricter limits on passengers and late-night driving, and a new ban on cell phone use while driving for teens who have not yet earned unrestricted licenses.  Friends of Nick Bisignano, a Lincoln High School student killed while driving intoxicated in a December 2004 crash, looked on as Vilsack punctuated his plea with statistics showing that teen drivers pose a greater risk to themselves and others on the road than do older motorists.  "It takes time and focus and concentration to drive safely at a young age. It takes experience," said Vilsack at a press conference held in the high school auditorium.  Tony Bisignano, who served alongside Vilsack in the Iowa Senate a decade ago, said he saw his son's face in the crash statistics recited by the governor.  "The Legislature needs to answer this question . . . What percent of our youth today are we willing to sacrifice" because of political differences or the inconvenience that some of the proposed license restrictions could cause parents, Bisignano said.  Backed by highway safety advocates, Vilsack wants to strengthen a seven-year-old state law that created a three-stage licensing system for teenagers.  The governor has endorsed proposals developed by the Iowa KYDS - Keep Young Drivers Safe - Initiative. The proposals, named "Nick's Law" in honor of Nick Bisignano, include these intermediate license restrictions:  • Barring teenagers from driving between 11 p.m. and 5 a.m. unless an adult or family member is riding with them. Under current law, teens can't drive later than 12:30 a.m. unless an adult is present.  • Limiting teenage drivers to one passenger other than an adult or family member.  • Prohibiting teen drivers' use of cell phones or other wireless communication devices except to contact law enforcement, fire protection or emergency services agencies.  <http://desmoinesregister.com/apps/pbcs.dll/article?AID=/20060125/NEWS10/601250360/1001/NEWS> |  |  |



**3. New Effort to Glamorize Cigarettes Launched**

By Rich Thomaselli – *QwikFIND ID: AAR33X*

January 25, 2006

**R.J. Reynolds Opens Tony Chicago Smoking Lounge**

NEW YORK (AdAge.com) -- The image of cigarette smokers has fallen a long way from the days of Bogie, Bacall and the smoking jacket. In many cities they’ve been tossed out of offices and bars and can be seen huddling

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| http://adage.com/images/random/cigs012506.jpg |
| The new premium-priced line of cigarettes called Marshall McGearty can only be purchased at the lounge. There, a tobacconist will hand-roll a pack in any of nine flavors.  Click to see  - [Smoking Lounge Ad No. 1.](http://adage.com/images/random/cigs012506_01_big.jpg) - [Smoking Lounge Ad No. 2.](http://adage.com/images/random/cigs012506_02_big.jpg) |

in doorways on cold days, nicotine-stained masses bumming lights, taking drags and tossing their butts into the street.

**Brazen tone**

Now, in a controversial bid to revive the romance of a habit that’s costly, potentially deadly and increasingly on the social fringes, R.J. Reynolds is openly celebrating cigarette smoking. Its new Chicago smoking lounge, critics fear, could set a brazen tone for a new phase in the marketing of a product that once plastered magazines, billboards and sporting events with iconic images and bright logos.

While the focus seems to be on the core customers who drive revenue -- existing smokers -- there are fears that RJR’s plan could make its products appealing to teens, setting up a new generation of consumers.

In the eight years since a landmark settlement agreement put severe restrictions on the $87 billion industry’s ability to market its wares, tobacco sellers have relied heavily on discounts to move merchandise.

**Upscale lounge in trendy neighborhood**

But RJR is introducing a new premium-priced line of smokes called Marshall McGearty, complete with an upscale smoking lounge in a trendy Chicago neighborhood. The lounge has fresh tobacco leaves and a tobacconist who will hand-roll a pack of cigarettes in any of nine flavors.

The $8-a-pack price and the exclusivity of the brand -- it can only be purchased at the lounge -- is creating a buzz. And, perhaps, a new way of bringing a much-maligned product to market.

“They’re trying something completely different. They’re openly trying to create an allure,” said one industry analyst who asked not to be identified. “If it works, I can see the other companies lining up to try something like it.”

For now, none of RJR’s rivals, which include Philip Morris and Lorillard, have opened smoking lounges or employed a glamour strategy.

**Philadelpia ad agency**

“No one has done this before,” said Larry McGearty, creative director at RJR’s Philadelphia-based ad agency, Gyro Worldwide, and co-creator of the brand that carries his name. “Nobody has tried to create romance in the industry and take it to the next level.”

Mr. McGearty and RJR blend specialist Jerry Marshall struck up a conversation a few years back about tobacco leaves, likening them to the tastes of coffee beans or chocolates. “We identified things such as coffee, beer, wine, liquor, chocolate, teas, and in every one of those categories a ‘super-tier’ brand had emerged within the last six months to 10 years,” said Brian Stebbins, senior marketing director at RJR. “We conducted some research and found that a sizeable group of adult smokers wanted such a brand.”

RJR is not treating Marshall McGearty as a loss leader. “When you do that, you make undisciplined decisions,” Mr. Stebbins said. “We are, in fact, treating it as a profit center. It’s a retail store. We’re a business. We want to make money like any other business. We wanted a super-premium brand and this was how best to take this to market.

**Chicago print ads**

“The lounge is really a tactic driven by the brand, not the other way around.” RJR is marketing the lounge with print ads in local Chicago publications.

Critics see the lounge as the latest attempt by Big Tobacco to hook children.

“Framing this as a way to romanticize a high-end product is consistent with their years of marketing techniques,” said Matt Myers, president of Campaign for Tobacco-Free Kids. “The lounge concept might be new, but the fact that it’s for adults only increases its attractiveness to adolescents, because the most effective marketing campaigns to kids are those that make cigarettes a part of looking like a successful, virulent young adult.”

Statistics from the group show that 80% of smokers develop the habit before the age of 18. Despite the restrictions of the Master Settlement Agreement, the Federal Trade Commission reported that the industry spent $15.15 billion on advertising, marketing, discounts and other promotions in 2003, the last year figures were available. That was up 21.5% from 2002 spending.

**Got around restaurant smoking ban**

The Chicago lounge is considered a retail tobacco store, despite serving food and liquor, and was able to get around the city’s recent ordinance banning smoking in bars and restaurants.

Fred McConnell, RJR’s senior manager-communications, said marketing for Marshall McGearty “falls within the strict guidelines” of the 1998 Master Settlement Agreement.

If RJR is able to get around ordinances in other cities that ban smoking in bars, it will likely open more of the exclusive lounges in other cities. “This is something absolutely new for my company and my industry,” Mr. Stebbins said. “At this point, our focus is entirely on making the Chicago lounge the best it can be.”

<http://adage.com/news.cms?newsId=47590>



**4. Smoking Ban Lights Up**

By: Rebecca McKanna – *The Daily Iowan*

January 24, 2006

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| On a Monday afternoon, only a handful of people are sitting in the bar. Some are eating burgers, while others nurse beers. It's your fairly typical pub atmosphere - except one thing is noticeably amiss. The standard haze of smoke is absent from the bar scene.  While Donnelly's Pub, 110 E. College St., Iowa City, and a few other area bars are smoke-free, state legislators filed a bill Monday that proposed to ban smoking in all Iowa bars and restaurants.  Mary Luedtke, the general manager of Fresh Food Concepts, which manages Donnelly's, said she wanted the bar to be smoke-free so employees and patrons wouldn't be exposed to reportedly harmful carcinogens.  "We're very conscious of the health of our employees," she said. "We didn't think twice about banning smoking, and I think it's drawn in many regulars because of that.”  Donnelly's opened the week before Thanksgiving, Luedtke said, and, so far, the establishment hasn't had trouble garnering business, in spite of its nonsmoking stance.  "Every day, people say how much they appreciate it," she said.  Still, she said, she believes bar owners, not lawmakers, should decide on smoking policies.  Rep. Janet Petersen, D-Des Moines, who filed the bill, said she had people asking her for such legislation constantly.  "It's an uphill battle," she said. "But we want to get a dialogue going.”  John Lowe, the director of the Iowa Tobacco Research Center, said he supported a mandatory ban on smoking in bars because of what he labeled the health risks associated with breathing in secondhand smoke for prolonged periods of time.  "It's extremely dangerous," he said. "Any person who works in a bar will tell you that their hair and clothes smell of smoke every night when they get off work.”  After spending four to six hours in a bar, Lowe said, a person has inhaled enough secondhand to equal the effects of smoking directly. The UI professor of community and behavioral health said.  bartenders, cocktail waitresses, and other bar employees are at risk for a downgraded immune system, an increase in allergies, and have higher risks of developing lung cancer and emphysema.  However, Robbie Uchida, who owns the smoke-friendly bar 808, 121 Iowa Ave., said bar employees are aware of the risk.  "I worry about it," he said. "But bar employees know what they're getting into.”  That argument is unfair, Lowe said, because the perks of those jobs are too tempting.  "How many part-time jobs are available in Iowa City with such flexible hours?" he asked. "These people need to have their rights and safety protected."  Uchida said he has considered going smoke-free several times but never did because he feared losing business. Passing a smoking ban is the only way he could envision most Iowa City bars being smokeless.  "It would have to be mandatory," he said. "Then we could ban smoking and not worry about losing clientele, because the playing field would be level." |



**5. A-B Ad Chief Faces High Expectations**

By Theresa Howard, *USA Today*

January 26, 2006

NEW YORK — Anheuser-Busch, the Super Bowl's biggest advertiser and known for comic commercials, will offer this year's expected 90 million viewers more subtle, more tasteful humor and a new Bud Light campaign, says new ad guru Marlene Coulis.

The 14-year A-B veteran is the first woman — and first Hispanic person — to hold the top marketing post. She got the job in August after A-B promoted Bob Lachky, marketing head for nearly 10 years and producer of some of the Super Bowl's most popular ads.

Coulis, a first-generation American of Mexican immigrant parents, has her game face on. She knows she faces high expectations to deliver great ads — particularly for its star Super Bowl brand, Bud Light.

"There's certainly an expectation to deliver fun and entertaining ads for Super Bowl," Coulis says over steak and a Bud this week. "The challenges come from raising the bar and continuing to be clever and unexpected. Bud Light is so funny, you can't be serious about it."

But the Super Bowl is serious business for A-B. Of the $1.6 billion advertisers paid networks in the past 20 years for nearly 12 hours of Super Bowl ad time, A-B spent more than $230 million, according to TNS Media Intelligence.

A-B has a deal that runs through this year to be the only beer in the game. The game's ads traditionally launch A-B's marketing year. The brewer has five minutes of prime ad time in this year's game, during which 30 seconds is pulling in an average $2.5 million for ABC.

Beer sales have been sluggish across the industry, in part because of gains by distilled spirits. A-B beer shipments to wholesalers were down 1.8% in 2005 vs. 2004.

With so much on the line, A-B produces a basket of ads that it tests with more than 500 consumers before Super Sunday. Their feedback helps determine which ads make the cut for the game.

So far, this year's lineup includes ads for Bud Light, Budweiser and Michelob Ultra Amber, a new variety of the low-carb beer.

Bud Light leads the tentative roster. Six humorous spots launch a new campaign, continuing the theme about the lengths to which people go to get a Bud Light.

One ad shows a young manager whose employee incentive plan is hiding Bud Light around the office.

Another shows a pair of roommates who refuse to share their fridge of Bud Light with guests. Another ad shows Bud Light fans who pretend to do household fix-it jobs while really drinking Bud Light.

While humor stills rules, Bud Light's "Always Worth It" ads are more tongue-in-cheek and less slapstick than earlier jokes, such as a flatulent horse who ruins a romantic sleigh ride. That 2004 ad was a hit with many viewers but, after Janet Jackson's halftime "wardrobe malfunction," was drawn into the indecency controversy.

Coulis thought the ad was bad from the start: "It's not one of my personal favorites."

Last year, her favorite involved jumping from an airplane for a six-pack of Bud Light. Her favorite ad this year features a young Clydesdale horse who dreams of pulling the prized Budweiser beer hitch. "It's so cute," she says as she shows the ad on a portable DVD player.

Making the ads was not as difficult as some would expect, she says. Many of the key people instrumental in A-B's past Super Bowl ads, including agency staff, are still there. President August Busch IV continues to sign off on all A-B advertising.

Though Coulis is the first female to lead A-B into the Super Bowl, she says she's mostly been treated like one of the guys. One agency person hesitated to show her a new Bud Light ad that would run after the Super Bowl. It introduces a new character, an aborigine adapting to American ways, including how to deal with women. Only after she "burst out laughing" did he admit his concern, Coulis says.

This Super Sunday will be a whole new ballgame for Coulis.

"In the past, I've been able to relax and enjoy the game," she says. "Now, I'll be really anxious to hear the feedback."



**6. Students Rally for Smokes Tax**

By: Bryce Bauer – *The Daily Iowan*

January 26, 2006

DES MOINES - College and high-school students from across Iowa rallied at the State Capitol Wednesday to pledge their support for a $1-a-pack increase in the cost of cigarettes - a proposal that drew support from a number of state leaders.

The event, sponsored by student governments from all three public universities, included training sessions by the Iowa Department of Health's Division of Tobacco Use and Prevention, lobbying, and a press conference.

UI Student Government President Mark Kresowik, at the event as part of a three-day government-relations excursion, said the increased price wasn't necessarily to make current smokers quit but to prevent people from smoking in the first place.

"It's a big issue for students," he said. "There are health-care costs and social costs to smoking tobacco that we don't incorporate into [the price of a pack of cigarettes], but we should."

Raising the price, the Campaign for Tobacco-Free Kids estimated, would reduce youth smoking 19.3 percent and cause more than 20,000 adult smokers to give up the habit.

"This isn't a tax issue; it's a health issue," said state Board of Regents President Michael Gartner at the conference. "I'm here because I am so pleased with the students. This is a great, great issue."

Iowa Attorney General Tom Miller called the issue "a question of conscience."

"Iowa is on the backwater on the issues that prevent loss of life," he said, referring to Iowa's bottom-10 ranking in terms of tobacco prices. "The single most important thing we can do on the issue is raise the price of cigarettes. It's simple, effective, and it saves many, many lives."

The Iowa Department of Public Health reports the state pays approximately $277 million annually in tobacco-related health-care costs.

UI graduate student Dawn Wood said the biggest reason she attended the event was because "meeting face-to-face with legislators would be the most significant way to create change."

"I think there was a good turnout, and I think that a superior number of people here today were able to make an impact on legislators," she said.

Rep. David Jacoby, D-Coralville, said the tax increase would "save lives."

He cautioned, however, that legislators who have sworn not to raise taxes might impede the increase.

"What you have to do as citizens and voters is hold us accountable," he said.

Students, meanwhile, had mixed opinions about the proposals.

UI junior Mike Toner said he doesn't think the extra cost would deter people from smoking.

"I don't smoke, so it's not an issue with me, but cigarettes are expensive enough, as it is," he said.

His contention was confirmed by fellow UI junior Julita Potter, a smoker.

"I don't like [the tax], but I don't think it is a bad idea," she said. "For me, I think it would help me quit."

<http://www.dailyiowan.com/media/paper599/news/2006/01/26/Metro/Students.Rally.For.Smokes.Tax-1505374.shtml?norewrite&sourcedomain=www.dailyiowan.com&mkey=433542>



**7. Shakin' and Bakin' in a Cocktail Frenzy**

By Jennifer Lickteig *– The Daily Iowan*

January 23, 2006

"You have no clue till you've had Q." Or at least that's what the Sports Column women's restroom says. "Q" is Ryan Quisenberry, a bartender and UI graduate who's worked at the place for five years now.

By 11:15 p.m. on Jan. 21, the bar was packed to the brim with bodies, a claustrophobe's nightmare. Q didn't look fazed. The tall and muscled alcohol expert, his two bartending colleagues, and the bar-back were all in constant motion - fluid, quick, and focused. Meanwhile, the over-sized boozer by the popcorn stand acted out "Scottie Doesn't Know" and the blond in gold danced on a barstool.

Q first got his job at the Sports Column as a DJ in 2001 with the help of his friend Billy. The Q nickname came from the plethora of Ryans on his dorm floor in Slater and in his fraternity, Delta Upsilon.

After working as a DJ, Q moved to the "bar-back" position - the lowest rung on the bartending ladder, in which he stocked liquor, changed the kegs, and helped the waitresses. For the past few years, this action-movie fanatic has been a full bartender - a job that, on a night such as Jan. 21, is a perpetual screaming match among the masses demanding drinks and those trying to converse and flirt as the Black-Eyed Peas' "My Humps" blares from the sound system. But the guys behind the bar are a well-oiled machine, grabbing and pouring drinks with a speed and accuracy Q would be willing to put up against any other bar in town.

The staff members at Sports Column, he said, are very close. But, surprisingly, few are current students. Q graduated from the UI in 2004 with a degree in sociology but says he hasn't really wanted to leave.

"It's a good atmosphere," he said. "Good people. Good friends you can count on to have your back."

After graduation, he decided to stay in Iowa City, but within the next year or so, he may move on from the Sports Column life for the big city.

In the meantime, Q is having fun working at the place he loves with the people he loves. It was a little difficult for him to come up with a good story from the past five years - at least one that was tame enough to be printed in a newspaper.

But earlier in the night, when there was room and air to have a conversation, stories came out with the help of friend and co-worker Andrew. The best tale stemmed from a Halloween celebration when Q and two other Sports Column workers dressed up in matching stripper outfits, complete with black pants, vests, cuffs with cufflinks, and bowties.

"Yeah, we got up and danced on the bar. Wanted to give the girls a show," Q said. But all clothes were kept attached to the body.

"Except Billy …" Q reminisced with friend Ryan. They both laughed, but the story wasn't over. Later, on the Ped Mall a fight broke out.

"Captain Morgan threw down a giant banana," Q laughed. "I mean, you don't even want to break it up, you just have to watch."

At that point in the conversation, a bar crawl rolled in. It was a 21-birthday party, outfitted with neon green shirts.

"Did I tell you about bar crawls?" he asked. "Remind me to tell you about bar crawls." Q doesn't like them. The fluctuation in business makes it impossible to serve. He said things have gotten a little better since the summer of 2005, when an ordinance was passed to keep bar crawlers from bringing in outside containers.

"It used to be all graduating seniors," Q said. "But last year, it got to be just a bunch of people who put on the same shirt, got huge Kum & Go mugs, and expected to get deals."

Along with bar crawls, a pet peeve is impatience, especially if customers grab his arm to get his attention. Another annoyance is dealing with minors. He's seen some feeble attempts to fake the 21-stamp, like black pen or smeared cigarette ash over the back of hands.

"You have to wash your hands about six to seven times to get the stamp off, and people don't go to the bathroom that much," he said.

By the end of the night, Q's sweaty shirt was unbuttoned at the top, making his American Eagle bottle-opener necklace more visible.

"If you're not working, you need to leave," yelled a worker with a microphone at the slow drunkards still in the bar after 1:30.

As the place cleared and tabs were taken care of, Q leaned against the bar and said, "Now, you know what it's like for us."

<http://www.dailyiowan.com/media/paper599/news/2006/01/23/Metro/Shakin.And.Bakin.In.A.Cocktail.Frenzy-1493081.shtml?norewrite&sourcedomain=www.dailyiowan.com&mkey=433542>



**8. New Name, Look for Jim Beam Brands**

By William Spain, *MarketWatch*

January 27, 2006

CHICAGO (MarketWatch) -- Flush with a portfolio of new tipples and leaving an increasingly large global footprint, Jim Beam Brands has given itself the corporate equivalent of a makeover, dropping its first name to emphasize the new, more worldwide nature of its business.

While it won't be formally announced until Monday, the unit of Fortune Brands is now operating under the "Beam Global Wine & Spirits" moniker. The change was sparked in large part by its $5 billion acquisition of a stable of top-shelf liquor and wine in the breakup and sell-off of Allied Domecq last year. That deal brought the company Sauza tequila, Courvoisier cognac, Canadian Club whisky and a raft of new wines, among other beverages.

Pernod Ricard of France got the rest of the Allied Domecq brands, with the exception of Bushmills, which went to Diageo. More to the point, though, the Deerfield, Ill.-based Beam more than doubled the size of its top line to $2.5 billion, added a couple thousand employees spread from Scotland to Mexico to France -- and cut the percentage of sales generated in the U.S. from 75% to about half. The purchase also lifted Beam from No. 7 to No. 4 among global spirits companies and raised its contribution to parent Fortune Brands from 30% of operating income to 45% of operating income.

The new name is one way to bring together the company's widely disparate workers -- from the expert cognac taster to the employee who sweeps up at the tequila factory, said Beam Chief Executive Tom Flocco.

"We want to get them all aligned with a common purpose," he said. The company needed an identity to reflect the recent changes "while acknowledging the heritage upon which we are built."

Jim Beam may be in a league with a Colonel Sanders or Ben & Jerry here in the U.S., but the name loses resonance in far-flung parts of the world. Fortunately, as Flocco pointed out, the legendary distiller's last name is pretty adaptable.

"It's a name that works because it does have a lot of flexibility inherent in it," he said, noting that it could also refer to a beam of light, a balance beam, a support beam or even the beam of a ship.

"It has the multiple entendre, but it also ties back to a 200-year-old history," Flocco said. "We didn't want to completely sever our ties with the past."

The eponymous bourbon, still the company's biggest single brand, will keep its full name, and the new corporate identity won't be appearing on a bottle anytime soon -- with the exception of commemorative liters of Jim Beam Black handed out to each of the company's 4,000-plus employees.

"The change is not as relevant to consumers as it is to our employees, distributors and retailers," he said. "We don't get any benefit from putting Beam on the back of bottle of Sauza."

Along with the new name comes a new logo, a stylized "B" outlined against a red quality seal or hallmark. The logo is designed to represent the company's flagship brand and legacy along with the craftsmanship that goes into the products.

But Flocco added that that after the logo was set, he noticed something else about it: "It could be a coaster."



[http://www.marketwatch.com/news/print\_story.asp?print=1&guid={077D067E-B415-46FA-BCD0-B5966BF9CE90}&siteid=google](http://www.marketwatch.com/news/print_story.asp?print=1&guid=%7b077D067E-B415-46FA-BCD0-B5966BF9CE90%7d&siteid=google)



**9. U.S. Forecast to Become World's No. 1 Wine Market**

By Kevin McCallum – *The Press Democrat*

January 27, 2006

**Noted industry analyst predicts American sales will pass France, Italy by end of decade**

SACRAMENTO - The U.S. wine market is stronger than ever and will surpass France as the largest wine market in the world by the end of the decade, industry analysts forecast Wednesday.

"From the perspective of 3½ decades in the wine industry, I can assure you right now that things have never been better in this market and the future looks outstanding," Woodside wine analyst Jon Fredrikson said in a speech at the Unified Wine & Grape Symposium in Sacramento, the largest wine conference in the United States.

His closely-watched report indicated 2005 was a stellar year for U.S. wine market, reaching record volumes and sales as Baby Boomers and 20-somethings bought more - and more expensive - wine.

Americans purchased an estimated 300 million cases of wine last year, worth more than $25 billion, both of which are records, Fredrikson said.

If Americans continue their love affair with U.S. and imported wines, the United States soon could surpass France and Italy as the world's largest wine market. Wine consumption in France and Italy is still far higher per capita than the United States, but it has been steadily sliding in both nations.

"If we continue to grow at just 3 percent through the end of the decade, we will be the largest wine consumer nation in the world," Fredrikson said.

The news was reassuring to winemakers like Stephen Lindsay, general manager of Adler Fels Winery in Santa Rosa, who is hoping to grow the winery's popular Leaping Lizard and Big Ass Cab labels.

"I was very encouraged," Lindsay said. "They say a rising tide lifts all boats."

The strong market also should be good news for consumers as fierce competition and low grape prices here and abroad have increased the numbers of good, inexpensive wines on the U.S. market, Fredrikson said.

The upbeat report is particularly welcome news because California's 2005 grape harvest was far larger - as much as 25 percent by some estimates - than predicted. The huge harvest raised fears about a return of a grape glut in the state, which triggered price wars that drained profits from 2001 to 2004.

"Let's not panic over the '05 crop," said Nat DiBuduo, head of Allied Grape Growers, the largest grower's trade group in the state. "We're going to get through it."

Indications are that the 2006 crop should be smaller, helping even out the supply, DiBuduo said. Combined with strong demand and no significant new acres of grapes coming into production in the state, DiBuduo said grape prices should continue to rebound.

While California wineries are well positioned to take advantage of this growing market, their success is by no means assured. Competition from other states and imports is stronger than ever, Fredrikson said.

Sales of imports grew nearly three times as fast as California wines sales, accounting for more than half of last year's increase.

Wine drinkers bought an estimated 187 million cases of California wine last year, 6.5 million more than 2004 and a 4 percent increase.

They bought 8.4 million more cases of imported wine than in 2004, soaring to 81.5 million cases, an 11 percent increase.

But while Americans are drinking more Italian, Australian, New Zealand, German and South African wines, those countries aren't drinking more U.S. wines. For the first time in more than 20 years, U.S. wine exports dipped last year.

U.S. exports, which account for 17 percent of total California volume, fell 3 percent to 38 million cases, Fredrikson said. While the dip is troubling, it may be an anomaly, tied partly to Diageo moving production of its Blossom Hill label from California to Italy to be closer to the European market.

A host of factors are behind the increasing strength of the U.S. market.

The popularity of the movie "Sideways" continues to boost pinot noir sales and dog merlot.

"It made wine tasting and going to Wine Country a great adventure," said Barbara Insel, with MKF Research in St. Helena.

Another factor is "the graying of America," Fredrikson said. Baby Boomers have money and they are spending more money on wine as their palates are becoming more refined, he said.

The sheer number of drinking age adults in the United States is growing as well, from 164 million in 2000 to an estimated 184 million in 2010.

Fredrikson also singled out Sonoma's Don Sebastiani & Sons as his winery of the year for 2005, citing its strong sales growth, up 35 percent to 1.4 million cases.

Sales of the winery's Smoking Loon and Pepperwood Grove wines were up 69 and 75 percent, respectively, while its other brands, such as Screw Kappa Napa, showed the kind of creativity and humor the industry needs to become a more approachable beverage, he said.

<http://www1.pressdemocrat.com/apps/pbcs.dll/article?AID=/20060126/NEWS/601260306/1036/BUSINESS>



**10. When Alcohol and Teens Don't Mix**

By Barbara Meltz - *The Boston Globe*

January 27, 2006

**Parents need to communicate, not build barriers, and should start discussing the risks sooner, experts say**

GRAFTON, Mass. -- Grafton High School senior Karen Tassinari has a message for parents: "We are not all booze-bags. It's not like every weekend we go out just to drink. Sometimes we really do get together just to watch a movie, or go bowling."

She means to ease the burden of worried parents, her own included, who grill their teens every time they leave the house: Who will you be with? Who's driving? Where are you going? Will parents be home?

Parents shouldn't get too comfortable, though. When Tassinari's classmate Shannen Dando says matter-of-factly, "I don't know anyone who doesn't lie to their parents (about drinking)," Tassinari nods in vehement agreement. So do three other seniors who have volunteered to speak to a reporter about teen drinking.

What's a parent to do? For starters, accept that both statements can be true, as well as this one from classmate Rich Linehan: "I have a close relationship with my parents. I don't want to have to lie."

In a culture where celebrities, media and $4 billion worth of advertising a year glamorize alcohol, even as alcohol-related accidents claim teenagers' lives, many parents feel trapped. They don't want to endorse underage drinking, but forbidding it means it likely will happen without a safety net, and pretending it isn't going on feels wrong, too.

"I'm searching for answers," says Mary Dennis, mother of a Grafton senior. "What can we do to make our teens safe and not cut off communication?"

**"Just say no" doesn't work**

Specialists on adolescent drinking behaviors say communication is the best way to keep teens safe. Simply setting strict rules about alcohol use pushes teens to drink and lie more, not less, they say.

The five seniors gathered in a Grafton High School conference room nearly trip over one another's words, trying to explain why they agree with that thinking.

"Trust is a big thing," says Tassinari. "You don't want to have to sneak; it's better to be able to talk honestly . . ."

" . . . but parents hear stories; they don't even know if they're true . . . " Dando says.

" . . . and they're all over you." That's Rachel Rutfield. "I'm not allowed to go places 'cause of what my brother and his friends did."

"I've been grounded for rumors," says Jordan Feldstein.

"I don't even like to be at parties where kids drink beyond their limits; it's so annoying," says Linehan. "But my mom, she just jumps to conclusions without even knowing the truth."

Pat McCarthy hopes she's not one of those parents. When her son, Chris, a senior, leaves the house for an evening with friends, she most often says, "Think of Tony Bourassa," a classmate who was seriously injured when a drunk driver hit him.

"I'll stand at the door when he's leaving and remind him that he already got accepted at Northeastern -- one accident, one arrest, one poor judgment could screw that up," McCarthy says. "I'll be on the sofa when he comes home, expecting to have a conversation with him. If that's being a pest, well, it's also being a parent."

**It's getting worse, they agree**

James Pignataro, Grafton High's principal, and Maureen Cimoch, the school's health teacher and adviser to Students Against Destructive Decisions, say there is more drinking now than last year, and there was more last year than the year before. The five students in the conference room say there is much more drinking among freshmen and sophomores now than when they were that age.

The Advertising Council, the nation's largest producer of public service ad campaigns, recently launched a national one called "Start Talking Before They Start Drinking," for parents of 8-to-10-year-olds.

The National Institute on Alcohol Abuse and Alcoholism says the average age at which boys in this country first try alcohol is 11; for girls, it's 13.

Ad Council President Peggy Conlon says parents often are in denial. "They all think, 'Not my kid.' But the sooner you start to talk about it, the more protected your child is. Children who start drinking before 15 are five times more likely to abuse alcohol in adulthood than if they wait until 21."

Parents whose 17- and 18-year-olds drink tend to believe in what Stephen Wallace, national chairman and CEO of SADD, calls the "myth of inevitability. They assume their kids will drink no matter what, so they shrug their shoulders or turn a blind eye because they don't think there's anything they can do about it."

"Wrong, wrong," says Virginia Molgaard, associate professor emeritus at Iowa State University. She is the founder of the Strengthening Families Program: For Parents and Youth 10-14, a communication skill-building model for parents of teens that is in use in 40 states and abroad. "It's never too late to start talking, even if you know your teen already is a drinker."

**Going too far**

Rachel Rutfield shares a scary story. "At a party, a boy threw me in a corner and was kinda all over me," she says. "He was pretty drunk. My friends pulled me away, so I was lucky. He apologized the next day." Other times, she says, kids will pretend to be more drunk than they are, as a way to excuse inexcusable behavior.

Did she tell her parents about that night? "I would have liked to," she says. "It was pretty upsetting. But I wasn't supposed to be there, so I couldn't."

And now that they'll find out?

She hopes she won't be grounded. "That does . . ."

" . . . nothing," interjects Rich Linehan. "It's the talk, the guilt trip, their disappointment. That's what kills me," he says. "Because you have to earn their respect back."



**11. Panel to Study Wine-Law Revision; Wholesalers Differ With Small Wineries Over Self-Distribution (Virginia)**

By Greg Edwards - *Richmond Times-Dispatch*

January 25, 2006

Virginia's small farm wineries and the state's wine distributors both claim their very survival is tied to the fate of legislation getting its first airing tomorrow before a House of Delegates subcommittee.

A bill, sponsored by Del. Christopher B. Saxman, R-Staunton, would allow small Virginia farm wineries and those in other states to distribute their products in Virginia without going through a licensed wholesale distributor.

The measure is intended to fix a state law that was found by a federal judge to violate the U.S. Constitution's Commerce Clause. The challenged law allows Virginia wineries, but not those from out of state, to self-distribute in Virginia.

Losing the ability to wholesale their products directly to restaurants, wine shops and other retailers would put many small Virginia wineries out of business, winery owners say.

Lewis Parker of Willowcroft Winery in Leesburg said that if he is forced to used a distributor, he would lose about $30 per case of wine and half of his gross profit. Willowcroft is a small winery that makes 2,500 cases of wine a year, of which roughly 1,000 cases are distributed directly to retailers.

Ann Heidig of Lake Anna Winery in Bumpass said having to use a distributor would cost her even more -- about two-thirds of the revenue she would get

from a retailer by distributing her wine. "If you add a distributor, you have to sell under cost," she said.

Saxman's bill would allow all wineries that qualify for a federal tax credit for small wine producers -- those producing less than 250,000 gallons or

100,000 cases annually -- to distribute their products and require them to collect the required state taxes. The measure would make it possible for all 107 Virginia wineries to distribute their products because none makes more than 100,000 cases a year.

The wineries have been unable to reach a compromise with Virginia wholesale wine distributors on the issue of self-distribution.

The distributors will not accept self-distribution by wineries of any size, said Chuck Duvall, vice president of the Virginia Wine Wholesalers

Association. Over time, self-distribution would destroy the distributors, he said.

Saxman's bill would allow 2,700 U.S. wineries or nearly 98 percent of the national total to distribute their products in Virginia. Because of the difficulty in collecting taxes from all those wineries, millions in state tax revenue would be put in jeopardy, Duvall said.

Duvall argued that small wineries can succeed using distributors, saying nearly 1,500 out-of-state or foreign wineries sold wine to Virginia retailers through a distributor in 2004.

The distributors are supporting, instead, legislation by Del. David B. Albo, R-Fairfax, that would create a new separate class of small wine distributors selling 30,000 gallons or less of wine per year. Duvall said the bill is not intended to be a "wink-and-nod" way for wineries to distribute their products.

Under Virginia's three-tiered distribution system for alcoholic beverages, wineries would still be prohibited from obtaining a wholesale distributor's

license under Albo's proposal. Wineries could set up cooperative distributorships, in which they hold a fractional interest or get a friend or relative to obtain a distributor's license.

But the wineries say they oppose the idea of such "dummy distributorships," which would still pose an undue burden on their businesses.

Other legislation of concern to the wineries would open up ABC store wine sales to out-of-state wineries. A current provision in the law that allows only the sale of Virginia wine in ABC stores was also ruled unconstitutional by the federal court.



**12. Subcommittee Votes in Favor of Lowering Drinking Age (New Hampshire)**

By Dan Tuohy -  *Portsmouth Herald News*

January 26, 2006

PORTSMOUTH – A bill to lower the legal drinking age to 18 for U.S. military members got an unexpected preliminary approval last week.

A subcommittee of the House Judiciary Committee voted 3-1 in favor of the bill, said state Rep. Jim Splaine, D-Portsmouth, a cosponsor of the proposal.

Splaine said he is not optimistic the full committee or the full House would agree with the recommendation. But he said the public policy that one has to be 21 to drink is not working, given statistics that show significant levels of underage drinking.

"We have to revisit this issue and do a lot more critical thinking," said Splaine, D-Portsmouth. Rep. James F. Powers, D-Portsmouth, also sponsored the bill.

Splaine’s subcommittee victory will be short-lived, said Rep. James Pilliod, R-Belmont, a retired pediatrician who sits on the House Judiciary Committee. Pilliod was upset he missed the subcommittee vote. He believes lowering the drinking age would erode efforts to curb underage drinking.

"I’m totally against this bill," Pilliod said.

As written, the bill would lower the legal drinking age to 18 for a member of the armed forces when he or she is stationed in New Hampshire on active duty. It provides for a conditional approval — if the state receives a federal waiver or participates in a federal pilot program to lower the age to 18.

Splaine found plenty of opposition even among his Portsmouth legislative colleagues, notably Rep. Terie Norelli, D-Portsmouth. She contends that lowering the age would correspond with an even higher finding of alcohol-related accidents among young people. Mothers Against Drunk Driving has also come out in force against the proposal.

MADD reports there were 171 traffic deaths in New Hampshire in 2004, 35 percent of which were alcohol-related. There were 194 such deaths in Maine, with 36 percent of those being alcohol-related.

MADD, citing national highway safety statistics and estimates, said the nationwide 21-year-old legal drinking age (since 1988) reduced traffic fatalities among drivers 18 to 20 by 13 percent and saved an estimated 22,798 lives since 1975.

The U.S. Centers for Disease Control and Prevention, in their 2003 trends’ survey, found that 44.9 percent of ninth- through 12th-graders reported drinking alcohol on one or more of the past 30 days.

Splaine said it is hypocritical to ask a soldier between the ages of 18 and 21 to fight overseas or serve on active duty, but deny him or her an alcoholic beverage. More importantly, he argued, lowering the legal age to 18 could help that age group learn to drink responsibility. Citing the government’s own trends’ survey, he pointed out that the 21 legal drinking age has not been a great success in curbing underage drinking.

Stars & Stripes, a newspaper dedicated to military news, reported last year that Wisconsin legislators have also discussed modifying state liquor law to lower legal-age drinking restrictions.

Splaine knows the history of New Hampshire’s drinking age as well as anyone. In 1983, he helped rewrite state law to raise the legal drinking age from 18 to 21.

<http://www.policyimpact.com/dailydigestpdfs/IIAA/January2006/IIAA4jan26.pdf>



**13. World Awash in Glut of Wine**

By Jim Wasserman, Staff Writer -- *Sacramento Bee*

January 26, 2006

Capital conference speakers see U.S. demand growing

On the heels of a record 2005 California wine grape harvest, an Australian wine glut, high inventories of unsold French wine and big harvests in Chile and Argentina, the nail-biting has just begun for the Golden State's growers and vintners.

For U.S. wine drinkers, whose livelihoods don't depend on the profit margins of a bottle of wine, the future is plentiful, tasty and inexpensive.

"It's a great time to get people into wine," said Glenn Proctor, a wine broker with San Rafael-based Joseph W. Ciatti Co.

Proctor was among numerous experts Wednesday detailing the state of the global wine business for thousands of wine industry members gathered in Sacramento for the Unified Wine and Grape Symposium.

While all speakers painted a picture of too much wine swirling about the globe in search of too few consumers - and cautioned against planting more grapes - they also painted a bright scenario of vintners expanding their inroads in the United States.

"We're gaining traction in the U.S. market. Wine is entering the mainstream of American life for the first time," said Jon Fredrikson, a wine analyst and consultant with the Woodside-based Gomberg-Fredrickson Report.

With beer consumption still nine times higher in the United States than wine - and even hard liquor still having an edge - U.S. wine consumption of 2.4 gallons per capita has huge potential for growth, he told wine industry officials.

The United States, led by California, is the world's fourth largest wine producer, but its individual wine consumption ranks about 35th globally, according to the San Francisco-based Wine Institute. Most Europeans and South Americans drink far more wine than Americans.

Fredrikson said U.S. wine drinking has climbed steadily the last 15 years and jumped dramatically in recent years. Last year's consumption of 300 million cases was 59 million cases higher than 2001, he said.

Wine sales are rising amid baby boomer drinking preferences, a middle generation beginning to switch from beer to wine and a baby boom echo generation that already prefers wine, said Barbara Insel, managing director of St. Helena-based MKF Research LLC. Men, especially, are leading the trend, she said.

"You have people wanting affordable luxuries, wanting to be comfortable, wanting to feel special, and they have this nice, reasonably priced, nicely tasting product that they can have to make them feel special and privileged," she said. "All of this is driving demand for wine up."

But the U.S. wine industry is increasingly nervous about a global rush to fill that demand. California wineries have seen their dominance of U.S. sales slip to 66 percent from 75 percent in a decade as Australia, Chile and Argentina have geared up production.

"The U.S. market is where everybody wants to be. It's the most attractive market for producers," said Fredrikson.

He said 27 percent of wine consumed in the United States comes from abroad, compared with about 13 percent in 1990. California wineries have continued to grow sales by exporting about 17 percent of their production.

Now China, with its ability to produce low-cost manufactured and farm exports, has nearly 700,000 acres of wine grapes - and aims to have planted 1.2 million acres by 2009, said Proctor.

In contrast, California's 4,000 wine grape growers harvested 473,000 acres last year.

Escondido grape grower and winery owner Leon Santoro said he doubts optimistic expert scenarios about California wineries expanding alongside growing U.S. demand. Global competition will force all but small tourist-oriented boutiques out of California within 20 years, he said.

"There will always be an oversupply," said Santoro.

He pressed wine industry leaders Wednesday to form an alliance similar to the Organization for Petroleum Exporting Countries to limit world production, but they rejected the idea as impossible.

Proctor, indeed, cited growing acreages and unsold inventories across the planet for a continuing wine oversupply and downward price pressures.

"We think after 2006 some of the growers are going to start removing vines in Australia," he said. Australia last year sold 19.2 million cases of wine in the United States, compared with 419,000 cases 15 years ago.

French farmers, too, are considering pulling out 70,000 to 80,000 acres of grapes amid flat demand and high wine inventories, he said. Argentina, likewise, is accumulating an excess of wine after three big harvests and a population increasingly switching to beer.

Chile, despite falling prices and a 2005 harvest that was 25 percent bigger than the previous year, is planting still more acreage.

"They're good at cabernet sauvignon and can do it well and cheap," Proctor said referring to Chileans.

Meanwhile, California vintners are storing a 2005 wine grape harvest estimated at a record 3.4 million tons. and fearing extended life for the "Two Buck Chuck" phenomenon pioneered by Ceres-based Bronco Wine Co. - especially if the 2006 harvest is big.

Last year's harvest was 18 percent more than in 2004.

Smaller harvests in 2003 and 2004 had largely eliminated a wine glut that resulted from the 2002 crop of 3.1 million tons.

"If it's a big crop, Guy from the Sky help us," said Nat DiBuduo, president of Fresno-based Allied Grape Growers.

Even as Insel said rising demand for the most costly California wines could produce local wine acreage shortages in coming years, DiBuduo suggested growers largely avoid planting more grapes in California.

