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| *October 29, 2004* |

1. [A-B Hopes It Has the Apple of Young Adult Drinkers' Eye](#First)

2. [Alcohol Abuse Has Colleges Reflecting](#Second)

3. [Lobby Sets Sights on Kalashnikov Vodka](#Third)

4. [Colleges Switch Tactics to Fight Alcohol Abuse](#Fourth)

5. [Stepping Up Head Rips City on 21-Ordinance](#Fifth)

6. [Diageo Sues State Liquor Commission Over "Malternatives" Policy](#Sixth)

7. [South Beach Night Club Decides to Call it Quits](#Seventh)

8. [Allied Domecq Widens Luxury Vodka Brand; Boosts Ad Spend](#Eighth)

9. [US: Winegrowers Call for an End to EU Subsidies](#Ninth)

**1. A-B Hopes It Has the Apple of Young Adult Drinkers' Eye**

By Gregory Cancelada *– St. Louis Post - Dispatch*

October 22, 2004

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Anheuser-Busch Cos. has added a bit of color to the lineup of its Bacardi Silver family of flavored malt beverages to catch the wandering eye of young adult drinkers.

Bacardi Silver Low Carb Green Apple, rolled out this week, has a slight green hue, the first time the St. Louis brewer intentionally has added color to any of the Bacardi Silver products.

"By tinting the drink, it really delivers the flavor cue," said Geri Hirsch, brand manager, high-end brands at A-B's domestic brewing unit. "It also really stands out when you see it on the (retail) shelf."

Most of the Bacardi Silver products are colorless, though a few have a very slight hue as a result of the flavoring process.

Tastes and colors found in mixed drinks are key reasons that young adults - those aged 21 to 27 years old - have been gravitating toward distilled spirits, a trend that brewers like A-B want to weaken.

Green Apple has 4.5 grams of carbohydrates and 94 calories in a 12-ounce serving. The drink and Bacardi Silver Low Carb Black Cherry, introduced four months ago, are malternatives with the lowest carb count, according to the brewer.

The brewer also has tinted its Black Cherry Low Carb drink to make added color a distinct element of its low-carb lineup.

As part of its marketing efforts, the brewer will provide two recipes aimed at upcoming adult Halloween parties, one using a cocktail sugar mix and a wedge of Granny Smith apple. Using recipes that target holidays is a technique aggressively used by distillers.

A-B also is focusing its Green Apple advertising efforts on female-oriented cable networks such as Oxygen and Style, because female adult drinkers are more interested in low-carb malternatives.

Green Apple is the latest addition to the Bacardi Silver family. Begun as a rum-flavored malternative, the Bacardi Silver products include orange-flavored O[super 3], raspberry-flavored Raz, lemon-flavored Limon and Black Cherry.

**2. Alcohol Abuse Has Colleges Reflecting**

 By Lynn Franey - *The Kansas City Star*

October 23, 2004

Different strategies sought to keep students safe

Paramedics were taking away the dangerously drunk college freshman when a police officer put a minor-in-possession citation on her stretcher and told them to make sure she got it.

Hardly encouragement for people to get help for friends with alcohol poisoning, said Andrea Blank, a junior at the University of Missouri-Columbia.

That's why she's supporting a proposal by some student government candidates that would keep college officials from punishing students with alcohol poisoning, or fellow partygoers who try to get them help.

Already this school year, four college students — two in Colorado, one in Oklahoma, one in Virginia — have died after drinking so much that their bodies stopped working. One 19-year-old student at Colorado State died in a fraternity house after consuming 30 to 40 drinks. Her friends left her in an unused room, where her body was found 12 hours later.

In St. Louis, Washington University just banned alcohol at all official fraternity and sorority functions for the rest of this semester after a brawl on Fraternity Row that injured two security guards.

Colleges know the dangers of alcohol abuse. So, while acknowledging that they can't stop all student drinking, they're trying different strategies to keep students safe.

At a conference Sunday and Monday in St. Louis, college officials, law enforcement officers, state liquor officials and national experts will share ideas for campus-community coalitions to reduce alcohol abuse.

“There is no silver bullet out there,” said Kim Dude, who leads MU's Wellness Resource Center and will speak at the conference. “What works best is a comprehensive approach that … doesn't just rely on the alcohol prevention office to address this issue.

“You can't just educate students on making good choices. You also have to have a supportive environment for those choices. Bars, residential facilities, athletics — they all need to be part of that solution.”

Some of the efforts are student-driven, such as the Good Samaritan proposal at MU that a slate of candidates for student government hopes will prevent alcohol poisoning deaths.

If elected, the candidates say, they'll urge university officials to punish neither the students who seek emergency medical help for other students, nor the sick students themselves, for violating campus alcohol rules.

Although the change would not prevent a police officer from citing a minor, it would make students more likely to seek help, the candidates believe.

“You shouldn't be punished for doing the right thing,” said Greg Chase, a candidate for vice president at MU. “Putting a student's life on the line should not be a question.”

Students shouldn't worry about the consequences of doing the right thing, he said.

At the University of Kansas, sororities recently chose to stop using a caterer in part because it wasn't adequately keeping out underage drinkers and had begun charging a $275 service fee if partygoers didn't spend enough money on drinks. The sororities worried the fee encouraged excessive drinking.

Many colleges, including KU and MU, also have embraced “social norming” campaigns that tell students their peers don't drink as much as students think they do.

And an increasingly popular strategy involves intervention sessions for students who have run into trouble.

Jason Kilmer, addictive behaviors specialist at Evergreen State College in Washington, is scheduled to talk at the St. Louis conference about interventions. He recommends that the counselor or peer adviser address the student in a nonjudgmental, nonconfrontational way and ask what the student sees as motivation for cutting back.

Some students might be motivated by realizing they're spending too much money on liquor. Others begin to change if helped to realize how they're hurting themselves academically, he said.

For several years now, MU has banned alcohol in fraternity houses where there are freshmen residents. The university also recently began notifying parents when students are in danger of losing the right to live on campus, or are being suspended or expelled because of drug or alcohol use.

Blank, who is from Kansas City's Northland, serves on a committee of Greeks Advocating Mature Management of Alcohol. She said she supports many of MU's anti-alcohol programs. But she worries that the frat-house alcohol ban has prompted more drinking and driving.

Dude did say drunken-driving arrests are up in the last few years, but attributed the increase to stepped-up police enforcement.

Colleges “are definitely never going to get everybody to totally change who they're going to be,” Blank said. “…But I think we're in the right direction.”

**3. Lobby Sets Sights on Kalashnikov Vodka**

By Adam Jones, *Consumer Industries Correspondent*

October 26 2004

A vodka named after General Mikhail Kalashnikov, the Soviet hero who designed the AK-47 automatic rifle in 1947, exploits the weapon as a "global symbol for terror and violence", a group campaigning to curb alcohol abuse has claimed.

**The charge comes as the drinks industry faces pressure to prove it can regulate itself amid concern about drunken disorder and aggression.**

Alcohol Focus Scotland, a voluntary group committed to changing Scotland's drinking culture, has complained to the Portman Group about Kalashnikov vodka, which was officially launched in London in a blaze of publicity last month.

The Portman Group, a regulatory body funded by the drinks industry, rules on the naming and packaging of alcoholic drinks.

Last week it demanded changes to Shooters, a range of drinks in containers that resemble test tubes.

One of the reasons was its belief that the Shooters name and the use of gun sights on the label breached a rule that forbids any association with violent, aggressive or anti-social behaviour.

Alcohol Focus Scotland has asked the regulator to demand that Kalashnikov vodka change its "entirely inappropriate" name on the same grounds.

In promotional material, the Kalashnikov Joint Stock Vodka Company said its name was "infamous", while simultaneously pledging to abide by the values of "friendship and good fortune". The company said it had been asked by the Portman Group not to comment on the complaint. However, at the launch it said it was trying to build a brand based on comradeship and not militaristic imagery. Any regulatory action would also have to weigh up General Kalashnikov's right to use his name as a brand.

The retired designer is honorary chairman of the business. He told the Financial Times last month that it was wrong to associate the AK-47 with violence.

Speaking through an interpreter, and wearing a tie clip in the shape of the assault rifle, he said: "The gun serves peace and friendship because it is used to defend one's country. Look how many countries have been liberated using this gun." The complaint will be considered on November 25

**4. Colleges Switch Tactics to Fight Alcohol Abuse**

 By Michele Munz - *The St. Louis Post-Dispatch*

October 25, 2004

The Web site shows a picture of five students laughing together on the campus lawn. The message below it reads, "Two out of three Washington University students have four or fewer drinks when they party."

It's an approach to curbing alcohol abuse among college and university campuses called "social norming" - showing that those who binge-drink or drive drunk are actually on the fringe. That not everyone else is doing it.

It's a simple concept: Provide accurate information about student drinking through long-term mass marketing techniques and, hopefully, reduce high-risk behaviors. It's an effort to show that the majority of students are either not drinking at all or drinking responsibly.

Washington University's campaign, called "Just the Facts," got under way two months ago. Recent events show just how tough it is for a university to fight the alcohol problem.

Last week, the university barred alcohol from all Greek-related activities for the rest of the semester. The decision came after a series of violations that culminated with a melee on fraternity row earlier this month where two security guards were injured. Other violations have included fights, property damage and failing to register alcohol-related events with the university.

Researchers will be paying close attention to the campaign at Washington University. It is one of 32 colleges and universities chosen to participate in a five-year national study on the social norm approach, which is giving some colleges hope in curbing their alcohol-related problems.

"It's such a shift from the traditional way of thinking about prevention," said H. Wesley Perkins, sociology professor at Hobart and William Smith Colleges in Geneva, N.Y. Usually students see videos of mangled cars and hear testimonials of getting maimed or serving time in prison, he said, "but that doesn't happen to most people most of the time."

Stressing such extreme events is not a good way to get people to avoid behavior, especially among young adults, said Perkins, one of the nation's foremost experts on the topic. "They aren't thinking about their health if they are 18 to 34 years old. They are thinking about their social life."

Perkins was a popular speaker at a regional conference held Monday at the Sheraton Hotel in Clayton about combating alcohol abuse on college campuses. Hosts of the conference were the Missouri Division of Alcohol and Tobacco Control and the Distilled Spirits Council of the United States, a trade association.

The social norm approach has been studied for two decades and has gained in popularity during the past five years. One-third of colleges and universities say they have a social norm campaign, but only about 10 percent are doing it effectively, Perkins said. To be effective, schools must do more than just put up some posters for a semester, he said.

Perkins' research shows that universities with social norm campaigns have reduced high-risk drinking by 20 percent. And problems related to drinking, such as property damage, missing class and unprotected sex, have dropped anywhere from 30 percent to 40 percent, he said.

**Nationwide study**

But the strategy is not without its skeptics. Some doubt the research, and others see it as condoning or promoting drinking. That is why a broader, nationwide study is under way. The study, of which Washington University is a part, is called the Social Norms Research Project and is funded by the National Institute on Alcohol Abuse and Alcoholism and the U.S. Department of Education.

James McLeod, vice chancellor of students at Washington University, is excited about the prospect and believes it will yield positive results. He also was a speaker at the regional conference and mentioned the social norm approach as one aspect of the university's effort to curb drinking-related problems.

"The country has worked on this problem over half a century, and only now are we seeing a difference," McLeod said. "We are in a position now where we can be optimistic about the future."

So far, Washington University's campaign has involved setting up a Web site, putting up 300 posters, placing ads in the student newspaper and conducting public-service announcements.

The university received $2,000 as part of the study.

The University of Missouri at Columbia has had an extensive social norm campaign since 1995. It involves getting the message out on everything from mouse pads to student ID holders. In 2000, the university won a $300,000 state grant to get similar programs under way at all of the state's four-year, public universities.

**5. Stepping Up Head Rips City on 21-Ordinance**

By Jessica Seveska *- The Daily Iowan*

[October 26, 2004](http://www.dailyiowan.com/main.cfm/include/displayIssueArticles/issue_date/20041026.html)

IOWA CITY, IA -- The Stepping Up Project's coordinator, a staunch supporter of the local 21-ordinance, argued Monday that the Iowa City City Council "has chosen to follow the money instead of doing what's best" for the community by axing the proposal.

Cutting the ordinance, which would have banned patrons under 21 from the bars after 10 p.m., unleashes a wealth of public-health and safety problems that will linger until properly addressed, Jim Clayton said in an interview. Businesses cannot pay the high downtown rents, creating an abundance of bars, he said.

"How long are we going to let the alcohol industry dictate the community?" he asked, saying councilors who voted in favor of keeping the tamer 19-ordinance need to publicly explain their votes.

Clayton also questioned the Iowa City Alcohol Advisory Board's promise to reduce underage and binge drinking downtown. Last year, he said, the bar owners did little to change the situation. "It didn't work last year, and it won't work this year," he said.

Mayor Ernie Lehman, who has supported the 21-ordinance for five years, said the city will send a letter to the advisory board this week requesting its specific goals to "combat underage and binge drinking downtown." The goals will serve as guidelines for the council to gauge the board's progress when the two groups meet again in May.

Lehman said the 21-ordinance will likely resurface: "We're just delaying the inevitable."

Steve Parrott, the director of University Relations, said the UI continues to favor the change to a 21-ordinance. He called the ordinance battle "a tough decision" for the council.

Lisa James, a nurse manager at UI Student Health Service who wrote the council in September supporting a 21-ordinance, said she was disappointed when she read about the council's decision but added that she, as well as fellow doctors and nurses at Student Health, will continue to support a 21-ordinance.

City Councilor Bob Elliott, who voted in favor of the 19-ordinance, said he is not happy about the alcohol situation and thinks other options are needed, such as limiting the number of bars per block and lobbying the state Legislature to raise the penalties for alcohol-related crimes.

"I agree with limiting access," he said. "But just not allowing people under 21 into bars will move the access to other locations that are more dangerous, such as house parties."

**6. Diageo Sues State Liquor Commission Over "Malternatives" Policy**

By Aviva L. Brandt – *Associated Press*

*Miami Herald*

October 26, 2004



PORTLAND, Ore. - The maker of Oregon's best-selling flavored malt beverage, Smirnoff Ice, is taking issue with the state Liquor Control Commission's plan to enforce a law banning the sale of "malternative" beverages from supermarket shelves.

A new lawsuit filed by Stamford, Conn.-based Diageo-Guinness USA Inc., is just the latest salvo in the long-running battle over the trendy drinks, and where consumers can buy them.

State regulators say drinks with more than one-half of 1 percent distilled alcohol can't legally be sold in grocery stores but must be offered only in state liquor stores.

The 2003 Legislature passed a law permitting sales of the drinks to continue in grocery stores until Dec. 31 of this year to allow manufacturers time to reformulate the drinks.

Many of the country's largest beverage companies are complying, including Miller Brewing Co., Anheuser-Busch Cos. Inc. and Mike's Hard Lemonade.

"These companies have put their money not into litigation but into retooling their product to meet state law," said Teresa Kaiser, executive director of the Oregon Liquor Control Commission.

But Diageo is fighting the mandate, contending in a lawsuit filed Oct. 15 that the commission did not comply with rule-making requirements under state law.

"They went through this without any public comment or public process, period," said Gary Galanis, Diageo spokesman. "This is no difference than a tax increase on consumers to get the same exact beverage."

Kaiser said she has asked her state Justice Department lawyer to seek dismissal of the lawsuit on grounds that it is frivolous.

"They're alleging we violated a rule-making statute, when what we're doing is enforcing a state law. I don't need a rule to enforce the law," Kaiser said.

St. Louis-based Anheuser-Busch, which makes Bacardi Silver, isn't protesting the need to change formulas. Joseph Jedlicka, vice president of legal and state affairs, said Oregon gave plenty of notice of the change.

"We believe this law provides consumers with a consistent and clear differentiation between malt beverages and distilled spirits," Jedlicka said. "Anheuser-Busch wholeheartedly supports the deadline contained in the law."

Joe Gilliam, president of the Oregon Grocery Association, said his industry would be sad to see some of the best-selling "malternative" beverages taken from the shelves. But he believes the Legislature needs to revisit the issue and update the definitions of various types of beverages since "malternatives" are a hybrid of malt beverages and distilled spirits.

"It's a new drink and it really doesn't fit any catagory," Gilliam said. "So many OLCC laws are so old and they don't reflect today's marketplace. A lot of them are still on the books from Prohibition."

**7. South Beach Night Club Decides to Call it Quits**

Tom McMahon, Staff Writer – *Daily Nonpareil*

October 26, 2004

CARTER LAKE - South Beach Night Club is closing its doors.

Bob Weiderwalt, owner of the late night spot that recently had its liquor license suspended, said he's throwing in the towel.

"I'm closing. Carter Lake gets its way. They don't want me," Weiderwalt said.

A hearing on the license suspension was continued on Monday. Weiderwalt said his attorney advised him to ask for the continuance in case he wanted to re-apply for a license. "But I don't plan to reopen."

The Iowa Alcoholic Beverages Division suspended the club's liquor license Oct. 8 because its operation "posed an imminent danger to public safety," according to IABD administrator, Lynn Walding.

Walding said the decision to pull the license was based on evidence of shootings presented to his office by the city of Carter Lake. Five separate shootings allegedly occurred from May through September in the club or in the parking lot or streets around it.

The shootings resulted in several injuries but no fatalities.

Weiderwalt said some nights South Beach had as many as 600 customers. "Five-hundred, ninety of them were great people. You get a few losers, and they wreck it for everybody."

Weiderwalt said he has no plans to reopen at another location.

Carter Lake Mayor Emil Hausner said he had not officially heard of Weiderwalt's decision and did not want to comment at this time.

The city's attorney, Joe Thornton, said, "Each business owner has to make their own business decisions."

Prior to the IABD action, the Carter Lake City Council denied the night spot's liquor license renewal in April, citing the public safety concerns.

**8. Allied Domecq Widens Luxury Vodka Brand; Boosts Ad Spend**

Source*: Dow Jones Newswires*

October 26, 2004.

NEW YORK -- With more consumers willing to reach deep into their pockets to pay for premium spirits, Allied Domecq Spirits North America is rolling out its luxury vodka brand, Stolichnaya elit, to additional markets.

Priced at $60 for a 750-ml bottle, elit tested well in the California markets where it was first introduced, said officials from the Allied Domecq PLC (AED) unit.

In November, distribution will be expanded to select high-end restaurants and bars in New York, Boston, Chicago, Las Vegas, Miami and Philadelphia. Three additional markets - Dallas, Houston and Phoenix - will follow in January.

"Consumers are not drinking more, they are drinking better, said Jim Clerkin, president of Allied Domecq Spirits North America.

The extension of the brand to the ultra-premium segment comes at a time when Stoli is growing robustly, with three consecutive years of double-digit sales growth.

The high-end product, which will be promoted largely by word of mouth, is just one slice of Allied Domecq's strategy to keep its U.S. spirits sales growing at a faster pace than the overall market.

In order to maintain this momentum, the London-based company, which also sells Kahlua coffee liqueur and Malibu rum, plans to increase its holiday marketing spending by 20%.

The holiday sales season is a critical time for the spirits industry, representing nearly 50% of its sales for the entire year.

The company will spend $10 million on a television advertising campaign for Kahlua, which will air during shows such as ABC's "Desperate Housewives," CBS's "CSI," and TLC's "Trading Spaces." New TV commercials for Malibu rum and a print ad campaign for Stoli also are planned.

Allied Domecq expects to see continued momentum from its core brands, supported by the increased marketing spending.

In an interview, Clerkin attributed the company's recent strong performance to changes it made to its distribution strategy three years ago.

At the time, Allied Domecq and other spirits companies were being pushed by the forces of consolidation. Diageo PLC (DEO), the No. 1 spirits company, and Pernod Ricard SA (12069.FR), had bought and split the Seagram drinks business, and Diageo was looking to consolidate its distribution network. U.S. wholesalers, which had been mostly smaller family-run businesses, also were consolidating.

Responding to these changes, No. 2 Allied Domecq began to shift its U.S. distributors into long-term contracts. It was a big step for an industry known for 30-day agreements.

The long-term contracts, which included incentives to reach specific performance targets, were an attempt to better align the distributors' goals with those of Allied Domecq, and it seems to be working.

In the past year, Allied Domecq has signed contracts with 14 distributors. This means about half of the states with open distributor contracts up for grabs are now operating under the company's so-called first-choice supplier program. At least one other agreement is expected to be signed by the end of the year.

According to Clerkin, the contracts have helped Allied Domecq to fine-tune its marketing and promotions market-by-market and to improve its reach to consumer segments such as Hispanics and African Americans. This is because the distributors receive more details about the consumer research Allied Domecq is conducting about its brands. The company also receives more feedback from the distributors.

"It has given us the chance to be a little more long-term focused," said Wayne Chaplin, president and chief operating officer of Southern Wine & Spirits, a wholesale distributor that works with Allied Domecq in several states. Notably, Southern has been more willing to make investments in the business itself, Chaplin said.

According to market researcher AC Nielsen, several Allied Domecq's brands - Courvoisier, Malibu, Kahlua, Ballantine's Scotch and Maker's Mark Bourbon - have outpaced their category growth in the four weeks ended Sept. 25.

"I think there's no question, there's cause and effect there," said Tom Pirko, president of BevMark LLC, a beverage consulting firm in Santa Barbara, Calif.

**9. US: Winegrowers Call for an End to EU Subsidies**

Source*: just-drinks.com editorial team*

October 27, 2004

US winegrowers have called for the end to subsidizing of European vineyards by the EU.

The European Union (EU) recently announced that it had allotted €450m (US$562m) for the restructuring and conversion of EU vineyards.

“While winegrape growers there may be happy about it, here in the US winegrape growers, led by the California Association of Winegrape Growers (CAWG), see this as a clear violation of World Trade Organization (WTO) commitments previously undertaken by the EU,” a statement said yesterday.

“There is no doubt that the EU will continue to provide a very high level of direct producer subsidies to its wine sector,” said Karen Ross, president of CAWG.

“These subsidies to growers who already hold 70% of the world market are designed to make EU wines even more competitive at the expense of other wines, such as those from the US. We encourage the US government to strongly press the EU Commission to reduce and eliminate these subsidies as part of the WTO Doha Round of agriculture negotiations.”

“EU producers have already received hundreds of millions of dollars from the EU Commission to make EU wines more competitive on the international wine market,” said Ross. “In addition, many EU member states spend additional funds on the marketing and promotion of their wines throughout the world. These expenditures give EU wines a significant and unfair advantage in international markets and should be addressed by the WTO.”

CAWG said it had sent letters to the US Department of Agriculture Secretary, Ann Veneman, and the US Trade Representative, Ambassador Robert Zoellick, calling for US representatives to WTO Doha Round of agriculture negotiations to strongly press for the EU Commission to reduce and eliminate these subsidies.

“We believe it is the ideal time to examine EU supports for the wine sector and to call for the elimination of those subsidies, like the restructuring and conversion program, that distort trade,” said Ross.

CAWG represents the growers of more than 60% of the gross grape tonnage crushed for wine and concentrate in California.

