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|  | e - NEWS |
| *November 12, 2004* | |

1. [Nascar to Allow Hard-Liquor Sponsorship in 2005](#First)

2. [UI Student Arrests Jump 17 Percent in Past Year](#Second)

3. [Colleges' Plans to Stop Binge Drinking](#Third)

4. [US: Anheuser Reaffirms Growth Targets](#Fourth)

5.  [Whisky With Honey? Distillers Try 'Entry-Level' Scotch](#Fifth)

6. [Spirits Makers Aim to Juice Up Their Old-School Beverages](#Sixth)

**1. Nascar to Allow Hard-Liquor Sponsorship in 2005**

*Global Motorsports*

November 10, 2004

After an extended review of its sponsorship policies, NASCAR has announced that distilled spirits, (hard liquor) products will be allowed as sponsors from the start of next season.



With major tobacco brands not allowed and any cellular communications rival to Nextel also on the ‘no-no' list, NASCAR has been under pressure for some time after Roush Racing originally had its sponsorship deal with Diageo nixed by the governing body.

“We felt the time was right to allow distilled spirits companies into NASCAR,” said Mike Helton, President of NASCAR. “Attitudes have changed, and spirits companies have a long record of responsible advertising. Any spirits company involved in NASCAR will have marketing campaigns strongly grounded in responsibility and will follow advertising and marketing guidelines set by NASCAR that are consistent with the Distilled Spirits Council's advertising code.

“Spirits companies are recognized as leaders in responsibility and are encouraging adults who choose to drink, to do so responsibly. We are confident that the spirits companies entering our sport will come to apply that same level of responsibility to their involvement in NASCAR, and will communicate the same responsible marketing and messages that beer companies have exhibited in the sport for the past 25 years,” Helton added.

“Additionally, this will provide numerous new sponsorship opportunities to our teams. While the NASCAR industry will benefit across the board, teams will be the primary beneficiaries of this decision in a way that promotes a responsible drinking message consistent with the practices in other Motorsports.”

NASCAR's internal review included outreach to advocacy groups such as the National Commission Against Drunk Driving and other experts in the field of alcohol related issues. Additionally, NASCAR reached out to industry groups such as the Distilled Spirits Council of the United States (DISCUS) and The Century Council. NASCAR based its guidelines on the input received from these groups.

The distilled spirits companies participating in NASCAR must agree to comply with the Distilled Spirits Council's “Code of Responsible Practices for Beverage Alcohol Advertising and Marketing” and abide by the Code Review Board's decisions. Each company's marketing activities will be grounded in a responsible behaviour message. A dedicated portion of advertising by spirits companies in NASCAR will be solely focused on encouraging responsible drinking decisions, with all remaining advertising including a responsible behaviour tag.

The decision could clear the way for Diageo to finally put their Crown Royal logos on the #99 Roush Racing Ford while Jack Daniels has also been rumoured as a potential sponsor for either Richard Childress Racing or Robby Gordon's team.

Matt Kenseth's team, which has run Smirnoff Ice branding on several occasions, could switch to Smirnoff Vodka branding for future races.



**2. Student Arrests Jump 17 Percent in Past Year**

By [Vanessa Miller](http://www.press-citizen.com/apps/pbcs.dll/personalia?ID=221) - *Iowa City Press-Citizen*

November 11, 2004

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Orange jumpsuits and jail beds. Cold tile under bare feet. Hefty fines and stained cheeks.

That describes the night of, the next morning and the weeks after an arrest in Iowa City -- something 17 percent more University of Iowa students experienced last year than the previous school year and 63 percent more than in 2001-02.

According to an annual report prepared by the Office of the Vice President for Student Services, 2,009 UI students were cited or arrested for one or more non-traffic criminal offenses by the Iowa City or UI police during the school year that ended in May.

Of last year's total arrests, most -- 1,472 -- were for possession of alcohol under the legal age. Phillip E. Jones, UI vice president for student services, said the report supports the assertion that Iowa City has a significant drinking problem.

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"The area of greatest concern is underage drinking," Jones said, adding that university officials support the city law that has been proposed to ban those younger than age 21 from entering bars after 10 p.m. "That is one of the reasons we produced this data. To show what the actual behavior is. Clearly this data is indicative that the access and availability is high. And the number of underage drinking arrests is related to access and availability in commercial establishments."

The Iowa City Council enacted a law last year banning those younger than age 19 from entering bars after 10 p.m., the result of a compromise made with business owners and UI students.

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Earlier this fall, councilors considered increasing the bar entry age to 21 but agreed to hold off after community activists and business owners proposed a new Alcohol Advisory Board to help regulate underage alcohol consumption. That decision means the city will continue to operate under the 19-only ordinance for at least another year.  
  
"Clearly the major issue with respect to illegal activity has to do with alcohol abuse," Jones said. "And when you break it down, underage drinking is a major issue."  
  
But it is not the only issue that saw an increase among student violators last year. Arrests for drug possession increased 65 percent over the 2002-03 school year, fake ID citations increased 60 percent, and 24 percent more drunken driving charges were recorded.

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"For each occurrence, there is something bad that happened to the person arrested and something bad that happened to the others around them ... there is the multiplication factor," said Jim Clayton, co-director of the Stepping-Up Project, a community coalition against binge and underage drinking.  
  
According to the report, 23 percent of UI fraternity members were cited or arrested for non-traffic criminal offenses last year. That is about 5 percentage points higher than in the 2002-03 school year. About 15 percent of UI sorority members were cited or arrested -- 5.6 percentage points higher than the preceding year.  
  
The Delta Gamma sorority had 21 percent of its members arrested last year -- the highest percentage among UI sororities. The Alpha Delta Pi sorority saw 17 percent of its members arrested last year, 10 percentage points higher than in the preceding year.

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"I think it a lot of that has to do with the fact that cops are out more," said Katie Anderson, the 20-year-old vice president of Alpha Delta Pi. "We are not going out more or drinking more than we have before. It's the increase in enforcement. They are all over the place."

Among UI fraternities, Beta Theta Pi and Phi Gamma Delta had 42 percent of their members arrested or cited last year. That is more than any other fraternity.

"We have several fraternities that seem to be significantly out of line with their peers," said Clayton, who was a member of Beta Theta Pi when he attended college in Wisconsin from 1955 to 1959. "I would be in there pounding the table. I was a member of Beta Theta Pi ... I'm not really excited about doing the secret handshake."

For students living in the dormitories, Burge Hall had the highest percentage of its residents arrested or cited for criminal offenses last year. Nearly 16 percent of the Burge population was arrested or cited, with Slater Hall coming in second at more than 14 percent.

Adam Patton, who left the UI this year because of financial concerns, was one of the Burge residents cited for underage possession of alcohol. He said that while increasing the bar entry age to 21 would decrease bar visits, it would not impact the underage drinking.

"I believe that things would just shift," he said. "Instead of (possession of alcohol under the legal age) citations, they would give out more for public intoxication and distributing alcohol to minors for house parties."



**3. Colleges' Plans to Stop Binge Drinking**

*Channel 6 News*

November 10, 2004

A mid-Michigan college is cracking down on drinking after a recent spike in alcohol poisoning. A lbion College officials say since the start of the fall semester, there have been 11 suspected cases of alcohol poisoning on campus. T hat number is up from the 3 reported incidents last fall.

Albion College is using education and stiffer sanctions in an attempt curb alcohol-related problems. Officials say the goal is not to punish students, rather to help ensure their safety. It's a quiet campus, a private college with less than 2,000 students, but just like large universities, Albion College is not immune to underage and excessive drinking. To help fight the problem, the college has a alcohol and drug prevention and intervention program.

Sally Walker, Dean of students: "We don't want them to make assumptions about what they do and don't know, there's still more to learn. We need to pay attention when we're trying to educate them about this issue."

And while alcohol abuse effects the entire campus community, Sally Walker, the Dean of students, most incidents involve 1st-year students. She says many upperclassman have stepped in to fight the problem.

Sally Walker: "You have to have that leadership with your upper class students, inforce being safe when they're having fun."

But along with increased education, college officials are also taking the time to re-emphasize sanctions already in the books. There's now less warning and more consequences. For a 1st offense, parents will be notified, students will be fined and 1st-year students will be unable to pledge a fraternity or sorority. Walker says the goal is to deter alcohol-related incidents, adding a student's courage to ensure another's safety will be acknowledged.

Sally Walker: "We were clear to state that that would be taken into consideration if you're willing to go ahead and ask for help."

Walker says Albion College officials are also looking at making the college a beer and wine campus only, regardless of age. They say the majority of the alcohol poisoning cases involve hard liquor.



**4. US: Anheuser Reaffirms Growth Targets**

Source: *just-drinks.com editorial team*

November 10, 2004

US brewer Anheuser-Busch said yesterday that it expects to achieve its sixth consecutive year of double-digit earnings per share growth in 2004.

Company management told investors and analysts at a presentation in New York that the company reaffirmed its 10 to 11% earnings per share growth target for 2004. This includes dilution from the company's acquisition of Harbin and excludes the benefit of a commodity hedge gain in the first quarter.

W. Randolph Baker, vice president and chief financial officer of Anheuser-Busch Companies, Inc., also reaffirmed an initial target range of 7 to 10% earnings per share growth on a reported basis in 2005, reflecting increased marketing investment and higher commodity costs anticipated next year.

Baker said: "We remain confident in our ability to achieve our double-digit earnings per share growth objective over the longer term, with continued improvements in return on capital and a substantial amount of cash returned to shareholders in the form of consistent dividend growth and share repurchase."

Baker told investors that the pricing environment in the domestic beer market remains very favorable and, importantly, is largely consumer driven. The company said it was the eleventh straight year that beers priced below premium have lost share to premium and above priced brands, as consumers continue to trade up.

Beginning in October, the company initiated the first stage of its two-stage annual price increase plan. The second phase is expected to take place in the first quarter of 2005, with the two phases combined covering approximately two-thirds of the company's volume.

"To enhance beer volume and market share growth, Anheuser-Busch is stepping up new product, packaging and other marketing initiatives," Baker continued.

Baker also commented on the company's international beer business, with particular emphasis on the company's expanded participation in the Chinese beer market.

"Anheuser-Busch is developing an important leadership position in China, the world's largest beer market by volume. China is also the fastest growing global beer market in absolute terms, contributing one-third of worldwide beer industry growth over the past five years. With our company's Budweiser operations, our Tsingtao strategic alliance, and our new Harbin acquisition, Anheuser-Busch is well positioned to capitalize on the substantial long-term growth opportunities in the Chinese beer market," he said.

"International beer segment profits have more than tripled over the past five years and will continue to be an important contributor to Anheuser- Busch's earnings growth over the long term," concluded Baker.



**5. Whisky With Honey? Distillers Try 'Entry-Level' Scotch**

By Christopher Lawton - *The Wall Street Journal – Page B1*

November 12, 2004

For more than a generation, whiskey makers have watched as vodka became the cocktail ingredient of choice for waves of hip, young people, while their own product's image seemed stuck in the 1940s.

Distillers have tried spending millions of dollars on youth-oriented marketing campaigns. They have run ads highlighting whiskey's history and tradition. They have pitched the drink to bartenders to entice them to serve it more. Yet none of it has worked to spur overall sales growth.

Now the scotch industry is trying a more radical step: pushing lighter and alternative flavors of the product itself. Scotch whisky is, to put it politely, an acquired taste, and distillers are trying to make it easier to swallow with versions redolent of citrus and vanilla that they hope will appeal to younger drinkers and women.

An ad for Macallan Fine Oak says, 'Guess How Much I Blew In Vegas.'

In September, French liquor giant Rémy Cointreau SA, maker of Rémy Martin cognac, launched a new lighter, sweeter whiskey called Macallan Fine Oak. Allied Domecq PLC of London is promoting two 12-year-old whiskeys that have long been available in Scotland. The first, Tormore, introduced this year in the U.S., has a smooth, citrus finish. The second, Scapa, has a vanilla scent and honey taste.

Adam Harris, a 28-year-old bartender at Dylan Prime, a Manhattan steakhouse that serves Scapa, says lighter single-malt scotches are catching on, in part because they are "an easy way for beginners to get acquainted with single malts." Scapa, which Mr. Harris says "has a bit of a heather flavor to it," has become one of the restaurant's best-selling whiskeys.

"We're reaching out to younger drinkers who want the finer things in life. A lighter, more accessible style will bring in new drinkers," says Mark Izatt, brand manager for single malts at Rémy Martin's U.S. importing arm. Mr. Izatt says the original Macallan's strong and peaty flavor is a barrier to younger drinkers.

Distillers aren't only offering different tastes. They are updating the labeling, launching print ads and once again wooing bartenders. The packaging for Macallan Fine Oak uses more modern fonts -- a contemporary twist on the look of the classic Macallan.

Rémy is pushing the new whiskey in magazines such as Playboy, Food & Wine and Men's Journal, with ads that aim to convey that Macallan Fine Oak is a less complex whiskey.

In one, a lengthy explanation of a quarterback throwing a perfect pass is crossed out. Underneath, it reads "Nice Throw." The tagline: "The new fine oak single malt whiskey range. The lighter side of the Macallan."

Allied Domecq's sales staff is using short descriptions of its scotches to encourage bartenders to recommend them to inexperienced whiskey drinkers. Tormore is "smooth & subtle citrus," for example, while Scapa is "heather & honey." The company also plans to distribute cards in bars and liquor stores that promote the whiskeys using those labels.

The distiller decided to put more emphasis into what it calls entry-level scotches, when it noticed last year that young urban professionals were increasingly trying single malt scotches, says Kevin McCarthy, Allied Domecq's director of marketing for whiskeys.

But he says the company isn't labeling its whiskeys as "lighter tasting products." He describes Scapa and Tormore as "full-bodied malts," but says they "don't have the heavy, peaty taste of some" more complex whiskeys, such as Laphroaig, which Mr. McCarthy says is an acquired taste.

Allied Domecq is marketing its two entry-level scotches in a pack with two more pungent single malts, including well-known Laphroaig, in large markets such as Texas, California and New York.

One reason single malts are piquing the interest of drinkers is because spirit consumption in general is on the rise among younger drinkers. Whiskey connoisseurs say more single malts are available than in the past. Plus, single malts no longer are relegated to dark paneled wood bars or stuffy, white tablecloth restaurants, but increasingly are offered in all types of bars.

Some analysts say younger drinkers are more sophisticated today than 10 or 15 years ago and are looking to challenge their pallet with more complex flavors.

Allied Domecq's Mr. McCarthy says there is an element of the aspirational as young professionals see their bosses drink high-end single malt scotches.

"There has been a massive change for the scotch industry to find younger drinkers who are interested in very sophisticated spirits," says Gary Regan, spirits connoisseur and author of the Joy of Mixology, a bartending book.

There are risks with new product introductions. Distillers don't want to be associated with a product that gains a reputation as Whiskey Lite. For a drink with a tradition of appealing to sophisticated palates, the perils of seeming gimmicky are daunting.

Rémy Martin's Mr. Izatt says he isn't worried about drinkers feeling turned off by a lighter whiskey, since Macallan Fine Oak retains the Macallan formula.

Instead, he says, it is broadening the flavor range for those who might want to drink whiskey when the weather is warmer.

To avoid the appearance that the product is cheaper, Rémy is targeting drinkers with a yearly household income of more than $75,000 and has priced Macallan Fine Oak from $44 to $220.

"I will not be happy until I am reading in the gossip column that people in the summer in the Hamptons are sitting with a bottle of Macallan Fine Oak on the table, not a bottle of vodka," Mr. Izatt says.



**6. Spirits Makers Aim to Juice Up Their Old-School Beverages**

By Robert Guy Mathews *- The Wall Street Journal*

November 11, 2004

**Kahlúa and Courvoisier Are Among the Brands Getting Image Makeovers**

LONDON -- To gin up younger customers, spirits makers are trying to make some old-school brands cool again.

Kahlúa, the iconic '70s coffee liqueur, this week kicks off its biggest global television-advertising campaign ever. It wants 30-year-olds to drink what their parents once sipped back in their disco days. The ad effort uses exotic images, such as a woman walking an alligator instead of a dog.

Courvoisier, favored, until recently, by men more comfortable in boardrooms than barrooms, also is taking another go at the younger set with a print campaign in the U.S. and the United Kingdom. The cognac enjoyed a revival with the U.S. hip-hop crowd in 2002 after the hit song "Pass the Courvoisier" by Busta Rhymes and P. Diddy, but it has since fallen a bit out of favor. The new ads are targeted to urban men ages 25 to 35, with a tagline of "Earn it," and pitch Courvoisier as a luxurious indulgence for busy people.

That the campaigns are happening now is no coincidence. As much as 70% of sales for such drinks are generated in the final three months of the year. Where permitted by law, a deluge of alcohol advertising will fill TV screens, magazines and billboards.

Now also is a golden time to win new customers or persuade existing customers to drink more often. In particular, it is a chance for old-line drinks to try to lure new and younger drinkers while maintaining their traditional sippers.

"One of the biggest challenges is that the brands have become embedded in a particular generation," says Nigel Hollis, global director of strategic planning for Millward Brown, a market-research firm based in Naperville, Ill. "If your parents are consuming a brand, perhaps you are a bit shy about doing the same."

This edgy ad for Tia Maria is part of Allied Domecq's holiday-season effort to appeal to younger drinkers.

Tia Maria, another coffee liqueur, is spending about $6 million to rejigger its brand image through ads beginning this week. Kahlúa will spend $10 million on a campaign in the U.S., Canada, Australia and the U.K., and Courvoisier is spending about $7 million. All the ads are created by Publicis Groupe in London for U.K.-based spirits-and-wine producer Allied Domecq.

Diageo, the world's largest spirits company, as well as Allied Domecq and Pernod Ricard, respectively the No. 2 and No. 3 manufacturers, all have relaunched a number of their leading brands in the past few years. Last year, Diageo spent $400 million to relaunch Smirnoff, the world's biggest-selling vodka, to help it compete against hot "superpremium" vodkas. Pernod Ricard is in the midst of a relaunch of whiskey brand Chivas Regal and Martell, a leading cognac.

Tia Maria's ads are fashioned to look like 1950s film noir and glamour. For years, it has had a predominantly female following. But the brand was skewing older and wasn't picking up many younger women. "We knew that we needed to get it back into the forefront of thinking," says Kathyrn Sleight, marketing director at Allied's U.K. offices.

Trying to re-energize a somewhat stodgy brand this time of the year is a gamble, says Stephanie Brown, a consultant at Landor, a branding-and-design agency in London. "It is always challenging, and you don't want to alienate by going radical," she says.

Kahlúa learned this the hard way a few years ago. Its customers had gotten older and the brand decided to go after a new crowd -- the 21-to-29 age group. Such drinkers are the sweet spot among alcohol consumers because those are the ages when people drink more and start to become loyal to certain brands. "We went after that market and completely failed," says Dave Karraker, Allied's spokesman for North American operations.

*Deborah Ball contributed to this article.*

