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| *July 8, 2005* |

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**1. Getting the Measure of Alcohol Content**

By Jenny Wiggins

July 6 2005

The battle to lure consumers between spirits companies and the wine and beer industries is intensifying as Diageo's patience with US labelling regulations wears thin.

For some time, the spirits industry has sought to establish that spirits - when measured in certain sizes - have the same alcohol content as beer and wine.

This notion is supported by the National Consumers League, which says that one 12oz glass of beer has the same amount of alcohol as a 1.5oz serving of spirits or a 5oz glass of wine.

The spirits industry has long been frustrated that it cannot display information about the amount of alcohol contained in standard servings on the labels on its bottles in the US.

The Alcohol and Tobacco Tax and Trade Bureau, a regulatory division of the US Treasury, must approve all beverage labels - in contrast to the European Union, where there is no official approval system.

To date, the bureau has required that beverage companies provide certain information, such as brand names and alcohol content. However, it has not generally allowed them to provide specific "serving facts" - similar to information provided on the packaging of food products - with details about serving size, fats, protein, calories and carbohydrates.

But amid growing consumer demand for more information on the nutritional content and ingredients in alcoholic beverages, the bureau decided this year to reconsider its requirements. It has devised a series of questions open for public comment until late September.

"We're open for a total review," the bureau says.

Changes under consideration include mandatory nutrition and ingredient labelling. Previously, mandatory labelling has been rejected as being too expensive and potentially misleading.

The possibility of changes have been welcomed by consumer groups. "We want alcohol facts," says Linda Golodner, president of the National Consumer's League. "We're glad to see that the government is considering [changes]."

The beer and wine industries, which have been losing market share to the spirits sector in recent years, are less enthusiastic. The beer industry says serving facts labels can be misleading, because consumers often mix spirits with other beverages, altering a drink's nutritional composition.

"The serving facts label not only fails to achieve a goal of providing accurate alcohol content and nutritional information - it in fact does the opposite," says Jeff Becker, president of the Beer Institute, an industry lobbying organisation.

Diageo is seeking to stimulate consumer support for change, establishing a website, www.knowyourdrink.com, that encourages consumers to write to the bureau requesting more labelling information.

It has also started providing nutritional information on some of its websites, such as the site for Crown Royal, where consumers can see that a 1.5oz serving of the whisky has 97 calories, and no fat, carbohydrates or protein.

Diageo says it is pushing for more nutritional details in order to provide consumers with as much information as possible. "It's targeted at meeting a consumer desire," says Guy Smith, executive vice-president of Diageo North America.

He adds that Diageo's size - as the world's biggest distiller of spirits - means it has an obligation to lead the industry.

What the spirits industry fails to mention is that nutritional labelling suits their interests far better than the beer industry: spirits have less calories and carbohydrates than beer.

The beer industry remains sceptical of distillers' motivations in seeking to establish equivalent servings for beer, wine and spirits.

In December, Anheuser-Busch applauded a survey by the Centre for Government Reform, a politically conservative think tank, that claimed the spirits industry's promotion of "equivalency" was the first step in an attempt to erase different tax rates and marketing and licensing requirements among beer, wine and hard liquor.

**2. Judges Use Ankle Bracelets to Check Sobriety**

*The Associated Press*

July 5, 2005

Some Wisconsin judges are making people accused of alcohol-related offenses wear special ankle bracelets to track whether they are drinking.

The bracelet's maker, Alcohol Monitoring System of Colorado, believes the device can replace random breath tests.

A couple of beers can trigger the bracelet, which measures alcohol consumption through skin perspiration, according to the device's maker. The bracelet takes a reading and sends the information via wireless modem to a monitoring center.

Milwaukee and Racine county court systems have joined an increasing number of systems nationwide using the bracelets.

"It seemed a little Brave New World-ish, or a George Orwell type of thing," Milwaukee defense attorney Martin Tanz, who had a client ordered to wear the bracelet. "I guess the next step will be to wire it to the nearest police cruiser, and they'll come pick you up."

About 1,800 people nationwide wear the bracelets, more than two years since the company introduced them, said the company's marketing director, Kathleen Brown.

Racine County ordered 14 people to wear the bracelets since it started using them as an experiment last year, said Cheryl Zimmerman, whose consulting company works with corrections officials there.

In Milwaukee County, 26 people have worn the bracelets since court officials started using them about four months ago, an Alcohol Monitoring System official said.

The bracelets have their detractors. University of Washington physiologist Michael Hlastala, who has testified as an expert in two cases related to the bracelet, said he doesn't believe enough is known about the way alcohol diffuses into perspiration.

"It's not well enough understood, those mechanisms, to really consider this to be an accurate device," Hlastala said.

Douglas William Haywood was ordered to wear a bracelet for 40 days while awaiting trial on a charge of third-offense operating while intoxicated.

"At first I wasn't real pleased," Haywood said. "If it doesn't help me in my case, I'm sure I'll be a little more ticked off about that."

**3. Wine Minis Are Going Over Big**

By Bill Daley, *Chicago Tribune*

July 6, 2005

Thanks to the growing popularity of single-serving sparkling wines, its possible to toast with style wherever you happen to be: the back porch, a city park, or the cockpit of a sailboat.

These 187-milliliter bottles, known as "minis" or "splits," first gained popularity a few years ago with club kids who thought it pretty cool to sip a teensy bottle of a "name" champagne through a straw. And the drink is cool, literally and figuratively: full of bubbles and lots of fun.

Today, single servings of sparkling wine remain a hot club trend. Scott Anderson, manager of Chicago's Fulton Lounge, reports women ages 21 to 31 in particular are thirsty for them.

"It's a new trendy little way [to provide] a single serving, and you've got a little built-in advertisement," he said, referring to the label emblazoned on each bottle.

Just more than $5 million worth of minis were sold in the United States in the past 12 months, according to ACNielsen, the consumer-research firm. That's nearly a 25 percent increase over the previous year. Who is buying?

"People who want a little fun and have imagination," said Charles Stanfield, the sparkling-wine expert at Sam's Wines & Spirits.

The format is great for picnics, weddings and party favors.

Joe Kafka of Kafka Wine Co. said the size is perfect for his target customers, young singles.

"People don't want to open a big bottle for one glass," he said. "All the smaller formats have really taken off. I think people like that serving size. People don't want to buy 750-milliliter bottles."

Like a toy anything, be it a poodle, a pocketbook or a Porsche, these small bottles seem more accessible than their bigger, more imposing siblings. And minis can be priced competitively. A four-pack of Heidsieck Monopole "Little Blue Top" champagne costs $34, almost the same price as the 750-milliliter "Monopole" bottle, but you get two nifty collapsible plastic cups as a bonus. The glasses are perfect for outdoor sipping.

**4. Cheap-Wine Vintner Uncorks Two $4 Bottles**

By Michelle Locke - *Associated Press*

July 7, 2005

**Maker that sells Two Buck Chuck at Trader Joe's releases new wines made from Napa Valley grapes.**

NAPA, Calif. -- First came Two Buck Chuck. Now, there's Four Buck Fred.

Fred Franzia, the maker of the famously cheap wine sold at Trader Joe's supermarkets nationwide, is releasing two new wines under his Napa Creek label, both going for $3.99 a bottle.

The twist: This time the wines are actually made with grapes from California's Napa Valley.

"This shows that you can put Napa Valley wine in there for the price that we're doing," Franzia says. "People want to buy things at a reasonable price that are good value. It's not new. It's America."

In Napa, where wine is more likely to cost $40 than $4 a bottle, the release was a shocker.

An enormously successful California vintner, Franzia has been fighting with Napa winemakers -- so far unsuccessfully -- over a state law requiring that wines with "Napa" on the label be made from grapes grown in that region.

The Napa Valley, about 65 miles northeast of San Francisco, is relatively small, producing only about 4 percent of California's wine by volume, according to the Napa Valley Vintners association. But the region packs a big financial punch, accounting for 21 percent of the wine industry's $45 billion economic impact on the state's economy -- including revenues from winemaking, tourism and other allied businesses -- according to the association's numbers.

Along with prestige comes high prices. Napa Valley vineyard land can easily reach six figures an acre and the average price for cabernet sauvignon grapes here is $4,000 a ton, compared to a statewide red grape average of about $600.

Napa vintners argue that putting the "Napa" name on a bottle of wine made with cheaper grapes grown elsewhere in the state undermines their image and undercuts their hard work in building up the valley's reputation.

Franzia's Bronco Wine Co. has argued that state law doesn't trump similar federal regulations, which exempt brands established before 1986. Over the years, Bronco has purchased three such brands -- Napa Ridge, Napa Creek Winery and Rutherford Vintners.

The California Supreme Court has upheld the labeling law and the U.S. Supreme Court declined to hear an appeal. Meanwhile, a state appellate court in May ruled against arguments that the law impinges on Bronco's free speech rights, hampers interstate commerce and unconstitutionally deprives Bronco of income without compensation. Bronco may ask a higher court to review that ruling.

The new Napa Creek wines -- a chardonnay and a merlot -- stem from Bronco's practice of buying some Napa Valley wine to blend into various brands. This year, Franzia found himself with enough for a separate release.

The wines carry the Napa Valley appellation, which means they must be made 85 percent from grapes grown in that region. They sell only at Trader Joe's, as does Two Buck Chuck, officially called Charles Shaw, which sells for $1.99 in California and up to $3.39 elsewhere in the country.

**5. Put a Cork in the Myth: 20-Somethings ARE Sipping Wine**

*Chicago Tribune*

July 5, 2005

CHICAGO - (KRT) - Dreadlocks in his mane and a chain saw as the tool of his trade, 27-year-old backpacker Mathew Langeliers fits neither the "Frasier" nor the "Sideways" profile of a wine snob.

But when Langeliers globe-hops to build horse jumps for international competitions, his precious few provisions include a corkscrew and a "nifty device made of aircraft-grade aluminum" that reseals bottles he buys when he touches foot on grape-growing ground.

A 20-something guy who would rather savor than swig?

Langeliers has plenty of like-palated peers.

Putting a cork in more than one myth, they're thumbing their noses at the stereotypical patterns of alcohol consumption, which would have them recovering from a night of Brand X beer or booze right about now.

Instead, they're forming a habit of sipping wine before conventional wisdom says it's their time.

"Most people in their 20s, they drink whatever they can. If you drink wine (at all), you get a box and you drink all of it," Langeliers said, summing up one cliche during a recent stay in Chicago, which coincided with a Lincoln Park Wine Club tasting at the Museum of Contemporary Art.

Langeliers' Chicago friend, Katherine Craig, 28, who works in marketing for Starwood Hotels, knew he would be game for attending.

They both worked in 2001 for a wealthy rancher in Jackson Hole, Wyo., who opened the wonders of his wine cellars to them. "Once you get introduced to nicer wines, it's tough to go back," said Langeliers, an Oregon native who's partial to his state's pinot noirs.

Other friends, some from Craig's book club ("we basically drink wine," Craig said), signed up for the same tasting when they heard that one of their favorite wineries, Cloudy Bay in New Zealand, would have a table.

"New Zealand sauvignon blancs are my favorite," said Jennifer McKinney, 29, who sells software. She and her husband recruited her sister to baby-sit their 2-month-old so they could steal away for it.

Their bunch alone brought several trends from the Wine Marketing Council to full-bodied life.

During the last decade, while wine consumption has declined in Europe, it has risen in the U.S., said John Gillespie, president of the Wine Marketing Council. From 2000 through 2003, the population of core wine drinkers in this country - those who drink it weekly or more often - increased 32 percent.

"Which is huge," Gillespie said. "But the one factor that is perhaps the most surprising and most important is that millennial-generation young adults - people who in 2005 are 28 or younger - 39 percent of them are already core wine consumers."

That's greater than the current figure for the older Generation X - 37 percent - a difference that may not be statistically significant, Gillespie allows. But precedent would suggest the percentage would increase steadily with age, as young adults graduate from swill and student loans to disposable income and discriminating taste, he said.

Furthermore, 20-somethings are bridging a gender split that preceded them. Among Baby Boomers, only 40 percent of core wine consumers are men. For millennials, it's 51 percent.

"Baby Boomers normally associated wine drinking with the women in their lives," Gillespie said. For millennials, "it doesn't seem to be `a chick thing,'" he said, with apologies for slang.

In a third departure, research shows that most millennials, like Langeliers, have a strong preference for reds (though whites spike in popularity in warmer months).

"It's not the traditional (track of) starting with white zinfandel or chardonnay," Gillespie said of 20-somethings' initiation. "They're coming to it as what they see as the most authentic wine, which is red."

**ENTICING BUYERS**

One explanation for the early, broader blooming is the emergence of respectable and affordable wine, marketed colorfully to young men as well as women.

Consider that about 10 bucks will buy a Rex Goliath 47 Pound Rooster pinot noir or a bottle of Cline's Red Truck at Binny's stores. Five bucks will buy them a decent bottle of King Fish shiraz.

"They're not interested in the Lafite and Mouton Rothschild - they want something more hip that's still good," said Doug Jeffirs, director of wine sales for the Binny's Beverage Depot chain.

"There are a lot of wineries capitalizing on that with suggestive labels or names, like Twin Fin, a new winery out of California that markets around surfboards and beach volleyball.

"A catchy label will get them that customer once," Jeffirs said, "but they're getting them back for the wine."

The same could be said for Windy City Wine Club, Lincoln Park Wine Club and Uncorked Chicago, all of which Tom Zullo has founded during the last two years. His first, Uncorked Chicago, grew out of surveys he did for the Big 10 alumni network he heads.

Zullo said he knew it was more than a fad after he dared to sponsor a Valentine's Day afternoon wine tasting this year at the Four Farthings tavern in Lincoln Park, despite his fears that no one would show because of dates later that night.

The event sold out.

"This year has been our biggest growth," Zullo said, attributing much of it to the hit movie "Sideways," in which wine by turns elevates and humiliates the main character Miles.

Now, with all three groups, Zullo's membership totals about 20,000.

"It's almost mind-boggling to see the ages coming downward. But it's exciting. It's not people walking around mumbling; you've got a vibe to your event," Zullo said. "What I'm seeing is men are stepping up. You've got a lot of women there, which doesn't hurt the matter."

But wine tastings aren't just the latest mating ground.

Mike Hill, 27, an advertising account executive, came to the MCA tasting with a date, Lauren Pedi, 26, a fundraiser for Illinois Masonic Hospital, with whom he had taken a wine appreciation class at Bin 36, partly for fun. But his interest also lies in professional development.

"It has to do with work, going out with clients," Hill said. "It makes you feel more confident (about wine you order)."

**EXPERIENCE HELPS**

A little bit of exposure goes a long way toward building that confidence, said Alpana Singh, sommelier for Everest restaurant and the youngest American to attain master sommelier status, about two years ago.

Now 28, Singh, who also is host of Chicago dining show "Check, Please!" began learning about wine when she worked in a restaurant in Monterey, Calif.

She didn't like it at first.

"It was OK, but it tasted sour and vinegary," she said. "It's a developed taste. Like radicchio, the first time I had it, I was like, Are you kidding me?"

She credits increased travel and ethnic diversity for opening the minds and mouths of her peers, she said.

"What I've found fascinating is they'll order wine and say, `Oh, I backpacked through that part of France.'"

As a member of his own target market, Don Sritong, 30, opened his wine shop Just Grapes in Chicago last fall with partner Sharon Tulloch.

"Numbers tell you 80 percent of wine is purchased by females, but right now, there are three men in line to buy wine," Sritong said.

To satisfy the curiosity of his customers, whose average age is 25 to 35, Just Grapes installed the city's only enoround, a vending-machine-like carousel that dispenses tastings of 16 featured wines with a prepaid card. The store issues Savvy Sippers cards that track purchases, in case customers forget the name of a bottle they bought and enjoyed--or don't want to botch its pronunciation. Classes are ongoing.

**DARING PALATES**

"Younger drinkers are much more willing to be adventurous," Sritong said. "They're not hung up on what Mom drank or what they've been drinking for years. They get things like Avila from Sicily, Argentinian malbec or viognier from Australia."

Experimentation and nuances of each bottle aside, the Wine Marketing Council's Gillespie said the new generation's attraction to wine is what's old about it.

"With beers and other spirits, it's like there's a flavor of the month," Gillespie said. "Wine isn't something that gets reinvented every three days.

"And there aren't a lot of things you can say that about anymore."

