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| *www.IowaABD.com* | *Lynn M. Walding, Administrator* |

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|  | e - NEWS |
| ***May 5, 2006*** | |

1. [Polk County Passes Keg Ordinance](#One)

2. [Washington State to Appeal Costco Wine Ruling](#Two)

3. [News From TTB](#Three)

4. [A Fine Year For Web Wine](#Four)

5. [Beer Ads That Ditch the Bikinis, but Add Threads of Thought](#Five)

6. [Miller Renews Attack on A-B](#Six)

7. [Underage Drinking Nets Alcohol Industry Billions](#Seven)

8. [Anheuser-Busch is Only Backer of its Beer Industry Campaign](#Eight)

9. [Brewers Must Be More Romantic](#Nine)

10. [Problem Drinkers May Consume Almost Half of All Liquor](#Ten)

11. [Alcohol-Abuse Hospital Visits Cost $2B](#Eleven)

12. [U.S. Underage Drinkers Spend Billions on Alcohol Annually](#Twelve)

13. [Fruit Now Comes With Attitude; Jose Cuervo Launches Line of Flavored Tequilas](#Thirteen)

**1. Polk County Passes Keg Ordinance**

*KCCI.com*

May 2, 2006

## Measure Would Take Effect In Mid-July

DES MOINES, Iowa --The Polk County Board of Supervisors Tuesday morning unanimously passed a keg ordinance.

The measure would track those who purchase kegs and will take effect in mid-July.

The ordinance, which was proposed by Polk County Attorney John Sarcone, requires keg buyers to register their keg upon purchase with the seller by providing a state-issued photo ID, according to a news release.

The measure aims to curb underage drinking.

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The news release said that according to the County Attorney's Office, more than 1,000 minors in Polk County have been referred by local law enforcement to the county attorney's underage alcohol deferral program since May 1, 2005.

County officials plan to meet with retailers that sell kegs over the next two months to make sure they understand the ordinance and its guidelines.

<http://www.kcci.com/news/9146600/detail.html>



**2. Washington State to Appeal Costco Wine Ruling**

By Monica Soto Ouchi, retail reporter – *Seattle Times*

May 3, 2006

The Washington State Liquor Control Board said today it plans to appeal a federal court ruling that fundamentally alters who profits from the sale of wine and beer and how much consumers pay for it.

On April 21, U.S. District Court Judge Marsha Pechman ordered the state to stop enforcing key parts of its system that governs the sale and distribution of wine and beer â?"ruling that the state's interests do not trump federal law.

The state's decades-old system regulates the sale of wine and beer by creating strict controls, which include artificially inflating prices, requiring beer and wine distributors to sell their products to every retailer at the same price, and banning volume discounts to large retailers.

Costco sued the state Liquor Control Board in February 2004, charging that its regulatory system was anticompetitive and violatedfederal antitrust law.

Pechman agreed with Costco in December, ruling that the system violated federal law.

The aim of the trial, held in late March, was to determine whether the state was shielded by the 21st Amendment despite the violation. The 21st Amendment granted each state broad power to control the sale of alcoholic beverages within its borders.

In announcing plans to appeal the ruling, the Liquor Control Board said the judge ruled incorrectly when it placed the state's right to regulate alcohol as secondary to federal antitrust laws that encourage commerce.

David Hankins, a state assistant attorney general, said the state will seek to stay the judge's decision while the U.S. Ninth Circuit Court of Appeals considers the appeal.

The state will file the appeal and the motion to stay the ruling in the next two weeks, Hankins said.

Costco Chief Executive Jim Sinegal said the company was not surprised by the appeal. "We fully expected that this was going to wind its way through the courts," he said.



**3. News From TTB**

Source: *TTB*

May 1, 2006

**Powdered Alcohol**

**We (TTB) have recently been contacted by a state wherein an entity was looking into the possibility of importing a "powdered alcohol" or "alcohol without liquid" where water can be added to make an alcoholic drink. TTB does have jurisdiction over such a product and anyone attempting to bring this product into the US would need an importer’s permit. (Applications for importer permits including bonds, registrations, and notices by calling the NRC (National Revenue Center) at 1-877-882-3277 or 513-684-3334).**

**Personal Stills**

We (TTB) have also recently been contacted by a state regarding someone who was interested in applying for a state manufacturer’s license to operate a personal still. Again TTB does have jurisdiction. See General Alcohol FAQ’s G1 which can be found on the TTB web site.

**Dan Noble to Receive Employee of the Year Award for Customer Service**

Dan Noble, Assistant Administrator, Headquarters Operations will be receiving recognition at TTB’s 3rd Annual Award Ceremony on Thursday, June 8th, 2006 at the Treasury Department. He will be receiving an Employee of the Year Award for Customer Service. Please join me in congratulating Dan for a job well done! Dan was instrumental in helping put together the distribution lists for this newsletter, as well as, may have assisted some of you with COLA (Certificate of Label Approval) issues. You may send Dan a note at daniel.noble@ttb.gov.



**4. A Fine Year For Web Wine**

Source: *WSJ*

April 28, 2006; Page W1

**Following major legal changes, online wine sales are flourishing. Our columnists on pitfalls, ordering strategies and their favorite sites.**

When it comes to online shopping, it's suddenly a wine, wine world.

We buy thousands of bottles of wine annually for our column from all over the country, so we've been shopping online for years. Lately, thanks in part to a Supreme Court ruling, state law changes and Americans' growing comfort with the Web, the online wine business has been undergoing a sea change: There's a surge in the number and quality of sites devoted to educating consumers, highlighting unusual regions and, mostly, selling a lot of wine.

Hundreds of wine shops offer Web sites and quite a few of them deliver to most states. Football-field-sized stores such as Sam's Wines & Spirits in Chicago, with a selection many of us could once only dream of, now are as close as a click for many consumers. There's a Web site that features Austrian wine (winemonger.com), a site with only kosher wine (kosherwine.com) and a site that specializes in wines under $15 (vindepayswines.com).

The past year alone has seen all sorts of fine stores get into the game, such as Surdyk's Liquor in Minneapolis. ("You have to keep up with the times," says its owner, Jim Surdyk.) It has never been easier to find a 1974 Robert Mondavi Cabernet Sauvignon -- or have Sutter Home White Zinfandel delivered to your door.

While we couldn't find any figures we considered reliable on the amount of wine sold online, it appears to be about 1%, which is still a hefty chunk in a U.S. retail business estimated at $26 billion by the California-based Wine Institute. The percentage is obviously growing. Some long-established stores, such as Sherry-Lehmann Wine & Spirits in New York City, report that fully a quarter of sales or more now are online. "Wine is global, and about seven years ago we looked into our crystal ball and we said if we do not develop a Web site now -- even though a lot of us didn't know what that meant -- we would be left far behind," says Michael Aaron, chairman of Sherry-Lehmann. "It's impossible to do business today without having a Web site."

**Suffering Through Missteps**

We've also found stores with great selections and terrible Web sites, as well as handsome sites where the selection is weak. One vendor sent us dripping bottles, and another delivered a massive bottle of cheap Chianti because we ordered the wrong size on its poorly designed site. And we can't count the number of times we've had to start over when a site crashed just as we were hitting "finalize order."

Over time, we've found a number of sites stand above others in terms of ease of use, selection and reliability. Eight of those are in an accompanying chart, and eight more are exclusively on WSJ.com. We've also come up with a few of our own guidelines for ordering wine by the Web, which we'll share below.

The most recent online wine rush is partly the result of last year's ruling by the U.S. Supreme Court, which struck down some laws concerning direct-to-consumer winery shipping. While the ruling wasn't about retail stores, it has led to dramatic changes in state laws -- and convinced many stores that it's worth the risk to find a way around laws that still exist. The legal ground for all of this, in many cases, continues to be murky because of a wide and confusing array of state and local laws.

Just last month, Texas sent cease-and-desist letters to more than 40 wine shops in eight states, telling them to stop sending wine because shipping by retailers into the state isn't permitted. "Future violations of our state law will result in legal action," said the letter, which noted that three violations would constitute a felony. Wineries can ship into Texas if they have proper permits, but almost 30 wineries lacking the approval, including a winery in Florida, received the same letter. A federal lawsuit has been filed challenging Texas's law.

Online sales are just part of a broader transformation in the way Americans buy wine. The largest retailer of wine in America today is Costco, which not only sells everyday stuff but also hard-to-find Bordeaux, often at bargain prices. Small, walk-around stores, meanwhile, are increasingly focusing on careful selections and user-friendly descriptions. (One, the Best Cellars chain, has categories such as fizzy, fresh, soft, luscious, juicy, smooth, big and sweet.) Web sites are important to all of this, even in areas where shipping isn't permitted, because they are helping consumers become better-educated wine buyers, offering a wealth of information and opinion and a whole new level of price transparency.

Who is ordering online these days? Even winemakers themselves. "For me, it's great to be able to find a particular wine or, say, see what's out there in the Lagrein rosé category. I'm not making that up -- I did a search last year in anticipation of summer sipping," says David W. Graves, co-founder of Saintsbury winery in Napa. "The other thing about Web sites is that they make comparison shopping for price so easy."

A worker at Surdyk's Liquor in Minneapolis packages wine to be delivered to the store's online customers.

Sam's, the big Chicago vendor, started its Web site a decade ago, before many of us were fully aware of the Internet. Now about 9% of its sales are online, says wine director Todd Hess. More and more people are using the site -- it offers about 3,600 wines from 25 countries -- to avoid having to drive to the store. Other customers, who live in nearby states where delivery isn't allowed, order over a period of several weeks and come in to pick up wine. And Sam's, like some other stores, uses email aggressively to let customers know about sales, special items or highly reviewed wines.

That's what Al Heltman does. "Stores email me lists, three or four times a week, of online specials and I order off those," says Mr. Heltman, who owns a property-management company in Miami. "All have wines I don't have a prayer of finding in this market, and their prices are competitive."

For our search of America's best wine sites, we relied on our own experience and also enlisted the aid of our assistant, Melanie Grayce West, who is younger than we are and far more Web-savvy. In our list, we eliminated stores that have given us problems in the past, even though some appear to have good Web sites. One store sent us bottles with damaged labels, apparently figuring that no one who saw those bottles in the store would buy them so, hey, let's foist them off on the online people. (The wines were a Valentine's Day present for Dottie, who had to be restrained from calling them up to give them a piece of her mind.) One sent only half of our order, with no explanation; when we called, they said that, oh yeah, the rest were out of stock. Another store held up our order for two weeks, with no explanation, until a backordered item came in.

And this is our favorite: One store once sent us the wrong wine. When John called to report this, the salesman on the phone insisted that it was the correct wine and John just didn't know how to read a label. "I know wine," the salesman said. "You don't." (If you wondered if stores recognize our names on the order and treat us differently, there's your answer.)

We narrowed our list until we found eight we could recommend without reservation for good service and reliable delivery. In every instance, we have ordered wines from these stores -- in most cases, multiple times. Of course, it's possible there are some great online vendors we missed, but these eight will give you an idea how good a wine site can be -- from winelibrary.com's Web TV to winex.com's bargain basket.

In addition to this list, there are many sites that offer something special. Wineaccess.com represents 120 stores across the country; by typing in a specific wine, you can find out where it is available and possibly order it. Wine-Searcher.com lets browsers look for wine among more than 7,000 stores world-wide and then provides links to the Web sites. Premiercru.net has an elegant site that's strong in futures -- wines that haven't yet been released -- and particularly appeals to serious wine shoppers. Wine.com is a joy to navigate (and check out the excellent "wine basics" tab). Winebuys.com has a clever question-and-answer section for the casual shopper. Winebuys.com also has an interesting perspective, according to Brent Hurtig, consulting chief operating officer: "When we designed the site we tried to make it female-friendly, since we know that women are such a huge component of online retail sales. We saw that most sites looked like smoky men's clubs."

**Taking the Web Seriously**

We expect the online wine experience will only continue to improve. As we spoke to wine stores about their sites over the past few weeks, it became clear that merchants now are taking Web retailing very, very seriously and aggressively studying each other's online presence. Customers, too, will push the transformation: While there will always be a market for people who want to order directly from a winery and geeks like us looking for rare stuff, our feeling is that, in the long run, online wine sales -- similar to other online businesses -- will rise or fall based on whether consumers use it as an everyday convenience for everyday wines, just as they use Amazon.com for books.

It's impossible to know if you will have a bad experience with any merchant online. But the good news is that there are so many sites now that you never have to order a second time from a site that leaves you dissatisfied. So if you are thinking about ordering wine online, here is a mixed case of things to keep in mind:

• Look around the site first to see if it delivers to your state. Some stores tend to be coy about this because they're skirting local laws. That's why you will often see language like this: "The title to the wine you order passes to you as soon as it leaves our doors; it is up to you to know the relevant laws in your state." Even if a site says a store cannot deliver to your state, you should call to make sure. Laws are changing rapidly and, in any case, stores often deliver to places they don't publicly admit.

• While you are looking at online sites, sign up for every online newsletter you see. These are often interesting and, in some cases, marvelously chatty. They're a great way to pass the time at work. (Don't worry; your boss is probably reading them, too.)

• Be very careful to make sure you are ordering bottles in the size you want. On some sites, it's hard to tell. We have ordered magnums or half-bottles -- not to mention the giant Chianti -- without knowing it.

• Similarly, check vintages carefully. Remember that most wines these days are meant to be drunk young, so you want to make sure, in those cases, that you get the newest vintage. If this is important to you, and if the site has a "comments" section, tell them that you don't want vintage substitutions.

• Along the same lines, be sure to read the fine print about substitutions. Some sites say they can substitute a different wine if it's under a certain price -- say, $15. (You can often find this in the "FAQ" or "shipping information" sections.) If you don't want substitutions, say so.

• Look for the return policy. Returning wine is a hassle in any event (and local laws sometimes govern such policies), but a store's return policy is often a sign of its consumer-friendliness. Some charge significant "restocking" fees.

• Look around the site to see if there are case discounts. Good stores often offer them.

• Check the minimum purchase necessary for delivery. You don't want to spend your time putting together a shopping cart only to discover that you don't have enough in it to be delivered.

• Try to find shipping costs before you order. Some sites don't tell you the price of shipping until you check out.

• See if you are being charged for "insurance" on your order. Some sites quietly charge a percentage to insure your shipment. That can be a significant hidden charge that you may not want. We pay for the insurance because it seems a small price and we're nervous types, but the truth is that, in all of our years of shopping online, we have never suffered a broken bottle.

• Pay for expedited delivery. Warm or cold weather can wreak havoc on wines and faster shipping will help to minimize that danger. In any event, it's a bad idea to have wine shipped at all in extremely hot or cold weather. Some stores simply won't send wine until bad weather lets up.

• Work with the store or the shipping company to figure out when the wine will be delivered. Deliveries have to be accepted by someone who's at least 21, so an adult needs to be home.



**5. Beer Ads That Ditch the Bikinis, but Add Threads of Thought**

**By Julie Bosman – *New York Times***

May 1, 2006

IF Miller Brewing is to be believed, the days of beer commercials stocked exclusively with brainless party boys and buxom blondes are over.[Skip to next paragraph](http://www.nytimes.com/2006/05/01/business/media/01adco.html#secondParagraph#secondParagraph)

[](javascript:pop_me_up2('http://www.nytimes.com/imagepages/2006/05/01/business/01adcoCA01ready.html',%20'01adcoCA01ready',%20'width=720,height=600,scrollbars=yes,toolbars=no,resizable=yes'))

Crispin Porter & Bogusky

Jerome Bettis, left, and Burt Reynolds in ads for Miller Lite, in which men discuss the laws of manly behavior.

Instead, the company that brought the world the infamous "Catfight" ad is trying to atone for its past by introducing an ad campaign today that Miller says is intended to rise above the calculated inanity of most beer ads.

The commercials revolve around group discussions starring men who Miller says "have defined in their own way what manhood is all about." Among others, they are the former National Football League star Jerome Bettis; the [World Wrestling Entertainment](http://www.nytimes.com/redirect/marketwatch/redirect.ctx?MW=http://custom.marketwatch.com/custom/nyt-com/html-companyprofile.asp&symb=WWE) wrestler Triple H; Aron Ralston, the rock climber who cut off part of his arm after being pinned under a boulder; and the discussion group's leader, the actor Burt Reynolds.

"They are true men," said Erv Frederick, the vice president for marketing at Miller Brewing, owned by SABMiller. "They all have a lot of substance, and they have their own unique personal style."

In the ads, the actors are assembled around a large square table, sitting before beer bottles and solemnly debating "Man Laws," the rules by which men should ideally govern themselves. When toasting, should one clink tops or bottoms? (Answer: bottoms.) Is the high-five officially played out? (Yes.) How long must a man wait before dating his buddy's ex-girlfriend? (Six months.)

To some extent, Miller keeps its no-dumb-guys promises. There is no raucous behavior and no sexual innuendo, other than one veiled reference to "Brokeback Mountain." The subject of crushing beer cans on one's forehead is mentioned, but the men decide that the act is no longer funny. "It's lame," the oddly Plasticine-looking Mr. Reynolds says sternly.

Mr. Frederick said that the company "wanted to move beyond that stereotype of men as sophomoric" or as "the lowest common denominator."

"We're trying to position it as a smarter, more intelligent light beer," he said.

Miller has a lot of making up to do. Along with beer companies like Coors, which once produced an ad disguised as a love song to sexy female twins, Miller has produced many commercials that some consumers found sexist.

This is the company that, in 2003, produced "Catfight," a television spot featuring two voluptuous women who, while arguing over whether Miller Lite "tastes great" or is "less filling," tear off each other's clothes and wind up wrestling in wet cement.

Since that commercial, Miller has tried to emphasize the taste of its beer and a sense of nostalgia for the brand. Last fall, it reintroduced its "Girl in the Moon" in ads for Miller High Life, hoping that the retro image would attract young female consumers.

The "Man Laws" ads are partly inspired by another Miller Lite standard: the tastes great-less filling debate, said Alex Bogusky, the chief creative officer at Crispin Porter & Bogusky in Miami, the agency that created the ads and which is a unit of [MDC Partners](http://www.nytimes.com/redirect/marketwatch/redirect.ctx?MW=http://custom.marketwatch.com/custom/nyt-com/html-companyprofile.asp&symb=MDZ.DB).

"Beer is so tied in to male culture," Mr. Bogusky said. "And I think the tradition of sort of settling things over a beer and figuring out the world over beer is a strong one. It's one of the nicer aspects of beer, and it's one of the reasons that it's a powerful cultural beverage."

The campaign also includes a Web site, [manlaws.com](http://manlaws.com), which is to be accessible starting today. Visitors to the site will eventually be able to search for Man Laws and place votes on future Man Law questions.

Miller first made Crispin its creative agency of record in February after the company decided to "try to gain a consistency of voice that we thought one agency could provide us," Mr. Frederick said. Crispin is also developing a knack for ad campaigns that appeal to a purely young male demographic, like its ads for the Volkswagen GTI that portray women as nagging girlfriends who interfere with the relationship between man and car.

David H. Jernigan, the executive director at the Center on Alcohol Marketing and Youth at Georgetown University in Washington, said that when the beer industry promised to reform itself, the old commercials usually came back again.

"This is the same thing we've heard after the Swedish bikini ad in 1991," Mr. Jernigan said, referring to an ad for Old Milwaukee beer that drew some criticism.

For most beer companies, what matters most is how much the campaigns influence sales in the end, said Laura Ries, the president of Ries & Ries, a brand strategy firm in Atlanta.

"I don't think it necessarily worked for them," she said of Miller Lite's provocative ads in the past. "All those sexy ads got them a lot of negative P.R. and teenage boys giggling, but it didn't move much beer."

<http://www.nytimes.com/2006/05/01/business/media/01adco.html>



**6. Miller Renews Attack on A-B**

May 1, 2006

Miller Brewing Co. is again attacking its arch-rival, Anheuser- Busch, Inc., pouncing on an admission that the nation's largest brewer has changed its formula for Bud Light.

A full-page newspaper ad, running in Friday's edition of USA Today, claims Anheuser-Busch had lied by previously denying it changed the recipe of Bud Light, the nation's most popular beer, as well as Budweiser, the nation's No. 2 brand.

That ad appears two days after a front-page Wall Street Journal article quoted Anheuser-Busch executives as saying formula adjustments have been made to Bud Light and Budweiser as a response to changing consumer tastes.

The article said fewer changes have been made to Bud Light than to Budweiser. The latter brand has seen steadily declining sales, a trend shared with other mainstream, full-calorie beers such as Miller Genuine Draft.

The newspaper story also quoted Anheuser-Busch executives as denying that any changes were made in response to increased sales over the past three years by Miller Lite, Miller Brewing's No. 1 brand.

The issue first surfaced in November, when Miller began running three TV ads that said Miller Lite has more taste than Bud Light despite changes in Bud Light.

Anheuser-Busch said then it had not changed the beer's formula, and it complained to TV networks about the commercials.

Miller, however, said last fall it could substantiate its claims through documented increases in "bitterness units," which measure the amount of hop bitterness in beer.

Brewers often tinker with their recipes. Miller has made changes to Miller Lite over the years, with the latest occurring in 2001, Miller spokesman Pete Marino said.

But that's different, Marino said, because the Miller Lite changes have been "minor," compared with more substantial changes made by Anheuser-Busch.

This week's Wall Street Journal article spurred Miller to again raise that issue.

"We're glad that the King of Beers finally came clean about its long-term strategy of getting bigger and bigger by making the taste of Bud Light smaller and smaller," Marino said.

Anheuser-Busch spokesman Bill Etling declined to comment on the ad.

Miller's marketing campaign will continue to make references to the taste changes, Marino said.

On Wednesday, Miller paid for an airplane to tow a banner over Anheuser-Busch's St. Louis headquarters that read, "Sire, sire pants on fire."

The latest clash between Anheuser-Busch and Miller comes as the nation's mainstream brewers find their sales growth outstripped by the increasing popularity of small, specialty beer makers.

Anheuser-Busch on Wednesday reported its U.S. beer sales volume increased 4.6% during the first quarter compared with the same period in 2005 a comparison helped by last year's poor results. Miller reported earlier this month that its sales volume dropped 1% during the 12 months that ended March 31.

Total U.S. beer sales volume dropped by 0.3% in 2005. Volume sales of "craft" beers, those made by smaller, specialty brewers, rose 9% last year.



**7. Underage Drinking Nets Alcohol Industry Billions**

*HealthDay News*

May 2, 2006

TUESDAY, May 2 (HealthDay News) -- Of the estimated $128.6 billion spent on alcohol in the United States in 2001, $22.5 billion (17.5 percent) was consumed by underage drinkers and $36.3 billion (28.3 percent) was attributable to abusive or dependent drinking by both underage and adult drinkers, a new study shows.

"With at least 37.5 percent of sales linked to underage drinking and adult abusive and dependent drinking, the alcohol industry has a compelling financial motive to attempt to maintain or increase rates of underage drinking," concluded researchers at the National Center on Addiction and Substance Abuse at Columbia University, New York. "Alcohol advertisements in magazines, for example, expose youth aged 12 to 20 years to 45 percent more beer advertisements and 27 percent more advertisements for distilled spirits than adults of legal drinking age," they said.

The study appears in the May issue of the journal *Archives of Pediatrics & Adolescent Medicine*.

The researchers analyzed information on 260,580 people, age 12 years and older, from several national databases to estimate the commercial value to the alcohol industry of consumption by underage and abusive and dependent drinkers.

Among those ages 12 to 20, over 47 percent were current drinkers and close to 26 percent met the criteria for alcohol abuse and dependence, compared to 9.6 percent of drinkers age 21 and older who met the criteria. Pathological drinkers consumed three times as much alcohol per month as drinkers who did not have abuse or dependence problems.

"Almost all (96.8 percent) of the adult drinkers with alcohol abuse and dependence began drinking prior to the age of 21 years," the study authors wrote.

The bottom line: "The financial interests of the alcohol industry appear to be antithetic to the public health interests of the nation in preventing and limiting pathological drinking," the authors suggested.

<http://www.forbes.com/forbeslife/health/feeds/hscout/2006/05/02/hscout532454.html>



**8. Anheuser-Busch is Only Backer of its Beer Industry Campaign**

*WBAY Channel 2*

May 2, 2006

ST. LOUIS, MO -- The beer wars are getting interesting again.

Milwaukee's Miller Brewing recently hired a pilot to buzz the Anheuser-Busch headquarters in St. Louis with a banner accusing it of lying about its beer recipe.

Anheuser-Busch has spent (m) millions of dollars on a national ad campaign to promote beer drinking over wine and cocktails.

It promoted its campaign as a way for beer companies to set aside differences and fight the common enemy -- the wine and liquor industry.

But, Anheuser-Busch didn't have any takers. No other brewer wants a part of the campaign.

Anheuser-Busch isn't discouraged. The company launched two "Here's to Beer" television ads last month and will unveil a new Web site for the campaign next week.



**9. Brewers Must Be More Romantic**

Source: *Beverage Daily*

May 2, 2006

Beer still lacks the romance to compete with other alcoholic drinks in America, leaving it stuck on the shelf as consumers move on to new tastes, says a market research specialist.

The big brewers in the US must do more to romanticize their beers to have more chance of beating the current market slump, said Tom Vierhile, editor of Datamonitor’s new product database, Productscan Online.

Anheuser Busch, which alone makes up half the US beer market, announced in its first quarter results last week it had raised beer prices to push up domestic sales revenues.

The American beer market shrank 0.4 per cent in 2005 as more once core consumers turned to wine and spirits. The US was recently named the second fastest growing wine market in the world by the International Organization of Vine and Wine.

Vierhile said mass-market brewers like Anheuser and SABMiller must help consumers rediscover the romance in beer, which still holds 54 per cent of America’s alcoholic drinks market.

"There all sorts of things you can talk about and do to come up with a product that has a perceived greater value," he said, adding that ways to do this could be focusing on "how beer is brewed, sourcing grains from different parts of the world or even using different glasses for different beers".

In the UK, the British Beer and Pub Association, faced with a similar onslaught from wine ands spirits sectors, launched a campaign to encourage beer drinking with different meals.

Vierhile said he was confident that "beer will come back at some point in the US", but it will become harder to do so the longer the current situation continues.

Consumers, it seems, are one step ahead of the big brewers.

Vierhile said mass-produced beer had suffered after becoming the "whipping boy for the low-carb trend" and has now been "hung out to dry because consumer tastes are fragmenting", with general trends towards stronger flavours and lighter options.

Speciality beers, or craft beers, made by small, independent breweries have consistently increased sales in America over the last couple of years, outperforming the rest of the market.

Anheuser Busch, initially slow to recognize the trend, made an attempt to get in on the act last autumn by launching the first of four seasonal beers. It has also developed organic beer, and its fruit flavour caffeine beer called B-to-the-E.

"They’ve been doing a lot of experimenting but I don’t know if it’s enough to pay the bills," said Vierhile on Anheuser.

He questioned why Anheuser had not moved into different, more profitable alcoholic drinks sectors.

The group had possibly fallen into the "Coca-Cola trap", he said. PepsiCo overtook Coca-Cola in market value for the first time in 112 years or rivalry last autumn, largely because it spotted healthy beverage trends sooner and moved out into other areas, such as snack foods, while Coke stayed put.

"You could look at that and say: why hasn’t Anheuser Busch gone into other alcoholic beverages? The wine industry is still so fragmented."



# 10. Problem Drinkers May Consume Almost Half of All Liquor

*The Associated Press*

May 2, 2006

Between 37.5 and 49 percent of the alcohol sold in the U.S. goes to those under the legal drinking age or those with alcohol problems, according to a study.

The National Center on Addiction and Substance Abuse at Columbia University found that those groups account for $48.3 billion to $62.9 billion in sales, based on data from 2001.

"Underage and pathological drinkers are the alcohol industry's most valuable customers," said Joseph A. Califano, Jr., CASA's chairman and president and former U.S. Secretary of Health, Education and Welfare.

Prior to this study, no research looked at the commercial value of these drinkers, CASA said in a news release.

The study also says that alcohol abuse and addiction cost the nation $220 billion in 2004. Cancer and obesity have estimated costs of $196 billion and $133 billion, respectively, the group said.

The group also reported that 9.6 percent of adult pathological drinkers consume 25 percent of alcohol drunk by adults.

# <http://www.nbc4.tv/health/9148631/detail.html>



# 11. Alcohol-Abuse Hospital Visits Cost $2B

*United Press International*

May 2, 2006

WASHINGTON, May 2 (UPI) -- Hospital treatment for patients with alcohol-abuse disorders costs about $2 billion per year, according to new federal data.

U.S. community hospitals treated nearly 210,000 patients for alcohol abuse in 2003, the most recent year for which data are available, according to the Health and Human Services' Agency for Healthcare Research and Quality.

In addition, more than 1 million patients admitted for other reasons also had a diagnosis of alcohol abuse.

The cost of such care is often borne by the government and other parts of the healthcare safety net.

A quarter of the hospital stays primarily for alcohol abuse involved Medicaid patients, 21 percent involved uninsured patients and 13 percent were for Medicare patients, while 34 percent were for privately insured patients.

Among the uninsured, alcohol-abuse disorders were the fourth most common reason for hospitalization, accounting for about 25 of every 1,000 hospital stays.

<http://www.upi.com/HealthBusiness/view.php?StoryID=20060502-030925-8370r>



# 12. U.S. Underage Drinkers Spend Billions on Alcohol Annually

By Jeff Minnerd - *MedPage Today*

May 1, 2006

NEW YORK -- Underage drinkers spent $22.5 billion on alcohol in 2001, which amounted to 17.5% of total U.S. consumer spending on beer, wine and liquor that year, according to researches here.

U.S. public health officials should be concerned about this amount of underage drinking because those who start drinking young are more likely to become alcohol abusers later in life, said Susan E. Foster, M.S.W., and colleagues at Columbia University here.

Also troubling is the finding that adult alcohol abusers spent nearly $26 billion on drinks in 2001 (about 20% of total consumer spending), so that underage drinkers and adult problem drinkers together account for more than $48 billion, or 37.5%, of the alcohol industry's revenue, the researchers reported in the May issue of the Archives of Pediatric & Adolescent Medicine.

The study analyzed data from several national surveys, including the 2001 National Household Survey on Drug Abuse, the 2001 Youth Risk Behavior Survey, the 2001 Behavioral Risk Factor Surveillance Survey, the 2000 U.S. Census, and the 2000 to 2001 National Epidemiological Survey on Alcohol and Related Conditions.

Together, children and adolescents ages 12 to 20 and adults 21 and older spent a total of more than $128 billion on alcohol in 2001, the study found.

Less than half of individuals ages 12 to 20 (47%) reported drinking alcohol in the previous 30 days, compared with a little more than half (53%) of the adults. However, the proportion of problem drinkers in the younger group was much higher. Nearly 26% of the younger drinkers met the standard DSM IV diagnostic criteria for alcohol abuse or dependence, compared with less than 10% of the adult drinkers, the researchers reported.

Almost all (97%) of the problem adult drinkers began drinking before the age of 21, the investigators noted.

"Projected into the future, this present pattern of illegal underage drinking and adult abusive and dependent drinking will realize at least one-half trillion dollars in cash revenues for the alcohol industry over the next decade-an extraordinary commercial motive to insure that such consumer behavior continues unabated," the authors said.

Individuals ages 12 to 20 are targeted especially hard by advertisements for alcohol. For example, this group is exposed to 45% more magazine advertisements for beer and 27% more magazine ads for distilled spirits than adults of legal drinking age. A similar pattern is found for radio and television ads, the authors said.

"The financial interests of the alcohol industry appear to be antithetic to the public health interests of the nation in preventing and limiting pathological drinking," the authors said.

"The public health implications of this research are two-fold. First, because of this apparent conflict of interest, the alcohol industry is not a good candidate to regulate its own marketing and sales practices, particularly as they relate to underage drinking," they suggested.

Second, the fact that more than one-quarter of underage drinkers already met the standard DSM IV diagnostic criteria for abusive and dependent drinking "underscores the critical importance of comprehensive prevention strategies and treatment options tailored to the needs of teens," they concluded.

<http://www.medpagetoday.com/Psychiatry/Addictions/tb/3207>



**13. Fruit Now Comes With Attitude; Jose Cuervo Launches Line of Flavored Tequilas**

May 1, 2006

NEW YORK, May 1 /PRNewswire/ -- Jose Cuervo International, the global marketing division for Jose Cuervo, announces the introduction of Cuervo Flavored Tequilas, a new selection of premium tequilas with hints of orange, lime and tropical fruit flavors.

"Cuervo Flavored Tequilas allow consumers to expand their tequila experiences and enjoy Cuervo in more versatile ways," said Carlos Arana, Managing Director, Jose Cuervo International. "Tequila is no longer limited to shots and margaritas. Cuervo Flavored Tequilas are the perfect solution for those looking to add a new twist to their favorite drink."

Available in three unique flavors -- Citrico, Oranjo and Tropina -- Cuervo Flavored Tequilas are distilled and bottled in Mexico. Each flavor is a proprietary blend of premium silver-styled tequilas combined with natural fruit flavors. Cuervo Citrico is made with natural flavors of lime and other citrus fruits; Cuervo Oranjo contains natural flavors of orange and other citrus fruits; and Cuervo Tropina is a blend of pineapple and other tropical fruit flavors.

"Consumers can experience the boldness and energy of Jose Cuervo in a whole new way with Cuervo Flavored Tequilas, whether enjoyed in shots, sipped on the rocks or mixed in a cocktail," added Neil Gallo, Senior Director, North America. "With these new products the possibilities are endless."

The launch is being supported by a fully integrated marketing effort that includes promotions and special events, public relations, merchandising, and sampling (where legal) as well as a dynamic new print and out-of-home advertising campaign. Launch advertising will use striking visuals to depict Cuervo's own mischievous twist on the unique combination of tequila and fruit flavor, consistent with the clever tone that has been the hallmark of Cuervo's "Vive Cuervo" campaign for the last 5 years. The ads will appear in publications such as Maxim, Rolling Stone, Playboy, Cosmo and FHM.

Cuervo Flavored Tequilas will be available nationally in grocery, liquor, club and drug stores beginning this month. The product will be available in multiple sizes with the 750 ml bottle retailing for approximately $16.99 to $18.99 (depending on the market).

