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For First Time Since 2002, Beer Has Double-Digit Lead Over Wine as Favored Drink

For the first time since 2002, beer has regained a better-than-double digit lead over wine as America's favored alcohol drink, according to the Gallup Poll.

The shift back to beer from wine has occurred mostly among Americans 30-49 years old. In 2004 and 2005, drinkers in this age range were about as likely to prefer wine as beer, Gallup said. Wine – which was favored by 49% of drinkers in 2005 – now is the drink of choice of only 31%, while beer is favored by 47% and spirits by 23%.

Drinkers 18- to 29-years old also show a wide preference for beer. In more bad news for vintners, younger adults are more likely to say they drink liquor more often than they drink wine.

But wine is the favored beverage of older drinkers, as it has been since the early 1990s.

This year's consumption poll also finds:

- Sixty-two percent of Americans say they drink bev/al, a percentage that has varied little in the last 10 years.

- The average drinker consumed 3.8 alcoholic drinks in the past week. This is the first time the average has dropped below 4 drinks since 2001. It had been as high as 5.1 in 2003.

- Thirty-six percent of Americans have reported drinking alcohol in the last 24 hours in each of the last four Gallup commission polls, up from an average of 30% in 2000-2004.

- "Daily drinking" is more common among Americans of higher socioeconomic status. Over the past four years, an average of 42% of college graduates report having had a drink in the last 24 hours, compared with 32% of those who haven't graduated from college.

- Forty-one percent of drinkers with incomes of \$75,000 or more say they have had a drink in the past 24 hours, compared with 36% of middle-income respondents (\$30,000 to \$74,999) and just 23 of those in households with incomes of less than \$30,000.

- Men are more likely than women to have had a drink during the previous day (43% to 28%).

- Older drinkers are more likely than younger drinkers to have consumed alcohol in the previous 24 hours: 39% of those 50 and older say they drank in the last 24 hours, compared with 35% of those aged 30-49 and just 28% of those below 30.

Fortune Brands Spirits Sales Rose in U.S. but Were Hurt in Australia

Spirits sales rose in the U.S., but an excise tax increase in Australia that trimmed demand for ready-to-drink products combined with soft results in Mexico and Spain to nick **Beam Global Spirits & Wines'** sales, Beam's parent company, **Fortune Brands**, said.

Beam's net sales fell 1.4% to \$607.9 million in the second quarter. That's a lot better than Fortune's home and hardware (down 13.9%) and golf (down 4.7%) businesses.

Beam's operating income fell 20.5% to \$138.6 million. "We faced a tougher-than-expected environment in the second quarter," said **Bruce Carbonari**, Fortune's president/ceo. "We remain focused on two objectives – outperforming our product categories and investing for the future to drive sustainable long-term growth and returns.

"We're continuing to build a high-performance organization behind our spirits brands, and we're investing to creatively build premium brand equity to grow revenue faster than case volumes.

Fortune Brands' overall net profit was \$136 million, or 88 cents a share, on a 9% drop in net sales from continuing operations of \$2.1 billion.

Fortune's board of directors approved 5% increase in the company's common dividend, to 44 cents a quarter, payable Sept. 2 on stock of record Aug. 13. Fortune also said it repurchased 4.3 million shares since March 31. The company has authority to buy back up to 15 million shares.

Nielsen Links What Consumers Buy to Their Personalities

Nielsen Co. said it is the first company to directly link consumers' personalities and purchase behavior information for the consumer packaged goods (CPG) industry. The personality profiles are provided by **Mindset Media** and are combined with Nielsen's consumer panel information, enabling CPG manufacturers and retailers to identify specific personality traits, such as optimism, creativity and pragmatism, driving consumer purchasing behavior and brand affinity.

The profile will let CPG companies profile any desired target audience, from premium pet food buyers to heavy snack food consumers, on more than 20 elements of personality. For example, Nielsen said, a marketer of tooth whitening products might learn that people who are considered "Carefulness 5" in Mindset Media parlance - - those who have virtually ridded their lives of haste and impulse - - are 56% more likely to purchase tooth whitening strips than other consumers. The company can take advantage of the data to fine-tune communications and using target capabilities, reach these consumers directly in the media.

"We continually strive to provide our clients with new, innovative ways to market more effectively to their consumers. Now, CPG manufacturers and retailers can achieve a deeper understanding of what drives consumer behavior and how to more effectively appeal to their target consumer," said Todd Kaiser, senior director, Nielsen Consumer Panel Services.

Scheid Vineyards Posts \$1 Million Loss

Scheid Vineyards Inc. posted a \$1 million loss in the fiscal first quarter, ended May 31. Revenue totaled \$1.5 million and consisted primarily of bulk wine sales and fees for processing and storing wines for others.

First Amendment a Hurdle to Restricting Bev/Al Advertising, Lawyer Says

The First Amendment "is a significant hurdle" to state and local governments seeking to use long-dormant restrictions of alcohol advertising to reduce underage consumption, says **Bryce L. Friedman**, a litigation partner in **Simpson Thacher & Bartlett**.

In a Legal Opinion Letter from the Washington Legal Foundation, Friedman says a recent decision involving student publications at Virginia Tech "confirms the First Amendment protects alcohol advertising in college newspapers even where the newspapers' audience is 40% under the legal drinking age. It also emphasizes the government's significant evidentiary burden in defending regulation of truthful alcohol advertising and the need to narrowly tailor such regulations to their stated purpose."

Beer Marketing Notes

A-B, Daytona International Renew Budweiser Shootout

The **Budweiser** Shootout, which marks the start of a new NASCAR season and provides a benchmark for teams as they gear up for the annual Daytona 500, will return in 2009 as part of Budweiser's multi-year sponsorship renewal with Daytona International Speedway.

"For more than 30 years, race fans have circled the Budweiser Shootout on their calendars in the way baseball fans look toward Opening Day," said **Tony Ponturo**, vp-Global Media and Sports Marketing, **Anheuser-Busch, Inc.** "February is the start of our important spring selling season, and big events such as the Budweiser Shootout and Daytona 500, plus the Super Bowl, NHL and NBA All-Star weekends, provide a powerful combination to excite consumers and energize our wholesaler family."

The multi-year agreement for the Budweiser Shootout includes exclusive alcohol and non-alcohol malt beverage sponsorship of the race weekend, four new interior track wall signs, and sponsorship of the annual Budweiser Shootout Draw Party televised by Speed Channel and the popular post-race infield concert. The 2009 Budweiser Shootout at Daytona is scheduled for Feb. 7.

Wine Marketing News Notes

RH Phillips Winery Gets ISO 9001:2000 Certification

Constellation Wines U.S. (CWUS) said **RH Phillips Winery**, Esparto, CA, producer of **Night Harvest** and **Toasted Head** wines, has received ISO 9001:2000 certification from Lloyd's Register Quality Assurance Ltd. This marks the ninth winery in the CWUS portfolio to receive this certification, said **Michael Othites**, SVP, California Operations. "We are very proud of this achievement."

The winery said the certification demonstrates its commitment to a quality management system for the design and production of wines and the retail and hospitality services in the winery's tasting room that meet regulatory requirements, enhances customer satisfaction and ensures continuous improvement. This certification will also increase RH Phillips' competitiveness in worldwide markets.

"This achievement reflects our pledge to provide our customers with exceptional quality production and excellent service," said **Barry Bergman**, General Manager of **RH Phillips**. "This ISO certification confirms our dedication to continually enhance customer satisfaction and is the result of the perseverance and teamwork of our staff."

Nonalcohol News Notes

Biotta Forms U.S. Unit to Distribute Organic Juices

Biotta of Switzerland said its wholly owned subsidiary, **Biotta, Inc.**, is now the official U.S. representative of Biotta and assumes responsibility for U.S. distribution of the organic juice brand from **Blue Marble Brands**.

Biotta committed itself to organic production in 1951, many years before the enthusiasm for organic food really took hold. Since that time, Biotta has harvested its fruits and vegetables from healthy, living soil. At Biotta, top quality means organic products grown and left as nature intended. First-class produce is carefully processed to ensure the delicious flavors while minimal processing ensures that the juices are rich with natural minerals and vitamins to promote good health. The juices are 100% pure, contain no artificial additives and are never made from concentrates.

"As one of the first companies to recognize the importance of organic products for good health and vitality, Biotta has pioneered the production of organic juices," said George Pappas, Biotta Inc.'s ceo. "As their official representative in America, we want to assure our current and future customers of our continuing commitment to providing the finest in organic products, fresh from the field into the bottle. Our goal is to ensure the future growth and success of the Biotta brand."

Celsius Names PR Agency

Celsius said it chose **TransMedia Group** as its PR firm. Celsius has been clinically shown to burn calories by raising metabolism and providing sustained energy. Celsius is a beverage brand marketed by **Celsius, Inc.**, which has its roots as a sports nutrition company with the goal of bringing healthier, everyday

refreshment through science and innovation.

Best regards,

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