

Beyond the BOX:

NEW PACKAGING INNOVATIONS STAND OUT ON SHELVES & BACKBARS

BY DAVID LINCOLN ROSS

Wine packaging has come a long way since novelist Ernest Hemingway first called attention to leather wine pouches in *The Sun Also Rises*—when character Robert Cohn takes a swig from a Basque wine pouch. While this traditional container is still popular today among the Basques—an ancient people inhabiting the rugged terrain between northwest Spain and southwest France, whose mysterious language is thought to reach back to Iberian cave dwellers 25,000 years ago—here's the news: Wine pouches are back, but in decidedly 21st century, non-leather decantations.

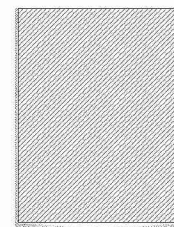
What's more, these sleek, feather-light pouches are the leading edge of a slew of other packaging innovations in the wine and spirits trade.

From six-liter "bibs" (bag-in-box) of vintage-dated California Chardonnay to colorful 1-liter Tetra Pak cartons of Argentine Malbec to premium Japanese Saké or prepared cocktails enclosed in easy-to-grip pouch containers, wine and spirits marketers are busy introducing more lightweight, environmentally conscious formats than ever before.

These new-fangled selections are definitely not your father's hearty burundy jugs of yesteryear. In fact, they are not always bulk vessels, and in most cases they are not even made of glass. Case in point: Tetra Paks, created in the early 1950s by Swedish inventor Dr. Ruben Rausing, have become the world's largest non-glass beverage package—predominantly for milk and juice, but increasingly for wine as well. Worldwide sales of Tetra Pak products topped \$10 billion in 2010.

Another new player, the Astrapouch, was first developed and launched in South Africa in 2008. In the last two years alone, Astrapouch North America, based in Penfield, NY, has emerged as an innovative supplier of convenient 1.5-liter, 1.75-liter and 3-liter pouches to Glenora Wine Cellars (for its Trestle Creek New York State wines), Clif Family's Climber line of California varietal wines, Pernod Ricard USA's Malibu prepared cocktails and Ty Ku Premium Saké, among others.

Gene Pierce, co-founder and president of Glenora, notes: "We were looking for an alternative to bag in box packaging—it has a stigma among some wine drinkers—and we found the Astrapouch is a big hit with consumers and restaurateurs, especially for picnic or outdoor events with no-glass rules. This year, our Trestle Creek business may account for as much as 15% of our total sales, and it's all incremental, as this line is not cannibalizing our other estate-bottled wines."



Alternative Packaging

While 5L and 3L bag-in-box formats still dominate the alternative wine packaging category by volume, smaller-format Tetra Paks have been accelerating at double-digit rates

While acknowledging 750ml glass bottles are here to stay, Dave Moynihan, president of Astrapouch North America, says, "If you talk to me in two years, I think you'll see that the pouch concept will have become more accepted by both wine and spirits marketers as well as by consumers."

Momentum for Glass Alternatives

Brands aiming to attract open-minded retailers, restaurateurs and consumers with convenient, affordable packages include: Bandit, French Rabbit (Boisset) and yellow + blue organic Argentine wine in colorful Tetra Paks; Target's own-label Wine Cube California varietal line presented in 1.5L equilateral boxes; and "traditional" (a strange but apt term) 3L bag-in-box

labels such as Delicato Family Vineyards' Bota Box, among others. The octagonal 3-liter "Octavin" bib format, introduced in 2010 by California-based The Wine Group, has proven so successful that the company recently spun-off its two anchor brands—Big House Red and White—from the Underdog Merchants division. Billed as a "Home Wine Bar," the rest of the Octavin line is comprised of blends and varietal wines from California (Monthaven), Germany (R. Müller), Italy (A·Mano), France (Pinot Evil), New Zealand (Silver Birch), Spain (Osborne) and South Africa (Herding Cats). The 3Ls retail for \$24, and several are also available as 750mls for SRP \$10.

In the 12 months ending June 2011, approximately 6% of all wine sold in the U.S. was packaged in non-glass containers, according to Danny Brager, Vice President, Group Client Director, Nielsen Beverage Alcohol Team, New York, NY; and within that market share figure, the larger, 5-liter bag-in-box size still predominates by volume. But underlining the growth of newer, smaller packaging alternatives to both the traditional 750ml bottle and the big, 5-liter "bib" format, Brager explains, "In the last four or five years, there's definitely been a trend toward smaller box sizes, including the 3-liter format." In particular, he reported that Tetra Pak wine sales tracked by Nielsen of even smaller formats—1.5



Astrapouch wines, such as Glenora's Trestle Creek label, are not only lightweight, but also chill rapidly—an advantage over standard "bib" formats.

liter, 1 liter, 750ml and 500ml—have been accelerating at "double-digit" rates over this same 12-month period.

What's driving all these sales? Several factors, says Brager: Wine and spirits suppliers are looking to reduce packaging and delivery costs associated with glass. For their part, consumers are attracted to value and convenience of such packaging. And not to be dismissed, consumers feel good about buying "green," knowing that with such purchases, they can lower the environmental impact and energy footprint relative to glass bottles. Retailers in all sales channels are also getting smarter about merchandising such novel formats. Brager observes, "When I go to stores now, I see a lot more discipline; retailers' shelving planograms are becoming more and more sophisticated."

The Wine Group's "Octavin" series is promoted as a "home wine bar," highlighting the convenience of its packaging keeping wine fresh for up to six weeks.



Alternative Packaging

True Out-of-the-Box Thinking

Describing the thinking at Purchase, NY-based Pernod Ricard USA behind its adoption of the Astrapouch for Malibu's line of ready-to-drink (RTD) cocktails that come in three flavors—Rum Punch, Caribbean Cosmo and Tropical Mojito—Brand Director Lisa McCann notes: "We see Malibu Rum as having a strong consumer franchise, so this new



Malibu Rum's RTD line skews toward younger legal-age drinkers, and is especially strong among women aged 21 to 39.

already Malibu's RTDs have captured 2% of the entire prepared cocktail segment; and they now account for approximately 6% of the brand's total sales." She adds that the company expects the prepared cocktails to achieve 10% of total sales within a year. To promote the brand in off-premise accounts, Pernod Ricard USA sponsored a national in-store consumer sampling program, advertised the new line in various trade publications, and created in-store display units to support the national roll-out. The RTD line skews toward younger legal-age drinkers, according to McCann, and is especially strong among women aged 21 to 39.

The Bandit website—and, in fact, that packaging itself—informs consumers that Bandit's Tetra Pak is renewable; is less costly than glass; has a lower carbon footprint in terms of CO2 emissions; is more fuel-efficient, either empty or filled; and is recyclable. Also noteworthy, Bieler explains: "Our cartons cost less than a cork in a bottle, and we don't have to worry about printing front or back labels." Bandit Pinot Grigio is the line's single best-seller.

Billed as "All Terrain Wine Transport," The Climber's Astrapouch line of California Cabernet Sauvignon and Chardonnay are ultra-light and ideal for wine lovers with an outdoor lifestyle, from picnic devotees to hiking and biking enthusiasts. According to the Clif Family Winery website, "With an 80% lower carbon footprint and 90% less waste than two glass bottles, the Climber Pouch is easy on the planet and the palate. It's lighter to carry than glass, perfect for any adventure, easy to re-seal and stays fresh for up to one month after opening."

To underscore the family's commitment to the environment, above and beyond the advertised energy-saving benefits of the pouch itself, the site informs web viewers that the winery is a proud member of the "1% for the Planet" group, and has pledged to donate 1% of The Climber's sales revenue to this environment-advocacy group.

Summing up the long-term opportunity such alternative packages contain (pun intended), Bieler of Three Thieves asserts, "It all started modestly, but the American consumer is much more confident; the acceptance has been significant, and it's growing every year." ■

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With lower carbon footprints and less waste than glass, alternative packages have real 'green' appeal

packaging enabled us to position the brand as a 'summer state-of-mind' drink with our customers; [the pouch] is innovative and convenient."

McCann explains: "We launched our line of Malibu Rum prepared cocktails in May 2010; we took them national this past June, and we estimate that

Bandit varietal wines are attracting consumers with both 1L and 500ml sizes; a California Pinot Grigio is the line's best-seller.



'Costs Less Than A Cork'

The Bandit line of wines—produced as a 50/50 partnership of California-based marketer Three Thieves/Rebel Wine Company and Trinchero Family Estates of St. Helena, California—consists of three reds and three whites. The entire line is packaged in Tetra Paks, both the 500ml and 1-liter sizes, according to Rebel Wine Company's co-founder Charles Bieler, whose partners include Joel Gott and Roger Scommegna. Besides the value proposition of the brand (its most popular size, 1 liter, retails for a suggested \$7.99), Bieler said it is the brand's convenience and eco-friendliness that attract consumers.