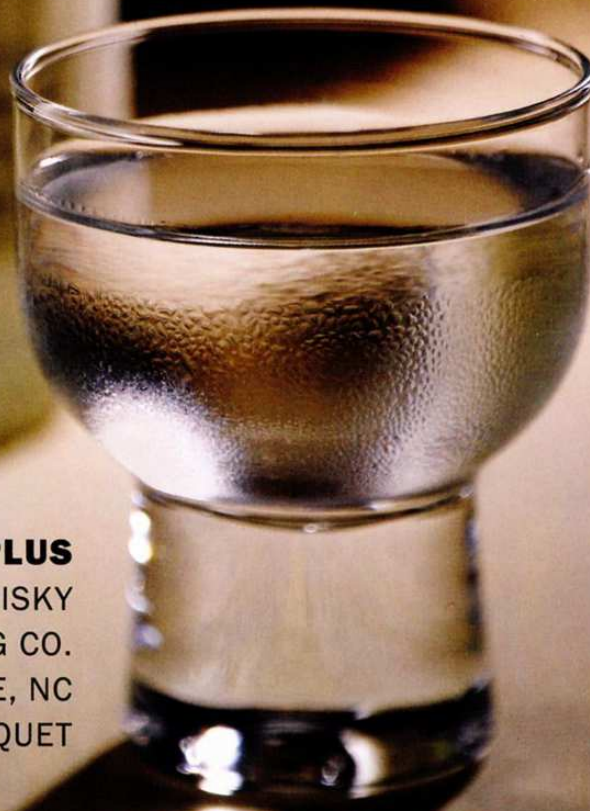


MARKET WATCH

Sake Rising

JAPAN'S SIGNATURE DRINK FINDS
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Inside The Box

Consumers gravitate toward upscale boxed wines

Boxed wine historically has been regarded as a means to a cheap buzz for college students—a lowbrow product scorned by sophisticated drinkers. Thanks to vastly improved offerings and environmentally friendly packaging, the humble box has gone upscale.

Sustainably packaged wines have long been popular overseas, with Europe leading the charge and Australia following suit: Cask wine accounts for 30 percent of wine consumed in French households and for 50 percent in Australia. “I have a winery in France and I’ve seen the increased popularity of boxed wines,” says Michael Shaps, who launched Virginia Wineworks to offer bag-in-box wines to U.S. consumers. “In French supermarkets, you notice the amount of shelf space dedicated to them.”



Sales of 3-liter boxed wines have increased by 20 percent a year for a decade, and retailers like Binny’s Beverage Depot (left) have taken notice. The boom has also led to the growth of luxury boxed wine offerings like Andegavia (right), which retails for upwards of \$65 a cask.

The United States makes up a mere 2 percent of at-home wine consumption, according to Gavin MacComber, CEO of the year-old direct-to-consumer wine company Andegavia. That number is considerably behind the curve, but seems to be growing as U.S. wine drinkers catch on. Sales of 3-liter boxes have risen at a rate of 20 percent a year for the past decade. “Consumer demand for cask wine is on a steady and slow increase,” says Doug Jeffirs, wine director at Skokie, Illinois-based retail chain Binny’s Beverage Depot, which carries 40 SKUs of 3-liter boxes from 15 different brands. Bota Box Chardonnay (\$16.99) and Black Box Cabernet Sauvignon (\$19.99) are the most sought-after offerings. Last year, Constellation Brands’ Black Box grew by 27 percent to 3.4 million cases, earning Impact “Hot Brand” status. DFV Wines’ Bota Box was close behind, rising 14 percent to 2.6 million cases and also winning a Hot Brand award. The wine label has seen the most success with its Revolution red blend, Pinot Grigio, Malbec and Moscato, as well as growth in its

500-ml. Tetra Pak formats. “Wine drinkers are becoming more aware of the quality-per-price value option of boxed wines,” Jeffirs concludes.

The 3-liter bag-in-box, the format’s most popular size, contains the same amount of wine as four standard bottles. With the absence of glass, a 3-liter package of cask wine weighs 40-percent less than its bottled counterpart. Bottles, which must first be shipped from manufacturers (often located overseas) before being filled at wineries, account for a huge expense and have a larger carbon footprint.

Decreased packaging costs trickle down to consumers, who can now purchase premium wine at a lower price point. “The eco-friendly packaging of our wines means that a larger share of production dollars goes toward the quality of the wine,” notes MacComber of Andegavia, which ships premium California wine in 3-liter casks directly to consumers.

“The European tradition of a glass with every meal has spread to the United States, and the bag-in-box format is the perfect way for wine drinkers to purchase and consume at a value,” Shaps says. Virginia Wineworks uses 100-percent local grapes to produce six varietals (all \$40), and top-sellers include Cabernet Franc and Viognier.

Additionally, at-home wine drinkers benefit from the mechanics of the package. Since the wine is held in a bladder and untouched by air, oxidation doesn’t occur until the wine is dispensed. Some products promise freshness for up to six weeks.

The high-end wine category is projected to see the greatest growth in demand in 2014, and vastly improved boxed offerings like the 2011 Andegavia Napa Valley Ruthven Red Blend (\$78 a 3-liter cask) have caught the attention of connoisseurs. Andegavia’s wines retail for \$65 to \$80, the equivalent of \$15 to \$20 a 750-ml. bottle. MacComber says his company’s casks are 30-percent to 40-percent less expensive than bottled wines of comparable quality. “The 2012 Ruthven Napa Valley Chardonnay, which is our top-seller, retails for \$68, but drinks like a \$25 bottle,” he notes.

MacComber says his company isn’t trying to replace the bottle. “There’s no better vehicle for aging wine,” he explains. “But everyone has a go-to ‘house wine’ for daily drinking, and the cask is undoubtedly the better option in that case.” **mw**

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