

BLUE-BEERED

A few of A-B's ideas:

- Wild Blue:** blueberry-flavored beer
- Bluestone:** still drink made with grain, blueberries and red grapes
- Blue Horizon:** blueberry-flavored malt beverage
- Peels:** alcoholic fruit juice
- Spikes:** 12% alcohol-by-volume malt beverage shooter
- Bistro 8:** cider-like fermented beverage
- 9th St. Market:** flavored beer
- Tilt:** caffeinated malt beverage
- Natty Up:** caffeinated extension of Natural Light



Feeling blue, A-B gets a few fruity ideas for beer

Innovation needed, but move takes eye off Light, risks ire of watchdogs

By JAMES B. ARNDORFER

DESPERATE TO make up for lost time as spirits surge at beer's expense, Anheuser-Busch is going on an unprecedented new-product binge with sweet, fruit-flavored alcoholic beverages aimed at wooing back young adults.

But while the strategy may be necessary—with nearly 50% of beer-industry volume, A-B has been disproportionately hurt by the declining popularity of beer—it's also very risky. Not only do new products have a spectacular failure rate, the fruity drinks practically invite criticism from watchdog groups and put A-B into unfamiliar distribution territory. Moreover, by focusing so much attention on the new push, the brewer may be ill-advisedly taking its eye off the prize—Bud Light.

"There's a need for innovation," said Benj Steinman, publisher and editor of industry newsletter *Beer Marketer's Insights*. "But at the

same time they have to take care of Job 1, which is Bud Light."

No fewer than three of the planned new drinks—Wild Blue, Bluestone and Blue Horizon—are blueberry flavored. Others drinks unveiled at a recent wholesaler meeting include Peels, a line of alcoholic fruit juices and Spikes, a 12% alcohol-by-volume malt-beverage shooter drink, according to people at the meeting. A-B didn't return calls for comment.

DRAWING FIRE

Offering sweet flavors already is drawing fire from industry watchdogs that charge they appeal to underage drinkers. "Blueberry is the flavor of candy or ice cream, not alcohol," said Amon Hoang-Rappaport, a spokesman for the Marin Institute. The King of Beers has been trying to target young adults with a variety of different attributes—such as low-carb, higher alcohol content, caffeination and sweet flavors. The brewer started things rolling last fall with B-to-the-E, a caffeinated malt beverage flavored with ginseng and guarana. Others drinks are in testing or being prepared for testing (see box, above).

And this is far from the end. Not only does VP-Brand Management

Marlene Coulis have a background in new-product development, including the line of Bacardi Silver flavored malt beverages, in a recent issue of *Advertising Age* A-B placed a help-wanted ad for three positions in "beverage category new-product development."

The problem with new products is simple: Most of them fail. And brewers' past efforts to lure drinkers with new products have been mixed at best. While flavored malt beverages took off quickly when launched a few years ago, they quickly fizzled. Archival Miller Brewing Co. failed in its own effort to launch a line of boozy fruit drinks, Brutal Fruit.

Another potential stumbling block is that A-B's marketing and distribution network is geared toward selling big brands while these new lines require more niche focusing. Wholesalers "need to sell [these types of products] into every account and every retailer individually," said Harry Schuhmacher, editor of the online newsletter *Beer Business Daily*. "It's going to be a significant investment for distributors. Some are pumped about it, some are groaning about incremental dollars."