



# YES WE CAN!

WINE'S LATEST  
FORMAT IS BUSTING  
OUT WITH NEW  
SKUS. BUT ARE  
CONSUMERS ON  
BOARD? BY JEFF SIEGEL



**W**hat are you supposed to believe about canned wine? Are cans the next big thing, given that sales were up 52% last year—growth that far out-paced every other part of the category? Or are they the next Moscato—here and mostly gone, given that each massive sales increase is from a tiny, tiny base.

According to Nielsen, the market share for cans in 2017 was one-fifth that of 187ml bottles, and the airline-sized pour owns a grand total of 1.1% of the U.S. wine market. So, we are really talking about sliver of a fraction of the overall wine market.

In this, cans are just one of the contradictions that make the 21st century U.S. wine business such a conundrum. Yes, cans are a fresh industry favorite, with phenomenal growth, incredible press, hip wine-makers, cool packaging and key investments by some of the biggest of Big Wine.

But they also use a still evolving technology, their sizes are inconvenient for the shelves and cold boxes used by many retailers, and a recent Mintel survey found that consumers see quality as even poorer than that of that perennial whipping boy, screwcap wine, by 18 percentage points. Ouch.

In other words, how will cans cut into the wine business's almost century-old reliance on glass bottles closed with some kind of cork—still about 75% of the market?

## SPECULATION SITUATION

“That’s the big question,” says Christan Miller of Full Glass Research, a wine marketing and research consultancy. “Are cans going to become a distinct category and not fade away? There are some very smart people who disagree with me, but I think cans have a couple of things in their favor.”

Miller says those advantages, which include interest from a younger demographic, could position cans to one day become as popular as 3L premium box



wines like Black Box and Bota Box—currently about 3% of the market, according to Nielsen. “I don’t know that cans are going to be a large category,” he says, “but I think they will be a permanent one.”

That’s enough of an impact, even if cans don’t get any bigger than premium boxes, for important parts of the wine business to make sure they have cans in their portfolio. E. & J. Gallo extended their uber-popular Barefoot line into canned spritzers and has just given the green light to put Dark Horse in cans. The \$2 billion Treasury Wine Estates is reportedly developing several canned products, including one for its best-selling Sterling label.

Know, too, that Big Wine sees an opportunity for cans in the wake of beer’s continuing sales lethargy. Investment banker Goldman Sachs, citing Nielsen numbers at the end of last year, found a

OPPOSITE CLOCKWISE TOP LEFT: Lieb Cellars—the first New York winery to launch 3L premium box wine and 20L disposable keg wine in 2014—is rolling out five 375ml canned wines under their Bridge Lane label after a rosé test batch last summer. / Ferdinand cans feature Albariño and Tempranillo grapes. / The folks behind 90+ Cellars have added rosé to their canned Lila line. / Stella Rosa single-serve aluminum bottles represent a twist on cans. ABOVE: Dear Mom cans, out of Portland. RIGHT: House Wine, based in Washington.



slight decline in beer penetration across the U.S. year to year, as well as a shift away from beer to wine and spirits among those ages 35 to 44.

“Yes, consumers and retailers care about wines in the can,” says Roberta Blacklund, the national wine category manager for the 29-store Lucky’s Market chain, with 11 stores in Florida and eight more planned by the end of this year. “There’s no breakage of glass, and they’re easy to stock and store. Consumers at Lucky’s really like the convenience and ease to travel.” Blacklund says Underwood, perhaps the best-known can brand, has been a “huge hit” since March 2017, selling almost 300 cases.

Winemaker Charles Bieler has used almost every kind of packaging during his career—Tetra Paks for Bandit; glass for the Bieler et Fils and Charles & Charles wines; kegs for his Gotham Project; and soon a 250ml two-pack of cans under the Gotham Project label.





Bieler says canned wine has a future, and he's worth listening to. "It's a legitimate format that's here to stay and I look forward to more discussion from other producers about the wine, and why it's interesting and delicious," he says. "And I want to hear less about the can itself."

In this, Bieler sees cans growing from their less than one percent share of the U.S. market to something like the popularity of 187ml bottles and 3L premium boxes. This assumes, he says, that quality—still problematic for much canned wine—improves and becomes the reason for canned wine, instead of a marketing ploy.

"The idea that the only way to consume wine is with a bottle and a cork is changing," says Bieler, whose Bandit boxes sell about 400,000 cases a year. "Consumers are continuing to experiment with different formats for different occasions and different times, and cans are part of that experimentation."

### USAGE: WHERE, WHEN & HOW?

Historically, Americans have bought wine at a traditional retailer to drink in the evening, and most studies support that pattern. But is that because we want to stop at the wine shop to pick up a bottle for dinner or that the packaging—a glass bottle with a cork-like closure—predisposes us to do that? After all, it's difficult to have a glass during

ABOVE: Gotham Project's Bruce Schneider and Charles Bieler see a future in cans, just as they do in kegs.

## ADVOCATES SEE CANS AS THE SILVER BULLET THAT WILL ATTRACT YOUNGER CONSUMERS WHO DON'T SEEM AS INTERESTED IN WINE AS THEIR PARENTS AND GRANDPARENTS.

the day when you need to keep a bottle and a corkscrew at work—a far cry from popping the top off a soft drink.

But will alternative packaging, like cans, change that dynamic? Conventional wisdom suggests that cans will appeal naturally to outdoors enthusiasts—hikers, campers, boaters—and other contexts where glass can't go (concerts, beach, picnics, alfresco situations). But some producers are sensing that single-serve convenience may be the cans' usage wild card.

Jordan Sanger, Vice President for importer Winesellers Ltd. in Niles, IL, says his company sold most of their 3,500 cases of Tiamo cans, packaged as a 250ml four-pack, to traditional wine retailers last year. But many accounts were far from traditional. Golf clubs, public and private, wanted to sell the cans from their beverage cart. And there was also interest from fast casual restaurants like True Food Kitchen; cans were the ideal packaging for younger customers who prefer that format and wanted to have a glass or two with their meal. In fact, the

interest from non-traditional retailers is one reason Winesellers is doubling its production this year.

"That may be one of the selling points for canned wine," says Sager. "It may help wine consumption move into different dayparts and different areas than it has been consumed before."

### YOUTH MOVEMENT

Most importantly, canned wine advocates see it as the silver bullet that could attract younger consumers who don't seem as interested in wine as their parents and grandparents. Baby Boomers powered the three-decade U.S. wine boom, but embraced glass bottles and cork and cork-like closures and have shown little interest in anything else. Talk to any can advocate, and the answer is the same: "Younger consumers are more open and more willing to try different things than older wine drinkers. They don't think



### FLAVA SIGNAL

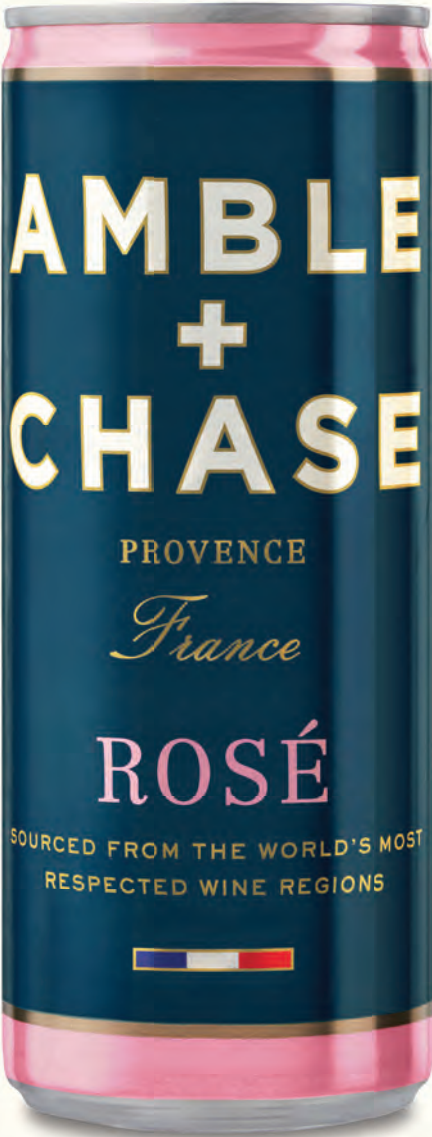
Cans are at the front end of a citrus-tinged trend. Ramona, the sleek grapefruit-infused white-wine handiwork of NYC sommelier Jordan Salcito, has ramped up this season after experiencing shortages last summer. Pampelonne, from France, showcases lime and blood orange in distinct expressions; Foxie starts with a rosé base and adds both grapefruit and hops.



Trendy inside and out, Maris French organic wines are now in cans stateside.



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wine is supposed to come in a glass bottle with a cork.”

Which is all well and good, but its market share and market penetration remain surprisingly low given all of the good things that have happened. How are are those two compatible?

For one, says Miller, it does seem, both intuitively and from the numbers, that younger consumers are more willing to try cans than the Baby Boomers. But these younger consumers are already wine drinkers, and they don't need to be converted to the category. It still remains unclear whether cans will bring younger beer and spirits drinkers to wine, he says.

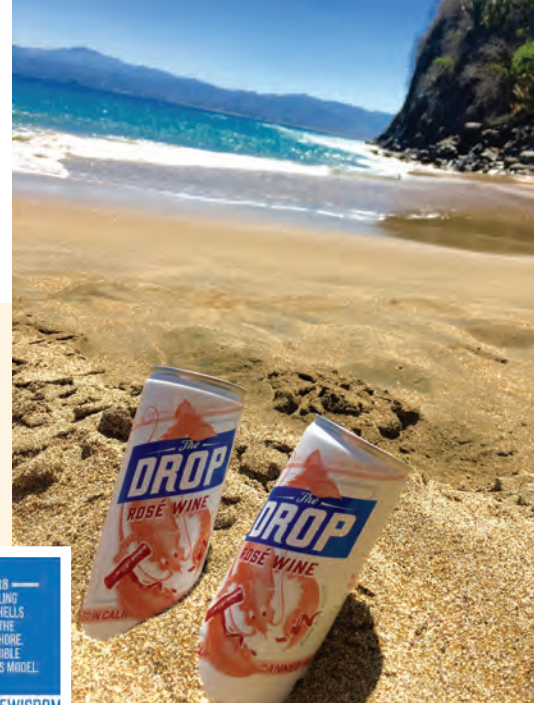
Further complicating the issue: consumer perception of quality, as noted by the Mintel survey. Only 13% said they believed quality was as good as bottle quality, compared to 23% for premium boxes and 31% for screwcaps.

Winemaker Adam LaZarre, who has just introduced a canned Pinot Noir for the venerable Cycles Gladiator label, says cans offer several challenges. First, the pH can't be too low, or the wine will eat through the can. Second, should the wine be made to be served ice cold, as if it just came out of the cold pack or an ice chest, or for normal wine temperatures? Third, he



**NO BOTTLES? NO PROBLEM.**

The can format has attracted quite a few entrepreneurial efforts. The Drop started with just rosé, then added red and white blends, with every can sporting “drops of wisdom.” Archer Roose started with 3L boxes and has now added cans—no plans for glass in sight.



Colorado's Infinite Monkey Theorem was an early adopter of canning wine—and pear cider.

premium canned product—and at a more premium price?

Meanwhile, among several can sizes, only one is close enough to the 12-ounce beer can to fit on retailer shelves and in cold boxes. Currently, canned wine is being sold in 250ml, 375ml and 500ml packaging, often in a four-pack. But only the 375ml is close to the standard 12-ounce beer size.

How ready are retailers to reconfigure shelving for canned wine—perhaps at the expense of other items?

Still, those who are optimistic about the can's future say those are questions that will be answered as the product gains market share. The summer of 2018 could prove pivotal.

“Anything that brings people to wine is good for wine,” says David Lombardo, the Wine and Beverage Director for Benchmark Restaurants by Marc Murphy in Manhattan, who serves 250ml cans of Archer Roose Chilean Sauvignon Blanc and Carmenere as part of his by the glass program. In this, he says, they're easy to store and there are fewer shrinkage problems. “If they're honest and accessible wines,” says Lombardo, “they can succeed. It's all about the juice inside.”

Of course, in any discussion of canned wines, the reality of the category's tiny scale is still a huge issue. “Distribution

is still pretty limited on canned wines, and a large proportion of wine consumers haven't heard of them or haven't encountered or noticed them,” says Christian Miller of Full Glass Research. “That being said, that's part of the reason there is still considerable upside to cans.”

**BUMPY LEARNING CURVE**

So, what have we learned so far? For one thing, size matters. Central Coast producer Field Recordings was an early adopter of cans—including a Paso Robles red blend, “Fiction,” in 500ml cans. Alas, based on feedback, the “tall boys” are being phased out, but the winery is full speed ahead with 375ml cans for several labels, including the flagship Alloy Rosé and varietals; Antipasto Sangiovese; and Tin City Americano, which is red wine co-fermented with coffee beans.

Meanwhile, a mini-lesson from cider: Strongbow discovered that a limited-edition of 5.1oz (150ml) cans was a great trial-driving vehicle for bringing people to not

**COLORFUL CAUSE**

House Wine has launched a Limited-Edition Rainbow Rosé Bubbles can (srp \$5.99) “to celebrate and support LGBTQ equality and love in all its forms.” From May 1 through August 31, House Wine will donate \$2 for every case sold to the Human Rights Campaign, America's largest organization working for lesbian, gay, bisexual, transgender and queer equality.



“Tall boys” (500ml cans) are being phased out in favor of 375ml (left) and smaller cans.



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only the brand, but the cider category in general. Based on a 2017 spring offering, the brand learned that 90% of mini-can buyers were new to Strongbow and 74% were new to the cider category. The results were so encouraging that Strongbow is planning to reintroduce the 150ml limited editions each spring and fall.

Above all, the only certainty seems that the market for cans is far from figured out—but that it is prompting a tremendous flurry of innovation. In fact, some of the industry's biggest players are leading the experimentation.

In addition to Gallo and Treasury Wine Estates, Francis Ford Coppola—long enjoying success with Sofia bubbly in 187mls (with attached straw)—has now added the Diamond Collection. Terlato has translated success with their Seven Daughters line into cans as well. Latitude Beverage, the company behind 90+ Cellars, created Lila Wines and sold 33,000 cases in 2017; now adding a rosé, they expect 50% or more growth year after year. And Prosecco giant Mionetto is getting into cans with Bollicini.

Perhaps the future of cans is all about fun—no more, no less. Witness The Winebow Group's Stella. For years the value-priced line featured a cream label with a few metallic stars—because “Stella” means star in Italian/Latin. A major revamp spawned a colorful, Vespa-riding, pony-tailed young Stella. And her Pinot Grigio is now in both 3L boxes and four-packs of 250ml cans.



ABOVE: Stella Rosa aluminum bottles share cans' quick-chilling advantage—plus a dash of fun. / In Portland, Eastside Distilling added a custom canning line and hopes to service scores of Pacific Northwest wineries, including small start-ups like hometown favorite Dear Mom.



And The Winebow Group is hardly done in the canning department, having also just announced the launch of Amble + Chase Rosé, a premium can wine sourced from Provence. The name pays homage to the winemaking process; during the long growing season, the winemaker will “amble” through the vineyard, but at harvest his pace becomes a “chase.” The 2017 rosé in 250ml cans will retail for \$18/four-pack.



### HOMETOWN HEROES

Apropos a trend on the upswing, canning has germinated coordination among tiers. Portland-based Eastside Distilling has added custom canning capabilities via their MotherLode subsidiary—and announced it in conjunction with a local start-up, Dear Mom Wine Co. Founded last year by two (ex-)high school friends, Dear Mom makes a Syrah-driven red blend, a Willamette Valley Pinot Noir rosé and a Rhône-varietal white blend, with sparkling yet to come.

**NO PROSECCO, NO PROBLEM!** Prosecco is not allowed in cans, but that did not stop French Laundry alums Bobby Stuckey and Lachlan Patterson from canning their Scarpetta Frica Italian bubbly.



Grover Wickersham, CEO of Eastside, speaks of being in on “the ground floor” of wine in cans: “We expect to launch this month [March 2018] with our first production and ramp the business as fast as we can reasonably and practically do so.” The custom canning line is designed to produce Ball Corporation's popular “slim can” in 187ml, 200ml and 250ml sizes. For Dear Mom Wine Co., MotherLode will be canning 187ml cans, allowing for a four-pack (SRP \$15.99) to be the equivalent of a 750ml bottle. Dear Mom expects to increase production from 6,000 cases in 2017 to 16,000 cases in 2018 with current distribution in Oregon and Washington and planned expansion into the Northeast and Florida in 2018.

While wine is apparently the hotbed for new canned brands, cocktails remain well represented. Examples include Gosling's authentic Dark 'n' Stormy (250ml); Jose Cuervo sparkling Margarita in 200ml cans; Hochstadter's 84-proof Slow & Low Rock and Rye in 100ml; and Novo Fogo's sparkling version of Brazil's beloved mixture of lime, sugar and cachaça, the Caipirinha, in 200ml cans.

Add malt-based canned cocktails and the blossoming array of spiked seltzers and your friendly neighborhood cold box could easily slip into chaos. No doubt the coming summer season will be an important one for determining the fate of wine in cans. ■