THE LOW CARB CRAZE

How Beverage Alcohol Suppliers are Answering the Consumer Call to Cut Carbohydrates

By Jeffery Lindenmuth
According to a market study released this year by The Valen Group and Lowcarbiz, 28.3 percent of U.S. adults (about 59 million people, taking into consideration 2002 U.S. Census estimates) are currently controlling carbohydrates in their diet. The trend has had widespread repercussions from lagging sales for bagels and potatoes to restaurants forced to formulate special entrees to satisfy devotees of Dr. Atkins, The Zone, and South Beach Diet.

In the consumer witch-hunt for hidden carbs, beverage alcohol has proven to be one of the most confusing arenas, partly because the alcohol molecule itself defies simple description: it is somewhere between a carbohydrate and a fat with 7 calories per gram. (Carbohydrates have 4 calories per gram and fats have 9 calories per gram.) In reality, most low-carb diets discourage alcohol consumption because the nutritionally empty calories do slow fat burning. But at the same time, a carb-free drink can offer a much-needed reward and morale boost for someone fending off a pasta craving.

The issue of beverage alcohol and carbohydrates is further confused because popular drinks actually span the spectrum from carb-free to carb-loaded. All pure distilled spirits – vodka, gin, whiskey, tequila, rum – are naturally carbohydrate free. Wine, on average, offers about two carbohydrates per serving. And mainstream beer typically offers about 10-12 carbohydrates per serving. Then there are sweetened liqueurs and ready-to-drink beverages, which are often sugar-loaded and therefore may harbor over 30 carbohydrates in a single serving. Add to this the assortment of popular cocktail mixers like soda, juices and tonic and you can see why confused bartenders are feeling more like personal trainers under a barrage of questions from dieting consumers.

Brewers Ride the Wave

Thankfully, savvy marketers are eliminating some of the confusion, by educating consumers and developing new products specifically for the low-carb market. Surprisingly, the beer brewers seem to have been first to identify the trend and get products to market. Among the first and most successful is Michelob Ultra from Anheuser-Busch launched nationally in September 2002 with 2.6 grams of carbs per serving. Number three U.S. brewer Coors Brewing Company has followed with Aspen Edge — a super-premium, low-carb light lager with just 2.6 grams of carbohydrates and 94 calories per serving. Aspen Edge rolled out nationally over Memorial Day weekend – just in time for swimsuit season. It’s worth noting that America’s beloved light beers offer similar savings in terms of carbohydrates and calories. Coors Light, for instance, has 5 grams of carbohydrates and 102 calories, which puts it much closer to the new Aspen Edge than to Coors Original with 10.6 grams of carbohydrates. Anheuser-Busch is attempting to exploit this advantage and offer consumer education with a Bud Light campaign broadcasting, “All light beers are low in carbs.” Miller Lite takes a similar approach.

Aspen Edge brand manager Sara Mirelez feels the Coors advantage will ultimately be the flavor of the product. “When we developed Aspen Edge we did it so consumers wouldn’t have to make any flavor concessions. Our TV advertis-
ing focuses on communicating the great taste of Aspen Edge. We’re giving them something that gives that real beer experience,” she says.

Labatt USA has seen similar success with their Rock Green Light launched in October 2003, shipping over one million cases in their first three months. They were the second major mover in the market, opting to replace the existing Rock Light with Rock Green Light, offering just 2.6 grams of carbohydrates and less than 92 calories. According to A.C. Nielsen data for the four-week period ending November 29, Rock Green Light has helped the Labatt USA Domestic Specialty portfolio to rise 15.9 percent.

Malternatives Make Their Move

Popular flavored malt beverages (FMBs) and malternatives seem to have the most to lose from consumer carb investigations. These drinks are typically sweet, loaded with calories, sugar and carbs. However, at least one leading brand, Skyy Blue, a product of Miller Brewing Company and SKYY Spirits is attempting to tackle the sticky problem. Skyy Sport is billed as an “ultra-premium, low-carb, citrus-flavored malt beverage with a splash of cranberry.” One serving offers 160 calories and 15 grams of carbohydrates per serving — more carbs than a standard beer, but indeed half that of other FMBs.

Despite the relatively high carb count, it is likely that many consumers who crave these refreshing, flavored drinks over beer will be experimenting with Skyy Sport this summer. Paul Fuegner, vice president marketing for SKYY Spirits LLC says, “I think it tends to be a seasonal product rather than a geographic product and it’s starting to hit shelves as we speak. We’re not seeing it being strong in a particular region. I think there is some truth that the whole FMB category has their best season between Memorial Day and Labor Day.”

The Law of the Label

On April 7, the Alcohol and Tobacco Tax and Trade Bureau, which regulates the labeling of alcoholic beverages, issued ruling 2004-1 to address the inclusion of carbohydrate information on alcoholic beverages. The statement says in part “While TTB does not object to the use of truthful and accurate factual statements about calorie and carbohydrate content in the labeling and advertising of alcoholic beverages, we are concerned about recent labeling and advertising representations that imply that consumption of “low-carbohydrate” wines, distilled spirits, or malt beverages may play a healthy role in a weight maintenance or weight reduction plan.”

Most importantly, the ruling also set specific nutritional standards for the terms “low carbohydrate,” seemingly referring specifically to the FMB disparity. The ruling states: “After review of several labels bearing the term ‘low carbohydrate,’ TTB has determined that it is necessary to set an interim standard for the use of this term in the labeling and advertising of alcohol beverages. Many of the approved beer labels bearing low carbohydrate claims are for products with less than 3 grams of carbohydrates per 12 fl. oz. serving. However, we have also approved a ‘low carbohydrate’ label for a flavored malt beverage product with a higher carbohydrate content on the basis that the carbohydrate content (15 grams per serving) was lower than the regular version of the product. Upon further review, we believe that this significant variation in the use of the term ‘low carbohydrate’ may mislead consumers as to the meaning of this term as applied to alcohol beverages.”

In the end, the TTB arrived at a compromised position of 7 grams per serving maximum for the use of the term “low-carbohydrate.” They went on to determine that “Products that contain more than 7 grams of carbohydrates per serving, but that are lower in carbohydrates than the regular version of the comparable product made by that alcohol beverage producer, may be referred to on labels and in advertisements as being ‘reduced carbohydrate’ or ‘lower carbohydrate.’” In addition, these statements must offer specific numeric comparison between the standard product and the “lower” version.
Carb-Free, All Along  Ironically, distilled spirits producers, blessed with a naturally carb-free product from the start, seemed slowest to react to the trend. Only after the success of the low carb malt-products have a few large spirits companies jumped on the bandwagon. Obvious consumer confusion exists about spirits and carbohydrates according to Dean Phillips, president & CEO Phillips Distilling Company, makers of UV Vodka. “Beginning the first few months of last year, half of our email was people asking how many carbs our vodka contains,” reveals Phillips. As a front-line CEO in a smaller company, Phillips reacted quickly. “As far as we know, UV was the first distilled spirits brand positioned as containing zero carbs, beginning last summer. It’s not a primary position for our brands but we are clearly the first one that are positioned as such,” adds Phillips. The positioning seems perfectly suited for Phillips “Cheap chic” marketing of UV: priced at $10-$12 retail, Phillips likens his approach to the cool branding of Target or Volkswagon.

Admiral Wine Merchants will be using a recent certification from the Canadian government to sell more Iceberg Vodka. The Canadian spirit (made with water from ancient icebergs) recently received a formal declaration that it contains not a single carbohydrate.

Larger spirits companies have since followed, like Bacardi USA, which in January launched a comprehensive advertising campaign including television, print, radio and internet. John Gomez, vice president, group marketing director, Bacardi U.S.A. says, “We believe this trend is here to stay as consumers learn about the chemistry in their bodies works as it relates to food consumption. That means the value of low-carb or good-carb foods for a healthier diet.”

Bacardi Superior Rum will also begin promoting their third-party endorsement — the Total Carb Count Certification Seal from LowCarb Living Magazine — which identifies the specific number of carbs in a product. “We reached out to them with the idea as a means to more easily communicate the low carb facts behind our products,” adds Gomez, noting that a Bacardi and Diet Coke has “just 66 calories, zero carbs and zero fat.”

Diageo North America announced that a multitude of national magazines will be involved in promoting a host of their spirits brands — specifically Smirnoff Vodka, Crown Royal, Johnnie Walker and Tanqueray — as zero carb with print ads in May and June issues. They also will be launching a new website at www.zerocarb-parties.com providing cocktail and food serving advice.

Low Carb “Nectar of the Gods”? And finally, the first wine producer to enter the ring, Brown-Forman released a low carb wine brand; a Chardonnay and a Merlot named One.6 and One.9 respectively, which refers to the number of carbs in one 5 ounce serving. Although this isn’t much lower than most dry fermented wines on the market, this sort of brand identity will set the wines apart. “We’ve already received unwavering support from our distributor partners, restaurateurs and retailers,” said Andrew Varga, VP and global brand director, Brown-Forman wines. “It’s a testament to the strength of the low-carb lifestyle and the consumer differentiation of our offerings.”

With more variations on a familiar theme, like The Hamptons Diet hitting the bookstores, consumers will continue to look for drinks that fit their no-carb needs. And properly serving your tanned and newly svelte customers will depend on knowing your carb counts this season.

Can I drink on my low-carb diet? Most low-carb diets discourage drinking because the extra calorie intake will temporarily halt weight-loss. “What you need to do, just as with anything you eat, is remember you are taking that 100 calories away from something else,” says Dr. Monica Gourovitch, Ph. D., a neuropsychologist. However, low carb drinks, taken in moderation should not greatly impede your diet.

Which has the fewest carbs: wine, beer, or spirits? “Just straight distilled spirits — basically any rum, whiskey, gin, tequila or vodka — are naturally without carbohydrates, unlike beer and wine,” says Dr. Gourovitch.

Most wines offer about 2 carbs per serving as do low-carb beers. Regular beers have about 10-12 carbohydrates per serving.

The highest carbs can be found in sweetened liqueurs and flavored malt beverages. “Any of the liqueurs, particularly the cream liqueurs, are a category to avoid,” adds Gourovitch.

What does “low-carb” mean on a label? The TTB has determined that a product must have fewer than 7 grams of carbs in a standard serving to be called “low-carbohydrate.”

Can you make me a low carb cocktail? Any cocktail made with only pure spirits and diet mixers is low in carbohydrates. Try a rum and diet cola, gin and diet tonic, or even a dry martini. Cocktails made with sugary mixers, juice and sweetened liqueurs will contain many more carbohydrates and calories. Skip the cosmopolitan, margarita, daquiri and rum and cola.