

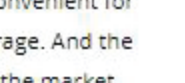
Wine in cans goes upscale as California winemakers tout cork comeback



(1 of 18) Una Lou is an ultrapremium rose of pinot noir wine released by Scribe Winery of Sonoma in summer 2017, retailing for \$40 per four pack of 375-milliliter cans.(COURTESY OF SCRIBE WINERY)

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Wine in aluminum cans is the latest trend in packaging that seeks to make it more convenient for consumers to reach for the elixir of the vine, rather than another type of adult beverage. And the response at retail has vintners at ever-higher-quality levels looking to get their fill of the market.

And while this nontraditional wine container is in the early stages of acceptance, one of the beverage's long-used forms of bottle closure — natural-cork stoppers — is making a comeback.

U.S. sales of wine in cans that hold one, roughly one and a half, or two 4- to 6-ounce pours have grown from less than \$1 million a year in 2013 to over \$50 million for the 12 months ending in mid-2018, according to Nielsen data. But compare that to the \$62.2 billion total retail value of wine sold in the U.S. last year, according to the Wine Institute.

The bulk of the dollar and volume share — over 50 percent and 65 percent, respectively — is for 250-milliliter cans, which is about one-third the capacity of a standard 750-milliliter bottle and contains about a pour and a half of wine. That segment is dominated by E. & J. Gallo Winery's Barefoot Cellars brand and The Wine Group's Flipflop brand.

The fastest sales growth is coming from 375-milliliter (half-bottle, two-pour) cans, with 300 percent year-over-year dollar growth. Growth was upwards of 50 percent for 250-milliliter cans and by roughly 60 percent for 187-milliliter (one-quarter-bottle, single-serving) cans, dominated by U.S. pioneer Sophia Mini by Francis Ford Coppola Winery. The two-pour format had about 22 percent share of sales dollars and 15 percent of volume.

"I and others believe cans can cut a big niche for wine," said Jordan Kivelstadt, co-founder and CEO of Napa-based Free Flow Wines, which is making a big investment in canning capacity.

The company got its start nine years ago, developing a process for transferring vintners' fine wine into stainless-steel "bullet kegs" and managing logistics for getting the wine to trade accounts then returning the empties for reuse after sanitization. The company now kegs wine for over 250 brands.

Last year, Free Flow jumped into canned wine. A CCL-45 can-filling line by Codi Manufacturing of Colorado was installed in early 2017. It can move through 45-55 cans a minute.

From 1,000 to 2,000 9-liter cases of cans turned out monthly last year, Free Flow is moving out 30,000 cases monthly of wine and wine-related products such as spritzers. Under construction near Sonoma is facility that is designed to increase annual production to 1.1 million kegs and 5 million cases of cans.

More than two-thirds of Free Flow's canning customers are existing kegging clients, and the rest are coming for cans only, Kivelstadt said. The company currently is working with over two dozen brands in cans.

One of those is Essentially Geared, a brand in which Kivelstadt is personally invested. Grant Hemingway and he launched it in May 2017, shortly after the Free Flow can filler was installed. Production is set to hit 30,000 9-liter cases of 375-milliliter cans this year. The cans retail for \$6 each, equivalent to \$12 a bottle.

Among the reasons why sales of wine in half-bottle cans are gaining fast on the 250-milliliter size popularized by energy-drink makers such as Red Bull are the buy-in price and cost of production, according to Kivelstadt. Because the 250-milliliter size isn't one of the approved federal beverage alcohol standards of fill, the cans must be sold in four packs, making 1 liter all together.

Conversely, the other sizes of cans on the market, 187 milliliters (one-quarter of the standard 750-milliliter wine bottle) and 375 milliliters (half-bottle), are among the standards of fill, so they can be sold individually. Approved standards of fill under 1 liter are 50, 100, 187, 375, 500 and 750 milliliters.

"A four pack of \$6 cans of wine is \$24," Kivelstadt said. "If you can sell them individually, you can personalize your wine consumption."

Napa-based JaM Cellars, whose Butter chardonnay was selected by M. Shanken Communications as an IMPACT Hot Brand in 2016 and 2017, is releasing the wine in 250-milliliter four packs in grocery stores in late summer. The suggested retail price for the initial production run of 12,000 packs is \$20, the equivalent of \$15 a bottle.

"We've seen major success introducing people to Butter at outdoor music festivals such as BottleRock Napa Valley, Voodoo Fest, Ohana Festival and Kaaboo Del Mar," said co-founder Michele Truchard, the "M" in JaM, in the announcement.

JaM plans to can some of its other wines, specifically California Candy dry rose.

Then there's the difference in cost to produce the can formats, according to Kivelstadt. It can cost about \$13 per 12-bottle case of wine for bottles, cardboard case, labels, foils, cork and bottling services for a mid-sized vintner. By comparison, the cost of cans, lids, box, packing and canning is the equivalent of nearly \$9 per the equivalent of 9 liters for the 375-milliliter can, over \$16 for the 250 and upwards of \$18 for the quarter-bottle can.

Wine in cans first started to emerge in Australia amid active experimentation with alternative packaging about a decade and a half ago. But cans came to the U.S. in earnest with Coppola's 2004 release of the iconoclastic Sofia Mini, which was even packaged with a drinking straw. Another noted entry was the Simply Wine private label by retailer Trader Joe's about five years later.

Higher-end entries of canned wine include Una Lou rosé of pinot noir by Sonoma's Scribe winery, which retails for \$40 per four 375-milliliter cans, or \$20 per standard bottle. Created to celebrate the birth of Una Lou to co-owner Andrew Mariani and his wife, Lia Ices, in the middle of the 2016 harvest, Una Lou was released in early summer 2017 and sold out in three months.

"This is a celebration wine with no pretense," Mariani said in an email. "We wanted to offer high-quality wine in cans for accessibility and for you to be able to take it with you anywhere."

Production of the brand increased to meet demand, and the winery early this year added a "season pass" subscription to ship the four packs February through October.

Marketing of Una Lou to consumers has been different from Scribe wines.

"The product is driven more by word of mouth, online and social media," Mariani said.

But production hasn't been significantly different for Una Lou, he said, other than the use of outside canning services: The Can Van out of San Francisco and Free Flow.

Among the technical challenges vintners and canners have had to overcome are air-tight environment and corrosion control, Kivelstadt said. Similar to the rise in use of aluminum screwcaps, vintners have had to prepare for wines that will be put into a package that doesn't have the controlled oxygen exchange of cork wood stoppers needed for gradual maturity of certain red wines.

That has led to greater use of screwcaps on white, rosé and other wines that are meant to preserve delicate fruity characteristics and be consumed soon after purchase. There have been some that have preserved high-end red wines under caps, such as Napa Valley Plumpjack Winery.

In the wine-can world, white and pink wines dominate, but some vintners are starting to can reds. For example, early pioneer Union Wine Co. of Oregon rolled out pinot noir in cans, and Essentially Geared offers a red blend.

In addition to making sure wines bound for cans are essentially ready to drink, vintners also need to watch the acidity level and concentration of sulfur and copper compounds. Acidic wines can break down the liner that separates the aluminum from the wine, and residual copper after fining for sulfides also can do a number on the metal.

Ultrapremium wine in cans is growing in the marketplace, but it likely a year or two away from being a substantial factor in U.S. mass-market, according to Kivelstadt.

"The amounts produced are small, but sales growth is still directional correct," he said.

RETURN OF NATURAL CORK

Synthetic foam stoppers and aluminum screwcaps made inroads atop mass-market wines in the early 1990s in response to increasing publicity about "cork taint." A key culprit is the mold-related chemical compound, abbreviated TCA, which the human nose can detect in concentrations very tiny: a half-part per trillion. That's the equivalent of a drop of water in seven Olympic-sized swimming pools.

But production of natural cork in Portugal and Italy, and their distributors in the U.S., responded with better quality-control, sterilization and cleaning measures, according to Dustin Mowe, president and CEO of Portocork in Napa. The company is one of five members of the Cork Quality Council, which also includes Lafitte Cork & Capsule in Napa, Scott Laboratories in Petaluma, M.A. Silva USA in Santa Rosa and Amorim Cork America in Napa.

And now the Portuguese Cork Association is looking to increase awareness among winemakers and the public that natural cork is back and is being embraced by producers.

"Cork in the U.S. this summer reached its highest market share since 2010, per Nielsen, at over 60 percent," said Michael Colangelo, a spokesman for the association and council.

For two months this summer, the Cork Quality Council is putting forward \$30,000 for 30-second advertisements on five channels — news channels MSNBC, CNN and Fox News and lifestyle channels HGTV and Food Network — carried by cable provider Comcast in Sonoma and Napa counties.

The ads feature Corey Beck, president of Francis Ford Coppola Winery; Maggie Kruse, associate winemaker of Jordan Winery; Katie Madigan, winemaker for St. Francisco Winery & Vineyard; Tim Bell, winemaker for Dry Creek Vineyard; and Richie Allen, winemaker for Rombauer Vineyards in Napa Valley.

"The cork shepherds the wine through the aging process," Bell said in the ad. "It's a guardian for the wine, but it's also part of the aging process as well."

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