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Soft drink appreciated for generations in N.C. gets new look as makers try to expand across the country



New branding, packaging and marketing support an aggressive distribution plan by Cheerwine's makers.

Photo Courtesy of Carolina Beverage

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By Fran Daniel | Journal Reporter  
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The makers of one of North Carolina's homegrown products want consumers to relax and enjoy a soft drink, namely Cheerwine.

The soft drink manufactured by Carolina Beverage Corp. of Salisbury is changing the look of the brand as it expands into new markets across the country. There is a new branding, packaging and marketing campaign to support Cheerwine's aggressive distribution plan.

Tom Barbitta, the vice president of marketing for Cheerwine, said that the soft drink is now in its 91st year, and that there's nothing like it on the shelf by name or flavor.

"We're not a cherry cola. We're a unique one-of-a kind flavor. That being the case, plus the fact that we've got tremendous authenticity in our history, we think now is the time to really liberate this brand, really allow consumers all over the country to enjoy it," Barbitta said.

Cliff Ritchie, the president and chief executive of Cheerwine, said that people familiar with Cheerwine connect the brand to simple and relaxed times.

"The new branding communicates this feeling of relaxation and is designed to appeal to new consumers without alienating those who have grown up loving the soft drink," he said.

The overall carbonated soft-drink industry in the United States is growing somewhat in terms of dollars, but not in volume.

According to *Beverage Digest* in Bedford Hills, N.Y., sales were up 2.7 percent at \$72 billion, compared with \$70.1 billion in 2006. In terms of volume, the industry slipped below 10 billion cases in 2007 to 9.9 billion, the first time since 2000. That's a 2.3 percent drop from 2006. Still, flavored products have been outperforming colas, said Gary Hemphill, the managing director for Beverage Marketing Corp. in New York.

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"In a general sort of way, consumers are saying they want variety," he said. "Whereas cola used to account for 60 percent of all carbonated soft-drink sales, it has now slipped below that and is losing a little bit of share in that arena."

Carolina Beverage declined to give its sales figures, but Barbitta said that the company had a record year in 2007.

John Sicher, the editor and publisher of *Beverage Digest*, said that Cheerwine is a well-managed company and has handled its business well.

"They are small," he said. "The brand has a strong following in the Carolinas."

While he believes that Cheerwine will face a challenge outside of its current market, he is impressed with the people who run Cheerwine.

"They are very savvy about the soft-drink business," Sicher said.

Cheerwine's efforts over the past year focused on three areas:

- Identifying space within the competitive soft-drinks industry that Cheerwine can claim as its own.
- Bringing in a new advertising agency, the Hauser Group in Atlanta, to create and buy advertising, which included new print, outdoor and radio advertising and public relations.
- Hiring the Girvin Group of Seattle, Wash., to redesign Cheerwine's packaging.

The new identity and positioning of the brand was the result of extensive research and market evaluation that showed that consumers like to relax when they drink a soft drink. Research also showed that Cheerwine has its own distinctive flavor and is not a cherry soda.

The company's packaging, for example, which will start in four weeks, has pulled back on its overt cherry communication to consumers. Instead of several large cherries there is now one, small cherry between the words "Unique Sparkling" and "Soft Drink."

"If you position yourself in marketing and in branding as a unique, one-of-a-kind flavor, you will appeal to a lot more consumers than if you talk about yourself just being a cherry soft drink," Barbitta said.

Advertising also uses the words "soft drink" in the tag line. This is targeted at clarifying for consumers in new markets that Cheerwine is indeed a soft drink, given that the brand has "wine" in its name.

The new campaign is also aimed at helping Cheerwine stand out among all the soft-drink clutter in the industry.

Carolina Beverage is a much smaller soft-drink company, competing with such large companies as The Coca-Cola Co., PepsiCo Inc. and Dr. Pepper Snapple Group.

Cheerwine is currently distributed in 20 states, predominantly in the Southeast. The company expanded into northern California during the summer of 2007 and also produces the soft drink in Medesto, Calif. In the past six months, the brand moved into Atlanta.

Cheerwine has aligned with various independent bottlers. In Atlanta, it has a partnership with Dr. Pepper Snapple Group, which is based in Plano, Texas.

The company wants to expand into Florida and other mid-Atlantic and West Coast markets in 2009.

"This is a great brand in the great community of Salisbury, and we're very excited about the future," Barbitta said.

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