



Intoxicating Insights:
2016 Trends in Wine Branding

“Compromises are for relationships not wine.”

Sir Robert Scott Caywood

What do you consider when buying a bottle of wine? For most it is a mix of factors each carrying varying influence at time of purchase. This may seem no different than any other purchase, however, buying a bottle of vin, vino or wein is more unique and involved than assumed.

Swystun Communications is pleased to share the fascinating results of our second consumer survey and industry analysis of wine purchasing. The first took place in 2014. We have learned a great deal about consumer behavior along with wine’s role in society. **The insights and findings will benefit consumers, wine makers, retailers, and wine serving establishments.**

Wine has a rich history. Winemaking dates back to 6000 B.C. making it as old as civilization itself. A *New York Times* article from 1967 said, "To take wine into our mouths is to savor a droplet of the river of human history." Ernest Hemingway wrote, “Wine is one of the most civilized things in the world and one of the most natural things of the world that has been brought to the greatest perfection, and it offers a greater range for enjoyment and appreciation than, possibly, any other purely sensory thing.”

The consumption of wine has long been linked to sophistication. This association is consistently reinforced in all manner of the arts including literature, film, theater, music and pop culture. Wine is said to be one of the finer things in life. Such references position wine as a key ingredient of affluence and success. Yet, the fact is, wine has been enjoyed by the masses since ancient Rome.

The popularity of wine is undeniable. It has become more accessible yet **buying a bottle remains a confusing mystery for the vast majority of purchasers.** Historically, the wine industry has only looked at growing grapes and making a good product. This focus remains but there is ever increasing emphasis on how wine is packaged, promoted and sold.

We learned a good wine is still made in the vineyard but a great wine is made in the branding. So pour yourself a glass and learn why you chose that bottle in the first place.

Cheers!

Jeff Swystun, President & Chief Marketing Officer

“Life is too short to drink bad(ly branded) wine.”

Jeff Swystun

Quick hits from the report:

In 2014, 76% of consumers have no idea what wine they will purchase before entering a store. That climbed to 79% in 2016.

Packaging and labeling is the primary influence when buying a specific wine brand the first time.

People love a good story behind a wine. The narrative adds to interest, purchase and enjoyment.

Wine marketing focuses on packaging and in-store promotion compared to beer and spirits that favor traditional advertising.

Consumers want simple, approachable assistance in-store that does not demean their level of wine knowledge.

Most consumers purchase wine “just-in-time” for near immediate consumption.

Post-purchase pleasure dictates what wine we will buy again. We are influenced by the esteem and enjoyment a specific wine returns to us.



In the spring of 2016, Swystun Communications conducted an online survey of consumers regarding wine purchases. 4,232 people of drinking age in the United States and Canada completed the survey or nearly 700 more than the 2014 survey.



Stated Influences on
Wine Purchase
(in no particular order):

Price
Advertising
Food Pairing
Event Pairing
Packaging/Label
Country of Origin
Brand Recognition
Taste/Previous Use
Expert Recommendation
Friend Recommendation

“Wine is bottled poetry.”

Erin Morgenstern

While both taste and extrinsic attributes influenced a consumer’s liking for a bottle of wine, packaging and brand were the biggest influences.

This supports similar studies that go as far as to say that for wine and especially sparkling wine, 70% of liking a wine can be attributed to the expectation created by packaging and labeling.

Even though Dr. Maynard Amerine implored, “Drink wine, not labels.” It appears the majority of consumers do just that.

Since the 2014 study both packaging and price climbed as influential factors.

What influences you the most in selecting a wine?



“There is truth in wine, but you never see it listed in the ingredients on the label.”

Josh Stern

Not Considered

Consumer studies indicate that approximately two-thirds of purchasing takes place in a strange fugue-like "default" mode. This is where the shopper gives little serious consideration to choosing between brands. Often they know which brand they want or, more alarming, any brand will do.

What of the other third? These are “considered” shoppers. They research and assess options. This could be because it is a new or infrequent purchase for them, because they have been disrupted from their "default" mode or because they don't have any strong pre-preference for a brand in the category.

The 2016 survey reveals a pronounced difference between those who default and those who consider. The survey shows that 79% of people have no idea what wine they will purchase when they set out to shop. This makes branding an important aspect of wine selling. Branding helps people make decisions whether it be in the packaging, advertising or the narrative.



Great Stories

In the late nineties, I frequently purchased Wolff Blass Yellow Label by the case. I wasn't buying the product, I was buying the story behind the brand. Consumers like to insert themselves into the brand narrative. I did this with Yellow Label.

It was distinct, fresh, and somewhat pretentious but affordable. It hailed from Australia providing a halo of credibility given the country's reputation of wine production. It was also seen as exotic given I resided in Canada. The distinct color-coding of the label itself appealed to me as it signaled a premium product without the high price.

The winery has stated the intent was to communicate intellect and creativity. I bought into that narrative to the tune of uncountable cases in the vain pursuit of appearing erudite and interesting (as I drank more, I felt I achieved this while my companions would definitely argue the opposite).

Now about twenty years on, Kim Crawford Wines enjoys a similar mass success. It has moved from a value-priced wine to moderately more expensive while enjoying premium recognition. How did an Australian and a New Zealand winery achieve such recognition in such a highly competitive industry? They both told simple, authentic and aspirational stories. They reveal just enough to compel consumers to be a part of the story without excluding or alienating anyone.



Nice Package

The three basic functions of packaging are to protect and contain, offer convenience, and provide a marketing opportunity. Design is meant to emphasize and call out what makes the product desirable. Packaging is the only marketing vehicle that 100% of the consumers who buy the product see. Therefore, the package is the only thing a brand has complete control over in-store.

Studies estimate that between **73% and 85% of packaged goods purchase decisions are made at the point of sale.** Packaging design plays a key role because it is often the only factor that differentiates two products sitting next to each other. In the broad array of packaged goods, **74% of consumers admit that packaging is critical to making their final selection.**



There is now so much competition that a brand must break through the visual clutter to grab attention. Simple and elegant label designs have been the recent rage but there has been much more emphasis placed on wine names. Whimsical, friendly, and witty names are now common. These attempt to jar consumers by using nontraditional monikers such as Cat's Pee on a Gooseberry Bush.

Sweet Bitch

Two Buck Chuck

Marilyn Merlot

Stark Raving Malbec

Little Black Dress

Fat Bastard

Dracula's Blood

7 Deadly Zins

Skuttlebutt

Layer Cake

Bulls Blood

Mommy's Time Out

Gnarly Head

Goats Do Roam

Purple Cowboy

Big House Slammer

Name and design should work in concert. Retro designs playing on nostalgia have found a following because they communicate an instant pedigree. Bottle shapes and different enclosures are being flirted with but most wineries will not stray from the standard 750ml bottle with cork or cap for fear of being associated with a lower quality product.

Ad Not

Unlike their beer and spirits cousins not many wines mass advertise. Partly this is attributed to production. Beer and spirits have more dependable output while wine varies season to season in quality and quantity. It may also be because mass advertised wine could carry the connotation of lower quality.

Even if wine was advertised most survey respondents overwhelmingly believe it would have little impact on actual purchases. One commented, “Once I was in the store I would forget the ad.” This puts the onus on wine marketing in-store.



In-Store Intervention

The survey showcased another distinction with wine buyers. Those looking for a particular vino actually enjoy shopping for it in person. In fact, 71% of those surveyed said they do no mind grazing the aisles of their liquor store. Not many consumer products can claim the same.

The vast majority of **wine buyers surveyed were making their decision for immediate consumption**. That is to say, what they were buying was expected to be drunk in the next day or two. It seems very few have a wine cellar and though wine fridges exist in greater numbers, they are never really full. Consumers of wine apparently practice a “just-in-time” form of inventory.

Prior to entering a store, the wine buyer has been influenced. They do react to product information and influential recommendations. This is not passive, they tend to do some proactive research. When they check a wine out it is more for context than anything else. They are interested in product quality, new and exciting offers, and how to pair wines with meals and events.

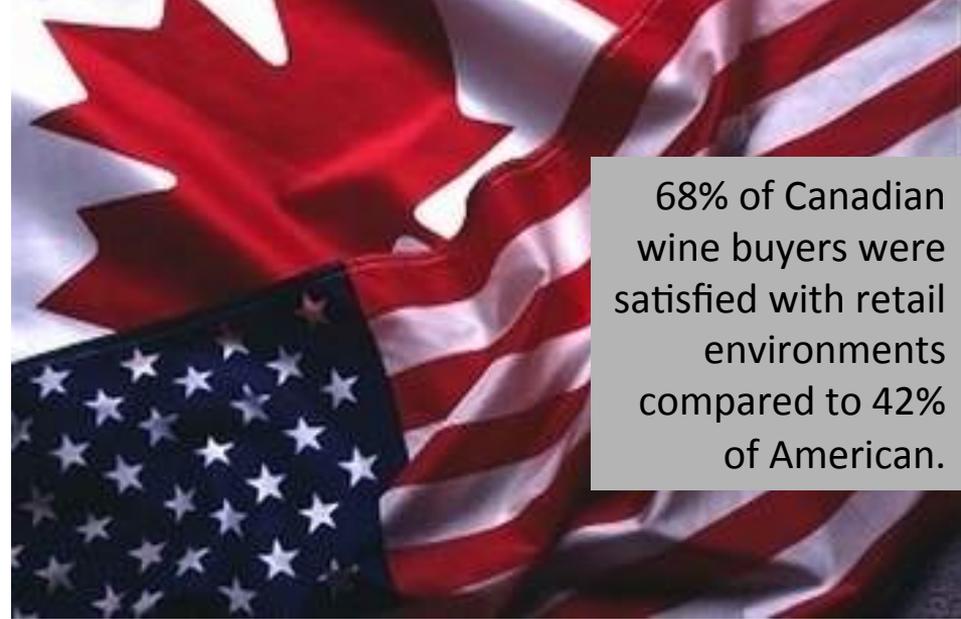
In-Store Intervention (continued)

This is an opportunity for retailers. It appears consumers want more assistance in-store. Not of the pretentious variety but simple, approachable instruction. More like a helpful peer than a professorial tutorial.

The wine industry has recognized this for years by offering tastings. However, consumers see the lack of objectivity in one brand's promotion simply because they paid a fee for a few feet of space within the store on a particular day.

This leads to a key area of difference between American and Canadian retailers. Without bogging down in regulatory details, Canadian wine sales are governed by each of the provinces. These quasi-monopolies do a surprisingly fine job in offering an informed and enjoyable shopping experience.

Two of the world's biggest liquor retailers are Ontario's LCBO and Quebec's SAQ. Each stocks close to 9,000 different wines. Both pride themselves on staff who are knowledgeable without being intrusive. In America, retailers vary in almost every possible way and so the experience of shopping is equally diverse.



68% of Canadian wine buyers were satisfied with retail environments compared to 42% of American.

Interestingly, it is only a small percentage of consumers who actively request a large assortment of wine. The larger number of people would rather have their choices simplified. In short, the 9,000 different wine brands overwhelm rather than simplify.

Many survey respondents suggested that retailers cater to levels of wine buying sophistication. In fact, one said, "There should be a 'Wine for Dummies' section without it being called that."

A Tad Insecure

Great products offer consumers a solution. They make for easy decisions. The challenge in wine marketing is to position a brand either so a consumer identifies with it or have it represent something they are not but desire to be. This is a struggle in the wine business because of its pretentious history and associations. Wine brands either leverage a bit of the longstanding pomposity or strive to make their product more approachable and friendly (e.g., Mommy's Time Out).

This is a difficult issue. Swystun Communications has learned that wine consumers do not like to feel demeaned or painted as unsophisticated. Underlying their decisions is a subtle and nuanced insecurity. They are equally concerned with appearing like a novice and by making the wrong choice.

“Sometimes it feels like I am shopping for pornography. I am afraid to ask anyone for help and I just want in and out of the store as quickly as possible.”

Survey Respondent

Lost Loyalty

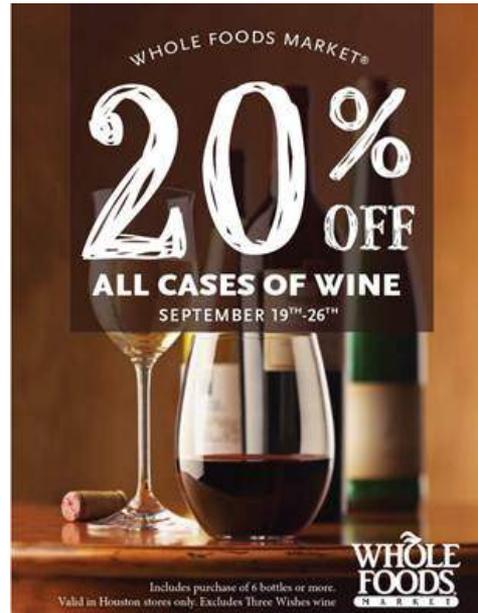
Wine does not subscribe to generally accepted strategies and tactics meant to ensure loyalty. Few wineries and brands have built their own loyalty programs offering discounts and free merchandise. The wine industry largely eschews couponing, discounting and other tactical promotions for fear of eroding the luxury image. Still there exists an opportunity to promote and honor a consumer's commitment to a wine brand. This occurs when there is the potential of volume through distribution relationships.



Nice Form

There are always opportunities to package products for greater differentiation. Wine consumers express an interest in sustainability so niche brands could capitalize on this market. However, this is not a driving factor in decision-making. Similarly convenience and portability may convince a subset of consumers to favor one form of bottle over another.

Wine buyers largely see the product as a luxury item regardless of price. If the bottle and/or package serves a secondary purpose such as decoration they will view that as desirable and a creative form of sustainability.



This type of promotion may be rarer than most wines.

Wrapping Up

It is imperative that wine producers ensure the product and the branding are equally fine. While 67% of liking a bottle of wine is attributed to the expectation created by packaging and labeling information, that does not guarantee repeat purchase. We buy the same bottle again through “Informed Liking” which is a combination of sensory and extrinsic attributes. The survey showed that **78% respondents agreed that “Informed Liking” drove repurchase while 22% admitted they reacted to pricing.**



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