

Savvy Packaging Makes Budget-Price Wines Appear a Great Value

Michael S. Lasky

EACH YEAR SAVVY WINE shoppers scoop up millions of bottles of “value” category wines, which sell for about \$10 or less. While the relative price of value wines is often a siren call to consumers, it’s their package design—be it bottle, box or can—that will ultimately be the main sales closer. However, by the very nature of their retail price, value wines often have proportionally smaller packaging material budgets compared to the possible extravagance afforded to higher-priced wines.

To pinpoint the various package design elements that move consumers to purchase, Wine Business Monthly sought out answers from prominent package designers/brand consultants, as well as research firms that have studied the correlations of value wine with packaging.

Packaging Elements That Communicate Quality Despite the Price

“Gold foil is a traditional device treatment used to convey quality,” said Ed Rice, managing director at design and branding firm, Affinity Creative. Rice offered a caveat that it’s very easy to use too much or too little. The key, he added, is to get it just right.

“The value consumer actually appreciates some of these extra design cues,” he said, such as gold coloring, a crest or even a cartouche. “It gives them a sense of reassurance that even though the bottle may be inexpensive, it still contains good wine. They’re seeing those reinforcements and those reminders that say there’s quality within,” Rice explained.

Stella Rosa is a prime example of the use of package design cues to communicate a higher level of quality than the bottle price might convey. Rice pointed out that Stella Rosa bottles are armed with gold foil on the label borders and pictured crown, and the glass mold is enhanced with an embedded 3D crown cartouche. (As a side point, custom glass cartouche molds can be expensive and only amortize their cost at larger order numbers—50,000 plus—which most value wines require.)

Châteaux, winery buildings or even wooden barrels are other popular design features. According to Rice, these types of

cues help consumers feel comfortable that their selection is a good product or that there is something/someone standing behind the product.

This distinctiveness and appeal of the product, when placed on a shelf, are something retailers refer to as “shelf impact,” which makes a huge difference in product sales. For example, when CF Napa redesigned the beige label of Kendall-Jackson’s popular Vintner Reserve Chardonnay, certain elements needed to pop out while maintaining the brand’s refinement.

David Scheumann, CF Napa’s owner and creative principal, explained that by increasing the varietal’s font size, as well as the consumer-recognizable “Vintner’s Reserve” logo, both would pop on the new, pure white background. This strategy increased consumer recognition of the bottle on the shelf, and sales popped.

“Putting a lot of reinforcing cues onto their label, like gold foil, communicates quality and lends to a more traditional look and feel—nothing crazy, just very reassuring,” he said. The same design principles apply to boxed wines as well.





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Successful Box Wine Packaging Designs are Anything but Boxed in

“One of the advantages of box wine, of course, is that there’s just a bigger palette to work with. You’ll see a lot of boxes where there’s wine pouring into a glass. Or you’ll have a scene of someone sitting in a chair relaxing. You have an opportunity of space to tell a little bit more of a story,” explained Scheumann.



With six sides to a box, there’s a lot of real estate. “The winery can tell a lot more. You can even tell a short story, or you can provide recipes. There’s all sorts of information you can place on boxes that you really can’t do effectively with a bottle of wine,” he observed, adding that the same could be said for canned wines. In addition to the 360-degree design, many come in a four-pack box, offering another opportunity for story-telling.

A lot of the communication on the box comes down to how much wine is inside. One key graphic that needs to be included: The bottle equivalent. “That way the value-centric consumer can figure out what the per-bottle price is,” Scheumann pointed out.

Just like with bottles, boxed wine has various price points or “personalities,” as Rice noted. The design must reflect that to build a brand connection with the consumer. “You may have a brand like Bota Box, which has a very natural positioning. There is more of an approachable feeling for Bota, and that resonates with that particular target market,” Rice said. “Then you have a brand like Black Box, which takes a more upscale approach. The use of black always conveys a little bit more of a sense of elegance, a sense of class, and sells well for the brand.”

So, what is it about the designs of these boxes that speaks to their consumers? “Black Box has a formal feel to it, whereas Bota is a little more sporty, a little more of an environmentally-conscious product. Bota has that ribbon river that flows vertically down the center of the package. It provides strong branding. In fact, the branding echoes the name. The Black Box brand has a containment shape that looks like a box, but it’s underscored. It’s a great mnemonic device and a strong visual device,” Rice explained.

The Costs of Packaging in the Category

While boxed wines offer a larger canvas for the designer, the actual box material comes with some challenges, Rice noted. Color limitations are set by the type of material used in the packaging. Bota Box, he said, uses a flexographic printing process and is made with a craft substrate, which the inks tend to sink into. On the other hand, Black Box uses a paperboard liner that, according to Rice, helps the ink show better and allows many more color options. Designers will need to take this into account.

“Recognize that you’re not only trying to design for a particular demographic and psychographic target market appeal, you have to also consider the constraints of the production process and packaging materials,” Rice said.

These challenges are offset, Schuemann noted, because value brands are cost-neutral. Many wineries are looking to find different and inventive ways to do more with less expense, often by using lighter glass, smaller labels and fewer embellishments. “Reduced costs can also be found where the bottles are manufactured and warehoused: domestic sources, Asian or European.”

As for labels at the value wine price point, most are coated stock. Uncoated stock generally has more of a matte feel and finish to it, which translates to a perception of higher quality. Uncoated stock can take an embossing or de-bossing effect on the press, which is another quality cue. Most producers recognize that even at a lower price point, you need to make a certain investment in your label materials. The label is the wine’s main billboard.

Secondary packaging, such as the cardboard carton wines are shipped in, should also be considered a valuable sales asset. Even in the on-premise market, the decorated carton is a moving billboard and can influence all sorts of observers as it wends its way through the distribution channel.

The Evolution of Wine Packaging Formats and Consumer Choice

British research firm Wine Intelligence conducted a study on wine packaging formats and in Sept. 2020 reported that while the COVID-19 pandemic fueled radical changes in many sectors of the U.S. economy, the wine business managed to weather the storm in overall volume in terms of wine consumption and place of purchase.

Although consumer preference for the 750ml bottle still remains dominant, smaller formats, particularly aluminum cans, have gained in popularity. Smaller formats, the report said, are appreciated by those aged 21 to 39 (Millennials and Gen-Z), whose preferences will shape the market over the next few decades.

“A typical Millennial is no more likely to have come across wine in a can than anyone else, but they are over 50 percent more likely to buy this format once they know about it; for Gen-Z members who have reached legal drinking age, they are twice as likely (compared with drinkers generally) to buy canned wine once they know it exists.

ATTITUDES TOWARDS PACKAGING FORMATS IN US

Significant growth in the proportion of US regular wine drinkers purchasing and considering smaller formats of wine, including half bottles and cans, though still from a small base



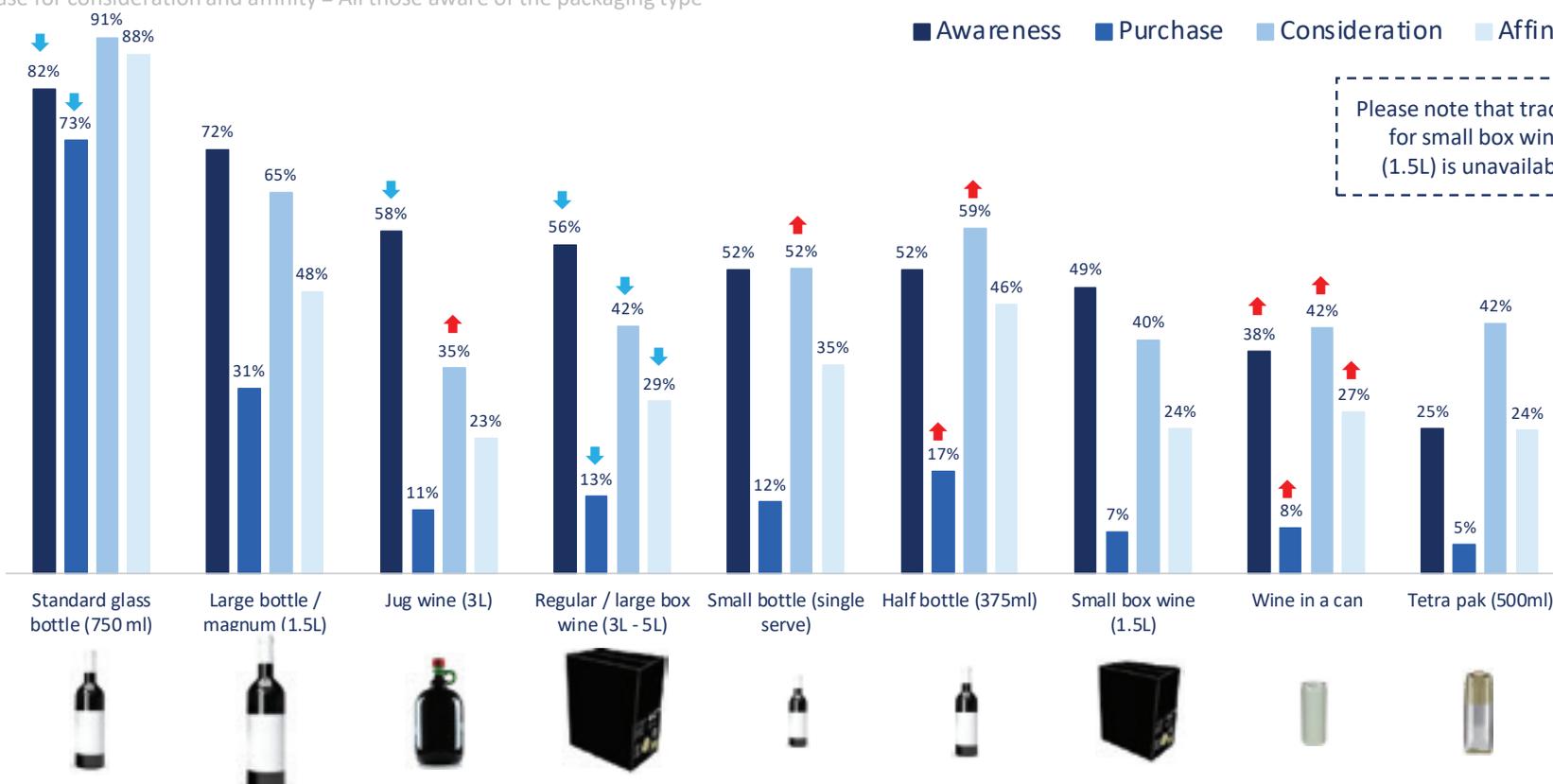
Packaging attitudes summary

% who are aware of the following packaging types
 Base for awareness and purchase = All US regular wine drinkers (n≥2,000)
 Base for consideration and affinity = All those aware of the packaging type

WHAT DO MARKET EXPERTS SAY?

“The can and smaller formats have done well this year, particularly in the summer months”
Wine Retailer, US

■ Awareness ■ Purchase ■ Consideration ■ Affinity



Please note that tracking for small box wine (1.5L) is unavailable

Wine Intelligence trade interview programme 2020
 ↑ / ↓ : Statistically significantly higher / lower than the previous wave(s) at a 95% confidence level
 Source: Wine Intelligence, Vinitrac® US, Oct '17 and Jul '20, n ≥2,000 US regular wine drinkers



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“While convenience is a key driver of can purchase, it is also seen as a low-risk, low-cost way of trialing new products or wine styles. In the end, the can could be as much about helping consumers on the discovery path in wine as it doubtless will be as a lightweight and portion-controlled alternative to a standard bottle,” Wine Intelligence wrote.

The majority of cans are priced in the value wines segment because of the very nature of their size (187ml to 350ml).

Included in the Wine Intelligence study was a breakdown by percentages of which type of wine package surveyed consumers purchased in the prior six months, as well as which package format consumers would consider purchasing. The same participants were also asked about their package affinity.



Purchase ~ Consideration ~ Affinity

Packaging Purchase

% who have purchased each packaging type in the past 6 months
Base = All US regular wine drinkers (n = 2,000)

| | |
|------------------------------------|-----|
| Standard glass bottle (750 ml) | 73% |
| Large bottle / magnum (1.5L) | 31% |
| Half bottle (375ml) | 17% |
| Regular / large box wine (3L - 5L) | 13% |
| Small bottle (single serve) | 12% |
| Jug wine (3L) | 11% |
| Wine in a can | 8% |
| Small box wine (1.5L) | 7% |
| Tetra pak (500ml) | 5% |
| None of these | 2% |

Packaging Consideration

% who would consider buying wine in the following types of packaging formats
Base = Those who are aware of the following packaging formats for wine

| | |
|------------------------------------|-----|
| Standard glass bottle (750 ml) | 91% |
| Large bottle / magnum (1.5L) | 65% |
| Half bottle (375ml) | 59% |
| Small bottle (single serve) | 52% |
| Tetra pak (500ml) | 42% |
| Regular / large box wine (3L - 5L) | 42% |
| Wine in a can | 42% |
| Small box wine (1.5L) | 40% |
| Jug wine (3L) | 35% |
| None of these | 1% |

Packaging Affinity

% who feel that the following packaging types are right for people like them
Base = Those who are aware of the following packaging formats for wine

| | |
|------------------------------------|-----|
| Standard glass bottle (750 ml) | 88% |
| Large bottle / magnum (1.5L) | 48% |
| Half bottle (375ml) | 46% |
| Small bottle (single serve) | 35% |
| Regular / large box wine (3L - 5L) | 29% |
| Wine in a can | 27% |
| Small box wine (1.5L) | 24% |
| Tetra pak (500ml) | 24% |
| Jug wine (3L) | 23% |
| None of these | 1% |

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“Recognize that you’re not only trying to design for a particular demographic and psychographic target market appeal, you have to also consider the constraints of the production process and packaging materials.”

Ed Rice, managing director, Affinity Creative

Seventy-three percent of consumers in the study confirmed their purchase of standard 750ml bottles. Purchases of other formats dropped considerably after that: 31 percent purchased a 1.5L magnum, 17 percent bought a 375ml half-bottle and 8 percent purchased a wine can.

This all changed when consumers were asked if they would consider buying various package formats: 91 percent confirmed they would consider buying a 750ml glass bottle, 65 percent said yes to 1.5L magnums, 59 percent were open to half-bottles, and 42 percent would buy canned wine.

Accordingly, package design, no matter what the container size, becomes a winery’s most effective ammunition in the increasingly competitive value wine sales war. The package that captures the consumer’s eyes in the millisecond retail shelf scan gets the purchase. Of course, it’s the quality of what’s in the package that gets the repeat sales.

Maintaining wine sales, after the pandemic, will depend not only on eye-catching package designs but the marketing smarts that maintain consumer attention. **WBM**

COVID-FUELED: VALUE WINE SALES THRIVE AND BECOME MORE COMPETITIVE

As noted in Silicon Valley Bank’s State of Wine Industry 2021 Report, the pandemic affected lower wage earners much more than higher income folks. That has led to surprising strength in the grocery channel for high-priced wines, as well as for growth in low-priced wines for shoppers seeking value. As NielsenIQ’s sales data indicated, the \$10 price point is the sweet spot for the most sales volume of any price range.

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