

nielsen

AN UNCOMMON SENSE
OF THE CONSUMER



DECEMBER 2015

Design Audit Series

WINE

INTRODUCTION

When it comes to choosing products, consumers have more options than ever before. This means that competition at shelf—where 50-80% of purchase decisions are made—has only increased. A product’s package has enormous sway over a consumer’s decision to purchase, including whether or not the product even gets noticed in the first place. In addition to grabbing consumers’ attention, a package must also convey certain key messages, points of differentiation from competitors, and a distinct personality. Products with package designs that fail at any of these tasks are losing relevance, mindshare and, ultimately, revenue.

With these challenges in mind, Nielsen conducts package design “audits” across a number of key consumer categories to highlight the most successful designs and to uncover best practices other brands can apply to win at shelf.

NIELSEN’S RESEARCH

Using its Design Category Audit methodology, Nielsen tested package designs for 34 select leading wine brands amongst 2700 U.S. wine buyers, ages 21-64. Wines from different price tiers (under \$10, \$10-20, over \$20) were tested separately to control for competitive context. The study was conducted in August 2015. All tested designs can be viewed on page 4.

For more information about the Nielsen Design Category Audit methodology, see page 13.

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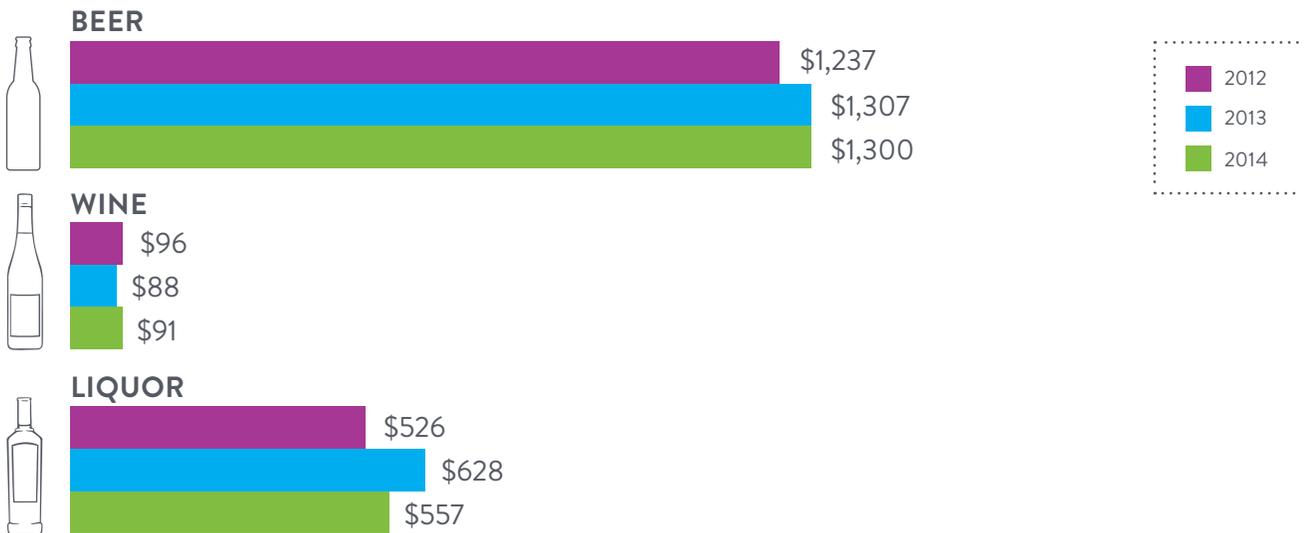
WHY IS PACKAGE DESIGN IMPORTANT FOR WINE?

Package design has enormous influence over consumers at the critical decision-making moment. In fact, 64% of consumers try a new product simply because the package catches their eye, and 41% will *continue* to purchase a product because they prefer its design.¹

Here's why package design is especially important for wine:

- **The category is crowded.** In 2014, 4,200 new wines were introduced to market, representing 12.5% of category items. Package design is an essential tool for standing out in a crowd.²
- **Consumers are making most of their decisions at shelf.** Relative to other major consumer categories, wine is a fragmented category with lower brand loyalty and more decisions being made at point of purchase.
- **Media spend is low.** In 2014, media spend for wine brands was only 7% of that for beer—which means that wine relies heavily on the “advertising” that happens at shelf.³

BEVERAGE ALCOHOL MEDIA SPENDING TRENDS (\$MM)



- **Package design can help gain distribution.** Winning over retail wine buyers is essential, as distribution has an enormous impact on sales. These buyers understand the power that good package design has on a consumer's decision to purchase. As a result, the quality of the wine inside the bottle is often not enough to win them over; the packaging has to encourage sell-through for retail buyers to make the commitment. Even sommeliers look for bottles that make a good tableside impression. Thus, package design is essential for gaining distributing and, ultimately, driving sales.

¹Source: MeadWestvaco

²Source: Nielsen Total U.S. xAOC+Military+Liquor Plus (ex Conv); 3 years end 05/23/15

³Source: Nielsen AdViews, PCC Subgroup Categories Beer, Liquor and Wine January 2012-December 2014. 2013-2014 includes All Media Types, 2012 data excludes National and Regional Cinema due to availability

TESTED DESIGNS

UNDER \$10



\$10 - \$20



OVER \$20



KEY FINDINGS

#1 – TO STAND OUT, BE COLORFUL AND CONTRARIAN

While packaging has many jobs to do, standing out on shelf is an important first task. Products that don't register on consumers' radars won't have a chance to compete at all—or these brands may need to invest more in displays and other forms of in-store promotion to get noticed. Wines that successfully leveraged package design for visual standout were colorful or contrarian (depending on the price tier).

In many cases, packages only have a few seconds to grab consumers' attention before the opportunity is lost—a feat that can be especially challenging in crowded categories such as wine.

Across the different price tiers tested, the most visible bottles were seen by up to 77% more consumers than the least visible bottles, as determined by eye-tracking technology—revealing an enormous gap between the top and bottom standout performers. Additionally, some bottles held consumers' attention by up to 2.5x longer than others.⁴

For wines under \$20, bottles with brightly colored (e.g., red, orange, gold, etc.) labels and capsules tended to grab consumers' attention best. In the over \$20 price tier, which generally gravitates toward a more traditional aesthetic, bottles with a bold or contrarian look stood out. For example, Spanish artist Goya's "Le Petit Prisonnier" etching of a shackled man dominates The Prisoner's label, and Silver Oak's water tower illustration is notably modern in style and perspective relative to other illustrations in the competitive set.

COMMON ATTRIBUTES OF TOP STANDOUT PERFORMERS BY PRICE TIER

	COLOR	SHAPE	CONTRAST	CONTRARIAN
UNDER \$10				
\$10 - \$20				
OVER \$20				

⁴Eye-tracking technology determines the most attention-getting packages (based on the proportion of consumers who notice a particular package within the first 4 seconds of looking at a group of packages in the same competitive set) and the best attention-holding packages (based on the proportion of time consumers spend looking at a particular package within the first 7 seconds of viewing packages in the same competitive set).

#2 – DISTINCT PERSONALITIES DRIVE ENGAGEMENT

In order to pique interest and ultimately win consumers' hearts (and wallets), package design needs to help differentiate the product and brand from its competition. The challenge of creating distinct personalities varies considerably by category and price tier.

Package designs for wines in lower price tiers—particularly those under \$10—tend to be well-differentiated; they often have personalities that are easy to discern (e.g., casual, fun, etc.), and they make more liberal use of varied color schemes, typefaces and imagery. In this more genial atmosphere, Beringer's recently redesigned label stands out as dark, classy, sleek and premium.

“THE LABEL LOOKS CLASSY BUT NOT TRADITIONAL.”

“LOOKS CLASSIC AND PROBABLY MORE EXPENSIVE THAN IT ACTUALLY IS.”



OVER INDEXING WORDS



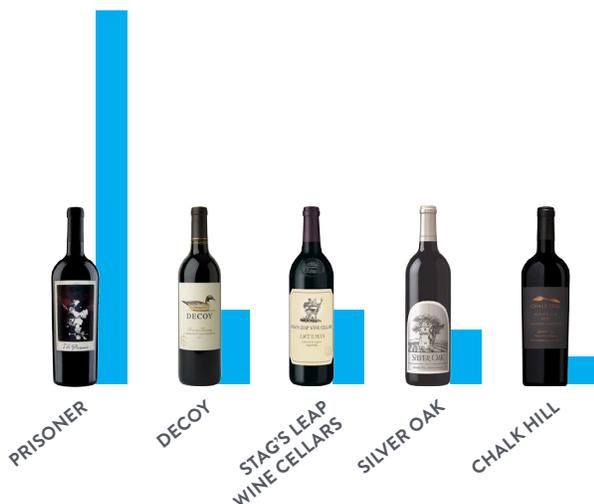
UNDER INDEXING WORDS



Word cloud based on consumers' free association responses to Beringer's design. Over and under-indexing words are based on comparisons of Beringer's associations with that of all designs tested in the under \$10 price tier.

Wines priced over \$20 are markedly less differentiated, adhering to more traditional aesthetics such as neutral color schemes and classic typefaces. This uniformity creates an opportunity for disruptive package designs—such as The Prisoner and Chalk Hill—to stand out. Unexpectedly, consumers perceived The Prisoner's design to be the most fun amongst wines over \$20—suggesting that they appreciated its daring attempt to be different in a more conservative price tier.

PERSONALITY SCORES FOR THE MOST "FUN" DESIGNS (OVER \$20)



CONSUMER PERCEPTIONS OF THE PRISONER'S DESIGN

“I LIKE THE PICTURE. IT'S NOT AFRAID TO TAKE CHANCES AND PUSH THE LIMITS.”

“THE LABEL FOR THIS BOTTLE IS VERY EYE-CATCHING. IT MAKES ME WANT TO LEARN MORE ABOUT THE BRAND.”

#3 – MILLENNIALS FAVOR THE BOLD AND THE BREEZY

Relative to older generations, Millennials prefer more adventurous and fun bottle designs.

WINES OVER \$10 – BE BOLD

For wines over \$10, Millennials expressed more preference than older generations for bottle designs that are bold and distinctive, with no notable gender differences.⁵ On the other hand, more traditional designs such as Robert Mondavi and Kendall Jackson tended to fare better with Gen Xers and Boomers.



“THE DESIGN IS BOLD AND CATCHES MY ATTENTION IMMEDIATELY. I LOVE THE BLACK AND ORANGE COLOR SCHEME.”

–MILLENNIAL MALE

“THE LOGO IS UNIQUE AND WELL-DEFINED.”

–MILLENNIAL FEMALE

“THE COLORS LOOK POWERFUL AND DISTINCTIVE.”

–MILLENNIAL MALE

“DARK, SMOOTH LABEL MAKES THIS WINE ATTRACTIVE AND MYSTERIOUS.”

–MILLENNIAL FEMALE

WINES UNDER \$10 – BE BREEZY

When shopping for wines under \$10, Millennials appreciate designs that are innovative and fun. Most Millennials—and females in particular—seek unpretentiousness over sophistication at this price point.



YELLOW TAIL UNDER \$10 PRICE TIER SKEWS MALE

CUPCAKE UNDER \$10 PRICE TIER SKEWS FEMALE

FANCY PANTS UNDER \$10 PRICE TIER SKEWS FEMALE

“THE GRAPHIC GIVES A FUN AND MODERN TWIST.”

–MILLENNIAL MALE

“A CLASSIC LOOK THAT DOESN'T SEEM LIKE IT'S TRYING TOO HARD.”

–MILLENNIAL MALE

“YOUNG AND FRESH. IT'S SOMETHING I'D TAKE TO A PARTY WITH MY GIRLS.”

–MILLENNIAL FEMALE

“TRENDY TYPOGRAPHY. VERY CHIC DESIGN.”

–MILLENNIAL FEMALE

“LOOKS FUN – I'D BUY IT TO DRINK FOR A GIRLS' NIGHT.”

–MILLENNIAL FEMALE

“I LIKE THE NAME AND DESIGN. IT POSSESSES A CERTAIN WHIMSY THAT SAYS IT DOESN'T TAKE ITSELF TOO SERIOUSLY.”

–MILLENNIAL FEMALE

⁵Consumer preference (i.e., purchase intent) is not a standard metric used in Nielsen's Design Category Audits, but is referenced here as supporting data.

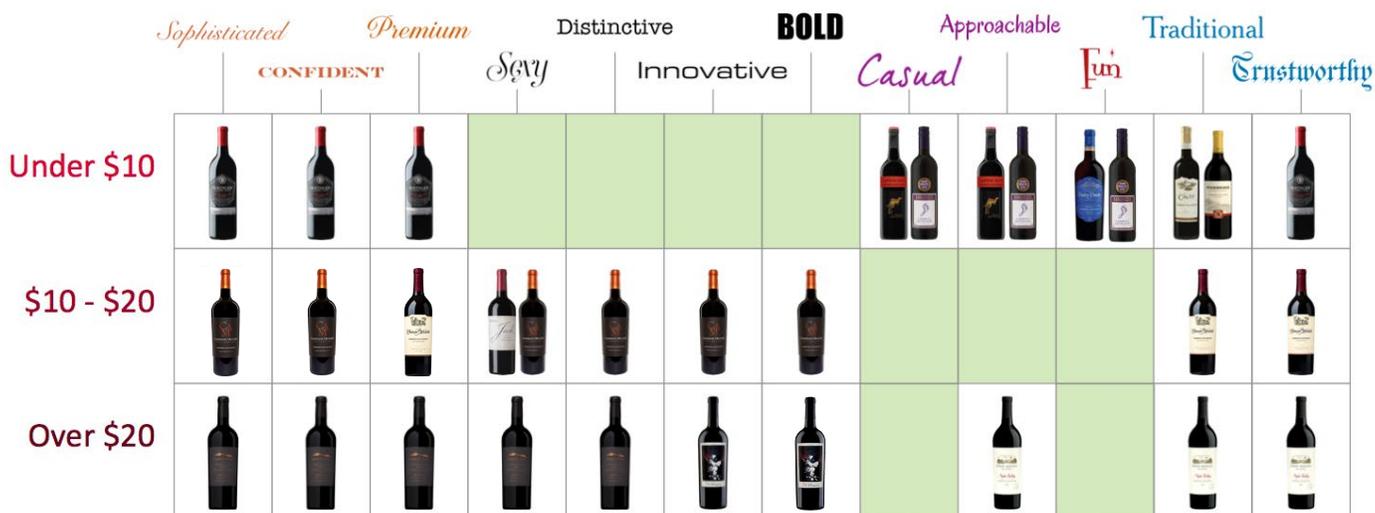
#4 – THERE ARE WHITESPACE OPPORTUNITIES FOR BRANDS LOOKING TO PACK MORE PERSONALITY

While some brands have a strong claim on certain personality traits, there are always areas of opportunity. These depend heavily on the particular category, price tier and the major players in the space.

Despite the saturation of competitors, many dimensions of brand personality remain unclaimed or weakly held by the leading wines included in the study:

- Under \$10: sexy, distinctive, innovative, bold
- \$10-20: casual, approachable, fun
- Over \$20: casual, fun

MOST DIFFERENTIATED PACKAGE DESIGNS ON VARIOUS PERSONALITY TRAITS



Shaded boxes represent areas of opportunity for differentiation, as none of the tested designs particularly embodied those traits.

#5 – IMAGES ATTRACT ATTENTION, BUT IT'S NOT ALWAYS POSITIVE

Imagery is a powerful element in package design, eliciting strong engagement and reactions from consumers. For this reason, it's critical to ensure that images resonate positively with the target audience.

When images are present on a bottle, they tend to garner the most attention and the strongest reactions—positive and negative—relative to other elements.⁶ Classic images directly related to wine, such as vineyards and chateaus, elicit a generally positive response from consumers.

Less traditional visuals such as Mirassou's sun can be intensely positive, while others can be polarizing due to

content or execution. In the case of Barefoot's footprint, some consumers objected to the notion of having a foot pictured on food or beverage packages, while others simply disliked the style of the illustration. On the other hand, Barefoot's target audience, which is predominately Millennials, appreciated the casual, fun appeal of its iconic footprint.



88%

“THE SUN LOOKS WHIMSICAL AND UNIQUE.”

“THE EMBLEM IS SIMPLE, BUT MAKES A POWERFUL STATEMENT.”

“BEAUTIFUL AND EYE-CATCHING.”



53%

“INDICATES SOMETHING CASUAL AND CAREFREE.”



47%

“I DON'T WANT TO THINK ABOUT FEET WHILE DRINKING WINE.”

⁶In the examples on this page, percentages represent consumers who liked each image out of the total number of consumers who reacted to that element, either positively or negatively.

TOP PERFORMING BRANDS

MOST ATTENTION-GETTING PACKAGE DESIGNS

Using webcam eye-tracking technology, Nielsen determined which package designs more consumers notice and spend time examining within the first several seconds of looking.

Brands with the strongest standout potential in the first seconds of exposure include:

	UNDER \$10		\$10-20			OVER \$20		
								
GETTING ATTENTION	●		●	●			●	●
HOLDING ATTENTION		●	●	●	●	●	●	●

MOST DIFFERENTIATED PACKAGE DESIGNS

Some brands have established distinct personalities within their competitive sets. In consumers' minds, they stand clearly apart from the pack on particular attributes.

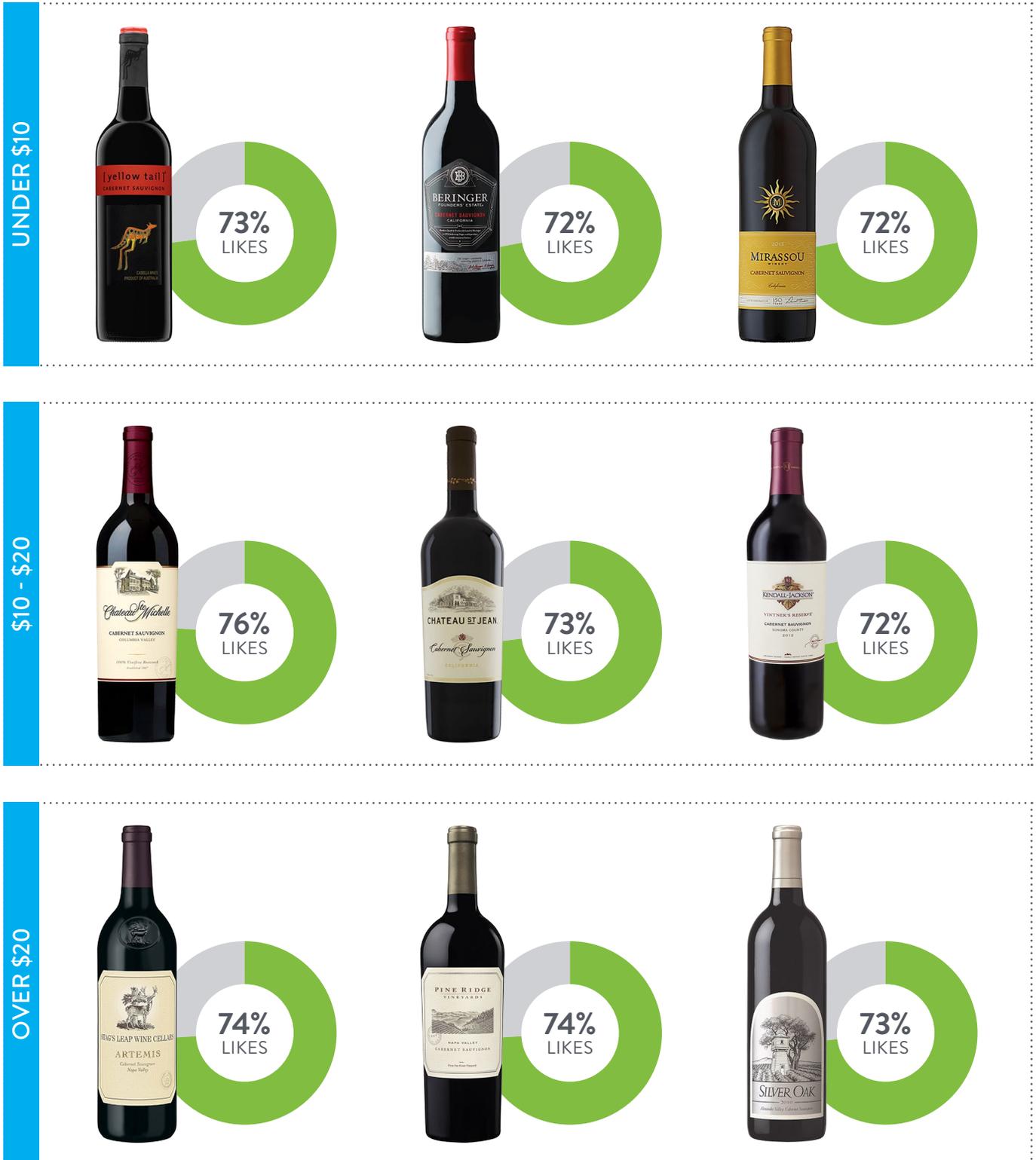
Brands with the most differentiated design personalities include:

	UNDER \$10			\$10-20			OVER \$20		
Casual	+								
Sophisticated		+		+			+		
Premium		+			+		+		
Traditional			+	-	+			+	-
Trustworthy		+			+			+	
Approachable	+							+	
Confident		+		+			+		
Sexy				+		+	+		
Bold				+					+
Fun	+								
Innovative				+					+
Distinctive				+			+		

⊕ MOST ⊖ LEAST

MOST LIKED PACKAGE DESIGNS⁷

Consumers may love one aspect of a wine bottle, such as the imagery, but be turned off by the color scheme or the typeface. By inviting consumers to pinpoint their likes and dislikes at the design element level, Nielsen was able to identify designs with the strongest overall affinity.



⁷These bottles had the highest like-to-dislike ratios based on an exercise where consumers were asked to "like" or "dislike" any aspect of the design.

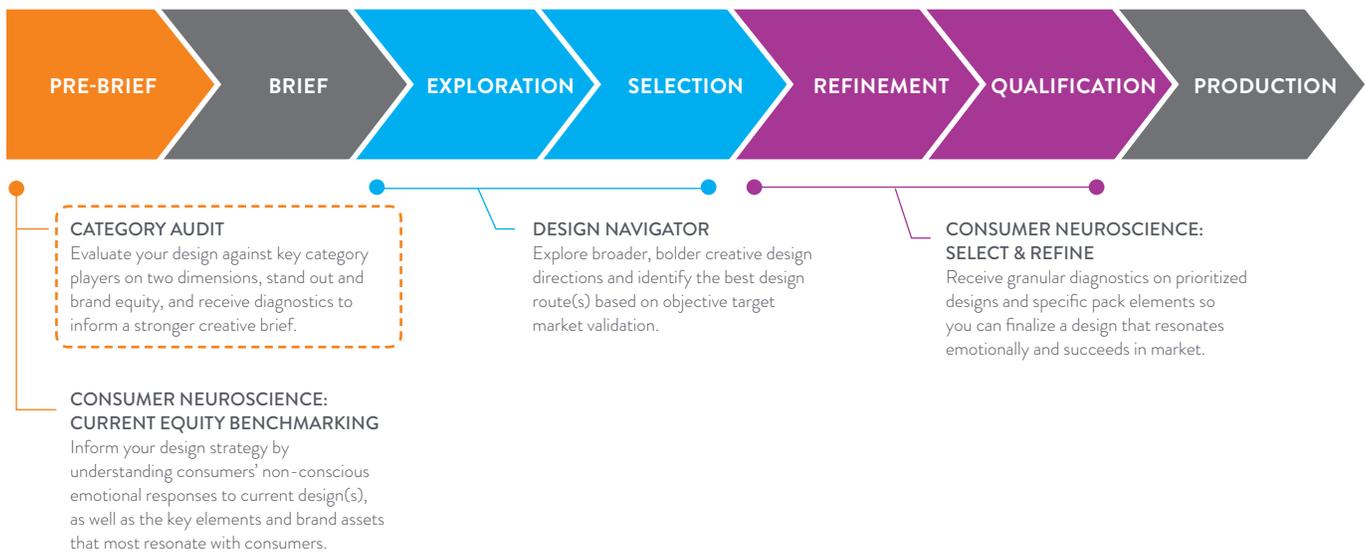
METHODOLOGY

NIELSEN'S CATEGORY AUDITS

The Nielsen Category Design Audit methodology uses a combination of cutting-edge technologies, including webcam eye-tracking and online choice-based exercises to assess:

- How well a design stands out and holds attention in a competitive context
- Personality traits consumers associate with each design (via both free association and structured exercises)
- How consumers' perceptions of each package design align with or differ from their current impressions of the brand

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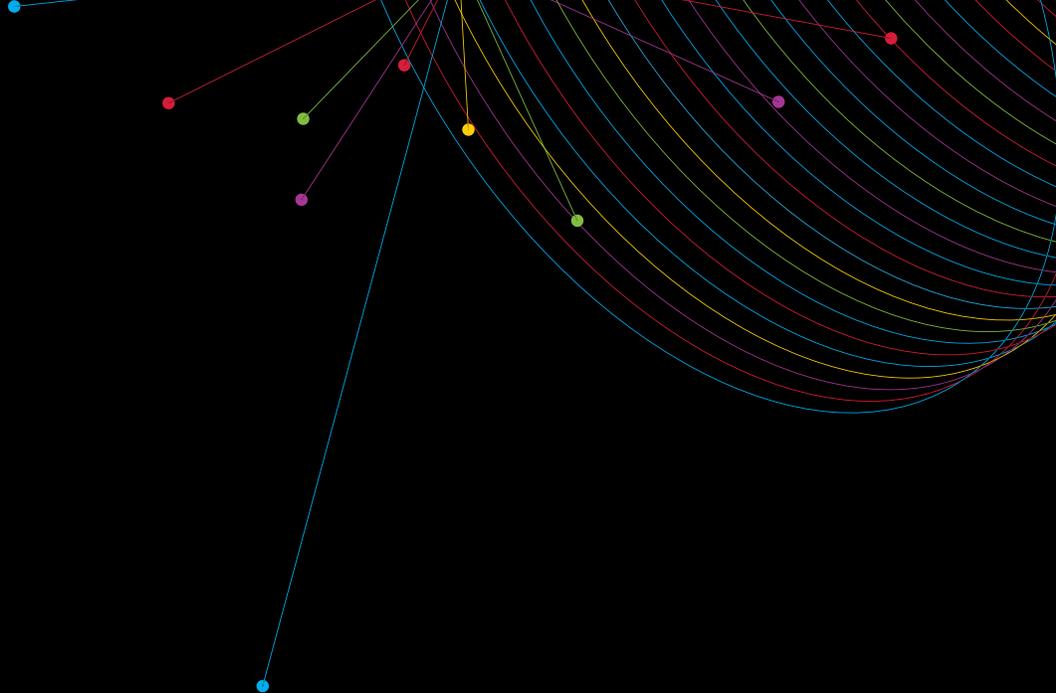
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