General Meeting of Performance BIB

Nîmes, France

25 to 27 November 2007

Session : Monday 26 November 2007 at 17:20
Consumer Preferences

Title : BIB UK consumer preferences

Speaker : Jean-Philippe Perrouty,
(Senior Research Manager, Wine Intelligence, UK)

Wine Intelligence:
Who we are and what we do?

We are the only company dedicated to supporting the wine industry globally with consulting, branding & market research

Wine Intelligence was founded in 2001 by 3 seasoned wine industry marketers - all with previous experience of owning or managing wine distribution & retail businesses, and who were all frustrated by the lack of useful market insight guidance dedicated to the wine industry

We are retained by wine producers & brand owners, distributors, generic organisations and retailers, as well as associated companies such as closures manufacturers, in all major wine source countries to advise on:

- Wine business corporate strategy and market entry
- Wine brand and new product development & re-development and testing - from liquid to packaging (Vinibrand)
- Wine brand tracking and measuring
- Wine brand and source-country positioning development and testing
- Wine brand and source country communications creative development and media tracking
- Wine industry trade opinions and needs, focusing on both on- and off-premise channels
- Teaching and lecturing

Today's presentation:
Where does the data coming from?

Listen to opinions of the world's wine consumers

vinitrac

Vinitrac is the only global survey that specifically monitors and tracks wine consumers' attitudes, behaviour and relationship with wine

In addition, Vinitrac operates in the following markets as a bespoke or omnibus survey on a demand basis
China – **Russia** - Italy - Spain - Mexico
Other markets are available on request

Wave 2 of Vinitrac (Autumn 07) will cover the following markets:

Canada
Denmark
Finland
France*
Germany
Ireland
Netherlands
Norway*
Sweden*
Switzerland
UK
USA

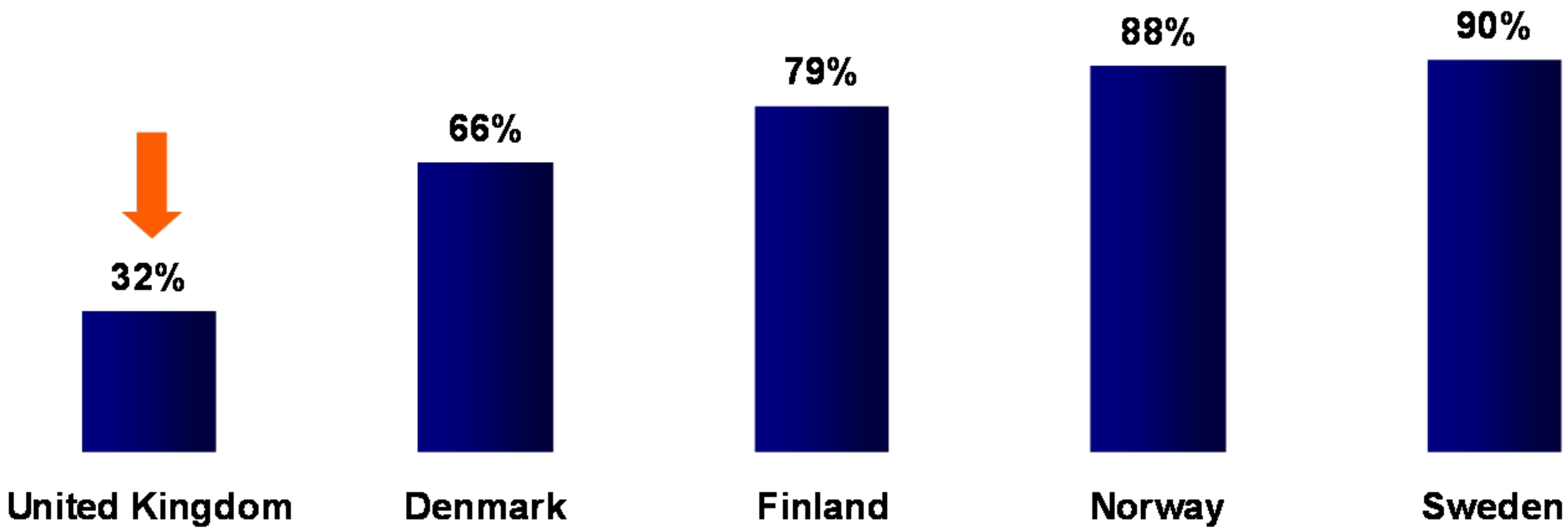
*Markets sampled on annual basis or on request

Note: → Today's presentation

1. Bag-in-box in the UK market: comparisons with North European countries

Bag-in-box in the UK has a relatively low penetration compared to Nordic countries

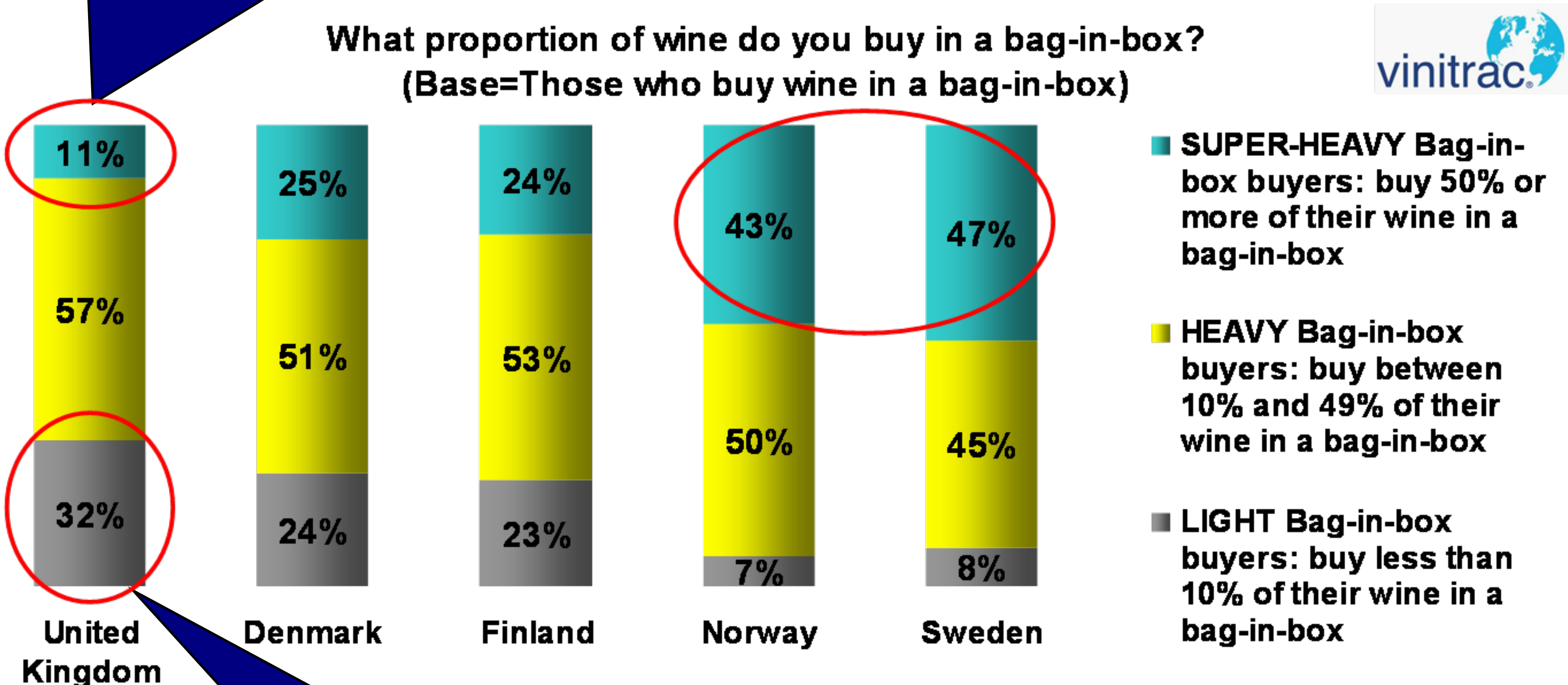
Penetration of Bag-in-Box by countries
(Base=All monthly wine drinkers in named country)
% of wine drinkers buying wine in a bag-in-box



Source: Vinitrac® Global, September 2007, Representative of monthly wine drinkers, Weighted n > 1,000 for each country

And UK has the highest % of Light bag-in-box buyers

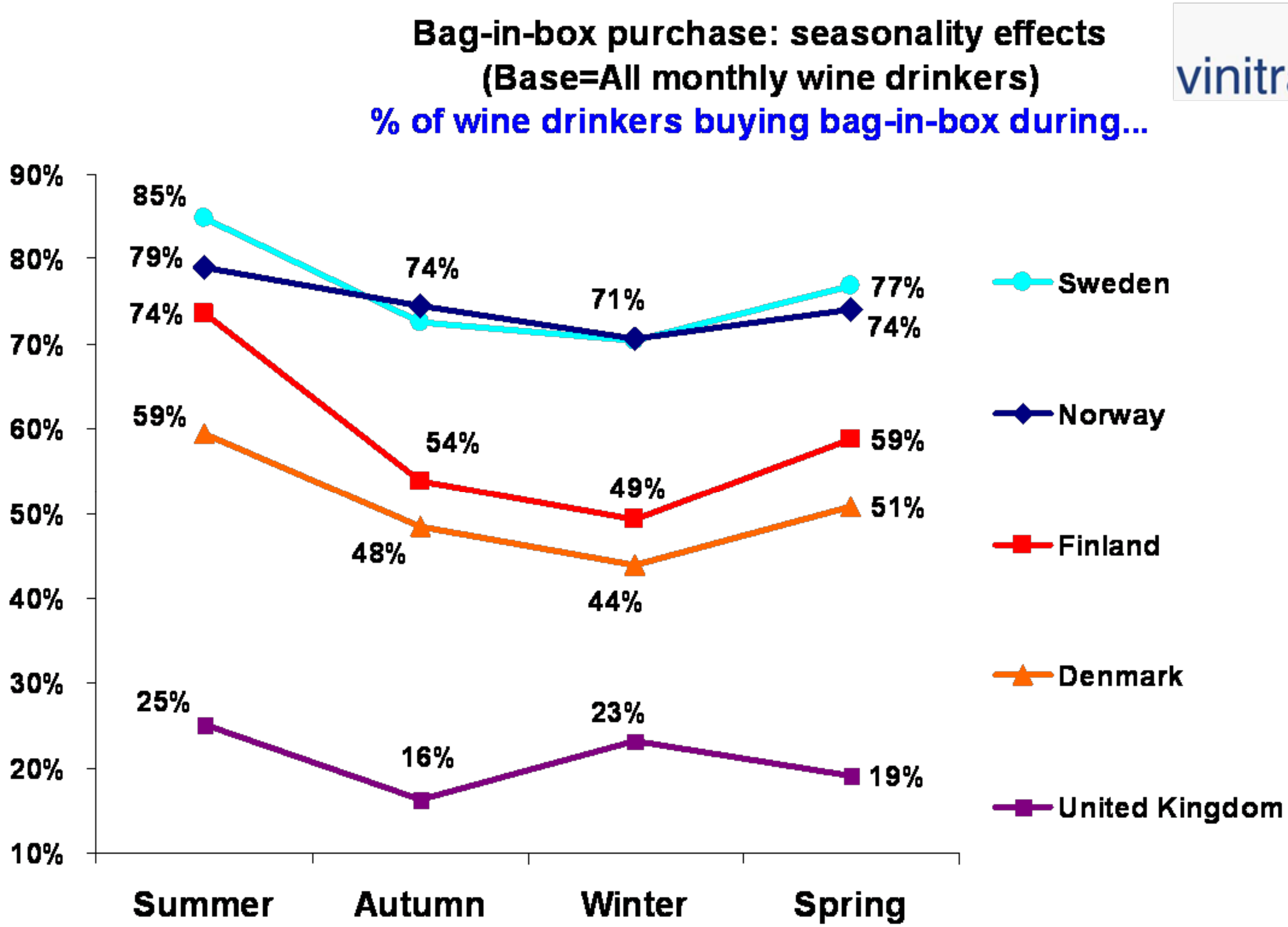
Statistically significantly lower than any of the 4 other countries



Source: Vinitrac® Global, September 2007, Representative of monthly wine drinkers, Weighted n > 1,000 for each country

Statistically significantly higher than any of the 4 other countries

Unlike most Nordic countries, bag-in-box purchasing in the UK is not seasonal



Source: Vinitrac® Global, September 2007, Representative of monthly wine drinkers, Weighted n > 1,000 for each country

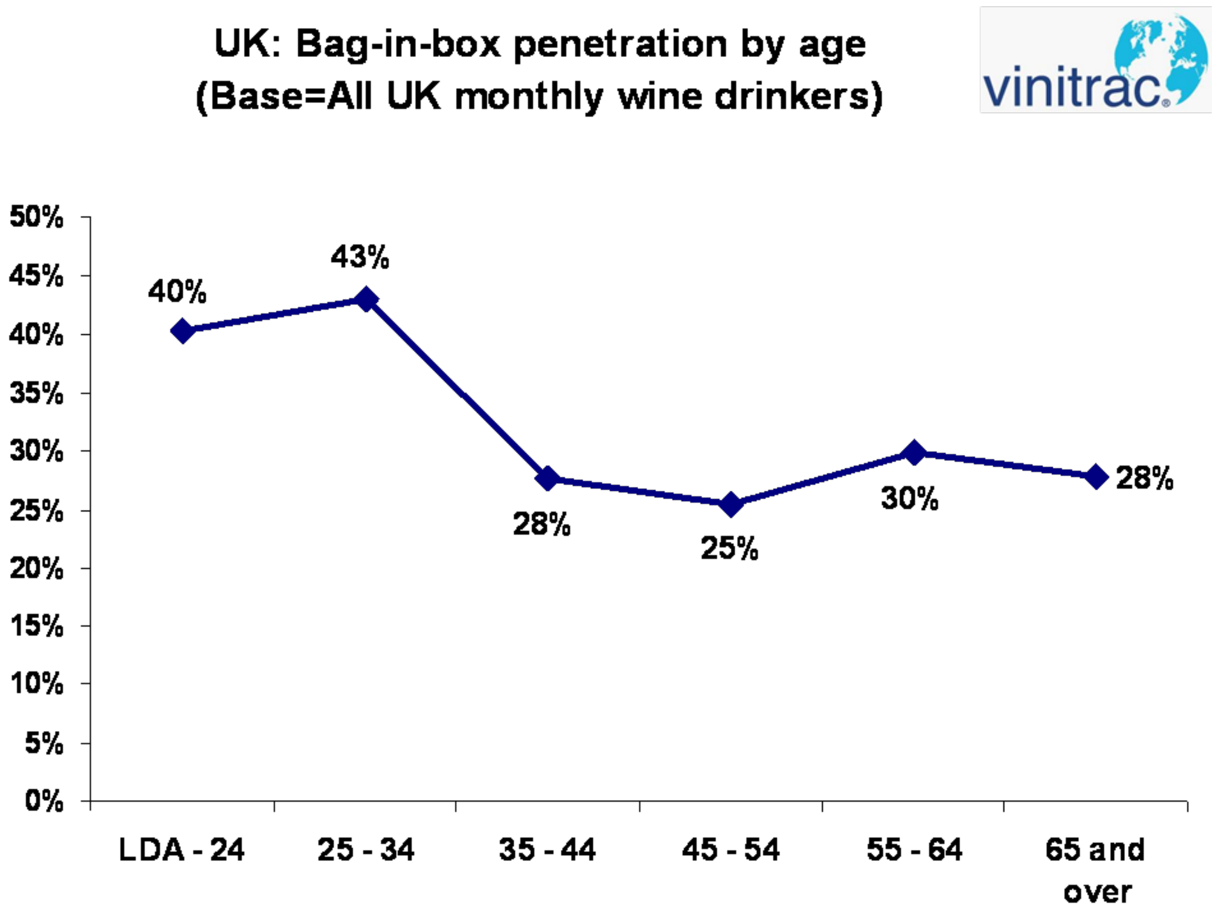
2. Focus on Bag-in-box perceptions by UK wine drinkers

Bag-in-box in the UK: Who buy them?

Question:

Who buys bag-in-box in the UK wine market?

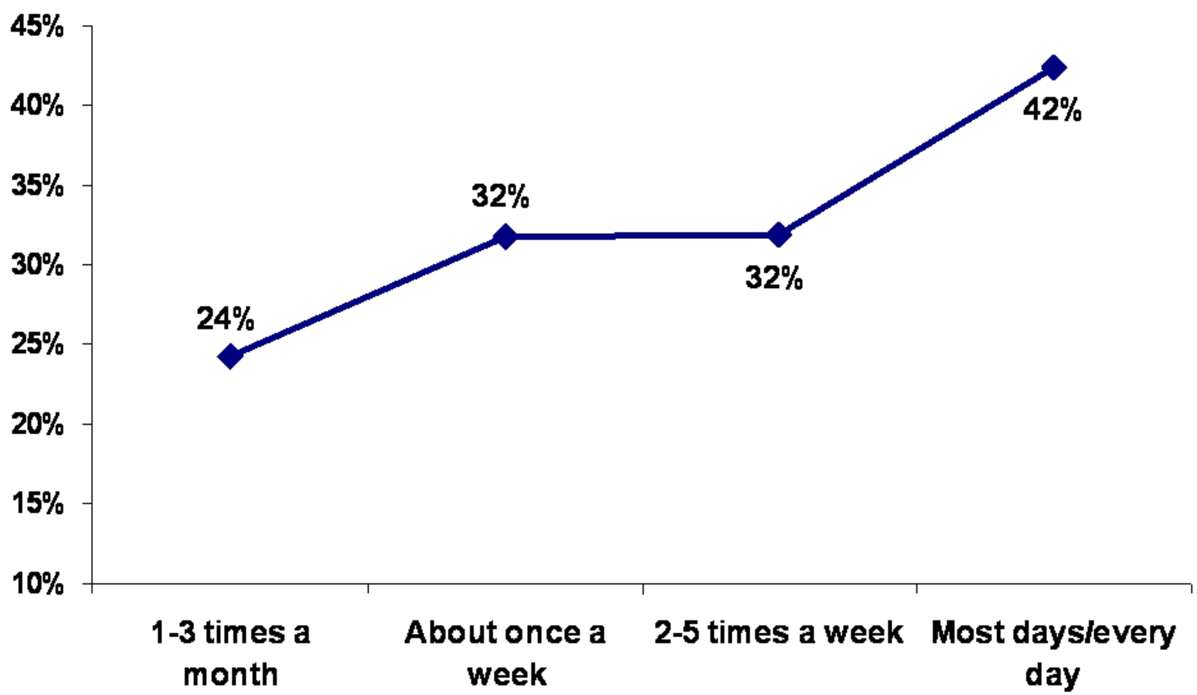
Younger consumers are more likely to buy wine in a bag-in-box



Source: Vinitrac® UK, November 2007, Representative of monthly wine drinkers, Weighted n=1,011

And bag-in-box purchase also increase with wine frequency of consumption

UK: Bag-in-box penetration by wine frequency of consumption
(Base=All UK monthly wine drinkers)



Source: Vinitrac® UK, November 2007, Representative of monthly wine drinkers, Weighted n=1,011

Bag-in-box in the UK:
Are consumers likely to buy a brand they are used to purchase?

Question:

To what extent is bag-in-box a credible alternative to the traditional 75cl bottle for brand owners – the consumers views

Survey methodology:

Please assume that a wine you buy regularly around £4 to £5 has opted to change its packaging to each of the packaging alternatives shown below. For each package, how likely would you be to buy the wine again? Please give your answer on a 1 to 5 scale where 1="Very unlikely to buy" and 5="Very likely to buy"

PET plastic bottle

Tetrapak carton

Pouch

Bag-in-box

Ring-pull can

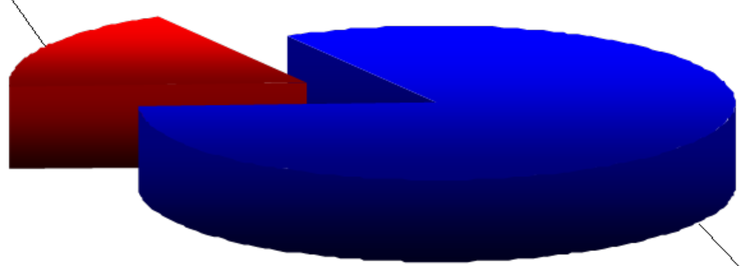
This research and following findings have been collected for the WSTA in August 2007;
We thank WSTA to allow us to share this data

wsta THE WINE AND SPIRIT TRADE ASSOCIATION
One strong voice for the trade

Most UK consumers are open to experimentation with some sort of packaging

- 5 in 6 were neutral or likely to buy at least one package alternative for a wine brand they regularly buy between £4 and £5

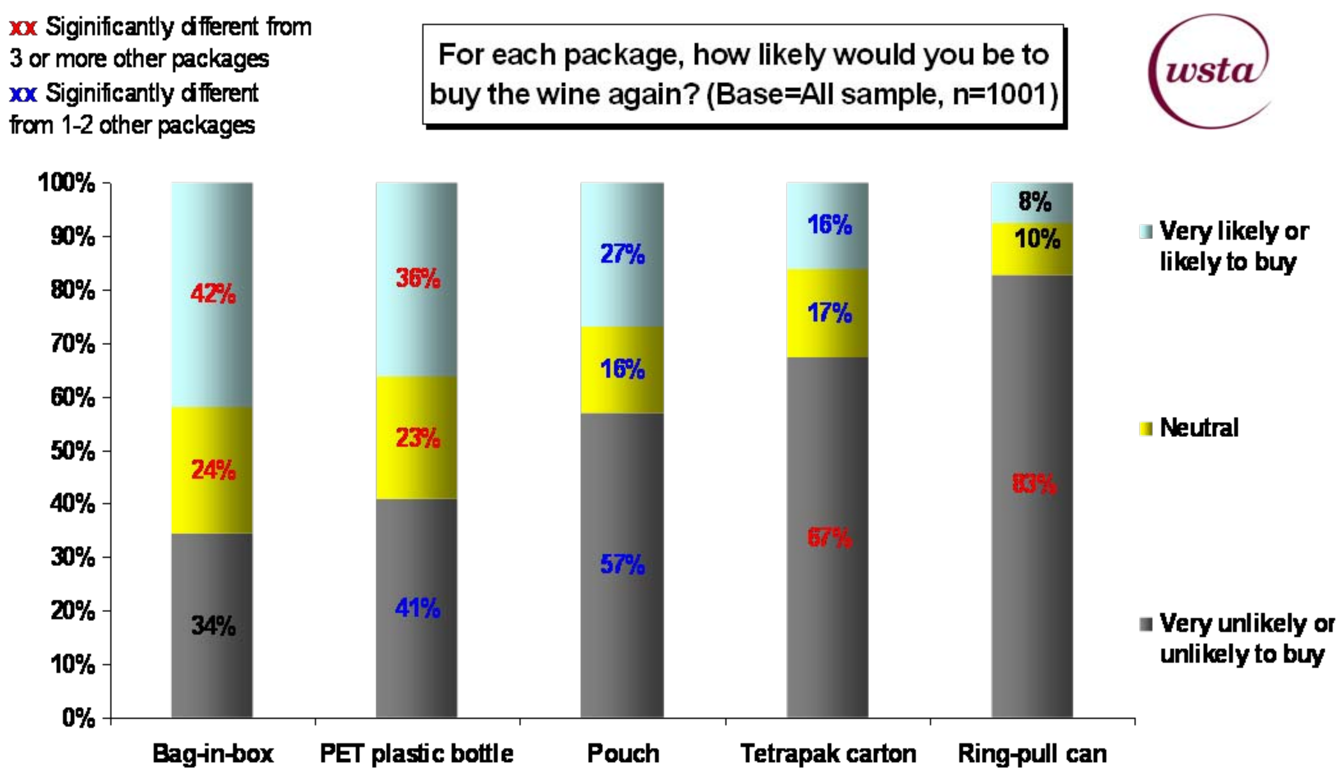
% of consumers willing to try an alternative wine package for a wine brand they buy regularly between £4 and £5 (Base=All UK regular wine drinkers)



Source: Wine Intelligence Vinitrac® UK, September 2007

Bag-in-box & PET are considered the most acceptable alternative packing types

- Bag-in-box has the advantage of being well-known by most wine drinkers
- 1/3rd of wine drinkers said they would buy wine in a PET bottle
- Fewer consumers said that they would be willing to buy wine in Pouch, Tetrapak and Can



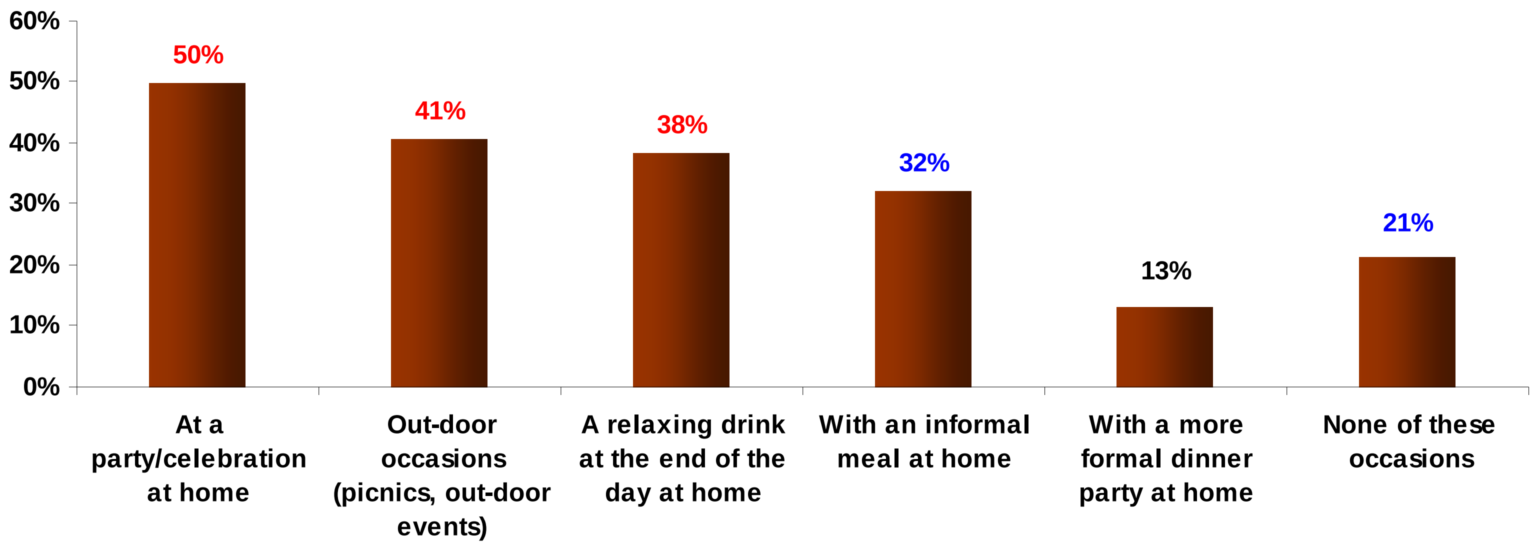
Source: Wine Intelligence Vinitrac, August 2007

Half of UK wine drinkers say they would buy wine in a bag-in-box for party/celebration

xx Siginificantly different from 3 or more other occasions

xx Siginificantly different from 1-2 other occasions

Again, please assume that a wine you buy regularly around £4 to £5 opted to change its packaging to a Bag-in-box For which of the following occasions would you be likely to buy this wine? (Base=All sample, n=1001)



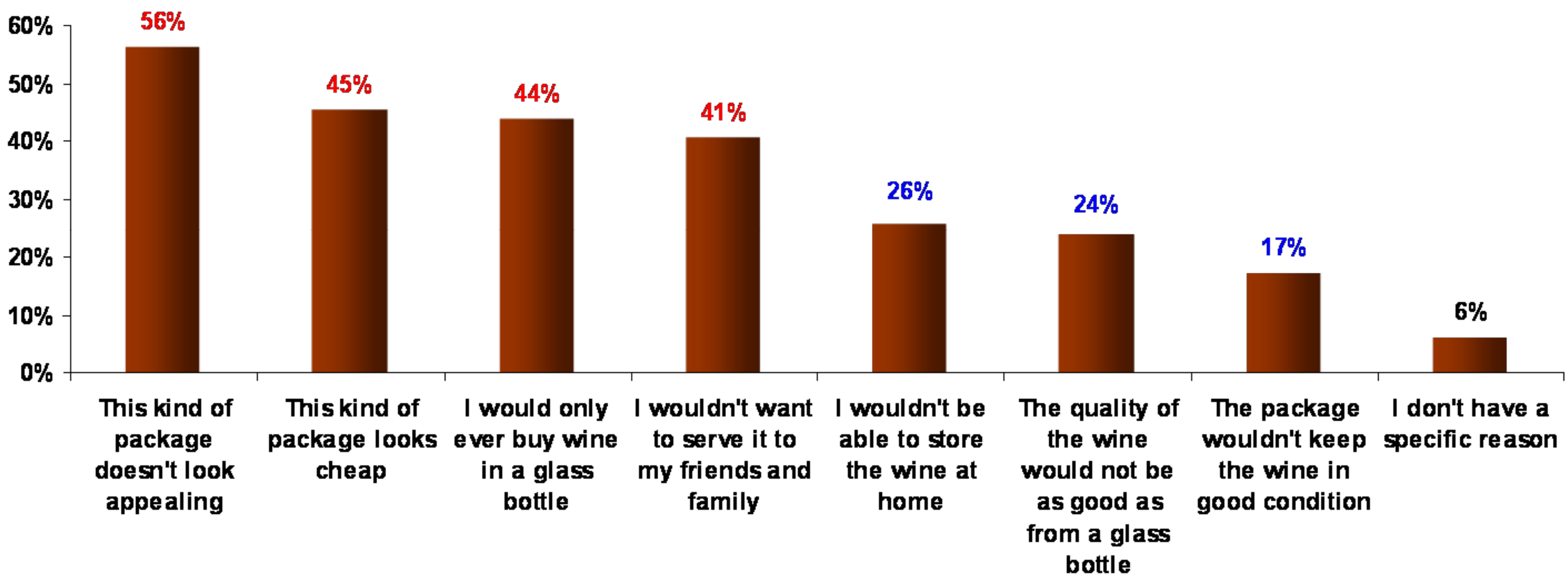
Source: Wine Intelligence Vinitrac, August 2007

Emotional feelings are indeed the main barriers to purchase wine in a bag-in-box

xx Siginificantly different from 3 or more other reasons

xx Siginificantly different from 1-2 other reasons

You said that you would be unlikely to buy a wine contained in a Bag-in-box. Why is this?
(Base=All those who were unlikely or very unlikely to buy, n=345)



Source: Wine Intelligence Vinitrac, August 2007

Bag-in-box in the UK:
Does educating consumers would help?

Question:

Does informing consumers about the benefits of alternative wine packages increase their propensity to buy these alternate packages?

Alternative packaging preferences: half of the respondents have seen…

Please assume that a wine you buy regularly around £4 to £5 has opted to change its packaging to each of the packaging alternatives shown below. For each package, how likely would you be to buy the wine again? Please give your answer on a 1 to 5 scale where 1="Very unlikely to buy" and 5="Very likely to buy"

All packaging alternatives are easily recyclable

PET plastic bottle

Lightweight,
non-breakable,
re-sealable

Tetrapak carton

Lightweight,
collapsible,
Preserves freshness
after opening

Pouch

Easily transportable,
convenient tap,
preserves freshness
after opening

Bag-in-box

Easily transportable,
convenient tap,
preserves freshness
after opening

Ring-pull can

Single serving,
No serving
glass needed,
Easily transportable

Alternative packaging preferences: …and the other half has seen

Please assume that a wine you buy regularly around £4 to £5 has opted to change its packaging to each of the packaging alternatives shown below. For each package, how likely would you be to buy the wine again? Please give your answer on a 1 to 5 scale where 1="Very unlikely to buy" and 5="Very likely to buy"

PET plastic bottle

Tetrapak carton

Pouch

Bag-in-box

Ring-pull can

Performance BIB

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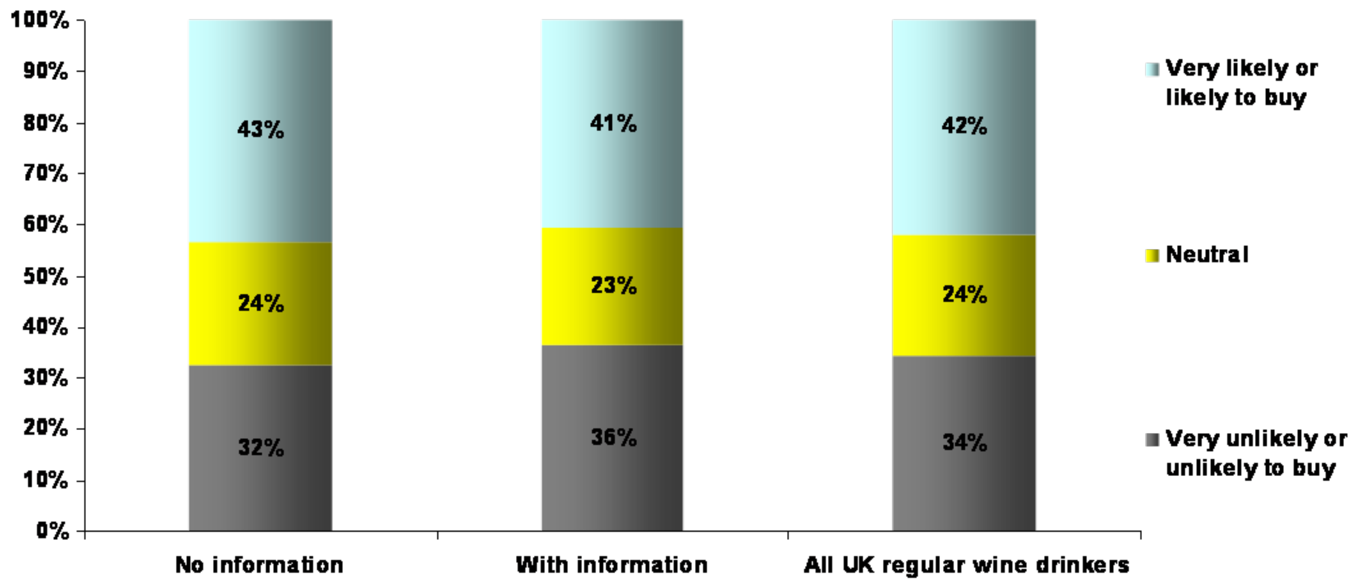
Educating the consumers on rational benefits of bag-in-box has no effect on their interest in purchasing a wine in a Bag-in-box

For Bag-in-box, how likely would you be to buy the wine again? (Base=All sample, n=1001)



Source: Wine Intelligence Vinitrac, August 2007

Same findings for Tetrapack carton and PET bottles

Education does increase likelihood to buy for wine in Pouch or in Ring-pull can

Conclusions –
BIB in the UK wine market: a well established package with room to improve its sales

- Bag-in-box is a well established packaging in the UK wine market:
  - About 1 in 3 UK wine drinkers report that they buy wine in a bag-in-box
  - About 2 in 3 do not reject the idea of buying a brand they regularly buy if the brand were to shift from a 75cl glass bottle to a bag-in box (£4 to £5 price bracket)
    - This is the highest score of all alternative package that have been tested

- But in order to increase BIB sales, the industry faces at least two main challenges:
  - BIB has mainly penetrated younger age groups and party/celebrations occasions
    - But may have a stigma with older wine drinkers and other types of occasions
  - There is a lingering image of unappealing/cheap packaging

Research methodology

Research methodology - Sample representative of regular wine drinkers in the UK, Denmark, Finland, Norway and Sweden

- Data was gathered via Wine Intelligence's Vinitrac online survey
  - Methodology: Panel-based online survey
  - Sampling: quotas / stratified
    - Quotas defined in terms of age, gender (and SEG in UK); sampling frame stratified on the basis of these quotas and sample drawn at random within each strata.
    - In the UK data was post-weighted to representative of UK regular wine drinkers
  - Screening criteria: Legal drinking age, Drink wine at least once per month, Drink at least red or white wine, Buy wine in the off-trade and/or in on-trade
  - Margin of error: 3.1% at 95% level of confidence per country
  - Weighted sample is shown in the table:

		Denmark	Finland	Norway	Sweden	United Kingdom	United Kingdom
Sample size		**1004**	**1025**	**1002**	**1015**	**1001**	**1011**
Gender	Male	50%	48%	50%	52%	48%	48%
	Female	50%	52%	50%	48%	52%	52%
	Total	100%	100%	100%	100%	100%	100%
Age	LDA - 24	7%	8%	8%	6%	10%	10%
	25 - 34	16%	14%	17%	15%	21%	21%
	35 - 44	23%	21%	23%	21%	23%	23%
	45 - 54	21%	21%	21%	22%	19%	19%
	55 and over	33%	35%	32%	36%	27%	27%
	Total	100%	100%	100%	100%	100%	100%
Data collection		**Oct-07**				**Aug-07**	**Nov-07**
Slides using this data		**Slides 5 to 7**				**14 to 22**	**5 to 12**