

# 6 DATA-DRIVEN DESIGN LESSONS FROM PRECEPT WINE & NIELSEN

WINES & VINES PACKAGING CONFERENCE

Brad Mayer, Senior Vice President of Marketing, Precept Wine  
Jessica Gaedeke, Vice President, Nielsen Innovation (BASES)

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# PRESENTERS



Jessica Gaedeke  
Vice President, Beverage Alcohol  
Nielsen Innovation (BASES)



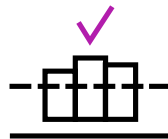
Brad Mayer  
Vice President, Marketing  
Precept Wine

# ABOUT NIELSEN INNOVATION (BASES)



## Package Design Experts

Consulted on 200+ package designs for beer, wine and spirits



## Industry-Leading New Product Database

3,000+ new product concepts globally (~1,500 in the US)



## Holistic Consultation

Innovation potential captured for both on- and off-premise



## Leaders in Forecasting

New product sales forecasts within 13% of actual sales for BevAI



## Thought Leaders

Frequent industry research and presentations

# ABOUT PRECEPT WINE



- **13th largest wine company** in the U.S. and the **4th fastest-growing** among the top 40.
- **2nd largest wine grape grower in Washington state** & largest privately held wine group in Washington.
- Farming more than **4,750 vineyard acres** each harvest.
- Exceptional talent for **full control from vine-to-bottle**.
- Estates: **9 tasting rooms, 8 wineries**, private wine country hospitality & education.
- More than **700 combined Best Buys and 90+ scores** (previous three vintages).



# WHY IS DESIGN SO IMPORTANT FOR WINE?

# WHY DESIGN MATTERS

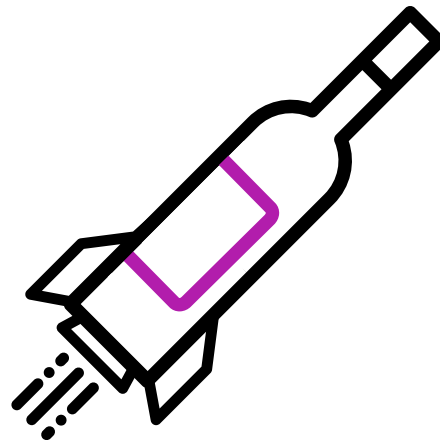
	High Reach	Low Cost	Highly Strategic
Package Design	+	+	+
Advertising	-	-	+
Trade Promotion	+	-	-
Consumer Promotion	-	-	-
Social Media	-	+	-

## ONLY PACKAGE DESIGN:

- Reaches 100% of likely buyers at the first moment of truth where 50-80% of purchase decisions are made.
- Requires a relatively low investment.
- Embodies the brand and product strategy.

# THERE'S A CONSTANT STREAM OF NEW LAUNCHES

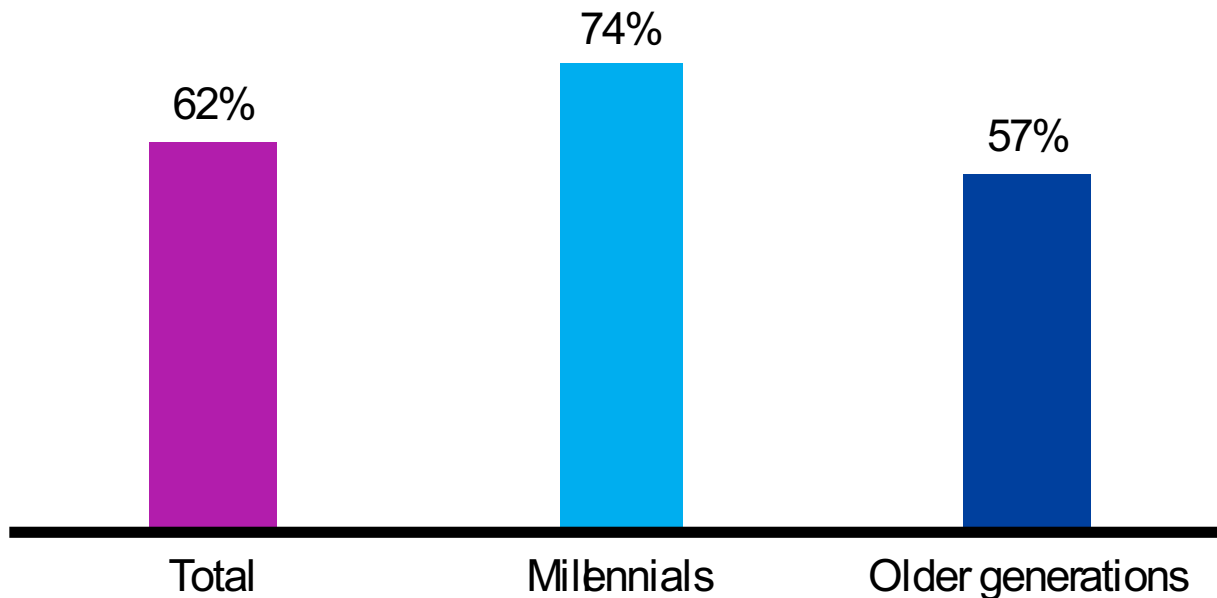
**4,289** new wine items  
have been launched to  
market in the past year.



\*New Items consist of items w/sales > \$1,000 in last 2 years combined & \$0 sales 3 years prior.  
Source: Nielsen AOD Total US xAOC+Conv+Military+Liquor Plus; 52 Wks W/E 01/27/18.

# THE MAJORITY OF DECISIONS ARE MADE AT SHELF

On average, 62% of consumers are deciding which alcoholic beverages to purchase at the shelf.



Source: Nielsen Consumer Packaging Survey, 2016, "The last time you purchased a product in each category, did you consider more than one product at the shelf before making your selection (versus simply seeking a specific product without considering others)?" (n=2048 total; 500 Millennials; 1548 consumers from older generations).



# THERE ARE QUITE A FEW ITEMS TO CHOOSE FROM



771

wine items on the average  
grocery store shelf



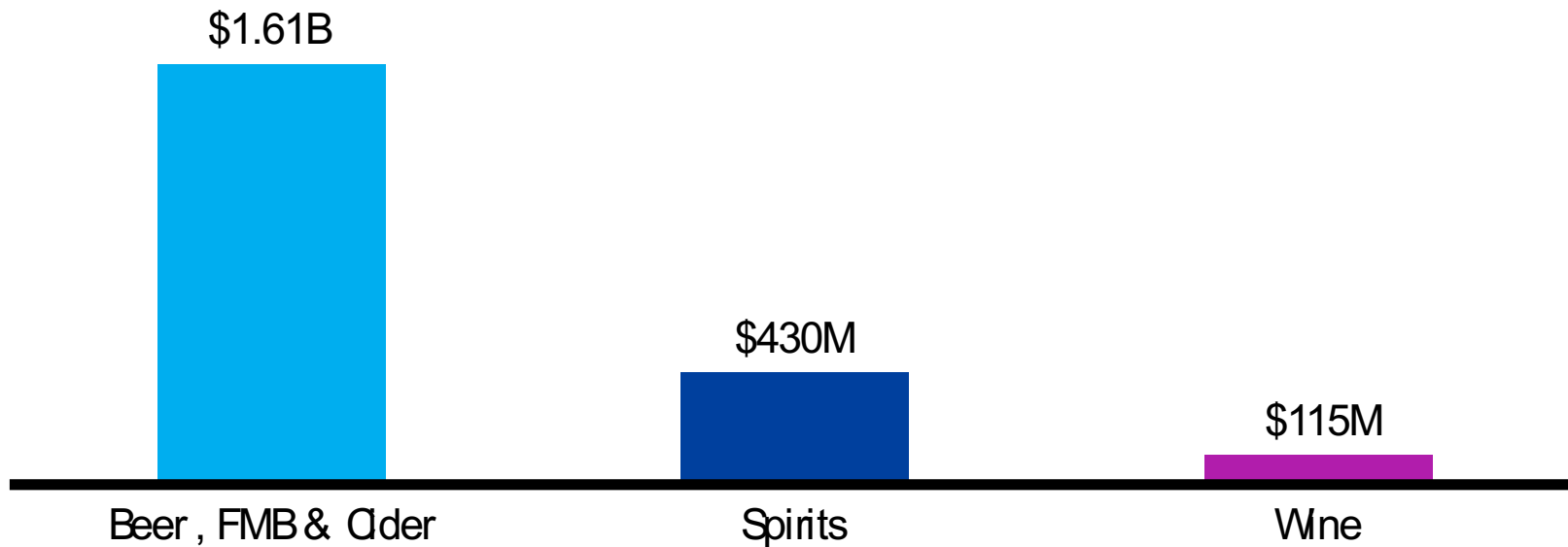
1,631

wine items on the average  
liquor store shelf

# TRADITIONAL MEDIA SPENDING FOR WINE IS LOW

... so the “advertising” that happens at shelf is critical.

BEVERAGE ALCOHOL INDUSTRY AD SPEND FOR 2017 BY CATEGORY

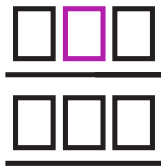




# FACTORS DRIVING PACK IMPORTANCE



**CROWDED  
CATEGORY**



**MANY DECISIONS  
MADE AT SHELF**



**SHAPES BRAND  
PERCEPTIONS**



**CAN HELP GAIN  
DISTRIBUTION**



**SOCIAL  
CONNECTIONS**

# GOOD DESIGN DRIVES GROWTH

2017 Nielsen  
Design Impact  
Award Winner



## Black Ink

Black Ink's redesign drove a **13x** increase in sales.

2017 Nielsen  
Breakthrough  
Innovation Award  
Winner



## Dark Horse

"Relentless" creative exploration and exacting design standards helped skyrocket Dark Horse to **\$60M** in year-one sales.

2018 Nielsen  
Design Impact  
Award Winner



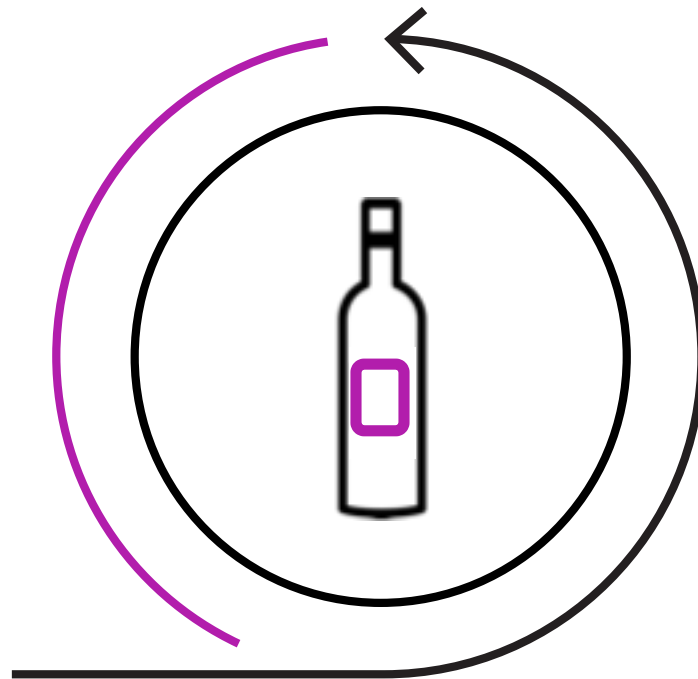
## Robert Mondavi Private Selection

Robert Mondavi's redesign drove a **14%** increase in sales.

# MEASURING DESIGN EFFECTIVENESS

# OUR PROGRAM TO HELP BEVERAGE ALCOHOL BRANDS MAXIMIZE THEIR RETURN ON DESIGN

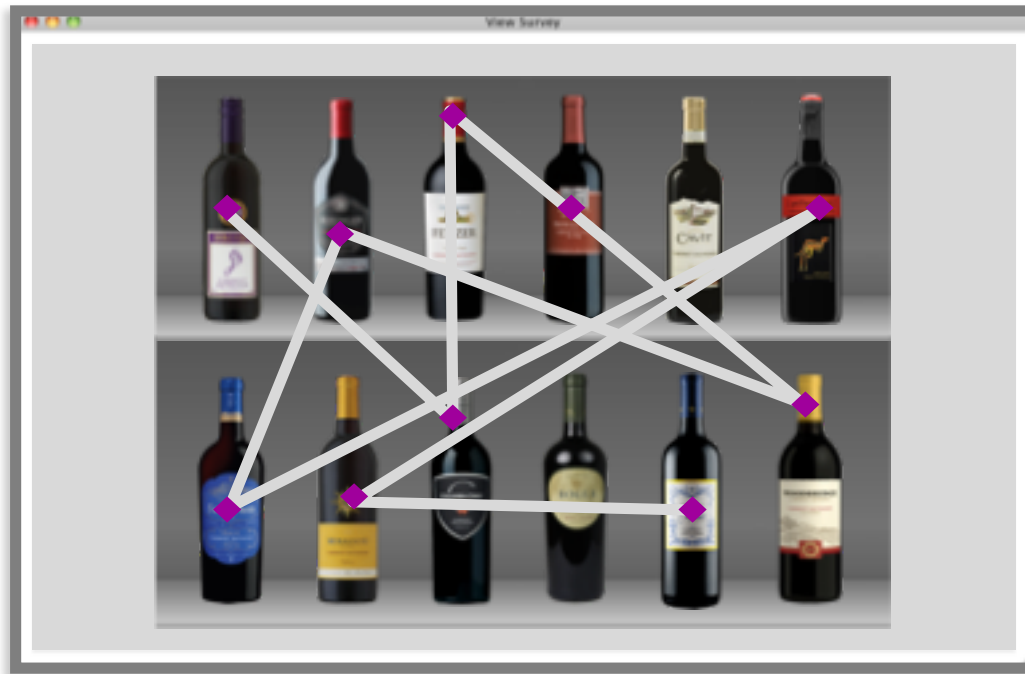
- Wanted to make high-quality consumer insights available to smaller brands with limited research budgets.
- Launched our **Opt-In Design Category Audit** program in 2016 to provide cost-effective evaluation of brands' current label designs.
- Tested hundreds of labels in the beverage-alcohol space to date.
- Precept Wine was a strong early partner in this program.



# MEASURING STANDOUT (INTERACE)



How well is your label grabbing and holding consumers' attention among a competitive set?



EYE-TRACKING INTERFACE

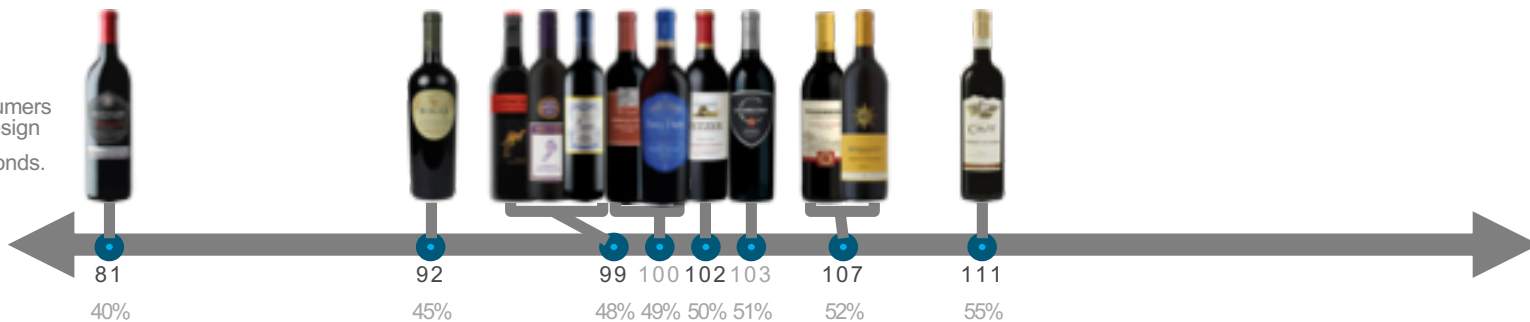
# MEASURING STANDOUT (OUTPUT)



How well is your label grabbing and holding consumers' attention among a competitive set?



**VISIBILITY:**  
Percent of consumers  
looking at the design  
in the first 4 seconds.



**SHARE OF ATTENTION:** Percent  
of time the consumer  
spends on each  
design in the first 7  
seconds.

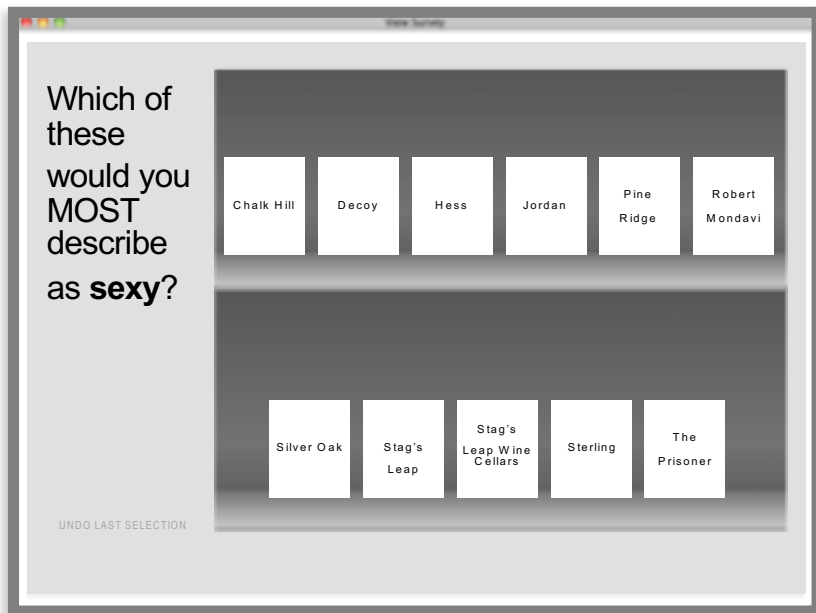




# MEASURING BRAND EQUITY (INTERFACE)



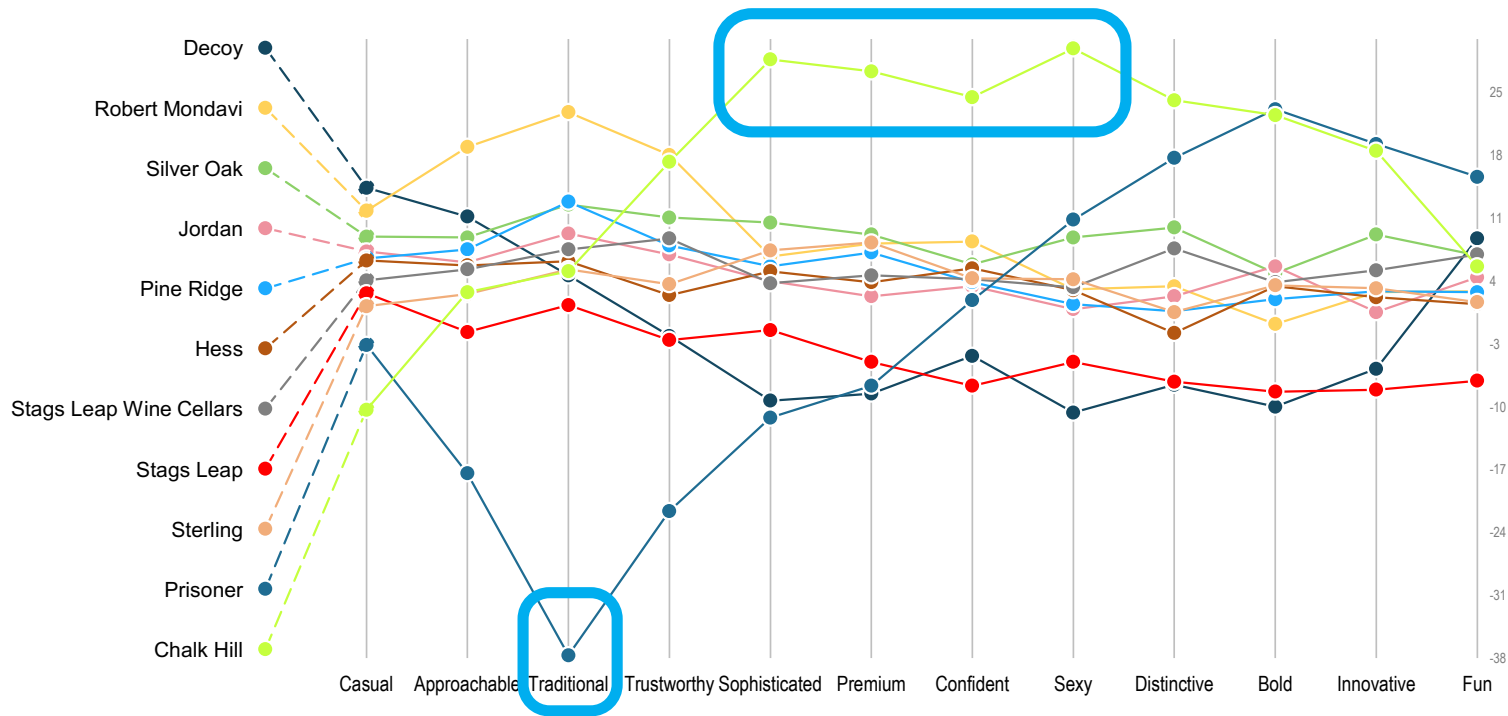
What personality traits or key messages does your label convey?  
Is your label enhancing or detracting from core brand equities?



# MEASURING BRAND EQUITY (OUTPUT)



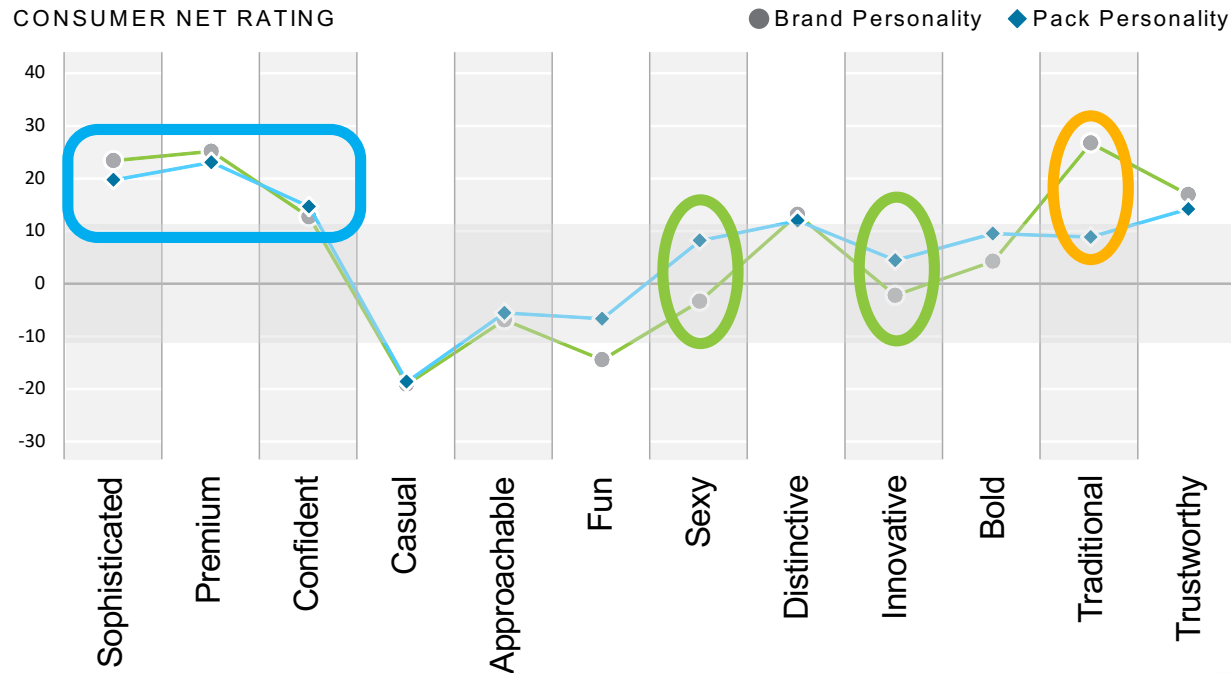
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# MEASURING BRAND EQUITY (OUTPUT)



What personality traits or key messages does your label convey?  
Is your label enhancing or detracting from core brand equities?

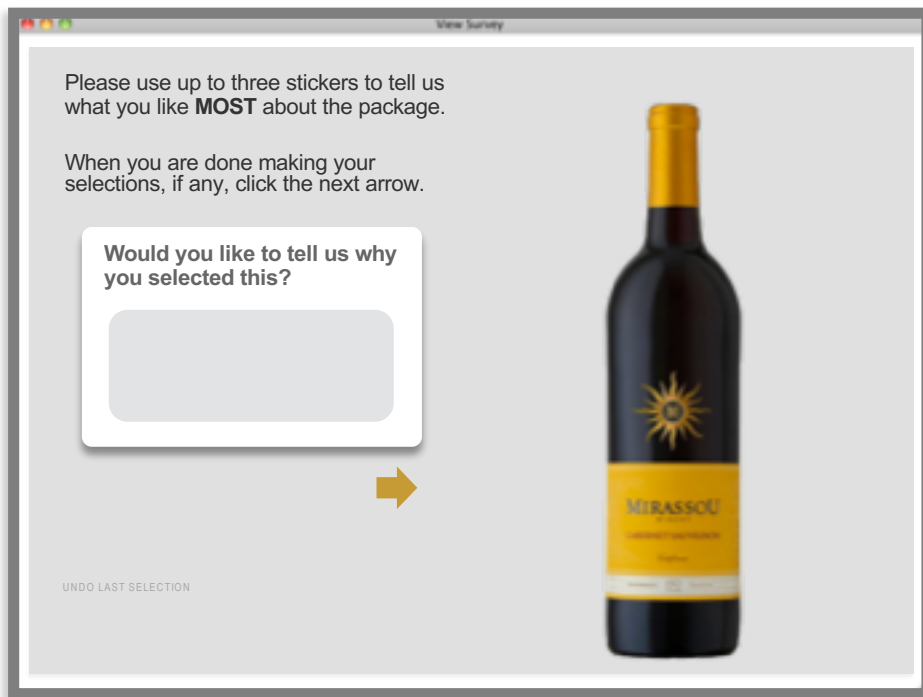


Source: Nielsen, Category Design Audit for Cabernet Sauvignon, Under \$10 Price Tier, July 2015 (n=900 category buyers).

# MEASURING DIAGNOSTICS (INTERFACE)



Specifically, which design elements are performing well with consumers and which could be improved?



# MEASURING DIAGNOSTICS (OUTPUT)



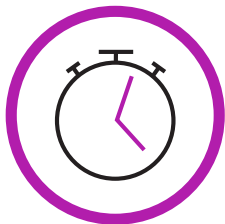
Specifically, which design elements are performing well with consumers and which could be improved?



ZONE		% of all CLICKS	% of all consumers DISLIKING / LIKING	
<b>A</b>	Iconography	44%	11%	79%
<b>B</b>	Brand Name	17%	9%	26%
<b>C</b>	Varietal	16%	13%	21%
<b>D</b>	Capsule	9%	7%	11%
<b>E</b>	Label Base	7%	6%	8%
<b>F</b>	Bottle	6%	6%	2%
Other	Unassigned	1%	2%	1%

289 clicks, 72% likes, 28% dislikes.

# WHY CONDUCT A DESIGN AUDIT?



Helps you know when it's time to redesign.



Starts the design process with clear and productive direction to designers.



Identifies unclaimed category dimensions before restaging or launching your brand.



# 6 DATA-DRIVEN DESIGN LESSONS FROM PRECEPT WINE & NIELSEN

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# #1

## DON'T FIX WHAT ISN'T BROKEN

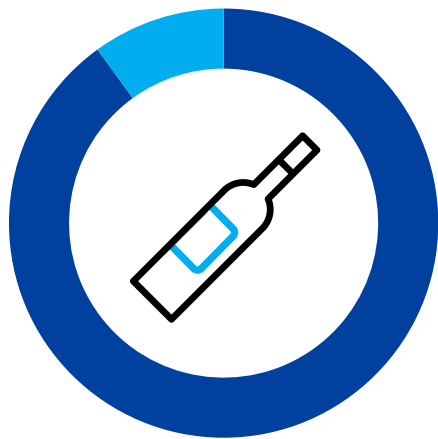
# WATERBROOK: DRESSED FOR SUCCESS?



- Waterbrook had undergone a moderate design change in 2013, followed by a few minor revisions over the years.
- In 2016, distributors began to suggest updating the brand's label to help spur growth.

# DON'T BLAME THE DESIGN (YET)

Making unnecessary design changes can be costly—and risky.



**90%** of redesigns fail to deliver meaningful sales improvement for the brand.

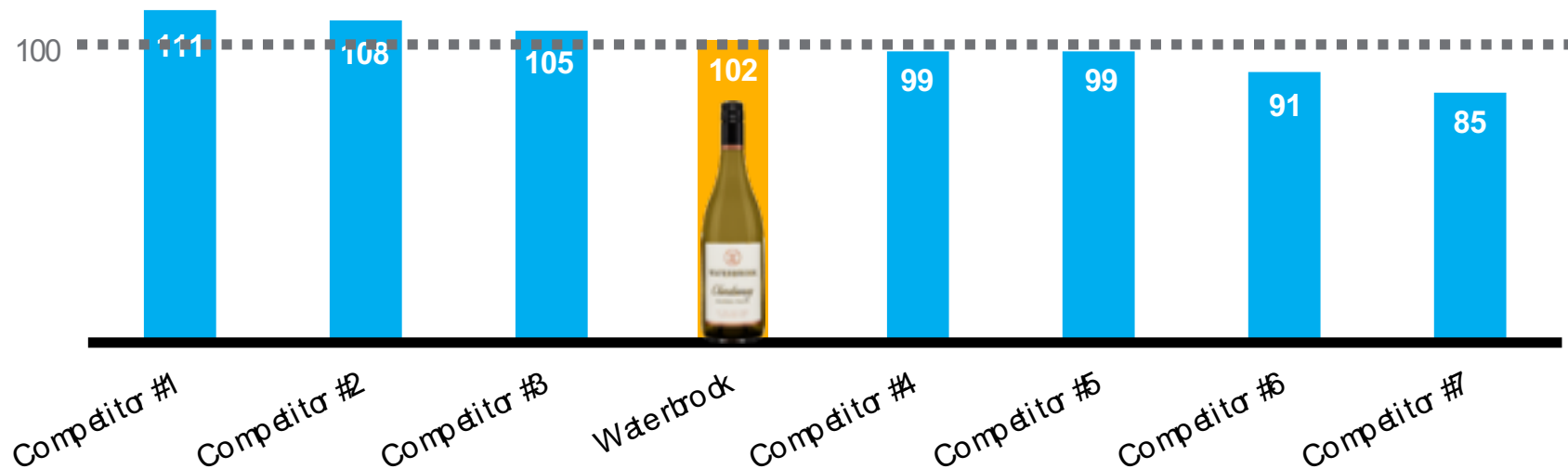
## WHY?

- Limited creative exploration early in the design process.
- Subjective decision-making when it comes to design selection.
- **Changing a package that's already performing well with consumers.**

# WATERBROOK HOLDS ITS OWN AGAINST COMPETITORS

Eye-tracking confirms that Waterbrook performs slightly above average when it comes to catching consumers' attention.

PERCENTAGE OF RESPONDENTS LOOKING AT THE DESIGN IN THE FIRST 4 SECONDS (INDEXED TO 100)



Source: Nielsen, Category Design Audit for Chardonnay, March 2017 (n=400 category buyers).

# UNAIDED REACTIONS ARE LARGELY POSITIVE



## OVER INDEXING WORDS

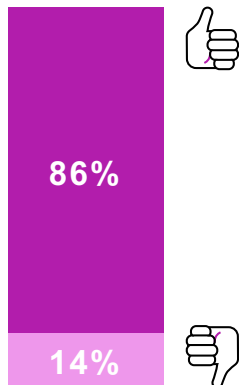
nicewine  
washington  
waterbrook  
columbia  
coolattractive

## UNDER INDEXING WORDS

taste  
goodsmooth  
elegant  
modernclassic  
excellent



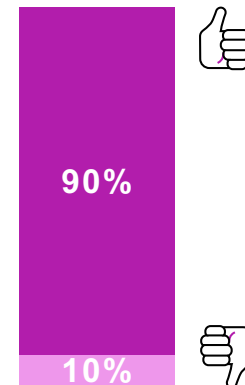
# KEY DESIGN ELEMENTS ARE WELL-LIKED



*“The logo is really cool.”*

*“Very contemporary.”*

*“Looks classy.”*



*“Easy to read what kind of wine it is.”*

*“The cursive style lends class.”*

*“This style of font stands out.”*

Source: Nielsen, Design Category Audit for Chardonnay, March 2017; percentages represent the proportions of respondents who reacted to the design element either positively or negatively (i.e., respondents who opted not to react are not represented).

# THE DIAGNOSIS: DESIGN ISN'T THE CULPRIT

The research encouraged the team to examine other executional factors.

- Identified that pricing was inconsistent across regions.
- Since making pricing adjustments, Waterbrook has seen a 7% increase in dollar growth across varietals.
  - Chardonnay is the top-selling SKU, with a 16% increase in dollar growth—bringing in 1/3 of Waterbrook's sales (\$1.8M).

CHARDONNAY (FEBRUARY 2017)

State	Avg. Price
Oregon	\$6.99
Florida	\$7.99
Washington	\$8.99
Arizona	\$9.99
Illinois	\$10.99
Idaho	\$12.99
New Jersey	\$12.99
North Carolina	\$12.99
Nevada	\$12.99
Colorado	\$14.99
Minnesota	\$14.99

# #2

## SLIGHT EVOLUTIONS CAN HAVE A BIG IMPACT

# THE EXPEDITION: TIME FOR A “HEALTH CHECK”

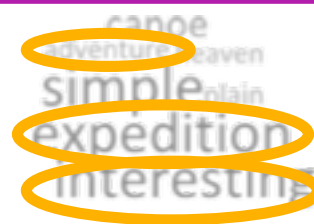
- Precept Wine has a history of acquiring heritage brands and breathing new life into them.
  - Acquired Canoe Ridge in 2011 and created “The Expedition” tier.
- Represents the Pacific Northwest’s heritage — the Lewis & Clark story, adventure and the great outdoors.
- The team wanted to ensure it still communicated the right equities to consumers.



# UNAIDED ASSOCIATIONS ARE ON-TARGET



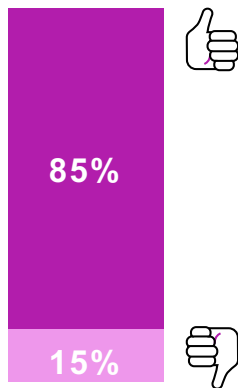
## OVER INDEXING WORDS



## UNDER INDEXING WORDS



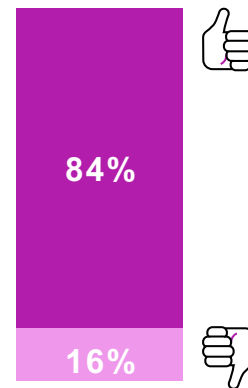
# MOST DESIGN ELEMENTS VIEWED POSITIVELY



*"The name gives it meaning—looking for a good blend is an expedition."*

*"The thought of an expedition brings in a bit of anticipation to try it."*

*"Makes me think the wine will take me on an expedition."*



*"The graphic evokes adventure."*

*"It reminds me of Lewis and Clark."*

*"It gets you thinking of sailing along."*

*"It looks like fun."*

Source: Nielsen, Design Category Audit for Red Blends, June 2017 (n=500 category buyers); percentages represent the proportions of respondents who reacted to the design element either positively or negatively (i.e., respondents who opted not to react are not represented).

# SMALL ADJUSTMENTS BASED ON FEEDBACK

- Consumers reacted positively to the gold embossing on "The Expedition" text, so this was also applied to the canoe imagery.
- The logo was changed to a lockup to make the layout more cohesive.
- Consumers noted that the "Red Blend" text was hard to read, so it was enlarged, changed to a more legible font, and colored purple.
- The seal was polarizing, so it was made less prominent.



# SIGNIFICANT GAINS IN MARKET

- Recently began applying the new design to The Expedition family.
- **Rosé, the first varietal to change, has seen a 14% increase in year-over-year dollar sales nationally, and a 29% increase in Washington state.**
- The Expedition is #5 among top-selling \$12-16 wines in Washington State.





# #3

## VALIDATE A BOLD MOVE

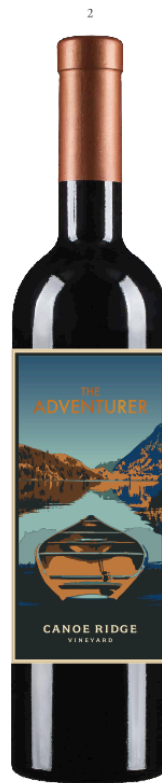
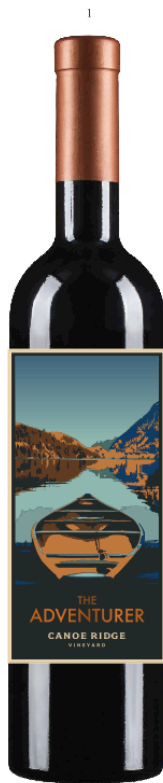
# THE EXPLORER: ACCIDENTAL INSPIRATION



# A BOLD (BUT LIMITED) RANGE AT THE START



Current



Initial Designs

# EXPANDING THE SPECTRUM



Current



EMBOSSED  
WOODGRAIN  
TEXTURE

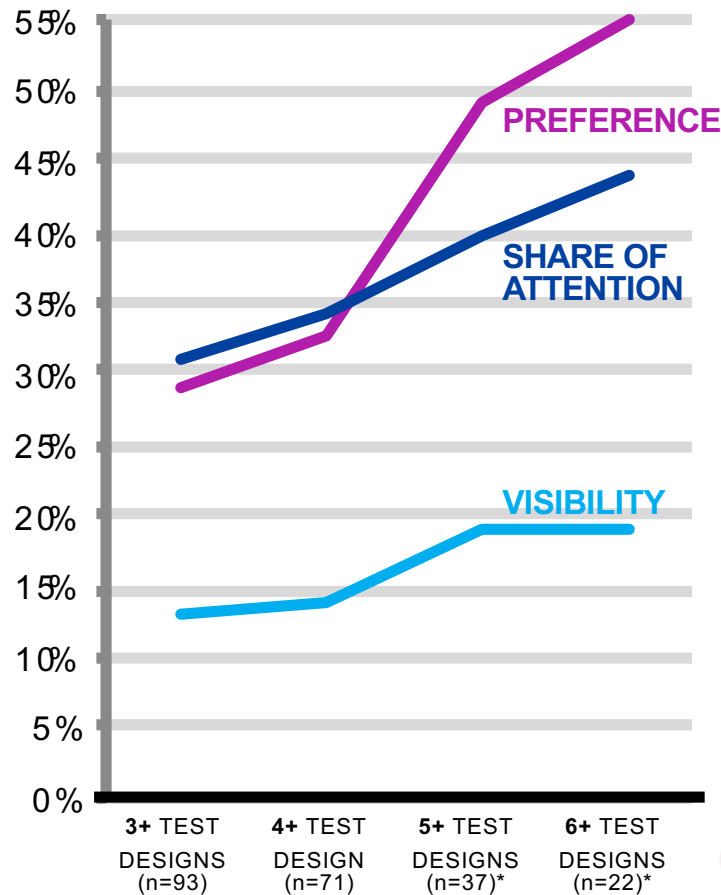


Later Designs

# BROADER EXPLORATION = BETTER DESIGNS

- Many brands try to minimize the risk of making a design change by only considering “close-in” options.
- Testing **a wide range of close-in and far-out design directions** early in the process helps to mitigate risk without sacrificing opportunity.
- Testing **more design directions** results in higher-performing designs.

IMPROVEMENT OVER CURRENT DESIGN



Source: Nielsen analysis of more than 90 package design initiatives.

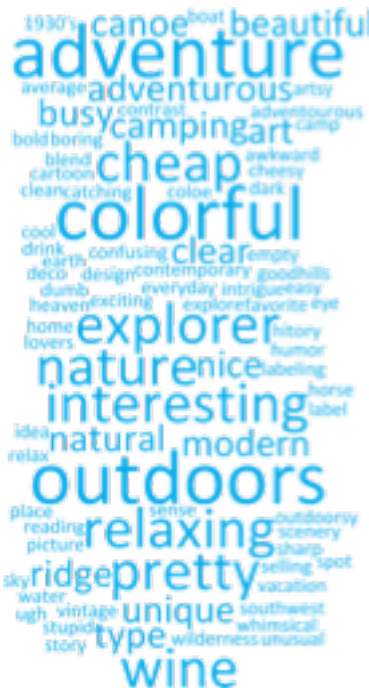
\*Caution: small base size.

# MORE EVOCATIVE ASSOCIATIONS

Previous Design



New Design



# MORE POSITIVE ASSOCIATIONS (COMPARATIVE ANALYSIS)

Previous Design



Comparatively more likely to evoke...

plainclean  
classic  
**simple**  
canoe  
traditional  
ridge

explorer  
interesting  
outdoors  
adventure  
cheapcolorful  
relaxing

New Design



Sentiment Analysis

1%

**9%**

10%

0.1:1

Positive responses

Negative responses

Net emotional response

Positive-to-negative ratio

**7%**

**2%**

9%

3.5:1

# CONSUMER TESTING REVEALS A DISTINCT PREFERENCE FOR THE NEW DESIGN



## RAW CONSUMER SELECTION



## NET SELECTION ANALYSIS



Strongly prefer   Somewhat prefer   No preference   Somewhat prefer   Strongly prefer





# AN UPTICK IN SALES AND RAVE REVIEWS FROM WHOLESALERS

- **11% year-over-year dollar sales growth in Washington State.**
- Overwhelmingly positive response from consumers and wholesalers.
- The design performed so well that Precept Wine plans to apply it to the other Canoe Ridge Reserve wines.



“The Explorer takes Canoe Ridge Reserves to new heights with its captivating imagery and screams Pacific Northwest in a sea of dull labels. With consumers buying based on their emotional response to the label alone, this transcends them to explore the beauty of Horse Heaven Hills and the stunning wine that it makes. **What’s even better is the proof is in the Nielsen data with the new Explorer Red standing out in double-digit growth over the Reserve tier.** Well done, Precept!”

—Alissa Nelson, Director of Trade Development  
at Southern Glaziers Wine and Spirits

# #4

**ENSURE YOUR PACKAGE SPEAKS UP—  
AND SAYS THE RIGHT THINGS**

# GRUET: DIALING UP SHELF PRESENCE AND PROJECTING “PREMIUM”

- Gruet has a long history as a leading domestic sparkling wine.
- Acquired by Precept Wine in 2014.
- The team wanted a greater shelf presence, a more premium look and feel, and to get back in touch with the wine’s French roots.



BEFORE

AFTER

# LEGIBILITY OF THE BRAND MARK WAS A PROBLEM

BEFORE



51%



*"The rays/lines obstruct the wording."*

*"It's difficult to read the name and the details."*

*"The text blends into the over-busy background."*

49%



AFTER



63%



*"Easy to read."*

*"Like how the font seems to be raised from the label."*

*"A clean, well-designed label."*

37%



Source: Nielsen, Wine Category Redesign Analysis, 2017; percentages represent the proportions of respondents who reacted to the design element either positively or negatively (i.e., respondents who opted not to react are not represented).

# THE CAPSULE WAS LACKLUSTER

BEFORE



67%



*"I'm drawn to light, fresh sparkling wines; this doesn't represent that."*

*"Gold foil would be more celebratory."*

*"I'd prefer gold foil."*

33%



AFTER



80%



*"The gold top is fancy—perfect for a special occasion."*

*"Like the gold top; it looks expensive."*

*"Gold foil adds elegance to the product."*

20%



Source: Nielsen, Wine Category Redesign Analysis, July 2017; percentages represent the proportions of respondents who reacted to the design element either positively or negatively (i.e., respondents who opted not to react are not represented).

# THE NEW DESIGN READS AS MORE COHESIVE

PREVIOUS DESIGN

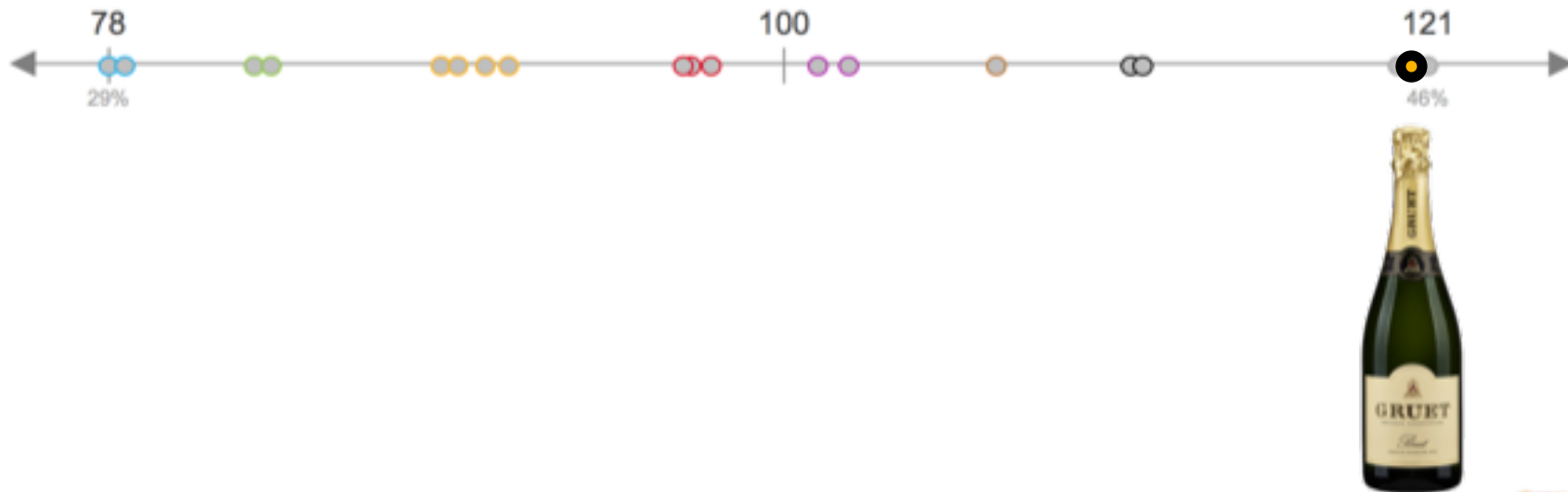


NEW DESIGN



# THE NEW DESIGN RANKS TOP-OF-CLASS FOR STANDOUT PERFORMANCE

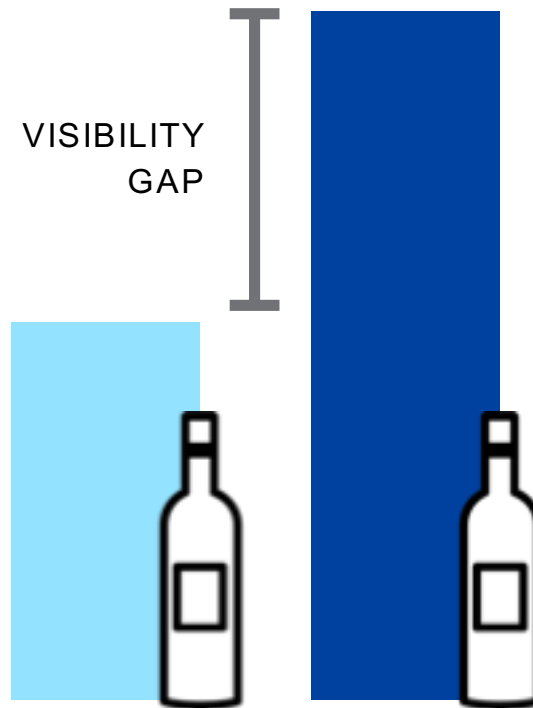
PERCENTAGE OF RESPONDENTS LOOKING AT THE DESIGN IN THE FIRST 4 SECONDS  
(INDEXED TO 100)



Source: Nielsen, Wine Category Redesign Analysis, 2017

# WHY STRONG STAND-OUT IS ESSENTIAL

- Wines that aren't noticed can't be considered for purchase.
  - Across Nielsen's beverage-alcohol design audits, **the most visible labels are seen by 40-90% more consumers than the least visible labels.**
- Wine is a highly fragmented category with MANY choices at shelf.





# BIG GAINS IN MARKET FOR GRUET

- In the year following the redesign, **the average dollar growth across Gruet varietals was 17%.**
- Outpaced category growth for sparkling wine overall, which was 10%.



Sources: Nielsen Scan Data, latest 52 weeks ending 1/2/16 vs. prior 52 weeks; Nielsen AOD, total sparkling; total US outlets; latest 52 weeks ending 03/26/16 vs. prior 52 weeks.

# #5

## BRING A MEANINGFUL STORY TO LIFE

# A GREAT STORY GONE UNTOLD

Many consumers liked that Browne was a family brand, but felt the design failed to communicate a meaningful story.



“I like the idea that it's a family-owned company.”

“The label is very plain and non-descript.”

“Family Vineyards’ sticks out.”

“Doesn’t tell me much.”

“I like that it’s family-run and owned.”

“Not enough information for me to be willing to give it a try.”

# ENHANCING THE BACK COPY

## BROWNE

FAMILY VINEYARDS

TRIBUTE RED WINE BLEND


COLUMBIA VALLEY

Browne Family Vineyards is inspired by the greatness of one man: my late grandfather William Bitner Browne. Every decision, from vine to bottle, reflects our commitment to uncompromising quality, assuring cellar-worthy vintages that stand the test of time. I hope you enjoy sharing our Tribute Red Blend with friends and family.

"A TRIBUTE TO MY SONS, PAVIN, RILEY & BROOKS"

*Andrew Browne*

# TELLING THE STORY WITH ADVERTISING



**BROWNE**  
FAMILY VINEYARDS

"Inspired by the greatness of my grandfather, William Bitner Browne, Browne Family Vineyards is a dream realized from many years in the making. With grapes sourced from our top Columbia Valley vineyards, our wines are crafted without compromise. Thank you for sharing in our journey."

*All the BEST - Andrew Browne*

**BROWNE**  
FAMILY VINEYARDS  
100% CABERNET SAUVIGNON  
COLUMBIA VALLEY

WWW.BROWNEFAMILYVINEYARDS.COM | 31 MAIN ST. WALLA WALLA, WA  
COMING SOON! Our new Seattle tasting room in Pioneer Square: 411 FIRST AVE. SOUTH



**BROWNE**  
FAMILY VINEYARDS

"Inspired by the greatness of my grandfather, William Bitner Browne, Browne Family Vineyards is a dream realized from many years in the making. With grapes sourced from our top Columbia Valley vineyards, our wines are crafted without compromise. Thank you for sharing in our journey."

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WWW.BROWNEFAMILYVINEYARDS.COM | 31 MAIN ST. WALLA WALLA, WA  
COMING SOON! Our new Seattle tasting room in Pioneer Square: 411 FIRST AVE. SOUTH



# CREATING A NEW TASTING ROOM EXPERIENCE



# CREATING A NEW TASTING ROOM EXPERIENCE



# THE RESULTS

- Browne Family Vineyards continues to grow in rank and velocity among premium Washington wine brands (between \$20–50) nationally.
- Ranks #3 in this segment nationally and is the fastest-growing brand in the top five with a **53% increase in year-over-year dollar sales nationally**.
- 38% increase in wine club memberships since opening the Seattle tasting room.





# #6

## TARGET THROUGH YOUR PACKAGE

# EXAMPLES OF SUCCESSFUL TARGETING

2017 Nielsen  
Breakthrough  
Innovation Award  
Winner



## MODELO CHELADA

- Unacculturated Hispanic males (ages 21-34).
- Stand-out colors, plus key information at top of can to be visible in convenience store coolers.
- Targets single-serve usage occasion.

2017 Nielsen  
Design Impact  
Award Winner



## BUCHANAN'S WHISKY

- Millennials (without alienating older buyers).
- Modern, more premium look without losing key brand assets.
- Targets sharing occasions (symbolized by the canteen bottle shape).

2015 Nielsen  
Breakthrough  
Innovation Award  
Winner

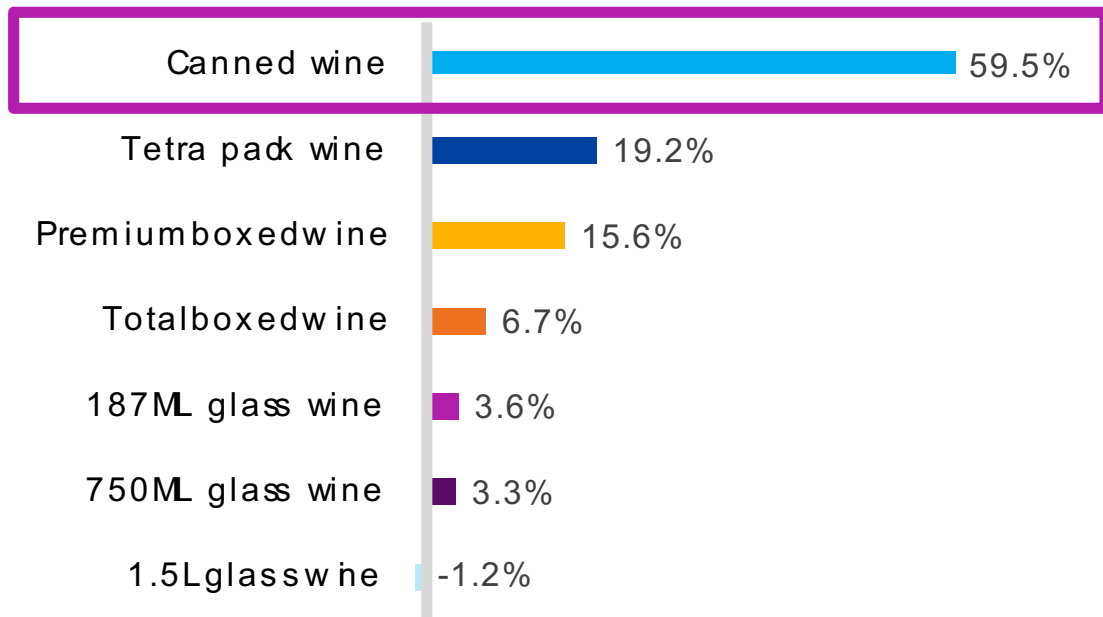


## REDD'S APPLE ALE

- Sweeter palate to attract more women and Millennials.
- Bold, large apple imagery conveys the flavor profile and that this isn't a typical beer.
- Targets outdoor, multi-gender occasions where beer typically dominates.

# CANNED WINE IS GROWING BY CREATING NEW TARGETING OPPORTUNITIES

WINE PACKAGING: DOLLAR % CHANGE VS. YEAR AGO



- Popular with Millennials.
- Targets new usage occasions by being more convenient and portable.
  - Doesn't require a corkscrew or a glass.
  - Tin can be taken places that glass can't (e.g., beach, camping, etc.).
- More eco-friendly; easier to recycle and lighter to ship.

# SPARKLING ROSÉ: BOLD DESIGNS TARGET NEW CONSUMER GROUPS



## STANDARD DESIGN

Broad target (skews female)



## RAINBOW PRIDE

Cause supporters  
Millennials



## CAMOFLAUGE

Men  
Fashion-minded females



#wvpack 64

# CANNED HOUSE WINE RAPIDLY GAINING MARKET SHARE

- House Wine has grown from the **16th largest brand in the canned wine space nationally to the 5<sup>th</sup> largest.**
- In Washington State, it has risen from #5 to #1 in the canned wine space—with **46% market share.**



# STE CHAPELLE SPRITZERS OFFER NEW BENEFITS TO HARD SELTZER BUYERS



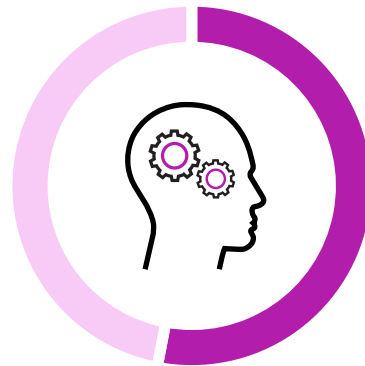
## FLAVOR-DRIVEN SPRITZERS

Millennials looking for higher ABV than hard seltzers deliver  
“Cool moms”

# KEY TAKEAWAYS

# OBJECTIVE FEEDBACK IS CRITICAL

- Design is difficult and HIGHLY subjective.
- Making design changes without consumer feedback can harm sales and brand perceptions.
- Collecting objective market feedback leads to better-informed design decisions.



**53%** of industry professionals cite “senior executive feedback” as a primary influence on design selection.

Incidentally, **56%** feel that the design directions chosen are often not the strongest.



# SUMMARY



**Don't fix what isn't broken** — Design changes can be costly and even harmful to your brand. Test with consumers first to understand if a design change is actually needed.



**Even slight evolutions can have a big impact** — Understand which elements are working and which aren't. Enhancing legibility, key messages or brand equities doesn't always require a total overhaul.



**Validate a bold move** — Explore broadly and don't be afraid to make significant changes, but validate these changes before going to market.



**Ensure your package speaks up—and says the right things** — Stand out with eye-catching design elements and by owning distinct personality traits. What works varies considerably by category, so make sure to understand the competitive landscape.



**Bring a meaningful story to life** — Your label isn't the only platform you have. Tell a cohesive story with advertising, POS materials and in-person experiences.



**Target through your package** — How are consumers drinking your wine? What kind of experiences do they want to have? A different package form, feature or aesthetic can be highly incremental by opening up new usage occasions or attracting new buyers.

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