

Merrill News Release

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Package Evaluation Research: Inexpensive Insurance for Wineries

Wineries employ a wide variety of methods to communicate to consumers. Larger wineries use advertising in the form of print, radio, outdoor and sometimes television to promote their brands. Smaller wineries use public relations and event marketing to promote their brands. Many wineries use in-store displays or have wine clubs and/or visitor centers to tout their brands. Nearly all wineries have developed a web site where consumers can be exposed to products and "messages."

However, there is only one way that all wineries, regardless of size or location, use to communicate to consumers--the wine package itself. Some wineries depend solely on their package to stimulate consumer trial and repeat purchase. With an ever more crowded and confused wine shelf, the "work" that a wine package must do to generate sales and create a favorable brand perception has increased dramatically over the past ten years. Yet, until recently, package evaluation research has gone largely ignored by wineries. Perhaps this is because the package has been seen as purely functional (hold and protect the wine) or because it was felt package design was artistic and thereby immune from objective assessment.

Packaged goods firms such as Proctor & Gamble, Coca Cola and Kimberly-Clarke have long understood the importance of their packaging. These firms invest millions of dollars to conduct marketing research to help ensure they introduce packages that maximize sales. The wine industry is starting to wake up to the realization that packaging is all-important in gaining trial. Only "taste" is more important to a brand's success than packaging, and this is true only among consumers who are blessed with a discriminating palette. Moreover, if a package can't stimulate trial, the opportunity to taste is lost.

The role of a wine package is to attract, communicate and persuade. So, given the high importance of packaging and the goals of packaging, how can marketing research help ensure success? There are two very different types of marketing research that can help: qualitative and quantitative. Let's review the merits of both approaches and discuss which may be best for your situation.

First, qualitative research, usually in the form of focus groups, can be very useful in understanding the consumer's emotional reaction to your package. Qualitative research can help identify the core equity and any strikingly positive or negative elements of your package. This type of research can also weed out a "dog" from packages that have potential. Qualitative research can also provide valuable insight to package designers who can observe consumers interacting and discussing package alternatives in real-time (i.e., observing through a one-way mirror). It is well suited to understanding the messages that a package communicates (e.g., quality, specialness, value, fun, distinctiveness). Qualitative research can also help assess how well the package stands out on the shelf and how well it will motivate consumer purchase, but this method is not ideal for these purposes.

For wineries that want to "refresh" their package without making any radical changes, qualitative research can help. This approach provides an excellent opportunity to assess reactions to potential packaging adjustments (e.g., changing a font, enlarging a logo, lightening the background color). In the course of the focus group discussion, consumers can be asked to rank order your package alternatives along with selected competitors on overall preference. They can then be asked why they ranked the packages as they did. No approach can provide a better understanding of the "whys" than focus groups. Focus groups can also be used as a disaster check before a new package is introduced into the market. Finally, focus groups are more effective when assessing differences in packages which are extreme or when consumers are asked to focus on a single element (e.g., label shape, or font style) at a time.

The other approach to package evaluation is quantitative research. Unlike focus groups, quantitative research is designed to collect data among a large sample, of respondents on an individual, one-on-one basis. Unlike qualitative research, quantitative research can provide results that are statistically reliable, something very desirable for high volume brands or where packaging risks are high.

Traditionally, quantitative package evaluation research has been conducted using a mall-intercept approach. With this approach, we paid for renting the mall facility, paid for the interviewers, and paid the respondents a cash incentive. If incidence was low (e.g., looking for high-end Cabernet drinkers), this approach was complemented by a telephone pre-recruit, which required even higher respondent incentives and higher recruiting costs. While this approach allowed consumers to see the actual package designs, it didn't provide the same geographical representation that a random telephone study could provide. Typically, mall intercept studies of this type were conducted at only five to ten, typically suburban, mall locations.

Over the past several years, a growing portion of quantitative package evaluation studies has moved from the mall to the web. Since 90% of wine drinkers have access to the web, reaching wine drinkers via the web makes perfect sense. Web studies cost about half of what traditional approaches cost and can be completed in about one-half the time.

Another benefit of using the web for data collection is that we can provide a nationally representative sample. Moreover, web sample can be purchased to meet the specific needs of our clients. For example, if testing a new 1.5L package for a \$9.99 bottle, we may purchase a sample of persons who are 25 to 64 with household incomes above \$40,000. If we were evaluating a new 750 ml package costing \$19.99, we may purchase a sample of persons 34 to 54 with household incomes above \$100,000 with a college education. Web sample can be purchased by geography as well (e.g., top 25 metro areas, west/east coast, etc.).

Generally, we select sample from a national panel of consumers who have agreed to participate in web-based surveys. This sample is sometimes supplemented by sample our client has provided or sample we can provide in-house. Sample sources from clients often come from a wine club or visitor center and can be a cost-effective way to ensure that our client's customers are interviewed.

While the purpose of this article isn't to provide a "how to" for package evaluation web studies, I will briefly provide a few pointers. First, a monadic approach is almost always preferable over a paired comparison approach when determining which alternative package is best. With a monadic approach, a respondent is shown only one alternative and results are then compared between product "cells." With a paired comparison approach, each respondent is shown multiple alternatives and asked their preference. A monadic approach provides data that much more closely mirrors reality than a paired comparison approach.

Secondly, we generally recommend competitors' packages be included in the study to add further realism. Thirdly, we generally recommend asking questions that measure shelf impact, imagery communications and persuasiveness.

We are encouraged to see that more wineries are recognizing the importance of their packaging and are increasingly relying upon marketing research to help them make good packaging decisions. When compared to the cost of developing a new package, and even more so the cost of introducing an inferior package, the cost of conducting package evaluation research is a real bargain, and provides "disaster insurance" in this regard.