



TEXAS TECH UNIVERSITY
College of Human Sciences

Hospitality & Retail Management™

Susquehanna University
SIGMUND WEIS
SCHOOL OF BUSINESS

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Consumer Preferences Regarding Canned Wines

Consumer drivers and motivations

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Introduction

Wine-in-cans market has “legs”

- Fastest growing wine segment (**wine-in-cans**)
 - **2018 sales: \$50 million** (year-ended 11/18)
 - **2018 sales: \$30 million** (year-ended 06/18)
 - 2017 sales: \$22.3 million (year-ended 06/17)
 - 2016 sales: \$14.5 million (year-ended 06/16)
 - 2015 sales: \$6.4 million (year-ended 06/15) – According to Nielsen*
- Nearly 400% growth over the 3.5 year-period
- **Total US** wine market saw approximately 2-3% annual growth 2013-2017
 - Increasingly reliant on *Premiumization*
- 2019 SVB Report – “US wine industry will be challenged over the next 5 years.”

Market Participation

- **Broad Distribution**

- **4 of 5 largest wineries:**

- E&J Gallo, The Wine Group, Constellation, Treasury

- **All of the Top 5 distributors:**

- Southern Glazer's, Republic*, Breakthru*, Young's, Johnson

- Southern and Republic/Breakthru* control 50% market share

- **All of the Top 10 selling varietals are offered in a can**

- Chardonnay, Cabernet Sauvignon, Red Blends, Pinot Grigio/Gris, Pinot Noir, Sauvignon Blanc, Merlot, Moscato/Muscat, Rosé, White Zinfandel

- **A broad & diverse base of traditional wine market participation**

Market Participation

- **Narrow Distribution**

- **Location/Events:**
Mancan
Ste Michelle



Market Participation

- **Narrow Distribution**
 - **Location/Events:**
 - **Location/Convenience:**
Retail/Hotel coolers;
Japanese vending machines



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Market Participation

- **WIC Research Winemaker Database**
 - **Data on Winemakers who offer wine-in-cans**
 - **276 winemakers**
 - **660 Product Lines (SKUs)**
 - **23 States**
 - **27 Countries**

Market Participation

NY Wine-in-can offerings (22; 2nd only to CA)



Packaging & Pricing

- **Can processing**
 - [Mobile](#), Outsource, In-house line
- **Labelling**
- **Exterior packaging**



Packaging & Pricing

- Can processing
- Labelling
 - Paper



Shrink Wrap



Direct print



- Exterior packaging

Packaging & Pricing

- Can processing

- Labelling

- Exterior packaging

- 3, 4, or 6 pack



3 pack



3 pack carrier



3 pack stack



3 pack flat



4 pack caps



4 pack cube



4 pack box



4 pack octagon

Packaging & Pricing

- **Price**

- Most popular sizes:

187 ml (5.3 oz., 4 servings to a standard 750ml bottle) \$1/can (\$4.00/bottle) to \$8.30/can(\$33/bottle)	1 serving	
250 ml (8.8 oz., 1/3 standard bottle) \$2.20/can (\$6.60/bottle) to \$4.99/can (\$14.97/bottle)	1½ servings	
375 ml (12.7 oz., ½ bottle) Up to \$25/can (\$50/bottle)	2 servings	
500 ml (16.9 oz., 2/3 bottle)	3 servings	

Consumption & Motivation

- **Six Consumption & Motivation Drivers**
 - **1) Convenience**
 - **2) Occasion expansion**
 - **3) Sustainability/cost savings**
 - **4) Quality**
 - **5) Portion control and Variety**
 - **6) Visual image/branding**

Consumption & Motivation

- **2018 Market Study**
 - **Nearly 1,000 respondents, aged 21-88, multiple states**
 - **Mixed Methods approach**
 - **Over 20 open-ended & multiple choice/closed-ended questions**
 - **4 question subjective wine knowledge scale**
 - **Frequency, correlation data; Chi Square, ANOVA & cluster performed.**
- **Believed to be 1st quantitative study on the wine-in-a-can packaging format.**

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- Consumers can take wine-in-a-can where it is inconvenient or illegal to take a bottle.
 - Less cumbersome to open a can vs. a bottle, since it doesn't involve a foil cutter or cork screw.
 - No need to finish the whole bottle shortly after opening (also see portion control and variety).

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- Convenience and portability permits new wine consumption based on two new occasion dimensions: (1) location and (2) event.
 - Location occasion involves places where traditional bottles are not practical.
 - Event occasions where offering single-serve wine is desirable

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- Aluminum is [100% recyclable, infinitely](#)
 - Versus glass bottles also yields savings of approximately 15-20%
 - Half the CO2 emissions of wine transported in glass bottle packaging
 - 7 in 10 adults would buy a product because its packaging is better for environment (CMI)

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- Superior dark (no UV), oxygen-free environment for storing/holding still wine.
 - Reduces need for preservatives.
 - Ball or Vinsafe interior coating

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 - 6) Visual image/branding
- Individually-sized portions means consumers do not need to open a full bottle; 25% trial*
 - Perfect portion controlled pour
 - Less dealing with the issue of unfinished wine/recorking
 - Not constrained by the quantity in a full bottle; match single glasses w/ food pairings

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 - **6) Visual image/branding**
- 360 degree labeling allows designers to convey unique and dramatic brand images
 - Instagram-currency world
 - “64% of consumers trying a new [wine] product simply because the package catches their eye”

Conclusions

- Findings suggest market is not a fad; represents a significant new category.
- Six consumption/motivation drivers.
- Don't target using traditional segmentation.

Conclusions

- All generations will buy more by expanding locations
- Millennials
 - Primed to purchase: higher awareness & trial
 - Offer them expanded locations.
 - Consider reducing excess ad and sampling costs
- Gen X and Boomers
 - Greater awareness = Sales

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 - Primed to purchase: higher awareness & trial
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- Gen X and Boomers
 - Greater awareness = Sales
- Convenience and Occasion Expansion are more important than wine knowledge and demographic segmentation regarding awareness, consumption, and purchase practices.
- Current perceptions assuming consumers w/ high-end wine knowledge will not consider wine-in-cans may be drastically faulty.

Conclusions

- Most significant finding:
 - Regardless of subjective wine knowledge, the awareness/trial/tasting and purchasing practices showed no differences.

Thank You



Questions?

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