

Wines & Vines Packaging conference

Napa Valley, 18 Aug 2016

I chose to go to this conference because it is the first conference I have seen where bottling people are up on the stage talking to the participants about their subject. Their specialist subjects were Operational Systems at a large-scale bottling line, and Quality Systems for alternative wine packaging.

The conference had a little trade show running outside it with the customary label, screwcap, cork and bottle companies exhibiting. One of the best glass companies there was [Bruni glass](#), who are as advanced as Saverglass when it comes to high-quality innovative bottles.

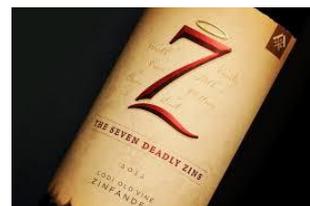
An interesting feature was a little competition running, where there was a showing of 'Most Innovative packs' and 'Most Outstanding Pack', and the attendees voted for their favourite, winner announced on the day. [The Innovation winners](#) were a wooden bottle, and a plastic 187ml wineglass/bottle, sealed with foil. The Most Outstanding was a pack (bottle + carton) that had a wine education quiz on it.

Questions on one side of the case & Bottle, Answers on the other, and a theme-and-colour-matched design called 'Run Riot' that was a good example of telling an interesting story that reinforced the brand on the label



Best Practice for Package Design:

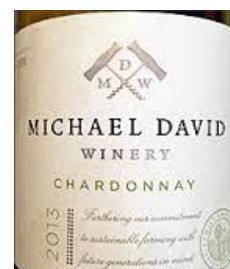
The [Michael David Winery](#) (1m cases) told how their 7 Deadly Zins brand got traction in a crowded marketplace, and how they are dealing with brand extensions, and selling other varietals, when the market only wants one thing.



Another very interesting brand they had was the Freakshow Cabernet range, which features a very busy circus scene, with a huge front label that has engaged their customers in a very strong way.

The Michael David winery was interesting in that they chose completely different bottles for all their ranges, and there was no effort to standardise bottle brands. Upon questioning why they hadn't standardised they reason was that they were looking for personality in their brands. They even used different contract bottlers, based on their ability to for example, handle all-over labels for the Freakshow brand. Their comments about this large label was that it was a challenge for the contract bottlers, however they had eventually split the full-wrap label into 2, with very small label gaps to achieve the same look. The reason given was that the Freakshow label was a constant struggle to bottle, slowing the line speed and requiring a high degree of re-work. This implies that Napa contract bottlers charge complex pack fees for slowing the line.

They found that Chardonnay was only selling to oldies, so they moved most of their Chardonnay production to their original home brand, stressing conservative and family values: The sales lift effect was immediate.



The next case study in best Practice for Package design was the [Slingshot Brand](#), and the refinement of a brand suddenly engaged customers, and gave their marketers some instant hooks to tell their story. The hole in the label is offcentre, through the vintage, and actually punched out of the label so you can see the wine behind it. These guys were saying that the packaging industry is always evolving, and the purpose of their brand refresh was to stay noticeable on the shelf as all these better labels and brand stories started coming out.



This presentation introduced the [Nielsen Design](#) company's research process of packaging design which was extremely thorough, and stressed the importance of getting the brief right, and not allowing it to be hijacked, especially by conservative decision-makers who eliminate risk and when it comes to decision-time ignore the original brief and expert process that has gone into the research, and use intuition alone. This was a very impressive presentation, showing that there was real return in navigating through the design process professionally. Well worth looking at the videos in the Nielsen company's website (click above)

Their process is best summed up by :



and the importance of not skipping any of these steps. If you don't spend enough attention on any of these steps, you will get the below process, where everything is short-cutted, and so poor-quality decisions are made:

THE CHALLENGES OF SUCCESSFUL PACKAGE DESIGN

Why is it so hard to identify a great design?



LIMITED CREATIVE EXPLORATION

Because traditional evaluation tools can vet only a few design concepts, agencies lack the freedom to explore many design avenues and to take creative leaps, such as bold departures from the current brand look.



SUBJECTIVE DECISION-MAKING

The final design is typically chosen using intuition alone and may be guided by organizational politics—when it should be based solidly on consumer preferences.



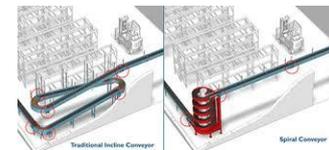
UNCLEAR DIRECTION FOR REFINEMENT

Brands and agencies lack specific, actionable feedback because consumer research is often too high-level and based on small groups of people, rather than on robust data.

When Packaging meets Bottling

Scott Childers from Trinchero Estates (3 bottling plants, 20 million cases, 1,000 employees, 65,000 sq m warehousing storing 72,000 pallets) spoke about the technical issues of bottling. This is the address that I came to see, and he did not disappoint.

- Their three packaging plants are specialised to various kinds of pack, for example all 187ml products (which is a very large part of their business, part of the Sutter Home brand) is done in one plant, cans and Tetrapaks are done at another, and their high-speed plant is specifically only doing 750ml cork and screwcap.
- Their hi-speed plant is automatic unload of glass trucks, onto depalletisers, through the line, and then packed into trucks at the other end by forklifts, without touching human hands. This was a conscious decision, and relies heavily on vision systems. He pointed out that these are only economic at very high speeds.
- I asked him what the most useful vision systems he had on the lines were, and he said the ones at the labellers, which do not do character recognition, but look for label presence, label lean, label gap and sometimes barcode.
- They replaced check weighers with vision systems that look into each carton, and if they don't spot 6 or 12 bottles, they reject. No setup required.
- They use iPads on the floor for data collection. (!)
- Carton conveyors are spiralled up out of the way so they travel over forklift ways and into warehouses. This saves floor area and improves flow.
- Most of their effort as a company is focussed on preparing for runs, using the Plan, Do Check Act system, and they pre-test every component.
- Their supplier partnerships are key, and apart from using good suppliers they prefer to use people they like. It makes business so much easier. They often find that the suppliers are not terribly keen to run trials, or experiment to solve problems, so they take the attitude "we want to do this, and you're going to help us", which they have found to be the best way to get results.
- They run a Pre-flight check process (similar to ours), which checks the week prior, a day prior and the day of the run. This 'day of' checking they call their 'Power Hour' and they measure the hell out of everything, and then they find that this determines the effectiveness of the pre-flight check program and the changeover to this run.
- Last-minute changes in bottling instructions are always vetted by the person in charge, and only then are they signed off.
- Their BOMS have strict revision control. He did not elaborate what that meant.
- They run their machinery in what they call 'centerlining' which means that when they set the machines to the upcoming run during changeover, they make sure that the settings are in the middle of the range, so that adjustments can be made easily, and they are not at the extremity of what the machine can achieve. If adjustments are made, then they document the variations, and use them for the next run.
- Their recycling programs produce income (selling the waste aluminium, cardboard etc) and this income is applied to their internal 'Family in Need' program which pays for exceptional problems that their own staff's families might be experiencing (eg: child's operation, or family emergency of some kind)
- They ensure they use quality consumables (hot melt glue, tape, pallets and inks), which they have found makes a huge difference in the smooth running of the plant.
- All bottling lines have in-line DO measurement



- They treat Preventative maintenance as a cost of doing business, knowing that they are cutting down downtime by doing so. There is nothing more expensive than downtime.
- They use contract bottlers when flexibility and speed to market are important, eg they might not have the change parts for a bottle, or they don't want to buy a specific machine for a single job.

Sarah Andrews from the Wine Group (2 packaging plants, 60 million cases a year, brands: Cupcake etc.) Their Marl Sauv Blanc is made at Vinlinks opposite WWM, and exported in bulk.



- Sarah is an alternative packaging expert, and the Wine Group do a lot of alternative packaging: Cans, PET, Tetrapak and many different format sizes.
- In her role she gets the Wine Group to first consider Food Safety, Sanitation, Chemistry and then Quality. To do this, she needs trained and empowered¹ people.
- She ensures she has traceability for everything (didn't specify what, so I don't know what we're missing!)
- Bottling line sanitation is NOT the same as sanitation for other forms of packaging. She finds that different concentrations of chemicals and heat work better, as the issues are different. They also have different requirements for SO₂, CO₂, and DO.
- Every bottling plant should have a Master Sanitation schedule, with a reproducible written process.
- O₂ management in cans is difficult.

These two speakers were experts in their fields, and I had a long chat with them both afterwards, but I didn't get as much detail from them as I was hoping. However they are both open to continuing communications, and discussing matters of note. I think the next step would be for us to send a pair of production experts to California to visit their plants (+ we would also be able to arrange visits to the Treasury and Constellation plants in Napa).

There is also a chance that Sarah may come to New Zealand, and I have invited her to come and spend time with us and our Quality Managers.

Andy Starr, the moderator of this session, made a strong point about the effort that goes into reducing the carbon footprint of pesticides, water and energy, pales into insignificance when compared to packaging. The relative amount of energy needed to manufacture closures are insignificant when compared to the enormous amount of energy necessary to heat 400 grams of silica to 1,200°C to make a wine bottle. As for recyclability, all closure types are recyclable, but the resources saved in doing so are a cup in the ocean when compared to the energy resources consumed in recycling broken glass, which requires that pesky 1,200°C re-melting process. Bottles are rarely washed and refilled which actually would rate high on the sustainability scale.

Star Retailers: Packages that Sell

Several retailers with several hundred stores between them spoke about their beliefs and observations of what sells. The most powerful message for me that came through is that you can have all the brand development in the world, but if your label doesn't clearly communicate what you're about in a few seconds, you are gone.

¹ My belief is we can do this better in WineWorks – more empowering of people on the floor. Once we have established this decision-making closer to the customer, there will be less complaint about 'don't know who to talk to/takes too long to solve problems', and more praise of 'our wonderful WW team who solved my problem on the spot'

Debbie Zachareas who is a wine educator, and runs a well-respected San Francisco retailer tried to interest the crowd in

- a) not producing heavy-glass bottles any more, however was stopped dead when a Constellation employee stood up and said that they had experimented twice with releasing heavy and light weight glass versions of the same product, and experienced an immediate and sustained drop in sales of the lightweight bottles over time. This appeared to be a common belief in the wineries present.
- b) Paper wrapping doesn't withstand a retail environment, and often looks shabby after it has been handled a couple of times. She recommends this is saved for only mail order, wine club style customers.
- c) Labels must be scuffproof, too many retailers have label damage after putting bottles into racks, and dragging them out and in several times before actual sale results in damage to the label
- d) She believes screen printed labels stand out in a crowded marketplace, and gave several examples of brands that started with paper labels, and then rebranded to screen-printed bottles, to experience a strong sales lift and subsequent brand strength. I believe this has potential in NZ for premium wines; does anyone know NZ screen printers we can recommend to our clients? I will suggest it to O-I.



Examples that were at the show are: →

- e) She believes black/gold labels don't work visually ...

Gary Fisch was an obnoxious New Jersey retailer who had some strongly-held views on the trend for brands to be developed in marketing departments rather than from the reality

- a) He bought out some shocking invented brands such as 'Mancan' an invented brand of wine that was meant to address the fact that only women drink wine in cans, and other marketing-driven brands and brand extensions. Cans are becoming a sustainable part of the wine industry in the US, and we should prepare for them.
- b) The story, a genuine story, is important and the story must be able to carry itself from the vineyard to the table. There is only one mechanism for this, and that is the label. All other forms of collateral are supporting only for supporting the brand. This came as a frustration to some of the wineries present who bemoaned the fact that all the collateral was ignored at retail level. Gary said this is the problem with a crowded marketplace.
- c) He also noted the incredible growth of rose as a category – some 280% in his stores. This was agreed to by all the producers wineries and retailers at the conference, and there are clearly a plethora of brands coming out to meet this demand. His tip: look at 'Whispering Angel', a rose in a half-bottle, that was going ballistic.



Curtis Mann runs Raleys, a chain of wine retailers in California, and was clearly well-connected to the market. He said

- a) That cans were here to stay, and apart from the obvious taking them to the beach, camping, or outdoors use, he observed lots of people having them on the ferry or on the way home as a 'personal drink' as opposed to a bottle, which is primarily designed for sharing.
- b) A question from the floor asked 'what countries were doing well in terms of telling their story', and one panellist mentioned Spain's drive to premiumise and simplify the number of varietals they offer was working well, while another mentioned some micro-regions of Italy were due for a lift, but the real conversation started when the session moderator Curtis Mann (who) said that New Zealand was very focussed in selling its message of pure, clean green wine, and this message was stuck to so much so that they believed that any NZ winery, green or not, would be associated with it (they weren't aware that SWNZ requires them to be so). The fact that every NZ label told that story, and in a very concise way was impressive, and that it did resonate with the market. So that was most gratifying to hear.



The Future of Package Design

Kevin from [Stranger & Stranger](#) pointed out that wineries forget that the same people who were buying their products were buying high-priced whiskies, olive oils and perfumes. His presentation was inspirational and iconoclastic, in that he gave the industry types who were in front of him a hard time for being part of an industry that was taking refuge in safe designs, and running the risk of becoming boring, and therefore irrelevant for the new wine-drinking generations.

He pointed out that if you have homogeneity in the wine (it all tastes pretty good), and homogeneity in the package (Many labels on similar-shaped bottles look the same), then all you have left to differentiate yourself on is discount. This is absolutely what is happening in wine². He also put up a few shots of gorgeous bottles and marketing programs in those industries that had resulted in huge market share lifts, or just got lots of attention, and then contrasted these with the discounts that are commonly used to sell wine.

It is very important to keep pushing the envelope, as innovation itself helps to reinvigorate sectors, and helps get lots of PR and attention for the brand. Such as these paper wraps for bottles: Throw a new pack out there, and see if it sticks!



Consumers are not wine snobs, they want connection with their brands, and many other industry sectors such as the above mentioned spirits, oils & perfumes categories are not scared to invest in their marketing and branding, especially at present-giving time (summer, Christmas & Easter).

Many ideas are good ideas, just their time has not yet come, eg square bottles were invented decades ago, but this hasn't yet worked, but has great environmental benefits alone! Kevin invented the 'Paperboy' paper bottle, but this was too early.



There are 7,000 wineries out there in the USA, and they are all writing the same stuff on the back label: "family-owned winery blah blah, fruity & fresh blah blah, goes with chicken, meat or fish. Or not." Do we know, after reading these labels what they stand for? Will anyone remember?

² This is why Marlborough Sauv Blanc has worked, because it offers something clearly different – taste.

Check out St Germain: This brand of elderflower liqueur did a '42-Below' and racked up sales of 100,000 cases, only to be bought by Bacardi for \$100 million. The owner was on record as saying "when I went into a bar, they all said 'who needs another gin?'" and when I pulled out the bottle, I walked away having signed up another customer.". We (WW) have a lot of successful customers like this, and each time they sell to the next owners, we have mostly kept the bottling. [Now before the production types complain, I refer you to the section where Scott Childers said its all about the trial testing process – do the dry goods fit the capability of our machines and people']



The presentation finished with a challenge to the wine industry: If you can come to Stranger & Stranger with an idea for a different packaging concept in the wine industry, Kevin will choose the best one, and do the job for free. I went up to him afterwards, and told him that I had travelled especially to hear him speak (only a little white lie) and asked if he would extend that challenge to all NZ wineries, and he said he would. So, watch this space, I'll put something in the next newsletter!

[To all WineWorks clients who have got this far, [click here to email me](#) about entering this conference, and I will contact Kevin and help you present your idea]