REDESIGNED WINE LABELS AND CONSUMER PREFERENCES

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Bachelor of Science

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Signature
ABSTRACT

When purchasing a bottle of wine, the first impression the consumer gets is from the wine label. In today’s competitive market, it is important that wineries understand consumer preferences and purchasing decisions when evaluating a wine bottle. This study was undertaken to determine the relationship between redesigned wine labels and consumer preferences. A survey was distributed to residents of San Luis Obispo and 194 people responded. It was found that consumers preferred the original label to the redesigned label. Respondents listed quality, good value, and varietal and the most important wine feature and unique, eye-catching, and colorful as the most desirable aesthetic features of a label. It was also determined that Wine Lovers believe region is important while Wine Connoisseurs think that a modern label feature is desirable.
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CHAPTER 1

INTRODUCTION

Wine has been around for thousands of years and yet the industry continues to grow and evolve. Today, the United States has transformed its love for wine into a multi-billion dollar industry and in 2010 became the leading country in wine consumption (Wine Institute 2010b). Not only do Americans consume large amounts of wine, but the land is also home to a vast number of wineries. California alone has 3,400 wineries and is the top state in wine production (Wine Institute 2010a). As a result, the amount of competition created makes it complicated for wineries to produce a distinct wine that will catch the attention of the consumer.

Wineries have tried different marketing techniques such as tasting rooms, websites, and promotion through social media while also depending on good reputations and brand loyalty to win over consumers and keep them coming back. Unfortunately, this does not always have an effect on consumers who are just beginning to learn about wine or are casual drinkers. While more involved wine consumers tend to base their purchase decisions on information and knowledge-based attributes, less involved consumers tend to rely on cues that are not as intellectual (Hollebeek & Brodie 2009). Uninformed and inexperienced wine consumers often look to the packaging of a wine to help make their purchase decision.

The wine label is the consumer’s first impression; therefore it is incredibly important that the label portrays what the winery wishes they could say about their wine. Emphasis is put into
the creation of a wine label that can stand out on the shelves next to many other promising wines. In order for producers to create such a label, it is essential that they understand which characteristics of the label appeal to their target consumer. When designing a label, ”being clear about who you’re going to target as a consumer group is key to creating a brand that has appeal rather than a ‘scatter gun’ approach” (Curlewis 2011)

There are numerous features that make up the aesthetic value of a wine label, including color, font, design, and text. Orth and Malkewitz (2008) propose that a magnitude of personalities can be created through the use of holistic designs such as appropriate color scheme, typography of the label and type of image (animal, wine, landscape). Each of these aspects come together to create the winery’s unique brand and give personality to the label. Further understanding consumer preferences of label characteristics will assist wineries when designing their label. New trends in aesthetic label preferences such as brighter colors, animal designs, or reverting back to traditional characteristics can also have an influence on consumer’s purchasing decisions. Sometimes wineries may have to significantly alter or renew their current wine labels in order to stay up to date with trends and meet the preferences of their target segment.

There is an excessive amount of effort, time, and money that is put into wine label designs and the process of deciding whether or not redesigning a label will benefit the business through increased sales and brand recognition. According to designer Madeleine Corson, who creates labels for top Napa wineries, it can take her as long as three years and cost her clients as much as $100,000 for a piece of work (Teague 2011). It is a critical decision for wineries to redesign a label because it is such a large investment and risk. As a result, wineries and wine marketers should understand current trends in consumer preferences and which redesigned elements have made an improvement to sales or brand recognition for other companies.
Investigating consumer’s perception of wine labels that have been significantly altered will produce valuable information for the wine industry because it helps wineries focus on the more important features of a wine label.

Problem Statement

What is the relationship between wine labels that have been redesigned and consumer preferences?

Hypothesis

Consumers will prefer redesigned labels to original labels.

Objectives

1) To determine if consumers prefer redesigned labels to original labels.
2) To identify which label characteristics consumers attribute their preferences.
3) To determine if there is a difference between label preference characteristics and level of wine knowledge.

Justification

Over the last few years, wine consumption in the United States has been at a steep incline, increasing 4.5 percent by volume from 2006 to 2009 (Wine Institute 2010c). The United States
has also recently become the world’s leading country in wine consumption just surpassing France in 2010 (Wine Institute 2010b). From 2006 to 2009 wine production in the United States grew by 13.9%, resulting in a total of 2,777,200 liters of wine produced for the year 2009 (Wine Institute 2010d). With such large volumes of production and significant increases in consumption, enhanced knowledge of consumer preferences for wine labels will give wineries an advantage in label design in order to increase sales and brand recognition.

This study focuses on California wine consumers and their preferences. Out of the wine produced in the United States, California makes up 90 percent of production and is the world’s fourth leading wine producer, closely following the countries of France, Italy, and Spain (Wine Institute 2010a). According to sales in the United States alone, California wine sales have an 18.5 billion dollar retail value. California also exports 47 million cases of wine to 125 countries (Wine Institute 2010a). As of February 24, 2012, the Alcohol and Tobacco Tax and Trade Bureau (TTB) have already received 24,896 COLA (certificates of label approval) applications for the year of 2012 (Alcohol and Tobacco Tax and Trade Bureau 2012). That makes an incredibly large amount of wine labels going through circulation and in order to maximize the profit that wine sales bring in, wineries have to make their label stand out from the rest. If a winery already has an established wine label and wishes to change their brand image, there is very little information available to make an informed decision. By better understanding the characteristics of redesigned wine labels that attract the consumer, sales and brand recognition have a better chance of increasing. Further research into the relationship between redesigned wine labels and consumer preferences can also save a considerable amount of time and money for wineries because it would help them narrow down which label characteristics to focus on and what is appealing to consumers.
CHAPTER 2

REVIEW OF LITERATURE

Marketing Mix

When trying to sell wine, it is not always enough to make a quality product. The wine may taste exquisite, but if it is not marketed effectively sales could suffer. A marketing strategy consists of four elements (known as the four Ps of marketing): product, place, price, and promotion (Wander 2007). When combined, these components make up the “marketing mix” and are crucial to the success of a product. There are several characteristics under the category of product that determine the level of satisfaction that consumers experience when buying and consuming a product, such as brand name, functionality, warranty, quality, safety, and packaging (Wander 2007). Wander (2007) found that the level of satisfaction is determined by evaluating how well the characteristics of a product match the preferences of the consumer. The “four Ps of marketing” are relevant to almost every product being sold in the market, including wine. In order to effectively use the marketing mix and appeal to the target market, it is essential to understand wine label design and how they affect consumer preferences and purchasing decisions.

Label Design
Wine labels typically provide information such as brand name, variety, the year it was bottled, the region it came from, and a short description on the back, but in reality they do much more. According to Sawyer (2006), the goal of label design is to generate a visually appealing image that stands out and can serve as a narrative about the producer and the contents of a bottle. The more appealing the label is, the more the consumer will want to consider it for purchase. When referring to wine packaging, in particular how a label design can arouse a consumer’s interest in purchasing the product, the late wine critic Jerry Mead said that, “60 percent of wine sales are based on that ever-elusive air around the bottle” (Sawyer 2006). The goal of the winery is to be able to market their wine in an effective way to attract more sales and in order to do that they must understand what appeals to the consumer.

For many wineries, one of the most important parts of marketing their product is creating a label that will attract the attention of the target market. Curlewis (2011) insists that, “successful brands that play to each consumer group’s core needs have far more chance of success”. This is more essential for wine than for most other products because when it comes to purchasing wine, quality characteristics and aroma cannot be determined until after it has been consumed (Barber and Almanza, 2006). Instead they turn to the other elements that they can evaluate before purchasing. Barber and Almanza (2006) found consumers preferred to analyze labels at retail shops such as grocery stores to learn information about the wine instead of seeking help from wine journals or specialized wine shops where the employees are generally wine experts. Since the label is the customer’s first impression of the wine, it is key that the features of the label are chosen to attract the target market and standout among other bottles on the shelf. It is very important for wineries to connect intangible features of the product like image with tangible
benefits or else conflict between the benefits could alter the consumer’s perception of the product (Barber and Almanza, 2006).

In the wine industry, a winery’s label is like their company logo and in many cases the winery’s logo is used as an element of the label. A logo represents the face of the company and creates brand recognition. Since logos are very important company assets that cost a firm a great deal of time and money, it is imperative to know as much as possible about the process of selecting or changing a logo. Henderson and Cote (1998) state, “Proper selection is critical because logos are one of the main vehicles for communicating image, cutting through clutter to gain attention, and speeding recognition of the product or company.” Henderson and Cote (1998) performed an empirical analysis of 195 logos in order to help managers better understand the process of selecting and modifying logos that portray their corporate image goals. They identified the logos that met high-recognition, low-investment, and high-image communication objectives and found that the best way to ensure a more pleasing logo is by selecting moderately elaborate designs. This means that when designing or redesigning a logo it should be fairly simple in design but also have meaning and depth. Wine labels follow the same concept. The label should be attractive enough to catch the attention of the consumer but also not be so busy that it distracts the consumer from the actual wine.

Besides being aesthetically pleasing to the eye, a wine label can also give off an aura or feeling about the wine. This puts a lot of pressure on to the design process in order to create a label that gives off the “right” feeling to consumers. According to Skye Hallberg and Ronald Woloshun (2007), two label designers, the process of creating a new wine label goes in the following order:

“1. Find out what your current label really says to your customers, 2. Decide what you want your label to say about your wine, 3. Hire professional designers and
give them direction, 4. Pick the label design that best delivers against the direction you set, 5. Print your new label.”

A big factor in label designer’s success is being able to understand the brand and make the label coincide with what the producers want their wine to say. In following this process, the two designers believe that it is possible to create a label that makes the wine taste better (Hallberg and Woloshun, 2007). By creating a label that tells consumers what the winery wants to say about the wine, consumers will have a better feeling when trying the wine and will be more likely to enjoy the wine after they have tasted it. When a wine label is being redesigned, an important part that most wineries have issues with is determining which visual elements consumers recognize and contribute to brand equity.

The decision to redesign a label in order to increase sales or brand recognition is a challenge faced by many wineries. In some cases it is a necessity, especially since “the effect label design and visual elements have on wine perceptions, purchase intent and wine product choice has received increasing attention in the recent years” (Lockshin and Hall 2003). Redesigning a label occurs more often than common belief. Fisher (2010) distributed a packaging survey to wineries across Canada and the United States. Out of the 234 wineries who responded, Fisher found that 15 percent of wineries redesign their label every year, 13 percent every other year, and 42 percent every four years or more. For most of these wineries, Fisher (2010) found that the majority use advertising/ design firms or the owners of the winery to design the wine labels. Owners of the winery understand the product and how they want it to be presented on the shelf, while advertising/ design firms are experts in creating designs that will catch the consumer’s eye. Fisher (2010) also found that the label attributes that were most important to wineries were illustration and color.
There are many different reasons why a producer may want to redesign their wine label. In a case study of the Charles Krug Winery, CF Napa Brand Design redesigned the winery’s label in order to reposition the brand. The company created a new label that looked more contemporary and premium that would appeal to younger wine consumers as well as the brand’s existing customers (CF Napa Brand Design, 2005). The winery employed the brand design team because they had an older wine label that projected a lower quality and needed to update their look in order to change consumer perception of their wine. In the years following the redesign, Charles Krug grew by double digits and exceeded the volume goals that were set (CF Napa Brand Design, 2005). However, even with successful redesigns, little is known about the specific redesigned characteristics that contribute to success among targeted consumers.

**Consumer Purchasing Decisions**

With the increase in the selection of wine and competition between wineries comes the need to identify how consumers make their purchasing decisions. Today, there are more choices for a consumer when approaching the wine isle than there used to be. Between different wine labels, style of closures, bottle shapes and colors, and grape varietals the consumer’s choices are vast. Professor of International Political Economy, Mike Veseth (2011) found that Safeway sells about 750 different wines and Costco stocks almost 150. As a result, consumers face more complex buying decisions for wine than for many other consumer products (Barber, et al., 2006). Wine consumers use many different types of experiences and expectations when making a purchase, making a one bottle fits all approach to creating a wine label unsuitable (Yaun, et al., 2005). Involvement, or the interest a consumer shows towards a product, plays a large role in
how consumers make their purchasing decisions. Therefore, evaluating the level of a consumer’s wine knowledge and its relation to purchasing decisions can be a considerable factor in determining the consumer’s wine purchasing process (Lockshin and Hall, 2003).

Wine consumers can be segmented into four different wine knowledge levels: the wine novice, the wine interested, the wine lover, and the wine connoisseur (Hall and Mitchell, 2008). The wine novice has not integrated wine into their lifestyle and is just starting to experiment and taste different varietals. The wine interested is someone who drinks wine occasionally and is starting to become more curious about the product. The wine lover usually drinks a considerable amount of wine and is very interested in learning more about the product. They know a lot about wine but not enough to call themselves an expert. Lastly, the wine connoisseur is the expert on wine. They know an enormous amount of information about wine and make it a hobby (Hall and Mitchell, 2008). Although these levels of wine knowledge are roughly defined, they are used to explain different consumer behaviors.

Barber, Ismail, and Dodd (2008) understand that the four levels of wine consumers affect how consumers purchase wine and, in response, conducted a study to prove that there is value in segmented marketing for each level of wine knowledge. In order to discover consumer’s buying behaviors, the researchers first had to determine which key marketing signals consumers with a lower level of wine knowledge used to purchase wine. As a result, the researchers identified the key marketing signals that wine novices used when making wine purchases while also finding another level of wine knowledge: the emerging wine learner. This level was defined as a consumer who is transitioning between a wine novice and enthusiast (or wine lover), who is now becoming more interested in certain aspects of wine such as how it was made. One of the signals was that wine novices were significantly more likely than wine enthusiasts to purchase a bottle
of wine based on the packaging and more specifically, bottle color, shape, front label color, and label design (Barber, et al., 2008).

With the importance of packaging on consumer purchase decisions, especially front label color and design, wineries are working hard to set themselves apart from competing labels. Some members of the wine industry believe that “analyzing the influence of extrinsic attributes such as brand, region, and packaging on consumers’ preferences should have an equal importance to wine companies as creating the actual product” (Mueller, et. al., 2011). In order to accomplish this, the company must understand how to create a unique and noticeable label that will appeal to consumers. Boudreaux and Palmer (2007) looked at various aspects of wine labels and how they affected consumer purchase decisions. Their experiment included 90 wine labels, which varied in color, illustration, and design layout. Boudreaux and Palmer (2007) determined that brand personality impacted almost half of the participant’s purchasing decisions and showed the positive relationship between up-to-date wine labels and sales.

Currently, the majority of wine seems to be marketed to Generation X and the Baby Boomer generation. Although they are still valuable to continue marketing to, there is a new target generation. This generation is called the Millennials, also known as the Y Generation, and is comprised of approximately 87 million people born between 1980 and 2000 (U.S. Census Bureau, 2010a). The new generation of wine consumers, generally under the wine novice/learner category because of their young age, has started to impact wine sales and marketing. In its 2009 consumer tracking study, the Wine Market Council noted that, “the millennial generation offers the wine industry the kind of growth potential not seen in more than 30 years” (Shultz, 2010). In order to learn how to maximize the wine sales of Millennials, a study was performed to evaluate label design and the impact it has on Millennial’s perceptions of wine (Henley, et al., 2011). The
researchers believed that label variables would impact both the taste and quality perceptions of Millennial wine consumers. The respondents were evaluated by their reactions to the products before and after evaluating the wine label and product packaging. Millennial’s perception of the taste and quality of the wine differed significantly once they evaluated the label and then tasted the wine. The results showed that font style, eye-catching front label, and the color of the bottle affected their purchasing decisions (Henley, et al., 2011).
CHAPTER 3

METHODOLOGY

Procedures for Data Collection

The purpose of this study is to evaluate the relationship between wine labels that have been redesigned and consumer preference levels. Through online research, three wine labels were selected to compare because the wineries had made significant changes to their wine label (CF Napa Design Company, Tincknell & Tincknell, Inc., and Winterhawk Winery). The wine labels were chosen because of their distinctive designs and variety in features. The researcher then evaluated these six labels (three original and three redesigned) for aesthetic qualities and design aspects such as color, font style, and artistic design. The purpose of this step was for respondents to use the qualities and aspects identified to distinguish which characteristics they preferred on the label in the survey.

A survey of 16 questions was created to obtain consumer demographics, determine consumer preferences of wine labels, and to gain further insight into how consumers make wine purchase decisions (see APPENDIX). The first four questions determine demographics including age, gender, and employment status. If the respondent was younger than 21, the survey was terminated. The next group of questions focused on wine purchases and consumption. First, the respondent was asked the average amount of wine they consumed per week. This was followed
by asking the average number of bottles of wine purchased per month. Next, the survey asked what price range they typically pay for a bottle of wine. The respondent was given a range of numbers to choose from for each of the questions. This information gives the researcher a better understanding of the respondent’s wine purchasing behaviors, consumption, and knowledge.

The next section of survey questions concentrate on the aesthetic features of wine and wine labels to determine which aspects are desirable or important to the consumer and to what degree. The first question asks about wine features that consumers take into consideration when making a purchase, such as brand, varietal, attractive label, and quality. These features were selected from research articles including Mueller and Lockshin (2008) who used these extrinsic product cues to measure wine attribute importance. The next question asks respondents to rate the desirability of aesthetic features on wine labels. The factors selected for this question were based on research by Orth and Malkewitz (2008) and Henley et al. (2011) and included: animal image, eye-catching, modern, landscape image, unique, traditional, and colorful. The respondents were then asked to rate the features on a likert scale of 1-5: 1 being not at all desirable or important and 5 being extremely desirable or important. These questions are important because they determine which features are desirable to consumers and which ones wineries should steer away from if possible.

In order to learn the respondent’s level of wine knowledge, there is a question that explains the four levels according to Hall and Mitchell (2008) and asks which level they most relate with. This question is valuable in determining if differences in consumer preference of wine labels can be attributed to wine knowledge.

Lastly, there are six questions designed to determine consumer preferences for the previously selected labels. For each of the three wine brands, the respondent is shown a picture
of the original label and the redesigned label and asked which wine label they prefer, without being informed which one is which. They were shown labels from the following wineries: Charles Krug, Pope Valley and Winterhawk (see APPENDIX). Based on their preference, the respondent is then asked why they chose either the redesigned or original label. The process is repeated for each of the three wine brands.

Surveys were distributed in the city of San Luis Obispo, which has a population of around 45,000 people (U.S. Census Bureau, 2010b). Wine consumers are fairly represented in this sample because San Luis Obispo County generates $113 million annually in wine tourism expenditures from the Paso Robles and San Luis Obispo wine regions (San Luis Obispo County, 2010). The researcher decided that grocery stores that sell wine would be the best place to distribute surveys because in 2011 United States grocery stores made $6 billion in sales, and they are the most popular retail channel just behind specialty stores (Mintel Group Ltd., 2011). Albertsons, Scolari’s, Vons, and Trader Joe’s were chosen because they are located in different areas of San Luis Obispo. Surveys were distributed between 12 and 5 p.m. various days of the week and each survey was read out loud by the researcher to the respondent in order to help clarify the questions being asked.

**Procedures for Data Analysis**

After the surveys were collected, the data was then put into Microsoft Office Excel. Statistical testing required a different approach depending on whether the data was nominal, ordinal, interval, or ratio. Questions 1, 3, 4, 10, 11, 13, and 15 are all nominal data and frequency tests were run on them to determine the number of occurrences there were for each answer.
Questions 2, 5, 6, and 7 are ordinal data. Frequency tests were also performed on these questions to find out which answer range the respondents fell into the most. Questions 8, 9, 12, 14, and 16 are all interval data and had rating scales of desirability and importance. The results were analyzed and the average answer for each feature was compared to the average of all of the other features.

The researcher then performed a cross-tabulation test between all the questions that appeared to be correlated. In order to study the relationship between the original and redesigned wine labels, paired t tests were conducted on all three label preference questions. Questions 8-10 were input into SPSS to use ANOVA and Post Hoc Tests to analyze correlations between wine features and wine knowledge levels. For all of the tests, a significance level of .05 was used. This led to determining the relationship between wineries that have made label alterations and resultant preference levels of the wine label features used in the study.

Assumptions

It is assumed the sample size, n=194, is sufficient to provide accurate results. All of the results are based on the assumption that each respondent answered the survey honestly and to the best of their ability. It is also assumed that the respondents understood all of the questions. It is assumed that consumer preferences directly relate to purchase decisions and that the five characteristics used to describe the wine labels in the survey are enough to capture preferences for labels. Lastly, it is assumed that the researcher who conducted the survey did not influence respondent’s answers.
Limitations

The limitations to this study are that the findings will relate to wine consumers in the city of San Luis Obispo due to the limited resources of the researcher. An additional limitation stems from the fact that respondents view the labels used in the survey on a flat sheet of paper, which may not truly reflect the consumer preferences for labels on the bottle and on the shelf.
CHAPTER 4

DEVELOPMENT OF THE STUDY

Data Collection Problems

To determine the relationship between redesigned wine labels and consumer preferences a two-page survey was distributed to approximately 205 people in the city of San Luis Obispo. Out of this total, 194 responses were recorded due to 11 rejected surveys. These surveys were rejected either because the respondent was under 21 or they did not consume or purchase wine. The collection process for the surveys was a long and difficult process because many of the customers at the grocery store did not have time to participate in the survey. Another challenge was that some consumers drink less than one glass of wine per week or buy less than one bottle of wine per month. This option was not available on the survey but since the researcher read all of the surveys out loud to the respondents, they were able to catch the problem and record it.

Analysis

Once all of the responses were checked for completeness the data was input into Microsoft Office Excel in order to determine which answers were chosen the most often
and find further relationships between answers. The respondent’s demographics were the first thing determined. There was a close representation of gender, with only six more males than females who responded. When asked what age range they fell under, respondents were mostly between the ages of 46 to 59 years old (see Table 1).

Table 1: Age

<table>
<thead>
<tr>
<th>Age Range</th>
<th>Number</th>
<th>Percent</th>
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<tbody>
<tr>
<td>21 to 30</td>
<td>44</td>
<td>23%</td>
</tr>
<tr>
<td>31 to 45</td>
<td>34</td>
<td>17%</td>
</tr>
<tr>
<td>46 to 59</td>
<td>68</td>
<td>35%</td>
</tr>
<tr>
<td>60 +</td>
<td>48</td>
<td>25%</td>
</tr>
</tbody>
</table>

In determining respondent’s current employment status, about 35% of the respondents are employed full-time while 19% of them are self-employed and 17% are retired. When respondents were asked the average number of glasses of wine they consume per week about 36% responded with 1-3 glasses, which was the most common reply (see Table 2).
Table 2: Average Number of Glasses Consumed Per Week

N=194

<table>
<thead>
<tr>
<th>Average # of Glasses</th>
<th>Number</th>
<th>Percent</th>
</tr>
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<tbody>
<tr>
<td>0</td>
<td>28</td>
<td>14%</td>
</tr>
<tr>
<td>1-3</td>
<td>70</td>
<td>36%</td>
</tr>
<tr>
<td>4-6</td>
<td>43</td>
<td>22%</td>
</tr>
<tr>
<td>7-9</td>
<td>26</td>
<td>14%</td>
</tr>
<tr>
<td>10-12</td>
<td>17</td>
<td>9%</td>
</tr>
<tr>
<td>13 or more</td>
<td>10</td>
<td>5%</td>
</tr>
</tbody>
</table>

When asked the average number of bottles of wine purchased in a month, most respondents said 1-3 bottles at 39% followed by 4-6 bottles purchased at 27% (see Table 3).

Table 3: Average Number of Bottles of Wine Purchased Per Month

N=194

<table>
<thead>
<tr>
<th>Average # of Bottles</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>20</td>
<td>10%</td>
</tr>
<tr>
<td>1-3</td>
<td>77</td>
<td>39%</td>
</tr>
<tr>
<td>4-6</td>
<td>52</td>
<td>27%</td>
</tr>
<tr>
<td>7-9</td>
<td>19</td>
<td>10%</td>
</tr>
<tr>
<td>10-12</td>
<td>13</td>
<td>7%</td>
</tr>
<tr>
<td>13 or more</td>
<td>13</td>
<td>7%</td>
</tr>
</tbody>
</table>
Respondents were most likely to purchase a bottle in the price range of $0.00-$9.99 at 35%, followed by 28% who would pay between $10.00-$14.99. When asked how important the eight wine features that were provided on the survey were, respondents thought that quality (4.24) and good value (3.93) were the most important features and that packaging (2.56) and sustainability (2.68) were the least important (see Table 4).

Table 4: Wine Features

<table>
<thead>
<tr>
<th>Wine Features</th>
<th>Rating Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand</td>
<td>2.85</td>
</tr>
<tr>
<td>Good Value</td>
<td>3.93</td>
</tr>
<tr>
<td>Varietal</td>
<td>3.68</td>
</tr>
<tr>
<td>Attractive Label</td>
<td>2.76</td>
</tr>
<tr>
<td>Region of Origin</td>
<td>3.26</td>
</tr>
<tr>
<td>Sustainable</td>
<td>2.68</td>
</tr>
<tr>
<td>Quality</td>
<td><strong>4.24</strong></td>
</tr>
<tr>
<td>Packaging</td>
<td>2.56</td>
</tr>
</tbody>
</table>

Respondents were then given a list of seven aesthetic features of a wine label and asked to rate how desirable each one is to them (see Table 5). The most desirable aesthetic features were unique (3.61) and eye-catching (3.49) while an animal image (2.23) and colorful (3.17) were the least desirable label features.
When respondents were given four levels of wine knowledge (Wine Novice, Wine Interested, Wine Lover, and Wine Connoisseur) and were told to choose which one they best relate to 49% were Wine Interested. Closely tied around 23-24% were Wine Novices and Wine Lovers.

In order to determine if respondents preferred the redesigned labels to the original ones from the survey, pictures were provided and the respondents were told to choose the one they preferred aesthetically (see APPENDIX). Between the two Charles Krug labels, 61% of respondents preferred the original label (see table 6) and attributed the preferences to graphics and traditional features. The next labels were from Pope Valley and in this case 76% of respondents preferred the redesigned label to the original. Out of those who chose the redesigned label, most liked it because of its colors and graphics.
The last two labels were from Winterhawk Winery and the original design was preferred by 58% of respondents while 42% preferred the redesigned label. Out of the respondents who favored the original label, they liked the colors and the graphics. The respondents who liked the redesigned label mainly liked it because it was simple and preferred the graphics. When respondents compared the two labels from Winterhawk Winery, ages 21 to 45 mainly chose the redesigned label and ages 46 to 60 and up chose the original label.

The results from the paired t tests indicate that since all three p-values are below the significance level of .05, there is a statistical significance between the resultant’s preferences (see Table 6).

Table 6: Wine Labels and t-test

<table>
<thead>
<tr>
<th>Label</th>
<th>Original</th>
<th>Redesigned</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charles Krug</td>
<td>119</td>
<td>75</td>
<td>0.0007</td>
</tr>
<tr>
<td>Pope Valley</td>
<td>47</td>
<td>147</td>
<td>0.0000</td>
</tr>
<tr>
<td>Winterhawk</td>
<td>113</td>
<td>83</td>
<td>0.0106</td>
</tr>
</tbody>
</table>

When making further cross-tabulations of all of the data, further relationships were found between respondents and their answers. Wine knowledge levels were found to have the strongest relationship to other answers. In relation to age, Wine Novices were mainly in the age range of 21 to 30 years old while both Wine Interested and Wine Lovers were between the ages of 46 to 59. Also, most Wine Novices were students and the other three levels were mainly employed full-time.
When looking at wine knowledge levels in comparison to the average amount of wine consumed per week and bottles purchased per month, it was found that as the wine knowledge levels became higher, so did the average consumption and purchase price ranges. Wine Novice and Wine Interested respondents would most likely pay $0.00-$9.99 and a Wine Lover would pay more on average. These findings correspond with the results from comparing wine knowledge levels with good value ratings. As wine knowledge levels went up from Wine Novice and Wine Interested, resultants importance levels of good value dropped from extremely important to very important. Lastly, as wine knowledge levels increased, so did the respondents belief about the importance of varietal.

Respondent’s answers seemed to have a relation with age. It was found that the higher the respondent’s age range, the more important brand became. Also, features such as good value, attractive label, and an animal image on the label became less important as age range got higher (see Table 7).

Table 7: Age Range vs. Attractive Label

<table>
<thead>
<tr>
<th>Age Ranges</th>
<th>Attractive Label</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Not desirable</td>
</tr>
<tr>
<td>21 to 30</td>
<td>7</td>
</tr>
<tr>
<td>31 to 45</td>
<td>7</td>
</tr>
<tr>
<td>46 to 59</td>
<td>13</td>
</tr>
<tr>
<td>60+</td>
<td>16</td>
</tr>
</tbody>
</table>
As previously stated, questions 8-10 were input into SPSS and a significance level of .05 was used. When analyzing the ANOVA results, varietal, region, quality, modern, and landscape proved that they are significant at the .05 level with wine knowledge levels out of the 13 features that were crossed with wine knowledge levels (see Table 8).

Table 8: ANOVA Test with Wine Features and Wine Knowledge Levels

<table>
<thead>
<tr>
<th>Feature</th>
<th>Mean Square</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Varietal</td>
<td>7.991</td>
<td>0.001</td>
</tr>
<tr>
<td>Region</td>
<td>5.951</td>
<td>0.010</td>
</tr>
<tr>
<td>Quality</td>
<td>4.020</td>
<td>0.003</td>
</tr>
<tr>
<td>Modern</td>
<td>4.396</td>
<td>0.019</td>
</tr>
<tr>
<td>Landscape</td>
<td>4.482</td>
<td>0.018</td>
</tr>
</tbody>
</table>

Each feature that was found to be significant was then looked into further in the Post Hoc tests, again using a significance level of .05 (see Table 9). There is significance between Wine Novices and all of the other wine knowledge levels and importance ratings of varietal. Also, there is a statistical significance between the importance of region (p-value = 0.005) and quality (p-value = 0.003) to Wine Novices and Wine Lovers. Lastly, there is a statistical significance to the importance of modern labels (p-value = 0.021) between Wine Novices and Wine Connoisseurs.
Table 9: Post Hoc Test Results of Wine Features and Wine Knowledge Levels

<table>
<thead>
<tr>
<th>Feature</th>
<th>Wine Knowledge (I)</th>
<th>Wine Knowledge (J)</th>
<th>Mean Difference (I-J)</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Varietal</td>
<td>Wine Novice</td>
<td>Wine Interested</td>
<td>-0.54256</td>
<td>0.045</td>
</tr>
<tr>
<td></td>
<td>Wine Novice</td>
<td>Wine Lover</td>
<td>-0.89328</td>
<td>0.002</td>
</tr>
<tr>
<td></td>
<td>Wine Novice</td>
<td>Wine Connoisseur</td>
<td>-1.29227</td>
<td>0.012</td>
</tr>
<tr>
<td>Region</td>
<td>Wine Novice</td>
<td>Wine Lover</td>
<td>-0.87648</td>
<td>0.005</td>
</tr>
<tr>
<td>Quality</td>
<td>Wine Novice</td>
<td>Wine Lover</td>
<td>-0.67589</td>
<td>0.003</td>
</tr>
<tr>
<td>Modern</td>
<td>Wine Novice</td>
<td>Wine Connoisseur</td>
<td>-1.20773</td>
<td>0.021</td>
</tr>
</tbody>
</table>
SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

Summary

The wine industry is a competitive market and in order to attract wine consumers, wineries must understand consumer preferences and purchasing decisions. The wine label is the consumer’s first impression of the wine and therefore the design elements of the label should be selectively chosen to attract the target market and stand out among the other bottles. This study used survey responses of residents of San Luis Obispo in order to generate further information about wine consumers in relation to redesigned labels and consumer preferences.

Based on the findings of this study it was concluded that wine consumers did not prefer the redesigned label to the original. The features of wine that consumers stated were the most important were quality (4.24), good value (3.93), and varietal (3.68). The aesthetic features of a wine label that were seen as the most desirable to a wine consumer were a label that is unique (3.61), eye-catching (3.49), or colorful (3.17). Out of the wine knowledge levels, 49% of respondents related as Wine Interested. Wine Novices were mostly between the ages of 21 to 30 and were students while Wine Interested and Wine Lovers were employed full-time between the ages of 46 to 59. When the wine features
were crossed with wine knowledge levels in SPSS, varietal, region, quality, modern, and landscape were all found to have a statistical significance between respondents preferences and wine knowledge levels.

Conclusions

Based on the results of this study, it can be concluded that wineries and wine label designers should take into consideration how important the redesigning process is and the effects it can have. In this survey, resultants preferred the original wine label to the redesigned label in two out of three cases. Also, there should be further research into wine knowledge levels and how they are related to consumer preferences and purchasing decisions.

If a winery wished to market to a Wine Novice they would have a target market of someone between the ages of 21 and 30 years old who is a student and purchases 1-3 glasses of wine a month. Their price point is between $0.00-$9.99 but they still want quality and an eye-catching, unique, and colorful label.

A Wine Interested target consumer is between the ages of 46 to 59 and is employed full-time. They purchase 1-3 bottles of wine per month and have a price range of $0.00-$9.99. They think that varietal, region of origin, and quality are important wine features and desires eye-catching and unique label characteristics. A Wine Lover target consumer is also between the ages of 46 to 59 and employed full-time. They purchase 4-6 bottles of
wine a month and pay between $10.00-$14.99. They also like the same wine features and aesthetic features as Wine Interested target consumers.

A typical Wine Connoisseur cannot be determined at the moment due to the fact that only nine out of 194 respondents considered themselves a Wine Connoisseur. There is a significant difference between a Wine Novice’s low importance rating of varietal and the other wine knowledge levels higher ratings. A Wine Lover is going to put more importance into the region of a wine than a Wine Novice. Also, a Wine Connoisseur is going to think that a modern label feature is more desirable than a Wine Novice.

**Recommendations**

To expand on this project there would need to be a higher amount of surveys distributed in order to determine the characteristics of a Wine Connoisseur. Also, increasing the number of comparisons of redesigned labels to original labels would help identify consumer preference patterns and attain more consistent results. Then blind tastings should be held where the participant tastes the wine before with the original label and again with the redesigned label in order to determine if there was a change in taste or preference.
References Cited


APPENDIX

Wine Label Survey

1. Are you 21 or older? If not, please do not proceed.
   a. Yes
   b. No

2. Into which of the following age ranges do you fall?
   a. 21 to 30
   b. 31 to 45
   c. 46 to 59
   d. 60 +

3. Are you male or female?
   a. Male
   b. Female

4. What is your current employment status?
   a. Self-employed
   b. Employed full-time
   c. Employed part-time
   d. Unemployed
   e. Student
   f. Retired

5. Approximately which range best represents the average amount of glasses of wine consumed per week?
   a. 0
   b. 1-3
   c. 4-6
   d. 7-9
   e. 10-12
   f. 13 or more
6. Approximately which range best represents the average number of bottles of wine purchased per month?
   a. 0
   b. 1-3
   c. 4-6
   d. 7-9
   e. 10-12
   f. 13 or more

7. Which range best describes a typical price paid for a bottle of wine?
   a. $0.00-$4.99
   b. $5.00-$9.99
   c. $10.00-$14.99
   d. $15.00-$19.99
   e. $20.00 +

8. The following is a list of wine features. Please indicate the importance of each feature when you purchase wine by indicating a number from 1-5.
   5=Extremely important, 4=Very important, 3=Somewhat important, 2=Slightly important, and 1=Not important at all
   a. Brand
   b. Good value
   c. Varietal
   d. Attractive label
   e. Region of origin
   f. Sustainable
   g. Quality
   h. Packaging

9. The following is a list of aesthetic features of wine labels. Please indicate the desirability of each label feature when you purchase wine by indicating a number from 1-5.
   5=Extremely desirable, 4=Very desirable, 3=Somewhat desirable, 2=Slightly desirable, and 1=Not at all desirable
   a. Animal image
   b. Eye-catching
   c. Modern
   d. Landscape image
   e. Unique
   f. Traditional
   g. Colorful
10. The following is a list of wine knowledge levels. Please indicate which category you most associate with.
   a. Wine Novice – little to no knowledge
   b. Wine Interested – curious, with some knowledge
   c. Wine Lover – wine is a hobby
   d. Wine Connoisseur – wine expert

11. Which wine label do you prefer?
   a.

12. Based upon your choice in the previous question, why did you select this label? (Check all that apply)
   a. Unique
   b. Colors
   c. Traditional
   d. Graphics
   e. Simple

13. Which wine label do you prefer?
   a.

b.
14. Based upon your choice in the previous question, why did you select this label? (Check all that apply)
   a. Unique
   b. Colors
   c. Traditional
   d. Graphics
   e. Simple

15. Which wine label do you prefer?
   a. WINTERHAWK Sauvignon Blanc 2008
   b. Winterhawk Swive Valley Merlot 2000

16. Based upon your choice in the previous question, why did you select this label? (Check all that apply)
   a. Unique
   b. Colors
   c. Traditional
   d. Graphics
   e. Simple