



Behind the new Fetzer face

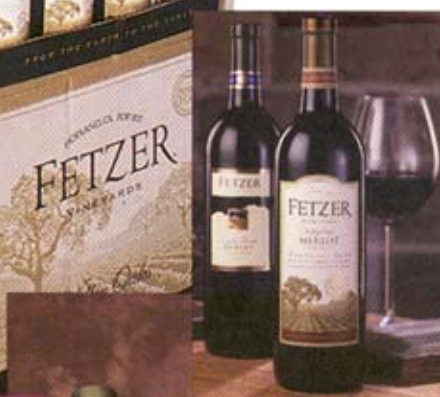
FROM THE EARTH TO THE TABLE

BY Carol Caldwell-Ewart

When the new package from Fetzer Vineyards arrives on retail shelves this fall, the winery's premium varietal line will be sporting a new look that encompasses far more than an attractive redesign. Fetzer has overhauled its imagery to emphasize the natural origins of the wine and bring the winery's vision and the brand closer together. "This is the face of Fetzer from this point forward," declares U.S. Brand Director Douglas Gillespie.

An in-depth look at Fetzer's repositioning process reveals its substantial investment in creating that face. This fall Fetzer will begin to reap returns on its investment.

One of the industry's leading premium wine brands, Fetzer (Hopland, CA) produces 2.5 million cases of wine sold in the U.S. and sells another 500,000 cases internationally — primarily in the U.K. The largest of Brown-Forman's 12 wine brands, it produces half the company's total wine volume.



Fetzer expects a powerful response to its new packaging (upper left and lower right). Compare to the old package (center, bottle on left).

After Fetzer, in descending order of size, are Bolla (Italy), Korbel (sales and marketing only), Sonoma-Cutrer, Bonterra, and Jekel.

About 90% of Fetzer's domestic sales are in its premium varietal line, and for more than a decade, these wines have sold under four proprietary names. Each proprietary name has been affiliated with one main varietal and often additional secondary varietals: Eagle Peak (Merlot); Sundial (Chardonnay and Pinot Grigio);

Echo Ridge (Sauvignon Blanc, Gewürztraminer, White Zinfandel, Riesling); and Valley Oaks (Cabernet Sauvignon, Shiraz, Zinfandel, and Syrah Rosé).

Roots of the new image

Late in 2002, Fetzer began to explore new package designs with several designers. "We'd been happy with the label to this point, but we understand that there is a need, over time, to update our package with some regu-

larity — particularly with new competitive entrants and our competitive set updating their packaging,” says Gillespie. But early in the process, Fetzer gave designers only a general creative brief and really “dabbled,” without getting serious. “We were still competing well in the market at that time and didn’t come up with any designs that we wanted to take to the next step.”

By mid-2003, though, Fetzer’s package design began to look a “little tired.” The impetus toward a new image was picking up, and the Fetzer team began to have a strong sense of the proper direction. At the heart of the new vision was the winery’s commitment to the environment and sustainable business.

“This commitment has been a long-time one at Fetzer,” explains Gillespie. “The winery has a concept called ‘E3.’ We try to strike a balance of the environment, equity of the people, and economics with every decision we make. It is not done to benefit the brand at the point of sale. It’s done, primarily, because we believe that organic grapes taste better and that we are bringing a better product to consumers as a result of our pursuit of organic farming and sustainable business.”

Already, all of the grapes grown on Fetzer land are grown organically. Now the winery has made a commitment, called Organic 2010, to use only organic grapes in all of its wines by 2010.

“Again, this commitment to organics was made not to increase sales but to try to bring all of our growers — there are over 100 — in line with the same viticultural practices that we employ in our own vineyards. We are doing it because it is the right thing to do, but we also believe that it is going to produce a better quality product.”

Though Fetzer has had what Gillespie calls “a heritage of leadership in things environmental in the industry,” there certainly has been nothing in the brand packaging to this point that communicated this philosophy. Fetzer believed that consumers “weren’t ready for a message that was even subtly environmental,” but trends were changing.

Gillespie points to the wine industry’s movement toward sustainable

agriculture with the Code of Sustainable Winegrowing Practices developed by the Wine Institute and the California Association of Winegrape Growers. He cites former Fetzer President Paul Dolan’s book on sustainable business, *True to Our Roots*, which tells the Fetzer story.

Gillespie also notes consumer and retail trends: national and regional grocery chains are now offering natural products, and companies such as Odwalla, Inc., and Stonyfield Farm succeed with organic products.

“With the trends heading the right way for us, we knew that we wanted to stake our claim to an environmental position, knowing that we could not only assert our leadership but own that position over time. Now is the time to bring that forward to consumers more than we have in the past.”

Bridging the separation of Fetzer’s public brand perception and the winery’s organic and sustainable activities

became the guiding principal behind creating the winery’s new image.

Research, research, research

Research was essential at every step of the image-development process. “We went in knowing that it is very difficult to differentiate as a California wine brand, to stand out with a unique point of difference. The one thing in which we had a leadership role, and which we knew was becoming important to consumers, was this environmental stance,” says Gillespie. “We knew we wanted to talk about it, but we had to determine how to talk about it.” So internal and external Fetzer researchers turned to consumers and learned several things that became key to developing the new image:

- Taste is paramount. “Consumers do care about things environmental,” explains Gillespie, “but they are secondary to taste. If they don’t get the taste and quality they are looking for,

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then what we have to say about our environmental stance isn't important."

- Consumers don't care much about the process. "Historically, wine advertising and even wine packages have focused more on winemaking and wine processes than on how consumers enjoy wine. Consistently — across male, female, different age groups, different parts of the country — everyone feels that wine provides them a sense of renewal. We learned that we need to speak more to consumers about how they enjoy wine than about how we make it."

- Preaching would be bad. "Consumers told us that — while being natural is a good thing — we can't preach. Everything we do has to be subtle."

- The current label wasn't working as hard as Fetzer thought. "It had little recognition even with our current consumers."

- Proprietary names had little impact. "No consumer in our research even referred to the wine by its proprietary name."

- Consumers had no attachment to anything on the label. "Consumers gave us full license to change the entire look of the current package."

- Consumers register brand name and varietal more than anything else on the shelf.

Next: The design

Armed with these cues from consumers, Fetzer turned next to designer Stephen Black of Studio Black with offices in Seattle, WA, and Santa Rosa, CA. Black has developed other wine packages and brand redesigns in the past, notably Sebastiani's Vendange and Talus; Chalone's Canoe Ridge; and California Wine Company's Bandiera.

"The package is the lead communication element in the whole initiative to talk to consumers. It's not the only piece," acknowledges Gillespie, "but it was the most important piece in developing this new way of talking to consumers about the brand."

Black's assignment was to make the package stand out on the shelf, raise the quality image of the brand, and make it fit with who Fetzer is. The toughest part of this assignment, believes Gillespie, was staying true to the Fetzer heritage while being relevant to consumers in an environment where the current hot new package has bright colors and animals. "It would have been easy to be true to who we are or to be relevant, but it was very difficult to be both."

As soon as he got the assignment, Black went to Hopland and met with as many winery staff in as many positions as he could. He took many pictures, trying to identify the imagery of the winery.

"Stephen has been an outstanding partner for us, and I say partner because, more than any designer we had worked with in the past, he embraced Fetzer — the Fetzer culture and the Fetzer people," says Gillespie, "and he gave us designs that did exactly what we were hoping for."

More research

Fetzer's research to isolate the final design used two primary techniques. "The first was qualitative research," explains Gillespie. In the first phase of qualitative research, 12 focus groups (comprised of members screened to include Fetzer's target consumers) in three cities culled more than a dozen designs down to three.

The second phase of qualitative research was conducted by an outside vendor that specializes in packaging research across several industries. In the second phase, 12 designs were shown to eight groups in two cities.

"All of the designs fit strategically with our goal of raising the quality image of the brand, standing out on the shelf better than our current brand or its competitive set, and fitting with the Fetzer brand message," adds Gillespie. "At the conclusion of the qualitative research, we had three different design directions that clearly merited further testing."

The second — quantitative — research technique is proprietary to the vendor Fetzer used. "It involves tracking eye movement to measure shelf impact," Gillespie divulges, "as well as a series of diagnostic questions." The idea was to assess the relative merits of the three designs and the current label according to retail visibility; "shop-

ability;" motivation; package appeal; and image and personality. Additional questions assessed the appeal and effectiveness of specific package elements.

The Fetzer designs were interspersed with 36 competitors' bottles in a display or shelf set. Consumers were pulled out of mall-type environments and shown the shelf set. "Researchers noted which brands stand out, which participants registered first, and how many people registered it," he explains.

"Participants were screened to fit our target profile and ultimately totaled 400 consumers in 10 cities." Gillespie adds that Fetzer targeted wine drinkers who drink domestic premium wines. The groups were also screened to target those who did and didn't buy Fetzer. "Then we could do lots of testing, not only among various types of package design, but also between those two different groups of consumers.

"One clear winner emerged from this research. We were thrilled by the results telling us that this design stood out as much or more than any other in a brand set of 36 competitors."

Consumers' eyes are caught by the label's large size, the contoured top, and the Fetzer name. Going in, Fetzer knew the label accomplished the goals of conveying quality and fit to Fetzer, but the quantitative research confirmed that it's a shelf stand-out. "So we had accomplished all three of our goals."

Rethinking proprietary names

In the most dramatic change presented by the new package, Fetzer has eliminated all proprietary names except Valley Oaks. "Knowing that consumers were drinking Fetzer Chardonnay and Fetzer Merlot rather than Sundial Chardonnay and Eagle Peak Merlot gave us the opportunity to change that proprietary name with little impact on the consumer, while maintaining the same wine style and quality that we have had for years.

"Our goal was to lessen confusion and provide focus for our message. The line is now called Valley Oaks because Valley Oaks is our home in Hopland. The name allows us to talk about our home and identify our wines as coming from a real place.

"We did not treat this decision lightly. The research gave us the confidence to move ahead with the Valley Oaks name."

Key package elements

Gillespie asserts that there is a reason for every packaging change, which is based on the research, industry knowledge, or the winery's strategic goals. The entire package is recyclable.

BRAND AND VARIETAL NAMES — The Fetzer name and the varietal are the most prominent elements of the new label. The Fetzer logotype has been subtly redesigned. The Valley Oaks proprietary name is much more muted than the proprietary names in the previous package.

FRONT LABEL — The copy says, "The beauty of our home at Valley Oaks inspires our natural approach to winegrowing, providing you a sense of renewal in every glass." Gillespie reports that the key references are to Valley Oaks ("We're tying it back to our home."); natural winegrowing ("Subtly references our organic grapegrowing and sustainable business."); and renewal in every glass ("Talks about how consumers enjoy wine."). This message reflects what Fetzer learned that consumers want from its wine packaging.

GOLD EMBOSSED SEAL — The seal declaring Fetzer the nine-time winner of Winery of the Year from *Wine & Spirits* magazine is there to convey quality. "We know from consumers that this is an indicator to them that taste and quality are in the bottle and that they have been delivered over time."

VISUAL TIES TO THE NAME — Oak trees, the vineyard, and a very subdued grapeleaf texture in the background link the images on the label to its words. They project a natural feel while balancing the shelf prominence achieved by the white label.

FROM THE EARTH TO THE TABLE — This anchor phrase has been used by Fetzer and Bonterra for some time, though never on the wine package. Gillespie says consumers agreed that it "gave them all the cues that we were looking for with regard to our natural approach to winegrowing and winemaking."

BACK LABEL — Each varietal is identified with a different principle: Chardonnay is Renewal and Merlot is Heritage, for example. The text, attributed to winemaker Dennis Martin, references the principle and talks about the taste of the wine. "We've deliberately stayed away from generic food pairing or niche food pairing,

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believing that is too much to ask a back label to do."

WEBSITE ADDRESS — The back label invites consumers to the Fetzer.com website for "food and wine pairings and terrific recipes from Chef John Ash" and "to learn some surprising things about Fetzer."

RECYCLING MESSAGE — Rather than the usual "Reduce, reuse, recycle" message, the back label says: "Relax, renew, recycle." "We've tried to tie our recycling message to who we are."

CAPSULE — Fetzer has eliminated the wax seal and chosen a recyclable poly-laminate capsule for three reasons. "It improves our quality cues, it is a better recycling choice, and consumers didn't like the wax."

CORK — The one-plus-one cork will be imprinted with the appropriate principle for the varietal. "From a promotional standpoint, having a different principle on every cork allows us to run consumer incentive programs to encourage consumers to try different varietals across our line."



BOTTLE — Bottles will be the same, using 40% post-consumer glass.

SHIPPER — Fetzer chose a kraft paper box and background for the shipper to "convey more of the natural cues. You'll see the Winery of the Year seal and strong branding, and it ties closely to the label. The unique addition is where we're from: 'Hopland, Population 817.' We believe we'll have great impact on the floor."

Fall package launch

Fetzer's new Valley Oaks package began a gradual rollout in July with the new website.

"We are arming our sales force with great new tools, not only the new package and shipper, but also new advertising, new website, new sales materials, new promotions, new point of sale materials, and things that consumers won't see, like print-on-demand capability. We are giving our sales force the ability to produce fully customizable point of sale materials with a 48-hour turnaround," Gillespie enthuses.

The wine will enter markets as the past vintage sells out, primarily in September and October. Valley Oaks wine will retail between \$7 to \$10, depending on the varietal.

Gillespie admits that Fetzer is increasing its production of Valley Oaks to coincide with the new package, but won't say by how much.

Each bottle in the first 500,000 cases will wear a neck hanger on a string that reassures customers that, even though the label has changed, it's the same wine inside. The necker will also promote the entire Valley Oaks line.

The package will be launched with a sweepstakes in the states where it is legal. Consumers will have the opportunity to collect a cork from each of the Fetzer varietals (identified by the imprinted principles) and enter for a chance to win — not cash, but a trip to Fetzer's home at Valley Oaks in Hopland. "The goals are to persuade consumers who only buy one varietal consistently to try other varietals in our line and to tie the promotion back to the winery, the place from which the wine has come."

Reflecting on the investment

Gillespie won't reveal what Fetzer spent, but he believes that the expenditures of time and money to develop the new image and the accompanying packaging and collateral for Fetzer's Valley Oaks line were well worth it. "It's been a lot of work, but it's very rewarding right now. The sales force is excited; we're excited; distributors are excited.

"Once this package goes to market, we believe that — no matter how tough the competitive marketplace — it will have a significant positive impact on our sales." ■