

# VININTELL

MARCH 2018, ISSUE 35

## LABELLING TRENDS

beautiful bland appealing abstract clean design fresh  
cool boring alright bottle classy colourful confusing  
colour expensive functional dull contemporary  
elegant fine good generic modern  
unremarkable label gold inexpensive logo/design  
metallic upscale wow neutral pretty shiny logo  
wine nice rich sleek simple sophisticated  
shiny sleek unique stylish straight traditional





Welcome to this edition of VinIntell as a value-added service to members of the SA Wine Industry. The purpose is to provide you, the decision-maker, with meaningful insight into events, trends, opportunities and threats through the analysis of the ever-changing competitive environment. The analytical approach is a multifaceted, multidisciplinary combination of scientific and non-scientific processes.

We trust that this publication will become part of your strategic thinking, strategic planning and decision-making process. You are welcome to send comments and suggestions to the publisher.

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## INTRODUCTION

Talking wine bottles and vegan-friendly labels ... add calls for more mindful packaging and the rise of smart label and smart packaging and you get a view of the engine driving labelling, branding and packaging world of 2018. First impressions are always important especially so in the world of labels. Labels strongly influence consumer choice. Research has shown that around 35% of consumers in the UK say the appeal of the label is a decisively important factor when selecting wine. The remainder are also affected by labels just to a lesser extent. It is therefore important for brands and producers to understand and stay on top of the preferences of the consumer keeping in mind their brand positioning when designing a label. Much has changed and evolved since these themes were first presented in some of the earliest issues of VinIntell (November 2011 Issue 10 <http://www.sawis.co.za/info/vinintell.php>) From integrated voice enabled devices allowing for seamless recommendations, shopping and educational initiatives to augmented reality (AR) labels and Near Field Communication (NFC) technology transforming products into content hubs and digital touchpoints - new times are upon us. This edition of VinIntell aims to briefly unpack the main drivers and trends in labeling in 2018.



TALKING WINE BOTTLES

BOLD TYPEFACES

SUSTAINABILITY

SIMPLICITY AND MORE SIMPLICITY



Figure 1: The fun bottle of Amour.

## BACKGROUND

Labels, packaging and branding are inextricably linked. Whereas branding enjoyed more focus in the beer market, in the world of wine it was not a spending focus. Indeed media spend in wine remains low: only about 8% of what beer brands spent on marketing in 2016 was spent on wine marketing (Nielsen, 2017). Wine brands typically rely heavily on the advertising that happens at the shelf. Labels carried perhaps the origin of the grapes and not much more. Designs were more or less similar too so consumers had little to go on if they relied on labels alone for their choice of wine. That was then. Now with the vast number of labels and wine options available, labels had to step up to stand out from the crowd. Just in the United States, in 2017, more than 3 000 new wine products took their place in already tight fitting retail shelves. Ever growing volumes and more or less slower growing shelf availability means that labels are key elements in standing out and attracting that first peek of interest from the consumer. These volumes increase the already vast choice available to consumers and also force retailers into optimising limited shelf space. It is therefore logic to argue that in this vastness of choices, label design is a key decision making element.<sup>ii iii</sup>

In this vein, Nielsen conducted an analysis of the labels of 20 wine brands using eye-tracking technology. Results indicated that nearly 60% of consumers participating in the study saw the most visible and least visible bottle of wine within the first few seconds of looking. Effective design is therefore a strong requirement. After noticing the bottle (packaging), the next element to influence the purchase decision is the label. This underlines the importance of having a design and story that reflects the brand's key message. Storytelling through wine labels will grow even more supported by interesting technologies, typography and images. The element of fun is a key component in attracting attention (see the bottle of Amour wine with the different font for the A was seen as fun and accessibility).

## TRENDS AND DRIVERS

The world of labelling in 2018 can best be tackled by looking at the main trends and drivers that have been identified by various studies and inputs by industry players and experts.

### THE INTERNET OF DRINKS

First and foremost, it is technology and the environment (sustainability) that draws most focus in terms of drivers. Indeed, 2018 will be a breakthrough year for intelligent or smart labeling. Intelligence labels are more than just decorative.

Smart labels could be interactive e.g. with a radio-frequency identification (RFID) function or active (in response to an external impulse) or indicative (i.e. indicating that an event has occurred e.g. exposure to light or gas.<sup>iii</sup> A RFID tag is an electronic tag that exchanges data with a RFID reader through radio waves.<sup>v</sup>

Intelligent labels can therefore provide personalised consumer experience tied to a specific product (individualised) and this opens up endless opportunities for businesses. The individualised or personal experience is more than just a point of sale experience – it creates an opportunity for unique consumer engagements and of course, longer term engagements (reordering). Speaking generally, by 2018 the total intelligent label industry is set to reach more than USD11 billion<sup>vi</sup> (by 2020 around 30 billion RFID tags will be sold globally).<sup>vii</sup> This will digitally enable billions of products across multiple markets to connect to the Internet of Things (IoT).<sup>viii</sup>

SCIENCE DAILY DESCRIBED THE NEW TREND ACCURATELY:

*“As the historic fetishisation of nostalgia-tinged offerings reaches saturation territory while losing relevance to the ever more important millennial demographic, alcoholic drinks will go back to the future. Spectrometry sensors, voice activated decanters, smart bottles and the rise of the Internet of Drinks will lead to further exploration of multisensory experiences, customisation functionality and new occasions.” ix*



Enter the talking bottle. Yes, artificial intelligence in the form of AR has entered the realm of labels. AR is defined as “an enhanced version of reality where live direct or indirect views of physical real-world environments are augmented with superimposed computer-generated images over a user’s view of the real-world, thus enhancing one’s current perception of reality.”<sup>x</sup>

In Australia, Treasury Wine Estates has introduced a bottle of wine that speaks to buyers telling stories about the characters in the label. Using a downloaded app, consumers can hold their phones to the label and watch as characters seemingly come to life with sound and movement. It seems that first-mover advantage and novelty of telling the deeper story behind a brand’s name has paid off for the brand. The app was downloaded more than one million times in the first seven months. A Facebook video about the app has received than 19 million views (2018).<sup>xi</sup>

Watch a brief video clip on the living bottle on [www.youtube.com/watch?v=uDxqdrLIDY8](http://www.youtube.com/watch?v=uDxqdrLIDY8).

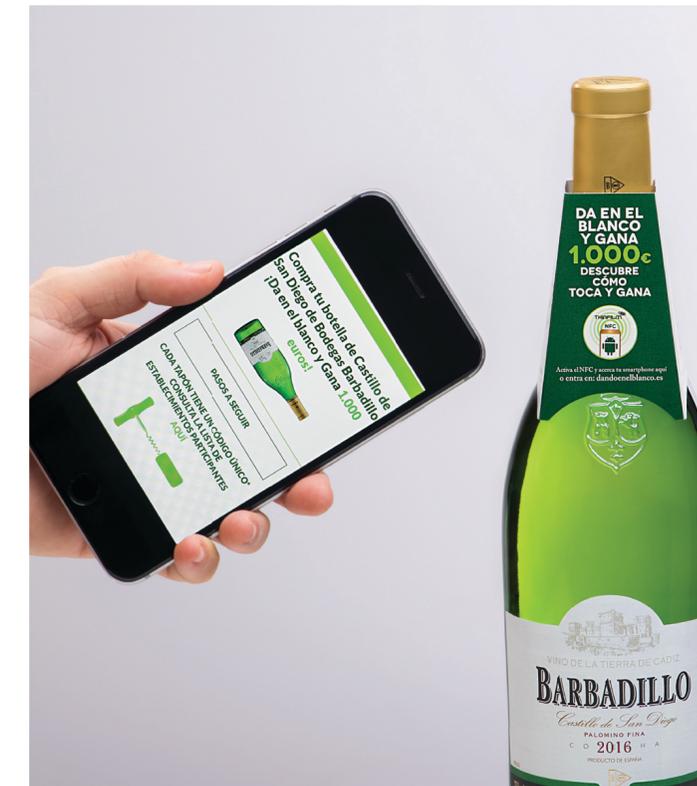


Following on intelligence labelling, automated defect detection is becoming the norm. With inspection equipment and software becoming more precise the need for human defect review is decreasing. Printed transistors consisting of 2-dimensional nanomaterials could unlock the potential for applications such as food packaging that displays a digital countdown to provide forewarning of spoiling, wine labels that indicate optimum drinking temperatures and many more applications. Enter the Kuvée bottle, a Wi-Fi connected wine bottle with a touchscreen. There are really two parts to it: the bottle, and the wine cartridge that fits inside it. When you put in a new cartridge, the bottle will detect what you

are drinking and display a digital label on its touchscreen. It has on the “label” a logo, the grape, and alcohol content, and any other background information or information of interest e.g. pairing notes.<sup>xii</sup>

The counterfeit problem is refining another technological development i.e. technology to address counterfeit wine, which is particularly pervasive in Asia. Recent reports claim that 50% to 70% of all wine sold in China could be fake, with the percentage even higher for premium brands.<sup>xiii</sup>

Technologies in this regard include near field communication technology (NFC). NFC like RFID is a contactless technology that can provide authentication and temper evidence functions.<sup>xiv xv</sup>



Another example is Tag Over Labels which contain a small integrated chip with a unique non-falsifiable code ensuring wines’ authenticity. Of course the microchip is also encodable and can contain additional information about wine such as pairing suggestions and grape, terroir and wine information.<sup>xvi</sup>

NFC provides an added function and connection to the consumer even after the wine was opened. Barbadillo, a Spanish luxury winemaker, has added promotional neck collars equipped with NFC tags to more than 100 000 bottles of its premium Castillo de San Diego white wine for a campaign. The campaign is believed to be the world’s largest deployment of NFC within the wine and spirits industry to date. Through a customised NFC-enabled neck collar, consumers are instructed to tap bottles of Castillo de San Diego with their smartphone to start the promotion. Upon purchasing and opening a bottle, customers can retrieve a unique code printed on the cork and enter it in the field displayed on their smartphone to instantly determine if they are a winner.

Figure 2: Tapping the bottle with an android phone start the competition



## SIMPLICITY IN DESIGN

Design assist consumers already overwhelmed by information all day and every day to make fast accurate decisions. The simplicity trend clearly continues in 2018 with the fun element and stories key elements. Pictures (and perhaps little or no text) that are conveying just enough information to prompt a buying decision are de rigueur while it seems that characters are increasingly popular in conveying the core message (and through augmented reality these seem to start becoming alive). The bigger focus for colour in 2018 will be the use of different methods, coloured fonts placed on a contrasting coloured background that draws the eye and gradients of colour creating depth and form which draws the buyer in and makes them want to know more. Large clear type face, bold and dramatic fonts are embedding the simplicity driver. Consumers do not want to look twice – labels need to be instantly engaging.<sup>xvii</sup> Saddle Creek goes completely without a label... the contents and other text is printed on the bottle itself while the wine range of the Oggau Estate illustrates a simple, playful, bold and story-rich design. Oggau Estate produces 9 wines with different characters like the human characters on the label.



## THE WAR ON PLASTICS: SUSTAINABILITY

Labels play an important role in establishing brands' sustainability. Increasing environmental awareness and regulation pressure have put sustainability and social responsibility in the forefront. By extension this translates into consumers choosing more ethical and environmentally friendly packaging and labelling (e.g. biodegradable solutions). The Channeled Resources Group predicts changes in amongst others the use of recycled materials. Concerns about plastic waste and marine pollution have been among the key driving forces behind the recycling

trend especially since 2017. The plastic problem is now so huge that it can be observed on beaches in all corners of the world with about million tons of plastic ending up in the ocean.<sup>xviii</sup> China announced a ban on imports of foreign waste from January 2018 and the EU launched a new plastic strategy making all packaging recyclable, reusable or compostable by 2030 and achieving higher packaging recycling rates across Europe. In terms of plastic in the ocean, 2017 was probably the year when the world's eyes were seriously opened (Mintel, 2018).

*“It is extraordinarily worrying that plastic particles have now been found in three out of four deep-sea fish thousands of kilometres from land.”*

(Anders Jacobson, co-founder and CEO of Blue, the sustainability focused holding company of clean drinking water solutions provider Bluewater).<sup>xix</sup>

Media has highlighted the scourge of plastic packaging adrift in the world's oceans and this is leading to a situation where brands are urgently rethinking packaging in a context consumers can understand and act upon.<sup>xx,xxi</sup> The drive to rid the ocean of plastic goes hand in glove with the process of preventing plastic from landing in the ocean in the first

place. The use of recycled content can help drive the circular economy, reducing ocean plastic by ensuring an efficient route for packaging from the consumer back to the producer. A leader in this trend is Coca-Cola who announced in 2017 that it would increase the amount of recycled plastic in its bottles to 50% by 2020.<sup>xxii</sup>



## REGULATIONS REFLECTED ON LABELS

In another driver, regulatory requirements are becoming increasingly strict and are requiring more information to be included on labels and packaging. As an example, at present pregnancy warning information is voluntary but this may change in the future and there have been discussions around energy labeling. Where does this leave the competition for finite label space? Add to this the challenge of adding multiple languages to labels for distribution to world market and a need for extended content and multi-panel labels was created that maximize label print space.

### WOULD A NEED FOR TOTAL DISCLOSURE OF THE CONTENT OF THE WINE BOTTLE DRIVE CHANGE IN LABEL CONTENT?

Due to growth in the packaged vegan food market in Australia, a number of winemakers and retailers are now expanding their ranges of wines which have been made without animal products, as well as including vegan labels on bottles. Wine in Australia, like many other countries, is legally allowed to have more than 50 substances added during the winemaking process. The 19 or so permitted additives include sulphites, tannins and different types of acids, which are used to enhance wines. The challenge for vegans is that it is not mandatory to state which additives and processing aids have been used in the winemaking process, and whether they are derived from animals. The only statement winemakers are legally required to make on their label in relation to additives is if the wine includes allergens like milk and eggs. Although Wine Australia says if consumers wanted more information about how a particular wine was processed, they could call the winery directly it is likely that consumers will drive change in this situation.<sup>xxiii</sup>

## LABEL PERSONALISATION IN THE CLEAN LABEL ERA

*Label personalisation is being driven by the need to enlighten consumers' purchase decisions without adding more information to an already information-swamped consumer.* The so-called essentialist design principle bridges the divide between not enough and

just enough of what is required for consumers to make an informed purchasing decision. Enter the terms “clean labeling” to draw the consumer in even closer and enhance trust in a brand (Mintel, 2018). It is expected that there will be more food and beverage brands running personalisation promotions to engage more closely with consumers through labels<sup>xxiv</sup> while making sure that clean label designs will provide clarity of consumer decision in a noisy retail space.<sup>xxv xxvi</sup>

Bringing personalisation into the picture further, it is true that it has been around for some time but now with tech applications, personalisation is becoming mainstream. Previously it has been limited to the wealthiest in society having bought bespoke tailoring or commissioned their own



architecture e.g. individualised vehicles. In 2012, Victoria Beckham as a celebrity creative director for the Range Rover brand had her own personalised Engineered to Order vehicle delivered complete with a four-piece set of fitted leather luggage, and a leather portfolio carrying the owner's manual and bearing Victoria Beckham's own signature.<sup>xxvii</sup> Technology now means that the general consumer can now put their own stamp on the things they buy. Nike, for example, sell trainers that can be customised and designed online to be manufactured to your own personal specifications, and then sent direct to your doorstep. In wine a good example of a personalised label is the one of B Frank Wine. Consumers can add to the label a personalised note (be frank, open, transparent).



## CONCLUSION

Wine represents a market in which the label is as important as the product it represents. For the average wine drinker, the purchasing decision may be made solely because of the label. This emphasises the importance of the label and its potential value in a number of areas including brand building (with its underlying message) and advertising. It is also clear that there are a few significant and strong drivers that underlie the trends we notice in the present world of wine labeling. These are technology, regulation, the environment and personalisation. A whole new thinking around labeling and consumer connection is opening for producers, merchants, brand managers and marketers and regulators to name a few to sell and connect and is changing the landscape and will in the future become the norm. To emphasise what was said in the beginning of this edition of VinIntell, labels largely impact on the choice a consumer makes standing at the shelf. So the appeal of the label is an important factor in wine selection. It goes without saying that style or design remains important but this is now being enhanced by fast evolving technologies that support various aims ranging from promotion to fighting counterfeiting to saving the oceans and opening up vast opportunities.

## ENDNOTES

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