



LA CAPRA WINE

Message In A Bottle: Using Brand Storytelling to Launch the La Capra Wine Range

Category: 4,2 Packaging (Drink)

Client: The Fairview Wine Estate, Paarl, South Africa

Agency: Coley Porter Bell South Africa (now Brand Union Africa – Cape Town)



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EXECUTIVE SUMMARY (281 words)

Wine is a competitive business in South Africa. New brands often launch with advertising campaigns and large scale price promotions helping them gain traction. When In 2009, the Fairview estate decided to launch La Capra to capitalise on a prevailing consumer trend towards super-market purchasing, Fairview had budget for neither.

The business has traditionally focused on premium, on-consumption wines under the Fairview name – but launching into the most competitive segment of the wine market made the job that much harder.

The La Capra brand developed by Coley Porter Bell involved a strategic balancing act: borrowing equity from the premium parent brand, while telling a compelling enough brand story of its own to cut through the clutter of a congested supermarket price point where margins are tight and pressure to promote can ruin profitability.

La Capra's brand story proved engaging enough to yield excellent results:

☞ La Capra has thrived in the mid-supermarket segment, matching Fairview parent brand volume sales, but without cannibalisation.

☞ Total volume sales for the business as a whole have increased by 46.1% while value sales have increased by 375%¹

☞ The brand story proved internationally credible, as La Capra established itself overseas, becoming the 2nd best selling South African wine above £5 in the UK.

From the outset, Fairview expected the design solution to help maximise profitability through keeping production costs low. Designing a solution with this in mind allowed Fairview to realise significant efficiency savings:

☞ The estate has saved R 1,123,763.60 (102915.78 GBP)² since La Capra's launch due to reduced labelling and bottling costs.

☞ Total wine volume sales increased by 46.1% while productions costs rose by only 25%.³

All this was achieved from just R61,147.25 (5,579.05 GBP) in design.



¹Internal sales from Fairview

²All currency conversions made 21 June 2011, at rate of GBP 0.09124 / ZAR.

³March 2009 – Feb 2010 vs March 2010 – Dec 2010

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BACKGROUND TO THE CHALLENGE

Fairview has built its wine business through focusing on the premium, on-consumption market and developed strong relationships with restaurants to secure long term listings.

As a premium brand focused on the on-con market, the Fairview estate had not sought to build its presence in supermarkets. However a shift in consumer shopping and consumption habits has made this the dominant channel for wine purchasing meaning a presence there is now critical for any brand in the long term.

For a look into the future, the wine industry often looks to the UK as a fairly reliable predictor of consumer shopping trends. A 2010 Mintel report into UK Supermarket Alcohol Purchasing shows that three quarters of UK consumers now buy wine from the supermarket, confirming the importance of this channel to South African wine brands in the future.

Fairview wanted to take advantage of this growth opportunity but recognised that doing so could undermine their premium brand as most restaurateurs were reluctant to have the wines on their wine list also available on mainstream supermarket shelves.

Moreover while supermarkets represented an opportunity for Fairview it was also an incredibly competitive space in South Africa. Over 6,000 wines were tasted for the 2011 edition of Platter's Wine Guide, many of which are jostling for share of mind on supermarket shelves. In this environment many resort to heavy and frequent price promotion to drive volume, drawing each other into a discount war that undermined margins. Fairview needed to avoid this fate.

Developing the Strategy: Where exactly was the opportunity?

To understand the opportunity, Fairview needed to identify at which price point it should enter the fray. AMPS survey tracks 19 South African wine brands and asks respondents "Which brand of bottled table wine do you drink most often?". Figure 2 shows that with the exception of Two Oceans, the entry level wines have struggled while medium and premium supermarket wines have grown share.

Further analysis suggested that while some premium supermarket wines have grown, they have done so primarily through increased price promotion, severely undermining the opportunity to make decent margins on wines that are more expensive to produce. Consequently the mid-supermarket segment represented the best opportunity for growth and profit.

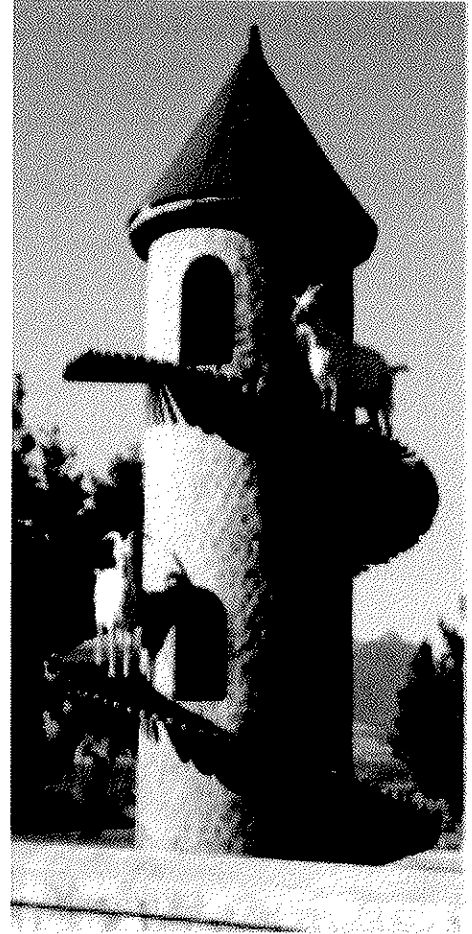
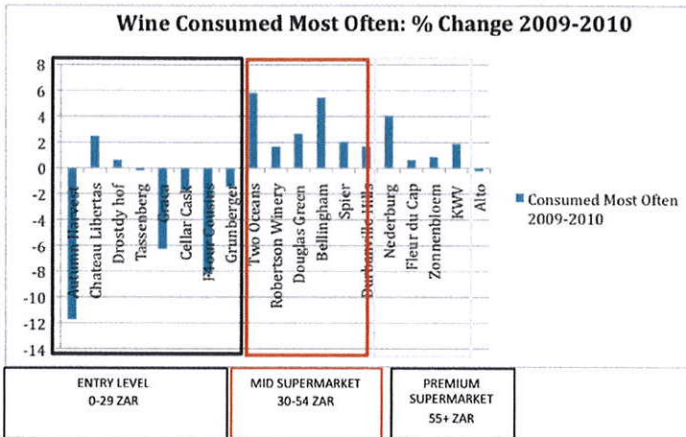


Fig. 2. Brand of table wine consumed most often, AMPS Data 2009 vs 2010⁴



The Brief

Launch a new second label Fairview wine with the following objectives:

- 1.- Create appeal at the mid-level supermarket price point without jeopardising the main brand's premium equity
- 2.- Build a compelling brand story in order to avoid reliance on heavy price promotion as a means of maintaining sales
- 3.- Create a packaging solution that reduces production costs in order to maximise margins

There would also be no budget for advertising communications, so the packaging must be the primary communications medium for the brand story, taking responsibility for consumer engagement.

Brand Strategy

The challenge for design was essentially a balancing act: borrow enough equity from Fairview to lend the new brand credibility without cheapening the hard-earned reputation of the higher-priced wines. The solution was to launch an "endorsed" brand lending Fairview's stamp of approval to a new wine without risking consumers mistaking it for the same wine.

At lower price points wine brands are typically either weak imitators of premium brands or simply offer a one dimensional cheap and cheerful image. We wanted to shine a different light on the category by using storytelling as a way of engaging consumers.

The challenge was to do this in way that didn't bore them to tears with traditional stuffy provenance stories which are much less relevant to the type of consumer we wanted to attract.

⁴AMPS = All Media and Products Survey from SAARF

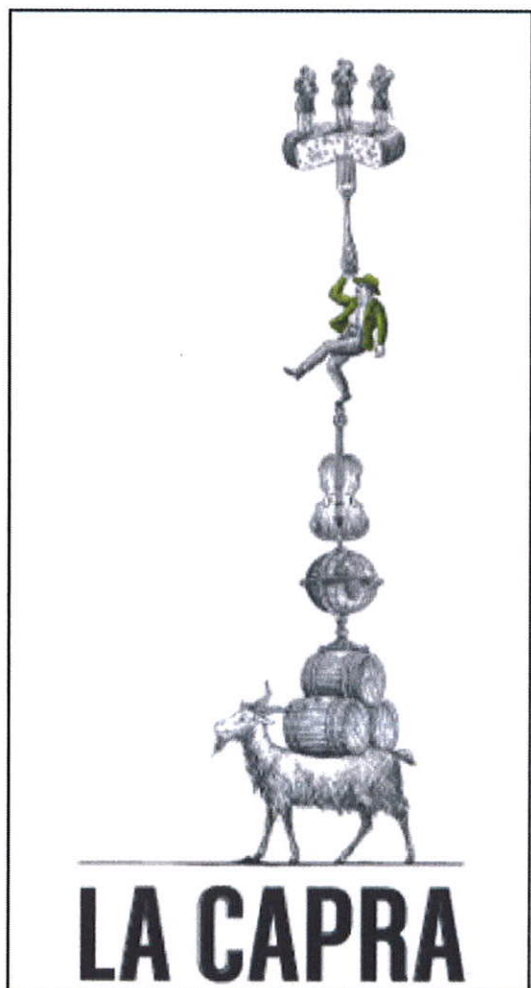


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DESIGN SOLUTION (329 words)

Investigating the characters and the history of the Back family and its Balkan origins brought to light the theme of celebration. A belief in drinking good wine with good food in good company is a Back family tradition, and this led to the overarching creative platform of a Balkan Wine Festival.

The new brand stays true to Fairview's fun and quirky take on life through the name 'La Capra' - Italian for "Goat" and brings the festival theme to life through the "carnival" graphic style. This style is not often used in the context of wine, giving the brand strong presence on shelf alongside more conservative options. The endorsement phrase "Presented by Fairview" reinforces the carnival theme and lends credibility.



Core Identity:

The label was designed to invoke everything that is special about Fairview, all delicately balanced.

Band playing: that sums up the brand's values of celebration and entertainment.

Cheese: to remind drinkers of the estate's artisan dairy credentials.

Fork: food culture and the enjoyment of wine with food is signified by the fork.

Farmer: signifies the hard work that goes into making wine and individuality – his jacket changes colour for each varietal.

Violin: echoes the importance of music in Balkan tradition.

Globe: Global appeal of the brand and the European heritage of the grapes

Goat: one of the Fairview herd who reside in the famed tower – a key Fairview brand property

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How it Worked on Pack:



Back of Pack:

The festival theme is carried over to the back label, an often neglected medium, but in La Capra's case, the canvas for an elaboration of the brand story started on the label. Underneath the premium-quality stelvino closure, the skirt is also branded, creating the impression of a wholly branded product rather than a bottle that has been labeled.



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Carry Case and Box:



The design translated with ease onto the box and carry case without being watered down by the printing limitation you get with these structures.

CPB Project Fee R61,147.25 (5,579.05 GBP)



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Excellent Distribution Secured

Securing listings for a new wine at a very competitive price point is not easy. Buyers are spoiled for choice, and to catch their eye a brand must stand out from the competition on a brand level. As one wine buyer at a leading retailer says: *"I always say to winemakers, you have to tell me how you are going to excite the consumer...how are you going to get people to pick it up off the shelf?"*. Technical product features are not enough.

The strong brand story meant securing listings didn't prove to be a problem for La Capra: *"Buyers enjoyed the style of wine, its packaging, and its price. It seemed to tick all the appropriate boxes, which made attaining listings that much easier. Buyers are essentially looking for something different, not more of the same. If you can get this right, then you are on the right track!"* – **Chris Davis, Fairview COO.**

For the launch La Capra secured listings in the Western Cape with Pick&Pay as well as selected Makro and Spar/Tops outlets giving it a solid foundation on which to build.

Financial Results

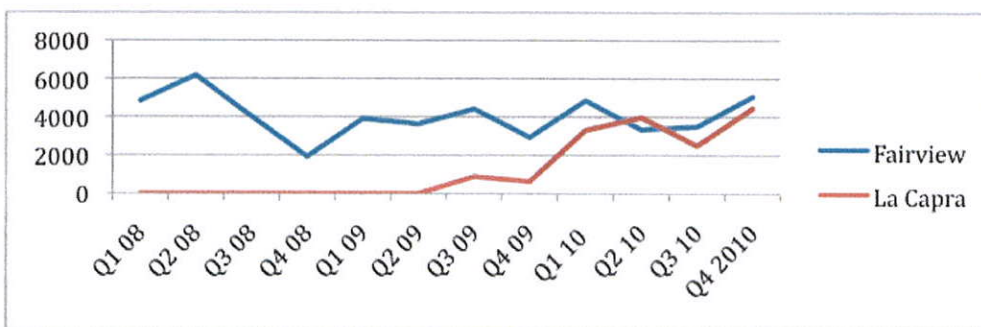
To review the brand's financial contribution to the business we have used sales from the Fairview cellar to retailers. These numbers indicate precisely the impact on the Fairview business's bottom line, as they reflect money in the pocket for Fairview, not that of a retailer.

We supplement this data with till data from Pick & Pay, to show that consumer demand was high as stock moved through the retailer quickly.⁵

La Capra grows to match Fairview's volume sales

Figure 3 shows the combined sales of Fairview and La Capra⁶, in quarterly stages from the beginning of 2008. So rapid has been La Capra's growth, it had equalled Fairview in volume sales by Q1 2010 and temporarily exceeded it in Q2 2010. This demonstrates the important role the brand now plays within the portfolio.

Fig 3: Volume sales from Fairview cellar to agents and retailers (in cases of 12 x 750ml bottles)⁷



Sales Achieved Without Cannibalisation

La Capra was deliberately targeted at the off-con market and at a different price point, so no cannibalisation at the retail level would occur. To demonstrate that Fairview is attracting new consumers to the brand we look at sales through the Tasting Room, the one environment where the two brands are displayed side by side and could therefore be expected to compete. Figure 4 suggest that La Capra's sales have been achieved without cannibalising Fairview's sales.

⁵Till data for other retailers unavailable.

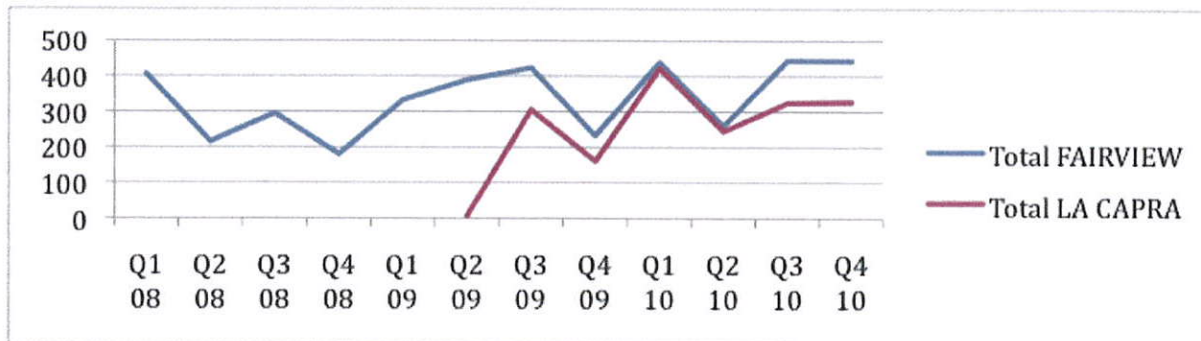
⁶Representative total of Sauvignon Blanc, Pinotage and Cabernet Sauvignon varietals.

⁷Figures run up to Q4 2010 – which ended March 2011



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Figure 4. Volume sales of La Capra and Fairview at the Tasting Room (12x750ml cases)⁸



Consumer demand is high

For a new wine brand, a key test of a successful launch is how quickly the stock sold to retailers is sold on to consumers. This is an area that La Capra has excelled:

👉 From December 2009 to May 2011 Pick & Pay bought 1,713 cases of La Capra.⁹

👉 Through-the-till sales data for Pick&Pay Western Cape for the same period shows that Pick&Pay sold 1,949 cases of La Capra wine.

👉 Therefore Pick&Pay sold everything that they bought from Fairview, plus surplus from the first two months of the brand's launch.

Volume and Value Sales Increased

For the period March 2010-May 2011, volume sales rose by a whole 46.1% and value sales grew from R5,598,409 to R 7,699,946.5 for the same period (an increase of 37.5%).¹⁰

The brand has proved an international success

The universal appeal of the brand can be measured by its success in international markets – all of which was achieved without any need for translation or modification of the creative concept. The brand has stretched across Africa, with distribution in Zimbabwe, Botswana and Namibia, and also penetrated the key UK and US markets. This has been achieved despite a difficult export climate. Figure 5 shows exports of SA wines dipped in 2009 to 395.6million litres, or 49.1% of total wine produced, reflecting global economic contraction.



⁸ Figures run up to Q4 2010 – which ended March 2011

⁹Official data from Pick & Pay buyer

¹⁰Volume and Value Sales from Fairview cellar



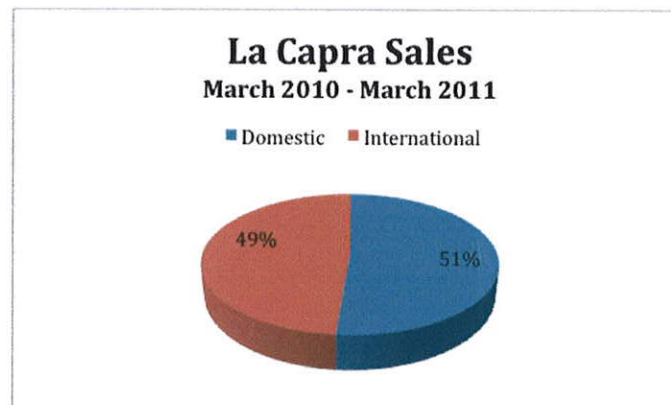
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Fig 6. Litres of SA Wine Exported 2008 vs 2009¹¹

	2008	2009	Change
Litres Exported	411.7m	396.6m	15.1m
As % of SA wine	53.90%	49.10%	- 4.80%

La Capra bucked this trend, and has also reached Mainland Europe, South America, Scandinavia and Israel. The importance of the international market to the brand is shown in Fig 7.

Fig 7. International and Domestic Sales of La Capra, March 2010-March 2011.¹²



La Capra has performed particularly strongly in the highly competitive UK market where in 10 short months it has climbed to second place in the UK market for South African wines over 5 pounds per litre.

Figure 8 shows that while South African wine sales in the UK have declined by 19.6%, La Capra's sales grew 13.7%, closing in on the declining leader Boschendal.

Fig 8: Top 5 South African Brands in the UK Market (over 5 GBP per litre)¹³

Total Coverage GB (Off Trade)	Volume Sales - Bottles in 000s		
	Year Ending 26 December 09	Year Ending 25 December 10	% Change
Total 750ml South Africa Wine over £5 Litre	5,166	4,153	-19.6
Boschendal	801	552	-31.1
Fairview La Capra	445	506	13.7
Porcupine Ridge	322	456	41.4
Rocco Bay	651	446	-31.6
Beyerskloof	351	290	-17.2

¹¹SAWIS – S.A Wine Industry Statistics (www.sawis.co.za) ⁹Official data from Pick & Pay buyer

¹²La Capra sales figures – to international agents

¹³WOSA (Wines of South Africa) Wines in Great Britain Snapshot, Jan 2011



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Label design reduces overall printing costs

The label printing process incurs costs on four fronts: machine time, material used, ink used, and labour costs. The La Capra label was specifically designed to save money on each front:

- ☞ All the La Capra labels share one high-build silk screen – this saves on labour, as setting up a new high build would take two hours each time.
- ☞ All the labels share a die, so this only needs to be installed once, instead of once for each varietal, saving labour and material waste incurred during make-ready process for each die.
- ☞ All the variants being printed together requires only one make-ready session; each session lasts 45 minutes, so saving time.
- ☞ The single colour change between varietal ensures the machinery stands still for the shortest possible time between runs – mixing one colour and applying one new plate is all that is required.

Fairview's printers, Rotolabel, calculated that the saving for printing La Capra labels as one print run versus treating each varietal as a separate is as much as 35%. Given that one print run of 100,000 La Capra labels costs R31,500 (2871.54 GBP) without the 35% estimated savings, that print run would cost R48,461 – a saving of R16,961 (1819.64 GBP) for every print run. Fairview predict three print runs in 2011, so this adds up to an annual saving of R50,888 (4,368.95 GBP) over the lifetime of the brand. This represents a significant contribution to profitability.

Improved efficiency in the cellar

A wine cellar needs to operate at or near to 100% capacity to achieve operational efficiency. If necessary cellars will devote a proportion of their own capacity to other producers' brands to avoid down time. However this does not translate into overall financial efficiency, as these wines cannot then be sold for profit.

Before La Capra was launched, approximately 25% of Fairview's cellar output was in the service of other brands. La Capra's success has allowed the cellar to operate at 100% capacity, almost entirely in the service of its own brands. This 25% equates to 49,691 cases of wine that would have been other brands' to sell.

Adding La Capra to the Fairview stable has meant average price per bottle production costs for the business as a whole have decreased from R3.73 (0.43 GBP) per bottle to R3.28 per bottle (0.30 GBP). Between March 2010 and March 2011, the Fairview estate sold 198,764 cases (2,384,168 bottles) which equates to a saving of R1,072,875.60 (97,548.01 GBP) again showing LA Capra is making a significant contribution to profitability.

To further sum up the contribution to operational efficiency, since the launch of La Capra total wine volume sales increased by 30% while productions costs rose by only 25%.



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OTHER INFLUENCING FACTORS

PR

As with any new wine brand launch, PR was a key means of opening a dialogue with influencers – and by launching La Capra with a clear brand story, CPB were in the fortunate position of being able to define the creative platform which other agencies were to work from.

This was possible because the La Capra Festival was more than simply a label concept; it was the creative idea that differentiated the brand and made it worth talking about.

La Capra was launched at an event in Cape Town's Wembley Square that was styled as a travelling tasting room; a gypsy caravan and musicians true to Fairview's Balkan roots brought the La Capra festival to life.

To achieve any of Fairview's objectives in launching their new brand, La Capra first and foremost needed to make a connection with influencers. Given the wine market is so heavily reliant on word of mouth recommendations, bloggers were a key audience and were invited to the event along with regular wine press.



Subsequent coverage of the wine spanned populist blogs like "Bangers and Nash" and more serious wine blogs such as 'Cape Town Wine Blog'. The response was overwhelmingly positive:

"John Luke and I arrived expecting a group tasting, instead we were treated to a two on two tasting experience inside a gypsy caravan!" Bangers & Nash

"When it comes to marketing wine Mr. Back is the top dog in SA. I hope more serious wines start taking this approach... We need to start loving our wines as much as we love our Castles". Comment, What I drank last Night

"Fairview launched their new La Capra range of wines recently. It was an interesting launch for an interesting label." My Cape Town, on Twitter



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The launch was a huge success, the branded experience proving an interesting enough proposition to generate R396,649.65 of PR value across print, online and radio¹⁴. The success of the launch was followed up with a full scale 'La Capra Festival' in October 2010, when the Fairview estate invited visitors to partake in a day devoted the spirit of the La Capra wines.

The festival saw over a thousand people enjoy a "Goat Run" through the local hills amongst other activities, and generated a further R56,104 (5,114.44 GBP) of PR.



TOTAL PR VALUE FOR LAUNCH AND FESTIVAL: R425,753.65 (38,811.70 GBP)

The Creative generated its own PR.

As well as the brand as a whole being well received and positively discussed, the specifics of the label design have also drawn praise from consumers and industry alike. One article in Wine Magazine recognised the brand's ability to tell an engaging story in a cheerful way without looking cheap:

"You need to have a story, and it needs to be well presented. La Capra has taken full advantage of this"

Meanwhile the design was shortlisted in the 2011 UK Design Week Awards, drawing high praise in the design industry's premier publication¹⁵. The creative has also been recognised in local awards in South Africa, winning a silver award at the 2010 Loeries.



¹⁴Atmosphere PR value data 2010, based on standard calculation of ad rate x 3.

¹⁵Design Week Magazine, 10th March 2011



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Category growth did not account for the success of La Capra

2009, the year of the launch, was a torrid time for South African wine. Domestically beer and brandy strengthened their traditional position ahead of wine, while internationally, a global recession, coupled with a strengthening rand and key overseas markets' focusing on low prices, made exports very difficult.

During 2009, as the global recession began to bite, the wine market in South Africa shrunk by almost 5% - total volume sales in gross litres fell by 4.99% compared to the equivalent period one year previously.

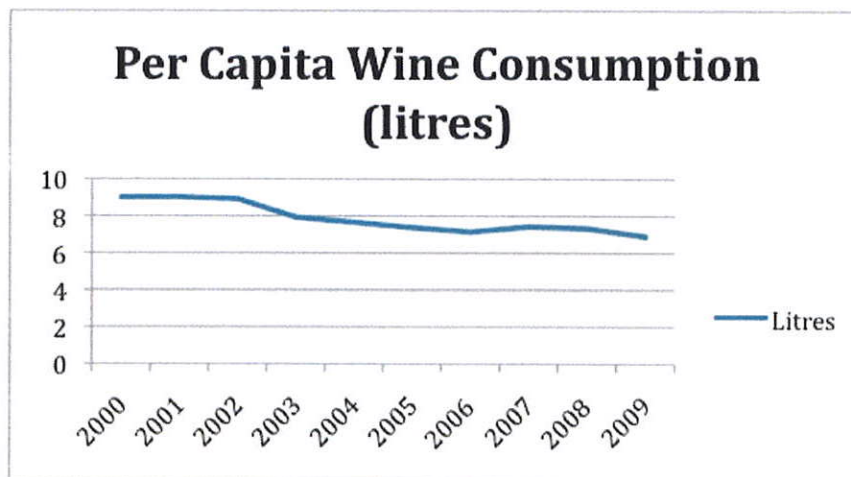
Fig.9: Domestic Sales of Natural Wine (Gross Litres)¹⁶

	12 MONTHS		TREND
	08-Jan 08-Dec	09-Jan 09-Dec	
Wholesalers	167 982 180	156 003 103	-7.23%
Private Cellars	41 468 138	40 274 007	-2.88%
Producer Cellars	102 948 306	100 522 434	-2.36%
TOTAL	312 398 624	296 799 544	-4.99%

La Capra did not benefit from changes in consumers drinking patterns

in 2009 per capita wine consumption in South Africa fell to a new low of 6.9 litres, down from 7.65 litres in 2004¹⁷ meaning all wine brands were competing for a smaller share of mind.

Fig 10. Per Capita Wine Consumption in South Africa¹⁸



¹⁶SAWIS Wine Industry Information, 2010

¹⁷SAWIS Wine Industry Information, 2010.

¹⁸SAWIS Wine Industry Information, 2010



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Promotions did not drive volume sales

When a new brand secures a listing with a retailer, one of the negotiations is what level of discount that retailer may offer the brand for as opposed to other retailers. When securing the major distribution deal with Pick&Pay Western Cape, the La Capra was desirable enough that Fairview were able to negotiate from a strong position, allowing Pick&Pay only a 5% promotional price which would not run all year round. The strength of the brand's sales have meant La Capra have been able to stick to this 5% discount, using price promotion proactively to attract new customers and sticking to the agreed plan, rather than reactively price cutting to help move volumes.

Advertising did not account for success

The strength of the packaging design in getting people talking about the brand meant there was no need to use above the line advertising. PR was used during the launch phase but spend was minimal at R70,676 (6,442.82 GBP). The creative concept developed by CPB was used as the basis for PR communications.

The 2010 FIFA World Cup Factor

The World Cup in South Africa occurred during the first two quarters of 2010. This gave a boost to the wine industry as a whole, as was the case for the entire national economy. While its impact can be seen in the sales data for La Capra and Fairview, this spike in sales does not detract from the positive impact La Capra had on the Fairview estate's profitability. The trend for La Capra sales was clearly upward before the World Cup, and sales post-World Cup were still higher than they were before the tournament.

A few words from our client

"We've spent many years working hard to build the equity of the Fairview brand. The extension into a so-called second label is a natural move for many wine producers, but it was not a strategy that we were comfortable with. We have never wanted to do 'more of the same' when it comes to our brand, so it was refreshing to work with Coley Porter Bell on the La Capra development. The ability to stand out from the crowd is extremely rare in the crowded wine retail market. The CPB team quickly identified with what we wanted to achieve with La Capra and the brand was developed with its own identity and potential to build equity. By doing this, La Capra benefits from the endorsement from Fairview while not relying entirely on it to be successful. The response from our target market has been excellent, in trying times for the wine industry. This has been the case across a number of international markets and the flexibility that the brand offers bodes excellent for growth in the future." – Chris Bryant, Communications Director, Fairview

