

Retail Sales Analysis

New Brands Proliferating as Wineries Look for New Ways to Attract Consumers

In 2005, 503 new brands were introduced, a 62.8 percent increase over the 309 brands introduced in 2004.

Mary-Colleen Tinney

(Excerpt) . . . New brands, according to label designer Paula Sugarman of Sugarman Design Group, “have to work a little harder than an older brand. You have a lot to prove.” Sugarman indicated that an effective brand identity can easily last for a decade or more, but creating that flexible personality from the beginning is much more difficult. “When we design a brand identity, the first thing we want to do is create a logo type that is going to be memorable for that particular winery and will work from one label to the next and will tie the winery together. It’s not necessarily about the illustration that goes on the label. With a good brand identity, you have the flexibility to change the illustration. It’s really important to create an identity for the winery that allows them to move forward in a variety of different directions and also allows them to keep their identity.”

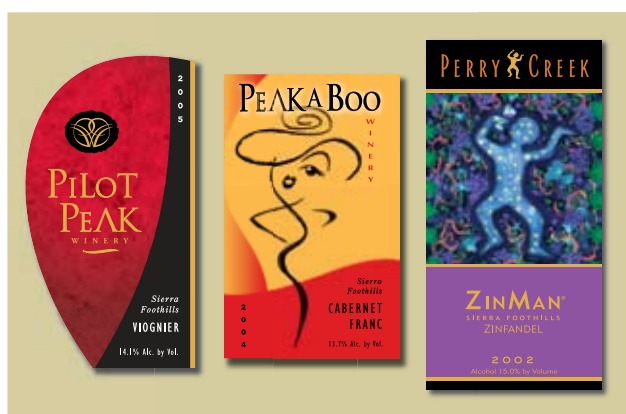
Oftentimes, the newest brand introductions seem to be capitalizing on trends in sales – for example, the number of “critter brands” in the wake of the Yellow Tail success. However, there is a fine line between a splashy and successful introduction and an enduring brand identity. “I look at some of these labels, and some are so outlandish and over the top, you wonder if there is a long-term plan,” said Donny Sebastiani.

There is a problem of creating too much visual noise for the consumers. “In the past few years, we have been working with brightly colored labels that attract a lot of attention yet at the same

time say something individual about the wine,” said Sugarman. “But now, if you go to Beverages & More! and look down the aisle there are just so many different colors and animals and ‘fun’ labels. So now we are going to have to start thinking of something different. I think you will start to see design that pulls back a little bit and heads towards a little quieter label that expresses more about the winery.”

There is also a larger danger in having a cute, trendy label that might flame out quickly when new trends are established: failing to attract the attention of distributors. “I will tell you the Achilles heel of new brands,” said Bill Cascio. “If a new brand comes to us and there’s no business plan or rationale behind it, we shy away and don’t get involved with it. There are, unfortunately, a lot of new brands where people think they can put a label on and have a few salespeople around the country and they’ll be successful. But you need to have an infrastructure around it.”

Although new brands can attract wholesaler attention, in this age of consolidation, it’s the distributors that may be wary. “A lot of distributors right now are a little cautious,” said Cascio.



Sugarman Design Group creates brands for new wineries and gives new energy to existing brands.

“Some people come in with new brands that have an exit plan of selling it to a conglomerate in five years. The distributor might not have an agreement with that new company, so there has to be some sort of agreement to protect ourselves in those cases.”

Ultimately, though, the success of any brand is still predicated on the quality of the wine. “If you are coming up with new labels all the time and it isn’t a good value, you aren’t going to be rewarded,” said Sebastiani. “New brand introductions also push established companies to continue to make a good value product. If you have something that is of innate value, that is good, and people enjoy and retailers like selling it, you are going to sell it. But unless consumption is growing at the same rate of new brands, you are going to be taking it (sales) from someone else. . .”