Report Brochure

CLOSURES REPORT USA

CONSUMER INSIGHTS FROM THE US MARKET

NOVEMBER 2012

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INTRODUCTION

When it comes to closures, America stands apart. In many high value developed markets, the screw-cap revolution has ripped apart the old consensus of driven closures. Not so in the United States, where distributors, retailers, and ultimately consumers tend to have a more traditional view about how their wine bottle should be sealed. Two thirds of US wine drinking population are fans of natural cork , compared with 24% who say they like buying synthetic cork, and 22% who are happy buying screw-cap.

However this cork-centric worldview is changing, as alternative closures, led by screw-caps, make inroads into certain categories of wine. This report confirms that US wine drinkers finally are making slow but steady advances towards accepting screw-caps into their wine lives, though there is plenty of life in the driven closures market yet.

The strong natural cork fan base can be attributed to the relatively small proportion of adults who drink wine compared with other countries. Less than 40% of American adults drink wine at least once a month (compared to over 70% in the UK and Australia) – it remains a more niche market, though this too is changing as wine drinking becomes a more mainstream activity.

INTRODUCTION

Another reason for cork's resilience comes from the American wine industry itself: there has been a less evident push from producers (as was the case in Australia) or from big retailers (as in the UK) to switch to screw-cap.

The preference and reverence for natural cork among American consumers may also be reinforced by the belief that natural cork is synonymous with wine, or perhaps more precisely, good quality wine and the ritual process involved in drinking and enjoying the beverage.

While this report demonstrates that American regular wine drinkers do not reject synthetic cork and screw-cap wines outright, they are still more likely to harbour either indifferent or negative attitudes toward these two alternative closures and the wines that are associated with them—perceptions that can guide, limit, or sometimes mislead them before they eventually settle on a particular bottle.

While spirited and somewhat technical debates continue to rage within the industry about the efficacy of one type of closure over another, the broader consensus is that closure choice is now more a function of cost, convenience and consumer perception. On this latter point, the debate remains focused on perceptions of value: natural cork remains the benchmark in US consumer minds of a higher value product; screw-cap is still seen as lower value; and synthetic hovers somewhere in the middle.

INTRODUCTION

Even so, it is worth recalling the case of the UK market, where consumers held what appeared to be entrenched views about screw-cap 10 years ago. Today, the situation is somewhat different - screw-cap is now broadly accepted at most price points in the UK.

The catalyst for the UK revolution was a policy change by the major supermarkets which dominate wine sales. This is unlikely to occur in the USA, where retail is more fragmented . Our tracking data shows screw-cap making steady upward progress in consumer perceptions, from a low base. We don't rule out a revolution; however a more likely outcome will be the arrival of screw-cap as a mainstream force in around 5-10 years time. Don't hold your breath.

Richard Halstead
Chief Operating Officer

QUANTITATIVE METHODOLOGY:
Wine Intelligence Vinitrac® USA

- The data was gathered in July 2012 via Wine Intelligence's Vinitrac® online survey, with a sample size of 2,005 US wine drinkers, meeting the following requirements:
  - Adult drinking age
  - Permanent resident of the country
  - Drinks wine at least once a month
- The survey data was post-weighted to be representative of US regular wine drinkers in terms of age, gender and regional divisions
- Invalid respondents (those who sped through the survey or gave inconsistent answers to selected questions) were removed before analysis

Vinitrac® questions in this report

The Vinitrac® survey questions referred to in this analysis are as follows:

Questionnaire

- Thinking about the wine you purchased over the past 4 weeks, what closures did they have?
- How important is the closure type to you when buying wine?
- How much do you expect wines with the following closures to cost in a supermarket/wine store where you usually buy wine?
- Thinking about wines with screw-cap/natural cork/synthetic cork, how appropriate do you think they are for the following occasions?
- Thinking about the types of closures used on wine bottles, how do you feel about each of the types compared with a few years ago?
- If a brand of wine that you normally buy changed its closure from cork to screw-cap, how would this affect your purchasing of this product in the future?

Vinitrac® Methodology

Each Vinitrac® survey starts with questions to screen respondents:

- Adult drinking age within each country
- Permanent resident of the country being surveyed
- Drinks wine at least once per month
- Drinks at least red, white or rosé wine
- Buys wine in the off-premise and/or in the on-premise channels

… and rejects all respondents who do not fulfil these Vinitrac® criteria

Each sample is representative of the 'regular' wine drinking population in that market and is therefore valid; a sample size of at least 500 consumers ensures results are reliable. It's like a 'smaller' version of the wine drinking population at large

We comply with both MRS and ESOMAR codes and guidelines for market research practice

Vinitrac® - Frequently Asked Questions

WHY IS VINITRAC® NOT A PANEL?

- Panels are good for monitoring detailed purchase activity but require regular input from exactly the same complete group of respondents
- This requires more time from respondents, for which they are paid, and panels are therefore more heavily skewed towards home-based consumers, e.g. students and home-makers
- This group of a country's wine-drinking population does not fully represent the accurate weighted sample of adult regular wine drinkers on which Vinitrac® insights are based

HOW DOES VINITRAC® WORK?

- Invitations to participate in Vinitrac® are distributed to adult consumers in each market
- Consumers interested in a wine survey are directed to an URL address, which welcomes them to the online survey
- Wine Intelligence monitors incoming completed responses to build a sample representative of the wine drinking population of the target market
- When a representative sample of 1,000 in most countries (US: 2,000) is logged, the survey is closed

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