Screwcap acclaimed but still finding its identity

By Richard Halstead
Chief Operating Officer, Wine Intelligence. Email: info@wineintelligence.com

This is the first of a regular contribution by Wine Intelligence in which it will drawn on its marketing research to present articles on a range of subjects. For its inaugural column, chief operating officer Richard Halstead draws on data collected on consumer closure preferences with specific reference to the UK, USA and Australia.

There is a scene in the 1979 film *The Muppet Movie* where Kermit the Frog and Miss Piggy are dining in a fine restaurant. The waiter, played by Steve Martin, opens the wine that Kermit has ordered - a bottle of "sparkling muscatel, one of the finest wines of Idaho". Martin asks, "Would you like to smell the bottle cap?" The implication, of course, is that the wine is so cheap that it would not be worthy of a cork.

A debate about wine bottle closures among the wine trade can (and often does) fill a venue to standing room only. Yet, the same topic would quickly empty a room of consumers – for most, how a wine is sealed is no more interesting to them than how the paper label is affixed to the outside of a bottle.

How times have changed. The screwcap has gone from pariah to mainstream and, in some markets, into dominance. A debate about wine bottle closures among the wine trade can (and often does) fill a venue to standing room only. Yet, the same topic would quickly empty a room of consumers – for most, how a wine is sealed is no more interesting to them than how the paper label is affixed to the outside of a bottle.

While it's true that a really corked wine will upset the ordinary wine drinker, it's also true that he or she will not always notice the presence of cork taint, particularly if it is quite a mild contamination. Data from international wine competitions suggests that the level of 'fault' in bottles from any cause (TCA, oxidation, reduction) is somewhere around 4-5%, yet, the proportion of bottles returned to a typical supermarket is a tiny fraction of this number. For instance, if 5% of wine bought from Tesco (annual UK sales: 350 million bottles) was noticeably faulty, approximately 1 million bottles per month would be returned. The true figure is a fraction of this – a difficult number to trace exactly, according to supermarket executives I have talked to - but it is a small fraction of the amount predicted by the wine fault data emerging from organisations such as the International Wine Challenge.

As a market researcher working in the global wine industry, it's a surreal experience to travel from the polarised world of the wine trade closure debate into the calm, fairly conservative world of the consumer standing in front of the shelf in their local Dan Murphy's, or Tesco, or Trader Joe's. While acres of newsprint and megabytes of internet space are filled with increasingly pedantic, tetchy and – to the outside observer – obscure rants among wine industry experts, the debate at the store shelf, if it exists at all, is far more prosaic.

In consumer world, the closure is less of a political issue and more of a practical one. How easy is it to handle? How easy is it to reseal? Will it fit in my fridge door? How will it make me look in the eyes of my friends? Will I look stupid or clever if I bring out a bottle of wine at a dinner party and twist the top, as opposed to reaching for the corkscrew? What are other shoppers buying? And, most importantly, though often overlooked in the heat of the trade closure debate, do I actually like the wine inside the bottle?

The answers to these questions depend on a diverse range of factors, all of which might impact the consumer's view. For instance, my 80-something father - a wine drinker for more than 50 years and not the most dedicated follower of fashion - loves screwcaps because, these days, he finds it harder to execute the dextrous functions needed to manipulate a cork out of the bottle using a standard corkscrew.

As you will see from the following analysis, variation in perception is not confined to age. Wine Intelligence has collected data on consumers' closure preferences from 18 of the leading consumption markets for wine. Within the limitations of this article we will consider the data from three markets: UK, USA and Australia.

The UK could arguably hold claim to being the most exciting and dynamic environment for closures over the past decade. It is an excellent example of the two main factors that have affected consumer choice in closures: the availability of different closure types affects choice, and the adaptation of those closures to fit with the state of different needs and consumption occasions.

Let's deal with two related issues that have been crucial in the development of UK closure preferences: the range of wine choices available under screwcap, and the human instinct to copy one another, of which I shall discuss more in a moment.

In 2003, the year Wine Intelligence started measuring consumer closure preferences, cork or plastic-based closures dominated the UK market. ▸

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Screwcapped wines were available - principally atop wines from New Zealand, but also in the very low-end, sub-£3, own-label wines, where cheap screwcaps had become the norm for some time. In that year, our first ever closures survey in the UK determined that just 7% of wine consumers actively liked buying wine with a screwcap closure, with a further 34% saying they didn't mind either way, and a whopping 59% saying they actively disliked a screwcapped wine.

The main development since 2003 is that the availability of screwcapped wines has exploded – from less than 10% to now around 60-70% of the wines on a typical supermarket shelf, according to a recent store audit conducted by Wine Intelligence.

Clearly, the increasing presence of screwcapped wines in the UK has had a knock-on effect on consumer behaviour. In 2007, the 'acceptance' level of screwcap closures in the UK – defined as those saying they liked or didn't mind buying wine with this closure - had risen to 75%. The proportion of people saying they actually liked buying wine with this closure rose to 28%. Since then, acceptance has risen further to 85% but, significantly, the proportion of drinkers who actively like buying screwcapped wine has shot up to 42%.

What is going on here? Aside from the obvious point that there are more opportunities to buy screwcapped wine, there appears to be a social conditioning effect at work. Where once it was considered very unfashionable and gauche to buy a screwcapped bottle, today it is socially acceptable, which is why we laugh at the Kermit and Miss Piggy scene in *The Muppet Movie* for different reasons these days. Screwcapped wine has 'tipped', to borrow a phrase from Malcolm Gladwell's excellent book *The Tipping Point*, and has become a self-perpetuating phenomenon.

Other authors in the genre – I would point to another excellent book *Herd*, by Mark Earls – would interpret this in a more anthropological way: the tribe of UK wine drinkers has adopted the screwcap. I believe it's no coincidence that the biggest growth in screwcap acceptance in the past four years has come amongst females, who tend to share information with peers more frequently. When we've asked females in usage tests, they say they prefer the screwcap because it doesn't mean they have to run the risk of embarrassing themselves by fumbling with a corkscrew.

Where does this leave natural cork? Interestingly, not out in the cold. Cork has many strong advocates at the moment, in part due to its considerable and well-organised campaign to highlight the ecological and carbon-capture benefits. Acceptance rates in the UK are still more than 90% (though falling slightly over the past four years) and, if anything, the data suggests the rise of screwcap seems to have dented perceptions of synthetic corks more severely.

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Before the natural cork lobby celebrates, I highlight a one-off piece of work we did last November in our Vinitrac UK wine drinker survey. In it, we asked first what consumers believed were the most appropriate closures for different styles of wine (red, white, rosé). Natural cork was the winner among red wines, with 35% of the vote, while screwcap won the white and rosé sections with around a quarter of the vote each time. However, the largest vote in each case – with nearly 50% in each category – was 'don't mind'.

This may go further towards explaining the second data point from our November 2010 study. We asked consumers to recall what wines they had bought in the previous four weeks, and to say which closure type they remembered buying. While the measure isn't perfect (it may be hard to recall whether a driven cork was natural or synthetic), it is a good indication of what's actually going into UK consumers' baskets. The answer: 80% of UK wine drinkers bought a screwcapped wine in the past four weeks, and only 45% bought wine with a natural cork.

Therefore, if we regard the UK as a 'mature' screwcap market, in much the same situation as Australia, where screwcaps have been the norm for considerably longer, how do we define closure perceptions in the US? Here, it would appear that the screwcap revolution is at a far earlier stage, and that the natural cork lobby have organised themselves far more effectively to defend their territory.

Unlike other markets, the American wine trade has a very good (and long-standing) understanding of what types of closures are actually being used to seal domestic wines, which account for around 7 in 10 bottles sold in the USA. The American *Wine Business Monthly* (WBM) closure survey has been going since 2004, polling a national sample of wineries to determine what types of closure they are using. Given the range of wines being produced, it is common for a winery to use more than one type of stopper, but the trend data is interesting to follow all the same. The latest (2011) data from *WBM* shows that natural cork usage has declined slightly but remains in use in 75% of the wineries in the survey; the incidence of screwcap usage has shot up from around 10% in 2005, to 35% of wineries in 2011; and usage of synthetic closures has fallen from more than 30%, to under 20% over the same period.

As with the UK, there seems to be a connection between the growth in screwcap usage and increasing acceptance levels among American wine consumers. In 2004, Wine Intelligence conducted its first survey of US consumer attitudes to closures, and the results were similar to the UK – acceptance levels of 48%, and only 11% saying they felt positively about screwcaps. Wind the clock forward to 2007, and screwcap acceptance levels rose to 64%, with 19% of consumers saying they liked these closures.

However, at this point, the USA appears to take a different path to that of the UK. Over the past four years, the acceptance of screwcaps among American consumers has risen further, to 70%, though it's significant that the screwcap 'fans' still account for only around a quarter of American wine drinkers.

It appears, therefore, that the American market has not yet 'tipped' into full screwcap acceptance, though it is perhaps too early to say so definitively. It is also difficult to determine one overriding reason, though there are several competing factors that ought to be mentioned. One is that the US wine consumer population is relatively small compared with other countries – less than 40% of American adults drink wine at least once a month (compared with more than 70% in the UK and Australia), which still makes it a minority interest pastime. Wine drinking in America also tends to be more of a ritual, a fact that plays into the hands of the Pavlovian 'pop' extraction of a cork rather than the somewhat anti-climactic zip of a screwcap seal being broken.

Other reasons could be more prosaic. It takes time for bottling plants to be geared up for screwcap production, and America hasn't experienced a huge push from the industry (as was the case in Australia) or powerful national retailers (as occurred in the UK) to switch to screwcap. It should also be noted that the on-premise still plays a relatively more powerful role in wine drinking than it does in the UK or Australia. In this milieu the sommelier holds sway, and natural cork makes for better theatre (and presumably bigger tips).

In some ways, then, the closure 'debate' is over. Natural cork manufacturers have driven down the incidence of fault in their closures to a low level, and improvements in technology are likely to render this a non-issue shortly. Retailers and consumers in the world's main consumption markets have voted with their feet and determined that the screwcap, which has served the soft drinks and spirits industries perfectly well for decades, also has a place in mainstream wines. Screwcap is here to stay and will continue to gain ground, most probably on the basis of cost and at the expense of cheaper synthetic cork closures, within the lower priced wine bracket in most wine markets.

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However, the prophesies of doom emanating from the trade media a few years ago about the future of natural cork seem, with hindsight, to be rather misplaced. Consumers in all large wine markets still regard natural cork with a degree of affinity and reverence that a screwcap could never achieve. In price perception tests Wine Intelligence has done over the years, bottles sealed with natural cork are consistently perceived to be higher value than ones sealed with screwcaps.

We appear to be entering a world in which closure types are chosen less on whether or not they work, and more on aligning with the type of wine in the bottle, and the type of consumer being targeted – a bit like the way producers select the type of bottle and the label. In the consumer's eyes, a big red wine from an Old World country at a higher price point needs to come with a proper cork, just as a zesty, light New World white needs to be in a screwcap. The absence of either is not going to cause consumers to take to the blogosphere in high dudgeon – it will simply elicit a shrug at the wine aisle and, if there is a more appropriate bottle nearby, that does tick all their boxes, they will pick that up instead and move on. WVJ