

Bag In Box
Consumer Preferences in the UK

Presented during the Performance BIB meetings in Bristol, England
24 & 25 October 2012

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Waitrose

Bag in Box is worth £579m each year, that's the same as…



The Total Off Trade Cider Market - £597m



Tea– £544m



Butter - £578m



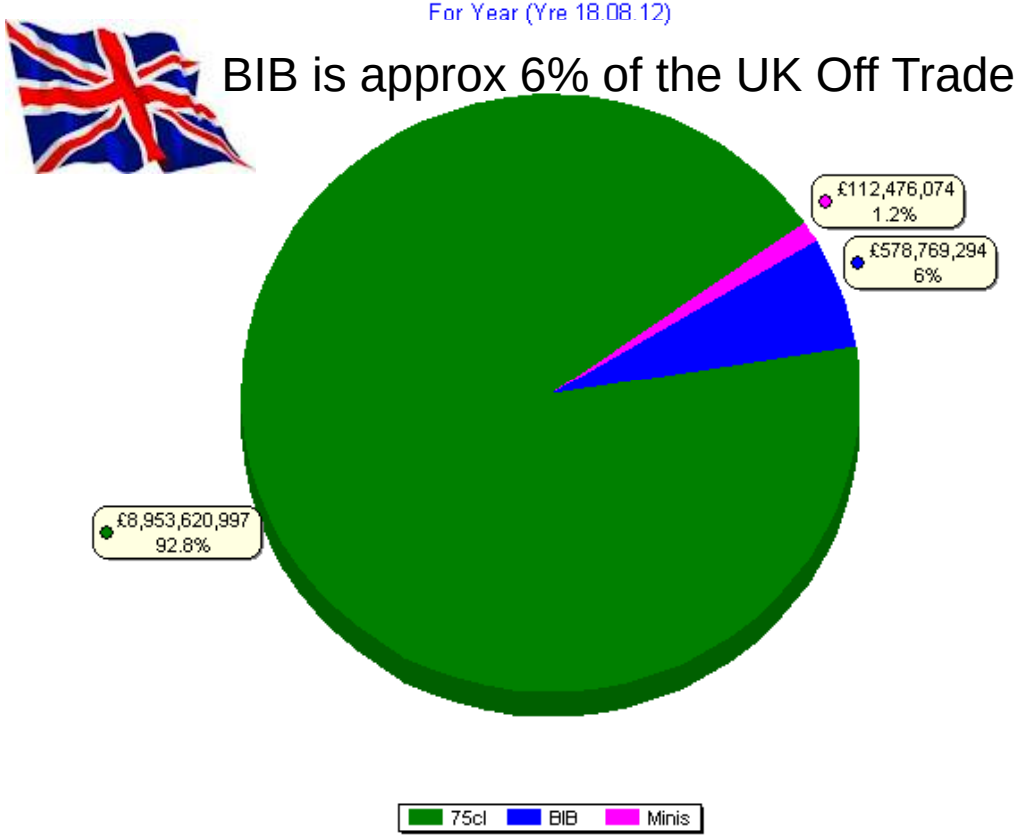


Sugar - £282m

+

Dry Pasta - £221

Despite its many benefits Bag in Box is a fairly small sector. Bottle is still the format of choice for the UK market.



BIB is approx 6% of the UK Off Trade Wine Market

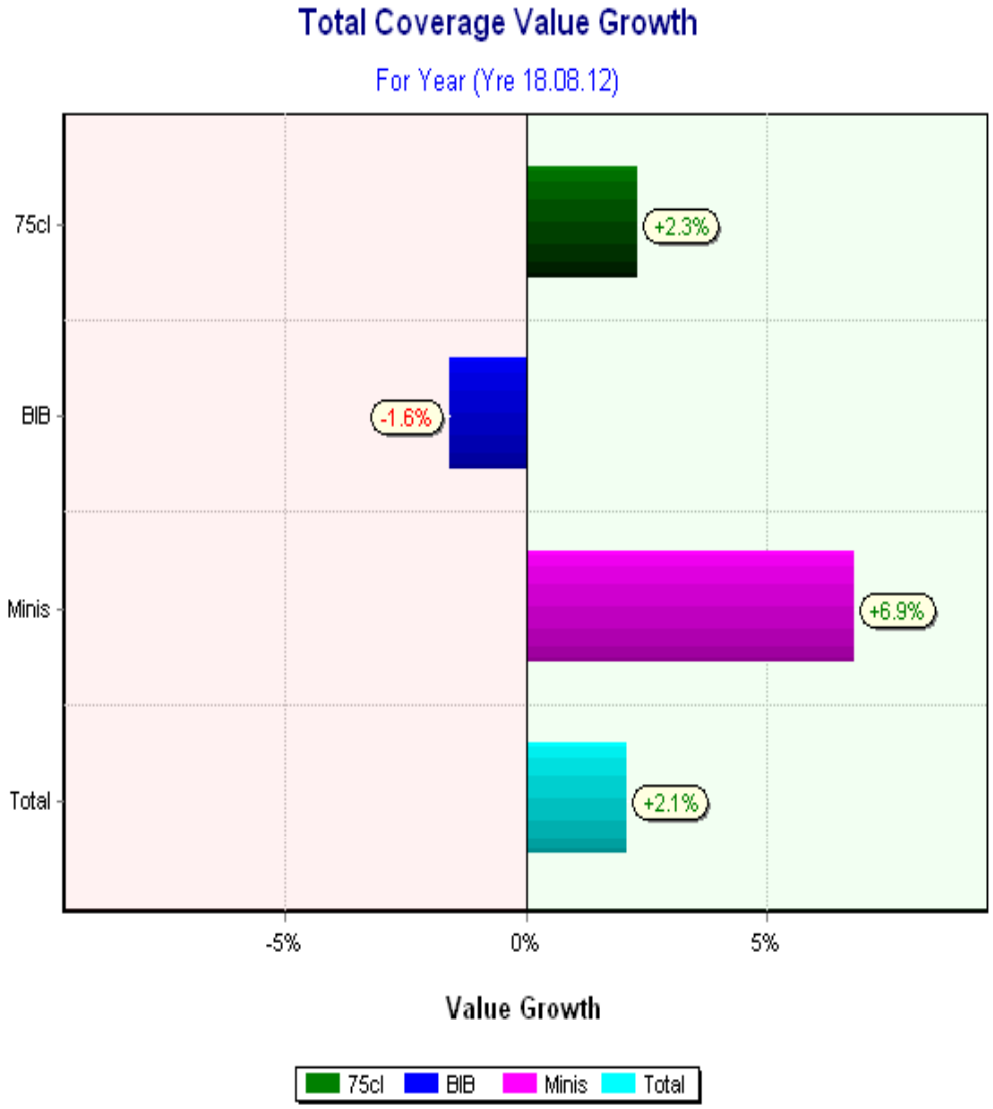


c 13%*



c 56%*

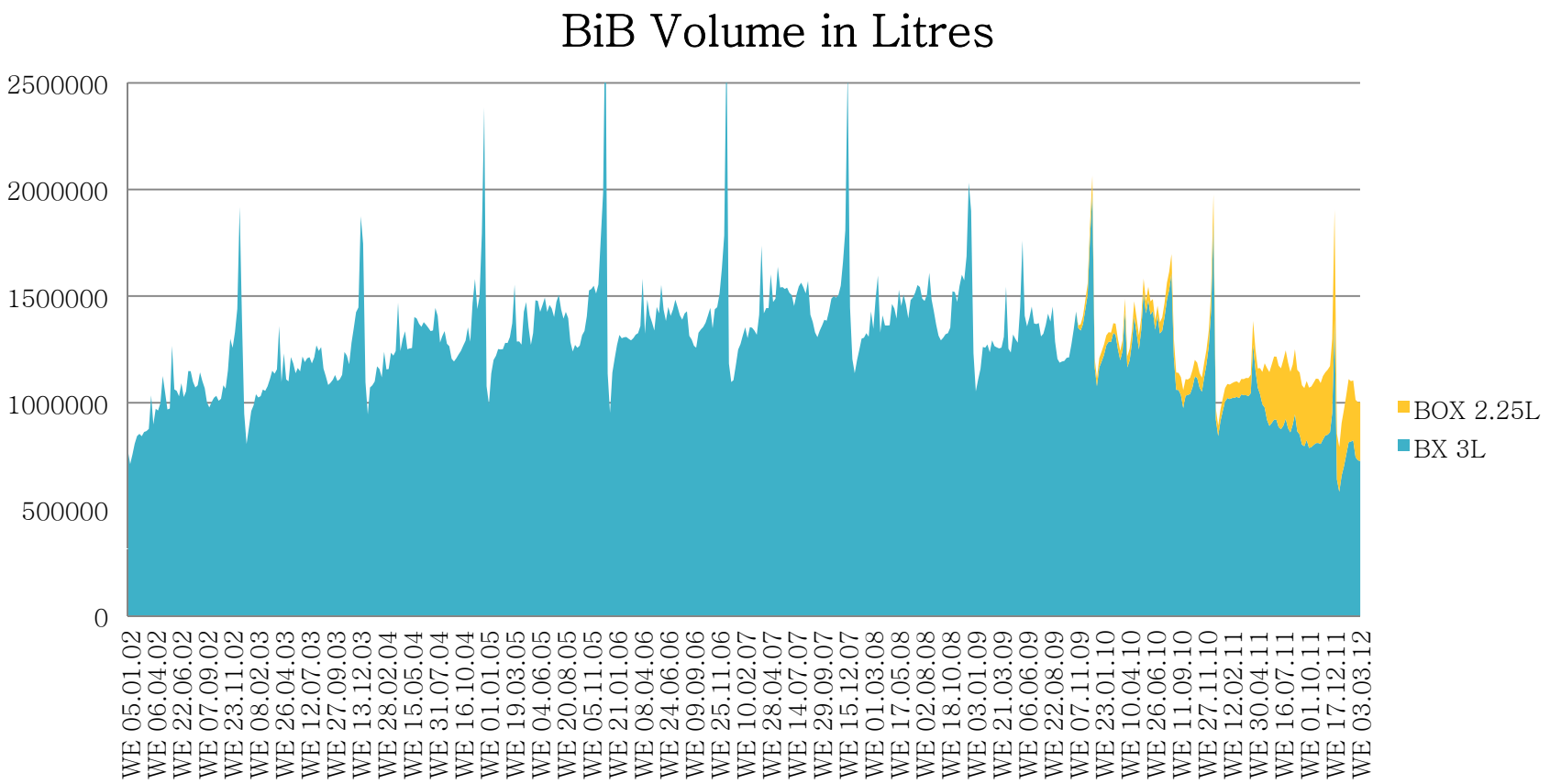
Source: Nielsen Epos data Total Off Trade
*Accolade Estimates



Sadly BIB is the only format to see less spend over the last year

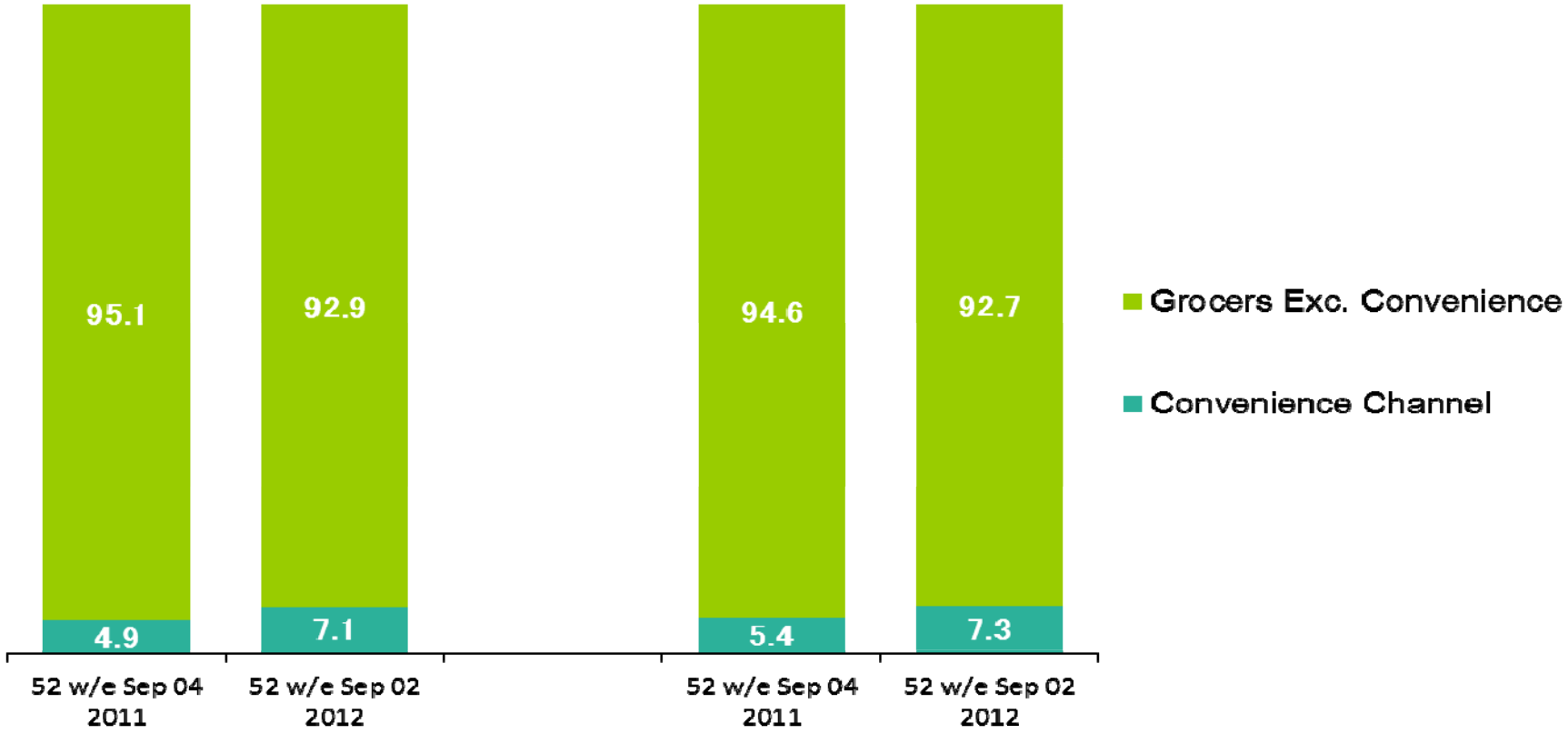
Source: Nielsen Epos data Total Off Trade

Bag in Box volume has been fairly flat for the last 10 years. 2 years ago 2.25l was introduced; it has taken volume out of the Market and is sold at a lower price point.



Source: Nielsen Epos data combined with Kantar Panel.
* 52 weeks Epos data Total Coverage to August 2012

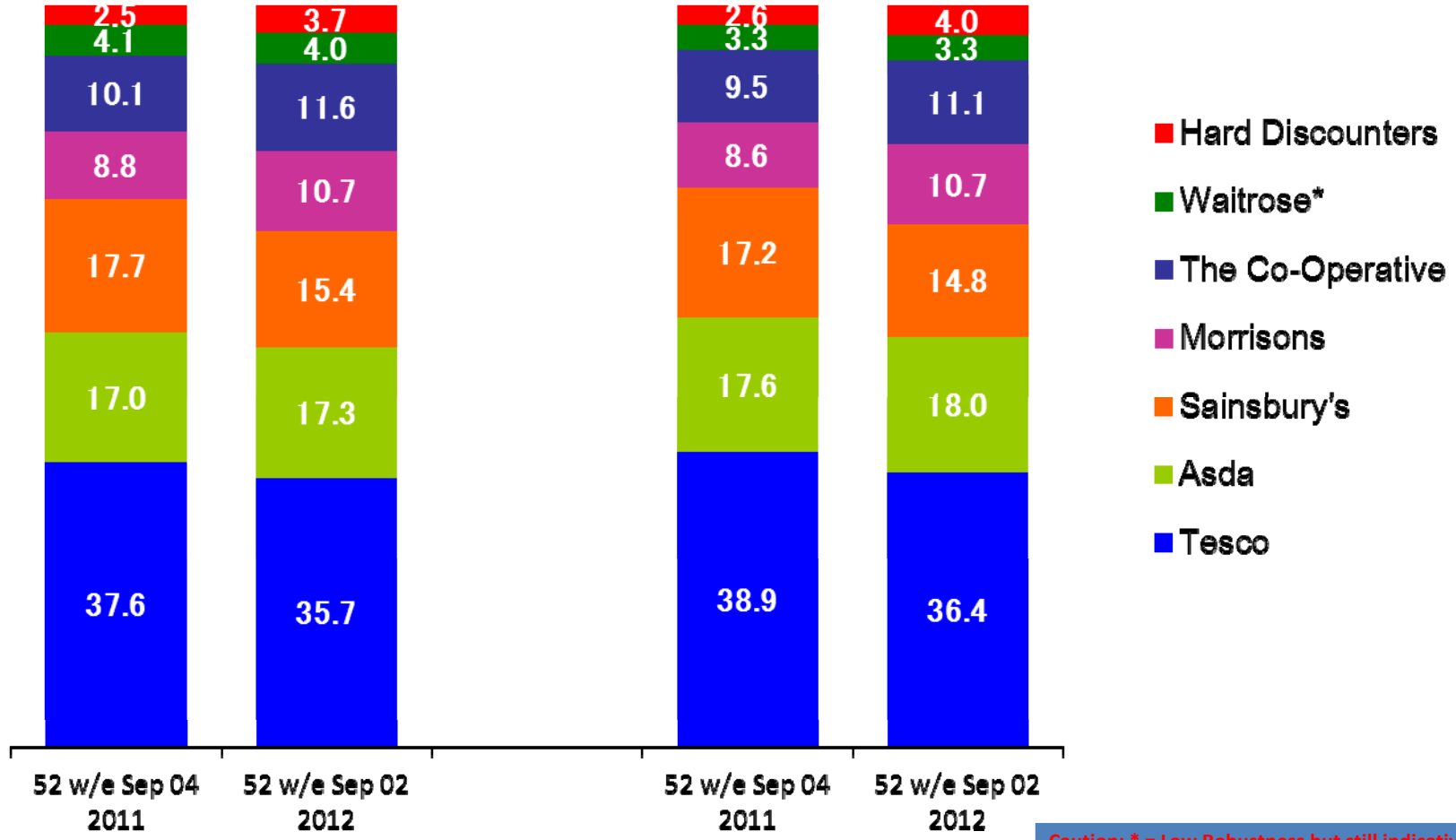
Where is BIB purchased?



Most Bag in Boxes are sold in the larger retailers driven by a mixture of packaging size and price. The strong growth in Convenience has been helped by the greater availability of 2.25l, with value up +50% and volume up +33% vs. last year.

Source: Kantar Worldpanel 52 w/e 02-Sept-2012

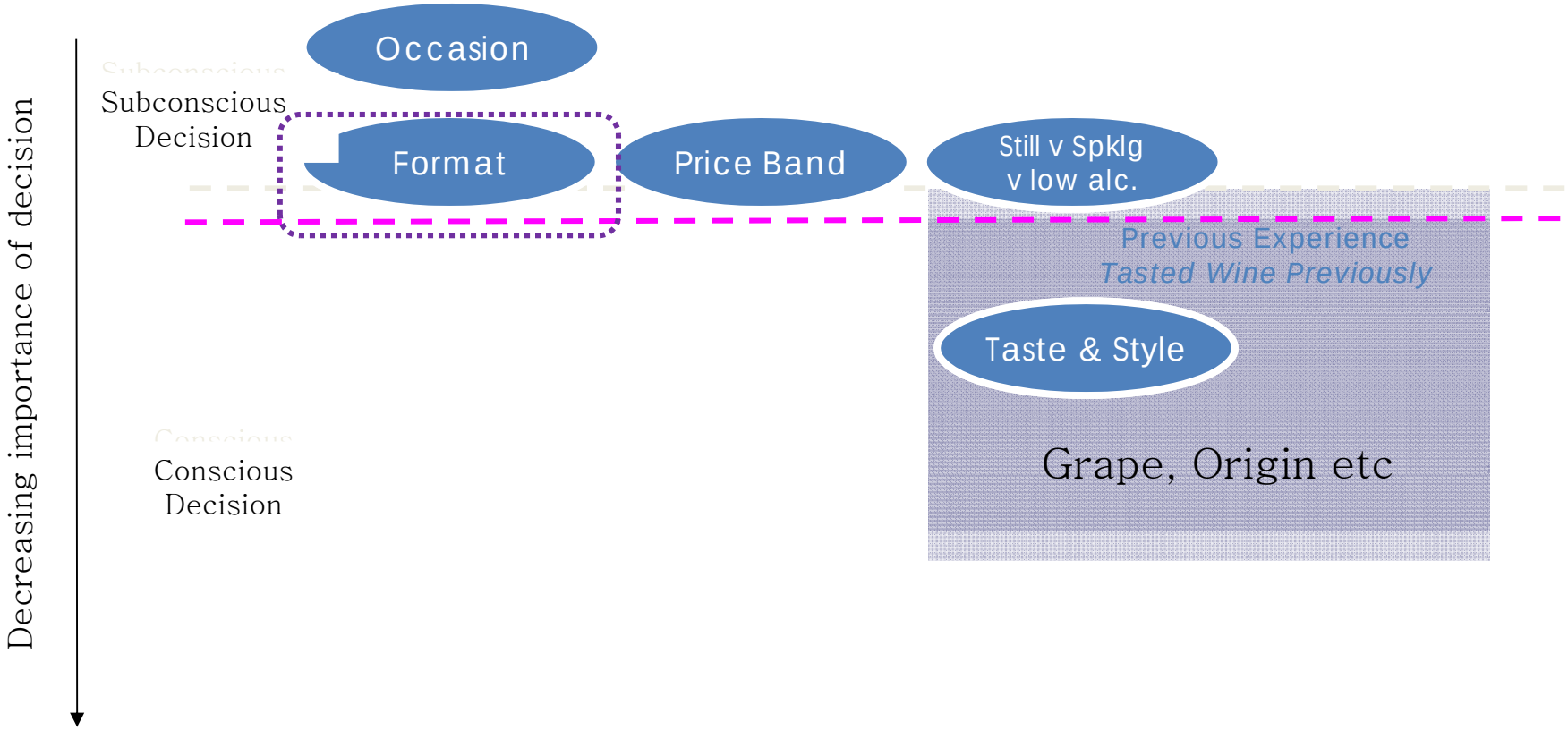
Within the Grocery Multiples, Tesco commands over a third of the market. Tesco, Asda and Morrisons over-trade in Bag in Box



Source: Kantar World Panel to August 2012

Caution: * = Low Robustness but still indicative

What are the purchasing decisions made when buying BIB?



The drinking *occasion* is the key factor in whether a shopper selects Bag in Box. Most of the decisions are made almost without thinking.

Source: Kantar World Panel to August 2012

Understanding the UK Consumer

From a panel of **40,000**, WineNation has segmented the UK wine consumers into 8 segments across a number of different factors including : consumption frequency, wine knowledge and usage attitudes



Engaged Explorer



Newbie



Occasionals



Expert



Economisers



Confident Enthusiasts



Strong Prospects



Routiners

Who buys Bag in Box?

The Routiner is the most engaged consumer with Bag in Box



Routiner

	DRINKER PROFILE
Gender	Slightly more male (43%) than other formats
Age	BIB over indexes for older drinkers – 55-64 year olds are 23% of all BIB occasions and they are 1.4 times more likely to buy BIB than other age groups. Together with those older, 55+ represent 37% of bag in a box occasions
Region	Regions with low take up of the BIB format compared to other regions and formats are the North East, Yorkshire and Humber and West Midlands, as well as the South West and Wales. The South East (21%) and North West (16%) over index for BIB
Frequency of drinking	BIB drinkers are more frequent drinkers of wine (i.e. heavy users) with 30% drinking wine most days/every day Key days where consumption is more than 75cl drinkers are Tuesday and Thursday

Bag in Box has found its home in the UK with Routiners who have a smaller repertoire of brands and styles and are looking for 1 or 2 glasses of wine on a regular occasion. A glass of wine from a box is most likely to be Red from South Africa or the USA and is poured to accompany the evening meal

Source: Accolade Wine's WineNation research

Who buys Bag in Box?

Newbies are another key consumer segment for BIB



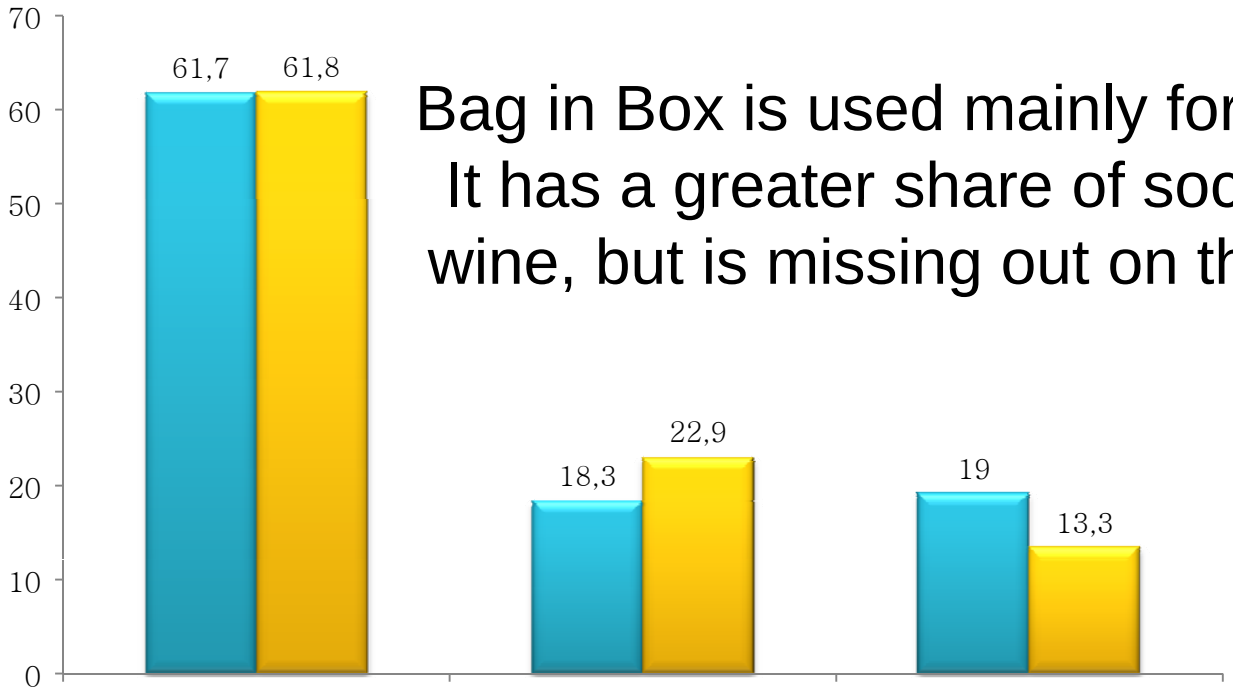
Newbie

Age: Younger consumers; under 25 years old.

Frequency of drinking: Wine is a smaller part of their alcohol repertoire than older wine drinkers and they are not drinking regularly throughout the week. The BIB purchase is intended for sharing, mainly at the weekend.

Source: Accolade Wine's WineNation research

Occasions for drinking BIB



Bag in Box is used mainly for an everyday drink. It has a greater share of social occasions than wine, but is missing out on the formal occasion.







Source: Accolade Wine's WineNation research

Retailer Ranges

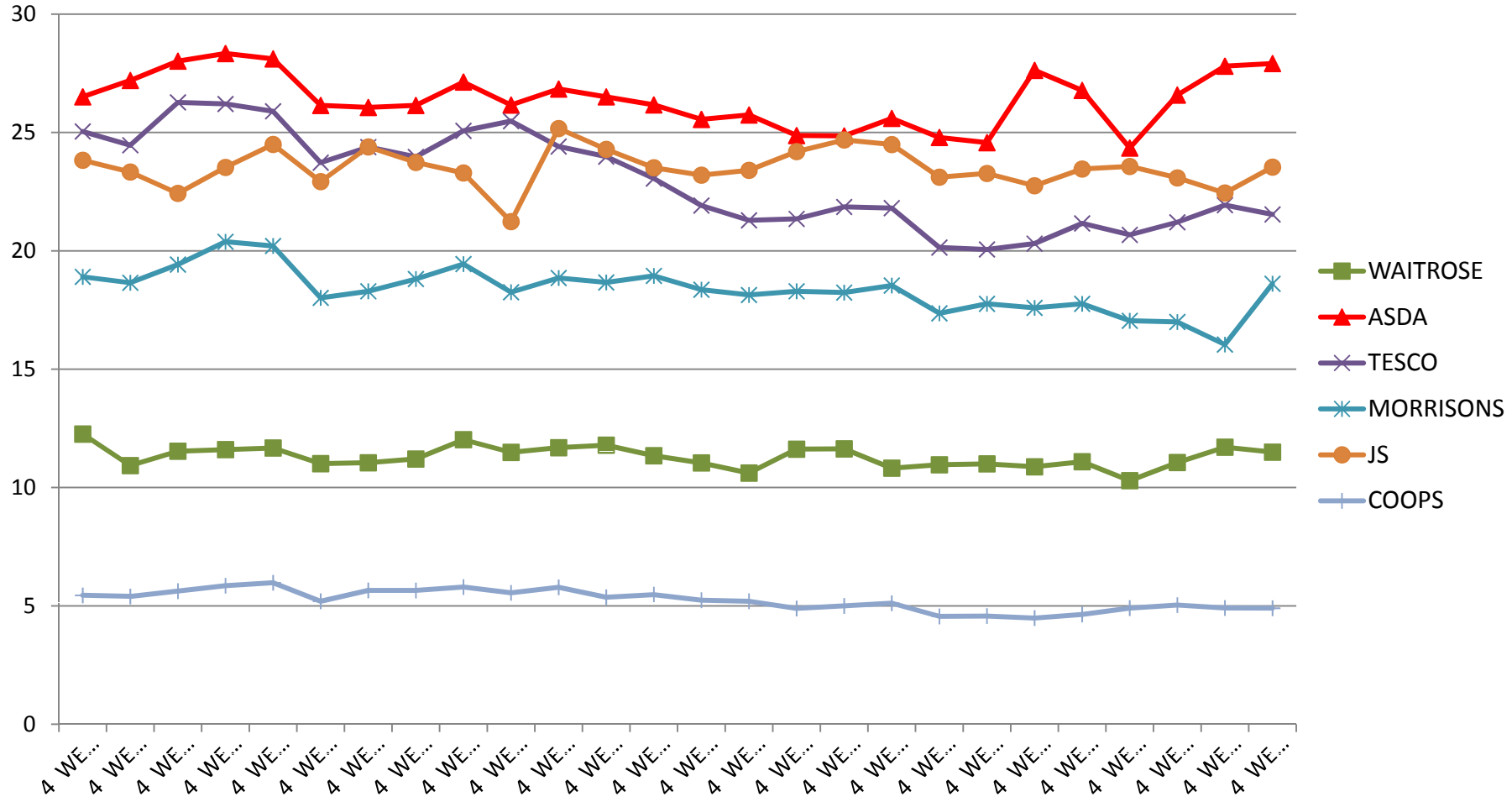
TESCO

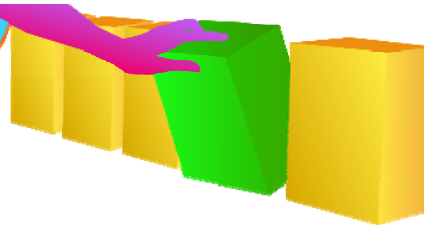
- 21 SKUs
- Price range from (£5.29 3lt Perry, £9.49 3lt British Wine) £9.99 for a 2.25lt BIB to £19.99 3lt BIB.
- More than half the range is own label

Waitrose

- 17 SKUs (and 2x Tetra Paks)
- Price range from £13.99 for a 2.25lt to £21.99 for a 3lt BIB
- Most of the range is exclusive label and some brands.

There are around 20 Box skus listed in an average grocery multiple





Waitrose Customer Views on Boxed Wine

Strengths

- Keeps wine fresh over time vs. opened bottle
- Flexibility
- Can have a casual/everyday feel for some
- Pack design explored = modern/contemporary

Weaknesses

- Associated with poor quality wine
- Lack of familiarity
- Highly specific need state associations
- Cheap and cheerful feel for some from packaging format

"I'd be more liable to buy a Waitrose boxed wine than one of the others"
Female, Gold shopper, Bristol

Occasions

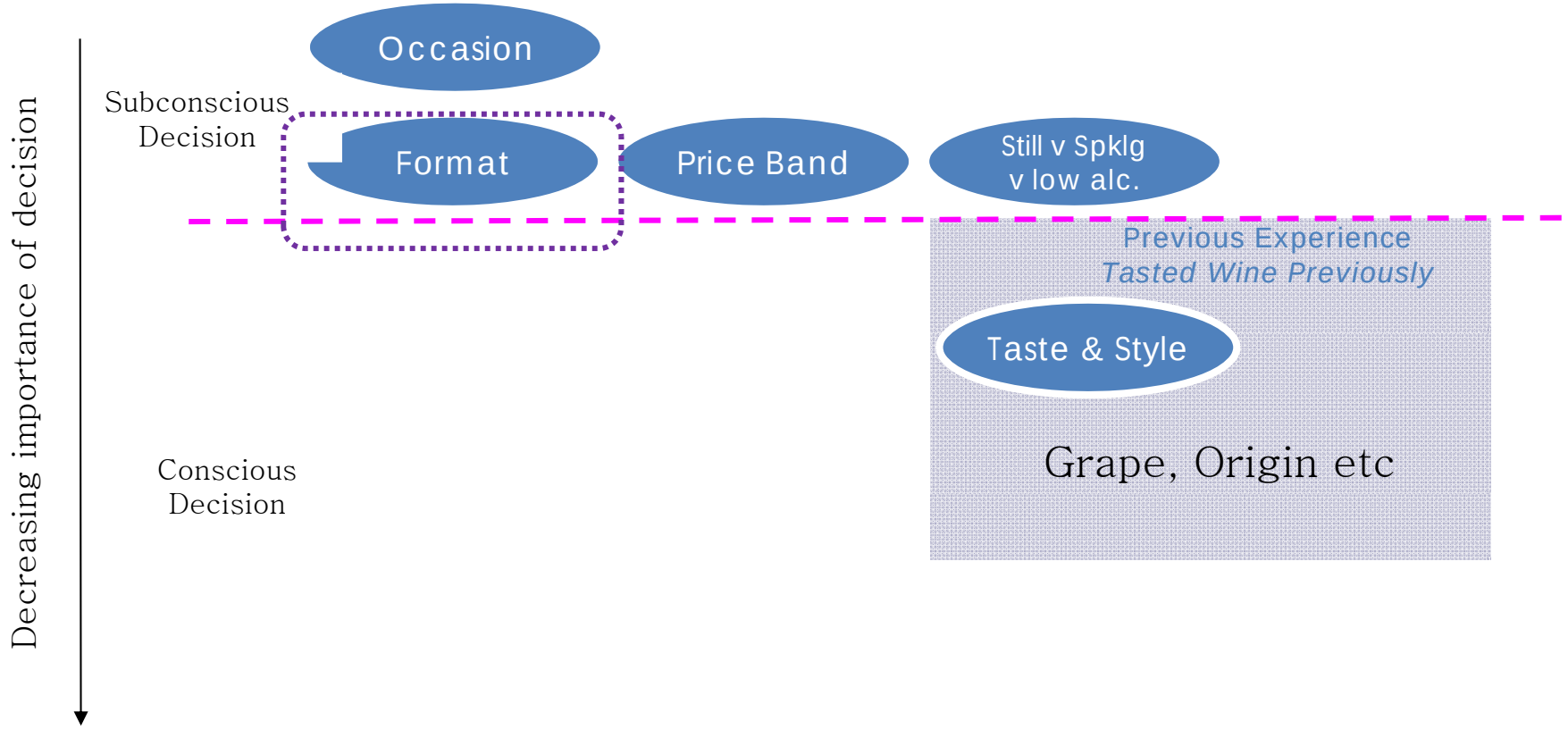
- Parties
- Social occasions
- Summer

Fit for Waitrose

- Potential for Waitrose branding to provide quality assurance

How does a Buyer make their ranging decisions in BIB?

We need to consider the purchasing decisions made.....



Source: Kantar World Panel to August 2012



The Waitrose BIB Range

How does a buyer make their decisions as to what to stock in the range?

- Customer offer. Need to ensure key countries and grape varieties are covered.
- Price
- Recent decisions have been made to increase choice and remove duplication from range.
- Opportunities for our range in the future include own label and slightly more premium 2.25lt.

Packaging; Key Considerations

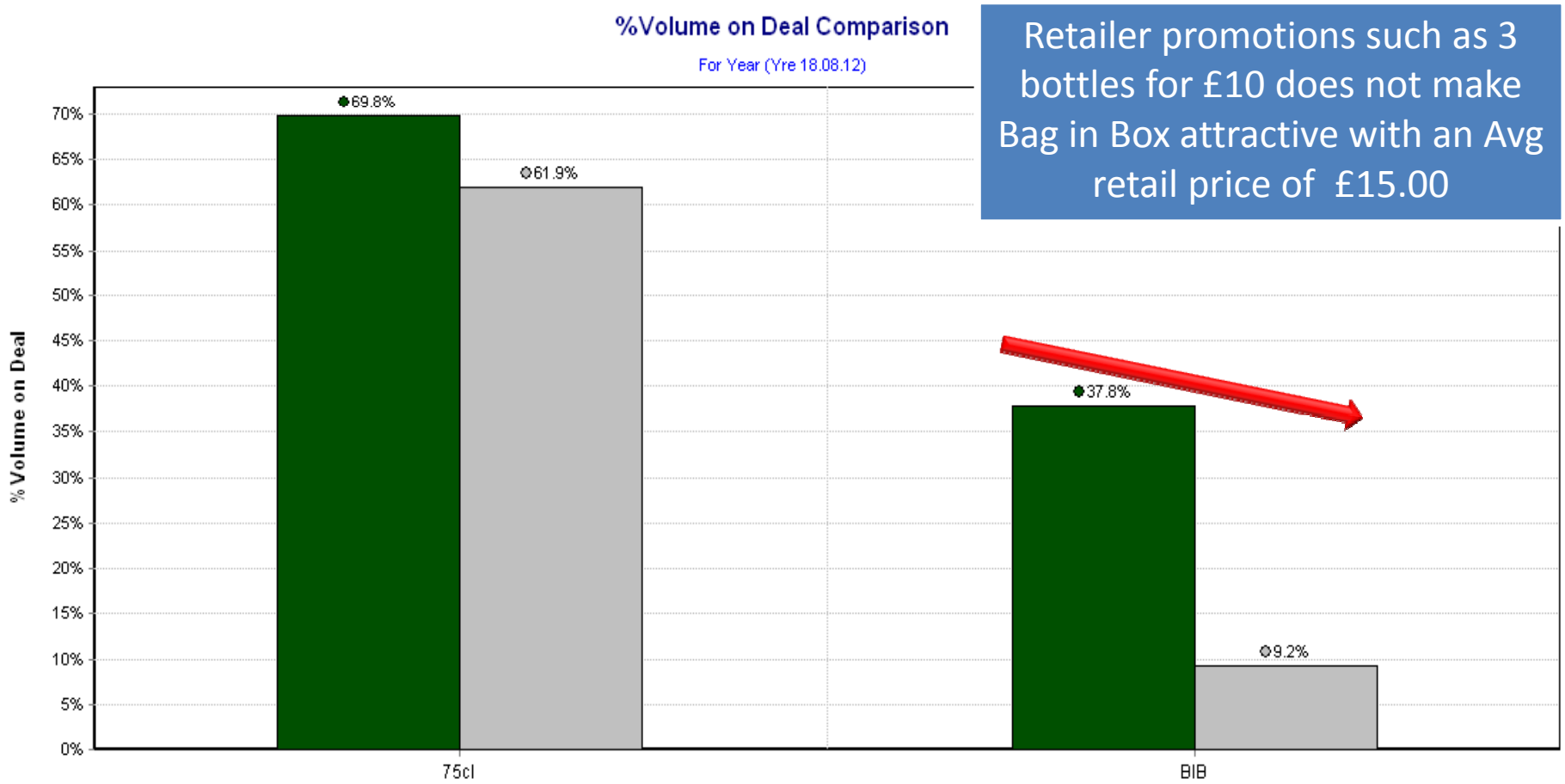


- Design of box/taps would decisions made by the importer.
- Retailer would get involved with label design as this is extremely important for the success of a product.
- In this photo we can see that the design of the packaging is actually helping customers shop the fixture due to the common green colour for all white BIBs.

What needs to change in the Bag in Box category?

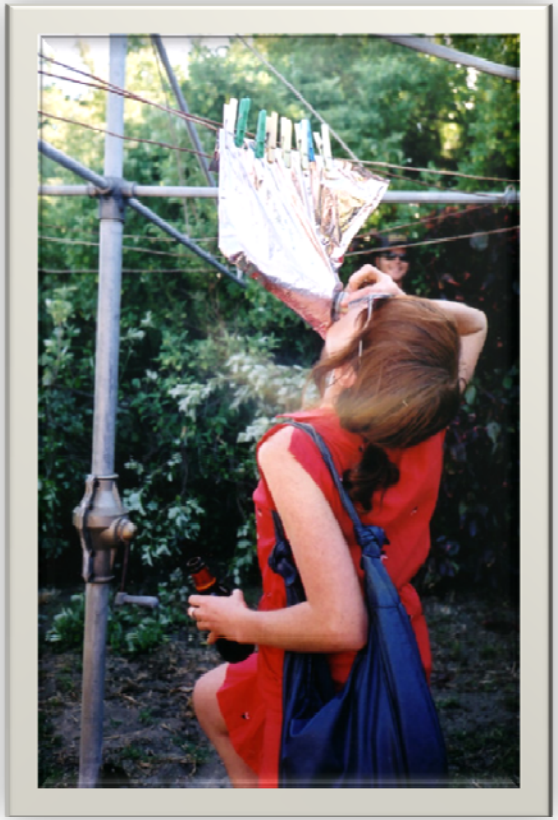
A market that has been flat for 10 years needs something BIG or very DIFFERENT to make a change

Value for money

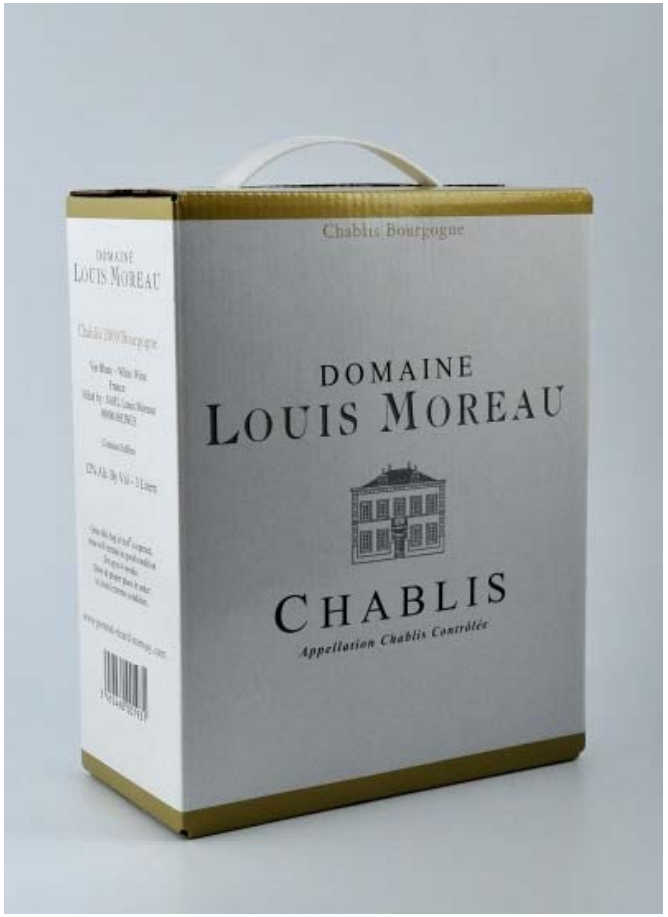


Retailer promotions such as 3 bottles for £10 does not make Bag in Box attractive with an Avg retail price of £15.00

Quality Perception



To….



Source: Nielsen Epos data Total Off Trade

Recent innovation that is helping to change attitudes



Swedish Wine Maker Vernissage's award winning design for Younger wine drinkers



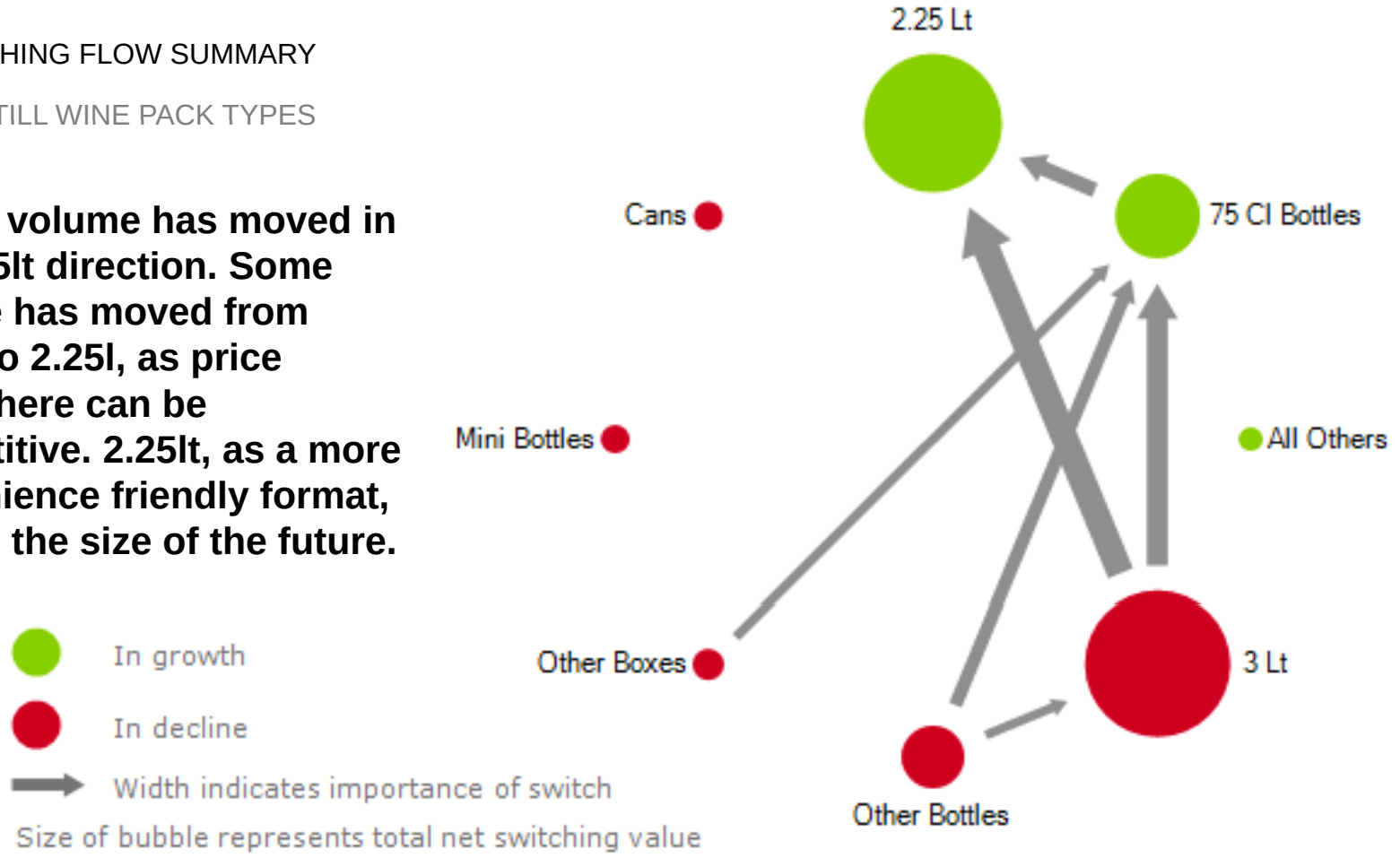
Accolade Wine's design for more engaged wine drinkers looking for Quality

Size

SWITCHING FLOW SUMMARY

UK - STILL WINE PACK TYPES

Lots of volume has moved in the 2.25lt direction. Some volume has moved from bottle to 2.25l, as price points here can be competitive. 2.25lt, as a more convenience friendly format, may be the size of the future.



Source: Kantar World Panel to August 2012

The Future for Bag in Box; Summary

- The Bag in Box market has been stable over the last 10 years and will remain so over the next few years.
- Any real increases in value or volume spend can only be expected when the current economic climate improves (2015 onwards).
- Price focus
- Continued move away from 3lt towards 2.25lt to aid price points and convenience.
- The Routiner is the key consumer segment for Bag in Box. To grow the market we need to tap into new consumers and new Occasions.
- Greater communication of the benefits of BIB.
- Quality improvements (or improvement of quality perception) needed to change views and increase the number of occasions for which BIB deemed relevant