

Freixenet Prosecco

'WE JUST NEED A WOW' *

How design made
a mad idea work

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EXECUTIVE SUMMARY

Freixenet is one of the world's largest producers of sparkling wine. After a century of non-stop growth, the first years of the twenty-first century saw a reversal of fortunes for this Spanish Cava producer.

A new rival entered the market. Prosecco. Produced in Italy, this new sparkling wine, with its softer bubbles, seduced millions around the world with its easy to drink, stylish Italian sexiness.

Prosecco was threatening Freixenet's future. The company's response broke all the marketing rules. Instead of attacking this rival, they decided join them. And did so in a text book manner: analysing the competition, identifying potential consumer insights and concluding with a solution that aimed to de-position all other Prosecco brands.

Freixenet saw a growing need amongst Prosecco users for a better than average version. A premium Prosecco. And this was at the heart of the design brief. A design brief the client summed up in their first meeting with the agency by saying: 'It's very simple, we need a WOW!' They went on to explain that their wine would be 30% more expensive than other Prosecco's and needed the bottle and packaging to look instantly more desirable, more glamorous & worthier of such a price premium.

This need for a wow was amplified by a hesitation from the Freixenet family owners. They were willing to try this 'join them' strategy but saw the potential riskiness if it did not work. So, they challenged the marketing team to launch it in the world's toughest Prosecco market – the UK. If it survived there, then it would do well everywhere. So, the Wow became even more important.

The design solution could be described as a combination of the familiar but with a twist.

The bottle was shaped like a Prosecco but with a look that was infinitely more desirable. A look that took as its inspiration that most precious of symbols – the diamond.

Launched in 2017 into the hugely demanding UK market, the 'wowness' of the design proved irresistible, first to supermarket buyers who listed it with no hesitation and second, to consumers whose purchases took it in year one from zero to the UK's (Redacted data) premium Prosecco brand, despite an unheard-of level of out of stocks as Freixenet scrambled to match demand versus forecast.

**'IT'S VERY
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OUTLINE OF PROJECT BRIEF

Key business objectives

- Prove the potential for a premium market segment with Freixenet as the Premium Prosecco brand through achieving a 30% price premium over other brands in the UK.
- Provide justification for a worldwide roll out of Freixenet Prosecco.
- Augment company profit by creating another source of sparkling wine business.

Business challenges to be solved

Freixenet grew spectacularly well during the twentieth century, becoming the go-to brand for celebrating all manner of big and small occasions. This success not only reflected a price point significantly below the alternative (Champagne) with a taste that was similar, but also the company's acid-etched bottles, which provided distinctiveness on the sparkling wine fixture.

So far so good. Now comes the 'but'. During the early years of the twenty-first century, a new rival entered export markets. Prosecco is Italy's sparkling wine. Made north of Venice, this wine does not use the lengthy secondary fermentation of Champagne and Cava, but rather simplifies matters with just a few weeks in large stainless-steel tanks. This gave the Italians an advantage over both Cava and Champagne.

Bit by bit, Prosecco became the sparkling wine of choice for more and more consumers – particularly in the UK and the USA. It was not only good value versus Champagne, it looked good in its curvy bottle and it had that indefinable Italian stylishness about it. It was easier to drink than Champagne and Cava with its fresher taste and softer bubbles. People loved it. And drank it not just at weddings and birthdays but during just about every occasion where wine appeared.

In the UK, Freixenet's Cava sales were maintained but Prosecco began to threaten the company's future. Retailers turned more of their attention to Prosecco. They stocked more and more bottles on shelf, they produced their own private-label versions. Prosecco started to dominate the fixture.

With growth and profits at risk, this was the business challenge faced by Freixenet in the UK.

CASE STUDY OVERVIEW

Scope of the work at the outset

At Freixenet, they had a completely barmy solution. Why don't we sell a Prosecco under our own name? Well, you can imagine the initial reaction within the company. Prosecco is the enemy, we mustn't do it. Our company name is Spanish, no one will accept us marketing an Italian wine. Anyway, how would we get such a wine, our vineyards are not in Italy?

The list of reasons 'why not' piled up. At the same time Prosecco sales went through the roof. Eventually, serious discussions about Freixenet's crazy idea started to take place, focused on the question: how would we get into this market and be a success?

The answer lay in something the Italians had done that was, in retrospect, an error. At least in the UK. They had been so keen on meeting booming demand, they had forgotten the importance of branding. Most UK supermarkets got their own private-label Prosecco brand. They all looked pretty similar and, in effect, convinced the British public that the brand was Prosecco. Full stop.

So, consumers became loyal to 'Prosecco' but not really to any of the different brands on the market. Furthermore, these brands all used, by and large, the same bottle shape, the same type of labels, the same sparkling wine packaging furniture (foil, cork, neck label) and were about the same price.

Freixenet picked up on this focus on volume rather than loyalty and saw some chinks in the Prosecco armour. They realized, as UK consumers became regular purchasers of Prosecco, some would begin to ask the question: is there a posher version we could buy, with a better taste, that would feel a bit more special?

This became the central challenge of the project. Could Freixenet and its design agency create a new premium market segment with a strongly branded Prosecco?

Upfront strategic thinking to develop the design brief

Freixenet took the premium idea and developed an explanatory concept statement, which was presented to consumers in the USA and UK (the two biggest Prosecco markets). The results were overwhelmingly positive with more than (redacted data) wanting to buy this premium idea.

Of course, this was just an idea on paper. So, the company went on to profile the entire sparkling wine market with an external sensory panel (redacted data) and could pinpoint, for their wine makers, the ideal Prosecco taste for consumers.

What should a
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CASE STUDY OVERVIEW

DESCRIPTION

Background to the project and details of what was designed

The challenge for the design company was to create a branded bottle that was clearly premium, clearly a Prosecco but also definitely memorable. It had to signal on the outside what was on the inside. This meant working on the bottle itself, the main labelling as well as neck collar and foil.

It had to appeal to a mostly female shopper and drinker, but not alienate men. It had to signal it was from Freixenet and be entirely credible as the endorser of the product.

Finally, it had to be a design that would demand attention in a category where buying habits were firmly established. It had to stop people in their tracks.

Description of the business being worked on

At the time of this project, Grupo Freixenet was a Spanish, family-owned business, based just outside Barcelona. It has historically been strongly outward-focused with vineyards in Europe, North and South America as well as in Australia plus commercial operations on all continents. Operations and Marketing activities are led from the centre but there are strong local marketing teams in major wine-buying territories together with distributors in other areas. Design for this project was led by the central marketing team with strong support from local markets.

Short description of the design solution

The design company took, as its inspiration, the idea of 'familiar but with a twist'. Consumers needed to see it was clearly a Prosecco (the familiar) but that it also had a look which would stop them in their tracks (the twist).

The answer was to take advantage of Freixenet's historic willingness to experiment with bottle structure and, whilst keeping the curved profile of the typical Prosecco shape, introduced a surface texture that shouted premium-ness.

This surface texture was inspired by that symbol of perfection – the diamond. And like the gem stone, the bottle was left transparent to allow the facets of the surface to reflect both the wine inside and light in store and at home. All remaining detailing would be kept to a minimum so that the cut glass exterior could take pride of place, with a simple, discrete pearlised inset label providing the sign post that this is a Freixenet brand.

Scope of the Work delivered

The design agency created finalised 3D CAD drawings for the bottle and produced the design and artwork for the bottle labels and capsule.

Any collaboration between multiple agencies/ business units

The design work was done entirely by one design agency, who worked directly with the Freixenet marketing team, their bottle manufacturers and printers.

CASE STUDY OVERVIEW

"The launch of Freixenet Prosecco in the UK has strengthened the equity of the Freixenet Brand and consolidated its position as the No.1 Sparkling Wine Brand. Freixenet Prosecco is not only providing another alternative to our traditional Freixenet consumer but more importantly is adding value to the Sparkling Wine category whilst recruiting new consumers."

Liza Madrigal

UK Marketing Director

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CASE STUDY OVERVIEW

OVERVIEW OF THE MARKET

Prosecco is part of the Sparkling Wine category, which also covers both Champagne and Cava. There are other sparkling wines e.g. French Crémant and German Sekt, but these are much less important in the UK market. The global category in Champagne, Cava and Prosecco has enjoyed extraordinary growth with a 42% increase in production in the past seven years (Champagne, Cava and Prosecco appellation report), reaching one billion bottles in 2017.

Pretty much all this recent global growth has come from Prosecco which saw a (REDACTED CONFIDENTIAL DATA) increase in the 2010 - 2017 period, during which Champagne and Cava sales (REDACTED CONFIDENTIAL DATA).

Looking at the production volumes of the three key sparkling wine Appellations - Prosecco, Cava & Champagne - Prosecco made up just (REDACTED CONFIDENTIAL DATA) of the total volumes in 2007. Within ten years the situation changed completely with Prosecco representing (REDACTED CONFIDENTIAL DATA) of the volumes in 2017.

And if we take individual markets, in the past twelve months Prosecco volume sales in the UK have gone up (REDACTED CONFIDENTIAL DATA) in the USA by (REDACTED CONFIDENTIAL DATA) and even in Champagnes' home territory, up (REDACTED CONFIDENTIAL DATA).

Why this huge success? The first reason is taste. Prosecco is fresher, softer on the palette and has a less bitter taste versus Champagne or Cava. Prosecco also hits the mark with its greater aromatic flavour, compared to its rivals.

The second reason is price. Prosecco is cheaper than Champagne in the UK. And because of its growing popularity retailers were keen to stock it and were keen to promote it. It also helped that there are over 500 bottlers of Prosecco in Italy, which gave supermarkets a lot of leverage in price negotiations!

Thirdly, Prosecco is a great drink to use in cocktails. It became one of the key components of the 'Aperol Spritz' and 'Hugo' mixed drinks that have proven big hits in bars around the world. So, it became fashionable to sip the Italian sparkler.

To sum up, Prosecco became successful because it is drinkable, accessible on price and cool. And this success has not come at the expense of its rivals, rather it has led to an increased usage of wine with bubbles for more and more occasions – both formal and informal. It has democratised the market.

KEY FACTS

Launch Date: May 2017

Design fees: (REDACTED CONFIDENTIAL DATA)



RESULTS

SALES RESULTS IN THE UK

Freixenet Prosecco was launched in the UK in May 2017 and as noted earlier, the launch was to be the crucial acid test for the company. Could this new premium entrant succeed in the world's number one Prosecco market?

Initial forecasts, based on likely distribution levels and anticipated shelf price, amounted to (REDACTED CONFIDENTIAL DATA) bottles in year one. The UK organisation smashed this target, selling more than (REDACTED CONFIDENTIAL DATA) bottles in the first eight months. And if truth be told, they could have sold (REDACTED CONFIDENTIAL DATA) more (Client data), had they been able to get hold of glass from the packaging supplier.

So, was this just a honeymoon period? In its second year (2018), against a much more enthusiastic forecast, the UK sold (REDACTED CONFIDENTIAL DATA) bottles plus an additional (REDACTED CONFIDENTIAL DATA) of a Rosé version with the same bottle design.

ACHIEVING BUSINESS OBJECTIVE ONE:

PROVING THE POTENTIAL FOR A PREMIUM SEGMENT

It was all very well achieving higher than forecast sales volumes, but were they achieved at a price level that could demonstrate the potential for a premium segment?

Freixenet launched their brand with an RSP of £12 versus the rest of the market at £9. In other words, with a price premium of 33%.

Most retailers sell their wines with regular price-off promotions and in the period analysed (May 2017 – November 2018), 'regular' Prosecco had a category average price of (REDACTED CONFIDENTIAL DATA) (Nielsen 52 weeks to 3.11.18). Freixenet Prosecco in the same period had an average price of (REDACTED CONFIDENTIAL DATA) (Nielsen 52 weeks to 3.11.18) – in other words a 39% price premium over the rest of the market.

It was clear that the first objective of the launch had been achieved – yes it was possible to create a premium Prosecco sector and sell substantial volumes of wine.

Supporting this was the level of distribution achieved. It was all very well Freixenet wishing to create a premium segment, but would UK retailers support the idea? In year one (May-Dec 2017) (REDACTED CONFIDENTIAL DATA) shop distribution was achieved (Nielsen EPOS data) and in year two, (REDACTED CONFIDENTIAL DATA) (Nielsen) – retailers stocking included Tesco, Morrisons, Sainsbury, Waitrose and Asda.

Not only UK supermarkets supported the launch, the company "achieved unprecedented distribution in the highly competitive on-premises segment" (Liza Madrigal, UK Freixenet Marketing Director), with support from bar retailers such as All Bar One, Hilton hotels and CDG.

RESULTS



BUSINESS OBJECTIVE TWO:

PROVIDE JUSTIFICATION FOR A WORLDWIDE ROLL OUT

Would these UK results trigger a willingness by the Freixenet board to sanction an expansion into other parts of the world? Clearly the results in the tough UK market were very seductive. And they were supported by market share data from Nielsen. The Freixenet UK business (Cava plus Prosecco) has a value share of (REDACTED CONFIDENTIAL DATA) in the total UK Sparkling wine market – the leader being Tesco's Plaza Centro with (REDACTED CONFIDENTIAL DATA) (Nielsen). So, the company is now the (REDACTED CONFIDENTIAL DATA) player in the market if one excludes private label.

The combination of high-volume sales, at a 39% price premium, and a significant value share, convinced the organisation to expand beyond the UK. But to be extra sure, the company also launched in 2017 in Scandinavia. In Finland in the first twelve months, (REDACTED CONFIDENTIAL DATA) bottles were sold, making Freixenet the value share leaders in the market. It also resulted in a (REDACTED CONFIDENTIAL DATA) growth for the company in this market.

In Sweden, in the first year, Freixenet Prosecco was the fastest growing sparkling wine in the Government controlled 'Systembolaget', achieving 100% distribution and becoming the number (REDACTED CONFIDENTIAL DATA) Prosecco brand in the market.

The cumulative result of all these positive statistics was that the company has launched its Prosecco in the USA, plus it brought this Italian wine into the home market of Spain.

So now, at the end of 2018, Freixenet Prosecco is available in the UK, USA, Sweden, Finland, Canada, Russia, Switzerland, Belgium, Iceland, Norway, Germany, Poland, Australia, Brazil and Spain. So, it seems clear that the second objective set by this project was met.

In addition, the positive data from the UK gave the company the confidence to expand the Prosecco portfolio by launching an Italian Rosé to sit alongside the original variety.

RESULTS

BUSINESS OBJECTIVE 3:

AUGMENT COMPANY PROFIT WITH A NEW SOURCE OF SPARKLING WINE BUSINESS

One concern for the company with their Prosecco was cannibalisation. Would this new brand, within the company's portfolio, steal business from its core of Spanish Cava?

At the end of 2017 (year one of launch) Freixenet overall was the (REDACTED CONFIDENTIAL DATA) sparkling wine brand in the UK with a company value of (REDACTED CONFIDENTIAL DATA). The company grew in this period by (REDACTED CONFIDENTIAL DATA) (Nielsen EPOS) versus the total sparkling wine category (excluding Champagne) of (REDACTED CONFIDENTIAL DATA) (Nielsen).

In the second year (2018) the Company grew, thanks to its Prosecco, by (REDACTED CONFIDENTIAL DATA) in value (Nielsen 52 weeks to 3.11.18) against a small (REDACTED CONFIDENTIAL DATA) value growth for all Italian sparkling wines (Nielsen 52 weeks to 3.11.18).

Freixenet Prosecco now has sales of (REDACTED CONFIDENTIAL DATA) (Nielsen value share) and accounts for more than (REDACTED CONFIDENTIAL DATA) of the total sales of the Company in the UK.

The UK Marketing Director Liza Madrigal noted that:

"The launch of Freixenet Prosecco in the UK has strengthened the equity of the Freixenet Brand and consolidated its position as the No.1 Sparkling Wine Brand. Freixenet Prosecco is not only providing another alternative to our traditional Freixenet consumer but more importantly is adding value to the Sparkling Wine category whilst recruiting new consumers."

CAUSE AND EFFECT OF THE DESIGN SOLUTION

Can we attribute these results in any way to the design? The company has always placed a great deal of emphasis on design. Its first international brand, Carta Nevada was launched in 1941 with a ground - breaking frosted bottle and this was followed in 1974 with its flagship Cordon Negro Cava in matt black acid-etched glass.

Both containers produced 'wow's' when launched and the company saw the opportunity to do it a third time with the design of its Prosecco. The eye-catching diamond-patterned, cut glass surface finish seemed to answer the brief and consumer data confirmed this opinion.

Freixenet researched their 'wow' design with (REDACTED CONFIDENTIAL DATA) in the UK and the USA (N=200 in both markets). Presented with eleven Prosecco, Cava and Champagne brands (including the Freixenet version) consumers were asked how much they liked each bottle on a five-point scale. In the UK, the Freixenet design got a mean score of (Redacted data) and beat every one of the other ten with the next highest (REDACTED CONFIDENTIAL DATA). In the USA, again the Freixenet outscored every other bottle with a mean score of (REDACTED CONFIDENTIAL DATA) – the next highest getting a rating of (REDACTED CONFIDENTIAL DATA).

RESULTS

CAUSE AND EFFECT OF THE DESIGN SOLUTION (CONT.)

These were conclusive scores and they were underlined in the same research by another question: would you purchase this product if it were available in your shop? Here (REDACTED CONFIDENTIAL DATA) of USA consumers said they would (top two positive boxes) and (REDACTED CONFIDENTIAL DATA) of UK respondents. It should be noted that the Millward Brown benchmark for this test is (REDACTED CONFIDENTIAL DATA).

Of course, it's all very well consumers saying they love the design when no price is involved. What would happen when you ask them how much would you pay for this design you said you liked? The answer was an optimum price of (REDACTED CONFIDENTIAL DATA) in the UK with a range from (REDACTED CONFIDENTIAL DATA). This should be judged against UK Prosecco brands retailing at £9 and under at the time.

One might say cynically that what happens in the research lab doesn't represent the reality of the supermarket shelf. In this case though, the actual sales results bear out the information from research. The supermarket buyers agreed the design projected a premium image and gave it listings and the supermarket shoppers were also positive and demonstrated a willingness to pay a 39% price premium to get their hands on this bottle.

PROOF OF EFFECT AND OTHER INFLUENCING FACTORS

UK marketing Director Liza Madrigal noted the following:

"The launch was supported by a 360 degrees activation, which included: Consumer and trade PR, digital, in-store (off and on-trade) and experiential. Raising awareness and product visibility were the main objectives and this resulted in securing additional displays in-store including gondola ends and unprecedented brand activation in the on-trade with key national customers such as All Bar One and the Hilton hotel."

PR meant, for the trade, beauty shots of the product plus details on price and benefits. Consumer PR used beauty shots, editorial copy as well as digital videos for use on social media.

One nice thing about the trade press is that the controversial use of a Spanish brand launching an Italian Prosecco provided a heightened reason for editors to talk about the launch. The interesting point about this support is that it all uses the bottle design as the hero.

In total Freixenet have identified that in the UK they got more than (REDACTED CONFIDENTIAL DATA) pieces of coverage across national press, glossies and weekly supplements during the period May 2017 to November 2018.

Overall, the design and brand appeal, amplified through a strong communications plan, engaged consumers to buy Freixenet Prosecco versus the plethora of other options (mainly own labels).



RESULTS



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RESULTS CONCLUSION

From the original starting point of this project, design was seen as the crucial element. As the client said in the first briefing – the bottle needs to produce a wow. And it needed to do this to break through a Prosecco purchasing habit that was firmly established in the UK, as well as justifying an on-shelf price that was 39% higher than shoppers were used to paying.

The results show that the wow was achieved. The first year saw actual UK sales of (REDACTED CONFIDENTIAL DATA) bottles, which was (REDACTED CONFIDENTIAL DATA) the forecast; the second year will also exceed a more enthusiastic forecast and will generate (REDACTED CONFIDENTIAL DATA) bottles of sales (including the Rosé version) - all at a price premium of 39% versus other Prosecco brands.

With expansion now extended to several additional countries, Freixenet are expecting to generate global sales of (REDACTED CONFIDENTIAL DATA) bottles in 2019.

From a Company point of view, Freixenet Prosecco has expanded its source of revenue, improved profitability and added even more kudos to a company already known for its innovative design spirit.