

For publication

Creating a champion: the rebranding of Robert Oatley

4.2 Branded Drink

Robert Oatley Vineyards

The Collective Design Consultants

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## 2. Executive Summary

**“I know that I shouldn’t, but I always buy wine by the label.”**

*Jenny Butcher, 45, HR Consultant*

When buying a bottle of wine, there perhaps is no other category in Australia - apart from books and music - where the consumer faces such an overwhelming choice. In 2013 there were 2,573 Australian wine producers<sup>1</sup>, and it is estimated the number of wine products on sale at a retail level is at least five times that amount.

Little wonder, therefore, that the label plays a crucial role in consumer’s choice, so Butcher is not alone in admitting its importance. Jenny belongs to a group of consumers classified as “Developing Drinkers”. These, along with the more wine-knowledgeable “Adventurous Connoisseurs”, make up 29% of the consumer market and yet are responsible for more than 50% of the market spend.<sup>2</sup>

With their high spend on wine it was consumers such as Jenny that Robert Oatley Vineyards wanted to target to lift the sales of their struggling wine range. Despite being exceptional value at \$20, the brands’ packaging was failing to deliver in terms of shelf standout and consumer appeal. More damning was the high production cost of the labels: despite being expensive they failed to deliver quality cues.

Bob Oatley is not only a winemaker: he is well-known in Australia as a champion yachtsman. We believed his reputation as a sailor was a hook we could use to entice our target consumers. And it worked.

The resulting packaging, featuring a distinctive blue pennant, has lifted the sales of the brand by 301% in 24 months.<sup>3</sup> And this was achieved with simply the power of a good label.



1. Source: The Australian and New Zealand Wine Industry Directory, 2014.

2. Source: Wine Intelligence Vinitrac Australia, Australian Regular Wine Drinkers, 2012.

3. Source: Robert Oatley Vineyards

## 3. Project Overview

### 3.1 Outline of project brief

- Reposition Robert Oatley to appeal to mid-to high level consumers
- Create brand identity & packaging that introduces personality of founder Bob Oatley
- Elevate the brand in terms of premiumness and quality
- Create a classic yet contemporary brand that will not date quickly
- Be memorable and striking instore with the ability to become iconic
- Reduce cost of goods
- Increase sales of Robert Oatley to become ROV's anchor brand

### 3.2 Background to the client and the brand

Robert Oatley Vineyards (ROV) is a family-run wine business. Founder Bob Oatley was instrumental in the development of the modern Australian wine industry. However, he is more well-known amongst Australians as a champion yachtsman, being a seven-time winner of the gruelling Sydney to Hobart Yacht race. Bob has always maintained his passion for accessible, quality wines, and this forms the cornerstone of the company's philosophy.

In 2005 ROV developed a tribute brand to the company's founder Bob Oatley. Named Robert Oatley, the vision for the brand was to deliver the best in winemaking from the company's vineyards in various regions. Despite the wine being great value for money, the brand was failing to gain traction in the marketplace.

By 2012, the brand was struggling with just 15,129<sup>1</sup> cases sold. Distribution was becoming increasingly more difficult. There was confusion between the Robert Oatley brand and Wild Oats, a volume driver for the ROV business at a much lower price point. Retailers and consumers alike would not pay the price premium for the Robert Oatley range as the two brands looked similar.

However, ROV believed their Robert Oatley range had potential, and that its higher-priced range (\$15-22rrp) could replace Wild Oats as a new, more premium anchor point to their portfolio. This would also give ROV a foothold in the more premium wine market as opposed to being seen as merely a mass-market wine producer.



The original packaging

**Despite the wine being great value for money, the brand was failing to gain traction in the marketplace.**

1. Source: Robert Oatley Vineyards

### 3. Project Overview (continued)

#### 3.3

##### Overview of the market/ challenges

##### 1. *The difficult retail environment*

Australian wine retailing is dominated by two supermarkets: Coles and Woolworths. With 70% share of wine sales, this duopoly is causing major issues to many Australian wineries. The supermarkets are increasingly using their power to bargain aggressively with producers. Heavy discounting market-wide, and pushing own-branded products at the expense of real brands, has meant limited wholesale price growth for brands over the past five years and declining profitability for the wineries.

Given these issues, ROV made a business decision not to be held hostage by the big two retailers, and decided to focus on the smaller independent retail channels outside of the large national accounts. This meant that the size of the consumer base was significantly smaller, but the strategy would carry long-term benefits of higher margins and profitability.

It was, however, going to be extremely challenging to fulfill the company's brand plan of building the Robert Oatley range from an 18,000 case brand to a 60,000 case brand through these independent channels alone.

##### 2. *Prohibitive Cost of goods*

The labels were expensive to produce: at \$243.80 per 1,000 sets:<sup>1</sup> this expense was prohibitive for the price of the wine. In addition, they were expensive to apply: they required a very slow label application speed on the bottling line, significantly slowing down production. The imported bottles cost \$1.10 each. These packaging costs were not sustainable, especially if the brand was to grow. Despite the high spend on both bottles and labels, the packaging did not deliver the premium messaging needed.

##### 3. *Lack of consumer connection/ product appeal*

Whilst the design was seen as bold and contemporary, the lack of sophistication in its execution was unappealing to consumers. The whites in the range suffered from appetite appeal, lacking the clean, crisp refreshing cues key to attracting consumers who are wary of heavily-oaked white wines.

#### 3.4

##### Launch Date

May 2012

**At 24c a label set, the current packaging expenses were proving to be prohibitive.**

#### 3.5

##### Design Budget

\$39,000 AUD (£21,611)

1. Source: Collotype Labels

## Outline of design solution

In order to introduce some personality in to the brand, we wanted to leverage the recognition that Bob Oatley had amongst the Australian public as a champion yachtsman. Sailing is a rich source of iconography, especially in semaphore flags, which have a strong visual connection to ships and yachts. We chose to base the brand mark on the pennant, which were awarded to winners of sailing races in Bob Oatley's youth.

The resulting deep navy blue pennant, combined with a cream label, creates a simple yet highly distinctive brand identity that works on shelf as effectively as a semaphore flag: highly visible and full of meaning. The capsule reflects the deep navy of the pennant, looking as visually striking on the red wines as well as the whites. By adding Bob Oatley's signature to the front of the label, we counterbalance the formality of the brand name and give consumers the reassurance of the real man behind the brand. Gunmetal foil and embossing was used to give the brand name sophisticated polish without losing any legibility.



The back label was used to not only carry information about the wine, but to tell Bob's story: his passion for sailing and wine, giving consumers the connection between the brand marque and what it signified. The labels were printed on a quality uncoated label stock, and despite the textured embossing, foiling and other embellishments, we managed to reduce the label cost of goods by more than 50%.<sup>1</sup> We also recommended moving the wines into locally produced glass, significantly decreasing costs of goods and transport, and eliminating import duties.

The new brand identity and packaging was launched in 2012 and its success with consumers was impressive to say the least. Without the support of any advertising, point of sale or promotion, and without changing anything about the wine, Robert Oatley saw an increase in sales between the period of May 2012 and May 2014 of 301%.<sup>2</sup>

1. Source: Collotype Labels

2. Source: Robert Oatley Vineyards

## The design solution

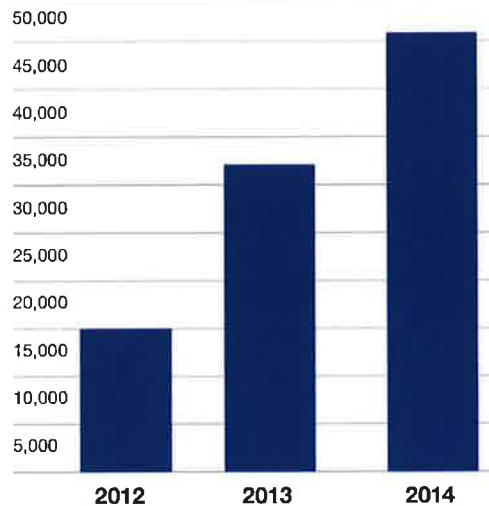


## 5. Summary of results

### 5.1

#### Increase in sales

Sales growth in 6x750ml bottle cases



The new packaging saw sales of Robert Oatley increase by **301%** in two years.

### 5.2

#### Improvements in staff morale

'The Robert Oatley re-launch was imperative to the ROV business, as we could not afford a re-launch that did not resonate with market. With an enthusiastic salesforce we knew that the primary issue with previous poor sales was a pack design that didn't resonate with consumers. The brand relaunch gave us a strong offer to put into the hands of our people: it boosted morale, gained their confidence and the confidence of our trading partners.'

*Antony Roberts, CEO, Robert Oatley Wines.*

### 5.3

#### Reductions in production costs



**52%**

#### reduction in label costs

The previous labels cost \$243.80 per 1,000 sets. Our new labels were less than half this cost at \$117.90 per 1,000 label sets: a \$125.90 saving per 1,000 label sets.



**36%**

#### reduction in bottle costs

The previous packaging used imported bottles from France costing \$1.10 per bottle. We recommended locally produced glass at a cost of \$0.70 per bottle.



#### Faster label application

The previous labels wrapped almost completely around the bottle which was cumbersome for the labeling machine to apply. The line had to be slowed to its slowest speed in order for the labels to apply properly and securely, thus having a significant impact on margin. The new labels apply at a normal speed which has had a positive impact on margin.

### 5.4

#### Increases in market distribution

**1,000**  
new listings by the sales team

With the new design in place, the reinvigorated sales team were able to secure well over 1,000 new listings in retail and on-premise.

### 5.5

#### Environmental impact

The elimination of imported glass bottles from France dramatically reduced both shipping costs as well as carbon emissions as the bottled were freighted from a source closer to the winery.



## 6. Other influencing factors

The results in this report were achieved on the strength of the label change alone. There were no other marketing activities that accompanied the relaunch including:

- NO** Advertising
- NO** Public relations
- NO** Distribution strategy
- NO** Pricing reduction
- NO** Promotional activity
- NO** Product change

## 7. Resources

The Australian and New Zealand Wine Industry Directory, 2014.

Wine Intelligence Vinitrac Australia,  
*Australian Regular Wine Drinkers, 2012.*

Robert Oatley Vineyards Pty Ltd

Collotype Labels Pty Ltd