

INNOVATIVE WINE PACKAGING

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Abstract

The wine industry in the United States is currently struggling to maintain market share both at home and abroad. Overseas competitors from Australia, New Zealand, and Chile have captured many customers. In order to grow the market and maintain competitiveness, the U. S. wine industry has to look for ways to provide additional value to consumers. This Wine Market Council has accepted the challenge to increase consumption among marginal wine drinkers in order to grow the market.

One way to add value for marginal consumers is to assure the quality of the finished product by using innovative packaging, such as sealing the bottle with a screw cap instead of a cork. Before marginal drinkers will accept alternative closures such as screw caps, however, considerable consumer resistance will have to be overcome. This article builds upon the diffusion of innovation literature to understand consumer traits that can lead to successful introduction of such innovations.

A winery that adopts an innovation like the screw cap is in a dangerous position. If it goes to market with the innovation before the innovation has been accepted, considerable sales will be lost. This research will help to determine the current consumer preferences for wine closures and understand consumer traits leading to adoption so that firms can improve the rate of diffusion of innovations such as screw caps into both domestic and international markets.

The innovation in this case is the use of metal screw caps to seal wine bottles and the marketplace is the US and Australian wine industry. This innovation is very current and relevant due to current research showing superior performance of screw caps in protecting wine from taint and oxidation. Consumers have been very slow to adopt the screw cap, however, preferring to stick with natural cork. The focus of this research is to

gain a better understanding of consumer's attitudes and purchasing intentions toward screw caps and toward wine in general.

The topic of the diffusion of the innovations introduced by the successful firms has been extensively studied (Rogers 1983, 1995, Mahajan et al 2000). The importance of this topic is reinforced by the success of the book "Crossing the Chasm" by Jeffrey Moore (1991). Moore asserts that there is a chasm between an early market dominated by early adopters of a new development and the larger mainstream market. If the chasm cannot be crossed successfully, the new product will languish without breaking through to the high volume opportunities. Specific marketing strategies are required to enable the screw cap to bridge that gulf. The global wine marketplace has become very competitive so understanding diffusion issues can help firms to succeed.