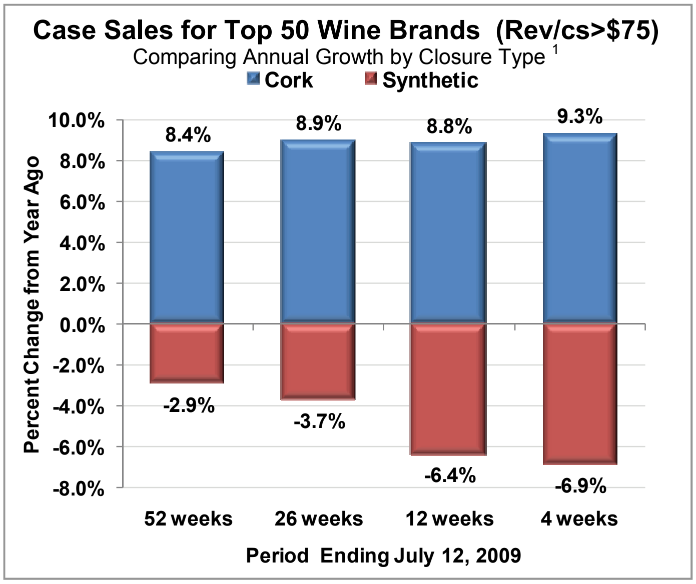
Sales Performance by Type of Closure – Cork Finished Wines Outsell Alternatives

A review of recent sales performance for the Top 50 Wine Brands offers some confirmation to the anecdotal reports that "fighting varietals" finished with cork products seem to be doing better than those brands finished with alternative closures.

Top 50 Brands were determined from reports published in Wine Industry Insight from data provided by Information Resources, Inc. Closure types were assigned based on the predominant packaging as tabulated by members of the Cork Quality Council.



Of the top 50 Wine brands reviewed for the 4-week period ending 7/12/09, those finished with cork closures show average volume increases of 9.9% over the same period year ago. Brands with Synthetic closures were relatively flat - up 0.4% and brands with screwcaps declined by -1.7%.

Comparison of Top 50 Table Wine Brand Sales by Closure Type

Total Food, Drug and Convenience for the Four Weeks Ending July 12, 2009 [1]

		Change from Year Ago		
	Count	**Scanned Rev**	**Volume**	**REV/CS**
Cork Finish	19	9.1%	9.9%	$85.02
Synthetics	20	1.7%	0.4%	$78.24
Screwcaps	5	3.2%	-1.7%	$36.90
Other Packaging	6	6.6%	-2.6%	$26.44
Total	50	4.9%	1.5%	$59.26

Cork finished brands enjoyed a pricing advantage of $1.70 per equivalent bottle over the alternative closures. Revenue per case was 32% higher for cork finished wines than the average of wines finished in synthetics and screwcaps.

Comparison of Cork Finished Wines to Synthetics and Screwcaps

Top 50 Wine Brands - Four Weeks Ending July 12, 2009 [1]

	Cork	**Alternatives**	**Diff**	**% Diff**
Revenue/Case	$85.02	$64.65	$20.37	32%

Sales Performance by Type of Closure –

These tendencies were more apparent when selecting brands with scanned revenue above $75/case. In this category, cork finished wines registered growth of 9.3% by volume compared to a loss of -6.9% for wines finished in alternative closures (all synthetic).

Comparison of Top 50 Table Wine Brands having Revenue >$75/case
Total Food, Drug and Convenience for the Four Weeks Ending July 12, 2009 [1]

		Change from Year Ago		
	Count	**Scanned Rev**	**Volume**	**REV/CS**
Cork Finish	15	8.0%	9.3%	$112.02
Synthetics	12	-6.2%	-6.9%	$96.85
Total	27	0.2%	-0.2%	$103.16

Of course, you cannot draw a conclusive root cause from this pattern. There are many factors involved with sales growth or decline. However, it is interesting to note that this pattern has been visible all year. When looking at similar brands at 4 weeks, 12 weeks, 26 weeks and 52 weeks – the disparity between performance of Top 50 Brands with revenue >$75/cs appears to be steadily intensifying. Cork finished brands have shown steady growth while the average of brands bottled in alternatives has shown deeper declines at every measurement interval.

Comparison of Top 50 Table Wine Brands having Revenue >$75/case
Total Food, Drug and Convenience for Periods Ending July 12, 2009 [1]

	Sales Volume Change from Year Ago			
	52 Wks	**26 Wks**	**12 Wks**	**4 Wks**
Cork Finish	8.4%	8.9%	8.8%	9.3%
Synthetics	-2.9%	-3.7%	-6.4%	-6.9%
Total	1.7%	1.4%	-0.1%	-0.2%

Consumer research has consistently revealed strong consumer preference for cork closures over alternatives. Several studies[2,3,4] have conclusively shown that consumers perceive cork finished wines to have higher quality and value than the same wine with non-cork finishes. Though the recent pattern of performance for Top Fifty wines might be an aberration, it could also indicate that consumers are taking the closure into consideration when making purchasing decisions in these competitive times.

[1] Source: Information Resources, Inc., Custom Analysis by Wine Industry Insight—Copyright 2009. Closure Type assigned and summarized by Cork Quality Council—11/18/09

[2] Marin,A.B.,Durham,C.A.. 2007. Effects of Wine Bottle Closure Type on Consumer Purchase Intent and Price Expectation. Am. J. Enol. Vitic. 58:192-201

[3] Marin, A.B., E.M. Jorgensen, J.A. Kennedy, and J. Ferrier. 2007. Effects of bottle closure type on Consumer perception of wine quality. Am. J. Enol. Vitic. 58:182-191.

[4] Penn,C., Independent Consumer Research on Closures. *WIne Business Monthly – April 2007*