Apothic Red

CAMPAIGN 2012

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Executive Summary

Wine is a beverage that can complement any celebration. For a night out on the town with friends or a night in with a significant other, wine has always been a beverage of choice. It brings people together and is a reminder of good times.

This campaign presents a well formulated and articulate plan designed to position the Apothic Red brand in a way which complements Millennials' lifestyles while also raising brand awareness in an increasingly competitive wine market.

Integrated into this plan is a recommended target audience and year-long marketing strategy, both of which are supported by extensive primary and secondary research. The plan also implements a creative strategy which incorporates key insights about the wine market, its competitors and Millennials.

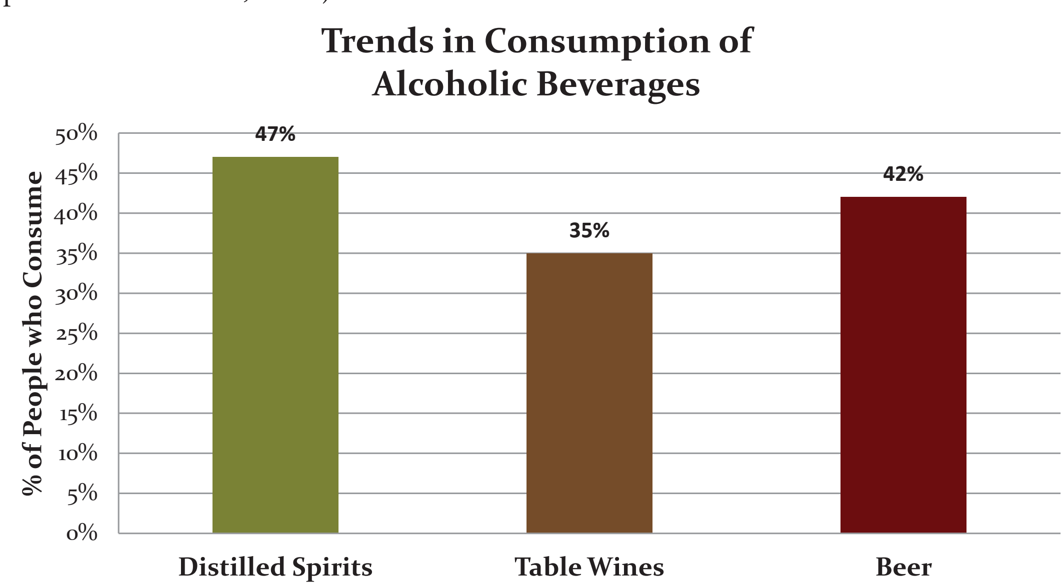
Also included in the plan is a recommended media strategy which offers a cost efficient and effective flight plan which further incorporates both trade and consumer media. This media strategy will correlate with the proposed promotions calendar to create an overall flight plan that simultaneously utilizes traditional and non traditional advertising. The end result will be an increase in sales in both on and off-premise locations.

Situation Analysis

In This Section:

The Market

Three major players exist in the alcoholic beverage market place: wine, beer and spirits. Variations and choices in these products are immense, with options by the dozens in each category. The number of product launches continue to rise, making the market increasingly penetrated. Wine is a driving factor in this cluttered market place, with new wine brands and products being launched frequently (Mintel, Alcohol Consumption at Home. US, 2010).



With such a congested and growing market, it is unexpected that sales of alcoholic beverages would be down. Whether for financial or health reasons, alcohol consumption has decreased. The current recession has increased the purchase of alcohol from off-premise retailers such as supermarkets and convenience stores, where alcohol prices tend to be lower. Both the food and beverage industries have felt the ramifications as people continue to cut back on discretionary spending.

The effects of this shift in consumer behavior has hit restaurants and bars the hardest, where alcohol prices are inflated. These inflated prices cause total alcohol sales dollars for on-premise sites, such as restaurants and bars, to be comparable to those of off-premise channels, such as supermarkets and convenience stores. However, the total volume of alcohol being consumed is still much higher at home. Drinking out is considered to be even more expendable than eating out among consumers. In addition, wine remains to be the highest priced option on menus. Dealing with such a price-cautious environment and outlook, consumers have been likely to shy away from unnecessary expenses, such as alcohol, to save where they can.

"Whether for financial or health reasons, alcohol consumption has decreased."

The effects of this shift in consumer behavior has hit restaurants and bars the hardest, where alcohol prices are inflated. Drinking out is considered to be even more expendable than eating out among consumers. In addition, wine remains to be the highest priced option on menus. Dealing with such a price-cautious environment and outlook, consumers have been likely to shy away from unnecessary expenses, such as alcohol, to save where they can.

WINE

Relevant Market (SIC) Code

*"Apothic Red's Standard Industrial Classification (SIC) code is **2084.**"*

Apothic Red's Standard Industrial Classification (SIC) code is 2084. This number indicates what industrial number Apothic Red falls under. The first two numbers, "20" specifies that wine is part of the "Food and Kindred Products" industry. The following two numbers, "84", reveal that Apothic Red falls under the "Wines, Brandy, and Brandy Spirits" category (United States Department of Labor, 2007).

In addition to the SIC code, the NAICS for Apothic Red is 312130. This tells us that the product engages in growing grapes and manufacturing wines and brandies, manufacturing wines and brandies from grapes and other fruits, and blending wines and brandies (U.S. Census Bureau, 2007).

Market Forecast

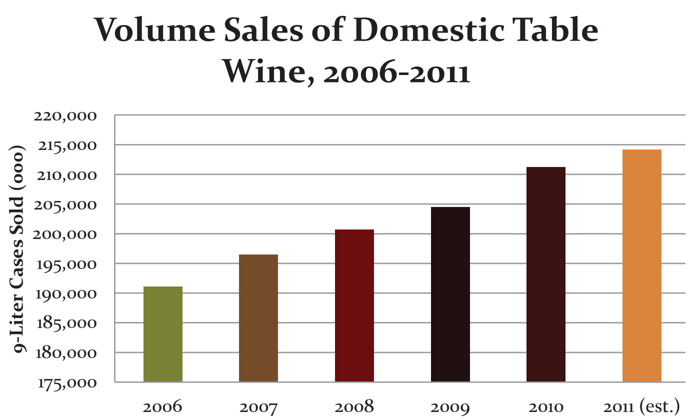
Off-premise consumption of wine has grown in recent years while on-premise sales suffered. This is due to consumers' preference to purchase wine in supermarkets rather than in restaurants, as purchasing a bottle of wine off-premise is more cost-efficient. Boxed wines and wines priced under $10 performed well. This indicates that the price of wine influences consumers' purchase decisions (Mintel, Wine. US, 2010).

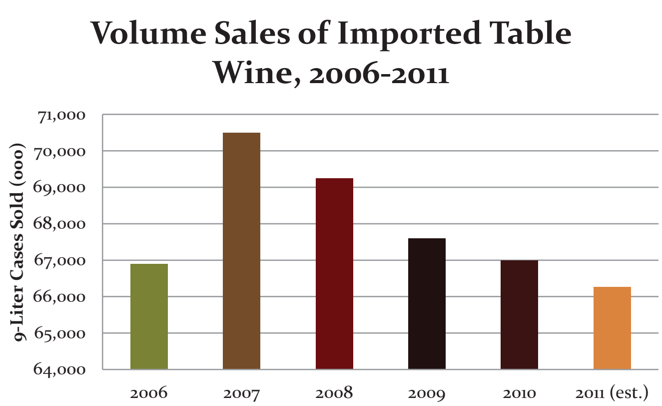
Mintel forecasts total wine dollar sales to grow by nearly a third (to $39 billion) from 2010 to 2015 at current prices. Volume sale are expected to increase while dollar sales will decrease. This is stemmed from consumers purchasing lower-priced brands and waiting for sales on desired brands.

Market Make-Up

The market is made up of both domestic and imported wines. Volume sales of domestic table wine totaled 204 million 9-liter cases, an increase from 2008. In comparison, volume sales of imported wine decreased from 2008 to 2009. Production levels, competitive pricing and the worldwide economy greatly impacted the sales of imported wines.

Sources:
Mintel, Wine. US, 2011

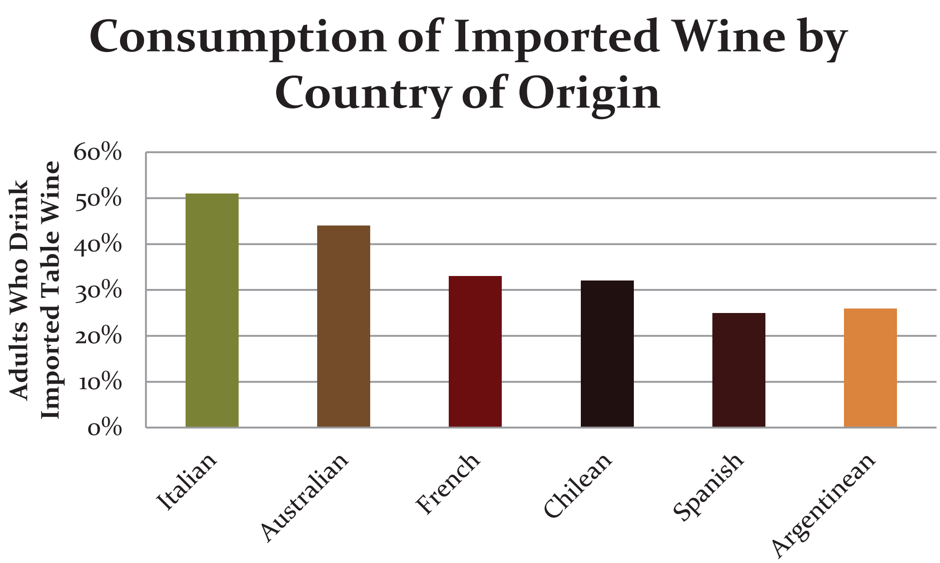




Imported Wines:

The market of imported wine has recently experienced changes in sales due to fluctuations in currency and the economy. Imports from European countries such as France and Italy felt the burden of the recent recession most and lost market share to lower-priced domestic wines. However, France and Italy still lead the United States wine import market share, followed by Australia. Yellow Tail wine from Australia holds the highest market share of all imported wines with 12.3% (Mintel, Wine. US, 2010).

"The market of imported wine has recently experienced changes in sales due to fluctuation in currency and the economy."

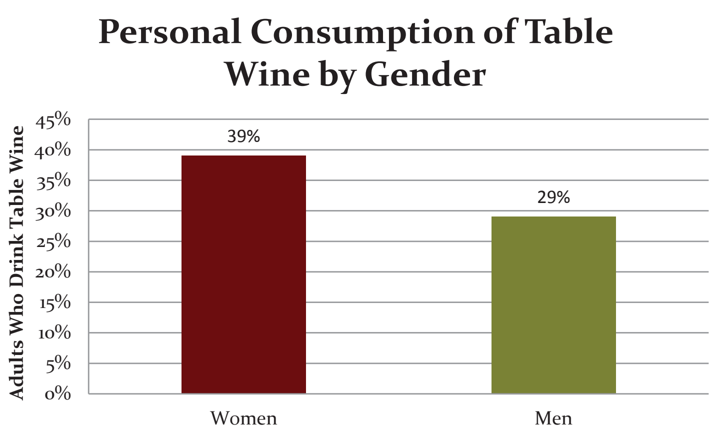


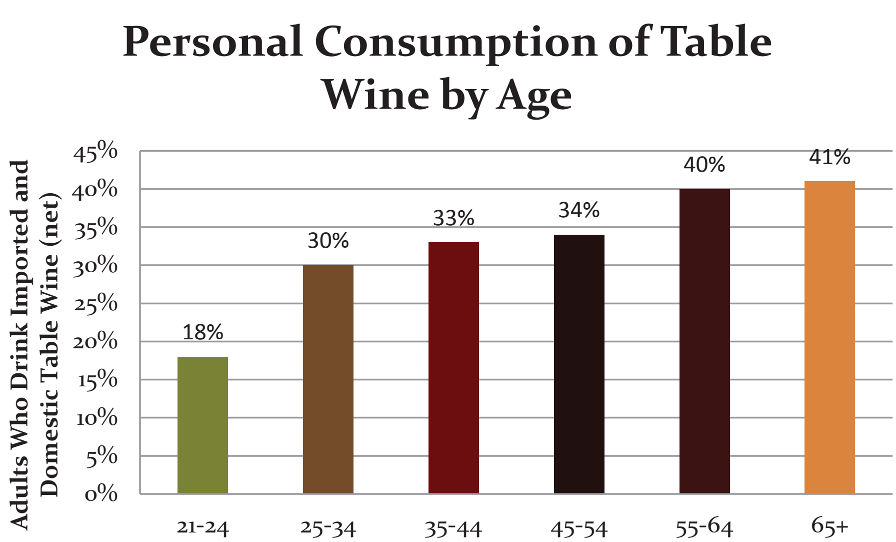
Domestic Wines:

Domestic wines with fun, casual images are experiencing the most success. Many of the successful brands appeal to Millennial consumers. The popular price category is $7 and under, which accounts for 72% of in-store volume.

CONSUMER USAGE

According to Mintel, more than a third of all adults 21+ report drinking wine. Women are more likely than men to be wine consumers, with male consumption falling slightly behind. A notable trend in age occurs with wine consumption as well, with a peak in consumption among adults ages 55-64. Adults ages 21-24 are ranked lowest in wine consumption and are more likely to purchase cheaper domestic wines.





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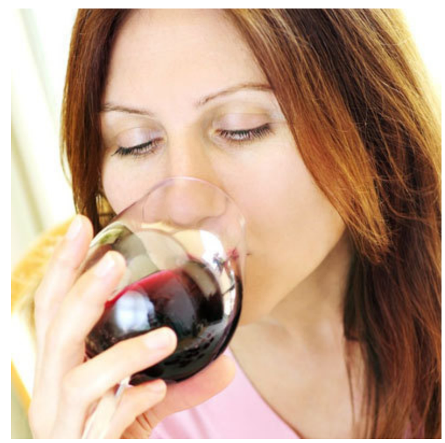


BEER

Market Size & Growth Trends

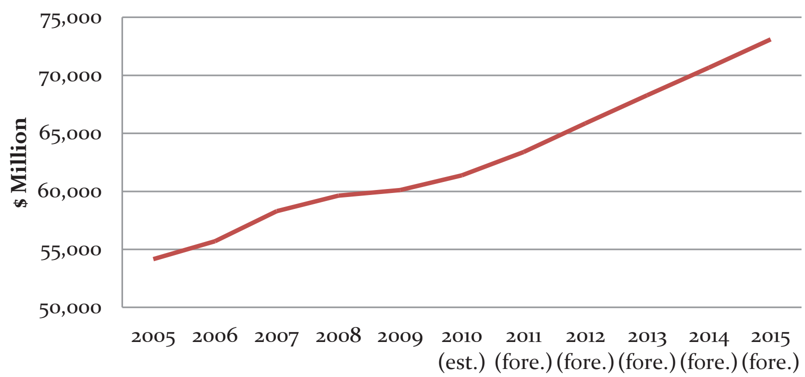
Beer sales were also affected by the recession. The category experienced a loss of volume sales and were down 65 million cases in 2008 (from 2.9 billion cases). Volume sales for beer were further estimated to decline by 1%, or 28 million cases, in 2010 (Mintel, Beer: The Market. US, 2010).

"In 2010, the total dollar sales for beer were estimated at $61 billion, and are projected to grow by nearly a fifth to $73 billion from 2010 to 2015 at current prices..."

Market Forecast

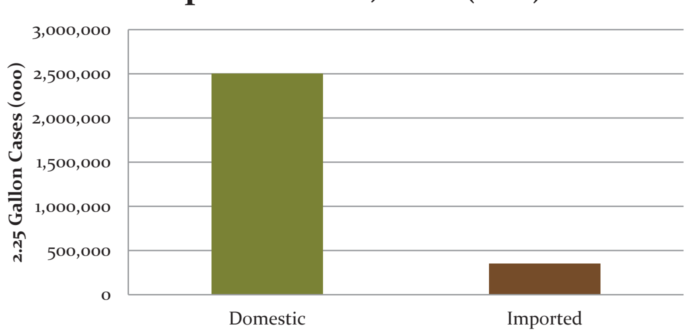
In 2010, the total dollar sales for beer were estimated at $61 billion, and are projected to grow by nearly a fifth to $73 billion from 2010 to 2015 at current prices (Mintel, Beer: The Market. US, 2010).

Total U.S. Retail Sales and Forecast of Beer, 2005-2015



Furthermore, in 2010 domestic beer volume sales were more than seven times that of imported beers.

Total Volume Sales of Domestic and Imported Beer, 2010 (est.)



Market Make-Up

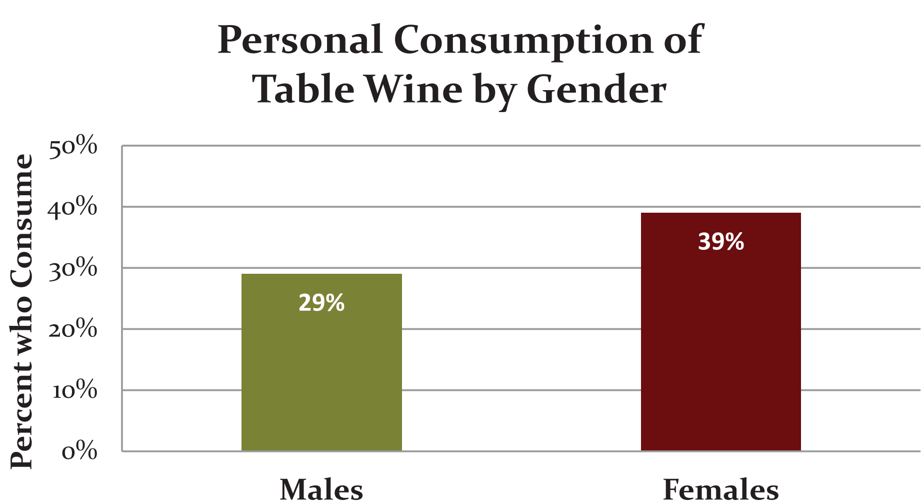
The beer market faces multiple challenges, with the struggling economy being a key factor impeding its growth. Consumers began purchasing more sub-premium beer in an effort to save money. At the same time, they began consuming craft beer. It appears that the beer market in the U.S. is going through a change, where drinkers appreciate the benefits and authenticity behind locally brewed craft beers.

Blue Moon, made by Molson Coors, is the most consumed brand among craft beer drinkers. However, the Boston Beer Company is the biggest craft brewer with the highest volume sales in the U.S. Their most successful brand is Samuel Adams Boston Lager.

"Blue Moon, made by Molson Coors, is the most consumed brand among craft beer drinkers."

Significant Trends

Men are almost twice as likely to drink beer as women; in 2010, 60% of all men aged 21+ report drinking beer, compared to 34% women. In 2010, nearly half of all adults aged 21+ reported drinking any type of beer. The beer consumption among adults aged 21+ has largely remained unchanged since 2005 at almost 50%.



SPIRITS

Market Size & Growth Trends

Consumer interest in spirits is driven by the rise of trendy cocktail drinks, particularly among adventurous young adults who enjoy preparing drinks at home. White spirits continued to outperform dark spirits in every category during 2009. This is due to the strong performance of vodka, a category driver in the sales of white spirits.

"Consumer interest in spirits is driven by the rise of trendy cocktail drinks, particularly among adventurous young adults who enjoy preparing drinks at home."

Total 2009 sales of Spirits were $38 billion (Mintel, Spirits: The Consumer. US, 2011). After several consecutive years of respectable growth, these sales decreased by approximately 2 percent in 2009 as recessionary conditions continued to impact consumer spending. However, the total sales were expected to increase about 2% to $38.7 billion from 2009-2010.

Market Forecast

Volume sales of spirits totaled 188.6 million 9-liter cases in 2009, an increase from 2008, and were further expected to grow from 2009-2010. Furthermore, Mintel expects the market to grow 24% at current prices during 2001-2015 (Mintel, Spirits: The Market. US, 2010).

Today's young adult segments are much more likely to report drinking more than in past generations. However, these younger segments are growing at a slower pace than Baby Boomers who reported drinking less liquor than in the past. This is an indication that sales growth of spirits may decelerate in the years to come.

Market Make-Up

Vodka and rum remain the most popular distilled spirits in the U.S., together accounting for nearly half of all off premise spirit sales. Both vodka and tequila sales showed considerable growth between 2006 and 2008. This appears to be driven by Hispanic consumers as well as others who enjoy and have been further exposed to, Hispanic cuisine and culture (Mintel, Spirits. US, 2009).

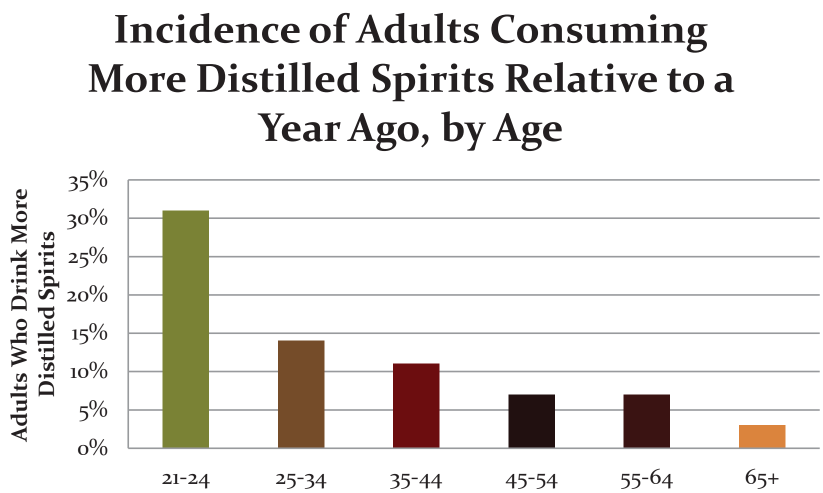
Contrary to what we've seen in other markets, the middle ground has proven itself as the preferable place to be in the spirits market. Overall, average-priced brands are the most popular because they are perceived to deliver high value for a reasonable price (Mintel, Spirits. US, 2009).

"Vodka and rum remain the most popular distilled spirits in the U.S., together accounting for nearly half of all off premise spirit sales."

Consumer Usage

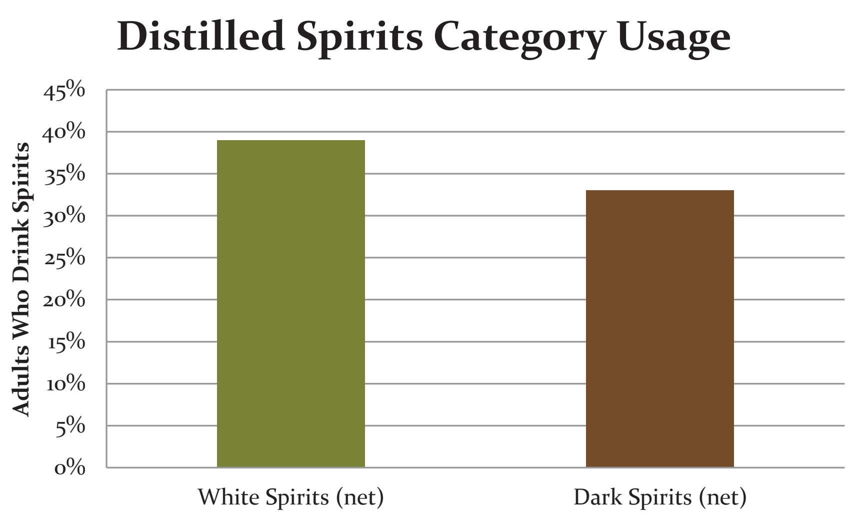
Among respondents who reported consuming distilled spirits, more than half claim they consume the same amount as last year.

However, young adults are more likely to report drinking more than they did in the previous year.



"Nearly half of Americans aged 21+ drink distilled spirits"

Nearly half of Americans aged 21+ drink distilled spirits. White spirits, such as vodka and gin, are slightly more popular compared to dark spirits, such as whiskey, and liqueurs (Mintel, Spirits. US, 2009).



Competitive Position

Apothic Red's competitive position is driven by several different wines, spirits and beers that rank higher in brand awareness and purchasing habits. These competitors include the following:

Red Wine Blend Competitors

Winery
Ménage à Trois

Company
Trinchero Family Estates

Oakville, California

This brand plays off the idea that three is better than one. Whether it is with the use of three varieties of grapes or three distinct flavors, each wine has its own way of bringing three elements to a glass. Ménage à Trois recently expanded its assortment with a chardonnay.

Products:

Red, White, Chardonnay, Rose, Moscato

Feature: *Ménage à Trois California Red*

With the use of Zinfandel, Merlot and Cabernet Sauvignon, this California wine produces a unique flavor. To add to the flavor, each variety of grape is fermented separately. The Zinfandel adds notes of blackberry and raspberry jams, while Merlot enhances the flavor with the taste of red fruits. To top it off, the Cabernet Sauvignon adds a rich flavor.

Price: Suggested retail price is $12

"... Bronco offers 50 brands and is the largest seller of Napa Valley Wines by volume."

"The wine is inspired by the natural beauty of Washington, with vines growing in the tough clay and roaming hills."

Winery:
14 Hands

Trademark:
Ste. Michelle Wine Estates

Paterson, Washington

With 15 years experience, Keith Kenison is the wine maker of 14 Hands Wine. The wine is inspired by the natural beauty of Eastern Washington, with vines growing in the tough clay and roaming hills. Ste. Michelle Winery prides itself on bold reds with the taste of crisp red fruits and fruity whites.

Products:

Cabernet Sauvingnon, Merlot, Riesling, Chardonnay, Hot to Trot Red Blend, Hot to Trot White Blend

Feature: *14 Hands Hot to Trot Red Blend*

This blend of Merlot, Cabernet Sauvignon, Syrah & Petit Verdot comes from a variety of different vineyards throughout Washington state. This wine is described as having fleshy dark fruit flavors with hints of huckleberries and a subtle pie crust nuance. It finishes off with hints of toast and mocha.

Price: $10-$12

Winery:
Red Truck

Trademark:
Bronco Wine Company

Sonoma, California

A volume wine producer of "extreme value" labels, Bronco offers 50 brands and is the second largest seller of Napa Valley wines by volume.

Products:
California Moscato, Central Coast Chardonnay, California Sauvignon Blanc, California Pinot Grigio, California Pink Wine, California Red Wine, California Cabernet Sauvingnon, California Pinot Nior, Central Coast Merlot, Sonoma County Zinfandel, Mendocino Cabernet Sauvignon, North Coast Chardonnay, Mendocino County Petite Sirah, Lake County Sauvingnon Blanc, Medocino County Zinfandel

"... Bronco offers 50 brands and is the largest seller of Napa Valley Wines by volume."

Feature: *Red Truck California Red Wine*
The grapes for this wine are from numerous areas of grape production. The Syrah grapes are from Paso Robles and Shandon, while the Cabernet Franc grapes are grown on a hillside vineyard on rocky red soil. Along with these grapes, Petite Sirah, Petite Verdot, Zinfandel and Carignane make up this red. Dark fruit aromas, such as blackberry and raspberry are complemented by a hint of eucalyptus along with notes of chocolate.
Price: $8.00-$10.99

Awards:
2007 Red Truck Red: Gold Medal by the Columbus Food & Wine Affair Wine competition 2010.

Two Brothers donates fifty cents of every bottle sold to the Sospice of Arlington,VA and other breast cancer research foundations.

Winery:
Two Brothers Winery

Company:
Two Brothers Winers

Chile, South America

This winery is a partnership between brothers Erik and Alex Bartholomaus, who released their debut wine, Big Tattoo Red in 2001. Fifty cents from every bottle sold is donated to the Hospice of Arlington, Va., and other breast cancer research foundations in the name of Liliana S. Bartholomaus (the brothers' mother).

Products:

Big Tattoo White, Big Tattoo Red, Big Tattoo Syrah
2 Brothers Cabernet Sauvignon Reserva, 2 Brothers Syrah Reserva
2 Brothers Riesling

Feature: *Two Brothers Big Tattoo Red*
The wine is a blend of Cabernet Sauvignon (50%), Syrah (40%) and Merlot (10%). Aromas of ripe berry fruit and plums set the stage for an explosion of fruit in the mouth with flavors of blackberries, black cherries, and cocoa that all come together in the rich and lingering, finish.

Price: $8.99-$10.00

Winery:
Vampire Winery

Company:
TI Beverage Group Ltd., "Other International"

Transylvania, Romania & California

The president and founder of Beverly Hills-based TI Beverage Group, became the parent company to Vampire Vineyard in 1985. In 2006, the production of the merlot, cabernet sauvignon, pinot noir, chardonnay, and white zinfandel blends were outsourced to a winery in Paso Robles, California.

Products:
Cabernet Sauvignon, Merlot, Chardonnay, Pinot Grigio
Pinot Noir, White Zinfandel, Dracula Syrah, Dracula Pinot Noir
Dracula Zinfandel, Chateau du Vampire, Trueblood Pinot Noir

Feature: *Chateau du Vampire*

This red blend is made by blending cabernet sauvignon (60%) with cabernet franc (30%), and malbec(10%). The result is a rich and well balanced wine, full bodied with aromas of black cherries, spices and chocolate.

Price: $9.00-$11.99

"This red blend is made by blending cabernet sauvignon (60%) with cabernet franc (30%), and malbec (10%)."

"Cupcake more than tripled in volume in 2010, reaching one million cases..."

Winery:
Cupcake Wines

Company:
The Wine Group

Central Coast, California

Cupcake Vineyards wines were introduced in 2008 from California's Central Coast and represented a finely crafted, fruit-forward, indulgent and eminently approachable style of wine. Cupcake more than tripled in volume in 2010, reaching one million cases, says Shanken News Daily (Aug. 22, 2011). The brand has also seen several line extensions. In 2010, Cupcake's prices were reduced by about $0.50 per bottle to $9.28.

Products:

Chardonnay, Dry Riesling, Pinot Grigio, Riesling, Sauvignon Blanc
Cabernet Sauvignon, Malbec, Merlot, Petite Sirah, Pinot Noir
Red Velvet, Shiraz, Moscato D'Asti, Prosecco

Feature: *Cupcake Red Velvet*
Red Velvet is a blend of Zinfandel, Merlot, Cabernet Sauvignon and Petite Sirah; each variety lending structure, aroma, depth of flavor and a long creamy finish to this wine. Top aromas include chocolate, deep rich blackberries, red fruits, and a creamy mocha finish, with a hint of coconut. Considered reminiscent of a blackberry chocolate cupcake with a mocha coulis.

Price: $8.99-$11.99

Market Share of Leading Wine Companies

Company	Market Share
E. & J. Gallo Winery	26.9%
The Wine Group	21.4%
Constellation	14.8%
Treasury Wine Estates America	5.9%
Trinchero Family Estates	5.9%
Bronco Wine Co.	5.5%
Jackson Family Wines	2.4%

Additional Wine Competitors

Company:
Trinchero Family Estate

Brand:
Sutter Home

St. Helen, California

Sutter Home (23% of domestic wine market share) is consumers' favorite domestic wine brand. Sutter Home targets the masses of everyday American wine drinkers with products that retail for $4.99 to $6.99 (it also has some higher-end offerings).

Red Wine Competitors

Merlot is the most popular red wine variety. It combines cherry flavors along with other berries to finish this California grown wine. Sutter Home offers their Merlot at $5.00 per 750 ml bottle.

White Wine Competitors

Sutter Homes' Chardonnay has hints of apple, peach, lemon and pears. The grapes are grown in cooler climates that are ideal for the perfect grapes. The Chardonnay is priced around $5.00 making it a very affordable wine for all to enjoy.

Sutter Home accounts for 23% of the domestic wine market share.

Sparkling Wine & Champagne Competitors

Sparkling wines range from extremely dry to sweet and retail for $10 to $30. Also available, are organic Champagnes and sparkling wines similar in taste to a Risling. Among Champagne and sparkling wine drinkers, 24% cite Korbel as their favorite sparkling wine (Mintel "Wine," 2010).

Company:
F. Korbel & Bros. Inc.

Brand:
Korbel

Since the 1960's, Korbel has been served at inaugural luncheons for several U.S. presidents, including Barack Obama in 2009. Korbel creates a special inaugural cuvee for these functions, and the bottles feature an inaugural seal. The inaugurations, along with the company's own advertising, have kept the brand top of mind among consumers.

Competitive Position Chart

The chart below displays some of the key features of Apothic and its competitors. Among the features compared are size of bottle, price, winery or distillery location and alcohol content.

Brand	Size	Price	Location	Varietal Information	Alcohol %	T.A.	PH
Apothic	750ml	13.99	California	Syrah, Zinfandel, Merlot	0.131	.63g/100ml	3.73
Menage a Trois	750 ml	10	California	Zinfandel Merlot Carbenet Sauvignon	0.135	0.64g/100ml	3.58
14 Hands Hot to Trot	750 ml	12	Washingtoton	Merlot, Cabernet Sauvignon, Syrah Petit Verdot	0.135	.56g/100ml	3.78
Red Truck	750 ml	10.99	California	Syrah Petiet Sirah Cabernet Franc Merlot	0.136	5.9 g/l	3.64
2 Brothers Big Tattoo Red	750 ml	9.99	Chile	Cabernet, Sauvignon, Syrah	0.13	.6g/100ml	3.7
Chateau Du Vampire	750 ml	17.99	California	Cabernet Sauvi-gnon, cabernet franc, malbec	0.149	.6g/100ml	3.5
Cupcake Red Velvet	750 ml	12	California	Zinfandel Merlot Carbenet Sauvi-gnon Petiet Sirah	0.135	.63g/100ml	3.66
Sutter Home Merlot	187 ml, 750 ml, 1.5 L	$5 for 750 ml bottle	California	Merlot	0.135	.56g/100 ml	3.6
Sutter Home Chardonnay	187 ml, 750 ml, 1.5 L	$5 for 750 ml bottle	California	Chardonnay	0.135	.58g/100ml	3.42
Korbel	187 ml, 375 ml, 750 ml, 1.5L, 3L	$10.99 for 750 ml bottle	California	Chardonnay, Chenin Blanc, French Colom-bard and Pinot Noir	0.12	7.6 g/l	3.14

"Bacardi dominates the rum category with a market share that exceeds 38%."

Spirits Competitors

In 2010, spirits sales grew by 2.3%, reaching $19 billion. Consumers' ongoing interest in complex cocktails and whiskey greatly influenced this market increase (Mintel "Wine," 2010).

Rum

Rum, the most popular white distilled spirit next to vodka, grows largely in sales due to its versatility as a cocktail ingredient. Bacardi dominates the rum category with a market share that exceeds 38%. Combined with Captain Morgan, these two brands hold over 60% of total market share in the rum category (Mintel "Brand Share: Rum", 2010).

Company:
Bacardi USA

Brand:
Bacardi

Market Share in Rum Category: 37.6%

Bacardi manufactures, markets, and sells spirits and wine internationally. Due to the high proof of Bacardi 151 rum, it is typically used as a component in cocktails (whose final alcohol concentration may be greater than that of drinks made with conventional rum). Bacardi was founded in 1862 in Santiago de Cuba, when Don Facundo Bacardí Massó created the world's first light-bodied Rum.

Tequila

Tequila continues to gain ground as consumers are becoming more aware of its versatility. With nearly a third of market share, Diageo's José Cuervo continues to command the segment's largest market share. Products in the José Cuervo line hit multiple price points (Mintel "Brand Share: Tequila", 2010).

Company:
Diageo

Brand:
José Cuervo

Market Share in Tequila Category: 32%

The José Cuervo Especial brand has the highest sales of any tequila brand in the world. Some of José Cuervo's varieties have performed well at international spirit ratings competitions. For example, the Reserva de la Familia was awarded a gold medal at the 2009 San Francisco World Spirits Competition.

"With nearly a third of market share, Diageo's José Cuervo continues to command the segment's largest market share."

Whiskey

Whiskey is the only spirits category that experienced growth in 2010 across most of its sub-segments. This spirit has a dedicated, connoisseur-type following. Brown-Forman Beverages continues to dominate the market. Their brand "Jack Daniels" holds nearly a third of market share within the segment. Products are in the low-value to mid-priced segments. (Mintel "Segment Performance: Dark Spirits," 2010).

American Whiskey

Company:
Brown Forman Beverages
Brand:
Jack Daniels
Market Share in American Whiskey Category: 31.2%

Brand Share in American Whiskey Category: 31.2%
With the largest market share of any other American whiskey, Jack Daniels offers an irresistibly smooth appeal. Jack prides itself as being the oldest registered distillery in America, established in 1866. In 1956 Brown Forman became the owner of the brand.

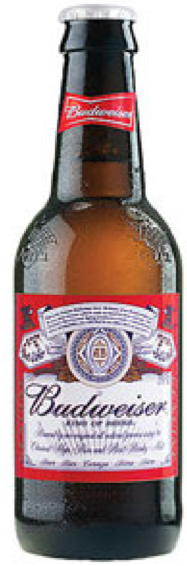
Canadian Whiskey

Company:
Diageo
Brand:
Crown Royal
Market Share in Canadian Whiskey Category: 25.2%

Crown Royal was launched in 1939 as the number one Canadian Whiskey worldwide. It is the 6th largest spirits brand in the United States and can be easily identified by the purple bag it comes in. Diageo acquired the brand in 2000, Crown Royal has been continuing to surprise its consumers with new unique varieties.

Beer

The demand for beer declined in 2009 for the first time since 2005 as a number of factors-- the current economic downturn, increased competition from spirits, and higher beer prices-- came together to negatively influence consumer demand (Mintel "Beer: The Market," 2010). Anheuser-Busch, the leading American brewer, holds a 48% share of U.S. beer sales to retailers.



Company:
AB InBev

Brand:
Bud Light

Market Share in Domestic Light Beer Category: 36.5%

Introduced in 1982, Bud Light offers the great American lager in a lighter form. This light bodied brew with a fresh, subtle hop aroma is sold as the ultimate refreshment for consumers.

Domestic Light Beer

Company:
AB InBev

Brand:
Budweiser

Market Share in Premium Beer Category: 79.1%

Budweiser was introduced in 1896 with the hopes of becoming the national beer brand. While priding itself on being the great American lager, this medium bodied beer has become an American icon.

Premium Beer

"The light taste of vodka, along with fruity flavors, make it popular among young adults..."

Spirits Competitors

In 2010, spirits sales grew by 2.3%, reaching $19 billion. Consumers' ongoing interest in complex cocktails and whiskey greatly influenced this market increase (Mintel "Wine," 2010).

Vodka

Vodka is considered the most versatile spirit for mixing, and can be combined with almost anything. Among the vodka category, the largest segment of spirits, Smirnoff has the leading market share. The light taste of vodka, along with fruity flavors, make it popular among young adults (Mintel "Segment Performance - White Spirits," 2010).

Company:
Diageo

Brand:
Smirnoff

Market Share in Vodka Category: 16.2%

Smirnoff products include vodka, flavored vodka, and malt beverages. In March 2006, Diageo North America claimed that Smirnoff vodka was the best-selling distilled spirit brand in the world. With its low to moderate pricing, Smirnoff is viewed as an excellent value for the money. This brand has performed well under recessionary pressure (Mintel "Brand Share: Vodka," 2010).

The Consumer

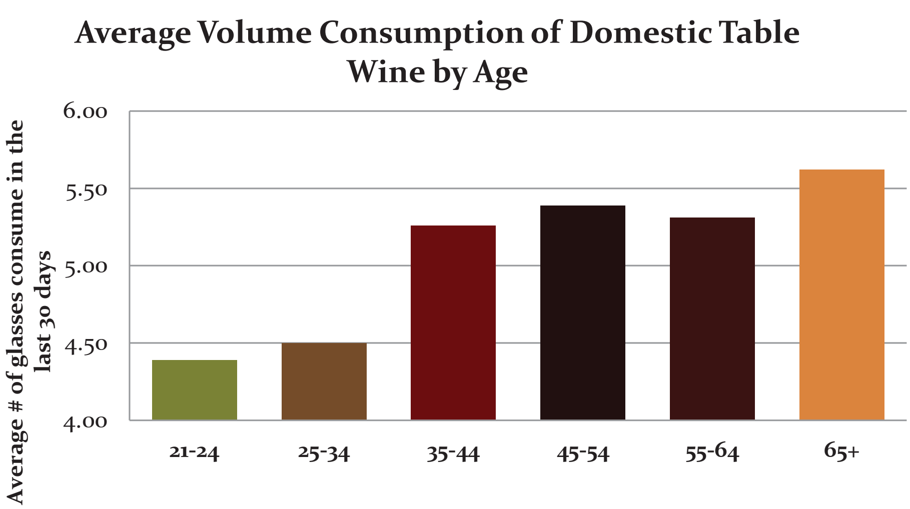
Age

Millennials between the ages of 21-24 consume the least amount of wine of any age group, with only 18% claiming they drink imported and domestic wine (net). Wine consumption nearly doubles among Millennials age 25-34, and continues to grow among all age groups through 65+.

Although Millennials age 21-34 drink less wine than older demographics, they are more likely to change brand preferences and consumption patterns as they are more impressionable. However, older demographics are still the most important target for restaurants because they dine out more frequently than younger consumers.

Millennials are also the fastest growing wine consumption category, followed by Baby Boomers. Furthermore, of all alcoholic beverages consumed by Millennials, wine makes up almost a quarter of these beverages. This younger generation learned to drink and appreciate wine from their Baby Boomer parents who drink nearly twice as much wine as Millennials.

"Wine consumption nearly doubles among Millennials age 25-34, and continues to grow among all age groups through 65+."



Source:
Mintel, Wine. US, 2011

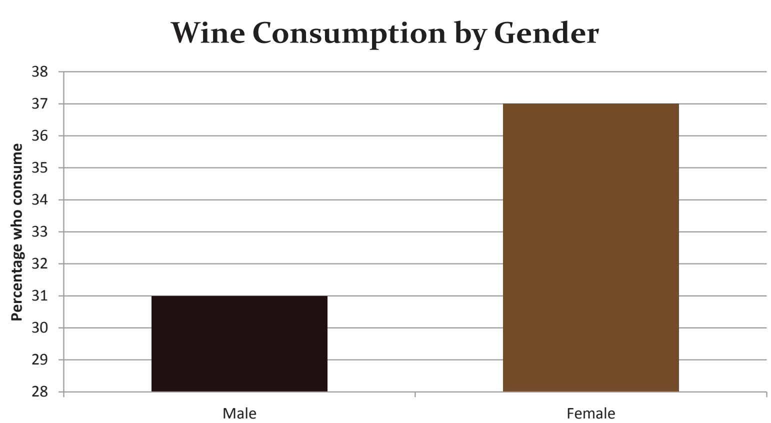
The volume amount of wine consumption based on the average number of glasses consumed in the last 30 days also increases linearly with age, with Millennials drinking the least and the Silent Generation (65+) the most.

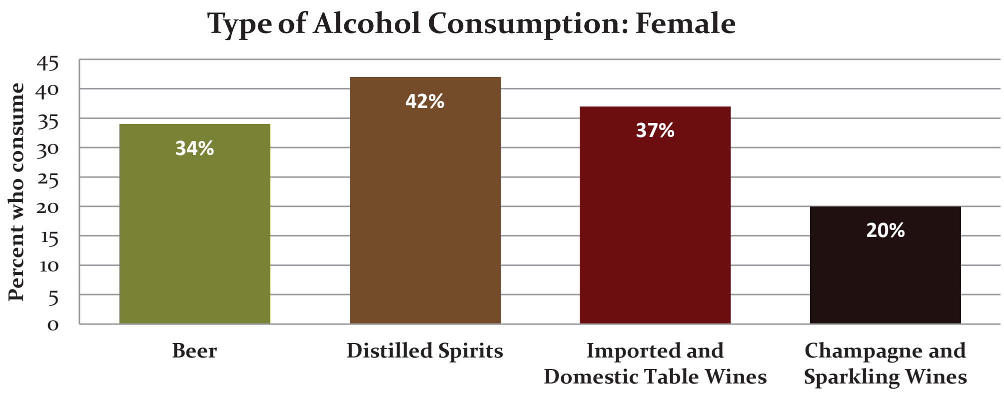
Many consumers age 21-24 prefer wine available for sale in lower price tiers. Many of these lower priced wines can be found in food, drug, and convenience store channels. In comparison, consumers aged 45+ are more likely to purchase wine at specialty stores because they seek higher-priced products and place a stigma on shopping for wine in "mass" channels.

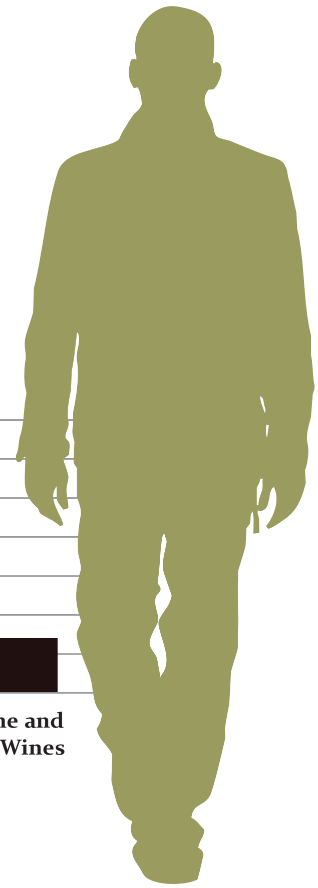
"Women make up the highest percentage of wine consumers (37%), whereas men have more interest in other alcohols such as beer or spirits."

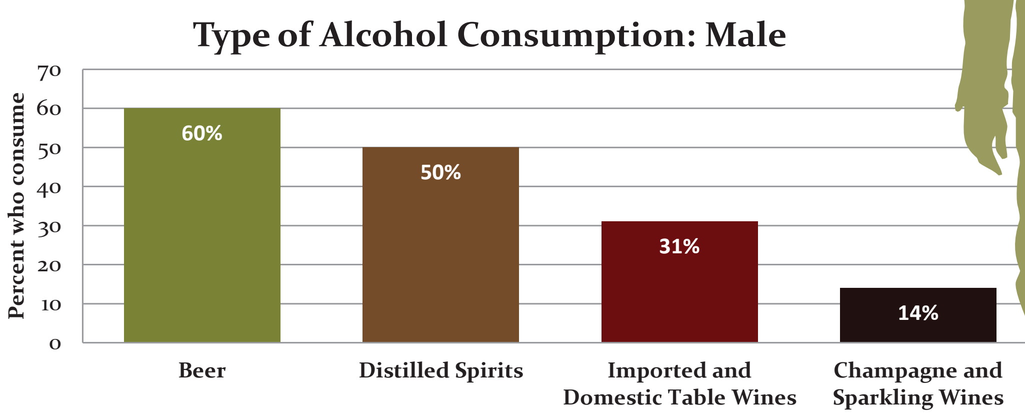
Gender

Women make up the highest percentage of wine consumers (37%), whereas men have more interest in other alcohols such as beer or spirits. The direct reasoning for this is unclear, but the fact that wine contains fewer calories than beer and spirits may have a large impact over this preference. In addition, social culture has created an image of wine as a respectable and refined type of alcohol (Mintel, Wine. Us, 2011).









Wine is the only alcohol category that is more popular among women than men. This may be attributed to a number of health benefits associated with red wine consumption which include: increased sex drive, decreased likelihood to gain weight, and a number of heart benefits.

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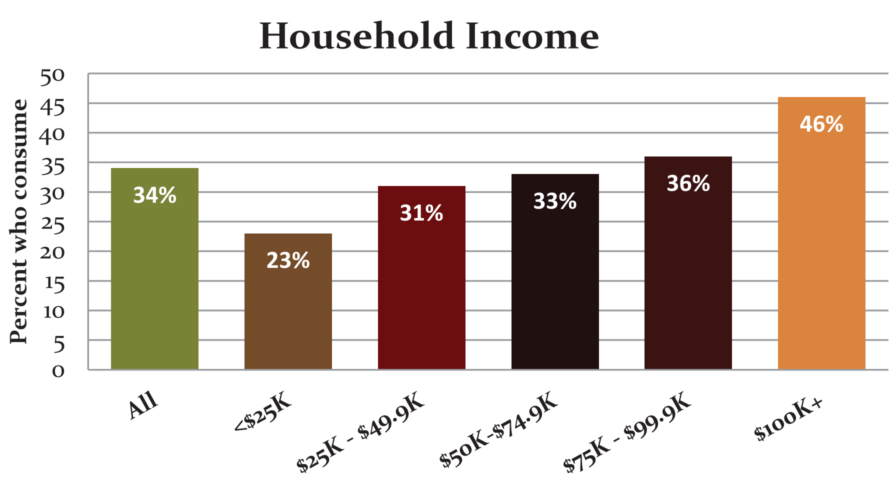
Household income, Education & Region

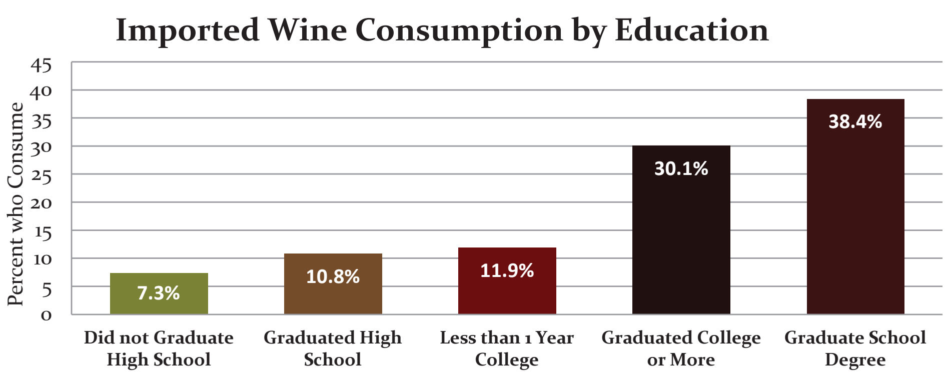
Household income and table wine consumption have a positive correlation, as higher income brackets have a higher incidence of wine consumption. More than a fifth of consumers with household incomes under $25,000 consume table wine, whereas nearly half of consumers with incomes over $100,000 claim to be wine consumers. The same pattern occurs within the domestic and imported table wine categories, although the consumption of domestic wine is higher than that of imported wine across all income brackets (Mintel, Wine. US, 2011).

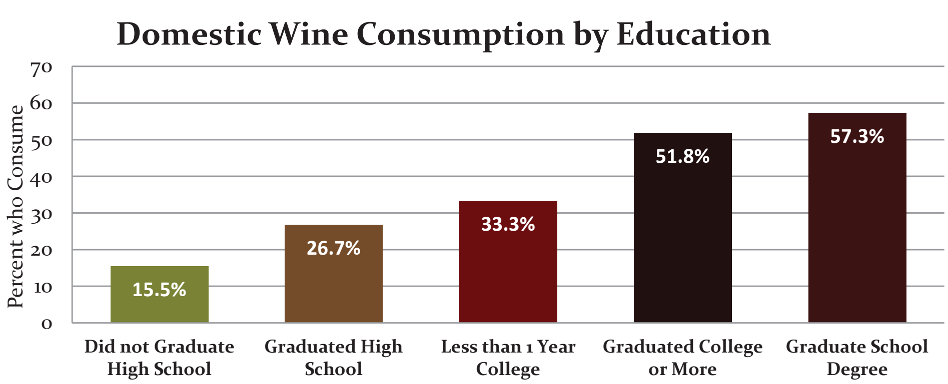
Sources:
Mintel, Wine. US, 2011



A similar trend occurs between consumption of domestic and imported wine among different education levels. According to Simmons, more than half of those who have graduated college drink domestic table wines, whereas less than a fifth of those who did not graduate high school drink domestic wine. Again, with imported wine, the more educated consumers are, the more likely they are to report consuming both domestic and imported wines.

"According to Simmons, more than half of those who have graduated college drink domestic table wines..."





The highest consumption of wine among all consumers based on region occurs in the following order:

Northeast

West coast

South

Midwest

The highest consumption of wine among all consumers occurs in the Northeast region, with 42% responding that they do consume table wine, followed by the West Coast with 35%. According to Mintel, this can be attributed to the fact that these regions are more socially driven than the other areas—the Midwest and the South. Furthermore, the Northeast is the wealthiest region and people who live there frequently dine out (Mintel, Wine. "The Consumer." US, 2011). Similarly to the trend seen in household income, all four regions have a higher consumption of domestic table wine rather than imported. Simmons research illustrated that in the Northeast specifically, 41.3% of people drink domestic wine whereas only 21.7% drink imported wine. However, the Northeast has an index number of 130 for imported wine, indicating that this region is 30% more likely to drink imported wine.

Domestic Wine

	Northeast	Midwest	South	West
Total (000)	8711	8355	14081	9041
Sample	1981	1784	3069	1978
Vertical %	41.8	32.3	32.7	36.8
Horizontal %	21.7	20.8	35	22.5
Index	119	92	93	105

Imported Wine

	Northeast	Midwest	South	West
Total (000)	8711	8355	14081	9041
Sample	1981	1784	3069	1978
Vertical %	41.8	32.3	32.7	36.8
Horizontal %	21.7	20.8	35	22.5
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Distribution

Retail channels typically purchase wine, beer and spirits from a distributor at wholesale which is usually about 60% of the retail price. The product is then delivered in cases between one and two times per week either through a four-step wholesale delivery or a direct sales method (from the supplier straight to the consumer).

Alcohol is sold through a combination of both on-premise and off-premise purchase channels. On-premise retail channels include restaurants, food service establishments, night clubs and bars. It is important to note that restaurants are dependent on these alcohol sales, which can account for 15-20 % of total restaurant revenue and nearly half of profits. Off-premise channels consist of supermarkets along with convenience or liquor stores (Mintel, Wine. US, 2011.).

Where Are Consumers Purchasing Wine?

Location	Percent Who Purchase There
Beer, wine, and liquor store (specialty)	44%
Supermarket	30%
Costco	4%
Walmart	4%
Online or mail order	4%
Other	>3%

There were several locations that consumers purchased wine at. Within the "other" category, that three percent (or less) of consumers purchased their wine. These locations include:

Costco

Walmart

Online or mail order

Trader Joe's

Winery

WINE

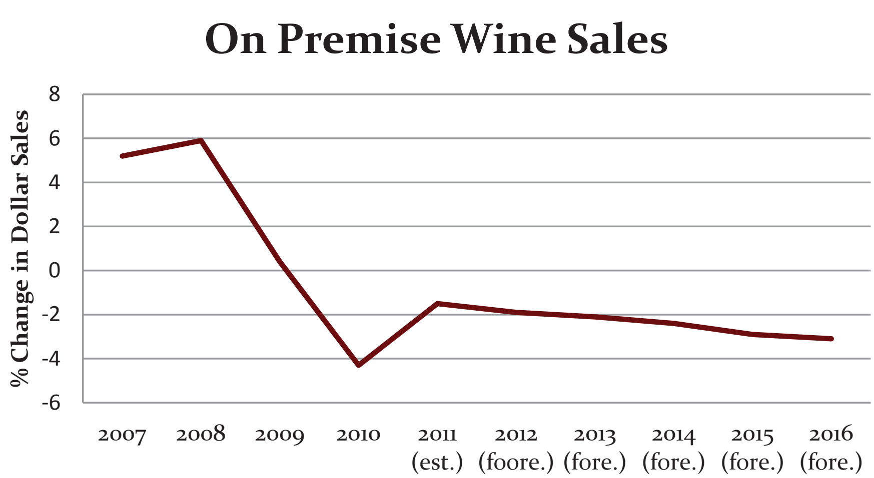
Off-Premise

Recently, the sale of wine has been dominated by off premise supermarket channels, which accounted for more than three quarters (80.3%) of the consumer wine market in 2010. Nearly a third of these sales come from supermarkets while almost half of these sales are derived from beer, wine and liquor stores. While business rises for supermarket and specialty stores, competition also arises from convenience stores, where wine is sold at a more affordable price.

"Recently, the sale of wine has been dominated by off premise supermarket channels, which accounted for more than three quarters of the consumer wine market in 2010."

On-Premise

Due to the recent recession, on-premise retail channels have seen the greatest loss in sales. Consumers are spending less time and money dining out at restaurants, ordering fewer drinks and even skipping drinks all together. On-premise sales decreased by $200 million from 2010 to 2011 ($15.5 billion in 2011, down from $15.7 billion in 2010). Consequently, consumers are more likely to drink wine at home, making purchases from off-premise locations, where prices are lower.



Direct Sales

Another option is direct sales, which is a way for wine suppliers to avoid dealing with distributors while still distributing their product to consumers. Direct sales take place through tasting rooms, consumer events and the direct mailing of catalogs or newsletters. Through direct sale, suppliers sell their product at a "suggested retail price" (SRP), which is typically higher than the price their wine would be sold for in supermarkets and convenience stores.

BEER

Convenience stores are the largest off-premise channel for beer by dollar sales, which grew from 2008-2010. Liquor stores are the second highest profit maker for off-premise channels. This channel has an opportunity for growth through utilization of its expert services and knowledge of sales personnel, especially in the area of craft beer. Like wine sales, beer sales have also suffered in restaurants, bars and night clubs due to the recession. The supermarket channel has capitalized on consumers choices to consume beer more at home.

SPIRITS

Like other alcohol sales, on-premise sales of spirits have been affected by the economy. Bars, nightclubs and restaurants have felt the strain of consumer wallets. However, off-premise sales of spirits continue to rise, with increasing sales in liquor stores, supermarkets, drug and convenience stores.

"Direct sales take place through tasting rooms, consumer events and the direct mailing of catalogs or newsletters."

Advertising History

Red Wine Blends

Advertising spending on all wines experienced a 1.5% decline in 2010. This decline is a result of a decrease in magazine spending, which also declined in 2010 (by nearly a fifth). This decrease in print advertising is most likely due to the reaction of businesses to the print industry's loss of popularity and circulation. However, wine advertisers still managed to increase their spending in every other medium, excluding print and spot radio. This suggests that advertisers reallocated their print medium budgets to other media. As a whole, nearly $75 million was spent on wine advertising in 2010.

	2009 $000	2009 share %	2010 $000	2010 share %	% change
Magazine	56,372	74.2	45,969	61.4	-18.5
Newspaper	5,887	7.8	8,092	10.8	37.5
Outdoor	1,882	2.5	3,289	4.4	74.7
Total print	64,141	84.5	57,350	76.7	-10.6
TV—network	1,199	1.6	2,339	3.1	95.5
TV—spot	2,028	2.7	2,194	2.9	8.2
TV—cable	7,350	9.7	11,746	15.7	59.8
Total TV	10,577	13.9	16,279	21.8	53.9
Radio—network	341	0.4	409	0.5	19.8
Radio—spot	887	1.2	769	1	-13.3
Total radio	1,228	1.6	1,178	1.6	-4.1
Total broadcasting	11,805	15.5	17,456	23.3	47.9
Total expenditures	75,947	100	74,807	100	-1.5

After examining several advertisements featuring wine (both white and red, imported and domestic), it was discovered that several commonalities exist in the ads. One of which, includes the fact that when these ads featured people, the majority were women (appearing to be in their thirties). In addition, social events such as upscale dining and parties also prove to be popular visuals. The final feature shared by these ads was displays of landscapes, which emphasized the origin of wine as well as the grapes used.

Cupcake Red Velvet

When first entering Cupcake's website, it becomes apparent that the company is targeting women. The design of their website includes soft pastel colors, along with images of flowers, birds and floral silhouettes. One feature of the website includes a "Bridal Headquarters" that accentuates helpful party planning tips. Within the female demographic, Cupcake appears to a target older Millennials with several links to their Facebook and Twitter pages. They also include a live Twitter feed, and an interactive poll for visitors to participate in.

Cupcake also features advertising for the promotional event "Bake it Up" sweepstakes. Through this event, participants that send in postcards with contact information will be entered into a drawing. The winner of the drawing will receive an international trip for two, as well as the opportunity to help Cupcake Vineyards produce a batch of their wine.

The label of Cupcake Red Velvet solidifies their target audience as women. Similar to their website, their label features floral silhouettes and designs. The brand name is featured in an organic hand written font in the center of the label, while colors present on the label include a pastel yellow, navy blue, and bright red.

Ménage à Trois

Ménage à Trois' website takes a bold approach with an artsy and bright design. With elements such as watercolors, tape, and musical symbols, Ménage à Trois' site has the feel of a work of art. The site also uses several flash elements to highlight their links. Similar to other competitor sites, Ménage à Trois also features links to their Facebook and Twitter pages. The colors emphasized on their site include light oranges and pinks, with images of their wine featured in bold pinks, greens, reds and yellows. While the majority of these colors appeal to a female demographic, the overall aesthetic of the site is less feminine than that of competitor, Cupcake's.

Two promotional events are featured on their site. The first event is a give away of 5,000 buttons that say "I've Tried Ménage à Trois". Next, a second event, a pumpkin carving contest, allowed participants to send in pictures of their pumpkin-carving masterpieces. The winner of this contest won a $1,000 prize.

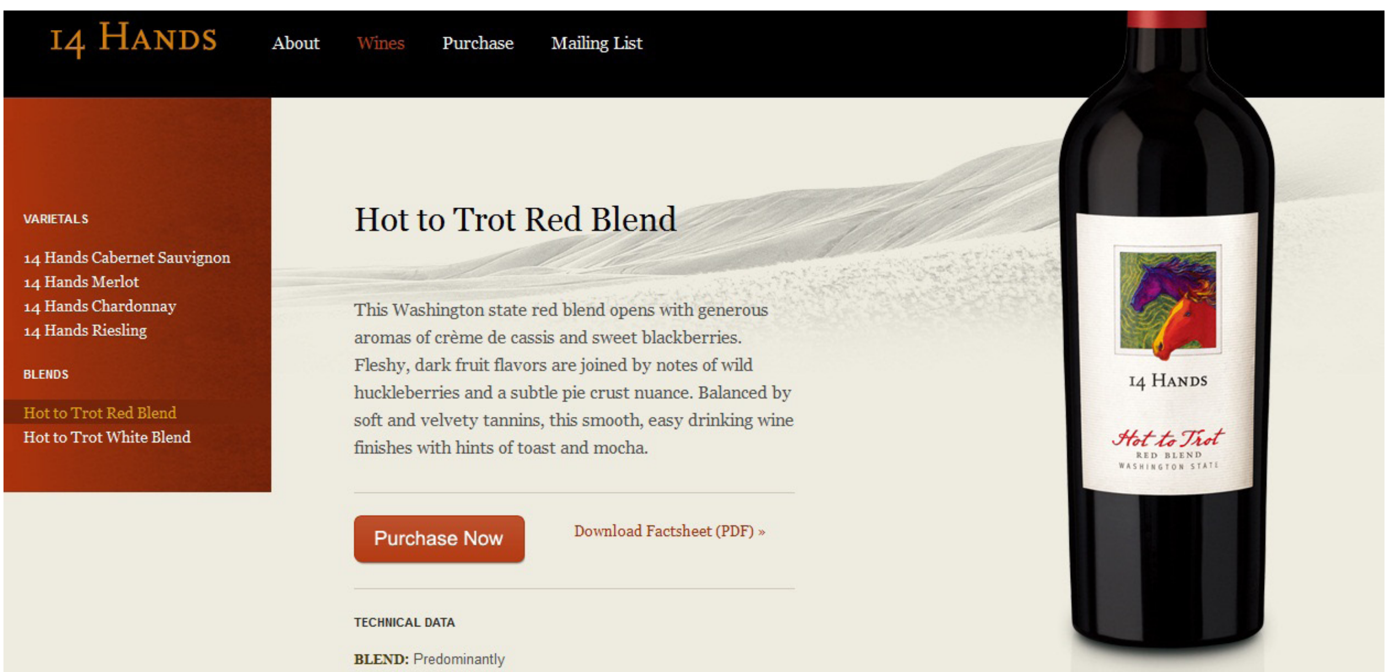
The label of Ménage à Trois' features two dancing figures, also mirrored above. Below these figures is the brand name in a hand written font. The colors featured on the label include gold, deep red, and black, giving the label a more masculine look.

14 Hands Hot To Trot

The 14 Hands' website is fairly simple when compared to competing wine sites. A minimalistic menu layout allows an easy viewing experience for consumers. Unlike competitor sites, Facebook and Twitter links were absent from 14 Hands' website. The colors featured on the site include dark orange, a rusty red, and black. Through their simple layout, lack of social network links, and mature color palate, it appears that 14 Hands is targeting an older audience, with little to no preference on gender.

14 Hands had no promotional information present on their website. They did however; provide a link for consumers to add their name to an online mailing list that will notify subscribers of wine events and new releases. This lack of promotional activity is most likely attributed to their older target demographic.

The label of 14 Hands features a pastel painting of horses by artist Cynthia Simpson. These horses are depicted in vibrant reds, oranges, blues, and purples. The overall aesthetic of the label is fairly minimalistic. The brand name is featured in a serif font in all capitals, with the red blend name in a bright red hand written font below.



Red Truck

Red Truck's site features a large painting of a man with hay in the back of an old red pickup as the focal point. The overall layout is fairly simple and easy to navigate, with links lining the top of the page. While a link to a twitter page was not featured, Red Truck did provide a link to a Facebook page to their site. The most prominent color on the site is red, with the truck, as well as a red sunburst emerging from behind the painting. Through the masculine imagery and simplistic layout, Red Truck appears to appeal to an older male demographic.

"Through the masculine imagery and simplistic layout, Red Truck appears to appeal to an older male demographic."

Similar to 14 Hands, Red Truck also lacked promotional event information on their site. Besides a link to their Facebook page, viewers had no other medium to follow or stay in contact with the brand.

The label of Red Truck displays the same painting from their website. In a bold serif font, the name of the brand sits just below the painting in a stark shade of red. Their label is comparable to their website with the prominent use of red.

Two Brothers Big Tattoo Red

Two Brothers was the only red blend competitor lacking a company website, however, a Facebook page is linked to the brand. This page offers the origins of the company, as well as pictures of several labels. This page also features two external links to websites that do not work.

The label of 2 Brothers Big Tattoo Red is fairly simple, featuring only red, white and black. The focal point of the label is a red and black fleur de lis. Above this symbol is the brand name in a simplified gothic font.

"Two Brothers was the only red blend competitor lacking a company website..."

Chateau Du Vampire

Out of all the competing red blend sites, Chateau du Vampire has the most intricate and complex design. The site is heavily dependent on flash, featuring interactive links as well as a slide show. At the bottom of their page are links to both their Facebook and Twitter pages. The colors used on their site include vibrant golds, burgundies, and red. The vampire theme is heavily emphasized with Gothic and Baroque designs throughout the site. Through this emphasis, Red Vampire appeals to older Millennials, with a slight emphasis on females.

The Chateau du Vampire site had no promotional event information. However, they provided multiple alternatives to become involved with the brand including information on their tasting lounge and private event parties. On one of the slides, a Google map displays the location of their lounge, allowing consumers to make a physical connection with an environment that completely embodies the brand.

The label of Chateau du Vampire is sleek and modern, using only red, black and white. In addition, the brand name floats at the top of the label in a modern serif font, while a drop of blood drips from the crease in the 'V', playing up the vampire theme. Vampire's brand logo sits just below the brand name in a white serif font with the name of the wine variety appearing at the bottom of the label.

Other Alcohol & Distilled Spirits

In 2010, advertising spending for all spirits increased by 3%. This increase came after two sequential years of significant declines in spending. Suppliers have increased their media spending despite the recession, and the five brands that spent the most money on advertising were Patrón, Captain Morgan, Absolut, Jack Daniel's, and Skyy. A majority of spirits suppliers and retailers have turned to more cost efficient electronic media, such as websites and social media sites, like Facebook. These low cost media allow companies to cut costs significantly. Sponsorships of music and racing events are also important to spirits suppliers. The sum of advertising dollars spent by all spirits brands in 2010 was $428 million.

Media Spending of Spirits & Beer Competitors

	Media Total	Magazines	Newspaper	Outdoor	Network TV
Spirits					
Bacardi	$7,126,300	$710,600	$519,000	$2,104,500	$-
Jose Cuervo	$9,448,300	$408,800	$-	$931,900	$-
Jack Daniel's	$15,376,400	$4,168,800	$100,800	$1,371,000	$-
Smirnoff	$11,797,600	$-	$126,200	$1,180,000	$-
Absolut	$22,647,300	$12,869,400	$-	$3,394,500	$-
Beer					
Bud Light	$243,441,300	$9,019,400	$83,800	$7,960,700	$163,116,700
Budweiser	$105,102,000	$4,528,000	$723,000	$3,629,000	$8,005,000

	Spot TV	Syndication	Cable TV	National Spot Radio	Network TV
Spirits					
Bacardi	$5,500	$-	$4,350,400	$-	$-
Jose Cuervo	$21,500	$1,209,100	$6,877,000	$-	$-
Jack Daniel's	$195,400	$-	$9,461,300	$79,100	$-
Smirnoff	$42,100	$-	$10,133,100	$316,200	$-
Absolut	$900,300	$-	$5,474,800	$-	$-
Beer					
Bud Light	$10,324,000	$2,022,000	$-	$-	$163,116,700
Budweiser	$4,565,000	$-	$11,641,000	$-	$8,005,000

Bacardi

Magazines	$7,126,300
Newspaper	$519,000
Outdoor	$2,104,500
Spot TV	$5,500
Cable TV	$4,350,400
Total Spending	$7,126,300

"The 'Together' campaign was launched in 80 countries in June 2011, emphasizing universal togetherness."

According to an article in Advertising Age from July 2011, a majority of Bacardi's advertising spending goes toward events and promotions, followed by advertising and public relations. The "Together" campaign was launched in 80 countries in June 2011, emphasizing universal togetherness. This promotion included a partnership with Facebook and Google.

Using Facebook, Bacardi collects the "likes" of facebookers' friends across cities, and then further allowing people to vote on their favorite "likes." By using Facebook, they encourage consumers to interact with one another and be "together."

Bacardi's television spots for this campaign also encompass the overall idea of togetherness. Their "Together Manifesto" spot contains playful animation and upbeat music and looks at togetherness throughout the evolution of humans. When comparing "Homo Sapiens" to "Neanderthals," they state that "Homo Sapiens had one advantage, they communicated. They hung out, dined together, shared stories, told each other not to eat poisonous berries, made friends. So they flourished." They then give their audience a call to action; stop making excuses and be together. At the end of the commercial, a beauty shot of their Bacardi Superior rum is shown and the words "Bacardi Together" are superimposed under the bottle. Through their "Together" campaign, Bacardi tells its audience that their rum is essential to being together.

José Cuervo

Magazines	$408,800
Newspaper	$519,000
Outdoor	$931,900
Spot TV	$21,500
Syndication TV	$1,209,100
Total Spending	$9,448,300

José Cuervo's brand image is extremely traditional, continuously reminding consumers of its Mexican heritage. The labels are written in Spanish and are in a very traditional font. Also, the date 1795 can be found on the José Cuervo website, Facebook page, and label on the tequila bottles. This date is a constant reminder that this tequila was founded over 200 years ago and has a long history in the tequila business.

"The 'Cue the Cuervo' campaign from 2010 emphasized that José Cuervo Gold Tequila was the drink that makes a special gathering happen."

The "Cue the Cuervo" campaign from 2010 emphasized that José Cuervo Gold Tequila was the drink that makes a social gathering happen. Two television spots were included in the campaign, the first taking place in a bar, the second in a man's first party at his "bachelor pad." In both commercials, a man's voice states "Cue the drink that brings it all together. Cue the Cuervo." José Cuervo also uses promotions outside of advertising, by sponsoring the José Cuervo Pro Beach Volleyball Series, with top ranked professional players participating.

In 2010, José Cuervo also launched their Silver Tequila campaign. The $4 million budget for this campaign was spent entirely on television spots airing on cable television. However, the television spots drew some criticism from AdWeek, which stated that the commercial was "disjointed" in terms of "smooth" and "shattered." Cuervo used the tag line "So smooth, it shatters expectations." However, throughout the commercial there are images of shattering ice, which leaves the impression of jaggedness.

Jack Daniel's

Magazines	$4,168,800
Newspaper	$100,800
Outdoor	$1,371,000
Spot TV	$195,400
National Spot Radio	$79,100
Cable TV	$9,461,300
Total Spending	$15,376,400

"Jack Daniel's is a brand largely marketed toward men. The series of television spots... all tell stories of the history of the brand, and the man who created it..."

Jack Daniels is a brand largely marketed toward men. The series of television spots, "Label Story, Old No. 7," "Proud," and "His Way," all tell stories of the history of the brand, the man who created it--Jack Daniels, and his preferences as a man. The spots use a voice over of a man with a very deep voice and the slightest southern drawl. In addition, they include banjo music, further indicating Jack Daniel's Tennessee roots. Each of the advertisements shows the copy, "What a label doesn't tell you, a sip will."

In April 2011, Jack Daniels released another television spot for its new whiskey flavor, Tennessee Honey. This "King Bee" advertisement gives an up-close shot of a honey bee that rivals National Geographic. The music sings, "I'm a king," while the bee is flying through flowers and plants, appearing almost jet powered. The commercial ends with an explosion of smoke and lava surrounding the bottle's honey bee logo. This television spot maintains the Tennessee feel that the brand portrays.

Jack Daniel's is also a huge music supporter and they have a large promotional emphasis on the Studio 7 Tour which features artists from across the country. Their support in music began in 1892 when the founder, Jack Daniel himself, started his own band.

Smirnoff

Cable TV	$10,133,100
Newspaper	$126,200
Outdoor	$1,180,000
Spot TV	$42,100
National Spot Radio	$316,200
Total Spending	$9,448,300

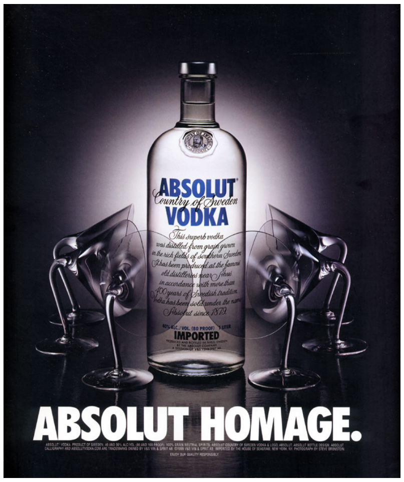
Smirnoff vodka has a very large emphasis on night life. Their Nightlife Exchange Project is aimed to bring people from 50 countries together to share the most wild and original nightlife experiences. Their website further emphasizes nightlife with tabs labelled “Global Nightlife Guides, Photos, and Interviews,” “Try the Official Drinks of the International Nightlife,” and “Tell Us What Makes Your Nightlife Unique.” Their call to action, “Be There,” encourages consumers to participate in this global exchange by sharing favorite drinks, fashion, music, and more.

This brand also partnered with Madonna by inviting contestants from around the world to compete to be in the pop superstar’s next dance video. The competition is named “Dance 4 Madonna.” Both of these projects are aimed heavily toward young adults. All of their television spots feature twenty-some things partying at trendy bars, nightclubs, and concerts. Also, their heavy use of Facebook to promote the projects captivate a largely younger audience who are very active and enjoy spending nights out on the town. By targeting this audience, Smirnoff aims to make itself the drink of choice for those who enjoy nightlife.

“Their Nightlife Exchange Project is aimed to bring people from 50 countries together to share the most wild and original nightlife experiences.”

Absolut

Magazines	$12,869,400
Newspaper	$8,200
Outdoor	$3,394,500
Spot TV	$900,300
Cable TV	$9,461,300
Total Spending	$22,647,300



"'Absolut' simultaneously serves as a brand name and a tag line."

Absolut vodka markets itself as both contemporary and simple,with a majority of their advertising allocated to print ads containing simple copy and incorporating the brand name. Its simple label with bold face sans serif font illustrates an elegant simplicity. To maintain their contemporary image, they introduced Absolut Blank in July 2011. Following in the path of Campbell's Soup--the company that asked Andy Warhol to design their label in 1962--they introduced Absolut Blank and invited 20 contemporary artists to compete in a label design on the iconic bottle. They promoted the campaign with a television commercial showing the artists at work, and a tag line that read "It all starts with an Absolut blank."

"Absolut" simultaneously serves as a brand name and a tag line. Their most recent campaign "In an Absolut World" features television commercials, where a man states, "Doing things differently leads to something exceptional, in an Absolut world." With this play on words, the brand is able to imply that Absolut is parallel with exceptional, and also creates great brand recognition.

This brand is also able to connect with very specific geographical and cultural markets by creating products such as Absolut Boston, Absolut Los Angeles, and Absolut New Orleans. For each limited edition Absolut, they release a customized label that encompasses the culture of that city.

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"Their Nightlife Exchange Project is aimed to bring people from 50 countries together to share the most wild and original nightlife experiences."

Budweiser

Magazines	$4,528,000
Newspaper	$723,000
Outdoor	$3,629,000
Spot TV	$4,565,000
Network TV	$8,005,000
Cable TV	$11,641,000
Total Spending	$105,102,000

““Since 2004, the brand has seen a decline, and has been hoping to boost interest once again.”

AB InBev has increased marketing dollars by half for Budweiser. Since 2004, the brand has seen a decline and has been hoping to boost interest once again. The decline is due to worry of obesity among many Americans, causing them to switch to light beers.

The first appearance of the Clydesdales was in 1933, and ever since, they have stuck with the brand. Budweiser has captured audiences with the iconic Clydesdales featured in their commercials for decades.

With a new approach to attract a younger demographic, a new campaign has been launched with the tag line “Grab Some Buds.” These new ads contain no dialogue, but shots of good times, whether its a BBQ with friends or a night on the town at a concert. The ads are accompanied by handing out free samples of Budweiser at various bars and restaurants in hopes of attracting younger consumers.

Bud Light

Cable TV	$50,914,000
Newspaper	$83,800
Outdoor	$7,960,700
Network TV	$163,116,700
Syndicated TV	$2,022,000
Spot TV	$10,324,000
Magazines	$9,019,400
Total Spending	$9,448,300

Bud Light appeals to younger generations who enjoy their beer out with coworkers or at home with close friends watching the game. With an expected drop in 2009, Bud Light responded by introducing 15 new commercials as well as new store displays. Bud Light has never faced a situation like this in its 27 years on the market.

Consumers did not respond well to the shift in advertising from a comical approach to campaigns focused more on "drinkability". In a 2009 spot about Bud Light's "drinkability" for example, Bud Light missed its consumers by a long shot. The ad focused on the balance of Bud Light, its not too heavy or too light. The core consumers of the brand, adults age 21-34 found the spot too slow and lacking in humor. In 2010 humor returned, a racy online-only advertisement was quietly released.

Currently, Bud Light is an official beer sponsor of the NFL and is always a favorite during Super Bowl commercials. It has also teamed up with Pitbull in a multicultural campaign. The artist was chosen to display what the brands aims to be; fun, outgoing and social. The ad will appear on major networks as well Hispanic TV, in hopes of converting import beer consumers to loyal Bud Light consumers.

"Bud Light appeals to younger generations who enjoy their beer out with coworkers or at home with close friends watching the game."

Sales Promotion

Sales promotions and marketing for wine, beer and spirits are often catered to aspirational marketing. These promotions create in-store, hands-on and memorable experiences, giving consumers reasons to recall particular products.

Many supermarkets use coupons to push increased quantity purchase.

WINE

Wine products in grocery and convenience stores typically offer specials that last for a few weeks at a time. These offers include “30% off all wines $20 or more” or “10% off when purchasing 6 or more.” In addition, many supermarkets that are chains such as Safeway will have specials that are attainable only if consumers have a club card.

Another common promotional tactic used by wine makers is an end-cap display. With a change in wine shelf schematics, consumers are more likely to be influenced by the promotion. Often times, wines will be paired with other products that are considered complementary to wine. An example of this is when competitor 14 Hands Hot to Trot was positioned on an end-cap display and paired with Red Oval Farms Stoned Wheat Thins.

Also notable, is another complementary tactic, which places a product alongside a wine in an end-cap display. BV Coastal Estates paired its own wine products with a large cook book of numerous gourmet recipes. The end-cap was accompanied by free recipe pamphlets such as Brie with caramelized plums, meant to pair nicely with the BV Coastal Estates wine.

BEER

Promotions for beer often cater to sports, targeting fans of particular game seasons or game weekends. For example, during football season, Coors often changes the packaging of their beer products for football fans. A recent promotion, the Text and Score Sweepstakes, was displayed on the packaging of their 12 oz. 12 bottle cases. Coors also partnered with EA Sports allowing consumers to enter keywords (found on Coors products) on their website for a chance to test new game prior to their release.

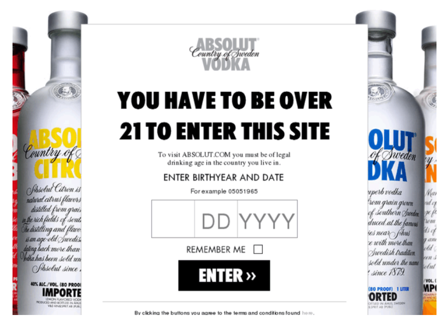
Craft beers such as Blue Moon offer variety 12-packs of four different ales to promote consumers to try their numerous products. In addition, the Blue Moon interactive website allows consumers to share their recipe ideas via Facebook to help craft the next Blue Moon.

SPIRITS

Leaders in the spirits category have heavily focused their promotions on interactive websites. Absolut for example, integrates the "Drinkspiration" iPad app, which can be downloaded for free on their website. The app gives consumers more than 3,000 drink recipes, all within one touch of the finger. In addition, the company paired with actresses Kate Beckinsale and Zooey Deschanel as celebrity spokes persons to promote different drink recipes.

Smirnoff has created the Dance 4 Madonna campaign, which gives dance competitors a chance to become the next dancer for Madonna's tours. In addition, Smirnoff's website focuses on the Nightlife Exchange Project, giving event listings, photographs, and interviews from nightlife experiences around the world.

"Promotions for beer often cater to sports, targeting fans of particular games seasons, or game weekends."



"Leaders in the spirits category have heavily focused their promotions on interactive websites."

Problem: Meet Solution

"The red wine category has great potential for growth, as the category becomes increasingly popular among Millennial age consumers."

Problems with the Current Situation

External threats effect Apothic Red's standing in the red wine blend industry. Perhaps most important, is the fact that Millennials show a significant preference for spirits and mixed drinks over wine. Also notable is the lack of knowledge about wine among this group of consumers.

Furthermore, with so many red wine blends emerging in the market, it is essential that Apothic Red differentiate itself so as to stand out among its competitors. As a newer product, Apothic Red faces the challenge of low brand awareness. This leaves Apothic Red in a position of very high competition and in need of a unique brand image.

Possibilities for Positive Change

The red wine blend category has great potential for growth, as the category becomes increasingly popular among Millennial age consumers. In addition, as a domestically produced wine, consumers are more likely to support and purchase Apothic Red.

Millennials are also the fastest growing wine consumption category, making these circumstances an ideal market situation to capture Millennials as wine drinkers, further converting them to repeat buyers of Apothic Red.

Other strengths that Apothic Red can exploit include the label which is perceived to be attractive and pleasing. In addition, Apothic Red is most commonly thought to be "smooth" and therefore has a wide-reaching appeal among consumers.

SWOT Analysis

Strengths

- Apothic is a red wine blend, a wine category that is becoming increasingly popular
- Is a domestic wine, made from select grapes from California
- Available for purchase online through The Barrel Room
- Managed/Owned by E&J Gallo, the lead company in the wine industry
- Attractive and appealing logo/label
- Smooth taste and smooth finish

Weaknesses

- May be perceived as expensive being a "premium plus" priced brand
- Low brand awareness
- Dark Gothic feel can be off-putting

Opportunities

- Capture Millennials as wine drinkers and create repeat buyers
- Off-premise purchases of wine is increasing
- Millennials are fastest growing wine consumption category
- Health benefits associated with red wine consumption

Threats

- High competition within red wine category
- Recession has led consumers to purchase wine from on-premise locations less
- State alcohols laws limit locations wine can be sold
- Spirits and beer are preferred over wine among Millennials
- Knowledge of wine among Millennials is limited

Primary Research

"Neatly half of survey respondents answered that hard alcohol was (in some form) their most favored drink."

Online Survey

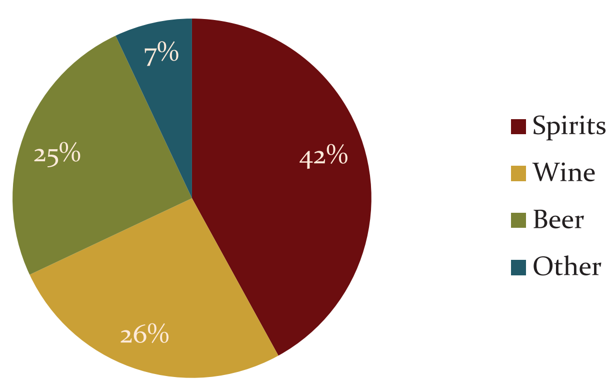
An online survey was administered in an effort to better understand exactly how females perceive wine and to what extent and in what ways it is a part of their lives. A composition of 12 questions aimed to answer these uncertainties, while a few additional questions obtained demographic and media usage information. The survey was distributed through Facebook and yielded a response rate of 37.7% (101 surveys completed/268 distributed). More than three-quarters (76%) of respondents were female, with 90% falling into the target age group.

Main Findings

When asked, "What is your alcoholic drink of choice?"

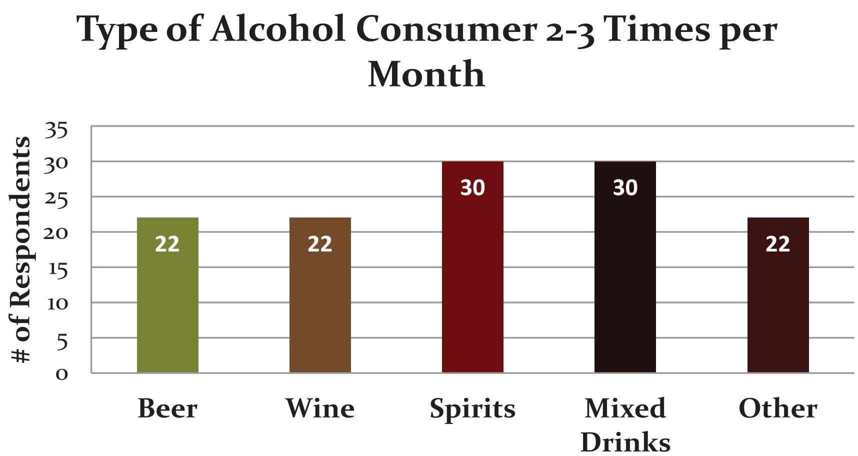
Nearly half of survey respondents answered that hard alcohol was (in some form) their most favored drink. Common answers included different kinds of spirits along with names of popular mixed drinks like "vodka-cran", "gin-tonic", or "whiskey sour". Beer was the second most popular choice, with about a third (31%) of respondents claiming it to be their drink of choice.

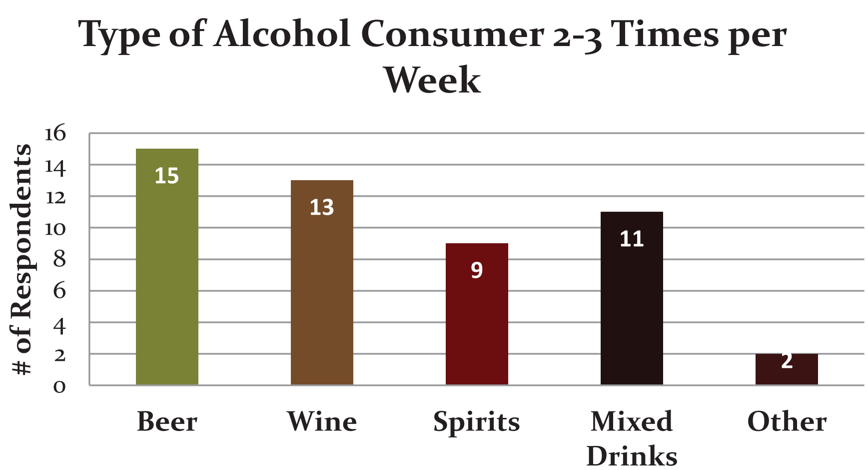
Preferred Alcohol



When asked: "How often do you drink the following types of alcohol?"

Results from this question showed that females who participated in the survey are consuming hard alcohol in some form (straight or in a mixed drink) most often. Beer and wine were fairly similar in consumption occurrence. Finally, sparkling wines, wine coolers and malt beverages were consumed either very little or zero times per month.



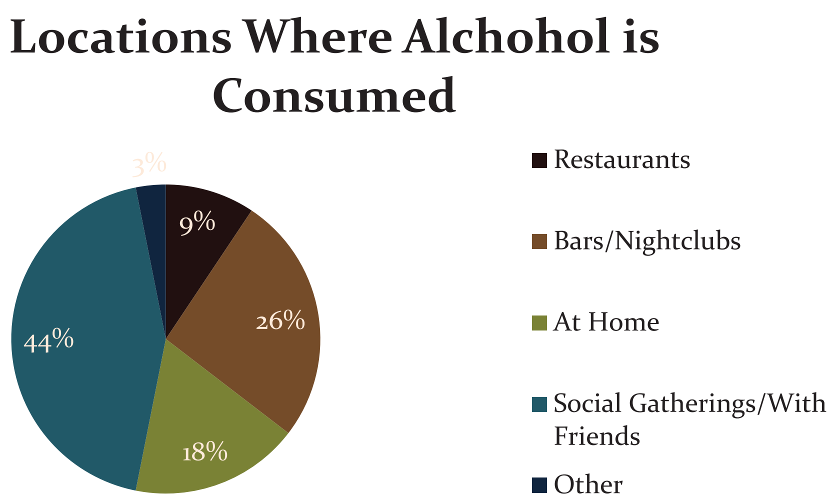


"Results from this question showed that females who participated in the survey are consuming hard alcohol in some form most often."

When asked: "Where are you most likely to drink alcohol?" According to survey results, females 21-29 years old are most likely to be consuming alcohol in either social gatherings with friends or in bars and/or nightclubs. Fewer female participants are drinking alcohol in restaurants, this is likely due to the fact that consumers have been attempting to cut costs where they can.

"Unique, this seems like a dark and edgy wine."

-Focus Group Participant



When shown an image of the Apothic Red label, participants were asked: "What are your first thoughts regarding this label?" Responses to this question were consistent. The overall appearance of the Apothic Red label gives consumers a "dark" and "edgy" impression. Nearly 10% of respondents included something about "The Scarlet Letter" (a novel by Nathaniel Hawthorne) in their response, while 12% stated that it reminded them of either blood, vampires or Halloween. The Twilight series, by Stephenie Meyer (now a popular movie series) was even connected to the label in numerous answers.

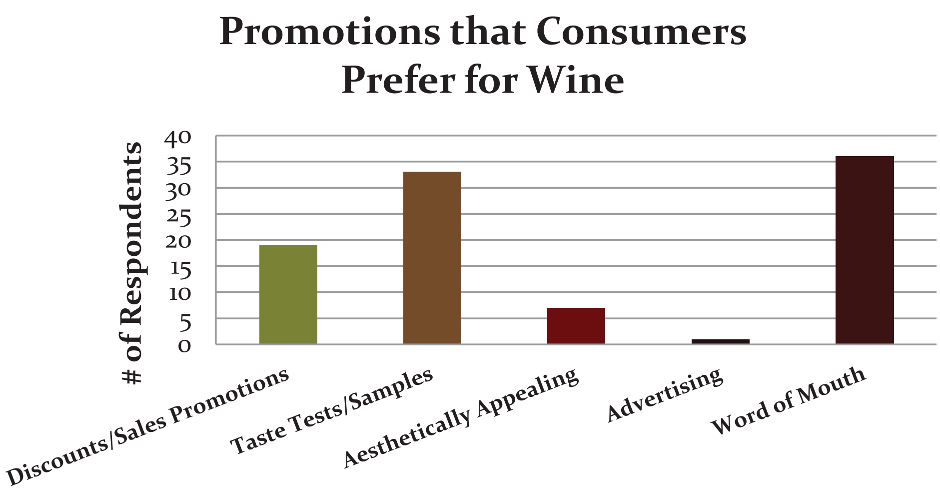
The consistent affiliation of Apothic Red's label with either The Scarlet Letter or the popular trend in vampires revealed that consumers have strong opinions about the overall look of the bottle without any knowledge of the wine itself. The responses to this question established the idea that the appearance of the bottle is distinct and memorable. Responses showed that Apothic needs to be differentiated from these ideas, creating a noticeable and standout image solely for itself.

When asked: "What would make you more likely to purchase wine?"

The majority of respondents conveyed that word of mouth and taste tests or samples would make them more likely to purchase wine. Also significant was the motivation to purchase wine when discounts or sales promotions are involved.

"It has a Gothic look to it. I'm more inclined to purchase this wine based on the bottle itself."

-Focus Group Participant



Focus Groups

Two focus groups were conducted to gain an insight into what role wine plays in consumer lifestyles. The openness of these focus groups allowed for a more intimate setting, giving a more in-depth perspective of females' perceptions of wine. The focus group covered both lifestyle questions while also focusing on the first-taste impression of Apothic wine.

> *"Daring, elegant, trendy."*
>
> *-Focus Group Participant*

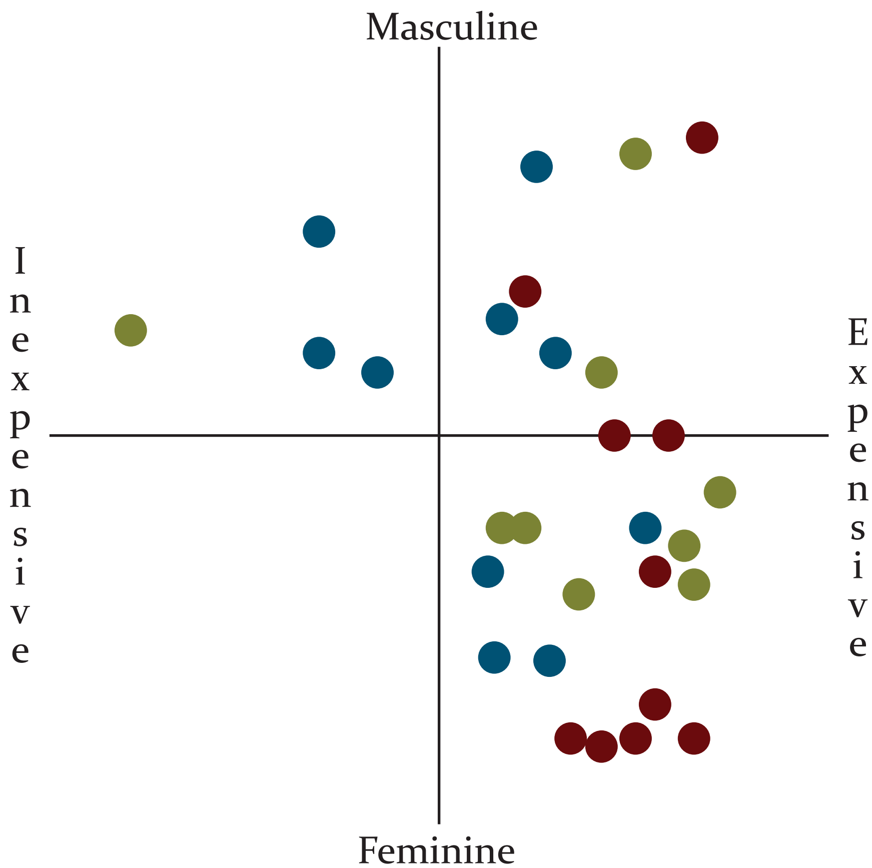
A total of 17 women participated in the two sessions, each lasting approximately 45 minutes. The focus group was comprised first of a set of questions aiming to uncover the reasons which people do or do not drink wine, followed by questions asking what types of settings these women would most likely drink wine in. Participants were also asked to place Apothic Red and some of its competitors on two separate perception maps. Finally, a taste test was conducted to get a sense of consumers' first taste reaction to both Apothic and some main competitors.

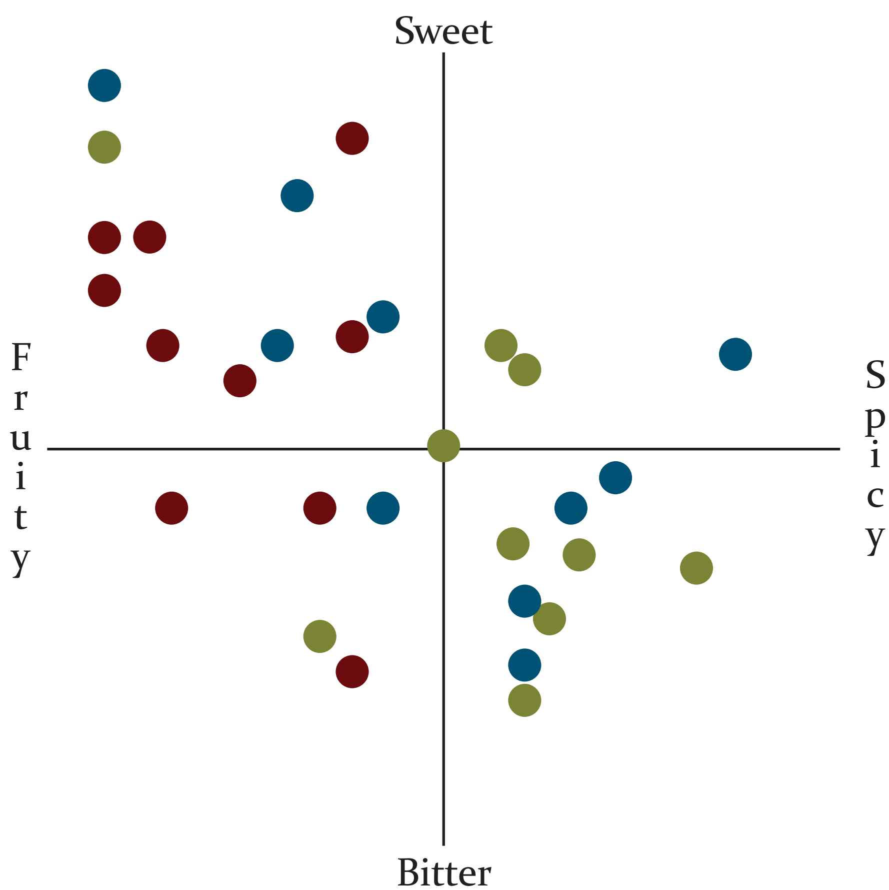
Perception Maps

The perception maps were developed in an effort to discover two main ideas. First, how do females perceive Apothic Red aesthetically compared to two top competitors? And secondly, based on flavor, what is the overall consensus for Apothic Red?

For the aesthetic evaluation, participants were asked to rate Apothic Red, 14 Hands Hot to Trot, and Menage a Trois on a 5 point scale based on femininity vs masculinity and inexpensive vs. expensive. This provided a basis for how consumers judge Apothic Red based solely on its aesthetic appearance.

Next, for the taste assessment, participants rated the same three wines based on two simplistic aspects. First, fruity vs spicy and then fruity vs bitter. This produced an insight as to what consumers think about Apothic Red compared to top competitors, 14 Hands Hot to Trot and Ménage à Trois, dependent upon first taste impressions.





= Apothic

= 14 Hands Hot to Trot

= Ménage à Trois

For the aesthetic evaluation, participants found that Apothic was more masculine, and appeared to be expensive.

After the taste test, consumers were asked to fill out the map to the left. From the results, it was found that participants thought that red had an overall sweet and fruity taste.

Taste Test

In an effort to really pinpoint the first-taste impression that consumers experience with Apothic Red, a taste test was executed. Nearly 40 people participated in the taste test, answering a number of questions regarding their first-taste experience.

Main Findings

When asked, What is your first reaction upon tasting this wine? The overall consensus was that Apothic Red is smooth, with nearly a quarter of respondents mentioning this quality in their response. Many people also stressed the fact that even though they may not typically enjoy red wine, or even wine in general, that Apothic Red surprised them in how much they did indeed enjoy the wine. In addition, more than 75% of participants claimed that this was a wine they would consider buying.

Quotes from the taste test:

"Subtle, not as bold as some reds. Good for beginners or not huge wine drinkers."

....

"Good, sweeter than most red wines. Smooth."

Personal Interviews

Personal interviews were conducted in order to better understand the lifestyles of females ages 21-29. After carefully reviewing results from the primary research survey, patterns surfaced correlating to age. Those females between 21 and 24 years of age appeared to have similar opinions toward wine; as did females ages 25-29. The idea that these two different age groups may lead different lifestyles became apparent and was then further investigated through 50 personal interviews.

Through secondary research using both Experian Simmons Choices 3 and PRIZM Lifestyle Segments, heat maps were developed according to wine consumption and population. The SRDS life stage "Young Achievers" correlated with the "hot spots" that appeared on the final heat map. Within the Young Achievers life stage, six lifestyles ("Young Digerati", "Boomtown Singles", "Bohemian Mix", "Young Influentials", "Up and Comers", and "Urban Achievers") were derived to interview consumers about.

With these interview responses, three top lifestyles were revealed that fit the different age groups.

Main Findings

These findings painted a detailed picture of what the target demographic is doing in their spare time, what their interests are, and exactly where they are in their life right now. It was found that for females ages 21-24, the lifestyles of "Up and Comers" and "Young Influentials" most directly matched their lifestyle. For the slightly older demographic, females 25-29, "Boomtown Singles" and "Up and Comers" best matched their lifestyles. It was from these personal interviews that the target demographic was perfected and refined.

Secondary Research

In addition to primary research, (secondary research was conducted to support and strengthen previous findings) a considerable amount of secondary research was conducted. The secondary research was fundamental in understanding the wine market as well as Millennials' wine consumption, demographics, lifestyles, and other key attributes.

Experian Simmons Choices 3

The Simmons Choices 3 database was used primarily to find demographic information about our recommended target audience. Cross tabulations between age/gender/region and wine consumption provided insight as to who drinks the most wine and where it is consumed most heavily. Basic psycho graphic information such as lifestyle habits, activities, and general opinions and beliefs were also found using Simmons.

"The Simmons Choices 3 database was used primarily to find demographic information about our recommended target audience."

Mintel

Many insights were gained from two Mintel articles; "Wine, 2011" and "Marketing to Millennials, 2010." The article, "Wine", was used to learn about the market of wine and its current situation. This included data about sales for domestic and imported wines, on and off premise sales and locations, and other trends in dollar and volume sales in various wine categories. Information about direct and indirect competitors of red wine blends was also derived from this article, much of which was used in the Situation Analysis.

The "Marketing to Millennials" article was also extremely beneficial in that it provided compelling insights about Millennial consumers. The data found played a large role in both the creative concepts and media recommended to reach a Millennial audience.

"The 'Marketing to Millennials' article was also extremely beneficial in that it provided compelling insights about Millennial consumers."

SRDS , PRIZM & Heat Maps

SRDS was used to create heat maps illustrating where wine consumption overlaps with the PRIZM segment "Young Achievers". The wine consumption and "Young Achievers" heat map was then overlapped with maps of 21-24 and 25-29 year olds. The areas where wine consumption, the PRIZM segment, and age all overlapped were then selected as DMAs of high focus.

Campaign Objectives

1. Launch a national campaign January 1, 2012.

2. Target Millennial females, ages 21-29.

3. Advertise and promote product via Internet, out of home, television, magazine and planned promotions.

4. Achieve a maximum level of Gross Rating Points (GRPs) by the final phase of the campaign.

5. Maintain a consistent, innovative theme that reinforces the Apothic Red brand and resonates with Millennial females.

6. Execute within a budget not to exceed $3,100,000

Campaign Objectives

In order to carry out an effective campaign for Apothic Red, six key objectives have been established. Extensive research has been integrated within each objective, providing a uniquely designed campaign recommendation for the Apothic Red brand listed below.

1. Launch a national campaign January 1, 2012.

The Apothic Red brand awareness campaign will begin January 1, 2012. This will allow for adequate time to purchase media, produce advertisements, achieve deadlines for trade magazines, and finalize promotional events before the launch date.

2. Target Millennial females, ages 21-29.

Although Apothic Wine is consumed by both men and women, Mintel and Simmons data reveals that the difference in wine consumption between the genders is significant. Research revealed that women are the main consumers of wine. As a result, women will be the target gender for this campaign. Additionally, because young adults are the heaviest consumers of alcoholic beverages, the younger demographic of women will be the best option for our target audience. The campaign will target this demographic nationally with additional marketing strategies implemented in cities with high concentration wine consumption and females ages 21-29.

For a more extensive look at our target market recommendation, see page 72.

3. Advertise and promote product via Internet, out of home, television, magazine and planned promotions.

Four different media have been selected to reach the recommended target market. These media include Internet, out of home, cable television, and magazine. Through the use of these media, Apothic Red can effectively and efficiently reach the target market as well as cultivate a higher brand awareness. In combination with planned promotions, the campaign will successfully penetrate the intended markets.

4. Achieve a maximum level of Gross Rating Points (GRPs) by the final phase of the campaign.

Because wine sales are effected by seasonality (which spike by as much as 30% from October-December), it is imperative that Apothic Red be recognized in the beginning phases of the 2012 campaign. By achieving the maximum GRPs in the first phases of the campaign, front of mind consumer awareness will be accomplished and maintained during peak wine sale periods.

5. Maintain a consistent, innovative theme that reinforces the Apothic Red brand and resonates with Millennial females.

Apothic Red is one wine among thousands in the ever-growing wine market, making it increasingly important to create a unique brand image. A consistent marketing position will connect aspirational marketing techniques to the product, further resonating Apothic Red with Millennial females.

6. Execute within a budget not to exceed $3,100,000

Through proper allocation of funds and carefully chosen media, Apothic Red will increase consumer awareness while allocating the budget in a cost efficient manner.

To view an in-depth cost efficiency analysis, see page 140 in the appendix.

Target Market Recommendation

To determine the recommended target market, both primary and secondary resources were critically analyzed in order to actuate the most appropriate group of consumers. The specific information on the following pages helps to narrow down consumers who hold the greatest potential for profitability. The following demographic and lifestyle information is provided to further distinguish the recommended target market.

Gender	Females
Age	21-29
Race	Caucasian
Status	Single & Married
Education	1-3 Years and Graduated College
Employment	Part/Full-time & Unemployed
Children	No children & 1 Child

Why Target Females?

Females prove to be the ideal target for wine consumption. They show a higher interest in wine across all categories, and are therefore more likely to be purchasing wine than men, who demonstrate a preference to both beer and spirits.

	Index	Vertical %	Index	Vertical %
	Male		Female	
Domestic Dinner/ Table Wines - Drink?: Yes	76	19.2	114	28.8
Domestic Dinner/ Table Wines - Drink?: No	107	78.2	96	69.9

Why Ages 21-29?

The task of targeting Millennials 21-29 was assigned as a campaign objective and was further supported by Simmons and Mintel research. This group of consumers is least likely to consume wine among all other demographics, however, the potential for growth in consumption is great. As the fastest growing wine consumption category, Millennials ages 21-29 are a prime target.

	Total [000]	[000]	Vertical%	Horizontal%	Index
Asian	386	43	4.91	60	96
Black	905	98	11.5	69.3	111
White	5842	880	74.3	62.1	99
Not White or Black	1116	321	14.2	59.3	95
Other	730	278	9.28	58.9	94

"This group of consumers is least likely to consume wine among all other demographic, however, the potential for growth in consumption is great."

Why Single & Married?

The most common statuses among Millennial females include both "presently married" and "not married". Simmons research stated that about 48% of these females are currently married while roughly 52% are single.

	Total [000]	[000]	Vertical%	Horizontal%	Index
Presently Married	3804	505	48.4	65.3	105
Not Married	4059	794	51.6	59.9	96
Divorced	265	30	3.37	82.5	132

"The most common statuses among Millennial females include both 'presently married' and 'not married'."

Why Educated?

The majority of Millennial females have completed between one and three years of college (about 30%). This could be due to the fact that some women in this age group could still be in the process of completing a college education. In addition, a significant amount of Millennial Females have graduated college or more.

	Total [000]	[000]	Vertical%	Horizontal%	Index
Attended College 1-3 Years	2320	343	29.5	69.5	111
Attended college <1-3 Years	3083	437	38.6	69.1	111
Graduated College or More	2078	336	26.4	68.1	109

Why Mixed Employment?

The recommended target market shows a mix in employment types. Within this group, nearly 20% are currently homemakers which is likely attributed to a transition into family life. In addition, the vast majority (about 70%) are either employed full time or part time.

	Total [000]	[000]	Vertical%	Horizontal%	Index
Employed Full Time or Part Time	5468	807	69.5	59.9	96
Not Employed	2395	492	30.5	68.9	110
Home-maker	1426	208	18.1	97.7	157

Why One Child Or None?

Women in this market appear to be either leading a single lifestyle or have moved into another life stage; family. About 40% of these women have no children present in their home while nearly a third have one child at home.

	Total [000]	[000]	Vertical%	Horizontal%	Index
No Children	3206	470	40.8	54.3	87
One Child	2102	317	26.7	69.2	111
Two Children	1620	270	20.6	69.1	111
Three Children	566	138	7.19	71.7	115

"Women in this market appear to be either leading a single lifestyle or have moved into another life stage; family."

PRIZM Descriptions

After interviewing nearly 50 females between the ages of 21 and 29, three PRIZM lifestyles surfaced as representatives of Millennial females: Up and Comers, Young Influentials, and Boomtown Singles.

Up & Comers

This group is centered around the fact that these 20 - some things are in a "stop-over" segment of their life. They are in a stage that stands somewhere between the college lifestyle and a more established lifestyle of pursuing careers and creating a family. This group leads an active lifestyle, staying on-top of the latest technologies and the hottest night life activities. Usually living in rental apartments or homes, they are single without children.

Through extensive sencondary and primary research, three PRIZM lifestyles surfaced as representative of Millennials.

Young Influentials

Juggling a lifestyle of work or school and leisure activities, this group is primarily involved with self-pertaining activities. They are single and do not have worries of spouses or children, leaving them to pursue numerous leisure activities outside of work. Many of these Young Influentials are just moving on from the college dorm lifestyle, having recently moved into apartments or rental homes. Their free-time is spent at fitness clubs and casual dining restaurants.

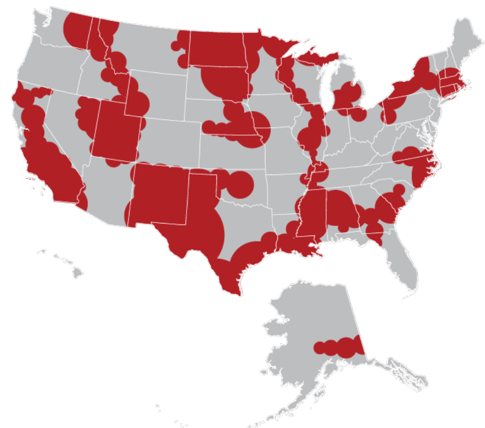
Boomtown Singles

This group of women are living in affordable housing and without children present in the home. They are actively part of a thriving singles' scene, spending time in bars and nightclubs. Often shopping in convenience stores and using laundromats, this group is part of fast-growing satellite cities.

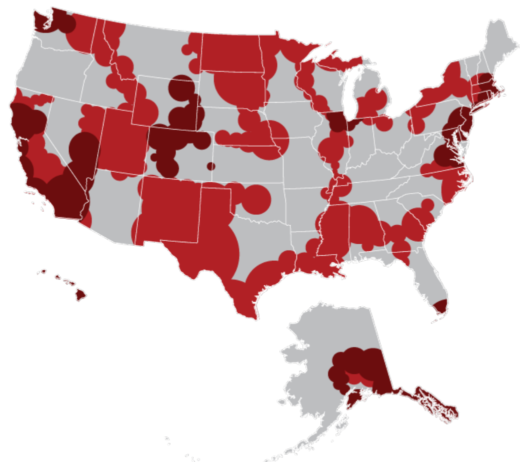
Where Are These Women Located?

To find out what U.S. markets hold the most potential for wine sales among Millennial females, a combination of Simmons, SRDS, and PRIZM were used to create heat maps. The information from these heat maps provided 10 promising top DMA's for Apothic Red to focus on.

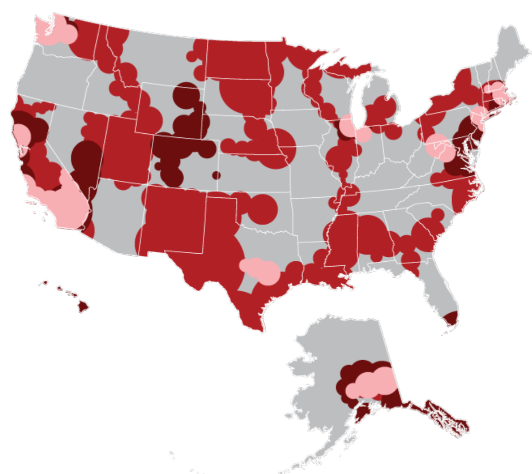
The first map was generated using the SRDS Demographic Concentration Map for the ages 21-29. This map demonstrated where in the United States had the highest concentration of Millennials ages 21-29.



The second map to be compared with age concentration was also generated on SRDS using the Market Potential Map for domestic wine. The results of domestic wine consumption in the United States were then compared with the age consumption map to identify our initial "hot spots."



A total of six PRIZM segments were found that matched the Millennial demographic, all of which were a part of the Young Achiever Life stage Group. A PRIZM Target Group Concentration Map was generated on SRDS to show which cities have high concentration of Young Achievers, and then overlapped with the previous two concentration maps to pinpoint even more specific "hot spots."



The final map was generated on Simmons Choices 3 in order to select our final DMA's. According to Simmons, the West and Midwest have the highest consumption of wine. The top DMA "hot spots" found in the previous three maps were then compared with DMA's that fell within the West and Midwest regions. By comparing all four maps, ten top DMA's were selected, **Los Angeles, San Diego**, and **Chicago** being the top three DMA's to concentrate on.

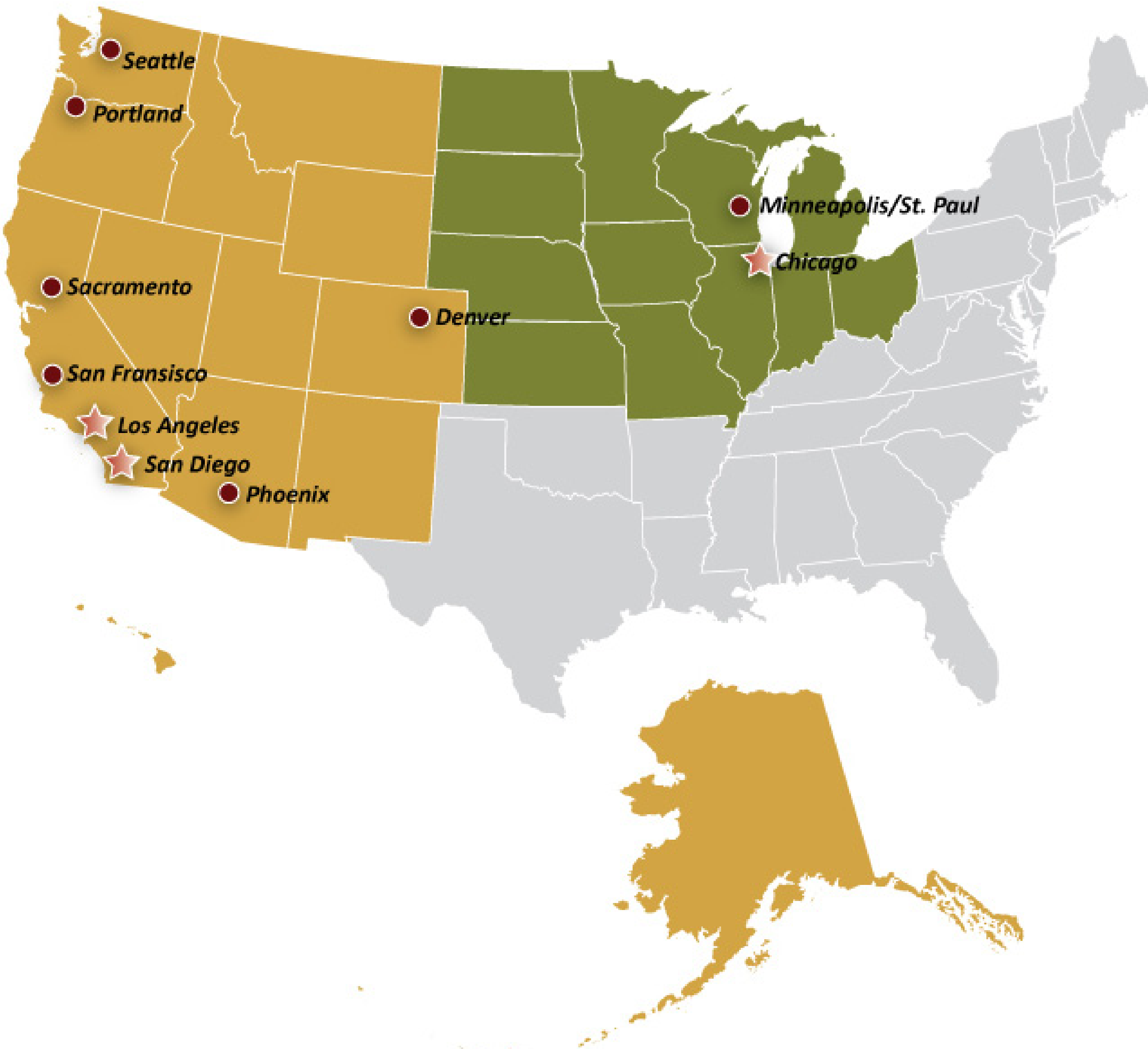
Females 21-29 Who Drink Domestic Wine

	Sample	[000]	Horizontal %	Vertical %	Index
Northeast	100	284	48.6	6.09	68
Midwest	103	955	77.6	32.7	109
South	180	1249	63.5	35	89
West	138	688	86.4	26.2	121

Females 21-29 Who Drink Domestic Wine

	Total Age 21-24	Total Age 25-34
Los Angeles, CA	554,082	1,225,601
Chicago, IL	262,026	652,261
San Francisco et al, CA	174,793	433,070
Phoenix et al, AZ	127,021	358,766
Seattle-Tacoma, WA	113,808	316,427
Sacramento et al, CA	112,120	299,746
Minneapolis-St. Paul, MN	116,608	292,591
Denver, CO	103,160	284,701
San Diego, CA	87,602	217,592
Portland, OR	73,949	213,988

Heavy Wine Consumption Regions & DMA Map


Seattle
Portland
Minneapolis/St. Paul
Chicago
Sacramento
Denver
San Fransisco
Los Angeles
San Diego
Phoenix

Media Plan

Media Objectives

The overreaching advertising goal for the 2012 campaign is to increase product awareness and sales among consumers and trade. Within the wine market, Apothic Red will see success in differentiating from its competitors by executing a comprehensive and effective media plan. Listed below are our key media objectives for a successful campaign:

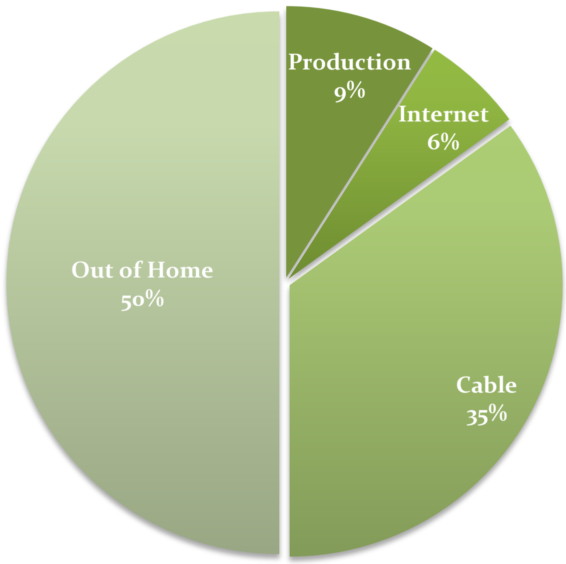
- *Focus on consumer and trade mediums to target our specific audience and promote restaurants to carry Apothic Red.*
- *Primarily target women age 21-29.*
- *Allocate media budget to three recommended mediums: cable television, out of home, and Internet, with different distribution between consumer and trade.*
- *Make media purchase decisions based on increasing awareness and sales within distribution channels*
- *Advertise Apothic Red on a flighted (pulsed) schedule, while understanding the need to manage and allocate our media buying without exceeding it.*

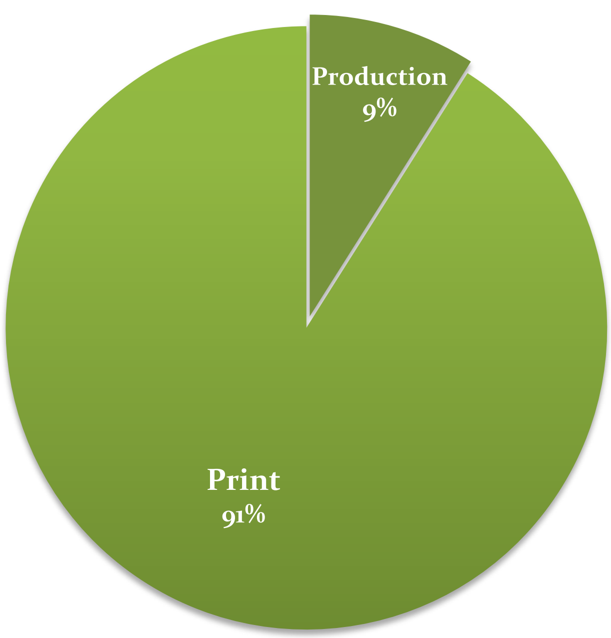
To view the Cost Efficiency Analysis Chart, see page 142 in the Appendix.

For a specific breakdown of the cost of the chosen media, see page 145 in the Appendix.

How is the Media Allocated?

Advertising for Apothic Red will be split into two categories: consumer and trade. Consumer advertising will focus on increasing sales while creating a memorable brand image for Apothic. Trade advertising will use key publications and events to entice retailers and restaurants to stock and serve Apothic Red wine.





Consumer Advertising

Consumer Advertising makes up the majority of the overall media advertising allocation. Within consumer advertising, spending will be focused primarily on outdoor and cable television buys.

Trade Advertising

A small percentage of the overall budget is allocated for trade advertising to help increase on and off-premise sales of Apothic Red wine. Trade media consists exclusively of trade magazine buys.

What Media Are We Using?

The three types of media we recommend, based on quintile data from Simmons and additional primary and secondary research are **cable television, out of home,** and **internet.**

Cable Television

Based on Simmons research measuring the amount of television viewing among Millennial females, television has large vertical percents and indexes in the higher quintiles. This suggests that television is a valuable vehicle for this younger market.

High vertical percents and indexes suggest that television would be a valuable media vehicle for 21-29 year olds.

	Quintile 1 *(Highest)*	Quintile 1 *(2nd Highest)*	Quintile 1 *(Middle)*
Total (000)	706	1777	1162
21-29	165	202	232
Vertical %	8.97	22.6	61.98
Horizontal %	51.97	76	61.8
Index	83	122	99

Out of Home

Simmons Market Research suggests that there is a high correlation between Millennial women and those who look at out of home advertising. High vertical percentages in all of the quintiles affirm that this is an effective outlet to reach our audience.

	Quintile 1 *(Highest)*	Quintile 1 *(2nd Highest)*	Quintile 1 *(Middle)*
Total (000)	1280	1430	2099
21-29	274	224	214
Vertical %	16.3	218.2	26.7
Horizontal %	70.6	63.1	64.3
Index	113	101	103

Internet

Additional research from Simmons revealed that women 21-29 are heavy users of Internet. Out of all media considered, Internet has the highest indexes in its top three quintiles. According to Mintel, Millennials grew up with the Internet, and are therefore more likely than older generations to use it for entertainment and shopping purposes. Roughly three quarters of respondents aged 15-32 report using the internet more than any other medium for entertainment.

	Quintile 1 *(Highest)*	**Quintile 1 *(2nd Highest)***	**Quintile 1 *(Middle)***
Total (000)	1512	1304	1199
21-29	224	234	202
Vertical %	19.2	16.6	15.3
Horizontal %	63.8	70.6	67.1
Index	102	112	107

Media Considered, But Not Recommended

The following additional media formats were considered for this campaign, but not selected for the reasons listed below.

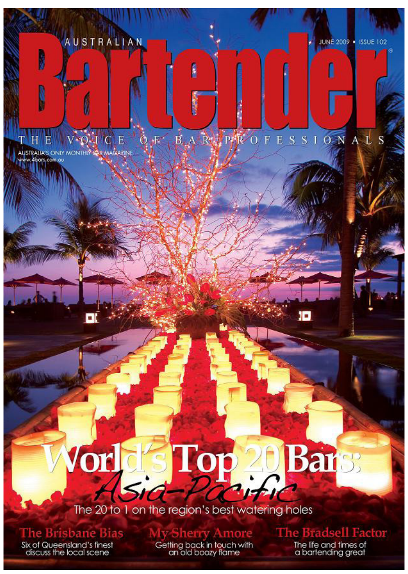
Radio

The first media considered was Radio. This is not recommended because the media quintiles were low, and therefore would not efficiently contribute to the campaign.

Print Magazine

The next media considered but not recommended was magazines. Although magazines had the potential to reach a large portion of Millennial females, as well as particular niche markets, the cost efficiency analysis illustrated that magazines would not have been a smart buy.

"Additional research from Simmons revealed that women 21-29 are heavy users of Internet."



Turn the book to view the next section.

How Will We Reach The Trade Market?

The trade market will be reached by magazine advertisements and attending trade shows. This will give Apothic Red a chance to highlight how it stands out. The advertisements will run in both Restaurant Hospitality and Bartender Magazine. In our second phase we will attend the Western Foodservice and Hospitality expo to reach the trade market. And finally in the third phase we will have a booth at the One of a Kind Show in Chicago.

Why Trade Advertising?

Trade advertising will help promote on premise sales and generate interest in Apothic Red among restaurants and bars. Apothic Red is a stand out wine and the only way to get this message to the trade market is through trade advertising.

Where Are We Advertising in the Trade Market?

In the trade market it is recommended to host shows in two of our top DMA's which are San Diego and Chicago. The trade magazines Restaurant Hospitality and Bartender Magazine will run nation wide.

Media Flow Chart

This chart details the schedule of the selected media for trade and consumer markets. Also included in this chart are the phases of the campaign, and gross rating points for each medium.

	January	February	March	April	May	June	July	August	September	October	November	December	GRP
	PHASE 1			PHASE 2					PHASE 3		PHASE 4		
Audience: Women, 21-29	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	
MEDIA: Consumer													
OOH													
Chicago Billboards				25x4	25x4								200
San Diego Billboards						50x4	50x4						400
Los Angeles Billboards						5x4	5x4						10
Los Angeles Jr. Posters						5x1	5x1						10
Cable													
TLC: Say Yes to the Dress	1.3x4	1.3x4			1.3x4	1.3x4						1.3x3	22.1
E!: E! News	20x1.8	20x1.8	20x1.8							20x1.8	20x1.8		180
USA: NCIS	2.8x4	2.8x4	2.8x4	2.8x4					2.8x4	2.8x4	2.8x4	2.8x4	89.6
Bravo: Real Housewives Atlanta	4x1.6	4x1.6								4x1.6	4x1.6	4x1.6	32
Internet													
Pandora													varies
MEDIA: Trade													
Magazine													
Bartender Magazine				1x100			1x100			1x100			300
Restaurant Hospitality				1x100			1x100			1x100			300
Total GRPs													1544

*To view the Cost Efficiency Analysis Chart, see page 142 in the Appendix.

"Be The Red"

PHASE 1

Create product trial & raise brand awareness.

One-on-one experience

Pandora
Microsite & Mobile App
Social Media
Taste-Tests
Promo Events
Give Aways

PHASE 2

Maintain & reinforce brand awareness

Personal Relationships with consumers

Pandora
Microsite & Mobile App
Social Media
Taste-Tests
Promo Events
Contests
Giveaways

PHASE 3

Final push for brand awareness

Interest & participation with the brand

Pandora
Microsite & Mobile App
Social Media
Taste-Tests
Promo Events
Giveaways

Creative Plan

Positioning Statement

To target Millennial females, a series of advertisements and sales promotions were developed using an aspirational marketing technique. "Be the Red" became the foundation of all creative and promotional executions. The "Be the Red" concept will go further than just selling an alcohol product. It will connect the purchase and consumption of Apothic Red to being "Red", a lifestyle characterized by standing out and being noticed.

Perhaps one of the most defining characteristics of the Millennial generation is their need to be uniquely identified in social groups; ultimately, to create a brand image for themselves (Mintel. Marketing to Millennials. US, 2010). It was from this defining trait that "Be the Red" was developed. "Be the Red" is the need to stand out and be noticed. It is the essence of what Millennials strive to be.

What does it mean to "Be The Red"?

In the simplest form, being "Red" is defying standards and standing out as an individual. This concept can be applied to many parts of women's lives; from everyday examples like choosing to defy social standards and stand out to drinking wine over spirits and beer.

A woman who is "Red" owns a specific demeanor, carrying herself in a confident manner through all of life's everyday circumstances. The "Be the Red" campaign will empower women to break the mold and push boundaries. It allows women to be noticed as bold, attractive individuals who are complemented by a glass of Apothic Red along the way.

Creative Objectives

1. Create a strong and differentiated brand image for Apothic Red.

From the online survey, it was found that Apothic Red lacks a distinct brand image with Millennial females. The current image is associated with other concepts, like vampires or dark and Gothic ideas. This evidence quickly revealed the fact that Apothic Red needs a brand image to call its own, one that is not shared with any other products. The "Be The Red" Campaign will create this needed image for Apothic Red, enabling it to stand out from competitors.

"Through repetitive product trial in select DMA's, brand awareness will be acheived in Millennial females."

2. Increase and maintain brand awareness among Millennial females.

Through repetitive product trial in select DMA's, brand awareness will be achieved among Millennial females. This brand awareness will be reinforced through advertising in select media along with numerous promotional tactics.

3. Generate "buzz" around the Apothic Red name

Consumer "buzz" will be generated through social media sites like Facebook and Twitter. By allowing consumers to interact with Apothic on sites they use on a daily basis, brand awareness of Apothic Red will be strengthened further.

4. Connect being "Red" to the Apothic Red brand image

The "Be the Red" campaign will be implemented through multiple consumer channels. By connecting the idea of standing out, being unique and being noticed to Apothic Red, consumers will associate the brand with something more than just a wine brand. A deeper connection to the Apothic brand will be developed.

Creative Strategy

Be the Red is recommended to be implemented using a three phase-structured plan. Each of these phases are organized in a way to best reach consumers by creating brand awareness, generating "buzz" around the Apothic Red name, and maintaining established awareness.

Phase 1: *January 1 - March 31*

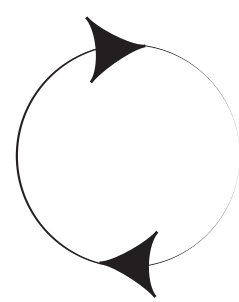
Phase 1 of the campaign is designed to create product trial and brand awareness. With extensive taste-tests planned during this part of the campaign, consumers will be exposed to the product and have a first-taste experience to remember it by. In addition to taste-tests, one-on-one experiences with consumers will be established with the "Apothic Women".

Phase 2: *April 1 - August 15*

The purpose of the second phase of the Be the Red campaign is to maintain the relationship created during phase one of the campaign. By utilizing social media sites, promotional events and guerrilla marketing techniques, Apothic Red will keep a more personal relationship with consumers.

Phase 3: *August 16 - December 31*

Phase 3 of the campaign is the beginning of the most important time for sales of Apothic Red. During this time period (October through December), approximately 40% of sales occur, so a final push to increase brand awareness is necessary. To support this imperative time, exciting holiday promotional consumer and trade events are planned, to raise and maintain consumer interest and participation in the brand.



Trade Advertisements

The 'Red Carpet' advertisement on the left will run in Bartender Magazine, while the 'Pouring Advertisement' on the right will be run in Restaurant and Hospitality Magazine.

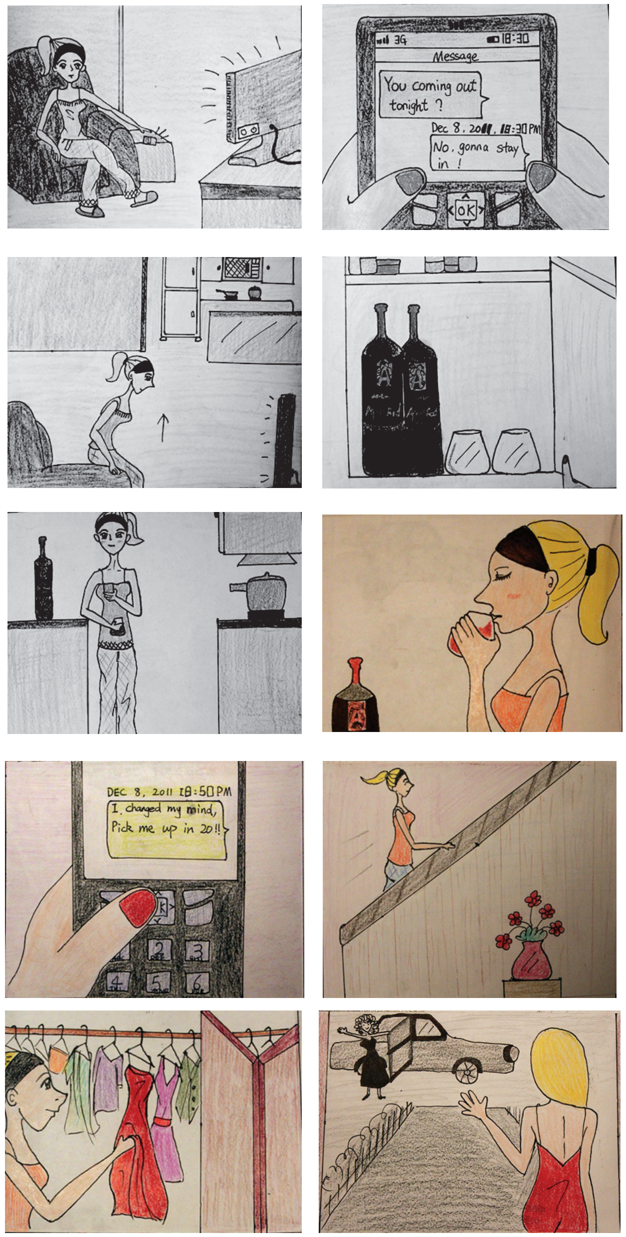
Consumer Advertisements
Outdoor

Consumer Advertisements
Television

VIDEO	AUDIO
Everything is in Black and White.	(SFX: LOUNGE MUSIC IN AND UNDER)
Open to MCU of bartender preparing a tray. Places a few bottles of beer on the tray and starts to mix up a cocktail.	(SFX: BARTENDER SHAKING DRINK MIXER THEN POURING MARTINI)
Cut to MS of waiter delivering cocktail and beer to a couple at a table and we see a woman enter the bar in the background.	(SFX: GLASSES CLINKING FOR CHEERS) Man #1 at the table: Thank you.
Zoom in to MCU of the woman wearing heels and a black coat entering the bar. She removes her black jacket revealing a short red cocktail dress underneath.	
Cut to LS of woman in red walking towards the bar, and everyone in the bar looking and admiring her.	
Cut to MCU of her arriving at the bar. She winks at the bartender and asks for a glass of Apothic Red Wine.	(SFX: LOUNGE MUSIC OUT)
Cut to MS of bartender pouring Apothic Red wine into a stem less wine glass for the lady.	(SFX: UP BEAT JAZZ MUSIC IN AND UP)
Cut to ECU of the woman in red taking a drink from her wine glass. The rest of her features return to normal color. She brings glass down and her eyes glance to her right.	
Cut to LS of her walking over to join a group of friends as customers continue to stare. Her friends are also dressed in red and drinking Apothic Red.	(SFX: CHEERING)
Cut to MS of her and her friends mingling and having a good time as the waiter delivers more Apothic.	(SFX: LADIES LAUGHING AND MUMBLING WITH EACH OTHER)
Cut to CU of beauty shot of Apothic wine bottle and a stemless glass sitting next to it. With the super imposed text, "Be The Red" Apothic Red.	Female Studio Announcer: On your night out, make sure to stand out. Be The Red. Apothic Red.


BE THE RED
APOTHIC RED

VIDEO	AUDIO
Open to MS of young woman sitting on her couch watching TV.	(SFX: NEWSCASTER TALKING IN THE BACKGROUND IN AND UNDER)
	(SFX: CELL PHONE RINGS ONCE)
Cut to ECU of cell phone screen with text mess sage reading, "You comin out tonight?" She types.	Women #1 (under her breath): I don't really want to go out tonight
Cut to MCU as she gets up from couch and walks to the kitchen.	
Cut to ECU of the pantry door as it is opened ree vealing an Apothic red wine bottle. Her hand reachh es in the pantry and grabs it.	(SFX: CREAKING OF THE PANTRY DOOR)
Cut to MCU of her pouring herself a glass of wine and drinking it.	(SFX: WINE BEING POURED INTO THE GLASS)
Zoom out to MS of her reaching into her pocket and grabbing her cell phone.	Woman #1: On second thought…..
Cut to ECU of phone screen as she types, "I changed my mind. Pick me up in 20!"	
Cut to MS of her running up the stairs to her room.	
Cut to CU of her face as she searches through her clothes and stops when she sees a sexy, red dress. .	(SFX: HANGERS SLIDING BACK AND FORTH IN THE CLOSET)
Cut to MCU of her in the dress looking at herself in the mirror putting on red lipstick.	
Cut to ECU of her sliding on a pair of red heels.	
Cut to MCU of her pouring and drinking one final glass of Apothic.	(SFX: CAR HONKING OUTSIDE)
Cut to LS of her friends, all dressed in black, sitting in the car as she runs out the door to join them.	(SFX: OPENING OF THE FRONT DOOR)
	Girl #1 in the car: Looks like someone wants to make an impression tonight.
Fade to black with super imposed, Be The Red. Apothic Red.	Female Studio Announcer: Be noticed. Be The Red. Drink Apothic Red.


Message
You coming out tonight ?
No. gonna stay in !
DEC 8, 2011 18:50 PM
I changed my mind, Pick me up in 20!!


Be The Red
Apothic Red

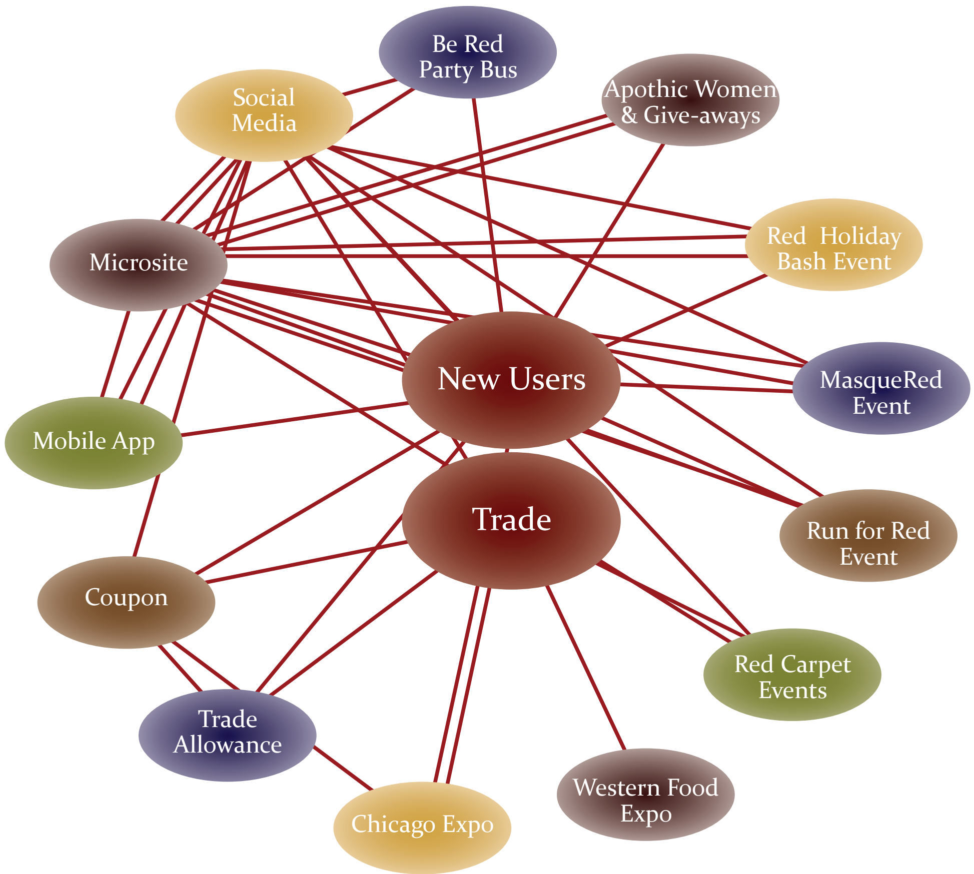
Internet: Pandora

Audio

(Female Announcer)

No one likes to go unnoticed. Make sure to stand out from the crowd, whether its at a bar or a party. Make a change and drink Apothic Red wine your next time out. Be memorable, stand out, Be the Red.

Sales Promotion



Campaign Connections Chart

In order to effectively demonstrate the many facets of the "Be The Red" campaign, the above chart was created. In this chart, the connections of the main components of the campaign are shown. Through numerous connections between social media, trade show events, and consumer events, the "Be The Red" campaign will have several opportunities to connect with consumers.

It is recommended that Apothic attend trade and consumer expos. While attending these expos, Apothic could provide free give aways such as pens and corkscrews.

Overview

Sales promotions will enable Apothic Red to become integrated into Millennials daily lives. The interactive experience consumers will have with Apothic will make wine become a more familiar beverage while also making it stand out. Be the Red is to be conveyed through every aspect of our promotions. In each promotion there is a message of standing out and being noticed. The goal is to change the minds of Millennials and their idea of wine. Showing examples of it in social setting and how it will make one stand out is something that will connect with Millennials. Through the use of both trade and consumer sales promotion, Apothic Red will effectively reach the recommended target market. Planned events, contests, giveaways and online promotion will help to support and complement the creative plan.

Trade

Trade Allowance

With the use of trade allowance, stores will be able to benefit from carrying Apothic Red as well as generate product trial. The savings given to supermarkets will then be translated to savings for consumers. There will be higher profit margins because of low wholesale prices.

Western Foodservice and Hospitality Expo of San Diego

The Expo provides an opportunity for Apothic to get exposure to restaurants, bars and nightclubs. Apothic will stand out by continuing to promote the fact that it is different and if its offered in their bar or restaurant they will be noticed. Wine glasses would be displayed for attendees to see up close and samples of Apothic would be served.

One of a Kind Chicago Expo

The One of a Kind show is hosted in three cities and brings together a unique collection of one of a kind gifts. It is suggest to have a booth at the show in Chicago. The message of the campaign is to be noticed and stand out, Apothic Red would stand out as a unique wine and would also stand out among other types of gifts at the Chicago show. This event has 55,000 visitors in search of one of a kind holiday gifts or something for themselves. We would have samples of the wine at the show to enter for a trip to the Red Mountain Resort.

Stemless Wine Glasses

It is proposed to distribute 40 engraved stemless wine glasses to 20 bars and restaurants in each DMA. The stemless glasses will create a moving advertisement for Apothic Red and reintroduce the idea of wine as a preferred drink in bars and restaurants for Millennials.

Consumer Promotions

Buttons

Apothic buttons will be given away at many of the promotion events including red carpet events and taste tests. These will be walking advertisements for Apothic and generate buzz. It is recommended to have the buttons display the Apothic A.

Taste Test

In order to begin the process of brand loyalty taste tests will be conducted throughout the entire campaign. It is recommended to have these taste tests in the top ten DMA's. Through the use of trial, consumers will be able to experience a one on one experience with Apothic Red. Coupons, pens, and bottle openers will be given at the taste tests in order to generate a first time purchase and create brand loyalty.

Facebook

Through each phase a new event poster will be displayed on the Apothic Red Facebook page. Individuals will tag themselves in the poster, making it pop up on their Facebook page and on their friends news feed. The first 500 people to tag themselves will have an online coupon sent to them via Facebook. The consumer will be prompted to enter their birthday to make the coupons only for those of the legal drinking age. The Facebook page will also be utilized to send out invitations to our other events and keep people updated with the brand. Also on Facebook it is recommended to have consumers submit the pictures of themselves being the Red.

Within the suggested promotional plan is a heavy presence in social media, as well as the addition of a new mobile application and microsite.

Twitter

In each phase of our campaign, Apothic will tweet a statement or question for consumers to tweet back to. Within the first twenty four hours of the tweet, those who tweet back will be entered into a sweepstakes for a summer get away for four at the Apothic Winery. This will encourage consumer involvement with the brand as well as generate online buzz.

Phase 1: Who will you be drinking Apothic Red with on Valentines Day? #BeTheRed

Phase 2: I'm drinking Apothic Red on my dream vacation in _____. #BeTheRed

Phase 3: This Holiday Season I'm giving Apothic Red to ___. #BeTheRed

BeTheRed.com

It is recommended to include a microsite that will focus on different pairs of food with Apothic Red. The food will be divided by Appetizers, Main Dishes and Desserts and will include different situations women will encounter. The microsite also will include tabs for Be the Red, Contact, Facebook and Twitter.

Mobile Application

It is suggested that we connect BeTheRed.com with a mobile application. The application will enable consumers to look up different recipes while at the grocery store as well as mark their favorites.

Run For Red

This 5k run would be held in all 10 cities in April. There would be a $10 entrance fee and all of the proceeds would go to the American Heart Association. The runners would be provided red T-shirts to show they are the Red and given silicone bracelets that say "Run for the Red". The idea of the run would be to empower women and have them stand out by running in their Red. At the finish line women would go up to a large canvas and write what makes them Red. There would also be a tie in with the American Heart Association by teaching Millennials about being safe while consuming alcohol and the benefits of wine on heart health.

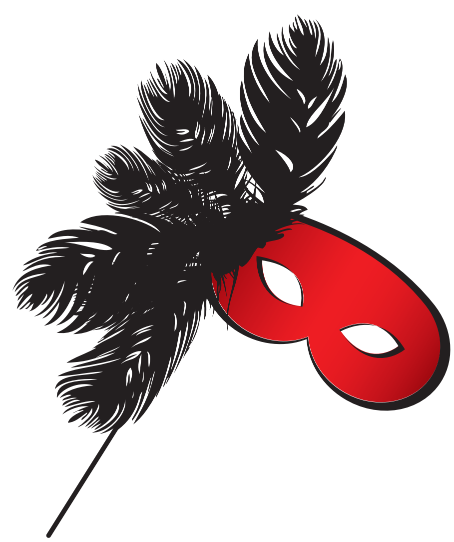
MasqueRed Ball

The MasqueRed Ball is a masquerade ball around the Halloween season. The MasqueRed will be promoted through posters on Facebook and notifications on Twitter. The event will be held at different venues in San Diego, Chicago and Los Angeles. Those attending will be showing their red through their unique costumes. Red Masquerade masks and Apothic buttons will be given away. Apothic gift baskets full of Apothic Red, cheese, chocolate and assorted wine accessories will also be given away.

Red Holiday Bash

Red Holiday Bash will be held in mid December in San Diego, Chicago and Los Angeles. The Holiday Bash will be promoted through posters on Facebook and notifications on Twitter. Apothic Red would be served in the stemless wine glasses and buttons will be given out. Apothic gift baskets full of Apothic Red, cheese, chocolate and assorted wine accessories will be given away.

Through a series of unique promotional events and parties, consumers will gain knowledge the Apothic Brand.



Guerrilla

Apothic Women

The Apothic Women will be brand ambassadors for Apothic. These trained women will carry themselves and exemplify everything it means to be Red. The women will interact with Millennials giving them buttons and other promotional items. They will support existing promotions by attending the events that will be hosted.

Be Red Party Buses

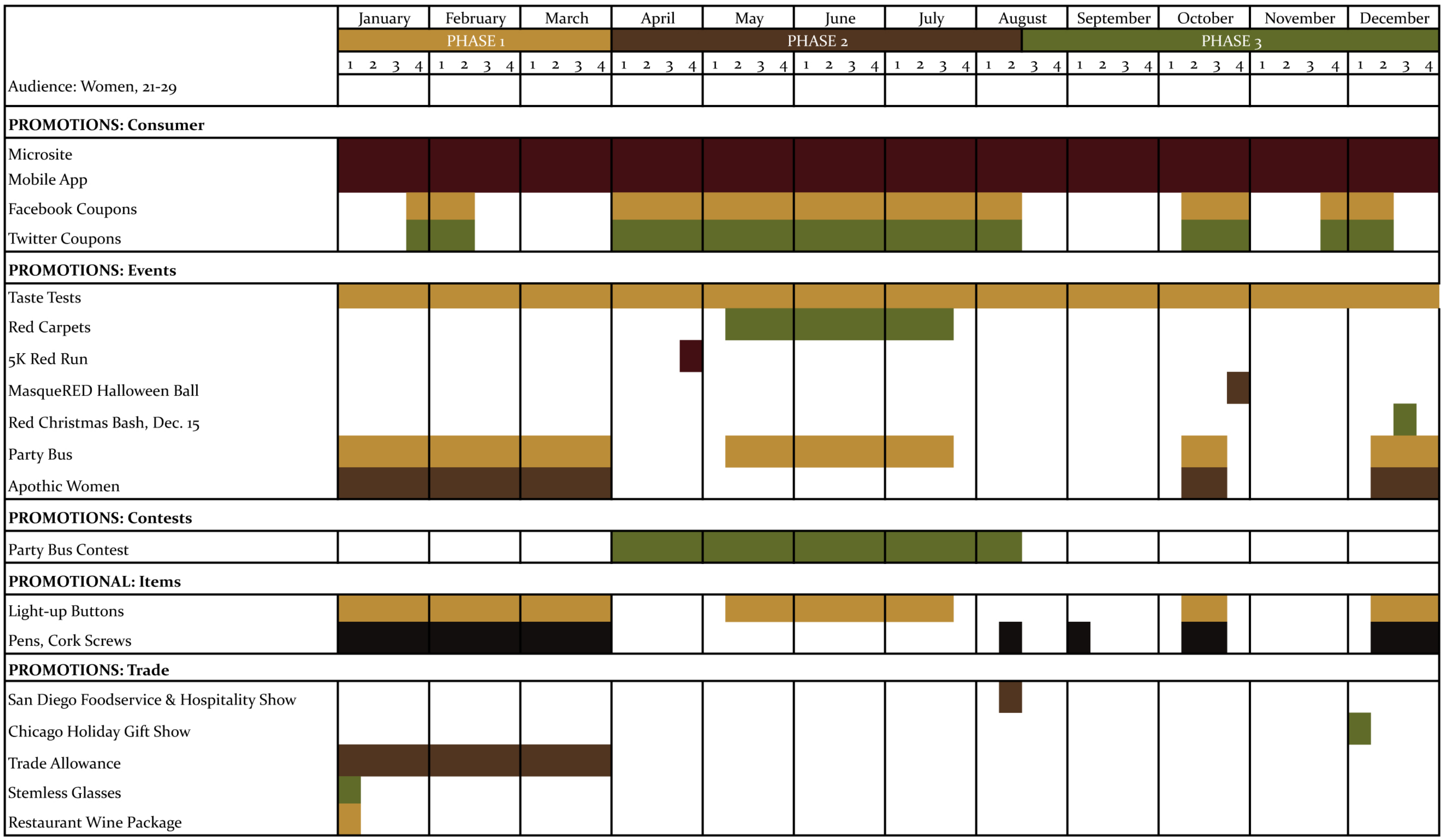
The Party Buses will be introduced in the campaign to aid the existing idea of standing out. The buses will include the Apothic "A" and "Be the Red". These buses will tour around to different events expanding on the idea of standing out. The party busses will be a spectacle around town. There will be a chance to enter to win a night on the party bus. People will be invited via Facebook and one lucky winner per red carpet event will have a night on the town in the bus with their friends.

Red Carpet Events

The red carpet with the Apothic logo back drop will be featured at select bars in our top 10 cites. With the use of Twitter, the Apothic Red Facebook page and posters, Millennials will know what bar the red carpet will be at. The red carpet is designed to be a popular spot for Millennials to get their pictures taken and printed on site by a photographer. The pictures will also be posted on the Apothic microsite and Facebook to generate interest about the Apothic Red Carpet. It will be an interactive experience and will give the Millennials a more unique night time experience. The red carpet is a way to Be the Red by standing out and showing confidence.

Promotions Flow Chart

This chart details the schedule of the selected promotions for trade and consumer markets.

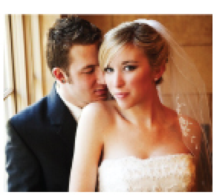


*To view an indepth breakdown of promotions, see page 142 in the Appendix.

These stemless glasses would be featured at select bars and lounges in all of the ten designated market areas.

ApothicRed Apothic Red
The first 500 to fill in the blank in our next tweet will receive Apothic Red coupons! Don't forget the hash tag #BeTheRed !
1 hour ago

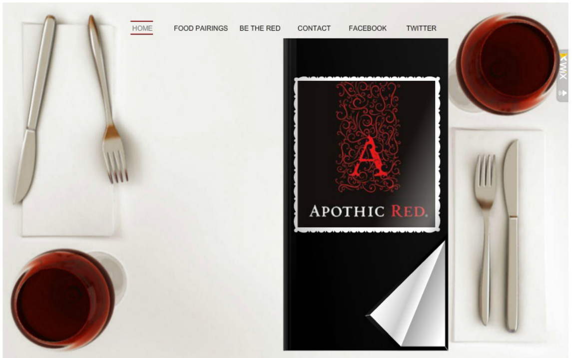
ApothicRed Apothic Red
I'm drinking Apothic on my dream vacation in__________.
#BeTheRed
1 hour ago



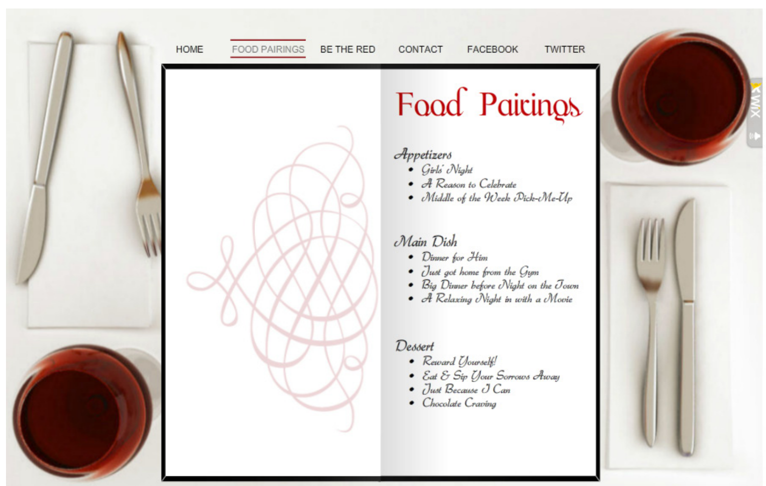
@ashjones Ashley Jones
I'm drinking Apothic on my dream vacation in Greece!
#BeTheRed
1 hour ago

Through promotions hosted on the social media site Twitter,
Apothic has the opportunity to boost brand awareness and recognition

The new microsite BeTheRed.com provides an online touch point for consumers to connect with the Apothic brand.

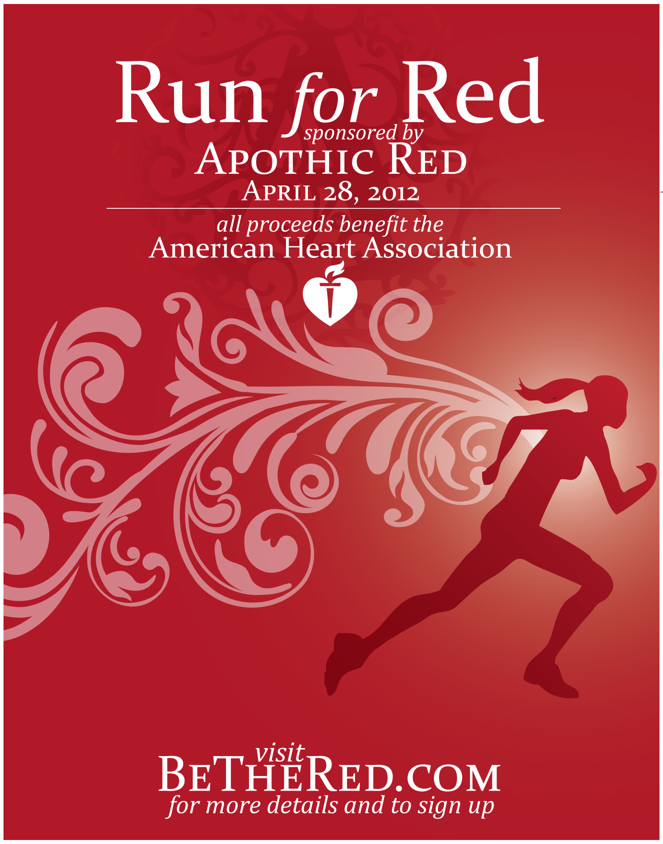


An important feature of this microsite is the 'pairings' page which provides consumers with recipes that compliment Apothic



A mobile application is recommended to compliment and enhance the versatility of the microsite. With this app, users will be able to access the food pairing recipes on the go, and mark their favorites for later.

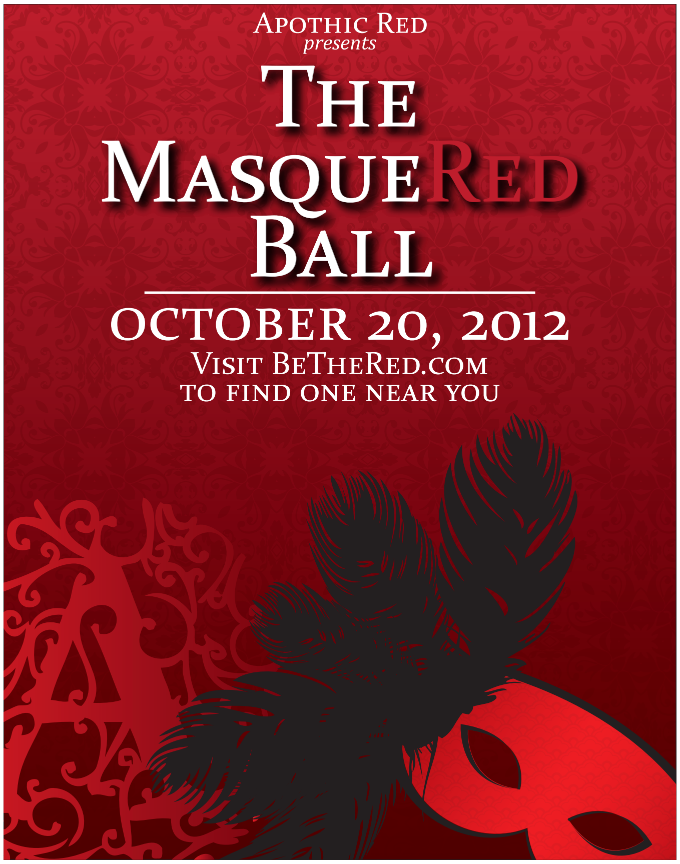
BETHERED.COM



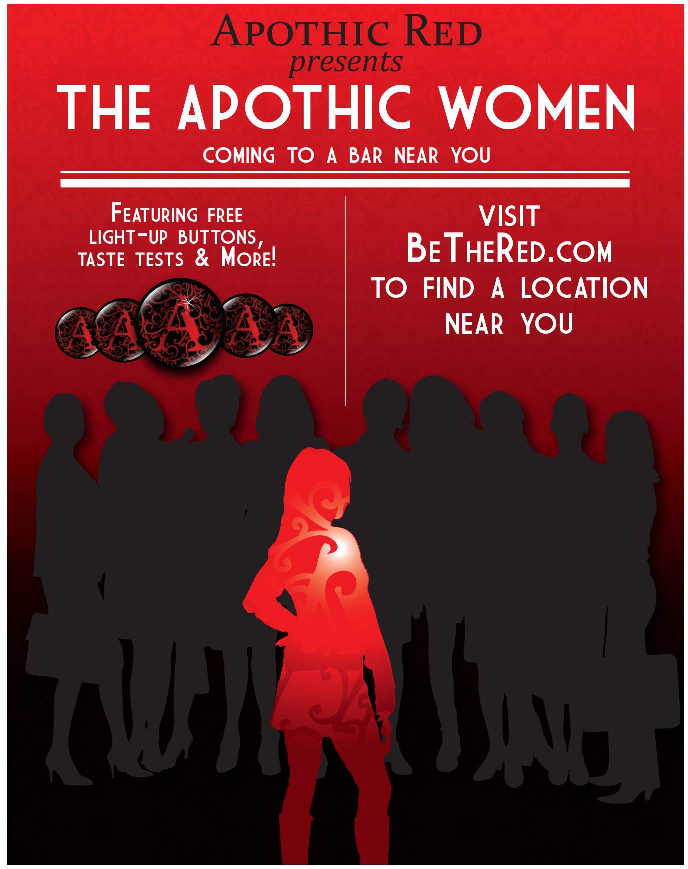
Through secondary research, it was discovered that Millennials connect well with philanthropic events. With this insight, the event "Run for Red" was developed. This event will highlight the health benefits of responsible red wine consumption, as well as raise brand awareness through signage and giveaways.

FRONT

BACK



The visuals displayed above would double as both posters, and Facebook pictures for each event. Through a combination of social media, and free local advertising (i.e. community calendars), consumers would hear of both events.



The "Red Carpet" events have several dimensions that connect consumers to the brand. These dimensions include taste tests, interactions with the Apothic Women, and give aways.

The Red Party Bus will provide a large amount of exposure for the Apothic brand. It will also allow for a unique venue of connection with consumers.

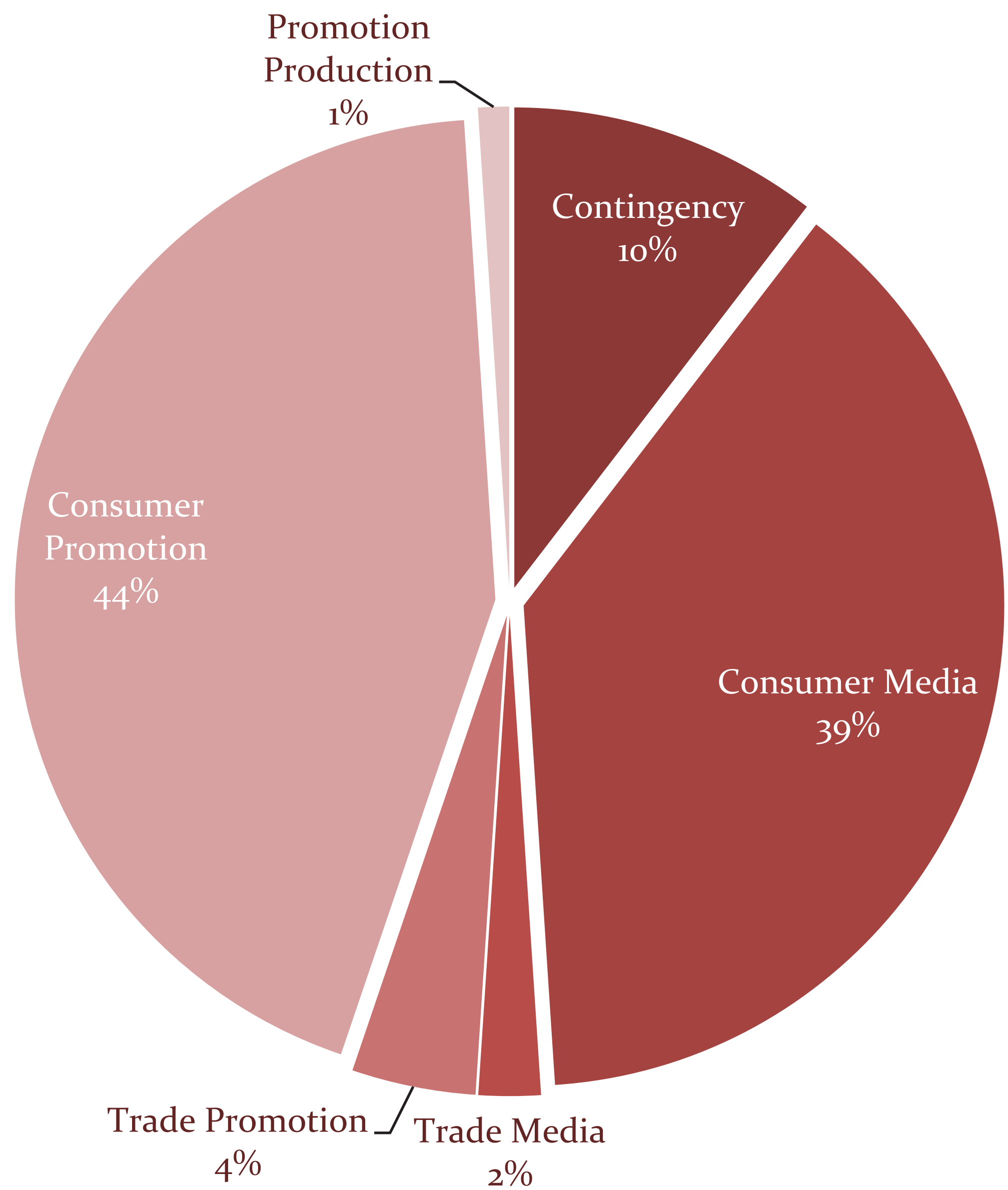
Running The Numbers

$3,100,000	Campaign Budget
$115,500	Media Production
$30,000	Promotion Production
$1,319,035.20	Consumer Promotion
$114,592	Trade Promotion
$59,655	Trade Media
$1,148,396.50	Consumer Media
$310,000	Contingency
$3,97,178.70	**Total**
$2,821.30	**Remaining**

Budget Breakdown

Budget Allocation

The following is a description of how the given $3.1 million budget is planned to be allocated throughout the Be the Red campaign. After first allocating 10% of the budget to contingency, remaining dollars were split between media (trade and consumer), promotions (trade and consumer), and production costs.



Last Word

The Apothic "Be The Red" campaign is all about being noticed. It is a way for Millennials to break from the norm and embrace being an individual. The market is tough to enter but through aspirational marketing, a desired image will be created for Millennials.The Apothic "Be The Red" campaign is more than just another wine campaign, it is a campaign directed at establishing a solid brand image and selling an attitude.

The advertising and promotional plans create the image that Apothic Red is different, it makes you feel different and stand out. Women ages 21-29 are going through stages in their lives that define themselves. This campaign will be about defining yourself confidently.

By saturating these 10 cities awareness will be created and new interest generated. For the future it is recommended to expand to other cities to make Apothic recognized nation wide and to be able to hold events in more cities.The entire Apothic Red wine campaign will make consumers realize the benefits of Apothic Red wine. Therefore, invoking curiosity among female Millennials and having them realize the "Red" attitude is for them.

Notes

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Appendix

FOCUS GROUP CONSENT FORM

Anonymity Letter: _____

Focus Group: Wine Research
November 10, 2011

☐ I give my consent to Levine Advertising to video tape me during the focus group and I am aware that the information I provide will be used for research purposes only. I am also aware that the information will remain anonymous and my name will not be associated with my responses.

Birth date: ____/____/____

☐ I certify that I am 21 years of age.

Please Sign: ____

Name: (first name only) __________________
Gender: Male ☐ Female ☐

Occupation: ____

Highest level of completed education:_____________________

Marital Status:

☐ Single, Never Married

☐ Married without Children

☐ Married with Children

☐ Divorced

☐ Separated

☐ Widowed

☐ Living with Partner

FOCUS GROUP 1 TRANSCRIPT

Facilitator: Just to get started do you want to say your names really quick, so we can go back and see who said what, but it will be under your anonymity letter so you'll be "*Participant* C". I'm Megan to start off with, to introduce myself. We are trying to get your opinion of wines and we will be doing a small taste test at the end, you guys are all 21 correct?

All: Yes

Facilitator: So I'm going to start off with the basics? What do you guys like to drink in general for alcoholic beverages?

Participant G: Beer

Participant F: Vodka

Participant A: Wine and Whiskey

Facilitator: Do you have a preference between white or red ?

Participant A: red

Participant D: Whiskey and white wine

Participant B: I like white wine better

Participant C: Red wines and beers

Facilitator: Do you guys notice a seasonality when you drink things or is it how it tastes, do you just drink it year round?

Participant A: I usually drink Merlot

Facilitator: Year round?

Participant A: Ya

Facilitator: Is there a certain setting you guys usually drink in? Like by yourself at home to relax? Or is it in a social setting? Where do you drink it the most?

Participant A: Social

Participant B: Social

Participant F: Or like restaurants when you're out to dinner

Facilitator: What alcohol do you guys typically order when you go out?

Participant C: House red

Participant F: It depends on the place too. If they offer cooler drinks, I might get something else other than white wine.

Facilitator: Would you say price is pretty dependent on if you see a special you might go for that?

All: yes

Facilitator: When you do drink in group settings would you say its usually close friends or would you say its close friends and a large group of friends?

All: Both

Participant D: Usually its just close friends coming over for dinner

Facilitator: And if it is a close group a friends do you think you drink differently than if it were a larger event.

All: yes

Participant F: Yes I would drink less at a larger event

Facilitator: So if it were a larger even you would probably drink more?

Participant F: No I wouldn't want to drink that much. I wouldn't want to embarrass myself.

Facilitator: What is your overall impression of people who drink wine?

Participant F: Classy

Participant D: We're Sicilian so everyone in my family drinks it.

Facilitator: So its the norm in your family?

Participant D: Ya

Participant A; Ya my family drinks a lot of wine too. The first thing my dad does when I get home is hand me wine.

Facilitator: Would you guys say that your overall impression of people who drink wine is positive or negative?

All: Positive

Facilitator: So you wouldn't say its a negative thing? You don't think they're snooty, its a classier thing?

Participant G: I think it would be odd if you were having a party and everyone had beer and keg cups and someone brought a bottle of wine just for themselves. You would think it was odd. Not that it hasn't happened.

Facilitator: How many of you would say you do drink wine?

All: raise hand to indicate they do

Facilitator: All of you? Wonderful. And would you guys all say its on a regular basis?

All: yes

Facilitator: So would you say its once a week, once a month?

Participant G: once a month.

Participant C: once a week.

Participant A: once a month.

Facilitator: Do you guys have a lot of friends that enjoy wine as well? Or do you think its more of just a thing with you.

Participant E: Most of my friends drink it

Participant G: I would say my friends are just starting to get into it more so.

Participant F: Both of my roommate drink wine

Participant A: Me and my roommate came from big wine drinking families so we taught my other roommate to drink it.

Facilitator: Would you guys say as a whole most of your friends do drink wine then?

Participant F: Ya, at least occasionally

Facilitator: Would you say that they drink other hard alcohol more often wine most of the time?

All: Yes

Facilitator: Do you prefer red or white wine?

Participant A: Red

Participant B: White

Participant C: Red

Participant D: White

Participant E: White

Participant F: White

Participant G: White

Facilitator: Why would you say you prefer white?

Participant B: Because it taste sweeter, sometimes red tastes weird.

Participant F: Ya I think white wine is more smooth rather than red wine sometimes it just has that bite after it. And its just harder to drink

Participant C: Sometimes it feels really heavy

Participant D: Sometimes it makes me congested from all the sulfides in it.

Participant: I've been trying to like red, I keep trying different ones to see if I'll find one

Facilitator: So to those of you who said red, why would you say you like red?

Participant A: I don't like how sweet wine is and both my parents are red wine drinkers. So when I was taught to drink wine, it was you are only drinking red.

Participant C: I like the bitter bold taste, I also like darker beers

Participant A: That's how I am too

Participant C: I like the flavor

Facilitator: So going a little bit deeper with wine what do you guys think about the price of wine in general?

Participant G: Very diverse

Participant A: Ya when I'm here I drink $10 bottles but at home my dad collects it so its more like $100 bottles. I could taste the difference but I'm also fine with my $10 bottles

Facilitator: How do you guys feel about the price of wine versus other types of alcohols you drink or buy regularly?

Participant A: I feel like its pretty reasonable.

Participant G: I feel like everyone in college goes out to get drunk, I had wine last night and it was 9% which is equivalent to another beverage and the wine tasted better.

Facilitator: How much would you be willing to spend on wine. If you were to find the perfect red or white, how much would you be willing to spend on a bottle

Participant A: I'm fine with my $10 bottles

Facilitator: What about if it was a special occasion?

Participant A: Maybe $20

Participant D: There's not really many places you can buy good wine here.

Facilitator: So no one would go past $20?

All: No

Facilitator: If you were at home would you think about going past $20?

Participant F: I haven't had a lot of expensive wine, but the few that I have tried I don't really notice that much of a difference to want to spend three times the amount

Facilitator: Do you guys think that as you graduate college and move on, do you see yourself drinking wine and replacing other alcohols you usually drink to drink wine more often instead of hard alcohol and beer?

All: yes

Facilitator: So do you guys view liquor and beer as more of a college phase drink and wine is more of an adult drink.

Participant G: I would say beer can go both. It depends if you're drinking Busch light or something else

Participant C: It depends on the setting. With work colleagues I will generally order wine.

Facilitator: Where do you guys see yourself in your life right now?

Participant A: I'm just trying to finish school and graduate .

Participant B: I'm looking for jobs.

Participant D: I'm in my final class so I'm really looking for a career right now.

Participant F: I'm looking to continue my school so I'm looking for post graduation schools.

Participant E: Either grad school or a job right after.

Facilitator: So what differences do you see with yourself from right now compared to the next two years?

Participant D: Get out of Pullman.

Facilitator: Do you guys think that you will move to a big city or will you stay in a more rural community like Pullman?

Participant B: I'm moving back to the west side.

Facilitator: Have any of you tried a red wine blend?

All: nod

Facilitator: So for those of you who aren't completely familiar with it I'm going to read you a definition of it. The three wines you will be tasting are all wine blends. Vintners blend wine made from different grapes in order to add more complexity to the flavor and texture of a wine. The goal of blending wine made in different vintages is more to balance our the flavor characteristics. So to those of you who are unfamiliar with red blends does this interest you?

Participant G: Ya I don't see why not.

Facilitator: To boil it down simply instead of using one kind of grape they use three or four. Would you be more interested in trying a red wine blend as opposed to a red wine?

Participant A: I usually buy Merlot but I have tried a blend. I tried a Merlot cab blend recently.

Participant G: I would probably be more inclined to try the blend. I don't know a lot about red wine so I'm just trying new things .

Facilitator: Is packaging a big deal to you guys?

All: Yes

Participant D: And the name, if it has a cool name I like to buy it.

Participant G: If I was debating on two I'd buy the prettier one.

Facilitator: At Safeway they have little cookbooks out next to a certain type of red wine and it had different recipes that paired well with that wine. Would there be any type of promotion you guys would be drawn to? Also there was one with a coupon offer with a special type of cracker that paired well with the wine?

Participant D: I like how Safeway does the buy one get one free.

Participant G: I think cheese and crackers would be a good incentive to go and get it, because it always in the picture with wine.

Participant E: If its more for a special occasion then I would be enticed to buy it because then I would know it well because if I don't know what wine taste like I don't know what to put it with.

Participant F: I've done that at restaurants that suggest wine for the meal that you choose. So I feel like that would probably work if you're planning on making a certain dish and you know the wine that went with it.

Participant A: I'm so set on my wine drinking ways with all my friends and my family that are pretty much the same. We just go with what will make everyone happy

Facilitator: I'm going to pass out these things called gap maps. They basically just help us gauge where you think certain wine brands are. I'll bring in the first samples of the red wine blends. If everyone could keep there comments to themselves while they fill out the gap map. After we can discuss what you thought of that wine. And do the same with the following two wines. I will get the first sample. Drink it how you normally would. What did you guys think of the first wine?

Participant F : I liked it

Participant B : I like this one actually

Facilitator: Could you see yourself possibly purchasing it

Participant G: I think I'd prefer white wine or a blush

Participant B: Yes

Facilitator: Out of the red wines you've tried so far this is one that you didn't like?

Participant G :It wasn't terrible, it just wasn't my favorite.

Participant D :I had a sparkling red wine when I was in Europe and that was really good so its going to be hard to top.

Facilitator: Well I'll go get the second batch. What did you guys think about the second one?

Participant B : I didn't like this one at all

Participant G : I liked it better than the second one.

Facilitator: Do you know why you liked it better? Was there a certain flavor or taste you liked better?

Participant G : I thought it was more fruity than the first one

Participant F: I thought the first one tasted more fruity

Participant B : This one is spicier, it has a kick to it

Facilitator: I will get the last sample now. What did you guys think of this last one?

Participant B: That was my absolute least favorite.

Participant C: I thought it was kind of bland. It didn't have very much flavor.

Participant A: I felt the same way, the other one was kind of spicy, the first one was fruity and this one was just boring

Participant G: Rather than tasting anything you just tasted bitter. It left a weird taste in your mouth.

Facilitator: Which one would you guys say is your favorite of all three ?

All: First one

Facilitator: If you had to rank them

Participant A: 1,2,3 the order they were in

Facilitator: Is there anything else that you guys would like to ad? Would you be willing to purchase the first one?

Participant F : Probably

Participant A: Ya

Facilitator: You guys already mentioned packaging was a big deal, are there any colors or anything that would stand out more ?

Participant B :If it looks unique compared to the other bottles or if there are cool pictures.

Participant F : Something that stands out rather than just the name on the wine.

Participant C : Mostly if the name is fun, like Manage a Trois

Facilitator: Is there anything else you would like to add about how you purchase or consume wine?

Participant G : I think since you guys mentioned your families are big wine drinkers, none of my family drinks wine. I think that has a lot to do with it.

Participant E: I got into wine drinking when my neighbor introduced me because he was a wine major here. So he helped me pick out wines so it wasn't hit or miss because a lot of the ones I was trying I didn't like. So being more informed would make me purchase more.

Facilitator: Would you guys say that wine is more intimidating because its such a broad selection?

Participant B : Ya you don't know what you're really buying.

Participant G :I just take what my friends recommend.

Participant A: Its very word of mouth through family. Its wines my mom or my grandma like the same wines that I buy rather than trying something I don't know about and then find that I don't like it. I will call my dad and say dad which ones do I get?

Facilitator: Thank you so much for participating. I really appreciate it.

FOCUS GROUP 2 TRANSCRIPT

Facilitator: So as you guys have already been notified, tonight we want to find out what your preferences are toward wine and how wine plays a role in your life. So first off, we want to keep this really casual, so feel free to speak your mind and say whatever you'd like.

The first question is, what is your favorite alcohol to drink? Do you like beer, do you like hard alcohol, what is your preference? And we'll just go around and you can each say what you like best.

Participant A: Hard alcohol.

Participant B: Beer
Participant C: Beer.

Participant D: Beer.

Participant E: Beer.

Participant F: Hard alcohol.

Participant G: Hard alcohol.

Participant H: Wine.

Participant I: Hard alcohol.

Participant J: Wine.

Facilitator: So another question is how do you like to drink that alcohol, are you in a social setting, are you hanging out at your house? What's the typical setting you are in?

Participant A: Social setting. Well, like at a bar, at parties and with friends.

Participant B: Same.

Participant C: Same.

Participant D: Same.

Participant E: Yeah.

Participant F: Same.

Participant G: Same.

Participant H: Same.

Participant I: Same.

Participant J: With dinner.

Facilitator: With dinner? Alright. And so, do you guys have any impressions of people who drink wine? Do you see them as a certain type of person?

Participant A: Classy.

Participant B: Umm, it depends on what kind of wine they're drinking.

Facilitator: So what is a kind of wine that is classy?

Participant B: Well first off it needs to be in a bottle. No boxed wine and probably red wine is more classy.

Facilitator: Do you have any specific brands that you think are classy?

Participant B: No. I don't have any specific brands. But a wine that is older is more classy.

Participant C: I'm from Walla Walla, so I'm surrounded by wine all the time, so I'm pretty used to it. So I don't know it's part of my culture.

Participant D: I think that what she said is true. Older is classier.

Participant E: (Jokingly) Carlo Rossi is a classy one for you.

Participant F: Well, I think of my mom. She drinks a lot of wine.

Participant G: It depends on the type of wine and the setting.

Facilitator: Ok.

Participant H: It depends on price and quality. I don't care if it's cheap as long as it's a good one.

Participant I: A lot of the times it depends on, well I feel like wine is something that goes with pasta and anything Italian. Especially red wine goes with pasta.

Participant J: I see my parents drinking a lot of wine. They're an older generation.

Facilitator: So you mostly think of older people when you think of wine.

Participant J: Yeah.

Facilitator: Ok. And do your friends typically drink wine? I know you said that you like hard alcohol (to Participant A) but do you see your friends drinking wine often?

Participant A: Oh yeah, both my roommates and my sister drink wine.

Participant B: Yeah definitely, my best friend drinks a lot of wine.

Participant C: My best friend drinks wine.

Participant D: None of my friends drink wine. They drink hard alcohol and beer.

Participant E: Well my roommates drink a lot of wine.

Participant F: Well I drink a lot of hard alcohol in social settings, but I like to drink wine at home relaxing.

Participant G: I myself have probably only bought one or two bottles, but both my roommates have wine with dinner every night.

Facilitator: Are they about the same age as you?

Participant G: Yes.

Facilitator: And female or..?

Participant G: Yes.

Participant H: Well, me and my roommate are the classy ones who buy the two liter bottles at Costco and take those to parties. (Laughter).

Participant I: We drink a lot of wine. We have wine parties once or twice a month. And my best friend is a guy and graduated with a viticulture degree so he brings wine over all the time, like in cases.

Facilitator: Oh nice, ok.

Participant J: Yeah, my room and I drink wine, a lot of girls in my house do.

Facilitator: Ok, so this is just a simple question. Do you guys prefer white or red usually?

Participant A: White.

Participant B: White.

Participant C: It depends on my mood. Usually it's red, but it depends.

Facilitator: Ok, do you find that it changes with the seasons at all?

Participant C: No, it doesn't matter.

Facilitator: Alright. And you?

Participant D: Red.

Participant E: Red.

Participant F: White.

Participant G: White.

Participant H: I like reds, but I like a chilled white on a summer night.

Participant I: White.

Participant J: I like sweet white wine.

Facilitator: Ok, so like a Riesling?

Participant J: Yeah.

Facilitator: So next we want to know what you guys think about the price of wine in comparison to other alcohol. And how much do you usually spend on a bottle of wine?

Participant A: I would probably spend no more than $10.

Facilitator: Alright, so do you think of wine as more expensive than hard alcohol?

Participant A: It's definitely cheaper, you get more bang for your buck.

Participant B: I agree with that because if you go cheaper on hard alcohol or beer, it's going to get gross. But with wine that's not really the case.

Participant C: I agree too.

Participant D: Well, I usually spend around $20.

Participant E: I'm super cheap. In Seattle we go to the Grocery Outlet and it's the best place to buy wine. You can get like $15 bottles for $5.

Participant F: Yeah I'm super cheap, like $5.
Participant G: Maximum $10.

Participant H: Usually $10-$15.

Participant I: Yeah me too.

Participant J: Definitely under $10. But I think that compared to hard alcohol, hard alcohol lasts longer, I feel than red wine.

Facilitator: Ok, so where are you guys in your life right now? Could you describe your lifestyle a little bit? And where will you be in 2 years?

Participant A: Well, now I'm in school. And in two years hopefully I'll have a job. And probably not go out as much (laughter).

Facilitator: Ok, so do you think that you would be more likely to drink wine then than you do now?

Participant A: Maybe, yeah. Yeah.

Participant B: I'm a student now too, but I'm also an RA, and I have a roommate in my room who's not 21. So I don't have alcohol in my room. So maybe in January when she moves out. But yeah in two years I see myself having a job and so I'll probably drink more wine. I really like cooking, so using that as a part of it would be good.

Participant C: Yeah I graduate in December, so hopefully I'll get a job soon. And I'll probably drink wine more.

Participant D: I'm graduating too this semester, so I might go back to China. But then I'm probably going to drink nice wine, because there is Chinese wine there.

Facilitator: So do you like Chinese wine better?

Participant D: Yeah.

Participant E: I'll be graduated, and I'll definitely drink more wine. I feel like when we're here (at a university) it's that drinking is more about partying. But when we're graduated it will be more about having a glass of wine with dinner, and having a relaxed night.

Participant F: I feel the same way too. It will be less of the social partying and more of casual drinking. Just having a glass with dinner or something.

Participant G: I don' know really. I mean I drink wine casually, but I also drink whiskey with coke casually. So it's like I feel like in a couple years it probably won't change very much.

Facilitator: Ok, do you think you might drink a little more wine if you are more settled down?

Participant G: Yeah I think so, just because I won't be around partying students. I'll be around people who are more serious about working and families. I think wine is something I could drink especially with dinner.

Participant H: Yeah I think I'll probably drink it the same amount because it is already my drink of choice.

Participant I: I'll probably drink it more just because I'll be around more friends who do wine tastings almost every weekend.

Participant J: Yeah I'll be graduated, hopefully have a job. I'll drink more wine.

Facilitator: Ok, perfect. So the next thing we are going to have you guys do is fill out something called a gap map. So you guys are going to examine these three wine labels (Apothic, Menage A Trois, and 14 Hands Hot to Trot) and place them on the gap maps. You'll rate them on masculinity vs. femininity and then expensive vs. inexpensive.

Do you guys understand the concept of this? You just go up or down for how masculine or feminine you think the label is and then right or left for how expensive or inexpensive you would perceive this wine to be from its label.

Results can be found in APPENDIX __.

So first, let's look at 14 Hands Hot to Trot, and we'll have you make a circle on the gap map where you think the label falls. (Participants fill in gap map for 14 Hands Hot to Trot).

Next, we'll do Apothic Red wine, and use a triangle for this one. (Participants fill in gap map for Apothic Red).

The last one is Menage A Trois and use a square for this wine. (Participants fill in gap map for Menage A Trois).

Alright, so do you guys want to talk about anything that really stood out to you guys in these labels?

Participant B: I think the one at the end, the Apothic, I mean even just the name sounds almost intense. I felt like it was more masculine.

Facilitator: Ok, so what did you think about for it's pricing?

Participant B: I thought it was more expensive. I mean I don't have a lot of experience with wine, so I don't know. But just looking at it, I felt like it was more expensive.

Facilitator: You think it looks more expensive than the other two wines?

Participant B: Yeah.

Participant I: I felt like it was more masculine too, just because of the colors. The red and the black. It was more feminine with the scroll and the script closer to the top, but it just kind of has really dark, rich colors. I think the name is also more masculine and it feels like a more expensive bottle.

Facilitator: Ok, so does anybody have anything to say about these two (referring to 14 Hands Hot to Trot and Menage A Trois)?

Participant E: I think the phrase Hot to Trot makes it more masculine.

Facilitator: Alright.

Participant F: And I thought the label for Menage A Trois was kind of more masculine.

Facilitator: Ok, so how many of you are aware of what a wine blend is? (Participant H and I raise their hands).

Ok, so these three wines are red wine blends, and it just means that there is more than one type of grape in the wine. Each of these has 3 grapes I believe. Anyway, the point is really just to balance out the complexities of the wines. Is this something you guys would be more interested in? (Some vague nods, only two participants seem to really follow).

So now, we will do the taste test. We're also going to do another gap map based on flavor for this exercise. (Apothic red wine is passed out, participants do not know which wine it is).

So go ahead and taste this wine. We're going to be placing this wine on the gap map according to it's flavor to be either fruity or spicy and sweet or bitter. This time you can mark it with a triangle on the gap map and this doesn't correlate with the same shapes you used for the last gap map. (Participants mark the gap map for Apothic according to perceived flavor).

(Menage A Trois is passed out).

Now you can do the same for this wine, but mark it with a circle. (Participants taste and mark their gap map for Menage A Trois according to perceived flavor).

(14 Hands Hot to Trot is passed out).

Alright and for this last one, once you've tasted it, you can mark it as a squiggle line, any sort of squiggle, we'll be able to differentiate it. (Participants mark their gap map for 14 Hands Hot to Trot according to perceived flavor).

Results can be found in APPENDIX __.

Facilitator: Ok so now, do you guys want to say if you have a favorite out of those three wines?

Participant H: I think I like the last one best.

Participant G: I think I like the first and the last, they are kind of the same, just on the opposite sides of fruity and spicy, it just depends on my mood.

Participant C: I like the last one best.

Participant I: I also like the last one best.

Participant B: I liked the first.

Participant E: I like the last one.

Participant F: I like the first one.

Participant G: I like the first.

Participant H: I like the middle one least.

Group: (almost all participants, simultaneously) "Me too."

Facilitator: Ok, so that's pretty much everyone?

Participant B: Well, I didn't like the third one.

Facilitator: Ok, well I'll tell you guys what the wines were now. So the first one, was Apothic. The second one was 14 Hands Hot to Trot and the third one was Menage a Trois.

So do you guys want to just tell me if you would consider purchasing these wines now?

Participant A: See I kinda liked the middle one (14 Hands Hot to Trot), so I would probably get that one.

Participant B: I liked them in the same order that they were served (Apothic Red, 14 Hands Hot to Trot, Menage a Trois).
Participant C: I would get the last one (Menage a Trois), the first one (Apothic Red) and then the second one (14 Hands Hot to Trot).

Participant D: I liked the first one (Apothic).

Participant E: I'd do the last one (Menage a Trois), the first one (Apothic Red) and then the second one (14 Hands Hot to Trot).

Participant F: I'd do the first one (Apothic Red), last one (Menage a Trois), middle one (14 Hands Hot to Trot).

Participant G: Same.

Participant H: I'd do the last one (Menage a Trois).

Participant I: I'd take the last (Menage a Trois), first (Apothic Red), then middle (14 Hands Hot to Trot).

Participant J: I'd also do the last (Menage a Trois), first (Apothic Red), middle (14 Hands Hot to Trot).

Facilitator: Ok, so is there anything else you guys would be able to add that pertains to wine? Just anything off the top of your head about your opinions or purchasing habits for purchasing wine?

Participant I: I think a lot of the time, what wine I purchase depends on what's going on. Like if we're having a wine party where we're planning on drinking all night, I'll get like a Riesling or a Moscato. But I'm not going to buy, say a Chateu Ste Michelle bottle of wine. I'm going to buy like a Barefoot or something else that's not $8 or $9.

Facilitator: Ok, so what occasion would you be willing to spend $8 or $9 on a bottle of wine?

Participant I: If I were making like pasta or spaghetti with french bread. It needs to be something that goes well with it. I'm not going to buy a Moscato or Riesling to drink with pasta.

Facilitator: Ok, does anyone else have any thoughts?

Participant H: I have wines that I tend to buy the most just because I know that they're consistent, with the same quality. Like I usually buy a Columbia Crest Two Vines. It's like $10 and it's always consistent. Columbia Grand Estates is always just a little above, like $15.

Facilitator: Ok, but would you be willing to switch over and buy one of these maybe?

Participant H: Yeah, I have bought them before. They're usually on sale a lot too, at least Menage a Trois and 14 Hands.

Facilitator: Ok. Anything else? Well, feel free to finish your wine. And this concludes our focus group, thank you guys so much for doing this. It really helps us out.

ONLINE SURVEY

qualtrics.com

Hello, Washington State University's Advertising Program is currently conducting research on wine consumption among young adults. Information you provide will give us a better understanding of wine purchasing habits among consumers. The survey takes approximately 10 minutes to complete and all answers will be kept anonymous.

Are you at least 21 years of age?

- Yes
- No

>>

Where do you usually see wine being served?

- In restaurants
- In bars/night clubs
- In your home
- At social gatherings with friends
- At family gatherings

Where do you personally drink wine?

- In restaurants
- In bars/night clubs
- In your home
- At social gatherings with friends
- At family gatherings
- I don't drink wine

What would make you more likely to purchase wine?

- Discounts & sales promotions
- Taste tests or samples
- Aesthetically appealing
- Advertising
- Word of mouth

How much are you willing to spend on a standard-sized (750mL) bottle of wine?

- Under $8.99
- $8.99-$20
- More than $20

What is your alcoholic drink of choice?

How often do you drink the following types of alcohol?

	Never	Less than Once a Month	Once a Month	2-3 Times a Month	Once a Week	2-3 Times a Week	Daily
Beer	○	○	○	○	○	○	○
Wine	○	○	○	○	○	○	○
Sparkling Wines/Champagne	○	○	○	○	○	○	○
Hard Alcohol/Liquor	○	○	○	○	○	○	○
Wine Coolers	○	○	○	○	○	○	○
Mixed Drinks	○	○	○	○	○	○	○
Malt Beverages	○	○	○	○	○	○	○

Where are you most likely to drink alcohol?

- ○ In restaurants
- ○ In bars/night clubs
- ○ In home
- ○ At social gatherings with friends
- ○ At family gatherings
- ○ I do not drink alcohol

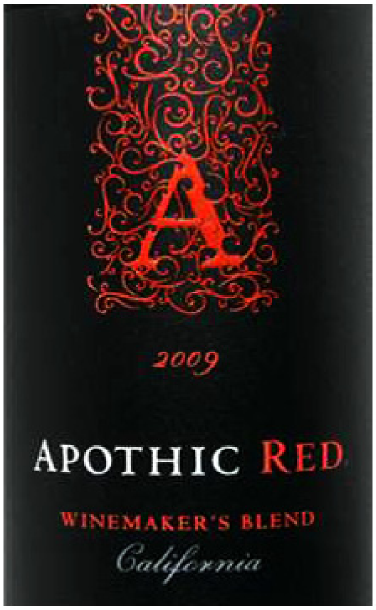
A wine blend is a mix of different grape types (as opposed to classic wines which use only one grape) which add more complexity to wine flavors. An example of a wine blend is a combination of dark Syrah, spicy Zinfandel and a smooth Merlot.

Is a wine blend something you would be interested in trying?

- ○ Yes
- ○ No

Which of these wines would you be most likely to purchase?

- ☐ Menage a Troi
- ☐ 14 Hands Hot to Tro
- ☐ Red Truck
- ☐ 2 Brothers Big Tattoo red
- ☐ Red Vampire
- ☐ Cupcake Red Violet
- ☐ Mirassou
- ☐ Bear Flag
- ☐ Ecco Domani
- ☐ Redwood Creek
- ☐ Apothic Red



What are your first thoughts regarding this label?

What age group do you fall into?

- 21-24
- 25-29
- 30-39
- 40-49
- 50-59
- 60+

Which gender do you associate with?

- Male
- Female

What is your highest level of completed education?

- Some high school
- High school graduate
- Some college
- Bachelor's degree
- Graduate school
- Tech or other specialty school

How much time do you spend per week on the following social media sites?

	0 hours	1-2 hours	3-5 hours	5-7 hours	8-12 hours	13+ hours
Facebook	○	○	○	○	○	○
Twitter	○	○	○	○	○	○
Google +	○	○	○	○	○	○
YouTube	○	○	○	○	○	○
LinkedIn	○	○	○	○	○	○

COST EFFICIENCY ANALYSIS

Medium	Media Company	Size/Format/Show	Circulation/Rating/ Reach Adults 21-29	Unit of Space/Cost	CPM Adults 21-29
Newspaper					
National	USA Today	Mon-Thur	1,768,227	Full Page B/W $125,600	$71.03
	USA Today	Mon-Thur	1,768,227	1/2 Page B/W $129,500	$73.24
	USA Today	Mon-Thur	1,768,227	1/4 Page B/W $50,400	$28.50
San Francisco	San Francisco Chronicle	Daily	148,774	Full Page B/W $83,030.85	$558.10
	San Francisco Chronicle	Daily	148,774	3/4 Page B/W $60,824.93	$408.84
	San Francisco Chronicle	Daily	148,774	2/3 Page B/W $54,066.60	$363.41
	San Francisco Chronicle	Daily	148,774	1/2 Page B/W $40,549.95	$272.56
	San Francisco Chronicle	Daily	148,774	1/3 Page B/W $27,033.30	$181.71
	San Francisco Chronicle	Daily	148,774	1/6 Page B/W $13,516.65	$90.85
	San Francisco Chronicle	Daily	148,774	1/4 page B/W $20,274.98	$136.28
	San Francisco Chronicle	Daily	148,774	1/8 Page B/W $10,298.40	$69.22
Phoenix	Phoenix New Times	Daily 1x	221,512	Full Page B/W $4,705	$21.24
	Phoenix New Times	Daily 1x	221,512	Jr Page B/W $3,186	$14.38
	Phoenix New Times	Daily 1x	221,512	1/2 page B/W $2,707	$12.22
	Phoenix New Times	Daily 1x	221,512	1/4 Page B/W $1,396	$6.30
	Arizona Republic	Mon-Sat	221,512	SAU open, per column inch $495 B/W	$1.33
	Arizona Republic	Sunday	221,512	SAU open, per column inch $668 B/W	$3.01
Sacramento	Sacramento Bee	Mon-Wed	79,349	Full Page B/W $$44,100	$555.77
	Sacramento Bee	Thurs-Sat	79,349	Full Page B/W $46,368	$584.36
	Sacramento Bee	Sunday	79,349	Full Page B/W $53,550	$674.87
Minneanapolis	St. Paul Pioneer Press	Mon-Sat	88,802	Full Page 4C $34,692	$390.67
	St. Paul Pioneer Press	Sun/Holiday	88,802	Full Page 4C $37,812	$425.80
	Star Tribune	Mon-Sat	88,802	Full Page 4C $38,997	$437.06
	Star Tribune	Sunday	88,802	Full Page 4C $61,019	$687.14
San Diego	San Diego Star-Tribune	Mon-Wed	521,487	Full Page B/W $59,211	$113.54
	San Diego Star-Tribune	Thurs-Sat	521,487	Full Page B/W $61,017	$117.01
	San Diego Star-Tribune	Sun	521,487	Full Page B/W $76, 497	$146.69
Portland	Oregonian	Mon-Sat	101,203	Full Page B/W 34,017	$336.12
	Oregonian	Sunday	101,203	Full Page B/W $35,295	$348.75
Seattle	Seattle Times	Sunday	122,306	1/5 Page B/W $1,806	$14.77
	Seattle Times	Weekday	122,306	1/5 Page 2 Color $3,006	$24.58
	Seattle Times	Pacific NW Magazine	122,306	1/2 Page 3C $1300	$10.63
Los Angeles	LA Daily News	Daily	1,512,390	2x4" B/W $488	$0.32
	LA Daily News	Daily	1,512,390	1/2 Page B/W $1922	$1.27
Chicago	Chicago Tribune	Mon-Sat	499,166	Full Page B/W $84,000	$168.28
	Chicago Tribune	Sunday	499,166	Full Page B/W $120,000	$240.40
	Chicgao Sun-Times	Mon-Sun	499,166	Full Page B/W $45,504	$91.16
Denver	Denver Post	Mon-Fri	113,529	1/2 Page SpotC $3,221	$28.37
	Denver Post	Mon-Fri	113,529	1/2 Page 4C $3,953	$34.81
	Denver Post	Sunday	113,529	1/2 Page 4C $4,589	$40.42
Out of Home					
Billboard (Premier)	Lamar Chicago	#50 Showing, 46 Panels	6,190,359	4 Weeks/$266,800	$3.05
	Lamar Chicago	#25 Showing, 23 Panels	6,190,359	4 Weeks/$138,000	$3.15
	Clear Channel Los Angeles	#50 Showing, 26 Panels	9,720,000	4 Weeks/$204,100	$7.71
	Clear Channel Los Angeles	#100 Showing, 51 Panels	9,720,000	4 Weeks/400,350	$3.93
	Lamar San Diego	#50 Showing, 12 Panels	2,090,000	4 Weeks/$115,692	$3.85
Rail Train	Clear Channel Chicago Metro	3 Commuter Rail Train Wraps	6,190,359	52 Weeks/$150,000	n/a
	Clear Channel Chicago Metro	Downtown Rail Train Package (4 stations)	6,190,359	With Production, $210,000	n/a

Transit Shelters	Clear Channel Los Angeles	#100 Showing, 196 Panels	9,720,000	4 Weeks/$127,400 per face	$2.42
	Clear Channel San Diego	Transit Bus Full Back, 60 Half-Face #s	2,090,000	Half 4-Week/$850	$4.07
Magazine					
Consumer	Wine and Spirits Magazine	1x	90,059	Full Page 4C $9,215	$102.32
	Wine Spectator	1x	2,989,000	Full Page 4C $42,560	$14.24
	Food & Wine	1x	925,000	Full Page 4C $90,300	$97.62
	Star	1x	1,225,521	Full Page 4C $144,580	$117.97
	Parents	1x	2,200,000	Full Page 4C $181,480	$82.49
	Maxim	1x	2,286,703	Full Page 4C $279,865	$122.39
	InStyle	1x	1,700,000	Full Page 4C $151,300	$89.00
	InTouch Weekly	1x	800,000	Full Page 4C $98,530	$123.16
	Glamour	1x	2,250,000	Full Page 4C $219,190	$97.42
	Cosmopolitan	1x	3,000,000	Full Page 4C $244,100	$81.37
	American Baby	1x	2,000,000	Full Page 4C $201,860	$100.93
	Allure	1x	1,075,000	Full Page 4C $147,453	$137.17
	Vogue	1x	1,200,000	Full Page 4C $165,232	$137.69
	US Weekly	1x	1,950,000	Full Page 4C $199,815	$102.47
Trade	Restaurant Hospitality	1-3x	97,025	Full Page 4C $10,885	$112.19
	Restaurant Hospitality	6x	97,025	Full Page 4C $10,235	$105.49
	Restaurant Hospitality	9x	97,025	Full Page 4C $9,620	$99.15
	Restaurant Hospitality	1-3x	97,025	1/2 Page 4C $5,990	$61.74
	Restaurant Hospitality	6x	97,025	1/2 Page 4C $5,630	$58.52
	Restaurant Hospitality	9x	97,025	1/2 Page 4C $5,290	$54.52
	Restaurant Hospitality	1-3x	97,025	1/4 Page 4C $3,810	$29.27
	Restaurant Hospitality	6x	97,025	1/4 Page 4C $3,580	$36.89
	Restaurant Hospitality	9x	97,025	1/4 Page 4C $3,365	$34.68
	Restaurant Business	1x	76,100	Full Page 4C $14,275	$187.58
	Restaurant Business	6x	76,100	Full Page 4C $12,250	$160.97
	Restaurant Business	1x	76,100	1/2 Page 4C $8,100	$106.44
	Restaurant Business	6x	76,100	1/2 Page 4C $7,250	$95.27
	Nation's Restaurant News	1x	60,604	Full Page 4C $14,500	$239.26
	Nation's Restaurant News	3x	60,604	Full Page 4C $13,780	$227.38
	Nation's Restaurant News	6x	60,604	Full Page 4C $13,090	$216.00
	Nation's Restaurant News	1x	60,604	1/2 Page 4C $9,650	$159.23
	Nation's Restaurant News	3x	60,604	1/2 Page 4C $9,170	$151.31
	Nation's Restaurant News	6x	60,604	1/2 Page 4C $8,710	$143.72
	Food Arts	1x	56,245	Full Page 4C $14,730	$261.89
	Food Arts	6x	56,245	Full Page 4C $14,440	$256.73
	Food Arts	1x	56,245	1/2 Page 4C $9,575	$170.24
	Food Arts	6x	56,245	1/2 Page 4C $9,380	$166.77
	Bartender Magazine	1x	102,278	Full Page 4C $10,000	$97.77
	Bartender Magazine	2x	102,278	Full Page 4C $9,500	$92.88
	Bartender Magazine	3x	102,278	Full Page 4C $9,000	$88.00
	Bartender Magazine	1x	102,278	1/2 Page 4C $5,750	$56.22
	Bartender Magazine	2x	102,278	1/2 Page 4C $5,250	$51.33
	Bartender Magazine	3x	102,278	1/2 Page 4C $4,750	$46.44
	Cheers	1x	70,040	Full Page 4C $15,645	$223.37
	Cheers	3x	70,040	Full Page 4C $15,330	$218.87
	Cheers	6x	70,040	Full Page 4C $14,995	$214.09
	Cheers	1x	70,040	1/2 Page 4C $11,450	$163.48
	Cheers	3x	70,040	1/2 Page 4C $11,235	$160.41
	Cheers	6x	70,040	1/2 Page 4C $11,025	$157.41
	Tasting Panel Magazine	1x	60,000	Full Page 4C $6,000	$100.00
	Tasting Panel Magazine	3x	60,000	Full Page 4C $5,850	$97.50
	Tasting Panel Magazine	6x	60,000	Full Page 4C $5,500	$91.67
	Tasting Panel Magazine	1x	60,000	1/2 Page 4C $4,000	$66.67
	Tasting Panel Magazine	3x	60,000	1/2 Page 4C $3,650	$60.83
	Tasting Panel Magazine	6x	60,000	1/2 Page 4C $3,250	$54.17
	in the Mix	1x	10,135	Full Page 4C $6,000	$592.01
	in the Mix	4x	10,135	Full Page 4C $5,000	$493.34

Television					
Network	NBC	Dateline	1.6	30sec: $55,270	$34,543.75
	NBC	Tonight Show	0.8	30sec: $53,000	$66,250.00
	NBC	SNL	2.0	30sec: $122,000	$61,000.00
	NBC	The Office	2.9	30sec: $191,236	$65,943.45
	NBC	Law & Order: SVU	1.4	30sec: $101,632	$72,594.29
	NBC	The Biggest Loser	1.2	30sec: $128,295	$106,912.50
	CBS	The Amazing Race	2.4	30sec: $109,736	$45,723.33
	CBS	NCIS	4.0	30sec: $133,304	$33,326.00
	CBS	Big Bang Theory	5.3	30sec: $191,900	$36,207.55
	CBS	CSI: New York	1.7	30sec: $127,941	$75,259.41
	ABC	Dancing With the Stars	3.2	30sec: $178,687	$55,839.69
	ABC	Castle	2.3	30sec: $92,700	$40,304.35
	ABC	The Middle	1.3	30sec: $97,812	$7,470.77
	FOX	Bones	2.7	30sec: $107,942	$39,978.52
	FOX	Glee	3	30sec: $127,350	$42,450.00
	FOX	Family Guy	3.2	30sec: $214,750	$67,109.38
Cable	TLC	Cake Boss	1.2	30sec: $3221.15	$268.46
	TLC	Say Yes to the Dress	1.3	30sec: $2541.50	$195.50
	TLC	What Not to Wear	1.1	30sec: $3910.00	$355.45
	ABC Family	Pretty Little Liars	1.2	30sec: $3910.00	$325.83
	E!	E! News	1.8	30sec: $2541.50	$141.19
	Lifetime	Project Runway	1.2	30sec: $3910.00	$325.83
	MTV	Real World	1.4	30sec: $3910.00	$279.29
	USA	NCIS	2.8	30sec: $2261.00	$80.75
	USA	Law & Order: SVU	1.2	30sec: $2541.50	$211.79
	Bravo	Real Housewives Atlanta	1.6	30sec: $3221.15	$201.32
	TNT	Bones	0.8	30sec: $2541.50	$317.69
	TNT	The Closer	0.9	30sec: $3910.00	$434.44
Radio					
San Francisco	KOIT-FM	M-F Morning Drive	4.3	60 sec= $609	$4.09
	KOIT-FM	M-F Midday	4.3	60 sec= $685	$4.60
	KOIT-FM	M-F Evening Drive	4.3	60 sec= $669	$4.49
	KOIT-FM	M-F 7p-midnight	4.3	60 sec= $257	$1.73
Phoenix	KMPX-FM 96.9	M-F Morning Drive	6.1	60 sec= $229	$1.03
	KMPX-FM 96.9	M-F Midday	6.1	60 sec= $199	$0.89
	KMPX-FM 96.9	M-F Evening Drive	6.1	60 sec= $214	$0.97
	KMPX-FM 96.9	M-F 7p-midnight	6.1	60 sec= $112	$0.51
Sacramento	KYMX-FM 96	M-F Morning Drive	4.7	60 sec= $180	$2.27
	KYMX-FM 96	M-F Midday	4.7	60 sec= $159	$2.00
	KYMX-FM 96	M-F Evening Drive	4.7	60 sec= $172	$2.17
	KYMX-FM 96	M-F 7p-midnight	4.7	60 sec= $91	$1.14
Minneanapolis	KEEY-FM K102	M-F Morning Drive	9.6	60 sec= $246	$2.77
	KEEY-FM K102	M-F Midday	9.6	60 sec= $209	$2.35
	KEEY-FM K102	M-F Evening Drive	9.6	60 sec= $245	$2.76
	KEEY-FM K102	M-F 7p-midnight	9.6	60 sec= $118	$1.33
San Diego	KHTS-FM 93.3	M-F Morning Drive	5.2	60 sec= $208	$0.40
	KHTS-FM 93.3	M-F Midday	5.2	60 sec= $180	$0.35
	KHTS-FM 93.3	M-F Evening Drive	5.2	60 sec= $203	$0.39
	KHTS-FM 93.3	M-F 7p-midnight	5.2	60 sec= $87	$0.17
Portland	KKCW-FM K103	M-F Morning Drive	8.4	60 sec= $225	$2.22
	KKCW-FM K103	M-F Midday	8.4	60 sec= $212	$2.09
	KKCW-FM K103	M-F Evening Drive	8.4	60 sec= $235	$2.32
	KKCW-FM K103	M-F 7p-midnight	8.4	60 sec= $94	$0.92
Seattle	KBKS-FM 106.1	M-F Morning Drive	4.0	60 sec= $342	$2.80
	KBKS-FM 106.1	M-F Midday	4.0	60 sec= $292	$2.39
	KBKS-FM 106.1	M-F Evening Drive	4.0	60 sec= $335	$2.74
	KBKS-FM 106.1	M-F 7p-midnight	4.0	60 sec= $125	$1.02
Los Angeles	KISS-FM 102.7	M-F Morning Drive	5.4	60 sec= $821	$0.54
	KISS-FM 102.7	M-F Midday	5.4	60 sec= $896	$0.59
	KISS-FM 102.7	M-F Evening Drive	5.4	60 sec= $903	$0.60
	KISS-FM 102.7	M-F 7p-midnight	5.4	60 sec= $453	$0.30

Chicago	WVAZ-FM	M-F Morning Drive	5.3	60 sec= $498	$1.00
	WVAZ-FM	M-F Midday	5.3	60 sec= $523	$1.05
	WVAZ-FM	M-F Evening Drive	5.3	60 sec= $524	$1.05
	WVAZ-FM	M-F 7p-midnight	5.3	60 sec= $158	$0.32
Denver	KOSI-FM 101	M-F Morning Drive	4.6	60 sec= $252	$2.22
	KOSI-FM 101	M-F Midday	4.6	60 sec= $207	$1.82
	KOSI-FM 101	M-F Evening Drive	4.6	60 sec= $232	$2.04
	KOSI-FM 101	M-F 7p-midnight	4.6	60 sec= $111	$0.98
Internet					
Google	Google ad words	Daily	1,600 per month	$1.43 cost per click	varies
Facebook	Facebook Side Ads	Daily	29,485,248 users	$.37 cost per click	varies
	Banner Ads	Daily	11,000,000/daily	$40,000	$8-10
Pandora	Audio Ads	Daily	11,000,000/daily	$40,000	$15-23
	Video Ads	Daily	11,000,000/daily	$40,000	$30.00

MEDIA BREAKDOWN

	Media Company	Type of Advertisement	Executions	Total Cost
TRADE MAGAZINE				
	Restaurant Hospitality	Full Page 4C, $10,885	3	$32,655.00
	Bar Tender Magazine	Full Page 4C, $9,000	3	$27,000.00
TELEVISION				
TLC	Say Yes to the Dress	30 Sec., $2541.50	19	$48,288.50
E!	E! News	30 Sec., $2541.50	100	$254,150.00
USA	NCIS	30 Sec., $2261	32	$72,352.00
BRAVO	Real Housewives	30 Sec., $3221.10	20	$64,422.00
BILLBOARD				
	Lamar (Chicago)	Poster #25, 23 panels	8 weeks	$276,000.00
	Lamar (San Diego)	Poster #50, 12 pannels	8 weeks	$231,384.00
	Lamar (Los Angeles)	Jr. Poster #5, 52 panels	8 weeks	$33,800.00
	Lamar (Los Angeles)	Poster #5, 11 panels	8 weeks	$88,000.00
INTERNET				
	Pandora	Banner/Audio	varies	$80,000.00
			TOTAL	$1,208,051.50
			Remaining	$1,973.50

PROMOTIONS BREAKDOWN

PROMOTION	MATERIALS	COST
CONSUMER EVENTS		$1,281,821.20
Red Carpet, 10 DMAs		
	DJ Cost for 12 shows, 10 DMAs	$120,000.00
	3 Apothic Girls, 12 showings, fully outfitted	$72,000.00
	10'x3' Red carpet and backdrop	$7,000.00
	Photographers and print costs (10 DMAs)	$25,000.00
	Wine at event (19 cases/ 500 guests)	$6,746.00
5K Run for the Red, 10 DMAs		
	DJ Cost	$1,000.00
	Permits & Other Fees	$20,000.00
	Banners	$150.00
	6,000 21+ Wrist Bands	$145.00
	6,000 T-Shirts	$60,000.00
	Wine at run (12 cases/300 guests)	$3,373.00
MasqueRED Halloween Ball, 3 DMAs		
	DJ Cost	$1,000.00
	L.A. Red Door Rental	$2,500.00
	Chicago Red Canary Rental	$2,500.00
	San Diego Red Room Rental	$2,500.00
	Masquerade Masks (300 per event)	$3,600.00
	Apothic Wine Basket Prize (5 at each)	$3,750.00
	Wine at events (12 cases/ 300 guests)	$3,373.00
Red Holiday Bash, 3 DMAs		
	DJ Cost	$1,000.00
	Chicago Red Head Piano Bar	$2,500.00
	L.A. Red Restaurant & Bar	$2,500.00
	San Diego Red Circle Ultra Rental	$2,500.00
	Red Circle Ultra Giveaways	$1,200.00
	Wine at events (12 cases/ 300 guests)	$3,373.00
Taste Testings, 10 DMAs		
	10 Signs	$500.00
	Sample Cups	$760.00
	4 bottles of wine in 10 DMAs, 52 times	$17,451.20
	Cost for assistant	$10,400.00
Apothic Women Promotions		
	Apothic Women Training	$18,000.00
	90 Apothic Red Women, 9 per DMA, 2 nights/18 weeks ($36,000/night)	$612,000.00
	Red dress outfit and make-up ($300/girl)	$27,000.00
2 Red Party Buses		
	Custom Vehicle costs	$220,000.00
	Gas and Driver Cost (at each promotion)	$25,000.00
	Vehicle Insurance	$3,000.00
TRADE EVENTS		$30,344.00
One of a Kind, Chicago		
	Booth	$2,500.00
	Display	$1,000.00
	Wine (Taste Tests)	$3,356.00
	Sample Cups	$760.00
	Employee Costs (Hotel, pay, etc.)	$6,900.00

	Contest (Red Mt. Resort)	$2,464.00
San Diego Western Food Service & Hospitality Expo		
	Wine (Taste Tests)	$3,356.00
	4-Star Package, 150 sq. ft. booth, VIP	$8,258.00
	3 Bartenders over 3 days of trade show	$1,750.00
TRADE		$84,248.00
Stemless Wine Glasses		
	Cost of Glasses, 40 to each DMA	$48,248.00
	Shipping	$2,000.00
Wine Case Packages		
	1 case of wine to 20 restaurants/clubs in 10 DMAs	$20,000.00
Trade Buying Allowance (3 DMAs)		
	15% Discount ($1.25 off)	$14,000.00
CONTESTS		$300.00
Party Bus Contest		
	1 Case of wine	$100.00
	Food Costs	$200.00
GIVEAWAYS		$26,714.00
	10,000 Light-up Buttons	$10,040.00
	10,000 Apothic Red Pens	$3,300.00
	4,000 Apothic Red Pocket Corkscrews	$3,920.00
	10,000 Apothic Red Bracelets	$9,454.00
COUPONS		$10,200.00
	50,000 $2.00 off coupons	$10,200.00
	TOTAL	$1,433,627.20
	REMAINING	$847.80