

Welcome to IF Consulting's weekly e-mail newsletter

August 1, 2003

Our regular email tackles the topical issues that surround all marketing channels and their underlying strategies.

This newsletter is also available as a PDF on our Website (<http://www.i-f.com/E-comLinks02.htm>) if you want to download a version for your hard copy file.

Channels next challenge for wine in a can

Australian wine company, Franklin Estates, is planning to release wine in cans to the US, UK and Japanese markets. Although the practical benefits of reduced spoilage and ease of opening and consumption are undeniable, the idea's success depends on consumers being prepared to accept the notion of wine in ring-pull cans.

Cans are traditionally associated with beer and lager, and the predictable response of many wine-drinkers will be negative, based on the assumption that a good wine does not come out of a can. To counter this, Franklin Estates has spent time developing specially lined cans that will keep the wine at drinking quality for three years and will initially only release the high quality 2002 Chardonnay and 2001 Cabernet Sauvignon/Shiraz.

Franklin is targeting younger, less traditional consumers, as well as the catering trade handling outdoor, sports and leisure events. It is believed that restaurants, constantly faced with the disposal of half-finished bottles, are supporting the idea.

<http://www.datamonitor.com/~2c129a6b04f546f88661941b20fcbf0a-/consumer/news/product.asp?pid=C7D85D0D-CE36-41E6-9E6D-0DB698623EFD>

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IF Comment

New product innovations often fail. However, if innovations target the correct market segment and the most effective routes to market are used, their chance of success is increased.

No doubt wine sold in cans will meet resistance, especially among more traditional market segments. However, it may also allow Franklin Estates to target new or expand existing market segments. An effective marketing channel strategy will be needed for Franklin to reach its target market segments. Consumer behavior can be used to segment markets and guide the design of new channels. This would be appropriate in this case as wine sold in cans would be likely to appeal to campers, outdoor events, outdoor caterers and even restaurants. Choosing the right channels is even more vital in this case as resistance to the idea of wine in cans will probably be met in most customer segments - at least until consumers experience the convenience of the product.

Franklin Estates should also focus its efforts on targeting current channel partners who service caterers and transport catering and cafes and targeting new segments by getting their



Marketing Channel
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product to venues frequented by younger wine consumers. The bias against canned wine may meet with less resistance among younger consumers.

Snippets

New Zealand company, Vending Technologies, has signed its first unconditional master franchise agreement in California, worth more than US\$1 million. The company, which sells and licenses vending machine technology, has 30 franchise owners in New Zealand and about 25 in Australia.

VTL executive director John Hotchin said, "It's quite a milestone for us. What we've seen is that the model has been accepted up there. It's really the franchising system, through our technology, that's been accepted at a much faster rate than we thought."

<http://www.nzherald.co.nz/business/businessstorydisplay.cfm?storyID=3515130&thesection=business&thesubsection=technology&thesecondsubsection=general&thetickercode=VTL>

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