Table of Contents

[Introduction 1](#_Toc254911720)

[XOXO: The Concept 2](#_Toc254911721)

[XOXO: The Brand 4](#_Toc254911722)

[Promoting XOXO 5](#_Toc254911723)

[XOXO: Message Strategy and Executional Framework 8](#_Toc254911724)

[Representing XOXO 9](#_Toc254911725)

[Packaging 10](#_Toc254911726)

[Point of Sale Elements 10](#_Toc254911727)

## Introduction

In November of 2005, Terry Sauriol, marketing director for Canadian based winery, Andrew Peller Limited (APL) required assistance. APL a Canadian pioneer in commercial, premium wine production and a company with significant achievements in building a wine culture within the nation; was experiencing difficulties. The success of the company is tremendous. Steeped in tradition, the organisation was the country’s premier wine producer by volume in 2005, while three of its labels shared considerable success domestically in terms of sales volume; mass-market value brands Oakridge and French Cross among them. French Cross particularly has become a star for the winery, with sales growth reaching 107 per cent in the past two years, consequently becoming the second best selling label among domestic wine brands in Canada. However, with great achievements, the company has also sustained severe losses.

Wine consumption in English Canada is at an all time high; with 2005 sales reaching 11.6 million cases. This growth has been fuelled by a changing landscape of the wine industry, with “critter-brands” rapidly gaining market share. Critter brands, (i.e. Yellow Tail or Little Penguin) have become synonymous with wine branding featuring cheeky, irreverent imagery which is in direct opposition to previous connotations of wine and the industry as a whole. These wines account for more than one third of the growth in table wines since 2000, and sales have risen above 65 per cent in the past year. In short, critter brands have been a catalyst in the growth of the Canadian wine industry. That being said, although APL’s critter brand, French Rabbit, has demonstrated remarkable growth, the company’s previous best seller, Oakridge, has experiences severe losses; with sales declining 35 per cent in November 2005.

With these losses in mind, the organisation felt a new brand was needed. Sauriol sought assistance from Matthew Diamond, partner at full-service, Toronto-based marketing agency Capital C. According the Diamond, the strength of Capital C, lays in their ability to create new marketing campaigns in situations where the client is seeking a radical departure from their current marketing and communications processes. Capital C, with its BIG Ideas Group, promotes out-of-the-box thinking, innovation, and originality. As a result, Capital C was exactly was APL needed. The request was simple: create a new and innovative brand designed to capture the imagination, and attention of Canadian wine consumers, in turn becoming a top-selling label for the company in the next six to twelve months. It was critical for APL that brand effectively breaks through the clutter, and acts as a gateway of introducing novice wine consumers to more expensive offerings.

The Case: *XOXO: Launching a New Brand,* provided insight on the various approaches which Diamond and his marketing team pitched to APL. Throughout this analysis the concepts of the pitch will be analyzed, and recommendations will be made on the suitable integrated marketing communications (IMC) campaign which Suriol and Andrew Peller Limited should adopt in introducing its new brand to Canadian wine consumers.

## XOXO: The Concept

The overall *XOXO* concept created by Capital C is genius. The overall mission in creating a new brand was to break through the clutter, capturing the imagination of consumers. However, in order to do so, the brand itself would have to represent much more than a wine; it would have to represent a lifestyle. The brand, *XOXO*, does this effortlessly by attempting to connect deeply with the target on an emotional level. *XOXO* is anything but ordinary; in fact it is extraordinary, special, unique, something to be celebrated, sophisticated yet fresh. These characteristics are of course similar not only to APL, but to the target market itself: women.

*XOXO* attempts, quite convincingly with its name, its mixed varietal of grapes, and packaging to perfectly represent and serve its market. The name of the brand, *XOXO*, represents an ongoing paradox experienced by today’s Canadian woman, the constant pull in two directions, from work to family, or from her girlfriends to her significant other. The shift from professional life to family life, from single life to married life.

Symbolically, the name of the label *XOXO* is historically linked to hugs and kisses, representing not only the sexy, savvy, stylish professional, but the caring, generous, and kind woman. At their core, the wine and the target market represent both “hug and the kiss”. *XOXO* is essentially the blend of two grapes entangled together to offset undesirable qualities of one grape with the strength of another to provide a taste and experience that is one of a kind. Representative of love and women themselves; two grapes *hug and kiss* and the result is something beautiful. Furthermore, the packaging which is fresh, simple, elegant, colourful, and eye-catching encourages the target market to connect with the brand.

The *XOXO* brand concept in its various dimensions I believe will effectively break through the clutter in today’s Canadian wine industry. The brand itself is innovative, and representative of a lifestyle that is sought after by millions of Canadian women. The brand concept was well perceived in market test results. Among the most favoured elements of the concept were design, taste, and concept impressions; while 60 per cent of those surveyed in the market test found nothing to dislike in the brand concept. This is highly indicative that the brand concept, *XOXO*, is original, creative and will thus be successful in its marketing and sales objectives. . Please refer to Appendix A, for complete *XOXO* Market Test Results.

Moreover, the brand concept was in direct correlation with trends identified in marketing research. For example, *XOXO* was a new world, lifestyle wine focused on grape varietals. The label name itself, *XOXO*, is easily relatable and recognizable. Lastly, packaging features vibrant and bright colours at price point affordable to the target market .The overall concept of *XOXO* in its unique positioning would set it vastly apart from other wines, specifically Canadian wines. APL is in search of a brand which will captivate wine consumers, and *XOXO* has the potential to do just that

## XOXO: The Brand

Although Andrew Peller Limited has been able to build a brand which has continued to be well-respected and highly influential in the Canadian wine industry and culture, it is recommended that the *XOXO* brand is separate and distinct for its parent brand, APL. Although APL has found success, its brand image is anything but new and exciting. The APL brand is refined and traditional, it is the grandfather of Canadian wine industry; and is thus in direct opposition with the brand concept of *XOXO*. The APL team was in search of a radical shift from their current practices following the collapse of the Oakridge label. However, in order to do so, the *XOXO* brand should then be in no way associated with APL, and the failure of the Oakridge label.

Additionally, for *XOXO* to penetrate the market successfully, it must represent the brand concept in its entirety. It is my belief, that in launching *XOXO* under the APL banner, the concept of the brand would not be properly represented nor executed. It is imperative then that the *XOXO* brand is fully committed to its image and concept. The concept of this wine is what sets it apart from the masses, with the APL banner; there is a risk that *XOXO* be perceived as ‘*another’* wine from APL. The wine loses its lustre and is no longer unique, exclusive or extraordinary. The label *XOXO* through its fashionable, sexy, savvy, image portrays it was made exclusively for the target market in a quaint boutique vineyard, immensely unlike like the “corporate” APL. Lastly, marketing research has indicated that successful wines that were produced by large corporations concealed that fact. Hence, it is vital to the success of *XOXO*, that it be launched under a banner separate from its parent Andrew Peller Limited.

## Promoting XOXO

Proper promotions of the brand *XOXO* are essential to its success. The marketing must be in direct alignment with the overall image of the brand and must position the brand highly in the minds of the target market. The marketing must generate the proper *buzz* for the brand, without suffering from wear out or decay effects. In order to do so a specific marketing plan will be outlined below. The budget for this marketing campaign will utilize the objective and task method of budgeting. In order to perform this method, companies to determine promotion objectives, outlines the tasks to accomplish these objectives, and determines the cost of performing these tasks. The budget however for this campaign is $1 million. Please refer to Appendix B for a detailed budget chart.

Television Advertising

Television advertising is a highly effective medium in promoting a given message to consumers in a short amount of time. Television is a powerful and multi-sensory platform which allows organisations to reach the masses. Of particular importance to the *XOXO* brand is the ability for television advertisements to convey emotional characteristics of the brand itself; however, because of the immense reach of television advertising, the ability to specifically reach the target market is limited. Its high production costs and possible diminishing audience also serve as a great concern. Nonetheless, television advertising will be included in the promotion of the *XOXO* brand. The *XOXO* brand however, will be promoted through specialty television channels, rather than traditional national outlets. Specialty television offers many favourable attributes, making the outlet far more attractive. For instance, not only are speciality television networks considerably less expensive; but it offers *XOXO*, the opportunity to target their market in a specifically. Networks such as Home and Garden Television (HGTV), Slice, the Food Network, Lifetime Oxygen or the W Network, have a predominately female viewership giving *XOXO* focused targetability. For example, W Network, Canada’s premier women’s television network has six million subscribers. The networks which will be utilized in the television marketing campaign will be: W Network, and CanWest subsidiaries HGTV, and the Food Network. These networks have an average cost of $3000, per 30-second advertisement. Television advertising on these networks shall begin two weeks prior to the launch of the brand; with three advertisements per week on each network. These advertisements will continue two months after the initial launch; however will be featured only twice weekly after the first month after the launch.

These advertisements serve as an instrument to break through the clutter, and initially inform consumers of the offering, enticing them to try *XOXO* themselves, as well as, building buzz around the brand itself. Production costs are approximated at $150 thousand, while media costs total $216 thousand (total cost $366,000)

Trade Publication and In-store Samplings

As mentioned throughout the case, support from key retail outlets, specifically the Liquor Control Board of Ontario (LCBO) and British Columbia Liquor stores is vital to the success of new brands such as APL’s newest venture, *XOXO*. With the largest consumer population based in Ontario, approximately 13 million, it was specifically important for APL to win the support of the LCBO; which is singlehandedly the most powerful influence on wine marketing in Canada. As noted in the case, as a provincial agency, it plays a public service role as well as a commercial one. It was thus, imperative that sales representatives at these establishments were not only educated on the offering, but highly recommended the brand itself; thus trade publications and in-store samples are crucial to promotions of the *XOXO* brand.

Trade publications offered by the LCBO include three high-end publications, *Food and Drink, Matters of Taste,* and *Occasions.* These publications are distributed free of charge via some 600 retail outlets, thus having a very broad reach. Further, these publications along with advertising the brand, offer recipes, and advice on food and wine pairings; with no cost to the end consumer, they would serve as an effective measure to educate and invite wine consumers to purchase *XOXO*. Furthermore, the high-end nature of these publications positions the brand in this light in mind of consumers. The cost of this promotion medium is $180 thousand for eight full page colour advertisements. The advertisements should correlate well with the image of the brand itself: savvy, fashionable, and smart.

In-store samplings are a vital part of the success of any new wine brand. The in-store sampling should be a direct reflection of the *XOXO* brand, with staff in smart, fashionable uniforms. *XOXO Market Test Results* provided evidence that product itself is of great quality for the price point; in-store samplings will only promote this point further. This method of promotion will not only allow consumers to sample the product, but will educate the consumer on the offering, and again will entice them to purchase or seek further information about the brand itself. The total cost for six weekend tastings at four hours per day total, $117,250.

Website

As with any brand today, new or old, online exposure is an affordable and relatively easy way to reach the masses. The presence of organisations online today is at a historic high. Websites executed in a user-friendly, visually appealing manner are becoming priceless and essential to the success of any business today. Websites are able to educate and inform consumers, entice purchase, position the brand in the minds of consumers, and encourage final consumers to discover a new brand. A website used as a promotional tool for *XOXO*, would perform all of these tasks. It is critical that the website be in alignment with the overall image of the *XOXO* brand reflected in the visual elements of the website itself. Creating the proper first impression in the consumers mind is of great importance during the promotion. Thus, the website must serve as an extension of the brand itself; it must set itself apart from the competition.

In order to separate itself from the masses, the website must include graphic elements which convey the image of the brand. Participation devices such as those recommended by Capital C should be utilized. For example, contests and message boards. Through RealPlayer or QuickTime plug-ins the website will also serve as a way for television promotions to continue two months after the initial launch (when television advertisements cease). The website should also include recipes and/or any advertisements featured in the LCBO trade publications. The overall costs and possible maintenance for the webpage total approximately $175 thousand

## XOXO: Message Strategy and Executional Framework

The message strategy to be utilized in the integrated marketing campaign must directly relate the *XOXO* brand, and thus should elicit an emotional response, connecting them to the brand. As Diamond explains, “we try to think deeply about the person we want to target, and the things in their like that can help us connect with them on an emotional level.” The distinctiveness of *XOXO* lays in its image, and the emotional connectivity to the target.

The target market and the product itself are meant to connect through their unique attributes; and it is thus critical for the message strategy to convey that. In every sense, the promotion of this brand should be nothing short of expressive, emotional, and captivating. In order for the message strategy to effectively communicate the brand concept there must be an emotional response and connection with the audience.

Second, the organisation should utilize fantasy as the executional framework during the launch of the new brand. By creating a fantasy for the target market, the brand would be able to represent its unique attributes, while connecting with the consumer. Through fantasy, the message strategy is best achieved, as this particular executional framework is conducive with eliciting emotional consumer responses; and would be portray the *XOXO* brand concept.

The fantasy which should be portrayed should be sophisticated, glamorous, fashionable, and sexy. It should appeal to the target on an emotional level by portraying imagery of flirtation and love, as well as the very paradox behind the brand.

## Representing XOXO

Utilizing a spokesperson, with the remaining portion of the budget, approximately $240,000, would serve the purpose of giving the brand a distinct personality, providing the audience with specific brand references and associations. It therefore, could be utilized to increase the initial appeal, buzz and success of APL’s newest brand. However, the success of this brand would rely heavily on the correct choice of a spokesperson, a perfect fit is essential. This woman should relate directly not only to the brand itself, but also the market. Therefore, the woman should above the age of 25, smart, fashionable, professional, and sexy, both hugs and kisses. Furthermore, if the spokesperson were Canadian themselves, this could further connect the market to the brand.

Contingent to the brand’s success when utilizing spokespeople is upon the ability of the spokesperson to be both appealing and credible to the target market. Upon researching potential spokesperson fitting for the new brand, Canadian born actress Kim Cattrall of the infamous *Sex and the City*, immediately came to mind. Kim Cattrall would be ideal as she is not only appealing (being attractive, relatable, and likeable) she also has creditability in terms of fashion, style, sexiness and sophistication. In her role as Samantha Jones on HBO’s, *Sex and the City*, the character represented the very paradox of the brand concept, and represents a considerable amount of the attributes within the brand itself. The remaining $240 thousand of the $1 million budget would be allocated the cost of the spokesperson.

## Packaging

The current package design concept for new brand *XOXO* is traditional. However, the brand itself is untraditional, unconventional, new age; thus, the packaging should be redesigned to better serve as an extension of the brand. The current traditional bottle did not serve as a strong positive attribute in market test results, with only 15% and 9% of those surveyed in Ontario and British Columbia, liking the current package design. Furthermore, as business and consumers alike, continue to shift towards eco-logically friendly practices it is important the brand establishes itself as part of sustainable practices.

Furthermore, pressure from the LCBO, a key consumer to *XOXO*, encourages producers to aggressively explore new packaging options, such as Tetra-Packs, plastics, and aluminum. The growing success of APL’s newest venture, French Rabbit, was perhaps driven by exploring other packaging options. It is therefore recommended that *XOXO* be sold in similar manner. XOXO should be packaged in Tetra-Packs which are easily identifiable and attractive. The colours themselves should be bold, sophisticated, and beautiful; deep purples, reds, and champagne among them.

## Point of Sale Elements

Point of sale elements are not important or crucial to the success of this particular brand. The other elements of the IMC campaign will serve as far better instruments for success. As with other lifestyle wines such as, Yellow Tail and Little Penguin, word of mouth stimulated by the image and taste of *XOXO* will drive sales. In order to avoid decay effects point of sale elements should be avoided. It is important for the wine to remain sophisticated and effortless, the redundant nature of point of sale elements do not reflect the style, nor image of the brand, XOXO.