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**Voss Water and Retail Expansion:  
Implications for a Luxury Brand**

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## **ABSTRACT**

Voss water is an eight year old premium bottled water company which has recently launched a new retail initiative and new plastic packaging in key markets in the US. The new plastic packaging and increased retail presence is in contrast to the glass packaging and exclusive distribution it built its business on. The intention of this paper is to examine the effect increased retail distribution and the new plastic packaging will have on consumers perceptions of the Voss brand and whether or not a disconnect exists between Voss's new retail initiative and the premium image it prides itself on. The study undergone in this paper shows that there is a perceived disconnect between the Voss brand and this new packaging and retail distribution strategy.

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## **1. INTRODUCTION**

In the face of maturing On Premise hotel and restaurant business with decreasing growth potential, Voss Water, a premium bottled water company, made the decision to enter the retail market in late 2006, with a new plastic packaging and mass retail distribution. The new plastic packaging some would say is in stark contrast to the glass packaging that Voss is known for. Moreover, mass retail distribution is in direct contrast to the exclusive hotel and restaurant locations Voss is typically found in. However different the packaging and distribution maybe, the contents within the bottle remain the same pure Norwegian Artesian water.

The intention of this paper is to examine the effect increased retail distribution and the new plastic packaging will have on consumers perceptions of the Voss Brand and whether or not a disconnect exists between Voss's new retail initiative and the premium image it prides itself on.

### **1.1. About Voss water- brief history, bottle design**

Voss USA, Inc. is an eight year-old artesian bottled water company based in Norway with sales and marketing offices in New York City. Voss Water is the brainchild of two enterprising Norwegians, Ole Christian Sandberg and Christopher Harlem, who recognized the enormous potential for ultra-premium bottled water from Norway.

#### Key Voss Facts

- Unique cylindrical bottle designed by former creative director for Calvin Klein
- Bottled at the source from an virgin aquifer shielded for centuries beneath ice and rock in the pristine wilderness of southern Norway
- To date, Voss has been sold almost exclusively through high-end hotels, restaurants and clubs reinforcing its super-premium positioning
- Recognized as the purest natural bottled water found – VOSS has the lowest TDS (Total dissolved solids) of any bottled water ever tested by the FDA.
- Fastest growing premium bottled water in the category

After being launched in 2001, Voss water has become coveted for its taste, purity and sleek packaging, and the brand has set a new standard for the bottled water market. Brand image and awareness have been built through a selective distribution approach using wine and spirit wholesalers, which has yielded a luxury brand status and brand that is profitable for all three tiers of its distribution system.

During 2006, Voss launched a new retail Pet (Plastic) packaging, nicknamed “Red” because of a red stripe transcribing its circumference, in several key markets in the U.S. in order to tap into the growing market of Pet/convenience bottled water. According to Voss the overriding goal of launching Voss Red was as follows:

Expand the availability of Voss to its consumers in a package, price-point, and unique merchandising that reinforces the brand’s luxury image and can be used more readily in an on-the-go lifestyle (McDermott, 2006).

Although Pet packaging ( called silver stripe) has been used before by Voss in On Premise channels ( hotel, restaurants, and night clubs) specifically mini-bar channels, the iconic Voss bottle is Voss’s glass packaging, which is a unique cylindrical bottle designed by Neil Kraft, the former creative director for Calvin Klein. Inspired by fragrance industry experts who define products by developing brand personality through a unique bottle and overall packaging, Kraft designed the Voss bottle to reflect the purity of the source and classic Scandinavian design elements. Describing the design process, Kraft says “We utilized the depth of our experience in understanding how to create a personality that differentiates itself through the entire experience and reflects the true essence of the brand.” According to Kraft the Voss brand today represents a “new way to think about water. Beyond refreshing...to beautiful” (Lange, 2008).

Voss’s cylindrical shape is proprietary property and trademarked, meaning that no other beverage can use its cylindrical design. The Pet plastic packaging shares the glass packaging proprietary shape, however is differentiated in that it has a plastic sleeve and red stripe transcribing its surface (figure 1). Outside of gourmet grocers

such as Whole Foods, the glass packaging has not been widely available in retail channels.



**Figure 1**

## **1.2. Voss's Sales Platform- Ultra Premium Positioning**

According to Voss's Brand manual, Voss's ultra premium positioning has been attained and maintained by: a.) Its sophisticated and untraditional design, b.) Its unique quality profile, c.) Its pricing strategy, d.) Targeted markets, and e.) Targeted Distribution Channels.

As mentioned before, Neil Kraft's strategy was to create an eye catching iconic bottle design that embodied the brand (component a). Unique quality profile (component b) refers to Voss's extremely low mineral content. As part of it aura of exclusivity Voss has given detailed consideration the impact price (component c) has on the brand image of a product. By pricing the product at the highest end of the range, Voss has

intentionally positioned itself as ultra premium. Voss has identified two distinct yet complementary consumer segments as its target consumer base (component d). The first being connoisseurs, who generate the vast majority of sales volume, and covet the brand for its high quality and pure taste, making it an excellent pairing with fine wines and food. The second consumer group would be image consumers. Those defined by Voss as being young, sophisticated luxury image conscious consumers whose interest in Voss keeps the brand fresh and highly visible over time. For these consumers, Voss's design evokes a sense of sophistication, "coolness", and exclusivity. (Figure 2 shows the demographics of Voss's core consumer group)

#### Voss's Core Consumer group

- Active
- 18-38
- Single
- Professional/college educated
- Metropolitan
- Sophisticated
- Higher Disposable Income

**Figure 2**

The final component of Voss's Ultra- Premium positioning is targeted distribution channels (component e). In order to reinforce the association of exclusivity necessary for Voss as a luxury brand to flourish, Voss uses a "scarce, yet fully available" distribution strategy. Up to red's retail launch, this meant that the chosen channels were top hotels and restaurants around the world, where bottled water is one of the highest margin items on the menu.

### **1.3. Voss's Brand Values**

Voss's brand values rest upon three core principles: purity, luxury, and design. Purity harkens back to Voss's pristine artesian source in Southern Norway producing naturally pure water, free of sodium, low in minerals. Luxury is a result of Voss's exclusivity stemming from the fact that Voss is served exclusively on the tables of the

finest restaurant and lounges in the rooms of the most luxurious hotels and beachside at the trendiest resorts around the world. It is important to point out that Voss's exclusivity is potentially compromised by the Red retail launch- something that will be investigated in this paper. The final value of Voss's three tier strategy is design. As mentioned earlier Voss's bottle was designed to be iconic embodying the brand.

## **2. BOTTLED WATER INDUSTRY**

According to Mintel (January 2006) the bottled water market is the most "dynamic" sub-segment in the beverage sector. The beverage sector is made up of eight major segments: soft drinks, beers, bottled waters, fruit beverages, sports drinks, RTD teas, wines and spirit. According to Beverage Marketing Corporation, the global bottled water industry is growing at a CAGR of 9.4%. If the current trend continues of the strong growth in the bottled water category surpassing carbonated soft drinks, bottled water could overtake soft drinks by the end of the next decade<sup>1</sup>. Furthermore, in 2003 bottled water consumption surpassed that of milk, beer, and coffee and comprised more than 12% of overall liquid intake in the US (Mintel, 2006).

This increase in bottled water consumption is said to be a result of a shift in consumer preferences towards a more health conscious and active lifestyle. According to Mintel, the particular demographics of the US can be viewed as attributing to this growth. Currently, one out of three Americans is overweight and about one in four is obese. To help prevent the onset of diseases like diabetes and heart disease, doctors will be recommending weight loss through, among other things, eating right, (including cutting down on sugary beverages) and exercising. Both factors which according to Mintel will continue to drive the bottled water market in the future (January, 2006).

Consumption of bottled water in the US is not evenly spread over every age group. Teenagers are actually the forerunners in bottled water consumption. According to the Spring 2004 Simmons NCS and Simmons Teens surveys, only 66% of adult respondents surveyed said that they drink non-carbonated or sparkling water

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<sup>1</sup> Beverage Marketing Corporation News Release (19 May 2003)



compared with 73% of Teens. This difference in consumption patterns is attributed to the fact that older generations did not grow up with bottled water and therefore view it as more frivolous than younger individuals (age group 18-24) who have been exposed to it most of their entire lives. As a result of this life long exposure, teenagers and young adults do not have the same aversion for paying for bottled water that older individuals have. In the future it looks as if teens will continue to consume bottled water as they grow older. However the real challenge may be changing perceptions of older consumers (Mintel, January 2006).

Results from the Spring 2004 Simmons NCS regarding incidence of adult consumption of water are presented by age in Figure 3.

**Consumption of bottled water, by age, May 2003-April 2004**

Base: 28,724 adults aged 18+

	All	18-24	25-34	35-44	45-54	55-64	65+
	%	%	%	%	%	%	%
<b>Any bottled water (net):</b>	<b>66</b>	<b>70</b>	<b>74</b>	<b>72</b>	<b>69</b>	<b>64</b>	<b>43</b>
Non-carbonated bottled spring water	61	65	69	67	64	58	37
Sparkling water/seltzer/natural sodas	24	23	25	29	25	24	16

Figure 3

**2.1. Market Segments**

Within the bottled water market, the largest segment is convenience/PET still (noncarbonated) water. This segment comprises over two third of the market. The jug/bulk segment which now comprises 24% of the market continues to decrease in sales as consumers choose more portable sizes of bottled water. Although the sales growth has been impressive for sparkling/mineral water (over 22%), market share

growth for this segment has been relatively stagnant, growing at rate of just .3% since 2002.

### Sales of bottled water, by segment, 2005

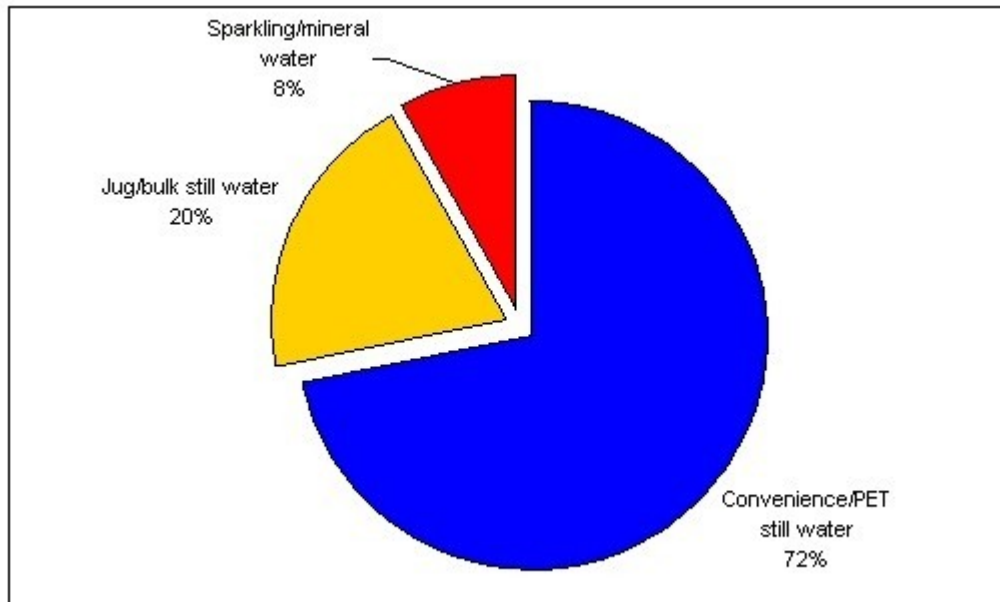


Figure 4

SOURCE: based on Beverage Marketing Corporation/Information Resources, Inc. InfoScan ® Reviews Information/Mintel

Furthermore, according to Mintel, the growth in popularity of PET/conveniences still water is not just a result of convenient packaging, but to some extent innovation within this product class. The introductions of flavored and enhanced waters are examples of innovations with this category. The sale of larger bulk containers of water through food, drug, and mass merchandiser (FDM) channels continue to fall, with exception of occurrences of Natural disasters and the like. Consumers who do want bulk water at home or at the office are more likely to choose home or office delivery options (January, 2006).

## 2.2. Suppliers of Bottled Water

Nestlé Waters North America (NWNA) is the largest manufacturer of bottled water using FDM channels and has over 28% of the market. PepsiCo is the runner up, and occupies 15% of the market. No other manufactures control over 10% of the market. Although the top five producers all had gains in sales, NWNA and PepsiCo had the most significant increases. Furthermore, there are only two brands of bottled water with a 10% or more share of the market: Aquafina and Dasani. Both are coincidentally manufactured by major soft drink companies. PepsiCo's Aquafina has 11.3% of the market and Coca-Cola's Dasani 10% of the market. NWNA is responsible for six of the other eight top brands. However, it is interesting to note that the top ten brands control just 53.6% of the market, which indicates the existence of a considerable amount of smaller players in the market.

When it comes to gains in sales, value-priced brands lead the pack. Arrowhead (NWNA), Crystal Geyser (CG Roxane), and Ice Mountain (NWNA) all experienced approximately 20% or greater gains in sales between 2002 and 2003. Evian, a premium-priced brand, was the only major brand to show a decrease in sales from 2002 to 2003. According to Mintel this may indicate that consumers are beginning to view bottled water brands as equals, and therefore may be picking value brands over premium imports (2006).

### **2.3. Distribution Channels for Bottled Water**

Supermarkets continue to be the main channel for bottled water sales and currently over 40% of sales are through supermarkets. Although supermarket sales in dollar terms are on the rise, supermarkets are losing share to other retail channels like mass merchandisers and convenience stores/gas stations which have both seen significant growth in dollar sales and market share from 2002 to 2004. Although drug stores still have a small share of the market (just 3.3%) sales going through this channel increased by over 20% during the period 2002 to 2004.

Moreover Mass marketers, such as Wal-Mart, continue to gain market share for many items which were previously purchased in supermarkets due to the proliferation of so called super centers which allow for one-stop shopping. However, convenience stores and gas stations continue to sell branded bottled water as these locations continue to evolve.

#### **2.4. Prior Bottled Water Survey Results**

According to a survey done by Mintel, mid-priced brands show the highest market penetration. 68% of bottled water drinkers surveyed by Mintel say that they usually drink mid-priced brands. Moreover, more than half surveyed said that they usually drink value-priced brands, showing a definite consumer preference towards mid-and value-priced brands on the market. Only 13% of those surveyed drank Premium water brands such as Perrier and Fiji. According to Mintel, as average prices continue to decline as a result of more private-label brands entering the market, higher-priced brands will have to do more to increase their prestige (January, 2006).

#### **2.5. The Future of Bottled Water**

According to Mintel, innovation will be an important element in the future growth of the bottled water market. Enhancements such as vitamins, minerals, flavoring and other

value added ingredients can be used to increase the price of the product offering, correspondingly increasing dollars sales, and possibly sales volume. Other areas of innovation are non-traditional branding, such as designer clothing company Ed Hardy's Structured Water. Such creative branding strategies also have the potential for increasing bottled water price (January, 2006).

However even in this climate of increased innovation and branding, there is doubt as to whether the current trend of double-digit growth will continue as the market continues to mature. According to Mintel, although significant growth is to be expected through 2008, yearly growth rates should settle to around between 5% and 10% per year (January, 2006).

Mintel's prognosis for growth in the bottled water market for the near future is quite good. They are expecting market growth of 56% through 2009 (38% at constant prices). They see this growth being primarily lead by the strong popularity of the convenience/PET segment. This segment is forecasted to grow by 83 % through 2009 (62% at constant prices). The convenience/Pet segment is expected to continue to crowd out the jug/bulk segment as result of widespread availability and its portability.

## **2.6. Premium Bottled Water**

“This is the new oil”

-comedian Robin Williams referring to the bottled water he drinking during his 2002 Broadway performance (*Water World*, 2006)

Out of the estimated 1,800 bottled water brands available worldwide, Freedonia estimates that there are 900 brands of bottled water sold in the United States alone. These brands run the gamut, consisting of numerous private label brands, small regional brands, and big playing international brands. In additions, new labels are launched on the market constantly, many of them local or regional (*Freedonia Focus on Bottled Water*, 2003).

As previously discussed, the bottled water market is experiencing a period of healthy growth. This growth is creating interesting challenges for both mass market brands and for the multiple brand soft drink companies. The mass market brands are having to deal with a market that is increasingly competitive and price-driven. While the multiple brand soft drink companies must pursue high volume sales at the expense of brand image and margin, all in all creating a highly competitive market aiming for the broadest distribution and mass retail shelf-space.

In direct contrast to mass market brands, premium brands aim for image building at the expense of volume growth. For premium brands, the challenge is to develop carefully managed visibility to establish a requisite “better” image. Therefore premium brands have tended to look towards the on-premise channel (hotels, restaurants, and night clubs) as venues for distribution. High-end on premise locations benefit from offering a premium brand because they are very profitable, provide a high margin, are non-perishable, and provide a “table-image” opportunity. For these high end on premise establishments, which are typically always trying to create an allure of uniqueness and individuality, their water selection, along with many other categories, is a way of setting themselves apart of or within the competition.

In contrast to the mass market water segment, the premium water segment has significantly greater barriers to entry. For example, premium outlets whether on premise or retail are extremely relationship-driven making it difficult to for a new player in the market to market its product offering. Moreover, distributors and outlets will often only consider a product that offers a strong and unique proposition, due to the fact that there is a significant cost factor on part of the distributor in bringing any product to market (McDermott, 2006).

### **3. BOTTLED WATER AND PACKAGING DESIGN**

According to Tselentis (2006), when consumers buy bottled water, they’re not paying for hydration but image. Marty Neumeier in his book “The Brand Gap” uses the

following description to explain how a successful bottled water brand caters to consumers' emotions and desires:

Water from the tap can be seen as X; it's easy to come by and costs little. The No. 1 ( US) domestic brand, Aquafina, includes typographic modifiers like *pure* and *perfect* and consumers trust it as a Pepsi product, making it X multiplied by X (or X<sup>2</sup>). Moving up the quality and aesthetic ladder we have Fiji, tasting as pure as a waterfall because it's been "Untouched by Man" during the bottling process (although it has been touched by Tom Cruise and Madonna), yielding X<sup>3</sup>. If we continue this vertical climb toward the lofty heights of Ty Nant or Oxygen waters, we would reach even more distinguished products that earn an X<sup>4</sup> value because their radical appearance differs from what sits in supermarket aisles and gas station coolers (2003).

Value, aesthetic and, in the case of Fiji, tribe, all contribute to which bottled beverage you'll sink your money into and drink up. Neumeier poses the question when consumers are thirsty do the contents really matter. Neumeier points out that it is the bottle which plays the role of attracting consumers, using both visual and verbal veneer, enticing them in some cases to pay up to 10,000 times the price of tap water. What drives consumers to do the unthinkable and pay top dollar for bottled water? - the indulgence of the experience. Neumeier describes the customer experience, "when looking at the bottle's angular or bulbous design, it's hard not to feel a sense of indulgence as key words like fresh, enhanced, fluid, springs, crystal, vitamins or minerals cater to our sense of wellbeing". This language is coupled with the use of "sensual colors" (*Water World*, 2006).

According to Principal Steve Wilson of Seattle's Turnstyle Studios, a problem exists with packaging as it currently exists in the bottled water landscape. According to Wilson, "It's hard to avoid blues, greens and purples... but it might be wise to avoid heavy, garish, blue- teal, blue- purple gradients" (*Water World*, 2006 ). According to Wilson these colors are at worst over-used and at best, already being done. Wilson recommends that that possibly using a color other than blue could provide the uniqueness needed to stand out among the competition. (The very thinking behind

Voss's Red stripe was to give the bottle shelf visibility). Wilson understands companies' hesitation to move away from shades of blue considering the cooling and refreshing associations attributed to this color spectrum.

For the leaders in the market employing blue in their packaging does not seem to be something they feel they need to shy away from. Coca-Cola and Pepsi, both use blue in the identity and packaging of their waters. However, these brands own a majority of the bottled water market, where consumers instinctively choose a preferred brand. Given a market saturated with blue-hued packaging, new challengers have used distinctive packaging design in order to stand out from the masses. According to Tim Girvin, principal of Seattle-based design group, Tim Girvin Design Group, "bottles are the next creative frontier, because unique forms will grab consumers' attention much more quickly when combined with memorable identity design" (*Water World*, 2006).

Designer, Jason Tselentis, describes the difference packaging plays in the consumer deliberation process as follows:

When given the choice between the vanilla packaging of something called Fred's Water (figure 6) or the colorful and evocative design of Fiji (figure 5), you'll probably choose Fiji. You know the name, are attracted to its colorful identity, trust the product, appreciate its emotional value and hope for some functional reward. After you indulge yourself with that last drop of Fiji, sit back and relax, because you've bought more than H<sub>2</sub>O—clearly, you've bought into a brand (*Water World*, 2006).





Figure 5

### 3.1. Glass Packaging and Luxury

The shift from glass to a plastic package has potential implications for the perceived luxury of Voss and also could compromise its design and aesthetic appeal. According to Burkhard Lingenberg, director, corporate PR and marketing, Gerresheimer Group, Glass has often been equated with luxury from a packaging standpoint. Lingenberg describes the allure of glass as follows:

The aesthetic appeal, the variability and individuality of design, the special refinement, smoothness and brightness of the surface—glass is the ideal packaging for dreams of beauty and allure (Bolan, 2005).

Moreover, glass has traditionally and continues to communicate real quality and perceived luxury. Going further, Lingenberg, equates the weight of glass to brand equity. According to Lingenberg, “The heavy weight which you experience when handling the bottle gives the beholder the impression and sound of quality” (Bolan, 2005). Although expensive in relation to other packaging materials, the importance of image is inescapable when providing a luxury offering, therefore the cost of glass is often offset by its ability to leverage sales (Bolan, 2005).

### **3.2. Packaging as a facilitator for Trading up**

In a market where consumers for the most part are choosing value- or mid-priced brands, packaging has become an essential component of the trading up phenomenon. One new social trend that beverage manufacturers are trying to take advantage of is “mainstream sophistication”. Brand manager, Terry Haley describes the concept as follows, “ Many people want to make their lives better by purchasing sophisticated and distinctive products at mainstream prices” (*Liquid Luxury- Appearances Count*, 2006). One of the overriding goals of Voss’s new retail initiative was to take advantage of this mainstream sophistication/ trading up phenomenon.

This trend towards attainable luxury items has been especially poignant in the beverage industry. According to Kaplan (2006) this trend is most evident and has had the most impact on beverage packaging. Ed Slade, co-founder of O Beverages, a line of upscale flavored waters, says people equate unique design with luxury especially in regards to water. Describing bottled water packaging, Slade says, "If you go to the shelf today, pretty much every bottle of water is the same. Except for a premium water like an Evian or a Fiji" (*Liquid Luxury- Appearances Count*, 2006).

### **3.3. Premium Beverages – Do Contents or Packaging Play a Greater Role?**

Although packaging appears to play an undeniable role in consumer perceptions of beverages including bottled water, there is a significant argument for the actual contents playing a more significant role in the premium beverage category.

The premium beverage category is a relatively recent phenomenon. According to Landi (2006) just ten years ago the idea that mainstream consumers would pay more than \$3 for a cup of coffee or \$ 4 for a single serving of bottled juice was unheard of . However after the emergence of premium beverage brands like Starbucks, Fiji Water and POM Wonderful ( all brands which differentiate themselves based upon the quality of their ingredients) consumers are more and more willing to pay a little more for what Landi calls, “small luxuries in their daily lives”( *A Taste of the Good Life*, 2006).

The quality of ingredients appears to be an important determinant of consumer perceptions of a consumable brand. According to a report from UK market analysts IGD, the single most important factor in making a food or beverage product premium is high quality ingredients before packaging or price. If this holds true, shifting from glass to plastic should have no bearing on Voss's premium image. Moreover IGD's survey found that 51% of shoppers expect a premium product to have high-quality ingredients, however only 17% described premium products as more expensive (*A Taste of the Good Life*, 2006).

Within the premium beverage category in particular, a product category with growing importance is functional additives, however when it comes to water it is often what is not added to the product that is important. Consumers are often willing to pay a few dollars more based upon what is not in a product. According to Landi, new water brands especially are placing a premium based on the purity of specific water sources. For example, Canada's Original Iceberg Water, which claims its bottled water to come from melted 12,000 year old icebergs (2006).

#### **4. LUXURY AND EXCLUSIVITY**

The introduction of Voss Red into convenience stores and super markets means increased access to a once exclusive product only found in high-end hotels and restaurants. What does this mean for Voss's luxury brand image?

According to Hui (2002), "To seek the mass expansion of retail distribution of a luxury brand is the same as signing its death warrant". In a retail world where consumers have expectations of getting high quality goods at reasonable prices, luxury is no longer just about a price premium. Hui defines customer motivation for purchasing a luxury good as being a result of both indirect and direct effects. When consumers pay a premium for a luxury good, they are paying for exclusivity in that they possess something that most people do not have and can not find- the direct effect. Indirectly, the purchaser of the luxury good is discerning enough to have found and purchased the item in the first place (*In the lap of Luxury*, 2002). According to Hui, "the trick with luxury brands is to keep them irresistibly out of reach". Therefore

when it comes to retailing, the golden rule that should be followed is to make the consumer come to your brand. However, Hui acknowledges the fact that not every brand has the ability to control their distribution in such a way. Therefore, Hui advises brand owners that they should choose distribution partners based upon their ability to deliver the appropriate level of prestige retailing experience (*In the Lap of Luxury*, 2002). Hui's arguments leave one wondering if expansion into convenience stores such as 7 Eleven provides an appropriate channel for communicating Voss's premium image?

## **5. IS VOSS A SYMBOLIC OR A FUNCTIONAL PRODUCT?**

The extent to which a packaging change and increased mass retail expansion will have on consumers' perception of Voss, depends to some extent on how consumers view Voss. Is it a functional or symbolic product, or possibly both?

Brand Utility is not limited to one category. It can be both functional and symbolic. According to Levy, individuals buy products and services not just for what they can do, but also for what they mean, symbolically (Tan and Ming, 2003). This duality fits the Voss Brand in that it is a functional product, it quenches thirst. However, there is an undeniable symbolic meaning attached to the product/brand. Further defining the symbolic/functional brand relationship, Meenaghan argues that the 'brand' is separate from the functional product. The brand is attached to the product through advertising, which completes the transformation process from functional product to "immortal" brand. Under this guise, the product is viewed as providing functional benefits, while the brand itself is responsible for creating the "Magnetic superhuman-like aura" encompassing the actual product (Tan and Ming, 2003).

Going further, Keller defines product related benefits into two categories: experiential and symbolic. Experiential (or functional) benefits relate to what it "feels like" to use a particular product or service. Differing, symbolic benefits are defined as the more extrinsic advantages of consuming a product or service. These benefits are usually non-product related attributes and are normally attached to underlying needs for social approval or personal expression and outwardly directed self-esteem. Levy gives the example of a BMW automobile. The experiential or functional benefits derived by the owner from the vehicle could include the convenience, comfort, assurance of safety, and even the emotional and aesthetic satisfaction with the vehicle. In regards to symbolic benefits, the BMW brand could serve as signal of

success, a spirit of adventure, youthfulness, and flamboyance. The owner of the car may be viewed as possessing the aforementioned values, in turn signaling social esteem, status, taste and class (*Leveraging on Symbolic Values and Meanings in Brands*, 2003).

Tan and Ming (2003) point out that It is important not to undervalue the importance of symbols. Researchers have identified that symbolic images of products and services are often more important to their success than their actual physical characteristics and attributes. According to Health and Scott, consumers purchase habits may in fact be governed by a desire to create a particular self image, not based on functionality. Product features are not to be overlooked as providing meaningful benefits and are generally to be considered an essential component in brand image creation. However, Meenaghan argues that in instances when there is little definable difference between product offerings, it is often the symbolic aspect of the identity that has a bigger role in the image creation task to differentiate brands. This holds especially true in instances when the marketplace or product category is so crowded, that consumers base their decisions more on brand image than particular product characteristics. In the face of proliferation of brands and intense competitions, it has become difficult to differentiate a brand based merely on functional attributes; instead brand managers have shifted their focus to emphasizing symbolic meaning in the marketing of their brands (*Leveraging on Symbolic Values and Meanings in Brands*, 2003).

Voss is both a functional and symbolic product. However the symbolic aspect plays a greater role given the crowded bottle water market. People purchase Voss not just to quench their thirst, but because of the brand image associated with it; the heir of exclusivity and luxury attributed to it. If a consumer is looking for just bottled water, there are a myriad of cheaper and more attainable offerings in the market to pick from. So what is it that attracts the consumer to purchase Voss? Is it the unique glass packaging, its exclusivity stemming from its relative scarcity, the purity of its contents, or a combination of all four?

## **6. MEASURING THE VALUE OF PACKAGING DESIGN**

According to Young (2006), there is a growing need for evaluating packaging as marketing managers increasingly recognize the power of package design. Survey research has become one important way to document and evaluate design. However, Young points out that it is no longer simply a question of where to get the numbers from, but more a question of asking the right questions and seeing to it that the survey research fully and accurately documents the value of design.

Interest in evaluating package design is not a new phenomenon. For several years, it has been accepted that consumer research should take place to test potential packaging changes for well-established brands. It goes without saying that fundamental changes to the appearance and packaging of well known brands (the author mentions Cheerios, Tide, and Kraft products) would not take place without research into consumer perceptions of the new/proposed design systems.

Even though the value of such surveys is recognized, according to Young very few companies take a methodological approach to evaluating the performance of their current packaging. Therefore, decisions to change or update a brand's appearance are often based upon sheer intuition or in response to changes instituted by competitors. The aforementioned approaches can lead to packaging changes being instituted often too late, possibly long after the brand has gone into decline. In addition, possibly unnecessary packaging changes are undergone wasting resources and possibly confusing and or disenfranchising the brand's consumers.

According to Young, in order to avoid these pitfalls and time their packaging changes properly, marketers need a process for measuring the performance of current packaging. However, accomplishing this task can prove to be more challenging than it appears. As Young points out, it is not just simply a question of asking shoppers directly, "Should we change the packaging?" Such a question can create misleading feedback because according to Young, "shoppers rarely admit that packaging directly affects their purchase decisions".

Moreover, measuring the performance of current packaging versus competing packaging can also be problematic. Brand image and familiarity, can result in the leading brand always scoring better than its lower profile competitors, regardless of its packaging. As a result, the task of identifying whether a brand is selling because of its packaging or despite its packaging can be very difficult.

The task of removing the effect of branding from packaging is a difficult one. It is not merely a question of asking consumers to evaluate unbranded packaging, because such a scenario removes the consumer from a realistic shopping context. Moreover,

direct questioning for example, asking the consumer whether or not a specific packaging would make them more likely to buy a brand can be misleading. According to Young, shoppers have difficulty identifying the extent packaging contributes to their preference or interest in a brand. Moreover, they will tend to understate the importance of packaging due to the fact they may be reluctant to admit that packaging appearance drives their purchase decisions.

In the face of these challenges, in order to effectively and accurately gauge the impact and value of current packaging, and in doing so identify whether a change is needed, incoming perceptions based on brand awareness and experience need to be isolated from reactions to packaging. The end goal is to identify and evaluate the contribution of a particular packaging system to brand perceptions and preference. Young outlines the following framework for accomplishing this goal;

The main questions for investigation should be:

- 1) Does the packaging enhance or detract from shoppers' interest in the brand?
- 2) Does the packaging enhance or detract from the brand's competitive positioning?

In order to answer these questions, Young recommends questioning two different sets or cells of category shoppers: one cell which evaluates the test brand and direct competitors (on criteria such as quality, personal relevance, and purchase interest) while viewing only the *names* of each brand. The second cell evaluates the same brands on the same criteria, while viewing the *packaging* of these brands (on shelf and in hand).

Such a methodology has several benefits. Firstly, by comparing responses using two different independent survey groups ( in this cases name-only versus those who viewed the packaging), the effect or contribution of the packaging in enhancing or detracting from consumers' perceptions of the brand and the brand's competitive preference are targeted. In other words, it allows for evaluating whether the brand is in a better competitive situation before or after introducing the packaging. In addition, by showing packaging in such a competitive context it helps shed light on other areas or dimensions such as shelf visibility, appetite appeal, and perceived

quality in which a packaging system has strengths or weaknesses. According to Young such a research process can help identify signals of wear-out (i.e. the need for package change) and also help determine particular goals to steer a redesign effort

Furthermore, Young highlights the importance of avoiding what he calls “side-by-side beauty contests”. According to Young the most important principle of packaging research is limiting the focus to one package system per customer cell. This means implementing a study framework where each person sees/evaluates only one system versus a competing packaging system or systems. Under this guise, findings are then later compared across cells (those who had exposure to current packaging and those who saw proposed packaging). The reason for using such a structure is that it more accurately replicates the introduction of a new packaging system. It allows for insight into how a new packaging system affects shoppers’ attitudes and behavior rather than merely finding out which packaging shoppers like or prefer.

Moreover, when shoppers directly compare current packaging versus proposed packaging on a side-by-side basis, a scenario is created which they would rarely or possibly never encounter in a store setting. Such a scenario, results in the shoppers critiquing the package design characteristics, and does not shine any light on whether or not the shopper would be more or less likely to buy the product.

Another area for focus that Young points out should be addressed in a packaging study is points of difference and preference versus competition. Packaging is different from conventional advertising in that it is usually placed directly next to its main competitors, therefore making competition the most relevant norm. As a result, it is imperative that a study gathers directly comparable data in regards to the competition’s package. Such information is indispensable to understanding the business value of a new packaging system, because it provides insight into the proposed packaging system’s impact on brand performance versus the competition. Young proposes that brand managers ask themselves the following questions; Is packaging increasing or detracting from our competitive positioning? Will it make shoppers more likely to choose our brand?



Finally, it is important to remember that packaging innovations are driven by a wide range of strategic considerations and specific objectives. According to Young, many new recent innovations are a result of a desire to extend brands into new usage situations and for increasing consumption rates, as is the case with Voss Red. However, the full scope and full impact of such changes can not be completely captured in the framework of a sole shopping exercise or product/purchase interest question. As a result, it is crucial that the survey research undertaken is tailored as to be relevant to marketing objectives and to address multiple sources of value. Serving as an example of the importance of such a holistic approach, a recent PRS study employed a survey which evaluated packaging beginning at the shelf all the way through the consumer usage experience.

The new packaging system in question was for a well-established line of personal-care products. The new packaging implemented a unique/proprietary shape that provided an added functional benefit to the product. Due to its already high popularity and awareness purchase and interest levels were high in both the control cell, which was exposed to current packaging, and the test cell, which was exposed to proposed packaging. On the surface the new packaging did not lead to marked gains in consumer purchase interest. However after looking into the problem with greater depth, the new packaging system provided benefits in several areas that were conducive to longer-term business building potential. According to Young, the benefits were as follows:

- Enhanced the shelf visibility of the brand
- Enhanced overall brand imagery (efficacy, modernity, and so on)
- Expanded anticipated usage occasions (on the- go, and so on)
- Drove a higher price expectation and greater perceived value
- Provided improved product protection (via improved enclosure)
- Led to higher levels of satisfaction and intent to repurchase (after home use)

The above mentioned benefits would not be derived from a packaging evaluation based solely upon the immediate measures of persuasion or purchase interest. Based upon such limited criteria, the new proposed packaging system in this study would

have most likely been regarded as a failure. However when additional extrinsic and intrinsic benefits are evaluated, the proposed packaging system was likely to provide a positive return on investment by improving the brand in three key areas, which according to Young are known to foster long term success. These areas are shelf presence, differentiation versus competition, and functionality.

Young points out several key themes or areas to address when assessing both current and proposed packaging. According to Young they are as follows:

- In order to isolate and quantify the performance of current packaging, one needs to focus on its contribution to branding (packaging, versus name only)
- When measuring the value of a proposed concept it is important that all avenues are investigated; that the research system used factors in multiple sources of value ( from the shelf throughout the usage experience).
- If the intent is to link consumer research to business value and return on investment, the packaging's effect on competitive preference needs to be evaluated, because it relates closely to sales and ROI.
- To ensure that accurate data is gathered, questioning shoppers directly in regards to certain criteria like shelf visibility, pricing, and preference should be avoided, due to the propensity of shoppers to provide misleading answers (*Measuring Success: Using Consumer Research to Document the Value of Package Design*, 2006).

## **7. PREVIOUS CONSUMER RESEARCH RESULTS**

Before launching Voss Red, Voss conducted a consumer study in late 2005 to better get a grasp on what the implication of a retail launch of plastic packaging would mean for the Voss Brand. Voss used the results of the Mattson water user panel study and a survey of Voss Water Store online customers to help gain insight into consumers' attitudes towards the new product launch. The results were based upon 174 total respondents.

Of those surveyed, roughly 60% comprised Voss's target demographic of 18 -38 year olds, 80% lived in a major city or suburb of a major city, 90% had gone to college, 78% had higher disposable income ( earning over \$50,000/yr), with 54% of the respondents being male and 46% female. Overall those surveyed, comprised a relatively good proxy for the Voss target consumer.

When asked to best describe why they chose not to drink Voss, 81% said because they had never heard of it with 25% responding because it was not available. Increasing the distribution of Voss into more retail channels could in theory remedy both of these shortfalls by increasing visibility and availability.

The survey was then narrowed down to address just the respondents who were Voss consumers. The second reason after that it tastes better (50%) given for why Voss consumers chose to drink Voss was its Glass packaging (18%). However, the major reason why Voss consumers chose to drink other brands was availability (70%), with plastic packaging/portability at 35% being cited as an important reason for drinking competitors' water. Looking at the results here, increased availability looks to be an important key to increasing brand consumption, however the glass packaging also weighing in as an important reason for purchasing the product. But an interesting dichotomy exists here in that one of the major reasons Voss consumers choose to drink competitors' waters is their portable plastic packaging.

Figure 6 shows Voss consumers' reactions to increased distribution of the Voss Brand. They were asked whether or not Voss's image would be lowered by being available in the below channels. The results of distribution, portion of this study bode well for Voss Red's initial distribution strategy of being available in Gourmet Retailers and Health Food Stores, with those two channels viewed as having less than a 10% unfavorable impact on Voss's brand image. However, as one moves to Supermarkets, Club Stores, Target, and Convenience stores, the unfavorable impact on the brand rapidly escalates (Voss Segmentation Study, 2006).

To date, Voss Red is found in supermarkets, recently gained national distribution in Target, and is found a variety of convenience store chains. However, Wal-Mart has

never been pursued as a distribution point due the overriding economy and somewhat low class image associated with the chain.

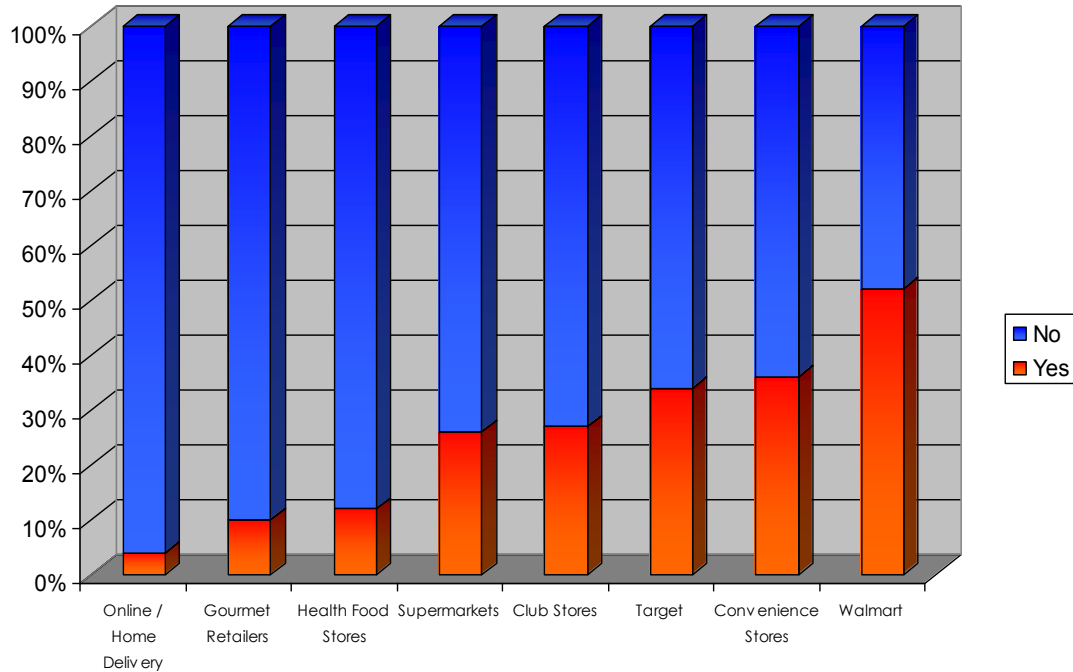


Figure 5

## 8. INTRODUCTION INTO NEW INVESTIGATION UNDERTAKEN

The Mattson and Voss Water Store survey predated the actual launch of Voss Red into the retail market. The intent of the new study undergone by this paper is to see if those results hold true, and to further expand upon the possible brand disconnect between the Red retail initiative and preexisting Voss glass packaging and limited On Premise distribution strategy.

As a means of investigation, a new survey was undertaken during the summer of 2007 outside the Whole Foods location in the Union Square area of New York City, NY. This store was chosen for the relatively high volume of Voss Red being sold there (monthly average 30 cases). Moreover, this location saw the shift from carrying Voss glass to Voss Red. Whole Foods is a gourmet grocery store with a focus on Organic and premium foods and is more expensive than traditional grocers. As a result the

clientele shopping there tend to be more discerning and affluent, than those who shop at “every day” grocery and convenience stores.

The survey was undertaken on three Saturdays: August 18<sup>th</sup>, August 25<sup>th</sup>, and September 1<sup>st</sup>. 21 shoppers were surveyed on August 18<sup>th</sup> as they exited the store. With the following, two weekends returning 19, and 25 participants.

The survey was spilt into three portions based upon the framework suggested by Young (2006) for evaluating consumer perceptions of packaging, in which one cell is questioned first after seeing first the name itself, with secondary cells questioned after seeing the packaging. On August 18<sup>th</sup> consumers were questioned in regards to the Voss brand itself, with the following Saturday consumers being questioned in regards to Voss seeing it in its glass packaging. The third and final Saturday (September 1<sup>st</sup>), consumers were questioned about Voss seeing it in its Red Plastic Packaging. All of the consumers were questioned individually.

### **8.1. Methodolgy**

Due to the fact that most brand associations are pre-conscious and non-verbal, they are hard to gain access to. In fact, “About 2/3 of all associations are visual data without any verbal explanations” (Thorbjørnsen, 2006). According to Supphellen (2000) unconscious associations are not always easy to verbalize. They are raw materials and can be represented as visual, emotional or sensory modes. Furthermore, information can be censored, either consciously or subconsciously and are often socially sensitive. Thus, people try to report what they think is socially acceptable and what they think the interviewer is looking for, instead of telling what they really think. Therefore, they tend to report associations that comply with their desired identities if there is a focus on the self-concept of individuals.

Following Supphellen’s guidelines, a portfolio of different techniques was used in order to best address the gamut of possible associations and to overcome the problem of access, verbalization and censoring. Some of the techniques may have overlapped each other, but useful information was drawn from each.

### **8.1(a) Sensory Associations**

As an initial primer a stimuli in the form of a sample of Voss water from a nondescript paper cup was used to help recall associations to the product category of bottled water. According to Supphellen (2000) the use of real stimuli should be used when possible because, “primary emotional and sensory associations are activated by the experience itself.”

Next, the respondents were shown either the Voss logo, or the packages dependent upon the survey day and asked about their familiarity to the products. A one- word associations test was then used to probe for general unsolicited associations. The respondents were asked what first popped into their heads when thinking about the Voss logo, or the packaging they were shown.

### **8.1(b) Mood board Technique**

A mood board technique was used to help those surveyed visualize and develop ideas about Voss as a brand alone, and its two different packages. Mood boards are meant to evoke unconscious knowledge and get hold of sensory and emotional associations. They make it easier for the respondents to express and find the words for their associations (Supphellen, 2000). The images were selected from various magazines and in general were picked as contrasts.

The mood board used was fairly limited as to be concise and given the format of the survey easily accessible. It was composed of four contrasting elements. The first element was celebrity. For this a picture of Madonna and one of Lindsay Lohan were selected, both celebrities often seen toting around Voss bottles. For the purpose of this study, Madonna represented the established icon, with Lindsay Lohan representing the edgy, young up and coming Hollywood star. The second element chosen was clothing brand. As clear contrasts the logos for Louis Vuitton and Levis were picked. Louis Vuitton obviously represented premium luxury, with Levis as the every day common man brand. Thirdly, beer brands were used, one a photo of Stella Artois the other a can of bud light, representing a similar premium and mass market contrast. Finally, photos of cars were picked. As the premium example, a Lamborghini sports

car was picked, with a small KIA compact sport utility serving as the contrast. The shoppers surveyed were not asked to pick one or the other by category in regards to the pictures, but were just instructed to pick the pictures they felt were relevant. The Mood board used in this study is found in the Appendix.

### **8.1(c) Object-projective Technique**

After using the aforementioned visual techniques to elicit brand associations, an object-projective technique (OPT) was used to further develop consumer associations to the Voss Brand and packaging. An object-projective technique requires that the respondent describe the brand in question in terms of specific objects, in this case a car was used. Participants were allowed ample opportunity for creating metaphors.

### **8.1(d) Supplemental Technique**

Next relevant situations were probed for. Brand associations are organized in memory clusters, which are attached to situations in which the consumer has used the brand or gained knowledge about the brand, therefore it is important to address these situations (Supphellen, 2000). Participants were given a choice of 5 usage situations.

## **8.2. Explanation of the Survey**

The survey developed incorporated Supphellen's methodology as described above, with additional questions to shed light on consumer attitudes toward increased retail distribution and Voss's luxury image. As mentioned earlier, three surveys were used catered to the day/whether it was a brand only, glass packaging only, or Red only survey. This division was made following Young's guidelines for evaluating packaging.

The first five questions were introductory, informational questions which provided insight into who was being surveyed and their level of familiarity with Voss. Of those five questions, the first three questions asked were strictly demographic questions: gender, age, and education. The next two questions were used to gain insight into the

shopper's familiarity with Voss: Whether or not they had heard of it, and what their level of interaction with the Brand was.

## 9. FINDINGS

The results of the surveys are broken down by day and topic, with an amalgamation of results found in the Analysis Portion.

### 9.1. Voss Brand Itself

On August 18<sup>th</sup>, 2007 of the 21 shoppers surveyed, 15 were female. All of the shoppers fell in the 18-38 age group, with 71% having a college degree or greater. All in all, the demographics of this day proved to be a good Proxy for Voss's target consumer. 52% of those surveyed had heard of Voss, with 64 % of those having at least tried the product on one or more occasion. These 11 respondents with prior brand familiarity were the only shoppers to be given the full survey on this day, because the name Voss itself was not deemed to be significant enough for those without knowledge of the brand to draw meaningful conclusions for analysis. The questions asked and the overall trends are represented below:

*1) What is the first Word that comes to mind when you think of the brand Voss?*

This question elicited a variety of responses, everything from "European" to "over priced". However, there was a clear distinction between those who considered themselves familiar with the brand and those who had never heard of or tried it as far as solidarity of the responses given. Those who had tried it on least one or more occasion used the words "pure", "clean", and "highest quality" to describe the brand.

*2) I'd like you to look through these photos and pick the ones you think best represent Voss? Can you offer explanation for why you picked the pictures you did?*

The mood board question yielded similar results to the first question, in that those who had familiarity with the brand, picked similar photos. Of the eleven respondents who were familiar with the brand on some level, three indicated the Madonna photo, with two picking the Lindsay Lohan photo. The Madonna photo was picked by one of the respondents, due to the fact she had seen photos of Madonna carrying Voss



bottles before. Another respondent said that they felt like Voss was something a person of Madonna's stature would buy, that's why she picked it. Lindsay Lohan was picked for one main reason by the respondents; that Voss represented something fresh and trendy (like Lohan). The most popular photo picked by the respondents on this day was the Louis Vuitton Photo, which was picked by six of the aforementioned respondents. The general consensus was that Voss was a luxury brand like Louis Vuitton. However, two of the respondents noted that they did not necessarily think that Voss occupied the same tier of the luxury brand spectrum as Louis Vuitton. None of the eleven respondents with brand familiarity picked the Bud light or Kia Sportage photos. The respondents were not asked to explain why certain pictures were not picked. However, one can arguably infer they were not identified due to these being well known "economy" brands.

*3) If you had to describe Voss as a Car what brand or type would it be?*

This question elicited varying responses and was somewhat primed possibly by the inclusion of the yellow Lamborghini sports car on the mood board. However, that was not the intent. That being said, eight of the eleven respondents picked sports or "sporty" cars-everything from Porsche to the aforementioned Lamborghini being brought up. The remaining three shoppers referenced Cadillac, Bentley, and Mercedes.

*4) When you think of premium non-alcoholic drinks, what brands come to mind? What do you think makes these brands stand out as "premium" in the average consumer's mind?*

Responses for this question also ran the gamut, with premium juice brands being the forerunner. The brands POM and Naked were referenced, by four and five of the eleven respondents respectively. The reason the respondents gave for these as being "premium" was high quality ingredients followed by pricing. No reference was made to the packaging of the products as contributing to the premium perception of the product.

*5) Does the Voss brand seem premium to you? Yes or No and Why*

Seven of the eleven respondents indicated that they felt the Voss Brand was premium. It's packaging, specifically its glass packaging, was referenced as being the number one reason four of the eleven respondents felt that it was a premium product. For two of the respondents, the purity of the contents was the number one reason they felt Voss was premium. With one of the respondents indicating, its expensive price was the number one reason Voss exuded itself as a premium brand. For the three respondents, who did not view Voss as a premium product, one brought up its distribution in convenience stores as detracting from its premium positioning. Another shopper indicated that the plastic packaging (Voss Red) they had purchased in Whole Foods seemed "cheap" and was difficult to open; therefore Voss did not stand out as being premium in their mind. The final respondent, said they did not believe a premium moniker was appropriate for bottled water, regardless of the brand.

*6) Based on the Voss Brand would you expect to pay more for Voss than its competitors? Yes or No, and Why?*

Out of the seven respondents who felt that Voss was a premium product, six said they'd expect to pay more than its competitors, with two of the shoppers saying that they'd expect to pay the same as its direct competitors (i.e. Fiji). Voss's glass packaging, followed by the purity of its contents were the top reasons those surveyed felt that Voss could command a higher price than its competition. Also, one of those surveyed said due to the fact that it was an imported product, it had a perceived higher value than some of its competitors, warranting a higher price.

*8) Does the Voss Brand seem luxurious? Yes or No and Why*

Similar to questions five and six there was overlap in the respondents who identified Voss as being premium and those who identified it as being luxurious. In fact all 7 respondents who thought that Voss was premium thought it was luxurious as well. However three of those respondents indicated Voss's presence at trendy restaurants/hotels as being the number one reason they felt it was luxurious, with packaging coming in at number two. Of the 4 shoppers who felt that Voss was not luxurious, 3 indicated its presence in grocery and convenience stores as being not conducive to being a luxury brand.

## 9.2. Voss Glass Packaging

On August 25<sup>th</sup>, 19 shoppers were surveyed in regards to the glass packaging. Of the 19 shoppers, 15 fell in the 18-38 year group with four 39 years and older. Moreover, 10 of the 19 shoppers were female. All of the respondents had a high school education, with 11 shoppers having a bachelor's degree and two having a graduate degree. The survey used on this day was expanded to include specific packaging and usage questions. 12 of the respondents had heard of Voss water before, with eight of the respondents having at least tried Voss before. The 19 respondents were shown the Voss 375ml glass bottle.

*1) What is the first Word that comes to mind when you see the Voss packaging?*

Viewing the packaging elicited a variety of responses; however there wasn't a real distinction between those who had familiarity with the brand and those it was new to. The shoppers used words like, "cool", "luxurious", "stylish", and "modern" to describe the Voss glass packaging.

*2) I'd like you to look through these photos and pick the ones you think best represent Voss? Can you offer explanation for why you picked the pictures you did?*

Like the brand only test, there was definite solidarity in the photos picked out by the respondents, with the Louis Vuitton photo being the forerunner. 10 of the 19 respondents picked the Louis Vuitton photo. The respondents seemed to be responding to the packaging more than the brand name itself. Their explanations varied, but the consensus seemed to be that the glass packaging and design was indicative of a luxury brand; high end perfume packaging was brought up by 4 of those surveyed. Both the Lindsay Lohan and Madonna photos were also popular picks among those surveyed; being picked by 7 and 8 of respondents respectively. Those who picked Madonna, used words like "sophisticated", "established", and "progressive" to describe Voss. On the flip side, those who picked Lindsay Lohan used words like "fresh", "young", and "trendy" to describe Voss. The Lamborghini car was also a popular pick, and was picked by 5 of the respondents. The reason being that the Lamborghini seemed to embody "the style" and "sexiness" of the Voss glass packaging.

*3) If you had to describe Voss as a Car what brand or type would it be?*

The Lamborghini which was possibly top of mind from the mood board exercise was brought up by seven of the respondents. It was not referenced in all cases specifically, but definitely stylistically. The shoppers referenced various brands of sports cars, everything from Italian Maserati to the American Corvette. The second car category that was popular was the luxury sedan, with six of the respondents bringing up cars like BMW, Bentley, and Cadillac.

*4) When you think of premium non-alcoholic drinks, what brands come to mind? What do you think makes these brands stand out as "premium" in the average consumer's mind?*

Like the brand only test, premium juice brands were also popular, with 6 of the respondents referencing either POM or Naked products. High quality ingredients and functional benefits were high on the list for explaining why these beverages constituted "premium". The second most popular category was other higher end water brands, with either Pellegrino or Fiji being referenced by 4 of the respondents. The remaining 9 who were surveyed picked a variety of different beverages: everything from Hansen's organic sodas to Ito En's Green Tea. The general consensus among this third category of respondents, seemed to be that the uniqueness of the offering was what constituted a premium moniker; the fact that these beverages were not mass consumed, but seemed to cater more to specific individual tastes or specialized diets.

*5) Does the Voss packaging seem premium to you? Yes, or No, and Why?*

This question elicited a definite cohesive response, with 15 of the 19 respondents answering, yes, the Voss glass packaging seemed premium to them. The number one reason given was that it was glass, and that the bottle's shape and design in general was unique and special. For the 4 respondents, who did not identify the packaging as being premium, there were a myriad of small design issues they brought up. For example, the plastic cap was viewed by one respondent as not being high end, therefore detracting from it being viewed as being premium.

*6) Based on the packaging would you expect to pay more for Voss than its competitors? Yes or No and Why?*

The respondents demonstrated similar solidarity in response to this question, with 16 of the 19 respondents saying that they would expect to pay more. The number one reason given was the glass packaging commanded a higher price than its competitors who had plastic packaging (seven respondents). For the remaining nine respondents the overall design of the Voss packaging constituted enough of a competitive advantage to warrant a higher price point. In some way it may be difficult to separate the impact in price preference glass packaging has from design, because given that glass was an integral part of the design of the packaging they were shown. Those who would not expect to pay more said that packaging was not enough; the contents would have to be viewed as being superior in order to warrant a higher price point than its competitors.

*7) How would you rate the design on a scale from 1 to 5; 5 being best, 1 being worst?*

This question elicited a very positive response in regards to the Voss glass packaging. All of the respondents responded with a three or better. The breakdown was: four threes, nine fours, and six fives.

*8) Does the packaging reinforce the purity of the contents? Yes, or No and Why?*

Answers given to this question differed greatly. This being a core principle supposedly used to steer Voss's design made it an interesting point for investigation. Generally speaking, the answer was well, "the glass is clear, so yeah". A few more discerning respondents pointed out that glass was a better container, was more impervious to outside toxins leaking in, so it "literally" reinforced the purity of the contents.

*9) Does the packaging seem luxurious? Yes, or, No and Why?*

15 of the respondents said they felt the packaging seemed luxurious. The number one reason given was that it was glass (7 respondents) followed by overall design (8 respondents). For those who said no, it was again specific design issues, such as the aforementioned plastic cap, that were issues for these respondents. In addition, for one of the respondents calling water "luxurious" seemed ridiculous, because it is generally speaking a free good like air.

*10) When would you use this product?*

For this question the respondents were given three usage situations (On the Go, at the Gym, and fine dining) and asked to identify whether or not they would use Voss and why or why not. The most popular usage situation was fine dining, with 16 of the 19 respondents responding they would use Voss in its glass packaging for this occasion. The high end appearance of the bottle and its glass packaging being the reason they would use it. For the three who would not use it, a general aversion to either bottled water or branded beverages sitting on a table in fine dining experience was the explanation for not using it. On the Go was the second most popular with 6 respondents picking it. The respondent said they liked the idea of carrying a stylish glass bottle around rather than some plastic more generic brand. For those 13 who said they would not carry it around, worries about breakage and the slick glass bottle possibly slipping out of their hand was of paramount concern. Only four respondents said they would use the glass bottle in the gym. For these respondents style came before function, as they thought namely it would be “cool” to tote around as an accessory. For the remaining 15 respondents, breakage concerns and the slickness of the bottle were again primary reasons for not viewing the gym as a viable usage situation.

*11) If Voss was available at the following chains would it lower its image?*

The respondents were given four retail chains to pick from: 7 Eleven, Target, Gristede’s, and Wal-Mart. 7 Eleven is a mass market convenience store which sells everything from candy to hot dogs. Target is a mass market retailer, however focused on more upscale design oriented products. Gristede’s is a mass market New York grocery store. Wal-Mart is a cheap, economy, bulk retailer/grocer.

12 of the 19 respondents said they felt that distribution in 7 Eleven would lower Voss’s image, mainly owing to the fact that 7 Eleven was viewed as having no aura of luxury and/or exclusivity associated with it. Distribution into Target received a slightly more favorable response with 10 respondents saying that they felt it would detract from Voss’s image. Overall, the consensus seemed to be that Target offered high enough quality products that it would not tarnish Voss’s image too much. Gristede’s got a similarly favorable reaction with 11 of the respondents saying that

they felt distribution into Gristede's would not significantly lower Voss's image. The rationale being that when it comes down to it Voss is a food product and Gristede's is a grocery store, so it being sold there is not that out of bounds. Wal-Mart got decidedly the worst rating with 17 of the shoppers saying that it would not be a good fit for Voss due to it having a lot of negative and low class associations. All in all, the general trend here is readily apparent, with more than 50% of the shoppers surveyed feeling distribution into the chains represented here would lower Voss's image. This figure creates considerable question as to what the impact of mass retail distribution will mean for the Voss brand and its sought after premium/luxurious image.

### **9.3. Voss Red Packaging**

On September 1, 2007, 25 shoppers were questioned in regards to the Voss Red packaging. The demographics of the day are as follows: 17 were female, 18 were aged 18-38, with seven respondents 39 or older. 16 of the respondents had bachelor degrees with 4 respondents having graduate degrees. 18 of the respondents had heard of Voss, with 12 having at least tried Voss before. The results of the survey are outlined below:

*1) What is the first Word that comes to mind when you see the Voss packaging?*

The respondents were given the Voss Red 500ml bottle to look at. The words "sporty" and "interesting" were the most common responses. Generally speaking, it seemed as if the respondents found the cylindrical shape to be interesting as it is unique to the plastic bottled water landscape.

*2) I'd like you to look through these photos and pick the ones you think best represent Voss Red? Can you offer explanation for why you picked the pictures you did?*

This question elicited a variety of responses. Louis Vuitton was still popular albeit less so than the preceding survey days. 7 of the respondents picked the Louis Vuitton picture for roughly the same reasons as previous days- Voss in their minds being a luxury brand similar to Louis Vuitton. Of particular interest, Levis was chosen the most out of any of the preceding survey days, with 4 respondents selecting it.

Explanations varied, however a few brought up a parallel between the Levis' red tab

and the red stripe on the Voss bottle. However, no one used the Levis photo to indicate an economy image for Voss Red. Madonna and Lindsay Lohan were also picked by 7 and 5 respondents respectively. Like on previous days, both were picked by some of the respondents because they had seen magazine photos of the two carrying Voss around. In addition, the two female stars were picked because respondents felt the Voss brand and packaging seemed very “feminine”; something which hadn’t been given as an explanation before. Also the same trendy” and “young Hollywood” associations were inferred by the respondents from the Lohan picture. The bud light photo after not being selected on the two previous survey days was picked by three respondents. These respondents pointed out that for them the Voss Red packaging was the equivalent of the cheaper Bud light aluminum can packaging. These respondents were those who had experience with the brand before just in its glass packaging. The Lamborghini was picked by three respondents, fewer than any other day, and was chosen for Voss Red’s “sporty” appearance, no mentions to luxury however were made.

*3) If you had to describe Voss Red as a car what brand or type would it be?*

This question resulted in a much less cohesive vision than the preceding survey days. The cars picked ran the gamut, everything from a new Volkswagen Beetle to a Mustang convertible. There was no decidedly luxury sedan or sports car trend as in previous days, however brands like Mercedes and BMW were referenced by a few of the respondents.

*4) When you think of premium non-alcoholic drinks, what brands come to mind? What do you think makes these brands stand out as “premium” in the average consumer’s mind?*

Similar to preceding days, this question resulted in numerous high end juice brands and functional drinks Odwalla, Naked, and POM getting the most nods. The number one reason the respondents identified these brands as being premium was their premium contents and ingredients. No reference was made to the packaging of these juices.

*5) Does the Voss Red packaging seem premium to you?*



This question elicited a very interesting result, in stark contrast to the glass packaging survey day. Only 9 of 25 respondents said that they felt the red packaging seemed premium. For those respondents, the uniqueness of the shape and design made it stand out against its competitors, denoting a premium connotation. The remaining 16 respondents had various issues with the Red packaging. The majority of these 16 respondents had experience with the glass packaging and felt that was far more luxurious and “classy” than the red packaging. For them part of the uniqueness of the Voss brand was it came in glass. Besides design issues, three of the respondents brought up mounting health concerns which have been raised recently in the US media regarding plastic packaging. Namely, that in hot temperatures it can leach some of its chemical makeup into the contents of the bottle. All in all, a not so positive response was given to whether or not the Voss Red packaging seemed premium.

*6) Based on the packaging would you expect to pay more for Voss than its competitors?*

Only five (20%) of the respondents answered yes to this question, compared to the 84% who responded yes to the glass packaging. Those who responded yes said they felt that the design of the Voss Red packaging was unique and somewhat superior to direct competitors and that they would be paying in some respect also for the “Voss Brand”. For the other 80% of the respondents, they felt the Voss Red packaging was in some cases inferior and less appealing than its competitors, namely Fiji. For them it wasn’t representative of a luxury or premium product that could command a higher price.

*7) How would you rate the design on a scale from 1 to 5? 5 being best, 1 being worst*

Compared with the glass packaging survey, the respondents were not as fond of the Voss Red design. The breakdown was as follows: two ones, seven twos, eleven threes, three fours, and one five.

*8) Does the packaging reinforce the purity of the contents? Yes or No and Why*

Like with the glass packaging, the general consensus was that the respondents liked that bottle outside of the red stripe and logo was clear, with clearness being a proxy in this case for purity. The three respondents, who brought up safety concerns back in

question 5, predictably felt that the packaging did not reinforce the purity of the contents.

*9) Does the packaging seem luxurious? Yes or No and Why*

Only four of the respondents indicated that they felt the packaging seemed luxurious. For them the uniqueness and “coolness” of the packaging was enough to constitute luxury. Generally speaking, this consensus of “interesting” and “unique” was held in the majority, however did not equate to luxury. The main hang-up was that plastic package bottled water, regardless of design, just didn’t add up to something luxurious.

*10) When would you use this product?*

The respondents were given the same three usage situations as given to the shoppers on the glass survey day: On the Go, at the gym, and fine dining. The Voss Red packaging elicited decidedly increased usage in comparison to the glass packaging. 20 of the 25 respondents said they would use the product on the go, due to the portability and durability of the plastic packaging. At the gym, was also a popular usage scenario, with 22 of the 25 respondents picking it. The only concern which was voiced was that the slick cylindrical shape might have potential to slip out of a sweaty hand. However, fine dining usage took a big plunge, with only 6 respondents saying they would use the Red packaging in this context. For many the red stripe would be as one respondent put it too “gaudy” and detract from a fine dining’s table setting. In addition respondents, felt the plastic packaging was not very suitable in the context of fine dining.

*11) If Voss Red was available at the following chains would it lower its image?*

The respondents here were given the same four retailers as the glass packaging survey. Only seven respondents said that 7 Eleven distribution would lower its image. Only four respondents felt that Target distribution would lower Voss Red’s image, signifying a generally perceived good fit at this tier of retailer. Similarly, just five respondents indicated that Gristede’s would be unacceptable. As with the glass packaging, Wal-Mart received the most negative reaction, with 13 of those surveyed saying that distribution of Voss Red into Wal-Mart could lower its image.

## **10. ANALYSIS OF THE SURVEY FINDINGS**

### **10.1. Packaging, Premium, and Luxury**

As stated earlier Voss's brand values rest upon three core principles: purity, luxury, and design (Lange, 2008). In this survey different techniques were used to generate associations in order to evaluate these core brand values. For the purpose of this study the most important brand values for investigation were luxury and design being that this paper was primarily a packaging study. The consumers surveyed in this paper, had decidedly different views of the Voss brand, Voss in its glass packaging, and Voss Red.

The Voss brand and Voss in its glass packaging returned similar survey results. The Voss brand was thought by the shoppers surveyed to be premium and luxurious as was the general trend regarding Voss in its glass packaging; the number one reason for both being considered premium and luxurious being the glass packaging. Even though those surveyed about the brand did not see the glass packaging, the glass packaging for them was top of mind, indicating possibly a very strong consumer association between Voss and glass packaging. However, Voss Red was not viewed as being either premium or luxurious, with its plastic packaging being the primary determinant for not being viewed as premium or luxurious.

Similarly, the Voss brand and Voss in its glass packaging elicited very strong associations to belonging to the category of luxury goods with both returning strong associations to this category in the mood board exercise. The Louis Vuitton photo being the most popular photo picked out by the respondents on both the brand and glass packaging day. However, the red packaging was also associated to the Louis Vuitton photo, albeit fewer respondents as a percentage of the sample day made this comparison. The fact that the Bud Light can was picked by the respondents on the Voss Red day, but not on the Voss brand or glass day provides interesting insight. As an explanation, the respondents indicated they felt Voss in the plastic packaging had been essentially economized.

The car association also proved to be interesting. Both the Voss brand and Voss in its glass packaging returned responses in the luxury brand sport car and sedan spectrums (i.e. Bentley and BMW). However, the Voss Red packaging returned associations that ran the gamut with no clear overriding category, with as mentioned earlier, everything from a Volkswagen Beetle to a Mustang convertible being picked. These cars albeit arguably sporty and having interesting design cues, are not luxury automobiles. Therefore a clear luxury association was attributed to the Voss Brand and Voss in its glass packaging, which was not attributed to Voss Red.

Moreover when the respondents were asked to rate design, the Voss Glass packaging received a markedly more favorable result than the Voss Red packaging, with 78% respondents rating the design a four or better on a scale of five. However, only 16% of respondents rated the Voss Red packaging as a four or better.

Furthermore the question about whether or not Voss glass or Voss Red packaging could command a price premium fielded interesting results. The Voss glass packaging was viewed by the majority as having the ability to command a premium almost solely based upon the fact it was glass, with glass having perceived higher value than the plastic, which the majority of its competitors use as packaging. Correspondingly, Voss Red because it was plastic was not viewed as having the same ability to command a price premium over its competitors.

Overall we are left with two distinct pictures, one for Voss Red and one for Voss in the glass packaging and the Voss brand; the Voss Brand and the glass packaging seemingly inseparable from a luxury and premium standpoint. The Voss Red packaging was left commanding a more economy and every day image.

## **10.2. Do Contents Count?**

When the respondents were asked to identify other non alcoholic beverages they constituted as being premium, an interesting trend appeared; packaging was not mentioned once as being factor. For the respondents, high quality ingredients and or

the uniqueness of the contents was what constituted a premium. This finding makes Voss appear to be an anomaly from this point of reference, because packaging played such a large role in consumer perceptions of the brand.

### **10.3. Possible Usage Scenarios**

When given possible usage scenarios, there was also a clear distinction between consumer attitudes toward Voss glass and Voss Red. Voss in the glass packaging had a much more limited usage appeal, with fine dining being viewed as the overall best fit for Voss, due to its high end glass packaging. Although not as popular in a fine dining context, the Red packaging did make gains in usability in the gym and the On the Go usage scenarios, mainly owing to the fact that its plastic packaging made it more durable and portable. One of the goals of Voss Red was to expand Voss into new usage situations, and the results of this survey support this goal as being plausible.

### **10.4. Attitudes towards Retail Distribution**

In regards to increased distribution, the clear trend was that increasing the presence of Voss glass into mass market retailers had a more detrimental effect on Voss's image than Voss Red being pushed through into mass market retailers. Overall, consensus being that the glass package was special and premium and therefore should not be distributed in more mass market channels. The Voss Red package, which tested poorly in regards to luxury, being a premium product, and in overall design was viewed as having less to lose in regards to image by being mass marketed.

## **11. LIMITATIONS AND IMPLICATIONS OF THIS STUDY**

Unfortunately the resources needed to validate the mood board pictures were not available, therefore important types of associations could have been missed because the study lacked the right picture to trigger these associations (Supphellen, 2000). Furthermore, greater validity could have been achieved if the respondents were questioned about minor association findings, and follow-up studies could have been used to determine the relationship between associations and the strength, favorability

and uniqueness of the associations. However, due to time limitations on the survey days this was not done. In addition, ideally the sample size of the respondents could have been larger as well. Moreover, the validity of the associations from the respondent's answers should have been to test against a majority. Another challenge resulted from the fact that it was hard to truly isolate and evaluate associations to Voss as a brand in itself, because the packaging was viewed by consumers as being such an integral part of the brand.

## **12. CONCLUSIONS AND RECOMMENDATIONS**

The intention of this paper was to shed light on consumer perceptions of the Voss Brand and whether or not the new retail initiative and plastic packaging would have a negative effect on the Voss brand. Furthermore, this was to be an investigation into whether or not a rift exists between being a premium brand, and also being mass marketed.

The results of this study showed that Voss Red allows for increased usage, however doesn't hold to the glass package from a premium, luxury product perspective. The question is whether or not the brand in itself is strong enough to extend itself into new usage situations and packaging other than its iconic glass bottle. For many of the respondents Voss, as a brand, is the high end glass bottle, with Voss red eliciting a variety of inferior associations. The key to evaluating whether or not the Red packaging will hurt the Voss brand in general, depends upon in some extent whether the consumer will view Voss Red as a separate brand. If the consumer comes to associate Voss Red, with the Voss brand, naturally the Voss brand would lose some of its prestige due to the more "economy" image it evoked. From a distribution standpoint, if consumers view Voss Red as a separate brand, its mass distribution would not negatively effect consumer perceptions of the brand in general or attitudes towards Voss's glass packaging.

Given the results of this study, an area for future investigation would be whether or not Voss Red is viewed as being a separate brand or a product line extension. Furthermore the strength of the Voss brand should be evaluated, and whether or not it

is actually a strong enough brand at this point to support product line extensions that may clash with the premium and luxury image it has successfully attained thus far.

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## 14. APPENDIX

### 14.1. Mood Board

