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IS BRANDING AN EFFICIENT TOOL FOR THE WINE INDUSTRY? THREE CASE STUDIES

Pierre Mora
BEM Management School
BORDEAUX, FRANCE

Abstract

Traditionally, the wine industry followed a brand versus an *'appellation'* marketing strategy. Today, new consumers, discovering a product that can be very complex, leave their mark on a global industry. Many observers believe that a brand orientation is better suited to meet current expectations. Yet, others content that one can make just as strong a case for an approach based on the '*appellations*' system, that is considered to be more efficient, especially with better educated consumers. This paper presents aspects of branding policies along with their strengths and limitations. The analysis is illustrated by three case studies representing different sections of the wine market:

- Australia, the leading country for wine brands.
- Chile, which has experienced the fastest growth in sales in recent years; and
- France, one of the oldest, truly international wine brands.

Finally the paper explores why wine branding efficiency differs between the 'Old' and the 'New World'.

INTRODUCTION

Are brands an efficient tool for promoting wine? This may seem an odd question at a time when many industries believe that to succeed in the international market place requires developing a strong brand. The industry's product, however, is characterized by special regional market attributes standing in the way of a global branding approach. Furthermore, purchasing decisions are heavily influenced by the level of education of the consumer. In the past, brands were synonymous with consistent levels of quality at a given price. The efficiency of branding has come under fire in countries where rigorous *appellation* - region-of-origin - certification takes the place of branding. Traditional contributions and limitations of a branding approach for companies and consumers are discussed below, followed by theoretical arguments based on three international examples.

BRANDING: AN EFFICIENT TOOL FOR GLOBAL MARKET PLACE

It is worth exploring some observers' assertion that the future of the wine industry lies in globalisation. Yoram Wind and Susan Douglas [1986], two researchers from the Wharton School at the University of Pennsylvania and the University of New York – thus residents of the U.S.A, the 'Valhalla of globalisation' - have written a critical analysis of the branding phenomenon's limitations.

Most studies in this area have emphasized how globalisation helps companies and consumers. Companies benefit from better logistics, access to larger markets, financial profitability, commercial synergies and the possibility of being able to focus on groups in homogenous markets. Consumers find it easier to access many new products and are often influenced – in terms of life styles, value systems, choices and behaviour – by an increasingly international media. They feel that products coming 'from far way places' make them members of a new, international social class, one that increasingly distances itself from national contingences. Today, 'being young' means feeling closer to another young person living on the other side of the world than to a neighbour who is only ten years older.

In the 1980s, Theodore Levitt, together with Saatchi and Saatchi (a leading international advertising agency) specified the necessity of launching global products and brands. Supposedly, the examples of Coca-Cola, Marlboro and Levi-Strauss showed that this was the right way to go. Other authors, like Ricks [1983] agreed, as long as strategies unsuited to local cultures were not being applied. Wind and Douglas considered three major dimensions in this regard:

1. *The homogenisation of global needs*. Not all sectors are in a similar situation. Some 'resist' standardisation whereas others, like the automobile, textile, and tourism industries, are relatively prone to a desire for homogenisation that, according to the authors, has not been proven, as witnessed by the subsistence of different sporting practices, culinary values, literary tastes and housing design. Then, there are factors like nature, culture, history and local market structures. Standardised products penetrate markets less easily and are, therefore, less profitable for companies. Wine products can be classified within this category. Even in an era of 'easy to drink' products, one in which wines are defined by the grape used or whether they fit certain international trends (oaky or fruity taste), the higher consumers' level of education, the greater the expectation of diversity and search for new experiences. People may know exactly what they are going to get when they open a can of soda, but the same does not apply to a bottle of wine. Plus there is the natural inconsistency from one vintage to the next, for a type of production that cannot offer the regular quality that the public normally expects from a product.
2. *The notion of a universal preference for low prices - as long as quality remains acceptable*. This idea – which must still be validated - has long served as a justification for companies' race to globalise, boost productivity and ultimately price competitiveness. Yet certain industries operate differently, like the luxury sector, which plays more on its image. A different logic is also at play in fields like new technology and in some areas of agribusiness. Low price is clearly not applicable to *Grand Cru* fine wines. Many wine market observers do not consider French wine to be handicapped by its price in comparison to its international rivals, if only because of the premium that France derives from its notoriety. Indeed, an overly aggressive price positioning might cause problems amongst less educated consumers for whom medium and low prices, notably in the field of food and drink, is synonymous with mediocre quality. This dissonance necessarily affects consumers' personal investment in their purchasing behaviour.
3. *Economies of scale in terms of production and marketing*. Internationalisation strategies are all based on the hope for broader markets that are more apt to absorb costs. Wine brands come to mind in this respect. Then, there is the fact that the entire wine sector is, by its very nature, fragmented and atomised. The race to increase vineyards and technical facilities' production capacities has a direct effect on the identity of this product. Shared marketing budgets may offer enormous help in the development of an international brand portfolio, but national regulatory constraints have to be manageable. In many countries, including France, wine advertising can run counter to local expectations. A global marketing policy for wine would, therefore, appear to be an illusion in many local markets.

ASSESSING A MARKET'S DEGREE OF STANDARDISATION VERSUS ITS DIFFERENTIATION

Wind and Douglas thus believed that there are no general rules regarding the globalisation of today's markets. More pragmatically, they offered a series of eight product marketing variables, each broken down on an area-by-area basis.

1. *Positioning*: The competitive role that a company wants to attain or has attained. Total standardisation is when a company chooses the same positioning in all export countries. This does not appear to be the case for wines. *Bordeaux Supérieur*, considered a generic *appellation* in France, is often positioned top-of-the-range abroad, which can imply a different price scale.
2. *Product*: The intrinsic elements of the item being sold, its components, functionalities and performance. In an industrial setting, the components of a product (in the strict sense of the term) will often be exactly the same, if only for safety or maintenance reasons. Yet this is another concept

that may not be applicable to wine products. For example, the oak content of a given wine may be modified before export. Indeed, producers looking at overseas markets are often asked to adapt their product to different consumer tastes.

3. *Brand*: A company keeps close tabs on its advertising to ensure that the visual elements and advertising slogans all repeat exactly the same message. This is true for wine brands being sold in different countries, but featuring the same appearance. Note, however, that even if these are all New World brands, they can vary significantly in terms of their penetration rate, especially in Continental Europe, where they sometimes score poorly (despite a breakthrough in Great Britain). The question is whether a wine brand approach is mainly a feature of the English-speaking world, or of certain Asian countries, all of which possess little wine education. If so, branding will be less efficient in the future, in more mature markets, than in a market at its launch phase.
4. *Packaging*: Consumers' concrete relationship to the product. The product itself is not seen or touched in most wine purchases, when the container assumes a disproportionate importance (image, safety, information provided, promotional stimulus). 75cl bottles were long the standard for wine, but things are changing. Now there are containers like the 'bag-in-a-box', 18.5 cl bottles and even metallic cans, synthetic corks or screw-off bottle-tops. These parameters, all of which are being tested at present, undermine the idea of universal packaging. Then there is the debate on labelling. In this field, diversity is the rule, if only because of local regulations.
5. *Price setting*: Some advocate the same price for all markets, but this clearly is not the case in the wine industry. Many French producers think that their goods are sold at three times the price abroad as at home, in part due to taxes, transport costs and middlemen. Taking a local positioning (see 1°) would require a more subtle approach.
6. *Advertising and Public Relations*: Agribusiness is characterised by very strong cultural differences. There is no such thing as an international taste - far from it – and this is why most sponsors in this sector take a local approach in their advertising campaigns. Once again, this is an area where the European market differs from the UK, characterised by intensive advertising and promotion activities. Advertising for French products is often done on a collective basis (promotion of a particular *appellation*, region or the whole country) as opposed to advertising focused on separate entities. Moreover, relatively little use is made of this weapon. Only one or two 'French mass retail still wine brands' vie with the big global players (things are different for champagne).
7. *Commercial promotion*: The purpose is to reinvigorate sales from time to time by lowering prices temporarily or offering advantageous conditions, like three bottles for the price of two. This has been a big success in France with events like autumn 'wine fairs'. Most such efforts outside of France involve Australian and South American wines, but given the importance of distributors as demand drivers, it is not clear whether this proves or disproves the thesis of the globalized standardisation of promotional activities. In most cases, producers are prisoners of events. What seems obvious is that despite some M&A activities, for the moment there is no such thing as a global distribution mechanism.
8. *Distribution*: Wine products' on-line and off-line diffusion differs greatly in terms of outcomes (volume, value) and marketing policies. In Southern Europe, this distinction is less relevant than in Scandinavia (Sweden), where a more state-oriented system orients market access. Asia's distribution networks have not stabilised yet. Globally, this is a sector where local distributors are in a much better position than foreign producers, meaning that the retailer-manufacturer relationship is extremely varied in this field.

Wind and Douglas's eight-point matrix largely disproves the idea of standardisation in the wine business. Quite the contrary, all these regulatory and cultural constraints – in conjunction with the inertia of long acquired market positions – tend to hinder (or resist, depending on your politics) wine market globalisation. The aforementioned mergers and acquisitions between the industry's biggest players may be a sign of globalisation, but these mainly occur in the United States, where producers are still struggling to storm fortress Europe and increase their market share.

Wind and Douglas may go too far in calling globalisation a myth, but what can be concluded at this stage is that at a time when many viticulture gurus advocate globalisation, the suitability of such proposals to every type of production in every region of the world should be analysed in detail before anything is done. Otherwise, French wineries could be weakened unnecessarily. The first step could be to re-examine the traditional strengths of branding.

THE CHALLENGES OF BRANDING

Jean Noël Kapferer [2001], probably France's leading brand management specialist, has a clear explanation of the challenges that brands face today:

1. Most brands no longer make a specific promise or else do not keep the one they make.
2. Brands are conditional, but are not self-sufficient assets.
3. Brand analysis should incorporate economic drivers and business models. Competition nowadays is not so much between brands as amongst business models.
4. Most developed country consumers no longer 'need' the things they purchase and could easily do without. Brands must, therefore, develop new products that seem indispensable.

How does all of this apply to the wine industry? With reference to the first point, wine brands do offer greater visibility for products. In terms of point two, however, the three case studies that follow demonstrate that brands are no more than a conditional asset that can only develop if they have a story to tell. Point three is particularly relevant to *Yellow Tail's* 100% volume approach in an American market where mass consumer retail is monopolised by local operators. Lastly, *Concha y Toro* and *Mouton Cadet* will show that brands can make themselves indispensable even if they are not absolutely necessary, insofar as they help consumers to diversify their cellars to include new grapes (*Carmenere*) or offer exposure to French grape mixtures.

THREE CASE STUDIES

To illustrate the success of wine brands, the author focused on three cases that differ greatly in terms of their geographic setting (Australian, Chilean and French), approach and role in the marketplace.

YELLOW TAIL (AUSTRALIA)

Yellow Tail may well be the perfect model for developing a global wine brand. This is a widespread opinion, especially in Australia. The idea here is that Australia's rise is a benchmark for the entire wine industry. Putting chauvinism aside, there is no question that *Yellow Tail* – which refers to a wallaby rather than a kangaroo – is material for a good business school case study. The animal, the bright yellow and black label, and even the name featured in brackets, highlights the product's Australian identity rather than the world of wine.

<u>A Family Story Initially</u>

Yellow Tail's story is closely tied to the Casellas family that came from Italy in the early 1950s, having already spent several generations producing wine. The brand per se was developed in the early 2000s, in an era marked by over-supply, over-production, but also new consumers' discovery of the virtues and pleasure of wine as a substitute for spirits or beer. *Yellow Tail's* main success has clearly been in the United States, where it has been able to demonstrate its export prowess. This is all the more remarkable because the American market, despite being one of the largest in the world, is swamped by more than 6,000 local and foreign brands. Back in 2000-2002, *Yellow Tail* arrived on the scene as a quiet little brand totally unknown to U.S. consumers. Within four years, it had become the country's number one import brand. What the Australians did was to take advantage of the American market's high degree of fragmentation. In the U.S., it is estimated that 95% of all wine brands sell fewer than 100,000 cases annually. It has also been estimated that by 2006, only around 20 wineries were selling more than 2 million cases, thus concentrating approximately 40% of the estimated 260 million case U, S. market in the hands of just a few companies.

Does this mean that the company's roots explain its success? Not according the author. Who in the United States knows that *Yellow Tail* wines comes from New South Wales, that its land holdings started with a mere 16 hectares and even now, only amount to 200 hectares, a tiny piece of land on this huge continent ? Only one-third of *Yellow Tail's* grapes come from its original Riverina winery, the rest from other wineries in South East Australia.

Casella wanted to expand his parents' wineries in the late 1990s. His first investment was to hire marketing specialists from one of Australia's specialist import-export companies. After early mistakes, the project leaders realized that they needed to differentiate their products from the competition.

A Precise Market Segmentation

A market study revealed the existence of a segment comprised of American consumers with a clear preference for wines tasting of both oak and vanilla. The target price was supposed to be around $6-$7 a bottle, just above the mass market price. Having defined this positioning, all that remained was to fill in the other aspects of the marketing mix, notably distribution and advertising. The decision was made to stay focused on all things Australian, and on differentiation. Also important were the partnerships formed with major players in the U.S. market, like the 50% joint venture that *Yellow Tail's* executives offered W. J. Deutsch and Sons, one of the biggest U,S. wine importers and a specialist in popular brands, like Georges Duboeuf's *Beaujolais Nouveau*. This one move gave *Yellow Tail* a presence in more than 40 U.S. states.

Things came to a head quickly. The Australian entrepreneur had expected to sell 25,000 cases by 2001, but sold nine times as many. Surprised by this success, they found themselves in a position where they had to urgently transport wine by air at a prohibitive cost. They faced another challenge. They were limited in what they could produce because of insufficient production capacity. This forced them to turn to the bulk market for supplies, weighing on the brand's gross margin, estimated at $0.75 a bottle. These were not profitable times – the goal was to 'be present on the pitch', regardless of the costs. Within a few years, however, the strategy came up trumps: from 200,000 cases in 2001, *Yellow Tail's* U.S, sales rose to 2.2 million by yearend 2003. Most of the cash flow was reinvested in bottling capacities, with $2.5 million being spent to reach annual targets of 4 million bottles.

Ties To Powerful Distributors

This is an industrial brand, in all senses of the term. From the supply chain and production tool to the consistent communication tools and massive presence in retail outlets, the focus - like with many mass retail products - is on managing flows, achieving regularity and constant positioning. This is demonstrated by several aspects of the strategy pursued by Costco, one of *Yellow Tail's* main distributors in the United States: low prices, high volumes, warehouse type displays with permanent control of overhead. The chain has 380 points of sale in the US and others in Canada, Mexico and the UK. References are few and far between, i.e., the range is limited in scope. Moreover, there is a highly prescriptive system for consumers who usually stroll alone through the wine sections without any advice from salespersons. *Yellow Tail* has a total of 130,000 employees, producing 2006 revenues of $60 billion and profits of $1.1 billion.

Years have passed since *Yellow Tail's* launch and growth has slowed to single figures. The experience can be described as an industrial success sparked by an encounter in the early 2000s between two actors who were made to get along:

- An Australian without hang-ups and liberated from the constraints that drag down European producers
- American consumers interested in wine, but not yet very involved in the product, seeking a simple and different brand conveying a consistent message.

The Americans were not the only ones to appreciate this approach. In the UK, a market considered very receptive to brands, but also very demanding at a competitive level, *Yellow Tail* is regularly a top 5 performer alongside *Gallo* (U.S.), *Hardy's* (Australia), *Concha y Toro* (Chile) and *Mondavi* (U.S.), in front of *Jacob's Creek* and *Lindemans'* (both Australia). This might be the reason why, after years of dominating the British scene, French production is now second (in volume) behind the antipodeans.

The question for the future is whether the longstanding drought in Oceania – and the ensuing rise in logistical costs - will be conducive to the survival of a 'globalized brand'. Consumers increasingly reject products that have been transported thousands of miles to be consumed in just a few minutes. Global brands' environmental legitimacy is a serious handicap for them.

CONCHA Y TORO

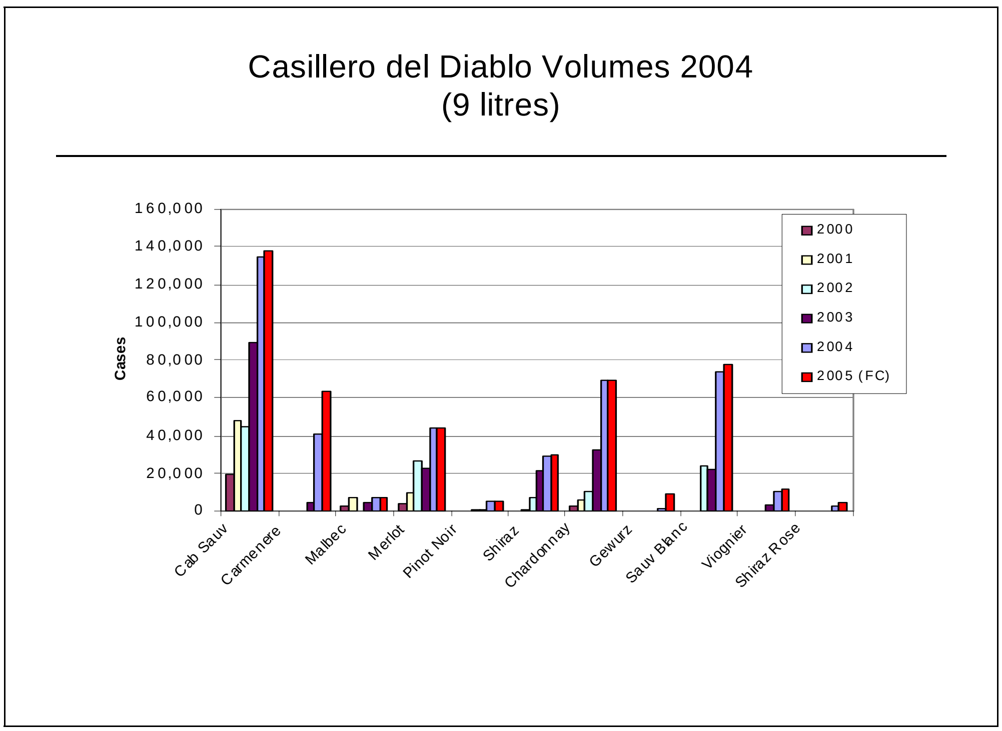
The following case describes a Chilean brand's penetration in the early 2000s - and subsequent astronomic rise - in one of Europe's most demanding markets, the United Kingdom.

Between 2000 and 2004, *Concha y Toro* sales rose by 257% in volume, versus 72% for other Chilean producers. In value, revenues were up 226% (versus 44% for Chilean wines in general).

Chilean producers compete directly with one another. By themselves, the country's seven leading firms accounted for 58% of its wine exports in 2004, with *Concha y Toro* progressively moving to the top of the pack. It is already N°1 in revenue terms, with a turnover of $22.6 million versus $19.7 million for *Cono Sur* and $15.7 million for *San Pedro*. This leadership position has given *Concha y Toro* a 16% share of all Chilean wine sales in the UK.

In thousands of 9 L cartons	**2000**	**2004**
Concha y Toro	306	1,098
San Pedro	530	1,187
Cono Sur	334	1,047
Errazuriz	191	246
La Rosa	243	212
Terramater	-	135
Valdivieso	210	245

Concha y Toro's leading brand, 'Casillero del Diablo', is broken down into different categories whose success can be visualized as follows:



Reasons For This Success

According to Cristiàn Lopez, brand manager of Concha y Toro Group, in the UK, several reasons explain the success of this Chilean outsider:

1- *Product portfolio*

The company markets a portfolio of ten products that are supposed to cover the whole spectrum of local needs. Prices vary from £3.99 (Frontera) to £19.99 (Don Melchior). This enables an effective presence throughout the English commercial system, which is the sign of a leader.

2- *Differentiation efforts*

Three product lines are clearly differentiated:

- Frontera (£3.99 – 4.99) and Sunrise (£4.99): simple packaging, strong presence, accessible price and promise of a fruity taste.
- Casillero del Diablo (£4.99-5.99), *Concha Y Toro's* signature product, accounting for most of its commercial efforts to develop an image as a 'Devilishly Good Wine from Chile'. The image is easy to remember.
- Trio (£5.99-£6.99) more or less targets connoisseurs and is made of three grapes that are rarely mixed together otherwise (Cabernet franc, Carmenere, Pinot Grigio).
- The other products target wine specialists.

3- *Knowing consumers*

Regular market studies beginning in 2001 enabled the company to become familiar with British consumers' expectations and behaviour. This makes it possible – notably for Casillero del Diablo – to target consumer groups efficiently through rigorously measured advertising campaigns and promotional activities.

A Successful Marketing Mix

Cristiàn Lopez felt that like mixed grape wines, the ideal marketing mix is the result of a subtle combination. Market studies and in-depth analysis have taught *Concha Y Toro* that Chilean wines needed to transcend their cheap and friendly reputation. The average price on the UK market now is £4.68 (£3.68 off-trade) and promotions never cut the sale prices by more than 20%.

Another lesson is that outsiders, like South American wines, must be different to survive. Two levers apply at this level:

- Diversity: twelve different grape mixtures are used in Casillero del Diablo alone, enriching the product range.
- Carmenere is a grape that few people use outside of Chile. In 2005, the company's aim was to show that it can be the basis for a world-class wine. This was the main message to be communicated at the May 2005 London Wine Fair.

In addition, for several years now, the company has been working with different distributors. Things started slowly, but thanks to the constant presence of a sales force that closely monitors stock levels, purchasing volumes and shelf presence, bridgeheads were established. Today, the distribution goal is to give Casillero del Diablo a benchmark status in the international universe of mass retail brands. Hence the need for a coherent supply chain, from logistics to providing retailers with market behaviour data, promotional budgets and public relation operations.

Cristiàn Lopez's final and most crucial focus is the quality of each salesperson and his/her team spirit. It takes years to build market share in a desirable national market like the UK, and one need's to realise that progress is reversible.

MOUTON CADET (FRANCE)

As one of France's most widely represented brands abroad, *Mouton Cadet* is a member of the very small club of truly international wine brands. Membership is usually based on two conditions: annual sales of more than 10 million bottles and a presence in at least 50 countries. With 12 million bottles sold annually and a portfolio that includes 150 countries, Mouton Cadet seems to have nothing to learn about the export market.

Pre-Existing Notoriety

The brand carries the name of the house of Philippe of Rothschild and operates in two very distinct universes: *Grand Cru* great wines and wine brands. With approximately €200 million in revenues, this winery, working out of Pauillac, is one of Bordeaux's leaders. In terms of its *Grand Cru*, Mouton Rothschild can be considered both a pioneer and a key actor in sustaining the value of local lands, whether in the French regions of Médoc and Languedoc or in Chile thanks to Alma Viva, a partnership that the company runs with *Concha y Toro*.

In terms of wine brands and symmetrically to its *Grand Cru* products, the product range is comprised of 'Mouton Cadet' from the Bordeaux region, 'Escudo Rojo' from Chile and more recently 'Carabas', a mixed grape wine from France's Languedoc region, mainly found in the prescriber market (restaurants and wine shops). Mixed grape wines are a point of differentiation for the company in foreign markets: instead of fighting on the already crowded battlefield of single grape wines, the emphasis here is on traditional French know-how in grape mixtures. Notoriety is portrayed as another element of natural differentiation, enabling brands to expand more quickly than they probably could otherwise. For example, in fewer than five years 'Escudo Rojo' already accounts for 13% of the company's total turnover. Sold for approximately $15 dollars in the United States and for €10 in Europe, this 'Southern' product has already broken through in some fairly demanding markets.

Mouton Cadet cultivates brand consistency, but also accompanies consumers' evolving taste for broader and fruitier wines by raising the percentage of Merlot grapes it uses. A logo featuring a sheep with a bunch of grapes refers to the natural and human efforts incorporated in the product. The seal of Baron Philippe of Rothschild also features on the label, completing this 'toolbox of differentiation'.

Mouton Cadet's Expansion

Founded in 1930 – not a very good year for Pauillac's prestigious winery – the brand was launched by Baron Rothschild as a 'lower level product for Parisian customers'. Success came immediately and the need for greater volumes forced the company to seek land elsewhere in Médoc and throughout the Bordeaux region, anywhere where it could benefit from Bordeaux's AOC *appellation* certification. International success began with a triumphant visit to the United States by the Baron, whose subsequent policies also included sponsoring major sporting and cultural events. Over the years, these have included the Calgary Olympic Games, the Lancôme Trophy, the Cannes Film Festival and the Monte Carlo Tournament.

Today, 75% of the more than 12 million bottles sold annually are exported, reversing the traditional proportion for French wine exports. Amongst the 150 countries where Mouton Cadet sells, 80% of all export volumes are concentrated in an inner circle of about one dozen markets, including the United States, France, Canada, the United Kingdom, Denmark, Switzerland, Germany and Japan. 350 winegrowers from all over the Bordeaux region provide raw materials that are carefully monitored thanks to close partnerships ensuring that all participants earn more than they would on the spot market. Côtes de Blaye, Côtes de Bourg, Bordeaux and Bordeaux Supérieur, Côtes de Franc, Côte de Castillon, Entre Deux Mers, Premières Côtes and Sainte Foy de Bordeaux represent the lion share of total production. Note that partnerships last for three years, during which time the company offers winegrowers its technical assistance.

Consumer Research

The company may have some very precise ideas about *Mouton Cadet* fans, but would find it difficult, given the diversity of the markets in question, to define their contours clearly. The product's natural target seems to be a 35 to 45 year old man or woman, a 'modern dandy' belonging to an 'urban' socio-professional category and willing to engage with the outside world.

The goal for *Mouton Cadet* – like for its competitors – is to rejuvenate its core market. This can involve recruiting young consumers – notably via a Rosé that is also sold under the brand name – and pushing them progressively towards the *Mouton Cadet* red. In the foreign markets, it is noteworthy that the typical *Mouton Cadet* consumer often has a previous experience of brands at a certain price. There is a two or three step process leading to the adoption of *Mouton Cadet*, starting with a desire for French wines and then for Bordeaux wines. Consumers can, therefore, be viewed as 'educated' persons with strong demands.

THE SUBTLETIES OF A GIVEN MARKETING MIX

To talk to consumers, the company mainly highlights certain distribution channels, especially in the prescriber market, above all restaurants. Its advertising, which tries not to be too intensive, aims to serve a niche that appeals to people's imagination and values, the idea being that success is predicated on creating a sense of preference and proximity. It would appear that a large proportion of the brand's competition comes from substitute products like sodas, champagne and even some beers. The problem is that these rivals often have much greater advertising budgets. When a company operates in the € 8 a bottle niche, which accounts for approximately 10% of the industry's total marketing budget, it is difficult to compete with champagne offered at €15 and accounting for 20% of all advertising budgets. Press inserts and sponsored events are the two traditional vehicles that the brand uses to convey an image of travel. In 2008, an international photo competition was organised around the idea of placing a bottle of *Mouton Cadet* in an exotic and unusual landscape, reminiscent of 1930s explorers stuck on mountaintops or lost in the middle of the savannah yet still organising the delivery of some *Grand Cru* great wine. In these circumstances, drinking a bottle of *Mouton Cadet* means imitating the daring-do that Philippe de Rothschild embodied.

A pioneering brand and a seminal force in this profession, *Mouton Cadet* has to convey the image of a product that is both venerable and rejuvenated. Hence its new signature – 'inherit audacity'. Yet this is a wine that is supposed to be accessible to all, which is why its price positioning is so flexible and varies from one market to the next. In France, Mouton Cadet costs €8.50; in the US, $7.99; and in the UK £6.99. These are the prices at which its accessibility is ensured.

Partnership With Well-Established Local Operators

The global leader in the wine industry, *Constellation Brands*, has acquired *Mondavi* and become a partner of *Mouton Rothschild*. Opus One, its famous brand, is a joint venture between the two companies. Above and beyond this one case, *Constellation* is also (and above all) *Mouton Cadet's* exclusive distributor in the US. This is a fantastic breakthrough since the company is a global wine giant with a strong presence in beers (Corona) and spirits and worldwide revenues of approximately $5 billion. With more than 200 brands and 8,000 employees, the group possesses impressive know-how in the field of branding, translating into a strong presence at most points-of-sale. *Constellation* Brands are not isolated cases since the policy of partnerships with powerful local operators is another constant for *Mouton Cadet*, in Japan and also Russia.

A team of about ten export managers, working out of Pauillac and helped by an office in Paris and another in Tokyo, monitor *Mouton Cadet's* global sales on a daily basis. A pioneer in a wine brand approach, which it has been pursuing since 1930, *Mouton Cadet* has also adapted to the modern expectations of cosmopolitan consumers.

CONCLUSIONS

CONTRIBUTIONS AND LIMITATIONS OF WINE BRANDING

The three examples show that a brand approach does work in the world's wine industry, although not all operators are capable of putting out a truly international brand. One of the managers at a French brand, JP Chenet, a wine brand belonging to the French firm *Grand Chais de France* (annual worldwide sales:16 million) has estimated that successful brands have two things in common: annual sales of more than 10 million bottles and a presence in more than ten countries. To achieve this, marketing budgets running into millions of Euros must be available. The problem is that major retailers like Wal-Mart, Costco, Tesco or Carrefour, currently demand conditions that most producers cannot afford, and, therefore, they decide not sell to those companies. This contributes to the consolidation among the industry's most powerful players and leads to smaller product portfolios and reduced diversity (taste) of the products offered.

Here the limitations of the brand approach become apparent: the wine industry, which is strongly embedded in local cultural identities, is fundamentally incapable of accommodating a standardised product offer. Unlike many mass consumption items, notably food products, French and 'Old World' wine consumers seek diversity, which is embodied in land, wine knowledge and vintages. Brands do not satisfy this expectation and must, therefore, stay in their place, which mainly involves improving product visibility and offering inexperienced consumers a benchmark enabling them to evolve towards the demands of the world of *appellations*. In this sense, one could say that wine brands are primarily a tool for recruiting new consumers in growth markets like the United States, Asia and Eastern Europe.

THE BRAND EFFICIENCY DEPENDS ON THE ORIGIN OF THE WINE

An old marketing cliché has it, that the consumer is the boss and the market is the real place where all the analysis should start. In France there is actually an old debate about the compared efficiency of brands and appellations. According to Mora [2008] the tradition related to the "appellation orientation" is still the main trend to push the products to the market. Three reasons explain the behaviour of the French actors:

- "Because we do not want to brand our wine", say part of the producers explaining that the domestic market (which represents around 75% of the sales) is not interested by such an approach.
- "Because we do not know how to do it" tries to justify another part of the wine merchants basing the argument on their financial data that branding wine is too expensive for a so fragmented industry : In France, the turn for most firms is less than 500 millions Euros per year.
- "Because we do not need to brand our wines", explain the French wine exporters, If the ‘Chateau’ notoriety is replaced by an undifferentiated or anonymous brand, a French producer is not living up to his reputation when confronting powerful American or Australian brands.

In this case indeed, the brand could not be the most efficient tool to guarantee the position of a product in the market.

Furthermore, especially for the "New World", the author believes that branding is preferable to appellations. Evelyne Resnick's [2008] clearly documented this. In her book, she explains with Patrick Dixon [2007], that the value and trends of the new consumers can be reduced to six dimensions:

- Fast: "fast to inform, fast to react, fast to form his/her opinion, here is the new consumer of the 21st century".
- Urban: “intrigued by "The French Paradox": There now is scientific evidence of a correlation between consumption of Red Wine and lower rates of heart disease.
- Tribal: "emotion and personalization of the relationship between the brand and the consumer sustains the tribalism and gives the feeling of belonging to the tribe". The rootless life of the consumer explains the necessity for him/her to find a basic sense of belonging to a social class or a tribe, the wine brand.
- Universal: Dixon [2007] explains that "globalisation forces corporations with strong tribal identities to ask: who is us?" Wine is a product stepped in culture. Through his purchase, the consumer expects to find part of his identity. Even though the consumer wants to be part of the ‘universal market’, he tries to find his national identity in the wine he chooses. As a result, national branding could be efficient.
- Radical: This could be interpreted as "going back to your roots" or as "politically radical". Resnick [2008] believes that this might explain behavioural patterns of the modern consumer.
- Ethical: "The final face of the future is ethical" says Dixon [2007]. The consumer expects ethical conduct of the wine industry as a whole (including the supply chain) and of the winemakers individually.

The post-modern consumer, characterised by extreme individualism, often needs "links more than things" according to Bernard Cova [1983]. Therefore, the marketing policies of the firms have to be adapted to the new ethnocentric trend to become a "*post-modern marketing… so-called ‘societing’ or tribal marketing. In fact, the central Leitmotif of ‘societing’ or tribal marketing – the link is more important than the thing – leads researchers not to analyse economic activity as independent, but as an activity embedded in a societal context which, at the same time, encompasses it and renders it possible."*

The analysis of the three cases confirms the author’s belief that brand performance is strongly influenced by geographical and market contexts and above all by culture. Technical criteria tend to be of lesser importance.

ENDNOTES

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2. Mora, P. " Les Vins de Marque avec 25 études de cas." Editions Dunod (2008) p13

3. Resnick E.: "Wine Brands. Success Strategies for New Markets, New Consumers and New Trends." Palgrave Macmillan Editor (2008) p36

4. Dixon, P."Futurwise". Profile Book (2007)

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