

**Gordon Institute
of Business Science**
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Building premium commodity brands: An exploratory study of New World fine wine

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Abstract

The research explored how the four marketing mix elements namely product, price, promotion and place, can be used to position premium commodity brands in such a way that it stimulates regional competitiveness and business growth for producers and marketers operating globally. The study specifically focussed on fine wine as a premium commodity. Factors such as product innovation, place of origin, pricing strategies, promotional activities and channel management and distribution were considered as part of an integrated marketing strategy.

Eighteen respondents, including wine industry experts, wine producers and wine marketers from four New World wine producing countries, South Africa, Australia, New Zealand and the United States of America (USA) formed part of the qualitative study. The research and associated model aimed to identify a link between brand positioning strategies (as related to the marketing mix), brand knowledge and brand equity.

It was found that making fine wine accessible to its target market and having relationships with key players in the industry are the most relevant factors in building strong New World fine wine brands that can compete effectively in the global fine wine market. To illustrate these findings the research project concluded with a conceptual framework based on the Dimensions of Brand Knowledge (Keller, 1993).

Key words

Premium goods

Fine wine

New World

Marketing mix

Brand equity

List of figures and tables

Figure 1: Dimensions of Brand Knowledge

Figure 2: Brand Positioning to Brand Equity model - adapted from the Dimensions of Brand Knowledge

Table 1: Country representation

Table 2: Wine producers

Table 3: Wine marketers

Table 4: Wine industry experts

Acronyms and abbreviations

OIV: International Organisation of Vines and Wine

UK: United Kingdom

USA: United States of America

WOSA: Wines of South Africa

Declaration

I declare that this research project is my own work. It is submitted in partial fulfillment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination at any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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Date: 9 November 2015

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Chapter 1: Introduction to the research topic - Building premium commodity brands: An exploratory study of New World fine wine

1.1 Introduction

In 1976, British wine merchant Steve Spurrier, organised two blind tastings involving white and red wines from the Napa Valley in California (a New World wine region) and Old World wines from Bordeaux and Burgundy in France. The New World wines won the favour of the French judges and the results from the tasting assisted in putting the Napa Valley on the international wine map (Ashenfelter & Storchmann, 2012). A decade later, mostly as a result of globalisation, New World wine producers from countries such as the USA, Australia, Chile, Argentina, South Africa and New Zealand emerged to compete more fiercely with Old World wine producing regions (Rebelo & Caldas, 2013).

A recent report released by the International Organisation of Vine and Wine (OIV) stated that even though Europe's portion of the world's vineyards had declined from 63% in 2000 to 54% in 2014, the (Old World) region still dominates the world export market. France, Italy and Spain lead both in volume and value. It was reported that, as far as the New World is concerned, Chile and Australia ranked fourth and fifth respectively in terms of volume and value, with South Africa in sixth place for export volumes, but eleventh with regards to the value of its exports (OIV, 2015). With regards to imports, six countries were responsible for more than 50% of total imports, with Germany, the United Kingdom (UK) and the USA leading both in terms of volumes and value. Germany's import activity was stable, but it still dominated the world market in terms of volume, with the USA leading in value. Between 2000 and 2014 the USA increased imports with regards to volume and value. Other significant players in terms of volume imports were France, Russia and China, and in terms of value, Japan, China and Russia (OIV, 2015).

Importantly, it would seem that global consumption of premium wine is increasing, while the demand for inexpensive, lower quality wine has decreased over the last few years (Roberto, 2011). This shift in consumption patterns have created surplus capacity in Europe, while New World producers continue to increase vineyard capacity reacting to a strong demand for high quality wines. The demand for premium wines is expected to grow at a rate of eight and ten percent per annum for the predictable future (Roberto, 2011).

The trend towards premium wine was also noticed in New World wine producing countries. For instance, Rabobank, New Zealand, recently reported that wine producers and retailers have witnessed a growing trend towards premium wine (Soccio, 2015). Similarly, financial and business

news broadcaster, Consumer News and Business Channel (CNBC), noted that fine wine sales in the USA were expected to increase between six and ten percent in 2014: “Luxury wines and those wines priced between \$10 and \$18 are expected to see the biggest growth in sales” (CNBC, 2014).

Furthermore, a recent Business Day report argued that it is not sustainable for South Africa to rely on a weak rand to increase its exports. It was argued that, even though the country could continue to compete on low price points and still be profitable, it would not be at a long-term sustainable level, as it risks being branded as a “supplier of cheap wines”. Similar to other New World wine producing countries, low profit margins of wine cellars and producers were another concern linked to South Africa’s low average prices. It was noted that a greater focus on marketing and branding activities could assist in boosting the competitiveness of South African wine producers (Hedley, 2013).

In addition, it had been noted that to be successful in increasingly competitive international wine market, wine producers must continually look at ways to differentiate their brands (Atkin & Thach, 2012). The research therefore explored ways in which the producers and marketers of New World fine wine brands, encompassing countries such as South Africa, New Zealand and the USA, can use brand positioning strategies to build brand equity.

Positioning theory emphasises target customers’ perceptions of brands as they relate to other brands. Its main focus however is on the target consumers’ characteristics, needs and expectations. Furthermore, each element of the marketing mix must be designed in such a way that it supports the positioning objective of the brand and simultaneously create a desired “symbolic” meaning of the brand (Sengupta, 2005). It was found that brand equity occurs when consumers react to certain elements of the marketing mix associated with a brand name that may not necessarily exist if it had been a different brand (Spielman, 2014). In other words, when consumers are familiar with a brand and have strong brand associations to it (Keller, 1993).

The study explored how brand positioning strategies, related to the marketing mix elements, could influence brand knowledge to ultimately build brand equity for premium commodity brands. It specifically focussed on New World fine wine. The research set out to incorporate the marketing mix elements with Keller’s original Dimensions of Brand Knowledge model to show how it can be used to position brands in such a way that it ultimately assists in crafting brand equity through brand knowledge (Keller, 1993).

The research concluded with a conceptual model based on an adaptation of Keller’s Dimensions of Brand Knowledge. It aimed to simplify Keller’s model by focussing on how brand positioning

strategies can incorporate all four marketing mix elements, product, price, promotion and place, to unlimitedly create knowledge for New World fine wine brands.

1.2 Key Concepts

New World wine

The term is mostly used in a geographical sense, referring to wine producing countries that do not form part of Europe. These regions include South Africa, the United States of America, New Zealand, Australia, Argentina and Chile. New World countries are typically newer to wine production than Western European countries such as Italy, Spain and France that are well known wine producing regions (Rebelo & Caldas, 2013).

Fine wine

Fine wine is characterised mostly by the way in which it is produced, its region of origin and its price. According to the Wall Street Journal's online wine review, "the term fine wine is reserved for exceptional wines from the world's best vineyards, the highest quality grapes and the most acclaimed winemakers. Over a period of years, they've achieved 'blue chip' status. Grand Cru clarets and Burgundies are classic examples. Due to demand, such wines can command anything from around \$50 to \$200 or more a bottle" (The Wall Street Journal, 2015). Note that for the purpose of this project, the term "fine wine" was used interchangeably with "premium wine".

Terroir

"*Terroir* refers to the natural features of a body of land which interact to create a unique set of conditions that in turn confer specific characteristics on the wines produced there. Key factors include topography, climate, geology and soil" (Wines of South Africa, 2015).

Varietal

The term 'wine varietal' refers to the specific grape variety utilised in wine production, for example Pinot Noir, Chardonnay and Sauvignon Blanc, in other words, the specific grape the wine is made from (Wines.com, 2015).

Appellation

According to the main definitions presented by The International Organisation of Vine and Wine, appellation is defined as “the name of the country, region or place used in the designation of a product originating in this country, region or place and recognised by the relevant authorities of the country concerned.”

“With regards to wines, the recognised appellation of origin designates a product of which the quality or characteristics are due exclusively or essentially to the geographical environment including natural and human factors, and is subject to the harvest and transformation in the country, region, place or a defined area” (International Organisation of Vine and Wine (OIV), 2015).

1.3 Research Problem and Purpose

The study considered brand positioning strategies of four New World fine wine producing countries namely South Africa, Australia, New Zealand and the USA. It was noted that, although South Africa produces and exports high volumes of entry-level wine, it is the country's premium wines that are unique and of the greatest significance to wine buyers (International Wine Review, 2012).

Furthermore, it was found that modern day wine consumers are looking to connect with a brand at mutually beneficial entry points, instead of looking at a brand's complete tier of wines (Sleet, 2014). Globally, the concept of "viticultural" and *terroir* is receiving more attention as consumers seem to be increasingly interested in gaining knowledge, as well as an understanding of the regions of wines produced (Wines of South Africa (WOSA), 2015). For instance, New Zealand positions Sauvignon Blanc as their country defining varietal and Argentina is known for its Malbecs (Sleet, 2014). In contrast, it had been found that South African wines do not seem to have a unique selling proposition and that wine producers were not creating enough awareness of their individual products and the country's wine in general (Vecchiato, 2014).

It is therefore suggested that, instead of positioning itself as a bulk exporter of generic wine, South Africa move towards a brand-building position where its *terroir*, its wine makers and the heritage of the industry are emphasised instead of price (Sleet, 2014). For instance, a study involving ultra-premium wine producers in Australia, another New World wine producing country, found that the attributes driving authenticity for their brands are heritage and pedigree, consistency in style, commitment to quality, relationship to place, method of production and restraining commercial motives - all of which traditionally correlate with Old World wine producers (Beverland, 2006).

These findings contradict Banks and Overton (2010) who stated that the New World disregards the charm of wine and wine production by adopting large scale mechanised styles of production, avoiding the delicate role *terroir*, place of origin, years of knowledge and sensitivity plays in wine making. They argued that New World wine producing countries favour artificial chemicals and new technology in wine production and that in an industry focused on competition and price wars, regulation and protection is needed to rescue the wine industry from a "globalised fast-food fate" that separates it from its place of origin and history (Banks & Overton, 2010).

The research project further explored these general assumptions associated with New World wine. The study focussed on identifying brand positioning strategies specifically pertaining to fine wine produced in the New World.

1.4 Significance of the study

From an academic perspective, the significance of the study was firstly to establish how brand positioning strategies, related to the four marketing mix elements, product, price, promotion and place, could be used to create brand knowledge and build brand equity for luxury brands in a given industry, namely premium wine. The research specifically looked at the relationship between brand positioning theories and brand equity models in an attempt to discover which elements of the marketing mix, prevalent to brand positioning, are most relevant, and to explore their effective application in building strong premium brands.

The significance of the research from a business perspective was to apply the marketing mix to areas relevant to brand positioning within the fine wine industry, such as product innovation and the relevance of *terroir*, advertising, pricing strategies and channel management and distribution. The study explored ways in which premium wine producers and marketers operating in the New World can use brand positioning as part of an integrated marketing strategy to build brand equity and optimise business growth and competitiveness in the global fine wine industry.

1.5 Core research problem

The core research question explored how the four elements of the marketing mix namely product, price, promotion and place could be used to position premium commodity brands to create brand knowledge and build brand equity. It specifically considered New World fine wine.

1.6 Research questions

1. How do product, price and place assist in positioning New World fine wine to compete globally?
2. What promotional activities are most relevant to create brand knowledge for New World fine wine brands operating in the global fine wine market?
3. How important is brand equity in the international fine wine industry?

1.7 Roadmap

The study consisted of a total of seven chapters. Below follows a brief overview of the content of each of the chapters.

Chapter 2 presented a review of the literature relevant to the research topic. It firstly explored general trends in the international wine industry, before specifically considering the luxury industry and the fine/premium wine market. New World and Old World wines, regions and styles of production were compared. The four elements of the marketing mix, as it relates to brand positioning, were explored in context of the fine wine industry. Finally, the literature investigated the relevance of using brand positioning to increase brand knowledge and build brand equity in general and as it pertains to fine wine.

Chapter 3 highlighted the core research problem to be explored during the study, as well as the three subsequent research questions related to the four marketing mix elements and building brand equity.

Chapter 4 presented an overview of the research methodology utilised during the study, namely qualitative and exploratory. It also explained why the chosen approach was found to be relevant to the research project. In addition, the chapter introduced the reader to the population and the final sample chosen to form part of the study.

Chapter 5 considered the results of the interviews conducted in context of the research objective and related research questions.

Chapter 6 discussed and analysed the results in further detail. In relation to the objectives of the study, the chapter reflected on the results, linking it to the literature reviewed in chapter two.

Chapter 7 provided summaries, conclusions and recommendations, as well as a conceptual model demonstrating how the four elements of the marketing mix could influence brand positioning to create brand knowledge and build brand equity.

Chapter 2: Theory and literature review

2.1 Introduction

The literature firstly explored general assumptions related to the luxury goods industry before it specifically addressed the global fine wine market. It provided a broad overview of the international wine industry by reviewing current relevant trends.

The New World wine industry was introduced, after which brand positioning as a competitive strategy was explored in its broader context. The literature specifically analysed brand positioning as it relates to the elements of the marketing mix namely product, price, promotion and place.

With regards to product, factors such as packaging and the influence of country of origin and *terroir* were considered. It also reviewed the impact of innovation and technology on wine products and on the fine wine industry as a whole. The pricing of wine was explored specifically with regards to how it is used to position fine wine brands by considering the perceived price/quality correlation, as well as the relevance of production costs. Promotional activities related to the fine wine industry focussed on how brands are advertised and generally promoted, also taking social media into account. With regards to place, the literature looked at what distribution channels are most relevant to the positioning of fine wine brands.

Lastly the literature explored the nuances of creating brand knowledge and building brand equity. It specifically explored these concepts within the context of the New World fine wine industry.

2.2 The luxury goods industry and fine wine

Seo and Buchanan-Oliver (2015) found that recent macroeconomic trends such as globalisation, a rise in the number of affluent customers, media attention to luxury brands, e-commerce and international travel, led to the rise in consumption of luxury brands. Similarly, Walley, Custance, Copley and Perry (2013) noted that the added wealth of the middle classes globally affected the expansion of the overall luxury goods market.

However, a clear definition of what exactly the term “luxury” entails had been difficult to establish. Brun, A., Brun and Castelli (2013) suggested that the luxury industry consist of companies involved in the manufacturing and selling of products such as cars, yachts, wines, spirits, clothing and jewelry, including watches. Likewise, Seo and Buchanan-Oliver (2015) noted that the luxury industry refers to a limited collection of brands encompassing a variety of different product

segments that are distinguished from other brands by their ability to symbolise what consumers perceive as being luxurious. In other words, they signify luxury in their specific product segments.

As further noted by Brun et al. (2013) luxury goods are associated with wealth, exclusivity and the satisfaction of non-basic needs. It would therefore seem as if luxury goods are not always consumed for their functionality, but rather to signal affluence and to impress peers. Similarly, Seo and Buchanan-Oliver (2015) found that purchasing decisions in the luxury industry are mostly motivated by social and psychological needs, for example self-esteem. However, apart from the symbolic value attached to luxury brands, some brands offer value in terms of their advanced technical features, quality of design and their materials, for example Porsche vehicles (Brun et al. 2013). In addition, luxury goods were perceived to be timeless, modern and dynamic (Brun et al. 2013). Walley et al. (2013) highlighted the relevance of price, quality and scarcity in classifying luxury goods.

Brun et al. (2013) also classified luxury goods by their price and noted that they are valued because they are expensive. Findings by Seo and Buchanan-Oliver (2015) corresponded in that for luxury brands, being costly positively affects its image. As a result, luxury brands promise higher profit margins for companies (Brun et al., 2013). However, high prices attached to luxury brands were found to be a necessity, but not a prerequisite, as additional features such as superior quality and specialised distribution channels are determining features (Brun et al., 2013).

Specifically, with regards to how fine- or premium wine is positioned in terms of the marketing mix, many differentiating characteristics that separate it from other agricultural commodities were discovered. Firstly, with regards to price, fine wine can exceed several thousand dollars and it can be stored for long periods, as its value often increases with age (Storchmann, 2011).

Furthermore, it would seem that the cost of production of premium wine tends to be higher. For example, French oak barrels involved in the production of high-end wines generally cost between 550 US dollars and 600 US dollars a barrel (Roberto, 2011). However, it was found that consumers would only justify price premiums if they were certain that expert-rated wines met their expectations (Schiefer & Fischer, 2008).

Another differentiating element specifically affecting wine production is that premium wine had been found to be made in very specific climatic conditions for optimum quality and production (Mozell & Thach, 2014). Storchmann (2011) agreed that weather fluctuations and the year in which the grapes are grown affect the quality and prices of fine wine.

In an earlier study consisting of 26 luxury New World wine producers, Beverland (2005) found that

appearing authentic is crucial to reinforce status, obtain price premiums and defend against competitors. These wineries achieve this through deliberately disassociating any technology in production from their communications (Beverland, 2005). Another method for distinguishing premium wine products is the mentioning of awards on wine labels, as awarded wines generally command price premiums (Schiefer & Fischer, 2008).

With regards to promotion, Roberto (2011) noted that fine wine producers generally do not spend much on advertising, but tend to focus on channel promotion. For instance, many of the larger premium wine producers only spend two to three percent of their sales budget on advertising, compared to the typical spent of 10 to 20 percent of sales for the typical brewer or spirits producer (Roberto, 2011). It was also found that premium wineries develop and communicate stories around their wines as part of their positioning strategy to “appear above commercial considerations” (Beverland, 2005). In addition, because wine is an experience good, its quality cannot be gauged prior to consumption and as a result, consumers often rely on expert opinion when purchasing fine wine (Storchmann, 2011).

The supply channels utilised in distributing fine wine was also explored. Yoo, Donthu and Lee (2000) found that customers often relate the quality of products to the image and reputation of the store or restaurant where it is sold. It was noted that as with price, the reputation of the retailer is an important sign of product quality (Yoo, Donthu & Lee, 2000).

In summary, the literature found that more people have access to luxury goods as a result of globalisation, the internet and international travel. Exclusivity, product segments and high prices were found to distinguish luxury products. It was further categorised by means of the social and psychological significance consumers attach to luxury goods, for example enhancing self-esteem and creating an image of affluence and importance. Apart from the symbolism associated with luxury brands, it was noted that they may also signal superior performance, quality and design.

The ways in which luxury goods were generally categorised, seemed to be in line with attributes attached to fine wine. Premium pricing, exclusivity and quality in production and package design were mentioned. From the literature reviewed, product, price, promotion and place seemed relevant in distinguishing luxury goods and fine wine in particular. The significance of the marketing mix was further explored throughout the study and specifically as it assists in positioning premium wine brands.

2.3 Global wine trade and trends

Firstly, with regards to the overall internationalisation of the wine industry, Lesschaeve (2007) noted that as a result of globalisation, more people have access to wines produced internationally. In addition, Mariani, Pomarici and Boatto (2012) found that the international wine market had experienced major changes in its geography of production, consumption and the direction of exports in recent years, with the New World gaining significance in production, as well as exports.

Furthermore, it seemed that after the continuous high growth of New World producers in terms of market share, a difference in relevant performance between exporting countries related to wine categories are emerging. Examples such as bottled versus bulk wine, dynamics in value and volume and share in different market groups were noted (Mariani et al, 2012).

The literature revealed two opposing trends related to wine production. Depending on the specific winery and the style of the wine, the winemaker can either be regarded as a manufacturer of “commercial alcoholic beverages” produced to appeal to many consumers, or a connoisseur, crafting an artisan wine (Lesschaeve, 2007). With regards to the first trend, Mariani et al. (2012) noted that bulk wine that is ready for consumption may become a lasting feature in the international wine trade, mostly as it relates to lowered transportation costs, environmental benefits and more flexibility with regards to the final choices of packaging and labelling these wines. However, wine producers making popular style wines are challenged by changing customer values, needs and motivations for purchasing and consuming wine and increased product competition. It has been argued that “consumer-driven marketing” is changing the ways in which wine styles are created (Lesschaeve, 2007).

The research further explored these two seemingly contrasting trends pertaining to the global wine market, particularly as it relates to fine wine and wines produced in the New World. The study specifically explored the branding and positioning of fine wine as a premium good.

2.4 The New World wine industry

It would appear that New World wine producers have grown significantly in recent years, both in terms of production and exports. Rebelo and Caldas (2013) associated the growth of the New World wine industry with its increased drive to compete internationally. In addition, Mariani et al. (2012) contributed the success of New World Wine producing countries to creative strategies aimed at adopting innovation, instead of copying Old World technologies.

Earlier literature corresponded, stating that 'New World' wine countries started to compete effectively in the international wine market because they successfully combine production, marketing, innovation and management. Similarly Aylward (2003) noted that that New World wineries tend to encourage new developments and experimentation. In contrast, Old World wine regions, consisting mostly of South and Western European countries, are much more accustomed to strict regulations and laws, making it less flexible and open to research (Banks & Overton, 2010). In addition Roberto (2011) found that because New World wine producers spend more on technology and innovation, it is possible for them to improve the consistency and the quality of their wine, subsequently reducing operating costs. It was further noted that machine harvesting is much more common in the New World wine industry, where European producers would often hand-pick their entire supply of grapes (Roberto, 2011). It was also found that production in Europe is done by small, family-owned vineyards, as opposed to publicly traded companies competing in the New World industry (Roberto, 2011).

With regards to *terroir* or region of origin, it was noted that European wineries are mainly known by their appellation, for example Bordeaux, Burgundy, and Chianti, and they are less likely to make use of consumer branding (Roberto, 2011). On the contrary, New World producers tend to distinguish wines according to the variety of grapes used in its production, for example Chardonnay, as it is generally easier for inexperienced consumers to relate the taste of the wine to a particular variety of grape, instead of its geographical origin (Roberto, 2011). In contrast with the general trend associated with fine wine, it was found that New World wine producers mostly tend to invest more in advertising and promotion in an attempt to build brand equity (Roberto, 2011).

It would seem that the marketing mix elements most relevant to how New World wine is generally perceived are product related features such as technology innovation and the relevance of *terroir* in wine production and branding. Promotional activities related to New World wine were assumed to be of a more commercial nature, for example large scale advertising. These assumptions were explored throughout the study.

2.5 Brand positioning

Kotler and Keller (2012) defined positioning as the task of creating a company's offering and its image in such a way that it captures a unique place in the minds of the specific market they choose to target. In other words, it would seem that the ultimate aim of brand positioning is to embed the brand in customers' minds. Essentially, successful brand positioning results in the development of

customer-focussed value propositions to convince the target market to buy the product, subsequently increasing the benefit of the brand to the company (Kotler & Keller, 2012).

As it pertains to the wine industry, Gooner (2001) noted that positioning forms part of marketing strategy and that all areas of the marketing mix must be incorporated, including decisions related to the product, price, packaging, physical distribution, and promotion. De Chernatony, McDonald, and Wallace (2010) agreed that effective branding involves strategic planning and is applied across the whole marketing mix. It is further aimed at the consumer understanding the unique values the product offers compared to those of competitors. Goodman (2009) later concluded that wine-buying behaviour is mostly influenced by price, the country/region of origin, grape varietal and the brand name. The literature further explored each of the four elements of the marketing mix, and specifically as they pertain to the fine wine industry.

2.5.1 Product

In terms of the marketing mix, product refers to features such as quality, design, brand name, packaging and product variety (Kotler & Keller, 2012). As far as it relates to wine, it had been noted that more is needed to grow the international wine industry than the mere making of good products, as wine consumers have an abundance of products to choose from (Sutanonpaiboon & Atkin, 2012).

Lesschaeve (2007) noted that, when studying wine labels as part of their purchasing decision, consumers first look for winery, then brand name, then expert opinion, and finally for awards. Therefore, as the wine consumer's choice is often influenced by features that are not necessarily part of the main product, opportunities exist in designing unique product characteristics, for example distinctive packaging and labelling. These may also assist in educating consumers about the product's quality (Sutanonpaiboon & Atkin, 2012). Hence, the packaging of an expensive bottle of wine must therefore reflect the quality of what is inside in its design (Gooner, 2001). Similarly, an inexpensive wine wrapped in sophisticated packaging, is a waste of money and sends confusing signals to consumers. Gooner (2001) warned that inconsistency might result in damaging the winery's marketing strategy.

Specifically as far as the packaging of wine products is concerned, information such as awards and expert endorsements were found to contribute to consumers' choice probability. Therefore, most recent packaging of wine also includes the design of the bottle, as well as the front and back labels (Lockshin & Corsi, 2012). The importance of the logo and brand name is that they form part of the key design factors concerning wine product packaging targeted at consumer decision making (Henley, Fowler, Yuan, Stout & Goh, 2011).

In addition it was found that consumers generally associate more traditional packaging with better wine. In other words, they perceive the wine to be more desirable and of higher quality. On the other hand, new and more fashionable styles are often associated with the product being less expensive and of poorer quality (Sherman & Tuten, 2011). Furthermore, Lockshin and Corsi (2012) concluded that wine consumers prefer more conventional labels and colours to complex designs and unusual colour arrangements. In two separate studies, measuring the effect of wine label image, colour and design on the purchase intent of consumers on the West Coast of the USA, label image was the biggest influencer. Labels with images of grapes or *châteaux* were most popular and those with unusual animals, least preferred. Warm and neutral colours have a positive effect on buying behaviour. Natural and delicate designs were perceived as indicating a wine of higher quality and value for money, as opposed to bold, alternative designs (Loose & Szolnoki, 2012).

Product innovation also plays a role in how wine brands are positioned and subsequently perceived in the market. Giuliani, Morrison and Rabellotti (2011) found that product and process innovation through continuous investment and research have resulted in New World wine producing countries achieving a noticeable position in the global wine market. It would seem that New World producers have been more open to accepting research and development practices such as improved viticulture and oenological technologies. Furthermore, it was found that the innovative ways in which the New World have implemented innovation and technology in wine making have contributed to a shift in global production and the consumption of wine. In addition, the bold approach New World wine producers apply to branding and international marketing complements their willingness to trial and implement innovative practices (Aylward, 2003).

Apart from packaging, labelling, technology and the style of the wine, its place of origin or *terroir* also seems to affect the way in which the product is perceived. Kotler and Keller (2012) noted that, generally, marketing professionals aim to use complimentary country of origin attachments to promote their products and that consumers associate unique characteristics and perceptions about brands or products with different countries (Kotler & Keller, 2012). Moulard, Babin and Griffin (2015) noted that there are two aspects of place in the wine industry. The first explores the wine's country of origin, mostly looking at Old World versus New World wine producing countries. It was found that, overall, customers perceive Old World wine to be more authentic than New World wine and country of origin therefore influences the perceptions of wine buyers. The second factor looks at technical *terroir* (for example climate and soil components). They concluded that New World wine marketers may benefit from positioning their wines in such a way that they appear to be more authentic. In other words, emphasising the technical *terroir* of a New World wine can enhance consumers' perceptions of authenticity (Moulard et al., 2015).

Similarly, it was also noted that most brands belong to a company or group of companies, but there are cases where separate and independent companies share a brand as far as they originate from a similar territory from which they cannot be separated. Such a territory offers the group of competing companies collective and predominant brand identity through its relationship between the brand and its place of origin, for example Scotch Whisky, Maple syrup from Quebec and wine from the Champagne region in France (Charters & Spielmann, 2014). Spielman (2014) further noted that most distinctive wine brands are inseparable from their roots

Similarly, Sutanonpaiboon and Atkin (2012) suggested that boutique wine producers use place-based marketing strategies to establish an image as producers of quality wines by creating a link between the wine's place of origin and its quality. It was noted that this may assist them in competing in overseas markets (Sutanonpaiboon & Atkin, 2012). Veale and Quester (2009) also noted that country of origin influences quality opinions and experiences of consumers. In addition Spielmann (2014) concluded that when a brand's origin is recognised, consistent and favourable, origin loyalty exists which leads to more involvement with the particular brand, as well as with the product category. It would therefore seem as if positive country of origin attachments has an effect on consumer buyer behaviour, which may subsequently lead to an increase in revenues.

Similarly, Johnson and Bruwer (2007) found that quality expectations of appellations or sub-regions are enhanced by the perceived quality of the wine region it belongs to. In other words, when assessing the quality of a product, consumers rely on extrinsic attributes, for instance brand name and country of origin. However, regions within the specific country also play an important part. Therefore, a wine's region of origin is an important endorsement of quality on wine labels, in that regional information on a wine label enhances consumer confidence in product quality. Additionally, where consumers are uncertain about the quality of the wine, they will pay more for wines from well-known regions, which makes regional brand image even more important (Johnson & Bruwer, 2007). The authors concluded that, where positive images are associated with a specific country or region, and if it is clearly portrayed, even in the New World, regional appellation could replace grape varietal marketing.

The literature suggested that packaging, labelling, product innovation and region of origin and *terroir* are the most significant factors in positioning fine wine brands. These notions were further explored throughout the research project.

2.5.2 Price

Kotler and Keller (2012) noted that a notion exists amongst economists that consumers will accept any prices offered, but warned that consumers will often actively explore pricing information. This

is done specifically within the context of previous buying experiences, formal and informal communications, point-of-purchase or on-line experiences. Similarly Keller (2001) found that customers identify with a brand and associate it with a specific product class (for example fine wine) or customer requirements, such as value for money. Yoo et al. (2000) observed that, in terms product differentiation, price had been used as a very useful positioning instrument.

However, a study consisting of over 6,000 blind tastings, found that more expensive wine is not necessarily perceived to be more enjoyable when the price is not known (Goldstein et al., 2008). In contrast, an earlier study concluded that price is a more important contributor to the perception of wine quality than taste (Veale & Quester, 2009). Especially when intrinsic attributes such as tastings are not present in product choice, price had been found to drive wine choice (Sáenz-Navajas, Campo, Sutan, Ballester & Valentin, 2013).

Reid (2002) found that when consumers become familiar with wine varieties, regions and styles, their requirements become more specific, linked to various lifestyle and consumption occasions and more often driven by value for money. It was further noted that educated consumers are better able to differentiate between price points in favour of brands and labels that offer superior value (Reid, 2002). Therefore, even though lower prices may increase the perceived value of a product by creating a gesture of savings, it may decrease brand equity when customers view a product's price as an indication of its quality (Yoo et al., 2000). The authors suggested that frequent price cuts should be avoided as it may damage the brand's image.

Roberto (2011) noted that the cost of production of premium wine is generally higher. However, fierce competition in the global wine industry had been found to have a downward effect on wine prices (Reid, 2002). This comes mostly as a result of new products entering important markets, wine producers improving their viticulture techniques, the quality of their products and their marketing and communications skills (Reid, 2002).

Furthermore, as a result of an increasingly competitive wholesale environment, it was found that wine brands are under pressure as retailers may motivate for their own brands of low price and low quality products (Drennan, Bianchi, Proud, Cacho-Elizondo, Correia Loureiro & Guibert, 2015).

However, a study considering the effects of brand love on brand loyalty, found that when customers are loyal to a brand, they often tend to be less price sensitive and to spend more. They are therefore more profitable for companies (Drennan et al., 2015). It was therefore suggested that wine brands can compete by forming emotional connections with their consumers (Drennan et al., 2015).

The literature revealed two important considerations related to the pricing of fine wine, and wine in general. Firstly it explored the correlation between the perceived value and/or quality of wine and its pricing. Secondly, it considered whether there is a relation between the cost of producing a specific wine and prices charged for it. The difference in cost of production between fine wine and more commercial products seemed to have been a significant distinguishing factor in how fine wine is positioned and it was further explored in the study. Additionally, the literature suggested that educated, brand loyal consumers may be less price sensitive and subsequently more profitable for wine producers.

2.5.3 Promotion

In terms of the marketing mix, promotion relates to how the brand and product values are communicated. Kotler and Keller (2012) define marketing communications as the way in which companies advise, convince and remind customers about their brand and products. This can be done directly, for example through personal selling, or indirectly through advertising. It was further noted that, as a result of technology, the communications environment had changed significantly in recent years, especially as it relates to the media consumers prefer to communicate through (Kotler & Keller, 2015). Amid high level of competitor activity, less informed consumers rely more on brand communications and label prompts to choose between wine brands (Reid, 2002).

With regards to indirect marketing, it was found that consumers rate a product's relevant performance based on advertising statements, and that the more a product is advertised, the better it becomes known (Yoo et al., 2000). It was argued that apart from building brand awareness, frequent advertising may also influence the way consumers perceive the quality of the brand which could increase brand equity. They added that when investing in advertising, the purpose must be to increase brand equity. In addition, Sherman and Tuten (2011) found that the promotion and advertising of wine products are highly relevant because the purchasing of wine presents a high-risk decision. As the product cannot be tested until it is consumed, selecting and purchasing a bottle of wine is a complicated process for most consumers. It was further noted that there are a variety of brands available in a fragmented market where no single wine brand has predominant market share. Brand awareness is therefore influenced by a lack of advertising of wine products (Sherman & Tuten, 2011). These findings related to advertising contradicted Roberto (2011) who found that premium wine producers do not spend a lot of money on advertising.

In contrast direct marketing, for example relationship marketing, involves finding out who the target customer is and creating mutually beneficial relationships with that customer or group of customers, and it is directed at creating long-term, committed customers. In other words, the concept of relationship marketing goes beyond traditional marketing techniques, such as mass

advertising, to create a following of loyal and profitable customers (De Chernatony et al., 2010). Wine experts, for example winemakers, wine judges and writers also play an important role in promoting wine brands and consumers often look at them to assist in choosing the right wine for a specific occasion (Lesschaeve, 2007).

With regards to promoting wine through information technology and social media, Barry, Babin, Pelet and Lecat (2014) found that especially for Generation Y (Gen-Y) consumers (individuals born between 1980 and 1991), being able to access retail product information through social media and via applications on mobile devices are becoming increasingly important. “Applications using social media platforms may prove greatly efficient in the foreseeable future for wine growers” (Barry et al., 2014). It was found that Gen-Y consumers use their mobile phones in-store to research products and compare prices and that the amount of hours spent on the internet per week influence the frequency of wine purchases positively (Barry et al., 2014).

However, the authors concluded that Gen-Y consumers are occasional drinkers. The most frequent wine buyers are likely to be wealthier males from older generations that tend not to have the latest smart phone (Barry et al., 2014). Even though they tend to make buying decisions based on the recommendations of friends and spend less time on their mobile phones and the internet, they are inclined to purchase wine online (Barry et al., 2014). Websites therefore provide two important functions. Firstly, they offer detailed information on specialised wine or specific vintages for experts and connoisseurs. Secondly, websites supply basic education about the wine in general, as well as its consumption for novices (Pomarici, Boccia & Catapano, 2012).

A study specifically looking how Twitter can be utilised in promoting wine brands, found that it had some value. It was however noted that wine marketers should be cautious of the content of wine tweets, as well as the profiles of the individuals posting the tweets in order to be perceived as credible and relevant (Wilson & Quinton, 2012). It was also suggested that wineries must take note of the possibility of negative reviews published on social media sites by disappointed consumers across age groups, as it could cause reputational damage (Barry et al., 2014).

During the study it was noted that, with regards to two of the marketing mix elements, ‘product’ and ‘promotion’, it seems that the factors relevant to the packaging of wine often overlap. Packaging firstly affects the way in which the physical product is perceived. Secondly, it can be used as a tool to promote and advertise wines. For instance, wine packaging is especially relevant to promote wine to new wine consumers in the 19 – 22 year old segment, as they tend to choose wine according to packaging features, for example brand name and image, instead of considering product features, such as producer and country-of-origin (Elliot & Barth, 2012).

The literature revealed that it is firstly important to distinguish between direct and indirect marketing, especially as it related to the methods utilised in promoting fine wine. A clear conclusion on the relevance of information technology and social media in promoting fine wine brands could not be drawn from the literature. It was subsequently explored further during the study.

2.5.4 Place (distribution)

The marketing mix relates 'place' to distribution channels and product locations, for example retail stores (Kotler & Keller, 2012). The authors noted that big retailers globally are progressively advancing into new international markets. As a result, companies have the opportunity to sell their products in more countries, which creates a challenge for local retailers, as well as distributors. (Kotler & Keller, 2012). It is therefore important that multi-national companies select suitable distributors, invest in them and manage their performance in an agreeable manner (Kotler & Keller, 2012).

Similarly, studying strategic partnerships in wine marketing, Thach and Olsen (2006) considered the importance of relationships between wine producers and distributors in the USA and found that distributors consider very specific attributes when deciding whether to stock a certain wine brand. The most important factors are the quality of the wine, its price, the producer's dependability and the personal relationships the wine producer has with the distributor (Thach & Olsen, 2006).

The literature specifically distinguished between two types of distribution channels relevant to the hospitality industry. They are off-premise channels suitable for at-home consumption and on-premise (out-of-home) channels. Off-premise distributors are mostly supermarkets, mass retailers, and liquor stores, where on premise retailing refers to restaurants, hotels, and pubs (Roberto, 2011). Wine producers mostly sell their wine to wholesalers who would distribute the products to retail outlets or wholesalers. The wholesaler would typically employ a sales team to sell several different brands of wine and other alcoholic beverages to both on-premise and off-premise retail accounts (Pomarici et al., 2012). In addition, it is important to consider that distributors operating in both channels (off-premise and on-premise) differ globally, and that overall distribution systems between countries are unique. A good example would be the presence of wine trade regulations in specific countries, which must be considered when entering the international wine market (Pomarici et al., 2012).

Pomarici et al. (2012) found that trends currently influencing the on-premise consumption of wine are mostly related to different types of services becoming available, for example new types of restaurants, bars, cafés and hotels, and how the wine is subsequently served. It had been found

that these locations are most suitable for customers wanting to fulfill their curiosity for experimentation, product diversity and the need for innovative and higher value offerings. The highly dynamic on-premise channel therefore offers an important opportunity for the wine industry and had simultaneously become a useful instrument for market communications (Pomarici et al., 2012). Furthermore, the current global significance of the wine-food relationships provides an imperative incentive to create and develop innovation throughout the whole supply channel. For instance, the wine bar that resonates with the traditional French bistro had become a popular alternative to traditional pubs and the youth seem to relate better to this trade channel (Pomarici et al., 2012).

Secondly, regarding to the off-premise consumption of wine, Pomarici et al., (2012) noticed changes involving the distribution among different types of retailers, especially as the sale of wine on retail shelves seems to be growing. The authors noted that the retail channel had evolved to become an expression of consumers who want to learn and explore purchase options. Additionally, these consumers want to save money, but at the same time taste and experience quality products. This created an opportunity for larger supermarkets and discount retailers to not only offer convenience and lower prices, but also larger selections, better service and professionalism. The authors found that distribution and retailing had changed significantly in recent years, and across countries. (Roberto, 2011) also noted that Americans increasingly purchase wine from supermarkets, wholesale clubs, and mass merchandisers and that Costco had become the largest wine retailer in the United States. This may prove to be highly relevant to the future of fine wine distribution. Yoo et al. (2000) argued that even for luxury goods that are normally distributed through fewer retailers, having the product available in more stores offer consumers convenience by making the product more accessible. It also saves consumers time,

Similarly, at the retail level, the European supermarket industry had become much more concentrated and larger supermarket groups are now offering their own private label wines (Pomarici et al., 2012). It was also noted that large firms, for example leading brewers and wine and spirits companies control alcoholic beverage distribution in Europe and internationally (Roberto, 2011). Therefore, for wineries to challenge the market power of the large retailers and distributors, consolidation might be considered in order to gain sufficient scale. This would enhance wine producers' ability to achieve significant shelf space and to win "favourable contracting terms" (Roberto, 2011). The author added that this might explain why many wineries globally have merged, as well as why beer and spirits firms have acquired wineries.

With regards to retail consumers using the internet specifically as a purchasing channel, it was found that buyers consider the following three factors when purchasing wine online: delivery speed, cost reduction and overall efficiency (Barry et al., 2014). Moreover, in the absence of

physical contact between the producer, seller and consumer, it is important to use the internet to build and maintain virtual business relationships. Specialised websites provide extensive purchase related information and makes it possible for consumers to buy wine online and avoid the trouble of having to purchase wine through traditional channels (Pomarici et al., 2012). However, Walley et al. (2013) noted that even though the internet may assist in improving the image of luxury goods, consumers may be reluctant to use it as a purchasing medium as it is not consistent with the scarcity associated with luxury brands. It was emphasised that increasing accessibility to luxury goods such as fine wine may result in a reduction in its perceived exclusivity (Walley et al. 2013).

The literature provided an overview of trends affecting the off-premise and on-premise consumption of food and wine in a broader context. The relevance of distribution channels in the positioning of fine wine brands was further explored in the study.

2.6 Brand knowledge

Kotler and Keller (2012) defined brand knowledge as the “thoughts, feelings, images, experiences and beliefs associated with a brand” and brands must promote persuasive, positive and distinctive brand connections with consumers. It is further important to understand the content and structure of brand knowledge as it influences what brand memories resonate with a consumer when exposed to the marketing of that particular brand (Keller, 1993).

As far as brand knowledge pertains to the wine industry, Vigar-Ellis, Pitt, Caruana, Bruwer and Bruwer (2015) found that consumers with objective wine knowledge are more likely to take part in experimental wine purchasing. In addition, more knowledgeable wine consumers are more likely to purchase wine from specialist wine stores or directly from the wine estate instead of wholesalers and they tend to be less price sensitive. At the same time, brand knowledge is known to influence consumers’ reactions to brand exposure and to ascertain whether certain wines will be chosen over other wine brands (Vigar-Ellis et al., 2015). Roberto (2011) found that after creating brand knowledge, New World producers would often extend the brand to an entire product line, to accommodate different market segments.

Drennan et al. (2015) found that a wine brand is consumed more frequently if it is better known. However, the authors noted that where brand trust and brand satisfaction is considered, wine experience is a greater influencer than brand knowledge. It would therefore make sense that New World wine producers commit strongly to activities designed to educate consumers about wine (Roberto, 2001.) It was suggested that consumption can be increased by advancing the level of product knowledge among consumers, and by removing some of the “mystique” that is often

associated with wine (Roberto, 2001.) Similarly, Vigar-Ellis et al. (2015) noted that age and education influence objective wine knowledge.

Keller (1993) identified two components to characterise brand knowledge: brand awareness and brand identity. Each factor was explored individually as it relates to building brand knowledge in the fine wine industry.

2.6.1 Brand awareness

Brand awareness relates to the ability of a consumer to identify a specific brand under different circumstances (Keller, 1993). Huang and Sarigöllü (2012) noted that a relationship between brand awareness and the consumer's preference for the specific brand exists, and that brand awareness therefore plays an important role in the decision making process of consumers. Keller (1993) found that it is essential that consumers associate a brand with a specific product category (for example premium wine). Therefore, by increasing brand awareness, the likelihood that the specific brand will be considered is enhanced. In addition, it had been found that many consumers take on a decision rule to only buy established and familiar brands (Keller, 1993). Similarly, De Chernatony et al. (2010) found that for consumers to consider a product for purchase, it must have physical presence in terms of its availability, but also psychological presence in terms of awareness.

Furthermore, it had been found that brand awareness relates to brand equity with regards to the consumer's mind-set, as well as market measures such as premiums related to revenue and price. However, as with brand knowledge, brand experience seems to be more relevant than brand awareness (Chernatony et al., 2010). With regards to the link between brand awareness and the marketing mix elements, the authors discovered that price promotions impact brand awareness positively through creating brand exposure and increasing consumers' experience with a particular brand (Huang & Sarigöllü, 2012). However, as mentioned above, for fine wine, price promotions would most likely negatively influence consumers' perception of the brand and its reputation (Yoo et al., 2000).

2.6.2 Brand image

Brand image is defined as the consumer's perceptions about a brand as reflected by the associations they have with the brand (Keller, 1993). Additionally De Chernatony et al. (2010) defined brand image as the consumer's perception of what the brand stands for. It was found that when considering different brands, consumers make purchasing decisions based on how well those brands maintain or enhance their own self-image (De Chernatony et al., 2010).

Keller (1993) argued that similar to brand awareness, a brand's image includes physical, product related features, as well as psychological attachments. Product related attributes includes the ingredients for performing the product's unique function that varies by product category. Non-product related attributes are easier to identify and refers to price information, packaging and product appearance, as well as user imagery (the type of person that uses the product) and usage imagery (the type of situations the product is used for). It would therefore seem that when positioning and promoting fine wine brands, both product related and non-product related attributes are relevant. Sáenz-Navajas et al. (2013) noted that in the wine industry quality perceptions exist among extrinsic nodes, for instance place of origin, denomination of origin (*premier cru* as opposed to *vin de pays*), label aesthetic (traditional as opposed to modern-day), bottling (estate, as opposed to cooperative bottled), accolades and being considered as a wine with aging potential.

Similarly, Anselmsson, Vestman, Bondesson, and Johansson (2014) looked at the willingness of consumers to pay a price premium for food brands. They found that uniqueness, social image and country of origin are the biggest determinants of whether or not consumers will pay a price premium for brands. It was found that social image is specifically relevant to products such as cars, clothes and wine. Seo and Buchanan-Oliver (2015) found that substantial investments in building brand image seem to be a prominent objective for companies operating in the overall luxury market.

The literature mostly considered brand knowledge and related factors pertaining to brand awareness and brand image in its broader context and the study further explored how it relates specifically to the positioning of fine wine products.

2.7 Brand equity

In a study conducted by Seo and Buchanan-Oliver (2015) it was found that a common characteristic of luxury companies is their commitment to building their brands. It was noted that companies that invest substantially in branding have stronger competitive positioning than companies that attach their core values to products and services. Similarly Walley et al. (2013) noted that the main competitive strategy for luxury goods companies is growth rather than defence.

Brand equity is the added value consumers associate with products and services, where customer-based brand equity is the differential effect brand knowledge has on the way the consumer responds to the marketing of that specific brand (Kotler & Keller, 2012). The authors noted that strong brands result in greater consumer loyalty, as well as an increase in revenue and bigger profit margins. In addition, these brands are better geared for competition and their marketing and

communications efforts are believed to be more effective. Importantly, it was pointed out that the brand's power and its value to the company rests with its customers (Keller, 2001).

As mentioned above, customer-based brand equity exists where customers respond to a brand's marketing as a result of their knowledge of the brand, as illustrated by the Dimensions of Brand Knowledge model (Keller, 2001).

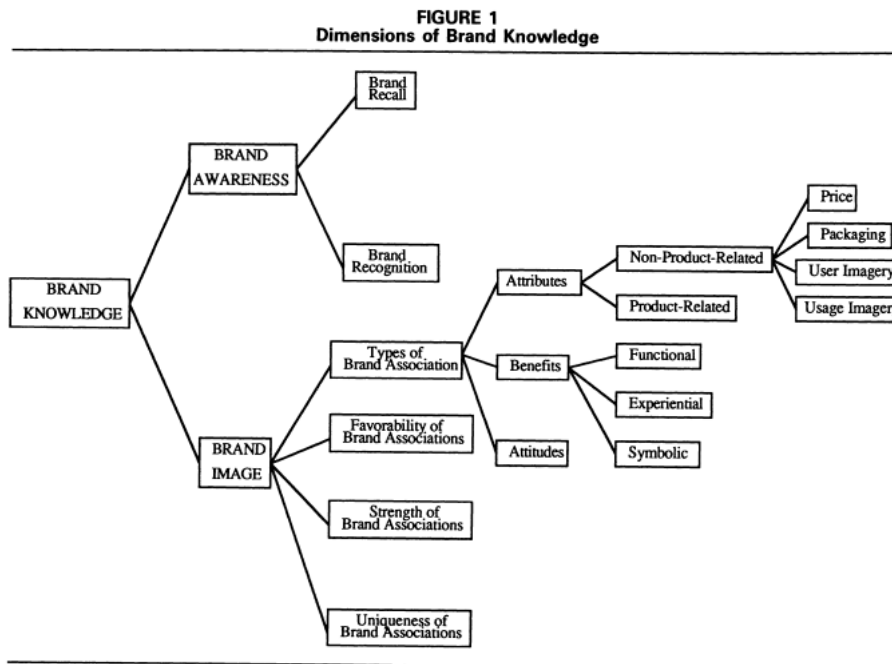


Figure 1: Dimensions of Brand Knowledge (Keller, 1993)

Keller's Dimensions of Brand Knowledge looked at input variables relevant to the marketing mix such as price, packaging and other product related attributes that contribute to creating brand awareness and brand image. These translate into brand knowledge linked to (customer based) brand equity (Keller, 1993). Kotler and Keller (2012) later concluded that strong brands (with strong brand equity) lead to more revenue and bigger profit margins that create loyal customers, less vulnerability to competition and they improve the effectiveness of marketing communications. Similarly, Spielmann (2014) argued that having a strong brand identity or brand name is crucial in building brand equity. Reid (2002) noted that strong, sought-after brands have high brand equity and the development of such brands will determine the future of wine companies.

With regards to how the four elements of the marketing mix relate to brand equity, Keller (2001) noted that brand associations are either formed directly from the consumer's own experiences in interacting with the brand, or indirectly via advertising or word of mouth. When considering a brand's performance, the actual product is considered as the brand's equity and it serves as the main driver of consumers' experiences with the brand. Therefore, creating and delivering a

product that satisfies the needs of the customer is crucial to successful marketing. In order to develop brand loyalty and resonance, products must exceed customers' expectations (Keller, 2001). The author noted that brands perceived to be of superior quality usually perform better financially, for example by achieving higher returns on investment.

Similarly, Yoo et al. (2000) found that brand equity, related to brand associations and brand loyalty, is created through improving the perceived quality of the brand and that it provides a sustainable competitive advantage for the particular brand through the creation of competitive barriers. Furthermore, strong brand equity results in companies being able to charge premium prices for products and services (Yoo et al., 2000). Brand loyalty is closely linked to brand equity and refers to the customer's commitment to repurchase a preferred product in the future, regardless of situational impacts and the marketing efforts of competitors that could cause them to switch (Kotler & Keller 2012).

Spielmann (2014) found that brands can build equity through brand awareness and loyalty. It had been shown that wineries can achieve brand loyalty by creating a memorable experience for visitors, resulting in them forming a lasting emotional attachment to the brand (Drennan et al., 2015). Tuškej, Golob and Podnar (2013) found that consumers identify strongly with a brand where their values are aligned with the values the brand represents, and consumers who identify positively with a brand commit stronger to it. For example, integrated marketing communication methods that consistently communicate brand values that match those of its target groups positively impact consumers' identification with that brand (Tuškej et al., 2013).

Brand equity was explored specifically within the context of creating strong brands that result in customer loyalty and higher revenues and that are able to compete effectively. Importantly, the literature suggested that customer focussed brand equity is created when a customer's knowledge of a particular brand influence their response to marketing communications for that brand. Furthermore, all four elements of the marketing mix seemed relevant in enhancing brand awareness and brand image that results in brand knowledge as mentioned above. The research further explored these notions.

2.8 Conclusion

The literature firstly explored the luxury industry and fine wine. It was found that the ways in which luxury goods are categorised correspond with the attributes associated with fine wine, for instance premium pricing, scarcity, exclusivity and quality in production and package design.

An overview of the global wine industry was provided and two opposing trends were discovered. Large scale, mechanised wine making, as opposed to more specialised, handcrafted methods of production with minimal technical interference, were discussed. The former was specifically associated with New World wine, where the latter was generally assumed to distinguish Old World wine production.

The literature suggested that product related features such as packaging; labelling, product innovation and region of origin or *terroir* are the most significant factors in positioning fine wine brands. Promotional activities related to New World wine were assumed to be of a more commercial nature, for example large scale advertising.

Two important considerations related to the pricing of fine wine and wine in general were revealed. The perceived value and/or quality of wine related to its pricing and the relationship between the cost of producing a specific wine and prices charged for it. Additionally, the literature suggested that loyal and knowledgeable consumers may be fewer prices sensitive and subsequently more profitable for wine producers.

With regards to promotion, the literature distinguished between direct and indirect marketing. Relationship marketing was considered in context of the former and indirect marketing mostly referred to large scale advertising, as well as social media.

The relevance of distribution channels was explored and an overview of trends affecting the off-premise and on-premise consumption of food and wine was provided. Off premise channels mostly referred to retail stores including specialised wine shops and larger groups. On premise consumption mostly concerned restaurants.

The literature mostly considered brand knowledge and related factors pertaining to brand awareness and brand image in its broader context. Brand image considered the relevance of product related features, as well psychological attachments to brands and social image. Brand awareness was explored specifically as it assists in enhancing brand knowledge.

It was suggested that customer focussed brand equity is created when a customer's knowledge of a particular brand influence their response to marketing communications for that brand. Furthermore, all four elements of the marketing mix seemed relevant in enhancing brand awareness and brand image that result in brand knowledge. Brand equity was explored specifically within the context of creating strong brands that result in customer loyalty and higher revenues and that are able to compete effectively. With regards to building brand equity, creating awareness for brands and enhancing brand loyalty were mentioned.

These conclusions drawn from the literature were further explored in chapter five 5 by interviewing a sample of eighteen participants, consisting of wine marketers, wine producers and wine industry experts from four New World wine producing countries: South Africa, Australia, New Zealand and the USA. The research questions that follow, as well as the related questionnaires specifically focussed on how elements of the marketing mix are used in positioning fine wine brands with the specific purpose of building brand equity through the enhancement of brand knowledge.

Chapter 3: Research questions

Maxwell (2012) defines research questions as the component that directly links all the other research design elements. The main objective of the research questions is to identify exactly what the researcher aims to understand by means of conducting the relevant study (Maxwell, 2012). It was therefore important to formulate the research questions in such a way that they are significant within the context of the study. The research questions were designed to explore the research topic in further detail and to link the literature with the interview questionnaires. Saunders and Lewis (2012) however warns that identifying research questions is not a straightforward task. For a research question to be deemed suitable it must clearly link the relevant literature and provide new insights into the chosen topic. It may be one broad question or a number of key questions that will be addressed during the research and that often lead into the research objectives (Saunders & Lewis, 2012).

Maxwell (2012) points out that research questions will often evolve during the course of the project and that qualitative researchers often do not establish final research questions until after a great amount of data collection and analysis have been done. The argument is made that focused, well created research questions are the results of an interactive design process rather than the starting point for developing the research design. The core research question explored how the four elements of the marketing mix namely product, price, promotion and place could be used to position premium commodity brands to create brand knowledge and build brand equity. It specifically measured New World fine wine. The three subsequent research questions particularly considered the four marketing mix elements as they relate to brand positioning and as covered in the literature:

3.1 Research question 1

How do product, price and place assist in positioning New World fine wine to compete globally?

3.2 Research question 2

What promotional activities are most relevant to create brand knowledge for New World fine wine brands operating in the global fine wine market?

3.3 Research question 3

How important is brand equity in the international fine wine industry?

Chapter 4: Research methodology and design

4.1 Choice of methodology

Saunders and Lewis (2012) define quantitative data as data that is numerical. Data is collected in a standardised way, for example by using questionnaires (Saunders and Lewis, 2012). Different variables form the basis of quantitative research design and data is collected around these variables. Saunders and Lewis (2012) further noted that the variables are analysed by means of statistics and subsequently described using numbers.

Quantitative data is generally divided into two key categories, namely numerical and categorical data. Numerical data can be discrete or continuous. Discrete data is measured in specific units and continuous data can take on any value. Categorical data is either ranked or ordinal, which means it can be ordered (Saunders & Lewis, 2012).

Non-standardised ways of data collection apply to qualitative research, for example interviews. The data collected is used to develop and test propositions that are described using words instead of numbers (Saunders & Lewis, 2012).

The study was qualitative and exploratory. A qualitative research design was found to be more suitable as the data was collected in text format, instead of numerical format. Saunders and Lewis (2012) define exploratory research as the seeking of general information related to a topic that the researcher wants to gain a better understanding of and they note that it is well suited to qualitative methods, for example interviewing. An exploratory research model was considered to be most appropriate to the study that set out to explore the relevance of the marketing mix in positioning fine wine to build brand equity.

In line with a qualitative research design, data was gathered through semi-structured and unstructured interviews, supported by questionnaires (Saunders & Lewis, 2012). Three questionnaires were constructed in line with the research questions and within the context of the overall research objective. The questions were customised for each category, namely wine producers, wine marketers and wine industry experts. The same sets of questionnaires were used during both semi-structured and unstructured interviews to achieve consistency and reduce bias.

4.2 Population

Saunders and Lewis (2012) define a population as a complete set of group members. Zikmund, Babin, Carr and Griffin (2012) noted that the set of group members (population) share mutual characteristics.

Four wine producing countries specifically representing the New World wine region were selected to form part of the study: South Africa, Australia, New Zealand and the USA. These countries vary vastly in terms of size, geography and weather conditions. In order to create consistency, the population subsequently consisted of wine producing regions within these countries that have similar climates and geographical conditions. Similar locations were identified by looking at the regions where Pinot Noir wine is produced in each of the four selected countries.

Pinot Noir was chosen to be the link between these geographies as it is generally accepted to be a temperamental grape variety that prefers very specific climates and soil conditions. Traditionally grown in Burgundy, France, Pinot Noir is known to excel in regions with similar conditions as its traditional home. These are mostly, cool and/or coastal regions such as the cooler seaside regions of South Africa and New Zealand's North Island, Oregon in the USA and Tasmania, the Yarra Valley, Geelong, and the Mornington Peninsula in Australia (International Pinot Noir Celebration, 2015).

The areas selected to form part of the population were therefore:

South Africa

Regions: Walker Bay (Hemel-en-Aarde Valley and surrounding areas) and Elgin (Wines of South Africa, 2015).

Australia

Regions: Mornington Peninsula, Yarra Valley, Geelong, Macedon, South Gippsland and Tasmania (Pinot Noir, 2014).

New Zealand

Regions: Central Otago, Hawkes Bay, Marlborough, Martinborough and Wairarapa (New Zealand Wine, 2015).

USA

Regions: Sonoma County, California and Oregon (International Pinot Noir Celebration, 2015), (The Wine Society, 2015)

4.3 Unit of analysis

The unit of analysis was brand positioning strategies in the New World fine wine industry.

4.4 Sampling method and size

A sample is a subgroup of the whole population and it can include subsets of people or employees, but also a subset of an organisation (Saunders & Lewis, 2012). Zikmund et al. (2012) compared sampling in business research to wine tastings where small quantities of a number of different wines are tasted.

Two non-probability sampling techniques were utilised, namely purposive sampling and snowball sampling. Purposive sampling involves the researcher selecting a sample based on judgments about the characteristics required of the sample (Saunders & Lewis, 2012). Common characteristics of the regions selected to form part of the population are that they all have cool, coastal climates and that Pinot Noir is one of the grape varieties produced in the area. Purposive sampling is the most used method of non-probability sampling and it is used specifically to select a small sample during qualitative data collection (Saunders & Lewis, 2012). As the research was qualitative and consisting of a relatively small sample, purposive sampling was most suitable. Saunders and Lewis (2012) noted that because the sample chosen is based on the researcher's judgement, a limitation of purposive sampling is that some of the population will not be chosen.

During snowball sampling, additional respondents are identified through information provided by the initial respondents. This technique is useful when having to identify members of unusual populations (Zikmund et al., 2012). Saunders and Lewis (2012) noted that snowball sampling is applied when recognising population members is difficult. Snowball sampling may therefore sometimes be the only possible method to reach potential participants (Saunders & Lewis, 2012). As the research project was done from South Africa, snowball sampling was specifically useful in identifying population and sample members from the wine regions located in Australia, New

Zealand and the USA. Saunders and Lewis (2012) warned that during snowball sampling, respondents selected will most likely identify others with similar characteristics to themselves. This may result in a homogenous sample (Saunders & Lewis, 2012). However, because the research was focussed on a specialised industry, this potential limitation was mostly overcome by the limited amount of suitable respondents available.

Samples from each region identified were selected via the non-probability sampling techniques chosen, namely purposive and snowball. The sample consisted of wine producers, wine marketers and wine industry experts. All wine producers and marketers that formed part of the sample target the high-end consumer with a selection of their brands. These are mostly single vineyard, family vineyard and estate wines that fall within the premium consumer market in terms of price, methods of production (craft/artisan), wine varieties, high-priced packaging and exclusive distribution channels.

The wine producers and marketers interviewed were all situated in one of the Pinot Noir producing regions in the four countries identified above and produced Pinot Noir wine for the export market. It should be noted that the wine producers selected to form part of the sample also grow other grape varieties such as Chardonnay and Sauvignon Blanc. The research was therefore not limited to Pinot Noir wine branding. Pinot Noir production was the common denominator in order to identify regions with similar geographical components to create consistency in the research.

The sample consisted of eighteen respondents in total. Sixteen respondents were situated in one of the wine producing regions in the population. Respondents who were identified as wine industry experts were not necessarily present in the wine producing areas, but located in major cities in each of the four countries.

Five respondents from South Africa were interviewed. They consisted of one wine industry expert, three wine producers and one wine marketer. Two wine producers and two wine marketers from Australia were interviewed. The USA sample consisted of two wine industry experts, two wine marketers and one wine producer. Three wine producers and one wine marketer represented New Zealand. Please refer to Appendix 2 for a breakdown of the sample in table format.

4.5 Measurement instrument

The data collected was firstly measured manually by identifying themes pertaining to the questionnaires and as it relates back to the research questions. The data was coded three times - once in a Word document (Appendix 3) and twice in Excel (Appendix 4).

4.6 Data gathering process

Szolnoki and Hoffmann (2013) acknowledged that the type of sampling method used to conduct research in the wine industry depends on the researcher's budget, objectives and area of interest. Although there are many sampling techniques that can be utilised, face-to-face interviews deliver the most descriptive results, and telephonic surveys provide a good alternative (Szolnoki & Hoffmann, 2013). Face-to-face interviews were conducted with all five the South African respondents and Skype interviews were conducted with twelve respondents in the overseas regions (Australia, New Zealand and the USA). One overseas interview was conducted via an Apple application, Face Time.

Saunders and Lewis (2012) propose that semi-structured interviews be used where the researcher is not clear on the answers respondents may give, where questions are complicated or where the researcher has to be flexible with regards to the order in which the questions are asked. The research required in-depth conversations around the topic being explored and semi-structured interviews were therefore the method of choice. Semi-structured interviews were conducted with respondents in Australia, New Zealand and the USA via Skype and Face Time; as well as one respondent in South Africa, where the interview took place in an office, yet still in a relatively informal manner. These interviews were transcribed within 72 hours of the interviews taking place.

In some cases unstructured interviews were conducted as a result of the context in which the discussions took place. Saunders and Lewis (2012) noted that unstructured interviews are more informal than semi-structured interviews and explore general topics in which the researcher is interested in greater depth. The aim is therefore for the respondents to talk openly and broadly about the topic with minimal guidance from the researcher (Saunders & Lewis, 2012). Unstructured interviews were conducted where the setting in which the interview took place lend itself best to this method. Four interviews conducted on the wine farms in South Africa were unstructured as they involved tours of the vineyards, the cellar and the larger winery. As a result, these interviews were transcribed immediately.

Eighteen interviews were recorded with an Android voice recorder application. Most interviews were backed up with Evernote, a computer based application. One interview was captured in written format only.

4.7 Analysis approach

The researcher transcribed the recorded interviews and popular themes were therefore discovered during the early stages of the study. These themes were manually categorised in line with the research questions. The transcriptions were coded in a Word document and later re-coded twice in Excel, before final themes were identified and applied to chapter five (Appendix 4). Care was taken throughout the data preparation process to ensure consistency across all three preceding chapters, and also linking them to chapters five, six and seven.

4.8 Reliability and validity

For the research to be valid, the data collection method must truthfully and accurately measure what it states to be measuring (Zikmund et al., 2012). To ensure that the research remains valid, the researcher must ensure that the research subjects selected are representative of the entire population. Bias that may occur during semi-structured interviews and the selection of the sample should be limited. The research questions must be structured in such a way that consistency in terms of the direction of cause and effect is ensured. Any events that may affect the research findings for example history and mortality of the subjects must be revealed (Saunders and Lewis, 2012).

Reliability indicates a measure's consistency. For measures to be reliable, different attempts at measuring something must provide the same results (Zikmund et al., 2012). Measures used must produce consistent results if used during other occasions and by other researchers in similar ways. Those interpreting the results must be clear as to how conclusions were formed from the data collected (Saunders & Lewis 2012).

The researcher ensured reliability throughout the research design process, data collection and analysis to confirm validity of the results. This was done by ensuring that the respondents selected represented the population and that bias was limited during the unstructured and semi-structured interviews conducted. Furthermore, consistency was implemented throughout the study. No unusual events that might have affected the findings of the research occurred during the study.

4.9 Research design ethics

Every aspect of the research design should involve ethics, including research methods, goals, the selection of the research questions, validity concerns and the assessment of the conceptual

framework. Because research design is an interactive process, each of the components influences one another (Maxwell, 2012).

Silverman (2010) noted that informed consent must be obtained prior to interviews, in other words subjects must know that they are being researched, they must be aware of the nature of the research and that they can withdraw at any time during the research process. Furthermore, with regards to confidentiality, care must be taken to protect the identities of all contributors (Silverman, 2010). In addition, Saunders and Lewis (2012) noted that individual respondents are often more concerned about guaranteed confidentiality, specifically with regards to personal information that may allow them to be identified. Consent was obtained prior to all interviews and all respondents interviewed participated willingly. Care was taken throughout the study to protect the identities of participating respondents.

Ethical clearance, based on the research topic, the research design, the general approach of the study and the questionnaires was obtained from the university's ethics committee before the data collection process commenced.

4.10 Research assumptions

- The individuals selected to be part of the sample were willing and able to participate.
- The questions and overall study were relevant and of interest to the individuals interviewed, wine producers, wine marketers, wine industry experts and to the wine industry as a whole.
- The format of data collection relevant to this study, namely semi-structured and unstructured interviews, and the presence of the researcher in all interviews allowed for an acceptable amount of bias to be introduced.

4.11 Research limitations

- Adhering to the time constraint of six months meant that respondents who were not available during this period were excluded.
- The research focussed specifically on a particular luxury industry, namely fine or premium wine.
- The research was limited to four New World wine producing regions, namely, South Africa, Australia, New Zealand and the USA
- The research included four English speaking New World countries. Important New World wine producing regions where English is not the first language, such as Chile and Argentina, were therefore excluded.

- To achieve consistency across four countries of different sizes and geographical components, only wine producing regions with similar geographical probabilities were included. They were areas with cool, coastal climates. Fine wine producers operating in warmer climates were therefore excluded.
- Given the time constraint of six months and the sampling methods chosen, namely purposive and snowball, wine industry experts from New Zealand and Australia were not interviewed.
- The research focussed mainly on fine wine producers making Pinot Noir and Chardonnay as a result of the technical *terroir* of the regions selected.

Chapter 5: Research Results

5.1 Introduction

Chapter five explored the findings of the research. A combined analysis approach was followed, involving both deduction and induction.

Deduction requires the testing of theory already collected, for example during the literature review (Saunders & Lewis 2012). The original three interview questions mentioned above were constructed according to assumptions formed from theory and literature collected during the initial stages of the study. The theory was later advanced as a result of new themes identified by analysing data that have already been collected. Saunders and Lewis (2012) defines such a research approach as induction.

Eighteen respondents were interviewed during semi-structured or unstructured interviews. Face to face interviews were conducted locally (South Africa). Skype and Face Time were utilised where respondents were based overseas (Australia, New Zealand and the USA). The interviews were conducted in locations where respondents felt comfortable and where they were able to converse objectively without fear of prejudice.

The researcher travelled to the Western Cape to interview the four South African respondents in person. These interviews were conducted on wine farms in an unstructured manner. The fifth face-to-face unstructured interview took place in the respondent's office in Johannesburg. Skype and Face Time interviews were conducted at times that were convenient to the respondents and in a location of their choice, being cognisant of the time difference between South Africa and the corresponding countries, that ranged between eight and ten hours. The shortest interview took place via Skype and lasted 25 minutes. The longest interview was conducted on a wine farm in Walker Bay and, making provision for interruptions, lasted plus minus 2 hours and 42 minutes.

During all the interviews, only the respondent was present without any interruptions from third parties. Seventeen interviews were recorded making use of Android voice recording software. Where possible, interviews were backed up with Evernote, a software application. Only the first interview was recorded directly onto a Microsoft Word document. The researcher transcribed all the interviews personally within 72 hours. Generally, it took three hours to transcribe an hour of recording.

Questions were linked to the literature review in chapter two, the overall research objectives of the study and the research questions as they relate to the four elements of the marketing mix, namely product, price, promotion and place. The interviews followed an informal format where the respondents were able to talk spontaneously about issues captured in the questionnaires. Three questionnaires were constructed based on the respondents' professions, level of experience and influence in the New World wine industry. They were divided into three categories:

- wine producers;
- wine marketers and
- wine industry experts.

5.2 Respondents

There were 18 respondents in total, representing four New World wine producing countries and divided into the three categories mentioned above:

Country representation:

Country	Respondents
South Africa	5
Australia	4
New Zealand	4
USA	<u>5</u>
Total:	18

Table 1: Country Representation

Categories:

Wine producers

Wine producers were mostly operating family owned vineyards where family members were involved in the production and/or the marketing of the wines. As a result 'wine producers' and 'wine marketers' often overlapped as the same respondent may have performed both functions. They were subsequently categorised according to their primary function.

Country	Respondents
South Africa	3
Australia	2
New Zealand	3
USA	<u>1</u>
Total:	9

Table 2: Wine producers

Wine marketers

Country	Respondents
South Africa	1
Australia	2
New Zealand	1
USA	<u>2</u>
Total:	6

Table 3: Wine marketers

Wine industry experts

The three wine industry experts interviewed were typically more objective, as they were not related to a specific producer or vineyard. Their general knowledge on the industry was broader, stretching across country borders and wine varieties. They consisted of wine writers, wine judges and sommeliers.

Country	Respondents
South Africa	1
Australia	0
New Zealand	0
USA	<u>2</u>
Total:	3

Table 4: Wine industry experts

When respondents spoke about pricing, it was generally accepted that they referred to the currency of the country in which they were situated. Herewith a breakdown of how the relevant South African, Australian and New Zealand currencies related to the US Dollar at the time of the research, sourced from OANDA currency converter (2015).

- 1 US Dollar equals 13.68 South African Rand
- 1 US Dollar equals 1.44 Australian Dollar
- 1 US Dollar equals 1.58 New Zealand Dollar

Find below a breakdown of how the Australian and New Zealand currencies related to the South African Rand at the time of the research, sourced from OANDA currency converter (2015).

- 1 South African Rand equals 0.10 Australian Dollar
- 1 South African Rand equals 0.11 New Zealand Dollar

5.2.1 Description of interviews and respondents

Interview 1: Wine Marketer from Marlborough, New Zealand

The respondent is a general manager and wine marketer at one of the larger wine operations in New Zealand, with vineyards in Marlborough, Hawks Bay, Gisborne and Auckland. They are known for Sauvignon Blanc, Chardonnay and Pinot Noir. The company tier their wines to target different market segments and wines range from entry level products, produced with grapes sourced from different areas to single vineyard wines positioned at higher price points. They export to over 50 countries and have stockists all over the world. It is New Zealand's most awarded winery over the past 30 years. The Marlborough and Auckland wineries have cellar doors where wine tours take place, and the Auckland vineyard café serves lunch 7 days a week. The semi-structured interview took place via Skype at the convenience of the respondent.

Interview 2: Wine Industry Expert from Johannesburg, South Africa

The second responded is a well-known, award winning wine writer, wine consultant, international wine judge and director of several wine related organisations. The respondent has over 35 years' experience in all sectors of the wine industry, both locally and internationally. The semi-structured interview took place in their office in Johannesburg.

Interview 3: Wine Producer from Walker Bay, South Africa

The respondent is a general manager and winemaker from Walker Bay in South Africa. The winery produces two labels of Pinot Noir, both positioned at the higher end, but at different price points. Other varietals include different ranges of Chardonnay and Sauvignon Blanc, including a reserve and special edition entry. They export to over 28 countries representative of Europe, Scandinavian countries, Asia, Canada, the United Kingdom and the USA, making use of distributors. On the farm, visitors are invited to enjoy vintage tastings and cellar tours as well as seasonal food pairings. The semi-structured interview took place in the boardroom on the wine farm.

Interview 4: Wine Marketer from Walker Bay, South Africa

The fourth respondent is a social media expert and a marketing/sales manager at a wine farm in Walker Bay. They offer three tiers of Pinot Noir, and two types of Chardonnay, including a limited production label and a reserve wine, positioned at the highest and medium ends of the market. Other varietals include Sauvignon Blanc and white and red blends. They offer a second label, branded under a different name, to compete at entry level price points. Wine is mainly distributed via the UK and South Africa. Apart from their tasting room, they also offer visitors tours of the vineyards and they have a wine club. The unstructured interview took place in the tasting room (restaurant) on the wine farm.

Interview 5: Wine Producer from Walker Bay, South Africa

Respondent five is a wine maker from a family-run wine producer in Walker Bay. They offer three ranges of Pinot Noir and Chardonnay. Two of the labels are positioned at the higher and medium end of the market, and the third, branded under a different name, targets the lower end. Other varietals include Sauvignon Blanc and white and red blends. The farm boasts an award winning restaurant and visitors are invited to wine tastings at the cellar door. The unstructured interview took place in the restaurant on the wine farm, as well as in the wine cellar.

Interview 6: Wine Producer from Walker Bay, South Africa

The sixth respondent is the owner of one of the older Pinot Noir producing farms in South Africa. Their three neighbouring properties produce different wine varietals based on their *terroir*, under three distinctive labels and they therefore do not compete with each other. The producer is best known for their premium Pinot Noir and Chardonnay, produced on the original property and they do not tier any of their wines. Their biggest focus is on the export market. Wines from all three properties can be sampled at their tasting room. The unstructured interview took place in the tasting room and wine cellar on the wine farm.

Interview 7: Wine Industry Expert from Oregon, USA

Respondent seven is a wine writer, marketer and judge with over 20 years' experience in the wine industry. The respondent has a formal qualification in wine business and apart from marketing and judging wine, they run their own business and related website that contains articles, events, popular wine related themes and wine recommendations. Situated in the state of Oregon, they are focused on wines from the Western parts of the USA, as well as building relationships and networking with industry specialists and wine enthusiasts globally, mostly through social media and personal interaction. The semi-structured interview took place via Skype at the respondent's convenience.

Interview 8: Wine Producer from Central Otago, New Zealand

The eighth respondent is a wine maker from Central Otago in New Zealand. The winery consists of four vineyards and they produce five styles of Pinot Noir: two single vineyards, two single blocks and a blend from three of their vineyards. Their Chardonnay and Riesling offerings are also much acclaimed. In terms of tiering, their single vineyard wines are slightly more expensive than the blended ones. They have an established global reach and distribute to various continents and countries, including Canada, the USA, the UK, South Africa, Brazil and several European and Asian countries. The semi-structured interview took place via Skype at the convenience of the respondent.

Interview 9: Wine Marketer from Mornington Peninsula, Australia

The ninth respondent is the marketing and business development manager at a small, family run wine estate on the Mornington Peninsula. The respondent has a Masters of Wine from the Institute of Masters of Wine in London, UK, and regularly travels, teaches and writes on the topic. The winery produces mainly Pinot Noir, Chardonnay and Shiraz and they source their grapes from four vineyards. Wines are tiered, ranging from single vineyard to wine produced with grapes sourced from alternative sites. They also offer a second label under a different name and logo to compete at lower price points. Visitors can taste their wines at their cellar door and they also offer snacks, coffee and the occasional lunch on the farm. The semi-structured interview took place via Skype at the respondent's convenience.

Interview 10: Wine Industry Expert from Washington DC, USA

Respondent 10 is wine educator, consultant and certified sommelier, based in Washington DC in the USA. The respondent also specialises in international distribution, dealing with importers and exporters in both the Old World and New World wine regions. The respondent has more than twelve years' industry experience and holds a qualification in wine and spirits. The semi-structured interview took place via Skype at the convenience of the respondent.

Interview 11: Wine Producer from Mornington Peninsula, Australia

Respondent number 11 was a senior winemaker at a large, international wine estate, before recently starting their own boutique winery with a business partner in Mornington Peninsula. Their focus is on Pinot Noir, given the *terroir* of the region, but they also make Chardonnay and Shiraz that are equally popular and they tier their wine to compete at different price points. The semi-structured interview took place via Skype at the convenience of the respondent.

Interview 12: Wine Producer from Yarra Valley, Australia

Respondent number 12 is the chief wine maker from one of the larger family wine estates in the Yarra Valley. The respondent is also a wine judge with over 30 years' experience in the industry. The winery's four vineyards generate several wines under different brands and positioned at different price points. Main wine varieties produced on their Yarra Valley site are Chardonnay, Pinot Noir, Shiraz and Cabernet Sauvignon. Wines can be experienced at their cellar door and enthusiasts can visit their restaurant and/or join their wine club. The semi-structured interview took place via Skype at the respondent's convenience.

Interview 13: Wine Marketer from Adelaide Hills/Tasmania, Australia

Respondent 13 is the global sales and marketing manager at a wine estate based in Adelaide Hills, South Australia, but they also have vineyards in cooler Tasmania. With over 20 years in the wine business industry, the respondent is highly experienced in wine branding, distribution and retail. Known for Pinot Noir, Chardonnay and Shiraz, they tier their wines and have a second label that is branded and promoted separately. Their tasting room offers wine and cheese flights and wines can also be purchased via their online store or wine club. The semi-structured interview took place via Skype at the convenience of the respondent.

Interview 14: Wine Producer from Central Otago, New Zealand

The 14th respondent is the founder of one of the most established wineries in New Zealand, with vineyards in Hawkes Bay, Central Otago, Martinborough and Marlborough. The respondent is the director of wine and viticulture and holds a Master of Wine. The winery produces three styles of single vineyard wines and varieties including Chardonnay, Syrah, Pinot Noir; as well as a Bordeaux-style blend and two block selections. Their wines are distributed in over 35 countries. Guests are invited to explore the cellar door and restaurant. They also host weddings and offer accommodation and a variety of events. The semi-structured interview took place via Skype at the convenience of the respondent.

Interview 15: Wine Producer from Central Otago, New Zealand

The respondent is the owner of a boutique wine farm in Central Otago. They are known for Pinot Noir and Chardonnay, as well as other varietals such as Rosé and a white wine made of Pinot Noir grapes. They tier their wines to compete at different price points and they also have a second label. The winery has an international reach and mainly exports to Australia, Asia, Sweden and the United Kingdom. Apart from their cellar door, visitors can join them for dinners and they also host weddings. The semi-structured interview took place via Skype at the convenience of the respondent.

Interview 16: Wine Marketer from Oregon, USA

Respondent 16 is in charge of export sales at one of the larger family owned wineries in Oregon. The respondent is educated in wine business and has studied and worked at wineries in Australia and New Zealand. The winery's offering ranges from single vineyard wines, made from grapes grown on the estate, to vineyard blends from surrounding areas. Apart from distributing their wines in the USA, they also export to over 16 international destinations. They offer a wine club and special events to promote their Pinot Noir, Chardonnay, Syrah and Pinot Gris. The semi-structured interview took place via Skype at the convenience of the respondent.

Interview 17: Wine Marketer from Oregon, USA

The respondent is the managing director of a family winery from French origin that has been operating in Oregon for more than 25 years. The respondent has over 11 years' experience in the industry and has served on the board of the International Pinot Noir Celebration and Oregon's famous Pinot Camp. They are known for their Pinot Noir and Chardonnay wines that are hand crafted, produced with minimal technical interference, and positioned at different volumes and price points. The semi-structured interview took place via Skype at the respondent's convenience.

Interview 18: Wine Producer from Oregon, USA

The respondent is the general manager and wine maker of a winery situated in the Burgundy-like Willamette Valley in Oregon in the USA. The respondent has over 38 years' experience in the wine business. The estate offers Chardonnay and Pinot Noir wines, including a premier cru selection, all positioned at different price points. Visitors can experience wine tours and tastings, and wines are distributed internationally. The semi-structured interview took place via Skype at the convenience of the respondent.

5.3 Coding and analysis process

The results from the 18 interviews were analysed manually. Saldaña (2012) suggested that the coding and analysis process follows a series of systematic steps as illustrated in the streamlined codes-to-theory model for qualitative inquiry. Codes are grouped into categories and subcategories in order to identify themes (Saldaña, 2012).

Transcriptions from the 18 interviews were firstly transferred onto a single MS Word document and colour-coded to identify trends (Appendix 3). Responses were then sorted under codes and themes identified from the questionnaires and literature review. The majority of the codes were therefore obtained through deductive methods. Codes and themes also emerged from the interviews, in other words, through inductive methods.

The transcripts were coded a second time using an Excel model, dividing codes into categories and sorting them according to related themes (Saldaña, 2012). The themes identified were coded for a third time (Appendix 4). There were many overlaps with regards to how the codes and categories relate to the themes. The following popular themes were identified early on and later further developed:

- All 18 respondents recognised the importance of creating strong brands within the premium wine industry in order to compete effectively internationally.
- The importance of building personal relationships with clients (distributors, retailers and restaurants) were extremely relevant to all respondents.
- All respondents agreed that the global premium wine industry is highly competitive.
- All respondents recognised the value of attracting consumers to their cellar door or vineyard, but the way in which they do so differ.
- None of the respondents spend a lot of money on advertising in magazines and related popular media.
- All respondents find promoting and selling fine wine at higher price points challenging, especially to novice consumers who are new to wine.
- Respondents were divided on the usage of innovation and technology in the production of fine wine but mostly promote traditional methods.

The final themes were discussed in more detail below and as they relate to the objective of the study and the research questions. Each of the three research questions was addressed in context of the overall objective of the study - how brand positioning is used to build fine wine brands in the New World wine industry.

5.4 The role of brand positioning in the New World fine wine industry

Product related features such as region of origin (and *terroir*), style, quality, whether the wines are hand-crafted and prices charged were most prevalent in how respondents define fine or premium wine. Wine producers from all four countries mostly considered the concept of *terroir* when defining fine wine and Burgundy was a popular reference point amongst wine producers, especially the producers based in Central Otago, New Zealand and in Oregon in the USA. Most respondents mentioned the quality of the wine produced, and all 18 respondents recognised the relevance of price.

More traditional wine producers and wine marketers mostly looked at Burgundy when positioning their brands and adopted more of an Old World European style in the way they design and market their wine products, and subsequently position their brands. Other producers and marketers had adapted a New World approach. They positioned themselves as New World producers focussing on the uniqueness of New World *terroir* and their specific region of Origin, reflecting this newness in all aspects of their marketing, from label design to promotional activities.

In terms of the marketing mix elements, product quality and pricing were considered the most when discussing the positioning strategies of fine wine brands. Promotion was used to some extent as a tool to build brand knowledge, but done so very discreetly and below the line, in other words direct selling, as opposed to mass advertising. In terms of place, (distribution), off-premise (restaurants) and direct to consumer strategies dominated across all four regions.

Respondent 13: “We want everything we do to reflect the brand’s values – that includes every part of the marketing mix, label, price, website, any event that we are involved in or run. We want everything to reflect the (brand’s) ethos, so the largest part of the value of the business is in the brand. We have to protect and enhance it with all of our activities. One of the most important elements that we have observed is building up a position of trust amongst consumers over a time. The strength in the (brand’s) offering and its positioning is that it has been good for 25/26 vintages – consistency in positioning and label.”

Respondent 15: “You cannot just position you brand as a fine wine, it has to be good quality of course. I think it is totally up to the producer and the wine, and then of course, the branding.”

Three elements of the marketing mix, namely product, price and place were discussed separately as they relate to brand positioning. The fourth element, promotion, was discussed under the heading ‘Brand knowledge’.

5.4.1 Product

Firstly, with regards to product, respondents spoke about the way in which the wine is made (styles and the production process). Packaging and labelling were discussed in great detail as it relates to brand positioning. *Terroir* and the relation to France, especially Burgundy and Bordeaux, were also popular in distinguishing their products; as well as the role innovation and technology plays in product development. Wine producers, and especially those representing New Zealand, saw the relevance of technical *terroir* (soil and climate) in affecting brand positioning. Each of these topics was discussed in more detail below. The region of origin played a role as it seemed as if Australian wines are known internationally to be more industrialised, and Oregon and South Africa are relatively unknown as fine wine producers. Many respondents referred to Central Otago in New Zealand as becoming a well-known Pinot Noir producer and New Zealand in general as an up and coming star producer of fine wine.

5.4.1.1 Styles and production

In terms of styles and production, most respondents mentioned using traditional techniques to produce wines. However, they would use technology in the form of mechanisation to an extent, mostly as a way to improve the quality of the wine without damaging the brand. All respondents agreed that the quality of production is most important in the way they distinguish their brands and that it correlates with their packaging. Respondents from South Africa and Australia referred to the perception of Australia as a producer of popular, industrialised wine and mentioned that this notion has made it challenging for their craft or fine wine producers. The actual grape variety was also mentioned by a South African and an Australian wine producer in that people are starting to prefer lighter styles as opposed to full bodied red wines such as Cabernet Sauvignon.

Respondent 2 opened the discussion around craft versus industrialised wine and mentioned that one is not necessarily better than the other, but that it is a question of taste and it depends entirely on the consumer: “Ultimately it is a divide between industry and craft (wine). This idea of a slightly more rustic craft wine is a world-wide trend. You have the industrial wine trend that can still have the look and feel of a craft wine, but it comes out of big wineries and it is made in a polished way. The more industrial the wine, the more you have to manipulate it. Australia has become the victims of their own success. People expect Australian wine to be sunshine in a bottle; they expect it to be the juiciest, tastiest supermarket value you can buy. But there are lots of highly craft orientated producers in Australia. The marketing job that the Australian Wine Institute is dealing with at the moment is how we promote the craft side of the Australian industry when people are really buying Australian wine because it is the best made industrial wine in the world.”

Respondent 8: “The emphasis is on wines of integrity, telling specific story of place, the wine maker and the commitment of the property. It leads you organically. Top brands are handpicked.”

Respondent 9: “Style and quality have more to do with where we get fruit from than the way we make it – 100% whole bunch fermented and de-stemmed. Australia has a reputation as sunshine in a bottle producer – big companies controlled the industry internationally for a long time. Small producers tried to come in on their coat tails – didn’t work for craft – expected to be cheap and cheerful, sunshine in a bottle. Because of its warm climate it is very easy to grow and make cheap wine.”

Respondent 15: “We position our wine as premium and everything is single vineyard. It really comes down to - we choose a part of the vineyard and we chop more fruit off so lower yields, trying to make more intense fruit flavours and we try to leave the wine in barrel for longer for more time in oak so really, when you try the wine side by side you notice a bit more complexity.”

Respondent 16: “Targeting fine wine lovers across the world. More focus on higher end – the reserves and single vineyards and the vintage series that we have that is just a three barrel production that we don’t do every year. We are working on our ten year strategic plan now and it is going to involve far higher end wines and more singular focus on Pinot Noir and Chardonnay and probably getting rid of everything else.”

5.4.1.2 Packaging and labelling

All respondents highlighted the relevance of label design in positioning wine products. They agreed that the packaging must be a reflection of the overall brand and fine wine as a whole. They were however divided on using more traditional, Burgundy-like labelling, as opposed to modern New World labelling. Most respondents however feel that labelling should be modern, yet stylish to reflect the quality of the wine. All respondents agreed that the packaging of expensive wine must reflect the overall product.

Respondent 1: “The label catches your eye. It gets the consumer to pick it up. Then you are half way there.”

Respondent 2: “You must make sure that your packaging is consistent with the image you want to convey. You can’t be frivolous about an expensive wine. Part of the reason people buy expensive wine is because it makes them feel good. You identify yourself in some way with a brand. I don’t think that they want frivolous labels. I don’t think they mind simple labels. On the

contrary I think that is what you see. The kind of rock star wine, the R800 to R1200 a bottle wine, they are very simply packaged. Expensive and simple. It's handmade paper but it is not traditional labels. It is not the *châteaux*, the driveway; the oak trees that kind of thing. We are seeing a new style of modern, elegant, minimalist labels."

Respondent 3: "New World labelling – fresh look, clean straight lines."

Respondent 4: "Perceived quality is judged by packaging, design. The ethos behind the brand is as important as what is in the bottle. Packaging must reflect the product. Has to be a connection. It makes people feel good. Paper, box, bottle shape and quality – higher quality bottle, weight and substance. People buy it without tasting it."

Respondent 5: "Our label symbolises the family values."

Respondent 6: "Old Bordeaux style label symbolises what we stand for – old classic style of wine"

Respondent 8: "Classic label – get complimented that it is classic and traditional looking"

Respondent 10: "The label needs to be specific to the price category – at a higher price range, the label has to have a specific category related to price."

Respondent 11: "The market is really enjoying the packaging and the look and feel of the brand. People who buy Pinot at 40 dollars a bottle don't want to be marketed to and feel as if there is some tricky mechanisation behind it. They are very interested in authenticity. That was a lot of the driving behind the design brief on that label."

Respondent 14: "White focus on the label where a lot of New World use a lot of colour. Cut corners of label and use classical colours. Dark purple, copper, gold – all quite classical and simple - makes it stand out from other New World wines. Label was designed to sit on a white table cloth – it makes important parts of the label shine – like the metallic finishes on the copper and the gold."

Respondent 16: "So that the wines look like they are all from the same company first of all, but also to elevate your super premium luxury message. And really that pedigree message, as well that we have been here for a long time. I think a brand is like a person – it is a package of experiences and the way they present themselves and their education. So you are communicating

yourself in a certain way and I think the brand is the same – you fit within a certain community and you have certain attributes and you act a certain way and if you really want people to understand who you are it all has to come together in one consistent look and feel.”

Respondent 17: “Understanding who you are. I mean, you look at our labels and how classical they are. I mean they do eco Burgundy, but more than that, they are a reflection of who the family (wine producers) are as people. They are lovely, elegant people, their winery is lovely and elegant, our wines are lovely and elegant, and the people are lovely and elegant, so there is continuity there. Some people have a wilder side so they might have wilder labels.”

Respondent 18: “Surveys have told us that consumers look at a wide range of labels on the shelves and they are going to grab something that attracts them. In the case of our labels, it is simple, very Burgundian looking, it is a unusual type of white top, we use the traditional neck label and the front label does not say Pinot Noir on it, with the idea that if it is from Oregon and in a Burgundy bottle, it has to be Pinot Noir. You do a lot of things when you make that package – you make a statement of quality, of association, elegance. I think the package is absolutely one of your most important opportunities to speak to an unknown customer. If you want to charge 75 dollars for wine, you can’t have a cute label. It is important to see what wine label looks like on table cloth. Packaging is important especially when you go to a restaurant for a fine dining experience.”

South African and American respondents mostly do not use screw caps for higher end wines, but they may for second and third labels. New Zealand fine wine producers and marketers interviewed will only use screw cap. Two South African respondents supported the adoption of screw caps in the country and felt that they are behind the curb in terms of this technology.

Respondent 2: “There are very few people who deal with fragile fruit who think of cork as a possible closure. New Zealand has the highest average price per bottle sold in any of the ‘New World’ wine producing countries. Try to find a cork closed wine in New Zealand. The decision to go for screw cap has not cost them their price premium.”

Respondent 3: “I’m not going that route – I still think there is an elegance associated with fine wine.”

Respondent 5: “I like it. I think this wine which is not as expensive could be screw cap and some of our Chardonnay too. A lot of guys in Burgundy are switching to screw cap and they are the ultimate traditionalists. If you go to very busy restaurants, waiters (students) push sales of screw top wines – easier to open. I think South Africa is a bit behind. New Zealand is very young – able

to dictate to own people how to drink wine. South African consumers are still very much conservative and traditionalist.”

Respondent 7: “There seems to be a stigma that if you buy a 40 dollar bottle of wine, you don’t want a screw cap, but I don’t think it is a question of quality. Screw caps are often better quality – no cork taste – it is just a perception. More people will move to screw cap.”

Respondent 8: “Screw caps are something in New Zealand we rarely have to discuss. In 15 years there has been no resistance in 40 countries. People we sell to are wine enthusiasts and wine intellectuals who appreciate wine of good quality, willing to trust the wine maker in the type of closure they choose to use.”

Respondent 9: “Amazing turnaround in Australia. Was scared that it will cheapen the perception of the wine, but within 12 months New Zealand got on board – then all of a sudden there didn’t seem to be any reason not to go with screw cap because all the best producers were using it. We tried ten years ago, didn’t work. Had terrible problems with cork - forced by quality issues to abandon natural cork – and plastic cork is terrible. Particularly for high end wine, the consumer knows what produces quality and they know it is not the cork. Cork can ruin a perfectly good wine.”

Respondent 11: “Unquestionably better. It is just a matter of time until the world catches on.”

5.4.1.3 Region of origin and the relation to France (Burgundy and Bordeaux)

Some respondents used *terroir* and region of origin in the same sense, where others specifically mentioned technical *terroir*, the actual climatic conditions of the region, as well as the types of soil. Most respondents position their products as have a relation to the Old World in the way it is produced, specifically Burgundy and Bordeaux in France.

Respondent 5: “(It is) a Burgundy kind of thing – different grapes from different vineyards. Hemel-en-Aarde (Walker Bay) must market itself as a Pinot Noir brand to promote South Africa as a Pinot Noir producer. People are starting to acknowledge that we make good Pinot Noir, but we don’t get good press in the States. British wine writers and Europeans acknowledge us much more. I would say that the whole world is happy to say that we can make a Bordeaux – no one can say that we can produce better wine than Burgundy – still very traditionalist – people look for Burgundy style wine. We are getting there.”

Respondent 6: “Took us to understand the *terroir* and work with it - see what the strengths are and playing to it, instead of trying to make wines taste a certain way.”

Respondent 10: “Burgundy consumers like to be superior to other consumers. In fine wine, people are much more linked to category – the brand is linked to their identity. People buy those brands for prestige.”

Respondent 13: “Because Pinot Noir is more finicky about where it is grown to get good results, most people working with Pinot try to grow it in the right place and get higher price points than what they will get with other varieties.”

Respondent 14: “If you look at the property, the inspiration behind that was the great properties of Bordeaux – those properties are like small villages. They are a collection of buildings. The normal New World winery is one big building and everything is in it. The architecture is not French, the architecture is modern New Zealand, but the structure behind that architecture and the same with the brand and packaging and everything is very much, there is a cue that comes from the Old World there. A lot of New World producers try that path, they get their inspiration from Burgundy or Bordeaux, but if you look at the wines of (our brand) they definitely don’t have a sense that they come from the New World. They are not classical New World wines. There is definitely a sense in terms of the purity of the fruit that they are from New Zealand, but the way we make the wine is that the tension of the fruit is toned down and there is a much stronger concentration on texture and balance and complexity and all those things. We live the positioning of the brand with the wines we produce.”

“We’ve done a lot of blind tastings around the world to prove that these wines are much closer to their traditional homes of France than they are to the classic New World in the way that they taste. We are not talking about quality here but the characteristic of the wines.”

Respondent 16: “First for us it is about promoting our region because we are very small and our production as a state is very small and we are asking a lot more for our wines than other regions so it is very important to let people know where we are and why we are different and a lot of that is linked to climate and *terroir* and our focus on pinot so that is the reason why we as a winery is very active in export – we don’t have to do it – we can sell all of our wine in the US but we do it to promote our collective community here and our region.”

“People try to figure out where we sit and they use Burgundy as their reference point. There is a sort of a love affair between Oregon and Burgundy.”

Respondent 17: “We are a Burgundy house. We didn’t adopt the Burgundy model, we are the Burgundy model, based on two things: the potential to produce an excellent wine and also the community of people here. So the Burgundy model is Pinot Noir and Chardonnay, it is aiming at a goal of *terroir* and authenticity.

5.4.1.4 Innovation and Technology

All respondents acknowledged that innovation is important to compete in the international wine industry, but they differ in their views on the way in which technology should be applied. For fine wine, most respondents argued that innovation is mostly used to improve the quality of the wines and that current machine harvesting equipment does not lend itself to the production of fine wine. All respondents agreed that it is very difficult, if not impossible, to harvest quality Pinot Noir with machines. A wine producer in Australia and one in Oregon emphasised the ways in which technology can save money and time in wine production.

Respondent 1: “We are not traditional at all. The current demand for machine harvesting is exported to the Old World. For entry level wines, the grapes are machine picked – it is a still a gentle process – clean picking the grapes, but cost efficient.”

Respondent 2: “New wine producers must do things differently. You can’t do the same old same old.”

Respondent 4: “We like to try new things. Take risks, try new things – the rest follows. About constant innovation and staying ahead of the pack. About listening to consumers. We have a reputation for doing something – getting out there and making work of. We love spending money and investing in things. We do not compromise on quality with innovation, but it is essential to innovate – do something to set yourself apart – brand experience, product or packaging.”

“We have excellent quality control. (The wine maker) even makes non-estate wine himself...involved in every single step of the process. Quality is something (the winemaker) will not ever compromise on, will not grow until we have to start comprising on quality. We offer high quality, personalised wine.”

Respondent 6: “People find their way to the most successful solution – or go out of business by natural selection. Behaviour is determined by what works and what doesn’t. Quality is so important. Have to innovate all the time. The competition is extraordinary. You cannot outspend the competition – must do this more cleverly.”

Respondent 7: “The New World is much more creative – not such strict laws – can do more interesting wine blends and treatments to the wine.”

Respondent 8: “Have to have substance behind the brand that is credible – for us innovation means that we are committed to the highest level of viticulture – 100% organic. We understand what great wine is about. We have wines internationally distributed and we want to be present wherever fine wine is consumed.”

Respondent 9: “Our wine making techniques are very simple. We use tech to keep an eye on quality. Technology is important, but tech for tech’s sake – we are not interested in improving quality of fruit with fancy techniques like reverse osmoses – not the type of winemaking we are into. We use French oak barrels, not any of the bigger barrels – normal sized Burgundy barrels. We ferment in stainless steel – then straight to barrel – 20 – 25%, one to six year old French oak barrels.”

Respondent 10: “With technology it is easier to make more approachable wines to be enjoyed younger. People will always try to use new and exciting ways to separate them from the pack. A second label doesn’t do brand damage – all big, expensive brands do it.”

Respondent 12: “I think all the single vineyard stuff that we do are obviously hand crafted and handpicked and the technology is probably fairly minimal. Where a lot of the technology will probably be, is in the medium levels, and I would say perhaps 20 – 40 dollars retail, or let’s say 15 – 30 pounds in the UK market. That is where the technology will really help because I think it is going to give near single vineyard quality. It is really difficult and Bordeaux is going through the same thing. Most regions in the world are going through the same thing: how can I make compelling, interesting wine for a reasonable price? People want value for money – more and more so.”

“I think the New World is going to have some serious vineyards of really high quality of reasonable volume. They’ll be single vineyard because they’ll be larger and no I’m not saying it will be cheap to produce. It will be hand-tended in the vineyard, it will be handpicked and hand sorted and fermented in micro batches.”

“The best wines that we make here are the wines that we don’t touch very much. Technology quite often doesn’t improve wine – the opposite happens, but if I have to sort of say a single thing that I think is going change the world, I think it is being able to machine harvest fruit in perfect condition.

Some of my favourite wines in the world are absolutely artisan and hand crafted and there can be no expense spared in making them.”

Respondent 13: “We pick by hand because that gives us the best results. If there was a mechanising option that gave as good results, but we want to have whole bunches in or ferments, undamaged berries. We invested quite a bit in a very advanced de-stemmer that gives us perfect berries that are unbroken – that is an example of us changing and innovating our processes. We didn’t used to do a lot of sorting, we now do a lot more work on the sorting table. I think it is always important to be looking for an edge in quality and look for ways to be more efficient. Labour cost is very high in Australia, so if there is a way to be more efficient we will do that, but our point of difference to a lot of places is our attention to detail, doing things by hand. We have to stay true to that.”

“We ruthlessly try to improve quality. Uncompromising. It is part of our identity, if you like. Because there is always a shortcut that can be taken to save some costs. Those should be measured against – we must make sure that we don’t deviate away from our quality parameters.”

Respondent 14: “You have to innovate to be competitive – you got to be ahead of the game all the time, but from a brand point of view, it can’t be part of it. If you are in the craft wine camp though, you never break that philosophy. Where a lot of wineries have trouble is that they cross the line between both of those and then they start messing the whole thing up.”

“We are very much into that whole craft wine thing. Our philosophy doesn’t change and our principles don’t change, what matters to us doesn’t change, but how we apply them and how we understand them and how they impact on finished wine do, because using the best tools available to achieve that.”

Respondent 15: “Our winery is pretty traditional. In the vineyard everything is done by hand as well. We are quite hands-on and we are small enough so that we can do that. A lot of wineries in New Zealand and Central Otago are the same. We’re known for being quite innovative – just being different really in our (wine) names and that kind of thing.”

Respondent 16: “We were one of the first wineries here. As a pioneering winery we are seen as being very experimental, very innovative, very open to doing new things, not just doing things because we’ve always done them that way. I think we are very well respected and I think that is why we are able to do what we do. That is how we set ourselves apart from the other wineries

within the region. Innovation is linked to improving the quality of the wine – that is what we focus on.”

Respondent 17: “As a company we are more traditional and we are less about experimenting, as you may imagine, and more about just being. We know that if we do our job well, there is an audience for it and at the same time there are people who are producing wine with really alternative techniques and that becomes their story that becomes their branding. Innovation is different than the wine relying on new technology - it may or may not help you produce the wines you want to produce. Innovation can be as simple as leave pulling in the vineyard – just managing your vineyards better with simple techniques that do require a lot of time and effort, we are not talking about “roboticulture”, we are talking about just very smart ways to think about addressing the growing season and you go all the way to the end.”

Respondent 18: “The technology has changed dramatically. There was a time, five years ago when you used a leaf pulling machine. It just was awful. It shredded the plant and I wouldn’t want one of those things in my vineyard. Today, the leave pulling machines are constructed completely differently and they are beautiful and it takes a third of the time. There are vineyards that are planted on slopes where you simply cannot get a machine in there and you would have to do that by hand. So one of the things we are doing right now is we are going through all of our vineyards and looking at what areas can be machine harvested, and hand harvested. In five years 95% of the grape work in the world will be done by machines.”

The respondent however acknowledged the importance of people in wine making: “It is hard for me to imagine that anything is better than the high scrutiny of a human. Ultimately it will be a combination of the two and hopefully technology continues to be a plus. Technology can be a real plus, it depends on how you use it. It is certainly not a substitute for the human input, but it is a great companion.”

5.4.1.5 Competitions/awards/accolades

Only a few respondents mentioned competitions and using wine awards and accolades to promote their products in the fine wine industry.

Respondent 5 have had seven five-star wines in Pinot Noir since they started, but they do not enter many local competitions, only overseas. “We don’t attend wine shows because they are expensive. We would rather spend money on new weeding system or a pruning backpack. We attend the Cape Town ones and Winex if we have time. People now seek us out.”

Respondent 8: “We do not believe wine is a competitive sport. You start making wine for wrong reasons – to stand up and jump out of the crowd. Like a good piece of art, it is so individual and appeal to different pallets”.

5.4.2 Using price as a brand positioning strategy

The cost of production and the price/quality association of the wines were most prevalent in pricing strategies amongst producers representing all four countries. All the wineries (wine producers) interviewed, except two, tier their wines to compete at different price points. The majority of the South African respondents interviewed have a “flagship wine” that they enter into international competitions.

None of the wineries said that they would compromise on quality with second and third labels and emphasised that it is never wise to reduce quality and put prices up. However, they admitted that it is done in the industry. Some respondents were of the opinion that consumers want value for money, whilst others felt that they want more for less, in other words they want good quality at low prices. The majority of respondents found price points challenging, especially in their local markets as it is difficult to convince especially novice consumers to pay premium prices for what they consider as being just another “red wine”.

The difference in the cost of labour across the four regions, as well as the strength or weakness of currencies was also mentioned. Australian respondents mentioned the strong Australian dollar as making it difficult for exports. On the contrary, South African respondents were concerned that the weak South African Rand make their wines perceived as being of lesser value when competing overseas. Respondents also mentioned that the scarcity of the wines influence the price, for example, Burgundy’s production is finite, where Australia has a lot of land that can be cultivated.

Several American respondents mentioned the sale of Meiomi, a Californian wine producer of popular styles, for over 300 million US dollars. They mentioned an increase in big companies buying smaller wine farms in Oregon to compete on price points.

Respondent 2: “If you do not take the full price inflation increase, finally your brand image will go down because you will look cheaper and cheaper every year. People will see you as a cheap brand instead of a good value brand.”

Respondent 5 mentioned that one cannot always charge high prices for better quality and that the South African consumer find Pinot Noir for example, to be too expensive for South African red wine.

Respondent 6: “However, due to the weak Rand it is still much less expensive than comparable wines from the USA that could sell for up to 80 US dollars. A R300 bottle of Pinot Noir turned into New Zealand dollars is nowhere near the top of the pile.”

Respondent 7: “I think our biggest competition is the price point! Trying to get people to pay even 15 dollars for a Pinot that is much more mechanised. Some people will never go beyond the table wine price. There are many wineries in Oregon that do not have lower priced wine, for example, nothing under 20 US dollars. Value for money is important and if you can get consumers to come to Oregon, to come to wineries, it is a great opportunity. A current trend in Oregon is that several properties are purchased by large outside wineries, mostly from California and France. Larger wine producers benefit from price points and they are forcing smaller wineries to re-evaluate branding.”

Respondent 9: “The most expensive wine is most expensive because they are from the oldest vines, lower crop levels and you have to work harder in the vineyards. People will also charge what they think the market can bear – cannot sell out of your wine too fast. Prices of more popular wines are going up and up. Not always worth what it costs. Expensive to grow wine and buy land – always going to have expensive wine in cold regions – wine is going to be expensive by definition.”

“Chardonnay is even harder to sell. A lot of cheap over-ripe Chardonnay in the Australian market – known for that – difficult for cold region Chardonnay to price competitively. Can make very expensive Shiraz – one doesn’t like to be cheap and cheerful.”

Respondent 10: “Champagne, people only drink during special occasions. Bordeaux you can drink any time. A second label does not damage the brand, although some brands would like to think that. Rhône producers have everyday wine. They all have inexpensive wines. There is nothing wrong with having a wine that you can drink Monday to Thursday because you can’t drink expensive wine every day.”

Respondent 11: “The price differential is 40 dollars retail for standard Pinot Noir and 70 dollars for the premier single vineyard stuff. In a sense it is kind of like a village and a premier cru kind of structure.”

Respondent 12: “It depends on region I suppose. Barossa Shiraz for example at the top end is a lot more expensive than Yarra Valley Pinot.”

“Burgundy gets more expensive and it is going to be extremely finite. The world is going to seek out lovely New World, high quality Pinot Noir and there will be lots of people that fill that void. There is a producer in the US producing some Pinot Noir that sold for 320 million dollars.

“It is the same in Australia and the same in the UK. It is the same sort of trend at the moment. People who eat food are looking for good value. They are having more casual food. They are not spending as much when they go out. Who wants to go out and pay ridiculous money for wine?.”

Respondent 13: “We avoid discounting. What doesn’t make it into (the label) is sold off under lesser labels or sold in bulk.”

Respondent 14: “I think most people in our sphere know the variety they want to drink, and they roughly know what they want to spend, but there are other things that can take them out of their comfort zones and to a place that might be 20% more than what they thought they wanted to spend and they end up with a great experience. I don’t think in our niche price is everything. Prestige wines are two or three times more expensive than the Family Collection wines. At a high level, people love the names of wines, when branded by names, not varietal.”

Respondent 15: “In Central Otago the cost of production is very very high. And you can’t find any Central Otago wines for under 20 dollars unless it is on special, so the entry level brand is an important product for us. A lot of vineyards around Central Otago have a second label. We find that it is probably the easiest wine to sell. It really comes down to price point. Especially overseas, they want a Central Otago brand but they can’t pay the (brand) level and a lot of the other vineyards do have an entry level wine, some of them are a little bit cheaper.”

“The larger they are the cheaper they tend to be. There is a big market for that cheaper level Central Otago Pinot. The cheaper you make it the more you will sell.”

Respondent 16: “Also the scarcity of the product – the whole of Oregon does 3.3 million cases. We are very high-end in terms of price but we are a small segment of the US wine market – we only make 1% of US wine production. Consumers are looking for something that is hard to get but is very good quality and have the price attached to it that is representative of that quality as well.”

Respondent 17: “The biggest news in the wine business of the last month was the sale of Meiomi. That’s 315 million dollars that was created in the course of five or six years or something like that, so that’s a great story of pure brand creation. They clearly launched it well. Those can be your goals. You can have in your head that you want to be a million case brand and you are going to work toward that, but it is different than saying, hey I have a 20 acre piece of land – 50 acre piece - that I am going to try to discover over time, vintage by vintage, a slow crawl to learn this piece of land. It goes back to what are your intentions and goals.”

5.4.2.1 Correlation between price and quality

Respondents across all four regions were divided on the correlation between price and quality. With regards to fine wine, it seemed to depend on the way in which it is made - hand-crafted as opposed to machine harvested. The overall cost of production, quality and the wine’s region of origin were also listed as factors influencing the relationship between price and quality. Respondents mentioned that it is a “perception” amongst consumers that price and quality correlates.

Respondent 4: “It is very sad that there is a perception in the wine industry that the more expensive the wine is the better it is. If they think it is, it is. It is about taste and all that matters in the end is how consumers perceive your wine. You think yourself into believing that a wine is better than what it is.”

Respondent 7: “I think people definitely up the price to make wine be perceived better.”

Respondent 9: “Prices of more popular wines are going up and up. Sometimes they get away with it, sometimes they have to adjust – not always worth what it costs.”

“In the international market, in London, because of the strong Australian dollar and expensive labour, Australian wine has been replaced by other New World countries with weaker currencies and cheaper labour. They look at Australian wine as being expensive for what you get, but Pinot Noir is still very good stuff. Mornington Peninsula is leading the wine – people perceive it as good value for money – we can’t compete on price so we have to compete on quality.”

Respondent 12: “Yarra Valley cannot compete with Burgundy on price points in the US. Price does not necessarily reflect quality anymore. When I go to Sydney people get excited about Central Otago Pinot Noir and you taste it and it is really no better than any of the Pinot Noir we drink here for 30 bucks.”

“I don’t know how sustainable good quality wine at 60 – 100 dollars a bottle is. I drink a lot of wine and I drink a lot of lovely wine but I question myself sometimes.”

“It doesn’t matter if you are in South Africa, it doesn’t matter if you are somewhere else, it’s just people want really nice compelling wine, regional, that sort of stuff for nothing. It’s really difficult because they can’t get that in Burgundy.”

Respondent 14 “If you are someone who drinks a 10 dollar bottle of wine every day, fine wine to you is a 20 – 25 dollar bottle. That’s your special treat.”

Respondent 17: “You can find good bottles at 10 to 15 dollars and really terrible bottles at 300 dollars. There is a correlation between price and quality but it is not linear – it is not something you can plot.”

5.4.3 Place

All respondents highlighted the importance of distributor relationships when selling fine wine, especially relationships with sommeliers and specialised wine shop owners, locally and internationally. The most important channels for selling fine wine, across all categories and regions, are restaurants, direct to consumer (cellar door/mail order) and smaller, boutique and specialised retailers, as opposed to wholesalers.

5.4.3.1 Distribution

Most respondents emphasised selling fine wine directly to the consumer, either via their cellar door or through their wine club, as these consumers tend to be their target market. They tend to be better educated about wine and less price sensitive. A wine producer from Oregon mentioned that wine clubs and selling directly to consumers are relatively new to wine producers in the USA, and that it is an exciting channel for boutique wine producers. All respondent emphasised the importance of the owner and/or the wine maker visiting distributors locally and overseas to promote their wines.

Respondent 6: “Our target market is better travelled and has had exposure to international wines. We love sommeliers – their job is to taste a variety of wines. You simply have to make money – very few people in the industry make decent money – important to travel and send the wine maker overseas. Have to get out there and meet people, you need an animating personally. We travel a lot. Have to be visible all the time.”

Respondent 7: “It is costly for a winemaker to go into a new market – take a week out of their diary, but best way to sell wine is to be present, to pour wine for people – to be at the restaurants.”

Respondent 8: “Shop owners’ recommendations, networking, building relationships, visiting markets, from importers and distributors down to sommeliers and shop owners. We spend a lot of time visiting shop owners and restaurants.”

Respondent 9: “Estate wines are more commercially viable for restaurants and retail trade. One or two percent of restaurants feel comfortable and will sell single vineyard. Expensive on the list – only if they really like them. We mostly sell single vineyard directly to consumers – keep them in the cellar – have long term value.”

Respondent 10: “Focus efforts on just a few markets – get you product in there – then continue to support it.”

Respondent 12: “We have a fantastic relationship with retail customers all over the world. That’s the easy bit. But a lot of Pinot Noir is sold on premise and in fine wine stores and that is where you sometimes have to differentiate what you are doing. They want artisanal, they don’t want a large family company.”

Respondent 13, when asked about relationships with bigger retailers and smaller boutiques answered that the former needs less attention: “Their model is that they don’t want to be visited by each of their producers and have a one-on-one relationship. They are a big box model. We can have our wines in those channels because Australia is a mature market, but we focus on relationships with restaurants and independent retailers.”

Respondent 14: “When people go to buy a bottle of wine they have already decided what variety they are going to drink - apart from very edgy restaurants with very influential sommeliers. Our challenge has always been to make sure that once they have chosen the variety that we are on a place on the list or the retail shelf where people can see us. And the person in the shop knows about (our brand).”

Respondent 18: “(Wine) clubs have not been traditionally available in America and so my friends in Europe, particularly in France, they have their private customers they work with and that is legal and they can ship to Denmark and ship anywhere in the EU and we can’t do that. I can ship in the US, it has opened up a lot, but there is a lot of paperwork, there is tax to pay. The direct to

consumer approach is growing that is going to be the saviour of some of our wineries actually. Even high end distributors don't have the time to take on all these little brands.”

5.4.3.2 Restaurants

Most respondents viewed restaurants as their clients and important distributors of their wines, both locally and internationally. Restaurant distribution was found to be a crucial part of value chain. Respondents emphasised the importance of having their brand on wine lists and mentioned that that the way to make sure it stays on, it to ensure that it sells.

Respondent 4: “Michelin star restaurants. (Owner) is currently meeting with a group of restaurants in the UK.”

Respondent 5: “Not going bigger really – we buy in quite a lot of Sauvignon Blanc and younger vines, but we are not focussed on high volumes at all. We sell to restaurants and bistros.”

Respondent 9: “Some people who always have (our) estate on their list.”

Respondent 10 “If you have an expensive bottle of wine on the wine list that doesn't sell every night, lower price point wine that sells by glass brings in revenue quicker. At the same time if a wine sells out too fast, it loses its spot on the wine list. You have to keep supply chain going – want wine to sell out at the right rhythm. You can raise prices to slow inventory down – not to get bumped off the wine list.”

Respondent 12: “People are eating out and they don't want wine to be heavy and dominate food. We have another brand and we sell those on premise to restaurants and fine wine shops and things like that and they love it. There are a lot of small producers in the Yarra Valley and they only sell to fine wine shops and restaurants and they sell a really small amount. They hand sell.”

Respondent 13: “Time is really crucial. Channel management is very crucial - where the people meet your brand, in what sort of environment and at what sort of price. We look very carefully at how much of our wines are sold on premise (restaurant sales). We avoid discounting. We support restaurants so that they can pour our wines by the glass.”

Respondent 14: “A lot of the work that has been done in New Zealand, amongst that category of people aged 30 – 50, targeted where they enjoy wine, and that is with food. One of our great

ambitions was for our wine to be served at all the great restaurants of the world. And from a personality and presentation point of view, it had to reflect that. It is a very simple, classical brand.”

5.4.3.3 Wine farm and cellar door

Most respondents recognised the value of distributing their wines on their farms and making it accessible to visitors. Only one respondent, a wine expert from Oregon, mentioned that wineries tend not to have restaurants because farming neighbours do not want traffic in rural areas.

Respondent 3: “Have to have charm. The cellar is attractive.”

Respondent 4: “Traditional wine farms are cold dark and damp. Intimidating. People want food, wine, good company.”

Respondent 8: “We are in a very remote area – three hours to the nearest traffic lights. We don’t do onsite promotion. Our neighbours have lunchtime restaurants. We have remained committed to making the best wine and selling them internationally.”

Respondent 9: “Much easier to sell wine to customers who already know it – rely on word of mouth – hard to sustain once-off sales – relationships are important – cellar door and direct mail-order customers.”

“People who come to the cellar door are mostly Pinot enthusiasts. Word of mouth, repeat customers. They come every year. Interested in what last few vintages were like.”

Respondent 14: “The cornerstone of our marketing is encouraging people to visit us and spend time on the farm and when they leave they become ambassadors for us. If they then go to another part of the world and see us on a shelf they will buy a bottle because they had a great time with us. The whole cornerstone to the wine story is having people visit and giving them an incredible experience.”

Respondent 18: “We work very hard at that. We happen to have a beautiful winery and that really helps as an attraction. We have a very big direct to consumer programme here and we work very hard at building that programme.”

5.4.3.4 Retail

Smaller, specialised retailers were most relevant to the distribution of fine wine. Some wineries, mostly in Australia and Oregon may have some of their brands represented by larger stores, but it depends on the region, the specific brand and on their relationships with the wholesaler.

Respondent 12: “I think young people seem to be re-gaining some old style habits, like you go to a wine merchant and you speak to them about the types, the things you like. You don’t go to a supermarket to buy nice wine and all of those places are doing really well and we would spend a good amount of our time with the really good wine merchant and do tastings and make ourselves available for that and speak to the owners. It is happening in Australia, it is happening in the UK where people are actually going back to a traditional wine merchant to buy from somebody who gets it, and honestly, we actually shouldn’t even be trying to sell premium wine to the large super market chains and whatever else. The only unfortunate thing we have with those guys is that they don’t want to be left out. This is where I feel that those supermarkets and those larger bottle stores will have their product, and I think the independent guys and sommeliers will have products that are targeted for them, and I think you probably have to divide your portfolio up when you are our size and we have to say to them, listen we sell these wines to the independent guys and that’s what they want, but ultimately we’ve got to deal with the larger guys and I find it very hard because they come out and they say, that is really nice what you show me, but can we try some of the wine you are selling to the independents? I can’t not show them and now my attitude is, (if they are a good supporter), I will send them, their tasting panel, a bottle of everything that I make and say, look this is mainly going to independents and they might say, out of respect we’ve got three stores that we would love to try to put this in, icon stores that they have and there is nothing wrong with that because they’ve got – there are plenty of wealthy people in Double Bay in Sydney and Toorak in Melbourne. Lots of wealthy people who don’t want to spend a tremendous amount of money on wine if they can buy it from a one of those nice stores and they get a nice price.”

Respondent 17: “We sell most of our wine percentage wise through distribution. Grocery stores and super markets mean different things in different places. There are some places where Costco is the fine wine store and people buy their wine there and there are some places where that is not the case, so you have to be in tune with what are the best places to sell your wine in the market – it looks different in different markets. We sell in better outlets and people that have serious wine programmes. Just based on our price points you’re not going to find us at super cheap. If you know nothing about these wines and you are shopping at that level, you may ask for help or recommendations – our goal is to have reached the people who know about wine and who care about wine and the shop owners, we want them to feel great about the wine they sell and the

sommeliers know about us and come to visit, so you are supporting this process because often times at the end you are not there to sell the wine. Your winemaker can't be everywhere. There is some assumption that if you walk into a place that has a nice selection and they have our wine, we hope that the sommelier or wine buyer might guide them our way, or there are also people who are collectors and they buy cases every year – it is that typical thing where it is easier to sell two cases to someone who already likes your wine than what it is to sell the first bottle.”

Respondent 18: “Having relationships with bigger retailers depends on the brand. Some brands cannot survive without big grocery stores; others are made exclusively for restaurants. Not every grocery store is the same. Fred Meyer brand – part of Kroger – have over 150 stores, some of them, about 19 have stewards. Stewards have been in their stores for 20 – 25 years and these guys are as wine knowledgeable as anyone in a fine wine shop, perhaps more. To be in a Fred Meyer stewarded store can make a lot of sense and yet you wouldn't go to Fred Meyer corporate and make a presentation so that you can be in all 150 stores. The other thing is pricing and grocery stores will often give a pricing break because they don't take the same margin and that could hurt you. So we will say to the store, we can sell it to you but you have to have the same mark-up.”

5.4.3.5 Exports

All respondents mentioned that they focus on exports, but respondents from Oregon less so as they have a large local market to break into. The United Kingdom seemed to be the largest export market for the majority of the respondents interviewed, followed by Asia (China, Japan, Hong Kong, Malaysia and South Korea), North America (USA and Canada) and Scandinavian countries. The actual amount of wine exported varied vastly – between 2% and 75%. Respondents representing Oregon viewed Canada as an important export market for fine wine and producers from New Zealand mentioned that they also export fine wine to neighbouring Australia.

Interestingly, **Respondent 10**, a wine expert from the USA, commented that the rest of Africa could become a relevant export region for South African fine wines: “South Africa is stuck between a rock and a hard place. Some of the best export markets are in Africa, but the price points in those countries are lower so we tend to focus on the UK etcetera. Chile is focussed on Japan and the UK. Argentina is focussed on neighbouring countries at lower price points, mainly bulk wine or inexpensive bottled wine. They realised that it is OK to support those markets but to protect their brands' image they had to be in markets of higher price points - start focussing on the US and Canada.”

5.5 Brand knowledge

In terms of the marketing mix, 'promotion' was specifically relevant in building brand knowledge. However, product, place and price related factors also constantly interact with promotion to form part of an integrated brand positioning strategy. This includes the packaging, the type of restaurants and stores that stock the brand and the perceived quality attached to its price tag.

All respondents recognised the importance of creating awareness for premium wine brands to compete effectively, but the way in which they do so differ. Respondents from Oregon in the USA were most collaborative, putting significant effort into mutual efforts in promoting their regions. Respondents from South Africa were much more focussed on promoting their individual brands, but realised the importance of mentioning the region (Walker Bay or Hemel-en-Aarde) in their marketing and branding.

Respondent 16: "Brand awareness is hugely important. Apart from labels, there are 83 wineries in our country and that does not include everyone we compete with. There is a tremendous amount of wine labels out there."

5.5.1 Promotion

When looking at promotion, popular topics across categories and regions were advertising, storytelling, social media and events. Each of these themes is discussed in more detail below.

5.5.1.1 Advertising

All respondents mentioned that they focus more on relationship marketing and direct selling as opposed to mass advertising. The majority of their responses were therefore correspondent with the way in which they distribute their wines by building strong connections with distributors such as restaurants, retailers and sommeliers.

The majority of the respondents who fall into the 'wine marketers' and 'wine producers' categories said that they do not make use of external marketing agencies to promote their brands. Instead, all marketing, branding and promotional activities are designed and executed in-house. Three wine producers, representing South Africa, Australia and New Zealand, outsource a portion of their marketing.

Respondent 6: “Cannot make all those thousands of decisions that ultimately result in (your brand) unless it is in you. Mass advertising damages a small brand.”

Respondent 8: “We’ve never paid for an advertisement in 19 years.”

Respondent 9: “We don’t spend money on advertising in magazines. We shy away from marketing talk because we are small. What sets us apart is that the wine is us.”

Respondent 10: “Get out there and shake hands – work the market. People in the New World don’t realise how hard the Old World still works at pushing their brands. People enjoy meeting people – they want to feel connected. They fall in love with the wine, so the best thing you can then do is to meet that person.”

Respondent 12: “For estate wines we let the marketers do a bit of stuff – that is our 30 dollar wine – and 30 dollars for a lot of people is like, yeah I read about that in a magazine. But I do think at the top end nobody is interested in that. I am not sure if much in print is all that interesting. I think a lot of it will now be on social media or perhaps more small life style (magazines).”

Respondent 13: “We bring people to the winery to experience it. We don’t advertise wines, will have the tasting room featured in tourist guides. We are really focussing on making sure distribution is right and channel management and marketing to the trade.”

Respondent 15: “(The second label) I did outsource to another company. They came up with the name and the label. If you win an award they always want you to pay money for advertising. If it were a big award or an important magazine we would pay for that - but we don’t do just mass marketing advertising or anything like that. It is usually related to something that is going on like an event. When people try to sell us advertising they’ll show us who’s advertised and they are usually quite large companies.”

Respondent 16: “Our advertising spend is very small. Traditionally it has been more focussed on events and getting people into the tasting room, and not necessarily (advertising) in the *Wine Spectator* because a full page in the *Wine Spectator* is 30,000 dollars and as a small winery we don’t really have the resources to do that. Hopefully eventually we will because I think the *Wine Spectator* specifically is something buyers in the US and the rest of the world look for. It is a shame that we are not there, but at the same time I think at this level, advertising isn’t necessarily the best way to promote the wine.”

5.5.1.2 Storytelling

Respondents representing all four regions acknowledged the use of storytelling in promoting and building fine wine brands.

Respondent 7: “Sell on the story and people might be willing to pay more.”

Respondent 11: “In terms of brand strategy, we tried to incorporate a bit of storytelling and attach a whimsical feel to the whole thing.”

Respondent 16: “Storytelling and brand consistency plays a role. We involve our sales team and make sure everyone is on board with our story, what our selling points are that they are fine wines and we have a very good dialogue about the brand.”

Respondent 17: “We are a family business and what we do is wine and our goal is to produce the best wine we can and of course, you want to sell the wines. As you create your brand or imagery, there are so few ways to reach people. There’s your bottle, your label the capsule, the cork – these sort of small elements and then you have the stories – whatever you can communicate about what you do and who you are.”

5.5.1.3 Social Media

From the interviews conducted it would seem as if the New World fine wine industry as a whole is not that focussed on social media and responses were generally mixed. Generally respondents felt that their target market is older and not that engaged in social media. Only one respondent, representing a winery in South Africa, emphasised putting a lot of effort into social media as a tool to promote the brand and connecting with customers. Two wine producers, one from South Africa and one from Central Otago in New Zealand, do not use social media at all and they are not in favour of it.

Respondent 1: “It is changing mainly because of social media. The consumer wine producers are trying to target are online, on Facebook etcetera. Social media is the quickest way to spread the message. It reduces snobbery in wine. The younger generation finds it intimidating.”

Respondent 3: “There is a shift towards social media that we should perhaps pay more attention to. Youngsters are perhaps more brand aware than older people and they influence their parents. The people who walk in here are mostly elderly.”

Respondent 4: “We have about thirteen new media channels we work through. Nobody is on thirteen different social networks. So when they (the consumer) tweet they are promoting us on social media.”

Respondent 6: “Word of mouth. (Our) target market is not on social media.”

Respondent 7: “Social media is a great way to get your brand out there effectively. Can touch different types of audiences. Better range of ages. Don’t use it enough though. Millennials are interested, but saddled with college debt – not buying expensive bottles of wine.”

Respondent 10: “Social media will become more significant.”

Respondent 17: “Social Media is different and it is scalable. People relate to Twitter differently than they did to one minute ads in the 1950s. People figure out smart ways to associate with the market and marketing changes in relation to the available tools of the moment and marketing is about trends and being part of them.”

5.5.1.4 Events

Respondents mostly representing New Zealand and especially the USA, emphasised regional events to promote Central Otago and Oregon. However, one wine expert from Oregon mentioned that there are laws governing the hosting of events and that wine events are mostly reserved for wine club members. A wine marketer from Oregon also mentioned that events are mostly for wine club members. Regional events were not mentioned during any of the interviews conducted with South African respondents. One South African winery actively promotes their array of different food and wine pairings to attract groups to their cellar door.

Respondent 1: “Wine tourism is important, for example concerts in summer and the vineyard café.”

Respondent 7: “Relationships with distributors are important. At the Oregon Pinot Camp producers get together and pay for wine buyers and sommeliers and people active in the industry to come to Oregon for four days of intense wine tasting, learn about *terroir*, meet wine makers, walk through vineyards. Been really successful in getting people from other parts of the country to understand wine from Oregon.”

Respondent 9: “Personal interaction with people is the best way to build loyalty. It is even more important for regions to be strong – work together to promote wineries through regional association – try to grow international standing by doing regional tasting next year. Mornington Peninsula share a lot of customers – we are small enough and we have enough love to go around.”

Respondent 15: “We also do a lot of road shows. We are doing some media event trades and we do some consumer events with some retailers, restaurants, so we are building quite solid relationships cause we bring out a lot of people, especially sommeliers and wine writers.”

“We are part of a joint marketing group in Central Otago, which are most of the wineries of the same size and budgets and that and they are very cooperative down here and we have a joint marketing programme where we get together and we bring media and trade and we will run events and about 50 wineries will participate in the campaign. We will put out a lot of dinners and events and stuff and and bring out about 20 or so trade and media and do it as a joint thing and show everybody around and show them a good time.”

Respondent 16: “We definitely see a more mature wine drinker, trending towards more focussed experiences, private experiences that people can book where they are sitting down tasting wine, not just walking up to a bar. We tend to see far higher sales dollars per person when we do these more creative experiences. We do some food and wine pairings. That has been a big push for us in the last couple of years. But the events that we do here are more for our wine club members. So if we can get the wine maker there and he can just tell people in great detail what is happening, they just love it and I think that is something not a lot of people are doing. Not just eating food and drinking wine – they want do know what we are doing.”

5.6 Brand equity

It can be deduced from the interviews that wine producers and marketers across all four regions acknowledge the importance of having strong new world fine wine brands. These wineries therefore invest extensively in brand building activities that resonate with their brand’s image and values.

With regards to specific brand building strategies, two predominant themes emerged from the interviews. Firstly, the importance of making their wines accessible to the market fine wine producers and marketers wish to target was emphasised. This is mainly done by attracting customers to the wineries and cellar doors, through wine club events and by educating people.

Secondly, the importance of having strong relationships with key players in the industry emerged. These include sommeliers, restaurateurs and distributors. Respondents representing Oregon, New Zealand and Australia emphasised the importance of regional collaboration.

Respondent 2: “I don’t think you can stand still in the wine industry. You need to find new ways to engage with people. You need to prove that you are still on top of your game. Very few established producers who are on top of their game stay on top of it. Unless you have a very small production with a very old following and you are engaging constantly with that following. It is highly competitive. Bootlegger – the hardest part – everybody wants a short cut.”

Respondent 4: “Build a brand by interacting with people. Building on brand experience. We meet wine sellers in our tasting room. We offer high quality, but we are not snobbish. Food and wine and a good view goes together – about making it accessible. It has grown organically over the years. (The owners) are extremely hands on, they suck information out of people. About what the consumer needs, not want.”

Respondent 5: “We have always been very informal. I haven’t worn a tie in three years. We are a very informal family and we try to be friendly to everyone and we keep our prices down. What we are trying to say is, we are a family, we make good wines and we hope you like it. Trying to make the best, but we don’t want to come across as elitist/snobbish. It is not us, it is not our style.”

Respondent 6: “People want a new story. You stay relevant by genuinely being relevant and excellent at what you do. We must nurture the brand – the brand is bigger than us. We serve it. Have to make appropriate decisions about your brand. It is not intuition, it is just judgement and judgment is who you are. If you think hard about it you will make quality decisions. We put thought and effort into an established brand – you have to polish the family silver – does not stay shiny on its own.”

Respondent 10: “They have big personalities, they meet people, they are much more “Napa’est” in their approach to consumers, as opposed to other brands. These brands are very family orientated.”

Respondent 10 further highlighted three ways in which to create strong premium wine brands:

1. Create a marketing board for the specific area or the country’s wines, for example Walker Bay, and market more towards the area. In other words, marketing the area, region or the country.

2. Establish premium price ranges for specific geographies, for example, Champagne is always expensive. Inexpensive wine brings down the image of the region, *terroir* and the country.
3. Educate people about Pinot Noir (and other fine wines). “Education people as to why your place (and brand) is special”.

When asked how wine producers can build brand equity, **Respondent 13** mentioned the label, building trust over time and educating customers: “Education is key – on premise, restaurant education. We do master classes.” He The respondent added that distributor relationships are important: “It is important to have distributors who think the same way, have the same values. The most successful markets are ones where we invest a lot of time.”

Respondent 15: “Central Otago is a very scenic place. We are quite lucky that a lot of people want to come here anyway. It is the cooperative thing. We have got quite a few famous wineries here. When it comes down to selling your product, it is competitive then, but on the marketing side it is really cooperative.”

Respondent 16: “Most of our wines are sold on premise so they probably won’t see the label until they buy. They look for the variety and then the region. Similar in a wine store. You often go in thinking of a specific variety and then drill it down into a region and sometimes the brand is not even relevant, so I think for us it is once again promoting the valley. The variety and the valley are the two top factors.”

Respondent 17: “Part of the business that I am interested in is we are looking for people who are wine lovers. People who explore and people who want to learn about place, learn about reasons why people plant where they plant. Now they call it brand equity but you may as well just call it good old fashioned brand reputation.”

“The number one best thing is to welcome people to Oregon so that they can see what we do and we can talk to them directly so that when they go home, whether it is to Quebec or to Oslo, they feel connected to what we do, they feel good about their choice. It is important for the winemaker to travel and see people, but they can’t be everywhere so Oregon is special cause we have created things such as Pinot Camp – those are really important to get people here – to work collaboratively – show people Oregon and get them invested in the place.”

Respondent 18: “You have to have those relationships if you are going to have a fine wine brand. You have to know your distributors, you have to know your restaurateurs, you have to know your wine shops. You have to commit to traveling to build those relationships.”

“There is no place in the world as collaborative as Oregon. We have the international Pinot Noir Celebration which is 30 years old and the Oregon Pinot Camp. Oregon is...if it is nothing else, it is collaborative.”

5.7 Conclusion

All four elements of the marketing mix seemed relevant in the way in which respondents viewed the positioning of fine wine brands to build brand equity. These include product, price, place and promotional activities.

Firstly with regards to product positioning respondents mostly focussed on the quality of their wine products. The importance of being perceived as a producer of high quality wines that can compete with the Old World brands was highlighted. The focus on quality translated into the packaging of the wines, distribution channels chosen and the attractiveness of the winery and cellar. The importance of region of origin and terroir was also found to contribute to quality wine production, as well as associated customer perceptions of what quality entails.

Pricing was also considered to be highly relevant in positioning fine wine products. The price /quality correlation was specifically relevant in terms of the perception it creates, as well as the associated cost applicable to the production of fine wines.

With regards to place, the cellar door, restaurants and specialised wine stores were considered to be key distribution channels by all the respondents interviewed. Respondents from Australia and Oregon acknowledged that big retailers may be suitable for some of their brands.

Promotion was considered in the context of creating brand knowledge. Relationship marketing, as opposed to mass advertising seemed to be the preferred method of promoting fine wine brands. Respondents put a lot of emphasis on attracting customers to their cellar doors and wineries. Respondents were however divided with regards to the ways in which they do so, some offering food, and others preferring to focus on the wine.

As far as building brand equity is concerned, all respondents recognised the intense competitive environment in which they operate and they acknowledged the importance of having strong New World fine wine brands. Two brand building strategies emerged from the interviews.

Firstly, importance of making wines accessible was emphasised throughout the research, but the way in which wine producers do so differ. All respondents focus on attracting customers to their wineries and some wine producers highlighted the significance of their wine club in educating consumers about their wines.

Secondly, the importance of having strong relationships with key players in the industry emerged. All respondents considered personal relationships with consumers, distributors and wine industry experts as an essential part of their competitive strategies. Respondents representing Oregon, New Zealand and Australia also emphasised the importance of regional collaboration.

Chapter 6: Discussion of Results

6.1 Introduction

During chapter six, the results from chapter five were further analysed and discussed in terms of the research questions and in line with the literature reviewed in chapter two. The aim was to create a clear link between chapters six, and chapters one to five, and to show that the objective of the research had been met. A thorough analysis and interpretation of chapter five was therefore provided to demonstrate depth in the findings and as it related to the objective of the study and the theory.

The overall objective of the study was to explore how the four elements of the marketing mix could influence brand positioning and brand knowledge to create brand equity for a particular luxury goods industry, namely New World fine wine. The emphasis was on fine wine and it is therefore worth mentioning that the research correlated strongly with the way fine wine was described in the literature, including the product, its price, and the way in which it is promoted and distributed. For example, Storchmann (2011) found that some of the characteristics that separate fine wine from other agricultural commodities are that bottle prices can exceed several thousand dollars and fluctuations in the weather and the year in which the grapes are grown affects the quality and prices of fine wine. Furthermore, because wine is an experience good, its quality can not be gauged prior to consumption and as a result, consumers often rely on expert opinion when purchasing fine wine (Storchmann, 2011).

The core research question explored whether the four elements of the marketing mix could influence brand positioning and brand knowledge to create brand equity in the New World fine wine industry. Research questions one and two explored the four elements of the marketing mix in more detail and as they pertain to brand positioning and brand knowledge. Research question three looked at the relevance of brand equity in the context of the global fine wine industry.

1. How do product, price and place assist in positioning New World fine wine to compete globally?
2. What promotional activities are most relevant to create brand knowledge for New World fine wine brands operating in the global fine wine market?
3. How important is brand equity in the international fine wine industry?

6.2 How do product, price and place assist in positioning New World fine wine to compete globally?

6.2.1 Product

With regards to product features associated with the positioning of fine wine brands, the research found that product, price and place played a dominant role in how New World fine wine is positioned. With regards to product, production processes such as innovation and technology, packaging, labeling and region of origin (*terroir*) were found to be the most influential factors. Similar focus areas were discovered from the theory collected and are discussed in more detail below.

6.2.1.1 Styles and production

In terms of styles and production, Lesschaeve (2007) found that depending on the specific winery and the style of the wine, the winemaker can either be regarded as a connoisseur, crafting an artisan wine, or a manufacturer of “commercial alcoholic beverages” produced to appeal to many consumers. The research discovered that fine wine producers in the New World have an inclination towards using traditional, craft techniques in wine production, which contradicted the findings by Banks and Overton (2010) that New World wine producers favour artificial chemicals and new technology in wine. The research however acknowledged the application of innovation and technology to some degree, mostly as a way to improve the quality of the wine without damaging the brand. This confirmed findings by Giuliani et al. (2011) that product and process innovation through continuous investment and research have resulted in New World wine producing countries achieving a noticeable position in the global wine market. Respondents recognised that a perception exist that New World wine producers apply technology and mechanisation to wine making. Australia in particular was mentioned as a producer of industrialised and popular style wine, but it was added that large scale mechanisation does not apply to Australian fine wine.

The research was divided on whether fine wine should be aged and whether or not it can be consumed immediately. Most respondents agreed that their wine can be consumed immediately, but that its structure and complexity changes with age and that it is recommended. The literature however attached higher value to age worthy wines as it pertains to the definition of fine wine. For instance, Storchmann (2011) argued that fine wine can be kept for long periods and that its value often increases with age.

6.2.1.2 Packaging and labelling

The research confirmed the findings from the literature that the packaging of premium goods and specifically fine wine must be sophisticated and must reflect the overall ethos and values of the brand, its quality and fine wine as a whole, especially as the wine often cannot be experienced until it is purchased. For example, Sutanonpaiboon and Atkin (2012) found that a wine consumer's choice is often influenced by features that are not necessarily part of the main product, such as distinctive packaging and labelling. Similarly, Gooner (2001) concluded that the packaging of an expensive bottle of wine must reflect the quality of what is inside in its design, and that an inexpensive wine wrapped in sophisticated packaging is a waste of money and sends confusing signals to consumers.

From the theory it was assumed that consumers generally associate more traditional packaging with better wines and that they perceive wine wrapped in conventional packaging to be more desirable and of higher quality. However, the research confirmed that even though New Zealand fine wine is packaged using screw caps, the country demands some of the highest prices for fine wine in the world. Furthermore, after Burgundy, the research considered New Zealand to be the New World leader in the premium wine category. This contradicted findings by Sherman and Tuten (2011) that new, fashionable styles are often associated with the product being less expensive and of poorer quality. Wine producers from South Africa and also those representing the USA mostly followed this sentiment, not making use of screw caps to package their premium wines, but instead still relying on cork.

Specifically with regards to labelling, the literature promoted more traditional styles, arguing that fine wine consumers prefer conventional labels and colours with labels displaying images of vineyards, grapes or *château*. However, the results from the research seemed to have been divided on whether Burgundy-style labelling and packaging as opposed to modern, New World labelling, is best suited to position fine wine brands, especially as it relates to the imagery and design of the actual wine labels. The research however corresponded with the literature in that consumers in the New World fine wine industry are drawn to neutral colours and that delicate designs indicate higher quality wine and value for money, as opposed to bold, alternative designs (Loose & Szolnoki, 2012).

6.2.1.3 Region of origin and the relation to France (Burgundy and Bordeaux)

The research correlated strongly with the literature with regards to the relevance of region of origin and *terroir* in creating a perception of quality, mostly referring to the image European regions such as Burgundy holds in the minds of consumers as producers of high quality wines. For instance, Mozell and Thach (2014) argued that fine wine of optimum quality is produced in specific climatic conditions (*terroir*). The research confirmed that New World fine wine producing regions are not as well-known as their European counterparts and that more should be done to promote regional identity as it relates to the quality of the wine produced.

It was gathered from the literature that the New World disregards the charm of wine by adopting large scale “industrial” styles of production, avoiding the delicate role *terroir*, place of origin, years of knowledge and sensitivity plays in wine making (Banks & Overton, 2010). The research contradicted this view by revealing that, even though they are less well known, most New World fine wine producers do position their premium wines to have some resemblance to the Old World, and mostly to the regions of Burgundy and Bordeaux. The research found that the similarity to Europe is specifically evident in the way in which the wines are produced, the grape varieties introduced, its distribution and the relevance of technical *terroir* in New World fine wine production. Most wine producers considered the quality of their wine to be at the same competing end as wine produced in Burgundy and they acknowledged that they actively position it as such.

The research found that New World producers mostly brand their fine wines in terms of the grape varietal it is made of, for example Pinot Noir and Chardonnay. This trend supports the literature that European wineries are known by their appellation, such as Bordeaux and Burgundy. New World producers tend to distinguish wines according to the variety of grapes used in its production, as it is normally easier for inexperienced consumers to relate the taste of the wine to a particular variety of grape, instead of its geographical origin (Roberto, 2011). The literature recommended that New World wine marketers position their wine to be more authentic, especially as it relates to *terroir*.

In line with the literature, the research suggested that more should be done in the New World to create awareness for fine wine producing regions. A wine’s region of origin is an important endorsement of quality and when consumers are uncertain of the quality of the wine, they will pay more for wines from well-known regions (Johnson & Bruwer, 2007).

6.2.1.4 Innovation and Technology

As mentioned above, the research confirmed findings from the literature that New World wine producers are generally more open to innovation and technology, as opposed to Old World producers, and that innovation is mostly used to improve the quality and consistency of the wines. The research was however divided on the extent to which machinery should be applied to fine wine production. Most fine wine producers promoted artisan methods in terms of how New World fine wine brands are positioned and perceived by their target audiences. The literature confirmed that wine products are perceived as being more authentic when they deliberately disassociate any technology in production from their communications (Beverland, 2005).

Furthermore, the research found that, although it has improved dramatically over the past decade, current machine harvesting equipment is still not 100 percent suited to the production of fine wine. Wine producers therefore mostly applied hand crafted methods, but they tend to be more open to machine harvesting if it is guaranteed not to compromise the quality of their wines and the image of their brand. This agreed to some extent with the literature that found that machine harvesting is more common in New World wine production and that Old World producers would often hand-pick their entire supply of grapes (Roberto, 2011). It would seem however, as if this notion once again mostly depends on the type of winery and the wine produced, and whether or not they are positioned as fine and premium wine producers.

6.2.1.5 Competitions/awards/accolades

The literature referred to the importance of mentioning awards on wine labels as a way to command price premiums (Schiefer & Fischer, 2008). However, the research did not reveal a huge inclination towards entering competitions and for wine producers to use rewards and accolades to promote their fine wine brands. The research was somewhat divided on the extent to which some producers may use awards, but it did not appear to be a huge focus amongst any of the wine producers. Some wine producers mentioned that they may enter larger local competitions, but overall the research found that if fine wine producers do enter competitions, it is mostly for international awards, where they compete with wineries across the world, including those representing Europe.

6.2.2 Pricing fine wine

The role of pricing in the positioning of fine wine brands was an interesting topic to explore. Both the research and the literature were divided on whether the price/quality correlation is a mere perception and used as a tool to position the brand in the minds of target customers, or whether a real relationship exists. The price/quality correlation was also explored in relation to the cost of producing fine wine. The literature mostly suggested that there may not be a direct correlation between the quality of the wine and prices charged. The research found that a relationship between price and quality may exist, but that it depends on the way in which the wine is produced. In other words, it will depend on whether the wine is hand-crafted as opposed to machine harvested; the overall cost of production and the region of origin. The research also suggested that the alleged relationship between price and quality might be based on the consumer's perceptions.

Firstly, in terms of consumer perceptions related to product differentiation, the literature found that price had been used as a very useful positioning instrument (Yoo et al., 2000). The literature further confirmed that price relates to brand equity in that consumers would most often perceive a product's price to confirm its quality. Price is therefore an important contributor to the perception of wine quality and taste (Veale & Quester, 2009). Similarly, it was found that luxury goods, including wine, are valued because they are expensive (Brun et al., 2013). Price also seemed to be specifically relevant when key attributes such as expert opinion or tasting the wine during the purchase decision making process are unavailable (Sáenz-Navajas et al., 2013). The research acknowledged the perceived relation between quality and price, but noted that consumers often only want value for money.

Secondly, whether or not there is a tangible relation between quality and price seemed to be the fundamental question, and this had mostly to do with the cost of producing fine wine. The research suggested that there may indeed be a relation between prices charged for fine wine brands and the cost of producing them. Wine producers emphasised the intensive labour associated with producing premium wines in the absence of technology, as current machine harvesting is mostly inappropriate for fine wine production. The high cost of labour associated with making premium wine was specifically applicable to wine producers in Australia, New Zealand and the USA. Wine producers mentioned that technology could assist in making fine wine production more cost effective. It was however noted that there would always be some element of hand crafting in making fine wine, especially as wine varieties used in the production of fine wine, such as Pinot Noir, do not easily lend itself to machine harvesting.

The literature was divided on the relation between cost of production and price. Roberto (2011) noted that the cost of production of premium wine tends to be higher. For example, French oak barrels involved in the production of high-end wines generally cost between 550 US dollars and 600 US dollars a barrel, and it is not possible to re-use these expensive oak barrels to make premium wine (Roberto, 2011).

It is however important to distinguish between the production of fine wine and wine in general. The research found that the way in which New World wine producers use pricing to position their fine wine brands, largely contradicts general assumptions obtained from the literature.

6.2.3 Place: Distributing fine wine brands

As far as distribution channels were concerned, findings from the research stressed the importance of distributor relationships when selling fine wine. Relationships with sommeliers, restaurants and specialised wine shop owners - locally and internationally – were emphasised. The research revealed that the most important channels for selling fine wine are restaurants, the winery/cellar door, specialised retailers and online via the producer's website. The literature corresponded in that specialised distribution channels are a determining feature of luxury products (Brun et al. 2013).

The research, supported by the literature, identified two separate distribution channels, namely on-premise and off-premise channels. These were discussed in greater detail below.

6.2.3.1 On-premise distribution

The research firstly emphasised the highly relevant on-premise channel such as trendy or high-end restaurants, wine bars, as well as many wineries and cellar doors offering wine for direct consumption. It was found that these locations are very applicable to the premium wine industry as consumers have the opportunity to interact with wine producers and experiment with different tastes, which is very relevant when paying premium prices. Selling fine wine directly to the consumer, either via their cellar door or through their wine club was therefore found to be applicable to the fine wine producers as these consumers tend to be their target market. In other words, these channels are mostly applicable to wine enthusiasts and people interested in learning about fine food and wine. The literature correspondent that these consumers tend to be better educated about wine and less price sensitive (Vigar-Ellis et al., 2015).

The literature further agreed that such locations offer consumers an opportunity to fulfill their curiosity for experimentation, product diversity and the need for innovative and higher value offerings (Pomarici et al., 2012). The highly dynamic on-premise channel therefore offers an important opportunity for the wine industry and had become a useful instrument for market communications. The current global significance of the wine-food relationships provides an imperative incentive to create and develop innovation throughout the whole supply channel (Pomarici et al., 2012). The research resembled this notion that, apart from being important clients to fine wine producers in terms of distribution, restaurants are also important ambassadors of their wines, both locally and internationally, and that it is important for wine producers to have personal relationships with operators across the sales and distribution channel.

6.2.3.2 Off-premise distribution

The research put a lot of emphasis on the types of retailers that stock fine wine, mostly suggesting that they are smaller, specialised wine shops as consumers who buy fine wine want to interact with wine experts. It corresponded with the literature that suggested that fine wine consumers often rely on expert opinion when purchasing fine wine (Storchmann, 2011).

The research mostly confirmed findings from the literature that the sale of wine on retail shelves seems to be increasing, but was divided on whether or not it is applicable to fine wine. Pomarici et al. (2012) noted that the retail channel had evolved to become an expression of consumers who want to learn and explore purchase options. This may explain findings from the research that larger, yet still somewhat more specialised store chains are starting to stock fine wine, especially in Australia and the USA. These consumers want to save money but at the same time taste and experience quality products (Pomarici et al., 2012). The research furthermore confirmed that large firms are increasingly interested in buying smaller boutique wineries, especially in Australia and the USA. This was illustrated by the sale of Meiomi, a large producer of popular style Pinot Noir in California. With regards to direct to consumer purchasing, the research confirmed that this is an important channel and a way to simultaneously create wider business relationships and brand awareness through websites.

6.2.3.3 Exports

It was emphasised throughout the literature that New World wine producers are increasingly starting to compete internationally, mostly as a result of globalisation. The global demand for premium wine is growing and more people have access to wines produced internationally (Lesschaeve, 2007). The research corresponded with the literature and found that wine producers are focussed on the export market, but some much more than others, ranging from 2% to 75%.

The United Kingdom was found to be the biggest export market for the majority of the respondents interviewed, followed by Asia and Scandinavian countries. Similarly the literature highlighted Germany, the UK and the USA as major importers of wine globally, followed by France, Russia, China, Japan, China and Russia (OIV, 2015).

6.3 What promotional activities are most relevant in positioning fine wine brands?

The research found that, in terms of the marketing mix elements, promotion was mostly applicable to creating brand knowledge for fine wines. For instance, Roberto (2011) found that after creating brand knowledge, New World producers would often extend the brand to an entire product line, to accommodate different market segments. The research corresponded in that most producers mentioned that they tier their wines to target different segments.

6.3.1 Brand image

The literature noted that brand image plays a role in how premium brands are perceived in that it affects the willingness of consumers to pay a price premium for food brands, specifically as it relates to social image. De Chernatony et al. (2010) concluded that effective branding involves strategic planning and is applied across the whole marketing mix. It is aimed at the consumer understanding the unique values the product offers compared to those of competitors. The research strongly supported these findings. For instance, it was found that brand image is created across all four elements of the marketing mix, including the way in which the product is packaged, its price, the channels through which it is distributed and the way in which it is promoted.

The research found that promotional activities must be designed in such a way that the image created by the positioning is communicated to the target market. This corresponds with the literature that integrated marketing communication methods that consistently communicates the brand's values, and that match that of its target groups, positively impact consumers' identification with that brand (Tuškej, Golob & Podnar, 2013).

6.3.2 Brand awareness

The research furthermore recognised the importance of creating awareness for premium wine brands to compete effectively, which corresponds with the literature that knowledgeable wine consumers tend to be more adventurous and experimental in their wine purchasing decisions (Vigar-Ellis et al., 2015). The research also relates positively to authors Huang and Sarigöllü (2012) who noted that a relationship between brand awareness and the consumer's preference for the specific brand exists, and that brand awareness plays an important role in the decision making

process of consumers. The different ways in which fine producers can use promotional activities to create awareness for their brands were discussed in more detail below.

6.3.3 Advertising

Similar to observations obtained from the literature, the research found that fine wine producers and marketers in general have a very small advertising budget. With regards to marketing, fine wine producers generally do not spend much on advertising, but tend to focus on channel promotion. Many of the larger premium wine producers only spend two to three percent of their sales budget on advertising, compared to the typical expenditure of 10 to 20 percent of sales for the typical brewer or spirits producer (Roberto, 2011). However, most of the literature once again generalised New World wine producers as spending more on advertising than European producers in an attempt to build brand equity by creating brand knowledge for their relatively unknown brands. The literature also argued that frequent advertising could increase the quality perceptions of brands which may build brand equity (Yoo et al., 2000). It argued that brand awareness is affected by the lack of advertising of wine products (Sherman & Tuten, 2011).

Yet, the research found that New World producers of fine wine are much more focussed on building strong, personal relationships with key contacts, for example restaurateurs and specialised wine shop owners. They also put a lot of emphasis on attracting consumers to their wine farms and cellar doors. This corresponded strongly with the concept of relationship marketing reviewed in the literature that involves finding out who the target customer is and creating mutually beneficial relationships and long-term, committed customers (De Chernatony et al., 2010).

6.3.4 Storytelling

In line with the literature, the research acknowledged the relevance of storytelling in promoting and building fine wine brands. To appear authentic, these wineries developed stories around their wines as part of their positioning strategy to “maintain quality and relevance while appearing above commercial considerations” (Beverland, 2005).

The stories of the wine farm owners, producers and the land (*terroir*) seemed to be very relevant to how the brands are positioned to appear authentic and to hold a lasting place in the minds of consumers and clients. It formed an integral part of the marketing strategies of most wine producers. It was also important that the stories are incorporated throughout all elements of the marketing mix, ranging from the packaging, to its price, promotion and distribution channels, especially direct to consumer via the cellar door and websites. Brand consistency across all points of communication was emphasised.

6.3.5 Social Media

The research revealed that, generally, New World fine wine producers are not that focussed on social media, but it was divided on whether they should be. The literature also seemed to have been undecided on the topic. It suggested that younger generations use social media sites and smart phone applications when they purchase wine, but that younger consumers are occasional drinkers. Most fine wine consumers seemed to be older and less interested in making use of social technology when purchasing wine. Barry et al. (2014) found that “applications using social media platforms may prove greatly efficient in the foreseeable future for wine growers”. However, the authors concluded that Gen-Y consumers are occasional drinkers. The most frequent wine buyers are likely to be wealthier males of older generations and they tend not to have the latest smart phone (Barry et al., 2014).

With regards to electronic commerce (e-commerce) the research found that most fine wine producers are focussed on the direct to consumer channel and making their brands accessible for online purchasing, especially for their wine club members. This confirmed findings from the literature that even though wine consumers tend to make buying decisions based on the recommendations of friends, and spend less time on their mobile phones and the internet, they are still inclined to purchase wine online (Barry et al., 2014). Websites therefore provide two important functions. Firstly, they provide detailed information on specialised wine or specific vintages for experts and connoisseurs. Secondly, websites offer basic education about the wine in general, as well as its consumption for novices (Pomarici, Boccia & Catapano, 2012).

The literature suggested that should wineries choose to use social media platforms such as Twitter to communicate their brands, that they be cognisant of content posted and the individuals posting the tweets (Wilson & Quinton, 2012). Furthermore, that they are aware of negative remarks that may be published online by disapproving customers which could result in damaging their brands.

6.3.6 Events

In terms of regional promotion, the research confirmed that country of origin is a highly relevant influencer when consumers pay price premiums for brands, as it assists to reflect the quality of the products. With regards to regional promotion, the research found that Oregon in the USA were most collaborative, putting significant effort into mutual efforts in promoting their regions. This validated the notion obtained from the literature that most wine brands are inseparable from their roots (Spielman, 2014). South African wine producers recognised the importance of regional identity and mentioning the region (Walker Bay or Hemel-en-Aarde) in their marketing and branding, but they seemed to be more focussed on promoting their individual brands.

Regional events aimed at attracting consumers to the various regions were especially significant to wine producers in the USA, but also New Zealand and to some extent Australia. The literature suggested that, because New World wine producing regions are less known, regional promotion could prove relevant in creating awareness for their brands. Such a territory offers the group of competing companies collective and predominant brand identity through its relationship between the brand and its place of origin, for example Scotch Whisky, Maple syrup from Quebec and wine from the Champagne region in France (Charters & Spielmann, 2014). The research found that fine wine producers are mostly concerned with creating specialised events for their wine club members, which corresponds with the literature on relationship marketing as mentioned above.

6.4 How important is brand equity in the international fine wine industry?

The literature found that customer-based brand equity exists where customers respond to a brand's marketing as a result of their knowledge of the brand. It was illustrated by the Dimensions of Brand Knowledge model (Keller, 2001). The research corresponded strongly with the literature in that fine wine producers invest substantially in building their brands. For instance, Seo and Buchanan-Oliver (2015) found that a common characteristic of luxury companies is their commitment to building their brands, and that companies that invest heavily in branding have stronger competitive positioning. All respondents acknowledged the importance of having strong fine wine brands to compete effectively.

Brand equity, as explored via the literature, is the added value consumers associate with products and services, where customer-based brand equity is the differential effect brand knowledge has on the way the consumer responds to the marketing of that specific brand (Kotler & Keller, 2012). Furthermore, strong brands (with strong brand equity) lead to more revenue and bigger profit margins that create loyal customers, less vulnerability to competition and they improve the effectiveness of marketing communications (Kotler & Keller, 2012). The research corresponded in that, apart from an increase in profit margins, strong brands create consumer loyalty and that the brand's value to the company is determined by its customers. In addition, Reid (2002) noted that strong, sought-after brands have high brand equity and the development of such brands will determine the future of wine companies.

In order to build equity for fine wine producers in the New World wine industry, the research found that it is firstly important to make fine wine products more accessible to wine consumers. This is done increasingly by attracting consumers to wine farms and cellar doors, and by means of other direct to consumer methods such as wine clubs and e-commerce. It had been shown that wineries

can achieve brand loyalty by creating a memorable experience for visitors, resulting in them forming a lasting emotional attachment to the brand (Drennan et al., 2015). It was also found that it is important that consumers are exposed to fine wine brands at restaurants and retailers, including larger, yet specialised chains.

Secondly, it was considered important for wine producers to build strong, lasting relationships with key clients. These mostly include restaurateurs, sommeliers and the owners of specialised wine shops. Apart from selling and promoting fine wine brands, these distributors form an important part of the “wine story” in that they educate consumers about fine wine. Consumers would only justify price premiums if they were certain that expert-rated wines met their expectations (Schiefer & Fischer, 2008).

With regards to how the marketing mix influence brand equity, the literature found that brand equity occurs when consumers react to certain elements of the marketing mix associated with a brand name that may not necessarily exist if it had been a different brand (Spielmann, 2014). The research concluded that all four elements of the marketing mix are applied in the overall branding strategies of wine producers and marketers, that they often overlap, and that they form part of an integrated brand building message. Each element of the marketing mix must be designed in such a way that it supports the positioning objective of the brand and simultaneously create a desired “symbolic” meaning of the brand (Sengupta, 2005).

6.5 Conclusion

The research related strongly to the overall objective of the study that aimed to establish a connection between brand positioning strategies linked to the four marketing mix elements as it contributes to building brand knowledge and creating brand equity. The branding of fine wine as a luxury commodity was researched.

Firstly, the research and literature supported the view that all four elements of the marketing mix are relevant when positioning fine wine brands. They are product, price, promotion and place.

With regards to product, it was found that fine wine products must satisfy quality perceptions of consumers, as well as the expectations of key industry players such as distributors, restaurateurs and retailers. The quality of the wines must be reflected in all aspects of the brand, including its packaging, styles and methods of production, its geographical location and distribution channels.

With regards to price, it was found that it is generally assumed that the quality of a specific wine is reflected in its price. It was however noted that for wine in general, there may not always be correlation between price and quality. As far as fine wine is concerned, the research concluded that a link between the cost of its production and its price most likely exists. It was therefore generally accepted that there is a correlation between the price and quality of fine wine specifically.

In terms of place, access to different distribution channels was found to be especially relevant to consumers looking to learn more about fine wine as the overall appreciation for premium brands seems to be growing. It was therefore suggested that wine producers and marketers form strong relationships with distributors operating in both the off-premise and on-premise channels.

The research found that promotion is important mainly because it is linked to creating brand knowledge through relationship marketing, specialised events, storytelling and websites. Tuškej, Golob and Podnar (2013) found that consumers identify strongly with a brand where their values are aligned with the values the brand represents, and consumers who identify positively with a brand commit stronger to it.

The research concluded that in order to create awareness and build brand equity for New World fine wine brands, it is firstly important that the target market have knowledge of and access to the wines. This is mainly done by attracting consumers to fine wineries and its cellar doors, and making the wines available throughout relevant distribution channels. Secondly, it is recommended that fine wine producers operating in the New World, harness strong, sustainable relationships with key players in the global fine wine industry. They are distributors, restaurateurs, sommeliers, journalists and wine writers globally. Not only do they promote the wine brands through word of mouth, they are also key in educating consumers about fine wine.

Chapter 7: Conclusion and recommendations

7.1 Principal findings

The research project set out to explore how elements of the marketing mix namely product, price, promotion and place can be incorporated in brand positioning strategies to create brand knowledge and brand equity for luxury commodities, and New World fine wine brands in particular. The study commenced with a reference to Keller's Dimensions of Brand Knowledge in chapter one that considers input variables such as price, packaging and other product related attributes that contribute to creating brand awareness and brand image (Keller, 1993). In terms of Keller's model, these variables translate into brand knowledge which is instrumental in creating (customer based) brand equity (Keller, 1993). It was found that customer-based brand equity exists where customers respond positively to a brand's marketing efforts as a result of their knowledge of the brand (Keller, 2001).

Chapter six concluded that a relation between brand positioning, brand knowledge and brand equity exist and that it is important to ensure that all four elements of the marketing mix are applied consistently to position New World fine wine brands. It was found that brand positioning should be done in such a way that it resonates with the specific market fine wine producers wish to target. The importance of building relationships with key influencers in the international wine industry was emphasised throughout the research. Making fine wine accessible to fine wine consumers globally was another focus point of New World fine wine marketers and producers aiming to attain global significance.

These core findings were illustrated with a conceptual model based on Keller's earlier work on the Dimensions of Brand Knowledge (Keller, 1993). The model was designed with the objective in mind to clearly demonstrate the link between brand positioning, brand knowledge and brand equity. The Brand Positioning to Brand Equity model is discussed in further detail below.

7.1.1 The Brand Positioning to Brand Equity model: using brand positioning strategies to build brand equity

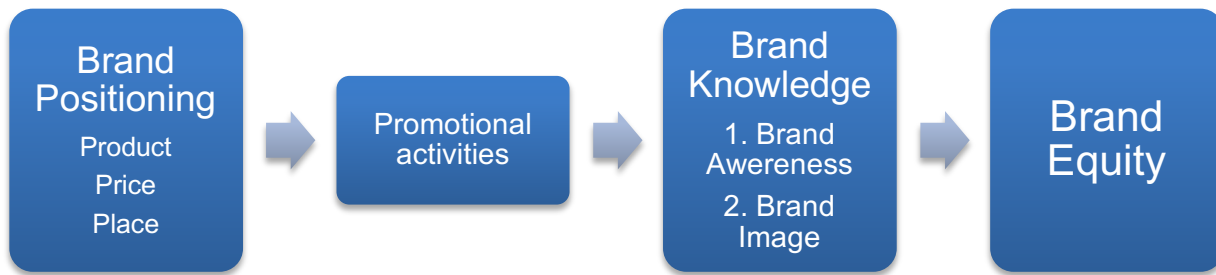


Figure 2: Brand Positioning to Brand Equity model - adapted from the Dimensions of Brand Knowledge (Keller, 1993)

The model aims to illustrate how three elements of the marketing mix namely, product, price and place assist in positioning brands. Once the brand has been positioned in terms of the nature of its product, the price segment targeted and relevant distribution channels identified, promotional activities aimed at creating brand knowledge are implemented. These specifically focus on creating brand awareness and enhancing the brand's image. The first three steps translate into building strong brands, in other words, building brand equity. Each of the four steps are discussed below in context of the study.

Step 1: Brand positioning

The study concluded that the marketing mix elements most relevant to the positioning strategies of fine wine brands are product, place and price. The concepts of "quality" and "luxury" are often hard to define and it largely depends on the perceptions of consumers targeted. However, the research found that quality perceptions related to luxury goods, and fine wine in particular, do exist. The concept of quality must therefore be reflected in the manufacturing of the actual product, its price and the distribution channels utilised.

With regards to product, it was found that fine wine is mostly hand-crafted with minimal technical interference to achieve optimal quality. It was found that where technology and innovation are applied, it is done primarily to increase product quality. Region of origin was also found to be relevant in influencing quality perceptions of fine wine products. For instance Burgundy and Champagne are established fine wine regional brands. It was found that with regards to region of origin, New World wine producers are still relatively unknown. They do however recognise the relevance of technical *terroir* and region of origin in positioning fine wine brands to compete globally.

Pricing was found to be an important positioning tool for fine wine and luxury brands, especially as it serves to create a perception of quality. It was also found that a correlation between cost of production and price does exist for fine wine, mainly as a result of the methods used in producing and promoting the wines. It was however noted that in some instances pricing could be increased artificially to create an image of luxury. Care should therefore be taken to ensure that the price of a bottle of fine wine is an accurate reflection of its quality, as not to damage the brand.

With regards to place, the research found that it is important to distribute fine wine via distribution channels that target the fine wine consumer in order to create a consistent brand image. Furthermore, it was found that the values and image of the retail store or restaurant where the fine wine is purchased and consumed must accurately reflect the particular wine brand. Both off-premise and on-premise channels were explored. In line with luxury goods, it was found that fine wine is mostly distributed via specialised wine retailers and restaurants. It was however noted that the specialised stores of larger retail chains may become more relevant, especially as more consumers have access to luxury brands. The research found that in order to target consumers at different price points, fine wine producers will often produce a second label and make these available to a larger variety of restaurants and retailers. Their single vineyard and family wines will mostly be reserved for upper end restaurants and specialised wine stores.

Step 2: Promotional activities

The model suggest that once marketers have positioned their brands by making use of product, price, and place related strategies, promotional activities assist in creating brand knowledge. The fourth element of the marketing mix, namely promotion, was therefore found to be more relevant in creating brand knowledge. This is done by communicating the brand's image to its target audience and creating awareness for the particular brand and New World fine wine.

The most effective promotional strategies were found to be activities related to direct selling and relationship marketing, as opposed to mass advertising. Relationship marketing requires building strong, lasting relationships with key contributors in the industry for example distributors, including restaurants and retailers, and wine industry experts. With regards to indirect selling, social media was found to be relevant to some extent, but it had not been adopted by many fine wine producers. Specialised regional events also played an important role in promoting fine wine brands, especially for wine producers from the USA, New Zealand and Australia.

Step 3: Brand knowledge

Chapter six concluded with two proposed strategies for building brand equity. They respectively fall under brand awareness and brand image:

1. Brand awareness

The research found that it is firstly important to create awareness for New World fine wine brands by making fine wine products accessible to wine consumers. This is done mainly by attracting consumers to the wine farms and cellar doors, and increasingly by means of direct to consumer methods such as wine clubs and e-commerce. Social media could potentially become more relevant.

2. Brand image

Secondly, the research emphasised the importance of fine wine brands building strong, lasting relationships with key clients, mostly comprising of restaurateurs, sommeliers and the owners of specialised wine shops, as they are important for introducing customers to new wines and brands. They also play an important role in educating consumers about wine. This is done by communicating a consistent brand image throughout the entire brand building process.

Step 4: Brand equity

The Brand Positioning to Brand Equity model suggests that brand knowledge assist in creating brand equity, which corresponds with Keller's earlier description of customer-based brand equity (Keller, 1993).

The research concluded that that by following the different stages of the Brand Positioning to Brand Equity model as illustrated above, fine wine marketers can apply the four elements of the marketing mix to position their brands in such a way that brand equity is created through brand knowledge. It was however found that the four steps, namely brand positioning, promotional activities, brand knowledge and brand equity are not always linear. Instead, they constantly interact to assist in creating an integrated brand building strategy for wine producers and marketers.

7.2 Implications for management

The study explored ways in which premium wine producers and marketers operating in the New World can use brand positioning strategies to create brand knowledge and build brand equity by incorporating the four marketing mix elements.

The results showed that all four elements of the marketing mix are relevant in positioning fine wine brands, firstly to increase exposure to New World fine wine brands, and secondly, to build relationships with key stakeholders. It is suggested that all four elements of the marketing mix are applied holistically, and that the model is not static. The different stages of the model often overlap to create an integrated marketing strategy aimed at building strong brands through enhancing brand equity. It is believed that the model and the results of the study can be applied to different luxury commodities. The model itself could possibly also be applicable to more consumer brands, but the type and level of client interaction may differ. The following recommendations are made.

7.2.1 Recommendations for fine wine producers and marketers

- It is suggested that greater efforts are applied to the promotion of New World wine regions, for example Central Otago, Yarra Valley and Walker Bay. Regional promotion could assist in creating international awareness for New World fine wine brands.
- Better collaboration amongst regional wineries is recommended to enhance regional awareness. It could also increase the relevance of country of origin in positioning New World fine wine brands.
- Social media may be a helpful tool in promoting fine wine brands to younger, more connected generations, but care must be taken in the way it is done and by whom. It is suggested that if social media is used to promote fine wine, that the values and image of the specific brand is upheld. It is also important that the person engaging via social media on behalf of the brand is perceived as being a knowledgeable contributor to the industry.
- Competitive pricing may increase the perceived quality and value of New World fine wines. It is suggested that as New World wine regions and brands become better known, that the value of the brand and its region of origin is reflected in its price.

7.3 Limitations of the research

As mentioned in chapter four, the following limitations were identified.

- Adhering to the time constraint of six months meant that respondents who were not available during this period were excluded.
- The research focussed specifically on a particular luxury industry, namely fine or premium wine.
- The research was limited to four New World wine producing regions, namely, South Africa, Australia, New Zealand and the USA
- The research included four English speaking New World countries. Important New World wine producing regions where English is not the first language, such as Chile and Argentina, were therefore excluded.
- To achieve consistency across four countries of different sizes and geographical components, only wine producing regions with similar geographical probabilities were included. They were areas with cool, coastal climates. Fine wine producers operating in warmer climates were therefore excluded.
- Given the time constraint of six months and the sampling methods chosen, namely purposive and snowball, wine industry experts from New Zealand and Australia were not interviewed.
- The research focussed mainly on fine wine producers making Pinot Noir and Chardonnay as a result of the technical *terroir* of the regions selected.

7.4 Suggestions for future research

The research objective was to explore how the four elements of the marketing mix could influence brand positioning and brand knowledge to create brand equity in the New World fine wine industry. As the aim of the study was broad, and considering various variables, the research project provided many opportunities for future research.

7.4.1 Apply the Brand Positioning to Brand Equity model to other industries

Although the research explored fine wine as a luxury commodity, it would be interesting to apply the same model to other luxury goods for example cars, chocolate, spirits and clothing. The model is not limited to luxury items and could potentially also be applied to normal goods.

7.4.2 Consider New World fine wine brands from the consumer's point of view – a quantitative study

A quantitative study involving fine wine consumers is recommended. The suggested aim of the study would be to identify which elements of the marketing mix are most relevant in how New World fine wine is perceived by consumers in a specific location, for example London.

7.4.3 Wine packaging: Screw cap versus cork closure

A study testing the assumption that one form of wine closure, for example cork is better in terms of quality would be worth exploring. This could be of real interest to the global wine industry, especially with regards to the assumptions surrounding screw caps and the fact that more and more wine producers are adopting the technology.

7.4.4 Price/quality correlation

Pricing was identified as an important positioning tool. It would be interesting to explore the concept in further detail, especially as it pertains to the perceived price/quality correlation. The link between the cost of production and price is also worthwhile exploring as it could assist in supporting price as a measure of quality and a brand positioning tool.

7.4.5 Mechanising fine wine production

Mechanisation, technology and innovation in the global wine industry were popular themes, especially as it relates to fine wine production. An in-depth study specifically exploring the effect of technology and mechanisation on the fine wine industry is therefore recommended.

7.5 Closing remarks

New World wine has gained significant relevance in the international wine industry. The region is however still a relatively unknown contributor to the global fine wine market.

The research aimed to identify how brand positioning strategies related to the four marketing mix elements could assist in building New World fine wine brands. The study concluded with a conceptual model linking brand positioning to brand equity. All elements of the marketing mix were found to be relevant when applied holistically and as part of an integrated marketing strategy, and specifically as they contribute to the different stages of the model. Furthermore, it was found that

the way in which New World fine wine producers and marketers position their brands strongly correlates with what is generally accepted to distinguish the Old World. Common characteristics in packaging, distribution, pricing strategies and the relevance of region of origin and *terroir* were identified.

It is suggested that to build strong New World fine wine brands, producers and marketers implement strategies aimed at building relationships with clients and making their wines accessible to fine wine consumers globally. Regional promotion and competitive pricing was also found to be relevant in positioning fine wine brands and it is therefore recommended. Even though the research predominantly focussed on fine wine as a luxury good, it is believed that the findings associated with the model can be applied to other luxury commodities.

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Appendix 1: Wine glossary

Bordeaux: A wine producing region in France, mostly known for its high quality wines. It centres in the city of Bordeaux, but covers the surrounding area.

Burgundy: A wine producing region in Eastern France. It is known for its high quality Chardonnay and Pinot Noir wines.

Chardonnay: One of the best-known white grape varieties in the world. It originates from Burgundy in France.

Estate wine: Wines made from grapes produced exclusively from vineyards owned and/or under the control of the particular wine estate, as opposed to being bought in from other wineries.

Meiomi Wines: A Pinot Noir producer in California that was recently acquired by a large wine and spirits company for 315 million US dollars.

Pinot Noir: Originally grown in Burgundy, France, today Pinot noir is grown all over the world. It is generally accepted to be a fickle grape that only grows in very specific climatic and soil conditions.

Rhône: Situated in southeastern France, Rhone generally refers to wines produced in the Rhone valley. The region is mostly known for producing Syrah wines.

Single vineyard: The grapes and vineyard are isolated from other vineyards. Wines branded as single vineyard is are generally perceived as being of superior quality as it relates to the unique qualities of its specific '*terroir*'.

Syrah: A grape varietal also known as Shiraz. In Europe, it is referred to as Syrah, and South Africa and Australia almost exclusively use the word Shiraz. Therefore, although the actual grape variety is the same, its name depends on its region.

Viticulture: Viticulture refers to the study and science of grapes and the procedures related to vineyard grape production.

Appendix 2: Sample

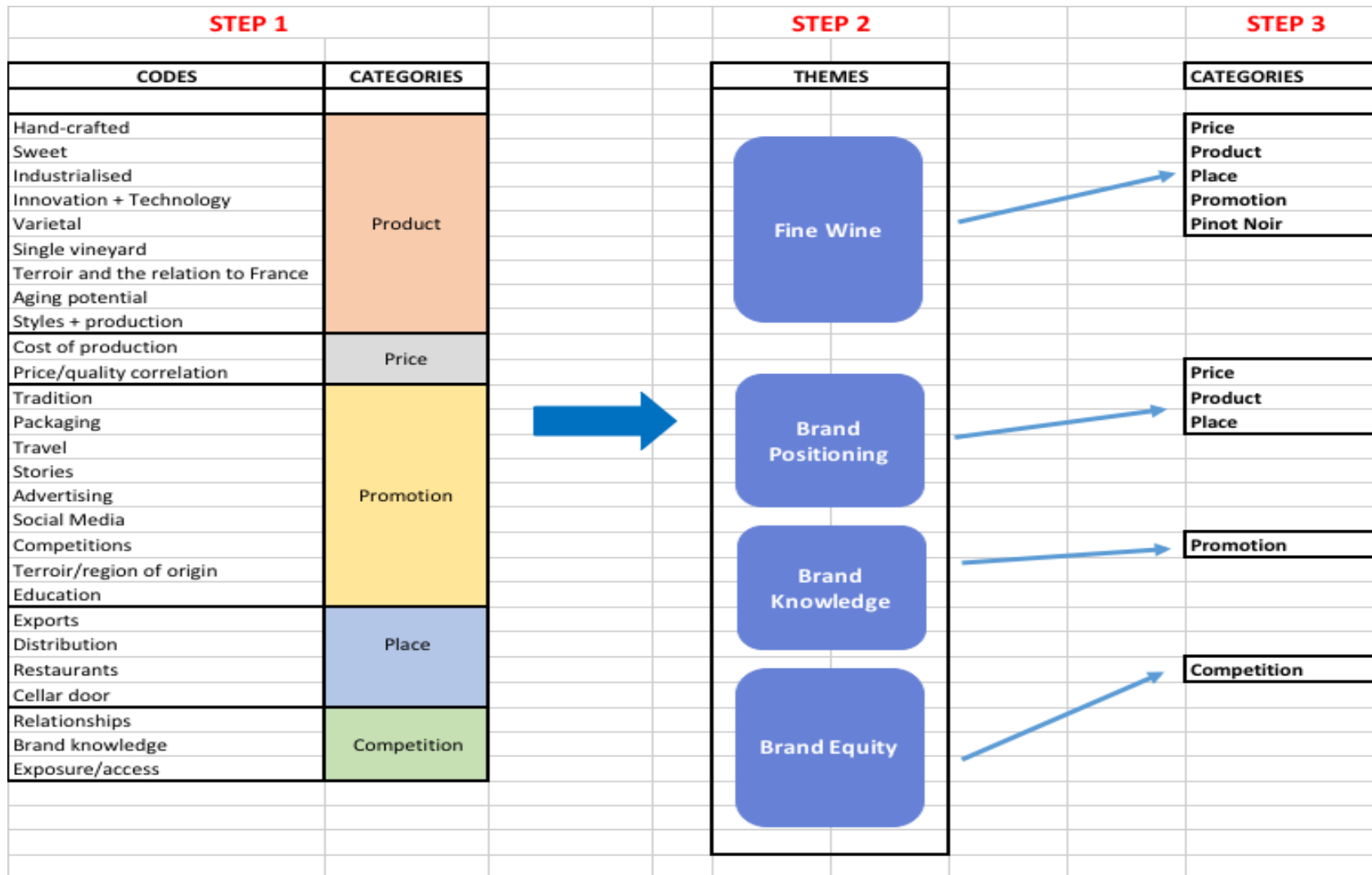
South Africa	
Geographical area	Position
Johannesburg, South Africa	One wine industry expert
Walker Bay, South Africa	Three wine producers
Walker Bay, South Africa	One wine marketer
Australia	
Geographical area	Position
Mornington Peninsula, Australia	One wine marketer
Mornington Peninsula, Australia	One wine producer
Yarra Valley, Australia	One wine producer
Adelaide Hills/Tasmania, Australia*	One wine marketer
New Zealand	
Geographical area	Position
Central Otago, New Zealand	Three wine producers
Marlborough, New Zealand	One wine marketer
USA	
Geographical area	Position
Washington DC, USA	One wine industry expert
Oregon, USA	One wine industry expert
Oregon, USA	Two wine marketers
Oregon, USA	One wine producer

*Note that the wine is produced in Adelaide Hills, but the grapes are grown in Tasmania.

Appendix 3: Coding in MS Word

Codes	Research approach
Industry trends	Deductive
Old World vs New World	Deductive
Fine wine	Inductive
Premium wine	Inductive
Hand crafted	Inductive
Single vineyard	Inductive
Ability to age	Inductive
Noble grapes	Inductive
Craft wine	Inductive
Price points	Deductive
Product innovation	Deductive
Promotion	Deductive
Advertising	Deductive
Social Media	Deductive
Region of origin	Deductive
Terroir	Deductive
Burgundy	Inductive
Brand positioning	Deductive
Brand knowledge	Deductive
Brand equity	Deductive
Family vineyards	Inductive
Exports	Deductive
Distributors	Inductive
Retailers	Inductive
Restaurants	Inductive
Cellar door	Inductive

Appendix 4: Research analysis in MS Excel



Appendix 5 : Interview questionnaires

Questionnaire : Wine producers

1. How would you define fine wine?
2. Is Pinot fine wine?
3. How important is branding in the New World fine wine industry?
4. What is your brand positioning strategy?
5. What role does technology and innovation play in fine wine production?
6. Which has the biggest impact on wine sales: *terroir*, varietal, brand image, label or price?
7. How do you use packaging and labelling to position your brand?
8. How is pricing used to position fine wine brands? Is there a correlation between price and quality?
9. Do you advertise your products? If not, how do you promote your brand?
10. Which distribution channels are most prevalent?
11. What % of wine produced is exported
12. Which countries do you export to?
13. What is your export pricing strategy?
14. Which are your biggest competitors?

Questionnaire: Wine marketers

1. How do you build your brand to gain international significance?
2. How do you use packaging and labelling to position your brand?
3. What role does innovation and technology play in the New World wine industry?
4. What role does *terroir* play in positioning and marketing wine brands?
5. What role does pricing play in the positioning of wine brands?
6. Is there a link between quality and price?
7. What do you do to promote your brand i.e. to create brand knowledge?
8. What distribution channels do you make use of most often and why?
9. Which are your biggest export markets?
10. Which are your biggest competitors?
11. What is your international marketing strategy?
12. How would you define fine wine?

Questionnaire: Wine industry experts

1. What role does branding play in wine marketing?
2. Do you think cold regions make better quality wine?
3. How would you define fine wine?
4. Is Pinot fine wine?
5. How does brand positioning differ between Old World and New World regions?
6. How can wine producers increase brand perception?
7. Which are the biggest trends in the New World Wine industry in the next 10 – 15 years
8. What role do innovation and technology play in the New World wine industry?
9. How is price used to position wine brands?
10. How is advertising and promotion used to position wine brands?
11. What should fine wine brands do to create brand knowledge?
12. How is packaging and labelling used to position fine wine brands?
13. How is place of origin used to position New World fine wine brands?

Appendix 6: Ethical clearance letter

Gordon Institute of Business Science

University of Pretoria

Dear Ms Christel Bezou

Protocol Number: **Temp2015-00906**

Title: **Competitive brand positioning in the 'New World' wine industry**

Please be advised that your application for Ethical Clearance has been APPROVED.

You are therefore allowed to continue collecting your data.

We wish you everything of the best for the rest of the project.

Kind Regards,

GIBS Ethics Administrator

Appendix 7: Turnitin originality report