



Vitinord 2018 – Business Models

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‘Essence distilled, Excellence instilled’

A tale of two wine regions...

■ Two regions in Western Australia

- Margaret River
 - First planted in 1967
- Peel Region
- **Why is there a difference between them?**



Presentation outline

- Why territorial branding?
- The example of Central Otago
- Some conclusions.

Defining brands

- **AMA - ‘a name, term, sign symbol or design, or a combination of these, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.’**
 - The product concentration has been criticised as being one sided.
- **A consumer perspective:**
 - A ‘brand personality’ sought by the consumer
 - Something which mirrors a consumer’s core values
 - Something which adds value for the consumer
- **This presentation adopts a two-sided approach – a designation which offers value for both the producer and the consumer.**

Place-based brands

- **There are a number of types of brand that do not easily equate with the classic notion of a brand owned and operated by a single enterprise.**
 - These may fit into a form of umbrella brand
- **A number of ideas suggest the existence of groups of proprietary brand which are bound by a relationship to place.**
 - Tourism - 'destination branding' – still uncertainly defined.
 - Marketing - Country of origin.
 - Regional brands - products which trade off a region or place

The territorial brand

- **This presentation focuses on what is termed the territorial brand. This is a brand which**
 - belongs to all the producers in a definable territory, and which necessarily exists because the product they make can only be created there and cannot be replicated anywhere else.
 - includes some drinks, foodstuffs and tourism.
 - consequently exists together and in cooperation with a number of proprietary brands product.
- **Crucially, the perceived quality and reputation of the brand is based on collective activity.**



The Central Otago wine industry

- A new industry – commercial wine only made in 1987.
 - Now New Zealand's fourth largest wine producing region.
- The southernmost wine region in the world.
- Internationally regarded for the quality of its pinot noir wines.
- Two co-ordinating groups which work together
 - COWA – the wine industry association.
 - COPNL – to promote the region's pinot noir.

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Process

- The notion of territorial brands and their emergence is new in marketing – so the research was considered exploratory.
 - Thus qualitative methods were adopted.
- Two stage process
 - A short desk-research stage (books, articles, online reports and blogs).
 - A qualitative stage, using interviews with 9 key actors in the region.
 - Initiators and later arrivals, small\large, owners and winemakers
 - This stage is still continuing.
- Analysis via a process of cross-comparison between researchers and panelling ideas between them.
- Some analytic triangulation gained from the differing disciplinary, geographic and cultural backgrounds of the researchers.

Why has Central Otago been so successful? The critical success factors.

- Cohesion of actors.
- Willingness to accept the overriding imperative of a territorial brand.
- A common story.
- An icon wine style
- An effective brand manager



The cohesion of the actors

- The idea that everyone worked together for the good of the region is a dominant theme in the discourse
- Interviewees asked to name three key players
 - The two most often cited were amongst the first four to plant vineyards - praised for their willingness to work together.
 - A second phase seen to add a level of professionalism qualified winemakers and viticulturists and a 'tireless' marketing/PR 'genius'
 - thus offering three key skills for consolidating the region.
- They gave 'financial and intellectual investment when the first generation was still keeping their head above water'. The different phases of the industry, however, work well together.
 - 'We all share ideas'.
- Motivation is perceived to be a key element in cohesion.
 - It was suggested that nearly everyone who came into the industry 'came here because it is a great place to live'.

Willingness to accept the overriding imperative of a territorial brand.

- **Stemming from cohesion was a strong sense that the territorial brand was more significant than any individual producer.**
 - Of one early pioneer it was said that ‘he had a dream for the region’
 - Another (15) said of one pioneer that he had shown the need to protect the region ‘so that the region becomes a brand in its own right’.
 - ‘Don’t bug each other ... don’t promote your wines over someone else’s wine – promote Central Otago’.
- **This acceptance of the paramount nature of the territorial brand is unusual but offers strength.**
 - It may stem from the fact that there are six sub-regions, allowing internal place differentiation, rather than quality differentiation - thus ‘your wine is not worse than mine, just different’.
- **The importance of visiting consumers/media to cement loyalty**
 - ‘If you can get them here they’ll fall in love with it and they’ll go back and sell it. That’s the cheapest investment’.

The story - external

- **The mythology underpins cohesion and acceptance of the territorial brand.**
 - This starts with the product
 - ‘Pinot noir is sexy; you look all intellectual drinking [it] yet it tastes easy’.
 - A wider geographic and historic context.
 - The gold rush (a relationship between a valuable past product and the modern wine).
 - Pioneering activity of the first settlers.
 - The area’s topographic and visual character ‘every vineyard in Central Otago has an exclamation mark behind it – a mountain, a lake, a river’.
- **These stories are mainly for external consumption. Others are internal.**

The story - internal

- Initially the rest of the New Zealand wine industry would not accept them.
 - External enemies strengthen internal cohesion.
- The external critics now love the wine, so new enemies are found.
 - One person commented that the local community does not realise how important the wine industry is, another that the local tourism plan has almost no proposed investment in wine tourism.
- Not many winemakers leave the region after they have come, suggesting that Central Otago is some kind of oenological Valhalla.

An icon wine style

- It was clear early on that good pinot noir could be made.
- There were a variety of styles.
- Everyone accepted that this was the dominant variety, and that varying styles were acceptable.
- Consumers latch onto this defining variety.



An effective brand manager.

■ COWA

- The brand manager accepts that supporting pinot noir is a key function. Thus...

■ ...COPNL

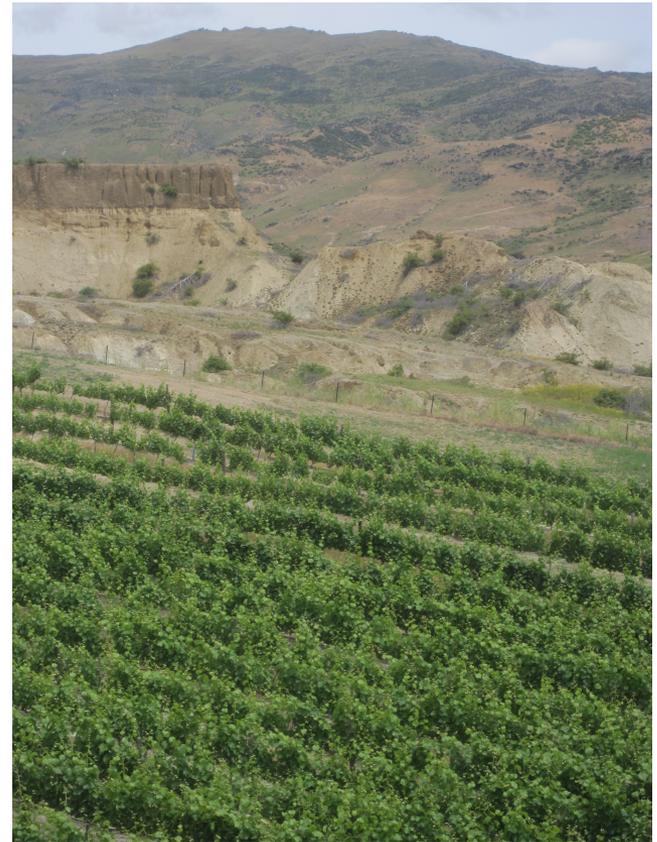
- The comment was made about COPNL that 'the founder ... needs a gold medal', because it was perceived to promote a single, coherent image.

■ Joint marketing ventures.

- Regular pinot noir conferences.
- Road shows and joint promotions around the world.
- A memorandum of understanding with Burgundy.

Positive conclusions (I)

- **Managing the territorial brand is complex**
 - Diverse and potentially conflicting backgrounds of the brand's 'owners' means that disagreement is as likely as common vision.
- **Yet the actors in Central Otago seem to have created a single coherent vision, which is effectively managed**
 - Specifically an acceptance of the paramount nature of the territorial brand due to the nature and vision of the pioneers and accepted by later waves of producers.



Positive conclusions (2)

- **Crucially the mythology supports this unity.**
 - **The story was emergent, based on:**
 - The actors' motivation to live in the area;
 - A pioneer history mirroring pioneering activity in creating a new wine industry;
 - A sense of uniqueness engendered by factors and from 'external enemies'.
- **The first two drivers (cohesion and cooperation) can be deliberately forged, the latter (the story) is contingent - the industry was fortunate to have a story which supported their overall direction**



Negative conclusions

- **However, while the conclusions are essentially positive, there are signs that new entrants are not as willing to subsume their own aims in the drive to promote the territorial brand**
 - Some refuse to join the industry associations and support their events, others produce the cheapest wines possible – potentially undermining the regional reputation for quality.
- **Unlike Europe, regional industry bodies have no power to compel, either around production-quality or image promotion**
 - Some of the interviewees in this study were expressing concerns about the next stage in the development of the territorial brand, and how it can be made to support all players, but also be accepted by them.
 - Consolidating may be much harder than pioneering, when it was comparatively easy to unite a small industry and inspire it with a single regional vision.

What does this mean for the wine industry?

- You need to manage your territorial brand and its image as much as your own brand.
- You are not just working for yourself.

Thanks for your attention...

**...and are
there any
questions?**





THANK YOU FOR YOUR ATTENTION!



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