

tefan MATEI,
Alexandru Ioan Cuza University of Ia i, Romania

THE PROMOTIONAL MIX IN A MARKETING-ORIENTED WINY COMPANY

Empirical
studies

Keywords

Wine industry,
Wine marketing,
Promotional mix,
4Ps,
8Ps

JEL Classification

M31

Abstract

A winery with a marketing-oriented strategy is capable to understand the configuration of a marketing mix (with its implications, opportunities and costs) and to effectively compete with other wine producers in today's quasi-saturated, complex and challenging wine industry. Such a winery is also capable to attain its aspirations and objectives through a thorough understanding of customers' needs and wants. The scope of this paper is to look within today's wineries and analyse the marketing-oriented strategy they adopt as well as the promotional mix they rely on.

1. INTRODUCTION

In the contemporary society wine is an indispensable asset in many important moments of our life. Wine is today synonymous with good taste, fine gastronomy and culture, giving to the connoisseur the quality of a “sophisticated person”. Moreover, given the continuing growth in the number of scientific publications or materials, but also of their quality (at least within 1985-2014), concerning the study of wine, we can also state that we are witnessing a growing interest to this “potion”. Therefore, we acknowledge the findings of authors such as Storchmann (2011) according to whom the increasing popularity of wine in the academic circles reveals the emergence of a new academic field, namely wine-economics. To a certain point, most of the economists, predecessors of our time, raised the subject (either by way of example, be only mentioned) in their work, of wine (some of them are David Ricardo, Alfred Marshall, Leon Walras, John Stuart Mill, Karl Marx or Adam Smith).

Given this context and taking into consideration the facts in the wine industry, we can state that it is extremely important for wine producers to understand the configuration of a marketing strategy and the implications and opportunities within its implementation in the activity they carry out (see Brostrom and Brostrom, 2009). We cannot expect from a winery to sell its products only for the fact that it produces this; they put an attractive price and make it available to consumers on the target market. Wine companies must communicate with their customers regarding the wine they offer. Precisely from here the importance of promotional mix derives, as a component of the marketing mix for a wine company. This being said, the current paper aims at performing a critical investigation in the role that the marketing mix plays in the wine industry highlighting the importance of the promotional strategy within this mix.

2. THE IMPORTANCE OF A MARKETING-ORIENTED STRATEGY FOR A WINERY

Wine companies should clearly understand what implications of the marketing discipline exist in the activity they perform, in order to compete effectively on a somewhat saturated wine market. Only this way, a wine company can offer products that live up to the expectations of those customers available and able to purchase. Currently there are operating (and not only for Romania), wine companies which often prove to be inefficiently run by overwhelmed managers, applying the same old strategies, uncalibrated to the market trends and which do not incorporate marketing as a vital element in fulfilling the mission of that company. Several Romanian wine industry entrepreneurs have no thorough training (specialty), their actions

being based primarily on “experience made over time”. Agricultural enterprises, in general in Romania, do not have their own marketing department, its tasks being awarded to the General Director (for small companies) or individuals designated to sell the company's products, but without a thorough grounding in terms of marketing wines.

Westling (2001) noted that most wine companies are geared more towards the production and sale of wine, but the distribution represents only a part of the process of marketing. In a strict sense of the term, many companies see in marketing only that part regarding the promotion, i.e. elements that refer to: label design and other components used in the packaging, shelf placement, representative agents at the counter, loyalty cards, dedicated tasting events etc. Indeed, these are all very important elements of marketing applied to the wine sector, but entrepreneurs' attention and efforts should not focus exclusively on them. In conclusion, advertising or product distribution are not synonymous to marketing, the latter has a particular reference to the knowledge of what must be produced. If, in our case there are identified the customer's needs and products of high, proper quality wine are created, being distributed and promoted effectively, these products will be sold very quickly. So the sale and promotion, along with product and price, are components of a highly complex marketing mix.

The involvement of marketing practices in the wine business implies tackling a wide range of activities, not just limiting to the process of placement of the product on the market. The process of sale is therefore only a part of the marketing efforts that a contractor should make. Peter Drucker goes further and states that “the aim of marketing is to make selling superfluous” (Kotler, 2009, p. 19). By this is meant that wine and everything related to it (packaging, promotional activities, pricing, public relations, etc.) could be marketed very effectively when the needs, desires, wishes and ambitions of the target market are known and fulfilled. Only when this happens, the product will sell itself. The sale takes into attention the transformation of the vine grower's product into cash, while marketing centers on consumer satisfaction by providing the product itself (wine) and everything related to it.

3. THE 8Ps IN WINE MARKETING

Development and implementation of a marketing plan in the field of vineyard can be a long and difficult process. The components of such a marketing plan are: marketing research and segmentation, market targeting and positioning, marketing mix, budgeting, implementation and control. The concern of the present study is directed toward the marketing mix. From the

perspective of 'vine grower', marketing mix shows him how a wine (or an assortment of wines) will be developed, quantified (at market prices), promoted and placed on the market. On the other hand, marketing mix from a 'consumer' perspective of grapevine products, it shall send the following messages: value added or need satisfied (by product), cost sacrificed (by price), information / the communication received (by promotion) and availability (by placement).

We can refer to McCarthy (1960) to describe the components of the marketing mix in the traditional sense, i.e. the 4Ps expressed *supra* (i.e., Product, Price, Placement, Promotion). Subsequently, various authors have extended the range with other items that they considered necessary to describe the marketing mix in the current context, i.e. PR and political power (Kotler, 1984), company personnel, physical evidence and Performance (Magrath, 1986) or Packaging (Sin, 2006). Although these P's (though sometimes interpretable from our point of view) are applied to a wide range of situations, it is not necessarily the case for wine marketing, or at least this may have different connotations when used in combination with wine product.

Hall and Mitchell (2008) prove the complexity of the supply chain of wine and introduce on the **8Ps** specific to wine marketing (see Figure 1), presented as different from the traditional 4Ps of marketing. Thus, they present the following specific components of the marketing mix in the wine industry: Product, Placement, Price, Promotion, Pack (packaging), Personal (human resource), Planning, Positioning. Some items are sometimes very similar to traditional marketing approaches, but in each case they were adapted to be directly applicable to marketing in wine industry. For example, the fact that the Placement is related to production, consumption and marketing of wine, this is a very important element thus having too many connotations to be associated only to the traditional sense of marketing. A basic concept associated with wine is *terroir*, the French term that aims to describe how all the elements related to a particular place (natural and cultural) are combined in a manner that cannot be replicated anywhere else. This is just one element that gives wine the complexity that it has and that inspires its life, giving the wine its soul. Planning is often understood as part of traditional marketing and many consider that actually this is all that marketing is about. However, wine experience shows that marketing planning does not receive the attention that it should. Although the marketing mix applicable in the wine sector borrows elements / components of traditional marketing (e.g., product, promotion, etc.), it also incorporates or reiterates coordinates specific to the sector.

4. THE PROMOTIONAL MIX OF A WINE COMPANY

Given the offer and wide variety of wines available to consumers in the global market, the competitiveness in this sector is often quite fierce. In the wine industry, any manufacturer who wants to increase their sales or at least to defend its market share should engage in a form of promotion to maintain its customers. Among the components of the marketing used to promote wine by the manufacturers are advertising, sales promotion and public relations. However, there is a far wider range of tools and techniques to promote wine markets, that would be almost impossible for a single company, be it the largest market, to focus on the whole range, at the same time. Thus, companies must decide what tools and promotional techniques they approach, according to the philosophy and mission of the wine company and the results of the cost-benefit analysis.

The promotion activity can be quite expensive for a company, but when it is done properly, the return on the investment can be very high. The challenge that these raise, consists in the increased difficulty of measuring efficiency of special promotional strategy, and this especially when market conditions are constantly changing and wine companies are forced to adapt and reinvent themselves considering the promotional strategies adopted. There is a diversified portfolio of promotional tools and techniques that wine companies can use, these being grouped according to criteria such as: the advertised product, the objectives pursued or the means of promoting.

Hall and Mitchell (2008) provide a typology of the most important promotional tools used in the wine industry starting from the concept of "brand image agents" of wine. Wine, a complex product, symbolic and very technical, is based on a mix of information and impressions when its brand image is created. Brand image is, according to Stern, Zinkhan and Jaju (2001), an abstract concept that incorporates the influences of promoting achieved in the past, the reputation and the evaluation compared to the alternatives on the market. This information can come from many sources, some of which can be controlled or influenced by the vineyard while others are controlled by third parties. From these premises Hall and Mitchell (2008) start when they propose for analysis the formation of brand image agents of wine. As one can see in Fig 1, three main categories of wine image agents can be identified: a) induced - they are the result of a conscious effort of image provided by the manufacturer of wine (at company level or regional level) which gives it total control; b) autonomous - in this case, third parties provide information or impressions about wine, these owning control; c) organic - sources of unbiased and reliable information (such as acquaintances or friends who are knowledgeable about the wine in

question). For this analysis, the works of MacKay and Fesenmaier (1997) and Gartner (1993) were also considered.

Each of the three basic categories can be further divided into subcategories, each with a portfolio of specific promotional tools, as such: a) induced overt image agents, type I: advertising, public relations and sales promotion; b) induced overt image agents, type II: information to retail agents or other selling points; c) induced covert image agents, type I: paid advertising done by a celebrity, a chef cook, a wine critic or sommelier, product placement or sponsorship of an event; d) induced covert image agents, type II: promotion by the media, critics, chefs and other factors of influence; e) autonomous image agents, type I: wine-themed Events, competitions, festivals and reviews in the trade press (third party has the control); f) autonomous image agents, type II media channels that are not in their area of specialty - news, articles, videos etc .; g) organic unsolicited image agents: Voluntary recommendations by friends or family members; h) organic solicited image agents: recommendations requested from certain friends or family members (control is in the hand of third parties); i) organic image agents: tasting or wine consumption (control is held by the consumer).

The imaging agents in the category of the induced (and overt) play an important role in the strategy to promote wineries because they are the most easily to control by the winemaker. There is currently available to entrepreneurs in the wine domain, a wide range of techniques and promotional tools, each of them having a reach and a certain ability to communicate various aspects of the wine to consumer.

5. CONCLUSIONS

Given the complexity of such a commodity, *wine* (an almost enigmatic product), we should not wonder about the high degree of sophistication of the research in the wine domain and also the novelty of the formalities made. In this context, wine marketing (as a sub-domain of wine economics in the attention of many economist and researchers) can be very effective for a winery and can help it compete effectively in a somewhat saturated wine market. The present paper has shown how important it is for wine producers to understand the layout of a marketing strategy and the implications and opportunities in its implementation in the activity they perform.

According to one of the most popular myths of the wine industry, “a good wine sells itself”. Unfortunately, although this expression is pleasant to the hearing and often found in stories told at the wine cellar or at autumn festivals, reality confirms the opposite. In order to take place the act of sale, the wine and the consumer must meet, but perhaps

more importantly, the consumer must first take note of the existence of the product and then he must be persuaded to choose a specific wine in detriment of many other wines on the market.

In this context, the strategy to promote a wine company may ensure the success and survival in the market or it may shorten the life cycle of the product (or of the company itself). From our point of view, the promotional mix is the most important part of wine marketing. Of course, at the disposal of entrepreneurs in the wine domain there is currently a wide range of techniques and promotional tools, each of them having a reach and a certain ability to communicate various aspects of the wine to the consumer.

Acknowledgements

This work was co-financed from the European Social Fund through the Sectoral Operational Programme Human Resources Development 2007-2013, project number POSDRU/159/1.5/S/134197 „Performance and excellence in doctoral and postdoctoral research in Romanian economics science domain”.

Bibliography

- [1] Brostrom, G., Brostrom, J., 2009. The business of wine : An encyclopedia. Greenwood Press, Westport, SUA.
- [2] Gartner, W., 1993. Image Formation Process. Journal of Travel and Tourism Marketing 2(2/3), p. 191-216.
- [3] Hall, C.M., Mitchell, R., 2008. Wine Marketing: A practical guide. Butterworth-Heinemann, Oxford, UK.
- [4] Ioan C.A.M., Luca, F.Al., Sasu, C., 2013*The Specificity Of Personal Brand. Literature Review*, Management Intercultural, Volumul XV, Nr. 3 (29), pp. 171-182.
- [5] Ioan C.A.M., Luca, F.Al., Sasu, C., 2013, *Personal Brand – From Theory To Practice In Contemporary Society. Literature Review*, Management Intercultural, Volumul XV, Nr. 3 (29), pp. 165-170
- [6] Ioan C.A.M., Luca, F.Al., Sasu, C., 2014, *Marketingul personal în mediul online – dezvoltarea brandului prin intermediul retelelor de socializare*, Management Intercultural, Vol XVI, nr.1 (30), pp. 102-115
- [7] Kotler, P., 1984. Rethink the marketing concept – there are 6 Ps not 4. Marketing News 18(19).
- [8] Kotler, P., Keller, K.L., 2009. Marketing management, 13rd edition, Prentice-Hall, Upper Saddle River, NJ.
- [9] MacKay, K.J., Fesenmaier, D.R., 1997. Pictorial element of destination in image formation. Annals of Tourism Research 24(3), p. 537-565.

- [10] Magrath, A.J., 1986. When marketing services, 4 Ps are not enough. *Business Horizons* 29(3), p. 44-50.
- [11] McCarthy, J.E., 1960. *Basic Marketing: A Managerial Approach*. Richard D. Irwin, Homewood.
- [12] Sin, C.Y., 2006. 10Ps of the marketing mix. *The Star Online*, n.p.
- [13] Stern, B.M., Zinkhan, G.M., Jaju, A., 2001. Marketing images. *Marketing Theory* 1(2), pp. 201-224.
- [14] Storchmann, K., 2011. Wine Economics: Emergence, Developments, Topics. *Agrekon* 50 (3), pp. 1-28.
- [15] Westling, B., 2001. Building Brand Equity in the Wine Industry. Available at <http://www.marketingwine.com/pdfs/brandequity.pdf>

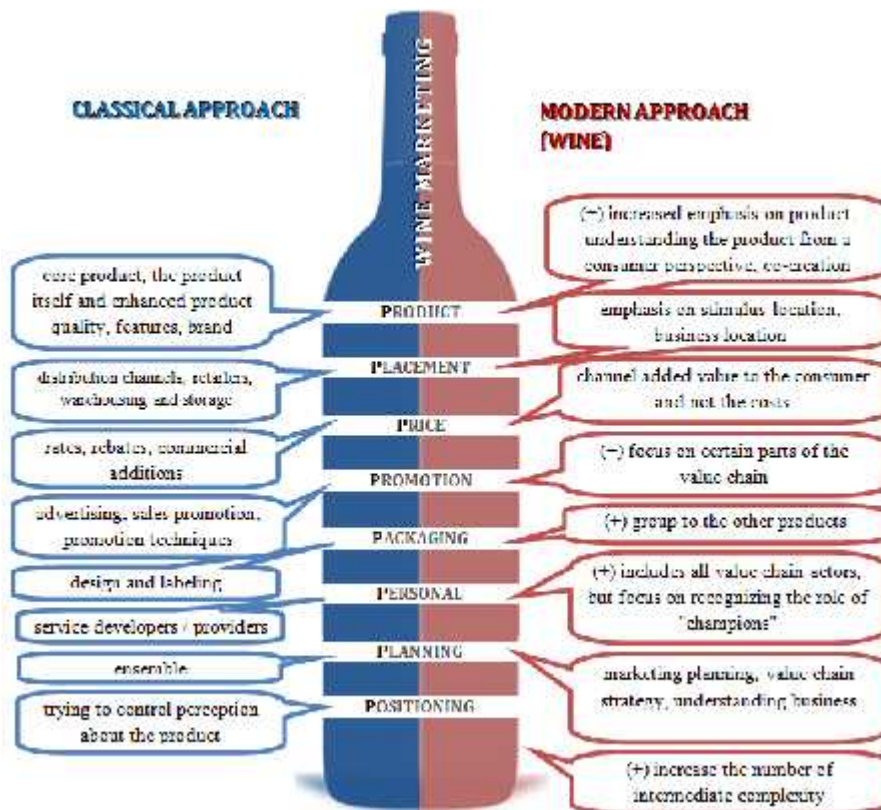


Fig. 1. The 8Ps of Wine Marketing

Source: after Hall and Mitchell (2008)

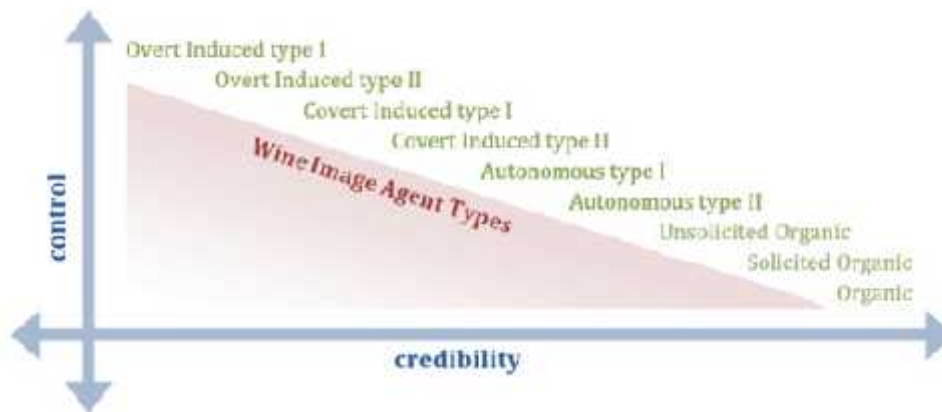


Fig. 2. Categories of wine image agents