

Viva la marketing

Larry Lockshin

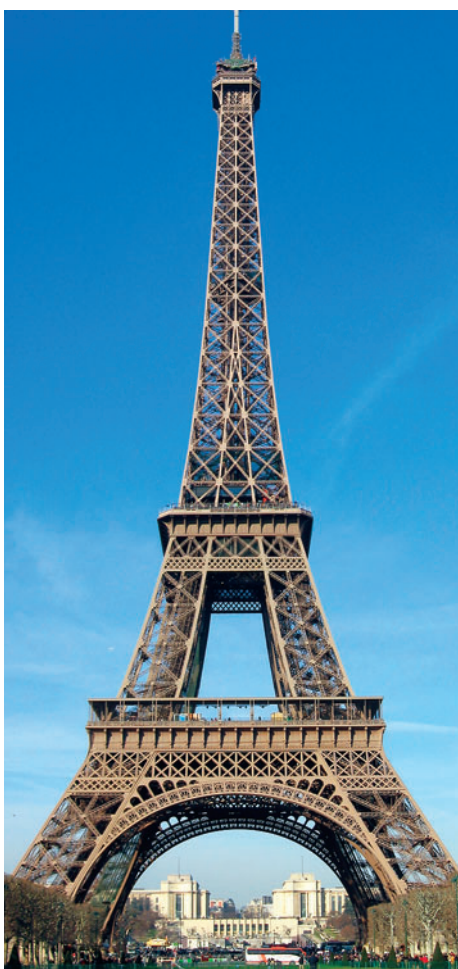
As I write this note about the third gathering of researchers in wine business from around the world, I have to pause to wipe the beads of sweat from my forehead. No, I am not working that hard, but southern France is going through a heatwave and temperatures are in the low to mid-30s every day with 95% humidity. Night temperatures are in the high 20s. It all seems far away from the record cold we were having when I left Adelaide.

However, the issues being discussed here are the same 'hot' issues we have been grappling with in Australia, examined through the lens of academic research. I saw kilometres of vineyards as I rode down on the train. I visited a friend's small domaine in the Languedoc near Montpellier and heard him speak as if he were in Australia about the difficulty in selling his wines, the falling prices, the heat and drought so far this year.

It is important to take a step back from the specific issues of overplanting and overproduction to ask more basic questions about the wine business. This is one of the roles university-based researchers play in the wider scheme of the wine sector. We have the luxury of looking at the factors that underlie some of the main issues facing winegrowers around the world.

More than 60 of us are gathered here in Montpellier at the National Agricultural University to present our most recent research. There are researchers from France, Italy, Spain, Germany, Austria, Hungary, Belgium, the UK, the US, Canada, Australia, New Zealand, Singapore, Israel and Argentina. Rather than recount individual presentations, I thought I would recount some of the main themes examined across this wide range of wine producing and wine consuming countries.

The researchers represent a range of disciplines within the wider realm of wine business. There are economists,



sociologists, marketers, strategists, tourism and hospitality specialists, finance and banking experts, and even a few sensory scientists. It is not often that we get the chance to look at a sector from such a wide variety of viewpoints. The themes of the conference were not preordained, but emerged from the work submitted by each researcher and his or her team.

For academic conferences, manuscripts are sent about six months before and are sent to two reviewers, who are not told the names of the authors. The reviewers send their confidential reviews with either suggestions for improving the paper or their recommendation to not accept it. At this conference, two types of papers were accepted, those that underwent this reviewing process, and papers classed as 'working papers'. About 65 presentations

were made, with about half as reviewed papers and half as working papers, including some presentations from the wider wine sector, such as the director of Interrhône and the head analyst from Wine Intelligence in the UK.

My view of the themes is as follows. There are a growing number of researchers looking at consumer behaviour in the wine sector. My Wine Marketing Group presented recent work on using a new technique, 'Best-Worst Analysis', to understand the factors consumers use for choosing wines in shops and restaurants. Other researchers also looked at wine choice using different techniques, such as analysing the scanner data from supermarkets in Italy. There was a whole session looking at cues consumers use to assess wine quality on the shelf, such as region of origin and brand, but also the links between these and the actual taste of wine. There was even research on how to communicate sensory descriptions so that consumers better understand the wine they are buying.

One of the newer areas investigated at this conference is packaging. Research was presented on closures, but more and more we are seeing research on the role of packaging and labelling on building and communicating the brand identity to consumers. Linked to this area is another relatively new field of how to communicate in a broader way with consumers. How is what professionals say received and interpreted? We assume that what we present in advertising, labelling, even direct communication such as a sommelier talking to people in a restaurant, is interpreted as we intend, but research shows this is not always the case.

There was a range of research on broader issues of strategy. Each of the papers typically was focused within one country, but the issues were similar across them. How do small wineries gain access to the market? What management techniques are most useful for organising the winery's business for profitability? Agricultural economists look at these issues differently. There were several

papers analysing the determinants of grape prices and forecasting where prices will go based on factors such as location, variety, market power and type of contract. Other economists, especially from Europe, look at the wine sector as a set of clusters of businesses, associations and governments, and try to understand the best way of organising them for efficiency and profitability. The financial approach to strategy looks more at how companies are organised internally, how their different boards of directors work, and how the banking sector can better interact with wineries to make both work better.

It was easy to see that the same issues are facing wineries, associations and supplier industries around the world. Different countries are at different stages in their development of these linkages, and of course each is influenced by the regulations and history of their local sector. Certainly Brazil is at a different stage than France and Australia. From each of these we can gain some

understanding of the impact of similar factors in different environments, and which are more important everywhere, and which have mainly a local influence.

To my mind these types of conferences are best at helping us frame better questions to ask and investigate. Whether an individual company is looking at its brand position, or a country is deciding what is the best position in a certain market, listening to the research outcomes from so many different projects allows us to focus on the most basic and important issues and not reinvent the same method, which may not have worked well previously.

For example, it was at a previous conference where I learned about the Best-Worst choice method for measuring the relative importance of attributes. This method overcomes many of the problems in using rating scales ('rate this from 1-7, unimportant to important'), where there are inconsistencies between individuals and between different cultures and countries. Now we are using this in a wide

range of our research, from determining how consumers choose wine, to how consumers choose wine stores to patronise, to what is the best positioning statement for growing the reputation of a wine region or country.

Conferences are a time to catch your breath from the everyday details of any job, to gain a wider perspective of the sector we work in, and to learn new techniques.

This conference also featured the formation of the Academy for Wine Business Research, an informal association of wine business researchers from around the world. We agreed to use the International Wine Marketing Database from UniSA as our means to share ongoing research and working papers (see wine.unisa.edu.au, Research Library for information on subscribing). We leave here hot and tired, but with more energy and knowledge to use in our own research in each country, knowing that we all face the same issues and problems, but are able to share these with each other.

The Tarac Environmental Future Fund Turning Ideas into Reality

Do you have an innovative idea for new winery waste management solutions or practices?

The Tarac Environment Future Fund (TEFF) may be able to assist in making your idea a reality!

Tarac Technologies, with the support of the Winemakers Federation of Australia, the Grape & Wine Research Development Corporation & the South Australian Wine Industry Association, has launched round 2 of the Fund.

The TEFF will allocate up to \$20,000 per year to individuals or companies to increase the body of knowledge about winery waste management within the

Australian wine industry. Funding will be granted to applicants with unique & innovative proposals, which could include a strategic overseas study tour, a research project, further development of an emerging processing technology or an IT solution.

Further information, along with Guidelines and Application Form, can be found at www.tarac.com.au/TEFF.asp

Queries should be directed to Dr Ira Pant, Project Manager R&D at irap@tarac.com.au

Applications close 15th October 2006.

 **tarac**technologies

Samuel Road (PO Box 78), Nuriootpa, SA 5355
t. +61 [08] 8562 1522 f. +61 [08] 8562 2031
www.tarac.com.au Email. info@tarac.com.au



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