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The Marketing of Wine

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ABSTRACT

The market of wine has been growing increasingly over the past decades. It is relevant at national and international level because it is a widely consumed product. By introducing the wine market and its scope, we found that it is a distinct market, which relies mainly on internationalisation and trade between countries for the survival of the many companies it holds.

Analysing the characteristics of premium wine to find out what attributes are given by the beverage itself and which values are added by the companies through the brand. The combination of both sets of attributes would make the premium wine appeal the different types of consumers, who demand both domestic and foreign wines. Through the means-ends chain theory we are able to identify four segments of wine consumers which in general are highly risk adverse.

The marketing tools used by the companies should focus on building brand image to reduce risk. Besides, it is found that the brand image and the available information at the store are the most relevant factors for consumers to decide. The methods used would vary depending on the resources on the company and the attributes that are appreciated by its target customers. Through a case study of Bodega Palomares, a Spanish wine company, an implementation of improvements is proposed in order to enhance the relationship with the customer, thus reducing the risk.

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1. INTRODUCTION

The wine is a beverage consumed all over the world and it can have an impact in multiple areas. It has been present in religious beliefs and even has been considered a medicinal remedy. On the other side, as it contains alcohol, it is subjected to tighter restrictions which would difficult the management process. Through different attributes such as prestige, experience and methods of production, the companies are able to build the quality of the product, that make a wine acquire the category of premium. It is fascinating how many variations of the same product manage to cohere in the same market.

It is needed to know the market and its trends. In the case of the market of wine, it has hundreds of years of history. Despite of it, it has been constantly renewing itself to stay relevant as a beverage that is consumed on a daily basis. In fact, the market of wine has been growing increasingly over the past decades. It has relevance at national and international level, especially for big countries such as EEUU, China and the European Union, where production and consumption is widely extended. It has several topics that can be explored, from production and distribution channels to brand management.

There are high levels of competition due to the fragmentation of the market. Business from the Old Wine World and the New Wine World are competing and trading in order to be profitable. We would be able to identify the differences between them since it is key to understand the patterns of trade. Actually, the relationship among countries is fundamental for the market of wine because it is heavily reliant on trade.

In any market, especially if it has as a high number of competitors, it is necessary for businesses to follow a clear strategy. This strategy should be aimed to appeal the target group. The companies must be able to identify the segments of the population and decide which one they should target. It should be based according to the needs of the consumers and what the company can provide in order to satisfy those needs. As a result, identifying the main factors that influence the purchase decision of consumers can be an attractive subject for research.

In the following, the brand concept management is introduced as a method to implement a strategy that follows the needs of consumers. Then, the means-ends chain theory is applied in order to be able to identify the reasons behind the purchase of wine.

This paper seeks to analyse the market of wine and the consumer behaviour towards the product. In order to achieve a conclusion, we have to find the trends of the market, know the product, identify the consumer behaviour and habits as well as how the brand influence the final purchase decision. Through the research all these issues are exposed in order to find the right way to proceed. Each company should be able to apply the theory according to its own characteristics.

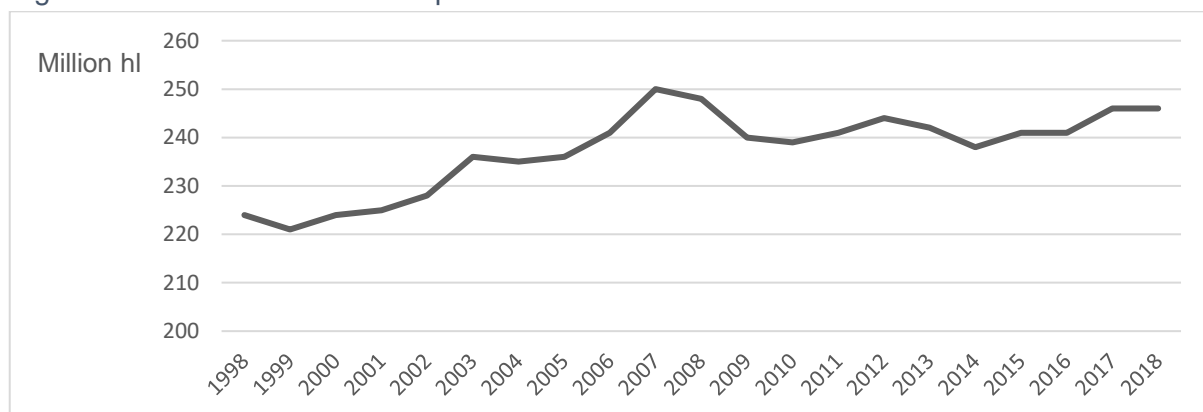
2. INTRODUCTION TO THE WINE MARKET

The best way to understand the importance of the wine market is to analyse the weight of the wine industry in the global economy as well as its evolution throughout the years. Then, a brief description about its relationship with the most relevant countries for the wine Market: China, Europe and United States. For the time being, we will talk about European countries as one, since there are many similarities among them.

Even though wine is a widely consumed product, it is present in a diverse range of scenarios all over the world. In 2019 the global size of wine market reached 311,000,000,000€ (Fortune Business Insights, 2020) and it is expected to keep growing since the compound annual growth rate (CAGR) is expected to rise a 4.39% from 2019 to 2024 (Market Research Future, 2021). It is a relatively steady market that has been growing over the years and it is predicted to have a prosperous future.

The value of wine and its consumption have been growing throughout the last two decades, as seen in the Figure 2.1. Despite some ups and downs, an upward trend can be observed, thus, we can estimate its future growth based on information from the past. The most recent data show that the global consumption reached 246 million of hectolitres which would be the 84.2% of the total production of wine in 2018 (International Organisation of Vine and Wine, 2019).

Figure 2.1. Global Wine Consumption.



Source: Own elaboration from International Organisation of Vine and Wine.

The wine consumption reached its peak between 2007 and 2008, then the financial crisis affected the industry, especially since it relies to a greater extent on exports. As consequence, crisis inevitably wreak havoc on the activity of companies, resulting from their performance before and after the crisis. The theory suggest that firms will be more committed to internationalization if their experience prior a crisis was good, however, their performance would probably be worse than in past situations (Yu & Lindsay, 2016). It would explain the recovery during the following years, although the growth has not been as exponential as it was before the crisis. In 2018, consumption was almost as high as in 2007, but the COVID-19 crisis

will again derail consumption growth in 2020. As previously stated, the CAGR from recent analysis is expected to be positive (Market Research Future, 2021), which means that even if damage has occurred, growth and profits are remained. While some predictions start to arrive, it is still too early to tell what effects the health crisis has had on the sector in 2020. If its impact has been harsher than expected, it may take longer to recover from it.

Another reason for the expected growth in consumption is the fact that China is turning wine into its new favourite beverage. Even when the country is one of the greatest producers of grapes, their production of wine is limited (International Organisation of Vine and Wine, 2019), besides, the Chinese prefer foreign wine. Although globalisation is leading Asia to adopt habits of the western culture, they are still influenced by their roots in a way that they prefer fruity aromas and sweet flavours and are not so easily swayed by drier wines (Somogyi, Li, Johnson & Bastian, 2007). China's rise as a world power is increasing the standard of living of its citizens, making its demand for wine inelastic, contrary to what happens with beer, they do not mind paying the necessary price for a bottle of wine (García-Cortijo, Villanueva, Castillo-Valero & Li, 2019). The country already has a significant relevance for the industry, holding the 7.15% of the global consumption in 2018 (International Organisation of Vine and Wine, 2019); however, all these factors suggest that China could soon become the most important country for the wine market.

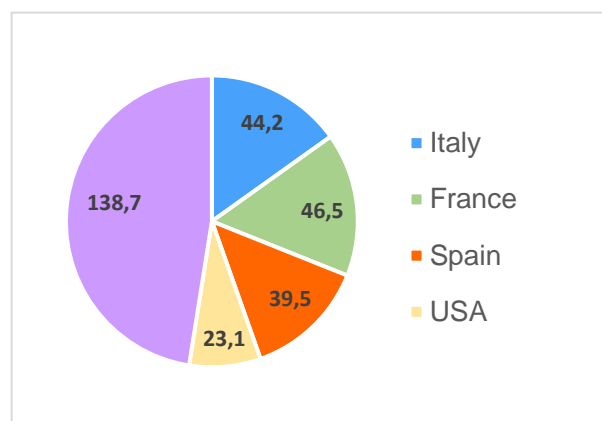
The importance of Europe for this sector cannot be overlooked, as it could be considered the cradle of wine. The vineyard landscapes of France and Italy create, in a sense, the foundation for the idealism surrounding the image of the naturally fermented beverage. It is also relevant for its consumption, as the drinking of alcoholic beverages is normalised, combined with the fact that consumers have been shifting their preferences from high alcoholic beverages to those with lower alcohol content such as wine and beer. (Smith & Solgaard, 2000). In addition, Smith & Solgaard (2000) suggest that the change has been given by the increase on government taxation policies and general campaigns discouraging its consumption, along with the rising of a healthy lifestyle, which is completely detached from the massive intake of alcohol. Nonetheless, in Europe, wine is completely differentiated from spirits and is seen as healthy, because in history it has been associated multiple times with medicine and wellness (Charters, 2006).

Besides, Europe takes the lead at being the greatest producer of wine, between 2018 and 2019 the countries of the European Union produced more than 188 million hectolitres, where Italy, France and Spain produced the 81.79% of the total which led them to be the top three producers not only of Europe but of the whole world, with a 50.6% of the global production (International Organisation of Vine and Wine, 2019; European Commission, 2021). Those numbers are proof of why wine is so strongly associated with these territories.

The fourth greatest producer in 2018 according to the International Organisation of Vine and Wine (2019) is the United States with an 8.18% of the global production, which is an important figure. The country also stands out for its consumption, which has been growing since 1996, with the exception of the crisis bump. Furthermore, it holds the top position at wine consumption since 2011 and has had a growth rate of the 9%, currently reaching the 13.4% of the global consumption in 2018 (International Organisation of Vine and Wine, 2021). Obviously, the United States is a prosperous and densely populated country, which easily justifies this fact. Despite of it, it is worth mentioning that the new generations are getting more interested in wine, particularly the millennials and the z generation (Wine Intelligence, 2020).

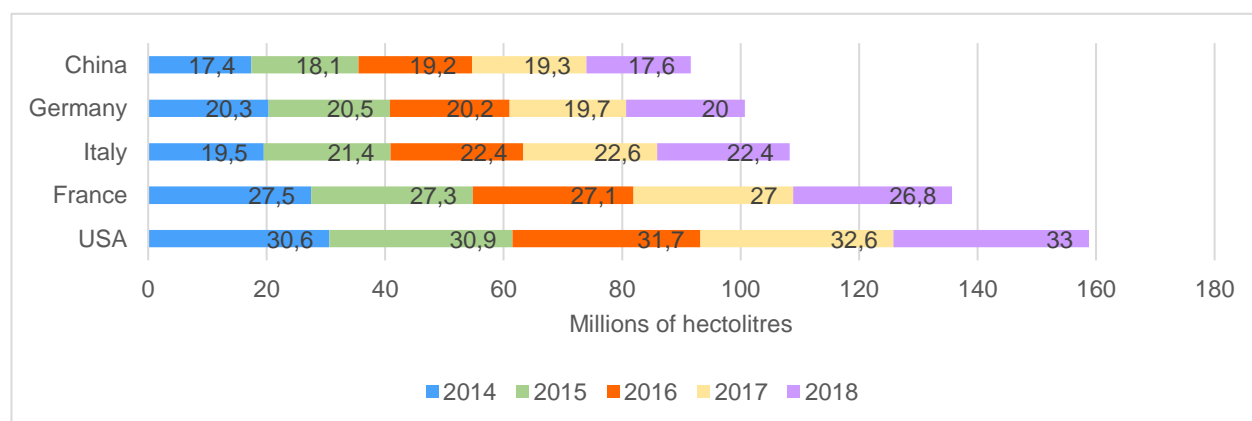
As mentioned before, the figure 2.2 shows the relevance of Italy, France, Spain and USA at the production of wine. They were involved in the production of more than the half of wine that was produced in 2018 in the whole world. On consumption in figure 2.3, USA has been the leader along the years, followed by European countries and China, which is starting to gain relevance in the market.

Figure 2.2 Millions of Hectolitres Produced by country in 2018.



Source: Own elaboration from International Organisation of Vine and Wine.

Figure 2.3. Major Wine Consuming Countries.



Source: Own elaboration from International Organisation of Vine and Wine.

3. THE PRODUCTION OF WINE

It must be taken into account that wine is not like other consumer goods, its production periods are different, which makes it difficult to match demand and supply. "This high level of complexity extends from production to marketing through to retail. Not only must marketing managers predict what types of wine consumers will want in five or ten years time, they must also predict how much they will want" (Lockshin, Rasmussen & Cleary, 2000, p. 5)

Nevertheless, before moving into the market, it is necessary to first get to know the product. We will begin by getting to know the definition and the main distinctions between wine. Then we will investigate the differences between the Old World and the New World in order to know the current situation of its production and distribution.

Wine is defined as an alcoholic beverage made of fermented grape juice; however, a hundred types of wine derive from a simple definition since producers and consumers discern the unique set of characteristics that each variety offers. The main types are red wine, white wine and rosé wine, there are also more varieties such as sparkling wine which is not as popular but recently has gained significance in the market.

In the past, fermented beverages such as wine and beer were consumed by the population because those type of drinks were hygienic, unlike water which used to be undrinkable and more likely to cause diseases. However, as in most societies, those with higher status feel the need to distinguish themselves. In this case, as the upper class wanted to feel superior and maintain their status, it soon became necessary to create a distinction in the quality of the wine (Charters, 2006). As consequence, the division between bulk wine and premium wine was created.

On one side we have bulk wine, which is sold in large quantities at a cheap price. It can be distilled and used for other purposes outside the wine manufacturing industry, or it can be sold to another manufacturer, who sell it under its own brand after it has been bottled. This second type can be bottled into tetra packs, bag in box or glass bottle. Each form is relevant and has its own potential consumers, but the level of marketing used for each one variates. Then, inside of the bottled wine it can be premium or not. The interest of the oenophiles¹ will arouse if the brand stands as a premium wine using wisely the available marketing tools. Besides, a company can try to use the reputation of their premium wine to raise the value of their other low-cost bottled wines (Hall & Mitchell, 2008).

On the other side, there is the premium wine. It can be produced and sold by a winery or as stated in the previous paragraph, it can be brought in the form of bulk wine and be sold

¹ A connoisseur of wines. Someone who knows and enjoys wine.

as a premium brand. In the following we are going to expand the idea of premium wine, especially how wineries develop its product. Premium wine involves a whole set of intrinsic characteristics where each brand tries to establish its position. All parts of the production chain start to focus on adding value to the final product, from the vineyard and winery to its design, intermediaries, and final retailer.

It is also important to point out that the market is highly fragmented, with many small companies and a few large ones. There is a huge number of brands, which makes it impossible for supermarkets and restaurants to stock them all. In other words, there is a lot of competition between companies to make their wine available at the sales point to be bought by the consumer.

3.1. PREMIUM WINE

There are several categories of bottled wine and we would be distinguishing each one according to its value. On a retail store in Spain, we can find wines from less than 1€ up to 2€ which would be assumed to have the worst quality of bottled wines, up to 5€ it can be a popular wine, while premium wine has subdivisions. A premium wine can go from 5€ to 15€, then there is super-premium (up to 20€), and ultra-premium (35€). A price above of 40€ can be considered a luxury wine (Advisor Wine Industry Network, 2018).

Nonetheless, the price does not define the category of the wine, a premium wine has better qualities than a daily drinking wine. Even if the price is used as an indicator of the position of the product, it has to be justified by features that prove that is a real premium wine (Forbes, 2019).

The first characteristic any brand is looking for is quality, as it is the main attribute of any desirable product (Doyle, 1990). Most commonly, quality and price go together. If consumers are presented the same product but with different prices, they will believe that the one with the higher price is of better quality (McConnell, 1968). This theory can be applied universally, however, each sector would have to find more attributes aside from quality to appeal the consumer, specifically when referring to a premium product. In this case, as we are speaking about wine, the popularity of the winery or the reputation of the vineyard will make a difference at the eyes of the consumer (Forbes, 2019). The reputation can come from heritage, which is a factor that adds value. It means that having a past on the industry tends to make a difference in the present. Nevertheless, heritage do not only apply to the winery, but it can also be connected to the region or territory, where the producers from that place share the reputation.

Another characteristic that justifies the price is the scarcity of the good. The shortage of the product causes its price to increase if there is a high demand. Some producers may

decide to bring few units to the market on purpose, as if they have sufficient reputation and good reviews, they can raise the prices. This strategy is effective with discretionary products, where the consumers are willing to spend more money (Stock & Balachander, 2005). They are willing to purchase premium because it is not a need, enjoying a glass of wine is more of a leisure. And if one of the wines produced is expensive due to its scarcity, but has a good reputation, it can also increase the reputation of the other wines of the cellar, which makes it worthwhile to withstand the market pressure of such an expensive wine.

The farming practices and methods used to the elaboration of the beverage can also play an important role. Currently, sustainable practices in the agro-alimentary sector are a trend, not only because of the shift on consumer's minds towards healthier and less processed food (Smith & Solgaard, 2000), but also due to the environmental benefits. However, both producers and consumers have not mastered the concept of sustainability, therefore this attribute does not add much value to the final product, at least for the time being (Maesano, Di Vita, Chinicci, Pappalardo & D'Amico, 2021)

It would be hard to attribute taste as factor that justifies a high price because the wine market is heterogenous. Each variety has its particular taste and each person has their own preferences in terms of taste and flavour. Moreover, preferences are not always objective; some customers do not need to have an underlying coherent justification for their preference. A Pinot Noir, with its dryness, is appreciated by many, but there is also another part of the community that prefers sweeter wines, such as Moscato. You can appreciate the quality of the wine even if it is not of your preference, therefore, taste is not a determining factor when it comes to being premium.

In the end, the key for a successful premium wine is the perception the sector has of it, which is highly related to the popularity of the winery. The endorsement of the experts, as Lauren M. at Forbes (2019) points out on her article, is the ultimate sign of wine quality. The market will start to pay attention to the product when the connoisseurs acknowledge the value of the wine. To achieve the above, the winery should not be afraid to present its product. It should organize tastings, present itself at events and use all possible tools as a route to be recognized and appreciated by the relevant people in the industry (Lockshin, Rasmussen & Cleary, 2000).

As a conclusion of all these attributes, we can determine that acquiring the category of premium product is neither simple nor instantaneous. It requires a great effort to position a brand of premium wine and finally it will be the industry who will decide if it is indeed a product that is worthwhile.

3.1.1. The significance of Terroir and appellation of origin

“The concept of terroir matters economically, both to consumers and to wine producers.” (Cross, Plantinga & Stavins, 2011, p. 156). The origin of the wine is one of the most valued attributes by consumers. It can increase the price of the final product considerably if it is used wisely as a marketing tool, as long as the wine has been produced in a well-known place. Since the attributes described before are not acquired immediately; we will see how wine producers use concepts such as terroir to acquire prestige and create products in limited quantities with unique characteristics, as well as other qualities.

The concept of terroir emerged in France as referred to “an area or terrain, usually rather small, whose soil and microclimate impart distinctive qualities to food products.” (Barham, 2003, p. 131). This simple definition explains the tangible part that would be the components of the ground, which are minerals, organic compounds, water and oxygen, as well as the climate of the place. From there, each soil has different combinations and depending on where the crop is located, the fruit will have a set of features particular of the field where it has been planted. This would allow wineries to produce limited wines due to the special characteristics in which they have been grown. It makes the value of the wine increase as consequence of the scarcity and rarity of the product.

The terroir would be different on each place, it could be from the area of a whole village or just a parcel, since the components can vary in just a hundred of meters (Charters, 2006). The contemporary analysis techniques can make it possible to create a space that mimics the qualities of the ground, yet such environment would not be defined as terroir by the experts, even if it fits the definition given in the beginning. Therefore, the concept exceeds the meaning of the word. Terroir can apply exclusively to a winery, but it is more common to be associated within a territory, where all wineries in the region can use the fame to their advantage. This way all producers contribute to the value and thereby make more profit than they would on an individual level (Hall & Mitchell, 2008).

Nonetheless, terroir is not only given by the climate, Barham (2003) and Leeuwen & Seguin (2006) suggest that human factors could be part of the formula. On this side we find the relevance of the methods in which it is harvested, as it was previously mentioned, it upgrades the status of the beverage. First, because nowadays we use specific types of grapes to make wine which did not exist when the humankind started to plant vineyards. Those certain grapes emerged through naturally occurring genetic variations. Besides, since the plantation does not require high maintenance, it was usually located on less propitious terrains, which led to multiple varieties of flavoured grapes. After decades, the producers where choosing the most tasteful ones which end up defining the taste of their harvest (Barham, 2003). It ended

up becoming a product with qualities acquired in that particular place, in an entirely unique form.

The other key point in which people are part of the process would be the socioeconomic situation of the region. Back in the seventeenth century the transportation methods were not as developed as now. The crops had to be located on strategic places where the product could be moved around easily before it went rotten. As consequence, vineyards were placed near ports and waterways, which usually were the places with an active population and a thriving economy (Leeuwen & Seguin, 2006). The different locations would not become a problem since the vine can withstand almost any weather and does not require a lot of attention (Leeuwen & Seguin, 2006). Due to trade, the word *terroir* began to take on meaning, as it would be used to distinguish the wines of each region. It was used for the first time as the geographical indicator of wine produced in Burgundy (Meloni & Swinnen, 2018).

The example of Burgundy is a clear case of the use of *terroir*. The place has around 1,247 different ecosystems, which help it to build up its fame (Ballantyne, Terblanche, Lecat & Chapuis, 2019). Moreover, *terroir* is not used as a simple description but as an adjective of the product that adds value to it. For this reason, the area has acquired a reputation that is backed by experts and it makes consumers to be delighted to taste a Burgundy wine.

To clarify, we can establish two points: *terroir* has a scientific basis, that the soil and climate really do give the final product its shape, and that it is a geographical indicator, which became crucial for the wine industry in Europe (Charters, 2006). It is still used nowadays and co-exist with the appellations of origin, adding positive value to the national production (Cross, Plantinga & Stavins, 2011).

Later, the appellation of origin of the products of each country began to be developed, which included wine as well. To achieve this, once again, the producers in each area come together and share the designation of origin. Those who comply with the requirements of the regulation obtain the seal that gives them quality and reputation. "In general, the more specific the appellation, the higher the price of the wine" (Moran, 1993, p. 699), which would appeal producers to meet the certain requirements that involve the methods used and the age of the winery. In addition, each appellation of origin has its own regulations.

In other words, *terroir* is used as an attribute of prestige and quality, but there is no regulation or institution to determine whether this claimed value is real. However, appellations of origin are of greater importance as they do guarantee the quality of the product through strict regulation and monitoring of the process.

3.2. TRADE

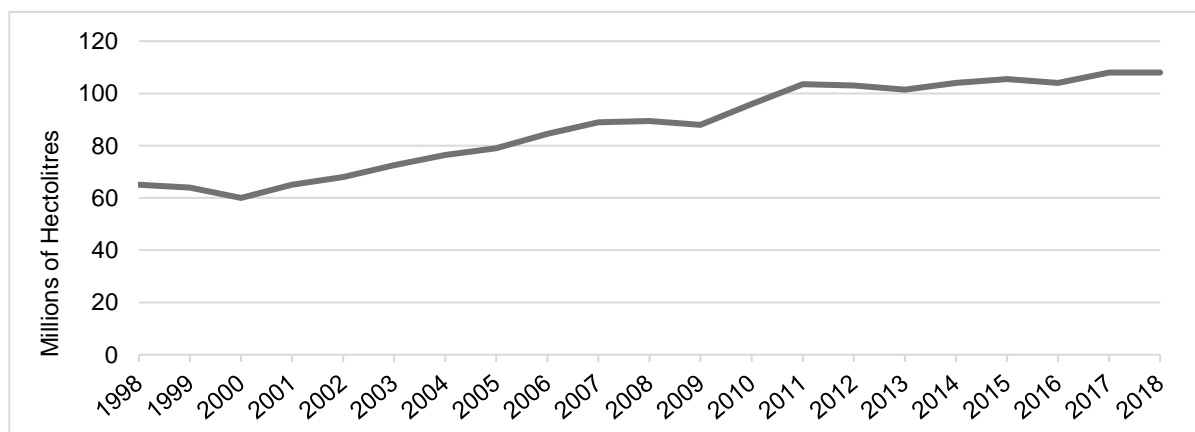
From the beginning, the trade of wine has been shaped by the political situation of the countries, taxes and tariffs (Meloni & Swinnen, 2016). For example, Donald Trump had imposed tariffs on European wines due to a dispute over aid to Boeing and Airbus aeronautics, but in March 2021, with the change of president, a four-month temporary agreement has been reached to remove these cross tariffs and to allow Europe and the United States to negotiate an agreement (La voz de Galicia, 2021).

Over the last decades, the trade of all types of products has increased thanks to the globalisation, that has made easier the communication and has improved the relationship among countries. The globalisation has made possible supranational agreements and the ease of trade barriers among them, even the complete removal of tariffs in some cases.

We will consider the world trade as the sum of the exports of all countries. The world trade of wine overall has been increasing (Figure 3.2.1) achieving every year a new record in hectolitres and monetary value. The upward trend has reached 108 Hectolitres in 2018, which led to approximately 31 Billion euros (International Organisation of Vine and Wine, 2019). After the crisis of 2008, the trade numbers were mildly affected, followed by a fast recovery that made up for the bad year. In recent years, the growth has not been so drastic, instead it has been slow but steady. It does not necessarily mean that this is negative, because too much growth in a short period of time can lead to risks and losses, while being slow and steady ensures a clear future where it is safer to make good decisions.

Before going deeper into the world's wine imports and exports, it will be useful to know the differences between the Old Wine World and the New Wine World because trade is highly related to demand. In other words, since the provenance of wine is relevant for consumers when making a purchasing decision, the knowledge of the Old and New World will allow a better understanding of trade patterns between countries.

Figure 3.2.1. Worldwide Exports of Wine in Millions of hectolitres



Source: Own elaboration from International Organisation of Vine and Wine.

The concept of Old World and New World is made through a simultaneous distinction between space and time, which means that the countries which produced wines in the past belong to the Old World, and thus, the countries that started to develop their production in recent times form the New World. Each of them is related to certain characteristics that have an influence on how the consumer perceives the product and how the companies develop their marketing strategy accordingly.

The Old World is characterised by European countries such as France, Italy, Spain, Germany, Portugal, Greece, Hungary and Austria (Li, et al., 2018). It is known as the territory of origin of the good wine, with its traditions and terroir. The Old World has established the basis of wine production and its tradition is one of its strong points when promoting its product. Fine wine would be made in a traditional way, paying attention to detail and always complying with the regulations. These methods provide prestige and quality; however, it is a double-edged sword since the Old World has not been able to explore more techniques and has left enough space in the market for the countries of the New World.

On the other side, the New Wine World is composed mainly by the United States, Australia, New Zealand, Chile, Argentina and South Africa (Li, et al., 2018), where the presence of wine production did not exist until the arrival of the Europeans (Tóth & Gál, 2014). The wineries from these countries challenge the attributes of quality that had been explained before, the scarcity and reputation of the brand or winery are the points that matter to their customers. An example of how the New World has challenged the “rules” of the Old World was given in 1976 when professionals from Paris held a blind tasting with French and Californian wines. The result gave the Californian wines a higher score, proving that it was not only the French the ones capable of making fine wine (NPR, 2016).

The demand of their wine is not based on the territory or in the traditional elaboration process, in fact, they usually combine grapes from different locations to create their wine (Ling & Lockshin, 2003). It has been shown that the New World is more efficient in production, due to the implementation of technology in their production methods. Besides, the Old World would be falling behind since the European Union holds strict regulations that would be decreasing the ability to compete of the member countries (Tóth & Gál, 2014).

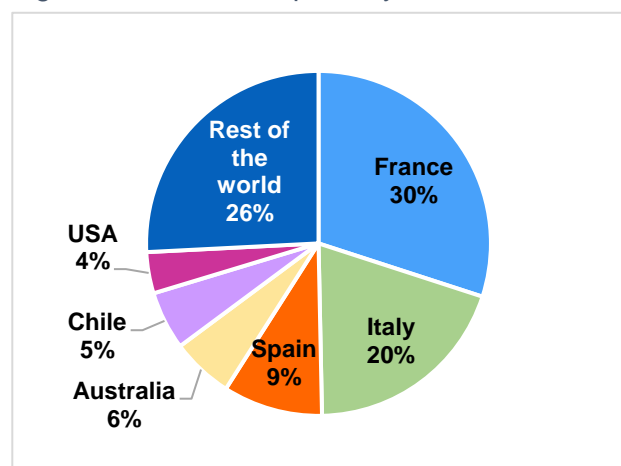
3.2.1. Exports

The value of world exports of wine has grown 23% from 2014 to 2018 (International Organisation of Vine and Wine, 2019), which is evidence of the development of globalisation and of the diversity on consumer’s preferences. Even more impressive is Australia's growth, with the value of its exports increasing by 45% since 2014. It has stood out above the rest and in 2018 held the fourth position with 6% of the total world exports in monetary value and 8% in

quantity. The data shows that Australia, being a New World country, has a growing demand for its national wine, a situation that is very similar to Chile's, whose demand is also growing exponentially. In addition, it is worth to mention that the value of US wine exports was 4% of the global total, its reputation as a wine producer is increasing as well (International Organisation of Vine and Wine, 2019).

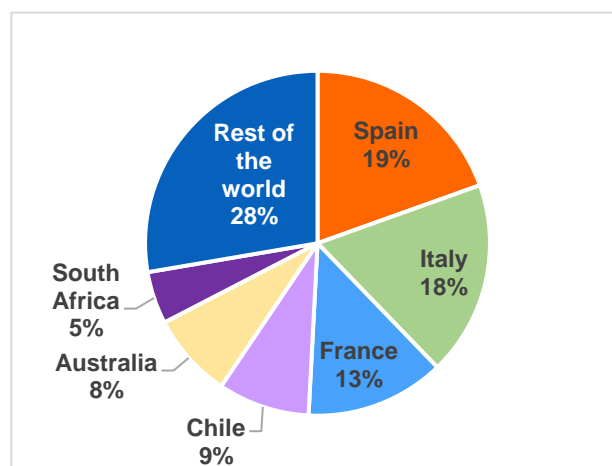
The Old World, led by France, Italy and Spain took over half of the exports in 2018, in both quantity and value. Their reputation allows them to sell a greater amount of wine than the rest of the world and to be able to charge higher prices. In fact, for these three countries, the growth rate of exports by quantity in recent years has been negative, but the value of their exports continued to grow by more than 10% (International Organisation of Vine and Wine, 2019).

Figure 3.2.2. Wine Exports by value in 2018.



Source: Own elaboration from International Organisation of Vine and Wine.

Figure 3.2.3. Wine Exports by quantity in 2018.



Source: Own elaboration from International Organisation of Vine and Wine.

France would be selling the most expensive wine, since it holds the first position on exports by monetary value and it is the third one in terms of quantity, therefore it had the highest average price per hectolitre. On the other side, Spain had the lowest price per hectolitre of 2018 because its production is focused on bulk wine instead of premium. Besides, Spain has the largest plantation surface in the world, as a result, the average price per hectolitre is distorted and does not reflect the real value of its premium wines.

Overall, although the Old World dominates world wine exports, its growth levels are unmatched by the New World, which is increasingly gaining weight in the industry every year.

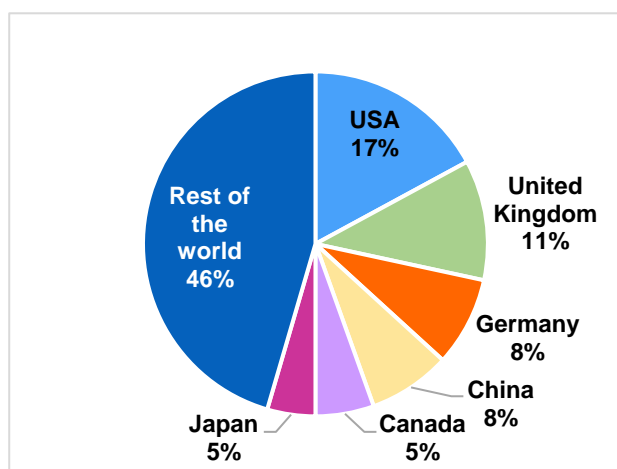
3.2.2. Imports

Next, we will consider the countries that are importing wine and the reasons behind. Following Figure 3.2.4 and Figure 3.2.5, the United States stands out as the main importer. It imports a large proportion of the global wine and the value of this wine is expensive. In fact, the value of

its import has risen a 30% from 2014 to 2018 (International Organisation of Vine and Wine, 2019).

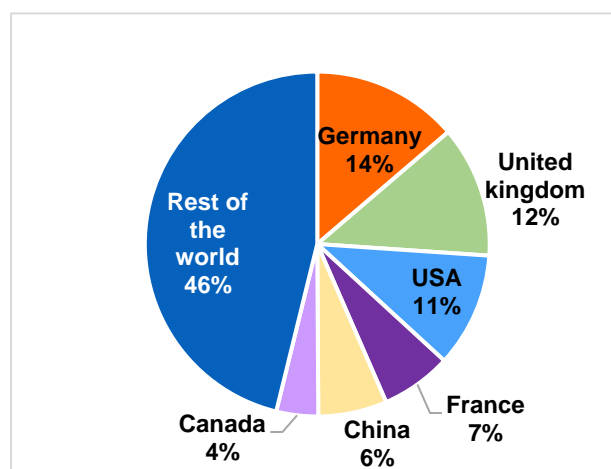
China does not stand out for its wine production yet, but it does for its imports of wine. Indeed, its imports have grown by 79% in quantity and 111% in monetary value from 2014 to 2018 (International Organisation of Vine and Wine, 2019). As stated at the beginning of this document, China's standard of living is rising and they are also adopting more global habits, such as the introduction of wine in their daily lives (García-Cortijo, Villanueva, Castillo-Valero & Li, 2019). It is being reflected in the data from official sources and it is certainly a key country for further increasing wine production due to its intense demand for foreign product.

Figure 3.2.4. Wine Imports by value in 2018.



Source: Own elaboration from International Organisation of Vine and Wine.

Figure 3.2.5. Wine Imports by quantity in 2018.



Source: Own elaboration from International Organisation of Vine and Wine.

Germany would be the most outstanding European country in this ranking. Its proximity and affinity to the major country wine producers, together with the tastes of the Germans, makes of this country the largest wine importer of the world in 2018. The same would be happening with England as it has been the country with the second largest amount of imported wine and represents the 12% of the global value of wine trade in 2018 (International Organisation of Vine and Wine, 2019). However, British import data will be affected by the UK's exit from the European Union. The Brexit is most likely to negatively impact its trade with the EU as trade barriers will make it more challenging to import from Europe.

France is a larger exporter and the number one in terms of value; nevertheless, it is also an importer to a lesser extent. It evidences that wine consumers are looking for variety, as even the French, possessing what are arguably the best wines in the world (if price is any indicator) still demand foreign wine.

Once the basis of the market has been stated, we move onto the relevance of the brand for the consumers in order to see how companies should approach their target group.

4. BRAND CONCEPT

The wine market is full of different brands, all of which will seek to be unique and attract the attention of the consumer. In fact, a successful brand will not only be the label of the product, but it will provide a further meaning to the customer (Keller, 1998).

Park, Jaworski & MacInnis (1986) suggest the brand concept management (BCM) as a method of implementing a strategy for the company's brand that is driven by consumer needs. The theory states that consumers have functional needs that are based on external consumption problems and symbolic needs, which are internally generated needs. For the first type, a brand would be solving the problem and for the second, the brand would provide self-enhancement or social identification (Bhat & Reddy, 1998; Lockshin, Rasmussen & Cleary, 2000). Researchers Bhat & Reddy (1998) remain with these two brand positions and omit a third, which is proposed by Park, Jaworski & MacInnis (1986), the experiential need. This need is also internally generated by the consumer, who seeks cognitive stimulation and pleasure, therefore the brand would be driven to provide stimulation.

Brand concepts are not exclusive, for instance, a company may want to provide solutions to functional and symbolic problems at the same time. However, it can be hard to create a clear image on consumer's mind since the actions of the brand will be between both paths. In addition, it is highly recommended for a company to choose one of the needs, either functional, symbolic or experiential, and focus its marketing mix towards it. It would allow all the branches of the company to work in the same direction and it would be much easier to create a clear image from the consumer's point of view. Besides, it would reduce the competition, because when choosing two brand concepts the company would have to compete against brands that are following one of the two strategies. It is hard to compete against a company that is specializing in only one brand concept, because our company will not be able to reach the same level of specialization if at the same time it is trying to appeal two different publics (Park, Jaworski & MacInnis, 1986; Bhat & Reddy, 1998; Lockshin, Rasmussen & Cleary, 2000).

In the case of wine, it can have a functional or utilitarian approach, however it is most commonly presented through the symbolic or experiential approach (Charters, 2006). Nonetheless, Charters (2006) suggest that all three can be motivating factors to drink wine. The consumer's motivation to drink can be cognitive, but despite of it, there can be emotions that trigger the cognitive aspects or just experiential factors. Therefore, cognitive, affective and sensorial factors would make the consumer choose a different type of wine when they are in different situations (Lockshin, Rasmussen & Cleary, 2000; Charters, 2006).

“Though the brand concept does not replace positioning, it does add flexibility and guidance to positioning decisions.” (Park, Jaworski & MacInnis, 1986, p. 137). Therefore, it serves as a guide to establish the strategy to be followed, while the positioning will be adopted in relation to the other brands in the market.

Doyle (1990) suggests that only the number one and the second most popular brand are the ones generating profit, while the other brands incur losses. This cannot be the case in a market where there is an endless choice of brands. We can recognise that the wine market is different, in the sense that there is no big brand that dominates the market. In fact, consumers may choose small companies guided by brands representing the region, the country, the vintage or the winemaker (Lockshin, Rasmussen & Cleary, 2000).

4.1. BRAND HIERARCHIES

The brand hierarchy is often used to divide different niches within a brand to make it easier to reach the target group. We consider that there is a corporate brand, a family brand and the individual brand in many cases (Keller, 2000). However, in the case of the wine industry, the brand hierarchy goes beyond the company itself. The companies of the sector could share the country of origin, the region or appellation, apart from their internal hierarchy (Spawton, 1990).

The hierarchical level does not indicate that they are arranged in order of relevance. The significance of the tiers will depend on the type of consumer the company wants to approach. Therefore, each product would have its own hierarchy (Lockshin, Rasmussen & Cleary, 2000).

4.1.1. Country of origin

The country brand will play an important role in two aspects. On the one hand, it will be good for the country's domestic consumption, because in spite of globalisation, nationalism is re-emerging which makes people prefer to consume products from their own country. On the other hand, it will be the front page for the products being exported. The latter can have negative or positive connotations, as the country acts as a brand for all products and therefore they all share that reputation.

If the country has a strong name in the wine sector and its producers are up to the standards, it will be beneficial for the brands to proclaim that they are from that country, as in the case of Spain or Australia. At the same time, country branding implies comprehensive planning and consistency over the long term to foster productivity and competitiveness of national companies (Fuentes Martínez, 2007). If the country is not sufficiently involved, or does

not give enough relevance to its sector, it will not be helping and may end up hurting the country's competitiveness.

It should also be considered that depending on the country's trajectory in the sector, wines will be valued individually or collectively. If the trajectory is long enough the wines will be valued individually without taking in consideration the production of the whole country, for this case the country's brand may not be very damaging. However, it will be decisive for those countries from the New World, which are new entrants. For example, the quality of Chilean wines tends to be valued collectively, which means that those brands with high potential are not able to stand out (Berríos & Saens, 2012). It is an example of how the country's brand is being detrimental to the sector.

According to country brand index carried out by the company FutureBrand, in 2020 the list of the top 75 countries with the most developed country brands, we find Australia in 11th place, the United States in 13th place, followed by France, Italy and Spain. However, Chile is in 73rd position (FutureBrand, 2020). Hence, it indicates that Chile's country brand is not being favourable for the Chilean wine sector, but quite the opposite.

4.1.2. Guarantee and collective brand

The next one would be the guarantee brand, which will be used for products or services belonging to a group of producers. These products must be elaborated and produced in a specific territory and under certain quality guidelines as the brand of quality guarantee certifies that the products are different from the ones that do not have the seal (Lema Devesa, 2019; Serrano Muñoz, 2019). For example, the region of Castile and Leon has "Tierra de sabor" (land of flavour) as its quality brand, which allows it to promote the products of the agri-food sector of the region. The seal gives visibility and credibility to the products in order to make them more recognisable at national and international level, thereby helping them to support each other's reputation with the involvement of the authorities of the region. It is like a country brand but on a smaller scale as it is attributed to regions or cities. The guarantee brand cannot be used by the owner, it can only be used by third parties, while the owner is responsible for checking and certifying that the products meet the required characteristics (Lema Devesa, 2019). Some examples of guarantee brand are Demeter, which is based on the in biodynamic agriculture, a step further into organic production; Biodyvin, which is also focused towards biodynamic farming practices; and Ecocert which advocates for organic and sustainable agriculture.

It should not be mistaken for a collective brand, as the latter is linked to an association representing a group of companies in the same sector (Serrano Muñoz, 2019). They have stricter requirements compared to quality brands. This brand will be exclusive to the members

of the association which must comply with the established standards to obtain the seal and in case of infringement they will be penalised, as it negatively affects the brand and therefore the whole community (Lema Devesa, 2019).

Protected geographical indications or appellations of origin can be subject to both types of brands. The indication of provenance is used as part of the description of the origin of the product without adding value, whereas certificates of origin or protected geographical indications are attached as an intrinsic attribute of the product (Peñas Moyano, 2008). Designations of origin serve as an indicator of the origin of the product and as an indicator of its quality, furthermore, as we have seen, it spreads the reputation among the products and it also has an advertising function (Peñas Moyano, 2008). In the case of wine, in order to acquire the designation of origin, it must first be a quality wine with a geographical indication for five years, as this is considered the preliminary step. Thus, the appellation of origin will be the highest certification that can be acquired in such terms and therefore will confer greater prestige as well as guaranteeing the quality of the wine (Peñas Moyano, 2008).

The types we have seen so far are brands that add value to the final product and are not exclusive. On the other hand, there are the trademark of the producer, that will be exclusive to the range of products offered by the company, and the brand name or product name, which will be exclusive to the specific product. The added value of these two will depend on what the company does to give them value and prestige, the aim being that they represent the brand in a positive manner, portraying quality and the brand values.

Each level of the hierarchy contributes at establishing the global equity of the brand. It enables the company to create awareness and to hold favourable associations among brands, which results in a unique combination that is impossible to replicate (Aaker, 1996).

4.2. WINE CONSUMER'S BEHAVIOUR

"When a consumer decides to buy a product, the decision is not dependent upon selecting the attribute desired in the product per se but, instead, on the perceived consequences of product use." (Judica & Steven Perkins, 1992, p. 11).

Judica & Steven Perkins (1992) used the means-ends chain theory to find a link between the products and its effect on the consumer's values. The means in the model are the attributes of the product and the ends are the impact those attributes have on the consumer's values as a consequence of using the product. Their research was focused on the sparkling wine, as this approach works fine for high involvement products (Pieters, Baumgartner & Allen, 1995). Therefore, the level of motivation of the consumer towards the product will result on different ends. It could be useful to classify the types of consumers of that certain product. Through a process of laddering goals, the conclusions were that self-esteem, belonging,

accomplishment and family life are the core values related to drinking behaviour (Judica & Steven Perkins, 1992).

Another investigation which also used the means-end chain methodology was carried out by Aurifeille, Quester, Hall & Lockshin (1999), but instead of aiming at the product, the research wanted to determine the core values on wine consumption occasions. The resulting values were enjoyment of life, being respected, warm relationships, self-fulfilment, security, self-respect, sense of belonging, sense of accomplishment and excitement (Aurifeille, Quester, Hall & Lockshin, 1999). These eight values are consistent with the above-mentioned values and they are highly correlated to the consumer segmentation proposed by Spawton (1990) which will be discussed below.

4.2.1. Types of consumers

The most specialised of the sector are the known as *Connoisseurs*. Consumers in this segment consume wine on a regular basis and are willing to try new options, although these switches are gradual. They prefer to buy directly from the winery or from special retailers that will endorse their purchasing decision. Besides, their consumption demand is not affected by price since the process of drinking and learning about wine is a hobby (Spawton, 1990). The connoisseurs will carefully take a decision based on the origin, the techniques and the winemaker as they will try to meet their self-expression needs (Lockshin, Rasmussen & Cleary, 2000). Their needs are a combination of functional and symbolic, as they base their decision on intrinsic features of the wine, but they also need to reflect themselves on their decision, which involves emotions.

Then, the *aspirational drinkers* are highly influenced by journalist and opinion leaders as they do not have enough knowledge and confidence to make a purchasing decision by themselves. They will rely on the information from the label as well as from the retail seller to reduce risk. They are motivated by social status and want to reflect their self-image on the wine they have purchased, which means that their needs are mainly symbolic. For that reason, they are highly influenced by the physical aspects of the product and they will spend a considerable amount of time to decide for a wine that cover their needs (Spawton, 1990).

The third segment is described as the *beverage wine drinker*. They probably consume wine regularly, but they lack the commitment and passion of the connoisseurs. They are consistent with their preferred type of wine and would look out for a good combination of quality and price as far as the price is not too expensive. They prefer to buy at supermarkets with no help or influence for making a purchasing decision. Besides, they are loyal to certain brands that meet their taste and price requirements, these will be considered safety brands. The beverage wine drinker does not mind switching between those safety brands, but they never

purchase from outside that range (Spawton, 1990; Lockshin, Rasmussen & Cleary, 2000). It is clear that with this segment, the needs become functional and are not driven by emotions.

Lastly, the fourth segment that we can recognise is the *new wine drinker* or *enjoyment drinker*. It is based on younger consumers who have not yet discovered their preferences but are starting to consume wine due to social influences. They are looking to have fun at social gatherings, hence they prefer wines that are easy to drink and cheap, as price is their major deciding factor (Spawton, 1990). Their needs can be categorized as experiential because their main drivers for consumption are to create and enhance warm relationships as well as enjoyment of life and excitement (Lockshin, Rasmussen & Cleary, 2000).

Table 4.2.1. Main types of wine consumers

Type of consumer	Characteristics	Main need
Connoisseurs	<ul style="list-style-type: none"> - Switch between brands - Inelastic demand - Inherent product characteristics - Self-expression needs 	Functional / Symbolic
Aspirational drinker	<ul style="list-style-type: none"> - Highly influenced by third parties and physical aspects - Risk adverse - Motivated by social status 	Symbolic
Beverage wine drinker	<ul style="list-style-type: none"> - Use safety brands - Lack of commitment and passion for the product - Chooses quality-price - Risk adverse 	Functional
Enjoyment drinker	<ul style="list-style-type: none"> - Price is the main factor - Socially influenced - Risk adverse 	Experiential

It is important to realise that the segments do not only depend on the person, since the purchasing decision will also rely on the occasion (Lockshin, Rasmussen & Cleary, 2000). For example, a connoisseur, who has a more mature taste, could decide to buy a more fruity and aromatic type for a family gathering, a type that even the beverage wine consumer would appreciate. Therefore, the occasion of the consumption also takes a relevant role at the time

of purchasing and would make the person move from one segment to another according to the situation.

4.2.2. Purchasing process

Dodd, Laverie, Wilcox & Duhan (2005) suggest that highly involved consumers hold onto the intrinsic attributes of the wine, while those with a lower level of involvement rely on other factors such as the price or the opinion from other people. It reflects how the group of connoisseurs are guided by their own criteria, and make their decision based on the knowledge they have to choose the wine that matches what they prefer and what they are looking in that moment. While the other three segments are prone to rely on other characteristics of the product and to follow the opinion from experts or the advice from friends or family.

The information used to make the purchasing decision can come from three different sources (Dodd, Laverie, Wilcox & Duhan, 2005). The own experience of the person is the most influential in the majority of the cases because consumers use their knowledge to make a decision, hence it is the most convenient. All types of consumers use this category of information from past experiences at purchasing wine, other types of purchases or general wine experiences. Such knowledge will be combined with their individual desire, what are their aiming from the bottle (Spawton, 1991). As consequence, if enjoyment drinkers have to make a decision using their *self*-information, they would look out for a considerable cheap price and a nice taste instead of focusing on the provenance of the wine. The other sources of information are personal, such as friends or sales personnel, and impersonal sources, which are reviews, guides, advertising and similar sources (Dodd, Laverie, Wilcox, & Duhan, 2005). For example, the connoisseurs base their choice on their own criteria, therefore the other two types of information barely affect their purchasing decision as they believe that their choice is correct.

The personal source of information is relevant specially for the aspirational drinker and the enjoyment drinker segments. For the enjoyment drinker this information reaches them outside the store environment by word of mouth, which would make them be more aware as there are actively participating in a conversation. The information acquired in that conversation with a familiar person will be reminded at the store at the time of deciding, or even it can be the action-initiating factor for the enjoyment drinker to shop if the feedback has been positive (Bettman, 1979). On the other side, the advice of the retailer salesman which is given inside the store environment is taken in consideration by the aspirational drinkers. In that environment the aspirational drinker can have many information available in the label of the bottle, but they do not trust their criteria enough to be sure if decision is a good one, that is when the role of the salesman becomes crucial (Spawton, 1991).

The impersonal information is the least considered in general. This source is only given outside the store environment with no direct human interaction. Through blogs, journals or guides the aspirational drinkers and the beverage wine drinkers acquire the knowledge that they will recall once they are about to purchase a wine bottle. Depending on the level of implication, the connoisseurs also use impersonal information to discover specifications of the brand or the winery.

Each segment focuses on different characteristics of the products and acquires knowledge from several sources; therefore, companies must select their target and build their brand image to appeal the right consumers. To be successful, the company must use its resources to reach their consumers through the right information canal.

4.3. TOOLS TO BUILD BRAND IMAGE

Previously, we have mentioned the characteristics that make a premium wine acquire its position. This would be given by a combination of the reputation of the company, the place and the heritage, as well as the production methods, the scarcity of the wine and as a final consideration, the recognition of the sector as such. However, several sources (Kendall & Fenwick, 1979; Lockshin, Rasmussen & Cleary, 2000) agree that most of the time it is the brand the determining factor for the purchasing decision, because usually consumers do not use all the information available to make a decision (Bettman, 1979).

“Wineries in almost every growing area around the world achieve objectively high qualities. Consumers thus find it increasingly easy to switch between wines whose sole message is one of high quality” (Orth, Wolf & Dodd, 2005, p. 89). It will be important to develop the value of the brand, the perception that consumers have of it, which demonstrates all the properties and characteristics of not only the product, but of the brand in general, as in the end the purchase decision will depend to a large extent on it.

Depending on the relevance of the purchase, the information about the product is stored on the short-term memory or in the long-term memory, the second is where it lasts longer, hence where the company aims to be positioned on the consumers mind (Bettman, 1979). There are methods in the wine industry that are used to develop brand image and move the information from one part of the brain to the other. Depending on the size of the company, it may be more appropriate to focus on a certain segment. Accordingly, the activities to create brand value will depend on the resources the company possesses and the attributes that are appreciated by its target customers.

Apart from the connoisseur consumer, the other three segments are highly risk adverse. The brand must establish clear features that will attract the potential consumer and will assure the purchase by showing how it is safe to buy. As risk reduction plays an important

role, the brand must implement risk reduction stimulus to avoid the anxiety on the consumer. The main method for achieving it is to build a brand image by making it known (Spawton, 1991). For example, a beverage wine drinker likes to rely on safety brands, to be part of that group of mainly chosen brands, the product must be presented to the individual in such a way that they gain trust in it.

4.3.1. How to build brand image

We will discuss some of the most relevant methods for developing brand image, which, as stated above, will be crucial to reduce the adverse risks faced by consumers.

Advertising on the media is the main method to reach out a wide range of people. However, companies must first carry out a marketing research to find out which is the best method to reach their target audience and it will be convenient to test the campaigns to check its effectiveness. Television advertising is not popular in the industry due to the bans and the protective measures governments apply over alcoholic beverage ads. Besides, the costs of creating and broadcasting a TV commercial are extremely high, thus only a very limited number of companies could afford it. In addition, it is hard to reach the target segment from a mass audience when it is not clear if the target group is receiving the message (Hall & Mitchell, 2008).

On the other side we find print media, which is the most popular method in the case of overt advertising. Not only does it exert great influence, but it also makes it easier to reach the target market (Hall & Mitchell, 2008). Magazines such as Decanter or Wine Spectator are highly popular between wine consumers as they offer great advice and recommendations among other information which is not related to brands (Charters, 2006), as consequence, people with similar levels of interest on wine read this type of media frequently to keep acquiring knowledge (Hall & Mitchell, 2008). In standard terms it is the most cost-effective method if compared to radio, billboards or television.

Radio advertisements cost more when the network is larger and can reach a larger number of people. Local radio is cheaper to use although it reaches a limited number of people. In each case it will have to be checked whether it is useful or not. The same can be applied for billboards, since the company has to be careful with the style or the message they want to convey in order for the campaign to be successful (Hall & Mitchell, 2008).

Public relations do not only help to get closer to the customer, but also to other players such as shareholders or suppliers. In general, it improves the association that both institutions and individuals have towards the company. Wine brands have a variety of opportunities to put their public relations skills into practice. From festivals and events to winery tours where the aim is to encourage customer contact with the product and to learn more about its qualities

(Hall & Mitchell, 2008). Social events of any kind would build the reputation of the brand as well as create a bond between the customer and the products, specifically of the connoisseur segment or even the aspirational drinker.

We must also highlight social networks and the internet in general, as it has become relevant in the last decades and it is the fastest way to contact the public. From blogs, podcast and social media, the brands can reach their target audience more precisely and develop a closer relationship since the target audience would search through these places (Hall & Mitchell, 2008). Public relations have a strong influence nowadays because it enables the possibility to create unique experiences to consumers, especially if the segment the company is targeting is of a younger age. For example, Carr Winery which is stated in California had stopped its printed media advertising when social media PR was proving to be far more successful (Moore, 2011). The new methods can be difficult to manage as the only marketing tool. Social media requires consistency, creativity, and a constant awareness of the latest trends and developments.

Now we are going to analyse the covert methods of marketing, which have proven to make a more positive impact on consumers than the overt methods since advertising and public relations can seem too obvious to customers (Boyer, Edmondson, Baker & Solomon, 2015; Chan, 2019).

Another useful tool is the sales promotion. In the shop, consumers will suffer from information overload, as there is a great variety of bottles with their respective information. We already know that when it comes to making a choice, consumers do not use all the information available (Bettman, 1979), because there is an excess of it. Sales promotions help to highlight the product among all the information and position it as a good purchase option (Ketron, Spears & Dai, 2016). Besides, sales promotions can be presented in several forms, which can go from printed material or even being personally delivered by the company or the staff from the shop.

When the promotion is being personally delivered it has a greater impact on the customer (Hall & Mitchell, 2008), in order to achieve that, the company can collaborate with the retailer to make a presentation of their wine, organise tastings or some kind of event that will attract the attention of the shoppers as it will encourage involvement with the brand.

The perception customers get at the store is fundamental as they can see and touch the bottles on the shelves, therefore the packaging must be able to draw the attention of the target group. The packaging is composed of two elements on which people base their opinion. The shape, size and colour of the bottle and other packaging elements such as labels. The combination of both elements will create a representation of the product in the mind of the consumer. It can seem traditional, alternative, show how much the company cares for its

product or the opposite (Rocchi & Stefani, 2005). The labels usually include the identification of the hierarchy of brands, the name, origin and usually includes a description of the wine in the back label which reinforces the information showed in the front label aside from the legal information that is required (Hall & Mitchell, 2008).

The aesthetic of the packaging should evoke the general concepts of the brand (Charters, 2006). The best way for the label to stand out is by staying true to the brand. It is not enough to attract attention if the packaging does not represent the product and ends up creating confusion.

The labels can also display awards that the wine may have won, as it assures quality, prestige and relevance. In fact, customers are more inclined to choose award-winning wines (Orth & Krs̃ka, 2002) because it reduces risk as it has been proven by third parties that it is a good product. Wine shows, medals and awards have a relevant role for the consumers and it is a method to get known in the sector. Nonetheless, "... wineries need to select the shows that present the best opportunities for them, especially if their intention is to use the awards as part of their marketing strategy." (Hall & Mitchell, 2008, p. 247). Not all wine competitions are going to be appropriate or worthwhile, as they involve resources that may be used for other projects, bearing in mind that resource management is highly important for small businesses.

In the same line of argument is the role of wine reviews. It also has a great impact on consumers since a positive review acts as a risk avoiding factor, however they are two different methods. A wine review is not going to be a seal on the label that consumers will see at the store, it will be an article placed on a magazine or on the internet. The review provides a description of the wine, it can portray the cellar and its potential, including recommendations on what foods the wine goes well with.

Charters (2006) says that wine critics are like gatekeepers, they introduce wines to readers, who can be guided by their opinion. The higher the profile of the critic, the more influential his or her criticism will be. For example, the famous US wine critic, Robert Parker, has become such a well-known figure that his opinion influences the market (Hall & Mitchell, 2008). This influence can be dangerous, as a person's tastes are not universal, and when a person does not like a wine, it is not necessarily a bad wine. Readers should take that into consideration, but perhaps they do not always do it.

There are other many options that have not been mentioned, for example product placement or event sponsorship that would require higher investments but they achieve positive results. In the case of events, the company must look for those that are more suitable with wine, for example art exhibitions or fashion shows, which are related to the experiential or emotional parts of wine. On the other hand, product placement can take many forms, whether

in television programmes, films or series, where it doesn't even have to appear, but can become an iconic product by just being mentioned (Hall & Mitchell, 2008).

4.3.2. Implementation according to company size

In this section we will look at how companies can implement the above strategies. In order to do it, we are going to segment them by size, as their budget will vary accordingly.

For small companies, their best opportunity is to focus on the connoisseur segment (Lockshin, Rasmussen & Cleary, 2000). The main reason is that by not having a large production, it can be sold as an upscale wine, where care is given to the product. It can focus the attention to the wine maker, the variety of grape, the region of origin, the vintage and the methods used in the elaboration process.

It should promote the quality and value of its wine. In order to carry out brand building, the small company should take advantage of the benefits offered by the brand hierarchy: the country brand, the guarantee and collective mark. It will be useful because it helps to promote the brand, and it also acts as a quality seal, which helps to reduce the adverse risk factor for customers. Besides, by targeting connoisseurs, the company should select sources that are reliable to the customer such as magazines and blogs, which are read frequently (Lockshin, Rasmussen & Cleary, 2000).

Connoisseurs pay close attention to the functionality aspect, as they are looking for the intrinsic qualities of the wine. However, they also seek self-identification in their choice of purchase, in other words, emotions also play a role in this process (Spawton, 1991). Thus, the brand must satisfy these symbolic needs by creating a proper image.

Medium-sized companies are in a more complex situation. They cannot supply as much as a large company, nor are they as exclusive as small companies. In this case, Lockshin, Rasmussen & Cleary (2000) suggest that medium-size wine companies should focus on the aspirational drinker segment. The reasons are that this segment is not only looking for quality, but they are also trying to reflect their image in the wine they have bought. For them, the symbolic approach is particularly relevant because they are aiming for acceptance and to reflect a certain status (Spawton, 1991), which this type of companies should be able to afford.

To gain the approval of this segment, it is crucial to build the brand image following a symbolic approach. The most favourable strategies are a well-designed, stylish and attractive packaging (Rocchi & Stefani, 2005), as well as using advertising to attract relevance to the name of the winery. Thereby affecting positively to the individual brands. In addition, the opinion of critics and relevant people in the sector should be sought to act as an assurance factor as well as the sponsorship of events (Spawton, 1991).

Moreover, depending on the approach taken by the company, it is also likely to attract the enjoyment drinker segment. If it follows more experiential qualities through an image that gives them an understanding, this segment could feel inclined towards a type of wine from a medium-sized company, even if the price plays negative role (Lockshin, Rasmussen & Cleary, 2000).

And finally, the large wine companies have the means and the capacity to supply all types of customers.

To approach the connoisseur segment, the company has to prove the quality of the wine. Sometimes they even act as a small company to be more appealing in the eyes of this segment (Lockshin, Rasmussen & Cleary, 2000). It has been explained how to attract the connoisseurs, the more information they have, the stronger the relationship they will have with the brand. As a result, the brand that the company creates to appeal to this group can help the winery as a whole to gain recognition (Hall & Mitchell, 2008).

In the case of aspirational drinkers, large wine companies can meet all the requirements of medium-sized companies and even improve on them. By having a larger budget, they can upgrade promotions, advertisement and brand relations in order to appeal to this segment by meeting their symbolic needs. It should be borne in mind that, being guided by emotions, not only the product brand is taken into account, but also the group of brands affects this segment in particular. Among the hierarchy of brands, the most manageable one will be the parent company (McEnally & De Chernatony, 1999).

As we already know, the average wine drinker seeks for a good price-quality deal, hence their needs are functional (Spawton, 1991). To reduce the risk, the large company can associate the brand targeted at this segment with the other brands. In other words, to have them all under the parent company. By this approach, the brand of the product obtains the prestige of the others and will make the average wine drinker admit it among his safety brands (Hall & Mitchell, 2008). However, the contrary may happen, and the higher value brands may be dragged down by the poor brand image aimed at this consumer group (Lockshin, Rasmussen & Cleary, 2000). Both possibilities have their respective advantages and drawbacks which large companies must plan how to handle in order to make the most of the situation.

Ultimately, there is the enjoyment drinker whose needs are experiential. Quite the opposite of the connoisseur, the preferences of this segment are driven by the image offered by the brand and are also guided by price. They rely on previous experiences or advice to choose which wine to buy. As consequence, promotions as well as highlighting the experiential factors of the product on the social media and in-store contribute to the appeal of this group

(Lockshin, Rasmussen & Cleary, 2000). The company should focus its marketing in order to remind them of pleasant social situations, trying to evoke those warm and welcoming feelings.

Table 4.3.1. Summary of target group and brand image tools according to company size.

Company size	Type of consumer (target)	Recommended brand image tools
Small	- Connoisseur	<ul style="list-style-type: none"> - Print media (magazines) - Blogs - Public relations (social events such as wine tastings) - Development of their own website
Medium	<ul style="list-style-type: none"> - Aspirational drinker - Enjoyment drinker 	<ul style="list-style-type: none"> - Packaging aesthetic - Print media and other types of advertisement (billboards) - Development of public relations (physical and online) - Awards and positive wine reviews
Large	<ul style="list-style-type: none"> - Connoisseur - Aspirational drinkers - Average wine drinker - Enjoyment drinker 	Multiple wine brands, each one is focused on one segment. It will follow the most appealing strategy accordingly.

5. A CASE STUDY: BODEGA PALOMARES

A practical case study will be presented below in order to see in perspective the theory that has been explained. For this purpose, we will use the Palomares winery, located in the province of León, Spain, as an example. The objective of this proposal is to have a greater market share and increase sales.

The winery belongs to the company Nicolas Rey e Hijos S.L. and according to its annual turnover it is a medium-sized company (Empresite, 2021). It has three wine brands: 3 palomares, Reserva Carmen and Impresiones. The company also offers, as a complementary service, a tour through the cellar which ends on a wine tasting. In addition, it is located in Valdevimbre a village with tradition in the production of wine, in fact, it has at least five active cellar restaurants, offering delicious dishes accompanied by the best wines of the region. It results on the perfect touristic attraction for connoisseurs and aspirational drinkers.

The brand under the name of Impresiones belongs to an innovative wine that is made by cutting the fermentation with cold temperatures. This clever recipe gives it unique characteristics. Besides the wine has the geographical indication of "Vino de la Tierra de Castilla y León". The idea is to create a marketing plan for the Impresiones brand that appeals to the enjoyment drinker segment, and at the same time keep the interest of the aspirational drinker. It is possible to achieve thanks to its experiential approach. Here we will propose which brand image development with tools the company should use.

5.1. SWOT ANALYSIS

The following is an analysis of the internal and external environment of the company that will help to identify the points in which the company is weak, the positive aspects and the external situations that affect all companies in the sector. This SWOT analysis of the Palomares company focuses on the brand aspects of Impresiones in order to be able to make decisions about the project.

Table 5.1.1. SWOT analysis.

Strengths	Opportunities
<ul style="list-style-type: none"> - The company has experience and reputation, which endorses the good quality of the product. - The production costs of the wine are low enough to take care of packaging and other elements and still be able to keep the price under 7€. - The product different to other wines, it combines innovation and tradition to create a unique taste. - Geographical indication of "Vino de la Tierra de Castilla y León" and positive reviews from clients. 	<ul style="list-style-type: none"> - The market of premium wine is growing. - Social gatherings are returning to normal, leading to increased consumption at bars and restaurants. - Social networks have increased their influence on the public and are a more affordable option to communicate with consumers than traditional advertisement.
Weakness	Threats
<ul style="list-style-type: none"> - Poor management of social media, lacks content that engages with potential buyers and that projects the desired image. - Need for an online shop that builds consumer trust and needs to develop content on the website (more information about the cellar, production process, virtual tour...). - Long-term production process makes it difficult to satisfy unexpected increases in the demand. 	<ul style="list-style-type: none"> - High competition due to the fragmentation of the market. All companies are fighting to be available at selling points. - Uncertainty in the wake of the Covid-19 health crisis. - Competition from substitute products: beer.

The main areas for improvement by the company are in communication with customers. Technology is directly connected to the internet; hence it is also a great method of conveying innovation by demonstrating good web management. It will address external risks with good communication and image in order to create a stronger bond with the consumer and thus reduce these threads. Furthermore, both strengths and opportunities will serve as a push towards the success of the project.

5.2. MARKETING MIX OF THE BRAND

Once the strengths, weakness, opportunities and threads have been analysed, it is time to start developing the marketing mix to ensure that all aspects are on track to create more value for the enjoyment drinking sector. It will be based on the traditional model suggested by McCarthy of the four P's (Perreault & McCarthy, 1990).

Beginning with the product itself, Impresiones is a wine characterised by a combination of four flavours, sweet, acid, bitter and dry. It has a fruity aroma and it is presented on a greenish yellow colour. It is a sweet white wine, of the Verdejo variety, with an alcohol volume of 9%. It is made using an innovative technique and has the "Tierra de Castilla y Leon" Denomination of Origin seal. A high quality product perfect to enjoy at any time of the day, ideally accompanied by appetizers. Due to its attributes, it is easy to drink and enjoy at informal gatherings. This wine has been appreciated by the aspirational drinker segment as it is always a good choice and the packaging is sophisticated. It is described as "Sweet in mouth, acid mid-palate, bitter aftertaste and dryness in the palate that encourages us to continue enjoying this wonderful wine." (Bodegas Palomares, 2021) A blend of flavours resulting in an extra sensory experience, that will thrill those who belong to the enjoyment drinker segment.

Then, from a traditional point of view the place correspond to the points of sale. Impresiones would be sold to retailers, restaurants and bars. To reach retailers, the company can use a distributor that already has established relationship with them to facilitate the work. In case of restaurants and bars, the company Palomares would reach them with the help of an agent. This allows the company to have a direct relationship with the restaurants and bars to which it distributes, it will help to improve the relationship and they can become allies who can recommend Impresiones to their customers. In addition, the company will sell the product through its online shop and also physically from the winery for those who are able to visit the premises in Valdevimbre, León. This is a brief description of distribution methods, which need to be further developed, although we will not focus on this here as the distribution is not the main idea of the paper.

On the other hand, at the product level, place would correspond to the origin of the product. In this case it is represented by the country Spain, the province Castile and Leon and the land on which grapes are grown. It creates a place to connect with the customer and a place to stand when the brand is remembered. The place we want the target to have in mind is a terrace, a relaxing moment with friends or family. It should be an experience in itself.

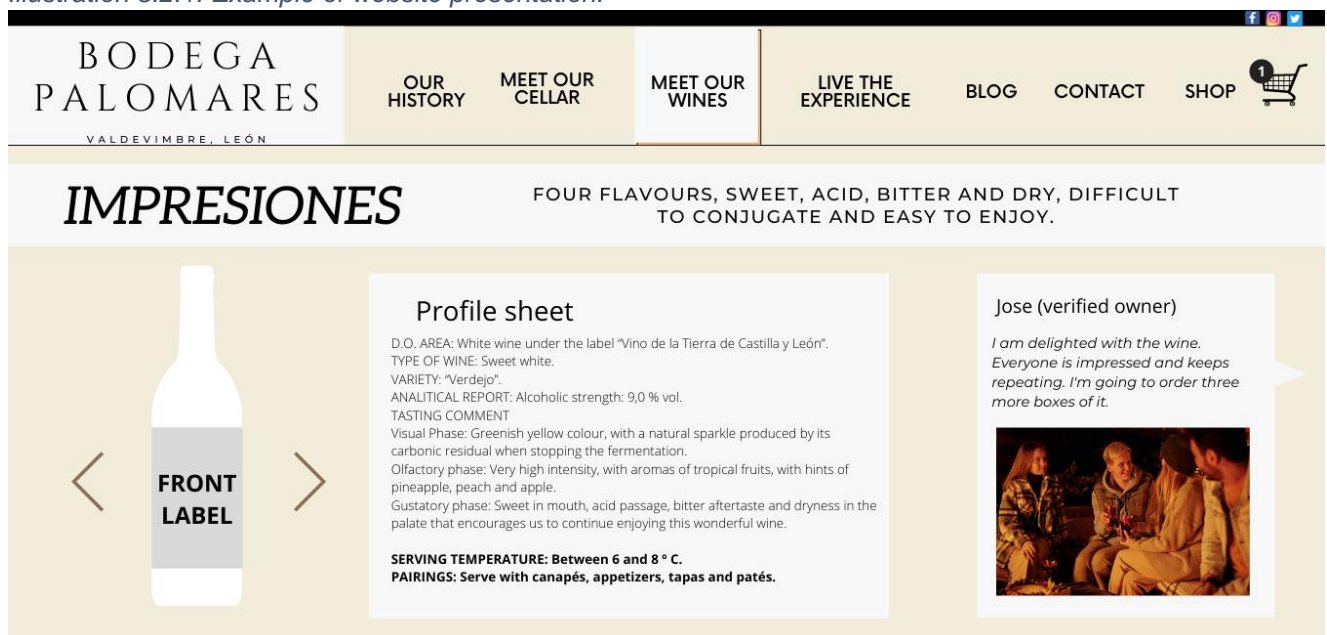
The price remains at around 6€. This allows it to maintain its premium status and attract the enjoyment drinker segment at the same time. The price to the final consumer through the company itself will be higher than the price at which it sells to restaurants and bars, in order to

keep prices aligned at the different selling points. With this price the company can cover the costs of production, distribution, promotion and other related costs and manages to make a profit. By following this pricing strategy, it will be able to maintain the brand's status and expand its potential customers.

Next, it would be the development of the promotion strategy. This is the most important part of this project, as it is essential for the product to be known and to communicate with the customers.

The first step is to improve the website. It should show a section with the history of the company, thus demonstrating experience due to longevity of the business, showing tradition and reputation. Another section where it shows the cellar, explaining the methods used and the location of the vineyards. On “meet our wine” it shows the three brand of wine it has, including Impresiones. That page will show the bottle, the characteristics and reviews from previous customers as shown in the illustration 5.2.1.

Illustration 5.2.1. Example of website presentation.



Source: own elaboration.

The “live the experience” menu point offers a winery tour and wine tasting at the cellar, as well as the possibility to access a virtual tour. Furthermore, a blog to develop content related to the product and the target groups. It can relate experiences at events, awards shows and elaboration of meals to match the wines, even cocktails that can be made with the wines. More information on how to contact the company and the online shop to buy the product directly from the winery.

The company also has to develop its content on social media. It will focus on only three social networks where it will publish content on a daily basis that represents the brand.

For Instagram the brand Impresiones will have its own account to publish visual images that enhances with the public and creates the idea of it being a drink to enjoy at casual meetings with friends. Based on the idea of enjoying life that matches with the enjoyment drinker segment. The content must be relevant and follow the concept, therefore everything has to be planned in advance.

For twitter and Facebook it is going to use the profile of Palomares. It does not only create value for Impresiones, but also for all of the products of the company. The content is going to be the same for every platform but adapting the format. In addition, the company will respond to comments and interact on post from consumers as well as from retailers or restaurants the company supplies, as a method to spread where potential customers can find the product.

The webpage and the social media are essential since customers will be redirected to the social network profile and then to the website in order to initiate the purchasing process. In addition to the introduction of this improvements, the proposal is going to be based on two main actions to promote the brand. One is a temporal partnership with several of the pubs the company supplies and the other is a collaboration with an influencer on Instagram.

The first promotion, the collaboration with pubs, is based on the idea of giving free samples of Impresiones to the clients of the bar. The company will contact five of its buyers, each located in León, Asturias, Madrid, Barcelona and Seville. Each of these bars will be provided with three boxes of 6 bottles each to serve a free drink to their customers on Friday and Saturday of a given weekend while stocks last. People will be able to taste the wine, they will see themselves enjoying the glass on the spot. It is expected to create a positive word of mouth about the product, as the mix of flavours makes it a favourable combination for the taste of the general public. It has also been found to increase purchases when consumers have been able to taste the wine beforehand (Charters, 2006; Hall & Mitchell, 2008), as it reduces the risk of making a poor decision.

On the other side, the collaboration with an influencer is a celebrity endorsement. The person is going to be paid to advertise the brand. The advantage of influencers is that they can convey content in a natural way, creating a close bond with their audience. Moreover, it is a guarantee that the content reaches the targeted consumer of the project because the company will select an account that represents the values of the brand. As consequence, his or her followers are already prone to such environment. For this case, the company Palomares will endorse Sara Baceiredo also known as *sarabace* to publish on Instagram four temporal videos or pictures that involve Impresiones by showing the bottle and label of the brand. The influencer Sara is a suitable option, as in addition to having a large number of followers, she bases her media on lifestyle, travel and fashion. She offers quality content with a relaxed and casual style

that fits with the image that the brand wants to convey. The costs will vary depending on the content and the clout of the person, that is why I suggest temporal content and not fixed content since it would greatly increase the costs. It is possible to adjust spendings to the budget thanks to the different possibilities of advertising offered by the social networks.

Furthermore, the company can analyse the impact of the promotion made by the influencer by providing a discount code for the online shop. It will be able to analyse how many views have been converted into purchases, although it will not reflect the original figure as people can also buy the product at retailer shops. The benefits of the campaign can be seen and will also attract customers as the use of discounts is conducive to purchase (Hall & Mitchell, 2008).

Apart from the model of marketing mix proposed by Perreault & McCarthy (1990), Hall & Mitchell (2008) suggest that the marketing mix of wine can be extended in a total of eight components, adding packaging, people, planning and positioning. Depending on the situation it is helpful to develop some of them. As packaging plays a huge role in the purchasing decision, especially for the aspirational drinker segment, it is reasonable to be developed further for this case.

The packaging is composed by two parts, on one side it is the bottle which in this case it is going to have the classic shape and contain 75cl. It would represent the traditional side of the winery, to back up the reputation and experience of Palomares. On the other side, the label would give a joyful and modern look to combine contemporary with a traditional flair.

The front label will show the name Impresiones with a nice design. The main colors are black, cream and another colour that makes the bottle stand out. The aim is to use flat figures in order to keep the design minimalist and uncluttered, as this will retain the attraction of the aspirational drinker and the enjoyment drinker. The back label will have the information from the profile sheet that is shown on the web. It is the geographical indication of white wine under "Vinos de la Tierra de Castilla y León", the vintage, the variety of grape, the type of wine, the volume of alcohol per bottle and other legal information which is required. It also must have the place where the cellar is located "Valdevimbre, León" due to the good reputation the village has from the cellar restaurants. Another information to add is the tasting commentary by an expert and which meals it should be served with, are appetizers and tapas. To conclude with the slogan "Four flavours, sweet, acid, bitter and dry, difficult to conjugate and easy to enjoy" which represents the taste of the wine as well as the easy-going image of the brand.

By following these steps, the company should achieve positive results in the long term. It should be able to attract the enjoyment drinker segment. The next step would be to try to promote the brand on an international level. The process of internationalisation can be tough, but as we have seen at the beginning of the paper, wine consumers in other countries are

willing to purchase foreign brands. Prior to embarking on such a venture, it would be better to have a solid base within the country to aid at breaking into other markets.

6. CONCLUSION

The wine sector is relevant at international level, it is highly fragmented and manages to remain in growth thanks to the different preferences of consumers and international trade. Consumption is global, with major power potencies such as the United States and China as the main consumers of premium wine. While European countries, as well as the New World countries, are trying to combine tradition and innovation in the production to satisfy the needs of consumers. The international relationships among countries have an impact on the future of the sector.

Quality, price, reputation, provenance, vintage year, level of scarcity and the methods of production are all factors that can be taken into account when making a purchasing decision. Nevertheless, the two key issues that actually influence the purchasing decision have been identified. On the one hand, the adverse risk that the majority of consumers are subjected must be reduced. Potential consumers need guarantees that their purchase would satisfy their needs, which can self-identification, social status, security, accomplishment or excitement. On the other hand, the information available at the purchase point turns out to be the most relevant because it is more convenient. As consequence, the image of the brand becomes crucial to the consumer.

For this reason, it is necessary to focus on the brand image according to the consumer segment with a functional, symbolic or experiential approach. Companies in the sector should seek to extend the value of their brand and establish unique characteristics to appeal consumers as well as to reduce risks. The best way to do it will be by focusing on one approach and target one of the four groups: connoisseurs, aspirational drinkers, beverage wine drinkers and enjoyment drinkers.

There are plenty of marketing tools create a brand image to make the product stand out. Both overt and covert methods should be combined in order to build the appearance that that attracts the target group. Moreover, companies should put special interest towards the internet, since nowadays it has acquired a particular importance by allowing direct communication through social networks and blogging platforms. Physical aspects such as wine tastings or the appearance of the packaging should not be underestimated, as they act as factors that reduce the risk of purchase.

The market of wine holds a large number of small businesses that in order to survive must follow a clear marketing structure to differentiate their product from the rest. Companies

would develop their strategy based on their budget. Since Bodega Palomares is a medium sized company, it can target the aspirational drinker segment as well as the enjoyment drinker if it combines well the brand image tools as it is proposed. Following the same rules, it is suitable for small companies to target the connoisseurs that would be able to appreciate the intrinsic attributes of the wine. While large companies can supply all the segments of the market. It can be accomplished by combining the right tools.

Finally, if the product is known, then restaurants and retailer shops will seek to have the product available, while if it does not get the attention of the public, then the company will have to keep fighting to have their product at the purchase point.

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