SA wine industry needs collaborative strategic marketing

By Greg Castle

5 Dec 2008

There is no reason why our South African wine industry should have to choose between big players and small boutique winery strategies when advancing on the worldwide wine market. Perhaps as one who has worked within the field of strategic marketing for over 16 years, while maintaining a passion for wine tasting, collecting and more recently wine making, I feel that the road may not be quite as black and white as *Business Day*'s Michael Fridjhon suggested earlier this year.

From a professional marketing perspective, there is little doubt that the South African Wine Industry Brand requires significant brand equity investment and strategic advancement. We are clearly being left behind the rest of the new world, and likely to be left further behind in the not-too-distant future, with China and India developing vineyards at the rate of knots. As soon as their marketing kicks in, there'll be all hell to pay.

The recent demise of the SA Wine Council is a serious indictment on the industry as a whole. Forget the internal political reasoning for now, however; we cannot afford to leave our highly disjointed wine industry to compete on the world stage against the likes of Australia, California, Chile and others unsupported.

Wine industry needs a banner

The South African wine industry needs a banner, and a proud one at that, under which to fly one's own well-defined and perceivably differentiated terroir and product brands. My ill fated attempts some years back to assist the then Paarl Vintners Association in strategically getting together under an overriding regional brand banner, while still being able to maintain and enhance their individuality and unique brand equities, was a very interesting litmus test to what appears to be a much broader industry failure.

I feel that it therefore needs to be emphasised, that having the best of both worlds, i.e. big brands on one hand while terroir and estate or boutique brands on the other, need not be conflicting at all. Rather, they should be combined to ensure maximum advantage by advancing on the global market from both sides of the stage, but under a unified banner.

On the one hand, big brands with significant economies of scale to ensure quality consistency, cost effectiveness, marketing muscle, ability to hire the best growers and wine makers in the world (on contract while mentoring local successors), and leveraged to support and help develop positive wine industry transformation through growth rather than through substitution.

Clearly perceivable differentiation

On the other hand, each estate or even wine category and product within the larger producers will still need to stand the test of time, and to ensure clearly perceivable differentiation and unique selling propositions to their strategically selected target markets. This form of target market segmentation research should be broadly funded and supported by the wine industry, and further extrapolated and used to best advantage by each wine producer individually.

An example of this perhaps could be the overriding banner of our very own Richemont on a global stage, while Cartier, Piaget and Montblanc produce completely different product ranges, appeal to different target markets or similar target markets under different circumstances, and therefore need to ensure that their unique selling propositions stand out in a unique way.

These individual brands and products need to be priced to ensure perceived value within their chosen target market, distributed according to market logistics and preferences, and promoted in such a way as to further entrench the perception that each wishes to project individually. In the meantime, it is the Richemont overriding brand equity that holds them all together under a very well-respected banner, one that doesn't have to be obtrusive to be effective.

Case in point

Pernod Ricard's Chivas Regal and Jacobs Creek is another case in point. Two distinctly different alcoholic beverages, targeted at distinctly different drinking occasions - not to mention completely different target markets - yet successfully marketed under the overriding banner of Pernod Richard. Brandhouse is another good example.

In conclusion, I see great opportunity for this industry of ours. However, the wine bodies that guide and direct them need to be filled with people from broader business related backgrounds, rather than just emotional and sentimental wine producers, worker representatives and the likes. Many of these are highly respected and extremely successful in their own rights, but perhaps not adequately equipped to drive a national industry on a global stage effectively against their counterparts eg Australia.

As one married to an Aussie, it is clear that if the Australians can turn a local market of beer drinkers into reasonably knowledgeable wine drinkers, there is hope for our entire domestic market growth without having to export even a drop.

Remember, the highest growth in the top end whisky market is coming from our own emerging middle class, black, consumers. Perhaps an opportunity being largely overlooked by our own wine industry, though there have been some attempts, perhaps at the wrong level from a brand value perspective. Why shouldn't a Meerlust Rubicon, or Buitenverwachting Christine be consumed at the same table as Johnny Walker Black or Blue, or Lagavulin?

Target marketing and knowing one's market is key, but we still need to move in the same wave on a global scale, albeit individual drops making up its force.

ABOUT THE AUTHOR

Having studied business strategy and marketing management over the years, Greg Castle is currently MD of Torquil Strategic Marketing (www.torquil.co.za). A passionate wine collector and boutique winemaker himself, his experience includes heading up various marketing departments within global and large South African corporates such as Kimberly-Clark, BASF, Rainbow Chickens, HL&H. Contact him via email on greg@torquil.co.za.