
Auditing Regional Wine Brands: The Merlot Ticino case

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Abstract

Small winemaking regions worldwide face intense competition from global brands; as such, their challenge is to promote brands that tell the unique story of the collectivity of regional wineries in order to achieve a favorable reputation for the regional product. This paper introduces a method to audit the communication of regional wine brands, drawing upon branding and corporate identity literature. The proposed audit has several objectives: providing a picture of the communicated brand’s personality; checking gaps between intentions—that is, what winemakers want to communicate—and projections—that is, what formal communications actually project; delineating the potential target that communications address; checking the consistency of communications; and evaluating the expressiveness of wineries in communicating the regional wine brand. The paper further illustrates the audit using the case of the Swiss wine Merlot Ticino.

Keywords: Audit, Communications, Branding, Winemaking, Small and medium sized wineries
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Introduction

Today's wine industry is enjoying the growth of production worldwide despite shrinking consumption rates, especially in traditional wine drinking countries. Several global brands, developed by giant New World producers, have begun challenging the traditional small European productions as well as emerging small and medium-sized (SME) Australian and Chilean wineries. In facing this competition, the communication of regional wine brands becomes a relevant issue (Campbell and Guibert, 2006; Egan and Bell, 2000). According to empirical research conducted on wine branding both in Europe (Gil and Sanchez, 1997) and the New World (Rasmussen and Lockshin, 1997), small and medium-sized companies are jointly investing in the creation of regional brands, supported by legal denominations of origin and promoted by collective regional agencies.

Small winemaking regions have the typical structure of a “discovery market” as defined by Christy and Norris (1999: 806); in these cases, the product has a high potentiality of differentiation, but the fragmented structure of small producers with few resources for marketing and communication makes the emergence of individual producer brands very difficult. As consumers need to engage in a process of discovery in these markets, Christy and Norris suggest that producers create a critical mass of interest, focusing efforts on communicating a collective brand identity. In fact, searching for regional quality signals is less costly for consumers than trying to determine individual wine evaluations (Tirole, 1996). Recently, Spanish winemaking regions willing to increase both local consumption and exports adopted a similar solution, choosing a two-step strategy: the collective promotion of a differentiated regional label followed by the projection of companies’ own brands, under the halo effect created by the first one (Gil and Sanchez, 1997).

More recent studies have confirmed that marketing a regional brand can be a rewarding strategy, especially for red wines (Schamel, 2006); in addition to facilitating recognition in foreign markets (Felzenzstein, 2002), regional brands are also extrinsic cues that play a role in the decision-making processes of wine consumers (Quester and Smart, 1998; Tustin and Lockshin, 2001). Generally speaking, effective brands need to convey the core identity of a product or an organization to external audiences (de Chernatony, 2001); however, as Chaney (2002) remarks, identifying common themes to communicate the multitude of wineries and products in a region is not easy.

The definition of industrial clusters’ collective identities (Peteraf and Shanley, 1997; Sammarra and Biggiero, 2001) often parallel Albert and Whetten’s (1985) definition of organizational identity as that which is central, enduring, and distinctive in a group. Therefore, the difficulty encountered in communicating the core identity traits of the whole cluster, across the peculiarities of each individual firm, is comparable to the issue of multiple identity projections inside an organization, where each single unit projects its own identity within a comprehensive organizational identity (Albert and Whetten, 1985). However, diversities have to be conveyed under the umbrella of core common features, which need to be projected through verbal and visual projections in a consistent way to create a clear image in external audiences’ minds (van Riel, 1995). Corporate identity programs suggest the use of communication audits to verify for consistency in identity projections and discover that which is actually emerging in corporate projections (Olins and Selame, 2000).
Drawing upon the literature on branding and corporate identity, this study introduces an audit for regional wine brands; the audit has the twofold objective of discovering the intended identity of the brand—that is, what winemakers think and want to communicate—and assessing the projected identity of the brand—that is, what wineries’ communications actually project, checking for gaps between intentions and projections. In addition to providing an overall picture of the brand personality, the audit determines if communications are consistent and which target they potentially address. Finally, the audit evaluates the collective expressiveness of wineries in communicating the regional wine brand.

The paper addresses three areas; the first draws the conceptual framework of corporate branding and identity serving as the foundation of the audit, the second describes the structure of the audit, and the third discusses the results of the application of the audit to the case of Merlot Ticino, a regional wine produced by a limited number of SME wineries in the Italian speaking canton of Switzerland.

**Conceptual Framework: Projecting brand identity**

Brands are inputs that contribute to the formation of a distinctive image of a product or a company in the consumers’ minds. The brand promise projects externally core identity elements used by external audiences to draw inferences about and reduce the risk of purchasing a product (de Chernatony and McDonald, 1998). According to de Chernatony (2001), brands are multidimensional concepts; in a visual representation, a brand essence is a pyramid comprised of a base of unique attributes and utilitarian benefits that the product provides (functional dimension) and a top of emotional rewards given by core values and personality traits (representative dimension). The brand promise conveyed through verbal and visual projections communicates both these functional and representative dimensions. Depending on the proportion of functionality and representationality, brands have a role in performance-oriented or symbolic-oriented consumers’ choices (de Chernatony, 2001).

Companies express themselves through brands; they make a promise to their stakeholders about what they provide in terms of products and services while simultaneously disclosing who they are. The more they reveal about their identity, the more they become appealing to external audiences; in fact, according to corporate identity studies, expressiveness is one of the main drivers of reputation (Fombrun and van Riel, 2004). A favorable reputation is a source of competitive advantage that triggers a series of tangible benefits, like the possibility of asking for premium prices, lowering cost transactions with suppliers, or increasing turnover stability (Fombrun, 1996; Rindova and Fombrun, 1999). In order to build a solid reputation, companies must externally project an identity that matches the real nature of their organizational identities (van Riel, 1995).

Organizations want to impress others in a way that is as favorable as possible (van Raaj, 1986) and, as evident in face-to-face interactions, what they intend to project includes a conception of themselves (Goffman, 1959); sometimes actual projections are not in line with these intentions, creating a gap that prevents the formation of a good image in external audiences’ minds. Consistency in communication is also a fundamental element for achieving a good reputation (Fombrun and van Riel, 2004); sometimes producers do not align corporate communications in what they project across different media or in what they say about different objects, like subunits or products. According to Olins and Selame (2000: 5) formal communications, such as advertising, packaging, and logos, are “the most significant” way in which corporate brand
identity emerges. As such, when positioning issues arise, a communications audit is the best suited tool to diagnose what identity producers actually project and assess its consistency and alignment with the intended organizational identity (Olins and Selame, 2000; van Riel, 1995).

The Audit of Regional Wine Brands

This section describes a method for auditing the communications of small winemaking regions. The audit framework stems from corporate identity and brand literature as well as wine branding literature to introduce the specificities of wine brand projections. The audit involves two parts. The first aims to understand the intentions of winemakers in regards to the brand personality of their regional wine as well as the narrative themes that they would use to communicate the wine; the second serves to detect which projections actually emerge through the formal communications of wineries, providing a picture of all the emerging contents communicated by the group of regional producers and thereby giving a picture of the projected brand personality in order to detect gaps between intentions and projections (Fig. 1). Moreover, the analysis of projections allows for the defining of a potential target that communications address and checking for consistency in communicated messages. Finally actual projections reveal the general level of expressiveness of the regional brand—that is, how much the regional wineries communicate collectively.

Figure 1 here

Intentions: Brand personality

The first part of the audit aims to discover producers’ intentions of their regional wine brand personality; this part consists of qualitative interviews and a survey to detect brand identity attributes and narrative themes to describe the regional brand.

To uncover identity attributes, the qualitative interviews utilized adopt a projective method in which interviewees have to associate the regional wine to objects or persons; this procedure repeats for what concerns the present situation and a desired future. The use of metaphoric associations, as suggested by Davies and Chun (2002), allows for the qualitative discovery of perceptions about brand identity, removing respondents’ inhibitions. While trying to describe the regional wine through associations, interviewees also elicit the narrative themes that they want to use to communicate the brand’s personality to external targets. Qualitative interviews produce data for use in triangulation (Yin, 1994), with data proceeding from the other tools, as well as constitute a preliminary phase of the audit.

In fact, qualitative interviews provide material for the development of survey questions and variables for the content analysis of projections. The survey itself (Czaja and Blair, 2005) aims to verify, on a broader scope, what emerges from interviews on intentions, producing a list of identity attributes shared in the intentions of the collectivity of producers and the narrative themes that most would use to tell the story of the regional wine. Comparing these lists with what emerges through the communications of wineries identifies whether an alignment occurs between what producers intend and what they actually communicate. Finally, positioning the emergent identity attributes on the corporate personality scale developed by Davies, Chun, and Roper (2002) uncovers the personality values that these traits convey to external targets and draws a profile of the regional brand.
Projections: Gaps of brand personality and consistency of contents

The second part of the audit involves a content analysis (Neuendorf, 2002) of what wineries actually project through formal communications.

This part divides the codebook (Weber, 1985) into two blocks: textual and visual. At the textual level, wineries project contents through brochures, labels, back labels (Charters and Lockshin, 2000), websites (Stevens and Burns, 2005), advertising, and press releases (Chaney, 2000). At the visual level, wineries use multiple vehicles of projections—namely, photos as well as label design, logos, and packaging (Jennings and Woods, 1994). Both the textual and the visual part comprise three different objects: the wine itself (the product), winemakers and wineries (the producers), and the territory (the context of production).

The analysis of contents checks which identity attributes the collectivity of wineries actually communicate and which themes narrate the story of the wine, which allows for the triangulation of data with survey results to verify the existence of gaps while providing a picture of the overall brand personality communicated. The audit also assesses if communications project wine, producers, and territory in a consistent way and if both textual and visual communications project each object consistently (Fig. 1).

Projections: Brand personality and target of communications

The codebook determines if textual communications project functional or representative dimensions that help in defining the personality of the brand (de Chernatony, 2001) and in describing the potential target attracted by such a brand (de Chernatony and McDonald, 1998). The codebook categorizes contents on wine and wineries as functional or representative, depending on the prominence of technical or symbolic features projected. Meanwhile, the categorization of contents on the territory applies Williams’ (2001) analysis of wine tourist destinations. Williams analyzes images projected by wine tourist destinations and positions them on a continuum that goes from individual to holistic attributes; the two extremes underscore the distinction between functional and representative because, according Echtner and Ritichie’s (1993) definition, individual attributes refer to specific characteristics of the territory and are useful to tourists in making a rational evaluation of potential destinations and comparing them; meanwhile, holistic attributes convey a sense of the destinations, making them more unique in the perceivers’ minds.

The codebook further detects the projection of brand authenticity, as defined by Beverland (2006), by looking for attributes like heritage and pedigree, stylistic consistency, quality commitments, relationship to place, and method of production. These clues allow for the further specification of the potential target reached by the brand.

Projections: Analysis of visual design

In the visual part of the codebook, packaging and logo design deserve specific attention; in fact, they are among the most important extrinsic cues used in decision-making processes for wine purchasing (Jennings and Woods, 1994; Barber, Almanza, and Donovan, 2006; Rocchi and Stefani, 2006). Packaging elements can be reassuring or innovative; those elements that are prototypical and immediately recognizable by consumers are reassuring because consumers can place the product in a well-known category (Veryzer and Hutchinson, 1998). Reassuring packaging elements for wines are all those designed in a traditional manner, following the schemes of the European wine tradition. For instance, the bordelaise bottle for red wines and the
cork seals suggest a tradition of wine (Jennings and Wood, 1994; Murray and Lockshin, 1997). Meanwhile, innovative and experimental designs may appear threatening to consumers while simultaneously potentially inducing more arousal (Cox and Cox, 1988), becoming particularly appreciated by segments of consumers seeking different experiences (Veryzer and Hutchinson, 1998). The use of multiple colors or bizarre shapes for labels and bottles, such as those typical of the vivacity of the design of New World wines (Egan and Bell, 2002), is an example of innovative wine packaging designs. The analysis evaluates label and logo designs by applying the guidelines for corporate logos that Henderson and Cote (1998) developed. These guidelines allow for the assessment of whether a design facilitates recognition, creates familiar meanings, and affects consumers; the first two possibilities are reassuring as codifiable designs that evoke consensual meanings generate them, while the last one remains in between reassurance and innovativeness as moderately elaborated stimuli that are engaging but not too difficult to code generate this possibility. In addition, typeface design conveys reassurance when such designs are not elaborate, are moderately natural, and are highly harmonious (Henderson, Giese and Cote, 2004).

The analysis of packaging allows for the assessment of the consistency of visual projections on the product (labels, bottles, corks) and producers (logos) as well as the verification of whether packaging is consistent with narratives in communicating the same brand personality.

The Case of Merlot Ticino

Merlot Ticino is a red wine produced in Ticino, the Italian speaking canton of Switzerland. Commercial winemaking is a relatively young practice in this region, considering that growers planted the first vines of Merlot grapes in 1906; indeed, only since the 1970s have people recognized the wine industry in Ticino. In the 1990s, an impressive development in the quality and quantity of produced wine shaped the contemporary landscape of Merlot Ticino production. Winemakers produce approximately 60,000 hectoliters of red wine each year, selling the wine primarily on the local market (70% of turnover) and in the German speaking part of Switzerland (25% of turnover). However, the competition arising from imported wines is also increasing in the Swiss market. Moreover, the structure of the production system, made of a multitude of small wineries and few medium-sized wineries providing more than 80% of the annual wine production, reduces the possibilities of investments in communication and marketing by each individual company. Thus, a collective regional effort is necessary to promote Merlot Ticino; the regional promotional agency (Ticino Wine) should be able to project shared attributes of Merlot Ticino identity while communications from each individual winery should align to this collective communication.

The case of Ticino is interesting primarily for two reasons. First, the area has a winemaking industry structure typical of small Old World winemaking regions (Campbell and Guibert, 2006). Second, Ticino as a winemaking region is in the challenging position of being a young wine producer next to Old European giants, like France and Italy. Therefore, auditing Ticino’s regional wine identity is particularly interesting.

The analysis collected data from February to May 2006, considering the entire population of Merlot Ticino producers—consisting of 130 wineries—for the survey and content analysis. The analysis utilized a database comprising the qualitative data gathered from the interviews and quantitative data from the survey (75% response rate) and the content analysis (43% response rate).
Results
Brand personality and identity gaps

Winemakers see Merlot Ticino as traditional, elegant, versatile, and with character—results confirmed in both interviews and survey. The positioning of these attributes on the corporate personality scale (Davies et al., 2002) reveals that producers describe Merlot Ticino as a competent and reliable wine that is also chic and prestigious. However, a strong gap exists between winemakers’ communication intentions about their product and what they actually communicate; in fact, very few wineries project even those attributes that score higher on intentions (Fig. 2).

Meanwhile, the results indicate a strong match between intentions and reality for what concerns the themes used to narrate the story of Merlot Ticino, which winemakers narrate primarily through the vineyard theme (55% of brochures) followed by winemaking processes and DOC appellation (54% of brochures). In particular, winemakers addressed the vineyard in both cases: “we tell a territorial and technical story,” says one interviewee, and another one adds, “we tell of vineyards and of the origin of wine, of the places where grapes grow and where wine is produced.” Survey respondents (62%) also chose vineyards as the first theme used in narrating Merlot Ticino (Fig. 3).

Brand target

Producers mostly bring forward in their communication the functional dimensions of Merlot Ticino; they project emotional dimensions only weakly. Unexpectedly, a common organoleptic description of Merlot Ticino does not emerge, even if such a description represents a functional aspect of the product.

The wine market today requires a perception of brands as authentic in order to achieve differentiation from global brands of mass produced wine (Beverland, 2006). The set of attributes defining wine brand authenticity includes both functional and representative dimensions; Merlot Ticino communicates the whole set. The emergent authenticity attributes are heritage (mainly concerning the winery) and quality commitments—each projected by 55% of the respondents—followed by relationship to place (43%) and method of production (32%).

These results show that Merlot Ticino addresses experienced consumers, who do not need any expressive relationship with the brand (de Chernatony and McDonald, 1998) and instead focus on quality and prestige (Beverland, 2006).

Consistency of brand projections

High consistency is evident within textual communications in projecting wine, producers, and territory as a functional brand, which is also true for photos portraying these three objects. Producers narrate and picture Merlot Ticino mainly through the technical characteristics of the territory, grape growing and winemaking.

Less consistency is evident at the visual level for what concerns the dressing of the bottle. Packaging elements show contrasting designs—even on the same bottle—projecting the wine in a confusing way. For instance, the shapes of Merlot Ticino bottles (bordelaise for 89% of respondents), cork seals (used by all producers), winemakers’ logo designs, and typefaces are
prototypical and reassuring, yet the design and shape of Merlot Ticino labels are definitely in line with New World producers’ experimentation and innovation in search of distinctiveness. Such a dichotomy makes them recognizable neither within European tradition nor as Merlot Ticino labels because they are all different for each single wine; not even individual wineries have a common denominator for their label designs. Similar considerations hold for the shape of labels, which—in the vast majority of cases (70% of respondents)—differ from the traditional dimensions of European red wines. Experimentation and diversity in labels also undermine the consistency between the traditional narration and the visual representation of the product.

Expressiveness of Merlot Ticino brand

One general result that emerges from the content analysis is that producers weakly communicate the identity of Merlot Ticino. Less than 50% of survey respondents project most variables, and respondents generally provide fragmented contents. Even when consistency occurs in narrating a technical tale of Merlot Ticino, each producer highlights different aspects. A great number of producers use brochures only as a business card to remind contacts. In the vast majority of cases, brochures use few words to describe the product, thereby denoting a weak expressiveness of Merlot Ticino brand that does not help in the establishment of a strong reputation.

Conclusions

Audit results of the case highlight that producers need to focus and strengthen the identity of Merlot Ticino. In particular, communicating more intensively and reinforcing the projection of emotional traits would allow producers to reach new customers—and not only connoisseurs. These considerations demonstrate that the communication audit is a useful tool for checking the effectiveness of communication efforts and providing a basis for strategic planning for the collective promotion of regional wine brands.

These results align with previous findings on wine branding. First, the fact that wineries in Ticino project mainly functional features of the brand—and few symbolic dimensions, which focus principally on prestige—confirms Mowe and Merrilees’ (2005) definition of product-branding strategy used in studying branding processes in SME Australian wineries. Second, a target driven by functional characteristics highlighting quality and expertise in winemaking as well as by authenticity and prestige projections reminds the segment of the connoisseur wine consumers. According to Lockshin, Rasmussen, and Cleary (2000), a functional brand, which gives information on production techniques and winemaker expertise, attracts connoisseurs. These two considerations further confirm that a communication audit of this kind could be a useful tool in supporting the development or adjustment of brand roles and strategies in the wine market.

Adding oral contents to the analysis of projections would represent a considerable improvement of the audit tool. In fact, the literature on wine marketing underscores the growing importance of face-to-face interactions in wine promotions; cellar-door activities and selling are fundamental for small wineries’ survival (Mowle and Merrilees, 2005), and winery visits play an important role for the development of wine tourism (Chaney, 2000; Getz and Brown, 2006). After adapting the codebook to oral communications, researchers could use the same codebook structure in the future.
References


Figure 1. The audit framework
Intentions
(Median score: 1=not at all 5=absolutely yes)

Reality
(Median score: 1=not at all 5=absolutely yes)

With character
Elegant
Traditional
Exclusive
Latin
Niche
Innovative
Versatile
With character

Figure 2. Identity attributes of Merlot Ticino: Gap between intentions and reality
Figure 3. Narrative themes to describe Merlot Ticino: Gap between intentions and reality