Place-based Marketing and Wine Tourism: Creating a Point of Difference and Economic Sustainability for Small Wineries

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Abstract

**Purpose:** The purpose of this paper is to explore how small-scale wineries and wine regions create a point of difference and economic sustainability in a competitive marketplace through utilizing regional place branding and cellar door visitation.

**Design/methodology/approach:** This research is based on qualitative, semi-structured, in-depth interviews with winery owners/managers and additional wine and tourism stakeholders in a single case study: The Central Otago wine region in the South Island of New Zealand. In total, 39 interviews were conducted in 2007 and 2010. Interviews were audio-recorded, transcribed verbatim, coded and categorized for analysis.

**Findings:** Place marketing is a significant factor in the success of both regional and individual wine marketing initiatives, as it serves as a strategy of differentiation. Desirable regional attributes, as well as emotionally-appealing stories of the people and processes behind wine production, have been used deliberately by respondents in the marketing of Central Otago wine products and experiences. Respondents suggest that one of the most effective ways to facilitate a positive association between place and their product in the minds of consumers is through winery visitation, whereby visitors come to associate the region’s wines with the landscape and beauty of the area that they experience. Visitors also have the opportunity to experience the stories behind the wine, building emotional connections with the winery, and the region, which may ultimately lead to brand loyalty.

**Keywords:** Wine, Place-marketing, Place-branding, Wine tourism
1- INTRODUCTION

Place image and place-based marketing efforts are particularly important for wine tourism regions. This is because the wine and tourism industries are heavily reliant on a collective reputation based on place to market their products. A successful place-brand will leave an imprint in the minds of consumers – a distinctive image of what constitutes the brand. In the case of wine regions, the regional drivers that differentiate one regional brand from another include the region’s reputation for wine quality; environmental assets; and the unique stories and heritage of the region. Many long-established wine regions have enduring and powerful place-based brands. For example, when someone says “Bordeaux” a particular image is conjured up in the minds of consumers – whether they are purchasing a bottle of wine from the region, or considering it as a holiday destination. For recently established wine regions, however, this place image or brand is often weak. In a global wine market characterized by a myriad of wine brands that are competing on price and long-established regional winemaking reputations, these emerging regions need to foster regional brands and participate in place-based marketing efforts to ensure their economic sustainability. An important avenue to achieve this is through hosting wine tourists, writers, distributors and other industry stakeholders in the region. Through visitation, consumers experience first-hand a region’s wines, and the people, processes and environment that cultivate those wines. This paper presents findings of research which investigated the means by which the wine industry in one recently established wine region in New Zealand, Central Otago, is approaching the task of building a regional brand, through place-based marketing efforts and winery visitation.

2- LITERATURE REVIEW

2.1- Place-based marketing and branding

Place marketing and branding strategies have become a common point of intersection of research in geography, marketing, regional studies, tourism and wine (e.g., Hall, 1997; 2008; Hall and Page, 2006). A brand is a singular idea or concept that a product possesses in the minds of prospective consumers. Successful brands incite beliefs, evoke emotions and prompt behaviours (Kotler and Gertner, 2002). Place branding is the process of applying branding principles to geographical locations (Morgan, Pritchard and Pride, 2002). The aim of place marketing and branding is often to attract something – such as tourists, investors, or new inhabitants. Building an attractive place image (Christiaans, 2002; Stubbs et al., 2002; Ulaga et al., 2002) or a cultural and tourism destination image (Dahles, 1998; McCann, 2002; Seo, 2002) is said to constitute an extremely important part of places’ economic regeneration (Metaxas, 2009). Place branding and marketing has been practiced in various different contexts including tourism, domestic and export promotion of agri-food products, country positioning in international relations, the protection of local producers from imports through ‘buy domestic’ campaigns, and marketing targeted at attracting foreign investment, foreign students and skilled workers (Papadopoulos 2004). Place branding occurs at different geographical scales over and through which particular economic, political, and socio-cultural processes and various institutional agents are manifest (Hall 2008). For over three decades, the so-called country-of-origin effect (COO) has been the object of extensive investigation. A great deal of empirical research has attested that country images can lend a positive reputation to a whole category, such as French-wines or perfume (Kotler and Gertner 2002).

Two industries in which place image plays a crucial role are tourism and agriculture. In the context of tourism, the tourist is the buyer and the destination is the product. In order to be successful in the marketplace, a destination needs to build an identity or brand image that sums up for potential visitors the essence of the physical qualities, landscape, people, culture, quality and vibrancy of the area (Garrod, Wornell, & Youell, 2006). For agriculture, there is a close connection between...
products and where they are produced, therefore place image has always played a role in marketing these products and in consumer receptivity towards them (Papadopoulos, 2004). Attempts to prevent abuse have given rise to separate forms of legal protection for geographical indications (GIs) both nationally and internationally. Geographical indications (GIs) are place-based names (e.g., Champagne, Roquefort) that represent the geographical origin, as well as the cultural and historical identity, of agricultural products. GIs are protected under a wide range of institutions and arrangements and are found throughout the world. Because GIs root production in a particular place, they are framed as sources of resistance against the homogenizing effects of “placeless” food production systems (Bowen and Zapata, 2009). Establishing and protecting place names as brand identities establishes a monopoly value over that name and place and land. This creates an enhanced value in the land that is translated into higher returns for the products of that place (dairy products, cheese wine) and in the land market (Overton, 2010). As Hayward and Lewis (2008) argue, place has value and the naming of places (and the protection of these names) has become part of the economic landscape of industries such as wine, dairy products, meat, fruit, olive oils etc.

2.2- Place-based marketing of wine

The spatially embedded nature of wine production renders “place” a potentially powerful component in the promotion and selling of wine products and wine experiences. Wine marketing, in a sense, attempts to promote the way the essence of a region, and its attractive qualities, are captured in a bottle of wine (Hayward and Lewis, 2008). Galileo’s romantic notion that “Wine is sunlight, held together by water” depicts the perceived naturalness and simplicity of the product, and the role of place of production as being responsible for the specific nature of transforming sunlight and water into wine (Banks et al., 2007).

The wine industry represents a particularly interesting case study of the way place retains a niche within the emerging global economy. While the wine industry is characterised by forces that are moving towards integration, industrialisation and sameness (as seen in bulk wines), it is counterbalanced by those producers that focus on place-specific artisanal production of premium wines (Aylward and Zanko, 2008). It should be recognized that regional and/or specialty products like wine “often share a collective reputation based on aggregate quality” and “if the collective reputation of the product is good, the designation will be a powerful tool to signal quality” (Winfree and McCluskey, 2005, p. 206). The place that a given wine is produced is amongst the most significant components of the wine marketing effort, providing a “reason to buy” for consumers. It may also be the single most important aspect of wine in establishing pricing, positioning, and promotion for wines in all sales-channels throughout world markets (Marshall, 2007).

Wine markets in the developed world are characterized by a plethora of wine brands (Bruwer, 2004) to such an extent that the consumer can be overwhelmed by the sheer complexity of the buying situation this creates. Globalization of the wine market has increased the complexity of decision-making facing consumers. By emphasizing region-of-origin, place-based marketing contributes to a strategy of product differentiation (Bruwer, 2010). The differences between the Old and New Worlds are often attributed to the Old World’s emphasis on tradition and terroir and the New World’s emphasis on science and winemaking techniques. While Old World, single estate, terroir-driven wine producers are often pitted against large-scale, New World wine producers, there are those producers who fall into this gap. The case study region selected for this research is an example of such. Small-scale or “boutique” New World wine regions do not rest on well-known historically-based appellations, nor do they have the economies of scale that many large, New World wine producers use, to take advantage of high-volume production, low margins, and mass-marketing (Enz, 2009). Guthey (2008) argues that in the New World the concept of terroir is being utilized by a
market-oriented system where place-based marketing is important in creating global recognition for the products of a particular place. Therefore, in Central Otago an important way to show consumers that a wine is distinct to a place and has terroir-linked advantages is through place-based marketing efforts.

2.3- The importance of stories and heritage in place-marketing

Many studies exploring place-marketing images have considered ‘the past’ as a resource that can be exploited in order to craft a place image (Boyer, 1992; Chivallon, 2001; Graham et al., 2000; Kearns, 1993) and stories of the people, places and processes behind wine production are particularly important in the marketing of wine and wine-related experiences. This is because the association between wine production and heritage is engrained in the culture of wine consumption. As Hayward and Lewis (2008) note, such marketing techniques and constructions of place tap into a “fertile social ground” that regards wine as a fashionable and desirable consumer product. It also exploits a social behavior in the world of wine consumers that places value in the ability of consumers to recognize places of origin and the characteristics of terroir (Hayward and Lewis, 2008). New wine producing regions, even when lacking an established wine heritage, feel compelled to identify some form of local heritage and “placeness” in their marketing strategies.

Terroir refers not only to the unique combination of soils, climate and topography of wine producing regions, but also the cultural resources of the region, such as historical winemaking techniques. Place-marketing efforts therefore often include stories about the people and history of the region – the human dimension of terroir. Unique stories are a point of difference used to sell bottles of wine (which encapsulate these stories) and offering a wine tourism experience may offer an avenue to provide an insight into these stories. Such stories may serve as a source of building an emotional connection between the winery, the region, and the visitor, which may lead to brand loyalty (Fountain et al., 2008).

2.4- Wine tourism as a marketing tool

Many wine producers rely on wine tourism for sales and as a means to build brand loyalty (Dodd 2000; Fountain et al., 2008; Hall et al., 2000a; O’Neill and Charters 2006). This is particularly important for small wineries, whose cellar door may be the dominant outlet for sales and therefore an important part of a wine producer’s value chain (Gill et al., 2007; Wilson and Goddard, 2004). Ultimately, wine producers want to improve brand awareness, and wine tourism and cellar door wine sales can play an important role in achieving this goal (Alant and Bruwer, 2004; Brown and Getz, 2005). The cellar door is the “public face” of a winery, providing the opportunity for consumers to sample the winery’s product, interact with staff and form an opinion about the winery’s operation (O’Neill et al., 2002). Wine tourism is an important opportunity for wineries to develop long-term relationships with its customers and sell their products directly to consumers (Alant and Bruwer, 2004). It also serves as a promotional tool, a showcase for the regions’ wines, allows wineries to engage with potential consumers, and provide them with an experience. The quality of the winery experience will play a central role in the emotional attachments a tourist develops for a brand, and by implication, the future purchase intentions of that tourist (Bruwer and Alant, 2009; Fountain et al, 2008; Mitchell, 2006; Nowak and Newton, 2006; Pikkemaat et al, 2009). Fountain et al., (2008) found that a personal and “real” interaction between consumers and staff members was particularly important in making the experience memorable for visitors. Smaller wineries were especially successful in making visitors feel special, rather than as if they were on a “production line” or “conveyor belt”. The wineries that are successful in creating a connection between the visitor and winery go beyond providing good service; they also convey passion about the winery and provide
stories that allow the visitor to engage with the place (Fountain et al., 2008; Thach et al., 2007). In sum, wine tourism is of particular economic importance for small wineries, serving as a sales outlet and as a key marketing and branding tool for the individual winery and the region at large. Through visitation, consumers associate the wines with a set of desirable regional attributes (e.g., physical attributes, heritage, stories) and their own personal experience at the winery.

3- METHODS

Qualitative, semi-structured, in-depth interviews with winery owners and additional stakeholders were conducted in a single case study area: Central Otago, New Zealand. In 2007, sixty winery owner/managers and representatives from regional associations were contacted to ask if they would be willing to participate in this study. The owner/manager of the wineries selected for involvement were approached by email with a follow-up telephone call. The general purpose of the research was outlined and if the winery expressed interest in participating, a date and time was arranged for an interview. All willing participants were interviewed on their premises. The result was 24 interviews with winery owner/managers and three additional interviews with wine and tourism organizations. The duration of interviews ran from 25 to 90 minutes. These were audio-recorded and transcribed verbatim as soon as possible following the interview. Transcripts of the interviews were coded and categorized into emerging themes and sub-themes, with subsequent interpretation in light of the theoretical underpinnings of the study.

In June 2010 this research was updated as part of a project funded by the Great Wine Capitals Network. During the two months of June and July, 2010, phone interviews were conducted with eight winery owner/managers and two representatives from regional wine and tourism organizations. The same protocols as for the 2007 data collection effort were followed. Interviews ran 20 to 50 minutes in duration and were audio-recorded. In addition to phone interviews, we received three typed responses to questions (see Appendix Three). In total, the findings presented in this paper are based on 39 interviews (26 in 2007, 13 in 2010).

3.1- Case Study Area – Central Otago

Central Otago is the inland portion of the greater Otago region in the South Island of New Zealand. For this research, ‘Central Otago’ refers to the viticultural area which includes the vineyards clustered around the four sub-regions of Central Otago: Alexandra/Clyde, Bannockburn, Cromwell Basin and Gibbston Valley. While much of New Zealand wine production focuses on Sauvignon Blanc, Central Otago has developed an international reputation for its production of award-winning Pinot Noirs. While the roots of grape-growing in Central Otago date back to the 19th century, it was not until the late 1990s that the industry began to expand rapidly. The wineries that participated in this research sell 5 to 10% of their wine at the cellar door with two outliers– one who sells 70 percent at the cellar door and the other 35 percent. Production of participants ranges from 2,000 to 20,000 cases per year.

4- FINDINGS AND DISCUSSION

4.1- Place-based marketing of Central Otago wine

Central Otago is a good example of a New World wine region that is developing and projecting a successful place-brand in the marketplace. While acknowledging that each individual winery must earn and develop their own reputation and brand, Central Otago respondents noted that a strong, collective regional reputation is even more important:
The Central Otago ethos is a little bit different. We promote the region first, then the winery, then the country…Promoting the region first is a positive for everyone, and it’s a really good foundation for building a world famous Central Otago reputation (Winery respondent).

Not only has the Central Otago brand name achieved a reputation of producing ‘high-quality’ wine – but the regional brand encompasses a unique narrative that conjures in the minds of consumers positive images of the natural environmental and interesting stories of the history and production of wines in the region. These images and concepts constitute the regional brand.

The natural environment plays a central role in the Central Otago brand. Place-based marketing and branding efforts position Central Otago as a beautiful, pristine and unique “World of Difference” – a place that produces distinctive, premium wines.

I’m sure as a contributor to the wine brand is just that the region is so beautiful. Wine writers come here and they’re just blown away by the natural beauty. The wines have to taste good, but the beauty of the area contributes to the message we send in promoting the wines. There aren’t many areas as visually striking as Central Otago (Winery respondent).

Central Otago Pinot Noir Limited (COPNL), the regional wine marketing association, uses images of the region in their marketing initiatives. Photographs, such as those listed below, are used on their website, in brochures, banners and placards at tastings, trade shows and exhibitions:

**Figure 1: Central Otago Wine Marketing Promotional Images**

![Central Otago Wine Marketing Promotional Images](COPNL, 2010)

Environmental assets are clearly an important component of this regional brand: The pure air and water, beautiful untouched landscapes, distinctive seasons, and rocky soils. The unique environmental attributes that constitute Central Otago’s terroir are responsible for cultivating its high quality wines, and are explicitly emphasized in regional wine marketing.

### 4.2- Stories of Central Otago

Along with the landscapes and physical attributes of Central Otago, marketing efforts have focused on the historical image of the region as a once desolate, sparsely-populated, rural area, that has been transformed by the wine industry and its hard-working, rugged pioneers. These images have added to the narratives of place and have been integral aspects of branding Central Otago as a tourism destination and wine producing area. In promoting Central Otago’s identity as rooted in an idyllic rural history, wine producers (and marketers) are utilizing the heritage branding of Old World wines (Alonso, 2009) but situating it in a uniquely New Zealand context.

We focus on the personalities behind the wine and promoting the uniqueness of the region in everything that we do – that is what makes Central Otago wine
special. With all of our events we usually have our winemakers representing Central Otago, as this gives the personalized message which is so important. If we are hosting guests (especially international VIP’s) we always try and host them in the region as this is the first hand experience that provides the ‘WOW’ factor that delivers above all else the message of Central Otago (Winery respondent).

The development of the Central Otago wine industry is credited to the hard work of a small number of individuals in the early 1990s that defied ridicule and the then-current horticultural wisdom and planted grapes to make wine (Cull, 2001). The pioneering characters behind the Central Otago wine industry have been glorified and mythologized for their success in battling the harsh landscape and climate to produce quality wines:

Misguided or not, these pioneers began adapting to the perils of the weather, learning from their mistakes, planting on north-facing slopes with minimum interference from sun-stopping hills, and turning the arid and mostly rocky landscape into an oasis of green. Then, using every resource they had – including domestic cats, vacuum cleaners and tennis racquets – they protected their vines and grapes from pets. Finally came their first efforts at making wine from their grapes. They trampled until their feet bled, used women’s knickers to filter the juice, wrapped electric blankets around tanks to help start fermentation, and borrowed used bottles and corks from a nearby pub (Oram, 2004).

The producer who succeeds in cultivating a sophisticated and beautiful wine from such a tough terrain and climate are analogous to the miners who found gold in Central Otago’s harsh environment in the late nineteenth century. Many of the Central Otago wine labels utilize the mythology of the mining days in their labels (e.g., Three Miners, Dry Gully). It is the story of these individuals, their hardships, perseverance and ultimate success that are emphasized by wine and tourism marketing campaigns, in the media and at the cellar door. While wine production is often romanticized, in Central Otago there is a sense of heroism and personal accomplishment attached to individuals who are successful in producing Pinot Noir. Central Otago respondents discuss the production of Pinot Noir as a kind of romanticized quest that involves battling the toughest of terrain and climate.

People who make Pinot Noir are pretty crazy people. They’re very dedicated, focused… Anybody who is involved in Pinot Noir does have a streak of romantic idealism. People who get into it are obsessed by it – that’s why we’ve attracted successful people. People who’ve been successful in other lives and have come to live here (Winery respondent).

The archetype of a rugged risk-taking man-alone fits the overall image of the region as a vast, stunning, rugged and harsh landscape. The use of place-based imagery and associations has a strong tradition amongst other alcoholic beverages in New Zealand, notably beer. The stark beauty of the South Island, and the pastoral association which it evokes, has accounted for much of the imagery used in creating place-based associations. The 'Southern Man' campaign employed by Speight's Brewery of Dunedin, for example, emphasizes the distinctive landscape and the mythical characteristics of the typical southern son (Law, 1997). Stockmen, on horseback, contemplative and stoic, enforce the stereotype of the rugged man in a rugged environment, associating the beer with the 'rural' and its associations of authenticity and masculinity (Banks et. al., 2007).

4.3- Place-marketing at the cellar door

Winerys are often best able to share the stories behind their product through wine tourism, and by
encouraging visitation of industry stakeholders, and this is recognized amongst respondents. People who visit the wineries are meeting the people behind the wine. They’re hearing the story from the ground level up. They’re not getting the big marketing sales pitch, they’re actually meeting the people who own and operate that winery and telling the stories – so that brings in that whole emotive appeal. They purchase the wines and that brings in the whole emotive appeal again and then people purchase that wine and go away feeling good. It’s that intangible experience, it plays on people’s emotions and they want to come back or they want to go home and purchase that wine and talk to people about it (Winery respondent).

While wineries do make a higher per bottle return from sales at the cellar door (by eliminating distribution costs), sales may not even cover overhead and building costs. Most respondents reported that they, and most other Central Otago wineries are primarily motivated to have a tasting facility in order to tell their story and showcase their product. These respondents think it is an important component of their branding exercise, as they are not only aiming at individual consumers, but trades people, distributors and restaurateurs:

We get a lot more out of the cellar door than sales…a lot of trade people come in, people can identify with our brand because they can actually come here, taste the wine, we get to actually talk to them. If our wine was just on the shelf and we didn’t have a cellar door, we wouldn’t have that direct contact with customers. They’ll tell you stories about where they drank your wine, we get people’s names and addresses… we do quite a bit of trade in the tasting room. People from restaurants will pop in and that’s better than me banging on their door…they see the vineyard, they see that it’s family owned and family-run…the whole story of the place (Winery respondent).

In a world where consumers are regularly exposed to commercial messages, one potentially powerful strategy for marketers is to leverage emotions, with a complex, rather than superficial story. As Hall and Mitchell (2008) argue, visitors want to be enchanted (not just entertained) by the stories that connect the land, the people and the wine: a position supported by the respondents:

You have to have a good wine and an image of some kind, a story behind your wine…you have to give people an experience and that’s what wine tourism is all about. Wine tourism involves an experience of the place and particular environment, and a story about the wine and the people who make it (Winery respondent).

Respondents noted that is those operations that have a working winery, cellar door, vines, winemaker and owner on site that will tend to get more tourists and press attention. These wineries are able to compellingly creating an emotional connection with potential consumers by providing visitors with an opportunity to experience the reality behind wine production.

5- CONCLUSION

The global wine market offers many wine brands that are competing on price, long-established regional winemaking reputations and/or “quality”. Wine “quality” however is subjective - what one consumer considers appealing may not appeal to another. Unlike many modern foods, a wine’s attraction relies not on bold consistent flavors, but upon a subtle array of shifting sensations that make its charm difficult to define (Bisson et al., 2002). A successful brand will leave a lasting impression in the minds of consumers. As one Central Otago winery respondent stated “People are spending $40 on a bottle of wine…you’re paying two or three times what you could. So there’s got
to be a reason. There’s got to be some sort of connection with the place or the people.” It is the job of the wine marketer to create this connection for the consumer. One way to strengthen this connection is to include appealing images of the region in marketing efforts so that consumers associate the wines with a set of desirable regional attributes. To add even more depth and emotive appeal to the regional brand, marketers should promote (and encourage other stakeholders to also share) interesting and authentic stories of the region, its people and processes behind wine production. Finally, and most effectively, this connection can be strengthened by hosting visitors (potential wine consumers) wine writers, distributors and additional industry stakeholders to the region.

While increased profit margins from direct sales at the cellar door are often cited as the most beneficial aspect of wine tourism, this research has highlighted a far more beneficial reason: through visitation, consumers experience first-hand a region’s wines, and the people, processes and environment that cultivate those wines. This builds an emotional connection between consumers, the winery and the region, which may very well lead to brand loyalty. Those brand loyal consumers not only continue to purchase wine after they have returned home, but also propagate the images, stories and experiences with other potential consumers. As one Central Otago winery respondent noted: “The quality of product reflects the quality of place. It is so important for the story to be emotive and appealing. Central Otago wine is exported around the world, and with it, the story has also been taken global.” This is particularly important for “newer” wine producing regions such as Central Otago, where wine production is small-scale and the wine is sold at relatively high price points. Place marketing that includes appealing environmental and cultural associations is a significant factor in the success of both regional and individual wine marketing initiatives.
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