

Branding and the Cyprus Wine Industry

Demetris Vrontis, School of Business, University of Nicosia, Cyprus
and
Stanley J. Paliwoda, Department of Marketing, University of Strathclyde, Glasgow,
Scotland,UK

Send correspondence to:

Demetris Vrontis
Dean, School of Business
University of Nicosia,
46 Makedonitissas Avenue,
PO Box 24005,
1700 Nicosia,
Cyprus.
Tel: +357 22 841615,
Fax +357 22 353722
Email: vrontis.d@unic.ac.cy

Stanley J. Paliwoda
Professor of Marketing
Department of Marketing
University of Strathclyde
Glasgow, Scotland.
Tel: +44 141 5485843
Fax: +44 141 5522802
Email: stan.paliwoda@strath.ac.uk

Abstract

The phenomenon of a supplier in a traditional industry confronting change is a familiar one. Here, we discuss the wine industry on a divided island where it has had to reinvent itself after losing its main product, sherry, as a result of nomenclature protection by the EU and also its largest customer, Russia, after the fall of communism. The focus now falls upon product and how it may be improved and represented to a more sophisticated market. Quality and branding now rise to the fore but to ensure the issues are addressed, soundings are taken from local, Greek and international wine professionals as well local consumers. The wine industry is important to the economy of Cyprus. There are 52 wineries but the industry is controlled by four main companies and tied to a local grape variety, Mavro. The grapes are grown by people independent of the wineries and there has been a long standing issue – affecting wine quality - about the distance between where the grapes are grown and the wineries themselves. The methodology employed focus groups, depth interviews and an email survey. The respondents, were local consumers and wine experts who fell into three groups: local Cypriot, Greek and International. Cyprus is a small divided island, the industry is fragmented and dominated by very powerful international competitors who dictate terms and conditions which often influence the local wineries. There is also great secrecy and unwillingness on behalf of the local wineries to work together which serves to perpetuate the existing weaknesses and works against attempts to develop branding associations with Cyprus. Necessary change will require the adoption of branding which in turn will require greater investment in the product and then its promotion and labeling.

Keywords: Brand; brand building; image; reputation; Cyprus wine.

Branding and the Cyprus Wine Industry

Introduction – Cyprus and its Wine Heritage

Cyprus has the longest history of wine making in Europe and Europe accounts for three quarters of the world's wine production. Historical evidence establishes wine being produced in the eastern Mediterranean area between 5000-4000 B.C. Cyprus is considered to be among the first countries to practice viticulture (Johnson and Robinson, 2001). Modern excavations have established that during the Hellenic (Classical) Age, there existed a wealthy and remarkable society whose prosperity seems to have originated from and depended on viticulture, wine production and wine trading. The role of Cyprus as a wine producing country was further highlighted during the period of the Lusignans (1149-1489) and Venetians (1489-1571). During the Middle Ages, Cyprus maintained close links with the Crusader nations and so a sweet wine called *Commandaria*, gained international fame. According to the historian Ludolf von Suchen, who visited the island between 1336 and 1341, *Commandaria's* trade, was controlled by the Crusader conquerors of the island, the Knights Templar, who arrived on the island in the 12th century and this became their source of their wealth and prosperity (Kythreotou, 2003).

The development of Cyprus in the field of viticulture and wine-producing ended in the latter half of the 16th century with the Turkish Ottoman occupation. During virtually this entire 300 year period, wine producing would receive little attention. A further important stage in the history of Cyprus wine took place in 1878 when British control over the island replaced the Turkish Ottoman rule. Taxation changes that were enacted had the effect of kick starting the local wine making industry once again. The big four Cyprus wineries – KEO, ETKO, SODAP and LOEL - developed and prospered during this era. In the 1960's, Britain accounted for half of the island's wine production which was going into sherry but in 1996, the European Commission ruled that only fortified wine from Jerez could be called sherry. The other main market for Cyprus was supplying large volumes of low quality wine to the Soviet Bloc countries but this, too, fell away with the collapse of communism around 1989. Within the space of a few years, Cyprus had lost its main exports and its export markets. Volumes of wine traded fell from over 200,000 tonnes in the 1980's to 24,000 tonnes in 2006.

Membership of the EU also meant an end to export subsidies. There is no volume market today for low quality wine and so the response has been to address quality and introduce new internationally popular grape varieties such as Cabernet Sauvignon. Incentives have been offered to the wine growers and a new Appellation of Origin was created in 2007. Regional wineries were also developed close to where the grapes were produced to avoid the quality problems associated with transportation over long distances. From these actions, it becomes clear that Cyprus is seeking to become internationally competitive both in terms of quality and price. Branding has progressively become more and more important to the Cyprus wine industry as a means of differentiation and competitive advantage. . According to figures produced by the Wine Products Council in 2006, vineyards used exclusively for wine making covered an area of 12.358 hectares of which (website 1 - www.wpc.org.cy/downloads/ANNUAL%20REPORT%202006.pdf), 9.350 hectares (76%) was made up of domestic varieties and the remaining 3.009 hectares (24%) of international varieties. In comparison with 1999, the land assigned to wine growing was down 5.702 hectares. and there was a notable decrease in local varieties. This may have been influenced by subsidies given by the Cypriot government to remove indigenous varieties like Mavro that do not offer very good wine results. International varieties have decreased to a lesser extent.

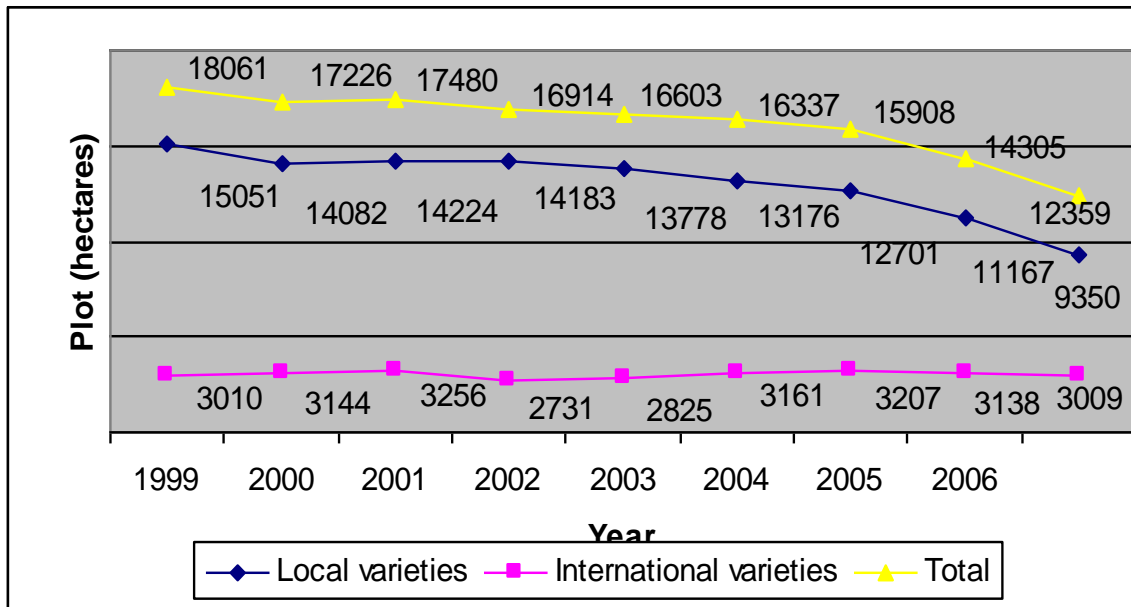


Figure 1 : Configuration of Viticultural Dynamics (1999-2006)

Source: website 1 - www.wpc.org.cy/downloads/ANNUAL%20REPORT%202006.pdf

Exports of Cyprus wine have been declining in recent years and are now at 3.4 million litres compared to 22 million litres in 2003 and 45 million litres in 1999. Domestic sales have increased only moderately while the per capita wine consumption increased from 13.5 litres in 1996 to 21 litres in 2006 so imports are taking hold. Sales of imported wine have increased from 0.71 million in 2000 to 1.16 million in 2003 and 3.5 million in 2006. Before looking at per capita consumption figures, it has to be borne in mind that while Cyprus has a population of around 800,000 it has an annual intake of 2.5 million tourists of whom approximately 1.5 million are British, who are able to drink Cyprus wines in the UK through the Coop and its Island Vines brand. While the British have traditionally not been the most discerning of wine drinkers, quality is becoming more and more important even to this market.

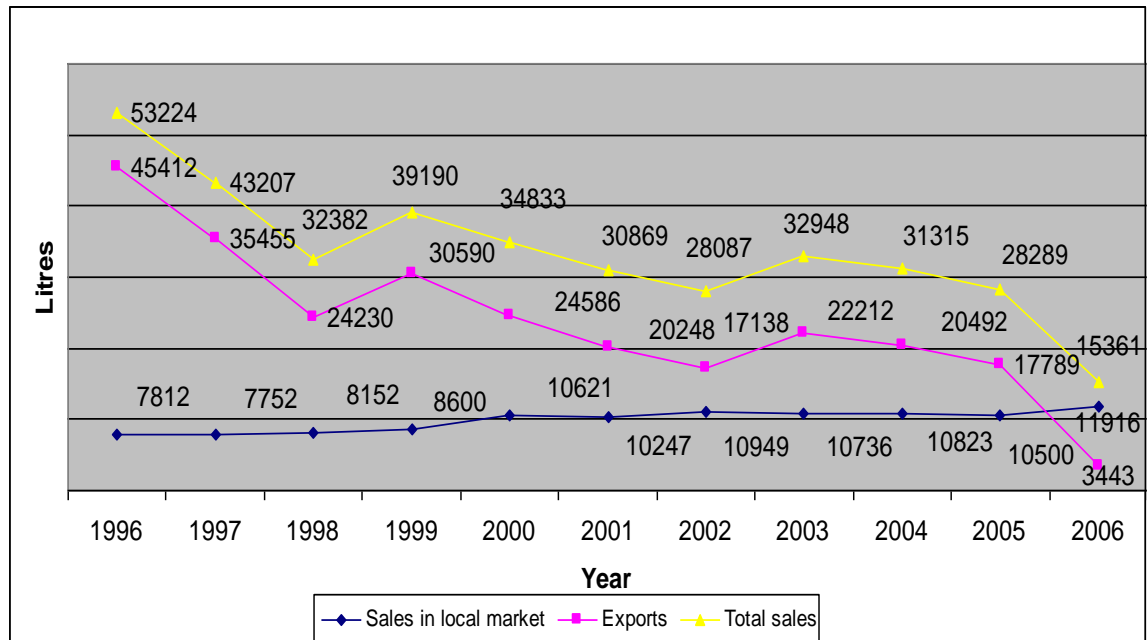


Figure XYZ: Sales of Cypriot Wine in the Local and International Market (1996-2006)
Source: website 1 - www.wpc.org.cy/downloads/ANNUAL%20REPORT%202006.pdf

Consumers expect differentiation and to be met with choice and so the Cypriot wine maker, in order to cope with the demands of consumers, need to continue to invest in quality and innovation.

Branding and the Cyprus Wine Industry

Branding has many characteristics or facets and so many possible advantages in terms of identifying and profiling a particular product. Definitions vary. A brand is a singular idea or concept that a product owns inside the mind of the prospect (Ries, 1998). A brand usually comes in the form of a name, term, sign, symbol or design, or a combination of these and is intended to identify the goods or services of sellers and to differentiate them from those of competitors (Kotler, 2003). Taking this further, Levitt (1986) stated that the successful seller must surround his product with a cluster of value satisfaction factors, providing a total proposition to customers and a reason to buy. Kotler (2003) stipulates that a brand is essentially a seller's promise to consistently deliver a specific set of features, benefits, and services to buyers. It is a promise as to what a product/service or a company can deliver. de Chernatony and McDonald (2003) postulate that a successful brand is an identifiable product, person or place, augmented in such a way that the buyer or user perceives relevant unique added value that matches their needs most closely.

Powerful brands have high brand equity which brings with it higher brand loyalty, reputation, credibility, awareness, perceived quality, brand associations and other assets such as trademarks and channel relationships which also provide a defense against fierce competition.

According to Blery and Antoniadis (2006) the global spirit market reached a value of 167.2 billion dollars in 2003, having grown with compound annual growth rate of 1.9 per cent in the 1999-2003 period. Further, the wine market of today is characterized by an ever-increasing plethora of brands (Bruwer, 2004). In addition, Reid (2001) argues that the

wine industry is having to cope with the events that typify such epochs: retail sector consolidation; proliferation of brands, fragmentation into a multitude of market segments; and overproduction (Mora, 2006). In this crowded marketplace it is therefore becoming increasingly difficult to differentiate a wine product from its competitors (Johnson and Bruwer, 2007).

Branding is a vital competitive tool of critical importance regardless of the industry, the product or service. While many wineries are witnessing a slowdown, it is not true of them all. Many of those which are not, possess strong brand names. The success of a brand is the responsibility of everyone in the organization. Building brands is very important in a wine market where the consumer can be overwhelmed with choices. In having a strong brand, a company enjoys cost-effective marketing campaigns, greater trade leverage, and higher margins and confronts product line extension with ease. Cyprus had trade for years with the generic classification 'sherry' until it was withdrawn by the EU. Cyprus therefore knows the advantage of being able to trade on known labels and expectations.

Branding in the wine industry is becoming increasingly important.. In June 1996, the Australian Wine Foundation released *Strategy 2025* a statement of aspirations and goals for the Australian wine industry. *Strategy 2025* addresses Australia's competitiveness, market opportunity, resource requirements and the government facilitation required to fulfill that industry vision. They identified a number of key objectives critical to the ultimate realisation of this vision. Those objectives are to

- (1) enhance the image and reputation of Australian wine;
- (2) entrench innovation as the growth driver of industry competitive advantage;
- (3) enhance wine style in quality, purity, uniqueness and diversity;
- (4) establish global leadership in specific branded market price segments;
- (5) capitalise on market growth opportunities by expanding industry capacity;
- (6) extend the scope of industry participation in complementary business sectors; and
- (7) improve profitability.

In adopting these objectives, it is important to realise that Australia's industry growth and development will occur gradually. Though Australia is not considered a benchmark for Cyprus, Cypriot practitioners nevertheless monitor what is taking place in Australia .

The wine industry internationally is very fragmented and offers a very wide range of brands and grape varieties, which creates a problem for brand recognition and complicates the sales process (Andrew, 2002). It is considerably difficult and costly for a sales team to simultaneously push a number of different brands, each consisting of multiple varieties (Wine Business Monthly, 2002).

For Cyprus no research has been undertaken up to the present day, to portray the importance of branding in the wine industry and the benefits deriving from brand building.

Research Aim, Scope and Methodology

Evidently, the competitive environment has prompted many academics to comment on the need for increased emphasis on branding to ensure success in the future (Reid, 2002; Beverland, 2000; Getz, 2000; Lockshin, 1997). However, despite the general consensus and the vital role that brands play in the successful marketing of wine, there appears to be a paucity of empirical research into branding in the wine industry (Mowle and Merrilees, 2005).

This research seeks the perceptions of local consumers as well as local, Greek and international wine experts (non Cypriot or Greek) on the Cyprus wine industry. By the term "wine experts", we refer to people in Cyprus and overseas , who are professionals

working in the wine industry, including oenologists, sommeliers, wine makers, wine journalists, owners/managers/ directors of wine companies, wine instructors and cellar owners. This research aims to outline the main problems evident in the industry and examine the factors that consumers value as important when buying and consuming wine. This will allow recommendations to be made in the areas of marketing and more specifically, in branding. The input of experts was of paramount importance not only in understanding the problems and deficiencies evident in the market, but also in extrapolating visible opportunities and recommendations for the industry.

The study used both qualitative and quantitative research methods. Primarily this research was qualitative in nature since its main aim was to uncover people's views, perceptions and experiences. Qualitative research is a very popular research method in social sciences. It is often a broad term which describes research which focuses on how individuals as well as groups view reality and understand different phenomena. Qualitative research is an approach to research that uses a variety of methods and involves an interpretive approach (website 2 - Denzin and Lincoln 1994) dealing with exploring the way that people make sense of their social worlds and how they express these understandings (Deacon *et al* 1999). Researchers that adhere to this perspective are interested in exploring people's attitudes, motivations, and subjective experiences (Daymon and Holloway 2002).

Quantitative methods were also used. Quantitative research is a widely used method in social sciences. The objective of this method is to develop and employ mathematical models, theories and hypotheses pertaining to natural phenomena.

With the first category (local Cypriot wine experts), both interviews and focus groups were used. For the second stage (Greek wine experts), interviews were held in Greece. For these two categories, qualitative research was used. Finally, for the other international experts, an email questionnaire was seen as being most appropriate. This was of a quantitative nature. The sampling procedure used falls to non-probability and specifically a purposive/judgmental sample (Saunders et al., 2003).

In relation to the consumer focus groups, four focus groups were held in Nicosia, Larnaca, Limassol, and Paphos. All focus groups were held with ten participants, who belonged to the 18-60 age range. The focus groups included individuals who were occasional users of wine and other alcoholic drinks and had a good knowledge of wine. The researchers acted as moderators and observers and used an interview guide in all of the group interviews. The focus group discussions led to the collection of in-depth qualitative data regarding consumers' attitudes towards wine consumption, life styles, and purchase decision making.

Five exploratory interviews in Cyprus, provided an indication of the overall situation in the Cyprus wine industry. Exploratory interviews led to the effective design of the interviews, focus groups and email questionnaire that followed. Further to this, ten in-depth semi-structured interviews were conducted and five focus groups were held with twelve participants in each.

For the primary interviews held in Greece with the Greek wine experts, twenty in-depth semi structured interviews were undertaken. These interviews lasted between one and a half to two hours each. As a result of the proximity of Greece to Cyprus and the tight relationship between the two countries, the input and knowledge of Greek experts has proven to be highly significant. Their input in presenting their perceptions, understanding

and recommendations for the Cyprus wine industry, in relation to branding, marketing and production, was indeed highly valued.

Finally, research among international wine experts consisted of a structured email questionnaire to 100 participants. Based on non-probability and specifically convenience sampling, the questionnaire utilised both closed and open-ended questions. Closed questions provided a number of alternative answers from which the respondent could choose and the open ended questions allowed respondents to provide answers in their own way.

Regarding the profile of the respondents, the questionnaire targeted adults currently working in the wine industry and included both males and females from 3 continents; Europe, America and Africa. 59 % of the respondents are males and 41 % are females, while 42 % work in Europe, 27 % in African and finally 31% in America.

The questionnaire was piloted with three participants and then circulated. This involved three follow ups which sought to remind and encourage respondents to complete and return the questionnaire on time. The systematic data collection through semi-structured interviews, focus groups and questionnaires allowed for the analysis and presentation of findings.

Research Analysis and Findings

Interviews and focus groups with Cypriot wine experts

To gain an insight into the Cyprus wine industry, interviews were held with local wine experts with the aim of examining, understanding and portraying the perceived benefits and drawbacks evident in the wine industry. Capitalizing on the strengths and improving the apparent weaknesses can help design an appropriate branding strategy.

The history of Cyprus as a wine producing country was recognized as a strong competitive advantage. This may be seen as a strong selling point to be used for brand building. It is also generally accepted that the terroir (soil, landscape and climatic resources) found on Cyprus can help develop high quality wine. One responded said: "Cyprus terroir is one of the best in the world. We should use this for our benefit as it can allow us produce full bodied wines of a very good quality".

Exploratory research indicated that lack of education was an important drawback. This was evident across all levels; wine makers, customers, distributors and restaurants were not equipped with the necessary wine-producing skills or the appropriate handling and storage facilities. Even though the technology used for wine making was appropriate, wine producers were not always qualified or educated. Furthermore, Cypriot wine consumers lacked basic knowledge in relation to wine keeping, serving, drinking and enjoying. An oenologist commented that "lack of education is our biggest problem. We should all work hard to overcome this for the benefit of the industry in general." Finally, branding and marketing related issues, country of origin, friends and peers highly influenced their wine purchasing decision.

In Cyprus, the main local grape varieties used are Mavro (for red wine) and Xynisteri (for white wine). These grape varieties (especially Mavro) are not very aromatic and therefore do not provide optimum results in relation to the complexity of wine. The average Cyprus wine is light, fresh and for immediate drinking. It is not fruity, mellow or easy to drink or even balanced. However, it is generally accepted that when these indigenous varieties are

blended with other international, more aromatic varieties, they can give very good results. Improved grape harvests are now resulting from new vineyards at higher altitudes on the lower Southern slopes of the Troodos mountains. Cypriot wine experts have stressed that the existence of indigenous varieties could differentiate Cyprus on the wine map and distinguish them from the new world countries. As customers are always looking for something different and unique, a well planned and implemented communications approach could highlight those distinctive selling propositions. A winery owner stated: “we can produce wines that are unique and cannot be found anywhere else in the world; and this is because we can use indigenous grape varieties like Maratheftiko. If we manage to produce high quality wines by using mainly local grape varieties then we have something different to offer to consumers”.

Appropriate care was not always taken in handling and storing wine in local supermarkets and restaurants, with most places lacking the appropriate technology necessary for the storage of wine. As a winery general manager stated: “this is another big problem that we face. I very often distribute wine to restaurants that do not have the basic technology to store it. This is for me unacceptable; and what do we do? I am afraid nothing”. This, together with the very high temperatures in Cyprus during winter and summer, negatively affects the quality and taste of wine.

Secondary research had identified that the top selling wines in the world are branded.(Harpers, 2004). They focus on the use of a brand name and they offer specific varietietals as alternatives to consumers. Their labels are usually very attractive and sophisticated. In Cyprus, however, Cypriot wine producers make no effort to develop branding where brand names often derive from Greek mythology or history. Similarly, as most wineries are small family businesses, some wine producers use their family surnames or family members’ names on the label.

It is commonly recognized among local wine experts that the shelf price for Cypriot wine is expensive and higher than that for other wine producing countries, especially those of the New World which offer very good value for money. “This is true, at some extend, but local wine cellars overemphasise this and push consumers towards purchasing wines imported from Chile, California, South Africa and Argentina. This is as they say better and cheaper” (wine journalist). Finally, marketing efforts are limited and promotion is rarely used. EU regulations veto what was previously allowable prior to EU accession.

Interviews and focus groups with local wine consumers

This research identified that local consumers drank wine when socialising and on special occasions (to celebrate). Interviewees claimed that even though beer and vodka were the most highly preferred alcoholic drinks, the number of Cypriots drinking wine was increasing. A consumer stated: “wine is very trendy nowadays. It is a lifestyle statement for many, especially younger people. Wine makes people look more sophisticated to their peers and friends”.

Wine is perceived to be a drink which should be enjoyed among friends and family members since it is viewed as having the following qualities: ‘romantic’, ‘special’, and ‘aristocratic’. Consumer preference towards red or white wine was determined primarily by the type of food being eaten (for example, Cypriots prefer to drink white wine with fish and red wine with meat dishes) and are influenced also by the season (for example, there is a preference for the consumption of white wine in the summer months and for red in winter). “I prefer drinking white wine most of the time; and this is mainly because of the very high temperature especially during the summer period” (wine enthusiast).

Wine tasting events, packaging and advertising can have an impact on wine preferences and consumption patterns. Specifically, when consumers were asked which information sources they used to evaluate various alternatives, they claimed that they relied less on advertising and more on wine tasting. Further, Cypriot consumers (especially women) often use the packaging of a product (bottling and labelling) as an indicator on which to make their purchase choices. A wine consumer added: “I would say that my knowledge regarding wine is moderate. I sometimes make a purchasing decision by giving emphasis on the shape of the bottle and design of the label. I know this is not completely true, but this is important for me”.

When participants were asked to identify the factors which influenced their purchase choices, they identified advertising, price, packaging and word of mouth as the most important. There was some uncertainty regarding the relationship between price and quality. Consumers do not generally believe that a wine with a high price will necessarily be best; whilst those consumers who have a good wine knowledge claimed that they are not influenced by price. An interesting finding was that the mass production of local wine by the big wineries in order to decrease prices and increase demand has had a negative impact on the image of local wine.

Finally, consumers believe that restaurant owners and waiters should be trained so as to have a good knowledge and understanding of local wine in order to be in a position to offer better advice to consumers. “Waiters in restaurants are not properly trained. Their product knowledge is limited so they do not really offer any reliable advice to consumers. They do not even really know how to present and serve wine properly” (wine connoisseur).

Interviews with Greek wine experts

This section provides an analysis of the interviews held with wine experts in Greece.

Respondents indicated that the Cyprus wine industry was similar to that of Greece at a previous stage in time, which is not necessarily a negative factor.

The quality of local wine was described simply as ‘average’. If compared against foreign wines, Cyprus wine was vastly inferior in terms of quality and more expensive in terms of price. It was recommended that wine makers should concentrate on producing consistently better quality wine and should strive to offer value for money. Wine quality might also be improved if wine makers in Cyprus were to develop their know-how, acquire external expertise, and work more closely with one another.

Greek wine experts stated that the Cyprus wine industry has high potential to expand and develop. Developments in terms of quality, together with appropriate marketing techniques and branding strategies, could increase market volume, value and share. A winery Associate General Manager added: “Cyprus tradition as a wine producing country, together with a wide spectrum of other factors like the terroir and the indigenous varieties that exist in the island for thousands of years can be used to differentiate against competition”. Problems arising from low quality generic house wine served in most Cyprus restaurants (some serve exclusively house wines) can dilute the image of the local wine industry. “This is a problem that we face in Greece too” (wine journalist and book author).

Greek experts stressed that branding in the wine industry should be developed by focusing on the historical heritage of Cyprus in relation to wine, which represents civilization, culture, religion, heritage, and also provides a lifestyle symbol. A wine consultant stated that: “this is the message that should be transmitted to the consumer. The fact that wine is

curative should also be indicated. Cypriot wine producers should also perhaps use the international acceptance of Commandaria as a step towards successful acceptance”.

An operations manager of one of the biggest Greek wineries commented that: “different wines should be produced for different target market groups”. This was supported by a Sommelier who stated that “fresh, easy to drink, young, and cheap wine may be produced for young people and more distinct, mature and premium wine for older people, who are willing to pay more”. Again, another way to increase market share in both local and international markets is to attract tourists by promoting local wine, using foreign varieties blended with indigenous ones.

Currently, Cypriot wine producers work alone without sharing any form of expertise or knowhow. The culture is rather competitive and wine producers do not cooperate with one another. At the same time, only a few wineries will receive advice from a professional oenologist. A winery owner indicated that: “cooperation between wine producers is of paramount importance. This can be in the form of establishing new associations or in the form of achieving economies of scale by sharing expertise and costs associated with the employment of a full time oenologist and sommelier. This is exactly what we did and believe me it works”.

Vineyards in Cyprus are not privately owned. Wine producers in the main are purchasing grapes from various distributors, basing their decision on the quality of the grapes and on the price. An oenologist emphasized that: “Cypriot wine makers need to understand that everything starts from the vineyard”. It was therefore suggested that wine makers need to be able to fully control the quality of the grapes used and for this reason, vineyards should be privately owned by the wine makers. If this is not feasible and vineyards are not privately owned, the vineyards and the quality of the grapes grown require to be strictly regulated.

Email questionnaire survey among international wine experts

Respondents rated the quality of both the red and white wines as ‘average’. On the other hand, they described Commandaria as one of the world's great, classic, wines. Overall, the quality of Cypriot grape varieties was perceived as being ‘average to good’, with 35% rating it as ‘average’ and 28% as ‘good’. Furthermore, 83% of respondents stated that Cyprus needs to focus its efforts in producing wine from local grape varieties. Even though Cyprus is privileged in having a number of indigenous grape varieties, these require hard work to provide good results. , Native varieties such as Maratheftiko and Ophthalmo show high quality potential and are producing wines at the upper end of being ‘good’. On the other hand, it was doubtful whether either Xynisterie or Mavro would be able to make anything other than wines that were ‘average to lower end’.

Cyprus does not always offer value for money. Low (46%) and average (37%) quality wines offer value for money, however, the higher quality wine was overpriced, according to 62% of respondents. As was already indicated, a new pricing strategy is needed to achieve customer satisfaction and loyalty. As island viticulture is expensive, it will always be very difficult to compete on international grape varieties with Chile or Argentina. Thus, something distinctive needs to be offered. Consequently, the island's native grapes should be used to attract the adventurous consumer who is looking for something different. Internationally popular grape varieties could be used to reassure the more cautious consumer and instil confidence in experimenting with indigenous Cyprus varieties. As the international experts have indicated, the main point of differentiation for Cyprus should be the focus on indigenous grape varieties. They argue that Cyprus wine makers should

produce better wines from native grapes and then promote them on their unique flavours. They have criticised the Government for trying to restrict the use of native grapes and encourage further plantation and production from foreign varieties.

Overall, 42% of respondents stated that the technology used in Cypriot wineries was sub-optimal. However, there is some evidence of recent improvement. The use of modern methods of vinification has led to the production of some well made wines which are pleasant and easy to drink. Respondents commented that Cyprus had excellent potential to produce good wines, but some serious remedial work had first to be undertaken. The fact that the Cyprus wine industry has concentrated in the past on very basic, high-volume wines needs to be turned around. Cyprus needs to convince consumers that it can improve and make wines better than those which it offered in the past. The market has moved on.

In addition, international wine experts recommend further changes that need to be made in terms of

- 1) concentrating on native grapes which offer optimum results;
- 2) restricting cultivation and developing quality;
- 3) identifying the right price level that will offer value for money and customer satisfaction;
- 4) updating the current wine making technology and viticulture using better marketing and promotional techniques;
- 5) increasing professionalism;
- 6) developing collective cooperation;
- 7) focusing attention on vineyards; and
- 8) employing professional oenologists and sommeliers.

It is commonly stated that the Cyprus wine industry has room for improvement, 92% of respondents claim this!

Concluding Remarks

The history of Cyprus and the history of wine have been inextricably linked for millennia. Even though today, the Cyprus wine industry is facing a number of problems, it is making significant efforts to develop its processes in grape cultivation and wine production. It is anticipated that the findings of this research will aid practitioners in improving their current practices and procedures. Corrective action could benefit the wineries in Cyprus as modifications and developments may then allow them to stand out from the competition, develop and hopefully sustain a competitive advantage.

Figure 1, which follows, outlines the considerations for developing the brand in the Cyprus wine industry, as identified and examined in this research. It illustrates those determinants which will enhance quality development and those related to marketing and branding. It should be noted that these determinants are interrelated and cannot be separated, otherwise the result will be confused and confusing.

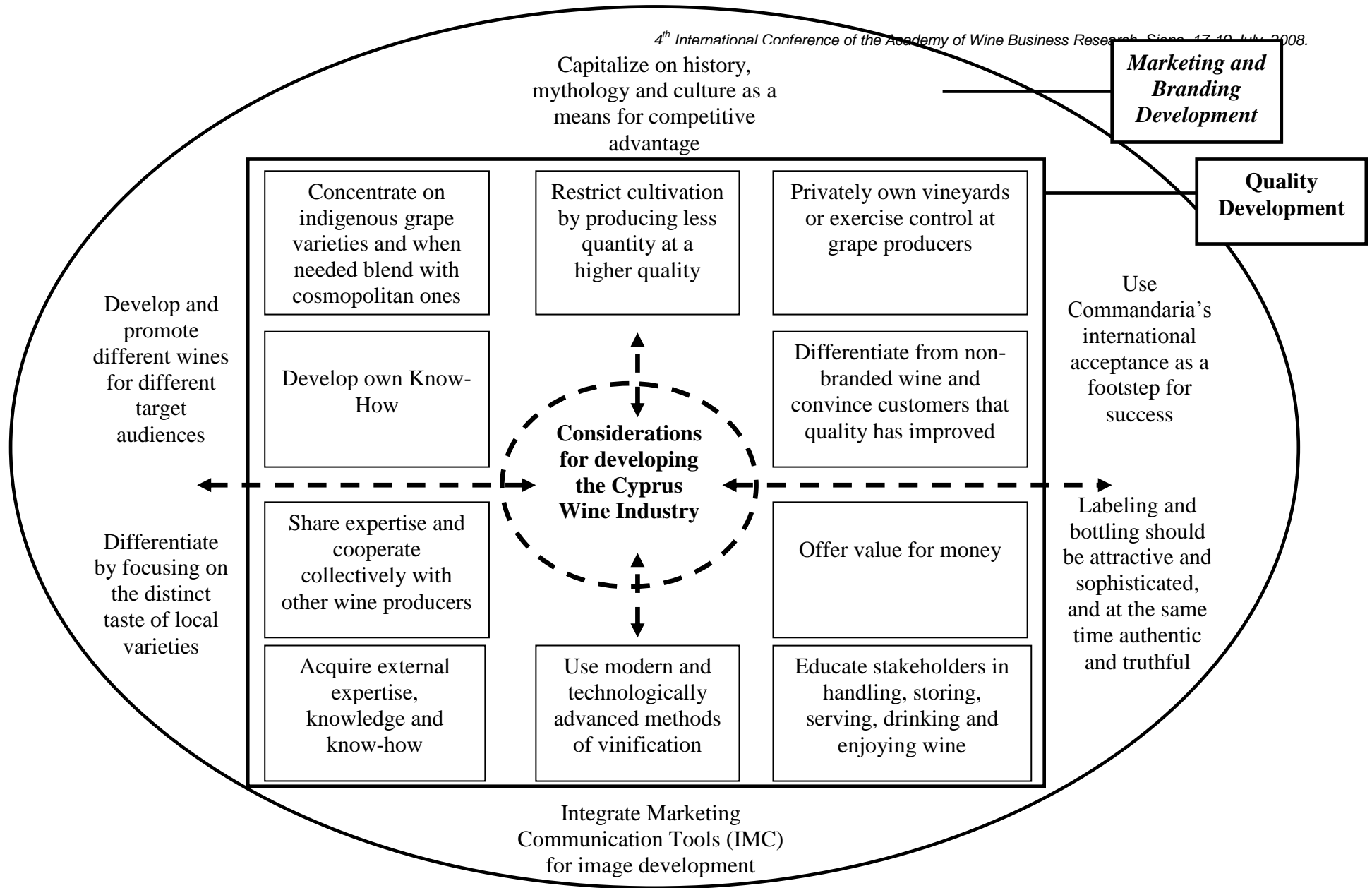


Figure 1: Considerations for Developing the Cyprus Wine Industry: Building the Brand.

Brand building can be effective if issues which differentiate Cyprus as a wine producing country are promoted to consumers as competitive advantages. To begin with, the history, mythology and culture of Cyprus as a wine producing country should be emphasized in order to attract attention and receive wider acceptance from wine consumers. Secondly, Cypriot indigenous varieties can also differentiate Cyprus on the wine map and this could be used as a point of differentiation to make Cyprus unique, if compared with New World wine-producing countries. Moreover, it is strongly recommended that the international acceptance, success and the recognition of Commandaria be used as a first step towards success. In addition, different kinds of wine should be produced for different target market audiences. Finally, as consumers are always looking for something different and unique, a well planned marketing mix, can highlight different and distinctive selling propositions.

Branding is important, however, its effectiveness is dependent upon quality. Wine quality can be improved only if wine makers in Cyprus develop their knowhow, acquire external expertise, and work collectively. Furthermore, stakeholders' lack of wine education needs to be addressed in order to develop their knowledge in handling, storing, serving, drinking and enjoying wine. Moreover, consumers need to be convinced that quality has improved in recent years and that Cyprus wine has progressed beyond generic house wine.

Cooperation between wine producers is of paramount importance. This could be in the form of establishing new associations or in the form of achieving economies of scale by sharing expertise and the costs associated with the employment of a full time oenologist and sommelier. A number of changes are being recommended that need to be implemented in order to allow branding, quality and marketing techniques to be further developed. These are in terms of: concentrating on native grapes which offer optimum results, restricting cultivation and developing quality, identifying the right price level that will offer value for money and customer satisfaction, updating the current wine making technology and viticulture, using better marketing and promotional techniques, developing knowhow, increasing professionalism, forming collective cooperation, focusing attention on vineyards, obtaining professional advice, employing professional oenologists and sommeliers. There is a need for cooperation among the key actors in the industry to coordinate a focus on quality.

In relation to promotion, more attention needs to be given to wine tasting events and wine exhibitions. Provided that the quality of wine is good, these events will reap benefits through word of mouth, as customers tend to be loyal to brands they have tasted in the past and have enjoyed. Other promotional tools such as sales promotion, retail displays and advertising are of lesser importance and no major investment should be made there.

Unfortunately, as was already stated, vineyards in Cyprus are not privately owned. Consequently, it is strongly recommended that wine makers should be able to control fully the quality of the grapes produced. Cultivation needs to be restricted to producing a lower volume of higher quality. When examining the present quality of Cyprus wine against the offered shelf price, there is no value for money proposition being presented. Therefore, a new pricing strategy needs to be implemented in order to create customer satisfaction and develop loyalty.

As island viticulture is expensive, something distinctive needs to be offered. Consequently, the island's native grapes should be used to interest the adventurous consumer, looking for something different. In the first stage, wines from indigenous grape varieties may be blended with international varieties, in order to provide the cautious

consumer with the confidence to try wine from local grape varieties. Later, once indigenous grape varieties have been adopted, wine producers can bottle and sell wine uniquely from these varieties.

A strong brand name carries high credibility, loyalty, name awareness, perceived quality and a strong brand association. Subsequently, the company can then launch line and brand extensions more easily. Branding can differentiate a wine from other national and international competitors, offering a defence against competition. It seems, then, that local wine producers have a great deal of work to undertake before they can start to enjoy the benefits of strong brands .

References

- Andrew, A. (2002), "Globalization of the Wine Industry", *Wine Business Monthly*, Vol. 9, No. 4, April 01.
- Appel, T. (2001), "Sputtering Economy Puts Squeeze on Winemakers", *The Press Democrat*, September 1, p. A1.
- Aristidou, G. A. (1990), *Cyprus Wine*, Nicosia: Cyprus.
- Beverland, M. (2000), "Crunch Time for Small Wineries Without Market Focus?", *International Journal of Wine Marketing*, Vol. 12, No. 3, pp. 16-30.
- Blery, K. E. and Antoniadou, L. (2006), "Traditional 'Zinana': a Case Study of a Cypriot Distillery", *International Journal of Wine Marketing*, Vol. 18, Iss. 2, pp. 112-123.
- Bruwer, J. (2004), "The Love Affair of Generation X Consumers with the Winery Cellar Door", *The Australian and New Zealand Grapegrower and Winemaker*, December, pp. 19-24.
- Cooper, Ben (2005), "The Wines and Wine Markets of the new EU States – 2005 Management Briefing – Cyprus", *Just-Drinks*, December, pp6-10.
- Daymon, C. and Holloway, I. (2002) *Qualitative Research Methods in Public Relations and Marketing Communications*, Routledge: London.
- Deacon, D., Pickering, M., Golding, P. and Murdock, G. (1999) Researching Communications: A practical Guide to Methods in Media and Cultural Analysis. London: Arnold.
- de Chernatony, Leslie and Malcolm McDonald (2003), "Creating Powerful Brands, 3rd Edition, Elsevier: Butterworth Heinemann, Oxford.
- Denzin N.K. and Lincoln, Y.S. (1994) Introduction: Entering the field of qualitative research. In N.K. Denzin and Y.S. Lincoln (EDs.). *Handbook of qualitative research* (pp. 1-17), Thousand Oaks, CA: Sage.
- Domine, A. (2001), *Wine*, Cologne: Konemann Verlagsgesellschaft mbH.
- Getz, D. (2000), "Explore Wine Tourism: Management, Development and Destinations", Cognizant Communication Corporation, New York, NY.
- Harpers (2004), *The Wine and Spirit Weekly*, 16th July.
- Johnson, R. and Bruwer J. (2007), "Regional Brand Image and Perceived Wine Quality: the Consumer Perspective", *International Journal of Wine Marketing*, Vol. 19, Iss. 4, pp. 276-296.
- Kotler, P. (2003), *Marketing Management*, 11th Edition, Pearson Education: Prentice Hall.

- Kythreotou, F. (2003), *The Book of Cyprus Wine*, Nicosia: Intercollege Press.
- Levitt, T. (1986), *The Marketing Imagination*, London: Simon & Schuster.
- Lockshin, L. (1997), "Branding and Brand Management in the Wine Industry", *Australian and New Zealand Wine Industry Journal*, Vol. 12, No. 4. pp. 386-407.
- Mariti, Giovanni (1984), *Wines of Cyprus*, Nicholas Books.
- Marsh, H. (2001), "Wine Branding Gains Respect", April 26, Haymarket Publishing, London, p23.
- Mora, P. (2006), "Key Factors of Success in Today's Wine Sector", *International Journal of Wine Marketing*, Vol. 18, Iss. 2, pp. 139-149
- Morgan, Robert E., Sarris, Georgios, (1992), "The International Marketing of Cyprus Wines: A Case Example – The UK Market", *International Journal of Wine Marketing*, Vol. 4, Iss. 1, pp. 44-64.
- Mowle, J. and Merrilees, B. (2005), "A Functional and Symbolic Perspective to Branding Australian SME Wineries", *Journal of Product and Brand Management*, Vol. 14, Iss. 4, pp. 220-227.
- Parker Philip M. (2006), *The 2007 Import and Export Market for Wine Made from Fresh Grapes or Grape Must in Cyprus*, ICON Group International.
- Ries, A. (1998), "Checking the Brandbook," *Brandweek*, BPI Communications, November 9.
- Reid, M. (2002), "Building Strong Brands Through the Management of Integrated marketing Communications", *International Journal of Wine Marketing*, Vol. 14, No. 3, pp. 37-52.
- Reid, M. (2001), "Integrated Marketing Communications in the Australian and New Zealand Wine Industry", *International Journal of Advertising*, Vol. 20, p. 239.
- Saunders, M., Lewis, P. and Thornhill, A. (2003), *Research Methods for Business Students*, England: Prentice Hall- Financial Times (Harlow, Essex).
- Skinner, Patrick A. L., (1994), "Cyprus Update: Sunny Smiles from an Industry in Transition", *International Journal of Wine Marketing*, vol. 6 iss. 3/ 4, pp41-7.
- Skinner, Patrick A. L., (1993), "Cyprus Wine: Another Perspective – A Product-based Marketing Analysis", *International Journal of Wine Marketing*, vol. 5 iss. 1, pp75-89.
- Johnson, Hugh and Jancis Robinson (2001), *The World Atlas of Wine*, Mitchell Beazley, London.
- Vrontis, D. (2007), "Brand and Product Building: The Case of the Cyprus Wine Industry", *The Journal of Product and Brand Management*, vol.16 iss.3, pp159.

Vrontis, D. (1998), “Strategic Assessment: The Importance of Branding in the European Beer Market”, *British Food Journal*, Vol. 100, No. 2, pp. 76-84

Wine Business Monthly, April 01, 2002. Vol IX No 4, Wine Communications Group.

Website reference:

Website 1: The Cyprus Products Council,

<www.wpc.org.cy/downloads/ANNUAL%20REPORT%202006.pdf> > [Accessed 5 December 2007].

Website 2: Youngstown State University Computer Services Web Server (2004),

Quantitative Methods [Internet]. Available from:

<<http://cc.yzu.edu/~mftoncar/SMM/Chapter%206%20revised.ppt>> [Accessed 8 May2006].