The appellative "Denominazione geografica" in the marketing of grappa from Trentino.

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Abstract

This paper looks at some aspects of the grappa industry of Trentino and, in particular, a specific component of product policy of the local firms, discussing the role that the local firms assign to the *denominazione geografica* (*DG*), the appellative that gives the geographical origin of the product and is subject to a specific regulation.
After an overview of this regulation and a brief analysis of the grappa consumer, the paper presents the results of a research carried out in Trentino. The structure of the grappa industry is outlined, showing that it is based mainly on small and micro firms, while for the bigger ones grappa is not the main product. The strategic options available to these different categories of firms, are varied and also their approach to *DG* and to its use as a marketing tool is diverse. *DG* is gaining in importance as a marketing tool, at least for firms in this sector. However, it has not the same importance it has for other food products from Trentino. There are varied reasons for the use of *DG* but these highlight a certain tendency to product orientation. *DG* appears, thus, to be a widely used instrument by the firms of Trentino but not in a strong manner in order to distinguish and position the product effectively on the market. There are also indications that several GS firms are overcoming this limit and that they are orientated towards using this instrument in order to occupy niche positions on the market.

1 Introduction

This paper derives from a research carried out in the province of Trento (called also Trentino), in northern Italy, on the local grappa production industry. The aims were, first of all, to ascertain and describe the structure of the industry and, then, to understand how the producers see the trends of this market, what is their perception of consumers' opinions and, consequently, which decisions they make in relation to their marketing mix. This paper considers a specific component of product policy and aim to describe and discuss the role that the firms in the grappa industry of Trentino assign to the *denominazione geografica*, i.e., the appellative that gives the geographical origin of the product and is subject to a specific regulation. *Denominazione geografica* can be expected to play a role in the marketing of the producers for various reasons, foremost among them its strategic usefulness in helping to shift the perception of grappa from a basically undifferentiated commodity to a specialty liqueur. The possibility to contribute to such a shift is linked to the weight that it has in orienting the choice of the consumer. Therefore, this paper aims to answer two main question: i) whether *denominazione geografica* is – at least in the perception of the grappa producers of Trentino – a useful marketing tool because it may influence consumers' buying decisions; ii) whether they use it as an instrument to shape consumers' attitudes towards grappa.

Since the area of origin is one of the most distinctive factors of food products, using *denominazione geografica* as distinguishing positioning trait is a tool for product differentiation. Indeed, if the most important among the many attributes distinguishing a specific grappa is its taste, immediately behind come its smell, its geographic origin and the grape variety used. Therefore, although not all consumers attribute value to geographic origin of the food or drinks they buy, this trait is taken into consideration by a large enough proportion of grappa buyers, to deem it as a noteworthy factor in grappa positioning.

The norms that regulate the allocation of the name *grappa* to the marc brandy produced in Italy and the *denominazione geografica* to some of the Italian grappas are both European and national. The most important of the latter is the DPR 297/97 of 16 July 1997[1], whereby it is established that the name *'grappa'* is reserved only to the Italian marc brandy produced making exclusive use of marc derived from grapes grown and vinified in Italy, distilled in plants located in Italy and satisfying the requisites established by the self same norm (G.U. 12 September 1997). The Italian lawmaker could establish such a clause because Community (EU) norms left to the member states authority to set specific rules to precise the general Community rules. This regulation also establishes that "… geographic denominations …[as listed in the annex] … can take the place or modify the basic denominations…" (EEC Regulation 1576/89, G.U.C.E. 12 June 1989). For grappa, the regulation recognises seven geographic denominations: Grappa piemontese o del Piemonte, Grappa lombarda o della Lombardia, Grappa trentina o del Trentino, Grappa veneta o del Veneto, Grappa friulana o del Friuli, Südtiroler Grappa/Grappa dell'Alto Adige

The DPR 297/97 integrated the EEC norm also in relation to geographic denomination. This Decree establishes that in order to be marketed with a geographic denomination, the grappa must[2]:

[1] Another important and earlier norm is the D. Lgs. 109/92 of 27 January 1992, enacting EEC directives on labelling, packaging and advertising food products.
[2] Gazzetta Ufficiale della Repubblica Italiana, 12 September 1997.

- be produced with "ingredientss derived from grapes grown and vinify in the geographic areas referred to in the denomination";
- have an alcoholometric content not lower than 40% in volume (which is higher than the one established for grappa in general).

Moreover:

- Activities required to market the product (bottling and directly related activities excluded) must be carried out in the geographic areas referred to in the denomination;
- Such grappa cannot be blended with other grappas produced outside the geographic area.

2 The grappa consumer

An evaluation of the importance grappa consumers give to *denominazione geografica* can be obtained looking at literature. According to a research on the knowledge and preferences of grappa consumers (Demoskopea, 2003) the consumers of grappa are still mainly men (even if the proportion of women is increasing), between 35 and 50 years old and of a good socio-economic condition. Grappa has then, lost its old image of a traditional but poor and low-class product that stuck to it for a long time, and has entered with flying colours among high-class alcoholic drinks[3]. Conversely, the tradition is confirmed in relation to the main localisation of the demand: the typical consumer lives in the north-east of the country, in particular in the Triveneto. Only a small proportion (8%) think of themselves as "grappa experts" and the majority has but a limited knowledge of brands and types of grappa. About half of the consumers drink grappa because of its taste (for foreigners: it *is* an acquired taste) and another fifth because it has good digestive properties. The grappa buyer (either for own consumption or as a present) considers first and foremost the taste and smell of the drink (47% of respondents), then the brand (41%) and only afterwards price (24%) and geographic origin[4].

According to another study (INEA, 2001), it is possible to identify two categories of consumers of typical products:

- the *native-consumers*, who want to strengthen or recover the link with their own origins and believe that the typical product puts them into contact with their own roots;
- the *tourist-consumers*, who are "… attracted by the symbols of cultural heritage … that include any type of … testimonial passed on in rituals and customs." (Paolini D., 2000, pp. 16-17).

In general, for both types, the interest for typical products and a general willingness to buy them do not translate automatically in buying behaviour: indeed, in many cases the purchase of such products is an occasional action. However, as far as grappa is concerned, the geographic concentration of the production and the importance of a corresponding geographic localisation of consumption, often accompanied by a strong and sometimes predominant presence of local products in the points of sale, must be taken into consideration. They point to the prevalence of the native-consumer and to a stronger trend towards the purchase of local products (not necessarily with *denominazione geografica*).

[3] This author fully agrees.

[4] However, according to another research the influence of geographic origin on the consumers' attitude is lower than that of the grape variety of the marc. (Odello L., 1990, p.31).

3 The research

The research tried to draw a picture of the universe of the grappa industry in the Trentino. Therefore the data that will be discussed do not come from a sample but from the whole (or almost) population under study. The collection of information was carried out through interviews supported by a questionnaire specifically developed for the survey.
The recognition and selection of the firms to interview was divided into various steps.
First of all, the firms that could belong to the industry were identified:

- all the firms registered in the *registro delle imprese* (the firms' register) with the ISTAT Activity Code 15.91 (activity: production of brandies);
- all the firms that, although not explicitly putting production of brandies among their activities, could in practice make them (activity: production of alcoholic drinks);
- trading firms that, although do not make or bottle brandies, market own label brandies;
- public bodies that as institutional task have activities related to grappa (including its promotion and marketing)

From the list of potential subjects drawn up in this way were deleted, after a telephone survey, all the producers of alcoholic drinks or brandies that in fact are not involved in making grappa, the firms that were not economically active, and those that, although they make grappa, restrict themselves to selling it loose, in bulk, to be bottled by some other firm under another brand. At the end of this process, 53 firms were identified, that make up the grappa industry in the Trentino. 47 of them (88,6%) answered to the questionnaire, submitted through a personal interview, during which further in depth questions were asked.

In this paper, the analysis is divided into two phases: the first is an overview of the structure of the industry in the area, the second is on the use of the *denominazione geografica*, on its role in relation to other characteristics of the product and on possible marketing strategies linked to it.

4 The grappa industry in the Trento province

In order better to analyse the use of *denominazione geografica* as a marketing tool, the firms in the industry have been divided according to the importance the product *grappa* has for them. In fact, for some of these firms grappa is a strategic product, while for some others it is not. Of course, one can expect that such diversity in the importance of grappa in the product range of the firms translates into equally diverse attitudes and policies.

According to the role played by grappa, the industry is made up as follows:
for 34 firms[5], 72% of the total, production or commercialisation of marc brandy is the main or one of the most important activities carried out. These firms assign to grappa a strategic importance. Consequently, they follow with attention the evolution of the industry and are quite attentive to the changes in consumers' attitudes and behaviour;
for 13 firms, 28% of the total, conversely, production or commercialisation of marc brandy is a minor, if not marginal, activity. In some particular cases (some very small firm with an elderly owner) it is indeed the main activity but it has no strategic significance. In any case,

[5] It must be borne in mind that 47 firms out of 53 were interviewed. If all 53 had answered to the questionnaire, the situation would be slightly different (increased proportion for this group). On the basis of knowledge acquired during the research, it is possible to say that out of six subjects who did not answer, four would be among those who deem grappa as strategic and one among those who do not. For the sixth not enough information is available.

firms in this group appear to be not particularly interested in following with attention the evolution of the industry and are inclined towards a passive approach to marketing and commercialising this product.
In the rest of this paper, data and comments will be presented dividing the industry in the two groups: the one for which grappa is a critical product – called GS (Grappa: Strategic) group – and the one for which grappa is not so important – called GN (Grappa: Non-strategic).

A certain difference can be seen between the two groups when looking at the typologies of grappa they sell. Table 1 shows that the firms belonging to the GS group are likely to have a more differentiated product range and to offer a larger number of typologies of grappa.

Table 1: Typologies of grappa sold by the firm

Typologies of grappa	**G S**		**G N**		**Total**	
	N	*%*	*N*	*%*	*N*	*%*
Grappa plurivitigno (diverse grape varieties)	32	94,1	11	84,6	43	91,5
Grappa di monovitigno (single grape variety)	33	97,1	9	69,2	42	89,4
Grappa invecchiata (aged)	17	50,0	5	38,5	22	46,8
Grappa aromatizzata (with herbs or roots)	25	73,5	4	30,8	29	61,7

The single grape (monovitigno) white (not aged) grappa is present in the product range of practically all the GSs, while almost a third of the GNs does not offer it. Moreover, much smaller is the proportion of GNs that deals in special grappas (aged or flavoured with herbs or roots). It should also be said that, although this is not visible from the table, that none of the GN firms has in its product range all four the typologies of grappa, while slightly more than a third of the GSs has the full range.

The distribution of the share of grappa in the total turnover of the firm shows some interesting aspects in the structure of the industry. There are three groupings (see table 2).

Table 2: Share of grappa in the firm's turnover

% turnover due to grappa	**G S**		**G N**		**Total**	
	N	*%*	*N*	*%*	*N*	*%*
From 0% to 25%	2	5,9	7	53,8	9	19,1
From 26% to 50%	6	17,6	1	7,7	7	14,9
From 51% to 75%	10	29,4	-	-	10	21,3
More than 75%	16	47,1	5	38,5	21	44,7
Total	34	100,0	13	100,0	47	100,0

The first comprises one third of the firms: grappa contributes for less than 50% of their turnover (for a fifth, it is less than 25%); this group is evenly split between GSs and GNs, although it, obviously, makes up a much larger proportion of the GNs (61% vs. 23% of the GSs). The second group is composed of firms that obtain from grappa between 50 and 75% of their turnover; only GSs belong to this group. The third group is composed of firms that owe to grappa more than 75% of their turnover; somewhat surprisingly GNs represent one quarter of this group.

Therefore, looking at the distribution of GSs and GNs according to this variable (proportion of turnover due to grappa), the natural assumption, that grappa covers a large proportion of the turnover of GSs and a small one of the turnover of GNs, is falsified: 23% of GSs say that grappa covers less than half of their turnover, 39% of the GNs say that grappa covers more than three quarters of theirs. While this could be expected of the GNs from the way the group is composed (those small firms with an elderly owner, who has no clear successor for running the business and is not much interested in the evolution of the industry explain the distribution of this group), it was less obvious for the GSs that were expected to owe a large-ish share of their turnover to grappa.

Dimension of the firms: employees

All the firms belonging to the grappa industry that are localised in the Trentino are small firms. Half of them (49%) employ no more than two people (see table 3) and another 30% is in the 2,5 to 5 employees class (in calculating the number of employees part-time or seasonal workers were counted as: 1 part-time or seasonal worker = 0,5 full-time workers)

Table 3: Dimension of the firm (employees)

Employees*	**G S**		**G N**		**Total**	
	N	*%*	*N*	*%*	*N*	*%*
From 0,5 to 2	15	44,1	8	61,5	23	48,9
From 2,5 to 5	12	35,3	2	15,4	14	29,8
From 5,5 to 10	5	14,7	-	-	5	10,6
From 10,5 to 20	1	2,9	-	-	1	2,1
From 20,5 to 40	1	2,9	1	7,7	2	4,3
More than 40	-	-	2	15,4	2	4,3
Total	34	100,0	13	100,0	47	100,0

* Note: in calculating the number of employees, 1 part-time (or seasonal) worker = 0,5 full-time workers

Among the GSs there is a clear prevalence of the very small firms. The number of firms decreases rapidly with the increase in size: only two GS firms have more than 10 employees and none ha more than 40. Also among the GNs small firms are predominant. However, in this group the firms concentrate at the two extremes of the size range for small businesses, with nothing in the middle. There are the micro-enterprises, with less than 5 employees (77%) and the bigger firms (in relative terms): three companies (23%) that employ not less than 21 people (and two employ more than 40).

Dimension of the firms: turnover

Also according to turnover most of the firms of the grappa industry in Trentino must be considered small enterprises. Indeed, four fifths of them fall within the definition of micro-enterprises (see table 4). Two thirds of the respondents declared a turnover not bigger than € 400.000 and 81% remains below one million Euro.

Among the GS firms, only one has a big enough turnover to qualify as a medium-sized enterprise and five as small enterprises. While the prevalence of micro enterprises is clear (92%), it is possible to notice a relatively regular distribution across the various turnover classes, with a decrease in the number of firms the higher is the turnover. Among the GN, again the polarisation is evident between the smaller firms (three quarters of the group and almost all in the lowest class) and the bigger ones (23%) that belong, in terms of turnover, to the medium-sized enterprises.

Table 4: Dimension of the firm (turnover)

Turnover class (€)	**G S**		**G N**		**Total**	
	N	***%***	***N***	***%***	***N***	***%***
Up to 250.000	16	47,1	9	69,2	25	53,2
From 250.000 to 400.000	6	17,6	-	-	6	12,8
From 400.000 to 1 million	6	17,6	1	7,7	7	14,9
From 1mln to 2,5 mln	4	11,8	-	-	4	8,5
From 2,5 mln to 5 mln	1	2,9	-	-	1	2,1
From 5 mln to 7,5 mln	-	-	-	-	-	-
More than 7,5 million	1	2,9	3	23,1	4	8,5
Total	34	100,0	13	100,0	47	100,0

Summing up this short overview of the industry, it is possible to notice that dividing the firms according to the strategic role of the product *grappa*, even if it is of great importance, it is not sufficient to give its full picture. In fact, as can be seen from table 5, each of the two groups is structured into sub-groups, defined by the dimensional variables (employees and turnover).

GS firms

Two groupings can be identified, even if one of them is strongly predominant. The first is made up of micro enterprises (up to ten employees and a turnover not higher than€ 2.500.000); they are mainly sole proprietorships or partnership: in this group there are only two limited companies (a Srl and a Spa, both with no more than five employees). This grouping comprises 32 firms, i.e., 94% of the GSs. They are firm that operate in niches and, in some cases, their market is solely local. Some of them, however are present also in foreign markets.

The second groupings is made up by the two remaining GS firms (6% of the GSs). They have between 10 and 40 employees and their turnover is not lower than € 2.500.000. They are joint stock companies (Spa) and their market has a global extension.

Table 5: Distribution of the firms according to dimensions

Employees / **Turnover (€)**	Up to to 2	From 2,5 to 5	From 5,5 to 10	From 10,5 to 20	From20, 5 to 40	More than 40
More than 7,5 million					**1** *1*	*2*
From 5 mln to 7,5 mln						
From 2,5 mln to 5 mln				**1**		
From 1 mln to 2,5 mln		**1**	**3**			
From 400.000 to 1 million	**1**	**3** *1*	**2**			
From 250.000 to 400.000	**3**	**3**				
Up to 250.000	**11** *8*	**5** *1*				

Note: in **bold** GS firms, in *italic* GN firms.

GN firms

Also here two groupings can be identified, even if the first one can be in its turn divided into two sub-groups.

The first one is made up of smaller firms (not more than five employees and a turnover of not more than one million Euro) They are 10 firms, divided into two sub-groups; one comprises five firms (38% of GNs), smallest among micro enterprises (not more than two employees, turnover lower than € 250.000), all sole proprietorships. Grappa generates more than 75% of their turnover. These are the firms that are run by elderly owners, keeping up a family tradition and, perhaps, grappa might become the main activity of a successor, who is not yet clearly seen, but the present owner is not particularly interested in the long term prospects of the industry. The other sub-group also comprises five firms, most are in the same size class as those in the first group but there is one that is slightly bigger (still falling in the micro enterprises class). They are sole proprietorships or partnerships; grappa contributes to their turnover for not more than 25% (only in one case it is higher but remains well below 50%). It can be deduced that these are small firms producing wine and/or local products, which have included grappa in their range of products only to complete it.

The second grouping is made up of three firms (23% of GNs). They are the biggest firms of the local industry and fall within the medium-sized enterprise class: they employ more that 20 employees (in two cases, more than 40), their turnover is higher than € 7.500.000 and also for them grappa is not the main contributor to their turnover. They are either joint stock companies (Spa) or limited co-operatives (Scarl). They are large wine producers and for them grappa is a product of minor importance, introduced to complete their product range.

The strategic options available to and practicable by these different categories of firms, are varied and also their approach to the *denominazione geografica* and to its use as a marketing tool is diverse.

5 Evaluation of the key positioning characteristics of the product "grappa"

The firms were asked to evaluate which product characteristics were of most importance to consumers and their influence on the buyers' decision. Among these characteristics there was the *denominazione geografica*. The producers' perception in relation to certain important attributes of the product *grappa* was needed so as to be able to evaluate to what degree the product and positioning policies of these firms are guided by a perception of market needs, rather than by product orientation.

The prevailing opinion amongst the producers is that there are undoubtedly two types of buyers:
the *expert consumer*, who has a good knowledge of the product and production methods. This consumer looks for a good (or high) quality product and is not easily influenced by brand or by the look of the product;
the *average consumer*, who has a superficial, or no knowledge at all, of the product *grappa*. This consumer is not able to understand the differences among the various characteristics and different offers, and is easily swayed by brand fame.
The greater part of grappa buyers is made up of average consumers.
The evaluation of the importance given to different distinctive characteristics of grappa, however, implies that these characteristics influence, to a great degree, the buyers' decisions (See Table 6).

In fact, in having to evaluate the importance of several important traits of the product *grappa*, on a scale of 1 (of no importance) to 5 (extremely important), the producers considered almost all the traits mentioned as quite important and very important, with a tendency towards the latter. The only trait that is not considered even quite important is the type of alembic used in distillation.

Table 6: Importance attributed to selected characteristics of the product "grappa"

Characteristic	**Sensorial quality**		**Grape variety**		**Type of alembic**	
	Average	***St. dev.***	***Average***	***St. dev.***	***Average***	***St. dev.***
GS	3,82	0,97	3,59	0,55	2,79	1,32
GN	3,55	1,27	4,00	0,40	2,82	1,36
Total	3,75	1,03	3,69	0,54	2,80	1,30
Characteristic	**Uniqueness of the product**		**Quality/price relationship**		**Denominazione geografica**	
	Average	***St. dev.***	***Average***	***St. dev.***	***Average***	***St. dev.***
GS	3,56	1,53	3,94	0,93	3,91	0,93
GN	3,17	1,06	3,25	0,57	3,38	0,76
Total	3,46	1,41	3,76	0,55	3,77	0,92
Characteristic	**Product aesthetics**		**Brand name**		**Point of sale***	
	Average	***St. dev.***	***Average***	***St. dev.***	***Average***	***St. dev.***
GS	3,97	0,57	3,76	0,67	3,47	0,52
GN	3,92	0,58	4,00	0,50	3,73	0,22
Total	3,96	0,56	3,83	0,62	3,53	0,45

*Note: the point of sale is not a characteristic of the product but is an important factor in its positioning

A certain difference can be noted in the importance given to the various characteristics by the firms in the two groups (see table 7): either in the order of trait importance, or in the evaluation in itself. The firms where grappa is not of strategic importance (GN) give the greatest importance to the *grape variety* and *brand name*, followed by *product aesthetics* or *product look*, while the other traits are more distant. The firms where grappa has a strategic role see as more important: *product aesthetics*, *quality/price relationship* and *denominazione geografica*.

Table 7: Importance attributed to selected traits of the product "grappa", by firm grouping

Firm for which grappa has a strategic role (GS)									
Trait	Product look	Quality/ price	Denom. geografica	Sensorial quality	Brand name	Grape variety	Unique-ness	Point of sale	Alembic
media	**3,97**	**3,94**	**3,91**	3,82	3,76	3,59	*3,56*	*3,47*	*2,79*
Firm for which grappa does NOT have a strategic role (GN)									
trait	Product look	Quality/ price	Denom. geografica	Sensorial quality	Brand name	Grape variety	Unique-ness	Point of sale	Alembic
media	**3,96**	3,76	3,77	*3,55*	**4,00**	**4,00**	*3,17*	3,73	*2,82*

Note: in **bold** the three traits considered most important, in *italic* the three deemed least important

If one examines the evaluation of some of these traits in more detail, one concludes that *grape variety* is "quite important" or "very important" for 84% of the firms. And 11% of firms think that for the consumer it is of vital importance. With regards to *brand name*, more than half of the firms consider this very important but the evaluation is very different in the two groups: if for the GN firms this is the most important characteristic (equal to the type of grape variety), for the GS firms, this is a lot less important.

The evaluation of the importance of the *product look* (meaning external appearance of the product, the attractiveness of the packaging) when buying, however, is very similar in both groups, with half of the respondents giving "very important" and a quarter "extremely important".

With regards to *denominazione geografica*, there is considerable difference among the firms of the two groupings, even if on the whole the respondents judge it to be of fair importance: 62% consider it "very important" or "extremely important". However, while for the GS firms this is one of the most important traits, in third position but with an average score only marginally lower (-2%) than the first two, for the GN firms it is less important: it is in fourth position in the average score, but much lower than the first three and practically with the same score and the next two. The lower importance given to the *denominazione geografica* by the GN firms can also be seen in the fact than while only 8% of them judge it "extremely important", one third (32%) of the GS firms do so too.

During the in depth interviews, a varied range of opinions on the utility of *denominazione geografica* emerged.

Its use, as a marketing tool, varies according to the main market of the firm. If the firm sells mainly in the Trentino, the *denominazione geografica* gives it a strong advantage because the buyer wanting typical products (all the tourists, but also a part of local buyers) looks for a product from Trentino. Vice versa, if the firm sells mainly in the rest of Italy, it clashes, especially in the other northern regions which produce grappa, with the reluctance of the consumers (and before these, of the intermediaries), because they too, when looking for a typical product, prefer a *local* typical product.
For the firms that sell mainly abroad, the *denominazione geografica*, as set out by law (in this case "grappa trentina" or "from Trentino") was considered not very useful, as in certain countries (the United States for example) few people among the consumers know where the Trentino is. It is better, in this case to use a denomination such a "from the Dolomites" which places the product geographically, especially for those with a limited knowledge of the Italian regional subdivisions. However, it must also be said that the territorial marketing undertaken by the Trentino in the recent years is having a positive effect, especially in many European countries. This increases the importance of the *denominazione geografica* "from the Trentino" also on foreign markets.

Several less positive opinions have also been registered on the importance of the *denominazione geografica*, in deciding the consumer's choice, or in its importance for the firm's product.

It has also been noted that, in qualitative terms, the correlation between the product made in Trentino and its actual quality (characteristic summed by in "sensory quality") is not particularly high: like everywhere, also in the Trentino there is good grappa and ordinary grappa. However, if all producers were to treat grappa with the *denominazione geografica trentina* as a top of the range product and were to make it a quality product, this denomination could be a useful marketing tool.
Other, artisan, producers claim that the typicalness of the product (which they claim can be found in the artisan product and not in the industrial one) is not assured by the *denominazione*

geografica (because it does not differentiate between the two production methods) and therefore consider it of little use in highlighting their offer.

6 Use of denominazione geografica in product communication

First of all, the firms were asked whether they use the *denominazione geografica* in the main (frontal) label, with the aim of communicating with the consumer and of promoting the product, for one of more articles of their range. In the interviews it was ascertained that its presence on the label is not casual (we are a firm from Trentino, so we put the name Trentino on the label) but intentional and aimed at attracting the consumer.

Table 8: Use of "denominazione geografica" in the main label with promotional purposes

Firms grouping	**Yes**		**No**		**Total**	
	N	***%***	***N***	***%***	***N***	***%***
GS	26	76,5	8	23,5	34	100,0
GN	5	38,5	8	61,5	13	100,0
Total	31	66,0	16	34,0	47	100,0

Two thirds of the firms do utilize it, but a great difference can be noticed between GSs and GNs (see table 8): little more than a third of the GNs make use of the *denominazione geografica* to attract the consumer, while among the GSs the proportion is slightly more than three quarters.

Looking in detail at the two grouping, some common characteristics can be noticed. All the bigger firms among the GNs use the *denominazione geografica* for promotional purposes (from now on shortened in *DGfPP*), while only a fifth of the smaller ones do so. Also among GS firms, the bigger ones (with a turnover higher than one million Euro) utilize *DGfPP*, while among the smaller ones the situation is more complex: all the firms that owe to grappa *less* than half of their turnover use it, while among those smaller firms, *more* than half of whose turnover is generated by grappa, two thirds use it and one third do not. Since many among the latter said they believe that *denominazione geografica* strongly influences the buying decisions of the consumers, one can surmise that the their decision to use *DGfPP* is due to other reasons besides the importance they attach to the consumers' attitudes.

It is worth noticing that most of the GS firms that use *DGfPP*, have in their product range both articles that use it and others that do not use it. Conversely, an even higher proportion of those GN firms that use *DGfPP* have in their range only articles that use it (see table 9).

Table 9: Use of DGfPP in the articles of the product range

Use of *DGfPP*	**GS**		**GN**	
	N	***%***	***N***	***%***
Both articles with and without *DGfPP*	22	84,6	1	20,0
Articles with DgfPP only	4	15,4	4	80,0
Total	26	100,0	5	100,0

At a first glance it appears strange that four fifths of the firms not interested in grappa a strategic product would use this tool for differentiating products in all their articles, while only one sixth of the firms for which grappa is a strategic product does so. However it should be noticed that the choice of offering only articles with *DGfPP* is, obviously, linked also to the proportion of the grappa used in the production that conforms to the requisites established by the law to be awarded the *denominazione geografica*. This means that the firms that market only articles with *DGfPP* must produce grappa from Trentino marc only and must get hold easily of this ingredient (and in comparison with other Italian regions, Trentino is not a big producer of wine). The explanation of the fact that the larger GN firms market only grappa with *DGfPP* is rather trivial. These are firms whose main product is wine, for the most part *local* wine: for them getting hold of the marc which conforms to the rules is easier than for any other firm in the industry.

To understand the reasons for the adoption of *DGfPP*, to the 31 firms that use it was asked to give two reasons, in order of relevance. The answers were processed giving one point to the most important reason and 0,5 to the second; the score thus obtained was normalised in relation to the number of firms in each grouping. Table 10 gives the outcome.

Table 10: Reasons for using the "denominazione geografica"

Motivation	**GS**	**GN**
Extension of the product range	0,08	**0,40**
Facing competition	0,08	0,10
Requests expressed by consumers	0,04	0
Requests expressed by channel intermediaries	0,04	0,10
Reaching new segments of the demand	0,08	***0,20***
Reassuring consumers about the provenience of ingredients	**0,50**	0
Contributing to increase the image of the point of sale	0,06	0
Improving the firm's image	**0,29**	**0,50**
Local pride	0,08	***0,20***
Because of what Trentino means to consumers	***0,12***	0
Because the firm belongs to the Istituto Tutela Grappa del Trentino	***0,12***	0
To enter in the stock of certain channel intermediaries	0,02	0
Total answers	26	5

Note: in **bold** the two most important reasons, in ***bold italic*** the next two

The two groupings gave clearly different answers: the only motivation that both consider of great importance is *improving the firm's image*. This is the most important motivation for GNs (index 0,50) and the second most important for GSs (0,29).

For the latter, the most important motivation is to *reassure consumers about the provenience of the ingredients* (0,50). This can be considered as a sign of the importance these firms ascribe to the typicalness of their product. This motivation, however, is totally ignored by GNs that mentioned as another important motivation the *extension of the product range* (0,40).

The relevance of typicalness of the product for the GSs is confirmed by the reason that is in the third place, i.e., the *meaning of Trentino for the consumer* (0,12). These firms, then, assign the same importance also to the fact that they *belong to the Istituto Tutela Grappa Trentina*. These two reasons have not been taken into consideration by any of the GN firms. For them, different are the reasons that are at the third place (both with 0,20): *reaching new segment of demand* (this looks very much as a consequence of the most important one (*extending the* *product range*) and *local pride*. One could expect that the latter would be an important reason for small businesses that assign to their locally produced grappa a strategic role. To the contrary, larger firms that give less importance to their grappa range mention it. In any case, this motivation can be traced back to the desire to emphasise the provenience of the product and its local typicalness.

Indeed, grouping the motivations by their underlying theme, it is possible to identify three main themes. The first one is the "pull of the market" (it includes: *requests expressed by the consumers*, *requests expressed by channel intermediaries*, *to enter in the stock of channel intermediaries*, and *contributing to increase the image of the point of sale*); the second one is "competitive strategies" (*extend the product range*, *reach new segments of the demand*, *improve the firm's image*, and *face competition*); and the third one is "typicalness as a positioning factor" (*reassure consumers about the origin of the ingredients, the meaning of Trentino for the consumer, local pride, belonging to the Istituto Tutela Grappa del Trentino* – the latter less linked to positioning per se).

Again looking at table 10, it is possible to see that motivations linked to the first theme are not important either for GN firms (three of the four reasons were never mentioned, the other was mentioned once) or for the GS firms (the most important of them received three mentions – as the second in order of importance). Therefore, it appears that the use of *DGfPP* is not due to the perception of a specific need or requirement of the market.

Of greater importance are the motivations linked to the other two themes. Here the difference between the two groupings is quite clear.

The theme "competitive strategies" has in the importance given to *improving the firm's image* a point of contact between them, but this motivation is by far more important for the GN firms. The other three motivations are often mentioned by the GNs but carry little weight for the GSs. For the theme "typicalness as a positioning factor" the situation is overturned: for the GNs these motivations are basically irrelevant (only *local pride* is mentioned), for the GSs are of the greatest importance (practically all the firms mention at least one).

Table 11, by showing a composite index, sums up the weight of the three main motivation themes. It is immediately manifest that "pull of the market" is absolutely insignificant as a motivation for using *DGfPP*.

Table 11: importance of motivations for using "denominazione geografica" by main theme

Main motivation theme	**GS**	**GN**
Pull of the market	0,15	0,10
Competitive strategies	0,55	1,20
Typicalness as a positioning factor	1,19	0,20

The only significant motivations for its adoption by GN firms are related to "competitve strategies". These are important also for the GS firms; nevertheless, the main spur for these firms to use *DGfPP* is "typicalness as a positioning factor". This main theme, however, appears to be more related to a product orientation (i.e., to the pride in saying "my grappa comes from …") than to a positioning related to a clear identification of a specific segment of the market.

7 Conclusions

From this brief summary on the use of *denominazione geografica* as a marketing tool for *grappa trentina* one can come to the conclusion that this attribute is gaining in importance, at least for a large number of the firms in this sector. However it is not yet used as it should, as is the case with other food products from the Trentino. *Denominazione geografica* is widely used (by two-thirds of the firms) as a means of communication, but not as much as one could expect given the essential artisan, and strongly local, nature of the sector. Firms that attribute a strategic role (GS) to grappa are more inclined to use this instrument (76%), while those that do not attribute a strategic role to grappa (GN) are less so (38%). Among these latter are the larger firms but the explanation, already mentioned, is that their main product is wine and, therefore, they easily and cheaply have access to the essential ingredients (marc from local grapes). This is also the explanation of the fact that the majority of GN firms use *denominazione geografica* for their whole production, which is commercialised only by articles that bear it, while a large part of the GS firms have in their range, products both with the *denominazione geografica* and without.

The *denominazione geografica* is considered a major trait of the product by many firms but particularly by the GS firms. These firms consider it among the most important characteristics. Consequently, a large number of the firms use this trait as an important element in the positioning of their product. It is less important for the GN firms, even if – as explained above – several of them commercialise only grappa with the *denominazione*.

There are varied reasons for the use of the *denominazione geografica* but these highlight a certain tendency to product orientation: among the reasons discussed, those directly linked to market’s requests are the least taken into consideration (in fact, one could say that these are not at all taken into consideration).

The main reasons differ greatly between the GS firms and the GN. For the latter, the main reasons are to be seen in the search for instruments that allow them to adopt competitive strategies, while for the former, the main reason is the attention given to the typicality of the product. This attention, it would seem, can be explained more by the desire to mark the product because of its inherent characteristics, because it is a product that the producer likes (the motivation of parochialism is the clearest example) rather than by an appreciation of the role that it could have in a marketing oriented to market expectations.

The *denominazione geografica* appears, thus, to be a widely used instrument by the firms of Trentino but not in a strong manner in order to distinguish and position the product effectively on the market. There are also indications that several GS firms are overcoming this limit and that they are oriented towards using this instrument in order to occupy niche positions on the market.

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