The Internet marketing strategy of French wine producers from Languedoc-Roussillon region

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Abstract

The structural changes in the global wine markets have created new challenges and opportunities for small wine producers. Forced to adopt an innovative marketing approach which offers enhanced consumer experience and value, many producers have implemented a combination of direct distribution, relationship marketing and wine tourism in order to develop a positive brand reputation and to become quality niche leaders. The development of the Internet has provided an unique possibility to combine and integrate these modern marketing techniques in a complex value proposition. Using this framework of analysis, this study attempts to identify and discuss the features used in the web sites of the French wine producers from the Languedoc-Roussillon region in order to improve the efficiency of combined marketing techniques. Based on the primary data collected through the survey of 102 web sites, the paper analyses the online marketing approach adopted by the small French wine producers, and proposes a synthetic model of value co-creation which integrates the complex interaction between the producer and the customer in the online environment.

Introduction

In the last 20 years, wine markets have become increasingly globalised and competitive. This situation has created both new opportunities and challenges for wine producers. Depending on their expertise and capacity to adapt to the dynamic evolution of the market demand, some producers were more successful than others to exploit the existing opportunities. Probably the most vulnerable to the new challenges of the competitive environment were the small producers who had neither the resources nor the knowledge to implement innovative marketing strategies.

The marketing of wine is considered to be information-intensive (Stricker et al., 2007). Because of this, the development of e-commerce technologies (Quinton and Harridge-March, 2003), coupled with the global consumption of wines (Bernetti et al., 2006), creates not only local or regional, but also international opportunities for the wineries which decide to use direct marketing channels, such as the Internet (Bruwer and Wood, 2005; Giraud-Héraud et al., 2001; McNeill, 2007). The rapid advancement of Internet tools and applications, have allowed small firms to change their marketing approach, taking advantage of the global reach and the interactivity of online channels. Using a detailed analysis of the web sites developed by French wine producers from the Languedoc-Roussillon region, this study attempts to identify their online marketing strategy and the main elements used to enhance the value proposition.
After a brief discussion of the main strategies adopted by small producers in response to the competitive conditions on the global wine market, the paper analyses the main advantages and challenges associated with the implementation of an online marketing strategy. The research methodology applied to collect and analyse secondary and primary data is then presented, and the findings are discussed in direct relation to the formulated research objectives. The paper concludes with a summary of the main results and with propositions for future research.

Marketing strategies for enhancing the value proposition of small wine producers

The marketing of wine is considered information intensive (Giraud-Héraud et al., 2001; Stricker et al, 2007). Considering the present conditions of globalisation and fierce competition, wine producers must enhance the perceived value of their product, applying a strategy of extensive product concept. Most clients are not only buying the wine, but a complex consumption experience, which is often co-created together with the customer.

Many studies have emphasized the changing conditions of the local, regional, national and international wine market, characterized by dynamism, unpredictability and increased competition. Even at local level, these trends are obvious, creating additional challenges for all categories of wine producers (Pike and Melewar, 2006).

The best answer to these competitive challenges is a high quality product with an enhanced consumer value (Pike and Melewar, 2006). For small producers, direct distribution channels represent the most effective strategy, which permit them to control the quality of products and of associated services, to manage brand image and other intangible aspects of the offer, and finally, to develop long-term, mutually-beneficial relationships with individual customers (Dodd, 1999; Mowle and Merrilees, 2005).

The direct interaction with customers permits the initiation of a complex process of value co-creation (O’Neill and Charters, 2000). In their book ‘The Future of Competition’, Prahalad and Ramaswamy (2004) suggest that nowadays the value is co-created by companies together with their customers, and therefore marketing should adopt a relational approach. From this perspective, value is embedded directly in the co-creation experience, and does not stem from products, services, or from the expertise of marketers and service providers. This orientation leads to a service-dominant logic in marketing, in which the firm should concentrate on operant rather than operand resources, in order to develop valuable experiences for its customers (Vargo and Lusch, 2004).

Wine is a merchandise which is well adapted to this service-dominant logic, because the perceived value of the product is determined by a complex combination of various tangible and intangible elements (Vandecandelaere, 2006). On the other hand, the direct distribution strategy permits a far better control of the producer on the value co-creation process, and on the management of both the tangible and the intangible aspects of the product (Mowle and Merrilees, 2005). However, these advantages are only potential, their enactment depending on the knowledge, resources and capacity of the producer to create, develop and manage properly the direct distribution strategy. On the other hand, the main inconvenient of direct marketing channels is the limited volume of wine that can be sold. Considering the costs required to develop and apply a direct marketing strategy, the only viable possibility is the creation of premium brands which permit the application of high profit margins (Mowle and Merrilees, 2005).
The investments required to improve wine branding and positioning can be recuperated by developing long-term relationships with satisfied customers. The principles of relationship marketing are well adapted to the used of direct marketing channels. The direct contact with customers allows the wine seller to personalise the offer and to enhance the value of the customer experience (Mitchell and Hall, 2004). On the other hand, the seller can collect useful information about customer’s profile and preferences, which can be later used to develop a mutually beneficial relationship, providing increased satisfaction for customers and regular sales for the wine producer. Based on the specific needs of each client, the intangible aspects of wine can be tailored in order to maximize the customer satisfaction (O’Neill and Charters, 2000).

The increased popularity of wine clubs in many countries indicates the success of relationship marketing techniques (Coppla, 2000; Teaff et al., 2005). However, in some cases, the producer-customer relationship becomes more complex than a repeated purchasing operation. The producer can take advantage of the landscape, local culture and traditions, and the existing infrastructure to develop wine tourism activities (Beames, 2003). The consumption and purchasing of wine becomes only an element among a series of inter-related services that deliver a complex consumption experience (Alant and Bruwer, 2004; Carlsen, 2004; Hall and Mitchell, 2000). The wine producer may build a restaurant and/or a hotel, design guided visits of wine caves, or develop specific touristic events related with wine producing activities – such as wine festivals (Shanka and Taylor, 2004).

These value enhancing marketing strategies are often inter-related. The organisation of wine tourism activities integrates direct marketing activities, and applies relationship marketing principles, aiming for a more complex and satisfying consumer experience (Dodd, 1999; Shanka and Taylor, 2004). The use of the Internet can further enhance the application of these marketing strategies. The specific characteristics of the Internet: global reach, interactivity and networking can be used to engage the customer in a permanent dialogue about his/her specific needs and requirements, and to present timely information about new products, marketing initiatives or specific events.

Considering the capability of Internet-based applications to increase the effectiveness of specific marketing strategies, such as direct selling, relationship marketing and wine tourism, this study has focused its analysis on the features of the websites developed by French wine producers from the Languedoc-Roussillon region.

The use of the Internet in wine marketing

The potential of Internet applications to enhance the effectiveness of wine marketing operations was identified and discussed by many authors (Bruwer and Wood, 2005; Giraud-Héraud et al., 2001; McNeill, 2007; Sellitto, 2002; Sellitto and Martin, 2003; Stening and Lockshin, 2001; Stricker et al., 2007), although the focus of their analysis varied.

Giraud-Héraud et al. (2001) outline that the purchase and consumption of wine is based on an intensive exchange of information, which is not only related with the tangible aspects of the product, but also with symbols, tradition, culture, tourism, gastronomy. From this perspective the use of the Internet can significantly enhance the perceive value of wines. Because of these clear advantages, already in 2000, more than 13000 sites offered the possibility to buy wines...
online, the wine being on the top of the list of ‘food and beverage products sold over the Internet’ (Giraud-Héraud et al., 2001). In their study, the authors discuss the development of new commercial circuits using Internet-based applications, and propose business models representing the relation between wine producers, distributors and clients, with or without the use of online commerce.

Bruwer and Wood (2005) have investigated the specific application of online principles to wine marketing and identified the general demographic profile of the Australian online wine-buying customer. As in other areas of e-commerce the success of online wine marketing is influenced by Internet users’ perception regarding the security and confidentiality of their personal and financial information. The choice and purchasing of wine is both information and price sensitive in the online commercial environment. The functionality of the web site – expressed as the ease of online navigation - is one of the most important elements that determine consumers’ choice of a specific wine seller. The average online wine buyer in Australia is 35 to 44 years old male, married, well-educated, with higher than average income. Bruwer and Wood (2005) emphasise the importance of designing a customer-friendly web interface, that facilitates online information search, communication and purchasing, in order to develop beneficial relationships with the existing customers and attract new ones.

Sellitto and Martin (2003) made a comprehensive survey of the web sites used by the small and medium-sized wineries located in the state of Victoria, Australia. After analysing these web sites, the authors indicate their level of complexity, the categories of information provided online, the Internet marketing strategy applied by wineries, as well as the proportion of online wine sales from the total annual sales of these wineries. The authors conclude that although an important number of wineries have developed a web site, less than half of them offer e-commerce facilities (41.7%), and very few are concluding a large number of online transactions. In most cases, these web sites are key channels for delivering information to targeted audiences.

Taking into account the existing literature about the use of the Internet for wine marketing, this study will attempt to identify the online marketing strategies and the web sites features used by the French wine producers from the Languedoc-Roussillon region. However, in comparison with other studies, this paper will investigate not only the specific functionality of the web sites, but also the importance of web site features for enhancing the effectiveness of wine marketing strategies such as direct marketing, relationship marketing and wine tourism, and the capacity of the web site to provide additional customer value.

**Research methodology**

In order to identify the main online marketing strategies and the factors used to enhance the value proposition of French wine producers, the following research objectives have been defined:

- a. To define the main categories of online marketing strategies used by French wine producers.
- b. To identify the elements used in the web sites to enhance the value proposition made to existing and potential customers.
- c. To analyse the way in which the specific advantages offered by the Internet – global reach, interactivity and relationship, and networking, are exploited by the French wine producers that develop a web site.
Data collection and analysis was focused on a sample of French wine producers situated in the Languedoc-Roussillon region, in the south of France. In the first stage of the research project, a series of academic and professional articles and reports have been accessed in order to identify the main strategies used by wine producers to enhance the value proposition, in the context of the new competitive conditions characterising the global wine market. A special attention was given to the existing studies of online marketing strategies implemented by wine producers in different countries. In the second stage of the research project, taking into account the specialised literature presenting best practices in web site design and online strategies, the web sites of 102 wine producers located in the Languedoc-Roussillon region have been analysed in order to collect the necessary data or answering the formulated research objectives.

The sample of wine French producers was selected by searching the list of web sites available on the site http://www.vinup.com. After identifying all the web sites of wine producers from Languedoc-Roussillon, primary data was collected only from the sites associated with wines with a recognised appellation of origin. These wines are specifically adapted to an intensive Internet marketing strategy centred on developing an attractive value proposition, reputable branding, and long-term relationship with interested customers.

**Presentation and analysis of findings**

**The main categories of online marketing strategies used by wine producers**

In their study of the Australian online wine buyer, Bruwer and Wood (2005) argue that there are two main categories of web sites: informative and transactional. However, in our opinion, it is also possible to consider an intermediate form – the relational site, which, although does not permit direct online transactions, provides all the necessary tools for a rich interaction between the company and the customer(s), as well as among customers. This intermediate form was also acknowledged by Sellitto and Martin (2003) in their survey of the sites of 107 Victorian wineries.

These three categories of sites correspond to three specific online marketing orientations:

a. informational orientation, in which the web site is used only to present information about the wine producer, the wine, the location and the channels of distribution. Although the mail address and the telephone number of the wine producer are published online, there is no email address provided for direct interactive communication. This type of web site was predominant at the beginning of the Internet development, but nowadays it is rather the exception than the rule. Among the 102 web sites of the French wine producers from the Languedoc-Roussillon region, none corresponds to the information online marketing approach.

b. interactive communication approach. In these cases the web sites preserve the informational role, presenting a wide category of information about the producer, product, location and distribution, but also offer an interactive communication tool, which permit to the interested customer to initiate a direct dialogue with the producer, and/or with other customers. In most cases the communication tool available is an email address, and in some cases, the firm might decide to create site-based community by creating a blog or a discussion forum.
The interactive communication approach does not permit only customer-driven communication. The producer can invite regular customers to register, providing information about their personal demographic profile, their specific needs in terms of product type and quality, and their particular interests related to wine. This information can be used to develop a database, which allows then the producer to develop personalised relationship with every registered customer, by providing special offers, information, news, that can be sent directly to the email account of the client.

Although among the information provided by these sites there is usually a catalogue of products, with specific information and prices, this type of web site does not allow online ordering and payment. However, in some cases, the site can provide information about retailers and/or other specialised web sites that sell the wine.

c. transactional web sites. These web sites are the most complex in terms of functionality. They add to the functions of the previous two categories of sites – information and communication – the facility to order and pay the presented products online. This transactional function implies however the implementation of online applications permitting a secure transfer of personal and financial information, as well as the presentation of clear and detailed information about the conditions of sales, and the procedure to be followed to return defective products and obtain a refund. The transactional web sites usually provide very rich information about the products offered for sales, in order to facilitate consumers’ choice and to reduce their perception of risk. Often the catalogue of products is more complex, presenting detailed text presentation for each product, images, and sometimes comments and recommendations of other clients who tried the product.

The survey of the web sites implemented by French wine producers indicates that only 20 of them can be considered as transactional, offering either the possibility of a direct online order and payment (18 sites) or a link to a commercial web portal specialised in wine sales (2 sites).

The same survey of the 102 web sites of the French wine producers indicated that the majority have adopted an interactive communication approach. Among the categories of information provided by these sites, the most important ones are listed in Table 1.

| Table 1. The main categories of information provided by the surveyed web sites |
|--------------------------------------------------|------------------|------------------|
| **Category of information**                      | **Frequency**    | **Percentage**   |
| Background information about the producer        | 43               | 42.2             |
| Information about the produced wines             | 35               | 34.3             |
| Information about dedicated retailers            | 27               | 26.5             |
| Educational information about wine making        | 35               | 34.3             |
| Historical and wine tourism information          | 43               | 42.2             |
| Articles about wine production                    | 60               | 58.8             |
| Catalogue of wines                               | 96               | 94.1             |
| Picture gallery                                  | 48               | 47.1             |
| Video clips                                      | 4                | 3.9              |
| Gastronomic and cooking advices                  | 38               | 37.3             |
| Newsletter (events, news, information, etc.)     | 43               | 42.2             |
| E-mail address                                   | 102              | 100              |
The main elements used by wine producers in their web site to enhance the value proposition

In order to identify the main elements used by wine producers to enhance the value proposition of their offer, we considered, on one hand the categories of information presented on the web site (see Table 1), but also the features that increased the effectiveness of direct marketing, relational marketing or wine tourism activities.

a. Direct marketing – it is applied mainly by the sites that offer online purchasing and payment facilities. Unfortunately, the number of web sites that adopt a direct marketing approach is quite limited (20 sites, 19.6% of the surveyed sites). It can be concluded that the potential of online selling is not fully exploited by the wine producers from the Languedoc-Roussillon region. On the other hand, the specific profile of these producers, most of them representing SMEs with limited financial resources and business experience, may explain their reluctance to introduce complex online selling and payment functions on their web site.

b. Relational marketing. The survey of the web sites implemented by the French wine producers has identified multiple features that facilitate and enhance the application of relational marketing principles.

First of all, 10.8% of the surveyed web sites make a direct proposition to the site visitors to join a mailing list or an online newsletter. The purpose of this invitation is twofold – on one hand, the information provided by interested Internet users can be used to develop a database of present and potential customers, and on the other hand, this permits the producer to initiate an iterative communication process with the customer, which can lead in time to a mutually beneficial relationship. The demographic profile of the site visitor represents the basis for a personalised marketing approach in terms of communication, promotion and product offers.

Secondly, online relationships can be enhanced by the producer by creating an online community in which customers can interact with the firm and with other customers or site visitors. Although such a discussion forum can represent an ideal place for identifying the needs and the problems of present and potential customers, none of the surveyed web sites has implemented this form of communication. However, 29 sites (28.4%) are inviting the visitors to write comments or questions in a Visitors’ book. Although static, this type of communication can then be visualised by other customers, influencing their choice of products.

The importance of product recommendations coming from trusted parties is substantial in wine marketing. Wines are often chosen because of specific information transmitted by friends, relatives or role models; it is said that ‘people drink other people’s wine’ (Mitchell and Hall, 2004).

c. Wine tourism. The web sites of wine producers can be successfully used to transmit relevant information about the additional services offered to develop wine tourism, as well as about the specific touristic attractions and events organised in the region (Getz et al., 1999).

Among the surveyed web sites, 43 (42.2%) present information about the history and the touristic attractions of the region. The orientation towards wine tourism is even more evident for the sites where the visitor can make reservations for hotel accommodation, camping sites, wine bars, restaurants or conferences. 8 of the web sites offering these services are providing
links to a specifically designed web site, dedicated to wine tourism activities. The link with wine marketing can also be made through the specific design of the home page of the site. Many of the images presented on the home page depict the landscape, the local architecture and gastronomy, the regional map or dynamic series of pictures.

The effective use of the specific advantages of the Internet

In comparison with other communication channels, the Internet has specific characteristics that facilitate online marketing activities (Constantinides, 2002). Messages posted on-line have a potentially global reach, depending of course on the language(s) used on the web site.

Among the web sites surveyed, the majority use more than one language, which confirms the international or even the global positioning of these wine producers. The number and the type of languages chosen are different from one site to another, indicating the variety of targeted audiences but also the existing market of each wine producer (see Table 2).

Table 2. The number and the type of languages used in the surveyed web sites

<table>
<thead>
<tr>
<th>Number of languages</th>
<th>Languages</th>
<th>Number and percentage of surveyed sites</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>N</td>
</tr>
<tr>
<td>1</td>
<td>French</td>
<td>42</td>
</tr>
<tr>
<td>1</td>
<td>English</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>French, English</td>
<td>41</td>
</tr>
<tr>
<td>2</td>
<td>English, German</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>French, English, German</td>
<td>10</td>
</tr>
<tr>
<td>3</td>
<td>French, English, Spanish</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>French, English, Catalan</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>French, English, German, Danish</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>French, English, Chinese, Hungarian</td>
<td>1</td>
</tr>
</tbody>
</table>

While most of the classical channels of communication are static, the Internet offers the possibility of a dynamic, interactive communication. In fact, the web sites often represent the meeting point of multiple communication modes: one-to-many – the texts, images and sounds available on the web site, one-to-one – email messages or newsletters, and many-to-many – discussion forums or blogs. Unfortunately none of the surveyed web sites are using many-to-many communication tools, neglecting the opportunity to develop an online community centred on wine topics and information.

Interactive communication represents also the basis for developing long-term relationships with loyal customers (Quinton and Harridge-March, 2003). The various modes of communication permit a complex combination of customised and general messages, that should be creatively designed in various phases of the relational marketing strategy (Reid et al., 2001). As it was already discussed above, 28.4% of the surveyed sites are encouraging the visitors to write their comments or questions in a visitor book, and 10.4% of the sites are inviting them to join a mailing list or a newsletter. These initiatives represent the first step in
developing a personalised dialogue with every customers, eventually resulting in repeated site visits, regular sales, and increased customer satisfaction.

Finally, web sites can also permit networking with other sources of useful information. 25 of the surveyed web sites (24.5%) offered links to professional organisations or wine magazines, 27 (26.5%) provided information about dedicated wine retailers or commercial web sites, and 15 (14.7%) displayed links to other wine producers.

The capacity to flexibly combine and present various categories of information represents not only an advantage, but also a challenge for the commercial web sites. As Bruwer and Wood (2005) have indicated in their study, one of the most important features of successful web sites is a user-friendly interface with clearly organised information, facilitating the search for information and the web navigation of online users. More than half of the sites surveyed for this study present these characteristics, some of them offering even specific features such as a registered voice reading of the published text for the Internet users with visual disabilities.

Concluding remarks

Despite the immense popularity of wine as an e-commerce merchandise, the number of studies investigated the structure and content of wine producers’ web sites is still remarkably small. The need for a more detailed analysis of this topic has not only an academic value. As many small and medium-sized wine producers are nowadays confronted with a complex mix of opportunities and challenges, such studies can provide useful ideas and best practice models for developing innovative marketing approaches.

This study has attempted to investigate the role of the Internet applications, as they are used by the wine French producers from the Languedoc-Roussillon region on their web sites, for enhancing the value proposition and the value co-creation interaction with the customer. The findings indicate that the online marketing tools facilitates the application of various marketing strategies, such as direct marketing, relational marketing and wine tourism, and provides specific functionalities which can increase the value of the consumption experience offered to the customer. However, some of the specific facilities provided by the Internet are not yet fully used by the investigated web sites, a good example being the limited number of wine producers that implement transactional web sites.

Figure 1 presents, in a synthetic format, the central role of the online marketing strategy for enhancing the value of the customer experience in the wine sector. The specific marketing approach of many small and medium-sized wineries, centred on brand reputation, high quality, high value propositions and direct distribution channels, is specifically adapted for an interactive online strategy. On the other hand, the customer presents a specific combination of personal needs, motivation and degree of involvement, in his/her search for an enhanced consumption experience. The value co-creation process involves the interaction of the wine producer with the customer, and the Internet environment, with its specific characteristics of global reach, interactive communication and networking is particularly suited to enhance the value experience, integrating elements of direct marketing, relational marketing and wine tourism. All these elements have been successfully identified by this study, although many existing online marketing opportunities are not fully exploited by the French wine producers.
This study has however, a series of limitations determined by its exploratory approach. The number of web sites surveyed is relatively small and is strictly localised in one geographical region of France. The primary data was collected only through the direct survey of the wine producers web sites, without attempting to correlate this information with the opinions of wine producers and/or consumers. Future studies should validate and develop the applicability.
of the presented model, by addressing these methodological shortcomings. It is also of interest to initiate multi-national comparative surveys of the web site features and online marketing strategies used by various wine producers in order to identify transnational best practices and applicative models.

References


