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The territorial brand in wine

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Abstract

◦***Purpose***. *The aim of this paper is to elucidate and explore the idea of the territorial brand as it operates for wine (including distinguishing it from regional and other place-based brands); this is the brand which is associated with products that are bound up with the place in which they are made, for environmental reasons, and which therefore cannot be reproduced elsewhere. The paper explores the structures underlying the territorial brand, its close link to AOCs and some of its strengths and weaknesses, but notes that it may be more significant for consumers than the individual proprietary brands are.*

◦***Design/methodology/approach****: The paper is conceptual, based on the authors' experience across three disciplines (marketing, tourism and economics) and a wide range of previous research projects focused on wine, but it is not based directly in any one empirical study.*

◦***Findings****; The territorial brand exists on a complex structure of competition and co-operation (linking it to clusters and co-opetition). To work effectively there must be an effective territorial brand manager, but they are hampered by the conflicting needs of the territorial brand and proprietary brands, and by the fact that they do not have the same legal status as ordinary brands. For them to have legitimacy a shared culture, history and mythology needs to exist and be nurtured. It may be particularly hard to develop strong territorial brands outside Europe because of cultural and legislative constraints.*

Key words: Territorial brand, appellation, wine, place

1. INTRODUCTION

This paper develops the idea of the territorial brand in wine. A territorial brand is a form of location-related brand, but specifically one where the product sold is inextricably linked to its origin because without the environmental factors provided by the origin the product would be different. The territorial brand includes tourism and some food and drink products, as well as other goods such as Cuban cigars, Kashmir wool and Venetian glass[i]. As will be shown, a territorial brand is linked to a regional brand, but is not identical. It may also be a destination brand (though that is not inevitable) and it can overlap with the Country of Origin (COO) cue.

This paper aims to apply the notion of the territorial brand to the wine industry, and as a result examine its operation, management, strengths and weaknesses. In developing this analysis it focuses particularly on champagne, one of the most developed examples of the category. Yet although champagne is used as the primary exemplar throughout the paper it is claimed that the argument applies to all wine regions, even if the territorial brand is not as strongly supported as in champagne, and examples are used from other wine regions where relevant.

This is not an empirical paper in the sense that it is the result of a single research project. Rather it is the product of the sustained reflection on how wine and place interact from three wine-focused academics from disparate backgrounds (marketing, tourism and economics). It represents the outworking of a series of studies which we have carried out, including many which have engaged with consumer perceptions of wine, as well as examining issues as diverse as how wine businesses are structured and operate (in both Australia and France), the operation of terroir, the nature and effect of geographical reputation, the organisation and delivery of wine tourism throughout the world (including its impact on regional reputation and value), and the impact of cultural systems on wine region and wine tourism development.

The paper is structured to first consider the nature of brands, and the nature of brands in the wine industry, before outlining the nature of a territorial brand. It then examines the context of territorial brands in wine, their relationship to clusters and co-opetition and the limits on them.

2. THE NATURE OF BRANDS

2.1. Defining brands

The most long-standing definition of a brand is that offered over 40 years ago by the American Marketing Association - ‘a name, term, sign symbol or design, or a combination of these, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.’ This definition was the starting point for many handbooks on marketing, most noticeably in the work of Kotler (e.g. Kotler et al. 1994), and may include aspects of brand positioning (de Chernatony 2009). However, the concentration on defining the product and on the producer has been criticised as being one sided, and lacking a consumer focus (Aaker 1991). Thus Aaker (1991) talks of a ‘brand personality’ sought by the consumer; meanwhile others see a brand as something which mirrors the core values of the consumer (Sheth et al. 1991). A more modern perspective would also add to the equation a shared vision, engaging all employees in an enterprise (de Chernatony 2009). De Chernatony & Macdonald (2003; de Chernatony 2009), critically, see the brand as something which adds value for the consumer, a perspective which therefore provides a balance to the earlier dominant producer focus.

Essentially, for this paper, therefore, a two-fold definition of brand is adopted. First, in line with the initial focus on the producer (Kotler et al. 1994) a brand is defined as a name or image which defines or positions a product as the property of a specific brand owner, and which therefore gives them value. Secondly, mirroring the value gained by the producer, it is also a differentiated product which benefits consumers above its merely functional purpose (de Chernatony & Macdonald 2003).

2.2. Brands in the wine industry

Given that this study considers the territorial brand specifically in the context of a wine, it is relevant to consider brands within the wine industry. They are, naturally, significant and it can be noted that the oldest continuously internationally-recognized brand is probably a wine: Since the time of Samuel Pepys, who referred to it in 1663, Chateau Haut-Brion (a wine coming from the Pessac-Léognan area of Bordeaux) has been marketed and sold (Unwin 1996). However, currently wine brands have varying levels of market impact and equity internationally, with a perception that the New World wine makers tend to be better at supporting their brands than European producers (Jordan et al. 2006). Indeed, there has been a perspective in Europe that wine is not a branded product at all (Kapferer 2005), but is 'outside branding' (for a full discussion of this see Charters (2009).

A specific analysis of the role of brands within the wine industry has been offered by Lockshin et al. (2000) who emphasize the fact that as an agricultural product wine is subject to the weather and disease variability. Consequently it cannot be controlled solely as a manufactured good and managing the brand is a tougher challenge[ii]. Using the previous suggestion of Spawton (1991), Lockshin and his colleagues (2000) proposed the existence of brand 'hierarchies'. These are attributes such as country, region, domain, producer, distributor and retailer (in descending order of importance). Each level of the hierarchy offers a component of the entire brand equity, as each level can stimulate a positive response by a consumer, which in turn can develop brand attachment. This approach does not define a regional brand, but it does accept the role of a territorial dimension in the overall nature of a specific wine. However, it does tend to focus on the product, rather than the consumer. Conversely, other researchers into the role of brands in the wine industry have given more emphasis to the benefit gained by the consumer, suggesting, for instance, that wine branding is concerned with creating a positive lifestyle (Thode & Maskulka 1996).

2.3 Place related brands and the territorial brand

There are a number of types of brand that do not easily equate with the classic notion of a brand owned and operated by a single enterprise. These include umbrella, corporate, and leader brands. Further, there are place-related brands, including country, regional and destination brands. These latter will be examined in turn, and their relationship to the idea of the territorial brand considered.

A number of ideas suggest the existence of groups of proprietary brand which are bound by a relationship to place. However, as has been suggested by Skinner (2008), the many definitions used overlap and are confused. Marketers, for instance, tend to refer to 'place marketing' (Skinner 2008).The most detailed analysis, however, is probably that of tourism researchers, who use the term 'destination branding', although even here it has been suggested that the understanding of destination brands is still in its infancy (Pike 2005), and the notion itself is subject to debate (Kerr 2005). Nevertheless, it has been proposed that an effective destination brand comprises, four components which need to be controlled: product, personality symbol and organization (Konecnik & Go 2008). Importantly, Pike (2005) has observed that the managers of a destination brand do not have direct control over how the brand offer is in fact delivered by the individual and separate tourism providers – a factor which will be relevant for our discussion of the wine industry. Further, it has been suggested that, as cooperative branding of a number of destination-related attractions makes the total more effective than the sum of its parts, the consumer engagement with the overall destination is stronger than with any of the individual brands within the destination (Cai 2002).

Marketing academics have considered the impact of COO for some time, although the conclusions on its effect remain uncertain and confused (Verlegh & Steenkamp 1999). At times the effect on the consumer may be positive, particularly for wine brands (Balestrini & Gamble 2006; Hamlin & Leith 2006). Thus, it has been noted, & watches are perceived to be definably Swiss (Lury 2004) The country is seen to provide trustworthy guarantees of quality. However, COO is not necessarily a discrete brand so that researchers have traditionally viewed it as a cue (Steenkamp 1989).

Another common term is 'regional brand' (Van Ittersum et al. 2003). These are products which trade off a region or place (e.g. Bourneville hot chocolate, where there is a savoir faire which exists in the place, but for which all the ingredients come from somewhere else in the world) as well as products which are situated in a single region like 'West Country Cider', where the produce is grown in the region but the environment does not determine the nature of the drink. However, these products are not defined by collective membership of that regional brand, nor are they necessarily only produced in that region with an indissoluble environmental relationship to it. West Country Cider is a generic category which could be identical to a cider made in Kent or Normandy, having at such a broad level no definable terroir. There is no doubt that there can be benefits in being linked to a region, so that in some situations consumers may be more prone to buy these products (Van Ittersum et al. 2003). It has been observed by (Perrouty al. 2006) that region of origin may operate as a cue and that in this case it interacts with other cues, a factor which is especially true for more highly involved consumers. Indeed, with wine this is not recent, but has existed for many thousands of years – with regional brands being important to the Greeks and the Romans (Nevett & Nevett 1994). It has also been suggested (Van Ittersum et al., 2003) that as a cue region of origin is especially significant with high-added value products where the human rather than the environmental aspects of the regional link are significant.

In order to eliminate any confusion with these other types of place-related brand the overarching brand on which this paper focuses has been labelled here the territorial brand. Whilst the idea of a territorial brand is only just emerging in academic literature, it is likely to become more significant in the future. In summary, a territorial brand is one which belongs to all the producers in a definable territory, and which necessarily exists because the product they make can only be created there and cannot be replicated anywhere else; thus, with the case of wine, the climate, soil, topography and historical context of Bordeaux are such that Bordeaux wines can only be made in their distinctive style from that place, and from nowhere else. The territorial brand consequently exists together and in cooperation with a number of individual proprietary brands of the same product (e.g. separate brands of Brie cheese in France), or sub-brands producing an element of that product (farms producing milk or factories creating cheese)[iii]. There may also be sub-territorial brands; thus Brie de Melun operates as in this way in relation to the territorial Brie cheese brand.

In summary we can note that the territorial brand may be, and usually is, a regional brand (sometimes a country brand), but not all regional brands are territorial brands. They do not necessarily have the physical link with place which is essential for the existence of this brand.

3. THE TERRITORIAL BRAND IN WINE

3.1. The operation of the territorial brand in wine

The territorial brand in wine is consequently a regional designation which unites a number of proprietary brands under the territorial label because they produce a particular style of wine due to the terroir of the place from which the grapes come. In Europe the territorial brand tends to be represented legally by an Appellation d'Origine Contrôlée (AOC) designation; in the New World by a Geographic Indicator of some type; these legal markers do not necessarily have to exist however. The territorial brand may exist at a number of geographic levels – most classically in Burgundy, where a designation exists at regional level, then at decreasing levels of operation via sub-regional and communal to individual vineyard. At each level, in each country, the opportunity exists for a territorial body to act as brand manager – and although such an organisation may not necessarily exist it tends to operate in most cases (although occasionally, in the smallest territorial designations such as the *monopole* vineyards of Burgundy, the territorial and proprietary brand manager will be the same.).

There are therefore, almost invariably, a number of economic actors underneath the umbrella of the territorial brand, with no single proprietary brand being dominant; if that were to occur the dominant proprietary brand would probably usurp the position of the territorial brand and its manager. This is a system which often operates on a complex web of both cooperation and competition, involving a number of individual brands of the same product. A typical example from champagne may illustrate this. In one village there are 90 growers; almost all of them sell some grapes to houses, such as Taittinger or Veuve Clicquot. There is also a co-operative which processes grapes for 50 of the growers; that too sells juice or wine to other houses and to a 'super co-operative' (uniting a number of smaller co-operatives) which produces champagne to sell to the public. The co-operative additionally makes sparkling wine for some of its members to sell under their own label. Another 40 growers in the village, as well as selling some of their grapes, also make their own champagne which they sell direct to the public – mainly on the French market but, for a number of them, to other countries as well. These enterprises all need each other – yet compete with each other for market share. All this has to be balanced effectively by the territorial brand manager, the CIVC. In other regions that complexity will be less, but the varying producers in Pauillac, for instance, (including both chateaux and co-operatives) still have a collective responsibility for their eponymous AOC.

Additionally, all actors must remain willing to co-operate, and all must realize that their individual brand will only be profitable if the territorial brand is successful, so that some of their company's needs must therefore be subject to the latter's requirements. Sharing brand values in this way has a democratic dimension, and it is part of the role of the territorial brand manager to develop this. Further, as well as values, value too must be fairly shared – so all producers and growers feel that they benefit from the success of their collective product and their individual efforts. Thus the territorial brand, with its carefully constructed shared mythology, has transcended the differences of the individual actors within the territory.

For many people in the European wine industry, for whom the concept of brand is anathema, the idea that a regional identification, often formalised into an AOC, could be considered a brand is unacceptable and the contrast is often made between terroir wines and branded wines (e.g. Leeuwen & Seguin 2006), so that, by implication, the latter are somehow second class[iv]. Indeed, we have heard a number of times the argument that Bordeaux or champagne is not a brand, rather it is an AOC. But if one considers how these wine categories function, and the fact that they give value both to producers and consumers by identifying the product and underlining that it has added-value (Aaker 1991; Kotler et al. 2006), then it is a brand, by the definitions contained in the marketing literature and noted above. Consequently, in the case of champagne for instance, the role of the CIVC is precisely that of any brand manager. It manages 'champagne' in conjunction with the syndicats of houses and growers. It markets the product (with offices in 13 countries world wide to do this), carries out research and development into production, protects its intellectual property, mediates between the conflicting parts of the (regional) enterprise, and has responsibility for quality control. Other territorial brand managers may not have quite the range of responsibilities or powers, but still retain a substantial marketing role. Additionally, whilst many wine industry personnel may not admit that regions act as brands , most external observers now accept that this is happening in practice; in some cases, consumer surveys of preferred brands show drinkers naming regions, such as Rioja in Spain, as 'brands' which they like (Payne 2007).

A single territorial brand manager therefore relies on a structures which allow individual producers and the component parts of the brand (growers and wine-producing companies) to perceive that they have an equal voice, a fair share of the value created by the territorial brand, but more importantly a shared culture and heritage that is played out in the relationships that exist and the myths that tie them together in a fraternity with shared beliefs, attitudes and behaviours that are resistant to change and external threats – all key elements of a strong culture. Cultures are not built over night.

It has been demonstrated that – at least in some wine consuming cultures – the consumer's perception of a territorial brand's quality increases their expectations of the quality of wine from sub-regions in that area, and – crucially – from individual producers in the region (Johnson & Bruwer 2007). In their study on wines from Sonoma, California, Johnson and Bruwer (2007) noted that region was the most significant quality prediction cue for the American consumers they studied. The territorial brand is thus essential in adding value for the individual producers in the region.

3.2. Clusters and co-opetition

Two related ideas are crucial to this theme: the idea of clusters (Porter 1998; 2003) and co-opetition (Nalebuff & Brandenburger 1997). A geographic cluster offers its members economies of scale and of proximity, momentum, access to local research and development, and access to staff. Indeed, the wine industry (in this case in the Napa Valley) gave Porter (1998), one of his key examples of the effective operation of clusters where grape growers, wine makers, consultants and enterprises which provide goods and services work together (whether or not technically in competition) to develop a single, effective and renowned industry, co-ordinated in this case by the Napa Valley Grapegrowers, a voluntary body uniting the wine industry in the region. The same can be said to exist in many European wine regions, although very often the interprofessional bodies like the BIVB or the CIVC have more formal, quasi-statutory powers, and the right to control aspects of production. Clusters are not, however, inevitably coterminous with a territorial brand, nor do they have to have that indissoluble link with the place from which they come, as can be seen with Italian leather or German cars, where it is history rather than geography which has created the savoir faire that gave them their initial reputation and allowed the cluster to develop. However, what exists additionally in the territorial brand is a means of co-ordinating, marketing and strategically directing the whole cluster. Silicon Valley is a cluster, but with no common, body to give it a collective vision and direction, unlike effective wine regions which have such an organization.

Porter (1998) argues that, for a cluster's evolution to be successful, there has to be both competition and cooperation. This interaction of the two helps to maintain individual strengths and an advantage based on shared information for the cluster (although, of course, it does not guarantee the success of any individual enterprise). This is termed co-opetition (Zineldin 2004; Gnyawali et al. 2008), and describes precisely the situation which exists in many wine territorial brands. Zineldin (2004 p. 782f), proposes a number of preconditions for co-opetition to be successful, including effectively constructed 'organizational arrangements', 'cultural fit', 'interdependences', and 'institutionalization and integration'. These conditions can generate, through organizational structures, a shared history and mythology, a common vision for the collective wine brand, interdependent relationships between growers and proprietary brands and a sense of a single origin – things which can also be engendered by shared knowledge, which can in turn enhance mutual trust (Caple et al. 2010).

There is a view which argues that French (perhaps European) AOCs do not work as a cluster, because they are based on terroir (Ditter 2005). Ditter (2005) concludes that 'terroirs', whilst they are 'local production systems' are not clusters because (1) they raise barriers to entry; (2) they do not therefore generate competition, and; (3) 'terroirs are characterised by fragmentation' (2005 p. 49) which reduces their ability to invest, find capital and develop the whole cluster. Thus they are both non-cooperative and non-competitive. Ditter's is an interesting and carefully argued analysis, but it seems to us to be flawed; rather, we feel, terroir (however defined) and clusters go hand in hand but are different; one is about production guarantees and brand identity, the other about the structure of a category of local enterprise. The argument over barriers to entry could just as easily be applied to the Napa Valley, where producers with land outside the region are excluded from membership of the cluster. Further, competition is entirely possible both within a small terroir (Clos de Vougeot, with over 50 different producers situated within it) or a large one – such as the Bordeaux region, with 10,000 producers. In any event, the whole use of the notion of terroir is subject to multiple interpretations, because it is in part a socially constructed idea, and therefore cannot be easily contrasted with a cluster (Vaudour 2002; Menival & Charters 2010).

Perhaps, also, terroir-based clusters or territorial brands are also built on a common culture and history that is more profound than a purely industrial cluster. They do cooperate and they do compete, but the rules of engagement are far more complex than the usual economic forces at work in an industrial cluster. In the case of champagne, for instance, this includes resisting 'common enemies', a shared heritage that goes back several centuries and generations of involvement by the same families. This produces a high level of family succession, with stable company ownership that allows relationships to remain strong and the structures that maintain the co-opetition to be resilient or, at least, resistant to change. This all contributes to the territorial brand being stronger than the notion of a cluster, and rooted in the culture and identity of the place. Consequently, debates over the future of the region, and particularly issues such as 'foreign' ownership and outsiders as brand managers become significant. If the power of a territorial brand stem partly from a shared history and culture how can incomers understand the way in which the territorial brand is constructed and how it performs?

3.3. The limits to the territorial brand

The analysis around clusters and co-opetion also has relevance for emerging wine regions which recognise the value of the territorial brand, but who do not have the shared culture, heritage, mythology and history behind them. How do they develop a territorial brand that is sustainable and shared by all in the region? How do they protect the image of the brand from 'fraudulent' producers, (or at least those who seek to make money from trading on the region's reputation without paying due recognition to the values of the territorial brand), when the internal structures are not strong or when they are unsupported by regulatory frameworks that have grown up alongside the territorial brands such as the AOC system?

Another key question is how can the territorial brand manager develop its role? Do these bodies carry out all the work that a typical brand manager would, and can they be further empowered to promote their brand? These questions can usefully be examined by considering the case of champagne and the CIVC, but that then poses a further interesting question. Can the model of a single strong and cohesive territorial brand manager, as exists in – say – Champagne, be transposed to other wine regions?

We have noted how effectively the CIVC manages the territorial brand of champagne. Crucially, however, there are some things that the CIVC cannot do at present that a typical brand manager would be able to achieve. We have suggested that a territorial brand manager relies on shared brand values and the willingness of key actors to co-operate; if, however, decisions are taken which threaten the continued implementation of that shared vision there is no sanction. A decision which is perfectly logical and reasonable for the future of an individual company may weaken the image and reputation of champagne overall. This is regularly seen in the internal arguments within the region. One example amongst many is the decision by some champagne producers (mainly houses, but also cooperatives and growers) to establish subsidiaries making sparkling wine in other parts of the world. There is a widespread view amongst many Champenois that this dilutes the reputation of the champagne brand, and threatens its future success. Whether or not that perception is correct (and the arguments are complex) it is currently impossible for the CIVC even to intervene in the debate, let alone issue any directives about it. Yet, at the same time, the CIVC can dictate to producers the yields they can harvest or how long their bottles must age on lees in the cellar.

These limits to the power of the territorial brand manager have an impact on a debate that is likely to become increasingly important in the mid-term, over the issue of quality. Classic economic theory would suggest that once a region's reputation has been established, one would expect the main brands to 'free ride' on that and reduce the level of absolute quality of the product whilst maintaining the price (noted in the context of Bordeaux by Landon and Smith, 1998). It is to the credit of the region's major producers that this has not yet happened in the Bordeaux region (Landon & Smith 1998). Nevertheless, if a producer does chose to coast on the region's reputation in the future there is little that can be done about it. This is even more relevant in the New World, as will be noted below.

It is therefore worth reflecting further on the limits of action of a territorial brand manager. We can broadly define the possible spheres of influence it may have as being (1) controls over production process (both viticultural and oenological); (2) controls over production volume – the amount of wine released onto the market and the response to changing market demand; (3) management of the collective marketing of the territorial brand and; (4) management over the individual marketing of proprietary brands produced within the territory. The first two of these are internal, and the second two relate to the brand's engagement with the outside world.

In Europe the first of these – controls over the production process – is commonly accepted as the role of the territorial brand manager, in order to promote the general reputation of the quality of the region's wine. Thus grape varieties are authorised and (for example) minimum ageing requirements prescribed; such controls do not exist in New World countries, where the market is expected to determine such issues; however, the variable quality that results may negatively impact on the overall reputation of a region. Much of the reputation of the Hunter Valley in Australia, for instance, was based on a particular early-picked style of Semillon. However, fewer producers are willing to invest in the time necessary to cellar that type of wine for it to reach maturity, so that less of it is produced; it is possible that the reputation of that style, and consequently of the region as a whole, may diminish. The second sphere of influence, control over production volume, is typically usually operated in response to vintage conditions (and thus to influence wine quality) within AOC structures. In Champagne, on the other hand, it is also used as a means of controlling the flow of wine onto the market in response to demand, in order to avoid surpluses. Whilst such a control is perceived to be excessively *dirigiste* in Anglo-Saxon countries, the dire consequences of uncontrolled production are now being felt in, for example, Australia – and perhaps soon in New Zealand. Sphere three – the development of collective marketing – is the activity most widely managed by the territorial brand manager worldwide. Sphere four – control of individual marketing – is nowhere the domain of the territorial brand manager, so individual producers are free to market their wine as they wish. In this case, however, there may be a conflict between the needs of the proprietary brand and the territorial brand, as – for instance – with the recent reduction in the price of individual champagnes in the wake of the economic crisis which may adversely impact on the territorial brand's long-term reputation for quality (Charters 2009). In this instance one is tempted to ask why the territorial brand manager should be allowed to control yields or production techniques, as well as some external elements of collective marketing, but not control other aspects of the region's relationship with the external world.

Another controversial issue relates to the willingness of key outsiders, and especially distributors, to continue to support the territorial brand. This is relevant particularly in the context of supermarket behaviour, and the fact that their sole responsibility is to their shareholders and to maximising the latter's revenue and capital growth, rather than to the brands they stock – and even less to a more vaguely defined territorial brand with whom they have no contractual relationship. An example is the impact of supermarket demands on the reputation of the Australian wine industry. Fifteen years ago the reputation of Australian wines for quality, interest and consistency was very high; however, a number of producers became fixed into selling large volumes of wine where discounting and margin shaving became more important than strong long-term branding, through the outlet of supermarkets. The result is now that Australian wine in the UK, at least, has a reputation amongst critics for being safe but boring; it has lost the image of being interesting and different that it had a decade or more ago (Goode, 2005). However, once producers were organized to produce large volumes they found the relationships with the large retail chains difficult to discard, for this remained the only potential outlet for the amount of wine they were producing. This locked them into a vicious circle of further discounting practices to secure their necessary distribution outlets.

The territorial brand in Champagne has featured substantially in this analysis, and it was noted at the beginning of this article that champagne is one of the strongest examples of how it works – specifically the willingness of individual players in champagne to subsume differences has been noted. However, can the example of champagne have any relevance for other territorial brand? One can compare it with the situation which currently exists with another famous wine – Bordeaux. Bordeaux is made by a range of producers – from the highly renowned *grandes crus classés*, via a number of less prestigious *petits chateaux*, to a group of co-operatives, which tend to make a fairly basic, cheap wine (Faith 1999). Recent years have seen a decline in the reputation and market share of many wines from this region (Echikson 2004) with the result that they can be found in French supermarkets now for less than 2€ per bottle – just as the prices of the most prestigious are rising to many hundreds of euros per bottle. Whilst many of these problems have causes outside the region (Echikson 2004), the interprofessional organisations have failed to respond. In this they are hampered by the fact that there are 57 appellations contrôlées (some as small as a single village), each with its own co-ordinating organisation that is determined to protect its own position and influence, and with none able to provide a cohesive response to changes in world markets.

It is interesting that both Champagne and Bordeaux are regions that have been driven by mercantile involvement, but with variable effect. This may be because the Bordeaux appellations already had strong, independent cultures, whereas in Champagne, while there was initial fighting between the sub-regions, the growers in the sub-regions united to present a common front against the houses – which ensured grower cohesion. Then the two sides of the industry, growers and houses, negotiated a peace because of common external enemies (literal – during World War One – and metaphorical, with the external fraud being perpetrated against the region). Interestingly these outside threats may have been less of a problem for Bordeaux, so perhaps the lack of long-term external enemies produced less internal cohesion. In essence, the industrial circumstances are similar, but the historical and cultural conditions have resulted in very different structures and institutions for operating in the current environment.

Meanwhile, emerging wine regions, particularly in New World countries, have fewer things to bind them together – and they certainly do not have the cultural resources and social capital available to quickly develop and maintain the structures necessary for a strong territorial brand - at least one that is likely to be resistant to change from within or external threat. Grappling with their own collective identity and using purely market (or marketing) ideologies in an effort to manage the territorial brand will always make them weaker than those built on a shared history and mythology and a common and collective vision for the region. Success therefore relies on the rapid development of shared culture (rather than simply a shared vision), which might be driven by such things as the environment, strength of relationships and possible external threats; in this regard shared production knowledge appears to be essential to strengthening bonds (Caple et al. 2010). Critical to this shared culture is an acceptance of the fact that the territorial brand must be stronger than any individual proprietary brand. However, without the powers to enforce a collective approach for the brand, and to persuade individual producers to subsume their needs into the greater territorial need, these brand managers will always be weaker. Even where the need for a strong brand manager is clearly understood by key actors legal constraints (designed to promote a free market) will probably inhibit effective action by the brand manager. A good example of this is the current situation in Central Otago, New Zealand. This is a region whose pinot noir wines, in particular, have achieved a high reputation in the last decade and command reasonably high prices. The latter factor has persuaded a number of new producers, often based outside the region, and without any background in the developing story and culture of the territorial brand, to source grapes and produce Central Otago pinot noir. However, these wines are regularly priced quite low and the quality may be less than the more long-term brands. Members of the region, including those who are involved in directing the territorial brand manager (Central Otago Pinot Noir Ltd. and the Winegrowers Association) are aware that this is reducing the value of their collective product but feel powerless to do anything to avoid it. Yet, if their fears are correct, they could undergo a substantial loss in brand value.

4. CONCLUSION AND MANAGERIAL IMPLICATIONS

This paper has attempted to identify the key characteristics of a territorial brand in wine and to highlight the differences of such a brand from other place related brands. It is a complexly structured entity, yet one which has very clear consumer recognition as a brand in its own right. This study tends to support what the literature on destination branding implies about the territorial brand being more significant to consumers than any individual brands (Cai, 2000); this is clearly the case for Bordeaux or champagne, and probably the case for Napa or Coonawarra. Indeed, in some cases it has the protection of intellectual property that any proprietary brand may have. It also tends (at least in the strongest cases) to operate within a cluster (Porter, 1998, 2003), yet its significance and role is much more than just that of a cluster. However, though it shares some of the legal status of a proprietary brand, the territorial brand lacks recognition and powers in other areas. This is the first conclusion of managerial significance: how do the owners of the territorial wine brand – the individual labels – increase the power and legal status of their brand?

Linked to this is the fact that the territorial brand manager does not have unfettered control over the product – again already noted in the literature on destination marketing (Pike, 2005); in many places its power to control product quality is limited, and even where it has this, as in many European wine regions, it still lacks powers to control individual marketing and promotional activities which may damage the overall brand. The second managerial implication of this article is thus to find ways in which these issues – fundamental to the long term health of the brand – can be influenced, even if no overall enforceable sanctions exist.

The third conclusion is to note the significance of all actors within a territorial brand sharing a vision – but even more, understanding a common culture, history, story and mythology. This is fundamental if individual demands and expectations are to be subsumed into the common good. The territorial brand manager needs to address these issues as a matter of overriding concern. Further, a shared story is not static; it develops, and those involved need to understand this so that they can extend and expand the story and ensure it is as inclusive as possible. Resulting from this is the fundamental importance of the need for those who are otherwise rivals to learn to co-operate at the level of the territorial brand – again, a key managerial implication for the brand manager who must work hard to ensure this. These factors are all particularly applicable to New World wine producing regions.

Next, and unresolved, is the need to deal with external partners – particularly distributors who do not share the overall goals of the brand, and who are not inculcated with its culture and story. Systems need to be developed to handle them, and to ensure that the proprietary brands understand the wider demands and constraints in dealing with them.

Finally, this article suggests some areas for further research. How can the role of the territorial brand manager be developed, particularly in cultural and legal environments which are not conducive to interventionist approaches? Further, how can individual brand owners be persuaded to subsume their brands needs into the greater need of the territorial brand. Last, and equally significant, how is value measured and shared equitably within a territorial brand?

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[i] The authors are grateful to Nathalie Spielmann for these examples.

[ii] It is interesting to ponder how some of the stronger territorial brands like Champagne and Bordeaux attempt to mitigate some of the negative aspects of seasonal variation, either by producing a non-vintage wine or by having a classification system to signal quality, and then to use seasonal (vintage) variation to add value by producing a vintage (Champagne) or having a vintage rating system (Bordeaux).

[iii] As well as food and drinks, tourism products are also classic examples of territorial brands.

[iv] Leeuwin and Seguin (2006 p. 3) have suggested that ‘in today’s wine production a distinction should be made between “terroir wines” and “branded wines”. Terroir wines are produced in a specified location … Branded wines are produced by blending wine or grapes from larger areas and from a variety of sources, which may vary from year to year’