

Evolution of the Branding of New Zealand Wine: From Country Image to Collective Industry and Market Meaning

Roderick J. Brodie
University of Auckland Business School
New Zealand
r.brodie@auckland.ac.nz

Maureen Benson-Rea
University of Auckland Business School
New Zealand
m.benson-rea@auckland.ac.nz

Purpose: *This paper examines the evolution of the branding of New Zealand Wine from a simple country image based on “green” production to collective meaning within the industry and its markets that is associated with heritage, innovation, sustainability and quality.*

Method: *The study draws on our in-depth knowledge of the industry, discussions with industry contacts and secondary sources.*

Findings: *The New Zealand wine industry’s national branding was initially built around the country image of “green” production with the logo “riches of a clean green land”. This has been superseded by a branding strategy that focuses on developing the collective meaning of the brand with the logo “pure discovery” within the industry and its markets. This collective approach to branding involves broader considerations, where the brand is used to facilitate processes that co-create experience and meaning within the industry and its markets. It entails the alignment of a complex set of industry relationships within a network of stakeholders around the value propositions about heritage, innovation, sustainability and quality.*

Keywords: *Branding, sustainability, brand New Zealand Wine, Country-Of-Origin, collective meaning*

1. Introduction

The New Zealand Wine industry is recognised as a leader in sustainable production and this is an integral part of its country-of-origin (COO) branding and quality positioning of New Zealand wine in its export markets. The industry has a bold “green” production policy with an accredited sustainability scheme which covers over 95% of the producing vineyards. The New Zealand industry’s sustainability reputation comes from combining the best of existing practices with innovations and techniques relating to energy, water and agrichemical use. New developments are constantly emerging, including the roll-out scorecard, the Grape Futures project, the Greenlight spray diary tool and the completion of a revised Winery Waste Code of Practice (NZW, 2013). A key aspect of the sustainability programme is to provide the vineyards with the tools to implement best practices. In partnership with Organic Winegrowers New Zealand, the organic focus vineyard project has provided online resources and hosted industry seminars for those wanting to manage the transition of vineyards to organics. This has led the industry to achieve a proactive position to meet changing consumer and regulatory demands in its markets.

While the country image of “green” production plays an important role in shaping New Zealand wine’s strategy, the industry’s recent success involves broader considerations in which “green” production is integrated with its heritage and innovation. In 2007 New Zealand Winegrowers adopted a new logo of “pure discovery” to replace the previous logo of “riches of a clean green land”. The new tagline emphasises the journey the industry has embarked upon as it continues to discover, innovate, improve and diversify. Within this strategy New Zealand Winegrowers has the sustainability mission of “telling the New Zealand sustainability story and building sustainability credentials” (NZW, 2013 p. 14). However this is only one aspect of the strategy and the process of building the collective meaning for brand New Zealand Wine.

The purpose of this paper is to examine the evolution of the branding of New Zealand Wine from a simple country image based on “green” production to a branding that leads to achieving a collective meaning within the industry and its markets based on heritage, innovation, sustainability and quality. Our study of brand New Zealand Wine is built on our in-depth knowledge of the industry, having researched it over some years (e.g. Brodie, Benson-Rae and Lewis 2008; Benson-Rea, Brodie, and Sima, 2013).), discussions with industry contacts and secondary sources (e.g. Deloitte, 2012; NZW, 2013; PwC, 2011; Rabobank, 2012).

To establish the study context the paper provides a brief review of the development of the New Zealand wine industry over the last two decades. We then build a framework to examine the broader role of branding as an integrator for collective meaning within an industry and in its markets. This leads to the development of a network model for national branding. We then apply the framework to brand New Zealand Wine and draw conclusions and implications.

2. Development of the New Zealand Wine industry

The New Zealand industry has enjoyed 20 years of strong growth and innovations, as measured by new entrants, increased production volumes and exports. As shown in Table 1, since 1990 the number of wineries has increased 4-fold and the producing area has increased

6-fold. However at the same time New Zealand wine exports by volume have increase 40-fold and by value they have increased 60-fold.

Table 1: NZ Wine Industry - Key Growth Indicators

Indicator	1990	2013	Change
Number of wineries	131	698	433%↑
Producing area (hectares)	4880	35,753	633%↑
Average yield (tonnes per hectare)	14.4	9.7	-33%↓
Grape tonnage crushed	70,000	345,000	393%↑
Wine exports (million litres)	4	170	4,150%↑
Wine exports (\$million)	18.4	1,211	6,482%↑

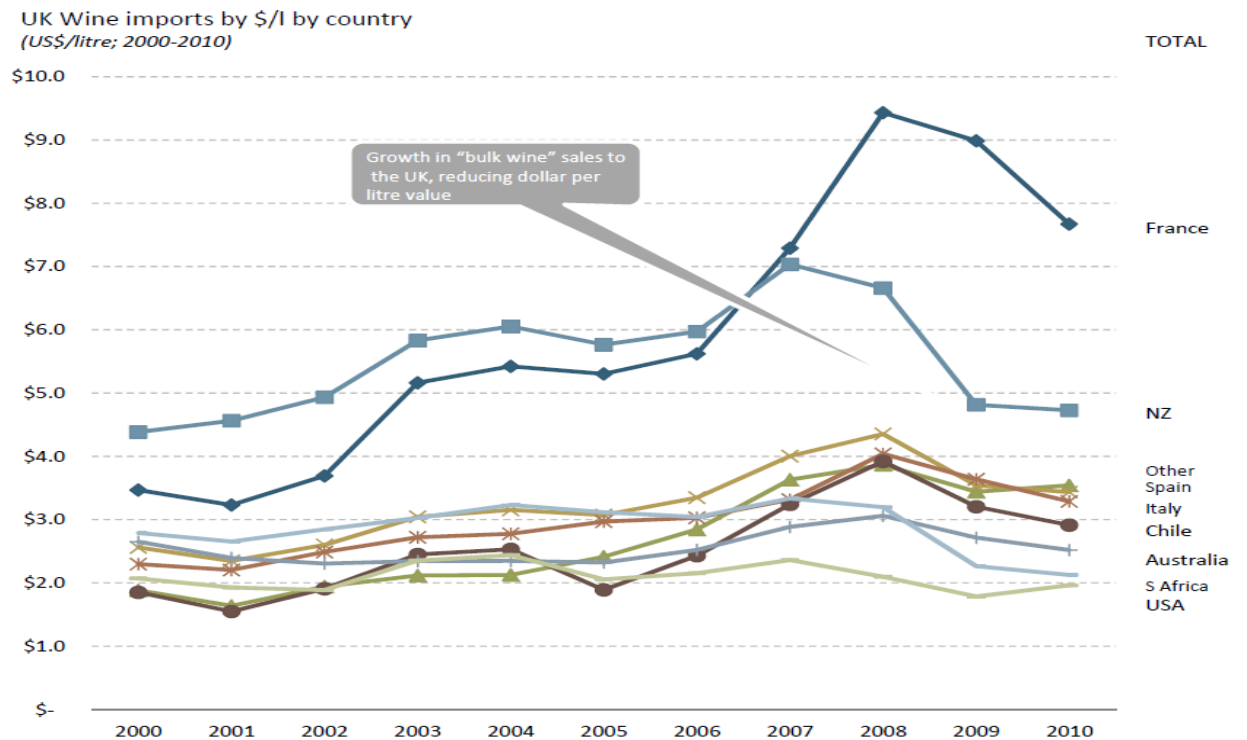
Source: NZ Winegrowers (NZW) Annual Reports, 1990; 2013

The export success has been based on the industry’s reputation for high quality, distinctive wines. The industry relies heavily on exports of a single wine varietal from a single region, Marlborough Sauvignon Blanc, but has recently added new varietal products, such as Pinot Noir and Syrah, which are also achieving significant critical acclaim. These wines are produced in many regions but are being associated with the newer production regions of Hawkes Bay and Central Otago. Because producers have built their capabilities on low production levels and have shared industry learning to achieve product and process innovations, New Zealand wines command premium prices.

A recent review of the industry (PwC, 2011) underlined the importance of the industry’s competitive advantage based on its niche positioning in high quality premium wines. Indeed, it cited a recent audit which found that trade buyers in all key markets very strongly supported New Zealand’s quality positioning, unique wine styles and compelling stories: “You are the world’s best vineyard, producing wines of international quality” (Australian Grocer 2007, quoted in PwC, 2011 p. 7). The strength of New Zealand’s quality position is demonstrated by the industry’s performance indicators in 2013. Wine is now New Zealand’s largest horticultural export by value and its 8th largest goods export. Wine is exported to over 80 countries and has a value \$1.2 Billion (NZ) (NZW, 2013).

In the last decade New Zealand wine imports into the UK have had a price premium of over 20% compared with those of all countries except France (PwC 2011). This favourable price position also exists in the other export markets for New Zealand wine. In 2009 and 2010 the global wine market experienced ‘brutal selling conditions’ (NZW, 2011 p. x) that provided competitive challenges for New Zealand producers’ because of excess supply caused by increased plantings and large vintages in 2008 and 2009. This led to an increase in unbranded bulk and private (own) label wine and a decrease in export prices (Rabobank, 2012). Despite this, New Zealand maintains its relative position in the UK market (Figure 1) which highlights the strength of brand New Zealand Wine.

Figure 1: Competitive Price Position of New Zealand Wine



Source: Coriolis Food and Beverage Information Project 2011

3. Integrating Collective Meaning with Brand Identity and Image

The traditional view of a brand is that it functions as an entity that is an image associated with a trademark. For example the American Marketing Association (AMA) (2004) defines the brand as: ‘a name, term, design, symbol, or any other feature that identifies one seller’s good or service as distinct from those of other sellers’. Underpinning this definition are economic and psychological theoretical perspectives. The economic perspective draws on signalling theory (e.g. Erdem and Swait, 1998), while the psychological perspective draws on associative network memory theory to develop theory about consumer brand knowledge (e.g. Keller, 1993). The entity perspective has been the prevalent approach in branding research in the last three decades, which has largely focussed on consumer goods and consumer choice (Keller and Lehmann, 2006). This has led to the dyadic view where the seller plays the active role building the brand and the buyer is a receiver of brand communications. Academic research for country of origin branding has also focused on a dyadic relationship between seller and buyers where the seller plays the active role (Magnusson, Westjohn, and Zdravkovic 2001a, 2011b; Samiee, 2011).

Recently research about branding has given consideration to broader relational, social, network, experiential and cultural aspects. This leads to perspectives that go beyond the brand functioning as an entity within a seller-buyer dyad. It assumes that the brand also functions as a process to co-create collective meaning (Stern, 2006). In contrast to traditional dyadic value chain perspective the collective meaning co-created within a network in what could be described as a value constellation (Normann and Ramírez, 1993). Research in this area includes brand relationships (e.g. Fournier, 1998), brand communities and social networks (e.g. Muniz Jr and O’Guinn, 2001; Schau, Muñoz Jr, and Arnould, 2009), brand experiences, consumer consumption practice and culture (e.g. Caru and Cova, 2003), co-created brand

experiences (e.g. Prahalad and Ramaswamy, 2004) and the active role of stakeholders creating brand meaning (Hatch and Schultz, 2010; Vallaster and von Wallpach, 2013).

In adopting this broader relational perspective Merz, He, and Vargo (2009) suggest that “brands are co-created by brand communities and other stakeholders as part of a continuous, social, and highly dynamic and interactive process between the firm, the brand and all stakeholders” (p. 331). Brodie, Glynn and Little (2006) also take a broader perspective. They state:

“...brands facilitate and mediate the marketing processes used to realize the experiences that drive co-creation of value. They provide sign systems that symbolize meaning in the marketing network, and hence are a fundamental asset or resource that a marketing organization uses in developing service-based competency and hence competitive advantage.” (p. 373).

We distinguish between three stages of branding. In the first and second stages the brand functions as an entity and in the third stage the brand transitions to function as a process. In the first stage the focus is on creating familiarity and distinctive identity for the trademark that the trade and customers recognize. The second stage builds on the first stage to create a distinctive image that the trade and customers associate with the trademark. The third stage is process-based and integrates Stages one and two. The emphasis thus shifts to branding processes that facilitate collective meaning with a broader network of stakeholders.

Figure 2: Stages in the Branding of New Zealand Wine

	Brand as Trademark		Brand as Image		Brand as Facilitator of Collective Meaning
Objective	Familiarity of trademark by customers and the trade	+	Consistent image with customers and the trade	+	Creating collective meaning within industry & market networks
Logic	Distinctive identity for trademark	+	Distinctive positioning based on brand image	+	Customer & stakeholder engagement that creates collective meaning
Learning	Building recall & recognition	+	Building awareness	+	Customer & stakeholder experiences
Marketing Activity	Communication featuring trademark to customers and the trade	+	Communication featuring image with customers and the trade	+	Facilitating processes to co-create collective meaning within industry & market networks

Source: Adapted from a framework developed by Kaj Storbacka and his colleagues at Vectia Consulting

4. A Network Model for the Branding of New Zealand Wine

The branding of New Zealand Wine has evolved through the three stages outlined in Figure 2. At all stages the central marketing agency, New Zealand Winegrowers, plays an important role. At Stages 1 and 2 the focus is very much on the trade and end consumers with the objective of building a familiar trademark and a distinctive image for brand New Zealand wine. At Stage 3 the focus broadens. New Zealand Winegrowers is required to facilitate the interactive processes within the industry network and the market network that co-creates

brand collective meaning that is expressed as value propositions. The industry network consists of grape growers, winemakers, wine marketers and other stakeholders, while the market network consists of customers, the trade, government agencies, the media and other stakeholders. .

In Figure 3 we develop a framework to examine the marketing activities for the branding for New Zealand Wine. Drawing on Brodie et al.’s (2006) definition, the framework portrays the national brand as a sign system that symbolizes meaning in the industry and market networks in the form of value propositions. New Zealand Winegrowers has the role of facilitating and mediating the interactions between and within the industry network and between and within the market network. Three types of marketing activities are undertaken by New Zealand Winegrowers.

- *Internal marketing* enabling and facilitating the value propositions within the industry network.
- *External marketing* communication of the value propositions to the industry network and the market network.
- *Interactive marketing* delivering value propositions with interactions between and within the industry network and the market network.

Within the industry network there is also the external and interactive marketing activity by wine companies for their individual brands where the national brand acts as an umbrella brand.

Figure 3: Marketing Activities for Brand New Zealand Wine



Creating a strong identity (trademark and image) for the national brand is a necessary condition for the successful national branding. As highlighted in Figure 2 (Stages 1 and 2) this activity is largely with the trade and end consumers. However when the objective shifts to creating collective meaning within industry and market networks (Stage 3) the marketing activity broadens. This leads to a logic based on customer and stakeholder engagement to create collective meaning based on customer and stakeholder experiences. Thus the marketing

activity centres on facilitating processes to co-create collective meaning within the industry and market networks. The implications for conventional brand management in this collective, more community-orientated conception of brands and socially-constructed notions of meaning are far-reaching. This accentuated as social media plays an increasingly important role in marketing activities.

5. Marketing Brand New Zealand Wine

The 2011 strategic review of the NZ industry (PwC, 2011) commissioned by New Zealand Winegrowers has led to a refocus of the industry strategy. The strategy builds on the 2007 “Pure Discovery” branding strategy with the emphasis on innovation, quality improvement and diversification. The new vision or promise for the industry is that around the world New Zealand is renowned for its exceptional wines with the mission to create value for its members and partners. The strategy focuses on sustaining the competitive position of New Zealand wine and to support its profitable growth of the industry. Thus the purpose of the national brand is to integrate identity and image to build collective meaning and hence co-create value between the producers of New Zealand wine, its customers and the network of stakeholders in its domestic and export markets. While the image of a “green” production policy is essential to the positioning of the brand, the development and maintenance of a branding strategy involves broader marketing.

Figures 2 and 3 provide the frameworks to examine New Zealand Winegrowers’ refocused branding strategy. New Zealand Winegrowers’ branding activities involve a combination of internal marketing, external marketing and interactive marketing. Much of the internal marketing focuses on facilitating the wine producers’ ability to produce exceptional wine and enable innovation. The industry body’s marketing and sustainability activities centre on telling the production sustainability story and building sustainability credentials to support and grow the brand New Zealand Wine.

At its core is the communication which focuses on value propositions associated with heritage, innovation, sustainability and quality. External marketing is targeted at industry participants, local wine media and the industry’s representative organisations. The communication pays attention to quality and sustainability for winemakers, effective programmes of collective marketing and careful cultivation of key stakeholders including supermarket buyers and international wine media. The national brand is supported by effective information exchange in production relationships; commitments from winemakers in buyer-seller relationships, and a powerful discourse of shared fate and future in industry relationships. More directly, it is supported by interactive marketing with the collation and dissemination of industry information through the industry website (www.nzwine.com). In addition New Zealand Winegrowers’ interactive marketing activity supports a series of over fifty trade shows and tastings around the world annually. These are partially funded by the levy paid by all producers to New Zealand Winegrowers based on the sale of grapes and wine but many events are “user pays”. Central to this marketing activity is the new logo of “pure discovery”, which is underpinned by the theme of the previous logo of “the riches of a clean green land”.

Identifying the sources of the differential effect for wine branding is complex because of the multitude of relationships that exist between the New Zealand Winegrowers within the industry network (grape growers, winemakers, wine marketers and other stakeholders) and the

market network (customers, the trade, government agencies, the media and other stakeholders). A combination of factors drives the value of wine from the quality of the grapes to the integrity of the vineyard following sustainable practices to the acceptance and rating by the various experts, to the actual taste and use of the wine. All those factors are negotiated because they are subjective and influenced by a host of people and external factors, not just the wine itself.

In its umbrella branding role, the external and interactive marketing for brand New Zealand Wine comprises a number of elements centred on external marketing communications. In Figure 3 we illustrate this umbrella branding role. What is important to observe, in terms of brand identity and logo, is that there is no connection between the logo for New Zealand Wine and the associated winery brands, event and varietal brands, regional and sub-regional brands, and the allied brands. Where the connection between brand New Zealand Wine and the related brands comes from is with the collective interest and the collective meaning that comes from the discourse about heritage, innovation, sustainability and quality.

Figure 3: Umbrella Role of Brand New Zealand Wine



6. Conclusions and Implications

We have argued that the dramatic success of the strategy for brand New Zealand Wine has come from a strategic understanding and intentional implementation of the umbrella role of branding in the industry. New Zealand Winegrowers recognises that branding activities extend beyond developing a distinctive identity and image based on the “riches of a clean green land”, to a process that is based on collective interest that develops the collective meaning around the logo “pure discovery”. Here the branding involves broader considerations where a strong brand identity and image are used as a sign system to facilitate processes that co-create experience and collective meaning.

The emerging diversity of interests within the New Zealand industry make it essential to understand the different sources of value creation for the different players – particularly those around size and scale, marketing strategy and positioning in particular segments of the market. This leads to a complex brand positioning where brand New Zealand Wine is part of a network of other brands in which it acts as an umbrella brand for a broad and diverse range of enterprises where the meanings and experiences of the brand New Zealand Wine are co-created. These emerge from a network of relationships that New Zealand Winegrowers has with its industry network and its market network. Our analysis highlights both the interdependencies among those involved and the potentially different investments in, and requirements of, a national, umbrella brand by different players. Thus while the umbrella brand strategy is articulated as being targeted at key export markets, its influence is far broader and more complex.

In the Appendix of this paper we present an initial exploration of the aligning role that the umbrella brand New Zealand Wine plays in co-creating value and hence financial return within the network of negotiated relationships (Brodie, Benson-Rea, and Lewis, 2008). The framework distinguishes between “places” linked to the brand (destination countries, distribution channels and retailers), “things” linked to the brand (events, causes, third party endorsements), “people” linked to the brand (employees, endorsers) and other brands. Of particular relevance are the implications of connections among and with “other brands”.

Our framework provided in Figure 3 shows how New Zealand Winegrowers acts as the facilitator for a multitude of network interactions. New Zealand Winegrowers plays the essential coordinating role in enabling, making and delivering the value propositions associated with heritage, innovation, sustainability and quality. New Zealand Winegrowers has the challenge to balance marketing investments in external marketing that communicate the value propositions and internal and interactive marketing which enables and delivers of the value propositions about the heritage, innovation, sustainability and quality of New Zealand Wine.

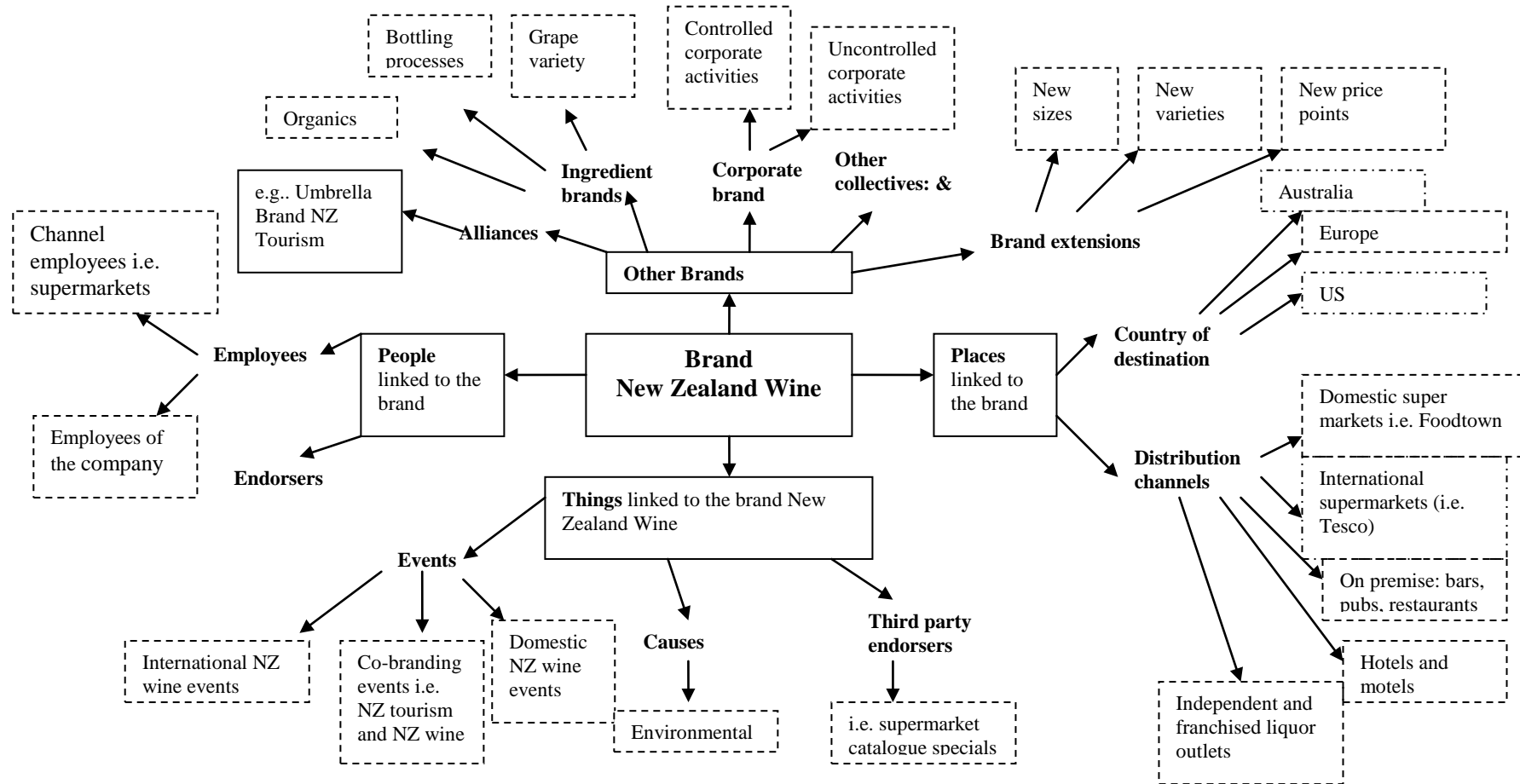
A key consideration is to understand the brand governance mechanisms (Hatch and Schultz, 2010) that lead to collaboration within these value networks, where heritage plays an important role in achieving cooperation. The competition between large and small, local and multinational-owned companies needs to be blended with the realisation that the success of the industry is based on collaboration leading to cohesion and coordination within the value networks.

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Appendix: Sources for the Co-creation of Value for the brand New Zealand Wine



Source: Brodie, Benson-Rea, and Lewis (2008)