

# Diagnosing the Success of Brand New Zealand Wine

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## ***Abstract:***

*Purpose:* To investigate the success of the national strategy for the branding of New Zealand Wine where exports have dramatically increased in the last decade to reach \$1.4 billion in 2014.

*Design/methodology/approach:* The case study design combines primary and secondary data collection. Our primary data were gathered from face-to-face in-depth interviews with 10 people: two who were managers at New Zealand Winegrowers (NZW) and eight who were CEOs or senior managers from NZ wineries in a prominent wine region. The secondary data came from industry reports, NZW Annual reports and the industry website.

*Findings:* The research demonstrates that the dramatic success of the national strategy for Brand New Zealand Wine comes from a strategic understanding and intentional implementation of the facilitating role of collective branding in the industry. The activities extend beyond developing a distinctive identification and image based on a single dimension, to branding in processes within the industry network and market networks based on collective interest that lead to common and shared meanings around the logo 'Pure Discovery'.

**Keywords:** Industry brand, brand identification, brand meaning

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## **1. OVERVIEW**

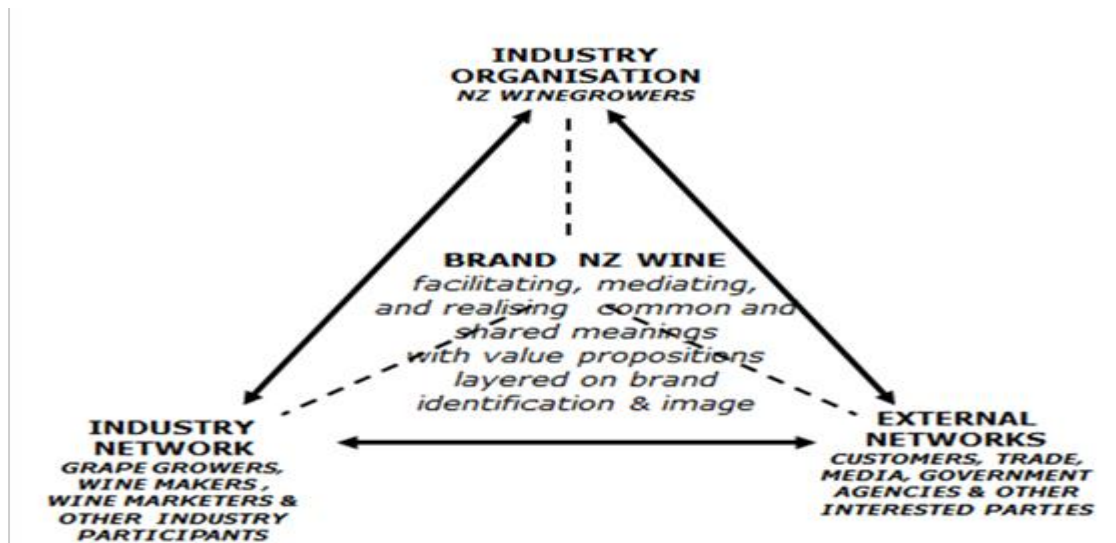
In the last decade there has been a dramatic increase in New Zealand exports of wine and 2014 exports reached NZ\$1.4 billion with exports to over 80 countries (NZW, 2014). In this paper we provide a diagnosis drawing of this success using case evidence. This allows us to examine the transition of the NZ wine branding from an operational competence based on identification-image to a dynamic and collective capability for facilitating common meanings within the stakeholder network. Led by the peak industry body, New Zealand Winegrowers (NZW), the industry began a journey in 2007 to discover, innovate, improve and diversify in a strategy and process of building common and shared meanings for Brand New Zealand Wine. Central to this process is the strategic role national branding plays in aligning industry relationships.

The illustrative case study design (Siggelkov, 2007) combines primary and secondary data collection. The primary data were gathered from face-to-face in-depth interviews with 10 people: two who were managers at NZW and eight who were CEOs or senior managers from NZ wineries in a prominent wine region. The wineries were all small to medium-sized wine businesses, with annual sales between 100,000 and 4,000,000 litres. Each of the participants had particular knowledge about the national, regional and firm perspectives on the branding processes of NZ wines. The participants were asked questions about their marketing, branding, production and HR strategies and how these align with their interactions with the local region and the national wine industry. The secondary data came from industry reports, NZW Annual reports and the industry website ([www.nzwine.com](http://www.nzwine.com)).

## **2. RESEARCH FRAMEWORK**

The empirical framework presented in Figure 1 describes the connections between NZW and its external and industry networks was derived from a theoretical paper Brodie, Benson Rea and Medlin (2015). Brand New Zealand Wine provides a focus for activities within these networks. It provides a distinctive trademark and image and a branding process that facilitates, mediates and realizes common and shared meanings in the networks.

**Figure 1: Framework for Marketing Interactions for Branding of New Zealand Wine**  
(Brodie et al 2015)



NZW uses its brand to facilitate three groups of marketing activities:

- (1) Marketing interactions between NZW and its external networks (end customers, the trade, media and other interested parties (government agencies, media, related industries - tourism, hospitality, travel etc.).
- (2) Marketing interactions between NZW and its industry network of grape growers, winemakers, wine marketers and other industry parties marketing company brands.
- (3) Marketing interactions between the external networks and the industry networks facilitated by Brand New Zealand Wine.

### 3. TRANSITION OF BRAND NEW ZEALAND WINE

While the country identification and the associated image of “green” production and sustainability played an important role in shaping the strategy led by NZW, its recent success involves broader considerations which are more difficult to imitate for lower cost producers such as Argentina and Chile. In NZW’s new branding activities the past image of “green” production and sustainability is integrated with the heritage and innovative nature of the industry. In 2007 NZW adopted a new logo of “Pure Discovery” to replace the previous logo of “riches of a clean green land”.

The new tagline encompasses NZW’s sustainability but this is only one aspect. The new value propositions also include the “excitement and clarity of flavour that New Zealand wines offer”, “the journey the industry has embarked upon, as it continues to discover, innovate, improve and diversify from the dominant focus on Marlborough Sauvignon Blanc”. The “green production” is integrated with its heritage and innovation” (NZW, 2007). Also of note is the visual identity of a vineyard by a lake with mountains in the background has

disappeared. The new simple identification provides an open platform to develop multiple meanings around “Pure Discovery”

As a follow up to the rebranding, NZW commissioned a strategic review of the industry (PwC, 2011). This led NZW to adopt the collective vision of “*around the world New Zealand is renowned for its exceptional wines*” with the mission “*to create value for its members and partners*”. The NZW strategy focuses explicitly on protecting the established strategic position and facilitating profitable growth within the industry.

#### **4. DATA ANALYSIS AND DISCUSSION**

The research framework for branding of New Zealand wine presented in Figure 1 allows us to examine NZW’s activities within the refocused branding strategy. Our data, summarized in the Appendix, involve a combination of internal, external and interactive marketing drawing on NZW annual reports and face-to-face in-depth interviews.

*(1) Marketing interactions between NZW and its external networks (customers, the trade, media and other interested parties).*

The branding activities undertaken by NZW with the market and other networks include: relationship building, communicating a commitment to sustainability and quality, and also focusing on NZ wine’s competitive advantage arising from continuous innovation and product development. Each of these sets of processes is underpinned by activities that focus on building the collective meaning of Brand New Zealand Wine. The Appendix presents examples of narrative data about how NZW co-creates shared and common meanings through external and internal marketing within market and stakeholder networks.

NZW’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 to work synergistically with the brand marketing by wine companies within the industry. As outlined in the NZW 2014 Annual Report (pp. 14-15) NZW has a clear sustainability mission of “telling the New Zealand sustainability story building on sustainability credentials”. In 2013-2014 year it hosted four media events with a singular focus on sustainability with journalists and educators from the UK, China, Canada and USA. As outlined in its 2014 Annual Report the collective capability that is facilitated by NZW is broad and integrative and extends the traditional dyadic view of marketing. In addition to the sustainability mission it includes an advocacy mission “protecting NZW members’ ability to produce, market and sell competitively”, a research mission “building a knowledge platform that protects members ability to produce exceptional wines”, and a marketing mission “developing and supporting the growth of the New Zealand wine brand” where the understanding of New Zealand wine amongst trade and media is to NZW’s activity.

In Table 1 we outline the diversity of this activity. This includes a series of over seventy trade shows and tastings NZW supported around the world annually. These were partially funded by the levy paid by all producers to NZW 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”.

**Table 1: NZW Marketing Activities in for 2013-14 year** (NZWG annual reports)

Activity	Details
Influencer visitors to New Zealand	77
Trade shows and educational tastings	74 around the world.
Educational activity	112 candidates graduated from four Advanced Certificate in New Zealand wine courses in Beijing, Shanghai, Guangzhou and Hong Kong.
Leveraging international sporting event which features New Zealand	America’s Cup yachting regatta in San Francisco Summer 2013.
Social media	‘SauvBlanc Day’ in May 2014 generated 34 million impressions on Twitter.
NZ wine events	Melbourne, Hong Kong, London, Toronto, New York and a tasting at Twitter HQ in San Francisco.
Sponsorship of activities	Air New Zealand, O-I New Zealand and JF Hillebrand.
Support in Export Markets	Guides to Market for 10 key export markets.

(2) *Marketing interactions between NZW and its industry network of grape growers, winemakers, wine marketers and other industry parties.*

The branding activities and programs run by NZW also have an impact on the firms in the industry network. The excerpts of interviews in the Appendix show a variety of views about the different issues that arise from specific winemakers and regional organizations’ points of view. NZW must balance the interests and requirements of many diverse groups. In practice the operating context for the collective interest is not without its constraints and challenges. This is especially noteworthy with regard to regional and national strategy alignment. Different interviewees relate to issues around tensions in interests between individuals and groups, large and smaller wine companies, different collective interest within subgroups, frustrations with NZW and the funding of NZW activities.

(3) *Marketing interactions between the external network and the industry networks facilitated by Brand New Zealand Wine.*

In Figure 2 we illustrate the facilitating role Brand New Zealand Wine plays for a number of different types of brands that are associated with Brand New Zealand Wine. What is important to observe, in terms of visual brand identities, is that there is no connection between the logo for Brand New Zealand Wine and the associated winery brands, event and varietal brands, regional and sub-regional brands, and the allied brands. The connection between Brand New Zealand Wine and the related brands comes from branding in processes that create common and shared meanings around “Pure Discovery”. This is based on the ability to facilitate collective interest and the common and shared meanings that come from the discourse about heritage, innovation, sustainability and quality.

**Figure 2: Facilitating Role of Brand New Zealand Wine (NZWG annual reports)**



Examples in the Appendix also illustrate the importance of partnerships with Air New Zealand, Tourism New Zealand and New Zealand Trade and Enterprise (NZTE) for building export markets. Another important process for building shared and common meaning is the successful participation of NZ wine companies in international wine competitions. An example of a recent success is the UK based 2015 International Wine Challenge (IWC) where brands from NZ received 470 medals ([www.internationalwinechallenge.com](http://www.internationalwinechallenge.com)). This event highlights how the “Pure Discovery” branding strategy and the story of the journey the industry has embarked upon, as it continues to discover, innovate, improve and diversify, is achieving collective meaning. Charles Metcalfe, Co-Chairman of the IWC, commented:

*“For the first time, New Zealand has scooped more Gold medals for Pinot Noirs than the traditional masters of the grape in Burgundy, which is a fantastic result for the country’s relatively young wine industry. New Zealand Sauvignon Blancs continue to be as good as ever, and it is great to see Kiwi winemakers creating tremendous wines from more unusual grape varietals. New Zealand winemakers have proven that they are capable of much more than just creating good Sauvignons and Pinot Noirs. Kiwi wines are getting better and better.”*([www.digitalnewsroom.co.uk/iwc/2015-new-zealand](http://www.digitalnewsroom.co.uk/iwc/2015-new-zealand) May 12 2015).

When considering the branding of New Zealand wine it is also important to recognize the supporting role of the government agencies. In the last decade the country branding has been centred on New Zealand's '100% Pure' tourism brand. While the focus has been on tourism there are synergistic effects with other industries such as the wine industry. More recently the New Zealand trade development organization, NZTE, has launched a major country branding strategy based on the "New Zealand Story" that complements the wine industry's 'Pure Discovery' strategy. The initiative is about broadening the perception of New Zealand internationally, beyond the scenic beauty of the country to include attributes like innovation and resourcefulness, the unique Māori culture, and the integrity and the welcoming friendly approach ([www.story.newzealand.com](http://www.story.newzealand.com)).

## **5. IMPLICATIONS**

Our case study provides a diagnosis of the success of the national strategy for Brand New Zealand Wine. The success comes from a strategic understanding and intentional implementation of the facilitating role of branding in the industry. NZW recognizes that branding activities extend beyond developing a distinctive identification and image based on a single dimension, to branding in processes within the industry network and market networks based on collective interest that lead to common and shared meanings around the logo 'Pure Discovery'. Here branding involves broader considerations in which a strong brand identification and image are used to facilitate processes that co-create experience and common and shared meanings. This entails the alignment of a complex set of industry relationships, where value is co-created, that contribute to the heritage of Brand New Zealand Wine and its quality positioning. Within this strategic positioning the concept of sustainability extends beyond production to a business model based on marketing and branding.

The key managerial implication of this broadened perspective on branding, focusing on common and shared meanings, is that interactive communications between buyers and sellers and other stakeholders play a critical role. In turn, the common and shared meanings may also facilitate further collective interest. Hence an important managerial consideration is to understand the governance mechanisms that lead to collaboration based within these value networks. Also important is to understand how heritage plays an important role in achieving co-operation (Hira and Benson-Rea, 2013) and leads to collaborative governance to balance individual and collective interests (Medlin, 2006). The competition between large and small, local and multinational-owned companies is blended with the realization that the industry's success is based on collaboration leading to cohesion and coordination within the value networks.

Identifying the sources of the differential effect for national wine branding is complex because of the multitude of relationships that exist between NZW within the industry network (grape growers, winemakers, wine marketers and other stakeholders), the market network (customers and the trade) and other stakeholder networks (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 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. But, in this context, an industry-wide collectively generated and coherent industry marketing brand operates as a stronger point of reference for potential end-user value than any single firm brand. Further, using more than one brand symbolically builds consumer trust and commitment. Thus the industry reputation and identification play an important role for a wine company's exports. Within this complex of marketing associations the national brand acts as an umbrella brand which synergistically augments the value of the individual brand offerings.

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## Appendix: Narrative data according to interaction processes between actors in different networks

Between NZW and the external networks	Between NZW and the industry network	Between the external & industry networks
<p><b>Relationship building</b></p> <p><i>“We develop strong relationships with ... influencers, bringing them to NZ and inspiring them to write articles or carry out education for us in their home country. ... supported with high quality collateral and websites to create consistent messages ... we enhance strategy development and our members’ insights with market information. (NZW, 2014, p. 16)</i></p> <p><b>Communicating commitment to sustainability</b></p> <p><i>“Sustainable Winegrowing NZ demonstrates the country’s outstanding commitment to securing a socially responsible, economically viable and environmentally sound future. When compared to the rest of the world, NZ’s country-wide commitment to sustainability is quite extraordinary!” (US journalist, Sandra Taylor’s blog: www.sustainablebizintl.com, July 2014).</i></p> <p><b>Communicating quality focus</b></p> <p><i>“Behind the scenes the NZ industry has been focused on exporting wine of high quality rather than trying to lure fans with very cheap prices - as several other countries have done.” (David Lawrason, winealign.com, Canada, July 5, 2014).</i></p> <p><b>Communicating competitive positioning</b></p> <p><i>“The best NZ wines... are now truly in a league all their own. And unlike their European counterparts, NZ’s best wines display fair price tags for the level of quality you get.” (Eric Arnold, Aftertaste, USA, April 2, 2014).</i></p>	<p><b>Balancing interests</b></p> <p><b>Individuals and groups</b></p> <p><i>“whenever you get a group of wineries together ... they’re a group of individuals ... winemakers have huge egos ... some people that are really clicky and others that are more outliers and outsiders. So, in terms of an overall social structure ... it’s probably like any family, they have their moments. (CEO, Winery 5, Interview 2012).</i></p> <p><i>“It’s just a very complex industry... you have to be very clear about what your objectives are.” (Manager 1, NZW, Interview 2012).</i></p> <p><b>Firm size</b></p> <p><i>“I was sitting on the Winegrowers board [discussion]... that you ... should only ... use the appellation Marlborough, if it’s bottled in NZ. But, a lot of the big guys didn’t want to buy into that” (CEO, Winery 2, Interview 2012).</i></p> <p><b>Diversity</b></p> <p><i>“if you look at all of those groups that have been really successful, the Gimblett Gravels, the Family of Twelve and the Complexity thing, that didn’t happen through NZW but part of the issue there is that NZW can’t be seen to favour certain groups of the industry” (CEO, Winery 2, Interview 2012).</i></p> <p><b>Frustrations</b></p> <p><i>“they have to be very careful about how they use their funds ... from a marketing point of view ... they are constrained ... held [back] a little bit by what they can do.” ... “There’s no inspiration, flair ... and, I think that’s largely related to the fact that it’s an industry body, and the way that the board works, they’re too involved and they’re too old fashioned.” (CEO, Winery 2, Interview 2012).</i></p> <p><b>Funding is spread and not specific</b></p> <p><i>“if you have a winery that wants to participate in NZW’s activity, ... in [region X] winegrowers’ activity, ... in [sub-region Y] activity .... as opposed to contributing to one organisation, or two organisations that can effectively still provide you with those identities ... it’s not that simple in practice. (Manager</i></p>	<p><b>The importance of partnerships</b></p> <p><b>Air New Zealand</b></p> <p><i>“Partnerships are key to our strategy ... NZW and Air New Zealand announced a Memorandum of Understanding ... to actively promote NZ as a destination for wine tourism ... committing to work together... to promote NZ wine in both North America and Asia.” (NZW, 2014, p. 16)</i></p> <p><b>Tourism NZ</b></p> <p><i>“NZW is working with Tourism NZ ... more coordinated ... leverage ... to gain efficiency and extend marketing reach ... creation of Wine Tourism ... a designated Special Interest by Tourism NZ.” (NZW, 2014, p. 16)</i></p> <p><b>NZ Trade and Enterprise</b></p> <p><i>“partnership with NZ Trade and Enterprise goes from strength to strength with projects focused on China and Mainland Europe generating strong results this year and exciting plans established for the year ahead.” (NZW, 2014, p. 16)</i></p> <p><b>Building export networks</b></p> <p><i>“they ... organize things like collective marketing initiatives ...they’ll set the scene and look at a venue like Sydney ... and get all the winemakers interested to chip into a fund and go there as a kind of collection with one theme ... We went to Sydney</i></p>

<p><b>Communicating innovation and new product development</b></p> <p><i>“To those who truly understand fine, sublime wine, the reds of NZ are where the 21st century is at.” (Dan Berger’s Vintage Experience, USA, March 20, 2014).</i></p>	<p>1, NZW, Interview 2012).</p> <p><b>Regional/national strategy alignment</b></p> <p><i>“to better align the regional strategy with national strategy and gain greater leverage from the funding that’s going into the region ... between the regional bodies and the national body.” ... “the way [region A] has been or has not been integrated into the national strategy ... we host the international visitors that come in through the NZW programme. And, we’ve developed quite a structured and robust system for regional tastings for those people” (Manager 1, NZW, Interview 2012).</i></p>	<p><i>and Melbourne last year... it happened that we did actually connect with a distributor ... who looks after both Sydney and Melbourne. (CEO, Winery 1, Interview 2012).</i></p>
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