

## Branding Strategies: An Evaluation within the South African Wine Export Industry

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**ABSTRACT** This study aimed at looking at brand marketing strategies that can increase awareness of South African wine brands in the foreign markets. It sought to find a good branding formulation strategy that will help differentiate South African wine brands from foreign competitors and enhance their sales in those markets. The study's population, consisting of South African wine experts, comprised six respondents. To achieve the study's objective the researcher made use of structured, in-depth interviews. The main findings from the study were that the significance of formulating a good branding strategy is fundamental to the value of a South African wine brand in a foreign marketplace. The reason is that a branding strategy has the ability to enhance awareness of the brand, increase sales and potentially increase long term brand loyalty.

### INTRODUCTION

Aaker (1991) makes a distinction between a product and a brand. Thus a product is that which can be 'made in a factory; copied by a competitor; quickly outdated' whereas a brand is that which is 'bought by a customer; unique, and timeless' (Aaker 1991: 1). International Trade Probe SAinfo (2008) reported that "South Africa winemakers exported more than R3-billion worth of wine in 2006, making the country the ninth largest exporter of the product." Since the market has increasing higher levels of competition, it has become harder to satisfy consumers because of the variety of brand choices that exist. A study conducted in America by interviewing 500 American consumers in various wine bars, liquor stores and on the streets intended to establish what impression and knowledge the average American has of South Africa and its wine brands. More than half knew that South Africa manufactured wine but only three percent of those interviewed could name a South African wine brand (Irwin 2001). This may indicate that wine consumers in foreign countries such as

America have little or no knowledge of the existing South African wine brands. It may also show that South African wine exporters are yet to refine and increase branding methods and strategies that introduce local wine brands to the international markets.

According to Holme, cited in Irwin (2001), South African wine brands are some of the cheaper wines in the US market when compared with French brands and others. South African wines fall under the category of "value wines" which costs around \$20, whereas mid-range French and American wines are in the \$20+ price list. 69 percent of US consumers are found purchasing the \$10 to \$20 price range of wine brands. It is important that South African wine brands increase their perceived value in the export market.

Crainer (1995: 12) defines "branding is a name, term, sign, symbol or design, or a combination of these, which is intended to identify the goods or services of one group of seller and differentiate them from those of competitors". Chowdhury and Imran (2013) argued that branding is one of the important strategic components of business. The branding procedures can be handled by a specific department dedicated to it. Also, there are companies that get these jobs done by transforming the brand activities to the corporate culture of the company and the management work for making the brand a success. A holistic brand image integrates entities such as values, colours, name, symbols, words and slogans.

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Having a good branding strategy can therefore be very important for the growth of South African wines in foreign markets in order to increase brand awareness and easier identification of a certain wine brand. Finding good branding strategies for the South African based wine exporting industry is thus the main problem statement for this study. These can significantly help with suggestions on how wine companies can potentially increase sales in the foreign markets. By attempting to research on this problem statement a number of research objectives were formulated. The objectives include, discovering the factors wine organisations consider when targeting a specific target segment in a foreign country; determining whether companies view branding as an advantageous factor in their wine sales in foreign markets; establishing whether organisations consider brand equity factors; what positions South African wine exporting industries consider when taking their brands abroad; determining appropriate branding strategies that South African wine industries can use in foreign markets and establishing how South Africa's wine exporting can maximise sales in foreign countries.

### **Value of Study**

The wine industry is constantly under enormous pressure from stiff competition from well marketed wines from South America and Europe; hence a study of this nature will assist the wine farmers and exporters on how to come up with winning branding strategies that will help them to be more competitive and have an edge over the competitors. Formulating a good and competitive wine branding strategy affords wine consumers South African brand recognition and awareness in the international market, and this will help differentiate them from foreign competitors and enhance the sales in those markets.

### **Literature Review**

The significance of how important the branding strategy, brand positioning, brand naming as well as branding is, is important to acknowledge in such a study as it equips a wine marketer to know what aspects are important during the course of formulating a good branding strategy.

### **Branding Strategy**

One of the many challenges companies face is to build a strong brand and managing it. Firstly, brand importance needs to be realised since brands can be very powerful assets. Armstrong and Kotler (2010: 246) cite John Stewart, co-founder of Quaker Oats, who said "if this business were to split up, I would give you the land and bricks and mortar, and I would keep the brands and trademarks, and I would fare better than you". Top brands such as Coca-Cola, Microsoft, Nokia, Toyota, McDonald's and Disney are measured in millions. Without the brand name on their products, the products would actually be worthless as the value of the brand lies entirely in the name that it carries (Cateora et al. 2009: 358).

If this same concept is applied to South Africa's wine brands then it shows how important they really are and the significant power that the South African wine brand carries. WOSA (Wines of South Africa) initiates that the "Wine South Africa Brand is the vision, the spirit and the essence" (Birch 2010: 4) of what the country's wines have to offer consumers. According to Sue Birch (2010: 4), CEO of WOSA, the strength of South Africa's unified country-specific brand is positioned in the consumers' minds through their experience with the South African wine brand. The experience starts from the first South African wine bottle the consumer comes into contact with, to the very first taste they have and right through to the contact that they experience with it over time. The brand is thus lived through the experience and interaction the consumer has with it, proving that a strong brand needs to be delivered right from the start.

Therefore, in order to build a strong brand it calls for the evaluation of a good branding strategy right from the word 'go'. Thus, this study will look into what it takes to be able to formulate good branding strategies in order to help South African wine exporters to increase sales, positioning and consumer brand awareness amongst foreign markets. According to Armstrong and Kotler (2005: 242) brand strategies involve challenging decision-making in brand positioning, selection of a brand name as well as in brand development.

### **Brand Positioning**

Brand positioning can be defined as "the act of designing the company's [brand], offering

image to occupy a distinctive place in the target market's mind" (Kotler 2000: 298). It can also be defined as "the process of developing a specific marketing mix to influence potential customers' overall perception of a brand" (Lamb et al. 2015). Thus, companies need to focus on what kind of positioning they want their brands to occupy in people's minds. Armstrong and Kotler (2005: 208) argue that "a [brands] position is the complex set of perceptions, impressions, and feelings that consumers have for the [brand] compared with competing [brands]".

Positioning signifies the place that a product or service inhabits in a specific market industry, which can be measured through the perceptions and preferences of organisational purchasers' in comparison to competitors. According to Kotler and Keller (2012), a good brand positioning helps guide marketing strategy by clarifying the brand's essence, identifying the goals it helps the consumer achieve, and showing how it does so in a unique way. It is essential for businesses to have the upper hand in the competitive market, where having the brand power, increases the value added to the brand and its product and services to the consumer, therefore enhancing the brand and the company's brand equity of that brand.

With the high intensity of lifestyles and product variety, consumers do not want to spend endless times making decisions on what brand to use every time they make a purchasing choice. Consumers tend to categorise brands, products and services through a process of positioning and situate a certain perception of certain brands into their minds (Armstrong and Kotler 2005: 208). Therefore, the sense of brand positioning makes it easier for the consumer and impacts their first choice when acquiring a brand. This can either be done through various forms of packaging, labelling or the experience one has with products. Usually in the case of wine branding, it is all about the experience that the consumers get out of the brand that helps them to create a certain positive or negative perception of the brand in their minds. Thus as the WOSA CEO, cited above, states that it is the first interaction with the South African wine bottle thus looking at the packaging of the product. This could include any form of labelling and award winning stickers on the label. Secondly, the first taste the consumer experiences with the wine, therefore contributes to how the quality of the

wine is experienced in the mind of the wine consumer. Thirdly, it is the interaction and experience with the wine brand over a long period of time. Thus, the brand is already positioned into their mind and they consider the quality and value added to that brand in front of them.

Wine brands regularly use price as their biggest competitive strategy as it is often used as an indicator of quality and value of a wine brand. According to the owner of the Rare Wine Company in USA, Mannie Berk in Hesser WOSA Library (2010), signalled that their positioning is "finding the right point in the market where you're priced appropriately in relation to other wines that are similar in stature and style and level, where both merchants and consumers will be eager to buy the wine." When a wine brand is classified into a certain price range, it is possible to position that wine brand in the consumer's mind as either a quality premium drinking wine, a collectors wine or an affordable every-day drinking wine. However, a USA wine consultant, Vic Motto in Hesser WOSA Library (2010: paragraph 5) claims that if the best wine in the world was made and was sold at \$1, people would not believe that it was the best, they would only say that it is a "great bottle of \$1 wine." It is assumed that when a consumer knows that a certain wine brand is of quality and value, the price associated with it would not make that much of a difference. Vrontis and Papsolommou (2007: 165) say that "a pricing strategy needs to be implemented in order to offer customer satisfaction and develop loyalty." Therefore, this study will further look at a small part of how wine exporting marketers or agents view pricing as part of the company's branding strategies.

### Selecting a Brand Name

A brand name is often a method to recall products that have been positioned in the minds of the consumers. According to brand strategy guru, Middleton (2010: 143) a brand name goes back to your brand strategy that in fact "will give ... a strong sense of whether [the] intended name is in alignment with what [is] trying to [be achieved]." The true brand power is within the competitive potential of the brand name, where it can be used as a driving force to move the business forward, transforming it, setting it apart from others or helping it to survive in the market industry (Crainer 1995).

According to Birch (2010: 48), South African wine brand names are usually positioned and made memorable through stories that are told. Birch (2010: 48) argues that “the best way to make a brand memorable is to connect to consumers at both an emotional and a rational level”. Middleton (2010: 27) argues using the angle of narrative that “there is no power in branding greater than the power of narrative or story ... brands are our modern equivalent of folktales, the myths and legends that help us to understand, organize and narrate our complex and confusing world”. Consumers are people who thrive on stories which is some kind of a reassurance from which people draw, relate, share or dream about their own experiences. Middleton (2010: 27-31) recognises therefore the fact that brands which utilise stories as part of their concept have an upper hand over the rest of their competitors; hence “we respond to the best brands because they capture some aspect of our humanity and reflect it back to us, because they work much more with our emotions”. The importance of a brand name also lies in the significance of the brand attributes that goes with the brand name and the story behind it, such as the logo, symbols, quality sticker, country-of-origin, packaging, labelling etc. These attributes help influence consumers in their selection process of a certain wine brand.

A study done for Cyprus wine branding by Vrontis and Papasolomou (2007: 164) considers a number of factors proven to be important to consumers 80 percent the country of origin factor and 78 percent brand name. These factors form consumer perceptions and possibly influence consumer-purchasing behaviour. Wine producing countries such as France have a strong reputation and distinctive brand image, and are perceived as being more favourable to consumers among competing country brands, which gives brand names from this country a strong competitive advantage (Vrontis and Papasolomou 2007: 164).

When a brand name wears a positive reputation and has created positive feelings and attitudes amongst its consumers there is the likelihood of consumers sharing their positive experience and thoughts with friends and acquaintances, “[encouraging] them to purchase a specific brand, and hence, increase sales and the number of customers” (Vrontis and Papasolomou 2007: 164). Therefore, this is one concept

South African wine exporters should take into consideration by thinking of ways in which they can increase positive feelings and attitudes towards their brand and make their brand name more memorable. This aspect should become a very important part in the introduction of the formulation process of a branding strategy and should be the food for thought in the process. Vrontis and Papasolomou (2007: 164) found that a brand’s name is influential in building customer loyalty by inspiring confidence in the consumers in knowing that the product delivers on its promises such as quality, affordability and customer satisfaction.

### **Building a Brand**

Formulating a good branding strategy does not happen without knowing the aspect of branding. Thus, the study has to look at the importance of branding and how it makes up part of the branding strategy. Vrontis in Vrontis and Papasolomou (2007: 159) argue branding is a very important aspect as “people choose the brands in the same way as they choose friends.”

Branding can initially be defined as allocating a brand name to products or services. Middleton (2010: 2) argue for branding as being the sum total of meaning that consumers and possible consumers carry around with them. In a competitive market such as the wine industry this is very important to acknowledge. David Higgins, the President of Brown Forman Beverages Worldwide Wine Group, is cited by Vrontis and Papasolomou (2007: 159) as stated that “in the wine business people do not understand the need to build brands. That will become more and more of a problem among mid-size wineries”. Therefore this contributes to the importance of the findings of the study, on how wineries in the South African wine exporting industry perceive branding and how branding strategies can help increase their brand.

Halstead (2002) researched on how consumers select wine and what factors affect their purchasing decision. The author signifies that product indicators such as branding and pricing are important factors of interest in the wine industry (Halstead 2002: 2). Indicators of a wine brand include the colour of the wine, for example, red or white or more complex indicators such as country-of-origin (COO), ‘style’, ‘grape variety’ and ‘vinification method’, ‘price and product

differentiation' used in the production and marketing of the wine brand (Halstead 2002: 3). Although this was a study done focusing on consumers' behaviour, these are aspects that wine exporters need to consider when formulating branding strategies as well as in what to look for when targeting certain consumers.

In a competitive world of businesses and industries, branding is used as a significant tool. Branding identifies significant products and protects both the consumer and the manufacturers from competitors who try to present products that are identical (Aaker 1991: 7). Vrontis and Papasolomou (2007: 159) argue the significance of branding and proclaims that through branding strong brands are born "strong brands ... continue to enjoy robust growth". Vrontis and Papasolomou (2007) acknowledge that building a brand in the wine industry is significant as consumers are often in a predicament of having too many choices. Therefore, the acknowledgement and recognition of a strong brand name or mark by consumers can give a business the opportunity to experience several benefits. Benefits such as cost effective marketing campaigns, better trade power, increased sales opportunities, easier product extension, have competitive advantage as well as have the upper hand in pricing thus increasing the wine consumers' purchasing decision. Strong brands can increase the power of businesses, increase customer loyalty as well as have a good influence on the industry. According to Vrontis and Papasolomou (2007: 159) "in international markets, the importance of branding in the wine industry is at a growing pace."

### **Market Segmentation**

Through market segmentation it is possible to develop different marketing and branding strategies for consumers with specific needs. Eric et al. cited by Belch and Belch (2007: 45), defines market segmentation as "dividing up a market into distinct groups that (1) have common needs and (2) will respond similarly to a marketing [or branding] action." Usually in market segmentation, consumers are grouped into their need preferences. Bruwer et al. (2002) studied "purposeful inconspicuous premium wine drinkers, ritual oriented conspicuous wine enthusiasts, enjoyment seeking social wine drinkers, fashion/image oriented wine drinkers, and

basic wine drinker." Different niches found can either be concentrated on as a whole or individually, giving preferences into which brand strategies would work for each and whether the brand would become a niche brand. Thus, the importance lies in selecting the proper and most appropriate segment for the company's brand to be placed in.

The wine industry in South Africa is a competitive one and the consideration of exporting to wine farmers is becoming a popular aspect. The question however is whether South African companies are on the right track when it comes to brand strategies and whether the correct methods are being correctly positioned in comparison to foreign brands. In the case of a marketing research done by Anthony Holme in the US, it points out the fact that South African wine organisations still need to work on their branding skills (Irwin 2001). Research shows that South Africa's exported wines are still among the cheapest on the wine racks in foreign countries. Thus, the importance of how brand power and brand strategies are implemented impact consumers and their awareness on South Africa's wine brands and their willingness to purchase them.

### **RESEARCH METHODOLOGY**

Qualitative and exploratory research was the primary approach used for this study and was conducted with selected experienced wine exporting organisations and wine farms in the Western Cape. The opinions and thoughts of experts in the field of the wine exporting industry are especially important for this study as each participant perceives the importance of a branding strategy differently. A non-probability approach was taken to select the representative sample. Non-probability is a "selection of research participants where no attempt is made to generate a statistically representative sample" (Cooper and Schindler 2006: 222). This approach is usually taken when researchers need certain people who specialise in a certain environment or who could benefit a certain case because of their specific characteristics, experience, attitude or specific knowledge they have with regards to the specific study (Cooper and Schindler 2006: 222). The sample contains people with expert qualities and experience in the South African wine exporting industry, thus they either cur-



rently own or work in a company that exports wine into foreign markets; or have expertise and knowledge about the marketing of South African wines. Participants needed to qualify in these categories in order to be a part of the study and to increase the validity of the study. A sample of six experts who all contributed to the evaluation of building good branding formulation strategies in the South African wine exporting industry was obtained. Structured, in-depth interviews were conducted with four exporting marketing managers, one wine farm owner and the CEO of a wine company, who previously had the role of the exporting marketing manager. The desire to access a larger sample for a more valid participation response was limited by the factors of time and the costs of the study. For ethical consideration, participants and their organisations will stay anonymous and will be referred to as 'participants'.

## RESULTS AND DISCUSSION

The overall theme discovered throughout the study, regarding the specific factors that wine companies consider when targeting a segment in the foreign market, are factors such as the (1) price, (2) wine types, and (3) the type of consumer markets who consider their choice of wine collections such as restaurants, wine shops or independent retailers as well as (4) the distribution channel they need to work through to target the specific market (5) having a Unique Selling proposition and (6) the significance of the Country of Origin (COO).

The following is a discussion of some of the objectives that were important to the study:

### **To Discover the Factors Wine Organisations Consider When Targeting a Specific Target Segment in a Foreign Country**

For new world wines, the element of competition has made the market a very competitive one and certain wine brands are significant to certain groups of people. Bruwer *et al.*, (2002) indicate a certain amount of segments that are involved in the segmentation of wine drinkers, thus the premium wine drinkers, wine enthusiasts, social drinkers, wine drinkers who drink for the sake of having that image or basic wine drinkers. Participants involved in the study categorise wine types in categories, such as premi-

um, tablecloth or easy drinking wines. Thus, the different categories into which wine brands fall into is important because they look at the specific chosen factors that wine exporters will look at in reaching their specific target markets. Wines which are classified into more premium wine brands are usually aimed at the needs of the wine connoisseurs. White tablecloths are for those who understand wines and are prepared to spend money on them and easy drinking wines are for young people or housewives. One marketing manager, from the study, stated that "depending on the country, the type of wines that are taken over, premium, table cloth or easy drinking wines all depend on the type of consumers that exist in that country."

With some variances, specific markets include restaurants, wine shops or wine boutiques. These target segments are either targeted by agents in that market or are people who really show appreciation for South African wines and have had the chance to experience certain brands first hand whilst visiting South Africa, or have been introduced to the brand by specific agents. Agents as anticipated by participants are usually the most preferred or ideal distribution channel to work through, as they know the country, they know how to work with the people and some already have their established networks in which they work. For instance one participant emphasised that "the most important thing when going into a foreign country is to make sure that you have the right agent and invariably the agency will decide whether your profile fits into their game plan." Participants pointed out that they always have to keep a hands-on approach because of the amount of competition that exists in the market in order not to get lost in the market. If there is an agent who is managing a large amount of brands, that means that if there is a brand that does not perform properly, then less interest will be given to it than a brand that is performing. Therefore, the ideal way to reach the correct target market is to get involved with a relatively small agent, who is energetic and is driven to get the brand out there to that target market. South African wine brands can then exceed to a different level, because there is effort behind the brand.

One of the participants confirmed that the price of the wine is important to different types of consumers as one would not want to purchase a certain wine brand for R200 if it is avail-

able for the price of R25. Thus, depending on the knowledge that the consumer has of the brand, price can be relatively important. This is specifically the job of the brand strategy and how the organisation goes about delivering their brand and positioning the brand in consumers' minds. Factors acknowledged by respondents such as introducing an entry level wine first at a lower price to increase awareness of the brand in the market, can be an ideal strategy to increase brand awareness as long as it does not affect the reputation of the brand in terms of its value at later stages when the more premium products are introduced. The wine farm owner in the study acknowledges that "if someone doesn't know the brand or product they will first start off with your entry-level wine because it's cheaper and use that in order to see the response and if that wine is well made, then they will go from there and buy up."

Different countries have something different they look for in wines and those who find that entry-level or communication element (for example, the agent) to target consumers in that country will be the ones with a far better brand reputation. Countries such as the United Kingdom are referred to by respondents as being 'over saturated', thus ideally only the best brands will survive there. Wine exporters who export to unique countries, with a much smaller competition of wines in that market, tend to have better brand reputation because they are among the market leaders. One of the participants acknowledged that they are in the top ten brands in Nigeria because it is such a unique market to enter. Selecting a country to export into is an extremely important task to configure as different countries have different rules and regulations that make it easy or tough to enter wine into.

#### **To Determine Whether Companies View Branding as an Advantage Factor in their Wine Sales in Foreign Markets**

This objective is justified by the strong response percentage of the participants' where 83.3 percent of the participants strongly agreed on the importance of having a branding strategy. The wine exporting industry is viewed as competitive, where the process of building a strong brand in other countries is important to acknowledge as it helps to generate sales in those countries.

The 'wine South Africa brand' already carries a powerful name and the unique qualities that the country offers establishes the qualities of its wines to consumers who are interested in them WOSA Library (2010). But the realization still stands that there are several South African brands that need to establish themselves in foreign countries. The fact that they have the South African wine brand behind them already gives them an advantage in exporting countries and to become stronger in these markets. This in turn, also plays on the element of country-of-origin, which Vrontis and Papasolomou (2007) points out as a factor that affects consumers purchasing behaviour for wines and which Halstead (2002) signifies as an indicator of a wine brand. The fact that South Africa has a good name behind its wine brands already enhances its performance on the foreign markets.

South Africa, being in the top ten wine countries in the world can be used as a positive element in branding the country's wine brands. Since South Africa is on the top ten list, it gives a ready reference to participants in their ability to take the South African wine brand and use it on their logos and packaging for their products, which has the possibility of enhancing sales because of the reputation that the country has established for itself. This could also in turn give reference to South Africa in that the country is a good wine producing country and can fall into the category of French or Chilean wines.

Participants in the study have acknowledged that they use the area of origin as an important branding element. The Western Cape being South Africa's prime wine producing region is often the most attractive brand element considered by wine companies, because it enhances where the wine comes from. One of the participants, for example, signifies that they use the Stellenbosch region on their packaging, which has through time become part of their brand. When foreigners visit the specific areas, they could be positively influenced by the experience they have had with the brand, which can then leave them with a certain perception of how consumers view the South African brand in itself and can possibly help in the sales of specific brands in a specific country. The concept of foreigners coming to South Africa and experiencing the wine farms and tasting the wine brands themselves, brings great interest in the wine exporters desire of branding as those who

visit, have the ability to associate their wine brands with the experience they have had on the wine farms. One of the participants commented on the fact that consumers from countries such as America and the United Kingdom only become aware of their wines after they have paid a visit to their South African farm in the Western Cape region.

Branding is an important variable for several reasons. When using specific factors, such as wine tasting events, word-of-mouth, country-of-origin, brand name and so forth (Vrontis and Papasolomou 2007), they can help increase the aspect of the brand and can bring more recognition towards the brand in different places. Therefore, this can lead to an increase in the sales of the specific brand. When positive connotations are connected with the brand, it enhances the reputation for the brand and its name, which leads to consumers spreading the positive reputation of the brand and taking it wherever they go. Branding is all about delivering on the good reputation of the brand from every fine angle, such as the name, packaging, symbols, design and so forth, as well as other factors, such as wine tastings, country-of-origin and so forth.

#### **To Establish Whether Organisations Consider Brand Equity Factors and if it Affects Sales in Wine Brands in Foreign Markets**

In order to establish the concept that brand equity brings into the wine industry, one needs to establish what values exist among wine brands. The concept of brand equity is in simple terms the value that the brand brings to the company and the value it gives to the consumers who purchase the brand or would wish to purchase it. The participants articulate the value of a good family brand comes into play because of the heritage of the brands. One of the participants commented that life is going by so fast, therefore the value to them and to their consumers should be the value of family sitting together having a meal and sharing stories over a good bottle of wine. Significantly they try to establish this kind of value when their foreign visitors come and visit them on their South African farm as well as through agents in other exporting countries. Therefore, it is satisfying customers on a different level beyond their busy lifestyles by bringing them some kind of relaxed grounding place. With people enjoying this

sense of lifestyle, it encourages them to buy the brand because of the emotional value they can place on it.

Brand equity can exist in the emotional value that people carry with them and what they take to heart from the brand, this is one of the beneficial aspects that a brand delivers as it enhances a better connection with customers. Vrontis and Papasolomou (2007) contribute to this aspect as brands can in time bring a higher sense of brand loyalty, an increase in name awareness, perceived quality and a powerful brand connection. The outcome of this leads to a greater sense of financial stability or an incremental increase of the current financial status of the brand.

Competition in the wine industry is obviously one of the most important elements to consider when taking a wine brand into another country, as a lot of the time it plays on the territory of other countries brands, such as French, Australian or Chilean wines that have already established their values in those markets. Thus it makes building a good brand in those markets a difficult task. Usually the most ideal way is to get a good agent that uplifts the brand in those markets, but the Unique Selling Proposition (USP) also plays a role. When consumers have a choice among a large variety of wine brands, they will either go for ones they usually go for out of loyalty or those who have something else, something unique to offer. Keller (2003: 67) argues that “establishing a high level of brand awareness and a positive brand image in consumers memory – in terms of strong, favourable, and unique brand associations – produces the knowledge structure that can affect consumer response and produce different types of consumer-based brand equity”.

#### **To Establish what Position South African Wine Exporting Industries Consider when Taking their Products to Foreign Markets**

In going about positioning their wines to be quality brands, they use factors such as packaging, pricing and even unique stories to contribute to the entire brand as a whole. The actual trick in positioning the brand in consumers' minds should be done through the process of telling stories about the wine brand and how the different products came about.



Participants acknowledge that when they meet their clients, clients enjoy tasting their wines and hearing the stories about the wine brand. Therefore, they remember the brand specifically through the stories told. Middleton (2010: 27) says that “there is no power in branding greater than the power of narrative or story” as people thrive on stories because they can either relate, share or dream about experiences or concepts in which they see themselves. Participants have pointed out that their farms and wines come with a history, therefore at different tasting events they often go about telling stories to consumers about their family or the product history of their wine brands and pride themselves in doing so. In doing so, South African wine brands are acknowledged for the uniqueness of where their wine brands came from. Middleton (2010: 27) points out that brands that use stories can often get an upper hand over their competitors.

#### **To Determine Appropriate Branding Strategies that South African Wine Industries can use in Foreign Markets**

The following elements have been deemed important by participants in formulating their branding strategies of their wine brands. These elements include the aspect of quality of the wine products, pricing, packaging, agencies representing the brand as well as the USP of the wine brand.

With regard to the quality of the wine brand, the South African wine brand should not be positioned as an entry-level wine, but rather a premium brand aimed at wine connoisseurs and those who have interest in South African wines. When a wine falls into a certain category of quality, the price associated with it proves that it can either be viewed as a quality brand or a commercial entry-level wine brand. Berk (2010) point it as important “finding the right point in the market where you’re priced appropriately in relation to other wines that are similar in stature and level”. Participants have pointed out that price can either encourage or discourage a brand’s value. Often participants take on the role of producing different levels of wines in order that they be placed in different price ranges and have different pricing strategies so that they can focus on different target markets.

It is important to choose the right product and then choose the right agent in a particular country to represent the wine brand. The agent should fit in with the brand and the brand should

fit into the agent’s portfolio. If there is a wide variety of wine products in one brand, agents could find it difficult to concentrate and properly represent the brand as there may be many products which they need to focus on. Wine organisations who have a small budget for marketing the wine brand in foreign countries, would find it especially difficult to deliver the right message to consumers because of the limited budget they have in creating awareness of the wine brand and its products. Therefore, using a good agent can help compensate for the lack of a large marketing budget.

The right packaging is an element, which is not just used for positioning purposes but brand awareness and quick brand recall situations as well. With the amount of competition in foreign markets, it is important that a brand stands out emphasizing certain elements that can either be unique to the wine brand or the quality of the product itself. Therefore, the effectiveness of the label, the stories on the back label, the quality stickers and awards attributed to the brand and so forth are elements of branding that enhance the value of the brand, which are necessary in attracting consumers to the wine brand. Participants acknowledged that packaging elements are effective in branding one’s wine brand as it increases awareness of the wine brand. All aspect of wines should be enjoyed from the very first interaction that consumers have with it, such as the packaging, right through to the actual experience or taste of the product. Consumers should enjoy the entire experience with the brand, not just aspects of it.

It is important to have something unique to offer to consumers. With the variety of wine brands in the world’s market place, people seek unique products on which they can place some form of emotional value. This value remains in their minds about the brand. Therefore, using the aspect of the history of the wine, the family values associated with the wine brand or specific product qualities such as having the best Shiraz, are unique aspects that participants conform to in creating good branding strategies.

#### **To Establish how South Africa’s Exporting Wine Industries can Maximise Sales in Foreign Countries**

In foreign markets such as the United Kingdom, America, Germany and Belgium, which are

highly competitive wine exporting countries, having the right and most suitable agent is important in maximising sales in these countries. With reference to what participants have said on the aspect of their brand reputation in these countries, most have performed because they have had good agents representing them. Therefore, having the right agent who knows the market, who has an established client base and who suits the wine brand, is the number one factor in being successful in a foreign country.

Some participants found it difficult to pinpoint a single element that could help increase sales as all of them collectively play an important role. Participants acknowledged that one cannot just focus on a specific target market, one has to see if there is a need for the product first and then look at the aspect that the target market would prefer, whether it would be increasing the quality of wine, using more channels of distribution or improving one's branding method in order to reach the right consumers. Using Public Relations and publications can also be a method of enhancing the reputation of a brand. The more a wine brand can increase its publicity, the more it can attract awareness towards it, attracting consumers to try the wine brand, which in turn could increase its number of valuable and loyal customers. Entering into international or local wine competition can enhance publicity for the brand as awards in these competitions can be used as a significant element to write about concerning the reputation of the brand.

In increasing a branding method, some participants states that if a company has the money to increase their branding methods, then it would be useful, otherwise it is an expensive element to help increase sales. However, other participants acknowledged that the use of Public Relations and publications enhances the reputation of their brands. The more a wine brand can increase its publicity, the more it can attract awareness of it, by attracting consumers to try the wine brand, which in turn could increase the number of valuable and loyal customers (Berthon et al. 2012). In West et al. (2006) proves the fact that businesses perform well financially because of the benefits that branding gives them.

### CONCLUSION

A branding strategy holds significant value for a brand as the various elements used in positioning a brand in consumers' minds has the

effect of remaining there for a long term if they are suited to those consumers. By making sure that the strategy fits the consumer and the market into which it is planning on going is fundamental to the formulation of a branding strategy. When a good branding strategy is formulated, it is certain that more recognition and awareness of a brand will be given by consumers in foreign markets.

When sending a wine brand to foreign markets and deriving a relative amount of sales from it, different elements need to be acknowledged that would best fit that market. These elements should include factors such as price, the wine type that would suit the country, the consumer that best fits the profile of the target market and the distribution channel into which the wine brand would best fit. Agencies are a key factor that need to be considered and are the foundation of exporting wines to foreign countries. Agents who represent a brand often have an established client base and know the market and which type of wine brand would best fit their clients. The concept of obtaining an agency who fits the profile of the wine brand is important as the reputation that agencies build for the brand in their specific markets is aligned with the reputation that the agency has in that market. When these aspects are all in line with each other, South African wine brands will already be a step closer in creating better brand reputation in foreign markets, which would significantly increase chances of sales. Establishing the right reputation for a wine brand in any foreign market, increases brand awareness, which will positively increase the value of that brand and in turn will increase brand loyalty, and alternatively maximise the potential of sales for that brand.

In the evaluation of finding a way to formulate a good branding strategy, it was found that there are many aspects involved in delivering a brand to a foreign country for exporting purposes and branding that product to people in those markets. The quality of the wine, the price, the unique selling proposition (USP), the packaging, the positioning of the wine brand in consumers' minds such as stories and the significance of South Africa as the COO, all contribute to how the branding strategy should be formulated to enhance a brands reputation in foreign markets. At the end of the day, a brand needs to be positioned and be of such a quality that consumers remember the brand, differentiate it from

competitors and be willing to pay x amount for the brand. The significance of formulating a good branding strategy is fundamental to the value of a South African wine brand in a foreign marketplace as it has the ability to enhance awareness of the brand, increase sales and potentially increase long term brand loyalty. Based on the abovementioned findings, the study concludes by making the following recommendations to South African Wine Organisations and Wine exporters globally.

### RECOMMENDATIONS TO WINE EXPORTING ORGANISATIONS

In the process of formulating a good branding strategy for South African wine organisations going to the world markets, the following recommendations could be viewed as valuable in formulating a good branding strategy:

It is recommended that wine organisations know their specific target market, which they intend to target in foreign markets. They should know into which category their wines fall into and which market intends to buy their specific wine brands.

The products sent over should be judged according to the type of consumers wine organisations wish to seek in foreign markets. Often it is best to test the viability of the market by sending in an entry-level wine brand to the market in order to see whether the brand will work in the market or not.

One of the most important steps to take when going into foreign markets is to find an agent that fits to the profile of the wine brand. If a good agent finds the wine brand first then it would be even more beneficial to the wine organisation.

South African Wine Organisations should find unique positioning methods to help their brands find a positive place in consumers' minds. With the amount of competition that exists on the market, a brand should stand out above others. A unique selling proposition should be created in order to set a brand apart from others, whether it is through the personality created through the actual wine brand or the stories told about how the wine brand came into existence. It is important to bring an exclusive brand to the world market.

South African wine organisations should aim their brands to fall in a specific price category in order to be classified as a specific quality wine. When a good brand is produced, the aim should

be to achieve the same price standards as French or Chilean wines. In saying this, the quality of the brand should be extraordinary, one cannot hype up a brand with bad taste or defective quality. South African wines need to be uplifted, especially in the price class department.

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