The challenge of territorial brand in front of new institutional actors

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About Territorial Brand

A territorial brand is a form of location-related brand where the product sold is linked to its origin

- It is a brand which belongs to all the producers in a definable territory
- It exists because the product concerned can only be created in that place and cannot be replicated anywhere else
- The territorial brand usually is a regional brand (sometimes a country brand), but not all regional brands are territorial brands

Territorial Brand based on an institutional system

- There is a tendency to co-opetition which means the existence of both competition and cooperation of all actors of a specific sector. That leads to a shared common story. This common story fits a specific historical context.
- There is territorial brand manager who can catalyse individual marketing and promotional activities to avoid strong damage to the territorial brand. It means the existence of an institutional system created to protect the collective image defined through a long historical process.

Institutional system and change of individuals

- North (1995, 2005) considered institutions as source of rules to control individual behaviour to guarantee the wellbeing for each of them.
- However Thelen (2014) explained that institutions can create path dependency for individuals and are harder to modify despite the evolution of individual behaviour.
- People who can influence institutions are called institutional actors

Therefore the territorial brand is a good marketing tool only if its institutional system works well. However this system results from a specific period which may not reflect the new challenges which arise subsequently and so could become more an obstacle than an advantage for firms which share the common value.
The case of Champagne

- Initial relationship was only the sale of grapes between growers and grandes marques.
- After several riots of growers and the difficulty faced by négociants in maintaining a strong image, agreements appeared which stabilized the grape market and defended common image. Here we have the development of co-opetition and a common story: mutual reliance of growers and négociants and the same heritage.
- To stabilize these agreements, the CIVC became a strong institution created from the Unions of the growers and the grandes marques. It became the brand manager and defender of the AOC.
- The institutional system of the territorial brand Champagne is constituted by several elements: Union of growers (SGV), Union of Houses (UMC) and the CIVC (Comité Champagne).

Prosperity and changes in Champagne

- From 1970 to 2007, shipments rose of 192% and turnover of 213%.
- Thanks to the territorial brand, all the firms benefited from the prosperity and sales made by the (lesser known) growers rose from 27 million to 78 million bottles.
- The average price of grapes rose by 106% between 1986 and 2017.
- However, several changes appeared from 1995: a decrease in the number of growers who offer bottles and then a decrease of bottles sold by 20 million in the last 10 years.
- These shifts could be evidence of changing grower behaviour.

Therefore we decided to focus on growers as potential institutional actors who can impact the existence of the institutional system of the territorial brand Champagne.

Method

As this was an exploratory project, it was considered that qualitative data collection processes would best gain wide-ranging perspectives (Calder, 1977).

Firstly we managed a focus on two Groups of six growers created based on their age. The questions probed:

- Their perception of the AOC
- Their perception of the CIVC
- Their perception of the Union of Growers

Then we developed Semi-structured interviews of 39 growers coming from all the Champagne area. The interviews were designed to verify the results of the focus groups. The questions were the same as the first study.

Sample of Focus Groups

From the focus groups: 12 growers. All of them sold Champagne and were adherents of a co-operative.

We split them according to their age to measure the hypothesis of a generation gap.

Group 1: between 27 and 35 years old, only one female
Group 2: more than 40 years old, only one female.
Findings from Focus Groups

There were distinctive perceptions of the elements of the institutional system but it appeared this situation resulted more from the date (year) of commencing to work in the Champagne industry rather than the age of growers.

- The most longstanding growers were quite confident about all aspects of the institutional system considering it as the best solution to guarantee long term value for them and to defend their image.
- The medium term growers were confident about part of the institutional system but had some concerns about their Union: “It is good for short term advice but weak for resolving real challenges”.
- The most recent starters were only confident in the CIVC, considering the AOC “as useless restrictive rules” whilst being a useful tool for the common image and their Union as “non representative of our needs”.

Sample of Semi-structured interviews

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Findings of interviews 1/2

The distinctive perceptions of the elements of institutional system have been confirmed according to the date of commencing work in the Champagne industry:

The most longstanding growers (between the 1960’s and 1980’s, 32% of sample) were quite confident about all the institutional system considering it as the best solution to guarantee long term value for them and to defend their image.

The medium term growers (12% of sample, around 2000’s) were confident about part of the institutional system but had some concerns about the CIVC which is “too administratif and too pro the Houses”.

The most recent starters (21% of sample, between 2009 and 2015) were only confident in the CIVC, considering the AOC “as too restrictive rules for innovation” whilst being a useful tool for the common image; also their Union is quite weak in response to the new challenges (environment for instance).

Findings of interviews 2/2

One group does not fit with the criterion of the date of commencing work in the Champagne industry.

- It is constituted by sellers of grapes (25% of sample) only. They are not engaged with the institutions, only think about technical advice coming from their Union and have no real opinion on the institutional system.
- The range of date of commencing is between 1982 and 2015.
- They are between 35 and 54 years old.
Conclusion

- To date the growers of Champagne as institutional actors still accept the core of their institutional system.
- However, two groups could become a real challenge for the Territorial Brand Champagne: the most recent starters who have concerns with several aspects and the sellers of grapes who are not active and unconcerned about the future of their institutional system.
- The next step will be to create a quantitative study to confirm or not the explanatory findings.
- Additionally, more researches have to be done to consider the evolution of Negociants as another part of the institutional actors.