Exploring Branding Strategy for Small Winery Operators

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Introduction

• Three-Tier Distribution System
• Changing U.S. Distribution Channels: Wine Distribution Channel consolidation
• 1995-1,800 wineries and 3,000 distributors in U.S.
• 2016-11,496 wineries (over 12,000 brands) and 1,200 distributors

Source: Wine Business Monthly (2016); Wine Institute

Small Wineries in U.S.

• 98% of U.S. wineries can be classified as small wineries because they produce less than 12,000 a year (Insel, 2011).
• Brand awareness & brand recall
• Brand name is the most important attribute (Lockshin, 2000).
• Wine producers are responsible for building brand equity (Adams, 2017).

• More than 6,500 new wine brands have launched in grocery since 2005.
• Only 2% have survived (Schuler, 2014)
• Lack of resources (Financial and human resources)
Brand Management in the Wine Industry

- Brand name, logo, slogan, design, packaging and website
- Managing brand touchpoints (Vision state, Brand personality, Brand Design)
- Tasting room management
- Distribution strategy

Off-Premise Top 10 Table Wine Brands

<table>
<thead>
<tr>
<th>Rank</th>
<th>Brand (Parent)</th>
<th>52-Week Sales (Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Barefoot (E.&amp;J. Gallo)</td>
<td>$667</td>
</tr>
<tr>
<td>2</td>
<td>Sutter Home (Trinchero Family Estates)</td>
<td>$374</td>
</tr>
<tr>
<td>3</td>
<td>Woodbridge by Robert Mondavi</td>
<td>$347</td>
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<tr>
<td>4</td>
<td>Franzia (Box)- The Wine Group</td>
<td>$336</td>
</tr>
<tr>
<td>5</td>
<td>Yellow Tail - Deutch Family Wine &amp; Spirits</td>
<td>$267</td>
</tr>
<tr>
<td>6</td>
<td>Black Box Wines (Constellation Brands)</td>
<td>$210</td>
</tr>
<tr>
<td>7</td>
<td>Apothic (E. &amp; J Gallo)</td>
<td>$193</td>
</tr>
<tr>
<td>8</td>
<td>Kendall Jackson Vintner’s Reserve- Jackson Family Wines</td>
<td>$192</td>
</tr>
<tr>
<td>9</td>
<td>Menage a Trois (Trinchero Family Estates)</td>
<td>$182</td>
</tr>
<tr>
<td>10</td>
<td>Chateau Ste. Michelle (Ste. Michelle Wine Estates)</td>
<td>$176</td>
</tr>
</tbody>
</table>

- Founder’s Name: Ste. Michelle Wine Estates, Penfolds, Robert Mondavi, Duckhorn Vineyards
- Barefoot- Founder crushes grapes with feet.
- Woodbridge: Woodbridge Road – The original winery’s location
- Menage a Trois- The founders of the winery decided to ‘Experiment threely’ and blend together three different grapes into one wine
- Animals – Yellowtale
Problem Statement

• In spite of the significance of wine brand management in the wine industry, there has been very limited research published with respect to wine brand management. It is not known about branding strategy for small winery operators.

Purpose of the Study

• The objective of this study is to explore the perceptions of branding among small winery operators in U.S.
• What are the most challenging issues small winery operators have faced in building brand equity and sustaining a strong brand?
• What are your branding strategy and point of differentiation?

Study Method

• The researcher conduct in-depth personal interviews with 13 small winery operators in California U.S.