

BRANDING MOLDAVIAN WINES

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Abstract: The concept of Wine Brand Image is the national wine entity's meaning, or, in other words, "what the national wine entity stands for" in the mind of consumers. According to the brand image model, brand image might be determined by the following elements: features, attributes, benefits, emotional imagery, experience imagery and consumer imagery. All of the above are distilled into a short phrase that conveys the national wine entity's distinctive meaning, or else, its "competitive positioning". Moldovan wine industry recognizes the need to have a much better and consistent promotion on the target markets. Since the Russian market is not permanently accessible, the producers think about approaching other target markets while using a more classical approach. This article contains some basic ideas of a possible scenario for Moldova to develop and promote wine industry country brand. These ideas are collected from the experience of other countries and from expert's opinion about the possible scenario.

Keywords: Wine, brand, branding, marketing

Introduction

Everyone recognizes that for successful sales on modern market a quality product and aggressive marketing is needed. After a period of consistent and correct communication accompanied by a competitive offer of quality wines, Moldova shall get a positive image and shall be associated with good wines. From that point in time the industry and the country will obtain benefits from its branding efforts.

A positive image should be based on 3 equally important principles: consistent product quality; original and attractive visual identity; strong and correct brand management.

In order to realize this result a series of activities should be undertaken and all those activities should be consulted and approved by the private and public sector players. This public-private process and the success depend on the abilities of both sides to tackle complex issues and cooperate in new policies implementation.

Positioning and quality standards

The objective of this component is get a clear vision about which Moldovan wines we want to promote and what are the differentiating factors of Moldovan wines in the world competition. We need to be clear about the (quality&price) positioning of our wines on the market and also set the minimum quality standards of wine awarded the right to use the MARK. Moldova produces a large variety of wines in terms of type, varieties, style and in terms of quality as well. In the worldwide wine offer Moldova plays a minor role, traditionally having a more important one in the regional market (Eastern Europe). The style and quality of Moldovan wines is a result of many factors such as climate conditions, technologic & technical aspects of the grape-growing and wine production, education of the workers and specialists and some others. Moreover due to insufficient funds for active promotion of target markets Moldovan producers sell wines at lower prices and the wines

position is quite low in terms of shelf price. In consequence the producers try to reduce production costs to reach the requested price and the quality of wines is decreasing even more.

Based on the above mentioned it is necessary to choose a segment of Moldovan wines that could not be largely representative today, but is reachable by the majority of wine producers in the following 2-3 years. Many experts consider that today Moldovan wines have to be positioned at EU retail price of 4,99 Euro and higher with a minimum ex works price of 1,3 Euro per bottle. For some markets with lower margins, the ex-cellar price could be higher. Higher quality exclusive and limited edition wines can obviously go higher in shelf price. The 4,99 segment represents apr. 40 % of the EU wine market. It's an average price and can stimulate the new consumer to buy and try our wines. In order to benchmark the quality and desired positioning of Moldovan wines it is better to orient towards wines from Spain and Italy (under 5 Euro retail price) and (5-10 Euro for higher level wines).

French wines have a different concept and even 5-10 Euro retail price level do not possess smoothness and maturation. Australia sells very good wines at a low price in Germany. E.g. Linda Lee Merlot 2009 and Shiraz 2010 sold in Germany at 3,99 Euro. Wines are kept in steel tanks with wooden chips.

Moldovan wines of higher level (2-4 Euro ex-cellar price) are very similar in style with Californian wines which are sold at 30-50 USD retail price in USA, e.g. Shafer Vineyards Merlot (48 USD retail price) and Robert Mondavi Winery Cabernet Sauvignon (45 USD retail price). Moldova wines shall compete with wines from Spain, Australia and Chile and not California, South Africa and France. In addition to that Moldova needs to find its differentiating as countries have. For example: France worldwide awareness and prestige (Bordeaux, Champagne, New World countries rich fruity flavor and taste, intense color (Malbec, Pinotage, Zimfandele etc, Germany fresh and light (Riesling). Some ideas for differentiation of Moldova would be: a) to produce and promote Rose wines (very popular in summer spring); b) to make blends with very aromatic varieties (Traminer, Muscat etc.).

In any case the right to use the Mark will be awarded only to the wines that possess a certain level of quality. And this level will be defined by two exercises:

1. Survey of the existing wines in Moldova. The WG will need to do an analysis of the entire commercialized / bottled wine stock of Moldova and to come up with a clear picture about the volumes, types of wines, vintages, varieties and all major characteristics such as alcohol level, acidity, etc. Would be good to have an organoleptic tasting of those wines with an unified system, but that might be too difficult, instead random sample can be drawn and a large tasting organized.
2. Tasting and chemical analyses of direct competitors of Moldovan wines (Benchmark wines). Since information from the market indicates that Moldovan wines need to be prices minimum at 1,3 Euro/bottle ex-works and reach about 5 Euro retail price on EU market , the WG will select the same segment competing wines (including best sellers) and will make a chemical analysis and also a organoleptic testing. In order to be sure about the selected price segment, samples of wines from a higher and from lower segments will be analyzed as well. Based on the collected data a draft technical specification will be developed.

Having the clear picture about the existing wines and the target segment best sellers the WG will agree the minimum quality standards for Moldovan wines under the new Mark. The consultants suppose that about 50-60 % of actual Moldovan wines will be able

to use the Mark. Those are “healthy wines with correct flavor and taste, with malic-lactic fermentation processed (for reds). The red and white wines will not have oxidative signs and will possess a minimum alcohol level of 11%.

Logo and the visual identity

A brand consists of the visual identity (1%) and the associations in consumers’ mind (99%) about the characteristics of a product. In order to create a brand, a product shall be in place and its characteristics have to be communicated in a very consistent way. A brand is the result of a consistent and permanent communication along with a consistent product quality.

A comprehensive and diversified communication strategy will be developed in order to promote the new brand and the products associated with it. For this the brand needs a strong background. The best is to show the long history of winemaking in this country. Moldova can promote its history of Roman Empire culture of 3000 years, where winemaking was performing, but Georgia already promotes in an aggressive way its “7000 years of winemaking” and Moldova will not be original then.

Moldovan could promote its legend about the white stork carrying grapes for defenders of a fortress during the 15th century wars with Ottoman Empire. This legend and the developed logo about it has been used before by Moldovan wine industry, but might be necessary to get a “face-lifting” and a new modern design.

Since Moldova will be promoted a wine producing country together with its wines, the new Mark has to contain a name and a slogan. It could be “Wines of Moldova / Vin de Moldova” and slogan might be developed. Preliminary options are “Try something different” or “Quality Driven” or some others. Develop a story and strong visual identity with a message like “try something different” that could be changes after a few year periods to a stronger one like “Quality driven”.

Marketing and promotion

Developing and Implementing a promotion strategy at national level requires an integrated policy and all stakeholders must possess the ability to act jointly and repeatedly communicate the same message. National branding initiative is not an advertising campaign or marketing effort in the short term. This is a long-term strategic effort which will show some benefits over five years, and the greatest benefits may arise during the 15-20 years. Major benefits of the branding and promotion are:

- The increased awareness of the Moldovan wines in the target markets.
- Moldovan wines will have a clear picture and will be association with medium and higher quality wines from an Eastern European country and have some specific characteristics.
- The consumer will get an additional insurance of the quality of Wines of Moldova.
- The joint promotional efforts create strong impact and obtain visibility.
- After a period of successful promotion the entire industry will benefit of the image while entering the market pr expanding in the target market.

The strategy may include:

- Creating stories and messages around the brand and key statements to inform journalists and society to ensure consistent use of the brand.
- Application of logo on wine bottle after an established process for approving these wines

- Production of promotional and informational materials and equipment of all embassies and representations in international communication materials.
- Production of short film (30 seconds) with the introduction of the brand's logotype that can be subsequently broadcasted on TV, as well as during certain events.
- Production of souvenirs, insignia, key-rings etc., which may be marketed and used as gifts for officials, tourists, participants in certain forums, etc.
- Promotion of the brand in the municipal infrastructure in Moldova. The ultimate goal is that after you receive a greater notoriety in Moldova will be easier to brand promoted by each citizen individually.
- Creation of a web-page on the brand that incorporates all formats and contents related to the brand.
- Ensuring the placement of articles about Republic of Moldova in the international media.
- Establishment and use of the title of Moldovan Wine Ambassador
- Promotion of the brand within international in Moldova events such as: Economic Forums and sport events (international football matches, etc.)
- Motivating the Moldovan diplomats to draw attention to the country, including through the brand promotion techniques.

The marketing and communication strategy will be oriented towards the most appropriate target countries and can be different for certain markets, depending on consumer's culture and habits. Specifically for wines the efforts will be oriented to Western and Eastern Europe, North America and Asia. Actually does not make sense to invest in promotion in Russia, since the image of Moldovan wine is still strongly negative.

Funding and finance administration

A primary advantage of the newly established body is the commitment of the government to channel through it all state funds dedicated to wine promotion. It will allow the sector to implement and coordinate a single policy. The state money will not be the only source of funding. The other two sources can be the levies paid by the participating companies (or even all companies). The level of levies has to be decided, and will be set by each company depending on the number of bottles sold under the new brand. Generally, the experts propose to use several options of funding that depends on the selected institution's form:

Option 1.

- The funding members will pay fixed membership fees;
- The producers will pay levies depending on the volume or value of wine sold;
- The collection method is still to be decided.

Option 2

- The funding members will pay fixed membership fees;
- All producers will pay levies depending on the volume or value of wine and brandy sold;
- Ministry of finance will collect the levied through its fiscal system;
- The sources will be directed to Wine Export Promo Fund and will be administered by a PP council;
- The system will be similar to the "viticulture revitalization tax";
- Suggested tax 0,2 MLD/dl of wine and other products.

In any cases the funds have to be administered by a council with equal representation of private and public sector.

Institution and management control

The institution with functions of management and control over the Moldovan wine country brand need to respond to the following requirements:

- Sustainability: sustainable management and institution will maintain and contribute to wine country brand success;
- Professionalism: the management of wine brands requires professional skills and marketing capacities;
- Adaptability and flexibility: promotion activities and instruments should respond to the market developments and changes;
- Transparency and visibility: all stakeholders should have access to information, budget use, rule defining and decision making.
- Impartiality and objectivity: The institution's control function requires a high level of confidence from stakeholders.

For the management of the wine country brand, three options can be considered:

I. Non-Governmental Organization "Association Wine of Moldova", (AWM) instituted accordingly to the Law on associations nr. 837/1996*:

- All interested wine associations and companies can be members to the NGO. The structure: General Assembly, Administration Council, Executive Director and a President.
- The AWM will register the trademark "Wine of Moldova" and agree on the technical specifications for wine sold under the brand. Or the MAFI could register the trademark and transmit it for use to AWM.
- The procedures of respect of the technical specifications will be adopted by common agreement by AWM members and controlled internally.
- AWM fund will be constituted by: membership fees, taxes for services, other private and public funds.
- Based on AWM's promotion plan/strategy/actions the Ministry of Agriculture and Food Industry (MAFI) could allocate public resources for wine promotion.

*This model inspired of NZ, WOSA, Pro Chile presents issues of sustainability. MAFI could ignore at a moment this NGO, in case of appearance of other associations. The same role could be assumed by the already existing Moldovan Wine Guild.

II. Inter-professional Wine Organization (IWO) "Wine of Moldova" – created accordingly to the Law 257/2006 on Organization and Functioning of Agricultural and Food Product Markets**:

- All wine associations, wine companies could be members of the IWO. The proposed structure: General Assembly, Administration Council, Executive Director and a President.
- Accordingly to the Law 257/2006, MAFI will recognize the IWO as the representative association of the wine industry.
- IWO will represent the "unique voice" of the wine sector. One of the components of functional structure will be the "Wine of Moldova" Council, being actually the Council for Promotion.

- IWO will be founded by membership fees, taxes for services, other private and public funds.
- MAFI could create a National Promotion Fund for Moldovan Wines, from levies.
- The brand “Wine of Moldova” could be registered by the MAFI and contracted to IWO for use.

**The Inter-profession functions are broader than promotion. The Inter-profession is a complex structure and requires a good management. MAFI should make some precisions in legislation concerning what is to be considered to be “the representative Inter-professional organization” (i.e. 30% of the sector by volume and members). MAFI should engage to recognize and work only with the representative Inter-profession.

III Public-private institution “Wine of Moldova”(PPI) – created by a decision of the Government or by Law. PPI will have the statute of a public institution, with financial autonomy and have competencies in wine sector***:

- The structure of PPI: an executive director appointed by the MAFI, a council of directors from private sector, a president named by the council of directors. The executive director will be responsible to MAFI and shall coordinate the activities with the council of directors.
- MAFI will allocate the country brand and Promotion Fund to be managed by the PPI.
- The PPI could have broader functions than promotion.

***This model presents more public influence. There isn't any other institution alike in Moldova, so some legal problems could interfere.

Options for ownership of the country brand:

- a) MAFI registers the brand and lease it to the specialized institution of promotion.
- b) The institution for promotion registers the wine country brand.

Intellectual Property right type:

- Individual trademark: verbal and figurative mark will be registered, without any conditions of use. The condition of use will be regulated by a normative act or an internal regulation of use.
- Collective trademark: can be registered by associations of producers from wine sector, and also public entities. The regulation of collective marks' use is presented to AGEPI and published in AGEPI gazette.
- Certification trademark: can be registered only by certification authorities authorized to certify the compliance of goods or services in accordance with Law No. 186-XV on the Evaluation of Compliance of Goods of April 24, 2003. The regulation of use will be published.

Regulation of utilization

The country brand isn't just a logo or a trademark; it is a complex program of promotion. Therefore, a Program of wine promotion through the country brand “Wine of Moldova” should be elaborated and approved, as a major activity of the national strategy of promotion of Moldovan wines. The Program “Wine of Moldova” will contain the major activities to which the registered companies will be entitled to participate, promotional and marketing materials available, conditions of use of the country brand (logo and attributes) on products. In order to have the right to benefit from the Program, the companies should register to the Program and pay a membership fee annually.

The right to use the brand on products will be regulated by Decision of Government (technical regulation) or by a regulation of utilization as per collective or certification trademark. The regulation of utilization of collective or certification trademark should stipulate: conditions of use, procedures of certification, Royalties paid for use of the brand, sanctions, and ways of control over the utilization of the trademark.

The procedure of certification of the wine with rights to use the country brand will be designed accordingly to the type of the trademark. The compliance of wines to the standards of "Wine of Moldova" will include physic-chemical and organoleptic exams. In case of a certification trademark the control of the compliance with the regulation of use will be attested by the certification body. In case of a collective or individual trademark, the certification to "Wines of Moldova" standards of wines will be decided by the IWO/PPI based on the physic-chemical tests realized by the attested laboratories and organoleptic notes given by the Tasting commission of the institution which will administer the country brand.

The wines having the appropriate authorization of GI/DPO use will be exempted from the certification accordingly to "Wine of Moldova" standard, but still will have to be registered to the "Wine of Moldova Program".

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