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The characteristics of strong territorial brands: the case of Champagne

Les caractéristiques des fortes marques territoriales : le cas du Champagne

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ABSTRACT

While most brands belong to individual enterprises, some brands belong to groups of enterprises based in a single territory. This conceptual paper examines the characteristics of these territorial brands using the lens of the wine of Champagne in France. Employing a series of past studies the paper first explores the nature of the territorial brand (including its overarching nature and emergent development), then develops an analysis of the preconditions for a strong territorial brand. The proposition is that these include a specific type of brand manager, a strong willingness to co-operate, a common mythology and local engagement. The paper is significant as it considers territorial goods rather than services such as tourism.

Keywords: *place marketing, territorial brand, champagne.*

1 INTRODUCTION

Most brands are the property of a single company, or of a group of companies with a common ownership. However, there are exceptions where a number of independent enterprises may share a brand. These kinds of brand tend to originate from a single place or territory from which it is impossible to separate them and which offers a group of competing organizations a collective, overarching brand identity. This territorial brand most clearly operates with some service products, particularly in the notion of destination brands in tourism. The territorial brand, however, may extend beyond services. In some instances territorial brands also operate for goods, and this paper focuses on these. The concept is not applicable to most manufactured products but for goods with a relationship to place (especially food and drink) it may be significant; thus Scotch whisky, Quebec maple syrup, Camembert cheese and Norwegian smoked salmon fit into this category. These are not cases where producers choose whether or not to make a particular

style but where the sensory characteristics of the product (sight, taste, smell) as well as its hedonic effect (pleasure and enjoyment) are dependent on the environment; it is thus impossible to replicate them anywhere else.

The means of exploring this is to consider in some detail the management and marketing environment of champagne – the wine – and Champagne – the region. The organization and success of the champagne industry over the last 65 years makes it an interesting case with which to examine the territorial brand as it applies to goods rather than services.

2 PROCESS

The research process which this paper adopts does not fit into any conventional, focused methodology. Rather, as a conceptual paper, it is the result of a number of research projects and varying approaches. These include studies in France and elsewhere, a number of interviews with consumers and with those involved in the production, business and marketing of

Champagne. These processes have produced a series of field notes of comments and observations of behaviour which arose over the period of the researchers', interaction with the region. For the sake of precision, data obtained over three discrete research projects featuring 13 focus groups and 54 interviews has fed into this process, but many other more informal interactions (involving individual and group meetings, committees, public events and presentations) have also informed its development. Previous publications have made use of this research [1, 3].

The analysis of the data, and the process of obtaining and evaluating findings in the study is the result of a grounded approach [4], thus the process of analyzing the data comes from an extended period of reading and rereading, listening and relistening, alongside a continuous engagement with the data which stimulates a constant comparative analysis and reanalysis. This engagement in turn develops analytic categories which themselves inform and refine later data collection; this refinement then helps to add plausibility to ideas as they arise.

3 THE CHAMPAGNE INDUSTRY AND THE DEVELOPMENT OF ITS TERRITORIAL BRAND

Ninety per cent of all the grapes used to make champagne are grown by 15000 small growers, whose land holdings average a mere 2.1 hectares. However, it is large houses which make two-thirds of all the wine sold – and 80% of all exports; the houses therefore rely on the growers for raw material. At the same time, there are another 5000 small producers of champagne – mainly some of the growers who make limited volumes, primarily for a domestic market. There is thus a complex, localized social and economic balance needed to ensure that the houses have access to the grapes and protect the economic position of the growers, but which also balances competition for consumers between various industry players.

Additionally, one can note that the territorial brand, champagne – a form of intellectual property – exists with a type of legal personality of its own. Within the European system of Protected Designations of Origin champagne is an AOP wine. The evolution of the territorial brand of champagne was a slow process; any strategy involved was reactive and emergent. However, it developed out of a long-term reputation for quality sparkling wine from the region stretching back for at least two centuries, with a marketing strategy concentrated on exporting [5].

4 THE PREREQUISITES OF A STRONG TERRITORIAL BRAND

As with all brands, a strong territorial brand needs a consistent position, a clear identity and a defined personality. Additionally, there are three components which seem to be especially important to an effective territorial brand, relating to the split nature of the territorial and the proprietary brands, and the need for cohesion between them. These comprise: (1) an effective and sensitive brand manager; (2) a willingness amongst rivals to co-operate to maintain

and support the territorial brand and (3) a common story which offers a collective focus for the individual enterprises who maintain the territorial brand.

4.1 An effective brand manager

In 1941 the Interprofessional Committee for the Wines of Champagne (CIVC) was formed, a body which subsequently added other functions to its remit, and acts on some issues with quasi-governmental powers. Until 1990 the CIVC (representing the growers and the houses) determined the price of grapes, although EU regulations now forbid this. The CIVC now has an expanded role and substantial other powers which are absolute; any grower growing champagne grapes, or a house making the wine, must abide by its regulations, however distasteful they consider them to be. Consent remains because the growers and the houses continue to control the organization equally.

The activities of the CIVC are wide and it has five main functions. The first of these is regulatory. The organization can control the harvest size, to decide how much wine can be released for sale each year. In this way it strictly manages the volume of product on the market. Second, the CIVC has the job of defending the name champagne. It originates around 800 court cases each year to prevent abusive trading.

In pursuit of this it also pursued agreements during the 1990s (organized by the European Union) to ensure that producers in countries such as Australia and South Africa will not claim that their sparkling wines are "Champagne". Third, the CIVC has a product development role, with research into oenological techniques and experimental vineyards. The organization also has a role in the general promotion of champagne. It has established bureaux in its ten major world markets to monitor developments and to promote the product generally. Finally, it has a downstream quality evaluation responsibility.

4.2 Co-operation

The strength of the territorial brand depends on the willingness of the individual brand owners to link their products to it, and particularly when they all express the same values and value to the consumer. Problems arise for a territorial brand if proprietary brands begin to feel that they are more important than the brand itself. However, to the present time this has not occurred in Champagne, with all key players convinced that they gain more from membership than they lose by surrendering some.

There is also a need for all proprietary brands to maintain a commitment to a similar level of quality and to maintain the image of quality. Consequently, as champagne is predicated on being the best sparkling wine in the world and a marker for success and celebration [6], the high perceived quality of champagne can only be maintained if the overwhelming majority of individual brands work to maintain that image. For this reason it is noticeable that much of the literature produced by the CIVC concentrates on the quality of the product; potentially this is not just to convince the consumer, but also to sustain commitment to excellence by the proprietary

brands Given that no territorial brand manager (including the CIVC) can compel an individual enterprise to produce, market or price its product differently, this can result in tensions between the territorial producers and overall damage to the brand.

Issues of co-operation link the territorial brand into two other current themes in business thought: clustering [7, 8] and co-opetition [9]. Clusters are not necessarily territorial: German car production and Japanese cameras do not have the same indissoluble links to place. However one can postulate that most – probably all – territorial brands tend towards becoming clusters, though they may not always succeed [10]. Crucial, according to Porter [7], for the development of a cluster is the interaction of both co-operation and competition. This interaction maintains vigour and information-based advantage for the cluster as a whole, although overall effectiveness must come from the quality of all enterprises in the area. Thus territorial brands become co-opetitive [11].

4.3 A common mythology

The support given to the territorial brand manager and the finely-balanced inter-business co-operation necessary to maintain the brand's reputation gain coherence and meaning from a commonly shared mythology; this is a series of stories which emphasize the individual's integration into the territorial whole, and the evolutionary success of that brand. Consequently, one can observe a commonly shared history which stresses the triumph of the region over disaster. This shared history includes the achievement of both sides of the champagne industry, the houses and the growers, in transcending their mutual antipathy and working together. However it also includes triumph over viticultural disaster such as the devastation of the vineyards at the end of the 19th century by the aphid phylloxera and over external invasion. These factors and many others provide a shared history; a sense of where they have come from and a common vision for the future.

Some other myths were originally common, but then also belong to a single producer. One common myth surrounds the importance of women, and particularly widows, in the history of the wine. La Veuve Clicquot, Pommery, Bollinger and a co-operative, Veuve Devaux, all share this story [12].

Finally, there is the common environmental story; the *terroir* of the region (the specific cool climate and chalky soil) which contributes to the uniqueness of the product. Each house and each grower will relate this to visitors, each share in a joint acceptance of the concept. Wine is thus seen to be an interpretation of place so that consequently the land acquires its own personality [13]. As a result the territorial brand collectively uses *terroir* to justify and endorse the distinctiveness and, by extension, the quality of the wine. The viticultural becomes the philosophical or mystical, which in turn becomes a marketing device.

5 CONCLUSION

Recognition of the idea of a territorial brand and the conditions for managing it effectively are of major concern to a range of industries around food, place and tourism, and these industries need to understand what they must do to make it work. Nevertheless, there has been little examination of the nature and critical success factors of this type of brand, particularly away from the tourism context. The analysis of the territorial brand of champagne demonstrates how one strong, particularly well-managed example works; its cohesion may be unusual but it offers both a clear example of the components of the territorial brand and a template for the managers of less effective examples.

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