

# Mission in a Bottle

Exploring Market Expansion Opportunities for Women in Wine



This is an executive summary of a WPI Cape Town Project Center project that is fully reported at [wp.wpi.edu/southafrica/projects/2016\\_projects/women-in-wine](http://wp.wpi.edu/southafrica/projects/2016_projects/women-in-wine)

An Interactive Qualifying Project submitted to the faculty of Worcester Polytechnic Institute in partial fulfillment of the requirements for the Degree of Bachelor Science on December 9, 2016

## Abstract

South Africa has an established wine industry, with European settlers planting the first wine farms in the late 1600s. Blacks and women have been intimately involved in the success of the industry as farm laborers, but until recently neither group has owned a wine production company in South Africa. Women in Wine is South Africa's first Black women-owned wine company. Following ten years of growth and success, Women in Wine is seeking new opportunities for expansion. Using a mixed-methods approach, this project explored how Women in Wine is positioned in both the domestic and US markets. Our findings indicate that Women in Wine could take three main directions—refine its ‘concept brand’ for the current market, rebrand its super-premium wines to incorporate features that buyers and consumers view as high-end, and establish a “home” for the brand by obtaining and operating farm land.

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## Introduction

In the global wine market, it was historically difficult for brands from non-traditional wine-producing countries, such as the US and South Africa, to become known and distributed worldwide. It was only within the past two decades that these New World wines have broken into the market and become competitive with Old World wines sourced from traditional wine producing countries like Italy and France (Bisson, Waterhouse, Ebeler, Walker, & Lapsley, 2002, Mohan 2016). Being less dependent on territory than Old World wines, New World wines must focus on their story and mission to develop their brand (Harvey, White & Frost, 2014).

Similar to the global market, the South African wine market is made up of old, established wineries and new, emerging wineries. Some of these emerging wine brands are Black- and women-owned companies that face challenges in entering a White, male-dominated industry. Black-owned companies are at a special disadvantage because apartheid restricted Blacks from entering the wine industry as producers until its end in 1994 (Ponte, Stefano and Ewert, Joachim. 2007.) It is difficult for these new Black- and women-owned companies to gain legitimacy among South African retailers and consumers as non-traditional producers.

However, when expanding into international markets, their perseverance despite historical injustice may be a selling point among socially engaged consumers in niche markets. In order to enter these markets, companies must effectively navigate the complex channels of distribution and develop a wide variety of business partnerships (Wine-Searcher, 2014). Both domestically and internationally, new wineries must build a captivating brand to incite consumer purchases if they are to stand a chance among tremendous competition.

Women in Wine, established in 2006, is one of these small, non-traditional South African wine brands. It is the first

wine company in South Africa to be completely owned and operated by Black women. It has a socio-economic mission to give farm workers a share in the industry and only sources grapes from ethically sound and environmentally friendly farms. These important attributes are included in its branding and wine labeling. However, Women in Wine has not yet studied how its target consumers in neither the US nor South Africa perceive the brand. It has yet to explore how industry professionals, distributors, and retailers respond to its mission and image, which is critical to local and international expansion.



Figure 1: There have been a number of successful Black women-owned wine companies rise in South Africa in the past few decades, including brands such as Seven Sisters, Thokozani, and Libby's Pride.

## Background

Our project work began in the US where we explored the “Three-Tier” US



Figure 2: Organizations involved in the South African wine industry.

distribution system—a complicated structure that regulates direct shipment of wine from producer to consumers (Thach & Olsen, 2006a). Instead, the wine must

be passed through three distribution tiers: producer to distributor, distributor to retailer, and finally retailer to consumer. This drives middleman costs up and leaves less profit for the producer (Wine-searcher, 2014).

Despite these limitations, the US wine market is a thriving and profitable industry having a value of \$55.8 billion in 2015 (Lanier, 2016). In order to enter this prosperous industry, wine producers must understand what distributors are looking for and be proactive in meeting those needs. Forming strong partnerships with distributors and US wine industry leaders is critical to becoming successful in the US market.

The South African wine industry has a different organizational setup than the US. It operates on a network of cooperatives that inform, unite, and advocate for local wine producers on a regional and global scale. The most influential organizations include Wines of South Africa (WOSA), Vinpro, South African Wine Industry and Systems (SAWIS), The Wine and Agricultural Ethical Trading Association (WIETA), South African Wine Industry Trust (SAWIT), and Treasure Chest. Each organization tackles a different aspect of the industry, such as international and domestic marketing, branding, legislation management, or production analyses. In addition, due to the changing landscapes of the South African wine industry, many

of these organizations have departments concentrating solely on the transformation of the industry. “Transformation” is a recent movement that focuses on upholding ethical standards and supporting Black ownership. Even with these equality efforts, emerging companies face the task of producing a wine that satisfies consumers in price and quality.

## Mission Statement and Objectives

This project aims to help Women in Wine identify strategies for domestic and international expansion by assessing its products’ placement in the market, as influenced by the company’s progressive social and environmental sustainability mission. The project is broken down into the following objectives:

1. Gain input from industry professionals, distributors, and retailers regarding marketability of the wine.
2. Explore avenues for Women in Wine to expand distribution in South Africa and the US.
3. Gather consumer perceptions of the brand and its mission to determine likelihood of purchase.

## Our Approach

We utilized a multi-method approach to achieve these objectives. It included semi-structured interviews, surveys, and



Figure 3: Students participating in our pile sorting exercise

pile sorting with consumers, as well as semi-structured interviews with distributors, retailers, and industry professionals.

When interviewing consumers, we asked them questions regarding their wine purchasing habits and their first impressions of Women in Wine. This interview included the free-list activity where participants listed what factors they consider when deciding on a wine.

Since we had a small sample size for consumer interviews in the US, we

created a 10-question survey to confirm our results. We sent the survey via email to a convenience sample of US wine consumers and received 159 responses.

Next, we asked distributors and retailers, in both South Africa and the US, what factors they consider when choosing new wines to list. We also described the Women in Wine mission and asked for their opinions of the brand, suggestions for improvement, and thoughts for potential marketing strategies.

When we met with industry professionals in South Africa, we attempted to gain insight on how South African wine is being marketed and how small, Black-owned wine companies are performing in the current industry. In addition, we asked these professionals for their input on the marketability of Women in Wine's unique mission. Some of these professionals were the owners of wine companies similar to Women in Wine. We inquired about their experiences in the wine industry and what was successful or unsuccessful in attaining distribution partnerships.

Finally, in order to further understand consumer perceptions of wine labels, we used pile sorting to identify commonly recognized elements in wine label design. We asked participants to sort wine labels into piles based on graphic similarities. In this way, we were able to have conversations with consumers about their perceptions of different wine labels and see their placement of the Women in Wine label.

## Key Findings

*Women in Wine was identified as an “artistic,” mid-range wine in the US market.*

The results of the pile sort activity showed that consumers generally identified three distinct label categories, namely “traditional,” “modern,” and “artsy.” Customers most commonly grouped Women in Wine with “artistic” labels in a mid-price range. Wines that were grouped as “artistic” in our pile sort are typically priced at \$10-\$20 per bottle. In our survey of US consumers, a

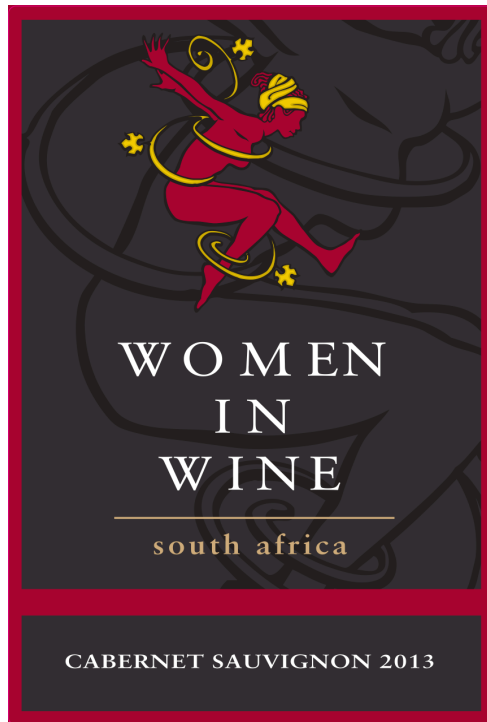


Figure 4: Women in Wine is currently marketed as a low-end concept brand.

majority of respondents said that they typically spend \$10 to \$15 on a bottle of wine. As indicated in Figure 5, nearly 80% of respondents said that they would be willing to pay more to support Women in Wine’s mission, with the majority indicating that they would pay up to \$2 more. Thus, Women in Wine’s ideal price point would lie between \$12 and \$17 based on their current labeling strategy.

*Labeling design is important to effectively convey and position a brand.*

It is important for wine brands to understand how characteristics of labels are perceived by customers in order to market and sell their products to their target market. Eddie Haumann, a wine labeling design expert from Haumann Smal Design firm in Stellenbosch, South Africa, identified three distinct categories wine brands fall into based on their labeling and product design. Concept brands have labels that draw in customers and encourage them to learn more about the idea behind the wine. Personality brands incorporate the personality of the company owner into the brand, and family brands highlight the family’s traditions and history. Personality and family brands can sell at almost any price point, but concept brands will sell at a maximum of 80 South African Rand.

How much more money are you willing to pay for Women in Wine's mission?

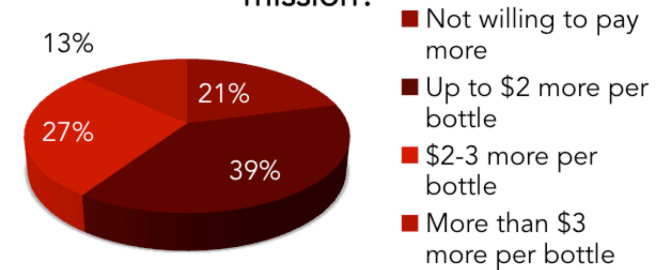


Figure 5: Amount consumers are willing to pay extra for Women in Wine from 159 US survey

As explained by the chief national wine buyer for a mid-range grocery store chain in South Africa, it is important that labels are designed for the target customer. Low-end wine consumers are interested in “funky,” visually intriguing labels, while high-end wine customers are more influenced traditional, crisp labeling.

In our US survey, consumers described the Women in Wine label as “informative,” “interesting,” “eye-catching,” and “attractive.” However, Haumann believed that Women in Wine’s Premium-range Cabernet Sauvignon label (as shown in Figure 4) “looks very computer-generated. It’s not hand drawn and doesn’t have any hand illustration...it lacks personality, lacks soul.”

There seems to be a difference of opinion between consumers and the

design expert about the Women in Wine label. As shown by the adjectives consumers listed in our survey, they seem to like the label and appreciate the design elements. Although these consumers say they would purchase Women in Wine based on the label, this does not necessarily mean it would catch these customers' attention on a shelf alongside hundreds of other wines. This is where Haumann's opinion enters; he believes that the label lacks the visual interest to grab and hold a consumer's attention.

*Fairtrade certification is not a critical factor to South African retailers and consumers, however most care about ethical production.*

Another component of the mission we examined was consumers' familiarity with Fairtrade certifications. We found that while Fairtrade is not widely recognized by South African consumers, most care about ethical production. Out of 40 interviews with South African consumers, nearly 88% said they did not know what Fairtrade is and would not recognize its symbol on a product. However, from those same consumers, nearly 67% said they would be more likely to buy a wine if they knew it was ethically produced. Since Fairtrade is not widely recognized in South Africa, the potential sales from obtaining Fairtrade certification may not outweigh the high costs. For the major countries that do care about ethical trade,

there are other, more affordable means of communicating ethical production besides the trademark Fairtrade. Ethical production aspects will be important to highlight on the label and in brand building.

*All retailers and distributors look for different components when making a deal with a wine company.*

While the retailers we spoke to each had different priorities in choosing new wines to stock on their shelves, they all seemed interested in Women in Wine and willing to test its product.

A national wine buyer from a mid-range grocery store in South Africa emphasized the need for a strong marketing plan in order to expand distribution. Women in Wine would like to be placed in a mid- to high-range market, so a marketing plan is even more crucial to convince a consumer to pay more. Strong marketing plans utilize brand building in order to make consumers remember the product on both a quality and a personal level. This specific wine buyer emphasized the importance of product quality, pushing for on-consumption marketing in restaurants and hotels for higher priced wines. On-consumption marketing exposes consumers to the brand so they can be confident in spending money on the product in a store. To enter large grocery chains such as this one, Women

in Wine should implement a well thought-out marketing strategy to increase brand awareness among consumers.

The former national wine buyer for Woolworths, Ivan Oertle, said Woolworths puts less emphasis on a marketing plan, and instead prioritizes wine quality as well as ethical, environmental, and financial stability in its partners. He said Woolworths values flexibility and willingness to work together on a marketing plan. In addition, the wine "must add something of value that the rest of the [Woolworths] supplier base doesn't have." All wineries must also pass Woolworth's ethical and environmental certification process, "Farming for the Future", before being listed.

While national retailers focus on a wine company's marketing and production levels, smaller retailers and boutique wine shops have more personalized guidelines. In our interview with the owner of Love Wine, a small wine shop in Stellenbosch, South Africa, we learned that this store focuses on listing small, "boutique" wines rather than wines from large companies. The owner said that after the wine's quality, the friendliness of the people at the winery and story behind the brand are the biggest factors when she chooses which wines to list. This store also holds wine tastings where a certain brand is

showcased each day to help market the small wineries it works with. Specialized boutique shops such as these can assist Women in Wine in building relationships with customers because these retailers give attention to selling not just the wine, but also its story and mission.

We also spoke to 7 distributors and smaller wine shops in South Africa and the US (namely Cellar in the City, Carolyn's Fine Wine Cellar, Wijnhuis, Wine Vine, Oz Wine Company, Heritage Link Brands, and an independent regional distributor in the US). While each company had different business models, they all generally agreed that the taste of the wine and meeting consumer preferences are the most important factors in listing new wines.

*Above all, taste and quality are the most important aspects of a wine according to consumers, retailers, and industry professionals.*

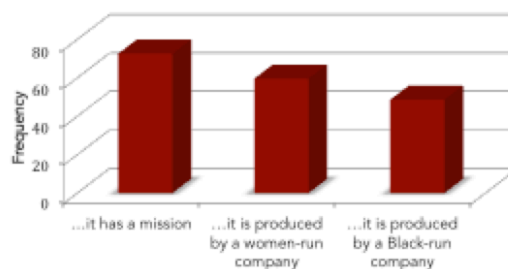
While the mission of a wine brand generally encourages purchases, consumers in South Africa generally do not buy wine simply because the company is women-owned or Black-owned.

Merely communicating the race or gender of a brand's owners may not immediately influence all consumers to buy the wine. We asked 40 South African consumers if they would be influenced to purchase a wine because it was produced

by a women- or Black-owned company. As shown in Figure 6, 60% of consumers said they would be influenced to purchase from a women-owned company, and 50% said they would be influenced to purchase from a Black-owned company. While the results were generally positive, some consumers expressed reluctance to purchase wines from these non-traditional producers. Customers often do not view wine as synonymous with an Afrocentric brand, and may question the quality of wine produced by these companies.

Above all, the taste and quality of a wine are the most important aspects to consumers. While a positive mission would spark a primary purchase, customers will not buy a second time if the wine turns out to be sub-par in terms of taste and quality. Since the race and gender of the wine producer does not affect the taste of the wine, customers may view aspects of mission as secondary

**South African consumer participants that are influenced to buy a wine because...**



*Figure 6: Interview responses from 40 South African consumers*

considerations when purchasing wine.

A cost effective way to convey the quality and authenticity of wine is through social media. Social media is a powerful tool in today's society; Facebook, Twitter, and Instagram are great ways to relate to customers and promote company values. Mbatha emphasized that social media is a critical part in a company's efforts to expand. Furthermore, Stubbs told us her company uses social media because it is a cheap and inexpensive way to market the brand on a limited budget. Women in Wine relies heavily on wine tastings, but should update its website and Facebook pages often to build its brand.

In addition, Mbatha explained that companies not yet sold in retail stores can position themselves by working with hotels and restaurants. This form of on-consumption marketing was also a method the chief national wine buyer cited as critical to an effective marketing plan. Stubbs explained that she hosts wine tastings for Thokozani in this manner at hotels. Similar to Women in Wine, she does not have an extensive budget allocated toward marketing. Therefore, an advantage to this marketing strategy is that it can be relatively low cost.

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