



# Characteristics of strong territorial brands: The case of champagne



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## ABSTRACT

While most brands belong to individual enterprises, some brands are collective and based in a single territory. This paper, based on qualitative research, examines the characteristics of these territorial brands using the case study of the wines of Champagne in France. Employing a series of primary data sets and 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 strong territorial brands. The proposition is that these include a specific type of brand manager, a definite willingness to co-operate, a common mythology and local engagement. The paper considers goods that are inseparable from their origin whereas prior literature focuses only on services of this type. This paper also provides insights for marketers of territorial products in terms of how to ensure their success both in local and global markets as well as how to leverage the origin appropriately.

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## 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. In effect this creates a form of double or two-tier branding structure, so that the individual enterprises benefit both from their separate brand identities and also from the collective brand, termed here, because of its intimate relationship with the place of origin, the territorial brand. Scotch whisky, Quebec maple syrup, and Carrara marble all fit into this category. Such products are not created through consumer orientation; rather, a production orientation results, as core characteristics of the product depend on the environment.

Consequently, the current paper explores the notion of unique, geographically-bounded territorial brands in contrast with the operation of traditional, corporate brands. In so doing, the research sheds light on the characteristics associated with the effective marketing of a territorial brand in a competitive global marketplace. The case study methodology considers in detail the management of champagne (the wine) and Champagne (the region). The success of the champagne industry over the last 65 years makes it an interesting means of examining the territorial brand. Through a series of qualitative insights, the notions of the territorial brand begin to emerge.

## 2. Types of place brand

### 2.1. Country brands

The most basic product place branding is the identification of country of origin (COO). The dimensions of COO can affect brands in multiple ways—where the product is designed, where it is made, where it is assembled all impact on place brand perceptions (Chao, 1993, 2001). For example, Lury (2004) notes that Swatch watches are definably Swiss—even the name combines the product and the COO. Yet COO is not invariably a brand in its own right, and researchers tend to view it as a cue (Steenkamp, 1989).

Products can have explicit COO cues (e.g. Made in France) as they can have implicit origin cues (e.g. packaging image, language), often portrayed by the brand (Leclerc, Schmitt, & Dubé, 1994; Usunier, 2011). Additionally, brands can be perceived as having COO, even if they are erroneously linked to the real origin of the product—for example “Italian-style” (Samiee, Shimp, & Sharma, 2005). Corporate brands can have perceived origins which are different from their true production origin (Thakor & Kohli, 1996), whereas pure territorial brands interlock with their place of origin.

### 2.2. Regional brands

Regional or local brands are based in one area, such as localized beers (Van Ittersum, Candel, & Meulenbergh, 2003). The advantages associated with a region of origin are likely to pertain also to a territorial brand. Van Ittersum et al. (2003) comment that region of origin is particularly important as a cue for high added-value products (where the human rather than the environmental aspects of the regional link are

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significant). However, regional branding can be a fragile concept to exploit, especially when the region is unknown or when negative impressions of the region already exist (Cayla & Eckhardt, 2007). The use of regional branding must also consider the numerous actors (i.e. big and small brands) within a region, as they operate independently but collectively shape consumers' perceptions of the region (Ikuta, Yukawa, & Hamasaki, 2007).

Consumers may associate a region with a brand cognitively, but the brand can move anywhere so that collective membership under a regional name does not define all regional brands, nor do they necessarily originate from that region. Kraft can make Philadelphia cream cheese in Montreal with no difference in taste than if made in Philadelphia. Consumers associate the region with the brand cognitively, but the company could relocate anywhere.

### 2.3. The characteristics of a territorial brand

For a territorial brand to exist, there are two preconditions which must be met. The most obvious is the natural link to place. This link results in something that nowhere else can produce (unlike a regional brand), so a uniqueness or irreproducibility based on a specific place is an essential component of the product (Cross, Plantinga, & Stavins, 2011). The second characteristic of the territorial brand is that it is overarching; thus it appears to encompass all the proprietary brands in the territory. Each brand that includes the territorial reference in its own brand name or on its label cannot opt out of the overarching territorial brand itself. Classic examples are tourism destinations, which build tourist attachment (Lee, Hong, & Sun, 2013; Orth et al., 2012). The use of the territorial brand name is directly related to the place of origin—so that Brie cheese comes from the locality of Brie in the Paris Basin. In consequence, territorial brands often seek legal recognition or protection in order to distinguish themselves from other similar products without a specific link to a place (Van den Lans, Van Ittersum, De Cicco, & Loseby, 2001). For clarity, Fig. 1 outlines the differences between country, regional and territorial brands.

Additionally, two other propositions characterize the evolution and structure of the territorial brand. The first is that amongst all the economic actors underneath the umbrella of this brand, no single proprietary brand is overwhelmingly dominant; if that were to occur, the dominant proprietary brand would probably usurp the position of the territorial brand. The second proposition is that no-one deliberately creates a territorial brand but rather that it evolves over time (Ballantyne, 2011). This evolution may be very long term (350 years in the case of champagne) or shorter, as in the development of “Central Otago” wines (Charters & Mitchell, 2011). Nevertheless, this brand exists because of the co-creation of a number of disparate actors.

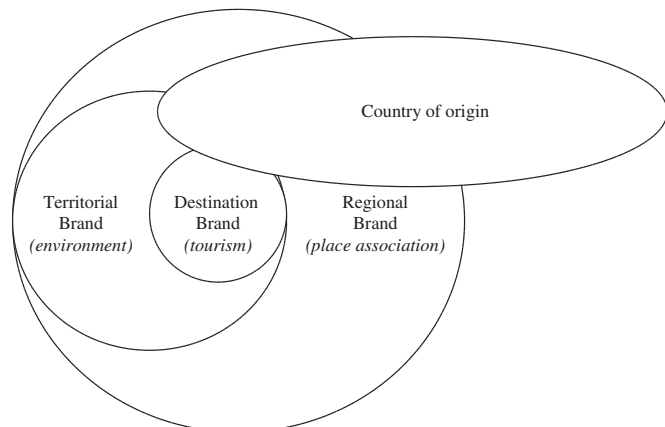


Fig. 1. The relationship of varying types of place brand.

### 2.4. Champagne and the development of its territorial brand

Champagne is an interesting and complex example of a successful territorial brand. The region covers a clearly defined wine producing area in the north-east of France with a specific business context. Ninety percent of all the grapes used to make the wine are grown by 15,000 small growers whose land holdings average a mere two hectares. However, large “houses” (the term for the big companies managing the well-known brands such as Moët et Chandon, Veuve Clicquot, and Pommery) make two-thirds of all the wine; the houses therefore rely on the growers for raw material. In addition to the major houses, there are another 5000 small producers of champagne—mainly growers who make limited volumes for the domestic market. A multifaceted, localized social and economic equilibrium is required to ensure that the houses have access to grapes. This protects the economic position of the growers and balances competition for consumers between various industry players. Until the global financial crisis in 2008 champagne had maintained a consistent success record and other than a minor blip in the post-millennial era it saw a continuous rise in production and sales from 1994 to 2007.

Additionally, the territorial brand, champagne—a type of intellectual property—has a form of legal personality of its own. Within the European system of Protected Designation of Origin (PDO) champagne is an *appellation contrôlée* wine; regulations prescribe acceptable production processes (including the types of grapes used and the way they are grown) and determine the geographic limits of the brand. As well as being a PDO, a wine region such as Champagne benefits from the international recognition of intellectual property rights (Barham, 2003). In consequence of the legal protection obtained from the European Commission, no other wine, sparkling or still, may carry the name champagne (with a few exceptions in Russia and the USA).

## 3. Research method

The aim of this paper is to understand the nature of the territorial brand, and to support its conceptualization with empirical, qualitative data. Given that the intention is to offer a new way of understanding place-based brands, a case study approach is appropriate, offering a range of insights into the way one such brand operates, and allowing the extrapolation of various theoretical constructs. This has been adopted in other studies which examine the nature of brands (e.g. Payne, Storbacka, Frow, & Knox, 2009), and regional development (Hojman & Hunter-Jones, 2012), particularly when it is important to expand our theoretical understanding (Tynan, McKechnie, & Chhuon, 2010).

This research in this case study includes projects examining consumers' engagement with wine, and a number of interviews with consumers in the United Kingdom and Australia as well as with those involved in production, business and marketing in France generally, and champagne specifically. Data obtained over three discrete research projects featuring 13 focus groups and 54 interviews have fed into this research process, but many other more informal interactions (involving individual and group meetings, committees, public events and presentations) have also informed its development. Additionally, since 1997 a great deal of more informally-gathered information was collected from a wide variety of sources, including the owners and managers of champagne houses, marketing managers, a number of grape growers, and representatives of producer co-operatives. Thus a series of field notes of comments and observations of behavior over the period of the researchers' interactions with the region were used.

The interpretation of the data and the process of obtaining and evaluating findings in the study is the result of a grounded approach (Pettigrew, 2000). This approach is different from a traditional grounded theory perspective (Glaser & Strauss, 1967) because it does not exclude the possibility of a partial literature review in advance of data collection

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