

Marketing and innovations in the wine sector after the beginning of the Covid-19 pandemic

Marketing e innovaciones en el sector vitivinícola tras el inicio de la pandemia Covid-19

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Abstract

Marketing plays an important role in the development and functioning of companies all over the world. However, what makes successful more companies, are the innovative practices that nowadays have a growing importance for the economy and business development in many countries. More than ever, from the beginning of 2020 due to the effects of the Covid-19 pandemic, there are political, economic and social changes in the world. In a changing and insecure environment, many companies evolve due to different innovative marketing practices. This article shows the examples of the wine sector, comparing French and Bulgarian wine companies. Thanks to their successful marketing activities, they have changed and their way of working and can be shown as an example in times of crisis. The aim of this article is to show good marketing and innovation strategies and by using the benchmarking method, to highlight one of the best of them.

Keywords: Marketing, innovations, companies, wine sector.

Resumen

El marketing juega un papel importante en el desarrollo y funcionamiento de empresas en todo el mundo. Sin embargo, lo que hace que más empresas tengan éxito, son las prácticas innovadoras que hoy en día tienen una importancia creciente para la economía y el desarrollo empresarial en muchos países. Más que nunca, desde principios de 2020, debido a los efectos de la pandemia Covid-19, se están produciendo cambios políticos, económicos y sociales en el mundo. En un entorno cambiante e inseguro, muchas empresas evolucionan debido a diferentes prácticas innovadoras de marketing. Este artículo muestra ejemplos del sector vitivinícola comparando empresas vitivinícolas francesas y búlgaras. Gracias a sus exitosas actividades de marketing, han cambiado su forma de trabajar y pueden mostrarse como un ejemplo en tiempos de crisis. El objetivo de este artículo es mostrar buenas estrategias de marketing e innovación y, mediante el método de benchmarking, destacar las mejores.

Palabras clave: Marketing, innovaciones, compañías, sector vitivinícola.

1. Introduction

Globalization, which continually expands the boundaries of international trade and allows ever-increasing easy and rapid entry to markets around the world, is accompanied by growing competition in countries and regions where different companies enjoy positions approved by the market over the years. This phenomenon creates a system of influences in the market that increases the importance of the marketing strategy of companies and makes it a key tool to achieve the main business objectives of maximizing the benefits of companies and organizations in different countries and regions of the world.

However, 2020 has been a different year in many aspects due to the Covid-19 pandemic that is present on a global scale. In a changing and insecure environment, governments and companies choose to make different decisions to stop the growing crisis in the political, economic and social aspects. Different world organizations seek measures to support the countries that constitute them. Such is the case of the World Trade Organization or the European Union.

This article shows below the example of two companies in the wine sector from two countries that are part of the European Union – France and Bulgaria. These companies are successful in their development of the practices they have adopted to survive in the times of the pandemic and continue their activity in the sector successfully. In the wine sector, many international companies are competing to win market shares. One of the best are coming from France but in other countries, like Bulgaria, there are good wine producers too. A strategy to gain position in the market is through marketing actions and this article will present different innovation techniques in the times of Covid -19 and how to gain position in the wine market by comparing the strategies of example companies in France and Bulgaria.

2. Theoretical aspects of the innovations in marketing

One of the fundamental concepts of marketing are the needs and demand, target markets, positioning and segmentation but also value and satisfaction of the clients (Kotler & Keller, 2016). The purpose of marketing is to meet and satisfy the needs of the target customers in a better way than the competitors. Marketers must have a full understanding of how

consumers think, feel, and act in order to deliver clear value to each of their target customers. Successful marketing requires companies to have a complete connection with their customers.

Currently, innovation is very present in business life and in the development of companies, which makes it one of the key elements within a company. To be competitive in the sector, as well as to add value to their products and brands, companies must constantly innovate. National companies are particularly important within economies, not only because of their contributions to the production and distribution of goods and services, but also because of the flexibility they must adapt to technological changes, in addition to their potential to generate jobs.

The processes of innovation should be agile, to meet the needs that the company may have. For good management in the scope of innovation, companies should focus on three important points: first, to define an objective or a clear reason to innovate; then, establish a well-defined plan to carry out the innovation and finally, visualize the present and future situation of the company (Kotler & Keller, 2016). The objective of innovation is to differentiate itself from the competition and maintain the profitability of the company and especially in the new reality after the appearance of Covid-19.

For this reason, innovations need to reach the target market as well as having a commercial impact. Thus, innovations are closely related to the marketing department of companies and this relationship is intensified when the value of the innovation is communicated to the public or consumer (Kurtz & Boone, 2012). Companies that add many innovations to their activity are considered dynamic and modern, interested in the needs of customers. These ideas depend much on the environment in which they operate, the competition and their industry. The companies that have a clear strategy of innovation increase the effectiveness and efficiency of management innovation in general, especially if they involve key members in the development of the innovation strategy. Assessing core competencies, identifying potential customers, opening new market segments, developing key performance indicators, and setting goals to help the company to create a good innovation project. Companies that have an understanding of its strategic approach, can quickly decide which ideas to develop as part of an innovative offering, as defined areas of focus and expected performance criteria. Marketing and sales should be involved in

developing of the innovation strategy to create the value of the new offering with key customers (Lerma, 2010). In this article, research will be made of the innovation factors in the two wine companies from different countries, the marketing activity they carry out and how important it is within the development of these companies in times of the pandemic.

There are key points that connect the concepts of innovation and marketing because for a company many times the two concepts are connected to guarantee the success of its products. Important actions for a company when deciding to innovate are: to analyze in detail its current customers, to define clearly the customer segment it wants to target, and constantly innovate and adapt products or services based on the company's profile (size, sector, geographical area etc.). It is also important to offer purchasing facilities for the company's products to reach the consumer faster and more efficiently, using, for example, electronic commerce.

Different marketing actions would help a company to present and position itself, improve its vision and stay in the market. Some of them would be those mentioned below (Pazos, 2017).

Develop a marketing plan –the marketing plan is one of the key elements in any business. It must contain the following elements in order to be efficient when developing the company's strategies: annual budget, economic, brand and product objectives, the study of the sector, the environment and the competition, well-organized time, scope of the plan, with the actions to be carried out, management of the team and the specialized professionals, as well as the tools and means that will be used in each action. It is important to define the demographic and psychographic profile of the client, his specific needs in terms of the products or services that the company offers.

SWOT Analysis – it is very useful when identifying weaknesses, strengths, threats, and opportunities for the company, it helps decision-making and setting objectives.

Digital Marketing – is the most used tool to promote the business of the company to current and potential customers nowadays. E-commerce is part of the digital strategy and has been growing rapidly for some years. Several companies create their electronic stores to

meet the demands of the consumer. That helps them to respond to consumer's research quickly and efficiently (Bernal & Cabrera, 2010).

Social media – it is important for the company to take care of its digital reputation, as well as to respond with courtesy and speed to any suggestion or complaint from its current clients, in addition to always offering a professional image on social networks such as *Facebook, Twitter, LinkedIn* and so on. An action that would improve the reputation of a company in social networks is to create a community for its clients, where users can participate and interact; It is an effective way to strengthen relationships and ties with clients. Another action would be to keep customers informed about the company's products to publicize the advantages and benefits of the services and products. A good tactic is also to provide and improve after-sales service. Creating continuity relationships adds a lot of value to the customer and is a key element for his satisfaction and loyalty. It is important to know what customers think of the products or services so that the company can improve its offer, increasing its probability of success in sales. Social networks have the power to influence and work with perceptions to strengthen or weaken brands, propose, ideas or implant concepts in the minds of consumers (Bernal & Cabrera, 2010).

Get to know the consumer – thanks to the tools to analyze data from previous customer purchases, subscriptions, satisfaction surveys. Businesses can build a customer profile that makes it easy for them to offer targeted and personalized content. According to the Direct Marketing Association, 76 % of consumers share personal information with a brand if they think it improves their experience and that helps companies a lot to know the users.

Sensorial Marketing – it seeks the consumer perceptions the time of purchase as an unforgettable action, thanks to the sensations that cause warm lighting, a good smell or evocative music and is very often used in wine marketing. The sensorial impact is so powerful that it helps the customer make decisions about whether to buy a product or not. The perception of a good purchase lasts longer in memory.

Some good practices that would help companies, would be to:

Establish an unmistakable brand identity

A key strategy for the success of a company is its ability to communicate and present its activity accurately and its ability to offer a clearly defined and coherent product. It is very important to establish a strong brand identity that clearly shows the distinction and uniqueness of the company.

Generate a deep connection with the main target audience

The company obtains much more value if it focuses its efforts on a defined group and generates a connection with this group, identifies their tastes and needs in order to offer a better product (Avoleván, 2015). Creating a large network of contacts and generating profitable relationships with customers in order to create business and professional relationships with suppliers and intermediaries, and make the brand recognized in the sector, helps a lot to improve the relationship with customers and to establish a good brand and a recognized product.

Design compelling offers that attract customers

The marketing function of the company is to know what interests the customers in order to see how its services can meet the demands. The offers and promotions are a very important part of the marketing strategy. They are special opportunities to get new customers and encourage current customers to return to buy the company's product, as well as to become loyal to the brand.

According to Kotler et al (2016), the keys to successful marketing are focus, positioning and differentiation. Appropriate actions in the area of marketing can make the innovation or the product a success for the company.

3. Method of the research

In order to explain the practical study made afterwards and based on the theoretical aspects explained in the previous paragraph, a methodology based on the method of benchmarking has been implemented. The most important definition given so far is from (Spendolini, 1992): "Benchmarking is a continuous and systematic process to evaluate the products, services and work processes of organizations that are recognized as representing best practices in

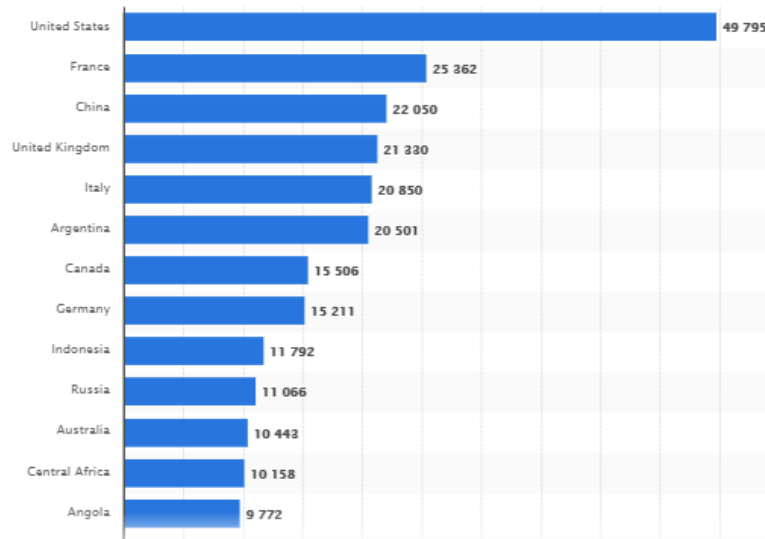
order to improve the performance of organization." There is now a growing emphasis on qualitative benchmarking, in addition to traditional quantitative metrics. Benchmarking as a business and management process came under the scrutiny of academic researchers in the early 1980s. The researchers were interested in its relationship between companies, in the changes in organizational culture that occur alongside the benchmarking practice, and on benchmarking and "best practices" issues (Broderick et al., 2010). Benchmarking engenders some generic characteristics: 1. the relationship between benchmarking and quality management; 2. the identification and defense of the benefits of best practices in service operations; and 3. in the emergence of a focus on process benchmarking (Woodburn, 1999). While there is no universally accepted conceptual framework for benchmarking, four general types are practiced. Internal benchmarking refers to identifying the best internal procedures, while industry benchmarking incorporates the measurement of functional operations in a sector. Competitive benchmarking involves comparing organizations that offer competitive products and services. Finally, process benchmarking focuses on the best work processes.

4. Marketing strategies and innovations in the wine sector

The wine market worldwide is dominated by some big producers as the United States, France and also China. However, many regions in the world have become very famous for its wine production (Figure 1).

Figure 1

Revenue of the wine market worldwide by country, 2020



Source: Statista 2021

France, being the second largest producer and exporter of wines, has many different producing areas on its territory. One of the best ones are situated in the southern part of the country, in the Bordeaux region. This region is famous for having one of the best wines for many centuries. Exceptional wine houses (Châteaux) gradually emerged there from the 17th century: *Yquem, Haut-Brion, Mouton-Rothschild, Lafite, Latour, Margaux*. The geological diversity of Bordeaux has a lot to do with the quality and complexity of the wines. There are 8,650 châteaux in the vineyard, including the famous *Pétrus, Yquem, Cheval Blanc, Margaux, Latour, Ausone, Lafite Rothschild, Mouton Rothschild*, as well as 300 trading houses and 93 brokers. The region's production is 11% dry and sweet white wines, 89% red and rosé wines.

The author chose to show one of the producers having the best marketing and innovation strategies in the region: *Château Margaux*. *Margaux* is a wine appellation whose wines are produced in the Bordeaux vineyard, a vineyard in south-western France and more specifically in the Médoc wine region. *Margaux* has the French AOC label (Appellation d'Origine Contrôlée) as well as the European label AOP (Appellation d'Origine Protégée). This type of wine is known since the XII century and at the end of the XVII century, *Château Margaux* already occupied 265 hectares. The company quickly became a symbol for the art

of wine-making and through the generations and the centuries, the skillfulness and the innovations, progressively made *Château Margaux* famous for its wines of excellence. At the beginning of the XXI century, Bordeaux wines experienced unprecedented success. This prosperity, as well as the rapid expansion of other regions in the world, placed *Château Margaux* in a more competitive climate, and also allowed the underlining of its unique position: that of a First Growth classified in 1855, enjoying a terroir that has been shaped by the passing centuries.

The company has many marketing and innovation activities thanks to which it has won the interest of consumers and their loyalty. Since its creation, the brand stands out above all with the quality of its products that it has diversified in recent decades. The brand generates a graphic language typical of a culture rich in its history, but always ready to reinvent itself and conquer the market in all its segments, more specifically the Premium segment. Therefore, it continues to have high prices for its exclusive products. The company has a wide variety of well-made wines offering innovation in each flavor to make the experience unique for the customer. Some of *Château Margaux's* successful marketing strategies are to:

- Offer personalized service and a unique experience at each moment of the year with dayketing strategies-marketing strategies for special occasions, but also limited editions and innovations in their products (Figure 2).

Figure 2

Marketing strategies of Château Margaux, 2020



Source: Web site of Château Margaux, 2021

- Distribution in many countries, regions and specifically for special clients and restaurants.
- Communication through a unique service, well-designed campaigns to make the consumer feel at home, guided tours in the vineyards, but also international competitions in which the company participates and wins often. Thanks to sensory marketing, customer loyalty is also sought (Figure 3).

Figure 3

Marketing strategies of Château Margaux, 2020



Source: Web site of *Château Margaux*, 2021

- The company has a very well-developed website and social media that greatly facilitates communication with potential clients.

In Bulgaria, although being a small country, there are many traditions in wine production. In order to show the marketing in the sector, the author chooses the wine producer *Domaine Boyar*. It was the first private wine-producing company after the changes in the politics in 1990. It was founded in 1991 and started operating in Sofia and London simultaneously. Over the course of several years, it became a leading producer and one of the most significant companies to trade Bulgarian wines on the largest and most prestigious global markets. Today, *Domaine Boyar's* key markets are the UK, Benelux, USA, Canada, Asia, and the Scandinavian countries. In the last years, *Domaine Boyar* has significantly changed its portfolio, becoming one of the biggest importers of very good wine brands. The Thracian Plain region, where it is located, is renowned for the production of high-quality red wines. The company has many international awards such as: "Most sustainably developing Bulgarian

wine company, with the biggest growth” and for overall contribution to Bulgarian wine by the Union of Oenologists in Bulgaria (Figure 4).

Figure 4

Marketing strategies of Château Margaux, 2020



Source: Web site of Domaine Boyar, 2021

From the beginning of the pandemic, the company continues its activities to offer new services to customers as promotions in social networks and purchase of different products on the Internet. Its activities in the field of marketing have made it an innovator and thanks to the different products and services offered, the company has won the trust of many clients and is sure to meet new ones with strategies like dayketing, but also innovation in the products such as the newly created wines with fruits-Frutino, which have a lot of success thanks to promotions, but also a lot of communication in social networks, the web page of the company and a very varied assortment (Figure 5).

Figure 5

Marketing strategies of Domaine Boyar, 2020



Source: Web site of *Domaine Boyar*, 2021

Another company strategy is the brand *Bolgare*, especially created with pride in the national traditions in Bulgaria and its wine production. With a lot of publicity on social media, the brand has gained the appreciation of Bulgarians in the country but also abroad. To keep existing customers and win new ones, different loyalty cards and special prices have been created for wholesale orders as part of the marketing strategies related to price. New points of sale and distribution have been opened in many cities in Bulgaria (Figure 6).

Figure 6

The new brand Bolgare, 2020



Source: Web site of *Domaine Boyar*, 2021

5. Conclusion

In order to be competitive in the national and international market, companies need to create, develop and maintain innovations in their brands and products in the market. The perspectives they have in a changing environment in terms of internationalization depend largely on the opportunities for collaboration between countries. In order to achieve success in times of pandemic, those companies need to perform various actions and have innovations connected directly to their marketing area.

One of these actions are the dayketing strategies, benchmarking tactics following the leaders in the industry developing social media and marketing mix promotions. By this way, those companies have the opportunity to gain more market share and be more successful. Taking into account the current pandemic situation and globalization, companies from all sectors need to have the economic objective of sustaining themselves in the market and continuing their activity, with the social purpose also of maintaining and giving prosperity to many families and supporting the economies of their countries in a globalized environment.

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