

RICCA TERRA FARMS

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RICCA TERRA FARMS OWNER AND VITICULTURIST 'ASHLEY RATCLIFF' RECENTLY PRESENTED AT THE AUSTRALIAN SOCIETY OF VITICULTURE & OENOLOGY TECHNICAL SEMINAR IN MILDURA.

THE QUESTION CONCERNING ASHLEY WAS 'IF SUCCESSFUL BRANDS DELIVER VALUE TO WINE COMPANIES AND COMPANIES IN GENERAL, WHY DOES IT APPEAR THAT THE GRAPE GROWING COMMUNITY HAS FAILED TO EMBRACE THIS CORNERSTONE OF BUSINESS'

WHY BE THE PURPLE COW!



In the book the Purple Cow, author Seth Godin refers to a time when he visited Europe for the first time with his family. He wrote of how beautiful the herds of brown cows were grazing in the countryside as he drove along the highway. After only a short time, after passing herd after herd of brown cows,

he made a personal observation, and that was the cows were becoming very boring and had lost their unique attraction very quickly. Seth states, 'wouldn't it be great to see a purple cow'...now that would be exciting.

'The end game is not about beating a competitor, or winning a sale. The end game is to earn profit through establishing brand loyalty'



The 'brown cow' paradox is present in most industries! One of the attractions of wine to the end consumer is the romance and uniqueness of where the grapes are grown that make the wine, the vineyard. Successful wine company marketers have been able to etch

an image in the consumers' mind of grapes being hand harvested by the farmer's weathered hands and then delivering his/her grapes to the winery in an old Bedford truck where the grapes are forked off and pressed in an old wooden basket press. These images attempt to create a setting that makes wine special and unique.

While this imagery does in some cases represent a select group of growers and winemakers, the truth is that the wine brands most consumers drink are made from grapes that are grown in large 'broad acre' vineyards, harvested by machines and made in large modern 'factory like' wineries where the aim is to limit hands-on winemaking to mitigate costs. There is nothing wrong with industrial winemaking. Wine made at large wineries in general is very good and consistent in quality.



Wine companies invest heavily in establishing, growing and protecting their brands. Why? To understand this it is important to define what a brand is and what value it can deliver to a business. A **brand** is a name, term, symbol, design, or a combination of them, intended to identify the goods and services of one seller and to differentiate from those of competitors. A brand is essentially a company's promise to deliver a specific set of features, benefits, and services consistently to the consumer. The branding challenge is to develop a deep set of positive associations for the brand. If a wine company can establish a brand with a deep set of positive associations then the wine company can establish a brand with a high degree of **brand awareness** and **brand acceptance** among consumers, which can lead to **brand preference** (consumers preferring a specific brand over other brands as a result of superior features, benefits, and services).

The ultimate goal in the brand building process is to obtain **brand loyalty**. Tony O'Reilly, former CEO of H.J.Heinze, proposed this test of brand loyalty "my acid test is whether a customer, intending to buy Heinz tomato sauce in a store, finding it out of stock, will walk out of the store and buy it elsewhere". Brand loyalty is when the consumer becomes devoted to the brand. While a brand is an intangible asset, it can be the most valuable asset on a corporation's balance sheet. According for Forbes Magazine, the brand value for Apple is estimated at US\$145 billion dollars.

Achieving brand loyalty and hence having customers who are advocates of a brand contributes positively to a business's bottom line. For example, a business can charge a higher price than its competitors because the brand has a higher perceived value. As a result of greater brand awareness and loyalty, a business does not need to invest heavily into marketing programs and a business will have more trade leverage in bargaining with distributors and retailers as the customers expect them to carry the brand they are advocates for!

If successful brands deliver value to wine companies and companies in general, why does it appear that the grape growing community has failed to embrace this cornerstone of business?

The challenge facing many grape growers is the goods (their grapes) that they grow and sell to their customers (the winery) in many cases look and taste the same as their competitors (other grape growers). Basically many grape growers resemble brown cows in a herd of brown! There are a number of reasons why grape growers, businesses and people in general want to be part of the brown herd. Herd mentality actually has a functional purpose! The term 'herd' implies a certain state of mind. It can be described as how large groups of animals and people act the same ways at the same times. Herd mentality can be feared based reaction to peer pressure which makes individuals act in order to avoid feeling "left behind" from the group. Being part of a herd also provides protection from predators! A cow that strays from the herd is more likely to be attacked by a predator compared to a cow that is part of the herd. Basically a herd provides comfort and safety, but the trade-off is that it is difficult to stand out and be noticed when part of a herd!

The essential ingredient behind building a meaningful brand is to stand out and be noticed, **meaning comfort and safety needs to be risked....so being part of a herd is not the best place to be to establish a successful and lasting brand!**

In relation to establishing a brand for a vineyard, unique elements of a vineyard's operation (features, benefits, and/or services) that differs from neighbouring/competitor vineyards need to be identified. These unique elements could be adopting different farming practices (organic/biodynamic production, growing alternative varieties, and/or farming in a collaborative manner with other farmers), identifying and promoting distinctive attributes of a vineyard (soil, old vines and/or location) or using the intangible assets of the vineyard (history and story of place and people) to create a memorable story. These are just a few examples of unique elements that can turn a brown cow purple!

So what are some of the potential reasons behind why grape growers have failed to brand their farms? The reasons are possibly;

1. A failure to truly identify the customer
2. A failure to truly understand the customer's needs
3. A failure to identify the value of branding and intangible assets
4. A fear of being different
5. A lack of understanding

Who is a grape grower's true customer? Unless the grower is growing, making and selling wine to the final consumer (the wine drinker), their customer is the winery that buys their grapes. A mistake a grape grower can make when building a brand is to establish features, benefits, and services tailored for the final consumer rather than their true customer, the winery. For example following a market trend such planting a particular grape variety or adopting a practice can lead to failure if it does not fit with grower's customer's strategic direction.

Another key reason why grape growers fail to brand their vineyards is due to an inability to recognise that intangible objects have a value. It is easier for grape growers to comprehend tangible/physical assets such as a tractor has a value as they can be bought and sold through traditional methods. But to build a brand grape growers' need to accept that ideas, signs or noises can have considerable value. A brand is an intangible asset. Building a successful brand requires a grape grower to invest, and protect, in the brand building process just as much as they do when growing and protecting their crop.

Finally, an unwillingness to stand out and be different from fellow grape growers and establish unique features, benefits and services that the grower's customer values is a key reason why many grape growers struggle to brand their farms.

In the end the main reason why grape growers have failed to brand their farms may simply be due to a lack of understanding of the value of branding or a lack of understanding of how to start the process of building a meaningful, valued and long lasting brand.

WHY BUILD A BRAND FOR THE FAMILY FARM....AND HOW?

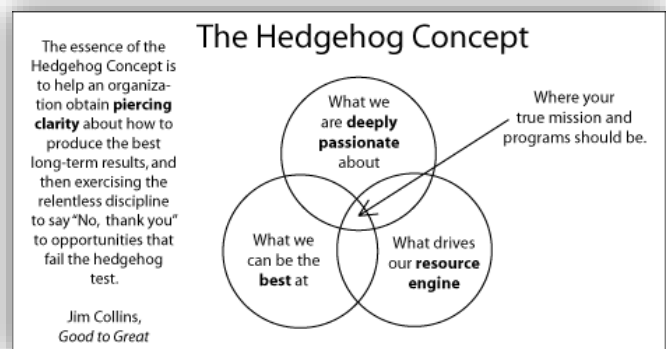
Why build a brand for the family farm? The answer to this question is simple, **to grow the farm's profitability and to increase the asset value of the farm over time.** How to build a meaningful, valued and long lasting brand on the other hand is not always that simple, but it is very possible with the right approach.

At the establishment stage of brand building it is critically important to refer back to the definition of a 'brand' and identify what is a brand's purpose. The definition (see above) states the purpose of a brand is to ***differentiate a business's goods and services from those of competitors.***

There are many tools a grape grower can use to assist in identifying the unique elements of his or her vineyard that differentiate from the competitors. These unique elements may already exist, if not the opportunity exists to create them!

The **Hedgehog Concept** is a useful starting point to stimulate ideas of what potential unique elements of a vineyard could be used to build a brand. The Hedgehog Concept comes from Jim Collins's book Good to Great. The concept helps businesses obtain clarity and produce long-term results.

Three key considerations make up the Hedgehog Concept. They are;



1. **What we are deeply passionate about?** Building a brand requires passion. Without passion it is highly unlikely that the individuals behind building a brand will endure the sometime difficult and frustration process brand building. Passion drives motivation, fuels confidence and creates excitement. All essential elements when building a brand. If a grape grower is not passionate about the brand they are attempting to build the end result will ultimately be failure.
2. **What can we be the best at?** While the Hedgehog Concept identifies being the 'best' as one of its key components, attempting to be the 'best' has some serious pitfall when building a brand. Marketing guru Michael Porter states that there is simply no such thing as "the best". Think about it for a moment. Is there a best car? A best wine? A best athlete? The answers are no as there will always be personal points of view as to what qualifies as being the best. A business that sets out to compete on the creation of the "best" brand has set itself an impossible goal. A branding strategy built on competing to be the best will experience rivals that will make counter claims as to why their product or service is equally good or better. Eventually the ongoing jousting used by rival businesses to persuade the customer as to why a business's goods or services are the best leads to competitor convergence, meaning rivals goods and services begin to look the same over time and the customer is left with nothing but price as the basis for their choice.

Being **'unique'** is the preferred way to address building brands when using the Hedgehog Concept according to Michael Porter. Being unique also aligns closer to the brand definition (see above). Developing the family farm's brand on 'uniqueness' can change the competitive landscape of the market. Uniqueness can lead to wide diversity of offerings to the consumers where all players in the market can win! Porter explains that competing to be unique is unlike sport in that one company's success does not require its rivals to fail. Competing on being unique looks more like the performing arts and is less like a sporting match. In performing arts there can be many good singers or actors, each outstanding and successful in a distinctive way. The more good performers there are, the more performing arts flourish. In performing arts there are no losers, just a wonderful offering of assorted talent that satisfied the diverse needs of the audience. Everyone wins!

3. **What drives our resource engine?** At the end of the day if the process of building a brand for the family farm through identifying passion and uniqueness does not generate a profit then all the work of building a brand is in vein! Understanding the financial cogs of the family farm is an essential part of building a brand. The end game in brand building is not about beating a competitor, or standing out in a crowd, or growing the best/unique grapes/wine. The end game is to earn profit through establishing brand loyalty.

FINAL THOUGHTS

There exist grape growers throughout Australia who have identified that their story & what they grow is of great value. These growers have built brands for their farms for many reasons, such as being frustrated that their winemaking customers having not recognised the value of their farm and what it grows, resulting in the grape grower bypassing the winemakers and creating a brand (usually a wine brand) themselves and growing and capturing all the value. Another reason for creating a brand for the farm is for succession reasons. A branded farm gives more opportunities for the next generation of the grape grower's family returning to the land. For whatever the reason a grape grower decided to build a brand for his/her farm, if done correctly the outcome can be extremely powerful.

It needs to be noted that in some cases a grape grower simply does not need to create a brand for his/her farm because the relationship that exists between the grower and the winemaker delivers enough value for all parties involved. Such a position is usually based on respect, recognition, trust and reward. But such grower/winery relationships are rare, meaning many grape growers lose value through traditional 'commodity style' relationships with their wineries, a results of grape growers failing to brand their farms. A macro view may suggest that a landscape of vineyards that offer wineries with diverse and unique offerings has to be better for the industry's overall health compared to a patchwork of vineyards that all perform and look the same and offer a commodity product! Building a brand for the family farm is achievable for every Australian grape grower as long as the grower is willing to take risk, be noticed and learn. ***The end game is not about beating a competitor, or winning a sale. The end game is to earn profit through establishing brand loyalty.***

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