Luxury Brands and Customer Engagement
Lessons for small Australian wine producers

A report for

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Executive Summary

Australia’s small winemakers are, on the whole, highly competent at translating the abundant natural capital of Australian wine country into high quality wine. Australian winemakers excel at wine production. The Australian industry has been less successful at inspiring the customer to pay a premium for the quality of its product.

In recent times two opportunities have emerged for small winemakers to improve profitability and better access customers:

- “Premiumisation”, which relies on lifting desirability and consequently price in both domestic and export markets.
- Increasing the percentage of wine sold directly to the consumer and retaining margin otherwise captured by wholesalers and retailers, primarily in the domestic market.

The author identified that prestige or luxury brands are able to command price premiums by rousing customer desire. Through visiting many of these brands across different industries the aim of this is to observe whether any of the techniques utilised by luxury brands might be transferrable to small winemakers and other primary producers.

The report offers commentary as to the common characteristics of luxury brands. These are typically businesses that offer products, which, like wine, exist “beyond necessity” (Csaba, 2008). Importantly, the author concludes that it is not necessary to be a luxury brand in order to adopt some of the techniques and concepts that drive the success of those businesses.

During the process of research and interviews, three key elements of success exhibited by luxury brands were identified:

- They understand their unique “Brand identity”.
- They seek to understand their customer’s emotional drivers of consumption.
- They are master storytellers and present a consistent image.

The author recommends that by being more attentive to these three elements, small Australian winemakers may find success in persuading customers to more highly value their product and consequently pay a premium for it. Importantly, this will require a shift from production-centric communication to framing marketing strategies based on improved engagement with emotional triggers that influence customer behaviour. Tools such as customer led design may be adaptable for determining which emotional desires customers hope to satisfy under different wine buying scenarios. Communications can then be tailored which tell authentic stories that better engage with underlying customer desire. This sort of analysis would be of advantage not only to individual winemakers, but also Australia’s generic marketing efforts under the Wine Australia banner.
The report offers insight into a range of practical activities observed that were utilised by the businesses visited. Interestingly, many of these are simple, fairly basic activities that can be undertaken by most businesses. Small winemakers should take heart that there is no ‘silver bullet’ to success and that simple techniques applied with discipline appear to be the basis for much of the success enjoyed by successful luxury brands.

A key recommendation is that small winemakers should focus at least as much of their energy on marketing and communications as they do on production. The most successful brands of all categories are likely to be those who recognise the importance of this and take steps to resource those components of their business.
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Foreword

The primary audience for this report will be small Australian winemakers. However, many of the concepts and recommendations will be scalable to wine businesses of all sizes, as well as other agricultural producers. One of the great assets of Nuffield is its reach across the wide spectrum of agriculture and the associated cross-pollination between industries. I hope that both winemakers and producers of other agricultural products find something of benefit from my travels and insights.

With my wife Emmanuelle, I own and operate Bekkers Wine in McLaren Vale, South Australia. We have been fortunate to have long careers in the Australian wine industry, as well as the opportunity to regularly work and interact with many fine wine producers in Emmanuelle’s home country of France. Bekkers Wine was established with a vision to create a fine wine emblem for McLaren Vale. I remain convinced of the opportunities offered by Australia’s land and climate to produce fine wines that can stand proud alongside the best the world can offer.

With qualifications and experience in winemaking, viticulture and business management, we are representative of many small winemaking operations. We excel at production but are less endowed with formal qualifications in marketing and strategy development. In our case the opportunity to view the wine industry through a global perspective has been extremely beneficial, but this viewpoint not available to many small producers.

The Strategic Plan of Wine Australia (Australia’s statutory body for the wine industry) includes the key priority of “increasing demand and the premium paid for all Australian wine”. Enhancing the reputation of Australian regions and brands will be essential to achieving this goal. In addition, Direct to Consumer (DTC) sales have been identified as an opportunity to improve margins for wine producers by shortening the value chain. Customer engagement and communication becomes far more complex and important under such a model.

Fine wine is a discretionary purchase and I have been long fascinated by the psychology and strategy behind what we collectively call luxury or prestige brands. At the core of luxury brands is a genuine level of craftsmanship and expertise. They excel at production but unlike many agricultural producers are also able to generate desirability that leads to both demand and price premiums. While most small wine producers will never become true luxury brands (nor aspire to be), there is surely something to be gained by understanding luxury brand strategy and the associated approach to customer engagement. At least some elements are likely to be useful to Australian wine producers and primary producers more generally.

My Nuffield Scholarship afforded me the chance to meet with many prestige brands both within and outside of the wine industry. I attended the Direct to Consumer Wine Conference in California, followed by meetings with many wine producers in the Napa Valley to
understand best practice in DTC wine sales, client hosting and customer communications. The remainder of my visits were primarily outside of the wine industry in an effort to unearth practices that may be transferrable to wine. I wanted to investigate strategy, brand positioning, communication and customer engagement from prestige brands in industries such as fashion, jewellery, cultured pearls, thoroughbred bloodstock, fine art, automotive, whisky, watchmaking, private member’s clubs, luxury hotels, restaurants, etc. In addition to some Australian meetings I visited brands in markets as far afield as Singapore, France, England, Scotland, Ireland, U.S.A, New Zealand, Japan and China.

A Nuffield Scholarship is a unique and rewarding experience and I’m grateful for the support of Wine Australia as the sponsor of my scholarship.

Figure 1: Toby and Emmanuelle Bekkers, Bekkers Wine, McLaren Vale, South Australia, 2018. Source: Bekkers Wine (2018)
Acknowledgments

I must acknowledge Nuffield and Wine Australia for the opportunity to undertake a once in a lifetime opportunity.

Secondly, it would be impossible for any Nuffield Scholar to report anything of value without the generosity and willingness of the businesses visited and people interviewed. I remain astounded as to the generosity of those willing to share their insights with me on my travels, thank you.

Finally, thank you to my family, particularly Emmanuelle who tolerated my long absences with (mostly!) good humour and understanding. I’m grateful for the sacrifices you made to allow me to pursue my scholarship without having to worry about our business and home life.

Abbreviations

DTC - Direct To Consumer
CBE - Commander of the Order of the British Empire
CRM - Customer Relationship Management
LVMH - Louis Vuitton Moet Hennessey
USP - Unique Selling Proposition
Objectives

With the objective of increasing demand and the premium paid for all Australian wine:

- Describe the characteristics of luxury brand strategy.
- Suggest which elements of luxury brand strategy may be beneficial and transferrable to small Australian wine businesses, particularly with respect to customer engagement and DTC sales.
Chapter 1: Introduction

“Our first challenge: the general global perception of the quality and provenance of our wines is – in our view – less than the reality, and this translates into lower prices for our wine than are warranted. While this challenge affects the whole sector, its impact is greatest on the fine wine segment” (Wine Australia Strategic Plan 2015-2020).

The Australian wine industry is the world’s sixth largest producer of wine by volume and the fifth largest exporter; with a total area under vine of 130,000 Ha (Wine Australia, 2017), and total wine sales of $5.1 billion in 2016 (Wine Australia, 2016).

By volume the industry is dominated by a small number of large businesses although small winemakers (less than 500 tonnes crushed) represent the majority of individual entities. “The four largest Australian wine producers collectively account for an estimated 37.1% of industry revenue in 2017-18” (IBIS World, 2017). Small winemakers produced 8% of Australia’s wine by volume but 24% by value in 2016 (Wine Australia, 2017).

Likewise, market access is largely controlled by a small number of large businesses. As described by Roy Morgan (2017): “Proportionally speaking, supermarket-owned chains now account for 72.3% of the total market share (up on 69.1% in 2015), with other alcohol retailers trending either downwards or steady.” These two factors alone limit the ability of a large number of Australia’s smaller winemakers to profitably access the end consumer.

In recent times two opportunities have emerged for small winemakers to improve profitability and directly access customers:

- “Premiumisation”, which relies on lifting desirability and consequently price in both domestic and export markets.
- Increasing the percentage of wine sold directly to the consumer and retaining margin otherwise captured by wholesalers and retailers, primarily in the domestic market.

In applying these concepts to his own business, the author sought inspiration from other industries. Who else sells high quality, discretionary purchases at a price premium? Many such brands observed can be described as prestige or luxury brands. This report investigates how small winemakers might utilise some of the elements that drive the success of luxury brands in creating desire amongst consumers and a willingness to pay a price premium.
Chapter 2: What is Luxury?

Definitions and attributes
Luxury means different things to different people, in different places and at different times. It consequently defies simple definition. “As a whole, luxury is a subjective, relative and multi-dimensional concept” (Dashwani and Jain, 2011). Many definitions exist. Chevalier and Mazzalovo (2012) insist that luxury products must have a strong artistic content, must be the result of craftsmanship, and must be international. “In the luxury business people speak generally of the big three corporations: Louis Vuitton Moet Henessey (LVMH), Richemont, and PPR Gucci” (Chevalier and Mazzalovo, 2012). These entities each own numerous brands in product categories such as fashion, jewellery, leather goods, watchmaking, wine and spirits, perfume and cosmetics. This is a rather restrictive definition and does not reflect the diversity of what most people would consider a luxury or prestige brand to be. Representatives of brands owned by these companies were interviewed for this report but many others were also visited who, in the opinion of the author, offer insights of value to Australian wine producers.

Figure 2: Luxury brand boutiques, Singapore. Source: T.Bekkers (2018)

In the context of this report a wider, less academic definition is suggested. Csaba (2008) classifies luxury brands and products as those that exist in the realm “beyond necessity”. The products analysed in this report therefore share two things in common: they are discretionary purchases (wants, not needs); and capture a price premium by offering value over and above simple product attributes. In general they are businesses that do not compete on price but rather by satisfying emotional needs of customers.
Floch (2001) classifies customers and associated emotional drivers into four categories:

**Practical**- Value: effectiveness and utility of the product.

**Critical**- Value: product characteristics, price comparison, and place of origin.

**Utopian**- Value: identify with the values of the brand, secondary meanings and the messages they convey about the consumer.

**Ludic**- Value: driven by the pleasure obtained from use, product aesthetic and associated experiential aspects.

By observation most Australian winemakers make business decisions and tailor their communications toward satisfying the needs of the first two groups. In contrast, luxury brands spend more time and focus describing how their products can satisfy Utopian and Ludic emotions.

Most authors agree to some degree on the key characteristic of luxury brands outlined by Vigneron and Johnson (1999), Maman Larraufie (2016), Dashwani and Jain (2011) and PIRSA (2016). According to these authors luxury brands possess the following attributes:

**Excellent product quality**
Almost all of the businesses interviewed by the author described a high quality product as essential. Jeremy Seysses of the highly coveted Domaine Dujac in Burgundy, France reflected, “We will only ever be as good as the wines we make”. Sonja Prokopec (2017), Associate Professor in Marketing at the ESSEC Business School in Singapore considers that quality is intrinsic to luxury products. Daswani and Jain (2011) go further: “The association between luxury and quality is so well-built that for some consumers, the two words are almost identical”.

**High transaction value and price insensitivity leading to high profit margins**
Luxury brands demand a price premium. Value is not related entirely to the product’s functionality, it is also related to an emotional link between the brand and the customer. Consequently production cost is not generally the major factor in determining the retail price. Luxury brands aim to compete not on price but by aligning the brand with customer’s emotional needs. There is an opportunity to improve desirability and recognition of Australian wine and its excellent product quality by better understanding and engaging with consumer emotions. This need not mean changing the product. Wine is inherently a product of place with climatic factors limiting the choice of varieties and style. The opportunity lies in better presenting a genuinely high quality, authentic product in a way that better engages with customer expectation and emotion. This is the way luxury brands create desirability and disconnect themselves from price as the main driver of customer decision making. The ability to command higher prices and margins is the result.
Exclusivity/Rarity
Exclusivity and rarity are a common characteristic of luxury brands, particularly for their flagship products. Exclusivity suggests entry into a special group, an experience not available to all. Offering tiers of membership or selective product access further enhances this. Private member’s clubs for example have particular entry requirements. The Hong Kong Jockey Club has a series of membership categories with different privileges and the nomination and referral process is more rigorous for the more exclusive tiers of membership (Chow, 2017). The author observed that this serves both a practical vetting purpose as well as signalling status to those admitted and those aspiring. Airline and credit card loyalty programs employ the same tiered-membership strategy. Many winemakers already offer tiers of membership for their DTC wine strategies. Making the different privileges of membership tiers clear and visible should be a priority.

Rarity more often is aligned with availability of product, i.e. how much is available; who has priority access to buy? Berry (1994) adds that rarity and exclusiveness alone do not denote luxury: “That many desire the product while only few exist” is an important qualification. Seysses (2017) sees a distinct difference between true scarcity and managed scarcity. He attributes strong demand for his Burgundy wines partly to the small volume of production. However, it is more than a simple case of demand exceeding supply. History, quality, craft, expertise, landscape and imagery all contribute to the desirability of his product. In contrast to his situation, managed scarcity he argues is a different concept and relies less on the true scarcity of the product and more on the careful control of product distribution.

Exercise careful control over product distribution
Luxury brands exercise careful control over product distribution for two reasons. Firstly, they manage availability because scarcity is such an important driver of demand. Secondly, those that manage their own distribution do so in order to maintain control over the retail price. Discounting is anathema to luxury brands. Like most brands interviewed, La Prairie, a prestige cosmetic company, is careful to provide customer value through excellent service rather than a discounting strategy (Despax, 2017).

Craftsmanship and simplicity
Craftsmanship need not always mean products that are perfect. In fact Kapferer and Bastien (2009) consider ‘perfection’ to be “the most over-used word in luxury.” They give the example of collectors coveting the charm and authenticity of a Swiss watch that does not keep time as perfectly as a quartz watch. A minor flaw can be part of the charm. Arguably, Australia’s technical prowess in winemaking may be limiting the uniqueness and desirability of its products. This is difficult to accept for many and points to the tendency to focus on technical, product-based aspects of desire as opposed to emotional cues. It is not suggested that Australian winemakers discard the technical expertise that has been hard earned, rather this expertise could be utilised to broaden the level of risk taken during the winemaking process. In fact it is the author’s experience that this is a growing trend amongst Australian producers. As Domaine Dujac’s Jeremy Seysses observed, “Great wines exhibit something contentious- they make people take a side” (Seysses, 2017).
Heritage: Show historical, cultural and geographical roots
Most luxury brands make a concerted effort to highlight their unique history. Longevity is seen as a mark of authenticity, and enduring quality. This takes many forms from the overt such as the display of Royal Warrants at Domaine Lanson in Champagne, or the creation of an historical tea library at Mitsuboshien-Kanbayashisannyu-Honten, a 16th generation Japanese tea producer, including ancient correspondence with the Imperial Royal Family serves a similar purpose (Mitsuboshien-Kanbayashisannyu-Honten, 2017).

Figure 3: Historical references at Champagne Lanson, France. Source: T.Bekkers (2018)

Outstanding customer service
“Exclusive services are a sine qua non part of luxury management. Merits that call for personal honours, making each one of us a prince for a short while, are the key differences between the CRM of luxury brands and that of mass brands” (Kapferer and Bastien, 2009).

Outstanding customer service is an essential element for luxury brands. In presenting themselves at the pinnacle of style and desirability, the buying experience forms an important part of the purchase decision-making process. Jeweller Tiffany and Co. considers the sales process to be a “selling ceremony” (Sohn, 2017), an opportunity to both delight and discover more about the customer. Many of the brands visited (Chanel, Cartier, Christie’s, FICOFI, Tiffany among others) allocated dedicated Relationship Managers to their best clients to maintain consistency and familiarity. Private fittings of Chanel couture might take half a day with 2 staff allocated to the client. Tony Chow, the Manager of the Hong Kong Jockey Club goes to great lengths to pre-empt the needs and preferences of his clients. “The less questions we need to ask the better. Our clients expect us to know their preferences” (Chow, 2017).
Chapter 3: Three things luxury brands do well

An aim of this report is to suggest which observed activities of the businesses visited might be transferrable to small winemaking enterprises in Australia in order to increase desirability. Three concepts are presented which in the opinion of the author were of heightened significance and may have application. In analysing which activities are done particularly well by the businesses visited, three major themes were common to them all:

- They understand their unique “Brand Identity”.
- They seek to understand their customer’s emotional desires.
- They are master storytellers and present a consistent image.

Know thyself: They understand their unique “brand identity”

The identity or signature of a brand is not simply the ‘unique selling proposition’ (USP) described in conventional marketing. “The ‘brand DNA’ also assists in portraying the personality and values of the creators” (Fionda and Moore, 2009). Kapferer and Bastien (2009) encourage brand owners to “forget about ‘brand positioning’ and worship brand identity.”

In determining their brand identity, the businesses interviewed shared some of the following characteristics:

Their products are the result of the creativity of the founder or creative director. They tend not to follow the path of creating products based on consumer surveys or analysis. They seek to engage with a consumer group that gravitates toward their unique attributes rather than designing products to suit a particular market demographic. This does not mean that they ignore the customer; rather they listen intently for clues as to customer’s emotional needs and align their communication and engagement to meet them within the framework of the brand’s identity. Krug Champagne is a strong example of this model: “We have our own identity and the customer gravitates to us” (Wahlberg, 2017).

They look to their unique history. Common across all interviewees was a clear understanding and appreciation of the brand’s unique history. This then influences everything from product development to communications. Hermes, for example, continually references its origins as a bespoke saddle maker by utilizing equestrian motifs. Often the brand carries the name of a ‘mythical founder’, and even if it does not references are made to them. Chanel carries the founder’s name and even 45 years after her death the legacy of Gabrielle Chanel remains a tangible touchstone for both customers and employees (Duponchel, 2017). The linking of Grange with Max Schubert as its originator is a notable example in Australian wine. Nicholas Paspaley’s pioneering exploits in the development of the cultured pearl industry is integral to the brand image of Paspaley Pearls in Broome, Western Australia (Kleimann, 2017). Porsche continually references its motor racing heritage as evidenced in advertising, participation in
historic racing and the Porsche museum where enthusiasts can view the brand’s racing history (Willows, 2017).

Without a clear vision of the brand’s identity it is almost impossible to generate and transmit the subtle cues necessary to connect with the consumer. Nowhere are these cues more important than in the flagship boutique or retail space. It is the place where customers come to experience the brand and absorb what it stands for. Christian Lahoude is a New York based architect specializing in the design of retail spaces for luxury brands including Tiffany, Gucci and Jimmy Choo. “Aligning the retail architecture with the brand essence or founder’s personality is the key” (Lahoude, 2017). The client’s brief is of paramount importance “if it’s clear, it works; otherwise it’s hard!” It would be impossible to provide a useful brief in this context without being able to express the brand’s identity.

Many of the businesses interviewed identify a clear motivation or ‘reason for being’ as part of their brand identity. Harlan Estate in the Napa Valley was established with a vision “To produce a California ‘First Growth’ from the hills of Oakville” (Weaver, 2017). This mission statement is then further communicated both verbally, in print and through the use of symbols such as Californian flags and photography depicting historical Californian imagery. Expressing a clear motivation allows customers to align with a cause. For example, Domaine Dujac asserts, “continuity is our goal” (Seysses, 2017). The author observed that this subtly signals passion, longevity, dedication and excellence. Customers can collect their wines safe in the knowledge that a product lineage will be preserved into the future. These brands all have a clear set of values and are disciplined in living them. They know what the brand is, but just as importantly what it is not. Alan Linney, the founder of the Perth based jeweler Linney’s embodies this trait. His jewellery is made almost exclusively from three iconic Western Australian commodities: Kalgoorlie gold, Argyle pink diamonds and Broome pearls. This, combined with an artisanal production process is unique in the market. “We make originals, not prints” (Linney, 2017).

Figure 4: Californian motifs symbolize Harlan Estate’s purpose. Harlan Estate, Napa Valley, U.S.A. Source: T.Bekkers (2018)
It was apparent from these interviews that successful businesses of all types understood exactly what they stand for and what makes them different to their competitors. In the opinion of the author small winemaking businesses would do well to spend a considerable amount of time in defining their unique brand attributes. Without this set of guiding values it is difficult to build any sort of coherent business strategy.

They seek to understand their customer’s emotional desires
Luxury brands endeavour to understand and engage with the customer’s emotional needs. As previously discussed, Floch (2001) classifies customers and associated values of consumption into four categories: practical, critical, utopian and ludic.

Luxury customers may engage with all of these categories. However, the contemporary approach for many of the luxury brands interviewed is to highlight the ludic and utopian values of their brands. A commonly cited model is summarised by Roos (2016) in which five consumption drivers are described:

1. The bandwagon effect is defined as the extent to which demand for a commodity is increased due to the fact that others are consuming the same commodity. A desire to conform or fit in is the emotional driver.
2. The snob effect refers to the extent to which consumer demand decreases with increasing popularity. A desire to stand out from the crowd is the emotional driver.
3. The Veblen effect refers to the phenomenon of conspicuous consumption. A desire to demonstrate wealth and show off is the emotional driver.
4. The hedonic effect: perceived emotional value provided by consumption e.g. sensory pleasure, aesthetic beauty, or excitement. The emotional driver is self-indulgence.
5. The perfectionism effect: the suggestions of superior product characteristics and performance. Reassurance is the emotional driver.

Defining which particular emotions might be important to a brand is not useful in the context of this report. Each individual brand and its customers will be different. It is the methodology of obtaining the information that is relevant. However, in terms of framing the discussion Maman Larraufie (2016) offers an insight into some of the more common motivations and observes that they usually fall into two categories: Personal (e.g. escapism, self-reward, learning, sensory stimulation); or Social (e.g. social interaction, peer belonging, status and authority, being the first to discover etc.).

Many other customer value frameworks have been suggested e.g. Smith and Colgate (2007) suggesting a consensus that understanding the emotional drivers of customer behaviours are important to luxury strategy. Interviewees echoed this sentiment. Christian Lahoude described putting himself in the client’s shoes- “everyone is the client, my clients and my client’s customers” (Ladoude, 2017). Another brand manager described wanting to know the answer to the consumer’s question: “what does it do for me?” or “I want to feel like her” (the model in an advertisement). The question then arises, how to understand what a
customer wants to feel? If understanding emotional triggers is so important how might a brand step from assumption and guesswork to something more concrete?

Design Thinking or Customer Led Design are methodologies most commonly seen in the quest for product or service innovation. At the heart of the technique is the concept of co-creation with customers (Olsen, 2015). However, the author observes that this co-creation and overt customer-led product design runs contrary to many of the characteristics of luxury brands such as historical roots, authenticity and craftsmanship. As Kapferer and Bastien (2009) observe, a luxury brand must to a certain extent have the courage to resist clients’ demands “There are two ways to go bankrupt: not listening to the client, and also listening to him too much”. The challenge for brands is to know where the balance lies. The brands interviewed almost universally followed a similar course to one another. Products may be modified to a modest extent but the core values of the brand and craftsmanship are strongly protected. For example, Linney’s will create bespoke jewellery pieces for clients, but the materials offered would only be Western Australian gold, diamonds or pearls. The brands interviewed aim to maintain their creative integrity in terms of production but adapt the concept of design thinking to understanding the emotional drivers of customers. Most do this unconsciously through their interactions with clients. Sir Patrick Hogan of Cambridge Stud in New Zealand observed, “The best marketers don’t think they do marketing- it’s just normal relations for them” (Hogan, 2017). Bigger brands tended to have a more structured approach.

Rather than using Customer Led Design for product innovation, it is possible to use the technique to uncover emotional drivers of consumption. O’Brien and Patacq (2018) describe their approach: They start by exploring the scenarios for which customers are buying a product and what they are hoping to achieve. They ask them about the whole journey they take from first contact to post-purchase; the objective being to develop a deep understanding of customer driving motivations and emotional needs across their journey (and for which of these the customer would pay a premium to gain a better outcome). Utility enhancements in products may also be captured. With this information companies can enhance their offering, building product, service and branding concepts consistent with core values and strengths. Concepts are refined in an iterative fashion by evaluating their appeal in the context of scenarios: “Tell me if this is accurate – a person (of a prescribed demographic) desires to achieve this (outcome) in a specific scenario...” The questions are tailored in such a way that the respondent doesn’t feel awkward about providing negative feedback. Based on the answers new questions are formulated to fine-tune the results.

Lahoude (2017) described a process whereby the architect presents design options to the client from very different ends of the spectrum. The client might be asked to choose between a Georgian mansion and a contemporary minimalist design, for example. Further choices are offered, each time gradually converging until a style or brief is chosen. O’Brien and Patacq’s ‘iterative testing’ follows a similar pattern but rather than testing designs they test how well their concept value propositions service customer needs. Thurgood et al.
(2016) present a similar framework described as a Project Experience Map that is explained with clarity in the journal article referenced. The author suggests that this technique could be well adapted by small winemakers to uncover emotional drivers of consumption.

Magids et al. (2015) recommend another useful technique. Consider the attributes of the best 25% of customers and how they differ from the remaining 75%. If they exhibit different emotive needs then these are the emotions the brand should aim to connect with to attract more of this customer type. Many of the brands interviewed place enormous value on the collection of data through customer relationship management (CRM) systems in order to conduct these sorts of analyses. Michelle Sohn (2017) at Tiffany and Co. in Singapore referred to this as “enriching the customer profile” and that it allows the company to better serve its customer. After all, the outcome sought from these methodologies is better-tailored customer engagement and provision of service.

Finally, the author concedes that this type of analysis may appear complex and daunting to small winemakers absorbed with the day-to-day activities of running a business. It is useful to remember it is the concept that is important, not necessarily the methodology. Even a modest change in focus and consideration of what might be really driving consumer motivation is likely to be useful. “At the most basic level, any company can begin a structured process of learning about its customers’ emotional motivators...” (Magids et al., 2015). Winemakers of all sizes are no exception; in fact there is no reason why this type of analysis shouldn't help frame Australian wine’s collective promotion at an international level.

**Storytelling and consistency of image**

Luxury brands are consummate storytellers. “Stories create emotional involvement, build an appealing identity and travel fast like rumours” (Kapferer, 1990). In appealing to emotional triggers they focus less on communicating a list of product attributes, rather they wrap the brand in stories that aim to convey the brand identity to the recipient and align with the emotional needs of the customer.

Many of the brands interviewed had strong views about the importance of storytelling and what makes a good story. The strongest theme was the view that the brands were not selling products, but stories or “a dream” (Prokopec, 2017). Krug Champagne concentrates its efforts in delivering unique stories and anecdotes; technical information is provided via an app or website as a secondary layer to the story for those interested enough to do the research (Wahlberg, 2017). Paul Yanon at Colangelo PR in New York spends every day helping clients present their stories. He advises against framing stories purely in the context of the product and its function. Stories need to lead the recipient to a positive conclusion about the product in subtler ways. He describes these as “discovery stories” (Yanon, 2017). This isn’t easy, partly because he believes that most people don’t recognise their own good stories. Brand owners are often so close to the action within their businesses that they become desensitised to what may be of interest to customers. Katy Macanna, Brand Manager for Glengoyne Whisky in Scotland echoed the sentiments of many interviewees by
identifying honesty and authenticity as vital elements of any brand story (Macanna, 2017). Anything less risks doing irreparable damage to the brand’s image and credibility.

Figure 5: Glengoyne Distillery, Scotland, U.K. Source: T.Bekkers (2018)

With better understanding of the brand’s DNA comes a multi layered ‘portfolio’ of stories. However, a number of interviewees cautioned against the temptation to tell ‘the whole story’ at once. Jeweller Cartier is a good example; their communications are fragmented into a suite of individual stories that are linked to the overall brand ethos. By way of example, Founding spirit, Jeweller to Kings, The Panther, Flora, Fauna, Watchmaking, Indian Influences are all individual stories to be found on just one page of the Cartier website (Cartier, 2017). Telling a number of smaller stories is preferential for a number of reasons: it touches the recipient more frequently, each message is fresh and of new interest, the message can be less complex and therefore more easily retained. This is particularly important when communicating through the medium of social media. Megan Bernstein, Senior Director-Global Omni-channel Management for Tiffany and Co. in New York considers that digital communications need to be in the form of a ‘mobile snack’. The story “needs to be consumed in the time it takes standing in line for a coffee”(Bernstein, 2017).

There are many methods of storytelling and many of them are subtle, using symbology to highlight what is unique about the brand. Advertising and retail spaces are obvious ways of presenting imagery to the customer. In this, an element of aspiration or desire is often important. For Yassin Tag, Managing Director, Asia for Vacheron Constantin, a Swiss watchmaker, desire comprises of: “emotion, relevance to your life and how you feel” (Tag, 2017). Vacheron’s advertising focuses heavily on the brand’s long history and craftsmanship, appealing to the desire to own something recognisably beautiful and handmade by a maker with a history of prestige.

Video and social media are used extensively and it was observed that subtle cues can be the most powerful when utilizing this medium of communication. Together they can coalesce
into “A recognizable style or design such that the consumer does not need to look at the label to know the brand” (Nueno and Quelch, 1998). Tiffany’s blue box is replicated elsewhere in brand imagery as the signature colour (Schlehuber, 2017). Chanel’s simplicity, feminine suits and black dresses are readily recognizable to the educated consumer (Duponchel, 2017). Subtle cues were often valued more highly than overt storytelling, “the more you talk the less allure of discovery you create” (Yanon, 2017). In the wine category, Krug Champagne’s linking of the maroon leather cover of its founder’s diary with it’s packaging is a subtle yet powerful tool. At Harlan Estate even the label is intended to convey the brand essence: “Our natural gravitational pull (in designing the label) was toward vintage stamps and bank notes, both of which represented assigned worth and were artistic in nature” (Harlan et al., 2010).

![Figure 6: Founder Joseph Krug’s notebook (circa 1850) remains at the heart of the brand’s purpose and image. Champagne Krug, France. Source: T.Bekkers (2018)](image)

A noticeable trend is the use of experiential storytelling. There was broad acceptance that customers engage more positively with the brand if the storytelling includes some sort of experiential component. “Story making (with customer participation) beats story telling” at Louis Vuitton (Morin, 2017). Fionda and Moore (2009) contend that the “consumption experience provides an insight into a brand lifestyle by making it reality”. Allowing customers to meld their own stories of participation to those of the brand are particularly powerful. Car manufacturers for example use track days extensively. The Porsche Experience Centre at Silverstone Racetrack (U.K.) serves to show customers what the product can do and reaffirms a customer’s choice. It allows Porsche to showcase more expensive models to current clients (Willows, 2017). More importantly, it signals that Porsche ownership opens a door to something aspirational and privileged.

Consistency of image is common to all the businesses visited. Almost without exception they held the view that every contact a customer has with the brand must portray the values of the business and the brand image. For some this comes as a natural consequence of striving for excellence. The incredible attention to detail, including manicured landscapes and high
quality facilities reflect the quest for perfection at Coolmore Stud in Ireland and The Oaks and Cambridge Studs in New Zealand. (Williams, 2017; Hogan, 2017 and Walsh, 2017). Likewise, landscape and architecture plays a leading role in setting the scene at most of the Napa Valley’s leading wineries such as Harlan Estate, Staglin Family Winemakers and Colgin Estate. The most memorable visits were to such businesses, where every element told a story of excellence and craftsmanship. From making the appointment, contact with the receptionist, the provision of directions, presentation of the property- nothing was left to chance. As Paul Roberts MS, Chief Operating Officer of Colgin Estate in the Napa Valley observed, “all the elements need to be present. A compromise in one element affects the entire picture” (Roberts, 2017). A careful audit of all customer-facing parts of a business to assess what message they are transmitting would be a useful exercise for most small winemakers.

![Figure 7: A path freshly swept of oak leaves welcomes visitors to Harlan Estate, Napa Valley, U.S.A. Source: T.Bekkers (2018)](image)

Many of the larger businesses referred to omni-channel management strategies. Verhoef et al. (2015) defined omni-channel management as “the synergetic management of the numerous available channels and customer touch points, in such a way that the customer experience across channels and the performance over channels is optimized”. In practice, omni-channel management means that the customer’s experience with the brand is seamless no matter where or when they interact with it. At Chanel omni-channel management is used to maintain consistency across all customer engagement platforms. Language, imagery and messaging must all align with the brand values on all platforms. At Tiffany and Co. Schlehuber (2017) describes omni-channel management as a “seamless journey” between platforms. The gateway is the Tiffany website and from there the customer choses the next step. Whether they interact with customer service, e-commerce, the website, apps or the boutique is irrelevant, the messaging and level of attentive service
is consistent. The end goal is to “drive the relationship to the boutique where the magic happens”.

Finally, the delivery of stories requires investment. Investment in story development, copywriting, photography, video, printed material etc. It is critical for communicators to have a high quality, up to date toolbox (Yanon, 2017). Likewise investment in staff training is incredibly important for most brands. Staff members at La Prairie participate in a five-day course so that they may understand the brand values and stories. General Manager, Philippe Despax considers this vital to success, “it’s critical to get the basics right: the product, the people and the individual proposition” (Despax, 2017).

The author concludes that an audit of brand consistency across all parts of the business could be a useful exercise for small winemakers. Do all touch-points with the brand project the same message or are certain elements detracting from the overall image? These anomalies may be small, yet speak loudly about the brand. For example, can a story of excellence align with an untidy winery?

**Case study: Cambridge Stud and Sir Patrick Hogan**

Established by Sir Patrick Hogan in 1975, Cambridge Stud in New Zealand is considered one of the world’s most respected breeders of thoroughbred bloodstock. Eight Melbourne Cups, four Cox Plates, three Caulfield Cups and the Golden Slipper have been associated with the stud. The founder holds a place in both the New Zealand and Australian racing halls of fame along with a CBE and a Knighthood awarded for services to the racing industry. Cambridge Stud is rightly considered an icon. A visit by the author to Cambridge (Hogan, 2017) permits an observation of which elements described previously in this Chapter are visible at the stud.

**Brand Identity**

Cambridge Stud knows its brand identity. They’re winners, strive for excellence and are dedicated to success. It helps that the stud has been home to two famous stallions, Sir Tristram and Zabeel and in this respect the cost of entry (excellent product quality) has been paid in full. Cambridge is also known for doing the right thing by Sir Patrick’s clients; the first stud to offer guarantees as to the soundness of yearlings. The property is immaculate; stables and fencing perfect. It is extensively treed, manicured and beautiful. It exudes attention to detail and represents all Cambridge stands for.

**Customer Motivations**

Buyers of horses want to be winners. Understanding why is more difficult to uncover. A natural marketer, Sir Patrick has a knack for getting to the heart of customer motivation. In his opinion there is only one way to cultivate relationships and that’s face to face (Hogan, 2017). Whether by coincidence or design the author suspects that Cambridge’s early marketing innovations tapped into a desire to enter an exclusive group of successful owners. Sir Patrick was the first to use experiences as part of marketing horses. The Cambridge approach to customer entertainment is legendary in horse breeding circles. A trip or dinner with Cambridge became a badge of inclusion to racing’s elite. Further, buying horses is risky
and customers fear buying an unsound horse, injuries or simply poor performance. Cambridge assuages these fears in a number of ways: by offering guarantees as to the soundness of yearlings after sale, providing exemplary facilities and risk management for horses in their care and by often taking shares in the horses they sell.

Storytelling
Sir Patrick is a consummate storyteller. There is a suite of Hogan/Cambridge stories. He is the spiritual founder and as such, most of the stories revolve around him. Examples include his childhood dedication to showing cattle, early struggles and setbacks, Sir Tristram’s purchase, a fire in his stable and a Royal visit. All these are readily to hand and coalesce into the Cambridge legend. Visitors are reminded of these stories at the property; a life-sized statue of Sir Tristram welcomes the visitor, photos of Royal visits, race wins and past champions adorn the stables. Books, films and press articles all reinforce these legends. The provision of memorable, bite-sized stories feeds what Sir Patrick considers the most powerful marketing tool of all: reputation and word of mouth.

*Figure 8: The author (leading Sir Tristram), Sir Patrick Hogan and Rick Williams (The Oaks Stud), Cambridge Stud, New Zealand. Source: T.Bekkers (2018)*
Chapter 4: Observed customer engagement activities

It is one thing to understand oneself, the customer and the elements of good storytelling. In order to benefit from this knowledge the brand must undertake activities to put the principles into action. By observation, many businesses hope to find a ‘silver bullet’ in respect to customer engagement. This was not the case amongst the businesses visited. Most shared the sentiment of Napa Valley’s Outpost Wine’s Frank Dotzler- “our business has been built one customer at a time” (Dotzler, 2017). There is a resignation that effective marketing is an accumulation of many seemingly unremarkable things done well. Even for luxury brands the unexciting day-to-day activities are necessary to achieve a result. The lesson for small winemakers is not to despair if their marketing activities seem boring, simple or individually insignificant. It is the same for everybody.

In attempting to structure a comparison across brands and industries, the author identified three elements of customer engagement most highly valued by the brands visited: customer acquisition, communication and retention.

The author intends to outline some practical examples of how brands engage with their customers that may be transferrable or adaptable to small wine businesses.

Where do you find them? Customer prospecting and acquisition
Customer acquisition was overwhelmingly viewed as the most difficult part of the customer engagement equation amongst the businesses visited. However, the author observed different methods depending on the size of business and the type of business. Some observed methods will be described below, however small winemakers are reminded that not all will be applicable to them. Areas with the greatest potential for adaptation are emphasized in the text.

Traditional advertising
Advertising is a tool used extensively by the big luxury brands to create visibility and recognition on a global scale. Print and billboard advertising are classic examples and require enormous budgets. More modest budgets require careful targeting and it can be difficult to assess the results. The smaller businesses interviewed tended not to use advertising as a primary method of customer acquisition. They tended to take the view that their small scale gave them an advantage in being able to communicate more directly with the consumer; “face to face is the only way to build relationships” (Hogan, 2017). Advertising for small players tends to be more targeted to specific publications or events related to specialized consumer groups. Small winemakers should take heed of this before allocating advertising dollars to traditional channels.
**Social media and the internet**
The commonest form of engagement that appears to be working for the smaller brands interviewed is social media and the internet. Without exception all of the brands interviewed had some sort of social media presence and a functional website.

By way of example, small Scotch whisky producers find it difficult to generate visibility and tell their genuine story of craft and quality in competition with better resourced, much larger corporate brands (Macanna, 2017). This is a story with resonance for most small winemakers. Katy Macanna uses social media and the Internet cleverly to create visibility for Glengoyne. Engaging social media posts reflect the brand’s identity and encourage engagement—either with the product, the company’s website or visitation to the distillery. Live online tastings are engaging, educative and offer prospective clients a reason to try the product. At Porsche, “social media underpins transactional business” (Willows, 2017). Porsche are heavily invested in their Facebook and Instagram social media platforms. Eleven and a half million followers to the Porsche Facebook page are testament to the power of the technology. The ability of platforms such as Facebook to segment consumers was of particular appeal to a number of brands. Many use Facebook’s segmentation tools to target content and advertising to their customers. By knowing the attributes of their best customers they are able to deliver content to other Facebook users with similar profiles. For others, the strategy is subtler; Domaine Dujac uses Instagram as a tool simply to “remind people that we exist” (Seysses, 2017).

Paid Google advertising serves a similar function. Internet Search Engine Optimization (SEO) also featured heavily in discussions such is the critical nature of Internet visibility.

Recommending how to create and enact a social media or web-based engagement strategy is beyond the scope of this report or the technical capacity of the author. Suffice to say it is an area that offers great opportunity for the small winemaker and an area where careful investment in advice and implementation would be invaluable.

**Events, networking and intelligence**
All brands interviewed used events as part of their customer acquisition strategy. A clear trend was the importance that brands placed on direct customer experience. This topic will be discussed in greater detail in the exploration of customer retention.

Networking and intelligence are relatively intangible and therefore often receive less attention than they might otherwise deserve. Representatives of many brands are present at relevant events in an effort to maintain visibility. For example, Coolmore Stud ensures that they have a representative present at almost all events associated with racing. It is where potential customers are likely to congregate (Walsh, 2017). Likewise Porsche representatives are present at many car-racing events (Willows, 2017).

Market and customer intelligence is of critical importance to these brands. Collection of information may take many forms, from analysis of hard data, to networking and talking
with industry players and customers. It is particularly important in the fine art market where brands such as Christie’s consider it to be their job to know who owns important pieces and whether they might be willing sellers (Bauduin, 2017).

![Figure 9: Christie’s, Paris, France. Source: T.Bekkers (2018)](image)

**Public Relations (PR)**
PR is used extensively by the businesses interviewed. It may be managed in-house or via an agency but the end goal is to generate positive associations and stories about the brand. Paul Yanon (2017) believes that a PR campaign is only as good as brief provided to the agency. A clear vision of the desired outcome is critical. He counsels telling more, smaller stories and telling stories of discovery, not product. Above all, the stories must align with the essence of the brand. Prokopec (2017) made the observation that the present aim of many PR agencies is to move their clients away from product-centric publications towards mainstream and lifestyle publications. Fragmentation of the media landscape was another issue identified. Bloggers and other influencers have become important sources of information for consumers and brands are often confused about how to interact with them. As summarized by Chanel’s Bruno Duponchel, “it’s hard to completely control the message anymore” (Duponchel, 2017). Keeping the story simple would seem to be a good starting point.

**Cross promotion**
Cross promotion emerged as a significant trend. Aligning oneself with other aspirational brands to attract a shared target audience appears relatively common. Typically the participants are from different yet complimentary industries. Opportunities seem limited only by imagination. While not applicable to wine for obvious reasons, the most surprising co-branding link observed was that between car manufacturers and the video gaming industry “kids used to have a poster of a Porsche on their bedroom wall; now they configure a 911 on Grand Turismo” (Willows, 2017).
Wine producers should take note that art galleries, watchmakers, automobile makers and jewelers all mentioned co-branding events that included a wine partner.

**Existing clients**
Existing clients are viewed by many brands as a significant source of new business. It stands to reason that the associates of clients are likely to consume similar products. Many event strategies conducted by the brands included the opportunity to bring along a guest. Creative ways of encouraging current clients to introduce new customers to the brand should be considered carefully by small winemakers.

**WOM-the most powerful of all**
Word of mouth or reputation was the commonest response to the question of customer acquisition. “Have a great product and the customers will find you” was heard many times over. However, by observation, all these businesses had also invested heavily in applying the principles previously described in this report. Yes, word of mouth is critical but the best performers work hard to make it an eventuality.

**How do you talk to them? Customer communications**
There is a plethora of ways a brand might communicate with its customers. It is not considered useful to analyze them all in detail here. Suffice to say the list is long.

Communication platforms or methods observed by the author included the following: mail, email, social media, telephone, blogs, third party media (PR), video, website, advertising, photography, catalogues, private events, public events, one-to-one viewings, in store hosting, relationship managers etc. It is a daunting list of options and the author posed the question of how to choose which medium to use. Who might prefer a letter versus an email for example? More than one interviewee echoed the response of Megan Bernstein, Senior Director – Global Omni-Channel Management at Tiffany and Co. in New York- “you just ask them!” (Bernstein, 2017).

Of greater interest are what is communicated and the rules of engagement that the brands use. Several key themes or components of good communication practices were identified:

**The story**
As described in detail in Chapter Three, luxury brands are master storytellers. The concept of a coherent story, with emotional appeal, that aligns with the brand’s identity is common amongst the brands visited. For the reasons already outlined a clear and compelling story is the first step to engaging communications. The concept was summarized succinctly at Glengoyne Distillery in Scotland, “Our stories tell the customer how we do things differently” (Macanna, 2017).

**Language and tone**
Just as each brand has its own unique identity, so too it may benefit from a distinct language or style of communication. For example, the slightly formal, literary tone in the communications from Harlan Estate references the essence of the brand. It is beautiful to
read and feels as if each word has been chosen with care. The writing is complimented by non-verbal cues such as sending information as a letter on beautiful paper stock; the stamp referencing the wine’s label, which has its origins in vintage engravings.

At Glengoyne whisky, the quest is to maintain a consistent voice and tone (Macanna, 2017). Many brands engaged professional copywriters to help frame their communications, and ensure that they crafted the language necessary to reflect the values of the brand.

Speaking directly to the customer (i.e. personalised communication) also figured prominently. Hand written notes are a popular tool and email communications are typically personalised (Angelmar, 2017). The author notes that large companies must work hard to create a personalised dialogue with their clients. A potential point of advantage for small winemakers may be their ability to maintain a real and meaningful personal relationship with their customers. Sam Hayes of Cornerstone Stud enjoys this element of his business; with a small client base, over time there often evolves a “blurred line between clients and friends” (Hayes, 2017).

Timing
The timing of communication with the customer was overwhelmingly viewed as critical, however there was no distinct trend as to how often they communicated with their customers. Responses ranging between a few times a week to once a year were recorded. Each brand has its own philosophy. What was agreed is that contact should only be made when the brand had something relevant to say. By way of example, Cartier and Vacheron Constantin contact their customers just prior to a watch’s warranty expiring (Thevenot, 2017 and Tag, 2017). At Daylesford Organic Farm in England, Marketing Manager Matthew Gorman refers to this concept as “theme marketing” (Gorman, 2017). Communications revolve around themes influenced by timing e.g. Christmas, New Year and produce availability; or subject e.g. health or cooking.

Larger brands in particular, such as Tiffany and Co. actively test the timing and content of their communications. A/B testing (two-sample hypothesis testing) of Internet communications is constant, for example (Angelmar, 2017). Databases are segmented to align customers of different characteristics such that tailored messages may be directed to different consumer sub-groups.

Finally, careful planning appears to be critical in developing a successful communications strategy. Common amongst those interviewed was a detailed communications plan outlining the audience, timing and content of communications. Experienced marketers advocate structured plans and careful implementation “to be successful, discipline is key” (Kydd, 2017).

An important element that has application for Australian winemakers is the concept of journey mapping, particularly in a cellar door sales context. This refers to the concept of how customer communication is integrated into the visitation and sales process. Many brands
map out the ideal customer experience from first contact, through visitation, purchase and after sales service. It leads to a highly clarified procedure that staff can follow. By way of example La Prairie works on a simple equation for after sales contact by making sure that they contact customers three days, three weeks and three months after purchase (Despax, 2017). Lynton V Harris at The Sudden Impact Entertainment Company goes further. He engages an illustrator to visually represent the story and customer experience for each of his interactive entertainment projects (Harris, 2017). Australian winemakers need not go to this extreme but it highlights the importance that brands place on controlling the customer experience and defining where important communication touch-points lie.

How do you keep them? Customer retention
In a market place of unlimited choice customers are easily able to shift their purchasing between brands. In many cases the cost of customer acquisition is high therefore retention of good customers is of importance to all businesses. Given that the products in question exist “beyond necessity” (Csaba, 2008) customers are easily able to forgo purchasing. Giving them reasons to remain attached to a brand is therefore critical. The author observed a number of trends that were common amongst the businesses visited.

Deliver!
Just as product quality is non-negotiable, so too is the concept of delivering on customer expectations. Without “delivering on commercial outcomes” Sam Hayes knows that it will be difficult to retain clients for his horses (Hayes, 2017). Lisa Perrotti-Brown of the Wine Advocate responded succinctly to the question of how to keep a subscriber- “be right!” (Perrotti-Brown, 2017).

“It’s a Relationship Business”- Personalisation
Interviewees consistently made reference to building relationships with clients regardless of whether they sold jewellery, cars, horses, wine, fashion or hotel beds. Having delivered a quality product, the building of relationships centred on customer service activities. Yassin Tag at Vacheron Constantin describes the role of customer service as “helping the client feel safe in the relationship” (Tag, 2017).

Many individual techniques are used including invitations to events and private viewings, gifting and hospitality. At the heart of them is commonly a strong element of personalisation. Knowing the customer by name, their purchase history and preferences is considered vital. It is for this reason that many brands invest heavily in CRM data systems or customer relationship managers.

Investment in customer relations varied depending on the scale and objectives of brands but all shared a commitment to the marketing, sales and relationship side of their business. Product development and fabrication may be at the heart of the brand identity but these other imperatives are given equal weight, both in focus and in the allocation of resources. Amandine Thevenot at Cartier takes the view that “as competition intensifies we need to be more generous in our customer service” (Thevenot, 2017).
Finally, consistency and patience are required. Allan Linney observed that building relationships with Linney’s jewellery customers takes time and cannot be rushed (Linney, 2017). Like all good relationships it takes time to build trust and prove one’s integrity.

**Trend: Connection through education and experiences**

“Experience occurs when a company intentionally uses services as the stage and goods as props to produce memorable events” (Conway and Leighton, 2012). Hulten (2011) references many studies which confirm that customers engaging with a brand using all of their senses are more likely to think positively about the brand, purchase more and be more loyal. It is no coincidence that so much investment is made by luxury brands in architecture, retail fit out, staff training, the curating of music and even how a shop smells. Many brands are taking advantage of this research and focus heavily on engaging customers in experiences. This can take place in store, for example in the provision of private salons in boutiques. The Tiffany ‘selling ceremony’ is echoed by many brands and is designed to add texture to what might otherwise be a simple transaction. Events are also commonly offered at other times (i.e. not at the moment of purchase) to build relationships and customer loyalty.

Conway and Leighton (2012) observe, “Today’s customers are increasingly demanding and discerning, not only wanting mutually beneficial relationships and excellent goods or services, but also positive experiences.” This appears to be especially relevant to high net worth customers and many interviewees made mention of the fact that these customers receive many invitations to events every week, most of them extravagant. How then can brands create events that are valued by customers and result in customer loyalty? Building ‘money can’t buy’ experiences was the overwhelming trend. Brands are encouraged to cultivate events that appeal to the emotional triggers of customers and that cannot be accessed elsewhere. Porsche conduct track days with famous racing drivers and Paspaley Pearls offer valued clients the opportunity to visit the production process in Broome or Darwin. It is widely viewed as critical to include some sort of hands-on experience as part of the event. Experiences that involved an educational element were highly valued by brands. An educational component fully engages the customer but also educates them about the history, product and brand values. Participants are often keen to share their knowledge and go on to be valuable brand advocates. Glengoyne’s video tasting and Paspaley’s customer visits are both strong examples of customer events with an educational element.
Small winemakers should consider how they might be able to enhance client experiences both at the point of sale and at brand events. These experiences should speak to the emotional needs of the customer, be unique and engage all the senses if possible.
Conclusion

It is has been long accepted by the industry that Australia’s winemaking future will rely, at least in part, in increasing the premium paid for Australian wine. The author observes that Australian winemakers are highly capable of making wines that, in quality terms, are the equal of any. However, product quality is only one part of the equation required to inspire customer desire and command price premiums.

Prestige or luxury brands mirror wine in the respect that the products offered are ‘wants’ not ‘needs’. The author accepts that the word ‘luxury’ may kindle negative associations for many winemakers for whom product and business integrity is a fundamental part of winemaking. While there are examples of cynical attempts to apply luxury brand methodology to ‘contrived’ luxury products, small winemakers should take heart that an integral part of success for the brands interviewed is product quality and a proud and authentic history of craftsmanship or expertise. For these reasons the author suggests some of the elements that drive success for luxury brands may be transferrable to Australian winemaking on both a brand level and for Australian wine as a whole. It is important to note that a brand does not need to aspire to being a luxury brand in order to gain benefit from some of the concepts discussed.

This report outlines some of the characteristics of luxury brands and prefers a somewhat broad definition of luxury. By observation the brands interviewed all exhibited three key attributes:

- They understand their unique “Brand Identity”.
- They seek to understand their customer’s emotional drivers of consumption.
- They are master storytellers and present a consistent image.

The author observes that Australian winemakers tend to construct their marketing and storytelling efforts around product-based benefits (e.g. product quality, winemaking methods etc.). Being more sensitive to the emotional drivers of consumption may allow messaging to better emphasise how Australian wines might satisfy them. It is important to note that a change to the product is not necessarily required, only the producer’s communication, focus and messaging. Some methodologies such as Customer Led Design already exist that may be adaptable to the task of better understanding the customer.

In the course of this research many specific customer engagement activities were observed. On the whole they were not especially sophisticated or difficult to employ. For the most part they were tools available to most small winemakers. Resourcing and discipline was the key to getting the most from these tools. Notably, experiential marketing, particularly when combined with an element of education appears to be a significant trend among the brands visited. Australian winemakers already apply this concept to their marketing efforts and should be encouraged to further enhance this aspect of customer engagement.
In the opinion of the author there is great opportunity ahead for Australian wine. Communicating to customers by appealing to emotion as well as product credentials or price will be critical to grasp the opportunity. From a product quality perspective, Australia’s wine offering is the equal of any. A subtle change to the way brands communicate with the customer has the potential to enhance desirability in their eyes. This equally applies to the marketing of Australian wine as a whole.

Finally, the author observes that pride in one’s brand and product was universal amongst the brands visited. Australian winemakers have much to be proud of and should not fear expressing it.
Recommendations

The author offers the following recommendations to small wine producers:

1. Understand your unique “Brand Identity”.
2. Continue to make great wine but accept that the customer is buying more than a product. They are satisfying emotional desires when they buy wine.
3. Seek to understand the customer’s underlying emotional drivers of consumption.
4. Customer Led Design or similar methodologies may be adapted to understand customer’s emotional drivers.
5. Maintain a consistency of image, stories and language that mesh with the brand identity and client emotional drivers. Conduct a simple audit to see which elements might be sending conflicting messages to the customer.
6. Focus equally on marketing as well as production. Successful brands resource the marketing part of the business. A detailed plan and budget is a useful tool.
7. Pride and confidence in one’s industry and product are intangible elements essential to success.
References


Seysses, J. (2017). Domaine Dujac- Principal, Morey St Denis, Burgundy, France. (T.Bekkers interviewer).


## Plain English Compendium Summary

| **Project Title:** | **Luxury Brands and Customer Engagement**  
**Lessons for small Australian wine producers** |
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<td>Scholar:</td>
<td>Toby Bekkers</td>
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| **Objectives** | With the objective of increasing demand and the premium paid for all Australian wine:  
- Describe the characteristics of luxury brand strategy.  
- Suggest which elements of luxury brand strategy may be beneficial and transferrable to small Australian wine businesses, particularly with respect to customer engagement and DTC sales. |
| **Background** | To identify which elements of customer engagement used by luxury brands are transferrable to small Australian winemakers. |
| **Outcomes** | While few small Australian winemakers aspire to be luxury brands some elements of luxury brand customer engagement were identified as transferrable. A key aspect is to focus messaging towards customer’s emotional drivers of consumption rather than communicating product or price benefits. Australian winemakers are encouraged to use tools such as Customer Led Design to better target their messaging to customer’s emotional needs. Luxury brands know their unique “Brand Identity” and are master storytellers. Adequately resourcing these marketing efforts is essential to success. |
| **Implications** | The importance of better communicating the non-product benefits inherent in Australian wine will be critical in grasping future opportunities. |
| **Publications** | Nuffield Australia National Conference, Melbourne, September 2018 |