

Export strategy for a chilean winery marketing essay



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Chilean wineries are a historical product of the Spanish colonization of the South American region, thus it is correct to say that it is not originally a wine-making country, which makes its achievements in the industry, using French and Spanish vines, very unique and intriguing. The invaders brought with them what came to be known as viniferous vines. Chile quickly underwent a sort of wine Renaissance in the 17th century and within the span of 10 years at the turn of the new millennium (21st century) the number of registered wineries grew by 400% making Chile the 5th largest wine exporter in the world. Chilean wineries are masters of the distinct Chilean wine-making style, Cabernet Sauvignon, which they use to produce easy drinking exotic wine.

Montgras' marketing strategy is affected majorly by the laws of the countries it imports to. The marketing strategy adapted for the UK market is quite relevant for the market, because it is possible for the company to move large volumes in a market with few middlemen. The predictions of an impending period of over-supply because of an excess from the New World should not a major cause for worry for Montgras mainly because the UK market has proven to be inelastic (the volume remained unchanged even when price was increased from 5.99 to 7.49 Euros. This might change in a period of over-supply and price wars but consumer psychology for such things considered a luxury will remain unchanged. And as such lower prices with no effective marketing will not have as significant effect on the volumes that Montgras wants to move in the future (Küeffner and Schreck, 345).

The US situation is a complicated one but Montgras' marketing strategy is wanting and as Cabo suggests, the company needs to adapt a very

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aggressive strategy for the market if it is turn around the status quo of the market. While organizing wine-tasting events might create awareness about the wines and market the brand, in a period of over-competition, this will not be helpful because competitors will continue to do the same. As such, for the company to fit into the US market in a period of over-supply, having permanent marketing staff in the country is critical. Failure to develop relationships with people vital to the wine supply chain such as wine journalists and high-end restaurants will be a case of the company shooting itself in the leg. As the marketing strategy stands, the company is better suited for the UK market than for the US one, and sadly, not because of factors created by the company but due tot the nature of the UK customer (Küeffner and Schreck, 361).

For Montgras to adequately market itself as a company that makes fine wine, it might need to shake off the ' Chilean wine' mentality. Although marketing strategies for the Old World were centered on country of origin, the current customer base is aware of the fact that that the origin doesn't necessary guarantee that the wine has a fine taste or is of good quality. Coupled with the fact that some customers might assume that Chilean wine is of lower quality compared to, say, Californian wine, the company needs to assert its wine-making prowess in the following ways;

The strategy adapted in the UK market needs to be geared at marketing the brand. The re-branding of the Montgras wine to Degas in the on-premise channel means that many people donor necessary recognize the brand even when they might have had some of it in a restaurant and wanted to buy some later. This might turn away a host of new retail customers because <https://assignbuster.com/export-strategy-for-a-chilean-winery-marketing-essay/>

they can't get the brand. The company should introduce some volume with its Montgras label in the retail market at prices just slightly below the off-premise channel so as not to aggravate the existing customer base(restaurants)

While the offer from Tesbury is quite the marketer's dream of the ideal marketing gimmick, being branded as a ' South American Wine' will not help the company rebrand. This might hurt the overall mentality but as an offer should not be brushed off because it comes with press adverts, direct and personal marketing. However, Montgras should discuss with Tesbury ways of restructuring the promotion in a way that it is doesn't depict the company as a " Chilean company' making ' Chilean wine'.

The first offer by Tesbury that has been dubbed as' Gold Medal Wines' promotion is a win-win situation as it will help the company advertise itself as a gold medal-winning company, which is in itself a global depiction. The increased volume from the promotion will create new channels for the company and will ultimately cushion the company from the effect of a reduced retail price while still marketing it as a global wine.

The strategy for the US markets should be an improvement of the earlier proposed UK one but the company should work at changing the image of the wine and the perception in the minds of the consumers. If the consumer is willing to pay \$15 for Californian wine as opposed to paying just \$10 or less for Chilean wine just meters away, then it is impossible to ignore the perception. Montgras needs to conduct research on the US market geared at what the populace really looks for in a wine.

The company should work at growing healthy relationships with wine journalists and the media as a whole because it has already experienced the effect of having good publicity. The fact that during the Wine Spectator review, the company was rated highly(85-87) and good to favorable reviews and this was enough to justify the \$15 price is a clear indication that the company has largely untapped potential in adequately manipulating, for lack of a better word, the power of good publicity in asserting its market position.

The outlook of the US market is a bit complicated at a glance, but the fact that it is segmented means that it is practically possible adopt several marketing strategies to suit each of the sub-markets in the view that no two markets or sub-markets will have exactly the same requirements. The lack of overall specificity as in the UK market is a blessing in disguise because the company is dealing with a more diverse and dynamic market.

Still, the US market is theoretically elastic and for the company to increase volume and solidify its market position, a lower pricing for some of its brands in the impending period of over-supply will work magic in that the market penetration will be enhanced and the wall created by the system of distribution prescribed in the US law will have its effects on the volumes significantly reduced. As Middleton explains, to market all the brands requires having a flagship brand that will serve as the ultimate ' crowd-puller', but at the same time, the pricing of the flagship brand should not have a price margin too different from the other brands. If the company can make the Neuquén brand retail at \$25, and at the same time advertise the other brands, then the strategy is feasible and should be tried, in the US

market. It can modify for the UK model, but the inelasticity of the market might not work so well for the strategy.

This should not mean that the UK market shouldn't be infiltrated further with flagship brand, but working with each of the 4 individual retailers is the only way to adequately increase volume of the market. Each retailer should be encouraged to individually market the brand that sells best in its stores by including it in its marketing catalogues and placing it strategically on the shelves, this marketing should be run, behind the scenes, by an employee of the company to ensure that there are no conflicting or confusing marketing products.

The Tesbury offer in the UK market should not be allowed to ultimately hurt the relationship the company enjoys with the UK distributor, but this doesn't mean the company should turn the offers down. While the distributors idea would sell if the Tesbury wasn't so productive (the report that 55, 000 cases had been moved within just three days is impossible to ignore) Middleton and his marketing crew should work at assuring the distributor that the relationship is still intact, but that the company cannot ignore the offer and the opportunities it brings with it.

For the US market, the World Wine importers would serve the companies needs. Although a possible conflict of interest might arise due to the issue of the company already marketing a Chilean wine, this could work progressively for the company since World Wine importers understand the US market for Chilean wines more than Cabo Imports. This is easily the best option, but the possible conflict of interest cannot just be brushed away if

the company is to outlast the over-supply of wine in the early years of the new millennium. Cabo Importers, although dealing primarily with Chilean wine, is offering the most feasible marketing strategy.

By applying positive publicity and getting a contract with Cabo Importers and using their strategy for the US market, with the recommendations earlier stated, Montgras can increase volumes in the market, even with the extra cost of a 'brand champion'. This means that the company will have to work with a 'look for volume' marketing strategy because the US recession will ultimately hurt any strategy geared at margins, because the economic state will impact the market in such a way that not all the people who can normally purchase the wine will.

'Wines of Chile' is a good marketing strategy but Montgras might need to be very careful about its impact especially in the US market where the perception is not friendly. It should only be carried if all the wineries of Chile involved in the campaign agree that it should only be geared at marketing the country wine, not as a 'type', but as overall brand. Thus the company should concentrate on the prowess of the Chilean wineries as a whole. It should not be adopted as primary marketing strategy, but as a secondary one.