# A 'New' Wine World: The Historic World

A new regional concept and its marketing implications

## I want to submit an abstract for:

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## Keywords

Differentiation, country of origin, Caucasus, Historic World

## Research Question

The aim of this paper is to present and introduce the concept of ‘Historic World’ and to work out its differentiation potential for the Caucasian wine producers.

## Methods

Literature Review, expert interviews

## Results

still in progress

## Abstract

The last OIV market data has shown that around 270 mio hl of wine are produced whereas only about 240 mio hl of wine are being consumed. As a consequence of this overproduction the wine market is quite competitive resulting in low average prices.

In order to avoid price battles differentiation strategies are being pursued. Traditionally the literature states the following points for differentiation: Quality, service, branding. However, due to the high competition in the global wine market standard wine qualities are quite high so that the usage of quality as a unique selling proposition is getting more and more difficult. Particular large importers and food retailers are already demanding high...
levels of service so that often branding is considered as a key concept for differentiation. In order to be successful branding demands huge marketing spending so that mainly large globally operating wine companies such as LVMH, Constellation brand or Concha y Toro dispose over large enough financial resources to pursue classical branding strategies. Thus, for the vast majority of wine businesses which are small and medium sized – traditional branding strategies do not work. In this context the concept of regional branding is vastly discussed in the literature. Examples such as Champagne, Bordeaux, or Tuscany show that regions or appellations can function in a similar vain as umbrella brands helping small and medium sized producers to access gains from differentiation. On the one hand most of those succesfull examples dispose over a long build reputation and market recognition. On the other hand most appellations worldwide are not being recognized and thus do not help to differentiate. Particularly the lately efforts of New World countries to create appellations seem not to be very successful. At the same time even basic (uninvolved and uneducated) wine consumers do know the terms ‘Old’ and ‘New’ World. Often they are even able to attached some images to these words which can be used as starting points of differentiation.

Whereas during Soviet times and still today the Caucasian wine growing regions have been well known and disposed over a high reputation in the (Soviet) market during the transition period the former reputation faded away. Additionally – e.g. due to imports from western wine countries – the market for Caucasian wines in the former Soviet republic has decreased so that all of the Caucasian wine growing countries start or intensify their export activities – particularly to Europe and United States of America. As ‘late comers’ they face the challenge to create an unique selling proposition that allows them to differentiate. One possiblility would be to try to create a country brand which would be strong enough to allow for differentiation.

For example, Armenia is a country of variety and one of the oldest wine growing countries of the world. It is distinguished by a wide diversity of climatic conditions and various soil types. (Ambrosi, 2002) Intense variations of topographic and climatic condition are also mirrored in the varying accessibility to water and fertility of soils, which directly effects the often fluctuating harvests (Scannell et al., 2002). Armenia is located on the same latitudes as Barcelona and Naples. Mainly viticulture takes place in the southern parts of the country, often on high mountainous regions. (Ambrosi, 2002). The climate reaches from very dry desert and semi-desert to mediterranean and dry-sub-tropic conditions. Also, cool alpine vegetation zones can be found within the country. (Harutyunyan, 2010) Temperature variations between summer and winter are huge (FruitfulArmenia, 2008). Armenia has five wine growing regions: the Ararat Valley, in which the majority of viticultural activities take place (73.4%), followed by the foothills of the Ararat Valley with 11.6%, the North-East of Armenia produces 8.3% of wines, followed by Vayots dzor region with 5.6% and Syunik with 1.1%. (Harutyunyan, 2010) Researchers found proof of the wild wine variety Vitis Vinifera silvestries, which is the archetype of Vitis Vinifera in the slopes of the old Armenia. The old Armenia reached over wide parts of eastern Turkey, parts of Azerbaijan and Georgia. Vines were planted mainly in the slopes of valleys. In the south-west of Yerevan during archaeological research evidence of irrigation channels, wine cellars and production tools such as clay pots were found, that date back to the 10th century B.C. (Robinson, 1999). Another source refers to archaeological findings of the 7th century B.C. that discovered evidence of sulfur, which proofs the high level of development and also popularity wine production had in these early years. Wine was used for consumption as well as for religious purposes, it was given as offers in form of grapes and wine, and for medical purposes. (Kalatarayan and Harutyunyan, 2005) However, all Caucasian countries can proof that wine making has a tradition of over 5000 years so that all of them can claim to be the cradle of wine making which leads to confusion on the side of potential wine consumers.

Thus, instead of trying to emphasis the single countries a different approach is use their long history of wine making in order to create a common starting point for differentiation. This could be the concept of “Historic World” that should be established in the wine language as a new, third Wine World. It should combine all countries that dispose over a wine producing history of over 4000 years. The aim of this paper is to present and introduce the concept of ‘Historic World’ and to work out its differentiation potential for the Caucasian wine producers.