

## Marketing Texas Wine: Determining the who, what, and where of a growing market

potential marketing strategies the industry can use to increase revenues and improve image.

### Teaching Objectives

- Explore how agricultural products can emerge and grow leading the business owners to understand the who, what, where, when, and why of a product.
- Discuss ethnocentrism and cultural differences among local, regional, national, and international markets.
- Analyze marketing strategies and the potential benefits and pitfalls of incorporating specific strategies.

### Courses and Intended Levels

This case is intended for undergraduate students in hospitality marketing, wine tourism classes, or strategic management classes. There is also an application in the fields of geography, and psychology students can use to enhance learning.

### Case Research and Methodology

Data Sources:

1. Primary
  - a. Interviews with Llano Estacado employee
  - b. Personal use of Texas wine
  - c. Observation in off premise locations that sell Texas wine
  - d. Wine tours throughout the state of Texas
2. Secondary
  - a. Go Texan website (<http://www.GOTEXAN.org/Experience-GOTEXAN/TexasWine.aspx>)
  - b. Wine spectator reviews
  - c. Academic literature review

### Links to Theoretical and Applied Frameworks

#### 1. Ethnocentrism

The state of Texas is known for going 'big': its big size and big egos. Ethnocentrism, or the belief in the inherent superiority of one own's cultural or ethnic group over another is high in the state of Texas. The ethnocentrism of Texans could be a blessing and a curse. For locals the ethnocentrism is welcome and apparent, making local products of great importance. However, the ethnocentrism of a non-Texan may find the attitudes off-putting and therefore could have the individual not want to try a product produced from the state.

- 1a. Supplemental readings and references for use with the case:
  - c. Carpenter, J. M., Moore, M., Alexander, N., & Doherty, A. M. (2013). Consumer demographics, ethnocentrism, cultural

values, and acculturation to the global consumer culture: A retail perspective. *Journal of Marketing Management*, 29(3/4), 271-291.

- d. Fernandez-Ferrin, P., & Bande-Vilela, B. (2013). Regional ethnocentrism: antecedents, consequences, and moderating effects. *Food Quality and Preference*, 30(2), 299-308.
- e. Orth, U. R., & Firbasova, Z. (2003). The Role of Consumer Ethnocentrism in Food Product Evaluation. *Agribusiness*, 19(2), 137-153.
- f. Schneider, A. (2007). Politically correct stereotyping: The case of Texans. *International journal of contemporary sociology*, 44(1), 87.

1b. Supplemental readings and reference for use with the case (wine specific):

- a. Spielmann, N. & Babin, B. (2010). The importance of where and who in wine. Paper presented at the 5th International Academy of Wine Business Research Conference. Auckland, New Zealand.
- b. Bernabeu, R., Prieto, A., & Diaz, M. (2013). Preference patterns for wine consumption in Spain depending on the degree of consumer ethnocentrism. *Food Quality and Preference*, 28(1), 77-84.

1c. Supplemental websites for examples to use in other state based marketing programs:

Nearly every state engages in branded marketing initiatives to encourage consumers to buy locally made, and sourced products. This was largely a result of the Agricultural Act of 1946 which promoted marketing agricultural products. Ohio, for example, labels their Department of Agriculture marketing program as Ohio Proud, while Oklahoma labels their simply Made in Oklahoma. Each state's program varies in support and involvement, and can be used comparatively for determining if the GOTEXAN branding is a marketing strategy the wine industry should engage in.

- g. "Ohio Proud" Department of Agriculture marketing program: <http://ohioproud.com/>
- h. "Made in Oklahoma" Oklahoma agricultural marketing program: <http://madeinoklahoma.net/>
- i. "Jersey Fresh" State of New Jersey Department of Agriculture: <http://www.jerseyfresh.nj.gov/>

#### 2. Selecting a marketing strategy

When marketing a growing product determining the strategy of the local industry is often as important as determining the strategy of an individual firm. Often firms that are in competition with each other

can pull resources and create 'coopetition' that is the simultaneous role of cooperation and competition within firms. For the Texas wine industry, this is necessary as all are trying to put out quality product to please consumers. But, if one winery chooses to label GOTEXAN while another chooses to focus on a specific consumer segment, the local industry may be doing itself more harm than good. The following supplemental readings can help to guide in strategy selection:

- a. Bengtsson, M., & Kock, S. (2000). "Coopetition" in business Networks—to cooperate and compete simultaneously. *Industrial marketing management*, 29(5), 411-426.
- b. Choi, P., Garcia, R., & Friedrich, C. (2009). The drivers for collective horizontal coopetition: a case study of screwcap initiatives in the international wine industry. *International Journal of Strategic Business Alliances*, 1(3), 271-290.
- c. Dana, L. P., Granata, J., Lasch, F., & Carnaby, A. (2013). The evolution of co-opetition in the Waipara wine cluster of New Zealand. *Wine Economics and Policy*, 2(1), 42-49.
- d. Luo, X., Slotegraaf, R. J., & Pan, X. (2006). Cross-functional "coopetition": The simultaneous role of cooperation and competition within firms. *Journal of Marketing*, 70(2), 67-80.
- e. Walley, K. (2007). Coopetition: an introduction to the subject and an agenda for research. *International Studies of Management & Organization*, 37(2), 11-31.
- f. Wang, Y. & Krakover, S. (2008). Destination marketing: competition, cooperation or coopetition? *International Journal of Contemporary Hospitality Management*, 20(2), 126-141.

- What are some potential problems with selecting just one strategy?
- What problems could arise for the Texas wine industry that are outside the scope of the strategies? (i.e. weather, policy changes, etc.)
- What other specific strategy could be employed that is not listed in the case?

### ***Assignments***

1. Assume you are a fictitious board that oversees the marketing strategy of the Texas wine industry. Based on the options provided and your own research, what strategy or parts of each strategy provided should the Texas wine industry take? Conduct a SWOT analysis and present your results for the class.
2. Determine another emerging product that could be facing the same challenges the Texas wine industry faces. Determine a set of strategies the product or industry could take. How are they the same and different from the opportunities Texas wine has?
3. Assume you are the owner of a small Texas winery, how could each of these strategies impact your business on an individual level, and not on an industry wide level?
4. Create a financial assessment of the potential cost of each plan. Which would be most cost effective? Which would be least cost effective? Determine an ROI for each strategy.

### **Suggested Teaching Approves**

This case presents an engaging and interactive opportunity for an undergraduate class. It is relatable to students as most hospitality students and marketing students in college have some interest in wine, beer, and spirits, but also that some will see the value of selecting one approach to strategy over another. This along with the supplemental readings on ethnocentrism and coopetition will provide the instructor a variety of opportunities to create a lively discussion.

### ***Technological application***

The use of polleverywhere.com or Plickers would provide a simple way to poll class on some basic multiple choice questions or either/or strategic questions regarding the selection of a strategy.

### ***Discussion questions***

- Discuss if and how the wineries should work together in determining a marketing strategy?
- What other states or cultural groups have high ethnocentrism?
- Discuss a product or brand that has been highly embraced by a particular segment of consumers.