

Malvasias of the Mediterranean 4th Symposium

Communication and Mass Customization for Regional Wines

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Communication and Mass Customization for Regional Wines

- Globalization and Communication,
that is...

– The evolution of the “green numbers”...

- 1999: 112 *Carabinieri*, 113 Police, 12 TELECOM
- 2013: 800, 800, 800

..everybody are ready to listen to the consumer !

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Policies before globalization

- Traditional systems, before globalizations, *economically classified* according to a.concentration, b.vertical integration, c.scale economies (the latter leading to *gigantism*)
- Competition was based on:
 - Cost leadership or product differentiation
- Basic operational philosophy:
 - Search for competitive sustainable advantage

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Globalization

- a. Global market are inter-linked ... gradual disappearance of borders between *services and goods*, between *sellers and purchasers*, between *material and immaterial resources*
- b. Firms compete directly within a real “*consumers ecosystem*”

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Consumer ecosystems: a *complex cluster* of firms and consumers, suppliers, competitors, distributors and partners... *who mutually benefit each other*^{*},

...while the geographical or administrative borders of the firms become *dynamic, liquid, finally confused in relation to the ancient classification parameters*

(*) Manning, Thorne, 2003

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- Global firms have been pushed to:
 - a. Break vertical relationships
 - b. Define commercial agreements
 - c. Change rivalry into co-operation

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- There is a real *competitive convergence* among firms which reshapes competition itself leading to complex competitive firm systems, flexible and articulated, which tend to converge into the same open competitive area

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Competitive convergence calls for new strategies

- Production units localization
- Multiple distribution channels
- Bi-directional communication
- Mass customization

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Bi-directional communication

- Global firms need to process information *based on continuously updated data to avoid risk and incertitude*
- Relationships with everybody or with own “*relational ecosystem*”
- Bi-directional information flux to get information and inform in turn
 - To process information useful for internal decision making
 - To know and understand the degree of satisfaction of the final consumer (*green numbers...800...*)

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Mass customization*

- Objective: *listen for final clients* and optimize their satisfaction
- Approach the *consumer dream*: “choosing among final goods after being questioned about their production”

(*) An old idea of Stan Davis in *Future Perfect*, 1986

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Mass customization

A very well known technique: choosing among car optional equipment and in the current e.commerce world

“Collaborative” customization

- When details are defined with each single client (an emulation of the classical artisanal firms)

“Adaptive” customization : client specification are added to the standard product

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By way of mass customization:

Firms try to preserve all of the market and cost advantages of *the mass production* and to add advantages of the *personalization of the artisanal systems*

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As globalization develops

– Also getting some effects on the traditional artisanal systems

... A new protagonist emerges ...

The ***aware and modern consumer***

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The aware and modern consumer

- ... Can assign a specific meaning to purchased goods through his own *system of beliefs and values*
- This way, goods and services go over their material functions (the classical concept of utility) and become *visible identity and signs* of the *consumer social personality*

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- Mass customization of food
 - The modern and aware consumer
 - “... Does not accept the passive role of final user and more or less consciously he wants to participate into the creation of the goods he is next to purchase” (Codeluppi et Al., 2008)

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- The *willingness to participate* and the *aptitude to intervene* clearly emerges from the co-operative behaviour in the *fast-food and supermarkets*, where normally *people//consumers* bring to the table their trays, take their own drinks, prepare and reset their tables..... pack their own fruits and vegetables, use self checkout points

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Conditions for food mass customization

- Final food *is facing modern and aware consumer*
- Final food' industries meet the need *to “listen” for the consumer* and the act in favour of their own clients.

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Generally speaking, *mass customization for food* is very complicated, as far as *direct collaborative and adaptive customization* are concerned

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For mass (say international) food goods, the relation with the consumer still falls within the mere *ex-post opinion collection* on the different aspects of the produce

For territorial and regional goods, *stemming from the modern artisanal agriculture*, opinion collection has actually become real mass customization, which includes the co-operation to orient the final customized supply

Mass customization for wine

– Most of commercial mass wines ...

In large integrated standard facilities, based on few international varieties , distributed over many countries

only allows for opinion listening, which *can orient production strategies in few cases*

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Regional and territorial wines, ...

Not affected by *production gigantism*, with particular variety mix and specific features in each winery, territory and region

- a. Are “*shaped*” for consumers more available to fidelization
- b. Can be *ideal items* for mass customization

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- a. The communication* between wine producer and consumer transfers technological information which warrant *against the fears for wine consumption*
- b. Being in touch* with those who produce wine and listen to the consumption incertitude, rises the consumer's willingness *"to stay in the wine"*
- c. Speaking and telling* make satisfaction which definitively *leads to the fidelization to that wine*

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Finally:

- Communication for mass and international wines can only partially use *bi-directional communication*
- For regional wines it is possible to use almost *all of the communication tools of mass customization*

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The diffusion of mass customization for a typical territorial wine of the Heroic Viticulture at CERVIM

– Web sites analysis

To evaluate the “trend to direct sale” which is considered a *clear sign of the trend toward mass customization*

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Web sites analysis

- Issues under evaluation:
 - a. *“the trend to describe themselves”* to meet consumer curiosity when visiting the web site
 - b. The information to *“facilitate the direct purchase”* on firm, or *“distance purchase programming”*
 - c. *Production description* (vineyards and processing)
 - d. Information about *the way to reach the winery*
 - e. Availability for *direct web communication* for direct or distance purchase

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Table 2 VE : Firm web site elements – Heroic Viticulture Wineries, 2012

Vineyard description	100 %	Simplified description (1)	36%	Full description (2)	64%
Winery description	98 %	Simplified description (3)	62%	Full description (4)	38%
Route indication	100 %	Simplified description	54%	Google maps description	46%
Product menu	100 %	Listing and prices	34%	Classification by year/type (5)	66%

(1) Only vineyards dimension; (2) Details about age, mechanization, grass, other;

(2) (3) Only total hl; (4) with technologies, bottling, others; (5) By type, year, use, others

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Table 3VE: Feedback from messages - Heroic Viticulture Wineries, 2012

Answers to messages (1) (2)	94%	43% within 3 days	28% Within 6 days	29% More than 6 days
Available to describe delivery costs without order	64%	Cost synthesis 61%	Cost breakdown 39%	

(1) Answers to messages shown in the “Contact” box; (2) Answers window 21 days

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Table 4 VE : Answers quality to specific questions - Heroic Viticulture Wineries, 2012

Questions about :	Synthetic answers	Detailed answers
a. Vineyard management	20%	80%
b. Winery management	70%	30%
c. Work of producers family	50%	50%
d. PA controls	90%	10%
e. Enrolment in DOC and IGT	90%	10%
f. Local wine tourism resources	20%	80%
g. Combining wine and food	10%	90%
i. Other local wineries	80%	20%

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- ... good availability to answer about vineyards
- ... poor availability about wineries
- ... poor availability about PA controls
- ... real joy in detailing about wine attributes
- ... poor effectiveness for direct distance sale

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Conclusions

a. Globalization *will put on the margin* regional and territorial wines

b. *Resistance and re-launching* will take place if the *mass customization principle* will be fully adopted, with a specific emphasis on the bi-directional communication for *distance direct sale*