The role of producers’ organizations in the marketing of quality wines: the specific case of the "Wine from the Land of Leon" ("Vino Tierra de Leon")

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The Role of Producers' Organizations in the Marketing of Quality Wines: the Specific Case of the “Wine from the Land of Leon” (“Vino Tierra de León”)

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Abstract. If anything characterizes European wine markets, it is without a doubt the continuing reduction in demand for common wines, with a simultaneous increasing consumption of quality wines. In this respect there are many producers' organizations struggling to make their way in European markets, and seeking the protection of a guaranteed quality label. This paper attempts to reflect the difficulties faced by one of these: “Wine from the Land of Leon” Organization, which for some years has been working to this end. The study lays out the organization's policies, and further indicates the measures taken over time by this association in order to improve the quality of its products, and to achieve market breakthroughs. Economic, social and legal limitations, failings on the part of producers, and the efforts to overcome them, are considered. Finally, an analysis of the strategies relating to the range of marketing variables used by this producers' organization and the potential future strategies to be developed to get, in the near future, the coveted “Protected Designation of Origin” is undertaken. The conclusions reflect the organization's success, leading to an average increase in sales, and the obtaining of a “Protected Geographical Indication”.

Keywords: Quality wines, SWOT Analysis, foodstuff policy, wine marketing.

1. Introduction

Spain is a country with a great tradition of wine-making, and from ancient times has been noted for the quality of its products. At present, with its total of some 1,176,000 hectares (nearly three million acres) [1], it is the country with the largest area given over to vineyards in the whole world. The same cannot, however, be said in respect of its output of wine, since low productivity (approximately 34 hectoliters per hectare [very roughly 285 gallons per acre]), make it come third worldwide in terms of production. It is nonetheless true that this lower level of output is compensated by the better quality of the wine made, so that over 55% of the total area of vineyards is used for quality wines produced in specific regions.

As is the case worldwide, market saturation has had an impact on sales within the country, since there has been a continuous and progressive decline in the overall consumption of this product, along with a change in the sort of wine consumed. Thus, while the consumption of table wine and wine sold in bulk has decreased, the consumption of high quality wines has undergone a considerable increase. This is particularly noticeable in the case of top-of-the-range red wines.

In such a context of over-supply, where quality has become a strategic weapon used to ensure a continued presence in the market, an initiative was taken at the very end of the twentieth