



Marketing

LESSONS LUXURY WINE BRANDS TEACH US ABOUT AUTHENTICITY AND PRESTIGE

BY KLAUS HEINE AND FRANCINE ESPINOZA PETERSEN



Loop of river Moselle and vineyards
in autumn. Village Kröv in Germany

Luxury brands have spent decades, and sometimes centuries, cultivating the perfect mix of authenticity and prestige to remain successful among their peers. Below Klaus Heine and Francine Espinoza Petersen analyse how this balance of authenticity and prestige can teach other brands invaluable lessons for their marketing strategy.

The luxury wine segment is one of the oldest luxury product categories. Some centuries-old wineries are amongst the oldest brands in the world. For instance, the world's oldest existing winery, Staffelter Hof in Germany's Moselle Valley, founded its vineyard in the year 862. At the same time, fine wines are an innovative and a double-digit growth market, especially because of the increasing thirst for wine in developing countries.¹ We can expect that there are important marketing insights that have been making wineries successful for hundreds of years. Learning from the success of some of the oldest luxury brands in the world may help other brands to adapt to today's challenges and future trends.

We believe that luxury wineries are particularly good at two major symbolic characteristics that high-end brands must fulfill at least to some extent: authenticity and prestige. We also believe that the area of luxury marketing can benefit from studying the strategies of luxury wine brands. A case study on Château d'Yquem shows how winemakers have set a benchmark for creating authenticity, and a case study on Veuve Clicquot shows how champagne brands provide a similar benchmark for creating prestige.

Authenticity & the Winemaker's Benchmark

THE MEANING AND RELEVANCE OF AUTHENTICITY

Growing instability, increasingly open societies, a perceived rise in corporate manipulation and guile, and the professionalisation of the luxury industry are contributing to reducing authenticity.^{2,3} Marketing academics note the increasing importance of authenticity to consumers in developed societies, which goes along with the desire to escape excessive commercialisation, and with a search for meaning and experiences that feel "real". Assuring authenticity is therefore one of the central challenges for luxury brands.^{4,5,6} Something authentic is not a copy but, rather, something real, genuine, unchanged, and of undisputed origin.⁷ The prerequisite for creating brand authenticity is to understand the three major dimensions of authenticity shown below.

Pure authenticity covers "a continued commitment to traditions and the place of origin."⁸ This means that a company originally produced its product a long time ago and preserved its traditions thereafter, so that the product it sells today is basically unchanged from the original. Grayson and Martinec call



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this *indexical authenticity* (index = measure), because it relies on cues that are thought to prove a factual and spado-temporal link between the market offerings and "the real thing."⁹ Such cues might include a logo or bottle design that has never changed.

Approximate authenticity refers to "approximate historical referents," meaning consumers' mental pictures of how things *ought* to be.¹⁰ Consistent with this definition are emotional cues that conjure an idea or feeling of history, albeit without factual links to a time or place that proves an historical connection. Approximate authenticity occurs when a product or production process has evolved, but the item sold today still resembles the original. For example, consumers may understand that winemaking at the Austrian Abbey Neuburg has been modernised, but they recognise and appreciate the connection between today's wine and the wine Neuburg monks produced 900 years



Vineyards of Château d'Yquem in Sauternes, South of France

ago. Grayson and Martinec refer to this understanding as *iconic authenticity* (icon = symbol), because it relies on cues that a product resembles the typical character of “the real thing.”¹¹

Moral authenticity happens when brands are perceived as genuine in their intentions. Consumers seeking moral authenticity are less interested in traditions; instead, they respond to their perceptions of motives, means, and ends. Morally authentic companies create something because they deeply believe in it, not just because there is external demand or the promise of financial reward.

Authenticity is not inherent. It is a perception, “a socially negotiable concept that is relative, contextually determined, and ideologically driven.”¹² As a result, carefully crafted marketing measures can be used to enhance perceptions of authenticity.

THE WINEMAKER'S BENCHMARK

Many things at long-established wine estates – their buildings, their wine barrels, their tools – are indeed something “old,” which is a typical cue for pure authenticity. Facing emerging competitors, established wineries tend to place greater emphasis on their centuries-old traditions, age, and longstanding reputation as a means of differentiating themselves from competitors.¹³ Château d'Yquem, in the Sauternes appellation of Bordeaux, is one of the world's most famous vineyards and is exemplary for a luxury wine brand. As stated on its webpage: “More than four centuries of history are summed up in the words ‘Château d'Yquem Lur-Saluces’ found on every bottle of Yquem.”

Winemaking in the tradition of an old, established terroir is a way to achieve approximate authenticity. The concept of “protected designation of origin” originates from the French wine appellation system.

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A “terroir product” guarantees the origin of a product from a specific region with characteristic soil and climate, and also the use of specific ingredients or production procedures. Château d'Yquem earned the unique rank of “Premier Cru Supérieur” in the 1855 Bordeaux classification.

The terroir system is also a way to control supply, as it creates codified limitations (i.e. man-made criteria) in terms of geographical and manufacturing characteristics. Limiting production goes along with a commitment to quality and detail in wine picking and processing, which adds to a vineyard's moral authenticity. Yquem wine can only come from the 188 hectares of the estate. Besides that, Château d'Yquem makes use of artificial limitations: when in a poor vintage year (the last time in 2012) the entire crop is declared unworthy of bearing the Yquem name and is sold anonymously.

Luxury winemakers such as Château d'Yquem are faced with a dilemma of authenticity. To remain successful against growing competition they have to professionalise their production, distribution, and marketing. But, consequently, consumers may perceive them as more professional and commercial, and therefore less genuine and original. One way to resolve this dilemma is to publicly downplay their professionalism and their commercial interests. Indeed, luxury wineries regularly downplay their scientific and business expertise to appear above commercial interests.¹⁴

For many wineries this is more than just a communication technique: they have a genuine intent and a long-term-orientated, sustainable business philosophy. Château d'Yquem believes that

using a closely connected team to manage the harvest is better than using an external company, even though the latter would be cheaper. Some wineries also accentuate their family-owned status to differentiate themselves from margin-driven corporate groups. Such wineries accept some professional techniques but concentrate above all on their products, family traditions, and customer relations. It's common for such wineries to appear to reject a market-orientation. Instead, they follow an identity-driven approach that emphasises producing a wine true to the winery and the terroir.

Carefully orchestrating an experience with a product is another way to promote moral authenticity, to create lasting, positive memories, and to connect emotionally to consumers.¹⁵ The tasting room experience at an old, established vineyard provides a "mental use case", which marketers should have in mind when they attempt to create moral authenticity. The castle, the wine fields and gardens, as well as the salons featuring centuries-old chandeliers and paintings overwhelm people arriving at Château d'Yquem. They are shown around and meet men like Christophe Cabanieu, whose family has worked at Yquem for six generations. They visit the barrel room with hundred oak casks and the wine cellars covered with the dust of history. Visitors can feel the love and passion of the people for what they do.

Prestige & the Champagne-Makers Benchmark

THE MEANING AND RELEVANCE OF PRESTIGE

Prestige means "widespread respect and admiration felt for someone or something on the basis of a perception of their achievements or quality," and originates with an "illusion" and a "conjuring trick."¹⁶ This means that, like authenticity, prestige is not inherent but is "a collectively held attitude" that is socially constructed.¹⁷ Prestige is closely related to status, which refers to "social standing" or the relative position in the social hierarchy.¹⁸ Common criteria that influence people's perception of prestige include occupation, income, wealth, education, and lifestyle.

Henrich and Gil-White found that natural selection encouraged humans to seek prestige because transferring skills and knowledge within social groups improved survival.¹⁹ By tracking prestige, individuals can identify which members are successful and study the behaviours and opinions behind their success. Feelings of admiration and respect for a prestigious individual increase the desire to please that person. In turn, prestigious individuals receive a variety of social benefits.

The notion of prestige can be naturally applied to products. Keasbey argued that the utility of products can be split into use, prestige, and exchange value. The prestige value "expresses the capacity of certain goods to contribute in this way to a person's prestige (in this case, the consumer)."²⁰ A product's prestige value can be "advertised" or signalled to potential admirers and is independent of other dimensions of utility. For example,

Keasbey observed, a Native American warrior was proud of the scalps swinging from his belt because they added to his prestige, even though they carried no functional value.

Possessing a high level of prestige is imperative for luxury brands, as the essence of luxury is high quality and superior social standing. The investment in prestige seems to pay off; research has found a positive relationship between a luxury brand's perceived prestige and its gross profit margin.²¹ Virtually any brand can add prestige value to its products to increase its "prestige utility" and to increase respect and admiration for the brand. In fact, a growing number of companies have been implementing a "trading-up" or "masstige" ("prestige for the mass") strategy.

THE CHAMPAGNE-MAKERS BENCHMARK

In the nineteenth century champagne became an important component of the bourgeois lifestyle and a sign of social distinction. Because of their heritage on how to generate prestige, Champagne masstige brands are good prestige benchmarks. Brands such as Moët & Chandon and Veuve Clicquot are good examples of masstige products. According to its annual report, LVMH (parent of these two brands) was selling almost 60 million bottles of champagne in 2012. Masstige brands cut back on some luxury characteristics, such as price, rarity, and extraordinariness, to make luxury-like products accessible for middle-class consumers.²² The category of champagne is especially suitable for a masstige strategy because champagne prices are very high compared to other sparkling wines but are still affordable for many people.

A brand can cultivate a perception of prestige by communicating superior quality and achievements, signalling that it belongs to a superior class. The cultural capital of the upper class encompasses a broad array of linguistic competencies, manners, preferences, and orientations, which Bourdieu terms "subtle modalities in the relationship to culture and language." The champagne masstige brands internalised this distinctive cultural capital and portray the lavish and luculent lifestyle in high-gloss adverts.²³

Masstige champagne houses such as Veuve Clicquot make use of various prestige-building techniques. Consistently across

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their brand communications they reflect the lifestyle and aesthetics of the upper class. Packaging is a major communication tool and in this case it creates substantial additional value. For example, Veuve Clicquot's badge-shaped yellow labels are widely recognised. Over time, the company has iconised its colour and associated it with high-class elements. The brand produces glasses, champagne buckets designed by renowned artists, and multiple other merchandising tools that consistently feature the distinctive yellow colour. The brand has also associated itself with high-end design by sponsoring important international design events, including Design Miami and Salone del Mobile in Milan.


Another strategy to increase prestige includes co-branding with someone who has prestige. For example, Veuve Clicquot partnered with Riva to present their 86'Domino yacht. They invited Riva owners, celebrities, and selected journalists to attend the yacht's presentation amidst an extravaganza of parties, dinners, and sailing experiences. A similar strategy involves membership in prestigious organisations such as Comité Colbert, the French luxury association, of which Veuve Clicquot is a member.

Finally, providing exclusive experiences also adds prestige. One way Veuve Clicquot provides brand experience is by sponsoring bars at high-end department stores (e.g., Harrods in London or KaDeWe in Berlin), hotels, and cruise ships. In addition, Veuve Clicquot regularly organises and sponsors socially exclusive international events such as the annual Veuve Clicquot Manhattan Polo Classic, one of the most exclusive events in New York.

Although only a handful of customers can enjoy these experiences first-hand, a brand's involvement cultivates a perception of prestige that inspires respect and admiration. Prestige is especially important in social contexts, making it a powerful factor when consumers shop for

gifts. By cultivating prestige, champagne masstige brands create symbolic products that act as markers of class. As a result, customers can make a good impression on others by bringing a bottle of Veuve Clicquot to a party or giving it as a gift.

Conclusion

Authenticity and prestige are two symbolic characteristics that are increasingly important for luxury brands. For many brands it seems hard to concentrate on both concepts simultaneously, as they seem to reflect opposing poles. Some very authentic brands such as Staffelter Hof can feel a bit stale and unexciting (i.e. not so prestigious), while very prestigious brands such as Moët & Chandon may be perceived as shallow and money-driven (i.e. not so authentic). A brand should not just be too authentic or too prestigious. As with the idea of Yin and Yang, authenticity and prestige require one another. Marketers should not attempt to maximise authenticity and prestige, but to find the right balance that best suits their brand's identity. 

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