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Marketing Society Awards for Excellence 2006

English Wines Group plc

Category : L Marketing Achievement (SME)

“Land of Hope and Bubbly”

Executive Summary

English Wines Group's original insights and excellence in Marketing execution over 3 years have led to:-

- Average Bottle Price increase of 31% from 2003 to 2005 (sparkling wines +50%)
- A volume growth of 14.5%, consolidating our position as the leading English Wine Producer, with growth currently only limited by supply
- Share Price growth of 17%
- Future supply secured, with growth of 50% in vineyards contracting to supply
- Classic Marketing techniques applied effectively – prices increased, promotional focus on sampling, avoidance of discounting to protect brand image, product excellence, rebranding investment and distribution channel strategy shift towards top end on-trade accounts and direct supply.
- Effective use of PR as a communication channel with over £5.5m of Advertising Equivalency Value generated over 3 years
- Investment in people excellence. As Peter McCombie MW (Wine Consultant) said, “English Producers aren't really geared up for selling to restaurants. Chapel Down is the exception” – Harpers Wine Magazine, 9th December 2005
- Consistently awarded in all major wine competitions (National and International)
- We have generated a ‘buzz’ that this industry - and our brand in particular - is exciting and can attract high quality people and investment.

Background

English Wines Group is the largest producer of wine made from grapes grown in England. Based in Tenterden in Kent, where we have 22 acres of vineyard, we contract chosen partners to grow grapes from which we make award-winning premium sparkling and still wines. The Company is an OFEX quoted SME with a Market capitalisation of c. £7m, and an annual turnover of £1.8m, employing some 23 people.

Kent and Sussex share an almost identical climate and geology to the Champagne region of France. Increases in mean temperature and sunshine hours now give us an excellent opportunity to transform not only the wine industry but the landscape, food tourism and local, regional and national pride. There is little scope in the UK wine market for yet another Merlot or Cabernet from a hot climate country, but the market is still responsive to rarer wines from marginal, cool climate regions like New Zealand and Champagne. With the wine market's palate moving in this direction and demand currently outstripping supply, English Wines Group was ideally placed to capitalise on current market trends.

The challenges facing an English Wine brand

Over the last three years, English Wines Group had to undergo a revolution to change perceptions of English wines and create the commercially successful Chapel Down brand we have today.

In early 2003 there were a number of challenges facing the company.

- i. Public perceptions of English wines in general were low. Inconsistent quality across the industry, coupled with poor consumer awareness, led to apprehension and unwillingness to trial the product.
- ii. A poor understanding of the grape varieties used in English wines (mostly unpronounceable, Germanic varieties such as Reichensteiner, Huxelrebe, Schönburger) created suspicion of low quality in a UK market where wine consumers treat the grape variety - Chardonnay, Pinot Noir or Sauvignon Blanc - as the brand.
- iii. Distribution channels were skewed rather too strongly toward the larger retail customers, with heavy emphasis on sales through supermarkets. This was skewing our product to lower price points (<£6 still, <£8 sparkling)
- iv. Pricing. Our reliance on large accounts was both stifling in terms of innovation and damaging in terms of pricing and potential profits. The retail price of a bottle of Chapel Down Brut NV, our most popular sparkling wine, was £7.99 in 2003, 40 percent lower than it is today.

Planned response to the challenges

1. Start replanting with premium grapes

Within the company we had a firm understanding of the geology of South-East England and how it could support the growing of the more noble grape varieties, particularly Champagne varieties - Pinot Noir, Chardonnay and Pinot Blanc. By 2003 we had already started the process of uprooting the older, Germanic varieties left over from early 1970's plantings, and encouraged our growers to do likewise. From 2003 to 2004, our total contracted acres remained stable as existing vineyards were replanted.

2. Sell current stock and upgrade quality perceptions

During this longer term process we still needed a way to effectively market current stock, so we sold our wines under the 'Curious Grape' brand. Rather than attempt to disguise the grapes' origins, we made the unusual-sounding grape varieties into a virtue rather than something to apologise for. The label design and packaging were brightly coloured, intended to shout from the supermarket shelves and make an impact with consumers. This provided much needed cash to invest in our replanting and marketing programme for renewal.

3. Start Marketing the brand

We knew that we had good quality products, but we needed to find a way to convince the 30 something, affluent, south-eastern, epicurean, patriotic target consumer of that fact. We had to change the brand identity to create a much more premium image, develop the product and allow us to move pricing forwards to a point where it was a fair reflection of its value and we had to get that message to them in the most credible way possible – opinion formers and tasting.

4. Broaden a profitable distribution base

Finally, we had to initiate a radical shift in our distribution channels in order to move further upmarket and have more control over our route to and communication with the consumer. We had to achieve this in a very short space of time. The UK is a mature market, and a well-informed one. The English wine industry did not have the luxury of a couple of centuries to build a strong reputation for quality in the way Old World nations like France or Italy did. Nor did we have the advantage of a clean slate and huge subsidies like New World producers – Australia or New Zealand. We were always fighting against low expectations that only highly effective use of Marketing would be able to overturn.

How our insights created a Marketing Solution.

2004 saw yet more awards and further significant winery investment. We were convinced of the quality of the product inside the bottle and we started to research how to reflect this in what consumers would see outside.

In September 2004 our Pinot Reserve Sparkling wine won a Gold Medal at the International Wine Challenge, making Chapel Down one of the best 22 Champagnes/Sparkling Wines in the world and putting us alongside Dom Perignon and Veuve Clicquot. This had the potential to generate a great deal of positive PR for the company.

We needed to find a way to build on this positive news, and communicate the English Wines story to our target market more effectively. *We knew most wine decisions are made at point of purchase and are rarely planned.*

We worked internally to identify a true USP for the brand that could drive our Marketing Programme. With quality as a given, *we focussed on value versus satisfaction, as our research with our target audience had removed price as a key driver for purchase.*

We undertook an exercise where we plotted different wine producing countries on a 'Surprise versus Delight' matrix, illustrating how surprised and how delighted wine consumers in the UK would be to discover a good quality wine from that country. So, whereas a wine drinker might not be particularly surprised to find a good quality French wine, *we felt they would be both surprised and delighted to find one from England, given that whilst expectations were low, we noted that both patriotism and Epicureanism were on the rise.*

There is a genuine passion in this country for good quality, home-grown produce. If we could get English Epicurean guardians (journalists, chefs and restaurateurs) to respond favourably, they could effectively become brand ambassadors for us.

We decided to position the brand as *“the premier English wine - with a unique capacity to surprise and delight.”*

This would entail a re-branding exercise and a re-focus in our route to market. Results and trade research suggested that the ‘Curious Grape’ brand had done an effective sales job for us, and the time was right to position all our wines under the ‘Chapel Down’ banner. Our proposed Marketing Programme created an instant buzz with investors, so we had confidence in funding the risk. We took as our central tenet that we had to exceed expectations at every turn: from the way we presented ourselves to both trade and consumer, to the experience visitors enjoyed when visiting the vineyard.

With this in mind, in late 2004 we consulted design companies and conducted research with members of the wine trade as well as senior business-leaders from other industries including fashion and retail, Advertising Agency chiefs, chefs and designers to assist in creating a new brand design for the wines that was more refined and which portrayed all our brand’s values.

Implementing the Solutions

- The design solution is both elegant and stylish with a clean, modern look, it manages to convey quality first and England second. We uniformly applied the branding to all our material, website, buildings, literature and POS. With a small budget at our disposal, but a wealth of internal expertise and enthusiasm, we managed to complete the re-brand in the first 4 months of 2005, and launched for St.George’s Day.
- We conveyed a clear message to the trade that English Wine is relevant 365 days a year to increase sales and avoid over-reliance on traditional peak sales times. This is a unique feature of an English product.
- In keeping with the new brand values we also took the decision to write off a lot of old ‘Curious Grape’ stock that we did not feel was of high enough quality to carry the Chapel Down brand name.
- We immediately implemented our price rises so that the value of the offering matched expectations both in terms of product quality and the new branding.
- Communication with consumers became heavily PR driven rather than advertising driven. Our messages had to come from the Epicurean guardians.
- We withdrew from Tesco and Majestic due to pressure of stock and commercial terms. At the same time we adopted an ongoing policy not to sell more than 15% of our wine to any one customer.
- In 2005 sampling was our chosen marketing mechanic: once people try our wine, they invariably like it. By attending events such as Henley Royal Regatta, we managed to create an image for Chapel Down as a desirable brand to the right audience. We adopted a ‘brand-seeding’ approach to marketing in order to preserve the brand’s premium philosophy, changing our distribution channel to include natural opinion-formers at the

Epicurean end of the hotel and restaurant business. We also opted to play to our consumers' emotional and patriotic sides, by increasing listings in quintessentially English outlets.

The results

Looking back on 2005, we have turned perceptions around to such an extent that we are now the wine of choice for Government hospitality at VIP functions. We count Harrods, Selfridges, Fortnum & Mason amongst our clients. Top end restaurants across the UK such as Conran's, Bank and Roast serve our wines. We can name Margaret Beckett, Gary Rhodes, and Rick Stein among our many fans. The perception of Chapel Down is now as a market-leader within the industry, a *World Class Wine from England*, and sales statistics bear out this faith in the brand. Sales have increased 15% and the average selling price across all lines has increased by 31%. Our share price has risen, and perhaps most telling of all, we are planting up new vineyards and securing long term supply. Having contracted a further 120 acres in 2005 we are on track to achieve our goal of 1000 acres by 2010. Then the South East will truly be the "Land of Hope and Bubbly"

Word Count = 1974

Enclosed Appendices

Press Pack

Trade Brochure 2003/2004

Trade Brochure 2004/2005

Data Pack (growth charts for Volume, Average Price Per Bottle, Average Share Price, Retail Price of Chapel Down Brut NV, Contracted Acreage, Surprise v Delight Matrix, Wine Awards table 2004 and 2005, Press Quotes sheet, brand imperatives diagram)

Trade Calendar/Poster – '365 reasons to think English and drink English Wines'