

**THESIS BOOKLET**

**IMPLEMENTATION OF MARKETING  
COMMUNICATION TOOLS IN THE AUSTRIAN WINE  
INDUSTRY**

**Judith Stoll**

**University of Sopron  
Alexandre Lamfalussy Faculty of Economics**

PhD-Programme: International Joint Cross-Border PhD  
Programme in International Economic Relations and  
Management



**Supervisor: Dr. Tamás Czeglédy**

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**Doctoral School:** István Széchenyi Economy and Management  
Doctoral School

**Leader:** Prof. Dr. Csilla Obadovics

**Program:** International Economic Relations and Management  
Joint PhD

**Leader:** Prof. Dr. Attila Fabian

**Supervisor:** Dr. Tamas Czegledy PhD.

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## **1. Introduction**

Although the Austrian wine industry seems to be under a shining star, it is, nevertheless, new to many Austrian winegrowers to be economically profitable in their business. Due to the structural changes of the industry – away from a side-line business and towards a main occupation – renewals in the management agendas of companies are an inevitable consequence. Frequently, economic opportunities are not seized because – on the one hand – comprehensive knowledge is lacking and – on the other hand – no corresponding objective has been defined. These deficits are particularly visible in the areas of marketing and especially communication, also for end customers. It is therefore desirable to take measures in precisely these areas in order to turn current deficits into opportunities.

### *Objective of the research work*

This work is aimed at supporting small and medium-sized enterprises in the Austrian wine industry by pointing out that marketing communication tools that are implemented correctly can lead to greater economic success. To achieve this goal, a marketing communication model shall be created, which is intended to provide small and medium-sized enterprises in the Austrian wine industry with guidance on how to improve the marketing communication tools they already use and which tools they should supplement if necessary, in order to be able to operate more successfully.

## **2. Research question and hypotheses**

The core task of this thesis is to answer the research question “*Can a marketing communication model be created for wineries whose implementation leads to measurable success of small and medium-sized enterprises in the Austrian wine industry?*”.

In addition, the following hypotheses are examined:

#### *Shopping locations*

H1: There is a relation between the shopping locations for wine and the information-seeking behaviour about wines and wineries.

H2: There is a relation between the shopping locations for wine and the attendance at wine-related events and fairs.

#### *Awareness of wineries and trends*

H3: There is a relation between the awareness of selected wineries and the attendance at wine-related events and wine fairs.

H4: There is a relation between the awareness of selected wineries and the information-seeking behaviour about wines and wineries.

H5: There is a relation between the awareness of trends and the attendance at wine-related events and fairs.

#### *Demographic relations*

H6: There is a relation between the demographic data age, income and highest completed education of wine consumers and the information-seeking behaviour about wines and wineries.

These groups of hypotheses are intended to show relevant relations between purchasing channels, communication channels and consumer behaviour in order to generate valuable results which subsequently contribute to deriving recommendations for action for Austrian winegrowers.

It should be mentioned that it is necessary to answer the hypotheses in order to be able to sufficiently answer the research question, which is inextricably linked to the hypotheses.

### 3. Research methodology

The research methods applied are presented below.

#### *Literature review*

First, the status quo of the Austrian wine industry is explained – by reviewing relevant literature – in terms of historical development, facts and figures on current corporate structures, wine-growing regions and vineyard areas, wine production and consumption, as well as distribution channels. Subsequently, selected marketing communication tools in general are examined in terms of their significance in Austria in order to place them in the context of the Austrian and international wine industry.

#### *Empirical research*

To collect own data tailored to the research topic, *five experts are interviewed on success factors, current use of marketing tools and best practice examples* in the Austrian wine industry. These guideline-based interviews describe a basis of the current situation of the marketing (communication) sector within the Austrian wine industry. The next step consists of a *quantitative research* study. An online survey covering topics such as *consumer behaviour, purchase criteria, product characteristics and names and brands* is conducted among 266 wine consumers in Austria and analysed with the SPSS-based programme “Question Star”. After all questions have been evaluated descriptively to show the totality of the answers, relations between individual variables are taken a look at in order to gain useful information for small and medium-sized enterprises in the Austrian wine sector. Furthermore, cross tabulations are calculated and described to show whether there are relations between individual parameters and in order to analyse the direct impact of marketing communication tools on the purchasing behaviour of the respondents and the awareness of winemakers. Spearman correlations are applied to parameters, which are ordinally scaled, to show any significant correlations.

## 4. Results of the qualitative and quantitative research studies

The main results of the qualitative and quantitative research studies are presented below.

### 4.1 Results of the qualitative research study

The experts consider *accounting key figures, demographic development, risk minimization* in the customer segments and the *degree of awareness* to be the most important measuring instruments for success in the Austrian wine industry.

The basis for all activities should always be a *comprehensive analysis* of the operation and planning in line with the objectives. This is to be implemented for companies of all sizes.

The experts give good marks to Austrian wineries in the areas of *participation in events and consumer fairs, attendance at wine awards*, as well as *farm-gate sales, sales promotions* and – in some cases – *the use of social media*. However, there is a need to catch up in the *online communication* sector, in the field of *B2B trade fairs* and in *brand management*.

When it comes to the importance of the correct use of marketing communication tools, the first priority undoubtedly is a *mobile-optimised website* as a hub of information and communication.

The *use of social media channels* can also contribute to success and has the potential to reach many people in a short period of time.

*Trade fairs and events* are recommendable marketing communication tools that can contribute to the success of the business, for wineries being both participants and organisers.

*Being an organiser of events* is mentioned to have a positive effect on customer loyalty.

When it comes to the use of *paid media*, companies should consider very carefully whether these costs are justified. Advertisements are only recommended from a frequency of at least four placements and in co-operation with a sales partner. However, *press work* in the sense of editorial contributions is highly recommended for Austrian companies.

*Awards and wine evaluations* should be used by wineries to offer existing customers further incentives for buying wines and to give trade partners more reasons for resale.

*The human being should not be underestimated.* On the one hand, the personality of the winemaker or the person in charge of the winery must be mentioned, and on the other hand, all the customers, who always act as ambassadors of the winery should not be forgotten, either.

The experts give a positive assessment to *the position of marketing* for all forms of wineries, even if non-owner-managed businesses seem to be preferred, since all positions can be filled independently and with professionals.

When *identifying trends*, it can be deduced that – regardless of the trend per se – the most important question is always whether the trend goes with the philosophy of the winery. If this is affirmed, then the trend must be taken seriously, and the new products must be seen as a full complement to the product range.

The questions about the *most successful wineries* in Austria and about the *strongest brand* in the Austrian wine industry were answered – despite different mentions by the experts – with common characteristics and approaches: *Knowledge and evaluation of their own operations, understanding of the market*



*and comprehensive support of all customer segments* are core issues of every successful winery. The *development and support of the own brand* are also essential. *Visions and objectives* have been identified as being very important, as well as *presence, good wine ratings, a high position in the reseller network, continuous development* and the *achievement of good sales prices*.

#### 4.2 Results of the quantitative research study and validation of the hypotheses

The main results of the descriptive analysis of the quantitative research are summarised as follows:

*Wine purchases* are made via *all channels*.

*Websites of the wineries* are clearly in first place when it comes to online purchases, followed by websites of wine retailers.

Almost equal proportions of the test persons state that they did not perceive any *changes in their drinking behaviour* and, on the other hand, that they drink more wine.

71.80% of the respondents state that they do *inform themselves* about the *wines* they consume and more than half do so about *wineries*.

62.78% of the respondents invest time and money once or several times a year to attend *events related to wine*, but only 22.18% of the test persons state that they visit *wine fairs*.

The analysis shows that interested wine consumers often follow several wineries in *social media channels*.

With regard to the *parameters* that play a role when buying wines, such as grape variety, region or winery, most of the test persons rank all the parameters asked for "rather important".

When analysing the *price range* in which most of the wines consumed by the respondents are located, the clear winners are the ranges of EUR 6-9.99 and EUR 10-14.99.

When it comes to *factors that are crucial for tasting* wines, the survey clearly shows that recommendations from friends, colleagues or service personnel are by far the most important factor, followed by special occasions and events. Price and packaging also play a major role, while all forms of advertising have comparatively little impact on the decision to taste wines, according to the respondents.

The most popular country of origin for wine is *Austria*.

Sustainability and organic-biological winegrowing are dominant buzzwords in the wine industry when it comes to *trends*. In addition, everyone is currently talking about orange, natural, raw wines and Pet Nats.

The *analysis of selected winegrowers* shows that the wineries with a larger number of hectares are better known than those with a smaller farm size.

Austrian wine drinkers cover all *age groups*, from 16 to over 60 years, all *income levels*, from under EUR 2,000 to over EUR 4,500 and all *educational levels*, from apprenticeship to university graduates.

The *validation of the hypotheses* is summarised below:

**Hypothesis 1:** There is a relation between the shopping locations for wine and the information-seeking behaviour about wines and wineries.

Shopping location	Information about wines	Information about wineries
Supermarket		
Discounter		
Specialised wine trade	X	X
Winery	X	X
Wine shop	X	X
Online		X

Legend: X indicates that a relation exists

*Table 1: H1: Relation between the shopping locations for wine and the information-seeking behaviour about wines and wineries.*

*Source: Own survey*

Hypothesis 1 can only be partially confirmed, namely for the case of the shopping locations specialised wine trade, winery and wine shop with regard to the information-seeking behaviour about wines and for the case of the shopping locations specialised wine trade, winery, wine shop and online with regard to the information-seeking behaviour about wineries.

**Hypothesis 2:** There is a relation between the shopping locations for wine and the attendance at wine-related events and fairs.

Shopping location	Attendance at wine events	Attendance at wine fairs
Supermarket		
Discounter		
Specialised wine trade	X, C	X, C
Winery	X, C	C
Wine shop	X, C	X, C
Online	X, C	X, C

Legend: X indicates that a relation exists; C indicates that there is a correlation

*Table 2: H2: Relation between the shopping locations for wine and the attendance at wine-related events and wine fairs.*

*Source: Own survey*

Hypothesis 2 cannot be generally confirmed: As can be seen in table 2, the hypothesis can only be verified for the shopping locations specialised wine trade, winery, wine shop and online and the attendance at wine-related events as well as for the shopping locations specialised wine trade, wine shop and online and the attendance at wine fairs. In these cases, not only a relation, but also a negative correlation, which is statistically significant, could be found. In the case of the shopping location winery, the hypothesis can be answered to the effect that although no relation could be established between this very shopping location and the participation in wine fairs by the test persons, a negative correlation, which is statistically significant, could be established between these variables.

**Hypothesis 3:** There is a relation between the awareness of selected wineries and the attendance at wine-related events and wine fairs.

With the exception of the Esterházy winery, for which there is no relation with trade fair attendance by the test subjects, hypothesis 3 can be confirmed: Yes, there is a relation between selected wineries and the participation in wine events and wine fairs by the test persons.

**Hypothesis 4:** There is a relation between the awareness of selected wineries and the information-seeking behaviour about wines and wineries.

Hypothesis 4 can be confirmed in its entirety: Yes, there is a relation between the awareness of selected wineries (Scheiblhofer, Tement, Esterházy, Domäne Wachau, Kracher, Netzl and Strehn) and the respondents' information-seeking behaviour about wines and also about wineries.

**Hypothesis 5:** There is a relation between the awareness of trends and the attendance at wine-related events and fairs.

With the exception of the sustainability trend, for which no relation to the attendance of wine events and wine fairs could be found, hypothesis 5 can be verified.

**Hypothesis 6:** There is a relation between the demographic data age, income and highest completed education of wine consumers and the information-seeking behaviour about wines and wineries.

Hypothesis 6 must be completely rejected. There is no relation between the age, income and highest completed education of the test persons and their information-seeking behaviour about wines and wineries.

#### 4.3 Superposition of the qualitative and quantitative research studies

By superimposing the results of the qualitative and quantitative research studies, the following conclusions can be drawn:

##### *Information on purchasing behaviour of customers and its consequences for wineries*

Winemakers should be aware that high-involved customers prefer wineries, wine retailers and wine shops as shopping venues and these are also customers who inform themselves about wines they consume and visit events regularly. Besides, this group of customers is aware of current trends in the wine industry. Therefore, information intended for this customer group should be coordinated and made available in all of these channels.

People who buy in supermarkets consider the price of the wine important, while for people who buy in the specialised wine trade, at a winery or wine shop, advice is an important parameter. The

grape variety plays a role for buyers at the winery and also online. All people involved in the sale of wines should be aware of these facts.

Customers who visit trade fairs shop in the specialised wine trade, at wine shops and online. This information should also be used by wine producers.

The installation of a web shop is highly recommended if its continuous support is possible in terms of resources, as this is currently the most used online shopping option among wine customers.

### *Information search behaviour of customers and its meaning for wineries*

Wine customers inform themselves about wines – in descending order – through advice, on websites and at events and about wineries – in descending order – online, at events and via magazines.

This means that all persons entrusted with the sale of a winery's products must convey the philosophy of the business – whether they are employees of the winery itself, in the wine trade, in a wine shop or in reselling and catering.

The winery's website, as an important channel for finding information about wines and also about winemakers, must be optimised for mobile use, kept up-to-date and be well structured. The application of a newsletter is also recommended, as it allows to inform customers in a cost-effective manner.

Participation in events must be optimally prepared and followed up, but is highly recommended, as events are also among the most important information channels. Whether a winery itself organises events must be carefully considered. If the decision is made to do so, it is important to use this tool wisely, as it shows great impact on customer loyalty. As mentioned above, customers, who attend wine related events, tend to shop at wineries, wine retailers and wine shops.

Magazines are mentioned as the third most important source of information when it comes to wineries. Therefore, it is advisable

for wineries to supply the media with relevant information in order to be mentioned editorially. This is a cost-effective alternative to advertisements and is beneficial for the winery's reputation. Advertisements are only recommended if the media budget of a winery is correspondingly high. Should the decision be made to place print advertisements, a frequency of at least four insertions per medium is recommended.

### *Important parameters for purchasing wines and their importance for wineries*

The parameters perceived as important for the purchase of wine – price, grape variety, region, winery and advice – must be incorporated into the winegrower's sales strategy. The winemaker must be aware that the customer takes all these parameters into account when buying and makes his decision depending on his personal preferences. Therefore, each of these parameters should be tailored to the winery and communicated in an appropriate way. Trends can be followed if they fit the philosophy of the company and if there is a desire to change or expand the product range. If this is the case, the trends “organic wine growing” and “orange wines” are currently identified as the most well-known.

### *Chances for enterprises in the Austrian wine sector*

On a more general level, it can be said that great opportunities for SMEs in the Austrian wine industry can be identified. Austrian wines enjoy great popularity, and the drinking habits of the local people have not changed for the worse. Austrian winegrowers have the opportunity to sell their wines via all channels, as their customers also shop in all channels. Austrian wine drinkers cover all age groups, all income levels and all educational levels and inform themselves via online and offline channels. It is therefore necessary to spread information and offers accordingly and to make them easily accessible to the desired groups of buyers, via above-the-line, below-the-line and through-the-line measures. It is important to disseminate information consistently and to use all available channels. Since all criteria, such as grape variety,

winegrowing region, winegrower and price are equally important to the end customer, but the information channel "recommendation" stands out, wineries should be aware of this and use this very fact to their advantage.

## **5. A marketing communication model to success for small and medium-sized enterprises in the Austrian wine industry**

On the basis of all answers given by the experts and the evaluation of the results of the survey as well as the combined information, conclusions can be drawn and recommendations for action can be derived. These results are cast into the form of a *marketing communicatin model*, which can be implemented by small and medium-sized enterprises in the Austrian wine industry.

In summary, a 3-step programme is created, which is based on the elaborations of this thesis. Interested wineries are recommended to follow and explore all three steps in detail as this model is intended to accompany wineries step by step through the process:

Step 1: Evaluation of the status quo  
Step 2: Definition and formulation of objectives  
Step 3: Implementation of the defined measures in order to achieve the set objectives

The elaborated model including a work sheet destined for Austrian winemakers can be found in the appendices of the thesis.

The result of the research work – the created marketing communication model – represents a significant contribution to the development of a scientific novelty. Through the unique combination of scientific research and practical tips, this marketing communication model represents a tool that can be implemented by wineries without external help. This gives them the opportunity to bring about desired positive changes in the area



of marketing communication and, based on this, opportunities for more economic success, which in turn have the potential to strengthen this entire economic sector in Austria.

## **6. Future prospects and conclusion**

Based on findings that have emerged during the research activities of this thesis, it would be interesting to deal with the collection of data on the distribution of sales of Austrian wine into the individual distribution channels as well as collecting precise data on the sales channels including external possibilities, such as subsidies. Moreover, it should be investigated whether the place of residence of the test persons has an influence on their behaviour with regard to wine purchase and information search behaviour about wine and wineries.

As a future study, that builds directly on this research, the developed communication model of recommendations for the use of marketing communication tools should be applied by a representative number of small and medium-sized enterprises in the Austrian wine sector. After at least three years of correct application of the combination of the presented tools, first conclusions can be drawn about the change in the economic situation of the participating wineries and a verification whether there was an increase in success can be confirmed.

The research question *"Can a marketing communication model be created for wineries whose implementation leads to measurable success of small and medium-sized enterprises in the Austrian wine industry"* can be answered in the affirmative to the extent that, with the help of qualitative and quantitative research methods, *a communication model can be created whose implementation predicts greater success for wineries in Austria.* This marketing communication model, – just like the marketing communication tools used – must be constantly evaluated and updated if necessary, as the presented tools are subject to

continuous and rapid change, which must be taken into account in order to achieve optimal outputs.

The creation of a marketing communication model for small and medium-sized enterprises in the Austrian wine industry represents a scientific novelty in this sector. Elaborated scientific research, both qualitative and quantitative, own professional experience and the extraction of the key findings as well as the subsequent combination of all relevant aspects lead to a new approach in terms of consulting for wineries in the area of marketing communication. The result of this research work – an integrated communication model – shows new possibilities and strategies for achieving measurable success in a way that is easy to implement. For Austrian wineries, this means that by following the steps presented, measurable improvements can be expected in all the business areas discussed shortly after implementation. In addition, economically successful domestic wineries have the potential to strengthen this very economic sector in Austria.

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