



## DO Catalunya

# Denomination of identity in the Catalan wine industry

MODEST GUINJOAN

Car maker Opel advertises on Catalan and Spanish television in the according language, always finishing with the German phrase *Wir lieben Autos* ('We love cars') most do not know what it means. Another German car maker, Volkswagen, advertises on the same TV stations, finishing with a laconic and brief message: *Das Auto*, which means 'the car' but could be interpreted by some as a Spanish message saying something as illogical as the audience «giving car».



The fact that two companies with such recognised brands in the market afford to appear as genuinely German to the point that they finish their advertisement with sentences in their language, knowing that the majority of the audience will not understand it, may lead to think that they risk fobbing them off. Well, they are not. Still in the car industry, everybody will remember previous cases along the same lines, with advertisements using the «German engineering» argument some years ago. More common and less sophisticated from a communication perspective, *Made in Germany* comes with an aura of quality, a reliable product spearheading innovation and other similar attributes conveying quality assurance to the market, not only relying on what the company states but also on the fact that the country where this product is made or designed creates in general a quality image in the consumer's eyes.

Similar to Germany, Japan, another world economic leader based on implementing quality criteria that set the pattern for the rest of the world, created an image going beyond the limits of individual companies to the point of generating, in a derived and not programmed way, an overall country image by which a product labelled *Made in Japan* is associated to a high degree of quality.

The fact that Opel and Volkswagen go one step further and use sentences in German in non-German-speaking markets shows a symbiosis between two of the many items making identity. In this case, it is the geographic origin of the product on the one hand and German on the other. They are not disturbing but strengthen each other in their market communication. One needs to be very sure about having a solid market position to do things like that. Imagine for a moment a lollipop ad on German or Spanish TV finishing in Catalan with the message *El caramel*, some of a dry meat company saying *Embotits de Catalunya*, another using Catalan design as a quality argument, or yet another finishing with *Catalan sparkling wine*.

## Country of origin

Although there are authors stating the existence of national stereotypes and perceptions of nations as early as in the 1930s, it was only in the 1960s that the country of origin concept raised the interest of marketing. R.D. Schooler<sup>1</sup> is considered the first doing empirical studies to compare the impact of the country of origin on the buying decisions of consumers.<sup>2</sup> He proved that different products being identical except in their country of origin were perceived by consumers in different ways. Research done later by many authors demonstrated repeatedly that this variable has an impact on product quality perception by consumers and ultimately on their buying decisions. After over a thousand studies published on this subject, the emphasis moved to a more evolved concept in recent years, namely country image, more specifically the image perceived by consumers and how consumption behaviours can be explained through this perception, to the point that a new enlarged concept, that of country of origin image, is becoming consolidated.

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Related to what has just been explained, there is another increasingly known and studied concept: that of country brand as an application of the classic commercial or company brand, though referred to a specific political domain. Country branding involves prestige. Image, understood as what we project to the outside world, and prestige, understood as information cumulated with experience (own or of a third party), relate with each other in such a close way that discussing about what comes first is idle.

The country brand is assessed and followed by specialist institutions<sup>3</sup> publishing rankings regularly based on properties including authenticity, history, safety, ease in doing business, living standard, natural beauty, environmental concern, extension of business trips, etc.

In an increasingly global market environment, the country of origin and country image concepts may be subject to change, the more so as individual brands are playing an increasingly relevant role in markets, precisely following globalisation. It seems that the origin of a brand tends to lose importance among the youngest as they appreciate much more practical and tangible aspects than image. With more established brands it is also observed that the country brand hardly affects the buying behaviour of consumers. Contrarily, the country of origin may have a positive effect on their appreciation of a less known or new brand.

## The food industry in Catalonia

It is known that one of the basic properties of the Catalan economy is diversification. More specifically, when referring to this point, we think especially of industrial production, where we find chemistry, machine building, metal products, transport material, paper and food to an equal extent.

The food industry has been among the most dynamic branches in the last decade. There we find innovating companies able to have a footprint in international markets and to stand out the crisis much better than other industries as well as areas in Catalonia with an even higher dynamism, with top-range business groups appearing or consolidating. Four points will serve to have a picture:

► The industry generates 4 billion euros of added value a year (11% of Catalan industrial **GAV**) and is the third most important industrial branch after chemistry and metallurgy and metal products.

► It employs 90,000 people (12% of industry employees), the second industry after metallurgy and metal products.

► There are 1004 companies with a turnover higher than a million euros, i.e. 14.5% of all companies in the industry.

► The number of big companies in the industry is also significant. Of all companies with a turnover above 100 million euros (385), 58 are in the food industry, and so are 114 of those turning over more than 50 million (789).

From an identity perspective, the agrofood industry has some distinctive features that could fit quite adequately into the concept. Firstly, much primary production in this industry comes from the own agriculture (e.g. sweet fruit, dry fruit, oil, wine and pork), thus having a location identity; secondly, many companies in the industry have strengthened the location identity with denominations protecting them, the most common of which are well-known denominations of origin (DO); thirdly, there are genuine business activities at which the industry has strongly



▲ **Miguel Torres** is the most important winemaker operating with the Catalunya DO.

consolidated competitive positions in the Spanish and international market, like dry meat; and finally, there are operations strongly concentrated on Catalonia as is the case of sparkling wine, which despite being a DO embracing several municipalities elsewhere in Spain is largely a genuinely Catalan domain.

**The name *Catalunya* (Catalonia) has been applied to a denomination of origin fostered by the Catalan wine industry in order to have a DO with less restrictions than so far existing local or county DOs. It is inspired in a brand approach similar to the one used in Bordeaux.**

Just to show what identity is able to generate as an attribute of food products, we will point out a business activity in which assimilation between identity and commercial brand is the highest possible. However, some brief points shall be made about a concept that is crucial to set the context for identity: the country of origin.

## Catalunya DO

The name *Catalunya* (Catalonia) has been applied to a denomination of origin in wine since its creation in 1994<sup>4</sup> and full formal consolidation in 2005.<sup>5</sup> Fostered by the Catalan wine industry in order to have a denomination of origin (DO) with less restrictions than so far existing local or county DOs, it is inspired in a brand approach similar to the one used in Bordeaux. A generic DO was created to indicate the area embracing practically all existing DOs in Catalonia, with less restrictive regulations so they could include wine makers wishing to operate with this DO only or together with a local DO, provided they were registered and addressing the market with one single DO.

In 2009, the **Catalunya DO** qualified a total volume of 419,261 hl, of which roughly 50% was

red wine, 40% white wine and 10% rosé. The business of this brand has considerable figures:

- ▶ 10,259 wine growers
- ▶ 49,883 ha registered
- ▶ 222 registered wine cellars

Of all winemakers operating with the Catalunya DO, the most important company is by far **Miguel Torres** from Vilafranca del Penedès. The big sparkling wine makers, **Freixenet** and **Cordoniu**, also use the Catalunya DO for some of their wines.

A total 51 million 0.75 litre bottles with the Catalunya DO label were sold in 2009, most of which (59%) went abroad and 41% to the Spanish market. The main foreign market was the European Union (virtually two thirds of total exports), headed by Germany, the United Kingdom and the Netherlands. Outside the Union, the United States with 2.2 million bottles, Japan with 860,000 and Canada and Mexico with over 600,000 bottles each were the most relevant countries.

The sale of bottled Catalunya DO wines did not stop growing during the decade, moving from 22.5 million bottles in 2000 to 54.5 million in 2008. Sales in 2009 dropped by 6.2% (-10.9% in the domestic market and -2.5% in exports) probably due to the crisis.

Almost 45% of total sales of all Catalan DOs come from the Catalunya DO. Those operating with it believe that from a commercial perspective, it facilitates export as it automatically identifies the origin of the product, strengthening the commercial brand image of the wine more than local DOs, which are difficult to locate geographically for non-experts, particularly abroad. Also, the fact that it is a denomination of origin assures product quality, both in the domestic market and for export. There is no notice that the use of the name Catalonia is a disadvantage in the rest of Spain. As far as tourism is concerned, regarding both consumption while

staying and purchasing, like for export, when a tourist wishes to consume a local wine, he will identify the Catalunya DO more easily than a local one.

All in all, Catalonia has a DO using the name of the country and, being fostered by a part of the production industry, with a positive business volume and dynamics as well as a bright future. Using the country name as a brand is absolutely natural in a market environment; what it needs is to have a good reputation and add value. The case of the Catalonia Denomination of Origin, a

paradigm of value, serves to further explore the possibilities of implementing the Catalonia brand in other areas of the powerful Catalan food industry, other business areas or even more generally to indicate the origin of goods and services.

**45% of total sales of all Catalan DOs come from the Catalunya DO. There is no notice that the use of the name Catalonia is a disadvantage in the rest of Spain.**

#### MODEST GUINJOAN

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<http://www.barcelonaeconomia.com/equip.htm>



#### Notes

1. SCHOOLER, R. D. (1965). «Product Bias in Central American Common Market». *Journal of Marketing Research*, 2(4), p. 394-397.
2. Per a un recull de les investigacions més rellevants en aquest àmbit, vegeu, entre els més recents, el treball de ROTH, K. A.; DIAMANTOPOULOS, A. (2009). «Advancing the Country Image Construct». *Journal of Business Research*, 62, p. 726-740.
3. Vegeu, per exemple, [www.NATION-BRANDING.info](http://www.NATION-BRANDING.info) o [www.futurebrand.com](http://www.futurebrand.com). Aquest darrer elabora els seus rànquings sobre la base de 29 atributs.
4. Ordre de 22 de juny de 1999, modificada per l'Ordre de 12 de desembre de 2000.
5. Ordre ARP/149/2005, d'11 d'abril.