

The role of collaboration in the internationalization of a niche product: The case of “Moscato di Scanzo” wine

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Abstract

Purpose. The research analyzes the case of the "Moscato di Scanzo", a raisin red wine, grown exclusively in a small village, Scanzorosciate, in the province of Bergamo in northern Italy. This wine is a niche product: it is the smallest product with protected designation of origin in Italy. The wine, in fact is produced on an area of 31 hectares with an annual production of only 60,000 bottles (half liter each). The “Moscato di Scanzo” has unique characteristics thanks to the presence of a limestone-marl rock, the “Sass de Luna”, present in this area, which is capable of providing high minerality to the ground. The purpose of this paper is to analyze the role of the consortium in branding a niche product and supporting the internationalization process. In particular, the role of the consortium in extending the value associated with the product and its territorial identity to foreign markets will be analyzed (Balabanis, Diamantopoulos, 2008).

Methodology. A qualitative research approach was selected to analyze the role of consortium. In-depth interviews were used as they were considered useful for an in-depth analysis (Hollenstein, 2005). The units of the of analysis were both the consortium’s managers and the producers (members of the consortium and not).

Findings. The research highlights the pivotal role of the consortium for the future of this niche product. As regards the internationalization, the consortium has to deal with cultural resistances to cooperation among small firms.

Practical implications. From a practical point of view, the study confirms the importance to overtake cultural barriers among micro firms and the importance to diffuse the collaboration to conquer foreign markets

Originality/Value. The study addresses the internationalization attempts for the smallest product with protected designation of origin in Italy.

Keywords

Niche, Consortium, collaboration, internationalization

1. Premise

Renowned throughout the world, the wine sector represents an Italian speciality. As in the other European wine producing countries (including France, Spain, Portugal and Germany), Italy has what is defined as a product-oriented approach to the business in which the typicality and the bond with the territory play a central role (Mattiacci and Maralli, 2007). In particular, Italian wine production is characterised by the strong fragmentation of the producers (ICE, 2014), numbering more than 60,000 companies for a total production of 50 million hectolitres per year, and for the small sizes of the vineyards distributed all over the country.

The research analyzes the case of "Moscato di Scanzo", a red raisin wine, grown exclusively in the small village of Scanzorosciate in the province of Bergamo in northern Italy. The wine is a niche product: it is the product with the lowest production levels to have protected designation of origin in Italy. In fact, the wine is produced on an area of 31 hectares with an annual production of only 60,000 half-liter bottles. The "Moscato di Scanzo" has unique characteristics thanks to the presence of a limestone-marl rock, the "Sass de Luna", present in this area, which enriches the ground with great minerality.

This paper aims to analyze the role of the consortium in branding a niche product and assisting the internationalization process. In particular, an analysis will be made of the role of the consortium in increasing the value associated with the product and extending its territorial identity to foreign markets (Balabanis, Diamantopoulos, 2008).

2. The concept of NICHE

A niche product, like the one analyzed in this paper, presents distinguishing features compared with the generic category of product (Mattiacci and Ceccotti, 2008). Although even today there is still no sole definition of niche, the one most frequently used is that of Dalgic and Leeuw (1994) who define it as «the positioning in small, uniform and profitable segments of the market that are ignored or overlooked by others» (pg. 42). Some authors (Dalgic, 1998; Dalgic and Leeuw, 1994) claim that the diversification of tastes and the consumers' very different preferences favour those companies that are better able to adapt their offer to a fragmented market. In the light of this, companies dealing with a niche market are more able to satisfy the specific demands of select groups of consumers; the result for those companies working in these segments of the market is the possibility of obtaining a *premium price* and, therefore, the chance to achieve high margins unlike others working in the *mass market* which, on the contrary, must aim at achieving high volumes (Kotler, 1989).

An in-depth analysis of the various definitions emerging from the reference literature enables some features to be identified that characterise the positioning of a product on a niche market:

- segmenting the market creatively, focusing in particular on the company's strengths (Hammermesh et al., 1978);
- thinking and acting "small" (Hammermesh et al., 1978), in the sense of offering small production volumes, concentrating on a few customers and avoiding markets with many competitors or dominated by strong competition (for example, Hezar et al., 2006);
- establishing strong and long-lasting relations (Dalgic and Leeuw, 1994);
- concentrating on the customers' needs (Dalgic e Leeuw, 1994);
- safeguarding the company's reputation including by *word-of-mouth* (Dalgic and Leeuw, 1994);
- applying specialisation and differentiation (Dalgic and Leeuw, 1994; Kotler, 1991);
- applying a *premium price* (Dalgic e Leeuw, 1994).

The elements of the intangible type of differentiation are linked to the style, prestige and identity of the brand and, therefore, refer to the non-economic type of buying motives (Phillips and Peterson, 2001).

Furthermore, for those dealing on a niche market, it is fundamental to develop strong and long-lasting relations with the customers and distributors (Dalgic and Leeuw, 1994). The importance of these relational aspects has been further confirmed by a recent study conducted by Hammervoll and other authors (2014) regarding the French wine sector.

3. The role of the consortium and the importance of marketing alliances

One solution for overcoming the structural limitations of companies operating in niche markets, especially the one in question, and which enables them to combine traditional product orientation with customer orientation, is the possibility of implementing marketing alliances, in other words co-marketing activities (Cherubini and Iasevoli, 2000), namely performing marketing activities together with other public or private entities.

This work concentrates mainly on horizontal alliances where collaboration is noted amongst actual *competitors* (Dagnino and Rocco, 2009), producing what is defined as *coopetition*. As Kanter (1994) suggests, cooperative relations represent a sort of *corporate asset*.

The wine-producing companies decided to create and experiment a voluntary alliance by setting up the protection Consortium, not only for the purpose of achieving the aforementioned protection, but also to promote the product more decisively. The protection Consortium, which today consists of 18 wine producers, was set up in 1993 as the transformation of the Association of Moscato di Scanzo Producers founded in the early 1970s. The first phase of operations of the protection Consortium undoubtedly focused on protecting the product and on the formal acknowledgement of its qualities.

In some cases, the work performed by the Consortium to obtain the Designation clashed with the lack of cultural and economic preparation on the part of some of the smaller businesses which, lacking the necessary production resources and being unused to working according to the standards imposed by the designation, were no longer able to produce wine and limited themselves just to growing and selling their own grapes. The need to safeguard the quality of the product led to a reduction in the number of producers.

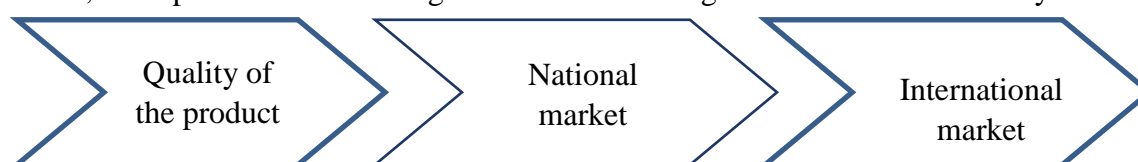
4. Methodology

A qualitative research approach was selected to analyze the role of the consortium. In-depth interviews were used as they were considered appropriate for an extensive analysis (Hollenstein, 2005). The units of the analysis were both the consortium's managers and the producers (members and non-members of the consortium).

In particular, the case study method was chosen as an approach considered to be effective for understanding the dynamics and the processes within a given social context (Siggelkow, 2007) and to investigate in-depth opinions, perceptions and ways of thinking with reference to a particular topic (Miles and Huberman, 1994). On a practical level, the information and data necessary for analyzing the case were gathered by means of direct interviews with the Chairman of the Consortium, the Mayor and 15 producers of Moscato, by analysing articles from local newspapers and magazines, by following the producers' websites and by direct observation during the organized events.

5. The Moscato di Scanzo producers of the territory

From the interviews, it emerged that after an initial phase focused on the strict rules of production, the Consortium's activity was directed towards promoting the product first beyond the provincial borders (in which it had been confined until a few years ago) and then towards broader geographical horizons. Of the most significant stages, mention should be made of the events organised in Milan in 2013: one which met with great success was an event at the Trussardi della Scala restaurant, and then other events were arranged in the capital involving some leading figures from Rome's culinary circles. After two years dedicated to the national market, the Consortium's activity was then directed towards the more promising overseas markets, especially China, Brazil and the United States. In brief, three phases can be distinguished characterizing the Consortium's activity.



The idea underlying the Consortium's activity is to act on the members' awareness and sense of belonging in order not only to map out a marketing route, but also to create a set of shared ideas regarding the product's place of origin.

6. The producers' point of view of internationalization

The consortium's role may be crucial for the development envisaged by the second line of operation. In order to complete the picture concerning the approach towards internationalization and to integrate the facts emerging from the meetings with the Chairman of the Consortium, 15 interviews were held with producers of Moscato di Scanzo to obtain first-hand information regarding:

1. how the approach to international markets started
2. percentage of turnover linked to overseas markets
3. main export markets
4. main marketing intermediary distribution channels used

The following companies were interviewed:

COMPANY	OFFICIAL YEAR OF FOUNDATION
De Toma	1997/98
Cerri	1976
Pagnoncelli Folcieri	1962
Biava	1988
La Berlèndesa	1985
La Fejoia	2003
Daldossi	1982
La Rodola	1992
Locatelli Caffi	--
La Corona	1995
Cascina del Francès	1970
Magri	1992
Il Cipresso	2003
La Brugherata	1984
Celinate	1988

The number of hectares dedicated to the production of Moscato di Scanzo:

Hectares dedicated to the production of Moscato di Scanzo DOCG	
<1 ha	Cerri, Daldossi, La Corona, Magri
1 ha	Pagnoncelli Folcieri, Biava, La Berlèdesa, Locatelli Caffi
1.5 ha	Brugherata, La Fejoia, La Rodola, Il Cipresso
2.5 ha	De Toma, Cascina del Francès
5 ha	Celinate

It appeared that companies operating on international markets first approached them through participation at exhibitions, the main ones being Vinitaly and Prowein, in Germany.

Of the companies interviewed, four out of fifteen realise between ten and twenty percent of their turnover on international markets, five receive sporadic orders, while four have never sold their product outside Italy.

The countries to which Moscato di Scanzo is exported are, in order of turnover, Great Britain, Germany, Holland, Spain, Switzerland, the USA and China.

As far as the various channels are concerned, we find intermediaries/importers, medium-high range restaurants, e-commerce, as well as awareness through acquaintances and/or WOM.

7. Findings

The research highlights the pivotal role of the consortium for the future of this niche product. As regards internationalization, the consortium has to deal with cultural resistance to cooperation among small firms.

The other driving force is represented by the town council with the Mayor and the councillors being involved personally as a result of their awareness of the potential and importance of the product. Examples of their involvement are the organisation of the “Festa del Moscato” (in September) and, even more, the setting up of the “Associazione Strada del Moscato di Scanzo e dei sapori scanzesi”, an association whose intent is to promote all the products made within the municipal area (oil, honey, Moscato di Scanzo based products, etc.).

The question of internationalization remains open and the availability of funds becomes crucial in order to give even greater visibility to the product and the territory abroad.

In view of the above, two alternatives can be discerned that are also linked to the type of “micro company” producers and to the nature and character of the Bergamask people who are often keener to “go it alone” rather than create alliances and synergies with colleagues of the territory, a line of action which has been far more widely developed in nearby Franciacorta (Brescia).

One alternative sees the confirmation of the excellence of the product, addressed to a local market, supported by word of mouth and encouraged by events organised in its favour.

The second alternative is to choose to follow a path of internationalization (which is complementary to the one above), seeking greater visibility using instruments linked to the world of social media in order to drive traffic to the consortium’s website and to those of the producers. The organoleptic qualities of the product, its particularities and its distinguishing taste are of an outstanding level and worthy of being appreciated by consumers, but such consumers must first be given the opportunity to discover the product and then be able to locate it.

In view of the limited quantities of wine available, the “world” market may become too great in too short a time with the risk of upsetting the positioning of the product which could

become even more of a niche product, at very high prices and almost or totally inaccessible to its current (and long-standing) customers.

It is hoped that, besides the continued collaboration between the consortium and the municipality, that operations will concentrate more on raising funds destined for international communication.

From a practical point of view, the study confirms the need for micro firms to overcome cultural barriers as well as the importance of encouraging collaboration in order to conquer foreign markets.

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