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**SUCCESSFUL SOCIAL
MEDIA AND ECOMMERCE
STRATEGIES IN THE WINE
INDUSTRY**

Edited by

**Gergely Szolnoki, Liz Thach
and Dani Kolb**





Successful Social Media and Ecommerce Strategies in the Wine Industry

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Successful Social Media and Ecommerce Strategies in the Wine Industry

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SUCCESSFUL SOCIAL MEDIA AND ECOMMERCE STRATEGIES IN THE WINE INDUSTRY

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1

Current Status of Global Wine Ecommerce and Social Media

Gergely Szolnoki, Liz Thach, and Dani Kolb

Abstract: *In this first chapter, the editors focus on the basics of social media and ecommerce. It deals first of all with the definition and the history of social media and ecommerce in the wine industry. Second, it describes in detail the current situation worldwide—based on the literature overview about wine social media as well as ecommerce—and analyzes the importance and the role of this modern platform in the wine business. In addition, this chapter also contains a short case study on the difference between Facebook friends and non-Facebook friends of a winery.*

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Introduction

The concept of ecommerce burst upon the world in the mid-1990s when the Internet became a viable option for the everyday consumer. Since that time ecommerce has grown exponentially, achieving \$1.4 trillion in worldwide sales in 2014, and with estimates of \$2.3 trillion by 2018 (eMarketer, 2014). However certain consumer products, such as wine, have been more challenged in achieving strong ecommerce sales. This is due to a variety of reasons, including strict shipping regulations of alcohol, the need to maintain a temperature controlled stable environment so the wine is not damaged, customer signature requirements, and higher shipping costs.

Despite the challenges, many wine producing countries have managed to find solutions to selling wine online. One study (Bressolles, 2015) illustrates that in 2014 global online wine sales reached 5 percent of all wine sales totaling \$6 billion in revenues. Of this, China achieved the highest online wine sales at 20 percent, followed by the UK at 11 percent, France at 9 percent, and the US at 4 percent.

This chapter explores the current status of global wine ecommerce and social media, beginning with key definitions for the wine industry. This is followed by a brief history of wine ecommerce and social media and some current statistics. Next the chapter explores return on investment as well as benefits and challenges of implementing wine ecommerce. It concludes by describing a few examples of global best practices and future issues.

Definitions for the wine industry

According to Grandon/Pearson, ecommerce can be defined as ‘the process of buying and selling products or services using electronic data transmission via the internet and the www’ (Grandon and Pearson, 2004). Access to the Internet has grown considerably over the years, and in 2015 around 40 percent of the world population has an Internet connection (Internetlivestats, 2015), this means more people have the opportunity to purchase online. Also the wine industry looked at the opportunities to sell their products via the Internet.

In 2004 the term ‘Web 2.0’ was first utilized to outline a new way in which software developers and end-users started to utilize the World

Wide Web. This meant that content and applications were no longer generated and published by individuals, but rather were adjusted by all users in a participatory and collaborative way. 'Web 1.0' consists of applications such as personal web pages, Encyclopedia Britannica Online, as well as the concept of content publishing. On the contrary the idea of 'Web 2.0' consists of collaborative projects, which are blogs, wikis, and collaborative projects in 'Web 2.0' (Kaplan and Haenlein, 2010).

Social media is defined as 'a group of internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content' (Kaplan and Haenlein, 2010).

'Web 2.0' is also often described as the basic platform for the development of social media (Kaplan and Haenlein, 2010). The terms 'Web 2.0' and 'social media' are directly linked and are in fact interdependent (Berthon et al., 2012).

'Web 2.0' and social media have changed the way of communicating from monologues (one-to-many) into dialogues (many-to-many) (Pitt et al., 2011) and according to Falls and Deckers (2012) even into a multi-logue, since now consumers can communicate with companies, companies can communicate with customers, and customers have the option of interacting directly with other customers, prospective customers, and in general the public community (Falls and Deckers, 2012).

Based on software terminology 'Wine 1.0' refers to wineries that showcase on the Internet with a basic brochure-style website that includes background on the winery, its product offerings, contact details, and maybe a simple online shop, which focuses on the transaction so that visitors can place an order for wine. Another characteristic for 'Wine 1.0' websites is that they are not interactive, meaning users do not have the ability to leave comments or submit reviews and the entire communication is one way (Thach, 2009).

In contrast Olsen and Hermsmeyer (2008) define 'Wine 2.0' as using the Internet to engage with wine consumers on their terms, in a time and manner of their choice. The tools used for this are social networking sites, blogs, video sites, message boards, as well as other ways to encourage user-generated content (Olsen and Hermsmeyer, 2008). 'Wine 2.0' is marked by offering all the characteristics of 'Wine 1.0' and then adding two-way communication components on top (Thach, 2009).

One industry in which social media has had a large impact is wine. This is because wine is an 'experience good', in that most consumers do not

know what to expect from a wine before they consume it, and therefore seek advice from experts and friends before purchasing (Storchmann, 2011). In addition wine is a product full of emotions, meaning that people consuming it have an opinion, which they are willing to share with others (Szolnoki et al., 2014). Hence social media has become increasingly important as a means to seek and deliver wine feedback.

The Internet provided marketing departments with additional digital communications tools, such as database and telemarketing, email, Internet marketing, digital TV, and mobile marketing. Also the wine industry has increased its use of these digital wine marketing tools in both inter- and intra-customer communication (Quinton and Harridge-March, 2003).

Brief history of wine ecommerce and social media

In the late 1990s the ecommerce boom in the agriculture sector started and the amount of websites that offered marketing services in the agricultural sector grew rapidly (Mueller, 2001). But many of these businesses—as in other industries—had no business model and hence they were not profitable and failed (Williams, 2001). Research of the ecommerce readiness of wineries in Australia, California, and Germany showed that in 2003 wineries in California had focused on selling wine via their online shops, whereas the Australian and German wineries still concentrated on provided information about the winery and its wines. In addition the study also highlighted the different reasons for ecommerce adoption. These include the availability, quality, and prices for Internet services, the PC and Internet diffusion among the wineries as well as the sales and transaction costs. It is also important to note that in these three countries the transportation costs vary significantly for wine and in some countries internal regulations create barriers to ship wine. Furthermore the industry structure plays an important role, that is, if wine merchants are marked by consolidation in a specific country (Stricker et al., 2003). From the consumer perspective, trust is another key element when shopping online for wine (Quinton and Harridge-March, 2008).

Early research in 2001 by Thach and Eaton (2001) showed that US wineries have embraced 'Wine 1.0' to a great extent. With regards to 'Wine 2.0' components another research was conducted in 2009, which showed that among US wineries these were not very evident on their