BRAND POSITIONING

The case study of Castello Banfi in Hong Kong

GROUP 2255

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**ABSTRACT**

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<td>Brand Positioning: <em>The case study of Castello Banfi in Hong Kong</em></td>
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<td><strong>Problem:</strong></td>
<td>What should be a position for Castello Banfi brand in Hong Kong market?</td>
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<td><strong>Purpose:</strong></td>
<td>Theoretically, the main purpose of this paper is to study the approach to the positioning of a brand. Practically, the case study of the Banfi brand in Hong Kong market will be studied. Attempts will be made throughout this work in order to identify which position Banfi brand has to achieve for its competitiveness in Hong Kong, and so, the result of the project will be of practical use to the company.</td>
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<td><strong>Methodology and Methods:</strong></td>
<td>The realist stance will be used to conduct the study. Concerning the data sources, various sources of data have been used. Questionnaire and interviews were used as primary data to collect information about Castello Banfi and its situation in Hong Kong market, as well as the customer needs in Hong Kong. Secondary data, such as online journal, company's annual report, and websites are also used to collect information regarding the Italian wine industry, the company and its competitors. Secondary sources like literature are also used for referencing theories and concepts. The main research model is adapted from Kapferer's. Main concepts are Brand Positioning, Brand Identity.</td>
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**Conclusion:** The positioning of the brand is formed with the study of three main factors which are the competition environment, the target market, and the benefits the brand stands for.

Positioning a brand in a specific market is not only to strengthen the distinctive features that the company has to differentiate from the competitors, and also appealing to that market, but it also has to be aligned with the Brand Identity of that brand.

In Banfi’s case, it can be concluded that by strengthening the ‘high-class wine consumers’, ‘Tuscan experience’, and ‘value for money’ in the positioning of Banfi, the brand is promising to gain competitive advantage in the market.

**Key words:** Castello Banfi, Hong Kong, brand positioning, brand identity, wine.
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1. Introduction

Kotler (2003, p. 308) says that Marketing strategies are based on three principal constituents: the segmentation, the targeting and the Positioning. The first two involve respectively the identification of different groups in the marketplace and the choice of one or more of those groups. Even though they are fundamental in the marketing strategies, our interest has been led on the third constituent, the positioning.

Positioning involves the creation and maintenance of a brand distinctive position in the mind of the target market. (Kotler, 2003, p. 309)

A strong brand positioning allows a brand to gain competitive advantage over its competitors, which means that the customers will have a stronger awareness of the product category that the brand is associated with. As a result, when the customers think about a certain type of product, that brand will emerge.

Moreover Kotler (2007, pp. 5-6) states that the main marketing aim is to create and to maintain a long run relationship with the customers; in order to achieve this objective, the creation of a strong brand position, it is thought to become the most important and interesting of the three marketing strategy constituents to study.

In order to do research for the positioning, the case study of the Italian wine producer Castello Banfi in the Hong Kong market has been used. The choice has been led firstly by the fact that the company is one of the strongest representatives involving in the renaissance of the Italian wine industry both in Italy and abroad of the last 20 years and secondly by favorable conditions of Hong Kong market in the terms of wine business.

Banfi has been providing 13 different kinds of wine in the last 20 years, but, as for each country it approaches for the first time, the company decided to enter that market through a middle distributor that could fit with their vision and characteristics, since local distributor should have a good knowledge of the market (P.I.¹, Maralli, 9 April 2009). The same situation happens to Hong Kong market without studying how to

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¹ Personal Interview
position their brand. That is why in the dissertation, the term “brand positioning” has been used for the Banfi brand in Hong Kong market, instead of “brand re-positioning”.

Finally, the thesis, basing on the case study of Castello Banfi, attempts to give practical recommendations for all the organizations willing to approach their positioning in a foreign market, although the dissertation has not focused on the subsequent steps of the founded positioning, which are its evaluation and communication to the target market.

1.1 Italian Wine Market and the Company

In the last 30 years the Italian wine has faced a strong business revitalization, which does not have any precedent among the Italian food products. This revitalization not only involved the Italian wine industry but also the rest of the world (Mattiacci and Zampi, 2004, p. 1). According to expert Maralli, the Italian wine has passed from an absolutely negative perception to a new and positive connotation, putting itself as the ambassador (in value) of the “made in Italy” food in the world. (Appendix 1)

It is possible to see this business revitalization comparing the changing in the consumer’s consumption habits during the twentieth century. (Appendix 1) (Mattiacci and Zampi, 2004, p. 1)

Banfi is a wine producer in Italy from 1978. It is a family-owned vineyard estate in the Brunello area in the region Tuscany, Italy. Apart from the estate, the family of Banfi also owns a number of other vineyard estates in Piedmont region, Vigne Regali and Principessa Gavi. (Castello Banfi Montalcino website)

Banfi is the property of the Mariani family which has been successful in the last 30 years to establish and consolidate the Banfi brand all over the world and to promote the art of Italian winemaking. The Mariani family started Castello Banfi in 1978 and during the years has assembled an estate of 7.100 acres (2830 hectares); the vineyard covers 1/3 of the entire property. (Castello Banfi Montalcino website)

Castello Banfi has been producing and providing almost 30 different kinds of wine including Brunello di Montalcino (The Brunello of Montalcino), which was ranked the eighth in the top 100 by Wine Spectator in 2005 (Castello Banfi website). These 30
products that the company produces cover the price ranges from €10 to more than €100 per a wine bottle. The company has a capillary distribution in more than 80 countries in the world and is expanding really fast in Europe and Asia: (Maralli, 2009, p.21)

- North America (43% of sales share)
- Latin America (2% of sales share)
- Asia/Pacific (4% of sales share)
- Europe (15% of sales share)
- Italy (36% of sales share)

1.2 Background of Hong Kong market

Hong Kong has been known as a special administrative region of China since July 1997. The region is given high degree of autonomy from China in all fields except foreign and defense affair (www.cia.gov). China and Hong Kong are also geographically close to each other; nonetheless in terms of business, mentality, and lifestyle, they are in two different worlds (P.I., Fassina, 21 April 2009).

Placing Hong Kong in the overview picture of the Asian, the differences can be emerged. As Castello Banfi manager of Asian region has mentioned, Hong Kong, together with Japan and Singapore, is one of the most mature markets in Asia, just more sophisticated when it comes to wine business. “The difference with China is that while Chinese has been drinking <wine> for 2 years, Hong Konger has been doing that for 20 years”. (P.I., Maralli, 9 April 2009).

These are a number of reasons that made Castello Banfi, after 20 years in Hong Kong market, want to sell not only their wines, but also their brand. Hence, the company’s priority is to be in the best positions, which are the finest restaurants in the market. Although retailing is also a channel of sales for Banfi in Hong Kong, “80 – 90% of the business is inside the traditional channel of food and beverage – freelancing Italian restaurants and Italian restaurants belonging to some five-star-hotels where food products and beverage from Italy are provided exclusively” (P.I., Fassina, 21 April 2009).
Some examples of these can be named, such as Four Seasons hotel, Mandarin hotel, Isola, Nicholini, Cinecittà Italian restaurants… (P.I., Fassina, 21 April 2009)

Hong Kong is an important business area for the wine industry because it is the world’s leading financial capital. Its economy lives fundamentally on finance companies, investment companies and society of import/export. The customers there are richer, more sophisticated and cultured than the Asian corresponding. Another factor, which also makes the market important, is that it has become a free tax area. Furthermore, according to the annual report of Castello Banfi in 2007, the sales percentage of the company increased by 60%, in that year, in the Asia market. Castello Banfi, after choosing their distributor there and nominating the new manager for that country, wants to understand which position they have to achieve to be competitive in that market.

Positioning is about accessing how customers perceive a brand among its competitors. Thus, in order to identify that brand positioning, the scope of this thesis will focus mainly on the study of Banfi’s competition environment and the target customers’ needs in Hong Kong. Concerning the rivalry situation, after the interview with the Worldwide Sales and Marketing Manager of Castello Banfi, the main competitors of the company in the market have been identified as the firms that provide wine products with very similar characteristics. They come from the same area of Italy – Tuscany – and they are Antinori and Frescobaldi. To study the competition environment that Castello Banfi has, the research will focus mainly on the comparison of different factors between Banfi and their two competitors. Regarding the company’s target market, as Castello Banfi in Hong Kong has the target customers of high income and since the main channel of sales of Banfi in Hong Kong is through the finest Italian freelancing and hotel restaurants (restaurants providing exclusively food products from Italy), the thesis will focus on the customers there. (www.cia.gov) (P.I., Maralli, 9 April 2009).

1.3 Purpose and problem statement

Theoretically, the main purpose of this paper is to study the approach to the positioning of a brand. Moreover, so as to make it practical, this study has been accomplished based on the case study of the Banfi brand in Hong Kong market. Due to the potentiality and
attractiveness of the market, the company Castello Banfi is willing to position their brand so that it can be competitive in Hong Kong market. Thus, attempts have been made throughout this work in order to identify which position Banfi brand has to achieve for its competitiveness in Hong Kong, and so, the result of the project can be of practical use to the company on the completion of the research.

1.3.1 The practical strategic question

The strategic question of the project is: “What can be a position for Castello Banfi brand in Hong Kong market?”

1.3.2 Research questions

In order to give the answer to the strategic question, a number of research questions are come up with, including:

“What is/are Castello Banfi brand’s essential difference(s) compared to the competitors’ brands and products in Hong Kong market?”

“What are Hong Kong customers’ needs and wants in wine products?”

“What is the brand identity that Castello Banfi has?”

1.3.3 Target audiences

This research work has been written to serve the requirement of the Master program in International Marketing of Mälardalen University, Sweden. However, the target audiences that the authors aim to, which is much wider than the university area, can be scholars, students, or everyone who are interested in the field of brand positioning, or in marketing in general.

Moreover, as it has been stated as the purpose of the thesis, the authors will make attempts to contribute in a thorough work that the company – Castello Banfi – can use it to promote Banfi brand in the Hong Kong market when the thesis is done.
1.3.4 Limitations

During the research process, two main factors have been found as limitations to the development of the work. First of all, the geographical distance with Hong Kong has affected the conduction of the survey. In particular the distribution of the questionnaire, the collection and sending of the raw data have to be entrusted to an external person, in this case, it is the area manager of Banfi (Paolo Fassina) who is working in Hong Kong. The second issue we incurred concerns the limited disposable time for conducting the research. For this reason the thesis will focus only on giving recommendations to Banfi to achieve the best position in Hong Kong market, without evaluating that position.
2. The Conceptual Framework

In order to reach to the answer of the strategic question of the thesis, an important thing to do is to elaborate a good model of analysis. Hence, attempts have been made to search for the most relevant literatures so as to find related theories, concepts, and models. These secondary sources have provided references, and thus, helped to form the theoretical corner-stone for the thesis work. The main references can be named as follow.

The first to mention is *The new strategic brand management* by Kapferer (2008). This book can be considered as an up-to-date literature that contains a great deal of knowledge regarding the brand management, and brand positioning, which are very relevant to our study field. Moreover, the book provides several examples regarding the wine industry, which allows much easier understanding and can be used as a very good reference. The research model of this thesis is also elaborated based on this literature.

Secondly in order to get more information regarding the concept of brand positioning from another point of view, the book *Marketing Management* by Kotler (2003) has been used. The book gives a number of insights from other Marketing experts and provides information regarding the development of a positioning strategy.

Other three books have been used for some minor parts in the thesis work. The first one is the *Managing Brand Equity: Capitalizing on the Value of a Brand Name* by Aaker (1991), the second one is *Service Management and Marketing: Customer Management in Service Competition* by Grönroos (2007) and the last one is *Principi di Marketing* by Kotler and Armstrong (2007). This last book is originally English, but it is an Italian translated version that has been used.

2.1 The research model

According to Kotler (2003, p. 308), “positioning is the act of designing the company’s offering and image to occupy a distinctive place in the mind of the target market. The end result of positioning is the successful creation of a customer – *focused value proposition*, a cogent reason why the target market should buy a product.” Moreover, Ries and Troute (2001, p. 3) also stated that “positioning is not what you do to a product.
Positioning is what you do to the mind of the prospect. That is, you position the product in the mind of the prospect.”

Positioning the image of a company requires the company to consider a number of aspects around it. The four main subjects of those, which will be studied in this thesis, will be the competitors, the customers, the benefits of the brand, and brand identity.

![Diagram of Brand Positioning]

**Figure 1: The research model of Brand Positioning**

*Source: Adapted from the model “Positioning a Brand” by Kapferer (2008, pp. 176)*

As can be seen from the model, the company’s brand positioning is affected by the rectangle of three factors formed by three questions: “For whom”, “Against whom”, and “Why”. Each question is raised in order to find the answers, which respectively are: (Kapferer, 2008, p. 175)

- Who does this brand built for? This refers to the target customers with their needs;
- Who does this brand built against? This involves the consideration of the competition aspect, the identity of the main competitors with their strengths and weaknesses;
- What benefit the brand stands for? In other words, it is regarding to the brand promise and consumer benefit.

Approaching to the answer of these questions, a company should generally process two stages to position its brand. Firstly, the company should define a “competitive set” to which the brand is likely to be associated and compared. Then, the second step is to “indicate the brand’s essential difference /.../ in comparison to the other products and brands of that set” (Kapferer, 2008, p. 176). Competitive set can be understood as a comparison of the features, characteristics and such, of the competitors which are relevant to the company’s products and services. Basing on that comparison, different approaches to positions can be reached. The position that the company should choose is likely to allow the differentiation that the company can make compared to other brands. (Kapferer, 2008, p. 176)

The answers to these questions will then be verified with the Brand Identity to see whether the Brand Identity of the brand supports the upcoming answers, so that the content of these answers can be placed and emphasized in the Brand Positioning.

2.1.1 The positioning formula

The positioning formula will be used at the end of the analysis section of this thesis research to define the Brand Positioning of the brand in the case study.

According to Kapferer (2008, p. 175), to position a brand is to emphasize the distinctive characteristics that make that brand different from its competitors, and at the same time, appealing to the public. This position can be identified when the answers to the four questions are found. The content of the answers will then be selected and placed into relevant blanks of the positioning formula, so that the positioning of the brand can reveal the competitive strength of the brand, and by that help the brand to achieve a more competitive position in the market. The positioning formula is defined as follow:
For ...1... (definition of target market)

(A brand) is ...2... (definition of the frame of reference and subjective category)

Which gives the most ...3... (promise or consumer benefits)

Because of ...4... (reason to believe)

**Table 1: The positioning formula**

*Source: Kapferer, 2008, p. 178*

The above blanks will be filled in with the three facets of the rectangle, which are the answers of the three “Why”, “For whom”, and “Against whom”. In the formula, the target market to be filled in will be the buyers or potential consumers. The frame of reference, on the other hand, “is the subjective definition of the category, which will specify the nature of the competition” – the ‘field of battle’ (Kapferer, 2008, p. 178). The third point states the difference that can create the preference and the selection of a decisive competitive advantage (Kapferer, 2008, p. 178). This can be communicated in a promise, or a benefit that the brand stands for. Lastly, the ‘reason to believe’ can be understood as the reinforcement of the promise or benefit.

However, so as to differentiate the brand, the selection of what information to be put into the vacancy has to be taken into consideration. For example, after doing research following the factors within the rectangle, it may be found that there are different groups of customers and needs to be served (For whom?), various benefits that are expected (Why?), and so on. In this case, the ideal selection is the collection of one target group, one need to be fulfilled, with promising benefits, and reasons to believe that integrate one another. By doing that, the final positioning approach will emerge.

**2.1.2 Brand Identity**

Branding is a concept which originally meant to choose a product and to provide it with particular features by the use of a name, advertising and packaging (Lewis & Littler, 1997, p. 9).

“The American Marketing Association defines a brand as: a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller
or group of sellers and to differentiate them from those of competitors”. (Kotler, 2003, p. 418)

However the brand cannot just be considered as a logo or symbol but as the idea which leads the formation of a product or service under a particular name. The brand is a promise given to customers regarding the particular features, benefits and services which a product will deliver (Kotler, 2003, p. 420). It is essential that a marketer decides the vision of what a brand has to be and do. This vision, the belief and the values of a brand, form the Brand Identity (Kapferer, 2008, p. 171). “A brand identity /.../ provides direction, purpose, and meaning for the brand. It is /.../ the driver of /.../ the brand association²”, which is “the heart and the soul of the brand” (Aaker, 1996, p. 68).

Summarizing, the brand identity can be defined as the image of a product/service which a company wants to create in the customers’ mind (Grönroos, 2007, pp. 330-331). The Brand Identity in this case will be the brand identity that the company has set in general. It will then be used as the last verification, after “Why”, “For whom”, and “Against whom”, to identify the positioning of Banfi brand in Hong Kong.

To come to the definition of the brand identity, the following questions have to be answered:

<table>
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<th>Table 2: Questions to identify the Brand Identity</th>
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<td>Source: Kapferer, 2008, p. 172</td>
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² Definition: Level of consumer’s awareness regarding a specific brand and its general product category. (Aaker, 1991)
2.1.3 The Adaptation of the Theories

As having stated, the research model of the thesis is the adaptation of the original one – the “Positioning Diamond” by Kapferer (2008, p. 172). Since the changes may unwillingly cause confusion to the readers, we will attempt to give clear explanation for such adjustment.

The main alteration between the two versions is that the forth element in the original model of Kapferer (2008) (Appendix 7) – “When” – which refers to the occasion when the brand will be consumed – has been deleted.

There is a twofold reason supporting this choice. First of all, the answer to the “When” question has obviously been found at the beginning of the research, and has been treated as not relevant to the research. This thesis has taken into consideration just the customers in Hong Kong who consume wines “away from home” (Vinery, Restaurants, etc...) (P.I., Maralli, 9 April 2009). Hence the occasion when the company expects its wine to be consumed in Hong Kong is dinner, lunch, degustation, etc... in the restaurants.

The second reason is more theoretical and it includes the concept of brand identity. Kapferer (2008, p. 178) points out that “Identity expresses the brand’s tangible and intangible characteristics – everything that makes the brand what it is, and without which it would be something different. Identity draws upon the brand’s roots and heritage – everything that gives it its unique authority and legitimacy within a realm of precise values and benefits”. Thus the brand identity allowed us to identify the reasons behind the brand claimed benefits and the reason why a customer should believe the promise done by this claimed benefits.

Hence, although it has been stated in literatures, like Kapferer's (2008), that Brand Positioning is a part of Brand Identity, it can be viewed differently from the research model of this thesis. That is, the Brand Identity is one of the factors that lead to the final Brand Positioning. It is not that the thesis authors have any different understanding, or disagreement, it is just for the relevant adjustment. Here, the general Brand Identity of Banfi will be used, as the last element after the other three, to identify and verify the positioning of the brand, so as to see if the Brand Identity of Banfi supports the suggested positioning of the brand.
In order to achieve relevant information regarding the field of Brand Positioning and the wine business in Hong Kong market, research through the University Library databases and internet has been done. Unfortunately the investigation did not lead to a big number of previous studies.

Nevertheless a Master thesis has been found at the beginning of this thesis research process. The title of this paper is *Positioning, Communicating and perceiving a brand abroad, Company and Consumer’s perspectives of Barilla in Sweden* by Nobili and Bicocchi (2008) and it was thought to be a reliable reference for the relation in the interested subject – Brand Positioning – and because it is related to the positioning of an Italian-food product brand abroad (Barilla).

Moreover in order to understand how to operationalize the research model, other studies using a similar one, have been assessed. The first one is a Thesis titled *Positioning and brand personality within research charity organizations* by Bodin and Odby (2008), the second one is another Thesis titled *Brand strategy in the Swedish banking industry, a comparative study of Nordea and SEB* by Algotsson et al. (2008), and last one a Thesis titled *Corporate Brand Positioning* by Tadevosyan et al. (2008).
3. Methods and Methodology

In this project, the realist stance has been used to conduct the study. As stated by Fisher (2007, pp. 41-42), realist researchers, by using both qualitative and quantitative data, attempt to solve problems by breaking them into their essential constituents and studying the relationships among those constituents. The constituents in our research are concerning the competition environment, the target market, and the company itself. More information will be provided in the following subsections.

3.1 The choice of collecting data

In this project, primary data and secondary empirical data are both going to be collected to support the analysis. The use of these two types of data allows the researchers to have an overview of what have already been studied on the related issues, and at the same time, update latest information and also provide further general suggestions regarding the issue that has been studied. Moreover, data from second sources like literature and textbooks will also be used for the search of related concepts and theories.

Most of the secondary empirical data to be used are internet websites, online journal articles, and the company’s annual report. These sources provide us with the articles regarding the interested subject of the thesis. Furthermore, basic information of the chosen company and its competitors can be found from internet websites.

Primary data in this project are interviews to the managers of Castello Banfi, and information collected from questionnaires sent to Castello Banfi’s business customers which are a number of hotels and restaurants in Hong Kong.

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<th>Source of data</th>
<th>Secondary empirical data</th>
<th>Primary data</th>
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<td>Concepts</td>
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<td>Brand Identity</td>
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<td>Hotels and restaurants (Questionnaires)</td>
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3.1.1 Primary data collection

As mentioned earlier, the primary data used in this thesis are interviews to the managers of Castello Banfi and questionnaires sent to a number of the company's customers. These two sources provide respectively qualitative data and quantitative data to support the analysis of the thesis. The details of these are going to be discussed in the following parts.

3.1.1.1 Interviews

There have been two interviews conducted with Castello Banfi’s representatives. The interviews are semi-structured, in which the interviewers ask questions regarding the issues and topics expected to be covered by the respondents (Fisher, 2007, p. 159). These respondents are the Worldwide Sales/Marketing Manager of Castello Banfi Ltd., named Rodolfo Maralli, in the first interview, and the North East Asia Manager of the company named Paolo Fassina, in the second one. The first interviewee was chosen for general information of the company and the Italian wine industry. The second interviewee, on the other hand, was selected so that more specific information of the company in Hong Kong market can be collected. This information includes the customers, the competition environment, the channel of sales, and so forth. The interviews took place on April 9th and April 21st, 2009.

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<th>Main competitors</th>
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<td>Target customers</td>
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<td>Target customers’ needs</td>
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</tr>
<tr>
<td>Company’s features</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

Table 3: The matrix of research methods

Source: Author's elaboration

<table>
<thead>
<tr>
<th>Main competitors</th>
<th>X</th>
<th>X</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive set</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Target customers</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Target customers’ needs</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Brand’s benefits</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Company’s features</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>
To collect information regarding how the company operates abroad, the Worldwide Sales/Marketing manager has been asked 3 questions which can be found from questions number 1 to 3 in the Appendix 3. These questions are designed to understand what the company has to do when they enter a new market, the importance of the distributors and the relationships they establish with the company, as well as to know the background motivation that supports the decision of brand positioning.

To assess the brand identity, instead, we have used 6 questions. These questions are directly indicated by Kapferer (2008, p. 172) for the definition of a company’s brand identity, which have been stated in Table 2 – Questions to identify the Brand Identity - and can also be found from questions number 4 to 9 in the Appendix 3.

In order to indentify the positioning of the brand, 3 other questions were asked. The questions have been taken directly from the indication of Kapferer (2008, p. 175) represented by the Figure 1 – The research model of Brand Positioning – in the theoretical framework and can be found in questions number 10 to 12 in the Appendix 3. These questions are to understand the benefits that are promised in the brand, the group of customers that the brand targets to in Hong Kong and the competition environment that the brand takes part in.

In order to understand the occasions the company expects its wines to be consumed in Hong Kong, one question has been asked and it is the question number 13 of appendix 3.

After the general information regarding the brand and the company has been achieved, more information about the situation that the company is having in Hong Kong market needs to be collected.

In order to gather the information about the channels of sales of the company in Hong Kong market, 3 questions, which can be seen in the first three questions of the Appendix 4, have been raised. These questions are designed to identify the sample size\(^{3}\) and the

\(^{3}\) See further 3.1.1.2
sample frame⁴ that are suitable for the questionnaire and to understand if there is a
difference in the level of importance of hotels and restaurants in selling the wine.

The interviewee has also been asked to give some suggestions for the questionnaire that
is going to be sent to a number of hotels and restaurants. These questions, which are
named with number 4 to 6 in Appendix 4, are to understand the factors involving in the
competition – competitive set – between Banfi and its competitors, the level of those
features in the competition which will be used in the questionnaire, and also to
understand the factors involving in the decision of a customer to purchase and consume
wine.

Then, 3 other questions, the last ones in Appendix 4, have been asked to collect the
information regarding the competition environment with more details for Hong Kong
market.

3.1.1.2 Questionnaire

The main purposes of the questionnaire are, firstly, to understand the competitors’
features, weaknesses and strengths, and secondly to anticipate customers’ needs and
expectations so as to adjust with the brand positioning in the future.

Questionnaire design

Fisher (2007) has suggested a number of principles in designing questionnaire so as to
be the most effective. These points have been considered as very relevant to the purpose
of the questionnaire in the thesis research. Thus, the design of the questionnaire is
strongly following these principles. The main points can be viewed in the following
figure:

⁴ See further 3.1.1.2
The questionnaire is designed with four parts. The first part is for collecting the information of the respondents, the second is for the purpose of understanding the position of Castello Banfi compared to its competitors, the third part is to understand the customers’ expectation, and the last one is to collect the respondents’ background information (Fisher, 2007, pp. 192-193).

As can be seen in the Appendix 2 – The questionnaire, the mentioned sections are divided clearly with the numbering and title (Fisher, 2007, pp. 192-193). Of these sections, the questions in the first one are used to identify the level of knowledge of Italian wine the respondents have, and the range of Italian wines sold at a restaurant. This information, together with the demographic information, can be used to evaluate the reliability of the answers after the data have been collected. For example, the answer of a respondent whose knowledge about wine is low can be treated differently from those who understand this field very well.

The second section is used to find the answer to the question “Against whom?” in the analyzing model. The respondents, in this section, have been asked to rate the strengths

**Figure 2: Fisher’s principles in designing questionnaire**

*Source: Fisher, 2007, pp. 192-193*
of Banfi and its main competitors regarding the Likert scale in a variety of factors. These factors have been asked in the interview with Paolo Fassina (Appendix 4, questions number 4 and 5). The Likert scale is for the respondents to grade the factors at 5 different levels, of which 1 is the lowest, and 5 is the highest.

The third part of the questionnaire is to answer the question “For whom?” of the analyzing model. The target customer of the company has been identified from the first interview to Rodolfo Maralli (Appendix 3, question 11) and the question in this section aims to go deeper in order to understand which factors drive the customers in the choice of a wine brand. These factors then can be interpreted in what the customers look for in the wine brand (customers’ needs). They have been identified with the interview to Paolo Fassina (Appendix 4, question 6). Respondents choose from a scale of 1 to 5, of which 1 is the least important, 2 is less important, 3 is normally important, 4 is more important, and 5 is very important.

**Questionnaire sampling**

With the above targets, we have used strategic sampling, in which the questionnaire is designed to be handed to a number of 50 selected respondents. Those respondents are employees of number Italian restaurants, which are currently selling Castello Banfi products to its customers (P.I., Fassina, 21 April 2009). These employees should be at different positions, such as serving the customers directly like a waiter, or working closely to different types of wine like a bar tender, a manager in charge of wine input, and such. These positions are likely to help the employees to have certain knowledge of different brands of wine, have their own perspective of the relative differences among some wine products, and catch and update the customers’ trends and preferences in drinking wine. (P.I., Fassina, 21 April 2009)

Before the questionnaire is designed, the size of the sample has been decided. According to Fisher (2007, pp. 189-190), sample size can be understood as the number of the respondents which is assumed to be able to represent the whole population. This number of restaurants has been identified by the interview to Paolo Fassina (North East Asia Manager of Castello Banfi) as expert informal. Fassina has been asked to choose the key Italian restaurants in terms of volume of sales. Mr. Fassina indicated that 10
restaurants that are the most important places in terms of sales. Hence, these restaurants have been chosen to be our sample. Five questionnaires have been sent to each of these restaurants. 50 questionnaires are not considered to be representative for the whole Hong Kong market, but they can be representative for Banfi’s customers in the country. (P.I., Fassina, 21 April 2009)

Moreover, Fisher (2007, p. 190) stated the importance of sampling frame which is a list of names and addresses of the representative sample. The sampling frame has been identified with the information achieved again from the interview to Paolo Fassina, always considered as expert informal. (Appendix 9)

As having mentioned, one of the limitations of the researchers in this thesis is the geographical distance, since the respondents of the questionnaire are in Hong Kong. However, Castello Banfi in Hong Kong staff will play their roles in handing the questionnaire and collect the raw data, which will be sent to us after that for further analysis. In short, the researchers of the thesis will design the questionnaire, and analyze the data only.

This also explains the choice of the respondents as the employees of hotels and restaurants rather than the ending consumers. Since the number of ending consumers is large, it will be difficult for the company to hand enough questionnaires so as to collect a fair amount of sample size in a limited time. Although it must be said that information collected from the ending users is likely to bring about more efficient result regarding the customers’ expectation, employees such as waiters, or bar tenders have their advantages in meeting a large number of customers, which can help them to understand the customers' needs and drinking habits. Moreover, most employees in these positions should already have a fair knowledge of wine producers. This could help to collect better data regarding the competitors' characteristics and features compared to Castello Banfi’s. In spite of a much lower required sample size, this once again emphasizes the efficiency of choosing the employees as the respondents.
3.2 The choice of analyzing data

After being collected, the data was interpreted and analyzed according to the theories which were mentioned earlier. The secondary data has been related directly to the concepts and analyzing model including the brand identity, the customer's needs and wants, and the competitors' features.

The information from the interviews, as having mentioned, is mostly related to the theories. The questions used to ask the managers are sourced from the literature regarding the theories used. Thus, the data has also been interpreted into the mentioned concepts.

Regarding the questionnaire, the basic statistical analysis of data by Lowry has been used (Fisher, 2007, pp. 207-215). The foremost important data to be interpreted is the strengths and weaknesses of Banfi and its main competitors (Antinori and Frescobaldi) and the customers' needs.

Concerning the strengths and weaknesses of the companies, respondents are asked to fill their opinions in the questionnaire in form of “levels of strengths” for a number of factors. Each of these levels has been defined with a specific value, as can be seen from the questionnaire, which respectively are 1 for “Very weak”, 2 for “Weak”, 3 for “Medium”, 4 for “Strong”, and 5 for “Very strong”.

Similarly, the customers' needs are interpreted in the same way. Each of the given factors has also been provided with values, which are 1 for “Least important”, 2 for “Less important”, 3 for “Moderately important”, 4 for “Important” and 5 for “Very important”.

In order to analyze these values, the average score of them has been calculated in order to classify the meaning of independent variable later. By doing this, the “strength” or “level of importance” of relative factors in question 3 and 4 of the questionnaire (Appendix 2) will be evaluated and analyzed more easily. The average score can be calculated with the following formula:

\[
\text{Average score} = \frac{\text{Highest value} - \text{Lowest value}}{\text{Number of values}}
\]

\[
= \frac{5 - 1}{5} = 0.8
\]
Consequently, from the lowest value – 1 – to the highest value – 5 – the meaning of different ranges of values is divided as follows:

<table>
<thead>
<tr>
<th>Ranges of values</th>
<th>Meanings of values</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strengths of brands</td>
</tr>
<tr>
<td>1.00 – 1.80</td>
<td>“Very weak”</td>
</tr>
<tr>
<td>1.81 – 2.60</td>
<td>“Weak”</td>
</tr>
<tr>
<td>2.61 – 3.41</td>
<td>“Medium”</td>
</tr>
<tr>
<td>3.41 – 4.20</td>
<td>“Strong”</td>
</tr>
<tr>
<td>4.21 – 5.00</td>
<td>“Very strong”</td>
</tr>
</tbody>
</table>

Table 4: Ranges and meaning of values

Source: Author’s elaboration

The arithmetic mean also needs to be calculated and used to compare with the meaning of the above values. According to Fisher (2007, p. 212), the arithmetic mean “is simply the average of the sample”. The arithmetic mean can be calculated “by adding together all the observed values and dividing by the number of observations” (Fisher, 2007, p. 212). Thus, the calculated arithmetic means will be compared with the above table to see their meanings. The importance of each dimension to influence the customers' choice of wine (question 4 of the questionnaire, Appendix 2) will then be identified, and so will the elements deciding the strengths of wine brands (question 3 of the questionnaire, Appendix 2). For instance, if the value of the arithmetic mean of Province of origin (one of the “competitive set”, which can be referred to question 3, Appendix 2), just to name as an example, is 3.5, it means a brand is “Strong” in this factor. Similarly, if Brand rating is rated to be averagely 4.5, this factor is “Very important” in the customer's choice of wine.
4. Findings

4.1 Montalcino Area and Banfi

In Italy the companies involved in the wine production have been able “to reinterpret the business” and “to carry out a real cultural re-conversation”. They have been both the beneficiaries and the forces which drive this revitalization. (Mattiacci and Zampi, 2004, p. 2)

Among these firms, the most important are those belonging to the region of Tuscany and more precisely to the territory of Montalcino (Province of Siena). In fact the wine “Brunello di Montalcino” could be seen as the symbol of the renaissance of the Italian wine industry and “one the best known and appreciated Italian wines in the world”. (Mattiacci and Zampi, 2004, p. 2)

Those companies have contributed to the creation of Montalcino territorial brand equity and they have based “their own positioning on a broad concept of territorial quality, which includes food, drinks”. (Mattiacci and Zampi, 2004, p. 3)

Banfi is included in this panorama and it could be considered as the firm which, with its managerial potentialities and its assets, revives the entire area of Montalcino re-catching the “strong market position of Brunello at international level”. (Mattiacci and Zampi, 2004, p. 7)

As it is shown in the picture below, Banfi produces and sells wines belonging to four price ranges: Icon, Ultra-Premium, Super Premium, and Premium, which represent all together the 50% of the wine volume market share. The last price range (Basic) comprehends the other 50% of the wine volume market share but it does not involve the Banfi’s wines. The 13 wine products that the company has been providing in Hong Kong belong to all these price ranges.
The company has won, for 11 years consecutively, the “Italy’s Premier Vineyard Estate” at the VinItaly wine exhibition, their winery is recognized internationally for the correct application of practices of Corporate Social Responsibility (ISO 14001 and SA 8000) and for the leading position in customer satisfaction (ISO 900:2000). Moreover in 2005 one of their most famous wines (Castello Banfi Brunello di Montalcino Riserva Poggio all’Oro) was ranked as the eighth in the top 100 by Wine Spectator. (Castello Banfi Montalcino website)

### 4.2 Competition environment – The “Against whom”

The purpose of studying the competition environment in this thesis is to view it in the relations with the customers’ needs in order to see if the competitors have provided or are capable of providing what the customers expect. Moreover, a comparison among the three companies has been studied to understand the “essential difference(s)” that Banfi should have from its competitors. This has helped to collect the relevant information to find the answer to the first research question of the thesis work.
Because of the purpose, the competitors to be studied have been those in Hong Kong market only. Other competitors in international or Italian market will not be mentioned in the paper.

Within the limit, information about the competition environment in Hong Kong has been collected from two sources of information, which are the two interviews and the questionnaire.

4.2.1 The competitors: similarities and differences

As earlier mentioned in the Methods section, two interviews have been conducted to support this thesis. The main competitors can be identified from the first interview with Rodolfo Maralli. They are two Italian brands of wine with much similarity in many aspects – Antinori and Frescobaldi. Other international wine brands such as Australian and Californian, do not really affect Banfi’s sales. This is due to the fact that Banfi sells in Italian restaurants and five stars Hotels restaurants where Californian and Australian wines are nor sold or are sold together with Tuscan wines. (P.I., Maralli, 9 April 2009)

Nonetheless, the second interview with the Asian manager of Banfi has brought to another approach of the competition environment. Although it has been confirmed that Antinori and Frescobaldi are the two very similar Italian wine brands, they are not considered to be Banfi’s ‘real competitors’ in Hong Kong market. As Paolo Fassina has explained, the three Italian brands are not really competing, but rather than that, are cooperating. In a foreign market like Hong Kong, the success of any brand will be the success of Italian wines in general, hence other brands will benefit from that. However, the three companies are still competing in a way because all of them are well-known and strong wine brands who produce Tuscan wine and focus on premium and super premium wine. Moreover, they all share the same target market in Hong Kong. (P.I., Fassina, 21 April 2009)

In spite of the similarities, people can perceive a number of differences from these three Italian wine brands. Firstly, the styles of wine are different. While Frescobaldi is more international brand, Antinori has a high Tuscan style, and Banfi works well in American market (P.I., Fassina, 21 April 2009). Secondly, although the three brands have a
similarity in the origin, “Banfi has a stronger identification with the area”. “Antinori and Frescobaldi are Tuscany in general, Banfi is Montalcino. When someone is looking for a Brunello di Montalcino, Banfi is the first one he looks for” (P.I., Fassina, 21 April 2009) Brunello is one of 30 different kinds of wine that Banfi produces, but the strongest identification for Banfi is with Brunello. (P.I., Fassina, 21 April 2009) This brings about another difference among the three brands. “The three companies are typical for different types of wine: Chianti classic from Antinori; Tignanello from Frescobaldi, and Brunello di Montalcino from Banfi. (P.I., Fassina, 21 April 2009)

Finally what really makes the two competitors different from Banfi is their heritage. In fact Antinori and Frescobaldi can rely on their centenarian experience in making wine and on their historical linkage to the Tuscan roots, which influence their relative statements: “26 Generations” (Antinori’s) and “700 years of Tuscany, in a glass” (Frescobaldi’s). Banfi, existing only from the 1978, cannot rely on its historical linkage with Tuscany, hence has to have its brand relied on innovation, research and education, and always looking back to the Tuscan tradition, which means that Castello Banfi is willing to be innovative in their research for better wine that serves the needs of the customers, and at the same time, trying to make the customers more knowledgeable in drinking wine. (P.I., Maralli, 9 April 2009; www.antinori.it; www.frescobaldi.it)

4.2.2 Strengths and weaknesses of the brands

In order to identify the necessary differences for Banfi to have in comparison to its competitors, it is essential to identify the strengths and weaknesses of the three brands: Banfi, Antinori, and Frescobaldi. This has been done with a question in the questionnaire (See Appendix 2, question 3).

The purpose of this question is to identify the strengths that Banfi has over its competitors, so as to emphasize those in the positioning of the brand. 7 elements have been discussed in the question, including ‘Province of origin’, ‘Value for money’, ‘Product portfolio’, ‘Organoleptic characteristics’ of the wine (taste, smell...), Packaging, The power of the brand itself, and Wine rating in magazines. The differences in how people perceive the strengths and weaknesses of the brands in these seven characteristics can
be indicated in the following figures. All the respondents are of moderate knowledge of wine and above, thus, the data will be treated fairly for every respondent’s answer.

Figure 4: The strength and weakness of the brands: Province of origin

Source: Author's elaboration

As the figure shows, the Province of origin is perceived to be strength of Banfi over its competitors. Comparing the means with Table 4 – Ranges and meaning of values, it can be seen that although the three brands are all “very strong” in the province of origin, Banfi is considered to be stronger with the means of 5, Antinori got 4.62 which is similar with 4.6 of Frescobaldi.
Value for money is perceived as another strong point of Banfi over the company’s competitors. At the means of 4.26 of Antinori, the brand, together with Banfi, is thought to be “Very strong” with the value for money within their products. Frescobaldi, with the means of 3.96, is weaker than the others as just “Strong”.

In spite of the advantage Banfi has in the first two features, Product portfolio does not appear to be this brand’s strength. The arithmetic means of the level of strength Banfi has in this field is 3.5, which is interpreted as “Strong”. This is the same as the 4.02 of the other brands. However, it is clear to see from the figure 6 that Banfi is not as strong as the others in their wine portfolio.
Organoleptic characteristic of the wine is another advantage that Banfi has over Antinori and Frescobaldi, as perceived by the questionnaire respondents. Unlike the “Strong” Frescobaldi with the means of 4.1, Banfi and Antinori are considered as “Very strong” with the taste, smell and such of their wines while these two brands respectively got voted at averagely 4.72 and 4.62.

Within the field of Packaging, the three brands are all perceived to be “Strong”. At the correspondingly means of 4.1, 3.92, and 3.84, Antinori is still the strongest, followed by Frescobaldi and Banfi is the weakest.
The same ranking applies for the brand power the three companies have, even though they are all considered to be “Very strong”. As can be seen from figure 9, the arithmetic means for the three brands are 4.26 for Banfi, 4.6 for Antinori, and 4.42 for Frescobaldi.
Wine rating, as can be seen in figure 10, is not Banfi’s strength since Antinori beats Banfi in this field with the means of 4.36 over Banfi’s 4.16. Frescobaldi is at the lowest of 4. According to the meanings of the means, Antinori is perceived to be “Very strong” with the ratings, while Banfi and Frescobaldi are just “Strong”.

![Figure 10: The strength and weakness of the brands: Wine rating in magazines](image)

Source: Author's elaboration

In general, of the seven elements, Banfi shows the strength mostly in the Province of origin, the Organoleptic characteristics of the wine, and the Value for money. In other fields, Banfi is not as good as the main competitors: Antinori or Frescobaldi, although the difference of how strong the brands are doing is not significant.

### 4.3 Benefits the brand stands for – The “Why”

This section aims to provide information related to one facet of the rectangle needed for analysis of the positioning of the company in Hong Kong market. This facet is the “why” one, to be more precise, the one regarding the benefits which the brand stands for. Those benefits are the promise done by the brand to solve some problem or to satisfy some need.
Maralli says that, Banfi is the true wine of Tuscan area and that when people think about Tuscan wine, the name Banfi will emerge (P.I., Maralli, 9 April 2009). Moreover, the manager states that Banfi with its brand also wants to communicate with the consumers that drinking their wine can give them more than any other beverage: Banfi wines are a concentrate of culture, know-how, knowledge, technique and passion of a country or territory (Italy, Tuscany, and Montalcino) and all these features are intrinsic in them (P.I., Maralli, 9 April 2009). Thus the first benefit the company wants to emphasize is that: “drinking Banfi you can live an intense and exciting experience of Tuscan wine and food” – Tuscan experience. (P.I., Maralli, 9 April 2009)

The company attempts to offer the best of Tuscany with a wide range of wines for every price (premium, super premium, ultra premium and icon), emphasizing on the value for money of their products. For example even a wine of 10 Euros can be placed in the category of products that the company considers “the best you can find”, of course in relationship with that price (P.I., Maralli, 9 April 2009). Therefore, value for money can be considered as the second benefit that the company wants to stress in the mind of the customers.

4.4 Target customers and their needs – The “For whom”

As it is stated from the Method and Methodology section, answering the question “for whom?” of the research model involves two questions: first, who are the target customers, and second, what are their needs. Of these two questions, the former one has been identified in the interview with Banfi’s Worldwide Sales/Marketing manager (Appendix 3, question 11). The customer needs, on the other hand, has been studied with the questionnaire.

In the interview, Maralli has stated that “Banfi turns to a high income bracket of customers”, which from now on will be defined as ‘high-class’ wine consumers (P.I., Maralli, 9 April, 2009). This can be seen as a part of the reason why the main channel of sales for the products in Hong Kong is through the finest free-lancing restaurants and hotel restaurants.
Concerning the questionnaire, the respondents have been asked to evaluate the level of importance of some given factors, showed by figure number (11) below, in the choice of wine brands. (Appendix 2, question 4)

The data collected from this question of the questionnaire will be compared with Table 4 – Ranges and meaning of values, to be interpreted into the answer of the research question number 2, which aims to study the needs and wants of the customers in Hong Kong.

![Means of Importance Factors](image)

**Figure 11: The customer’s needs: Importance of these factors on wine consumption.**

*Source: Authors’ elaboration*

As illustrated by figure number 11, the means of the level of the importance of the different factors is from the lowest of 2.94 to the highest of 4.58, which means the factors are evaluated to be from “Moderately important” to “Very important” in the choice of wine consumption. The most important factors are considered to be Brand
rating, Origin, and Value for money, which have the means of respectively 4.58, 4.48, and 4.3.

The other four factors are divided into two parts. Suggestions of the sommelier and Tradition are “Important” with the means of 3.54 and 3.78, while the Habit in consuming specific brands and Price are considered to be “Moderately important” since they have the means of 3.28 and 2.94.

Hence, in short, what the customers look for when they choose wine to consume is the Brand rating, Province of origin, and Value for money.

4.5 Brand Identity

In order to find out the Brand Identity, answers to a number of questions need to be found. Those questions are indicated in the Table 2 of Theoretical Framework chapter and they have been used to find out the factors needed for the identification of Banfi’s Brand Identity. These questions have been asked in the interviews and the information collected has been utilized to answer the third research question, which is to identify the Brand identity of Banfi, and further to verify the founded brand position.

4.5.1. Brand’s particular vision and aim

The vision of Banfi brand can be summarized in the statement: “Dedicated to a finer wine world” which means the commitment of the company to always improve the quality of the wine. In order to achieve the vision, Banfi has two main objectives, including education to the customers to drink better, and the innovation and research in wine making. (P.I., Maralli, 9 April 2009)

The first aim is to educate the consumers to drink better. Because when the consumers are well-educated in drinking a certain quality of wine, they are more likely to demand wine of better quality. Among these wines, there will be some of Banfi’s. (P.I., Maralli, 9 April 2009)

Another objective of Banfi is to fill up the historical delay with the main competitors – Frescobaldi and Antinori – through research, experimentation, and innovation but always looking back to the tradition of Tuscany. (P.I., Maralli, 9 April 2009)
4.5.2 What makes Banfi different

What have been making Banfi different from other wine brands is in its marketing and business attitude. The company has an informal approach with the customers at any level, which can be understood as the “friendliness”. This aspect is reflected also in the brand. In fact, although Banfi can offer wines from the niche range to the premium range, it always remains informal, reflecting the Tuscan hospitality. (P.I., Maralli, 9 April 2009)

4.5.3 The needs the brand fulfils

Banfi, by providing a portfolio of 30 kinds of wine belonging to four different ranges, is fulfilling different needs for different customers. The Icon and Ultra-premium ranges are serving the needs of status symbol. Drinking these wines, the consumer tends to demonstrate his belonging to a determined cultural status and richness. On the other hand, the Premium and Super-premium ranges are likely to fulfill the needs of people that want to drink good quality wine with a great value for money. (P.I., Maralli, 9 April 2009)

4.5.4 The nature of the brand

Considering the nature of the brand as the basis on which the brand is built, it can be said that Banfi has been based on the foundation of three main points: Firstly, Banfi as the most representative producer of Brunello di Montalcino, secondly, Banfi as the most innovative and modern wine producer in Italy. Lastly, Banfi is considered as the researcher of the excellence in the wine production (P.I., Fassina, 21 April 2009).

4.5.5 The values of the brand

For Banfi, the value of the brand is the perception that people have about the brand. That perception is affected by the reputation that the company has as a seller and a producer. Banfi has built the reputation on the basis of the two points, which are the reliability that people can have in terms of quality of the products that the company offers and the honesty in terms of wine commercialization.

Thus, the values connected to the brand of Banfi are the reliability and honesty in wine producing and selling.
4.5.6 Signs that make Banfi recognizable

Identity is a difficult concept to explain by a sign. Poetically it is said that the wine does not “speak”, hence it needs a language of distinctive signs on the bottles to be recognized. They can be the shape of the bottles and a distinctive way to design the labels.

<table>
<thead>
<tr>
<th>Features</th>
<th>Ranges of wine</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Icon and Ultra-premium</td>
</tr>
<tr>
<td>The logo</td>
<td>- Is a heraldic escutcheon that</td>
</tr>
<tr>
<td></td>
<td>represents an eagle surmounted</td>
</tr>
<tr>
<td></td>
<td>by a crown</td>
</tr>
<tr>
<td>Logo placement</td>
<td>- Embossed on the bottle and</td>
</tr>
<tr>
<td></td>
<td>printed on the label</td>
</tr>
<tr>
<td>The brand name</td>
<td>- Castello Banfi</td>
</tr>
<tr>
<td>The bottle</td>
<td>(See Appendix 5)</td>
</tr>
</tbody>
</table>

Table 5: Banfi’s bottles and labels’ design

Source: Personal interview, Maralli, 9 April 2009; www.banfi.it

4.6 Data summary

To sum up for this chapter, concerning the “Against whom”, Antinori and Frescobaldi have been recognized as Banfi’s main competitors. With the questionnaire data, the
strengths Banfi has over them have also been identified. They include the Value for money, Organoleptic characteristics of the wine, and the Province of origin. Of these competitive advantages, the origin is evaluated as the strongest one, since 100% respondents voted for Banfi’s origin as “Very strong”. Montalcino is stick with Banfi, while the competitors are just Tuscany.

For the “For whom” factors, the target customers have been identified as the “high-class” people who are the customers of the finest hotels and restaurants in Hong Kong. What they expect in the wine to consume is the high ratings, origin of reputation, and the value for money.

Through the interviews, Banfi representatives have also emphasized the benefits that the company wants to stick with their brands. The benefits can be named as the intense and exciting Tuscan living experience can be achieved by drinking Banfi, and also the value for money.

Regarding the Brand Identity, Banfi has been identified as dedication for a finer wine world, with friendliness in the way of marketing and selling. Drinking Banfi strengthens the status symbol of a high-class person, but still gives them the respective value for the money they spend. Banfi has been known as the representative producer for the well-known Brunello di Montalcino, and has always been an innovative and modern researcher of excellence in wine producing. Furthermore, the brand is standing for reliability in wine quality and honesty in wine commercialization.
5. Analysis

The main purpose of this section is to identify the positioning for Banfi in Hong Kong market by giving the completed positioning formula. As having mentioned in the theory part, there should be a selection within the collected data in order to produce a positioning formula with integrated information. The collected data can be viewed graphically with the following figure:

![Research model with collected data](image)

**Figure 12: Research model with collected data**

_Source: Author's elaboration_
So as to identify the positioning of Banfi, evaluation on each factor listed above in “For whom”, “Against whom”, and “Why” will be studied. Each of the elements will be evaluated to see the advantages and disadvantages they may have in the relations with others, should a certain element be selected. Moreover, as earlier stated, the Positioning to be suggested is going to be put side by side with the Brand Identity that Banfi has, in order to ensure the integration between them.

**5.1 Province of Origin**

There are a number of advantages to select this element to be in the positioning of Castello Banfi.

First of all, as can be illustrated from the figure of data collection above, the origin of Banfi is evaluated as the strength of the company over the other two competitors. This reveals a competitive advantage that Banfi possesses. While all of the three companies are Tuscany, Banfi is the only one in Montalcino. The Montalcino origin is the definite strength for Banfi for its famous Brunello di Montalcino, since when people think of this specific well-known wine, Castello Banfi will be the first name to emerge. Thus, focusing on the origin of Banfi would remind people more of their famous product, and be reminded of Banfi’s Brunello di Montalcino would lead to the reminiscence of Banfi brand and Banfi products in general.

Second of all, the figure also demonstrates that the origin of the wine is also what the customers take into consideration on their choice of wine. This fact will support even more the strength of Banfi. When the customers concern about the province of wine origin, it is likely that they will look for the famous province for Italian wine – Tuscany, in which Banfi is one representative.

Moreover the province of origin is closely related with one of the elements of the “why?” factor of the model. The element is the promise that with Banfi wines the customer will have a truly Tuscan experience.

However, it should be bear in mind that if the positioning emphasizes the origin of Tuscany, two other brand names, Antinori and Frescobaldi, will also emerge in the customer's mind, since they are also strong in their origin. Nonetheless, as Paolo Fassina
has said: the more customers know about Italian wine in general, the more they know about Castello Banfi, and the company benefits from this (P.I., 21 April 2009). Hence, in summary, the province of origin should be strengthened in the positioning of Banfi.

5.2 Value for money

First of all, similarly to the country of origin, the customers consider the value for money very important for the choice of the wine. It can be stressed here that while the element of “Price” is rated to be moderately important only, “Value for money” is very important. This is because “high-class” customers care about the quality they achieve for a certain amount of money that they pay, rather than the amount of money itself.

Secondly value for money is one of the benefits the company wants to emphasize with its brand: either if the wine belongs to the premium or the icon range, its value is proportional to its price (see Figure 3: Price ranges and Volume market share of wine industry, p. 22).

Despite those advantages, the data collected shows that customers perceive a real difference in value for money between Frescobaldi and Banfi respectively “very strong” and “strong” (means 3.96 and 4.36), but not between Banfi and Antinori both perceived as “very strong” (means 4.36 – 4.26). Nevertheless the positioning is achieved by looking to the differences in the comparison of Banfi with its competitors and, regarding the “value for money”, there is still a difference, even if minimal, between Banfi and Antinori. Hence this element could be strengthened in the positioning of Banfi.

5.3 Organoleptic Characteristics

The advantage of this element is the fact that, the Banfi Brand, in the customers’ perception, is stronger than Frescobaldi and Antinori. Although the strength over Antinori is just a slight difference (4.72 – 4.62), Banfi is still stronger in terms of differences relevant for the positioning.

Nevertheless, this element is not considered in the list of the factors that drive the customers in the choice of the wine and either is present as one of the benefits that the
company wants to emphasize with the brand. The positioning is to set the image of the brand in the customers’ mind. Thus, if the customers are not in need of Organoleptic characteristics to choose a certain wine, this element should not be emphasized with the positioning.

As a result, the Organoleptic characteristics element, despite the Banfi’s strength over the competitors, should not be included in the positioning of Banfi’s brand in Hong Kong.

5.4 Brand rating

Brand rating, with a means score of 4.58, has the advantage to be the most important element that the customers consider for the choice of a wine brand.

However, the element has two big disadvantages, which lead to its exclusion from Banfi’ brand positioning in Hong Kong. First of all, Banfi shows a weakness under its competitor Antinori in terms of brand rating. This is the perception of the customers collected from the questionnaire. Secondly, brand rating is not part of the brand promises (The “Why” factor), which means it is not what the company wants to emphasize together with its brand.

Therefore, if the brand rating is included in the brand positioning of Banfi, it is likely that this element will remind the customers of other brands of wine rather than Banfi due to the weakness of Banfi in this matter. Moreover, it does not reveal the core benefit that the brand wants to stress. Consequently, brand rating should not be comprised in the Banfi’s brand positioning.

5.5 Tuscan living experience

As can be illustrated from the Data collection figure, ‘an intense and exciting Tuscan living experience’ by drinking Banfi wines is a part of the benefits and promises that Banfi stands for. This element has a strong advantage to be selected in the positioning of Banfi. As already mentioned in 5.1 – Province of origin, this element is closely related to the company’s roots in the territory of Montalcino, which is not only considered to be important in the selection of wine, but also as a strength that Banfi has over its competitors – Frescobaldi and Antinori.
On the negative side, similar to the analysis of the province of origin, stressing Tuscan experience can also remind the customers of the competitors. However, it has also been pointed out that this disadvantage is not important. Thus, Tuscan experience should be included in the positioning of Banfi.

5.6 Verification with Brand Identity

The above analyses have brought to the understanding of the elements, so that the authors can come up with the elements that should be embraced in the positioning of Banfi. These elements include the Province of origin, Value for money, and the Tuscan living experience. However, as it has been mentioned, these elements should be verified with the Brand Identity of Banfi in order to see if they are consistent.

Concerning the Brand Identity of Banfi in the international market, as it has been stated in the Findings, one of the natures of Banfi is the representative of ‘Brunello di Montalcino’. This reveals, to some extent, the origin of Banfi – Montalcino. Thus, the element of Province of origin can be confirmed to be aligned with the Brand Identity of Banfi. Furthermore, the ‘Tuscan living experience’ element can be linked to this nature of the brand. Consequently, these both elements are matching with the nature of the brand stated in the Brand Identity.

In addition, it has also been stated in the Brand Identity of Banfi, that ‘Value for money’ is one of the needs that the brand fulfils. This strengthens the consistency of the ‘value for money’ element, that is one the most important factors that drive the customers in their choice of wine, and also strength of Banfi over its competitors. It is also one of the benefits and promises that the brand stands for. Because of all these alignments, ‘Value for money should be compromised in the positioning of Banfi.

In summary, it is possible to state that the three elements, including Province of origin, Tuscan living experience, and Value for money should be strengthened in the positioning formula of Banfi because they are not in contradiction with the Brand Identity of Banfi and they can differentiate Banfi among the competitors.
5.7 Banfi’s positioning formula

As it has been stated in the Theoretical framework section, after finding the answers for the questions of the rectangle, and verifying them with the Brand Identity, it is possible to draw the positioning formula. The positioning formula can be filled as follow.

The first point of the formula which refers to the definition of the target market has been identified as high class wine consumers. Second of all, the frame of reference and subjective category has been defined as ‘fine Italian wines’. Thirdly, the promise and benefit that the brand stands for are the intense and exciting living experience of Tuscan life that consumers can have by drinking Banfi and the great ‘value for money’. Finally, the reinforcement of the promise and benefit can be the fact that Banfi offers a large wine portfolio which belongs exclusively to the Montalcino area. These reinforcements have been selected since the company offers the best of Tuscany with a wide range of wines at a wide range of prices – ‘premium’, ‘super premium’, ‘ultra premium’, and ‘icon’, emphasizing on the value for money of their products. Moreover, Banfi is the best representative of Montalcino area in Tuscany as it has been stated in the Brand identity of Banfi.

Consequently, the completed positioning formula will be:

For high-class wine consumers, Banfi provides fine Italian wines which give the most intense and exciting Tuscan experience, and value for money, because of its large wine portfolio which belongs exclusively to the Montalcino area.

Figure 13: Banfi’s positioning Formula

Source: Authors' elaboration
6. Conclusion

Over 20 years operating in Hong Kong market, Castello Banfi has been standing robustly among Italian wine brands, even though the company has never studied how to position their brand. However, at the present time, the company has recognized the importance of brand positioning in order to gain competitive advantage amongst the competitors. This is likely to be the situation of a number of other companies in different industries. Thus, the study of this thesis, in spite of using the case of Castello Banfi in Hong Kong, can be applied for those organizations that are in the same circumstances.

In order to study the brand positioning, the model of analysis has been built based on the aim to study three factors. These three factors are basing on the research questions regarding the competition environment, the target market, and the benefits and promises that the brand stands for; since positioning a brand means that the distinctive features that the company has, should be emphasized to differentiate the brand from its competitors, and at the same time, appealing to the target customers. Moreover, it is essential to be state that because brand positioning is a part of brand identity, the positioning of a brand in a specific market should be aligned with the company's brand identity, which is another research question of this thesis.

In Banfi's case, concerning the “Brand for whom”, the high-class wine consumers have been identified as the target customer of Castello Banfi in Hong Kong market. The data collected from the questionnaire have allowed us to come up with the needs of the customers, of which the need for the origin of the wine and the relative value for the price of the product have been strengthened in the positioning of Banfi. This selection has been based on the consistency that these needs have with the strengths of Banfi, the promises and benefits that the company wants to emphasize with its brand, and also the Brand Identity.

When it comes to the “Brand against whom”, the main competitors have been recognized with the interviews with Banfi's managers to be Antinori and Frescobaldi. These competitors are defined to be similar to Banfi in terms of target market, product portfolio, Tuscan origin, and channels of sales. Hence, the essential difference Banfi should have compared to them should be based on the strengths that Banfi has over
these two companies. With the questionnaire data collected from employees of different restaurants, these strengths have been defined to be the Montalcino origin, the value for money, and the Organoleptic characteristics of Banfi wines. Of these strengths, the latest has not been mentioned in Banfi’s positioning since it is not aligned with the other elements.

Regarding the promises and benefits that the company want to emphasize with their brand, it has been found with the interviews that the value for money needs to be attached with the brand’s benefits. Moreover, an intense and exciting Tuscan living experience by drinking Banfi’s wines should also be stressed as a promise of the brand. These both features have been compromised in the positioning of Banfi since it has been confirmed to be united with the Brand Identity.

Thus, in the summary of all the above features, it can be concluded that by strengthening the ‘high-class wine consumers’, ‘Tuscan experience’, and ‘value for money’ in the positioning of Banfi, the brand is promising to gain an outstanding position in the market.


7. Recommendations

7.1 Recommendations for Banfi

Although the company is doing well in Hong Kong market, there are still different ways within the brand positioning to be even more successful. The purpose of the brand positioning is to consolidate and communicate the image of the brand in the customers’ mind in a suggested way. However, since Castello Banfi and its competitors are sharing abundant similarities, it is essential to be stronger differentiated in the mind of the customers. One of the ways is to focus more on the approach to the customers. The recommendations will, thus, mainly emphasize on the “Brand for whom” and “Why” elements.

Regarding the benefits the company wants to stress with their brand, Banfi needs to emphasize on the benefits that the customers expect. An important way to do this is to conduct market researches and adapt to the destination country in order to understand the best of the need and the attitude of the customers and the society. Moreover, it is not less important to assure that the promises need to be kept.

Concerning the “brand for whom”, the main limitations that Banfi is having concerning this matter are the channel of sales and the target customers. At this time, freelancing restaurants and hotel restaurants are still the main sale channels for Banfi wines, so the company can hardly employ the most of the market potential. Moreover, since it has been recommended in the positioning of Banfi that the value for money should be strengthened, the target customers should also be widened to the middle-class income customers.

Targeting to these customers, the company can stress on the psychological perspective, in which the customers like to buy or consume those products that are high-class, but at reasonable price and with great value for money. The Premium and Super premium ranges of products can serve these segments well and are likely to help the company to gain more awareness for their brand.

In order to do this, retailers such as supermarkets, wine stores, or authorised wine suppliers should be strengthened with the role as sale channels. Otherwise, since Hong
Kong is the market of stylish wine consumers, wine tendering courses can be opened in order to educate the customers, so that middle-class customers are encouraged to buy wine to consume at home while they rarely go to luxury restaurants.

7.2 Recommendations for further research

Firstly, it is essential to re-state one of the limitations of this thesis research, in which the positioning of the brand is suggested without being evaluated. Thus, the very first recommendation to those companies who want to do brand positioning is to evaluate the position with a number of factors. The outmost important factors of these can be the financial capacity of the company to support the positioning, any risks that the positioning can be imitated by a competitor, or whether it leaves an substitute solution for the company in the case of failure for the positioning strategy, just to name a few.

Furthermore, as mentioned in the introduction, one of the consequent steps after a brand positioning is how to communicate the brand to the target customers. Hence, a company, after having studied its positioning in a particular market, is recommended to design and to operate a promotional plan, in which it indicates how to make the target customers aware of the category that the brand belongs to, and the benefits that the brand fulfils better than those of the competitors.
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  [Accessed 15 March 2009]
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  [Accessed 24 April 2009]

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During the twentieth century till the 1980s, wine and its consumption had the following characteristics: (Mattiacci and Zampi, 2004, p. 1; Maralli, 2009, p.2)

- Wine as a poor and traditional food (old-fashioned beverage).
- It was characterized by a domestic consumption (during the meals), of the elder people living in the rural areas.
- It involved a basic purchasing process (auto-production, direct sales, complete loyalty to the few existing brands).
- It was bound to a negative imaginary of its category (alcoholism, non-healthy, low culture)
- It had a high consumption per capita per year: 110 liters.
- Its production was destined to: 90% for the internal consumption and 10% for the export.
- Its internal consumption was characterized by an 85% of unpackaged wine and a 15% of packaged wine.

Italy was a quantitative leader in wine production of a static market (Maralli, 2009, p.2) and it was destined “to a slow but unavoidable decline”. (Mattiacci and Zampi, 2004, p. 5)

From the last decade of the twentieth century to present day, wine and its consumption have acquired these features: (Mattiacci and Zampi, 2004, pp. 1-2; Maralli, 2009, p.3).

- Wine as international status symbol and as a conscious and hedonistic choice of pleasure and culture.
- Its consumption has increased “outside home” and “between meals” and it has been transverse, in terms of age, income level and level of culture.
- It has involved a dynamic purchasing process (information, experimentation and research)
- Its market has been characterized by a brand infidelity. Consumers want to be more aware before the choice of a wine.
- It has been positive values related to its category (culture, healthiness, hedonism)
- It has became an benefit for the image of a country (Italy and France above all)
APPENDIX 1 - THE CONSUMPTION OF WINE

- Its production was destined to: 70% for the internal consumption and 30% for the export.
- Its internal consumption was characterized by a 30% of unpackaged wine and a 70% of packaged wine.

Italy, France and other emergent countries (California and Australia) lead authoritatively this new market trend. (Maralli, 2009, p.3)
The following questionnaire has been designed for a master thesis research in order to collect information regarding the Italian wine brands in Hong Kong. We ensure that all the information collected will be used for academic purpose only.

Thank you for your contribution

Jacopo Nicolò Longhi
Pham Thi Diep Linh

Västerås, Sweden, 22 April 2009
APPENDIX 2 - THE QUESTIONNAIRE

QUESTIONNAIRE

I – Experience with brands of wine:

1. What do you think is your level of knowledge of Italian wines?
   - Low
   - Average
   - Moderate
   - Good

2. What of the following brands of wine are sold in your restaurant? Please tick one or more as relevant.

II – Strengths of the brands

3. Regarding the following brands of wine, how strong is the given factors do you think each brand has?

   - Castello Banfi

<table>
<thead>
<tr>
<th>Levels of strengths</th>
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<tbody>
<tr>
<td>1</td>
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<tr>
<td>Very weak</td>
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</tbody>
</table>

   Province of origin
   Value for money
   Product portfolio
   Organoleptic characteristics of the wine (taste, smell...)
   Packaging
   The power of the brand itself
   Wine rating in magazine
   Any other factor you suggest: .................................................
### Antinori

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<th>Levels of strengths</th>
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<td></td>
<td>Very weak</td>
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<td>Province of origin</td>
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<td>Product portfolio</td>
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<td>Organoleptic characteristics of the wine (taste, smell...)</td>
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<td>Packaging</td>
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<td>The power of the brand itself</td>
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<td>Wine rating in magazine</td>
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<td>Any other factor you suggest:</td>
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### Frescobaldi

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<th>Levels of strengths</th>
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<td>Very weak</td>
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<td>Province of origin</td>
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<td>Product portfolio</td>
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<td>Packaging</td>
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<td>The power of the brand itself</td>
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<td>Any other factor you suggest:</td>
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</table>
### III – Customers’ needs

4. What do you think is the level of importance that the given factors affect the customers’ choice of wine brands?

<table>
<thead>
<tr>
<th>Factors</th>
<th>1 Least important</th>
<th>2 Less important</th>
<th>3 Moderately important</th>
<th>4 Important</th>
<th>5 Very important</th>
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</thead>
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<tr>
<td>Habit of consuming a specific brand</td>
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<td>Suggestion of a sommelier</td>
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<td>Price</td>
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<td>Value for money</td>
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<td>Country of origin</td>
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<td>Brand rating</td>
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<td>Tradition</td>
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<td>The popularity of the brand</td>
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<td>Any other factor you suggest:</td>
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IV – Demographics

5. Are you □ Male □ Female

6. What is your age?
   □ 20 and below  □ 21-30  □ 31-40  □ 41-50  □ 51 and above

7. Does your job involve you in
   a. Working directly with the restaurant’s customers
   b. Working indirectly with the restaurant’s customers
   c. Working directly with wine tendering
   d. Working indirectly with wine
   e. All of the above
   f. Others: ........................................................................................................

THANK YOU VERY MUCH FOR YOUR CONTRIBUTION
APPENDIX 3 - THE FIRST INTERVIEW

**Time of the interview:** Thursday, April 9th, 2009

**Interviewee:** Rodolfo Maralli – Worldwide Sales/Marketing Manager of Castello Banfi Ltd., in charge from 1994 to present.

**Means of communication:** Personal interview

**Location:** Castello Banfi Ltd. Headquarter, Locality Sant’ Angelo Scalo, Montalcino (Siena), Tuscany, Italy.

**Purpose:** in order to find out:

- How the company works abroad;
- What the company’s brand identity is;
- Information regarding the brand positioning in Hong Kong;
- The company’s products and channels of sales in Hong Kong.

**Questions:**

1. How does the company approach a foreign market?
2. What relationships have been created with the distributors?
3. Why Hong Kong is an interesting market?
4. What is the brand’s particular vision and aim?
5. What makes it different?
6. What need is the brand fulfilling?
7. What is the brand’s nature?
8. What is/are the brand’s value or values?
9. What are the signs which make the brand recognizable?
10. What benefit the brand stands for?
11. Who does this brand built for?
12. Who does this brand built against?
13. When Banfi expects its wines to be consumed in Hong Kong?
APPENDIX 4 - THE SECOND INTERVIEW

**Time of the interview:** Tuesday, April 21\textsuperscript{th}, 2009

**Interviewee:** Paolo Fassina – North East Asia Manager, in charge of sales, marketing, and accounting in 7 countries which are Korea, Japan, China, Hong Kong, Macau, Taiwan, and India.

**Means of communication:** Telephone interview

**Purpose:** in order to find out:

- Information regarding the channels of sales;
- Information regarding the competition environment;
- Suggestions regarding the questionnaire.

**Questions:**

1. How many hotels and restaurants sell Banfi products?
2. Can you name of them, if possible (if the number is low)?
3. What hotel/restaurant do you think is the key place of sales of Banfi?
4. What do you think the features in the “competitive set” that Banfi has with the competitors are?
5. Of those features, what do you think are the most important ones in the competition among companies?
6. What do you think the features that may make the customers to consider purchasing/consuming a bottle of wine is?
7. Do you think we should consider more competitors rather than the two ones indicated by Maralli (Antinori and Frescobaldi)
8. How do you perceive the similarities and differences that Banfi has compared with the competitors?
9. Regarding the most important factors that you stated earlier, how do you perceive the strengths and weaknesses we have compared with the competitors?
<table>
<thead>
<tr>
<th>Icon and Ultra-premium</th>
<th>Premium and Super-premium</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1" alt="Icon and Ultra-premium Bottle" /></td>
<td><img src="image2" alt="Premium and Super-premium Bottle" /></td>
</tr>
</tbody>
</table>
In order to gain information regarding the background of the respondents, they have been asked to provide information regarding their gender, age and which involvement had the wine with their job.

![Genders Pie Chart]

**Figure 13: Genders**

*Source: Author’s elaboration basing on questionnaire data collected*

The above figure shows how the number of the respondents working in the restaurants was mainly males (86%) and that the number of females was extremely restricted (14%).
Regarding the age, the above figure shows that the situation has been more homogenous than for the gender. Although it is clear a prevalence of people between the 21 and the 30 years old (46%), there has been 24% of people 31 and 40 years old, 12% percent between 41 and 50 and an 18% between over 51. No people under 20 years old have participated to the survey.
Regarding the employees’ job involvement with wine, as showed by figure number 3, there is again a state of homogeneity. As illustrated by the legend the employees has been divided in 5 categories had the following percentage:

a. Employees, working directly with the restaurant’s customers, were the 26%.
b. Employees, working indirectly with the restaurant’s customers, were the 9%.
c. Employees, working directly with wine tendering, were the 23%.
d. Employees, working indirectly with wine, were the 0%.
e. Employees, involved in all of the above, were the 42%.
For whom?

Against whom?

Why?

When?

Figure 16: Positioning A Brand

Source: Kapferer, 2008, p.172
Figure 17: Localization of Montalcino

- Four Seasons hotel;
- Mandarin hotel;
- Isola;
- Nicholini’s;
- Cinecittà;
- Union J;
- La Fourchette;
- BLT Steak;
- Marco Polo Hongkong Hotel;
- Crowne Plaza Suites Landmark.

Table 6: The list of hotels and restaurants

Source: P.I., Fassina, 21 April 2009