

VININTELL

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Social media in the wine industry





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Welcome to this edition of the quarterly newsletter as a value-added service to members of the S A Wine Industry. The purpose is to provide you, the decision-maker, with meaningful insight into events, trends, opportunities and threats through the analysis of the ever-changing competitive environment. The analytical approach is a multifaceted, multidisciplinary combination of scientific and non-scientific processes.

We trust that this publication will become part of your strategic thinking, strategic planning and decision-making process. You are welcome to send comments and suggestions to the publisher.

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What are we discussing?

Social media has changed the dynamics of online interaction forever and is also impacting on offline activities, according to social media and online marketing strategist Tina Cook.ⁱ

This edition of VinIntell focuses on the wine industry rather than specific brands and aims to provide an answer to the “So what” questions. It is therefore perhaps pertinent to define what is meant by social media.

According to Wikipedia, social media is “information content created by people using highly accessible and scalable publishing technologies. At its most basic sense, social media is a shift in how people discover, read and share news, information and content. It is a fusion of sociology and technology, transforming monologue (one to many) into dialog (many to many) and is the democratisation of information, transforming people from content readers into publishers.” A wine blogger defines social media as including “channels of interaction on the internet where the public has a voice. Any outlet at which an ordinary person, free of charge, can say something, create a piece of content, react to something that someone else has created, or establish relationships with people and companies falls under the banner of social media. This also includes bulletin boards and forums, location based services like Fours-

quare and image posting services like Instagram.”ⁱⁱ

Social media includes web-based and mobile technologies including magazines, Internet forums, weblogs, social blogs, microblogging, wikis, podcasts, photographs or pictures, video, rating and social bookmarking used to turn communication into interactive dialogue. Andreas Kaplan and Michael Haenlein say social media is media for social interaction as a super-set beyond social communication and has significantly changed the way entities like governments, companies, organisations, communities, and individuals communicate.

Social media are distinct from industrial or traditional media, such as newspapers, television, and film. It is largely free and unrestricted. Some people use it simply to have their voices heard; others use it to advertise and yet others to voice grievances and discuss topics of mutual interest. The levels of discussion and judgement are not necessarily of high quality.^{iv} Social media are also more accessible to enable anyone (even private individuals) to publish or access information, compared to industrial media, which generally require significant resources to publish information and they are more immediate. Also, most social media production does not require specialised skills and training; anyone with access can operate the means of social media production.



Social media in South Africa

There are various statistics that account for social media usage and effectiveness for individuals worldwide. Some of the most recent statistics for South Africa are summarised in Box 1. Please note that these statistics do not cover important media such as blogs.

The statistics mentioned indicate that social media has gone mainstream in South Africa, among individuals and businesses alike.^{vi} MXit (a messaging application) and Facebook are the most popular choices of individual internet activity, while Twitter has seen the most growth in the past year. BlackBerry Messenger (BBM) is the fastest growing network in the second half of 2011.

Overall, MXit remains the most popular application while twitter has also grown exponentially. This is, according to the Fuseware and World Wide Worx research because most radio and television personalities with large audiences are engaged in intensive campaigns to drive their listeners and viewers to both Twitter and Facebook and users opt for greater immediacy hence the flat growth in Facebook users. Almost every large consumer-orientated company in South Africa has started using social media to some extent, whether by way of a Facebook page, Twitter account, a LinkedIn presence or a corporate blog. Ten percent of LinkedIn's users are business owners. Blogging is a popular social medium, especially in the wine industry, but the majority of traffic is concentrated on a small pool of highly popular blogs. Social media is also driving the growth in mobile phones in South Africa, with the mobile penetration rate standing at 90 percent (end of 2011).

Location-based social networking services such as Foursquare, where users check in

and share where they are, have not taken off on any significant level in South Africa. South Africans are also still fairly timid when it comes to shopping for goods online. This means that social commerce, such as Facebook credits, are a little slow to take off locally, but in time it will definitely bring in a new wave of innovation.

Box 1: South African Social Media statistics 2011 in a nutshell

- **Twitter** has over 1,1 million users, a 20 fold increase in one year. Only 40% of users are active tweeters, and almost as many are using the platform for watching, following and getting their daily news. The increasing availability of Smartphones and BlackBerry is a contributing factor in the growth of twitter.
- **MXit:** With more than 10 million users, it is the largest in South Africa. It is teen dominated with roughly 75% of its users being 18 or under.
- **Facebook:** Only 3,2 million of its 4.2 million users logged on within the last year.
- **LinkedIn has more than** 1,1 million user mark of whom 10% of the users are business owners. Its steady growth over the past year shows its increasing importance.

Source: "South African Social Media Landscape 2011". Produced by Fuseware and World Wide Worx, October 2011



Social media in the wine industry

A prominent wine blogger, Joe Roberts, of 1 Wine Dude, wrote a piece entitled "Where Can Wineries Really Innovate? In Engaging the People Who Actually Drink the Stuff!" in which he describes many wineries' approach to social media as "some combination of fear, scorn, exhaustion, or 'can't-be-bothered."^{vii} This is unfortunate as social media mixes well with wine globally including South Africa. Through the use of all social media platforms like Twitter, Facebook, LinkedIn, communities, video, and of course, blogs, an experiential product that works well socially has become an infectious social media experience. Some interesting statistics that are available indicate that around 700,000 people watch wine related videos each month, there are more than 7,000 wine tweets per day and more than 1,300 bloggers.^{viii} Furthermore, the wine experience has

become portable with over 450 mobile phone apps, of which 300 are iPhone apps. Some of the new activities noticed in the social media include virtual tastings and so-called word-of-mouth. Tourists rely on suggestions from friends and family to determine where to visit, stay, and eat. Therefore knowledge about tapping into the word-of-mouth aspect of social media can be beneficial. As a result, the adoption of social media by wineries has accelerated including in South Africa where many vintners are using social media tools to communicate with existing and prospective consumers. This is a global trend driven not only by the rise in social media, but also by wine brands needing to find more cost-effective ways to market themselves and more importantly, to differentiate and stand out.^{ix} In summary, the following social media are popular in the wine industry:



LinkedIn provides a professional profile for business development and is used by business people and companies to remain connected with colleagues and partners around the world, as well as to recruit new talent.



Social networks including Facebook, Twitter, and Google + are the channels that wineries have been using most to engage wine tourists. Taking cognisance of the South African statistics mentioned in Box 1, it is clear that many South Africans use a social networking site. This channel can be used to encourage tourists to visit the wine estates, advertise events, create fans, have online conversations, and engage in dialogue. New research shows that the main method tourists use to determine which winery to visit is word-of-mouth and increasingly this is being accomplished through social media.



Twitter has over 200 million registered users and one billion tweets are posted every week worldwide. At the end of 2010, there were 1.5 million tweets per month in South Africa. The average Twitter user had 115 followers and there were over 1 million South African users registered in the beginning of 2011.



Blogs are a highly popular and much-used medium among some wineries and wine writers. Content may include information on events at the winery, wine ratings, recipes, and even interesting stories. There are numerous wine blogs around the world and are usually read by the more involved wine consumer and can create consumer awareness. Many take to wine blogging as a way to share their passion and experiences about and around wine⁷. Such bloggers and blog readers have become a serious influential force in the wine industry. The influence felt by wine bloggers is not only confined to wineries, but also to industry associations. WineBusiness.com prominently features a rotating list of wine blogs on their front page so that visitors can use them as a resource for industry news and opinion. These cheap, real-time and often free forms of media allow information to sometimes travel more quickly and freely to the consumer than traditional industrial media.



Similar to blogs, online forums have become increasingly popular with tourists as a source of personal experience information on where to go and what to buy. Examples include TripAdvisor, Yelp and CellarTracker. According to Highland Business Research, user-generated content is accessed by 40 percent of online travellers. TripAdvisor is a travel website that assists customers in gathering travel information, posting reviews and opinions of travel-related content and engaging in interactive travel forums. With over 50 million unique visitors per month in 2011, TripAdvisor is an essential platform for promoting estates and other wine related issues.



Video and photographs posted on sites such as YouTube, Vimeo, and Flickr have grown in popularity. A search on YouTube for "wine" will bring up over half a million videos. Wineries can encourage customers to upload videos and pictures, as well as track and comment on postings of their winery. Besides its attraction for personal use, YouTube offers a powerful way to connect with a brand's target market anywhere in the world by creating a brand's own channel.

The screenshot shows the homepage for WINE BUSINESS.com, titled "HOME PAGE FOR THE WINE INDUSTRY". The main heading is "wine industry blogs". Below this, there is a search bar and a "Search" button. A section titled "Search Featured Blogs" includes a "Search by Keyword:" field and a "Browse By Day:" section with links for various dates in February. On the right, there is a "most popular" section titled "MOST POPULAR BLOG POSTINGS" which lists several articles, including "Hoemaster of Wine Actual Secrets of a Sommelier" and "Wine Business Blog Open That Bottle Right".

The screenshot shows the Siri interface on an iPhone. At the top, it says "Siri" and "Speak now...". Below this, there is a microphone icon and a "Tap here when done" button. A list of suggestions is shown, including "Restaurants", "Movies", "Events", and "Local businesses". Each suggestion has a right-pointing arrow. The background is a light blue and white color scheme.



Smartphone apps have also grown in popularity albeit not at the same rate as other social media. Location marketing is a channel that has developed with the growth of smart phones. This allows users to consult apps or GPS on the phone to find a business or winery near-by. Leading wineries are starting to create mobile websites, as well as providing mobile promotions, such as two-for-one tastings, via apps. In a similar vein, a channel that has only now started to grow is virtual reality. It is a method for consumers to interact online with a business and others in a “virtual world.” Although currently not available in a wine tourism application, it is ex-

pected this channel will grow in the future. Wine tourists will be able to travel “virtually” to any wine region in the world and interact with wineries. Some experts suggest that tasting rooms and wine retail stores will create friendly avatars to engage with virtual visitors, and provide a “tour and tasting” online. Examples include Second Life, the use of avatars and intelligent software assistants, such as Apple’s Siri.

Against the background of the potential value of the various social media channels, a logical development is therefore the use of social media marketing. This will be discussed in the next section.



Social media marketing

The exponential growth of social media in recent years, and specifically its powerful marketing ability, has been an indispensable resource to the wine industry and will almost certainly be an effective means by which wineries of all sizes are able to promote their brand. Social media marketing can be defined as the process of promoting a website or business through social media channels and it is a powerful strategy that will provide links, exposure, traffic, opportunity and sales.^{xii} Promotion by social media is economical, especially when the scale of its reach is taken into consideration. There is no other low-cost promotional method available at present that will easily provide the large numbers of visitors, some of whom may come back to a particular website repeatedly. While the full extent of success to be derived from utilising social media to drive sales is yet to be seen, channels such as Facebook, Twitter and blogging are cost-effective methods to deliver specific mes-

sages and solicit direct feedback from consumers.

Social Wine Marketing refers to everything on the internet, which promotes engagement between the wine cellar and the customer. This engagement can be on a website or blog; as result of an e-mail campaign; in addition to any of the well-known social media platforms frequented by the people who may buy a particular wine. In a competitive wine world, the importance of building an emotional connection with a brand has become an increasingly important differentiator. Up to 50 percent of a wine’s success is attributed to the personality factor (traditionally the brand – see *also the November 2011 VinIntell edition*). Nurturing and growing a customer base through consistent one-to-one interaction (including them in the process, and showing them the human side to your wine), will enhance the customer’s choice of wine because they now have an emotional tie with the brand.^{xiii} Social media experts advise wine estates to stop marketing and start engaging with current and future customers.



What's new in wine social media?

QR (Quick Response) coding is a fairly new technology that is set to evolve into interesting uses in 2012. Many wine producers are

increasing using this marketing trend and are including them on their wine labels to allow consumers to get more information about the wine. Traditionally, wine bottles do not contain much information but with QR Codes, consumers can get access to much more information about the wines than ever before. QR codes can direct the consumer to a mobile-friendly website, blog or other social media location filled with promotions, information about the brand and the wine, special offers and tips for matching the wine to food. There are also companies developing software that tap into social media trails and databases on the Internet to offer wineries highly sophisticated tools to monitor their brand presence in the sphere of social media, and to engage with their customers in this space. Many of these tools are free.^{xiv}

In conclusion

In conclusion it can be safely said that social media is here to stay and while younger users are more inclined to use these networks, as social networks become more mainstream, their penetration within all age groups deepens. However, although South Africans are very media- and mobile-savvy consumers they appear to be more aware of privacy issues than their American counterparts. With increasing mobile accessibility, niche social networks aimed at the local market may well develop. There will be a heavy mobile focus with social networking and creating and sharing content from your phone will become incredibly simple and real-time.

Social media holds significant value, especially for businesses that understand how to use it. Some conservative producers will prefer to stick to more traditional ways of promoting their business, while wine traditionalists might reject innovative communication in favour of personal contact with clients. They regard themselves as part of a long tradition preferring real people interaction. Regardless the various views on social media, it is clear among experts that the wine industry can no longer ignore or pay just scant attention to social media. Relationships that customers have with both people and brands are overwhelmingly shifting to social media, and this goes for wine as well. It may just not feel that way to most wineries yet but the trend is undeniably shifting in this direction. Facebook will have its IPO in the coming months. As part of its filing, it had to disclose its financials for the first time, which included US\$1 billion of yearly profit, representing a net margin of around 30 percent. That is only a fraction of the value that social media is producing in today's economy. The wine industry would be well advised to add social media as an important cog in the marketing and customer-engaging wheel.

ENDNOTES

ⁱ Sandton Magazine, 1 February 2012, page 45

ⁱⁱ www.1winedude.com/index.php/2012/01/25/where-can-wineries-really-innovate-in-engaging-the-people-who-actually-drink-the-stuff/

ⁱⁱⁱ Kaplan, Andreas M.; Michael Haenlein (2010), "Users of the world, unite! The challenges and opportunities of Social Media". *Business Horizons* 53 (1): 59-68.

^{iv} Kietzmann, Jan H.; Kris Hermkens, Ian P. McCarthy, and Bruno S. Silvestre (2011). "Social media? Get serious! Understanding the functional building blocks of social media" *Business Horizons* 54 (3): 241-251.

^v Data from Facebook, Twitter, MXit, LinkedIn, South African blogs and YouTube was collected through a combination of Fuseware's analysis of social network databases, information provided directly by social networks, and World Wide Worx's consumer market research. The success of prominent South African social media campaigns was also analysed.

^{vi} www.wosa.co.za/agm/Jamie_Goode_WOSA_UK_AGM.pdfhttp://www.wosa.co.za/agm/Jo_Wehring_WOSA_UK_AGM.pdf

^{vii} www.1winedude.com/index.php/2012/01/25/where-can-wineries-really-innovate-in-engaging-the-people-who-actually-drink-the-stuff/

^{viii} www.wosa.co.za/agm/Jamie_Goode_WOSA_UK_AGM.pdfhttp://www.wosa.co.za/agm/Jo_Wehring_WOSA_UK_AGM.pdf

^{ix} *Wine Times*, January 2011: <http://winetimes.co.za/2011/01/21/social-media-gains-as-wine-marketing-tool/>

^x www.winebusiness.com/news/?go=getArticle&dataid=96151

^{xi} <http://thegrapecrusader.wordpress.com/2009/02/16/the-impact-of-wine-blogging-and-social-media-the-wine-industry/>

^{xii} www.articlesbase.com/smo-articles/what-is-social-media-marketing-841087.html

^{xiii} ruan@stickmen.co.za

^{xiv} www.vinography.com/archives/2012/02/social_media_and_the_wine_indu.html

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