

ABSTRACT

Comeback or Downfall of Sherry?
The Sherry Consumption in the Netherlands.
By Toon Lenkens

In the Netherlands, 40 years ago there was a very high consumption of sherry. After that period the consumption declined in a fast tempo.

In this study the research questions are:

- What are the factors playing a role in trends of consumption of sherry in the Netherlands?
- What are the marketing strategies of the sherry industry?

Sherry, the local wine of Jerez, Spain's oldest wine producing region, is a fortified wine in very different styles from very dry to very sweet. Sherry is mostly made of the Palomino grape and is blended by the solera system – for maintaining consistency - before bottling.

In Jerez, the export and sales of sherry has fluctuated during 60 years. Firstly there was an enormous growth, followed by a sharp downfall in the 80s, worldwide. The last decade there is a further decrease of export all over the world. There is still an overproduction of sherry wines.

Three to four decades ago the Netherlands was a beginning wine-drinking country and sherry was a very popular wine; nowadays the Dutch consumers are drinking more wine than ever. Sherry is just one of the numerous wines available.

Wine journalists, wine experts and tastemakers are convinced that sherry is one of the best wines in the world. However, there is a worldwide decline of sherry consumption. Several causes are mentioned: more other wines on the market, the poor image of sherry and the unusual taste profile of sherry.

The world wine market is in motion and a lot of wineries and retailers are seeking the answers on ups and downs on consumption and the outcomes of this research can be helpful for other regions with parallel consumption trends.

To get a clear idea of the focus of the sherry marketing the 8 Ps Matrix of Hall and Mitchell (2008) is introduced. This matrix describes all the essential elements needed to get a successful winery or wine retail.

The 8 Ps Matrix is a variation on the 4 Ps of traditionally marketing of McCarthy's (1960): product, pricing, place and promotion. Completed with the next elements: packaging, people, planning and positioning.

To get answer on question: What are the factors playing a role in the trends of consumption of sherry and what are the marketing strategies semi-structured interviews are used. Firstly with representatives of Dutch promotion agency, ICEX and retail in the Netherlands. In Jerez representatives of Gonzales Byass, Lustau and Williams & Humbert and the Consejo Regular were interviewed.

The results of the research in the Jerez wineries and the Dutch sherry market show a traditional focus on wine marketing with one creed; quality will sell. There is no marketing focus on the elements product, place, price, people, plan and position and just partly on packaging and promotion. The budgets for promotion are minimized. This while consumer behaviour and marketing aspects are critical for all actors in the sherry chain - from winery to end-user – to survive in today's competitive environment. There are no marketing strategies.

The results of the research and analysis lead to two important recommendations. Firstly Jerez has to develop a marketing plan with the elements pricing, overproduction and private labels. In the Netherlands there must be put ongoing promotional activities, based on the marketing plan of Jerez.

At this moment, the biggest obstacles for a change in policy are the big wineries in Jerez! They are responsible for sales of unrecognizable sherries of low quality under private labelling. Supermarkets overpower wineries in Jerez and the money they offer makes it difficult to change the strategies. But it makes of sherry an undervalued product with a poor image!

August 15, 2013