



## **Wine sales and marketing management in hospitality outlets**

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## Abstract

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<p>This academic work explores the wine business in hospitality outlets in Helsinki Capital Area from the entrepreneur point of view exploring the management of sales and marketing of wine as a core product. The main objective is to contribute to the development of a more effective strategic management for the segment. The choice of the subject is derived from professional circumstances that meet the interests of the researcher, who has been working in the Food and Beverage Service Industry for the past ten years, resulting from the insertion of the researcher in reality, with its reasons and objectives.</p> <p>The wine business in Helsinki Capital Area has positively grown and developed in the past years. From the initial research, it was found that there is still a lack of power awareness, and consequently loss of business opportunities that become the main driving force behind the decision to research and investigate the wine sales and marketing management further and its effects. This criticism would appear to support the hypothesis that the current scenario still has some constraints regarding the researched theme. Based on the initial research, the main question emerged: “how to effectively improve and manage wine sales in hospitality outlets in Helsinki Capital Area?”</p> <p>Approaching managerial accounting, it analyses a number of factors that influences this line of business including sales and profitability envisaging the administration of sales price, yet it highlights important aspects such as analysis of cost, volume, and price and inventory. In the light of marketing administration, it analyses the promotion of wines, customer segmentation, wine service administration with a greater emphasis on knowledge creation approach and development of service experience as a brand.</p> <p>In order to find solutions for the above-mentioned problem, exploratory research was used to find solutions for this real-life problem.</p>
<b>Keywords</b> Hospitality business – administration – wine business – sales of wine – marketing of wine

## Table of contents

1	Introduction.....	1
1.1	Wine business and consumption in Finland.....	2
1.2	Thesis background and justification .....	3
1.3	Thesis framework.....	5
2	Objectives.....	6
2.1	Thesis principles .....	6
2.2	Expected outcomes .....	7
2.3	Scope and research questions .....	7
3	Literature review.....	9
3.1	Strategic management of sales and marketing of wines .....	9
3.2	Price and markup management .....	12
3.3	Cost-volume-profit analysis .....	14
3.4	Inventory management.....	17
3.5	Promotions of wines from in core product perspective .....	19
3.6	Customer segmentation and relationships marketing.....	22
3.7	Knowledge creation towards wine service .....	25
3.8	Service experience brand management .....	29
4	Methodology.....	33
4.1	Qualitative research method.....	33
4.2	Research process and research strategies.....	35
4.3	Data collection and analysis .....	36
4.4	Validity and limitations .....	36
5	Results.....	37
5.1	Interviewees` profile.....	37
5.2	Wine business and consumption scenarios in Finland .....	37
5.3	The sales of wines .....	38
5.4	The marketing of wines.....	41
6	Conclusion.....	43
6.1	Conclusions on sales and marketing of wines .....	43
6.2	Discussion.....	46
6.3	Observations and future research .....	47
6.4	Last words.....	48
	References.....	50
	Appendices .....	64
	Appendix 1. Interview questions .....	64

## 1 Introduction

The sales and marketing management for wine is a complex task that demands from restaurateurs a set of knowledge and tools to support decision-making actions that brings competence aimed to enhance greater profitability, visibility, growth, and expansion of business competitiveness for a business.

The substratum of sales and marketing has always been separated into different categories in the Hospitality Service Industry (HSI). However, with the latest technological advances, this distance has decreased. Although marketing and sales represent different and specific functions, one cannot survive without the other, as they both contribute different functionality to the business. The link between them lies in the fact that they share the same goal: to increase sales. When both come together, barriers are broken and, consequently, sales increase. In this aspect, strategic planning emerges as one of the main tools to support and facilitate the whole process.

The term hospitality management is used in a very loose sense, when discussing it and its derivatives, some arguments may arise from the word's meanings aspect. For the sake of clarification, Hospitality Service Industry (HSI) is a type of service that provides accommodation, travel, leisure, entertainment, and tourism experiences, which do not necessarily provide food and beverage service, a term used in a Broadway. In contrast, FBSI which stands for Food and Beverage Service Industry refers to a specific place where a person can consume food and beverage.

Subsequently, to narrow the mentioned concepts, the words company, restaurant, and bar, were in most cases substituted for hospitality outlets (HO) that are allowed to serve alcohol higher than 5.5 %. Within the HSI in Finland, concerning wine consumption, HOs are limited to restaurants, bars, hotels, and catering companies. Then next, the word restaurateur, a person who manages a HO is used here because there is a strong emphasis on a person who is making the business as means of supporting HSI and FBSI, rather than just a restaurant manager or entrepreneur.

The research aspect of this academic work consists of two sections namely the theory and the empirical study. The theoretical segment conceives an overall perceptive approach around

concepts related to the management of sales and market, particularly what refers to FBSI thereafter wine business. Referring to the empirical study aspect, it was developed over qualitative interviews conducted with professionals from FBSI. The data collected will ground the conclusion and gather suggestions respecting the effective improvement and management of wine sales in HOs in Helsinki CA.

## **1.1 Wine business and consumption in Finland**

At first glance, the wine business appears to be just a luxury activity or just a snobby hobby when in fact it has a highly significant business sector that is always innovating and currently moves millions of euros, in sum an economic and a commercial activity that generates countless jobs. To millions of investors and hundreds of millions of consumers, this industry provides a far more fascinating product than its shares of global expenditure or GDP might suggest (Anderson, Norman & Wittwer 20019, 659). Wine is characterized as a highly complex product that equally complements the other products that can independently satisfy the needs of a consumer; therefore, the possibility of segmentation is extremely large (Luka, Domagoj & Sinisa 2017,103-4).

Future expectations for the wine business growth in Finland appear to be positive as it is possible to note how fast this line of business has grown in the past five years. In 2020 Alko, the only retailer of strong alcoholic beverages in Finland counted 364 stores offering 12.505 beverages and having total sales of 92.7 million liters of alcoholic beverages (Alko 2022a; Alko 2022b) and the sales of wines represent 58.8 million liters (Alko 2022c, 37) 8% more than 2016 that can be considered as a significant number for a small country as Finland.

Sales increase in 2020 is due to the global Covid-19 pandemic that had adverse effects on Nordic societies and thus also affected the country's alcohol sales and consumption. In 2020, there was an increase in monopoly alcohol sales by 12% in Finland. On the contrary, on-premises alcohol sales were significantly limited across all Nordic countries. During the COVID pandemic, alcohol sales have been affected in several ways, e.g., restaurants and bars have restricted opening hours and customer capacity. During summer the restrictions were loosened, but as the number of COVID cases started to rise in autumn, the restrictions were tightened again (Alko 2022c, 12,13.).

The number of HOs grew steadily in Helsinki since the early 1990s. Only Helsinki had 2612 outlets in 2019. The number of HOs increased by 15.4% from 2013 to 2019 while Finland had a total of 13.466 outlets increased by 5.2% from 2013 to 2019. In addition to the number of HOs, turnover among HOs has also increased faster in Helsinki than in Finland on average. The annual turnover of the FBSI in Helsinki was EUR 1.6 billion - 25 % of the total turnover for Finland. Restaurants in Helsinki accounted for 35% of the total turnover for Finland. (Helsinki 2022.)

Furthermore, the number of foreign visitors traveling to Finland has more than doubled since 2000 as 8.3 million visitors traveled to Finland in 2017, therefore HIS's growth prospects positive in the long run. (MaRa 2022) From 2013 to 2018, Finland received 1.464 billion tourists only in the FBSI in Helsinki Capital Area, having the highest score in 2018 counting 403 million, and 293 million on average per year. (Visit Finland 2022)

Traditionally, the Nordic countries were characterized as spirits- and beer-consuming countries, and wine was only consumed in very modest quantities until a few decades ago. The reason behind these increases is rising living standards, the opening of these economies, and the Nordic propensity to travel to the climatically more comfortable Southern Europe, where it is difficult not to acquire a taste for wine (Anderson 2004, 141-2.). Changes in lifestyle and demographic change have also a significant effect on the wine market (Hall & Mitchell 2008, 63).

Regarding Finns as wine consumers, there are several components to the modern concept of lifestyle including individual self-expression, development of appropriate and serious leisure interests, and anesthetization of everyday life. Convergence is the idea that countries that are the home natural of spirits drinkers such as Finland; are increasingly drinking more wine and beer (Charters 2006, 65, 197-9.). By contrast, Hyytiäinen (2020, 12) points out that only beer accounts for most of the alcohol consumption, as ca. half of the alcohol consumed, because since 2018 along with the new Alcohol Act, 5.5% of ABV beers are available in grocery stores.

## **1.2 Thesis background and justification**

This academic work is a continuance of this researcher's previous studies on HSI, correlated to accountancy, hospitality management, and business administration emphasizing areas such as

wine business, entrepreneurship, finance administration, and marketing. The choice of the subject is derived from personal interests and professional circumstances. It meets the interests of the researcher, who has been working in the FBSI for the past ten years, resulting from the insertion of the researcher in reality, with its reasons and objectives.

The combination of working life and academic background brought the will to carry out a business activity that is correlated to an eminently personal aspiration, as a goal to become an entrepreneur aiming to enter the wine business. Thus, this academic work will make it possible to allow this researcher to use his expertise in the wine trade and FBSI while developing new skills.

The wine business in Helsinki CA has positively grown and developed in the past years the cause of consumer commitment and customer engagement provided by HOs. This phenomenon suggests that wine consumption increases for the reason that the improvement of educated consumers focused on knowing more about wine which shall mean that this phenomenon is regarded as an innovative business opportunity for those aiming to delve into the wine business. From the initial research, it was found that there is still a lack of power awareness, and consequently loss of business opportunities that become the main driving force behind the decision to research and investigate the wine sales and marketing management further and its effects.

Another justification is that the wine business as a subject is the central discussion in the areas of agriculture, HSI, tourism, marketing, economy, and entrepreneurship and creates interaction between various stakeholders, such interaction that allows them to have different points of view and aspects to be studied, analyzed, and investigated. Papers on the wine business grew in recent years and this change has given rise to a renewed structure of the wine business which needs to be deepened through new studies and research. The wine business allows interesting reflections on all the aspects of a business: governance issues, entrepreneurial orientations, supply chain management, brand management, communication strategies, international marketing, consumer behavior (Zanni & Pucci, 2019, 13–15.), education, sales and profitability studies, and health.

### 1.3 Thesis framework

The literature review will be divided into two main subjects: sales of wine and marketing of wine. The first one is focused on the managerial accountancy perspective exploring subjects mostly related to profitability. The second one is focused on marketing management exploring many subareas giving a greater emphasis on marketing issues and service development. Within the framework of this research, a qualitative study will be conducted.

Table 1. Thesis framework

<b>Managerial approach</b>	<b>Primary subjects</b>	<b>Secondary subjects</b>
Internal financial processes	Sales of wine	<ul style="list-style-type: none"> <li>- Strategic management of sales and marketing of wine</li> <li>- Price and markup management</li> <li>- Cost-volume-profit analysis</li> <li>- Inventory management</li> </ul>
Internal/ external, in-staff and service processes	Marketing of wines	<ul style="list-style-type: none"> <li>- Promotions of wines as in core product perspective</li> <li>- Customers segments and relationships marketing</li> <li>- Knowledge creation towards wines service</li> <li>- Service experience brand management</li> </ul>

Aiming to provide theoretical support for the research, the literature review encompasses the two most important subjects that are the administration of sales and marketing. Chapters 1 to 4 address financial strategies while chapters 5 to 8 address the marketing strategies.

## 2 Objectives

### 2.1 Thesis principles

This academic work aims to contribute to the development of a more effective strategic management for the segment, exploring effective strategic management of sales and marketing of as a core product. It also seeks to provide knowledge in strategic management for HOs owners, restaurateurs, managers, and entrepreneurs entering the FBSI and HSI.

By this means, it seeks to recommend restaurateurs to improve sales and service that in return same time bring a positive impact on sales, growth, and visibility. There is a concern in seeking ways to effectively improve and manage sales in HOs in Helsinki CA, find which strategies should be adopted in pursuance of achieving this goal, verify the challenges, and seek ways to enhance the sales and marketing for s for new HOs and help the existing ones to develop.

Following the hypothesis that the wine business in Helsinki CA will positively grow, the investigation of such a phenomenon still requires a deeper exploration and further research in order to answer some questions that are considered practical difficulties from the entrepreneurial point of view. The fundamental idea takes a new approach that shall bring a new perspective as a way of business development even if it is still considered prospective. In addition, this academic work looks also for ways to increase sales and enhance the marketing of wines with the purpose to amplify and strengthen the growth of such business activity.

To achieve this goal, it is still necessary to develop and improve work tools, mainly with regard to sales and marketing, which today appears to be in progress in Helsinki CA, and scarcely explored as an advantage for those involved. With regard to the researcher's master thesis, the project seeks to have a greater opportunity to try to solve the above-mentioned issues like a problem with a real challenge.

## **2.2 Expected outcomes**

With this academic work, the researcher expects to collect accurate material that in turn will contribute to scientific, intellectual, practical, and professional improvement on the researched theme. As result, analyze whether the research can contribute as an academic work to stakeholders, bring advances to HSI and FBSI, and consequently to society as a whole. On the grounds that the wine business in Helsinki CA as an academic subject is not highly explored, research and investigation in the actual scenario are expected to foster issues that so far are unknown. Thus, it is also expected to get more knowledge of the subject and analyze possible signs for future research.

From the problem here defined, the researcher foresees through the subject of discussion to find answers to all research questions. In addition, with the results obtained it is also expected to obtain consistent results to confirm the raised hypothesis. As a whole, it is expected to be able to expand the visibility of the wine market, adapt sales approaches, optimize, develop profitability, and improve the marketing of wines.

## **2.3 Scope and research questions**

The research project is structured from the subjects of entrepreneurship, strategic business management, marketing of wine, sales management, service management, brand management, and growth management. Through the qualitative method, a deep study of literature was made to elaborate the theoretical framework where concepts related to the subjects in question are addressed that in turn helps to develop the scope and research questions. Table 2 shows which concepts guided the empirical research component and which key concepts need to be developed, investigated, and improved.

The sources used to define the key concepts are authors' and researchers' publications in the field of HSI and FBSI, wine business studies and publications, and academic articles related to the key concepts. Accordingly, the scope of this study is to target professionals from FBSI and HIS approaching HOs in Helsinki CA by investigating the actual scenario and the management in the light of the sales and marketing of wine as the core product from the entrepreneurship point of view and provide them by helping to enhance and improve the sales of wines.

<b>Needs of development</b>	<b>Needs of investigation</b>	<b>Needs of improvement</b>
-profitability studies	-ways of financial studies	-sales and marketing of wines as core product
-sales price	-wine consumption	-accessibility for wines
-management of cost, volume, and profit	-opportunities	-perception of wine business opportunities
	-ways of marketing studies	

Table 2. Key concepts

Subject to the thesis objectives and principles, this academic work intends to provide answers to the fundamental research question: “how to effectively improve and manage wine sales in HOs in Helsinki CA?”; that can be divided into four sub-questions:

- Q 1: how to improve the sales of wine?
- Q 2: how to enhance the marketing of wine as a core product?
- Q 3: how to enhance the service of wines?
- Q 4: how to enhance the wine experience?

Table 3. Overlay matrix

<b>Research questions</b>	<b>Theories references</b>	<b>Questions linked to research questions</b>	<b>Data analysis and research results</b>
Q 1	Units 3.1 to 3.8	4-16	Units 5.2 and 5.3
Q 2	Units 3.5 to 3.8	10-16	Unit 5.4
Q 3	Unit 3.7	10-14	Unit 5.4
Q 4	Units 3.7 to 3.8	15 and 16	Unit 5.4

### 3 Literature review

#### 3.1 Strategic management of sales and marketing of wines

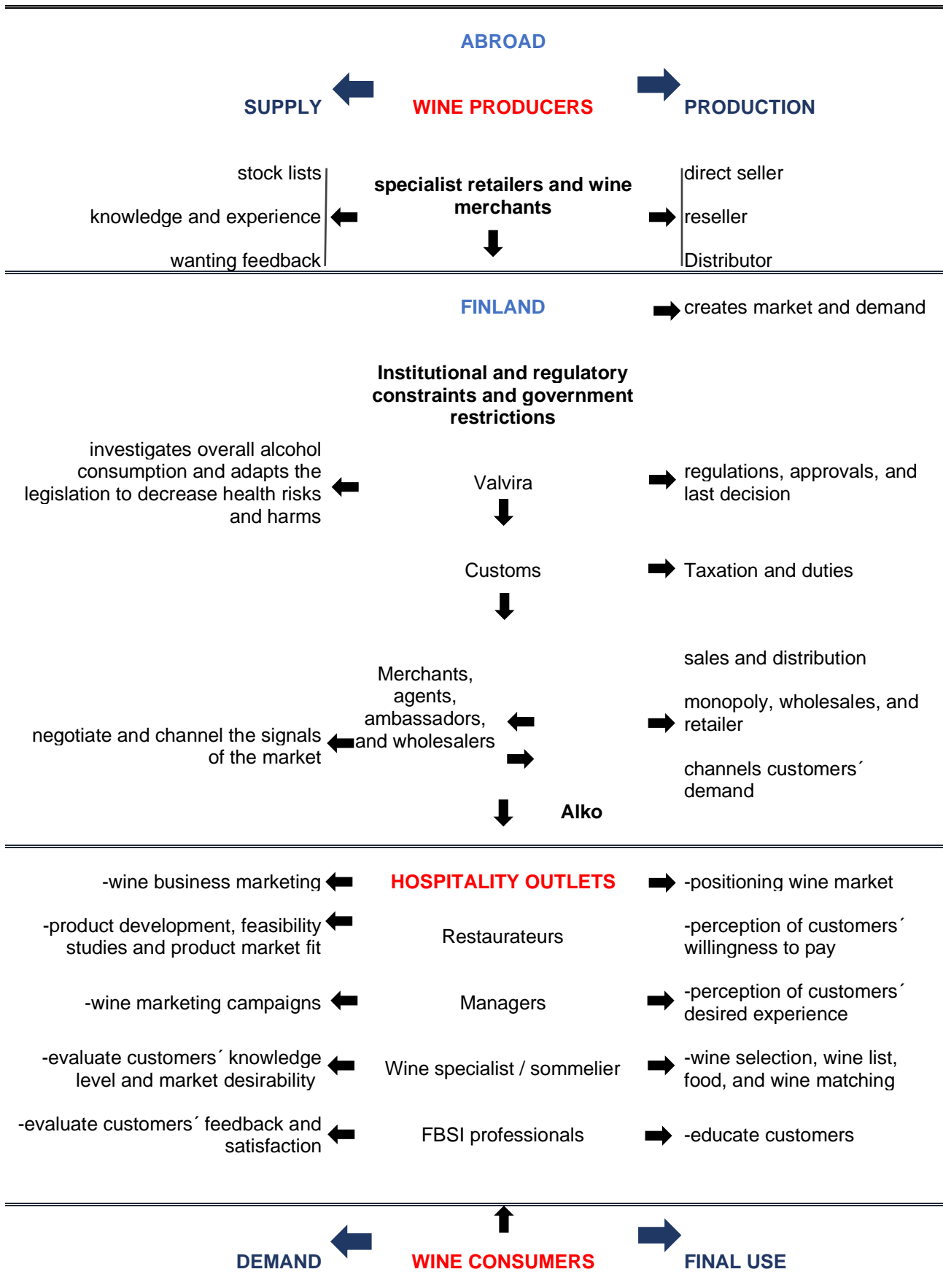
Wine sales management does not depend only on sales of wines. The activity demands a lot of knowledge, skills, competence, and interaction with several areas such as marketing and finance which requires an understanding of the managerial accounting approach that concerns financial information provision to internal management. The first skill restaurateurs need is to have a grip on accounting and cost control, (Lewis & Brown 2003,9) to make decisions so that costs, increased sales, and profits are effectively controlled so this equation is at the perfect equilibrium.

Similarly, restaurateurs need to adopt (Kara 2018, 598) strategic management which is a proactive approach to business and encompasses past experiences, present situations, and future-related anticipations relevant factors affecting business development or its decline. Thus, strategic planning, resource management, implementation of selected strategies, and evaluation of this process are of crucial significance to the organization (Steiss 2003).

As a product category, wine is probably one of the most complexes. This enormous variety is due to the range of attributes defining a wine as well as the number of levels within each attribute (Orth, Lockshin & d'Hauteville 2007, 7.). Wine is considered to be a complicated beverage from a customer's point of view also (Aqueveque, 2015), and carries a great social currency (Fattorini 1997, 8). For Hall & Mitchell (2008, 236) wine is widely acknowledged as a high involvement product being part of most people's discretionary spending and often used by individuals to say something about who they are. Therefore, its sales also become a complex activity.

In addition, the supply chain for wine is very complex. A single-supply chain that is the same from country to country, and arguably even from winery to winery, does not exist and there are an almost unlimited number of routes that wine can take from winery to consumer (Hall & Mitchell 2008, 15). Table 4 gives an example of how wines are sourced to Finland. It also shows the points of the supply chain and indicates the functions from all parties, from the wine producer until wine consumers.

Table 4. Wine supply chain framework



In Finland, most HOs are attached to either wine distributors or Alko or both. Alko Inc is the only retailer of strong alcoholic beverages. Its operations are guided by specific legislation and ownership policy objectives set by the State, being one of the State's special assignment companies (Alko 2022a.). Therefore, a key issue for the role of HOs in wine marketing is how they source the wine and their understanding of distribution and supply systems in different national and regional jurisdictions (Hall & Mitchell 2008, 194-6.).

Mariotti (2007, 64, 263) defines a market as a group of people with the potential interest in buying a given product or service and states that marketing is the business function that identifies these customers and their needs and wants; and develops strategies for getting consumer interested in the product. Then for Grönroos (2010a, 14, 265) market as a term refers also to a function, therefore less appropriate for situations where managing customers is a process to which most of the organization contributes; and as a phenomenon, it can be approached in many ways.

The marketing of wine includes many subareas of research. Traditionally, the four Ps of marketing are spoken: product, pricing, promotion, and placement and their concomitant areas in wine marketing, e.g., branding, product development, pricing, and public relations. These Ps are quite like the traditional marketing definitions, but in each case, they have been altered to be more directly applicable to wine marketing. Wine marketing should include specialty topics, such as consumer behavior for wines, supply chain management, and promotional activities (Hall & Mitchell 2008, 26 & Lockshin 2003, 5.).

Wine marketing objectives should include targets for managing customer relationships because these are so critical to HO's success. Creating a marketing plan involves selecting target markets, determining objectives, and creating action plans to meet those objectives; that includes market penetration, market development, and diversification. Once the direction is set, objectives should be established, be specific, have time defined, and be measurable, be realistic but challenging, be consistent with HO's mission and goals, be consistent with resources and core competences; and be appropriate for the external environment (Ninemeier 2000, 61 & Wood 2011, 85, 92.).

To be effective, sales activities need to take place within the context of an overall marketing plan, so that sales efforts complement are ensured, rather than compete with, other marketing activities. A critical stage in its development is the market assessment and sales potential followed by a detailed sales forecast preparation (Jobber, Lancaster & Meunier-FitzHugh 2019,50, 58.).

### **3.2 Price and markup management**

Pricing is a tool used effectively to improve profitability, but the dilemma is often a matter of finding the balance between prices and profits (Jagels & Coltman 2004, 243.). When setting prices, restaurateurs need to consider what prices competitors charge and the image sought - whether setting a low price for particular product results in more customers and greater sales of other products (Guilding 2002a, 157). But if a HO has many local competitors, its sales volume will be heavily affected by the price it sets. Wine prices can range from a few units to well over 100, and the number of grape varieties, such complexity that leads to confusion in the marketplace and uncertainty and risk to the HO (Orth & al. 2007, 7-8.).

A central argument advanced by Fattorini (1997, 80) is that wine pricing is still in its infancy compared to menu pricing as not much attention is paid. Indeed, as Wood (2000, 174) points out, the consideration is far more than simply dealing with the practical elements of how much to charge the customer. There is a correlation between what customers pay and the level of loyalty to the wines. The price of wine, and the distinction between fine wines and plonk, is not just a matter of brand and reputation, it is determined by desirability influenced by factors e.g., profit objectives, pricing practices, the relationship between every day and feature prices, and particular strategies (Gray 2011, 85; Mariotti & Glackkin 2012, 199; Morgan & Tresidder, 2016, 53-54; Moulton & Lapsley 2001, 205, 115.).

Price delivers perceived value and makes it easy for consumers to decipher cheap versus expensive wines as the latter have a unique appeal to customers. Pricing strategies are a central pillar for competitive strategies and price influences substitution possibilities (Maumbe & Brown, 2013, 141.). Established price structures with different methods, each with its advantages and disadvantages should be used such as the trial-and-error method and intuitive method. Yet it is unrelated to profits, restaurateurs just assume that established prices are the right ones because customers are willing to pay (Jagels & Coltman 2004, 241-2.). Therefore, sales-price management

for wines becomes one of the most important activities to support the financial activities to ensure that profit is created, costs are covered, and the HO remains competitive in the face of market competition. All of this, of course, without ceasing to be attractive to the consumers.

Markup is a simpler method to use but because of its simplicity, many factors are ignored. The cost-plus pricing approach is extensively applied in FBSI management which is a form of a 'progressive' markup where higher markups are used for low-cost wines and if the cost of the wine is high, then a lower markup is used. Such an approach involves the identification of traceable costs to the item to be priced adding the cost by a multiple to determine a selling price. But difficulties arise because expensive wines tend to have a disproportionately higher selling price, and this does not encourage the sales of higher-priced items (Chung, 2008; Cousins, Foskett & Pennington 2011, 148 & Godsmark 2003, 25, 26; Guilding 2002a, 160-1 & Jagels & Coltman 2004, 274-275.).

HOs undertake a markup strategy based on the gross profit method of inventory estimation or establish a limited number of prices. They set prices by the bottle based on a perception of customer choice, quality, availability, and consideration of cost incurred in providing the wine; and no hard and fast rule applies (Hall & Mitchell 2008, 199.). But for most HOs the question of the price of wines is not just choosing one method but using a combination to establish the gross profit the wine list needs to contribute, so all costs are covered and there is a net profit. In established HOs such a method works with past performances while in newly established ones, the forecast is made on anticipated demand in the business plan and adjusted (Fattorini 1997, 9,80,81.).

After the markup is decided, the next step is to apply the elasticity exercise to find the demand quantity at equilibrium. Higher degrees of price elasticity provide a potential for more imaginative approaches to pricing strategy (Guilding 2009b, 250). Different markups should be created for every wine category established accordingly to the sales forecast, to facilitate its regulation. Peddle price will not alter profit desirability if the markup is fixed, yet the increase of other costs certainly will occur. All costs and profitability are investigated as well as which sales method will be viable and most profitable to build searched margins to be financially successful. The increase of sales volume will make possible to cut down the price of wines. Price management goes through a few steps to reach an accurate conclusion about the values of the HO's services and products.

Fattorini (1997, 80-81) argues that famous wines and expensive (or both) are usually relatively elastic and house wines are very elastic, often priced very competitively to encourage customers to buy more and adjusting the prices of big sellers and cheap wines affects demand that may reduce the contribution of those wines.

When establishing price objectives, restaurateurs need to consider pricing strategies linked to quality standards. HOs that offer customers extra quality, value, service, or convenience can charge higher prices as long as customers recognize the extras they are getting. If price is not always the most important decision driver, then the strategic choice to make the price the primary competitive weapon must be considered with extreme care and analyze whether a business will compete on price at all. Competing on price may work for some businesses in certain markets, but it is definitely not for all businesses in all markets. Companies that successfully implement a differentiation strategy can charge higher prices (Bowie, Buttle, Brookes & Mariussen 185-186; Forgacs 2010, 77, 78; Hall & Mitchell 2008, 199; Scarborough, 2012a, 366.).

### **3.3 Cost-volume-profit analysis**

Cost-volume-profit (CVP) analysis is a logical extension of breakeven analysis that expresses relationships among costs, volume, and profit. It relies on the interdependency of sales price, volume, variable costs, fixed costs, and profit or loss. If four of these components are estimated, CVP analysis is used to compute the remaining unknown amount. Additional costs can be added to the equation's numerator in addition to the normal fixed costs to find out how any changes affect the business and prepare to respond. However, it produces only estimations to assist decision-making relying on accounting. The primary focus concerns projecting future levels of profitability, which requires an understanding of how much costs and profits fluctuate following sales volume (Braun, Toetz & Harrison 2010, 364-365, Guilding 2002a, 101 & Jagels & Coltman 2004, 327, 335.).

Restaurateurs need to be prepared for increasing costs, pricing pressure from competitors, and other changing business conditions. The use of CVP analysis conducts sensitivity analysis (SA), which is a "what if" technique that asks what results will be if actual prices or costs change or if an underlying assumption changes. As HOs sell more than one product, they must consider the sales mix when performing CVP analysis. All else being equal, a HO earns more income by selling high-contribution margin products than by selling an equal number of low-contribution margin

products. To facilitate this exercise, the weighted-average contribution margin of all products weighted by the relative number of units sold should be applied (Braun, & al. 2010, 276,381.).

When questioning how much should be spent and invested, management of cost must be closely tracked and constantly evaluated. This involves areas from the administrative approaches not only the wine buying process but also inventory control and labor cost. An ill-suited and mistakenly performance interferes with results that lead to decreasing in productivity and revenue. In turn, proper cost management allows prices to be set at higher profit margins so it will generate more profit.

Alternatively, if the restaurateur wants to find out how many bottles of wine need to be sold to break even and determine the volume still earning the target profit and at which price; CVP analysis is the most helpful tool. Indeed, it discerns and accomplishes main points to answer initial questions concerning cost and price. For restaurateurs operating more than one HO, it is prudent to perform both CVP analysis and SA in the long run.

Furthermore, Eastham, Sharples & Ball (2001, 206-207) state that the search for more effective cost models gives impetus by the recognition of cost drivers, factors that determine any activity cost, learning or experience effects, inter-relationships, the timing of market entry, location, and institutional costs. Some HOs are built specifically with a profit target to achieve; therefore, minimum costs should be kept so that any profits made are put back, hence overall running costs should be reduced. Understanding the operation's cost structure is necessary to know why the various costs are incurred, and which costs can be attributed to the various parts of the operation (Cousins & al. 2011, 236; Davis, Lockwood, Alcott & Pantelidis 2018, 182.). Atrill & McLaney (2012a,125) state that although deducing full cost can be done after completing the work, it is frequently predicted in advance; often because the full cost is needed as a basis for setting a selling price.

When dealing with costs and profit, a major concern related arises when an HO intends to import wines. Restaurateurs firstly chose to import wines or resell wines acquired from local wine importers and consider the most viable and cost-effective option. Importing alcohol to Finland, the

HO must pay excise duties, (Vero 2022) the direct taxes on the consumption or sales of specific imported products which are collected for fiscal reasons and intended to promote social and health policy objectives as well as environmental and energy policy goals.

Additionally, an important task in CVPa is the sales volume investigation. Alternatively, the restaurateurs seek ways to increase sales volume. One option is the wine by the glass (WBG) program which can be more profitable than just selling a whole bottle. Plotkin & Goumas (2001, 79) argue that the first consideration of this approach stands to reason that the more an item costs to serve, the higher the sale price must be to realize the desired profit margin. If developing this program then better adopt a systematic approach to analyze the cost percentages and gross profit per portion, and this exercise requires knowledge of the market and a fair amount of intuition (ibid. 153).

Nevertheless, WBG should feature preferentially a manageable number. Some WBGs prices are often lowered as an incentive to purchase a specific wine and food matching. However, prices should be slightly higher than a straight divide of the bottle price as an account provides for spillage and wastage. In a market that is not only increasingly health-conscious but also potentially interested in trying new wines, WBG is an important initiative (Hall & Mitchell, 2008,199, 205; Harrington 2008, 50, 310.). Yet this approach concerns profitability, however, as a piece of advice, restaurateurs should consider customers' health, and avoid (Pechey & al. 2017,1) influence perceived volume and subsequently purchasing and consumption; appraising that excessive alcohol consumption is a major contributor to the global burden of disease.

The profit in the wine business is fundamentally determined by three factors: the value of a product to customers, the extent of competition between producers, and relative bargaining power at different stages of the wine production and distribution chain. Projecting profit requires an understanding of how much cost and profits will fluctuate following a change in sales volume (Guilding 2002a, 101).

### 3.4 Inventory management

Managing inventories to boost net income call for HOs to effectively manage many categories of cost e.g., purchasing costs, ordering costs, carrying costs, stockout costs, costs of quality, shrinkage costs, conversion, and other costs incurred in beginning the inventory to its present location and condition. In sum, the objective of an inventory system is the minimization of the unavoidable costs of operating pure inventory (Benton 2010, 87; Horngren, Datar & Rajan 2012, 725-6 & Collier 2009, 135.).

Inventory management is not just replenishing the supply when it is depleted; it is about skillful management of the dynamics of the business, balancing the HO's needs and those of customers, taking the individual characteristics of the marketed wines into consideration, and planning for the future. Adopting these approaches will also help to achieve a good return on capital investment, that is wine (Gray 2011, 203.). However very little has been done regarding inventory turnover and the productivity of capital invested in inventory (Barth, 2011, 701).

A HO may hold inventories for various reasons, e.g., to meet the day-to-day requirements of customers; however, a HO may hold more than is necessary for this purpose if it is believed that future supplies may be interrupted or scarce (Atrill & McLaney 2006b, 371-2) as commonly happens with wines. In addition, according to (Rizzo 2019, 16) it is imperative to administer a wine list that becomes a form of investment that must be considered when having wines in stock, and a controlled level of stock in hand helps to minimize losses with pilferage and stock deterioration. Wines cannot be stored inevitably because eventually turns bad. Therefore, extra attention should be paid when deciding which wines should be held because there is a risk that expensive wines will eventually become obsolete, and the scenario may change for instance if there is a fall in the market price of wines.

For a HO, holding wine inventory may represent a substantial proportion of the total assets held, as sometimes wine is relatively a non-perishable product and most of them eventually become expensive. Correct inventory size is a matter of judgment, therefore one way to inform such judgment is to monitor inventory turnover. If the HO belongs to a chain, it can be a useful exercise to benchmark inventory turnover rates in order to identify those members of the chain holding

relatively high or low levels of inventory (Guilding 2002a, 186.). Restaurateurs should consider intake a one-brand-at-a-time approach in order to avoid tying up too much money (Parry 2003, 42).

Correspondingly, for the business as a whole, central inventory levels are required to meet expected sales demand determined by using past sales data that enables to determine the inventory holding that will meet the needs of the expected demand, minimizing the capital amount attached to the stock being held (Lillicrap & Cousins 2010 392-3.). In contrast, a HO that holds low inventory runs the risk of stock-outs that results in the immediate loss of sales and, perhaps more significantly, it can damage customer goodwill when a customer becomes disgruntled when several menu items are unavailable. But if too much inventory is held, the HO experiences high inventory carrying costs such as tied money in inventory (Guilding 2002a, 184-5.).

The way in which the cost of inventory is measured is important because the cost of the inventories sold during a period will affect the calculation of net profit, and the remaining inventories held at the end of the period affect the portrayal of the financial position. To facilitate this process at least one inventory evaluation method should be implemented e.g., first-in, first-out (FIFO), last-in, first-out (LIFO), and weighted average (AVCO). Similar to FIFO, the Last Price Method is the most commonly used accounting procedure used in the FBSI and involves using the last purchase price to extend inventory value (Godsmark 2003, 57). Conversely, FIFO gives the lowest cost of sales figure when deducted from sales gives the highest gross profit figure and the lowest cost of sales figure because it reflects costs of earlier and cheaper inventories.

However, not all the goods bought will be sold in the same period as the sales are made (Collier 2009, 84). When HOs sell off inventories, what has been charged for each unit is known. But some of the inventory might have been held for months before selling it, i.e., some of the inventory sold in September might be purchased months before. The issue is that this inventory might also cost differently; or was bought from different suppliers (Slavin 1995, 109-110.). So is better to try something new every few weeks, in small quantities, selling old wines before purchasing new ones. The HO may adopt the just-in-time system, (Zutter & Smart 2022, 752) to minimize inventory investment having the philosophy that wines should arrive exactly when needed.

Furthermore, the decision in managing goods for sale is how much to order. The economic order quantity (EOQ) is a decision model that, under a given set of assumptions, calculates the optimal quantity of inventory to order. Its simplest version assumes that there are only ordering and carrying costs and the same quantity is ordered at each reorder point. Demand, ordering, costs, carrying costs, and time between placing an order are known with certainty (Horngren & al. 2012, 726-7.). EOQ model analyses also the trade-off between order costs and carrying costs to determine the order quantity that minimizes the total inventory cost (Zutter & Smart 2022, 449).

### **3.5 Promotions of wines from in core product perspective**

According to Shimp (2010, 446), promotions refer to any incentive temporarily used to change a brand's perceived price or value, such incentives are designed to encourage customers to purchase a particular brand sooner, more frequently or to engage in some other behavior will bring benefit to the HO which offers the promotion. Significant effort in services marketing has centered on understanding the nature of core products in a business, as well as how core products can be augmented by additional relevant services to enhance the perception of benefits, and buyer value (Byrd, Canziani, Hsieh, Debbage & Sonmez 2015, 21).

The features of a product affect customer satisfaction that the basic features are namely meaning without each the product would be unacceptable; the performance features provide a real benefit to the customer and the exciting features that give unexpected value to them seemly out of proportion to the objective value. Each of the elements of the total product offer provides the opportunity for innovators to increase value to better meet consumer needs and wants and this can be achieved through breakthrough or incremental improvements (Lowe & Marriott 2006, 307-8.).

One important aspect of connecting with customers in defining the HO's unique selling proposition (USP), as a key customer benefit of a product that sets it apart from its competition. To be effective, a USP must be unique – something the competition does not (or cannot) provide, as well as compelling enough to encourage customers to buy e.g., connecting a HO to its target customers to describe the primary benefits of its product or service offers customers and then list other, secondary benefits it provides (Scarborough 2011a, 261.)

Consumer-generated advertising creates authenticity and credibility in a way a company-generated cannot. The selection of a product or service and its branding will be a critical part of the marketing mix (Mariotti & Glackin, 2012, 167, 234). The needs of the market have also a clear impact on the design of the marketing mix as products must have a set of meaningful attributes to consumers and be related to their needs. Such attributes should communicate “personally” because they feed a personal relationship between the producer and the consumer, and this relationship should be developed solidly (Moulton & Lapsley 2001, 4.).

The core product is supposed to be the sole or major carrier of value to customers, and a HO adopting a core product perspective without having any advantage often falls into the price trap. A core product perspective is a traditional scientific management-based approach, where the quality of the core solution is considered to be the main source of competitive advantage (Grönroos 2010a, 5,7.).

When targeting wines as a core product, one needs to consider the quality of the wine because its quality (Aqueveque, 2015) is important to a consumer because competition in the wine industry is fierce and highly competitive. Quality is very difficult to assess if not chemically analyzed (Schiefer & Fischer, 337, 2008), and wine quality concerns different cues such as intrinsic, extrinsic, and credence cues and an expert is required to judge the wines (Chocarro & Cortiñas, 2013, 229).

Consumers rely on advertising or online wines reviews or word of mouth to gain information about their quality, they are considered to be a novice drinker who tends to use a heuristic style of research, stimulating their own interest as a means to further investigation, which causes a ‘halo-effect’ with the abundance of advertising, marketing information, and information provided by different sources (LaTour, LaTour & Feinstein 2011, 444.). Hyytiäinen (2020, 47) interprets that consumers prefer word of mouth opinions from personal information sources, such as retail sales personnel, friends, and relatives, and understanding wine labeling or reading literature in the field usually requires higher knowledge about wines than listening to the suggestions of others.

Effective advertising is creative with a purpose, upon determining specific objectives, that an advertising campaign must accomplish, and advertising is effective if it accomplishes the

advertiser's objectives. This way, the rewards to customers are both utilitarian and hedonic. (Shimp 2010, 208-9, 452.)

Turning to the question of promotions of wines, Jobber & al. (2019, 72) argue that the relationship between the various promotion tools, including personal selling, should be complementary and coordinated. If a HO chooses to advertise, then it must decide what to say. The message depends on the objectives of the advertising, the product's features and benefits, and the nature of the target audience (Moulton & Lapsley 2001, 145.). When applying promotions and price-cutting methods quite common when referring to wines, (Jagels & Coltman 2004, 242) selling additional products must more than compensate for the reduction in prices, and if the extra business gained is simply taken away from competitors, they will also be forced to reduce their prices, and a price war may result.

Customers respond to price cuts, but HOs that rely on them to boost sales will risk undermining the perceived value of their products and services. Once customers grow accustomed to buying products during special promotions, the habit can be difficult to break. In attempting to maximize sales, the use of discount prices can attract and encourage the 'wrong' type of customers. Constant promotions, point of sale material, and sales drivers soon lose their impact. When customers expect there to be some special offer, the HO will merely maintain market share or sales targets by promoting different wines (Bowie & al. 2017, 185; Fattorini 1997, 106 & Scarborough 2012b, 368.).

When deliberating promotions issues, it raises the question of whether wine promotions would help or disturb beverage sales. For Wansink, Cordua, Blair, Payne & Geiger (2006, 332) promoting new or unfamiliar wines often cannibalizes the sale of other existing wines. On-site promotions may increase sales while reducing overconsumption of alcohol which also helps a novice wine drinker making a more confident, satisfying selection. If the wines are sold at a reduced price, a larger percentage of sales may come from those customers who would have otherwise ordered something else. While a price promotion may increase sales from lower-margin drinks sales, it can steal share from higher-margin wine sales. So, care should be taken to not promote low-margin wines that could cannibalize the sales of higher-margin wines (ibid. 2006, 327,331, 333.).

Buttle (1986,3, 390) defined merchandising as any form of behavior-triggering stimulus or pattern of stimuli, other than personal selling, which takes place at a point of sale; and the principles of creating any merchandising tool are accessibility, sensory domination, and appeal. Merchandising aims to promote a product, exposing it to potential consumers indicating a technique for planning and promoting a particular product, aiming at the best possible exposure of the right product, at the right time, with the right price. By exposing a product, a HO offers paraphernalia with their logo, in order to sensitize the consumer, attract attention and create a positive mental representation that translates into the purchasing. The most efficient way to increase wine sales would be through merchandising, particularly on the menu. Such inclusion provides a stimulus in the environment that led to an increase in impulse purchases. (Wood 200, 177)

Merchandising objectives are set before implementing specific wine merchandising tools, and they must decide why they are implementing a strategy and what they want to get out of it. However, merchandising does not include personal selling because the role of personal selling by staff may overshadow efforts to implement merchandising opportunities. While personal selling is vital for customers who want to discuss the wines, they are often stuck in their conversations and just want to order the easiest. Through behavior-triggering stimulus, customers buy good profitable wines, without even knowing about it, being unaware that there was any pushy sales effort. Any merchandising must appeal to the customers giving them a taste of wine leads to a desire for more, particularly if the amount is tantalizing just a taste (Fattorini1997, 105-6.).

With innovative products and services, marketing is less about persuading people to buy and more about making it possible for them to buy. Customers are becoming sophisticated, segmented, and demanding and expect more terms of customization, newness, quality, and price. Therefore, it is only with innovative and continuous efforts toward brand building that a HO ensures a sustainable relationship with consumers and shareholders (Lindberg-Repo, Mehra, Gupta, Dube & Kaul 2009, 22, 23,103.).

### **3.6 Customer segmentation and relationships marketing**

Customer segmentation is a process of dividing a market into different buying groups with close needs and wills by analyzing geographic, demographic, psychographic, and behavioral factors containing four criteria: definable, meaningful, sizable, and reachable (Kotler & Armstrong 2012,

107; Abrams 2010, 126.). Markets is also distinguished by several factors, including consumer characteristics, product preferences and types of HOs (Moulton & Lapsley 2001, 117). According to Forgacs (2010, 72) the process of evaluating different market segments to target should take into consideration a segment's size and growth potential, as well as its structural attractiveness - referring to such issues as age diversity, income brackets and whether it is easy to reach the customers through advertising channels.

Consumers purchase wines for various occasions at a variety of HOs. One of the key factors in the successful marketing of wine as a core product is the identification of what is important to the consumer. Sufficient income needs to be earned by consumers so that this disposable income is used on purchasing of commodities such as wine because wine is usually known as a non-essential item. Furthermore, understanding belief systems and attitudes concerning wine is extremely important in terms of determining not only the actual size of the market but also the extent to which attitudes can be changed. Therefore, social, and cultural values underlie consumer behaviors concerning wine (Dewald & Jones 2004 2-3; Hall & Mitchell 2008, 60 & McVety, Ware & Ware 2009, 29.).

Another point is the fact that in professional selling, relationship marketing refers to create the type of relationship that best suits the customer's need. There are two types of loyalty: behavioral that is the purchase of same product from the same vendor over time, and attitudinal that refers to the emotional attachment to a brand or salesperson. Many times, the buyer and the salesperson have a close personal relationship that allows them to communicate effectively creating a cooperative climate between the salesperson and the customer. In sum, when both parts feel safe and stable, open, and honest communication takes place (Weitz, Castleberry & Tanner 2009, 32, 35.).

The typical tactical elements of a relationships marketing (RM) strategy are to seek direct contacts with all stakeholders; to build a database covering necessary customers' information and to develop a customer-oriented service system. Markets are, of several kinds: customers, distributors, suppliers, and networks of cooperating partners. RM is more than just relationships between companies and clients and involves business-to-business relationships with suppliers, intermediaries, and retailers (Grönroos, 1996b, 5, 8). In addition, RM is also integral to the development of cooperative marketing strategies undertaken by wine businesses (Hall & Mitchell 2008, 139).

Many new products claim to be the right for everyone but the problem with the “one product fits all” approach is that it ignores the fact that, within a mass market there are a number of groups of customers with some similar or different requirements. The restaurateur should then choose to target either the mass market or one segment, as a niche supplier, but whichever approach is adopted it must meet customer’s specific needs (Lowe & Marriott, 2006, 306). Developing and maintaining relationships directly with customers requires a coordinated communication strategy that engages them and develops their loyalty, i.e., RM is about establishing, building, and maintaining long-term loyal relationships with customers (Hall & Mitchell 2008, 14, 137.).

The existence of good customer relations is as much a part of the product as any other aspect, and its development is achieved if the HOs recognize the symptoms of deterioration in customer relations. Minimizing such a problem is concerned with ensuring that the conditions under which the members of staff are likely to support the maintenance of good standards of interpersonal skills (Cousins & al 2011,171-2). By making analysis of buying habits in the supply and demand segment of wine possibilities the understanding of customers preferences; its segmentation facilitates the selection of communication resources with customers while market research allows predicting trends in the market (Luka & al. 2017, 108).

There is no such thing as the wine market nor is there a typical wine consumer. Asking consumers why they prefer certain wine over another or why they like/dislike specific one is usually very counterproductive. Research of wine consumers and their behavior became increasingly sophisticated so that it now includes explorations of personality, levels of involvement and the milieu of motivations for purchasing wines. Today young adults give evidence of a strong preference for wine as part of their lifestyles and the prospect for continued growth of demand for wines is significant. Still, a shrinking population of marginal wine drinkers and their diminished preference for wines are challenges for the FBSI. Customers within a broadly defined market almost never have same characteristics or same requirements, there is, as a rule, an opportunity to segment the market. The purpose is then to identify subgroups of customers that are similar to each other and different from the rest of the market with regard to needs, wants, and responses to the marketing mix (Dewald & Jones 2005, 2; Hall & Mitchell 2008, 5; Heymann & Ebeler 2017, 29; Mooradian & al. 2012, 30.).

By segmenting and creating customer relationships, restaurateurs should aim innovation towards growth; as stated by Lindberg-Repo & Dube (2014, 129), one of the cornerstones of business is aspiring for growth, and HOs achieve it either through an increase in profits or through an increasing in size and customer base. In relation, innovation requires a deep understanding of customers, including the environment, concerns, and aspirations, (Osterwalder & Pigneur 2010, 128), plus product and concept development. Restaurateurs need also to identify and understand customers' needs for the product and service, because (Ulrich & Eppinger 2012, 88) creating a high-quality information channel from customers to product development ensures that who directly controls details of the product fully understand the needs of customers. This is achieved by requesting customer feedback, creating a customer journey map, reviewing social networks, having the team prepared, offering after-sales service, and ensuring a good relationship.

### **3.7 Knowledge creation towards wine service**

Knowledge is the result of the evolution of data into information subsequently a learning process which is a broader concept than learning. It involves judging, evaluating and relating the information that becomes a dynamic integration of experiences, values, contextualized information and ideas providing a framework for evaluating, incorporating new experience and information and enabling prediction, causal or prescriptive associations, decision-making and action (Morales 2011, 3.). By definition knowledge creation is a strategy tool for innovation and a solid sustainable competitive advantage for all HOs intending to remain firm in the market. The central driver of innovation is knowledge creation management which is a competitive factor leading HOs to explore the topic and make greater use of it, e.g., by investing in intensive knowledge creation to achieve positive result in many areas such as product service.

Restaurateurs should apply organizational knowledge (OK), that according to Nonaka & Takeuchi (1995, 3) is the capability of a HO as whole to create new knowledge, disseminate it through the organization, and embody products, services, and systems; a key to distinctive ways that companies innovate especially at bringing about innovation continuously, incrementally, and spirally. This approach is not on knowledge per se but the knowledge that becomes the resource rather than a resource that makes the new society unique, and knowledge is managed through social interaction with the aim of reciprocal knowledge as a dynamic model (ibid. 5). HOs that aim to develop competitive advantages based on innovation in processes and products must follow an

OK model to enhance individual and organizational learning efforts. This will help to potentiate the improvements, the development and to increase the productivity performance.

Similarly, organizational learning is that all levels of staff and management learn from their experiences (Berends and Lammers 2010, 1051) with managers encouraging them to share their knowledge and learn from each other (Yang, 2009, 1724). Organizational culture is an important factor in building the collectivity and the sense of belonging in favor of what is built through work. Disseminating knowledge to individuals helps ideas reach maximal effectiveness. Written, oral, and visual reports are popular mechanisms for knowledge transfer (Basten & Haamann 2018, 5).

Because of the processes that take place in the organizational context, knowledge became the main agent of economic growth and productivity and the main reason for production, innovation, and development. Knowledge is important for ensuring the sustainability of the organization (Alim, Nugroho, Arif, Murtiningrum & Sutiarso, 2020,1) and is not just another resource alongside the traditional factors of production but the only meaningful resource (Nonaka & Takeuchi 1995, 6). Therefore, knowledge creation increases the interaction between members when sharing information. But on the other hand, it generates a great need for qualified workers who can contribute effectively to the interaction such as networking.

Regarding knowledge in service and especially wine service, those evolved need to possess at least the basic skills. Fattorini (1997, 95) argues that the wine knowledge of staff can be crucial to a restaurant's success in selling wines, particularly fine wines. Dewald & Jones (2005, 5-7) state that simple wine sales techniques can be taught by anyone, regardless of their knowledge but most wine training fails because there is too much emphasis on wine knowledge that no one remembers, in this way, servers generally provide sensory descriptions based on personal tasting, though accuracy may be questionable in HOs that lack sufficiently trained employees.

In this regard, by reading materials about wines and food, servers become more knowledgeable, thereby reassuring in discussions with guests, and learns to appreciate the complexities of the field. If the wine selection is well chosen but simple, it helps guests to select wines without a copious amount of additional wine education. If the HO does not employ a sommelier and has a

large wine list, the server must be educated about the wines the HO carries through tastings (The Culinary Institute of America 2009, 13, 208.). But for those selling wines in HOs, basic education is not enough. Vocational courses and qualifications for the HSI often contains a component in this area, particularly if they are aimed at developing service rather than management skills. Good sales technique is vital to selling more costly wines, as the price increases, the customer becomes more involved in the purchase, convincing them to buy requires good product knowledge (Fattorini 1997, 95, 142-3.).

Fattorini (1997, 103) also claims that average customers know about wines less than the servers, there are no options but trust. When they lack confidence (or wine knowledge) to decide about a choice of wine, they are happier if their decision is backed by the endorsement of someone “in the know”. Ordering wines can be both financially and socially risk even if the customer has some knowledge about wines, still, there are wide variations between varieties, vineyards, country, and years (Wansink & al 2006, 327) that might lead the customer to order wrong wines, that creates dissatisfaction eventually leading to customer disinterest. Ways to reduce the perceived risk of ordering wine should be considered e.g., by suggesting a wine, a food-wine pairing, or offering a relatively low-price tasting portion (ibid. 327-328).

Moreover, wine lists are designed by using a mix of intuition and personal preference. The choice of a suitable wine list requires balance, market research, and knowledge of customers. Customers expect to be able to choose wines, not be limited to the restaurateurs’ favorites of which they may have never heard. Conversely, HOs targeting adventurous clients will find this kind of iconoclastic wine list overpriced and rated (Egerton-Thomas 2006, 87; Fattorini 1997, 51, 94-5,100.).

Another view is that for food-and-wine training process to be successful and help reinforce employee understanding of appreciation for synergistic food-and-wine matches, it should be continuous and ongoing. One way to achieve this is to get the staff involved in wine selection. Creating a closer connection between wine and food, tasting notes on wine lists should be included as well as integrating the wine list with the food menu, and creating menus with specific pairing suggestions (Harrington 2008, 50, 310.).

To maximize sales, staff need to be able to assess the spending potential of the customer so that they can recommend wines that will be appropriate to their requirements and servers should be encouraged to learn as much as possible and should be tutored in tastings of the listed wines so they become confident and skillful in service (Julyan 2003, 175), and they can give precise information about the wines they are serving.

Recommendations by staff, concerning food and wine combinations can lift customers off the rut of always ordering the same wine (Fattorini 1997, 103). Knowing how to combine the right wine with the right food is necessary to provide customers with a memorable experience (Alonso & Liu, 2011, 294). Referring to suggestions, recommending five wines can increase wine sales by 12 percent and making three pairing recommendations of wine and food can increase wine sales by 7.6 percent (Wansink & al. 2006, 333-4.).

By contrast, an issue is the possible miscommunication among the head-chef, restaurant manager and the server who might not know much about wine. A HO would like the head-chef to be in communication with the sommelier to compile a menu to satisfy the needs of the customer and provide a memorable wine and dining experience (Green, 2003, 156). From the customer's point of view, there is confusion in wine pairing as they tend to believe that the wine list was created by the chef when perhaps was created by the restaurateur when in fact it should be created by a sommelier. It is not unusual for wine lists to be chosen by only two people – the restaurateur and the wine merchant (Fattorini 1997, 95).

Sommelier's opinion or advice has a strong influence on a person with very low knowledge of wine as they describe a wine more professionally than a close friend whose opinion is based only on personal experiences. Consumers need to have ties or connections with a friend's opinion, but the opinion of an expert is far more beneficial. The influence of the weak-tie sommelier is fundamental like comparing the quality of wine to its success in the HSI (Chocarro & Cortiñas, 2013, 227.). The negative point here is that not every HO could afford the service of a sommelier who would be the whole evening suggesting and recommending wines.

### 3.8 Service experience brand management

From the strategic perspective, the brand embodies the goodwill or “equity” the company has earned and can retain with its consumers. It is developed with the target market in mind, where a high degree of consistency in the communication of values through channels is concerned. The value of the brand is ultimately derived from consumers. It must be built from scratch, starting with selecting the company’s name. One of the keys to effective branding is to create a strong personality, designed to appeal to the chosen target market, then create value for which customers are willing to pay. In the context of services, because of the process nature of the services, planning and managing the service process is at the heart of the branding process (Barringer & Ireland, 2010, 384; Grönroos 2010a, 235; Hall & Mitchell 2008, 14; Mooradian, Matzler & Ring 2012, 42.).

Brands have the ability to influence and enhance people’s lives as they provide a means of personal association – of internal reflection, as well as outward projection, of self-image. What is more important is the execution, the alignment of the right idea, the right team, the right development process, the right leadership, the right level of risk management, the right target, and the right time to market. In a world where organizational authenticity and end-user relevance are increasingly seen as key success factors in innovation and design, the brand is seen as an inspiring and strategically solid driver for innovation. Brand-driven innovation helps to create a durable relationship among the HO and its stakeholders and to forge a synergy between its marketing and product development (Lockwood 2010, 108, 142, 185.).

An essential distinction between services and products is that the “factory” is in the store. Architectural and interior design expresses a desire for greater control over the impressions produced by the immediate environment on what is known as the customer experience, and therefore customer satisfaction (Kapferer 2012, 73-4.). As a brand represents the HO itself, its presentation should be consistent. By establishing a set of promises to consumers, a brand creates a differentiated identity where the functional characteristics of the products are not substantially differentiated. Consequently, brand personality may be a salient reason for selecting one brand over another. Given the idea that it creates a personality for an intangible entity, a brand relates to consumer emotions.

The challenging in branding today is to balance the desire for a consistent brand identity with the pressure to adapt in line with shifting customer needs and changes in the broader sociocultural context in which the brand is embedded (Beverland 2018, 2). A consumer's perception of brand fit and whether two product categories are compatible is expected to play an essential role in respect of a consumer's evaluation of a branded product (Asthon & Scott, 2011, 276).

Each food service experience can be thought of as a unique bundle of tangible and intangible products and services provided to the consumer, which is true of any food and wine service experience. The actual food and wine are tangible, but much of the broader experience is tied to more intangible variables such as atmosphere, service, and image. These are intimately tied in with etiquette, customs, traditions, and fashion (Harrington 2008, 309.). But because of the complex nature of HSI products, a conglomerate of both tangible products and intangible services, the success of branding may not depend on the same criteria as those of consumer products. Brands are the expectation of authenticity, which is also relevant to the familiarity concept and, that can potentially influence the evaluation of a HO's brand (Guillet. & Tasci 2010, 145,147,148.).

Normally HOs have nothing tangible to show potential customers but only symbolize their values and their identity. They encapsulate the essence of their identity in slogans, hoping to improvise for their lack of visible products (Kapferer 2012, 190.). Lockwood (2010, 223) argues that consumer experiences result in a constant circular process to define brand meaning. Expectations are derived through experiences or product signals assessed against experiences with the product resulting in satisfaction used to reinterpret the brand's meaning. If a customer has a great experience with little or no expectation going into that experience, the net effect is very high satisfaction, consumer delight, and a positive entrenchment of the brand in the consumer's mind (ibid. 2010, 224).

The search for authenticity of experiences becomes fundamental nowadays. Consumers of premium wines seek genuine experience as authenticity not just relate to the wine and its production but rather to the consumer's desire to experience a part of the symbolic value of the wine. The role of experience is particularly important because of its capacity to provide shared meanings through shared experiences (Hall & Mitchell 2008, 135-6.). A route to increasing wine sales lies in addressing themes such as drink, service, and atmosphere. Each of these has to complement each other, in an integrated approach. Rather than using the mystique of wine in

attempts to charge a higher price, restaurateurs should provide a wine experience, that capitalizes on consumers' interest. (Wood 2000, 177.)

Even today, customers are still segmented, but the distinctions are behavioral. Brand alignment is the process by which organizations think of themselves as brands. The brand experience in the HSI is driven by what happens at points of contact, and where customers meet the staff. All efforts are concentrated on the customers and organizing the HO by the segment to better listen and react. A service brand must be able to provide consistency in service delivery through time and space. Since each place is a decentralized service and product center, common processes are needed to ensure this consistency and hence the clients' satisfaction (Kapferer 2012, 72-3,139.).

Another consideration is the fact that customers' judgments of a service are formed in an equally complex way, with multi-layered decisions, therefore it is vital to realize that the service quality concept should include customer's world and context as a deciding component in evaluating the overall effectiveness of a service as service experiences emerges as one of the most effective tools for fuelling organizational growth (Lindberg-Repo & Dube 2014, 29). Experience-led growth is founded in a customer's feelings, and thus is much more sustainable than other growth strategies. Service leadership does not just happen; it demands a lot of managerial and strategical effort and knowledge to retain its advantage building power (ibid. 47, 96.).

Service quality is an assessment of how well a delivered service conforms to the customer's expectations. It is a comparison of expectations and performance. A HO with high service quality meets customer needs whilst remaining economically competitive. Service quality is a measurement of service performance; however, customers' behavioral intentions are not only based on evaluations of it but on the benefits that they get out of service, and which determine whether the customers will return or not. A high level of service quality also helps the service provider to charge more. As customers evaluate service benefits in the form of service quality vis-à-vis the sacrifices they have to make, higher service quality supports price premium on services (Lindberg-Repo & Dube 2014, 11, 15-22, 27.).

Another critical point is the interior design that is integral to setting the tone for the whole customer experience, shaping the atmosphere, and reflecting the quality of its service that in the process of creating brand experience, it plays a great role when the HOs want to bring customers to their doors. HOs standing out in their marketplace with strong, unique, and focused design will be the venue's main talking point and the key factor in customer generation. Wood (2000, 177-178) emphasized the service attitude towards customers implying that, the route to increase wine sales lies in addressing themes as food and drink; service; and atmosphere meaning that each of these components has to complement the other, in an integrated approach; so, the HO should provide a "wine experience" that capitalizes on the consumer's interest and finally, the "wine experience" must consider atmosphere.

In order to be effective in the designing guest experiences, the following four principles need to be integrated into the design strategy:

- Culture: create a customer-centered culture that identifies, nurtures, and reinforces service as a primary value
- Talent: use a rigorous selection process to populate the organization with superior front-line personnel and support staff. The impulse to care for and accommodate customers cannot be taught to people who are not predisposed to do so
- Development: constantly retrain employees to perpetuate organizational values to help them attain greater mastery of products and procedures
- Measure and reward: systematically measure and reward customer-centric behavior and excellence in front-line personnel and support staff to enforce high standards and reinforce expectations (Lockwood 164-5.).

The organizational structure plays an important role when developing the brand experience. Planning and defining where to apply the strategies include and advanced understanding of the market. The development starts by implementing the plans to enhance the experience and carefully watching the results and reassessing the goals. A HO should know its brand (intentions, purposes, objectives, and goals) before communicating publicly. All employees are informed about what is HO's philosophy so they create commitment and have responsibilities assigned in this way delivering customers the service experience brand as statement.

## 4 Methodology

### 4.1 Qualitative research method

Research is the investigation of an idea, subject, or topic for a purpose. It enables the researcher to extend knowledge or explore theory offering the opportunity to investigate an area of interest from a particular perspective. It is also an opportunity to investigate a theory that requires further interpretation and greater understanding. The way in which one chooses to conduct an enquiry, the nature of the questions and the moral intents are expressions of positionality and will govern the ways in which one crafts and change the research itself (Clough & Nutbrown 2007, 5,10.).

This study applies exploratory research method involving the use of interviews, that according to Fisher (2010, 182) is the most used method in Master's level research and it is used to provide examples of good practice in open and semi-structured research. The research questions have the function of helping to comprehend more about a specific subject of interest with the purpose of formulating a simpler and clearer hypothesis towards qualitative method. The word qualitative implies an emphasis on the qualities of entities and on processes and meanings that are not experimentally examined in terms of quantity, amount, intensity, or frequency (Clough & Nutbrown 2007, 20). Qualitative research is not based on a unified theoretical and methodological concept (Flick 2016, 16) and the methods used in the qualitative research to collect information are observations, informal and semi-structured interviews, and text analyses (Veal 2011, 34-35).

The objective in the above-mentioned approach is (Brotherton 2008, 12-13) to become familiar with the basic facts, people and concerns involved; develop a well-grounded mental picture of what is happening; determine the feasibility of doing additional research and develop techniques and a sense of direction for future research. Unlike quantitative research, qualitative methods take the researcher's communication as an explicit part of knowledge instead of deeming it an intervening variable. The subjectivity of the researcher and of those being studied becomes part of the research process. Researchers' reflections on their actions and observations in the field, their impressions, irritations, and feelings, become data in their own right, forming part of the interpretation and are documented in research diaries or context protocols (Flick 2016, 16.).

The use of semi-structured interviews allows the researcher to probe for more detailed responses where the respondent is asked to clarify what they have said (Gray 2009, 370). The interviewer has options to intervene and direct it through a series of key questions concerning a subject recounting and defining situations. According to Fisher (2010, 185-6) interviews are more sensitive and responsive to interviewees' viewpoints than other interviews in which concrete topics and the way these should be treated are restructured very much by the questions that are asked; and the researcher needs to employ the usual range of question types to understand fully what the respondent is telling them.

Interview studies which are based on a relatively small number of cases and use open-ended questions are usually treated as examples of qualitative research; however, the presence or absence of number and rigid structures is insufficient to distinguish between qualitative and quantitative research. Many interview studies seek to find out how a particular group of people perceive things (Silverman 2022, 77, 317.). Interviews are often considered the best data collection methods, but it requires real interaction between the researcher and the interviewees. In order to run the interview efficiently and without any disturbances, the researcher needs to know the respondent, his background, values, and expectations (Ghauri & Grønhaug 2010, 125.).

Qualitative interviewing is one of the key naturalistic research methods, where researchers can extend their emotional reach across multiple barriers, being able to reconstruct events they've never experienced. With this method and finding similar patterns in the collected descriptions, portraits of complicated processes can be created. Questions are organized in advance in a linked manner so as to obtain the information necessary to build a whole picture, the interviewer guiding the conversation making sure in-depth information is obtained (Rubin & Rubin 2012, 3-6.).

To be sure that both parts were understood, (Rubin & Rubin 2012, 132) ordinary conversational language was used on the interview, and specialized vocabulary the conversational partners routinely use was appropriated because the language used in this academic work is rarely meaningful to the interviewees. In this sense, to explore different perspectives and get more in-depth information it will be adopted participative methods and dissemination ideas through open questions, (Fisher 2010, 186) inviting the respondent to talk expansively rather than to deliver a

monosyllabic response in probing questions to explore areas the interviewees are skirting around and closed questions to check upon matters of detail.

Such interviews are conducted by diving into understanding the phenomenon thoroughly step-by-step. In the beginning, the theme starts to advance to the interviewer, possibly generating new/following questions. In this scenario leaving room for interaction and reflection is crucial, dictated by the logic of questions slowly proceeding from general to specific (Kananen 2011, 52-55.).

## **4.2 Research process and research strategies**

The research process was started with the literature review on business administration and finance books, HSI articles and books, and articles on wine business. After refining the literature review section, the questionnaire containing 16 initial questions was created. The main objective of this research approach was to acquire personal and professional practice and enhance professional development. The chosen research strategy is case study because (Yin 2009a, 27) is suitable especially for “how” and “why” questions.

Case study has the capability to put organizations and happenings in their right place in historical and social context enabling to handle the subject of study as a whole. If resources are restricted, the case study offers controllable data collection task. It also enables to adapt research strategy during the research due to flexible data collection strategies, and there is no need to generalize results to any wider (Veal 2011, 346.).

The data process collection was through interviews delivered as a set of direct questions. This process allows the interviewer to go straight to the point and avoid confusion on interviewees' minds due the complexity of the questions and the subject investigated.

### **4.3 Data collection and analysis**

The invitation for the interview was sent to circa of 50 potential candidates via LinkedIn. Starting with participant observation was the key to choosing interviewees as well as to constructing sufficient trust to allow the researcher to interview them (Rubin & Rubin 2012, 61). The questionnaire has enabled structured questions made in order to uncover the bottom line of the research problem and it mostly to comprise of open-ended questions where the respondents could express their own views and feelings on the subject areas given. The questions were translated into Finnish in order to avoid losing respondents due to the language barrier to diminish misunderstandings that might be caused by a foreign language (Piipponen 2013, 40-43.).

After the candidates accepted the invitation, a sample with the main questions was sent and the appointment was agreed with the interviewees. The interviews were conducted between 10.02.2022 and 10.05.2022 via Zoom, and each interview lasted ca. 45 minutes. It became the most possible way following the premise that (Hague, Cupman, Harrison & Truman. 2016, 189-190) responses would be mostly of a high quality and well considered as the respondents could boost as much time as needed; with the benefit of interviewer's preconceptions not affecting the results when the questionnaire is made online.

### **4.4 Validity and limitations**

Yin (2011b, 19), states that one of the first ways to gain credibility and trustworthiness in qualitative research is its transparency, meaning that the research procedures should be transparent. In realist research, the intention is to identify cause and effect relationships. Internal validity is concerned with whether the evidence presented justifies the claims of cause and effect.

The procedures used for the development of this study, by following academic methodological rigor, do not allow the generalization of the conclusions because it requires broader research. It is possible to contribute to the understanding of the current wine market, its mechanism, difficulties, and advantages. In addition, some relationships and trends can be inferred concerning wine as a core product. Because of the research delimitation, it was not possible to investigate how the management of sales and marketing of wines is done in other locations than Helsinki CA.

## 5 Results

This chapter will present the results from the interviews. The first unit presents the interviewees' profiles. Within this chapter, the outcomes from the interviews are discussed in three units namely as wine business consumption scenarios in Finland, the sales of wine, and the marketing of wine.

### 5.1 Interviewees' profile

Table 6. The presentation of the interviewees of this study

	Name	Title	Company profile	Interview questions	Date
1	Eeva Rundelin	Wine representative	Company X	1,2,7,8,10,15,17	9.3.22
2	Jarkko Juntunen	Headwaiter	NoHo Partners Oyj	1-17	17.2.22
3	Jyrki Sukula	Owner	Financier Group Oy	1-17	10.0.22
4	Kimmo Hämäläinen	CCO	Periscope Group Oy	1-17	28.02.22
5	Kumar Nadan	Headwaiter	NoHo Partners Oyj	1,4,5,7-9,11,13,15	22.3.22
6	Peter Foster	Headwaiter	NoHo Partners Oyj	1-17	23.03.22

### 5.2 Wine business and consumption scenarios in Finland

The Finnish wine industry has developed, expanded, and responded to the world's greatest fashions. Although there is such development there are still facts to research and question at least in practice. It was considered important to examine how this phenomenon is happening in real life. According to the research objectives described in Chapter 2, it was considered to explore the practical knowledge of the above-mentioned professionals from HSI, FBSI, and the wine business.

The advent created more trends making consumers more aware. The concept of quality is also diversifying. Today, according to interviewee 5, "there is growth, especially for higher quality wines, and there is also a greater interest in combining beverages with food and wine as the core product becomes more and more popular in Finland with a good range of quality restaurants promoting them."

At first, most Finnish consumers were just provincials and content with cheap bulk wines. When it comes to ordinary consumers, they still think of wine as a drink for special occasions, when their true calling is daily consumption along with food. Wine consumption grows gradually (also in other areas than Helsinki CA) as Finns learn more about European drinking habits. They are interested, experimental, and eager to learn.

“Wine culture is becoming present, and consumers follow fast the trend. However, Finns in general do not have a good knowledge of wine but just pretend to know a lot. As Finland is not a wine-producing country, Finns have no passion for any particular wine,” (Interviewee 6) “but still the wine culture is diversifying, but the price is driving consumption the most points Interviewee 2. “Taste worlds follow other tastes. Consumption is widespread and distributed throughout the world, slowly shifting from quantity to quality”. (Interviewee 3)

### **5.3 The sales of wines**

Researching profitability on wine sales, some interviewees came up with some new points to consider by describing a profitable wine as:

the one which is easy to sell, is sold fast and brings more customers to either have it again or try something new, (Interviewee 1) not forgetting that is a product that customers feel good about value for money and want to buy it over and over again (Interview 4), yet is inexpensive in terms of acquisition costs, versatile on the list, can be priced with a good margin with its product image, if interests the customer and strengthens the HO's quality im-age. (Interview 2)

Profitable wine can only be defined through the accumulation of margins, as the costs incurred are more or less the same regardless of the purchase price, e.g., the margin percentage cannot be the only indicator to be monitored. Wine is branded as profitable when it is famous, it needs less campaign marketing, has a good supply and demand, is suitable for cuisines concepts, and has minimum cost from producer to the table. Normally, profitability studies of wine sales are made simply as purchases versus revenue. Upon asking the interviewees how they formulate markup, they demonstrate some knowledge:

Usually, it makes about 70 percent profit margin on wines from retailer price. It is believed that most restaurateurs operating a HO might have not the time or skills to perform profitability studies or 100 percent autonomy to decide which wines to be offered since such decisions are made at the top of the chain (if it applies). Nevertheless, they can suggest a product. (Interviewee 1) From the sales reports, it is calculated the gross margin for each product combined with the change in inventory value. When performing markup studies, one needs to consider what is low or high-cost wine, and regarding their prices, it all depends on customers' willingness to pay for the price, customers' sensitiveness, and the demand. (Interviewee 2)

The margin is approached through margin percentage and margin accrual depending on the business idea. The level of pricing is affected by the business idea, location, and beverage packages as a whole. The market must be constantly monitored, both in terms of pricing and selection. In most cases the purchase price plus the serving fee. List pricing is also affected by the mutual prices of wines, as well as possible campaigns. The carrying capacity of wine sales at the gross margin level must be monitored. Because of a lot of sold beverage packages, profitability at the product level is not tracked but as a whole. Interviewee 5 says that "the markup is made depending on the product, e.g., average wines can have 200-300 percent markup from the retail price and premium ones e.g., vintage 1995 champagne can go to 500-600 percent.

Regarding the recent pandemic, it has affected drastically the FBSI and HSI. Unfortunately, the lost euros can no longer be recovered, therefore one needs to look to the future and continue according to own vision and do quality work every day without worrying about the past. A pandemic with a clear impact on inflation will have very little effect on wine strategy.

Concerning the wine selection, it starts with the business idea. In addition, the market and competitors are analyzed, and the customers are segmented.

The wine list will support the business idea. Since the business ideas are restaurants, our selection is built together with food. These are done through pre-agreed allocations, and increasingly we also trade in batches, both directly with importers and producers. (Interviewee 3) We are also looking for curiosities to grapes, rarities, and any surprise to strive and surprise wine enthusiasts. We only pour the price out

of quality. We always inform suppliers of the estimated sales and undertake to keep them in stock with the quantity agreed with us each year. (Interviewee 4)

Most interviewees stated that wines are mainly sold in bottles. Depending on the season, a lot of wine is sold by the glass in the form of wine packages. In the summer, more bulk products are sold in bottles, and campaigns aimed at selling larger quantities are made.

Asking about the source the biggest consensus was that the main suppliers are local wine merchants, then Alko. Some interviewees realize the difficulty to buy and import wine on their own. For those interviewed, the biggest problem in importing wines is bureaucracy. "The launch of wine in Finland must be carefully considered for the needs of the selected market area because there is no wine producer close to Finland; to buy wines from vineyards demands too much work."

(Interviewee 2) "As it is known, many HOs supply their wines from many different local suppliers, but the will is to apply by itself if the process were not too laborious. Therefore, the customs work and duties are cut off." (Interviewee 3)

Normally wine merchants have more knowledge about the wines they sell, e.g., quality, and they cut half of the work someone would have by buying the wines on their own. The wine merchants make the offer, and the restaurateur makes a trial order and tests the wines by analyzing their viability and adaptation to customers' tastes. However, according to one of the interviewees, "it is worth importing wines because there is a growing consumer market and this offers a great business opportunity, especially if the restaurateur wants to innovate and differentiate. But this activity requires more work and effort. Another point of difficulty is to compete with more than 100 import-ers." (Interviewee 6)

Referring to wine inventory, the stock should be kept as small as possible because there are very few wines needed on the market. So, the aim for a FIFO cycle and inventory are valued accordingly. Purchasing cycles are planned by considering merchant pricing, minimum deliveries and discounts, and demand. Regarding an actual wine list, the focus must be on the season. The value of wines in stock is about one-third during normal time. More in high season. The aim is to sell the tails after changing the menus so that no individual bottles are left to rotate to stock values.

In winter, orders are ordered once a week, according to estimated sales, in summer larger items are ordered to save time and money during working hours.

#### **5.4 The marketing of wines**

Regarding the organizational communication, wine service skills, and knowledge some interviewees express common sense and point out the importance of these approaches:

“When the team is very small, internal communication takes place directly from one person to another. The one in charge has the job to increase the staff's wine knowledge alongside the work – which is extremely important for the wine service quality.” (Interview 2) “The skills of those in charge of serving wines are central to the demanding customer base. The corporate culture encourages continuous self-development and educational inter-action in wine and food knowledge intending to involve the kitchen more in the preparation of food-wine combinations.” (Interview 3) “A person needs to be interested in the products they are selling so that they can develop better day by day. Training is held several times a year by professionals, and tastings are also held open to all servers. It is very important to keep training. The sommelier manages the selection of the proposal, and the final decisions will be made together with the other staff.” (Interviewee 4)

In addition to knowledge of details and terms, a good wine service includes the notion that wine is at once an agricultural product, a food product, a biotechnological product, a vanity, a status symbol, a factor of production, and an importer of pleasure. Understanding this is important. To keep the staff updated on the new wines, a wine tasting courses every month by carried by the head sommelier, and sometimes suppliers also make the presentation of their wines to the staff.

When asking about the involvement of all employees during the wine selection process, one of the interviewees stated “that all servers cannot be involved in the wine selection process for administrative reasons such as price and cost management. Normally they participate in the choice between one wine and another, and of course, they participate in wine tastings, and obviously, their opinions are always welcome.” (Interviewee 6)

It is plausible that when purchasing wine by glass, most customers prefer house wines. House wines cannot be bad or too simple because it easily either confirms or compromises the overall quality of the wine selection. It should also not be too cheap or expensive as it will also give an overview of the list prices. Quality wines are highlighted on the list because their use at representation events is important. Withdrawals are made seasonally from wines selected for seasonal dishes in connection with the sales negotiation. According to Interviewee 3, "house wines must reflect all the values that are part of a HO's strategy and there is no need to have the cheapest wine in the house; there is an effort to keep the so-called quality wines (considered house wine too) included in the menu wine packages".

The interviewees emphasize the lack of an image of wine as a core product, due to the slow development of dissemination strategies and the difficulty of promoting the product effectively; because Fin-landia today offers excellent wines, but it still cannot communicate this to the consumer yet. Advertising alcohol in itself is challenging, but the professional staff can sell to customers even in this situation. When customer base is very limited, and the customer's decision to come to a HO then the promotion is not made as to the traditional way."

The visibility of the wines is made by training the staff who knows already the wine after tasting sections. However, according to Interviewee 3, "high quality is required from staff, and in that sense, the image of an exclusive HO and its service is important, so all decisions regarding both food and wine are mirrored for this purpose."

Finally, Interviewee 4 implies that to create and maintain a great service experience, "hard work is demanded to be a success, and we promise our customers to offer the best restaurant experience in town, and we take advantage of our ability to tailor events to suit their needs at all times". Restaurateurs and professionals from the FBSI and HSI should try things differently than others, even in new ways so that brand experience is based on a holistic experience subsequently, the service path is constantly filled, and every effort is made to correct any inconveniences by doing things well every day, so the place becomes one where customers want to come from further afield.

## **6 Conclusion**

This research, to be exploratory, does not propose to extend the conclusions regarding all the products that HOs offer, but rather to seek alternatives to increase wine sales through administration both of sales and marketing. Providing a set of strategies, delimited to business administration, allows relevant reflections for this line of business, with some implications related to the actual market and scenario. The application of this model in the context of wine as core product is warranted to support restaurateurs to improve sales, enhance marketing, promotion and service and create a service experience brand.

When this academic work a project started, the intention was only to explore the current scenario of the wine market and explore its sales from a financial point of view. However, throughout the development, it was realized that this theme alone would not be enough to fulfill the objectives as some other questions arose. Therefore, it was discovered that other topics needed to be addressed, researched, analyzed, evaluated, and comprehended. It was necessary to change the direction of the process and mediate something broader that involves other areas of administration such as marketing.

The actions of the plan were not chosen randomly or without criteria. To define them, it was indispensable and needful to apply the practice of qualitative research with questionnaires, and research wine market trends and put into practice a preliminary step to validate the ideas, which then helped to build a conclusion on the chosen subject.

### **6.1 Conclusions on sales and marketing of wines**

Because the sales and marketing management for wine is so complex, restaurateurs aiming to provide innovative services and products to remain successful in the market should embrace a set of knowledge and tools. Not all innovative services or products can be efficiently and economically promoted by simply inducing wine cutting-price samples.

Failing to manage the price of wine brings a series of harm to the HO. If the displayed values are well below the market, the public may think the wine is also of much lower quality. In this way, the

HO's reputation drops as well as its sales. On the other hand, extremely high prices amaze customers. As pointed out by Gray (2011, 203), consumers always react intelligently but on an emotional level and in general, do not react well to lower prices due to the association that is made between low price and low quality. Therefore, sales price, volume, profit, and cost are businesswise regarded as the most important activity in a HO, as the equation price, sales volume, profit, and cost must be in balance (Diniz 2020, 17).

The advent of social media channels pressures restaurateurs to listen, study, inform, and educate customers. Yet, there is a lack of clear interaction, engagement, and communication in this process specifically regarding what concerns promotions of wine. Another negative point is the lack of effort in segmentation and analysis of the market. Luka & al. 2017, 103 state that wine promotion and market communication without detailed analysis based on a market segmentation gives no reliability for success as the market acknowledges a high segment of bought buyers' profiles and product offers. When segmenting customers and creating relationships, restaurateurs need a corporate vision, having in mind a target to become one of the leaders in the FBSI, distinguishing themselves by the quality of the relationships they establish. In addition, their beliefs and values are expressed radically through products, services, and business behavior to promote the best relationship between the HO and everyone surrounding it.

One of the first challenges of wine marketing is related to the wine consumer. It is vitally important to understand the wine consumer as a customer and find ways to keep that same customer. On average wine, consumers fall into three customer categories:

- customers who possess low knowledge about wines are normally affected by the trends therefore they tend to ignore recommendations.
- customers who just pick a wine from the list based on their own experience and are not so keen on recommendations.
- customers who know about wine, tend to pick their wine whatever is the recommendations they make their own choice.

One shall not forget that customers' needs and perceptions change constantly as they always seek what is new. If the company does not rethink, develop, and renew, it takes its customers to monotony and boredom becoming obsolete (McVety & al 2009, 114.). When it concerns service, restaurateurs should build a product or service that answers a non-obvious need in a market where

they might have a unique edge or approach. Developing a service with a strong fit with the market is a situation in which a product demonstrates its value proposition, through its continued use by a group of customers, while the HO discovers a distribution channel and a sustainable business model.

When creating a wine list and choosing the wines, the main criteria include price relative to usability, its compatibility with food, good value for money with bulk wines, and wines that are not sold everywhere. This is consistent with Hall & Mitchell (2008, 196) who suggest that the main focus in developing a wine list is to find a balance between what customers want and can spend, and the need to turn over the wine stock at a reasonable profit in a reasonable time.

Concerning organizational performances, one can conclude that it will consequently change the profile and status of the employees, demanding more skills for the growth own knowledge and motivation for continuous learning. A better distribution of knowledge leads to better decisions in many areas. In short, the HO needs to invest in knowledge management to create a competitive advantage. The HO must have as its basic objective the promotion of intellectual development and both business and human competencies that are critical for the viability of business strategies.

Moreover, restaurateurs as employers must know what each employee needs to develop and improve and understand their knowledge and skills at each level. It is comprehensive that servers are not required to possess a high level of education but experience in sales, service, and above all, wines. Strong interaction and cooperation among them are required because they need to be guided and managed all the time. The handling and use of knowledge must be managed individually and collectively independently of the type of the HO. In this way and therefore, a HO's potential to solve its problems depends on its workers, highly qualified knowledge, and collective organizational skills.

Addressing the service experience brand management, one can infer that all efforts must be faithful to the goals and consider what should be done instead; such efforts must speak directly to the audiences preferably in their language. At the same time creating an innovative, exciting, and impactful experience for customers gives them more than just a captive value. The business sense

is enhanced by analyzing what is to promote the products and for which target group and ascertain the commitment by doing one's best in every step from the producer to the final user. Then adapt to any change for instance by analyzing and proposing alternatives, obtaining validation, and defining the plan to enhance the experience.

Influencing the groups, the HO's efforts rely on customers' experience under clear goals and expected results to incite them by applying the sensory branding approach so emotional liaisons are created. A feeling for "exclusivity" is then created which allures customers with money and justifies the premium price. Same time, products and services are offered innovatively and differentiated.

Quality and personalized service must be regarded as a consensus when it comes to establishing guidelines to create experiences for customers. When a brand understands the importance of creating its standard of unique service, the experience is created. It is important also to give freedom and stimulate the waiters' performance that they can build, based on their personality. Certain flexibility within established standards helps the HO to adapt to its customers, so they can also adapt to the HO, and feel unique and special.

## **6.2 Discussion**

The wine business does not depend solely on wine and its sales itself whereas its sales do not depend only on sales. The activity demands a lot of knowledge, skills, competence, vision, and interaction with several areas such as finance and public relations. In this sense, sales and marketing actions must merge by exploring other areas, change, innovate, persuade toward growth, and not be limited to the conventional means of business, as this researcher sought to show throughout this academic work.

Through the research carried out, it can be seen that the growing wine market as a phenomenon points to numerous business opportunities but goes unnoticed in the eyes of the restaurateur. As for skills, restaurateurs do not necessarily need to have excellent knowledge about wines but excellent service skills and leadership, and at least the basic of finance is required. They should

find ways of other opportunities inside the business because one cannot be all the time just immersed in the same operation.

This research proves that strategic processes are influenced by the competitive environment, government regulations, poor disclosure, and difficulty in attracting customers. It is also possible to highlight that the strategies mentioned here are interrelated. To achieve results consistent with the objectives of the HOs, it is necessary to act autonomously, which makes the activity difficult because most cannot operate independently because they belong to a chain.

Furthermore, acting effectively, developing and providing knowledge in strategic management, ensures the economic strengthening of HOs; which is the main challenge of this project. To execute strategic management effectively, restaurateurs need to acquire more knowledge in the area, adapt the business plan, business model, product, service, customer segmentation, and above all their role in the market as an entrepreneur. Because above all, restaurateurs as an entrepreneur are not just businesspeople selling a product or service but an explorer. They have a specifically important role in the economy by producing and commercializing innovations, participating in employment and productivity growth as entrepreneurship has a huge contribution to society that is motivated by economic benefits. (Sipola 2015, 29)

### **6.3 Observations and future research**

It is conclusive that the current wine business in Helsinki CA has changed more than one expects. With the emergence of new and important players in the market, numerous occurrences happen in the actual scenario. Due to numerous acquisitions, focus, and strategic alliances between wine producers, wine sellers, importers, restaurateurs, and consumers; the occurrences bring a great impact on HOs. Although it seems positive, inevitably, some parts of the business process are still missing to be investigated and invested in, which leads to generating new questions and interrogations.

Still, many HOs in Helsinki CA face challenges regarding wine sales and its management, whether in visibility, promotion, service, or perhaps profitability knowledge. Consumers and restaurateurs excessively mystify wine as it would be something too fancy, regarded for some, especially outsiders, as a meaningless romance. The reason why might be because Finland does not

produce wine. Culturally speaking, wine is for many just an agricultural product, a basic product like in countries like France, Portugal, and Spain.

In the reports obtained, the researcher verifies that the monopoly is still a problem for many restaurateurs. The contemporary economic theory considers monopolies to be regressive, and most modern wine professionals tend to dismiss alcohol distribution monopolies as a device designed to curtail consumption. (Charters 2006,281) as seen by most entrepreneurs as a negative is. It is observed that there is a lack of an association of sellers and importers of wines and HOs.

Finally, and above all, it is emphasized that the theory and method adopted in the research can also be used to analyze similar activities in other sectors of economic activity, within other countries, as case studies enable the researcher, according to Yin (2011b, 29) analytical generalization, that is, expanding and generalizing theories.

#### **6.4 Last words**

Based on the results obtained in the research, one shall conclude that the explored strategic aspects contribute decisively to the effective business success FBSI and HSI. As a concern, there is an urgent need for the development and improvement of those involved in the FBSI, especially when referring to wine as a core product. In this respect, is missing specific knowledge in management, finance skills, and attitudes aiming at the implementation of systematic planning, translating into a more efficient administration of the business that refers to sales and marketing of wines.

Given the difficulties pointed out in the study, concerning the sales and marketing of wines, it is imperative to adopt training policies with managerial and administrative qualifications for entrepreneurs and managers, a clear problem in the FBSI. Restaurateurs should consider managerial and administrative qualifications effectively contribute to realistic strategic planning, and an organizational environment with higher survival rates, greater profitability, rentability, and visibility in the face of diversity and competition.

The research provides some relevant conclusions, but the limitations of the research and its implications necessarily lead to the formulation of questions that suggest the continuation of this type of study. The difficulties related to marketing a product that is not produced in Finland raise the question of whether it would be feasible and possible to develop the current model. There needs to be a reassessment, as the current model that underlies commercial difficulties and inefficiencies between HOs and wine merchants outside Finland; which suggested a proposal for improvement and a less bureaucratic system.

Denoting that the scarcity of books addressing the issue of managing sales and marketing of wines from the restaurateur's perspective brings a new opportunity to develop the theme and go further in the subject investigation. Through the verifications, it is concluded that most respondents do not have a broad knowledge of wine profitability. Although most of the interviewees possess higher education, this fact has not guaranteed them, so far, the best practices and strategic knowledge, for example when it comes to profitability. The lack of this knowledge makes restaurateurs unaware of the possibility of making decisions not only empirically but based on reliable organizational indicators.

Finally, it can be concluded from the research that even though wine consumption is on the rise, it does not mean that a short-term change can happen. The support of the sales and marketing management of wine as a core product depends on the financial and intellectual resources of the HOs, on the competence and knowledge of their employees, and, mainly, on the strategies adopted to face the competitive challenges.

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## Appendices

### Appendix 1. Interview questions

#### Wine sales and marketing management in hospitality outlets

Fabricio Sousa student from HAAGA-HELIA UAS attending the Degree Programme in Tourism and Hospitality Business, Master of Hospitality Management is collecting data from professionals from the Food and Beverage Service Industry. The purpose of this review is to gain a greater understanding of the management of wine sales and marketing in hospitality outlets in the Helsinki Capital Area.

#### A- Background

1- Please inform your name and the name of your company:

2- What is your role in the organization?

- Waiter
- Headwaiter
- Bartender
- Restaurant / Bar manager
- General manager
- CEO
- Owner (entrepreneur)
- Wine specialist
- Sommelier
- Other

3- How do you describe the wine scenario in Finland and how it currently is? How do you describe wine consumption in Finland? And how do you analyze Finns as wine consumers?

#### B- Sales of wine

4- How do you perform profitability studies on your wines? How do you describe a profitable wine?

5- How do you formulate your markup? When you price wines what are the primary objectives apart from financial objectives?

6- While choosing wines, what is the most important factor: purchasing price, possible good margin, wine image, or usefulness of the wine with the food? Something else?

7- How your wines are sold? Are they sold more per glass or per bottle? How is the special sales method made?

8- How do you purchase your wines? Do you import them on your own? Is there any concern regarding the entering of wines into the Finnish market? What would be needed for easier accessibility?

9- How do you control the wine inventory? How do you perform inventory evaluation e.g., FIFO (first in first out) method? Is the wine inventory considering an important part of the company's assets?

#### C- Marketing of wines

10- How the organizational communication is managed at your workplace? How do you create knowledge designed to enhance the service and especially the service of wine? What are the insights on organizational communication concerning marketing and sales of wine?

11- How do you describe wine service skills? How important is it for your server to possess satisfactory wine service skills? What do you do to maintain a good wine knowledge among the staff (front, management, and kitchen)?

12- How do you describe the importance of knowledge of wines and their requirements? Who is the responsible person to control and managing the wine selection and its sales? Is there any sommelier or wine specialist in charge?

14- When selecting wines and building the wine list everybody (front, management, and kitchen) is involved? How do you see the role of the house wine on the wine list? How is the targeted image of wine sales and promotions visible?

15- Many people no longer go to restaurants just because they are hungry, but because of its brand. The brand then attracts customers to have a new experience. How is the brand experience program developed?

16- How do you describe the branding success of the hospitality outlet? What is the promise (concerning wine and food and brand) and how do you fulfill it?