



How Products Can Climb the Social Ladder



By [Henrich Greve](#), INSEAD Professor of Entrepreneurship

In a few short years, one ambitious fashionista transported grappa from reviled to respectable.

Let me start this post with a confession: I like whisky and think the different types taste very different from each other, I also like cognac but can't tell them apart very well, and, for grappa, I can tell the different types apart but don't really have an opinion on which ones are better. OK, so now you know my bias, which is important for what follows, and many of you have probably made an assessment of how (un)cultured I am.

But why did I mention grappa alongside the other two? A few years ago, that would have been pretty insulting to whisky and cognac, but now it is natural, at least among some people. And that is a big change with possible implications for managers. In a paper in [Administrative Science Quarterly](#), Giuseppe Delmestri (of WU Vienna University of Economics and

Business) and Royston Greenwood (of the School of Business, University of Alberta) write about the Cinderella-to-queen transformation of grappa, and what it means for our understanding of categories in general, and specifically, organisations in markets.

The paper expertly describes how a dilemma for grappa producers, and their solution to it, solves a puzzle for researchers: why do different product types have different status rankings and how much does that change over time? Historically, grappa was cheap booze for the underclass. This was not ideal for grappa makers, who would have very much liked higher prices. But as long as rich people everywhere – including Italy, its country of origin – thought that grappa was no good, preferring other drinks instead, prices were not going to rise.

Some grappa producers were able to find a path to higher status. Interestingly, grappa's complete image turnaround was accomplished not only in the space of just a few years (the mid-to-late 1970s), but also immediately after several high-profile failed attempts including one that led to bankruptcy. Delmestri and Greenwood detail the process in which one producer in particular, Giannola Nonino, essentially created a luxury market for artisanal grappa. How successful was she? Without making any changes to the grappa itself, she was able to hike its price by 70 percent in a mere four years. By the end of the 1970s, premium grappa had supplanted foreign spirits as the quaff of choice at Italy's most chic gatherings.

Three steps to status elevation

The paper has much more detail than I can give here, but the short story is that a rise in status involves distancing from the low-status past and present (detachment), association with related high-status products (emulation) and connections to the broader society (sublimation).

Detachment was a key piece of the puzzle for Nonino. She recognized that grappa's reputation as a drink for manual labourers would prevent its acceptance by the sophisticated set. So instead of changing the product, she changed its image, starting with the packaging. In order to make grappa look the part, Nonino adopted architect-designed bottles modelled on perfume flacons. Plunging into her role as the public face of premium grappa, Nonino also upgraded her own appearance. She was often seen decked out in the latest Armani and Valentino couture to personally deliver her product to Italy's finest hotels and restaurants.

Emulation came into play as Nonino sought to cultivate associations between grappa and French wine, employing tactics standard for winemakers but unheard of for grappa producers: “using a single-varietal grape, highlighting the distiller’s family, and labelling to disclose the region of origin”, as the paper states. Interestingly, this contradicts one strand of research, which argues that emulation strategies work best when they seek to bridge large, not small, gaps between product categories. Nonino leveraged proximity – the fact that both grappa and wine are grape-derived – rather than difference to create associations for customers. The authors suggest that in mature industries, status elevation is accomplished by activating such points of comparison for the benefit of the most sophisticated audience segments.

Sublimation describes Nonino’s overarching brand vision. She very deliberately positioned her family’s artisanal grappa as part of a larger cultural turn toward home-grown authenticity and away from mass-produced homogenisation. Warm relationships with influential journalists and critics helped promulgate the Nonino narrative of a single-family artisanal grappa producer steadfastly upholding Italian tradition and culture. Also, she sought to install the Nonino name within the established cultural order, launching a literary prize (bestowed at an awards ceremony held in the Nonino distillery) for works treating themes of anti-consumerism and rural culture. At the same time, Nonino embraced contemporary trends in Milanese design and fashion in order to emphasise the coexistence of tradition and modernity.

Pulling the right levers

All needed to be done and the “raw materials” for all needed to be present. The story of grappa’s rise to high-status is interesting because it shows exactly how customers can change their minds when all the right levers are pulled. It took bottles designed to resemble perfume flacons, single-grape distilling and regional labelling and linking to Milanese high fashion to make grappa fashionable and prestigious, but it could be done.

I think the story is also interesting because it suggests a condition that needs to be present for it to work. Grappa became high-status after a long campaign. Can any regional or local product accomplish the same? Before you say yes, consider this: Italy is a pretty cool place, so grappa had a good starting point.

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