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КЛЮЧОВИ ФАКТОРИ ЗА УСПЕХ НА ПАЗАРА НА ВИНО В БЪЛГАРИЯ CRITICAL SUCCESS FACTORS ON WINE MARKET IN BULGARIA

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Abstract

Bulgarian wineries operate in a highly competitive environment that defines success as a result of adaptation to the market.

The purpose of this article is to bring out the main factors contributing to the successful establishment of a product of the market in Bulgaria. Approach critical success factors (CSF) allow identifying those factors that are critical to the successful implementation of market potential.

J. Lapsley and K. Moulton (2001) identified as a key factor in market success of the wine products of their identity. This is most often associated with the marketing policy of the company that is positioned to commercialization.

Key success factors of the market in Bulgaria are knowledge of market segments, building brands based on regional characteristics, establishing close contact with customers through sales on spot and wine tourism.

Key words: wine, trade mark, segmentation, origin, advertisement

INTRODUCTION

In recent years the Bulgarian wine producers face ever increasingly complex business environment. Wine market is characterized by some very important features:

- First of all, there is a high degree of saturation of the market. Production exceeds demand.
- Growing competition - offering not only exceeded the demand, but the market and entered new producers including and new producing countries.
- The role of the state and communities in the regulation of this market. Problems that exist in the market often provoke update regulations.

- Diversification of needs - better standard of living rise demand for new and better products.

These features create a business environment, characterized by a high degree of uncertainty. To handle business organizations in terms of such a dynamic place higher demands on its management - the organization is seen as an "open" system, in which the main success factors relate to how appropriate it is to adapt to the business environment. To achieve its objectives businesses must comply with the requirements of the market by focusing on the needs and desires of consumers.

MATERIALS AND METHODS

The purpose of this article is to identify the main factors contributing to the successful establishment of a product of the wine market in Bulgaria. Approach critical success factors FSC (Critical success factors, CSF) allows to identify those factors that are critical to the successful utilization of the potential of the market. Key success factors (FSC) in business - these are factors to be considered in strategic management that such abilities should be owned by a company in order for us to successfully compete within an industry. In this sense, FSC depend on the specifics of the industry. Key success factors can be related to: technology, production process, product realization, marketing, specific professional skills.

Lapsley and K. Moulton (2001) as the primary factor for the market success of the wine product identity. This is most often associated with the marketing policy of the company that has the objective to position products in the market. It should be noted that the term "identity" is multi-faceted in nature and content that often makes it difficult to understand. Seeking identity of its products, the company goes through a set of characteristics and actions which have to be combined in an appropriate combination according to the expectations of the market. This raises the question, "How the identity of each wine can be developed? Basic approach is to rely on the designation of origin and association of producers in a specific territory. This approach determines in no small degree, that success is based on traditions certain territorial features, and of course, the competence of the manufacturer. Another approach involves the development of branded wines and is based on the fact that the brand conveys a certain identity derived from its specific competitive market positioning. Brands are built through targeted business solutions aimed at efficient utilization of available resources.

Enterprise resource planning can be defined as anything which the company has used to build its market image. Their management is according to the attached diagram for market segmentation. McKinna (op. on Lapsley and Moulton, 2001) distributed consumers of wine in four major market segments: connoisseurs, often buying, consuming large amounts (prefer larger cuts), new users (buy rare, often out of curiosity or a certain occasion) . These four segments are determined based on consumer behavior; the distribution of users in them is different for each country. Very strong influence so have a tradition of winemaking , which are expressed most often by setting as traditional wine countries and countries of the so -called New World . Hall and Winchester (2000) confirmed in a study that detailed knowledge of the behavior is crucial for accurate segmentation and the

use of the approach is the basis for an efficient allocation of resources. Also, this approach makes it possible to determine the best possible price in order to maximize sales revenue. This is described by Edwards and Spawton (2003) as a characteristic practice of the Australian wine industry. It includes pricing strategies, based on differentiation of consumers. Strategies rely on the information, what is the highest price that some consumer groups are willing to pay.

Explore market segments enables the convergence of the winery and its users. This is achieved firstly by offering products that meet the specific requirements of the segment, but the same as through the establishment of close contact with customers. Mudill, Riding, Georges and Haines (2003) emphasize the use of concentrated distribution channels as a key variable in the wine market. Wine producers participating in these channels are involved in mergers and acquisitions in an attempt to gain more power for the large retailers to reduce logistics chain. This most often results in the creation of strong departments for their own distribution, use of the Internet for direct sales and providing an opportunity to explore the production process by organizing wine tourism. All these activities are designed to bring the company close as possible to the end user, which allow one hand fast and accurate service in the target segment, and the other receiving the response from consumers about the company's products and the company as a whole.

Convergence between wineries and end users is only possible if they build their own brands. M. Reid (2001) noted that the wine industry is strongly influenced by globalization, which the sector is leading to oversupply. This raises the need for differentiated approach to service markets through corporate branding. Reed's study shows the interest of manufacturers to implement this policy by focusing on a set of factors (variety name of the region, the name of the owner) to identify the final product in consumer consciousness. He sees this as providing benefits on several different levels, creating brand loyalty among consumers and retailers a greater market share and higher profitability. Policy on building the brand is integrated, which implies its coordination with other corporate activities. The location of the winery can be a very strong factor in its market positioning. Associate a region with the production of a specific wine grape variety is peculiar to guarantee the quality of products. Wine is a product that is highly dependent on the quality of the raw material, which in turn are the product of specific soil and climatic conditions of each region. This feature is the basis of integration of the wineries with winemakers, but also in the creation of its own vineyards. These activities have a strong positive effect on the market image of the company's products, as otherwise the wine cannot control the quality of the wine produced from them. Linking of wine industry into a single economic system can make an important contribution to effective service on the market. On global markets increases the need for high quality wines, especially those with controlled appellation of origin and geographical ascription. Therefore, according to the recommendation of the experts ' resources should be devoted to high-quality varieties to create unique wines in limited quantities, using varieties with geographical name.

"Is it necessary designations of origin to adapt to consumer attitudes? Terms of marketing the answer is definitely positive. J. Lapsley and K. Moulton

(2001) studied what makes the quality of the wine. They classify a set of criteria "unusual" data (such as names) and internal data (pleasure, taste, aging potential, ease of consumption, etc.). in his study found that wine names associated with places known as traditional wine-growing centers are evaluated such as "nice wine" or "solar fault" that evokes consumers prefer precisely similar wines in their choice of purchase. Skillful use of appellations of origin as part of the implementation of the marketing approach can create value for the consumer by differentiate the product from those of competitors. According to Borisov and Radev (2011) regional specialization in viticulture defines the basis for such differentiation. Central element of differentiation based on the name is the certification of bottled wine. Wine industry adopts the motto that "product certification ensures quality of wine consumers drink." It helps to ensure the consumer, and became an important motivator to choose one product over another.

Upon determining the identity of the wine has input and concept terorara. Terroir (French - terroir) is a French term used when describing the specific features that geographic region passed on the wine, coffee and tea. Broadly speaking, the terroir is the agricultural land, sharing the same soil, weather conditions and processing techniques. Terroir can be freely translated as "sense of place" that includes not only certain qualities, but also how the local environment has had on the production of the product. Namely the concept of terroir is at the heart of the French Appellation d'origine contrôlée (AOC) - the system used to model names and making wine laws in the world. At the core is the assumption that the land on which they grow vines transmit unique qualities specific only to this region.

The concept of terroir is still new in our latitudes, but Bulgaria is so unique and so much land suitable for making wine, the development of terroir wines are happening at a rapid pace. And here too we can do (conditional) division of "small" and "large" terroirs - Southeast Thracian Lowland (enormous Haskovo, Ivaylovgrad, etc.), the Black Sea region (mostly around Pomorie) and even mini-terroirs as area Sováta near Svishtov.

Identity formation of the proposed consumer product requires application of communicating with him in a manner consistent with its requirements and expectations. Communication as part of the marketing mix enables businesses to stimulate interest in the market for its products and to form a stable demand by building brand loyalty. For this purpose, companies are looking for new and more effective ways of communicating with consumers. Here special attention is paid to the opportunities that the Internet provides for direct access to the market. New media and communication channels encourage the use of more creative approaches. Companies started to create their own websites, which had the opportunity to distribute content in a new form. Today, most consumers also have their own platform from which all share. Not only companies talk to consumers, but consumers are also exposed to brands to post large number of people. These communication channels grew visibly day by day.

In addition to the new challenge for marketers, this trend is also provided a valuable source of information to which they had access to so far. Able to follow the discussions of consumers about their brands, allows market professionals to learn

about their shopping habits, what influences their choice and for what reasons like or ignore certain products. This information provides valuable guidance to the design of marketing messages and results in adequate dialogue with potential new customers.

New media and communication channels encourage the use of more creative approaches. Continuous feedback from users gives valuable information that can serve as a strong influence. In printed communication such effect is achieved by personalized to the interests of user-generated content, such as new marketing tools make it easier to develop effective campaigns. In this aspect may be sought benefits of wine tourism organized by a winery or region. Although wine tourism can be seen as a specific tourism product for full leisure, performance is related not only to the production activity of the wine, but also carries a history, culture and lifestyle. This in turn attracted the attention of a wider range of users and makes it attractive to export its products to the corporate market in wine (Borisov and Radev, 2012).

RESULTS AND DISCUSSION

The study covers 59 wineries applying marketing management approach to his business. Objects from each of the wine regions of Bulgaria are included in the study, which warrants that the data provide the necessary reliability of the results in order to submit a complete state of the industry at the national level.

Implementation of marketing approach is based on the different needs experienced by users and the selection of an appropriate set of business activities that are consistent with the maximum satisfaction of these needs. Therefore, the starting point is determined market segmentation and the choice of the segment (s) for the operation of wineries. This scheme is used for segmentation, distributing the consumers of wine in four major market segments: lovers often buy consuming large amounts (prefer larger cuts), new users (buy rare, often out of curiosity or a certain occasion).

The results are presented in Figure 1 it is apparent that interest mainly occurs at three of the segments so identified. The largest share, nearly 90% of segment "often buy" which is characterized by regular purchases of specific products that are well known to them. Largest share, nearly 70% of the segment "New Users", which is explained by the fact that the majority of the surveyed wineries are new items that still impose the market and seek new customers in to create loyalty to their products. Actually there must be considered the link between this and the other segments, each new loyal user can become a part of other groups. Very high is the proportion of the segment "connoisseurs" about 2 /3 of the wineries serve this segment, which is characterized by a small volume of quantity but high as a monetary value. Least interested wineries appear to segment "consuming large quantities", which is explained by the fact that most of the studied objects are small to medium capacity and are not designed for mass production.

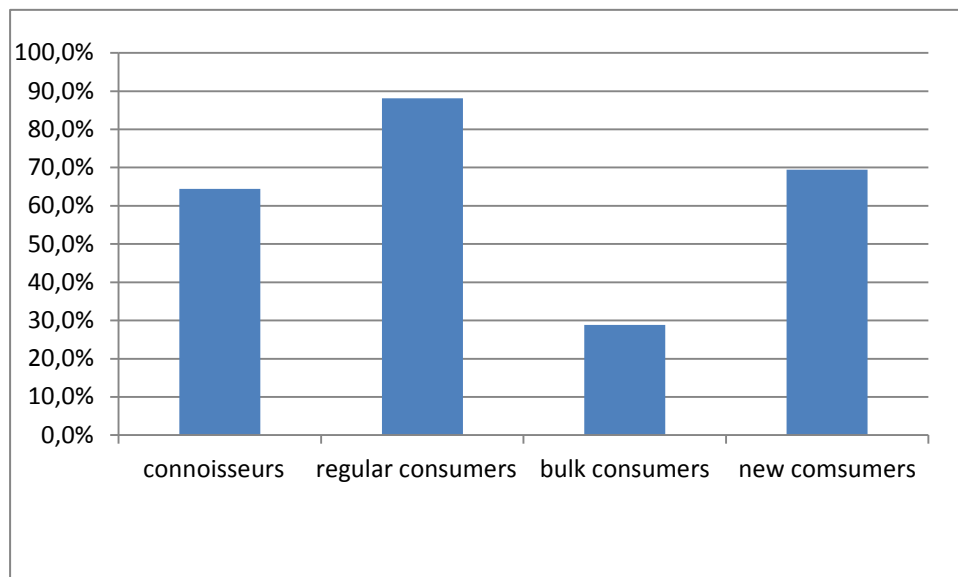


Fig. 1. Served market segments by wineries

Featuring more market segments is a differentiated marketing is typical for all studied wineries, but more than half of them said that sales revenue comes mainly from only one of the segments served, making it a primary target market of the company. Thus 40% of the wine companies prioritize their activities segment "often buy" other 20% is segment "Lovers" and other wineries claim form balanced its revenue by more than one segment. These results are logical, but it should be noted that not a few wine companies have shifted to meet the demands of the most discerning segment, that of lovers. This in turn places high demands to improve the production and management process, which can be utilized effectively segment.

One possible means of imposing market is to use an appellation of origin of wines. In article 35 of the Law on Wine and Spirits (SG 45 15.06.2012Y) Defined a new classification scheme of wines - wines with PDO, PGI wines, varietal wines without PDO / PGI wines without PDO / PGI. Conditions to be met, the order of creation and registration of wines with a PDO, PGI wines are defined by the regulations implementing the law. Due to the fact that the law was passed recently, and its implementing rules are being discussed in the study used previous designations of origin. Namely wines with designation of origin (AOC) and wines with controlled and guaranteed denomination of origin (GKNP). Surveyed wineries show little interest in offering wine by these categories; with only 26% of them have in their product range such wines. But even in these cases the designation of origin is used for individual products or product classes, which often form the main sales. The main reasons for the low interest vintners say administrative procedures for acquiring the right to produce wines with designation of origin and those consumers often base their choice of this characteristic of the product. Therefore, growers may not realize the expected benefits to achieve high conversion rates and customer loyalty to a fault with PNC and / or GKNP.

To achieve the above benefits wineries use a very active policy of the trademark. It turns out that by choosing a name for their brands winemakers say the origin of their wines and seek to distinguish them from those of competitors. In this sense, many actively used trademarks compiled based on the name of the region or a local landmark. Nearly 2/3 of the wineries or 39 in number (see Figure 2) differentiate their products by using regional characteristics as a trademark. Widespread popularity due to the fact that wine is not just a product of the local natural and climatic conditions, but it is an integral part of the culture and identity of local communities. It is through brand winemakers strive to recreate the spirit of the region and to establish a sense of belonging to local traditions and peculiarities.

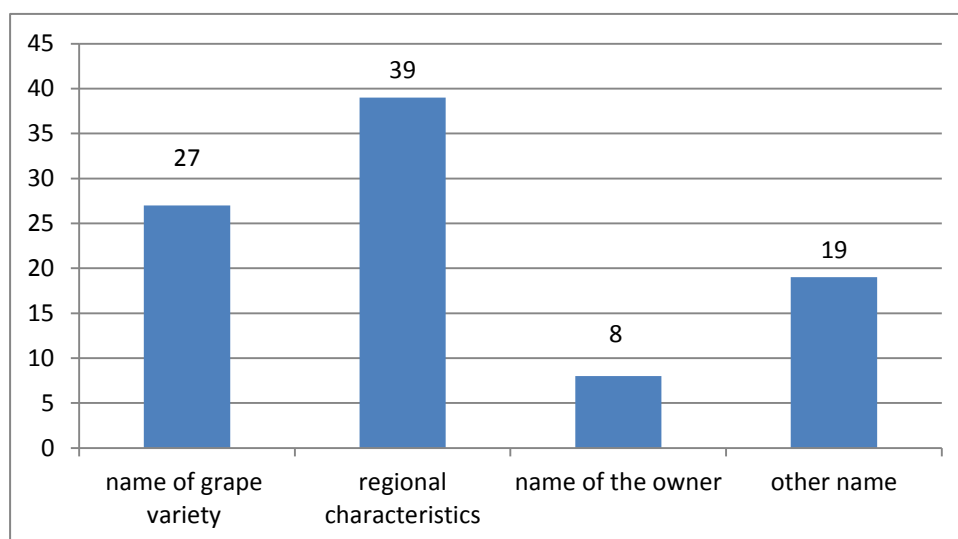


Fig. 2. Numbers of wineries apply various names as trade marks

Besides regional characteristics wineries often use the name of the grape variety from which made the wine for its market positioning. It should be noted that, although the emphasis in such products has been laid on the variety, in almost all cases it is combined with the expression of the region in which it was produced. Combining the two categories is dictated by the fact that consumers prefer the single-varietal wines produced in areas suitable for them. This finding also confirms the claim that regional characteristics are recognized as key to success in the wine market. A relatively small proportion of the surveyed wineries 8 cash or nearly 14% use as a trademark owner's name, which is typical for wineries solely owned and traditions in winemaking.

Communication with customers is another important element to influence the market. Proper construction of message communication creates trust. The content of the message should be based on the leading motives that would let users to purchase. The study identified five possible motives for the development of an advertising slogan. The results show that wineries use primarily three of them

and the other two reasons, and other reasons not mentioned rarely reproduce by advertising message (see Figure 3). Most often (33% of cases) creatives are based on the emotional experience of wine consumption. Emphasis on the region of origin and the specific characteristics of the wine are the other two motifs preferred by growers in advertising their products. Generally these three have a common motive share of over 80%, which identifies them as the main factors in the development of market image of the wines.

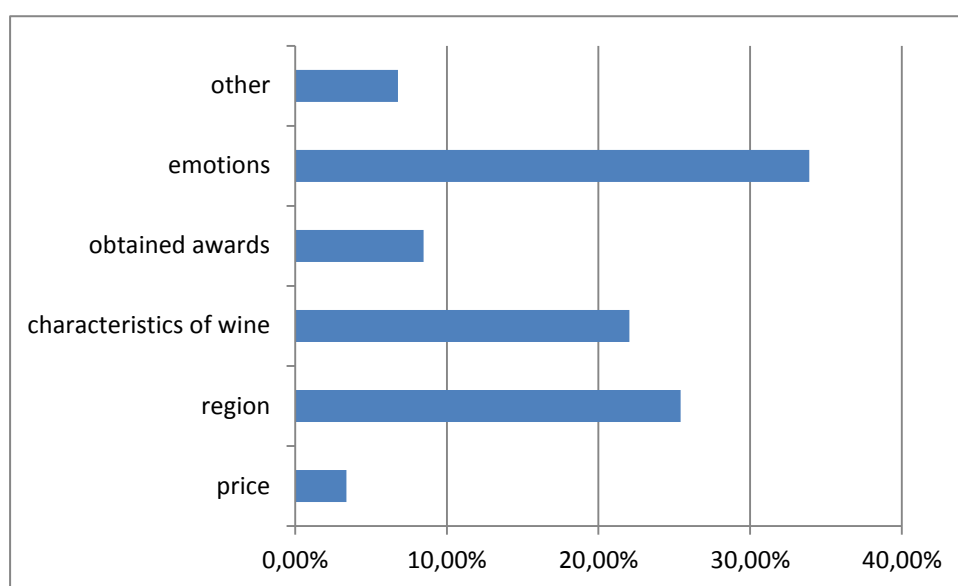


Fig. 3. Main motives in advertising

The result of effective communication or the act of purchase is only possible if the activities carried out by moving the product to consumers. These activities are the core of the distribution policy of wineries and is an important tool which cleverly management is a prerequisite for market success. Each winery can choose from a variety of channels for its products in December to reach end users. Although in general distribution to differentiate on their own, independent, in the study tested a larger classification of their distribution. This subdivision is due to the fact that they require different resources when implementing specific forms of its own distribution. The survey results show about parity between the two main forms of distribution, such as a slight majority have their own distribution. Distribution of shares realized production through channels of realization is shown in Fig. 4. From their own channels with the highest importance to determine the construction of commercial offices and spot sales. The sum of the relative percentage is similar to the proportion of independent distribution, which identifies them as the main forms of distribution through which wineries serve its users. It should be added that in the last three years wineries reported increase in the proportion of spot sales at the expense of the other channels, the expectations are that this trend will continue.

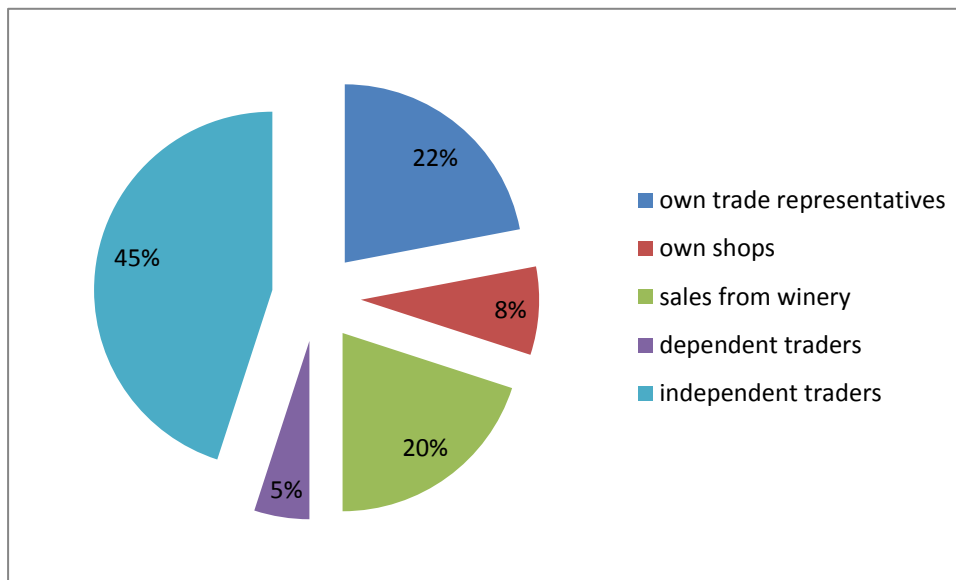


Fig. 4. Share of distribution canals

The increase in the proportion of spot sales is a result of the actions of the wineries offer increasingly active in its wine tourism activity. Wine tourism provides an opportunity for wineries to make direct contact with consumers, which represents not only the product and anything else that may interest you and convince the user that this is exactly the product he needs. Wine tourism is analyzed in two forms: wine tasting /wine tours/ and offering comprehensive tourism product /accommodation, nutrition, extra services/. Generally the main users of both forms are group visitors and organized tour groups, but among the surveyed wineries there are major differences, some of which the share of individual visitors exceeds that of others. These differences can be explained by the location of the wineries as the presence of large urban centers or resort near the cellar and convenient transport infrastructure are the main factors contributing to this which group of visitors is primarily interested in a wine cellar. Regardless of the type of home winemakers are adamant that the main benefits of wine tourism not only in spot sales, but also in raising the profile of the winery and create loyalty to its products by consumers. Many winemakers have adopted the maxim that welcome guests and send friends in the long term work for the market success of the winery. Establishing good relations during wineries with consumers is defined as the social capital of the winery, which later materialized economically.

CONCLUSIONS

As a result of this study of the success factors of the wine market in Bulgaria can make the following important conclusions:

- Market segmentation and mainly supply products according to the specific characteristics of each target segment is the basis for market success;
- Offering wine with controlled designation of origin and / or secured and controlled appellation of origin is not recognized as a tool for market success of products;
- Wine producers prefer using brands, based on regional characteristics and varietal composition to distinguish their products from those of competitors;
- Communication policy based on emotionally benefits of product consumption, region of origin and the actual characteristics of the product stimulates demand for wine;
- In recent years in the wine sector increased as the proportion of spot sales and its importance for wineries;
- Spot sales combine these benefits - higher price realization and closer contact with customers;
- Wine tourism enables the synergistic effect of the combination of several types of benefits (diversification of the product, in close contact with clients, creating interest in wine in general and in particular to the company's products).

In summary it can be determined that the wine sector uses cleverly marketing approach in the management of the supply. Wineries apply a combination of activities and resources to ensure the commercial success of its products.

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