

## MARKETING STRATEGY FOR ROMANIAN WINES

**Popa Dorin\***

\*University of Oradea, Faculty of Environmental Protection, 26 Gen. Magheru St., 410048 Oradea, Romania, e-mail: [dorinpopa@millesime.ro](mailto:dorinpopa@millesime.ro)

### **Abstract**

*In a world where globalization is a favorite topic of discussion, diversification of production, services development, perfecting distribution systems and marketing are all tools to constantly challenging consumer and his behavior. Under these circumstances, wine production and its sale can no longer be done randomly, but according to a well established strategy. Building of a brand in modern trade is a case of competitiveness. Brand is considered an intangible asset, being a neofactor in the global trade development. The market brands are evaluated by an international agency, Brand Asset Valuator.*

**Key words:** strategy, marketing, wine, brand, competitiveness

### **INTRODUCTION**

Diversification of production, services development, perfecting distribution systems and marketing are all tools to constantly challenging consumer and his behavior. Under these circumstances, wine production and its sale can no longer be done randomly, but according to a well set strategy. Building of a brand in modern trade is a case of competitiveness. Unfortunately for Romania, strategies of the sector or branch of national economy still have negative resonance of sad remembrance. (Ioamind A.)

A major problem of the Romanian wine market is the price paid for the external image of the Romanian products.

A study conducted by McCann-Erickson on the perception of Romania abroad (the European zone) had the following results:

- Poverty 20%
- Child abuse 16%
- Dracula/vampires 14.6%
- Ceaușescu 14%
- Gymnastics 13.5%
- Nadia Comaneci 11%
- Cigarettes 9%
- Football 7.7%
- History 3%
- Nothing 3%

Perception on Romanian products:

- ✓ cheap products 17%
- ✓ low quality 26%
- ✓ low technology 17%

The Romanian business environment remains a spectator to the proposals of the political system that came only with the electoral campaign strategies that have been forgotten or only mentioned as the next elections reproaches. (Zahiu et al, 2003)

The strategy for development and wine-growing heritage resizing has clear objectives, its management and adaptation is clearly determined on stages and short, medium and long periods, the whole strategy is based on a financial support which can be accessed if the mandatory rules are followed in a very strict monitoring system.

## MATERIAL AND METHOD

Analysis for this research is based on the relationship between producers and ONIV (The National Interprofessional Wine Organization) and the Authorized Tasters Association from Romania. Research was made on a national level with data from Oradea, Timișoara and Bucharest.

The transition from a centralized economy to a market economy following the revolution meant a long period of restructuring and delays, and this situation has generated important but often negative changes in the position held by Romania at the international level, many markets were lost, Romanian wine has lost its identity and consequently only a third of potential production and export is capitalized. (MAPOR)

The wine market, the domestic as well as the European and world market will require restructuring wine-growing on sorts. It also requires the development of the production of quality wines with a geographical designation of origin (DOC). Marketing strategy of wine products must firstly focus on improving the internal business environment for the benefit of wine production industry. (Sappington S.)

The export structure in the European Union countries is still oriented towards bulk wines, over 70% (Zahiu). Out of the overall exported wines, 90% are wines having controlled origin denomination and 10% are table wines. Red wines claim for 67.5%, while white wines are only 32.5% (Milan K., 1992).

As for wines exports, Romania is on the 14<sup>th</sup> position in the world. On a European basis, this stands for:

- 5.4% of the total area; 5<sup>th</sup> place, after Spain, France, Italy and Portugal;
- 3.1% of the wine grapes production; (6<sup>th</sup> place, after Italy, France, Spain, Germany and Greece);
- 2.9% of the wine production; (6<sup>th</sup> place, after France, Italy, Spain and Portugal);

(Manole, 2004)

This circumstance of the Romanian wine could seem advantageous, but we have to add that the present export is only 10% of the production, the conclusion being that we have little exports, but a big potential. (Gavrilă, 2005)

*Tabel 1*

Directions of wine productions

No. crt.	Direction of production	Share according to area			
		2006	2014		
			Total	DOC + IGP	Area
1.	Sorts for white wines	70	100.000 ha	47.100 ha	52.900 ha
			55%	47.1%	52.9%
2.	Sorts for red wines	22.9	63.800 ha	42.600 ha	21.200 ha
			36%	66.8%	32.2%
3.	Sorts for aromatic wines	7.1	16.200 ha	16.200 ha	-
			9%	100%	-
4.	Total	100	180.000 ha	105.900 ha	74.100ha
			100%	58.8%	41.2%

The forecast a production of noble wine for 2014 is of 7,000,000 hl, on three production lines, as follows:

- white wines: 3,600,000 hl
- red wines: 2,600,000 hl
- aromatic wines: 800,000 hl

The most non-favorable situation is not in the exported quantities, but in the export prices, beside the import prices. (APEV, 2003)

*Table 2*

<b>Country</b>	<b>EXPORT PRICE \$/L</b>	<b>IMPORT PRICE \$/L</b>
Germany	0.71	2.23
France	1.12	6.32
Italy	2.71	4.94
Moldavia	0.31	2.00
Spain	2.69	4.79
Portugal	-	3.19
Hungary	1.34	4.28
Chile	-	2.21
Australia	2.46	4.77
USA	1.84	2.30
Austria	1.95	5.09
Greece	0.84	9.60
South Africa	-	2.23

Average price of exported wine is about 1.45 \$/l and average price for imported ones is about 4.15 \$/l. (Manole, 2002)

## **RESULTS AND DISSCUSIONS**

The situation presented above entails the following:

- growth of competitiveness on foreign market;
- stimulation and capitalization of the competitive advantages;
- creation of a common brand for Romanian wines; (UE, 2006)

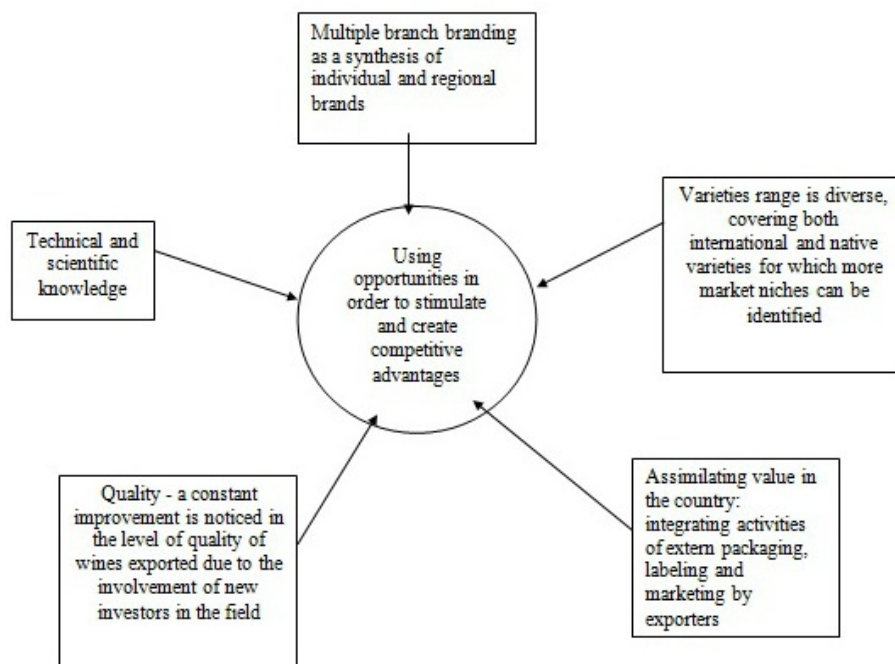


Fig. 1 Stimulating and exploiting competitive advantages

Increased competitiveness on foreign market entails the following measures:

- restructuring and reconversion of wine-growing plantations in order to develop the sorts and wine quality;
- more investments for modernization of wine making units;
- growth of the role and involvement of the producers organizations on the wine market;
- assuring assistance concerning professional training, specialization and improvement of the people working in the wine-growing sector;
- a more favorable image of Romania by promoting wines of native sorts, of appreciated quality and worldwide accepted. (USAID, 2005)

Restraints affecting competitiveness:

- degradation of the wine-growing heritage;
- dependence on weather conditions leads to a risk for the continuity of wine quality;
- having low efficiency in viticulture, compared with the competitors on the foreign market;
- higher level of costs to maintain and exploit wine-growing plantations;
- lack of a proper quality control, inside the entire wine-growing stock;
- lack of a net of commercial representation on the significant markets. (ONDOV, 2006)

Opportunities to increase export performance and competitiveness

- attending of producers to international contests as a way to increase the wine price through the gained distinctions;
- capitalization of the geographical situation of Romania (similar to the Silk Road) compared to the three wine roads out of six (West Europe, North America, inside EU, West Europe – South-East Asia); (Manole et al)

- increasing tendency of the export value as an expression of producers concern for the management and marketing quality;
- programs of external financing for restructuring and reconverting. (HG, noiembrie 2005)

## CONCLUSIONS

Wine is a good image ambassador for the history, culture and civilization of the countries where it comes from. Wine has the ability of increasing the export of local offer for other products and services including tourism, agriculture, gastronomy etc.

The goals of this approach could be the following:

- ✓ Increasing exports, with an annual average rate of 10-15%, in the terms of increasing consumption on the internal market from 26 liters/inhabitant to 30 liters;
- ✓ Increasing export balance from 10% to 20%;
- ✓ Increasing production with an annual average rate of 1.2%, as a result of efficiency improvement on ha.
- ✓ Taking Romanian wines into a new worldwide price category.

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