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# ANALYSIS OF DISTRIBUTIONAL AND PROMOTIONAL ACTIVITIES OF WINEMAKERS

## ABSTRACT

The objective of this paper is to determine how winemakers in Eastern Continental Croatia use marketing in their business. In addition, the paper aims to analyse the distribution of wine products and identify promotional activities that are considered most appropriate for the promotion of wine and further development of the wine sector. A survey was the method used to collect the data, and a survey questionnaire was used as the instrument. The survey was performed on a sample of  $n=30$  winemakers from five counties in Eastern Croatia (Osijek-Baranja, Vukovar-Srijem, Virovitica-Podravina, Požega-Slavonija, and Brod-Posavina). The surveyed winemakers use a combination of direct and indirect distribution channels to sell their wine. The majority of surveyed winemakers sell wine through channels such as the cellar door and wine festivals. These channels are particularly attractive to small and medium winemakers because they can increase their profits. However, to be competitive in the market, Croatian winemakers must adopt new distribution channels and means of communication, increase their marketing efforts and make a shift from sales-oriented to market-oriented strategy.

**Keywords:** Winemakers, marketing, distribution, promotion of wine, Eastern Croatia

## 1. Introduction

In the context of overall production of wine in Europe and worldwide, wine growing in Croatia is a minor part of the industry. Nevertheless, it is an important sector of the Croatian economy with a 2,500-year-long tradition. Furthermore, it is an im-

portant component of lifestyle, culture, and national pride (Meler, Horvat, 2018). Due to the country's diverse climate and geography, there are distinct wine-growing regions that provide conditions for the production of high-quality wines, and thus Croatia can rightfully be called a country of wine (Meler, Horvat, 2018). Winemaking is present in both

Continental and Adriatic Croatia, and each region has distinctive geographic, geological, agricultural, and economic characteristics (Čop et al., 2019). The total area under vines accounts for only 1.5% - 1.7% of the total utilised agricultural area. The areas under vines in the Continental and Adriatic Croatia are almost the same in size, while Eastern Continental Croatia has 60.0% more area under vines than Western Continental Croatia (Meler, Horvat, 2018). Croatian viticulture is characterised by relatively old vineyards, fragmentation of areas planted with vines, and a large number of grape varieties. The average vineyard surface area in Croatia is below 1 ha, 14% of winemakers have vineyard surface areas of up to 10 ha, and only 25 winemakers have vineyards with surface areas of more than 50 ha (Jelić Milković, 2019).

Wine is a very complex product characterised by several attributes that can vary over time and space (Rebelo et al., 2019). The wine market is becoming more and more competitive and it is a classic example of ongoing globalisation and expansion (Canavari et al., 2007; Rebelo et al., 2019). There is no one single wine market, but several wine markets with different critical factors; consumers have greater wine knowledge and access to new communication technologies and distribution channels; and there have been changes in the decision-making process (Rebelo et al., 2019). Marketing plays a significant role in the modern economy: it helps to bridge the gap between producers' and consumers' needs; it helps producers better understand consumers' requirements; and it allows producers to decide what, when, and how to produce for the market (Leko Šimić, 2002; Jelić Milković, 2019). The success of any product on the market is impossible without communication with the market (Brščić et al., 2010). According to these authors, promotion is the process of communication between economic operators and consumers for the purpose of informing the consumers about supply and creating positive attitudes about products and services to help persuade consumers to buy certain products. The consumer chooses a product based on available information; hence, economic operators are those who can provide the consumer with more information (Meler, Horvat, 2018).

The aim of this study was to determine how winemakers in Eastern Continental Croatia use marketing in their business, to analyse the distribution of wine products, and identify promotional activities

that are considered to be most appropriate for the promotion of wine and further development of the wine sector.

## 2. Materials and methods

A survey was conducted from May to September 2018 using a questionnaire to collect primary data. The complete questionnaire contains 88 open and closed questions divided into several groups. At the end of the questionnaire there are questions regarding socio-demographic characteristics of the surveyed winemakers. Because the research is quite extensive, only parts of it were used; these relate to the use of marketing in the winemakers' business, and the analysis of promotional activities and distribution channels they use. The target group of the research is winemakers (small, medium, and large) in Eastern Croatia, evenly distributed across five counties (Osijek-Baranja, Vukovar-Srijem, Virovitica-Podravina, Požega-Slavonia, and Brod-Posavina). A total of 188 winegrowers and winemakers were classified as the target population defined by the primary study. The questionnaire was sent to the winemakers' addresses. 30 winemakers who are registered in the Vineyard Register completed the questionnaire correctly, which puts the response rate at 15.96%. The Croatian wine industry is characterised by small and medium family farms. More than half (52.2%) of the surveyed winemakers have 1–10 ha of vineyards, 26.1% have 10–50 ha, and 17.4% have more than 100 ha of vineyards. When asked about the type of business, almost half of the surveyed winemakers (46.7%) reported that their business is a family farm, 26.7% are joint stock companies, 13.3% are sole proprietorships registered for agricultural activity, and 3.3% are cooperatives engaged in agricultural activity. Most winemakers own a vineyard (86.7%) and only 13.3% of them lease it. A single person performs the functions of owner, manager, wine technologist and oenologist at family farms. Most (90.0%) of the surveyed winemakers stated that they had an annual income of less than \$1.48 million and only 10.0% of them had an annual income of \$7.42–\$14.78 million. The majority (60.0%) of the surveyed winemakers reported that the utilisation capacity of their agricultural entities is 51–79%, 16.7% considered it to be 80–99%, 13.3% stated that the capacity utilisation is less than 50%, while 10.0% believed that the capacities of their business are 100% in use.

Statistical analysis was performed using the statistical software package SPSS Statistics V23. Descriptive statistics were used to describe the sample (percentages, frequencies, arithmetic mean, and standard deviation). The non-parametric chi-square test ( $\chi^2$ ) was used to determine whether there are differences between the observed frequencies and the expected frequencies of respondents with regard to the type of business and the year of the establishment of the business entity. From the parametric tests, Student's t-test (independent t-test) and one-way analyses of variance (one-way ANOVA) were used to determine the differences in individual characteristics among the respondents.

### 3. Results and discussion

#### 3.1 Marketing orientation of winemakers in Eastern Croatia

The respondents were asked questions relating to the existence of a marketing department and employees with a marketing degree in their businesses. The majority of respondents (83.3%) said that they do not have a marketing department in their businesses. That is not surprising because most of the winemakers are small and medium producers with 1 to 10 ha of vineyards. The majority of respondents (60.0%) also stated that they have a person in their business who is in charge of marketing, but this person has no formal education. The respondents were asked an open-ended question about the origin of the marketing knowledge of the person in charge of marketing. The majority of respondents

have acquired marketing knowledge through experience in their own businesses ( $n = 27$ ), followed by professional literature ( $n = 8$ ), participation at professional conferences ( $n = 7$ ), and formal education in marketing ( $n = 6$ ). The above results coincide with the results of the studies by Leko Šimić and Štimac (2013) and Jelić Milković (2019), who found that most marketing knowledge comes from experience rather than participation in industry conferences or from specialised reference books, and that the existing marketing know-how in the companies under study was inadequate.

According to the data presented in Table 1, the results of the chi-square test show that there is a statistically significant correlation between the years of operation ( $(\chi^2 (df = 3, N = 30) = 8,914, p < 0.05)$ ) and type of business ( $(\chi^2 (df = 4, N = 30) = 10,800, p < 0.05)$ ) with the existence of a marketing department.

Jelić Milković (2019) conducted a case study which encompassed four winemakers from Osijek-Baranja and Vukovar-Srijem counties, and determined that the non-existence of marketing departments and inadequate knowledge of marketing make winemaking exclusively sales-oriented. This orientation inhibits further development of production and competitiveness in domestic and foreign markets. Market planning is very important for winemakers, whether they are running a one-person boutique winery or a large multinational, because a marketing plan enables winemakers to make profit and satisfy consumers' needs (Spawton, 1990).

**Table 1** Distribution of responses to the question 'Is there a marketing department in your business according to years of operation and type of business

		N	Is there a marketing department in your business?		
			Yes	No	p
Years of operation	1–10	7	1.2	5.8	0.030*
	10–50	17	2.8	14.2	
	50–100	2	0.3	1.7	
	>100	4	0.7	3.3	
Type of business	Family farm	14	2.3	11.7	0.029*
	Sole proprietorship	4	0.7	3.3	
	Cooperative	1	0.2	0.8	
	Limited liability company	8	1.3	6.7	
	Joint stock company	3	0.5	2.5	

N = total number of respondents; p = chi-square test ( $\chi^2$ ), \*\* $p \leq 0.01$ ; \* $p \leq 0.05$

Source: Authors' calculations

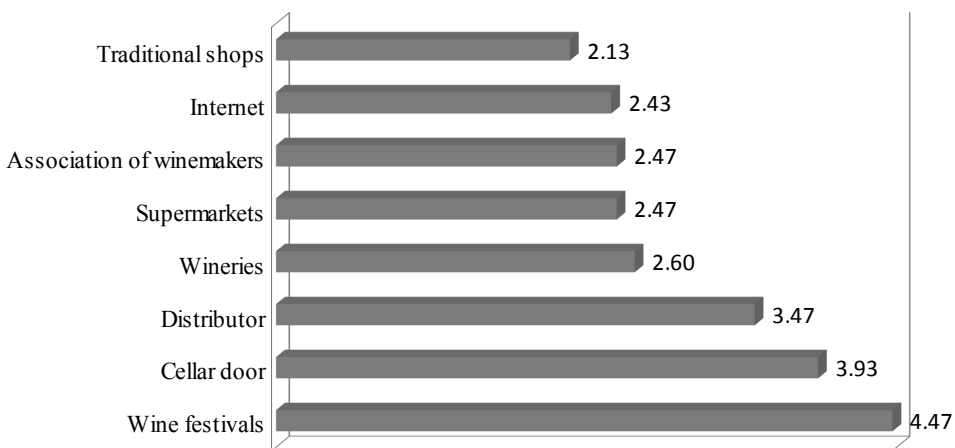
### 3.2 Distribution of wine

From Figure 1, which shows the average scores given by respondents to individual factors of distribution strategies applied by the surveyed economic operators, it can be concluded that the majority of winemakers sell their wine to consumers through direct channels of distribution. Measured on a 5-point Likert scale (1 –not important, 5 – very important), it is shown that 56.7% of the surveyed winemakers believe that sales at wine festivals are very important while 30.0% of them think that sales through the distributor are very important. Selling wine through traditional shops is very important to only 6.7% of winemakers and 50.0% of winemakers think that selling wine through wine shops is not important. According to Forbes and Kennedy (2016) and Hardesty and Leff (2010), direct marketing is particularly attractive to small and medium winemakers because they can earn higher profits and are able to sell volumes that would otherwise be too small for traditional retailers. In addition, many international wine brands compete for space on the shelves of large supermarkets, and smaller wine businesses are unable to compete with these brands (Forbes, Kennedy, 2016). According to the results of the study by Canavari et al. (2007), most winemakers use printed advertising material as a communication channel,

while they regard press and websites, such as the Croatian winemakers' website, to be of secondary importance. The results of a survey of winemakers in Italy shows that a significant number of producers are interested in implementing an e-commerce facility within their marketing organisation, and most of them are quite well-prepared to adopt it (Canavari et al., 2007). The Internet offers the small producer the opportunity to break away from the hegemony of the distributor, to build new entrepreneurial relationships and maintain ongoing relationships with customers in a low-cost way (Canavari et al., 2007; Dolan, Goodman, 2017; Meler, Horvat, 2018; Szolnoki et al., 2018). Like their Greek counterparts, Croatian winemakers have to adopt new ways of communication with their customers and distribution channels, because it is evident that the marketing environment is changing and customers now demand more interactive relationships with producers (Vlachvei et al., 2012).

In the order to check whether there are differences in individual responses with regard to economic operators' type of business, an independent t-test was used. The differences in arithmetic means of the scores given by winemakers to individual factors' importance for wine marketing were tested with regard to the years of operation and hectolitres of wine produced.

**Figure 1** The importance of individual factors of the distribution strategies applied by economic operators



Evaluation on a scale of 1 to 5, where 1 means not important, and 5 means very important.

Source: Authors' calculations

The respondents were asked to express their opinion on the variables presented in Table 2. The results of a t-test for independent samples show that there is a statistically significant difference when it comes to the variable cellar door sales as a channel of distribution ( $t = 2.328$ ,  $df = 28$ ,  $p < 0.05$ ) with regard to the type of ownership. In addition, wine sales in supermarkets are statistically significant ( $t = -2.600$ ,

$df = 28$ ,  $p < 0.05$ ) with regard to the type of ownership. Other variables did not prove statistically significant with respect to the type of ownership. As evident from Table 2, on average, a higher number of winemakers who lease their vineyards stated that they use indirect channels of distribution (distributors, supermarkets, wineries, and traditional shops) as opposed to winemakers who own the vineyards.

**Table 2** Testing for differences in the means of variables with regard to the type of ownership

Variable	Type of ownership					t-test	p
	Privately owned		Leased				
	M	SD	M	SD			
Wine festivals	4.59	0.582	4.00	1.414	0.752	0.504	
Cellar door	4.12	0.993	2.75	1.708	2.328	0.027*	
Distributor	3.35	1.573	4.25	0.957	-1.108	0.277	
Wineries	3.15	1.541	3.25	2.062	-0.112	0.912	
Supermarkets	2.19	1.524	4.25	0.957	-2.600	0.015*	
Association of winemakers	2.62	1.359	1.50	1.000	1.567	0.128	
Internet	2.50	1.476	2.00	1.414	0.633	0.532	
Traditional shops	1.96	1.280	3.25	1.258	-1.878	0.071	

M = mean; SD = standard deviation; \*\* $p \leq 0.01$ ; \* $p \leq 0.05$

Source: Authors' calculations

According to the data in Table 3, it is evident that there are statistically significant differences between the variables of cellar door sales and years of operation ( $F = 3.774$ ,  $df = 3$ ,  $p < 0.05$ ). Winemakers whose operations are more than 100 years old sell their wine through direct distribution channels ( $M = 4.75$ ,  $SD = 0.500$ ;  $M = 4.50$ ,  $SD = 0.577$ ). Using the least significant difference (LSD) post hoc test, a statistically significant difference was found within the groups of operators that were 50–100 years old and 10–50 years old,  $p = 0.008$  ( $p < 0.01$ ), as well as between economic operators that were 50–100 years old and those older than 100 years,  $p = 0.010$  ( $p < 0.01$ ), compared with the variable that winemakers mostly sell wine through wine cellars. A statistically significant difference is also observed between the winemakers who sell their

wine through supermarkets ( $F = 3.704$ ,  $df = 3$ ,  $p < 0.05$ ) and traditional shops ( $F = 3.504$ ,  $df = 3$ ,  $p < 0.05$ ) with regard to the years of operation. The LSD test was conducted to test for significant differences in answers with regard to the age of the economic operators. Significant differences were observed between the following groups: operators that were 10–50 years and those that were 50–100 years old,  $p = 0.24$  ( $p < 0.05$ ), and economic operators 10–50 years old and those older than 100 years,  $p = 0.15$  ( $p < 0.05$ ), compared with the variable that winemakers mostly sell wine through supermarkets. Significant differences were found within the same groups ( $p = 0.21$ ,  $p < 0.05$ ;  $p = 0.40$ ,  $p < 0.05$ ) compared with the variable that winemakers mostly sell wine through traditional shops, as was the case with supermarkets.

**Table 3** Testing for differences in the means of variables with regard to years of operation

Variable	Years of operation								F	p
	1–10		10–50		50–100		>100			
	M	SD	M	SD	M	SD	M	SD		
Wine festivals	4.14	1.069	4.53	0.624	4.50	0.707	4.75	0.500	0.679	0.573
Cellar door	3.43	1.512	4.24	0.831	2.00	1.414	4.50	0.577	3.774	0.023*
Distributor	3.86	1.464	3.24	1.602	3.50	0.707	3.75	1.893	0.306	0.821
Wineries	4.14	0.900	2.82	1.590	3.50	2.121	2.75	2.062	1.328	0.287
Supermarkets	2.29	1.496	1.94	1.298	4.50	0.707	4.00	2.000	3.704	0.024*
Association of winemakers	2.14	1.215	2.71	1.448	2.00	1.414	2.25	1.500	0.395	0.758
Internet	2.43	1.618	2.41	1.502	2.50	2.121	2.50	1.291	0.005	1.000
Traditional shops	1.71	0.756	1.82	1.185	4.00	1.414	3.25	1.708	3.504	0.029*

M = mean; SD = standard deviation; \*\* $p \leq 0.01$ ; \* $p \leq 0.05$

Source: Authors' calculations

Sun et al. (2014) examined factors influencing distribution channel choices by wineries and found that the share of wine sold through intermediary channels increases with winery size, years of operation, increased vertical and horizontal integration, and greater promotional intensity and levels of self-reported marketing challenges. According to Meler and Horvat (2018), vertical and horizontal networking of winemakers is very important if they want to achieve common marketing goals. In Croatia, just like in the Italian domestic market, distribution is dominated by large-scale retail channels, whereas small retailer and direct sales play a lesser part (Corsi et al., 2019). Rebelo et al. (2019) studied distribution channels for off-trade retailers (specialist retailers such as wine stores and supermarkets) and on-trade retailers (restaurants, hotels and bars). According to the authors, in Portugal, the market share of sale by volume of wine through off-trade channels increased between 2011 and 2016, but the value of sales through on-trade channels was greater. Rebelo et al. (2019) also state that the number of intermediaries between winemakers and consumers is an important driver of wine price. Di Vita et al. (2019) suggest that PDO-certified wines should be distributed through specialised distribution channels such as wine shops, wine bars, and restaurants, while PGI wine should be distributed through large-scale retail and e-commerce. Results of a study conducted in Italy show the importance of direct sales channels because this type of sales strategy shortens the intermediate steps between production and consumption, and has positive effects on consumers, producers, and overall rural communities (D'Amico et al., 2014). Many wine regions and producers promote their wine through

vineyard and cellar tours because, according to Sevil and Yüncü (2009), the importance of cellar door sales for winemakers is clear; the distribution costs are minimal (by bypassing wholesalers) and these sales are an economic essential for the cash flow of many small wineries. Vlachvei et al. (2012), who surveyed 33 Greek winemakers, came to the conclusion that Greek winemakers have to adopt new electronic forms of communication and distribution channels, which are valuable for brand recognition and brand loyalty and awareness; this mirrors the findings of the survey of winemakers in Croatia.

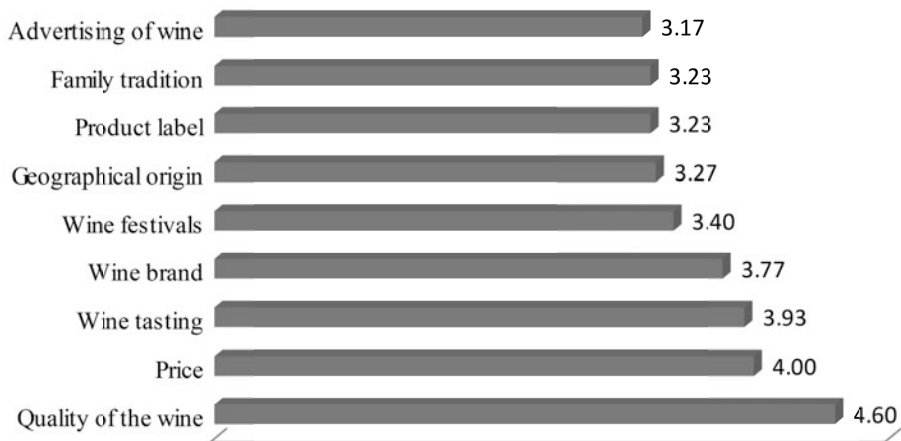
### 3.3 Promotional activities of winemakers

To determine what factors of wine promotion are most important to the surveyed winemakers, they were asked to evaluate promotional activities using a 5-point Likert scale (1 – not important, 5 – very important). Figure 2 shows the average scores given by winemakers to individual factors' importance for wine promotion. Winemakers gave the highest score to the quality of wine and price, and the lowest score to wine advertising. The case study by Jelić Milković (2019) shows that the Internet was used very rarely as a communication tool and that wine tastings and guided tours were the producers' key promotional tools. From Figure 2 it can be concluded that winemakers in East Croatia need to intensify their promotional and advertising activities. They should shift the focus to wine characteristics such as family tradition, product labels, geographical origin, wine brand, and to new distribution channels, such as wine festivals and wine tasting events.

For small wine producers, wine tourism can be a marketing activity and a good promotional tool, but it can bring some extra costs for larger wine producers (Sevil, Yüncü, 2009). There are several types of wine tourism: cellar door tasting and sales, vineyard and cellar tours, and wine festivals (Sevil, Yüncü, 2009). The wine festival as a promotional strategy has a positive and direct influence on consumer awareness of local wines and wineries, and their future intention to buy local wine products and visit wineries (Yuan, Jang, 2008; Bitsani, Kavoura, 2012). According to a study by Ivanova et al. (2014) on the winemakers in Bulgarian regions

– where most wine producers are small and medium enterprises similar to the situation in Croatia, and winemakers do not have the resources to enter foreign markets – the authors consider wine tourism to be a good sales tool for winemakers and wineries to sell their wine through direct marketing channels. For winemakers, wine festivals provide substantial public relations value, develop new markets by attracting a greater range of attendees, and may have long-term effects in terms of increasing the number of visitors by developing loyalty to individual wineries and the destination itself (Carlsen, Charters, 2006).

**Figure 2** *The significance of individual factors in wine promotion*



Evaluation on a scale of 1 to 5, where 1 means not important, and 5 means very important.

Source: Authors' calculations

The results of the t-test show that there is a statistically significant difference when it comes to the variable quality of wine being important for wine promotion ( $t = -3.024$ ,  $df = 28$ ,  $p < 0.01$ ) with regard to the type of ownership of economic operators (Table 4). Other variables did not prove statistically significant with respect to the type of ownership of economic operators. As shown in Table 4, a higher number of winemakers who lease vineyards ( $M = 4.50$ ) stated that price is very important for wine promotion in contrast to winemakers who own the winery ( $M = 3.92$ ). This is not surprising because wine production involves a relatively long and complex process that requires a large investment; winemakers who lease vineyards

incur higher production costs, so they expect to achieve higher prices for their wine. The effective combination of price and quality results in a suitable strategic position and higher income (Meler et al., 2012). Furthermore, Meler et al. (2012) stated that it is important to define the interrelation of wine quality and price as one of the crucial strategic issues within wine marketing; a successfully strategically defined and managed interrelation of wine quality and price can bring competitive advantage to the winemaker. According to the results of a study published by Mazzocchi et al. (2019), consumers are willing to pay a premium price for quality wine because quality is one of the major factors in consumer decision.

**Table 4 Testing for differences in the means of variables with regard to the type of ownership**

Variable	Type of ownership				t-test	p
	Privately owned		Leased			
	M	SD	M	SD		
Quality of the wine	4.45	0.761	5.00	0.000	-3.024	0.005**
Price	3.92	1.017	4.50	0.577	-1.097	0.282
Wine tasting	3.96	0.871	3.75	1.258	0.428	0.672
Wine brand	3.62	1.329	4.75	0.500	-1.668	0.106
Wine festivals	3.23	1.336	3.00	1.414	0.320	0.752
Geographical origin	3.27	1.251	3.25	1.0708	0.027	0.978
Product label	3.19	1.357	3.50	0.577	-0.442	0.662
Family tradition	3.23	1.478	3.25	1.708	-0.024	0.981
Advertising of wine	3.23	1.275	2.75	1.258	0.703	0.488

M = mean; SD = standard deviation; \*\* $p \leq 0.01$ ; \* $p \leq 0.05$

Source: Authors' calculations

From the data in Table 5, it is evident that there is a statistically significant difference between the variable of advertising of wine as a factor in wine promotion and years of operation ( $F = 3.582$ ,  $df = 3$ ,  $p < 0.05$ ). The obtained results should not be surprising because wine producers that have entered the market more recently must make additional efforts to earn a reputation. The

LSD test was conducted to determine the differences between the following groups of wineries: 1–10 years old and 10–50 years old,  $p = 0.011$  ( $p < 0.05$ ), and 1–10 years old and 50–100 years old,  $p = 0.025$  ( $p < 0.05$ ). The ones with 1–10 years of operation behind them consider advertising of wine to be more important for wine promotion than winemakers in other groups.

**Table 5 Testing for differences in the means of variables with regard to years of operation**

Variable	Years of operation								F	p
	1–10		10–50		50–100		>100			
	M	SD	M	SD	M	SD	M	SD		
Quality of the wine	4.43	0.787	4.59	0.795	5.00	0.000	4.75	0.500	0.367	0.777
Price	3.57	1.272	4.00	0.866	4.50	0.707	4.50	1.000	0.958	0.428
Wine tasting	4.00	0.816	3.82	0.883	3.00	1.414	4.75	0.500	2.095	0.125
Wine brand	3.71	1.113	3.71	1.359	4.50	0.707	3.775	1.893	0.208	0.890
Wine festivals	3.71	1.380	2.88	1.269	2.50	2.121	4.00	0.816	1.410	0.262
Geographical origin	3.57	0.787	3.53	1.281	2.50	2.121	2.00	1.155	2.123	0.122
Product label	3.43	1.134	3.41	1.326	3.50	0.707	2.00	1.155	1.512	0.235
Family tradition	2.57	1.512	3.76	1.393	2.50	2.121	2.50	1.000	1.839	0.165
Advertising of wine	4.14	0.690	2.76	1.200	2.00	1.414	3.75	1.258	3.582	0.027*

M = mean; SD = standard deviation; \*\* $p \leq 0.01$ ; \* $p \leq 0.05$

Source: Authors' calculations

Statistically significant differences were observed between the surveyed winemakers' opinions about promotional activities depending on the annually produced hectolitres of wine (Table 6). The winemakers who produce less than 100 hectolitres of wine reported a higher level of agreement with

the variables 'product label is important for wine promotion' ( $F = 3.723$ ,  $df = 3$ ,  $p < 0.05$ ) and 'family tradition is important for wine promotion' ( $F = 2.985$ ,  $df = 3$ ,  $p < 0.05$ ) than those that produce more than 100 hectolitres of wine. The LSD test was conducted to test for significant differences in an-



swers with regard to annually produced hectolitres of wine. Significant differences were observed between the following categories: less than 100 hectolitres of wine ( $M = 3.86$ ,  $SD = 1.464$ ;  $M = 4.14$ ,  $SD = 0.900$ ) and more than 1,000 hectolitres of wine ( $M = 3.63$ ,  $SD = 0.744$ ;  $M = 3.83$ ,  $SD = 1.302$ ). Winemakers who produce less than 100 hectolitres and those who produce more than 1,000 hectolitres indicated a higher level of agreement with the statements that product label and family tradition are important for wine promotion. In the Greek wineries, non-advertising promotional expenses were found to be the major part of promotional expenses, which include

promotion through the development of new informational labelling, referring to origin and specific wine attributes, free samples, catalogues, and new market channels through 'Wine Roads'. However, according to research by Vlachvei et al. (2009), total promotional expenses, along with market share, affect profitability. Wine producers should take advantage of PDO/PGDO quality signals, organic production of wine, and international wine exhibition awards as promotional tools to secure or gain a reputation on the market (Vlachvei et al., 2012; Troiano et al., 2016).

**Table 6** Testing for differences in the means of variables with regard to hectolitres of wine produced annually

Variable	Produced hectolitres of wine per year								F	p
	<100		100–500		500–1,000		>1,000			
	M	SD	M	SD	M	SD	M	SD		
Quality of the wine	4.71	0.488	4.70	0.483	4.40	0.894	4.50	1.069	0.277	0.841
Price	4.00	1.000	4.00	0.667	3.40	1.673	4.38	0.744	1.011	0.404
Wine tasting	4.14	0.690	3.70	1.059	3.80	0.837	4.13	0.991	0.473	0.704
Wine brand	4.00	1.528	3.80	0.919	2.80	1.789	4.13	1.126	1.220	0.322
Wine festivals	3.14	1.574	3.80	0.919	2.00	1.414	3.25	1.165	2.352	0.095
Geographical origin	3.14	1.069	3.60	1.350	2.40	1.342	3.50	1.309	1.104	0.365
Product label	3.86	1.464	3.20	1.135	1.80	1.095	3.63	0.744	3.723	0.024*
Family tradition	4.14	0.900	3.20	1.619	1.80	1.304	3.38	1.302	2.985	0.049*
Advertising of wine	2.29	0.951	3.80	0.789	2.80	1.789	3.38	1.302	2.540	0.078

M = mean; SD = standard deviation; \*\* $p \leq 0.01$ ; \* $p \leq 0.05$

Source: Authors' calculations

The respondents were also asked an open-ended question as to whether their vineyard or winery was open to the public during their business hours.

The frequencies of their summarised responses are shown in Table 7.

**Table 7** Respondents' answers to the question 'Is your winery open to the public during its business hours?'

Respondents' answers	Number of respondents
To tourists	11
Hospitality	5
Wine tasting and sales	20
Weddings, meetings, and special events	4
Winery not open to visitors	9

Source: Authors' calculations

The data shown in Table 7 reveal that most of the respondents offer wine tasting and sales at their wineries (n=20) and that their wineries are open for visitors (n=11). Only n=9 winemakers have not opened their wineries to visitors. Data shown in Table 7 coincide with the findings of the study by Čengić et al. (2013)<sup>1</sup> about the wineries' offer. The author of this study found that the relative majority of the vintners were able to offer their guests wine tasting with professional guidance. Only a handful of the vintners based in Požega-Slavonija County who participated in the study have their own restaurants and provide guest accommodation. In addition to wine tastings and direct sales, Croatian winemakers should strive for further development of wine and gastro-tourism within the scope of their business activities as this extends the duration of the tourist season, on the one hand, and increases the consumption of Croatian wines on the other (Meler, 2015). Vrontis et al. (2016) argue that the development of supporting activities such as wine tourism positively affects the competition between winemakers in the same region or territory, encourages knowledge-sharing, and attracts tourists, thus contributing to the overall development of the region.

#### 4. Conclusion

Distribution and promotion are both very important elements of the marketing mix. Distribution channels are used to move wine from a winemaker to a consumer, while promotion is used to establish communication between them.

To be competitive on domestic and foreign markets, Croatian winemakers must increase their

marketing efforts and move from sales-oriented to market-oriented strategies. The main conclusion of this study is that, among the surveyed winemakers, the majority do not have a marketing department and, while they have a person in their business who is in charge of marketing, this person has no formal education. The surveyed winemakers use a combination of direct and indirect distribution channels to sell their wine. The majority of surveyed winemakers sell wine through channels such as cellar door sales and wine festivals. This type of sales is particularly attractive for small and medium winemakers because they can earn higher profits. However, Croatian winemakers have to adopt new ways of communication with their customers and new distribution channels (e.g., the Internet) because it is evident that the marketing environment is changing and customers are demanding more interactive relationships with producers. Many winemakers are focused on wine production and distribution, but the promotion of wine is also very important for maximising sales. The surveyed winemakers gave the highest score to the quality and price of wine. Moreover, they consider that the promotion of wine is expensive. Wine tourism, wine festivals, and wine tasting as promotional strategies have a positive and direct influence on winemakers' business because they provide an opportunity for businesses to develop new markets and attract new consumers. Positive indicators are that winemakers are ready to diversify their production and expand their offer into the area of wine tourism. In addition, winemakers must take advantage of family tradition, product labels, geographical origin, and wine brand as promotional tools to establish or protect their reputation on the market.

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## ANALIZA DISTRIBUCIJSKIH I PROMOCIJSKIH AKTIVNOSTI VINARA

### SAŽETAK

Cilj je rada istražiti i utvrditi na koji način vinari u istočnoj Hrvatskoj koriste marketing u svome poslovanju, analizirati distribuciju i promociju vina te utvrditi koji oblik promocije smatraju najprikladnijim za promociju vina i daljnji razvoj vinskoga sektora. Za prikupljanje podataka korištena je metoda ankete, a kao instrument korišten je anketni upitnik. Istraživanje je provedeno na uzorku od  $n = 30$  proizvođača vina iz pet županija istočne Hrvatske (Osječko-baranjske, Vukovarsko-srijemske, Virovitičko-podravske, Požeško-slavonske i Brodsko-posavske županije). Anketirani proizvođači vina koriste se kombinacijom izravnih i neizravnih kanala distribucije prilikom prodaje proizvedenoga vina. Većina anketiranih vinara vino prodaje u podrumu vinarije te na vinskim festivalima. Ovakav oblik prodaje posebno je zanimljiv malim proizvođačima vina jer na taj način mogu ostvariti veću dobit. Međutim, istraživanje pokazuje da hrvatski proizvođači vina trebaju usvojiti nova sredstva komunikacije s kupcima, kao i nove kanale distribucije. Proizvođači vina, ako žele biti konkurentni na tržištu, trebaju razvijati marketinške strategije te prodajnu orijentaciju pretvoriti u marketing.

**Ključne riječi:** proizvođači vina, marketing, distribucija i promocija vina, istočna Hrvatska