

PROMOTIONAL ACTIVITIES OF WINE PRODUCERS OUTSIDE THE REPUBLIC OF CROATIA MARKET

PROMOTIVNE AKTIVNOSTI PROIZVOĐAČA VINA IZVAN TRŽIŠTA REPUBLIKE HRVATSKE

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Abstract: *With this research, we wanted to gain insight into the promotional efforts of wine producers on foreign market (outside the Republic of Croatia). The high level of competitiveness on the wine supply market suggests that manufacturers must make additional efforts to highlight their product in relation to competitors. The study itself excluded the process of wine production and the focus has been given only to the promotional activities of the producer, who annually markets more than 100,000 liters of wine.*

Key words: *Wine, marketing, promotion, market*

Sažetak: *Ovim istraživanjem željeli smo dobiti uvid u razinu promotivnih napora proizvođača vina na inozemnom tržištu (izvan Republike Hrvatske). Visoka razina konkurentnosti na tržištu ponude vina daje naslutiti kako proizvođači moraju davati dodatne napore kako bi istaknuli svoj proizvod u odnosu na konkurente. U samom istraživanju isključen je proces proizvodnje vina nego je fokus dodijeljen samo na promotivne aktivnosti proizvođača koji godišnje na tržište plasiraju više od 100 000 litara vina.*

Ključne riječi: *Vino, marketing, promocija, tržište*



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1. Introduction

The high level of competition in the wine supply market puts on the manufacturers additional challenge of attracting buyers attention. In order to meet the customer's needs with the goals of producers marketing strategy relies on its basics elements (known as a marketing mix) that include marketing strategy elements over which the enterprise has control[1]. With the fundamental notion to attain the targeted level of product quality and the level of price that meets the obligations of the manufacturing process, manufacturers often need to make strategies regarding market segmentation, competition and trends. Market research, in the narrow sense, means a process with a specific goal while market monitoring implies a continuous collection of data in order to analyse the current state[2].

The process leading to a final product (wine) lasts at least all year round and it is conditioned by the producers' preference and under a pronounced influence of the environment, based on scientific methods and experience but also by the emphasized legal regulations. Bearing in mind the complex process of obtaining wine, it is not unreasonable to assume that less resources and energy is invested into a promotional segment of production process, though it is one of the key components of the entire business. The concept of interest can be defined as the importance that a buyer or a producer attaches to purchase of the product [3]. End goal of production often is gaining profit and attain sustainable growth. In order to achieve this producers have to find a way to gain interest of buyers.

2. Research

Goal of this research is to gain general insight in to the level of promotional efforts that manufacturers take in order to gain interest of potential buyers. Research was not made to underline specific methods and approaches taken in this particular marketing segment, but rather gaining perception if and how much do they promote their product. Wine is extremely complex commodity it is most unlikely that there is universal methods of promotion that can give guarantee of gaining attention of buyers.

A survey questionnaire was set up to analyse promotional activities of wine producers outside the Republic of Croatia. The purpose of the data analysis in this paper is to gain insight into the practices of the promotional activities by foreign wine producers. Questionnaires consisted of 9 questions submitted to respondents in electronic form using the LimeSurvey testing platform. The list of potential respondents was made up using the Google search engine (results provided by the question: Wine Producers + Country Name). A total of over 200 questionnaires were sent in 20 countries with three periodic reminders, but the response is extremely low. Only 16 respondents answered on all the questions, and 2 did not complete the instructions while others did not want to participate.

For analytic purposes descriptive statistics was used, the data processing tool MS Excel and LimeSurvey, and in the statistical analysis applies only to those respondents who have completed the questionnaire completely. The questions asked had the answers offered for a respondent to choose from, the section referred also to the Yes / No responses, and additional comments were required if the respondent decided for the option "Other".

The study was conducted in the period from November 2016 to November 2017. Taking into account the extremely weak response of the respondent, it is not realistic to expect conclusive conclusions, but indicative can be achieved.

3. Data analysis

Primarily, respondents were asked to report annual wine production per unit of volume expressed in liters. The manufacturers range was divided by:

- 100,000 l. - 250,000 l
- 250.000 l. - 500,000 l
- 500.000 l. - 800,000 l
- 800.000 l. - 1,000,000 l
- More than 1,000,000 l

There were no producers that had production less than 100,000 liter per year. There was no condition if producer makes wine from his own vineyard or buys grapes from partners.

Of the total number of respondents, the largest number (total of 7) stated that they belong to a group of producers with an annual production of more than 1 000 000 l of wine per year.

Interestingly, an equal number of respondents (8 respondents answered confirmatory while 8 responded answered negatively) promote their products on the domestic market using mass media (newspapers, magazines, television and radio), while only 31.25% of respondents promoted their products on foreign markets. Regardless of the market (domestic or foreign) it was shown that most responders (93.70%) participated in specialized fairs as a place of promotion of their products.

A total of 56.25% of respondents in the last 5 years have analysed the market, but nearly all of them have done it themselves (not using the services of external consultants).

The internet as a mean of communication is used by all respondents, of which 62.50% of them use their own Internet site as the primary communication and promotion media while 25% of respondents use them to provide additional sales services through e-store. To improve the promotion, 31.25% of respondents use additional electronic tools to achieve the best position on internet search engines.



The selection of the most highly promoted product from the total production line of is based on the emphasizing the best selling product. Future changes and market trends predict their own estimate of 62.50%.

How do you make analysis and predict market changes?

Free assessment based on experience	62,50%
By monitoring trends abroad and using the same method in the domestic market	31,25%
Try to set our self up the trends	43,75%
Other	6,25%

4. Conclusion

We have emphasized that the sample of our analysis in this research is too small to reach conclusive conclusions and that they cannot be applied as a general rule across the entire market. However, using available data we gain a glance of a view that surveyed wine producers do not undertake significant efforts to promote their products. This does not mean that there are no promotional efforts made, but manufacturers use only some of the marketing mix segments. Promotion consist of advertising, personal sales, sales promotion, public relations and publicity, commonly referred to as promotional mixes, and accordingly promotional goals are consumer information, product differentiation, increased demand, product value emphasis and sales stabilization [4].

Although more than half of surveyed respondents have an annual output of more than 1 000 000 liters, making them larger or big manufacturers it is surprising that only 50% of them promote their products using mass media and just under 32% are promoted to the same channels on foreign markets. High level of competition in

almost all wine markets affect production costs and final product prices, which may have an impact on available resources that could be targeted at product promotion. Likewise, it can be expected that a high level of competition is suitable for promotional diversification. From this research we cannot conclude what are the motives for a lower level of promotional efforts.

Not surprisingly most manufacturers use their Internet site to communicate with customers but a relatively low number of them use the same platform as the direct sales system of their products.

It would not be sensible to judge lack of promotional efforts in wine industry. Wine is wary complex product that different in number of different segments. To make simple diversification (for instance based on a color or origin) it would not be sufficient to reach relative strategic conclusions. Complexity of this product can be seen in bought offer and demand segment and it is more surprising lack of market analysis. Taking in count time it takes to make wine any market change (customer's preferences, legal regulations, competition) can be replied with significant time delay.

With the expansion of the economy and the emergence of increasingly strong competition and the arrival of new educated young winemakers, the need for promotion will be all the greater but most importantly winemakers themselves are aware of this[6]. It is important to take in account that promotion cannot be self purpose but rather extension of production process. Without consistent and targeted communication with market it would be hard to achieve complete commercial success.

5. Literature

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