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HANDBOOK „WINE MARKETING“

PROJECT: „WINEBIZZ- INCREASING TRADE AND COOPERATION IN THE WINE SECTOR
BETWEEN THE BULGARIAN AND ARMENIAN SMES AND BSOS “
/PROJECT NO: ENI/2019/411-865 – EU4BCC – ID 1002/



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HANDBOOK

WINE MARKETING

THE HANBOOK IS ELABORATED AS PART OF THE IMPLEMENTATION OF
THE PROJECT

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SECTOR BETWEEN THE BULGARIAN AND ARMENIAN SMES AND BSOS “
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PROJECT PARTNERS:



**THE PROJECT IS SUPPORTED BY THE EU4BUSINESS: CONNECTING
COMPANIES (ENI/2019/411-865 – EU4BCC) PROJECT, WHICH IS
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*„The vine, the grapes, the wine - traditions and business from ancient times to the present day“
„Wine - one of the most famous and sought drinks in the world of all time“*

FOR THE PROJECT:

Name: *“WINEBIZZ- INCREASING TRADE AND COOPERATION IN THE WINE SECTOR BETWEEN THE BULGARIAN AND ARMENIAN SMES AND BSOS”.*



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EUROPEAN UNION.

More information: <https://connectingcompanies.eu/>

Leading partner: *Yambol Chamber of Commerce and Industry, Bulgaria*

Partner: *Fund Investment Support Center, Armenia*

Project main aim: *the project aims to facilitate trade between the European Union and the Eastern Partnership in the wine sector, to improve the competitiveness of the sector and to enable the establishment of partnerships between Bulgarian and Armenian business in the wine industry.*

By implementing the activities envisaged in the project, the partners seek to facilitate and motivate the international exchange of information and trade opportunities in order to create a favorable environment for partnership in the wine sector between Bulgaria and Armenia.





VINEYARDS, GRAPES AND WINE FROM ANCIENT TIMES TO NOWADAYS

The centuries-old history of vines, grapes and wine dates back to the Neolithic era in the Caucasus region and the lands of ancient Armenia, where some of the oldest viticultural and wine productions in the world have been identified. Ancient Armenia was once a vast geographical region that included territories from modern-day Turkey, Azerbaijan, Iran, and Georgia between the Black and Caspian Seas. The vine is a typical native plant in the valleys of Armenia, where the climate is suitable for it. From the wild vine *Vitis vinifera silvestris* growing in these lands, modern vines have been cultivated for hundreds of thousands of years. Archaeological discovery in 2011 proves that the earliest winery in the world was discovered in the Arena Cave in Armenia, dating from about 3500-3000 BC. It has smooth plastered floors and gutters that were built like grape presses to take the juice into special ceramic underground vessels (called Armenian karas, Georgian qvevri, and Greek pithos). Chemical analysis of the deposits in the vessels proves that wine was stored there. Charred or petrified grape seeds have been found in several Neolithic sites in the Caucasus. Archaeological evidence of winemaking, even winemaking technology, has been found at several Neolithic sites on Mount Zagros in northeastern Iran. From the Transcaucasian region of Armenia and Iran in antiquity, the vine has spread over a large area to the west in the Northern Hemisphere. Despite climate change there, the natural conditions are still suitable which predisposes to growing grapes and wine production, in the presence of enough light and heat in spring and summer to accumulate enough sugar for wine. This also includes the entire Balkan Peninsula and especially in the geographical region of Thrace.

From time immemorial, people have been growing vines and making wine from them. Historically, winemaking was widespread in ancient Greece and Rome, and wine became a world-famous drink. In today's lands of Bulgaria, viticulture has existed as a livelihood since the time of the Thracians and over time, from the founding of the Bulgarian state to the present day, wine production and consumption is preserved as a family tradition in many Bulgarian homes. In Bulgaria there are extremely favorable climatic and geographical conditions for the development of viticulture, which predetermines its development in scientific and economic terms.

Today, from an economic point of view, wine is one of the most sought and valued drinks in the world. Nowadays, wine already carries in itself and creates a certain kind of culture - a culture of communication, a culture of tasting and eating, a culture of maintaining traditions.

I. WINE - HOW TO GET THE PROFIT FROM PRODUCTION, THROUGH THE MARKET STRATEGY AND SALES?



This is a question whose answers would shed light on the market development and positions of wine producers from Armenia and Bulgaria in the framework of processes developing around the world in order to prepare and implement a more comprehensive strategy for product marketing, attracting of customers and making a profit, which, in the end, is the main result sought.

As in any economic sector, so in the wine sector, marketing research is the systematic collection, processing and analysis of data related to the market positioning of the product. This is a system of activities that are carried out in order to establish the manifestation and impact of market factors on the realization of the product, as well as to identify or predict trends in the development of socio-economic system in which you work. This is a function that connects the client and the public with the marketer through information to identify marketing opportunities and problems, with the task of generating, clarifying, evaluating, monitoring marketing activities, improving the understanding of marketing as a process.

As in all economic activities, so in the wine sector the following basic universal types of marketing research can be applied:

- **Market research** - covers the size and nature of the market, geographical location of potential users, the structure of the distribution network, analysis of trends affecting the structure of the market.
- **Sales research** - covers a study of sales volume by region, evaluation of the effectiveness of sales channels, available inventories, etc.
- **Product research** - evaluation of own and competitors' products, product improvement, search for new markets, creation of new markets, directing efforts to improve packaging, trade and service.
- **Advertising research** - analysis of the effectiveness of advertising and other means of communication





II. STAGES IN THE MARKETING STUDY

A) Defining the research problem

Defining the research problem related to wine production and marketing is a task that can best be solved with the joint efforts of managers and researchers. Managers are best acquainted with the practical aspects of the marketing problem, and researchers are the ones who can translate this problem into the language of research. The research problem will be located in the field of wine production and wine market, as well as their relationship with the socio-economic environment. What contains the research problem is accepted to be denoted by the term object of research.

B) Development of a study plan

Defining the problem involves developing the marketing research plan as the next step. The development of the marketing plan begins with the determination of the necessary data that should be collected in the process of providing information to the study. The list of necessary data is purposeful, oriented to the specific marketing problem, the solution of which is sought.

C) Gathering the necessary information

Data collection is crucial for the purposes of any marketing research. But if the data is not processed as information that becomes knowledge, and in turn serves as market insight, then their possession would not make sense.

D) Analyzing information

The next step in marketing research is to extract meaningful results from the data obtained. The researcher puts the obtained data in a table and develops a percentage distribution. Additional information is obtained through statistical methods and decision-making models.

E) Presentation of the final results

The researcher must present the main results needed by the management to make major marketing decisions. Research is useful when it helps reduce managers' uncertainty about making a decision. The results of the study are usually presented under the company in a written report containing proposals for solving the problem in question that provoked the research.

III. FROM THEORY - TO PRACTICE: WINE MARKETING AS A PRODUCT



In the marketing of wine as a product, the task is to define the type of market, as an environment in which to operate and the specific marketing activities that would be most appropriate for this type of market in order to make the necessary and specific proposals for concrete and effective actions. In this case, the object of study is the wine sector, and the subject of the study are the opportunities and prospects offered by marketing tools to improve market performance of the sector.

What is specific about the marketing of wine production and wine is that in many cases this is perceived as an opportunity for sales, which understanding is too limited and inaccurate for the realization of the product. It would be more correct to perceive the marketing of wine production and wine as a specific common market activity related to building lasting relationships in the chain of vine growing and grape harvesting, through wine production and its preparation into a market product, market intervention, as well as to affirm values related to its consumption and its intertwining with traditions that accompany its history and origin. All this includes a goal and opportunities to achieve a desired and positive response from the target product market.

In the marketing of wine production and wine as a product, it is important to apply the universal and correct use and combination of the elements of the classic marketing tools, which are respectively: product, price, place / environment for realization and promotion. Of course, it is correct and possible to apply this approach, but we must note that the classic marketing tools mentioned above can not present and fully satisfy the rich material and spiritual nature of production, marketing and consumption of a product such as wine. Here, the classic marketing tools need to be widely enriched with new and additional tools of the marketing mix related to the current state of socio-economic and spiritual life of people. Today there is a new information and communication environment of the society, which requires in the marketing mix related to wine to set and expand the classic marketing tools further with research, gathering and processing information, integration in a wider range of activities from raw material to product and implementation of innovations. These additional elements in the marketing mix of wine will help it to be competitive not only in digital but also in traditional markets. Today, every business, including viticulture and winemaking, could not survive if it did not research the markets and did not have up-to-date and adequate information and a presence on the Internet. It is not only needed good integration between education and wine-production, but also integration with its final products. Innovation is at the heart of creating unique wines that can be differentiated and branded to achieve visibility and competitiveness. The ability of winemakers to systematically renew their products

and service system are key tools for gaining a stable and profitable market position.

In addition to all that has been said so far, it should be added that in the wine-specific mix marketing, the following types of marketing tools should be added and used:

- stable process and quantity of production
- stable performance in terms of type and quality
- individuality of the product
- positioning in the best and most appropriate market environment
- stable technological process and amount of production
- stable process and product quality



The **stable process and quantity** of production includes systems and activities that ensure sufficient production and support for supply of wine. The technologies guarantee a certain quantity and quality of the wine.

Stable performance requires the requested and promised wine in quantity and quality to be delivered accurately and strictly. **The individuality of the product** allows to distinguish the typical wine from its competitors on the basis of natural resources such as climate, soil and geography where it is produced, unique local varieties, technologies and more. Wine brands that are positioned in a certain way in the minds of customers win over brands that want to satisfy every desire for each customer and ultimately disappoint.

Establishing wine as a product on national and international markets requires building lasting relationships with customers. This can be done through a marketing mix that emphasizes **relationships, customer retention, message to them** and recovery / rediscovery of a desired and familiar product. Every business without customers is doomed to collapse and must fight for their preservation. Therefore, viticulture and winemaking would be difficult to survive without sending clear messages to customers, without building relationships and without rebuilding lost customers. The arrangement of the elements of this mix is different, depending on the field of activity, the scale of the business, the type of product, the peculiarities of the environment, the specifics of the users, etc. The considered elements of the mix allow to formulate general recommendations for the realization of a specific wine on a specific market.

In recent years, the world wine market has been characterized by a relatively constant level of demand and oversupply. This greatly intensifies competition and, as a result, consumers enjoy improved product quality at declining prices. Wine is a product intended for final consumption, which defines the market as consumer-oriented. Wine from the same price group is available in thousands of varieties, which are respectively difficult to distinguish for the average consumer.



At such a moment, the role and importance of the brand come to the fore. The brand is becoming a distinctive feature and a major choice for the end user. It has an important role to play in achieving a sustainable relationship with consumers who begin to identify with it. Very often the customer does not just choose the product of the brand, but what the product means to him - the personal emotions with which he associates the use of this product or brand. In this case, there is a formed

consumer taste and preference, which implies a search for funds to strengthen them. The analysis showed that the efforts of marketers should be focused on building a strong brand based on the level of national wine / Bulgarian Wine Brand / Armenian Wine Brand /, as well as at the company level - with specific and intriguing messages, which is a complex task, starting with building a logo and a message. Most companies in the industry have these most basic elements, but at the national level they are usually absent. This fact clearly reveals how much work needs to be done in terms of presenting wine on the regional and global market. Mandatory elements in the formation of the marketing mix are the formulation of the mission, vision and values of the product, preparation and maintenance of a professional website of the winemaker and their products where they can be presented along with history and traditions in the sector and region. Also important for the end result is the stable cooperation in the chain of technology and supply in the production process, as well as the cooperation in the development and saturation of the market with products from the possible consumer basket. In this sense, it is important to prepare common catalogs of wine companies and the products they offer, their common strategies, to have forms of constant presentation of products on a national stand, at various international events, social media presentations, etc.

The most important thing that the wine sector has is a product of high quality and high market potential. Building a **national brand** will offer opportunities for realizing this potential, but the guarantee of success is mostly building and establishing a strong brand.

A strong brand can become a leader in a target market only after acquiring a set of characteristics. In order for this to happen, it is necessary to conduct active and effective marketing activities. The following recommendations can be used in this regard:

- The imposition of a **strong brand** on the wine market should be linked to a socially significant goal. It is noteworthy that modern consumers like brands that set more meaningful goals than just selling their products. Producers and their associations should pursue and work in line with a broader mission and goal, one that contributes to the impact and improvement of the world in which people live - quality of social life, improvement of public health, communication,



tolerance and respect. Thus, the purchase of products is emotionally linked to the chosen cause, and consumers feel satisfied with the fact that they are part of the solution to a common human problem. Wine is strongly associated with the traditions, emotions and culture of billions of people around the world, and its consumption in moderation has a healthy effect.

- Setting up **product quality of broader aspects**. It is necessary to assume that today's customers and consumers are interested not only in the specific quality of the product, but also in the quality of a number of other aspects related to the product and brand - such as content, form, packaging, product design, marketing, compliance with social responsibility, environmental friendliness of the processes, etc. Manufacturers and traders need to pay attention to the fact that today consumers are paying more attention to everything they come in contact with. At the same time, consumers have in their hands tools and information technologies with which they can actively express their opinion, whether positive or negative, and make it public. Each customer can share their opinion about the manufacturer or its products within a minute. Therefore, manufacturers need to review in detail all their activities and organize it to meet the opinions and expectations of consumers. Such an approach requires time and resources, but it can ensure that customers will find everything they want in the face of the brand and they will get the best out of it.
- In today's world, **on-line space** poses a need for new knowledge and active behavior. This includes the ability to handle the opportunities offered by modern technology and, accordingly, everything that the winemaker must make available to the public on the Internet. This includes, first of all, typical and attractive photos and videos that are published on social media, and at the next stage - various applications that inform, facilitate and entertain the user. At a higher level in the on-line space it is necessary to improve the company website, which shall fully represents the manufacturer in every respect. The development and creation of each of these digital sources of information and messages should take into account how the audience will perceive the proposed content and what qualities it will find valuable. It is important that the applications and the website are user-oriented, easy to use and feedback without the need for specialized training and special knowledge from the client to be able to use them fully. This unites all the elements of the design and functionality of the vision - background and font size; colors; logical arrangement; content; search engine; possibility for on-line contact; registration form; mobile version, etc. Well made website, applications, etc. can win the consumer's sympathy at this stage and encourage him for future actions and vice versa - to prevent his intentions that prompted him to seek information about the company. Wine as a special product and it must have a strong internet presence.
- **Marketing messages to be filled with attractive content**. Winemakers must create high-quality content that is interesting, fun, attractive, useful and user-oriented, with the buyer at the center. In addition, it should be easily accessible



to the platforms that customers use every day. Nowadays, the modern consumer no longer receives basic information from television. Users spend most of their free time using social media, watching videos, and usually closing pop-up ads and messages while reading articles on various topics of interest to them. Therefore, it is essential to use the opportunities for online advertising. As a result, building a strong relationship with the target audience and improving promotional efficiency are derivatives of the quality of the content offered, which again proves how important it is for the prosperity of winemakers.

- Formation of **positive experiences in consumers**. The experiences of consumers accompanying their contacts with wine brands leave lasting traces in the minds of the customer and influence future purchasing decisions. For this reason, they should never be underestimated. Careful consideration should be given to all the details regarding the layout of company stores, advertising messages, Internet presentation (company website, Facebook page), training of employees who work directly with customers and more. All these elements have a role in modeling the overall impression of the wine brand and the emotional response of the consumer, or in other words in the formation of positive experiences. This affects the scope and duration of the relationship with customers, and the satisfied customer is loyal to the brand. Building a strong national wine brand is the first step towards increasing the competitiveness of wine companies.

The professional approach to the considered five main elements of a strong wine brand guarantees its successful presentation. All that remains is to apply the marketing tools to let consumers know how special they are because of the choice they have made, and potential consumers to learn about the brand and how much it can offer them. For this purpose it is **important and necessary to**:

- **Selection of suitable wines** for the respective market and for the respective season. For example, it is not appropriate for China to export white wines, while in Europe and the United States their demand is growing every year;
- **Diversification of production** in order to be able to meet demand to the greatest extent, because demand is changing, and in today's world consumer desires are the driving market force

- **In the national market** where the strategy for entry and establishment will be implemented, to include **the local wine in the range** offered by shops, restaurants and on-line stores and to diversify in the countries where the aim is to expand the market presence;



- **Conducting an active advertising campaign**, which includes short information messages that the local wine is available on the market, that it holds the record for medals for quality at a series of world exhibitions, that its price is extremely



competitive and that its production is connected with centuries-old history, traditions and customs. These messages should be visible on relevant specialized forums, websites, Facebook pages, online wine shops, etc. In addition, flyers in the respective language with more detailed information and a link to the official website will be offered in specialty stores and large hypermarkets where wine is offered.

- **Development and offering** of cardboard packaging and paper bags for special occasions. These are luxury gift packages with the distinctive signs of the wine brand. They can be paid separately or as a gift when buying wine of a higher price range, and when the purchase of wine is mainly for the purpose of a gift, the emphasis should be on labeling and packaging;
- **Annual presence** of the relevant local large wine forums, events, wineries, etc., which is a prerequisite for building security and trust among consumers. It is an opportunity to be acquainted with the brand and its products, and it is also a manifestation of perseverance and attention;
- **Conducting tastings** and participating in organized ones;
- **Offering discounts** on the purchase of two or more bottles from different manufacturers within a given period.
- Preparation and offering of **symbolic gifts** for approaching holidays - cards with the appropriate theme, which are provided for placing on the neck of the purchased bottle, Christmas tree toy, keychain, pen, magnet, etc. Of course, when it comes to customers with customer loyal cards, gifts should be different depending on the accumulated purchases for the period;
- Sending **congratulatory e-mails** to all registered users on the site and to the holders of client cards. It is right to congratulate them on the occasion, but also to thank the customer for trusting the brand. The message can also offer a voucher for a discount on the next purchase, to remind about upcoming events and promotions, to ask for feedback on customer satisfaction with the brand through a survey and more. The application of the considered means for promotion of the wine brand is a guarantee that the audience will learn about its existence and what is behind it - a small country, millennial history, centuries-old traditions in winemaking and high quality of the product. This will make the wine interesting and up-to-date, and respectively - modern and desirable. This is because people today are constantly looking for something new. You can also count on the moment when consumers who regularly consume wine will want something different, something that captivates all the senses - not just the taste, but something from different producers and with different indicators.

IV. TOP 10 MARKETING STRATEGIES IN THE WINE SECTOR

Selling wines is not an easy task. Not only are wineries around the world competing with each other, but consumers are changing. Therefore, marketing strategies must be in line with new consumer trends.

#1 Consumer-oriented

Creating unique products according to the needs and desires of the client is essential. Therefore, wineries need to become more consumer-oriented in order to gain new customers. For example, winemakers who have already realized this trend, they offer bottles of wine with a label made from a photo, at the customer's request for weddings and other celebrations.

#2 Easily accessible information

Nowadays, consumers are becoming more educated and picky and decide to buy only after gathering all the information about the product. The user should have easy access to product information. The increased flow of online information allows users to quickly check all the data and compare products. As there is a lot of information that can be presented and there is no space on the bottle, the companies could use a "QR code" where they can store all the additional information and interesting facts that consumers and clients would like to know about the product.

#3 Engage the customer with the "behind the product" story

Today, taste, smell and visual identity are not enough, wines that evoke special feelings attract consumers more. History allows consumers to experience the product at different "fine" levels. Local, high-quality raw materials, careful production and an interesting history are the key to increasing sales. Marketing trends are now focusing on attractive videos. It is a good idea to invest money in a good video story about the vineyard, the wine production process and the people behind the wine. And then put the video in the QR code on the back of the wine label.

#4 The purchase should bring a positive feeling

Nowadays, the product should give the consumer a good, positive feeling - the feeling that their purchase contributes to something and / or someone.

#5 "The environment" in mind

In recent years, there has been a tendency to increase sales of products whose production and processing do not harm the environment. It is noticeable that wine consumers are beginning to prefer to buy (and are even willing to pay more) for



natural, organic wines with low sulfite content. Wineries, whose wine production is environmentally friendly, use less synthetic pesticides and fertilizers, recycle water.

#6 The new generation of users

The generation born between 1981 and 2000 is currently between 16 and 35 years old. They will soon be the main consumers of goods in general. They grew up with IT and are experienced and confident in social media. Unlike previous generations, money is not so important to them, they are looking for alternatives in all aspects of their lives. To get closer to them, you can start by selling wine in smaller bottles (200 ml.). For example, in France and Australia, sales of "wine in tubes" are increasing. The tube is approximately one glass.

#7 Quick deliveries

Consumers are impatient and they want everything as soon as they order it online, especially consumer products, including wine. Wine sellers need to ensure very fast deliveries - within the day or the next. More and more people are browsing online via mobile phones, it is good to think about adjusting the web pages and adapting them to browsing from mobile phones.

#8 Boutique products

Recently, there are many modern restaurants and shops that offer a very small range of products and / or specialize in only one product and / or segment. Companies shall consider whether a large range of products is necessary and cost-effective for their winery.

#9 Are you part of the Social Media?

Social media allows companies to easily segment users according to their personal information and purchasing preferences and allows fast distribution of media messages to a very large number of people. They also allow users to communicate with companies and check any information disseminated. Include photos and videos of the current state of your vineyard, cellar, wine sales, etc. in your posts. The social networks that are currently used the most by wine buyers, as well as by wineries, are: facebook, twitter, youtube, Instagram, as well as Pinterest and g +.

#10 Events

Get closer to your customers and prepare outdoor events or participate in outdoor events. At this type of event you will be able to introduce yourself and take another step closer to your customers and win new ones. Don't forget to be brave, use balloons, fun wine glasses, wallpapers, etc.





PROJECT: WINEBIZZ

increasing trade and cooperation in the wine sector between
the Bulgarian and Armenian SMEs and BSO

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