Changes And Trends On Wine Market In Romania

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ABSTRACT

In the attempt of a wide analysis of wine sector, with accents over specific marketing particularities of this domain, this paper work wants to emphasize the following: an analysis over the economic potential of winery and the importance in the Romanian agriculture frame, the techniques and marketing approaches of a more and more competitive activity on an European and global market, but also the influence of marketing strategies in consumption decision. From this perspective, the target of the research is to find if this domain, considered by most specialists as being one of „royal blood" (in Romania) it's really an important economic sub branch or the results of it activity are products with a high percentage of marketing in the consumption equation.

Keywords: *viticulture, winegrowing region, vineyard, export, import, demand, offer*

INTRODUCTION

Through the reasons which led to choose this research theme, we consider most relevant: Romania's great resources regarding the agricultural surface and mainly the winegrowing (we mention here al those 8 winegrowing zones, 37 wineyards and 171 winegrowing centres, together forming a great potential), the support and attention of Romanian laws (through 244 Law from 2002 named th law of grape vine and wines), but also of the European Union's and last but not least examples of producing wine countries such as Spain, Italy and France which made drinking history and lifestyles from wine.

These arguments encourage the wine's research reason together with the advantages brought by the activity of abtaining grapes and wine because this culture brings benefits such as: using lands almost unproper to agriculture, very low expanses of obtaining, a product with high plus value through it's cultural marketing elements, export and country promoting potential.

SHORT ANALYSIS OF ROMANIA'S WINE SECTOR

Romania's agriculture, either we talk about field cultures, vegetables, viticulture or even apiculture, once with Romania's stick to European Union, it suffered various transformations, in positive and competitive directions, we hope. We reffer here to harmonization with EU directives which can direct Romanian agriculture to higher and higher quality products, shapping and absorbing products in the commun market and supporting these on international market segments, taking into consideration the agriculture potential of the country.

In a market economy, especially emergent as Romanian's , marked by permanents changes, analysing the wine sector represents a sine qua non condition for the existance of a lasting activity in this domain.

Starting from the fact that all variations that act over the market influences the way how the domain organizes its production, marketing and (inter)national distribution activities, thing that constitutes another strong argument in realizing the analitical frame of wine sector.

Regarding Romania's potential, below there are relevant information about the grape growing surface, almost 1,45% in 2011 from the entire agricultural surface, most of this land being private properties.

Table 1 **Agricultural and vinicultural surfaces evolution in Romania between 2009-2011**

Indicator	u.m	Year		
		2009	**2010**	**2011**
Total agricultural surface, in which:	ha	14.684.963	14.634.436	14.590.929
vineyards and viticultural nurseries	ha	215.382	213.571	211.347
Percentage from total agricultural surface	%	**1,47**	**1,46**	**1,45**
1. public property	ha	7.653	8.090	8.042
Percentage from viticultural surface	%	**3,55**	**3,79**	**3,81**
2. private property	ha	207.729	205.481	203.305
Percentage from viticultural surface	%	**96,45**	**96,21**	**96,19**

Source: Romanian Statistical Yearbook, 2013

Although Romania has today little over 210 thousands ha of vineyard, it's advantaged by the terrain's proportionality with features regarding the climate conditions. In this way, it's possible to obtain a variaty of wines with different qualities. This diversity led to eight main important vitis vinifera wine growing zones such as:

- Transylvania's plateaux considered to be first vinicultural area with a surface of 14.000 ha and a mediun altitude of 411 metres;
- Moldavia's plateaux or the second area with a surface of 57.000 ha which means 30% from the country's viticultural surface;
- Muntenia and Oltenia's hills or third and fourth areas where the entire surface covered by grapes for wine is of 60.000 ha, meaning 31% of the total viticutural surface;
- Banat's hills, fifth area;
- Crisana and Maramures's hills, sixth area;
- Dobrogea's hills or seventh area know through Murfatlar;
- Danube's cliffs or eighth area;

In order to understand better this areal distribution, we attached the Romania's viticultural map which reveals the fact that the most exploited area is Muntenia, followed by Oltenia and Dobrogea. The reason why is this the top 3, is because of proper pedo-climate conditions such as rich soils, the critical thermic interval in June, July and August, but also the lasting vegetation good for improoving the grapes' quality.

Figure 2 **Romania's viticultural map**

Source: http://vinul.ro/vinuri-romanesti-recomandate, accesed on 20.03.2013

Nowadays, on Romania's ground are cultivated two types of vine, autochton and foreign. Few examples of autochton vine are: white wines (Grasă de Cotnari, Fetească Albă, Fetească Regală, Galbenă de Odobeşti), red wines (Fetească Neagră, Băbească Neagră) and flavoured (Tămăioasă Românească, Busuioacă de Bohotin) on the one hand and on the other hand foreign ones (white wines: Riesling Italian, Sauvignon, Pinot Gris, Chardonnay, Traminer Roz, Aligoté, red wines: Cabernet Sauvignon, Pinot Noir, Merlot, Burgund Mare, flavoured wines: Muscat Ottonel).

MARKET

Accord to a recent study of Romanian Financial Newspaper, Romanian wine's market is estimated at 350 mil. Euros, foreseeing a falling due to the decrease of customers' purchasing power which will be refocus on alcoholic subtituents such as beer.

The regulated market of bottled wine, from Romania, felt in 2011 at almost 350 mil. Euros, (bottled and unbottled wine), in comparison with 2008 and 2009 when the market was estimated at 450 mil. Euros. Special wines from premium and super premium assortment has 52% of the volume and 80% market share of bottled wine. The decrease of bottled wine market, as the consequence of the unfavorable economic context, led to an increase in the bulk segment, more affordable. Currently, there is an increase in the price of bottled wine, mainly thanks to the changing climatic conditions in Europe in recent years, which has resulted in doubling the cost of raw materials, grapes, harvest the last three campaigns. In 2012, in Romania, grape production was less than 40% of the country's wine potential.

It is envisaged by specialists that tends towards a mature wine market in the next 4-5 years due to increasing consumer interest in wine quality, better quality of Romanian wines and market fragmentation that increased market competition. Romania is ranked 10 in the world in the consumption of wine after France, Italy, USA, Germany, Spain, China, UK, Argentina, Russia, and is followed by Portugal and Australia. Statistics show that Romanians consumes 24 liters of wine / capita at half the developed countries where the consumption is 50 liters / capita / year. Romanian consumer profile is segmented according to the type of wine consumed, being classified as table wine consumer PET and of controlled origin. The latter is the core urban male consumers with average incomes and above average.

While European trend of dry red wine consumption is increasing in Romania, consumers prefer white wine, which owns about 67% of the market. Regarding the type of wine consumed, sweet and semi-dry wines are preferred, holding 85% of the wine market. The explanation is that the semi-dry wine is more accessible to a wider range of consumers, while rather dry wine is consumed by connoisseurs, and the semi-sweet and sweet is preferred by women. Estimates for the next period semidry consumption growth on the medium, and the dry super premium segment. Another trend is the increased consumption of rosé wine especially in the warmer seasons.

Regarding the potential capacity of the wine market in Romania, a simple calculation, taking potential demand adult population of 16,902,930 people, which according to the dietary recommendations should consume approx. 2 glasses of wine with every meal and 200 ml/day 6 times a week, get potential market capacity 9,736,087.68 hl per year, that individual consumption of 57.6 liters / person / year.

However, things are slightly different from the actual market of Romania, because currently consumes is 24 liters / person / year, which translates into a domestic sale of 4.056.703,2 hl / year which means drinking a glass of wine/day, 5 times/ week. At a superficial analysis, we can clearly see that although the market potential is approximately 9.7 million hl of wine per year, Romania recovered only half of these and 4 million hl, which means that the market is unsaturated and needs a hedging strategy. Employers According to National Vine and Wine, statistics on the trade balance of the wine is as presented in table 3.

Tabel 3 **Romania's wine import and export evolution**

Year	Import (2011 first 10 months)		Export (2011 first 10 months)		Trade balance (2011 first 10 months)	
	Thousand Euro	HL	Thousand Euro	HL	Thousand Euro	HL
2007	29.045,11	388.577	12.005,21	149.363	-17.039,90	-239.214
2008	35.644,42	378.828	15.752,91	139.420	-19.891,51	-239.408
2009	14.813,70	134.641	13.726,75	108.949	-1.086,95	-25.692
2010	20.706,06	224.913	12.844,13	98.124	-7.861,93	-126.789
2011	38.134,46	734.650	12.629,30	87.250	-25.505,16	-647.400

Source: Employers National Vine and Wine

We see from the table above that the wine trade balance was negative in 2007 and now, noting that in 2011 wine imports exceeded 25.505,16 thousand euros or 647 400 hl. One question of this phenomenon could be considered very poor harvest in 2010, which led to wine producers to import bulk wine from Spain and Italy that have mixed with local wine which was sold under the label "made in EU" as PNVV. Regarding the origin of imported wine in Romania, table 4 provides relevant data.

Table 4 **Provenance of wine imports in 2011**

Country	Quantity (tones)	Value (thousand Euros)
Spain	61.627,10	22.688,70
Italy	13.603,40	9.625,40
Bulgaria	5.550,40	2.047,90

Moldavian Republic	3.190,60	2.172,40
Germany	2.126,90	3.026,10

Source: National Institute of Statistics, National Customs Authority

Thus, it is evident that the highest values of the Romanian market of wine imports from Spain and Italy EUR 22.688 million and 9.625 million respectively euro.What is surprising, is that Moldavian Republic is an exporter for more than 2 million (on Romanian market), although its wine producing potential is significantly reduced.

Demand

Wine consumers can be distinguished, in the first instance, from the wine category they prefer; table wine often consumed at home, social events or top-quality wines that are found HORECA division, where specialists are encouraged to have an educational and unintimidating attitude in front of their customers. So, we can simply say that the wine is a beverage for adults (over 18 years), in Romania are estimated at 16,902,930 persons as NIS, and they can be individual or domestic consumers and those that take the form of legal personality.

Based on the duality of table wine, enological marketing specialists have managed to develop over time profile of the types of consumers who prefer Romanian wines, European quality wines consumers who raises the quality bar, consumers of wine with a higher concentration of sugar or alcohol, with an income less than or greater than they are willing to allocate for purchasing wine, based on consumption moments or important events etc.

So the wine sector clients are from specialists point of view of strongly segmented by age, area, education and occupation, sex, culture, food habbits etc.

Offer

The main producers representing national offer of Romanian wines are divided by geographical areas of production, according to www.producatori-vinuri.ro as follows:

- in Dobrogea: Murfatlar România, Karom Drinks, Vinvico Constanţa, Fruvimed, Viticola Sarica Niculiţel, Alcovin SRL, Ovidius Mercado;
- in Banat: Cramele Recaş, SCDVV Minis;
- in Transilvania: Jidvei, Prescon Mureş;
- in Oltenia: Carl Reh Winery, Vie Vin Vânju Mare, SD Banu Mărăcine, Domeniul Coroanei Segarcea, Viticola Corcova;
- in Moldova: Bucium Iaşi, Cotnari, Vinia, SCDVV Iaşi, Vincon Vrancea, Veritas Panciu, Vinuri Nicoreşti, Prowine International, SCDVV Odobeşti, Ramex, Bachus, Casa de vinuri Huşi, Crama Gîrboiu, Roni Vin;
- in Muntenia: Provinum, S.E.R.V.E., Vinterra International, Cramele Halewood, Budureasca, Videlmar, DVFR, ICDVV Valea Călugărească, SCDVV Stefăneşti-Argeş, Tohani, Cramele Rotenberg, Rovit, Fontana di Vini, Davino.

It is noted that large number of wine producers is in Moldova and Muntenia, and the reasons for this have in mind the case of Moldova, where the surface area of almost 68 000 ha is planted with grape vines, and Muntenia's very favorable climate which helps to achieve high-quality crops.

Also, the national supply of wine includes and wine importing companies on the domestic market (see table below); they were significantly reduced in numbers, as it should be normal in a country with a long tradition in the viticultural production. The problem is where this small number of importers are those that bring the greatest quantities of wine on the

Romanian market, which strengthens the statement "Romania, importing wine country" and not "Romania, producing wine country", but this is difficult to quantify with no relevant data.

Table 5 **The main importers of wines on the Romanian market**

Dobrogea	Banat	Transilvania	Oltenia	Moldova	Muntenia
VINIMONDO Import SRL	Everest Management Group SRL	Nuestra Enora de la Cabeza S Coop	Vina Vera Impex SRL	Vino Vero SRL	Zarea SA
BDG Import SRL	Cramele Recas	ValpratoVini	DupontVins	Iceburg Distributie	Lerida International LeManoir
Cramele Halewood SA					

Source: http://www.producatori-vinuri.ro/, accesed on 15.04.2013

From a quantitative point of view, we can say, based on information provided by MAPDR, that the offer intended for consumption on the market is shown in the data below, but even here we can make sure that the total quantity of wine imported was intended only Romanian consumption. It can take into account the version that massive imports were made for bottling and calibration to take the road to other markets, especially foreign.

Table 6 **Balance supply situation in 2011**

2011 import		
Country	**Quantity (tones)**	**Value (thousand Euros)**
Spain	61.627,10	22.688,70
Italy	13.603,40	9.625,40
Bulgaria	5.550,40	2.047,90
Moldavian Republic	3.190,60	2.172,40
Germany	2.126,90	3.026,10

Source: MADR 2011

The balance of supply provided by MADR shows that wine export leader on the Romanian market is Spain with a quantity of more than 61 500 tons of wine, worthing 22.688 million of euro. We also note the absence of France from the table , which could be translated into a lack of interest of Romanians for the culture of French wines, lack of revenues or a decrease, or the wine quality that influence its price upside.

It is also worth noting the presence of Moldavian Republic in the wine list of exporters in Romania, given the country's resources, production technology, logistics and integrated services. We can mention here that although Moldavian Republic has a very deep tradition in viticulture and no significant resources, "plant" Cricova is already a brand of country through which the state can retread the place of wine in the European market.

Price

With regard to the production cost of a liter of wine, things are more complicated since a large extent contributes to the variety of grape the wine is produced, if obtained from a single kind or a coupaj, if is from the recent harvest and enjoyed a period of growing. This is why the values vary from one farmer to another, from one process to another, depending on many factors.

Ministry of Agriculture provides a number of statistics regarding average purchasing price of a kilo of grapes in the post EU accession.

Table 7 **Average purchasing prices of grapes**

Specification	UM	2007	2008	2009	2010	2011
Average purchase price for wine grapes	lei/kg	0,89	1,28	1,08	1,54	1,36

Source: MADR

If we consider the hypothetical principle of obtaining wine, namely that an average of two pounds of grapes to obtain a liter of wine, a simple calculation, we can deduce that the average purchase price of a liter of wine was in 2011 approx. 2.72 lei/l, 36 money down from 2010 when the price of a liter of wine was 3.08 lei. This share calculation is useful in assessing the value added chain that can be found on wine so that the price of wine average quality is on the shelf of a supermarket to an average of 15-20 lei / bottle.

Competition

Romanian wine sector competitors are grapes and wine large producing countries such as the EU, America, Australia, Oceania, noting that the major competitors of Romania in this market are France, Italy, Spain, Germany.

Among the most representative producer of these countries, we can include:

- *in France*: Baron Philippe de Rotschild Mouton Cadet, Laurent Perrier, Louis Jadot, Clement Kur, Chateau Naudon, Chateau Pierrail, Cattier, Cordier Mestrezat&Domaines, LesVignerons de la Mediterranee Cuvee Mithique, LesVignerons de l'Enclave des Papes Chateauneuf du Pape, Cellier des Dauphins Prestige, Les Dorinnes, Coeur Mediteranee, Fleur des Barronies, Tassee Maison Chardonnay, St Jean Vieux Cellier, Martin Laurent Brut, Vin mousseux Montparnasse Brut, Vin mousseux Pol Clement Brut, Vin mousseux Duc de Paris Brut, Andre Lurton, SC VINLUX SRL;
- *in Italy*: Pasqua, Piccini, Valiano, Ca' De' Medici, Principe di Pratameno, Colledegli Aranci, Curria Rosso, Curria Bianco, Nero d'Avola, Oronero in barrique, Zibibbo (vino liquoroso), AntinoriSolaia, AntinoriTignanello;i
- *in Spain*: Mas La Plana Cabernet Sauvignon, Fransola Sauvignon Blanc, GransMuralles, Reserva Real, Vina Esmeralda, Gran Vina Sol, Gran Coronas Cabernet Sauvignon, Gran Sangre de Toro, Atrium Merlot, Vina Sol, San Valentin, Castelldel Remei, Principe de Viana, Vina Roniel, Oak Vina Roniel, Lagar Divino, Freixenet Carta Nevada, Cordon Negro, Brut Barocco si RosadoSeo;

Strengths relative to competitors:

- High pedoclimatic potential favors vine cultivation throughout the country;
- Areas planted with noble grape vines already occupy large areas of land that determines the integration activity of grape production, processing, bottling and marketing it.

Weaknesses in relation to competitors:

- Most of the surface structure of hybrid varieties cultivated grape-vine (89 100 ha vineyard vines hybrid of the total 181 300 ha) which influence the quality of wine obtained;
- Atomicity areas cultivated with hybrid varieties;

- High productivity gap, the average yields per ha of the country are at the middle values of the EU;
- Reduced acreage, although it is a perennial crop, grape-vine was cleared in a fast rythm.

WINE MARKETING'S INFLUENCE OVER CONSUMPTION

In order to obtain a panoramic situations wine consumer preferences, it must "communicate" with them through various means such as interview, questionnaire, telephone dialogue or during a short tasting etc., provided that the information collection strategies must be initially homogeneous to outline a general profile of Romanian wine consumer, and then in increasingly customized in order to divide consumers into specific categories.

The analytical part of this paper is based on a questionnaire of 25 questions that seek to identify the role that marketing plays in the puzzle of wine consumption, taking into account the variety of products on the market and competition.

Interest is manifested especially on high quality wine consumers and not to those who consume table wine because we believe most challenging analysis of a socio-cultural profile of the consumer who understands the phenomenon of consumption as a gesture, not an instinct. In this respect, opting for adults over 30 years because it takes into account preference youth consumption of spirits or beer in space club/terrace, with a net monthly income exceeding the average income, highly educated.

We consider these criteria as priority for research is to identify highly sensitive border between sporadic and consumer reasons its transformation into a sustainable, conscious of the benefits of this product.

Also, the target of this study is to determine the role of marketing and what types of strategies could have a significant impact on the growth of wine consumption in Romania, especially the consumption of autohtone. Therefore be intended to induce the mind consumer consumption of wine as a symbol of the state individual socio-cultural scale, the connection between wine and religion wine as a cultural and artistic element, part of the tradition and history, and pioneer gnoseologice. So, a marketing strategy leading to positive results in terms of consumption levels should be based on these landmarks of cultural and psychological.

In the final report, due to the previously analyzed, we can say that marketing plays an important role in increasing the consumption of wine, but this segment of red wine consumers are more reluctant, and strategies need to be adopted so as not to be aggressive because the result consumer may be reject.

CONCLUSIONS

In conclusion, the role of marketing is to increase brand value, to make it more than worth the time, energy and money. It requires a clear vision, a good understanding of the rules of marketing, dedication and discipline to avoid mistakes that can affect the image and brand value. Mark must stand out from the crowd and have a distinct place in the consumer's mind. All wine producers should be able to answer the following question: Why is their wine so different and should be consumed? Unfortunately, many do not know where or how to start and repeat the mistakes of a few tens or hundreds of other manufacturers and is expected to result in something unique. In time, they realize that they only mimic what is already on the market.

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