

Economic sciences

UDC 339.138

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BRANDING – A KEY ADVANTAGE FOR DISTINGUISHING THE IDENTITY OF BULGARIAN WINE AMONG THE COMPETITIVE WORLD WINE MARKET

***Summary.** The relevance of this article is associated with the growing importance of branding, which creates opportunities for promotion of identity, which in turn will provide differentiation and effective positioning of Bulgarian wine in the minds of target customers. The absence of a noticeably distinct competitive identity hinders the development of a distinguishable and recognizable image of the products in consumer consciousness. The aim of the paper is to reveal the opportunities and prospects offered by the national branding in order to distinguish the identity of Bulgarian wine among the competitive world wine market and to achieve higher market results. World and Bulgarian trends in the supply and consumption of wine are reviewed and conclusions are made about the need to implement a marketing strategy for wine with the participation of the state to obtain higher market results. The necessity of unification in the branch for gaining competitive advantages on the world wine market is analyzed. The results show that branding is a key aspect in the wine industry, which leads to high recognition and value of brands, which will allow Bulgarian wines to be more sought after and sold at a higher price than other identical products on the wine market.*

Key words: *national wine brand, wine market, marketing strategy.*

Introduction. Over the last 10 years, Bulgarian wine has come a long way and transformed. Today, Bulgarian winemakers create many more high-quality wines and the sector is relatively modern. The quality of the production and the image in recent years have been much improved and proof of this are the many awards, which Bulgarian wines earn on the market. Paradoxically, however, the sector is stuck in one place, and in some respects even stagnant – the statistics are unfavorable in terms of declining vineyards, shrinking market share of the final product, low added value of wines and high production costs, deletion of areas and refusal of producers to produce and offer wines with a designation of origin [4]. Still the greater part of the wine produced in Bulgaria is for the domestic market. The mass consumer is not yet so familiar with Bulgarian wines, and as a whole, that Bulgaria is a producer. Even quality wines from Protected Designation of Origin (PDO) areas fail to gain the necessary reputation and trust from consumers due to the neglected regional policy by the state. Despite its glorious past and despite the good product at the moment, in practice the wine sector is currently rather secondary in the Bulgarian economy. This contradiction between opportunities and real results points to the following problem – the lack of national branding and marketing of Bulgarian wine makes it unrecognizable and uncompetitive in international markets.

The *purpose* of the paper is to reveal the opportunities and prospects offered by the national branding in order to distinguish the identity of Bulgarian wine among the competitive world wine market and to achieve higher market results. The *object* being studied is the wine production sector, and the *subject* being studied are the opportunities and prospects offered by the national branding in order to distinguish the identity of Bulgarian wine among the competitive world wine market.

Methodology. It is applied a research approach covering the complex combination of the following general scientific methods: analysis and synthesis, analogy, comparison, logical method, etc.

As an information base are used materials mainly from secondary national and international sources of information from specialized literature sources in the field of viticulture and winemaking, as well as in the field of branding.

Literature Review. Branding is the very process of creating and developing a brand, the main way for product differentiation, a tool to promote production and to create long-term relationships with customers, based on the main current consumer values that are embedded in the brand. In short, branding is a set of consistent activities and directions to create an overall image of the product or service that meets consumer demand [5].

Simon Anholt [1] introduced the term "nation branding" in 1998. He defines nation branding as the context in which messages are received, not the messages themselves [2]. Anholt sees the nation brand as a visual identity in the form of a name, logo, slogan. He examined the proportional dependence between a trademark and its country of origin, concluding that the origins of the most successful brands are related to countries that have a good global reputation. The most complete theoretical elaboration on this subject is given by Keith Dinnie [3]. According to him, the creation of a positive image or the transformation of rigid stereotypes implies a wide range of actions – from developing a national logo and slogan to the establishment of government bodies that synchronize and coordinate long-term efforts in this area. The volume of research in the field of national branding is still small, but most of them are devoted to the concept of branding as a strategic and communication strategy of the state, conducted with the help of marketing techniques and tools and as a strategic policy tool to create a positive image at the global market in order to stimulate competitiveness.

Results and discussion. In the last few years, the Bulgarian wine market has changed mostly due to the fact that consumers have strongly improved their wine culture, become more demanding, developed a good taste in wine. This prompted Bulgarian producers to make efforts to significantly improve the

quality and vision of their wines. However, Bulgarians actually prefer to consume more beer, hard alcohol and homemade wine. According to the NSI [9], the consumption of beer and hard alcohol on average per household member in 2020 is 27 liters and 4.6 liters of wine, about half of which is homemade.

These preferences of the Bulgarians are to some extent due to the poor structure of production. High quality wine is a very small part of the market. The total volume of wine produced in industrial conditions is 857 375 hectoliters, of which the wines with PDO (Protected Designation of Origin) are 5 400 hectoliters, wines with PGI (Protected Geographical Indication) – 353 685 hectoliters and other wines – 498 290 hectoliters [7]. The price of wine with PDO is quite high compared to the average standard. A significant part of the production is of cheaper, but also lower quality wine. There is a certain vacuum in the middle price segment, which is often filled by profitable imports.

The reasons for the high price of the good Bulgarian wine lie mainly in the broken traditions in the branch. In Bulgaria, the family tradition in wine production was completely destroyed during communism and the new wineries have no heritage – vineyards, buildings, equipment and machinery – everything is done from scratch, and investments are large. At the same time, most of the winery owners have to hire the relevant professionals, because they are neither winemakers nor vine growers. Expenses for hiring external consultants are also often incurred. The consequences are related to high cost of production. In addition, many producers of quality wine are too small and they cannot achieve economies of scale.

Solving these problems could come from good marketing in the domestic market, from a branding strategy that helps increase consumption and respectively production volumes, which would lower the price.

On the other hand, the global wine market is changing at a faster rate than the industry can react. The Global Wine Market is expected to grow by a Compound annual growth rate (CAGR) of 4.28% till 2026. In recent years,

consumption has increased slightly, driven by relatively new wine markets such as Asia. The forecast data show that the highest CAGR growth will be reached by Asia Pacific over 5 years period. In Western Europe, consumption has fallen sharply, although Europe represents the largest market in 2020 [12].

The structure of consumers is also changing. According to a study by the Wine Market Council [13], 43% of men and 57% of women are high frequency wine drinkers (more often than once a week). On the other hand, 40% of men and 60% of women are occasional wine drinkers (once a week or less often). Another issue is that young people are getting further and further away from wine. Only 3% of people aged 21-22 are high frequency wine drinkers, and also 3% of them consume wine once a week or less often. In the more mature segment – between 23 - 40 years, 26% are high frequency wine drinkers. 18% of people between the ages of 41 and 52 consume wine more often than once a week. Only in adults segment (53 - 71 years) the percentage of high frequency wine drinkers is higher – 42%.

In order for a company to be successful in such a market, it cannot afford to ignore branding, and in order to make it successful, it must know its audience. It is no longer as homogeneous as before. And it uses radically different communication channels. It needs to be targeted.

The modern wine market is more than overcompetitive. Nearly 70 countries [14], hundreds of regions and tens of thousands of producers are looking for a place in it. A winery alone to outstand on the market, especially if it is from the so-called new manufacturers is almost impossible.

Against this background, branding, new digital channels, finding a common language between winemakers and consumers are key to success. Also emerges a need for winemakers and state institutions to partner to build an identity first of the state as a wine producer, then to promote the regions with the greatest potential and finally, relying on this recognition, it becomes easier for wineries to compete in the selected markets. This partnership could be both

financial and operational and include designing a national vision and branding of wine, marketing and communication strategy, identification of priority markets, forming a promotional plan, measures for development of wine tourism, etc.

Despite its claim to be a wine country with a thousand-year history, however, Bulgaria remains one of the few wine-producing countries which do not have such a structure and marketing strategy – neither nationally nor internationally. It lags even behind countries over which Bulgaria is believed to excel – such as Moldova, which has been developing its wine marketing for several years.

According to NSI data, over 200 wine companies on the Bulgarian market [10] are fighting not only with each other but also with the competition of hundreds of other imported brands, for the attention of consumers – each for himself, without synchronized efforts. In international markets, they are even more indiscernible.

There are different models for implementing wine marketing, and more often this happens with the participation of the state, although there are some successful examples without it. A public-private partnership could be created in which the state and the industry can partner on an equal footing. This structure could be financed according to the most popular model in the world – half of the funds would come from the wineries, in the form of a fixed fee per hectolitre of wine, and the other half to be provided by the state. For this to happen, however, the industry itself must first become united. At the moment, there is a dialogue in the industry about the possibilities for realizing such an association [4].

Austria's experience, for example, in inculcating the Austrian wine on the market shows that its image has been restored since 1985 thanks to the creation of the Austrian Marketing Board to promote the country as a wine destination and improve sales. The structure with an annual budget of 7.5m euros was financed 50 to 50 by the state and business, with the producer tax calculated

according to the annual yield. Wineries that make at least 3,000 hectoliters pay 1.1 cents per liter. If the production is exported, they pay even more. The organization, which consists of 25 employees, communicates with the media from around the world and through social networks, trains sommelier and wine journalists, welcomes groups of traders, distributors and journalists, guides them around the wine cellars, organizes wine fairs and tastings. Currently, 70% of the production is for domestic consumption, and the remaining 30% is for export. Austrian wine is served in almost every Michelin-starred restaurant in the world [6].

In Bulgaria it is necessary to restore the destroyed regional tradition in wine, i.e. development of wine regions, updating their borders, work on their marketing and branding, etc. The country is, in principle, part of Europe (the so-called Old World), where the emphasis in marketing the highest quality wines is not on the variety or brand, but on the region – the leading name on the label is, for example, "Bordeaux" or "Burgundy", "Saint Emilion" or "Chianti". Over the years, these brands have become strong / influential and every winery that wants to use them, follows strict rules and regulations, uses only the grape varieties allowed for the region, etc.

However, Bulgarian wines are widely marketed by the practices of the New World, where the emphasis is mainly on the variety (for example, New Zealand Sauvignon Blanc, Argentine Malbec, etc.) and on the brand – the name of the winery.

The reason is that the zoning [8] in our country is unsatisfactory. For example, the country is divided into only two regions with a Protected Geographical Name (Thracian Lowlands and Danubian Plain) [11], which are too large and generic to distinguish the stylistics of the wine in different parts of the country. There are also 52 Protected Designation of Origin areas [11] (the highest quality designation), but the boundaries of most of them are not actualized, and others that have emerged in recent years are simply missing.

The data show an increasing decline in PDO wines. In 2019, only 5,400 hl bear this designation against the background of a total of 857,375 hectoliters of production in industrial conditions [7]. This does not mean that the quality of the wine has deteriorated, but that more and more producers do not see the point in using the designations in question, which in this form are empty of image and recognition.

The majority of producers sell their wines mainly on the local market. According to NSI data, 31,395,037 liters of the total wine produced in Bulgaria are exported, i.e. about a quarter of the wine produced in the country, and three quarters are directed to the domestic market [10]. The question remains, how effective is it and what exactly is the strategy for promotion of Bulgarian wine abroad? Most wine-producing countries have special institutions whose mission is to promote and market wines of the respective country around the world. These institutions have a clear marketing strategy, information-rich websites and actively organize events related to the promotion of the country's wines abroad. Bulgaria has all the resources to make wines more recognizable, to increase the production of quality drinks and to raise their price. Namely, it has a growing number of wineries, new vineyards, many professionals in the chain, high quality, ancient history, consumption is increasing, a healthy product is offered. At the same time, however, there is no national marketing strategy for wine, the country is divided into only two wine regions – Danubian Plain and Thracian Lowlands, there are no cooperation with other institutions – the Ministries of Tourism, Economy and other industries as well.

Conclusion. The conducted researches and analyses give grounds to claim that branding significantly increases the growth of the market share, builds trust, attracts new customers and keeps the current ones. Therefore, it is necessary to form an organization that creates conditions for advertising of all Bulgarian wine products, as these wines have exceptional qualities, but are not sufficiently recognizable on the world market. Marketing, presentation of

Bulgaria at all prestigious international exhibitions and competitions should not be done spontaneously, individually, but there should be a branch center to implement the projects. The idea is that when the state already has an established image as a wine producer, it becomes much easier for individual wineries to compete and sell in highly competitive international markets.

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