

# Hellenic Winery: The prospects for growth through new management and marketing strategies and the potential for permeation into international markets: The case of 'Ktima Gerovassiliou Winery' as a typical example of the new era

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## Abstract

Some Hellenic wineries have succeeded, after a concerted effort during the last decade, to create quality products and the infrastructure to gain recognition of international markets. They set aside the traditionally cheap wine which was offered for decades, and they have focused on quality wine that highlights the particular characteristics and varieties of the Greek land. They are constantly awarded in major international competitions for their quality, authenticity and diversity.

In 2009, for the first time in the history, Greek winemaking sector developed a strategic marketing plan so as Greek wine to acquire its own unique identity that will make it recognizable internationally. It also identified the target countries to which export efforts should focus. Greek wine prevails in the Greek market with rates above 90% but exports are stagnating in volume. It is encouraging though that there is a remarkable growth in the value of exports. Therefore, there are large margins of development for an economic activity that is estimated to consist of about 1200 wineries, 180.000 growers and thousands of executives and employees. Among the pioneers of the new era, the 'Gerovassiliou Winery' shows the way for the development of an industry that is active in an extremely competitive environment and in an economy experiencing a significant recession in recent years. Extroversion is the keyword for Hellenic wineries, which at the same time should maintain their dominant position on the Greek market against imported wines.

Examination and analysis of the domestic and international market conditions and trends of marketing are key elements for defining the management strategies that should be followed from wineries and the selection of an appropriate marketing mix. This is important for the growth of such companies, which by increasing their profitability and creating new jobs will simultaneously help the Greek economy in the recovery effort.

**Keywords:** Hellenic winery • Product • Marketing strategies • Promotion • Distribution • Exports.

## Introduction

The subject of this article is the management and marketing strategies that can be applied by organized Greek wineries in domestic and international market in order to achieve growth in sales and increase profitability. This is important because this economic activity is estimated to consist of more than 1200 wineries, 180.000 growers and thousands of executives and employees [1]. Moreover, it generates significant added value as a product of primary sector, participates in facing high unemployment and generally supports the recovery effort of Greek economy.

According to statistical data, domestic wine consumption and production of 2017 has reached the historic low of last fifteen years. This is mainly due to the recession of Greek economy in recent years and to other factors like imposition of excise duty on wine in 2016, unfair competition from small producers selling bulk "undeclared" wine etc. However, some Hellenic wineries have succeeded, after continuous and concerted effort during the last decades, to create quality products and the infrastructure to gain recognition of international markets. Although Greek wine exports volume

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appears in 2017 a slight increase of 0, 48% in comparison with average of the last 5 years, the corresponding total value increased 16, 95%. This means that Greek wineries export almost the same quantities but achieve higher prices offering high quality wines.

The development of extroversion and expansion in foreign markets seems to be the only way for the future of Greek Wineries. Therefore, the examination and analysis of micro-environment and macro-environment of wine sector as well as the selection of the most appropriate marketing strategies which are followed internationally are essential elements for the development of Greek winery.

The theoretical approaches and findings of this thesis are the result of critical review of current literature. The elements of this article have been gathered from: a) scientific research about marketing in wine, b) presentations at international conferences, c) past and recent studies related to the winemaking sector, d) official sites of National Interprofessional Organization of Vine and Wine, Central Cooperative Union of Wine Producers and Hellenic Wine Association, e) internet sites mainly of economic newspapers and magazines specializing in economic analyzes, findings and news, f) the observations of other relevant articles.

In addition, to make a complete case study analysis [2] an extensive consideration of management and marketing methods that 'Gerovassiliou Winery' follows and a lengthy interview with Mr Evangelos Gerovassiliou the owner of Winery were made. Among the leaders of the new era of Greek Winery, the 'Gerovassiliou Winery' could be a model of development for other wineries that are looking for the way of establishment. With steady pace, in recent years, it has achieved a significant increase in sales, exports

and profitability, mainly through the excellent quality of its products and the application of an efficient marketing mix. It also strives to gain broad recognition in international markets often facing multiple adversities. The case study analysis has been selected as a research methodology because its findings will verify, question or evolve the general theory of proposals.

The most interesting conclusion of this work is that Greek winery has developed significantly in recent years and despite the adverse domestic economic environment and the difficulty of prevailing in the international markets, it has strong potential for growth by investing in quality, diversification and good promotional tactics. In this effort, the contribution of national organizations and competent authorities is necessary.

The main limitation of this article is that it focuses on one company and the methods and policy it implements. This fact does not exclude that other successful Greek wineries have applied different methods, which are not presented here, and achieved the same good or better results. Furthermore, the findings and proposals of this work concern wineries that have an elementary financial capacity to support specific marketing policies.

## Literature Review

### Marketing strategies in Greek winery industry

The most successful Greek wineries are those that managed by expert managers and owners with good educational level and concrete plan. They are keenly interested in quality, image and recognition of their business investing more and more in advertising and other promotional actions such as participating in many national and international exhibitions and competitions. They prefer to sell through intermediaries and they invest heavily in human resources. Moreover they are highly oriented towards voluntary certification as a crucial factor to gain sensible markets. Small-scale wineries follow this direction too but it is obvious they need support of government policies [3].

With the aim to assisting Greece to exit from the present economic depression and to develop its competitive industry, Vlachos [2017] investigated the main determinants of Greek wine production from a macroeconomic view and evaluated their consequences in relation to international trade. The results of this study indicate the wine production in Greece depends more on the expectations from international trade than on consumption in domestic market. The enhancement of the wine production in Greece could possibly be achieved by prioritizing the exports and the labor productivity, while the reduction in the total tax rate and the personnel costs could also be useful for the attraction of investors and thus, for the development of the winery [4].

The trend of Greek consumers towards cheaper wines is mainly due to economic distress because nowadays they are more educated, distinguish good wine and are willing to pay for it. The combination of the small production capacities of Greek winery with the distinctions of Greek wines in recent years, mainly as wines with character and distinctiveness, specifies as the only choice for exports the demanding niche market. In this effort a reduction of taxes and social security contributions is necessary in order to lighten Greek companies from a competitive disadvantage. Moreover the Hellenic Ministry of Rural Development and food industry in cooperation with ministry of Tourism, must strongly support the process of promoting and recognizing Greek wines internationally, through powerful promotion/distribution channels that will connect directly and continuously Greek wine varieties and wine tourism with holiday destinations and famous Greek diet products [4].

Koutroupi et al. [2015] considering Greek Winery through a gravity model remarks the great opportunity for Greek wines to enhance in European and USA market. However, initially the growth of wines from emerging markets like U.S, Argentina and Chile in terms of quantity, price and quality and secondarily the fragmented and limited Greek wine production, work inhibitory for establishment in international market [5].

Mullaymeri tried to investigate the internationalization efforts of SMEs of the winery industry in 3 different countries: Greece, FYROM and Albania,

and to identify the main problems encountered by the producers of small wine companies and the main differences of these problems among the three countries. For this reason, the researchers used multiple case study analysis, and data were collected by two interviews with entrepreneurs of the wine industry from each of the three countries. The results showed that wine SMEs in Greece, FYROM and Albania have to confront similar barriers. The main export obstacles for this type of firms are the "Availability of Resources", the "Brand Equity" and the "negative Country of Origin Effect". As far as Greece is concerned, even though the wine SMEs higher levels of export experience and performance, their negative origin effect and the low brand equity are still two of the most significant obstacles that companies should overcome in order to develop and expand [6].

Stergiou tried to recognize, through a survey of wine tourism, the characteristics of so called "Generation Z" i.e. the young people that are around 20-25 years old. They give great importance at the cost of wine; they focus on entertainment or social experience around wine and not wine it. Given that "Generation Z" consumers prefer other alcoholic beverages to wine, makes them a segment of market that mature wine market could exploit because there is considerable scope for development. Already several wineries are making efforts to approach this generation by offering labels in particular packaging, with specific features and affordable price [7]. The basic or non-existent knowledge about wine could be obtained, by wine tasting and connection of wine tourism with activities like juvenile social events, food –tasting or visits to local attractive destinations that make wine a fun experience and not only a product. Similar findings are made by Alebaki et al. for consumers in general and not only for Gen Z, identifying that they are positively affected by wine tasting, knowledge and aesthetics of the vineyard. Although tourists involved with wine tourism view it as a complementary activity the benefits are many and the fact that domestic visitors are more than 70% of total winery visitors in Greece means that there is a lot of space to attract international tourists given the remarkable growth of foreign tourism in Greece [8].

The main objective of the literature review of Vlachvei et al [2012] was the investigation of the most significant branding strategies that are used by the wine producers in Greece. The data of this study were collected by both primary sources, which were 33 semi-structured interviews with wine producers of Greece, and secondary sources, including several previous papers. According to the results of this study, Greek wine producers tend to use the "International wine exhibitions awards" and the "PDO / PGI quality signals" as means to grow their reputation and promote their company [9]. In order to influence the choices of the consumers, Greek wine producers should adopt a more professional and not passive behavior towards the lifestyle, the brand image of the wine, and the experiences connected to wine, while the "brand awareness" and the "brand loyalty" of the consumers could be also enhanced with the use of tourism industry. Finally, another way for the producers to improve the state of their wineries is the use of new electronic communication forms and of distribution channels, which are very useful for targeting the opinion leaders and increasing the brand recognition [9]. The findings of this study are very useful as guidelines for Greek wine producers since they illustrate the efficacy of the several branding strategies on the present Greek wine firms.

Like in many other fields, Internet tools and applications offer many new opportunities and challenges to producers of small wineries. In her study, Vlachvei tried to identify the characteristics that are used in the websites of the wine producers in Greece with the aim to increasing the efficiency of the combined marketing strategies. The empirical data used for this study were collected by wineries, with the aid of a questionnaire, and the sample consisted of 54 active websites of Greek wine producers. According to the results, all the wineries in Greece have a basic "brochure – style" website which includes data on winery and on the several techniques of production, several photos and videos, the company's products, and the communication information, but the ability to order wine through the website is a rarely met provision in the Greek websites. Only few Greek wineries have an interactive website, and only the 13% of these companies provide customers with e – commerce facilities. Therefore, it is concluded that the websites of the

Greek wine companies are mostly used as channels for offering information about the companies themselves and their products, and not for selling their products [9].

In 2013 Notta and Vlachvei evolve the data of the previous investigation, ascertaining that the web-site interactivity and the rate of e-commerce remain low but they could be characterized as wine tourism oriented. Obviously Greek wineries didn't focus yet on a clear and dynamic web marketing strategy [10].

Vlachvei, Notta & Ananiadis examine the advertising policy of Greek wine industry and specifically they analyze the existence promotion strategy in comparison to the firms' profitability. They analyze 43 Greek wine firms and they collect data from annual balance sheets and from the companies' promotion budget. The results indicate that the promotion expenditures for the wine firms have as a major part the non-advertising expenditures. More specifically the non-advertising expenses mainly include the development of new informational labeling that refers to the geographic origin, the promotion of free samples and catalogues when the firms apply their marketing strategy to new markets. Vlachvei et al [2009] indicate that there is a significant and U-shape association between promotion expenses and profitability and therefore the wine companies which invest on the promotion mix a budget under the 16,57% of the total expenses [namely promotion expenses must be lower than 16,57% of the total expenses] have better financial performance [positive relationship between profitability and promotion expenses] than the wine firms which follow a different promotion budgeting [11,12].

At 2008, Karelakis observed by examining a sample of 110 export-oriented Greek wineries that direct [through incentives and regulations] and indirect [through integrated export promotion activities and guidance to focus on attractive lucrative markets] support from national export policy is a key factor of successful export performance especially for small and inexperienced in exports wine companies. The last must recruit specialized staff to organize and implement their export marketing strategy [13].

Moreover, Karelakis found out that the successful or not export performance for Greek wine firms depends on its determination to create after an internal procedure [research, development, experience, training] a product that assesses the demands of each export market and emulates its competitive advantages. Moreover, access to foreign markets is only achieved with persistent attempt and a consistent decision that winery will invest a remarkable part of its resources [money, personnel, time] until recognition and establishment in international market come [14].

As regards the Greek wine industry and its impact to the consumers' perceptions, Dimara & Skuras [2003] use a wide sample of 744 Greek wine consumers in order to evaluate the role of specific customers' characteristics that influence the perceived quality of Greek wine products. More specifically, Dimara & Skuras [2003] examine the customers' attitudes as regard the certification, the geographic association and the traceability of wine products. They observed that the wine firms tend to create wine brands that are associated with a specific geographic region, according to the EU regulations. According to the results, the certification, the geographic association and the traceability of the wine products affect the perceived consumers' quality and as result the consumers' demand for its products. The results of this study affect the management strategy of wine companies since the wine producers should certify the wine quality and specify the geographic region and the traceability in order to optimize the marketing segmentation strategy [15].

### Marketing strategies in winery industry globally

The market-driving firms aim to influence the consumers and the competitors while the market-driven firms try to understand and to respond to consumers and competitors. Hymphreys and Carpenter mainly focus on the U.S. winery industry and via interviews with the executives [28 interviews], they capture the marketing and management strategy of the winery companies. According to their survey, the winery firms can drive the market by playing a status game. Specifically, they suggest that when the value of a product is ambiguous, and the product is complex, the firms can influence the consumers and as a result they can be characterized as market-driving firms. According to the

"status game" the researchers observed that the consumers prefer to buy a high-status wine and in this way consumers create an excessive demand which gives the opportunity to wine firms to influence their customers. As a consequence, the wine firms aim to develop a vision, to create strong relationship with its customers and to enhance their recognition in order to build a high firm-status which gives them a superior market-driving role [16].

Ferro and Benito [2018] in their econometric research of Wine Spectator's 100 top-rated wines for the American market from 2003 to 2016, found out that factors like rating and years of storage have a positive effect to the price of a top quality wine. On the contrary, the volume of production is inversely proportional to the price of wine. Moreover quality wines with great characteristics of region, aging, variety and time of release are undervalued because their country or their winery itself has lower reputation or brand name compared to other equivalent quality wines. National promotion strategy and synergies between winemakers are necessary to get these wines the value they deserve [17].

Sellers and Alampi-Sottini had already noticed in 2016, through a survey in Italian wineries that size and profitability of a winery have a positive relation. This is due to capabilities and practices available to large wineries like economies of scale, easier access to financing, export perspective, bargaining power with suppliers and offers policy towards customers. All these features discourage potential entrants that face high barriers of entry in wine market thus preserving the dominant position of large winemakers. The small wineries should be supported by government policy to a direction of size increase in order to enhance their competitiveness and become more efficient [18].

An analysis of French wine industry in period of economic crisis by Hammervoll et al. indicates that it is crucial for wineries viability to follow a clear marketing strategy: the niche strategy or the mass-market strategy. The choice must be based always on capabilities and resources of each company. If a winery invests on a niche strategy it must be product and customer oriented in order to create strong relationships with its traders and consumers. If mass-market strategy is selected, given that competition from countries of New World is growing rapidly in middle and low cost wines, it is necessary for the company to maintain strong relationships with powerful retail hypermarkets and to keep production costs low as a shield to remain competitive at domestic and international market [19].

For both options, within the framework of social marketing and given the global tendency towards green economy, wineries that produce organic wines and generally follow "green policy" are highly evaluated by customers [20].

Alonso also investigates the marketing strategy for micro and small wine firms. More specifically, they analyze the companies' resources in the Italy wine sector by using a SWOT analysis. For the purpose of its study, the researchers use a mailed questionnaire that was collected from 211 participants and they employ a Resource-Based View [RBV] in order to capture the key factors that affect the Italian micro wine firms. The results indicate that the quality of the wine and the geographic region of the wine are the most important resources of the small wine companies in Italy. Furthermore, the main threats for the companies are the finance firm policy, the limited financial sources and the complexity of the sales procedure. Therefore, the small winery firms must take into account the necessity of an efficient financial management in order to deal with the threats and to create a competitive advantage [21].

Nazzaro et al. [2016] observed that is of great importance for consumers and therefore for image and prestige of a winery, any progress with innovations to respect nature and to develop local community. So not only purely economic data should be taken into account in decisions of innovation and entrepreneurship [22].

Clayton ends up to similar conclusions studying small wineries in seven European Union countries: Czech Republic, France, Germany, Italy, Romania, Slovenia and Spain. They found that small European wineries although they are operating in an environment of intense competition they don't have integrated marketing strategy. This is due to a lack of funding,

time, well-trained staff and a difficulty to create their own commercial network or to become member of an efficient distribution channel of a wholesaler. Their web site is the main marketing tool for them and the means to get feedback and recommendations from its customers. Finally, the minimization of bureaucracy would save resources for other promotional activities [22].

As for exports efficiency, Carol Maurel investigated French wine SMEs and found that the size of a winery increases the possibilities for expansion and together with a strategic decision and commitment of company to invest steadily on exports activity and a creation of strong business co-operations, is the most important success factors [23].

The main objective of the research of Dolan & Goodman was the in depth investigation of the activity of wine brands in Australia on social media. This study consisted of two separate phases; one the currently active Face book pages and one conducted with the aid of in depth interviews of the users of the companies' social media. The findings indicated that there were 3 main orientations in the communication that led to different responses of the consumers. These three tendencies observed in the communication of the wine companies were the following ones [24]:

- The selling orientation, meaning the sales and the promotion of the brand and the products of the wine company.
- The experiential orientation, including all the experiential messages that had as an objective to promote specific experiences provided by the wine brand, such as facilities, tastings or events, and
- The customer orientation, which was equal to the effort of offering a sense of community, of trust and of good relationships.

In overall, this study was a preliminary view of the way Face book could be used by the several wine companies as a tool to enhance brand communication and therefore, included in the marketing communication strategies of the wineries [24].

A similar approach was made by Fuentes through an observation and analysis of use of social media at 196 wineries in Spain at two different years, 2013 and 2016. They focused research on the impact of social media on millennial, the consumers born between 1977 and 2000. This cohort uses smart phones and have continuous connection with Google, Face book and other social network sites. It is considered that they prefer branded and award winning wines, they give less attention to country of origin or vintage and generally they don't have the deep knowledge on wine that previous generation had [25]. As for wineries an explosion of social media use reported from 2013 to 2016. Most of wineries have web site and provide electronic commercial services to their clients but they don't seem to have a clear social media strategy. They don't segment and target enough the use of social media in order to improve their effectiveness and competitiveness on millennia's and other consumers. Tools like internet "cookies", "online fingerprint" and "internet search hits" give wineries the opportunity to reach selected target groups with durability, repeatability and low cost [25]. A proper digital targeting strategy guides to suitable offers for consumer categories and subsequently to relationships of engagement.

The contemporary marketing strategy for the wine industry includes the social media marketing. The wine firms create videos that were uploaded on you-tube, provide information on social media and build a communication interaction with its customers. Lea, Scorrano, Fait & Cavallo examine the web marketing strategies that used from family [and mainly small] wine companies. The results indicate that family wineries use the corporate website in order to provide information as regard their products. The use of face book as a marketing social media tool contributes to create a more efficient communication with the consumers and to growth the consumers' loyalty. In parallel, the promotion of the online wine shops in social media can growth the firms' sales [26].

, they are considered to evolve as the main tools for interactive marketing for products generally in near future. They allow for quick information about the product and its immediate purchase. Nevertheless, Higgins et al. note after a survey in the US that only wine experts and not ordinary wine

consumers would employ these tools to take their wine purchase decision. Therefore wineries should adopt the information and choices they provide with QR codes and mobile apps to the needs of this segment of market [27]. Moreover, they could expand the use of these tools by establishing better prices for users.

At a recent survey Pelet et al. examines wide sample from six countries, three from the old world [France, Germany, Greece] and three from the new world [USA, South Africa and Canada] to recognize the connection between mobile phones and m-commerce website loyalty with sales promotion and the value of service attributes of the website. They conclude that service attributes like on-time delivery, low delivery charges, safe transporting, follow-up communication, influence essentially m-commerce website loyalty and give value to sales promotion techniques [limited time offers, discounts] through mobile phones [28]. The access of sellers to buyers is continuous and has no time or local limitations and this fact explains why mobile transactions [with smartphones or tablets] are increasing rapidly.

The main purpose of the study of Bruwer & Li was the development of a methodology which uses the "latent class mixture modeling" in order to contribute to the improvement of the market segmentation domain. In this study, the product is the wine domain, and the overall number of the participants was 811 consumers. This study underscored the significance of the segmentation of the market and the valid, accurate, valuable and rich information that could be collected for the market itself through the parallel analysis of consumers' behaviors, demographics as well as lifestyles [29]. For example Marques and Guia in their research ascertain that gender plays important role to wine purchase decision. Men are more confident with their subjective knowledge in wines, they greatly count on past experience and they like to display their knowledge of wine. On the other side women need urge from sellers or friends [30]. Moreover Dobeles noticed through their survey that consumers choose their wine according to their circumstances. In their impersonal consumption relationships, they usually choose wines that are widely known for their quality or brand name. At their personal moments, however, they choose wines with recommendations from experts [masters of wines, bloggers, sommeliers] or friends, without necessarily being well known for their value [31].

As regards the emerging wine markets, Lee, Mandanoglu examine the quality dimensions of a winery and specifically they analyze the wine quality factors that affect the consumers' satisfaction. There are some customers who tend to visit the wineries in order to taste and buy wine products. Therefore, there are wine companies that create a winery which is accessible for the visitors and which operates also as a wine store. The results of this study indicate that the wine tasting procedure for the winery visitors enhances the consumers' satisfaction and the consumers' loyalty with the specific winery. Therefore, the wineries should create a marketing strategy which concludes the creation of a tasting room in order to growth the customers' satisfaction and as a result in order to growth the winery's total sales [32].

The main objective of the research of Thomas was the more thorough understanding of the importance and the implementation of the entrepreneurial marketing among the French wineries. After a short review on the existing literature, this article described the theoretical and the practical characteristics of the entrepreneurial marketing through the case of a small winery located in the Cotes du Rhone. According to the results of this research, the traditional adversarial marketing towards competition adopted by the majority of the French wineries is no longer sufficient. French wineries should use tools of entrepreneurial marketing like digital, viral, relationship or expeditionary [creating markets and developing innovative products] marketing in order to face upcoming New World Producers and reinstate their rareness and inimitability. Furthermore, the engagement of wineries in developing cooperative relationships at both a regional and an international level is very important for the creation of new opportunities for higher levels of innovation and knowledge. With these findings, this research offers some new, interesting data for the significance of the application of several entrepreneurial marketing approaches by the small French wine companies [33].

The above research proposed actions becoming even more urgent for Old World [European] wine Industry as producers of the New world such as USA, Chile and New Zealand are progressing rapidly in terms of scientific research, applied science [chemistry and biotechnology] and stable cooperation with wine scientists from international scientific community [34]. Their wines simulating European wines so marketing strategy and innovation will make the difference in the coming years.

Anyway, the old world countries [France, Italy, Spain etc] present an essential advantage in comparison with New World Countries [USA, Australia, Chile etc]: their export policy is homogeneous in terms of quality and displays resilience and adaptability in terms of price. This is due to the common policy imposed by the European Union through regulations on issues of production, quality and origin of wine, creating a homogeneity that enhances the image of European wines. On the other hand, the New World Countries operate autonomously without common elements in their export policy mainly because of their focus on specific target markets, which weakens their ability to emerge as an integrated export market [35].

In the wine world-wide industry there are many small or medium wine firms [SME]. Barton examine the marketing strategy of a small French wine firm in France. The growth of French wine products and the growth of French wine consumption in combination with the necessity of an efficient marketing strategy for small wine firms are the main reasons for its case study. The results indicate that the brand development based on quality and innovation is the most efficient tool in order to optimize the firms' reputation in the specific geographic region which characterized the companies' production [36].

A very important issue in the research about the marketing of small wineries is also the clear business vision, which helps to the definition of the business philosophy and the long – term aims of the business. The study of Alonso & Northcote investigated the business vision among 40 different wineries in West Australia. According to their results, the 45% of the participants were sure about their future business plans, but the 40% of them did not have a clear vision the future of their business or they were uncertain about the exact meaning of the concept "vision". Theoretically, the provision of a perfect experience at a wine company could lead to more business opportunities, which needs a business vision [37]. Nonetheless, although this vision seems to be very important from the business view, the results of this study showed the absence of real differences between those with a clear business vision and those with no vision.

Given the great opportunities offered by the Internet to combine many different entrepreneurial marketing methods, Gurau conducted a study in order to identify the characteristics of the websites of the producers of French winery industry at the Languedoc Roussillon region that are used for the improvement of the efficacy of the combined strategies of marketing. The primary data were obtained by 102 active websites of French small wineries, with the use of the list of websites that is available on [www.vinup.com](http://www.vinup.com) [38].

According to the results of this study, the majority of the French wineries investigated had selected the interactive communication approach as their main online marketing orientation, the 20 out of the 102 French wine producers websites was transactional, and therefore, it provided the consumer with the ability to order and pay online a product or to visit a specific link so as to make his purchase, whereas none of the studied websites was characterized by the information marketing orientation. Finally, as the main elements used for the increase of the value proposition are concerned, the French wine producers of the sample of this study mostly preferred the wine tourism [42, 2% of the surveyed French wine producers websites], the direct marketing [19.6% of the studied websites], and the relational marketing [10.8% of the websites surveyed] [38].

Concerning Business to Business [B2B] transactions with e-commerce, Saba observe that its development in wine didn't verify the initial prospects and didn't have the same results as in others products. Electronic marketplaces for wine create virtual market with easy and inexpensive accessibility among businesses globally. However regulatory and economic barriers remain,

limiting fast evolution of e-commerce. As a product of human consumption, wine must follow food laws of its country. Moreover, exporters must take into account the relevant import and export laws applied in each country such as ingredients control, licensing, labeling, tariffs and taxation system. Saba et.al concluded that the ideal model is an intermediary-oriented e-marketplace with trustworthy intermediaries that will prevent or solve problems in transactions between producers and customers [39].

### **Strategic vision and mission setting: Long -term and short- term objectives**

The strategic management process for a sector, an organization or a company includes five inter-connected stages: a) The establishment of a strategic vision and mission of the future and present business scope respectively, b) The setting of long-term and short term targets through which the vision and mission of the sector or company will be realized, c) The developing of plans, methods ,actions and policies to achieve the above targets, d) The implementation of them in an efficient way and e) the evaluation of performance and when it turns out that it falls below the allowed levels to apply corrective actions. This procedure is very important because it guides company on a particular plan, helping it to define its future by preventing possible pitfalls. Surveys show that companies using strategic management procedures have improved sales, productivity, and profitability results compared to those they do not. Employees also become more creative and inventive when they understand the strategic plan of their company and they contribute significantly to its effective implementation. The modern tendency for strategic management process involves lower-level managers and company employees as key design factors and not only responsible for its execution [40].

The state of Greek wine at the end of previous decade had highlighted the need to create a strategic plan. On his own initiative in 2009, the Greek winemaking sector, through the association of National Interprofessional Organization of Vine and Wine [EDOAO], commissioned a specialized international consultancy firm in London to develop a strategic marketing plan, in collaboration with all stakeholders involved in the Greek wine industry. For the first time in the history the existing knowledge and image of Greek wine in international markets, the wine-producing countries represent cases of excellence, the industry main competitors and the priority market countries were analyzed [41].

The vision was defined as follows: "Increasing the perceived value of Greek wine origin in the branded, standardized wines produced in Greek territory".

The mission was determined in two levels:

- For Greek market, the upgrading of wine experience and sales increase for Greek standard wine over anonymous, non-standard and uncontrolled wine.
- For international markets, the creation of a Value Picture for Greek wine, aiming in practice to increase the average selling price of Greek bottled wines.

The diversification strategy and the upgrading of Greek wine experience had chosen as the most important long term objectives. Moreover as short term objectives, the tactics for optimization of product level, pricing, distribution, promotion and communication are selected. Also the ethical and legal "loosening" of bulk wines and the fighting against unfair competition.

### **Competition analysis: Industry forces [Porter Analysis] and external forces.**

According to Professor Michael Porter theory, competition in an industry is determined by "The five competing forces", in Hellenic wine industry we observe the following concerning these forces:

- Potential entry of new competitors: Given that in recent years as a result of economic crisis and high unemployment the number of wineries is increased significantly and now there are more than 1000 wineries in Greece, it is obvious that entry of new competitors is

possible. Nevertheless, the majority of new wineries are small to very small enterprises that invest the minimum required capital. According to a survey of the Agricultural University of Athens [42] the cost of investing in a small winery can range from 69,000 euro to 160,000 euro. With the financial support of resources from the European Union's Structural and Investment Funds [GRNET] like Corporate Pact for Growth Framework 2014-2020 and help of existing national programs like Rural Development Program 2014-2020 such of an investment becomes feasible especially for vine growers that possess the necessary know-how. Because of the appearance of many new entrants in recent years it is now considered that the acquisition of market share for each new player to be viable will be quite difficult. It is estimated that in order for a new winery to be viable, at least 20,000 bottles a year at a price of around 3.5 euro should be sold [43]. Finally, a disincentive that discourages new entries is the complexity of licenses [building, waste disposal, fire safety, bottling, winery Inventory Report Sheet, winemaking business register etc] are required for establishment and operation of a winery as well as tax instability that has deteriorated by the imposition of the excise duty in 2016 and its withdrawal in 2019.

- **Bargaining power of suppliers:** The main suppliers of wine industry are the vineyard owners. They possess low bargaining power because they are numerous, small and independent with each other. On the contrary, the same does not happen with suppliers of bottles, barrels and packaging materials because they are few and big companies within the country and imports of such products are expensive.
- **Bargaining power of consumers-buyers:** The supermarkets and the wholesalers are the most important buyers especially for big and medium wineries. They ensure high sales throughout the Greek territory and this fact launches their bargaining power. It is imperative for those wineries to maintain cooperation with them because the first brings them in contact with the final consumers while the second hold the distribution networks. Especially in supermarkets wineries are forced to pay placement expenses, to provide percentage discount depending on total annual sales and to grant credit for several months. The negotiating power of wineries increases in cases of wine cellars, liquor stores and Hotel/ Restaurant/ Cafe [HoReCa] enterprises because they are numerous and can achieve limited consumption.
- **Rivalry level among competitors in the industry:** The wine market in Greece is a mature and fragmented market with numerous competitors at all levels of price and quality and little space for growth in domestic consumption. Therefore, the rivalry level among competitors is high and sometimes guides them to unprofitable practices like inexpedient discounts. This is one of basic reasons that Greek wineries have strategically decided to become more extrovert and develop their export activity.
- **Threat of substitute products:** There are 2 categories of substitute products for wine: the first includes the major wine competitor that is beer mainly due to a price difference. However, doubling the excise duty on beer from 2.6 euro to 5 euro from 01 June 2016 has closed the cost gap between the two products for the benefit of wine. The beer produced in microbreweries is becoming a significant substitute product as it has been widely accepted in the recent years, it has quality, production and culture characteristics that resemble those of wine and is subjected in half the excise duty imposed on beer produced in normal breweries. The second category refers to other alcoholic beverages such as Greek ouzo and tsipouro [grapes extract] which are competitive in terms of value compared to wine and imported whiskey, vodka, tequila, liqueurs etc. which are still much more expensive than wine and especially in times of economic crisis have lost customers in favour of wine .

The situation in an industry is also influenced by more general factors the so called marketing macro-environment forces which include Political, Economic, Socio-cultural and technological forces [44]. The political environment is

characterized by great instability in the years of the economic crisis with great volatility in legislation and regulations towards enterprises. As for economic environment we notice that high taxation, decrease of consumer disposable income and a rapid decline of financing from banking sector reduce the opportunities for growth for existing and new wineries. The Socio-cultural forces have favored Greek winery in recent years. Greek consumers turned to Greek products and the modern trend towards consumption of nutritional domestic products helped wineries that apply quality winemaking practices to stand out [45]. Certifications and awards also are of primary importance both for their presence in the Greek and international market. Finally, technological forces now impose the construction of modern wineries with appropriate equipment. Although, they require a fairly high initial investment they create opportunities for maintenance of the constant quality and homogenization of wine, elements necessary for the establishment of a winery in an efficient way.

### Design of marketing strategy for Greek Winery

The Greek winery despite its long history is considered to have much room for growth especially in the dynamics of its exports, since if the right policies are implemented it can become an internationally competitive industry with recognized products worldwide [4]. In order to properly organize an efficient marketing planning, all the critical factors prevailing in the Greek and foreign markets should be taken into account. Afterwards, with absolute implementation and support of the design, as well as with the correct re-evaluation procedures, the Greek winery will strive to establish a separate position on the international market and preserve its dominant position in domestic market that will bring multiple benefits not only to Greek winemakers but also to the Greek economy in general. The business plan of national marketing includes concrete strategies for both domestic and international markets such as:

1. Implementation of integrated national wine brand management
2. Creating top quality on-brand content [visual and verbal] and marketing collateral
3. Investing in product competitiveness
4. Communication and consistency among members of the industry [internal marketing]
5. The branding-positioning strategy of the National Wine Entity

### Strategies for expanding into foreign markets: Factors, options and risks.

The reduction of domestic consumption of wine in the years of the economic crisis has made even more important the growth of export activity for the survival and development of Greek wineries. There are 5 major reasons for a company to expand into international markets [46]

- Access to new customers with the prospect of growth in sales and profitability
- Decrease of costs through achievement of economies of scale, experience and increased purchasing power
- Reduce the dependence from domestic wholesalers or retail customers
- Exploit the resources located abroad
- Develop its core competences and capabilities and become from a domestic market leader to a world scale player

Expansion to foreign markets, apart from opportunities, also presents risks. Foreigner customer preferences, laws and regulations of importing countries, competition level as well as the political and economic environment of each country are factors that must be properly assessed, to avoid the risk of investing and spending resources without the expected results.

As major obstacles to the export activity of the Greek winery are considered the bad image of the Greek wine of the past and the inability of independent

wineries to serve large orders from foreign wholesalers.

According to the National Strategic Plan that has been implemented since 2010 and was established by initiative of the Greek winemakers sector, the diversification focus strategy has defined as the main competition strategy for Greek Winery in international markets. The identity that is adopted for Greek wine is "New Wines of Greece". The use of the "new" feature in the Greek wine identity for international markets directly refers to modern Greek wines that overturn the stereotype of the past cheap and low quality wines. A medium-term national marketing business plan was developed, with strategies and tactics at product level, pricing, distribution, promotion and communication, internal communication in sector and organization. Today, all the attempts are oriented to the local varieties of grapes as the only way for differentiation. In fact, the four varieties chosen as ambassadors of Greek wine on the international markets expressing the national wine entity are: Asyrtiko Santorini, Moschofilero Mantineaia, Agiorgitiko Nemea and Xinomavro Naoussa and Amyndeou. The selection of the wines [labels] that will represent Greek wine on the international markets will be re-evaluated and through fair processes new entries are possible in order to achieve a better representation of New Wines of Greece in the international markets. The blending of international varieties with Greek ones will always support the promotion of last, creating perfect combinations.

The National strategy that concern exclusively international markets is expressed through 3 concrete objectives: • National Wine Entity Protection and Signature Protection

- Acquisition of control over reports on Greek wine in international publicity and dialogue, and the formation of perceptions of critical public
- Building and expanding value relationships with critical audiences.

### Selection of target markets and positioning of market offering

The wine market globally is characterized as a "buyers market" because of oversupply. This fact brings increased competition and tougher negotiations for potential exporters [47]. The selection of efficient target markets is crucial so that no resources are spent without result.

Considering statistical data of this thesis at chapter 2, we notice the following:

- Greek wineries export almost the same quantities at last years but achieve higher prices
- Only 12% of Greek wine production is exported
- Almost 50% of Greek exports in quantity and 40% in value end up to Germany, in a price lower than average
- The diversification of sales is restricted as excluding the second-largest destination US market, with an estimated 8% volume and 16% value, the placement of Greek wines in other countries has not been consolidated and yields negligible economic benefits
- PGI and PDO wines consist together the main body of Greek exports with a percentage of 72% in exports value and 56% in exports volume. They are sold at fairly reasonable prices at 3.51 € / kg and 2.95 € / kg respectively, having the potential for even higher prices
- The highest prices of sales for Geek wines are achieved in the U.S.A. with 5.29 € / lt, Canada with 4,58€/lt and China with 4.41€/ lt . Prices in European countries range at low level from 1.6 € to 3€ per liter.

In fact, Greek wine exports represent only 1.1% of German wine imports [30 millions exports out of 2.5 billion of imports], 0.2 % of USA [12,5 millions exports out of 5.2 billions of imports], 0.3% of Canada [5.4 millions exports out of 1.7 billions of imports] and almost 0.1% of U.K. wine imports [2.6 millions exports out of 3.5 billion of imports]. There is, therefore, considerable room for growth in these countries: [a] For Germany, both in terms of sales and price increase, and [b] for other countries already choosing expensive and high quality Greek wine, targeting for increased sales it's going to be a one-way street.

The British market is considered as the most difficult to enter and Greek exporters sell there with great discounts. Unlike UK, in the USA the Greek wine is viewed as a luxury product and they are willing to spend for it especially in restaurants of 3th or 4th generation Greek immigrants. Germans are less receptive to change, and the transition from cheap to expensive Greek wine requires time and continuous and dynamic placement in upgraded restaurants .Moreover, according to a survey of Prof. Dr. Gergely Szolnoki German consumers drink Greek wine in restaurants, but there is limited opportunity to find them, they do not know much about Greek wine, but despite that, they said that their interest is high for their consumption. German wine cellar sellers, according to the aforementioned survey, said that the image of Greek wine is poor, there is no advertising and there is little experience, but they have the opportunity to include it in their shop. "Bad" featured the image of Greek wine and the wholesalers who underline the lack of promotion and advertising made by Greek producers. "Poor" see the image of Greek wine and the producers who participated in the survey, while they appreciate that the quality / price ratio is not good, recognize the gap in marketing and say absolutely positive the common appearance of the Greek winemakers on the German market [49].

Within this context, the official agency of the Greek State to promote exports called " Enterprise Greece " designed in 2016 and carries out an integrated plan to raise the profile of Greek wine and promote it in target-markets abroad using co-funded with European Union programs especially for third countries [50]. They focused on the markets of United States, Canada, Switzerland, Japan, China and Korea. The program includes bilateral actions: a) In Greece with concerted visits of wholesalers, journalists and opinion makers from those countries to Greek wineries and vineyards. Tastings of the best Greek wines from various regions take place accompanied by appropriate dishes and meals for each occasion and b) In targeted countries with presentation of the best Greek varieties, by famous masters of wine or sommeliers , to international wine exhibitions [like US Worlds of flavor, Interwine China, Vinexpo Asia Pacific and Seoul International Wine and Spirits Expo ].In those countries and mainly on the USA market an extended advertising campaign takes place, seminars and tastings for professionals and wine events for people belong to wine clubs and are interested in Greek supreme wines.

As mentioned above, given the intense competition on the world wine market and the possibility for wine-producing countries such as Chile, Argentina and South Africa to compete on cost, the diversification strategy has been chosen as the most effective for Greece that is only the 17th largest wine-producing country in the world. Differentiation fields are:

- The authenticity, through the distinctive terroir and the high quality native varieties of Greek wine
- Innovation, through the creation of new wine products that respond to the needs of modern consumers for sustainable, organic and responsible practices, premiumisation and luxury compatibility with a healthy lifestyle and ease of use in an active lifestyle and
- Wine tourism, through integrated, high-quality wine experiences in the main wine-producing and tourist areas

As a model for Greek winery, should be considered countries like New Zealand that exploited its advantages and proved that small countries without tradition in wine production [one of the youngest in the world] but with proper development strategies selection and the focusing on the right target markets can create a successful exports model. Based on specialization in 2 certain varieties [ Sauvignon Blanc and Pinot Noir] won a global reputation of a producer of a high quality and sustainability, mid- to high-priced wine [51]. Moreover, following a long term plan improved innovative methods of production and bottling [ with screw caps] and presented great award winnings at international competitions. Also with investment on specialist press and strong cooperation with international supermarkets and other distribution channels managed the following: Having wine production same as Greece but low wine consumption is the 7<sup>th</sup> exporter of wine globally in terms of value and 10<sup>th</sup> in volume [Greek Wine Federation, 2019]. It holds a high position in markets of USA and UK and it has 1,7 billion \$ exports in

2018 [52].

### Managing distribution networks and promotion tools

There are 4 basic options for entering a foreign market: a) Indirect exporting, b) Direct exporting, c) Licencing, d) Strategic Alliances and joint ventures. Greek Winery exports are based on indirect exporting because the other 3 options demand great investments and risk that size of Greek winery can't afford. For a typical small to medium Greek winery the exports department is consisted of 1 to 2 salesmen, specialized to international markets. They strive to establish strong cooperation with intermediaries that will become the distribution and promotion network in foreign countries. In cases of Germany and USA these distributors-importers are, on most occasions, Greek expatriates of second or third generation. They work mainly with Greek restaurants in countries abroad and they recognize that during the last years, Greek wines of higher quality and price are replacing the inferior inexpensive wines of past [53]. Nowadays, not only Greek clients seek Greek varieties like assyrtiko, Xinomavro, moschofilero and blends of native and non-indigenous varieties.

However, one of the problems of expanding the penetration of Greek wines into foreign markets is identified there: measurable success is recorded on premise trade [restaurants], but a minimum improvement is observed in the off-premise sector [retail stores]. Given that in USA for example 78% of all cases are sold in retail and 55% of all dollars spent on wine is in retail and the fastest growing segment in the US wine market are wines that retail between \$12- \$22 per bottle, it is obvious that the efforts of distribution networks should focus both on restaurants and retail sales. This is a complicated procedure and requires specific actions that must be consistent and coordinated, so as to make faithful consumers of restaurants look for Greek wines intensely at supermarkets. This situation will push supermarket chains to create Greek section of wine, perhaps in combination with other Greek famous products, in their store.

The attempt to preserve reputation and awareness for Greek wine at high level as to increase the aforementioned demand implies a successful communication strategy that must start within the country. Given that tourism results in Greece are impressive it is obvious that tourists must be the first target as ambassadors of Greek wine when they return back to their countries. In 2018, surpassing any previous record, 30.122.800 tourists arrived in Greece [54]. Most of them are coming from countries-targets for Greek wine exports: 4.381.400 tourists from Germany a country-target for volume and 2.942.800 from Great Britain, 1.524.000 from France, 1.097.400 from USA and 520.000 from Russia, countries that select Greek wine of high level and price. Nevertheless, wine tourism is in embryonic stage in Greece with only some individual efforts of tour operators despite that a visit of a foreign tourist in a winery always has impressive results. A successful wine tourism strategy requires cooperation of all operators of Greek tourism industry, to supply tourists not only with "wine-centred" information but with other recreational facilities that connect wine with Greek culture and cuisine. The " wine routes " in Greece is a good start. Travellers have the chance to follow selected destinations which pass through the most picturesque viticultural areas and wineries. They learn about local wines and their wine making process and sample them accompanied by traditional food in nearby restaurants or taverns. At the same time they are hosted in hotels along the way and they visit the sights and monuments of Greek culture and tradition [Visit Greece | The Official website of the Greek Tourism Organisation, 2019]. In New Zealand 27% of international visitors visit a winery and spend 52% more and stay six days longer than the average tourist.

Other promotion tools that must be used at foreign countries- targets to create loyal consumers are:

- Special training or culture events with a central axis of the wine in Germany and USA, to educate Greek-American or Greek-German consumers, who in most cases do not have direct contact with Greece, since most them are now three to four generations removed. They could be evolved to the best ambassadors of new Greek wine
- Wine exhibitions and festivals in other foreign countries-targets,

related with tasting events that highlight the uniqueness of ecosystem and climatic conditions that Greek wines are produced.

- Public relations through social media and wine clubs and advertisements [in special or not] magazines that focus on quality of new Greek wines.

### Industry analysis of wine sector in Greece and world-wide

#### The wine sector in Greece

The Greek vineyard has a long history, being one of the oldest in the world. The wine was, is and will be an integral part of the culture, civilization and life of the Greeks in general. It is characterized by many native varieties and a relatively small size of land plots [family- owned] for wine growers with 81% of the vineyards cover up to 5 acres of land [55]. This fact doesn't allow the creation of large, privately-owned winegrowing areas. The most important factors that shaped the contemporary Greek wine production and determined its new identity are : a] The modernization and new equipment of the wineries based on international standards, b] The creation of new, small-to-medium size wineries which are outfitted with state-of-the-art equipment. Some of them are well known as "boutique wineries" which combine aesthetics and accessibility with an overall quality upgrading of winemaking c] Winemaking using innovative methods, many of which are environmentally friendly, such as integrated and organic viticulture and an active interest in new alternative winegrowing practices such as biodynamic or organic wines d] Next to veteran vine growers came to add the oenological training of many young scientists have received in European universities located mostly in France, Italy, and Germany or even in other countries such as the U.S.A. and Australia, and the creation of oenology schools and graduate study programs in Greece [56]. All the above are the result of the so- called "Greek wine revolution" of the 1980's and 1990's that brought innovations in viticulture, viniculture, harvesting, vinification and bottling.

It is relied, above all else, on the important research concerning native Greek varieties that was launched by the historic Greek Wine Institute in the 1970's. The study aimed at investigating the wine-making potential of native grape varieties. The first varieties explored were those of Assyrtiko, Agiorgitiko, Xinomavro, Savvatiano and Roditis. It was at this time that the Greek wine world came to know the uniqueness of Assyrtiko and its inextricable relationship with Santorini. At the same time, another significant study concluded that, when blended with native ones, many of the foreign varieties could end up yielding wines that could easily rival the wines of their place of origin [57,58]. The most widespread varieties nowadays are Savvatiano , Roditis and Agiorgitiko, which accounted for more than a third of all vineyards planted with wine grape varieties [59].

The European Union from 1990's funded all this research, giving even greater impetus. Beyond research, specific investments by wine-growers are constantly being subsidized through the European Union Agricultural Guidance and Guarantee Fund. The total amount of funds available for the investment program is determined per financial year in accordance with the "National Support Scheme of the wine sector ", as it applies every time by Ministry of Rural Development and Food. Under the current program for the period 2019-2023 the subsidy rate is set at 40% to 65% and concerns investments in state-of-the-art technologies, improving the quality of the wine produced and the marketing of wine products. The remaining percentage of actual expenditure is covered by the beneficiaries' own contribution. The strategic objectives of the program are: a) to increase competitiveness through the qualitative upgrading of produced products combined with improved marketing b) to support small and medium-sized enterprises to maintain or become economically viable and c] to strengthen collective structures [eg Cooperatives, Producer Organizations, Wine Producers Associations, Interprofessional Associations]. Only costs linked to the production and improvement, quality control and marketing of wine products are eligible for support. The maximum amount of an investment program per beneficiary is set at 200.000€ and the minimum at EUR 10.000. In case of a union of persons or collective body, the maximum amount of investment is



increased to 500.000 euro [60].

Hellenic wineries have succeeded, after continuous and concerted effort during the last decades, to create quality products and the infrastructure to gain recognition of international markets. They set aside the traditionally cheap wine and pine-flavored "retsina" offered for decades, and they were focused on quality wine and new indigenous grape varieties that highlight the particular characteristics of Greek land and gave them an additional advantage. Also they do make the well-known chardonnay, cabernet sauvignon, syrah and merlot but they additionally blend them with local grapes to create new tastes. The participation of Greek wines in international exhibitions and competitions is intense. International Awards are continuous [Awards.decanter.com, The Wine Merchant Top 100, The Berlin Wine Trophy, The Teksom International wine awards] and demonstrate that Greek Wines should be enhanced in international markets.

The legislative function of winemaking in Greece is defined in the framework of the European Union Regulations of Council 479/2008 and Commission 491/2009 [plus their executive regulations] for common organization of this market. They define support programs, oenological practices and restrictions, measures for protection [like protection of designations of origin and geographic indications] and control, rules for labeling and presentation, trade with third countries and production potential for common organization of the wine market in European Union [61,62]. Greek law regarding the wine sector is limited to the application of the provisions of the European Union regulations. Legislative interventions are only made for procedural matters usually complementary and of minor importance.

According to the above regulations there are 4 wine categories in Greek market: a) Wines with "Protected Designation of Origin" [PDO] defined only by Greek native grape varieties, b) wines with "Protected Geographical Indication" that refer to Regional Wines [PGI] and those of "Traditional Designation" which, simultaneously, have an established geographical indication c) "Varietal wines" that have an indication of their vintage year and varietal composition but not of their geographical indication d) "Table wines": Ordinary table wines belong to a wine category which includes all wines that don't belong to any other category [63]. The last are on most occasions wines or blends of wines of lower quality and price, with no indication about their vintage year or varietal composition. The most famous varieties for white wines are assyrtikos, moschofilero, muscat Blanc, savatiano and malagouzia while for red wines are agiorgitiko, limnio, mavrodafne, roditis and xinomavro.

The biggest companies in Greek wine sector are medium sized industries [with 50 to 249 employees and turnover between 10 to 43 million euro] with long time experience and they are less than 10, with more typical cases the "Tsantali Vineyards and Wineries S.A.", the "Greek Wine Cellars-D. Kourtakis S.A.", the "Cavino S.A." and "E.Malamatinas and Son S.A." [64]. They are winemaking units with fully automated systems at all stages of the production process, high capabilities and production capacity and volumes greater than 100,000 hl per year. Their products dominate at parts of market that mass consumption is taking place such as supermarkets, traditional events and taverns, mainly because of their affordable prices but also because of their strong distribution channels. Also they have intense export activity with presence all around the world.

The majority of wineries in Greece are very small [with less than 10 employees] to small companies [with less than 50 employees]. The first are numerous, family-owned companies with limited financial capabilities that target the local market. The second are either cooperative organizations with bulk wine orientation or wineries that aim at qualitative diversification. The last are wineries that place great emphasis on quality, communication and competitiveness capable of production from 30,000 to 100,000 hl per year. They refer mainly to niche market of wine sector like expert wine cellars, wine bars and famous restaurants. They demand higher prices and pursue the establishment of a brand name with duration over time. They are export-oriented by creating export departments and participating in international competitions and consist the fastest growing part of Greek wine industry.

## Wine production and consumption in Greece: The impact of economic crisis.

About 1200 wineries operate in our country, the majority of who obtain the raw material from viticulturists that have long-term cooperation, while some wineries have privately owned vineyards. Wine production has evolved over the years from a traditional process into a scientific one. In order for the vine to grow and ripen properly, it must first be cultivated in the right area, taking into account the climate, soil, temperature and water. Although it is a natural process, it requires human intervention and mechanical support at different stages. Each winemaker-oenologist guides the process through different techniques of vinification. In general, there are five main stages of the wine production process: a) harvest of grapes, b) crushing and squeezing of grapes with the help of special presses, c) fermentation of the wine that carried out usually at special stainless tanks, d) clarification and e) direct bottling or maturation and aging in oak barrels and then bottling. The winemakers give great importance in each of the 5 stages as well as in the quality and characteristics of the grapes. Adding their personal variations they try to present a distinct wine.

The Greek wineries, benefiting from European Union funding, were equipped with modern machines, increasing their production capacity and ensuring better wine quality. However, as shown in Table 2, wine production is continuously declining over the last fifteen years.

This is mainly due to 2 factors:

a) The planting of a vineyard with wine grape varieties is subject to restrictions that determine the maximum wine production. From 1987 onwards, the European Commission, through Community regulations, only allowed planting after the authorization of the member state. According to European Union Regulation 1308/2013 "Member States shall make available each year authorisations for new plantings corresponding to 1% of the total area actually planted with vines in their territory, as measured on 31 July of the previous year" [65]. This scheme of authorization has duration from January 2016 to 31 December 2030. This is a mechanism to ensure that a situation of oversupply of wine products will be avoided and simultaneously the risk of devaluation of PDO [protected designation of origin] or PGI [protected geographical indication] wines too. Moreover when applications surpass 1% it gives priority to new entrants, to consolidation projects, to replantations and to environmentally preferable plantings. The granting of planting licenses is made afterwards by a digital request from the interested party. The area requested for a new planting license may correspond to one or more parcels. The Greek territory is divided into vineyards with geographic criteria [Thrace, Macedonia, Thessaly, Epirus, Sterea Ellada, Peloponnese, North Aegean, South Aegean, Cyclades, Ionian Islands, Crete]. Within the wine-growing districts, native and foreign varieties are classified as recommended and allowed for cultivation,

b) The enforcement of the excise duty of 0,20 euro/liter on wine from 01.01.2016 has increased the gray economy in the wine market. Many small wine grape vendors who file a grape harvest declaration have refrained from submitting a wine production declaration to avoid excise duty. As a result many quantities of wine are not reported in annual production. Moreover, the imposition of excise duty on wine has created a great deal of insecurity in wine sector, resulting to limitation or even pause of production (Table 1).

Concerning domestic wine consumption, as shown in Table 1, in last three years has reached the historic low from year 2001/2002. It is noteworthy that domestic wine consumption has been decreasing over the last decade to more than 25%. According to the wine balance sent by the Department of Wine and Alcoholic Beverages to the Commission with the definitive figures for the wine year 2017-2018 and the processing of the data by KEOSOE, the decline in wine consumption in our country is recorded by 2, 86% in the period 2017-2018 compared to the period 2016-2017, while the fall is significant in the last two years and reaches 11%. The fall is higher [-17%] if consumption 2017-2018 [2,143,000 HL] is compared with the average of 5 years [2,582,000 HL] (Figure 1).

It is certain that the actual consumption of wine in Greece is greater,

**Table 1:** Greek wine production 2003-2017.

Year	Table Wine	Vqprd [PDO]	Pdi	Varietal	Others	Total Production	% Per Year Change
2003	3.491	372			1	3.864	24,73
2004	3.929	366				4.295	11,15
2005	3.755	338				4.093	-4,7
2006	3.530	370				3.900	-4,72
2007	3.150	350				3.511	-9,97
2008	3.510	345			12	3.868	10,17
2009	2.254	340	485		285	3.365	-13
2010	2.270	280	550			3.100	-7,88
2011	1.716	280	470		284	2.750	-11,29
2012	2.099	310	571	70	65	3.115	13,27
2013	2.358	315	600	70		3.343	7,32
2014	2.010	237	439	114		2.800	-16,24
2015	1.729	234	427	111		2.501	-10,68
2016	1.737,10	243,7	481,6	118,2		2.580,60	3,18
2017	1.716,10	234	440	111		2.501,10	-3,08

Quantities in thousandhl

Source :Ministry of Rural Development and Food

Data processing: Keosoe



Source: Keosoe,2018

**Figure 1.** Total production of wine in Greece.

since the "undeclared" quantities that are being moved and not declared are consumed and increase the actual size of consumption. However the decrease of consumption is a fact that is obviously a result of Greek economic crisis in recent years, was also worsened by the imposition of an excise duty on wine [0,20 euro per litre]. Consumers moved more towards the cheapest wine either bottled or bulk. The sales of bottled wine are between 36-40 percent of total volume and approximately 58 percent of total value of wine sold (Table 2).

In addition to shrinking consumption, the lack of bank financing in recent years has created significant liquidity problems for Greek wineries. For some of the winemakers the solution was given through the institution of "contract farming", that is the contract between producers of wine grapes for

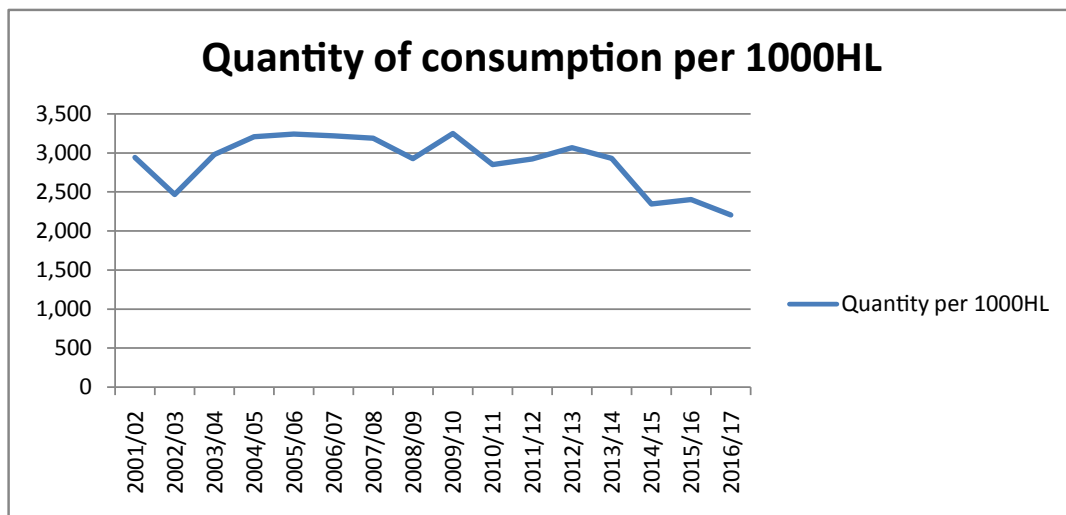
production and sale of a certain quantity and quality of their products to the winery at a "predetermined" price (Figure 2). Banking institutions involved in this process strengthen the counterparties with considerable liquidity.

Consequently the extroversion of Greek winery seems to be more necessary than ever and Greek wine companies investing in this direction. Moreover it is important for Greek wines to maintain their dominant position on the Greek market against imported wines. Total imports of wine in 2017 are estimated at 192.600 HL and represent only 8,7% of domestic consumption of 2.206.000 HL. If domestic bulk wine, which in many cases is unchecked, is added to total domestic consumption it is understood that the share of imports compared to annual consumption in Greece is even lower.

Table 2: Total wine consumption in Greece 2003-2017.

YEAR	Quantity per 1000HL	Litre Per Citizen	Litre Per Consumer	% Change
2001/02	2.942	28	39	
2002/03	2.466	23	32,9	-16,18%
2003/04	2.978	28,4	39,48	20,76%
2004/05	3.207	30,5	42,51	7,69%
2005/06	3.242	30,9	42,97	1,09%
2006/07	3.218	30,6	42,66	-0,74%
2007/08	3.188	30,4	42,26	-0,93%
2008/09	2.926	27,9	38,79	-8,22%
2009/10	3.248	30,9	43,05	11,00%
2010/11	2.852	27,2	37,8	-12,19%
2011/12	2.923	27,8	38,75	2,49%
2012/13	3.068	29,2	40,67	4,96%
2013/14	2.931	27,9	38,85	-4,47%
2014/15	2.347	22,4	31,11	-19,92%
2015/16	2.404	22,9	31,86	2,43%
2016/17	2.206	21,01	29,24	-8,24%

Source : Ministry of Rural Development and Food  
 Data processing: Keosoe



Source: Keosoe,2018

Figure 2. Total consumption of wine in Greece.

## Methodology of research: Case study analysis

For this article, the case study has been selected as a research methodology. For the right design of case study we select single case –holistic design as most appropriate. According to that, we have a well-formulated theory of proposals and techniques under specific conditions, assumptions and constraints [in our case for successful or innovative management and marketing of wineries]. The examination of a single case, like “Ktima Gerovassiliou Winery”, which is proven to be successful and pioneer in the Greek winemaking sector, consists an important element of verifying, questioning or evolving the general theory of proposals. Concerning the choice of holistic rather than embedded [in units] analysis, is due to the fact that “Ktima Gerovassiliou Winery” is a small to medium-sized enterprise that has to be studied and analyzed globally, and not to additional subdivisions.

According to the above, all information, conditions, data and future prospects that mentioned for the Greek wine industry, will be examined in the light of one of the most dynamic companies in the sector, the “Ktima Gerovassiliou Winery”. We will use a cross-tabulation of two dimensions: studying specific

aspects of a particular case versus studying on the level of the whole. All those secondary data [from surveys, books, reports, articles etc] about growth and viability of Hellenic Winery included in this thesis will be combined with the primary data which will arise from research in “Ktima Gerovassiliou Winery”. The conclusions of this comparison will draw important elements about correctness of theory’s propositions or the necessity to explain theory in an alternative way.

The means of information to carry out this qualitative research approach, are as many as possible in order to construct a complete case study and are grouped as follows: 1) Utilization of ready-to-business material of documents and archival records [publicly available and not available] 2) Searching through different and sometimes rival data sources [triangulation principle], until the data collection is complete [Jonker and Pennink, 2010] and 3) On-site visit, direct observation of the operation of company “Ktima Gerovassiliou Winery” and interviews and conversations with its executives.

The topics under investigation for “Ktima Gerovassiliou Winery” include its basic features [identity, history, size, activities, products / services], financial and economic business environment, financial performance, strategy and investment activity, organization / structure, operation and administration, human resources, technological and innovative capabilities, strengths points

and weaknesses, opportunities and threats it faces [SWOT Analysis] as well as short and long-term prospects.

For fields of this case study that are subjective, there was made an attempt to follow the below principles of data collection :a)use multiple evidence from certified and recognized sources and b) create a case study database grading of the most important elements. As the most significant weakness of this approach is identified that the researcher cannot be an objective outsider. In addition, there is always the risk that retrieval or access to primary data is not high or totally measurable. However, an effort is made through a thorough analysis of the company's data and a grid of complex questions during the conversation-interview, to reach the maximum possible objectivity. For that reason after determining the issues facing the winery and identifying the research axes based on the corresponding theory, we visited the winery's headquarters at Epanomi-Thessaloniki. The owner of the company Mr. Evangelos Gerovassiliou was asked to answer a series of questions concerning mainly the strategy followed by the winery in terms of production, branding and selling [quality, quantity, pricing ], its strategy of achieving competitive advantage , its relations with customers and selection of distribution channels. Moreover the adoption of a concrete communication strategy, the influence of materials and intangible resources in company's development, establishment in international market and finally the prospects for the future. The questions designed for the interview were open-ended, were based mainly on "How" and " Why" this organization works The questions go up to the prescribed research line, emerged and connected with data sources of related literature and work as reminders about the information we need to collect. The interview questions are presented in Appendix 1 of this thesis. Moreover, for the needs of this research, the financial data of the last years of the winery were used.

## Marketing Mix

### Product and brand decisions [Quality, Quantity, Pricing]

For "Ktima Gerovassiliou Winery" the product itself is considered to be the indispensable element for the success of any marketing effort. What the company has established is the consistency in the product: it is a product that is every day under trial and the product itself advertises.

That is why the construction and expansion of winery buildings, equipment and facilities started in 1986 and continues unceasingly until today, it has always been designed with the focus on producing the best product.

The whole procedure of wine production includes the following steps:

- a) The grapes immediately after the harvest are led to the adjacent building with the appropriate equipment for wine production: pneumatic press, tanks with automated cooling system for pre-fermentation and tanks from stainless steel or oak for fermentation and stabilization.
- b) All red wines and some of white follow the procedure of wine aging in specially designed underground cellars with automated control systems for temperature and humidity preservation. Aging takes place exclusively in French barrels of 225 lt.
- c) With the completion of wine aging, the wine is transported to the state-of-the-art bottling plant.
- d) Then the process of labeling and packaging follows.
- e) Finally the storage of ready-made wines is done in basement spaces in ideal conditions of maintenance until wines sale.

Moreover this procedure follows strictly standards of Quality and food safety Management system ISO 9001 and ISO 22000.

Great emphasis is given on the quality of grapes, as it is the raw material of the wine and to process of vinification in order to highlight the special features of the microclimate of Epanomi's terroir. The research for new varieties or blends of existing ones, in order to produce advanced wine, is continuous. It does not have organic wine as there is no protection since the vineyard

is in an intensive farming area. In wine, however, organic cultivation is not so important because as a non-primary product, as a result of fermentation, pesticides are reduced by 90%. The vine is naturally a durable plant and does not require frequent spraying. The largest and well-known wines avoid organic farming as non-organic wines are considered of better quality because especially in Europe rains and bad weather can be destructive for organic crops in quantity and quality of grapes.

As for quantity of production this is almost predetermined. Domaine Gerovassiliou produces about 450,000 wine bottles annually, with raw material coming almost exclusively [at a percentage of 95%] from its privately owned vineyard of 730 acres in Epanomi. Although demand for his wines is growing more and more and often exceeds supply, Mr Gerovassiliou decided not to increase grapes production in his given acres because that will result discount in quality. The quantity-quality ratio in grapes is inversely proportional. In addition due to the constraints that exist in the European Union for the licensing of new vineyards, the possibilities for immediate expansion are very small. The last possibility of expansion is the purchase or rent of existing vineyards but this is far away from the philosophy of the company, as it is very difficult to achieve the homogeneity and quality which has been achieved by the single vineyard of the Gerovassiliou estate over the years.

It is obvious that Gerovassiliou Winery has chosen differentiation focused strategy [market niche] from the beginning, offering high quality wine with special and exclusive features to customers that can afford a high price. This choice implies a high production cost which determines the pricing policy of Gerovassiliou Winery to a significant extent. Also it has to calculate all the costs and potential risks as it is an agricultural product. As Mr Gerovassiliou said "The price of wines must allow survival, investment and production reduction to achieve better quality". The wines are sold, depending on the variety and vinification method, on average from 13€ to 20€ in supermarkets and cellars. In restaurants and wine bars the price is doubled. Aged wines from previous available crops are sold from 20€ to 100€. These prices are considered high but fair for Greek market. As Mr Gerovassiliou says " the price of very good wine has no ceiling and it has nothing to do with production costs but with fame and prestige".

The same high pricing policy is applied to international markets as well. In fact, such prices are regarded low for some international target markets like U.K and U.S.A and increased demand guides them to higher levels.

As for brand names and labels are not changing easily because Gerovassiliou Winery does not want to confuse the market and risk the already high brand awareness of its bottles. Any modernizing change is careful and within the philosophy of the company.

### Selection of distribution channels in domestic and foreign markets

#### Distribution channels-Domestic market

For Gerovassiliou Winery the target market at the beginning was wine cellars and restaurants. Distribution started with 2 dealers-wholesalers in Southern Greece and 1 in Northern Greece and 4 salespeople who oversaw and helped. Over the years the brand name 'Gerovassiliou' established, production increased essentially and demand for its wines too.

Nowadays, it has 30-40 dealers-distributors in southern Greece to whom it sells directly for risk disruption and better distribution. In big islands like Corfu and Rhodes it has local dealers and non-Athenians. The intermediaries-wholesalers have been abolished, increasing significantly the profit margin.

Moreover, gradually, the cellars closed and the turnover went up to large retail chains- supermarkets that turned into cellars. The economic crisis has opened this side of market: people do not go to the taverns and consume at home. The company's turnover from the supermarket has increased tenfold and according to Mr Gerovassiliou "the transaction terms are very satisfactory because his wines can be compared with products of large multinational companies that supermarkets want to have for prestige purposes" and "it is a great success that Greek wines prevail in the supermarkets".

**Table 3:** Financial data of 'Gerovassiliou Winery' 2015-2017.

Year	Sales In €	% Variation	Profits [Aftertaxes] In €	% Variation
2015	4.568.181		828.449	
2016	5.038.213	10,30%	595.463	-28,12%
2017	6.229.533	23,60%	874.273	46,80%

Source: Business registry.gr

The company has no e-commerce and e-shop activity because they do not want to have rivalry with the merchants. They sell only through their web page a limited number of bottles of old vintages in notably high prices. However, customers like liquor stores, wine cellars and hypermarkets have e-shops where everyone can find Gerovassiliou wines easily.

Finally, sales made directly to visitors of the winery constitute a very small percentage of the company's total sales.

### Distribution channels-Foreign market

In 2018 more than 150.000 bottles of Gerovassiliou wine sold to foreign markets. The percentage of exports per country is analyzed as follows:

- 1) Germany with 55%
- 2) USA with 15%
- 3) Canada with 15%
- 4) United Kingdom with 5%
- 5) Other countries like Netherlands, Cyprus, Belgium, Romania and third countries like Japan, Australia, China and Singapore hold the rest 10%.

The distribution channels vary according to country of destination:

a) In Germany, the big client because of intense presence of Greek community, indirect exporting is applied with a network of 20 distributors. As the export manager of Gerovassiliou Winery Mr. GiantsidisThrasos says " the problem is that most of them are not wine but food traders. So they promote wine along with other Greek products [cheese , olive oil etc]mainly intended for Greek immigrants, causing an anarchy in distribution". It still wants a lot of work there because no clean German market has been found yet and this is due to the fact that Germans are pretentious and conservative consumers and difficult to accept something new.

b) In USA and Canada the importer can't sell wines but distributes them to local distributors of each state with huge portfolios who send them to retail outlets. Every state of America is another market and 'Gerovassiliou Winery' found American companies that distribute Greek wines in their portfolio. The company applies indirect exporting having contact with most of companies-clients. The big success is that an entirely non-Greek market has been created there. In U.S. especially, the quality of Greek restaurants has helped a lot in this upgrading as well as the Mediterranean diet boom in U.S. consumers. According to Mr. Giantsidis "Some Greek restaurants in New York are considered the best and promote and advertise Greek wine to American clients of high income status [mostly not Greek immigrants]. They offer a Mediterranean diet, which is 80% Greek and is totally blended with our qualitative wine. Particularly Americans were tired of junk food and began to taste healthy dishes".

### Promotion strategy

The methods of promotion that Gerovassiliou Winery has chosen are mainly focused at the company's target market: consumers who value quality wine and are willing and able to pay a high price for a wine with high brand awareness. The budget is predefined and it is counted at 15% of the winery's turnover. For specific cases, overruns may occur. So, from traditional communication tools they emphasize and invest in public relations adapting them to company's culture. Advertising, sales promotion and direct marketing play a minor role in domestic market but work in foreign.

a) Public relations:

- They participate in few but important international trade fairs for wines like German "PROWEIN" [ the world's No1] and Greek "OINORAMA". The presence there is necessary for maintaining the company's status as well as for establishing new customer deals.
- They send wines to 5-6 mainly international contests per year getting high rankings. Awards in some markets play an important role. The wine follows the prize. What counts from these competitions is the consistency shown by the company. Ranking in PGE [Protected Geographical Indication] or PDO [Protected Designation of Origin] wines is of great importance and helps in Europe, but not in the third world as in their brand name and quality count more. The only Greek variety that counts internationally is the PDO Santorini.
- They have continuous presence in electronic Wine press and blogs, domestic or international, with interviews of Mr Gerovassiliou and tributes on the Winery. This is an indirect advertising with no cost.
- Strong relations and personal contact are created with people that visit winery's premises. There are counted 25.000 to 30.000 visitors of all ages every year. The current infrastructure of the winery ensures a unique experience for every visitor: a) Visits and tours in the vineyard and wine-production area are carried out every hour of the day by qualified personnel. They end up to the wine museum which is housed in the winery's premises and began from love of Mr. Gerovassiliou for wine and its history. It was designed by professors of the Aristotle University of Thessaloniki and inaugurated by the President of the Hellenic Republic, Mr. Karolos Papoulias in 2008. Since 1976 Mr. Gerovassiliou collects viticulture, winemaking, bottling and cooperage tools from ancient years until now and from all around the world. He has one of the world's greatest collections of corkscrews with 2600 exhibits. This museum reveals to visitors the cultural dimension of wine and the notion that it is a multidimensional product with multiple social implications. It evolved to an important promotion tool of the company. b) wine tastings in special rooms and wine- food tastings in the newly-built restaurant of the winery,
- c) Educational programs and seminars circles for beginners or not which have great demand, d) publications, lectures of professors for various social issues, theatrical and musical performances, interviews of famous film directors, exhibitions of photographs are hosted all free for the public [73]. e) Daily excursions of schools in groups of 25 students for better conduct.

The public is informed about all these events by company's website or through email as well as from its face book page and YouTube channel.

The results of the above activities are not directly measurable with financial data. However, they express the philosophy of the company and they strongly support its image and give a surplus value to wine.

b) Advertising and sales promotion

In domestic market they advertise usually a new product of the company and only on selected media such as specialized magazines or tributes to wine.

In foreign market the promotional measures depend on each case. Generally:

- They organize tastings and dinners in targeted restaurants or wine bars abroad
- They make paid listings in international wine electronic magazines
- They arrange presentations to distributors of quality wines

- They invite in Greece persons with great influence to wine consumption like masters of wine, journalists or presenters.
- In countries like U.S. where Millennials [people from 20-35 years old with high income] are the main target, they promote their wine through popular bloggers because they provide immense reach to U.S strong wine blogging community.

It is very important that in most of these cases 50% of the expenditure of those actions in foreign markets is subsidized by the national institution for promotion exports called "New Wines of Greece".

### Prospects and barriers to the future of the company

The company has been steadily rising in its financial figures over the years, while in the last 3 years, despite the economic crisis and imposition of excise duty in wines, it has continued to move upward in sales as well as in profits (Table 3).

The main prospect of the company is the constant improvement of the quality and diversification of its wines and the strengthening of its brand name. For foreign markets awaits the establishment of its wines at selected locations mainly in America, Canada and Germany: According to Export Manager Mr. Giantsidis they are not interested in being everywhere in New York or Toronto but in the 10 best restaurants or niche markets launching their wine as a boutique, authentic and unique wine and gaining more and more loyal consumers. In any case, it is a period of opportunity as the Greek wine acquires a certain identity and there was remarkable collectivity among the Greek wineries over the last years.

Mr Gerovassiliou recognizes as major weakness the difficulty of easy expansion into new vineyards. He says "Because of EU policy, rights only for 6,500 acres of new vineyards are given for the whole country every year. Most of those go to small producers who make wine for very small wineries or their home". Given the high demand for his wines, the exhaustion of its wine inventories every year and the limited raw material, there are only two choices for the company:

- a) An increase in price, which is done with careful moves to be in-market
- b) The purchase of existing vineyards, something that is quite difficult, as the vineyards that meet the company's specifications are rare. However, the company has made such efforts in recent years purchasing 2 vineyards , one in Therassia-Santorini called 'Mikra Thira', with wine factory and limited production of 5.000 bottles per year and the other in Ilia- Peloponnese called 'Diolpsi' with 60 acres and no winery. In 2019, their wines presented for the first time in Greek audience and always with the same production and marketing philosophy with the wines of Gerovassiliou Winery.

The biggest threats and barriers for the future and the steady upward trend of the company are:

- a) The volatile tax system that keeps the taxation very high decreasing the reducing the potential for further investments or promotional costs for penetration in foreign market
- b) The maintenance of bureaucracy in domestic market despite the individual improvements
- c) The constantly upgraded quality and the aggressive pricing policy of wines of emerging countries.

## Conclusions

The most important results of this piece of research are set out below:

- Greek wine dominates domestic market, covering 91,3% of consumption in 2017, which is encouraging but not enough for the survival and growth of Hellenic Wineries. The number of Hellenic Wineries is constantly increasing, thus their market share in domestic market decreasing proportionately. The most successful wineries are

export- oriented and refer mainly to the demanding niche market of wine sector.

- Greek wine producers must concentrate on local varieties of grapes and produce consistently high quality wine. These 2 elements will establish the essential diversification and competitive advantage. As for international varieties, they can't compete with winemakers of the Old [Spain, Italy, France] and the New world [U.S.A, Chile, Argentina, New Zealand] in quality, quantity and price.
- Greece holds a very low position as an exporting country of wine: the 16th position among the 28 countries of the European Union in total volume of exports and around the 30th position globally. Only 12% of Greek wine production is exported.
- Although Greek wine exports volume appears in 2017 a slight increase of 0.48% in comparison with average of the last 5 years, the corresponding total value increased 16.95%. This means that Hellenic wineries export almost the same quantities of around 30 million liter per year, but achieve higher prices with total value 77 million euro in 2017. This is the highest amount of the last fifteen years.
- The biggest disadvantage is the restricted diversification of exports. Almost 50% of Greek exports in quantity and 40% in value end up to Germany, in a price lower than average of exports. It is mainly consumed by Greek immigrants who usually choose low-priced wine. It still wants a lot of work there because no 'clean' German market has been found yet and this is due to the fact that Germans are pretentious and conservative consumers and difficult to accept something new.
- The highest values of Greek wines are achieved in exports to U.S.A. with 5,29 €/ lt, Canada with 4,58€/lt and China with 4,41€/ lt . Prices in European countries range at low level from 1,6 € to 3€ per liter.
- A country like Greece with the 18th production of wine globally must invest in countries like U.S.A, the biggest consumer worldwide that outlays 36% more wine than it produces. Moreover, USA and Canada are the 2 countries that spend on average the most money for an imported bottle of wine [around 6 euro per bottle].It is hopeful that an entirely non-Greek market [ of American citizens that are not Greek expatriates] has been created there. The quality of Greek modern restaurants has helped a lot in this upgrading as well as the Mediterranean diet boom in U.S. consumers.
- Greek wine exports in value represent only 1.1% of German wine imports [30 millions exports out of 2.5 billion of imports] and 0,2 % of USA so there is considerable room for growth in these countries.
- In recent years significant improvements have been made in quality and marketing strategy of Greek wine. It is remarkable that in 2009, for the first time in the history, Greek winemaking sector has developed a strategic marketing plan so as Greek wine to acquire its own unique identity that will make it recognizable internationally. The diversification strategy and the upgrading of Greek wine experience had chosen as the most important long term objectives. The differentiation fields are authenticity, innovation and compatibility with a healthy lifestyle.
- Greek wines are continually awarded in major international competitions, demonstrating that they can compete in quality, wines of traditionally large winemaking countries.
- In Hellenic Wine exports that of higher quality and price are replacing the inferior inexpensive wines of past.
- In international markets measurable success is recorded on premise trade [restaurants], but a minimum improvement is observed in the off-premise sector [retail stores]. For German wine cellar sellers the image of Greek wine is poor and there is no advertising. Given that tourism results in Greece are impressive it is obvious that tourists must be the first target as ambassadors of Greek wine. In 2018, 30.122.800 tourists arrived in Greece with most of them from countries-targets.

- Strong support is needed from ministries of Rural Development and Tourism for recognition of Greek wines that still have low brand equity internationally. Moreover authorities must remove instability and multiplicity of laws, bureaucracy and high taxation because they all continue to be obstacles for development.
- The brand development based on quality and innovation is the most efficient tool in order to optimize the firms' reputation. For wineries like 'Ktima Gerovassiliou' the product itself is considered to be the indispensable element for the success of any marketing effort.
- Many Greek wineries nowadays, benefiting from European Union funding programs, were equipped with state of art technology, increasing their production capacity and ensuring better wine quality. Moreover they follow strictly standards of Quality and food safety [ISO, HACCP etc].
- Medium-sized and large Greek wineries with separate marketing segments use as main promotion tools: wine exhibitions and festivals in Greece or to other foreign countries-targets, special training or culture events, public relations through social media, wine clubs and advertisements. Furthermore, given that Mobile transactions [with Smartphone or tablet] are increasing rapidly they use tools like internet "cookies" and "internet search hits" that provide the opportunity to reach selected target groups with durability, repeatability and low cost.
- Small wineries that don't have integrated marketing strategy use their web site or Face book as main marketing tools.
- It is obvious that 'Gerovassiliou Winery' has chosen differentiation focused strategy [market niche] from the beginning, offering high quality wine with special and exclusive features to customers that can afford a high price. This choice implies a high production cost which determines the pricing policy of 'Gerovassiliou Winery' to a significant extent.
- The methods of promotion that 'Gerovassiliou Winery' has chosen are mainly focused at the company's target market: consumers who value quality wine and are willing and able to pay a high price for a wine with high brand awareness. They invest in public relations through participation in few but important international trade fairs for wines and international contests. They have continuous presence in electronic Wine press and blogs, domestic or international. Strong relations and personal contact are created with people that visit winery's premises. In domestic market they advertise usually a new product of the company and only on selected media such as specialized magazines or tributes to wine.
- The collaborations and synergies between the extroverted Greek wine producers is of vital importance because the fragmented and limited Greek wine production works inhibitory for establishment in international market. In any case, it is a period of opportunity as the Greek wine acquires a certain identity.

This thesis concludes with useful findings about the position of Greek winery on the domestic and international market, the quality development of its products and the strategic marketing methods that can be followed. The case study of a proven successful estate such as 'Gerovassiliou Winery' confirms and evolves the findings of this article. However, future research in other successful Greek wineries that may use different but equally effective methods should be necessary to enrich the conclusions of this article. Also, a study of the possibility of collaboration between private Greek wineries and winemaking cooperatives would be of particular interest, with a view to a unified image of Greek wine. Finally, a more detailed examination of how some small countries with or without wine tradition such as Portugal and New Zealand have managed to prevail in the international markets could be a model for the further development of a Greek winemaking strategy.

## Appendix A: "Questionnaire of research"

The following questionnaire was used during the interview given by the

owner of the Ktima Gerovassiliou Winery, Mr. Gerovassiliou Evangelos and the export manager of the company Mr. Giantsidis Thrasos, on 17-04-2019. Communication and collaboration to get information began much earlier and continued until the submission of this thesis.

### The Profile of the Winery and Company's Direction

1. The history of the winery. [Location, vineyard extension, plant, machinery, development].
2. Legal form of enterprise and shareholding composition.
3. What is the organization chart of the company? Are there executives and departments?
4. How many people work in the company and what criteria do staff selection work for?
5. Percentage of ownership of cultivated vineyards and wine varieties selected by the company?
6. Annual production.
7. What is the vision and mission of the company?
8. What are the short-term and long-term goals of the company?
9. What is the company's turnover and profitability?
10. Are there rates of participation in other companies?

### Marketing environment

11. What is the company's target market as for the final consumer?
12. How strong is competition in the Greek market and what are the external and industry forces that determine it?
13. How the company's marketing mix [4 P's] is designed and implemented? How much it helps to achieve the goals?
14. What do you think are the strengths and weaknesses of the company? What are the opportunities and threats?
15. Who are the suppliers of the company and what is the dependence on them?
16. Exports of the company and countries where it has a significant presence?
17. What is the importance of exports for the company? Are there possibilities for further development?
18. How has the financial crisis affected your business? What methods did you use to deal with it?
19. How did excise duty affect your business and the industry in general?
20. What is the possibility of funding through subsidies from the Ministry of Rural Development or European Union programs or bank lending? Is this funding sufficient for growth in foreign markets?
21. Do you expect growth in the wine sector in the future?

## Marketing Mix

### Product

22. What wine varieties has your company invested in?
23. Which product element is the most crucial? Quality, quantity, price, variety or packaging?
24. How do you achieve product differentiation?
25. Procedure and targets for the development of new products [new varieties]?
26. Can Greek varieties compete with foreign varieties?
27. How is the choice of brands and bottles packaged?
28. Your Company follows an integrated management system in the

production of its products. How does this help and would it be essential to produce organic wines to have better prospects in Greece and Europe? How much does voluntary certification also count?

#### Price

29. How does the sale price of the company's products form?

30. In which category do your wines belong in terms of price?

31. What are the most important intrinsic cost factors that can affect it?

32. What are the most important external cost factors that can affect it?

33. Do you offer discounts or offers to large customers such as supermarkets or wholesalers to start or maintain your cooperation?

34. Is there a difference in selling prices in Greece and abroad?

#### Place [Distribution channels]

35. Please describe the distribution network of your winery products [wholesalers, intermediaries, supermarkets, direct sales]. How did you choose them?

36. Please describe the distribution network of your winery products on international markets?

37. What has been the evolution of these over the years and what difficulties have you encountered?

38. What is the level of e-commerce development in your company? Is it a powerful distribution network?

#### Promotion

39. Is there an organized marketing department for your company?

40. Is there a constant communication strategy or constantly changing?

41. What ways did your company choose to promote your products [public relations, advertising, sales promotion or direct marketing]?

42. What are the objectives of the above?

43. How is the budget for spending on the above ways of promoting your products?

44. How important is the participation in wine competitions and exhibitions to introduce your products?

45. How important is the organization of events and wine tourism for your winery?

#### Exports

46. What is the image of Greek wine for foreign wine distributors and consumers ?

47. Is there a National Export Policy and how much does the state support?

48. Should the focus be on Germany and the USA?

49. What other countries should be target markets?

50. Is the success and establishment of a varied Greek wine [e.g. gasyrtico or malagouzia] necessary to acquire identity of Greek wine abroad?

51. How much do the distinctions, such as choosing your winery in the world's 100 best winemakers, contribute in the dynamics of exports?

52. Do you consider European Union legislation on product classification [PDO, PGI etc] helps to compete with the wines of the New World countries [Chile, Argentina, New Zealand, Australia]?

53. Is it possible to develop wine tourism by foreign tourists?

54. What is your export percentage compared to total sales? What is your future goal?

55. Is it indeed a success story the exports of wine during the period of economic crisis;

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