Increasing Competitiveness of Wine Producers in Strategic Alliances VOC

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There are new trends and ways in which wine producers seeking to increase competitiveness in the Czech Republic. These include a new production of secondary products of the wine, the development of wine tourism and particularly the establishment of new strategic alliances of the wine industry. The aim of this research project is to create a plan for new development of such strategic alliances on the basis of results of localization factors. There is a methodological approach to the establishment of association. The wine industry is made up of vineyards and wine industries, supplying and supporting both a vine-growing and wine production, including growers and wineries. The internal structure of the related organizations in a particular region. The wine industry has undergone great development in quality and quantity. This development has attracted some new producers to enter this industry and also caused the development of other related industries such as wine tourism.

The dynamic development of the wine industry in the so-called new wine world has brought many changes in market and consumer demand are the main causes for the formation of associations of small and medium-sized wineries. More wine is produced for everyday drinking, but also began to produce wine with high added value which have to compete with wines from traditional wine countries. California wine cluster is Porter (1998) given as an example. The plan to create a wine cluster was proposed to establish strategic alliances with the proposed methodological approach. Open cooperation between associations of small and medium-sized wineries. This paper specifically introduces new associations for appellation system VOC. This alliance is described in the context of the establishment, operation, development and expansion, respectively the possibility of involvement of additional organizations suppliers and research institutions. The application of the research project is to create a plan for the establishment of new strategic alliances of the wine industry. There are a number of different origin for wines in the wine region of Moravia in the southeast part of the Czech Republic. This research project is to create a plan for new development of such strategic alliances on the basis of results of localization factors. There is a methodological approach to the establishment of association. The wine industry is made up of vineyards and wine industries, supplying and supporting both a vine-growing and wine production, including growers and wineries. The internal structure of the related organizations in a particular region. The wine industry has undergone great development in quality and quantity. This development has attracted some new producers to enter this industry and also caused the development of other related industries such as wine tourism.

The formation of a regional association of wine producers is a strategic business decisions, leading to a strengthening effect on the negotiating dynamics in the industry. The value and the theory of planning for strategic decision researched Armstrong (1982). Strategic decisions in teamwork describes Korsgaard et al (1995). Analysis of the wine industry is made up of vineyards, grape production, wine production and consumption. The tool to achieve the goals of this work is needed in research on the causes of the new regional alliances of wine producers in the Czech Republic and cooperation processes.

The aim for the conclusions of this research project is the expression of specific practical recommendations that are useful for wine producers and a proposal for a methodological procedure for formation of new regional strategic alliances of wine producers.

Research studies dealing with the theory of agglomeration of economic activity appear as early as the authors of the Marshall (1890) to Porter (1990, 1998) and subsequently by others. The institutional theory and resource based-theory of clusters in wine-tourism industry researched Grimstad (2011). To understand the concept of cluster is necessary to clarify the theory of agglomeration of economic activity, which was gradually shaped by the findings that the overall global economic performance is largely, involved a limited number of highly concentrated industrial regions. Another empirical finding is that firms in related industries will also be placed in these regions, creating natural clusters. Both are permanent if it is followed by the institutionalization of the agglomerations (Malmberg et al., 1996). Porter (1998) defines a cluster as a regional group of interconnected companies and associated institutions and organizations in a particular sector. Links between businesses and other organizations have the potential to consolidate and increase their competitiveness. Depending on the possible resolution of clusters based on the value chain and clusters based on competence. The first one is created based on the supplier links, built around the backbone of the value chain linking the manufacturer with its suppliers. While competency-built clusters focus on a specific area of technical expertise or competence in the region, such as research or teaching skills. That means the applications themselves as knowledge and expertise across diverse business activities.

The dynamic development of the wine industry in the so-called new wine world has brought many scientific studies on wine clusters. Porter (1990) was the first in their work using the concept of cluster in the context of wine production, namely on the basis of research work related to wine producers in California, specifically in the Napa and Sonoma Valley. Until the sixties of the twentieth century, wine producers in California are focused on the production of brandy and dessert wines. Big changes were subsequently conducted with transformation how the relationship between wine growers and wine producers, as well as relations between the wine producers themselves in order to improve production quality. There was started a regional research activities to study winemaking. Before wine from California in the eighties of the last century broke on the export to all over the world, wine production has undergone great development in quality and quantity. This development has attracted some new producers to enter into this industry and also caused the development of other related industries such as wine tourism. In the last years the new wine regions have been established in the United States, Australia, South Africa and other countries. They are characterized by large independent wineries with independent ownership. The introduction of new grape varieties has contributed to the expansion of the related industries, supplying and supporting both a wine-growing and wine production, including growers and suppliers of grape seedlings, fertilizers and suppliers for plant protection equipment supplier for grape harvesting and irrigation technology. In part, directly linked to the producers involved are suppliers of technological products and manufacturing facilities, suppliers of barrels and containers, suppliers of bottles, suppliers of caps, suppliers of labels, as well as specialized company engaged in production of public relations and advertising, and many publishers of scientific publications (such examples are named Wine Spectator and Wine Trade Journal) who are directly addressed to customers and merchants.
Furthermore, research of clusters uniting producers of wine and wine published by Müller and Summer (2005). Formation of wine cluster in New Zealand is researched by Dana and Winstone (2008), in the South Africa by Davidson (2009) and in Chile by Visser (2004).

Austrian wine is now at the forefront of a changing global wine market with a tradition dedicated to intensive research and innovation. The success of the organization and development of the Australian viticulture and winemaking, as the literary sources suggest, is currently associated with that cluster. Development of Australian wine industry describes Beeston (1994). Ditter (2005) even uses the entire walk-through of the rapid development of Australian winery concept of meta-cluster or super-cluster. Australia is too large, so there can be not only one cluster of wine producers, but wine industry as a whole has successfully cooperated with a common strategy for the sole purpose of export-quality wines. Aylward and Glynn (2006) describe the differences in the two types of Australian wine cluster. South Australian Cluster, which can be described as innovative and organizational type cluster in Victoria and New South Wales.

Ditter (2005) indicates that the impact of globalization in the wine category in the nineties meant a major crisis for the traditional model of production and labelling wines based on the guarantee of origin (AOC). These wines have a high added value in a typical product in limited quantities through a combination of a defined area of origin, the so-called terroir and yield, which is due to restrictive requirements and regulations. On the other hand, French wine growers face competition from New World wine, the model simply by marking the most preferred varieties, and only the zone or country of origin. Their model of production and trade is based on a combination of industrialized mass production and intensive marketing of relatively standardized products that are very identifiable. Bélys-Bergouignon et al. (2010) indicates that wine cluster initiatives in France revived in 2009, but already the main focus of cooperation towards the cluster’s potential research and development, based on the experience and inspiration taken from the countries of the new wine world.

In recent years, there have been many researchers who focused on wine production and wine consumption in the Czech Republic, e.g., Tomšík, et al. (2006); Gurská, Chlifková (2009); Janda, Mikolášek, Netuka (2010). There are also publishing researchers, who engaged in the initiatives of local and regional farmers which joint together to market, e.g., Lošťák, Kučerová, Zagata (2006).

MATERIAL AND METHODS

To determine the work is based on data from the cultivation of grapes and wine production together in the Czech Republic. In defining the categories of wine on the market comes from the fact that the group is composed of wines, both from domestic production, as well as wines imported from the European Union and third countries. There is needed as for its main objective to gather available information on the details of wine production and the wine market on this basis to analyze the sector. Analysis of the sources can be divided according to Porter (1994) for two types of data: published data and data gathered through interviews with operators and industry observers. The paper describes the basic indicators of the sector within the last ten years. Trend analysis is made by determining the function of time using the method of least squares. Researched time points are usually equidistant. Before collecting the data was compiled from the practice schedule (based on the model by Porter, 1994) possible and available resources.

For the analysis of the newly established regional growers associations was used the structured interview, in which the required information is obtained in a direct interaction with the respondent. Interviews were done directly with the respondent.

Selection of respondents focused on the initiators and founding members of the regional association of wine producers in the Czech Republic, an association of wine with the original certification Znojmo (VOC Znojmo). In Austria, a survey was conducted using a structured interview with the founding members of the association of wine producers producing brand Districtus Austriaca Controllatus (DAC Weinviertel and DAC Burgenland). The research agenda was to find out what the original motives for establishing the association, was trying to describe the principles and management of cooperation in this association. The research results should provide conclusions on whether the association is open for further development. Directly were calculated concentration factors for the emergence of the cluster, which should answer the question whether there is scope for a cluster or clusters.

Based on the calculation and comparison of the concentration coefficients of vineyards in the DAC associations in Austria and VOC associations in the Czech Republic can make possible recommendations for the selection of a region with a number of vineyards and producers to create a cluster.

In order to identify the cluster can use the following macro-analytical tool that recommends Porter (1998):

\[ \text{Concentration quotient} (CQ) = \frac{a}{A} \]

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\[ \text{Concentration quotient} (CQ) = \frac{b}{B} \]

\[ LQ = \frac{x}{X} \]

\[ \frac{y}{Y} \]

\[ LQ - \text{location quotient of employment in the region} \]

\[ x - \text{the number of employees working in the sector in the region} \]

\[ X - \text{total number of employees in the region} \]

\[ y - \text{the number of employees working in the sector in the state} \]

\[ Y - \text{total number of employees in the state} \]

Potential for regional clusters is where there are groups of related industries with LQ greater than 1.

To achieve the goals of this research is designed concentration quotient, which is indicating the proportion of vineyards in the region and the total area of vineyards. This concentration factor is calculated for the association of VOCs in the Czech Republic and also for the DAC appellation system in Austria.
Table 1: Vineyards in VOC potential

<table>
<thead>
<tr>
<th>Wine Region</th>
<th>Potential VOC (ha)</th>
<th>Vineyards in region (ha)</th>
<th>share VOC potential (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>VOC Znojmo</td>
<td>392</td>
<td>552</td>
<td>71</td>
</tr>
<tr>
<td>VOC Modré Hory</td>
<td>129</td>
<td>1 138</td>
<td>11</td>
</tr>
<tr>
<td>Southern Moravia</td>
<td>3 241</td>
<td>12 376</td>
<td>26</td>
</tr>
</tbody>
</table>

Source: Ministry of Agriculture Czech Republic, 2010

In each of the possible areas of cooperation is carried out most of the common form of communication and promotion of joint participation in trade fairs and organizing joint sales presentations. The association has a registered logo and implemented joint purchasing of labels for the VOC. Each Member of organization buys and pays for the number of labels according to the number of bottles of wine only is certified, the price of one bottle is set on the amount of two Czech crowns. Selected resources that are the difference between the purchase and the price, are used to further the common branding VOC Znojmo, such as joint purchasing of printed promotional publications, joint operations online www.vocznojmo.cz presentation and publication of a common catalog of wines and service members. In a further development of cooperation is the possibility of extending the joint purchase of materials for bottles, cork stoppers, caps, packaging material, technical preparation and possibly other production inputs. Participating businesses also are looking into the possibility of joint logistics management, marketing research and design e-shop. In research and development members have so far adopted specific targets. The first form of cooperation with educational institutions lies in the organization of presentations and organizing sensory certification exam, which is a partner of the Association of Secondary School in Znojmo. In other areas of possible cooperation in research and development there is possibility to cooperate partners like universities or research institutions. There is great interest in the future to actively participate in this cooperation and research institutions to address specific projects.

In cooperation with the Member communications companies have a common database of contacts to reach customers and professionals in the industry. Used for communication within the association as a common web portal and regular meetings of all members.

Figure 1, Number of bottles and number of Producers VOC Znojmo, Source: VOC, Znojmo, 2011

Table 2: Vineyards DAC

<table>
<thead>
<tr>
<th>Wine Region</th>
<th>Potential DAC (ha)</th>
<th>Vineyards in region (ha)</th>
<th>share DAC potential (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weinviertel</td>
<td>7 377</td>
<td>13 389</td>
<td>55</td>
</tr>
<tr>
<td>Mittelburgenland</td>
<td>1 164</td>
<td>2 121</td>
<td>55</td>
</tr>
<tr>
<td>Südburgenland</td>
<td>177</td>
<td>499</td>
<td>35</td>
</tr>
<tr>
<td>Kremstal</td>
<td>1 502</td>
<td>2 246</td>
<td>66</td>
</tr>
<tr>
<td>Kamptal</td>
<td>2 301</td>
<td>3 803</td>
<td>60</td>
</tr>
<tr>
<td>Traisental</td>
<td>463</td>
<td>790</td>
<td>59</td>
</tr>
<tr>
<td>Neusiedlersee-Heiligen</td>
<td>2 575</td>
<td>3 756</td>
<td>69</td>
</tr>
</tbody>
</table>

Source: Ministry of Life Science Austria, 2010

The research was further analyzed by the regional association of the DAC appellation system. Austria is a typical wine-varietal oriented countries to recognize the origin of the future will be much more important than variety, because the wine with guaranteed origin cannot be so easily confused in the market. The area of certified vineyards of association DAC is listed in Table 2.

Cooperation on the certification label wines Districtus Austriae Contralotus (DAC) takes the form of interprofessional association, which includes regionally syndicated wine-growers, wine-producers and regional chambers of commerce. Management Association is the responsibility of regional and national committees of DAC. Members of the Regional Committees and National Wine Committee are nominated by the Agrarian Chamber of Commerce and Development in rate fifty to fifty, and appointed minister of agriculture for 5 years. Each committee shall elect a president and vote with two third majority. The Regional Committee may decide, but is not the obligation, it will be fixed price for wine sold certified according to the rules of the association. The fees for a certified wine used for marketing support the brand specific association of the DAC. The results of collaboration Wine Producers to build a common brand Weinviertel DAC can be monitored since 2004, when was certified  approximately 1 517 thousand bottles and there were certified 3 044 thousand bottles in the year 2010 (see Fig. 2)

Figure 2, Number of bottles and number of Producers, Source: Weinkomitee Weinviertel, 2011

When comparing these results, quotients were observed in approximately similar values for both the DAC associations in Austria (see Table 3 for research in three DACs), as well as associations of VOCs in the Czech Republic (see Table 4). Based on the experience of newly emerging VOC system of appellations was setting up a plan of formation association with the proposed methodological approach.
Table 3: Localization (LQ) and Concentration Quotients (CQ) DAC

<table>
<thead>
<tr>
<th>Wine Region</th>
<th>LQ</th>
<th>CQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>DAC Weinviertel</td>
<td>1.61</td>
<td>3.62</td>
</tr>
<tr>
<td>DAC Mittelburgenland</td>
<td>1.61</td>
<td>4.91</td>
</tr>
<tr>
<td>DAC Südburgenland</td>
<td>1.04</td>
<td>2.46</td>
</tr>
</tbody>
</table>

Source: own work

Table 4: Localization (LQ) and Concentration Quotients (CQ) VOC

<table>
<thead>
<tr>
<th>Wine Region</th>
<th>LQ</th>
<th>CQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>VOC Znojmo</td>
<td>1.02</td>
<td>1.51</td>
</tr>
<tr>
<td>VOC Modrě Hory</td>
<td>1.30</td>
<td>2.46</td>
</tr>
<tr>
<td>Southern Moravia (3 VOC)</td>
<td>2.26</td>
<td>2.81</td>
</tr>
</tbody>
</table>

CONCLUSION

Based on the results it can be concluded that the inter-professional association DAC Weinviertel Austria and VOC Czech Republic meets the conditions for a cluster. Localization quotient was calculated on the value well above the minimum value. A new alliance of wine producers of VOCs in the Czech Republic also has a concentration quotient larger than a minimum value, and thus fulfills the opportunity for the emergence of the cluster.

The application of the localization and concentration factors was a plan for the establishment of various alliances of VOC. Specifically, there is proposed alliance VOC Modrě Hory, which is established by 30 wine producers in 5 villages around the center Velké Pavlovice. It was selected as a unique selling position of certified production of red and rosé wines. The plan to create a wine cluster was proposed to establish cooperation between the newly emerging associations of VOC at three sub-regions of South Moravia, in order to achieve competitive advantage.

Research conducted in the fully functioning associations of wine producers DAC Weinviertel showed positive results of cooperation, which can be expressed, the annual increase in sales of bottles of wine with a certified value-added and higher price than uncertified products. The cooperation of this association is also already the joint education and research collaboration with universities and joint marketing.

REFERENCES