Need for change? Analysis of the marketing strategy in a Hungarian wine manufacturing company

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Summary

• Hungary and wine
• Wine market tendencies
• Wine consumption
• Own research at a leading Hungarian wine-growing and wine manufacturing company

History of Hungarian wine-growing

• 5th Century AD - Roman times
• Italian and French influence
• Turkish occupation - new varieties
• German - Austrian influence
• 1882 - Phylloxera epidemic
• Socialist era - mass wine production
• After political and economic transition - renewal of wine-growing and wine manufacturing sector

Changes at the wine market

• New competitors: New World wines
  USA, Chile, Argentina
  South Africa, Australia
  New Zealand
  (climatic advantages, technology use)

• Crisis: decrease of consumption
The company

- Company was established in 1994-1995
- Growing area is 657 hectares
- Average age of the vineyards is between 5 and 10 years
- The production volume of the winemaking branch is 40 000-50 000 hl
- The most of the company’s wines are exported to the UK
- Domestic market share is only 3%
- Strongest position in white wines

Marketing mix - Products

Four main brands
- "Hilltop" - represents traditional Hungarian and international wines (72% of sales in 2013)
- "Premium" - highest quality (6% of sales)
- "Art" - special wines (1% of sales)
- "Bag in the Box" - new package, 3 and 10 l (20% of sales)

Marketing mix - Price

- "Hilltop" - medium price category
- "Premium" - highest quality
- "Art" - special wines - special prices at a wider scale (depends on the selection, the winemaker, harvesting etc.)
- "Bag in the Box" - favourable price resulted by package

Marketing mix - Place & promotion

- Distribution channels:
<table>
<thead>
<tr>
<th>Distribution渠道</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hipermarkets, supermarkets</td>
<td>35,1%</td>
</tr>
<tr>
<td>Discount stores</td>
<td>21,6%</td>
</tr>
<tr>
<td>HORECA</td>
<td>10,4%</td>
</tr>
<tr>
<td>Retailers</td>
<td>15,2%</td>
</tr>
<tr>
<td>Wine shops</td>
<td>6,5%</td>
</tr>
<tr>
<td>Other (e.g. direct sales)</td>
<td>11,2%</td>
</tr>
</tbody>
</table>

- Promotion: low-budget promotion, focusing on the name of the chief winemaker and the image of the company
Survey

2 steps of research
• 1\textsuperscript{st} (present) stage:
  – Questionnaire survey among present consumers (n=261)
  – Goal: to check the appropriateness of marketing strategy, to make conclusions and suggestions for adjustments in marketing strategy
• 2\textsuperscript{nd} (future) stage: wider survey - in Hungary

Results (1) - the sample
• 44,3% male, 55,7% female
• 25-44 years old
• Very low proportion of elder age group
• Higher and secondary school level
• Preference of dry wines
• Frequent wine consumers (once/more than once per week)

Results (2) - customer's choice

Why do you like wines of the company?

Why do you like wines of the company?

Results (3) - customer's satisfaction

• consumers' satisfaction on a 5 grade scale (in %)
Main findings (1)

- Older age groups are missing from consumers (reasons?)
- Quality and price is appropriate - among present consumers
- Distribution channels are appropriate - but wine shops should also have preferred
  - Wine shops - refer to quality
  - Wine shops are better accepted by elderly groups

Main findings (2)

- Packaging is appropriate
- Promotion is inappropriate: a more targeted promotional campaign is needed
- Final conclusions: continuous control and revision of the strategy is needed →
  results of our survey called attention for the changes

Thank you for your attention!

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