



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 highest price
- „*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:

Hipermarkets, supermarkets	35,1%
Discount stores	21,6%
HORECA	10,4%
Retailers	15,2%
Wine shops	6,5%
Other (e.g. direct sales)	11,2%

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

Survey

2 steps of research

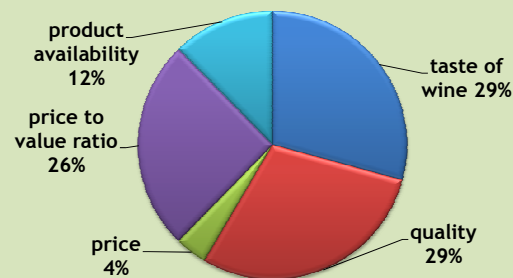
- 1st (present) stage:
 - Questionnaire survey among present consumers (n=261)
 - Goal: to check the appropriateness of marketing strategy, to make conclusions and suggestions for adjustments in marketing strategy
- 2nd (future) stage: wider survey - in Hungary

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)

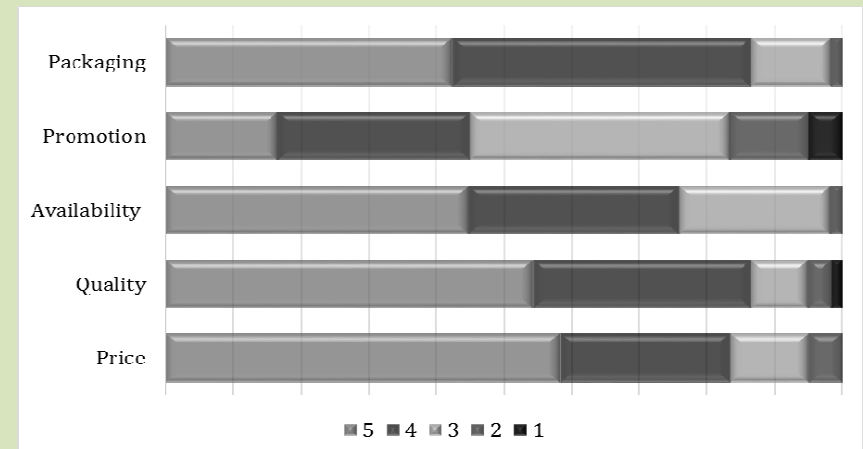
Results (2) - customer's choice

Why do you like wines of the company?



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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