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STUDIES REGARDING THE WINE CONSUMPTION IN GERMANY AND THE PERSPECTIVE OF INCREASING THE ROMANIAN WINE EXPORT ON THIS MARKET

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Abstract

The aim of this work is to present the evolution in what concerns the world wine marketing during the period 2000-2011 mainly in the German wine market. It is based on the statistical data provided by the German Wine Institute and the OIV. The data have been processed into the following indicators: world vine surfaces, world wine production, world wine exports-mainly Germany-the wine consumption. During the analyzed period, the surfaces have continuously been decreasing, but the production and the consumption of wine was stable. Germans drink less wine in restaurants and more at home in order to save money. That's why; the already well-known wines are easier to be sold. The online sales of wine have also increased fact which represents a real for the Romanian wine, to build up a market with a low budget. The main quantities of wine are sold in Germany through the discounter Aldi. Aldi buys only already "sold wines". The Romanian wine needs more explanations and time to reach the customer. As a conclusion, the German wine market is a difficult, but interesting one for the Romanian high quality wines. The task is to convince the customer by a good price, quality report in a certain period of time when the economical crises makes the customer more careful in this buying decisions.

Key words: *wine, demand evolution, German market, Romanian export*

INTRODUCTION

Wine is an important product of the Romanian agriculture as well as, a "multifaceted product, rich in tradition which can, in many regards, be distinguished from other consumer goods. Nowadays, wine serves not only as a thirst quencher, but often plays cultural functions as meeting friends and family, socializing, indicating social class; in order it may be consumed in conjunction with eating and visiting restaurants, as an aperitif, etc." [6].

Respecting the overall EU economy, Romania needs to find its own resources and align its products with the European Union required standards.

In this direction Romania has to do a lot. Beginning with the year 1994, Romania has received support from the German government, through the organization named GTZ under the motto: "Help for self-help".

This German bilateral initiative, which was carried out on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ) by the agency of the Society for Technical Cooperation (GTZ), was not a singular case.

There were a number of EU projects, such as PHARE or others defined as twinning projects, which tried to increase competitiveness in Romania. The projects were carried out in different industries and with different budgets as well as differentiated task description. The common aim of all of these projects was to make Romania a strong partner in Europe.

In the "Agenda 2000- Chapter of the extension" are shown the specific agricultural programs meant to assist the applicant countries, such as SAPARD.

Romania should develop the industries where it has the potential to come up to the market with products which cannot be produced in other countries at the same quality or with the same dedication. For example, the wine production for which Romania has the optimum climatic conditions and ideal soil conditions is a perfect sector for increasing the export. This is also one of the main EU objectives: to achieve a better balance between supply and demand in the domestic market, and, on long term, to improve the competitiveness of the sector (AGENDA 2000).

The origin is increasingly seen as a determining factor in food consumer's choice. Consumer research in the food industry shoes that the country of origin or region of origin is one of the most important factors which determines the decisions to purchase [1].

Wine is for Romanian agriculture a very important product, on the one hand, the surface and on the other one, for social reasons regarding the approximately one million people working in the wine industry.

The German wine market is the largest export market for the Romanian wines and in the same time, the largest import market for wines in the world.

A vast array of product differentiation and a large number of international suppliers characterizes the German wine market. As a result, we find an extremely strong competition regarding supply and a vide diversity for the consumer's needs satisfaction. The consumer selects the product that maximizes his utility, based on his own preference structure [12].

Buying wine is not an easy task any more. The customer is confronted with a great deal of information which influences the purchase [10]. The German wine market is incredibly crowded with a lot of suppliers from all over the world. In comparison with the purchase of consumer goods, the wine buying faces numerous influencing factors.

Thus, in addition to price, product characteristics, product brand, country of origin, grape variety, the name of the winemaker, the vintage, the alcohol, taste, packing and quality is important for the purchase decision [9].

In 2006, the authors Gergaud and Livat considered that "regarding wines, consumers mainly rely on the label to infer quality" [4].

Using a multi-attribute Conjoint Analysis, Haller & Ebster from the University of Applied Science in Burgenland/Austria, discovered in 2005 that a part price, the closure of a bottle influenced the purchase intention most.

What follow is the grape variety and the country/region of origin. Label and alcohol came after these factors, with comparably smaller significance [5].

MATERIAL AND METHOD

The demand theory provides conceptual constructs the forward-looking statements within the empirical demand analysis to develop and analyze the relationship between demand and its determinants.

The theoretical basis for empirical demand analyzes are due to the economic theory of demand.

The empirical investigation leads to a casual relationship between the manifest demand determinants, with the aim to derive predictions about future developments in demand and the formulation of general hypotheses [12].

The marketing theory has always paid a special attention to the determinants of the consumer's behaviour.

A particular interest is not only the simple view in the purchase decision process, but also the information about the effect of various marketing tools and other environmental factors on the buying behaviour [11].

The types of consumer behaviour focus on the activity of the individual in the field of information extraction and their processing.

According to Meffert, there are four types of buying behaviour:

- First Rational behavior,
- Second Habitual behavior,
- Third Transient response,
- Fourth socially dependent behavior.

Rational behaviour is defined as a deliberate and planned use of resources to achieve goals and the best possible use of information.

When custom behaviour is dispensed, new solutions and transient response is to act spontaneously at the moment.

If the consumer is directed according to the norms of his environment, he has social-dependent behaviour [11].

Purchasing decisions can be influenced by various determinants.

The most important are structured as follows [8]:

- First Intrapersonal variables:

a. Activating a process
   i. emotions
   ii. motives
   iii. settings
b. cognitive processes
   i. perception
   ii. Learning
   iii. problem-solving
c. predisposing variables
   i. communications
   ii. Personality
- Second Interpersonal Variables
a. influences on a company level.
   i. cultural influences
   ii. subcultures
   iii. social classes
b. influences on the level of the group
   i. membership groups
   ii. Family
   iii. Reference groups.

In order to evaluate the German wine market, the following indicators have been used: total vine cultivated surface, total production, wine import and wine export. The period looked into in this study was 2000-2011. The data, collected from the OIV, have been statistically processed and interpreted, building the trend time.
The customers have to evaluate the products according to their personal preference and to put them in an order as: the best, the second best, etc. The attributes presented were the country of origin (Germany, Chile, Romania), price (less, than 5.00€, between 5.00€ and 9.00€, more than 9.00€ and the colour of the wine (red or white).
The conjoint analyses are a technique allowing the determination of the preferences regarding product by using a decomposition model. The advantage of the conjoint analyses is the possibility to simulate a real choice situation where products with a combination of attributes are available [3].
A purchase without tasting the wine was simulated for the conjoint analysis. By presetting a buying motive (a friend's birthday party on a Saturday night) and the attributes presented before the variables for the preliminary decision were defined.

RESULTS AND DISCUSSIONS

The world total vineyard surface seriously decreased a lot in the period 2000 - 2011.
But the decrease has come mainly from the European countries. The surfaces of vine in USA or China are continuously increasing.

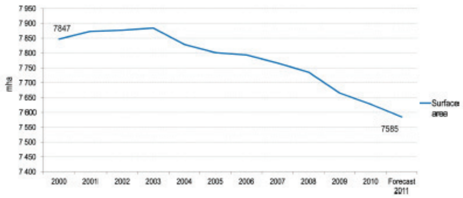

Fig. 1: Evolution of world vineyards [14]

A totally different trend is to be noticed in what concerns the grape production, which increased during the same period.

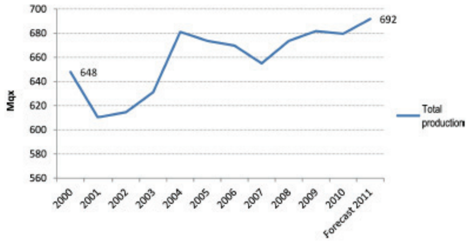

Fig. 2: World grape production [14]

Alike the increasing grape production is the wine production which, once up the down, has become more or less stable along the last 12 years.

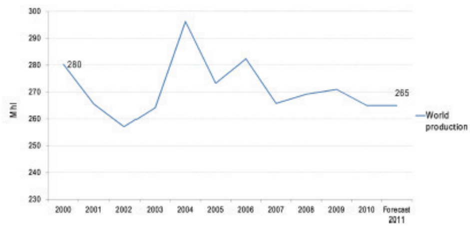

Fig. 3: World wine production [14]

Not only that Germany is one of the top 10 wine producers of the world, but it still remains the most important importer of the world.

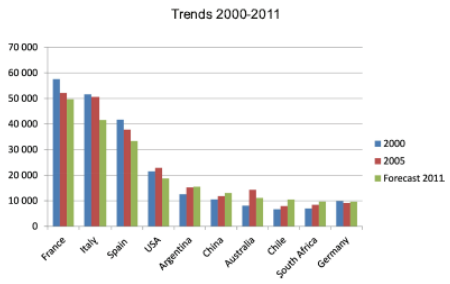

Fig. 4: World wine production [14]

Germany needs to import wine, because it is also the fourth biggest world wine consumer. Here is to be mentioned that Romania is on the tenth position.

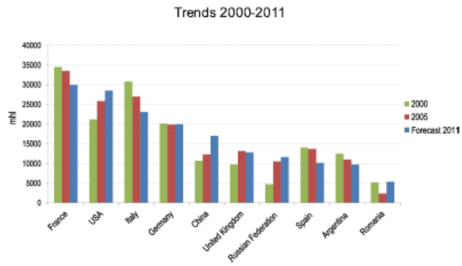

Fig. 5: World wine consumption [12]

Germany is one of the top 10 exporters of wine in the world, but the target of German wines does not aim to Europe.

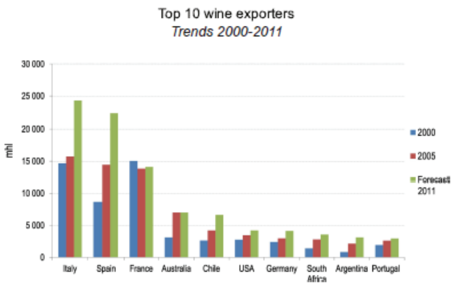

Fig. 6: World wine exporters [14]

The economic crisis did not have a major effect on the total German wine market. The total consumption has remained relatively stable, but consumers switched from on-trade to off-trade consumption; the share of still wines sold in the off-trade declined from 19% in 2008 to 16% in 2009 (Deutsches Weininstitut, 2010 /2011). Consuming wine at home saves them costs.
Off-trade consumption accounts for approximately 84% of the German wine market [13]. Off-trade consumption is especially successful due to discounters and private label offerings (one third share in volume). Discounters have a relatively strong position in the German market compared to other EU countries, with Aldi being the leading sales channel. Supermarkets and discounters accounted for 73% of the sales volume of wine but for only 54% of the sales value in 2009, thus illustrating their focus on low pricing, which is particularly successful during the current economic downturn [2].
In the German market, the positive sales and turnover development of recent years came to a stop in 2010, down by minus five and minus six percent, respectively. Nevertheless, with a 46% share of volume and 52% of value, German wine producers retained their leading position in the German market by a wide margin. Overall, consumers in Germany spent somewhat less on wine in 2010 (minus 2.7 percent), regardless of its origin. With only a slight decline in volume (minus 0.7 percent), sales could be viewed as relatively stable compared with the year before. [13]

In 2009, white wines posted a small increase in sales, the market share for German white wines increased from 46 to 48 percent, which reflects the fact that the vineyard area devoted to white wine varieties – particular Riesling and white Pinots – grew from 63.6 to 64.1 percent during the past two years [13].
"With the international market exports of quality wines were worth 285 million €, or six percent more than in 2009, and reached a volume of 1.2 million hectolitres, an increase of eight percent in 2010. In 2010, the demand for quality wines from Germany's wine-growing regions remained strong. Exports of quality wines were worth 285 million Euros, or six percent more than in 2009, and reached a volume of 1.2 million hectoliters, an increase of eight percent in 2010. Since official statistics on wine exports have been adjusted to reflect the introduction of the EU wine classification based on indication of origin, smaller volumes of wine without a protected indication of origin and Landwein have been recorded than in the previous years. Bearing this in mind, total wine exports in 2010 were valued at 355 million Euros, a decrease of 9.9 percent, and a total of

1.74 hl were exported, or fifteen percent less than in 2009.
Based on the new classification criteria, the 2010 statistics reflect significant decreases in the value and volume of exports to Great Britain and the Netherlands: declines of 37 and 36 percent in Great Britain, and 33 and 30 percent in the Netherlands, respectively.
On the other hand, developments in Germany's most important export market, the USA, were particularly positive with 21 percent increases in both value and volume during the past year. Scandinavian markets also showed growth, particularly in the white wine segment. With a market share of 33 percent of white wine sales, German wines were market leader in Norway in 2010. German white wines also ranked well in Sweden (2nd place) and in Finland (3rd place) among white wine imports. In up-and-coming markets, such as China, German wine exports showed growth rates in value (+69 percent) and volume (+64 percent). Values of exports to other markets also increased in 2010: Canada (+15%), Russia (+11%), Japan (+5%), and Switzerland (+29%).
Increasingly positive media mentions as well as growing recognition of the high quality German wines among wine professionals worldwide are encouraging signs that the value and volume of quality wine exports will increase in coming years.
However, because of the extremely short crop in 2010, it will be a great challenge for German wine producers to achieve this goal in 2011" [13].
Health is a value of great importance for the German consumer, but over time it has changed its meaning breaking away from the purely medical understanding. The concept of health has changed lately, turning into a merely general well-being state, provided by the quality and joy of life.
The many players in their heterogeneous structure and the diversity of the wines are again reflected in the various distribution channels. A rough distinction is first seen in direct sales, for example the marketing of wine to the consumer (sales from the farm), and indirect sales through the various forms of trade and catering [7].
The channel of sales from the farm, the winery, vineyard or wine cooperative is mainly the channel for German wines.
Romanian wines are currently represented only at the discount stores and food retailers (99%). Less than 1% of the quantity exported is sold through mail order, retail and other shopping sites. The relative importance of the attributes in the conjoint analysis are calculated by means of this analysis.

Table 1. Relative importance of the conjoint attributes

Relative importance of the attributes	Price 39,5%	Origin 30,6%	Color of the wine 29,9 %
Path – worth of attribute level	≤ 5,00 € -0,300	Germany 0,150	White -0,252
	5,00 € - 9,00 € +0,421	Chile +0,078	Red +0,252
	≥ 9,00 € -0,121	Romania -0,228	

Therefore Romanian wines are bought only price. We have no image in the market. Our wines are therefore unknown for the consumer in the best case. In the worse case the Romanian wines are known as a cheap, sweet wine at a discount store. Therefore, the Romanian wine average price per liter is 0.58 €. This price does not even cover the production costs, taking into account the low income, the low production per ha and the lack of automatisation.
Higher prices and qualities are not accepted by the importers for anonymous commodity on the world market.
Statistics show that generally foreign wines are sold through discounters, supermarkets and food retailers. Requirement for a distribution is a large budget to ensure the sale, to ensure advertising and merchandising.
But in case the budget for advertising is too low, this situation can be improved only through the advice of the supplier and the top quality of the products.
Online sales show a growing trend in Germany, and can provide opportunities to DC suppliers.

CONCLUSIONS

By selling their wine online, exporters who are not well-known on the German market can provide information to the customers and importers about their wines.

The online wine sales can be used as a promotion of the Romanian wines, as well as for increasing the information about Romania as an important wine growing country. Moreover, this can save transportation / storage and distribution costs.

What sometimes happens is that importers place an order online, and have it shipped directly to their customers, which saves costs again. This is the chance for Romanian wine to build up a market with a minimum budget.

The main quantities of wine in Germany are sold through the discounter Aldi. Aldi is buying only already “sold wines”. Romanian wine needs more explanations and time to reach the customer.

As a second conclusion, we may say that the German market is a difficult one, but as well as one for the high quality wines from Romania, which can convince the customer by a good price quality report in a period of time when the economical crises makes the customer more careful in his buying decisions.

The price quality report in the case of the Romanian wines needs to demonstrate a real quality advantage for the same price as other well known and already established wines on the German market.

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