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MARKETING STRATEGIES USED BY RETAILERS ON THE INTERNATIONAL WINE MARKET

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Abstract: *In the context of globalization, the world wine industry has changed its architecture so that the big wine consumers are no longer the big producers and the big producers are no longer big consumers. Knowing that companies face complex choices when are developing global marketing strategies, this paper aims to analyze the various sales strategies used by major retailers in major wine-consuming markets. Although retailers use strategies tailored to the specificities of each market, Britain's influence is felt throughout the world, British wine retailers' marketing techniques are found elsewhere.*

Key-words: *retail, consumer, supermarket, wine market, sale*

1. Overview of the World Wine Market

Although the world's wine parallel is between 30 and 50 degrees latitude, 85% of the world's wine comes from the northern hemisphere, three countries in the Old World (France, Italy, Spain) contributing 50% of this production.

France is situated at the top of the list in terms of not only of the production, but also for world wine consumption with 50 liters per capita/ per year, while the UK, the world's largest wine importer, consumes about 20 liters / per capita/ year, namely 5% of the world's wine, which accounts for 17% of global wine imports if we take into consideration the volume and 20% if we refer to the value of imports. From these figures, it is clear that the British are premium wine consumers compared to the global average. The UK is also the center of the global auction market for fine wines and the country that responded to the education needs of specialists in the field by creating the Master of Wine program. Initially, this program was set up for traders, but later it created a group of elite wine experts who played an important role throughout time in the formation and growth of wine markets worldwide. The UK is the center of their activity, holding two-thirds of the world's MW.

At the same time, the most popular wine publication in the world is based in London. *Decanter* analyzes existing wines on the market; it promotes wine and shapes the market, by drawing attention to new wine regions, producers, varieties and wine styles.

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The UK has all the strengths to be a leader in the world wine market: educated and purchasing power consumers, professionals, experts, a unified wine market, advantageous fiscal and trade policies, and sophisticated supermarkets.

The efforts made by high-quality wine producers in Germany at the beginning of the last century, to build strong brands coupled with trade liberalization that allowed foreign quality wines to enter have made low-quality wine to lose market share.

In time this situation has changed. The excess production in the 1930s forced German producers to turn to foreign markets. Large segments of consumers who lacked a wine culture and who wanted cheap and sweet wine were identified. Thus, new brands were created that satisfied the requirements of these buyers and gradually they began to dominate the production of German viticulturists. The expansion of vineyards after the Second World War, the increased yields and export demand contributed to positioning Germany at a lower level in the hierarchy of quality wine producers.

In the USA in the 1930s, during the Prohibition, the production and sale of wine and other alcoholic beverages was prohibited. However, the provision which stipulated that wine was allowed to be grown in the household encouraged the production and consumption of wine, but in a way that altered the idea of wine and the sustainable development of wine culture. Taking into consideration the market situation during the Prohibition, the viticulturists concentrated on grapes with thick skins, resistant to long-distance transport, instead of the good varieties from which quality wine would have been made. The end of Prohibition did not mean the end of wine control. The transfer of the wine distribution regulation by the federal government to the government of the states led to the fragmentation of the wine market by subjecting it to several layers of regulations (federal, state and local) and to more distribution control systems, which made the domestic wine market be different in each county. This made the few professional producers produce large quantities of wine that they would transport in bulk with railway tank cars to customers from all over the country who would bottle the wine and sell it under their own brand.

During the Second World War, due to the shortage of railway tanks that were used for other purposes, the existing producers switched to bottling and labeling the wine in the wine cellar, which was later transported by freight wagons across the country. Thus, the first major bottled wine brands in the US, distributed at national level appear, which previously were anonymous bulk wine producers. At a time when the American wines were targeting the middle and bottom markets, the two producers who got control of the American market, Gallo and Mondavi, strengthen their brands with a consumer-oriented strategy and with more and more qualitative products, Gallo is now the largest wine company in the world (Veseth, 2012).

With consumer markets far below production capacity, the New World countries are a growing presence on wine racks around the world.

The way wine is distributed to consumers requires special attention. The bulk wine is transported in tanks, kept at a certain temperature, the bottled wine is much more carefully monitored than the bulk wine, the bottles are stored in special cardboard boxes, the temperature and the humidity are carefully controlled. The distribution channels are carefully chosen by the producers because the transport from the wine

cellar to the point of sale is an important aspect in the distribution of wines. Starting from the idea that reducing costs should have a significant effect on new technologies in all industries as well as in retail, it is worth to investigate the possibility that the latter might actually constitute the basis for a new facette of the cost leadership generic strategy (Drumea, 2015).

2. The Role of Supermarkets in Selling Wine on the UK Market

The English retailers work with a small number of providers and they focus on a limited number of stock or product holdings, which effectively generates high returns. Tesco, though it is not the only British wine-selling supermarket, has become the world's largest wine retailer because it has aggressively and efficiently harnessed the global wine forces in favor of local consumers. One out of four bottles of wine is bought from Tesco.

Internet sales are an important retail sector because transport at national level is easy to achieve.

All wine shops, including the online ones that use loyalty cards by which they closely monitor the purchases of each customer, provide information to establish store strategy and enable the owners to offer individualized coupons to encourage wine consumers to buy better wine, or more, to try something different.

An innovative strategy is represented by the application launched by Tesco whereby a simple photographing of a bottle of wine gives information about the producer, about the wine and even the price and the stock of that product in any of Tesco's stores.

Although due to the purchasing volume British supermarkets are getting low purchase prices, Tesco, in order to be extremely competitive in terms of price, has reduced transport costs by importing wine from the New World into shipping containers. The bulk wine is bottled once it arrives in the UK, thus, eliminating the cost of shipping the bottles. The same supermarket introduced, for the wine purchased in bulk, the world's lightest bottle of wine in their attempt at lowering production, transport costs and at diminishing the impact on the environment.

Although the Tesco Wine Catalog lists all major world producers to help irresolute or the uninitiated consumers who are undecided when exposed to such a varied offer, Tesco has created its own wine brand to offer a minimum guarantee of quality. Supermarket branded wine is generally sold at lower prices, but that does not necessarily mean a lower quality. In their effort to convince consumers of this fact, the large chain stores are helped by the Decanter magazine which frequently recommends its own brand wines in large supermarkets and specialty chain stores (Veseth, 2017).

The enormous quantities of wine needed to cover the demand for branded wines made supermarkets give up on smaller suppliers, starting to negotiate directly with producers around the world.

A current tendency is for supermarkets to actually become wine producers by purchasing grapes from producers in different countries, sending wine-making teams to ensure that the resulting products meet the needs of the British stores and of their customers.

3. German Wine-selling Model

More than a third of the total wine quantity and 75% of the imported wine is marketed in Germany in Aldi stores. This supermarket chain that dominates the retail market in Germany is positioned as having hard-discount stores which offer a range of products not too varied, many under its own label at very low prices.

Although on the shelves of this store there are wines from all over the world, the diversity of products is very low, the options for a certain wine-growing zone are limited and the main characteristic is the extremely low price. The most expensive wines offered by Aldi are the cheapest wines found in wine boutiques. An important area of the wine rack is allocated to wine marketed in Terta Pak type cartons. Other information may provide details on a particular aspect of the product, such as its origin or production method (Neacşu, 2012).

These considerations are meant to confirm the statements of some authors (Veseth, 2017) that claim that Germany is the land of rich people and cheap wine.

4. Wine Distribution in the USA

Costco, the largest wine retailer in the USA, operates as a warehouse-type store that offers discounts to its subscription customers. The mode of exposure of the merchandise is similar to that of wholesale stores and the offer of products is much lower than that of other retailers. If most supermarkets provide hundreds or even thousands of different wines at any time, a Costco store has a selection of wines of only about 100 wines, but constantly changing. With a much lower offer, this US market leader has a strategy focused on large volumes and attractive prices for above average quality products. Getting supplies from the producers that can supply large volumes, this retailer focuses on the rotation of the brands offered, which forces buyers to buy large quantities of a product on the list, given the fact that this product will soon disappear from the offer of the store.

Although from the point of view of merchandising Costco is different from the British supermarkets, the American retailer's strategy borrows from them the model of selling wine with its own label. If branded wine accounts for more than 40% of the UK supermarket sales, in the USA they do not amount to 2%.

Internet sales are not as high as those in the UK because of the large distances and legal issues that make it difficult to sell wine among the various states in the USA.

The expansion of the German chain Aldi on the USA market is a real success among the buyers of cheap wine, but Trader Joe's, which also addresses premium customers, makes considerable sales (Veseth, 2012).

An analysis of the US market allows us to assert that the USA will become the world's largest wine market, a market that does not resort to a single distribution system, but it combines several models in its attempt at meeting the demands of all consumers.

5. Consumers' Preferences in the Old World

The sale of wine in retail although important due to the high consumption of wine in the Old World countries, has a lower share of the total sales than in other countries because the consumers from here pay a great importance to the consumption of wine in restaurants.

Some manufacturers, generally those that offer super premium wine range, prefer that their brands be found only in the HoReCa network, while others want to be present on store shelves, wine shops and HoReCa.

If the role of hypermarkets in the sale of wine is indisputable in the previously analyzed countries, the markets of the Old World that target educated consumers who have a wine culture, the specialty stores are preferred by them. They occupy small spaces and enjoy certain advantages that a large store does not have: usually vintage wines, bulk wines, the whole range of wines produced by a particular vineyard, the tasting strategy is practiced. Before buying, the consumer can taste and learn valuable information about the type of wine he desires; in the case of wines to be offered as gifts, advice is given on the wine that best fits the profile of the consumer or the event addressed. Moreover, winery wines, wines for cellar men, premium import wines, niche wines, classic wines are also marketed. Specialty stores aim to educate consumers in buying good wine, according to the needs of each individual.

6. Conclusions and Proposals

Companies need not just make a decision on whether or not to adopt a global marketing strategy, but more important, they need to select from a variety of generic strategies (Hennessey 1998).

On a wine market where competition is more and more fierce, manufacturers and distributors have to design sales strategies tailored to the new reality.

The markets of Southern Europe's major wine consumers are the most conservative in terms of buying habits, and thus, the retailer selling methods are also traditional.

The British influence in the wine industry is a strong one thanks to the Master of Wine, Decanter and also to the strategies used by the supermarkets.

The globalization of the wine market is not limited to the listing of wines from all corners of the world, but it is also found in the distribution strategies of the big retailers. Thus, Costco, the leader of the American market, sells wines from around the world in German-like organized stores by using British sales techniques.

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