

## The Knowledge to Western Wine Sales Models among Georgian Wineries

Rusudan BERIASHVILI\*

Kakhaber DJAKELI\*\*

### Abstract

Do certain common sales principles guide uncommonly diversified companies doing heritage wines from their birthplace – Georgia? As many sources confirm and recognize the birth of Wine in Caucasus – Georgia, this place is becoming very popular among fans of wine who visit Georgia to see its oldest way of wine making. Heritage wine was historically produced in Georgia in special clay potter vessels. This vessel is called Qvevri. The aim of the article is to study how Georgian winemakers know modern wine sales models. In addition, we want to know the role of different models for Georgian wine sales to international markets. Wine trade usually is the process in which wine distributors and different wineries sell wine and it is a great stage of wine marketing. Suppliers, buyers, associations, exhibitions, hospitality and retail networks participating in this process make final consumers buy wine. Wine sales staff understands the competition, people's needs, wants, motivations and drivers. The aim of this article is to analyze whether wine makers in Georgia know innovative sales approaches and what sales models are appreciated by Georgian Qvevri wineries.

**Research method:** The study was conducted in two steps and literature analysis was made. A quantitative online survey was used to measure how wine makers know modern wine sales models. The survey, originally developed at International Black Sea University, was modified to include questions on wine sales. The resulting survey included 6 questions using simple rating questions and short answer replies. In order to measure the knowledge of Models of Wine Sales, respondents, who were wine makers and some business people, were invited to participate in the quantitative and qualitative study.

**Findings:** the study made it obvious that Georgian wineries know less about modern ways of wine sales in target markets. This can serve as a guideline to future sales.

**Keywords:** Georgian wine, heritage wines, qvevri wine marketing, salesmen, wine and distribution

**JEL:** M31

---

\* PhD-c., Faculty of Business Management, International Black Sea University, Tbilisi, Georgia. Email: Beriashvilir@gmail.com

\*\* Professor, Faculty of Business Management, International Black Sea University, Tbilisi, Georgia. Email: Kdjakeli@ibsu.edu.ge

---

## Introduction

Cases about first mover, follower, late, me to competition are found in wine business (Lieberman and Montgomery, 1988). Georgian wine companies are open to innovation which can take place in accounting, sales, social media and marketing (Imnadze, 2013). Many wine traders, dealers and salesmen, wine representatives try to innovate. The main question of our article is the knowledge of wineries to models of wine distribution and sales. Building some innovative wine sales models must be the strategy of wine business (Moore, 2012). If wine companies understand their customers better, they must elaborate the model of loyalty. Wine sales models are effective if they are well understood by the wine maker, the dealer and the salesmen (Franson, 2014). Because we are speaking about Qvevri Wine, responsibility to its sales and distribution model must be obvious. Still Qvevri wine can have less loyal customers around the world. The sales models also motivate customer attitude and purchasing behavior. Customer loyalty which covers emotional appeals to the product (Kumar & Shah, 2004), can also be driven by sales models. Companies have been expected to

have a social media presence wine customers oriented online (Thach et al., 2016).

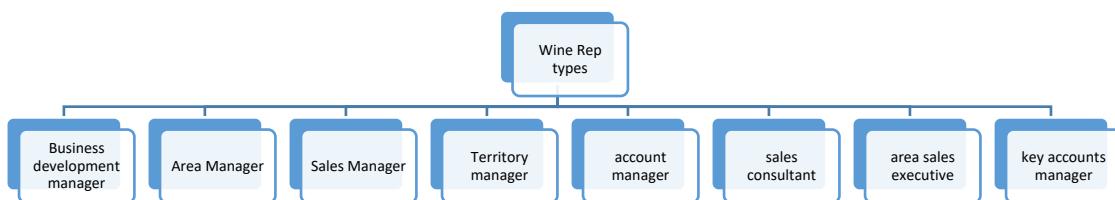
## Main Principles of Wine Sales

Usually sales models play a great role in the process of any company. It must be said that any success in salesmanship, trading and dealership is closed to how much rewards it can offer or make to expect. There are different modern types of wine sales in the USA, EU, China, Japan and UK:

- a) Wine Representative
- b) Wine club
- c) Wine sales and promotion by different social media
- d) Online Sales campaigns
- e) Exhibitions and wine degustation

## Wine Representative as a Model of Wine Sales

Wine representatives are direct marketers. This can be a solution for Qvevri wine sales. Wine representative is one of the best salespersons of wine who can drive the process of promotion and sales at the same time. Under this term we can understand the following types of sales staff:



*Figure 1. The Model of Wine Representative (source: author)*

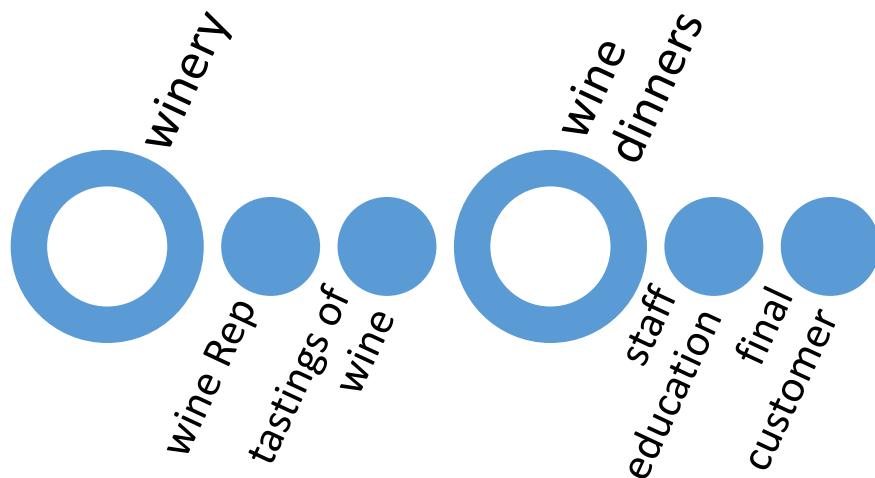
Wine representatives have a wide scale of duties; they are professional wine sellers who use different marketing tactics. They run special advertorials and visit their prospective customers to explain to them advantages of different wines. Because wine representatives

drive customer attention and attitude to wine well, it can be a very useful model for Georgian wine brands going to occupy markets of EU, the USA and China, Japan and UK.

How and with whom wine representatives work, define their distribution model:

Model N1: a wine rep works directly with winery. Therefore, s/he makes a lot of tastings to final customers, organizes wine dinners and staff education. This business can be assessed

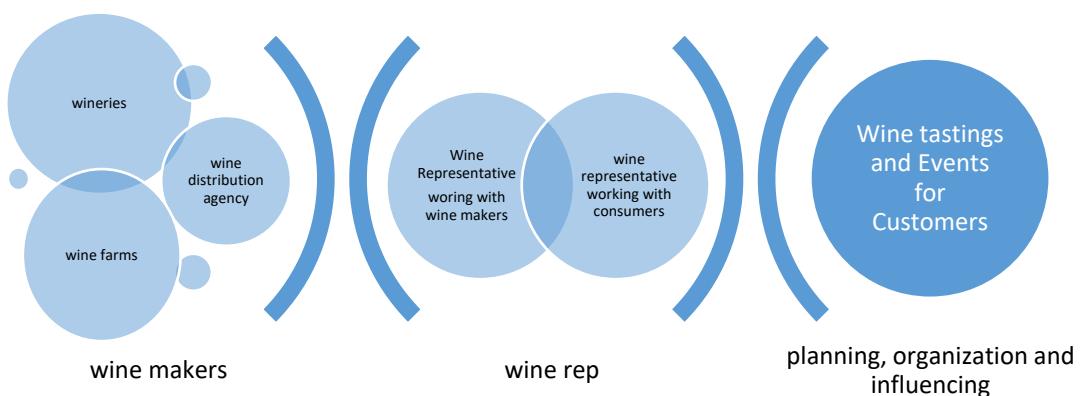
according how many tastings and degustation were made and how many bottles of wine were sold.



*Figure 2. Direct Model of Wine Representative (source: author)*

Model N2: In this model wine reps work with wine distributors. The distributor has special agency. Wine comes from wineries. There are small distributors representing few wineries, medium size distributors representing from 5 to 25

wineries and large distributors having wines from more than 200 wineries. Even there are some Global distributors having wineries worldwide and selling their wine at big markets like EU, the USA, China and Japan (Rosenberg, 2011).



*Figure 3. Wine Rep Working with Distributor (source: author)*

Model N 3: The last rep model is entitled as retailer rep. Hotels, restaurants and cafes are frequently covered by such a wine representative who also works with other alcohol drinks.

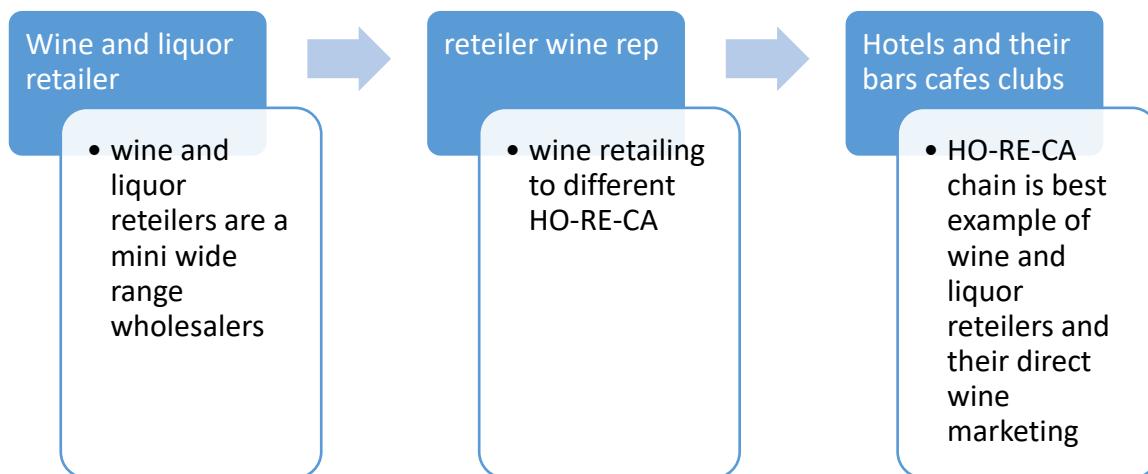


Figure 4. Wine rep working with HO-RE-CA

### Wine Club Model

Wine club can be defined as “a group of customers organized by the winery that agree to receive selected benefits and preferential treatment” (Teaff et al., 2005). Wine clubs organize special events; they do a lot of jobs for wine marketing. The special process of wine

clubs is to make club members learn new wines. This model seems to be appropriate for Georgian Wines in USA, Canada, China, EU and UK markets. Wine clubs usually work well for wine promotion and sales activation.

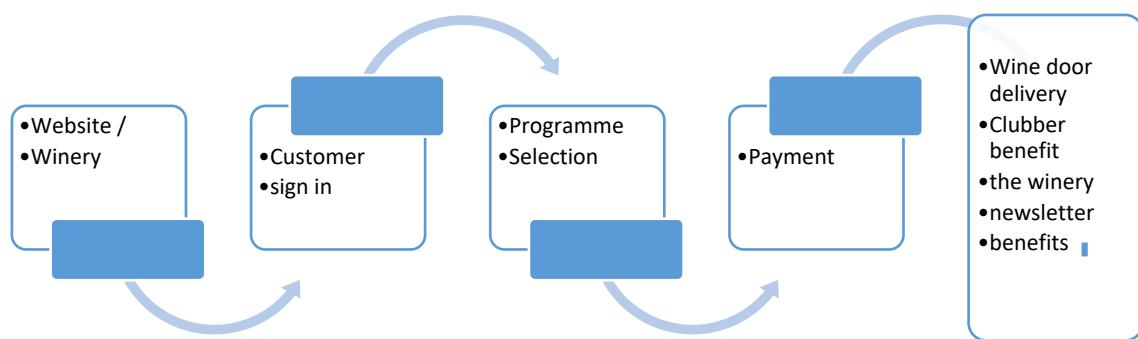


Figure 5. Wine Club as a Model for Promotion and Sales Activation

The famous culture of wine clubs can be very useful for Georgian wine sales especially for Qvevri Wine Brands. Such clubs promote special positive attitude to wines and wine culture.

## Usefulness of Different Social Media for Georgia Wine

The case of Murphy-Goode Winery located in Sonoma County, California serves as the basis to analyze how social media is beneficial for wine sales (Swindell, 2014). This company implemented a 6-month social media strategy to obtain 880 million media displays, leading to a 130%-growth in sales revenue and a 70 %- rise in wine tasting (Cosenza et al, 2014). Digital subscribers and wine consumers vote for steps in the wine making process, beginning from appellation to bottle regime, leading by digital communications manager (Olsen et al., 2008).

Such family wine companies report a comprehensive campaign added 16,000 email subscribers and inspired 300,000 social media engagements within 3 months of launching (Thach et al., 2016). Similar success can be achieved in the case of Georgian wines. Also, we think that wine producers and wine farmers must know how useful social media is for a long-term success. There are many cases showing great advantage in sales together with the social media campaign.

## Research Questions

A quantitative online survey was used to measure perceived impact on modern models of wine sales among Georgian winemakers. The survey, originally developed at International Black Sea University, was modified to include questions on wine sales. The resulting survey included a total of 6 questions, simple rating questions and short answer replies. In order to measure the knowledge of modern models of wine sales, the following questions were asked to export managers of wineries:

1. How well do you know the models of Wine clubs, Wine Representatives, Online wine sales? Social Media Wine Campaigns? Possible answers can be: I have 0 per cent awareness, I have 20 per cent awareness, I have 40 per cent awareness, I have 60 per cent awareness, I have 80 per cent awareness, I have 100 per cent awareness.
2. In general, how much impact do you believe wine sales models and efforts have on final wine sales? Possible answers could be: 0 per cent, 20 per cent, 40 per cent, 60 per cent, 80 per cent, 100 per cent.

3. How much impact can wine clubs have on sales of Qvevri Wine generally? Possible answers can be 0 per cent, 20 per cent, 40 per cent, 60 per cent, 80 per cent, 100 per cent.
4. How much impact can wine reps have on Qvevri Wine in general? Possible answers can be 0 per cent, 20 per cent, 40 per cent, 60 per cent, 80 per cent, 100 per cent.
5. How much impact do you believe social media has on final wine sales? Possible answers can be 0 per cent, 20 per cent, 40 per cent, 60 per cent, 80 per cent, 100 per cent.
6. How much impact do you believe online sales have on final wine sales? Possible answers can be 0 per cent, 20 per cent, 40 per cent, 60 per cent, 80 per cent, 100 per cent.

As a result of calculating all the respondents answers, the following summarized impact was received.

## Results

Table 1. The percentage of Knowledge among Winemakers and Managers of Wineries to Modern Wine Sales

How well you know models of wine sales?	awareness %	non awareness %	%
How well you know the models of Wine clubs?	20	80	100
Wine Representatives	40	60	100
Online wine sales	60	40	100
Social Media Wine Campaigns	40	60	100

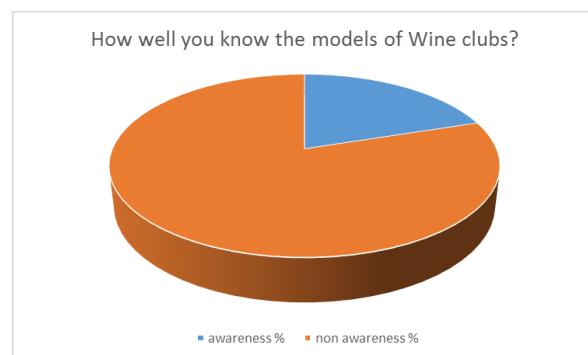


Figure 6. The Awareness to the Modern Wine Sales Model – Wine Clubs

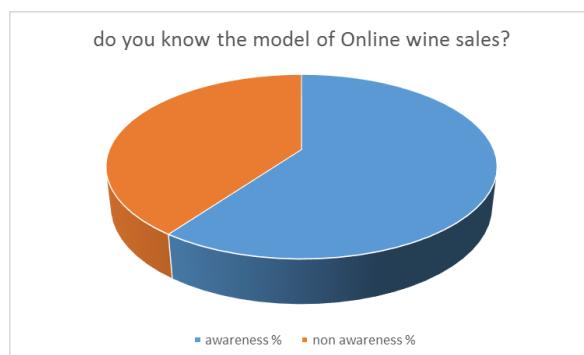


Figure 8. The Awareness to the Online Wine Sales Model

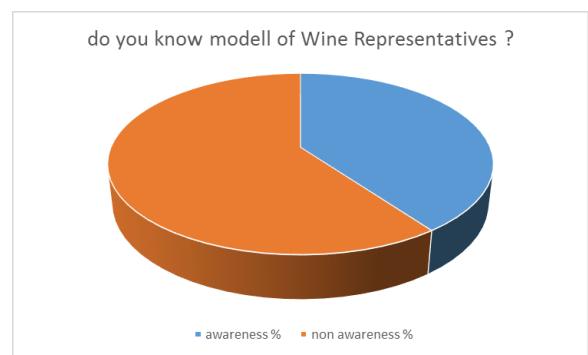


Figure 7. The Awareness to the Wine Rep Model

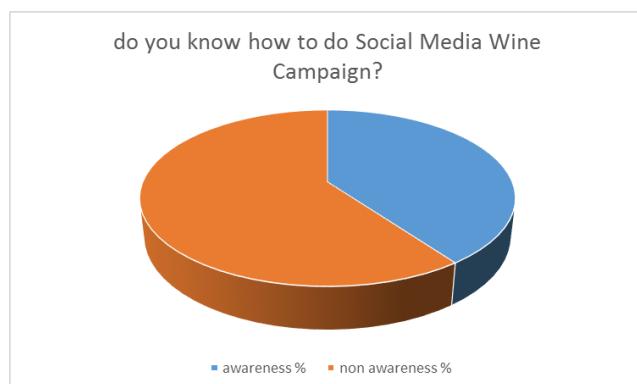


Figure 9. The Awareness to the Social Media Impact to Wine Sales

Out of 23 Georgian wineries and their managers completing the survey, 55 per cent were from East Georgia and 45 from west Georgia. Respondents knew some wine sales models well but some of them were new for them.

Table 2. Impact of Different Sales Models to Georgian Wine Sales (source: research)

Question	summarized impact %
how much impact do you believe Wine Sales models ?	40
How much impact wine clubs can have on sales of Qvevri Wine?	20
How much impact wine reps can have on Qvevri Wine Generally?	55
How much impact do you believe social media have on final wine sales?	60
How much impact do you believe online sales have on final wine sales?	45

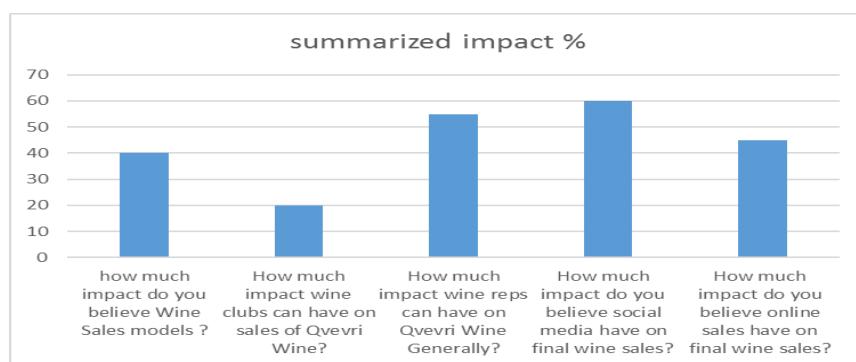


Figure 10. What Wineries Think about Possible Impact of Different Wine Sales Models

Table 3. What Wineries Think about Possible Impact of Different Wine Sales Models

Which model can mostly impact Qvevri Wine Sales	impact to QVEVRI wine sales
Wine club	10
Wine reps	40
Social media campaign	40
Online wine sales	10
Total	100%

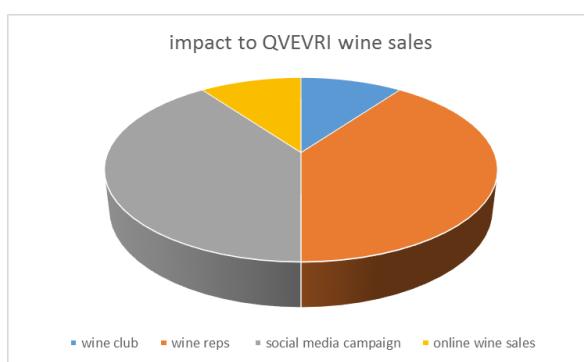


Figure 11. Impact to Qvevri Wine Sales

## Recommendations

- The knowledge to wine sales models is still at the low level among Georgian winemakers, wineries and their staff.
- Georgian wine makers must know well their prospect customers in target markets;
- Managers from Georgian wineries, especially, Qvevri Winery must have special knowledge of how to use different modern wine sales models to improve sales, gaining financial sustainability.
- Wineries must know well online wine sales strategies and tactics and use telemarketing and online selling to groups and online retail stores;
- Wine traders and their wine reps have a lot of different forms and business

- models. So, winemakers from Georgia must carefully check their partners in target markets to increase wine reach to prospect customers;
- Social media campaigns must be planned with participation of Georgian wine makers and increase the chance to reach their customers worldwide;
- Improve Search Engine Optimization and special online banners and digital ads to increase purchase probability of wine consumers online.
  - Winemakers must know which reward system works best for the customer.

## Conclusion

Qvevri Wine is obvious healthy. Despite the fact that world consumers search for quality products besides healthy and hygienic standards of the products (Khitarishvili, 2016), the model of wine sales is important. Wine dealers must know which kind of rewards system works best for the customer. Rewards can be divided into immediate and delayed reward promotions. Immediate reward promotion offers something immediate, differentiated from delayed reward

promotions requiring the target audience to do something before they receive some reward (Percy, 2008).

Knowing well the modern wine sales models Georgian wineries can plan better their marketing activities and increase their sustainability using diversified models and schemes.

## References

- Cosenza, T., Solomon, M. & Kwon, W. (2014). Credibility in the blogosphere: A study of measurement and influence of wine blogs as an information source. *Journal of Consumer Behaviour*, 14(2), 71–91.
- Franson, P. (2014). Wine social media pays off', Wines & Vines. Retrieved November 16, 2015, from <http://www.winesandvines.com/template.cfm?section=news&content=135197>
- Imnadze, G. (2013). Georgian wine producer set to grow revenue by 25% following ERP Implementation, This case study is for informational purposes only, Document published December 2013.
- Khitarishvili, A., Hanf, J., A., & Schweickert, E.(2016). PDO and PGI importance for Georgian Wine Promotion - Will Georgia benefit from Geographical Indication at International Market? HochschuleGeisenheim, Von-Lade Str 1, 65366 Geisenheim, Germany.
- Kumar, V., & Shah, D. (2004). Building and sustaining profitable customer loyalty for the 21st century. *Journal of Retailing*, vol.80, 317–330.
- Lieberman, M.B. Montgomery, D.B. (1988). First-Mover Advantages. *Strategic Management Journal*, vol.9, 41-58.
- Olsen, J. & Hermsmeyer, J. (2008). Direct wine sales and wine 2.0' in Thach, L. and Matz, T., (eds) *Wine: A Global Business*, 2nd edn. Miranda Press, New York.
- Percy, L., (2008). *Strategic Integrated marketing Communications theory and practice*, Published by Elsevier.
- Palmgren, I., & Deschaeck, S. E. (2016). Analyzing the Factors that Drive Wine Sales in Sweden A Regression Analysis.
- Rosenberg, J. (2011). Presentation on social media and Wine Tourism, Wine Tourism Conference, Napa, CA,2011.
- Moore, B. (2012). Facebook marketing case study: Pacific Rim Riesling wine. Retrieved January 20, 2013, from <http://>

[www.furlongpr.com/facebook-marketing-case-study-pacific-rim-riesling-wine/#more-8914](http://www.furlongpr.com/facebook-marketing-case-study-pacific-rim-riesling-wine/#more-8914)

Swindell, B. (2014). La Crema uses crowdsourcing to make wine, engage consumers', Santa Rosa Press Democrat. Retrieved November 16, 2015, from <http://www.pressdemocrat.com/business/3078429-181/lacrema-uses-crowdsourcing-to?page=2>

Teaff, B., Thach, L. & Olsen, J. (2005). Designing effective wine clubs: An analysis of the components of the winery wine club. *Journal of Wine Research*, 16(1), 33 – 54.

Thach, L., Lease, T., & Barton, M.(2016). Exploring the impact of social media practices on wine sales in US wineries, *Journal of Direct, Data and Digital Marketing Practice*, 17, 272–283. doi:10.1057/dddmp.2016.5