

The Role Of The Wine Industry Of Atu Gagauzia In The Economy Of The Republic Of Moldova: Current State And Development Potential

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Abstract

In the article, the authors characterize the current state of the wine industry of the Republic of Moldova and ATU Gagauzia, and aim to show the prospects for the growth of the efficiency of the industry and increase its competitiveness. The authors analyze the dynamics of production in the Republic of Moldova and in the ATU Gagauzia of such types of wine products as sparkling wines, natural grape wines and fortified wines, where it can be noted that during 2014-2018 in the Republic of Moldova the volume of sparkling wines and the volume of natural grape wines is growing and shows a positive trend. Also, the volume of sparkling wines and natural grape wines produced in the ATU Gagauzia for the period 2014-2018 is growing and shows a positive trend. It is noted that in general, the dynamics of wine production is positive, despite the fact that the dynamics of fruit-bearing grape plantations does not have a clear positive trend. The article also provides a SWOT analysis of the wine industry of ATU Gagauzia, identifies the main ways of development of the industry and proposes specific measures to achieve more effective development of the industry in the region. As a result of the SWOT analysis, promising goals for the development of the wine industry of ATU Gagauzia were determined. To achieve these goals, the authors propose to implement the following activities: - creation of a regional wine cluster, which will serve as an impetus for the development and competitiveness of the wine industry and the region as a whole; - to development of wine tourism, which includes not only familiarization with the technology of growing grapes, wine production, but also familiarization with the history, culture and traditions of the region; to use of digital marketing technologies as a tool to promote wine products in foreign markets.

Keywords: Viticulture, Winemaking, Wine production, Clustering, Wine tourism, Marketing.

1.Introduction

The country in the form of a bunch of grape - Republic of Moldova is located in the South-Eastern region of Europe, between Ukraine and Romania, in the black sea basin, which is considered the place of origin of the vine. The wine industry is a strategic sector of the economy of the Republic of Moldova. According to the national Bureau of statistics (NBS), the wine sector accounts for 3.2% of the country's gross domestic product. In addition, the Republic of Moldova has the highest density of vineyards in the world, it is 3.8% of the area of the country and 7% of all arable land.

Wine production in ATU Gagauzia plays an important role in the wine industry of the Republic of Moldova. ATU Gagauzia (Gagauz Yeri) is an Autonomous Territorial Unit in the South of the Republic of Moldova. The South of Moldova is traditionally engaged in winemaking, which is the

main sector of the economy here. Vineyards in Gagauzia occupy 5650 hectares, of which 4900 hectares - technical varieties and 750 hectares - table varieties. White varieties occupy 60% of the area, red-40%. By areas of technical (wine) grapes per capita, ATU Gagauzia is a European record holder. Wineries of Autonomy produce ordinary wines, wines of the highest quality, dessert wines, as well as sparkling wines (Gagauzia the land of gagauzians, 2019). In this article, the authors aim to show the importance and role of the wine industry of Gagauzia ATU in the economy of the Republic of Moldova through the analysis of the current state of the industry and its development prospects.

2.Material and Methodology

For the achieving the goal, the author used the official data of the National Bureau of Statistics

of the Republic of Moldova, as well as studies of Moldovan scientists in this field.

For conducting the research, the author used the method of analysis and synthesis of empirical data. The data is presented in a graphical, tabular and schematic way.

3. Research Results

For the characteristics of the wine industry in general, authors analyzed the volume of production in the Republic of Moldova and in ATU Gagauzia. The volume of wine production by category in the Republic of Moldova as a whole is presented in table 1.

Table 1. Volume of wine production by categories in the Republic of Moldova in 2014-2018 (thousand decalitres)

Category of wine product	Years				
	2014	2015	2016	2017	2018
Sparkling wines	514,0	502,3	629,2	642,4	665,4
Natural grape wines	13 909,6	13 448,3	13 289,5	16 323,2	16 956,6
Fortified wines with an alcohol content of more than 15%	348,3	370,9	470,3	428,3	165,8
Total	14771,9	14321,5	14389	17393,9	17787,8

Source: compiled by the authors on the basis of data from the National Bank of statistics, 2018 <http://statbank.statistica.md>

From the data presented in table 1, it can be noted that during 2014-2018 in the Republic of Moldova the volume of sparkling wines and the volume of natural grape wines is growing and shows a positive trend. However, the volume of wines with an alcohol content of more than 15% is significantly reduced in 2018 (by 61% in 2018 compared to 2017). This is due to the changing

taste preferences of the end user, who in recent years prefers natural grape wines and sparkling wines.

In order to show the role of ATU Gagauzia in the wine industry of the Republic of Moldova, consider the volume of wine production by category in Gagauzia (table 2)

Table 1. Volume of wine production by categories in the ATU Gagauzia in 2014-2018 (thousand decalitres)

Category of wine product	Years				
	2014	2015	2016	2017	2018
Sparkling wines	24,7	10,7	44,6	134,3	180,4
Natural grape wines	2 493,5	2 280,8	3 355,0	3 073,8	3 080,3
Fortified wines with an alcohol content of more than 15%	90,0	66,9	79,4	60,9	45,2
Total	2608,2	2358,4	3479	3269	3305,9

Source: compiled by the authors on the basis of data from the National Bank of statistics, 2018 <http://statbank.statistica.md>

From the data of table 2, it can be noted, that the situation in Gagauzia repeats the situation in the Republic of Moldova. Thus, the volume of sparkling wines and natural grape wines produced in the region for the period 2014-2018 is growing and shows a positive trend. However, the volume of fortified wines is significantly reduced in 2018: by 25.7% in 2018 compared to 2017.

The positive dynamics of wine production in the Republic as a whole, and in Gagauzia in

particular, is due to the growth not only of the productivity of grape plantations, but also the growth of grape plantations of authentic Moldovan varieties that are resistant to temperature changes and diseases.

Figure 1 shows the dynamics of fruit-bearing vine plantations and the yield of these plantations in the period 2015-2018.

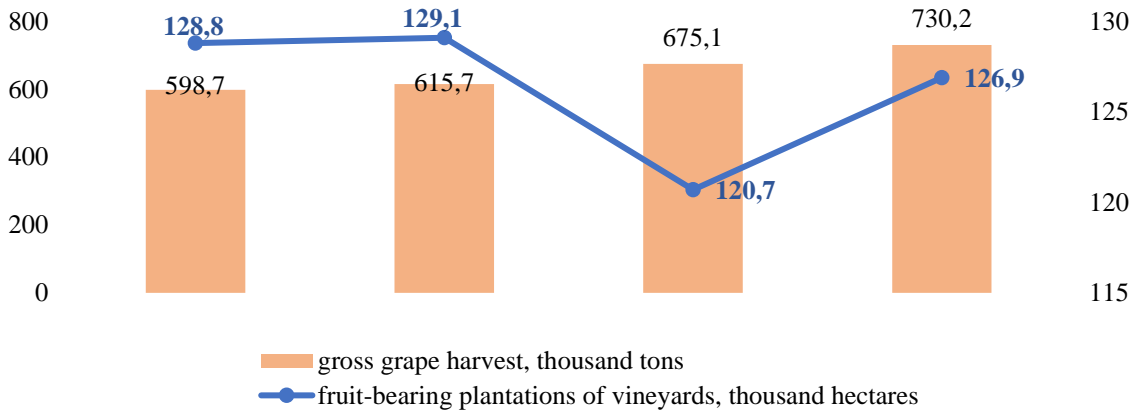


Fig. 1. Dynamics of fruit-bearing grape plantations (thousand hectares) and yield of grape plantations (thousand tons) in the Republic of Moldova in the period 2015-2018

Source: compiled by the authors on the basis of data from the National Bank of statistics, 2018 <http://statbank.statistica.md>

From the data of figure 1, it can be noted that the dynamics of fruit-bearing vine plantations in the Republic of Moldova does not have a clear positive trend, but the yield of these plantations has a positive trend throughout the analyzed period. This is due to the fact that Moldovan growers focus on planting local varieties: Fetyaska Neagre, Rare Neagre, Viorica, which

are resistant to dry and hot weather, diseases, require minimal treatment with pesticides.

The share of winemaking in the total volume of industrial production of Gagauzia is about 60%. There is no such concentration of this type of production anywhere else in the Republic of Moldova. In General, the share of wine production of Gagauzia in the Moldovan industry is shown in figure 2.

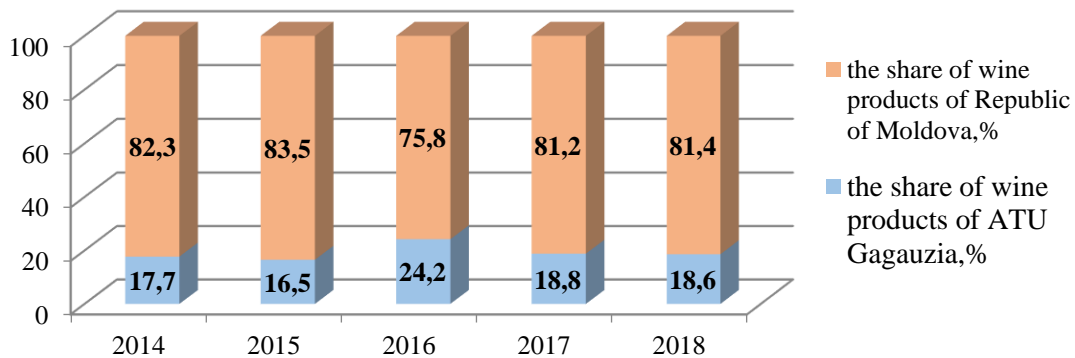


Fig. 2. Share of wine production of ATU Gagauzia in the wine industry of the Republic of Moldova for 2014-2018 (%)

Source: compiled by the authors on the basis of data from the National Bank of statistics, 2018 <http://statbank.statistica.md>

From the data of figure 2, it can be noted that during the whole analyzed period the share of wine production of Gagauzia in the wine industry of the Republic of Moldova is on average almost 20%. This is taking into account the fact that the proportion of the population of ATU Gagauzia in the total population of Moldova is only 2.7%. Thus, it can be noted that winemaking is not only an important industry for ATU Gagauzia, but also has a significant impact on the wine industry of Moldova as a whole.

One of the effective tools of strategic analysis is SWOT-analysis, which allows at a certain stage of time in the presence of information about the qualitative and quantitative characteristics of the analyzed object with the help of expert judgment to identify, evaluate and analyze promising areas of development.

So, for a more complete assessment of the situation in the wine industry ATU Gagauzia was conducted SWOT-analysis (figure 2).

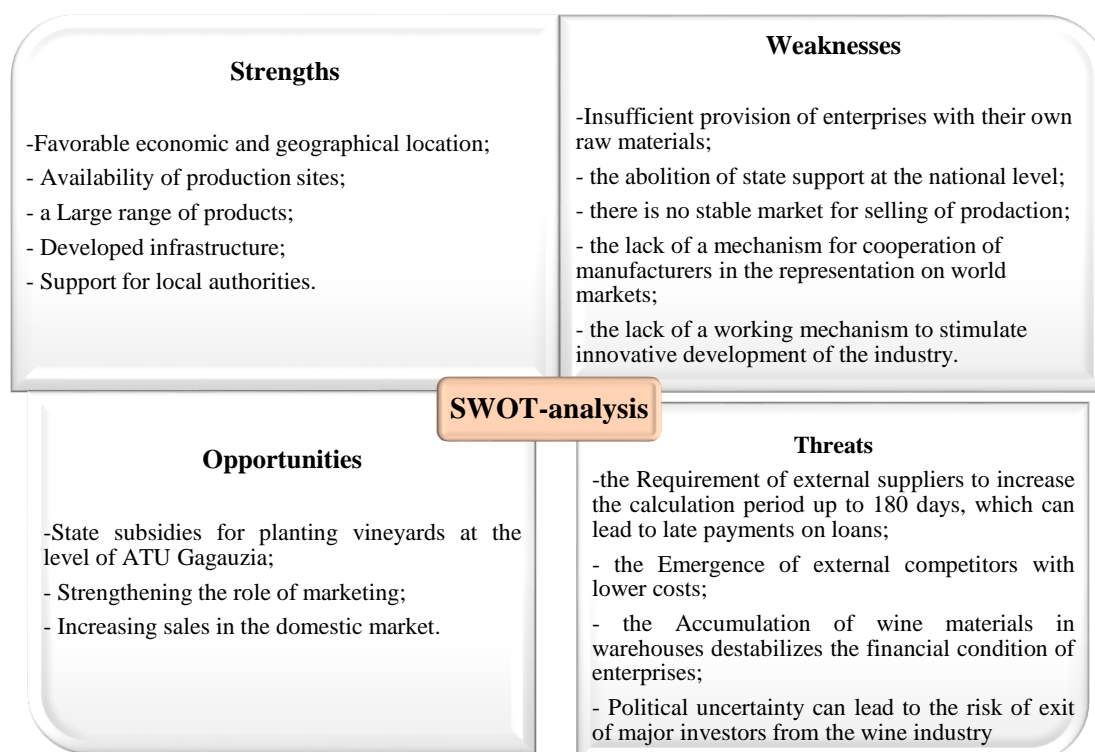


Fig. 2. The SWOT-analysis of the wine industry of ATU Gagauzia

Source: compiled by the authors

Analysis of the SWOT matrix allows us to conclude that the most effective strategies for the development of the wine industry of Gagauzia are associated with the unification and entry into the world market. These strategies include:

- Expansion of own fruit-bearing areas of grapes;
- Creation of a mechanism of cooperation of producers at the regional level to enter the world market;
- Use of innovative technologies to reduce production costs;
- Entering the international market with a focus on natural grape wine;
- Promotion of products under the single trademark "Gagauz Malları".

4. Conclusions

As a result of the SWOT analysis, promising goals for the development of the wine industry of ATU Gagauzia were determined. To achieve these goals, the authors propose to implement the following activities:

4.1. Creation of A Regional Wine Cluster

Creation of a regional wine cluster, which will serve as an impetus for the development and

competitiveness of the wine industry and the region as a whole.

Considering the wine industry of ATU Gagauzia as a base wine cluster South of the country, it is necessary to note the following conditions for its creation:

1. Favorable economic and geographical position of Gagauzia
2. The presence of favorable conditions for growing special grapes - the main raw material in the production of wine;
3. Qualified human resources;
4. The functioning of the Comrat State University that trains specialists for region;
5. Development of services of Innovation Incubator, the aim of which is to develop an economy based on innovation and transfer of new technologies by promotion and development of innovative SMEs;
6. The development of the scientific base of viticulture and winemaking;
7. Development of infrastructure in the region;
8. Supporting government;
9. High geographical concentration of wineries in a small area of Autonomy;
10. The administrative bodies and enterprises which are able to enter the value-added chain.

In addition, the most viable clusters develop into sectors and regions where the entrepreneurs have already established cooperation between them already exists a certain degree of dialogue and trust. The form of this cooperation on the territory of ATU Gagauzia is the Association of Winemakers of Gagauzia «GAGAUZIĂVIN» This Association was created to help its members in establishing mutually beneficial cooperation with domestic and foreign potential partners, to promote popularization and the promotion of wines from Gagauzia on the Republic of Moldova and abroad.

The main participants in the cluster will be able to reduce transaction and transport costs by using its own fleet, which in turn will lead to lower production costs. Unified policy and the promotion of uniform quality standards for all participants will provide a guaranteed market and product recognition. In addition, small businesses will have access to the results of capital-intensive specialized studies, invested at the expense of all the cluster members.

Besides these benefits for the cluster members it should also be noted that occurs the effect of synergy. This is due to the fact that the cluster as a stable Partnership that are interconnected with enterprises, institutions, organizations, and individuals. It may have a potential that is greater than the simple sum of the individual capacities components. This increment occurs as a result of cooperation and effective use of the capacity of partners in the long run, the combination of cooperation and competition (Hasanov, R., 2009).

4.2. Development of Wine Tourism.

Viticulture and wine tourism (enotourism) is currently a promising and profitable direction for the development of agro-tourism in rural areas. It includes not only familiarization with the technology of growing grapes, wine production, but also familiarization with the history, culture and traditions of the region.

Factors contributing to the development of wine tourism in Gagauzia (Levitskaya, 2019):

–A special combination of climatic and soil conditions creates a favorable terroir for winemaking (for example, water deficiency has a positive effect on red grapes, long autumn contributes to a sufficient set of sugar berries);

–High industry concentration of production and a wide assortment of wine products (about 24% of the total production of Moldova), as well as a wide geography of exports, providing recognition of Gagauz wines (about 90% of wine products are exported to more than 50 countries).

–Availability of potential for the development of the types of tourism associated with grape and wine tourism: rural, ecological, gastronomic and ethnographic.

4.3. The Use of Digital Marketing Technologies as A Tool to Promote Wine Products in Foreign Markets

Digital marketing today has become an integral part of any business, regardless of its size and type. The growing role of digital marketing has influenced how companies promote their offerings to both existing and new customers. The need for digital marketing has been felt like never before in the travel industry, where customers have instant access to all kinds of information about the latest offers and best prices. Wider and more effective use of Internet marketing in the field of promotion of wine products in foreign markets is of undoubted interest not only for individual enterprises, but also can affect the development of the industry as a whole (Levitskaia and Ianioglo., 2018).

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