

Chapter 5

Marketing Substantiation of Efficiency of Product Policy of Medium-Sized Wineries in the Republic of Moldova

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ABSTRACT

This chapter is devoted to revealing the importance and definition of the logical relationship of components related to an effective product policy of modern medium-size winery of the Republic of Moldova. The chapter presents a comparative analysis of modern marketing definitions of product policy of an enterprise. The purpose of the author is the research and marketing disclosure of the nature of the product policy as one of the key management tools of a modern winery. A structural model of the marketing product policy components has been developed. The approaches proposed for implementation in the Moldovan wineries would allow the analysis of the product policy effectiveness. The importance of the marketing substantiation of effective product policy in the activities of medium-sized wineries in socio-economic development of Moldova and their underutilized potential, an unfavorable business climate and the need for a substantial improvement in the product policy has determined the relevance of the research topic presented in the chapter.

INTRODUCTION

Research of the activity of medium-size enterprises in the winery area in Republic of Moldova over the past decades has attracted the attention not only of scientists, but civil servants involved in regulatory processes and support business and representatives of the business community as well as. Significance of medium-size enterprises in winery area in Moldova is due, above all, to the importance of the tasks that they can solve in the economy and other spheres of social activity. In particular, medium-size enterprises in winery area promote competition; flexibly react to rapidly changing demand; in many respects

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provide employment of the population, including in times of crisis; give possibility of self-realization of citizens; create prerequisites for the formation of middle class, providing stability in society. In the Republic of Moldova, attention was paid to the development of medium size of winery enterprises from the first year's independence. Over the years, basic mechanisms have been developed and state support implemented: legislation has been adopted with strategies and programs; an institutional base has been created (The Law of the Republic of Moldova «On supporting the sector of small and medium-sized enterprises»: No.206-XVI of 07/07/2006. In: Monitorul Oficial al Republicii Moldova. 2006, nr. 126-130; The Law of ATU Gagauzia "On Grapes and Wine" No. 64-XXXIII / II of June 18, 2002). And although the dynamics of key indicators of this area show positive trends a more detailed analysis shows significant unused opportunities and barriers. One such area is the development and implementation of an effective product policy. At the same time, the business environment in Moldova¹ for medium-sized winery enterprises remains unfavorable: entrepreneurs face serious problems, some of which are caused by the system of business regulation and are not resolved in a timely manner. The Moldovan market for vine products is characterized by excessive fluctuations generated by the dynamics of production of grapes and processed products thereof, price volatility, increased competition, etc. Grapes and grape products obtained in Moldova exceed the domestic market demand and this country is doomed to commercial relations with other countries and/or groups of countries. The importance of the marketing substantiation of effective product policy in the activities of medium-sized wineries in socio-economic development of Moldova, their underutilized potential, an unfavorable business climate and the need for a substantial improvement in the product policy has determined the relevance of the author's research topic.

BACKGROUND

Grapes and wine products were and are symbols of both the agriculture and economy of Moldova. Until the 90s of last century the main consumer of these drinks was the Russian Federation. On its markets Moldovan wineries sold more than four fifths of wine from grapes and more than 90 percent of sparkling wine. After the approval of the Declaration of Independence (August 27, 1991), this country has made considerable efforts to reform the national economy, to transition from centrally managed economy to a market economy that allows the manufacturer to direct activities according to demand and primarily the domestic market. The demand for grapes and grape products on the domestic market rules according to traditions and previous practice and must be covered entirely by the local production (Certan & Certan, 2015)

The *scope* of this research is marketing analysis of the state and prospects of the development of the product policy for medium-sized wineries in the Republic of Moldova.

The *research period* will be for 2009-2016 in the development of the sector of wine-making enterprises of medium size in the Republic of Moldova in order to determine the state, problems, potential and prospects for its development with the aim of increasing its competitiveness in a conditionally export-oriented economy.

The *objectives* of the research paper are as follows:

- Study the current situation in the context of development of main elements of product policy (the development of a new product, brand, and service) at medium-sized wineries of the Republic of Moldova.

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