

# Winemaking Sector in Greece: An Accounting-Based Approach

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## ABSTRACT

The wine making sector is directly intertwined with viniculture, which has been known since ancient times. Nowadays, Greece offers outstanding value for its wines and there are many new varieties that will certainly expand the customer's palate. In order to explore the sector's potential, financial statements and ratio analysis is implemented. In this study, 14 financial ratios are estimated in order to examine the domestic wine sector. This sample consists of 51 domestic wine producing companies. The uniqueness of this analysis is based on the fact that the individual financial reports are edited and properly adjusted in order for a consolidated balance sheet and profit and loss account, representative of the sector, to be constructed. The wine sector's perspective seems conducive to better control regarding primarily operating expenses. The findings could aid producers in the Greek wine industry in providing them valuable considerations and guidelines. The wine market is considered as an enjoyable, collectible, tangible asset that has an exciting future.

## KEYWORDS

Alternative Investments, Greece, Ratio Analysis, Winemaking Sector

## 1. INTRODUCTION

It is believed that wine was introduced in Greece around 4000 years ago and it was known to the Minoan and Mycenaean civilizations. The ancient Greeks knew the nutritional value of wine well and it became an inseparable part of their daily diet. Ancient Greeks considered wine as a gift from the gods. Vineyards, grapes and wine-drinking festivities were painted on hundreds of ancient Greek artifacts of clay, marble and metal. Thus, wine cultivation was part of Greece's agriculture.

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In recent years, the Greek wine industry has undergone tremendous improvements with serious investments in modern winemaking technology. The new generation of native winemakers is being trained in the best wine schools around the world and their efforts are paying off, as Greek wines continue to receive the highest awards in international competitions as well as the recognition they deserve throughout the world. The winemaking sector of Greece has the following characteristics: the long-standing tradition of the Greeks with vine and wine; the climatic peculiarity and the specific terrain characteristics of the land in Greece; the Greeks' cultural relationship with wine; the country's modern-day tourist development with the millions of visitors every year, which may form the spark for further promotion of exports of Greek quality products.

The wine market in Greece is highly self-sufficient, more than covering domestic consumption; the result being a large need for exports. Additionally, the domestic market is going through a reshuffling phase, a characteristic of which is the establishment and gradual expansion of wine producing units for limited production wines. It is greatly necessary for a continuous effort in order to upgrade the Greek wines as well as to intensify the exporting efforts by attempting to establish the image of quality Greek wine.

Starting from Athens, there has been a revival of Greek wine bars within the last couple of years. This trend is also forcing traditional taverns and café/bars to include quality wine by the glass in order to compete for this segment of the market which has extra money to spend, but is at the same time searching for something different and with quality. There are more than 300 indigenous types of grapes. Domestic wines are food-friendly. Greek wine accompanies food sourced from great terroir. The Greek wine sector has to differentiate its product. This extensive variety of grapes together with the moderate Greek climate, plentiful sunshine, low average rainfall and soils of moderate fertility combine to provide an excellent environment for the production of high-quality wines with distinct flavours.

At large, Greece has been modernising its wine industry rapidly. This is particularly thrilling because the Greek wine industry is so ancient. It is quite possible that some of the vine varieties grown today are the same as those experienced by participants in classical symposia and Dionysian revels. Greece now has small, well-funded, quality-at-all-costs winemaking establishments. Adapting all the time and mirroring the changes around it, wine is a living organism. The same holds for wine production in general. Actually, these changes illustrate the health, vibrancy and quality of the sector – and Greek wine is bound to captivate even more consumers with its ever-changing fashions.

Taking into account the fact that Greece is one of the most important wine producing countries in the EU, winemaking is considered a strong and powerful sector of the Greek economy. The results offer a clear picture of the wine trade dynamics in the Greek market, indicating as key determinants for its competitiveness the size of the Greek economy, the geographical distance from other EU countries and the size of per capita wine consumption to the wine markets.

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