

Chapter 2

The Competitiveness Constraints of Romanian Wine Sector and the EU–28 Agricultural Model

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ABSTRACT

Romanian agrifood sector has experienced a profound paradigm change during the last period, especially after the accession to the European Union (EU). Starting from the need to be convergent to the EU agricultural model requirements and valuing the domestic agricultural potential, numerous developments and constraints have occurred. The objective of the study is to further examine the competitiveness constraints of Romanian wine sector. The study reveals that the wine production has suffered a dramatic improvement both on quantity and quality. The paradigm change imposed by replacement of the hybrid vines with noble vines has triggered both a quality and competitiveness increase. The domestic wine producers have adapted their production to the new market demands. Now they must fulfill both the national and European competitiveness constraints and they should stay as a new quality wine promoter.

INTRODUCTION

Romania has a massive wine production potential which should be valued as close as possible to the domestic consumption patterns and, in the same time, to be convergent to the EU pattern. In this context, the main objectives of the chapter are connected to the following research constraints:

- A short analysis of the Romanian wine potential in context of the last agricultural transformations.

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- A sectorial analysis in a tight connection to the domestic economic branches, both from the agricultural economic perspective and, also, from the integrative point of view.
- A comparative analysis between the traditional and greatest wine producers and their strengths in the market, technologies and knowledge transfer.
- Revealing the convergence between the domestic wine producers and foreigner ones both from the EU agricultural model requirements and the behavioral patterns.

Taking into account all the dimensions presented above, the chapter contain a short literature review in the field, the methodological aspects, sectorial analysis and conclusions. The main aim of the chapter consist of an analysis of the wine sector competitiveness in Romania, taking into account foreigner determinants, market constraints, production technologies and knowledge transfer.

Over the last decade, globalisation of the wine industry has boosted competition between Old and New World producers (Velikova & Dodd, 2016) and is currently facing profound changes both in terms of consumption and production (Hristov & Kuhar, 2015). Also, during the final two decades of the 20th century, the internationalisation of wine production and consumption continued apace (Fleming, Mounter, Grant, Griffith, & Villano, 2014).

In recent decades wine has become a widely consumed product, generating trade flows which affect not only traditional producing countries and consumers. In this context, the EU remains by far the world's largest market as regards wine production and consumption, as well as the chief exporter and importer (Lombardi, Dal Bianco, Freda, Caracciolo, & Cembalo, 2016). The analysis of competitive market structure is an important area of marketing research due to its significance in explaining the nature and extent of competition among companies and their products, including the identification of competitors, market segmentations, product positioning, and pricing (Elrod, Russell, Shocker, Andrews, Bacon, Bayus, ... & Mazanec, 2002). The intense competition affecting the wine industry in recent decades has forced wineries and retailers to reshape their marketing strategies on the basis of consumer preferences (Pomarici, Lerro, Chrysochou, Vecchio, & Krontalis, 2017). Vlachos (Vlachos, 2017) said that several countries in the EU have not fully recovered from the recent economic crisis and their economic policies aim to improve the government budget balance and the productivity and competitiveness of certain industries. It could be an example of wine Romanian economy. Also, global warming is typically thought of as a major driver of new investment in cool climate wine regions, including from producers in warmer areas seeking to supplement supplies that can help them maintain their current styles of wines as well as add new ones (Ashenfelter and Storchmann, 2016). In this context, producers adopt various differentiation strategies such as regions of origin, varieties, wine styles and vintages. This makes wine one of the most differentiated products on the food market and consumers face many different cues on wine labels and a wide range of prices (Schäufele & Hamm, 2018). Also, predictable and transparent laws, policies, and support structures would improve the business climate (Rendleman, 2016).

ROMANIAN WINE MARKET ASPECTS

Romania is among the most important European wine producing countries due to its geographical location, relief and favorable climatic conditions. With a historical past and many traditions, the vineyard culture has developed continuously, being recognized as one of the main agricultural branches of our

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