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RESEARCH ON WINE PRODUCERS IN SOUTH CENTRAL REGION OF BULGARIA

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ABSTRACT
The interest in the subsector Wine production is caused, on the one hand, by the growing competition and the rapidly developing world market of wine products, characterised by an increase in consumption and export. On the other hand, the interest in the market continues to grow due to the importance of the subsector for our country.
The main objective of this paper is to study the leading winemakers in the South Central Region of Bulgaria. In this regard, some indicators for the activity of the studied 15 wine production enterprises are derived. In particular, three leading market criteria are covered - net sales revenue, sales revenue per employee and relative market share.
Based on an analysis of market indicators, conclusions are drawn and trends for the development of wine production in the studied region are presented.

Keywords: wine producers in the South Central Region of Bulgaria, net sales revenue, relative market share of wine producers, net sales revenues per employee.

INTRODUCTION

In Bulgaria, there are favourable climatic conditions for the development of viticulture, which requires studying the problems of this sector. Characteristic of wine production is its zoning, since the quality of the product depends on the variety of grapes from which it is obtained. In this regard, the geographical features of the region determine the grape varieties and the qualities of the wine grown there. In the present study, fifteen wine production enterprises in the South Central Region, occupying an area of 22,365 square kilometres, are studied. The region covers the districts of Kardzhali, Pazardzhik, Plovdiv, Smolyan and Haskovo. Viticulture is widespread in the foothills of the Rhodopes and Sredna Gora. The grown wine varieties rank the region immediately after the South-Eastern Region, as the largest is the size of the areas and the highest is the production of table grapes in Bulgaria.

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ANALYSIS OF THE ACTIVITIES OF WINE PRODUCERS IN THE SOUTH CENTRAL REGION

The wine is both a traditional Bulgarian drink and a drink consumed all over the world. In different countries, the consumption of wine has its own peculiarities, but it can be distinguished by those that are characteristic of this product as a whole. The peculiarities concerning its manufacturers may be summarised as follows:

- wine production has established traditions and culture is formed for its consumption;
- zoning of production related to the requirements for the cultivation of each wine grape variety and forming features of the raw material provision (1);
- technologically complex process and each stage of it requires a certain duration;
- normative regulation of the production activity – in Bulgaria, the Wine and Spirit Drinks Act (2);
- registration of wines according to the national legislation – in Bulgaria, the Law on Trade Marks and Geographical Indications (3);
- good export potential;
- establishing strong brands in the global wine market, including Bulgaria (1);

• seasonal nature of the product and consumption is year-round.

The first indicator reported for the 15 companies surveyed was ***net sales revenue***. For the purposes of the present study, according to the scale of the activity, the data are divided into three figures. **Figure 1** shows the data for the two largest wine enterprises: Vinprom Peshtera, Peshtera and Nordix, Plovdiv, **Figure 2** presents data on medium-sized enterprises in the region, namely: Winery Besa Valley - Ognyanovo, Winery Zagrey - Parvomay, Wine Cellar Starosel, Winery - Asenovgrad, Vintechprom - Pazardzhik, Production consumer agricultural cooperation "Topolovski Prohod" - the village of Topolovo. **Figure 3** shows the information on net revenues from sales of wine houses, boutique wineries that offer wine at retail. These include: Stambolovo Winery, Todorov Boutique Wine House - Brestovitsa Village, Brestovitsa Wine House, Dragomir Estate Winery - Plovdiv, Domaine Justina - Ustina Village, Brestovitsa Winery and Chateau Rogoshev Wine Cellar.

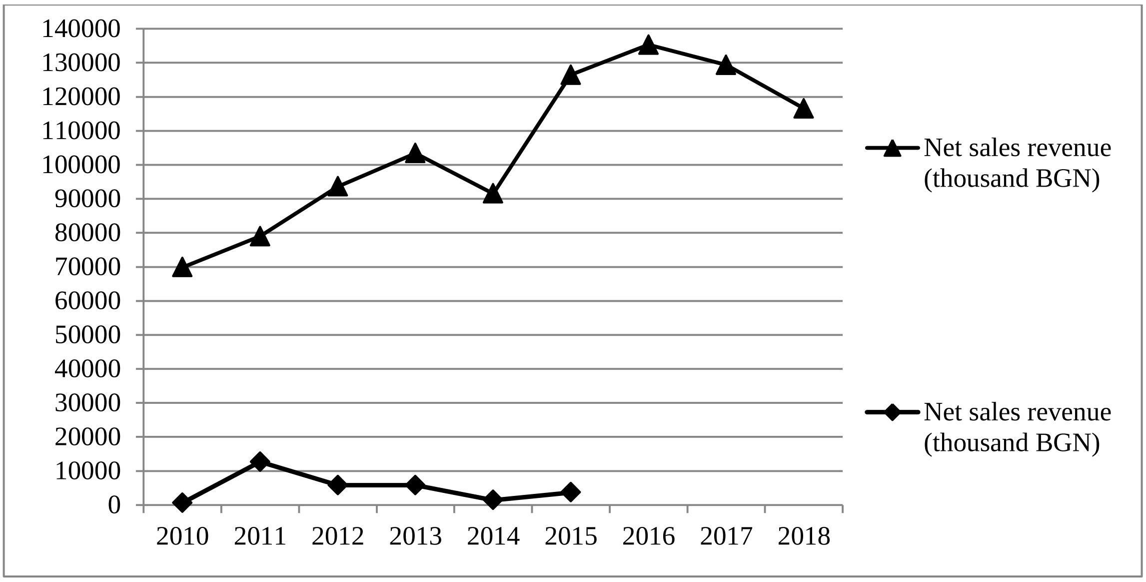

Figure 1. The dynamics of the net sales revenues of the leading wine producers in the South Central Region 2010 – 2018

Source**:** Developed by the author

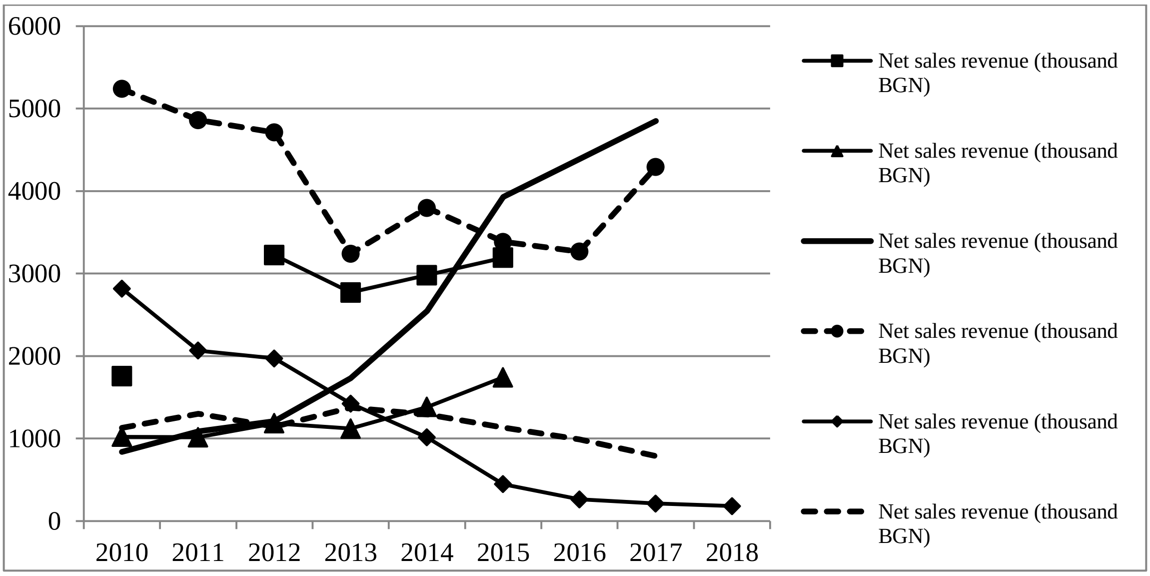

Figure 2. The dynamics of net sales revenues of medium-sized wine enterprises in the South Central Region for the period 2010 – 2018

Source: Developed by the author

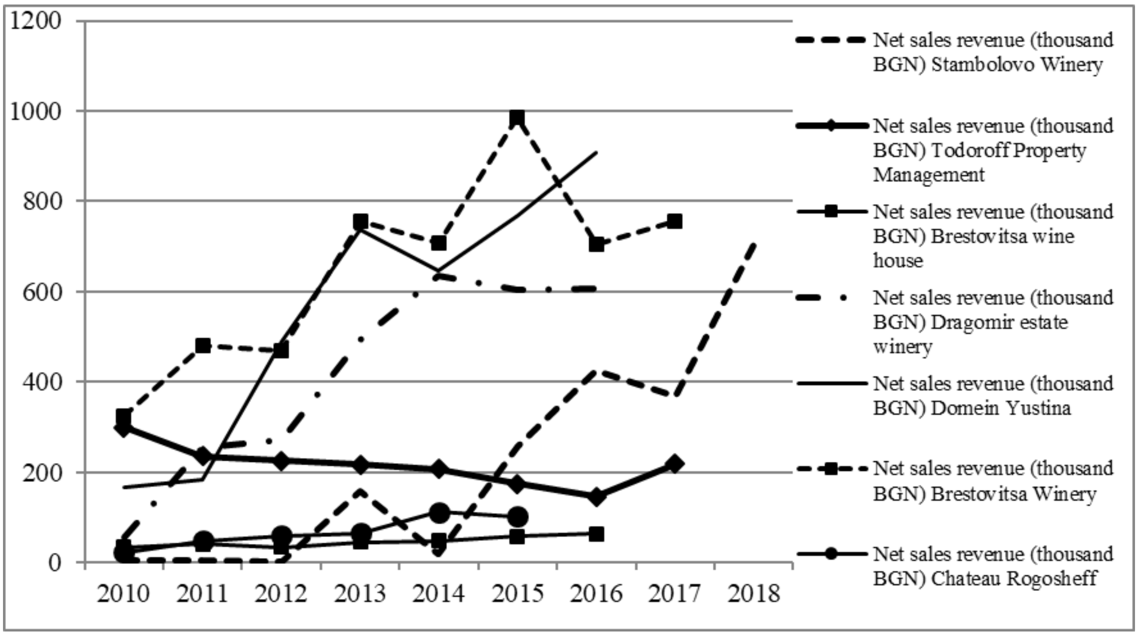

Figure 3. The dynamics of net sales revenues of the smallest wine producers in the South Central Region for the period 2010 - 2018

Source: Developed by the author

The data in **Figure 1** strengthen the leadership positions of Vinprom Peshtera in the South-Central Region of Bulgaria. The study period can be conditionally divided into two sub-periods: from 2010 to 2014 with a steady increase in net sales revenue and a peak in 2013 and a slight decrease in the following year to about BGN 90 million and from 2015 until 2018 with an increase and peak in 2016 to amounts of BGN 130 million, after which the values decreased and reached about BGN 115 million.

The Nordix, Plovdiv wine company is among the leaders in the region, but with a significantly smaller scale of activity compared to the leader Vinprom Peshtera. The available data on net sales revenues are till 2015 and are characterised by the following: their amount for the entire period is up to BGN 10 million as the first year, namely 2015 is characterised by the largest increase in growth, followed by a decline till 2014 to almost BGN 1.4 million and again - growth in 2015 over BGN 3.6 million.

Figure 2 shows the companies that follow the leaders. Winery Besa Valley started in 2010 with net sales revenues of over BGN 1.7 million, followed by growth to the maximum amount for the period of BGN 3.2 million in 2012. The next 2013 there was a decline and then - a rise again in 2015 to its maximum size. Winery Zagrey maintains a constant trend from the beginning of the period until 2013 in the amount of about BGN 1.1 million and an increase in the indicator over the next two years, as in 2015 the values are over BGN 1.7 million. Winery Asenovgrad was initially with a maximum amount of sales revenues of about BGN 5.2 million, followed by a decline to BGN 3.2 million. The following year, there was growth, two years - decline and growth in 2017 to almost BGN 4.3 million.

Wine Cellar Starosel is characterised by an increase in sales revenues over the entire period from over BGN 1 million in 2010 to over BGN 4.8 million in 2017. The trend is opposite for Vintechprom Pazardzhik - a steady decline from BGN 2.8 million in 2010 to BGN 181 thousand in 2018. Production consumer agricultural cooperation "Topolovski Prohod" reports until 2014 a constant amount of net sales revenues of about BGN 1.3 million and decrease in 2017 to BGN 790 thousand.

Figure 3 presents data on wine cellars and houses trading mainly in retail. There are two groups among them. The first group of wineries, which for the nine-year period marked an increase in their sales. Among them are Brestovitsa Winery, Domaine Justina, Dragomir Estate Winery - Plovdiv and Stambolovo Winery. The other three wineries maintain a relatively constant sales volume, with Todorov Boutique Wine House - Brestovitsa reporting the largest amount, followed by Brestovitsa Wine House and Chateau Rogoshev Wine Cellar.

The next indicator of ***sales per employee*** is directly dependent on the previous one, taking into account the efficiency of the wine producers. Data on sales per employee are illustrated in the following T**able 1.**

Table 1. *Dynamics of sales per employee of the surveyed wine production enterprises in the South Central Region for the period 2010 - 2018 (in thousand BGN)*

Winery	2010	2011	2012	2013	2014	2015	2016	2017	2018
Columns	1	2	3	4	5	6	7	8	9
Stambolovo Winery	0.5	0.5	0.33	26.5	3.17	32	35.42	30.67	58.58
Todoroff Property Management	10.31	11.75	11.25	10.85	10.35	8.7	7.3	10.9	n.a.
Bessa Valley Winery	146.42	n.a.	124	106.58	114.65	122.77	n.a.	n.a.	n.a.
Zagreus	39.35	39.12	47.44	48.78	51.26	62.25	n.a.	n.a.	n.a.
Wine Cellar Starosel	28.86	37.55	41.83	59.76	87.9	135.48	146.3	161.6	n.a.
Brestovitsa wine house	16.5	20.5	16.5	22.5	24	29	31.5	n.a.	n.a.
Dragomir estate winery	11	51	54.2	98.6	126.8	121	121.4	n.a.	n.a.
Winary Asenovgrad	43.31	40.17	41.32	30.58	37.96	31.93	32.66	43.79	
Vinprom Peshtera (VP Brands international)	69.88	78.95	93.62	144.42	123.69	158.07	169.12	161.67	145.72
Vintehprom	23.48	17.22	16.43	11.87	10.68	9.93	6.41	6.66	6.46
Domein Yustina	10.31	10.11	27.22	33.55	29.41	34.91	41.27		
Brestovitsa Winery	14.13	25.21	24.68	39.74	33.62	49.25	35.25	37.85	n.a.
Nordix	42.27	843.47	385.67	387.4	63.55	167.41	n.a.	n.a.	n.a.
Production consumer agricultural cooperation "Topolovski Prohod"	41.81	50.04	39.48	47.41	44.62	39.03	47.19	37.62	n.a.
Chateau Rogosheff	11	23.5	19.67	21.67	28	16.83	n.a.	n.a.	n.a.

Source: Developed by the author

*n.a. - missing data

Revenues from sales on average per employee show labour efficiency. The larger their size is, the better the activity is organised and each member of staff participates in the realisation of a larger volume of production. In this regard, staff sales take into account the relationship between sales revenue and the number of employees. The companies with the largest sales do not always report the highest values of this indicator. Quite often, in practice, the sales revenue of certain staff categories is linked to their remuneration (4).

For the first year of the period, 2010, the data in Table 1 show that Bessa Valley Winery is significantly different in terms of sales per employee - BGN 146.42 thousand, followed by Vinprom Peshtera, Winary Asenovgrad, Nordix and Chateau Rogosheff . At the bottom of the ranking are Domein Yustina, Todoroff Property Management and Stambolovo Winery with an insignificant value of BGN 0.5 thousand. The following year the efficiency of Nordix employees increased dramatically - BGN 843.47 thousand, followed by Vinprom Peshtera, Production consumer agricultural cooperation "Topolovski Prohod" and Zagreus. Todoroff Property Management, and again Domein Yustina and Stambolovo Winery are at the bottom of the 2011 rankings.

In the next two years - 2012 and 2013, the general trend remains, as only Bessa Valley Winery is among the leaders, but their data also decline. In 2015, a trend was established, which remained until the end of the period. The leaders are the already known Vinprom Peshtera and Nordix with sales per employee of about BGN 160.000, followed by Wine Cellar Starosel and Dragomir estate winery. Last in terms of labour efficiency are three companies - Vintechprom, Todoroff Property Management and Chateau Rogosheff.

The last analysed indicator in the present study is the ***relative market share*** of wine production enterprises in the South Central Region. The characteristic of this indicator is that its relationship with net sales revenue is directly proportional. The share is calculated according to the existing information about the studied fifteen enterprises. Studies show that in the study area the following structure of agricultural enterprises is observed: the largest share of Small (Subsistence) enterprises - in 2016 was over 52%, followed by Small (Semi-subsistence) with a share of over 1%, Small (Market) - over 11%, and for large enterprises type the market share is only 1.6% (5). This structure is also confirmed by the data in **Table 2**.

Table 2. *Dynamics of the relative market share of the surveyed wine production enterprises in the South Central Region for the period 2010 - 2018 (in %)*

Winery	2010	2011	2012	2013	2014	2015	2016	2017	2018
Columns	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
Stambolovo Winery	0.004	0.003	0.002	0.129	0.018	0.174	0.289	0.261	0.599
Todoroff Property Management	0.355	0.228	0.197	0.176	0.191	0.118	0.099	0.155	n.a.
Bessa Valley Winery	2.086	0.000	2.818	2.246	2.752	2.173	n.a.	n.a.	n.a.
Zagreus	1.215	0.986	1.037	0.910	1.278	1.186	n.a.	n.a.	n.a.
Wine Cellar Starosel	0.994	1.055	1.060	1.405	2.353	2.674	2.985	3.443	n.a.
Brestovitsa wine house	0.039	0.040	0.029	0.036	0.044	0.039	0.043	n.a.	n.a.
Dragomir estate winery	0.065	0.247	0.237	0.400	0.585	0.412	0.413	n.a.	n.a.
Winary Asenovgrad	6.222	4.711	4.118	2.628	3.504	2.304	2.221	3.047	n.a.
Vinprom Peshtera (VP Brands international)	82.974	76.518	81.831	83.827	84.499	86.075	92.001	91.844	99.247
Vintehprom	3.346	2.002	1.724	1.154	0.937	0.304	0.179	0.151	0.154
Domein Yustina	0.196	0.176	0.428	0.598	0.597	0.523	0.617	0.000	n.a.
Brestovitsa Winery	0.386	0.464	0.410	0.612	0.652	0.670	0.479	0.538	n.a.
Nordix	0.753	12.262	5.057	4.711	1.291	2.507	n.a.	n.a.	n.a.
Production consumer agricultural cooperation "Topolovski Prohod"	1.340	1.261	1.001	1.115	1.195	0.771	0.674	0.561	n.a.
Chateau Rogosheff	0.026	0.046	0.052	0.053	0.103	0.069	n.a.	n.a.	n.a.

Source: Developed by the author
*n.a. - missing data

According to the data in **Table 2**, the clear leader in the wine market in the South-Central Region is Vinprom Peshtera with a market share ranging from 7% in 2011 to around 90% in the last three years of the study. The second place is for Winary Asenovgrad, whose positions have weakened from 6% in 2010 to about 2% in the last four years. They are followed by Vintehprom. Only in the first four years, it had a share of 1 to 3%, and then its market presence was significantly reduced with a share of up to 0.15%. The situation is similar at Bessa Valley Winery and Zagreus, which maintain their shares of about 2% and 1% respectively. For Wine Cellar Starosel, there is a tendency to increase the market share from about 1% to over 3%. The Nordix winery has very volatile market positions - its share changed from 0.7% in 2010 to over 12% in 2011. Then it dropped to over 1% in 2014 and doubled again in one year - it became 2.5% in 2015. The other wineries have a negligible market presence - below 0.5% almost throughout the whole period. They can be defined as boutique and satisfying a certain segment of consumers.

Based on the analysis of the relative market share of the wine producers in the region, an attempt is made to derive the market structure and the respective market positions in the following **Figure 4.**

There is only one leader in the South Central Wine Region of Bulgaria and that is Vinprom Peshtera, which is among the leaders on both the Bulgarian and international markets. It is characteristic of the region that there is no serious market contender. A significant part of the wine producers in this market are followers with a smaller market share of 1 to 5% - 6 in number. The largest is the number of small wine producers with a share of less than 1% - 8 in number, who are representatives of the family business (5).

Market contender	**Market leader**
	• Vinprom Peshtera
Market follower	**Winery operating in a niche market**
• Wine Cellar Starosel • Winary Asenovgrad • Nordix • Bessa Valley Winery • Zagreus • Production consumer agricultural cooperation "Topolovski Prohod"	• Brestovitsa Winery • Domein Yustina • Vintehprom • Dragomir estate winery • Todoroff Property Management • Stambolovo Winery • Brestovitsa wine house • Chateau Rogosheff

Figure 4. Market positions of wine producers in the South Central Region of Bulgaria in 2015
Source: Developed by the author

Trends and Recommendations

The study of wine production companies is the basis for defining of the following two leading trends:

• existence of a powerful market leader of international importance for the country;

• establishing of many small wine producers that assist the development of small business in the region.

The second trend is presented by the unique boutique wine houses and cellars, mostly of the family type. There they offer exquisite red and white wines, that can satisfy even the most capricious customers with their collector's wines. They offer tasting rooms and a variety of entertainment such as tours, events, various folklore events and gourmet experiences. The flexibility of the Bulgarian tourist product is a major factor for competitiveness - the many additional services, including animation, allows exceeding the expectations of tourists (6). This is extremely important for the development of competitive wine tourism in regions such as Asenovgrad, Brestovitsa, Starosel and others.

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