

INNOVATIVE MARKETING SOLUTIONS AND VALUE CREATION IN AGRIBUSINESS: THE CASE OF SLOVAK WINERY

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Abstract

The creation of added value in the agro-sector is an essential part of the strategy of any business entity interested in a competitive position in the food market in a local, national, and international context. In the framework of the European Green Deal, the European food system known as the „Farm to Fork“ strategy, must bring the benefits to the climate, biodiversity, and health of population. One way how to achieve is the way of innovations in terms of technological or marketing progress or value added. The value created in the product creation process can be supported by appropriate innovative practices, with the effective involvement of modern marketing tools and the application of market segmentation. Each market segment and each level of the food system need different added value and innovations are perceived differently. Consumer perception we consider as an important aspect in successful implementation of the „Farm to Fork“ strategy at the level of consumer. Using the example of a Slovak wine producer, we point out the possibilities of using innovative marketing approaches to increase the value of a locally produced product (segmentation, marketing communication, event marketing and using social media). We used Google analytics to evaluate the quality of marketing communication. We chose the period from 01/04/2022 to 31/10/2022 as the monitored period because it is the period when the winery is most active from marketing point of view due to many wine tours and wine tasting that take place in observed period.

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Moreover, the observed winery, Frtus Winery, is trying to reach a very specific target group (searching for luxury products) within in market segmentation process, so marketing communication and social media must consider this aspect. To increase the value of using social media for marketing communication, we recommend to create a content plan, use of storytelling and story selling, and to create video content. Using video as a marketing tool can be significant to the marketing strategy. Email marketing is not very new, but still interesting tool of digital marketing. The goal of email marketing is to increase customer loyalty to the brand and encourage repeated purchases. The key is keeping emails relevant and interesting. Last, but not least, we mention the marketing position of ambassador as a person who represents company/brand and cooperates with brand continuously. Ambassador can be an expert in certain field or influential figure. They have significant impact on brand reputation and sales.

Keywords: innovative practices, food market, market segmentation, marketing communication, social media

JEL: O13, M31, Q01

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Sustainable food chains and value creation process friendly to the environment and nature around account crucial part of the new food strategy call also as „Farm to fork strategy.“ Intention of our research is to show how to use the criteria of segmentation, innovation processes and opportunities for marketing communication for supporting local businesses and bring the value to customers and local communities.

Introduction

The Farm to Fork Strategy is a new comprehensive approach to how Europeans value food sustainability. It is an opportunity to improve lifestyles, health, and the environment. People pay increasing attention to environmental, health, social and ethical issues and they seek value in food more than ever before. Even as societies become more urbanised, they want to feel closer to their food. They want food that is fresh, less processed and sustainably sourced. And the calls for shorter supply chains have intensified during the current outbreak. Consumers should be empowered to choose sustainable food and all actors in the food chain should see this as their responsibility and opportunity. Short food supply networks are more sustainable and socially feasible for small and medium-scale producers who have difficulty accessing long, conventional food chains (Malak-Rawlikowska, 2019).

Performics et al. (2021) says, online marketing is a actual topic these days. It is no longer just about promoting products and services through the media platform. Kuna et al. (2018) states, in recent years, the number of users which spent time on the Internet has significantly increased. Result is the increase the number of online advertising channels and their use. Online marketing involves many activities whose goals is to recognize and satisfy the needs of potential customers. Marketing

aims to reach consumers at the moments that most influence their decisions. It is very important to understand the consumer's purchase decision journey and direct all efforts to the moment of maximum impact. It follows that it is extremely important to reach consumers in the right place at the right time and with the right message. Online marketing has many benefits. It allows brands to effectively reach target audience with clearly measurable results. The main key to success is knowing brands target audience and know their problems, needs and desires. According to Puspita, (2022), psychology helps a marketer understand why and how consumers behave. Concepts of psychological factors include motivation, personality, perception, learning, values, beliefs and attitudes, and lifestyles.

Kotler, Keller (2016) notes, brands use social media and online marketing activities for communication with customers, or for direct and indirect improvement of awareness of products, services and brand, improvement of brand image and for support sales of products and services. These activities are carried out through e-mails, search engines, displaying advertising on social networks, company and company blogs, discussion forums and blogs. The most popular communication platforms are Facebook, Twitter, Instagram, and YouTube.

The list of wine-growing regions in Slovakia is divided into 6 wine-growing regions, which are subsequently divided into wine-growing districts (except the Tokai wine-growing region) and wine-growing villages. Závacký says, Slovak viticulture is not just a just a few dozen large or medium-sized producers, known from posters and supermarkets or from international competitions. There are also hundreds to thousands of small producers, professionals and amateurs organized in various unions and associations. Often unknown people produce beautiful and interesting wines to which they give a part of their heart. Mitchell, Chartes, Albrecht (2012) mentioned that vineyard management and the relation among wine production and the local territory are a relevant part of local tradition as physical and cultural landscape, and, therefore, could contribute to preserving and promoting cultural heritage, while attracting wine tourism and fostering communities' growth. We can observe also growing export of wine that demonstrate the intension of wine producers to add the value to wine production and bring high quality local product to the international market (Figure 1 and 2). Hope that Slovak wine producers will discover and recognize the quality of domestic wine producers.

In the wine industry, more and more groups of potential customers are increasing. There are different types of wine consumers. They have different behavior, needs, attitudes. For example, this group includes wine lovers, wine connoisseurs, someone who drink wine only occasionally. Author Bauer Ritz (2016) characterizes people who drink wine into six segments: Overwhelmed, Image Seekers, Enthusiast, Everyday Loyal, Price Driven, Engaged Newcomers. According to author, it is important knowing which of these is brands target wine consumer can take the guess

work out of what brand should look like and what wine marketing programs will succeed for brands business.

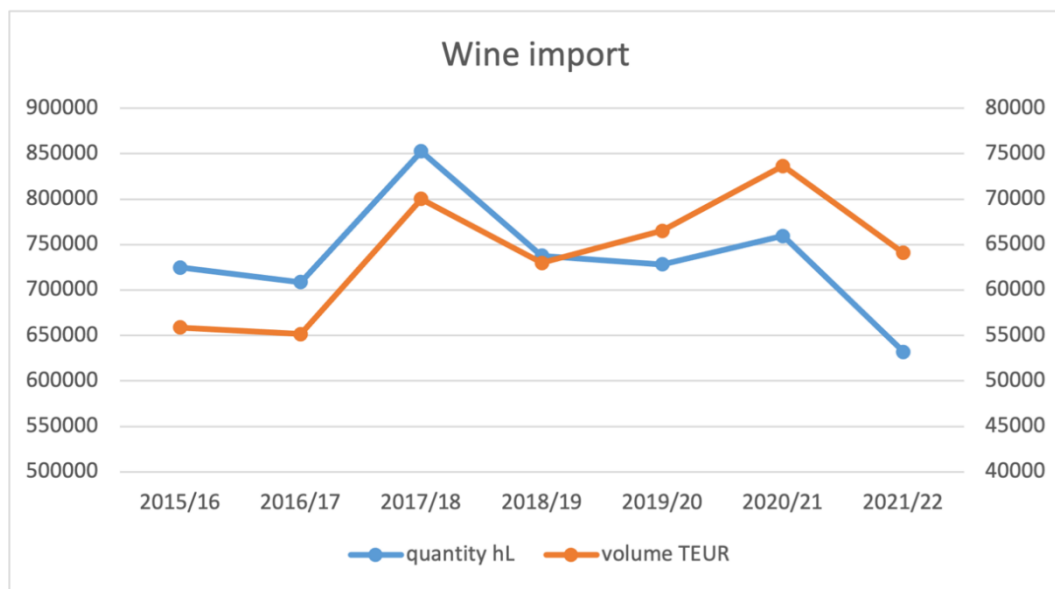


Figure 1. Import of wine and wine products to Slovakia
Own work based on https://www.vuepp.sk/04_komodity.htm

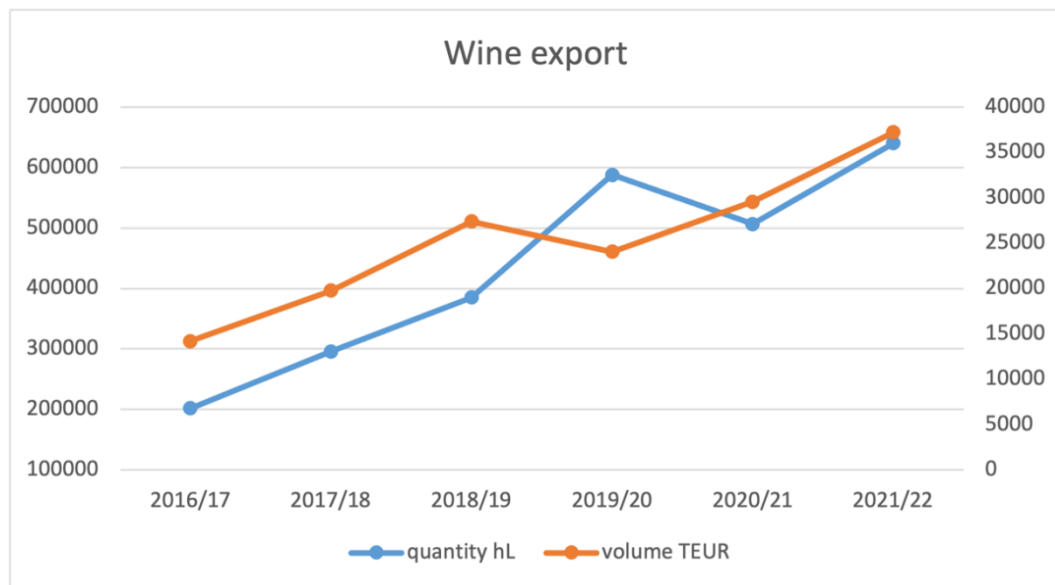


Figure 2. Export of wine and wine products from Slovakia
Own work based on https://www.vuepp.sk/04_komodity.htm

Methodological framework

The subject that we were focusing on, during our research was the Frtus Winery, a boutique winery that is a Slovak wine producer. Frtus Winery is a boutique winery and according to the main aim of the paper we try to identify the elements of innovative marketing and modern marketing communication using social media as an effective tool to bring high quality local product to the market. Besides using traditional methods of market research (questionnaire) that is not a part of this paper we try to use Google Analytics to evaluate the quality of marketing communication. Google Analytics is a web analytics service that provides statistics and basic analytical tools for search engine optimization (SEO) and marketing purposes. Google Analytics is used to monitor website performance and collect visitor data. For our Google analytics analysis purposes, we chose the period from 01/04/2022 to 31/10/2022 as the monitored period. We chose this period precisely because it is the period when the winery is most active from the point of view of marketing. And this is because in this period the most wine tours and wine tastings take place, which results in the largest and most visible marketing activity. At the end of the paper there are defined the steps and processes to for active implementation of innovative marketing principles into practice of food producers and marketers.

Boutique wine and luxury marketing

Boutique wines are hand-made and are produced with the aim of creating a masterpiece in each bottle. A truly boutique wine is one that is personalized, from beginning to end. From vineyard management to bottling, every step in the creation of a boutique wine is purposeful and unique. Frtus Winery was officially founded as a limited liability company in 2012. The winery is trying to reach a very specific target group within in market segmentation process. The target group of the Frtus Winery consists of wine lovers who are willing to pay a higher price during purchasing the wines. The aim of the Frtus Winery brand is to reach a target group that will drink wines for 1000 Euro during the year. This policy is reflected through the wine club that the brand manages. The club represents a society of friends united by the love of wine, where everyone knows each other personally, respects each other and shares the same values. The brand is trying to reach people who like their wine enough to join the club, where the entry fee is 1000 Euro, which serves as an annual credit for the purchase of Frtus wine, which in practice means that when buying wine, members have the purchase amount deducted from their initial membership fee. For club members, there are of course other benefits that they can enjoy. Benefits for members include, for example: 25% discount on the purchase of wines in our e-shop, free initial tasting sample, once a year an exclusive tasting of Frtus Winery wines with a sommelier at your private party, services of a personal wine-maker, private tastings, invitation on events organized by Frtus Winery and the free shipping and delivery to your door throughout Slovakia. Another unique form of

marketing communication and presentation of the company is cooperation with the JLR luxury car dealership. This cooperation is since when buying one of the vehicles of this brand, the buyer will receive a dragon seat from Frtus winery with an invitation to the club or a discount for the purchase of wine. This is the right way for winemaking to increase its awareness of its vascular group, which we have already defined. Additionally, the Frtus winery has a one-of-a-kind partnership with Miss Universe, so the attractiveness of Slovak females combined with fine wine cannot fail to impress and go unnoticed. The presentation of the story of the winery is a very important element when we talk about wine marketing. It forges emotional bonds and personifies the brand in the eyes of the consumer, who can therefore sympathize more and become so engrossed in the tale that he chooses to purchase the wine solely on the basis of the tale that lies behind his favorite bottle. The winery posts their story at its social media and also at their webpage or even in some newspaper publications. Another essential part of the life of a winery, and the Frtus winery is no exception, is participation during wine tours, where the winery presents itself and can attract new customers. According to marketing experts, all these activities are a good step in the world of marketing, but they will never work effectively if the company does not have a website. Frtus winery is aware of this fact and on its website: www.frtuswinery.sk. On the website, the customer can find basic information about the winery and its history, as well as an e-shop where the customer can order and buy his favorite wine. The purpose of the website is also to log in and register to the Frtus winery club, whether for new members or existing ones.

Google Analytics evaluation

Here are some indicators they show the power of Facebook communication:

- The average monthly traffic of the frtuswinery.sk website for the monitored period was 522 visits with a overall bounce rate of 27.56%. Bounce rate is the % of single-page sessions in which there was no interaction with the page. The average bounce rate for most websites is somewhere between 26% and 70%. So, it indicates that the bounce rate of the Frtus Winery website is normal and users interact with content and navigate to another page. This is considered as a positive and desirable effect.
- Thanks to Google Analytics we can say that the highest traffic on the website was in the months of April to June. Significant attendance was on June 16, 2022. The reason was Frtus Winery's participation in the „Vino Pod Hradom – Trenčín“ wine tour. It was a planned event. „Vino Pod Hradom – Trenčín „ on 16.06. 2022 posted on its FB page an announcement about the event + presentation of the Frtus Winery, where there was also a direct reference to the Frtus website. Based on the findings, we can state that this type of participation of the Frtus Winery was a very successful step, as 639 people clicked on the Frtus Winery website, which is 94.2%, on this day and through the Facebook page. The

referral published by „Vino Pod Hradom – Trenčín“ was very effective, because the 639 website visits came especially by using this referral. That the power of social media well-balanced cooperation. The next big peak (682 visits) in website traffic was 29.04.2022. We can attribute this phenomenon to the launch of a new product on the market, namely the red wine „Dunaj Sweet“. This product was also presented on social networks. As we can see, the presentation of the product aroused interest among customers, which was significantly reflected in the increased number of visitors to the website in the coming days.

- When are talking about demographic structure of the frtuswinery.sk website traffic the majority comes from Slovakia, especially Western Slovakia. It is easily reasonable given that the Frtus Winery runs a private winery club and most of wine events are held in West Slovakia.
- It seems to make sense from this perspective that the majority of the clients should originate in this region. But, as Frtus Winery provides the option of an online store, it would be suitable to target Slovakia as a whole. This might be done by gradually developing informative and engaging content on social media or using the previously mentioned PPC advertising as well as by performing SEO optimization.
- The ratio of returning visitors to new visitors is also a very important indicator that Google analytics provide us. It can be assumed that the returning visitors already have an increased interest in the offered website content or brand products. This fact is also confirmed by data from Google analytics: Returning visitors, who make up 25.2%, which is admittedly a smaller % representation, but returning customers spend almost half as much time on the frtuswinery.sk website as new visitors, in ratio /2.48 vs 1.08/. When we look at new visitors, we can see that they account for a considerably bigger percentage of visits, which suggests that Frtus Winery is appealing to both returning customers and those who have just learned about the company and visited their website. We can see this as a very positive fact because it increases the chance that a new consumer will become a repeat one.
- From our observations, we found out that Frtus Winery either publishes separate posts or uses the so-called „reference“. Which in simple words means resharing a post from the organizer of the event on your social network profile. It is therefore a referring post or link directly to a Facebook profile or to the frtuswinery.sk website.

Conclusions

To increase the value of using social media for marketing communication, we recommend the following:

1. Create a content plan – content plan is an important part of marketing strategy. It is a document that outline goals, target audience, topics and timelines for creating and publishing content. It is necessary to focus on visual platforms such as Instagram, Tiktok, Youtube and Facebook. The more details the content plan includes, the better. Storytelling and storyselling are important part of it.

2. Short – video content –according to a 2022 report by Bretous (2020), any video under 60 seconds is considered short-form, with optimal length 30-60 seconds. Video is engaging and entertaining to watch. According to studies, people share videos twice more often than other forms of content. Using video as a marketing tool can be significant to the marketing strategy.
3. Email- marketing is one of the digital marketing channels through which marketer tries build a relationship with potential or current customer by sending emails. The goal of email marketing is to increase customer loyalty to the brand and encourage repeated purchases. The key is keeping emails relevant and interesting.
4. Ambassador – brand ambassador is person who represents company/brand and cooperates with brand continuously. Ambassador can be an expert in certain field or influential figure. They have significant impact on brand reputation and sales.

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