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Investigation of Georgian Wine awareness in Estonian Market

Bachelor's thesis

Programme International Business Administration, specialization Marketing

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ABSTRACT

Dance, wine, songs, and food became the symbols of Georgia. Viniculture has always had an important part in Georgia as a culture and later in wine export for the country’s economy. Because of the long history of winemaking tradition, with unique methods, Georgian wine has huge potential to become one of the biggest wine exporters in the world, as well as on the Estonian market too. But at the same time, Georgian wine has a brand awareness problem. Estonia is part of the European Union, which means that companies need to satisfy standards and regulations to export the wine. Estonia has been a member of Soviet Union like Georgia. Therefore, Georgian wine brand awareness is not that low as it is in the other EU member’s market but still needs to increase the awareness of the country as the “home of wine”.

Building a strong brand in wine sector is one of important to achieve the success in all markets. This Bachelor thesis tries to investigate the Georgian wine brand awareness in the Estonian market based on the survey results, as well as recommendations to improve brand building process plan.

Key Words: Brand Awareness, Brand Identity, Brand Association, Georgian Wine

INTRODUCTION

Wine consumption is widespread all over the world. It has a big history and represents one of the demanded product in the world. Countries like: France, Italy, Spain, and Chile are the biggest exporter of wine in the world. Their brand awareness is higher than Georgian wine. Frist of all, Georgia as the country is not as famous as a country which is mentioned above. Therefore, it influences on any kind of product which are exported outside of Georgia. Since Georgia has 8000-years' experience in winemaking, plus it has been proved by scientist that's one of the oldest wine was produced in Georgia, the country has huge potential to increase the export amount and compete with leading wine exporter countries. Based on the Estonian market example, brand awareness is not that critically low to compare other countries, but it still needs to achieve a new level. There are many tourists visiting Estonia during the year which also effects on sales. An especially Finnish tourist who are visiting every week and buying cheap alcohol and reimporting it in Finland.

Estonian market is small and it has some advantages in this case. It is a good opportunity to start working on increasing the awareness of Georgian wine brand from small countries. Purpose of this thesis is to investigate awareness of the Georgian wine in the Estonian market

Research object: Georgian wine brand in the Estonian market.

Research Aim: measure Georgian wine brand awareness in the Estonian market.

Research Questions:

Q1: What is branding?

Q2: What is brand identity?

Q3: Which are Georgian wine brands?

Q4: Which are Georgian wine exports and share of the Estonian market?

Q5: Which are Estonia market specifics?

Structure of the Thesis: In the first chapter, it is described the nature of the brand. How brands are formulating a strong brand, what are the brand identification signs and what is the brand awareness and its measurement. In the second chapter, analysis of Georgian wine brands and specifics of Estonian market. Some statistical data about export and alcohol consumption. The third chapter is about methodology, what ways have been used by the author to measure the brand awareness. The last and main chapter is about results from the survey, discussion, and recommendations.

1. LITERATURE REVIEW

1.1 The nature of the brand

The brand is playing an important role in consumers' living environment. Day by day, consumer's awareness of products and brands has grown. In an intensively competitive environment, brands are the ones which allow consumers to differentiate products or services form each other (Keller *et al,* 2012). Distinguishes between a brand and its unbranded substitute product are the consumer's feelings, perceptions, their performance toward to the brand name, their associations about this brand product (Chernatony *et al*, 1992). Aaker defined a brand as: *"A brand is a distinguishing name and or/symbol intended to identify the goods or services of one seller from those of competitors'.* In this way, the brand is something which makes a product special from its unbranded commodity counterpart, it gives a signal to potential customers and at the same time protects them from competitors. Brand definitions have been changing through time (Kapferer, 2012, 11). According to Kapferer, early definitions of the brand were influenced by the law and was explained as the origin of the product. It was not presenting only the origin, the brand was underlining the high quality of the product. In Pitt e*t al*'s work, it is stated that the word "brand" comes from the Old Norse word "*brandr"* with the meaning of "to burn". Kotler (2002) stated that classical definition of the brand is extraordinary name and symbol, the one which reminds consumers the product or brand. In the author's view, these definitions of the brand are quite clear and understandable, but the brand is wider and bigger. Including myself as a consumer, the brand is a promise, expectations, trust and emotional bond between the product and the consumer (Wheeler, 2003). To identify brand Bivainiene (2010) shared the concept:

- The brand is including different elements (emotional, physical, rational, aesthetic), a combination that makes the image, opinion, feelings.
- The brand is described as promise as an exception. Representatives of this position claim that brand expresses the values. The concept of a brand involves cognitive quality aspects.

Everything that company needs for creating a brand are name, logo, symbol, packaging (American Marketing Association, 2002). Building the strong brand can cause minimal deliberation of commodity products in the purchase process, customers are recommending the brand to other potential customers, easily adapting to new services or products offered by the brand (Davis, 2002, p.18). Moreover, Clow and Baack (2014) outlined the activities what companies should take into consideration to build a strong brand:

- Brand investment
- Brand awareness -raising
- Providing authenticity and uniqueness
- Creating trust
- Responsible behavior

The author would like to underline one of the important activity – brand awareness raising. Next chapter will describe the brand awareness and its possible measurement tool. Brand awareness is one part of the brand equity concept. What is the brand equity? Aaker (1996) defined brand equity concept as: *"Brand equity is a set of assets (and liabilities) linked to a brand name and symbol that adds to (or subtracts from) the value provided by a product or service to a firm and/or that firms customers. Major asset categories are brand awareness, brand loyalty, perceived quality and brand associations.* Keller (1993) described the brand equity concept, which represents the situation in which the consumer is well known with the brand and is capable to recall some memorable, strong and special brand associations. Definitions of the brand equity concept are clear. Based on these definitions, in author's opinion, it is important how the consumer will recall the brand. It is possible, that consumer has negative feelings and memories about the brand and this was the reason why this brand came in his/her mind. Raising brand awareness is important but more important is to make good memories and favorable brand related associations, so brand awareness will have a positive result in business. The brand has a value. Brand value is the potential profit of brand assets through the brand strength in the market (Kapferer, 2012). Aaker (1996) had the same idea about brand equity and its values, brand equity assets are creating different values in a different way (see the figure 1).

Table1. How brand equity generates value

Brand Loyalty	Brand awareness	Perceived quality	Brand Associations	Proprietary
1.Reduced marketing costs. 2. Trade leverage 3. Attaching new customers: create awareness, reassurance 4. Time to respond to competitive threats	1. Anchor to which other associations can be attached 2.Familiarity- liking 3. The signal of substance/commitment 4. Brand to be considered	1. reason to buy 2. Differentiate/position 3. Price 4. Channel 5.Extensions	1. Help process / Retrieve information 2.Reason to buy 3.Create positive attitude 4. Extension	1. Competitive advantage

Source: Building strong brands, Aaker,1996, p9, figure 1-3

In this figure, it can be seen that Aaker (1996) underlined the value of each asset. Moreover, these assets are providing the value to customers by boosting their certainty in the purchase decision, user satisfaction, disposing of information. Beside this, assets are providing the values to firms as well. They are enhancing (Aaker, 1966): *"efficiency and effectiveness of marketing programs, brand loyalty, price/margins, brand extensions, trade leverage, and competitive advantage".* Kapferer (2012) is talking in his work about tracking the brand equity. The survey was carried out by DDB agency, asked marketing managers what they acknowledge to be the characteristics of the strong brand, which asset is most important part of the brand equity concept. Following are the answers in order (Kapferer. 2012, p16):

- Brand awareness (65%)
- The strength of the brand positioning, concept, personality, a precise and distinct image (39%)
- The strength of signs of recognition by the consumer (logo, codes, packaging) (36%)
- The brand authority with consumers, brand esteem, perceived status of the brand and consumer loyalty (24%)

Form this survey, it is quite clear that most of the marketers are considering brand awareness as an important part of the process of building the strong brand.

1.2 Brand awareness and measurement

Brand awareness is feelings, experience, images, believes that a consumer relates to the brand. Brands must create strong, frugal unique associations with consumers (Kotler *et al*, 2009).
Brand awareness is the part of the brand equity. Name, symbol, assets, and liabilities which are linked to a brand are setting a brand equity (Aaker, 1991). David A. Aaker stated that brand equity should be divided into five categories (Aaker, 1996):

- Brand loyalty;
- Brand awareness;
- Perceived quality;
- Brand association in addition to perceived quality;
- Other proprietary brand assets – plants, trademarks, channel relationship etc.

To win on the market, companies must make the consumers love to buy the product, in this case, high brand awareness of the product helps to defeat the competitors. According to Macdonald and Sharp (2000), brand awareness is playing a big role in making a purchase decision, even the consumers are willing to buy a product. Brand awareness is defined as (Macdonald and Sharp, 2003): *"Brand is how consumers associate the brand with the particular product that they aim to own".* According to D. A. Aaker, *"brand awareness means the ability of a consumer can recognize and recall a brand in different situations".* Recall can be explained as that consumers can recall a brand name and recognition when the consumer is able to identify the brand with its logo, symbol or moto (Aaker, 1996). Hoeffler and Keller pointed out that brand awareness can be categorized as depth and width. Meaning that depth brand awareness makes consumers remember or spot the brand and width brand awareness explicit making decision easily when they are willing to buy a product. From this point of view, both theories should help companies to increase sales and market shares.

Brand awareness could be measured in different ways. The main reason is that people can remember brand in many ways. Awareness is the echo of the existence of brand in the customer's mind (Aaker, 1996). Aaker mentioned different levels how to measure awareness (Aaker, 1966):

- Recognition ("Have you heard of the X")

- Recall ("what brands of "PRODUCT X" can you recall")
- Graveyard statistic (recall level of those who recognize the brand)
- Top of mind (the first-named brand in a recall task)
- Brand dominance (the only brand recalled)
- Brand familiarity (the brand is familiar)
- Brand knowledge of salience (you have an opinion about the brand)

These levels can measure the brand awareness and its measured by the number of people know the brand names belonging to the brand category. Brand awareness can influence the brand perceptions and attitudes (Aaker, 1996). According to Aaker (1996), for some brands, recognition should more important than recall or brand dominance. The process of the measurement could be based on an open-ended question or set of visual images for recognizing.

1.3 Brand identity

According to Kapferer, brand management is based on two of the key elements – brand identity and brand's position (Kapferer, 2012). The brand identity represents material and intangible features of the brand, which makes the brand what it is and without which the brand is something different (Kapferer, 2012). Brand identity is very important in creating the brand value (Kotler *et al*, 2006).

Aaker defines brand identity as follow (Aaker, 2010): "*Brand identity is a unique set of brand associations that the brand strategist aspires to create or maintain. These associations represent what the brand stands for and imply a promise to customers from the organization members".* Aaker highlights four common brand identity traps (see figure 2). Firstly, brand image trap, the familiarity of the brand image (*"how customer and others perceive the brand" (Aaker, 2010))* is creating useful and important background information when developing a brand identity. The problem of the brand image trap is that it lets the customer precept what you are (Aaker, 2010). Brand image expresses the past and is usually passive, while brand identity is in future. At the same time, brand image is more diplomatic and brand identity strategic (Aaker, 2010). The second trap is the brand position, which occurs when brand identity is replaced by communication (Aaker, 2010). Next trap is called external perspective trap, according to Aaker (2010), external perspective occurs when firms realize the value of the brand identity, and that it can help an organization to understand its purpose and values. And last trap is product-attribute fixation trap, a situation where the product cannot be distinguished from the brand.

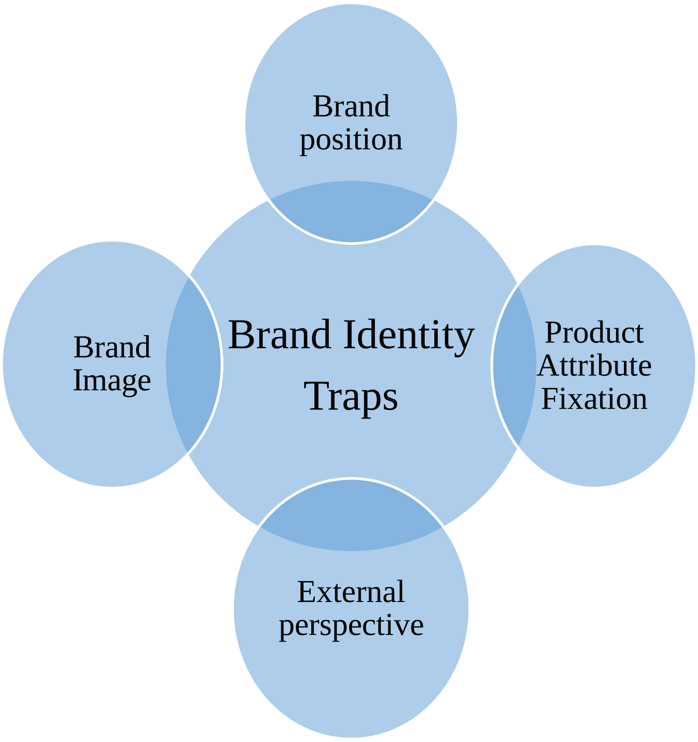

Figure 1. Brand identity traps
Source: Aaker, 2010, 70

Aaker is suggesting four brand identity perspectives. Its purpose is a strong brand-customer relationship (2010). The brand identity consists of 12 possible elements that are divided into four perspectives. These perspectives are brand as product, brand as an organization, brand as a person, and brand as a symbol (see the Figure 3). The purpose of this model is a more complete distinction between brand identity elements. It is not necessary to define brand identity through all the twelve elements. It is depending on the brand, could be selective from the perspectives.

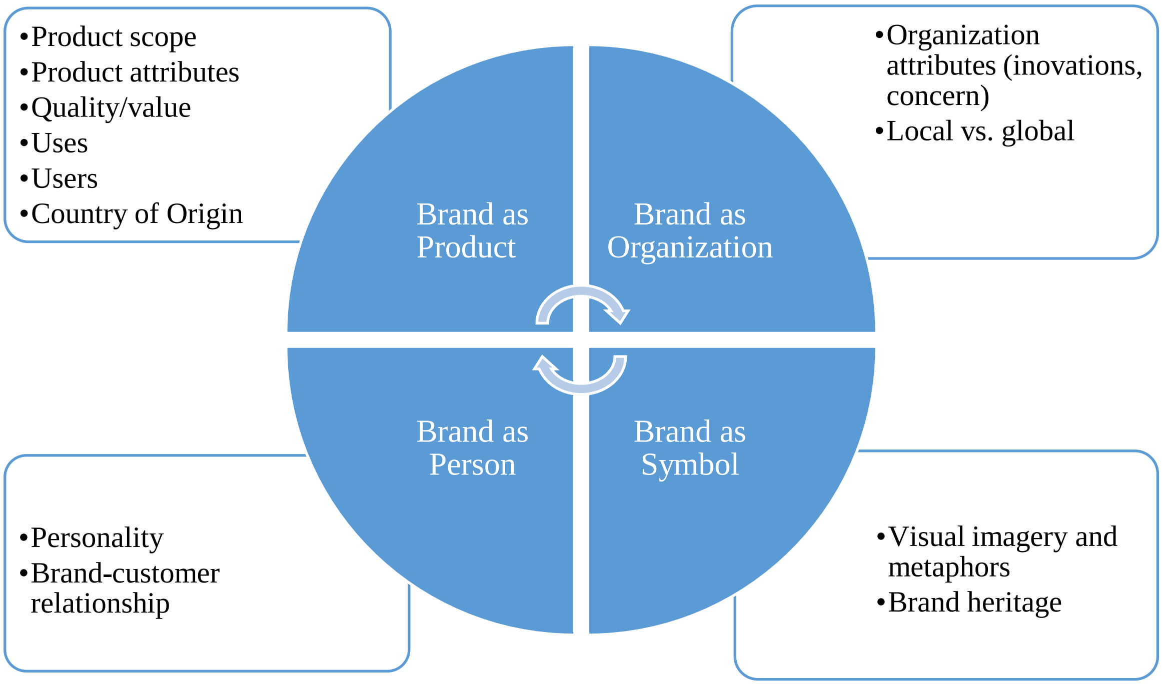

Figure 2. Brand identity planning model
Source: Aaker, 2010, 79

The first is brand as a product. The product helps people to make fit associations. The product helps to pass on functional and emotional benefits to the consumer. *"A Core element of a brand's identity is usually its product trust which affects the type of associations that are desirable and feasible"* (Aaker, 2010, 78). According to this, the product can create associations. Quality/Value element is one product related aspect. Many brands are using it as core identity element (Aaker, 2010). Aaker brought an example of Gillette. Company underlines that its product is "the best a man can get". Country origin related brand identity will prove the brand higher quality (Aaker, 2010). For example French wine or champagne. Next perspective is brand as an organization. This definition focuses on in-house features such as innovation, the environmental awareness that is created by the employees, through the perspective work culture and values. The characteristics of the company contribute to the creation of value prepositions. The third perspective is brand as a person. According to Aaker (2010), a brand can be perceived as formal, casual, intellectual or even fun, like human personalities can play a role between people's relationship, brand personality can affect the relationship between brand and consumer. The last perspective is brand as a symbol. As it is mentioned above, based on recall and recognition can be measured a brand awareness and a strong symbol can make it easier for the brand to gain the recognition and recall (Aaker, 2010). The symbol is an important part of the brand identity because it is always visible to people.

Kapferer’s (2012) brand identity model derives from the communication theory, in which brand identity is the massage of a variety of its products to the consumer. Kapferer described brand identity in the book as the six facets of brand identity. In the figure, Kapferer (2012) has mentioned six characters of brand identity: physique, personality, relationship, reflection, self-image, and culture. First of all, there is a physique. *“Physique is both the brand’s backbone and its tangible added value”* (Kapferer, 2012).

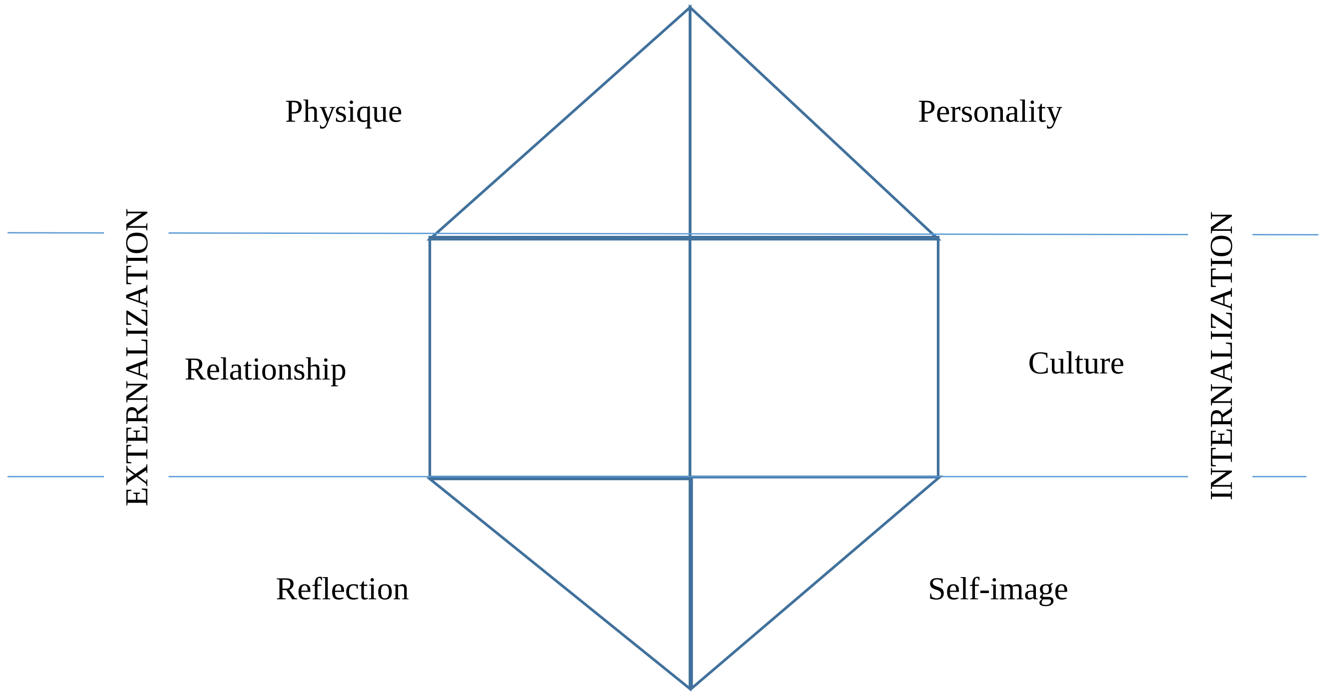

Figure 3. Brand Identity Prism
Source: Kapferer, 2012,

According to Kapferer, the brand should have distinguished by its unique shape from competitors. Secondly, the strong brand always has characters, which points out its personality as human. It can be recognized by brands specific style of writing. Most of the companies are using the easiest way to create personality by giving the brand a person (famous) who is advertising (Kapferer, 2012). The third part of the brand identity characters by Kapferer is culture. This is a link between the brand and the consumer, with values and principles which are the base of the brand and this leads to cultural competition between companies. Fourthly, brand relationship defines the brand's mode of action. As an example of Apple conveys friendliness. Another type of relationship could be grandiose and ostentatious in a positive way as Dior example (Kapferer, 2012). The fifth character is a reflection. Reflection defines the associations regarding the brand's products. The important part is to distinguish reflection and target. According to Kapferer (2012), target defines potential consumer and people who are willing to use the brand. Finally, self-image express who the consumer is. Kapferer called it an internal mirror. Using a specific brand (as an example of Porsche car, Kapferer, 2012) can reflect that the person is rich.

2. ANALYSIS OF GEORGIAN WINE BRANDS AND SPECIFICS OF THE ESTONIAN MARKET

2.1 Wine production and producer brands in Georgia

Georgia, the heart of Caucasus, a country between Black and Caspian seas known as one of the oldest wine producer countries in the world. Georgians call their country - “home of wine”. Wine producing is very important and main part of the culture. This is confirmed by the fact which tells us that Georgia already has experienced 8000 years in winemaking (Anderson, 2013, 1). This small country has more than 500 unique kinds of wine grapes, and you can meet these grapes only in Georgia (GWA, 2011). People still are using old, local methods of making wine which is typical Georgian methods. These are the reasons why Georgia has big potential to be one of the biggest wine exporter countries in the world.

Georgia has six main wine growing regions: Kakheti, Kartli, Meskheti, Imereti, Racha-Lechkhumi, Black Sea shoreline. Total vineyard area is around 45 thousand hectare, which presents much less than it was 30 years ago. Kakheti is a most important place for wine producing because more than 50% of total area of the vineyard is coming from Kakheti (GWA). Georgia produces around 150-200 thousand tons of grapes. In 90’s wine export amounted 5 million litters and was increasing year by year. In 2015 amount of exported wine litters has reached to 40 million liters (Statistics of Georgia, 2015). Wine producing was part of the Georgian people’s life. Georgian families are producing more wine than the companies, which presents 80 million litters. Each family produces 50-1000 litters at home (GWA, 2016).

Why Georgia has huge perspectives to be one of the biggest wine exporters in the country? The winemaking tradition is very different than other countries like France, Italy, and Spain. In 2017, scientific community confirmed that the ancient trace of winemaking is found on the territory of Georgia. Winemaking in wooden barrels is very famous technology is the word and mostly all big wine exporters are using it. But Georgia has its own, oldest winemaking technology in “Qvevri”.

This technology makes this wine valuable and gives high quality. In 2013, UNESCO included "Qvevri" on the list of the intangible cultural heritage of humanity. This stands out its unique qualities to compare European winemaking technology. There are other determinants of country's comparative advantage in wine production, but of particular importance for wine are the three: terroir, tradition technology, and Qvevri (Anderson, 2014). Each wine viticulture has its specific wine grapes which are best suited and adapted to the regional climate and winemaking traditions.

Kakheti – as it has been mentioned above in Kakheti is presented more than 50 percent of vineyards. The very popular white grape which is characteristic of this region is Rkatsiteli (GWA). With this breed companies are making well know wine, such as Tsinandali, Naphareuli white, Gurjaani and so on. This wine variety is distinguished by its abundance and it had a bad impact on other great breeds like Green Kakhuri, Qisi, Khikhvi. These wine variety will disappear soon. Most of the popular red grape is Saperavi, from whom the vast majority of Georgia red wines are made. Because of its importance, this variety was planted at the end of the 1990's (GWA). Today Georgia is producing more Saperavi quantities than it has a demand, despite its very high quality.

Meskheti – despite the big history of viticulture and its unique, winemaking culture and these unique grapes has disappeared.
Imereti – traditional Imerian breed is Tsitska, Tsolikouri, because of their great demand not all of the wine companies have a chance to buy it and processing.

Racha – this region is famous for its one breed Khvanchkara which is the very small amount and every year it decreases, which causes a price increase. Khvanchkara is very famous in Russia. More than 15% of the revenue belongs its sales (GWA, 2016).

Guria – Chkhaveri is one of the breeds which has rose color and it is used to make rose wines. Rose wine is not that popular as it is white or red wines. White breed Tsolokouri is not very high-quality breed, that why it is used only as a family wine.

Samegrelo – in this region viniculture as an export market is forgotten. Families are making house wines from the Tsolokouri breed. But this region was very rich with its viniculture and grape varieties.

Kakheti is a major region in wine producing. Kakheti region is special because of its climate, topography, soils, and geology (Anderson, 2013). These are the main aspects, which determine the quality of the wine growing conditions. According to the department of statistics of Georgia, in 2016 total areas of vineyards amounted 48.0 thousand hectares and 67% belonged to Kakheti region, 18% to Imereti, 9% to Kartli and rest to other regions. It is clear that Kaheti is the biggest wine producer region in Georgia. According to these most of the grape varieties comes from here.

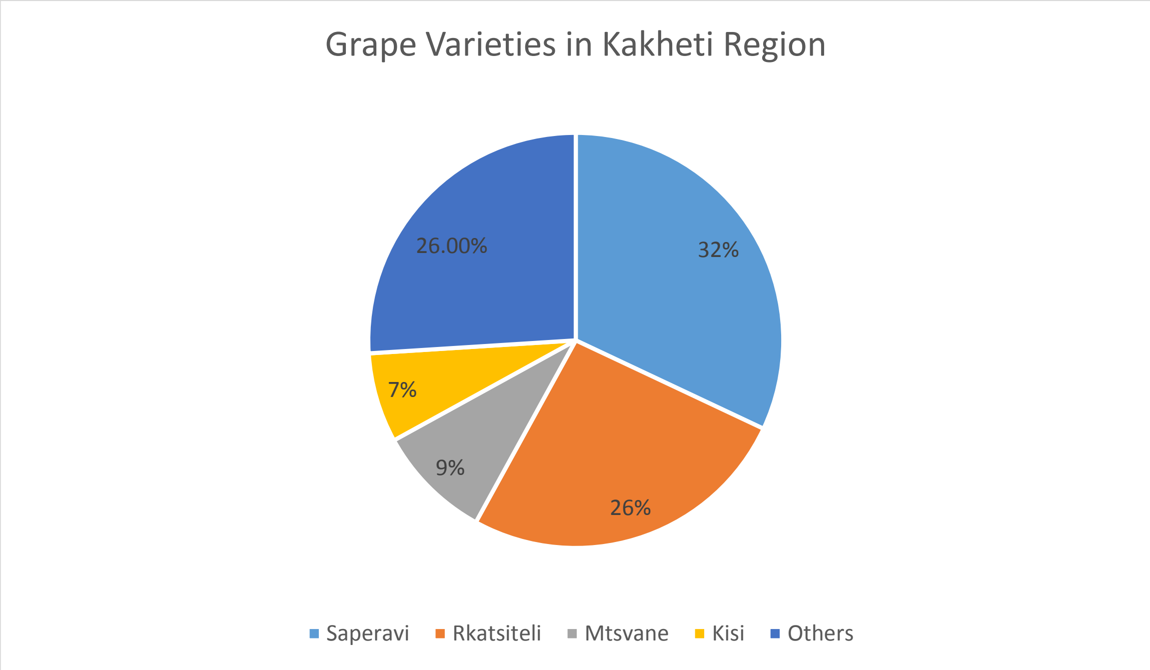

Figure 4. Grape varieties in Kakheti Region
Source: Tatiana Jaiani, 2016.

If we take a closer look at a figure, it is clear that Saperavi (red) grape is dominant grape variety cultivated in Kakheti region. Followed by Rkatsiteli (white) due to its high level of resistance (Tatiana Jaiani, 2016).

2.2 Georgian wine export and share of the Estonian market

Nowadays, wine business becomes quite competitive with many competitors all over the world. Big countries like France, Italy, Spain, United States are producing more wine than small countries like Georgia, Moldova. In wine production leader countries are Italy, France, and Spain (See the Table 1)

Table 2.World wine production – countries

Country	2016	2017	Ranking
Italy	50.9	39.3	1
France	45.2	36.7	2
Spain	39.3	33.5	3
Georgia	1.1	1.1	22
Total (world)	268.8	246.7	

Source: International trade information, 2017

If we look at the past history of Georgian wine export statistics (table 2), more than 50% of the produced wine was exported to Russia. In 2005, it was exported 52,336,163 bottles (0.75) and one-year earlier before Russia would close the market in 2006 it was decreased by 79.225% which was presenting the total amount of 10,857,075 bottles (data.gov.ge). At the end of this year, Russia closed the market and forbid to import Georgian wines (GWA). At the same time in Estonia, it was exported 86,728 bottles (0.75) and in 2006 was increased by 67.5%. After closing the Russian market, Georgia started to find other markets. Year by year country was increasing exported wine amount. Average increase amounted 5% -10% (data.gov.ge, 2015)

Table 3. Georgian wine export history - top 9 countries (thousands of bottles 0.75 ml)

Cnt.	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Ru	52336	10857	-	-	-	-	-	-	22997	37615	18308
Kaz	388	1546	1513	1017	1593	2061	3212	4429	4476	5408	5195
Ua	2914	4056	6177	6747	4573	7571	9174	11044	11766	7684	3412
Chi	37	72	117	27	175	222	582	1203	898	1205	2672
Pol	155	255	398	665	692	895	836	1135	1271	1548	1600
Lv	227	576	575	869	355	599	716	1022	911	1071	1059
By	86	604	563	908	1201	1170	1461	1553	1576	1779	900
Lt	162	113	137	249	453	424	663	737	756	630	658
Est	**86**	**145**	**194**	**314**	**278**	**137**	**246**	**371**	**324**	**328**	**506**

Source: Data.gov.ge, 2015

Form the table it can be summed up that Georgian wine export amount has been increasing in all these markets. Last year, in 2017, according to National Wine Agency, 76.6 million bottles of Georgian were exported in 53 countries. This amount is 54% higher than the export amount in 2016. The total value of the wine form 2017 amounted to 170 million USD. The Russian market is dominated by export with 76% of the total amount in 2017. National Wine Agency announced top Georgian wine brand that has been exported (2017): first positions has Kindzmarauli (red semi-sweet), 12,8 million of bottles, followed by Mukuzani (red dry), 4.2 mil bottles. The third position has Tsinandali dry white, 3.4 mil bottles, followed by Akhasheni (semi-sweet red).

Estonian market is small, as well as it is lack of wine production. Meaning that majority of the products are imported from other countries. Popular local wine producer, whose production presents fruit and berry wine is Poltsamaa Felix. According to Estonian Institute of Economic research in 2014, local production of fruit an berry wine amounted to 9610 litters. In 2017, it was exported 525 212 bottles (0.75ml) of Georgian wine which is higher than in previous years. According to Statistics of Estonia in 2016 Spanish wine was leading in the market with a total of 24%, followed by Italy (16%), Chile (13%), and France (11%).

2.3 Estonian market: habits, regulations, consumption of alcoholic drinks

Estonian market is not a big market because of the amount of population. According to statistics from Estonia, the preliminary estimate of the population of the country as at 1 January 2018 was slightly more than 1.3 million (Statistics of Estonia). This could be both advantage and disadvantage for the perspectives of the Georgian wine. If we discuss the advantages of a small market, it needs to be mentioned that it will be easier to make brand stronger, increase brand awareness of Georgian wine and maximize the sales. In addition, according to Statistics of Estonia, many tourists have visited in 2017, amounted to a total of 3.5 million, this number includes 2.5 million foreign tourists. It is very important to mention that, more than 40% of tourist accounted Finnish tourist (Statistics of Estonia). Finnish tourists have a big influence on alcohol consumption in Estonia, as well as other neighbor countries. The price difference between Estonia and Finland on alcohol product is big, that could my main reason for the effect. For example, in 2014 23 million liters of wine was imported in Estonia and 17% was re-imported in Lithuania, Latvia, and Finland (Euromonitor, 2016).

The relationship between Georgia and European Union started in 1992 after regained its sovereignty after the break-up of Soviet Union (Tarlashvili, 2012). From 1992 till today was many different partnership and cooperation agreements. Latest agreement engaged both sides in an ambitious process to increase economic situation which has entered into force since 1 July 2016 (European Commission, 2016). This agreement is named as Deep and Comprehensive Free Trade Area (DCFTA). "*This regime increases market access between the EU and Georgia based on having better-matched regulations"* (European Commission). Joining to DCFTA gave the opportunity to Georgia to export more than 1 million bottles of wine on the European market, before that it was restricted (EUGeorgia, 2016). According to National Georgian Wine Agency, after this agreement export had increased by 17%. *"We have a positive sales dynamics in the direction of European Union member states, which in time coincide with the DCTFA's launch. The biggest problem what Georgian wine had and it still has low brand awareness, but the trend is quite positive in this regard and it has reflected in our sales too. As for the technical barriers, there was an import tax which was usually taxed, which was removed after the contract was signed"* (Ministry of Economy). As long as, Russian market it no more trustable, Georgia has to adapt to a new market like the EU market. Faster Georgian will exporters adopt the EU standards and regulations, faster will increase the revenue and the same time brand awareness. Still, Georgia has lack of experience in export and at this moment Georgia does not have a diversified export-oriented economy (Kraciuk, 2014).

Estonia is part of the European Union and it makes some barriers for the companies who are willing to export the wine. In order to, enter the EU market, the product needs to satisfy EU's general and specified regulation, as well as need to be paid all kind of taxes. To explore more and companies can guide themselves with trade helpdesk, which is created by European Commission to make it easier and clear for everybody. General requirements set by European Commission are (European Commission):

1. Transportation document (Freight)
2. Commercial invoice – which represents a transaction between importer and exporter companies.
3. In case of land transportation –automobile transportation weigh bill (CMR)
4. In case of air transportation -aviation transportation (AWB)
5. Insurance

European Commission has established more specific requirements of different products. For the drinks: alcoholic beverages, non-alcoholic beverages, juices, companies should satisfy sanitation control, labeling, certificate form VI only for wine beverages (European Commission). Labeling is one of the most important parts of this requirements. Labeling regulations requires to have (ec.europa.eu/tradehelp/.eu):

1. Name of the product
2. Producer, or distribution companies name on the European market and the address
3. Origin country
4. How many liters
5. Shelf life
6. Ingredients of the product

Estonia is one of the member states of the European Union, and all regulations and directives which are discussed above apply to Estonia as well. Local market and its policies and regulations on marketing and sales it different than import regulations. Importer needs to have a revenue stamp in order to apply alcohol import in Estonia (Emtaa). A person can order revenue stamp in Estonian

Tax and Customs Board. *"The revenue stamp shall be issued if the person meets the requirements set in Alcohol, Tobacco, Fuel, and Electricity Excise Duty Act included* (emtaa.ee)*:*

1. *the person holds a valid excise warehouse activity license, an active license of a registered consignee, the importer holds a notation regarding the alcohol import in the register of economic activities, or the person holds annotation regarding the wholesale trade, retail trade or catering service in the register of economic activities*
2. *the person has no tax arrears, including tax arrears payable in installments*
3. *the person has provided security accepted by the Estonian Tax and Customs Board*

Revenue stamp is important to document in Estonia. Without this document selling alcoholic beverages is illegal in the country.

Consumption of alcohol is high in Estonia, but every year its declining. Soon it will be equal to European average alcohol consumption. According to Institute of Economic research, Estonia is still on the top of the list in Baltic and Nordic countries with 8,7 liters of pure alcohol consumption per capita per year (2017).

Figure 5. Consumption of alcohol in Estonia
Source: Ministry of Social Affairs, 2017

It is very clear from the figure that every year consumption of alcohol is decreasing (Ministry of Social Affairs, 2017). Based on Euromonitor's research in Estonia in 2016, main wine purchasers are younger and middle-aged women (rose wine), red wine tendency can be seen in within 40-54-year-olds. Estonian Institute of Economic Research published (2017) that most popular alcoholic beverage is beer (consumption of 80 liters per capita aged 15 and over). Wine is consumed 13.4 liters per capita.

Every year rules are becoming stricter and stricter. The main reason for this is that a high number of alcohol consumption had caused many harms in Estonian population. Therefore, the government wants to protect their people. Estonian government named their alcohol policy as Green Paper on Alcohol (the Republic of Estonia, the ministry of social affairs). Green Paper on Alcohol covers 10 areas:

- "Leadership awareness and commitment"
- "Health services' response"
- "Community action"
- "Drink-driving policies and countermeasures"
- "Availability of alcohol"
- "Marketing of alcohol beverages"
- "Pricing policies"
- "Reducing genitive consequences of drinking and alcohol intoxication"
- "Reducing the public health impact of illicit alcohol and informally produced alcohol"
- "Monitoring and surveillance"

They have started this campaign in 2014. Under this program, off-sale of alcoholic drinks is prohibited from 10 pm till 10 am. They have decreased the amount of advertisement in TV or radio. It is prohibited to show the alcohol advertisement from 7 to 21. No alcohol beverages in petrol shops, also alcohol shops do not provide tasting service before buying the product or offering alcohol cheaper than usual price. In all big supermarket, alcohol products should be separated from other products, it should not be visible outside of the shop. Moreover, sales areas should not be more than 450 square meters. *"This requirement chiefly applies to stores that place alcohol packaging on display windows or display alcohol out the sales of the area in some other way. If legislation will enter into force, these shops would have to change where they display* *alcohol in the sales area or install an opaque wall"* (Jevgeni Ossinovski, Minister of Health and Labour, 2017). For legal retailers and entities, fine for failing the rules of advertising will amount 50,000 euro. According to this policy, it will have a big impact on advertising. Marketing as a tool to increase sales will have a small impact on it because of its prohibition. As Giorgi mentioned in the interview, it will be challenging and will cause problems in near future but at this moment there is no other risk that Georgian wine should face.

3. METHODOLOGY OF THE RESEARCH

The form of this thesis is a case study and uses a range of data collection methods. Estonian market was chosen because of its steadily developing alcohol market. Since the main aim of this research is to understand Georgian wine branding problems and investigate its awareness in the Estonian market, was chosen a mixed method, both qualitative and quantitative methods. As well as, the study is based on secondary data in the case to achieve the objective, which is sourced from scientific articles, books, websites, magazines. Qualitative and quantitative case study method is one that considers questions such as what, which. The reason for using both methods is that it will help to construct valid theory and recommendations for future development.

Survey data was collect people who are Estonian residents, as well as including 10 people who are not residents of Estonia. The age limit starts from 18 (legal age to purchase and consume the alcohol in Estonian) until 22, second group age is 23-29 and third age group is 30+.

Aided and unaided recall questions have been used as a measure of brand awareness (Aaker, 1991). As well as the question to identify the consumers' recognition. Partly measurement is based on a dichotomous scale (Yes, No), and partly using a Likert type scale of 1 to 4 was adapted, whereas 1 is "not at all familiar" and 4 is "Extremely familiar" and one open question. The survey was in English. In total 8 question. Questions were set in specific order to understand recognition and recall of the Georgian wine. First two question is consisting of social demographic questions. Based on the research aims, third and sith questions are based on unaided recall question to get the true measure, first about Georgian wine, secondly (6^{th} question) it measures the competitor's awareness in Estonian market. The last question is about recognition if the respondents can remember any Georgian wine brands.

The survey was created in a google doc and shared through the social media (Facebook, Twitter). Partly, data were collected via a survey of a shopping mall, alcohol shop and grocery store consumers in Tallinn. An electronic version of the survey was opened on 4^{th} of May and closed on 14^{th} of May. Intercept survey method continued 4 days.

4.0 DISCUSSION, RESULTS AND RECOMMENDATIONS

This chapter brings out the results of the research. Georgian wine has critically low brand awareness in the world. Estonian was a part of the Soviet Union like Georgia and potential customers are aware of the Georgian wine. As D. A. Aaker mentioned that brand awareness is one of the important parts of the success on any market. As well as, the higher the brand awareness is, the higher market share is. According to Statistics of Georgia, year by year, exported wine in Estonia is increasing, because of its steadily developing market and increasing customers. At the same time, it is becoming harder and harder to promote alcoholic beverages. Estonian government is trying to decrease high alcohol consumption in all age groups, especially in under age group.

4.1 Survey analysis

The main reason for this survey was to identify approximately on which level is Georgian wine brand awareness in the Estonian market, in addition, to find out what potential customer is looking at when they are willing to make a purchase decision. Survey questions are structured based on Aaker suggestion. Author has used aided and unaided recall/recognition question. Following analysis was done with replies from 302 people (119 people belongs to 18-22 age group, followed up 108 people in the age 23-29 and 75 people 30+ age group).

According to Aaker (1996), regarding brand awareness, there is two main measurement. First is a brand recall, which expresses consumers ability to remember /recall the brand without any help. First recall question (multiple-choice) was asked: "*How familiar are you with Georgian wine?".* Possible choices were "Extremely familiar", "Very familiar", "Slightly familiar" and "Not at all familiar" (see figure X).

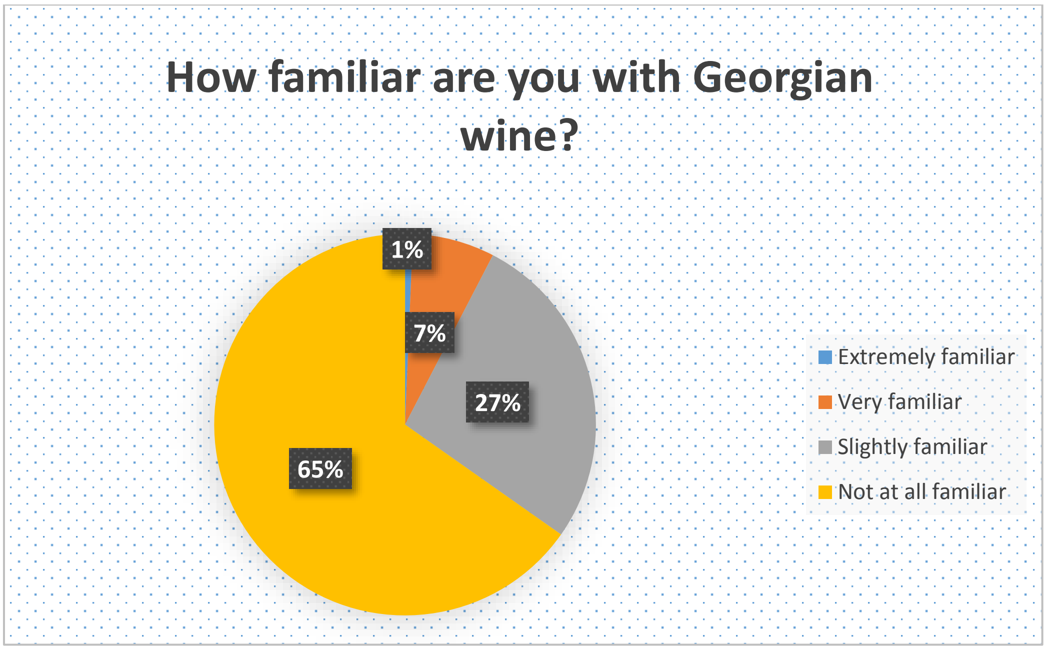

Figure 6. Familiarity of Georgian wine
Source: Appendix 1 (made by the author)

From the figure, it's quite clear that more than half of the people are not at all familiar with Georgian wine, which presents 197 people out of the total. Followed by 82 people, who are slightly familiar and 21 people very familiar. Only 2 people are extremely familiar. Based on this answers, it can be summed up that recall of the Georgian wine is not high in the Estonian market.

Next question is expressing how familiar are people, potential customers, that Georgian wine is one of the oldest in the world. Question is a bit specific. From the author's point of view, the question has something connected with brand awareness.

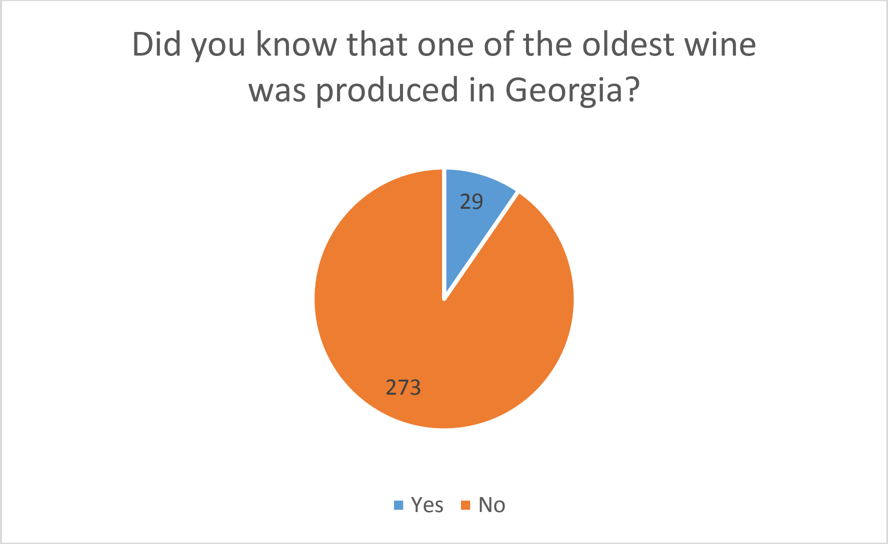

Figure 7. One of the oldest wine producer
Source: Appendix 1 (made by the author)

Only 10 percent of the total amount was aware that Georgia is one of the oldest wine producer countries. The result was not surprising as long as it was announced last year in June by scientist group.

Followed by the question: “*Have you ever bought Georgian wine?”.* With three multiple-choice answers, “Yes”, “No” and “No, but I have tasted”.

Figure 8. Amount of consumer
Source: Appendix 1 (made by the author)

From 302 people, only 60 of them has bought Georgian wine in the Estonian market. And 76 people have tasted it, which could be considered as future consumers of Georgian wine. Based on this survey answer, it can be summed up that amount of people who can be familiar with Georgian wine are 136 people, more 31 people than the result form question 3.

Second unaided brand recall open question: *"Which Georgian wine brand you know?".* As it is mentioned above, the aim of this question is to measure how many people can remember the Georgian wine brands who have already bought it or already tasted.

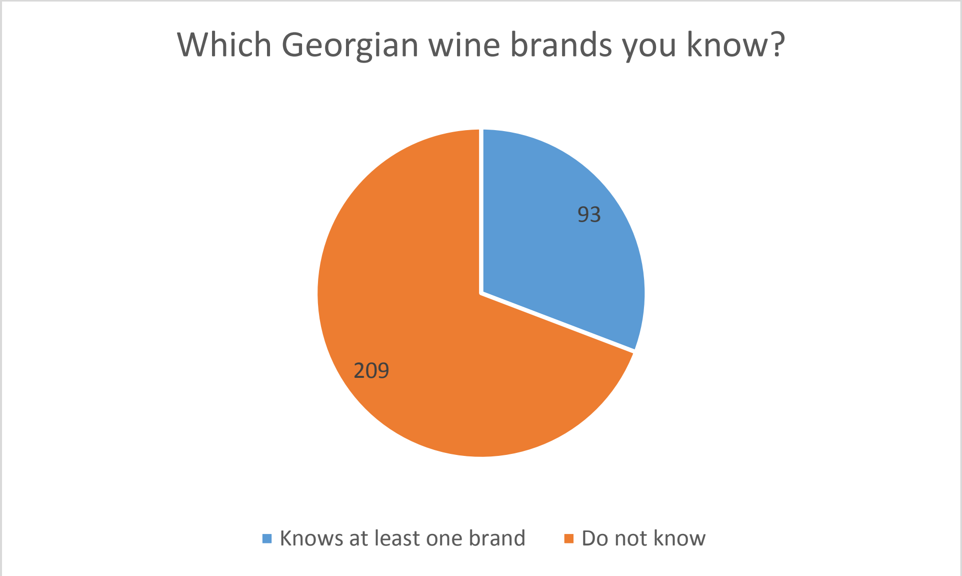

Figure 9. Measurement of Georgian wine brand recall
Source: Appendix 1 (made by the author)

Only 93 people can recall the Georgian wine brand, whereas 136 people have tasted or bought it (result from the previous question). This result is lower than the number of people it consumed. At the same time, results marked Georgian wine brands which are popular in the Estonian market. On a first place is Khvanchkara, in total 38 people could recall the brand, on the second place Saperavi with 33 votes, followed by Kindzamrauli in total 29 votes (see the figure).

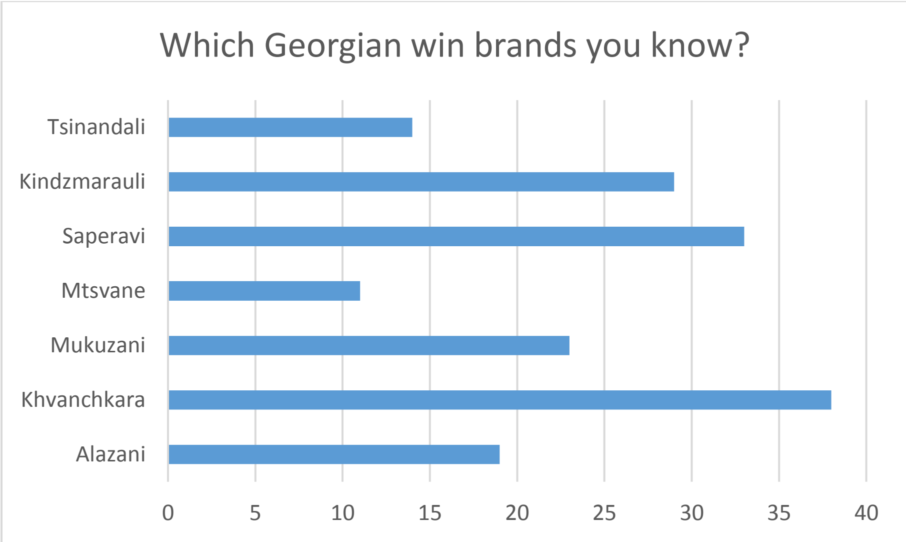

Figure 10. Which Georgian brands you know
Source: Appendix 1 (made by the author)

Except to find out which brands are popular in the Estonian market, figure shoes as well that Estonian customers prefer Georgian red wine than white wines. Recall of the white wine is lower than red wine.

For the whole picture of the market, next question which was asked: " *when you think of a wine, which country comes first to your mind?"*.

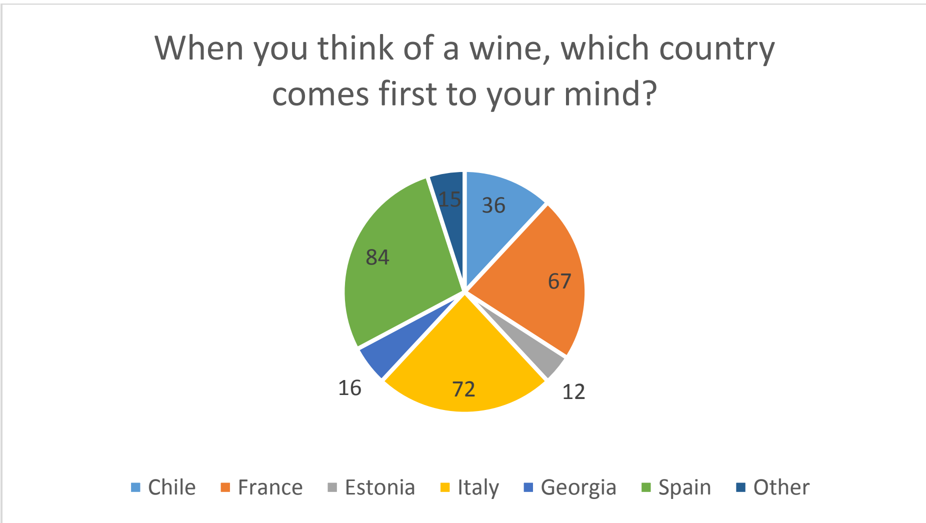

Figure 11. When you think of a wine, which country comes first to your mind?
Source: Appendix 1 (made by the author)

Georgia is not in a good position according to this results. As it was discussed above, wine market dominant by import is Spain in the Estonian market. The figure has shown same that most of the people are preferring the wine from Spain (total 84 votes), followed by Italy (72 people) and France (67 people).

Next question, is about preference: *"What do you look for when buying wine?"*. It is clear that most of the people prefer wine from Spain, Italy, and France but what are the other aspects that potential customers are looking?

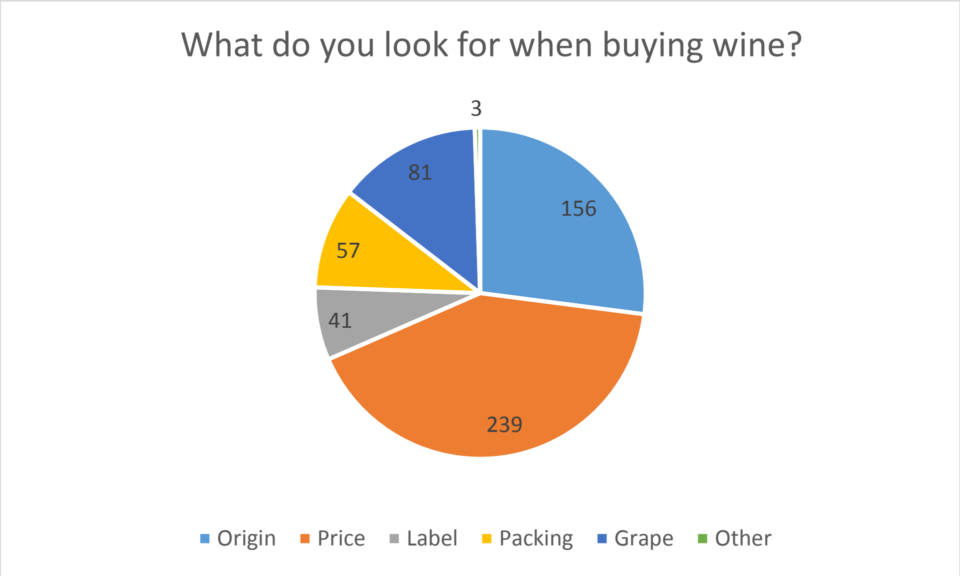

Figure 12. What do you look for when buying the wine?
Source: Appendix 1 (made by the author)

It can be said from the figure that, most people are looking at price and origin when they're trying to make a purchase decision. Based on this label is less important for the potential consumers.

At last, the author has used brand recognition (check-box) question (mentioned 11 brands): *"Which of the following Georgian wine brands have you heard?*

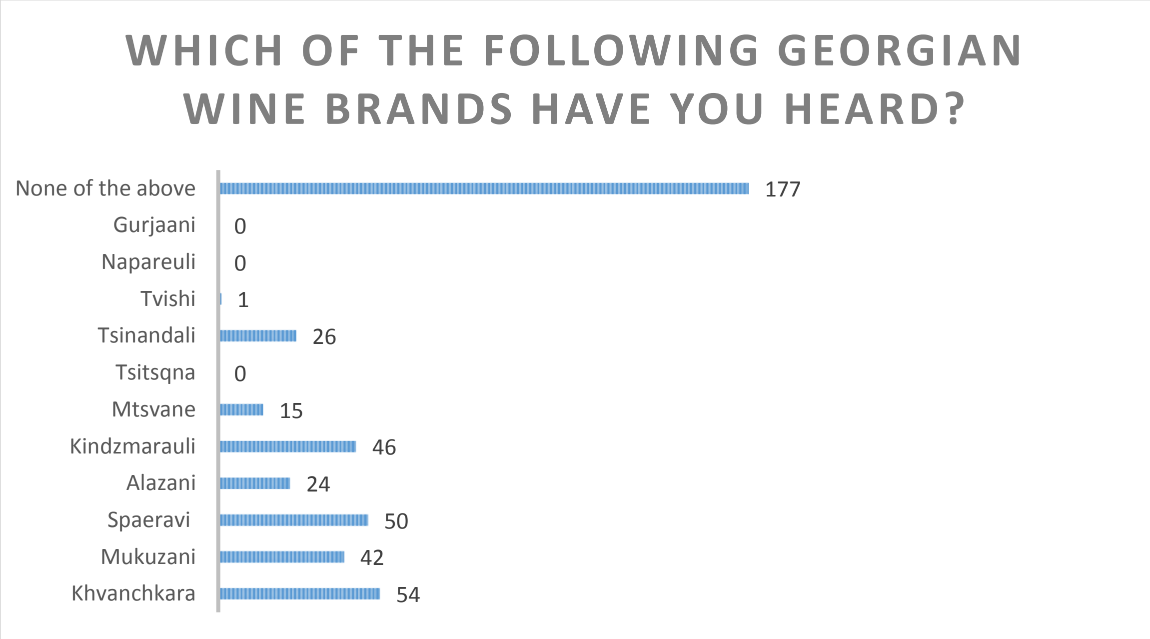

Figure 13. Which of the following Georgian wine brands have you heard?
Source: Appendix 1 (made by the author)

A number of people who could not remember at least one Georgian wine brand has decreased after brand recognition question (decreased by 32 people). Recall question directly increased the votes to each brand and top three Georgian wine brands are still same (Khvanchkara, Spaeravi, and Kindzmarauli). At the same time, there are some brands that collected 0 votes (Gurjaani, Napareuli, Tsitsqna).

Based on the survey answers, brand awareness of Georgian wine is not on a critical law but it still needs raising. Main competitors are Italy, Spain, and France. People should be aware of the fact that Georgia was one of the first countries who started producing wine. Results of recognition are higher among consumers than brand recall. Only 20% of the total people have purchased Georgian wine, which says that it still needs improvement in marketing.

4.2 SWOT analysis of Georgian wine

SWOT analysis is made by the author based on the secondary data and results from the survey.

Strength - Georgia has more than 8000-years' experience in winemaking, scientific research proofs that oldest wine pot is coming from Georgia. The tradition of winemaking is totally different than other countries'. Making wine with "Qvevri" technology is listed as UNESCO intangible cultural heritage. Georgia has more than 500 unique grape variates which are only in Georgia and companies do not use any sugar because of naturally sweet grapes. After DCFTA, it became easier to export Georgian wine, because most of the big companies satisfy the standards and regulations which are established by European Commission.

Weaknesses – Georgian wine is experiencing a lack of brand awareness, as well as low lack of exporting experience. European Union has its standards and barriers because of that, at this moment, not all the companies are able to export Georgian wine in the European market. Lack of technologies, need to update it. Companies still are using old technologies.

Opportunities – Georgian wine has big potential to compete with competitors like Spain, France, and Italy. The increase of brand awareness will help to gain good market share. Companies need to change old technologies to new ones. More promotion of Georgia as a country and its wine tourism.

Threats – In this specific market, main threats are the policies established by Estonian government. Policies which are reducing the promotion of alcoholic beverages, whereas Georgian wine needs more promotion about its uniqueness, neutrality and one of the oldest technologically made wine. Threats are coming from competitors as well, they have presented many different kinds of wine classes with different prices alternatives. It is hard to compete with countries whose awareness as a country is higher than Georgia.

4.3 Recommendations

By analyzing scientific articles and based on the survey answers, following recommendation could be given by the author in order to gain sufficient market share on the Estonian wine market. One main problem of Georgian wine is low brand awareness, as well as low awareness of country. Georgian government should the responsibility to deal with this problem. It is recommended to participate in tourism exhibitions to promote directly Georgian wine. The government should take the advantage to advertise the country and its wine tourism in Social media and TV, use street banners. Most of the companies face a different kind of problems during the export time. It could be transportation cost or special technologies that need to be used during the transportations. The government should help the companies to reduce the costs. Make some programs where companies will have a chance to win founds and improve the process of winemaking. New agreements like, DCFTA will help to increase the amount of export.

According to GWA, companies do not make good enough researchers of local markets. It causes lack of information, which has a bad effect on sales, marketing planning, and operations. Make a good market research prior to entering the market would be helpful. It is very important to give proper education to youth generations who are interested in the wine business. High ranking wine institution where young people have a possibility to study and practices. It will increase the number of professional wieners in the county.

Conclusion

Branding and brand awareness is a very important aspect of any business. The brand is something that shows up. Any kind of product which is a brand is quite easy to distinguish from other products. That is what customers make it want to buy. When the person is familiar with something it is easier to make a purchase decision. Brand awareness can increase the sales. Brands are part of the peoples' life with some good associations and feelings.

Georgia has experienced more than 8000 years in wine production, meaning that it part of the culture and presenting important role in country's economy. The country has a great destination for the economic development, located on the board of Europe and Asia. For many years Russian market was biggest and main export destination for Georgian wine. Because of the political problems, was needed to find new reliable markets to increase the export amount. The European Union market presents more promising and valuable market, with its strict regulations and standards. Estonian market is small and companies have a good opportunity to increase the market share. According to statistics, Estonian market is growing and the exported wine amount is increasing year by year. At the same time, the government is trying to reduce the alcohol consumption in the country, establishing new policies, which are stricter and making difficulties to increase the sales. The government has restricted the promotions of alcohol beverages which is the biggest problem of Georgian wine. Georgian wine is facing brand awareness problem in all market. Awareness of its old tradition technology of winemaking, unique and natural grape varieties will help to increase the sales.

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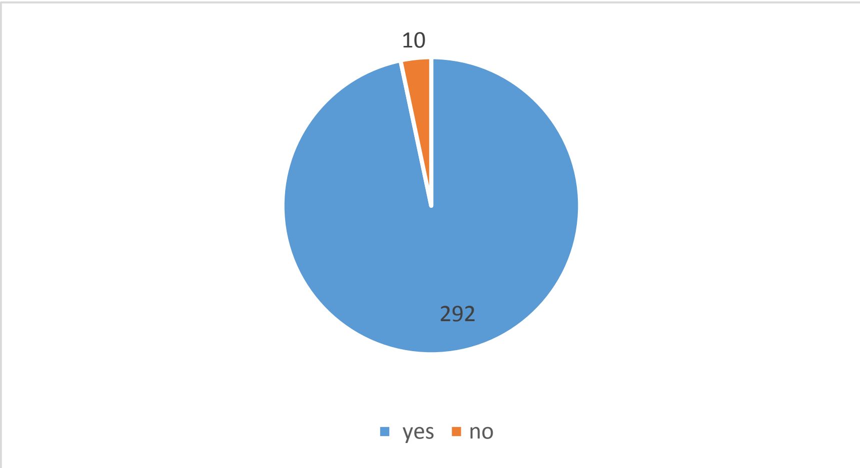
APPENDICES

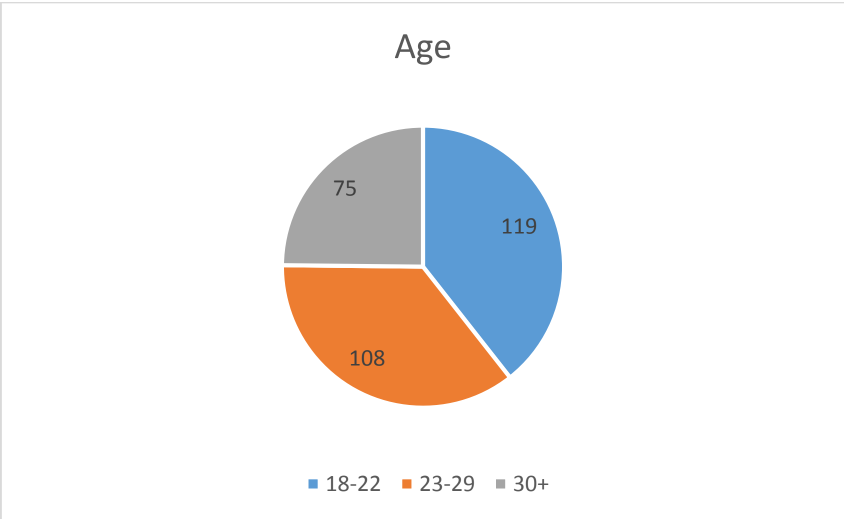
Appendix 1 QUESTIONNAIRE

The questionnaire has been answered by 302 people, minimum age is 18 years old.

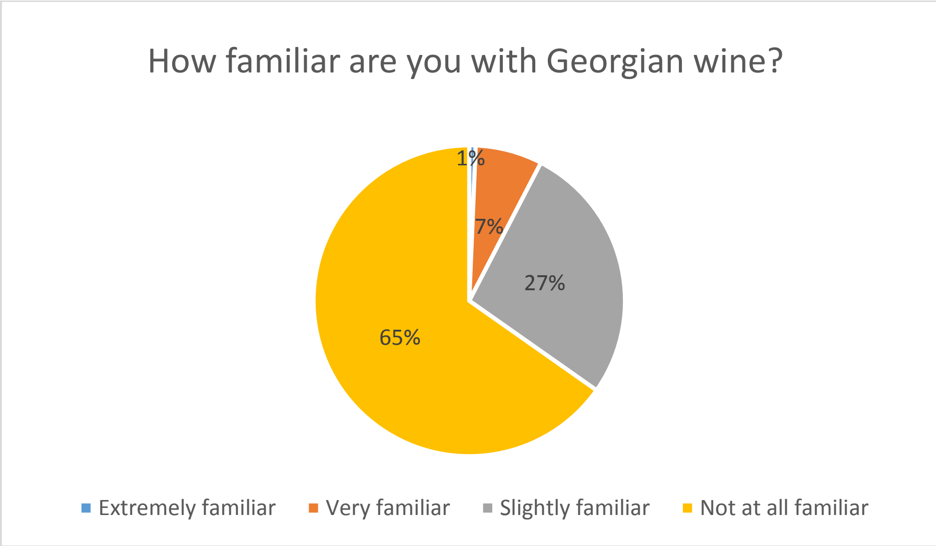
1. Are you resident of Estonia?



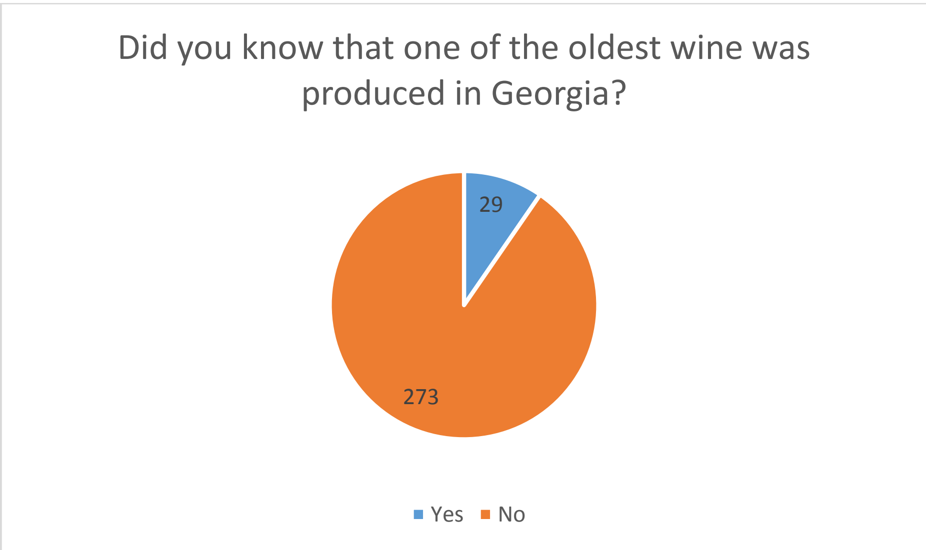
2. What is your age?



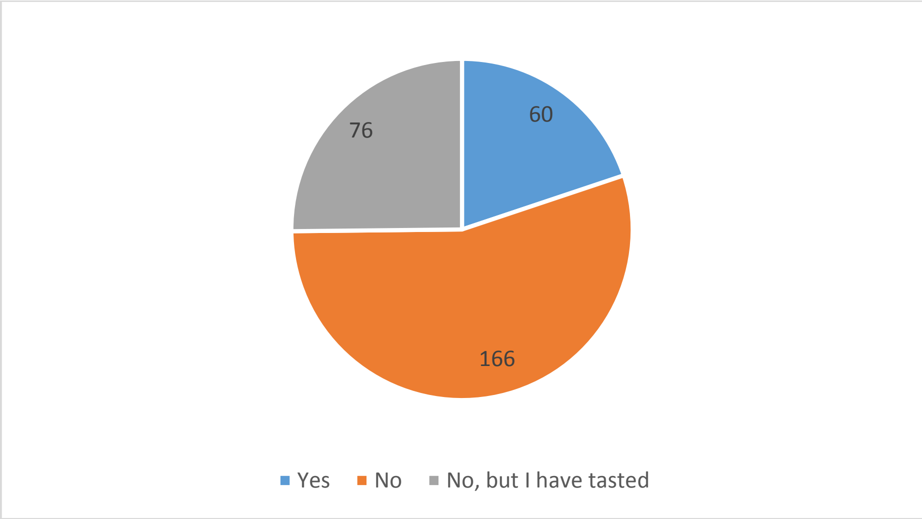
3. How familiar are you with Georgian wine?



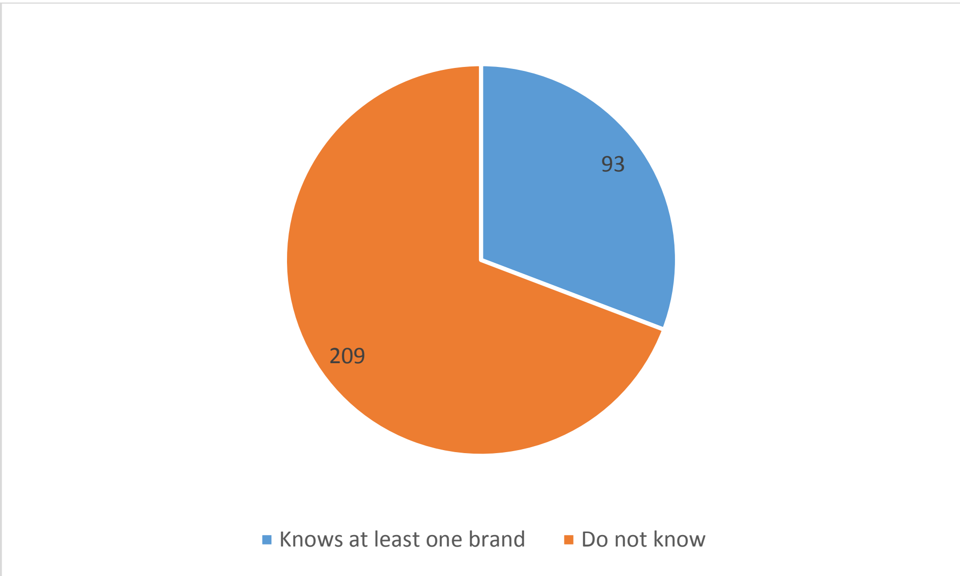
4. Did you know that one of the oldest wine was produced in Georgia?

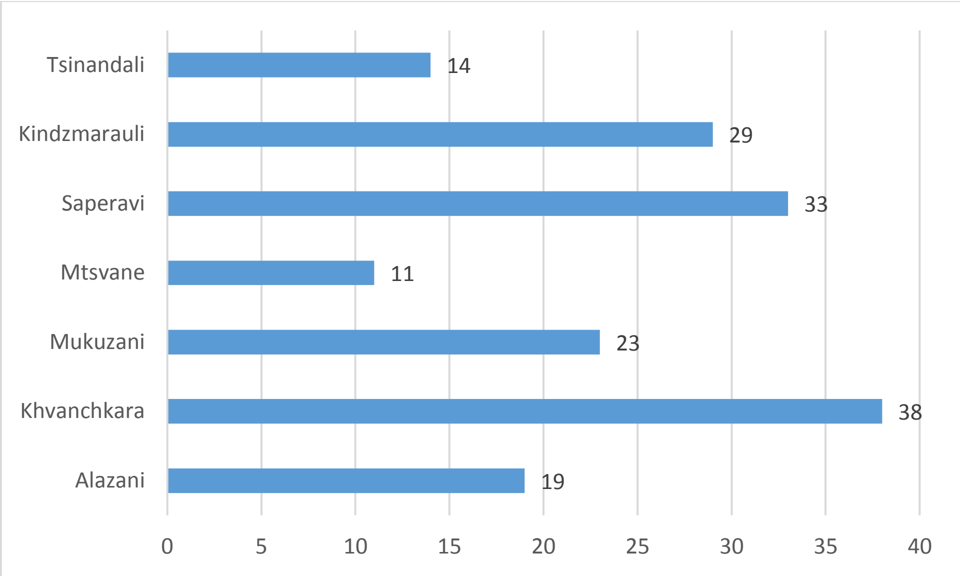


5. Have you ever bought Georgian wine?



6. Which Georgian brands do you know?




Tsinandali
Kindzmarauli
Saperavi
Mtsvane
Mukuzani
Khvanchkara
Alazani
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29
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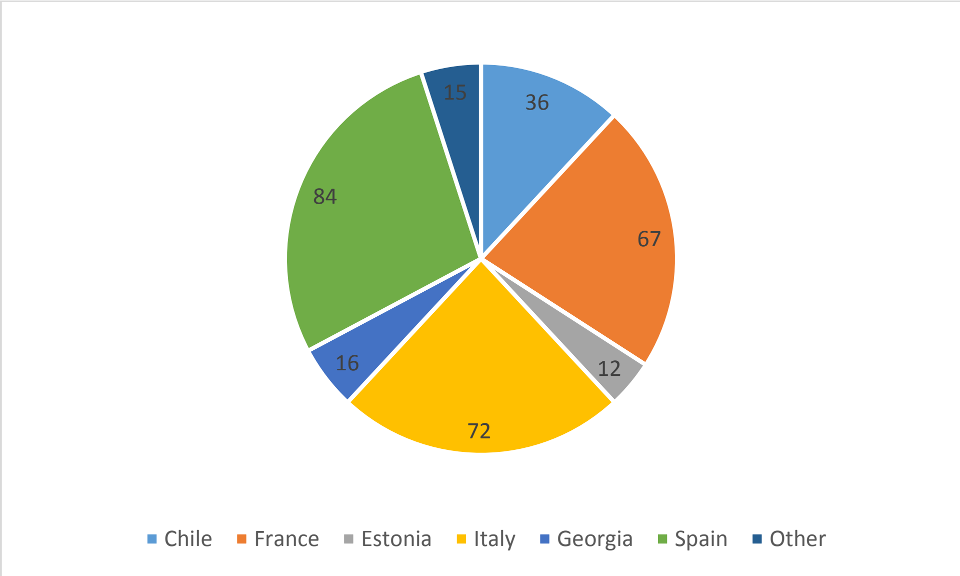
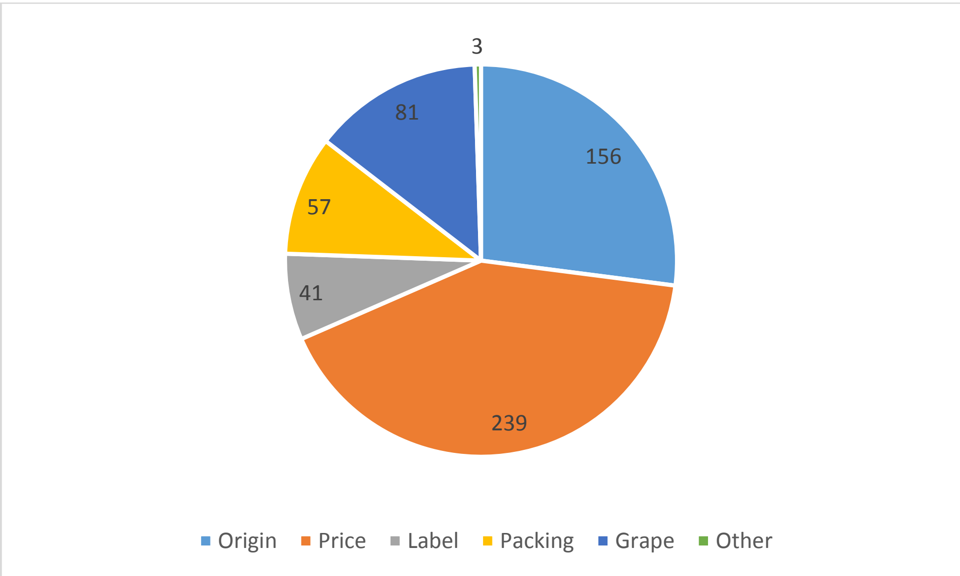
7. When do you think of a wine, which country comes first to your mind?



8. What do you look for when buying wine?



9. Which of the following Georgian wine brands have you heard?