

# WINE BRAND AND WINE TOURISM DEVELOPMENT PERSPECTIVES IN GEORGIA

## ღვინის ბრენდი და ღვინის ტურიზმის განვითარების პერსპექტივები საქართველოში

**ETER KHARAISHVILI,**

Doctor of Economic Sciences,  
Professor Ivane Javakhishvili  
Tbilisi State University  
Head of Microeconomic Department

**BADRI GECHBAIA,**

Doctor of Economic Sciences, Associated  
Professor Batumi Shota Rustaveli  
State University, Head of Business  
Administration, Management and  
Marketing Department

**ეთერ ხარაიშვილი,**

ეკონომიკის მეცნიერებათა დოქტორი,  
პროფესორი, ივ. ჯავახიშვილის სახელობის  
თბილისის სახელმწიფო უნივერსიტეტის  
მიკროეკონომიკის კათედრის ხელმძღვანელი  
**ბადრი გეჩბაია,**

ეკონომიკის დოქტორი, ასოცირებული  
პროფესორი, ბათუმის შოთა რუსთაველის  
სახელმწიფო უნივერსიტეტის ბიზნესის  
ადმინისტრირების, მენეჯმენტისა და  
მარკეტინგის დეპარტამენტის ხელმძღვანელი

### ABSTRACT

*The role of wine brand in the sector of vine-wine growing and development of wine tourism is argued in the article. The wine tourism is examined as the prospective trend of vine-wine growing as the traditional field of population business, with less expenditure, high Marge of profit and increasing tendency of demand.*

*The work examines the tendencies of wine-vine growing in world as well as in Georgia. The dynamics of wine producing is given and the Georgian wine brands are evaluated on the basis of wine classification. It is concluded that Georgian wine take active part in world market and wine and alcohols drinks international exhibitions in the form of united brand, and through the way of seeking new markets and sales the opportunities for attracting tourists is increasing.*

*Wine tourism is examined in united concept of agro tourism, problems existing in the field of agro tourism are revealed using relevant criteria: the cost of landscape and beauty; territories with wild nature and wilderness; cultural values; particularly useful conditions for hunting, fishing, sliding, mountain climbing; availability at foreign markets of customers; effective and professional promotion and commercial activity and relevant manage-*

*ment. According to these factors the comparative advantages of Georgia are being established.*

*For evaluating the impact of wine brand on wine tourism the qualitative research was made. Through the average indicators of attracting regions for developing agro tourism the tourist products of wine and services are revealed: hostels, degustation of local cuisine, wine degustation, possibility of harvesting grapes and wine pressing. The following is considered as the product less developed: visiting wine house-museums, acquaintance with local folklore, acquaintance with tourist routes "wine road."*

*The relevant reports are made regarding the prospective development of wine tourism and wine brand in Georgia and relevant recommendations are offered.*

**Keywords:** wine brand, wine tourism, wine-vine growing, agro tourism.

### საშუალო

სტატიაში დასაბუთებულია ღვინის ბრენდის როლი მევენახეობა-მელვინეობის სექტორისა და ღვინის ტურიზმის განვითარებაში. მევენახეობა-მელვინეობის დარგის პერსპექტიულ მიმართულებად განხილულია ღვინის ტურიზმი,

როგორც მოსახლეობის საქმიანობის ტრადიციული სფერო, ნაკლები დანახარჯებით, მოგების მაღალი მარჟით და მოთხოვნის ზრდადი ტენდენციებით.

ნაშრომში განხილულია მევენახეობა-მელვინეობის განვითარების ტენდენციები, როგორც მსოფლიოში, ასევე, საქართველოში. მოცემულია ღვინის წარმოების დინამიკა და ღვინოების კლასიფიკაციის საფუძველზე შეფასებულია ქართული ღვინის ბრენდები. გაკეთებულია დასკვნა, რომ ქართული ღვინო მსოფლიო ბაზარზე ღვინისა და ალკოჰოლური სასმელების საერთაშორისო გამოფენებზე მასშტაბურად იღებს მონაწილეობას ერთიანი ბრენდირებული სახით, ახალი ბაზრებისა და გაყიდვების არხების ძიებით კი ზრდადი ტურისტების მოზიდვის შესაძლებლობებიც.

ღვინის ტურიზმი განხილულია აგროტურიზმის ერთიან კონცეფციაში, აგროტურიზმის სფეროში არსებული პრობლემები გამოვლენილია შესაბამისი კრიტერიუმების გამოყენებით: ლანდშაფტის ღირებულება და სილამაზე; ტერიტორიები ველური ბუნებითა და ველურობით; კულტურული ღირებულებები; განსაკუთრებულად ხელსაყრელი პირობები ნადირობისთვის, თევზაობისთვის, სრიალისთვის, მთებზე სიარულისთვის; ხელმისაწვდომობა მომხმარებელთა უცხოურ ბაზრებზე; ეფექტიანი და პროფესიონალური პრომოუშენი და კომერციული საქმიანობა და სათანადო მენეჯმენტი. ამ ფაქტორების მიხედვით დადგენილია საქართველოს შედარებითი უპირატესობები.

ღვინის ტურიზმზე ღვინის ბრენდის გავლენის შესაფასებლად ჩატარებულია თვისებრივი კვლევა. აგროტურიზმის განვითარებისათვის რეგიონების მიმზიდველობის საშუალო მაჩვენებლის საშუალებით გამოვლენილია საქართველოში ყველაზე განვითარებული ღვინის ტურისტული პროდუქტები და მომსახურებები: საოჯახო სასტუმროები, ადგილობრივი სამზარეულოს გაცნობა/დაგემოვნება, ღვინის დეგუსტაცია, ყურძნის კრეფისა და ღვინის დანურვის შესაძლებლობა. ნაკლებად განვითარებულ პროდუქტებად მიჩნეულია: ღვინის სახლ-მუზეუმების დათვალიერება, ადგილობრივი ფოლკლორის გაცნობა, ტურისტული მარშრუტების გაცნობა „ღვინის გზა“.

საქართველოში ღვინის ბრენდისა და ღვინ-

ის ტურიზმის პერსპექტიული განვითარების მიმართულებებზე გაკეთებულია დასკვნები და შემოთავაზებულია შესაბამისი რეკომენდაციები.

**საკვანძო სიტყვები:** ღვინის ბრენდი, ღვინის ტურიზმი, მევენახეობა-მელვინეობა, აგროტურიზმი.

**Actuality of problem.** Agriculture was the main residential place for the population traditionally and the main source for existing. Today 42.8% of population lives in the country [1].

The level of extreme poverty based on the examination made about the wellbeing of the population has decreased in recent years. Though,

The comparative poverty limit is the 60% of consummation of entire population. The number of economies being below the comparative poverty limit is increased. According to the figures of the lowest poverty limit is 1.7% of domestic economies of Georgia and 2.1% of entire population still remains in the extreme poverty [2]. Generally the level of poverty in village significantly exceeds the relevant indicator existing in the city. Also, problem is still more actual which is caused due to the increase of prices on agro-products and decrease of incomes for the families [3].

Due to the above mentioned currently the countryside population for the purpose of maintaining the self-being actively seeks the new ways to get income and recruitment, particularly for them those fields are more attractive in which they have their business experience. Among these fields the vine and wine-growing is examined. This field is of priority for the Georgian economy and for the big part of the population it represents the main source for receiving income.

Georgia is distinguished for having unique species of grapes and multiplicity of wines, also with useful geographic location, characteristics of relief, diversity of dishes and folklore. The resource potential in this direction in Georgia is not adjusted and its effective usage shall be examined under the possibilities of developing wine tourism.

The development of vine and wine-growing in Georgia has long history and is the integral part of nation's social-cultural life. The researches cer-

tify that despite the narrow-scaled production Georgian wine is competitive and considering the dispersion of market shares and market concentration, [4] Herfindal-Hirshman the wine market is of monopolist competition and more or less is diversified [5].

The further development prospective direction of vine and wine-growing should be examined wine tourism, because this area if of traditional mood for the population is characterized with the comparatively less expenditures, high Marge of the profit and tendencies of increasing demand are distinguished. It is also remarkable that in Georgia the wine brand is formulated. The development of wine tourism based on wine brand may extend the scales of production in the field of vine and wine-growing, the balanced development of local economic, business development opportunities, creation of work places and income all the above mentioned may have relevant multiplication effect [6].

The inter-impact of wine brand and wine tourism will play great role in solving the social-economic problems of population, maintaining Georgian countryside self-being, protection of country's cultural inheritance and development of it.

**Aim of survey.** The aim of survey is the determination of role of Georgian wine brands in the development of wine tourism and working on the recommendations rearding the prospective trends of developing these fields.

**Methods of survey.** Various methods of survey are used in the proces of survey itself, namely the statistic (selection, grouping, observation, tendency and other), analysis, induction and comparison ones, also quantitative survey in the form of detailed interviews.

The theoretic reason for the scientific works of Georgian and foreign scientists, analytical reports, materials for survey of EU regarding the relevant problem; the information base are the documents of policy of Georgian Parliament, data of National Agency of Georgian wine, National Service of

Statistics, Ministries of Agriculture of Georgia and Finances.

Tendencies of developing wine and vine-growing are increasing in Georgia as well as in world. The majority of the area of vineyards fall on four countries – Spain-13%; China-11%; France-10.4%; Italy-9.5% [7]. In 2011-2016 the area of vineyards are decreased in Spain, Italy and France (between 0.7%-3.8%) and are increased in China, Peru and Turkmenistan (between 23.5%-40%). The increase of the area of vineyards in Georgia in the same period comprised 25.2% [8]. Also studying the dynamic of producing grapes in the world has shown us that these figures are mildly increasing in various countries of the world.

The indicators of producing vine in Georgia are unstable, which basically condition the negative impact on the natural factors and low level of using modern technologies. In 2006-2016 the change of parameters for producing vine is given on diagram 1 (see diagram 1) [9].

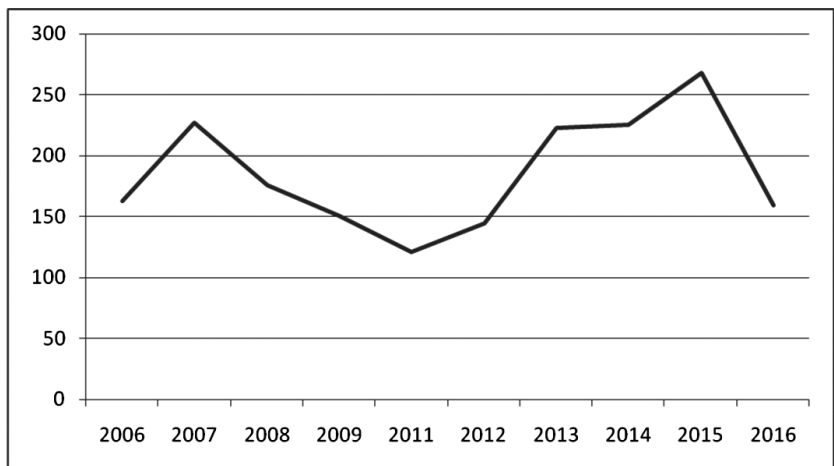


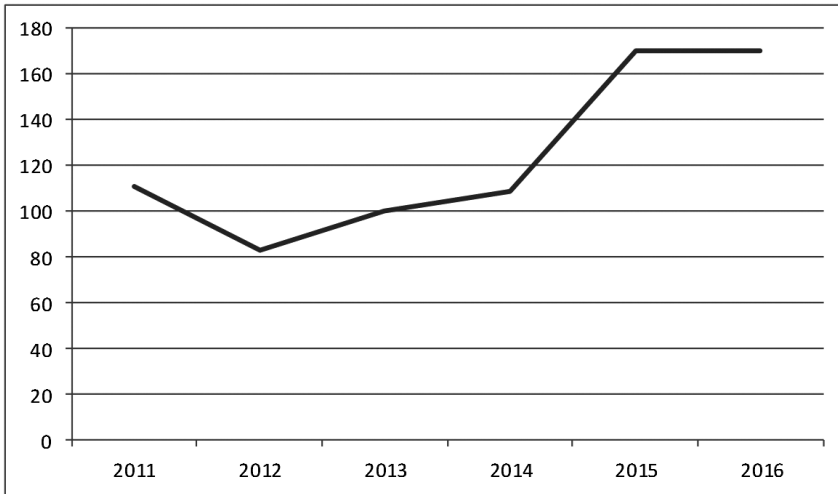
Diagram 1. Tendency of producing vine in Georgia in 2014-2016  
Thousands of tones

85.8% of entire volume of producing vine falls mostly on the portion of household economies, rest – on agricultural enterprises [10]. Today in the world the tendency for increasing the demand in the world is denoted regarding red wines. In Georgia as of the information of 2016 111.8 thousand tones of white grapes are produced and 47.4 thousand tones of red grapes [11].

The indicators of producing red wine in Georgia is characterized with increasing tendency (see diagram 2). Wine factories purchase grapes under

the terms of good harvest in great volumes and create wine stocks.

which assists the attraction of more tourists and development of wine tourism.



**Diagram 2. Dynamics of producing wine in Georgia [12]**  
Millions of liters

the evaluation of wine brand and wine tourism on the example of Kakheti and Imereti regions are examined. From this point of view the classification of wines has been evaluated. From 18 on-site originated wines registered in Georgia 14 are produced in Kakheti. High quality brand wines are made in region from the local and cultivated species. Also the region of Imereti is distinguished for its diversity of producing wines. The diversity is based on the species spread (see scheme 1).

For processing the conception of wine tourism the classification of wines is considered. Today, Georgian wines are classified according to their districts according to the species of grapes and colouring. The developing of wine tourism in Georgia is taking place in different ways in various regions. Basically this type of tourism is prioritative in the regions of vine and wine-growing, namely in the regions of Kakheti and Imereti. In these regions the interest of foreign investors is great

**SCHEME 1. CLASSIFICATION OF WINES ACCORDING TO THE REGIONS OF KAKHETI AND IMERETI [13]**

Region of Kakheti		
Wine titles	Species of grapes	Color
MUKUZANI	Saperavi	Red
TSINANDALI	Rkatsiteli, green	White
NAFAREULI	Saperavi/Rkatsiteli, green	Red/white
TELIANI	Cabernet ovioni	Red
GURJAANI	Rkatsiteli, green	White
VAZISUBANI	Rkatsiteli, green	White
MANAVI (GREEN)	Green	White
KVARELI	Saperavi	Red
KARDENAKHI	Rkatsiteli	White fastened
TIBAANI	Rkatsiteli	White kakhuri
KINDZMARALI	Saperavi	Red half sweet
AKHASHENI	Saperavi	Red half sweet
SAPERAVI	Saperavi	Red
RKATSITELI	Rkatsiteli	White
GREEN	Green	White
KISI	Kisi	White
KHIKHVI	Khikhvi	Red
KHISHMI SAPERAVI	Saperavi	Red
TSARAFI	Rkatsiteli	White
KAKHURI	Rkatsiteli, green	White
Region of Imereti		
Wine titles	Species of grapes	Color
SVIRI	Tsitska, Tsolikouri, Krakhuna	White
TSITSKA	Tsitska	White
TSOLIKOURI	Tsolikouri	White
KRAKHUNA	Krakhuna	White
OTSKHANURI SAPERE	Otskhanuri Sapere	White
KVISHKHURI	Goruli Green	White

Also in rest regions of Georgia seldom species of grapes are spread over (Alexandrouli, Mujretuli, Tsoликouri, Dzelshavi, Usakhelouri, Orbeluri and other), which gives opportunity to produce wines characteristic to micro zone. In regions of Adjara, Guria and Mengrelia are produced in comparatively less volumes. Though, historically various species of vine (Chkhaveri, Jani, Mtevandidi, Aladasturi, Skhilatubani, Kviristava, Godaaturi, Sakmiela, Ojaleshi, Avasikhva, Kachichi, Khopaturi, Tchvitoluri, Krakhuna, Klarhuli and other) are distinguished for their self-being of wine production.

The dynamics of recent years has shown that Georgian wine takes participation largely at international exhibitions of alcohols and wines at world market in the form of united branded one. Through the way of seeking channels for new markets and sale the opportunities of attracting tourists increase. Various awards, for example gold and silver medals are won by the brands of Georgian wine: double gold – “Saperavi. Stock 2005,” Company “Kakhuri,”; gold-“Saperavi. 2008,” Company “Kakhuri,”; gold-“Saperavi. Family stock 2013,” Company “Lukasi,”; gold – “Marani. Condole vineyards. 2013,”; Company “Telavi Wine Vanult,” gold-“Wine vanult. Stock. 2007”; Company “Telavi Wine Vanult,” silver-“Mukuzani Iberian. 2013”; company “Shumi”; silver-“Napareuli. 2013”; Company “Shumi”; silver-“Trapeze Saperavi. 2012”; Company “Telavi Wine Vanult”; silver-“Saperavi of pitcher. 2011”; Corporation “Kindzmarauli.” [14].

Among the brands of Georgian wine special place is occupied by pitcher’s wine. The wine from pitcher for Georgia is somewhat visit card and one of the main products of wine tourism. The wine tourists make the wine degustation of this type. Due to the characteristics of Georgian pitcher’s wine this product attracts not only tourists who arrived but also it becomes famous at all the important markets of the world factually.

The wines of Georgian pitcher are delivered to various countries of the world, namely specialized wine shops and bars, also exhibitions and participation in degustation increases the knowledge of Georgian wine and popularization. Mentioned process has positive impact on increasing the volume of export, also increase of knowledge about Georgian

wine at international markets and attraction of tourists. Among the wines of Georgian origin from tourists’ side “Kindzmarauli” is leading according to the demand.

Majority of researchers examines wine tourism in united concept of agro tourism. Respectively it is important to distinguish those agro tourist products which “are directly connected to agrarian environment, agrarian product and agrarian location: educational visits, recreation activities and purchase of agrarian product or handicrafts [15]. The functions of agro tourism are also to be considered: social-psychology, economic, special and environmental [16].

The revealing of problems existing in the field of agro tourism requires the usage of relevant criteria. From this point of view various researchers use different criteria. In our survey we used the comparatively perfect criteria offered by Lane (1992). Scientist differentiates six factors which determine the value of agro tourist places [17].

1. Value and beauty of landscape, which includes: mountains, seashores, lakes, islands, picturesque beauty river gorges and places with specific beauty and value, like marshes and forests;
2. Territories with wild nature and wilderness;
3. Cultural values which include historic buildings, small cities, villages and places like ethnic inheritance;
4. Particularly available conditions for hunting, fishing, sliding, mountain climbing;
5. Availability on foreign markets of customers;
6. Effective and professional promotion and commercial activity and relevant management.

First five indicators reflect objective values, advantages taken under inheritance. Sixth indicator is the human factor. Natural and cultural values are impossible to re-make, though through human factor it is possible to extend them and improve. These values are considered as constant factors of quality for agro tourist location, the rest are changeable.

According to above mentioned factors Georgia has great advantage, namely her comparative advantages are: ancient civilization and culture, un-

touchable natural inheritance, rich flora and fauna, particular hospitality and cuisine, rich traditions and so on. Also agro tourism does not require any big expenditure, investments for organizing events for welcoming tourist and creating normal conditions for him. The main motto of agro tourism is to relax and recreate cheaply, fresh environment, far from urban life.

For revealing problems existing in wine tourism particularly, the tourist products of this field are to be evaluated. The researchers interpret wine tourism as visiting vineyards, wine factories, wine festivals in various regions, tasting wine and degustation of wine grapes [18]. Also, wine tourism is examined as journey the aim of which is to study wine regions and connecting them with lifestyle [19]. Almost in all the countries the interpretation of wine tourism is different from one another, though as the type of agro tourism which unites the economic, social and cultural aspects of countryside development, includes lots of intersections between agro sector and tourism are the circles connecting these two sectors.

The development of wine tourism as it was mentioned above is significantly determined by strong brand. It is examined as the guarantee for corporate success [20]. Brand notifies customer about the source for originating product and protects the purchaser as well as manufacturer from those competitors who wish to create analogue, low quality product [21].

For evaluating the impact of wine brand on wine tourism the quantitative research was made through the way of inquiring the representatives of this survey. The researchable regions are evaluated according to the historic-cultural inheritance, natural inheritance, tourism infrastructure, agro-cultural landscapes, and food product criteria. The parties interested and competent involved in the agro tourism process were inquired: representatives of the agro business field and agriculture, experts. The list of regions attractive for the

development of Georgian agro tourism is evaluated by respondents giving 1-5 scores, 5 scores are given to the components offered to Municipality having the most attractive environment, 1 score is less attractive.

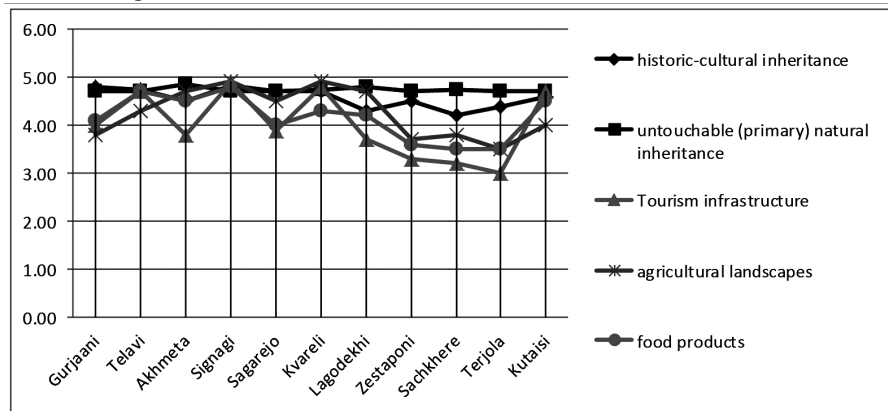


Diagram 3. Evaluation of environment attractive for tourist point of view in Municipalities of Kakheti and Imereti

According to historic-cultural inheritance following leading municipalities is revealed: Signagi, Gurjaani, Telavi. In these municipalities it would be better to make accent on such tourist forms or tourist routes which are oriented on getting acquainted with historic-cultural inheritance and promoting them.

A second criterion was untouchable/wild natural inheritance in which leaders are following Municipalities: Akhmeta, Lagodekhi, Kvareli, and Sachkhere. For these regions it would be better to offer tourism which is closely connected to nature and adventures, for example, eco tourism and adventurous tourism.

As for the existing tourist infrastructure, following sequence is distinguished: Signagi, Kvareli, Kutaisi, and Telavi. In these Municipalities or settlements tourist infrastructure is best developed than in other place.

According to the criteria of agrarian landscapes following are leaders: Signagi, Kvareli, Akhmeta, Lagodekhi. This is not even surprising because in these regions the number of resident population during the whole year is higher comparing to other and relevantly there are more processes land plots. In these regions it is better to make accent on farm tourism which directly means living in farmer's family and contribution to their activities, certainly due to farmer's wish.

Last criterion is the evaluation according to the cuisine/food products which is of important role in developing all kinds of tourism. From this point of view following municipalities are promoted: Signagi, Telavi, Kutaisi, Akmeta. In named municipalities it is possible to organize the gourmand-tours, which become popular considering tendency.

The determination of average indicator for attracting regions for developing agro tourism revealed that for developing this type of tourism the most attractive municipalities are: Signagi, Kvareli, Telavi and Kutaisi (see diagram 4).

ting acquainted with local folklore, tourist routes "Wine Road." This latter is the new product of wine tourism so yet it is less developed (see diagram 5).

Among the problems existing in the field of wine tourism great part of tourists named the following: unorganized infrastructure, offered tourist products' lack, low level for providing service, low level for access on information resources and other. Despite the problems existing the sequenced positive effects of developing wine tourism are distinguished: increase of possibilities for diversification of the field of vine and wine-growing, creation of

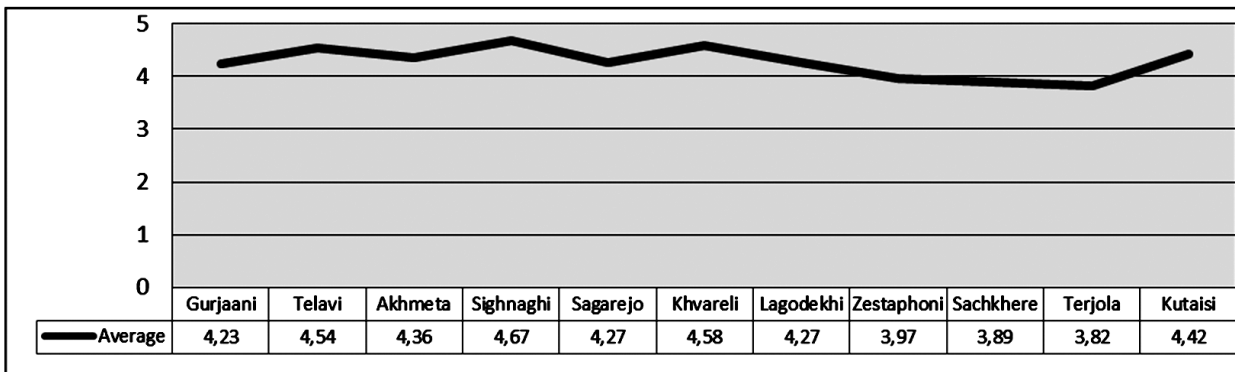


Diagram 4. Average indicator of attracting regions for developing agro tourism

The following wine products and services are largely developed in Georgia: hostels, degustation of local cuisine, wine degustation, possibility to picking grapes and juice out of grapes; and less developed are: visiting wine home-museums, get-

additional work places, creation of new source for countryside population to get income, maintaining traditional brand of wine and motivation for creating new brand, increase of recruitment of young generation in economy and other.

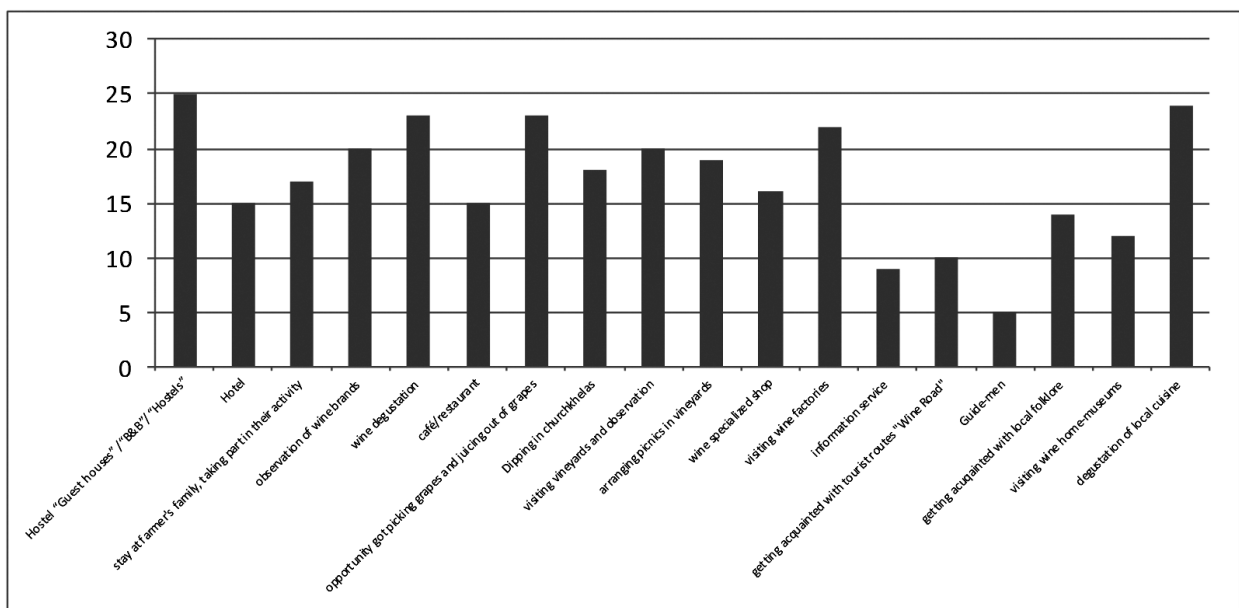


Diagram 5. Ranging wine tourist products and service evaluation

Based on the experience of various countries the eyesight of foreign tourists towards the development of wine tourism in Georgia is as follows: quick provision of information to tourists about the innovations and services existing in wine tourism, establishment of system for booking products and services, differentiation of products according to target groups, direct sales of products of farmers; to visitors, making tourists get interested through the way of using this priority by Municipality having environment attractive from tourist point of view and other.

Through developing wine tourism in Georgia it is possible to solve important social-economic, psychology, special and environmental problems. Expected result for developing wine tourism are: diversification of vine and wine-growing; devel-

oping farm economies and their extension; restoration of Georgian traditions and popularization; increase of demand on Georgian cuisine and wine brand production; termination of migration processes; obtaining new skills, development of local infrastructure; making public amenities to households; maintaining historic-cultural inheritance, landscapes and protection;

Thus, the development of wine tourism of Georgia has great potential. The knowledge of wine brand and historic-economic grounds of wine and vine-growing increases the development of wine tourism and on the one hand the population recruited in the field of vine and wine-growing seeks for additional income and in some cases, alternative ways of developing field.

#### REFERENCES

- [1] Population of Georgia, National Service of Statistics, [www.geostat.ge](http://www.geostat.ge) 2016
- [2] Research of welfare of Georgian population, fourth stage, 2015, pg 6.
- [3] [http://unicef.ge/115/WMS\\_GEO\\_Full/442](http://unicef.ge/115/WMS_GEO_Full/442)
- [4] **Kharaishvili, E.** (2016). 'Small Farm Diversification Opportunities in Viticulture-Winemaking Sector of Georgia'. World Academy of Science, Engineering and Technology, International Science Index 113, International Journal of Social, Behavioral, Educational, Economic, Business and Industrial Engineering, 10(5), 1376 - 1379.
- [5] **Kharaishvili E.**, Wine market and concurrent models of developing vine and wine-growing, Tbilisi 2017 pg. 50-51
- [6] **Kharaishvili E.**, Wine market and concurrent models of developing vine and wine-growing, Tbilisi 2017 pg. 111
- [7] **Mekvabishvili E., Atanelishvili T.**, Personal Remittances in the Post-Soviet Countries (Comparative Analysis). bulletin of the georgian national academy of sciences, vol. 11, no. 3, 2017. P., 158;
- [8] **Gechbaia B.**, EU Innovative Economic Priorities, Contemporary Problems and Challenges of Its Formation. ICEBM 2016: 18 th International Conference on Economics and Business management. Paris, France. November 21-22, 2016
- [9] National Service of Statistics of Georgia [http://geostat.ge/?action=page&p\\_id=427&lang=geo](http://geostat.ge/?action=page&p_id=427&lang=geo)
- [10] [www.wineinstitute.org](http://www.wineinstitute.org)
- [11] [www.wineinstitute.org](http://www.wineinstitute.org)
- [12] <http://www.oiv.int/public/medias/5029/world-vitiviniculture-situation-2016.pdf>
- [13] Information provided by the Ministry of Agriculture of Georgia
- [14] Information provided by the Ministry of Agriculture of Georgia
- [15] Jansen-Verbeke and Nijmegen, 1990
- [16] Lakovidou al., 2000
- [17] Lane, 1992
- [18] Hall and Macionis, 1998
- [19] Western Australian Wine Tourism Strategy, 2000
- [20] Ivana First, 2009
- [21] **David A Aaker**, Managing Brand Equity, The Free Press, New York, 1991