

Strategic Perspectives for the Tokaj Wines and Wine Tourism - The Case of the Budapest International Wine Festival

Zoltán Szabó¹, István Fehér, József Lehota, Anikó Gergely, Zsuzsanna Széles
Szent István University, Hungary.

(June 2011, Final Version: August 2011)

Abstract

Wine tourism is one of the most important ways to introduce wines to the consumers. It is an effective method to improve wine culture. *Tokaj* is one of the leading wine regions in Hungary and has a great role to strengthen the image of the domestic wines through the concepts of wine marketing elements. The Tokaj producers have great responsibility – just like the other Hungarian wine producers – to re-engineer wine culture, quality wine consumption and increase the role of wine events. *Wine tourism* as an outstanding wine marketing element contains wine festivals and wine fairs that are able to affect the entire wine culture positively and influencing the next generation's wine consuming behaviour.

The paper shows the role of Hungary's largest and most important wine festival in the Hungarian wine culture. We describe the consumers coming to the Festival, the information channels and how satisfied the domestic and foreign visitors are. The paper is based on a continuous research work between 2004-2010 analysing more than 2,500 questionnaires and secondary data between 1999 and 2003.

JEL classification: D12, L66, L83, Q13.

Keywords: wine tourism, wine festival, Tokaj wine region, promotion, wine marketing, consumers' behaviour, cluster analysis.

¹Corresponding author: Szabo.Zoltan@gtk.szie.hu, Associate professor, Szent István University, Faculty of Economics and Social Sciences, Institute of Marketing, Hungary.

1 Introduction

Wine tourism is one of the most important ways to introduce wines to the consumers. It is an effective method to improve the wine culture. With the concept of wine culture we meet quite often every day even though we are not professionals. This concept has changed a lot during the last 20 years in Hungary just like the role and elements of wine tourism.

Nowadays the international trends are to observe in the Hungarian wine market. The ration of such consumers that prefer quality wines are more and more common in the Hungarian market. In influencing this segment's preferences wine festivals, wine fairs have an increasing role as tools of wine tourism.

Tokaj is one of the leading wine regions in Hungary and has a great role to strengthen the image of the domestic wines though the concepts of wine marketing elements. The *Tokaj* producers have great responsibility – just like the other Hungarian wine producers – to re-engineer wine culture, quality wine consumption and increase the role of wine events.

Wine tourism as an outstanding wine marketing element contains the wine festivals and wine fairs that are able to affect the entire wine culture positively and influencing the next generation's wine consuming behaviour. Behind this a great increase can be observed in the quality level of the wine festivals which is important to be seen as image creating factors to the Hungarian wine sector.

The aim of the paper is to show the role of Hungary's largest and most important wine festival in the Hungarian wine culture as a key element to wine tourism. We describe the consumers coming to the Festival, the information channels and how satisfied the domestic and foreign visitors are. The previous researches of Szent István University Gödöllő have already started in 1997 in the field of wine marketing (Papp, 2000). The paper is based on a continuous primary research work between 2004-2010 analysing more than 2,500 questionnaires and secondary data between 1999 and 2003 from the Viniculture PBC and other secondary data from professional sources.

2 Brief history of the Hungarian wine programs, exhibitions, fairs

The popular wine regions were set up in 1800. The county balls and casinos helped a lot to increase wine consumption (<http://www.badacsony.hu>).

At the beginning of 1800 the Hungarian wines have won several prizes at international fairs and competitions (Paris, Hamburg, Rome, Vienna) basing and supporting the image of the domestic production (Siki- Tóth-Zsiga, 1997).

With the efforts of Széchenyi István and other Hungarian noblemen the first

Hungarian General Agricultural Fair was organised in 1857 which hosted an outstanding wine competition with 2001 samples (Síki- Tóth-Zsiga, 1997). Only some professional exhibitions were allowed after World War II. by the leading/governing party (www.jgytf.u-szeged.hu). The transformation brought meaningful changes. Several associations started to work on developing the image of the Hungarian wine and wine sector and a strategic perspective started to be worked out within the concept of wine tourism.

3 Tokaj, the leading Hungarian wine region

Tokaj-Hegyalja, was declared one of the world heritage sites in 2002 and as producer of the world's oldest botrytized, basically sweet/dessert wines. Characteristics to the region are the number of unparalleled assets like the incomparable soil and microclimate (clay or loess soil on top of volcanic subsoil), the microclimate determined by the sunny, south-facing slopes and the proximity of the Tisza and Bodrog rivers, conducive to the proliferation of *Botrytis cinerea* (noble rot) and the subsequent shrivelling of the grapes (that leads to the development of aszú wine). The region has indigenous grape varieties that have been cultivated here for centuries: Furmint, Hárslevelű, and Yellow Muscat. A vast network of cellars carved out of solid rock, providing a constant temperature of around 12°C and high humidity of around 95% that is ideal for the aging of wines. A well-regulated appellation system, established many years ahead of its time and the grape production capacity is higher by 30% than the sweet wine market potential, using the surplus is an important challenge for the region (special dry wine products).

3.1 Tokaj wine region in numbers and facts

In 1571 the first mention of Aszú wines can be read. In 1630 Máté Sepsy Laczkó describes the aszú vinification method that is still used today. In 1655 the manual selection of the botrytized "aszú" berries is regulated. In 1737 the winegrowing area is delimited by royal decree. In 1732 the world's first vineyard classification system is born in Tokaj-Hegyalja.

Tokaj is the name of the main town lying at the confluence of the Tisza and the Bodrog, lending its name to the region, also referred to as TOKAJ-HEGYALJA. Tokaji is the adjective (adjectives being formed in Hungarian by the addition of -i to a substantive: Tokaj>>tokaji, Eger>>egri, etc.), normally used to describe the wine as in "Tokaji aszú". TOKAY is an alternative, but obsolete, spelling.

The wine growing area makes 5,967 ha. The average property size is 0.57 ha/property. 27 villages belong to the region. Tokaj's proportion of overall Hun-

garian vineyard area is 6.3%. It has 14,575 registered producers, 588 wineries and the full range of Tokaj wines being produced (aszús, fordítás, etc.) is 48.

The three main varieties of Tokaj are Furmint, Hárslevelű, and Yellow Muscat. Further, there are three more authorised varieties: Zéta, Kövérszőlő and Kabar. Vineyards are planted with the authorised varieties in the following overall proportion: Furmint – 60%, Hárslevelű – 30%, Yellow Muscat, Zéta, Kövérszőlő, Kabar (combined together) – 10%.

Dry wines are made from non-botrytized grapes. Szamorodni and late harvest wines are made from partially botrytized, shrivelled and overripe grapes. The special wines are made with the individually picked and selected botrytized aszú berries (i.e. Tokaji Aszú, Tokaji Eszencia, Fordítás, Másolás).

3.2 Main changes in the last 20 years in the Tokaj region and the impacts

The region has gone through privatization and we can observe stronger market orientation, quickly changing conditions (changing corporate environment, technological changes, transformation of ownership relations). Small- and medium-scale enterprises have a decisive role in corporate structure of the grape-vine and wine sectors (barriers to information gathering, deficiencies of strategic planning and way of thinking, limited human resources). The life-cycle of grape-vine- and wine production technology is long (slow adaptation, high demand for capital). There were important foreign investments. The research and innovation activities are fragmented, state involvement and support is decreased. A well organised extension and knowledge transfer institution is missing.

Due to the changes, we can observe better quality, longer shelf life, several conflicts of interest, troubles of identity caused by political and economical changes, smaller state enterprise size and role, new technology introduction-reductive wine-making instead of oxidative, movement of renaissance-association, and still problems of political, economical and social.

3.3 The key element of marketing strategy for the Tokaj region

Possible ways to orient marketing strategy:

- Drafting a detailed concept for the international awareness of Hungarian wines (possibly focused on a prioritised vine growing region and, by all means, in line with the National Wine Marketing Strategy);
- Establishing communication and organizational modalities for the Society for the Admirers of the Hungarian Wine;

- Establishing new and developing former measurement methods for sales and distribution performance of Hungarian wines;
- Exploring the relationship between wine consumer choice and individual environmental concerns;
- Special focus on integrated tourism development;
- Developing auxiliary activities related to the wine industry (barrel production) or product for tourism (handicrafts).

4 The role of wine festivals as key elements in wine tourism

The basic concept for the consumer to buy a certain product is to get to know it, to generate enough information about how it satisfies the needs and wants. For the supplier it is crucially important to keep up a bilateral communication with the buyers. The final aim of this communication is to influence the process with the elements of the marketing-mix.

4.1 The concept and factors of the festivals and fairs

The festival or fair is a selected place, event or situation to introduce a certain company's product in order to attract consumers to reach the targeted aims (Papp, 1998). The festival and fair are such simulated market situation where the supply and demand are concentrated in space and time (Bíró-Kerékgyártó, 1994). The wine events are mixtures of wine production, gastronomy and tourism. We distinguish the following wine events based on their type and size (Wine days, Wine fairs, Wine exhibitions, Wine festivals) (Mercz-Kádár, 1998).

4.2 The impact of the wine programs on the decision making process of the wine purchase

After the transformation using the name of the wine producers spread as a tool to create brands. In the consumers' culture during the last years using the name of the wine producer generates trust and identity and it can reduce consumers' risks (Hoffmeister Tóth-Totth, 2004). We also have to mention the role of the wine events in communicating with the consumers as tools for feedback and bilateral information flow. The wine due to its cult role appears in several fields in the human life, like in art, literature, music, folk art. That is why during wine events other programs related to wine appear. Supported by this concept the wine festivals turn into complex events where several values can be shown and communicated to

large number of consumers and the society. Typical programs are the professional conferences, harvest parades, wine competitions, gastronomy, other exhibitions, and other cultural programs.

Main elements of the tourism development:

- Decreasing seasonal fluctuation, winter and spring time very few visitors;
- Positive changes recently:
 - Improved offer for tourists;
 - Important development in infrastructures for receiving more and more visitors;
 - Several and well established cellars can be visited by the tourists;
 - Hotel capacity is increased;
 - Regular, yearly repeated events are organized;
- Missing an integrated and harmonized marketing system.

More coordination is needed between the township in the field of marketing plans to increase the staying period in the region for better using the colorful natural and cultural attractions, this is the basic factor for the competitiveness towards Hungarian and foreigner tourists.

Supporting the Tokaj wines, region and tourism we must cite the Tokaj Renaissance as a major player in the region's marketing activities. Figure 1 shows its members.

5 Characteristics of the visitors of the Budapest International Wine Festival

5.1 Methodology of the research

The primary research was done during the 13th-17th Budapest International Wine Festival held in the Buda Castle between 2004-2010, by random sampling at different parts of the festival. The research is based on a continuous research work between 2004-2010 analysing more than 2,500 questionnaires and secondary data between 1999 and 2003 (Source: Viniculture PBC). The data was processed by Excel 2003, using ratios, distribution, cross tables and cluster analysis with SPSS.

Figure 1: Tokaj Renaissance members



Source: Tokaj Renaissance, 2011

5.2 Festival visits in numbers

The festival is more popular during the last years. The data is shown on figure 2.

During the last 10 years the visitor number increased from 30,000 to 80,000 and it seems to be stagnating by now at that limit in 2010 as well. These numbers support the concept that quality wines and events related to them are gaining more and more importance from the society.

5.3 Demographic characteristics of the sample

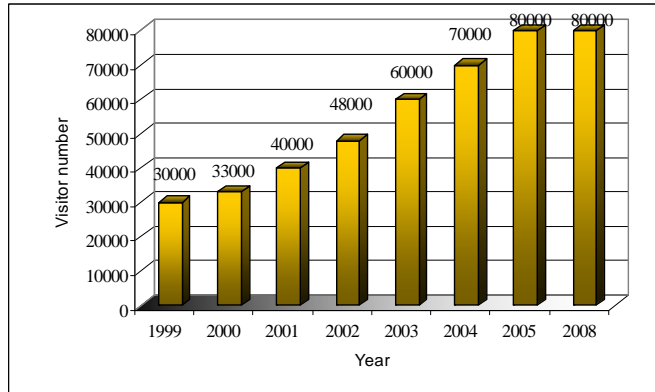
5.3.1 Distribution of the sample by gender

Based on figure 3 we can conclude that the ratio of male and female visitors is tending towards the 50-50% equilibrium during the last/past few years. This shows that the interest of the two genders towards the wine industry and the wines attracts the ladies just like the gentlemen.

5.3.2 Distribution of the sample by age

Figure 4 shows the ratios of the age groups of festival visitors. It can be seen that the people between 26-35 are the most stable group during the analysed

Figure 2: Festival visitors between 1999 and 2008



Source: Own research and Viniculture PBC

time period with their approximately 33%, but the ratio of the other groups are changing and the smallest group is the one with the oldest visitors.

5.3.3 Distribution of the sample by living area

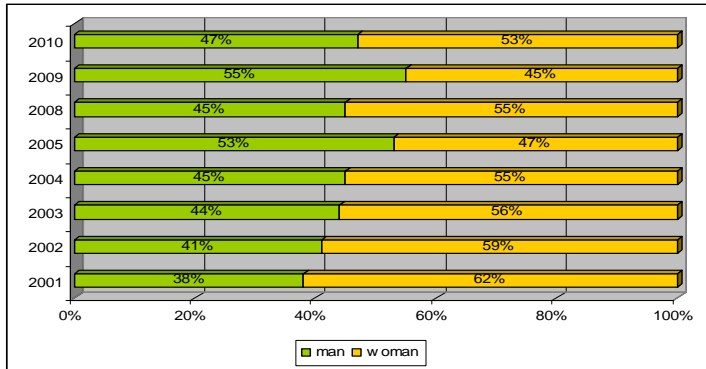
Looking at figure 5 we can see that the largest portion of the visitors in the sample comes from Budapest. It is also to be seen that the ratio of the visitors from other places among the Hungarians is increasing. In 2001 it was only 27.22% and by 2008 it grew to 34%, which shows increasing interest from the countryside. The turning year is 2005 when the ratio of the countryside visitors grew by 8.19%. Between 2001 and 2008 the ratio of the visitors from Budapest decreased by 6.78%. These data show that the Festival tends to be more like a country-wide event then before.

In year 2010 the English questionnaires gave the results shown on Table 1. We can see that the most foreign visitors came from the Austria, Great Britain and the United States of America (almost 50%). We can conclude that the Festival visitors are from all over the world – 3 continents and 22 countries.

5.3.4 Distribution of the sample by education

During the analysed time period the majority of the festival visitors had higher education and the ratio of the primary education has been decreasing from 6.17% to 0.4%, which means that almost no one from this group visits the Festival. The ratio of the secondary education has also been decreasing between 2001 and 2008

Figure 3: Festival visitors by gender between 2001 and 2010



Source: Own research and Viniculture PBC

by 9.18%. On the other hand the ratio of the higher education reached more than 74% by 2008. This trend is clear to be seen and based on this we can conclude that the Festival tends to serve the people with higher education mostly and the target group is getting more visible. We can also state that the higher education level is strongly related to the higher quality wine selection.

Between 2005 and 2010 the change in the ratios is even more dynamic. The higher education ratio grew by 19% (figure 7(a) and 7(b)) and we can see on figure 8(a) and 8(b) that the ratios have changed in the case of the foreign visitors as well. Based on the data from 2005 we can conclude that the ratio of higher education is much higher – by 35% - in the foreign sample, in 2010 only 8% is the difference and the Hungarian sample has almost reached the foreign one. These facts also confirm the relation between higher education and better wine quality.

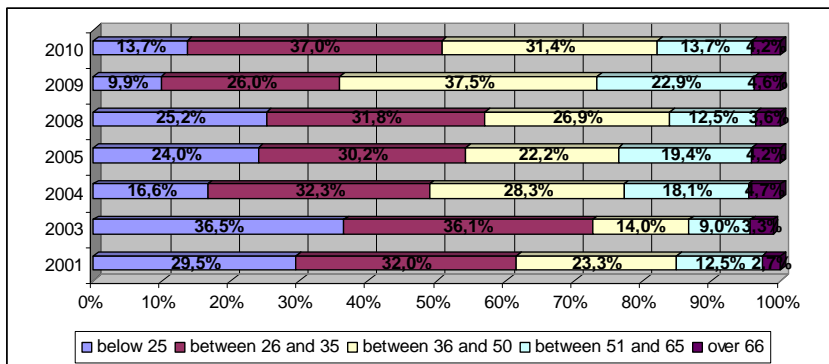
5.4 Frequency of visiting the Budapest International Wine Festival

We can see that about 50% of the visitors are first timers at the festival. The turning point was 2004 when this ratio was 60%. We can also observe that the ratio of the ones visiting the Festival several times has increased by 5% between 2005 and 2010 (figure 9(a) and 9(b)), but compared to 2004 this change is even greater 12%.

In the case of the Hungarian visitors the first timers' ratio is about 40%, but the one with the several times visit is much higher than the average, it is 43% in 2008 which was growing 5% compared to 2005.

The first timer frequency is obviously higher in the case of the foreign visitors.

Figure 4: Festival visitors by age in 2001, 2002, 2003, 2005, 2008, 2009, 2010 (%)



Source: Own research, 2001-2010 and Viniculture PBC

The data show that 90% of them came first time to the Festival in 2008, and only 7% was regular visitor. Similar data were observed in 2010 as well.

5.5 Satisfaction about the Budapest International Wine Festival

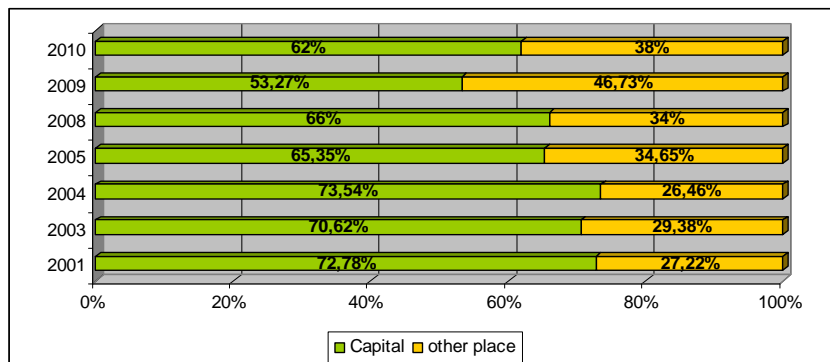
In 2005 the visitors were mainly satisfied with the speed at the cash registers, the number of the information desks, the arm band system and catalogue. They were less satisfied with the tasting ticket system and the least satisfied they were with the signs.

In 2008, Hungarian visitors liked the most staff work, information desks, arm band system and the speed at the cash registers which is very similar to the situation in 2005. The most important changes are in the rankings. Each mentioned factors were above 4.2 where 1 was the worst and 5 the best mark. They were not satisfied with the price levels of the programs, but they gave 4.23 for the Budapest International Wine Festival in general which was the highest compared to the previous Festivals.

In 2010, Hungarian visitors were mainly satisfied with the wine offer which indicates the quality of the Budapest Wine Festival. The *in-general-satisfaction* remained almost the same which also point out the permanent positive and good *image creation* capability of the Festival as a wine tourism event (figure 10).

The foreign visitors gave higher marks in 2008 which show that they were even more satisfied with the Festival than the Hungarians. For the factor the Wine Festival in general they gave 4.5. They were much more satisfied with the gastronomy and we can state that the Festival organisers chose an obviously

Figure 5: Ratio of the Hungarian visitors form the capital and other places in 2001, 2003, 2004, 2005, 2008 and 2010 (%)



Source: Own research, 2001-2010 and *Viniculture PBC*

successful strategy and this is realised in the data as well.

In 2010 based on the data shown on figure 11 they were similarly most satisfied with the wine offer and it is crucially important from the image creation point of view towards abroad.

5.6 Segmentation at the Budapest Wine Festival

The first cluster analysis in the Budapest Wine Festival was created in 2004, when we could distinguish 4 different consumer groups among the visitors of the Budapest International Wine Festival although the sample was quite homogeneous. The *four segments* are the "Young friends of wine", the "Older friends of wine", the "Wine managers" and the "Young trendy people" that are shown on figure 12.

The first group "Young friends of wine" are keen on new wines and they are the most interested in the brand of the wine and the stage programs. The "Older friends of wine" group is the largest among the four. They only spend 1-3 hours at the festival which is the shortest, about the information sources they are the least internet users and their financial background is around the average. The "Wine managers" is the third largest group. Their income is above average, they outstandingly like folk music (56%). This group is keen on new wines and the broad assortment of wines, they prefer commercial radios the most. Their wine preference is sweet white and champagne. The "Young trendy people" are the smallest group. They like jazz (48%) and world music (29%) the most. They would like to get to know the international wine assortment. Among the four groups they like most the gastronomy and the possibility to meet wine producers.

Table 1: Foreign visitors by country

Country	Frequency
USA	33
Ausztria	13
Anglia	13
Németország	8
Svédország	7
Ausztrália	6
Románia	6
Skócia	6
Brazília	5
Lengyelország	5
Norvégia	5
Új-Zéland	5
Belgium	4
Hollandia	4
Franciaország	3
Olaszország	3
Svájc	3
Spanyolország	3
Dánia	2
Csehország	2
Írország	2
Szerbia	2

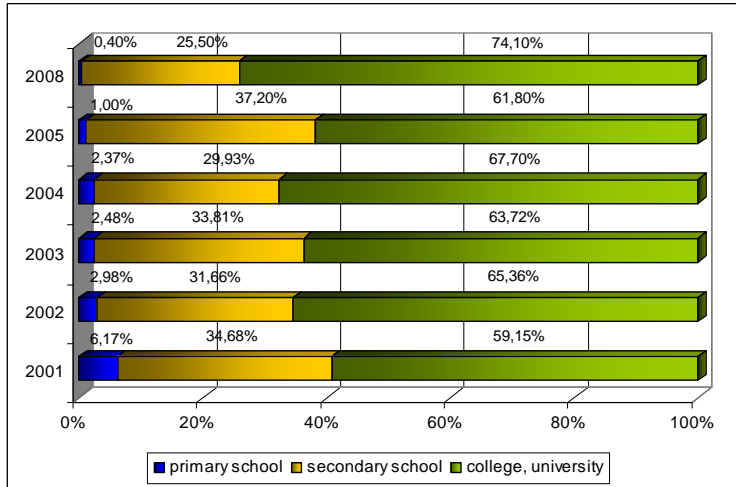
Source: Own research, 2010

33% of them spend several days at the festival, 48% of them know wines, they generate/gather information from magazines and professional magazines and the least from television or metro posters. They outstandingly like dry red wines and dry rosé.

In 2005 we could separate 3 groups of visitors. They were the "Company focused", the "Wine and professionally focused" and the "Average visitors". The "Company focused" segment's members aim in coming to the Festival is the good atmosphere, they like to be there and the stage programs. It was the smallest group with 54 people. To the "Wine and professionally focused" group it is characteristic that their aim is - for going to the Festival - to get to know new wines, to taste their wines from abroad, to meet wine producers they know, to meet and get to know wine producers personally. 186 people belonged to this group. The largest group with 255 people is the "Average visitors". We grouped those who did not match the first two categories. They have several and complex reasons for coming to the Festival.

In 2008, 2010 we could observe very similar results by running the cluster analysis. We distinguished 3 groups with the same names like in 2005. They were the "Company focused" (12%), the "Wine and professionally focused" (39%) and the "Average visitors" (49%) and their ratio and characteristics were quite the

Figure 6: Ratio of the visitors by education in 2001, 2003, 2005 and 2008 (%)



Source: Own research, 2001-2008 and Viniculture PBC

same as the one from 2005.

6 Summary

The transformation brought meaningful changes to the Hungarian wine sector. This paper shows the importance of wine festivals in the wine marketing and tourism through the example of the Budapest International Wine Festival.

We can state that a strong tradition, based on high wine industry technology, but fragmented farm structure and still old way of thinking can be seen in Tokaj, but there are more resources and efforts in innovation and extension heading to marketing the wines.

The wine district Community marketing strategy should adapt itself to the national wine marketing strategy, at the same time, the higher level should also take into consideration the wine district ideas at regional level which requires discussions, so the wine district marketing and other ideas should be harmonised (with a consensus) and validated.

Viable wine tourism concept and its implementation at regional level is needed to be developed in order to generate positive picture and feelings about the Tokaj wines and wines from Hungary. The case of the Budapest Wine Festival shows that the well-organised and co-ordinated wine events can really affect domestic and foreign consumers and positively promote the Hungarian wine culture and

Figure 7: Hungarian visitors by education

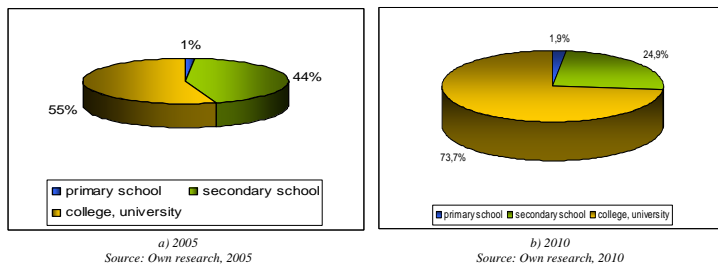
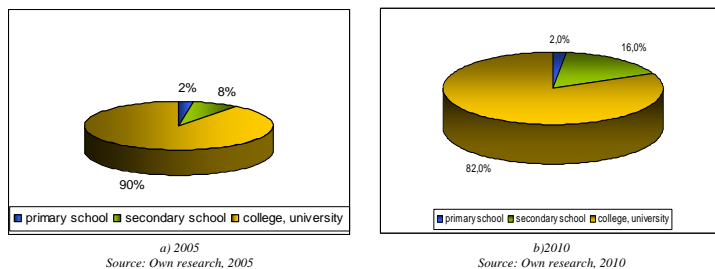


Figure 8: Foreign visitors by education



products. During the last 10 years the visitor number increased from 30,000 to 80,000. These numbers support the concept that quality wines and events related to them are gaining more and more importance from the society.

Between 2001 and 2010 the ratio of the visitors from Budapest decreased by 6.78% and now the Festival tends to be more like a country-wide event than before. We can also conclude that the Festival visitors are from all over the world – 3 continents and 22 countries.

The Festival tends to serve the people with higher education mostly and the target group is getting more visible. In 2004 and 2005/2008/2010 we could distinguish different segments among the visitors.

In general both the Hungarian and the foreign visitors were satisfied with the Festival, there is a large amount of the visitors that come regularly to visit the festival. To sum it up we can conclude that the Festival has fulfilled its objective to provide possibility for wine producers from Tokaj and all the regions of the country to meet the consumers and generate positive image for the Hungarian wine sector just like to Hungary.

Figure 9: Visit frequency on the festival

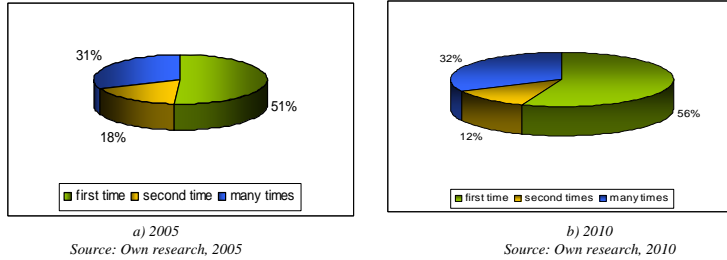
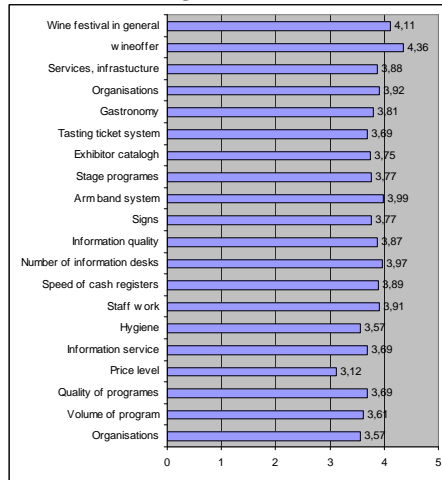


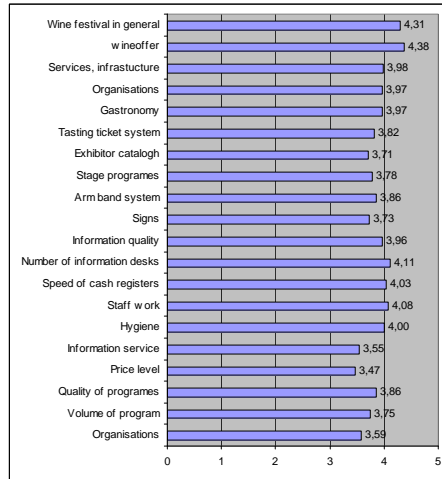
Figure 10: Satisfaction of Hungarian visitors with the festival in 2010



References

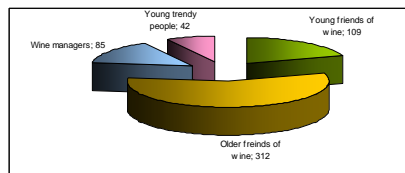
- Bíró P. - Kerékgyártó Gy. - Dénes I. (1994): Kiállítók kézikönyve, Co-Nex-Training Bt., 15-23.
- Mercz Á. -Kádár Gy. (1998): Borászati kislexikon, Mezőgazda Kiadó, 46.
- Papp, J. (2000): A borfogyasztási szokások és a marketing kapcsolata, Szent István Egyetem Gödöllő, p. 108.
- Papp J. (1998): Marketing Kommunikáció, Szent István Egyetem, 9-10 p. 56-57 p. 67 -70.
- Síki J. - Tóth-Zsiga I. (1997): A magyar élelmiszeripar története, Mezőgazda Kiadó, 397-409.

Figure 11: Satisfaction of foreign visitors with the festival in 2010



Source: Own research, 2010

Figure 12: Groups of visitors by the cluster analysis in 2004



Source: Own research, 2004 n=548

Balog P. (2003): A magyar minőségi borok marketing kommunikációs eszközeinek elemzése a Magyar Borok Háza képviselőjében, Szent István Egyetem, 19.

Hofmeister Tóth Á. - Totth G. (2004): Hogyan választanak a fogyasztók bort?, *Marketing & Menedzsment* 2004/4, 14-21.

<http://www.jgytf.u-szeged.hu/tanszek/kozmuvtar/jarasi/modszertan.doc>.

<http://www.badacsony.hu/bor/bortortenet.html>.