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## WINE TOURISM CLUSTERS AS MEANS TO BUILD LOCAL IDENTITY

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**Abstract:** The world wine market operates in conditions of fierce competition, which is a challenge for the Bulgarian wine production is to differentiate strategically and to position itself competitively on the world markets. In the Bulgarian wine industry, where SMEs predominantly function, the formation of new methods of competitive behavior becomes an almost axiomatic condition for adapting to changes in the environment and positioning in the competitive market. This is a prerequisite for redirecting the individual efforts of the winemakers to cooperate in order to create sustainable associations, to achieve a synergetic effect from their joint activities and to increase their competitiveness. This draws attention to the integration processes in the Bulgarian wine sector and the opportunities for creating wine clusters.

In the article are considered the possibilities for the realization of alternative tourism (with the focus on wine tourism), by using the cluster method, as a way to increase the competitiveness of the business and the to build the wine regions. It is based on the idea for the determinative role of the local environment when forming the competitive advantages and increasing of the competitive ability of the local business and the region at all, in relation to the specifications of the terroir. Considered is also the realization of joint and related activities between the concerned parties and the existing sound practices towards development of the region and its imposition as a local wine, culinary, cultural, historical, tourist, and etc. destination.

The main focus is to the build the identity of the regions and promotional activities (implemented as joint activities between stakeholders) for the implementation of wine tourism and its imposition them as a local wine destinations.

The presence collaboration and cooperation in the researched industry is an indicator for the offset of the focus away from the separate wine producers towards the producers of given wine area and the popularization of the wines of given region. The specified must be considered a step towards the creation of an aggregate product of given region, without and analogue, because of the specifications of the terroir. Based on the results from the conducted study, an overall conclusion can be made, that for Bulgaria exists a potential in the creation and functioning of wine clusters, based on the example of the wine tourism (and from there also for clusters in the tourism). The combined efforts of all interested parties are needed for the stable development of the above mentioned, in accordance with the existing possibilities, good practices, and potential.

**Keywords:** alternative tourism, wine tourism, wine cluster, terroir, local identity, competitiveness

### 1. INTRODUCTION

The clusters topic to have a growing research interest in looking for opportunities to increase the competitiveness in the conditions of globalization and growing competition even till present days (Rocha, Sternberg, 2005; Feldman et al., 2005; Velev, 2007, Delgado et al., 2014 etc.). In a number of countries, cluster initiatives are among the top priorities and clusters are created in different sectors of their economies. The processes of clustering also aren't excluding Bulgaria. As a result of policies and programs (with their financial mechanisms), in that direction, 230 clusters are built in our country (Slavkova, Bankova, Ivanov, 2019:14-28).

In its development of the cluster method as a concept, even more stands out its main significance regarding the regional development (Stimson et al., 2006, Velev, 2007 and others.) and the local business, as is based on the understanding that trough the local environment is formed the regional, and from there also the national competitiveness. The cluster approach corresponds with the belief that the bounded organizations function as one whole system and "the competitive advantage is becoming even more a function of the degree at which the company can manage the whole system" (Porter, 2004:68). In its development as a concept even more stands out its main significance regarding the regional development (Stimson et al., 2006, Velev, 2007 and others.) and the local business. Porter suggest the first graphical conceptual project for a wine cluster (Porter, 1998:77) – The California wine cluster (bound in a whole with three more clusters: Agrarian cluster, Tourist cluster and the Cluster "Foods and restaurants"). Based on the concept for a wine cluster are created and function similar structures, located in different wine regions around the world (ex: Bordeaux, France; Baden, Germany; Mendoza, Argentina; Casablanca, Chile and others), as their research and development is the subject of research by a number of authors (Morrison, Rabellotti, 2009; Felzensztein, 2011; Alderete, Bacic, 2012 etc. ).

For the prevalent functioning SMEs in the wine industry in our country, the processes of clustering manifest themselves as an opportunity to highlight the competitive potential of the sector, established trough the cooperation of the related organizations and in connection to the promotion and realization of the wine field and its products.

On the other hand, a growing interest and increase in the offering of different types of tourism, under the common term “alternative tourism”, incl. cultural, wine, rural, congressional, culinary (gastronomic), eco-, spa-, hunting, sport, etc. tourism, are seen in the recent years in our country and around the world (Ribov, 2005; Aleksova, 2009; Isaak, 2010; Christou, 2012; etc.). Exactly in these forms (directions) of diversification it is looked for possibilities and the potential for development of our tourist destinations and do imposition of the local identity on international scale. Among the diversity of definitions for alternative tourism can also be accepted it’s generalized presentation as tourism with narrow specialized purpose to satisfy specific user needs and interests. In it are intertwined in an infrangible symbiosis, the typical for the given region product/services (related to the local livelihood, traditional foods, wines of the local sorts etc.), on one hand and all historical, cultural and natural sights, “tourist attractions, typical for the given destination” (Dimitrova, Angelova, 2020:172-185) and a touch to the atmosphere of the place, which the tourists visit, on the other.

The specified is included also in „Innovative Strategy for Intelligent Specialization of the Republic of Bulgaria 2014-2020“ from Ministry of Economy, 2014 in which namely the “creative industries” incl. cultural, creative industries and the development of alternative (rural, eco, cultural, festival and etc.) tourism are identified as a priority and with a capacity for intelligent specialization. With great current significance is the binding of the activities of the related industries incl. also the wine industry, with the purpose of achieving synergy between them. This is considered a prerequisite for the affirmation of the alternative forms of tourism as a serious factor for the development of the tourism at the relevant destinations, and from there and in relation to the formation of their image also the improvement of the welfare of the local business and population in the region.

The wine tourism, which in the years is affirmed as one of the most preferred forms of alternative tourism, can be highlighted among the existing qualified diversity (see: Vasileva, 2007). The same is most generally considered as a totality of the activities for “*tourism and free time, dedicated to get acquainted with everything in connection to the vine and the wine – regions, terroir, activities in the vineyard and the winery, the culture of wine consumption, accompanying activities and art*” (Neshkov, 2009). The fact that the practice of wine tourism is defined also as a typical part of other alternative tourism forms: rural, urban, cultural, culinary (gastronomic) etc., cannot be overlooked, as it can be considered also as a hobby-tourism (Dimitrov, 2014). In relation to that, the wine tourism binds in an inseparable whole the wine (as a product) with the nature, the culture, the history, the gastronomy ie. a complex (aggregate) product, created through the relations which set the local sort and the quality wines made from them on one hand and the nature, history, traditions, manners, culture, local foods, tourism on the other, is offered to clients. *Subject of this publication* is to consider the opportunities for the realization of wine tourism, based on the concept of “terroir” and the understanding of the main role of the place of origin for the production certain items. The created networks of units, built on a territorial indication, are viewed as a prerequisite for the creation of wine clusters, and from there also the tourism clusters. *Object of the study* is SMEs in wine industry in Bulgaria.

## 2. MATERIALS AND METHODS

In the current study are presented part from the results from research is conducted (Dimitrova, 2019) on micro- and small enterprises from the wine industry in Plovdiv region (February-March 2018) and subsequently realized also a following research (December 2019 – February 2020), directed towards the SMEs of the wine industry on the territory of the country.

**The author's thesis** is that for the competitive positioning of SMEs from the wine industry a possible direction is the integration of their competitive advantages and activities in wine cluster. This would increase their competitiveness and contribute to a global image of the wine region.

**The aim** is to present the opportunities for development of Bulgarian wine production through the construction of clusters based on wine tourism. The emphasis is on joint activities, as a serious request for the imposition of local wine, culinary, cultural and historical, etc. destinations (due to the connection between them), according to the specifications of their terroir.

**The used methods are:** processing of quantitative and quality data, content analysis and comparative, situational and sectoral analyses. The approaches used are: integration, system and cluster approaches.

**The sources of data are:** Information from empirical studies. The empirical studies are based on online structured interviews and in-depth interviews. An evaluation by an expert opinion is executed, as the respondents are the owners, managers or marketing managers of the researched enterprises. The processing of the quantity data from conducted research is done with a specialized software for statistical analysis IBM SPSS Statistics and Microsoft Excel.

## 3. RESULTS

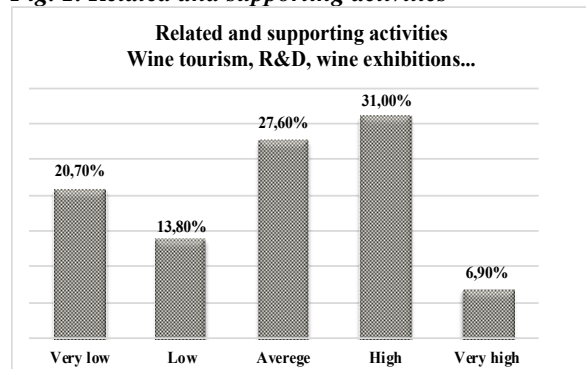
According to data from a study (Dimitrova, 2019) among micro and small enterprises in the Plovdiv region, a wine cluster with the following parameters has been identified: The wine cluster is a geographically localized and

includes bound organizations, which function in different industries (suppliers of raw materials, wine producers, tourist companies, wine communicators, mediators, consultants and other stakeholders); The wine cluster is built on a regional concept and it is formed on the basis of the terroir and the conditions of local environment. Regarding its stage of growth the cluster is latent (undeveloped) and functions quite under its potential; It is developing on meso-stage of management of the competitiveness, based on horizontally and vertically built marketing systems (VMS and HMS), but it is still short and narrow; According the activity of the relationships of the cluster, the same can be defined as a cluster with undeveloped relationships for collaboration; Because of the participation of a still small amount of companies in it the cluster is unsaturated; Because of the fragmentation in the studied sector, its target is building and imposing of a common identity of the region.

According to the following study (in 2020), conducted among the SMEs wineries the following tendencies are verified as imposed in our country:

1. Around 74% of the surveyed have the opinion, that the *partnership* with other interested countries contribute to the formation of the competitiveness.
2. A high (31%) and a very high (6,9%) evaluation (Fig. 1) is given to the *joint activities* regarding the competitive status and competitive position of small and middle sized enterprises of the wine industry. The advantages originated from them are observed but there is also a strong mistrust towards the cooperation between competitors. Because of that reason to this moment the mutual and connected activities are realized much less than the possible potential. Taking in account the suggested global practices however, and also in relation to the formed tendencies in this direction these processes can't bypass the Bulgarian wine producers.
3. Around 80% of the surveyed point out that *the practice of wine tourism* contributes at a large rate to the competitiveness of their enterprises.
4. The results show that the direction of the processes of *clustering in the wine industry is towards the development of wine tourism*, as large percent of the related activities are exactly intended to organize and develop wine tourism and to actualize the product. In regards to wine tourism, related to visitations of the wineries 35 % of the researched enterprises are cooperating. 30 % of them rely on joint/related activities towards its realization by the means of organizing of festivals and joint participations in expositions, wine forums, degustations etc. (Fig. 2)

Fig. 1. Related and supporting activities



Source: Based on data from author's research work

Fig. 2. Competitive Position, Related, supporting activities



Source: Based on data from author's research work

5. Data from the conducted in depth interviews verify the significance, which the wine enterprises give to the *wine tourism*. Apart from the above mentioned to the moment of the research, barely 5% of the production of the wineries is realized by direct sells in the wineries. For comparison the percentage in the countries with developed wine tourism reaches 70-85 %. The above specified verifies, that the wine tourism is developing at the lower border of its potential and is at the beginning stage of its development, as large part of the wineries just started to "open" themselves to that idea. But direction is clear and recognised, while the perspectives in its development are obvious. The following can be established in relation to the analysis of the conditions of the environment and the significance of the terroir (see Dimitrova, 2019):

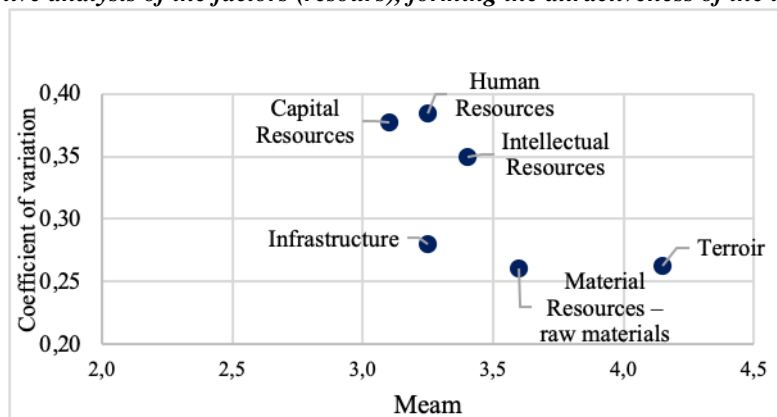
- High evaluation is given to the *terroir* and the conditions of the local environment of around 85% of the respondents, which defines the wine sector as attractive in relation to the provision of relative advantages based on the definitive conditions of the environment;
  - 55 % of the respondents define that industry as attractive in regards to the *raw material supply* incl. vineyards, crops(production), sort structure, quality of the raw material etc.
- The highest assessment is given to the "terroir" - 4.15, followed by "material resources (raw material provision)" -

3,6, which is not accidental:

*First:* With regard to confirming the leading role of the terroir and the way in which the local environment affects wine production.

*Second:* Regarding the fact that wine production depends entirely on the production of grapes (raw material) - vineyards, harvests (yield), varieties, quality, etc., and in turn from natural conditions, geographical location, climate, soils, etc., i.e. of the terroir, which justifies the relationship between the two elements of the factor.

**Fig. 3. Descriptive analysis of the factors (resources), forming the attractiveness of the industry**



Source: Based on data from author's research work

These two indicators direct the attention towards the production and promotion of wines, manufactured from regional sorts (with protected geographical indication- PGI and with protected designation of origin- PDO) on one hand, and in relation to the building and imposing of the local identity of the region on the other. The focus is set on promotion of the wine region and it is identified as an opportunity of a creation of combined image of the Bulgarian wine on the international market, where “*everything else is well known*”( according the opinion of interviewed experts in the field). In connection to this, the formation of a wine cluster is considered a main factor for creation of stable combined competitive advantages, offering of a combined product and an imposing of common identity of the region. The above specified is considered a competitive potential of the wine sector in our country.

6. *Promotional activities* are joint and related activities, aimed at different forms of wine tourism and are the basis for the formation of a wine cluster. Through a descriptive analysis, their assessment and significance for increasing the competitiveness of the surveyed SMEs from the wine industry in the country are derived.

**KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,643
Bartlett's Test of Sphericity	Approx. Chi-Square	61,626
	df	15
	Sig.	,000

**Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2,943	49,055	49,055	2,943	49,055	49,055	2,128	35,470	35,470
2	1,103	18,382	67,437	1,103	18,382	67,437	1,918	31,968	67,437
3	,782	13,040	80,477						
4	,627	10,455	90,932						
5	,392	6,538	97,470						
6	,152	2,530	100,000						

Extraction Method: Principal Component Analysis.

**Rotated Component Matrix<sup>a</sup> :**

	Components	1	2
Tasting arrangements		,823	,441
Participation in wine forums and exhibitions		,803	
Offering wine tourism		,701	

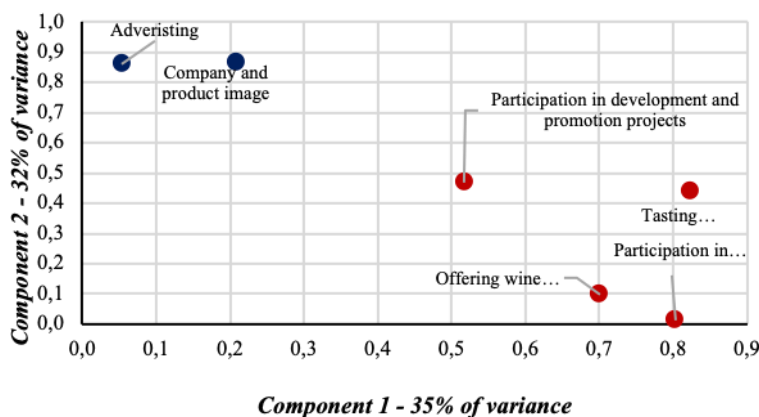
Participation in development and promotion projects	,518	,469
Company and product image		,867
Adveristing		,861

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

**Fig. 4. Promotion activities (related activities) as a factor for competitive advantages and competitiveness**



Source: Based on data from author's research work

The presented results clearly outline the importance of promotional activities (on the possibilities of promotional activities, see: Stanev, 2016) for the implementation of wine tourism, and hence - the formation of wine clusters and focus on imposing the identity of wine areas. Among them, those aimed at 'Tasting arrangements', 'Participation in wine forums' and 'Company and product image' stand out as activities with the highest importance for creating competitive advantages, increasing competitiveness and competitive positioning. In essence, the first two are part of wine tourism, which in its kind, associated with visiting the wineries (*Offering wine tourism*), receives the lowest degree of unanimity on the part of respondents, as a significance for competitive positioning. This is explained by the fact that most of the wine cellars in the country are still "open" to receive visitors and offering wine tourism. The results of the study verify and affirm the direction recognized by the wine producers towards offering of wine tourism in our country. That form of differentiation is connected to the offering of a that "package of different taste", which the tourists seek when they come here - "the different taste, the different climate, the different architecture and archeological sites – the different!" (in a executed interview - the specified corresponds to the idea of terroir and the vibe of a given place).

#### 4. DISCUSSIONS

The results of the conducted studies indicate the existence of a formed wine clusters. As a result of the first study (Dimitrova, 2019) the same is determined for the considered territory (on the territory of Plovdiv region) and according to the following study it is affirmed that the goal to affirm each of the studied regions is indeed directed towards the mutual activities and collaboration of the related organizations (which is the basis of the clustering).

The presence collaboration and cooperation in the researched industry is an indicator for the offset of the focus away from the separate wine producers towards the producers of given wine area and the popularization of the wines of given region. The specified must be considered a step towards the creation of an aggregate product of given region, without and analogue, because of the specifications of the terroir and it also can be viewed as a prerequisite for the creation and the stable functioning of a cluster on a larger scale, which would be built through the cooperation and collaboration of interested parties inside and outside the framework of the industry. The same is intended to build and impose the identity of the regions.

#### 5. CONCLUSIONS

The results from the study affirm, that an alternative tourism, related to the wines of traditional sorts and the imposing of local traditions is developing in our country area, as "an experience" and "touch" to the general atmosphere of the "place" (the region) also is offered to the tourists, and that includes nature, culture, population, way of living, landmarks, history and also preserved traditions, which form the general "local identity". The

aforementioned possible by the means of actualization of joint and connected activities of all interested parties (stakeholders) and through creation of networks for cooperation and collaboration. That fits in the idea for the creation of a cluster, which is based upon development of wine tourism and the imposing of the area as a wine and tourist destination. Based on the conducted research, an overall conclusion can be made, that for Bulgaria exists a potential in the creation and functioning of wine clusters, based on the example of the wine tourism (and from there also for clusters in the tourism). The combined efforts of all interested parties are needed for the stable development of the above mentioned, in accordance with the existing possibilities, good practices, and potential. The part that the country takes in these processes is essential and decisive. Certain actions and policies towards the creation and preservations of the identity of different regions in the country (according to the local conditions and the specifications of their terroir) and imposing of their image as wine, cultural-historical and tourist destinations, are needed.

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