

## Tbilisi 2022 Abstract Submission

### Title

Bianca Wine Syndrome

### I want to submit an abstract for:

Conference Presentation

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### Keywords

rural regions on the global stage, bulk wine industry, wine production strategy, commercialization of wine

### Research Question

No variety wine is made from Bianca. In Hungary, the Bianca vineyards have grown 8.5 times since 2001. Why did Bianca wine grapes spread in Hungary like this?

### Methods

Case study based on trend analysis of statistical data in the light of international wine market trends.

### Results

When examining Hungarian wine exports, the Kunság wine region must be treated separately. Wine blending between Hungarian wine regions is the key to better export positions.

### Abstract

Introduction

Have you ever tasted wine made from Bianca grapes? Not sure not. Bianca grapes are the second largest grape variety in Hungary, but there is no Bianca wine on the shelves of either Hungarian or other wine sellers. What is behind this phenomenon? How does this grape variety affect the export structure of Hungarian wine, and what conclusions can we draw from this phenomenon?

Based on the multi-year data available for the analysis of the international competitiveness of the Hungarian wine sector, we performed a trend analysis for the period 2001-2020. As a result, it has been established that there is a surprisingly large disproportion between the export and import unit prices of Hungarian wine. Based on the primary data, the competitiveness risk of the Hungarian wine sector is high, as more than half of Hungarian wine exports are low unit price bulk wine. Exports of tank wine per year from the data published by the Central Statistical Office during the period under review, about 160-200 million liters. In contrast, most Hungarian wine imports come in the form of bottled wines. Based on the data, if the unit price of export wine is considered to be one unit, the unit price of imports is 2.6 times that. At the same time, it can be said that the volume of Hungarian wine imports is not significant (Szolnoki & Totth, 2020), therefore the difference in unit prices does not have a significant effect on the national economy. According to our data analyzes, the Hungarian wine sector typically moves on a path of expanding but deteriorating wine exports.

Despite all this, our research proves that the export-import position of Hungarian wine is only seemingly deteriorating, because despite the data, there has been no drift towards quantitative exports. "Wine has played an important role in Hungary historically and culturally. Hungary exports wines to international markets; therefore its wine trade is influenced by geographical and cultural factors. „(Balogh, 2015)

In fact, we are witnessing the fact that Hungary has also adapted to the new opportunities of the wine market and is able to take part in the process of raising remote rural regions to a global level. We have named this phenomenon Bianca Syndrome.

## Findings

According to Hungarian rules, bulk wine cannot be sold as a protected designation of origin (PDO) wine. Accordingly, it had to be examined whether there is a significant difference between the quantitative data of PDO wines and non-PDO wines within each Hungarian wine region. We found that out of the 22 Hungarian wine regions, 13 are where more than 90% of the wines are PDO wines, there are seven wine regions where the proportion of PDO wines is between 69-90%, and we have found two wine regions where only The proportions of PDO wines are 44% and 55%, respectively.

It can be stated, therefore, that the production of bulk wine does not take place evenly in all Hungarian wine regions, but is concentrated in two wine regions. We conducted a cross-check to see if it is realistic that producers in these two wine regions can produce more than half of all Hungarian wine production as non-PDO wine. In one of the two wine regions named „Kunság”, production takes place on a total of 20.2 thousand hectares, and in this wine region, the proportion of PDO wines is only 44%. In the area of 20.2 thousand hectares, the average yield of vineyards is 150 q / ha, 66% of which can be considered as non-PDO wine, ie potentially bulk wine.

Generally, 60% of the amount of grapes produced can be made into wine, which can potentially mean 120 million liters of wine. We can state, therefore, that even this single wine region is capable of almost 80% of the production of Hungarian bulk wine.

It is questionable, however, why this situation has developed in this wine region. Why is it not worth making PDO wines in this wine region at a higher unit price per liter? Is it at all a goal for this wine region to move in this direction?

The Kunság wine region is almost 100% sandy and flat. Grape production, however, has a long tradition here, practically the only wine region in Europe where phylloxera could not be destroyed because it could not infect sandy soils. Thus, the wine region can be considered as an area of high adaptability.

In the course of our research, we found that the grape varieties of this wine region have changed drastically in the last 20 years. Between 2001 and 2020, the largest grape variety produced in Hungary was the Kékfrankos. The change is observed for the grape variety produced in the second largest area. This grape variety is the Bianca grape, which was grown on only 801 hectares in 2001 and was then ranked 29th, but in 2015 it was grown on 4,794 hectares, almost six times as much, and became the second largest variety. Although the size of the Hungarian vineyards decreased by almost a third during this period, the increase in the Bianca area between 2001 and 2015 was 8.5 times calculated with a proportional correction.

The most common varieties of the examined wine region are the Kékfrankos and Bianca wine grapes. Bianca is an early aromatic white variety that can be grown well in sandy flat areas, but its wine stability is poor, so it is not made into wine on its own.

We can state that the production of large-scale bulk wine in Hungary is concentrated in one Hungarian wine region and within it in two varieties, Kékfrankos and Bianca.

## Conclusions

Based on our research, we can conclude that the export position of Hungarian wine should be examined by extracting the data of the Kunság wine region from the 22 wine regions and performing the wine economic analysis of the Kunság wine region separately.

It can be a problem that the Bianca grape variety is less suitable for winemaking on its own, so more people are proposing to change the variety of plantations. However, there is another possibility because bulk wine

fundamentally changes wine production, from the organization of grape growing to the commercialization of the final product, as it enables companies to assemble wine across the globe by establishing new connections between distant rural regions. (Rainer et al., 2021)

A significant problem is that bulk wine pricing in the international market is particularly dangerous for producers because bulk wine prices rise during the summer, but strongly declined immediately after harvest (Loose & Pabst, 2019), causing significant market exposure for producers. An attempt should be made to coordinate varietal breeding between Hungarian wine regions. There is an obvious attempt to pair the furmint variety, which is mainly produced in the Tokaj wine region (which is also the fourth largest grape variety in Hungary), which may result in the domestic use and sale of Bianca wines as a higher export revenue or import trigger. Until this happens, Bianca wanders abroad as a bulk wine and then returns in a bottle at a price of 2.6 times as a blended wine. Well, have you ever tasted wine made from Bianca grapes?

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# Bianca Wine Syndrome

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**Keywords:** rural regions on the global stage, bulk wine industry, wine production strategy, commercialization of wine product, wine market constraints

## Introduction

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Based on the multi-year data available for the analysis of the international competitiveness of the Hungarian wine sector, we performed a trend analysis for the period 2001-2020. As a result, it has been established that there is a surprisingly large disproportion between the export and import unit prices of Hungarian wine. Based on the primary data, the competitiveness risk of the Hungarian wine sector is high, as **more than half of Hungarian wine exports are low unit price bulk wine**. Exports of tank wine per year from the data published by the Central Statistical Office during the period under review, about 160-200 million liters. In contrast, most Hungarian wine imports come in the form of bottled wines. Based on the data, if the unit price of export wine is considered to be one unit, the unit price of imports is 2.6 times that. At the same time, it can be said that the volume of Hungarian wine imports is not significant (Szolnoki & Totth, 2020), therefore the difference in unit prices does not have a significant effect on the national economy, we can only get a good indicator for domestic consumption. According to our interpretation, the internal market for higher-priced bottled wines can be developed. Although Hungarian wine exports have been on an upward trend in recent years, their value in 2020 was 0.1% of total Hungarian product exports. According to our data analyzes, the **Hungarian wine sector typically moves on a path of expanding but deteriorating wine exports**.

Despite all this, our research proves that the export-import position of Hungarian wine is only seemingly deteriorating, because despite the data, there has been no drift towards quantitative exports. "Wine has played an important role in Hungary historically and culturally. Hungary exports wines to international markets; therefore its wine trade is influenced by geographical and cultural factors. „(Balogh, 2015)

In fact, we are witnessing the fact that Hungary has also adapted to the new opportunities of the wine market and is able to take part in the process of raising remote rural regions to a global level. We have **named this phenomenon Bianca Syndrome**.

## **Research methods**

Case study based on trend analysis of statistical data in the light of international wine market trends.

The data collection was based on a secondary analysis of statistical data, which was performed as a profitability study per 1 hectare of production area. As part of this, we detected the spread of the Bianca wine grape variety sold in the largest volume in Hungary as "bulk wine" and examined the possible causes of the phenomenon with document analysis.

Next, we examined whether the production of bulk wine is typical of all wine regions, or whether there are ratio shifts between different wine regions. The study was performed by database analysis based on Hungarian legislation.

We then delineated the grape variety most affected in the bulk wine sector, which clearly became Bianca.

## **Results**

According to Hungarian rules, bulk wine cannot be sold as a protected designation of origin (PDO) wine. Accordingly, it had to be examined whether there is a significant difference between the quantitative data of PDO wines and non-PDO wines within each Hungarian wine region. We found that out of the 22 Hungarian wine regions, 13 are where more than 90% of the wines are PDO wines, there are seven wine regions where the proportion of PDO wines is between 69-90%, and we have found two wine regions where only The proportions of PDO wines are 44% and 55%, respectively.

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The Kunság wine region is almost 100% sandy and flat. Grape production, however, has a long tradition here, practically the only wine region in Europe where phylloxera could not be destroyed because it could not infect sandy soils. Thus, the wine region can be considered as an area of high adaptability.

In the course of our research, we found that the grape varieties of this wine region have changed drastically in the last 20 years. Between 2001 and 2020, the largest grape variety produced in Hungary was the Kékfrankos. The change is observed for the grape variety produced in the second largest area. This grape variety is the Bianca grape, which was grown on only 801 hectares in 2001 and was then ranked 29th, but in 2015 it was grown on 4,794 hectares, almost six times as much, and became the second largest variety. Although the size of the Hungarian vineyards decreased by almost a third during this period, the increase in the Bianca area between 2001 and 2015 was 8.5 times calculated with a proportional correction. The most common varieties of the examined wine region are the Kékfrankos and Bianca wine grapes. If we examine the two varieties, Kékfrankos is suitable for making quality wine, but not in the sandy flat areas of the examined wine region. Bianca is an early aromatic white variety that can be grown well in sandy flat areas, but its wine stability is poor, so it is not made into wine on its own.

We can state that the production of large-scale bulk wine in Hungary is concentrated in one Hungarian wine region and within it in two varieties, Kékfrankos and Bianca.

## **Conclusions**

Based on our research, we can conclude that the export position of Hungarian wine should be examined by extracting the data of the Kunság wine region from the 22 wine regions and performing the wine economic analysis of the Kunság wine region separately.

Further questions are being asked about the strategy that the examined Kunság wine region has pursued or may pursue. It can be stated that this wine region is also successful, as it has found the grape varieties that it can successfully produce and sell in flat, sandy areas with high yields. Its success also required an international restructuring of the wine sector, namely the significant development of the bulk wine industry.

Obviously, it can be a problem that the Bianca grape variety is less suitable for winemaking on its own, so more people are proposing to change the variety of plantations. However, there is another possibility because bulk wine fundamentally changes wine production, from the organization of grape growing to the commercialization of the final product, as it enables companies to assemble wine across the globe by establishing new connections between distant rural regions (Rainer et al., 2019).

A significant problem is that bulk wine pricing in the international market is particularly dangerous for producers because bulk wine prices rise during the summer, but strongly declined immediately after harvest (Loose & Pabst, 2020), causing significant market exposure for producers. An attempt should be made to coordinate varietal breeding between Hungarian wine regions. There is an obvious attempt to pair the furmint variety, which is mainly produced in the Tokaj wine region (which is also the fourth largest grape variety in Hungary), which may result in the domestic use and sale of Bianca wines as a higher export revenue or import trigger. Until this happens, Bianca wanders abroad as a bulk wine and then returns in a bottle at a price of 2.6 times as a blended wine made from some foreign grape variety to the table of Hungarian consumers, who may not even know that the wine made from Bianca they sip. Well, have you ever tasted wine made from Bianca grapes?

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