# Lausanne 2024 Abstract Submission

## Title
Analyzing Quality Differentiation and Innovation Strategies in the Global Wine Industry: An In-depth Examination of the Economic Dynamics and Market Innovations in the Tokaj Wine Region

## I want to submit an abstract for:
Conference Presentation

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Product Innovation, Market Differentiation, Global Competitiveness, Consumer Preferences, Terroir Influence, Sustainable Viticulture, Digital Marketing Strategies

## Research Question
To what extent do the characteristics of the Tokaj wine region influence wine market innovations and product development strategies, given the extreme differentiation dynamics of the global wine market?

## Methods
literature research, empirical research, focus group validated questionnaire, training of interviewer, interviews with 35 wineries and 5 local operators, scaling, t-test statistical analysis, meta-analysis

## Results
The Tokaj wine region’s economic adaptation strategies - heritage-driven winemaking innovation - provide an outstanding competitive advantage and market differentiation at international level, even in the young consumer segment.

## Abstract
In analysing wine market trends, particular attention should be paid to the diversity of the world wine market, the qualitative differentiation and the dynamics between market systems. These elements help to understand the innovations in the Tokaj Wine Region wine market and the potential breakthrough points for new product development and innovation. According to Teil G. (2021), the wine market is characterised by extreme differentiation, which is particularly true for the dynamics between quality stability and instability, leaving the door open for new product development opportunities.

This extreme differentiation can be seen as an anomaly from an economic point of view, as the wine market has moved in two different directions during the 20th century: a standard direction, in line with traditional economics, and an alternative direction, more akin to art markets. This distinction requires fundamentally different strategies for new product development and innovation.

Teil G. (2021) adds that the interaction between standard and exploratory market systems provides an opportunity for wineries to satisfy different consumer needs, thereby increasing product diversity and innovation. The dynamics of the quality wine market, dominated by consumer curiosity and the desire for new tastes, open up further
opportunities for innovation for wineries and wine regions. The discovery of new wine styles and production methods will stimulate producers and consumers alike, thus contributing to the continuous renewal and diversification of the wine market.

According to Casali and colleagues (2018), the relationship between distribution strategies and propensity to innovate in the wine industry can be clustered from a complete lack of innovation to a propensity to radically innovate. This approach offers an opportunity for individual wine regions and wineries to move away from a state of complete need for innovation. Incorporating a propensity to innovate into the strategic decision-making process is key to achieving success in today's market, with social and practical implications for the wine industry.

It can be concluded that the diversity and qualitative differentiation of the wine market and the dynamics between market systems have a fundamental impact on innovation and product development opportunities in the wine market. The interaction between the different market systems and the continuous demand for new tastes and wine styles provide innovation opportunities for wineries, facilitating the continuous renewal and diversification of the wine market.

The Role of Regional Products and Origin Protection in Market Success

Regional products and origin protection play a key role in achieving market success. Dressler et al (2018) emphasise the importance of these factors, which have a fundamental impact on the market positioning and consumer perception of products.

This approach is supported by the study by Rebelo et al. (2019), which examines the hedonic price analysis of the Portuguese wine market, with a particular focus on the impact of different distribution channels on prices. Their findings show that the heterogeneous nature of the wine market and the importance of the factors affecting prices vary across different distribution channels. The differences between distribution channels highlight the extent to which wine pricing can vary, taking into account, among other things, consumer preferences and sensory characteristics, such as medal and prize-winning wines, which have a significant impact on prices.

In the case of the Greek wine market, Pampouktsi et al (2020) highlight the growth in production and international demand, even in the face of volatile prices. They stress the importance of adapting to market needs, highlighting the changing consumer preferences and consumption patterns in global and local markets. The type of producer and the region of origin of the wine are also important factors in the pricing of wines on the market.

Teil G. (2021) points out that a diverse range of offerings encourages consumers to explore new tastes and experiences, which is essential for redefining the market positioning of wines. And Yap et al. (2017), examining the perceptions of young wine consumers, find that the complexity of wine information dissemination is difficult for young consumers to understand, highlighting the importance of market communication and innovation strategies.

It can therefore be concluded that regional products and the protection of origin, as well as sensory characteristics and adaptation to market needs, play a crucial role in the success of the wine market. An understanding of pricing strategies and market positioning, as well as the alignment of consumer preferences and product innovation, is essential to achieve market success.

Innovation assessment of the wine sector

The responses of the wine sector, depending on its role on the innovation scale, cover a wide spectrum, from completely rejecting to radical innovation. In this context, we focus on two priority areas: production efficiency and strategic marketing, which are at different points on the innovation scale and use different strategies to respond to market challenges.

Production Efficiency and Innovation

Improving production efficiency is at a more conservative, but still vital, point on the innovation scale, where the focus is on making optimal use of existing resources and reducing production costs. Pampouktsi et al. (2020) highlight the importance of introducing new varieties and using efficient cultivation techniques to offset the loss of production areas. This level of innovation is critical for the long-term sustainability and competitiveness of the sector, as the introduction of innovative production methods allows wineries to better adapt to changing environmental and market conditions.
Strategic Marketing Innovation

Strategic marketing, particularly in the context of access to international markets, represents a more daring point on the innovation scale, where creativity and market differentiation are at the heart of the process. A marketing mix tailored to the target market, as Pampouktsi et al. (2020) refer to in the example of China, means exploiting the right distribution channels, branding and promotional strategies to differentiate from international competitors. This type of innovation is essential for successful positioning in global markets where consumer preferences can change rapidly and competition is fierce.

The example of Tokaj

The Tokaj wine region has a long history and has been able to meet the changing challenges of the global wine market. The aszú wines are examples of tradition and quality, strictly following traditional standards and preserving the essence of terroir and winemaking tradition. In addition, the Tokaj region has adapted to the market in innovative ways, such as the introduction of sparkling wine production. Volcanic soils and the Furmint grape variety offer a unique combination for the production of sparkling wines.

In order to adapt to the preferences of young, non-expert wine consumers, Tokaj wineries need to exploit the deep historical and cultural significance of "aszú" wines and the market potential of innovative wines. Providing simplified and easily accessible information on wines and highlighting their social prestige are important steps to attract young consumers.

Building strong brand awareness, through targeted promotions and wine promotions, can further increase the uptake of Tokaj wines. In addition, the use of organic and sustainable production methods is key to market differentiation and competitiveness. This dual approach of the Tokaj wine region will strengthen its position in the global market, especially for a young, dynamic consumer base, and increase its international competitiveness.

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