



ANALYSIS OF KEY SUCCESS FACTORS FOR THE WINE INDUSTRY OF GEORGIA

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რეზიუმე

სტატიაში ჩატარებულია საქართველოს ღვინის მრეწველობის წარმატების ფაქტორების ანალიზის მცდელობა. ნაჩვენებია, რომ საქართველო არის არა მხოლოდ მეღვინეობის უძველესი ერი მსოფლიოში, არამედ, აგრეთვე თვით საქართველოს სულია ვენახსა და ღვინოში. გაანალიზებულია არქეოლოგიური მასალა, მატერიალური მტკიცებულებები, რაც ადასტურებს, რომ საქართველო ღვინის სამშობლოა. იგივეს ამტკიცებენ მსოფლიოში ცნობილი სახელგანთქმული ექსპერტები. უძველეს ნაწარმოებებში, ჰომეროსისა და აპოლონ როდოსელის პოემებში ნახსენებია საქართველოში (ანუ კოლხეთსა და იბერიაში, როგორც ცნობილი იყო უძველესი დროიდან) არსებული ვახის მოვლისა და მაღალი ხარისხის ღვინის დამზადების ტრადიციები. აღსანიშნავია თუნდაც უნიკალური ქართული ანბანი, რომელიც ვახის ფორმის ერთგვარი მოდელირებაა. ღვინო არის

საქართველოს კულტურული მემკვიდრეობისა და წმინდა რელიგიურ საიდუმლოებათა ნაწილი, რაც ჩანს ქართულ არქიტექტურაში, პოეზიაში, სიმღერებში, საეკლესიო დღესასწაულებსა და რიტუალებში. მეღვინეობა, როგორც აკადემიური კურსი საქართველოში ისწავლებოდა ჯერ კიდევ მე-8 საუკუნეებიდან, მაგრამ დღეს ღვინის ინდუსტრიის საქართველოს აქვს გარკვეული პრობლემები. წინამდებარე კვლევაში გამოავლენილია საქართველოს ღვინის ინდუსტრიის წარმატების ფაქტორები და ჩამოყალიბებულია სათანადო რეკომენდაციები, რომელთა გათვალისწინებაც ხელს შეუწყობს საქართველოს ღვინის ინდუსტრიის განვითარებას.

საკვანძო სიტყვები: საქართველო; ღვინო; ვახი; მეღვინეობის უძველესი ერი; საქართველოს სულისკვეთება; არქეოლოგიური მასალა; წარმატების ფაქტორები.



INTRODUCTION

It has been archaeologically proven that the roots of Georgian viticulture are between 8000 and 5000 BC, when peoples of South Caucasus discovered that wild grape juice turned into wine when it was left buried through the winter in a shallow pit. This knowledge was nourished by experience, and from 4000 BC Georgians were cultivating grapes and burying clay vessels, qvevri, in which to store their wine ready for serving at perfect ground temperature. When filled with the fermented juice of the harvest, the qvevris are topped with a wooden lid and then covered and sealed with earth. Some may remain entombed for up to 50 years. Most authorities agree that Georgia is the birthplace of winemaking, with 9,000-year-old archaeological remains pointing to grapevine cultivation. The fertile valleys of the South Caucasus, which Georgia straddles, are believed by many archaeologists to be the source of the world's first cultivated grapevines and neolithic wine production, over 7000 years ago. Due to the many millennia of wine in Georgian history, the traditions of its viticulture are entwined and inseparable with the country's national identity. Indeed, the Georgian word „ghvino” is thought to be the root of the French „vin” and English „wine”. The small statue left is housed in the Georgian National Museum. It comes from the 7th century BC, and shows a reclining man drinking wine from a traditional drinking horn. It became the symbol for the wine competition.

In Christianity, wine is used in a sacred rite called the Eucharist, which originates in Gospel accounts of the Last Supper in which Jesus shared bread and wine with his disciples and commanded his followers to “do this in remembrance of me” (Gospel of Luke 22:19). Beliefs about the nature of the Eucharist vary among denominations (see Eucharistic theologies contrasted).

This love affair with the grape was given further encouragement by the arrival of Saint Nino in the 4th century. According to a legend, when St. Nino baptized Georgians came to Georgia from Kabadokia, she carried in her hands a cross made of wine bound by her own hair, since that time wine has been a symbol of new religion. St. Nino convent where she is buried is still operating. Saint Nino was swept up in the warm embrace of the Georgians, who became early converts to Christianity (in 337 AD, or in 319 AD as recent research suggests.). Thus the cross and the vine became inextricably linked in the Georgian psyche, and the advent of the new faith served to sanction these ancient vinous practices. For centuries, Georgians drank, and in some areas still drink, their delicious wine from horns (called kantsi in Georgian) and skins specially treated for this purpose. These drinking implements came from their herd animals, as no part of

the valued and respected beasts went to waste. The horns were cleaned, boiled and polished, creating a unique, durable and quite stylish drinking vessel. These horns were prized by the merchants and warriors that travelled the fertile valleys of the Caucasus. Today they are still a prized symbol of the historic eras.

Wine vessels of every shape, size and design account for the bulk of earthenware artifacts unearthed by Georgian archaeologists. The Georgian craft of pottery is millennia old. Ancient artifacts attest to the high skill of Georgian craftsmen in whose hands water, clay and fire turned into an object of an exceptional beauty much admired by people. The most impressive of all archaeological finds are qvevri, giant clay vessels in which wine was fermented and stored up. The old ones used to dig them into soil, just as we are doing now. Georgian museums have on display numerous clay vessels of all designations. Some were used to ferment grape juice and to store up wine, such as qvevri, chapi and satskhao, and others were used for drinking, such as khelada, doki, sura, chinchila, deda-khelada, dzhami and marani. For ages, artisans polished their skills to improve these vessels. The secrets of trade passed on from fathers to sons. Modern potters carefully study the ancient craft and decorative patterns and create their own pottery making extensive use of ancient national traditions and using the latest scientific and technological achievements to enrich ancient traditions.

While most Christians consider the use of wine from the grape as essential for validity of the sacrament, many Protestants also allow (or require) unfermented, pasteurized grape juice as a substitute. Wine was used in Eucharistic rites by all Protestant groups until an alternative arose in the late 19th century. Methodist dentist and prohibitionist Thomas Bramwell Welch applied new pasteurization techniques to stop the natural fermentation process of grape juice. Some Christians who were part of the growing temperance movement pressed for a switch from wine to grape juice, and the substitution spread quickly over much of the United States and to other countries to a lesser degree. There remains an ongoing debate between some American Protestant denominations as to whether wine can and should be used for the Eucharist or allowed as an ordinary beverage.

Georgia in the 575 - more than grape variety is known and Wine - viticulture in general are very old and rich history. Vine St. is always here; plants were considered to be divine, the sacred and the wine and had a noble purpose. In early years, wine was considered to be the homeland of Mesopotamia, but in Georgia produced more archeological excavations in the old and unique material found as a result, Georgia has been recognized by Wine - viticulture historical homeland. Wine is always mentioned in Georgian tales, legends and songs.



In the 19th century the academy Ikalto including wine making department was established in Georgia. This academy is famous for the fact that poet Shota Rustaveli studied there in the 12th century.

WINE HISTORICAL REVIEW

The Neolithic period (8500-4000 B.C.)

The first sign of the vine we all know and love were sixty million year old fossils which means that our pre human ancestor may well have come to realize that the older grapes will have been more desirable as we can observe with our animal friends today who tend to prefer riper fruit. The earliest remnants of wine were discovered in the site of Hajji Firuz Tepe in the northern Zagros Mountains of Iran and Georgia. The wine dated back to the Neolithic period (8500-4000 B.C.) Carbon dating confirmed that the wine was from sometime between 5400-5000 B.C. Although no earlier dating wine has been found it is thought that the art of wine making started shortly after 6000 B.C. it is thought that this is the date for one of mankind's most momentous creations because the peoples of these regions had managed to create permanent settlements via the domestication of animals and plants. This was a far more stable living situation than the nomadic way of living which most humans were currently employing. This stability allowed the people to experiment with their cuisine and drinks. Some of our favorite dishes and drinks we still enjoy today were developed in this time period including beer and of course wine.

The predynastic period (prior to 3100 B.C.)

Now we skip forwards a few thousand years to the Predynastic era of the Egyptian Pharos when wine was spreading across the ancient world. Hieroglyphics from this time show that perhaps binge drinking is not such a modern problem as apparently the Pharos didn't seem to care that much about the quality but more quantity as shown below!. Although the wine that the Egyptians drank was a distant relative to the wine we know today. The Egyptians used white, pink, green, red, and dark blue grapes they also used figs, palm, dates and pomegranates. So as you can imagine the taste would have been completely different to what we would expect when being served wine. Making wine from various fruits is essentially the same as that of grapes except that sugar is added to help the fermentation.

The Egyptians used trellises which were protected from sunlight (because the light is too intense in Egypt grapes) and also knew that the last 100 days before the harvest were the most vital. Once the grapes

were picked they were taken to a large pressing vat. The Egyptians pressed grapes by treading on them rather than using a stone press which crushes the seeds and the stems and adds a bitter taste to the resulting wine. There was then a second pressing of the wine in an oblong linen slough, this slough was stretched across a solid wooden frame as four men on one side stretched the linen meanwhile as a fifth made sure that none of the precious wine was spilt. The Egyptians had several grades of wine one was called "Free Run Must" little of this was collected and was a very sweet long lasting wine. This wine came from the grapes own weight. There was also the grade "First Wine Must" which came from the treading and was about 2/3 of the juice. Then finally the "Second Run Must" which came from the additional pressing. These 3 grades could be mixed to make different kinds of wine (e.g. red, white, dry or sweet). These 3 different grades of wine were then left in a trough to ferment. Fermentation is the converting of sugar from the grapes is converted into alcohol. This conversion is due to the yeast from the grape's skin, stalk and stems, the yeast releases enzymes that bond and react with the sugar to make alcohol (ethanol). The amount of alcohol obviously depends on the amount of sugar. The maximum percent of alcohol the yeast can survive in is roughly 15%. Any sugar left over will add sweetness to the drink. To achieve a drink with a light consistency it would be fermented for only a short while (a few days). Whereas if you want a heavy final product it would be fermented for a long time (several weeks) as well as being heated as this speeds up the conversion of sugar. To add color and bitterness to the wine, the seeds, stalks and stems may have been left in the must. This means that to make a red wine the colour would not have been just down to the grapes color but also if the composites of the grape vine were included in the must. The rather gritty wine would then be filtered through linen to dispose of the stalks and other solids. The wine was then bottled and sealed with mud and reeds. The wine would be sealed a few days before it turned to vinegar. It seems that the Pharos were particularly fond of the drink as it became their drink of preference to take with them into the afterlife which means we all have something for us to look forward to when it's our turn to go to that big drinks party in the sky! At this time wine was almost exclusively for royalty, only at special occasions like festivals or for medical uses like sedating women during child birth and as an antiseptic would a commoner be permitted this luxury. Below is an example of a seal impression that Egyptian bottles used to bare. These were the equivalent to the wine maker's labels we have today so this could be the Ancient Egyptian Petrus.



The Greek period (3000BC-2000BC)

The next people to carry the torch of this great commerce were the Greeks. The early signs of the wine in Greece were the replica wine presses found in tombs Crete and date back to between 3000BC-2000BC. It is thought that the Phoenician traders introduced the Greeks to the joy of wine. After the Phoenicians did the Greeks this favour the Greeks did the honorable thing and established wine industries in most of Western Europe and Alexander the Great even introduced it to Asia (A truly GREAT man). So next time you meet a Greek person thank them for doing us all the biggest favour ever. The Greeks knew the nutritional benefits of drinking wine which is an excuse we still all use today! In ancient Greece wine was so important that it had developed a religious status so highly did they value wine that they referred to it as the “The juice of the Gods”. They couldn’t have described it better. The Greek God of wine Dionysus the son of Zeus and one of the most worshiped Gods. The Greeks used wine to achieve clarity of mind when at a symposia (a gathering predetermined philosophical subjects were discussed). They would never drink wine as some people today do and drunkenness was frowned upon. This is a great indication of how thoroughly embedded in the culture wine traditions were. Another good indication of this is Homers epic the “Iliad” and the frequent mention of wine therein.

By looking at the countries that the Greeks introduced winemaking to we can get a vague idea of how the ancient Greeks made wine and how it may have tasted. Another clue to the flavor of the wine are the surviving Greek varieties such as Limnio, Athiri, Aidani and Muscat. The Ancient Greek’s wine became so popular in Europe that vine cuttings from Greek’s grapes so they could grow there own quality wine. This of course means that many of the grape varieties we know today were fathered by the Greek varieties. It is known that the regions of Hios, Thassos and Levos all produced high grade wine whereas the wines of Samos were poor quality. The Greeks all realized that the ecosystem played a key role in the characteristics of the resulting wine. They were the first to create there own appellations of origin, any one caught violating them received a severe penalty. The ancient Greeks highly valued sweet wine as do current day Greeks. This may have been due to its staying power but more likely its popularity stemmed from its sweetness and higher alcohol percentage. It is no well kept secret that the Greeks like to mix there wine with water (including sea water amazingly) and to add honey and spices. This shows us of how thoroughly embedded in the culture wine traditions were. The ancient Greeks used to line the amphoras with tree resin which

gave it a very distinctive flavor it is thought that developed into the wine that the Greeks and much of the world drink and enjoy today called retsina.

During the Turkish occupation the wine industry of Greece was almost whipped out as the Muslim Turks discouraged winemaking and heavily taxed wine farmers. This meant that many farmers went out of business and the only people who were excluded from the heavy tax where the monks. Fortunately the monasteries kept the craft alive in Greece for the 400 years it was occupied. The Greeks achieved independence in 1821. The Greek farmers started to replace there vines with raisin producing vines as there was huge demand for them from France who’s vines had been devastated by the Phylloxera insect. After France recovered the demand for raisins went down and the Greeks started to grow wine vines again. Unfortunately there were then a series of wars (WW1, WW2 and Greek Civil War) these prevented a stable wine trade from being established until 1949. At first the winemakers just churned out standard table wine and it looked like the nation who first produced fine wines would never return to its former glory. Fortunately the Greek winemakers are on the up and up and with an arsenal of 300 different native grape varieties each with very distinctive flavours they shall soon resume their position as one of the leading producers and worldwide distributors of quality wine. The only thing that remains for the Greeks triumphant return to the top is for the promotion of fine winemaking to Greek farmers and to let the world know the Greeks are back.

Roman period (1000BC)

The next group to start developing winemaking and the actual growth of the vine in roughly 1000BC were in fact a Greek colony that had grown so strong that they had become independent of the Greeks. If you haven’t guessed it yet I am of course referring to the Romans. The Romans made major contributions to the science of winemaking. They took huge steps to the classification of many varieties of grapes. They also invented the wooden wine barrel. Which was a huge development considering that the kind of wood used to make the barrel imparts its own distinct flavours to the wine and depending on the grain of the wood it the flavours of the wood will be imparted either faster or slower. Also the barrels allow for the wine to evaporate a little bit during the aging process. I’ll come back to the process of aging in caskets when we cover the French as they have perfected the technique. It is important to remember the Romans laid down the foundations. The Romans are also thought to be the first to use glass bottles for wine. The oldest bottle of wine to be found has been dated to



325 AD. Corking had been invented at that time but the Romans preferred to preserve their wine by floating a layer of olive oil on it. They classified many diseases that afflict grapes.

At first the Romans didn't take to wine and sent any that was produced was sent over the Alps to the barbarian Gauls who were so fond of the drink. The Romans preferred drink was beer and mead as they were manlier which was important because of their warrior past. Wine didn't really take off until the sacking of Carthage in 146BC because with the sacking they also acquired the first ever book about wine making. Then Cato (who suspiciously had pushed for the attack on Carthage) wrote a book on winemaking (which made him a fortune) called "De Agri Cultura". Thanks to this book after a hundred years beer and mead were a thing of the past and wine was the drink of the future. After another hundred years there were choice vintages and had defined regions. Apparently the most desired regions were Falernian and Caecuban but they disappeared after just 50 years due to Neronian public works. If the wine was as fine as it is claimed then this conclusively proves that the mental condition of Emperor Nero was very poor in deed.

The Romans much like the Greeks enjoyed drinking parties where philosophical debates and poetry readings took place. The difference in these parties was that the Romans tended to get very drunk and dancing girls and orgies were also a standard part of the night. The master of ceremonies would choose the type of wine or the blend of wines, how much water should be mixed with the wine and call out the toasts so in short he had the best job going at the party. The people who attended these parties were the rich but the poor got their fair share of wine also. At the theatre and at the games a drink called muslum which consisted of cheap wine mixed with honey. This was provided by politicians that needed support for the next election if only our MP did the same! Wine wasn't just for merriment it also had an important role in religion. Wit was consumed a lot at the graveside funeral feasts at these feasts wine was poured down specially designed orifices in the tombs so that the dead could share wine with the living. Wine continued to play a significant role in the Catholic religion.

No one can actually say what the Roman wine tasted like but as with the Greeks, we can get a pretty good idea by the taste of wine made from the surviving varieties of grapes then take the resins and pitches that lined the amphorae and what that would do to the taste and if we're feeling brave we can try adding lemon or honey

or even sea water to the wine like they did. Personally I'd rather leave the mystery of the flavour of Roman as just that a mystery.

The other great contribution that Romans gave to winemaking was that every province they conquered, so most of Western Europe they established a wine industry. As the empire grew the wine in there province started to rival the wines being made in Rome especially Portugal which was famous for its wine and the so the Romans gave it the honor of naming it Lusitania after their god of wine Lyssa (Bacchus). The amount of wine being produced was so great that in 92 AD Emperor Domitian decreed that half of the grape vines outside of Rome were to be uprooted. Wine is still an important part of Italian culture and is taken very seriously which I think this Italian proverb shows quite nicely "One barrel of wine can work more miracles than a church full of saints". When the Roman Empire fell in 476 AD the entire of Western Europe was plunged into the Dark Age and winemaking was only kept alive by the Roman Catholic Church.

Monks (particularly Benedictine monks) spread the knowledge of wine even further as wine was required for Holy Communion. The Church transported it all across Europe, spreading the "Good news" as it were. Although the wine they distributed was heavily watered down as the Church didn't take kindly to drunkenness (spoils sports). Eventually the French aristocracy took on the task of wine making alongside the church. By 1725 Bordeaux had already classified the finest red wines it produced but official an official classification based on prices wasn't created until as late as 1855. This classification divided the wines of areas into up to 5 classes or crus. This all came to an abrupt end at the start of the French revolution

In 1789 by the end of which in 1799 the power was with people but more importantly so were the vineyards. The newly founded French Republic removed all feudal privileges that the Catholic Clergy and the noble's possessed and any nobles who didn't manage to flee also lost their heads. All of the church's and noble's' land were repossessed the vineyards were now in peasant hands. This was a crucial for the development of wine as now vineyards were in competition and now the owners entire livelihoods depended on the vineyards success unlike the nobles and the church who were already rich enough to be completely driven to succeed.

In the 1800's the French vineyards was devastated by many diseases but the main to afflict the vines was Phylloxera an insect which attacks the roots of the plants (this was coinciding with when the Greeks started grow-

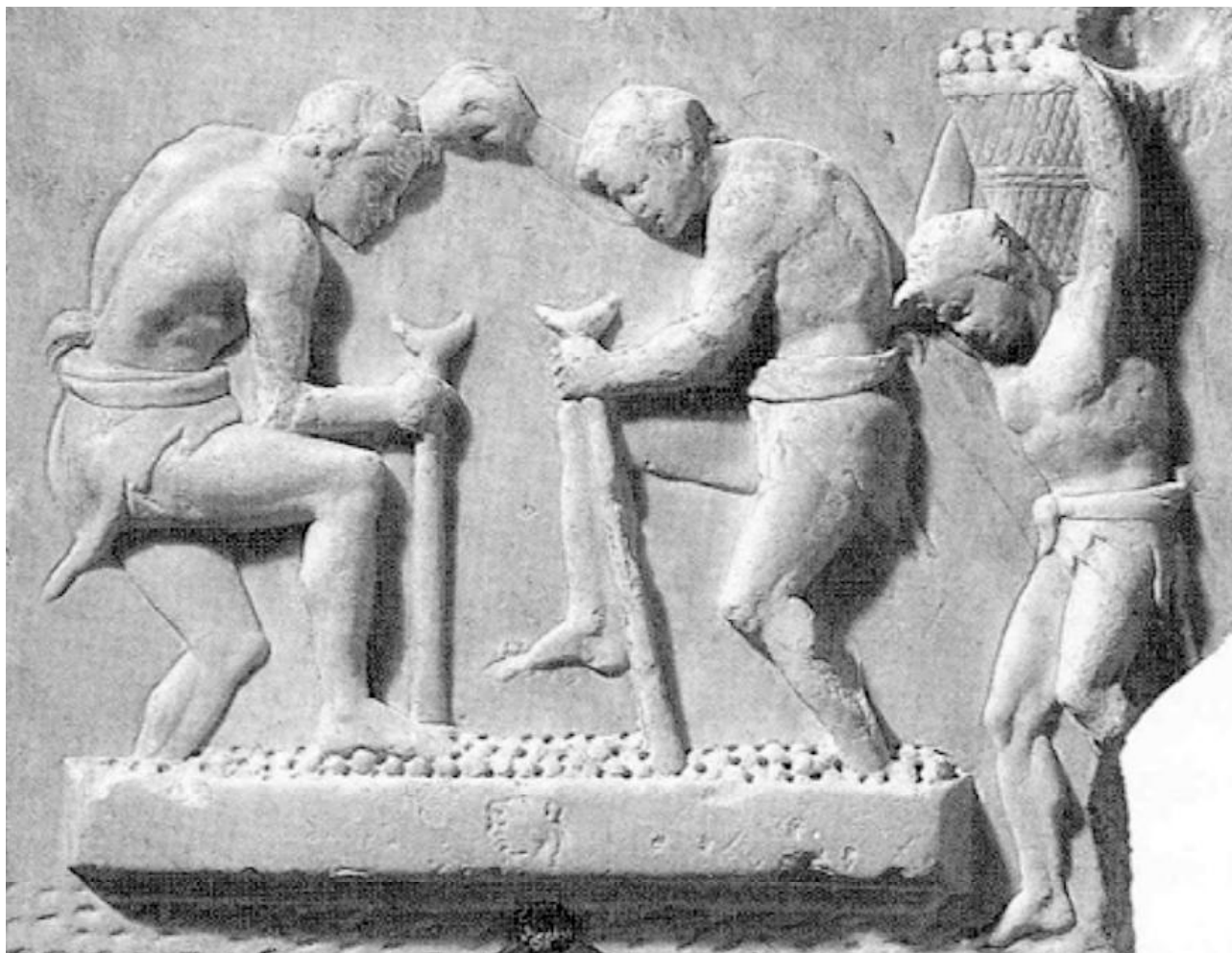


Fig 1: Clusters of grapes treated by foot by roman slaves in a stone vat

ing raisins). If it weren't for the use of American root stock (which is immune to Phylloxera) being grafted with French vines then many of the grape variety we know today would be extinct. Every vineyard was replanted and now immune to the dreaded Phylloxera.

The French also hugely developed the effects that the barrel used for aging has on the wine. They learnt that dampening and then placing the half completed barrels or Rose over a small fire chars or "Toasts" the inside of the barrel this will then effect the characteristics of the wine aged in the barrel. When buying a barrel from a cooper there are 3 options given light, medium or heavy toast, the toast chosen will depend on the grapes used and the desired style of the resulting wine. This heating also allows the wood to be bent to form the arches to obtain the shape of the wine barrel. They also learnt that white oak is the best wood to be used as this has the tight grain and fine tannin content as well as being particularly tough and bend ability which its fairly stable when going through wet swelling and dry shrink-

age and of course it has desirable flavours to impart to the wine. Later on it was discovered that chestnut wood could be used but they had to have the inside covered in paraffin or something similar to mask the bitter flavours. A wine barrel can be used for 5 years but after that the barrel stops imparting any flavour to the wine and should be disposed of. This is of course expensive and so several techniques have been employed to carry on using barrels. One is to shave the inside of used barrels and then insert new thin inner staves that have been toasted. Another option is to very simply to keep the wine in stainless steel containers and put bags of oak shavings in with the wine. Neither of these has managed to produce quite the same effect as a freshly made barrel.

Have you ever notice in French nostalgic wine posters that the peasant farmers always armed with a bottle of wine in one hand and a block of cheese in the other. Now I've brought this to your attention you may be wondering why wine and cheese are generally consumed at the same time. The reason for this is something Europeans learnt



hundreds of years ago which was that the fats in cheese temper the bitter taste of tannin that cheap (especially red) wines have and makes the wine taste much better. So next time you're in the mood for a good wine but are short of cash you can substitute a good bottle of wine with your favorite cheap box of wine and a block of cheddar.

Now on to one of wines proudest moments in its long history I of course am referring to the creation on champagne. Despite common belief champagne was not created by the monk Don Perignon but was in fact was researched 30 years earlier by an English scientist and physician called Christopher Merrett in the paper he presented to the royal society in 1662 called "Some observations concerning the ordering of wine".

Champagne was reserved for very special occasions such as French Coronation Festivities. Kings appreciated it so much they even sent it to as homages to other monarchs. The reason for champagne being held with such high regard was that because of the pressure on the bottles often caused them to explode. Also the explosion from one bottle disintegrating would often cause a chain reaction amongst the bottles. This meant that it was common to loss 20-90% of champagne. The bottles were so volatile that the monks brewing had to wear heavy iron masks to protect themselves when in the cellars. The monks referred to champagne as "Devil's wine" and so strongly did they dislike it that Don Perignon was sent down to the cellars with the specific job of getting rid of this devils wine. Fortunately Don Perignon instead chose to accommodate for the new sparkling wine, with several different techniques. One was to thicken the glass of the wine bottles so they could withstand the pressure of the second formation. The other was his marvelous invention of the wire collar which also helped the cork with stand the pressure and meant that the monks could finally get rid of the iron masks. The difference in the making of champagne to wine is that there is a second fermentation process, which involves adding several more grams of yeast at least and then letting it ferment in the bottle. The carbon dioxide produced by this second fermentation then causes the bubbles (of carbon dioxide) to be released rapidly when the bottle is opened because carbon dioxide is not very soluble. It was also soon realized that imperfections in the glasses the wine was drunk from meant that a steady stream of bubbles. This led to the etching of glass to better the drink that little bit more. The champagne at this time was in fact far sweeter than what we drink today; this was because the Russians liked to have at least 300g per litre. It was not until 1846 when Perrier Jouët decided not to sweeten the champagne before ex-

porting it to England. This then led to the trend towards the drier champagnes that we enjoy today.

Now on to new world wines such as Australia and the Americas, these wines are often looked down upon as inferior to European wine. Although they are now starting to produce some exquisite wines but it must also be said that these countries supply a large amount of standard table wine and less fine wine compared to Europe. There isn't much history to the Americas and Australia as they are recently founded countries so the accounts will be brief. Wine was first brought to South America by the Spanish and once again purely for religious reasons. Wine arrived in North America via the colonist fleeing from religious persecution to start a new life in the new world. Not surprisingly there were many Catholics in the mix and as I've mentioned before wine is deeply rooted in Catholicism.

California is the largest producer of wine in the USA at the moment. The wines in America are named after the grape variety used rather than in France where they of course name them after the region of origin. Initially wine was shunned as it was thought of as too European and of course not welcome in the newly founded United States of America. Even if they had been keen to make wine they had little time with which to do so as they were rather busy taming the new world they lived in. The popularity of wine hasn't grown much and the US public still remains largely beer drinkers and only a 30 percent of the population has come to realize the far superior experience of wine drinking. Of that 30% a whopping 75% of the wine they drink is made in America. As you can see there is still a slightly an isolationist approach to wine in America. Australia had similar problems with producing wine earlier on as they too were a new country and had even more hostile surroundings to tame.

The only advancement that has been made by these countries is the way they make their oak barrels for the aging fine wine. It was thought that French oak was the best for imparting its flavour into wine. This was mainly because American oaks (as well as oak from many other countries) had been used to make barrels but the effect of the wood on the wine was far too great. It was later discovered that it wasn't the wood that was the problem but the way the barrels were made. As the Americans were more accustomed to making whiskey barrels they dried their wood in a kiln unlike the coopers who let their wood air dry for at least 24 months before using. The other difference was that the Americans sawed the wood into staves whereas the coopers split the wood. These differences to the technique used im-



mediately made a substantial difference to the wine produced. After this discovery the Americas and were finally able to start making some good quality fine wine. Which is perhaps still not quite as good as the finest French wine but they are getting there and in the future may even give the French a run for their money.

HISTORY OF GEORGIAN WINE

Georgia's spirit is in the grape and her heart beats with a pride born from the awareness that she is the oldest winemaking nation in the world. This belief is backed by archeological findings which include material evidence of 8,000-year-old grape stones inside many antique clay vessels. Georgia is the birthplace of wine according to a number of the world's competent experts. The mention of the ancient traditions of vine growing and high quality wine growing in Georgia (or Colchis and Iberia, as it was known in ancient times) can be found in the works of Homer and Apollonius of Rhodes. Even the unique Georgian alphabet is modeled after the shape of the vine's curly offshoots.

Georgia has traditional wine industries which is about 8000 years. It is also important to note that the Georgian word "**ghvino**" is the mother of all wines. During this period Georgia has produced various kinds of very flashy wines. Wine means to Georgians not only a product for drinking but it is also a style of life. The vine in Georgia has an iconic significance. It is a symbol of regeneration, of wealth and plenty. Georgian named October as "**gvinobistve**" (the month of wine).

Wine is part of Georgian heritage including architecture, poetry, and songs, and is associated with celebrations, holidays, rituals and most importantly with Georgia's religion the Christian Orthodox Church. Wine held a central part of pre-Christian pagan celebrations and henceforth with the conversion to Christianity that took place in the early 4th C. AD. According to tradition, when St. Nino introduced Christianity in Georgia, she preached bearing a cross made from vine wood and bound with her own hair. Keeping wine as a sacred part of the sacraments was easily understood and is partially why most of the architectural monuments and Christian icons include vine motifs. Winemaking as an academic course was taught here as early as the 8th and 9th centuries. This included a number of schools and academies including the Ikhalto Academy where viniculture and wine-making were major fields of study.

Georgian feasts are often compared to an academy of learning. This tradition is said to stem from the monastery of Ikhalto, where the abbot would introduce subjects for discourse in the form of a toast. To

this day during a meal drinking wine is used as a means to discuss the deeper questions in life, God, Childhood, Love, Ancestors and Beauty. Woven between the toasts are ancient polyphonic songs, some believed to be over 2000 years old. The songs are sung in three part harmony and accompanied at times by a variety of lutes, bagpipes, lyres and bowed viols. Georgian chants and folk songs make up one of the largest collections of ancient choral traditions in the world. Add to all of this a delicious cuisine, full of plum sauces, pomegranates, cilantro, crushed walnuts, roasted meats, homemade yoghurt and sheep cheese. Feasting in Georgia is an unforgettable experience in which wine, the "Nectar of the Sun," plays the central role.

Winemaking remained the basis of the Georgian economy for centuries. Through the long history of the Georgian nation, the vine has gained iconic significance in Georgia. It is a symbol of regeneration, of wealth and plenty. Perhaps because of this the grape harvest in Georgia, and especially in the Kakheti region where Pheasant's Tears is based, is more than just a celebration, it is a statement of identity and attachment to the land. In short, this love affair with the grape is still in every true Georgian's flesh, heart and soul.

Wine-producing regions of Georgia

There are five main regions of viniculture, the principal region being Kakheti, which produces seventy percent of Georgia's grapes. Traditionally, Georgian wines carry the name of the source region, district, or village, much like French regional wines such as Bordeaux or Burgundy. As with these French wines, Georgian wines are usually a blend of two or more grapes. For instance, one of the best-known white wines, Tsinandali, is a blend of Rkatsiteli and Mtsvane grapes from the micro regions of Telavi and Kvareli in the Kakheti region.

- Kakheti, containing the micro-regions Telavi and Kvareli
- Kartli
- Imereti
- Racha-Lechkhumi and Kvemo Svaneti
- Ajara

Georgia is rightly believed to be a motherland of wine making. For many centuries wine growing was a basis of agriculture in Georgia, Georgian wine growing was in the second half of 19 century, a great contribution to the development of Georgian wine making was made by prince and poet Aleksandre Chavchavadze who owned the Tsinandali state. Georgia ranks 2nd (in terms of volume) in grape production in the former Soviet Union behind Moldova, and Georgian wines have always been the most highly prized and sought after in the Soviet

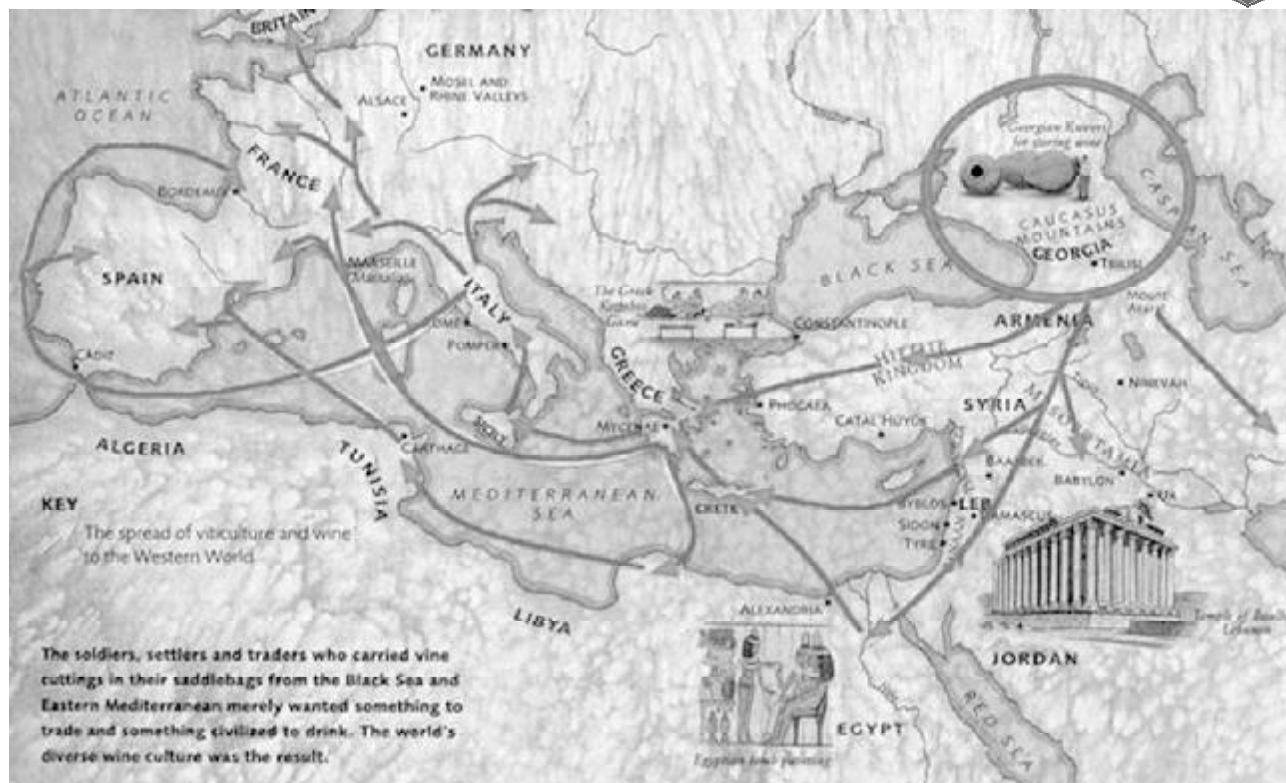


Fig 2: Map showing the spread of viticulture and wine to the western world

space. Presently, the wine is produced by thousands of small farmers (using primarily traditional techniques of wine-making), as well as modern wineries, such as Teliani Valley, Telavis Marani, Tbilvino, Kindzmarauli Marani, Badagoni and Mukhrani. When it comes to wine-making, Georgia is really blessed. Extremes of weather are unusual: summers tend to be short-sleeve sunny, and winters mild and frost-free. Natural springs abound, and the Caucasian Mountain streams drain mineral-rich water into the valleys. Georgia's moderate climate and moist air, influenced by the Black Sea, provide the best conditions for vine cultivating.

Grape varieties in Georgia

Traditional Georgian grape varieties are little known in the West. Now that the wines of Eastern and Central Europe are coming to international awareness, grapes from this region are becoming better known. Although there are nearly 500 to choose from, only 38 varieties are officially grown for commercial viticulture in Georgia with two of them Rkatsiteli (white wine) and Saperavi (red wine) being the most popular. Traditionally, Georgian wines carry the name of the source region, district, or village, much like French regional wines such as Bordeaux or Burgundy. As with these French wines, Georgian wines are usually a blend of two or more grapes. Georgian wines are classified as sweet, semi-sweet, semi-

dry, dry, fortified and sparkling. The semi-sweet varieties are the most popular.

Rkatsiteli (white) is a variety that is so widely grown in Eastern and Central Europe that it ranks third in the world in hectares grown. It is the most important grape variety used to make Georgian white wines. It is high in acidity and is capable of producing wines with fine character.

Saperavi (red) produces substantial deep red wines that are suitable for extended aging, perhaps up to fifty years. Saperavi has the potential to produce high alcohol levels and is used extensively for blending with other lesser varieties. It is the most important grape variety used to make Georgian red wines.

Mtsvani (or Mtsvane) (white) is also important in Georgian wines, and is often blended with Rkatsiteli to which it adds a fruity, aromatic balance. In the Georgian language Mtsvane means green.

GROWING CONDITIONS

When it comes to wine-making, Georgia is blessed. Extremes of weather are unusual: summers tend to be short-sleeve sunny, and winters mild and frost-free. Natural springs abound, and the Caucasian Mountain streams drain mineral-rich water into the valleys. Georgia's moderate climate and moist air, influenced by the Black sea provide the best conditions for vine cul-



Table 1: Production of grapes by regions (ths. Tons)

	2006	2007	2008	2009	2010	2011	2012
Georgia	162.5	227.3	175.8	150.1	120.7	159.6	144.0
including							
Imereti	36.3	54.5	43.7	30.3	25.0	26.3	36.2
Shida kartli							
	10.9	16.0	8.1	16.4	8.6	10.2	13.6
Kakheti	80.2	118.6	100.0	82.7	64.7	98.1	70.8
Remaining regions	35.1	38.2	24.0	20.7	22.4	25.0	23.3

tivating. The soil in vineyards is so intensively cultivated that the grape vines grow up the trunks of fruit trees eventually hanging down along the fruit when they ripen. This method of cultivation is called *maglari*.

Russian Embargo and Georgian Wine

In 2005, 78 percent of Georgian wine was sold on the Russian market. Only 15 percent of the total exports reached other post Soviet countries and some 3 percent on European and the US markets.

In April 2006 Russia's Ministry of Health announced a ban on Georgian wine, citing unhealthy levels of chemicals in the wines. The ban has been widely perceived as politically motivated, with claims that the analysis is false, and that this was Russia flexing its muscles: Moldovan wines were also banned; another ex-Soviet state that had embraced the west, and then Georgia's most popular mineral water was banned by the Russians on similar grounds. The primary reasoning for the wine embargo are counterfeiting problems stem from mislabeling by Georgian Producers and falsified "Georgian Wine" labels on wines produced outside of Georgia and imported into Russia under the auspices of being Georgian produced.

After Russia closed its doors to Georgian wine citing quality reasons, Georgian wine exports to the Russian market fell dramatically. In the years following the embargo, Georgian wine headed to alternative markets in the former Soviet countries (mostly in Ukraine) and Europe (mainly in Poland) but the loss was hardly compensated.

Whatever the motivation, the ban is potentially devastating for Georgia. Some 40 million bottles of wine now need to be sold, but where? Wine is an essential part of the Georgian culture, where entertaining guests is a central philosophy of life: tables groan under the weight of food and drink, to be consumed to an endless series of toasts. But the domestic market is extremely difficult to grow: this is a country whose GDP ranks

behind Afghanistan or Mozambique, and bottled wine is simply too expensive for most Georgians. Instead, they make their own wine from backyard vineyards, or buy cheap wines.

Georgian wine export statistics as of July 2013

According to the Georgian Wine Agency total of 3,554,174 liters of wine (0.75-liter bottled) was exported to 23 countries in July, 2013. The overall export as of July amounts to 12,094,075 liters, being 43% higher compared to the same period of last two years. Five leading export destinations of Georgian wine are as follows: Ukraine, Russia, Kazakhstan, Belarus and Poland, where Ukraine holds 38% of total volume of exports, China and Latvia being on 6th and 7th places in volumes respectively.

It is significant that exports to Russia as of July 2013 was 1,969,125 litres with contribution from 13 companies. The growth of exports to Russia did not cause the decline of shipments to other export destinations. Georgian wine exports increased last year to \$54.1 million, the most since Russia imposed a trade embargo in 2006.

The export of Georgian wine has dramatically increased in January-February 2014. Around 50 wine companies from Georgia have exported around 10 million bottles of Georgian wine to 18 countries. The list is headed by Russia, followed by Ukraine, Kazakhstan, Poland, and Latvia. 68% of the entire wine export goes to Russia. Georgian wines are triumphantly returning to Russia. However, the Georgian wine-makers are still continuing to supply new markets with wine not being concentrated only on Russia.

However, current political developments around Crimea have created the sense of challenge for the Georgian wines. Exporters are concerned that Russia might re-institute the economic sanctions against Georgia for a second time.



Table 2: Georgian Exports by countries (thsd.usd)

	2007	2008	2009	2010	2011	2012	2013
Total Exports	1 232 110	1 495 345	1 133 622	1 677 472	2 189 136	2 377 455	2 909 310
including							
EU countries	268 530	335 154	237 547	309 513	424 295	353 076	608 140
CIS Countries	461 896	540 885	416 162	676 673	1 052 742	1 245 777	1 621 078
Other countries	501 685	619 307	479 913	691 286	712 099	778 602	680 092

Georgian wine export statistics as of May 2014

According to the Georgian Wine Agency total of 3,814,0345 (0,75L) bottles of wine were exported in May, 2014. The overall export as of May amounts 22,779,153 (0,75L) bottles to 32 countries, being 147% higher vs last year same period. Exports in value as of May 2014 amounted to US\$ 73,795,849 which is 169% higher vs last year same period.

Five leading export destinations of Georgian wine are as follows: Russia, Ukraine, Kazakhstan, Poland and Latvia, where Russia holds 68% of total volume of exports. China, Lithuania, Belarus, Estonia and Azerbaijan being on 6-10th places in volumes respectively.

Economic impact of Wine production in Georgia

According to the Export market development action plan – developed jointly by the ministry of Agriculture, the wine association of Georgia and the national investment agency – the country currently produces some 150,000 to 200,000 tons of grapes per year. Of these approximately 30,000 to 40,000 tons are used by registered companies to produce wine for both local and export markets. Official figures for the period 2007 to 2010 reveal that 70 registered wine export companies are responsible for exporting some 12 million litres of wine per year. Red wines account for around 70 percent of all exports and the very popular sweet varieties account for over half of all exports. Of the remaining grapes produced, some 15, 000 tons are consumed as table grapes and over 100, 000 tons are used by non – registered private individuals to make wines for home consumption. This future underlies the significant scope for the future development of the country's wine sector.

While Georgia remains a small player in the global wine arena, the sector is of great economic significance to the national economy. Georgia's rich legacy of grape varieties that thrive in the country's favourable climate and soil conditions offers enormous potential for it to

carve a niche as a producer of high – quality distinctive wines and to stand out from the crowd in the highly competitive global wine market. With growing interest in Georgian wines which are beginning to appear in wine stores outside the country, the future looks bright for Georgia's winemakers.

Key success factors for the wine Industry

Key Success Factors are the major determinants of financial and competitive success in a particular industry. Key success factors highlight the specific outcomes crucial to success in the market place and the competences and capabilities with the most bearing on profitable. Key Success Factors are defined by the market and by the customer, not by the company. They revolve around skills, processes and systems. Outstanding performance in those areas results in "order winners".

Types of **key success factors** are possible to classify as follow:

Technology- related KSFs: Production process innovation capability; Expertise in a given technology

Manufacturing-related KSFs: Low-cost production efficiency; Quality of manufacture; -Low-cost production design and Engineering; Flexibility of manufacturing a range of models and sizes

Distribution-related KSFs: A strong network of wholesale distributors/dealers; Having company-owned retail outlets

Marketing-related KSFs: A well-trained, effective sales force; Available, dependable service and technical assistance; Merchandising skills; Attractive styling/packaging

Skills-related KSFs: Quality control know-how; Design expertise Expertise in a particular technology; Ability to get newly developed products out of research and development phase

and into the market very quickly.

Key Success Factors include the following:

- Being different



- Strategic Market Segmentation
- Moving closer to the market
- Building a brand through an integration policy
- Increasing value added
- Finding a different way to communicate
- Respond to Customer's Needs and Wants
- Efficiencies Through E-Commerce/Technology
- Reliable Delivery
- Strong Service
- Solid Sales and Support Staff
- Utilize Employees Strategically

Being different

J. Lapsley and K. Moulton [2001] explain in their book "Successful Wine Marketing" how crucial it is that wine products seek a real identity. One can derive from this other marketing policy choices that companies may be advised to make, relating notably to their product's positioning, price and communication to the market. It should be noted that the term "identity" is often misused. For example, how can each wine's identity be developed? An older approach is to rely on an appellation principle, with growers defining a specific territory and restricting per-hectare yields (and the number of annual applicants qualifying for this label) as a means of quality control. An appellation's success is based on its ancestral and rigorous attributes, and of course, on the grower's competence. A newer approach consists of developing branded wines and assuming that a brand conveys a particular identity derived from its specific competitive positioning and astute advertising.

Segmenting the market

The advantage of having real market segmentation is that consumers can be grouped homogeneously. This helps to improve the efficiency of any commercial actions undertaken. McKinna [1987] showed that wine consumers could be classified into four main market segments: connoisseurs (25%), students (51%), new consumers (10%), and bulk consumers who drink wine served in boxes, etc. (14%). These averages may cover significant national variations. The market breakdown will vary depending on whether the country in questions is "Old World" and accustomed to well established benchmarks like appellations, or "New World" and more spontaneously interested in specific branded wines or grape varieties. Hall and Winchester [2000] explained that a detailed understanding of often fluctuating behaviour is essential for an accurate segmentation when using an approach of this sort. It is only under such conditions that segmentation can be efficient. Price setting, a direct result of segmentation comes from various approaches that Edwards and Spawton [1990] have described as characteristic practices of the Australian wine

industry. These include price strategies rooted in a differentiation based on a specific grape variety or vinification process. Strategies of this sort must be able to rely on segmentation information that can identify which consumer group is willing to pay higher prices.

Moving closer to the market

Mudill, Riding, Georges and Haines [2003] have highlighted distribution channel concentration as the key variable in the world wine market. Like wine producers, actors in these channels have engaged in countless mergers and acquisitions in their attempts to gain more power vis-à-vis the major retailers and to shorten the logistics chain. In many sectors of activity, value added has steadily moved downstream, benefiting retailers instead of entrepreneurs who are in the process far upstream. This has triggered a merger-mania with companies trying to move as close as possible to the end user by eliminating intermediaries.

Building a brand through an integration policy

M. Reid [2001] has noted that the wine industry, currently in the midst of a globalization phase, has to cope with the events that typify such epochs: retail sector consolidation, proliferation of brands, fragmentation into a multitude of market segments, and over-production. Faced with these new challenges, Reid's study has shown how it is in the producers' interest to adopt an integration policy, notably one that revolves around marketing and advertising. He sees this as providing positive outcomes at several different levels: brand loyalty amongst consumers and retailers, greater market share, and higher profitability.

Increasing value added

More to the point, is marketing a useful tool for appellations? Chatters and Pettigrew [2003] have asked what really makes the quality of a wine. They classify a range of criteria into "extrinsic" data (i.e., appellations) and intrinsic data (pleasure, taste, potential for ageing, ease of consumption, etc.). This is primarily due to the fact that the first dimension of a marketing mix is a product with its qualities – without a solid product; there can be no commercial policy.

Finding a different way to communicate

It is known that amongst the various marketing mix tools available to wine sector product managers, communications [advertising] plays a role that is clearly important yet increasingly constrained by legalities, notably in France. Furthermore, although one of communication's main goal is to attract new (and often young) consumers. This is particularly difficult for a product



like wine, which suffers in France from its ageing image as an “old person’s tippie”. The Internet can help sponsors here by providing an additional vehicle for media communications. Kehoe and Pitkow [1996] have clearly shown that the Web targets a mainly male population that is relatively young, influential, and which enjoys above-average education. By happenstance, these criteria resemble US wine advertisers’ current targets. Of course, a “100% Internet” approach should also be avoided. Gebauer and Ginsburg [2002] have demonstrated that one of the reasons for the failure of on-line wine promotions is that even if it is easy to launch a new online service, the usefulness is harder to prove.

Georgian wine production and key success factors

Globally, vineyard acreage has decreased by 0.5 percent between 2004 and 2010. Some of the more traditional wine countries contributed to this decrease including Spain, France and Portugal. The most significant increases were seen in Uzbekistan, China, Chile and Australia, all of which are deemed to be „new world wine regions. Georgia saw a modest increase of 3.5 percent. Over the same period, Georgia’s wine production increased by an impressive 15.8 percent, meaning that it performed better than New Zealand and Switzerland (countries producing similar volumes of wine).

Due to climate and soil characteristics, Georgia is divided into five main wine producing regions: Kakheti, Kartli, Imereti, Racha-Lechkhumi and the Black Sea Sub-tropical Zone. Although no liquid wine from the period has survived, scientists have now found and tested wine residues discovered on the inner surfaces of 8,000-year-old ceramic storage jars. They call ceramic storage jars “kvevri” in Georgia, the country of about five million, bridged between Europe and Asia, where wine is more of a cultural heritage rather than an alcoholic beverage.

In Georgia, wine is produced using both by traditional methods as well as modern „European techniques. These varied production styles contribute to a wide range of flavor profiles all produced from the same grape and appellation, resulting in a single variety having a greatly varied taste and quality. There are 180 wine companies functioning in the country, and 35 out of these are engaged in export activities. The key industry players are export-oriented and their export activities reach 80-95% of total production. Russia has been the largest importer of Georgian wines up until its 2006 embargo, believed to be due to political reasons, but Georgia started to diversify its export markets and regardless of war with Russia in 2008 and the world economic crisis, wine exports show a growing trend.

At present most of the companies are equipped with

up-to-date production facilities; In Georgia there are advanced laboratories where all technological processes of winemaking are conducted.

Key success factors for the Georgian wine industry include the following:

- **Moving closer to the market:** just as Georgia is closer to certain countries such as Russia, Ukraine, Armenia, Azerbaijan etc who also import wines from Georgia, this is an important key success factor for these wine companies because it ensures that the country continues to do business with these countries.

- **A wide diversity of territories in which wine grapes can thrive:** Georgia has many regions that are suitable for growing these grapes and so large

Quantities of these grapes can be cultivated and be processed for wine

Production.

- **Reliable delivery/distribution network:** Most of these wine companies have sales outlets where they display their products and also they have sales representatives in other countries who import these wines to other countries.

- **Advantageous price/quality correlation:** The price of these wines are

Matched to their quality so that they are neither too cheap nor too expensive.

- **Low - cost labour:** Georgian wine companies use labour which is relatively

Cheap.

- **Increasing value added:** Georgian wines have quality and good taste.

- **Wine production using the latest technology:** Some companies import

Sophisticated equipments which they sell to these companies and this

Ensures that these wine companies are producing wine using the latest

Technology.

Georgian wine export to other countries

0% entry tariff for Georgian wine- Albania, Armenia, Austria, Azerbaijan, Belarus, Belgium, Bulgaria, Canada, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hong Kong, Hungary, Iceland, Ireland, Italy, Kazakhstan, Kyrgyzstan, Latvia, Lichtenstein, Lithuania, Luxemburg, Macao, Macedonia, Malta, Moldova, Netherland, Norway, Papua New Guinea, Poland, Portugal, Romania, Singapore, Slovakia, Slovenia, Spain, Sweden, Switzerland, Tajikistan, Tonga, Turkey, Ukraine, United Kingdom, Uzbekistan, USA.

0%-5% entry tariff for Georgian wine in - New Zealand, Philippines, Australia



5%-10% entry tariff for Georgian wine in - Chile, Peru, Bolivia, Haiti, Mayotte, Nicaragua, Kosovo

10%-15% entry tariff for Georgian wine - Panama, Costa Rica, Croatia, Cuba, Bosnia and Herzegovina, French Polynesia, Honduras, Republic of Korea, Lebanon, Mauritius

Foundations of success

The foundations of success of wine industry of Georgia during the modern times have been formed because of some factors that tends to increase the wine production. This suggestion is possible to introduce as follows:

1. Good politics with Russia: Since the ban was lifted by Russia on the importation of Georgian wines, the country has recorded tremendous success because Russia is the major importer of Georgian wines and for this reason it is important that the Georgian Government maintains good relations with Russia as this will attract more investors from Russia and also ensure continuous business between the two countries.

2. New factories/Technology: To increase wine production, it is important that lands are made available to foreign investors who want to establish wine factories. This will increase the number of wine industries in the country. Also equipments using the latest technology for wine production should be used as this ensures that wines produced in Georgia continue to maintain their international reputation for high quality.

3. Good Management: Good management is also a crucial factor when it comes to wine production because without good management, No business will succeed both locally and internationally.

4. Quality: This is another crucial factor in wine production. It is important to continually enhance the quality of the wines as this ensures that they can compete favourably with other wine producing countries.

Today in order to find relevant place in the world wine market, it is necessary to compare Georgia wine traditions with modern standards. In order to indicate and discuss the opportunities of various wine production and countries, we have to analyze international exhibitions, as follows:

Prowine exhibition

Prowine is the annual exhibition of wines and spirits held in dusseldorf, Germany. Prowine brings producers from Germany, Europe and every wine-producing area of the world together. Fine quality spirits are likewise represented as specialty distillers display unusual products as well as established products of wines and spirits. Prowine fair is Germany's only truly international wine, beer and spirits exhibition. Prowine attracts a large trade audience than any other event of its

type in the German market. It attracts liquor buyers from across all market sectors including on-premise, off-premise and hospitality buyers. Not only regarding the taste wine seems to be extremely varied – also origin, aroma and colour for example are almost never the same. There is no better place than at the trade fair prowine in dusseldorf for experts to receive a real overview of what the wine industry has to offer. 3600 exhibitors, each usually presenting many more than one product, concentrated in one place – no wonder that the wine industry sees this event as a must.

It is interesting to note that five Georgian wine companies exhibited their products in the prowine competition and they include the following:

- Schuchmann wines
- Winery khareba ltd
- Wine man ltd
- Jsc Teliani valley wine ltd
- Kindzmarauli marani wines

Georgia introduced their wines in some international exhibitions which include the following:

London International wine challenge (IWC):

The International Wine Challenge (IWC) is an annual wine competition. The IWC now has over 12,000 entries. The results of the competition are published on the International Wine Challenge website in May, in trade bi-weekly magazine Harpers Wine & Spirit Trade Review and the World's Best Wines Guide iPhone App.

The competition takes place over two weeks. Groups of eight to twelve wines of the same style are tasted and scored by tables of 4 or 5 judges. There are over 400 judges. Each year, the achievements of the top medal winners, and the leading wine merchants, are publicly rewarded at the International Wine Challenge Awards Dinner. On 7th of May, 2014, 32 Georgian wines received awards of International Wine Challenge (IWC), including one gold and two silver awards. The results of annual IWC competition were announced recently in London. The IWC gold was awarded to Marani Mukuzani 2012, produced by Telavi Wine Cellar. Congratulations! Georgia made an excellent progress this year compared to the previous years' results, doubling the total number of awards, and winning more top awards including the gold. In 2013 and 2012 Georgia won 15 and 12 IWC awards respectively. Every wine is assessed independently of its price; "great value for money" awards are made after the wine has been judged for quality.

Hong kong International wine and spirit competition:

Georgia won 41 awards in the 2012's cathay pacif-



ic Hong kong international wine and spirit competition. Run in partnership with the London-based international wine and spirit, which has been running for 40 years and is the world's premier platform for recognizing quality in the industry. There are 9 silver prizes awarded to Georgian wines.

Findings

At the Exhibition, it was indicated that Georgian wine has prominent history and very high quality as a result specialists were very pleased. The success recorded by most wine companies in Georgia can be attributed to the following:

1. Increased production of wine and export to many countries
2. Export yields revenue for more land and factories to be established
3. Good management
4. Wine has quality and good taste

CONCLUSION AND RECOMMENDATION

On the basis of analysis of the materials regarding wine history, traditions, modern requirements, various competitions and exhibitions we can say that:

- Georgian wine has quality and good taste
- Georgian wine has a crucial niche in the world wine industry

As the **recommendations** it is necessary to indicate that:

1. Georgian Government should build strong ties with Russia.
2. Georgian Government should give incentives to foreign investors wishing to invest in the wine sector, by so doing more investors will be attracted to the country leading to the establishment of more wine companies.
3. Furthermore a quality control system should be put in place which will ensure that the Wine companies are complying with the standards for producing wine.

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ANALYSIS OF KEY SUCCESS FACTORS FOR THE WINE INDUSTRY OF GEORGIA

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Summary

The article tries to analyze the key success factors that were responsible for the success of the wine industries in Georgia. There is shown that Georgia is not only the oldest winemaking nation in the world but Georgia's spirit is in the grape. Archeological findings, which include material evidence of 8,000-year-old grape stones inside many antique clay vessels confirm that Georgia is the birthplace of wine that is confirmed also according to a number of the world's competent experts. The mention of the ancient traditions of vine growing and high quality wine growing in Georgia (or Colchis and Iberia, as it was known in ancient times) can be found in the works of Homer and Apollonius of Rhodes. Even the unique Georgian alphabet is modeled after the shape of the vine's curly offshoots. Wine is part of Georgian heritage including architecture, poetry, and songs, and is associated with celebrations, holidays, rituals and most importantly with Georgia's religion the Christian Orthodox Church. Wine held a central part of pre-Christian pagan celebrations and henceforth with the conversion to Christianity that took place in the early 4th C. AD. According to

tradition, when St. Nino introduced Christianity in Georgia, she preached bearing a cross made from vine wood and bound with her own hair. Keeping wine as a sacred part of the sacraments was easily understood and is partially why most of the architectural monuments and Christian icons include vine motifs. Winemaking as an academic course was taught here as early as the 8th and 9th centuries. This included a number of schools and academies including the Ikhalto Academy where viniculture and winemaking were major fields of study. But today wine industry of Georgia has some certain problems. Wine is one of the most important exports of Georgia and so this study will identify and highlight the key success factors for the Georgian wine industry. Furthermore this study is aimed at explaining why the Georgian wine industry is successful. There are analysis of these problems and recommendations in order to avoid or mitigate them.

Key words: Georgia; Wine; Grape; Oldest wine-making nation; Georgia's spirit; Archeological findings; Key success factors.