

## STUDIES ON COMMUNICATION POLICY AT SC ALCOVIN, TULCEA

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### Abstract

In order to be able to adapt to the new challenges on the wine market, the success of a company depends on knowing and adopting key elements of a communication policy anchored in a strategic marketing process. This paperwork combines theoretical and practical elements, the case study being conducted at SC Alcovin Macin, Tulcea. The definition of marketing communication within the marketing field, is that this concept represents “a strategic process used to plan, develop, execute and evaluate, over time, coordinated, measurable brand communication programs and persuasive, consumer-oriented, prospectus and other relevant target segments, internal and external”. There are four stages in the development of marketing communication. The entire marketing policy should support brand awareness and contribute to the positive feeling towards it. The team of authors of this paperwork tried to describe and analyze the elements of the communication policy (financial and promotional) used in general on the wine market and also in particular within SC Alcovin SRL. We consider that the communication policy approached in a wine entity such as the one from our case study, can influence the behavior of the target audience. The pillars will be based on well-defined objectives as well as correctly established and communicated financial resources. In the context of globalization, the increase of competition on the wine market determines the establishment and use of a communication policy based on the most solid, efficient, innovative and high-performance strategic techniques. A good communication policy will take into account the 6 key points presented in the paper. We expect that within the future researches we will be able to extend the study to two wineries, one in Iasi County and the other in the Republic of Moldova.

**Key words:** communication policy, marketing, strategies, promotion techniques, performance

Many authors have focused on existing communication policies in companies, focusing on financial and promotional communication. Financial communication has the role of increasing the company's notoriety and credibility to attract potential investors (Bruin R., 1999). Financial communication is based on both transparency and credibility. Financial communication does not only refer to financial data, but also has a specific role in building the company's image, reputation and trust. In this context, a special interest was given to the role of financial communication, especially on financial reporting and permanent concern for the public image of the entity that has become an increasingly important element and for companies that have so far not paid due attention to this issue. According to Durand, accounting information is considered to be a means of communication that has a message and a code, in which the recipient must be able to decode the message. The importance of the annual financial statements, of its functions, of

the sources underlying the useful information for their elaboration, establish their elaboration for certain purposes, in certain periods (Avram A. *et al*, 2017).

According to Don Schultz, integrated marketing communication is a new way of looking at the whole, where before we only saw parts like advertising, public relations, sales promotion, purchasing, communication with employees and so on (Percy and Larry, 2008). The goal of integrated marketing communication is to directly influence or affect the behavior of selected communication audiences. The process of integrated marketing communication begins with the client or prospect and then continues with determining and defining the forms and methods by which persuasive communication programs should be developed. In 2003, Philip Kotler (Edmiston-Strasser Dawn M., 2009), defined integrated marketing communication as “a way of looking at the whole process, from the customer's point of view”. The definition given by

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Schultz & Schultz, in 2004, of integrated marketing communication is that this concept is “a strategic process used to plan, over time, coordinated, measurable and persuasive brand communication programs aimed at consumers, prospects and other relevant target segments, internal and external”. Schultz & Schultz also support the idea that there are four stages in the development of integrated marketing communication (Ignat G. *et al.*, 2019):

1. The first stage is the starting point of integrated marketing communication for most organizations and reflects the tactical coordination of marketing communication. At this stage, integrated marketing communication requires extensive and cross-functional interpersonal communication within the organization, between departments, and with external partners.

2. The second stage is to redefine the purpose of marketing communication. At this point, the most important issue is whether organizations gather detailed information about their customers and apply them in planning, developing, and evaluating communication initiatives. Therefore, marketing research, primary and secondary data sources, as well as customer feedback are important.

3. The third stage considers how an organization uses technological knowledge to support marketing communication efforts. Companies at this stage are implementing technologies to facilitate internal and external communication, market research and better data management.

4. The fourth stage is represented by strategic integration, which means the peak of integrated marketing communication. However, there are very few organizations that have reached this stage. Strategic integration requires visible and active support from the leader. The marketing communication team must be empowered to capture both internal and external audiences (Ferrel O.C., and Hartline M. D., 2008).

## MATERIAL AND METHOD

The case study was done at S.C. Alcovin S.R.L. Măcin, under mixed Romanian-Belarusian shareholding, which was established in 2002, having as main object of activity the production of refined ethyl alcohol for fermentation from cereals, the production of alcoholic beverages, the production of grape wines, their bottling and marketing. To improve quality laboratory technique was purchased that allows severe control of wines in order to be competitive on the domestic and international market. The raw material for wine production comes from its own vineyards located in the Sarica Niculițel vineyard area, respectively 148.54 hectares, to which are added grapes

purchased from the Babadag vineyard. With an annual production, in a good year, of approximately 20,000 hectoliters, Alcovin owns two wine brands, Santa Crama (Economic range) and Curtea Regală, Royal Court (Premium range), producing wines such as: Fetească Regală, Merlot, Riesling Italian, Aligote, Sauvignon Blanc, Muscat Ottonel or Pinot Noir. The Royal Court brand includes the company's most representative wines, which have won numerous gold and silver medals at various national and international competitions, and include only white wines. Wine production is marketed both domestically and abroad, already having contracts in Poland, Belarus, Cyprus and the United States, and negotiations are underway with a Russian company to enter this market as well. The company delivers both bottled and bulk wine for export. Regarding the local market, the Alcovin company is present especially in the neighboring counties: Brăila, Galați, Constanța; but it is also present in Bucharest, the company already joining the Auchan network. Alcovin owns two wine brands:

1. Santa Crama (this represents the Economic range) with the wines: Aligote, Riesling, Fetească Regală, Sauvignon Blanc, Muscat Ottonel, Roze, Merlot, Pinot Noir;

Royal Court (this is the Premium range), with high quality wines: Aligote, Muscat Ottonel Dry, Fetească Regală, Sauvignon Blanc, Muscat Ottonel demi-sweet.

## RESULTS AND DISCUSSIONS

Performance and success have now become the motivation of any economic entity trying to meet the demands of the market economy. The competition requires taking into account, first of all, the economic-financial dimensions of the entities activity and therefore an essential role belongs to the analysis of the economic-financial performances. (Ignat G. *et al.*, 2018). This analysis allows the elaboration of judgments and the assessment of the results, of their correlation with the financial structure and its solvency, based on the “rationalization of the study of economic and accounting data” of the entity. Mastering the financial problems of an economic entity and choosing the path to follow for the business, ensuring its development in the economic environment, inclusion in the social and cultural environment of the period of time.

We consider that within the wine companies the elements of the communication policy are very important. The main functions of the management planning, organization, resources, management and control, cannot be fulfilled without a good and efficient communication. From this point of view, the financial communication policy has a strong role in the architecture of the image, reputation and trust of the viticultural entity.

The communication policy must take into account both the communication oriented towards the market and the one directed towards the inside of the company (Ignat G., 2019).

According to Hall and Mitchell, in the wine industry we can talk about the 8 P's, namely: Product, Placement, Price, Promotion, Package, Personnel, Planning and Positioning (figure 1).



Figure 1 The 8 P's in wine industry marketing

The communication with shareholders is done through annual reports and by convening them in annual general meetings. As the company does not have a public relations department, the annual report is prepared by the economic director together with the financial advisers. The data contained in the report are presented clearly, at a level accessible to shareholders, focusing on what is most important for investors (Ignat G. and Bivol T., 2018). The role of those who prepare the report is to present the company's situation in an honest way, regardless of whether the aspects are positive or negative. The information contained in the annual report refers to:

- The road that the company has traveled so far, from the technological endowments, production etc point of view;
- Past and present financial situation of the company;
- The financial needs of the company;
- Measures to reduce losses, if necessary;
- The perspectives of the Alcovin company on the wine market.

Our case of study was conducted at Alcovin LLC, a company that must focus on the marketing mix that can guide management to create a vision for the development of wine varieties and their promotion on the market.

We considered that the starting point should be the financial communication based on the economic and financial analysis of the company

(figure 2). The patrimonial structures of the company were analyzed in order to establish and follow the trajectory of the weight of the different patrimonial elements of assets and liabilities in the analysis of the structure of the company's assets, the most important rates were taken into account.

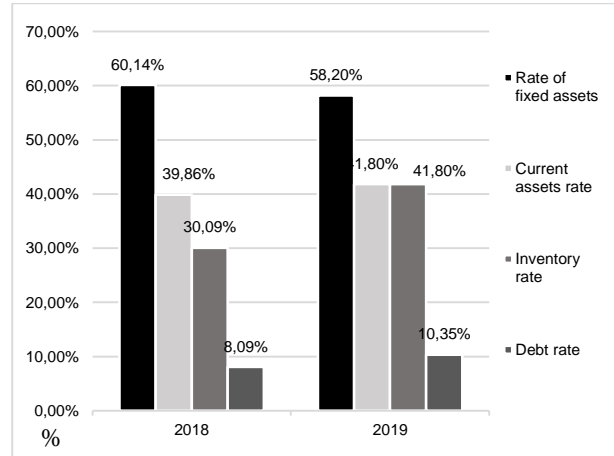


Figure 2 Structure rates of company assets

In the analysis of the structure of financing sources (figure 3), we analyzed the global autonomy rate, the total debt rate and the share capital rate.

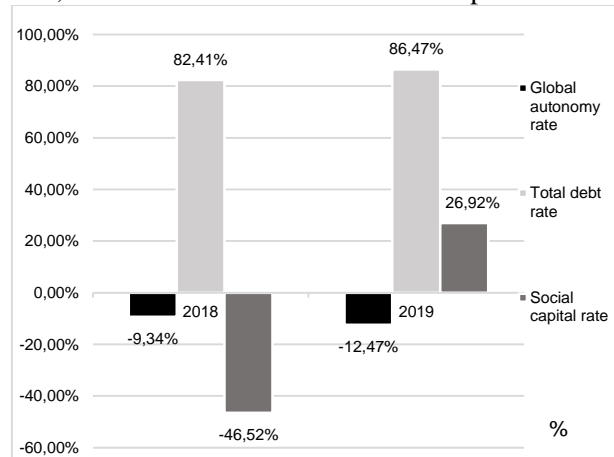


Figure 3 The rates of the financial structure of the company

Analysis of management indicators consists in Total asset turnover, fixed assets turnover, current assets turnover (figure 4).

Regarding the promotional communication policy within the Alcovin company, the internal public is represented by employees and shareholders. Although the company is small and the public relations techniques are still in the primary phase, their role in terms of internal communication is to create a climate of trust between managers and employees, and to strengthen the sense of belonging of employees. the company's culture.

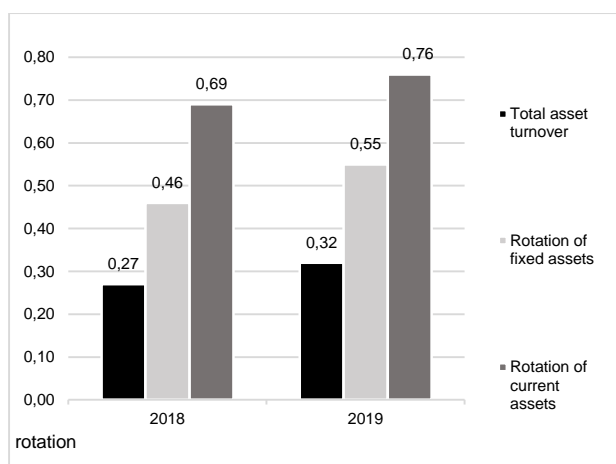


Figure 4 Rotation of company assets

The communication among the employees, at Alcovin, is done both through “face to face” dialogues, and through some email addresses, created in the account [www.alcovin.ro](http://www.alcovin.ro). In this way, the free circulation of information within the company is ensured, so that any employee is up to date with all the news regarding his workplace. Also, when new products are made and launched, meetings are organized in order for all company employees to be well informed about the product, to know its qualitative details. These meetings provide some transparency and closeness between the company's managers and the rest of the employees.

Speaking of the wine sector, the engineers in the Vinification department who have a thorough knowledge of the manufacture of wines and how they can be consumed, offer other employees real training lessons, which stimulates their feeling for the company and its products, because they feel involved in any action related to Alcovin.

The techniques related to public relations in external communication are important for the Alcovin company, for creating and maintaining a favorable image and a climate of trust between the company and the company of which it is part. Alcovin comes into direct contact with various audiences, and communicates differently with each of them. Thus, the external public of the company consists of: customers, suppliers, financial institutions, public opinion, public power and professional associations. The most important segment for Alcovin are the customers, as their satisfaction or dissatisfaction can greatly influence the company's image. The ways of communicating with the final consumers are diverse, but all aim to provide information about the production and distribution process of Alcovin products, as well as the presentation of the offer. The public relations techniques that Alcovin uses in communicating with customers are: on some certain events, brochures are offered with the company's offer, flyers with the presentation of the Dobrogea Winery

and Terente's Cellar, as well as wine consumer guides that include details on how to consume certain wines, depending on the time of day, and consumed food. The purpose of these ways of communicating with customers is to stimulate the feeling of trust in the company and in the quality of its products.

Regarding the communication with the suppliers of Alcovin, it consists only in providing information about the new products or about the possible qualitative changes of the already existing ones, in order for the suppliers to adapt their offer to the new requirements of the manufacturer. Over time, Alcovin has developed excellent communication relationships with its suppliers by constantly informing them, most often by phone or email, about changes in the company.

Communication with financial institutions is another important aspect for Alcovin, as banks are the ones who can make assessments about the financial strength and prospects of the company. Another segment of the public that has a certain importance for Alcovin is public opinion. Communication techniques with this are essential, because public opinion can influence the company's image, strengthen it or destroy the trust that society is trying to promote. Thus, representatives of Alcovin company have cultivated over time close relations with the local press, in order to provide interviews and launch news in which are presented the company's activities related to participation in national or international competitions in the field of wines, launching new products, the company's involvement in the social life of the local community. In a field as competitive as wine, the mere use of public relations is no longer an effective solution to make the company and its products known, especially given that it is small. Therefore, it is necessary to communicate in several ways, to promote the company and to make its products more attractive among the target segments.

The objectives that Alcovin will have to pursue by integrating, together with his public relations, advertising, sales promotion and direct marketing, can be both qualitative and quantitative, and these are:

- Promoting the image of the company and its products, regionally and nationally;
- Awareness of the market existence of the Royal Court brand from Alcovin;
- Transmitting various target segments of a message that will have the same central idea, regardless of the chosen path of communication;
- Attracting the interest of the target segments;
- Increasing the purchase intention;

- Creating favorable attitudes towards the company;
- The possibility to increase the sales markets;
- Generating sales.

Another technique that could be used by Alcovin is the immediate reduction of the price. This consists of mentioning the level of the price reduction on the label. It is proposed that the reduction that the company will practice be 20% for the white wines of the Royal Court brand, because they are more expensive, and this reduction will be able to attract those who want a fine and quality wine, but are not willing, however, to pay a too high a price. This price reduction could be practiced by the company, during the periods of the year when fish is most consumed, so that consumers can afford to buy a bottle of white wine to serve with fish dishes. Also, another period in which this price reduction could be practiced could be when wine consumption is very low (usually in the summer months), in order to maintain sales at a normal level of efficiency. This sales promotion technique will have to be carried out for a short period of time, of a maximum of one month, so that the company's image is not affected.

The starting point in a direct marketing action is the creation, maintenance and development of a database with existing and potential customers. This offers Alcovin many advantages, such as the ability to customize the message to be transmitted, as well as adapting it to the requirements of each customer, the ability to build a lasting relationship with each customer.

Alcovin already has a database with its organizational customers, representing mainly restaurants and catering companies. In communicating with these customers, the company will use e-mail, through which it will send in a first phase a catalog with the company's products, after the launch of the third brand, "Pelegrin", along with an invitation to taste new wines. Subsequently, the various offers that the company will propose to these customers will be sent by e-mail, which can take the form of discounts for the purchase of a certain quantity of white wines produced by Alcovin.

Another category of customers that will be considered by Alcovin for direct marketing actions are individual customers. Currently, the company does not have a database with them, but following the organization of the promotional game proposed above, it will be possible to create such a database. In communicating with these customers will use both traditional and electronic mail, depending on the personal data provided by the participant in the game.

The company should take into account 6 categories of wine consumers, according to a study conducted in America, namely:

- The enthusiastic consumer;
- The loyal consumer;
- Consumer influenced by price;
- New consumer;
- The consumer of the image;
- The overwhelmed consumer.

## CONCLUSIONS

Although integrated marketing communication will be in its first stage of development, it will have the following implications for Alcovin:

- The company will be able to promote its message among the target segments through several means, having a better media coverage than if it had chosen a single technique in the marketing communication process. Thus, using advertising, public relations, sales promotion and direct marketing, as a whole, a certain coherence is ensured in conveying the message of the promotion campaign.
- From a cost perspective, they will increase due to spending on advertising, public relations, sales promotion and direct marketing, but the financial results are expected to have a positive long-term trend, especially if the objectives of the promotion campaign are met. Thus, there will be expenses with the advertising creation, with the printing of the promotional materials, with the modification of the bottle labels in the sales promotion actions, with the preparation of the stands in order to participate in specialized salons, as well as with the organization of Alcovin days.
- From the point of view of human resources, no new hires will be needed, as most of the activities will be performed by the marketing department. Only for communication with the help of advertising, through radio spots and prints in the written press, it will be necessary to contact an advertising agency. Alcovin has already signed a contract with such an agency, but it only specializes in making prints and banners. Therefore, they will need to request an advertising agency that also includes advertising creation services.
- Bringing together in the form of a campaign the actions of advertising, public relations, sales promotion and direct marketing, Alcovin ensures an efficient, coherent and unitary communication with both individual and

organizational customers, thus achieving a better achievement of the target segments.

- The use of radio advertising and the written press, as well as the drafting by the company of some press releases, ensure a good media coverage, thus making known the message of the campaign in the Dobrogea area.
- Another implication that this integrated communication campaign will have on the company is that the actions taken will stimulate consumers' interest in the Alcovin company, while also creating a positive image.

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