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*Promoting the Black Sea region as a
wine tourism destination*

TheSeaOfWine

Promoting the Black Sea region as a wine tourism destination

BSB-1034

report on

Sustainability Plan

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Contents

| | |
|---|----|
| List of Abbreviations | 3 |
| Introduction to the Project | 4 |
| Sustainability at its essence | 5 |
| Wine Routes and Storytelling. Is sustainable consumption really about the wine? | 8 |
| Key informant interviews..... | 10 |
| ICT platform and SWOT analysis | 11 |
| Project’s financial sustainability..... | 14 |
| Scale-up Opportunities & Transferability | 16 |
| ANNEX | 18 |

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wine tourism destination*

List of Abbreviations

BSB – Black Sea Basin

CBC – Cross-border communication

ICARE – International Center for Agribusiness Research and Education

ICT – Information and communication technology

SWOT – strengths, weaknesses, opportunities, threats

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Introduction to the Project

TheSeaOfWine BSB-1034 (hereunder: Project) is operating within the overall Programme Priority to “Jointly promote business and entrepreneurship in the tourism and cultural sectors”. The aim of the Project is promoting and positioning on the global map the Black Sea region as a wine tourism destination. The Project identifies the Black Sea area as the Historic World of Wine. In the wine and wine tourism sector this term is not commonly recognized and the Project intended to promote the wine tourism destinations of the partner countries (Armenia, Georgia, Greece, and Ukraine). According to the initially defined background information, the viticulture, winemaking and trade of wine in the Black Sea region has been taking place for many years and even tracing back to thousands of years. With its diverse terroir and multiplicity of climate zones, the Black Sea region is a home for hundreds of autochthonous grape varieties. Despite the great selection of local grape varieties, only a small portion of those varieties are nowadays used in commercial winemaking and even fewer are known to a global consumer. Moreover, there is a substantial common cultural heritage in grape growing, winemaking, and especially intermingled wine trade routes. This uniqueness of the region is presented to world consumers only with scarce portions. The potential, however, seems to reveal and explore the potential and opens a great opportunity for integrated promotion of the Black Sea region as an important destination for wine tourism.

TheSeaOfWine project teams jointly developed cross-country wine tourism routes, which are a conglomeration of country-level wine routes. The routes’ development followed in-depth baseline research and wine route members’ database development. The research study analyzed the baseline situation in the wine and tourism sector among the partner countries. The report aimed to reveal the each partner country's tourism sector overview and to study projects or cooperative initiatives that have been implemented by EU or other source-funded assistance targeted to local and regional tourism development and social entrepreneurship in EU and particularly in the Black Sea region, to capitalize upon good practices and lessons learned from these projects or initiatives, to identify their main challenges and to detect opportunities that

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will yield in effective and efficient outcome of TheSeaOfWine project's activities for the Black Sea partner countries. To provide a good impulse and a kick-start, the research study also covered analysis of the Project-related initiatives conducted at the moment of the study in the partner countries. The Project also developed a number of other outputs and implemented a number of activities, among which were: development of the database of the wine route participants, elaboration of country-level thematic wine routes, organization of wine-related events of various formats, development of a joint label. This report will refer to sustainability aspects of the overall project as a whole, as well as touch upon sustainability challenges and opportunities of specific deliverables.

Sustainability at its essence

The term "sustainability" has become somewhat fashionable among the academic literature in the part decades, yet its essence has been long discussed. Sustainability touched upon multiple disciplines and subjects, ranging from environmental aspects to agricultural production or organizational management practices. The most commonly used definition for the term sustainability is "...meeting own needs without compromising the ability of future generations to meet their own needs". Yet this definition may sound more or less environmentally-oriented and may not fully cover the aspects of sustainability discussed in this report. In addition to natural resources, we also need social and economic resources. Sustainability is not just environmentalism. Embedded in most definitions of sustainability we also find concerns for social equity and economic development. Sustainability, among many scholars, is often discussed as part of ability of organizations or even specific projects to adjust and respond to changes in the economic and social environment. Innovation and organizational change are key aspects which are discussed along with sustainability topic. In the context of globalization and dynamic changes in the external environment, companies struggle to cope with market developments and ensure sustainable operations. The established approaches of organizational change and how firms shape and implement their development strategies are challenged by the speed the market environment is modifying. Firms operating in transition economies (similar to Black Sea Basin

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organizations being partners of this Project) with limited complexity of business models on one side and with lack of managerial skills and knowledge on the other side, accentuate on operational level activities and tasks, often missing the sense of strategic development. The efficient change management requires consolidation of efforts and resources to provide a strategy-level perspective to organizations. Organizational change is taking place as a reactive or proactive measure to adjust firms to their existing or forthcoming external environments. According to Posma & Kok (1999), a comprehensive analysis and understanding of an organization will need to be conducted before change approach is applied. Paul Evans (2000) is viewing change as an uneasy task which modern managers have to tackle with, and view the change practice more through the prism of finding the right balance of solution. Kotter (1995) is referring to analysis of a number of major multinational companies in which the change was referring to modification in a large array of aspects, including quality management, re-engineering, and event cultural change. The change was initiated to cope with dynamic changes in the external environment. Kotter (1995) also describing that the change is coming from inside the firm, covering internal processes and resource base, and first requires in-depth analysis of operations.

Getting back to the principles of sustainability, there are a number of models, also grouped and described by Chua (2021), which structure the change management and then the organizational strategy development process. One of them is the Edward Deming's model which implies "...PDSA Cycle (Plan-Do-Study-Act) is a systematic process for gaining valuable learning and knowledge for the continual improvement of a product, process, or service." Deming emphasized the importance of the S=Study stage as an important part of analyzing the actual results versus what has been initially planned. In economics, however, probably the most commonly used approach in defining the change management process is through Kurt Lewin's model which is breaking up the process into three main stages of: (1) unfreezing, (2) change, (3) refreezing, Lewin (1947). Work with firm's human resources is a key aspect of organizational change Cameron (2009). While Lewin's model has become the most common approach to describe the change management approach, it was developed prior to digitization era when the environmental

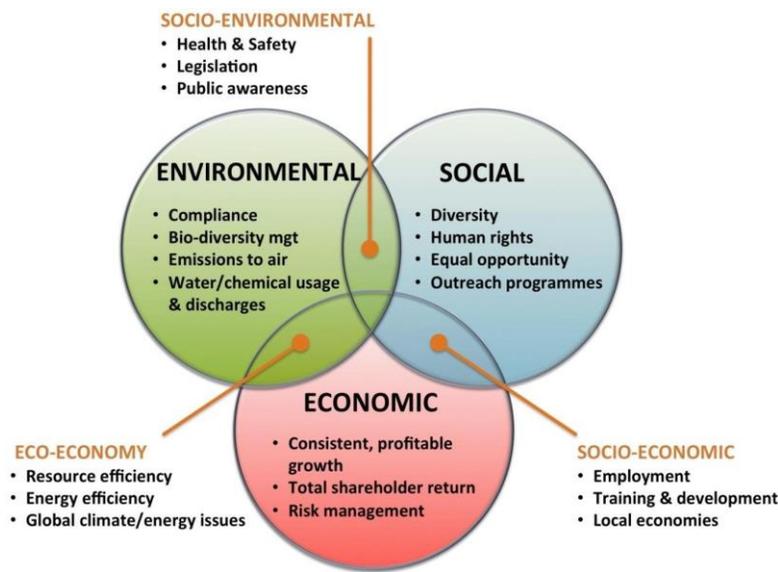
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wine tourism destination*

changes were not as fast and the globalization was not as widespread. The firms operating nowadays in transition countries are facing global competition due to digitization and globalization, however experiencing lack of resources and managerial experience. The standard approaches may turn out to be too slow and bulky for them and eventually push the firms out of business. The scholars are often focusing on change management and organizational development in models operating in stable market economies, where the market-driven management practices have been polished up for decades. The diagram below shows how these three pillars add value to global, sustainable societies. In addition, the areas of overlap, such as socio-environmental, socio-economic, and eco-economic also create further opportunities for sustainable development.

FIGURE I: Three Pillars of Sustainability



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The concept of sustainability is often viewed as a derivative of three main pillars of Environmental, Social, and Economic sustainability. Environmental Sustainability (indirect connections with TheSeaofWine project). Ecological integrity is maintained, all of earth's environmental systems are kept in balance while natural resources within them are consumed by humans at a rate where they are able to replenish themselves. Economic Sustainability (direct connection with TheSeaofWine project). Human communities across the globe are able to maintain their independence and have access to the resources that they require, financial and other, to meet their needs. Economic systems are intact and activities are available to everyone, such as secure sources of livelihood. Social Sustainability (indirect connections with TheSeaofWine project). Universal human rights and basic necessities are attainable by all people, who have access to enough resources in order to keep their families and communities healthy and secure. Healthy communities have just leaders who ensure personal, labor and cultural rights are respected and all people are protected from discrimination. To extrapolate the concept of sustainability, the term sustainable development, balances development with traditional notions of growth, and includes environmental and social issues into economic development. These three pillars—environmental, social, and economic—serve as guiding principles for long-term global or organizational development. This can also be applied to specific project cases, including TheSeaofWine project and its components and deliverables, especially when it concerns the economic sustainability aspects.

Wine Routes and Storytelling. Is sustainable consumption really about the wine?

As an overarching goal of the Project is **“Promoting the Black Sea region as a wine tourism destination.”** This overarching goal presumes that there should be factors beyond the wine itself which can attract tourists to specific destinations. The factors can be of wide multitude: storytelling, history, new exploration and discovery, etc. What can motivate consumers and travelers visit specific destinations is about the choice and its architecture. The “Architecture of Choice” is a term that was discussed by Thaler and Sunstein, 2008, which refers to influencing

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choice of people by changing the manner and circumstances in which the options are presented. In wine sector, globalization of trade has brought together wines and consumers which are distant by continents. Availability of selection through multiple sales channels is diverse. Wine brands compete at levels extending far beyond the wine quality and price. Storytelling, country- and regional level image, as well as presentation have become vital parts of wine marketing. Wine shoppers make choice decisions based on wine itself, the price, shopping ambiance, specific occasion, storytelling, country affiliation of wines, packaging, and probably a number of other ad-hoc stimuluses. Many choices, however, are made poorly which the authors explain to account for distraction factors and biases. The wrong decisions certainly go beyond wine shopping habits, and can make people poorer or less healthy. Thaler and Sunstein 2008 show that “...by knowing how people think, we can design choice environments that make it easier for people to choose what is best for themselves, their families, and their society. Using colorful examples from the most important aspects of life.”

In case of wine, the price and quality mix proposition certainly remain a main factor in shaping shopping habits, at least in the mass market. Price is often perceived as a reflection of quality and is anchored to expected characteristics of products or services. According to Tversky & Kahneman 1974, “anchoring” is a claim that initial exposure to a number serves as a reference point and influences subsequent judgments about value. The process usually occurs without our awareness. This effect has been researched in many contexts, including probability estimates, legal judgments, forecasting and purchasing decisions (Furnham & Boo, 2011).

Whether factors unrelated to wine’s price-quality proposition mix can substantially impact the consumer behavior, and moreover, result not only in single-time purchases but create loyal and repeating customers, is a topic that should be further researched. A very narrow example of non-price/quality factors could be storytelling or other commitment towards specific wine brands. For example, when the author was discussing with a focus group of wine consumers among American-Armenians about their wine consumption habits, the majority claimed that for their home consumption they repeatedly bought Armenian wines in order to support the economy of

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Promoting the Black Sea region as a wine tourism destination

the country of their decent – Armenia. This was happening even if other wines of similar quality category were cheaper. From the classical economics price/quality point of view, the choice of this focus group was irrational. However, the same focus group used to make more rational decisions when visiting a restaurant within a group of diverse nationalities. Another example comes from countries which fall within a region more commonly named a Historic World of Wine in South Caucasus and the surrounding geographic areas. According to Keushguerian & Ghaplanyan, in 2007 teams of archaeologists discovered the oldest known winery in a cave in Areni – a wine region of Armenia – Armenian winemaking was in a nascent stage. Arguably this significant historic discovery gave a much-needed boost to Armenian winemaking – as now the country's wine producers could tell a compelling story.

A very similar story is proposed by a neighboring wine producing country – Georgia, which equally claims to be the birthplace of wine. Winemakers and national promotional agencies from both countries spend substantial financial resources to position their countries as “the oldest winemaking state” in international markets. It is, however, questioned by the author, whether this marketing proposition can merely act as a one-time purchase stimulus, or this storytelling can convert ad-hoc customers to loyal ones. Whether these one-time customers would favor wines with a splendid story and to what extent they would sacrifice classical price/quality proposition mix is one of the research questions of this study.

Key informant interviews

The project team conducted key informant interviews with project stakeholders which can be possibly be associated in developing sustainable operational models for the post-project period. In this context, the scope of stakeholders was covering: NGOs and project implementing institutions, donor organizations, public agencies related to wine and tourism. The main goal of the interviews was to identify the post-project opinion regarding the sustainability options for the project and assess the results versus cost impact on the sustainability. The key informants were asked to provide qualitative-level responses about the project role and impact, as well as provide scores of 1-to-10 to questions which can be grouped into the following categories:

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- **Category 1:** What is the cost impact of continuing specific project activities/actions in post project period?
- **Category 2:** What is the sustainability impact of ensuring continuity of specific project results?

The results of the scoring have been cross tabulated per the results of the project according to the work plan, and presented in the next section of this report. The cross-tabulated results have then been rearranged to deliver intervention priorities as a derivative of cost versus sustainability aspects.

ICT platform and SWOT analysis

While the Project produced a number of deliverables and completed the planned activities accordingly, the culmination of the Project was development of the cross-border platform for the thematic wine routes. The web platform can be accessed at <https://seaofwine.travel/>. Links and references to the web platform are provided in various visibility materials produced by project partner teams, as well as country-level public media. The project also produced a dedicated Facebook page at: <https://www.facebook.com/seaofwine> In broader sense the main results of the Project can be grouped as follows:

1. **(RESULT 1).** Through the Project, the Black Sea region has been promoted as a wine tourism destination through elaboration of thematic wine routes country-level wine routes' conglomerated into The Black Sea Wine Route through an ICT platform.
2. **(RESULT 2).** The companies operating in wine and tourism sector developed common skills and common professional expertise in marketing and promoting wine tourism products.
3. **(RESULT 3).** The Project developed and implemented formats of 2 wine tourism events "Let's Talk About Wine" and "Wines of The Black Sea" are developed and these events are conducted.

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wine tourism destination*

4. **(RESULT 4)**. The Project developed common label "The Black Sea Wine Glass Member" developed which will help promote cross-border business opportunities by making wine tourism product offers more comprehensible and comparable.

Table 1. Project Results vs Cost and Sustainability Impact

| Result categories | Cost Impact | Sustainability Impact |
|-------------------|------------------|-----------------------|
| (RESULT 1) | Medium (score 7) | High (10) |
| (RESULT 2) | Medium (score 6) | Medium (score 7) |
| (RESULT 3) | High (score 8) | Medium (score 7) |
| (RESULT 4) | Low (score 4) | Medium (score 6) |

Table 2. Post-Project Intervention Priorities

| Result categories | Intervention priority level (1>4, high-to-low) |
|-------------------|--|
| (RESULT 1) | 1 (average score: 8.5) |
| (RESULT 2) | 3 (average score: 6.5) |
| (RESULT 3) | 2 (average score: 7.5) |
| (RESULT 4) | 4 (average score: 5.0) |

Regarding the Result 1 of the project, i.e., the web platform, the key informants were asked to present their assessment in the format of SWOT analysis. More specifically, prior to the key informant interviews, the respondents were provided with the link to the web platform and were asked to test and assess in advance the functionality of the platform. During the meetings and

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wine tourism destination*

actual interviews, the key informants provided their qualitative answers based on which the SWOT tabulation was developed.

| | |
|--|---|
| <p style="text-align: center;">STRENGTHS</p> <ul style="list-style-type: none"> - Country-level thematic wine routes - User-friendly platform easy to use - Nice visualizations - Good functionality - Excellent content enriched not only with wineries but also other travel sites | <p style="text-align: center;">OPPORTUNITIES</p> <ul style="list-style-type: none"> - Expanding and engaging new partner countries in the Black Sea region - Adding functionality to more actively engage booking mechanisms with travel agencies and tour operators |
| <p style="text-align: center;">WEAKNESSES</p> <ul style="list-style-type: none"> - Unclear how the travelers can organize their transportation itinerary jointly among partner countries. | <p style="text-align: center;">THRETS</p> <ul style="list-style-type: none"> - Continuation of the instability in Ukraine make the Ukrainian wine routes obsolete (as of end of 2022) - Lack of post-project ownership |

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Project's financial sustainability

According to the initial work plan before the start of the Project, the financial sustainability and scale-up of TheSeaOfWine project after the EU funding is over was planned to be achieved through a number of income-generating activities:

1. The annual process of granting common labels to wine tourism businesses (wineries, HORECA, tour operators and travel agencies). Wine tourism businesses willing to acquire the "Black Sea Wine Glass Member" label was planned to be assessed according to criteria defined by this project. Assessment and label granting assume an indicative 100 euros fee annually, in return to a multiple of promotional benefits on the ICT platform (ratings, stars, etc.).
2. In the scope of the project trainings were planned to be conducted for wine tourism businesses, which were planned to be offered for free when the project ends through the platform to ensure the transferability of knowledge. These trainings were supposed to serve as a basis to develop fee-based training packages and generate income to contribute to sustainability and scale-up of the project.
3. Financial sustainability after the project ends was planned to be achieved by placing secondary ads on the ICT platform, which will not distort the general market competitiveness principle.
4. The "Let's Talk About Wine" and "Wines of The Black Sea" events have a potential to turn into income-generating activities to support project sustainability, as they can assume membership fees.

In general, considering the non-profit nature of the Project, there is a limited opportunity to capitalize upon and commercialize the products and deliverables created by the Project. There are specific cost categories which can be defined as "fixed costs", which must be incurred in post-project period in order to keep the project deliverables "alive". However, there are certainly additional opportunities which can be further explored.

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The Project's technical and knowledge sustainability, as planned, will be ensured through:

1. Established partnership among the TheSeaOfWine project partners during the project time-frame and afterwards, which will be supported by MoUs between institutions.
2. The accumulated pool of project experts who will be in 1 logical team (wine tourism knowledge bearers).

It is agreed among the project partners, that the continuation of the platform existence will be ensured by the Lead Partner of the Project – ICARE Foundation. ICARE will continue covering the costs associated with at least basic level of domain and hosting. Possibly, ICARE will also continue organizing events in the Let's Talk About Wine format.

Founded in 2005, ICARE is an umbrella institution for Agribusiness Teaching Center (ATC), EVN Wine Academy, as well as for agribusiness research and rural development projects. At ICARE we are assured that innovative education is a key factor for prosperity and development. To achieve this, we combine the best practices and the most advanced knowledge in agribusiness education, research, and development.

ICARE is promoting the excellence and leadership in the Agribusiness and related fields through the Agribusiness Teaching Center providing world-class education to the local and international students, who have the strong desire or find their way to be part of a sector, which is currently ranked among the high priorities of the nations all over the world. With its enormous teaching capacity and broad experience, ICARE has extended its boundaries into more specific areas of the agriculture according to the needs of Armenia and the world. In this regard, it has been a while that the foundation has started conducting certificate programs highlighting the role of technologies and modern teaching methods, which are especially vital for this sector. All the long- and short-term teaching programs include the concept of the Sustainable Agriculture and are in line with the UN Sustainable Development Goals (SDGs). The topics and subjects covered by those trainings and courses are but not limited to greenhouse crop production and their

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management, GIS and remote sensing for the agricultural resource management, financial literacy to farmers, the Role of Cooperatives in rural development, Cooperative Management and Principles, Farmers' Markets, Agro processing and agro production and so on.

ICARE conducted numerous analyses including value chains, sustainability of agricultural production in Armenia, market assessment and development for organically grown produce, economic efficiency analysis, project monitoring and evaluations, impacts of the global financial and economic crisis on the agro-food sector, consultancies for improvement of agricultural production and marketing process, calculation of food waste and loss and many others. In addition to strong research team expertise, ICARE has a large and well-prepared network of industry professionals that support research activities; this combination earned a unique niche for ICARE in the agriculture research field. With the extended network of governmental agencies, NGOs and international organizations involved in the field, ICARE team implements any work with a high level of professionalism within the required timeframe.

Scale-up Opportunities & Transferability

Initially, the Project's transferability was planned to be achieved through:

1. Open access to the project information (Black Sea Wine Route, databases of all mapped wine business stakeholders, training materials, etc.) on the ICT platform will be given to the stakeholders.
2. The project will establish the format of "Let's Talk About Wine" event, which can be easily replicated and transferred to other countries of Black Sea region or re-formatted to other similar events.
3. The project will establish the format of "The Wines of Black Sea" wine tasting event, which can be easily replicated and transferred to other countries of Black Sea region or re-formatted to other similar events.
4. The methodology of developing a wine route will be shared on the ICT platform, and this methodology can easily be transferred to other stakeholders.

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5. "Black Sea Wine Glass Member" label will be available for wine -tourism related organizations within the Black Sea region if that organization conforms to the criteria established by this project.

The project has major scale-up opportunities, which can be achieved through:

- Closer cooperation among the project and the public and business sectors to ensure active Public-Private-Partnership (PPP) format,
- Engaging in the platform other countries of the Black Sea Region, including at least Bulgaria, Romania, Moldova,
- Higher focus on gastronomic experiences offered by the businesses in the partner countries, including those not directly related to the wine sector,
- Establishing strategic partnerships and networks with other similar platforms globally and drawing attention of global travelers to the Black Sea Region.

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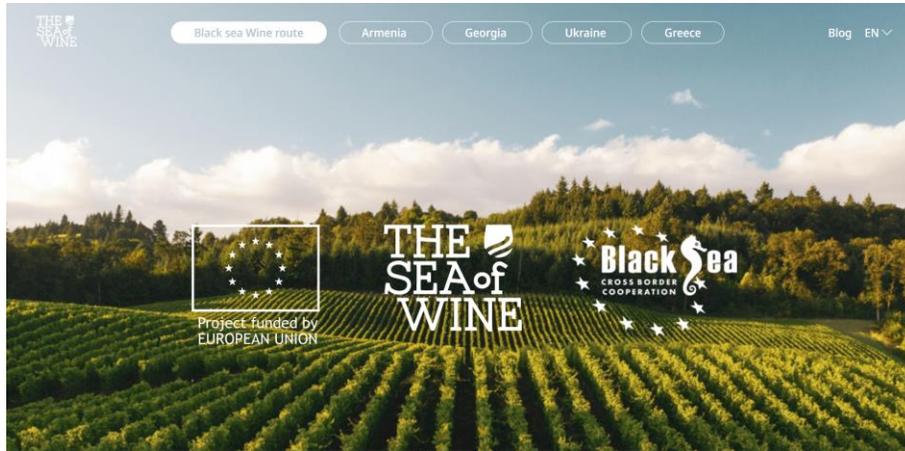
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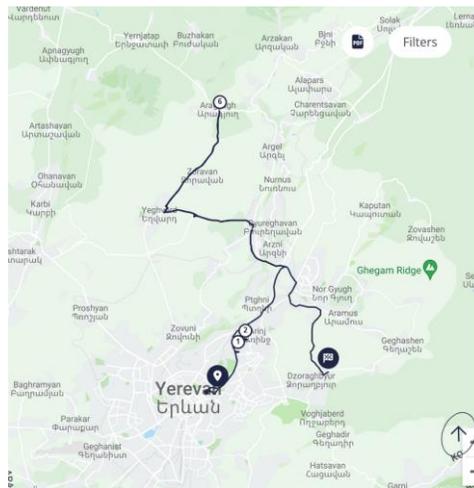
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ANNEX

Picture 1: The web platform's first page



Picture 2: Sample of the thematic wine route. Example of Yerevan wine route



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Picture 3: Example of the travel agencies and operator integrated in the wine route, case of Georgia

Home / Georgia / Travel Agencies & Operators

| | | |
|---|---|---|
|  <p>Advantour Georgia</p> <p>Tbilisi 00995322323000 Tbilisi@advantour.com Go to website</p> |  <p>Exotour</p> <p>Tbilisi 00995599503535 info@exotour.ge Go to website</p> |  <p>Best Georgian Tours</p> <p>Tbilisi 00995570500222 info@bgt.ge Go to website</p> |
|  <p>Discovery</p> <p>Tbilisi 00995322900900 tours@discovery.ge Go to website</p> |  <p>Georgia Insight</p> <p>Tbilisi 00995599012389 info@georgia-insight.eu Go to website</p> |  <p>Check In Travel</p> <p>Tbilisi 00995593172227 nino.g@checkin-travel.com Go to website</p> |

Picture 4: Example of wine-related events integrated into the platform, case of Ukraine

Home / Ukraine / Events

| | | |
|---|--|---|
|  <p>Mulled wine festival 14 February</p> <p>Testing delicious mulled wines according to various authors' recipes. Bright program from theater artists, fun games from our team, incendiary dances,...</p> <p>More details</p> |  <p>Festival of young wine 22-23 August</p> <p>These days Kolonist opens a season of harvesting. You will get a unique opportunity to participate in harvesting, crush the grapes barefoot under Ince...</p> <p>More details</p> |  <p>Cheese and Wine Festival 22-23 August</p> <p>The purpose of this event is to popularize the culture of consumption of products of domestic producers, to increase the popularity of wine and gastro...</p> <p>More details</p> |
|---|--|---|

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Picture 5: Example of wineries integrated into the platform, case of Greece

Home / Greece / Wineries

Rating ▼

Nico Lazaridi

★ 0 (0 reviews)

NICO LAZARIDI is widely recognized as one of the leading Greek wine companies and has contributed to the birth of winemaking in Drama back in 1987. Th...

[More details](#)

Apostolis Vineyard

★ 0 (0 reviews)

Through authentic family hospitality, a "warm" relaxed atmosphere is provided and not just another ordinary tour. The biological family winery since 2...

[More details](#)

Oenogenesis Winery

★ 0 (0 reviews)

Oenogenesis Winery is a state-of-the-art winemaking unit, designed to fulfill two main purposes: - The production of "large" wines with very high stan...

[More details](#)



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