



Proposals for CAP 2013 + and competitiveness of food sector and rural areas

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The competitiveness of the Romanian traditional brands on global/EU market

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Overview

COMPETITIVENESS OF AGRI-FOOD PRODUCTS

- BALANCE OF TRADE
- VARIATION COEFFICIENT (PRICES, COSTS)
- AGRO-FOOD CHAINS

NICHE COMPETITIVENESS

(MGO products, organic products, “**nostalgic products**”)

- ROMANIAN TRADEMARKS IN THE COMMUNIST PERIOD
- TRANSITION OF “COMMUNIST TRADEMARKS” TO THE MARKET ECONOMY
- ROMANIAN BRANDS IN MEDIA AND THEIR IMPACT UPON CONSUMERS

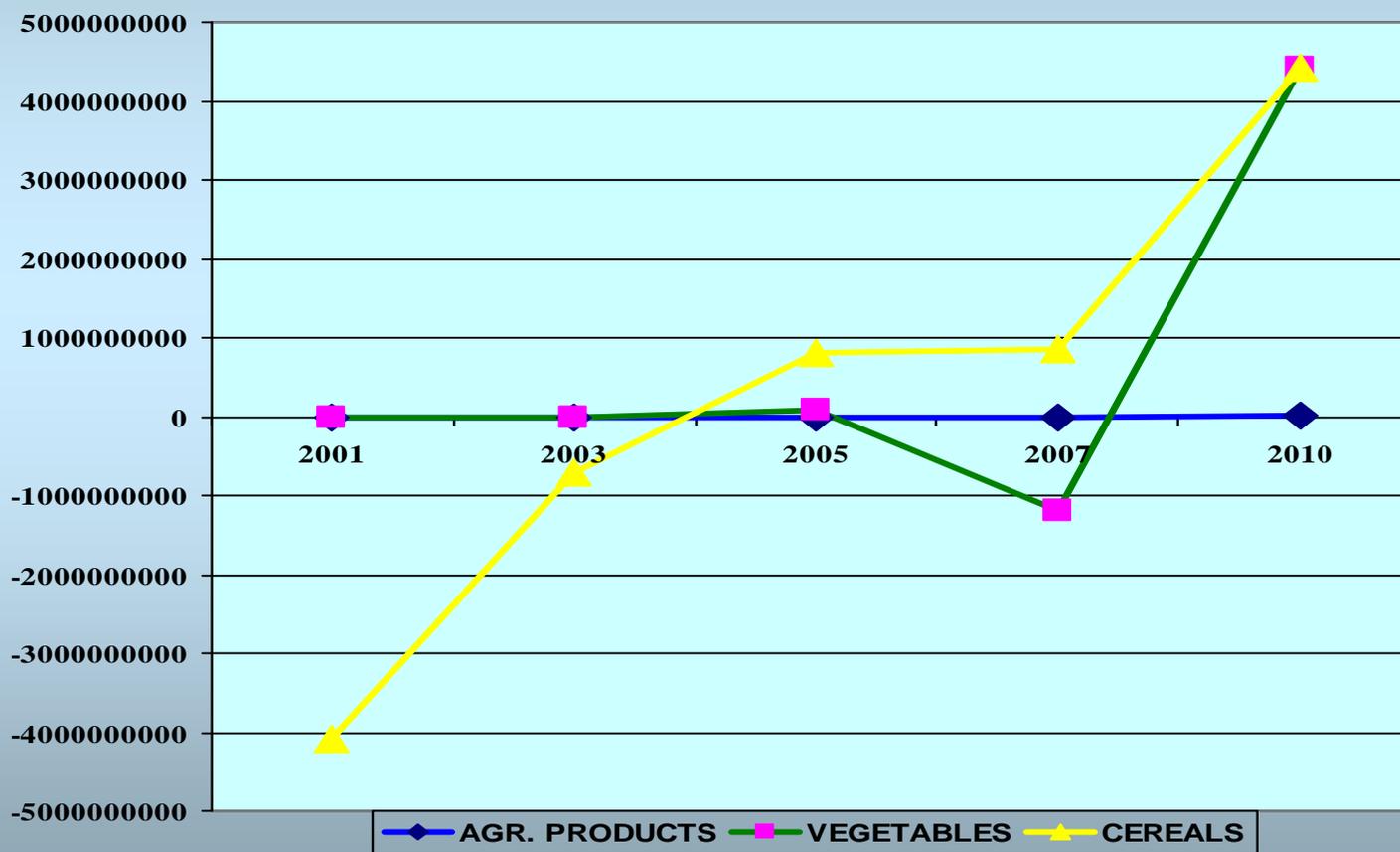
NEW ROMANIAN BRANDS

- ✓ Cakes
- ✓ Palinka



Competitiveness of agro-food products

BALANCE OF TRADE

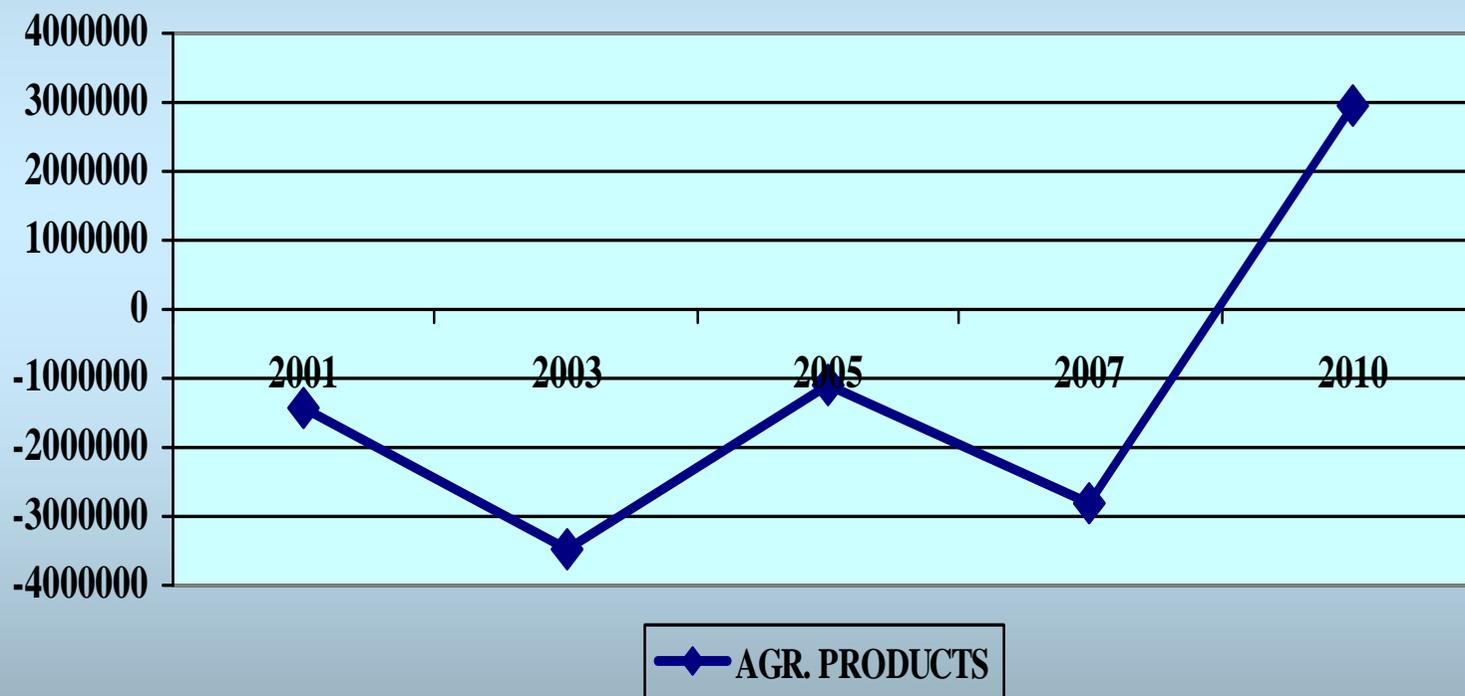


Voicilas, 2012



Competitiveness of agro-food products

BALANCE OF TRADE – Agricultural products





Competitiveness of agro-food products

Cereals – variation coefficient (%) – Total RO Prices (Costs)

Year	Wheat	Barley	Maize
2005	22.30	22.37	19.59
2006	13.33	26.70	14.33
2007	18.86	26.17	22.48
2008	24.62	26.32	22.98
2009	4.83	21.99	15.64
2010	22.74	19.27	12.37

Cereals – variation coefficient (%), Comparisons between RO, EU, World

Crops	World prices	EU prices	RO prices
2005-2010			
Wheat	32.60	28.24	29.80
Barley	31.98	26.94	35.17
Maize	30.48	23.79	34.90



Competitiveness of agri-food products

CEREALS AND OILSEEDS

Value added on chains (Results based on case studies)

Chain	Free chain (%)	Vertical integrated chain (%)	
		Cereals	Oilseeds
Agriculture	28.6	28.6	25.1
Storage	7.0	5.9	44.6
Milling	18.3	16.6	-
Processors	17.0	17.9	10.0
Trade	29.1	31.0	20.3
Total	100.0	100.0	100.0



Niche competitiveness

ROMANIAN TRADEMARKS IN THE COMMUNIST PERIOD

There were a few products that before 1989 were a true symbol of the communist industrial production

Agri-food products:

- The **chocolate** bars “Rom” (appeared on the market in 1964)
- The most popular **beer** was “Bucegi”. Other beers: “Azuga”, “Ciucas”, “Silva” (the latter went mostly to export)
- Other **alcoholic drinks**: vodka “Săniuța” or the cognac “Ovidiu”
- In the category of **wines**: “Murfatlar”
- **Non-alcoholic drinks**: “Cico”, “Quick-Cola”, “Brifcor” (appeared in 1980)
- **Cigarettes**: “Carpați”, “Bucegi”, “Mărășești” and “Snagov” (since ‘70s-the first Romanian filter cigarettes)



Niche competitiveness

ROMANIAN TRADEMARKS IN THE COMMUNIST PERIOD

Other products:

- Soap “*Cheia*” (with 2,000 employees in 1989) - Slogan “Want to have success with women? Use the soap Cheia!”
- Tooth pastes “*Cristal*” - Slogan “Tooth paste Cristal makes your teeth look like horse teeth”; “*Norveea*” - Slogan “Hope you got the idea, brush your teeth with Norveea” ;
- Cosmetics under the mark “*Farmec*” with a wide range of products (shampoo, creams, eau de cologne, deodorants)
- “*Dero*” (detergent factory from Ploiești city), was produced since 1966
- “*Guban*” shoes (30,000 pairs/year, mostly to export)
- Footwear “*Clujana*” (factory had 9,000 employees in 1989)
- Carpet factory “*Cisnădie*”
- Curtains “*Pașcani*” (very appreciated at export)
- Mattresses “*Relaxa*” highly appreciated by consumers (there was no competition)
- “*Arctic*” refrigerator (appeared in 1970); In 1990, had a market share of almost 100%
- “*Pegas*” bicycles
- Motor-bike “*Mobra*” (appeared in '70s: Mobra 50, Mobra 50 Super, Mobra Hoinar and Mini-Mobra) - Slogan “Death is guaranteed with cobra, yet is more sure with Mobra”
- The cars “*Dacia*” (since 1966: Dacia 1100, 1300, 1310, 1320, 2000); “*Oltcit*” (appeared in 1977: Special, Club, Club 12 TRS and Club 12 CS)



Niche competitiveness

TRANSITION OF “COMMUNIST TRADEMARKS” TO THE MARKET ECONOMY

- The **chocolate** bars “*Rom*”: In the year 2005, the group Kandia-Excelent relaunched the chocolate bar Rom; In the year 2007, the giant Cadbury-Schweppes bought Kandia with 100 million dollars; In 2010, in order to comply with the European Commission conditions (regarding the fusion with Kraft), Cadbury gave up the company Kandia for 40 million euro
- “*Azuga*” **beer** was bought by SABMiller in 2009
- “*Murfatlar*”: In 2010, the table **wine** sales were up by 40% and turnover reached 140 million lei; Presently, it is evaluated at over 100 million euro
- “*Cico*”, “*Brifcor*” and “*Quick-Cola*”: beginning with the year 2006, Romaqua Group relaunched the **soft drinks**: “Brifcor, the juice you longed for”
- The **cigarette** industry: In the year 2004, the National Society “Tutunul Românesc” SNTR (Romanian Tobacco) got privatized; Galaxy Tobacco took over 53.72% of SNTR shares by a transaction worth almost 18 million USD; Practically, the new owners paid 1.6 million USD for the factory, whose debt amounted to 11 million USD and promised investments of 5 million USD; In March 2010, the cigarette factory from Sfântu Gheorghe was closed down, and the legendary cigarettes “*Carpați*”, “*Snagov*” and “*Mărășești*” no longer exist



Niche competitiveness

TRANSITION OF “COMMUNIST TRADEMARKS” TO THE MARKET ECONOMY

- **Soap “Cheia”**: In 1996, the privatization of this factory was completed, and entered under a Romanian business man control; In 2009, the buildings of the factory were demolished, and the equipment that manufactured the soap were sold at scrap iron; On the field that remained empty a private high school is building
- **Cosmetics** brand “*Farmec*” had 95.9 million lei turnover in 2010 and crossed the border for the first time in last 22 years (Hungary)
- **Tooth paste “Cristal”**, together with “*Norveea*” became at the beginning of '90s “Nivea Braşov”; In 1993, Colgate-Palmolive took over 76% of the company shares, and in the year 2006 became the only company owner, paying more than 25 million dollars for the 24% participation it did not control; Colgate created the mark Super Cristal specially for the Romanian market; However, in 2008, Colgate-Palmolive decided to close down the factory from Braşov, and the tooth paste and cream Norveea are now manufactured in Poland and from here brought to Romania
- **Detergent** factory “*Dero*” was bought by Unilever



Niche competitiveness

TRANSITION OF “COMMUNIST TRADEMARKS” TO THE MARKET ECONOMY

- “*Guban*” shoes factory was privatized in 1995 and meanwhile it became GP&Company
- Footwear factory “*Clujana*” was privatized in the year 2005, and at present the majority shareholder is the County Council Cluj, with a share of 98% in the company
- “*Cisnădie*” carpets: Covtex Feizy, the American company that owns the factory entered incapacity of payment in 2007
- Curtains “*Pascani*”: In 2003, the company’s profit reached 5 million euro and the turnover was 12 million euro; In only a few years, the situation changed dramatically; In the first six months of the last year, the company had losses worth almost 1.8 million lei
- Mattresses “*Relaxa*” are now produced by Elvila Group (Romanian company) and about 1,200 employees are working



Niche competitiveness

TRANSITION OF “COMMUNIST TRADEMARKS” TO THE MARKET ECONOMY

- “*Artic*” refrigerator: In the year 1997, the company was listed at Bucharest Stock Exchange; The majority shares package was taken over by the European Bank for Reconstruction and Development and the French Banking Group Société Générale; In 2002, the company was taken over by the Turk company Arcelik; The range of products supplied was enlarged: gas cookers, washing machines, cooker hoods, vacuum cleaners and TV sets
- “*Pegas*” bikes: In the '90s, the Romanian bikes began to disappear and were replaced by bicycles made in China or by expensive Western marks
- Car factory “*Dacia*”: was sold to Renault in 1999 and in the year 2010, the domestic automobile manufacturer sold 350,000 pieces, i.e. 40 automobiles per hour (French periodical “La Tribune” estimated the market share of Dacia at 2%)
- Car factory “*Oltcit*” changed the name into “*Oltena*”, which subsequently became “*Rodae*”, then “*Daewoo*” and finally, will soon place the new “*Ford B-Max*” on the market



Privatization of the Romanian brands

Name	New owner	Year	Price
Kandia	Julius Meinl	2010	40 mil Euro
Azuga	SABMiller	2003	20 mil USD
Napoca	Unilever	2009	5 mil Euro
Dero	Unilever	1995	15 mil Euro
Arctic	Arcelik	2002	20 mil USD
Dacia	Renault	1999	50 mil USD



Niche competitiveness

ROMANIAN BRANDS IN MEDIA AND THEIR IMPACT UPON CONSUMERS

The most present Romanian brands on Internet

1. Dacia - 33% (29.6% in 2010)
2. BCR - 9.5% (9.6% in 2010)
3. eMag - 5.8% (3.5% in 2010)
4. Ursus - 5.6% (4.1% in 2010)
5. Borsec - 5.6% (2.0% in 2010)
6. Petrom - 4.6% (7.3% in 2010)
7. ProTv - 4.4% (1.2% in 2010)
8. Dorna - 3.1% (2.0% in 2010)
9. BRD - 2.8% (2.6% in 2010)
10. Chocolate bar Rom - 2.7% (0.4% in 2010)

The criteria that define the on-line presence of a certain brand are: information on its products/services and contact data available on-line (42%), its on-line image (web site, banners, graphics, design) (41%), possibility for on net buying its products or services (31%), on-line communication with customers by several modalities (27%), intensive on-line promotion (25%), discussion blogs, social networking, forums (14%). – RomCard Survey



Niche competitiveness

ROMANIAN BRANDS IN MEDIA AND THEIR IMPACT UPON CONSUMERS

The most reliable Romanian brands

1. Dacia - 26.5% (27.2% in 2010)
2. Borsec - 7.3% (4.9% in 2010)
3. BCR - 7.2% (7.4%in 2010)
4. Ursus - 5.1% (3.3% in 2010)
5. Petrom - 4.1% (5.1% in 2010)
6. Dorna - 3.9% (4.4% in 2010)
7. Chocolate bar Rom - 3.4% (0.9% in 2010)
8. Farmec - 3.4% (1.9% in 2010)
9. Gerovital - 3.1% (2.2% in 2010)
10. ProTv - 3.0% (0.8% in 2010)

RomCard Survey



Niche competitiveness

ROMANIAN BRANDS IN MEDIA AND THEIR IMPACT UPON CONSUMERS

The most popular Romanian brands

1. Dacia -30% (32.8%in 2010)
2. Chocolate bar Rom -8% (3.5% in 2010)
3. Ursus - 7.3% (5.6% in 2010)
4. Borsec - 5.9% (3.7% in 2010)
5. BCR - 5.5% (4.5% in 2010)
6. Petrom - 4.5% (5.4% in 2010)
7. Dorna -3.8% (2.7% in 2010)
8. Cotnari - 3.5%(2.2% in 2010)
9. Napolact - 3.4% (2.6% in 2010)
10. Chocolate bar Poiana - 3.3% (3.6% in 2010)

In the Romanians' vision, a successful brand is defined by: high quality products/services (66%), the fact that it is well-known (37%), it has products/services that are sold very well (32%), is differentiated from the other brands (23%), its products are innovative (20%), it has a multitude of fans (5%). - RomCard Survey



New Romanian brands

SUCCESSFUL STORIES

Cakes “*Bujor*” or the Palinka “*Zetea*”

The cake “*Bujor*”; everything started ten years ago, in a small kitchen in which two gas stoves were crowded; The idea of gaining money from home-made sweets came at a party; Began with small cakes and cookies for their friends; In the year 2006, “Cozonac Bujor” was established; They took money from friends, bought the house from Burdujeni, where even at present the cakes and cookies Bujor are made; Then they made a loan worth 25000 Euro; Now, they have 11 employees

Silviu Zetea, the manager of the palinka “*Zetea*” business, inherited the business from his father and grand-father; Their plum brandy was well known since 1900; The business started in 1991, when registered the brand; The early 2000s was the period when he decided to associate the luxury with tradition and won the first price abroad (2001: the Silver Medal, at a world contest organized in Brussels, Belgium); Now, it is sell all over the country

These started either as family business or out of an idea. Yet it should be mentioned that the business in which the owners turned their names into a brand is still in an early stage in Romania.



Conclusions

➤ **THE ROMANIAN PRODUCTS ARE NOT COMPETITIVE**

Comparing coefficients of variation of the global and European market with those registered in Romania in 2005-2010 (the period with comparable available data) noted that the Romanian prices are more dispersed than European and recorded worldwide. What indicates high risk involving cultivation and storage of these products in Romania, on the one hand, and on the other hand the advantage to imports of European or world market where risk management is easier to control. (In Romania mostly farmers use poor technology which has the main cause the lack of financial resources)



Conclusions

➤ PSYCHOLOGIC SPECULATIONS

Many marks that dominated the market in the communist period could not face the shift to capitalism and were replaced in the Romanians' preferences by imported products. Once they could buy products they had ever dreamt of, the Romanians were very glad when discovered, for the first time in dozens years, that they have several choices for the products they want (They gave up Cico and Quick-Cola for the true brand Coca-Cola and the tooth paste Cristal for Colgate or Blend-a-Med).

Then, many domestic “communist” brands succeeded in getting re-invented and are still on the market, others disappeared earlier or later or got under the umbrella of great multi-national companies forever.

In some way or another, these autochthonous brands succeeded in getting re-invented and survived in capitalism. Furthermore, the transnational companies bought them and put them into value, as they reached the conclusion that **Romanians' nostalgia** can bring profit. More and more companies appeal to the past in order to sell the products that have been on the market since the communism time. With improved recipes, with no restriction with regard to ingredients and prices limits under the form of “directives”, but rather imposed by production costs and competition on the market, certain autochthonous brands “flourished” after the shift to capitalism.

➤ REBORN OF TRADITIONAL PRODUCTS (**Traditional=Organic=Tasty=Competitive**)

The business bearing the founder's name are still in an early stage in Romania.



Conclusions

Ways of improvement of the competitiveness of the Romanian organic sector

- **The increase in the number of operators (with financial support from the Romanian Government Programs);**
- **The association of the small organic farmers;**
- **The increase in the number of municipal and regional organizations;**
- **The increase in the number of investments in related activities in the rural area and foreign direct investment projects;**
- **Capacity improvement and diversification of the organic farm output;**
- **The development of services.**



Conclusions

“OSTALGIA FENOMENON”

Consumerist behaviour is related to a larger-scale phenomenon, named “Ostalgia” (Nostalgia for the East) and noticed by sociologists even since the late '90s, in the area of the former communist Germany (the theory behind “**Ostalgia**“ says that the generation of those who lived their youth in the communism period chooses, out of nostalgia, the marks associated to the communist products)

In the East-European area, the common communist marks that have been relaunched – named retro-communist brands by the Western experts include the following: Traubi juice, Tisza Cipo tennis shoes and the chocolate bars Turo Rudi (Hungary), the coffee substitute Inka (Poland), the soap Jar and the juice Kofola (Czech Republic) and the perfume “Red Moscow” (Russia)

Robert Parnica, from the Open Society Archives, Budapest, explained: “After 1989, the market was open, and the people wanted to try everything that came from Western Europe. Yet at present, they wonder: “Why do I have to wear the uniforms of these corporations? Where are those things that once belonged to us?”

Because the story of the shift from rejecting the communist products, to the nostalgia of looking for them rather seems to be “a mixture of pop culture and social criticism. It has no connection with the past – it belongs to the present”, as Andreas Ludwig, the director of the Documentation Center of Daily Life from RDG declared. There is no relation between the consumers' behaviour who chose the re-invented communist marks and their political options

Thank you for attention !



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