History and Present of the Viticulture branch in the Czech Republic

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Abstract: The history of the winery is a very important factor contributing to current developments in the wine sector. Explaining when, how, in what conditions and in what environment the company was created, should contribute to a better understanding and gain experience that can be reflected even today. This article aims to chart the historical development of the wine sector in the Czech lands as a basis for identifying the impact of historical influences in the current development of the sector and propose general recommendations for businesses operating in the sector currently focused on the use of these factors. Based on the assessment of these factors, it is clear that the history should not be ignored between producers. This valuable information could help make production more efficient, and satisfy needs of customers.

Key words: Viticulture branch · history · STEPE analysis · the current situation in the branch.

JEL Classification: D22 · M13 · Q1

1 Introduction

The word “history” comes from the Greek word Storta, in Latin “historia” and means exactly "what happened" (Oto dictionary). Today we understand the two meanings of history: the real process of human society, the scientific discipline describing and interpreting the development of human society since the beginning of man's existence on the earth.

The role of history as a scientific discipline is describing the economic, political and social conditions, examine the history of technology, science, culture and art familiarize with the history of mankind, to expand knowledge of national and world history. Historical science shows us that history is not simply random accumulation of individual events, but these are logic, order and meaning. Explaining when, how, in what conditions and in what environment the company was created, should contribute to a better understanding and gain experience, which can be reflected in contemporary life. The exception is not the wine sector, which in the Czech countries have already passed through a long historical development.

2 Methods

The aim of this article is map out the historical development the Viticulture branch in the Czech lands as a basis for identifying the impact of historical influences in the current industry developments and propose general recommendations for businesses operating in the sector currently focused on the use of these factors. As a tool for analyzing these effects and proposal for recommendations was selected STEPE analysis. STEPE analysis simple and yet efficient tool to assess the impact of global factors on the business environment. Using it, so can positively affect consideration of the direction of the organization, because it brings the company's management a broader view of the situation in the sector organization (Koontz, Weihrich, 1998).

3 Research results

History of the winery in the Czech lands dates back to the 3rd century AD and is very rich. Very beginning of the wineries was recorded in Moravia and fall into the boom of vine cultivation in Pannonia in Proba Emperor (276-382).
Historical development of the Viticulture branch in the Czech Republic can be subdivided into the following stages (Kraus, Foffová, Vrum, Krausová, 1997):

10th - 13th century

The first historical references to the vineyards and winery are present in the founding documents of monasteries and preserved written legends, dating from the 10th century. The oldest record of the Czech vineyards is from 1057, when duke Spytihnev II. devoted the vineyards near to Litoměřice to priests. The first written mention of vineyards in Moravia in 1101 is located in the charter of another Benedictine monastery in Trebic.

In this period had the greatest influence on the establishment of vineyards growing grapes and producing wine monasteries and church, and the wine was intended for religious needs. Were planted grape varieties from France and Germany, and also applied local grown as single planting on slopes, which can better protect against the theft and before the game. From the mid-13th century appeared the first privately winery held by feudal settlements and cities.

14th – 16th century

This period is known as a gold age of Czech winery. It’s beginning is connected with Czech monarch – Karl IV. (1316 – 1378), who ordered wine cultivation from Burgundy and Rhine. He not even supported development of winery, but also gave legal framework in form of king mandate in 1358, in which he ordered to establish vineyards in proper places. Then in 1358 he released “wine right”, which secured Czech winery. During his reign Czech wine was exported to foreign countries for the first time and this export was completely exempted from fees and taxes.

After Karl IV. death winery still continued in involving in Czech country, which became important agronomical sector. In cities were established guilds, which linked all of vintners and as preserved records tell us, 40 metric cents od grape was gained from one hectare of ground. Those areas of vineyards were much bigger than these, which we have nowadays (at the end of 16th century was in Czech country about 18 thousand hectare of vineyards).

17th century

This period was characteristic by the Thirty-year war (1618 – 1648) and so total regress of Czech winery. During the war lots of vintners left for foreign countries so there were no work on vineyards, and as a result was loss of 22% vineyard.

18th – 19th century

For this period was characteristic disintegration of natural economics, trading and industry. There were some attempts to recover winery in Czech. However, it was shown that some of vineyard was not efficient to recover, because winery is a sector with a lot of things to do around it. It was more efficient to import vine from foreign countries, and that is why in 19th century market with a vine was rapidly growing.

However, situation in Moravia was different. There was convenient location and lot of vineyards were recovered, what affected the fact, that the Moravia vine were more known than the Czech one (in 1930s there were 30 076 hectares of vineyards in Moravia and 2 110 hectares of vineyard in Czech). This superiority could also be seen in total gathering of vine grapes and production of wine, when in 1930s in Moravia they gathered more than 250 400 hl of wine and in Czech only 32 thousand hl of wine. By the end of 19th century danger of vermin rose. Mainly, Phylloxera could cause damaging of wine cultivation.

The comeback of winery came in 1906, by funding first wine magazine with the name of “Wine ken” (this magazine is still publishing). A year after, in 1907 was first wine statute published in our area.

1914 – 1948

The First World War (1914 – 1918) and the period after helped to winery regression. In 1930 area of Moravian vineyards decreased to 3 790 ha. During this period the overall wine consumption increased to less than 4 l wine drunk
per year per person. Winemakers themselves were on a low standard of living and lacked the financial resources to restore the vineyards. The winery was fragmented, 85% owned by small and medium-sized farmers, who beside crop production still only marginally engaged in winery (according to statistics, in 1937 at vineyard farmed a total of 73 thousand of families with an average area of 0.3 ha vineyard per family).

A similar effect had World War II (1936 - 1945), which led to the area vineyards almost disappeared from country (according to statistics, in 1945 the total area of vineyards in Czechoslovakia 18,363 hectares, 163 ha in Bohemia, in Moravia 6,200 hectares and 12 thousand in Slovakia). After World War II the decline continued until the 50’s. The cause was a new settlement of wine regions and few new owners among winemakers.

1949 – 1988

This period is characterized by socialistic political regime which was translated into winemaking and viticulture. After the stagnation of development in 50’s caused by forced collectivization (see Table 1), occurs after the 1965 to the development of the sector mainly through mechanization and use of chemicals. The Common management brought benefits in lower financial costs of restoration and maintenance of vineyards and its aim was to ensure self-sufficiency in the production of wines so that wines imported used in the future to the diversify not only to cover the consumption of wine in our market.

The state has had interest in the area of vineyards in the long run increased, so has built a system of state aid for the establishment of vineyards. Development of winery is also reflected in the increasing consumption of wines (see Table 1) A significant increase occurred in the 60th years. Characteristic of this period was the production of masses and quantity over quality, traditions and folklore.

1989 – 2003

The “velvet” revolution in 1989 and especially political change has also affected the wineries that were previously built on the basis of mass production. In period shortly after the revolution leads to restitution and privatization of vineyards, this led to the revival of traditional family wineries and a number of new businesses. The resulting competition, which in the 90’s was seen as a phenomenon of a healthy market economy, however, later developed only in price competition. Significant changes made by Law No. 115/1995 Coll., On viticulture and winemaking. This law and the general privatization, affecting not only viticulture, but wine production, were the foundation of the unprecedented development of the sector.

2004 - to the present

In this period it became a member of the EU (1st 5th 2004). In 2004, Act No. 321/2004 Coll., On viticulture and winemaking, and then subsequently Decree No. 323/2004 Coll. and No. 324/2004 Coll., which was the national legislation on this area specified fully in line with EU standards. Through extensive investments of advanced technologies and new approaches to the treatment of vineyards began to emphasize the quality and wine quality before quantity. This corresponds to the range of quality wines produced with genuine and guaranteed origin. Thus domestic manufacturers are able to face foreign competition. The rising popularity of wine is evidenced by the increasing consumption of wine, which is currently around 20 liters per person per year (see Table 1).

Table 1 The average annual wine consumption in the Czech Republic – in litre.(1 person)^1

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3.2 STEPE analysis

Historical development of wineries in the country significantly extends also to the present and affects businesses operating in the sector. Businesses can take advantage of many opportunities and on the other hand, faces a number of threats from the external environment and being affected by long-term historical development of the industry. To identify these factors and recommendations for individual businesses operating in the Viticulture branch was chosen STEPE analysis.

Social factors

Wineries in the Czech Republic can be considered as one of the traditional industries. This is reflected especially in the perception Czech wine consumer. This fact should point the way by producers through a focus promote their products. There is a support strategy on the activities of the Wine Fund and many other institutions that apply number of marketing tools to support this consumer perception:

Wine Fund - Fund activities under § 31, paragraph 4, of Law No. 321/2004 Coll. Implemented through contractual relationships and the request for assistance pursuant to Decree No. 97/2006 Coll. Wine Fund supports wine marketing, product sales and protect wine labeling's geographical origin, informs the public about viticulture and winemaking, and other important facts related to viticulture and winery, supports the preservation and development of viticulture and winemaking as an important part of the European cultural heritage, as well as support the development of tourism in viticulture and winemaking. In 2011 the Wine Fund released to promote the resources more than 71 million CZK. This amount includes expenditure on the communication campaign of brands (Šperková, Duda, 2010):

- "Wines from Moravia, Bohemia wines" – purpose of the Wine Fund campaign is to raise the perceived value of domestic wines and strengthen their emotional dimension and historical tradition.
- "St. Martin" - This is a young wine, in which the harvest and marketing passed just a few weeks. Brand "St. Martin's wine" was established in 2005 to support young Czech wines and is similar to the French beaujolais nouveau. It is a marketing tool to increase the popularity of young domestic wine consumers. Every year, these wines begin to sell the November 11th at 11 hours (Martin’s Day) and hold the mark "St. Martin" is Wine Fund. Mark is applicable to all registered winemakers in the Czech Republic and is free of charge, but may be worn only those wines that underwent an independent examining board (Chládková, Tomšík, Gurská, 2010).
- "Rose CZ" - The project was based on the growing popularity of rosé wines and is based on the very nature of these wines which are light, refreshing and thus perfect to be consumed especially in summer, which is covered by this project. The communication activities is the symbol "Rose.CZ" and special events associated with the celebration of the feast of wines, which is held annually on the 1st of May.
- Moravian Wine Trails - The project focuses on the current interconnection of cycling and the development of the Viticulture branch in the region. Since 1999, this project is being implemented in collaboration with 280 wine villages and partners.

The activities of individual municipalities - These are primarily organizing various cultural celebrations focused on the folklore of the region, which in most cases is closely link with the historical development of cultivation and wine production in the region (Šperková, Duda, 2009). An example is the Festival of the Open Cellars, which is organized altogether of more neighboring wine villages. Each season takes place in a different region and has a different theme (e.g. spring with folklore, the culture of summer, autumn and winter with crafts of gastronomy). This activity has a long tradition especially in municipalities in southern Moravia, but now can be observed the festivities trend penetration into other areas of the country.

Technical and technological factors

Even in such a traditional industries, such as wineries, producing a implementation of new technologies aimed at both processing, storage, distribution and sale of wine. For the continuous development of these technologies is customer demand for the highest quality of wine and the requirement on the businesses. It is important to note that most of these technologies build on the methods and techniques used in the past. Well, the industry has seen a return to previous production methods, particularly in small producers who could not afford expensive new technologies. From the perspective of recommendations is especially suitable for small vintners continue these efforts in the future.
Economic factors

In determining the economic factors is again necessary to take into account the trends the past evolution. Czech economy, as well as the whole world is currently facing a global financial crisis which is the result of the mortgage crisis in the USA. Recently, some experts believe that the crisis is already on the wane. All this is reflected in the development of macroeconomic indicators and their subsequent effect on the wine.

In 2010, GDP increased by 2.7% from 2009 on the 3775 billion CZK. Czech economy in the 3rd quarter of 2011 maintained annual GDP growth of 1.2%, compared to the same quarter of the previous year. Increasing GDP speak of the increasing production in the winery. It stimulates economy and businesses can invest more in expanding production a thus increase the area of their vineyards, purchase better technology and produce more quality wines to major profits.

On the other hand, showed an increase in inflation in 2011 was 1.9%. With increasing inflation decreases the volume of sales of wines and consumer interest is focused on the cheaper wine products. However, if it is a slight increase in inflation accompanied by simultaneous increase in GDP, this development will have on the wineries no significant impact (Hejmalová, Šperková, Duda, 2011).

Total employment in the 3rd quarter of 2011 increased compared to the corresponding period of 2010 by 16.8 thousand. For the whole year 2011 was 8.57%, which decreased compared to 2010, when it was 9.02%. This decrease was accompanied by growth of average gross nominal wage on the full-time equivalent employees in the national economy. This could subsequently show a slight increase in the purchasing power of customers in the industry.

Political and legislative factors

In view of these factors is also needed to calculate the historical development of in the country. Any legislation is closely linked to the culture of the country and reflects the experience of previous periods. Evidenced by the amendment to Act No. 321/2004 Coll. winemaking and viticulture from 2011. According applies the following changes (Šperková, Hejmalová, 2012):

- The label of quality wines must specify the registration number of quality.
- Much greater use <farmar.cz> portal for all messages and requests.
- Forms will no longer be listed in the decree, only on the websites.
- Removes the need to recognize wine competition by Ministry.
- Changes in aspects of the allocation code bottler.
- Country wine must be produced in the same area, where it is 100 % of the grapes.
- Set up ha. yield for the production of country wine labeled varieties, year to 14 tons
- Originating in the Czech Republic cannot be identified at least wines earth.
- The manufacturer may himself downgrade award-winning wines with special attributes (except ice and straw) only has a duty to report the number and category.
- Cabinet may take up to 9 g/l residual sugar and a maximum of 13% alcohol volume.
- Report gives traders the harvest of grapes for wine.
- The server <www.puvodvina.cz> is possible to determine the veracity of the data labels.

Another change occurred in the wine with the original certification (VOC). They are usually in the Czech Republic according to § 23 of Act No. 321/2004 Coll., about viticulture can be produced since 2004, but in 2011 it was allowed to use this term association VOC MIKULOV and VOC BLUE MOUNTAINS, which joined the association VOC Znojmo, which has this right since 2009 (Králíček, 2011). It is therefore clear that the development of legislative instruments has not stopped and it is important for business monitoring and implementation of the rules from them (Znovín, 2012).

Environmental factors

The ecological and organic product, according to the survey, becomes more popular among consumers. Therefore, there is also the development of organic wine in the country. Organic viticulture is better for the environment and human health, farmland and improving social relations of workers and consumers. This all follows the historical tradition of wine growing and thus promotes our cultural heritage. The vineyard area kept under organic farming in the Czech Republic is rising and already exceeds 650 ha (less than 4 % of the total planted area). The main product is organic wine organic wine (Hejmalová, Šperková, 2011). Organic wines can be produced only from grapes harvested from certified vineyards. It is a wine made according to the principles of organic agriculture, which is controlled by law 242/2000. and
Council Regulation EEC No 2092/91. This is a comprehensive package of measures that include everything from working the land to the actual production of wine.

4 Conclusions

History of winery is a very important factor contributing on the current developments in the industry. Therefore, should not be neglected by producers. This valuable information of wine production use expediencies from past, which is in most cases can help degrees less expenses than buying a new technologies. Another importance of history is in marketing and customer perception of wine. Long tradition combines wine with folklore and ranks him among the traditional drink of the Czech Republic. Highlighting these traditions supported by a number of institutions. Return to traditional practices of wine is also organic wine production, which gain market increasingly popular.

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