

SUSTAINABILITY IN THE WINE INDUSTRY

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EXECUTIVE SUMMARY

- Intro
- What is sustainability?
- How to define and measure it
- Ecopreneurship and drivers towards sustainability
- A valuable choice?
 - Strategy & sustainability
 - Does it pay to be green?
- The contribution of Research
 - Topics, issues, trends, limitations
- Conclusions

INTRO

- Recognised importance to the issue
 - Academic research is expanding
 - Industry and Institutions are involved in supporting sustainability
- «sustainability» is an overused word?
 - A shadow of ambiguity (Warner, 2007)
- Key Questions:
 - Why should firms care about sustainability?
 - How much do entrepreneurs and organization care about sustainability?

STARTING FROM THE BEGINNING: THE WORD «SUSTAINABILITY»

- Sustainability involves everything you do on the farm, including economics, environmental impacts of everything done on the farm and all aspects of human resources, including not only you and your family but your employees and the surrounding community (Ohmart, 2008)
 - Many “green nuances”
 - Green business
 - Green-green business
 - Differences among countries
 - Northern California: about 40 organizations supports sustainability in the wine industry
 - New Zealand is committed to become a leading country in sustainable viticulture
-Sustainability is a behavior adopted to respond to stimuli, whether they are external or internal to the firm...

MEASURING IS THE RIGHT APPROACH?

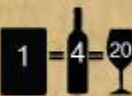
- Difficult in establishing an index or ranking to estimating country's overall orientation towards sustainability
 - Many indexes that differ in composition and results
- A driver perspective has gained progressive adfirmation
 - Ex. Accenture & Background research
 - consumer demand for sustainable products and services;
 - stakeholder influence;
 - resource depletion;
 - employee engagement;
 - capital market scrutiny;
 - regulatory requirements.



Did you know...



-  **1 Box = 4 Bottles = 20 Glasses of wine!**
-  **Wine stays fresh for up to 4 weeks!**
-  **Box is 100% recyclable**
-  **Environmentally friendly package uses 85% less landfill waste than traditional glass**
-  **Bota Box looks good on the counter, in the refrigerator and on everyday adventures!**
-  **Bota Box has won 34 Gold Medals & 11 Wine Enthusiast Best Buys since 2008!**
-  **Bota Box offers 10 Different Wines!**



WHY SUSTAINABILITY CAN BE A VALUABLE CHOICE?

- Manifestations of competitive advantage (*Orsato, 2006; Gilinsky et al, 2014; Waddock et al. 2002; Reinhardt, 1998; Sroufe, 2000*):
 - Scale economies, learning curve, differential low cost access, waste minimization, technological innovation, employee retention and compensation
 - Product features;
 - Clearly linkages between environmental management and business functions
 - inter.-firm linkages
 - Improved service
 - image
- «Good for strategy»
 - Good for small and Big Companies
 - BRL Hardy with Banrock Station (Pugh & Fletcher, 2002)
- Relationship between Sustainability and Wineries performance
 - Differ by size and according to the importance given to sustainable issues by entrepreneurs (Gilinsky et al., 2014)
- Does location has any impact on the perceived benefits?
 - YES!

RESEARCH ORIENTATION

- **Where is research going to?**
 - **A systematic review**
 - **Consumer behavior**
 - Perceived benefit
 - Willingness to pay for a premium wine
 - Eco labelling certification
 - **Strategy**
 - Sustainability as a missing ingredient in strategy (Bon & Fisher, 2011)
 - Efficacy in pursuing a differentiation strategy (Bernabeu et al., 2008)
 - EMS positively/negatively affect winery's performance (Gilinsky et al., 2014)
 - Insights coming from the New World (Chile, Argentina, NZ, Australia)
 - **Supply Chain management & Certification**
 - **Entrepreneurial and top management behavior**
- **Research is focused on Consumers and the major contribution comes from the New World**
- **Recent and growing**
- **Consideration about the replicability and generalization of results.**
 -

AN ONGOING ACADEMIC DEBATE

- Funded university research has contributed to shape Californian wine production thanks to the useful inputs provided for developing winemaking practices and understanding human environment relationships (Guthey and Whiteman, 2009) .
- A successful diffusion of sustainable practices among grapegrowers depends on two factors: rigorous science and its effective delivery to grapegrowers, two issues that partially explain the differences in terms of penetration and diffusion of sustainable practices in viticulture (Ohmart, 2008)
- An research-industry collaboration:
 - may be helpful in solving technical problems;
 - may facilitate the access to useful findings;
 - may make the implementation of innovation easier. (Lee, 2000)
- The existing «gap» between academic and practitioners must be filled (Carlson, 2013, Rynes et al., 2001)

NICHE IN A NICHE: PRO&COS

■ Pro:

- Premium price
- Attract selected customer
- Sheltered place
 - Mitigate external risks

■ Cons:

- Temporary or not?
 - How long the competitive advantage can be sustained
 - Signals emerging from international markets
- Organic is slowly evolving from niche to mainstream market
 - More accessible
 - More knowledge

Stella di Campalto - Montalcino



CONCLUSIONS

- The wine industry is a breeding ground for a debate on sustainability
- Does it pay to be green? Yes only if you are capable to wisely manage your resources in order to pursue a planned strategy
- Competitive advantage must be sustainable over the time.
 - No strategy is sustainable until you make it sustainable
 - Firms must work on the sustaining a sustainable oriented strategy!
- The academician-practitioner collaboration has positive effect on spreading a sustainable culture
 - New approaches that reduce the academician-practirioners gap must be pursued

THANKS!

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