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## Editorial: The wine business in a changing world

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## 1 Introduction

It is a great pleasure for us to present this special issue on ‘Wine businesses’. As the guest editors, we would first like to thank the Editor-in-Chief of the *International Journal of Entrepreneurship and Small Business*, Professor Léo Paul Dana (Montpellier Business School, France) for giving us the opportunity to coordinate this issue. We also thank the editorial team of Inderscience Publishers for their administrative and technical assistance throughout the entire reviewing and publication process. We are very grateful to all the reviewers who accepted to read and provide valuable comments on the papers. Finally, we thank all the authors who contributed to this special issue for their fine research and careful revisions during the reviewing process. In this editorial note, we would like to remind our readers of the objective of this special issue before presenting the 13 articles that contribute to current academic research on ‘wine businesses’.

This special issue is dedicated to examining the wine industry today as wine firms struggle to adapt to a changing world, especially with the new producers from the ‘New World’, such as China, Latin America, and New Zealand. But we also take note of the changing technologies that are affecting these firms. Would it be better for wine firms, which are most often small, to collaborate with other firms or would they be better off staying with a family business model? This is just one of the questions that will be discussed in this issue.

Of the 13 articles presented here, several researchers have given great attention to environmental and social responsibility, which is a crucial issue for wine firms today (Meyer et al., Dubruc et al., Olarte-Pascual et al.). In addition, ongoing technological advances and social change have also had a significant impact on both wine producers and wine consumers. Higgins and Wolf analyse the social media strategies of California wine firms, while Masson and Aurier, Lorey, and Chironi et al. focus on wine consumption, wine drinking habits and product positioning. In a context of crisis and rapid change, wine firms also need to adjust their entrepreneurial orientation and strategies, and they may sometimes need to cooperate with their competitors to improve performance. Gurău et al. analyse the behaviour of wine firms in Languedoc-Roussillon during crisis periods, whereas Castellano and Khelladi focus on the dynamics of successful Champagne houses. Saïssset et al., Haller et al. and Dressler provide support for the grouping strategies of wine firms. Finally, Maurel et al. conduct an extensive literature review to examine the concept of performance in the wine industry.

This editorial note is organised as follows. First, we present the research on the environmental and social responsibility of wine firms (Meyer et al., Dubruc et al., Olarte-Pascual et al.). Second, we present the research on marketing in the wine industry (Higgins and Wolf, Masson and Aurier, Lorey, Chironi et al.). Third, the entrepreneurial dimension is highlighted (Gurău et al., Castellano and Khelladi, Saïssset et al., Haller et al., Dressler) and, fourth, we end with an analysis of the changes in the concept of performance in the wine industry over the 1975 to 2012 period.

## **2 Environmental and social responsibility in the wine industry**

Meyer, Narjoud and Granata investigated the implementation of corporate social responsibility (CSR) strategies in small and medium-sized enterprises (SMEs) in the wine sector of Southern France (the Languedoc-Roussillon region). They were particularly interested in cooperatives because cooperation is one of their seven guiding principles. The authors conducted 29 semi-structured interviews within a network of 18 French winemaking cooperatives from March to June 2015. Their objective was to assess how CSR strategies were implemented in these firms and how successful they were. Their results demonstrated the interactive influence of the three dimensions of social capital: structural, relational and cognitive. The authors concluded that the network was able to gain a competitive advantage when the three dimensions of social capital were highly interrelated.

Dubruc, Mekdessi, Khawaja and Chartouny analysed the business model of a wine SME in Lebanon, Château Kefraya, with 80 employees and an initial high rating of 91/100 in the 1997 Parker's Guide. The specificity of the study concerns the inclusion of CSR in the business model, as few previous studies have done so. The business model was constructed on three dimensions: generation, remuneration and the sharing of values. The study method was qualitative with semi-structured interviews on four themes: history, key partners, key activities and key resources. The results show that Château Kefraya is 'eco-sensitive' since it voluntarily opted to include social and environmental dimensions into its business model. Furthermore, the authors also show that the manager played an important role in implementing the CSR strategy. Last, as mentioned in the study of Meyer, Narjoud and Granata, CSR commitment also represents an opportunity for a company to improve its global performance.

Olarte-Pascual, Oruezabala and Sierra-Murillo also looked at CSR but in a new product development process through business ecosystems in the Spanish wine industry. The product project was to create a new red cava and the authors conducted interviews with winegrowers, managers, retailers and opinion leaders. They reported that adopting ecosystem innovations was beneficial for new product development. The first benefit concerned the organisational process, which facilitated the transition from the mere co-development of a product to genuine co-innovation. The ecosystems perspective also facilitated continuous collaborative exchanges and shortened the R&D stage. Furthermore, risk management was also strengthened.

Overall, these studies show that CSR policies and an ecosystem approach to business models is a necessity today. They help develop social capital, protect the environment and improve firm performance. In the wine sector, these dimensions are particularly important because it has significant interactions with the environment. We hope that this issue in the wine sector will continue to be investigated in the future.

## **3 Marketing in the wine industry**

Higgins and Wolf focused on the small wineries of California in a study that explored how social media strategies differ depending on winery size. The analysis was based on 260 usable responses to a survey comprising 22 questions. The authors show that although small producers use social media and recognise the value and potential of this

communication channel, they capitalise on social media marketing strategies less than larger wineries do. This limited success of social media strategies in small firms could be explained by less well-mastered engagement techniques, which are one of social media's hallmarks of success.

Lorey analysed the changes in France's wine drinking habits over generations and particularly focused on the generation gap between baby boomers and millennials in terms of social representations of wine and its cultural aspects. Combining semi-structured one-on-one interviews, observations and secondary data, he concluded that the perceived socio-cultural capital represented through the four dimensions of France, terroir, history and gastronomy plays a key role in the representation of wine for baby boomers, who consider wine as a complex product. Conversely, for the millennium generation, the representation of wine is far from the 'identity capital' model since they perceive it as 'democratic and universal capital'. Moreover, wine culture is very important for baby boomers and has been acquired through knowledge sharing within the family and reading. For the millennium generation, the wine culture is less important since the internet is the primary way to access wine knowledge.

Masson and Aurier investigated the link between the alcohol content of wine and its consumption from both sensory (physiological) and non-sensory (cognitive) perspectives. The authors conducted a longitudinal (two months) experiment in regular wine drinkers' homes using behavioural measurements. They analysed the consumption differences between low-alcohol and standard wines in blind and non-blind conditions. Masson and Aurier found that the difference in the quantity consumed between the low-alcohol wine and the standard wine was not significant. Alcohol content is thus not a harmful attribute for the regular wine drinkers and does not negatively impact the level of wine consumption. In addition, these authors recommend that professionals of this sector consider low-alcohol wine a complement rather than a substitute within their product range.

Chironi, Bacarella, Altamore, Columba and Ingrassia introduce Marsala wine and report on the brand repositioning for Marsala *Vergine* DOC wine. Marsala wine is one of the oldest and the finest Sicilian wine. However, the authors note that this wine went into a decline due to new competitors and inappropriate decisions by the producers. Using focus groups, these authors determined the strengths, weaknesses, opportunities and threats to Marsala *Vergine* DOC wine. Marsala DOC wines have three qualities classified by age: Fine, Superior and *Vergine*. Their results show that the commercialisation of all types of Marsala wine under the same certification of 'Marsala DOC' has increased sales of the Fine type, which is of lower quality and cheaper than the Superior and *Vergine* wines. This has damaged the positioning of high quality Marsala DOC wines. Repositioning with a new brand name that is protected with a more prestigious designation like *Denominazione di Origine Controllata e Garantita* (DOCG) may allow Marsala *Vergine* DOC wine to regain its lost identity.

#### **4 Entrepreneurship in the wine industry**

Gurâu, Duquesnois and Catanzaro investigated the Languedoc-Roussillon wine sector. They particularly focused on the relevance of an entrepreneurial orientation and the strategic instruments adopted by SMEs in the context of a sectorial crisis. Data were collected by questionnaire survey, with a final sample of 160 SMEs out of one thousand.

The questionnaire was based on the finding of an extensive review of the literature and 12 exploratory semi-structured interviews with regional small wine producers. The results show that an entrepreneurial orientation characterised by extensive technological and product innovation is important to counter the challenges of the turbulent market environment and has an impact on firm performance. Furthermore, strategic activities such as information collection and strategic planning play a mediating role between risk-taking and the proactive dimensions of entrepreneurial orientation and the financial performance of wine firms.

Castellano and Khelladi studied the legitimating effects of entrepreneurial teams within successful Champagne houses and provide an overview of the different types of teams in this context. In their study, they adopted an inductive research approach. After identifying the most successful houses following the features of entrepreneurial teams, the authors used multiple data sources, such as *Le Guide Larousse du Champagne*, *Union des Maisons de Champagne* (the specific business association of Champagne houses in France), and the official websites of the houses. Castellano and Khelladi show that many founders prefer to engage in team entrepreneurship during the development of their firms, even though these teams may not have existed when the firms were first created. Their results highlight the family predominance in these teams, which allows them to transfer legitimacy between members. The authors also present the factors of success for these entrepreneurial teams over time and conclude that, for instance, the size or the composition of the entrepreneurial team contributes to the success of the Champagne house.

Saïssset, Cheriet and Couderc were interested in merger operations with the take-over of wine cooperatives in the South of France, in the Languedoc-Roussillon region. Their objective was to analyse 14 merger operations involving 24 wine cooperatives between 2004 and 2010 through context, motivation, governance/strategy and management of human resources (members and employees). The method was qualitative with interviews and questionnaires. Other internal and external documents were also used, such as statutes, rules of procedure, merger treaties, accounts, and media and expert reports. Their results show four profiles of take-over mergers: 'passive sweep', 'uncertain', 'basic' and 'project'. The authors conclude that a merger operation must be seen as an organisational project that is well prepared and involving all stakeholders.

Haller, Santoni, Barth and Augarde analysed the influence of individual strategic partnerships in the entrepreneurial effectuation process of French wine entrepreneurs. This process focuses on how entrepreneurs combine available resources and how they exploit contingencies to reach their objective. The authors investigated the partnerships created individually by the entrepreneurs that influence the effectuation process. After presenting the theoretical model, they chose a case study methodology and conducted semi-structured interviews with ten wine-producing estates. Their results show that wine entrepreneurs prefer to develop their companies on the basis of individual strategic partnerships, especially taking advantage of peer-relations with other wine-entrepreneurs. Proximity, in terms of both geographical proximity and similarities in practices, beliefs and interests, also appears to be important.

Dressler was interested in the impact of strategic groupings on the performance of wine firms in Germany. The objectives of strategic groupings are to gain market position and attract customers in order to ultimately build revenues and profits. In 2013, Dressler conducted an online survey of more than two thousand wineries in Germany.

Performance encompassed not only firm competitiveness but also quantitative indicators such as revenue, profit, capital structure, costs, market share, gaining new clients, and client retention. Qualitative indicators were also examined, such as product quality, service quality, achievement of market positioning and personal satisfaction. Overall, the results of the survey show that premium strategies are best suited to conquer new markets but profitability requires high prices. Niche strategies are one way to ensure greater distance from competitors.

## **5 Performance measures in the wine industry**

Maurel, Ugaglia and Del'homme examined the concept of performance in the wine industry through a literature review of 75 publications. They show both the importance of this concept in the literature and also the research gaps in covering its economic, environmental and social dimensions. The authors note that scholars mainly consider economic/financial and environmental performance in this sector at the expense of social performance. However, sustainable development, which is today defined as the intersection of these three performance dimensions, is a relevant issue for the wine industry. The authors suggest that taking into account all the dimensions of global performance would ensure a better understanding of the performance concept in the wine industry.