Editorial

Jean-Marie Cardebat

Université de Bordeaux,
LAREFI, ave Leon Duguit,
33608 Pessac – INSEEC U, France
Email: jean-marie.cardebat@u-bordeaux.fr

Biographical notes: Jean-Marie Cardebat is a Professor of Economics at the University of Bordeaux, where he leads the LAREFI Research Center, and Affiliate Professor at INSEEC U. He is the President of the European Association of Wine Economists, a member of the Scientific Institute of Wine and Vineyard, the American Association of Wine Economists, and of the board of the *Journal of Wine Economics*. His book, *Economie du vin*, has been translated into Chinese (2019), while his last book, *The Palgrave Handbook of Wine Industry Economics*, received the 2019 prize as best book in economics from the International Organization of Vine and Wine.

Introduction

While there has been a general trend towards concentration in the majority of industries since the progressive globalisation of the economy in the years 1980–1990, the alcohol sector has experienced a contrary trend, with a marked increase in producers since the mid-2000s (Cardebat, 2017). In particular, the beer sector, even though it remains dominated by a small number of giant producers, has seen a boom in the number of brewers. Craft beers have, *de facto*, become a social phenomenon, especially in the US, but also around the world. This evolution is extensively documented by the literature (see Garavaglia and Swinnen, 2018).

What about other alcoholic beverages? The micro-producer model, historically a characteristic of the wine industry, now appears to be spreading to all sectors related to alcohol: wine (with the emergence of producers in every region of the world), beer (with the craft-beer wave), spirits and even cider (with the Quebec example).

How can we explain this trend? In which way does the concept of 'local' become a constituent element of the business model? Does this signify a renewal of the '*terroir*' notion in its wider sense, or a revival of the AOC notion as opposed to the power of the brand? Is it linked to the consumer's quest for authenticity? Is 'small' a viable long-term model or merely a fashion? Is this model part of a wider shift in our society towards sustainable development and shorter circuits between consumers and producers? Or is it no more than extremely clever marketing, personalised and refined at the local level?

This special issue provides answers to several of these questions based on the still and sparkling wine sector and the cider sector. It identifies key success factors in terms of quality or commercial performance. It also explores a movement towards greater diversity, originality and local anchoring. This is particularly the case regarding the original question of the grape varieties used. After strong concentration on a limited number of grape varieties worldwide, in recent years there has been a marked interest in less well-known indigenous varieties. Thus, F. Livat and H. Remaud reveal that wines made from less well-known varieties, but also wines made with a designation of origin, are, on average, rated more highly than what they call 'mainstream wines'. Their study covers a very large sample of 27,470 wines from the 2013 to 2016 International Wine and Spirit Competitions. Their conclusion validates the current trend of winegrowers who are increasingly seeking to differentiate their product offer in two ways: by anchoring it to a territory; and by returning to indigenous grape varieties. This strategy is in the spirit of the times and is valued by experts.

The market would therefore value a 'hyper-differentiation'. E. Lefur and J-F. Outreville shed interesting light on this question by studying the link between export performance and the varieties used to make wines. The export success of New World wines, highly concentrated on a very small number of varieties, could indeed lead us to believe that this concentration on flagship grape varieties would be a key factor in export success. However, their study shows, with a data envelopment analysis (DEA), that this is not the case. The export strategy of the traditional producing countries (Spain, France and Italy) appears to be as efficient as that of Chile or Australia, although it is based on a much lower concentration of the main grape varieties of these countries. As in the article by F. Livat and H. Remaud, we find the idea that the best-known and most common grape varieties are not necessarily a key success factor. Hence, in a way, small is beautiful.

On the American sparkling wine market, O. Gergaud, E. Pomarici and R. Vecchio show that the domination of Champagne is decreasing. Here again, there is a demand for diversity on the market. Their study, based on a survey of 843 American trade actors, also reveals that consumers are more attentive to the price/quality ratio and to the judgments of other consumers. They identify an opportunity in this market for small and medium-sized companies that can make themselves known to consumers with targeted marketing, using internet applications and peer judgments. These consumers would be more receptive to the arrival of new brands. A space would therefore exist on this market for smaller companies from regions other than the traditional producing regions and in particular, other than champagne.

In addition, small companies in the wine sector can adopt a more direct marketing approach. Reducing the number of intermediaries to reach consumers directly is an increasingly-popular strategy in the wine sector. M. Aubert and G. Enjolras reveal from data on French wine farms (within the Farm Accountancy Data Network, operating continuously over the period 2006 to 2012) that an economic model of small companies using direct sales channels is emerging and that it would be profitable. The race for size would therefore not always be a key factor for success. This study shows that several business models can coexist and that size is no longer necessarily a discriminating factor in performance.

S. Arcand, M. Cloutier and L. Renard are studying the emerging cider market in Quebec. As with beer and wine, there is also a strong demand for diversity in this market and this has led to the rapid expansion of microbreweries. The authors use a group-concept mapping method and analyse the forms of collective organisation between these actors. They show the organisational difficulties that clusters of micro-enterprises can face despite the importance of a collective organisation of the sector (see also Granata et al., 2018).

Finally, this special issue allows readers to draw several conclusions concerning the alcohol sector. The first is that there is a strong demand for diversity. This market offers space for companies of very different sizes and based on different business models (see also Ugaglia et al., 2019). The second is that there is a bonus to be gained from novelty and originality. The well-established brands, the most famous grape varieties, are challenged by emerging brands and new varieties. The third is the idea that the race to size to achieve economies of scale is not a key success factor in this sector. Smaller companies can perform in this market, particularly by shortening the supply chain to reach the final customer. Lastly, the fourth conclusion is that 'local' in the sense of 'producing and consuming locally' is a rapidly-emerging business model.

Without going so far as to claim that small is beautiful in the alcohol sector, small size is not necessarily a handicap in a sector where there is a strong demand for diversity, authenticity and locality. This makes this sector a particular sector that would escape, to some extent, the trend towards product standardisation, sometimes attributed to globalisation.

References

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