

## **Leveraging Insights from Established Wine Regions to Empower Emerging Wine Regions**

How can new emerging wine regions compete with already established ones?

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## Preface

This thesis is written within the master's profile in Business Administration and marks the end of five years at the School of Business and Law at the University of Agder.

Prior to this thesis, our knowledge of wine was limited to what is commonly known. When the opportunity to write about the wine market came, we saw a possibility to dive in and gather a deeper understanding of this exciting topic.

We want to raise a glass and thank our supervisor, Sangeeta Singh, for frequent meetings, interesting discussions, and good and constructive feedback. Without you, we would not have the insights we possess today. Cheers!



Karoline Mathilde Birkeland



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## Abstract

The aim of this master's thesis is to provide actionable insights from which other aspiring wine regions can take inspiration. The study includes four case studies of successful regions from New World: Australia, the United States (California), Chile, and South Africa. The thesis contributes to collect information about the strategies, tactics, and best practices they employed, with the goal of coming up with a model that provides new emerging wine regions with the knowledge and insight necessary to navigate the competitive landscape effectively.

The research is qualitative, and the data was collected using secondary sources, mostly journal articles. After analyzing the data, four key actions stood out as being especially important for these countries' success. These key actions were production, influencers, marketing, and partnerships. A clear strategy is key for emerging regions, and they should therefore take these key actions into account.

In previous research, even though they address possible approaches and opportunities for emerging regions, there is still a scarcity of complete frameworks or guidelines that offer actionable steps for success. Therefore, we found it interesting to look at the similarities and differences between successful countries from the New World and draw out the key actions to come up with a model for new emerging regions.

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## Introduction

The ever-evolving landscape of the global wine industry holds a narrative of tradition, innovation, and competition. Established wine regions such as Italy and France have long dominated the global market, rooted in centuries of tradition and expertise. However, a shift has occurred in recent decades, and the competition between established and emerging wine regions has intensified. New World regions, spanning all the way from Australia to California, have emerged as formidable contenders to the Old World regions.

This remarkable shift raises the research question: How can emerging wine regions compete with already established ones? This is the research question that forms the basis of our thesis, as we explore the strategies and insights adopted by four different New World regions: Australia, the United States (California), Chile, and South Africa. Once viewed as underdogs in the global wine market, these regions have defied expectations by creating their own niche, gaining recognition from all over the world, and challenging the traditional dominance of the Old World regions.

The wine industry is undergoing significant changes due to various causes such as changing consumer preferences, technological improvements, and climate change. Therefore, it is crucial to comprehend the methods that rising wine areas have employed to succeed. We aim to extract practical lessons from the distinctive strategies used by the four New World regions in order to assist other aspirational wine regions in their journey towards competitiveness.

Furthermore, we aim to provide actionable insights that other aspiring wine regions can take inspiration from. By breaking down the strategies, tactics, and best practices employed by the chosen countries, we aspire to equip emerging regions with the knowledge and tools necessary to navigate the competitive landscape effectively.

By conducting a comprehensive analysis that covers historical background, strategies, partnerships and successful regions, this thesis aims to offer an in-depth understanding of the variables fostering the growth of new wine regions. We hope to inspire and support new wine-producing regions in embracing innovation, differentiation and sustainability, by highlighting the achievements of these New World regions. In the pages that follow, we invite readers to explore the wine regions of the New World and discover the strategies behind their success.

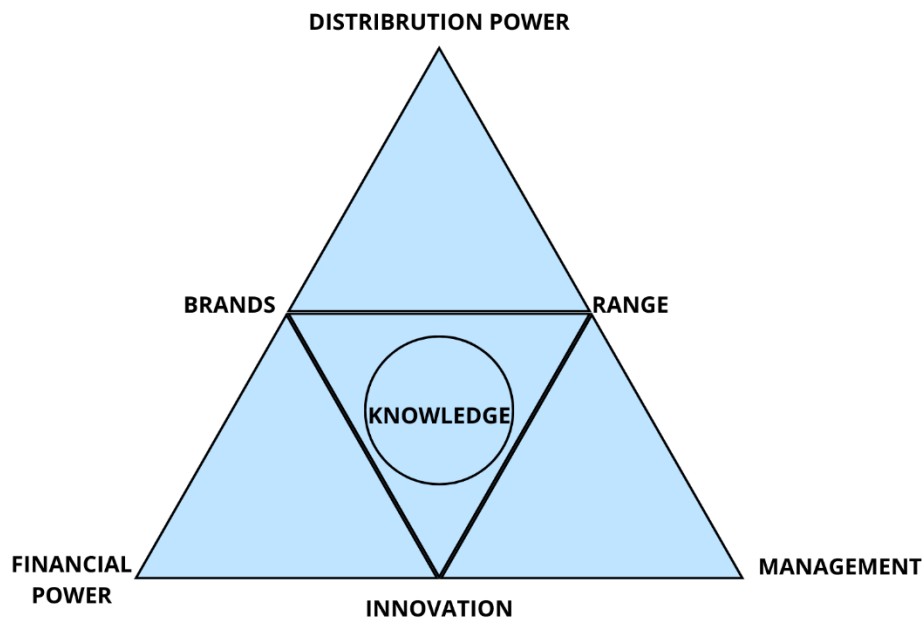
## Literature Review

Historically, the wine industry has been dominated by well-established regions such as France, Italy, and Spain in the Old World. Recently, New World countries such as USA, Australia, and Chile have produced good quality wine for consumers and are now looked upon as long-standing. Even further, new emerging wine regions have started to pose a threat to the dominance of the established players. The purpose of this thesis is to investigate key actions that newly developed wine regions can use to successfully compete with their more established equivalents.

The difference between Old World and New World regions is well covered in the literature, with particular attention to terroir, grape varieties, and winemaking traditions. On the other hand, while emerging wine regions face significant challenges in competing with established counterparts, there is a clear gap in the existing literature about specific frameworks or recommendations that are suited to the needs of growing wine regions. Although various studies address possible approaches and opportunities for emerging regions, there is still a scarcity of complete frameworks or guidelines that offer actionable steps for success.

“The Palgrave Handbook of Wine Industry Economics” by Ugaglia et al. (2019) is a valuable resource for understanding various wine-producing regions like Australia, the US, Chile and South Africa, which are central to our discussion. The book delves into the history, strategies, and economic dynamics specific to each region, offering in-depth insights into their respective wine industries. However, it focuses on individual regions separately, providing a detailed analysis of each without direct comparison between them.

Rabobank International is a cooperative bank founded by farmers with a particular affinity for wine and the agricultural sector (Heijbroek, n.d., p. 57). As a central actor, Rabobank has developed a model with what they think of as elements of winning strategies in the wine industry (Tagliolini, 2012, p. 239).



*Figure 1: Key success factors for the wine industry (Rabobank international, 2006 as cited in Tagliolini, 2012, p.240)*

At the top of the pyramid lies distribution power, which emphasizes that all wine companies need to enhance their access to distribution channels through innovations, cost leadership, and building a range of attractive brands. At the foundation of the pyramid rests financial power and business management, showing the importance of cost control and financial power. Finally, the core of the pyramid highlights the need for knowledge and understanding of quality segments, strategic positioning, and the drivers of the wine industry (Tagliolini, 2012, p. 240).

While the model shown above provides valuable insights into winning strategies within the wine industry, our focus lies elsewhere. Rather than examining established market strategies, we aim to delve into the success stories of emerging wine regions. Our goal is to develop a model or framework better suited to understanding the factors that have propelled these new regions to success, and that other new emerging regions can use. By shifting our attention to these emerging regions, we seek to uncover the unique approaches and conditions that have fostered their growth and recognition.



## Wine Marketing Mix

Festa et al. (2016) argue that “wine is one of the most dynamic markets in the world economy” for both the New World and Old World countries (p. 1550). Despite an ongoing debate, there is a general understanding that Old World countries focus mainly on production, while New World countries have focused more on marketing and sales (Festa et al., 2016, p. 1550; Remaud & Couderc, 2006; Resnick, 2008). This can also be seen when it comes to wine tourism, where the commercial success of New World drives entrepreneurial innovation (p. 1550).

Their study takes the traditional 4Ps (product, price, promotion, and place) that are the theoretical framework used in the marketing-management process and molds it to fit the wine marketing (Festa et al., 2016, pp. 1550-1551; McCarthy, 1978). The adapted version is 4E (expertise, evaluation, education, and experience) (p. 1551).

The deeper knowledge the consumer possesses, the better the understanding and appreciation of the product, in this case wine. Using this reasoning, *product* is changed with *expertise*. The appreciation and utility of the product will not be in terms of money but give a more general judgement. Therefore, *price* is interchanged with *evaluation*. This effect gives a better understanding of the product perception for present and future consumption, and changes *promotion* to *education*. As a consequence, this enriches the purchasing situation, and the *place* is interchanged with *experience* (p. 1551). In other studies, the wine promotion through knowledge happens in a different person than the consumer, for example a sommelier (Chocarro & Cortinas, 2013; Dewald, 2008; Festa et al., 2016, p. 1551; Manske & Cordua, 2005).



Figure 2: Illustration marketing vs. wine marketing mix (Festa et al., 2016, p.1551)

Pellicano, Ciasullo and Festa performed an analysis of wine tourism, looking at previous studies, showing that consumers evolve their understanding and appreciation of wine, moving from simple consumers to more experienced “tasters”. There is a positive relationship between the increase in knowledge and the success of the wine marketing mix (Festa et al., 2016, p. 1551; Pellicano et al., 2015).

### Wine Knowledge

Robertson et al. (2018) has investigated the influence of product knowledge within wine. They argue that consumers have endless varieties from different countries and regions. Product ratings and price are not complex enough to ensure the quality of the product before consumption, leading to the use of other attributes, both intrinsic and extrinsic, to detect quality (p. 160).

The study uses Brucks' (1985) perspective on knowledge: subjective and objective knowledge, as well as knowledge based on familiarity. While subjective knowledge is self-perceived, objective knowledge is defined as “current, accurate information stored by individuals in their long-term memory” (Veale & Quester, 2007, p. 2109 as cited in Robertson et al., 2018, p. 161). It refers to the actual information a person can demonstrate to be correct about a product class (Robertson et al., 2018, p. 161).

Both the subjective and objective product knowledge of consumers are considered important for the marketing of wine, because the amount of knowledge the consumers possess or think they possess will impact the strategy chosen. By having an effective marketing segmentation, it will give a deeper understanding of which product characteristics are favored by the different consumers (Robertson et al., 2018, p. 162).

Following this, Vigar-Ellis et al. (2015) created a model to illustrate the consumers. If the consumer had low knowledge as well as believed they possessed little knowledge, the consumer would be labeled Neophyte, new to an activity and still learning (Cambridge University Press & Assessment, n.d.). If the consumer overrates their knowledge, they are labeled snob. Modest is the label where they know more than they think. Lastly, there are experts that have both high objective and subjective knowledge (p. 162). The figure is illustrated below.

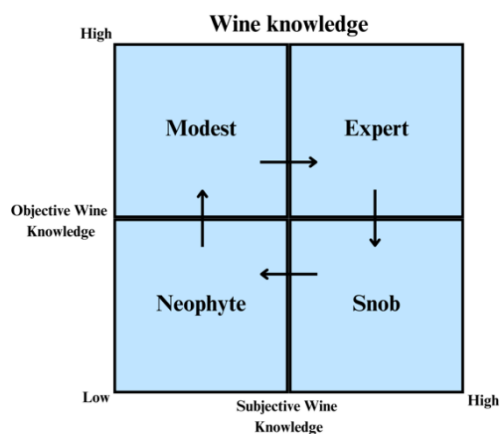


Figure 3: Figure over Wine Knowledge (Robertson et al., 2018, p. 162)

In the research of Robertson et al. (2018), they found that price appears as an attribute in all four groups. In the groups of low objective knowledge, the order of attributes remained the same: price, wine brand, region, and age of wine. For the expert group the most important attribute was price followed by region, brand, and age. Modest had a fairly similar ranking of price, region, age and brand (p. 169).

## Intention and Behavior

Agnoli et al. (2016) agrees with Robertson et al. (2018) that wine choice can be described as complicated and difficult for consumers (p. 661). Their study looks into what influences consumption in novice markets and consumer decisions process when choosing wine. To do this, they apply the theory of planned behavior (TPD) and theory of reasoned action (TRA) (pp. 661-662).

Further, they argue that the perceived behavioral control of wine consumption can be closely related with the concept of risk. The consumers are divided into novice and experienced consumers, where the novice consumers are highly risk averse (p. 662).

The study finds four types of risk related to the choice of wine to be statistically significant. Value for money, taste and flavor, food matching, and the ability to impress friends are all significant with a P-value < 0.01. It also shows that new consumers are more motivated by their own experience of price, taste, and quality rather than the opinions and recommendations of others (p. 670).

## Terroir

The French word *terroir* describes how a region's climate, terrain, and soil affect the taste of wine and give it character. Initially, the term was used to describe the earthy notes in some Old World wines, but it has evolved so that every region has its own terroir (Wine Folly, n.d.).

Gladstones (2011) argues that terroir does not have a similar word in English and lacks a comprehensive definition and an integration of its elements in modern science. In his book, Gladstone uses what he believes is the original definition, which addresses the combination of topography, geology, soil, and the whole natural environment. Terroir only describes the uniqueness of the origin, meaning that it is not a property of the wine. A good wine needs to reflect the terroir of its origin (p. 2).

Cross et al. (2011) performs a hedonic price analysis of the sales of vineyards in the region of Oregon and investigate if some of the variables within the term affect the price, such as elevation, soil, and slope. The results show no significant effects. The study finds, however,

that terroir matters for both consumers and producers. Both buyers and sellers attach a premium if the plot is in the correct terroir. This is because the buyers possess less information about the vineyards and rely on the quality of the terroir as a sign of quality (p. 156).

## Old World, New World and Third World?

Wine regions have traditionally been divided into Old World and New World. Old World countries are Greece, France, Italy, Spain, Germany, Portugal, Austria, and Hungary (Giacomarra et al., 2020, p. 1252). This group is characterized as well-established and having long-lasting methods and traditions. The production has been adapted and perfected to the geographical location over centuries (Banks & Overton, 2010, p. 59).

New World countries consist of USA, Australia, New Zealand, Chile, South Africa, and Argentina. The competition between New World and Old World has increased in recent decades, and the market share of New World has now surpassed Old World countries (Giacomarra et al., 2020, p. 1252). Consumers in Europe use the heritage and wine quality of Old World wines as a reason to buy. Consumers of wine in New World countries, however, pay less attention to whether the wine comes from their territory or not (Giacomarra et al., 2020, p. 1261).

Banks & Overton (2010) argue that Old World and New World are too simplified in the modern world. The original discussion on this topic has been regarding Old World being conservative, which encourages producers to maintain an artificially high cost of production. On the other hand, New World producers have not inherited the same history and traditions. They are therefore encouraged to explore and experiment, which has led to an industrialization of wine production and made it lose its charm. This discussion is exaggerated because even Old World regions like Champagne and Burgundy are redefining the boundaries and expanding, and New World regions are respecting the terroir and implementing laws (p. 60). Due to globalization, Old World and New World are no longer an accurate representation, and the term “Third World” has been introduced (p. 67).

The term Third World is not new but has been used to describe a country's economic development. Originally, Third World countries were newly independent former colony

countries that did not fit under the terms capitalist (first world) or communist (second world). The term has also been used to describe less developed or poor countries compared to the West. Within the wine industry, however, the term is used to categorize regions that do not automatically fall under the terms Old World or New World (Banks & Overton, 2010, pp. 67-68).

Banks & Overton (2010) divide third world accordingly:

*Group 1:*

The first group are countries that fulfill the criteria of Third World by being a former colony, non-aligned and generally lower income per capita than First World countries. The wine industry in these countries originates from the colonial heritage and the production was for domestic consumption. This group has changed from production for self-consumption to export orientation with production techniques inspired from Australia and the US (p. 68).

Countries in this group consists of Chile, Argentina, Brazil, and South Africa (p. 68).

*Group 2:*

This group consists of producers based in North African countries such as Algeria, Morocco, and Tunisia and in Middle East like Lebanon (p. 68).

The group also fits in the Third World definition within the economic and political view, similar to Group 1. The wine grape growing history in this group, however, is much richer because wine originates from these countries. Despite that, the colonial period affected production and planting to a high degree. When the colonial period ended, production of wine became less significant in the world market (p. 68).

*Group 3:*

The third group consists of countries where wine has been produced for centuries with little to zero colonial influence (p. 69).

The substantial country in this group is China, followed by Japan. The Chinese production of wine has found place since the first century BCE. In more recent times, the wine production in

China has been at a modest scale, and due to the country's political landscape, the production method diverges from the traditional European style (p. 69).

During the closed economy of China, the production increased because of the state economy. When the economy opened in the late 1970s, multiple transformations happened. Wine producers have kept expanding but have also shifted towards wine styles more similar to the European style (p. 69).

#### *Group 4:*

Lastly are countries that have recently adopted winemaking and do not have a significant history of wine production. This group includes India, Thailand, and Vietnam. India has a history of both pre-colonial and colonial wines, but on a such a small scale that it is not relevant (p. 69).

Grape production has previously not been suitable due to the tropical climate in these countries but experiments have given results, especially grape growing in the altitude has shown success for wine production (p. 69).

There is no history of wine consumption among the local population in these countries. This is changing, however, as industrialization is creating middle classes with higher disposal income seeking more "luxury goods" (p. 69).

### Top Producers

The table below displays the top ten wine producing countries measured in hectoliters along with Vivino ratings (Wisevoter, n.d.). Vivino is a digital marketplace for wine and offers a rating system for its 68 million users. The ratings of a wine on Vivino comes purely from users and is not affected by advertisements and sponsorships. The rating system is set up by rating a wine from 1-5, instead of the typical 100-point ratings experts use (Vivino, 2020, n.d.). The Vivino ratings in the table are a ranking created by taking the average rating of over 16.000 bottles. The average rating of rosé, white, red, and sparkling wines gives a total average rating for each country (Accor, n.d.). Even though this rating may not be as precise, the number of users and ratings makes it interesting to see how "normal" consumers rate wine from different countries.

Top 10	Country	World	Wine production in Hl	Vivino Ratings
1	Italy	Old	47 533	3
2	France	Old	42 193	2
3	Spain	Old	33 676	10
4	<b>United States</b>	<b>New</b>	<b>25 562</b>	<b>1</b>
5	Argentina	New	13 019	12
6	<b>Australia</b>	<b>New</b>	<b>11 970</b>	<b>6</b>
7	<b>Chile</b>	<b>Third World Group 1</b>	<b>11 939</b>	<b>15</b>
8	<b>South Africa</b>	<b>Third World Group 1</b>	<b>9 705</b>	<b>8</b>
9	Germany	Old	8 218	5
10	Portugal	Old	6 527	9

Table 1: Overview of the world's top producing countries (Accor, n.d.; Wisevoter, n.d.)

The top five producers of wine are three Old World countries followed by two New World ones. In sixth and seventh place are Chile and South Africa, that are considered Third World Group 1. United States has the highest Vivino rating average, followed by France and Italy. Interestingly, Spain is the third biggest producer, but is only 10<sup>th</sup> on the average ratings.

As we can see from the table above, New World and some Third World countries are in the top producers of wine as well as in consumers' rankings. It will be interesting to understand how these countries were able to not only compete, but also surpass, some of the well-established traditional wine producing ones. Therefore, we choose USA, Australia, Chile, and South Africa for the purposes of our thesis. Argentina is in the top five in production and 12<sup>th</sup> in rating and could also have been a good addition to the study. This country was not chosen, due to the desire to have two countries from each group as well as the literature access on the US and Australia.

By choosing these countries, we include representation of both New World and Third World wine-producing countries. Doing so, an analysis of how these countries claimed their position in the market will give an understanding of how new regions can do the same. Well-established Old World countries in the top 10 (Italy, France, Spain, Portugal and Germany) are not included because their production and marketing of wine have been defined by centuries-old terroir philosophy and classification systems that emerging wine countries cannot replicate. Our chosen countries, however, have risen with the help of modern methods that can readily be imitated.



# Methodology

## Research Design

When designing research, there are two designs to choose from: inductive and deductive. Inductive comes from Latin *inducere* and translates to “to lead into”. This translation refers to the way inductive reasoning works, an observation “leads into” a general conclusion (Gunner, 2022). Inductive research is done through first collection and analyzing data, and from those data arrive at theories, concepts, and hypotheses (QuestionPro, n.d.). The method used in this type of research is called “bottom-up” method, where the specific observations end up as general ideas and theories.

There are three steps when conducting an inductive research process: observation, pattern recognition, and theory development. Observation involves observing the phenomenon under investigation. This step can be executed using different types of methodologies, including surveys, interviews, and direct observations. After collecting data, it is carefully analyzed to find patterns and trends. By doing this, the goal is to provide insights and find trends that can be used to create the first ideas and categories. Lastly, the researcher establishes the initial categories or concepts derived from the concepts and patterns from the data analysis. This involves a systematic classification of data based on shared characteristics, establishing a foundational framework for comprehending the subject under investigation (QuestionPro, n.d.).

When conducting inductive research, qualitative data will offer more opportunities to find patterns, general ideas, and conclusions. Due to the scope of the topic and the chosen research question, qualitative data will provide the best understanding when using inductive research (QuestionPro, n.d.).

Deductive arrives from the Latin word *deducere* and translates to “to lead down”. A reasoning from this point of view arrives from a general promise, that uses evidence to test and end up with a logical conclusion. A simple example of deductive reasoning is “all fish can swim. A trout is a fish. Therefore, a trout can swim” (Gunner, 2022). This type of research uses a “top-down” method, where the researcher begins with a general idea and tests it with specific observations.

The first step in deductive research involves creating a hypothesis that predicts the relationship between variables. The hypothesis is typically based on existing theories or prior research. Following the hypothesis formulation, a research study is designed to test the hypothesis. This entails selecting a research method, determining what needs to be measured and planning how to collect the necessary data. When the research design is chosen, the data is collected. The methods that can be used are surveys, experiments, and observational studies. This part consists of analyzing the data to see if the hypothesis is supported or not. Statistical methods are used to find the patterns between the variables. The last step is to draw conclusions from the analysis. The hypothesis can be used to create generalizations about the situation being studied, if it is supported. If it is wrong, the researcher needs to look at other hypotheses to explain the situation (QuestionPro, n.d.).

This thesis will use an inductive research design. By using the bottom-up approach, the study will start with collecting data on how countries previously have managed to compete with already existing and recognized regions. This will create generalizations that will be used to create a matrix that will give an overview of key actions that previously has given success.

## Research Method

There are two types of research methods, qualitative and quantitative. Qualitative research is defined with a “epistemological tradition” with “a field of inquiry”. This stands in contrast to objectifying, positivistic, and quantifying approaches to research (Brinkmann, 2022, p. 13). To be able to understand the underlying connections the research must go in depth. Qualitative research has the attribute to go deep to understand, while quantitative wants to explain. Most social phenomenon includes both qualitative and quantitative sides, and it is the data that is gathered that is characterized as either qualitative or quantitative (Silkose et al., 2021, p. 117).

Qualitative data is all data that is non-numerical and is not quantified. Its data is based on the meaning from words. The results are collected using non-standardized data that needs to be divided into categories. The analysis of the data is conducted by using conceptualization (Saunders et al., 2007, p. 472).

Quantitative data is based on meaning from numbers and the result is based on numerical and standardized data. The analysis of the data is conducted through diagrams and statistics

(Saunders et al., 2007, p. 472). The raw data exhibits little meaning before it is processed with techniques such as graphs, charts, and statistics (Saunders et al., 2007, p. 406).

This thesis demands a deeper understanding than a quantitative method would provide, and a qualitative research method is therefore chosen.

## Data Collection

The data used to answer a research question can be new data collected for that purpose, or already existing data that needs to be reanalyzed. New data collected to answer the research question is primary data, while reused existing data is secondary data (Saunders et al., 2007, p. 246).

Primary data can be collected through observations, interviews, and questionnaires. It is collected by the researchers themselves and is real time data. The collection time is long and expensive to gather. The data is however more accurate and available in its crude form (Wagh, 2024).

Secondary data can be used in both descriptive and explanatory research and includes both quantitative and qualitative data. Some of the advantage of using secondary data is the saving in time and money (Saunders et al., 2007, p. 259). However, using secondary data to answer a research question means that the data is collected for another purpose and may lack information to find the answer. There could also be a problem with the quality of the data. Some data sets are given by the government and provide quality far better than you can get yourself, but this is not given. The quality of the data set should therefore be checked before it is used (Saunders et al., 2007, p. 262).

There are three questions that need to be answered in order to know which data collection method is suited for the research (Yin, 2018, p. 39).

Method	Form of Research Question	Require Control Over Behavior Events	Focuses on Contemporary Events
Experiment	How, why?	Yes	Yes
Survey	Who, what, where, how many, how much?	No	Yes
Archival Analysis	Who, what, where, how many, how much?	No	Yes/no
History	How, why?	No	No
Case Study	How, why?	No	Yes

Table 2: Overview of Research Methods (Yin, 2018, p. 39).

A study may want to answer research questions including “who”, “what”, “where”, “how”, and “why”. The first condition is therefore what the research question mainly focuses on. Research questions containing “what” can be divided into two categories, exploratory and a rewritten form of “how much” that favors survey or archival methods. The first category is used in order to come up with a hypothesis for further inquiry, while the second answers research questions like “What have been the ways that communities have assimilated new immigrants?” (Yin, 2018, pp. 39-40).

“Who” and “where” are more fitted for survey methods and archival data. This is beneficial when trying to describe incidents or track outcomes. Examples of this are the spread of diseases like COVID-19 (Yin, 2018, p. 40). “How” and “why” are more used in case study, history, and experiment, because of their explanatory attributes. These methods deal with change over time rather than frequencies and incidents (Yin, 2018, p. 40).

The second condition is whether it is a possibility to control the behavior events. Experiment is the only method that has the possibility of control. Typical for this method is the use of a lab or field setting, with the opportunity to directly manipulate the variables (Yin, 2018, p. 43).

Lastly is the condition that relates to whether the study focuses on contemporary events. The use of history as a method is preferred when dealing with the “dead” past, with no chance of direct observations and no people of relevance alive to describe the happenings. On the other hand, case studies have a more fluid interpretation of the recent, past, and present, and are meant for use in further research (Yin, 2018, pp. 42-43).

This thesis will try to answer how new emerging wine regions can compete with already established ones by looking into how other regions have done it in the past. Our research question contains the words “how” and “why” which gives the opportunity to use history, experiment, and case study as a method. The next condition is the ability to require control over behavior events and manipulate variables. Since this thesis focuses on events and strategies implemented in the past, this condition is not fulfilled and there are therefore two remaining methods left. The third and last condition is whether the research focuses on contemporary events. The goal of this thesis is to be able to give advice to new emerging wine regions by constructing a model showing previous successful methods. The answer of the last condition is therefore yes, which leaves case analysis as the method to be used.

Yin (2018) argues that case study design can be divided into two, single case and multiple case study. Where a single case study is beneficial when researching unusual situations (p. 84), multiple case study is preferred when conclusions across different case studies is wanted. Multiple case studies are also beneficial to help identify patterns and commonalities. The advantage of single case study is that it often has a more intricate design which gives opportunities for a more thorough analysis (p. 90). Disadvantages to this type is related to its bigger chance of getting misrepresentation due to the possibility that the situation might not unfold as initially perceived (p. 87). Multiple case study design has the advantage of being more compelling and robust but has the disadvantage of needing more time and resources (p. 91).

By using multiple case study for this thesis, it will be possible to find and analyze the key actions from different countries that through implementation has helped the areas getting recognition from the wine industry.

### Validity & Reliability

Peräkylä (1997) points out that both validity and reliability are important in research (p. 201). Without them the objectivity of research is at risk. Reliability can be defined as “the degree to which the finding is independent of accidental circumstances of the research” (Kirk & Miller, 1986, p. 20).

A fundamental aspect when it comes to validity in both qualitative and quantitative is that there is a correspondence between the theoretical paradigm and the observations (Peräkylä, 1997, p. 212).

Validity is divided into internal and external, where internal refers to what extent the causality holds up in the research. If X affects Y, we must make sure that the real cause of the change in Y comes from X and no other factors that is not omitted in the model. The easiest way to isolate this effect and reach high internal validity is by using laboratory experiments. By doing so, it is easier to control and keep everything unchanged except for the wanted change in Y. A field experiment does not have this controlled environment and is likely to have a lower internal validity. External validity refers to what degree the results from a study can be transferred to other similar situations. This type of validity is more focused on generalization. A field experiment is likely to have a higher degree of external validity because of the real situations and analysis, rather than laboratory where the situation is fake (Silkose et al., 2021, p. 81).

Within study in ethnography, reliability shows if one would get the same results when repeating the same research and analysis (Peräkylä, 1997, p. 203). Every result has some degree of error. The result will be more reliable, the less the degree of random errors are present. The goal is to minimize the amount and size of the randomized errors (Silkose et al., 2021, p. 150).

Errors in research can be written as the function, inspired by Silkose et al. (2021, p. 151):

$$X_O = X_R + X_S + X_{RA}$$

$X_O$ : Observed value

$X_R$ : Real value

$X_S$ : Systematic error

$X_{RA}$ : Random error

The function shows that the value that we observe is equal to the real value plus the systematic error and the random error. Maximum validity is found where the observed value is equal to the real value ( $X_O = X_R$ ). The measure will be totally reliable if  $X_{RA} = 0$ . For the measure to be valid, the systematic error ( $X_S$ ) also needs to be equal to zero. In real life, no research will be entirely free from errors and shortcomings (Silkose et al., 2021, p. 151).

## Cases

### Case Australia

#### Evolution

Australia is one of the success stories from the New World countries. The country went from being a net importer of wine in the 1890s to exporting 32% of total production. This is higher than both France and Italy that export around 17% (Marsh & Shaw, 2000).

Australia has had multiple cycles throughout history. The first cycle took place from 1855 to 1882, when the domestic demand for wine increased due to population and income. High tariffs and shipping costs reduced the possibility for trade. In the second cycle, from 1882 to 1915, the country was characterized by significant growth in vineyard areas and wine production, driven by the removal of trade restrictions and government incentives. The level of export established by the first cycle was sustained through World War 1, and the cost of ocean transport was reduced partly because of the development of the steamship. French producers invested in North Africa, giving them an easy way into the French market by raising barriers to other countries. Subsequently, from 1915 to 1967, Australia saw a decline in the wine industry's competitiveness due to factors like the appreciation of the Australian dollar and increased competition from other countries. During the fourth cycle, 1967-1986, Britain removed its tariffs for European Economic Community (EEC) members. Wine exports remained flat from the middle of 1960s to mid-1980s. Domestic demand began to grow because of brand advertising, wine-preferring immigrants, and an increase in traveling to Europe. Finally, the fifth cycle, starting in 1986, began due to an increase in exports led by a historically low Australian dollar. Domestic consumers shifted their focus from quantity to being more quality oriented. Concerns for food safety after Chernobyl (1986) and political instability due to Apartheid in South Africa increased the international demand for Australian wine (Anderson, 2018, pp. 515, 517-523).

In 1996, the Australian wine sector launched "Strategy 2025" (Marsh & Shaw, 2000, p. 38). This strategy opted to "reframe" the industry and create awareness around marketing, innovation, and participation in the international market. Producers chose to implement Strategy 2025 necessitating collaboration with other producers (Marsh & Shaw, 2000, p. 59).

Strategy 2025 highlighted the potential from a shift towards global markets and a transition from non-premium to premium segments. It sought to heighten Australian producers' awareness of competitors in regions such as California, Chile, and South Africa. Ultimately, the strategy aimed to move away from an exclusive focus on the product and towards emphasizing business courses marketing. It focused on two fundamental industry values, innovation and product quality, especially addressing the six key issues: customers, markets, wine tourism, image resource capabilities, and competitive advantage. The strategy was mainly long-term, but there was also constructed a strategy with shorter term in 1997. The five-year strategy was to help break down Strategy 2025, and covered domestic consumer markets, export marketing and collaboration (Marsh & Shaw, 2000, pp. 40-41). They founded a unique comprehensive collaborative structure, which is made up of three zones of competitive marketplace, collaboration and negotiation (Marsh & Shaw, 2000, p. 44).

Australia uses *Geographical Indication* (GI) to indicate the origin of the wine grapes. This means that only grapes grown from a particular area are entitled to use the GI of that location. GI helps to indicate that the product, in this case wine, is created with certain standards and demands. The use of GI is controlled through Wine Australia's audit program to ensure that the wineries can provide documentation and origin of the grapes (Wine Australia, n.d.). Research shows that GI is important to identify and market themselves to visitors both domestically and internationally (Alonso & Northcote, 2009, p. 1254).

In 2013, the «Ultimate Winery Experiences Australia (UWEA)» was launched. This is a cooperation agreement between award-winning wineries offering unique wine experiences, where people can interact with the products, their makers, and their places. They seek to create an impact through a united voice to achieve a commonly identified and agreed-upon goal. The goal of UWEA is to elevate Australia's position as a premier wine tourism destination (Sigala & Robinson, 2019b, pp. 104, 111). The evidence indicates that the Australian wine cluster has thrived through the process of collaboration (Marsh & Shaw, 2000, p. 71). In just five years after the implementation, the industry had already achieved half of its 2025 targets (Anderson, 2018, p. 524).

Australian Grape & Wine is Australia's national association of grape and wine producers, with a responsibility to develop strategy and implement policy on behalf of the sector (Australian Grape & Wine, 2022, p. 4). They launched Vision 2050, central to Australia's long-term wine



market strategy in 2020. It recognizes tough challenges ahead, like trade issues with China and the repercussions of Covid-19 (Australian Grape & Wine, 2022, p. 2). The goal is to grow the industry to a value of \$12 billion by 2025. To make this happen, they have set five clear objectives: sell more wine domestically, sell more internationally by repositioning Wine Brand Australia, develop new products, reduce costs and/or improve efficiency, and lastly produce less grapes due to the shrinkage of the industry's volume (Australian Grape & Wine, 2022, p. 8). Moreover, the strategy is designed for continuous evaluation and refinement, with an annual review process facilitated by input from all membership committees (Australian Grape & Wine, 2022, p. 16).

### Successful Regions

Renowned for its rich heritage and exceptional wine quality, the Barossa Valley in South Australia stands as one of Australia's oldest and most acclaimed wine regions (Wine Australia, 2018). With approximately 50 wineries nestled within its borders, this region has been carefully preserved to uphold its legacy of winemaking excellence. Encouraged by its favorable land and climate, wine producers were drawn to the Barossa Valley in the 1900s, enticed by its ancient vineyards and traditional oak-infused winemaking techniques (Ratten, 2018, p. 319).

During the 1980s and 1990s, the Barossa Valley experienced a golden era fueled by soaring international demand for its Shiraz and red blends, elevating its reputation onto the global wine stage. This period solidified its status as a premier wine destination, renowned for its distinctive offerings (Wine Australia, 2018).

Embracing innovation and adaptation, the Barossa Valley has forged ahead in the face of global competition, fostering dynamic clusters that thrive on networking and flexibility (Ratten, 2018, p. 319). Honoring its rich cultural heritage while embracing change, the region has continuously evolved to meet the demands of the modern wine industry. In recent years, sustainability has emerged as a significant focus, prompting many growers to transition towards organic and biodynamic farming practices (Ratten, 2018, p. 322).

Another example of a successful wine producer is Casella Wines' Yellow Tail. The Casella family decided that they would not pick up the battle against the French and Italian wines when it comes to quality, complexity, and prestige. Instead, Yellow Tail broke industry norms by

offering a social drink that resonated with consumers, becoming the fastest-growing brand in both Australia and the United States (Kim & Mauborgne, 2005, pp. 106-117; Pravin, 2021).

By offering this “new” type of wine, Yellow Tail did not go in the market against other more fancy and premium wines but created a whole new market themselves with easy drinkable wines. The Strategy Canvas serves as a diagnostic and action framework for building a blue ocean strategy, epitomized by Casella Wines’ success with Yellow Tail. A blue ocean can be defined as an untapped market space, demand creation, and the opportunity for highly profitable growth. The business model is streamlined and offers only one red wine and one white wine. Yellow Tail has used the Australian culture as a brand personality which has been a success, illustrating the power of strategic innovation in the wine industry (Kim & Mauborgne, 2005, pp. 106-117).

#### Analysis: Reasons for Success

Australia has throughout history shown the ability to adapt. The wine industry has gone through multiple cycles with both growth and decline. This ability to follow the market and change could be seen as one of the reasons for their success.

Government support, with governmental incentives and the removal of tariffs, helped stimulate the growth of the industry and competitiveness. Particularly during critical periods of industry development, this has played a significant role in the growth of the Australian wine industry.

One key action Australian wine producers have implemented is cooperation. Cooperation is a competitive approach that enables rivals to compete and cooperate, both within the industry and outside of it, to foster competitive value. By collaborating with domestic competitors, the producers can create packages and experiences that can be more diverse and attract a broader range of tourists. It can also help individual producers reach new markets, because of the shared resources and marketing. The risk of doing this is the potential conflicts that can arise when trying to balance cooperation and competition. If participants perceive an unfair advantage or exploitation by competitors, this could lead to trust issues. Even though Australia seems to have been doing this successfully, it still requires careful management and communication to prevent misunderstandings or breaches of trust.

The tourism sector is a good field for competition outside the industry because of the complementariness and inter-dependencies among the suppliers (Sigala & Robinson, 2019b, p. 99). There has been a significant structural change within the wine industry in the past ten years, which has been acting as an introduction to the development of collaboration (Marsh & Shaw, 2000). One of the countries that has had this change is Australia.

Strategies implemented by the Australian wine sector shows how proactive the country has been in order to get recognized in the industry. Vision 2050 provides a long-term commitment and goal for the Australian wine industry, which offers a route for sustainable growth and development for the future. This can allow stakeholders in the industry to align their tactics and strategies towards a shared goal. Strategy 2025 complements the vision by providing a more definite timeline along with well-defined goals. The Australian wine industry may effectively achieve flexibility and their overall goals by striking a balance between short-term execution and long-term vision by combining the targeted approach of Strategy 2025 and the forward-thinking of Vision 2050.

By welcoming innovation and adaptation, producers in Barossa Valley were able to use grapes that are suited for the Australian climate. Being able to tailor the wine to the climate and not just copying one of the Old World producers could give the product a better feel of quality rather than a replicate of a European wine. If consumers had the choice between a real European style wine from Italy or a European style from Australia, consumers would likely choose the original one from Italy. Barossa Valley has also begun to focus on sustainable farming. This combined with diverse climates and terroirs makes them able to produce a broad spectrum of wines, appealing to different tastes and markets. The use of GI helps the country to showcase both quality and origin.

Yellow Tail is a good example of innovation. By offering a new type of simple drinkable wine, the beverage is no longer only for the upper class that wants to find notes and tastes, but for everyone that wants to enjoy a glass of wine. A reason why Yellow Tail were able to reach this untouched market could be that the Old World producers contain too much heritage and traditions, so entering a brand-new market like this was too far off their usual production and vision. Yellow Tail and other Australian producers had less history and heritage to maintain and could therefore explore more. A risk Yellow Tail took was that their product would be looked at as too simplified and not showing the Australian quality and craftsmanship.

To conclude, the success of Australian wine has been because of being market-oriented and proactive, developing an infrastructure that supported the industry, collaboration, and improving quality through innovation.

## Case USA (California)

### Evolution

The United States has a rich history in winemaking, dating back to the early 1600s when English and Spanish settlers introduced wine and winemaking to the country. While the Spanish focused on cultivating wine grapes for religious ceremonies, the English were more concerned with producing wine as a water substitute and a source of wine outside the conflicts between France and Spain. American wine had gained popularity in Britain by 1619, and the colonists were ordered to increase production. The attempt to increase production failed due to unfavorable growing conditions for the vines, and crops were substituted with tobacco plantations (Bosland, 2004, p. 10).

In 1919 the 18<sup>th</sup> Amendment to the US constitution banned manufacture, transportation, and sales of alcoholic beverages. This amendment was effective a year later under the Volstead act (Pinney, 2007, p. 2). When the Volstead Act passed, Californian wine producers, led by the California Wine Association (CWA), rushed to sell their stock before prohibition took effect. Despite restrictions, wine found niche markets for medical, religious, and culinary purposes, but with limited demand and strict permits (Pinney, 2007, pp. 8-9).

Wineries could apply for permits to produce wine for non-beverage purposes or for storage, but many chose to shut down as their specialized equipment held little value elsewhere. Nonetheless, some major producers, like Beaulieu, thrived in supplying altar wine continuously. During prohibition, winemaking became a salvage operation, undertaken only when other options for grape disposal were exhausted (Pinney, 2007, pp. 16-17). Despite the challenges, wine production and grape cultivation continued, with Americans exploring home production but facing limited access to quality wine. The end of prohibition in 1933 broke the CWAs near monopoly, fostering competition and is considered a positive outcome of the era (Pinney, 2007, pp. 32-33).

After prohibition, popular wines were high-alcohol and inexpensive, known as “dessert wines” like sherry, port, and angelica (Hisano, 2017, p. 5). In the 1960s and 1970s, American preferences shifted towards lower alcohol “table wines”, leading to a tripling in wine consumption during that period (Hisano & Chapman, 2021, p. 2). Today, the USA is a net importer despite significant production, exporting around 10% of its total production in 2016 (Lapsley et al., 2019, p. 119). In 2018, the US became the world’s largest wine market by volume and value, though it’s fragmented into 51 different entities due to post-prohibition regulations (Lapsley et al., 2019, p. 121). Despite beer historically being more popular, wine has outpaced its growth over the past four decades (Hisano, 2017, p. 1).

Given California’s dominance, research often focuses on its wine industry, contributing to 80% of the US production (Lapsley et al., 2019, p. 110). Therefore, this thesis will concentrate on California’s wine industry.

In California, key winegrowing regions like the Central Coast, Lodi, and Napa Valley have established cooperative frameworks. Organizations such as the Central Coast Vineyard Team, Lodi Winegrape Commission, and Napa Valley Grape Growers Association lead these initiatives, uniting growers, winemakers, and industry partners. These collaborations transcend mere technical assistance, encompassing sustainable practices and certifications (Hillis et al., 2018, pp. 215-216). Moreover, Napa Valley exemplifies the power of cooperative action in shaping its brand identity, where partnerships were critical to Napa’s success. Collaborative efforts among wineries, restaurants, and government entities have propelled Napa’s prominence as a global wine tourism destination (Jones et al., 2013, p. 268; Warner, 2007, p. 147).

Strategic marketing partnerships further amplify Napa’s reach, with alliances extending to entities like the Sonoma County Tourism Bureau, Visit California, and the Great Wine Capitals network. These synergies maximize exposure to domestic and international tourists, fostering sustainable growth and economic prosperity. For instance, collaborations such as Visit California’s partnership with the CIA resulted in significant exposure for Napa Valley through television programming, demonstrating the effectiveness of such strategic alliances in expanding the reach of the US wine industry (Jones et al., 2013, p. 269).

Californian wine producers have for over 40 years had a key strategy of using and building a geographical branding (Bruwer & Johnson, 2010, p. 7). Consumers use location of the brand

as an indicator of the quality. Because of this, the vineyard location is one of the most important pieces of information on the wine label. The amount of American Viticultural Areas (AVAs) has been increased to follow the growing demand for information about the areas. The good reputation regarding the Californian area has made it possible for producers to show a sign of quality even before the wine is consumed (Bruwer & Johnson, 2010, p. 16).

Californian wineries and grape growers have forged an unusually tight collaboration which has given an economic success. The wine grape farmers have taken more partnerships than any other crop produced in the US. The wine grape industry in California has invested resources in collective efforts to educate its producers regarding environment and quality. Premium wine grapes are produced in areas that have a high degree of environmental policies, and the producers see the value of initiative to collaborate and improve the practice and the sustainability (Warner, 2007, p. 143).

*Wine Institute*, former *Wine Producer Institute* and *Grape Growers League of California* were founded in 1934. The institute helps Californian wine producers with legal policies as well as an export program (Wine institute, n.d.-b). The Wine Institute has an international marketing strategy consisting of assisting Californian wineries to enter and develop business in foreign markets and serve as a branding and communication platform on an international scale for Californian wine (Wine Institute, n.d.-a).

### Successful Regions

Early on, diseases and adverse climate prevented vineyards from being successfully established. This changed during the 18<sup>th</sup> and 19<sup>th</sup> century when technology, quality and grapes were more suited for production in America (Hisano, 2017, p. 4). The wineries in Napa Valley were pioneers in the rebirth of the wine industry in California after the prohibition (Taplin, 2011, p. 131), and the region is now looked upon as one of the most successful New World entrants (Hira & Swartz, 2014, p. 37). Napa Valley Vintners and Napa Valley Grape Growers Association were founded in 1944 and 1975. Both groups were established to share ideas, overcome problems, management, and exchange information. The organizations gave a formal structure for information and helped protect the brand as well as market the wines as high end. This set up is viewed as an umbrella function, and helps bring the industry together, increase

the number of new entrants, and was crucial for the growth of reputation for the region (Taplin, 2011, p. 131).

The area operated with much “trial and error” during the 1970s, as new producers tried to find the best way to exploit the local grapes. Diverse background, enthusiasm, and determination from the newcomers as well as academic research at the University of California, provided a new view and other techniques for the industry (Taplin, 2011, p. 132).

In 1976 the producers were confident enough to test their product against the best and took their wines to a tasting competition in Paris. The wines from Napa Valley were tested against more established French competitors, where David received more victories against Goliath than people would have anticipated. The victories improved the reputation for Californian wine, but especially Napa Valley and their individual winemakers (Taplin, 2011, pp. 132-133).

Napa Valley kept up their work and was associated with high quality and increasing prices by the 1990s. Producers had now a reputation to protect, and the voice of experts gained more and more influence. The two main critics at the time, Wine Spectator and Robert Parker’s Wine Advocate, offered an enthusiastic endorsement of wine from the area of Napa Valley (Taplin, 2011, p. 135).

#### Analysis: Reasons for Success

A turning point for the California wine industry came with the breaking of the near monopoly held by organizations such as California Wine Association after the prohibition. It encouraged innovation and competition, which consequently enhanced quality. Now that the monopolistic control had been lifted, smaller producers could enter the market and experiment with different production methods and grape varieties.

Collaborations that have brought together growers, winemakers and industry partners, as well as partnerships in strategic marketing involving restaurants, wineries, and government entities helped advance the industry. They could deal with more challenging circumstances and ensure the wine industry’s long-term survival by exchanging best practices, information, and resources. By emphasizing joint marketing initiatives, they could stimulate growth, attract more visitors, and improve the US wine industry’s reputation in general.

Californian winemakers solidified their position in the market with the help of geographical branding. Although this may effectively communicate a feeling of terroir and authenticity as well as highlighting the quality of wine producing regions (AVAs), it also simplified the need for understanding different grape varieties, making it easy for casual wine drinkers to select Californian wine. The strategy has been successful in enabling regional identity and quality, and California has been succeeding in the differentiation of their wines on an international scale. By encouraging consumers to discover and enjoy the diverse range of varieties that California has to offer, the AVAs have helped improve the reputation of Californian wines and promoted an environment of curiosity among the consumers.

The success of Napa Valley is a testament to innovation, adaptation, resilience, and collaboration. Even though they had early challenges like diseases and unfavorable weather conditions, the vineyard's ability for adaptation and development was what really made it stand out. The collaborative approach by organizations such as the Napa Valley Vintners and Napa Valley Grape Growers Association can be viewed as a helper to protect the Napa Valley brand and provide a sense of community.

To summarize, the success of Californian wines can be attributed to collaboration, innovation, strategic alliances, and branding.

## Case Chile

### Evolution

Chile has a 450-year history of wine production which was affected by a wine revolution. The grapes and production came from the Spanish in the mid-sixteenth century. Chile was influenced by Europe and their varieties of production during the next four hundred years, and distinct areas of grape production got established. Until the 1970s Chileans drank almost exclusively Chilean wine, and wine was produced only for domestic consumption. The country had some production of quality wine with the use of Cabernet Sauvignon, but this did not hold international standard (Crowley, 2000, pp. 88-89).

By the 1980s, other New World countries such as the USA, Australia, and Bulgaria had experienced a wine revolution. Chile, however, did not experience this during the same period.



The reasons for this could be the laws on alcohol, import substitution policies, conservatism, and a closed economy. The Second Organic Law on alcohol was implemented in 1938 that regulated the establishment of new vineyards and limited the production in the industry. In the same year, import substitution policies were also implemented. These policies were to stimulate local industry growth and constrict the import of machinery. This affected the wine production in Chile because of lack of modern production equipment to establish new vineyards. Lastly, because of the conservatism and the import substitution model, there was no outside competition and little internal competition which gave no incentive to experiment or change (Capuzzo, 2015; Crowley, 2000, pp. 90-91).

The wine revolution in Chile occurred in 1973 as a consequence of a state coup, and new set of economic policies came into place. The new open and free-enterprise economic model was more favorable for the wine industry. However, this change happened at a time when the domestic market began to contract. This led to a decreased consumption, fall in grape prices and vineyards disappearing. Many southern vineyards were replaced by eucalyptus trees for wood processing industry (Crowley, 2000, pp. 94-95). By the early 1990s roughly half of Chile's vineyards had disappeared. The winery owners had to find new international markets to survive (Crowley, 2000, p. 95).

The focus of the policy makers became “growth with equality”, and Chile became an export-oriented country which led to an economic boom that lasted from 1990 until 1998 (Capuzzo, 2015, pp. 7-8; Jadresic & Zahler, 2000, p. 3). This was beneficial for the wine industry. Additional hectares were planted in the Central Valley, creating new areas with premium grape varieties. Chilean capital went into wineries in order to modernize and construct state-of-the-art facilities. The foreign interest also increased, resulting in new wineries being built for export and formation of partnerships with Chilean producers. This promoted the advancement of the wine revolution and transformed Chile to a significant wine exporter receiving proclamations of adorations from high-ranking magazines such as *The Wine Enthusiast* and *The Wine Spectator* (Crowley, 2000, pp. 87-88, 98). Some of Chile's competitive advantages are the cost of production, ability to adapt to globalization and support from patriotic Chileans living abroad (Morel-Astorga, 2001, p. 96).

Building upon this foundation, Chile pursued a dual strategy over the next two decades to capture a substantial share of the wine export market. Firstly, Chilean winemakers leveraged

their country-of-origin appellation, establishing strong presence. Secondly, they produced high-quality wines at competitive prices, effectively branding them as such. These strategic decisions, coupled with increasing global opportunity, propelled Chilean wines to success over the past two decades (Worley, 2011, p. 22).

Chile also capitalizes on the perceived value of its wines, emphasizing their reputation for delivering good quality at affordable prices. Spearheaded by Wines of Chile – representing 75% of Chilean wineries – this strategy has played a crucial role in boosting export sales and solidifying Chile’s image as a producer of value wines, and the industry is now focusing on sustaining growth at higher price points (Worley, 2011, p. 24).

The success of Chilean wine is a blend of a price-sensitive market and proactive management practices. Emerging producers can develop their market with a targeted international marketing strategy, that accounts for consumer perceptions tied to the country of origin (Worley, 2011, p. 27).

Partnerships between international firms and Chilean wine producers have been crucial to the industry’s expansion and innovation. Established European and American companies provide capital, technology, and knowledge, while Chilean partners provide land, labor, and branding. The goal is profit-sharing, with each party utilizing their unique advantages to grow their market share or boost revenue (Worley, 2011, p. 31). These collaborations have facilitated meaningful progress, including the adoption of new technology and managerial approaches, industry diversification, and the establishment of strategic alliances and joint ventures, such as Miguel Torres (Spain), Rothschild family (France) and Beringer Fetzler (USA) (Capuzzo, 2015, pp. 40-41; Worley, 2011, p. 31).

Through these alliances, which provide access to cash, global markets, and distribution networks, foreign ownership has increased. In addition to improving winemaking skills, this information and resource exchange has influenced Chilean vineyard management and winery architecture, which takes its cues from European models like the French “Château” (Capuzzo, 2015, pp. 40-42). According to Morel-Astorga (2001), Chile’s success in the global market can be attributed to its effective expansion and market access tactics through overseas partnerships and joint ventures (p. 98). By effectively leveraging social media, Wines of Chile engages directly with consumers, promotes its wines, and enhances the visibility of both the country and

its wine producers (Worley, 2011, p. 39). Even though there has been a decline in the market share, wine still remains vital for Chile's economy (Capuzzo, 2015, p. 67).

### Successful Regions

Vina Santa Rita, with roots stretching back to the 17th century, initially focused on sheep rearing, with wine being a secondary concern. However, significant modernization efforts began in 1880 after Domingo Fernandez Concha took over the neglected property. One of the actions he did that helped benefit the region, was recruiting Pierre Robert, a French technician, to enhance the production and winery equipment (Pozo, 1995, paragraph 13-17).

The region was early on trying export, particularly to France, but domestic supply remained in the country. After the owner passed away, the possession of the region shifted. They faced various difficulties, some examples being crop loss due to climatic changes and increased competition from beer and carbonated drinks. Enhancements were made, and in the 1970s they saw a shift in modernization, better equipment, and a rise in both domestic and international sales (Pozo, 1995, paragraph 18-25).

In 1970, political changes were made, and to avert interference from employees, Vina Santa Rita started to offer shares to employees. Even though this started as a success, they got into financial trouble, which ended up with the vineyard being sold. Various modifications happened during the next ownership, thereby expansion to the international market, and a shift in product to lighter and fruitier wines. This spiked export and made Santa Rita the third largest wine exporter in Chile by 1989 (Pozo, 1995, paragraph 26-30).

Santa Rita changed into a stock corporation, and by utilizing market expansion as well as a shift in strategy, the region solidified their placement in the Chilean export market. Showcasing its adaptability and enduring success, Vina Santa Rita today stands as an important player in the wine industry in Chile (Pozo, 1995, paragraph 30-32).

### Analysis: Reasons for success

Even though the revolution in Chile hit late, they immediately adapted and started to capitalize on collaborations with international businesses as soon as it hit in the 1980s. The partnerships offered technology, capital and production methods. Strategic relationships with renowned wine companies in the US and Europe were also easier to form by this.

It is a possibility that Chile are depending too much on the knowledge and capital provided by their international partners, that may have led to a decline in adaptation and independence. On the other side, partnerships have the possibility to boost quality and innovation if utilized the right way. A downside is the possible dilution of their own tradition of winemaking and culture. Growth of traditional techniques, development of local talent, and knowledge transfer are some of the aspects that over-reliance on outside resources can obstruct.

Although this does not seem to be the case for Chile, and the partnerships with international firms is not especially long-lasting, they still have to sustain a balance going forward. By doing so, Chile can thrive in the international market while still maintaining their cultural heritage and identity.

After living through a contraction in the domestic market in the early 1990s, strategy shifted towards being more export oriented. Even though this has been helpful in establishing Chile as a significant wine exporter and lead to them effectively entering foreign markets, there is still some unfavorable perspectives of this approach.

Among the difficulties is the potential for neglecting the home market and being vulnerable to market fluctuations. There is a chance that Chilean winemakers would ignore the preferences and needs of local consumers as they concentrate on satisfying export demand and appealing to the foreign individuals. Additionally, this strategy also makes them vulnerable to changes in currency exchange rates, consumer preferences, and trade policies, and could potentially harm their profitability and competitiveness.

On the other hand, for countries to become competitive in the wine industry, it is important that they also focus on exports, as the domestic market is too limited for them to grow and excel. Their focused export-oriented strategy also influenced other strategic choices, such as making

value wines and utilizing their country-of-origin appellation. Consumers responded favorably to this, maintaining export growth and enhancing Chile's reputation as a reliable producer.

Chile has made several strategic moves that have given them influence and leverage in the wine industry, but it appears that social media coverage was a big factor in why their wines suddenly became popular. They have employed social media to interact directly with consumers and have had success with their marketing and promotion efforts. Given that Chile is up against fierce competition in the increasingly growing global market, this would be a wise course to follow moving forward. They must keep coming up with new ideas and ways to set themselves apart from the competition. Receiving proclamations of adoration from high-ranking magazines can also be seen as a driving force for their success.

As a testament to resilience and adaptation, Vina Santa Rita has successfully overcome the obstacles posed by its past to become a symbol of Chilean winemaking. Despite early attempts at export, they struggled to enter international markets. They also had great difficulties with their crop losses which created serious obstacles to the growth of the vineyard. These difficulties highlight the inherent risks in the wine business, where unpredictable influences can come from the weather and market dynamics.

Nevertheless, they managed to overcome adversity, and came out stronger. The modernization initiatives of the 1970s signaled a period of transformation, and it was a significant turning point for them. In addition to improving efficiency, this contributed to a rise in sales both locally and abroad.

Later, they saw additional strategy changes focusing on global expansion and transforming to fruitier and lighter wines. At the same time, they succeeded in broadening their customer base. There are risks involved in adjusting to shifting consumer tastes and market needs, which calls for strategic planning. When they launched the lighter and fruitier wines, they achieved this with remarkable success and drew in a larger group of wine enthusiasts. This accomplishment demonstrated Vina Santa Rita's ability to adjust to changing market conditions and demonstrated the effectiveness of their vision.

The triumph of Chilean wine can be attributed to its infrastructure, strategy, collaboration, and adaptation.

## Case South Africa

### Evolution

South Africa is classified as Third World group 1, and its wine history unfolds as an example of transformation and adaptation. Entering the export market in 1994, it is a relatively new player in the global wine market, where it has made major achievements post-apartheid. Yet, its history in winemaking dates back to 1659, when Jan van Riebeeck took a sip of the first wine made in the region (Ferreira & Hunter, 2017, p. 682).

South Africa rose from a poor beginning in the 17<sup>th</sup> century to become the eighth-largest wine producer in the world today. Nevertheless, the development of a strong domestic market was hampered by the reliance on high-yield, low-quality varietals (Vink, 2019, p. 219; Wisevoter, n.d.).

Apartheid policies deeply impacted the industry, separating land ownership and distorting market dynamics. Organizations such as KWV (Cooperative Winemakers Union' of South Africa), established in 1918, had a considerable but controversial impact on pricing and production for decades. Efforts to improve wine quality through initiatives like the Stellenbosch Wine Route encountered obstacles in the 1970s, including international sanctions and boycotts. Political changes prompted institutional reforms by the 1990s. The three most important changes were the function of the wine estates and grape farms, the role of the KWV, and the structure of 'the trade' and cooperatives. Weakness of the domestic currency and an aggressive marketing campaign also helped (Nordquist, n.d.; Vink, 2019, pp. 204-205).

Historically, research in South Africa was limited to established wine regions due to stringent controls imposed by the KWV on the industry. However, since then, the nation's winemakers have pioneered new growing areas, diversified grape varietals, and reduced reliance on cooperative wineries (Bargmann, 2003, p. 175). These changes had an impact on the industry's landscape, which is reflected in the structure of the modern industry (Vink, 2019, pp. 205, 207).

Despite obstacles, South Africa's wines returned to the international scene after the sanctions. However, ongoing challenges come from economic restraints, climate change, and competitive pressure, especially from Australia and Chile. Domestically, reforms to labor laws and

regulatory shifts bring both promise and uncertainty (Vink, 2019, pp. 218-219). There are signs of progress as the industry navigates these complexities, embracing mechanization and exploring new terroirs. South Africa's wine story continues and is one of tradition, resilience, and adaptation to an ever-changing world (Cholette & Castaldi, 2005, p. 12).

South Africa's wine industry, predominantly situated in the Western Cape Province near Cape Town (Ferreira & Hunter, 2017, p. 681), stands out for its geographic concentration, with about 90% of vineyards located within 200 km of the city. From a wine tourism perspective, they are fortunate, as visitors can easily access renowned wine-producing areas like Durbanville Hills, Stellenbosch, and Paarl within an hour's drive (Vink, 2019).

Renowned for its high-quality wines, South Africa is one of the most aggressive campaigners in promoting wine tourism and is a destination that appeals to travelers due to its idyllic surroundings and excellent facilities. It is a country that provides significant rewards to wine enthusiasts despite its distance from traditional wine regions. It has excellent restaurants and tasting facilities with breathtaking views of mountain vineyards, providing the country's unique wild game and seafood delicacies (Ferreira & Hunter, 2017, p. 677). The success of wine tourism in South Africa owes much to the efforts of privately owned wine estates, arranged into wine routes over the past 40 years (Ferreira & Hunter, 2017, p. 693).

In the dynamic landscape of South Africa's wine industry, robust partnerships and collaborations among larger corporations have enabled aggressive and effective marketing efforts on the international stage. KWV International emerges as a pivotal player, driving brand recognition and market penetration for South African wines across the globe, particularly in the Nordic markets (Cholette & Castaldi, 2005, p. 12).

Interestingly, Cassi et al. (2014) note that South Africa engages in collaborations with countries such as the USA, Australia, and the Netherlands, with historical connections exerting considerable influence. However, despite its colonial history, South Africa notably lacks strong ties with the UK (p. 18). Additionally, Cassi et al. (2009) observes that on a broader scale, South Africa, Australia, New Zealand, Bulgaria, and Hungary constitute a cohesive group within the wine industry. They share strong connections with the USA, indicating the shifting dynamics of global wine partnerships (p. 18).

In South Africa, the quality of wine is upheld through a system that is similar to the French AOC, marked by a “Wine of Origin certificate” on each bottle. This certification indicates adherence to strict quality standards (Cholette & Castaldi, 2005, p. 12). Wines of South Africa (WOSA), founded in 1999, plays a pivotal role in improving the global image and demand for South African wines (Tagliolini, 2012, p. 205).

Despite over 40 years of wine tourism development, primarily along wine routes, the industry recently underwent a strategic reassessment with the WISE initiative. After extensive study and stakeholder input, a national strategy to promote wine tourism was recommended. The Ministry of Tourism in South Africa announced the country’s first national wine tourism strategy in November 2016 after seeing the industry's potential as an economic booster and image enhancer (Estreicher, 2014, p. 678).

### Successful Regions

South Africa holds a prominent position in the global wine industry, with the Coastal Region being particularly vital, contributing around 45% of the nation’s wine output. This region encompasses key areas like Stellenbosch and Paarl, known for their Mediterranean-like climate and soil that supports vine growth (Bargmann, 2003, p. 161). Vergelegen, a rapidly growing 3000-hectare wine estate near Stellenbosch (Bridgman, 2009, p. 74), has a rich history dating back to 1700, when it was established by Willem Adriaan van der Stel (Which Wine Farm, n.d.).

Vergelegen benefits from conditions comparable to renowned wine regions like Napa Valley in California. The Degree Day System, used for international comparison of vine-growing regions, reveals that Stellenbosch shares similar heat summation over the growing season as Napa (Bargmann, 2003, pp. 167-168). Considering that Vergelegen is very close to Stellenbosch, it is possible to assume that Vergelegen is aligned with the prerequisites for wine growing observed in renowned wine-producing regions.

Vergelegen was first founded as an advanced agricultural farm, and each of its owners has contributed to its development and restoration. Notably, the Theunissen family’s tenure saw the vineyards flourish. However, neglect plagued the property until Charles Barlow purchased it in 1941, followed by corporate ownership by Anglo American Farms Limited in 1987 (Bridgman, 2009, pp. 75-76).



The infusion of substantial investment by Anglo American plc transformed Vergelegen into a showcase of architectural beauty, cultural heritage, and environmental management.

As the only fully environmentally certified wine estate in South Africa, Vergelegen has received international acknowledgement in the wine industry with its hospitality divisions, cellars and vineyards all being environmentally certified. Their dedication to sustainable practices and conservation made them receive awards from prestigious organizations such as the Wine Enthusiast naming them Best New World Winery in 2007 (Bridgman, 2009, p. 76).

Vergelegen started a comprehensive program of vine planting, and has since then produced remarkable wines, thereby the well-known 'V' blend. Being one of the premier wine regions in South Africa today, they showcase a balanced mix of innovation, tradition and sustainability (Bridgman, 2009, p. 76).

#### Analysis: Reasons for Success

South Africa displays their capability for adaptation and change by the way they managed to rise from their modest beginnings in the 17th century, to end up as the eight largest wine producer in the world. The post-apartheid era led the country through a considerable transformation and proved that South Africa's growth and resilience has been substantial.

The institutional reforms in the 1990s opened for a more dynamic and competitive industry, and at the same time helped in the removal of barriers after Apartheid. As mentioned earlier, political unpredictability and volatility were present at the same time, which could hinder strategic planning and investment in the wine sector. Despite the political changes having downsides, it also assisted South Africa in gaining notable improvements like a more inclusive and open society.

One of the reasons that the South African wine industry have succeeded is due to their concentration of vineyards. This has made it easier for tourists to access well-known wine-producing areas. At the same time their wine estates are privately owned, which has led to excellent facilities for visitors and was incremental in arranging wine routes. There has been suggested that the country have had collaborations and partnerships with countries like New Zealand, Bulgaria, and the United States, but there is limited information and sources

confirming this. Assuming this is accurate, this can help them reach an expanded audience internationally and contribute to more successful marketing.

As the other cases, South Africa does also promote quality wine with the help of a “Wine of Origin certificate”, resulting in their wines becoming more popular and demanded in the rest of the world, supporting their authenticity and emphasizing their quality standards.

Despite the absence of a governmental plan, they have on the other hand, created a national tourism strategy that demonstrates a dedication to long-term growth and economic enhancement. As shown by the WISE initiative, the industry has undergone strategic reassessments to address challenges and seize opportunities.

Vergelegen has a long history of winemaking, and its development has ensured the preservation of its heritage. They have managed to keep a blend of tradition and innovation that allows them to adapt to changing consumer preferences while keeping the integrity and quality of their goods. Being a major participant in the South African wine market, they probably meet strong competition from both national and foreign wine producers. Sustaining its market share and differentiating itself from rivals shows that there probably is a need for constant innovation and marketing initiatives.

Vergelegen has gained a reputation throughout the world for its commitment to sustainability and conservation. The dedication to environmental responsibility is demonstrated by its position as the only environmentally certified wine estate in South Africa. Despite their commitment to sustainability, the vineyards are under risk from environmental factors and climate change. We can assume that proactive measures are necessary in order to prevent grape quality and production from being negatively impacted by extreme weather events, water scarcity, and diseases.

Nevertheless, Vergelegen has proved that they are a major player in the South African wine industry, and their achievements is further validated by awards and appreciation from prestigious organizations. Being named Best New World Winery in 2007 highlights its reputation and excellence.

To conclude, South Africa has, through adaptation, wine tourism, signals of quality, influencer, and collaboration become a big player in the international wine industry.

## Comparison of the four cases: Some Findings

The cases and discussions of each case individually show similarities and differences in how each country has managed to build itself a brand and compete with the Old World countries.

### Market-oriented and proactive

As seen in these cases, the different countries share the focus on market-orientation but in different ways.

Australia can be seen as having a market-oriented focus by looking at Yellow Tail. This “new” wine followed the demand created by customers and created a new segment. Chile also adapted following the market, by offering lighter and fruitier wines. South Africa have focused more on wine tourism and offering a more complete package with scenic view, restaurants, as well as tasty wines.

One way of being market-oriented is through being proactive. Proactive is whether countries act in advance to address or anticipate future challenges (Merriam-Webster, n.d.). Of the four cases, Australia has the clearest proactive strategy in Strategy 2025 and Vision 2050. The Australian wine industry has a clear goal of what they want to achieve and are better suited for challenges that may appear. The other countries have some proactive measures but are less prominent.

Even though the case of California stands without clear evidence of market-orientation, the remaining cases display the importance of being market-oriented and proactive.

### Infrastructure

From our cases, the infrastructure can be seen as both supportive and discouraging to the wine industry. Throughout Australia’s history, the implementation of incentives and the removal of tariffs have helped the industry grow and can be seen as an important factor to their success.

Both the case from US and Chile illustrates that infrastructure also can have a negative effect. The Prohibition period in the US had a significant impact on the wine industry, greatly reducing its operations. Similarly, the closed market form, conservatism, and laws on alcohol limited the industry in Chile.

In South Africa, the institutional reforms had its pros and cons. Before the political changes in the 1990s, Apartheid limited the potential of the industry and acted as a barrier. After the institutional reforms took place, it enabled the South African wine industry to become more competitive and dynamic. Still, after the reform, the infrastructure was viewed as unpredictable, which may have caused less investment and long-term strategies.

Infrastructure has the potential to influence the producers in the industry. If the structure is right, it has the potential to support the industry and help it thrive. If done wrong, however, it has the potential to restrict the market operation and growth.

## Collaboration

Across our four countries, the collaborative approaches manifest differently but share common goals of enhancing the industry's resilience and global standing.

One of the collaboration methods found in the cases is cooptation. In Australia, this has enabled rivals to compete and cooperate, particularly in the tourism sector, where complementariness and inter-dependencies among suppliers drive competitive value. This is exemplified by initiatives like UWEA, where competing wineries collaborate to offer unique wine experiences to consumers, which has made the clusters of wineries thrive. By doing this, competitors work together to build the reputation of Australian wine both in the international market and domestically.

While unequal contributions or perceptions of unfair advantage among wineries may strain relationships and undermine the effectiveness of cooptative initiatives, the example of UWEA as well as Barossa Valley has fostered dynamic clusters and networks, which have helped provide platforms for sharing ideas and maintaining quality standards.

California has used collaboration, especially between the grape growers and the producers, forming a tight bond and securing good quality through the process. In Napa Valley, wineries, restaurants, and government entities have tight collaboration, successfully enhancing collective efforts to promote the region's wines.

Chile has collaborated with foreign partners, where the partners have brought technology, production methods and capital and Chile has contributed with land, labor and branding with the end goal of profit sharing.

South Africa has partnered with companies like KWV International, collecting insights on new technology, managerial approaches, diversification, and strategic alliances. This has enabled the possibility of an aggressive and effective marketing effort on the international stage. As the case discusses, there are some signs that they have collaborated with other countries, but this is not as prominent.

Our cases also show that all four countries form strategic alliances with various entities, including wineries, government agencies, tourism boards, and international partners. These alliances aim to amplify marketing efforts, drive innovation, and strengthen brand identity in the global wine market.

Collaborations can be seen throughout all cases using cooptation, partnerships and strategic alliances. This has fostered quality, promotion and overall growth for the industry.

### Branding & Quality

In all the cases we have analyzed, strategic marketing campaigns, strong brand identities, and compelling storytelling have helped differentiate their products and capture consumer attention. It is possible to see that branding has influenced their success. The countries used geographical branding as a key strategy, with building up location as an indicator of quality.

The countries use a certification of origin that also has certain demands for production methods. Even though the systems being used are different across the countries, they work in a similar matter, guaranteeing authenticity and increasing people's perception of the quality.

Country	Certification
Australia	Geographical Indication (GI)
USA (California)	American Viticultural Areas (AVA)
Chile	Country of Origin (COO)
South Africa	Wine of Origin

*Table 3: Overview of countries and their certification*

In general, all four cases prioritize quality, but analysis shows that Australia and Chile takes it a step further. Australia has focused on improving quality through innovation, while Chile is building a brand of offering high-quality wines at competitive prices.

The use of certification systems shows the importance for both the producer and consumer. Producers showcase the region and promised quality, while consumers gather insights and understanding of the region.

### Innovation

Regarding innovation, three of the countries have put a greater emphasis on this topic. Australia has through innovation improved its quality, and Barossa Valley has used innovation to adapt to its terroir. Yellow Tail became a product innovation because of its simplicity, reaching a new market through its blue ocean strategy.

California was encouraged to resort to innovation after the breakup of the monopoly at the end of Prohibition. The region has experimented, and Napa Valley has especially used “trial and error” to innovate. Chile has implemented technological innovations with the help of its foreign partners to innovate its production, machinery, and general knowledge.

As seen, innovation has been used differently by the countries, but has been a valuable contributor for all of them.

### Strategy

All countries have various strategies, but Australia's strategy is the clearest and most prominent. With both Strategy 2025 and Vision 2050, the country has set both short-term and long-term

goals and steps to reach each goal. The strategy has two fundamental industry values, quality and innovation.

Second comes Chile, with its dual strategy of COO appellation and offering high-quality wines at competitive prices. This strategy is implemented by Wines of Chile, which represents 75% of Chilean wineries, and has been crucial for boosting export sales and enhancing the country's reputation as a producer of value wines.

Lastly, California and South Africa have fewer general strategies. California has focused its strategy on geographical branding and international marketing. The latter strategy, implemented by the Wine Institute, consists of helping Californian wineries enter and develop business in foreign markets and acting as a communication platform.

South Africa has a national tourism strategy from the WISE initiative. This strategy is a dedication towards long-term growth and economic enhancement, after seeing the industry's potential as an image enhancer.

The importance of a strategy can be seen to create and execute a plan towards a goal. By doing so, the domestic industry works united to reach goals, as shown especially in the case of Australia.

### Wine tourism

Although Chile shows little information about wine tourism, Australia, California, and South Africa all show clear indications of utilizing wine tourism to promote its regions and product.

Australia has established UWEA, a corporate agreement between award-winning wineries. By doing so, they can offer packages and journeys to tourists. The goal of doing this is to elevate Australia's position as a premier wine tourism destination.

California is maximizing exposure to domestic and international tourists by synergies such as Visit California, Sonoma County Tourism Bureau, and Great Wine Capitals network. The goal is to foster sustainable growth, gain economic prosperity, and expand the reach of the region's wine industry.

Wine tourism in South Africa became a national strategy after seeing the economic boost given by this sector and can be viewed as one of the biggest actors within wine tourism. Two reasons for this are the geographical concentration of the vineyards and privately owned wine estates. The country has also been an aggressive promoter of wine tourism, showcasing its good scenery and excellent restaurants to build a complete package.

The usage of wine tourism by the countries in this case study is no coincidence. Doing this, they give consumers an opportunity to explore the region and market through word of mouth.

### Influencers

All countries, except Australia, show information that awards and experts have helped improve the reputation of their wines. The case of Napa Valley showed that their victories in the tasting competition against French competitors were helpful in improving the reputation of both Napa Valley and California.

Chile has received proclamations of adorations from high-ranking magazines such as *The Wine Enthusiast* and *Wine Spectator*. They are also using social media to engage directly with consumers by promoting and enhancing their wines. South Africa has through Vergelegen received awards and appreciation from organizations, with “Best New World Winery” in 2007 being one of the highlights.

Influencers can be helpful for consumers to detect quality, and receiving favorable evaluations is positive for the reputation of the producer and region.

### Unique Challenges of Each Region

In the previous sections, we have covered the similarities and key actions that make the four countries successful in the wine industry. Now, we will draw out the differences between them and how these characteristics might or might not have affected their success. This will sum up the factors like geography, culture, and economics that shape each country’s distinctive approach to winemaking.



First of all, it is evident that each country has had its own unique challenges that have shaped its journey in the wine industry. Australia went through cycles of growth and decline, the US dealt with prohibition and the following regulations, Chile had restrictive laws, and a slower rate of development, and South Africa dealt with international sanctions and policies from the apartheid era. The positive outcome of these difficulties is that despite the hurdles, all four countries have demonstrated resilience and adaptability.

Further, the geographic concentration of wine production varies among regions. Australia has more dispersed distributed wine areas than the US, which is mostly centered on the West Coast. Chile is mostly concentrated in the Central Valley. This difference in geographic concentration could affect wine tourism infrastructure and marketing strategies tailored to attract visitors. When vineyards are clustered closely together, it can foster a sense of cohesion and collaboration within the country's wine industry. We also have the Western Cape Province, which is home to the majority of South Africa's wine industry.

Additionally, it's not just about the concentration of wine production within specific countries; the geographical layout of the countries themselves also plays a significant role. For instance, South Africa's positioning, relatively distant from other major wine-producing countries, presents challenges for wine tourism. Its geographical isolation may deter potential visitors due to the perceived distance.

In the present time, each country still has their own difficulties. In South Africa, their political uncertainty could put a damper on investment and strategic planning, while the collaboration in California among growers and wineries potentially could create barriers for smaller producers. Both Chile and Australia are not prioritizing sustainability in their strategy at the same level as the others, which could become a liability in the future.

Even though the countries are facing a variety of challenges, this does not have to lead to a decline in success or future growth. Rather, their ability to adapt should show the importance of being able to handle different circumstances and hardships. It also shows that not everyone can adopt the same strategies and focus on the same approaches, but it must be tailored to the individual country and their products. As well as establishing rules, being successful in the wine industry also depends on generating new procedures tailored to the appearing situations.

Noticing and responding to challenges in an effective way ensures success that is continued or even elevated.

## Recommendations

This part will include key actions or topics that we find relevant for new emerging wine regions. This is based on literature and analysis and will try to display these findings into actionable recommendations.

## Production

### *Unique Product*

When looking into the different countries and their diverse landscapes, it becomes clear that the countries promote their terroir to provide unique wines. This highlights the importance of terroir, and why emerging wine regions should focus on it. Instead of only producing wine, it is about shaping a story that respects the local heritage and traditions.

In the wine industry, remaining aware of market trends and consumer preferences is vital, as demands are evolving, and trends are forming consumer behavior. To make sure that new emerging regions secure market attention and establish a long-term foundation for success, their ability to adapt and innovate is of importance. Innovation can be implemented in different forms from experimenting with grape varieties, to changing production methods to implement sustainability. Lastly, by having a unique product rooted in authenticity from the terroir and being responsive to market dynamics, emerging regions can state their place in the international wine market. Attracting consumers and enthusiasts while fostering economic growth and cultural exchange is key in the market.

### *Signals of Quality*

The search for quality is universally acknowledged within the wine industry. Increasing quality can involve different strategies such as modernization of production and practices to improve the final product. There is however a challenge in only being able to display quality after consumption, leading producers to attempt to display signals of quality before consumption.

Bottle design, label, grape variety, alcohol content, vineyard practices as well as brand reputation are used as signals of quality by producers (Chamorro et al., 2015, p. 821). Certification systems further ensure adherence to quality standards and have been used by all the countries in our cases.

The offering of value-oriented wines can be used as a competitive advantage, especially in price-sensitive markets. Having a product that has an emphasis on quality wine at an affordable price can attract consumers.

Country of Origin and Region of Origin have been proved to affect consumers perception and evaluation and are used as an indicator of quality (Chamorro et al., 2015, p. 828; Latusi et al., 2017, pp. 3-4). There is a collective understanding in wine literature that COO, ROO, and terroir give more value to the wine and might include a markup in price. Research also shows that COO and ROO affect the consumers when choosing a wine (Latusi et al., 2017, p. 4).

The impact of place of origin resonates strongly within the wine industry. Merely invoking the names of renowned wine-producing countries like France or Austria elicits specific quality expectations, despite both countries being European wine producers. Such perceptions drive consumer preferences and willingness to pay premium prices. Marketing efforts further amplify this effect as companies strive to boost their country's wine reputation (Worley, 2011, p. 22).

In a study conducted by Bruwer & Johnson (2010), 480 respondents were tested to find the preferred wine label. The choice was between a label only containing the AVA or a label containing both the AVA as well as the region.



Figure 4 & 5: Label alternative A and B (Bruwer & Johnson, 2010, p. 11)

All but one participant chose the option containing both AVA and region. The authors comment that placement of a name does not automatically make consumers expect quality, but some producers may earn an advantage by including the region. The survey indicates that the inclusion of a region has a positive effect, especially if the AVA is not very known (Bruwer & Johnson, p. 16). Bruwer & Johnson (2010) support former research that regional branding should target the consumers that are invested in the topic of wine since they are more influenced by “brand-based cues” (Chamorro et al., 2015, p. 821).

Thus, for new emerging wine regions, quality and signals of quality should be a top priority. Regional branding is a sign of quality proven to be beneficial for both producers and consumers. If the product has a lack in quality, the risk is compromising the final product, and consequently, its success in the competitive wine market.

### *Sustainability*

Sustainability is becoming increasingly critical and demanded by consumers. This is also the case in the wine industry. Even though there are limited demands by the governments, regions are being proactive and are starting to adapt to a more environmentally friendly production. Sustainable wine and wine practices can appeal to environmental consciousness and could help differentiate the wine and enhance the brand image. Consumer demand for sustainability will likely increase over the years, which is why it can be considered key.

### *Influencers*

Something that can also impact consumer choice and affect producers, is influencers.

*Influencers* are defined as someone who “[...] is regarded as an expert within their particular field [...]” where their opinion “[...] carry a considerable amount of weight” (Brightedge, n.d.). Within the wine sector, a *wine influencer* is defined as “someone who shares exclusively wine and wine-related content on their social media platforms” (Colangelo & Partners, n.d.). In this thesis, an influencer has the opportunity or power to affect consumers' choices, where their opinion carries significant weight. These influencers range from wine clubs, wine bars, and newspapers to institutions and wine experts.

### *Robert M. Parker Jr.*

“Robert Parker is the only rockstar the wine world has ever produced” (Jefford, 2020). During his career he had one of the most influential voices within wine criticism and has affected even traditional wine producers of Bordeaux (Ali et al., 2008, p. 158). A study from Ali et al. (2008) showed that the estimated effect of his reviews equals 2.80 euros per bottle of wine and is known as *the Parker effect* (p. 167).

In his own eyes, he sees himself as a simple consumer advocate who publishes reviews and tasting notes without considering the consequences of increased price or scarcity. He has been open about wanting New World countries to stop mimicking traditional European wines, but rather let the fruit speak for itself (Hooke, 2020).

The voice of wine experts like Robert M. Parker jr. can have a big effect on the wine sales for a producer. Depending on the expert’s role, their endorsement can serve as a powerful marketing tool or a strategic partnership. In the Bordeaux case, Parker jr. can be viewed as a partnership, as he was granted early access to taste and review the wine, which helps the producer set the right price (Ali et al., 2008, pp. 171-172).

Experts and awards can also be a way of showing quality before consumption. Recognition from industry experts and accolades acquired through competitions play a pivotal role in signaling quality pre-consumption. Participating in international events not only exposes emerging regions to wider audiences, but also validates their quality on a global stage.

### *Institutions*

The way the market for alcoholic beverages is set up influences the producer. If the market is open, entry for new and smaller producers will likely be easier than if it is a closed market (Segal, 2023).

The World Health Organization recommends implementing alcohol policies in terms of laws, rules, and regulations to reduce harmful alcohol consumption. An effective strategy should include availability, price, and marketing (World Health Organization, 2018, p. 88).

The Scandinavian countries Sweden, Finland, and Norway have chosen the same approach to regulate alcohol sales. These countries operate state-owned stores that sell alcohol above a certain percentage. The objective of these companies is not commercial gain but rather social responsibility and public health (Alko, n.d.-a; AS Vinmonopolet, n.d.-b; Systembolaget, n.d.).

The purchasing process for these companies is extensive and thorough. The goal is a broad market-oriented assessment of current and future demand. The wholesalers are invited to submit bids to supply products that meet the requirements of the monopolies (Alko, n.d.-b; AS Vinmonopolet, n.d.-a).

The choice of these powerful actors in the market could affect the new emerging producers. On one side, producers are treated equally based on the requirements given by the institutions. This means that if a product from a new emerging region complies well with the demands given, it will compete equally with a product from another more recognized region. On the other hand, a closed market like this offers tougher competition to enter with fewer places available.

### *Wine Bars and Wine Clubs*

Wine bars are becoming more popular than ever. This concept offers the possibility to drink and explore wines in bottles or by glass. The main character within a wine bar is the menu. Some bars focus on specific countries, while others have a broader selection. By being offered in a concept like this, the wine has the potential to reach out to a broader audience (Perry, n.d.).

A wine club offers the possibility of having wine bottles delivered at the door. There are multiple reasons why wine clubs are popular. Firstly, they simplify the purchasing process by having the bottles delivered. Secondly, it helps the wine selection of the consumer to get broader. Some wine clubs also offer information material to read and learn while tasting (Sullivan, 2024).

For new emerging producers, it can be hard to get chosen by the consumer when the bottles are aligned on a shelf in the store. By being included in a wine club or wine bar however, consumers will rate the wine on taste and quality rather than name and origin.

## Marketing

### Wine tourism

There are multiple definitions or conceptualizations that explain what wine tourism is. Based on a market view, wine tourism is “visitation to vineyards, wineries, wine festivals and wine shows for which grape wine tasting and/or experiencing the attributes of a grape wine region are the prime motivating factors for visitors” (Hall et al., 2000, p. 298). A product based view however, will look at wine tourism as “visitation to wineries and wine regions to experience the unique qualities of contemporary [...] lifestyle associated with enjoyment of wine at its source including wine and food, landscape and cultural activities” (Winemakers’ Federation of Australia, 1998, as cited in Carlsen, 2004, p. 6).

Further, wine tourism is conceptualized as “...a form of consumer behavior based on the appeal of wine and wine regions, and a development and marketing strategy for the wine industry and destinations in which wineries and wine-related experiences are the dominant attractions”. Another conceptualization is “...visiting wine-associated destinations to taste wine and have other favorable experiences” (Sigala & Robinson, 2019a, p. 2).

The clientele of wine tourism has evolved, becoming more inclusive and accessible for a broader range of people. Even though wine is still at the center of these trips, people now also value the nature, scenery, food and traditions. More recent research show that the authenticity and attractiveness is more valued than the quality of the wine itself (Sigala & Robinson, 2019a, pp. 1-2). Previous research has not agreed about the demographic for wine tourism. However, an age range between 30 to 50 seems to be the age interval they argue for (Carlsen, 2004, p. 7).

The definitions, conceptualizations, and previous research show that wine tourism is more than just tasting wine. The primary understanding of wine tourism here is that it is an experience of a country, its scenery, and its culture, with wine in the center.

Wineries use wine tourism to attract, educate and establish long-term ties with the guests. By doing so they secure monetary and commercial gains (Sigala & Robinson, 2019a, p. 2). This has become important because of the increase in the competition both locally and internationally. One way for the small to medium sized wineries to maintain their retail margin and market share has been through wine tourism (Sigala & Robinson, 2019a).

### *Branding*

Marketing and branding efforts play a pivotal role in promoting wines on the international market. If branding is used correctly, it is a way for producers to share their history, philosophy and values. The history can be used in the competitive industry to stand out and differentiate their products (Das, 2024). Branding can show a sign of quality even before the wine is consumed, and this is why we consider this a key action for new emerging wine regions to focus on.

### *Partnerships*

Partnerships, cooperation, and collaboration are integral components of the global wine industry, driving innovation, market competitiveness, and sustainable growth.

### *Cooperation*

Cooperation, characterized by simultaneous competition and cooperation among rivals, is emerging as a competitive approach in the wine industry. This has primarily been used in wine tourism and building geographical branding, where competitors benefit from working together to draw attention towards their region or country.

### *Collaboration*

Collaboration can be expressed in different ways. The main thing is that they involve various forms of cooperation and mutual support among industry stakeholders, organizations, and partners to achieve common goals and enhance collective success.

Collaborative frameworks within wine-producing regions foster unity among stakeholders, driving collective action towards common goals. Collaborations between international firms and local wine producers are about more than just knowledge exchange, access to capital, and market expansion. They are about mutual cooperation for mutual benefits, a concept that should inspire hope and encourage more such partnerships.

While collaborations require careful management to avoid competitive tension and conflicts, this should not deter us from the potential benefits. In fact, it should reassure us that



collaborations can be a key to success in the wine industry with proper management. In particular, smaller producers or marginalized stakeholders must be included and have an equitable distribution of benefits. This can be learned from the successful cases discussed previously. Collaboration has been essential to their success and is something new emerging regions should prioritize and learn from established ones. This can help accelerate growth and improve the quality of wines produced.

**Model**

Using the findings, differences, and recommendations, a model is created to illustrate and describe the key actions implemented by the chosen countries. The cases show the importance of having a clear strategy, and these key actions are what we see as contributors for countries to be able to compete in the wine industry.



*Figure 6: Model over key actions for emerging wine regions*

The key actions are sorted into different categories, where the four superordinate categories are where the emerging regions should focus. The categories consist of Production, Influencers, Marketing, and Partnerships.

This model provides new emerging wine regions with the knowledge and tools necessary to navigate the competitive landscape effectively. It can be beneficial for emerging countries to not prioritize all areas at once but have a clear strategy and implement them over time. That said, the analysis shows that most countries have all focus areas present but with a greater emphasis on certain ones.

## Conclusion

This thesis started to look at how countries like Australia, the USA (California), Chile and South Africa became successful in the wine industry. The goal was to come up with a framework that answered the research question “How can emerging wine regions compete with already established ones?”. The findings were discovered by conducting a multiple case study using secondary sources. Together with recommendations, these key actions provide the foundation for the model created. The key actions are sorted into superordinate categories, or focus areas.

Following the model, production, influencers, marketing, and partnerships are the most important aspects for new emerging regions wanting to compete against established competitors within the wine industry.

Production contains the findings and recommendations, “Unique Product”, “Signals of Quality”, and “Sustainability”. Unique product deal with adaptation, innovation, and following the local terroir. Quality is a general demand by consumers and an industry standard. Signals of quality illustrate how the producers show the product's quality to potential buyers, using certification systems, reputation, and labeling. Focus on sustainability started as a niche but has grown bigger both from consumer demand and industry standards and will likely be even more important in the future.

Influencers contain “Experts”, “Institutions”, and “Wine Bars & Wine Clubs”. All three have the ability to influence wine producers and consumers in different ways. Experts with a powerful voice can increase (decrease) demand and recommend (discourage) a product to consumers using ratings and reviews. Institutions can affect the market setup and availability of products. Wine bars and wine clubs offer opportunities for wine producers to be discovered and tasted, rather than just judged based on the label.

Marketing contains “Wine Tourism”, and “Branding”. Both have been shown to be frequently utilized by the countries studied. Wine tourism is used to attract, educate and establish long-term bonds with the guests. Branding is also used, as being recognized by the consumers can help them differentiate the products from their competitors.

Lastly is Partnerships, with “Coopetition”, “Collaboration”, and “Strategic Alliances”. Coopetition has shown to be important to promote the country as a unit, increasing both the

market and knowledge for the contributors. Together with collaboration and strategic alliances, they increase knowledge and general “know how”. The analysis shows that partnerships have been made between international firms and local producers, helping accelerate growth and improve quality.

In summary, the findings are built on already existing research and leveraging insights from established wine regions. Our results indicate that the key actions production, influencers, marketing, and partnerships, are important for new emerging wine regions to compete with already established ones.

## Discussion

### Validity in the Thesis

This thesis has been using a multiple case study analysis which is likely to give an increase in the external validity. The usage of multiple cases gives the opportunity to compare and analyze the different situations with each other, which is good for generalization.

The internal validity is weaker than the external for several reasons.

Our data consists of research papers and analyses using secondary data, and the raw data has been analyzed multiple times. Due to the number of analyses the data has undergone, this has the potential to weaken its validity. A potential risk here is that the data will contain bias.

Due to time pressure, difficulties of gathering data and limited resources, the use of secondary sources is a choice we have taken. However, this choice also comprises the possibility of control over the data collection. When the control is limited the risk of confounding variables that influence the results are increased.

The quality of the data could also limit the internal validity. The data used in this thesis are mainly academic research papers that should hold a good quality standard. In some places, master theses have been used, which could be a weakness. When gathering the data using search engines, each article was carefully chosen. Those articles not chosen may contain information, new insights or other angles not presented in this thesis.

## Contributions

This thesis makes several contributions to the field of wine industry. Firstly, already existing research has mainly been done on singular countries without comparison. This thesis gathers information and analyzes the similarities and differences of these countries with each other to create better insight. This can be helpful for others to give a broader understanding of the market, facilitating easier access and could enhance the efficiency of future studies in this field.

Secondly, the thesis has created a model that could be used as a guideline for future emerging wine regions. The model incorporates best practices and strategic insights covering partnerships, marketing, and quality. The information is compiled into a cohesive framework and can be used as an inspiration for new regions and future studies to further build and enhance.

The generalizability of the thesis can be divided into two, within the industry and to other industries. Even though the sample size is small compared to the number of countries producing wine, it looks like the findings could be generalizable and transferable to other countries. With Old World on a general level focusing more on production and New World on wine tourism and marketing, it can look like they have different focusing areas. The main areas that are covered by the model can be seen as transferable across countries independent of which world they belong to. That said, the model could be even more transferable within the industry if it included a broader set of countries such as Old World countries in the analysis.

While the model is tailored to the specifics of the wine industry, it could be argued that the superordinate categories can be generalized to be fitted to other industries as well. If this was to be done, the subcategories would have to be redesigned to fit the industry of choice. Some of the key actions could fit, but with a different understanding. One example is quality, which is important within most industries, but could follow other demands and requirements.

## Weakness of the Thesis

While our study offers insights into our research question, it has its limitations. One of the weaknesses is the limited sample size. Due to constraints in time and resources, our research was conducted on mainly four different countries, which could limit the generalizability of the study. A larger sample size would provide more robust data, giving a more comprehensive understanding of the topic.

Another limitation is the broad scope. We attempted to cover a wide range of aspects within the wine industry, which could have resulted in superficial treatment of some aspects. By trying to address too many variables and perspectives, the depth and detail of the analysis may have been compromised. A more focused approach, where we limited ourselves to a more specific research question, would allow us to delve deeper into the subject and provide a more detailed understanding of the critical elements.

Finally, the limited knowledge base we brought to the research is a weakness. Our understanding of the topic is primarily from research articles and secondary sources, which may not paint the full picture of the subject. The reliance on prior studies could mean that our interpretations and conclusions might be constrained by the limitations inherent in those sources.

### Continuation of the Study

To build upon our findings, there are several areas where further research is needed. First, future studies should consider expanding the sample size to enhance the generalizability of the results, and maybe uncover more key actions that this thesis has not discovered. It could also be a coincidence that the four countries we have looked at have done similar things to become successful, so it could be an idea to research other countries to gain insights into what they have done, or to confirm that our findings hold.

Our thesis has not used interviews or in-depth interviews as a source of data collection. Incorporating this could yield richer, more nuanced data, as well as offer insights into the subjective experiences of participants. Furthermore, leveraging theories and methods from related fields could enhance the robustness of the analysis, and could be interesting to look at. Another interesting approach is to look at Old World countries instead of New World countries and see how they manage to stay successful and relevant. Taking this view, it would be fascinating to see if these countries have done the same as the countries in our case or if they have focused on other aspects.

By addressing these areas, future research can build on our work and contribute to a more detailed and comprehensive understanding of the wine industry.

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## Appendix

*Discussion paper by Karoline Mathilde Birkeland*

### **Refleksjonsnotat «responsibility»**

I masteroppgaven har vi sett på hvordan fire «nye» vinregioner fra den såkalte «New World»; Chile, Australia, USA (California) og Sør-Afrika, har begynt å utfordre suksessen til etablerte vinregioner fra “Old World”, som Frankrike og Italia. Vi har sett på historien og strategiene de har brukt, samarbeid de har hatt både lokalt og internasjonalt, og suksesshistoriene til noen av de mest vellykkede vinregionene i disse landene. Resultatet ble at vi kom opp med en modell som legger vekt på å lage gode viner på en måte som tar vare på miljøet, ved å samarbeide med andre land, og å markedsføre seg gjennom blant annet vinturisme. Målet er at andre nye vinregioner kan følge denne modellen, og ha en større mulighet for å bli konkurransedyktige globalt.

Ansvar er et kjernebegrep som har fått økt fokus de siste årene. Viktigheten av ansvar kan en se ved den nye Åpenhetsloven i Norge som kom i 2022, hvor den aktivt pålegger virksomheter til å ta ansvar i forhold til menneskerettigheter og arbeidsforhold (Waalder, 2023). Som i mange andre næringer, kan en se at det også i vinindustrien er en økende forståelse av ansvar. Det handler ikke bare om å tjene penger, men også om forståelsen av at en faktisk kan være med å påvirke (AS Vinmonopolet, u.å.c., s. 4-6). Den tradisjonelle forståelsen av suksess har utvidet seg til å omfatte hensyn til miljømessig bærekraft, sosial rettferdighet og kulturell bevaring (Hosagrahar, 2023). Når en ser nærmere på de forskjellige utfordringene som nye vinregioner står ovenfor, kan det tyde på at etisk praksis er avgjørende for suksess og langsiktig levedyktighet i industrien (Shah, 2023).

I denne oppgaven skal jeg se nærmere på disse etiske utfordringene som vinproduserende land står ovenfor, og samtidig se på ulike tilnærminger og strategier de kan bruke for å håndtere og minimere disse utfordringene. Sentralt står behovet om å ha en bred forståelse av ansvar. Økonomisk suksess er kanskje viktig, men det skal ikke gå på bekostning av miljø, sosial rettferdighet og bevaring av kultur. På grunn av klimaendringer, mangel på ressurser og økt sosial ulikhet de siste årene, har det også vært en økt bevissthet rundt behovet for bærekraft, og det kan ses at bedrifter har fått et økende fokus på dette området. Bedrifter står ovenfor en unik utfordring når det gjelder å oppnå vekst, samtidig som de tar vare på miljøet. Generelt sett så

etterspør forbrukere i større grad enn tidligere at produkter og tjenester er etisk produsert, og da kan en begynne å kikke på bærekraftige forretningsmodeller. Målet med bærekraftige forretningsmodeller er å minimere negative påvirkninger, både på områder som omhandler miljø, men også det sosiale. Målet til mange bedrifter er å maksimere økonomisk profitt, men en mer bærekraftig praksis trenger ikke bare å være for etiske grunner, men også for å oppnå et konkurransefortrinn (Stokke, 2023). Også i vinindustrien kan en se at bærekraftige og økologiske viner øker i popularitet, og at produsenter jobber aktivt med å minimere sin innvirkning på miljøet (Arvid Nordquist, u.å.).

Utvidelse av arealer for vingårder kan føre med seg en lang rekke miljøproblemer, deriblant forurensning og mangel på vann. I tillegg truer også klimaendringer stabiliteten i vinproduksjonen, og kan ha potensielt skadelige virkninger på både vekstforhold og avlinger (AS Vinmonopolet, u.å.b.). For nye vinregioner kan det derfor være avgjørende å investere i praksiser som fremmer miljømessig bærekraft og langsiktig bevaring av naturressurser. En kan stille seg selv spørsmålet om det er noe vits i å utvide arealer for vingårder dersom det bare fører til at vi ødelegger naturen og miljøet. Hvorfor gjør vi det om det ikke vil vare?

Det er heldigvis noen tiltak som kan iverksettes for å redusere avtrykket og fremme miljømessig bærekraft. Som nevnt ovenfor, kan en bærekraftig forretningsmodell være en viktig bidragsyter her. Det er foreslått å implementere blokkjede-teknologi for å gi forbrukerne mer transparens og bærekraft. Denne teknologien fungerer på en slik måte at det vil være mulig å spore hele livssyklusen til en vinflaske, hele veien fra druedyrking på vingården til den er fremme hos forbrukeren. Her er målet at det vil gi forbrukeren en oversikt over varens opprinnelse, behandling og autentisitet, som kan bidra til å øke tilliten til produktet, og vise til forbrukerne at bærekraftige praksiser har blitt fulgt (Solberg, u.å.). Selv om dette kan være en god begynnelse, vil det også være tidskrevende og kostbart å starte opp et slikt prosjekt, spesielt for mindre og nyoppstartede aktører.

Mer spesifikke og gjennomførbare tiltak kan imidlertid være å etablere organisk jordbruk for å redusere bruken av kjemiske sprøytemidler og kunstgjødsel, samt å ta i bruk praksiser som kan minimalisere vannforbruket. Videre kan også investeringer i bærekraftig energi og karbonnøytrale initiativer, slik som solcellepaneler, være mer på å redusere den samlede miljøpåvirkningen av vinproduksjon (Aanes, 2021; AS Vinmonopolet, u.å.b.; Wine Australia, 2022). Gjennom å ta i bruk slik tiltak, samtidig som en har en bransje som er villig til å endre



praksis, kan det være mulig for nye vinregioner å ta opp kampen mot utfordringer knyttet til miljømessig bærekraft og fremme en mer bærekraftig fremtid for vinproduksjon samtidig som de tar sin del av ansvaret.

Vinindustrien kan sies å ha en betydelig innvirkning på lokalsamfunnene, og er ofte en viktig kilde til sysselsetting og økonomisk vekst for regionen. Denne innflytelsen kan dessverre også gi opphav til etiske utfordringer, der arbeidere i mange tilfeller er utsatt for dårlige lønninger, usikre arbeidsforhold og urettferdig behandling (AS Vinmonopolet, u.å.a.; Dalheim, 2022). Spesielt har Sør-Afrika fått ekstra oppmerksomhet rundt dette, da produksjonsforhold og arbeidernes rettigheter har vært dårlige (Aanes, 2024). For å løse dette problemet er det viktig at en lager regler som sikrer gode arbeidsforhold, rettferdig lønn og menneskerettighetene. Måter å gjøre dette på kunne for eksempel ha vært å etablere minimumslønninger, gi arbeiderne tilgang til helsetjenester, og sikre at de har rett til å organisere seg. Videre kan det også tenkes at et tett samarbeid mellom regjering, organisasjoner og sivilsamfunn kan være viktig for å både overvåke, men også håndheve standarder og vilkår i vinindustrien.

Bevaring av lokal tradisjon og kultur er også viktig for ansvarlig praksis i vinindustrien, og å klare å bevare sin kulturelle identitet tror jeg er viktig for å kunne ta opp jakten på global konkurransekraft. For å oppnå dette trenger man en balansert tilnærming som verdsetter både økonomisk og kulturell utvikling. Det kan tenkes at å engasjere de lokale i beslutningsprosesser, ha god bevaring av historiske vingårder og å fremme kulturelle arrangementer og festivaler kan være en god måte å gjøre dette på. Vinturisme har også lenge vært veldig viktig innenfor vinindustrien, og kan bli sett på som en bidragsyter for å bevare kulturell arv, i tillegg til å være en avgjørende komponent for å sikre levedyktigheten til vinregioner på lang sikt (Preferred by Nature, 2022). Det kan være flere grunner til dette. Både med tanke på at det økonomisk støtter de lokale samfunnene, men også at det kan gi mulighet til å bevisstgjøre andre mennesker om lokale tradisjoner og gi en styrket lokal identitet og stolthet til lokalbefolkningen. Tiltak som disse kan være med på å fremme en felles forståelse og respekt for den kulturelle arven, samtidig som det kan gi vinregioner et større konkurransefortrinn.

Opprettholdelsen av integritet og autenticitet er også en viktig del av ansvarlig praksis. Det er stadig flere undersøkelser som viser til at reklame påvirker hvordan folk handler, og at merkevareautenticitet er viktigere enn noen gang. Ansvar i denne sammenheng innebærer å sikre ærlighet og gjennomsiktighet i markedsføringen. Det er viktig å unngå villedende

reklame, og å være åpne om produktene og produksjonsmetodene som er brukt for å sikre etisk markedsføring (Ranktracker, 2022). I vinindustrien kan markedsføring bli sett på som noe som spiller en stor rolle i suksessen til nye vinregioner, da dette er med på å øke bevisstheten rundt produktene deres, og å tiltrekke seg nye kunder. For å gjøre dette, kan en for eksempel gjennomføre tiltak som å merke produkter med informasjon om produksjonsmetoder og bærekraftig praksis, samt å engasjere seg i forbrukerne med fokus på å formidle om vinens opprinnelse og kvalitet. Ut ifra hva vi har funnet ut gjennom vår masteroppgave, kan det se ut som at dette er noe som har blitt viktigere den siste tiden, og at nye vinregioner allerede har begynt å etablere dette. Partnerskap og samarbeid kan også bli brukt til å fremme markedsføringen av nye vinregioner. Gjennom slike samarbeid kan regionene utvide sin rekkevidde og tiltrekke seg nye kunder. Samtidig vil de også oppnå større troverdighet og legitimitet, da flere parter vil støtte deres kvalitet og verdier. Dette kan igjen føre til at regionen får en styrket posisjon i markedet, blir mer konkurransedyktige, og øker anerkjennelsen deres både blant forbrukere og bransjeaktører.

For å løse noen av de etiske utfordringene i vinproduksjon og sikre ansvarlighet, kan det være en fordel å samarbeide på tvers av fagområder for å utvikle og implementere løsninger som tar hensyn til både det miljømessige og det sosiale. Her kan både regjeringen, næringslivet og forbrukere være med på å fremme etisk praksis i vinindustrien.

Regjeringen spiller en viktig rolle i å etablere og håndheve regler og lover som sikrer at vinproduksjonen skjer på en etisk og bærekraftig måte (AS Vinmonopolet, u.å.c., s. 5; Ducman et al., 2023, s. 5). Dette kan være på måter som omfatter regulering av arbeidsstandarder, forbrukerrettigheter og markedsføring av alkoholholdige drikkevarer. Ved å iverksette reguleringsstandarder kan regjeringen bidra til å skape et rettferdig og ansvarlig miljø for vinindustrien. Næringslivet kan bidra med å fremme etisk praksis ved at de tar initiativer som bærekraftssertifiseringer og setter bransjestandarder og etiske retningslinjer i samarbeid med andre interessenter i bransjen (Wine Institute, n.d.). Ved at de tar slike initiativer kan de bidra til å øke bevisstheten rundt etiske spørsmål i bransjen, og vise at de forplikter seg til å følge beste praksis for ansvarlig vinproduksjon. Ved å øke bevisstheten blant forbrukerne om de sosiale og miljømessige konsekvensene av vinproduksjon, kan de bidra til å skape en etterspørsel etter etisk produserte viner, samt oppmuntre til økt etterspørsel etter mer bærekraftige praksiser i bransjen (Fairtrade, 2022). En kan også prøve å øke bevisstheten blant forbrukerne om de sosiale og miljømessige konsekvensene av vinproduksjon, i håp om at dette

kan oppmuntre til etterspørsel etter mer bærekraftige praksiser i bransjen. Noen måter å gjøre dette på kan være gjennom informasjonskampanjer, kurs og arrangementer som fokuserer på temaer som bærekraftig vinproduksjon, etiske handelspraksiser og ansvarlig forbruk av alkohol. En kan allerede se at det begynner å bli et større fokus rundt bærekraftig vinproduksjon enn det har vært tidligere. Gjennom å analysere fire ulike vinregioner i masteroppgaven vår, fant vi ut at Vergelegen i Sør-Afrika og Barossa Valley i Australia har fått anerkjennelse av å øke fokuset på bærekraft (Bridgman, 2009, s.76; Ratten, 2018, s. 332) og California har gjennom samarbeid begynt å øke bevisstheten til produsenter (Warner, 2007, s. 143).

Sist, men ikke minst, mener jeg også at åpenhet og ansvarlighet er avgjørende for å adressere etiske utfordringer i vinindustrien. Ved å være åpne om dette, kan vinprodusenter bygge tillit blant forbrukerne, interessentene og samfunnet som en helhet. Noen tiltak som kan omfatte dette er blant annet regelmessig rapportering, bruk av miljøsertifiseringer, samt å gjøre det lettere å motta tilbakemeldinger fra interessenter. Ved at de viser en forpliktelse til å være åpne og ansvarlige, kan produsenter bidra til overgangen til en mer tillitsfull og bærekraftig vinindustri.

En kan tydelig se at betydningen av ansvarlighet i vinindustrien er viktig, og at det både kan gi etiske og økonomiske fortrinn å være fokusert på dette. Gjennom å ta sosiale og etiske hensyn kan nye vinregioner være med på å bygge en mer bærekraftig tilnærming som involverer implementering av etiske retningslinjer, fremme opplæring av forbrukere, og oppmuntre til åpenhet og ansvarlighet. Ved å ta hensyn til både miljø og samfunn, kan regioner bygge opp et godt omdømme, og lage viner som forbrukere kan være stolte av å drikke. En felles innsats fra flere parter kan være med på å forme en vinindustri som er bærekraftig og ansvarlig, samtidig som den er god for både mennesker og planeten.

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## **Refleksjonsnotat «responsibility»**

Dette refleksjonsnotatet er skrevet i sammenheng med levering av masteroppgave som fullfører det femårige løpet av Økonomi og Administrasjon ved Handelshøyskolen ved Universitetet i Agder. Oppgaven tar for seg begrepet «responsible» knyttet til både masteroppgaven, i tillegg til ulike fag gjennom studietiden.

### **Presentasjon av masteroppgave**

Vår oppgave omhandler vin og hvordan nye fremvoksende områder kan konkurrere med allerede veletablerte i industrien. Tidligere har industrien blitt delt inn i «Old World» og «New World», hvor Old World er land i Europa som historisk har produsert vin. New World er land som for eksempel Australia og USA, som i senere tid har begynt å produsere og bli store på vin. Disse begrepene har blitt benyttet over lang tid, og det foregår en diskusjon i industrien om disse ikke lenger gir en god oversikt over fordelingen av produsenter. I vår oppgave, kommer det en tredje gruppe vi har valgt å kalle for «Third World», som inneholder flere inndelinger noe som også gir bedre oversikt og system. Videre blir det gått igjennom fire caser bestående av ulike land som har klart å etablere seg i markedet. Ut fra disse casene blir det dratt ut det vi mener er de viktigste bidragsfaktorene til at de har klart å etablere seg, som blir grunnlaget for en modell nyetablerte land kan bruke til å konkurrere.

### **Etiske utfordringer ved tema**

«Responsibility» er et nøkkelord jeg mener passer godt inn i tema på denne masteroppgaven. Ansvarlighet, kan knyttes både til teamet vin eller alkohol, i tillegg til et ansvar vi studenter har i skriveprosessen knyttet til kildekritikk, henvisning til kilder, og at ulike sider blir drøftet nøytralt.

Alkohol blir av Rusopplysningen definert som et rusmiddel, og er det nest mest brukte rusmiddelet i verden (Rusopplysningen, u.å.). Det har blitt produsert av ulike sivilisasjoner i over 10 000 år. I 2017 ble det gjennomført en undersøkelse som viste at rundt 90% av nordmenn drikker alkohol, og 60% hadde vært beruset i løpet av det siste året. Dette er også rusmiddelet som gir mest skadet, både på grunn av hvor mye som blir konsumert, men også grunnet hvordan rusmiddelet fungerer. Alkohol påvirker spesielt impuls kontroll og dømmekraft (Rusopplysningen, u.å.).

Gitt informasjonen over, er det da etisk riktig å skrive om vin når det blir kategorisert som et rusmiddel? Salg av alkohol er sterkt regulert i Norge. Reguleringen gjelder markedsføring, tilgjengelighet, skjenketid og aldersgrense. Selv om dette kan være til frustrasjon for mange til tider, er dette med å redusere forbruk og misbruk av alkohol. Dette vises i statistikk over hyppigheten av konsum av alkohol sammenliknet med andre land i Europa. Norge er et av landene med lavest registrert alkoholforbruk, men også et av landene i toppen når det kommer til mest risikofylt drikkemønster, minst seks enheter alkohol minst en gang i måneden (Rossow, 2023).

Alkohol faller dermed inn under definisjonen rusmiddel, og Norge er toppen av Europa når det kommer til risikofylt drikkemønster. Gjør dette temaet til et godt eller dårlig valg med tanke på etiske dilemmaer? På den ene siden kan det tenkes at det er knyttet til mye stigma rundt alkohol, samtidig kan det argumenteres for at den beste løsningen er åpenhet rundt temaet. Diskusjon, undersøkelser og analyse kan hjelpe med å få bedre innsikt og forståelse knyttet til tema.

Det å kunne vin er et eget fag, og det å kunne produsere god vin kan ses på som en kunstform eller et stykke håndverk (Laube, 2009). Konsumenter har muligheten til å dykke inn i en verden full av smak og lukt, enten alene eller sammen med en matrett slik at mat og drikke utfyller hverandre. Det er ikke å komme unna at mange sliter med misbruk av alkohol og at dette bør tas på alvor. Likevel diskuteres det også om vin i små mengder kan være sunt for kroppen (Ashley, 2023). Til tross for at dette har blitt diskutert over lenger tid uten å finne et endelig svar, vil jeg argumentere for at et glass vin i lag med gode venner og god mat i det minste er godt for sjelen.

Et annet spørsmål en kan stille er om det ville vært mer ansvarlig å ikke skrive om dette temaet? Her vil en kunne argumentere for at det vil være mer ansvarlig å etablere åpenhet om et tema, istedenfor å bygge under et tabubelegging av temaer. Dette vil trolig også fler tjene mer på.

### **Etiske utfordringer ved problemstilling**

Den samme drøftingen kan bringes videre til problemstillingen på oppgaven. Er det ansvarlig å diskutere hvordan en kan få flere aktører på markedet til et produkt som kan være skadelig? Måten produktet er produsert på kan også komme med etiske utfordringer.

En studie fra Sverige viser at vin står for 61% av drivhusgassene sluppet ut av alkoholholdig drikke. I tillegg til utslipp påvirker også vinproduksjon biodiversiteten og naturlig vegetasjon. Til tross for at vingårder er mindre i areal i forhold til gårder som produserer andre avlinger, har vindrueprodusenter på et tradisjonelt grunnlag omfattende bruk av plantevernmidler som kan skade blant annet kildevann og jorden (Grantham Institute, 2023). Ved å ha en problemstilling som ser på hvordan flere regioner etablere seg på markedet, og dermed potensielt føre til økt produksjon, som igjen vil føre til økte utslipp og mer skade på naturen.

Problemstillingen vil likevel bringe med seg positive sider. Å få flere regioner inn i vinindustrien vil kunne bringe med seg større tilbud og variasjon av produkter. Den globale vinindustrien er estimert å gå fra 409 milliarder dollar i 2022 til 584 milliarder innen 2032 (Spherical Insights, 2023). Nye regioner og produsenter vil dermed ha muligheten til å ta del av denne estimerte økningen og fortjenesten vil kunne gå til selskapene, i tillegg til lokalsamfunnet og andre interessenter.

Oppgaven tar dermed ikke noe ansvar om konsekvensene om mulig økning av tilbudet av vin fra nye områder, men ansvar for at de områdene som velger å enten øke produksjonen eller begynne å produsere gjør dette på en måte som er ansvarlig og som både er økonomisk og miljømessig bærekraftig.

### **Utfordringer ved funn?**

Oppgaven tar for seg hvordan nye regioner kan konkurrere med allerede etablerte, og problemstillingen om konsekvensen av dette blir dermed ikke diskutert. Det er heller ikke diskutert hvordan fordelingen av overskuddet til produsentene ville blitt fordelt, noe som kan være problematisk i mindre utviklede land.

Blant funnene våre har vi sett at bærekraft har begynt å bli et tema også i vinindustrien. Regioner som Napa Valley i California og Vergelegen i Sør-Afrika har hatt et spesielt fokus på dette. I dag er etterspørselen etter bærekraft i produktene større enn kravene satt fra myndighetene. Produsentene i Napa Valley og Vergelegen har dermed satt fokus på dette før det blir satt krav som må følges. Dette er også anbefalingen vi har kommet med til fremtidige produsenter, og være føre var med fokus på bærekraft i produksjon og muligheten til å tilby vin i dette segmentet. I dette tilfelle er det altså produsentene som tar ansvar for miljøvennlige tilbud etter etterspørsel av konsumenter, og ikke på grunn av krav fra myndigheter.



Modellen som blir utarbeidet i oppgaven inneholder fokusområdene produksjon, influenser, markedsføring og partnere. Markedsføring inneholder blant annet området vinturisme. Fokuset på denne aktiviteten vil kunne ha ringvirkninger på hele lokalsamfunnet, og skape flere arbeidsplasser enn bare knyttet til vinindustrien.

### **Utfordringer ved analyse?**

På grunn av begrensede ressurser og kunnskap valgte vi å bruke sekundærdata, i stor grad forskningsartikler. Utfordringen knyttet til dette er å finne data som kan brukes til å svare på problemstillingen. Dersom dette blir funnet er neste utfordring at kildene kan være forutinntatt eller ha en skjevhet i argumentene sine. Dette blir forsøkt løst i oppgaven ved å samle informasjon fra flere kilder fra ulike vinkler i et forsøk på å få et helhetlig bilde. På grunn av tidsbegrensingen og mengden informasjon på noen av landene har vi ikke hatt mulighet til å gjennomgå alle kildene, men finne de som gir inntrykk av å passe best inn i denne oppgaven. Masterpartneren min og jeg har her et ansvar om å bidra til å få en bedre forståelse av markedet og situasjonen ved å undersøke og analyse etter beste evne.

### **Ansvar igjennom studieløpet**

I løpet av de fem årene på den integrerte masteren i Økonomi og Administrasjon har jeg drøftet, diskutert og ikke minst lært en hel del om ansvar. Vi har hatt fag i etikk som diskuterer hva som er etisk ansvarlig og ikke, fag i bærekraft om hvordan en som individ og selskap kan ta ansvar for å være bærekraftig. Spesielt sistnevnte har jeg funnet spesielt interessant, ettersom dette blir mer og mer relevant for jobb etter studiet ettersom det kreves mer informasjon og krav til bærekraft. Vi har også hatt fag i regnskap hvor ansvar har vært knyttet til riktig rapportering, beregning, i tillegg til kostnadsføring og inntektsføring. Jeg har også vokst som individ og lært å ta mer ansvar personlig.

For å konkludere kan vi se at ansvar har vært et gjennomgående tema igjennom studieløpet, i tillegg til masteroppgaven som blir levert som en avslutning. Masteroppgaven tar opp temaet vin og hvordan produsenter i nyetablerte vinområder kan vokse og konkurrere, et tema som for noen kan være problematisk. Dataene som er brukt kan også være utfordrende ettersom det er sekundærkilder. Vi har likevel forsøkt å ta et ansvar å foreta datainnsamling

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