

REASONS FOR AND CHALLENGES OF ORGANIC WINE PRODUCTION – A QUALITATIVE ANALYSIS OF WINE PRODUCERS IN GERMANY

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In the past years the annual growth rate of organic food stayed continuous around 10% in Germany. The total area of organic production in Germany has doubled during that time. Today every tenth farmer in Germany is producing organically (BÖLW 2018). Also the development of organic wine production in Germany increased. Today there are more than 8.000 hectares, which makes around 8 % of the total German wine production (BÖLW 2018).

The literature review shows a very heterogeneous picture regarding the motivation for switching to organic farming. Castellini et al. (2014) examined that the motives which can lead a winery to switch from producing conventional wines to organic wines are mostly ethical, followed by a higher quality and the differentiation towards other producers. Since the concept of organic farming is evolved almost a century ago, the benefits for humans and the nature are still debated. Looking on the organic viticulture, a study from Germany showed that the productivity of organic vineyards was on average 35,9 % lower than in conventional farming, caused by a slower growth of wines and smaller yields (Döring et al. 2015).

Regarding the economic sustainability Reganold and Wachter (2016) concluded that there can be an evidence in organic farming with a higher profit when premium prices are included in the calculation. Without premium prices the cost ratio decreased and was much lower than for conventional production. Crowder and Reganold concluded that organic agriculture will only increase if it is considered to be financially profitable (2015). Regarding the economic motivation Zilber et al. (2010) found that organic farming should be used for differentiation rather than cost orientation, as the costs rise through labour intensity. However, research the motivation and the challenges of organic wine producers in Germany is still missing. We fill this research gap by analysing producers' perceptions in Germany regarding organic wine to identify the scope.

A qualitative study was used to analyse the motivation for organic farming and the challenges of organic wine producers. Data for this survey were collected using a qualitative research method whereby managing directors of selected German organic wineries were interviewed face-to-face or by telephone using semi-structured guideline interviews. The set of questions for wineries dealt with the following topics: i) the motives for switching to organic wine production; ii) changed effort and costs; iii) changed sales structure.

The results show that often a variety of motives lead wine producers to switch to organic farming. Mostly the personal conviction is being the main reason. Altruistic motives such as the responsibility towards nature play also a decisive role. Other motives were based on product quality, own health, birth of children or an alternation of generations within the winery. Therefore, market-orientated aspects are mostly ignored during the decision-making process, even though the producers assessed the market situation for organic wine as difficult when switching. Economic goals were nearly excluded. Especially for small producers the consumers' demand was not a motive for switching to organic wine production, it was more taken into consideration by larger producers. According to the interviewed producers there is not economic value in switching to organic farming. All producers stated that in the vineyard management they felt a significant amount of work. Especially crop protection and pruning need more runs than conventional production.

All producers declare a switch within the costs and higher costs. There are less for crop protection but higher labour costs. At the same time producers facing a loss of earnings up to 20 percent due to the switch from conventional to organic production. Wineries which worked with yield regulation even before switching to the organic production were less infected in their loss of earnings. This would ask for higher prices. According to the majority of the producers' higher prices for organic wines are hardly or not accepted on the organic wine market. 27 of 30 respondents did not raise their prices. All in all, there is no economic value for producers to switch from conventional to organic farming.

Like it was examined by Castellini et al. (2014) the personal conviction is the main reason for the switch from conventional to organic wine production. Regarding the costs German wine producers complained about the reduced yield and the higher staff costs. Other studies looking at the economic aspects come to the same conclusion (Reganold and Wachter, 2016; Hough and Nell, 2003).

Surprisingly only 10 % of the wine producers raised the prices affected by the higher costs. Organic wine production is considered as more sustainable agriculture, but it is not in an economic way. According to Crowder and Reganold (2015) organic agriculture will only increase if it is more financially profitable. Even the acceptance of higher prices caused by organic farming already was researched. But there is further research necessary to analyse how to improve the knowledge of wine consumers to approve the demand of organic wines. We suggest using a qualitative survey such as individual interviews or focus group discussion to analyse the acceptance of organic wines as well as looking at the trade to define the gaps to gain a higher price acceptability.