

Wine Improves Over Time but What About Wine Revenue?

The Measurement of Revenue Inefficiency Over Time

in the French Wine Sector

Samah Jradi

KEDGE Business School, France

samah.jradi@kedgebs.com

Tatiana Bouzdine- Chameeva

KEDGE Business School, France

tatiana.chameeva@kedgebs.com

Juan Aparicio

Center of Operations Research (CIO), Miguel Hernandez University of Elche (UMH) Spain

j.aparicio@umh.es

◦*Purpose: We aim to measure the revenue inefficiency evolution of nine major French wine regions before and after the implementation of the common market organization (CMO) policies in Europe for the 2004-2013 period. During these years, the French winegrowing areas have decreased by 10.91% however the production volume remains relatively high. Since 2008, the new CMO policy set multiple disputable measures to strengthen the EU reputation of the quality wine. The policy introduced distinctions between the designation of origin and the geographical indication. These decisions strongly affect the situation of the French wine sector, and different regions consider different strategies to respond the CMO measures.*

◦*Methodology: The Data Envelopment Analysis is used this study to evaluate revenue inefficiency. We introduce a revenue Luenberger indicator based on the weighted additive distance function that accounts for all sources of inefficiencies. We decompose this indicator into productivity change and overall allocative inefficiency.*

◦*Findings: Results revealed that all regions exhibit a revenue progress after the implementation of the CMO. The analysis of technical inefficiency change and technological change allow to establish clear targets for the regions in terms of sales' strategies (domestic or foreign market preferences). The evaluation of allocative inefficiency witnessed the specificities of certain regions (e.g. Provence, Champagne or Bordeaux).*

◦*Practical implications: We consider that this study will help policy makers to analyze the strategies implemented by different regions and account for them in setting new policies which could reflect better regional performance.*

Key words: *French wine regions, over time performance*
