

Economic Sustainability of Wine Estates: First Insights and a Roadmap for Future Research

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Purpose: Sustainability is a key concept in wine business. While ecological and social sustainability have received strong attention, the pillar of economic sustainability has so far largely been neglected both in wine business research and in sustainability certification schemes. The purpose of this paper is to outline an empirical framework to assess the economic sustainability of wine estates, to present first results for German wine estates and to suggest avenues for future research.

Methodology: Data from balance sheets and financial statements of German wine estates marketing bottled wine are used to assess their economic sustainability based on key benchmark figures. Particularities of mostly family-owned wine businesses are taken into account by including an imputed wage for family members and thereby permitting comparability across businesses with different workforce structure.

Findings: About 30% of wine estates are not economically sustainable and their profit does not sufficiently cover family wages and does not provide return on capital. The long term survival of these businesses is at risk when investments are required and successors are sought.

Practical implications: The framework presented here is a first empirical concept to assess the economic sustainability of wine estates. Future research is required into the risk component, to assess the relative impact of drivers on long-term success and international harmonisation.

Keywords: Profitability, economic sustainability, cost, revenue, imputed family wage
