

Business Models of Italian Organic Wineries: A Multiple Case Analysis

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1. BACKGROUND AND OBJECTIVES

According to the latest data, the organic sector is growing globally. In 2019, about 73 million hectares of organic agricultural land were registered (FiBL & IFOAM, 2021). Consumption of organic food and wine has increased steadily and will continue especially as a result of customers' renewed attention to sustainability and safety in response to the pandemic (Chenarides et al., 2021).

Competitive pressure is increasing because of: 1) entries in the organic sector by new companies and the conversion of existing ones; 2) the competition by “conventional” products, perceived as more healthier than in the past. Organic firms are thus required to devise effective strategies to create value for consumers.

Our paper tackles the research question of how organic wine producers might improve their business models (BM). In particular, we aim at inductively identify different configurations of BM viable for organic wineries.

2. LITERATURE REVIEW

The concept of BM (Zott et al., 2011; Massa *et al.*, 2017) are crucial to frame these dynamics. It is powerful in explaining performances in industries wherein radical product innovation is seldom possible and key in differentiating firms. It rather points to the fact that firms gain differential positions thanks to their ability to orchestrate ecosystems of actors and resources around a well-defined value proposition. In essence, it focuses organizational and strategic analyses on three logics (Shafer et al., 2005). How a firm: a. *creates* value for specific segments; b. *orchestrates* an ecosystem of suppliers, distributors, partners; c. can *capture* value to be profitable.

Research about BM in the organic sector focused on wine industry has been emerging only recently. Some authors consider the organic wine as example of sustainability practices, since organic production aims to obtain wines without additives (Cobelli et al. 2021), some others don't treat the organic (or biodynamic) as a synonym of sustainable viticulture (Flores 2018). These different perspectives make the analysis more complex.: existing studies on BM in the winery sector mainly refer to sustainability in general and not to organic production system. Rosinus (2021) found out that “just a few winemakers take sustainability issues into consideration, and produce organic wine”, Dressler (2021) referring to “farms with sustainability-oriented and organic products”, highlighted that they are able to set higher prices and possibly achieve higher profit. Broccardo and Zicari (2020) found out that even if some wineries have implemented sustainability-related process, sustainability is not yet at the center of their BM. Dressler and Paunovic (2021) results did not confirm the positive effect of an extension in sustainability on core winery business size. We aim at contributing to this literature by illustrating the results of a multiple case study.

3. DATA AND METHODS

The wine sector in Italy is mainly composed of SMEs. Our preliminary study involved 3 of them, located in the Veneto Region. Two produces organic wine only and one both organic and conventional wine. The relevant information to pre-construct timelines and thick descriptions of firms' strategies was collected through an extensive desk research on multiple sources. Then, each firm was interviewed. Interviews lasted approximately 2 hours on average, were recorded and transcribed; desk data were systematized in written documents that the authors coded according to Gioia et al. (2013) and Business Model Canvas (Osterwalder and Pigneur 2010).

4. PRELIMINARY FINDINGS

The study of each dimension for all the interviewed companies was key to identify the structure of organic BMs.

The first factor is the motivation of producing organic wine. Strong personal belief in the values of sustainability was the reason why the “total organic” firms entered in this sector. The development of organic BMs was iterative and characterized by several experiments.

Profitability was not key in driving the decisions. On the opposite, a more conscious assessments of potential revenues and costs is the key drivers for the conventional firm.

A second factor is the role of retailers, whose collaboration is important to make consumers aware of the main values of the wine. The organic label is not enough to catch the consumers' attention. Trade marketing activities to leverage the collaboration of physical retailers seems necessary to improve wines' sales. The use of communication to frame their products as innovative was a relevant factor in helping firms to gain the collaboration of retailers.

One last topic is how networks are managed and how they enable different BM. Informal channels are more adopted than formal ones, even if formal assessments and audits exist. At the same time, the limited scalability of trust-based networks might represent an obstacle to the growth of the company.

5. CONCLUSIONS

The objective of research is to illustrate the interdependencies among different BMs building blocks. The qualitative design will allow us to provide with research propositions, to be validated through further cases, that hypothesize the relationship among organizational and contextual variables as antecedents of the different BMs typologies.

References available upon request