

Postponement Practices in the Wine Industry: Adaptation and Attitudes in California, Veneto, Emilia-Romagna and Tuscany

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Abstract:

Introduction

The traditional image of a winery is that it sells its own branded wines in a local market. However, wineries can produce a variety of brands, including private label or co-labeled products and may need to customize labels or meet other export-specific requirements. Increasing internationalization is forcing wineries everywhere to manage more sales channels.

Wineries may need to allocate production across multiple sales channels before demand is known, when each channel has different packaging and labeling requirements. Misallocation may result in surpluses in some channels and lost sales opportunities in others. A winery may hedge against demand uncertainty by postponing the finishing processes that differentiate these products.

Research Methodology

While postponement practices offer real cost savings and increased responsiveness for handling multiple channels, it does not seem to be a well-established practice within the industry. We suspect the dearth of postponement has to do with a historical lack of need for product differentiation and a lack of practice by neighboring wineries. We expect that these perceptions may shift over time, so we survey wineries about their current and anticipated practices.

We presently have data for two regions, California and Italy. We plan to eventually include other areas in Italy such, Puglia and elsewhere researchers can be recruited to participate. A survey instrument is designed specifically for each region. This non-uniformity is necessary to capture aspects of the individual region and allows participants to customize surveys to meet their research needs. While not identical, the survey instruments overlap either directly or implicitly for the questions of interest to this study.

The survey implementation differs by region. This difference better permits the research to be conducted independently by separate researchers. We sampled altogether 335 wineries in Italy, using a convenience sampling procedure covering the regions of Veneto (n=123), Emilia-Romagna (n=120), and Tuscany (n=92). Data were collected via questionnaires mailed to participants previously recruited by telephone. Separately, we obtained 142 responses from an internet-based survey emailed to 1003 California wineries.

Results

Some preliminary results follow. In the sample collected in Italy between 2007 and 2009, the majority of wineries surveyed (76%) export, and expect that in the near term they will export themselves (85%) and that even more Italian wineries will export (86%). Private label and co-labelled brands are less prevalent currently (33%), and, if anything, wineries expect to decrease usage. Considering the 61% of Italian wineries that adopt postponement practices, the majority postpone at the blending stage.

In contrast, a smaller majority (56%) of the California wineries surveyed currently export, although they anticipate growth in this channel for themselves (72%) and other California wineries (75%). A mere 28% have private or co-labelled brands, and slight growth in such labels is anticipated by wineries for themselves (36%) though more (52%) anticipate other California wineries may soon produce such labels. Only 30% have adopted postponement practices, and, if anything, anticipate postponing less in the future. More detailed results and implications will be presented during the conference.