

Wine Business Research Symposium
Newcastle, Australia
7th and 8th of December 2009

Organised by:

 **Wine Industry**
Research Collaborative
CENTRE FOR INSTITUTIONAL AND
ORGANISATIONAL STUDIES
UNIVERSITY OF NEWCASTLE, AUSTRALIA

Welcome!

We are very pleased to welcome you to the Inaugural Wine Business Research Symposium. The Symposium is being hosted by the Wine Industry Research Collaborative as part of the Centre for Institutional and Organisational Studies, University of Newcastle.

The quality and range of papers that are included in our program demonstrates the symposium's success in bringing together practitioners and scholars from the social sciences and humanities interested in wine regions, wineries and other wine-related entities and activities. The papers address issues such as, but not limited to, the impact of environmental considerations on business strategy, knowledge flow in wine regions, innovation, wine clusters and networks, information and communication technology, human resources management, links between entertainment, tourism and wine activities, contextual and historical influences on wine activities, sustainability in wine regions and activities, value chain factors influencing wine industry decisions.

We hope you enjoy the symposium.



Dr Rebecca Mitchell
Program Director
Wine Industry Research Collaborative

“The Business of Wine”
The Inaugural Wine Business Research Symposium
Newcastle, Australia
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Program Day 1

Monday 7th December

8:00-9:00	REGISTRATION - Boardroom UNH3.09 University House Newcastle
9:00	WELCOME
9:30 – 11am	Paper Session A - Level 2 Rm 2:41
	<p><i>Economic Development of Wine in New South Wales</i> Julie McIntyre, University of Sydney</p> <p><i>The ‘Digital Grapevine’ and the Global Flow of Wine: A Gravity Model of ICT in the Wine Trade</i> Euan Fleming, University of New England Rolf A E Mueller, Christian-Albrechts-University at Kiel, Germany Franziska Thiemann, Christian-Albrechts-University at Kiel, Germany</p> <p><i>An Innovative Industry from Regional Queensland: Overcoming Disadvantages in Domestic and International Markets</i> Rumintha Wickramasekera, Queensland University of Technology Geoff Bamberry, Charles Sturt University</p> <p><i>The Recognised Seasonal Employer Scheme and Grape Growing in New Zealand</i> Rupert Tipples, Lincoln University Richard Whatman, Consultant</p>
11:00	MORNING TEA - Level 2

Program Day 1 continued...

11:30 – 1pm	Paper Session B - Level 2 Rm 2:41
	<p><i>Historical Networking and Knowledge Sharing: Wine Making in the Hunter</i> Julie McIntyre, University of Sydney</p> <p><i>“Small is Beautiful” and Challenging in The Hunter Valley: Wine Histories and Ideas – Past, Present and Future?</i> Neil Morpeth, University of Newcastle</p> <p><i>The French in the Australian Wine Industry: 1788-2009</i> Amie Sexton, University of Melbourne</p> <p><i>A Micro Approach to Understanding Macro Differences: Exploring Common Values and Industry Culture in ‘Old’ and ‘New’ World Wine Regions.</i> Brendan Boyle, University of Newcastle Shaun Ryan, University of Newcastle Rebecca Mitchell, University of Newcastle</p>
1 – 2.30pm	LUNCH - Boardroom UNH3.09 University House Newcastle
2:30 – 3:30pm	Paper Session C – Level 2 Rm 2:41
	<p><i>Institutional Thickness and Inter-Organisational Collaboration in Wine Clusters</i> Rebecca Mitchell, University of Newcastle John Burgess, University of Newcastle Brendan Boyle, University of Newcastle Karen McNeil, University of Newcastle Jennifer Waterhouse, University of Newcastle</p> <p><i>Examining Business-Driven Environmental Sustainability Initiatives in Agriculture-Based Tourism Clusters in Norway and Australia</i> Sidsel Grimstad, University of Newcastle</p> <p><i>Farmers Attitudes to Climate Change (Presentation only)</i> Pamela McRae-Williams, University of Ballarat Julian Lowe, University of Ballarat</p>
3:30	AFTERNOON TEA – Level 2
4:00 – 5:30pm	<p>Panel Session - Level 1 Theatre <i>“Sustainability within Wine Regions and the Wine Industry”</i> This session will involve industry representatives, practitioners and academics and will be led by a chair and discussant.</p>
6:30	Dinner at “Isobar” on Honeysuckle Wharf

**The Inaugural Wine Business Research Symposium
Newcastle, Australia 7th and 8th of December 2009**

Program Day 2

Tuesday 8th December

9:15am	Good morning Coffee – Level 2
9:30 – 10.30am	Paper Session D - Level 2 Rm 2:41
	<p><i>The Politics of Wine: Regions and Subregions of the Political Life-World (Presentation only)</i> Robert Imre, University of Newcastle</p> <p><i>What Follows from Regional Status?</i> Bligh Grant, University of New England Brian Dollery, University of New England Colin Hearfield, University of New England</p> <p><i>Value Chain Factors Influencing Choice of Bottling Location in the Wine Industry</i> Alan G. Win, University of Sydney Kilian G. Poeschl, Middlebank Consulting</p>
10:30am	Morning Tea – Level 2
11:30 – 1:00pm	Paper Session E – Level 2 Rm 2:41
	<p><i>Annual Financial Benchmarking Survey for Australian Wine Industry</i> Melanie Reddaway, University of Adelaide</p> <p><i>Assessment of Service Quality at Wineries and Cellar Doors through Service Mapping</i> Jack Carlsen, Curtin University</p> <p><i>Wine Tourism in the Hunter Valley</i> Anne Buchmann, University of Newcastle</p> <p><i>Key Features of the Hunter Valley Wine Cluster</i> Lindy Henderson, University of Newcastle Jennifer Waterhouse, University of Newcastle Rebecca Mitchell, University of Newcastle John Burgess, University of Newcastle</p>
1:00pm	Lunch and Awards – Boardroom UNH3.09 University House Newcastle

Conference Abstracts

“The Business of Wine”
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ECONOMIC DEVELOPMENT OF WINE IN NEW SOUTH WALES

Julie McIntyre

University of Sydney, University of Newcastle
Julie.McIntyre@newcastle.edu.au

ABSTRACT

Wine economics research exists, geographically, alongside of the production-based sciences that cluster, in the English-speaking New World wine nations of Australia and the United States at least, near the largest wine regions. This makes sense since wine economics is fundamentally aimed at predicting future trends to enable greater certainty in finance and investment in wine growing. In Australia, to date, this research and other studies related to wine have taken place mainly in South Australia, where the economy benefits from wine production.¹ There are two companion works published by the Centre for Economic Studies, University of Adelaide: one detailing trends and cycles in the Australian wine industry to the year 2000, the other outlining trends in the world wine market from the early 1960s (during which time Australian wine production began to experience a renaissance after a marked decline in the early twentieth century) to 1996.² Both are essentially collections of figures, which can be readily consulted alongside the Australian Bureau of Statistics numbers released annually. But, apart from research by historian David Dunstan (on Victoria), humanities, as well as other scholarship on wine in Australia has largely centred in South Australia (though the development of South Australian wine growing, not just individual companies and regions does not yet have its historian).³ What I am presenting here is the first attempt to bring together statistical data on New South Wales as a wine growing colony-to-state to provide contextualisation for research being conducted on the Hunter region within New South Wales, and in turn in comparison with other regions and states within the national and global context. As a work in progress, this paper begins to look at the economic development of wine in New South Wales up to Federation (work on the period from Federation to the present is forthcoming).

¹ Robert Osmond and Kym Anderson, *Trends and Cycles in the Australian Wine Industry, 1850 to 2000* (Adelaide: Centre for International Economic Studies, University of Adelaide, 1998), 21.

² See previous note.

³ David Dunstan, *Better than Pommard! A History of Wine in Victoria* (Kew: Australian Scholarly Publishing, 1988).

**THE 'DIGITAL GRAPEVINE' AND THE GLOBAL FLOW OF WINE:
A GRAVITY MODEL OF ICT IN THE WINE TRADE**

Euan Fleming¹, Rolf A.E. Mueller² and Franziska Thiemann²

¹ University of New England, Armidale, NSW, Australia

² Christian-Albrechts-University at Kiel, Germany

ABSTRACT

Wine has always been traded over long distances. Global trade in wine has, however, experienced accelerated growth and change during the past quarter century. First, 'New World' wines from Australia, California and New Zealand penetrated markets that 'Old World' suppliers from Europe considered as theirs; later, other new entrants to the world wine market, such as Chile, South Africa and Argentina, added to global trade in wine. Moreover, wine traders ostensibly have employed ICT and modern transport technologies, and global wine supply chains have evolved.

What impact has the digital grapevine exerted on global trade in wine? Has it been commensurable with its impact on trade in other goods? We address these questions with a gravity model of international trade in wine that includes the major wine trading countries and covers the period from 1995 to 2008. The model explains the value of wine trade in terms of the adoption levels of internet access and mobile phone, and we include fixed telephone for nostalgic completeness. We control for a broad range of other factors that might also affect bilateral wine trade.

Results show that ICT variables have had varied impacts on wine trade, with the magnitudes varying between the different forms of ICT, between their effects in wine-exporting countries and wine-importing countries, and between near and distant trading partners. The two major positive impacts are of mobile phones in importing countries and internet effects in both sets of countries for remote trading partners. Fixed telephone usage, on the other hand, proved not to be a significant determinant of wine trade values.

**AN INNOVATIVE INDUSTRY FROM REGIONAL QUEENSLAND: OVERCOMING
DISADVANTAGES IN DOMESTIC AND INTERNATIONAL MARKETS**

Dr Rumintha Wickramasekera

School of Advertising, Marketing and Public
Relations
Queensland University of Technology
GPO Box 2434
Brisbane
QUEENSLAND 4001
Australia

Email: r.wickrama@gut.edu.au

Associate Professor Geoff Bamberry

School of Business
Charles Sturt University
Locked Bag 588 Wagga Wagga
New South Wales 2678
Australia

Email: gbamberry@csu.edu.au

ABSTRACT

The Australian wine industry has achieved both domestic and international market success over the past three decades, most of this success having been achieved by wineries located in South Australia, Victoria, New South Wales and Western Australia. However, over the past decade, the Queensland wine industry has experienced a greater percentage growth than the national average in terms of the number of producers, tonnage crushed and the value of exports, though admittedly from a very low base. The aim of the exploratory research undertaken for this paper was to gain a better understanding of the factors aiding and inhibiting the Queensland wineries in achieving market success. The population for the study included all Queensland wineries (ANZSIC code 2183). The survey instrument was a questionnaire that was targeted at the Marketing Manager of each winery (the key informant). The major part of the study entailed a formal survey followed by quantitative analysis. The findings from the study indicate that the limitations in terms of the small size of the wineries and the lack of reputation of the Queensland industry have been overcome by niche marketing, rising quality, identifying distinct wine regions (clusters), generating destination branding, and promoting wineries as part of the tourism and service industries, rather than as simply the wine making industry.

THE RECOGNISED SEASONAL EMPLOYER SCHEME AND GRAPE GROWING IN NEW ZEALAND

Rupert Tipples* and Richard Whatman#

*Corresponding author: Academic Programme Manager (Students), Senior Lecturer in Employment Relations, Department of Agricultural Management and Property Studies, Faculty of Commerce, P O Box 84, Lincoln University, LINCOLN 7647, New Zealand. Tel. 64-3-325-3838 ext. 8438. Email: tipplestr@lincoln.ac.nz

Independent Consultant, formerly Department of Labour, Wellington, NZ.

ABSTRACT

Huge growth in New Zealand's horticultural industries post 1975 and the United Kingdom entry to the European Economic Community was built on a culture of quality assurance for customers. That has continued to permit New Zealand produce access to world supermarkets and liquor stores. That growth took place in spite of recurrent seasonal labour shortages and crises in the period 2000-2007. The provision of seasonal labour was always haphazard and was dependent largely on an increasingly unreliable and transient workforce. Major crop losses in 2005-2006 brought together government ministers and key industry representatives to develop a national strategy for all parts of horticulture and viticulture to prevent seasonal labour and employment issues derailing the spectacular economic growth which the horticultural industries, including grape and wine production, had achieved.

The Horticulture/Viticulture Seasonal Labour Strategy "Supporting Industries with Seasonal Labour Demands to Achieve Sustainable Growth" led to the development of the Recognised Seasonal Employer Scheme (RSE), through which 'approved' employers could bring in Pacific Island immigrants for a limited season to help with pruning, maintenance, picking and packing horticultural and viticultural work. Just prior to the development of RSE the New Zealand Government had been made aware of the need of Pacific Islands, with rapidly growing populations, for access to the labour markets of the two more developed countries of the Pacific, Australia and New Zealand, by Pacific leaders and the UN and the World Bank. These small, job poor but potentially employee rich, countries had a resource wanted by their rich, employee poor, but seasonally job rich, neighbours.

After initial teething troubles, the scheme appears to be working well, with RSE workers replacing other more transient and undependable foreign workers on different immigration schemes. A win/win/win outcome appears to have been obtained for horticulture and viticulture, with pruning for wine grapes having been satisfactorily completed in 2008 and 2009, work and income opportunities being created for Pacific Islanders, with substantial remittances to contribute to their economies, families and communities.

NOTES

HISTORICAL NETWORKING AND KNOWLEDGE SHARING: WINE MAKING IN THE HUNTER

Julie McIntyre

University of Sydney

University of Newcastle

Julie.McIntyre@newcastle.edu.au

ABSTRACT

History as a research discipline has traditionally focused on nation-building; evidence of how nations such as Australia have achieved modernity. That is, prosperity through industrialisation and democracy in governance. This paper focuses on a commodity that has not been nation-building - like wool, meat and minerals have been – though it has become economically and cultural significant in the past twenty years. And, given the global significance of wine production, distribution and consumption, in exploring evidence from the past relating to ‘wine’ in all of its guises - as agricultural product, manufactured alcohol, object of trade, subject of tourism and marker of cultural identity – my research has been both trans-national (that is, beyond the creation of Australia as a nation using its own borders as the defining framework) and trans-disciplinary in that this paper introduces aspects of Hunter wine history which relate to existing research in the disciplines of Business and Tourism.⁴

⁴ The central point that has led to this trans-disciplinary conversation is that, in the Hunter Valley, networking and collaboration among wine growers preceded the formation of wine ‘businesses’, which may go some way to explaining early and ongoing successes in production and styles of knowledge sharing among growers in the Hunter wine region. See, for example, Lindy Henderson, Jennifer Waterhouse, Rebecca Mitchell, John Burgess, ‘Key features of the Hunter Valley Wine Cluster’ Wine Business Research Symposium, December 2009, Newcastle, Australia

**‘SMALL IS BEAUTIFUL’ AND CHALLENGING IN *THE HUNTER VALLEY*: WINE HISTORIES
AND IDEAS – PAST, PRESENT AND FUTURE?**

Assoc. Professor N.A. Morpeth
Short Programs/Classics, ELFSC
School of Humanities & Social Science
The University of Newcastle NSW 2308 Australia
Email: Neil.Morpeth@newcastle.edu.au

ABSTRACT

“History makes us...” goes the saying but understanding what has happened over time, let alone, what might happen remain open questions. Leaving aside, for the moment, the challenges presented by the diverse faces in the Hunter Valley of industrial, mining and residential activity, which continues apace, viticulture, winegrape growing and the complex of farming/agrarian ventures present especial niche opportunities.

Understanding the development of the production, distribution and consumption of speciality produce, namely, the histories of wine and food, could well shed useful light upon the past and assist in illuminating future potential. History, socio-geography and economy all play key roles in shaping the Hunter Valley’s high quality, mostly small to medium scale winemaking and viticulture enterprise. The excellence of these ventures is arguably the key to the future of the wine industry in the Hunter. Moreover, excellence and a spirit of hard-working enterprise, albeit with many a turn and tumble, stretch back to James Busby’s seminal, late Georgian optimism and venturesome practical spirit embedded in the title of his agricultural report: *“Journal of a recent visit to the principal vineyards of Spain and France:...with observations relative to the introduction of the vine into New South Wales”* (London, 1834).

What kinds of historical understanding could be useful in “The Business of Wine” and its non-identical twin, “The Wine Industry”? First, the historical legacies and traditions associated with wine, viticulture and winemaking remain central to the rise of Mediterranean-wide/Black Sea civilizations and Western traditions of thought. Second,

Wine Industry practices and traditions as well as innovations grow in the presence, conscious or otherwise, of history, people, geography and the land. Note, “Wine Country” is an affectionate tasting and welcoming badge in The Hunter Valley – at once evoking ideas of locale and produce. Third, the contemporary histories and practices of viticulture, winegrape growing and winemaking need to harness the histories – social, economic and cultural/geographic of wine in society and culture through time. Markets and ideas of market-trading are as venerable as the ancient Mediterranean and certainly prefigure the pathfinding work of Adam Smith (as Smith himself was aware)*, and yet the dynamics and locale of markets remain both elusive and challenging. Wine is certainly a beverage but it is much more: wine accompanies histories, cultures and traditions, and it is a possessive and exchangeable commodity. Wine is a cultural food taken through history and over time.

* Vivenza, G. (2002). *Adam Smith and the Classics: The Classical Heritage in Adam Smith’s Thought* (Oxford: Oxford U.P.)

NOTES

THE FRENCH IN THE AUSTRALIAN WINE INDUSTRY: 1788 – 2009.

Amie Sexton

School of Languages and Linguistics, The University of Melbourne

ABSTRACT

The transformation of grapes into wine is a miracle that has fascinated humans for thousands of years. From its humble beginnings in ancient civilizations to the global phenomenon that it is today, wine has adapted itself to new societies, conditions and continents. Over the centuries wine has found a place at the tables of the world, from Europe to Africa, through Asia, Oceania and the Americas.

Part of the “new world” of winemaking, Australia’s wine industry has been influenced by numerous different cultures, developing production methods, wine styles, tastes and consumption habits. This historical study traces the dispersed yet influential presence of the French in the Australian wine industry. As there is little information published on the subject, it brings together information from texts detailing the French in Australia and those concerning the history of Australian wine industry, while also drawing on the socio-cultural history of Australian society.

From the first failed attempts at employing “French expertise” in the form of P.O.W.’s in 1800 to the successful development of sparkling wine production in western Victoria and the successful French-owned brand *Jacob’s Creek*, the Gallic presence has been small yet constant. Another constant is the notion of the pre-eminence of French wine in the Australian psyche, both in production and consumption. French wine has enjoyed a superior status that can still be seen in contemporary professional discourse, the media and attitudes towards consumption. This perpetuation of the French stereotypes with regard to wine raises a number of complex questions: In the 21st century, how is that the reputation of French wine as the best in the world is still so strong? Why is that by virtue of being French a method, technique or brand is considered superior? Why does this stereotype persist, despite the fact that Australia produces some excellent wines and has a growing export market? This study is a first step towards investigating these questions concerning contemporary Australian attitudes to French wine and wine in general.

A MICRO-APPROACH TO UNDERSTANDING MACRO-DIFFERENCES: EXPLORING COMMON VALUES AND INDUSTRY CULTURE IN 'OLD' & 'NEW' WORLD WINE REGIONS

Brendan Boyle, Shaun Ryan, Rebecca Mitchell
Newcastle Business School
University of Newcastle

ABSTRACT

This paper forwards the proposition that, explaining the contrasting approaches of 'Old' and 'New World' wine producers in the context of formal institutional differences (e.g. regulation), with cursory reference to cultural differences from which such institutions are, in part, derived, may limit our understanding of underlying differences that exist between 'Old' and 'New World' producers. A bottom-up approach to analysis is proposed, starting with an understanding of the human values systems (Schwartz, 1992) of individuals working or producing in the industry. This paper argues that differences in human values between 'Old' and 'New World' producers may better explain the sources and consequences of the contrasting 'rules of the game' (North, 1990) experienced across the global wine industry. We also propose that commonalities in values should be understood at a regional level, as regional 'industry bounds' (Peng, 2006) are the most fitting form of industry demarcation.

INSTITUTIONAL THICKNESS AND INTER-ORGANISATIONAL COLLABORATION IN CLUSTERS

Rebecca Mitchell, Brendan Boyle, Jennifer Waterhouse, Karen McNeil & John Burgess

Newcastle Business School
University of Newcastle
Callaghan Newcastle
NSW 2308 Australia

ABSTRACT

Regional and national innovation policies increasingly seek to promote institutions conducive to clustering based on the relationship between firm clusters and performance, and regional competitive success (OECD 1999; 2001). Much research supports the view that clusters enhance firm performance through collaboration, facilitated by ease of access and 'interpenetration' of each others' organisational boundaries (Harrison 1992). However, recent reviews provide inconsistent support for the link between clusters and organisational success, with many studies generating support for an insignificant or even negative relationship, suggesting that clustering may not necessarily bestow performance-related advantages (Hakanson 2005). Coupled with case studies indicating that different regional clusters have a different mix of collaborative and competitive approaches, with some organisations strongly embedded in inter-organisational networks and others peripheral or isolated (Giuliani 2007), this research suggests that the development of, and mechanisms facilitating, inter-organisational collaboration in clusters, are not well understood and merit continued research focus.

This paper investigates the role of institutional thickness in inter-organisational collaboration in clustered firms. Institutional thickness refers to an integrated and interlocking web of supporting formal and informal institutions including local chambers of commerce and trade associations as examples of the former, and social networks as examples of the latter (Keeble et al 1999). We theoretically explore the extent to which,

and mechanisms through which, institutional thickness facilitates collaboration, drawing on concepts of reciprocal altruism, transactive memory and institutional proximity. We argue that institutional thickness fosters a cluster-wide climate of trust and a context conducive to reciprocal altruism (Trivers 1971), which reduces the threat of opportunism and stimulates collaboration towards shared valued outcomes. We further propose that institutional thickness facilitates the development of a shared understanding of sources of valued resources, as well as the adoption of shared values, approaches and policies, which minimise misunderstanding and normative barriers to collaboration.

EXAMINING BUSINESS-DRIVEN ENVIRONMENTAL SUSTAINABILITY INITIATIVES IN AGRICULTURE BASED TOURISM CLUSTERS IN NORWAY AND AUSTRALIA

Sidsel Grimstad,

Faculty of Business and Law, Newcastle University, NSW, Australia.

Contact e-mail: Sidsel.Grimstad@newcastle.edu.au

ABSTRACT

Studying business driven sustainability initiatives can teach us how businesses and their managers/owners decide and justify why and what environmental actions they undertake. While sustainability can be defined as including both social, economic, ecological and cultural aspects, this study will focus on the balancing act that small businesses perform between economic and ecological sustainability. Through examining environmental actions that are beyond compliance and voluntary it is hoped that a better understanding of how the social, political and cultural contexts influence behaviour in agriculture based tourism businesses. While empirical data on environmental behaviour in different industries shows that the motivation to undertake environmental improvements are either to fulfill environmental regulations, cost reductions or to obtain competitive advantage, other lines of research points to the business owner/managers own values and conviction as a strong influence on environmental behaviour. Within institutional theory there is debate as to whether behaviour is only guided by self-interest and maximisation of personal or business benefits (neo-institutionalist stance), or whether there are other more normative and cultural cognitive institutional pressures that would lead business owners to undertake non-mandatory environmental investments (classical institutionalists). A mixed methods research design will be undertaken in two different institutional frameworks, the liberal market economy of Australia and the coordinated market economy of Norway in order to develop theory around how institutional frameworks influence implementation of environmental sustainability measures. Two cases of business-initiated sustainability processes have been selected; In Australia, Lovedale Chamber of Commerce which is part of the Hunter Valley wine region, a major tourist destination in NSW, has initiated a "Greening of Lovedale" Process. The area has a mix of smaller wineries, accommodation, food and

adventure businesses. In Norway, Vikebygd Landskapsark, located in one of Norway's major tourist attractions, the applegrowing Hardanger fjord, has been selected. Vikebygd Landskapsark has been established as a private shareholding company with the purpose of establishing sustainable business opportunities within agriculture based tourism, accommodation, adventure and local foods. This paper will review and discuss different aspects of institutional and resource based-theory in relation to how these might explain environmental decision-making.

NEW ENGLAND AUSTRALIA: WHAT FOLLOWS FROM REGIONAL STATUS? A COMPARATIVE, POLITICAL ECONOMY APPROACH⁵

Bligh Grant, Brian Dollery and Colin Hearfield

Centre for Local Government, University of New England, Armidale, NSW.

ABSTRACT:

The New England Australia wine region was formally defined on the basis of geographical indicators (GIs) in January 2008. To date, the region has pursued a marketing approach built principally on its GI-defined regional status, emphasising cool climate diurnal variation, as well as some markers of cultural and political identity, such as ‘family’ and ‘artisan’ production. This general marketing profile fits hand in glove with that of a region ‘presenting an image of quality and tradition’ (Chang et al, 2006: 6). Yet, as Garcia-Parpet (2007) has reminded us, marketing is not merely about product promotion. It is also about the strategies that businesses adopt to achieve market entry, both legal and cultural, and the mechanisms for circumventing possible barriers. With this in mind, we contrast the marketing strategies of the New England wine-producing region in Australia with that of the Languedoc-Roussillon region in France. While the two occupy similar market positions, they nonetheless reveal diametrically opposed marketing strategies. Against the background of this comparative discussion, we seek to propose methods to enhance the development of the New England wine region so that it becomes a more complete example of successful rural restructuring.

⁵ The authors would like to sincerely thank Peter Sniekers, Business Development Manager, Regional Development Australia Northern Inland NSW, and Shaun Cassidy, Proprietor, Merilba Estate Wines, Kingstown, NSW, for their comments on an earlier draft of the paper.

VALUE CHAIN FACTORS INFLUENCING CHOICE OF BOTTLING LOCATION IN THE WINE INDUSTRY

Alan G. Win¹, Kilian G. Poeschl²

¹Institute of Food Nutrition & Human Health, College of Science, Massey
University, Auckland, New Zealand
Institute of Transport & Logistics Studies, Faculty of Economics & Business,
University of Sydney, Sydney, Australia

Middlebank Consulting Group

²Middlebank Consulting Group

ABSTRACT

Purpose – The purpose of this research is to understand the value chain factors that influence strategic decisions pertaining to bottling location within the wine industry.

Design/methodology/approach – The following is an analysis of the considerations to determine optimal bottling location(s) for a medium or large size wine manufacturer looking to expand its operations. It allows for quantitative factors such as volume forecasts, taxes and duties, financial objectives and carbon emissions through transportation, as well as qualitative factors such as the ease of managing bottling operations, proximity to major infrastructure, and brand perception to be factored. While the analysis is not based on any one particular winery, the authors have drawn on academic and industry studies from a number of major wine producing and consuming countries, and their experience within the wine industry in New Zealand, Australia, and various export markets to arrive at this paper.

Findings – Spies (2000) defined the six primary activities of a wine value chain as: soil and plant material; viticultural practices; cellar practises; winemaking; packaging and distribution; and, market development. While packaging and distribution is only one of the six activities, it nevertheless remains a significant portion of cost and improvement opportunity for many wine companies' value chains. This paper presents a framework by which the impact of choice of bottling location for a wine estate might be valued. As part of this process, what is highlighted is that there are a range of potential options when considering where bottling might be commissioned and wine producers should not

automatically assume by default that the winery is necessarily the correct choice of location for bottling. A number of key supply chain drivers, grouped into the segments of customer, environmental, financial, and organisational, are considered to evaluate an optimal location for any bottling plant.

Research limitations/implications – This analysis is not based on a single case of a particular winery but rather on a range of different cases, each with its individual circumstances. While not all factors were relevant in each case, at least some were. These however varied substantially in scope and importance between cases. The analysis nevertheless highlights the importance of considering a variety of supply chain aspects when making strategic business decisions such as the location of bottling facilities.

Practical implications – It assumes that a wine estate to which this analysis is relevant is at a stage in growth and development where a need exists to revisit strategic decisions such as the location of bottling and whether to bottle in-house or outsource.

Originality/value – This paper offers insights into the pre-requisite conditions under which a company might strategically evaluate location of its bottling operations relative to its vineyards and winery operations, then looks to explain how value may be impacted as a result of such decisions.

Keywords – wine bottling location, wine supply chain, wine value chain

NOTES

ANNUAL FINANCIAL BENCHMARKING SURVEY FOR AUSTRALIAN WINE INDUSTRY

Melanie Reddaway

University of Adelaide Business School

10 Pulteney Street, Adelaide SA 5005

Email: melanie.reddaway@adelaide.edu.au

Phone: 8303 1047

Mobile: 0410 544 457

ABSTRACT

The Annual Financial Benchmarking Survey for the Australian Wine Industry is co-authored by Deloitte and the Winemaker's Federation of Australia. The survey has been plagued by low participation rates, making the value of the data to SME stakeholders questionable. Nonetheless, anecdotal evidence suggests the report is widely read by this industry segment. An exploratory study informed by grounded theory concepts was undertaken to examine how SME stakeholders make use of the report. A two phase interview approach was employed and the study involved 10 SME stakeholders from the McLaren Vale wine region in South Australia, a representative from Deloitte, a representative from WFA and a supplier of services to SME wineries. Findings include: The term "benchmarking" means different things to different SME stakeholders, but this was not linked to their employment of the report. SME specific variables such as motivations for being in the industry and different approaches to reporting were found to reduce the comparability of SME businesses, but most participants were not found to have specifically considered the consequences of such variations with respect to usefulness of the report. In accordance with existing literature, informal information sharing was found to be strong with regards to operational knowledge, but not in relation to financial performance, implying the industry is not already supplied with the intended service of the survey through other sources. Contrary to existing knowledge, a high dependence and focus on external information was not found to be common to the SME stakeholders. A potential application of the survey as a template for improving the reporting practices of SMEs was not found to be being employed by the sample included in this study.

ASSESSMENT OF SERVICE QUALITY AT WINERIES AND CELLAR DOORS THROUGH SERVICE MAPPING

Prof Jack Carlsen

Curtin Sustainable Tourism Centre
Curtin University, Western Australia

E j.carlsen@curtin.edu.au

T 08 92661132

M 0401103509

ABSTRACT

Purpose – The importance of cellar door sales in wineries is investigated and a method of assessing service quality using services mapping approach is tested for the purposes of enhancing research in this important area.

Research approach – Service mapping involved a group of students in using participant observation techniques to map service quality at three stages of the winery visit: approach and entry; the cellar door; departure and other observations. Observers were instructed to use all five senses in making their observations, i.e. the look, smell, sound, taste and feel of the experience. Physical evidence and staff interactions were also recorded and invisible management processes were implied.

Findings – Each of the three wineries studied provided a distinct theme and presentation, sensorial experience and level of service quality based on the observations. The technique of service mapping could provide winery and cellar door managers with unique insights into the totality of the cellar door visitor experience.

Research implications – Research on cellar door service quality has implications for the presentation of the wine brand and corresponding brand awareness, loyalty and sales. This research method has utility in assessing the cellar door experience and associated cellar door and winery management processes.

Originality/value – This is the first time that service mapping has been used to assess the cellar door experience. It has provided some new and useful insights for researchers and managers in the wine industry.

Keywords: Service quality, wineries and cellar door, service mapping.

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MANAGING A SUSTAINABLE WINE TOURISM INDUSTRY

Dr. Anne Buchmann

Newcastle Business School
The University of Newcastle, Callaghan
Newcastle NSW 2308 Australia

Phone: +61 2 4921 7234 Fax: +61 2 4921 7402
Email: Anne.Buchmann@newcastle.edu.au

ABSTRACT

This study is part of an on-going qualitative research project into sustainable wine tourism, looking at developments in the wine tourism industry in the Hunter Valley, NSW, Australia, and particular its sustainable development (SD). For this paper, the official Internet presence of selected wine tour operators offering vineyard-tours as well as tastings was assessed by checking home pages and related sub pages for comments relating to SD issues. The study shows that the majority of tour operators do not make any mention of SD issues on their web pages though there were some exceptions. Furthermore, the emphasis in developing SD practices within the wine tourism industry is clearly on environmental aspects though a sustainable development of tourism will require a three pronged approach of economic as well as environmental and social sustainability.

Keywords: wine tourism; sustainability; Hunter Valley

KEY FEATURES OF THE HUNTER VALLEY WINE CLUSTER

Lindy Henderson, Jennifer Waterhouse, Rebecca Mitchell and John Burgess

Newcastle Business School

University of Newcastle

ABSTRACT

We outline the key features of the Hunter Valley Wine cluster through reviewing its history and development; outlining its organisational features and reflecting on the abiding and unique characteristics of the cluster are. We then turn to prior review and analyses of the Hunter Valley Wine cluster in order to highlight the key features from these studies. Following we then include an analysis of prior studies of wine clusters in order to highlight information flows in the Hunter Valley Wine Cluster. The article serves as a background to the understanding and evaluation of the Hunter Valley Wine Cluster.

Panel Session

The panel discussion will focus on sustainability within wine regions and the wine industry. Based on the World Commission on Environment and Development definition of sustainability, *"forms of progress that meet the needs of the present without compromising the ability of future generations to meet their needs"* we anticipate that panel discussion will encompass environmental, social and economic sustainability issues. The panel will be chaired by a member of the Symposium organising committee who will seek industry perspectives on the issues that are critical to the future of the wine industry, particularly the Hunter Valley wine industry. The panel discussion will be led by researchers, practitioners and industry experts. We see this as a unique opportunity for industry and wine business researchers to discuss issues of mutual importance.

Panelists

Dan Binet

Winemaker, Ballabourneen Wines

Dan's interest for viticulture began after picking grapes outside the small village of Colmar in the region of Alsace. On returning to Australia he completed his Diploma of Viticulture and started work at Bimbadgen Estate. Dan joined Capercaillie in 2003 and was instrumental in developing additional contract winemaking services as well as improving viticultural practices. He started work in Ballabourneen Wines in 2008. Dan has experienced a vintage in New Zealand's Hawkes Bay, been a trainee associate judge at the Hunter Valley Wine Show and in 2005 was a finalist in the Australian Wine Society Young Winemaker of the Year.

Jenny Bright

Winemaker and Viticultural Consultant

Jenny Bright, (B. Sc, Dip.Ed, B. App Sc (Wine Science)) has worked in the Wine Industry as a winemaker and viticultural consultant for around 17 years of which the last 10 has been in the Hunter Valley. The work as vineyard consultant involves giving practical day to day advice to owner and managers of vineyards on their viticulture practices as well as offering latest knowledge about new more sustainable cultivation methods. She has also been part of the Hunter Valley Wine Industry Assoc Viticulture Technical Sub-committee that helped Dr Karen Blackmore with the drafting of the Report on the Impacts of Climate Change on the Hunter Valley Wine Industry.

Jeff Byrne

Winemaker, Audrey Wilkinson Vineyard

Jeff has worked at Audrey Wilkinson since 2008. Prior to this Jeff worked in the role of assistant winemaker at Tower Estate. A native Canadian, Byrne studied wine science through Charles Sturt University, having previously completed a science degree at the

University of New Brunswick in his homeland before moving to Australia in 1999. Jeff was one of 12 people in 2009 to be selected as Len Evans Tutorial Scholars, an internationally competitive wine program described as “the most exclusive wine school in the world”.

Tracey Cooper
Vigneron, Owner Monahan Estate

Tracey is a vigneron and has a masters degree in management. She owns of Monahan Estate with Frank Cooper (Naturopath, Nutritionist). Monahan wines have a specific focus on making hypo-allergic wines and make wines with a focus on environmental sustainability and a minimum of allergic additives. Tracey is a member of the Hunter Valley Wine Industry Association, Locedale Vigneron Association, Wine County Tourism (Hunter Valley) and the Lovedale Chamber of Commerce. Prior to owning Monahan Estate, Tracey worked with NEC, Fujitsu, Price Waterhouse and Alexander Mann Asia Pacific.

Will Creedon
Owner, Lambton Park Hotel

Will is qualified in Hotel Management and has worked in Ireland and Canada before moving to Australia. Will has worked as General Manager of the Hunter Valley Gardens property which today encompasses the largest Display Gardens in the southern Hemisphere, Harrigan’s Irish Pub and Accommodation, RocheWines and Grapeview Villas. In December 2004 Will was invited to join the Board of the Hunter Valley Vineyard Association and he is the only non-vigneron and non-Australian member in the Association’s history.

At the 2007 Hunter Region *Excellence in Tourism Awards* Will was recognised for his Outstanding Individual Contribution to Tourism within Hunter Valley Wine.

Mark Davidson
Managing Director/Chief Winemaker – Tamburlaine

Mark completed Viticulture and Wine Science training at Riverina College NSW (now Charles Sturt University). In 1985 Mark began working at Tamburlaine in the Hunter Valley and took up the roles of Board Chairman and Managing Director, with day to day responsibility for the business including winemaking and viticulture. Mark was the inaugural winner of the ‘Hunter Vigneron of the Year’ in 1998. Mark has been a past board member for the Australian Winemakers Forum, Hunter Valley Wine Industry Association and Hunter Valley Wine Country Tourism.

Scott McWilliam
Winemaker, McWilliam’s Winery

Scott McWilliams is a sixth generation winemaker at McWilliam’s Winery. Scott earned a Bachelor of Science degree at the Australian National University in 1998 and a

postgraduate degree in Oenology at the University of Adelaide in 2000. Following his postgraduate studies, Scott joined the McWilliam's winemaking team, based in the Riverina, in New South Wales where Scott helped craft the highly acclaimed McWilliam's Hanwood Estate range of wines. Scott has also worked in the wine industry in Bordeaux in France.

Peter O'Meara

Owner, Adina Vineyard and Olive Grove

Peter owns Adina Vineyard. He has spent more than 15 years working in the wine industry prior to his time at Adina. He has worked in Australia and overseas for Lexmark Europe, EMEA and Asia Pacific Corp. Peter has a Masters degree from the University of Sydney in education and has also studied at INSEAD, Fontainebleau in France.

Duane Roy

Owner and Winemaker, Glandore Estate

Duane Roy co-owns and is the wine maker at Glandore Estate. Glandore Estate was founded in 2004 but has access to old vineyard sites. Duane describes his winemaking as "buckets and shovels", with everything done by hand. He makes traditional Hunter wines plus albarino and tempranillo. Duane works with Tourism NSW and other national tourism bodies to deliver wine masterclasses, lectures and appreciation courses in collaboration with other local winemakers.

Bill Sneddon

Allandale Wine

Bill is a graduate in Oenology from Charles Sturt University. He began his career in winemaking in 1983 at Allandale and became the Chief Winemaker in 1986. As General manager, Bill oversees marketing and sales operations at Allandale and is also the winemaker and viticulturist for the winery. Bill is founder of the Lovedale Vignerons Association.

Tony Stapledon

Sustainability Manager, Leighton Contractors

AGIC Board Director, Tony Stapledon is Group Sustainability Manager at Leighton Contractors, one of Australia's major construction, mining, telecommunications and industrial service companies. At Leighton, Tony's role is to develop and implement strategies that embed sustainability as a vehicle for continuity and growth, business improvement and corporate social responsibility. Prior to this Tony worked as a Research Director at the Institute for Sustainable Futures, University of Technology, Sydney. He is an economist, architect and a change consultant and has a PhD from University of Sydney blending architecture, economics and sustainability. During his career as an architect, Tony works as Director of architectural firms in Australia, SE Asia, the UK and UAE.

Tony Somers**District Viticulturist. Industry and Investment NSW**

Tony has been in horticulture for 28 years in all regions of NSW from the Far North Coast, Riverina, Sydney Basin and Hunter Valley. During this time he has worked with a number of crops including coffee, sub tropical fruit, stone fruit, and citrus. For the past 19 years he has worked with wine grapes. He completed a BSc. and a Diploma in Viticulture. He has done a lot of different jobs including fruit picking, District Horticulturist, District Viticulturist, Technical Specialist (Viticulture) and Deputy Director of the National Wine and Grape Industry Centre. This has given him the opportunity to appreciate the climatic and regional diversity of NSW. His passion is communicating new innovations and technology through publications, training, research and extension. In 2008-9 he did a vintage working in an organic vineyard in Germany to learn about sustainability practices in the EU.

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