

coverage, it is striking that more than 25% of the book is dedicated to post-Soviet countries while Argentina, Austria, Germany, Italy, and the United States are ignored. I assume that this reflects an anthropological preference for the developing or undeveloped world, yet the majority of the balance of the essays concern Australia, France, and Spain. Nevertheless, *Wine and Culture* is a worthwhile volume because it combines the most seminal anthropological and ethnographical questions about wine production and consumption with geographical and theoretical diversity. The book reaffirms my belief that anthropologists are making a greater contribution than scholars from other disciplines to the academic study of wine.

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PIERRE MORA: *Wine Business Case Studies: Thirteen Cases from the Real World of Wine Business Management*. Wine Appreciation Guild, San Francisco, 2014, 300 pp., ISBN 978-1935879718, \$30.00 (paperback).

Of the numerous wine books published in the past decade, to my knowledge, this is the first that provides genuine insight on firm-level decision making across several parts of the industry. It includes thirteen case studies of businesses around the globe from Argentina to New Zealand. The case-study format lends itself well to drilling down beyond the usual reporting on industry trends or superficial snapshots of firms and yields a rich and varied body of work that is sure to benefit industry analysts, practitioners, and students.

A major intended audience appears to be students—perhaps graduate or executive program participants—who seek careers in the wine industry or business consulting. Indeed, each case study includes a set of questions, which ask the reader to assess some key issues and tradeoffs presented in the study and offer recommendations based on the evidence. An “Author’s Perspective” section provides the authors’ views on the same issues.

The book also will be a useful resource for the industry analyst who has a strong grasp of national or regional industry trends but lacks the market participant’s ground-level insight. For instance, sometimes a sweeping market force and associated decision is faced by virtually all firms at once, and therefore its effect can be aggregated additively across firms to yield an industry-level impact (e.g., in the case of a new regulatory requirement or the entry of a powerful technological change). Such transformational forces tend to receive widespread attention and discussion, but they are relatively rare. Far more commonly, firms and industries face more subtle or incrementally rising challenges that may or may not require an immediate, focused response. This volume sheds light on many such incremental

developments that well-managed firms actively recognize and address, and poorly managed counterparts ignore at their peril.

In the context of globalization-driven transformation of virtually all aspects of the macro wine industry, it is particularly interesting to witness these impacts on firms. The insider's view provided in this volume helps to personalize the challenges of running a business in a highly competitive industry. In fact, I recommend that anyone considering opening a wine business—perhaps lubricated by the romantic image of owning a popular winery where one seamlessly shifts roles from vineyard manager to winemaker to host whenever friends stop by to share a bottle—read and study this book carefully. It provides a clear-eyed glimpse of the range of issues and pitfalls that must be recognized, assessed, and managed all while minimizing production shortfalls and compromised staff morale.

Each case study begins by describing a challenge to a wine-related business and appropriate background information, then builds up to a set of key decisions to be made. The studies highlight analytic tools that attempt to assess the conditions objectively. For example, several chapters employ Porter's Five Forces or SWOT (strengths, weaknesses, opportunities, and threats) analysis to clarify the issues and the potential tradeoffs.

These tools may not always generate optimal decisions, but their transparent analyses support clarity of thought, particularly when the issue in question may be value laden or require questioning of deeply held beliefs. For example, one winery holds sustainable practices as a core value but must consider abandoning its carbon-neutral pledge for financial reasons, while a family-owned Bordeaux winery assesses whether to continue participating in a "Cru Bourgeois" designation program favored by its patriarch and founder.

One emerging theme is that market realities differ significantly for wineries in traditional European wine production regions and those in the New World, many of which entered the industry relatively recently. The contrasts are sharp and mutually reinforcing, particularly in terms of wine production. In 2000–2005, France and Italy were the leading consumers of wine (in absolute terms) and provided large domestic markets for producers. Since then, however, the trend has changed. By 2011, consumption had begun to fall sharply in those countries, and growth is now centered in both the developed and developing New World, led by the United States and China (International Organization of Vine and Wine, 2012).

This dynamic alone bears strongly on producers' strategic decisions. Faced with negative domestic consumption growth, French, Italian, and Spanish wineries have little choice but to focus on export markets if they want to grow. Generalizing broadly, the differences in average age of consumers (younger in the New World), average wealth (lower in the developing New World), and wine style preferences (fruitier, less dry in the New World) make responding to changing market opportunities a more complex endeavor than one might expect. Even the

decision to consider changing at all may be an arduous one. For established Old World wineries, altering a viticulture and vinification process that has produced decades or even centuries of popular acclaim and profit might seem questionable. Yet, in a dynamic marketplace where a changing of the guard is under way, wholesale fossilization of past practices may be the riskier route going forward, as new competitors scramble to distinguish their wines and experiment with approaches to attract consumers. The next section reviews a few of the case studies.

The case study by Sharon Forbes of Lincoln University in New Zealand analyzes the options for incorporating sustainable practices in a winery's strategic objectives and production practices. The analysis suggests that adopting sustainable practices is a multifaceted process marked by difficult choices—it is far more than a simple “yes” or “no” proposition. Anecdotal information and promotional materials often characterize this decision as economically favorable and a marketing triumph, because sustainable practices, in addition to reducing environmental impacts, can reduce costs and appeal to socially conscious consumers. However, this case study digs deeper to consider the potential marginal costs and benefits of sustainability. It notes, for example, that the benefits for wineries of “going green” are likely diminishing at the margin as the field of sustainable wineries becomes more crowded, thereby diluting the differentiation benefit. Likewise, the proliferation and professionalization of sustainability certification mechanisms may improve their credibility but also tend to raise compliance costs, especially with respect to labor. The winery, Huia Vineyards, elected not to renew its carbon neutrality certification after weighing the pros and cons. It was a difficult but probably an economically sound decision, and the company remains fully committed to integrating sustainability in its planning and operation.

The study of the Winzergenossenschaft Westhofen (WGW) cooperative in Germany by Marc Dressler and Anika Kost of the University of Ludwigshafen, perhaps the most informative case of the bunch, profiles proactive organizational change in the wine industry. It describes the process by which the cooperative improved its efficiency and modernized its physical equipment and business model to become a diversified enterprise that now turns a profit in a highly competitive marketplace undergoing far-reaching consolidation among producers. Cooperatives, which produce one-third of German wine, play an important role in the country. The cooperative structure helps small producers to realize economies of scale and sometimes to gain leverage vis-à-vis distributors, but they are plagued by reputations for lower quality and operate with thin profit margins.

A combination of changes taking place at WGW has helped foster its current success. The new management reduced slack in the production processes in part by shedding staff across departments. It also changed the basis upon which members are paid for their bulk wine production to reflect current market prices, reducing the cooperative's risk exposure. WGW's improved operational logistics created additional warehouse capacity that is now rented to external clients. Similarly, outside clients have access to its production facility and laboratory and

make up 80 percent of the users. It even added solar panels when repairing a roof and generates income by selling power to the energy grid. These and other developments have transformed the cooperative from a traditional wine cooperative to an enterprise with multiple business lines and profit centers. Overall, the changes entail some risk by moving beyond the core business of wine cooperatives. The initial result appears to be favorable, but the true outcomes will not be known for some time to come, and constant reassessment and adjustments will be needed to keep the cooperative responsive to its membership's needs and economically viable in a competitive marketplace.

After detailing and assessing the WGW's transformation and current status, the case study turns to engaging students by challenging them to develop future options for the cooperative. It asks them to conduct a strategic review with industry assessment and SWOT analysis and then present their results to cooperative members, board members, and other stakeholders. Strategic priorities may include, for example, defining a path to increase average margins on wine sales by placing relative emphasis on increasing its premium-quality line or pursuing new export markets to establish a presence in markets where wine consumption is growing.

The study on the use of cork to enclose wine bottles offers a view from within the industry intermediate goods supply chain. Tom Takin and Duane Dove of Sonoma State University analyze how the evolution of technological options and market acceptance of new enclosures threatens the long-held dominance of cork enclosures.

The "cork debate" pits a centuries-old established product against new alternative enclosure systems touted as technically superior but less accepted by consumers. The selection of an enclosure type has become more complex with recent supply chain developments, cost differences, and, importantly, consumer reactions.

The primary factors involve relative prices of each system, the impacts of cork taint, and consumer acceptance. The interaction of these elements makes the selection process challenging, as the alternatives to natural cork are now viable and gaining market share. The initial impetus toward synthetic corks and screw tops was driven largely by disruptions caused by cork taint, which was estimated to occur at a rate above 5 percent, costing the global industry billions of dollars annually in the 1990s. Synthetic corks and screw-top enclosures eliminate the taint problem.

As synthetic alternatives emerged and became increasingly accepted by wineries, the natural cork producers responded by improving their production processes and adopting stricter quality control protocols—a process that may have been facilitated by concurrent consolidation of the cork industry. The authors state that the estimated cork taint rate now has fallen to 1 percent, making it a far less important driver of change. So the main "push" factor may have virtually disappeared, but the "pull" factors (lower costs for cork alternatives and ease of use by consumers

in the case of screw tops) still hold influence. According to the study, the main barrier to wider use of cork alternatives is limited consumer acceptance. In the United States, many consumers associate synthetic and screw-top enclosures with low quality, a condition likely colored by the long-standing use of screw tops among low-priced jug wines. Yet the market share of cork alternatives has grown quickly and now approaches one-third of the global market, so their acceptance rates vary by nation (e.g., use is much higher in the U.K.).

Given that synthetic corks and screw tops tend to cost much less than half as much as natural cork, one might expect this shift to continue. However, a couple of factors may provide resistance. First, since the newer enclosures that are impermeable to air have been on the market for a relatively brief period (apart from jug wines, which are not meant to be aged), one wonders how age-worthy wines will be affected by such enclosures (natural corks are semipermeable, permitting partial oxidation of wine over many years). I would expect that some wineries must be conducting their own experiments by enclosing identically produced and stored wines with corks and with synthetic enclosures for comparison in the future. If the long-term effect of impermeable enclosures on wine aging is found to be benign (or even favorable) compared to cork, this might resolve a key remaining uncertainty, although we may need decades before the evidence becomes clear enough to draw informed conclusions. Nonetheless, it may be unlikely that wineries will seek to enclose their super-premium age-worthy wines in anything other than natural cork, given their high margins and the long-standing precedent of sealing those bottles with cork.

Second, for some of us, the very act of removing the foil, twisting the corkscrew, popping the cork, and perhaps examining it gives simple pleasure and differentiates wine from other beverages. I'm dubious that unscrewing a twist-off cap offers the same enjoyment. Although we ultimately care most about the contents of the bottle, we see the complete process—from retrieval from the cellar to swirling in the glass—as a unified sensory experience. Hence, even a technically perfect enclosure would be hard-pressed to replace natural corks in the psyches of dedicated wine drinkers if it meant eliminating the ritualistic pastime of extracting a cork to reveal the elixir within.

The study on the *Dominio del Plata Winery* in Argentina by Javier Merino illustrates the choppy currents that wineries must navigate in today's globalized environment. These currents include evolving market shares of wines made in the "modern" style, shifting retail channels, and the intensification of competition accompanied by strategic planning to develop competitive advantages.

The author attributes the growing preference for modern-style wines (generally, more fruit-driven, less acidic, and less tannic) over traditional European wines largely to the emergence of new, younger consumer markets and the growth of export-minded New World producers since the 1980s. If sustained, in the aggregate, this dynamic portends a future wholesale shift in consumption toward modern

wines, as younger consumers replace older ones in the market. This creates a quandary for traditional producers, who must choose between a shrinking market share, adapting their long-held traditional wine styles, or perhaps diversifying their offerings to try to bridge traditional and modern styles and audiences. Of course, wine production styles and consumption preferences are far too layered and complex to be divided into two simple categories as I have described, but the description illustrates the nature of the challenges. It is also noteworthy that the ongoing debate between globalists, who view the forces of globalization as positive influences on wine quality, price, and consumption, and *terroirists*, who counter that globalization is destructive of a wine's unique characteristics that reflect the local soil, environment, and culture, are absent from the discussion in this book. Perhaps this is due to the reality that wine business practitioners are deeply engaged in the many challenges of their firms' operations, leaving them little time to ponder broad philosophical issues. Or it may be the case that individual winery owners have previously contemplated this divide and favor one side or the other and perhaps run their operations accordingly. Although the debate provides ample fodder for wine writers and enthusiasts, admittedly, it does not lend itself to facile analysis in a business case-study format.

Merino argues the movement away from retail sales in dedicated wine shops toward more accessible locations, particularly supermarkets, has profoundly affected producers. Although greater access likely expands the potential market and boosts mass consumption, it increases the market power of the dominant retailers and exerts downward pressure on producers' margins. Mike Veseth (2011, reviewed in the Autumn 2011 issue of this journal) supports this view in his analysis of Tesco in the U.K., Aldi in Germany, and Costco in the United States as major vendors of low-priced wines that expand accessibility and squeeze margins. Merino notes that smaller producers may respond by favoring exports to smaller markets where the large retail chains lack a strong presence. Presumably, they would be incentivized toward more direct sales to consumers as well.

The case study uses "revealed comparative advantage" scores as a tool for shedding light on the change in relative national shares of wine exports between 2002 and 2011. It shows that Argentina and New Zealand led the way with a more than doubling of their relative export shares while established producing countries like France, Portugal, and Spain changed little. Australian and South African scores fell substantially during the period as both lost global export shares.

Based on this analysis, the author identifies key factors influencing export competitiveness, such as innovation-driven low production costs, favorable exchange rates, the popularity of key varietals, and access and proximity to strong consumer markets. Argentina scored particularly well on these metrics during this period, as reflected by its growth in relative export shares. However, this happy convergence of forces could be easily reversed, as occurred in Australia during the 2000s.

Recall that Australian exporters were flying high in the 1990s but experienced a series of disruptions from which the Aussie wine industry is still recovering. How much of the recent success of Argentine wineries will endure? One can speculate about several potential vulnerabilities. For example, will the malbec varietal, the featured red grape in Argentine wines, remain generally well-regarded by consumers or might it become somewhat passé, as did the Australian shiraz (syrah)? The high historic volatility in exchange rates between the Argentine peso and the U.S. dollar signals that an advantageous export environment for Argentina will not be permanent. National agricultural policies may bear strongly on the industry as well. Indeed, any return to the import protection and agricultural subsidy policies of the 1970s and 1980s would likely generate the same oversupply of low-quality wines in Argentina that were produced during the previous iteration.

The responses to these potential threats will likely be determined by individual wineries. The *Dominio del Plata* Winery launched an initiative to expand its export business as a means of increasing revenue and providing a sustainable future. It moved upmarket by creating new high-quality wine brands that target the stronger markets and generate higher margins. The strategy has paid dividends, as *Dominio's* average sales price per case grew by 64 percent between 2009 and 2012. Yet, despite this success, it remains focused on ensuring that the growth remains sustainable. For example, *Dominio* regularly conducts blind tastings against higher-priced competitors to promote improvement in the ratio of price to quality, and it adds a unique touch by having its winemaker visit each sales market to create a personal connection and provide a channel for collecting direct feedback. These and other measures suggest that the winery is intent on managing its future proactively to avoid repeating the missteps of other former rising stars. Time will tell whether this approach will bear fruit in terms of long-run growth and viability, but the present signs appear favorable.

For economists, the entire book offers useful nuggets on the microfactors influencing firm-level decisions within the wine industry. Some of the cost analyses provided enable managers to assess the expected marginal costs and marginal benefits of alternative options in a consistent fashion, resulting in well-informed decision making that supports efficient outcomes. I highly recommend this book to those seeking insights on the business side of the wine industry. It presents a diverse set of case studies that appear particularly well-suited to serve as part of a course curriculum.

I close with a few minor critiques. Edited volumes commonly suffer from a heterogeneous quality, and this book is no exception. Although each study offers plenty of quantitative and qualitative information, the depth of analysis and tone are uneven. For example, a few of the business descriptions read like promotional material while others sound impartial. Finally, the writing is stylistically inconsistent, but this is perhaps not surprising, given that many contributors are nonnative English speakers, and this rarely interferes with the reader's comprehension. These quibbles should by

no means deter interested readers from absorbing the many insights offered in this useful contribution to the wine business literature.

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STUART PIGOTT: *Best White Wine on Earth: The Riesling Story*. Stewart, Tabori & Chang, New York, 2014, 208 pp., ISBN 978-1617691102 (cloth), \$24.95.

Sometimes, I imagine that I can still taste it. The deep, dark-brownish apricot-hued 1959 Steinberger Trockenbeerenauslese with the rich, intensely fruity bouquet burst onto my palate with remarkable flavors, as if I were biting into a perfectly ripe, honeyed apricot. It lingered with a depth of finish that I had never before experienced, as my contemporaneous notes recount. This nectar concluded a tasting of aged clarets that I hosted on May 22, 1977, to celebrate the completion of my doctoral studies. My gourmet group's practice was to serve an Auslese when one was awarded a bachelor's degree and a Beerenauslese after earning a master's degree. During the 1970s, we had tasted several other bottlings from the Steinberg vineyard near Hattenheim, my notes on which are among the most effusive. This is not surprising, since the wines from that vineyard were called "the kings of the Rheingau" by Frank Schoonmaker in his classic *The Wines of Germany*.

My, how the world, or "Planet Riesling," as Stuart Pigott prefers to call it, has changed. In his essential and exuberant paean to the best white wine on earth, he chronicles the past quarter-century's remarkable evolution of "my favorite grape," as he frequently refers to Riesling, without any color distinction. This hymn of praise, however, is not written in iambic pentameter. Instead, it reflects his penchant for gonzo journalism, which "is written without claims of objectivity, often including the reporter as part of the story via a first-person narrative" (http://en.wikipedia.org/wiki/Gonzo_journalism/). As an homage to Pigott and his influences, Hunter

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