Stellenbosch 2023 Abstract Submission

**Title**
Sour Grapes and Sweet Harmony: Historicising Collective Action Problems in the Cape Wine Industry

**I want to submit an abstract for:**
Conference Presentation

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**Keywords**
innovation, competition, terroir, estate wine producers, Wines of Origin, Cape, Swartland, Stellenbosch, Hemel-en-Aarde Valley

**Research Question**
How have producers at the Cape balanced the desire to remain a step ahead of the pack with an appreciation of the benefits of collection action?

**Methods**
This paper is based on interviews with wine producers and a reading of the wine press

**Results**
The research indicates that while earlier efforts to rally around the 'estate wine' concept collapsed, there has been greater mileage in working around the Wine of Origin concept.

**Abstract**
In this paper, I consider the challenges that wine producers have faced in striking a balance between the imperative to remain one step ahead of the pack and the need to maximize the returns from working in union. One of the problems that South African wine producers have struggled with is achieving a modicum of profitability in a context where most wine farms are rather small. Historically, the solution was sought in selling grapes to a co-operative which spared farmers from having to make the wine themselves, whilst sharing some of the benefits that came from membership of a collective that commanded significant market share. Since the millennium, however, most of the co-operatives have collapsed or been turned into something approximating more to a private business. Producers lack real market power in relation to those who dominate the distribution of wine in a context where the domestic market is constricted and the overseas market is often dominated by large supermarket chains. Over the past couple of decades, one strategy has been to source grapes from elsewhere – often drawn from other districts altogether - that can be used to sustain second brands while seeking to promote premium wines made from grapes...
from a designated appellation under the Wine of Origin (WO) scheme. This ensures that producers can shift enough volume to remain profitable, whilst also reaping a premium from the smaller and notionally more selective brands that command higher prices.

For producers seeking to stay ahead of the game, it is considered imperative to come up with the next big idea and to cash in on the novelty of a particular innovation – whether that be the adoption of a hitherto unknown varietal or the adoption of a novel technique of vinification. At the same time, producers have a shared interests in promoting their collective interests and representing these to the authorities and to consumers alike. The longstanding travails and eventual demise of the Cape Estate Wine Producers Association (CEWPA) highlighted some of the centrifugal tendencies that have divided the industry. Part of the problem was that while the term ‘estate wine’ was supposed to signify exclusivity and adherence to a common set of rules, it covered a wide spectrum of practices. Many ‘genuine’ estate producers were resentful of those who had secured exemptions by virtue of their close relationship with the wine companies, and especially Distillers/Bergkelder. Although the anomalies were eventually resolved, many of the top producers have long since ceased to adhere to the ‘estate’ concept.

In more recent times there have been more successful attempts to coalesce around the WO system whose one great advantage has been its adaptability to producer needs. It has provided a rallying point for producers in particular districts seeking to appeal to the attributes of distinct terroirs. This paper will compare the very different ways in which producers in Stellenbosch, the Swartland and the Hemel-en-Aarde Valley have embraced terroir with a canny appreciation of how it might benefit the collectivity of premium wine producers. The vineyard profile of Stellenbosch is the most diffuse, but with much of the country’s best Cabernet Sauvignon originating from the slopes of the Simonsberg. By contrast, producers in the three wards of the Hemel-en-Aarde Valley have coalesced around Pinot Noir and Chardonnay. The Swartland Independent Producers (SIP) have come up with strict membership rules that prescribe the palette of cultivars that are deemed permissible. The SIP has been the most successful at advancing a claim to the uniqueness of its wines, based on bush vines and dry farming, and reaping significant financial returns in the process. More broadly, the focus will fall on wine routes, festivals and the promotion of specific cultivars that notionally give the best expression to these specific terroirs.