

## Padua 2017 Abstract Submission

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### Keywords

Willingness to pay, Multiple Price List, Italian wine consumers

### Research Question

The study investigates the benefits, in terms of value creation, generated by corporate social responsibility in the wine industry.

### Methods

The analysis was carried out in Italy, based on a structured questionnaire with a representative sample of Italian households (1,000 interviews).

### Results

Preliminary results reveal that Italian consumers are willing to reward wine firms implementing corporate social responsibility strategies.

### Abstract

#### 1. Introduction

Over the last years corporate social responsibility (CSR) has been a core topic in both academic and governmental agenda due to the impact of wine industry on environment, society and economy (Mueller Loose and Remaud, 2013, Gabzdyllova, 2009). However, despite the considerable debate, the discussion is still ongoing since neither a consensus on CSR nor a common standard for its implementation and assessment has been found (Mueller Loose and Remaud, 2013). Nowadays, several are the pressures hitting the global wine industry. In particular, governments and environmental associations are asking for more transparency, traceability and sustainability in the sector. Moreover, the growing interest of consumers toward sustainable products - able to reduce their impacts on society and natural resources - is attracting more and more public opinion's attention toward CSR (Marshall et al., 2005). In response to these pressures, many have been the public and private initiatives implemented in the vineyards and wineries,

aiming

at preserving soil biodiversity and landscape, protecting workers' health and safety and promoting economic sustainability

(Corbo et al., 2014; Pomarici et al., 2014). The results of these multi-dimensional programmes are several: consumers experience higher level of satisfaction, companies increase their performance and competitiveness on the

market (Bocquet et al., 2014; European Commission, 2011), governments take advantages of the positive externalities

generated by the social activities promoted. Accordingly, CSR leads several benefits that are still not properly measured in terms of monetary value.

Although the concept of social responsibility is not new (Ailawadi et al., 2014; Kim et al., 2014; Sony et al., 2015), most of previous studies focused mainly on durable goods (Auger et al., 2003), or suffered of small sample bias (Maignan, 2001; Ramasamy and Yeung, 2009), whilst only few research addressed the effects of CSR in the food

sector (Hartmann, 2011; Hartmann et al., 2013; Lombardi et al., 2015) and even less in the wine industry (Mueller Loose and Remaud, 2013). Therefore, there is the need to fill this gap investigating the benefits, in terms of value creation, generated by corporate social responsibility in the wine industry.

## 2. Research Objective

This study assesses the value generated by CSR initiatives through the evaluation of consumers' willingness to pay (WTP) for socially responsible wine. The study is part of a wider project funded by the OIV aiming at detecting consumers' preferences towards different CSR initiatives implemented in the wine industry. The analysis was carried out in Italy, based on a structured questionnaire with a representative sample of Italian households (1,000 interviews).

Italy has been selected due to its relevance in the global wine industry (both in terms of production and consumption

volumes). The questionnaire is structured in four sections and attempts to investigate the economic value - in terms

of premium price - related to private efforts aimed at improving the social responsibility of the wine industry. The first section detects consumer awareness of CSR in general and specifically in the wine industry. The second section

uncovers consumers' WTP for wines differing exclusively in the CSR strategies implemented. More deeply, consumers'

WTP is assessed using an experimental economics technique, such as the multiple price list (MPL). In the MPL, participants are given an array of ordered prices in a table, one per row, and asked to indicate whether they are

willing to buy a product at each price level. The price list used will have several columns of prices, one for each of the different products under analysis. Compared to other experimental economic approaches, MPL has two relevant characteristics: first, it is very easy to explain to participants (Andersen et al., 2006); second, it is simple to implement

and it mimics much better an actual market decision scenario (Anderson et al., 2007). In the third and fourth section of

the questionnaire, we detected consumers' wine consumption frequency and their socio-demographics characteristics.

Indeed, previous studies have strongly highlighted that these two categories of variables influence consumers' WTP

for sustainable wines (Pomarici and Vecchio, 2014; Vecchio, 2013; Woods et al., 2013).

## 3. Results

Preliminary results reveal that Italian consumers are willing to reward wine firms implementing corporate social responsibility strategies. These findings are powerful drivers for the creation and promotion of a recognizable standard

of CSR for the wine industry, resulting in benefits for consumers, companies and governments. Moreover, since the study highlights the value generated by CSR, detecting its associated premium price, it provides practical insights to

the wine industry and useful information to policy makers.

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Visits in the Northern Appalachian States. *International Food and Agribusiness Management Review*, 16(4), 181-205.

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# THE VALUE OF CORPORATE SOCIAL RESPONSIBILITY IN THE WINE INDUSTRY: INSIGHTS FROM ITALIAN CONSUMERS

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