

Ithaca 2018 Abstract Submission

Title

American wine start-ups, a business model of innovation for the French wine industry?

I want to submit an abstract for:

Conference Presentation

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Keywords

Wine Tech, California, Innovation, France, business model, process

Research Question

Can the processes of the California Wine Tech be part of a business model for the French wine industry?

Methods

- Interviews of wine tech companies in California and in Bordeaux, France and of Californian and French wine producers
- Analysis of answers

Results

- French Wine Tech not marketing oriented, but technology oriented
- Best US marketing practices adaptable to the French wine industry
- Best French technological practices adaptable to CA wine industry

Abstract

As a French-American professor and researcher living between Bordeaux, France and California, I have access to sources from both industries. The goals of this paper are 1). to study the Bordeaux and the California Wine Tech start-ups and 2). to understand how the development of each Wine Tech ecosystem is depending on the local wine culture.

My first concern is to define what both industries call "Wine Tech". Should we join the common wisdom and define wine tech as "to include tech-enabled companies focused on the production, distribution, and consumption of wine" (CB Insights, 2017)? What does it cover as research fields? What are they aiming at: consumers, wineries, investors? What kind of services do they offer: e-commerce, next generation wine production, subscription services, on demand production, ...?

The French wine industry is typically more farming- and wine making- than marketing oriented. The American wine industry tends to rely more heavily on marketing than its French counterpart. However the French wine industry developed several technological and marketing processes through local clusters. The Bordeaux-Cognac wine cluster (Innnovin - Wine Innovation) centers its research on biology, drones, design and sustainability. It also acts as an incubator for research teams and companies.

Independent companies and start-ups are less likely to work on marketing processes. Even apps dedicated to the amateur or consumer are mostly coming from the US. Indeed, the Californian wine industry has the privilege to be geographically close to Silicon Valley. Since the beginning of the millennium, several companies worked on various marketing tools to help collect tasting notes and evaluate wines.

But the main stream of the Californian Wine Tech is dedicated to the wine professional. Artificial Intelligence (IA) and Big Data are at the core of the new marketing and business strategy of Californian wineries. Many companies aim at social media/reputation management to power data driven engagement, social Customer Relationship Management (CRM) and business intelligence. Innovation processes in marketing are now based almost 100% on digital: wineries are entitled to collect digital data to better succeed at data driven decisions. In California, those processes apply to marketing.

France, and mostly Bordeaux, uses technological processes to collect data and make decisions in the agricultural field. But companies and wineries apply the collected knowledge to the vineyard management more than to their marketing strategy. Their work tools are not 100% digital: they work mostly based on biological, agricultural and viticultural data. The research results are used to improve vineyard management as well as wine making processes.

Fewer companies are working on data driven processes towards the consumers. Business intelligence is not at the core of their research. The most sophisticated systems aim at the consumers. Global Wine Score is a young start up whose research is a sophisticated rating system allowing consumers and investors to know the average score (based on the 100 scale) of a given wine through the ratings of 5 major critics, giving birth to the "Meta-Journalist". Except for a few exceptions, such as Global Wine Score, most of the French start-ups are e-commerce platforms funded by major Venture Capitalists.

An other difference between Bordeaux and California is the funding of the Wine Tech. In California, there are Venture Capitalists (VC) behind most successful wine tech companies, such as Vintank (sold to Averro by its founder and CEO, Paul Mabray). Afterwards Mabray joined the board of Emetry.io, founded by Adrienne Kincaid, a Silicon Valley veteran and part of the Delectable venture. In Europe, venture capital is more difficult to find. Most start-ups are funded on seed money coming from the original team.

Technology, targets, venture capitalists' involvement, local culture are factors of success or failure for the wine start-ups. What are the reasons that give the leading position to the Californian industry? Is financing the only reason? The problem might run deeper if we believe some answers. In France, wine producers focus on making the best wine they can, given the conditions of the year. They think about marketing strategies much later in the process: would a better access to and a better understanding of communication technology as developed by many start ups help them to better sell their wines?

The cultural differences as well as a more limited access to and understanding of the ecosystem of the wine start ups are the main problems of the French wine industry. But, as a last question, would the demand by the wine industry motivate coders and programmers to generate more apps or more sites/services to help wine makers? Or should we consider that a bigger offer by the French technological ecosystem would emulate, even stimulate more interest from the wine makers? Considering the weight of tradition vs. innovation in marketing, the question might be left open for a few more years in France, unless the wine industry opens up to a more innovative marketing ecosystem.