

Ithaca 2018 Abstract Submission

Title

Social Capital and Entrepreneurship in Emerging Wine Regions

I want to submit an abstract for:

Conference Presentation

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Keywords

Entrepreneurship
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Research Question

How does social capital, as characterized by the number and strength of ties to suppliers, competitors, institutions (e.g., industry associations, government agencies, universities), and other tourism businesses, impact winery performance?

Methods

Summary statistics and regression analysis provide the evidence discussed in the abstract. Ongoing research evaluates the ability of factor analytic methods and cluster analysis to offer further insights.

Results

Building connections with other wineries and restaurants improves competitive position, while connections with local attractions improve profitability and overall performance, and participation in wine trails is associated with product innovation.

Abstract

Across the U.S., wineries are growing contributors to local, rural economies through tourism, as wine trails track across several states. A growing literature indicates that such entrepreneurial ventures stand to benefit from social capital acquired through networks, clusters, and alliances (Bruderl and Preisendorfer, 1998; McEvily and Marcus,

2005; Zheng, Singh and Mitchell, 2015). Social capital is simply the value (of actual and potential resources) inherent in the social relationships of individuals or collectives (Gedajlovic, Honig, Moore, Payne, and Wright, 2013). This perspective has been applied to studies of emerging and established wine regions, with results indicating performance advantages of greater connectivity and providing insights as to how such networks form, highlighting the roles of industry associations (Aldecuaa, Vaillant, Lafuente, and Gómez, 2017; Giuliani, 2013a; Giuliani, 2013b).

This study explores the impacts of network ties on performance amongst emergent clusters of wineries in non-traditional areas, including Illinois, Michigan, Missouri, New York, and Vermont. Wineries and vineyards in these emerging regions tend to be younger and smaller than in traditional production regions, and thus, informal interactions (i.e., sharing of market information and viticultural expertise) among growers and winemakers are fairly prevalent (Chaddad, Franken, Gómez, and Ross, 2017; Franken and Bacon, 2014; Woods, Schieffer, and Saghaian, 2011). We surveyed 549 wineries using a combination of online questionnaires and mail surveys in the summer and fall of 2015. A total of 127 surveys (23 from Illinois, 32 from Michigan, 36 from Missouri, 27 from New York, and 9 from Vermont) were collected yielding a final response rate of 23%. The survey provides information on the number and strength of ties wineries have with other wineries, grape growers, institutions (e.g., industry associations, government agencies, universities), and other tourism businesses (e.g., food and lodging), as well as various measures of performance (e.g., competitive position, customer satisfaction, tasting room experience, wine quality, introduction of new, higher value productions, profitability, and overall performance). If establishing certain relationships tends to lead to better performance, then such information is of interest to industry stakeholders.

Results indicate that older, more established wineries enjoy a better competitive position, and that making a greater number of connections and stronger connections with other wineries and restaurants further improves competitive position. Similarly, developing and strengthening ties with numerous local attraction and recreation businesses appears to improve profitability and overall performance. Furthermore, participation in wine trails and ties with wineries and restaurants is associated with greater product innovation. Past research identifies that wine trails, which are designed to create scope economies through collaborative marketing, tend to increase traffic at a winery's tasting room and boost sales (Coren and Clamp, 2014). Additionally, wine trails are associated with the development of food networks and culinary tourism (Robb and Barry, 2007).

Ongoing research will employ factor analytic methods to summarize relationships between relevant survey items as a smaller set of more parsimonious variables (eigenvectors called factors), thereby limiting measurement error, conserving degrees of freedom and improving power against type II errors in subsequent regression analyses (Hair, Anderson, Tanham, and Black, 1995; Thompson, 2004). Additionally, cluster analysis may be applied to further explore how various ties may be related to one another, and thus, how networks arise in emerging wine regions. Full results will be available by the meeting.

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