

## Vienna 2019 Abstract Submission

### Title

Innovation and the Generation of Ideas in the Wine Industry in Argentina

### I want to submit an abstract for:

Conference Presentation

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### Keywords

Innovation, Wine industry, Argentina

### Research Question

How innovators in the Argentine wine industry have modernize the industry? Can their actions be stylized and yield lessons for public policy and managerial improvements?

### Methods

After synthetize and discuss an overview of the literature on innovation applied to production, we develop an statistic study and perform some case studies on succesful innovators in Argentine wine

### Results

We expect to find commonalities and differences in innovators conducts, to learn about their procedures and practices, their mistakes and success.

### Abstract

In order to establish guidelines and to design public policy, it is essential to have a general picture of the problem under analysis, however, in order to develop tailor-made public policies and being able to implement them in practice, the details are fundamental (Alem and Elias, 2018, 2016). The purpose of this paper is to study and generate detailed information on innovation and knowledge creation in the quality wine industry in Argentina for a better design of public policies oriented to the sector development and to think strategies from the point of view of managerial decisions.

Romer (1990) shows how knowledge can function as an engine for long-term economic growth and how economics actor decisions and market conditions determine the creation of new ideas and technologies. According to Becker (2005), the "Knowledge Revolution" consisted of the systematic application of knowledge to business and the economy. This led to an explosion in productivity, driven by advances in scientific and other knowledge relevant to

economies.

Elias and Ferro (2018) apply the economic approach to creativity to understand innovation in the wine industry. The approach distinguishes usefully between two types of innovations and innovators: conceptual and experimental (Galenson 2007). They find that the development of high quality wines in Argentina began in the 1990s and it was a process that had both types of innovations.

We asked: How innovators in the Argentine wine industry have modernize the industry? Can their actions be stylized and yield lessons for public policy and managerial improvements?

Our specific goals are to: 1) Synthesize and discuss an overview on the relevant literature on the theoretical framework of innovation and creativity process applied to productive processes, 2) Analyze statistically and qualitatively the evolution of the wine industry in Argentina, focusing on its international insertion in the last three decades, 3) Study cases of successful winemakers, characterizing their processes of innovation, styling its conduct and extracting lessons with managerial and public policy implications.

This paper builds on Elias y Ferro (2018) and extends the analysis by studying new cases of important innovators and providing more quantitative evidence. We identify in which stages of the wine production process the innovations were produced and relates it to the nature of the innovation (Conceptual vs. Experimental). The improvement in quality has brought better prices for local production in Argentina. Given the background on hedonic prices analyzed in Ferro and Benito (2018), we extend this approach analyzing the lifecycle profiles of quality within wineries and the nature of its innovation by introducing a linear and a quadratic term in experience (age of the cellar) and a dummy for the type of innovation (Experimental vs Conceptual).

The identification of the productive process' stages in which innovation had been made, requires stylize from the economic point of view the productive process as well as the cost drivers. These elements would allow analyzing the problem since the behavior economics perspectives, trying to identify nudges of innovation to the industry. Behavior economics is a new and promising theoretical body which permits identifying cognitive biases which can affect innovation processes.

Finally, we would like to deep and incorporate case of studies of innovation from contacts with wine producers (winemakers, winemakers, managers), other actors in the wine industry (Marketing, Sommeliers) and institutions related to the sector (INV, INTA , Universities, Wines of Argentina, etc.). We explicitly consider and analyze the role of innovative women in quality wine industry of Argentina. We expect to find commonalities and differences in innovators conducts, to learn about their procedures and practices, their mistakes and success.

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## Innovation and the Generation of Ideas in the Wine Industry in Argentina

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**Key words:** Innovation, Wine industry, Argentina

**JEL Codes:** O31, Q13

### Abstract

In order to establish guidelines and to design public policy, it is essential to have a general picture of the problem under analysis, however, in order to develop tailor-made public policies and being able to implement them in practice, the details are fundamental (Alem and Elias, 2018, 2016). The purpose of this paper is to study and generate detailed information on innovation and knowledge creation in the quality wine industry in Argentina for a better design of public policies oriented to the sector development and to think strategies from the point of view of managerial decisions.

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