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Title
Four Successful Business Models in the Spanish Wine Industry

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Keywords
business model, created value, distribution, logit model, market, performance, product, strategy, spanish industry, supply, wine.

Research Question
The objective of this study is to evaluate the results of the different types of business models that occur in the Spanish wine sector

Methods
A survey was conducted from all the wineries in Spain, with 339 responses. The interactions between the independent variables and the dependent variable were analyzed using the logit regression model.

Results
The results show that some business models explain performance. The study strives to measure what makes a successful business model, the choices and trade-offs made.

Abstract
1. Introduction

The Business Model (BM) is one of the most widely used concepts in the realm of business, generating more than 88 million responses in internet search engines (Google search, May 2017). Nevertheless, no one seems to be able to say exactly what the BM is. (Christensen et al., 2016; Zott et al., 2011; Teece, 2010; Johnson et al., 2008; Morris, 2005; Chesbourgh and Rosenbloom, 2002; Amit and Zott, 2001).
A BM contemplates the way a company proposes to create value for the customer and how the company captures part of that value through its resources and the processes it develops (Christensen et al., 2016).

2. Development Hypotheses

In short, the company will design its BM based on influencing the acquisition of raw materials, the production process, the realized product, the targeted market, and the distribution method.
Zott and Amit (2007) argue that the BM hinges on the company's transactions and activities, and enumerate two types of design parameters—elements and themes. Design parameters include the activities the company will carry out, the connections among these activities, and their application. Design themes involve the creation of value and include: novelty, lock-in, reciprocity, and efficiency. Casadesus and Ricart (2010) explain that the BM has two parts: the concrete actions the company performs and the consequences of these actions.
In an attempt to bring the BM approach to the Spanish wine sector and adapt the philosophy of design elements (Zott and Amit, 2007), along with choices and consequences (Casadesus and Ricart, 2010), the authors have included nine hypotheses grouped in four sections: Supply, Product, Market, and Distribution. These sections will make up the Main Decision variables that will compose the BMs.
Supply
Hypothesis 1. Wineries that process their internally grown grapes, thereby ensuring continuity in supply, will perform better.
Hypothesis 2. Wineries that process external grapes through stable contracts can ensure continuity in supply and perform better.
Product
Hypothesis 3. Wineries that produce white wines will perform better.
Hypothesis 4. Wineries that produce sparkling wines will perform better.
Market
Hypothesis 5. Wineries that export will perform better.
Distribution
Hypothesis 6. Wineries with bottled wine sold through large scale distribution with stable contracts will perform better.
Hypothesis 7. Wineries with bottled wine sold through conventional distribution with stable contracts will perform better.
Hypothesis 8. Wineries with bottled wine sold through specialized stores with stable contracts will perform better.
Hypothesis 9. Wineries selling bulk wine through stable contracts will perform worse.

3. Methodology
3.1. Sample
The initial sample universe of wineries was 3,286. Following previous studies (Spanos and Lioukas, 2001), authors have eliminated lost data, defined as companies lacking location data, a valid email address, or a valid telephone number. This paper also eliminated data for entities without a firm structure, existing only as a subsidiary of another wine company.
The total number was reduced to 2,413, and the survey was sent by email with a telephone reminder provided. The process as a whole lasted four months, from February to May 2016. A total of 339 valid responses were received—14%. These data represent a 95% confidence level and a sampling error of 4.9%.

3.2 .Variables

3.2.1. Business Performance
The evaluation of business performance takes two main dimensions into account: the market and financial results (Ortega, 2010; Spanos and Lioukas, 2001). We have evaluated business performance through seven indicators grouped into two dimensions—market position and profitability in the last three years—with a 5-point Likert scale according to which companies evaluate their position relative to their competitors

3.2.2. Main Decisions
The Main Decisions have been studied as independent variables. Authors have studied the role of the main decisions for companies through supply, product, market, and distribution. The questions have been adapted from Sainz (2001), including the analysis of wine industry companies carried out by both MAPAMA(*) (2003) and Langreo and Castillo (2014). The paper analyzes the main decisions through nine questions grouped into four sections: supply, product, market, and distribution. In each section, we have offered companies space to incorporate the

facts that best reflect their specific circumstances. The independent variables that define the main decisions range from whether the winery processes their internally grown grapes or external grapes with stable contracts, the type of wine that the winery produces, the internationalization of the firm, distribution modes, and the sale of bulk wine.
3.2.3. Relational Variables
In order to provide a guide of the set of decisions adopted by the company along with their trade-offs (Porter, 1996), we analyze what is called in this study, relational variables. These variables are made up of 24 questions that correspond to four of the analyzed areas: supply, product, market, and distribution.

3.3. Logit Model
In order to analyze business decisions explaining business performance, a logistic regression model is outlined. Where the dependent variable (Y) is a categorical variable (dummy), of achievement or not of a positive performance, which will be explained by the independent variables (Xi), the coefficients of the independent variables (βi) will determine the relationship and its sign, estimating together the probability of the event (Y = 1) (Hoetker, 2007, Peng, et al., 2002, Salas Velasco, 1996). In our case Y = 1, it refers to obtaining a positive business result, better or much better than the competition. The probability of the event is shown in the formula (1)
$P(Y = 1) = \alpha + \beta 1MD1 + \beta 2MD2 + \beta 3MD3 + \beta 4MD4 + \beta 5MD5 + \beta 6MD6 + \beta 7MD7 + \beta 8MD8 + \beta 9MD9$ (1)
The independent variables are those related to the main decisions, where MD1 refers to wineries that process their internally grown grapes, MD2, wineries that process external grapes through stable contracts, MD3 produces white wine, MD4 produces sparkling wines, MD5 refers to wineries that export, MD6 refers to bottled wine sold through large scale distribution, MD7 bottled wine sold through conventional distribution, MD8 bottled wine sold through specialized stores, and MD9 selling bulk wine through stable contracts.

4. Results
The results are shown in two parts, first, the derivative of the logistic regression, and second, the matrix of correlations, between the main decisions and the relational variables.
4.1. Logit Model
The results of the logit model are reported in Table8, along with the four Main Decisions that are related to business performance.
Insert Table 1

The study rejects hypotheses 1 and 2, in terms of supply, and rejects hypothesis 4 in terms of the product, and rejects hypotheses 6 and 8 in terms of distribution. The study confirms hypothesis 3 in terms of the product, confirms hypothesis 5 in terms of market and confirms hypothesis 7 in terms of distribution, and confirms hypothesis 9 regarding the selling of bulk wine.

4.2. Matrix of Correlations
In terms of the main decisions, this study demonstrates that there are some decisions to make about the value chain that are linked to better performance. In order to describe the Correlation Matrix, Table 9 shows relationships between the main decisions variable and the relational variables. Only the correlations that are statistically significant (0.01 ** and 0.05 * have been recorded.
Insert Table 2

4.3. Business Model Success
After analyzing which main decisions and relational variables give more success the authors have been able to map out four successful BMs in the industry. With this framework wineries can see which model benefits them most along with their trade-offs.
BM 1. Wineries that make white wine. They have a positive correlation with selling in a local region. And they have a negative correlation in order of importance with making red wine and exporting their products.
BM 2. Wineries that export. They have a positive correlation in order of importance with: making red wine, distributing through a conventional distribution with an unstable contract and distributing through a large scale distribution with stable and unstable contracts, distributing through conventional distribution with stable contracts and selling in the HORECA(**) channel. And they have a negative correlation with Regional Sales, direct sales of bottled wine to the final consumer, and production of white wine.
BM 3. Wineries that distribute their products through conventional distribution. They have a positive correlation in order of importance with: household sales, exports, distribution in specialized stores with a stable contract and

distribution through large scale distribution with stable contracts. They have a negative correlation, in order of importance with: distributing directly to the final consumer, selling wine in bulk with unstable contracts, and producing Sparkling wine.
BM 4. Wineries that distribute their product in bulk with a stable contract. They have a positive correlation, in order of importance, with: distribution in bulk with an unstable contract, production of other products, and supply through the purchase of wine with any kind of contract. And they have a negative correlation with selling in the household market.

5. Conclusions
This work aims to analyze how the BM influences the success of businesses in the Spanish wine industry. The BM focuses its raison d'être on explaining why companies are able to offer their consumers value and capture a part of that value for themselves. This paper has been able to analyze four BMs positively related to performance, which through correlations with relational variables has been able to differentiate and include the decisions that companies adopt and their trade-offs, in areas such as, their chain of value, supply, product, market and distribution. Thus, the following four successful BMs have been identified: 1) wineries engaged in the production of white wine, and decline to export. 2) wineries that sell wine mainly in bulk, and ignoring the household market. 3) the wineries that export are almost exclusively dedicated to the foreign market. 4) Wineries that distribute through conventional distribution.
(*) MAPAMA (Ministry of Agriculture Fisheries and Food)
(**) HORECA (Hospitality, Restaurants, and Catering)

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Table 1. Variables in the Equation

		B	E.T.	Wald	df	Sig.	Exp(B)
Step 4[d]	White wine	.289	.098	8.681	1	.003	1.335
	Exportation	.364	.096	14.374	1	.000	1.439
	Conventional Distribution	.168	.086	3.834	1	.050	1.183
	Bulk wine	.296	.114	6.703	1	.010	1.344
	Constant	-3.684	.641	33.031	1	.000	.025

Table 2. Correlation Matrix Between the Main Decisions Variable and the Relational Variable

Area	Relational Variable\ Main Decision Variable	White Wine	Exportation	Conventional Distribution	Bulk Wine
Supply (degree of utilization)	% Production with Internally Grown Grapes.	-.037	.080	.067	.020
	% Production with External Grapes, with Mid to Long Term Contract.	.068	-.008	.025	.067
	% Production with External Grapes, with Unstable Contract.	.056	.012	.012	.039
	% Purchased Wine, with Mid to Long Term Contract.	.005	.076	.050	.131*
	% Purchased Wine, with Unstable Contract.	.008	.100	-.013	.124*
Production (volume)	% Red Wine in Volume.	-.724**	.188**	-.024	.016
	% White Wine in Volume.	1	-.131*	.110	.078
	% Rosé Wine in Volume.	-.087	.003	-.019	.077
	% Sparkling Wine in Volume.	.079	.074	-.160**	-.047
	% Sales in Others products (grape-juice, liquor, spirits, etc.)	.111	-.036	-.061	.199**
Market (sales)	% Sales in Household.	.074	-.004	.333**	-.302**
	% Sales in HORECA.	-.110	.130*	.064	.027
	% in Regional Sales.	.177**	-.728**	-.044	.027
	% Sales in the rest of Spain.	-.034	-.028	-.003	.010
	% Sales Exportation.	-.131*	1	.139*	-.026
Distribution (sales)	% Sales of Bottled Wine in Large Scale Distribution with Unstable Contract.	-.009	.172**	.098	.081
	% Sales of Bottled Wine in Large Scale Distribution with Mid to Long Term Contract.	.016	.179**	.125*	.113
	% Sales of Bottled Wine in Conventional Distribution with Unstable Contract.	-.082	.187**	-.077	-.071
	% Sales of Bottled Wine in Conventional Distribution with Mid to Long Contract.	.110	.139*	1	-.112

	% Sales of Bottled Wine in specialized stores with Unstable Contract.	.056	.057	-.009	.003
	% Sales of Bottled Wine in specialized stores with Mid to Long Contract.	-.090	.079	.137*	.010
	% Sales of Bottled Wine Sent Directly to the Consumer.	-.074	-.255**	-.207**	.050
	% Sales of Bulk Wine with a Mid to Long Contract.	.078	-.026	-.112	1
	% Sales of Bulk Wine with a Unstable Contract.	.064	-.016	-.161**	.338**