

Vienna 2019 Abstract Submission

Title

An Update of the Worlds of Wine: The Emerging Markets Influence

I want to submit an abstract for:

Conference Presentation

Corresponding Author

Emiliano Villanueva

E-Mail

villanuevae@easternct.edu

Affiliation

Eastern Connecticut State University

Co-Author/s

| Name | E-Mail | Affiliation |
|---------------|--|----------------------|
| Gustavo Ferro | gaf97@ucema.edu.ar | Universidad del CEMA |

Keywords

worlds
 wine
 classification
 exports
 new-world
 old-world

Research Question

This research aims to differentiate the production, consumption, and export development path of all these worlds of wine: Old World, Anglo-Saxon New World, Latin New World, and Newest New World.

Methods

The research develops a descriptive statistical characterization of each country's industry and its market, and performs an historical analysis of the export insertion of these countries in the world.

Results

The findings provide lessons of the experiences followed by countries and wine industries in the global perspective, while grouping them into this new and updated classification of the wine world.

Abstract

About the structural changes that the wine industry has experienced since the second half of the last century, the rise of global wine exports tends to become perhaps the most significant phenomenon of this activity. This is not only reflecting the potential for greater international interaction but also impacting on the production level, as well as on the traditional forms of marketing and associated business strategies (Anderson et al., 2003). The global wine market is a subject of strong interest to several countries of the New World, who see their productions grow and their wine industries export oriented (Anderson, 2001). These changes in the structure of world trade in wine are important enough to show that in recent decades the export dynamism has shifted from Europe to the New World

countries.

A well-known characterization of the “worlds of wine” is the classification of Old and New worlds of wines. This research updates and enriches its subtleties. The Old World is composed by France, Italy and Spain, the major and traditional wine producers, consumers and exporters of the world. In the literature this classification also includes other southern European countries with tradition in the wine market such as Portugal and Greece, or Central European producers such as Germany and Hungary, and even countries of the Black Sea surroundings such as Moldova or Georgia. In this traditional group of producers, French wines are the paradigm of highest quality and prices, however all these countries produce all types of wines, from high quality ones, to middle and lower-quality as well.

The New World, in turn, is comprised by the Anglo-Saxon countries of America, Oceania and Africa, such as the United States, Australia, New Zealand and South Africa, countries that made a paradigm shift in international wine business in the last four decades plus the South American traditional producers and relatively new exporters, Latin countries of Chile and Argentina, even including newcomers such as Uruguay and Brazil. The concept itself may be flawed (Banks and Overton, 2010) and is generally applied to describe wine productions, consumptions, and exports from neither countries that are not economic or commercial, productive, historical, statistical or empirical comparable (Villanueva, 2013). Because of their different history, markets, innovative approach to the industry, and general profile, the New World characterization can be decomposed among Anglo-Saxon and Latin New Worlds of wine (Villanueva, 2013).

Anglo-Saxon New World countries share the features of being newcomers as producers, exporters and consumers, and achieved a very important relative position in the global wine market in recent times. The emergence of new buyers in countries that were non-wine producers relatively favored wine producers of the Anglo-Saxon New World (Villanueva, 2014); this is therefore perhaps the primary determinant. However, this was not the sole determinant of this export success, as it would be possible to name three other potential reasons or determinants for which the Anglo-Saxon New World wine countries have shown relative success over the countries that form the Old World; these competitive advantages were also an innovative operational and productive approach, a simpler marketing and communications strategy, and a strong and cohesive public and private support to exports (Villanueva, 2014). The Southern American members of this New World group, the Latin New World, are a bit different, since they are newcomers as exporters in the international markets but were important producers and consumers since about one century and a half, and five centuries if the initial efforts or Spanish Conquistadores is considered. Even when Spaniards introduced grapes in the US approximately at the same time, they did it in their South American colonies with greater success. On the other hand, the lack of insertion in the international markets as exporters of South American countries is related with the type of product they specialized until recently: bulk wine, cheap and destined to the domestic markets. The recent reshaping of their industries towards higher quality wines than in past decades, was a process where innovators replicated the experience of California, and import processes and productive technologies, modern capital goods and developed new experimental practices adapted to local problems (Elias and Ferro, 2018). These actions yielded benefits, since its highest quality products, wineries and trade-marks began to be recognized in international rankings, as well as a new developed taste for diversity started to attribute value to “exotic” varietal wines such as Chilean Carmenère, or Argentine Malbec (Ferro and Benito-Amaro, 2018).

In the last few decades the wine market continued to grow, and while total global consumption is still the same as it was fifty years ago, the characteristics of the industry is now truly global. Emerging economies are performing well, growing, incorporating millions of people to the middle class and starting to be relevant players in the wine world. And this transformation of emerging economies during the beginning of the twenty-first century is bringing more challenges to this old and non-representative classification of the worlds of wine, and particularly expanding the concept of the New World of wine. Some authors like Aylward (2003) describe the New World as only and mainly Anglo-Saxon wine producer countries, while other authors like Banks and Overton (2010) generate a new dimension of analysis, including the South American countries, China, India, and any newcomer from developing and emerging economies that these authors called the Third World.

China is a star in many respects, by its size, its culture, its population and its spectacular macroeconomic performance. It is also, and beginning as late as in the middle 1990s, a growing consumer, importer, (re)exporter and producer of wine. It can easily be imagined an overwhelmingly (more) important Chinese role in the market in the next few years. The giant arriving in the international economy is present also in the market wine, currently as an increasing importer and consumer, even when it has a tradition as producer of bulk and cheap wine its domestic market. China’s potential as producer of high-quality wine and even as exporter of it (and not merely as a re-exporter) is an open issue but given the experience of the recent decades it is not difficult to imagine a future in

which China become an important producer, exporter and producer of high-quality wines. Jointly with China, and at a lesser extent, India arrives in the world of wines (Overton et al., 2012). All these newcomers to the world wine industry may be forming a new classification, the Newest New World of wine.

This research aims to differentiate the production, consumption, and export development path of all these worlds of wine: Old World, Anglo-Saxon New World, Latin New World, and Newest New World. It studies the recent evolutions in the worlds of wine, characterizing the process in a historical perspective, and identifies tendencies and possible consequences of these evolutions in the characterization of the worlds of wine. The research develops a descriptive statistical characterization of each country's industry and its market, with focus on the analysis of their demand, and performs an historical analysis of the export insertion of these countries in the world of wine.

The findings provide lessons of the experiences followed by countries and wine industries in the global perspective, while grouping them into this new and updated classification of the worlds of wine. It aims to present some clues on the expected evolution in the world of wine and is intended for both academic and practitioners who try to understand the recent myriad of changes in the global wine markets, shedding some light of possible tendencies in the near future.

File Upload (PDF only)

- [Abstract-AAWE-2019-EVGF.pdf](#)

Privacy

- An Update of the Worlds of Wine: The Emerging Markets Influence
- By using this form you agree with the storage and handling of your data by this website.

An Update of the Worlds of Wine: The Emerging Markets Influence

Emiliano C. Villanueva^α & Gustavo Ferro^β

Extended Abstract

About the structural changes that the wine industry has experienced since the second half of the last century, the rise of global wine exports tends to become perhaps the most significant phenomenon of this activity. This is not only reflecting the potential for greater international interaction but also impacting on the production level, as well as on the traditional forms of marketing and associated business strategies (Anderson et al., 2003). The global wine market is a subject of strong interest to several countries of the New World, who see their productions grow and their wine industries export oriented (Anderson, 2001). These changes in the structure of world trade in wine are important enough to show that in recent decades the export dynamism has shifted from Europe to the New World countries.

A well-known characterization of the “worlds of wine” is the classification of Old and New worlds of wines. This research updates and enriches its subtleties. The Old World is composed by France, Italy and Spain, the major and traditional wine producers, consumers and exporters of the world. In the literature this classification also includes other southern European countries with tradition in the wine market such as Portugal and Greece, or Central European producers such as Germany and Hungary, and even countries of the Black Sea surroundings such as Moldova or Georgia. In this traditional group of producers, French wines are the paradigm of highest quality and prices, however all these countries produce all types of wines, from high quality ones, to middle and lower-quality as well.

The New World, in turn, is comprised by the Anglo-Saxon countries of America, Oceania and Africa, such as the United States, Australia, New Zealand and South Africa, countries that made a paradigm shift in international wine business in the last four decades plus the South American traditional producers and relatively new exporters, Latin countries of Chile and Argentina, even including newcomers such as Uruguay and Brazil. The concept itself may be flawed (Banks and Overton, 2010) and is generally applied to describe wine productions, consumptions, and exports from neither countries that are not economic or commercial, productive, historical, statistical or empirical comparable (Villanueva, 2013). Because of their different history, markets, innovative approach to the industry, and general profile, the New World characterization can be decomposed among Anglo-Saxon and Latin New Worlds of wine (Villanueva, 2013).

Anglo-Saxon New World countries share the features of being newcomers as producers, exporters and consumers, and achieved a very important relative position in the global wine market in recent times. The emergence of new buyers in countries that were non-wine producers relatively favored wine producers

^α Eastern Connecticut State University. E-mail: villanuevae@easternct.edu

^β Universidad del CEMA & CONICET. E-mail: gaf97@ucema.edu.ar

of the Anglo-Saxon New World (Villanueva, 2014); this is therefore perhaps the primary determinant. However, this was not the sole determinant of this export success, as it would be possible to name three other potential reasons or determinants for which the Anglo-Saxon New World wine countries have shown relative success over the countries that form the Old World; these competitive advantages were also an innovative operational and productive approach, a simpler marketing and communications strategy, and a strong and cohesive public and private support to exports (Villanueva, 2014).

The Southern American members of this New World group, the Latin New World, are a bit different, since they are newcomers as exporters in the international markets but were important producers and consumers since about one century and a half, and five centuries if the initial efforts of Spanish Conquistadores is considered. Even when Spaniards introduced grapes in the US approximately at the same time, they did it in their South American colonies with greater success. On the other hand, the lack of insertion in the international markets as exporters of South American countries is related with the type of product they specialized until recently: bulk wine, cheap and destined to the domestic markets. The recent reshaping of their industries towards higher quality wines than in past decades, was a process where innovators replicated the experience of California, and import processes and productive technologies, modern capital goods and developed new experimental practices adapted to local problems (Elias and Ferro, 2018). These actions yielded benefits, since its highest quality products, wineries and trade-marks began to be recognized in international rankings, as well as a new developed taste for diversity started to attribute value to "exotic" varietal wines such as Chilean Carmenère, or Argentine Malbec (Ferro and Benito-Amaro, 2018).

In the last few decades the wine market continued to grow, and while total global consumption is still the same as it was fifty years ago, the characteristics of the industry is now truly global. Emerging economies are performing well, growing, incorporating millions of people to the middle class and starting to be relevant players in the wine world. And this transformation of emerging economies during the beginning of the twenty-first century is bringing more challenges to this old and non-representative classification of the worlds of wine, and particularly expanding the concept of the New World of wine. Some authors like Aylward (2003) describe the New World as only and mainly Anglo-Saxon wine producer countries, while other authors like Banks and Overton (2010) generate a new dimension of analysis, including the South American countries, China, India, and any newcomer from developing and emerging economies that these authors called the Third World.

China is a star in many respects, by its size, its culture, its population and its spectacular macroeconomic performance. It is also, and beginning as late as in the middle 1990s, a growing consumer, importer, (re)exporter and producer of wine. It can easily be imagined an overwhelmingly (more) important Chinese role in the market in the next few years. The giant arriving in the international economy is present also in the market wine, currently as an increasing importer and consumer, even when it has a tradition as producer of bulk and cheap wine its domestic market. China's potential as producer of high-quality wine and even as exporter of it (and not merely as a re-exporter) is an open issue but given the experience of the recent decades it is not difficult to imagine a future in which China become an important producer, exporter and producer of high-quality wines. Jointly with China, and at a lesser extent, India arrives in the

world of wines (Overton et al., 2012). All these newcomers to the world wine industry may be forming a new classification, the Newest New World of wine.

This research aims to differentiate the production, consumption, and export development path of all these worlds of wine: Old World, Anglo-Saxon New World, Latin New World, and Newest New World. It studies the recent evolutions in the worlds of wine, characterizing the process in a historical perspective, and identifies tendencies and possible consequences of these evolutions in the characterization of the worlds of wine. The research develops a descriptive statistical characterization of each country's industry and its market, with focus on the analysis of their demand, and performs an historical analysis of the export insertion of these countries in the world of wine.

The findings provide lessons of the experiences followed by countries and wine industries in the global perspective, while grouping them into this new and updated classification of the worlds of wine. It aims to present some clues on the expected evolution in the world of wine and is intended for both academic and practitioners who try to understand the recent myriad of changes in the global wine markets, shedding some light of possible tendencies in the near future.

References

- Anderson, K. (2001). "The globalization and regionalization of wine". *Center for International Economic Studies, Adelaide University*, Discussion Paper 0125.
- Anderson, K., Norman, D., and Wittwer, G. (2003). *Globalization of the World's Wine Markets*. London: Blackwell Publishing Ltd.
- Aylward, D. (2003). "A Documentary of Innovation Support among New World Wine Industries". *Journal of Wine Research*, Volume 14, Nº 1, pp. 31-43.
- Banks, G. and Overton, J. (2010). "Old World, New World, Third World? Reconceptualising the Worlds of Wine", *Journal of Wine Research*, Vol. 21, Nº 1, pp. 57-75.
- Elías, J. and Ferro, G. (2018). "Innovators and Innovations in High Quality Wines of Argentina", *Serie Documentos de Trabajo UCEMA* 651, 08/2018.
- Ferro, G. and Benito-Amaro, I. (2018). "What factors explain the price of top quality wines?", *International Journal of Wine Business Research*, Vol. 30, Nº 1, pp. 117-134.
- Overton, J., Murray, W. and Banks, G. (2012). "The Race to the Bottom of the Glass? Wine, Geography, and Globalization", *Globalizations*, Vol. 9, Nº 2, pp. 273-287.
- Villanueva, E. (2013). "Innovation in the World's Wine Business: The Influence of the United States and Australia" (Chapter 19, in Spanish), in *La Economía del Vino en España y el Mundo* (J.S. Castillo and R. Compés, Editors). Madrid: Cajamar Editorial.
- Villanueva, E. (2014). "Innovation as a cause of the Anglo-Saxon New World wine exports boom" (in Spanish), *RIVAR*, Vol. 1, Nº 1, pp. 1-12.