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Title

SYSTEMIC COMPETITIVENESS OF ARGENTINE WINES IN THE WORLD MARKETS AND LEARNING OF INTERNATIONAL CASES

I want to submit an abstract for:

Conference Presentation

Corresponding Author

Javier Merino

E-Mail

jmerino@areadelvino.com

Affiliation

AAWE Member

Co-Author/s

Name	E-Mail	Affiliation
Alejandro Gennari	ajgennari@hotmail.com	
Jimena Estrella	jestrella@uncu.edu.ar	

Keywords

Economy
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Research Question

The research analyzes the attractiveness of the world wine markets and the Competitive Advantages of Argentine wines.

Methods

Study of the application of the McKinsey Matrix model in similar sectors to Argentine viticulture.
 Selection of the most appropriate variables according to their: predictive reliability, sustainability over

Results

Apply McKinsey matrix methodology of competitive analysis for the Argentine wine sector to help strategic decision making.
 Provide systematized information and analysis to companies, sector organizations and academics

Abstract

The research analyzes the attractiveness of the world wine markets and the Competitive Advantages of Argentine wines. The first should be understood as the measurement of Opportunities of the markets based on their consumption trends, evolution of their economies and environment for the development of the business while the

Competitive Advantages aim to measure with objective criteria the capacity of local companies and products to act with success compared in those markets.

The information provided by this type of analysis allows the different members of the Value Chain to generate hypotheses for the design and management of their strategies.

Level of knowledge of the methodology

In business strategy this model is often used to position different business units or products an approach called McKinsey Matrix, developed by the consulting firm of the same name in the 70s and that over time has had multiple applications and has allowed to guide the strategic development not only of large companies but also of small units and also of regions to position the most appropriate place for business development or expansion. This methodology was developed for the company General Electric, so it is often called by its name. Although, the methodology has been developed with different approaches, it can be argued that it has a basic conceptual framework: interaction in two dimensions: Attractiveness of a market with the Strengths or Competitive Advantages of different business units. From this interaction, 9 different combinations can be visualized, giving rise to strategic marketing recommendations.

Usually, in the area of Attractiveness of the market, variables such as: Accessibility, Growth rate, Life cycle stage, Gross margin, Competitors, Possibilities of differentiation (other than price), Market concentration, among others are analyzed and weighted.

In the axis of Quota in the market, Strength or Competitive Advantage are analyzed and weighted: Price, Relative market share, Differentiators, Distribution, Brand image, Technology, Productivity, Relations with the community, Research and development, among others.

Although the methodology is well known and there is a vast bibliography of application in sectors and companies to which it's added that it has been analyzed and has had substantial contributions from research, it has an enormous potential for application in sectors such as wine, as it has become globalized, their competitive rivalry has increased substantially and there is a need for guidance especially for the smaller companies in the sector with high potential in the global markets to focus their strategies.

This type of methodologies requires large comparable databases as well as field research to quantify the variables listed above and reach reliable conclusions for which many companies lack research capacity.

Finally, the methodology leads to an orderly and objective discussion of the efforts and allocation of investment and human resources who allow increasing the possibilities of innovation in a sector such as the wine industry that needs to maintain differences in its sustainable products or services over time.

Why focus on the Argentine industry

The Argentine wine industry has gone through a process of productive and commercial transformation of great importance in the last three decades based in the investment in all areas of the business and the change of management for its modernization from a product focus to the domestic market to those who demand the most dynamic world markets.

In this period there were also substantial changes in the economic environment not only national but also international, characterized by the expansion of world trade and communications, which benefited the local industry.

The great long-term volatility of the Argentine currency has generated periods of great export competitiveness as well as serious threats of continuity in external markets. In recent years, the delay in the exchange rate has slowed down the expansion of the export of wines, while the main competitors, especially the European ones, enjoyed a contrasting situation.

In the coming years, a high competitive rivalry can be expected in the most dynamic markets, which will force the exporting wineries to introduce and maintain two important criteria in their expansion strategies: market focus and innovation. For this, it will be necessary to apply professional analysis criteria based on the attractiveness of the markets in combination with the Competitive Advantages to be able to address them.

This type of analysis will influence the entire Value Chain of the industry, as it will impact on the supply of raw materials, supplies, logistics and all associated services. In turn, human resources management companies must incorporate this knowledge to conduct the business.

Both the investment and its financing should be analyzed taking into account the perspectives of the projects according to these criteria. Therefore, this analyzes that enrich this field of business will be extremely useful in decision making.

Work hypothesis

The Argentine wine sector has the strategic challenge of improving its competitiveness in international markets by professionalizing its decisions in the field of the allocation of capital and human resources.

The competitive improvement should be based on differential innovations and an optimization of the use of its resources for which the application of objective methodologies based on reliable information is necessary. The development of analysis with a proven methodology in the field of business administration and with specific information both nationally and internationally will contribute to the professionalization of the sector.

Goals

- Apply McKinsey matrix methodology of competitive analysis for the Argentine wine sector to help strategic decision making.
- Provide systematized information and analysis to companies, sector organizations and academics for the development of business models, innovation, training and human resources training.
- Generate a space for discussion and analysis of the sector that links the task of research and teaching with the actions of companies to contribute to the competitive improvement of the sector.

Methodology

- Study of the application of the McKinsey Matrix model in similar sectors to Argentine viticulture.
- Selection of the most appropriate variables according to their: predictive reliability, sustainability over time of the information bases, easy to use and interpretation.
- Application of the model and analysis of the results.
- Interaction with the potential beneficiaries of both the results needs and the results obtained in order to enrich the analysis with the potential applicability in the field of business decisions.

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