

Drivers of Sustainability Practices and Performance Outcomes in the Wine Industry

Mellie Pullman, Portland State University
Mike Maloni, Kennesaw State University
Craig Carter, University of Nevada Reno
Jesse Dillard, Portland State University

As consumer awareness of agricultural, purchasing, and processing practices increases, the food and beverage supply chain faces decisions not only about the depth and breadth of their sustainability efforts but transparency of these activities. The wine industry is not exempt from this attention and with the continual addition of players from diverse regions around the world, many wine businesses are looking at the implications of sustainable supply chain practices for their market position and business models.

Many wineries have implemented sustainable, organic or biodynamic vineyard practices and look for improved performance outcomes from these efforts. On the other hand, their wine making facilities may not have adopted any sustainability practices. As we have seen with food supply chains such as Frito-Lay or Walmart, selecting certain sustainability practices such as transportation or energy saving efforts can be viewed as “cherry-picking” for cost savings but not looking at the full picture. A focus like that one may pay off in a short term profit perspective but may not really pay off in the long run with consumers.

Previous research has shown that environmental practices and green supply chain management leads to better environmental and economic performance for a variety of industries (Klassen, 2000; Melnik, 2003; Pagell et. al. 2003, Zhu & Sarkis, 2004; Pil & Rosenburg, 2003; Porter & van der Linde, 1995; Rao & Holt, 2005). With the exception of worker safety programs, there has been limited research on social sustainability practices in the supply chain management literature and its relationship to firm performance. We would like to broaden the scope and determine to what extent the implementation of multiple sustainability practices (throughout the supply chain) affect a wine company’s performance. In addition, we will examine the relationship between drivers (e.g. reasons for implementing sustainability practices) and the subsequent adoption of certain practices and performance outcomes.

Through in-depth interviews and surveys of Northwestern US wineries, we address the following questions:

- How do perceived drivers influence the adoption of sustainability practices for different winery configurations?
- Does the implementation of sustainability practices improve the performance of the firm?
- What is the relationship between motivation, implementation of sustainability practices and business performance outcomes?