Do wine merchants drive the industry: a mesoeconomic approach

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During a fair period of time the perspectives of the wine industry are largely debated in France. The discussions are held in three forums: media, political and professional (Costa, de Maillard, Smith, 2007) and they often refer to the notions of crisis and globalization. Some claim that the French system is incapable to meet the international competition on the wine market and needs radical changes at the image of the new world’s wine production systems. Others say that the French wine industry model has proved its viability during a long period of its existence and just needs to be readjusted to the current globalized economy. In fact, it was initially created and structured to regulate the tensions and the conflicts between wine merchants and producers. Actually the industry undergoes a change-over because the relationships between these two groups of agents have modified as well as the allocation of functions in the production and commercialization process.

In this context a number of reforms of the wine sector in France and Europe have been initiated recently. These reforms question the role of wine merchants in the process of restructuring of the industry and of redefining the rules of its functioning. Though wine merchants are meant to be the first-key actors of the industry transformations they still remain insufficiently explored by economists as opposed to producers. The major part of the existent research concerns vertical relationships between merchants and producers, mergers and acquisitions and financial analysis of the firms. We consider that another approach is needed in order to understand how the actors of the wine industry, merchants in particular, manage other major uncertainties of the wine production system and to analyze their strategies as well as the logics of the wine industry evolution in whole. We would like also to draw attention to one of the important characteristics of the wine industry – the strong implication of its actors in the political process of designing the rules of the industry’s life. Therefore the way that the agents act in order to fix up these rules and to represent their interests must be endogenized by such an approach.

The present paper aims two objectives. Firstly, after a review of theoretical and empirical economic literature studying wine merchants’ activity, we will present a theoretical frame to which we adhere – Politics of Industry approach, originally proposed by B. Jullien and A. Smith. This frame treats the industry on the mesoeconomic level and consolidates the economics of conventions, regulation school and political character of interactions between agents. Secondly, we will adapt this frame to our specific subject – wine merchants and pre-validate it basing on the Bordeaux case study. Often considered as a specific model of wine industry organization, and as a reference in the wine world, Bordeaux offers a rich panel of examples illustrating the current dynamics in the sector and provides a consistent base to our research.
References


