Abstract
Throughout the past decades, the global and National pattern of wine production has undergone fundamental changes, most notably the emergence of New World producers. The new shape of competition is pushing towards the application of strict rules and techniques for wine standardization, processes optimization, certifications and cost reduction in order to increase the international competitiveness. At the same time, the environmental sensitiveness has increased because of changes in consumers’ awareness and in producers’ mission, supported by government incentives to the adoption of environmental friendly technologies and processes.

According to this, the environmental economics literature emphasises the key role that environmental regulations play in stimulating eco-innovations. The innovation literature, on the other hand, underlines other important determinants of eco-innovations, mainly the supply-side factors such as firms’ organisational capabilities and demand-side mechanisms, such as customer requirements and societal requirements (Kesidou and Demirel, 2012).

Eco-innovation in the wine industry includes a wide set of actions and possible investments, which might mitigate the environmental impact of wine production. Although in the common perception wine firms could be considered eco-friendly when compared to other
industries, such as plastic and oil processing, some basic information on energy use, water use (average of 25 litres of water per 1 litre of wine) could question that initial prejudice.

In this paper we offer a comprehensive analysis of the drivers of eco-innovation in the Italian wine industry, which include the assessment of demand factors, supply factors, technological and organizational capabilities, significance of environmental regulation and standards.

On the basis of a large survey on Italian wine producers carried out in 2012 we investigate the main areas of investment in eco-innovations and the key drivers of their adoption. We focus our analysis on five types of drivers: i) structural characteristics of firms, such as type of business entity, dimension, number of employees, characteristics of management and winemakers, ISO and other certifications, staff composition; ii) marketing strategies, such as distribution of wines across different price-points, presence of labels into wine guides, geographical information and type of markets (Ho.Re.Ca., wine shops, distributors); iii) innovation investments such as involvement into R&D projects, scientific information search processes, in loco experiments to produce new wines and innovation persistence; iv) absorptive capacity, measured in terms of human capital formation and training; v) company outward orientation in search processes, measured both in terms of number of collaborations established with universities, suppliers and other wine firms and in terms of type collaboration agreements (projects grant, exchange of experiences, shared use of equipment, etc.).

The relevance of the drivers in influencing the probability of adoption relative to general and specific eco-innovation has been measured through a set of latent class econometric models. We argue that even in the case of eco-innovation technology adoption is a complex task that relies on several factors, where marketing strategies and absorptive capacity could be at least as relevant as government environmental regulations in driving eco-innovation.