Global Trends - Wine Industry Key Elements

Competing in a world of sectors without borders

Digitization is causing a radical reordering of traditional industry boundaries. What will it take to play offense and defence in tomorrow’s ecosystems?

It is tough to categorize online retailers as the former engages in e-commerce, cloud-computing, logistics, and consumer electronics, while the latter provides services ranging from social media to gaming to finance and beyond. Organizations such as these—digital natives that are not defined or constrained by any one industry—may seem like outliers. How applicable to traditional industries is the notion of simultaneously competing in multiple sectors, let alone reimagining sector boundaries?

The growing importance of customer-centricity and the appreciation that consumers will expect a more seamless user experience are reflected in the flurry of recent strategic moves of leading companies across the world. Witness Apple Pay; Tencent's and Alibaba’s service expansions; Amazon's decisions to (among other things) launch Amazon Go, acquire Whole Foods, and provide online vehicle searches in Europe; and the wave of announcements from other digital leaders heralding service expansion across emerging ecosystems.

Emerging priorities
1. Adopt an ecosystem mind-set. "What surprising, disruptive boundary shifts can we imagine—and try to get ahead of?" and "How can we turn our physical assets and long-established customer relationships into genuine consumer insights to secure what we have and stake out an advantage over our competitors—including the digital giants?"
2. Follow the data. Competing effectively means both collecting large amounts of data, and developing capabilities for storing, processing, and translating the data into actionable business insights.
3. Build emotional ties to customers. Companies that lack strong customer connections run the risk of disintermediation and perhaps of becoming “white-label back offices” (or production centers), with limited headroom to create or retain a competitive edge.
4. Change your partnership paradigm. Given the opportunities for specialization created by an ecosystem economy, companies need more and different kinds of partners.

Wine retailers need to speak consumers’ language
Retailers need to change the way they speak about wine and embrace consumers’ language, The Co-op’s head of BWS has claimed.

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Natural / Physical Resources

Global warming could result in losses for the European wine industry

Slight increases in temperature in Mediterranean regions from global warming could potentially result in labor, productivity and economic losses for the European wine industry, an article in the journal Temperature suggests.

Researchers studied the effects of high temperatures on the labor output and productivity of manual agricultural grape-picking workers in the wine production industry in Cyprus, who often work in conditions of up to 36 degrees Celsius. They found that higher temperatures in the working conditions during the summer correlated with a significant labor loss of up to 27%, due to the environmental heat causing increased perceived exertion on worker’s metabolic and cardiovascular systems and resulting in reduced output.

When temperatures increased, there was also a 15% decrease in the amount of time workers were able to carry out their duties due to the increased need for irregular and unplanned work breaks. These research findings demonstrate that workplace heat, specifically in European agricultural workers, is accompanied by significant labor and productivity losses.

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