Value Chain of Wineries: The Case of Aurora Winery from Bento Gonçalves – RS/Brazil

Fabrício Silva Barbosa
Farroupilha Federal Institute of Sciences and Technology, São Borja/RS, Brazil
Email: fabricio.barbosa@iffarroupilha.edu.br

Miguel Afonso Sellitto and Cláudia Viviane Viega
Rio dos Sinos Valley University (UNISINOS), São Leopoldo/RS, Brazil
Email: {sellitto, claudiavv}@unisinos.br

Alessandra Santos dos Santos
Brasília University Centre (UnCEUB), Brasília/DF, Brazil
Email: alessandra.santos@uniceub.br

Abstract—The value chain could be a systematic way which would allow the analysis of the sources of competitive advantage, as well as the verification of the interaction of the company’s activities with other companies. It is important to point out that, in a globalized world, where being competitive is an indispensable condition to organizations, innovation becomes the greatest tool for creating the value and efficiency of the products, services and management of the companies and destinations. The present article aims at contextualize and analyze the operation of the value chain of large-scale wineries, taking as unit for analysis Aurora Winery, a company located in Bento Gonçalves, State of Rio Grande do Sul, Brazil. The region where this company is located, Vale dos Vinhedos (Vineyard Valley), is internationally known for its wine production and for activities linked to enotourism. This qualitative/exploratory research uses as methodology the structure of a case study. The results of the research indicate the importance of Enotourism as a booster activity for the regional and economical development. This activity is also responsible for the implementation of large-scale companies that use high technology in their processes, contributing to the economical development of the region.

Index Terms—tourism, chain value, wineries, services

I. INTRODUCTION

Inserted in the tertiary sector of the economy – services, tourism has emerged worldwide due to the relevance it takes in micro and macroeconomic scenario, employing millions of people and generating billions of dollars each year [1]. In a highly competitive market, tourism companies have been looking for new alternatives in order to become more competitive. In a globalized world, according to [2], it is essential that companies are prepared to dynamically follow up all the processes involved in offering services. The service sector has become the flagship of the economy in developed countries, boosting the comprehension about the supply chain management of this sector to happen in a deeper way [3], [4].

It is noticeable that tourism plays an important role in the contemporary society, being considered a phenomenon with an increasing economic development in every part of the globe, and able to attract people of all ages interested in knowing new places, as well as living new life experiences [5]. In the perspective of acknowledging the multisectoral nature of the tourism activities, it is noticeable the appearance of a well-defined pattern of services offered to the public, mainly when it is understood that tourism has become a popular product [6], [7].

Tourism has been considered an important developer of the economy in isolated areas whose main attractions are the mountains, hills, valleys and other natural landscapes. The touristic activity, more and more, has been seen as the one which is able to provide the economical support for rural societies [8], [9].

In this context, this work studies Vale dos Vinhedos (Vineyard Valley), located in the municipality of Bento Gonçalves, State of Rio Grande do Sul, in the Southern Brazil. Tourism has been serving as an instrument for economical development of this region. One of its most important touristic attractions is the so-called Vineyard Route. Bento Gonçalves is 115 Km away from Porto Alegre (the capital city of the State), with a population of 112,318 people. Its economy is based on the industry, trade and services, having a great aptitude for tourism activities [10], [11].

According to IBRAVIN - Instituto Brasileiro do Vinho (Brazilian Wine Institute – 2015) the Gaúcho Highlands are the biggest and most important winegrowing region in Brazil, being responsible for 85% of the country’s wine production. The region known as Vale dos Vinhedos covers a 72,45 square kilometer-area, and it is the pioneering region to seek appellation of origin for the labels of the wine produced there [12].
This research has a qualitative and exploratory approach, and uses as methodology the structure of a case study whose objective is to contextualize and analyze the operation of the value chain of large-scale wineries, taking as unit for analysis a company named Vinícola Aurora, or Aurora Winery.

Aurora Winery was founded in 1931, in Bento Gonçalves, State of Rio Grande do Sul – Brazil. Nowadays, Aurora Winery is a farmers’ cooperative company and has 1,100 associated families. It has become the biggest company of this kind in Brazil [13].

The results point out to the existence of an organized value chain which allows the company’s growth both in the national and international markets.

II. LITERATURE REVIEW

A. Tourism as Economic Activity That Boosts the Local and Regional Development

Recent studies, carried out during the last decades, reflect different periods in human history causing a series of transformations in people’s social and economical lives. The development of touristic activities is indicated as one of the pioneers of these changes. Tourism currently emerges as one of the greatest sectors of global economy, being no longer a product consumed exclusively by the elite, but becoming indeed a mass culture component [6].

The dynamics of tourism as an economical activity indicates the existence of continuous efforts to create new approaches, tools and perspectives which facilitate the understanding and the study of the subject [14]. The World Tourism Organization [15] defines tourism as being an economical activity able to meet the needs of people who are spontaneously away from their place of origin, considering that the activity of these people results in revenues, causing the local and regional development of the place.

As stated by [16], tourism is directly linked to leisure and travel markets, being the leader in the services sector and becoming the basis of the economy in many countries, especially in the developing ones. Tourism is a contemporary phenomenon which develops the competitiveness in markets, whether they are touristic or not. These authors reveal that modern tourism is an experience based much more on the competitiveness of the destination than on the attractions it presents.

The fast growth of the touristic activity worldwide made possible the economic growth of various locations that, in most of the times, are out of the economical context in which the biggest world economies are included [15]. [17] consider tourism as one of the most emergent economical activities of recent years, being responsible for leveraging the economical development and boosting the competitiveness of different regions in a global level. This idea is endorsed by [18] when they state that, with the significant growth of worldwide tourism in the last decades, the benefits obtained by everyone who takes part in the production chain of tourism are undeniable, such as the public authorities, the suppliers, the intermediaries, and the tourist himself.

Reference [6] claims that there are recent scientific studies which indicate tourism as an important structural element of human needs, while the increase in the consumption of touristic activities has become a pattern of the development of the contemporary civilization. This author also says that the consumption of services linked to tourism is an excellent indicator of the socioeconomic development of a community, as well as an indicator of the pattern and lifestyle of its consumers.

Inserted in the tertiary sector, tourism is one of the fastest growing activities in the segment, and it has become the main source of revenue for many countries, contributing directly to the local and regional development of them [17].

[19], the highly competitive environment presented with the growth of the touristic activities has forced the companies who work in the sector to become more competitive, which, in turn, has directly reflected on the employment of new technologies in order to improve the services offered.

It is important to point out that competitiveness in tourism, as in any other sector of the economy, must not be set apart from the concept of sustainable development of the touristic destinations. Competitiveness is not only economical but also sustainable, with public policies and adequate infrastructure to carry out the activity [20].

Reference [21] states that the touristic activity is based on the production of goods and services which meet the tourist’s needs and expectancies during his or her trip. In general, these needs are represented by the maximization of psychological experiences brought by the tourists when they use the goods and services; by the maximization of the profits the companies receive for producing goods and services for tourists; and by the maximization of the primary and secondary impacts of the tourists’ expenditures in a certain place or region [22].

As stated by [21] and [23] the wealth generated by the touristic activity is not limited only to the one originated in economical sectors which are directly linked to the touristic demands. The consumption of touristic services directly affects the production sector of the economy in three different ways: through the production used to meet the needs of the demand; by the revenues characterized by the creation of new income; and through the effectiveness investment which will bring an improvement in the national income and an increase in the values invested.

According to [24] the main objective of the touristic activity is no longer to attract tourists, but to develop strategies that boost the competitiveness of touristic destinations. Few studies have been proposed in order to present the social and economical impacts caused by the application of strategies of competitiveness that are adequate to each region.

B. Discussion on the Concept of Value Chain

The concept of value chain as we know today was earlier presented by [25]. According to this author, each company would carry out different activities until a final
product is obtained. Once operating in an integrated way, these activities would generate profits and would add value to the clients, forming thus a value chain [21].

As stated by [26] the value chain of tourism would be formed by all of those who are involved in the development of the activity, such as service providers, distributors and the consumer himself, that is, all of those engaged in adding value to the final consumer, which, in this case, is the tourist.

There are some factors which may be considered primordial in the process of forming the value chain of the tourism. Among them are: creating the product’s image; preparing the trip; booking; getting information and confirming the reservation; checking touristic services (hotels, travel agencies, transportation companies etc.); planning the return trip [27], [28].

Value chains have a tangible and intangible reality. They work as a representation which has as objective to facilitate the comprehension of the processes. Value chains describe all the activities required for a product or service to reach the final consumer. These activities go from the product conception to the delivery to the final client, including the transformations that happen during this process [29], [30].

In this perspective, it is necessary to understand the difference between value chain and supply chain. The concept of value chain brought by [31] is based on the definition of the concept formulated by [25]. For these authors, the value chain is the set of technological activities, economically differentiated, used by the companies when accomplishing their business, being that, in the end, each one of these activities constitute a value chain [32]. [33] defines a supply chain as “the processes that involve suppliers-clients and link companies from the initial source of raw material to the consumption of the final product”.

According to [21], the studies on the management of the supply chain have become common in researches that involve business management. But, despite the popularity of this subject, the discussions that involve the use of the supply chain as a tool have been overlooked in tourism. According to [34] qualitative researches present few hypotheses and more research questions. This authors point out that a qualitative research emphasizes more the subjectivity that the objectivity, which makes it more detached from a quantitative research. And finally, a qualitative research is more flexible in terms of process, due to the fact that it has as objective the comprehension and not the proof of the hypotheses. For [36], the exploratory character of the research makes the studied phenomenon more flexible. This flexibility happens because this kind of research provides a broader acquaintance between the researcher and the subject studied. Thus, the structure of a case study was the method chosen for this research.

The case study corresponds to a kind of empirical research which has as objective the comprehension of contemporary phenomena in their real context. In general, this kind of research presents in its processes of data collection a set of information, questionnaires and observations that, in general, provide elements to the researcher, either in qualitative or quantitative researches [35].

The data collection was made with a semi-structured interview with the personnel responsible for the Logistics Sector of Aurora Winery. A semi-structured questionnaire, based on the Structural Context of the Winery Cluster of the Winery Valley proposed by [34], was applied in this phase of the research. Bibliographic review took into account the following expressions: “tourism”, “value chain”, “winery”, and “services”. This research was carried out in periodicals from Scopus, Science Direct and Capes. The importance of the bibliographical research is highlighted, since it permeates all the literature review previously presented. As a complementation for the data presented in this research, the website of the company studied was also used.

III. METHODOLOGICAL PROCEDURES

This work has as objective to analyze the value chain of large-scale wineries, taking as unit for analysis Aurora Winery, from Bento Gonçalves, state of Rio Grande do Sul, Brazil. In order to reach this objective, a qualitative research was carried out. According to [35] qualitative researches have some specific characteristics, among them: the focus of a qualitative research is the interpretation, not the quantification; In general, qualitative researches present few hypotheses and more research questions. These authors point out that a qualitative research emphasizes more the subjectivity that the objectivity, which makes it more detached from a quantitative research. And finally, a qualitative research is more flexible in terms of process, due to the fact that it has as objective the comprehension and not the proof of the hypotheses. For [36], the exploratory character of the research makes the studied phenomenon more flexible. This flexibility happens because this kind of research provides a broader acquaintance between the researcher and the subject studied. Thus, the structure of a case study was the method chosen for this research.

The case study corresponds to a kind of empirical research which has as objective the comprehension of contemporary phenomena in their real context. In general, this kind of research presents in its processes of data collection a set of information, questionnaires and observations that, in general, provide elements to the researcher, either in qualitative or quantitative researches [35].

The data collection was made with a semi-structured interview with the personnel responsible for the Logistics Sector of Aurora Winery. A semi-structured questionnaire, based on the Structural Context of the Winery Cluster of the Winery Valley proposed by [34], was applied in this phase of the research. Bibliographic review took into account the following expressions: “tourism”, “value chain”, “winery”, and “services”. This research was carried out in periodicals from Scopus, Science Direct and Capes. The importance of the bibliographical research is highlighted, since it permeates all the literature review previously presented. As a complementation for the data presented in this research, the website of the company studied was also used.

IV. PRESENTATION AND ANALYSIS OF THE COLLECTED DATA

Aurora Winery was founded 84 years ago, and since then, it produces and sells various types of wine, according to the Law 7.678, from November 8, 1988, commonly known in the sector as the Wine Law. In its Article 8, this law deals with the classification of wines, with a text modified by the Law 10.970, from 2004. According to this classification, the winery produces table wine (the one with alcoholic strength varying from 8.6º to 14º g/l, with up to one atmosphere of carbon dioxide pressure at 20ºC ); noble wine (same alcohol strength as table wine, elaborated with noble grapes and high technological processes); sparkling wine (with carbon dioxide from the second alcoholic fermentation in
the bottle, using the Champenoise/traditional method, or in big containers using the charmat method in a minimal pressure of 4 atmospheres) semi-sparkling wine (alcohol strength from 7% to 14% and carbon dioxide from 1.1 to 2 atmosphere of pressure); aerated semi-sparkling wine (same alcohol strength of semi-sparkling wine but with pressure from 2.1 to 3.9 atmospheres) fortified wine (natural or acquired alcohol strength from 14% to 18%, being allowed the use of ethylic alcohol, concentrated must, caramel, sugar and grape caramel) and grappa (alcohol strength from 35% to 54%, obtained from the alcholic distillation of grape marc).

Aurora Winery has 400 direct employees who make all the production process possible, having in mind that it is a 100% cooperative system in which 1,100 families are associated and deliver their grape production to be processed by the winery, considerably increasing the number of indirect jobs.

From the 26 items which compose the technology and practices regularly adopted, that is, the necessary operations for producing wine, according to [8], Aurora Winery answers to all the interventions with no need for outsourced services. These operations vary according to the type of wine that is intended to be produced.

There is also the Cooperative’s concern regarding the innovation of the production, in order to keep up with the evolution in the winery sector, having the company put about 30 new wines in the market in a five-year period. The creation of new products is a socio-economic index that may be pleasantly enjoyed by anyone who is willing to.

Considering this innovation process, the company takes part every year in five scientific events, in order to discuss technical issues and seek for information about improvements in the wine production process. Besides this, it regularly seeks the assistance from researches developed by EMBRAPA Grape and Wine (Agricultural Brazilian Company – Bento Gonçalves). Innovation in the wine production process is a way to meet the needs and expectancies of the consumers, who are more and more demanding. A company that does not seek to adapt to this reality will be out of the market.

Another way of competitiveness for the sector is the protection of the region’s identity. This is a way to protect and assure the quality of the product, which is common in countries from the so called old-world of wine, but very recent in Brazil. The Geographical Indication (GI) was determined for the first time in Brazil, encompassing not only Bento Gonçalves but also other cities of the region, such as Garibaldi and Monte Belo do Sul, and this was a great professional improvement and a big booster and fomenter for the tourism of the region. The GI rules how to elaborate and control the winery process, brings new jobs, revenue and wealth for the whole region, and constitutes the chain value pointed out by [21] and previously discussed in this work.

When questioned about partnerships in Winery Valley, Aurora Winery emphasizes that there is no such initiative, but claims that it would be very important to constitute a supply chain that, according to [33], involves the company in all processes, from selecting the raw material to delivering the final product to consumption. On the word of Aurora Winery, the purchase of raw materials and the distribution of the products among the companies of the region is still a weakness in forming a supply chain. Another aspect that must be considered, is the adequate waste treatment, which currently is neither carried out by the companies together, nor an environmental concern that is included in regional discussions yet, a situation that must change in the next years because of the requirements listed in the process to get the Geographical Indication [37].

However, some aspects are worked together by the companies of the region, with positive results that range from a regional publicity, to the development of new products, the training of employees in exchanging programs among the companies, the cooperation in trading regional products with foreign markets, the development of market research, among other factors that make the sector stronger and influence the decisions of public authorities about the sector.

Another evident aspect in the value chain of Aurora Winery is the investment in technology, in order to make it more competitive against competitor companies, and always searching for improvements to reach the national and international markets.

The value chain, according to [14], is composed by different activities that have as objective to develop the final product that reaches the consumer market, with quality, low cost and high technology. In the case of Aurora Winery, this process happens due to the activities that are developed to make the competitiveness possible. These activities are: the partnership with institutions of research for the sector, which also interact with public agencies and strengthen the necessary actions for the development of domestic and foreign markets; the existence of correlate companies and support companies that constitute the productive chain of the region, facilitating the process and reducing the operating costs; the improvement in quality and productivity indexes; the improvements in the flow and distribution of the production; the possibility to reach the global market; and other activities that foment and add value to the company.

The Cooperative has the entire infrastructure necessary to produce wine and derivatives, with no need for hiring third-party companies. It also counts on human resources, information technology and a costumer’s service to visitors who can visit some of the winery premises.

Aurora Winery participates in associations such as the Brazilian Institute of Wine (IBRAVIN), which constitutes a space for dialog and conciliates the opinion of farmers, wineries, cooperatives and public authorities, searching the development of the Brazilian wine chain. This Institute congregates the main entities of the segment in the country and is recognized by the International Organization of Vine and Wine (OIV) as the responsible for conducting the demands of Brazilian wineries in the international scenario. Another association which Aurora participates is Brazilian Union of Viticulture (UVIBRA), which has as objective the protection, planning and
institutional harmonization of the production, commercialization and promotion of Brazilian productive chain inside and outside the territory. This chain is composed by producers of wines and sparkling wines made from varieties of vitisvinifera, producers of whole and concentrated grape juice, and producers of wine distillate in Brazil, as well as regional and state associations. The participation in these associations strengthen the company and puts it among the country’s biggest and most important wineries.

In the value chain, enotourism plays an important role, being a strong aggregator of revenue and a strategic disseminator for the company’s competitiveness. Aurora Winery receives tourists since 1967, when the first National Wine Festival took place in Bento Gonçalves. The visitation organized for this festival was so successful that it ended up becoming a continuous action that lasts until nowadays. Over the years, and because of the growth of the sector, entities such as Vineyard Valley Wine Producers Association (APROVALE) played a fundamental role in the development of the tourism in the region of Vale dos Vinhedos, placing the enotourism as the main touristic activity of the state of Rio Grande do Sul.

According to the tourism sector from [13], “every year, the number of visitors increases, and they are more and more qualified. Today, the tourists come to visit Aurora Winery, and they already have a lot of information about the company and our wines”. The easy access to information due to the internet and social networks has democratized knowledge and has allowed organizations to reach all audiences.

In order to enhance the visitation process, the company establishes partnerships with travel agencies of the region, taking part in their tours, and suggests other wineries to its visitors as an exchange of commercial relationships, reinforcing Vale dos Vinhedos as a touristic destination. It also participates in meetings organized by the City Office of Tourism, and supports the local craftsmanship, offering a space in its store for the local artisans association, which is coordinated by the wives of the cooperative’s members. In this space, not only craftwork, but also agro-industrial products are commercialized, improving the income of the families who participate in the cooperative.

The touristic tour that happens inside Aurora Winery, besides giving information about how the wine is produced, also offers mini-courses about wine tasting, as well as the commercialization of wines, sparkling wines, grape juices and other products made from grape.

The company worries about the environment, and because of this, it has the certifications ISO 9001, ISO 14001 and FSSC (System of Food Safety Management) 22000. It also carries out a work in (Integrated System of Management (IMS), with specific actions in the environmental area, optimizing its productive processes and observing the aspects regarding the environmental impacts that its productive activities may generate.

V. FINAL COMMENTS

The wine industry is structured by different links in the chain, with advantages for the distribution of revenues and the social and economical inclusion of farmers. The tourism industry values the hosting services, gastronomy, security, access to medical and hospital services, and competes for the attraction of potential tourists. However, the consolidation of this tourism industry has stimulated a growing diversification of touristic destinations, since it generates consumers as well as a growing demand for “non-traditional destinations”, such as the case of Winery Valley in the enotourism scenario.

The organizational and competitive patterns of the wine industry are similar to the ones of the tourism industry. In fact, there is more than similarity between the two sectors: there is an intersection. As it gets clearer the distinction between the attractions/touristic determiners – leisure, culture, gastronomy, shopping, business.

It is extremely important the association between tourism, gastronomy and viticulture, which, in this work, is analyzed as a part of the value chain and that generates jobs and revenue inside the winery chain. The tourists in Winery Valley do not look only for appreciating the topography of the region, but also the culture, the gastronomy and its typical products, mainly the ones that are inaccessible in other places.

It is evident with this work that wine is an important attraction for tourism, while for the wine industry enotourism is a way to build relationships with the costumers, who can experience and know the products at different stages of production, as it was mentioned by [38].

The growth in the sector of enotourism has great importance in the economy of a region, because of the movement of people, the culture, and because of the production that reinforces the local identity and promotes the region. Due to this, there is the need for further research in the area, with a commercial view and a planning of tourism, thus forming a value chain that is able to positively transform a place.

REFERENCES


