

Power asymmetries in the wine chain – Implications for the management of the chain

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Abstract

Due to the characteristics of wine, it is usually not produced and marketed in vertically integrated chains but rather in vertical collaborations also called "supply chain networks". Being of strategic nature, such networks can be characterized as pyramidal-hierarchic collaborations which possess a focal firm (chain captain) coordinating the network in a hierarchical style. The focal firm in the wine sector faces the challenge to manage and integrate many (small) wine growers, whereby wine cooperatives also play a key role. Due to the pyramidal-hierarchical structure of supply chain networks power is an essential part of them, and the fact that it is asymmetrically distributed among the participating parties is quite obvious, which might pose difficulties for member-owned wine cooperatives. The aim of our article can be delineated from the problem setting. Speaking about power in the wine supply chain we do not refer to market power. But what is power? Studying the literature shows that there is no clear answer to this question. Thus, the first aim of our research is to elaborate on that question and provide an answer. We then continue by analysing power distribution between cooperatives and retailers, and between cooperatives and their members, and discuss managerial implications.

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