

Organic Wine Market: Should producers give the market a chance?

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Abstract

The presence of organic products has had a significant impact on various markets, including the wine market. There is an increasing interest among consumers in the concept of organic products. The objective of this study is to understand and analyse companies' perceptions of the existence or lack of reasons or opportunities for a conventional wine company to enter into new market discoveries. In order to answer this question, semi-structured open-ended interviews were utilised, interviews with two wine-producing companies, one producing organic wines and the other producing conventional wines were utilised. At the conventional wine producer, I conducted four interviews: with the director of enology for the Douro region, the director of R&D, the commercial director, and the marketing director. At the organic wine producer, I conducted only one interview, with one of the company's directors, who is responsible for all operations and is also the director of enology. The primary conclusion that can be drawn from this study is that participants say wine companies are increasingly concerned about sustainability issues. However, these companies have not yet been convinced that the economic impacts on their businesses are profitable. The study in question highlights the need for growing concern for the environment. Climate change has proven to be the main threat in this sector, as has the trend towards lower alcohol consumption. Markets are changing, consumer profiles are becoming increasingly demanding, and participating companies are trying to reinvent themselves to cope with new trends, but without jeopardising the environment, especially for future generations.

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1. Introduction

The growing demand for environmentally friendly products has spread across different food sectors, and the wine sector is no exception. Consumer profiles and preferences are also changing, and wine producers feel the need to adapt to new realities. Although this market has attracted consumer interest, it still has its weaknesses. From a business perspective, consumers are interested but are not willing to pay more for this type of product. In addition, the switch from conventional to organic production entails certain costs, and its profitability is still under debate. This topic has become increasingly important, as concern for the environment is a cross-cutting issue in the business world. In this sense, companies from different sectors try to contribute to social and environmental well-being in whatever way their business allows. Furthermore, I believe that nowadays, for the sake of their reputation, companies take environmental precautions, which is an excellent bonus in the eyes of consumers.

The organic concept has become an emerging and relevant topic in recent years. More and more people are looking for organic and environmentally friendly products. With this growing importance on the part of consumers, more and more companies are looking to reinvent themselves in order to respond to new trends. The wine market is no exception. Consumers are paying more and more attention to the effects that conventional wine production has on human health and the health of the environment (Dejo-Oricain et al., 2022).

Despite growing consumer interest in the organic market, the advantages of entering this sector may still be unknown or unattractive to producers. Consequently, a comprehensive investigation is relevant to ascertain understand and analyse companies' perceptions of the existence or lack of reasons or opportunities for a company that produces conventional wines to also enter the organic wine market. This issue is particularly relevant to companies, as it is in their best interests to align with prevailing social preferences and environmental concerns. It is imperative for companies to consider the environmental and social consequences of their activities in order to reduce their impact and ensure the sustainability of their business (Gilinsky et al., 2016, cited Phypher & MacLean, 2009).

It is clear that there is still uncertainty about the way forward and whether companies should enter the organic wine market, since there is still no clarity about the viability of this

market. In certain aspects, it is a mystery market. So, the primary objective of this study is to provide an analysis of the advantages and disadvantages inherent to the organic wine market, this analysis is intended to facilitate a comprehensive conclusion regarding the best decision for wine producers considering their involvement in this market and of the factors that either encourage or deter companies from aligning themselves with this market segment. To this end, the study will summarise the motivations that may guide companies in entering the organic wine market and the obstacles and challenges encountered during the market entry process. The central question guiding this study is whether wine companies perceive sufficiently appealing reasons that would justify their entry into the organic market.

The research will be qualitative in nature, as I seek to analyse the perceptions and ideas of companies. The study will be conducted through semi-structured interviews. The questions will be semi-structured, allowing respondents to express their reasoning and opinions freely, enabling me to broaden my horizons when drawing conclusions. The interviews will be conducted with different employees from different areas of two companies. One company will be an organic wine producer, where I will interview one of the administrators, who is responsible for various operations and is also the director of enology. The other company will be a conventional wine producer, where I will interview the director of enology for the Douro region, the director of R&D, the commercial director and the marketing director.

The thesis is organised into five sections: the first section reflects the literature review; the second section outlines the methodology; the third section analyses the data collected; the fourth section discusses the results; and the last section lists the final considerations.

2. Literature review

2.1. Why is the issue of organic wine market important?

The International Organisation of Vine and Wine (OIV) has defined sustainable viticulture as a "global strategy at the scale of grape production and transformation systems, integrating the economic sustainability of structures and territories, producing quality products, considering the precision requirements of sustainable viticulture, environmental risks, product safety, consumer health, and the enhancement of heritage, historical, cultural, ecological, and aesthetic aspects" (OIV, 2004).

Reganold and Wachter (2016) concluded that organic production is, in most cases, more sustainable than conventional production. This is because organic farming has a lower impact on ecosystems and is considered a more balanced agricultural system. Consequently, it is unsurprising that both consumers and producers are increasingly interested in this type of agriculture.

The organic concept has been growing exponentially in different markets. Consumers' lifestyles are constantly changing and concern for environmental wellbeing and human health has recently influenced consumer choices. Wine consumers themselves have been showing growing concern about sustainability issues and, more importantly, have been paying increasing attention to the effects of conventional wine production on both the environment and human health (Dejo-Oricain et al., 2022).

The organic wine market has become a subject of increasing interest, particularly among small businesses (Marco-Lajara et al., 2023; Veccio et al., 2023). As a result, different industries have begun to feel the need to reinvent themselves in order to respond to new market demands. The wine market was no exception. More and more producers are seeking to learn more about the organic wine market. The importance of the organic wine market, in the eyes of different authors, may have several reasons.

In the context of the wine industry, sustainability is a pivotal concern. The industry is confronted with challenges to its sustainability, including the utilisation of chemicals, climate change, and access to energy and water (Aigrain et al., 2016; Gilinsky et al., 2016). In response to these challenges, wineries and their producers are reinventing their business models to make them more sustainable (Gilinsky et al. 2016, cited Berns et al., 2009; Carrillo-

Hermosilla et al., 2010). In addition, the wine industry stands to benefit from the concept of sustainability. This phenomenon can be regarded as a competitive advantage, as sustainability can function as a catalyst for innovation and market strategy (Flores, 2018, cited Fiore et al., 2016; Nidumolu et al., 2009).

To succeed, companies strive to achieve a balance where negative impacts are minimised while achieving the desired returns (Gilinsky et al. 2016, cited Nguyen & Slater, 2010). Successful companies consider the environmental and social consequences of their business, always aiming to reduce their impact while maintaining a healthy and sustainable operation (Gilinsky et al. 2016, cited Phypher & MacLean, 2009). Consequently, there is a significant need to work towards reducing or even eliminating the environmental consequences of the wine production process (Christ & Burritt, 2017) to ensure that the sector remains sustainable in terms of natural resources and climate change (Flores, 2018).

The issue of sustainability is having an impact on numerous sectors due to mounting pressure from markets and customers, whether for political or economic reasons. This is due to the fact that sustainability is a pervasive challenge across diverse societal domains, given its social implications and environmental degradation (Flores, 2018).

In the contemporary era, sustainability is widely acknowledged as a fundamental objective by a diverse array of institutions, encompassing national, international, private and public entities. In the context of business, sustainability has emerged as a new paradigm, guided by the pursuit of economic and social progress to ensure the well-being of future generations (García-Cortijo et al. 2021, cited Pomarici & Vecchio, 2019; Moscovici & Reed, 2018; Bermejo Gómez de Segura, 2014; Warner, 2007; United Nations, 2021; Muñoz et al., 2021).

In comparison with conventional wine production, organic wine production has the potential to reduce environmental impacts. This is due to the fact that organic wine production promotes the efficient use of natural resources and energy, supports the conservation of ecological balance, helps preserve water quality, and contributes to improving soil fertility (EU, 2020).

The impact that companies have on society, in terms of the social, economic and environmental domains, is measured through the concept of corporate social responsibility (CSR) (García-Cortijo et al., 2021). Consequently, companies endeavour to optimise their

positive societal impacts while minimising their negative ones (García-Cortijo et al., 2021). One manner in which companies demonstrate their commitment to this domain is through sustainability, which drives them to seek ways to stand out in the green economy (Muñoz et al., 2021).

As stated by Borsato et al. (2020), the implementation of organic viticulture can be achieved without compromising the economic viability of the producer, while ensuring the preservation of natural capital.

2.2. Organic Wine

Organic farming is characterised by the practice of crop rotation, a method employed to sustain soil nutrients. It is a type of agriculture where the use of pesticides is minimised, and the planting of organic seeds and food is carried out without genetic engineering (Maykish et al., 2021). In this context, UPSCAPE (2020) stated that the cultivation of grapes is subject to the principles of organic production, which stipulate the prohibition of the use of artificial and chemical fertilisers. Furthermore, the utilisation of pesticides, fungicides, or herbicides is strictly forbidden. However, it should be noted that exceptions to this may be made. Despite being produced from organically cultivated grapes, it is possible for organic wine to contain sulfites, albeit with explicit labelling (UPSCAPE, 2020). This is due to the inherent nature of grapes to produce sulfites during the fermentation process. Furthermore, many winemakers, both conventional and organic, add sulfites to the wine to ensure stability and to present consumers with a high-quality wine that maintains its characteristics over a long period (UPSCAPE, 2020).

2.3. Reasons why a company produces organic wine

Organic wine turns out to be the most mysterious wine and the wine that arouses the most interest in the sustainable market. Although its production and market are not always easy, there are several reasons why wine producers are entering the organic wine market. The decision to enter the organic wine market is driven by the opportunity to integrate sustainable practices into the business, as well as the influence of various internal, external, and strategic factors. These factors encompass voluntary motivations, market-driven pressures, and government regulations (Nicolas Depetris Chauvin et al. 2023, cited Dodds et al., 2013).

2.3.1 Internal Factors

The internal factors that influence decision-making in the organic wine market include the characteristics of farmers, of the producing company, as well as social, demographic, behavioural, and psychographic traits of society (Karipidis & Karypidou, 2021). Cobelli et al., (2021) have also affirmed, social influences (the degree to which a person perceives that other people believe in the use of organic wine technologies (Cobelli et al. 2021, cited Moore & Benbasat, 1991; Thompson et al., 1991)), effort expectancy (the degree of ease or complexity of use of organic wine technologies (Cobelli et al. 2021, cited Davis, 1989; Moore & Benbasat, 1991; Thompson et al., 1991)) performance expectancy (the extent to which individuals believe that the utilisation of organic wine technologies will assist them in enhancing their job performance (Cobelli et al. 2021, cited Davis, 1989; Thompson et al., 1991; Davis et al., 1992)), facilitating conditions (the measure to which an individual is convinced of the existence of an organisational and technical infrastructure that is capable of providing support for the utilisation of organic wine technologies (Cobelli et al. 2021, cited Thompson et al., 1991)), self-efficacy (An individual's conviction in their capacity to execute a particular task employing organic wine technologies is of interest (Cobelli et al. 2021, cited Compenau & Higgins, 1995; Venkatesh, 2000)), and attitude (the affective reactions of individuals upon their initial encounter with novel organic wine technologies, distinguishing between positive and negative responses (Cobelli et al. 2021, cited Taylor and Todd, 1995; Venkatesh, 2000)), influence producers' behaviour and intention to adopt organic wine production methods and techniques.

As stated by García-Cortijo et al. (2021) (cited De Steur et al., 2020; Flores, 2018; Gabzdylova et al., 2009), other studies have also indicated that internal factors play a significant role in the decision-making process regarding the adoption of sustainable practices. The factors under discussion include operational efficiency, ethical reasons, personal values, market positioning, product quality, and professional preferences and satisfaction (García-Cortijo et al., cited Santini et al., 2013; Flores, 2018; Gabzdylova et al., 2009).

2.3.1.1 Characteristics of Producers

Dejo-Oricain et al. (2022), observed that the influence of winemakers' personal characteristics on their decision to enter the organic wine market remains an area of research that requires further exploration. The Resource-Based View has been a key focus for

researchers in justifying organic production as a producer's decision to ensure the continuous availability of resources while achieving sustainable growth and profit (García-Cortijo et al., 2021).

Hauck et al. (2023) cited Castellini et al. (2014), who state that a significant proportion of conventional wine producers transition to organic wine production for ethical reasons, factors related to product quality, and as a means to differentiate themselves from the competition. Siepmann and Nicholas (2018), following in-depth interviews with several German producers, concluded that a primary motivation for this transition is the producers' commitment to soil protection. Consequently, it can be posited that producers' ideologies are recognised as a pivotal factor in determining their transition to the organic market.

Personality traits are defined as distinct characteristics in how individuals feel, behave, and think (American Psychological Association, 2018). These traits are divided into five groups: agreeableness, openness to new experiences, neuroticism, conscientiousness, and extraversion (Dessart et al. 2019, cited Costa & McCrae, 1992). Openness (defined as the willingness to experiment, pursue creativity and variety, and satisfy curiosity), conscientiousness (a sense of duty and responsibility towards others), and extraversion (the pursuit of gratification from the external world and society) have been linked to a producer's decision-making process when adopting sustainable practices (Dessart et al. 2019, cited Austin et al., 2001; Crase & Maybery, 2004).

The adoption of sustainable practices by producers is influenced by each individual's personal concern (Dessart et al. 2019, cited Toma & Mathijs, 2007; Best, 2010; Läpple & Van Rensburg, 2011). Furthermore, environmental and moral concerns have been demonstrated to influence producers' decision-making processes regarding sustainable practices. This phenomenon can be attributed to the tendency of individuals to seek alignment between their concerns and behaviours, thereby avoiding dissonance in their actions (Dessart et al. 2019, cited Festinger, 1962). Individuals frequently seek to evade distressing emotions (e.g. guilt) associated with moral and environmental concerns, whilst concurrently pursuing positive sentiments of achievement and contentment – a phenomenon termed the "warm-glow" effect (Dessart et al. 2019, cited Andreoni, 1990). The adoption of organic practices by producers can therefore be explained by their desire to avoid feelings of guilt (Dessart et al. 2019, cited Mzoughi, 2011).

Dessart et al. (2019) identified three types of behavioural factors that can influence a winemaker's decision to produce organic wines or not. These factors are cognitive, dispositional, and social. Dispositional factors, as previously defined by Nicolas Depetris Chauvin et al. (2023) that cited Malle (2011), pertain to individual characteristics, including motivations, beliefs, personality, values, goals, and personal preferences. Social factors, on the other hand, are influenced by social norms and the relationships between different winemakers. Finally, cognitive factors include winemakers' perspectives on the benefits of organic production, their reasoning and learning process, as well as the risks and costs associated with this type of activity.

The process of wine production, from the vineyard to the final product, involves the use of chemicals such as fertilisers and pesticides. The aforementioned substances pose a potential hazard to the health of farmers and producers, which may compel companies to modify their business model (Gilinsky et al., 2016).

In the context of decision-making processes concerning the adoption of sustainable practices, producers are found to be influenced by their interpersonal relationships. The concept of social norms, which can be defined as the collective representations of socially acceptable behaviours, has been shown to influence the behaviour of the subjects in question (Dessart et al. 2019, cited Lapinski & Rimal, 2005). In addition to this, individual perceptions of practices adopted by others have also been demonstrated to be a contributing factor (Dessart et al. 2019, cited Lapinski & Rimal, 2005).

2.3.2 External Factors

The decision of winemakers to enter the organic wine market can also be driven by external factors. For instance, mounting pressure from stakeholders regarding sustainability has accelerated changes in the wine sector, particularly in winemaking (Cobelli et al., 2021).

The present study explores the factors that influence the growth of the organic market, with a particular focus on market power, market structure, for example his size and availability (Jouzi et al., 2017), the relationship between stakeholders in the agri-food sector, and the interaction among these stakeholders. It is acknowledged that these factors and their impact vary from country to country.

Karipidis and Karypidou (2021), cited Moumouni et al., (2013); Salazar (2014); Risgaard et al., (2007); Kleemann et al., (2020), that presented numerous external factors that

influence decision-making in the organic wine market. Externally, price, demand, supply chain, distance to the point of sale or market, technologies, social networks, certification systems, institutional factors, relationships between market stakeholders, public policies, and financial factors are considered influential.

2.3.2.1 Market Trend

The demand for this type of product has been increasing, which positively influences producers' decision to produce organic products, as this factor is one of the most significant and influential in their decision-making process (Karipidis & Karypidou 2021, cited Tzouramani et al., 2014; Canavari et al., 2007; Sutherland, 2013). As posited by Karipidis and Karypidou (2021), an increase in demand for a specific market – in this case, the organic products market – results in an increase in market value, thereby encouraging producers to enter said market.

As posited by Nicolas Depetris Chauvin et al. (2023), drawing upon the work of Castellini et al. (2014), enterprises entering this market stand to benefit from a range of factors, including enhanced differentiation, the provision of more sustainable wines, and an improved alignment with customer expectations (Cobelli et al., 2021). The decision to enter the organic wine market is driven by the opportunity to integrate sustainable practices into the business, as well as the influence of various internal, external, and strategic factors. These factors encompass voluntary motivations, market-driven pressures, and government regulations (Nicolas Depetris Chauvin et al. 2023, cited Dodds et al., 2013).

Moreover, the escalating competitive nature of the wine market has prompted producers to explore novel and pioneering approaches to respond to this challenge. In this context, the emergence of organic wine production as a marketing strategy is indicative of a broader adaptation to diverse consumer preferences. Wineries are endeavouring to gain a more profound understanding of consumer preferences, with a view to meeting these needs more effectively. This is evidenced by the increased curiosity amongst younger consumers and new market entrants to experiment with novel products (Sogari et al., 2015), alongside a discernible surge in global interest in sustainable consumption and production within the agri-food sector (Sogari et al. 2015, cited Vermeir and Verbeke, 2008).

As previously stated, consumer expectations and preferences have the capacity to influence the decision-making processes of producers. The expectation among consumers

of environmental care has been demonstrated to motivate producers to alter their practices and production processes, for example, by adopting ecological practices (Fiore et al., 2017). Furthermore, there is already a noticeable interest and willingness among younger consumers to purchase wines with sustainable labels (Schäufele & Hamm, 2017).

Empirical studies have demonstrated a consumer interest in wines produced through sustainable winemaking, which is reflected in a preference for wines that adhere to sustainable practices at the time of purchase. Furthermore, consumers have been found to associate higher quality with wines produced using sustainable practices (Flores 2018, cited Forbes et al., 2009; Schäufele & Hamm, 2017; Zucca et al., 2009). As Flores (2018) (cited Barber et al., 2010; Forbes et al., 2009; Sogari et al., 2016; Zucca et al., 2009) also stated, customers are willing to pay more for products that include sustainable attributes.

2.3.2.2 Price

The price of organic products has also been identified as a significant factor in producers' decision-making processes (Karipidis & Karypidou 2021, cited in Harris et al., 2008; Jouzi et al., 2017; Kumar et al., 2018). The costs associated with transitioning from conventional to organic production are substantial (Vallandingham et al., 2018). Consequently, the elevated costs of organic products are frequently cited as a catalyst for the adoption of sustainable practices, as they augment producers' returns (Karipidis & Karypidou 2021, cited Siepmann & Nicholas, 2018; Sutherland & Darnhofer, 2012). As posited by Karipidis & Karypidou (2021), elevated pricing engenders augmented economic value, thereby empowering producers to enhance their economic performance and consequently elect to pursue organic farming practices. Moreover, the adoption of organic production methods by producers has been demonstrated to engender both environmental and social value, as evidenced by the enhancement of product diversity and the assurance of heightened product safety for consumers (Karipidis & Karypidou, 2021). This enables producers to balance social, environmental, and economic value while contributing to a shared objective: more sustainable production and consumption (Karipidis & Karypidou, 2021).

2.3.2.3 Supply Chain

The supply chain is defined by the various stages in the process and the different actors involved in the production of the final product, from its point of origin to the end consumer. The various stages of the process involve different actors, different information,

people, entities, activities and resources (Karipidis & Karypidou, 2021). The supply chain has the capacity to influence the decision-making process, given its ability to reduce transaction costs and liability risks associated with retailers' dedication to controlling product sustainability points on the upstream side (Chkanikova et al., 2015). These factors enable producers to create social, environmental and economic value, which in turn influences their decision-making regarding their conversion to organic production (Karipidis & Karypidou, 2021). Vallandingham et al., (2018) confirm the impact on producer decisions, asserting that the enhancement of efficiency in food producers' retail supply chains in recent years has resulted in cost-focused supply chains with the capacity to supply large volumes of products at low prices. Moreover, the capacity of the supply chain to facilitate a reverse flow of information has been demonstrated to influence and support the decision to convert to organic production (Karipidis & Karypidou 2021, cited in Brindley & Oxborrow, 2014).

2.3.2.4 Technologies

Technological innovations have been identified as playing a significant role in the transition from conventional to organic production (Karipidis & Karypidou 2021, cited Khaledi et al., 2010; Moumouni et al., 2013; Yanakittkul & Aungvaravong, 2020). These innovations encompass a wide range of agricultural practices, including irrigation systems, animal feeding, production inputs, crop protection, crop and breed management, applications of information and communication technologies (ICT), information acquisition, marketing, food quality management, traceability, and more (Karipidis & Karypidou, 2021). The utilisation of ICT in the domain of food supply has undergone rapid development in recent years, emerging as a promising area of research (Karipidis & Karypidou, 2021). Information and communication technologies assist the various stakeholders in the agri-food value chain in efficiently contributing to the achievement of sustainability goals (Perakis et al., 2020). This is attributable to their integrated and unrestricted access to large-scale, diverse data from various sources, which enables them to generate value and extract insights from that data (Perakis et al., 2020).

The advent of blockchain, cloud computing technologies, the Internet of Things and big data is effecting a transition of the agricultural supply chain towards a more digitally oriented model (Kamble et al., 2020). For this reason, digitalisation is a key factor in this paradigm shift, as it enables producers to be more effective, thereby having a positive impact on their social and environmental performance, economic efficiency, traceability and

transparency, market accessibility, legal responsibility, and overall social and environmental performance (Kittipanya-ngam & Tan, 2020). The integration of the Internet of Things with blockchain technology has the potential to enhance intelligence and autonomy in the management of precision agriculture, leading to optimised and effective outcomes (Torky & Hassanein, 2020). Concurrently, the development of monitoring and support systems has enabled producers to enhance the efficiency of irrigation and fertilisation practices, establish certification mechanisms, safeguard crops against pests, and optimise business operations (Karipidis & Karypidou, 2021). The positive impact of information technology on producers' decisions to adopt organic practices (Karipidis et al., 2017) is well-documented, as are the advantages that digitalisation has brought to producers. It is therefore reasonable to hypothesise that the availability of various ICT applications will positively influence producers' decisions regarding organic production.

2.3.2.5 Government Factors

Environmental concerns, the availability of European funding for organic production, and the need to respond to market trends are also key drivers encouraging producers to transition to the organic wine sector (Nicolas Depetris Chauvin, 2023).

Another governmental factor that may influence a winemaker's decision, particularly in the development and growth of the organic wine market, is the political support provided by the European Union's Common Agricultural Policy (CAP). The overarching objective of this policy is to promote organic agricultural production (Dejo-Oricain et al., 2022).

2.3.3 Differentiation

The extant literature on the subject suggests that the benefits that organic production can bring to producers are contingent on the price premium applied to the final product. Conversely, Hauck et al. (2021) (cited Zilber et al., 2010) posit that, given the elevated production costs associated with this market segment, producers' motivations to adopt this mode of production should be rooted in factors other than cost considerations. Consequently, these authors posit that the impetus behind producers' decisions to adopt this approach is the aspiration to differentiate themselves from competitors in a highly saturated market. Another motivation for producers to enter this market is the potential for long-term competitive advantages (Dejo-Oricain et al., 2022).

2.4. Barriers that lead a company not to produce organic wines

It was possible to analyse the many different motivations that lead wine producers to consider and enter the organic wine market. Despite this, producers still face numerous barriers to this market.

2.4.1 Internal Factors

2.4.1.1 Characteristics of Producers

The motivations behind the decision of leading wine producers to enter the organic wine market can be attributed, in part, to the characteristics exhibited by these producers. Nevertheless, there are also examples of how these characteristics can, at the same time, negatively influence producers' decision-making.

Personality traits have been found to be associated with the factors hindering the adoption of sustainable practices among producers, with resistance to change being a prominent factor (Dessart et al. 2019, cited Burton et al., 2008). In the context of organisational behaviour, the propensity of a producer to adopt new experiences is indicative of their personality type. Producers who exhibit a high degree of resistance to change may be averse to novel concepts, and consequently, their personality traits are closely linked to their resistance to change (Dessart et al. 2019, cited George & Zhou, 2001). Moreover, the status quo bias — that is, the tendency for producers to prefer maintaining the current state of affairs — is also connected to resistance to change, as producers often believe that change is inherently associated with loss (Dessart et al. 2019, cited in Samuelson & Zeckhauser, 1988).

2.4.1.2 Behavioural Factors

Evidence suggests that producers' behaviour indicates a negative relationship between the adoption of sustainable practices and economic objectives, and a positive relationship between these practices and conservation and lifestyle objectives (Dessart et al. 2019, cited Greiner et al., 2009; Kallas et al., 2010; Mzoughi, 2011; Greiner, 2015).

2.4.2 External Factors

As previously mentioned, Karipidis & Karypidou (2021), cited Moumouni et al. (2013), Salazar (2014), Risgaard et al. (2007), and Kleemann et al. (2020), identified a set of factors that influence a producer's decision regarding organic production. These factors are

categorised into six groups: distance to the point of sale, demand, supply chain, product price, technologies, and certification systems.

2.4.2.1 Demand

While demand constitutes a primary factor in the decision of producers to enter the organic wine market, its importance and strength are contingent on various geographical, economic and political factors (Karipidis & Karypidou 2021, cited Veldstra et al., 2014; Salazar, 2014; Risgaard, 2007; Best, 2010). Should demand be found to be ineffectively low, depending on the geographical location of the producer, then this may act as a disincentive to the pursuit of organic production.

2.4.2.2 Supply Chain

The limited availability of supply and delivery points within a reasonable distance, i.e. the considerable distance between points of sale and production, has been demonstrated to exert a negative influence on producers' decision to adopt organic production (Home et al., 2018).

2.4.2.3 Certification Systems

Certification systems can be regarded as a hindrance to producers' decisions regarding market entry. It is evident that the financial implications of certification, the certification process itself, and the accessibility of certification systems can exert a detrimental influence on producers' propensity to engage with the organic market (Karipidis & Karypidou, 2021). The presence of alternative certification systems has been demonstrated to play a significant role in producers' decisions regarding conversion (Karipidis & Karypidou 2021, cited Chkanikova & Lehner, 2015; Ruben & Zuniga, 2011; Chiputwa et al., 2015). Conversely, the underdevelopment – or even absence – of sustainability certification has been demonstrated to limit the ability of retailers within the supply chain to exercise social and environmental responsibility (Karipidis & Karypidou 2021, cited Sutherland, 2013). Third-party certification has been shown to reduce the uncertainty experienced by consumers when purchasing food, thus rendering organic certification a significant factor for both farmers and consumers, as it can also be profitable (Karipidis & Karypidou 2021, cited Kleemann, 2014).

The certification process, along with the financial obligations associated with certification for both consumers and producers, plays a pivotal role in decision-making

regarding organic production (Karipidis & Karypidou 2021, cited Veldstra et al., 2014). This is due to the fact that the certification process is often intricate and perplexing, and the financial burden is frequently exorbitant. The high expenses involved in organic certification procedures (Karipidis & Karypidou 2021, cited Hauser et al., 2010) can, in part, be justified by these costs. Furthermore, producers engaged in certified organic production tend to expend significantly higher amounts on insurance, marketing expenses, and labour compared to conventional producers (Karipidis & Karypidou 2021, cited Uematsu & Mishra, 2012). As posited by Karipidis & Karypidou (2021) (cited Padilla Bravo et al., 2012; Siepmann & Nicholas, 2018), the bureaucratic issues concomitant with organic certification exert a detrimental influence on producers' decision-making and expectations regarding organic farming. Despite the perception of organic certification as reliable, it has not been observed to positively influence producer satisfaction levels (Karipidis & Karypidou 2021, cited Padilla Bravo et al., 2012).

2.4.3 Risks and Production Costs

Despite the numerous advantages offered by the organic wine market, it is important to acknowledge the barriers that are also present within this sector. Organic production has been shown to engender unfavourable outcomes, including elevated production risks and costs (Nicolas Depetris Chauvin et al. 2023, cited Crescimanno et al., 2002; Castellini et al., 2017). As posited by García-Cortijo et al. (2021), cited by Nicolas Depetris Chauvin et al. (2023), large wine producers possess substantial technological and financial resources; nevertheless, these might prove insufficient for those seeking to implement a sustainability policy.

In order to be considered an organic wine producer, it is essential that no chemical, genetically modified or synthetic fertilisers are utilised in the production process. This can present a significant challenge when attempting to produce wine of a high quality (Dejo-Oricain et al., 2022).

A further impediment to the proliferation of this market is the fact that it necessitates elevated costs, which are consequently reflected in the final product price. The production of organic wine necessitates a more labour-intensive method and yields a lower quantity of grapes when compared with conventional wine (Dejo-Oricain et al., 2022). The lower yields associated with organic viticulture, the limited availability of organic grapes, and the higher

distribution costs of the final product—due to the smaller volume—are additional factors that influence producers' decisions to enter the organic market (Dejo-Oricain et al., 2022).

The productivity of organic vineyards is, on average, 35.9% lower compared to conventional vineyards. This is due to the fact that the growth rate of organic wine is slower and yields are lower (Döring et al., 2015). The lower yields, as stated by Siepmann and Nicholas (2018), are attributed to the efforts of producers to enhance the quality of the wine. Consequently, they posit that these costs can be offset by implementing higher prices for the final product.

The framework of Transaction Cost Economics, defined as an economic theory that examines how transaction costs affect a firm's choice of governance and organisational mechanisms,—which outlines the costs incurred when participating in organic markets—can be regarded as a significant consideration for producers when deciding to engage in organic wine production (Nicolas Depetris Chauvin et al. 2023, cited Falconer, 2000).

2.4.4 Consumer Perceptions and Preferences

A further issue in this market is that consumers are not willing to pay a higher price for this type of wine. This is due to a lack of awareness regarding the health benefits associated with organic wine consumption (Macht et al., 2021).

Furthermore, consumer perceptions of organic production can act as a significant barrier to market entry for producers. A substantial body of research has indicated that consumers often harbour a degree of scepticism towards products bearing the organic label, as they may suspect that producers are using the organic certification as a rationale to justify higher prices (Sogari et al. 2016, cited Peattie, 1995; Forbes et al., 2009).

The fact that the process of conventional wine production is often perceived as a "green" and environmentally friendly process compared to other agro-food industries can represent a barrier to the success of organic wine (Sogari et al. 2016, cited Berghoef and Dodds, 2011). Wine is already widely regarded as a "natural" product; consequently, if wine claims to be "organic," it does not have a significant impact on consumer perception and purchase decision (Sogari et al., 2016). Despite the acknowledged contribution of winemaking and viticulture processes to environmental changes through carbon emissions, wine continues to be regarded as a "natural" beverage (Sogari et al. 2016, cited Colman and Paster, 2007).

In addition to these obstacles, organic wine, despite being perceived as healthier compared to conventional wines, is still not being purchased by consumers, who view it as having inferior sensory quality (Sogari et al. 2016, cited Sirieix and Remaud, 2010).

2.4.5 Availability of Resources

In order to achieve a competitive advantage in the organic wine market, a wine-producing company must ensure that its resources possess four key attributes. These resources must be rare, valuable, inimitable, and non-substitutable. Furthermore, the possession of sufficient financial resources is imperative for the efficient and effective operation of the company. The size of the winery is considered an important resource, as a small winery may indicate insufficient resources, which could hinder organic production (De Steur et al., 2019). Furthermore, accessing funding for sustainable initiatives is challenging (Dejo-Oricain et al. 2022, cited Horbach, 2008; De Marchi, 2012).

Furthermore, to attain certification, the producer is required to demonstrate a comprehensive understanding of the organic system and adhere to regulatory compliance for a minimum period of three years. During this period, they are also subject to regular inspections by a government-accredited certifier (Dejo-Oricain et al., 2022).

In order to enter this market, it is essential for a producer to possess a comprehensive understanding of the regulatory framework and technological requirements, in order to ensure a successful outcome. It is imperative to possess a comprehensive understanding of the practices and production factors that are deemed permissible. These obligations necessitate the expertise of a human resources department, specialising in these domains (Dejo-Oricain et al., 2022).

It has been posited by certain authors that a paucity of resources, including but not limited to funding, has the potential to act as an impediment to sustainability in the context of wineries (De Steur et al., 2019).

After analysing the literature, it is clear that there is no consensus among the various authors. It can be concluded that we are dealing with a market where the pros and cons are strong, yet inconclusive. The next chapter presents the methodology used to draw useful conclusions in real-life situations.

3. Methodology

In this chapter, the methodological procedures adopted for the execution of the research study will be delineated, encompassing the study design, data collection and data analysis. The data was collected through in-depth interviews with industry experts. The aim of these interviews is twofold: firstly, to ascertain the motivations behind wine producers' decisions to enter the organic wine market; and secondly, to identify whether these motivations are sufficiently compelling to justify the adoption of organic wine production methods.

The research approach is qualitative and exploratory in nature, with the objective of uncovering and comprehending the factors that motivate companies to produce organic wines. This was achieved by conducting interviews with two companies operating within the wine sector.

These interviews were conducted at two companies, one producing organic wines and the other producing conventional wines. In the course of my research, I had the opportunity to interview one of the administrators at the organic wine producer. This individual is responsible for all operations at the company and also serves as the director of enology. In the course of my research, I conducted in-depth interviews with four employees at a conventional wine producer. These included the director of enology for the Douro region, the director of Research & Development, the commercial manager, and the marketing manager.

The selection of interviewees was conducted with the objective of achieving a diverse range of experiences and perspectives, with one group comprising individuals from a company specialising in conventional wines, and the other comprising individuals from a company engaged in the production of both conventional and organic wines.

The interviews were semi-structured nature. Participants were presented with pre-defined, open-ended questions of a long-answer nature. The utilisation of this structure intended to facilitate a conversation that elicited the maximum amount of information from the professionals, thereby providing them with an opportunity to express their opinion. The interviews were conducted online and were scheduled to last approximately 45 minutes. The interviewer posed questions related to the content of the thesis, such as 'What is your opinion of organic wines?', 'What are the reasons why you didn't opt for this market?' and 'What were the main challenges you faced when you entered this market?'. It should be noted that the

aforementioned questions differed between the two companies, given that one is already active in the organic wine market, whilst the other is not.

The interviewees were contacted via telephone in order to ascertain their availability for the interview. At this juncture, a concise elucidation was proffered regarding the purpose and objective of the interview, in addition to its confidential nature. The interviewees were asked to give their consent for the interview to be recorded, and they eithered granting this permission or refuse it. Following the interview, I transcribed the interview, enabling a thorough analysis of the interviewee's responses.

Subsequent to the collection of interview data, it was analysed to ascertain its content. The analysis involved the separation of content from the answers according to the various points identified in the literature review.

To ensure the maintenance of anonymity and professional confidentiality, interviewees were required to sign a consent form, thereby guaranteeing their anonymity and assuring that their data was utilized exclusively for academic purposes.

4. Presentation and Discussion of Results

After conducting the interviews, I gathered the respondents' answers, extracting the opinions and information that helped me arrive at an answer. I divided the analysis into different sections, such as the perspective of sustainability, opinion on organic wines, consumer perspective, differentiating factor, factors that will affect viticulture, evolution of demand, sustainability in wine production, decision on production and sale, and evolution of demand. These sections were analysed in both companies. In order to deepen my analysis of the organic wine producer, I sought to understand the motivations for producing organic wines, the transition process, barriers and difficulties in the transition process, and the main risks of using organic production. On the conventional wine producer side, I sought to find out their opinion on the future of the organic wine market, whether they had considered introducing organic wines into their portfolio, barriers to entry into this market, and the greatest difficulties in making this decision.

4.1. Organic Wine Company

4.1.1 Perception of Sustainability

The organic wine producer is of the opinion that sustainability is regarded as an inevitable path, invariably founded upon the three pillars of sustainability: environmental, social and economic. As posited by Gilinsky et al. (2016) (cited Phypher & MacLean, 2009), the hallmark of a successful company is its ability to incorporate environmental and social consequences into its operational considerations.

4.1.2 Opinion Organic Wine

The organic wine producer is convinced that organic wines represent the future of the industry, highlighting soil protection and regeneration as the primary benefit. As Reganold and Wachter (2016) have previously observed, the impact of organic production on ecosystems is, in general, minimal.

4.1.3 Consumer Perception and Preference

The organic wine producer posits that a contributing factor to consumers' reluctance to incur higher costs for organic products is a deficiency in environmental literacy. Macht et al. (2021) concur that consumers are not willing to pay more for this type of product. This is

justified by the fact that consumers are not aware of the health benefits of consuming organic wine.

4.1.4 Organic Wines as a Differentiating Factor

Despite the beliefs and convictions that organic wine company have in organic production, they do not see this type of product as one capable of generating a direct competitive advantage in the market. This finding stands in contrast to the observations made by Nicolas Depetris Chauvin et al. (2023) (cited Castellini et al., 2014), who posit that differentiation is a direct benefit when entering this market. The company also acknowledges that the communication of this product's advantages and benefits to consumers is inadequate. This assertion is further contradicted by the findings of Cobelli et al. (2021). Cobelli et al. (2021) posit that the production and marketing of organic wines results in companies aligning themselves with consumer expectations.

4.1.5 Factors That Will Affect Viticulture in the Coming Years

The organic wine company identifies climate change as the primary problem in the present and future, a perspective that is corroborated by Aigrain et al. (2016) and Gilinsky et al. (2016). Moreover, the decline in wine consumption, particularly among younger generations, coupled with consumer demands for environmentally friendly practices and transparency in production, is perceived to be a problem that must be addressed in the near future. This perspective aligns with the findings of Fiore et al. (2017), who assert that consumer expectations concerning environmental preservation have been demonstrated to encourage producers to modify their production practices and processes.

4.1.6 Sustainability in Wine Production

As previously stated, this company considers sustainability to be an imperative course of action. It is their conviction that, in the absence of the possibility of achieving perfection in a wine, the continuous reduction of environmental impact should be considered a central objective. Despite the potential for an immediate economic return, the company's strategic vision continues to prioritise the integration of biodiversity preservation, soil regeneration, and a commitment to practices that ensure long-term resilience.

4.1.7 Decision on What Type of Wines to Produce and Sell

The company has asserted that such decisions are founded upon its intrinsic philosophical tenets, which are inextricably intertwined with the brand's identity, a profound respect for the land, and an unwavering commitment to sustainability. The approach adopted is one of continuity, characterised by a commitment to the territory and property, with the objective of leaving it in a superior state to that which it was in at the time of discovery, for the benefit of future generations. This decision-making strategy aligns with the definition of sustainable viticulture as outlined by the International Organisation of Vine and Wine (OIV).

4.1.8 Evolution of Demand for Wine and Factors that Impact It

The company has stated that demand, particularly among younger demographics, has been declining in quantity while simultaneously exhibiting an increase in quality. The consumer in question can be defined as a more demanding individual, with a propensity to seek products that embody both value and purpose.

4.1.9 Motivations For Producing Organic Wines

4.1.9.1 Reasons to Start Producing Organic Wines

The company's transition to organic production was underpinned by a strong internal conviction that this represented the optimal strategic direction. The conviction that the adoption of more sustainable practices results in the production of higher-quality grapes is held by the aforementioned parties. As posited by Hauck et al. (2023), drawing upon the contributions of Castellini et al. (2014), a predominant rationale behind producers' entry into this market type pertains to ethical considerations and product quality concerns. The company also sought to promote the resilience of vineyards and soils, as well as to reduce its environmental impact. Siepmann and Nicholas' (2018) study, conducted with German producers, concluded that a primary motivation for transitioning to this production method was the producers' dedication to soil protection, thereby aligning with the company's overarching commitment to environmental stewardship.

4.1.9.2 Internal Factors

The organisational culture of the company was identified as one of the internal factors that influenced this decision. The company's culture is characterised by an overarching commitment to sustainability values. Furthermore, the leadership and technical

team's personal values, characterised by a high environmental awareness, served as a catalyst for change. This assertion is further substantiated by the concept advanced by Malle (2011) (cited in Nicolas Depetris Chauvin et al. 2023), who perceives dispositional factors, encompassing personal values, characteristics and beliefs, as a pivotal motivator that propels companies to enter this market.

4.1.9.3 External Factors

During the transition process to organic wine production, interest and recognition from other producers and partners was evident, thereby reinforcing confidence in the direction taken. However, the interview does not explicitly mention external pressures or specific market demands as decisive factors.

4.1.9.4 Market Pressure

The absence of direct pressure was notable. The demand for organic wines was negligible, both among distributors and consumers. The company's decision was made as part of its own strategic initiative. The interviewee also emphasised that those who move into organic wine production for commercial reasons will eventually give up in the short term. This conclusion, drawn by the company, corroborates the findings of Cobelli et al. (2021), who asserted that the decision of wine producers to enter the organic wine market may be influenced by mounting pressure from stakeholders regarding sustainability.

4.1.9.5 Importance of Certification

The company considers the possession of a certificate to be of paramount importance. The company asserts that the primary function of the certificate is to serve as a guarantee for the consumer. This assertion is corroborated by Karipidis & Karypidou (2021) (cited Kleemann, 2014), who posited that third-party certification has been demonstrated to mitigate consumer uncertainty during the procurement of foodstuffs, thereby rendering organic certification a substantial factor for both consumers and farmers, with the potential to engender profitability.

4.1.10 Transition Process

4.1.10.1 Transition Process from Conventional to Organic Production

The company's transition to organic production was methodical and incremental, signifying an enduring dedication to sustainability and the enhancement of production systems. The interviewee asserts that there are observable enhancements in soil fertility, augmented organic matter, and biodiversity, thereby substantiating the notion of positive and sustained progress. In recent times, it has become feasible to attain levels of productivity that are commensurate with those achieved in conventional production methods. In certain domains, operating costs have been observed to decline.

4.1.10.2 Barriers /Difficulties in the Process

The company identified the technical and cultural adaptation of its team to the new production model as its primary challenge during the transition. Furthermore, the implementation of this production method necessitated enhanced observation and proactive intervention measures, as the management of pests and diseases became increasingly intricate.

4.1.10.3 Main Risks Perceived in the Organic Production Model

The company asserts that the primary risk associated with this production method pertains to its elevated technical complexity, particularly with regard to the management of pests and diseases. This heightened complexity has the potential to result in less predictable outcomes, a point that has been previously addressed.

4.2. Conventional Wine Company

4.2.1 Perception of Sustainability

Conventional wine companies have expressed analogous perspectives. Across the various departments interviewed, there was unanimous recognition of the importance of sustainability for the preservation of resources in the future. Furthermore, there was a conviction that an action can only be considered sustainable if it encompasses its three fundamental pillars: environmental, social and economic. This perspective is corroborated by numerous authors who align with the prevailing viewpoint of the conventional wine company. The authors posit that within the contemporary business paradigm, sustainability

has emerged as a novel paradigm, governed by the pursuit of social and economic progress to ensure the well-being of future generations (García-Cortijo et al. 2021, cited in Pomarici & Vecchio, 2019; Moscovici & Reed, 2018; Bermejo Gómez de Segura, 2014; Warner, 2007; United Nations, 2021; Muñoz et al., 2021).

4.2.2 Opinion Organic Wine

In the contemporary era, organic wines are frequently regarded as a catalyst for sustainability, with the exception of respondents affiliated with conventional wine enterprises. The enology and research and development departments, as well as marketing and sales, have expressed the view that certification does not necessarily guarantee sustainability. The R&D director hypothesises that the concept of organic wine is confined to the environmental pillar, and consequently, may engender economic risk. However, Borsato et al. (2020) have expressed a divergent perspective, contending that the adoption of organic viticulture does not necessarily entail a compromise in the economic viability of the producer, while concurrently ensuring the conservation of natural capital. The marketing director posits that organic wine labels frequently engender perplexity in consumers, as they are perceived as wines of a more symbolic than rational nature. Furthermore, the commercial director posited that organic wines are often perceived as being associated with elevated levels of risk and instability in terms of quality. This perception is attributed to the inherent uncertainty associated with organic farming practices, which is further compounded by the fact that organic vineyards tend to demonstrate lower levels of profitability in comparison to their conventional counterparts. The contention that organic wine production necessitates a more meticulous working method and yields a lower quantity of grapes when compared to conventional wine is further substantiated by the findings of Dejo-Oricain et al. (2022). Döring et al. (2015) also stated that the productivity of organic vineyards is, on average, 35.9% lower than that of conventional vineyards, a discrepancy that can be attributed to the fact that organic wine grows more slowly and yields are lower.

4.2.3 Consumer Perception and Preference

The interviewees' views on consumer perceptions of organic wines are identical. From the perspective of both organic and conventional wine companies, consumers value the fact that it is an organic product, but are not yet willing to pay more for it. Schäufele and Hamm (2017) refute these opinions, stating that the emergence of organic wine is already generating considerable interest and willingness among younger consumers to purchase

wines with sustainable labels. As posited by the commercial director of the conventional wine company, those who are willing to pay more for this represent a specific consumer segment. Moreover, as highlighted by the R&D director of the conventional wine company, consumers continue to experience difficulty distinguishing between sustainable, organic and pesticide-free wines, which results in confusion during the purchasing process. The marketing director concurs that the topic has high consumer awareness, yet acknowledges that consumers' decision-making conversion is weak. The company's position is further substantiated by the findings of Macht et al. (2021), who assert that consumers are not yet willing to incur a higher cost for this category of wine, primarily due to their lack of awareness regarding the health benefits associated with the consumption of organic wine.

4.2.4 Organic Wines as a Differentiating Factor

The conventional wine company concurs with the opinion of the organic producer. The winemaker asserts that the organic factor is no longer perceived as a differentiating element, as numerous companies have already entered this market. This assertion by the winemaker is refuted by Nicolas Depetris Chauvin et al. (2023) (cited Castellini et al., 2014), who posit that companies entering this market benefit from several factors, including differentiation. Conversely, the R&D director asserts that it can act as a differentiating factor, yet contends that the commercial value of this particular wine is minimal. The marketing director concurs with this assessment, emphasising that while it possesses the capacity to differentiate, the absence of direct and unambiguous communication renders it inconsequential. In conclusion, the commercial director asserts that the company's ability to leverage this factor as a competitive advantage is contingent upon its attainment of high margins and operation within a niche market.

4.2.5 Factors That Will Affect Viticulture in the Coming Years

The winemaker, in addition to the R&D director and commercial director, identifies climate change as the primary challenge that will face the industry in the future. The shortage of agricultural labour is a factor of increasing concern to winemaker, who are calling for investment in mechanisation for vineyards in order to maintain continuity in the production model. Furthermore, he emphasises the necessity to adapt plant material, for example through the cultivation of more resistant grape varieties. The R&D director has emphasised sustainability as a cross-cutting focus throughout the company in order to address climate change. The opinions of the winemaker and the R&D director are in line with those of some

authors, who claim that one of the greatest concerns today is climate change (Aigrain et al., 2016; Gilinsky et al., 2016). In order to address this challenge, wineries and producers are reinventing their business models to make them more sustainable (Gilinsky et al. 2016, cited Berns et al., 2009; Carrillo-Hermosilla et al., 2010). From the perspective of the commercial director, in addition to the issue of climate change, the risk of a decline in the quality of inexpensive wines and a decrease in producer margins will necessitate a re-evaluation of the company's positioning and commercial strategy. From a marketing perspective, the director hypothesises that shifting consumer preferences, marked by reduced consumption and a growing demand for lighter wines, in conjunction with heightened consumer awareness of environmental concerns, will precipitate a repositioning of products.

4.2.6 Sustainability in Wine Production

In order to ensure the continuity of viticulture in future generations, the winemaker acknowledges sustainability as a fundamental issue. However, he also issues a caveat, emphasising the necessity for a balanced approach to this issue. That is to say, it is imperative to demonstrate a commitment to environmental preservation, lest economic viability or production quality be compromised. The R&D director has expressed concurrence with the expressed concerns regarding economic viability. The author asserts that sustainability must invariably encompass the three pillars (environmental, economic and social) and criticises approaches that neglect economic viability. From the perspective of the R&D department, if organic production results in long-term risks or instability, it may not be regarded as sustainable. The opinion of the commercial director is aligned with that of the winemaker and the R&D director. Furthermore, he asserts that sustainability is only feasible if it fosters economic viability, emphasising that sustainability and profitability are inextricably linked. The company has expressed a desire to reduce its environmental impact; however, should this result in a compromise to its competitive and operational capabilities, it would be counterproductive. Karipidis and Karypidou (2021) confirm that this type of practice allows for an economically viable business. They state that the mere fact that higher prices are charged in this market automatically generates more economic value, which translates into better economic performance for producers. This, in turn, leads them to opt for the adoption of organic farming practices. In addition, Karipidis and Karypidou (2021) also confirmed that the implementation of this type of practice has demonstrated the ability to generate environmental and social value, evidenced by the increase in product diversity and the

guarantee of greater product safety for consumers. Finally, Karipidis and Karypidou (2021) posit that this enables producers to achieve a balance between social, environmental and economic value, thereby contributing to a shared objective of more sustainable production and consumption. The aforementioned confirmations by Karipidis and Karypidou (2021) affirm that the uncertainties that prevent companies from entering this market have been proven not to have a negative impact on the company. Marketing links sustainability with consumer perception. The viability of a company's commitment to sustainable production is contingent upon the value consumers ascribe to the resulting products. From a marketing perspective, integrated production can be regarded as a viable alternative to organic production, insofar as it is a more widely understood form of production.

4.2.7 Decision on What Type of Wines to Produce and Sell

The R&D director has stated that the decision is based on a combination of market potential and the company's technical feasibility. The company employs scientific analysis in the development of its products and trend research tools, with a constant emphasis on consistency and quality in relation to its wines. The enological director for the Douro region asserts that the decision-making process concerning wine production is predominantly constrained by enological imperatives, the company's technical standards, and the profile of the intended consumers. From the perspective of the marketing director, despite the company's substantial and well-defined portfolio, it maintains a vigilant stance towards market trends and potential avenues for innovation. The commercial director asserts that the company employs three distinct strategies, contingent on the type of wine in question. One strategy that has been employed by these companies is to offer strong brands at an affordable price, with the brand carrying more weight than the wine itself. An alternative strategy is for wines where the brands are known for the region and origin of the wine. In such cases, the brand and the wine region enhance the value of the wine itself. Finally, the final strategy pertains to premium wines, wherein viticulture and oenology assume a pivotal role as differentiating factors. Furthermore, the company endeavours to maintain a competitive awareness of consumer trends, utilising this intelligence to adapt its portfolio in order to penetrate new markets.

4.2.8 Evolution of Demand for Wine and Factors that Impact It

The interviewees reached a consensus on this issue. The commercial director has stated that there has been a general decline in demand. It has been observed that older

generations tend to consume less alcohol. However, given their greater financial resources, they are more likely to purchase higher-priced bottles. Among younger generations, there has been a decline in wine consumption, due to the increased availability of alternative beverages. From the marketing director's perspective, there is an evident shift in the consumer profile, marked by a transition in their consumption patterns. There is an increased demand for lighter wines, particularly whites and rosés. The focus of their consumption is on wines with low alcohol content, which are consumed more frequently in social settings than with meals. The winemaker has stated that there has been an increase in the consumption of quality wine. In the future, he anticipates an increase in consumer awareness, leading to an escalation in the consumption of high-end wines. The winemaker further posits that the consumption of port wine has been declining, primarily due to its high alcohol content. The R&D director hypothesises that the demand for wine will be uncertain in the coming years.

4.2.9 Future of the Organic Wine Market

The R&D director hypothesises that, while there will be growth, this will be restricted to niche markets and countries that are more sensitive to sustainability, such as the Scandinavian markets. He hypothesises that organic wine will not be able to dominate the sector, since the average consumer, for now, still does not value or understand it enough. This notion is further elaborated by certain authors, who posit that geographical factors constitute a salient influence on the demand for such products, thereby impacting the decision of manufacturers to enter the market. In other words, if demand for this type of product is low in the producer's region, it is a disincentive to change production (Karipidis & Karypidou 2021, cited Veldstra et al., 2014; Salazar, 2014; Risgaard, 2007; Best, 2010). This perspective is indicative of the viewpoint held by the R&D director with regard to the company's position within the market in which it operates. The winemaker's opinion is not significantly divergent. It is his belief that consumers, while acknowledging the concept of organic foods, are not yet willing to incur higher costs for such products. The speaker's position is that the domestic market is unlikely to experience significant growth; however, he identifies potential for growth in countries that demonstrate a strong environmental awareness. From the perspective of the marketing director, the organic factor is not expected to have a significant impact on the majority of consumers. Its influence is predicted to be primarily limited to premium segments. Consumer curiosity about this product type has been

observed, however, the purchase decision is not yet influenced by certifications. The commercial director subscribes to the same opinion. He does not subscribe to the notion of universal expansion, asserting that only within highly specific market segments are consumers inclined to allocate additional financial resources towards the acquisition of organic products. According to this perspective, the viability of such products is primarily constrained to institutional and premium distribution channels.

4.2.10 Reasons for Not Entering this Market

4.2.10.1 Introducing Organic Wines into its Portfolio

The R&D director asserts that the company has previously contemplated entering this market; however, due to the economic fragility of the biological model, its non-compliance with the three pillars of sustainability (in their opinion), and its propensity for low productivity and where climate risks have a significant impact, the company has chosen to maintain its external position in this market. The winemaker further noted that the decision to proceed with the product has been deferred pending the attainment of sufficient market valuation for the product. The marketing director further elaborated that the symbolic nature of organic products does not necessarily equate to economic value. From a consumer standpoint, there persists a considerable degree of perplexity regarding the distinction between sustainable, organic, chemical-free, and natural products, a state of affairs that engenders challenges in the domains of communication and differentiation. In conclusion, the commercial director also stated that the product's profit margin would be jeopardised due to elevated production costs and diminished productivity. Karipidis & Karypidou (2021) (cited Siepmann & Nicholas, 2018; Sutherland & Darnhofer, 2012) disagree with this opinion of the commercial director, stating that contrary to what he claims, one of the reasons that leads wine producers to enter this market is precisely the fact that this market increases producers' incomes because they can charge higher prices due to the high costs of this production.

Factors that may lead the company to do so in the future

From the perspective of the R&D director, the potential entry of the company into the organic wine market is contingent upon the consumer placing greater value on this type of product, and upon the presence of structured support from institutions, as well as an improvement in technical capacity. The winemaker further noted that, in the event of

overcoming the constraints imposed by the organic wine production process in the wine cellars, the potential for market entry would be a viable consideration. From the perspective of the marketing director, the potential exists for entering the organic wine market should international trends evolve in a manner that supports such a decision. In conclusion, the commercial director posited that the company's foray into this market might be considered if they observed growth in specific channels that prioritise organic products.

4.2.11 Barriers that this Option may Pose to the Company

The necessity for more specialised technical resources, reduced predictability in production, and the challenges in achieving quality and consistency in the final product have been identified as significant barriers by the R&D director and the winemaker. This apprehension regarding the reliability of the company's production is corroborated by the assertions of certain authors, who contend that a significant proportion of consumers do not opt for organic wine, deeming it to be of diminished sensory quality in comparison to conventional wine (Sogari et al. 2016, cited Sirieix and Remaud, 2010). The winemaker also emphasises the necessity to restructure winemaking methodologies, acknowledging that current procedures are constricting, compelling wineries to adapt to this particular type of winemaking. The winemaker's opinion aligns with the assertions made by certain authors, who contend that the scarcity of resources can impede sustainability in the context of wineries (García-Cortijo et al. 2021, cited De Steur et al., 2020). The marketing director further elaborated on the intricacies of consumer communication, underscoring the necessity to elucidate the tangible benefits and to educate the market. Conversely, the commercial director has expressed concerns regarding the potential economic ramifications of the decision, citing the ongoing absence of a comprehensive understanding of value among consumers. The commercial director's opinion regarding the economic impact is supported by some authors, who claim that organic production has been showing unfavourable results, including high risks and production costs (Nicolas Depetris Chauvin et al. 2023, cited Crescimanno et al., 2002; Castellini et al., 2017). Furthermore, studies have indicated that consumers may be reluctant to purchase products bearing organic labels, as they may suspect that producers just utilise these certifications for the purpose of increasing their prices (Sogari et al. 2016, cited Peattie, 1995; Forbes et al., 2009). This finding suggests that consumers' perceptions of this product type are not yet uniformly positive.

4.2.12 Main Costs or Difficulties of this Decision

This production method is associated with specific costs and challenges. As the R&D director asserts, the high cost of certification and the necessity for a substantial initial investment are salient factors. Moreover, the requirement for constant technical monitoring and a sizable workforce are additional considerations that must be taken into account. The R&D director's opinion is corroborated by Karipidis and Karypidou (2021), who posit that the financial ramifications of certification, the certification process, and the accessibility of certification systems have the potential to exert a deleterious influence on producers' decisions to enter the organic wine market. The winemaker articulated the necessity of identifying plantations situated in elevated regions, where they are more sheltered from solar radiation, while concurrently endeavouring to regulate pests and diseases. Moreover, the winemaker emphasised the necessity for the implementation of enhanced mechanised systems, with a view to eliminating the utilisation of herbicides. Conversely, the marketing director draws attention to the potential for investment to be unsuccessful in markets that are not prepared for these products, citing this as a significant cost in such decisions. In arriving at this decision, the commercial director asserts that the company is susceptible to the potential rejection of the product by consumers and to challenges in achieving profitability.

4.3 Comparison of the Perspectives of Organic Wine Producer and Conventional Wine Producer on the Organic Wine Market

Table 1 - Comparison table of interviewees' answers

	Conventional Wine Company - Winemaker	Conventional Wine Company - R&D	Conventional Wine Company - Commercial Director	Conventional Wine Company - Marketing Director	Organic Wine Company - Administrator and Director of Enology
Function and Experience	*'I'm 61 years old. I am a winemaker by training. I have been working at company Y since 1989, in the first phase as a winemaker and since 2007, as director of enology in the Douro region, with responsibility for all Douro and Port wines produced by company Y.'*	*'I have a master's degree in enology, I'm 58 years old, I've been with the company for 38 Years. I'm director of research and development.'*	*'(…) the position I have is that of administrator of the commercial area, I have been in company Y for 11 years, and it is exactly the same number of years that I have of experience in the sector. I also have a PhD in agricultural economics.'*	*Chief Marketing Officer*	*'I am currently the administrator, responsible for all operations. I am also directly responsible, therefore, as the director of enology.'*
Perception of Sustainability	*'It is the achievement of balance, environmental balance.'; 'Above all, to have an environmental balance, so that future generations do not blame us for what we have done during these years.'*	*'There has to be a balance between the 3 fundamental pillars of sustainability, the environmental, the social and the economic. It means that only when the 3 strands are satisfied can we say that there is sustainability, if there is a dominance of the environmental over the economic, the social, the environmental or the economic over the other 2 we do not have sustainability and we have a system that is not sustainable, so, in general, sustainability is this, it is to use existing resources without jeopardizing their availability for future generations.'*	*'Because activity, human activity, always intervenes in the environment. It is the minimization of these impacts so that there is no accelerated degradation.'*	*'I believe that the way company Y positions itself and places it is the appropriate way. More than defending organic wines, we defend integrated production. We believe that the issue of wines, which we have produced in a sustainable way. Sustainable environmentally, socially and economically. '*	*'Because the issue of environmental responsibility, which I think can be seen and which is a bit like how I see it, I see it almost as a necessity, almost a single path, that is, what I mean by that is, if companies really do not have that responsibility and that concern, this will go in the wrong direction.'*
Opinion about Organic Wine	*'Although it is still, as I said at the beginning, a relatively small amount, but it will certainly*	*'Because the objective of organic production is not to confer sustainability, it is to protect the*	*'When we get into market issues, what we know about organic production is that it has the*	*'So the question was, if I have biological drive, if I'm available to communicate with such, the*	*"It was through more living and regenerated soils, that is, with more biodiversity, more fertile.*

	increase and that these wines will have recognition and for sure there will be people who are willing in the future to pay more and more for wines with these characteristics.'	*environment and, therefore, it only has the consideration of the environmental pillar. It does not consider either the social or the economic pillar. Therefore, from this point of view, it cannot be said that, by itself, it contributes to sustainability.'*	*consequence of making production more unstable, more variable, whether from the point of view of quantity or from the point of view of quality. Why? By reducing the level of intervention, you will have a greater variability in grape quality and quantity, depending on external factors, usually climacteric.'; 'Essentially, what organic production is, is a riskier method of production. This is from a purely economic point of view. Therefore, as it is riskier, it is less economically sustainable. But it's not environmentally, economically it's less sustainable.'*	*answer would be yes. The next question is, but are you willing to pay more for this tax or not? It's not obvious to me. If there is a label in which the only difference is organic production versus non-organic production, they are exactly the same, I would buy it. Wine organic production in cases where it is, I wouldn't align myself with being a competitive advantage.'*	*They are also self-sufficient in terms of regeneration, an issue that is much talked about today, regenerative agriculture.'*
Consumer Perception and Preference	*'I think that even today, the overwhelming majority of consumers like to know that wine is produced with sustainable techniques but is not yet very sensitive to organic wine or organic wine.'*	*'Firstly, because there is a certain degree of confusion about what an organic product is in the consumer's mind, an organic product is a product that does not have pesticides, but organic products have pesticides and can have pesticides legally. There is a confusion between what the product is and the consumer's perception of the product."; " Regarding the willingness to pay more the so-called premium for having the certification, because it is considered an organic product, there is a wide range of scientific documents, scientific papers that show us that in the case of wine, this availability does not exist.'*	*'In fact, he is not willing to pay more, but it does not mean that there is no one to buy. What does it mean to be a form of differentiation when people are not willing to pay more, is that it is only feasible to use this way, because I said that there are consumers who are not available to consume the product if it is not organic, so there is a segment of consumers, for whom the fact of being organic is a decisive element in the choice.' ; 'There is no evidence that consumers, to my knowledge, are willing to pay more for the organic product versus the conventional product. There is evidence of consumers, of consumer segments, that when they do not find an organic product, they do not consume wine, they will consume any other product biological.'*	*'Now, there is a high level of awareness for this topic. Now, conversion levels are relatively low. In other words, people say "man, I don't know it, I've heard of it, I like it, I believe it, I defend it". Now the next question is "Is it available to buy?". It is a factor to take into account, perhaps it is not a determining factor, or it is not a single factor. Therefore, the conversion factor turns out to be relatively low. What I am witnessing, in the world of wines, is what the data indicate to us is also valid in other markets."; " It is not something that is still happening today. I repeat, you have good levels of awareness, now you don't consider when the time comes to buy.'*	*'I think consumers appreciate it, but they are not willing to pay more for it. Obviously, it depends on the markets. Some markets are more sensitive than others, but in general, that's how it is.'; "I think it's a lack of information, partly our fault too, us producers who are not managing to get that message across, and consumers are clearly not willing to pay more.'*

Differentiation in the Market	*'It is not to be differentiated from the others, because there are already several that do it.'*	*'It is always a form of differentiation. Undoubtedly. Now what I have some difficulty with in visualization is the value of this differentiation.'*	*'But Madeira wine is probably, from the point of view of the average value per liter, the most Valued. Therefore, I can say that a region that has these characteristics, if I do organic production, even on average, I will lower my physical profitability and, therefore, on average, I will lower my gross margin, that is, the difference between the price I charge and the direct cost of production, vs a producer who, In the same region, it produces non-organic, I have a business that is economically sustainable, because the margin that remains is still sufficient. How I want it specializing in this market segment, this specialization is economically sustainable.'*	*'And I'm not sure to what extent it is a competitive advantage in a context where there are so many brands moving in this direction."; "There are also many concepts that the consumer is not aware of. From this, from the history of biodynamics, to side wines, to sustainable, organic wines, to integrated production. I think the consumer has no certainty, what one of these things means and how to value them and what importance they attach to each of them.'*	*'The consumer at the limit, when buying a bottle of wine, especially in a supermarket, is either sensitive to the issue of organic certification, but it is of little value, or does not notice the difference.'*
Factors That Will Affect Viticulture in the Coming Years	*'Without a doubt, climate change has an impact.'; 'In addition, also very important, is the fact that labour is increasingly scarce, forcing mechanization to increase more and more in all aspects, from vineyard treatments, pruning, harvesting, and soil furnishing.'*	*'And then the second big factor in my opinion is climate change.'*	*'I would say that what will affect viticulture the most in the coming years are environmental issues, more in the sense of climate change. It is an agricultural activity, therefore, in agricultural activity the climate dictates.'*	*'There are several variables that will have a huge impact on the way we think and work on the wine. The consumer is changing. Consumers are increasingly looking for low-alcohol tenders. It is transferring consumption to whiter, more rosé wines. You are consuming in a different way, that is, you are consuming less at meal times and more in social environments. I think that our eating habits are also changing. The way of eating is also changing. And, therefore, I think that all this helps and makes there a greater demand for white wines and wines with low alcohol content, rosés, and so on. Therefore, this is a factor that will*	*"What is happening is that consumption is decreasing, but it is decreasing mainly in the lower price ranges. In other words, people are drinking less, but eventually they will be drinking better, which I mean more expensive.'; 'In other words, there is a shift happening, people are drinking less, but better, and that could leverage this movement. This may be particularly true when your generation and the one after you become the main consumers, as they will be much more demanding in this regard. They will probably drink even less, but when they do drink, they will want to know exactly*

				obviously affect viticulture. Then there are all the questions Weather.'	*what they are drinking, what it is.'*
Sustainability in Wine Production	*'I think so, we certainly feel the impact of climate change.'; 'They have more alcohol, a bit as a result of climate change and also because of the changes we have been making in our viticulture, and this is a reality with which we have to live and we have to adapt to what we have to are the current conditions.'*	*'Now, if it is not economically viable, it is not sustainable.'*	*'Only do this in regions where, from the climatic point of view and from the point of view of the valuation of a product in that region, the equation is financially viable.'*	*'Integrated production, whenever and wherever possible, and when possible, organic, now, in the situations and contexts it does, was more relevant and, once again, most important of all, it is a production that is sustainable in all aspects, economic, social and environmental. '*	*'What is the path and what we are doing at company X, which is what I also believe and advocate, is that organic farming is really a step towards achieving this.'; 'On our side, we are aware that everything we do has an impact on the environment, everything, that we are not sustainable, so what we are looking for is to reduce our impact.'; 'The main objective was the issue of quality. It was believing that organic farming would lead to even better products. '; 'And how did you achieve better products? It was through more lively, regenerated soils, that is, with more biodiversity, with more fertility.'*
Decision on What Type of Wines to Produce and Sell	*'Basically it's quality. Quality has to be present in all of them.'; 'In addition to quality, maintain the style of each one of our brands and of each one of the wine itself.'*	*'What we do is maintain permanent control over what happens in all the markets where we operate.'; 'Diversifying.'*	*'Company Y has three strategies. One is to have very strong brands, for a high enough price, it doesn't have to be very high, but that are very strong, so that more than the end, what matters is the brand.'; 'The second strategy is to have brands that are perhaps not as strong as wine X, and in which there are aspects of the wine, namely the region where they come from, that are already important contributors to the value of the brand, but where in any case, the brand is still very strong. relevant and, results once again in the same thing.'; 'Then we have a third strategy, which then, yes, viticulture is more important as a*	*'We segmented the market based on the price variable, based on the channel variable, based on the region variable, and based on the emotional addiction variable that wine can give. (…) What we have to do is understand exactly, putting together the 4 or 5 axes of segmentation, where we find a space where we are not and then we try to cover it. (...) And what we have done in the last years of learning, I also think is to respect a form of success in the "new world", it was to have the ability to learn that no, that there is such a thing as marketing and, therefore, it has to start with the consumer.'*	*'The mission of company X is to produce the best products that nature has to offer. (...) Quality with a very strong connection to its origins. (...) Therefore, these are wines that represent Alentejo, they are minimally processed wines, wines in which we truly value the grapes, we do not embellish them, so what you see is what you get.'*

			differentiating factor, in the sense that it pulls the wine up, which are the most premium wines, where wine B enters, but where wine C also enters, hypothetically from the Douro.'		
Evolution of Demand for Wine and Factors that Impact It	*'A sharper decrease in some types of wines, less pronounced in others, but we will, probably, hearing and witnessing a decrease in wine consumption. Despite this, there is a increase in the consumption of quality wine, more and more the consumer will be more enlightened and will start to consume quality wines and higher ranges.'; 'It is clear that there has been a decrease in alcohol consumption, especially in the most alcoholic wines, such as Port Wine (...).'*	*'Therefore, behaviors, fashions, are usually cyclical and I don't see anything at the moment that points in the opposite direction.'*	*'Then, there is a second trend, which is, the population is aging, the average world population is aging, and older people tend to drink less quantity.'; 'There is another side of the medal that usually older people, particularly there until retirement age, have more disposable income, and also consume more expensive bottles.'; 'So there's a completely different introduction and then, it's a generation that's characterized by something else, is that the number of alternatives is much greater than it was a generation ago, so they can choose to drink wine, beer, or drink spirits, or not drink alcohol.'*	*'Consumers are increasingly looking for low-alcohol proposals. It is transferring consumption to whiter, more rosé wines. You are consuming in a different way, that is, you are consuming less at meal times and more in social environments. I think that our eating habits are also changing. The way of eating is also changing. And, therefore, I think that all this helps and makes there be a greater demand for white wines and wines with low alcohol content, rosés, and so on.'*	*'In other words, people are drinking less, but eventually they will be drinking better, which I mean more expensive.'*
Future of the Organic Wine Market	*'I think, despite everything, that it will grow. There is an increasingly environmentalist awareness of the market and the population, and consumers in general.'*	*'Regarding the willingness to pay more the so-called premium for having the certification, because it is considered an organic product, there is a wide range of scientific documents, scientific papers that show us that in the case of wine, this availability does not exist.'*	*'There is evidence of consumers, of consumer segments, that when they do not find an organic product, they do not consume wine, they will consume any other organic product.'*	*'I went to get some data, which said that the valuation of this type does not have wine going up, and that it has had enormous difficulty in promoting the conversion of wine. (…) It is not something that is still happening today. I repeat, you have good levels of awareness, now you don't consider when the time comes to buy.'*	*N.A*
Introducing Organic Wines to the Portfolio	*'Company Y already has vineyards and properties where the viticulture it practices is organic viticulture, is 100% certified. We have not yet passed, we have not*	*'Therefore, we are not going to make an organic wine without ensuring the sustainability of its production."; "Now, what company Y is going to do is*	*'So the gross margin that I have that can be eaten up by a relative increase in cost, deprived of a reduction in physical production, is relatively small. She is already*	*'More than defending organic wines, we defend integrated production. We believe that the issue of wines, which we have produced in a sustainable way.*	*N.A*

	taken the next step in wine production, Because there are still very limiting factors. Even more than in the part of the field, in the cellars, it is limiting, we have to adapt them for this winemaking, which is very specific.'	*produce this organic wine where it is sustainable.'; 'For me it's climate randomness, more than anything else. That is what is at stake, that is, when we are in a context of climate uncertainty, to be able to make a production with economic profitability, it also becomes very uncertain.'*	*small at birth.'; ' The cost of producing organic is not much lower than ten, which is the standard for non-organic production, but the average revenue is usually lower. Therefore, the margin is more cut.'*	*Sustainable environmentally, socially and economically. '; 'Now, once again, we're going to believe that integrated production, in many cases, is more relevant than organic production.'; 'From this, from the history of biodynamics, to side wines, to sustainable, organic wines, to integrated production. I think the consumer has no certainty, what one of these things means and how to value them and what importance they attach to each of them.'*	
Company Barriers to Entering this Market	*'It's not so much because of the associated costs, it can't be said that it's an extraordinary cost, it's above all procedures, they are somewhat limiting procedures and require a restructuring of the winemaking methods to be able to produce in the way that is required, so that we have this certification. It's not a question of money, but above all the fact that it requires restructuring.'*	*'For me it's climate randomness, more than anything else.'; 'That's what is at stake, I mean, when we are in a context of climate uncertainty, being able to make organic production with economic profitability, it also becomes very uncertain.'*	*'But if we are facing a normal consumer, normal read a consumer who does not reject the conventional product, and ask if it is available because it simply pays more for the organic product, it is not available.'; 'Consumers are also not willing to pay more for what is sustainable. They want things to be sustainable, at least European society, already in its majority or at least a large proportion, has already internalized that it wants things to be sustainable, but it is not willing to pay more for them.'*	*'And I believe that the consumer, over time, will become more and more aware of this type of issues. The question there is, to what extent, how much is it available to value and how much is it available to pay to have these benefits.'*	*N.A*
Major Costs or Difficulties in Making this Decision	*'To move forward in this direction, it has to be in places, parcels or properties, which are easier, or whose adaptation to this type of procedure is easier.'*	*'I would also like to make it very clear here, there are currents that we can have wines produced according to the rules of organic production, but that they are not certified organic because the certification process is bureaucratic, it takes away flexibility from the producer and, therefore, it makes no sense to*	*'Therefore, the last factor is to ensure that financially this option is sustainable. Therefore, my recommendation is to verify that there is financial sustainability in the model.'*	*'In my view, it has to do with the market, it has to do with our ability to deliver a wine with identical quality and it has to do with respect for the place we are producing."; ". I would say be careful with the region where they go, be very careful to ensure that, effectively, the impact that organic production has is more*	*N.A*

		certify (...)'; '(...) The cost of organic production by increased risk is about 30% higher than the cost of production in integrated production.'		*appropriate for the wine they are going to make there.'*	
Motivations For Producing Organic Wines	*N.A*	*N.A*	*N.A*	*N.A*	*'There was a very strong belief that organic farming would lead us to produce better products, and our mission is to produce the best products that nature provides.'; 'Because we believe that, having a living soil, a balanced ecosystem, you will have grapes that represent what will be a better expression of origin. This is what, in the end, will later give rise to quality, to this balance of the ecosystem.'; 'In other words, our soils, in general, which are having more fertility and more percentage of organic matter, we have more fauna within the properties, we have a lot of information that leads us to believe that we are on the right track.'*
Internal Factors	*N.A*	*N.A*	*N.A*	*N.A*	*'It was mostly the company culture and the values and what we believed in.'*
External Factors	*N.A*	*N.A*	*N.A*	*N.A*	*'But in grapes, what is happening, which is very curious, we have our suppliers, who because they saw the work we were doing in company X and the impact we were having came to us and asked, we want to make the transition to organic, can you help us?'; 'If they had been, we would have given up more than 10 years ago.'*
Market Pressure	*N.A*	*N.A*	*N.A*	*N.A*	*'Now that point, which you were talking about, I believe that those*

					who move towards organic, or other types of practices, for a commercial reason, in the short term will give up or in the medium term will give up, because it is much more demanding.'
Importance of Certification	*N.A*	*N.A*	*N.A*	*N.A*	*'But it's funny because, compared to the companies that are nowadays, not only in the wine market, but in the entire food market, now entering the market for everything that is organic, I think they come more for the sake of the importance of certification in the eyes of the consumer, because they believe that the consumer gives value...'*
Transition Process	*N.A*	*N.A*	*N.A*	*N.A*	*'You lost, you had 5 years to lose, which is basically the conversion period and then you recover. Until you reach a point, which is what we have reached today, where the cost of the operation is not higher, it can even be lower, it depends on the areas, and where your productivity is not lower. Today we have productivity, we are on average in the Alentejo, so there will certainly be those who produce more than us and less than us, but we are on average.'*
Barriers /Difficulties in the Process	*N.A*	*N.A*	*N.A*	*N.A*	*'Now, there is a period of adaptation, which requires investment, that is, you have to adapt everything, it requires a cultural change in the company, because the work is much more manual, you start to let it be memorized to prevent it.'; 'And this is a real change, it is a cultural change, which forces you*

					to always be in anticipation and, for those who are in the field every day, it is often more difficult to realize.'
Main Risks Perceived in the Organic Production Model	*N.A*	*N.A*	*N.A*	*N.A*	*'I think it's very important to have knowledge, that is, to have a technical team that can respond because it's demanding.'*

Comparing the responses of the two companies, their similarity is noteworthy. Although they have different convictions and opinions, their view of the behaviour of this market is similar. The companies agree on the consumer's perspective on this wine and, furthermore, on the future threats that this sector will face. Both are convinced that it is necessary to move towards environmentally friendly practices that combine the three pillars of sustainability. The companies disagree on what drives companies to enter this market. The organic wine producer states that those who enter this market must do so out of conviction, ideology and culture, asserting that those who enter the market for commercial and strategic reasons will not survive. On the other hand, the conventional wine producer is convinced that entering this market out of belief will not lead to survival. Companies should only enter this market when they can guarantee that it will not affect the company economically and that its profitability will not be affected. Furthermore, they only believe in this type of production if it guarantees the union of the three pillars of sustainability. In conclusion, what differentiates the two companies is the basis of the business and its objectives, demonstrating different ambitions.

5. Conclusion

The objective of this study is to ascertain whether there are compelling reasons for a conventional wine producer to enter the organic wine market. Following a comprehensive examination of the findings, it was determined that values, beliefs and organisational culture are pivotal factors in the decision to modify production processes. It was hypothesised that initial investments are costly and that the profitability of organic production is lower than that of conventional production. In addition, it was determined that organic production is an indisputable method of preserving soil, thereby ensuring the well-being of future generations. Despite the environmental benefits, the economic impacts of this type of production on the company's business are still poorly studied. This finding suggests that consumers may still be hesitant to purchase organic products. Consumer interest and concern have been demonstrated, however, the benefits that these products offer remain unclear or under-researched, thereby discouraging consumers from paying more for this type of product. The primary conclusion of this study is that individuals who subscribe to the notion that this constitutes a paradigm shift and that the future of the market is contingent on organic wines should adopt this change unquestioningly, eschewing the notion that it is a commercial strategy. This is due to the fact that it remains an under-researched market, and, above all, one that is surrounded by great uncertainty in the minds of consumers.

This study demonstrates the necessity to investigate the gaps in this type of production, thereby ensuring that producers are equipped with a comprehensive understanding of the impact of this production on their business. Moreover, it facilitates comprehension of the potential consequences for companies and consumers that may ensue from a failure to prioritise sustainability and the adverse trends in wine demand. This study assists companies in implementing measures to mitigate risk and adapt their business models in anticipation of an uncertain future.

A notable limitation of the present study was the paucity of comparisons with studies, which was in contrast to the substantial number of comparisons with real-life scenarios. The most significant constraint pertained to the challenge of associating the findings from the interviews with existing studies. This observation underscores the paucity and superficiality of extant research in this domain.

One recommendation for subsequent research is the execution of a study that utilises authentic data. A study that quantifies the exact cost of transitioning to this production method, as well as the final profitability of the product. To summarise, the objective of that study is to ascertain the impact of this particular type of production on the economic and social pillars. The implementation of that study would facilitate enhanced decision-making processes among producers.

In the contemporary era, marked by accelerating global change, the capacity to discern future trends and challenges has become imperative.

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Appendixes

Appendix 1 – Interview Script

1. Identificação dos entrevistados:

   Função na empresa

   Tempo na empresa

   Experiência no setor dos vinhos e na função

   Idade

   Género

   Formação

2. Perceção relativa à sustentabilidade ambiental:

2.1. Pode explicar o que é para si a sustentabilidade ambiental e sua importância (em geral e não apenas nos vinhos)

3. Perceção de valor do vinho biológico

- Qual é a sua opinião sobre a produção e comercialização de vinho biológico?
- Acha que o consumidor valoriza este tipo de vinho? Está disposto a pagar mais?
- Considera que a produção e comercialização de vinhos biológicos pode trazer vantagens em termos de diferenciação no mercado?

4. Compreender a empresa:

- História: Pode descrever brevemente a história da empresa e o seu negócio?
- Modelo de produção. Objetivo: Ver qual é o controlo que têm sobre o modo de produção (produção das uvas e processos de vinificação).
  - Pode explicar como é que o modelo de produção da empresa (produzem tudo o que vendem, compram vinhos, compram uvas).
  - Na sua opinião, que fatores irão afetar mais a viticultura nos próximos anos?
  - Como vê as questões da sustentabilidade na produção de vinho (perguntar apenas se já não tiver sido respondido na questão anterior).
- Compreender os drivers de produção/comercialização (inside-out; outside-in).

- Como é que a empresa decide o tipo de vinhos que produz/comercializa?
- Como é que a procura de vinhos tem evoluído? Quais os fatores que estão a influenciar a procura?
- Como vê a evolução da procura de vinhos no futuro e que fatores terão maior influência, e em quê (volume de procura, perfil de vinhos, etc.)?

II. Empresa de Vinhos Biológicos

1. Motivações para a produção de vinhos biológicos.

- Quando começaram a produzir/vender vinhos biológicos?
- O que levou a empresa a iniciar a produção de vinhos biológicos?
- Quais foram os principais fatores internos que influenciaram essa decisão (valores pessoais, cultura organizacional, perfil dos produtores)?
- Houve algum fator externo que tenha influenciado esta decisão? Se sim, qual e como?
- E fatores externos?
- Especificamente, a empresa sentiu alguma pressão do mercado (distribuidores, consumidores finais, etc.) para o fazer?
- Qual é o peso que a produção ou comercialização de vinhos biológicos tem na empresa? Como pensa que irá evoluir e porquê?
- Qual a importância da certificação?

2. Processo de transição

- Como foi o processo de transição da produção convencional para a produção biológica?
- Que tipo de desafios/dificuldades sentiram nesse processo?
- Quais foram as principais barreiras ou dificuldades, durante ou após a transição (custos, certificação, recursos humanos, conhecimento técnico)?
- Quais são os principais riscos percecionados no modelo de produção biológica? Por exemplo, o impacto na produtividade e rentabilidade do negócio? Se sim, como?

Para concluir: Que conselhos dariam a empresas que considerem entrar neste mercado?

III. Empresa que não produz Vinhos Biológicos

1. Como antevê o futuro do mercado de vinhos biológicos nos próximos 5 a 10 anos?

2. Motivações para não entrar neste mercado:

- A empresa já ponderou introduzir vinhos biológicos no seu portefólio?
  - Se não, porquê?
  - Se sim, porque ainda não fez?
  - Que fatores podem levar a empresa a fazê-lo no futuro?
- Que desafios/barreiras crê que essa opção possa trazer à empresa?
- Quais seriam os principais custos ou dificuldades desta decisão?

3. Eventuais dificuldades:

- Existe procura suficiente por vinhos biológicos no vosso mercado alvo?
- O consumidor está informado e disposto a pagar mais por um vinho biológico?
- Falta de apoios institucionais ou governamentais suficientes?
- Dificuldades na cadeia de fornecimento?

Para concluir:

Que conselhos dariam a empresas que considerem entrar neste mercado?