

THE IMPACT OF GLOBALIZATION ON WINE INDUSTRY

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Abstract. This project seeks to explore and analyse the effects of globalization on the wine industry. It will firstly describe the development of the wine industry, since its emergence, and after it will pay considerable attention to the definition of the term globalization. Mostly it will focus on the differences between “old world” and “new world” wine countries, characteristics of those areas, and production and marketing strategies. Additionally, it will examine three waves of discussion about globalization, what will help reader to formulate their own understanding of this controversial term. All of these will help to illustrate the influence of globalization on the wine industry and assist readers to perceive development of wine industry and comprehend the globalization’s impact on it.

Keywords: *Wine industry, globalization, “old world” wine countries, “new world” wine countries, “hyper-globalists”, “globalization sceptics”, “post-sceptics”.*

Introduction. Amongst man-made agricultural products, wine can be considered as the most complex, astonishing, and mysterious drink on our planet (Millon, 2013). Most simply it can be described as a fermented juice of crushed grapes, which is converted from a fruit juice into an alcohol drink (Johnson, 1991; Millon, 2013; Johnson & Robinson, 2013). However, simplicity does not fit wine (Johnson & Robinson, 2013). “A bottle of wine contains more philosophy than all the books in the world” this is how lavishly it is described by famous French chemist and biologist Louis Pasteur, who discovered principles of vaccination and microbial fermentation (Pettinger, 2017). It is also interesting, that humans started cultivating and treading of the grapes far earlier than recording the history (Johnson & Robinson, 2013). All of these

emphasize complexity, mysteriousness, and old age of that drink. What consequently evolves desire not only drink and enjoy it, but also learn more about it.

Main Part. Wine industry, since it emerged from ancient times, has witnessed great impacts from all kinds of evolutionary modifications. From god's and Pharaoh's drink in Egypt (Millon, 2013), wine has transformed to the product which is consumed all around the globe (McCarthy, 2016). Here it bears noting, that globalization, in this transformation, has played a huge role. Globalization is such a complex and controversial term, that there are thousands of inherently different definitions, what makes the selection of the universal explanation almost impossible (Zajda& Rust, 2009). Only in 1998, 3000 definitions of this term were accounted (Zajda, et al., 2008). However, at its most basic and by mixing different scholars' definitions, globalization can be described as a process of interaction and integration between, peoples, cultures, corporations, markets, countries and their governments across our planet (Held, et al., 1999; Goldblatt, et al., 1997; Al-Rodhan, 2006; Church, 2008; Bresser-Pereira, 2008). This definition is a generalisation and it is far not enough to comprehend this term profoundly. Besides that, globalization process has several dimensions, such as, political, economic, and socio-cultural (Held, et al., 1999). These dimensions, often are interlinked and influenced by one another activity or inactivity (Held, et al., 1999). This research mainly will focus on the economic dimension, as it is about globalization's impact on the wine industry, which is the part of the world economy. It is very important at this point, to mention three main perspectives or waves of discussion about globalization, because in the globalization literature are three inherently different views regarding its definition, origin, and effects on economy. It is not a new story, that some people perceive globalization as a positive thing and some perceive it as a negative thing. This is caused by peoples' different perceptions, because for some it might be understood as a set of opened opportunities and for some as a homogenisation of traditions and cultures. These perceptions consequently caused different waves of discussion about globalization. The first wave - hyperglobalists perspective, second wave - globalization sceptics perspective, and third wave - transformationalists or post-sceptics perspective (Held, et al., 1999; Mertell, 2007). First wavers believe that globalization is a real and new process, which evolved from transportation and communication technology advancements, and increased international trade (Friedman, 1999; Ohmae, 2002). Also, they claim that ultimately our planet will transform to the borderless territory, where local governments will become purposeless or they will function as a catalyst for global investments and capital flows (Ohmae, 2002). Following this, sceptics argued, that globalization is a myth and current state is an extension of internationalisation or regionalisation (Hirst, et al., 2009). Which is only beneficial for

particular regional blocks and in which nation-state still remains very powerful, for instance, triadic economical regional blocks which consists of North America, the European Union and Japan (Hirst, Thompson, & Bromley, Globalization in question, 2009). Lastly, supporters of the third wave stated, that nation-states and societies are witnessing a process of transformation because they are adjusting to the more interlinked and unpredictable reality (Held, McGrew, Goldblatt, & Perraton, 1999). They suggested the more modified interpretation, which asserts that globalization is a real and historically transformative process (Held, McGrew, Goldblatt, & Perraton, 1999). Also, they claim that nowadays globalization is unprecedented throughout the human history and as it is historically transformative process it had pre-modern forms, which they mention as a pre-globalization (Held, McGrew, Goldblatt, & Perraton, 1999). This information is important because the reader has to formulate their own understanding of what is meant by the term globalization, before appraising its effects on the wine industry. The table below is made according to Mertell (2007) and it is only visualisation, to illustrate the differences between those three.

Table 1.1

	Hyper-globalists	Sceptics	Post-sceptics
Perception	Globalization is real and it is causal	Globalization is myth, and internationalisation is caused by other forces	Globalization is real and it had pre-modern shapes such as internationalization or regionalization (pre-globalization).
Economy	Increased interdependence of economies will cause global economic integration and free world trade	International economy works for the good of triadic regional blocks', Protectionism	Entirely transformed, globalised but still differentiated in some extent
Culture	Homogenised	Conflict of cultures, Globalization, Westernisation, increased inequality, Nationalism	Hybridisation, international culture influences local cultures, however it will never be homogenised

Origins	Globalization is new process	Internationalisation is not new process	Internationalisation and pre-globalization are old, however current state of globalization is unprecedented
Future perspective	Globalization is good, it is inevitable and irrepressible	Dominance of triad, nation-state remains, inequality rises, it is avoidable	Non-prognostic, it can be directed in several ways

Afterward these explanations, regardless readers opinion everyone can agree that the biggest impact on the wine industry has made the emergence of “new world” wine countries, as it made wine truly global product and formed new vine-growing and wine-making practices. “New world” is wine-producing area, which developed after Christopher Columbus “big explorations” in the late 15th century (Anderson, 2004). According to O’Rourke and Williams (2000; 2004) exactly these discoveries can be considered as the starting point of the globalization. Broadly speaking, producers from these places mostly prefer to rely on technologies and experimentation rather than traditions and old practices (Anderson, The world's wine markets: globalization at work, 2004). This approach, for some people, is perceived negatively because they believe that eventually, it will lead to homogenisation of centennial wine-making traditions (Anderson, The world's wine markets: globalization at work, 2004). People with this mindset mostly are from “old world” wine countries, where viticulture and wine-making practices were firstly originated (Anderson, The world's wine markets: globalization at work, 2004). For others, the emergence of the “new world” is the biggest contributor in the wine-industry development, as it opened markets and opportunities for all wine-producing countries, what ultimately will lead to more refined wine-making practices and mass production (Campbell & Guibert, Wine, Society, and Globalization, 2008).

Differences Between “Old World” and “New World” wine

Old World - these wines coming from regions and countries where viticulture and wine-making practices were firstly originated. Such countries are Georgia, Italy, France, Spain, Greece, Portugal, Germany, Austria, and Hungary. Additionally, relying on the definition, countries such as Moldova, Armenia, and Turkey can be considered as an “old world” regions (Puckette, 2012).

New World - wines coming from regions and countries where viticulture was imported after the “big explorations”, are considered as “new world”. Such countries are Australia, The United States, New Zealand, Argentina, Chile, Columbia, Peru, and South Africa. Some people consider Japan, India, and China, as a “new world” as well (Puckette, 2012). The table below demonstrates the differences between those two wines. What is written there is a generalisation and it is not fundamental definitions.

Table 1.2

	Old World	New World
Naming and labelling	The name is labelled on bottle based on grape-growing place	The name is labelled on bottle based on the grape variety
Characteristics	Wines are lighter-bodied with lower alcohol level, higher acidity, and more tannins	Wines are full-bodied, with higher alcohol level, lower acidity, and less tannins
Wine-making procedures	Wine-making process must follow strict regulations. Priority is tradition	Wine-making process is experimental and non-traditional. Priority is technology, new research and new practices

The Origins and First Expansion (Pre-globalization) of Wine and Viticulture

Most of academics agree that wine emerges alongside the dawn of civilization from the South Caucasus region (Anderson, 2001; Guibert& Campbell, 2007; Johnson & Robinson, 2013; Millon, 2013). This is proved, by the most recent biomolecular, archaeological, and archaeobotanical research by Patrick McGovern et al. (2017), which found the first in the world evidences of wine-making in the country of Georgia, dated as far as 6000 BC. Thus, depending on this scientifically proven research, as a starting point of wine expansion can be considered Georgia. From there, wine left its cradle of origin and expanded to the Egypt and Phoenicia, around 3000 BC (Johnson & Robinson, 2013; Johnson, 1991; Millon, 2013). Millon (2013) writes, that in the second millennium BC, Phoenician mongers mostly from Sidon and Tyre (coastal cities in nowadays Lebanon territory) firstly brought wine with them on journeys across the Italian peninsula, North Africa, and Iberian peninsula. Based on Johnson & Robinson (2013) after Egypt and Phoenicia grapes appeared in Greece in around 2000 BC. Numerous archaeological evidences have been found in Greece which proves the existence of wine and viticulture there (Johnson & Robinson, 2013). Wine in Greece was very popular drink and it was considered as a symbol of voluptuous and luxurious life (Johnson & Robinson, 2013; Millon, 2013). Here we see that after approximately 1000 years, in Greece the attitude changed.

It is not only pharaoh's drink anymore, it became accessible for ordinary people as well. However, it is still considered as a part of a luxurious life. From Greece wine has spread all around the European continent and found its true home in France, Italy and Spain (Johnson & Robinson, 2013).

Development of Viticulture in “New World”

Vine and its cultivation practices were brought in the “new world” by Spanish and Portuguese people in the early 16th century after the “big explorations” (Anderson, 2004; Campbell & Guibert, 2008; Millon, 2013). Particularly: in Mexico it was brought in the 1520s; in Bolivia, Columbia, and Peru in 1530s; in Chile 1540s; In Argentina in 1550s; and in California it did not appear until 1619; in Australia vine was brought by British in 1788: and in New Zealand in 1819 (Anderson, 2004). In North America, attempts of cultivating and using the same varieties and technologies as in South America were unsuccessful, until Spanish Jesuits (religious congregation of the Catholic church) have not moved there from Baja California, exactly they advanced wine-making practices in North America (Anderson, 2004; Campbell & Guibert, 2008). In “new world” viticulture was limited by poor technology, difficulties of transportation and relatively small local markets (Anderson, 2004). Australian wine-production until the 1840s was only for local consumption (Anderson, 2004). From the 1990s, by the adoption of efficient production, marketing, and distribution practices Australia was able to gain growing market shares in North America, Europe, and East Asia (Anderson, 2004). From this period wine can be considered as truly global product because any kind of wine became accessible on any continent.

Conclusion. Wine-industry can be considered truly globalised only afterward humans discovered “new world”, and realize full natural and geographical area of our planet. However, it took time until all wine-producing countries enter into global world wine-trade. As increased international trade and advancements in transportation has increased wine production and expanded area of wine consumption. Also, regardless improved production and transportation techniques wine consumption was increasing slightly. That was due to peoples' attitude, as wine, for many people was still considered as a part of luxurious life, exactly like in ancient Greece 4000 years ago. In short, this paper has demonstrated that globalization affected global wine industry positively, as it opened and interlinked all continents and countries to each other and increased interdependence of national economies what facilitates global wine trade. Also, it bears noting, that even in nowadays situation, where main proponents of globalization are retrieving, the future of the wine industry is not in danger. Because, world is such interlinked

and interdependent that even if USA, UK, and France, will implement protectionist economic policies, there will always be other increasingly growing huge economies such as China, India, and Japan, which will be open and which will emerge as a new proponents of the globalization principles. Additionally, these Asian countries are emerging as an increasingly growing wine consumer countries (Anderson, Nelgen, & Pinilla, *Global wine markets, 1860 to 2016: a statistical compendium*, 2017).

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გლობალიზაციის გავლენა ღვინის ინდუსტრიაზე

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