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# Power Distribution in the Wine Chain - Analysis in the Marketing Channels of German Wine co-operatives

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## Supply chain networks

### Pyramidal-hierarchic structure

Focal company -> chain captain

-> **Powerful**

-> Managing the network

### Aim

What is power?

How is it distributed?

## Why co-ops / Why wine?

Often many small producers -> horizontal collaborations

Member-orientation vs chain orientation

Non-coops – coops

Coop management – members

Nice product to study

Similar to other branches of the AFB

Erik is working in the field

## German wine sector

More than 34000 wine businesses -> Full and part time

Mainly small scale

roughly 30000 less than 1 ha

only about 2000 more than 10 ha

Majority (58000) -> co-op members

223 wine co-ops plus 2 central wine co-ops

135 vinificating (wet) co-ops

35 % German wine production

## German wine co-ops

### Central wine co-ops

vinificating -> dry co-ops / wet co-ops (surpluses)

marketing nation wide / retailers

### Primary co-ops (wet co-ops)

larger ones -> nation wide

majority -> locally / only a few are recognized to be good

-> Quality problems

## Wine marketing

22 mio hectoliters being sold in Germany

12 mio hectolitres are being imported

2.97 / 3.48 Euro

### Channels / market share

70 % retail (increasing) – Aldi largest wine seller

25 % direct sales and 5 % specialized wine stores

-> Importance / power of retailers is increasing demanding higher quality!

## What is power?

Reviewed different strands of science  
similar but applied in different contexts

Get others to do something in the pursuit of one's goals despite resistance (power over)

Capability to do what one wants to do (power to)

## Power sources /dimensions

Coersive power

Reward power

Expert power

Legitimate power

Referent power

## Power distribution

Power over / power to

Five sources / dimensions

Retailer – Central co-ops

Central co-ops – primary co-ops

Primary co-ops - members

## Summary

Power is important in SCN

Power is both power over and power to

Power is coercive but also non-coersive!

## Summary

### Power in the wine chain

retailers are gaining power / exerting different types

central co-ops loose power to retailers but gain power over primary co-ops

primary co-ops loose power to secondary co-ops but gain power over members

Besides coersive power particularly expert power is of high relevance

Thank you for your attention!