

Sales capabilities in the wine industry: an analysis of the current scenario and emerging trends

Alberto Mattiacci and Attilio Bruni
Sapienza University of Rome, Rome, Italy

Francesca Magno
University of Bergamo, Bergamo, Italy, and

Fabio Cassia
University of Verona, Verona, Italy

Abstract

Purpose – Although sales activities in the wine industry are becoming increasingly important, there has been little research on the sales capabilities in wine businesses. The purpose of this paper is to address this gap by examining the most important salesperson and sales management capabilities and emerging trends related to the management of sales capabilities in the wine industry.

Design/methodology/approach – Empirical analysis based on an explorative research design was conducted in the Italian wine industry. Sales directors from 4 of the 30 largest Italian wine producers were interviewed. Textual data were analysed using template analysis.

Findings – Analysis of the findings revealed the most important capabilities of salespeople and sales managers and identified four emerging trends related to sales capability management in the wine industry – capabilities enrichment, capabilities balance, capabilities specialisation and capabilities acquisition process.

Research limitations/implications – Given that only large wine producers in the Old World were interviewed, caution should be exercised before extending the findings to small and medium-sized players and to those in the New World.

Practical implications – The trends identified in this study provide actionable insights for designing strategies to manage sales capabilities in wine businesses.

Originality/value – This was one of the first studies to address the capabilities of salespeople and sales managers and to provide an in-depth examination of sales capability management trends in the wine industry.

Keywords Sales management, Sales capabilities, Wine distribution channels

Paper type Research paper

Introduction

Successful wine businesses in the current market are those that can proactively adapt their processes, structures and capabilities to rapidly changing market conditions (Gilinsky *et al.*, 2018). Sales capabilities, in particular, are among the top business capabilities that managers of wine businesses believe should be enhanced to reinforce their organisation's competitiveness (Gilinsky *et al.*, 2018). This is not surprising given the extensive research conducted in other industries, which has provided abundant evidence of the positive effects of sales capabilities on performance (Krush *et al.*, 2015) and highlighted the interplay between salesperson capabilities and sales management capabilities (Badrinarayanan *et al.*, 2019).

Sales activities play a critical role in the wine industry because producers rely on large sales forces to sell their products through multiple channels (Casali *et al.*, 2018; Thomas *et al.*, 2013). Hence, sales forces typically sell to various types of customers (e.g. retailers, distributors, cafés and restaurants) (Pomarici *et al.*, 2012; Vrontis *et al.*, 2016) and consequently need to adopt a wide array of sales capabilities. Despite this, the issues of sales management (Gil *et al.*, 2015) and sales capabilities (Beverland, 1999) in the wine industry have not been extensively studied. This paper addresses this gap by examining types of sales capabilities and their effects and evolution in wine businesses. For this purpose, information was collected



from the Italian wine industry, which is rich in micro and small businesses on both the supply and demand sides, and has a variety of selling models, approaches and solutions. This paper intends to answer the following research questions in detail:

RQ1. What are the most important salesperson and sales management capabilities in the wine industry?

RQ2. What are the emerging trends related to sales capabilities in the wine industry?

To this end, a qualitative study was conducted in Italy, the largest wine-producing country in the world with around 310,000 wine producers (www.uiv.it). The results not only contribute to enhancing knowledge of sales in the wine industry but may also be possibly extended to other food-related industries.

The remainder of this paper is organised as follows. First, the relevant literature on sales determinants and sales capabilities in the wine industry and in general is reviewed. Second, the methods and the results of the empirical analysis are presented. Third, conclusions and implications of the study are discussed.

Literature review

Sales capabilities and the wine industry

Research on sales capabilities began in the 1980s and has accelerated in the last decade. However, research specifically examining sales capabilities in the wine industry is not extensive. Capabilities are defined as “complex bundles of skills and accumulated knowledge, exercised through organizational processes, that enable firms to coordinate activities and make use of their assets” (Day, 1994, p. 38). In particular, sales capabilities are defined as “an organization’s ability to manage sales processes” (Guenzi *et al.*, 2016, p. 3707). Sales capabilities are divided into two groups: salesperson (or individual-level) capabilities, which refers to the sales capabilities of each salesperson, and sales management capabilities (or organisation-level sales capabilities), which refers to the capabilities involved in planning, organising and directing salespeople and sales efforts (Guenzi *et al.*, 2016, p. 3707). Some scholars use the alternative term “sales skills”, defined as “KSAs [knowledge, skills and abilities] related to the sales effort of the firm” (Powers *et al.*, 2014, p. 208). Thus, the definitions of sales capabilities and sales skills overlap substantially. This paper uses the term “sales capabilities”, which is more common in recent studies on sales.

The view that the performance of a wine business depends on its resources and capabilities is not new (Gilinsky *et al.*, 2018; Williamson, Bhadury, Troy, Dobie, Ofori-Boadu and Yeboah, 2012). However, while business capabilities have been specifically addressed in studies (e.g. Bouzidine-Chameeva, 2006; Charters *et al.*, 2008), the role of sales and sales capabilities in the wine industry has received limited attention. Beverland and Lindgreen (2004) have highlighted that wineries are demanded a wide range of sales skills to interact with different types of customers, from top managers of large retail chains to small store owners. Beverland (1999) conducted an analysis of sales capabilities as part of a broader study about the relationship orientation of salespeople towards customers and distributors. The analysis highlighted that salespeople in the New Zealand wine industry must have the following capabilities to be successful: communication skills, the ability to identify and fulfil customer requirements, the ability to provide quality service, knowledge of wines and time management skills. The study also suggested that the success of salespeople is influenced by the support they receive from their sales organisation. In addition, Genevieve *et al.* (1995) argued that salespeople should primarily be effective information providers. Lockshin *et al.* (2011) found that salespeople selling wine to restaurants should have an in-depth understanding of the tastes of buyers to develop strategies for the most effective ways of which wines to promote and how to approach the restaurant. Recent studies have found that sales capabilities are a key asset for wine producers, which, nevertheless, are often “seriously lacking capability

and competences for the commercialisation of the products within and outside national boundaries” (Pellicanò and De Luca, 2016, p. 258).

Given the complexity of the wine distribution system, which includes a multiplicity of channels and intermediaries (Duarte Alonso, 2011; Szolnoki and Hoffmann, 2014), wine producers must adopt a wide range of capabilities to sell their products. For example, Pomarici *et al.* (2012, p. 31) suggest that selling to large retailers requires wine producers “to sustain a business to business relation with a very high standard of professionalism and open to [...] the range of development policies typical of large retailers”. Serving the Ho.Re.Ca. (hotels, restaurants, catering) segment requires the provision of close and flexible support to customers (Pomarici *et al.*, 2012). Other studies have suggested that wine producers that sell to distributors should directly cooperate with them rather than simply delegating marketing and sales activities (Williamson, Bhadury, Troy, Dobie, Ofori-Boadu and Yeboah, 2012). In summary, sales and sales capabilities are extremely important in the wine industry, but the research addressing this topic is not extensive. Therefore, to establish the theoretical basis for the empirical analysis in this study, the following section provides an overview of the relevant literature on sales capabilities.

An overview of capabilities as sales determinants

Sales capabilities have been examined by previous studies as one of the determinants of sales performance. Early studies on the determinants of sales performance date back to the end of the 1910s (Churchill *et al.*, 1985). The perspectives from which scholars have addressed this issue have changed over time and, from this, it is possible to distinguish three distinct eras: early studies (1918–1982), recent studies (1982–2008) and current studies (2008–present). The key findings from each of these three eras, with particular reference to the role of sales capabilities, are reviewed in detail below.

Early studies (1918–1982). Early studies include 116 papers, the results of which were summarised in a meta-analysis (Churchill *et al.*, 1985), which highlighted that previous studies mostly investigated single drivers of salespeople’s performance. Based on the intensity of their effect on performance, these drivers were ordered as follows: role variables, skills, motivation, personal factors, aptitude and organisational–environmental factors. The authors observed that each single predictor had a limited effect on performance and, therefore, multiple predictors would have to be considered simultaneously in the future to effectively explain salespeople’s performance.

Despite the rich and valuable findings from these early studies, two major shortcomings emerged. First, the research mostly examined individual-level determinants such as salesperson motivation and aptitude but overlooked organisation-level determinants (Walker *et al.*, 1977). In fact, the traditional literature only marginally considered factors such as the role of sales management and the coordination between sales and other functions (Cron *et al.*, 2014).

Second, a specific focus on sales capabilities was lacking. For example, the popular model of the determinants of salespeople’s performance developed by Walker *et al.* (1977) included the generic concept of sales aptitude, which mixed sales capabilities with elements such as personality traits and motivation. In summary, individual sales capabilities and organisational capabilities were largely overlooked in these early studies (Cron *et al.*, 2014). Churchill *et al.* (1985, p. 117) only indirectly recognised the effect of capabilities when they discussed the results of their meta-analysis and noted that “personal characteristics [...] do have some relationship with performance, but not as much as those characteristics which are ‘influenceable’ through increased training and experience or more effective company policies and procedures”.

Recent studies (1982–2008). As shown by the meta-analysis conducted by Verbeke *et al.* (2011), 268 studies on sales determinants were published during this period. The contributions from this period show an increasing interest in sales capabilities. This trend is

reflected in Verbeke *et al.*'s (2011) meta-analysis, from which two refined subcategories of selling capabilities emerged: micro-capabilities (interpersonal capabilities and degree of adaptiveness) and macro-capabilities (selling-related knowledge). Importantly, the meta-analysis revealed that selling-related knowledge and degree of adaptiveness were the two most significant determinants of salespeople's performance, followed by role ambiguity and cognitive aptitude. Verbeke *et al.* (2011) interpreted these findings – which were significantly different from those obtained by Churchill *et al.* (1985) – as signs of a transition towards a knowledge-intensive economy. Hence, changes in sales activities emphasised the role of salespeople's capabilities and, in particular, the application of knowledge to solve customers' problems. However, the 1982–2008 studies did not specifically focus on firm-level capabilities, even though some scholars started shifting their research priorities from the salesperson to the whole sales organisation (e.g. Babakus *et al.*, 1996; Baldauf and Cravens, 2002; Piercy *et al.*, 1999). In particular, this stream of research aimed to develop models of sales force effectiveness that focussed on sales force structure, including sales force size and territory design.

Current developments (2008–present). The most recent studies show further evolution in two directions. First, scholars are increasingly interested in exploring the effect of sales capabilities on firm performance (Siahtiri *et al.*, 2014). Second, contemporary studies have broadened the perspective from the individual salesperson level to the level of sales management, highlighting the interplay between them (Schmitz and Ganesan, 2014; Terho *et al.*, 2015). In fact, they explicitly address sales management capabilities such as building trust with the sales force, designing and building effective teams and providing effective feedback (Powers *et al.*, 2014). According to this perspective, a firm's overall sales capability is the result of four elements: giving salespeople the training they need to be effective, sales management planning and control systems, salespeople capabilities and sales management capabilities (Krush *et al.*, 2013).

As a result of these developments, the most advanced contributions (Badrinarayanan *et al.*, 2019) have divided sales capabilities into personal selling capabilities (mostly related to individual capabilities) and sales force management capabilities (related to organisational capabilities) and analysed their effects separately. In their extensive efforts to map the most relevant drivers of sales performance, Cron *et al.* (2014) identified specific salespeople capabilities (e.g. customer trust building, customer needs responsiveness and salesperson knowledge) and sales management capabilities (e.g. selling philosophy and sales force supervision). Similarly, Guenzi *et al.* (2016) highlighted two personal selling capabilities (salesperson skills and account management) and three sales force management capabilities (sales force structuring, customer targeting and talent management). However, research has also indicated that sales capabilities and skills required for effective performance continually change over time according to the evolution of the selling environment (Powers *et al.*, 2014).

Finally, there has been increasing attention on assessing the effects of sales capabilities on firms' overall performance. Guenzi *et al.* (2016) found that sales force management capabilities have both direct and indirect effects on firm performance. These capabilities enhance personal selling capabilities, which in turn influence the customer-based, market-based and financial performance of the firm and have a direct positive effect on the financial performance of the firm.

In summary, previous studies have progressively enriched our understanding of the determinants of sales performance and, in turn, the overall performance of the firm. Moreover, the awareness that such performance is related not only to hard but also to soft factors of the sales force is now well established. Hard factors are those related to the structure of the sales force, including size, type of specialisation (product-based, customer-based and geographical specialisation) and direct vs independent salespeople. Soft factors embrace sales capabilities distinguished by individual-level capabilities and sales management capabilities. Drawing on

these premises, the next section introduces empirical analysis to identify the most important salesperson and sales management capabilities in the wine industry (*RQ1*) and the emerging trends related to sales capabilities in the wine industry (*RQ2*).

Methods

Research context

Empirical analysis based on an explorative research design was conducted in the Italian wine industry. Italy, alternating with France, is the largest wine-producing country in the world (16.9 per cent of 2017 world production in terms of hectolitres) and the largest wine-exporting country in terms of value (€5.8bn in 2016) after France (€8.9bn in 2016) (www.oiv.int).

The Italian wine industry is highly fragmented because it has around 310,000 wine producers, with only 155 reporting annual revenues higher than or equal to €25m (Mediobanca, 2018). In total, these 155 producers accounted for 76.7 per cent of the wine industry's total revenue (approximately €9bn) and 66.0 per cent of wine exports in 2016. Of the top 155 producers, 49 are cooperatives and 106 are private firms. The share of sales across distribution channels varies significantly between the two groups of players. For private firms, domestic sales – the focus of this study – are divided across channels as follows: large-scale modern retailers, including retail purchasing consortiums (33.9 per cent of total sales), Ho.Re.Ca. (21.7 per cent), direct sales (14.4 per cent), distributors (14.6 per cent), wine shops and wine bars (10.0 per cent) and other channels (5.4 per cent). For cooperatives, large-scale modern retailers, including retail purchasing consortiums, account for nearly half of sales (45.5 per cent), followed by distributors (20.5 per cent), other channels (10.7 per cent), direct sales (10.6 per cent), Ho.Re.Ca. (8.2 per cent) and wine shops and wine bars (4.5 per cent) (Mediobanca, 2018).

This study particularly focussed on the largest Italian wine producers under the assumption that the bigger the revenue volume, the more critical the role of the sales force and thus its relevance to this study. Four firms were selected from the 30 largest Italian wine producers according to the following criteria: they were private firms; they met the threshold of more than 10m produced bottles (and at least €60m of revenue); they covered the entire domestic market through a set of integrated channels (e.g. Ho.Re.Ca.; large retailers); and their managerial structure included a sales manager. A brief profile of each of the four firms is provided.

Firm 1 began its wine-producing activities in the fourteenth century. Currently, it is among the three largest Italian wine producers in terms of revenue, 40 per cent of which is obtained from the Italian market and 60 per cent from foreign markets. In addition, it ranks first among the 30 largest Italian wineries in terms of profitability, with a return on sales ratio of 25 per cent. It owns about 3,000 hectares of vineyards, with its main estates located in Tuscany and Umbria. The firm is widely known around the world for its Chianti Classico wine.

Firm 2 was founded in 1978 in Tuscany, where most of its 1,000 hectares of vineyards are located. It also owns vineyards in Piedmont. Sales are evenly distributed across the Italian market (50 per cent) and foreign markets (50 per cent). The firm is particularly known for its production of the wine Brunello di Montalcino.

Firm 3 began producing wine in the fourteenth century in Tuscany, where all its estates are still located today (about 1,400 hectares). The domestic market accounts for 32 per cent of its revenues. It ranks second among the 30 largest Italian wineries in terms of profitability, with a return on sales ratio of 20 per cent. This firm is well known for its wines in the Chianti and Montalcino areas.

Firm 4 was founded in the eighteenth century in Veneto. Most of its vineyards (about 350 hectares) are located in the north-east of Italy, particularly in Veneto. Premium and top wines contribute to the large majority of its revenue. In particular, the firm, which is located in the Valpolicella area (Verona), is famous for the production of Amarone wine and derives about 75 per cent of its revenue from foreign markets. The firm is listed on the Italian stock exchange.

The selection of these four firms was guided by theoretical rather than statistical sampling (Eisenhardt, 1989). The purpose of the study was not to provide a statistical analysis of sales capabilities of the population of approximately 310,000 Italian wine producers, but to conduct an exploratory examination of sales capabilities and their emerging trends by approaching producers with developed sales forces.

Data collection and analysis

Data were collected through semi-structured interviews according to the long interview method (McCracken, 1988; Woodside, 2010). Informants were the sales directors for either the Italian market or all markets. Table I presents details of the sales forces of the four firms in the Italian market. Interviewees' length of experience in the wine industry ranged from 17 to 34 years, while their experience in the current firm ranged from 1 to 34 years. The sales force size of the four firms ranged from 70 to 130 salespeople, who were all independent, non-exclusive sales agents (except for Firm 1). Sales forces were coordinated by 4–8 area managers and sold to "traditional" channels comprising Ho.Re.Ca., distributors and wine shops/bars, which together accounted for 70–90 per cent of firms' total sales. Large-scale modern retailers, which represent key accounts for wine producers, were directly managed by sales departments, occasionally in cooperation with the sales force. Direct sales and other channels were of minor importance for the four firms.

Interviewees were asked to refer to their domestic sales force. The interview schedule consisted of open questions about sales force structure across sales channels, individual-level capabilities and sales management capabilities as well as emerging issues and ongoing trends related to sales capabilities. Regarding key sales capabilities, participants were first asked to indicate the most important capabilities that salespeople and sales organisations should possess to perform successfully. Next, participants were required to express their perceived level of importance (from 1 = completely unimportant to 5 = extremely important) of two sets of capabilities at the individual level and the sales management level, respectively (see Tables II and III), which were compiled from previous studies (Cron *et al.*, 2014; Mariadoss *et al.*, 2014; Powers *et al.*, 2014; Rentz *et al.*, 2002; Wang and Miao, 2015). Interviews were conducted either at participants' firms or by telephone and lasted up to 2 h. The interviews were then recorded and transcribed verbatim.

Textual data were analysed using template analysis, which consists of the hierarchical organisation of codes to conduct text analysis at varying levels of specificity (King, 2004, 2012). After becoming familiar with the data, the researchers created some predefined codes to guide the analysis (King and Brooks, 2017). In particular, capabilities acquisition, capabilities enrichment and capabilities management were used as the initial *a priori*, high-order codes. Subsequently, following King's (2004) procedures, the template was developed and revised by extensively applying four types of code modifications: insertion, deletion, changing scope and changing higher-order classification. During this process, a collaborative strategy was applied to compel each researcher to justify the inclusion of each code (King, 2004). This process was considered complete when all researchers were satisfied with the template. The final template included three levels of coding and is shown in the following list. This template was used to code the text and interpret coded data (King, 2012).

Final template: sales capabilities in the wine industry:

(1) Capabilities enrichment:

- Enhancement of existing capabilities.
- New capabilities:
 - Digital-related capabilities.
 - Knowledge management capabilities.

Table I.
Sales forces in the Italian market of the four firms included in the study

	Firm 1	Firm 2	Firm 3	Firm 4
Firm's sales (million euros, 2017)	202	72	105	64
Number of produced bottles (millions, 2017)	23	14	11	na
Economic, financial and efficiency performance (z-score)	0.6	0.5	0.7	0.8
Role of interviewee	Sales director for the Italian market	Sales director for the Italian market	Sales director	Sales director
Interviewee's years of experience in the wine industry	17	34	21	24
Interviewee's years of experience in the current firm	1	34	21	24
Structure of the sales force in the Italian market	8 area managers employed by firm; 108 salespeople (8 are employees and 100 are independent, non-exclusive sales agents), totalling 140 people if considering salespeople's direct collaborators; territorial sales force structure	4 area managers employed by firm; 130 salespeople (all independent, non-exclusive sales agents); territorial sales force structure; additional 16 salespeople (all independent, non-exclusive sales agents) dedicated to some modern retailers and coordinated by a key account manager employed by the firm	5 area managers employed by firm; 130 salespeople (all independent, non-exclusive sales agents); territorial sales force structure	4 area managers employed by firm; 70 salespeople (all independent, non-exclusive sales agents); territorial sales force structure
Channels served only by the sales force (% of the firm's total sales)	Ho.Re.Ca., wine shops and wine bars, distributors (74%)	Ho.Re.Ca., wine shops and wine bars, distributors (75%)	Ho.Re.Ca., wine shops and wine bars, distributors (70%)	Ho.Re.Ca., wine shops and wine bars, distributors (90%)
Channels served only by the firm's sales department (sales director, key account managers employed by the firm, staff)	Large-scale modern retailers, direct sales	Direct sales	Large-scale modern retailers, other channels	Large-scale modern retailers; direct sales
Channels served together by the sales force and the firm's sales department	Retail purchasing consortiums; other channels	Large-scale modern retailers (some retailers are served only by the sales department and others only by the dedicated sales force)	/	/

	Firm 1	Firm 2	Firm 3	Firm 4	Mean value	
<i>Spontaneous recall</i>					/	
Analysing, planning, organising sales (beyond selling capabilities and outcome orientation, which are taken for granted) Using the large amount of available information effectively to improve sales activities	5 5	Self-organising sales and putting extra-efforts in sales activities Exchanging information with supervisor and firm Attending customer payments	Becoming a reference point for customers and being able to solve their problems; being a leader in his/her territory Understanding the value of the firm and dedicating time to its products (as they are non-exclusive agents)	Market and customer knowledge Flexibility to manage unforeseen situations and find solutions Outcome orientation	5 5	4.75 (0.50) 4.75 (0.50)
<i>Prompted capabilities</i>						
Outcome orientation	5	4	5	5	4.75 (0.50)	
Empathy	5	4	5	5	4.75 (0.50)	
Understanding of competitors' actions and information sharing with supervisors	4	4	5	5	4.5 (0.58)	
Creativity to find new ideas and solutions	4	4	5	4	4.25 (0.50)	
Relational and communication capabilities	5	4	4	3	4 (0.82)	
Analysis and problem-solving capability	5	5	3	3	4 (1.15)	
Flexibility and openness to innovations introduced by the firm	4	4	3	5	4 (0.82)	
Customer orientation	5	5	3	2	3.75 (1.50)	
Capability to work with colleagues and supervisor	3	5	4	3	3.75 (0.96)	
Self-evaluation capability	3	3	5	3	3.5 (1.00)	
Technical knowledge	4	3	3	4	3.5 (0.58)	

Note: Standard deviations between parentheses

Table II. Salesperson capabilities

Table III.
Sales management
capabilities

	Firm 1	Firm 2	Firm 3	Firm 4	Mean value
<i>Spontaneous recall</i>	Working effectively with other departments and, above all, with the marketing department	Creating a team characterised by trust and that is able to establish continuous dialogue between sales and marketing	Attitude based on collaboration and teamwork being able to give and receive inputs from other people in the firm	Motivating sales agents and sharing the firm's mission with them	/
	Analysing and managing both data and people		Advanced analysis capabilities	Perceiving market trends and sharing them within the firm	
	Managing customer relationships			Problem-solving and outcome orientation	
				Working in teams	
<i>Prompted capabilities</i>					
Analysing markets	5	5	5	5	5 (0.00)
Understanding the firm's overall strategy	5	5	5	5	5 (0.00)
Building trust with the sales force	5	5	5	5	5 (0.00)
Sharing information with firm's other departments	5	5	5	5	5 (0.00)
Sizing the sales force correctly and leading it effectively	5	5	5	5	5 (0.00)
Defining the right sales approach for each customer segment	5	5	5	4	4.75 (0.50)
Defining the right offering (product, price, conditions mix) for each customer segment	5	5	5	4	4.75 (0.50)
Building trust with customers	5	5	4	4	4.5 (0.58)
Supervising, leading and providing a model for salespeople	4	4	4	5	4.25 (0.50)
Attracting and retaining the best salespeople	4	3	4	5	4 (0.82)
Identifying and implementing new technical solutions to support sales (e.g. new IT tools)	4	5	1	3	3.25 (1.71)

Note: Standard deviations between parentheses

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- (2) Capabilities balance:
 - Balance between technical and relational capabilities.
 - Balance between individual-level vs sales management, organisational-level capabilities.
 - (3) Capabilities specialisation:
 - Specialisation based on channels.
 - Specialisation based on territories.
 - (4) Capabilities acquisition process:
 - Salespeople training.
 - Obstacles and constraints:
 - Sales force structure in the wine industry.
 - Characteristics of wine-producing firms.
 - Characteristics of market and product.

Results

The results for each of the two research questions established in the introduction of this paper are presented separately. The following section shows the findings related to *RQ1*, which relates to the most critical salesperson (Table II) and sales management (Table III) capabilities in the wine industry. Next, the findings for *RQ2* identified through template analysis, illustrating emerging trends related to sales capabilities in the wine industry, are presented.

RQ1: overview of current key sales capabilities

Regarding current salespeople's key capabilities (Table II), the collected data show that outcome orientation played a major role, which is consistent with the prevailing use of independent, non-exclusive sales agents. However, effective salespeople were those who can also collect and use information about the market and competitors to improve the organisation of sales activities and share information with their firms. Interestingly, technical knowledge about products was not a key capability. As one interviewee noted, "the best salespeople are not necessarily those with the best technical knowledge about wine" (Firm 2). In sum, the most important salespeople capabilities were outcome orientation, empathy, the ability to analyse information to gain market and customer knowledge, the ability to effectively interact with supervisors and flexibility.

Key capabilities of sales management mentioned by interviewees were consistently related to the need to promote a culture based on teamwork, trust and information sharing (Table III). The data emphasised the capability of working effectively with not only salespeople but also, and above all, the marketing department. In addition, capabilities relating to the ability to analyse the market and organise the sales force were highly important. However, retaining salespeople and implementing new information technology solutions to support their activities appeared to be less important, which was related to the independent, non-exclusive nature of almost all agents in this industry. In sum, the most important sales management capabilities were the ability to work in teams and establish collaborative relationships with other departments of the firm, the ability to analyse markets and the ability to effectively manage, organise and motivate the sales force.

RQ2: emerging issues related to sales capabilities in the wine industry

The presentation of the findings pertaining to emerging issues is structured around the major themes identified through the application of template analysis. In particular, the four

themes presented and discussed hereafter correspond with the first-order codes of template analysis (see Final template: sales capabilities in the wine industry): capabilities enrichment, capabilities balance, capabilities specialisation and capabilities acquisition process. For each theme, the main points are presented along with some direct quotes from participants, which are essential to aid in the understanding of the findings.

Capabilities enrichment. The analysis highlights the need for sales capabilities enrichment because “compared to most industries, and despite the high revenues it generates, the wine industry dramatically lags behind in terms of sales and sales management capabilities” (Firm 1). One interviewee stated, “I know many sales directors of wine firms, but none of them with enough competences to discuss about advanced sales issues [...] Wine firms are lacking skilled managers” (Firm 3). Overall, sales managers and salespeople were aware that capabilities required for effective sales in the wine industry were evolving: “Salespeople themselves often ask me about their future roles and capabilities” (Firm 1). Capabilities enrichment concerns both salespeople and sales management and involves both the refinement of existing and acquisition of new capabilities. The most important capabilities to develop were those related to the effective use of digital tools to improve sales and knowledge management:

Many salespeople perceive digital tools as their competitors – not as a different opportunity to do their job [...] They only focus on selling but do not devote time to the analysis of sales activities [...] Salespeople able to do that clearly stand out. (Firm 1)

Salespeople who do not update their competencies are gradually being excluded from the sales forces of top wine producers. Moreover, both sales managers and salespeople need the ability to translate available information into actionable knowledge to improve sales and enhance responsiveness.

Capabilities balance. A theme that clearly emerged from the collected data was the importance of finding the right balance among capabilities instead of only pursuing their enrichment.

First, a balance between the technical, selling and relational capabilities of each salesperson was highlighted. For example, “in this industry, a too much empathetic or customer-oriented salesperson does not reach sales target [...] A salesperson with too deep technical knowledge becomes a sales poet, I mean, he talks with customers but does not sell” (Firm 3). Relational capabilities were also important in managing relationships between salespeople and their area managers and sales departments.

Second, capabilities should also be balanced both at the individual level and at the sales management level. Interviewees did not agree on the relative importance of capabilities at these two levels: capabilities of salespeople were considered more important than those of sales management organisations for two interviewees (Firms 2 and 4) and vice versa for another interviewee (Firm 3). For one interviewee, capabilities at the two levels were equally important (Firm 1). Despite these differences, the analysis shows that all participants agreed that an effective balance should be reached. For example, “the sales organisation should be effective at coaching; however, we expect that the salesperson has his own capabilities” (Firm 3).

Capabilities specialisation. Another theme highlighted in the analysis was the specialisation of sales capabilities along the serviced channels and territories.

Regarding channels, the main distinction is between capabilities to sell through either modern channels (e.g. large-scale modern retailers and retail purchasing consortiums) or traditional channels (e.g. Ho.Re.Ca., distributors and wine shops/bars). Selling to modern retailers requires “deep knowledge about pricing, discounts, complex negotiations” (Firm 2) and “market analysis capabilities [...] but high empathy or advanced leadership are not essential” (Firm 3). In contrast, when approaching customers through traditional channels, “passion for the wine industry and product knowledge are important [...] you are able to talk about product

quality, making customers appreciate all the efforts behind the product” (Firm 2). In summary, “capabilities are channel-specific” (Firm 1). In addition, serviced territories are sometimes so different that capabilities should consider local selling habits and practices. Therefore, it is essential to capitalise on salespeople’s knowledge of their territory and develop a high level of flexibility. As emphasised by one interviewee, “Many new restaurants and bars get in the market every day and many others get out of the market. There is the need to know these processes and have the capabilities to deal with them” (Firm 4).

Capabilities acquisition process. The contrast between the need for effective capabilities acquisition processes and the constraints that limit the implementation of such processes emerged as a pivotal theme:

We would like to train salespeople through specific courses, but they have no time, they are not exclusive agents [...] Training would be extremely useful in our market [...] Even for sales managers because sometimes they are able to manage people but not to analyse sales properly. (Firm 1)

The use of independent, non-exclusive agents represents a major constraint. However, wine producers reported that they had no choice because salespeople usually had to work with multiple firms make sufficient income: “This is an outdated sales model [...] these salespeople are often overloaded by the number of firms they represent” (Firm 4). Nonetheless, wine producers also received benefits from using independent, non-exclusive agents because “they know exactly the habits and practices in their territories” (Firm 4). Further, because “they represent many firms simultaneously, they have a large portfolio and more sales arguments to approach customers” (Firm 3). Hence, “they represent a major critical point, but we could not do without them” (Firm 3).

The structure of wine-producing firms emerged as another obstacle limiting the capabilities acquisition process. As one interviewee reported, “One of the hardest problems of wine businesses is that they almost all are family businesses and maybe they are even not interested in seeking skilled managers” (Firm 3). The average small size of wine producers was also negatively related to sales capabilities development and the ability to dictate the activities and capability development of independent agents. The specific and distinctive features of the wine industry also affected capabilities acquisition, meaning that it was difficult to acquire capabilities by hiring sales managers and salespeople from other industries.

Implications

The results of this study contribute to advancing knowledge about the enhancement of wine business competitiveness through organisational rejuvenation, which requires changes in processes, structures and capabilities (Gilinsky *et al.*, 2018). The analysis reveals details about the capabilities of salespeople and sales management and the related ongoing trends experienced by some leading wine producers.

Overall, the findings enrich our understanding of the evolution of the role of salespeople (Lapoule and Colla, 2016), who are required to switch their focus from sales volume to sales value and from selling to developing a balanced mix of capabilities, including those required to analyse sales. Thus, the results are consistent with the increasing importance for wine producers to collect, manage and share customer- and market-related knowledge (Thomas *et al.*, 2013). Moreover, sales managers and supervisors must work closely with salespeople to support this transition and help them view the richness of available information and new digital tools as opportunities to enhance their roles. In addition, the analysis shows that the capabilities of salespeople and sales management organisations should be balanced. In fact, the capabilities of advanced sales management organisations cannot be a substitute for a shortage of salespeople’s capabilities, and vice versa.

Moreover, the results advance the available knowledge about the need to specialise wine business capabilities. While previous research has mostly suggested that capabilities be specialised based on vertical integration strategies adopted by the producer (Williamson, Bhadury, Dobie, Ofori-Boadu, Parker Troy and Yeboah, 2012), this analysis highlights that sales capabilities should also be specialised across channels and territories. Overall, selected salespeople and sales managers should possess a mix of specialised competencies that enables them to establish effective relationships with customers, thereby allowing them to take sufficient control over distribution channels, which is a major priority for wine businesses (Gilinsky *et al.*, 2018).

Finally, even if sales capabilities are intertwined with the characteristics of the product and the industry as well as the structure of the sales force (in this case, independent, non-exclusive agents), the findings may be generalisable to other agrifood industries to a certain extent. In fact, many agrifood industries have experienced similar changes, such as the emergence of new global competitors and the importance of controlling distribution channels by establishing quality relationships through salespeople (Matopoulos *et al.*, 2007; Schulze *et al.*, 2006). Therefore, players in agrifood industries may benefit from strategies related to sales capabilities acquisition, enrichment, balance and specialisation.

Conclusions

Sales capabilities play an increasingly relevant role in the performance of wine businesses. Nonetheless, research specifically examining sales capabilities in the wine industry is not extensive. This paper has contributed to filling this gap by providing an overview of the most relevant sales capabilities at the individual salesperson level and at the sales management level. In addition, the analysis highlighted four emerging trends related to managing sales capabilities within wine businesses: capabilities enrichment, capabilities balance, capabilities specialisation and capabilities acquisition process.

This research presents some limitations, which may be addressed by future studies to corroborate the obtained findings. First, only wine producers from an Old World country (Italy) were interviewed. Producers from the Old World (e.g. Italy, France and Spain) and the New World (e.g. South Africa) address the increasing competition in the global wine industry through different market approaches (Wongprawmas and Spadoni, 2018). New World producers mainly take an industrial perspective to obtain standardised products, thereby focussing on volumes. This strategy relies on heavy marketing and advertising investments to capture the attention of end customers (Campbell and Guibert, 2006). In contrast, Old World producers usually adopt a traditional approach based on product quality, enriched by the value of territorial uniqueness and family traditions (Bernetti *et al.*, 2006). However, to face aggressive competition from new players, traditional producers should change their approach to the market (Contò *et al.*, 2015; Gilinsky *et al.*, 2018). Refocussing their sales approach by reinforcing and managing their sales capabilities should, therefore, be a priority for producers from the Old World, but not for those from the New World (Reynaud and Simon, 2006). Therefore, it is recommended that future studies extend the empirical analysis to wine businesses both in countries of the Old World outside of Italy and in those of the New World. Second, because of the small number of wineries considered in this study (four) and their large size, caution should be applied before extending the results. Thus, further studies involving a higher number of wine producers and small, medium and large producers could lead to more generalisable results. The decision to consider only producers' domestic sales forces represents a third limitation of this research. Studies comparing sales capabilities of a producer's domestic and foreign sales forces may offer valuable insights about capabilities specialisation and effectiveness in different countries and contexts. In line with this suggestion, more studies could also examine in detail the importance and influence of sales capabilities and how they vary between distribution channels. In addition, future research could collect data from sales managers and salespeople simultaneously to obtain a more

comprehensive view of their capabilities. Finally, it should be emphasised that the wine industry may serve as a benchmark for all non-mass-market food industries. Therefore, studies comparing sales capabilities in the wine industry with those in other non-mass-market food industries may enhance the available knowledge on the topic.

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Corresponding author

Alberto Mattiacci can be contacted at: alberto.mattiacci@uniroma1.it

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