

Strategies practices of outstandings national wineries in the Brazilian market

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Abstract. This work aimed to identify the strategies practices of outstanding national wineries on the Brazilian wine market from the perspective of *Strategy as Practice*. To conduct the survey, a multi-case study was developed in three Brazilian wineries, where the managers involved in strategic activities were interviewed and observed. Faithful to the recommendations of *Strategy as Practice* authors, this work sought to understand how context's forces, past experiences, and firms resources shape and guide the disposition of actors for a particular strategic choice that became ordinary practices.

1. Introduction

In recent decades, various theories and models were created for the study of phenomenon related to the field of strategy in business [1]. In this light, organizations are seen as objective entities that have a clear target that must adapt to the economic environment, play resources and gain competitive advantage over their competitors to survive [1]. Examples of such widespread analysis tools are SWOT, BCG and the Value Chain [1]. Despite the great appeal of these approaches, the structure of the discipline has been developed through concepts and analysis tools that neglected the practice of people involved in the strategy [2]. The main criticism raised from these models is that, because there is a predominance of a macro view of the organizations' strategy, this approach reduces the importance of micro processes involved in the development of strategies; marginalizing tools, activities and practices that are used by professionals on a daily basis [2]. In order to understand what people *do* in relation to the strategies and how that influences the organization and its context, arises the Strategy Practice theory [2]. In this sense, the strategy is something that people *do*, not something that the organization *has* [3]. While previous approaches tend to take on the behavior of those involved in the strategy, SAP seeks to understand how people interact and use tools for the formation of strategies in practice [2].

In this context, this study aimed to identify the strategies practices of outstanding companies in the Brazilian market from the perspective of *Strategy the Practices* theory with the intention of discussing the role of firm resources, past experience, and influence of the social context to generate a unique strategy practices process. The theoretical analysis was empirical multi-case study on three wineries companies located at the Serra Gaúcha region, in the state of Rio Grande do Sul, and focus on determining which practices generated competitive advantages on the Brazilian wine market. To achieve this purpose, four specific objectives were structured: to analyze the context of companies and

their possible impacts on strategic practices; classify the strategic activities of the companies surveyed in practical dimensions to analyze how they impact on differentiation; describe the analytical and technological tools used by companies for the construction of strategies and their impact on practices; identify distinctive and common practices among the surveyed companies.

2. Theoretical review

2.1. Practice: A socially constructed guide for action

The study of the strategists often focused in activities and management roles, disregarding the institutional forces of context. Thus, authors such as Whittington [3] argue the need for research into the institutions of the strategy, more specifically on the relationship between the conduct of social actors at the micro level and the institutions at the macro level. From these concepts, strategy's practices are understood as socially constructed. That means: the specific activities of actors cannot be separated from society, since the rules and the features they provide are essential for the action. Society is therefore the own producer of action. Social forces shape and guide the willingness of actors to a particular strategic choice. Thus, the individual is predisposed to behave in a particular way and react to strategic circumstances in a way that is congruent with their own sense of identity and education [4].

2.2. The internalization of practice

Social theorists have been concerned about how practices are internalized through social interaction. In this sense, learning plays a decisive role. According to Gherardi [5], learning is always related to a practice developed by a group working out an identity based on participation. From this perspective, the practice is always the product of specific historical conditions resulting from previous practices that become our present practice. The

contribution of this approach is the view that the practice is an activity system in which *knowing* is not separate from *doing* considering learning a social event and not just a cognitive activity [6].

Much of the action and group interactions are not based on shared agreements, but were constituted around a set of tacit assumptions that are not fully explained or completely explainable, since they were absorbed tacitly. Thus, social action is closely linked to a moral condition that the actors recognize as correct, legitimate and appropriate to a specific context. Human beings act in relation to certain facts based on the meaning that these facts have for the group to which they belong [6].

Gherardi [5] defines a practice as a socially and accepted stable way of ordering heterogeneous elements into a coherent whole through time. The author explains that the activities acquire meaning depending on the context, the moment where the action takes place and that society recognizes this action as legitimate. Thus, practices are best understood when they are situated, in other words, when there is a context and a group of people that build practices collectively binding and giving identity to that group.

Bispo [6] interprets that from this perspective the reality does not exist *a priori*, but it is what people live and know. A practice is not understandable only to the agent that it practices, but it is also understandable for potential observers within the same culture [7]. In this sense, Bispo [6] explains that a practice is something that gives identity to a group that is organized from it. Learning occurs through interactions between social actors and human and non-human elements, and it is the result of tacit and aesthetic dimension of these interactions.

2.3. Elements of practice

The most important authors of SAP recognize three essential elements for the existence of practice: *praxis*, *practice* and *practitioners*. According to Reckwitz [7] *Praxis* is an emphatic term to describe any human action. *Practices*, on the other hand, refers to shared routines of behavior, including traditions, norms and procedures for thinking, acting and using things, this last in the broadest sense [3]. Finally, the *practitioners* are the actors; those individuals who interrelate with the *practices* and *praxis*.

The best way to understand a practice is observing the reciprocal relationships between the three key elements. A practice perspective on strategy should incorporate consideration of how strategy *practitioners* (managers, consultants, others) draw on more or less institutionalized strategic *practices* (routines, procedures, techniques and types of discourse at organizational and extra-organizational levels) in idiosyncratic ways in their strategy *praxis* (specific activities such as meetings, conversations, talk, interactions) to generate what is then conceived as strategy, constituting in the process both themselves as strategy practitioners, and potentially their own activities as the seeds for new strategy practices [8].

2.4. An integrative model of strategy as practice

Economists have recently built up a stream of research identifying best practices in management and determining the effect of their implementation. This work, primarily relying on survey methods and experimental manipulation of

practice implementation, has highlighted the performance impacts of practice differences. In surveys across vastly different contexts of firms, industries, and countries, these scholars have shown that substantial gains in outcomes, such as profitability and sales growth, are correlated with best practice adoption. However, Jarzabkowski et al [9] argue that partial models that focus only on “best” practices in isolation are liable to misattribute performance effects. The aim of their work is to build an integrative model in which the complex links between practices, the ways in which they are engaged, who engages them, and their potential outcomes can be fully recognized [9]. It is important to note that the practice elements detailed in the previous section and those in the strategy-as-practice field call *praxis*, *practitioners*, and *practices* where replaced in by the authors model as “what,” “who,” and “how”.

The model shows that without recognizing the status and backgrounds of those *who* transfer and apply practices, there is a risk of confusing effects arising from practices with effects arising from the legitimacy or skills of the practitioners involved. Practices are developed, transferred, and enacted by practitioners, for instance, senior and middle managers or strategy consultants. Practices and practitioners are entangled. Hence, the effect of practitioners may be an important omitted variable in the evaluation of the impact of practices. Therefore, when attributing outcomes, it is necessary to consider how practice effects are intertwined with practitioner effects [9].

Second, the model emphasizes the importance of *how* these practices are actually enacted in the field. The authors argue that without close attention to the situated enactment of practices, observers are liable to overvalue formal practices while undervaluing practice adaptations in context. Practices do not occur automatically and unproblematically. Rather, they are enacted in *context*, often in ways that vary considerably from their espoused pattern. Such variations are not necessarily failures of practice, but rather necessary adaptations or improvisations in changing circumstances. Sometimes, such adaptations of practices are also strategic, such as when firms deliberately decouple what they claim to do from what they actually do. These deviations can be enormously generative, enabling, for example, changes in firm strategy. In other words, there is often a gap between apparent practice and what happens on the ground, with improvisations and workarounds important for achieving desired outcomes [9].

As Figure 1 indicates, practices are strongly shaped by the practitioners who develop and advocate them. The specific characteristics of different types of practitioners—in terms of cognitive traits, roles, and organizational positions will have strong implications for practice use in different firms. Accordingly, inferences about the relationships between practices and performance are insecure if we do not account for the practitioners involved and the varying effects they can have. The same practice may have different performance outcomes when introduced by a prestigious consulting firm, by a powerful CEO or by a middle manager. Similarly, strategy practitioners may be more or less successful in their use of particular strategizing practices, according to their social skills and the contexts in which they operate [9].

The model also suggests certain feedback effects of the use of practices on practitioners in terms of their identities,

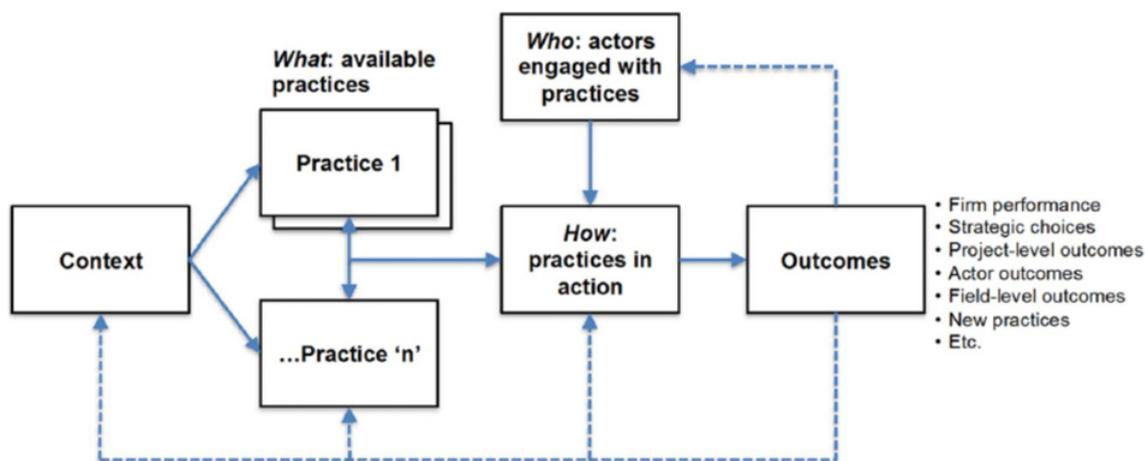


Figure 1. Integrative model of Strategy as Practice. Source: Jarzabkowski, et al. (2015).

skills, and career prospects. Practices are rarely blueprints that can simply be plugged into a context in unproblematic ways, as their use will be shaped by practical adaptations associated with specific contexts or practitioners needs. Moreover, close observation of practice adaptation may reveal sources of potential practice innovation. If we move beyond views of practices as largely transferred intact between contexts and actors, to understanding *how* those practices are enacted locally in practice, often in ways that make them barely recognizable to their originators, we may develop theories about the critical role of practice adaptation or even practice transformation in generating performance outcomes. Practice theory generally analyzes practices as *bundles* rather than singly. The model shows that effects of a practice will vary according to the presence or absence of other practices [9].

The model also would inform a wider approach to practice outcomes that would allow researchers to consider not just firm performance but also impacts on the practices themselves. So to speak, the enactment of practices feeds back on those practices [9].

A more integrated practice perspective holds that it is important to examine practices in context, attending to *who* engages them and *how* they work. Such a practice perspective also emphasizes that strategic outcomes depend on the interaction of the *what*, *who*, and *how* of practices. This lead the authors to propose the integrated model of strategy practice (Fig. 1).

In practice, the elements are highly entangled with each other: for example, practitioners are inseparably carriers of practices, while practices have only a virtual existence outside of praxis. However, this model shows that the relationship between practices and economic performance cannot be understood without taking into account not only “what” practices exist but also “who” implements them and “how.” It is by integrating the *what*, *who*, and *how* of practices that can trace the links between firm practices and heterogeneous firm performance [9].

3. Methodology

In this research, the hypothesis came through the question: which are the strategies practices of outstanding national wineries in the Brazilian wine market?

Seeking to answer this question, a field survey was conducted from a qualitative and exploratory design method that used non-participant observation, in-depth interview with a semi-structured script and research documentary as data collection strategy.

Due to the unique characteristics presented by the context and the aim of the work, the most suitable working method for deep understanding of this phenomenon is the multi case study. This method is suitable because “[...] it can be useful in the discovery of factors that are common to all cases in the selected group; factors that are not common to all, but only in some subgroups; and factors that are unique to a particular case” [10]. In general, the multi case study allows a wider range of results, exceeding the limits of unity obtained when restricted to a company.

3.1. Research design

The companies surveyed were selected by convenience sampling and specificity. In this research, this technique was the most appropriate because it allowed the selection of sample components according to the necessary characteristics for obtaining typical cases considering the population [11].

For the sample definition, some specific criteria were adopted. The first selection criterion was that each company surveyed should have a superior performance than the sector media. Therefore, it was necessary to filter the sample avoiding companies that could receive financial support from a larger economic group, discarding any possibility of superior performance as a result of this advantage. In recent years owning a winery became object of desire for many entrepreneurs who make money in other sectors and fulfill the dream of developing their own wines redirecting capital from profitable companies to sustain economically unviable wineries. Those kinds of companies were excluded from the sample.

Finally, companies should be a) from Rio Grande do Sul; b) small or medium; c) administered by the owners. The first point is justified because the *gaucho* sector represents almost 90% of national wineries, thus, analyzing the market of Rio Grande do Sul it is possible to have a clear idea of the Brazilian wine industry as a whole. The second and third points are related to the concentration practices in few practitioners. This concentration helps to

identify a greater number of strategizing practices in one or two strategists.

3.2. Data collection procedure

A more integrated perspective of practice argues that it is important to examine the practices in context [9]. Scholars must be aware of how the context forces shape and guide the willingness of actors to a particular strategic choice [4]. Taking these recommendations, it was considered essential to conduct a thorough analysis of the sector to understand the social, cultural and economic context in which the strategies practices of the companies take place.

Aiming to understand the context at the macro level of the companies surveyed, data of the wine industry was looked up in books, magazines, newspapers, periodicals, dissertations, theses, conferences and institutions linked to the wine sector. Aiming to understand the context at the micro level of the companies and to answer the main question of this study, the primary research data were collected through non-participant observation and interviews with semi-structured script.

3.2.1. Interviews with semi-structured script

the interview has always been considered an appropriate way to lead a person to say what he think, to describe what he lived or what he saw, or what he witnessed [12]. The conduct of the respondent by certain tracks does not imply predictability of the conversation [13]. Therefore, the in-depth interview does not remain stuck to pre-established technical rules, but presents itself as a flexible method of data collection that can be adjusted at the time the interview is taking place to suit the needs of the problem investigated.

In order to disclose the companies' history and their strategies practices, interviews in-depth were conducted with the companies' owners in two rounds. Also, two employees or partners involved in the strategies practices dimensions were interviewed. The purpose of these interviews was to make a counterpoint to information received by the owners.

As a complement of secondary data about the context, the CEO of the Brazilian Institute of Wine (IBRAVIN) and the CEO of the Association of Wine Producers at the Wine Valley (APROVALE) were also interviewed. In order to complement the information researched and aiming to add other points of view about the micro and macro contexts, two experts on the topics covered in this study were personally interviewed. A semi structured script was used in all the interviews to delimit the answers within the desired information needs.

Table 1 shows the list of interviewees with positions and functions in each company. The interviews were conducted during the months of August, September and October 2015.

3.2.2. Non-participant observation

How practices are performed determines the results. Detailed observation elucidates what managers actually do in the field, and this observation is an essential complement to practice research [9]. Observation allows the researcher to find out how something works or actually occurs. Then,

Table 1. List of interviewees.

Interviewed	Function	Company / Institution
Owner	CEO / Winemaker	
Owner	CEO	ALPHA winery
Employee	Sommelier	
Owner	CEO	
Owner	Winemaker	BETA winery
Owner	Wine agronomist	
Owner	CEO / Winemaker	
Employee	Wine agronomist	GAMMA winery
Employee	Sales manager	
Sector representative	CEO	IBRAVIN
Sector representative	CEO	APROVALE
Consumer	Wine expert	Confraria do Sagu
Journalist	Wine reporter	Canal Rural

Source: elaborated by author.

practices must be observed, since interviews and narratives are just reports of practices, but not practices [14].

Regarding this study, data collection was performed in two kind of non-participant observations in each company. The first one was in the role of *mystery shopper* on the wineries retail stores. This observation had about two hours in each winery. The second one had place as a non-participation observer of the owners at their workplace. The purpose of these observations was to follow managers in their natural habitat; that is, making decisions in practice and interacting with customers, suppliers and staff.

3.3. Data analysis

There are few pre-established formulas for the analysis of information from a multi-case study, drawing on researchers to depend on their own style and vigor. The analysis was developed comparing the speeches of the surveyed public, grouping content obtained in interviews and document analysis, identifying thus the relevant factors of each case [15].

Following the recommendations of Strategy as Practice's authors about the necessity to understand how the context's forces shape and guide the willingness of actors to a particular strategic choice, this work began with a thorough analysis of the context in macro level of the firms. Evolution, consumption, and the current situation of the Brazilian market, were widely discussed. Next, the context at the micro level of the firms was deeply addressed. Here, a detailed description of the wineries and the practitioners of the strategy were discussed: history, origin, culture, location, products, generic strategies and financial results were introduced to situate the context in which the practices occur.

Subsequently, the practices identified were classified and grouped into seven large dimensions, considered as strategic for the results of companies in the wine market:

- a) *human resources;*
- b) *sales and distribution;*
- c) *marketing;*
- d) *wine tourism;*
- e) *product and winemaking process;*
- f) *price;*
- g) *planning.*

The results of the analysis of the seven strategic dimensions of practice are presented in the next section of this paper, after a brief summary of the context's analysis.

4. Results

4.1. Context analysis

The firm's context analysis showed that the Brazilian wine industry faces an unfavorable reality. The 2008 global economic crisis, associated with the entry of other producer's countries in the market has resulted in an excess of quality wine supply in the world.

Over the last decade, the appreciation of the Real against the US Dollar and the increased purchasing power of Brazilians, facilitated the entry of imported wines in the Brazilian market. The Brazilian consumers became interested in higher quality wines; but national wineries could not follow the expansion of this new market, that was taken mostly by Chilean and Argentine wines [16]. In the last decade, imports of this type of wine more than doubled it, rising from 35 million liters to almost 80 million liters in the period 2004 to 2014. On the other hand, in the same period, domestic wines growth rate equal to zero. Here, there is a consumer prejudice against Brazilian wine, especially in comparison with imported wine, which brings a better quality image, brand strength and, especially, better cost-benefit ratio [17].

Despite the adverse scenario and stigma in relation to the national wine, sample wineries have positioned their wines in a level close of the imported ones, and still grow and profit in this market. Table 2 summarizes the principal characteristics of the three firms of the sample described at the context's analysis at the Micro-Level of the wineries.

The following section identifies the strategies practices of the wineries surveyed, aiming to understand through the analysis dimensions which practices have led these firms to outstanding position in the market.

4.2. Aggregate analysis through the practice's dimensions

4.2.1. Dimension 1: Human resources practices

The three firms in the sample are managed by families in which one of the members is always the winemaker. By tradition, viticulture is usually delegated to the father. The members naturally assume others relative responsibilities towards a common goal.

Through deep analysis of the practices, it is concluded that those who make the strategy determine what will be done and how it will be implemented, that is, the skills and personal characteristics of the owners guide the strategic choices of companies to different paths. It is clear that the chosen strategy and practices depend on specific characteristics of different types of practitioners.

The ALPHA company, - in which the partners have excellent communication skills-, focused its strategy to exploit these resources thorough lectures, meetings with institutions, events, contests and wine judgments. The BETA company, -in which the owners manage an efficient cost control procedures-, focused its strategy on the production scale and cost-benefit product. Finally, the GAMMA winery, -in which the owner has an excellent network in the region of vineyards-, bets on tourism

and regional sales. As shown in the model (Fig. 1), the *context* is the starting point and practitioners influence the choice of best practices, according to the situation and the resources available.

4.2.2. Dimension 2: Distribution and sales practices

The winery ALPHA – the one with the higher prices level - needs a direct sales force to compete with the imported wines. Higher prices results in better margin and value for distributors channel. However, wineries that choose this strategy must raise the quality and marketing of their products. Thus, better marketing practices and additional investments in product process are required. Then, the strategic choice of a practice determines the adoption of other practices to the first one achieves the desired results.

The wineries struggle to enter in the restaurant's wine lists. At restaurant consumers are willing to taste new wines, then, this is a great opportunity for the wineries to conquer a new customer for the brand. Driven by hefty margins, wine importers legitimized in the restaurant market a range of practices including offering gifts and prizes to the best selling waiters. None of the surveyed companies adopted this practice, appealing exclusively to a friendly relationship with the restaurant staff and to the idea of a superior national wine. In this case, the waiver of a practice determined the choice of another practice, supposedly more effective or advantageous to the winery, at the expense of the one legitimized by the market.

In general, those who do not adapt to the practices required by the market, can hardly maintain or enter it. But for different reasons and contexts, the practice based on a friendly relationship and a superior national wine works for ALPHA and GAMMA wineries. For ALPHA it works because wine critics and specializes media tends to commend their wines influencing the restaurants. On the other hand, for GAMMA the strategy works because the winery concentrates all its forces in regional restaurants, meaning that, establishments with natural demand for Brazilian wines and where the owner has an intimate relationship. Again, it is possible to recognize practices that look similar at a first glance, but when analyzed in detail, reveal that context, other business practices, and practitioner's skills, affect the implementation process of those practices, establishing serious difficulties in comparing or replicate them.

Another distinctive practice identified in the sample firms is a real interest in preserving lasting business relationships – mainly based on trust- with the distribution channel. All sample companies seek to respect the trade agreements and avoid conflicts of interest with the channel. This practice may seem obvious, but habitually demands the declination of short term profits; an effort that most of the industry's winery do not seem willing to do.

4.2.3. Dimension 3: Marketing practices

The use of prizes and endorsers points is a powerful legitimized practice in the wine market. ALPHA and BETA seek to win prizes in contests to improve the perceived value of their wines. However BETA wins major awards, the winery do not win proportionally the same amount of spontaneous media, or even reach a close relationship with the wine entities, as ALPHA does.

Table 2. Context analysis at micro-level.

Company	Members	Bottles p/year (type)	Price Level	Location	Principal Distribution	Strategy
ALPHA winery	Family: 4 Staff: 30	250.000 65% still + 35% sparkling	-Ultra Premium -Super Premium	Close to the center of the Wine Valley	National Restaurants and Wine Stores	Differentiation
BETA winery	Family: 5 Staff: 20	500.000 65% sparkling + 35% still	-Super Premium -Premium	35 km from the Wine Valley	National Wine Stores	Cost
GAMMA winery	Family: 2 Staff: 4	60.000 75% still + 25% sparkling	-Super Premium	Centre of the Wine Valley	Local Restaurants and Tourists	Focus

Source: elaborated by the author.

This is attributed primarily to the ALPHA pioneering – the company highlighted the specialized press at a time that few national wines were bandied as plausible to be great wines- and a better use of relationship skills of the ALPHA owners with the wine institutions. These factors have been influencing the wine’s judgment from critics and specialists, who almost automatically attribute to these wines a higher quality level.

Different results obtained by ALPHA and BETA in the implementation of the same marketing practice show that the elements of the integrative model (cf. Fig. 1) rarely equal between different firms. Specific contexts or practitioners skills make the practices barely recognizable when compared. That is, the same practice may have different performance outcomes when introduced by two different companies.

On the other hand, GAMMA focused its marketing on its excellent relationship with the restaurants and hotels in the close tourist area. GAMMA’s marketing practices are mainly based on wine tourism. Certainty the location company is a competitive advantage. But it is the owner relationship skills with the local establishments and his engagement in tourist development of the region that turns GAMMA a recognized and recommendable winery in the Wine Valley. GAMMA positioning does not begin in the consumer’s mind, but in waiters and hotels staff mind; that is; those who, ultimately, recommend to the tourists which wineries to visit, or which wine they should try.

Regarding on common practices, none of the three companies in the sample invests in direct media or build a communication strategy on social networks, or develops its brand, packaging and labels with professionals; giving space to handmade marketing practices.

4.2.4. Dimension 4: Wine tourism practices

Among the practices identified in the survey, no other dimension provides a better example about the impact of *context* in the implementation process than the wine tourism practices dimension.

It was observed that the three companies of the sample adopt an identical *praxis*: the wineries receive tourists and offer tasting experiences to create a bond between the wine brand and consumers. But in this dimension, the weight of the location (*context*) is so significant, that practices implementations and practitioners’ skills diminished their impact on the outcome. This conclusion is detached from the comparison between the practices of companies GAMMA and BETA.

In BETA tourists are always attended by the owners and the structure and landscapes are better, however the distant location of the winery from the tourist region affects the practice performance when compared to GAMMA.

In GAMMA implementation of *praxis* is not perfect; that is, because of its exceptional location the winery receive a high flow of tourists, then, the winery needs to charge the tastings and offers a less personalized service than BETA. Thus, in spite of receiving more tourists, GAMMA is not as good as BETA in the practice implementation. However, the weight of location determines relatively superior performance of the practice in GAMMA than in BETA.

The example above shows that to achieve superior results, *context*, *praxis*, *practice* and *practitioners* must be in line with the strategy; or at least not clash to the point of harming those elements in which the company has an advantage. This is the case of GAMMA that, without shining, the winery does not prejudice its location advantage by implementing a reasonable service for the tourists.

On the other hand, a company with a favorable *context*, but which does not reach an acceptable level of implementation of the practice, or place unprepared practitioners to implement the practice, may see its early advantage missed, as happens in ALPHA. Although ALPHA is much better located than BETA, the first one has a relatively inferior performance outcome in the tourism practice.

At this point, it is possible to observe the impact of a new practice on *context* or in other *practices* firm (cf. Fig. 1). ALPHA failed in tourism practice (*Practice 1*) implementation mainly for the lack of space, organization and cleanliness. The process takes place as follows: ALPHA decided to elaborate sparkling wines to serve a market demand (*Practice 2*). The adoption of this practice impacts *context* because it reduces the space and mess up the winery cellar, giving a bad impression to visitors. Thus, wine tourism practice (*Practice 1*) was affected by the production of sparkling wine (*Practice 2*).

Through this comparative analysis of the wine tourism practices, is possible to reach two important conclusions: first, the value of a resource does not depend on its existence, but of its use. Secondly, good results in a practice may adversely affect other practices. Companies must make choices, and these choices not only affect the results of the practice in question, but also impact on the environment, the practitioners and other organizational practices.

4.2.5. Dimension 5: Product and winemaking practices

For the owners their wineries and their wines mean much more than a way to make money. To elaborate higher quality wines is not only a deliberate practice aiming success, but also a practice that confirms the identity of everyone involved in the winemaking process. Not making the best wine – or a wine out of the standards levels expected- is understood not only as a risk for the brand image, but also as betrayal to the practitioner's identity.

In this sense, it was revealed that there is a deviation from the local producer's social practice when compared to those from the sample. According to the wine experts interviewed, in general, local producer's practices prioritize short term profits over quality consistency through time. These national wineries social practices have been disappointed costumers and damaging the Brazilian wines image.

On the other hand, the sample companies share a real concern about high standard quality performance. But this shared value does not imply identical winemaking process. Far from it, the resources and contexts of the sample firms are as heterogeneous as the strategies chosen to achieve a competitive advantage with them.

BETA winery – the one that owns the largest vineyards, with great capacity and strong orientation to the product – specializes in industrial scale equipment, facility and operation controls, resulting in cost leadership strategy. ALPHA - a pioneer in quality enology in Brazil and excellent relationship skills in the wine world – launches attractive wines for the higher segments of the market that gets the endorsement from the specialized critics, creating differentiation value to similar competitors. Finally, GAMMA – the one that owns one of the most privileged locations in the Vineyards Valley and has a great influence in local restaurants and hotels- elaborates wines exclusively for the tourists. That is, a focus strategy.

In summary, each company chooses a winemaking process and a wine style that respects its identity and values their resources, aiming to achieve through them a competitive advantage in a specific segment.

4.2.6. Dimension 6: Price practices

The analysis shows that the sample companies do not follow a formal pricing model, but fix their prices through the experience gained over the years serving a specific market. In this sense, the combination of the target market chosen, the winemaking process, and others competitors prices, determines the prices of the wines. Actually, the target market is the starting point that determines not only the price's practices, but also the costs and practices required to provide value and an effective positioning for those customers. The companies of the sample choose the target markets according to their advantages and abilities, or to the lack of them.

ALPHA – the one that positioned their products on the top price segments - needs to invest in a specialized sales force to persuade sommeliers, waiters and wine critics about their wines qualities. This activity demands trained employees. That increases labors costs and, consequently, increases the products' prices. On the other hand, BETA selected a lower segment than ALPHA that requires no

further skills on the sales channel. However, this target market demands to produce the same quality of many of the competitors, but pricing for less. Finally, GAMMA – the one who knows the prices that the middle tourist is willing to pay for a regional bottle- prefers not to confuse the visitors and fixes its portfolio on a single price level, facilitating positioning and avoiding mental exhaustion of those who just want to buy a nice regional wine.

4.2.7. Dimension 7: Planning practices

Planning is the dimension of analysis in which less practices were identified. It was noted that the owners do not believe that an external consultant or analytical models could improve company's strategies performance in any way, so they do not use them.

The wineries do not develop any activity in the planning area, at least not explicitly. The decision making process in wineries is built through daily contact between family members and close employees. Hence, is very difficult to recognize or identify strategy practices in this dimension. They certainly exist, but to follow the strategizing dynamics of these firms demands to be part of the group. Strategic issues are discussed among practitioners in the winery office, in a family lunch, or on a vacation trip.

As family firms, values and goals appear embedded in the practices tacitly. At this point, we can resume once again the concepts of Bishop (2013), who states that much of the action and group interactions constitute around a set of tacit assumptions that are not fully explained or completely explicable since they are absorbed tacitly. Tacit knowledge absorption and historical and cultural values within the family members turns formal planning dispensable.

Companies have resources and skills that guided them naturally to a strategic choice. ALPHA follows a differential strategy; BETA a cost leadership strategy; and GAMMA a focus strategy. But those choices did not happen smoothly. Rather, it is a trial and error process, in which survived the strategies that best explored the rare resources that achieved at the end, a competitive advantage in the market.

5. Final considerations

Although there are similarities between some practices, in general, the aggregate analysis determined that when studied in detail, the elements of the practices – context, skills of practitioners or the way they are implemented – differ, establishing serious difficulties in comparing or replicate them. Therefore the outstanding position of these wineries must be attributed to a combination of practices in the specific context of each company. The results showed that the impact of the practitioners is an important variable in the implementation of practices. Because of the sample companies are small businesses, the weight of the owners particular's skills influence the direction and the way in which the strategy takes place, transferring to practices a personality that make them virtually inimitable. The outstanding position is not related to a particular practice, a specific implementation, or a singular context; but to a very accurate alignment between the few available resources and a set of strategic practices chosen to exploit them.

The performance is the result of a complex combination of practices and elements that impact each other. This relationship between practices is so tangled, that it would be a huge mistake to attribute the success to an isolated practice.

Each firm surveyed has chosen a winemaking process, a style of product, a distribution channel, a market, and a way to promote their distinctive features; aiming to reach through them, a competitive advantage. But this advantage is not easily conquered. In these companies strategies' practices take place more as a strategic reaction to past experiences than as a deliberate strategic planning.

By analyzing practices, it was concluded that a company with a favorable *context*, but that it does not reach an acceptable level of implementation of the *practice*; or puts unprepared *practitioners* in the implementation process; may see its initial advantage missed. Then, the value of a distinctive feature not only depends on its existence but of its use. The study shows that to achieve superior performance the elements -*context*, *praxis*, *practice* and *practitioners*- must be in line with the strategy or at least not on clash at the point of harming the key element in which the company has a competitive advantage.

It is important to highlight the presence of certain values and shared criteria within the strategies practices of the three companies in the sample. First, it should be noted a real concern about strengthening a long-term trade relations with the distribution channels. Second, and not least, stands a real concern about the quality of products offered to the market. The latter may seem a minimum requirement for business success; however, arise from the analysis a clear dichotomy between the owners interviewed practices' and local producers practices. A high quality winemaking process requires not only to choose the best grapes and aging the wine in oak barrels, but mainly to give up revenue, volume, margin, and short term profits when the crops are not good in order to maintain a constant quality standard. These sacrifices are instinctive natural practices when identity and strategy are inextricably linked, as on the three companies in the sample. The fact that the owners are directly involved in the winemaking process, reaffirms the relationship between the owners identities and their wines. Not to make the best wine possible or a wine out of the standards expected for the brand would not only run the risk of burning the image of the product on the market, but hurt a strongly ingrained value in the practitioner's identity.

5.1. Managerial implications

From this work arise some important managerial implications that can be followed by firms and entrepreneurs that pretend to improve their performance in the Brazilian wine market.

First, companies must make a real commitment to quality and the market if they want to be part of the select group of successful wineries. The sample companies struggle obsessively for a superior wine. As discussed in the final considerations, to produce quality wines in the Brazilian climatic conditions requires a lot of perseverance and sacrifices.

Second, companies must abandon the idea of imitate or follow practices in which they not have the resources or skills required for a proper implementation. It is natural that producers feel tempted by external practices that work when implemented by other companies, or succeeded in other countries. However, as widely discussed, when adapted to a new context or implemented by other practitioners practices can hardly survive intact to the process, suffering different transformations and outcomes.

Finally, the wineries must identify their different resources and exploit them, aiming to achieve a competitive advantage. In this sense, the results of this work are encouraging. The survey revealed that even following very different generic competitive strategies, the three companies in the sample reached a prominent position in wine market. That is, there are different ways to achieve the same goal.

The Brazilians will legitimize the national wine when the peaks and troughs in quality that frustrate consumers were eliminated. This is what has happened in the sparkling wine national market, where favorable weather conditions and cost barriers to entry converged to a final product that rarely disappoints. Still, for the national wine it won't be easy to extirpate its stigma. Whether conditions are less favorable and the consumer cannot separate the wheat from the chaff. An organized and united wine industry that promotes a greater adherence of producers committed to quality and to preserve the domestic's wine image among consumers could be a starting point.

5.2. Limitations of the study and avenues for future research

Despite the implications presented, the study has some limitations. The strategic themes are strongly linked to the competitive advantages and the decision-making process within companies. This fact imposed limitations on the depth of detail that the owners may be willing to reveal during the interviews. The information could be enriched by the vision of internal employees, video recordings and other techniques used by strategy as practice researchers that were impossible to implement in this work.

The seven dimensions used for the analysis of the results did not follow an academically proven model. The dimensions emerged over the research from the necessity to organize and classify the data collected during the survey.

It is recognized at the end of this research, that there are plenty avenues for future research in the strategy as practice study. For future research, it is suggested a survey that compares larger wineries. This perspective could reduce the strong influence of entrepreneurs in the strategies practices observed in this work.

The fact that companies choose the markets and strategies in which they have some skill or advantage to be exploited suggests a very close relationship with the concepts of Resource Based View (RBV). A survey that explores from the RBV perspective the impact of practice implementation or practitioner's characteristics as the main source of inimitable resources could be valuable for the theory of strategy.

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