

RUIN TO RICHES- FROM SCANDAL TO SUCCESS IN THE WINE INDUSTRY

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Abstract

Motivation

For as long as wine has been made, it has been manipulated, adulterated and counterfeited. Some frauds were harmless, several of them were damaging, and a few even ended tragically. But most importantly, some brought changes and revolution to a certain sector of the wine industry.

Objectives

The objective of the thesis is to review the issue of wine frauds and scandals through some of the most significant examples from the European wine industry. The thesis aims to analyse the negative impacts and damages from personal, health, economic and reputation points of view. However, the main focus of the thesis is to discover the opportunities of turning disadvantages to benefits and achieving success by drawing the inferences from scandals.

Methodology

To accomplish this task I completed a research to discover the history of wine frauds. After introducing frauds of the past, I collected material about the most significant scandals taking place over the recent decades in the European wine industry. Some articles I used are dated back in the days of the scandals, while some of them review the case a decade later, allowing me to compare the different views within a broader time frame. Most of the articles were available in English language, but some Italian material was processed as well. Finally, I have watched a documentary movie called 'Sour Grapes' about "the wine fraud of the century".

Content

The thesis is divided to four sections. The first chapter is introducing the concept of wine fraud and describing its historical background. Wine frauds are not a new phenomenon, adulteration and fraud have followed the wine trade throughout centuries from the ancient Rome. During the different stages of history, governments tried to prevent frauds using punishment and regulations.

The second chapter is describing the main forms of wine frauds, such as label frauds, illegal blending and the addition of hazardous materials. The different forms are introduced through some of the most significant examples of the last decades from the European wine industry.

The third chapter aims to illustrate the negative impacts and damages of wine frauds and scandals, using the examples introduced in the previous chapter. The damaging impacts are demonstrated from various points of view: personal, health, economic and reputation.

The fourth and last chapter is focusing on the positive long term impacts of wine frauds. It is describing the opportunities of the wine industry's shareholders to turn a scandal into success, to find new directions, create new regulations and to make a big step towards quality.

Conclusion

Wine frauds existed in the past, they exist in our days and this probably will not change in the future either. Techniques have evolved during the decades, regulations and legal systems have been set and changed along with the aim of preventing wine frauds. However, counterfeiters always seem to adjust and find new ways. As long as people consider certain bottles of wines worthy of very high prices, there is always going to be an initiative to produce fakes.

Wine scandals may have serious damages from various points of view. The highest price to pay is human lives and health, but the reputation of a region or even a whole country can suffer as well. Innocent individual producers may have serious troubles selling their products in their country or on the export markets, where numbers can drop enormously.

However, we have seen promising examples as well from the recent past. Collectors and auction houses became more cautious due to the frauds they have experienced. Brunello's tradition and quality is now supported by strict regulations, and Italy's wine industry in general stepped on the road of quality after the methanol scandal. Meanwhile, Austria is doing better than ever, after standing up, setting new regulations and rebranding its wine industry.

As we have seen on the long term, scandals may bring positive changes and revolution, if governments and industry shareholders react quickly and effectively. Experiencing fraud may help the members of the wine industry being more open-minded, finding new directions and most importantly, focusing on quality. As a result, scandals may be handled not like a disaster but rather as an opportunity.

