

# Geographic Indication As A Strategic Resource For Small Wine Producers: A Literature Review

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## Abstract:

**Background:** Wine is one of the products that stands out most in the competitive market and this phenomenon is linked to its mode of production/manufacturing and the developments that occur to validate/value this product. The objective of this research was to analyze, in a scientific journal, publications related to wine production associated with management techniques and Geographical Indication records.

**Materials and Methods:** The research is bibliographic, descriptive-exploratory. The methodology sought ontological reflexivity to show and explain existing and/or identified aspects with a qualitative approach. The Web of Science platform was used to search for publications followed by the descriptors 'geographical indication' and 'wine' "Small Wine Producers" resulting in 245 publications. After systematic reading and application of filters, a sample of 43 (forty-three) publications was selected. From the sample, a grouping into categories was made to highlight and discuss the data found.

**Results:** The categories analyzed are intertwined in the potential that the Geographical Indication can bring to a given region. The results showed that when the wine has a Geographical Indication, its recognition and value is higher, with the consumer being the agent who assigns this valuation as they are more willing to invest in the product.

**Conclusion:** Thus, this resource can be used as a competitive strategy for small wine producers.

**Key Word:** Winemaking Production, Unfair Competition, Competitive Market.

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## I. Introduction

The competitive market has been growing and increasingly demanding accelerated production to dominate the supply of products and serve a broader community. Those with high purchasing power and access to technologies guarantee competitive advantages through operational efficiency on a short, medium and long scale, with product demand being one of the indicators to optimize this production.

This market concept directly affects small producers as they do not have much resources (technology, infrastructure, labor) to compete in terms of production, supply and distribution of products. Therefore, being able to remain in the market with such unfair competition requires seeking compensatory alternatives that differentiate the product offering.

When we associate this market discussion with wine producers, this issue becomes even more evident and two distinct phenomena stand out - quantity in production and quality in production<sup>2</sup>. This does not mean that one cancels out the other, but that there are purposes that differentiate them. The first is the expansion and supply of the product, that is, quantity and geographic coverage are phenomena that enhance it and profitability is measured by the mathematics of sales achieved. In the second, the production technique and management are vectors added to the environmental characteristics of a given region in which the climate, soil, type of grape, irrigation process, cultivation, maturation and storage are taken into account. of product. Profitability lies in the quality of the product generated from this service customization.

By understanding the aforementioned distinction, it is possible to note that the second can become a competitive strategy for small producers. Adding to this, we have the Geographical Indication, a legally based mechanism to protect the human, cultural and geographic characteristics of a given place, which can be divided into two aspects: Indication of Origin (IP), the identification of the product or service is validated by the reputation, quality or characteristic associated with its region of origin; Denomination of Origin (DO), certifies products linked to a geographic area that has unique characteristics that cannot be replicated in other regions, as the quality or characteristics of the product are exclusive to the place of origin<sup>3</sup>.

Briefly, Brazilian Geographical Indication (GI) legislation was granted by Industrial Property law n° 9,279/19964 to reduce possible communication noise and allow the execution of certain activities. Normative Instruction No. 25/20135 of the National Institute of Intellectual Property – INPI establishes the necessary conditions to obtain a Geographical Indication registration. According to data from the Ministry of Agriculture, Livestock and Supply - MAPA and the Brazilian Micro and Small Business Support Service - SEBRAE (2022)6, today Brazil is the 18th largest wine producer and the 13th largest consumer market.

Therefore, the objective of this research was to analyze, in a scientific journal, publications related to wine production associated with management techniques and Geographical Indication records. Aiming to achieve the proposed objective, the following paths were outlined: 1) carry out a bibliographic mapping on a digital basis to select publications coherent with the research objective; 2) systematically analyze the publications found using criteria aligned to the theme. 3) systematize and discuss the sample found, making deductive inferences based on the organized data; 4) point out strategic alternatives based on results that result in competitive advantages for the small wine producer in the market.

The motivation for undertaking this research lies in understanding what strategies small wine producers are adopting and/or developing to remain in the market. The literature already points out that cooperatives and associations are existing paths, but we seek to explore how these paths favor them.

## II. Material And Methods

The research is of a bibliographic, descriptive-exploratory nature, as it maps the theme in question in the literature on wine production and geographical indication based on the exploration of periodicals and articles published in magazines and conference annals found in the data source web of Science. The methodology sought ontological reflexivity to show and explain existing and/or identified aspects with a qualitative approach, interpreting the data found in order to respond to the research gap without delving into statistical phenomena.

### Collection Procedure, Criteria and Research Sample

The Web of Science platform was used to search for publications with the following descriptors ‘geographical indication’ and ‘wine’ “Small Wine Producers” resulting in 245 publications.

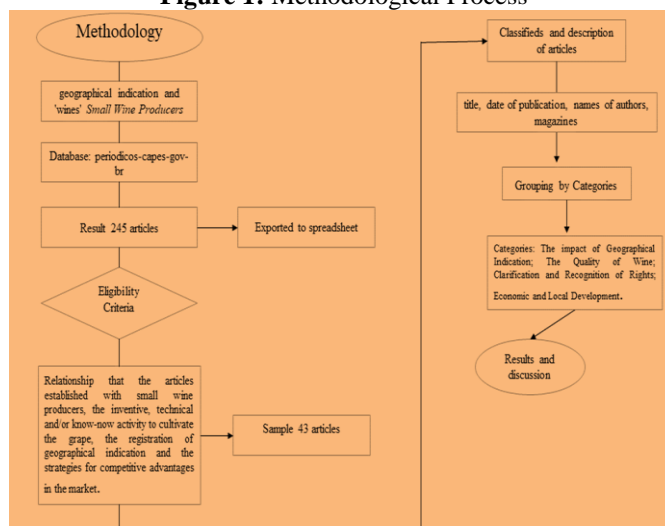
The filter was applied to select publications considering: the title, summary, results, conclusions or final considerations. When applying the search filter, the relationship that the articles established with small wine producers, the inventive, technical and/or know-now activity to cultivate the grape, the registration of geographical indication and the strategies for competitive advantages in the Marketplace.

The inclusion criteria adopted considered publications available in their entirety and in full relation to the delimitation of the research. Publications that were not available in full and that had no direct relationship with the objective of the research were excluded from the analysis.

When applying these criteria, electronic spreadsheet software was used to classify the consistency of publications with the adopted criteria. To this end, the titles, summaries and considerations or conclusions of the articles were selected. After systematic reading, the sample resulted in 43 (forty-three) publications.

Once the sample was selected, it was grouped into categories to highlight and discuss the data found. The analysis categories took into account: The impact of the Geographical Indication; The Quality of Wine; Clarification and Recognition of Rights; Economic and Local Development.

**Figure 1: Methodological Process**



### III. Result and Discussion

The grouping by categories was based on the similarity of the results found in the analysis of the articles, which resulted in 4 (four) categories: the impact of the Geographical Indication; The Quality of Wine; Clarification and Recognition of Rights; Economic and Local Development. The systematization of the distributive organizational sequence classified the articles by category for discussion and inferences of the researchers of this manuscript, following the list below.

**Table 01:** Geographical Indication Impact Category

| NOME DOS AUTORES   | TÍTULO DO ARTIGO  | REVISTA   | ANO DE PUBLICAÇÃO |
|--|---|---|-------------------|
| VERDONK, N. R;<br>WILKINSON, K.L; Bruwer, J  | Importance, use and awareness of South Australian geographical indications.   | Australian Journal Of Grape And Wine Research         | 2015              |
| AGOSTINO, M; TRIVIERI, F.  | Geographical indication and wine exports. An empirical investigation considering the major European producers                     | Food Policy   | 2014              |
| ZAPPALAGLIO, A. Getting Article  | TRIPS Right: A Commentary on the Definition of 'Geographical Indication' from a European Union Perspective with a Focus on Wines. | Journal Of World Investment & Trade                   | 2022              |
| POETSCHKI, K;<br>PEERLINGS, J; DRIES, L.   | The impact of geographical indications on farm incomes in the EU olives and wine sector   | British Food Journal                                  | 2021              |
| LUBINGA, M.H;<br>NGQANGWENI, S; VAN DER WALT, S; POTELWA, Y; NYHODO, B; PHALENG, L; NTSHANGASE, T. | Geographical indications in the wine industry: does it matter for South Africa?   | International Journal Of Wine Business Research       | 2021              |
| GONZÁLEZ-CENTENO, M.R; ADROVER-OBRADOR, S; SIMAL, S; FRAU, M.A; Femenia, A; Rosselló, C.           | A multivariate methodology to distinguish among wine Appellations of Origin.  | Agronomy For Sustainable Development                  | 2015              |
| VLACHVEI, A; NOTTA, O; EFTERPI, T.   | Branding strategies in Greek wine firms   | International Conference On Applied Economics (ICOAE) | 2012              |
| BARTOLI, C. BONETTI, E. MATTIACCI, A   | Marketing geographical indication products in the digital age: a holistic perspective   | British Food Journal                                  | 2022              |
| SARTURI, G; AUGUSTO, C; VARGAS, F; BOAVENTURA, J.M.G; DOS SANTOS, S.A.                             | Authentication of Grappa (Italian grape marc spirit) by Mid and Near Infrared spectroscopies coupled with chemometrics.           | Vibrational Spectroscopy                              | 2020              |
| DEVIGILI, M; PUCCI, T; ZANNI, L.   | From firm's brand identity to cluster's brand identity: a web-based analysis of Tuscan wineries                                   | International Journal Of Wine Business Research       | 2018              |

When analyzing the articles in table 01, it was possible to consider that the multidimensionality of the impact of the Geographical Indication may vary according to the product. In the case of wines, the variants under analysis pointed to: intellectual protection; product evaluation; reputation; tourist attraction; marketing strategy; preservation of culture; insertion into the international market.

Most studies do not just focus on the potential impact of GI on wine exports, but rather on the factors that determine total (or high-quality) wine flows. From this perspective<sup>7</sup>, he states that “the implementation of a GI cannot be seen simply as a process of obtaining the seal of origin, without taking into account the positive externalities generated around the system”. In this context, opportunities should not be neglected and/or limited to the geographical limits where the wine is produced. It is also necessary to take into account the entire organization that supports this production (people, commercial development and appreciation of the territory).

**Table 02:** Wine Quality Category

| NOME DOS AUTORES  | TÍTULO DO ARTIGO   | REVISTA              | ANO DE PUBLICAÇÃO |
|---|--|----------------------|-------------------|
| FALCAO, T.F; RÉVILLION, J. P. P.                              | The quality perception of Brazilian wine specialists according to geographical indications | Ciencia Rural        | 2010              |
| CACIC, J; TRATNIK, M; KLJUSURIC, J.G; CACIC, D; KOVACEVIC, D. | Wine with geographical indication - awareness of Croatian consumers                        | British Food Journal | 2011              |

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|---|--|---|------|
| TONIETTO, J; PEREIRA, R.V;<br>ZANUS, M.C; GUERRA, C.C;<br>FALCADE, I.   | Criteria used in the specifications for geographical indications of fine wines in Brazil.  | Th World Congress Of Vine And Wine  | 2016 |
| RESCE, G; VAQUERO-PIÑEIRO, C.   | Predicting agri-food quality across space: A Machine Learning model for the acknowledgment of Geographical Indications.  | Food Policy   | 2022 |
| LÓPEZ-BAYÓN, S;<br>FERNÁNDEZ-BARCALA, M;<br>GONZÁLEZ-DÍAZ, M.   | In search of agri-food quality for wine: Is it enough to join a geographical indication?   | Agribusiness  | 2020 |
| DANTAS, D.L.L; PEREIRA, G.E;<br>DE SOUZA, A.L; LIMA, M.D.   | Chemometric analysis for authentication of 'Syrah' and 'Tempranillo' red wines of San Francisco Valley-Brazil compared to wines from other world regions by the molecular profile in HPLC. | Journal Of Food Science And Technology-Mysore   | 2023 |
| STANCO, M; LERRO, M;<br>MAROTTA, G  | Consumers' Preferences for Wine Attributes: A Best-Worst Scaling Analysis  | Sustainability  | 2020 |
| DOMINICI, A; BONCINELLI, F;<br>GERINI, F; MARONE, E   | Consumer preference for wine from hand-harvested grapes.   | British Food Journal  | 2020 |
| BONCINELLI, F; DOMINICI, A;<br>GERINI, F; MARONE, E.  | Consumers wine preferences according to purchase occasion: Personal consumption and gift-giving.   | Food Quality And Preference   | 2019 |
| SECCIA, A; CARLUCCI, D;<br>SANTERAMO, F. G;<br>SARNARI, T; NARDONE, G.  | On the effects of search attributes on price variability: An empirical investigation on quality wines.   | Th World Congress Of Vine And Wine  | 2017 |
| GUGUCHKINA, T;<br>ANTONENKO, M;<br>YAKIMENKO, Y   | New grape varieties for production of high-quality wines, and assessment methodology for varietal characteristics of the product.  | International Scientific Online-Conference Bioengineering In The Organization Of Processes Concerning Breeding And Reproduction Of Perennial Crops, | 2020 |
| GONZÁLEZ-CENTENO, M.R;<br>SIMAL, S; FEMENIA, A;<br>FRAU, M; ROSSELLÓ, C.  | Identification of behaviour patterns of viticultural regions according to their agroclimatic fingerprint and grape characteristics.  | Australian Journal Of Grape And Wine Research   | 2013 |
| BARBOSA, E.A; SOUZA, M.T;<br>DINIZ, R.H.S; GODOY-SANTOS, F;<br>FARIA-OLIVEIRA, F; CORREA, L.F.M;<br>ALVAREZ, F; COUTRIM, M.X;<br>AFONSO, R.J.C.F; CASTRO, I.M;<br>BRANDAO, R.L. | Wine Grape Quality Of Grapevines Grown In The Cerrado Ecoregion Of Brazil.   | Journal Of Applied Microbiology   | 2016 |

In table 02 it was possible to analyze that wine quality is generally associated with the wine production process involving: soil, climate, plantation, grape, harvest, management, applied technique, flavor and texture. The results of this specific category reflect what we had discussed in the introductory part of this article when we associated it with small wine producers. For the consumer, wine with a geographical indication adds value.

Corroborating this idea, an online survey carried out in Italy<sup>8</sup> showed, from 419 regular wine consumers, that the quality attributes of this product are associated with: geographical indications; grape variety; sustainable certification; vintage; and, price. This information leads us to consider that the wine production/manufacturing process, as well as its historicity, are attributes that the consumer can also take into consideration when considering the idea of purchasing the product. In this context, small wine producers can add such information to the distinctive characteristics of their products as a competitive market strategy.

**Table 03:** Category of Clarification and Recognition of Rights

| NOME DOS AUTORES                                 | TÍTULO DO ARTIGO  | REVISTA      | ANO DE PUBLICAÇÃO |
|--|---|--------------|-------------------|
| ROCHA, S; PINTO, E;<br>ALMEIDA, A; FERNANDES, E. | Multi-elemental analysis as a tool for characterization and differentiation of Portuguese wines according to their Protected Geographical Indication. | Food Control | 2019              |

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|--|---|--|------|
| BELLETTI, G;<br>MARESCOTTI, A;<br>TOUZARD, J. M.   | Geographical Indications, Public Goods, and Sustainable Development: The Roles of Actors' Strategies and Public Policies                                  | World Development  | 2017 |
| TEUBER, R.   | Consumers' and producers' expectations towards geographical indications Empirical evidence for a German case study.                                       | British Food Journal   | 2011 |
| CARACCILOLO, F; D'AMICO, M;<br>DI VITA, G; POMARICI, E;<br>DAL BIANCO, A;<br>CEMBALO, L. | Private vs. Collective Wine Reputation  | International Food And Agribusiness Management Review                              | 2016 |
| LÓPEZ-BAYÓN, S;<br>GONZÁLEZ-DÍAZ, M;<br>SOLÍS-RODRÍGUEZ, V;<br>FERNÁNDEZ-BARCALA, M.     | Governance decisions in the supply chain and quality performance: The synergistic effect of geographical indications and ownership structure              | International Journal Of Production Economics                                      | 2018 |
| BARHOSA, P.M.D; DUPIM, L.C;<br>BRUCH, K.L; PERALTA, P.P.                                 | Champagne, Cognac, Rioja, Jerez and Vales dos Vinhedos: Conflicts between trademarks and geographical indications of wines and spirits in Brazil.         | Th World Congress Of Vine And Wine   | 2016 |
| CHANDRA, S; CHAPMAN, J;<br>POWER, A; ROBERTS, J;<br>COZZOLINO, D                         | Origin and Regionality of Wines-the Role of Molecular Spectroscopy  | Food Analytical Methods  | 2017 |
| CASTRO, V.A; GIRALDI, J.D.E.   | Shared brands and sustainable competitive advantage in the Brazilian wine sector  | International Journal Of Wine Business Research                                    | 2018 |
| OLTEAN, F.D; GABOR, M.R.   | Wine Tourism-A Sustainable Management Tool for Rural Development and Vineyards: Cross-Cultural Analysis of the Consumer Profile from Romania and Moldova. | Agriculture-Basel  | 2022 |
| VENTIMIGLIA, A.  | Deceptions Have Been Practiced: Food Standards as Intellectual Property in the Missouri and Ohio Wine Industries (1906-1920).                             | Enterprise & Society   | 2021 |
| NISTOREANU, P; TANASE, M.O;<br>GHEORGHE, G   | Pgi And Pdo Logos And Products In The Romanian Market. An Exploratory Study.  | Basiq International Conference: New Trends In Sustainable Business And Consumption | 2019 |

In table 03 it was considered that the level of enlightenment of the population (producers and consumers) allows for a greater understanding of productivity with regard to Geographical Indication, Wine Quality and its valuation for the recognition of the processes and rights embedded in this coexistence.

They reaffirm this conception by saying that the uniqueness of the wines produced in each PGI requires the development of methods that guarantee their quality and authenticity. Therefore, the author suggests that multi-element analysis is an important tool in the wine industry and its applicability makes it possible to find chemical markers that allow wine traceability.

Among the important sources for the development of knowledge about GI, consumption (experience) and specialized literature stand out, as the geographical indication on the product label is very important for validation by consumers, as they are willing to pay more for wines that have Geographical Indication.

**Table 04: Economic and Local Development Category**

| NOME DOS AUTORES  | TÍTULO DO ARTIGO  | REVISTA                                    | ANO DE PUBLICAÇÃO |
|---|---|--|-------------------|
| HENRY, L.   | Adapting the designated area of geographical indications to climate change.                             | American Journal Of Agricultural Economics | 2023              |
| CRESCENZI, R; DE FILIPPIS, F;<br>GIUA, M; VAQUERO-PINEIRO, C. | Geographical Indications and local development: the strength of territorial embeddedness                | Regional Studies                           | 2022              |
| BOWEN, S; ZAPATA, A.V.  | Geographical indications, terroir, and socioeconomic and ecological sustainability: The case of tequila | Journal Of Rural Studies                   | 2009              |

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|---|---|---|------|
| RIBEIRO, J. D; FIGUEIREDO, E; RODRIGUES, C  | Between Localness and Deterritorialization in Nemea and Basto Wine Regions.   | Rivar-Revista Iberoamericana De Viticultura Agroindustria Y Ruralidad | 2018 |
| VERGAMINI, D; BARTOLINI, F; PROSPERI, P; BRUNORI, G.                                    | Explaining regional dynamics of marketing strategies: The experience of the Tuscan wine producers.                  | Journal Of Rural Studies  | 2019 |
| DRAHOS, P.  | Sunshine in a Bottle? Geographical Indications, the Australian Wine Industry, and the Promise of Rural Development. | Cambridge University Press  | 2017 |
| DE LIMA, C.M; FERNANDES, D.D.S; PEREIRA, G.E; GOMES, A.D; DE ARAÚJO, M.C.U; DINIZ, PHGD | Do denominations of origin provide useful quality signals? The case of Bordeaux wines                               | Food Chemistry  | 2020 |
| KODAMA, T.  | GIs and the concept of terroir for the development of local wine and sake clusters in Japan                         | World Congress Of Vine And Wine                                       | 2019 |

In table 04, it was noticed that with the geographical indication granted, the probability of generating income is high, because, if there is a growing demand for the search for the product, there will be a search for labor, enabling more employability. This movement can also generate a population increase in the locality due to the formal and informal employment opportunities that may arise.

According to 10, wine tourism is a practice that promotes tourism in wine regions. The term “enotourism”, also known as wine tourism, refers to the practice of traveling to wine regions with the main objective of discovering, tasting and purchasing wines directly from wineries. In Brazil, this practice has been growing and highlighting the quality of local wines.

Improved business performance is achieved when consumers have access to the right information solutions. It is suggested that GIs present themselves as a relevant political instrument for both less developed and more developed regions, as the idea that GIs constitute a true development opportunity for rural and agricultural areas is now supported by academics and professionals<sup>11</sup>.

The creation of a Geographical Indication involves the genuine characteristic of a place (soil, climate, vegetation, reputation) and/or inventive activity that producers have developed over time that makes the product or service unique in flavor, texture, process or technique<sup>12</sup>. The categories analyzed are intertwined in the potential that the geographical indication can bring to a given region. The developments that each category proposed to make considered the predominance found to emphasize/clarify the dimensions.

## V. Conclusion

The research paths indicate that Geographical Indication can boost a product in a certain region. Some answers about the problem raised in this manuscript in understanding what types of alternatives the small wine producer should develop to remain in the competitive market were found and highlighted in the results.

Thus, the general objective of this research was met, therefore, the data collected showed that, with the Geographical Indication, small wine producers can protect and enhance their production. It is recommended that future research can be carried out to find new data that can complement or compare what has already been found.

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