

## Wine Supply Chain Coordination in the Hospitality Industry

### การประสานงานของโซ่อุปทานของไวน์ในอุตสาหกรรมการบริการ

Supalak Akkaranggoon\*

#### Abstract

The purpose of this research is to examine supply chain coordination practice in the wine supply chain in relation to the hospitality industry, Thailand. The main objectives of this paper are (i) to describe the practice with regard to wine supply chain coordination within the hospitality industry and (ii) to compare the practice of wine supply chain coordination within the hospitality industry in Thailand and the theory. The study employs a qualitative approach to address the research problem. This paper is part of a wine supply chain research project investigating into wine supply chain practice in Thailand. The primary data were collected through one-on-one interviews with supply chain members of the wine supply chain. The results suggest coordination practice found in the hospitality industry reflects the traditional business practice. The characteristics of supply chain practice of the hospitality in Thailand are reported. The paper also identifies the discrepancy between the practice and theory of supply chain management. Discovered issues from the data are also discussed, and suggestions for future work are outlined.

**Keywords:** supply chain coordination, wine supply chain, the hospitality industry

\* Nong Khai Business School, Khon Kaen University



## บทคัดย่อ

ความตั้งใจของงานวิจัยชิ้นนี้คือการตรวจสอบการประสานงานของโซ่อุปทานของไวน์ในอุตสาหกรรมบริการในประเทศไทย จุดประสงค์หลัก 2 ประการของการศึกษาคือ 1. เพื่ออธิบายการทำงานที่เกี่ยวข้องกับการประสานงานในโซ่อุปทานของไวน์ในอุตสาหกรรมบริการ 2. เพื่อเปรียบเทียบการทำงานดังกล่าวกับแนวคิดของการจัดการโซ่อุปทาน การศึกษาครั้งนี้เป็นการศึกษาเชิงคุณภาพ และเป็นส่วนหนึ่งของการศึกษาการจัดการโซ่อุปทานของไวน์ งานชิ้นนี้มุ่งไปที่การศึกษาการปฏิบัติในประเทศไทยซึ่งข้อมูลเชิงคุณภาพได้จากการสัมภาษณ์สมาชิกของโซ่อุปทานของไวน์ ผลการศึกษาแสดงให้เห็นการปฏิบัติในโซ่อุปทานในรูปแบบดั้งเดิมและอธิบายลักษณะของการทำงานระหว่างสมาชิกในโซ่อุปทาน นอกจากนั้นการศึกษาครั้งนี้พบว่ามีช่องว่างอีกมากระหว่างการทำงานของสมาชิกในโซ่อุปทานของไวน์ในอุตสาหกรรมบริการกับแนวคิดการจัดการโซ่อุปทาน งานชิ้นนี้ได้เสนอประเด็นที่เกี่ยวข้องที่สำคัญที่ค้นพบจากข้อมูล และเสนอแนวทางการวิจัยไว้ในตอนท้าย

**คำสำคัญ:** การประสานงานในโซ่อุปทาน โซ่อุปทานของไวน์ อุตสาหกรรมการบริการ

### 1. Introduction

Supply chain coordination is relatively new business concept evocating synchronising supply chain activities once aggregated within boundaries of a firm. An integrated supply chain comprises business functions within a firm and activities across upstream and downstream partners. The ultimate objective of supply chain activities has shifted from traditional business objectives to achieving the mutual goal of the whole supply chain as well as those of its members. Supply chain management (SCM) has become a relatively new business philosophy for many organizations. Coordination is one of the corner stones that the SCM concept is built on.

Working together helps matching demand with supply as well as providing mutual benefits to all parties involved. What is more, coordination can provide a number of benefits including improved customer satisfaction and supply

chain performance which leads to competitive advantage (Nyaga, Whipple, and Lynch, 2010; Cao and Zhang, 2011), consistency in orders processing, decrease in lead time, improvement in stock levels, decrease in holding time for on-hand inventory, increase in sales revenue among others (Simatupang and Sridharan, 2005). It is evident from the literature that supply chain coordination has been an important area in the field of supply chain management. This study aims to explore the coordination issue in the area that has been under researched, the wine supply chain in the hospitality industry.

There has been only a small number of noticeable research that was done in the field of supply chain coordination focused on the wine industry (see for example. Kumar et al, 2013; Thach and Olsen, 2006; Orth, Lockshin and D'Hauteville, 2007). Thach and Olsen (2006) investigated the strategic partnerships in the wine supply chain and found that success of winery depends heavily on their capability to build effective partnership relationships with their distributors. On the other hand, Orth, Lockshin and D'Hauteville, (2007) suggested the global wine business as a field of research that provides a complex and rich field to study a range of issues across all aspects of business management but failed to find benchmarking or guiding research works that address the supply chain coordination issues in wine industry. Sequeira and Carvalho (2012) suggested that wine industry needs immediate attention of researchers as the gap in the literature is increasing. While going through the literature, the study has failed to find any research work that addresses supply chain coordination issues in the wine industry of Thailand. As a result, there is a gap in the literature that addresses the supply chain coordination issues in the growing wine industry of Thailand. Conducting research on wine in the hospitality industry will not only fill this research gap but also findings of this study can be used by future researchers to conduct more detailed study on the topic and several related topics. The main objectives of this paper are (i) to describe the practice with regard to wine supply chain coordina-



tion within the hospitality industry and (ii) to compare the practice of wine supply chain coordination within the hospitality industry in Thailand and the theory.

The rest of the paper is organised as follows. The next section reviews the literature on supply chain coordination and later on the wine supply chain will be discussed to give an overview of the context of this study. Section 3 discusses the research design, data collection and data analysis. The findings and discussion will be presented in section 4 followed by the conclusion in section 5. The last three sections discuss the limitations of the study, research implications and future research directions.

## 2. Literature review

The concept of supply chain has been investigated from various contexts and perspectives. Since supply chain management (SCM) attracted scholars' attention in the early 1990s, there has been a myriad of research looking into supply chain practices in several industries.

The new management philosophy, as oppose to the traditional one, focuses on long-term, supply chain-focused performance instead of short-term, firm-focused outcome. SCM has evolved from two traditional supporting business functions: the purchasing function and the logistics function (Tan, 2001). In the early days, the primary focus of SCM is the efficient physical distribution of the final products from the manufacturers to the end users in an attempt to replace inventories with information. However, the later definitions focus on material flow, coordination, stakeholder, relationship, value, efficiency and performance (Gibson *et al.*, 2005; Eng, 2005; Stock and Boyer, 2009). The management of supply chain is a task of integrating activities and coordinating materials, information and financial flows so that the ultimate user demands are met (Stadtler, 2005). Therefore, according to this philosophy, supply chain members belong to one single virtual enterprise where the ability to act as a single entity is essential.

## 2.1 Supply Chain Coordination

The intense competition forced firms to offer high quality products with low cost, higher responsive rate and flexibility. Companies began to realize the potential benefit and importance of strategic and cooperative relationship with their suppliers. Theoretically, managing supply chain activities are viewed as a mutual effort of individual entities within the chain. However, the practice of managing network of activities in the real world can be challenging. A supply chain is a dynamic business process that includes the continuous flow across multiple functional areas within and between chain members (Jain *et al.*, 2009). Increasing globalization and vertical integration, supply chains today have become more complex than ever. Studies on collaboration and coordination reported that there was low utilisation of coordination mechanisms (Storey *et al.*, 2006). The reasons for failing to collaborate reported in the literature include lack of understanding or managerial skills and relatively powerful supply chain members (Simatupang and Sridharan, 2002), lack of experience (Fisher *et al.*, 2000), unwillingness to collaborate (Fawcett *et al.*, 2015). Despite certain degree of failing found in practice, it is well documented notion through both theory and experience that, overall, collaboration will improve the performance of participating firms (Daugherty *et al.*, 2006; Cao and Zhang, 2011; Prajogo and Olhager, 2012)

Several studies have highlighted the importance of supply chain coordination (SCC) to be one of the main aspects of achieving competitive advantage, although the ‘label’ may not explicitly referred to as coordination. The advocated notion of the studies is on the act of collaborating between different supply chain members involved in different supply chain linked activities and mutual benefits get distributed to each partner. SCC can be achieved when the supply chain members work together to minimize the operating costs and share the ben-

efits (Hill and Omar, 2006). As a result, it becomes easier for the company to direct supply chain activities, material as well as information flow so that the demand can be satisfied with supply. Sharing mutual benefits between supply chain partners not only ensures efficient inventory management but also positive returns on investment (Simatupang and Sridharan, 2002).

In general, issues regarding SCM can practically be transferred onto the perspective of wine supply chain (WSC). However, the wine supply chain is a very complex system and therefore considered to be more complex area of study. Garcia *et al.*, (2012) describe some aspects that contribute to the complexity of the wine supply chain: the nature of products, the number of actors within the supply chain, the multi-tier systems in distribution cycle of some countries, the requirement of final customers, market pressure from both local and external competitors and the legal constraints of distribution. What is more, the geographical production areas of raw material, the grape, have been important to the final customers' requirement (Bonfante, Basile, Langella, Manna, Terribile., (2011). Unlike many other raw materials that can be sought from different geographical areas and make minimal difference, the planting area plays a significant role in the final products of wine supply chain. The WSC depends heavily on agricultural operations (pruning, cropping, harvest and tillage pest control and others), seasonality and geographic conditions (Petti *et al.*, 2006). The quality of the finished product, the wine, is directly related to the quality of the raw material, the grapes (Adamo, 2004). What is more, wine is highly sensitive to storage conditions, it is a challenging task for distributors to provide reliable wine storage facilities for maintaining wine quality during storage. Without proper equipment maintenance and coordinated activities of parties involved, it becomes impossible to produce good quality raw materials for wine supply chain and distribute the final products that are still in good conditions. On the other hand, such level of complexity and supplier-stakeholder dependency is absent in case of general supply chain. high de-

gree of customization and individualistic attentions are needed to execute different packaging phases such as bottle filling, capsuling, corking, making the bottle labelled, box filling and pallets in WSC. However, in general supply chain packaging can be done through batch level or mass level execution (Petti *et al.*, 2006). A simple wine supply chain framework is shown in Figure 1 in the next section.

## 2.2 The Wine Supply Chain

The wine industry has become greater and more complex in the international trade. Marania, Pomaricib, and Boattoc. (2012) reported considerable growth of the international wine trade of the first decade of the 21st century. The exported share of global wine production was 10% in the 1960s and in 1990 this share had reached only 15%. However, by the year 2000 the exported production had reached 25% of global production and more than 30% in 2010. What is more, from their analysis of the pattern of the wine trade, there have been profound changes in the geography of production and consumption and in the direction of export flows.

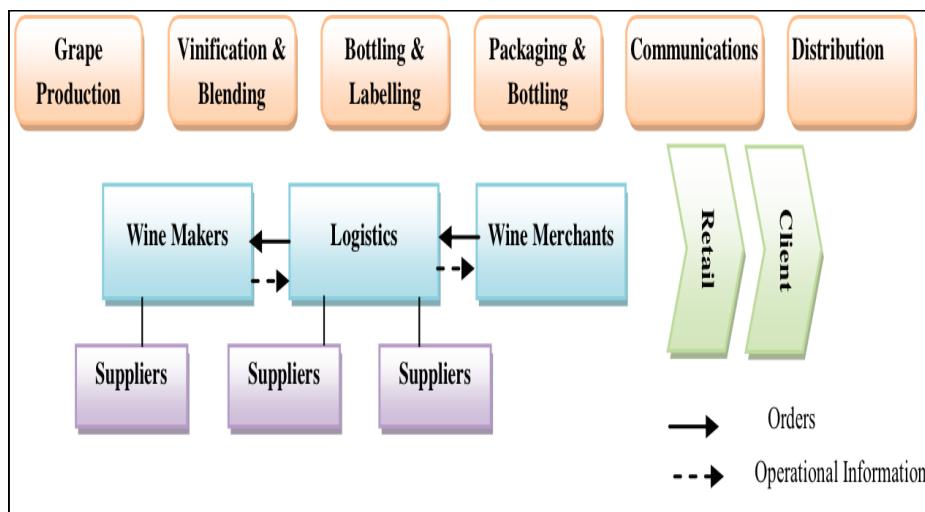
Changing consumption preferences of the residents as well as increasing number of tourists are contributing to the international wine distribution network. Routes for the transport of wine from the point of origin to the point of consumption have been expanding to the 'third' world as well as the traditional wine drinking regions. Tourism has been one of the main economic activities of Thailand where the number of international tourist arrival trend has been on the up over the past decade (Department of Tourism, 2016). The country has therefore become one of the non-traditional wine importing countries.

Such new routes have been shaped in many cases by some importers extending their activity to other countries exploiting logistic platforms (Marania, *et al.*, 2012). Wine exporters also search for a lower impact of import tariffs and integrate in some cases using storage or bottling facilities in a country other than that

of final destination. Changing geographies of wine production have been driven, to a large extent, by the rapid expansion of consumption demand mainly in Asian countries such as India, China and Brazil which until recently were only marginally involved in wine imports, and production (Banks and Overton, 2010; Marania *et al.*, 2012). This has resulted in the development of wineries and intermediaries throughout the non-traditional wine production world including Thailand. The changing trends in both production and consumption of wine have been reported. The number of wines in the market has been exponentially increasing over the past decade (Mariana *et al.*, 2012). The so-called ‘New World’ wine producing countries have considerably improved the quality of their wines and are becoming more aggressive to compete with the ‘old world’ wines from the traditional European countries (Banks and Overton, 2010). The wine importing trend by value and volume highlights the growth of imports of small non-traditional countries, Thailand is one of the countries under this category in the report, and particularly their steep growth rate since 2009 (Mariana *et al.*, 2012). The changes in the geography of importers with the emergence of new markets and the competitive performance of the wine suppliers have added to the already competitive wine markets. Therefore, wine supply chain actors have to be able to better meet their customers’ demands at a more affordable cost and ensure few stock outs on store shelves. This evolution has resulted in a growing necessity to higher inventory turns, service level and improved customer satisfaction.

A simple wine supply chain and wine supply chain main activities have been illustrated in Figure 1. (Kumar *et al.*, 2015). Every supply chain consists of supply chain members or actors (Lambert, 2008). The grape grower is responsible for the grape production. The main activities of grape growers are: planting the grapes, cultivating and pruning the vines, eliminating the inadequate vineyards, fertilizing the vineyards, controlling plagues, harvesting grapes, etc. The wine producer is responsible for the production, manufacture and/or blending of wine

products (Adamo, 2004). Between the producer and the final consumer there can be no one or several intermediaries such as filler/packer, exporter, freight forwarder, freight operators, importer, finished goods distributor, wholesaler and retailer (GS1, 2009). These actors are responsible for adding value to the products and the safe and efficient movement of goods on behalf of their clients. Final customers in the chain may buy finished goods directly from the producer, wineries, or they can buy their wine from retailer different sales' channels are: hyper/supermarket, liquor stores, drugs stores, specialist store, the hospitality sector (hotels, restaurants, catering, clubs, etc.) (Adamo, 2004).



**Figure 1** Simple Wine Supply Chain

**Source:** Kumar et al. (2015)

Although there has been a myriad of research on supply chain coordination, there has been very little empirical work done in the area of coordination of the downstream wine supply chain. Research in the links between wine supply chain, the hospitality industry and supply chain management is still almost non-existent, particularly in terms of supply chain coordination. Because of such lack of research on coordination between wine supply chain members, this paper

seeks to address the apparent gap in the literature through an exploration research design. The next section will discuss the design of this study.

### 3. Methodology

The research was designed to be exploratory in nature due to the infancy of the research area. Despite the myriad research in supply chain coordination, there is limited research on supply chain coordination issues in the wine industry and almost non-existent on the wine industry in Thailand. In order to find out about coordination issues among wine supply chain members, the researcher adopted qualitative research strategy.

Group interview (focused group) is not appropriate because of three reasons: (i) business confidentiality issue (ii) practicality busy people (iii) location, they are scattered over 3 provinces in the country and therefore it is more convenient for the interview to be taken place where the respondents are. In order to explore coordination issues among wine supply chain members, selected members were targeted. To build on the previous study (Kumar, *et al*, 2015) that explored the same issues with 4 wine companies, in this study the researcher chose upstream member, a winery, and downstream members, a chain wine restaurant and an independent restaurant so that investigation can be made through out the chain.

#### 3.1 Data collection and analysis

To address the research problem, three one on one interviews were conducted, and on-site observations to gain information and to understand the issues under study. Participants were selected because of their positions in the WSC and their experiences. Their identities were protected due to confidentiality issue. Only the positions in the chain can be revealed in the study so that the coordinating phenomenon can be appreciated. A winery owner and managing director was

chosen to provide insight to the questions from grape grower, winery and restaurant perspectives as well as their experience with their suppliers and distributors. Two other respondents were selected as they were important nodes in the supply chain in the hospitality industry. The difference between the two respondents was that the first one provided insight from a wine restaurant perspective and the other one gave insight from an independent restaurant perspective. Due to the small number of wine supply chain actors in the area, any details that might lead to the identification of the participants are not reported in this paper. Before each of the interview took place, informed consent from each participant was obtained. Furthermore, the participants were aware of the possibility of withdrawing from the study at any given time if they felt uncomfortable to carry on with the interview.

The interviews were recorded and transcribed verbatim and then the transcriptions were coded following the guideline provided by Strauss & Corbin (1990). Deductive coding scheme was employed to discover the different elements and issues related to the topic at hand. Despite the small number of interviews, qualitative data analysis software program QSR NVivo<sup>®</sup> was used to assist in data organization. By using the computer-assisted qualitative data analysis software the researcher can keep a record of ideas, searches and analytical steps as well as go back to the coded data for examining specific sections. The study is part of an ongoing research project and therefore data organisation was done systematically in order to be ready for further analysis and comparison. The transcripts were sent to the interviewees to ensure that the interviews were transcribed correctly and to offer the interviewees to make corrections if necessary or required.



## 4. Findings and Discussion

This section will present results from the interviews which can be divided into three sub-sections. Firstly, the brief information about the actors of wine supply chain studied will be described. Secondly, the themes discovered from the interviews will be presented and lastly, challenges of the wine industry in Thailand identified in the interviews will be explained.

### 4.1 The supply chain actors in the study

The winery - At the beginning of WSC is grape grower and the wine producer. The winery revealed that they were self-supplied with regards to the main raw materials, wine grapes. Other than that, majority of supplies were imported. In fact, the initial vine plants were also imported from abroad and the winery expanded the vineyard from those initial plants. What is more, whenever they want to grow their vines in another location and when they required other grape varieties that they did not already have, they would import the plants at the beginning of the planting stage. Other supplies for the production of their wines include machinery, temperature-controlled fermentation tanks, the traditional oak casks, corks, yeast and bottles where bottles were reported to be their main supply. The on-site restaurant also used some imported ingredients. The reason given for using imported suppliers was they wanted to be sure of the quality of their supplies. The winery, like some other wineries in the country, is also a tourist destination with accommodation, restaurant, tour and other tourist amenities and events. These tourist facilities were said to be by-products of the winery due to the beautiful scenery and pleasant climate. This winery therefore is part of the tourism industry as well as the wine industry.

The Wine Restaurant – the restaurant has wine as their main feature. This restaurant is the first wine restaurant in the province and one of the first wine restaurants in the neighbouring provinces. The restaurant has been in business for

about four years. It is managed on a day to day basis by a small team of staff. The owners choose the main suppliers which have been the restaurant suppliers since the opening of the restaurant. The respondent was an assistant manager with responsibility for overseeing the front and back of house and has worked at the restaurant from the start.

The Italian Restaurant – A relatively new theme restaurant in a city managed by an expatriate who is a chef-restaurateur. The participant has been in the country for more than 2 decades and has always worked in the hospitality industry. He is a knowledgeable person with regards to wine and restaurant business.

The next section will be the results of the data analysis. The interview transcripts were carefully read through several times to obtain a sense of the whole. Open coding was done by identifying meaning units, such as words, sentences, and small paragraphs of text, and a code, the term Node is used in the program Nvivo, was applied to relevant texts. After all transcripts had been coded the second stage of coding began. Axial coding explored the Nodes and the contexts under studied. Finally, categories were defined as the themes of the central phenomenon of interest in this study.

#### **4.2 The Characteristics of Wine Supply Chain Coordination in the Hospitality Industry**

The themes driven from the analysis are under four main categories: “long-term contact”, “traditional”, ‘simple communication channels’ and “in search of uniqueness” respectively. These themes were found to run through most of the interviews. The data relevant to these themes will be described next.

The winery has their own distributor as well as uses outside distributors for their wines. The proportion of their wines by value sold by their own distributor and other distributors was 70 per cent and 30 per cent respectively. No challenges were mentioned in relation to their distributor. The winery started to par-

tially outsource their distributing function after attempting to do it themselves for around 6-7 years. They started to work with one large distributor which they have a long lasting working relationship with. Another 2 distributors were taken on later to expand the geographical areas that the first distributor does not cover. However, there are areas covered by more than one distributor admitted by the interviewee that they could not put all their eggs in one basket. The interviewee stated that they would not like to say the distributors have to compete with one another but rather pointed out that it is a fair competition because they sell their wines at the same price to all of their distributors.

“I don’t want to say they have to fight [for customers]...but it’s a fair competition as we offer everyone the same price. We can’t just stick with one distributor”

From the interview, we have learnt that there was a sign of the ‘traditional relationship’ between the winery and their distributors. Despite long-term contact, in the case of their first distributor that has been working with them for more than a decade, there was expectation that the distributors should do more with regard to information sharing and up selling the wine.

“It’s their business whether they are competing, we only want to know who their customers are so that whenever there is a problem we can serve the customers.”

When asked if the winery would cut the ‘middle man’ if the customers are known to them, the respondent replied

“No, we only want to know the distributors’ customers so that there won’t be any confusion”

This non transparency issue regarding the distributors’ customers was not viewed as serious problem by the winery. What is more, the respondent expressed their concern if they specified in the contract that their distributor have to provide a list of their customers, they would have to go through the list and

see if all customers were included and whether the list was accurate. The doubt towards the distributors' sincerity and thorough work showed the lack of trust they have for their distributors regarding the details of their customers. Unlike partnership explained by the concept of SCM where transparency among supplier and buyer is one of the main characteristics, the power in the chain is still at the members that are closer to the end user and in this case that power is unevenly distributed back to upstream members. In this study, we put this phenomenon under the label 'traditional' as opposed to SCM practice.

The traditional practice was also found in the case of the restaurateur where almost none of the information regarding their customers was communicated back to the distributors.

Interviewer: "Do you share any information with your suppliers?"

The Restaurateur: "Not much. They asked me 'how's the business?' It's clear that at this moment everything is a bit difficult but I have never been negative, I'm always positive."

There is no sophisticated system connecting buyer and seller with regard to information sharing other than simple mobile phone application and email. Unlike other manufacturing products in an integrated supply chain where VMI or tracking technology is exploited, it is found that 'simple communication channels' were used in all cases interviewed. What is more, there has been evidenced of RFID used by further upstream chain members and supermarkets, hypermarkets (e.g. Lam, Choy, Ho, Kwong, Lee, 2013; Kumari, Narsaiah, Grewal, Anurag, 2015) but hardly found the links continued to the retailers in the hospitality.

The challenges reported were delays of delivery of the bottle supply for the winery. The respondent stated the working culture differences between them and their supplier and emphasised that they need to allow their bottle supply longer lead time for delivery. Other suppliers of the winery were also mentioned



regarding the need for increasing lead time to prevent delays. In the case of the restaurateur, delivery related difficulties found at the beginning when location of logistics spots was not easy to find for delivery party. However, after the initial trip no problems were reported. When asked what channels of communication were used, the respondent said they only used Line, a mobile phone application popular in Thailand, and telephone. Likewise, the wine restaurant reported telephone and electronic mail as their communication channels. The third theme, therefore, has been ‘simple communication channels’ This fact coincides with Adamo’s report in his 2004 thesis that information sharing occurs in informal ways through personal bonds or relationship. This was found to be the case in both retailers and distributors.

Last but not least, the practice with regard to product competition related to WSC within the hospitality industry found to be under the theme ‘in search of uniqueness’. The reason that we use the word ‘in search of’ is because there has been an informal attempt to be unique but there were no contracts or formal means to be ascertain that they sell unique wines that other restaurants in the same area do not have on their wine menus.

The ‘in search of uniqueness’ theme was discovered from the data. The restaurateur pointed out that there were no other restaurants had the wines that match his wine menu due to his wine suppliers were not the same as those who supply other restaurants, bars and hotels in the area. When asked what wines they sell at the restaurant, the restaurateur replied.

“In Bangkok there are so many wine companies that sure they working a lot to bring good quality wine from all around the world. This is why for me I just bring something different from what you can find in [the area]. And I try to be unique.”

The restaurateur explained that they did some search before selecting their suppliers.

“When I came to [this area] they only sell wines from only 2 companies here. There was not yet arrived the big cellars that sell in Bangkok”

The reason that he could convince these suppliers from Bangkok to supply their wines other than the 2 companies that had been working in the area was said to be the relationship that they had with the suppliers. The restaurateur told the interviewer that he had been working in Bangkok for more than two decades and with the relationship he had with his previous suppliers and the trust the suppliers had for him. However, at first he had to convince the suppliers that he would be able to sell good wines outside the main tourist destinations in Thailand namely Bangkok, Pattaya, Chiangmai, Phuket, Samui. And after the first year, he had more suppliers that were willing to supply him wines. The data in this section, therefore, show some evidence for 2 concepts: ‘in search of uniqueness’ and ‘long-term contact’.

The attempt of being unique restaurant with regard to the wines they sell in the area was also found at the chain wine restaurant in the study. When asked if they changed the wines they sell at all? The restaurant replied:

“We do not change those French and Italian wines because they are unique around here.”

Interviewer: “How do you be certain that other places do not do these wines?”

Interviewee: “We do a survey every month or two by visiting local wine restaurants and those in some provinces nearby...if we have found that other restaurants do the same wines, we will withdraw those wines”



The researcher asked a follow up question if the restaurant has learnt from their suppliers if the suppliers sell the same wines to other restaurants or whether the restaurant has asked the suppliers not to sell the same wines elsewhere. The respondent replied:

“I was trying to ask them not to sell those wines to other restaurants in the same area or restaurants in nearby provinces”

The chain wine restaurant explained their attempt to have unique wines compared to other similar restaurants in the local and nearby areas. However, he expressed the restaurant has no control over their suppliers on this matter.

“...but it's really up to them what they want to sell and who they want to sell their wines to...but suppliers normally target specific restaurants for their wines so what I can do is to ask them politely if they could only sell certain wines to us”.

With regard to uniqueness, the respondents revealed 2 techniques that they use to try to be unique. Firstly, they do their search and/or survey to see what wines are on the menus of their competitors and secondly, they try to convince their suppliers. The second technique has two variations: convince the suppliers not to sell the same wines elsewhere and convince suppliers that have not been working in the area before to work with them. It is interesting to know that this attempt for being unique is dynamic and the restaurants have to ‘keep on top of the game’ all the time. The restaurateur emphasised in the interview that they cannot stop learning and will have to bring new things to the area.

#### **4.3 Other issues with regard to the wine industry in Thailand.**

Other than the data in association with the objectives of the study, the one on one interviews also generated comments and facts in relation to topics seen as a challenge i.e. wine tax in Thailand, the authenticity of Thai wine. These two topics were mentioned by 2 of our respondents while they were comment-

ing on the price of wine in Thailand. Free Trade Agreement issue is relevant in terms of wine from the countries that have agreement with Thailand. It is interesting to explore in more details the issue of competitiveness considering all factors involved. Another topic that the researcher observed is customers' knowledge about wine which could interestingly be associated with willingness to pay. A concept that the restaurateur mentioned was 'quality of life' that was thought to be correlated with 'willingness to pay' other than 'disposable income' or "the money in the pocket" as he put it. The issue of the excise tariffs and taxes for wine especially for imported wines was strongly commented by the restaurateur and the winery touched on the quality and genuinely of so-called 'wine' in Thailand.

## 5. Conclusion

The study was set out to describe the practice of wine supply chain coordination within the hospitality industry and to compare the practice of wine supply chain coordination within the hospitality industry in Thailand and the theory. The main themes found in the data were "long-term contact", "traditional", 'simple communication channels' and "in search of uniqueness" respectively. The wine supply chain coordination in the hospitality in Thailand showed some characteristics of the relationship described in SCM theory where long term relationship is said to be beneficial to the supply chain members. However, the type of long term relationship found was not those of partnership that SCM thinking advocates but rather the traditional one. Despite the growing wine market, the wine industry in Thailand is still slow to catch up with other industries with regard to adopting technology to facilitate supply chain coordination. Other issues found in the study exacerbate the progress of investment in technology to manage the wine supply chain in the SCM fashion.



## 6. Limitations

This study has a number of limitations. Firstly, multiple perspectives of supply chain coordination presented in the paper and broadness of research problem has increased level of ambiguity for research findings. Secondly, the data collected in the study have not been saturated due to the number of the interviews taken as well as the respondents representing members of the supply chain. However, this paper aimed to invite scholarly discourse towards the understanding of the WSC coordination issues. More qualitative data as well as quantitative data through survey questionnaire from wine manufacturers, suppliers and retailers to discover more themes as well as to triangulate the findings of various sources and data. In addition, to further strengthen the qualitative findings more interviews at different levels within the wine companies needs to be conducted. Further organizing more interviews of supply chain members would help in achieving robust as well comprehensive solutions to the WSC coordination problem in the hospitality industry. The results of this study, therefore, should be treated as a starting point for further studies to build upon.

## 7. Research Implications

The results of this study will help practitioners in WSC to consider building relationship with other members up and down the chain. This research indicates that the supply chain practices found do not reflect the characteristics of SCM where they share mutual benefits. Suppliers and distributors should become their strategic partners and coordinating technology can be created in order to improve supply chain performance and transparency among chain members. Having long term contacts without the quality of working relationship do not necessarily ensure the commitment of chain members to their partners. What is more, building strong relationships can help businesses to differentiate themselves from their competitors, and therefore achieving the uniqueness they desire.



The study also makes theoretical contributions to the body of knowledge in hospitality management as well as supply chain coordination fields. Firstly, there has been little research done to explore SCC in the hospitality industry. Secondly, the findings suggest the gap between the recommended supply chain practice and the actual practice in the under researched industry. While the number of research studies in manufacturing industry has been countless, the service industry, especially tourism and hospitality industry, is often overlooked. This study, therefore, plays an important role in bridging SCC and hospitality management areas.

## 8. Further Research

The hospitality industry has been an interesting research area to explore the issue of wine supply chain coordination. Comparing practices adopted by establishments of various management structures should provide insight into the degrees of coordination within the industry. On the other end of the WSC, exploring the relationships between wineries and their distributors and other actors within the chain and see how each member's attitude towards coordination effects their coordinating or non-coordinating practices. Moreover, future research can also focus on logistics issues involved in the WSC within the hospitality industry and compare with the practice within other retail industries.

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