Managing the unexpected: Media Role and Firms’ Reactivity during and after the Brunello Crisis

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Firm’s strategic decisions are affected by external environment: firm’s propensity to adopt a particular strategy depends on the degree of firm’s control on its environment and on the costs of introducing change into the organization (Smart and Vertinsky, 1984). When an unexpected event occurs, firm’s reactivity determinates how successfully firm manages the unexpected.

Unexpected events, such as media attention can determine the success or the failure of a certain product: the wine business is rich of similar examples.

Background researches have recognised the role of specific press and critics in determining the success or failure of a product (Dunphy and Lockshin, 1998; Haeger and Storchmann, 2006); specific reports have underlined how the growth in wine sales trend is often linked to a favourable opinion that movies or press can create in consumer’s minds (Cuellar, 2009). Public opinion can also influence negatively sales trends, as it has happened in 2003 with American consumers’ boycotts of French wines (Chavis and Leslie, 2006).

An interesting case has happened in Italy: in spring 2008 a big crisis happened in the Montalcino wine industry when several companies were accused not to respect the productive standards established by the appellation system. The role of media in this crisis has been very relevant.

This paper analyses the media role in this crisis through a two steps analysis: firstly, an empirical analysis of Newspapers reporting on Brunello crisis is performed. The empirical methodology is based on Swinnen and McCluskey (2002) model of political economy of the media.

The second step is an exploratory survey conducted with a group of wineries settled in the Montalcino area to evaluate their reactivity to the crisis and the level of changes they have introduced into their companies for facing new market conditions.