Introduction

- If organic is very fashioned in viticulture, lack of references remains heavily;
- Diversity and heterogeneity of situations make delicate generalization of surveys;
- A lighting through a survey leaded end of 2013 on 15 wine estates from E2M (7 conventional / 8 bio) (accounting year 2012);
- Same methodology used, from costs to economic performance;
- Quite interesting results, not to over estimate.

Sample and methodology

<table>
<thead>
<tr>
<th></th>
<th>BIO</th>
<th>CONVENTIONAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>NUMBER OF FARMS</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>UAA PRODUCTION</td>
<td>24</td>
<td>51</td>
</tr>
<tr>
<td>AVERAGE YIELD 2008-2012</td>
<td>44.73</td>
<td>54.48</td>
</tr>
<tr>
<td>DENSITY PLANTS / HA</td>
<td>3,730</td>
<td>3,575</td>
</tr>
<tr>
<td>HA BY AWU</td>
<td>13.37</td>
<td>12.39</td>
</tr>
</tbody>
</table>

- Strong heterogeneity of marketed volumes (1 to 10 for organic, 1 to 147 for conventional):
  - just using global results
Sample and methodology

<table>
<thead>
<tr>
<th>MARKET STRATEGY</th>
<th>ORGANIC GROUP</th>
<th>CONVENTIONAL GROUP</th>
</tr>
</thead>
<tbody>
<tr>
<td>BULK (VOL BULK &gt; 66 %)</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>BOTTLE (VOL BT &gt; 88 %)</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>MIXED (BULK = 55%)</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>BIB (BIB &gt; 68 %)</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CIRCUIT</th>
<th>ORGANIC GROUP</th>
<th>CONVENTIONAL GROUP</th>
</tr>
</thead>
<tbody>
<tr>
<td>NEGOCIANT (VOL &gt; 53 %)</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>EXPORT (VOL &gt; 85 %)</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>INDIVIDUAL CUSTOMERS (VOL &gt; 50 %)</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>MIXED</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

Sample and methodology

- Costing method: ABC method
- Full costs by activity:
  - Accountancy
  - Activity Vine
  - Vinification
  - Aging
  - Botteling
  - Marketing

\[ \text{Cost of a bottle} = \text{Cost of Vine} + \text{Cost of Vinification} + \text{Cost of Aging} + \text{Cost of Botteling} + \text{Cost of Marketing} \]

- Economic costs including cost of labour for the manager and family and cost on capital (# accounting costs)

Return costs: organic more expensive

Wine in bulk

- Trade Performance:
  - Trade effort
  - Range
  - Trade weight
  - Sake price

- Economic Performance:
  - Sale ability
  - Economic income
  - Income according to sale strategies
Return costs: organic more expensive

- Average cost organic: > 25% (282 € per barrel)
- Main difference: Vine - harvesting costs
- Cost per hl (€):

<table>
<thead>
<tr>
<th>ORGANIC GROUP</th>
<th>CONVENTIONAL GROUP</th>
</tr>
</thead>
<tbody>
<tr>
<td>% COST</td>
<td>ORGANIC GROUP</td>
</tr>
<tr>
<td>VINE-HARVESTING</td>
<td>80.0</td>
</tr>
<tr>
<td>VINIF. AGING</td>
<td>17.2</td>
</tr>
<tr>
<td>MARKET</td>
<td>2.8</td>
</tr>
</tbody>
</table>

Figure 2: Comparison of production costs per bottle

Return costs: organic more expensive

- Average bottle cost is higher among the bio:
  - + 16% export
  - + 30% individual customer

- Vine remains the most important activity in the cost and the more explanatory
- Packaging and marketing also play among individuals

Figure 3: Cost Comparison for activity Vine-harvest

Vine cost analysis / ha: + 25% for bio
Return costs: organic more expensive
Vine cost analysis / ha: + 25% for bio
• Variability:
  1.87 for bio (4 228 – 7 897 €/ha)
  1.38 for conventional (4 377 – 6 028 €/ha)
• Most explanatory component: wages
• Manual harvest for 3 bio, not other significant difference regarding wages
• Amortisation and external costs
• Yield difference 10 hl/ha:
  Cost/ hl higher 52% in organic

Return costs: organic more expensive
• Packaging: + 36% for bio: dry matter purchases, wages
• Significant differences of volume
• Marketing choices?
• Marketing: + 27% for bio: external charges, wages

Return costs: organic more expensive
• Manual harvest for 3 bio, not other significant difference regarding wages
• Amortisation and external costs
• Yield difference 10 hl/ha:
  Cost/ hl higher 52% in organic

Business and Economic performances: no notable difference
• Trade effort/ year similar: 0.54 – 0.57 AWU
• Effort more important for bio: 14% Labor force - versus 8% for conv.
• Range: 16 products on average, but 4 products cover 75% of sales
Business and Economic performance : no notable difference

Ranges : similarity

Table 3: comparison of ranges depending circuit - Etude E2M 2013-2014

<table>
<thead>
<tr>
<th>GROUP</th>
<th>CONVENTIONAL</th>
<th>GROUP BIO</th>
</tr>
</thead>
<tbody>
<tr>
<td>nb pds sold</td>
<td>nb estates</td>
<td>nb pds sold</td>
</tr>
<tr>
<td>Négociant</td>
<td>3.86</td>
<td>6</td>
</tr>
<tr>
<td>Supermarket</td>
<td>1.86</td>
<td>3</td>
</tr>
<tr>
<td>CHR - Wine shops</td>
<td>4.14</td>
<td>5</td>
</tr>
<tr>
<td>Individual customers</td>
<td>9.43</td>
<td>7</td>
</tr>
<tr>
<td>Export</td>
<td>7.14</td>
<td>4</td>
</tr>
</tbody>
</table>

27/05/2015

Sale prices

Figure 5 : Average sale price for wine in bulk

- High variability, more important in bio. Possibilities to act
- No systematic « bio effect »

Average sale price Bx  : 2,81€/BT

For individual customers

No notable difference

• High variability in prices
• No bio specificity, but a trend towards superiority
• Barrel not systematic profitable
**Business and Economic performance**

: no notable difference

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**Figure 7: Average sale price red Bordeaux bottle export**

AVERAGE SALE PRICE RED BORDEAUX IN BOTTLE EXPORT

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**Business and Economic performance**

: no notable difference

- High variability in prices
- Bio specificity visible

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**Business and Economic performance**

: no notable difference

**Trade weight depending circuits**

Trade weight depending circuits


<table>
<thead>
<tr>
<th>GROUPE CONVENTIONAL</th>
<th>GROUPE BIO</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIRCUITS</td>
<td></td>
</tr>
<tr>
<td>Negotiant France</td>
<td>5.16</td>
</tr>
<tr>
<td></td>
<td>134.64</td>
</tr>
<tr>
<td></td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>11.64</td>
</tr>
<tr>
<td></td>
<td>224.37</td>
</tr>
<tr>
<td></td>
<td>4</td>
</tr>
<tr>
<td>Individual customers - CHR - Wine shops</td>
<td>127.84</td>
</tr>
<tr>
<td></td>
<td>458.62</td>
</tr>
<tr>
<td></td>
<td>.28</td>
</tr>
<tr>
<td></td>
<td>167.73</td>
</tr>
<tr>
<td></td>
<td>467.80</td>
</tr>
<tr>
<td></td>
<td>.39</td>
</tr>
<tr>
<td>Export</td>
<td>78.71</td>
</tr>
<tr>
<td></td>
<td>307.06</td>
</tr>
<tr>
<td></td>
<td>.26</td>
</tr>
<tr>
<td></td>
<td>53.2</td>
</tr>
<tr>
<td></td>
<td>360.00</td>
</tr>
<tr>
<td></td>
<td>.15</td>
</tr>
</tbody>
</table>

- Trade weight higher in bio in France, less for Export

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**Business and Economic performance**

: no notable difference

**Trade weight depending circuits**

Figure 8 : Trade weight in bottle sales for individual customers/CHR

Source: Etude E2M 2013-2014, Bordeaux Sciences Agro - AAG
Business and Economic performance: no notable difference

Trade weight depending circuits

- Organic does not always allow better valorisation
- Marketing cost is not linked to sale prices

Economic performance

Figure 9: Global economic performance

- No link sale price – performance (3 conv, 5 bio)
Business and Economic performance: no notable difference

Economic performance

• Sales in bottle (2, 3 conv) and bulk (3 et 5 bio) at both extremes

Economic performance

Performance économique globale

• Performance = adequacy cost - price

• Higher costs in bio are covered by higher sale prices

• But performance also relies on = ability to sale

Business and Economic performance: no notable difference

Bottles and mixed

• Storage mostly observed, penalizing profit

• Destocking does not mean low price
Business and Economic performance: no notable difference

Wine in bulk

- Mostly destocking
- Destocking does not mean losses

Business and Economic performance: no notable difference

Performance by circuit: wine in bulk, sale price effect

Comparison trade performance Wine in bulk sold negociant

Business and Economic performance: no notable difference

Performance by circuit: sales in bottles, positive effect
**Business and Economic performance**: no notable difference

Performance by circuit

- Sales in bottle Export: Important Turn Over, BIO prices higher (2.69 €/bt et 2.39 €/bt), but less profit while higher costs (2.62 €/bt et 2.17 €/bt)

- No significant difference in France circuits

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**Conclusion**

- With this sample, BIO production costs 25% higher

- Higher costs in different activities (rapes, bottling and labelling, marketing)

- Comparable trading performances

- Similar economic performances

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**Conclusion**

- No ready-made idea on the bio / conventional: neither guarantee of success nor impasse:

- The economy is not the only dimension to look at for today evaluating the interest of a production system: environment and social dimension are also needed to take into account...

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**Thank you for your attention**