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RESEARCH

THE EFFECT OF STRUCTURAL DESIGN ON EXPORT STRATEGY IN THE WINE INDUSTRY OF CYPRUS

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Dedicated to my wife Irene and my children Apostolia, Afxentios and Evagoras.

TABLE OF CONTENTS

Chapter 4: Analysis and Discussion

Chapter 5: Conclusions and Recommendations

Abstract

Statement of the problem

Wine businesses in Cyprus face many obstacles in penetrating the global market with evidence of limited or sometimes even non-existent export revenues from Cyprus wine businesses. Addressing this problem, the purpose of this study was to identify the factors influencing the formulation of a successful export strategy by wine businesses.

Methodology

This research integrated a qualitative method and a secondary analysis of government statistical reports, surveys, articles and papers. The researcher conducted interviews with fourteen professionals from ten small and four large wine companies that accounted for 23.33 percent of all wine businesses in Cyprus.

Main findings

Economic resources, business culture, job specialisation, management global knowledge, professional networks and marketing methods were identified as the factors influencing the formulation of an export strategy by wine businesses. Moreover, a framework for the Cyprus Wine Industry has been proposed and can be followed and adopted by companies in pursuit of a successful export strategy.

Research limitations

The research was limited in generalization since the findings only apply to a sample taken of small and large wine businesses engaged in global trade in Cyprus.

Originality/Value

This research contributes to the existing literature by identifying the factors of structural design that impact the export strategy.

Key Words: Organisational design, structural design, exports, business strategy, wines, Cyprus, export strategy, business culture, leadership, globalisation.

CHAPTER 1
INTRODUCTION TO THE RESEARCH

1.1 Overview of the research problem

The research focused on business structural design and its impact on export strategy in the Cyprus wine industry. The researcher investigated the problems of wine businesses' structural designs in order to develop a conceptual framework and to provide support to executive management on export strategy. According to the Cyprus Statistical Service there was a decrease in wine exports from 2005 to 2011 (CyStats, 2011). The aim of this research is to study the underlying causes, such as weak export strategy, and the limited and sometimes non-existent export revenues from wine exports.

The initial stage of the research began with the investigation of structural designs of businesses across different wine industries. A continuous analysis of various structural designs such as hierarchical, organic and hybrid is considered a useful method that can help yield some valuable information (Maurel, 2009; Malhotra and Hinings, 2010). An extensive review of information from businesses revealed that there was a connection between the effects of structural design and the formulation of a business export strategy in the wine industry. The arrangement of the components of a structural design such as business departments or business units, the implementation of information technology, management characteristics, management behaviour, marketing strategy, the understanding of executive decisions, the increase of export gross profit and sales, financial and managerial capabilities, information about foreign market opportunities, foreign market expertise are some of the key factors that contribute successfully to export planning (Brouthers and Brouthers, Nakos, Hadjimarcou, 2009).

The globalisation of wine businesses depends amongst others on internal factors such as abilities, attitudes, perception and culture of management and characteristics of a firm: organisation, resources and capabilities (Kesler, Kates, Oberg, 2016). Reid (1981) states that empirical evidence about the decision maker's attitude, experience, motivation and expectations are the primary characteristics of a firm engaging in foreign market activity. Reid (1981) also notes that earning a higher education qualification by executives was a major factor in positive export decisions. These factors are some of the organisational characteristics that affect the formulation of a successful export strategy. A well designed export strategy by the management of global wineries appears to affect in a positive way export performance.

A study of French and American wineries showed that successful wine-export oriented businesses focused on the identification and analysis of internal and external factors such as management, firm characteristics, marketing strategy and pricing strategy of a business (Maurel, 2009). The understanding of the external market environment and flexibility of management supported businesses in their efforts to capture a share of the global market. The acquisition of global market share benefited the wine businesses by increasing revenues and their knowledge of the wine export market. The major players in the international market such as Brown-Forman, Carlsberg, General Mills Inc., and Anheuser-Busch InBev concentrated on the development of their export strategy by investing resources.

The researcher studied various cases of global wine businesses in order to compare the effect of structural design on export strategy. The review of business cases and the study of conceptual frameworks in structural design and export strategy assisted the researcher in designing a conceptual framework for the benefit of Cyprus wine businesses. The formulation of the framework consists of the different types of structural design that influence the exportation of wines. This conceptual framework along with the research outcomes can be considered a guide to wine businesses entering the export market. This in effect could help executive managers and business owners when designing an export strategy.

This research revealed a gap in literature between the structural designs of wine businesses and the formulation of the export strategy by management. Academic literature does not seem to show a direct link between a specific structural design and the formulation of an export strategy. In Cyprus, wine businesses of different structural designs engage in the exportation of wines. An investigation by the researcher was needed to find the relationship between structural designs and export strategy and how factors mentioned earlier such as management characteristics, management behaviour, marketing efforts, corporate culture and politics among others might affect export strategy. The researcher has attempted to identify the possible impact of structural design on export strategy by studying management literature and by reviewing business cases.

Another important factor is the increasing interest of local traders and customers in locally produced wines. This trend has prompted wineries to improve wine quality and promote their products on the market using more consistent marketing strategies. This has improved the position of wines on the local and global markets over the last ten years. A number of local wineries participate in global wine competitions every year, and four large wineries and ten small wineries have won numerous prizes for the quality and price of their wines.

In conclusion, the development of a conceptual framework based on management literature and business cases from the global market is well positioned to support local wine businesses expanding their operations overseas. A successful entry into today's highly competitive global marketplace with a well thought structural design could help to respond to changes in the global marketplace. The researcher hopes that the research findings will make a pertinent contribution both to the wider academic community and the wine industry of Cyprus.

1.2 Research aim and objectives

Research aim

The aim of this research was to analyse the structural design of businesses and its effect on the formulation of an export strategy in general and the Cyprus wine industry in particular. This research first aims to make a contribution to current knowledge of structural design and its impact on the export decision making processes, and second, to offer a practical framework and guidance to the Cyprus wine industry on the creation of optimal export strategies for the current competitive global environment.

Research objectives

1. To review systematically the literature on structural design and export strategies in the global wine industry and to identify the key factors of structural design that appear to impact wine export strategy.

2. To identify structural designs preferred by the wine industry and key factors impacting the choice of export strategies.

3. To contribute theoretically and to develop a model concerning the impact of structural design on export strategies based on literature and research findings.

4. To contribute practically through recommendations to the Cyprus wine businesses about their structural design and the implementation of an optimal export strategy.

The aim of this research was to fill the gap in the literature, which focuses on the structural design and the formulation of an export strategy in businesses. The types of structural design, allocated resources and motivation of managers are some of the selected subjects that were studied by the researcher. Academic research and business cases were studied and cross examined to provide valid and meaningful findings for the benefit of academics and practitioners. The purpose of this research was fulfilled with the development of a conceptual framework. The conceptual framework and the research findings served as a foundation for the development of an export strategy for wine businesses. The usefulness of the research study will be validated by the successful entry of SME's in the global trade market.

1.3 Background of Cyprus wine industry

1.3.1 The wine industry

There are fifty six small wineries and four large wineries operating in Cyprus. The majority of the wineries are located in the Lemesos and Pafos areas. When wine was first produced on an industrial scale in the 1940's most of the wineries were situated in Lemesos. Companies opted for locations close to the port of Lemesos so they could export large quantities of loose wines overseas as it was more convenient and less expensive for them to transfer the grapes from the mountains to the factory and finally to the port. Apart from the wine warehouses there were wine factories with grape presses and tanks used in the production and bottling of wines. However, the greatest demand from overseas from countries such as Russia was for loose wine. Therefore, companies invested their resources in designing factories and procedures to produce large quantities of wines instead of focusing on producing smaller quantities of wine of better quality.

Moreover, in the '80s and '90s Cyprus wine businesses produced bulk wines for the Soviet Union, Germany and Britain to cater for the low end of the global wine market (Cyprus Wine Products Council, 2010). This trend has changed in the last fifteen years. Cyprus wine businesses now concentrate their efforts on producing quality wines in order to capture the middle to high end of the global wine market, but they face fierce competition from wineries from New World countries as regards volume, price and quality of the wines. New World wines have managed to enter the global market due to their key characteristics of quality and value in contrast to Cyprus wines that needed refinement in quality and price.

Greece, Italy, Spain and Portugal also faced problems with the cultivation of vines and exportation of wines globally. They designed an export strategy to cultivate local vine varieties in different regions in their countries to reduce production cost and to establish market channels and they eventually exported wines globally. An example of this export strategy was the island of Santorini, Greece, and the local vine white variety of Assyrtiko. The wine producers managed to produce quality white wines and to build a brand name for the local variety of Assyrtiko globally. The wineries penetrated the United States wine market by convincing retail shops, restaurants, hotels and wholesalers about the quality and value of Assyrtiko. The same strategy had been implemented by Italy, Spain and Portugal with regards to the cultivation of local vine varieties, production of quality wines and promotion of the wines globally. All of these countries designated different regions in their countries as Appellation of Origin for specific vine varieties in order to protect the vine growers, wine producers and also to build a strong brand identity in the global market. The export strategies of the above mentioned countries could be adopted by the wine businesses in Cyprus and the export strategy of wineries from Greece, Italy, Spain and Portugal could be used as reference.

1.3.2 Export strategy

Export strategy is a vital part of a long-term business plan to trade goods and services on the global market. Most small and large wine businesses in Cyprus do not have a solid export plan to promote their wines abroad. This researcher studied structural designs and several other factors such as organisation culture, leadership, external environment, brand awareness, corporate politics, marketing strategy, management characteristics and business strategy which are essential elements in the design of a well thought out export strategy plan. The implementation of an export strategy by management could increase the chances of a wine business selling wines abroad. The adoption of information technology for wine production, distribution and marketing of wines is also an important factor in effective executive decision making and successful wine sales on the global market.

According to Dosoglu-Guner (2007), Aaby and Stanley (1989), Katsikeas and Piercy (1993), Rynning and Anderson (1994), Zou and Stan (1998), for the last three decades there has been considerable interest in studying the export behaviour of firms for reasons of public policy and to assess a firm's competitiveness. The export of wines impacts positively on companies by increasing profit margins, using idle capacity, extending the life of products and helping them compete more effectively on the domestic market.

Businesses hire highly-skilled individuals who can take on tasks and jobs related to export activities. In order to successfully initiate the exportation of wine to the global market, large wine businesses in Cyprus deploy a robust hierarchical organisational design and employ specialised teams of skilled workers to manage the export activities.

The 2015 annual report of the Cyprus Statistical Service shows global wine sales to the value of €1,063,924 in 2014, €1,436,000 in 2013 and €1,681,000 in 2012. The publication of the Cyprus Statistical Service (Cystats, 2011) of the annual reports on the country's exports included statistics on the exportation of domestic wines overseas. The data statistics (Cystats, 2011) show a dramatic fall in value in the exportation of local wines globally. The exportation of local wines by value was €7,330,000 in 2007 while the exportation of local wines by value in 2011 was €2,519,000. The researcher attempted to identify the reasons for the decline in export sales in addition to the study of structural designs and the formulation of an export strategy for Cyprus wine businesses.

CHAPTER 2
LITERATURE REVIEW

2.1 Introduction

Organisational design, business strategy, management characteristics, marketing strategy, organisation culture and global market, brand awareness and marketing strategy have affected export strategy (Laudon and Laudon, 2016; Felin, Powell, 2016; Brouthers and Brouthers, Nakos, Hadjimarcou, 2009). Organisational design is a broad concept referring to the process of assessing and selecting the structure and formal system of communication, division of labour, coordination, control, authority and responsibility required to achieve an organisation's goals (Ali et. al, 2012, Hamel & Pralahad, 2001). One way of thinking about an organisation's design is as a complex web that reflects the pattern of interactions and coordination of technology, tasks and human components (Silvestri, 1997). Although design is often thought of in terms of organisational structure, an organisation's design is much more complex and detailed than the lines and boxes that appear on an organisational chart (Champoux, 2000). As Ali et. al (2012) concluded, the design actually determines the structure of the organisation in order to suit technology, people and tasks of the organisation.

Lynch (2012) stated that the main elements of organisation design, such as that of older organisations, tend to be more formal and the growing size of a business creates the need for formal methods of communication and greater co-ordination. Nayak (2015) stated that an organisation typically moves from being a flat structure of decision making to a structure of greater hierarchy as it increases in size. Under normal circumstances, increases in size lead to chaos and the consequent loss of control of operations. This in turn would reduce efficiency. In order to reduce chaos, loss of control and increase efficiency, a larger organization is compelled to introduce a hierarchy of managers for better control and efficiency.

According to Lynch (2012) the environment requires rapid changes in any of the five forces acting on the organisation and therefore it will need a structure that is capable of responding quickly. Another element of organisation design is the centralisation/decentralisation of decisions by management. Also, the work to be undertaken creates value chain linkages across the organisation that needs to be coordinated and controlled. Nayak (2015) supported that hierarchies in organizations create distances between the participants or the members within an organization. This leads to reduction in participation, democratic decision making processes, transparency and freedom.

Lynch (2012) supported that the technical content of the work in a standardized mass production controls the workers and their actions. Also, different tasks in different parts of the organisation such as operations (production) are not the same as those of the sales and marketing areas. An organisation with an open culture is willing to accept change and has a desire to experiment and progress. The last element of an organisation design is leadership. This includes the style, background and beliefs of a leader, which may have an important effect on organisation design itself.

Brouthers et.al (2009) stated that earlier studies had identified various internally controllable and uncontrollable factors as influencing export performance (Aaby and Slater 1989; Bilkey 1978; Zou and Stan 1998). According to Maurel (2009), Aaby and Slater (1989) export performance was determined by the environment and the strategy, itself influenced by a firm's characteristics and competencies. It was also impacted by uncontrollable determinants which could be internal (management characteristics, firm's characteristics and competencies) or external (industry characteristics, foreign and domestic market characteristics). Internally controllable factors were usually divided into two categories: the export marketing strategy of the firm (usually combined with planning and organisation issues) and the attitudes and perceptions of management (e.g., management's international orientation, export commitment, perceptions of barriers to exporting). According to Aaby and Slater 1989; Nakos, Brouthers, and

Brouthers 1998; Zou and Stan 1998, internal characteristics such as marketing strategy are key factors in exporting goods to foreign markets. Internally uncontrollable determinants include (1) firm characteristics, such as international experience, technological intensity, and company size, and (2) managerial traits, such as international experience, formal education, and general business experience (Aaby and Slater 1989; Nakos, Brouthers, and Brouthers 1998; Zou and Stan 1998). Both internal controllable and uncontrollable characteristics tend to be developed over long periods of time and are thus difficult to alter in the short run.

2.2 Structural design

2.2.1 Types of structural design

Robbins, DeCenzo and Coulter (2013) described organisational design as the managerial decision-making process concerned with setting the rules covering employee behaviour, deciding how specialised jobs should be and at what level decisions should be taken. Organisational structure consists of six basic elements: 1. Work specialisation. This is the division of work activities into separate job tasks. Individual employees specialise in doing part of an activity rather than the entire activity in order to increase work output. It is also known as division of labour. Work specialisation allows organisations to efficiently use the diversity of skills that workers have. In most organisations, some tasks require highly developed skills; others can be performed by employees with lower skill levels. 2. Departmentalisation. This refers to the common work activities that need to be done in a coordinated and integrated way. There are five common forms of departmentalisation; a. Functional – Groups of employees based on work performed (e.g, engineering, accounting, information systems, human resources), b. Product – Groups of employees based on major product areas in the corporation, c. Customer – Groups of employees based on customers' problems and needs, d. Geographic – Groups of employees based on location served, and e. Process – Groups of employees based on the basis of work or customer flow.

3. Authority and responsibility. Authority refers to the rights inherent in a managerial position to give orders and expect the orders to be obeyed. Each management position has specific inherent rights that incumbents acquire from the position's rank or title. Authority, therefore, is related to one's position within an organisation and has nothing to do with the personal characteristics of an individual manager. 4. Span of control. Many organisations are increasing their span of control to save time and in making decisions. Managers who have well-trained and experienced employees can function with a wider span of control. 5. Centralisation. This is the degree to which decision making takes place at the upper levels of the organisation. Decentralisation is the degree to which lower-level managers provide input or actually make decisions.
6. Formalisation. This refers to how standardised an organisation's jobs are and the extent to which employee behaviour is guided by rules and procedures. In highly formalised organisations, there are explicit job descriptions, numerous organisational rules, and clearly defined procedures covering work processes.

Laudon K. and Laudon J. (2016) suggested that all organisations have a structure or shape. Mintzberg's classification identifies five basic kinds of organisational structure (Mintzberg, 1979). The first organisational structure is the entrepreneurial structure that applies to small firms in a fast-changing environment. The second organisational structure is the machine bureaucracy that exists in a slowly changing environment and produces standard products. It is dominated by a centralised management team and centralised decision making. An example of a business of this organisational structure is a midsize manufacturing firm. The third organisational structure, the divisionalised bureaucracy that is a combination of multiple machine bureaucracies, each producing a different product or service, all topped by one central headquarters. General Motors is an example of a business that uses the divisionalised bureaucracy (Laudon K. and Laudon J., 2016). The fourth organisational structure, the professional bureaucracy, is a knowledge-based organisation where goods and services depend on the expertise and knowledge of professionals. It is dominated by department heads with weak centralised authority. Law firms, school systems and hospitals are examples of the professional bureaucracy organisational structure. The fifth and last organisational structure, the adhocracy, is a task force organisation that must respond to rapidly changing environments. It consists of large groups of specialists organised into short-lived multidisciplinary teams and has weak central management. Consulting firms are examples of this type of organisational structure.

Hisrich, Peters and Shepherd (2008) suggested that the management structure of the entrepreneurially managed firm is organic. That is, the organisational structure has few layers of bureaucracy between top management and the customer and typically has multiple informal networks. In this way, entrepreneurially managed firms are able to capture and communicate more information from the external environment and are sufficiently fluid to be able to take quick action based on that information. In addition, the structure of entrepreneurially managed firms allows them to make use of both their internal networks (for example, through informal communication channels at work) and external networks (with buyers, suppliers, and financial institutions), which provide information and other resources important in the discovery/generation and exploitation of opportunities. In contrast, the traditionally managed firm has a structure well suited for the internal efficiencies of allocating controlled resources. There is a formalised hierarchy with clear roles and responsibilities, highly routinised work, and layers of middle management to manage employees' use of the firm's resources. Traditionally managed firms have structures that are typically inwardly focused on efficiency rather than on detecting and rapidly acting on changes in the external environment.

Griffin (2008) explained organisational design as the overall set of structural elements and the relationships among those elements used to manage the total organisation. Thus organisational design is a means of implementing strategies and plans to achieve organisational goals. Most organisations change almost continuously as a result of factors such as situations and people. Organisation design for larger organisations is extremely complex and has so many nuances and variations that descriptions of it cannot be full and complete explanations. According to Griffin (2008), Max Weber, an influential German sociologist, was a pioneer of classical organisation theory. At the core of Weber's writings was the bureaucratic model of organisations. The Weberian perspective suggests that a bureaucracy is a model of organisation design based on a legitimate and formal system of authority. Weber viewed the bureaucratic form of organisation as logical, rational, and efficient. According to Weber, the ideal bureaucracy exhibits five basic characteristics:

TABLE C1

	MAX WEBER THEORY	
1.	Specialisation	The organisation should adopt a distinct division of labour, and each position should be filled by an expert.
2.	Uniform	The organisation should develop a consistent set of rules to ensure that task performance is uniform.
3.	Hierarchy	The organisation should establish a hierarchy of positions or offices that creates a chain of command from the top of the organisation to the bottom.
4.	Emotion	Managers should conduct business in an impersonal way and maintain an appropriate social distance between themselves and their subordinates.
5.	Job fairness	Employment and advancement in the organisation should be based on technical expertise, and employees should be protected from arbitrary dismissal.

Source: Griffin R. (2008). Management. 9th ed.

According to Griffin (2008) a mechanistic organisation is quite similar to the bureaucratic model that was most frequently found in stable environments. Free from uncertainty, organisations structure their activities in rather predictable ways by means of rules, specialised jobs, and centralised authority. An organic organisation, on the other hand, is most often found in unstable and unpredictable environments, in which constant change and uncertainty usually dictate a much higher level of fluidity and flexibility.

The basic forms of organisation design are: 1. Functional (U-form). This design is an arrangement based on the functional approach to departmentalisation. It was first called U form (for unitary) by the noted economist Oliver E. Williamson. Under the U-form arrangement, the members and units in the organisation are grouped into functional departments such as marketing and production. For the organisation to operate efficiently in this design there must be considerable coordination across departments. This integration and coordination are commonly the responsibility of the CEO and members of senior management. In general this approach shares the basic advantages and disadvantages of functional departmentalisation. Thus it allows the organisation to fill all important positions with functional experts and facilitates coordination and integration.

2. Conglomerate (H-form). This form of organisation is used by an organisation made up of a set of unrelated businesses. Thus the H-form design (H stands for Holding) is essentially a holding company that results from unrelated diversification. This approach is based loosely on the product of departmentalisation. Each business or set of businesses is operated by a general manager who is responsible for its profits or losses, and each general manager functions independently of the others. In an H-form organisation, a corporate staff usually evaluates the performance of each business, allocates corporate resources across companies, and shapes decisions about buying and selling businesses. The basic shortcoming of the H-form design is the complexity associated with holding diverse and unrelated businesses. Managers usually find comparing and integrating activities across a large number of diverse operations difficult. Research by Michael Porter (2006) suggests that many organisations following this approach achieve only average-to-weak financial performance.

3. Divisional design or M-form (for multidivisional). This design is based on multiple businesses in related areas operating within a larger organisational framework. This design results from a strategy of related diversification. Some activities are extremely decentralised down to the divisional level; others are centralised at the corporate level.

The opportunities for coordination and shared resources represent one of the biggest advantages of the M-form design (Griffin, 2008).

4. The matrix design is another common approach to organisation design and is based on overlapping bases of departmentalisation. The foundation of a matrix is a set of functional departments. A set of product groups, or temporary departments, is then superimposed across the functional departments. Employees in a matrix are simultaneously members of a functional department and of a project team.

Lynch (2012) described some basic principles associated with the different types of organisational structure. Essentially, it is possible to identify six basic types of organisational structure that can serve to implement the chosen strategy: The first type is the organisational structure that consists of the owner/proprietor and the immediate small team surrounding that person. In small organisations, there will often only be limited resources. Individuals will need to be flexible and undertake a variety of tasks. The informality of the structure will allow fast responses to market opportunities and customer service requirements. However, problems may be caused by the duplication of roles, confusion of responsibilities and muddled decision making, and it may not be realistic to draw up a clear organisational structure. Depending on the management style of the owner/leader, there may be many people or only the leader contributing to the organisation's strategy. The functional organisation as the second type of organisational structure is based on locating the structure around the main activities that have to be undertaken by the organisation, such as production, marketing, human resources, research and development, finance, and accounting. As the organisation grows from being a small company, the functional organisation structure is often the first structure that is adopted. It allows experts in a functional area to be grouped together and economies of scale to operate.

Lynch (2012) stated that the third basic type of organisational structure is the Multidivisional structure (M-form). The multidivisional organisation is structured around separate divisions formed on the basis of products, markets or geographical areas. This form of organisational structure was developed in the early 1920s by the future head of General Motors, Alfred Sloan, and was recorded by Alfred Chandler (Lynch, 2012). As organisations grow, they may need to subdivide their activities in order to deal with the great diversity that can arise in products, as well as the geographical location or other aspects of the business. Chandler argued that strategy was decided at the center, but in modern companies it is often partially determined by the divisions.

The fourth basic type of organisational structure is the Holding or corporate company structure. A holding company is a company that owns various individual businesses and acts as an investment company with shareholdings in each of the individual enterprises. The holding company strategy is often referred to as a corporate strategy across the range of individual businesses. Further growth in organisations may lead to more complex arrangements between different parts of the organisation and outside companies. For example, joint ventures with totally new companies outside the group, alliances, partnerships and other forms of cooperation may be agreed. As a result, the original company may take on the role of a central shareholder for the various arrangements that may be set up: it becomes a holding company. Its role becomes one of allocating its funds to the most attractive profit opportunities. The holding company structure became more prominent in the period from 1970 onwards and was explored by Williamson.

The matrix organisation structure as the fifth type is a combination of two forms of organisation, product and geographical structures, which operate jointly on major decisions. In some cases, it may be advantageous for a large company to arrange for its separate divisions or product groups to cooperate on business strategy using a different method of organising the company, often a geographical one. It may be necessary to set up an organisation which has responsibilities along both product and geographical dimensions. Such dual-responsibility decision-making organisation structures are known as matrix organisations. The sixth type is innovative organisation structures that are characterised by their creativity, lack of formal reporting relationships and informality. In some cases, large organisations need to lay special emphasis on their creativity and inventiveness. For example, advertising agencies, some service companies and innovative design companies do this. In these circumstances, there is a case for having strong teams that combine experts with different skills and knowledge, who can work without much hierarchy and have an open style of operation. The free-flowing nature of the group and its ideas may be important in the development of some aspects of strategy.

Catherine and Pervaiz (2003) analysed organisational structure in four dimensions; hierarchical, functional, inclusion and centrality, and informal. The authors suggested that the informal dimension of structural design plays a major role in many new forms of process-based organisations such as network and knowledge-based organisations. The hierarchical structural design or mechanistic structure stated by Catherine and Pervaiz (2003), Tsoukas (1994), Scott (1981) and Burns and Stalker (1961) has a dominant role in the four large Cyprus wineries. The board of directors and the general management of the companies decide on the operations and also on the expansion of business in the local and global wine markets. The implementation of an inflexible organisational structure prevents these large companies from making quick, final and efficient decisions regarding the development of different wines for selected wine markets.

Robbins, DeCenzo and Coulter (2013) described mechanistic organisation or bureaucracy as the natural result of combining work specialisation, departmentalisation, authority and responsibility, span of control, centralisation and formalisation. They explained that the main characteristics of mechanistic organisation are the rigid hierarchical relationships, fixed duties, many rules, formalised communication channels, centralised decision authority and taller structures. In addition, a job specialisation through the use of departmentalisation increased impersonality and the need for multiple layers of management to coordinate the specialised departments.

Bryan and Joyce (2007) stated that hierarchy is efficient for setting aspirations, making decisions, assigning tasks, allocating resources, managing people who need instructions and holding people responsible for their acts. This type of structure is suitable for large corporations with established market share. Upper management and employees have set objectives and responsibilities to perform on a daily basis. This type of structure reveals rigid management layers. It has little or no flexibility for the introduction of new ideas by their employees. The identification and study of structural design might provide information regarding its effect on export strategy. The implementation of this specific design in businesses of various sizes reveals its advantages and disadvantages.

Robbins, DeCenzo and Coulter (2013) described organic organisation as a highly adaptive form that is as loose and flexible as the mechanistic organisation is rigid and stable. Rather than having standardised jobs and regulations, the organic organisation's loose structure allows it to change rapidly as required. Employees tend to be professionals who are technically proficient and trained to handle diverse problems. They need few formal rules and little direct supervision because their training has instilled in them standards of professional conduct. An appropriate structure is dependent on four contingency variables; the organisation's strategy, size, technology and degree of environmental uncertainty.

Small or boutique wineries implement a flexible structure or an organic structure as stated by Catherine and Pervaiz (2003), Tsoukas (1994), Scott (1981) and Burns and Stalker (1961). Even though winemaking by small boutiques on the island began twenty five years ago, there are some doubts as to whether they are prepared to promote wines on the global market. The production of a wide variety of wines by these businesses contributes to the richness of the Cyprus product output. The production and distribution of wines on the local market undoubtedly raises another question about the capabilities and capacities of these companies to expand their network overseas. Fillis (2002) and Alexandrides (1971) state that small enterprises experienced difficulties in initiating exports in a fiercely competitive foreign market because of lack of knowledge of exporting, poor understanding of payment procedures and problems identifying target foreign markets. The small enterprises' knowledge of the local market does not guarantee success when engaging in a foreign market. These businesses are mostly managed by the owners and operated by very few employees. Small wineries in Cyprus have limited resources for investing in exporting activities compared to large wine businesses. A group of small wineries has managed to make some wine sales in European countries such as England, Germany, Switzerland and Finland. They mostly promote their wines on the local market, which generates limited revenues.

2.2.1.1 Strategy and Structure

Robbins, DeCenzo and Coulter (2013) stated that an organisation's structure should facilitate goal achievement. Because goals are an important part of the organisation's strategies, it is only logical that strategy and structure are closely linked. According to Robbins, DeCenzo and Coulter (2013), Alfred Chandler studied several large U.S companies and concluded that changes in corporate strategy led to changes in an organisation's structure that supported the strategy. He found that organisations usually begin with a single product or line. The simplicity of the strategy required only a simple or loose form of structure to execute it. The decisions could be centralised in the hands of a single senior manager, and complexity and formalisation were low.

Lynch (2012) observed that Chandler drew a clear distinction between devising a strategy and implementing it. He defined strategy as the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals. The task of developing the strategy took place at the center of the organisation. The job of implementing it then fell to the various functional areas. Chandler's research suggested that, once a strategy has been developed, it is necessary to consider what kind of structure is needed to carry it out. A new strategy might require extra resources, or new personnel or equipment which would alter the work of the enterprise, making a new organisational structure necessary: “the design of the organisation through which the enterprise is administered”, to quote Chandler.

Lynch (2012) stated that modern strategists supported that strategy and structure are interlinked. It may not be optimal for an organisation to develop its structure after it has developed its strategy. The relationship is more complex in two respects: 1. Strategy and the structure associated with it may need to develop at the same time in an experimental way: as the strategy develops, so does the structure. The organisation learns to adapt to its changing environment and to its changing resources, especially if such change is radical, 2. If the strategy process is emergent, then the learning and experimentation involved may need a more open and less formal organisational structure.

Cavusgil and Zou (1994) mentioned that a link between strategy and structure forecasts the success of a business because of its organisational structure. Griffin (2008) described that an important determinant of an organisation’s design is the strategy adopted by its top managers. Corporate and business strategies both affect organisation design. Basic organisational functions such as finance and marketing can also affect organisation design in some cases. An organisation can adopt a variety of corporate-level strategies. Its choice will partially determine what type of design will be most effective. For example, a firm that pursues a single-product strategy likely relies on functional departmentalisation and can use a mechanistic design. If either unrelated or related diversification is used to spur growth, managers need to decide how to arrange the various units within the organisational umbrella. For example, if the firm is using related diversification, there must be a high level of coordination among the various units to capitalise on the presumed synergistic opportunities inherent in this strategy. On the other hand, firms using unrelated diversification more likely rely on a strong hierarchical reporting system, so that corporate managers can better monitor the performance of individual units within the firm.

2.2.2 Internal management characteristics

According to Heyler and Martin (2018), Liden el al. (2014) global trends such as the increasing size of the service sector as well as increased competition to the point that managers need to utilise leadership approaches that develop employees to their full potential, make it imperative to move away from autocratic leadership styles and toward leadership styles that are "more personal, individualised, and cooperative" (Liden et al., 2014: 1447). Robbins, DeCenzo and Coulter (2013) explained that autocratic leadership style can be identified with the early, classical approach to management. A supervisor practicing an autocratic style is likely to make decisions without input from staff, to give orders without explanation or defence, and to expect the orders to be obeyed. When this style of leadership is used, employees become dependent on supervisors for instructions.

The term "servant leadership" was first created by Robert Greenleaf in the early 1970's, and his thoughts and a definition of the theory were published later in the decade (Greenleaf, 1977). Servant leadership has been described as an altruistic calling due to "a leader's deep-rooted desire to make a positive difference in others' lives" (Barbuto and Wheeler, 2006: 318). The servant leader is one who chooses first to serve and then as an outpouring of that desire comes an aspiration to lead others (Greenleaf, 1977). Heyler and Martin (2018), Greenleaf (1977) described that the servant leader is focused on showing subordinates the rightness of their way of thinking and convincing, rather than coercing them, to that way of thinking. The ability to persuade requires patience, persistence, and confidence that the leader's way is the best approach to a given situation. When a servant leader is able to persuade their subordinates to their way of thinking, the changes that are made are much more likely to be enduring since subordinates will accept it as their own (Greenleaf, 1977).

Servant leadership theory is different from other leadership theories, such as transformational leadership. For example, servant leadership "focuses on a desire to serve and prepare others to serve as well, whereas transformational leadership emphasises a desire to lead and inspires followers to perform well" (Van Dierendonck et al.,2014: 546). Robbins, DeCenzo and Coulter (2013) described transformational leader as the person who stimulates and inspires (transforms) followers to achieve extraordinary outcomes. They pay attention to the concerns and developmental needs of individual followers; they change followers' awareness of issues by helping those followers look at old problems in new ways; and they are able to excite, arouse, and inspire followers to exert extra effort to achieve group goals.

Toufaili (2018), Kirkpatrick and Locke (1991) supported that transformational leadership involves challenging the status quo and assuming risks that require a high degree of courage. Toufaili (2018), Burns (1978) explained that the transformational leader recognises and exploits a necessity or demand from a potential person to follow. Moreover, the transformational leader tries to find out what motivates his subordinates and involves all those concerned in the process. The result of transformational leadership is a relationship of mutual stimulation and development that transforms subordinates into leaders and leaders into moral agents.

Walker and Miller (2010) explained that transactional leadership is the leadership that motivates workers by appealing to their self-interest. Its principles are to motivate through the exchange process. Transactional behaviour focuses on the accomplishment of tasks and good employee relations in exchange for desirable rewards.

Bilal et. al. (2017) explained that transformational and transactional leadership are often presented as being at opposing ends of a spectrum. Wang, Tsui, and Xin (2011) noted that transactional leadership better predicted individual task performance (behavior prescribed by the job role), while transformational leadership predicted better contextual performance (organizational citizenship behavior, which describes performance above and beyond what is delineated by job requirements alone). Both styles of leadership augment each other to achieve higher levels of employee performance but the difference lies in goal setting and motivation methods (Tyssen, Wald, and Spieth, 2014). As such, followers are inspired and intrinsically motivated to reach the highest levels of achievement and self-identification, and to strive beyond the call of duty rather than thinking about rewards or punishments.

The Cyprus wine businesses could benefit from the servant leadership style. Leaders with experience and knowledge in global trading could be a great asset to wine businesses that strive to export wines globally. They could develop and implement an export strategy and engage employees in their effort to organise wine businesses in exporting wines. Small and medium size businesses might benefit by shaping a professional network with the participation of experienced leaders in global trading. The servant leadership style could support them in designing and implementing an export strategy.

2.2.3 Information technology

According to Laudon K. and Laudon J. (2016) information technology consists of all the hardware and software that a firm needs to use in order to achieve its business objectives. An information system can be defined technically as a set of interrelated components that collect, process, store, and distribute information to support decision making and control in an organisation. The use of Information technology and systems in a business along with the abilities of the decision makers are some of the main factors under consideration when making an export plan. Information technology is a communication and functionality tool that helps to keep management on top of current business developments. In the existing competitive environment, a thorough investigation and implementation of software and hardware devices in businesses makes a difference when faced by other competitors.

Laudon K. and Laudon J. (2016) described a digital firm as one in which nearly all of the organisation's significant business relationships with customers, suppliers, and employees are digitally enabled and mediated. According to Zhang et.al (2008) and

Kyobe (2004) the ability of small firms to harness IT resources enables them to reduce costs, improve customer service, create links with suppliers, differentiate products/services, develop innovations, and increase a firm's performance.
Nayak (2015) supported that as the size of an organization increases, the systems and processes required to manage the operations become more complex. To manage the complex systems and processes in larger organizations, more complex technology is usually required and hence adopted. In other words, simple and relevant technologies give way to complex and costly technologies with an increase in the size of an organisation. Technology includes both product technology (hardware) and process technology (software). Nayak (2015) continued by supporting that in today's intense market competition, control of technology seems to be the basis of efficiency. Complex product and process technologies are inevitable for large sized organisations which in turn can change the character of products and services. The path dependency character of technology further drives organisations and institutions to adopt more intensive technology, leading them to seek larger scales of operation.

Laudon K. and Laudon J. (2016) stated that core business processes are accomplished through digital networks spanning the entire organisation or linking multiple organisations. Business processes refer to the set of logically related tasks and behaviours that organisations develop over time to produce specific business results and the unique manner in which these activities are organised and coordinated. Developing a new product, generating and fulfilling an order, creating a marketing plan, and hiring an employee are examples of business processes, and the ways organisations accomplish their business can be a source of competitive strength.

Large, bureaucratic organisations, which primarily developed before the computer age, are often inefficient, slow to change, and less competitive than newly created organisations. Some of these large organisations have downsized, reducing the number of employees and the number of levels in their organisational hierarchies. Information Technology pushes decision-making rights lower in the organisation because lower-level employees receive the information they need to make decisions without supervision. This empowerment is also possible because of higher educational levels among the workforce, which give employees the capabilities to make intelligent decisions.

Because managers now receive so much more accurate information on time, they become much faster at making decisions, so fewer managers are required. Management costs decline as a percentage of revenues, and the hierarchy becomes much more efficient. The management span of control is broadened, enabling high-level managers to manage and control more workers spread over greater distances. Griffin (2008) supported that technology consists of the conversion processes used to transform inputs (such as materials or information) into outputs (such as products or services). Most organisations use multiple technologies, but an organisation's most important one is called its core technology. The link between technology and organisation design was first recognised by Joan Woodward. Close scrutiny of the firms in her sample led her to recognise a potential relationship between technology and organisation design. According to Griffin (2008), Woodward classified the organisations according to their technology. Three basic forms of technology had been identified by Joan Woodward.

TABLE C2

Joan Woodward Technology Classification		
1.	Unit or small-batch technology	The product is custom-made to customer specifications or produced in small quantities
2.	Large-batch or mass-production technology	The product is manufactured in assembly-line fashion by combining component parts into another part or finished product
3.	Continuous-process technology	Raw materials are transformed to a finished product by a series of machine or process transformations.

Source: Griffin R. (2008). Management. 9th ed.

Unit or small batch technology is presumed to be the least complex and continuous-process technology the most complex. Woodward found that different configurations of organisation design were associated with each technology.

Information technology is one of the main and sensitive sectors in an organisation. Computer systems and technological infrastructure support management in improving management processes. Advanced technology equipment and skilled employees are valuable assets for businesses. Large and small wine businesses in Cyprus have purchased and implemented technology in wine production, marketing and distribution. Business owners and managers in wine businesses have invested a lot of their economic resources in acquiring and using the latest technology (Vrontis D., Paliwoda. S.,2008). Nevertheless, global market players in the wine industry are more sophisticated compared to Cyprus wine businesses in regards to design and implementation of marketing technologies. They use effective and efficient marketing methods to promote wines globally. The size and economic resources of global wine businesses influence how they shape their structural design. The management of these wine businesses analyse the global market and concentrate their efforts on producing quality and valuable wines for specific groups of consumers.

2.2.4 Globalisation of a wine business

Namrata and Hinings (2010) suggested that the globalisation of an organisation proceeds in three ways: firstly, through mass production organisation; secondly, through disaggregated production organisation; finally, through project-based organisation. They analysed the globalisation processes of three organisation types based on the nature of production activity, the nature of dominant assets, and the concentration on the customer/client for the production and delivery of a product or service. The new global wine players such as Chile, Argentina, New Zealand, Australia and South Africa concentrate their efforts on the development of quality vine varieties and expand their grape quantities in designated areas in their respective countries. The New World countries identified the weaknesses of the old wine countries such as Italy, France, Spain, Germany and therefore focus on three aspects to compete globally: mass production of vine varieties, level of quality and price of the wines. The new wine countries have managed to combine different characteristics of the three organisational designs previously stated to capture a considerable size of the global wine market.

Spanish settlers introduced European vine varieties in Argentina and Chile. They supported winemakers in the country in the cultivation and production of wines that eventually became well-known globally such as malbec, malvasia, cabernet sauvignon, syrah and chardonnay. The winemakers of these countries managed to develop an economy of scale production and to design a fair market value for their wines.

According to Montgomery and Lages (2004) and Stottinger (2001), the understanding of export pricing strategy standardisation is vital because it may have a powerful and immediate effect on a firm's performance. Myers et al. (2002) and Myers (1997) stated that despite its importance for export managers, most pricing strategy research is conceptual and applied at the domestic market level. The balanced combination of volume with fair market value was the ingredient of their success in the global market.

The attractiveness of a foreign market demands a business with a dynamic and flexible structural design that nurtures innovative products and services to accommodate customers' needs. Bryan and Joyce (2007) conclude that corporate leaders overlook great opportunities to create a competitive advantage and generate high returns and make organisational design the heart of strategy. An export plan with a weak foundation could lead to failure when designing products and services for the global market. Enderwick and Ronayne (2004) stated that an effective organisational design contributes to strategic capability and serves as a supporting tool to the implementation of a strategy. The thoughtful and sophisticated approach to structural design by the executive team would certainly produce a hard to imitate strategic export plan.

Griffin (2008) supported that developing a global strategy is far more complex than developing a domestic one. Managers developing a strategy for domestic firms must deal with one national government, one currency, one accounting system, one political system, one legal system, and usually a single language and a comparatively homogeneous culture. Conversely, managers responsible for developing a strategy for a global firm must understand and deal with multiple governments, multiple currencies, multiple political systems, multiple legal systems, and a variety of languages and cultures.

The structural design is essential to the design and development of a business export strategy. The use of capable human resources and technology supports management's effort to export goods abroad. According to Richard, Susan and April (2005) one way firms adjust to a turbulent business environment is to change their business model to better fit the new competitive and consumer demands of the industry. A business model is defined as a value chain framework in which a company operates to create sustainable competitive advantages. It identifies a strategic set of activities that firms perform to benefit customers and to achieve profitability.

Small wine businesses in Cyprus use a flexible structural design to produce and distribute their products in the market. These businesses usually retain a workforce of five to six people who perform different tasks in the winery. Even though the structure is flexible, in these businesses the directors do not have an export strategy in place. There is no robust export plan with regards to market penetration, promotion methods, strategic partners in foreign markets, and distribution channels, which would enable them to introduce and promote their wines globally. Large wine businesses have strategic partnership networks that promote and distribute their products in specific countries. These businesses have succeeded in promoting overseas Cyprus wines of better quality and price. Global wine businesses have a structural design that supports their export strategy. These businesses have either a department dedicated solely to exports or they hire experts in trading wines overseas. The philosophical approach and corporate behaviour of the management of global wine businesses towards global trade is quite different compared to management teams in Cyprus wine businesses.

2.3 Government statistical reports

Introduction

The researcher used the data triangulation method to carry out the analysis of the primary and secondary data. Denzin (1978b) identified four basic types of triangulation: Data triangulation - The use of a variety of data sources in a study; Investigator triangulation – the use of several different researchers or evaluators; Theory triangulation – the use of multiple perspectives to interpret a single set of data; Methodological triangulation – the use of multiple methods to study a single problem or program. The interpretation of the government statistical reports was categorised in three sections: vine plantation and wine production, production of vines, and wine trade in the local and global markets.

The analysis of statistical reports as a secondary data was taken from the Cyprus Statistical Service, the Cyprus Ministry of Agriculture, Natural Resources and Environment, the Cyprus Ministry of Energy, Commerce, Industry and Tourism and the Cyprus Wine Products Council. These services published data from their own research that took place in different wine regions of the island. They handed out survey questionnaires to wine executives, business owners, vine growers, oenologists, chambers of commerce and traders to collect information on the cultivation of vine varieties, wine production, wine importation and exportation to different countries and wine regions. The data of the production and exportation of wines is presented in tables and figures. The information is meaningful and valuable for the affected parties and researchers as well.

2.3.1 Vine plantation and wine production

According to the Cyprus Statistical Service "the total number of holdings enumerated in 2009 during the Census of Vines 2009 was 8.826 and the total area reported by agricultural holdings under vines amounted to 88.920 decares, recording an increase of 5.3% in comparison to 84.479 decares reported in 2008". The vast majority of holdings and agricultural areas are located in Lemesos and Pafos. Vine growers and wineries have been working together for the last 10 to 15 years to replant territories with vines of local varieties such as Xinisteri, Maratheftiko, Yiannoudi, Spourtiko, Morokanella, and Plomara. Eventually the volume and the quality of the local vine varieties would give an edge to the wineries and vine growers when promoting their wines on the global market.

TABLE A3. NUMBER OF HOLDINGS.

Επαρχία District	Αριθμός Εκμεταλλεύσεων Number of Holdings			Έκταση (δεκάρια) Area (decares)		
	2007	**2008**	**2009**	**2007**	**2008**	**2009**
ΣΥΝΟΛΟ-TOTAL	**6.501**	**6.635**	**8.826**	**81.939**	**84.479**	**88.920**
ΛΕΥΚΩΣΙΑ - LEFKOSIA	1.198	1.078	2.018	8.505	8.325	11.429
ΑΜΜΟΧΩΣΤΟΣ - AMMOCHOSTOS	9	7	16	52	44	122
ΛΑΡΝΑΚΑ - LARNACA	152	128	200	1.197	1.187	1.354
ΛΕΜΕΣΟΣ - LEMESOS	2.760	3.067	3.989	33.268	35.738	38.810
ΠΑΦΟΣ - PAFOS	2.382	2.355	2.603	38.918	39.185	37.205

Source: Cyprus Statistical Service (2011).

The authors of the Census of Vines 2009 noted that "The total area of wine grapes increased by 6,4% compared to the previous year, when the corresponding area was 80.874 decares. The varieties of wine grapes with the greatest areas on record were Black (not used for Commandaria) with 38,6% of the total wine grape area (33.231 decares), Xinisteri (not used for Commandaria) with 18,6% (16.042 decares), Carignan Noir with 5,6% (4.817 decares) and Xinisteri (used for Commandaria) with 5,7%

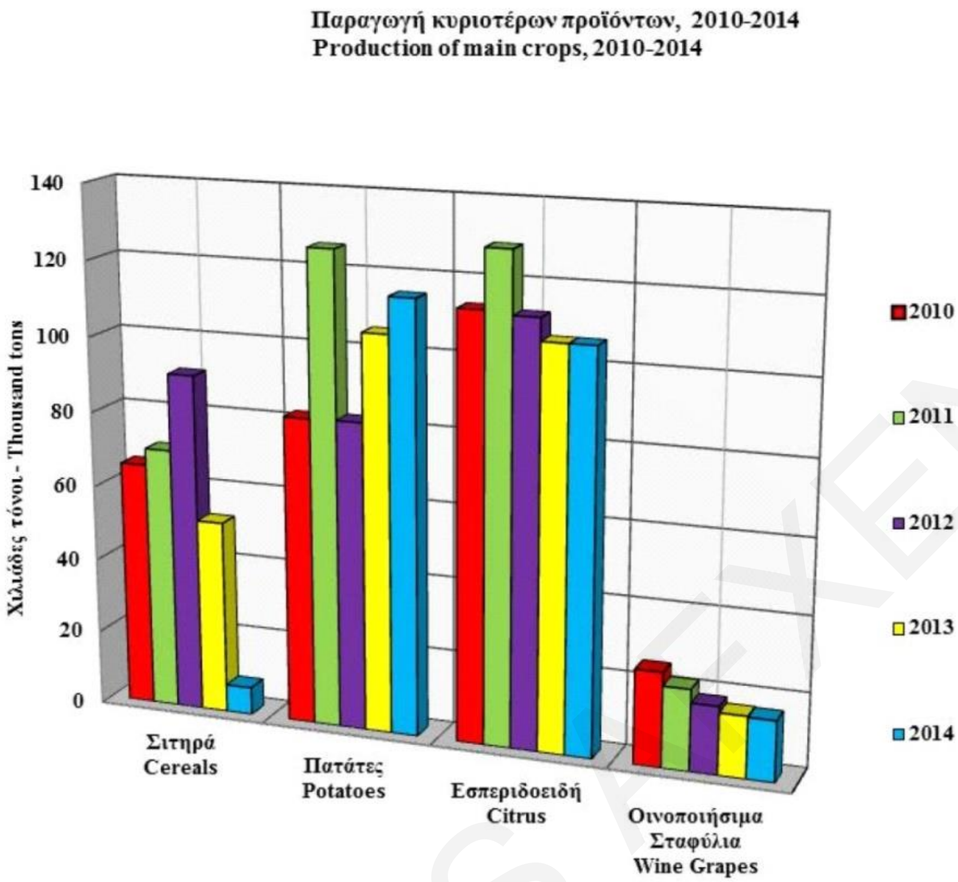
(4.872 decares). The total area of table grapes recorded in 2009 decreased by 20,6% reaching 2.863 decares compared to 3.605 decares in 2008. From the total area of table grapes the greatest percentage (53,0%) was from areas cultivating Sultana with 1.517 decares".

The census of vines report of 2009 revealed that there had been an increase in the use of agricultural land for the cultivation of local vine varieties. This positive development will add support to wineries and vine growers, who will increase their income, and help to promote the brand names of Cyprus wines. The decision of vine growers to plant local vine varieties in more agricultural areas in Cyprus signals a new strategy in viticulture. New areas were selected for wine growing in accordance with the agreed plan of action of the Cyprus Ministry of Agriculture, Natural Resources and Environment, wineries and vine growers. This in turn has encouraged all those concerned to increase the volume and quality of Cyprus wines.

2.3.1.1 Production of Vines

The agricultural statistics for 2016 from the Cyprus Statistical Service reported that "Wine grape production had recorded a marginal decrease and dropped to 16.257 tons in 2014 compared to 16.502 tons in 2013".

FIGURE B1. PRODUCTION OF MAIN CROPS 2010-2014.



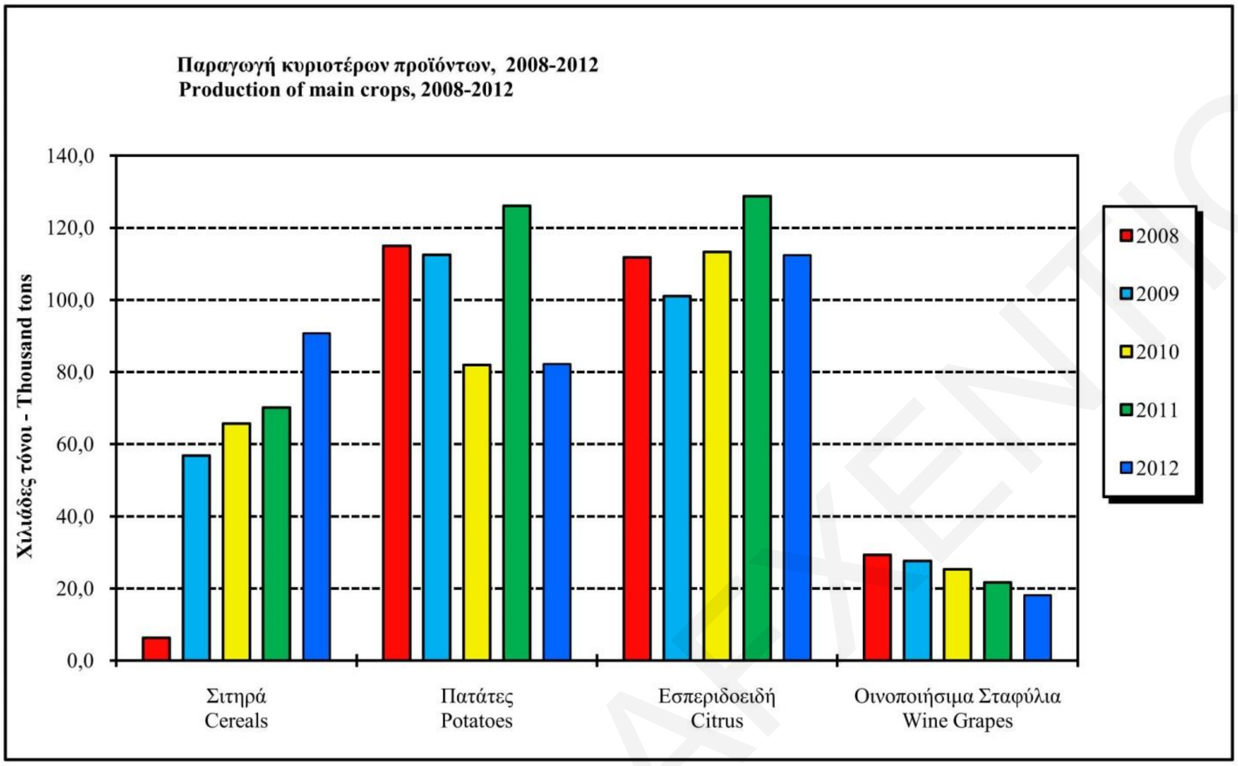
Source: Cyprus Statistical Service (2016).

Figure B1 reveals a steady reduction in wine production from 2010 until 2014. The drop in wine production could be attributed to the fact that young people are not interested in taking up viticulture as a career as well as the low purchase pricing of grapes by the wineries and the constant increase in production costs.

The Cyprus Statistical Service, through its 2009 census of vines, reported that "The total vine production in 2009 decreased by 8,9%, reaching 29.572.532 kilos compared to 32.462.178 kilos in 2008. The total vine production is broken down to sales, own consumption, losses and quantities of grapes not gathered. Sales to the wine industry accounted for 67,5% (19.972.847 kilos) of the total production, while sales to traders and supermarkets were 7,4% (2.194.280 kilos) of the total production. Withholdings from producers for processing purposes were 10,9% (3.234.828 kilos), while withholdings for consumption were 1,1% (326.762 kilos) of the total production of grapes. A significant quantity of the total production of grapes, 11,4% corresponding to 3.362.900 kilos, was not gathered, while losses were 1.6% (480.915 kilos) of the total production. The volume of the total production of wine grapes recorded a decrease of 6,0% and reached to 27.601.996 kilos compared to 29.368.802 kilos of the previous year. The main wine grape variety was the Black grape (37,4%)-(not used for Commandaria), followed by Xinisteri(12,4%)-(not used for Commandaria), and Carignan Noir (12,1%). Production of table grapes was 1.970.536 kilos with Sultana being the basic variety, corresponding to 55,6% of the total production of table grapes. However, there was a significant decrease (36,3%) in the total production of table grapes compared with the 3.093.376 kilos recorded in 2008".

Even though the census of vines in 2009 had reported an increase in agricultural areas planted with local vine varieties, there had been a decrease in wine production in 2008 and 2009. This had been caused by extreme weather conditions in the winter and summer times. Also, at the time Cyprus wineries had considerable acreage under young vines which are less productive. Finally, mistakes in the selection of suitable areas for the cultivation of specific local vine varieties had contributed to low wine production.

FIGURE B2. PRODUCTION OF MAIN GROPS 2008-2012.



Source: Cyprus Ministry of Agriculture (2015).

Figure B2: Production of main crops 2008-2012. This report was prepared by the Cyprus Ministry of Agriculture, Natural Resources and Environment and shows a continual decrease in wine production from 2008 to 2012. This outcome created additional problems for the wineries in their efforts to export wines abroad. A lower level of wine production forced wineries to focus on satisfying the local market instead of concentrating their efforts on promoting their wines overseas. Winery management teams diverted their efforts to producing quality wines from local vine varieties and promoting their wines on the local market including the tourism sector. The selection of suitable agricultural areas for specific local vine varieties supported wineries in their efforts to increase the production level and quality of their wines. Special attention was given to local wild varieties that are more adapted to the local environment yet productive at the same time. During the interviews some wine makers mentioned that they had experimented with local vine varieties on small areas in order to investigate the possibility of growing these vine varieties on a larger scale. They also stated that they had hired the consulting services of foreign oenologists to support them in the selection of grapes, the cultivation of agricultural land and the improvement of the vinification process. Some of the business owners and managers of these wineries hold the academic credentials to produce wines and also to manage their businesses. It was encouraging to meet people that understood the potential of Cyprus wines in respect to local vine varieties, the soil of the agricultural areas, the vinification process, consumer behaviour, marketing methods and the mechanisms of the global market. The future of wine making in Cyprus is dependent on a variety of factors. These include management skills and abilities, weather conditions, export strategy, export policies, synergies, marketing channels, politics within an organisation and financial resources available.

TABLE A4. PRODUCTION OF VINES BY TYPE AND VARIETY.

ΕΚΤΑΣΗ ΚΑΙ ΠΑΡΑΓΩΓΗ ΑΜΠΕΛΙΩΝ ΚΑΤΑ ΕΙΔΟΣ ΚΑΙ ΠΟΙΚΙΛΙΑ, 2007 - 2009
AREA AND PRODUCTION OF VINES BY TYPE AND VARIETY, 2007 - 2009

Είδος/Ποικιλία Type/Variety	Σύνολο Παραγωγής/Total Production (κιλά)/(kilos)			Σύνολο Έκτασης/Total Area (δεκάρια)/(decares)		
	2007	2008	2009	2007	2008	2009
Σ Υ Ν Ο Λ Ο - T O T A L	**33.892.258**	**32.462.178**	**29.572.532**	**81.939**	**84.479**	**88.920**
Οινοποιήσιμα - Wine grapes	**29.432.856**	**29.368.802**	**27.601.996**	**75.151**	**80.874**	**86.057**
Μαύρο - Black:						
εκτός κουμανδαρίας- not used for coumandaria	12.352.737	9.901.879	10.331.325	30.936	30.673	33.231
για κουμανδαρία - used for coumandaria	300.733	310.009	343.596	2.210	2.292	2.513
Ξυνιστέρι - Xinisteri:						
εκτός κουμανδαρίας- not used for coumandaria	5.744.353	5.875.186	3.423.894	11.759	13.213	16.042
για κουμανδαρία - used for coumandaria	732.572	595.711	643.304	4.568	4.449	4.872
Μαλάγα - Malaga	707.345	768.356	483.860	1.535	1.679	1.193
Carignan Noir	3.732.752	3.810.516	3.326.580	6.081	6.326	4.817
Cabernet Franc	524.834	528.274	490.204	2.008	1.978	2.016
Cabernet Sauvignon	896.852	1.045.927	1.133.043	3.257	3.735	3.683
Μαραθεύτικο - Maratheftiko	..	171.861	286.637	..	1.291	1.521
Mataro	784.174	766.417	700.625	1.856	1.830	1.722
Όφθαλμο - Ofthalmo	704.783	714.179	812.189	1.390	1.333	1.407
Merlot	..	81.960	140.976	..	545	636
Σιηράζ - Shiraz	284.652	329.666	469.674	1.751	1.971	2.446
Chardonnay	..	148.441	318.602	..	934	1.287
Σουλτανίνα - Sultana	..	2.067.471	2.557.455	..	3.167	3.727
Λευκάδα-Lefkada	..	..	330.255	..	..	953
Κρενάζ-Grenache	..	..	304.842	..	..	827
Άλλες ποικιλίες - Other varieties	2.667.172	2.252.949	1.504.936	7.799	5.457	3.163
Επιτραπέζια - Table grapes	**4.459.402**	**3.093.376**	**1.970.536**	**6.789**	**3.605**	**2.863**
Σουλτανίνα - Sultana	3.450.357	2.005.526	1.095.345	5.422	2.241	1.517
Περλέτ - Perlet	176.632	128.242	75.335	179	138	115
Κάρντιναλ - Cardinal	258.847	290.247	206.436	276	328	265
Superior	..	287.205	206.199	..	361	358
Άλλες ποικιλίες - Other varieties	573.566	382.155	387.221	912	538	609
Σταφίδα-Dried grapes (*)	..	..	115.321	..	..	266

* Για το 2007 και 2008 τόσο η παραγωγή όσο και η έκταση που αφορά τη σταφίδα περιλαμβάνεται κυρίως στη σουλτανίνα.
* For years 2008 and 2009 total production as well as total area of dried grapes in mostly included in Soultanina.

Source: Cyprus Statistical Service (2011).

2.3.2 Wine trade

TABLE A1. Cyprus Ministry of Agriculture – Publication of 2015.

Intra-Extra EU trade Commodity and Country Jan-Apr 2015.

Exports/dispatches of domestically produced goods, excluding stores and provisions, by broad economic sector, January - April 2015 and 2014

Economic Sector	2015				2014			
	April		January - April		April		January - April	
	€000's	%	€000's	%	€000's	%	€000's	%
GRAND TOTAL	**75.512**	**100,00**	**272.434**	**100,00**	**68.318**	**100,00**	**257.641**	**100,00**
AGRICULTURAL PRODUCTS (RAW)	**12.061**	**15,97**	**36.448**	**13,38**	**16.658**	**24,38**	**48.474**	**18,81**
INDUSTRIAL PRODUCTS OF AGRICULTURAL ORIGIN								
	15.837	**20,97**	**53.561**	**19,66**	**12.717**	**18,61**	**47.043**	**18,26**
Meat	177	0,23	783	0,29	203	0,30	993	0,39
Halloumi cheese	11.878	15,73	36.628	13,44	8.756	12,82	30.705	11,92
Cheese (excl. halloumi)	30	0,04	579	0,21	88	0,13	288	0,11
Honey	-	-	7	-	-	-	-	-
Locust beans (incl. seeds)	27	0,04	634	0,23	414	0,61	1.684	0,65
Fruit preserved	104	0,14	383	0,14	71	0,10	410	0,16
Fruit and vegetable juices	2.505	3,32	8.685	3,19	1.804	2,64	6.973	2,71
Beer	76	0,10	443	0,16	57	0,08	306	0,12
Wines	**63**	**0,08**	**439**	**0,16**	**22**	**0,03**	**346**	**0,13**
Alcoholic beverages (excl. beer and wines)	58	0,08	129	0,05	2	-	82	0,03
Raw hides and skins	283	0,38	944	0,35	177	0,26	967	0,38
Milk and cream, not concentrated Nor containing added sugar	140	0,18	1.045	0,38	284	0,42	1.074	0,42

TABLE A1. Cyprus Ministry of Agriculture – Publication of 2015.

Exports/Dispatches of domestically produced goods, excluding stores and provisions, by Broad Economic Sector, January - December 2014 and 2013

Economic Sector	2014				2013			
	December		January - December		December		January - December	
	€000's	%	€000's	%	€000's	%	€000's	%
GRAND TOTAL	**56.971**	**100,00**	**728.118**	**100,00**	**61.452**	**100,00**	**710.257**	**100,00**
AGRICULTURAL PRODUCTS (RAW)	**6.573**	**11,54**	**95.816**	**13,16**	**7.439**	**12,11**	**118.100**	**16,63**
Live trees, bulbs, cut flowers	9	0,02	133	0,02	14	0,02	133	0,02
Potatoes	3.179	5,58	41.299	5,67	3.377	5,50	53.884	7,59
Other vegetables fresh, frozen or dried	568	1,00	5.774	0,79	689	1,12	6.281	0,88
Citrus fruit	1.254	2,20	19.626	2,70	1.861	3,03	27.754	3,91
Grapes, fresh	-	-	764	0,10	-	-	957	0,13
Fish (Live, fresh, chilled or frozen)	1.412	2,48	21.823	3,00	1.287	2,09	24.317	3,42
Live animals	7	0,01	4.771	0,66	51	0,08	2.199	0,31
Plants of a kind used in perfumery, pharmacy, insecticidal, fungicidal, etc.	78	0,14	661	0,09	112	0,18	1.038	0,15
Other fruits, fresh, frozen or dried	54	0,09	277	0,04	29	0,05	132	0,02
All others	11	0,02	686	0,09	18	0,03	1.406	0,20
MINERALS	**382**	**0,67**	**5.786**	**0,79**	**513**	**0,84**	**6.105**	**0,86**
Bentonite (excl. activated)	382	0,67	5.548	0,76	513	0,84	6.022	0,85
All other	-	-	238	0,03	-	-	84	0,01
INDUSTRIAL PRODUCTS OF AGRICULTURAL ORIGIN	**9.102**	**15,98**	**136.595**	**18,76**	**8.717**	**14,19**	**122.105**	**17,19**
Meat	111	0,19	3.344	0,46	403	0,66	3.893	0,55
Halloumi cheese	6.032	10,59	89.601	12,31	5.272	8,58	75.811	10,67
Cheese (excl. halloumi)	39	0,07	816	0,11	164	0,27	1.102	0,16
Honey	2	-	33	-	1	-	60	0,01
Locust beans (incl. seeds)	206	0,36	2.852	0,39	359	0,58	1.922	0,27
Fruit preserved	209	0,37	1.226	0,17	100	0,16	842	0,12
Fruit and vegetable juices	1.232	2,16	21.016	2,89	876	1,43	18.332	2,58
Beer	22	0,04	856	0,12	36	0,06	776	0,11
Wines	113	0,20	1.328	0,18	149	0,24	1.436	0,20
Alcoholic beverages (excl. beer and wines)	1	-	176	0,02	1	-	159	0,02
Raw hides and skins	139	0,24	2.918	0,40	314	0,51	4.728	0,67
Milk and cream, not concentrated nor containing added sugar	262	0,46	2.772	0,38	182	0,30	2.618	0,37

Source: Cyprus Ministry of Agriculture (2015).

TABLE A1. Cyprus Ministry of Agriculture – Publication of 2015.

Exports/Dispatches of domestically produced goods (excl. stores and provisions) by broad economic sector, 2013 and 2012

Economic Sector	2013		2012	
	€000's	%	€000's	%
GRAND TOTAL	**710.257**	***100,00***	**644.909**	***100,00***
AGRICULTURAL PRODUCTS (RAW)	**118.100**	***16,63***	**86.663**	***13,44***
Live animals	2.199	*0,31*	1.683	*0,26*
Fish (Live, fresh, chilled or frozen)	24.317	*3,42*	16.132	*2,50*
Live trees, bulbs, cut flowers	133	*0,02*	119	*0,02*
Plants of a kind used in perfumery, pharmacy, insecticidal, fungicidal, etc.	1.038	*0,15*	977	*0,15*
Potatoes	53.884	*7,59*	32.129	*4,98*
Other vegetables fresh, frozen or dried	6.281	*0,88*	8.590	*1,33*
Citrus fruit	27.754	*3,91*	25.766	*4,00*
Grapes, fresh	957	*0,13*	690	*0,11*
Other fruits, fresh, frozen or dried	132	*0,02*	110	*0,02*
All others	1.406	*0,20*	467	*0,07*
MINERALS	**6.105**	***0,86***	**6.087**	***0,94***
Bentonite (excl. activated)	6.022	*0,85*	6.037	*0,94*
All other	84	*0,01*	50	*0,01*
INDUSTRIAL PRODUCTS OF AGRICULTURAL ORIGIN	**122.105**	***17,19***	**111.938**	***17,36***
Meat	3.893	*0,55*	7.341	*1,14*
Milk and cream, not concentrated nor containing added sugar	2.618	*0,37*	2.797	*0,43*
Halloumi cheese	75.803	*10,67*	61.530	*9,54*
Cheese (excl. halloumi)	1.110	*0,16*	924	*0,14*
Honey	60	*0,01*	14	*0,00*
Olive oil and its fractions, whether or not refined, not chemically modified	899	*0,13*	247	*0,04*
Wheat, meslin and cereal flour	4.519	*0,64*	5.165	*0,80*
Locust beans (incl. seeds)	1.922	*0,27*	1.946	*0,30*
Fruit preserved	842	*0,12*	632	*0,10*
Fruit and vegetable juices	18.332	*2,58*	19.093	*2,96*
Beer	776	*0,11*	510	*0,08*
Wines	1.436	*0,20*	1.681	*0,26*
Alcoholic beverages (excl. beer and wines)	159	*0,02*	154	*0,02*
Non-alcoholic beverages containing added sugar or flavoured	2.732	*0,38*	3.156	*0,49*
Raw hides and skins	4.728	*0,67*	4.673	*0,72*
Guts, bladders and stomachs of animals	1.485	*0,21*	1.393	*0,22*
All other	792	*0,11*	683	*0,11*
INDUSTRIAL PRODUCTS OF MINERAL ORIGIN	**32.103**	***4,52***	**35.760**	***5,54***
Salt suitable for human consumption	4.008	*0,56*	3.716	*0,58*
Gypsum; Anhydrite	2.671	*0,38*	2.672	*0,41*
Activated natural mineral prod. (bentonite)	2.136	*0,30*	2.157	*0,33*
Cathodes of refined copper	20.821	*2,93*	25.780	*4,00*
All others	2.467	*0,35*	1.435	*0,22*

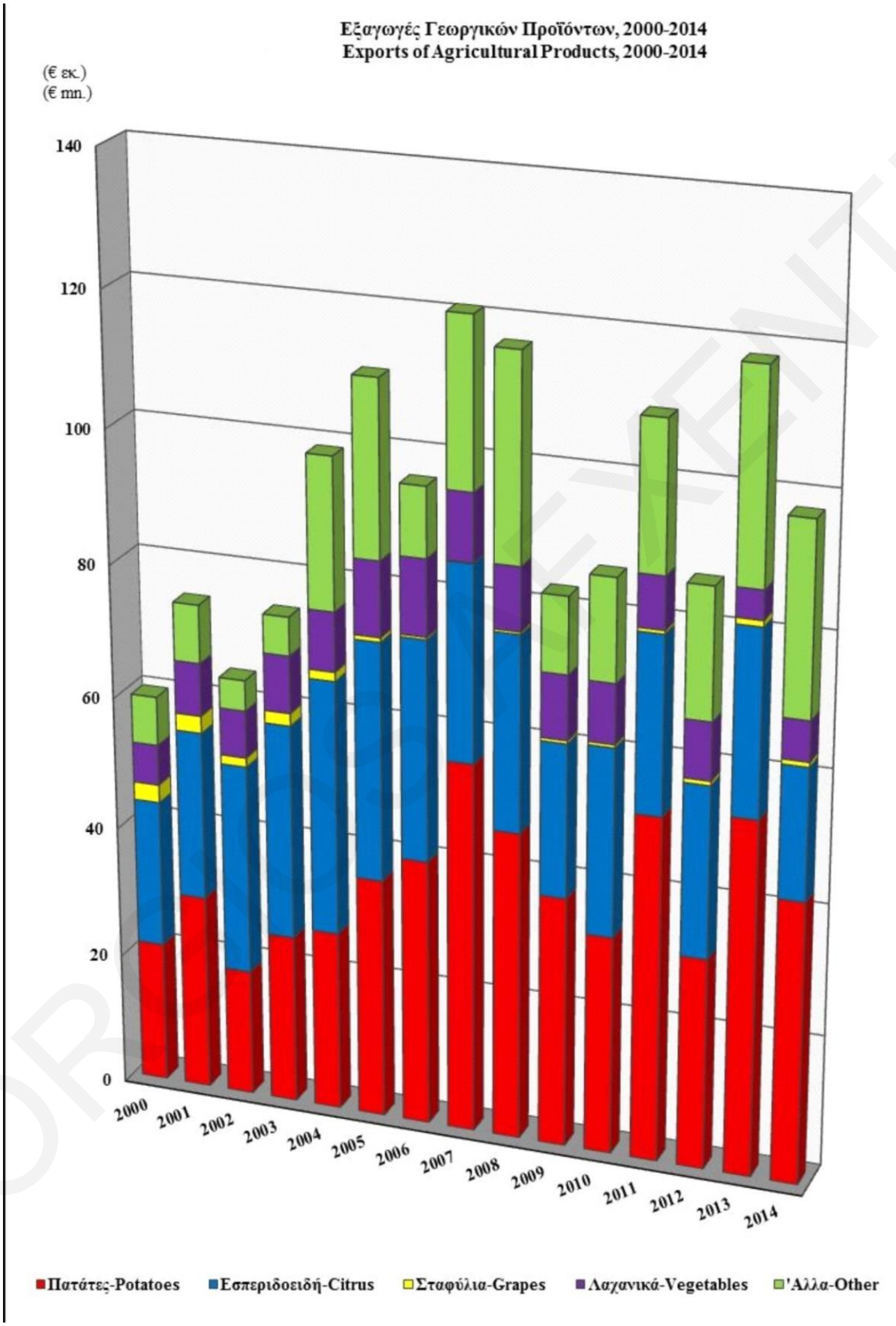
(cont'd)

Source: Cyprus Ministry of Agriculture (2015).

Table A1 (Intra-Extra EU trade Commodity and Country of the Ministry of Agriculture) shows that the wine exports during the period of January-April 2015 amounted to 439,000 euros, which constituted 0,16 percent of the total for national exports. This contrasts with the same period in 2014 when wine exports amounted to 346,000 euros or 0,13 percent of the total for national exports. Even though in January-April 2015 there was an increase in wine exports compared to the previous year, it is obvious that wine businesses still need to increase wine sales.

Also, this increase in exports was still poor when compared to other products such as halloumi cheese which rose from 11.92% of total national export in January-April 2014 to 13.44% in January-April 2015.

FIGURE B3. EXPORTS OF AGRICULTURAL PRODUCTS 2000-2014.



Source: Cyprus Statistical Service (2016).

TABLE A2. EXPORTS OF GRAPES.

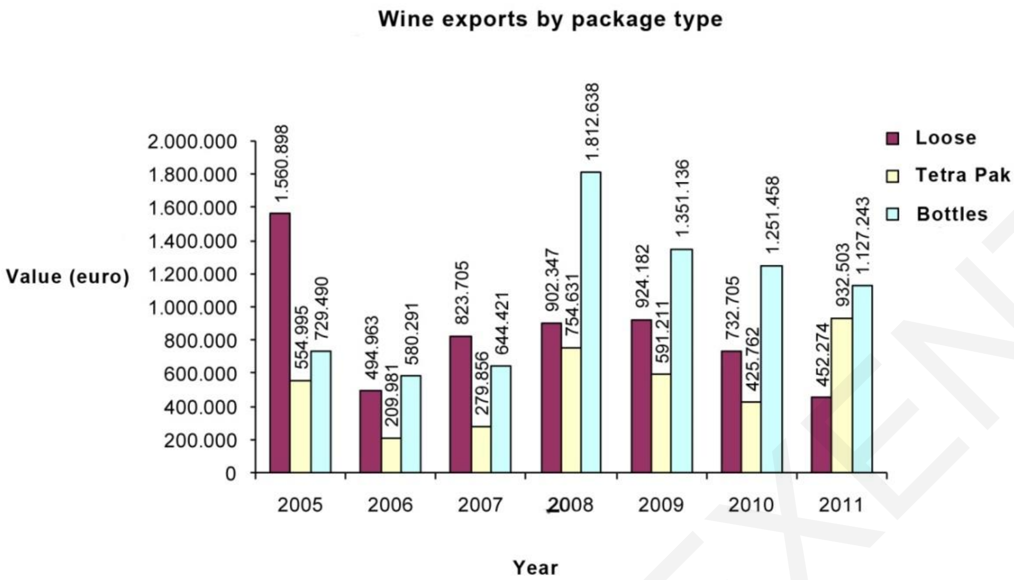
ΕΞΑΓΩΓΕΣ ΚΥΡΙΟΤΕΡΩΝ ΓΕΩΡΓΙΚΩΝ ΠΡΟΙΟΝΤΩΝ ΚΑΤΑ ΧΩΡΑ ΠΡΟΟΡΙΣΜΟΥ, 2013-2014

EXPORTS OF MAIN AGRICULTURAL PRODUCTS BY COUNTRY OF DESTINATION, 2013-2014

Προϊόν/Χώρα	2013		2014		Product/Country
	Ποσότητα (τόνοι) Q/ty (tons)	Αξία Value FOB €000΄s	Ποσότητα (τόνοι) Q/ty (tons)	Αξία Value FOB €000΄s	
ΜΑΝΤΑΡΙΝΙΑ	**29.678**	**17.411**	**20.022**	**11.219**	**MANDARINES**
Φιλλανδία	0	0	0	0	Finland
Γερμανία	1.313	944	290	151	Germany
Σουηδία	74	53	404	168	Sweden
Ηνωμένο Βασίλειο	397	242	599	367	United Kingdom
Ρωσσία	18.764	10.556	8.140	4.210	Russia
Ουκρανία	436	258	498	272	Ukraine
Βέλγιο	1.091	792	899	657	Belgium
Άλλες χώρες	7.602	4.566	9.193	5.394	Other countries
ΣΤΑΦΥΛΙΑ	**513**	**957**	**397**	**759**	**GRAPES**
Ην. Βασίλειο	13	25	1	2	United Kingdom
Γερμανία	354	619	273	474	Germany
Ελλάδα	0	0	5	9	Greece
Βέλγιο	0	0	0	0	Belgium
Αυστρία	147	313	118	270	Austria
Ιταλία	0	0	0	0	Italy
Άλλες χώρες	0	0	1	4	Other countries
ΠΑΤΑΤΕΣ	**95.486**	**53.884**	**105.913**	**42.811**	**POTATOES**
Ην. Βασίλειο	30.709	17.162	21.277	9.291	United Kingdom
Γερμανία	12.876	7.273	14.283	6.200	Germany
Ιρλανδία	1.499	781	914	330	Ireland
Νορβηγία	1.175	654	1.422	707	Norway
Σουηδία	303	189	556	279	Sweden
Αυστρία	728	352	491	188	Austria
Βέλγιο	9.852	5.804	11.232	4.523	Belgium
Ολλανδία	1.454	835	3.931	1.707	Netherlands
Πολωνία	3.724	1.631	6.956	2.178	Poland
Κροατία	3.660	1.820	4.091	1.633	Croatia
Ισπανία	200	92	410	168	Spain
Ιταλία	5.496	3.184	4.874	1.960	Italy
Ελλάδα	22.417	13.276	31.378	11.749	Greece
Άλλες χώρες	1.394	830	4.101	1.900	Other countries
ΛΑΧΑΝΙΚΑ	**…**	**6.281**	**…**	**5.939**	**VEGETABLES**
Ην. Βασίλειο	…	4.626	…	4.036	United Kingdom
Νορβηγία	…	347	…	369	Norway
Σουηδία	…	59	…	54	Sweden
Ρωσσία	…	631	…	736	Russia
Γαλλία	…	235	…	285	France
Άλλες χώρες	…	382	…	460	Other countries
ΖΩΑ ΖΩΝΤΑΝΑ (αριθμός)					**LIVE ANIMALS (number)**
Ρίφια	1.517	433	14.920	3.448	Kids
Χοίροι	1.324	64	0	0	Pigs

Source: Cyprus Statistical Service (2016)

FIGURE B4. WINE EXPORTS 2011.

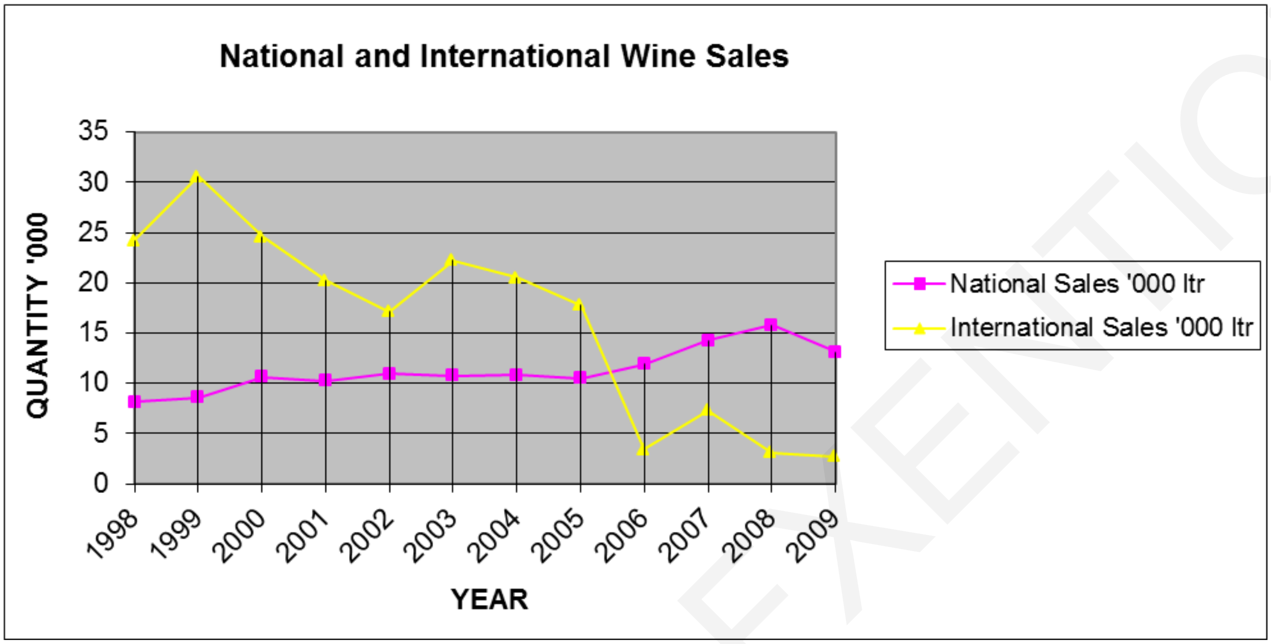


Source: Cyprus Wine Products Council (2011).

Figure B4 shows that in 2005 Cyprus wineries exported a higher percentage of loose wines worth 1,560,898 euros compared to tetra pak wine exports worth 554,995 euros and bottled wine exports worth 729,490 euros. In 2006 there was a dramatic drop in wine exports across the board with loose wines slumping to 494,963 euros, tetra pak to 209,981 euros and bottled wine to 580,291euros.

Tetra pak wine exports improved slightly after 2006, but bottled wine exports rose significantly after 2006 and show great promise. The statistical report showed an increase in volume and value of exported wine bottles. This demonstrates that Cyprus wine producers need to concentrate on raising the quality of their wines in order to be competitive. This strategy has now been widely accepted and adopted by wine businesses in Cyprus.

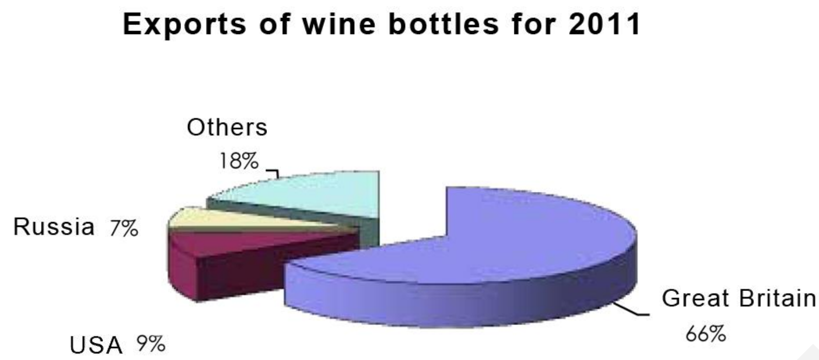
FIGURE B5. NATIONAL AND INTERNATIONAL WINE SALES.



Source: Cyprus Wine Products Council (2009).

Figure B5 shows a peak in global wine sales in 1999. After that there was a steady fall in global exports until 2005 when the export market suffered a dramatic fall. During 2005 the Cyprus wine industry lost 14,000 ltr in sales. As a result, domestic wine sales surpassed global wine sales. Also, during the same period, there was a reduction in wine production by the wineries for various other reasons. The census of vines in 2009 of the Cyprus Statistical Service (**Figure B2:** Production of main crops, 2008-2012) shows a steady decrease in wine production from 2008 until 2012, which contributes to the decrease in wine sales overseas.

FIGURE B6. EXPORTS OF WINE BOTTLES 2011.



Source: Cyprus Wine Products Council (2011).

The secondary data provided by the Cyprus Statistical Service, Cyprus Ministry of Agriculture, Natural Resources and Environment, Natural Resources and Environment, and Cyprus Wine Products Council reveals a decrease in wine exports between 2008 and 2015. It is apparent that low volume production of wine directly affected the volume of exported wine. Wineries promoted wines mainly on the local market since the volume had been decreasing due to poor grape harvests. **Figure B6** reveals that Britain was the main importer of Cyprus wines in 2011. **Table A2** shows that Germany and Austria were the main importers of grapes from Cyprus in 2013 and 2014.

2.4 Explanation of the conceptual framework

The conceptual framework (**Figure D1**) aims to present the research findings ın a structural form. The research focuses on the structural design and its effect on the formulation of an export strategy. The hierarchical/mechanistic, organic/flexible and matrix/hybrid structural designs share factors that affect the formulation of export strategy. The inner circle of the conceptual framework contains the core group of factors: global relations, indigenous varieties, global management knowledge, digital networks and product pricing. These are the most influential factors in an export strategy. The benefits of the implementation of an export strategy include increased revenues, branding, improved performance, competitiveness and business networking.

The study of structural design reveals that key factors such as flexible structure, decision making, job specialisation and resources contribute to the formulation of an export strategy. A flexible structure in small and medium size businesses reinforces management when exploring export opportunities overseas. Management strives to develop an export strategy in order to achieve sales on the global market. The aim of the small and medium size businesses is to improve profitability, performance, branding, competitiveness and networking in the global economic environment. The decision making, job specialisation and the wealth of resources are factors connected to large businesses with a hierarchical/mechanistic structural design. Large corporations form specialised departments to implement their export strategy and to promote wines on the global market. Management in large businesses with hierarchical/mechanistic structural designs allocates plenty of resources to achieve their export strategy objectives.

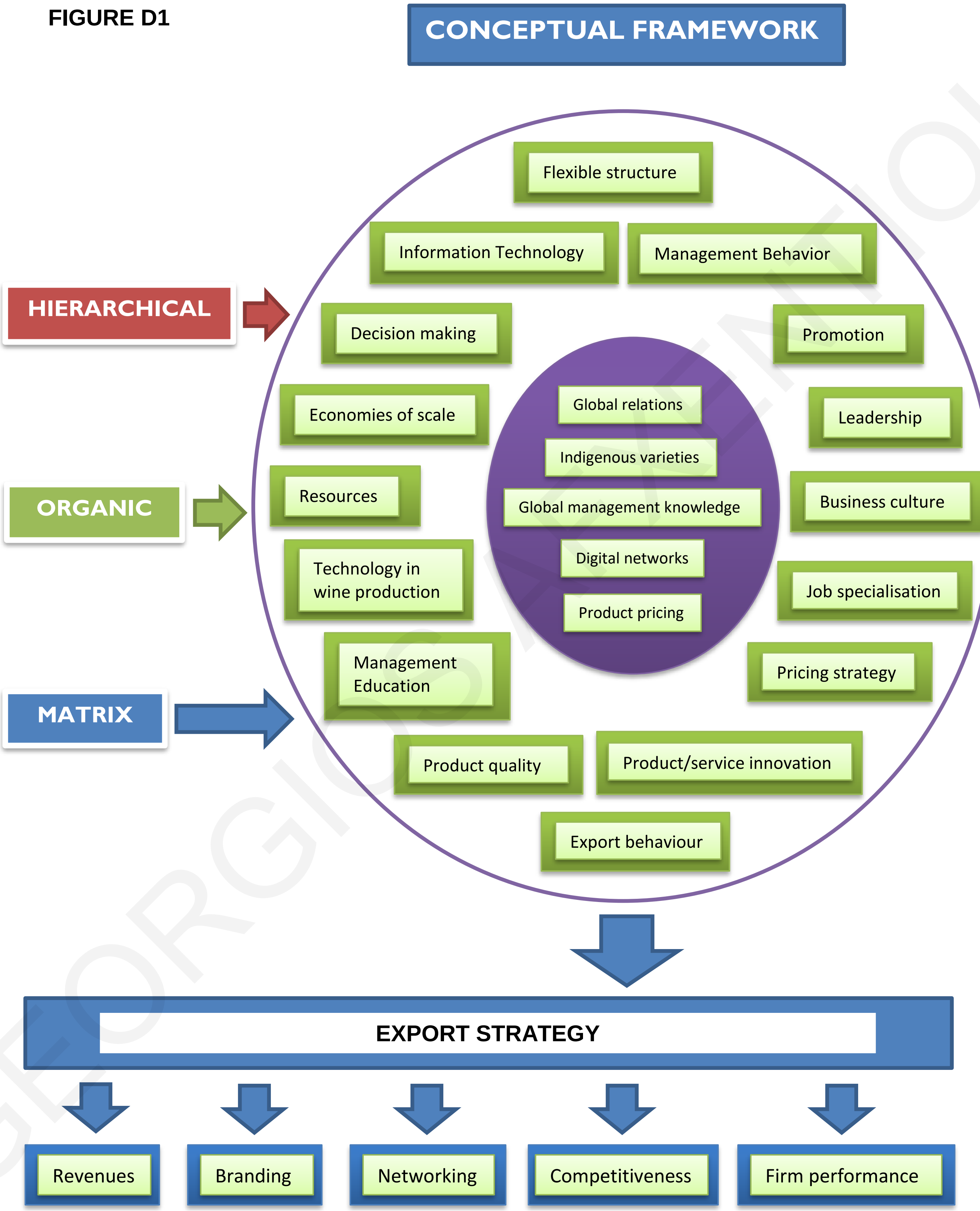
The study and analysis of internal management characteristics such as leadership, management behavior, management education, export behavior, product/service innovation and business culture reveal the influence of management on formulating, implementing and evaluating an export strategy. The approach, behavior, motivation and education of leaders in an organization are linked to the benefits of the implementation of an export strategy. Product/service innovation and business culture are also characteristics that nurture the development and deployment of an export strategy.

There are important elements of information technology such as digital networks, technology in wine production and information technology networking that enhance the implementation of an export strategy. The development of digital networks and information technology networking in the structural design of businesses provide a platform for communication and trading among businesses in the global market. The advancement of technology in the wine sector supports the trade of products globally.

The globalisation of a wine business is affected by the following factors: global management knowledge, economies of scale, global relations, pricing strategy, product pricing, promotion and indigenous varieties. Knowledge of the global market and the global relations with business leaders support the development of an export strategy. Also, an export strategy includes pricing strategy, indigenous varieties and economies of scale that strengthen the position of wine businesses in the global market.

The benefits of implementing a robust export strategy include increased revenues, enhancement of branding, improved competitiveness, broader networking and improved firm performance. Business leaders are willing to formulate and implement an export strategy because of the added benefits to their businesses. The conceptual framework and the research outcomes could help to develop and implement a valuable practical guideline in wine businesses in Cyprus.

FIGURE D1



CONCEPTUAL FRAMEWORK
HIERARCHICAL
ORGANIC
MATRIX
Flexible structure
Information Technology
Management Behavior
Decision making
Promotion
Economies of scale
Leadership
Resources
Business culture
Technology in wine production
Job specialisation
Management Education
Pricing strategy
Product quality
Product/service innovation
Export behaviour
Global relations
Indigenous varieties
Global management knowledge
Digital networks
Product pricing
EXPORT STRATEGY
Revenues
Branding
Networking
Competitiveness
Firm performance

2.5 Conclusion

Businesses are organised along three structural designs in order to meet market demands. Large corporations have a hierarchical/mechanistic structural design, whereas small and medium size businesses are organised in an organic/flexible or matrix/hybrid structural design.

The factors that affect the formulation of an export strategy fall into the categories of structural designs, internal management characteristics, information technology and globalisation of wine businesses. The most influential factors in an export strategy include global relations, indigenous varieties, global management knowledge, digital networks and product pricing.

The benefits for wine businesses exporting products globally might influence other businesses to invest their resources in the formulation and implementation of an export strategy. The literature review, research findings and continuous development of an export strategy could shape a practical guideline for exports which could be of great value to wine business leaders.

CHAPTER 3

RESEARCH METHODOLOGY AND METHODS

3.1 Introduction

This part of the research involves the study of different philosophies, research designs and methodologies. The aim of the researcher was to select and implement a research philosophy, methodology and methods that could provide a thorough and reliable investigation of the research subject.

Leavy (2014) explained that the main dimensions of research can be categorised under three general categories: philosophical, praxis, and ethics. The philosophical substructure of research consists of three elements: paradigm, ontology, and epistemology. At the level of praxis there are four key elements of research: genre, methods, theory, and methodology. Leavy (2014), Hays and Singh (2012), Creswell (2007) and Ponterotto (2005) stated that there are differences in the purpose or aims of the research and in beliefs associated with core philosophies of science embedded within the varying approaches, namely ontology, epistemology, and axiology. Leavy (2014) added that these different aims may be also carried out using approaches to research that rest on different foundational assumptions about the nature of our world (ontology) and our knowledge about it (epistemology), as well as the role of values in the process of knowledge production (axiology), that are conceptualised by Hays and Singh (2012) fall along separate continuums of beliefs.

3.2 Research questions

The research questions were designed to support the researcher in producing quality work that was beneficial to academics and practitioners. Some research questions focused on leadership, decision making, education, lifestyle, culture, information technology and the economic environment. Most of these questions were linked to structural design and its effect on the formulation of an export strategy. The researcher investigated and attempted to answer the majority of the questions in order to contribute to the academic community and also to support the practitioners in practical ways by achieving global presence with their wines. To produce quality and meaningful research, the researcher questioned the validity of the present situation regarding structural design and export strategy in the wine industry of Cyprus.

Research Questions

1. What are the characteristics of the structural design of successful global wine-exporting businesses?
2. Based on literature and research findings, how does a structural design affect the formulation of an export strategy?
3. How many resources are devoted by management to promoting wines abroad?
4. What types of resources are allocated by management and shareholders to the export of wines to the global market?
5. Are executive managers adequately qualified to support global trade?
6. What is the motivation of the owners of small businesses when designing an export strategy?
7. What practical solutions can be provided to Cyprus wine businesses regarding their structural designs?
8. What practical methods are used to support Cyprus wine businesses in their efforts to export wines?

3.3 Research philosophy

3.3.1 Ontology, epistemology and axiology

Ontology is a social science that it is concerned with the nature of reality (Saunders et. al 2007). Ontology is a philosophical belief system about the nature of social reality, including what we can learn about this reality and how we can do so. In their classic definition, Egon Guba and Yvonna Lincoln explained the ontological question as: “What is the form and nature of reality and therefore, what is there that can be known about it?" (Leavy, 2014; Guba and Lincoln, 1998, p.201). Within the context of qualitative research, ontology is discussed in terms of beliefs about the existence of some "universal truth" and about objectivity. At one end of the spectrum is a belief that reality is objective and that there are universal truths about reality that can be known. At the other end is a belief that reality is subjective and contextual, and a universal understanding of psychological experiences cannot be obtained because they must always be understood within the contexts within which they are embedded (Spencer et all. 2014; Hays and Singh, 2012).

An epistemology is a philosophical belief system about how research proceeds as an embodied activity, how one embodies the role of researcher, and the relationship between the researcher and research participants (Leavy, 2014; Guba and Lincoln, 1998; Harding, 1987; Hesse-Biber and Leavy, 2004; 2011). Epistemology is the study of the process of knowing or "how we know what we know" (Spencer et. all 2014, Guba and Lincoln, 2008; Ponterotto, 2005). It is concerned with how we gain knowledge of what exists and the relationship between the knower-in this case the researcher-and the world. The researcher and research participant may be considered independent of one another. In this view, researcher can use rigorous, systematic approaches to studying participants objectively or without researcher bias. This results in much attention being paid to rigour in research, particularly in the form of strict adherence to generally accepted systematic approaches to enhancing objectivity and reducing researcher bias.

Leavy (2014) and Lincoln et al. (2013) described that axiology is concerned with how values and assumptions of the researcher influence the scientific process, as well as what actions the researcher takes with the research produced. What place do the emotions, expectations, and values of the researcher have in the research process? Should systematic steps be taken to ensure that the process is kept free of these so they do not influence the participants and the results? Or is such a pursuit futile and the best a researcher can do is identify, describe, or even attempt to "bracket" his or her values? (Wertz, 2011)

3.3.2 Deductive, inductive, abductive and retroductive approaches

Saldana (2014), Shank (2008) and Bryman (2004) stated that unlike quantitative research, with its statistical formulas and established hypothesis-testing protocols, qualitative research has no standardised methods of data analysis. The primary heuristics (or methods of discovery) you apply during a study are deductive, inductive, abductive and retroductive reasoning.

Deductive approach supports the development of a theory that is subjected to a rigorous test. Saunders (2007) and Robson (2002) list five sequential steps that deductive research progresses; deducing a hypothesis, expressing the hypotheses in operational terms, testing the operational hypotheses, examining the specific outcome, modifying the theory. This approach is highly controlled and it uses quantitative methods to test the hypotheses.

Inductive approach is theory driven due to the fact that the researcher develops a theory from the research findings. This approach is closer to social science and uses qualitative methods to gather data. Leavy (2014) stated that induction is what we experientially explore and infer to be transferable from the particular to the general, based on an examination of the evidence and an accumulation of knowledge. Bazeley (2013) supported that in inductive research, conclusions are “grounded” in data, as the researcher starts from data and works to develop empirical generalisations that can then be applied to similar situations.

Charmaz (2014) described abduction as a type of reasoning that begins with the researcher examining inductive data and observing a surprising or puzzling finding that cannot be explained with conventional theoretical accounts. After scrutinising these data, the researcher entertains all possible theoretical explanations for the observed data, and then forms hypotheses and tests them to confirm or disconfirm each explanation until he or she arrives at the most plausible theoretical explanation. At this point, the researcher may create a new theory or put extant theories together in a novel way. Thus, abduction brings creativity into inquiry and takes the iterative process of grounded theory further into theory construction.

Bazeley (2013) explained that retroductive inferences are drawn by answering the question: "What made this possible?" It is rather a backwards approach to logic modelling where an attempt is made to work out the components and steps that must have been necessary to lead to a current phenomenon. Where possible, speculative explanations are assessed against historical or archival data. Leavy (2014) supported that retroduction is historic reconstruction, working backwards to figure out how the current conditions came to exist.

If adopting an inductive approach on the other hand, theory is the outcome of research and it involves using the observations of the empirical world to allow the construction of explanations and theories about what has been observed (Carson et al., 2001). The deductive approach has been criticised because of its tendency to construct a rigid methodology that does not permit alternative explanations of what is going on (Saunders et al., 2003), and the inductive approach requires considerable experience of the researcher. The research approach used for this study follows both approaches to benefit from the advantages of each and counter each one's limitations. The deductive approach is used to develop a conceptual framework after having reviewed the existing literature on the structural design and their impact on export strategies, and the results of the study inductively allowed new insights to emerge and add on to existing theory.

3.3.3 Research approach: Constructivism

Constructivism is an ontological position that asserts that social phenomena and their meanings are continually being accomplished by social actors (Bryman, 2004). A constructivist assesses the situation in the environment and develops a possible solution to an existing problem. The understanding of the social and cultural context and contribution to the findings are key components of constructivism. Charmaz (2014) described constructivism as a social scientific perspective addressing how realities are made. This perspective brings subjectivity into view and assumes that people, including researchers, construct the realities in which they participate. Constructivist inquiry starts with the experience and asks how members construct it. To the best of their ability, constructivists enter the phenomenon, gain multiple views of it, and locate it in its web of connections and constraints. Constructivists acknowledge that their interpretation of the studied phenomenon is itself a construction. The analysis of the economic environment in the Cyprus wine industry is the first step of this research. The understanding of the factors preventing Cyprus wine businesses from exporting overseas is the second step of this analysis. From a constructivist perspective, the assessment and contribution to research findings might support the formulation of an export strategy. An accurate assessment of the structural design of the wine businesses strengthens the constructivist position.

Charmaz (2014) stated that constructivist grounded theorists attend to the situation and construction of the interview, the construction of the research participant's story and silences, and the interviewer-participant relationship as well as the explicit content of the interview. What participants do not say can be as telling as what they do say. A constructivist perspective differs from conceptions of the interview and ways of building mutuality. In this sense, the interview becomes more than a performance. Instead, it is the site of exploration, emergent understandings, legitimation of identity, and validation of experience. The collection of information and research of the actual economic environment form a set of practical recommendations to wine businesses.

Silverman (2013), Holstein and Gubrium (2008b) stated that there are key differences between constructionism and naturalism. One way of describing the difference is in terms of what we call what and how questions. Whereas the naturalistic impulse in fieldwork is typically to ask "What is going on?" with, and within, social reality, constructionist sensibilities provoke questions about how social realities are produced, assembled, and maintained. Rather than trying to get inside social reality, the constructionist impulse is to step back from that reality and describe how it is socially brought into being. While still deeply interested in what is going on, constructionist sensibilities also raise questions about the processes through which social realities are constructed and sustained. The analytic focus is not so much on the dynamics within social realities as it is on the construction of social realities in the first place. Silverman (2013) explained that the most important insight of constructionism is its emphasis on the rhetorical and constructive aspects of knowledge: that is, the realisation that facts are socially constructed in particular contexts. In some respects this defines the constructionist model, which is concerned with questions of "what" and "how?" that inform so much qualitative research.

Relativism, an ontological position, "maintains that there is no external reality independent of human consciousness; there are only different sets of meanings and classifications which people attach to the world" (Robson 2002 p:22). This philosophical position belongs to social science and supports that the existence of an external reality independent of our theoretical beliefs and concepts is denied. The research process is performed by developing hypotheses rather than relying on empirical facts (Robson 2002). Relativism is an approach that may not be compatible with the research of exportation of wines.

According to Leavy (2014) positivism rests on the ontological assumption that some objective truth or reality exists that is independent of our beliefs and constructions and can be ascertained through direct observation and experience. The efforts of science, thus, are put toward establishing universal laws of nature and, within psychology, universal laws of human development and experience. The attainment of this knowledge and our confidence in it depends on following systematic procedures through which claims about truth can be verified. Hypothesis generation and testing using valid measures of operationally defined variables are primary tools, and the goal is to be able to generalise with confidence the knowledge obtained.

The philosophical approach underpinning this research is the adaptation of constructivism. It is a position that supports the collection, analysis of data field and the formulation of a theory. The researcher reconstructed the findings and presented a new perspective with recommendations to the affected wine businesses. In contrast to relativism which supports that opposing views are simply differences in perception, constructivism investigates further the differences and builds a model. Positivism supports that the researcher should be objective when collecting data and formulating of hypotheses. The difference between constructivism and positivism is the engagement with the affected parties (subjectivity) of the former ontological position. The engagement with the affected elements of the research is not part of this philosophical approach. Therefore the implementation of positivism on this research is not feasible at this stage.

3.4 Research methodology and methods

3.4.1 Fixed, flexible and mixed research designs

The purpose of this research is to gather data by exploring the factors that affect the exportation of Cyprus wines. “Exploratory study is concerned with the happenings in an unknown situation, seeking new insights and generating ideas and hypothesis for future research (Robson 2002, p:59)”. The research design is a framework for the generation of evidence that is suited both to a certain set of criteria and to the research questions (Bryman 2004). The design is a master plan that includes methodology and methods to collect and analyse data. The appropriate collection of data from different sources contributes to an efficient and accurate research. The three different types of research design include the fixed design, the flexible design and the mixed design, which is a combination of the fixed and flexible designs.

Fixed design is theory-driven and quantitative methods are usually used to support it (Robson 2002). The main characteristic of this design type is the collection of data based on a conceptual framework. The research findings about the organisational structure and factors affecting export strategy can be assessed through interviews and the statistical reports of the Cyprus statistical service.

Flexible design refers to the study that is framed within the assumptions and characteristics of the qualitative approach to research. “The study includes detailed methods, a rigorous approach to data collection, data analysis and report writing. In this case the researcher has the responsibility of verifying the accuracy of the account given (Robson 2002, p:166)”. Some characteristics of the flexible design include validity, interpretation, adaptiveness and flexibility. This type of design covered the investigation of the research factors. Interviews were conducted with managers and business owners to learn about their views on wine exports.

The researcher used flexible research design such as interviews to understand and to construct a new concept. Business owners and managers were interviewed about the structural design of wineries, wine exportation, viticulture and the marketing of Cyprus wines in Cyprus and abroad. The purpose of the interviews was to collect data about the structural design of wineries, decision making, market positioning of the Cyprus wines, business and marketing practices, development of an export strategy by the management team, challenges of wine exportation, production methods and operation practices. The research findings and conclusions of this research were developed from the interviews and statistical reports from various sources.

Statistical data related to some of the factors affecting export strategy were collected from the following sources: Cyprus wine industry, Cyprus Statistical Service, Cyprus Wine Products Council and Cyprus Ministry of Agriculture, Natural Resources and Environment. Tables and figures were compared with the data from the interviews in order to validate the research findings. A practical model was constructed and a set of recommendations were offered to practitioners.

3.4.2 Research methods: Qualitative and Quantitative

Leavy (2014) and Morse (1990) explained that the first of the major forms of mixed methods research is qualitatively driven mixed research or Qual + Quan. Leavy (2014) and Johnson et. al (2007) supported that qualitatively driven mixed research occurs when the mixed researcher aims to address one or more research questions using any lens associated with the qualitative research paradigm (e.g., constructivist, critical theorist) while simultaneously believing that adding quantitative research approaches (particularly the use of quantitative data and analysis) can help to address the research questions to a greater extent. Leavy (2014) and Onwuegbuzie, Leech and Collins (2011) stated that at the analysis stage of mixed research process, qualitatively driven mixed research implies combining quantitative and qualitative analytical techniques at various levels wherein the qualitative analyses are privileged.

The qualitative and quantitative approaches can be combined because they share the goal of understanding the world in which we live (Haase and Myers, 1998; Clark and Creswell, 2008). King et al. (1994) claim that both qualitative and quantitative research shares a unified logic and that the same rules of inference apply to both. The two paradigms are thought to be compatible because they share the tenets of theory-ladenness of facts, fallibility of knowledge, indetermination of theory by fact, and a value-laden inquiry process. They are also united by a shared commitment to understanding and improving the human condition, a common goal of disseminating knowledge for practical use, and a shared commitment for rigor, conscientiousness, and critique in the research process (Reichardt and Rallis, 1994; Clark and Creswell, 2008).

The qualitative method is used as a synonym for any data collection technique (interview) or data analysis procedure (categorizing data) that generates or uses non-numerical data (Saunders et al. 2007 p:145). According to Cassell et al. (2006, p:292) “qualitative methods have much to offer the management researcher in enabling access to the subjective experiences of organisational life”. Robson (2002, p:459) states that “humans as natural analysts have deficiencies and biases corresponding to the problems that they have as observers”.

The adoption of qualitative analysis is harmonised with the selection of a flexible design for this research. The researcher selected the qualitative method to gather data from the wine businesses in Cyprus. This method also offered the opportunity to the researcher and the participants to discuss and exchange ideas about the organisational design in their businesses, the development of an export strategy, the production of quality wines and the promotion of wines among others.

3.4.3 Research methods: Interviews

An interview is a powerful discussion between two or more people (Kahn and Cannell., 1957). Leavy (2014) and Briggs (2007) explained that although the conversation in a broad sense is a human universal, qualitative interviewers often forget that the social practice of research interviewing in a narrower sense is a historically and culturally specific mode of interacting, and they too often construe face-to-face interaction as the primordial, natural setting for communication, as anthropologist Charles Briggs has pointed out.

Saunders et al. (2007) states that the nature of interviews should be consistent with the research objectives, research questions, purpose of the research and the adopted research strategy. There are three different types of research interviews; structured, semi-structured, unstructured.

Structured interviews use “questionnaires based on predetermined and standardised or identical set of questions” (Saunders et al., 2007). Leavy (2014), Conrad and Schober (2008) explained that structured interviews are employed in surveys and are typically based on the same research logic as questionnaires: standardized ways of asking questions are thought to lead to answers that can be compared across participants and possibly quantified. Interviewers are supposed to read questions exactly as worded to every respondent and are trained never to provide information beyond what is scripted in the questionnaire. Leavy (2014) stated that although structured interviews are useful for some purposes, they do not take advantage of the dialogical potential for knowledge production inherent in human conversations. They are passive recordings of people's opinions and attitudes and often reveal more about the cultural conversations of how people should answer specific questions than about the conversational production of social life itself.

Leavy (2014) and Atkinson (2002) described unstructured interviews as the life story interview seeking to highlight the most important influences, experiences, circumstances, issues, themes, and lessons of a lifetime. Leavy (2014) and Wengraf's (2001) explained that the life story interview is a variant of the more general genre of narrative depth interviews. These need not concern the life story as a whole, but may address other, more specific storied aspects of humans' lives, building on the narratological insight that humans experience and act in the world through narratives.

Semistructured interviews contains "a list of themes and questions to be covered, although this may vary from interview to interview" (Saunders et al., 2007). Leavy (2014) and Warren (2002) stated that interviews in the semistructured format are sometimes equated with qualitative interviewing. Compared to structured interviews, semistructured interviews can make better use of the knowledge-producing potential of dialogues by allowing much more leeway for following up on whatever angles are deemed important by the interviewee; Furthermore, the interviewer has a great chance of becoming visible as a knowledge-producing participant in the process itself, rather than hiding behind a preset interview guide. Also, compared to unstructured interviews, the interviewer has a greater say in focusing the conversation on issues that he or she deems important in relation to the research project.

It was for these reasons that a semistructured interview format was used for the analysis of the businesses in this research. The adaptation of exploratory study supported the use of interview questions in a formal manner. This setting allowed interviewees to discuss many aspects related to structural design and export strategy.

The semistructured interview had fewer limitations regarding the type and depth of the questions.

3.5 Primary and secondary data

Data collection procedures should be detailed for many reasons. Primary among them is the need for transparency in terms of the ethical standards the researchers followed, as well as the need to allow replication of the study. Such details also provide guidelines for others who might be interested in using the methods. In addition, there are a number of different schools of thought and procedures for each of the methods used with the three general types of data collection: interviews, observations, and documents (Gilgun, 2014). Capturing interviews, focus groups, and other forms of social interaction in optimum quality recordings is important in maintaining reliable access to data and the phenomena they represent (Gilgun, 2014).

According to the Cyprus Wine Products Council (2011), there are four large and fifty six small wineries on the island, the first of which was established in 1844. Primary data was collected from the interviews of managers and owners of fourteen wineries in Cyprus. The effects of organisational design, production cost, decision making, marketing methods, branding and distribution were compared to the interview findings to draw a conclusion about the formulation of an export strategy and to provide consultation to wine executives.

Secondary data was mostly taken from the study of books, articles, journals and statistical reports. Electronic databases like Proquest, ABI/INFORM Global, Emerald Journals, Hoover's, Computer Database, Business Insight, Directory of Open Access Journals, Open J-Gates and EBSCO were searched to provide insightful information about the research topic.

Data was also collected from the Cyprus Wine Products Council, Cyprus Ministry of Agriculture, Natural Resources and Environment, the Cyprus Ministry of Energy, Commerce, Industry and Tourism and the Cyprus Statistical Service. The data contained sales figures of specific wines and the percentage of market share of wine businesses in the local and global wine markets among others. The continuous research of these databases provided valuable information for theory formulation and practical recommendations for wine businesses.

3.6 Sampling

Population is the group of elements that samples are selected (Saunders et al., 2007). The population in this research is the group of wine businesses on the island. This group includes large and small businesses that were established as early as 1844. Sample is the segment of the population that is selected for investigation (Bryman, 2004). The samples of this investigation were fourteen wine businesses taken from the official list of the Cyprus Wine Products Council. These companies provided annual reports about their production capacity and grape varieties. Eight of the businesses engage in the exportation of wines on the global market and also promote their wines on the local market. The remaining six businesses only sell their wines locally. Prior to the selection of the fourteen wineries, the researcher visited all the wine businesses on the island. He designed a preliminary plan to meet and discuss with the prospective participants before finalising the schedule of interviews. Those participants selected were actively involved in the business organisation, marketing of their wines locally and globally, members of business networks and associations.

Interviews were carried out at ten small and four large wine companies, which account for 23.33 percent of all wine businesses on the island. Also, the selection of at least six non-exporting companies out of fourteen wine businesses greatly strengthened the argument about structural design and export strategy. By analysing and comparing the organisational design characteristics of the wine businesses that export wines with the businesses that do not export wines, the impact of organizational design on export strategy could be revealed.

The interviewees included one general manager, one sales manager, two export managers, one wine consultant and nine business owners involved in wine exportation. The interview samples satisfied the research in terms of exploring organisational design and export strategy. Open-ended, semi-structured interviews on a one-to-one basis were used for in depth analysis. The interviews lasted between 90 minutes and 120 minutes. The design of the interview questionnaire contained eighteen questions in the following categories: organisational design in the wine businesses, export strategy, viticulture, and marketing of Cyrus wines. The questions addressed the specific themes in order to investigate the relation between organisational design and export strategy. The full interview guide is found in Table C3 in the Appendices (page 209).

3.7 Ethics

Leavy (2014) stated that qualitative research generally operates on the basis of a flexible and emergent mode of research design in which the task (in the early stages of data collection, at least) is to clarify and develop understanding of the research problem. As a result, it is difficult for qualitative researchers to anticipate, at the beginning, what sorts of data will need to be collected. Furthermore, qualitative research typically takes place in natural settings, over which researchers have little control. Even when interviews are involved, these are usually relatively unstructured in character and carried out in territory that is not controlled by the researcher. All these features make it difficult to anticipate what contingencies might arise at various stages of the research process and to plan in any detail how ethical issues will be carefully dealt with.

According to Miles et. al (2014) "IRB regulations are strict but thorough when it comes to recruiting voluntary participants, informing them about the study's goals, and assuring them of their rights throughout the project. Research with minors or other vulnerable populations (e.g., prisoners, pregnant women) includes additional guidelines for permissions processes, such as securing parental consent and children's assent. Miles et. all (2014) also stated that "weak consent usually leads to poor data. Respondents will try to protect themselves in a mistrusted relationship or one formed with the researcher by superiors only. Ambiguity about the later stages of analysis can also be damaging to study quality and to the interests of people in the case. If you plan to use "member checks" to verify or deepen conclusions, the expectation and specific procedures need to be clear as the study proceeds. Securing a participant's permission is not a single hurdle to be jumped: dialogue and ongoing renegotiation are needed throughout the study."

Leavy (2014) described that what lies at the heart of moralism, of all kinds, is the assumption that it is impossible to be too ethical. And closely associated with this is an unrestrained form of ethical reflexivity that generates the conclusion that social research involves a high risk of severe ethical dangers for the people studied, so that rigorous precautions must be taken to protect them; or that, in order for research to be worthwhile and therefore ethically justifiable, it must aim at more than the mere production of knowledge.

Integrity and self-respect are the cornerstones of this research study. The preparation of interview questions and analysis of statistical reports aimed to contribute to academia and to the affected businesses. I did not alter the research findings to serve the special interests of the wineries. The executive managers involved in this research had the right to review the interview transcript and to withdraw statements prior to publication. They had the right not to answer questions during the interview process that they deemed fit and those they perceived as intrusive to their privacy, company regulations and state laws. The security of the data is an ethical responsibility of the researcher and all information collected was coded with unique letters and numbers in order to protect the research participants' identity.

3.8 Conclusion

The research focused on the structural design and its effect on the export strategy of the wine businesses. The researcher used interviews as a qualitative method to gather data. The adoption of constructivism as a philosophical position and the continuous analysis and improvement of the research findings supported the formulation of a conceptual framework about structural design and export strategy in the Cyprus wine industry. A constructivist assesses the situation in the environment and develops a possible solution to an existing problem. The understanding of the social and cultural context and contribution to the findings are key components of constructivism. The researcher analysed the structural design of businesses, the management characteristics, marketing strategy, business networking and identified the factors preventing wine businesses from exporting wines overseas.

The primary and secondary data supported the argument about the impact of structural design on export strategy. Open-ended, semi-structured interviews on a one-to-one basis were used for in depth-analysis. Secondary data were collected from the Cyprus Statistical Service, the Cyprus Ministry of Agriculture, Natural Resources and Environment, the Cyprus Ministry of Energy, Commerce, Industry and Tourism and the Cyprus Wine Products Council. The secondary data contained sales figures of specific wines and the percentage of market share of wine businesses in the local and global wine markets among others.

The development of a conceptual framework served as a guide for wine businesses to export wines. The review of the literature and the analysis of the data in the Cyprus wine industry supported the researcher in providing recommendations to wine industry leaders. Overall, the research thesis served as a foundation for the design of an export strategy based on the structural design of wine businesses.

Chapter 4
ANALYSIS AND DISCUSSION

4.1 Qualitative analysis - Interviews

4.1.1 Analysis of the interviews on the structural design of wineries

The interview sessions with executive managers, business owners, marketing managers, sales managers and export managers contained questions about the organisational design in Cyprus wineries. Apart from the business model and organisation design questions, the interviewer also asked about the existence of export and marketing departments and the use of infrastructure such as facilities and technology in the businesses. The interview session aimed to identify the factors in the organisational design of the wineries that impact the formulation of an export strategy.

Interview questions about the structural design in wine businesses.

1. **What is the general business model of your company?**

   Respondent J was asked about the general model of her company. She answered that ETKO is a family business run by three members of the same family. The executive manager is her father. **Respondent J** is responsible for overseeing the promotion of sales in Cyprus. A manager coordinates wine production. A sales person is responsible for the promotion of wines in the local market. The technical part of the company is the responsibility of an oenologist and his team. She added that cooperation is possible when the roles are clear and defined.

   On the question if the business model can be extended she replied, “It is an organic model where all employees participate in the decision-making process. The General Manager and the Head of Sales expect us to exchange information. Generally, we are open to discussion of different ideas and solutions to problems. If we say we know

> everything then prosperity is not possible. After the war in Cyprus in 1974, our predecessors exploited the new opportunities on the market. In the 1980's and 1990's more market opportunities appeared. Now the market is more competitive. Nowadays financing is very difficult and it is very hard to take advantage of market opportunities".

ETKO is organised in an organic structural form at present. In the past ETKO was organised in a hierarchical form that allowed the company to engage in the mass production of wines. The business structure changed in order to adapt to a dynamic, competitive market with quality wines. The transformation was necessary so the business could survive and compete in a market with large quantities of imported wines and improved local wines.

> **Respondent B** stated that "It is not a flat organisation. It is not an organisation with a lot of layers either, but it is well organised. It is quite traditional in structure". On the question if there are some layers that are blended together she replied that "there is cooperation and in the case of wine there is communication between the production and management teams. We are trying to make it work for us".

Respondent B stated that there are three layers of management in the organisation but that communication and cooperation among employees is good.

> **Respondent M**, in reply to the question about the organisation design, said that "the person in charge was part of the company and later took over the Export Department. Instead of participating in a joint venture with Cosmos Trading, we created our own Export Department. We are also engaged in triangular trading by importing products and arranging shipments to other countries".

> **Respondent E** stated that "It is a model in which the decisions are pushed from the top to the bottom. Nevertheless, those at the lower levels are asked to provide input on

ideas from the higher levels. There is a continuous exchange of ideas. The decision making process is a two way process.

Interviewer: Do you believe that this model can be improved?

Interviewee: Yes, the company nurtures a culture of collaboration in staff. This includes both old and new employees. The people that run the business are low profile and intelligent. We take decisions in a collective manner. Someone proposes the idea and the immediate managers provide solutions to these ideas. Later the managers relate these ideas to other employees in the company. The think tank includes every employee in the company. We can offer our thoughts and solutions to problems in different areas of the company".

Respondent N stated that there are three full time employees to manage the winery and promote the wines. Additional employees are hired during the harvest period to help with the collection of grapes, production and distribution of the wines. The marketing manager prints awards on labels as a promotion method to attract customers. The management also visits global exhibitions and participates in global competitions.

Respondent F stated that "It is a family business. The jobs are performed by all members of the family without exception. Of course, each person has to do specialised tasks for designated jobs at certain times".

Respondent D mentioned that "It is a family business. The owner designed the business. We have five full time employees. The promotion of wines is done by three associates. The production department is comprised of five employees. The restaurant within the winery area works on an order system. The family is involved in the whole process".

Respondent C stated that "It is a family business. Members of the family work in the winery along with two partners. Every member of the winery has responsibilities. One person is responsible for the production process and grape purchasing, one person is responsible for sales and one person is responsible for the vineyards".

Respondent A stated that "It is a family business. The family business was not profitable but now there is a business strategy and a business model in place. The business model is based on the principle of quality. Nevertheless, the workforce remains small. We used to have a sales department with a sales person in each town. The distribution of our wines has been taken over by a company that specialises in logistics. We have an oenologist, a director and an accountant. We are a small business but we try to have a robust structure where different people have different duties. We are in the process of building a quality controlled system that has further enabled us to specify the roles. Working as a team is of great help".

Respondent A emphasised the team spirit and collectivity of the business. The interviewee described the activities and responsibilities of the permanent personnel and also explained there had been a change in strategy, as regards the distribution of wines on the local market. The management aimed to implement a quality assurance system to guarantee the quality of the wines and maintain consistency in order to stay competitive in the local market.

On the question about the number of employees working in the business and their duties, **Respondent K** replied that "Normally there are five employees and sometimes this goes up to seven or eight people. In small businesses the staff performs various jobs. The workforce includes the manager and the employees. The manager has a variety of duties while the employees mainly work in the winery and the vineyards. The manager is responsible for wine making, marketing, sales, and accounting. The small business models tend to work that way due to the operating costs factor. Sometimes small businesses are faced with acquisitions, mergers and buy outs".

Respondent K stated that the winery was a small business of five employees that performed different activities such as maintenance of the vineyards, collection of grapes and production of wines. The respondent mentioned that they are cooperating with two other wineries in the distribution of wines in the local market. By implementing a distribution strategy, the businesses has minimised distribution costs and increased profits.

> **Respondent L** stated that "It is a small family business. There are two members of staff working alongside the director of the winery. The director is responsible for overseeing production and all other activities of the winery. The employees are responsible for receiving the grapes, production and bottling. As for the delivery of wines, we have our own distribution service to Pafos, Limassol, Larnaka and Ammochostos. Lately, we have been working in cooperation with a wine shop in Nicosia. An independent distribution network could give greater support to our delivery of wines to customers. It might be better if a few small wineries put their resources together in order to distribute their wines on the local market".

> **Respondent H** stated that "I am involved in the production process, and there are three seasonal employees in the vineyards and bottling wines. My father is involved in the production and packaging while Ploutis works in the technical side of production. Another employee acts as our Sales consultant and Ghalanos Company distributes our wines on the market. At the moment there are two people in the winery.

2. Is there an export/marketing department in the company?

> **Respondent J** explained that "as Export Manager I travel to 10 destinations. If I cannot travel, someone else goes in my place. The company has shrunk from about 200 employees to 25 employees. We work on different tasks because we produce low quantities of wine. This is good because we can focus on quality. The past 30 years we

have produced loose wines for the Russian and Romanian markets. Production levels, however, were not satisfactory. The loose wine was bottled in the importing country. This used to be considered our golden period in terms of profit, but I was not proud of it. It was just mass production".

Respondent M mentioned that "The idea of creating an export department has great potential. Could this have happened 20 years ago? Yes, we could have created an export department. To be honest, it should have been created years ago. Should we become more creative on structural design? We must be able to foresee a given situation and act upon it. We should plan ahead. We must be flexible to make decisions. Nevertheless, we need to give careful thought when planning and creating an export department. We must make the necessary investments to accommodate an export department. An export department would require further investments in structure so as to improve the quality and quantity of our wines. We need to deploy staff with the right technical knowhow in order to succeed in exports in the following years".

LOEL and Cosmos Trading joined forces by combining the promotion and distribution of their products on the local market. Even though the companies merged their warehouse and distribution operations, LOEL has created an export department to promote their wines overseas. LOEL management has allocated resources to accommodate exports. They have the necessary human resources and equipment to promote their wines and explore new markets.

According to **Respondent K,** "a small winery with a specific gross income cannot afford a marketeer, manager etc".

Interviewer: Do you believe a good solution could be to cooperate with other wineries in hiring a marketing specialist?

Interviewee: As a winery we could offer 8,000 euro for a marketeer, another partner winery could offer 6,000 euro and a third partner 7,000 euro. In this way, the three partner wineries could succeed in creating a distribution section for their business. Some wineries are still distributing their wines on the local market. A typical winery does everything from growing grapes and production of wine to the marketing of its products. We try to compartmentalize all these activities. For instance, for marketing purposes we need to cooperate with other wineries".

Respondent K added that the same businesses could hire a marketeer to promote their wines by sharing the labor cost. This business interview revealed a different approach to the distribution and promotion of wines on the market.

Respondent A explained that "the company is still young and fairly small. There is a person that does the promotion and outsources some other work to experts. Actually, I have two students from France who are doing their dissertation and working as interns at the winery. We do need to find resources for the development of the winery". **Respondent N** stated that "we don't have a marketing person who specialises in promoting the wines on the local and international market".

Respondent F explained that "We do not have a department that is solely dedicated to exports. We can't afford this, at least for the time being".

Respondent E stated that "there isn't a specific department that deals solely with wine exports. The existing marketing department's responsibility is to develop and promote our wine brand on the local and international markets".

Respondent H said that "We do not have anybody whose sole responsibility is to market our wines abroad".

3. **Is there the necessary infrastructure (facilities and technology) to help with exports?**

   Respondent E explained that "Our management team has a policy of long-term planning and we always plan ten years ahead. In the 1990's we produced and distributed Carlsberg beer and ENA juice and we had the distribution rights to Montano water. It was later decided that the deal with Carlsberg was too restrictive as we were limited to producing and promoting only one specific beer. As a result, the company was divided into different, separate entities. A new company was created, which purchased beers from Carlsberg in Cyrus and distributed them on the local market. The factory functioned as an entity separate from the other companies owned by Photiades. The new distribution company also shipped beer to Lebanon and Greece. Now we distribute KEAN products, Boutari wines, and three brands of French wine as well".

Respondent E emphasized the role of the company in the market. Through the years the company created other businesses that belonged to the same group of companies. These promoted and distributed products on the global market. One of the companies is the KYPEROUNDA winery that concentrates on the production of good quality wines. The management aimed to expand the cultivation of vineyards, collection of good quality grapes, production of wines, promotion of wines and their distribution on the local and global market. The company adopted a global strategy from the beginning, acting as agents for foreign brands and distributing products in other countries apart from Cyprus. This approach to a global strategy led them to develop quality wines that could be promoted on the global market.

Respondent H maintained that Cyprus has the infrastructure and freight companies to export wines globally. The respondent added that Cyprus is an island and freight charges are higher compared to other countries. Importing and exporting costs are twice as high due to shipping charges. The shipping cost is a factor that makes exports to other countries prohibitive. The winery has the facilities to export small quantities to other countries. The management prefers to sell more wines on the local market (100,000 bottles) than on the global market (50,000 bottles) as the sale of wines on the global market entails some risks.

> **Respondent B** stated that "KEO has always exported wines. There are no problems with the exportation process. Small wineries have more difficulties exporting wines. KEO has a long history in exporting wines".

> **Respondent D** explained that "A winery must have tanks with temperature control and specialised personnel so they can compete on the international market as well as equipment that can produce adequate volumes of wines of good quality. Our winery has 10 tanks and we can produce a considerable amount of wines. We purchase grapes, store them and then produce wine which we sell abroad. The exportation of wines must be profitable to expand the business.   Every year we need to take stock of the operating costs and make sure we stay profitable so as to be able to export abroad".

> **Respondent A** said that "the size of the company does not allow us to have a separate department for the exportation of wines, but we have some people with specialised knowledge. We outsource some of the winery's activities to experts. At the moment, we have other priorities such as vineyards, local market, quality infrastructure, domestic resources that we need to take care of before we can start thinking about exporting".

> **Respondent L** declared that "The winery has the infrastructure to succeed in shipping wines abroad. We have partners that can ship wines abroad. Our product costs are high, and inelastic in our case, so we need to target the market groups that tend to purchase wines in the quality end of the market".

Respondent N stated that "There is an infrastructure in place for exploring wines. The winery has a web site with information about the products, but at present we don't have a marketing plan to promote our wines".

4. **Do you have any other comments on the structure of the company and the export strategy?**

Respondent L commented on the structure of the company and the export strategy by saying that "I will say that an opportunity should be given to existing wineries to own and cultivate private vineyards. Some organisations should be given the opportunity to promote their wines abroad. 33% of wines sold in Cyprus are imports and this needs to be reduced. To do this we need to change consumer attitudes. There is a growing trend towards purchasing local wines and we need to make sure that this trend continues to increase. One way of doing this is by improving quality and promoting indigenous varieties. I do not see the point of investing in foreign varieties and in exporting wines made from foreign varieties. We need to promote local varieties and turn their weaknesses into strengths".

Respondent L suggested that if the affected parties identified the mistakes in their strategies, they could improve the quality and sales of local wines. According to him some people in positions of responsibility do not know how the global wine market works. The respondent added that the people with a vested interest in viticulture need to be passionate about wines. Vine growers are faced with many difficulties in their fight for survival.

Respondent E described the company's operational procedure with a prospective business case: "An English visitor is the owner of a chain of restaurants overseas and visits Kyperounda winery to taste the wines. He likes the wines and places an order. This is reported back to the management who decides whether or not to go ahead with

> the order. The oenologist does not make this agreement on behalf of the company. He just passes on the details of the proposal to the marketing department. Then the marketing department informs Alexis Photiades or the executive director of the company. After careful analysis of the production and capability of the winery, management in cooperation with the marketing team makes the decision. The winery does not make the decision to export wines because it belongs to Photiades company".

Respondent M explained that it had been the intention of management to create an export department a long time ago. Nevertheless, this plan was only realised just a few years ago. Proper planning and flexibility were essential in order to take the right decisions. First, the company made the necessary investments to accommodate for future exports. These investments were aimed at improving the quality and increasing the quantities to satisfy the needs of the export department. At the same time the Technical Department together with other specialists provided the necessary support to achieve this".

At the present moment, the General Manager negotiates all deals and secretaries prepare the finalised documents. Then the order is filled in by the Technical Department who send it to the port for shipment. The General Manager plays a crucial role in the export side of the business. More recently, the structure of the company changed significantly with the introduction of two new posts. The first was for an officer responsible for representing the company at exhibitions, and the second was for an Export Manager who has the responsibility of promoting a diversified portfolio of products to other countries. This includes not only wines but coffee and orange juice as well. The Export Manager does not have the support of a marketing team. The respondent also said that the Cyprus Tourism Organisation (CTO) could do more to support the Wine Industry's efforts by promoting local products to visitors. For example, small free samples of zivania, a local pomace brandy, and Commandaria, the most successful quality wine, could be offered to tourists as a marketing tool.

The respondent went on to say that success on the global market would have a knock-on effect on sales on the local market, as consumers would realise that local quality wines are on a par with or even better than imported wines.

In conclusion, the analysis of the interviews with business owners, executive managers, sales managers and export managers revealed some areas that need improvement. These are related to organisational design, export strategy, viticulture and promotion of wines on the global market. Most interviewees are from small family-run businesses whose members perform different tasks such as collection of grapes, production, distribution and promotion of wines. The interviewees recognised the need to allocate resources to the promotion and distribution of wines on the market. Only a few businesses have a business strategy for global market penetration and are able to allocate the necessary human and technical resources to achieve sales in a competitive global market.

Summary of Analysis

Interview analysis of the structural design of wineries

Description	Structural design	Decision making	Product quality
Respondent A *Business owner. *Small winery <5 employees. *Gross sales <2 million euro. * Located in Paphos.	*Organic organisation. *Outsourced distribution network.	*Decision making by the business owner.	*Emphasis on quality of wines.
Respondent B *Export manager. *Large winery <300 employees. *Gross sales <30 million euro. * Located in Lemesos.	*Hierarchical organisation. *Own distribution network.	*Important decisions by executive management. *Departmental decisions. *Separate Export department. *Good communication among departments.	*Commandaria sweet wine is the top quality wine of the company.
Respondent C *Business owner. *Small winery <5 employees. *Gross sales <2 million euro. * Located in Paphos.	*Organic organisation. *Own distribution network in combination with outsourced distribution.	*Decentralised decision making. *Decision making by partners in different departments.	
Respondent D *Business owner. *Small winery <5 employees. *Gross sales <2 million euro. * Located in Paphos.	*Organic organisation. *Own distribution network in combination with outsourced distribution.	*Some flexibility. *Decision making by the business owner.	

Respondent E *Wine consultant. *Small winery <10 employees. *Gross sales <2 million euro. * Located in Lemesos.	*Hierarchical organisation. *Own distribution network.	*Flexibility. *Collective decision making.	
Respondent F *Business owner. *Small winery <5 employees. *Gross sales <2 million euro. * Located in Nicosia.	*Organic organisation. *Job oriented business. *Own distribution network.	*Flexibility. *Business owner makes decisions.	
Respondent G *Sales manager. *Large winery <100 employees. *Gross sales <30 million euro. * Located in Paphos.	*Hierarchical organisation. *Outsourced distribution network.	*Centralised decision making.	
Respondent H *Business owner. *Small winery <5 employees. *Gross sales <2 million euro. * Located in Paphos.	*Organic organisation. *Outsourced distribution network.	*Flexibility. *Collective decision making.	
Respondent I *Business owner. *Small winery <5 employees. *Gross sales <2 million euro. * Located in Lemesos.	*Organic organisation. *Own distribution network.	*Flexibility. *Business owner makes decisions.	

Respondent J *Export manager. *Large winery <40 employees. *Gross sales <15 million euro. * Located in Lemesos.	*Organic organisation. *Outsourced distribution network.	*Flexibility. *Collective decision making.	*Improvement of wine quality.
Respondent K *Business owner. *Small winery <5 employees. *Gross sales <2 million euro. * Located in Lemesos.	*Organic organisation. *Own distribution network.	*Flexibility. *Business owner makes decisions.	*Emphasis on quality of wines and vineyards.
Respondent L *Business owner. *Small winery <5 employees. *Gross sales <2 million euro. * Located in Paphos.	*Organic organisation. *Own distribution network.	*Flexibility. *Business owner makes decisions.	
Respondent M *General manager. *Large winery <40 employees. *Gross sales <30 million euro. * Located in Lemesos.	*Hierarchical organisation. *Own distribution network.	*Inflexibility. *Important decisions by executive management. *Separate export department.	
Respondent N *Business owner. *Small winery <5 employees. *Gross sales <2 million euro. * Located in Lemesos.	*Organic organisation. *Work based design. *Own distribution network.	*Flexibility. *Business owner - decision maker.	

4.1.2 Interview analysis of wine exportation by wineries

The exportation of wines is an important element of business strategy that could affect profitability and productivity. Businesses in the wine industry are interested in designing products, developing business networks, promoting and selling wines on the global market. The interview process aims to record and analyse the responses of the wine executives, sales managers, export managers and business owners. The interview questions include subjects such as the formulation of an export strategy, membership in global business networks, characteristics of successful wine businesses and benefits from the exportation of wines. The interview findings could be valuable for the development of a conceptual framework and a practical guideline for wine businesses.

Interview questions on the exportation of wines.

1. **Do you think there is a specific wine company that is more successful in exporting than others? If so, why are they more successful than others?**

   Respondent G stated that "Over the last few years SODAP has made more sales than any other winery in Cyprus. We had agreements with UK importers for specific wine labels. These were white and red wines of good quality destined for UK supermarkets. The project started in 1994-1995 and production commenced in 1996 and ended last year. This year is the last time that we sell wines to the UK".

   He added, "The global economic crisis has affected the way supermarkets stock their shelves. They are only interested in selling wines that move fast and make more profit".

   Respondent B stated that "KEO has created an export department within the company. This is comprised of an employee responsible for marketing and sales, an administrator that deals with the port authorities and other authorities locally and globally, and a third employee whose job is to liaise with clients. These positions are currently under review with the aim of improving performance and outcomes. KEO is the most successful wine exporter in Cyprus".

In answer to the question, "What are the strengths of the company?" he replied:

"Large volumes and the tradition of our brands such as Commandaria, a local sweet wine. This is the most successful wine in Cyprus and our brand is the most powerful on the market".

Respondent E stated that "the volume of Cyprus wine exports is decreasing because of the quality of the wines. The consumers in the global market do not prefer Cyprus wines because of their quality. Foreign consumers find that wines from Spain, Italy and France are cheaper and probably better than the wines exported from Cyprus. The small wineries in Cyprus that produce quality wines do not have the resources to export wines and definitely their low production volumes are not conducive to exporting wines abroad. It just about satisfies the local market. Maybe it has something to do with our way of thinking".

Respondent E also stated that "the quality and price of Cyprus wines do not meet the demands of foreign consumers. Foreign consumers prefer wines from Spain, Italy and New World countries such as Chile, Argentina, Australia to wines from Cyprus which are more expensive and of lower quality.

Respondent E offered a different perspective on the position of Cyprus wines on the global market. Respondent E supported that Cyprus wines lacked the quality and price of wines from France, Italy, Spain and the New World countries. Businesses needed to improve the price of wines so they could successfully enter the global market. Respondent B stated that they had enjoyed success with Commandaria, a sweet wine, on the Russian market. In conclusion, the wine businesses could approach the global trade with quality wines produced from indigenous varieties. This is in effect would create a competitive advantage for Cyprus wine businesses.

> **Respondent E** also described an imaginary situation in which a winery produces 200,000 bottles a year and sells 50,000 bottles in Lemesos, 50,000 in Pafos, 10,000 bottles in Larnaka and 30,000 bottles in Ammochostos. The remaining 60,000 bottles can't cover other areas in Cyprus so the producer might lose customers. Another wine producer might have handled the production differently by selling 70% overseas. This could have forced the producer to lease more vineyards in order to increase wine production. For one year he could have sold the remaining 50,000 bottles of wines on the local market at a premium price. The respondent believes this is a good marketing method for promoting wines as most of the production was sold abroad. In addition, there is a decrease in risk by selling wines overseas. According to him there needs to be a different way of thinking and doing business in order to use these marketing methods".

Respondent E also explained that businesses in the hospitality and entertainment industries promote inexpensive French, Italian and Spanish wines, which makes it difficult to introduce quality Cyprus wines. In order to avoid this sort of situation, he recommended promoting not only Commandaria and maratheftiko, but many other quality local wines as well.

> **Respondent A** stated that "some companies are more successful than others. The major thing is the quality of products and value for money. In order to be competitive, a business person has to develop a model for a good quality product at a good price. The other is the ability of an organisation to promote wines globally. These are the two key aspects in order to compete on the global market. Some companies are out to be competitive. However, Cyprus cannot compete on price sensitive markets against countries like Chile and Australia. I advise competing on the middle level of the market where good value products at appropriate prices can be justified".

Respondent A contributed to the argument on the exportation of Cyprus wines and competitiveness by insisting that Cyprus wines of improved quality could be sold on the global market at specific prices. To be precise, successful exportation of wines is dependent on the correct alignment of price and product quality.

> **Respondent K** stated that "exports from small wineries are non-existent. The large wineries export wines globally. I think ETKO does a good job of exporting wines. LOEL exports bulk wine but it does not compare to ETKO's export efforts. My perception is that ETKO does a great job of exporting wines globally. In the past SODAP exported the Island Vines wine brand to the UK but slowly lost its market share of wines in the UK. It appears that SODAP sold the wines at an unbearably low price. We cannot compare ourselves to Chile, Italy and France who can produce economies of scale. We should try to obtain cheap raw materials and cheap bottles. Cyprus does not produce bottles, bottle taps, barrels and other materials and equipment used in wine production. It is a mistake if we try to sell cheap wines globally. We need to sell our good quality wines produced from local vine varieties. We cannot produce large quantities of wines. We can sell sweet wines such as Commandaria as quality wines. If we promoted Commandaria on the global market in the right way, we would probably need to plant more vineyards in order to keep up with demand. The price of Commandaria will increase by creating demand on the global market. We produce only 800,000 bottles, which is not considered a large volume".

Respondent K agreed with **respondent E** and **respondent A** that Cyprus wine businesses could not compete with Italy, Spain, France, Chile, Australia and USA in regards to good quality and low cost. All respondents agreed that there was no possibility of developing an economy of scales model in Cyprus to compete on the lower end of the market. Therefore, they suggested developing quality wines from a selection of local vine varieties and adopting an export strategy with an emphasis on local varieties such as Xinisteri, Marathefriko so they can penetrate the global market.

Respondent F stated that "Those companies that are already in the export trade have more experience. Large companies such as SODAP, KEO, ETKO are engaged in exports". On the question if those companies have an export model of business, **Respondent F** answered that "I do not think that they have a specific export model that gives them an advantage. A company must have the right quantity of wines to engage in exports. Large local wineries now treat their export strategy as a priority".

Respondent H mentioned that "there are not many companies that export wines to the global market. SODAP is the only company that exports because they produce large volumes. Other than that, we do not have a critical presence on the global market. SODAP exports because of their low selling price".

Respondent J stated that "I know some small wineries that have succeeded in exporting wines. At exhibitions, these small wineries have managed to attract consumers from all over the world. These wineries educate consumers on local varieties. We can educate people. For example, even though Switzerland is a wine producer, there is a company that is interested in promoting our wines. We can use the same promotion technique to enter other markets".

On the question of the kind of characteristics that help in the exportation of wines, the respondent suggested: "the presence of the winemaker or an export manager in business meetings abroad". She also added that "The small quantities of wines produced by the wineries for export should be of the highest quality. Production should be selective. We should also target people such as repeat consumers who know about the history of wines in Cyprus. Commandaria is a very good example of a product suitable for exportation. Blending local varieties with global varieties could support our promotion efforts. We must be consistent at all levels if we want to establish ourselves on the market".

> **Respondent L** stated that "some wineries are exporting because of the quantities they produce. They have been established on the global market for some time now. They have earned their right to compete on the global market. KEO exports wines to Russia and SODAP exports wines to Britain. If the small wineries worked as a team, they could export wines abroad too. We should try to educate consumers about local varieties first.
>
> We need to promote local wines by having wine tasting events for foreign consumers. Road shows could support our efforts to promote our wines in foreign countries. Promotion on TV costs a lot. Media advertisements cost a lot of money. Event organizers abroad can help us promote our wines in different countries. The Cyprus Tourism Organisation could also help us promote local food and drinks abroad, but they can also promote our products to tourists when they arrive in Cyprus".

Respondent L analysed the promotion planning needed for an export strategy. The respondent pointed out that there are high promotion costs when entering a new market, especially with TV advertisements. Social media was a medium that could support wine businesses' efforts to enter the global market in an inexpensive manner. A well thought out export strategy should include social media and global networks as the two pillars of success when penetrating a new market.

> **Respondent L** explained that "We participate in exhibitions abroad and there we see the reality of the wine market. When returning to Cyprus we realise how large the global wine market is and how small we are in the world. On returning from exhibitions, we realise how important the global market could be for the future of our company. It is also true that forays into the global market require a lot of money that could otherwise be invested in the local market in very positive ways. Firstly, we need to establish our brand on the local market. We have to earn ourselves a reputation for quality.

Afterwards we can export wines to specific countries for promotional purposes and not with profit in mind".

Respondent L supported that the production of limited volumes is an obstacle to the exportation of wines and that global businesses are very competitive in regards to wine quality and price.

Respondent N stated that "We cannot seriously discuss exportation of Cyprus wines overseas because we produce very limited quantities. SODAP winery provides some statistical data for exports. The quantities are very small so we cannot really expand on this matter".

Respondent M mentioned that "LOEL has a long history in exporting wines abroad going back to 1963. LOEL also exports 250 million litres of juice. At LOEL, before it became LAIKO in 2003, exports were the responsibility of the general manager and the vice president. In 2004, before the EU accession, they exported sangria to Germany. In addition, two Russian companies started buying tetra pack wines from us in 2004. Two years ago one of these companies went bankrupt. The other company is more stable and now imports from Argentina, Chile and the UK. Small quantities of wines are exported to Estonia, and the Czech Republic. We also export to expatriates in different countries".

Respondent C stated that "I believe that no-one has had real success. A lot of us send small quantities of wines abroad but it is not something that we can depend on. We have to work together along with government agencies to show the world that Cyprus wines are worth buying and comparable to French ones. People at exhibitions want to taste indigenous varieties from Cyprus".

Respondent D mentioned that "I do not know of any company that is more successful than others". **Respondent D** also stated that "At the present time there is nothing organized for the exportation of wines. We exported to Switzerland for five years and to two companies in the UK, and twice to Denmark. We have stopped exporting wines because we now sell our wines on the local market. Time is a serious constraint".

2. Does your company implement a particular export strategy?

On the question whether KEO implements a particular export strategy, **Respondent B** answered that "We are focusing on our Export Department. We are concentrating on exports. We dedicate considerable resources to this part of the company".
Interviewer: What is for you a good market?
Interviewee: Russia is a good market because we have a lot of Russian tourists in Cyprus. We need to activate synergies to promote Cyprus wines in a given market. Cyprus wines and vine varieties are not known worldwide. The eastern European countries and Russia are our most important markets. China is a potential market but it is very difficult to differentiate ourselves.
Interviewer: Why is that?
Interviewee: Take Cabernet sauvignon for instance. We don't produce enough of it at the right prices to compete with other countries. Also, the quantity of Commandaria is not sufficient to engage in exports worldwide. The government should support our efforts to promote Cyprus wines".

Respondent E explained that "the company is constantly developing its operations. Everybody knows that Photiades Company has a good reputation and a rich portfolio of products. We always provide the market with the right products at the right time. We aim to export wines globally. We see Greece as a possible target country but not at this time. We are looking to find new vineyards, new ways of promoting wines. The company has hired two wine consultants. No other company has followed our example.

We have a specific department and staff who advise customers on the type of wines and methods for servicing them and organize free sampling".

On the question about the implementation of a particular export strategy, **Respondent E** responded that "there is an export strategy". **Respondent E** continued by saying that "As we previously discussed we need to have aims and objectives when exporting wines abroad. I don't know what plans management has for exportation at the present time. Up to 6% of our yearly revenue comes from the wine sector. Of course, we need to find a balance between the domestic and the global wine markets. If we want to succeed on the world market, we need to commit 70% of production to this. Foreign customers demand consistency in volumes and quality and we need to satisfy this demand if we are to be seen as a trustworthy supplier. We have thought about exporting but we need to be careful with production". On the question of the aims of the export strategy **Respondent E** answered that "It is premature to discuss the exportation of wines in volume at this stage. We came to an agreement with some small-size businesses four or five years ago and we are still in cooperation with them but we haven't exported in large volumes yet".

Respondent E added that wine businesses face many challenges including business culture and corporate behaviour. Competitors do not accept or applaud the success of other exporters on the global market. The respondent suggested that wineries should offer their excess wine to other members of the wine association that have advanced production capabilities. Businesses need to sell wines overseas because the local market is small.

On the question about the implementation of a particular export strategy **Respondent A** stated that "We do have one now and we have already stated exporting. We view product differentiation and market expansion as priorities.

Interviewer: Is your company well designed and efficient enough to succeed and penetrate a foreign market?

Interviewee: We are a new business and given our size we do not have an infrastructure in place. A strategy is being developed. It is a priority. The strategy is centred around identifying the market potential while focusing on Cyprus vine varieties. This way it seems we have a better chance of success as it will help us open the right doors, whatever that means. We need to find the appropriate scheme and shape for our strategy based on our strengths. We need to accommodate for the growing market demand for Cyprus wines. This is another area – promotion. The aim of our strategy is to increase the percentage of sales on the global market in relation to the local market and diversify our customer base".

Respondent A stated that the company has developed an export strategy which concentrates on local vine varieties. The aim of the export strategy is to produce quality wines from indigenous varieties at a competitive price. The winery intends to invest economic resources in infrastructure in order to export wines globally.

On the question about the design and implementation of an export strategy **Respondent K** answered that "At the present time there is no export strategy in place. There was no need to design an export strategy. We do not have the wine volume to sell globally because we sell all our wines locally. Export strategy is still a thought in progress. We have begun to penetrate 5-6 markets with local vine varieties in addition to some global vine varieties such as Cabernet and Shiraz. A global vine variety that is cultivated and flourishes in Cyprus could support our efforts in exporting wines".

Respondent F, on the question about the design and implementation of an export strategy, stated that "We do not really have an export strategy. We can't decrease the product price because we do not produce large volumes of wine. We concentrate on indigenous varieties and product quality in order to keep the same price levels. We offer added value because of our Cyprus varieties. We are not interested in competing in price because we can't".

Respondent H stated that "There is no export strategy in place in my company. We are trying to satisfy the local market first. The network we have at the present time does not allow us to cover the whole of the local market. We can't focus on the exportation of wines. We are trying to adjust to the market conditions so that we can design for the future".

Most small wineries in the country have not developed an export strategy for the following reasons: Insufficient resources (wines and facilities), limited knowledge and experience, and limited professional networks. The interviewees revealed the factors in the wine industry that prevent businesses from penetrating the global market.

On the same question **Respondent J** answered that "I took over from predecessors, who had thirty years of service in the export sector. If we cooperate with other producers, we need consistency to succeed abroad. We have to be flexible and we should not consider any business to be too small. There is an export strategy in our company. We try to visit our business customers once a year. We visit Melbourne every two years. I always visit new business partners when we close our first sale. I get to know their families. They appreciate it. We keep in touch with them with emails. We go to wine tastings, exhibitions, presentations and observe other wineries at exhibitions. We check the products of other wineries. We take advantage of business moves and trends, and invest time in personal relations to increase sales".

Respondent J stated that they have developed an export strategy. One of the main characteristics of this strategy is interpersonal communication. Management has invested a lot of time in getting to know all of its global customers. The Export Manager visits and discusses business needs with their customers.

> **Respondent M** commented that "We have been an export company for many years now. Mosxatos from Malaga (Spain) was the main vine variety. Our philosophy has remained the same. We produce and export loose wines in tetra packs abroad. We use common varieties of grapes and loose wines to make zivania. The Export Officer's job is to promote local varieties and bottled wines to other countries. We promote indigenous wines to the local market as well. It has taken us years to establish our reputation. Success on the export market requires stable importers. Furthermore, this success requires the collective effort of all managers in the company and cannot be left to just one person. We now sell our products all over the world and the importance of exports can be seen in our statistical data".

Respondent M stated that the company exported juice, wines and zivania to Russia and other countries. LOEL is an old company with a wide experience in promoting and distributing products on the global market. The respondent added that the collective work from all managers has contributed to the success in exporting wines.

> On the question about the design and implementation of an export strategy **Respondent C** stated that "It is our wish to have an export strategy. We have experimented wih exports of small quantities of wines. The last two years we have tried to export wines to Russia, China and India. We have been in touch with many companies either over the internet or telephone. We are on the right path. The owner of the winery is responsible for exports. The aim is to increase revenues, but of course we have to offer a good quality product first".

Respondent C stated that the business plan was to develop a professional network to export wines. The main aim was to increase revenues by offering good quality products.

Respondent L, on the question about the implementation of an export strategy, stated that "As I have said we can build an independent distribution network. At the same time we need to market our wines and approach customers. The target is the local market. It would be great if we could get a foothold on the foreign market. However, due to the high production costs and the difficulties in exporting Cyprus wines, it would be hard to respond to foreign buyers, unless there is a company that is interested in promoting Cyprus wines.

Respondent N said that they don't have an export strategy in place for the winery.

3. What is the aim of the export strategy?

Respondent B stated that "the aim of the export strategy is very simple. We have to focus away from Cypriots. We have to sell to the general public in different countries such as Russia and the UK. We evaluate these opportunities by participating in different exhibitions. We promote wines in order to satisfy other markets as well".

Management has designed an export department in order to facilitate the exportation of its wines to the global market. Specialised personnel are responsible for the preparation and distribution of wines in different countries. The company has shaped an export strategy that dedicates human and technological resources to serving our global partners. Management has also designed an evaluation process to improve the quality of service to customers. They have studied global trading, procedures and networking in order to successfully export wines overseas.

Respondent K stated on the aims of export strategy that "We have to evaluate the situation but it looks as if we need to concentrate on wines from local varieties of higher quality if we want to penetrate the overseas market. This export strategy can be achieved with the support of local vine varieties. At one point, there was an attempt to

advertise local varieties such as Xinisteri, Commandaria and Maratheftiko. The cost of this project was between1-1.5 million euro. I do understand the choice of Xinisteri and Commandaria. I don't understand the choice of Maratheftiko for advertising in the US. We don't have enough vineyards in Cyprus to make a gross profit of500,000 euro.
I believe that we need to create more vineyards in order to sell our wines globally 10-15 years from now".

Respondent F stated that "the aim of our export strategy is to minimize and differentiate the risk of selling wines only in Cyprus and make Cyprus well known as a wine-making country. Having a global presence is very important for the business. Increasing sales by 20-30 % is the objective of the winery. We need to have sufficient volume for the local market, too".

Respondent F added that Cyprus is not known as a producer of quality wines. The market is mostly interested in wines in the medium price range. We do not have the brand to sell Cyprus wines abroad. There isn't a strategy in place to build a brand name on the global market. Wine makers could support this effort with the help of European funding. However, we do not have the organisations that can direct these funds to develop a brand. We need to employ a professional to support the wine makers in promoting the brand with European funds".

Respondent F supported the argument that Cyprus wine businesses should concentrate on the production of quality wines from local varieties. Respondent F said that we need to diversify the customer base by going global. Respondent F also argued that Cyprus wines need a brand building strategy with the support of European funds.

Respondent J stated that the "aim of the export strategy is based on the existing family oriented business acquiring overseas customers. The head of sales is a multi-skilled and trustworthy professional. Employees in a modern business need to be able do a diversity of tasks".

Respondent D explained that there are companies that specialise in promoting wines abroad.

Respondent H stated that they did not have an export strategy.

4. **Do you belong to an export network/trade/union? 1. If yes, why? 2. If not, why?**

Respondent H stated "We belong to the Cyprus Winemakers Union. We are a member of the committee of the union. We do not force any of our members to get actively involved in group activities. There was a union member who stated there is no agreement for purchasing grapes from producers and so there is no need to belong to the union. We did not create a union to regulate grape purchasing prices. We could be doing more things than we do today if we were more organized, such as purchasing bottles in volume and labels. We are interested in the quality, price and payment terms for bottles. For instance, if winemakers purchased supplies as a team, they could have a better quality of service. Our culture does not allow us to work together for the benefit of all".

Respondent B said that the winery does not belong to a union.

Respondent D explained that "we do not belong to a union. I do not know if we belong to the Cyprus Winemakers Association. Apart from the time constraint there has to be a reason to belong to a group. We want to participate in a group where there are results. Wine producers are at fault because of their failure to work together".

Respondent C said that the winery had joined the Cyprus wine cluster and that better cooperation could bring some results. "We believe that the objectives and aims of this cluster will help all of us. The end result will be the exportation of wines".

Respondent E stated that "Matters that have to do with Wines Products Council, Cyprus Chamber of Commerce, wine training classes and mutual cooperation go to the oenologist. He has the information.

Interviewer: Do you believe all round cooperation would support the promotion of Cyprus wines internationally?
Interviewee: I agree with this initiative because it supports wine businesses in their efforts to sell their wines overseas. We can create a good brand image and coordinate our efforts to promote the wines. It should be mentioned that even though we have two million tourists, they don't get to taste all of our wines. If we worked together to promote our wines collectively at wine or agricultural exhibitions, we could achieve a lot. Everybody who participates in this effort needs to be open minded and unselfish if we want to develop a healthy image overseas.

Respondent F said that "We cooperate with individuals. We have not approached or have been approached by anyone. We do have small quantities of wines for exportation. Of course we are open to proposals".

Respondent J explained that "We belong to the Cyprus Winemakers Association. It is not a winery club. Most small wineries manage to sell their wines on the market. Most are interested in selling wines in the short term. We need to develop a long term strategy if we are serious about entering foreign markets. We do not have a vision as entities to design and deploy a long term plan for the common good. Knowledge sharing and honesty among team members are key factors for success in the wine export market".

Respondent L stated that "we belong to the Cyprus wine cluster and the Cyprus Chamber of Industry and Commerce. It would be a good thing if they worked efficiently. Organisations such as the Cyprus Winemakers Association need better organisation and to discuss and tackle all matters pertinent to the wine industry. The Association is weak. It needs to employ someone full time to tackle the problems faced by the sector. There is no interest in working as a team. The CWA needs a new president and new committee.

He added, "It is imperative to obtain the support of the CCCI in order to build a strong foundation. I do not see any reason for not drawing up a common strategy, because we all care about the exportation of wines".

5. Do you see any benefits in exporting wines?

Respondent G explained that "The Ministry of Finance and the Department of Statistics used to inform us about export sales. Now it is the responsibility of the Wine Products Council to keep a record of export sales. We continue to provide data to the Ministry of Finance. Then the ministry hands over the collected data to the Cyprus Wine Products Council. The WPC informs us about the percentage of sales abroad. WPC separates wines into categories such as bottled, loose, liquor (Commandaria and Sherry). Drinks with added alcohol or glucose are labeled as fortified liquor. The third category is spirits. Our company is responsible for 72% of exports of bottled wines from Cyprus, and 43-44% of exports of loose wines. Overall we had a larger share of export sales than all other companies."

"SODAP has a relatively small share of the local market but we are the largest exporter. We were still the largest exporter even when LOEL was sending large consignments of tetra pack wines to the then Soviet Union. After the collapse of the Soviet Union, each independent state was able to purchase wines according to their needs."

> “At this moment, SODAP is the largest wine company in Cyprus. Apart from selling on the general market, we supply loose wines to some wineries and provide bottling services to others. We also supply loose wines for the production of vinegar and pure alcohol destined for the production of gin and Vodka. This means that a considerable proportion of our sales include loose products”.

Respondent G stated that their company exports large quantities of bottled wines to the global market. The respondent presented some statistical data from the Wine Products Council and the Cyprus Ministry of Finance detailing SODAP’s standing in the market. During the interview the respondent explained the change in purchasing behaviour of the former Soviet Union States. Each State now decides who they want to trade with for wines and other commodities.

Respondent K answered the following question:

> *Interviewer:* Would it benefit the company to start exporting globally?
> *Interviewee:* Yes, we believe that we need to export wines globally. As a matter of fact I view exportation as an opportunity to gain more customers. We can sell wines to a customer who then goes on to promote the wines on the targeted market. This is exactly the same as the situation in Cyprus when a customer likes your products and introduces them to others. In this way, we will increase our customer base. Consumers are always looking for good wines. I do not think we will be able to become leaders on the global market, unless we can come up with products of high quality like Commandaria. Xinisteri is a good product but it cannot support a winery financially”.

In addition **Respondent K** also suggested that global varieties such as Shiraz and Cabernet Sauvignon could be cultivated successfully in Cyprus. The cultivation of global varieties would strengthen Cyprus’ position by enriching the wine portfolio and promoting its diversity of wines on the global market.

On the question of global partners and the benefits of exporting of wines **Respondent K** replied that “We have made some enquiries about the possibility of marketing our products on the internet for countries in Central Europe, Greece and the UK. It would be good if we could bring money into the country rather than recycling what there already is. A country can sometimes solve its financial problems by increasing exports. For instance, Greece can’t sell its wines locally so it has to put them on the international market. This leads to a differentiation of products and increases in revenue from abroad”.

Respondent E believed that “There are many benefits from exporting wines. There is a demand for our wines from businesses overseas such as restaurants and wine shops. We have to think strategically to develop more local vine varieties. This means that we can offer more work to the local vine growers because a winery does not own all of its vineyards. Most of the vineyards are owed by vine growers and there are contractual agreements to produce quality grapes under the guidance of the winery and the oenologist. They need to concentrate on local vine varieties so that they and the brand benefit financially. The wine industry needs to focus on local vine varieties to sell more wines overseas”.

Respondent F stated that “The benefits of exporting wines are that it allows a producer to diversify risk and increase production volumes”.

To the same question **Respondent N** answered that “Wine makers would benefit from exporting wines to different countries, including established wine producers such as France. We participated in an exhibition with the embassy of Cyprus and gained the Hotel Grande Bretagne in Athens, Greece as a customer. The sommelier liked our Muscat as a dessert wine”.

Respondent A said that there are benefits from exporting wines. Some of the benefits include the diversification of the market, increases in sales, increases in revenue and profitability, and diversification of risk.

> **Respondent B** supported that "it is an important part of marketing strategy. We can achieve better awareness of our wines. It can also be interesting for Commandaria (sweet wine). Some of the benefits include increased income and prestige".

> **Respondent D** explained that "It would be of great benefit if the company had the equipment and were organized to export wines. But if there are no means of producing more wines, exporting wines abroad cannot be an option".

Respondent H explained that there could be additional revenue from exporting wines overseas.

Respondent J supported that the main benefit is brand awareness. The wineries could make their wines known on the global market. In order to succeed with exports, they need to concentrate on branding first and not just on the financial benefits of exporting wines.

Summary of Analysis

Interview analysis of wine exportation by wineries

	Quantity	Quality and price	Challenges for exports
Respondent A		*Focus on wine quality and indigenous vine varieties.	*Inadequate infrastructure in the winery for exportation purposes.
Respondent B	*Volume not large enough to satisfy large markets.	*Good value for money. *Focus on good quality wine from either indigenous vine varieties or imported vine varieties.	*Cyprus wines are unknown globally. *Brand awareness for global buyers.
Respondent C	*We send small quantities of wines abroad.		*We have been in touch with many companies abroad through the internet or by telephone. *Small wineries need to work together with government agencies.
Respondent D	*We sell all our wines on the local market.		* Time is a serious constraint.

Respondent E	*Our volumes are too low to export wines abroad.	*Quality and price do not meet the demands of foreign consumers.	*Lack of cooperation in the wine industry. *Small wineries do not have the resources to export quality wines. *If we want to earn respect as trustworthy suppliers, we must ensure that quality does not fall when volumes of production increase.
Respondent F	*Need sufficient volume for the local market.	*Concentration should be on indigenous varieties and product quality in order to keep prices at sustainable and profitable levels.	
Respondent G	*Nowadays we want to produce a quality wine.		
Respondent H	*Satisfy the local market first.		*We cannot cover all the local market with our network.
Respondent I	*Sufficient volume for the local market.		

Respondent J	*Small Cyprus wineries should try to educate consumers on local varieties. * Smaller quantities of good quality of wines are preferable.		*If we cooperate with other producers we need consistency to succeed abroad.
Respondent K	*Cyprus wineries cannot produce large quantities of wines.	*Need to sell good quality wines from local vine varieties.	* Cyprus does not produce bottles, corks, barrels and other items essential for wine production.
Respondent L		*Due to the high production costs and other difficulties faced when exporting Cyprus wines, it is hard to respond to foreign buyers.	*We need to promote local wines by having wine tasting events for foreign consumers. *We need to establish our brand on the local market.
Respondent M		*We are producing and exporting loose wines in tetra packs abroad.	* We promote indigenous wines on the local market as well.
Respondent N	*Not sufficient exportation of Cyprus wines overseas because of very limited quantities.		

In conclusion **Respondent E, Respondent A and Respondent K** agreed that product price is closely related to product quality. They mentioned that Cyprus wines can't compete with New world wines such as Chilean, Australian and Argentinian wines due to their quality and cost. **Respondent A** suggested that the production of wines of the winery could compete with new world wines in the middle range category. It appears that **Respondent A** recognised the need to design and develop products with an average price of 8-10 euro and a production volume of up to 100,000 bottles per year. All of the wine makers agreed that they needed to improve the quality of the wines and offer competitive prices to consumers. They all agreed that small wineries were not so successful in exporting wines to the global market because of low production volumes, high product price and a lack of resources. Small wineries do not have the knowledge and experience to design a product that could be widely accepted in a foreign market. The interviewees agreed that a successful market entry was possible with the cooperation of many small wineries in shipping, promoting, and maintaining market position.

Respondent B, Respondent J, Respondent M and Respondent E, Respondent G and Respondent F agreed that large wineries have successfully exported bulk wines and zivania to foreign markets such as the Czech Republic, Russia, UK, Germany, Switzerland and Finland. They mentioned that large wineries have a long history and have formed strong relationships with importers in the countries that have played a major role in their successes on the global market. The corporate culture and history of these large wineries, the large wine quantities and low product prices have contributed to their efforts to sell and promote their wines globally. The attitudes of management in large wineries also help them in their efforts to export wines to the global market. In contrast, small wineries are still struggling to export wines because of lack of resources, management thinking and attitude, low wine production, high product price, absence of distribution channels, limited budgets for promotion and weak trade relationships with importers.

4.1.3 Interview analysis of viticulture in Cyprus

The interviews of business owners, sales managers, export managers and marketing managers of the wineries were very informative. They described different ways of engaging vine growers to produce quality grapes. Business owners and oenologists have made enormous efforts to design programs that motivate vine growers to focus on quality. They have offered bonuses and developed guidelines as well as set deadlines for grape collection and transfer to the wineries in order to produce wines of superior quality.

Interview questions on viticulture.

1. **How do you evaluate the wine industry compared to the other industries in Cyprus?**

   Respondent A explained that "The wine industry has gone through various phases. It is refocusing on wine quality and Cyprus vine varieties. Some wine makers have sales and export strategies while some other wineries do not have a strategy in place. Compared to other sectors of the economy we need to do much more, such as raising quality standards in vineyards, advertising business sustainability and competitiveness. We are in a very competitive sector. It is a market that is changing due to the appearance of new players on the scene. It is obvious that we need to run with others and we need to run at the same pace".

On a more positive note, **Respondent A** said that there is a great opportunity to do the right things. There are promising wines from indigenous varieties such as Commandaria, Xinisteri, Morokanella, Plomara, Maratheftiko, Giannoudi and Spourtiko that could create a competitive advantage for businesses on the global market. The respondent added that businesses should design an export strategy and form business partnerships to export wine on a large scale.

Respondent F stated that "I believe that the wine sector is one of the few sectors of the economy where there are investments. There has been an improvement in quality and a decrease in quantities. I think if we handle it the right way there are prospects. The wine can be improved and turned into a high quality product, which would make the wine industry a stable and profitable area. Previously Cyprus did not have the competitive advantage quality can give. We know that Cyprus could provide quality wines. I am certain Cyprus can be competitive on the global market with its indigenous varieties. We need better quality and good value for money".

Respondent H, respondent E and respondent K agreed that policy makers, local authorities and other parties involved in the wine industry have committed a lot of mistakes as regards the cultivation of the vineyards.

Respondent H mentioned that "The wine industry, and this includes the government, local authorities and others, has made a lot of mistakes with the selection of vine varieties. We are still making a lot of mistakes. The Mavro variety cannot produce a good red wine, and even though the government paid to uproot this variety it still makes up 40 percent of all vines on the island. This year somebody from government tried to encourage vine growers to cultivate the Mavro variety! Many such mistakes are made at the strategic level. Sometimes there are people in certain key positions that do not have the skills or knowledge necessary to work in this very specialised area. Some vine growers have given up working their vineyards due to the low price of grapes. Now the government and businesses are trying to encourage vine growers to return to their vineyards".

Interviewer: Do any neighbouring countries such as Egypt, Iran and Lebanon have the right microclimate for vine growing? If so, would it be feasible to transfer production over there?

Interviewee: It is a matter of religion because they are Muslims. They have strange rules but they still produce some table wines. This idea could be possible in the next 100 years. However, if we cannot sell our wines, it might be a solution to expand overseas. We are too small to develop globally. We need to target restaurants interested in exotic wines. Over the past two years we have had discussions with American companies about the possibility of exporting wines to the USA, but nothing has come out of it. About 1.5 million bottles of wine are consumed in the San Francisco area. The wine markets in China and Russia are wide open. Exotic and rare wines can demand a higher price. In the USA, for example, an eight-euro bottle of wine can fetch forty euros on the shelf. Between fifteen and twenty of our wineries are trying to improve quality, but we need another five years of hard work. We need to raise the quality of all our wines. At the moment, most traders we communicate with are only willing to pay a low price for Cyprus wines".

2. **What is your position concerning Cyprus as a wine making country within the international arena?**

Respondent B stated that "We have the biggest vineyards, 50 hectares. From those vineyards we produce our wines and of course, we also buy from other vine growers. We take quality control very seriously. We have to make sure that we get the right quality of grapes for our wines". **Respondent B** also added that "Fifteen years ago the Cyprus wine industry went through a bad patch. No quality wines were produced. Since then, there has been a complete change with large and small wineries paying a lot more attention to either local or global vine varieties that are suitable for wine making. This has given good results. Volumes of production have been scaled down and the price of wine has gone up. However, limited quantities in combination with high prices have put us at a disadvantage compared to Spain, Italy and Latin American countries. We concentrate on quality wines as we cannot compete on the cheaper end of the market.

The only hope for the Cyprus wine industry is to produce quality wines. KEO produces good value for money, especially for the tourist market".

Respondent B emphasized the importance of grape quality in the making of excellent wines. The company owns 50 hectares of vineyards but also purchases grapes from independent vine growers. The respondent explained that there is a limited quantity of grapes produced, which in turn raises their prices. Wine businesses are concentrating on the local varieties and grape quality in order to compete on the local and global markets. Finally, the respondent suggested that the local wine industry must focus on producing quality wines.

Respondent H stated that "the last five to ten years the Cyprus wine industry has seen drastic changes. The Cyprus wine industry does not have a strong position on the market. Fifteen years ago, top class restaurants did not include good Cyprus wines on their menus. Nowadays they do.

Interviewer: What is the reason?
Interviewee: We did not focus on quality in the past. Of course labels and the marketing play an important role in the success of wines. The last few years have seen a rise in the number of qualified people involved in the industry such as oenologists and agriculturalist, who have improved wine quality and the way wines are promoted. We concentrate on the vineyards. Fifteen to twenty years ago we did not pay attention to the harvesting and distribution of grapes. Grapes were harvested in three days and stored in Lemesos for two days. As you can see, there was a need for change.
Interviewer: Why are Cyprus wines better now than in the past?
Interviewee: Small wineries are now close to vineyards and with the help of marketing professionals, the image of Cyprus wines has been improved. Our experiences with imported wines have also pushed us to improve our wines. The fall in wine prices

motivated traders to import many wines which we had never tasted before. Local wineries have been forced to raise the quality of their products in order to survive".

Respondent C supported that Cyprus has one of the best climates for wine making at low altitudes. However, the improvement of the wine making process in Cyprus has been delayed. Policy makers and industry players committed many mistakes in the past with the reorganization of vineyards. Some people involved in the setting up of the strategy for the improvement of the wine industry have proved to be ineffective and inefficient at their jobs. Hopefully, in twenty years' time, the vineyards will have been replanted with old varieties.

Respondent C agreed with **respondent B** that there has been an improvement in viticulture the last few years. Oenologists, wine makers and vine growers are working together to improve grape quality. One of the problems is that young people are not interested in cultivating and maintaining the family vineyards because of the low selling price of the grapes and better job and educational opportunities in the cities.

> **Respondent G** explained that "In terms of quality, Cyprus wines have improved significantly. Volumes have been going down the last 10-15 years. This has affected our company. There is an increased cost per liter of wine produced, but the quality of wines has risen enormously".

> **Respondent J** explained that "ETKO's vineyards produce more quality wines. The winery has gone from producing loose wines to bottled wines of good quality. Ktima Hatzipavlou, one of the members of the ETKO wine company, is a producer of higher quality wines. In the next decade the number of wines will be reduced from 30 to 10 in order to focus on quality instead of quantity. Vintage wines and high prices often go together. Wineries could enter the markets if their prices matched their quality".

On the question about the position of Cyprus as a wine making country in the Global arena **Respondent D** supported that "I can't answer this question. Cyprus consumers prefer foreign wines over local ones. In contrast, British people like local wines. It appears local consumers prefer global wines and vine varieties, while foreign consumers show an appreciation of indigenous varieties".

Respondent N:

Interviewer: Do you believe local varieties of good quality are capable of penetrating the global market?

Interviewee: Cypriots concentrate on Cyprus vine varieties and Greeks concentrate on their local varieties. Global varieties such as Shiraz and Cabernet are cultivated in many parts of the worlds such as the United States, Australia, North Africa and Chile. Cyprus local varieties are not cultivated in other parts of the world. A visitor wants to taste the local vine varieties. The wine makers have begun cultivating forgotten Cyprus vine varieties such as Yiannoudi, Morokanella, and Cyprus Muscat. We are working closely with a nursery to produce large quantities Cyprus Muscat vine seedlings. We have planted this vine variety in 5 hectares. In 5-10 years we will be better able to discuss the results of our efforts".

Respondent N agreed with the previous respondents that the wine businesses should concentrate on local varieties to produce quality wines. Wine businesses need to build up our brand name on the global market by promoting their wines globally.

Respondent L mentioned that "We are a small Mediterranean country with a good climate for good quality wine. I do not see any reason for not exporting wines. We need to shape on export strategy for wines. We need to produce good quality wines from local varieties. We can offer foreign buyers the opportunity of trying the local wines. The foreign market is huge and our quantities are low, so we have to focus on quality. This is the only way of promoting wines. In order to export large volumes of wine successfully, the Cyprus wine sector would need to work as one and produce a single variety for this purpose".

On the question about the position of Cyprus as a wine making country on the Global arena, **Respondent H** agreed with **respondent K, respondent J, respondent B** and **respondent E** that the island has a minimal presence on the global market. They stated that we do not have a brand name on the market. Production and distribution costs do not allow wine makers to export wines to the global market. Nevertheless, the wineries use the latest technology. The size of vineyards, labour costs, utility costs and transportation costs are high. **Respondent H** added that the local wine sector cannot benefit from the economies of scale.

Respondent E supported that "We have one of the best climates in Europe. The location of our country and the sunshine lend to the production of good wines. If we learnt to take advantage of these conditions, we could produce good wines. The characteristics of wine differ from country to country. Wines from the same variety of vine in different countries can vary because of the differences in microclimate from place to place. If we could take advantage of areas in Cyprus such as Pitsilia or Lemesos, where plants struggle to find water and nutrients to grow, we would end up with excellent grapes. Pitsillia's maratheftiko is suitable for reservation because the vine struggles to find the necessary nutrients for development from the rocky soil of the region. In Pafos, in contrast, the land is flat and the vines have it easier finding water and nutrients. Lemesos produces better grapes than Pafos because of its tougher soil conditions".

Respondent K explained that "Even though we have improved wine quality over the last few years, we are still producing an average product. We have not convinced consumers about our wine quality. Volumes of 1 million to 2 million bottles per year could help to establish Cyprus as a producer of quality wine. Unfortunately, we have not produced an above average wine yet and therefore there is a lot of work to be done".

Respondent K:

Interviewer: What happened 10-15 years ago with the cultivation of vineyards in Cyprus?

Interviewee: Small wine producing companies were not ready for selling wines abroad and consequently there was no need to create new vineyards. Before that, about twenty years ago, there were no small wineries, only large ones. On top of that, there was a lack of professionals, of oenologists, involved in the wine industry. It is only in the last five years that things have improved. Professionals have now got involved and started to correct bad practices. A good example is Minas Mina who work at the Kyperounda Winery. Now that experts have got involved, I believe things will really improve if we can focus on the guidelines thay have set to succeed on the local and global markets".

Respondent K described KEO as a successful example of a wine business. According to him, between 1975 and 1980 KEO developed a strategy that concentrated on local varieties which they thought would bring success on the global market.

Respondent K stressed the importance of developing a plan for the global market. According to the respondent Cypriots prefer to drink Shiraz to Maratheftiko, so there is no reason to produce Maratheftiko wines. Similarly Xinisteri is very popular among Cypriots and therefore the price should have been set at the same level as for Sauvignon Blanc. Wineries in Cyprus should try to promote local varieties on the global market instead of Sauvignon, Shiraz and Cabernet. There would be more possibilities of success if we tried to enter the global market with local varieties rather than with global varieties.

Respondent K added that large volumes of wine used to be produced in Cyprus. However, this will decrease because of warmer weather, and land becoming more expensive. Cyprus will only produce enough wines to satisfy the local market.

> *Interviewer:* Do you believe that we can compete on the global market?
> *Interviewee:* We can compete in two ways; price and quality. Quality can be good but not great compared to others. We have Commandaria and Muscat, our successful sweet wines. Our dry wines can compete but not to a great extent. We can trade on the market with the dry wines.
> *Interviewer:* Can we transfer our local varieties to other places with the specific micro climate conditions? Which are the Cyprus vine varieties?
> *Interviewee:* Xinisteri, Maratheftiko, Yiannoudi, Plomara and Morokanella.
> Xinisteri with its strengths and Maratheftiko with its weaknesses are the main Cyprus vine varieties. Yiannoudi, Plomara and Morokanella have not been planted in Cyprus yet. Nowadays we have a good Xinisteri. Maratheftiko makes up a small percentage of the vineyards on the island. And we get very few good wines from the Maratheftiko variety. As for Mavro, it is only suitable for making vinegar, alcohol and other grape products. There should be a shift in strategy from producing cheap wines to producing quality wines. We need to concentrate on our local varieties to penetrate the market overseas".

Respondent E and **respondent K** agreed that the past 15 years vineyards had gone through a period of development and the quality of the grapes used in the production of wines had also improved.

> "Cyprus vineyards have experienced a renaissance over the last fifteen years with the introduction of global vine varieties. There is a demand for Cyprus wines because we have much better quality wines compared to twenty five years ago; for example, *Aphroditi*, *Thisbe*, *Arsinoe* and *Ayios Panteleimonas*. These wines are very popular

among the older visitors to the island. Wine production techniques have improved significantly. Some of the wineries and wines have a better standing as regards wine quality compared to some French wines. Bourdois wines, on the other hand, have a long tradition that can't be matched by our wines, but Vinte Bay wines in Australia are not better than our wines. We do not have large vineyards in Cyprus. We have small vineyards which are capable of producing good quality grapes and wines. An oenologist who loves his job will ensure his or her vineyard produces good quality grapes. Overall, our young oenologists have come with new ideas, perceptions, and influences from other countries which help us produce good wines".

Respondent E suggested that "By taking small steps in the right direction, we can put ourselves in a good position to enter the global market. The people involved in the wine industry should give special attention to the need to develop Cyprus wines".

Respondent E also agreed with **respondent K** that Cyprus could produce quality wines because of the good weather conditions.

3. **As a wine making producing country, do we have professional vine growers to support our efforts in making quality wines?**

Respondent A stated that there is a shortcoming in the proper cultivation of vineyards in the Pafos area. Some of the wineries do maintain their vineyards and are therefore building up their expertise. Nevertheless, the wine industry as a whole lags behind foreign competitors as far as cultivation and maintenance of the vineyards is concerned.

Interviewer: "What do we need to do to support vine growers?

Interviewee: We have a plan for them. We have a strategy for the vine growing sector. We are trying to hire an agriculturalist to support our vine growers. We already have agricultural experts helping us out with our vineyards and those of our partners. We are writing a report for our partners in which we inform them about aspects of the wine sector that have improved and advise them on the quality and pricing of grapes. We always try to give financial incentives and feedback to our vine growers."

Respondent N stated that "we have been cooperating with the same vine growers for years now. We do not make contracts to purchase grapes from the vine growers. At one time there were so many grapes that we could not store them. We decided to lay them under the sun and created some sweet wines (Muscat). This was the catalyst that led us to create our wonderful Muscat wine."

Respondent N visited and participated in the "Map of Tastes" event in Thessaloniki. There were excellent comments from visitors that tasted the local varieties such as Xinisteri, Maratheftiko, Commandaria, Muscat, sweet Xinisteri.

Respondent C stated that "I believe we do not have professional vine growers. Vine growing was always seen as a way of earning some extra money. There were some attempts in the past at expanding vineyards, but the final product was usually poor. In the last few years wineries have tried to improve the quality of the vineyards. Most wineries have their own vineyards and work under the guidance of oenologists and agriculturists. They work hard to make Cyprus wines well known globally. We need to do a lot of work towards this direction. Young people are not interested in working in vineyards. These are left to the older generations and the wineries that have managed to adjust to the exigencies of European standards".

Respondent D said that "Most of people have left their villages and most vine growers have abandoned their vineyards because business is not profitable. We do not know how long it will be before the remaining vine growers give up what they are doing. The older generation have kept on working on fields so the younger generation can have an extra income. They have recently replanted their fields. There is a decent profit to be made from grapes, but they need the support of other bodies if they are to continue".

Respondent D added that the situation in the wine making sector is improving and the quality of the wines has got better over the last five years. This has been largely due to the efforts made by wineries. The respondent raised concerns about the young generation and their involvement in the vinicultural sector.

> **Respondent M** replied that "there are not enough vine growers to satisfy the demand for local grapes. LOEL has its own vineyards and also collaborates with independent vine growers. A way to overcome the problem is to work closely more than one wine region. We pay higher than the market price. In this way we encourage vine growers not to quit the vineyards. We depend on vine growers so we pay a premium for the grapes. Good quality raw materials are important if you want to produce good wines. We have a policy of buying all excess production of grapes so we can maintain a good relationship with our vine growers in the long term. They have to maintain the vineyards to continue producing grapes. The villagers tend to think in the short term. When they need to sell their grapes, they beg the wineries to purchase them. They always want to impose their terms on the purchasers." **Respondent M** also mentioned that "The factory is centrally situated amongst the vineyards so it's quite easy for our experts to provide the vine growers with the help and advice they need".

Respondent M made an addition to the discussion by stating that the company paid higher prices for grapes than their competitors and supported vine growers by purchasing all excess production. The company also focused its efforts on producing quality wines.

> **Respondent L** stated that "we depend on our vine growers and we have reached agreements with them. We began our business without having any vineyards. We can

correct this problem to some degree. Suitable agricultural land is expensive but we can reach agreements with vine growers or rent vineyards. We can control the quality of the grapes and of the production process. Land prices have risen substantially over the last decade and many vineyards have been sold off to the detriment of the viticulture sector. Although the acreage of land dedicated to grape growing has fallen, the present economic situation might force vineyard owners to start working their idle fields again. However, we do need young professionals to get involved in viticulture".

Respondent L added that they cultivated their own vineyards to ensure they have quality raw materials for their final product. The respondent suggested that wine makers needed to encourage vine growers to adopt high standards of production. The winery provided monetary incentives for the production of good quality grapes of the highest standards.

Respondent K stated that "We don't have a problem at the moment, but this might change in the future. If vine growers abandon their vineyards, we won't have raw materials to produce wines. New world producers such as Australia have lots of acreage and they can produce large quantities of grapes. The large volume of production makes viticulture a profitable business for them. In Cyprus vineyards are small and largely managed by amateurs so profits are poor. Wine makers will need to reach agreements with local vineyards in order to cover their production needs. In the worst case scenario, we will have to purchase 200 hectares of land and plant them with vines. But there are other ways of getting round this problem. 40% of our vineyards do not belong to us. Renting and leasing more land is another solution. Land owners benefit greatly from this because we look after and improve their land and they make a profit at the same time."

According to **Respondent K** there is a problem with the cultivation of vineyards. There are not enough specialists. Wine businesses need to cultivate their own vineyards and also purchase grapes from other vine growers. **Respondent C** also described this shortcoming of viticulture in Cyprus.

Respondent G explained that they already have an accord to purchase an agreed quantity of grapes from a geographical area at an agreed price from independent vine growers. Although vine growers could sell their grapes to other wineries for a higher price, SODAP promises to buy all the grapes at a fair market price plus a 50 euro bonus.

Respondent G argued that it was in the vine growers' best interest to bring all of their grapes to SODAP instead of selling them to other wineries. The SODAP oenologist assesses the quality of the grapes and together with the purchase manager they estimate the grape price based on a variety of factors such as the date of harvesting. If a vine grower is not able to deliver the grapes on the same day they are harvested, the price drops because of the lower quality of the grapes. SODAP places greater emphasis on the quality control of vineyards and the harvesting of the grapes.

> **Respondent G** stated that "Nowadays we want to produce quality wines. We don't want a big berry, and there needs to be a balance between acidity and sweetness of the grapes. An oenologist is very careful to search for all the ingredients that make for a good quality wine such as sugar and acidity.
>
> *Interviewer:* How about the maintenance of the vineyards?
> *Interviewee:* We can't interfere in that matter because the vineyards do not belong to SODAP. We advise vine growers on the different steps they need to take but not all follow our professional advice. The vine growers do what they think is right for their vineyards. Those that follow our professional advice have an advantage. We are aware of this and we have drawn up a 10-year plan for vine growers. The vine growers that choose to be part of the plan follow the advice of our professionals. For example, they get written instructions on how to fertilise a field before they perform the task. At the

time of purchasing the grapes we review each case separately. If they follow our instructions concerning the fields and the grape quality, we offer them a bonus (50-70 euros per ton). For example, this year the Xynisteri purchase price is 29 euros per ton. Due to a vine decease, the Lemesos area did not produce adequate quantities of Xynisteri, so KEO was offering 37cents per kilo. It took us two days to realise that KEO offer a higher price per kilo to vine growers so we countered with an offer of 35 cents per kilo until we reached our target volume. Once we reached our goal, we disengaged from the price competition. We are careful to accept all grape varieties and not only those that other wine makers do not want to purchase, as it is important to keep our vine growers happy".

Respondent F:

Interviewer: Why aren't enough quality grapes produced?

Interviewee: Not enough vine growers are interested in improving grape quality. The mindset of Cypriot vine growers is the main reason for this. Their way of thinking harks back to the days of mass production. Unfortunately, their culture hasn't changed much. We try to improve this situation by inviting them to seminars and meet our consultants, and by paying them a higher price for their produce as an incentive".

Respondent F maintained that viticulture was the weak link in the production process. There were not enough professional vine growers in the industry. In response to this, wineries are trying to develop good quality vineyards and train vine growers on how to maintain their vineyards properly. The respondent explained that there were not enough vineyards and vine growers to produce quality grapes. **Respondent C, respondent J, respondent B and respondent K** were also in agreement with this.

Respondent J stressed that vine growers are the most important part of the wine production process. The respondent added that nobody in the family business was responsible for the cultivation of the vineyards. The company works with partners that have been trained on how to maintain vineyards. During the last 5 years, a specialist with a Masters in oenology has implemented a production technique to improve the quality of wines. The company continually strives to produce quality wines.

> **Respondent J** added that "Members of the family have attended some courses but nobody has been educated in chemistry or oenology. It is important that somebody in the family gets an education in oenology. ETKO owns 70 hectares of vineyards and we cannot have total control over the quality of the vineyards. A suggestion is that a member of the family be made responsible for quality control of the vineyards. A good raw material is essential for producing a good wine."
>
> **Respondent E** stated that "a vineyard needs 7 years to produce quality grapes and therefore good wines. Since the acquisition of the Vasiliko Kyperounda winery the company has been working hard towards this end. We bottled our first Petriti wine in 2002. Since then we have planted Cabernet Sauvignon at Kyperounda. We harvested our first grapes in 2007, but we still need to cooperate with vine growers. Our oenologist is responsible for selecting the grapes we purchase from them. We buy grapes from vine growers on condition they follow the advice of our oenologist. At this moment we are trying to acquire vineyards in Pitsilia and elsewhere. Until we have our own vineyards, we have to work with vine growers in Pitsilia and other areas of Lemesos.
>
> We know that under the guidance of our oenologist we can produce quality grapes. In June our vine growers spray their vines according to directions from our oenologist. The oenologist follows the growth of grapes and advices when to harvest them. The grapes have to be delivered by the next morning at the latest to retain their quality. Our wines have to be of the highest quality if we want to retain the loyalty of our customers.

Respondent E explained that Cyprus has not implemented a strategy for developing existing vineyards and producing quality wines. Instead of cultivating indigenous vine varieties, vine growers have planted global vine varieties. Before this, most of these vineyards were planted with Xinisteri and Mavro vine varieties.

Respondent E agreed with the **respondent G** that the policy makers and vine growers made the wrong decisions concerning the planting of vineyards.

> "We received compensation from the government for digging up our vineyards. Other vine growers decided to replant their fields with global varieties such as Cabernet Sauvignon and Sauvignon Blanc. The situation deteriorated over the next twenty to thirty years until the young generation of oenologists got involved. These young professionals have worked alongside French vine growers and learned the process from planting vines to producing wines. Some of them worked for Greek wine companies during their academic years. These oenologists returned from their studies with fresh ideas and perspectives on the future of the industry".

Respondent H said that the aim of the winery is to purchase good quality grapes for the production of wines. The collaboration of vine growers was essential for the future of the winery.

> **Respondent H** explained that "Our aim is to have our own vineyards. Nevertheless we encourage vine growers to see the winery as their own and they now see the future of their vineyards as closely intertwined with that of the winery. I have stable business ties with a pool of 25 vine growers. I try not to set a fixed price from the beginning. They cooperate with me and listen to the professionals that visit the vineyards. I prefer to spread payment over several months rather than give them a lump sum. Our vine growers are very cooperative and they are always trying to help us find ways of improving and developing this cooperation.

> The winery is situated in the middle of the vineyards, which reduces transportation costs for the vine growers. Generally speaking, fifty percent of the grapes used by a winery should come from vineyards owned by the winery itself. The rest should come independent vineyards run by professionals that follow guidelines set by the winery oenologist. Our vine growers receive an average to high price for their product and they even get a bonus as an incentive at the end of the payment period. Nowadays, grapes are no longer subsidised by government so the financial situation is now more difficult. In the past, our vine growers were paid in full by Christmas, but this is now paid by June of the following year instead".

Respondent H stated that "over the last few years many qualified people, such as oenologists and agronomists, have got involved in the wine industry. These professionals have managed to improve wine quality and the promotion of wines on the local market. Now there is greater focus on the vineyards. Fifteen to twenty years ago they did not pay attention to the harvesting and distribution of grapes. It took three days to harvest grapes which were then stored in Lemesos for a further two days. This practice has now ceased. Harvesting and distribution is now quicker and better and thus has helped wineries improve their wines. In addition, the fall in the price of wines led to a surge in imports of foreign wines. This created greater competition and pushed local wineries into raising their standards even further".

Summary of Analysis

Interview analysis of viticulture in Cyprus

	Quality control	Vine growers	Agricultural strategy	Benefits and Challenges
Respondent A	*A detailed report to our vine growers-partners informing them about what has improved and the quality and recommended price for the grapes.	*We are trying to hire an agriculture specialist to support vine growers.	*The Cyprus wine industry is refocusing on wine quality and Cyprus vine varieties.	*Commandaria, and indigenous varieties such as Xinisteri, Morokanella, Plomara, Maratheftiko, Giannoudi, spourtiko gives us a competitive advantage in some markets.
Respondent B	*We try to maximize quality control. *We have to make sure that we get good quality grapes for the wines.	*In the last 15 years there has been an evolution with large and small wineries paying a lot of attention either to local or global vine varieties that are deemed suitable for wines.	*The Cyprus wine industry in the last 10-15 years had a gap in quality. *We own the biggest vineyards, 50 hectares. *We also buy from other vine growers.	*There is a limit on quantity and the cost is high.
Respondent C	*Most wineries have their own vineyards and work alongside oenologists and agriculturists.	*We do not have professional vine growers.	*There have been made many mistakes in the past with the reorganisation of the vineyards.	*Oenologists and agriculturists work hard to make Cyprus wines well known globally. *Young people are not interested in

				working in vineyards.
Respondent D	*Wineries have managed to improve vineyards.	*Most vine growers have abandoned their vineyards because of falling profits.	*Local consumers' behaviour is completely different to that of foreign consumers.	
Respondent E	*The oenologist decides which vine grower we do business with and the quantity of grapes purchased from them. *Under the guidance of our oenologist we have managed to produce good quality grapes.	*Vine growers follow the guidance of the oenologist.	*We have to gain the loyalty of customers. *We have to continue improving our wines.	*Young oenologists have returned from their studies with different ideas and perspectives about viticulture and wine making. *The location of our country and sunshine contribute greatly the production of good wines.
Respondent F	*We try to encourage our growers to adopt a different approach to viticulture by organizing seminars ad meetings with our	*There are not enough professional vine growers.	*There has been an improvement in quality and a decrease in quantity.	*The mindset of vine growers is the reason for not producing good quality grapes.

	consultant for them, and paying them higher rates for their produce as incentives.			
Respondent G	*There is quality control at the start of the harvest period in mid-July.	*Our oenologist asks vine growers to harvest the grapes on a certain date.	*We have designed a 10-year plan for vine growers.	*We offer a specific price to vine growers for a specific quantity of each variety from a specific area.
Respondent H	*We are always trying to improve and build on our cooperation with vine growers.	* The vine growers had been driven away from the vineyards due to the low price of grapes. *We have stable business ties with a pool of twenty five vine growers.	*A lot of mistakes were made on the selection of vine varieties. *There are people in certain key government positions that do not have the required skills and knowledge for their jobs.	*During the last few years, more professionals such as oenologists and agriculturists have started to get involved in the wine sector and improved the quality and promotion of wines. *The Cyprus brand does not have world-wide recognition. *We are hampered by the size of our vineyards as well as high labor, utility and transportation costs.

Respondent I	*Quality control measures are implemented on the winery's vineyards.			
Respondent J	*For the last five years, we have been cooperating with a wine expert who has introduced new methods for improving our wines.	*We have partners with the necessary knowledge and qualifications to take care of vineyards. *The vine growers are the most important part of the wine production process.	*We have 70 hectares of vineyards to help us meet market demands.	*Members of the family have taken some courses but nobody has been educated in chemistry or oenology.
Respondent K	*Vine growers do not have the mindset or attitude needed for selling wines abroad. *Consumers are not aware of the quality of our wines.	The vine growers produce a large volume of grapes. *Vineyards are not profitable.	*Wine makers sign contracts with vine growers. *We need to concentrate on our local varieties to penetrate the market overseas.	*Production will fall because of the increasingly warm weather and the growing cost of land.
Respondent L	*We can control the quality of the grapes and the quality of the production of wines. *We need to encourage vine growers to	*The economic conditions might force vine growers to start working their fields. *We need young professionals to work in the sector.	*We now meet some of our needs with grapes grown on our vineyards. *We need to produce good quality wines from local varieties.	*We began our business despite not owning vineyards. *Vineyards are threatened by real estate development.

	produce raw materials according to our standards.			
Respondent M	*Wine making takes place in the immediate area of the vineyards.	*There are not enough vineyards in operation to cover the quantities needed for wine making.	*We pay higher prices than what the market pays. *We have to buy excess produce so we can preserve our relations with vine growers in the long term.	
Respondent N	*We decided to lay the grapes under the sun and we created the sweet wines (Muscat).	*We have the same people (vine growers) that we cooperate with every year.	*Cyprus' winemakers need to concentrate on local vine varieties. *Cyprus local varieties are not cultivated in other parts of the world. *It might be a good idea to cultivate forgotten Cyprus vine varieties such as Yiannoudi, Morokanella. *We have worked closely with a plant nursery to produce large quantities Cyprus Muscat.	*We need to build up our brand name on the global market. *In 5-10 years we will be able to discuss the results of our attempts to improve the Cyprus brand.

4.1.4 Interview analysis of the promotion of Cyprus wines

The interviews were focused on the promotion and distribution of wines on the global market. The interviewees provided useful information about the methods of promotion and the necessary actions needed to successfully penetrate a foreign market. Branding, professional networking, product quality and production costs are some of the factors that contribute to the limited presence of Cyprus wines on the global market. The cost of distribution is high compared to other countries. There are many logistics companies in the country, but shipping costs are very high for small quantities of wines. If small and medium wine businesses cooperated more, shipping costs could be reduced and this would help increase their competitiveness and profitability.

Interview questions on the promotion and distribution of wines.

1. **In your opinion, is there any collaboration among Cyprus wine businesses?**

Respondent K explained that large wineries nurture a business culture of mass production of wines. The large wineries, as industrialists, do not focus on the production of quality wines but rather on selling large volumes of wines. The outcome of their approach to wine making is a loss of market share to other players. They do not understand this and place the blame on the small wineries.

Respondent K maintained that large wineries produced poor quality wines while the small wineries produce good quality wines. Large wineries can produce wines at the low price range (3-4 euros). Large foreign wineries that attempt to make quality wines build wineries for that specific purpose. They also market the quality wines in a different way. Large wineries in Cyprus are not keen to implement this marketing method.

> **Respondent K** also added that "There is a connection between structural design and export strategy. At ETKO, one of the large wineries, the export marketing manager

deals with export matters. We cannot go down this route because our profits are much smaller. However, we could hire a marketing person in cooperation with 5 other wineries to market our products in Cyprus and abroad. We have to find the right number of businesses to finance the marketing manager. Equally important is to find a common ground with the other wineries so we can promote the same line of products. The partners should share some commonalities such as the ownership of vineyards, value of wines, and attitudes. The marketing manager must be able to speak for one entity instead of representing different businesses abroad. We can't succeed if we present ourselves as a group of different wineries with uncommon features.

Interviewer: Have you considered the possibility of a different entity representing the group of 5-6 small wineries?
Interviewee: The group members could draw up a memorandum of understanding or create a company or consortium like Italians do. But it is essential to draw up a contract first as otherwise the group would not be able to operate effectively. Whether this initiative is structured as a company or is based on an understanding, it is essential that the participants find common ground to start with. In addition, the person responsible for marketing must be issued with agreed guidelines. For example, imagine that two wineries, Argyrides and Tsiakkas, decide to cooperate in order to promote their products more effectively both at home and abroad. However, they don't feel that there is a need to create a company for this purpose. They have their own oenologists, but they hire consultants with experience of the international wine market. These consultants have their own networks, business connections, who will help them promote their wines. In addition to this, they recruit wine critics to give their wines good reviews which are then published on the different media".

Respondent C stated that "there has to be collaboration among the wineries. I do not see that there is collaboration at an acceptable level. The wineries regard each other as

> competitors. I believe that there will be attempts to coordinate all of the professionals to promote our wines internationally".

Respondent J said that "A wine cluster could access the markets globally. In this way, the small wineries could promote their wines abroad. The formulation of a strategy to reduce the price of wines would allow them to compete globally. By cooperating, the participants can plan and organize themselves into a team, assigning responsibilities to each participant as they see fit. An opportunity was offered to us in the past to store wines in Central Europe. The interested parties could have contributed financially to the upkeep of the storage space. I want to add that wineries in Cyprus need to focus on local varieties in order to compete on the global market".

Respondent B explained that the company had all the necessary means to export wines abroad, but that small wineries might have more difficulties in exporting wines. In contrast, KEO had a long history in exporting wines.

> **Respondent B** stated that "Cyprus wines are not known globally. We need support from the state. There is a lot of competition out there and small wineries cannot compete. If the wineries could put their resources together, it might work. We are trying to do it. This is the main thing. Of course it is important to export wines to the global market. We need to make the international market aware of the Cyprus brand. Earning recognition goes hand in hand with profit. Prestige is important".

> **Respondent H** in contrast to other respondents said: "there is cooperation among wineries. Some already have common distribution networks. We are both friends and competitors. We belong to a union of winemakers in Cyprus. Most of our colleagues do not realise the importance of having a union. The union only has 10-12 members, eight of whom are members of the board.

There is collaboration among winemakers at a certain level. We share supplies and knowledge with three other wineries. For instance a broken pump can be replaced by a colleague, which could have cost me a lot of money otherwise. We need to cooperate with other colleagues for cost effective reasons. Unfortunately, some colleagues view us as competitors instead of friends, while some wineries even spread bad rumors about their colleagues in order to promote their products".

Respondent F stated that "there is collaboration, especially in exportation, but collaboration in production needs improvement. There is an exchange of expertise among wineries, but the average consumer is not aware of this collaboration".

Respondent A supported that "Fortunately there is collaboration. There two different philosophies. Some view collaboration as a win-lose situation. If some businesses succeed, others lose competitiveness. Others view it as a win-win situation where the whole sector benefits from the positive results of collaboration. What is clear is that in order to compete internationally we need to collaborate in research, promotion and exporting. There is a lot to be done. The Cyprus Chamber of Commerce and Industry is an example of good work through collaboration".

Respondent A explained that "The winery has partners with the logistics and infrastructure necessary for exporting wines. The business though is too small to have a separate export department. Nevertheless, management, with the support of our partners, has the knowledge and experience to engage in export activities. At the moment, we have some other priorities like the vineyards, the local market, improving quality infrastructure and domestic resources which are necessary if we want to develop our winery".

Respondent A added by suggesting that "I would set two priorities. The first is that we continue improving the quality of Cypriot wines, giving good value for money, and specialising on the unique Cypriot varieties. We need to make a coordinated effort to build the Cypriot wine brand and target suitable markets abroad".

Respondent D stated that "there is cooperation between wine makers unofficially. They can't support each other on a more organised level. For instance, they might agree on grape prices but later do not fulfil their agreement. Wine makers have to agree on a course of action and stay with it. If they do not keep to it, there is no reason to be part of the group. They should not get involved in associations".

Respondent L explained that their wine business does not cooperate with all the wineries on the island. There is a channel of communication with some of the wineries. They view each other as friends instead of competitors.

Respondent N said that "Tsiakkas and Vlasides wineries are working together to distribute their products. They have hired a sales person to distribute their wines in Cyprus. This is a very helpful decision. The collaboration between the wineries helps them lower the cost of distribution. It would also make sense to share the services of an oenologist or even share workers when they are needed at the vineyards.

Interviewer: Why are some companies reluctant to cooperate?
Interviewee: One reason is lack of trust and the second reason is the dispersion of the wineries".

2. **What methods do you use to promote the wines on the international market?**

Respondent L emphasized that wine businesses should promote quality wines produced from indigenous varieties. Wine businesses needed to use their competitive advantage on the global market.

> **Respondent L** stated that "we need to produce good quality wines from local varieties. We need to find a way of getting foreign traders to try the local wines. The foreign market is huge and our quantities are low so we have to focus on quality. This is the only way to promote wines. In order to produce large quantities we have to promote one kind of wine from each winery in Cyprus."

Respondent L explained that consumers must be educated on the local varieties. Wine businesses needed to promote the local wines by having wine tasting events for foreign consumers. Road shows could also support the efforts to promote wines in foreign countries. The respondent added that TV commercials cost a lot of money. Event organizers abroad could help wineries to promote the wines in different countries. The Cyprus Tourism Organisation (CTO) could also promote local food and drinks abroad. The internet should also be considered as a platform for promoting Cyprus wines abroad. An e-commerce site for Cyprus wines could serve as a channel for promotion and selling wines overseas.

> On the question of marketing strategy **Respondent L** stated that "Cyprus has not managed to promote itself as a wine producer of note. In the past the wineries focused on loose wines instead of quality wines. The policies of past governments have not served the interests of the viticulture sector well. We need to have a common strategy that serves the sector as a whole. If one member of the group of companies succeeds, consumers might want to try the wines of the other members, too. We need to promote Cyprus wines and not the individual wineries".

Respondent K explained that their winery was created to produce quality wines at reasonable market prices. The winery produced low cost wines as well as expensive wines of good quality. **Respondent K** added that the winery acquired adequate stocks and maintained high standards by harvesting grapes from the winery's vineyards, by leasing vineyards and by controlling the quality of partners' vineyards. This is common practice around the world except in Cyprus. Wine makers purchase grapes of varied quality every year, but our winery depends on a quality strategy to produce good quality wines.

As regards to promotion strategy **Respondent K** believes that the most effective approach is to hire the services of representatives who have access to key players on the foreign markets. For example, road shows could be organized to promote wines at restaurants in different cities. Reporters, sommeliers, wine critics and other key players could be invited to these events, which are then reported across different media for the general public. Exhibitions, on the other hand, are seen as chaotic and a waste of advertising money. In contrast, hard copy advertising and electronic advertising is seen by a much broader section of the public and is much more useful.

> *Interviewer:* What about wine competitions?
>
> *Interviewee:* "Awards and medals are very useful marketing tools. After a wine competition, traders get to taste the wines. Wines with medals and awards are viewed more positively and get more attention, and these wines are noted by key players in the wine industry of the target country. Of course we need to continue entering wine competitions".

Respondent B said that the company participated in food and beverage exhibitions. At these events they have representatives with marketing knowledge of large markets.

Respondent C explained that the company posted advertisements through the internet and participated in a variety of exhibitions internationally.

Respondent D stated that they do not visit exhibitions abroad due to time constraints. In the past they did not have the time to engage in the international arena. Their sons are involved in the business, but they still need time before they can venture out to the international arena.

Respondent E explained that they don't have a specialised department for wine exports. The existing Marketing Department is responsible for developing and promoting their brand on the local and international markets. There had been an attempt to promote wines internationally by placing advertisements on flight magazines. The company is also in contact with different clients from overseas. Recently, some wine samples have been shipped to a chain of supermarkets abroad, and they have received encouraging statements from London. **Respondent E** added that if this attempt is successful, they will then implement their plans for exporting.

The job of the Marketing Department is to support the Sales Department. They bring the brand to the public's attention by promoting their products at wine tastings and in magazine advertisements and through their contacts with the press and wine club members. The Sales Department does not get involved in exports. Their responsibility is to sell on the local market. The Kyperounda Winery is in charge of selling wines on foreign markets. **Respondent E** added they promote wines at wine competitions in Italy and Greece, but they also participate in exhibitions in Germany and Belgium. They have also promoted their wines at Cyprus Tourism Organisaton (CTO) booths at exhibitions, magazine advertisements, and newspaper articles in the foreign press.

> **Respondent E** provided a promotional example: "We have developed the Kyperounda winery website and we have received 3-4 thousand LIKES on the site. On the site we provide information on topics that are directly or indirectly connected to the wine industry. For instance, articles on food and wine combining or explanations on how wines get their colours. However, other wineries have been using the internet longer than we have and their sites are more developed, so we need to catch up with them".

PHOTOS PHOTIADES Company plans to invite visitors to harvest grapes from its vineyards. Wine enthusiasts love to participate in these events and it is a good way of promoting wines. At present, the company is responsible for 60 percent of Cyprus wines, 30 percent of Greek wines, and 10 percent of foreign wines sold on the domestic market.

Respondent J explained that the sales representatives' presence at events and meetings with customers are very important. The distribution of wines is conducted by another business while the presentation and promotion of wines are performed by the sales representative of ETKO wines. The Olymbus Winery, a member of ETKO wine, was established in 1982 to add differentiation to the brand.

Respondent J presented a business case: "Five years ago there was an attempt to promote wines by Cyprus embassies abroad. In Paris the embassy invited professionals, journalists, oenologists, sommeliers, but there were only five wineries present. On another occasion, some Chinese traders expressed an interest in Cyprus but the Government did not provide the necessary support for this venture. The Government could provide more support for our initiatives if they put more of their resources at our disposal. For example, by giving access to Cyprus wineries to the databases of our embassies".

> **Respondent A** explained that "The Company is still young and fairly small. There is a person that does promotions and organizes outsourcing to outside experts and consultants. Actually I have two students from France doing their dissertation and working as interns for us. We have to find the resources to develop the winery. We participate at fairs and other events; we locate and communicate with the right distributors based on our criteria. We study market trends and the potential they have. In addition to this, we promote ourselves on electronic and print media".

Respondent A stated that they have a network of business associates in Switzerland, France, and Russia. The winery has attempted to build trade relations with businesses in China and the US. The winery cannot distribute wines directly and needs distributors. They are also in discussion with some others on how to best promote their products on the local market. The company has approached some companies in Sweden for funding to participate at an event. The winery is an active member of the Cyprus Chamber of Commerce. This organisation advices and supports its members in distributing and promoting their wines globally.

Respondent F explained that there wasn't a specialised export department in the business as they could not afford it. The winery participates in wine exhibitions and global wine competitions, advertises on web sites, and the managers personally communicate with other professionals. The business aims to promote wines in hotels and foreign embassies in Cyprus.

Respondent H said that they did not have a person or department responsible for marketing wines abroad either. The winery promoted wines locally by organizing wine tasting events and the management engaged in discussions with customers. There were no online, radio or print advertisements.

According to **Respondent N** their winery did not have a specialised marketing person to promote their wines on the local and global markets. The management had not implemented marketing methods to promote their wines. Nevertheless, visitors can review their wine awards on the winery web site. The winery makes a better profit from visitors because they do not pay commission (30%) to the sales people. Sales to supermarkets require fees and commissions, which also reduce their profit margin.

> **Respondent N** added that "The European Union plans to give 200,000 euros to promote wines outside the Union, but 20% of this must be contributed by the wineries. Can we make something out of 10,000 euros on promotion? Asia could become an important

destination for our wines. As a matter of fact, Tselepos, a Greek winemaker, has come to an agreement with a Chinese company to sell a large quantity of wines every year to China. A Chinese businessman visited our winery and is interested in purchasing wines from us. He and his son ship different Cyprus products to China. He said that he will try to promote Muscat in China".

Respondent M explained that the company participated at exhibitions, wine tasting events and wine industry events. The company makes sales by meeting potential customers at those events although some customers learn about the winery on the internet. Nevertheless, most visitors at these events, about 90 percent, are not serious traders. Good relations are built on mutual interest and good quality products. The respondent stated that the company does not lose customers easily because of its company's reliability. The Company exports one million euros' worth of products, which constitutes a significant contribution to the cash flow of the winery. The survival of the company could depend on export sales.

3. **How does the percentage of international wine sales compare to the percentage of domestic wine sales?**

Respondent L said that "We have 0% global sales. We do not have export sales at the present time.

Respondent K stated that "We do not have a marketing department in the company. Global sales make up 3-5 percent of total sales.

Interviewer: Can you achieve an increase on wine sales?
Interviewee: We are restricted as to how much wine we can sell in Cyprus, but we could increase exports to 10-15% of the total. Now, if we lose the Cyprus market, we have to expand on the global market but we are unprepared to expand at this time. Since

> Cyprus is a small market, the small wineries can survive in the worst case scenario. The biggest problem is with the large wineries that cannot sell their wines on the local market. LOEL imports Spanish grape juice and sells locally. LOEL does not produce Commandaria. SODAP used to have a good market (UK). ETKO is in a good condition, but it is not the big player it used to be. It could probably produce 500,000 bottles at most.

Respondent N explained that some Russian tourists purchase wines to consume in Russia. Others purchase wines to consume at their hotels. The management estimates 30 percent comes from global wine sales. One third of production is sold at the winery. Russians and Finns like to purchase wines from the winery.

Respondent C explained that the winery advertised on the internet and at different exhibitions globally. Local wine sales account for 90% and global wine sales account for 10% of overall wine sales. Respondent C would like to achieve 90% sales on the global market and 10% sales on the local market. Wineries realise that Cyprus is a very small market and they will eventually have to export more.

Respondent E stated that between 5-10 percent of wines from Kyperounda Winery are destined for the global market.

> **Respondent J** responded that the company has an export/marketing department and that of the one million litres produced by the company, 20% goes to the international market.

Respondent A stated that exports make up 20 percent of sales and local sales 80 percent. The objective is to increase export sales to 35-40 percent. The benefits of increasing exports were the diversification of the market, increase in sales, increase in revenue, increase in profitability and diversification of risk.

Respondent F stated that at the present time 4% of its sales are on the international market. Freight businesses could provide better prices if they had a large volume of wines for exportation.

Respondents H and D said that their companies do not sell wines abroad.

4. **Do you cooperate with foreign importers/suppliers? a. Why/ Why not?**

Respondent L stated that "There is no cooperation with wine importers from abroad because they have a different approach to the promotion of wines. There is a group of buyers that is interested in quality wines and another group of buyers that concentrates on cheap wines with high profit margins. Cyprus wines do not have a place in their way of thinking. We are looking for companies that are interested in importing small quantities. Some companies are more interested in quality than in quantity. One solution is to export wines to restaurants, wine shops and hotels. We have to be open minded on this".

Respondent B said that "Our company has an export department to manage wine exportation globally. We also visit wine exhibitions. We support our representatives with our marketing knowledge of large markets. We prefer to give exclusivity to selected distributors. This depends on how important the market is. Exclusivity means they are committed to our standards. We do not sell to others and they have to buy certain quantities. There are fewer restrictions with minimum quantities and they are free to trade other goods. There are different types of agreements but we expect distributors to develop our brand on the market".

Respondent D stated that "We do not export wines globally at present. Also, we do not cooperate with foreign suppliers and the local Winemakers' Union. We are constrained by time and there has to be good reason for belonging to a group. We want to be part of a group where there are results. The wine makers are at fault because they can't work together".

> **Respondent D** added that "To benefit from exports, the company needs equipment and organisation for this purpose. We can't export wine if we can't produce enough. In addition, we need a professional who can find and attract clients from abroad. Lots of people from abroad have expressed interest in buying our wines, but they want to pay one euro per bottle. Obviously, these people are not professionals. We cannot sell our wine for one euro per bottle! We need to be patient. The development of a business requires hard work, patience, respect and time to build a stable business environment".

Respondent F explained that "Management prefers to employ professionals to represent them abroad. These know what the local consumers prefer. The winery is trying to broaden its market abroad instead of restricting itself to the Greek Cypriot diaspora. In the past, Cypriot traders mainly dealt with the Greek Cypriot communities, restaurants and other expat businesses, but the quantities sold were generally small".

> On the question about professional networking **Respondent N** stated that "We don't cooperate with foreign importers and suppliers. We used to collaborate with a trader in England called Leventis because he wanted to support Cypriot winemakers. The name of the company was Vernont Wineries. For 5-6 years, he purchased wines from Tsiakkas and other winemakers but he stopped doing business. We do not belong to a professional network either".

Respondent A explained that they are cooperating with someone on the Swiss, French, and Russian markets. They are also trying to do something in China and the USA. They can't distribute wines directly and need to find distributors. They have exchanged ideas with some individuals on how to best promote their wines on the local markets. They have also discussed the possibility of receiving funds from some companies in Sweden or participate in an event over there.

Respondent C explained that they cooperate with both Cypriot and foreign suppliers for the importation of raw materials such as bottles, labels, caps, and other items.

> **Respondent J** replied that “there are always many business opportunities to expand overseas. In Kenya, ETKO exports Nama to the Christian communities. Archbishop Makarios III baptised many people in Kenya, so we export church wines to Kenya but we need to look for more markets”.

Respondent H stated that they do not have close relations with foreign producers. They know many Greek producers but they do not have any commercial ties.

5. **Are the logistics in Cyprus efficient enough to conduct international sales?**

Respondent L stated that there is an advanced infrastructure to support the distribution of wines abroad. External partners could handle the logistics for the distribution of wines. However, high production costs prevent wineries from entering the global market successfully. Wineries need to focus on the market groups that can afford to buy quality wines. Another obstacle is the high cost of shipping small quantities. This is especially true for airfreight services.

On the same question **Respondent K** explained that Cyprus holds a central position in transportation. Wineries do not have problems transporting wines, even if it is a pallet. It takes three days to ship wines to central Europe. They load the cargo on a ship to Piraeus and transport it on trucks to central Europe. As concerns infrastructure, the Cyprus wine industry uses the same technology that is used in much of the rest of the world. This technology might not be the latest, but this doesn’t affect the wine making process.

On the question of the country's logistics and business infrastructure **Respondent E** stated that "Yes we do have the logistics in the country such as ships, planes, and couriers. We are a small country but we can respond to any call. Our company can export wines. We have a good system and strong distribution network to support even the smallest business in Cyprus. We use information technology to submit invoices and orders electronically. Apart from wines, the company distributes the DIAGIO drinks in Romania and Croatia. DIAGIO trusts us because we have a strong distribution system. The company is connected to these two countries electronically and we can follow products as they are distributed to all customers. There have been many investments in materials and human resources for this purpose".

In contrast **Respondent J** explained that "There is some difficulty in shipping wines from Cyprus due to high shipping costs. If we want to ship wines to our Melbourne distributors, we need to plan six months ahead. The shipping cost affects the final retail price. Germany is close but there are some other wineries that are closer. A central European warehouse could provide valuable support for all of us.

Respondent N said that the business had an infrastructure to export wines in place. The winery places information on shipping and distribution on its web site. The winery does not have a marketing plan for promoting wines but there is good quality service. The winery could export wines in small quantities. Unfortunately, shipping costs are high in Cyprus. For instance, shipping costs can push up the retail price of a bottle of wine to ten euros or more. The winery receives requests from many consumers who want to purchase wines from overseas, but because of the cost of shipping the sales fall through. If the shipping costs were lower, the winery would sell much more wine through the web. The government could help by getting involved in the distribution and promotion of Cyprus wines. The Cyprus government could have reduced shipping costs with a government freight service (EDS Datapost) for Cyprus wines.

Interviewer: Do you think branding is a major reason for not commercializing Cyprus wines globally?

Interviewee: Maybe the reason is that operating costs can't be covered by wine sales. Or maybe costs rise at a later stage and traders do not proceed with the investment needed for organizing an operation in central Europe. At the moment, four wineries are preparing a pallet of wines to send to Denmark by ship. Obviously, this way the cost is much lower than sending goods by airfreight. Hopefully, we'll be able to continue this collaboration. Cyprus wines must be marketed on the global market. Cyprus is an island and to be competitive, we need to use sea freight, which often is very slow. Air freight is faster but very expensive.

Respondent C added that "there are freight companies that can help us export wines. I don't know much about freight companies, but I believe they can help us".

Respondent C agreed with **respondent K** and **respondent L** concerning the country's logistics and business infrastructure. Respondent C stated that freight companies could support wineries in exporting wines. There exists an infrastructure and technology to export wines globally. Furthermore, the wineries have the resources and equipment to produce large quantities of wines. Also, in comparison to many Greek wineries, the technology used by Cyprus wineries is more advanced.

Respondent H explained that "we have the problem of distance. The logistics are very expensive in our case because we live on an island. The high cost of shipping affects the cost of imported and exported goods. It is a factor that prohibits exports to other countries. If we had more civilized neighbors we could have a chance of exporting wines".

Respondent F believes that "freight companies could help us export. I think they could provide better prices if they had a large volume of wines for exportation".

Respondent D explained that the shipping cost is very high in Cyprus. Exporting is only worthwhile in large volumes. Air freight costs are very high. There was an instance of a visitor paying two hundred Cyprus pounds for two cases of Cabernet Sauvignon. An agent could help wine businesses by organising pallets of wine for exportation with all the necessary documents included.

Respondent H, respondent F and respondent D agreed that freight charges are high in Cyprus, which makes Cyprus wines less competitive than foreign wines. The respondent added that the wineries needed to work on building up their reputation on the global market. The benefit of exporting wines overseas is the increase in revenues for the wineries.

Respondent B described the shipping process of raw materials: "A ship that starts its journey from (Rotterdam) usually stops off at another big port before sailing to Cyprus. All of this takes some time. Nevertheless, KEO PLC is a large company and the management has negotiated good prices for importing raw materials".

6. **What are the challenges faced by wine businesses in order to succeed entering the international market?**

Respondent L added that even though there is a warehouse abroad shared by the wineries, they still need to promote the local wines more on the global market. The wineries have to cooperate with a company or person that is interested in promoting Cyprus wines. The respondent emphasized that the problem is not storage of wines but the branding of Cyprus wines.

> **Respondent K** replied to the question about the challenges faced by the wine businesses in order to succeed entering the global market by saying "The main obstacle is the country's size. This increases production costs, and forces wineries to work together. But we don't consider these factors as disadvantages. We need to take these

factors into consideration in order to do our job. We could turn the disadvantages in our favour. We are a small country but we can work differently. For instance we can use some of our strong points to produce quality wines to enter the global market".

On the question about benefits and challenges in exporting wines **Respondent C** explained that "A challenge is the high production costs. Foreign businesses that promote wines on the local market are producing them at a lower cost. We can't compete with those prices. The benefits include an increase in income and the prestige of having Cyprus products on foreign markets".

On the question about the challenges **Respondent E** explained that "The challenges of the wine industry today are the individuality of the wine businesses. We resent a business that succeeds in exporting wine overseas. We need to work as a team and allocate wine quantities according to our members' production capabilities. We have to sell wines overseas because we are a small market. Restaurants promote cheaper wines and it is difficult to introduce quality Cyprus wines. We do have quality wines in restaurants and hotels but generally they don't sell well because businesses look for cheap French, Italian and Spanish wines. A good way out is to promote all our good wines and not just Commandaria, maratheftiko and other better known products".

On the question of challenges in exporting wines and designing marketing strategy **Respondent J** said that "We need to create branding. We have to make our wines better known on the global market. No thought has been given to the correct pricing and branding of Cyprus wines. In order to succeed with exports, we need to concentrate on branding first and not just the financial benefits. We design and provide quality wines. ETKO must have 10 labels on the market in order to succeed. You cannot be present everywhere so we need to specialise in certain brands".

Respondent A explained that "We need product awareness. We need promotional activities, to inform the public, and to confront the attitude that Cyprus wines are not of good quality. After a number of years on the market, Cypriot wines are still not considered to be good value for money.

Interviewer: Is there any other challenge or obstacle impeding us from reaching the global consumer?

Interviewee: We do not have the infrastructure to actively pursue this task. That is why it is good to be in collaboration with other wineries. Cypriot wines do not have brand recognition. We have to build that up".

Respondent D said that "The winery must acquire tanks with temperature control and specialised personnel so they can compete on the global market. The winery must have equipment that can produce volumes of wine of good quality. The winery has 10 tanks that can produce a certain amount of wine. To produce wines for export, we first need to buy suitable grapes, make the wine, and then export it to the interested parties. The exportation of wines must be profitable to expand the business. Every year we have to pay for operating costs and we have to be profitable before even thinking of exporting wine".

Respondent F continued by saying that "Small local wineries have difficulties in engaging in exports and they need to outsource the exports. Large wineries have departments that deal with exports. I believe there should be an individual who can coordinate small wineries and get them to work together. There should also be someone who can promote the wines and obtain funding from the European Union. The first products they should focus on for such a project should be the more successful ones like Xinisteri, Maratheftiko, and Commandaria. I think there are 6-7 wineries that are capable of taking part in this".

Summary of Analysis

Interview analysis of the promotion of Cyprus wines

	Marketing strategy and methods	Logistics and Infrastructure (Technology, Facilities)	Professional networking	Benefits and challenges
Respondent A	*We participate in food and beverage fairs and other events. *We study their market trends and potentials. *We also promote through electronic and print media.	*We do not have an export department. *We outsource export activities to experts. *We locate and communicate with the right distributors based on the criteria.	*We belong to the Cyprus Chamber of Commerce wine producer cluster. *We also try to use some of the funding programs of the ministry of commerce and the wine producer cluster for promotional purposes.	*We have to find the resources for the development of the winery. *The benefits of increasing the exportation of wines are the diversification of the market, increase in sales, increase in revenue, increase in profitability, diversification of risk.
Respondent B	*Our company has an export department to manage wine exportation globally. *We also visit wine exhibitions. *We support our representatives with marketing knowledge in large markets.	*We cooperate with foreign suppliers by designating exclusive distributors. * We are a large company so we negotiate good shipping prices.		*Cyprus wines are not known globally. *Small wineries have more difficulties exporting wines.

Respondent C	*We basically advertise through the internet and different exhibitions globally.	*The companies that manage logistics could help us export wines. *There is an infrastructure for exporting wines. *We have the resources and equipment to produce large quantities of wine. *We have the latest technological equipment in comparison to many Greek wineries.		*High production costs are a problem. *Foreign businesses that promote wines of lower cost on the local market. *The benefits are increased income, prestige of having Cyprus products on foreign markets.
Respondent D	*We do not have an export department.	*We do not export wines globally at present. *The shipping costs are very high in Cyprus.	*We do not cooperate with foreign suppliers or the local winemakers' union. *The wine makers are at fault because of their failure to work together.	*Merchants want to purchase wines for 1 euro per bottle.
Respondent E	*There isn't a specific department for wine exports. *The existing marketing	*We do have the logistics in the country such as ships, planes, couriers. *Our company can		*The challenges of the wine industry today are the individuality of the wine businesses. *There is a

	department develops the brand on the local and global markets. *Corporate web site, social media networks. *Placement of advertisements on flight magazines, wine tastings, visits by the press, wine clubs, wine exhibitions and competitions, Cyprus Tourism Organisation booth abroad. * The wine industry needs to focus on local vine varieties to sell more wines overseas.	export wines. *We use information technology to make sales, and send orders and invoices. *The information technology such as sales, invoices, and sale orders go electronically.		demand for our wines from businesses abroad such as restaurants and wine shops. *We have to think strategically to develop more local vine varieties.
Respondent F	*We don't have a department responsible for exports. *We participate in wine exhibitions and international wine competitions. We advertise on web sites, and personally	*Logistics business can provide better prices if they are requested to export larger volumes of wine. *Small local wineries have difficulties in engaging in	*We are not part of a global wine network but we cooperate with individuals.	*The benefits in exporting wines are the diversification of risk and increases in production volumes. *Cyprus is not known as a producer of quality wines

	communicate with professionals.	exports and they need to outsource them.		*A professional could also support wine makers in promoting the brand with European funds.
Respondent G		*The logistics are very expensive.	*We belong to the Cyprus Chamber of Commerce wine producer cluster.	
Respondent H	*We do not have a person or department that is responsible for marketing our wines abroad. *Promotion of our wines locally by organizing wine tastings, having discussions with customers and word of mouth. *No advertisements online, radios or print. * Brand name is a major factor when penetrating foreign markets. * One third of	*The logistics are very expensive. * We do have the facilities to export small quantities. *We cannot export large quantities to other countries.	*We do not have close relations with foreign producers. *We belong to the Cyprus Winemakers Union.	* The benefits of exporting wines overseas are the additional revenues for the winery.

	production is sold at the winery.			
Respondent I		*The logistics are very expensive.	*We belong to the Cyprus Chamber of Commerce wine producer cluster.	
Respondent J	*The company has an export/marketing department. *Our presence at events and meetings with customers are very important. *The owner and the member of a business have to be present at different events. *In 1982 Olympus winery was built to differentiate the brands. *Get the winery to move away from producing loose wines to promoting bottled wines of	*The distribution is done by another business but we have to present and promote the products ourselves. *There are some difficulties in shipping wines from Cyprus due to the high cost of shipping. *A central European warehouse could provide support.	*Cooperation, organisation and planning by the cluster to distribute wines overseas.	*Cyprus wines are not priced or branded properly.

	good quality. *In the next decade the portfolio has to be reduced from thirty to ten in order to focus on quality not quantity.			
Respondent K	*We do not have a marketing department in the company. *The road shows with representatives that present wines in city restaurants. *Representatives invite reporters, sommeliers, wine writers and key players. *Equally important is to find a common ground with the 5-6 wineries so we can promote the same line of products.	*We are central to transportation. *We use the same technology that is used by other wine industries around the world.		*It would be beneficial if we could bring money into the country instead of having to recycle what there already is. *The main obstacle is the country's size because it increases production costs.
Respondent L	* Road shows for Cyprus wines abroad, inviting reporters, Wine Traders, Wine shop owners, Media,	*We do have the facilities and technology to export wines. *We have partners that can ship wines abroad.	*There is no cooperation with wine importers from abroad.	

	ecommerce sites for Cyprus wines. *We need to produce good quality wines from local varieties. *The Cyprus Tourism Organisation (CTO) can also help us promote local food and drinks abroad.	*The high shipping cost for small quantities is an obstacle for us. *Airfreight costs are prohibitive for the wineries.		
Respondent M	*There is an export department. *Participation at exhibitions, wine tasting events, Cyprus Tourism Organisation and wine industry events.	*Made necessary investments to accommodate exports. * Technical department and specialised people.	*Good relations built on mutual interests and good quality products. *We do not lose customers very easily because of our reliability.	
Respondent N	*We don't have a marketing person that is specialised in promoting the wines on the local and global markets. *We have not implemented marketing methods to promote our wines.	* There is an infrastructure to export wine. *Shipping costs are high because we are an island.	* We don't cooperate with foreign importers and suppliers.	*European plan of 200,000 euros for promoting wines outside the European Union.

4.2 Summary

Research Objectives	Research Questions	Research Findings
1. To systematically review the literature on structural design and export strategies in the global wine industry and to identify the key factors of structural design that appear to impact wine export strategy.	**1.** What are the characteristics of the structural design of successful global wine-exporting businesses? **2.** Are executive managers adequately educated to support global trade? **3.** What is the motivation of the owners of small businesses when designing an export strategy?	**1.** Management efficiency on procedures for wine exportation. **2.** Competitive price of the wines of global businesses. **3.** Balance between wine quality and price. **4.** Low shipping costs of global wine businesses due to production volumes. **5.** Increase in revenues by exporting wines. **6.** Multiple benefits for wine businesses that engage in global trade.
2. To identify structural designs preferred by the wine industry and key factors impacting the choice of export strategies.	**4.** Based on literature and research findings, how does a structural design affect the formulation of an export strategy?	**7.** Management approach to global trade. **8.** Participation in global wine networks and cooperation with global partners. **9.** Medium and large size businesses exporting wines.
3. To contribute theoretically and to develop a model concerning the impact of structural design on export strategies based on literature and research findings.	**5.** How many resources are devoted by management to promoting wines abroad? **6.** What types of resources are allocated by management and shareholders to the export of wines to the global market?	**10.** Investment of resources in Information technology and marketing of products.

4. To contribute practically through recommendations to Cyprus wine businesses about their structural design and the implementation of an optimal export strategy.	**7.** What practical solutions can be provided to Cyprus wine businesses regarding their structural designs? **8.** What practical methods are used to support Cyprus wine businesses in their efforts in exporting wines?	**11.** Train personnel in exportation procedures and global negotiation methods. **12.** Develop a network of associates for the exportation and distribution of wines. **13.** Concentrate on the cultivation of indigenous vine varieties. **14.** Improve wine quality and price to compete globally. **15.** Decrease production costs through the cooperation of several small and medium wineries. **16.** Invest resources in brand building of Cyprus wines globally.

CHAPTER 5
CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

The structural design of small and medium wine businesses in Cyprus is organic. Managers and employees take on multiple responsibilities. These businesses have implemented a flexible design and taken many risks to produce and to promote their wines on the local market. Hisrich, Peters and Shepherd (2008) suggested that the management structure of the entrepreneurially managed firm is organic.

Large wine businesses have implemented hierarchical/mechanistic or matrix structural designs. Robbins, DeCenzo and Coulter (2013) described mechanistic organisation or bureaucracy as the natural result of combining work specialisation, departmentalisation, authority and responsibility, span of control, centralisation and formalisation. In Cyprus, large wine businesses have created specialised departments to promote and to export wines globally.

The formulation of an export strategy is related to the management philosophy in exporting wines globally. Structural design has an impact on the formulation of an export strategy because of job specialisation, business culture, marketing strategy, product quality, pricing strategy, branding and absence of synergies among wineries. Other factors affecting the formulation of an export strategy include high distribution cost, cultivation of indigenous vine varieties, limited product quantity for exportation, high production costs, and weather conditions.

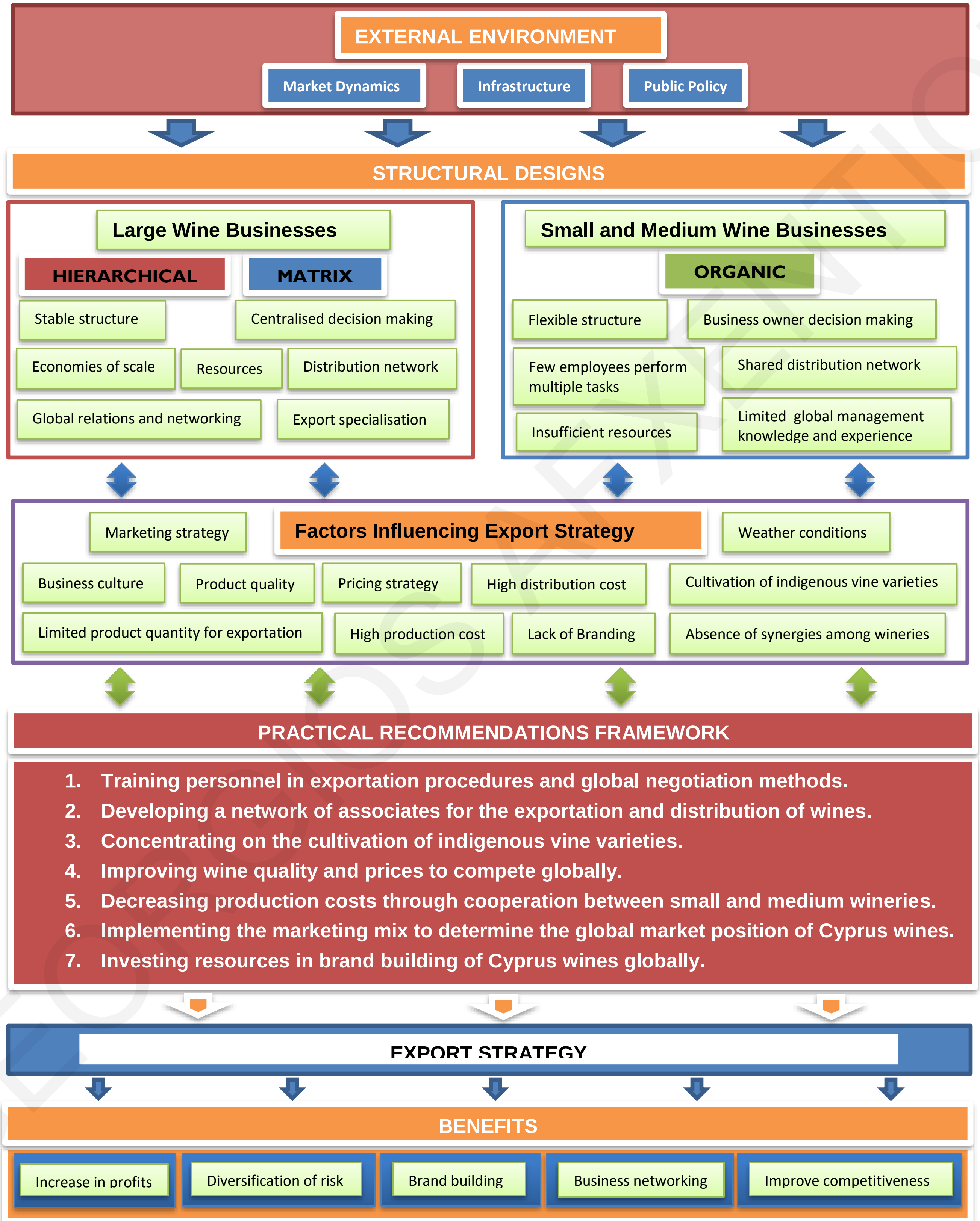
The businesses benefit from the exportation of wines by increasing profits, diversifying risks, creating professional networks, developing product brand and improving competitiveness. All these factors and benefits are included in the model that serves as guidance for management when designing an export strategy.

Lynch (2012) stated that modern strategists believe that strategy and structure are interlinked. However, it may not be optimal for an organisation to develop its structure after it has developed its strategy. The strategy and the structure associated with it may need to develop at the same time in an experimental way: as the strategy develops, so does the structure. The organisation learns to adapt to its changing environment and to its changing resources, especially if change is radical. The strategy process is emergent, then the learning and experimentation involved may need a more open and less formal organisational structure.

Finally, the research on the impact of structural design on export strategy in the wine industry was an invaluable experience. The research thesis presents structural design characteristics that managers should consider before formulating an export strategy. The successful penetration of a global market is the result of a well thought out and well-designed export strategy by the management of wine businesses.

5.2 CYPRUS WINE INDUSTRY EXPORT MODEL

5.2.1 FIGURE D2



5.2.2 Explanation of the Cyprus Wine Industry Export Model

The research on the effect of structural designs on export strategy aids the researcher in the development and recommendation of a model for wine businesses. The recommended model for wine businesses in the formulation of an export strategy is comprised of five pillars; 1. Structural designs, 2. Export strategy, 3. Factors, 4. Practical recommendations and 5. Benefits. Structural Designs is divided in two categories: 1. Large wine businesses 2. Small and Medium wine businesses.

The characteristics of large wine businesses include hierarchical and/or matrix structural designs, stable structure, centralised decision making, economies of scale and resources which were analysed from academic literature (journals, articles, books, magazines etc.). Large wine businesses have stable structures and centralised decision making processes involved in the production and promotion of wines globally. Moreover, large wine businesses possess the necessary resources to produce large volumes of wines. Information on global networking, export specialisation and distribution network characteristics was deduced from the interviews with managers in wine businesses. Most managers of large wine businesses maintain that their organisations encourage a positive attitude towards the exportation of wine and nurture long established business relations with partners abroad. They explained that they have export departments and specialised personnel to manage foreign trade. They have also developed distribution networks to export wines abroad.

According to the academic literature studied, the characteristics of Small and Medium wine businesses include organic structural designs, flexible structures with limited global management knowledge and experience. Small and Medium wine businesses tend to adopt a flexible structure to manage their operations on the market. Nevertheless, these types of businesses have limited global management knowledge and experience. From the interviews it was deduced that in Small and Medium wine businesses owners have the final say in the decision making process and employees perform multiple tasks. Two other characteristics are shared distribution networks and insufficient resources. The managers explained that their wine businesses hire few employees who perform different tasks such as cultivation of the vineyards, collection of grapes, production, distribution and promotion of wines. The managers also explained that production, promotion and distribution costs are high and that their businesses have insufficient resources to produce large quantities of quality wines. This prevents them from engaging in the exportation and promotion of wines on the global market.

Structural designs are instrumental in the formulation of an export strategy. Large wine businesses have greater knowledge and experience in exporting wines globally compared to small and medium wine businesses. Even though some small and medium wine businesses engage in the exportation of wines, they need support in order to increase sales and expand their business networks. Structural design does seem to affect the level of involvement of businesses in the global trade of wines.

The second pillar, the formulation of the export strategy is influenced by the Factors and Practical Recommendations. The third pillar, Factors is divided in two categories: 1. External environment and 2. Factors influencing export strategy. External environment includes factors such as market dynamics according to academic literature. On the questions of infrastructure and public policy, the interviews with managers in the wine businesses suggest that market dynamics, public policy and the country's infrastructure directly affect wine businesses. The increased competiveness in local and global markets has changed management attitudes towards producing and promoting wines locally and globally. The public policy of uprooting the Mavro vine variety has deeply affected the quantity of grapes available for wine production in Cyprus, while another government policy has discouraged wine businesses from producing Commandaria, a sweet red wine that is in great demand by consumers on the local and global markets.

Academic literature identifies business culture, marketing strategy, product quality, pricing strategy and branding as factors influencing export strategy while local wine producers mention high distribution costs, cultivation of indigenous vine varieties, limited product quantity for exportation, high production costs, absence of synergies among wineries and weather conditions as contributing factors. The business culture is a major factor that affects export strategy, while management behavior, attitudes and perceptions are determinants in the formulation and implementation of an export strategy. Marketing strategy, pricing strategy and product quality contribute to product development and promotion in target markets. According to interviewees, management is responsible for designing products that meet the needs of consumers. Wine businesses need to concentrate on indigenous vine varieties and take advantage of the good weather conditions of the country to develop quality wines.

The fourth pillar, Practical Recommendations includes the researcher's recommendations to wine businesses for formulating an export strategy (5.2 Cyprus Wine Industry Export Model, p.166). The purpose of the practical recommendations framework was to guide management in developing an export strategy and entering the global market. The framework covered the training of employees, development of business networks, cultivation of indigenous vine varieties, improvement of wine quality and price, reduction of production costs, implementation of a marketing mix and investment in brand building.

According to academic literature, the fifth pillar, Benefits, includes increase in profits, diversification of risk and improvement of competitiveness. Interviewees mentioned brand building and business networking as important factors. The fifth pillar points the advantages of engaging in global trade. The multiple benefits and advantages of this engagement are driven by the influence of structural designs on export strategy.

5.3 Practical recommendations

The research thesis concentrated on the effect of structural design on export strategy. The researcher aimed to identify the factors of structural designs that affect the formulation of an export strategy to a large degree.

A qualitative method was applied to this research when interviewing the business owners and managers of fourteen wine businesses. The researcher also analysed data from the government statistical service and reviewed a number of business cases.

The discussion with managers in the Cyprus wine industry raised some issues such as funding for brand awareness of Cyprus wines, cultivation of vineyards with local varieties, production and distribution costs and the development of business networks that deserve special consideration by the Government, the wine businesses association, vine growers and consumers in general.

The researcher developed a practical recommendations framework to support the management of wine businesses. The framework aims to guide managers in formulating an export strategy to enter the global market.

PRACTICAL RECOMMENDATIONS FRAMEWORK
1. Training personnel in exportation procedures and global negotiation methods.
2. Developing a network of associates for the exportation and distribution of wines.
3. Concentrating on the cultivation of indigenous vine varieties.
4. Improving wine quality and prices to compete globally.
5. Decreasing production costs through cooperation between small and medium wineries.
6. Implementing the marketing mix to determine the global market position of Cyprus wines.
7. Investing resources in brand building of Cyprus wines globally.

Recommendation 1: Training personnel in exportation procedures and global negotiation methods.

Wine businesses need to train their personnel in exportation procedures and regulations. The acquisition of technical and legal knowledge by employees gives them a competitive advantage over their competitors on the local and global markets. The learning process supports employees and improves their skills when preparing documents, communicating with global businesses, monitoring shipments and therefore reducing distribution and handling costs. An understanding of exportation procedures and the selection of reliable partners ensures that wine businesses offer a high quality service on the global market.

The managers of wine businesses need to be trained in negotiation methods and techniques for trading wines overseas. The acquisition of negotiation skills by employees is bound to help wine businesses reach better agreements with global businesses. The sale of wines on the global market can be a profitable and prestigious business which can only succeed if the terms and conditions are favourable to those concerned.

Recommendation 2: Developing a network of associates for the exportation and distribution of wines.

The development of a network of associates for the exportation and distribution of wines is crucial to the successful penetration of the global market. The management of a wine business needs to develop a network of associates. This includes freight companies, representatives in other countries, chambers of commerce, merchants, trade associations and wine associations among others. Such a network supports wine businesses in producing wines, preparing documentation, transportation, distribution and promotion of wines on the global market. Representatives and other associates have the necessary trade knowledge to manage wines in the targeted market. All of this will help exporters maintain a high quality of service, reduce distribution and promotion costs and act as a valuable business link to wine businesses. This structure ensures that there is proper handling, monitoring, distribution and promotion of wines overseas.

Recommendation 3: Concentrating on the cultivation of indigenous vine varieties.

Wine businesses in Cyprus need to concentrate on the cultivation of indigenous vine varieties. This could create a competitive advantage by improving the quality of wines. In order to make a successful entry into the global market, Cyprus wine businesses must produce, distribute and promote local wines that match or even surpass foreign wines in quality and price. To a great extent, the characteristics of Cyprus grape varieties are determined by the peculiarities of local soils and climatic conditions, and it would be difficult for any foreign wine company to plant the same varieties abroad and produce wines with the same taste and aroma.

Laudon K. and Laudon J. (2016) supported that the most widely used model for understanding competitive advantage is Michael Porter's competitive forces model. In Porter's competitive forces model, the strategic position of the firm and its strategies are determined not only by competition with its traditional direct competitors but also by four other forces in the industry's environment: new market entrants, substitute products, customers, and suppliers.

According to the Porter's five forces model a strong competition by foreign wine producers is evident by the fact that they have managed to align the price and the quality of their wines. The Cyprus wineries have not adopted the same strategy to penetrate foreign markets. The misalignment of price and quality of Cyprus wines were the major factors preventing the wine businesses from entering the global market. The government policy for uprooting vineyards in the 1980's and the continuous building development in the wine producing regions have created huge problems for viticulture.

The suppliers of grapes to wineries (vine growers) had difficulties in harvesting enough quantities of grapes for wine production. Therefore the wineries only had sufficient quantities to supply the local market but not the global market.

The Cyprus wine industry faces many barriers when trying to enter some countries like Australia where there are strict regulations and tariffs charged on foreign wines. The government of Australia tries to protect their own wine production against foreign wines. The Scandinavian countries (Finland, Norway, Sweden) used a specialised mutual market system where they purchased wines from suppliers from around the world with the deployment of an e-procurement software. They later distributed the wines in their countries through their own stores. In addition, Cyprus is an island and therefore the shipment of wines had a high cost to wine businesses.

Recommendation 4: Improving wine quality and prices to compete globally.

The quality and the price of the Cyprus wines need considerable improvement compared to foreign wines. Wine businesses have already taken substantial steps for the improvement and development of wine quality. For example, they have employed oenologists to improve wine quality and produce new wines from local vine varieties. They have also hired the services of agriculturists to support the vine growers in improving the quality of the vineyards that produce good quality grapes.

Nevertheless, these good quality wines need to be sold at competitive prices on the global market. The cost of production has to be reduced and they need to balance the price and quality of their wines if they want to compete with foreign wine producers.

Recommendation 5. Decreasing production costs through cooperation between small and medium wineries.

The concept of cooperation among wine businesses in Cyprus has been widely accepted and encouraged by experts, businesses, professional associations and government. The sharing of resources and participation in professional networks are necessary steps to succeed in penetrating existing and new markets. Production, distribution and shipping costs also need to be brought down. The creation of strong alliances and synergies among small and medium wine businesses offers the opportunity to purchase raw materials at a lower price and therefore produce wines at competitive prices. They can share technical knowledge and know how to improve current wine making techniques that prevent spoilage and reduce waste. This activity would help to reduce the cost of production and increase the quality and value of the wines. In addition, lower production costs permit small and medium wine businesses to transport wines to different parts of the world at competitive selling prices.

Recommendation 6: Implementing the marketing mix to determine the global market position of Cyprus wines.

The Cyprus wine businesses should consider implementing the marketing mix to help them determine the global market position of Cyprus wines. Khan (2014) stated that Kotler, Armstrong, Wong, & Saunders (2008) defined the marketing mix as a set of controllable marketing tools used by a company for creating a desired response in the targeted market. These elements or tools of marketing mix are the basic, tactical components of a marketing plan. The marketing mix is also referred to and known as the Four P's, i.e., product (P-1), price (P-2), place of distribution (P-3), and promotion (P-4) which are marketing mix elements. These are the primary ingredients of a marketing strategy and a means of translating marketing planning into practice. McCarthy (1960) was the first to suggest the four P's.

Tandon and Sethi (2017) explained that the 4 Ps have been associated with the marketing mix since their creation by E. Jerome McCarthy in 1960. The McCarthy classification is the most important basis of marketing (Van and Van, 1992, p. 83). This classification, also called marketing mix, comprises four elements (the 4Ps): product, price, place, and promotion (Kotler and Keller, 2009, p. 63).

Khan (2014) stated that Booms and Bitner's 7Ps model is the most influential mix as they suggest that the traditional 4Ps need to be modified for services but also need to be extended to include participants, physical evidence and process.

The Marketing Mix of 7 Ps:

1. Product
The Cyprus wine businesses need to focus on the indigenous vine varieties and the wine quality to differentiate themselves from the global competitors. Greece, Italy, Portugal and Spain have developed and implemented a marketing strategy to concentrate on their indigenous vine varieties successfully. They have managed to promote and export their wine globally because they offer specialised wines at competitive prices and of high quality. Consumers are interested in tasting local wines of good quality and fair price.

2. Place
Wine businesses should consider developing ecommerce sites to promote and sell their wines at designated shops in different locations in Cyprus and abroad.

3. Price
The price and the quality of the Cyprus wines have improved dramatically in the last fifteen years. Wineries are willing to continue improving the quality and the price of the new local wines so they can compete on the market. Consumers have the opportunity to compare local wines with foreign ones in different stores in Cyprus.

4. Promotion

The wineries have invested time and money in promoting their wines on the local and global markets. Some of the wineries promote their wines with the support of social media such as facebook, linkedin and twitter. They have also created online banners to promote their wines for young consumers. The wineries need to integrate the print and online media as a main part of their marketing strategy.

5. People

The wineries have invested in training personnel and supporting vine growers so they can produce competitive wines. They need to continue investing resources in educating their employees and their partners in order to become more competitive and sustainable enterprises.

6. Processes

Part of the wineries' marketing strategy is to open the wineries to the public. They offer the opportunity to visitors to taste and to purchase their wines at their premises. This marketing activity has multiple benefits for the wineries and also for the consumers. The wineries are able to sell their wines at a low cost and consumers have the opportunity to meet with the winemakers and purchase wines directly.

7. Physical Evidence

The wineries provide buyers with brochures that explain in detail the characteristics of each wine. They offer the opportunity to customers to taste and purchase wines at the stores.

Recommendation 7: Investing resources in brand building of Cyprus wines globally.

The promotion of Cyprus wines on the global market and brand building should be considered a high priority by wine businesses, professional wine associations and the government of Cyprus. The establishment of a professional network by the wineries could support them in the development of a marketing strategy, while the financial support from public organisations and wineries can help to promote new wines in the targeted markets. The successful creation of a brand image for Cyprus wines should be the main objective of a marketing strategy. The wineries could create a concept for the Cyprus wines such as the warm weather and ideal soil for growing quality grapes. The establishment of the brand name could be promoted in exhibitions, magazines, road shows, billboards, websites, radio and television. Also, an emphasis on digital marketing and online promotion would help the wineries reach a wider audience. The integration of the online and print promotion methods would create a robust marketing strategy. This can only be achieved if there is a collective effort by all concerned. Managers in the wine industry agree that the brand building of Cyprus wines is one of the most important factors for successful penetration of the global market. The successful creation of a brand will benefit not only the local wineries but the Cyprus economy as well.

5.4 Theoretical contributions

There are a variety of structural designs that support the nature and final structural form of a business. Mechanical/hierarchical and matrix structural designs perform better in the exportation of wines than organic/flat structural designs. A specialised department for the exportation of wines in a hierarchical/mechanical structural design organisation has a positive and constructive effect on the formulation of an export strategy and is necessary for successful penetration of the global market. Large wine businesses with a robust hierarchical structure have managed to establish trade relations, create professional networks, gain knowledge and experience, as well as distribute and promote Cyprus wines abroad. Small and medium wineries with an organic structural design have had more difficulties in engaging in global trade. The lack of experience and knowledge of management, the inefficiency of resources of the organisation and the limited quantity of wines among others have prevented them from trading on the global market.

Hisrich, Peters and Shepherd (2008) supported that organic design has few layers of bureaucracy between top management and the customer and typically has multiple informal networks. Small and medium wineries adopt this type of structural design as its flexibility is more suited to an organisation with few employees. Some of the benefits of organic design are easier and effective management of resources, cultivation of vineyards, wine production and design of wine promotion among others. The challenges of organic design are the need for managers and employees to multi-task, their lack of specialisation, limited resources and the fact that production is focused largely on the local market.

Robbins, DeCenzo and Coulter (2013) explained that the main characteristics of mechanistic organisation are: 1. Rigid hierarchical relationships, 2. Fixed duties, 3. Many rules, 4. Formalised communication channels, 5. Centralised decision authority, and 6. Taller structures. In addition, job specialisation through the use of departmentalisation increased impersonality and the need for multiple layers of management to coordinate the specialised departments.

Large wine businesses in Cyprus have adopted the hierarchical/mechanistic structural design. These companies are divided into departments such as accounting, sales, marketing, export, production in order to better control their activities. Export is a specialised department of the wine businesses that coordinates the sale, promotion and distribution activities of the organisation. The experience and knowledge of management and long term business relationships with customers are essential ingredients in their success on the global market. According to Griffin (2008) a mechanistic organisation is quite similar to the bureaucratic model that was most frequently found in stable environments. Free from uncertainty, organisations structure their activities in rather predictable ways by means of rules, specialised jobs, and centralised authority. An organic organisation, on the other hand, is most often found in unstable and unpredictable environments, in which constant change and uncertainty usually dictate a much higher level of fluidity and flexibility.

The development of a new Mutual (M) structural design that shares structural characteristics with those of small and medium businesses could be a useful tool. The (M) structural design aims to support small and medium wineries develop an export strategy. These wineries could adopt a business model that deploys common resources to distribute and promote wines. They would be able to share resources and expertise as this type of structure is more flexible. A group of six wineries could share part of their resources by creating an export department that could shape the export strategy and manage operations. They could lease or buy a warehouse, open an export office, recruit an export officer and a marketing manager to promote the wines globally. These wineries might develop a series of new or existing wines from indigenous vine varieties, and go on to produce a larger volume of wines which they would store, distribute and promote globally. An (M) structural design could provide an advantage to small and medium wineries as they would be able to share resources and engage in the exportation of wines. Wineries would not have to dissolve existing structures or cease operations, just share some of their resources on a mutually accepted structural design. This would allow them to increase profits, build up their brands and exchange knowledge and expertise with their partners.

5.5 Limitations

A larger sample size could have enhanced the scope of this research. The investigation could have been carried out in other countries in order to diversify the selected sample of wine businesses engaged in global trade. Even though the research had been conducted in Cyprus the research findings could be transferred and applied to other countries that faced similar problems in their wine industries. For example Bulgaria, Romania, Croatia, Estonia and Moldova could implement an export strategy that concentrated on the indigenous vine varieties and niche markets around the globe. It is imperative to produce specialised wines based on the local vine varieties and deploy a marketing strategy to support their promotion in the local and global markets. Many wine businesses could increase profitability, build their brand identity and become more competitive in the markets.

5.6 Future research

Further research on the characteristics of structural designs that support the penetration of new markets could reveal additional benefits. The researcher identified and analysed various factors of structural designs that affected export strategy: decision making, leadership, executive education and experience, motivation, expectations, export specialisation, economic resources, and business networking among others.

In the future, a useful addition to this research would be to trace and integrate the commonalities among structural designs, consumer behaviour and trends, and export strategy. Psychological factors such as consumer behaviour and trends could reveal new perspectives.

In addition, future research should investigate the social and business interactions between wine business managers and trade partners (retailers, wholesalers). The social and business links and interactions among business owners, marketing managers and purchasing managers could reveal new aspects of the effects of structural design on export strategy. The close relationships and similarities in the personalities of managers in different countries are factors that deserve further investigation. The identification and analysis of managers' social and business interactions could also add to the existing research outcomes.

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APPENDICES

TABLE A1. CYPRUS MINISTRY OF AGRICULTURE – PUBLICATION OF 2015. Intra-Extra EU trade Commodity and Country Jan-Apr 2015.

Economic Sector	2015				2014			
	April		January - April		April		January - April	
	€000's	%	€000's	%	€000's	%	€000's	%
GRAND TOTAL	**75.512**	**100,00**	**272.434**	**100,00**	**68.318**	**100,00**	**257.641**	**100,00**
AGRICULTURAL PRODUCTS(RAW)	**12.061**	**15,97**	**36.448**	**13,38**	**16.658**	**24,38**	**48.474**	**18,81**
Live trees, bulbs, cut flowers	7	0,01	113	0,04	13	0,02	85	0,03
Potatoes	6.743	8,93	13.468	4,94	11.508	16,85	21.936	8,51
Other vegetables fresh, frozen or dried	414	0,55	2.085	0,77	526	0,77	2.648	1,03
Citrus fruit	1.553	2,06	10.061	3,69	2.720	3,98	15.020	5,83
Grapes, fresh	-	-	1	-	-	-	-	-
Fish (Live, fresh, chilled or frozen)	2.486	3,29	8.696	3,19	1.798	2,63	6.654	2,58
Live animals	751	0,99	1.524	0,56	1	-	1.843	0,72
Plants used in perfumery, pharmaceutics, insecticides, fungicides, etc.	99	0,13	280	0,10	71	0,10	224	0,09
Other fruits, fresh, frozen or dried	1	-	145	0,05	5	0,01	16	0,01
All others	5	0,01	75	0,03	16	0,02	48	0,02
MINERALS	**417**	**0,55**	**1.786**	**0,66**	**506**	**0,74**	**1.982**	**0,77**
Bentonite(excl. activated)	406	0,54	1.766	0,65	479	0,70	1.897	0,74
All other	11	0,01	21	0,01	27	0,04	85	0,03

Economic Sector	2015	2014

	April		January - April		April		January - April	
	€000's	%	€000's	%	€000's	%	€000's	%
INDUSTRIAL PRODUCTS OF AGRICULTURAL ORIGIN	**15.837**	**20,97**	**53.561**	**19,66**	**12.717**	**18,61**	**47.043**	**18,26**
Meat	177	0,23	783	0,29	203	0,30	993	0,39
Halloumi cheese	11.878	15,73	36.628	13,44	8.756	12,82	30.705	11,92
Cheese (excl. halloumi)	30	0,04	579	0,21	88	0,13	288	0,11
Honey	-	-	7	-	-	-	-	-
Locust beans (incl. seeds)	27	0,04	634	0,23	414	0,61	1.684	0,65
Fruit preserved	104	0,14	383	0,14	71	0,10	410	0,16
Fruit and vegetable juices	2.505	3,32	8.685	3,19	1.804	2,64	6.973	2,71
Beer	76	0,10	443	0,16	57	0,08	306	0,12
Wines	**63**	**0,08**	**439**	**0,16**	**22**	**0,03**	**346**	**0,13**
Alcoholic beverages (excl. beer and wines)	58	0,08	129	0,05	2	-	82	0,03
Raw hides and skins	283	0,38	944	0,35	177	0,26	967	0,38
Milk and cream, not concentrated nor containing added sugar	140	0,18	1.045	0,38	284	0,42	1.074	0,42

TABLE A2. EXPORTS OF GRAPES.

ΕΞΑΓΩΓΕΣ ΚΥΡΙΟΤΕΡΩΝ ΓΕΩΡΓΙΚΩΝ ΠΡΟΙΟΝΤΩΝ ΚΑΤΑ ΧΩΡΑ ΠΡΟΟΡΙΣΜΟΥ, 2013-2014
EXPORTS OF MAIN AGRICULTURAL PRODUCTS BY COUNTRY OF DESTINATION, 2013-2014

Προϊόν/Χώρα	2013		2014		Product/Country
	Ποσότητα (τόνοι) Q/ty (tons)	Αξία Value FOB €000΄s	Ποσότητα (τόνοι) Q/ty (tons)	Αξία Value FOB €000΄s	
ΜΑΝΤΑΡΙΝΙΑ	**29.678**	**17.411**	**20.022**	**11.219**	**MANDARINES**
Φιλλανδία	0	0	0	0	Finland
Γερμανία	1.313	944	290	151	Germany
Σουηδία	74	53	404	168	Sweden
Ηνωμένο Βασίλειο	397	242	599	367	United Kingdom
Ρωσσία	18.764	10.556	8.140	4.210	Russia
Ουκρανία	436	258	498	272	Ukraine
Βέλγιο	1.091	792	899	657	Belgium
Άλλες χώρες	7.602	4.566	9.193	5.394	Other countries
ΣΤΑΦΥΛΙΑ	**513**	**957**	**397**	**759**	**GRAPES**
Ην. Βασίλειο	13	25	1	2	United Kingdom
Γερμανία	354	619	273	474	Germany
Ελλάδα	0	0	5	9	Greece
Βέλγιο	0	0	0	0	Belgium
Αυστρία	147	313	118	270	Austria
Ιταλία	0	0	0	0	Italy
Άλλες χώρες	0	0	1	4	Other countries
ΠΑΤΑΤΕΣ	**95.486**	**53.884**	**105.913**	**42.811**	**POTATOES**
Ην. Βασίλειο	30.709	17.162	21.277	9.291	United Kingdom
Γερμανία	12.876	7.273	14.283	6.200	Germany
Ιρλανδία	1.499	781	914	330	Ireland
Νορβηγία	1.175	654	1.422	707	Norway
Σουηδία	303	189	556	279	Sweden
Αυστρία	728	352	491	188	Austria
Βέλγιο	9.852	5.804	11.232	4.523	Belgium
Ολλανδία	1.454	835	3.931	1.707	Netherlands
Πολωνία	3.724	1.631	6.956	2.178	Poland
Κροατία	3.660	1.820	4.091	1.633	Croatia
Ισπανία	200	92	410	168	Spain
Ιταλία	5.496	3.184	4.874	1.960	Italy
Ελλάδα	22.417	13.276	31.378	11.749	Greece
Άλλες χώρες	1.394	830	4.101	1.900	Other countries
ΛΑΧΑΝΙΚΑ	**…**	**6.281**	**…**	**5.939**	**VEGETABLES**
Ην. Βασίλειο	…	4.626	…	4.036	United Kingdom
Νορβηγία	…	347	…	369	Norway
Σουηδία	…	59	…	54	Sweden
Ρωσσία	…	631	…	736	Russia
Γαλλία	…	235	…	285	France
Άλλες χώρες	…	382	…	460	Other countries
ΖΩΑ ΖΩΝΤΑΝΑ (αριθμός)					**LIVE ANIMALS (number)**
Ρίφια	1.517	433	14.920	3.448	Kids
Χοίροι	1.324	64	0	0	Pigs

TABLE A3. NUMBER OF HOLDINGS.

Επαρχία District	Αριθμός Εκμεταλλεύσεων Number of Holdings			Έκταση (δεκάρια) Area (decares)		
	2007	**2008**	**2009**	**2007**	**2008**	**2009**
ΣΥΝΟΛΟ-TOTAL	**6.501**	**6.635**	**8.826**	**81.939**	**84.479**	**88.920**
ΛΕΥΚΩΣΙΑ - LEFKOSIA	1.198	1.078	2.018	8.505	8.325	11.429
ΑΜΜΟΧΩΣΤΟΣ - AMMOCHOSTOS	9	7	16	52	44	122
ΛΑΡΝΑΚΑ - LARNACA	152	128	200	1.197	1.187	1.354
ΛΕΜΕΣΟΣ - LEMESOS	2.760	3.067	3.989	33.268	35.738	38.810
ΠΑΦΟΣ - PAFOS	2.382	2.355	2.603	38.918	39.185	37.205

TABLE A4. PRODUCTION OF VINES BY TYPE AND VARIETY.

ΕΚΤΑΣΗ ΚΑΙ ΠΑΡΑΓΩΓΗ ΑΜΠΕΛΙΩΝ ΚΑΤΑ ΕΙΔΟΣ ΚΑΙ ΠΟΙΚΙΛΙΑ, 2007 - 2009
AREA AND PRODUCTION OF VINES BY TYPE AND VARIETY, 2007 - 2009

Είδος/Ποικιλία Type/Variety	Σύνολο Παραγωγής/Total Production (κιλά)/(kilos)			Σύνολο Έκτασης/Total Area (δεκάρια)/(decares)		
	2007	2008	2009	2007	2008	2009
Σ Υ Ν Ο Λ Ο - T O T A L	**33.892.258**	**32.462.178**	**29.572.532**	**81.939**	**84.479**	**88.920**
Οινοποιήσιμα - Wine grapes	**29.432.856**	**29.368.802**	**27.601.996**	**75.151**	**80.874**	**86.057**
Μαύρο - Black:						
εκτός κουμανδαρίας- not used for coumandaria	12.352.737	9.901.879	10.331.325	30.936	30.673	33.231
για κουμανδαρία - used for coumandaria	300.733	310.009	343.596	2.210	2.292	2.513
Ξυνιστέρι - Xinisteri:						
εκτός κουμανδαρίας- not used for coumandaria	5.744.353	5.875.186	3.423.894	11.759	13.213	16.042
για κουμανδαρία - used for coumandaria	732.572	595.711	643.304	4.568	4.449	4.872
Μαλάγα - Malaga	707.345	768.356	483.860	1.535	1.679	1.193
Carignan Noir	3.732.752	3.810.516	3.326.580	6.081	6.326	4.817
Cabernet Franc	524.834	528.274	490.204	2.008	1.978	2.016
Cabernet Sauvignon	896.852	1.045.927	1.133.043	3.257	3.735	3.683
Μαραθεύτικο - Maratheftiko	..	171.861	286.637	..	1.291	1.521
Mataro	784.174	766.417	700.625	1.856	1.830	1.722
Όφθαλμο - Ofthalmo	704.783	714.179	812.189	1.390	1.333	1.407
Merlot	..	81.960	140.976	..	545	636
Σιηράζ - Shiraz	284.652	329.666	469.674	1.751	1.971	2.446
Chardonnay	..	148.441	318.602	..	934	1.287
Σουλτανίνα - Sultana	..	2.067.471	2.557.455	..	3.167	3.727
Λευκάδα-Lefkada	..	..	330.255	..	..	953
Κρενάζ-Grenache	..	..	304.842	..	..	827
Άλλες ποικιλίες - Other varieties	2.667.172	2.252.949	1.504.936	7.799	5.457	3.163
Επιτραπέζια - Table grapes	**4.459.402**	**3.093.376**	**1.970.536**	**6.789**	**3.605**	**2.863**
Σουλτανίνα - Sultana	3.450.357	2.005.526	1.095.345	5.422	2.241	1.517
Περλέτ - Perlet	176.632	128.242	75.335	179	138	115
Κάρντιναλ - Cardinal	258.847	290.247	206.436	276	328	265
Superior	..	287.205	206.199	..	361	358
Άλλες ποικιλίες - Other varieties	573.566	382.155	387.221	912	538	609
Σταφίδα-Dried grapes (*)	..	..	115.321	..	..	266

* Για το 2007 και 2008 τόσο η παραγωγή όσο και η έκταση που αφορά τη σταφίδα περιλαμβάνεται κυρίως στη σουλτανίνα.
* For years 2008 and 2009 total production as well as total area of dried grapes in mostly included in Soultanina.

TABLE A5. CYPRUS STATISTICAL SERVICE 2012.

Imports/Arrivals by commodity and country, January - September 2012

H.S. Code	Commodity / Country	S.U. Code	Statistical value €	Net mass (Kg)	Supplementary unit
220410	**GRAPE WINES, SPARKLING**				
	2. 1 Georgia	**22**	**6,371**	**1,440**	**1,440**
	2. 2 Australia	**22**	**2,779**	**896**	**545**
	2. 3 South Africa	**22**	**1,920**	**585**	**585**
	2. 4 Moldova	**22**	**1,700**	**378**	**378**
	2. 5 Other Non-E.U Countries	**22**	**2,494**	**477**	**481**
220410	GRAPE WINES, SPARKLING				
	TOTAL	22	2,475,638	459,492	457,676
	1. E.U COUNTRIES	22	2,460,374	455,716	454,247
	1. 1 France	22	1,381,246	133,747	133,954
	1. 2 Italy	22	491,770	157,685	160,186
	1. 3 Belgium	22	168,183	26,875	27,320
	1. 4 Germany	22	167,774	67,517	66,986
	1. 5 Other E.U Countries	22	251,401	69,892	65,801
	2. NON-E.U COUNTRIES	22	15,264	3,776	3,429

TABLE A6. CYPRUS STATISTICAL SERVICE 2010.

ΕΚΤΑΣΗ ΚΑΙ ΠΑΡΑΓΩΓΗ ΑΜΠΕΛΙΩΝ ΚΑΤΑ ΕΙΔΟΣ ΚΑΙ ΠΟΙΚΙΛΙΑ, 2007 - 2009
AREA AND PRODUCTION OF VINES BY TYPE AND VARIETY, 2007 - 2009

Είδος/Ποικιλία Type/Variety	Σύνολο Παραγωγής/Total Production (κιλά)/(kilos)			Σύνολο Έκτασης/Total Area (δεκάρια)/(decares)		
	2007	2008	2009	2007	2008	2009
Σ Υ Ν Ο Λ Ο - T O T A L	**33.892.258**	**32.462.178**	**29.572.532**	**81.939**	**84.479**	**88.920**
Οινοποιήσιμα - Wine grapes	**29.432.856**	**29.368.802**	**27.601.996**	**75.151**	**80.874**	**86.057**
Μαύρο - Black:						
εκτός κουμανδαρίας- not used for coumandaria	12.352.737	9.901.879	10.331.325	30.936	30.673	33.231
για κουμανδαρία - used for coumandaria	300.733	310.009	343.596	2.210	2.292	2.513
Ξυνιστέρι - Xinisteri:						
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Μαραθεύτικο - Maratheftiko	..	171.861	286.637	..	1.291	1.521
Mataro	784.174	766.417	700.625	1.856	1.830	1.722
Όφθαλμο - Ofthalmo	704.783	714.179	812.189	1.390	1.333	1.407
Merlot	..	81.960	140.976	..	545	636
Σιηράζ - Shiraz	284.652	329.666	469.674	1.751	1.971	2.446
Chardonnay	..	148.441	318.602	..	934	1.287
Σουλτανίνα - Sultana	..	2.067.471	2.557.455	..	3.167	3.727
Λευκάδα-Lefkada	..	..	330.255	..	..	953
Κρενάζ-Grenache	..	..	304.842	..	..	827
Άλλες ποικιλίες - Other varieties	2.667.172	2.252.949	1.504.936	7.799	5.457	3.163
Επιτραπέζια - Table grapes	**4.459.402**	**3.093.376**	**1.970.536**	**6.789**	**3.605**	**2.863**
Σουλτανίνα - Sultana	3.450.357	2.005.526	1.095.345	5.422	2.241	1.517
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Σταφίδα-Dried grapes (*)	..	..	115.321	..	..	266

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TABLE A7. CYPRUS STATISTICAL SERVICE 2016.

ΣΥΣΤΗΜΑ ΤΑΞΙΝΟΜΗΣΗΣ ΟΙΚΟΝΟΜΙΚΩΝ ΔΡΑΣΤΗΡΙΟΤΗΤΩΝ NACE ΑΝΑΘ. 2
STATISTICAL CLASSIFICATION OF ECONOMIC ACTIVITIES NACE REV. 2

Κώδικας NACE Αναθ. 2 Code NACE Rev. 2	Περιγραφή	Description
10.8	**Παραγωγή άλλων ειδών διατροφής**	**Manufacture of other food products**
10.82	Παραγωγή κακάου, σοκολάτας και ζαχαρωτών	Manufacture of cocoa, chocolate and sugar confectionery
10.83	Επεξεργασία τσαγιού και καφέ	Processing of tea and coffee
10.84	Παραγωγή αρτυμάτων και καρυκευμάτων	Manufacture of condiments and seasonings
10.89	Παραγωγή άλλων ειδών διατροφής π.δ.κ.α.	Manufacture of other food products n.e.c.
10.9	**Παραγωγή παρασκευασμένων ζωοτροφών**	**Manufacture of prepared animal feeds**
10.91	Παραγωγή παρασκευασμένων ζωοτροφών για ζώα που εκτρέφονται σε αγροκτήματα	Manufacture of prepared animal feeds for farm animals
11	***ΠΟΤΟΠΟΙΙΑ***	***MANUFACTURE OF BEVERAGES***
11.0	**Ποτοποιία**	**Manufacture of beverages**
11.01	Απόσταξη, ανακαθαρισμός και ανάμιξη αλκοολούχων ποτών	Distilling, rectifying and blending of spirits
11.02	Παραγωγή οίνου από σταφύλια	Manufacture of wine from grape
11.05	Ζυθοποιία	Manufacture of beer
11.07	Παραγωγή αναψυκτικών, μεταλλικού νερού και άλλων εμφιαλωμένων νερών	Manufacture of soft drinks, production of mineral waters and other bottled waters
12	***ΠΑΡΑΓΩΓΗ ΠΡΟΪΟΝΤΩΝ ΚΑΠΝΟΥ***	***MANUFACTURE OF TOBACCO PRODUCTS***
12.0	**Παραγωγή προϊόντων καπνού**	**Manufacture of tobacco products**
12.00	Επεξεργασία φύλλων καπνού και παραγωγή προϊόντων καπνού	Processing of tobacco leaves and manufacture of tobacco products
13	***ΠΑΡΑΓΩΓΗ ΚΛΩΣΤΟΫΦΑΝΤΟΥΡΓΙΚΩΝ ΥΛΩΝ***	***MANUFACTURE OF TEXTILES***
13.2	**Ύφανση κλωστοϋφαντουργικών υλών**	**Weaving of textiles**
13.20	Ύφανση κλωστοϋφαντουργικών υλών	Weaving of textiles
13.3	**Τελειοποίηση (φινίρισμα) υφαντουργικών προϊόντων**	**Finishing of textiles**
13.30	Τελειοποίηση (φινίρισμα) υφαντουργικών προϊόντων	Finishing of textiles
13.9	**Κατασκευή άλλων κλωστοϋφαντουργικών προϊόντων**	**Manufacture of other textiles**
13.91	Κατασκευή πλεκτών υφασμάτων και υφασμάτων πλέξης κροσέ	Manufacture of knitted and crocheted fabrics
13.92	Κατασκευή έτοιμων κλωστοϋφαντουργικών ειδών, εκτός από ενδύματα	Manufacture of made-up textile articles, except apparel
13.99	Κατασκευή άλλων υφαντουργικών προϊόντων π.δ.κ.α.	Manufacture of other textiles n.e.c.
14	***ΚΑΤΑΣΚΕΥΗ ΕΙΔΩΝ ΕΝΔΥΣΗΣ***	***MANUFACTURE OF WEARING APPAREL***
14.1	**Κατασκευή ειδών ένδυσης, εκτός από γούνινα ενδύματα**	**Manufacture of wearing apparel, except fur apparel**
14.11	Κατασκευή δερμάτινων ενδυμάτων	Manufacture of leather clothes
14.12	Κατασκευή ενδυμάτων εργασίας	Manufacture of workwear
14.13	Κατασκευή άλλων εξωτερικών ενδυμάτων	Manufacture of other outerwear
14.14	Κατασκευή εσωρούχων	Manufacture of underwear
14.19	Κατασκευή άλλων ενδυμάτων και εξαρτημάτων ένδυσης	Manufacture of other wearing apparel and accessories

(συν.-cont'd)

FIGURE B1. PRODUCTION OF MAIN CROPS 2010-2014.

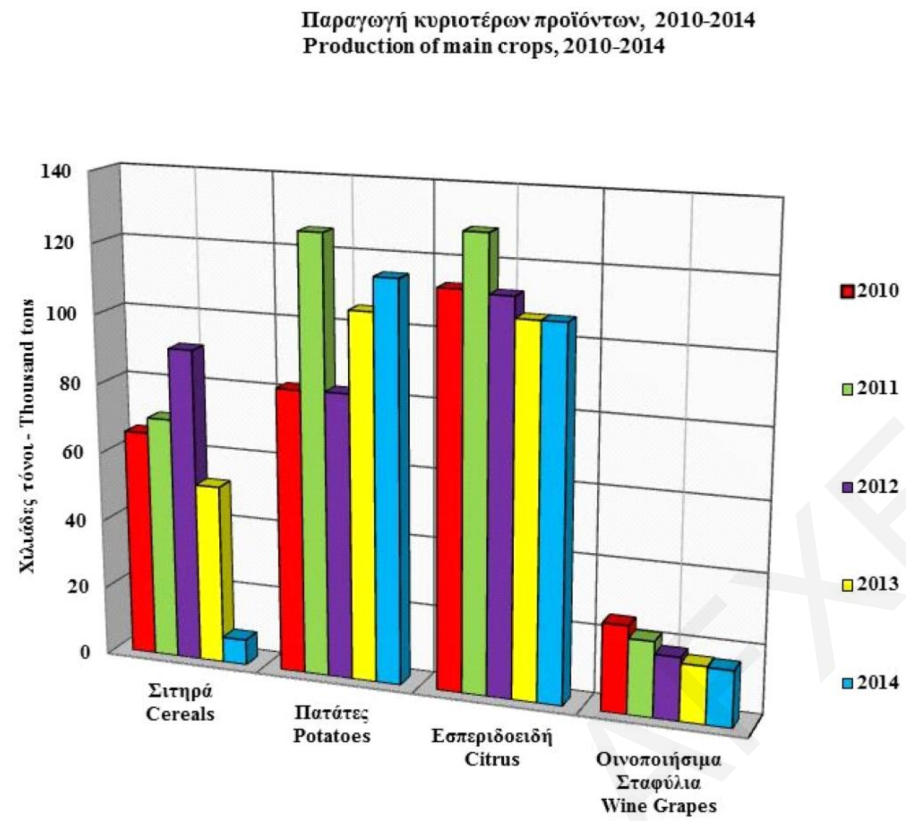

FIGURE B2. CYPRUS MINISTRY OF AGRICULTURE – PUBLICATION 2016.

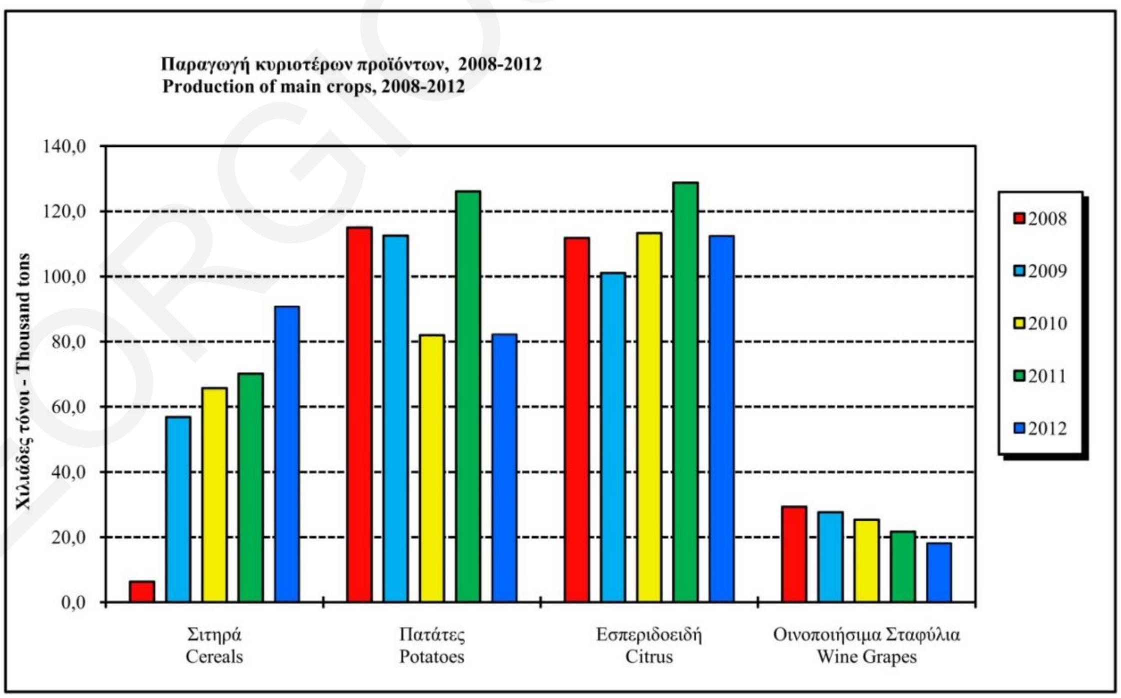

FIGURE B3. EXPORTS OF AGRICULTURAL PRODUCTS 2000-2014.

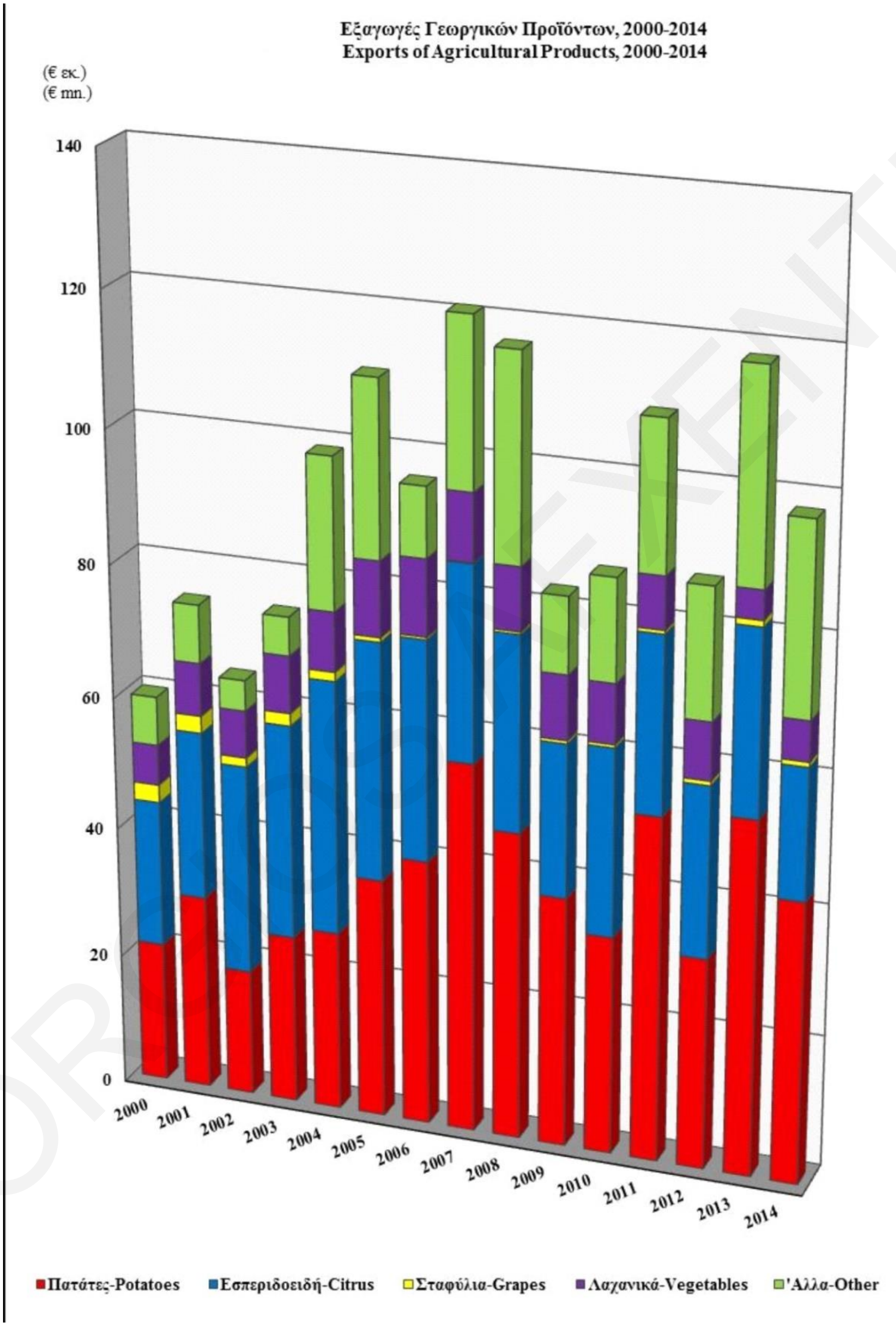

FIGURE B4. WINE EXPORTS –

CYPRUS WINE PRODUCTS COUNCIL ANNUAL REPORT 2011.

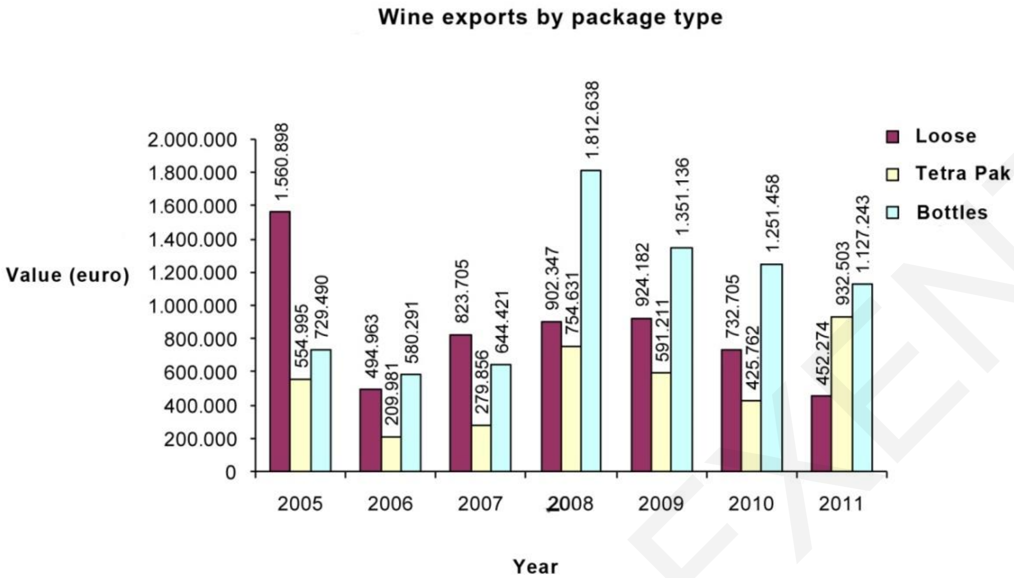

FIGURE B5. NATIONAL AND INTERNATIONAL WINE SALES 2011.

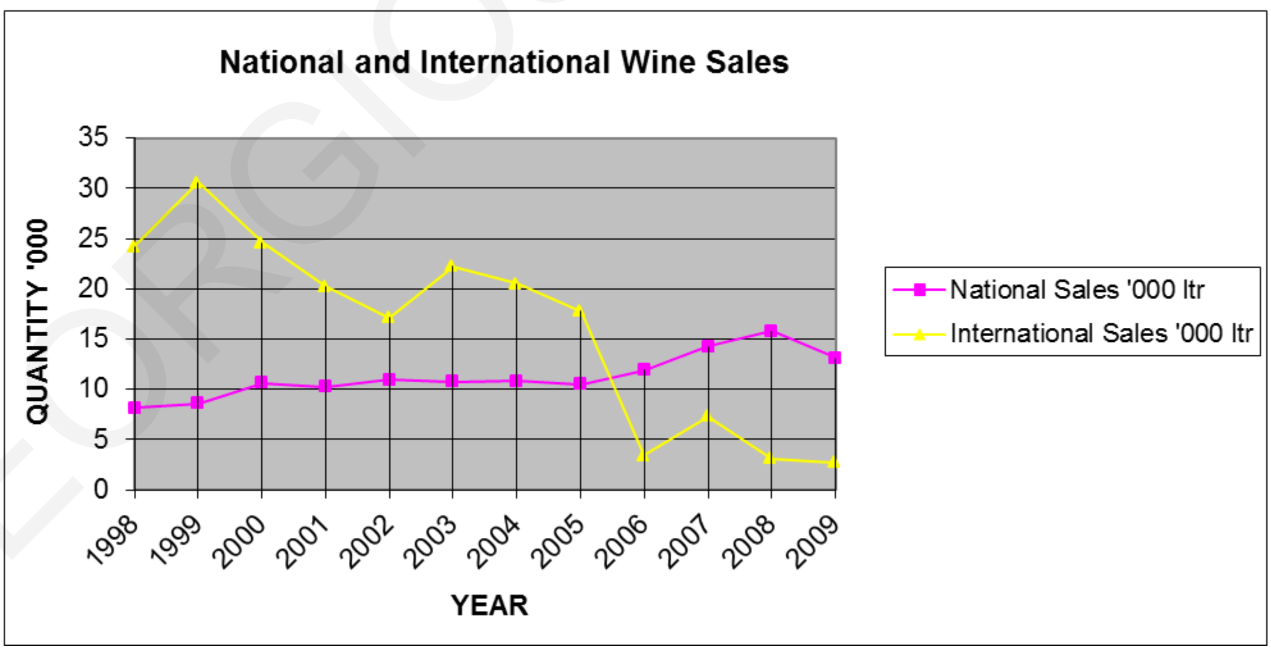

FIGURE B6. EXPORTS OF WINE BOTTLES – CYPRUS WINE PRODUCTS COUNCIL ANNUAL REPORT 2011.

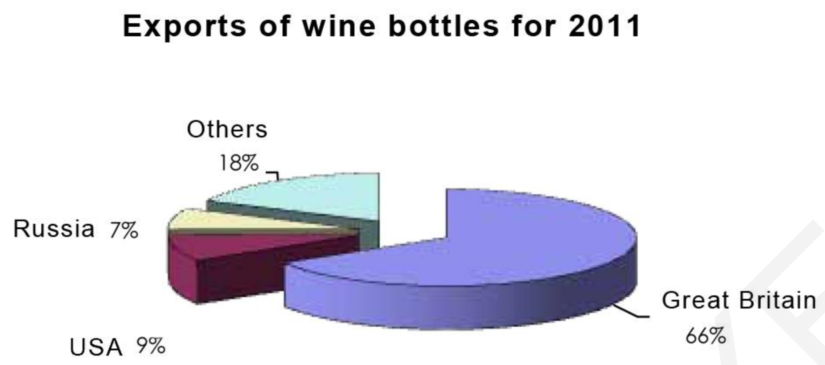

FIGURE B7. – CYPRUS WINE PRODUCTS COUNCIL ANNUAL REPORT 2011.

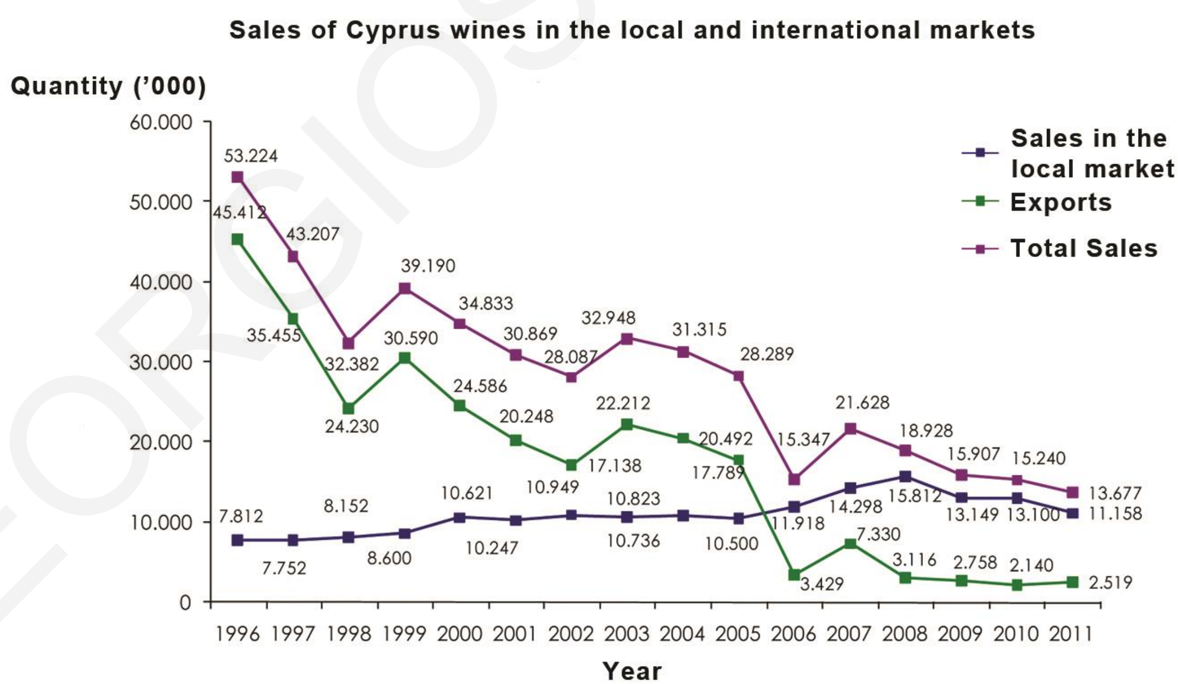

FIGURE B8. WINE EXPORTS IN TETRA PAK – CYPRUS WINE PRODUCTS COUNCIL ANNUAL REPORT 2011.

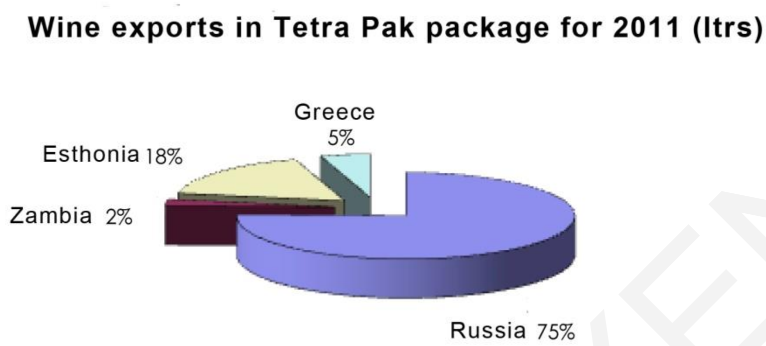

FIGURE B9. EXPORTS OF LOOSE WINES – CYPRUS WINE PRODUCTS COUNCIL ANNUAL REPORT 2011.

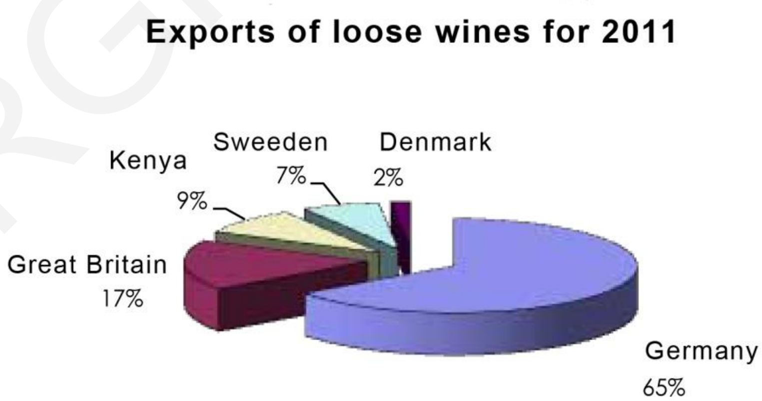

TABLE C1

MAX WEBER THEORY		
1.	Specialisation	The organisation should adopt a distinct division of labour, and each position should be filled by an expert.
2.	Uniform	The organisation should develop a consistent set of rules to ensure that task performance is uniform.
3.	Hierarchy	The organisation should establish a hierarchy of positions or offices that creates a chain of command from the top of the organisation to the bottom.
4.	Emotion	Managers should conduct business in an impersonal way and maintain an appropriate social distance between themselves and their subordinates.
5.	Job fairness	Employment and advancement in the organisation should be based on technical expertise, and employees should be protected from arbitrary dismissal.

TABLE C2

Joan Woodward Technology Classification		
1.	Unit or small-batch technology	The product is custom-made to customer specifications or produced in small quantities
2.	Large-batch or mass-production technology	The product is manufactured in assembly-line fashion by combining component parts into another part or finished product
3.	Continuous-process technology	Raw materials are transformed to a finished product by a series of machine or process transformations.

TABLE C3

INTERVIEW QUESTIONS
1. How do you evaluate the wine industry compared to the other industries in Cyprus?
2. What is your position concerning Cyprus as a wine making country to the international arena?
3. As a wine making producing country do we have professional vine growers to support our efforts to make good quality wines?
4. Do you think there is a specific wine company that is more successful in exporting than others? If so why they are more successful than others?
5. In your opinion, is there any collaboration among Cyprus wine businesses?
6. What is the general business model of your company?
7. Does your company implement a particular export strategy?
8. What is the aim of the export strategy?
9. Is there an export/marketing department in the company?
10. What methods do you use to promote the wines in the international market?
11. What is the percentage of your international wine sales to domestic wine sales?
12. Do you cooperate with foreign importers/suppliers? a. Yes because, b. no because.
13. Do you belong to an export network/trade/union? 1. If yes why? 2. If not why?
14. Are the logistics in Cyprus efficient enough to contact international sales?
15. What are the challenges faced by wine businesses in order to succeed entering the international market?
16. Do you see any benefits in exporting wines?
17. Is there necessary infrastructure (facilities and technology) to help with exports?
18. Do you have any other comments for the structure of the company and the export strategy?