

**An Integrated Model of Buyer-Seller
Relationships in the Australian Wine
Industry**

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Abstract

The study examined how communication elements and relational norms such as power asymmetry influence relationship quality from the perspective of grape growers in their relationships with wineries using an integrated model of the relationship between the two actors (grape grower and winery) in the Australian wine industry.

First, a review of the literature identified a deficiency of research examining communication between grape growers and wineries and the effect that power asymmetry has on relationship quality. The literature review also identified that relationship quality is measured both uni-dimensionally and multi-dimensionally. Second, a qualitative exploratory study, involving in-depth interviews with grape growers, examined how dimensionality of collaborative communication and power asymmetry in the relationship (favouring the winery) influenced relationship quality. Furthermore, the elements of collaborative communication were found to influence the relationship quality, in particular the modality, formality, directionality and the non-coercive abilities of communication. The exploratory study, combined with the literature review, created a conceptual model based on a multidimensional measurement of relationship quality and an alternative conceptual model based on a uni-dimensional measurement.

Finally, the study involved a questionnaire administered to grape growers to test quantitatively the conceptual models. The conceptual models were tested via Structural Equation Modelling using Partial Least Squares Regression. The main results showed that direct modes of communication (for example, face to face and direct email communication) positively affected relationship quality, while non-direct modes (such as seminars and newsletter) negatively affected relationship quality, and that the power asymmetry led to decreased grape prices and lower relationship quality. The linkages in the main conceptual model between satisfaction (an element of relationship quality), and many of the relational dimensions, were insignificant. The reason for this was due to the price per tonne that the grape growers received for their produce (grapes). The estimation of the alternative model, based on a uni-dimensional estimation of relationship quality, showed a greater fit of the data with less significant path

estimations. Further analysis of the models showed a direct correlation between the relationship quality and price of grape supplied, whereby the higher the price they received, the higher the level of relationship quality they experienced.

The quantitative phase of the study also highlighted three clusters of respondents' relationships with wineries.

Firstly, there was an "unsustainable relationship", whereby the respondents experienced low levels of relationship quality, high power asymmetry favouring the winery, and a very low price per tonne for their grapes. Respondents in this cluster were mainly located in warm climate grape growing regions, and mainly dealt with large, publicly owned wineries.

Secondly, an "OK relationship" was observed, whereby respondents experienced higher levels of relationship quality and lower high power asymmetry favouring the winery than the "unsustainable relationship" cluster. They received a higher price per tonne than the "unsustainable relationship" cluster, were located in cool to warm climate grape growing regions, and dealt with more small, privately owned wineries than the "unsustainable relationship" cluster.

Thirdly, there was a "good relationship", whereby respondents experienced the highest level of relationship quality and the least amount of power asymmetry favouring the winery, of the three clusters. This cluster also received the highest price per tonne of the three clusters and was mostly located in cool climate wine growing regions. This cluster dealt with more small, privately owned wineries than the other two clusters.

Wineries will need to take into consideration the results of this study, particularly the dimensionality of communication and power asymmetry effects, when dealing with grape growers.

Statement of Declaration

I declare that this thesis does not incorporate without acknowledgement any material previously submitted for the award of any other degree or diploma in any university or other tertiary institution; and that to the best of my knowledge and belief, it does not contain any materials previously published or written by another person, except where due reference has been made in the text.

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