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A family business in the global market between tradition and innovation: an interview with Mireia Torres Macsazzek

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Abstract. Mireia Torres Macsazzek is head of the Familia Torres Innovation and Knowledge Department and has been involved in her family's business since 1999 after an education in chemical engineering, viticulture and oenology. She is also President of Plataforma Tecnológica del Vino (PTV), a body that serves as a meeting point for RDI executives in the Spanish wine sector. In this interview she shares her perspectives on business driving forces and critical aspects, especially related to the funding and implementation of Innovation programmes and the keys to drive the business into the future.

Keywords: wine business, family, tradition, innovation, RDI, interview.

PHNM: Mireia, we very much welcome the opportunity to undertake this interview and appreciate the time and commitment you have assigned to this, within your very diverse roles and responsibilities within the family business, *Familia Torres* winery, and across into industry leadership, notably via *PTV, Asociación Plataforma Tecnológica del Vino*. Likewise, we recognise the very serious impacts that the COVID pandemic has imposed on individuals, families, businesses, and nations, so we express our best wishes and added thanks for your contribution in such challenging times.

One might have anticipated that your family background would lead you naturally to a career within the wine business, but we understand that this was not necessarily so. Perhaps you might outline a picture of your formative influences from family and schooling that established your early interests and underpinned your educational and career paths?

MT: My family has been involved in the wine sector for five generations. In fact, two years ago, we celebrated our 150th anniversary. My father, Miguel A. Torres, had a huge influence on me when I finished my Chemical Engineering training in Barcelona. He convinced me to study Viticulture and Oenology in Montpellier. Once there, I liked it so much that I decided to dedicate my professional career to wine.

PHNM: We note that your early, technically directed training, initially in Chemical Engineering complemented by specialist studies in Viticulture and Oenology, was then further reinforced with a PDD (Programa de Desarrollo Directivo) in IESE and a Master in innovation and entrepreneurship, while holding your present position of Innovation & Knowledge Director at *Familia Torres*; you have also held roles in R&D, as winemaker, and as both technical and production director. Given that *Familia Torres*, is a long-established family company, within a traditional industry sector, to what people and driving factors do you attribute the very effective – but not so usual – embrace of the ‘new’ and complementarity of tradition and innovation?

MT: I think that the family philosophy of hard work, non-conformism, and resilience has marked the direction of the business over the years. My father has been an important source of inspiration for the fifth generation. His work capacity, negotiation skills, and determination, as well as his vision of the future, have had a huge impact on us all. The family understands the need to innovate. Even my grandfather, in his time, was a visionary and one of the pioneers behind wine export and brand registration, both aspects were extremely appealing to tourists to Spain. My father was also a major driving force behind the changes in the expansion of the company and the creation of fine, premium wines, such as Mas La Plana, made from international varieties. Innovation also plays an important role today in studying environmental changes, as well as social trends and demands. Understanding change enables you to understand and predict how it will affect consumption patterns and wine quality. The problem with innovation is getting shareholders to understand that not every experiment or pilot test are going to give positive results and that you need to be patient because some projects involving vines can easily entail a decade of research.

PHNM: Might you also amplify just how *Familia Torres* utilises the conjunctive forces of tradition and innovation within its PR and Marketing, and where messages or trends from the market inform fresh R&D, and product or process innovation? How tightly are the factors within this cycle linked, and what is the key to effective, enduring innovation across technical, production, marketing and the broad issues of resource use and sustainability?

MT: Fundamentally, *Familia Torres*’s message is closely linked to tradition, the land, sustainability, regenerative viticulture, and a return to ancestral wisdom. We carry out numerous projects from the area of innovation that help to improve quality, costs, process efficiency, sustainability, digitalization, consumer knowl-

edge, etc. yet very few directly address the product. Since I began in innovation, there have only been two projects directly linked to the end-product; one focusing on recovering ancestral varieties with the objective of making exceptionally unique wines and the other on dealcoholized wines.

At the moment, the innovation process works in the following way. First, innovation priorities are decided by the CEO, and then projects and resources are discussed. The scope of the area of innovation is wide-ranging. Every area of the company has resources to carry out projects, which are the responsibility of the area director. The Innovation & Knowledge Department provides support to promote projects in all areas in the form of assistance and funding. It also looks for synergies and writes business plans when needed. Every project is assessed by a steering committee.

PHNM: Allowing that your prime experience is within a privately held, family business, you have nevertheless extensive contact and engagement with many others in the sector, including within your role as President of *PTV* and noting you are also Vice President of *INNOVI*, the Catalan wine cluster. What do you identify as the essential differences between family and public corporate business regarding objectives, successional matters, longevity of investment cycle etc. and are any such differences of significance in advancing or constraining innovation, adaptation, and competitiveness of individual businesses, and more significantly the wine sector itself?

MT: I think, in general, that a family-run business transmits certain values and, from my point of view, is more committed to society and its surroundings than a public corporate business. What’s more, the business vision is usually long term and there is strong commitment from family members. However, a family-run business can also be complex as it combines personal or family and professional aspects. Moreover, as new generations get more involved and the number of stakeholders increases, the difficulty in understanding and accepting certain business management policies can lead to disagreement. According to the figures, 70% of family-run businesses do not get past the second generation and 20% of those that do make it, disappear within the third generation.

PHNM: This leads us then to addressing questions around the structure, function and effectiveness of research funding and the delivery of R&D + Innovation for the benefit of the Spanish wine sector.

Could you please outline the key challenges facing the broad Spanish wine sector and what key strategic themes or programmes are being promoted and facilitat-

ed through *PTV* – in other words, what are the priority themes and why are they best executed by *PTV*?

MT: In Spain, according to the latest COTEC report, 1.4% of GDP is targeted at RDI while in other countries such as South Korea and Israel that figure is 4.5%, 3.4% in Taiwan, 3.1% in Germany, 2.8% in the US, 2.4% in China... Europe wanted it to be at 3% by 2020 but the objective has not been reached. However, what is even more worrying is that Spain is at the bottom of the OECD and EU ladder when it comes to RDI investment. Even countries like Greece, Hungary, Portugal, Poland, and the Czech Republic are ahead of us.

We have to bear in mind that while the wine sector in Spain invoices 6.5 bn euros per year and that the whole sector represents 1% of GDP, since 2018, it has also been investing a minimum of 130-150 million euros per year in RDI. That represents around 23-26% of investment in R&D in the agrifood sector and 0.94-1.08% of domestic investment in R&D. It is important to highlight that the figure is higher than the domestic average for the agrifood sector (0.64%) and higher than the average of the EU-28 (0.69%) as regards GVA. So, basically, the wine sector represents approximately over 5% of R&D investment in the food and drink sector, and 1% of RDI investment in Spain.

Moreover, it also needs to be highlighted that it is exceedingly difficult to promote innovation in the wine sector because it is highly fragmented.

The *PTV* wine technology platform gives priority to boosting projects and the transfer of knowledge to the sector through webinars and training sessions. It is also in conversation with the pertinent public authorities to communicate the needs of the sector every four years through the strategic agenda. The main priorities, at the moment, relate to digitalization, sustainability, circular economy, and adapting to climate change. The *PTV* has the financial support of the Spanish Wine Interprofessional Organization (OIVE) and the support of the Spanish Wine Federation (FEV), as well as national public financial entities (CDTI, AEI, MICIN, MAPA, INE, etc.) and regional innovation agencies.

PHNM: From these *PTV* initiatives, what lessons has industry learnt regarding the translation of RDI into Business Innovation and Competitive Advantage---commercial, social, reputational---and which comes first from an ESG or CSG perspective? Just who can and does initiate such developments? Is it primarily individual operations or perhaps regional groups or clusters such as *INNOVI*?

MT: In general, Spain lacks policies that promote innovation, and there is also a lack of investment from the majority of businesses. There is a need to enhance

the transfer of knowledge from research centres to businesses. Associations such as *PTV* at a domestic level and clusters such as *INNOVI* help to revitalize and change the vision of innovation in companies within the sector.

PHNM: Recognising that this Journal has a focus upon wine economics and policy do you have a view on the role and potential of research and innovation in economics, policy, marketing, and new product development to meet changing global conditions, social demands and new consumers? How do we best deploy public, pre-competitive research in these areas and translate these into both private and public benefit?

MT: From my perspective, we should take advantage of the momentum created by digitalization to capture data from social networks about what consumers/clients want and use it to identify new trends. When a company creates a new business model or product, if it works, others will follow.

I believe that a good way to study the viability of technology is by improving innovation policies and encouraging collaboration between businesses and research centres (partly funded by the authorities). The aim should be to increase revenue and create a new, interesting business model.

PHNM: It is impossible to ignore the local and global impact of the COVID pandemic. We wonder if you have any brief comments on the potential longer-term impact on the way the sector prepares for crises, anticipates future market and social trends, and prepares itself to be both resilient and agile in the future; you may (or likely have) addressed this, at least in part, in our previous question...

MT: In Spanish, we also have the saying “every cloud has a silver lining” and this has been the case with COVID. This exceptionally complicated situation created many challenges for people and businesses alike. However, I believe that it has changed us all. It has made us more resilient. It has also speeded up digitalization, which has prompted changes in our habits, our way of working, of relating to each other, our demands, consumer demands...

Many of the recent innovation projects are linked to new technologies brought about by digitalization such as drones, satellite imaging, IoT sensors, predictive algorithms, robotics, digital twin and blockchain.

Of all the family wineries, the pandemic had the most impact on the one I manage personally, Jean Leon, a modest winery in Penedès that used to sell over 70% of its products on the domestic market – in the hospitality sector alone. Then our sales fell by 50%! At the beginning, we were really concerned, but then we quickly responded to the situation. The whole team got together

with distributors in workshops to create a 5-year business plan. Once approved, the whole group has been following it like clockwork. I love to see the team happy with the changes we are making and motivated by the project. It is one of the things that gives me most satisfaction.

PHNM: We must look to close this interview, but would like to ask how you manage to balance your intense professional activities on behalf of the family company and the industry, with your personal interests. You have evidently strong multicultural engagement, socially and linguistically, and are involved in wider Foundation activity such as *Fundación Familia Torres* with its focus on protection of children and the well-being of people, promoting education and social integration.

Perhaps you might note some of the achievements of the Fundación, but also ask, can you and do you find avenues to integrate, yet balance your public and personal life while finding time and energy for personal diversions and relaxation?

MT: The *Fundación Familia Torres* was founded by my grandparents in 1986 and has funded projects, in Spain and around the world, mostly associated with children, although in recent years it has also funded projects focused on empowering women, which fills me with satisfaction. Since 1986, we have collaborated on over 400 projects with NGOs in 12 countries. The link to the website is <https://fundacionfamiliarotorres.org/>.

I have a 23-year-old daughter and a 22-year-old son, and both are engineers. My principal hobby is tennis, but I also enjoy cooking. I love cooking for family and friends.

PHNM: Mireia, our thanks for your contribution to the Journal. Your heavy involvement and high responsibilities in both the private and public side of the business make your perspective invaluable for our readers and for the further development of the debate about the role of tradition and innovation and their interaction in the wine sector.