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The Uncertainty New Normal



HYB



# **Keg wine: Tradition meets innovation**

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As more and more consumers are opting for a sustainability-oriented lifestyle, F&B industries are compelled to explore innovative ways to deliver sustainable production, distribution and consumption solutions. The wine industry is no exception. Growing concerns about the impact of global warming and environmental challenges on wine production-related activities is pushing the industry to search for alternative sustainable solutions. In line with both the International Organisation of Vine and Wine and the International Federation of Wine and Spirits which define sustainable viticulture as one with a triple economic, ecologic and social purpose, a sustainable wine industry should incorporate management of product quality, waste and carbon footprint, and human resource into all of its processes from production to distribution and consumption.

Yet, while alternative packaging solutions exist, e.g., bag-in-box, polyethylene terephthalate (PET), cans, TetraPak and keg wine, the wine industry has so far continuously relied on heavyweight glass packaging, which has a considerable carbon footprint notably due to water and energy demand (Cimini and Moresi, 2016). The question remains: how could the wine industry be more ecological for the environment, more manageable for workers and more economical for all stakeholders involved?

Enter the Swiss keg wine solution To answer this question, Marc Sarrazin, an oenologist engineer, launched Bibarium, a start-up dedicated to sustainable wine distribution in Switzerland. Industry and research partners joined him to conduct an Interreg French-Swiss research project aiming to develop a Swiss keg wine solution which nowadays benefits all stakeholders in the value chain from producers, restaurateurs and caterers to the wine consumers themselves.

The overall Swiss keg wine solution is based on the following steps: Bibarium oenologist fills kegs with wine at the wineries, delivers the kegs to the restaurateurs and caterers by plugging them to either manual or numerical wine dispensers, then once emptied, brings back and cleans the kegs, to refill them at the wineries. CGI Ecofass French keg making company created the ecological, ergonomic and economical recyclable and reusable plastic kegs for wine, including a patent. The Changins School of Viticulture and Oenology tested the suitability of the Swiss keg wine solution for the conservation and consumption of wines by chemical and sensory analysis. The nature of keg materials used was studied in different storage conditions for several months. Results confirm the capacity of the keg to protect wines against oxidation and to ensure the quality of the wine - from the conditioning step to the dispensing system.

Results also confirm that the Swiss keg wine solution preserves the quality of wine from all oenological and gustatory perspectives for at least four months once the keg is plugged to the tap dispenser at point of sales. The Institut Français de la Vigne et du Vin (IFV), conducted a Life-Cycle Assessment (LCA) followed by a counter-expertise led by a third party, to measure and grant the low carbon footprint of the Swiss keg wine solution. Six indicators were considered as relevant with results showing an environmental benefit of the Swiss keg wine solution over usual bottle packaging.

Market study results To check that the Swiss keg wine solution created meets the market demand, EHL Hospitality Business School conducted market studies on hundreds of wine consumers as well as owners and general managers of Swiss food and beverage establishments. The findings of these studies provide an insight into producer, restaurateur and consumer likeliness to adopt keg wine as an innovative sustainable alternative to traditional bottling. Insights into stakeholders' expressed attitudes and behaviors as well as habits in given contexts also inform us on their willingness-to-adopt, willingness-to-invest and willingness-to-pay for such innovative sustainable offering.

Results further show that 64% of restaurateurs and caterers are in favor of adopting the Swiss keg wine innovation for one key reason: economic savings. Thanks to Swiss keg wine, while taste and quality of wine is conserved for up to four months compared to a few days in a bottle, wine in keg is also no longer corked, spoiled or oxidized. Good quality wine is no longer spoiled or wasted because of wrong manipulation in bottling or pouring processes. Goodbye to tiring cork pulling or broken corks in the bottle neck. Additionally, there is no more sorting of waste both at the wineries and the place of consumption, as well as less deviant staff behavior, (stealing a 100 L keg of wine is unlikely). Furthermore, findings show an estimated 17% lower labor costs as well as a reduction by 20% of the cost of wine, while the storage space saved is 85%.

#### **PEOPLE MANAGEMENT BENEFITS**

From a sustainable people management perspective, results of the studies conducted by EHL Hospitality Business School show that the Swiss keg wine solution increases staff and service efficiency as well as customer-centricity. The heavy wine bottle loads that staff have to carry are reduced by half thanks to wine in kegs. Wine is served at the perfect temperature thanks to the keg-to-tap dispenser system that includes coolers. While glasses of wine can be poured in less than five seconds, glasses of Spritz are poured in less than eight seconds with the perfect blend, that could even be a personalized blend in accordance to each and every consumer's taste and preferences. This translates into less customer waiting and complaints. Staff can also spend better time interacting with the customers, promoting the wine and wineries they are serving, hence enhancing the customer experience.

#### **A SAFE AND TRACEABLE SOLUTION**

In addition, based on the findings stemming from the EHL Hospitality Business School studies, keg wine is a safe solution for producers, restaurateurs and caterers when it comes to wine distribution. Why? Because it reduces and simplifies the logistics of wine distribution from wineries to restaurants and catering points of sales, for instance by doubling the volume of wine delivered in one single trip between winery and restaurant. By reducing transportation by half, limiting delivery interaction, and by implying rigorous hygiene and safety protocols set by the Changins School of Viticulture and Oenology, for plugging and cleaning the kegs for instance, the Swiss keg wine solution means better anti-COVID protection for all stakeholders involved.



Furthermore, the Swiss keg wine solution will soon become completely traceable from production, distribution to consumption, thanks to probes and sensors that will be put on kegs and tap dispensers, and linked to a digital dashboard and a numerical platform including key-business, key-market and key-performance indicators, that would allow for digitally programmed replenishment for instance, so that all stakeholders of the keg wine value chain would access to big data. Such data-driven organization and traceability will ensure higher understanding of threats and opportunities in the wine industry.

#### **WHAT THE CUSTOMERS ARE SAYING**

Restaurateurs and caterers are ready for keg wine, provided that their consumers are. The market studies conducted by the EHL Hospitality Business School actually show that 96% of wine consumers are in favor of wine served on tap, namely for its sustainability. One significant result is indeed that the more they value sustainability, the more likely consumers are to favor keg wine.

Results of the market studies show that consumer self-perception of ecological consciousness positively relates to keg wine adoption. More precisely, consumer likeliness to adopt keg wine due to quality aspects correlates positively and significantly with the value they assign to sustainability characteristics. It is also observed that consumers who value sustainability are less misguided about the so-called poorer quality of keg wine in comparison to bottled wine. In addition, willingness-to-pay for wine with innovative sustainability characteristics like keg wine is higher among more senior consumers. Finally, consumer likeliness to consume keg wine to make economies correlates positively with their knowledge as wine connoisseurs.

While totally preserving the wine quality, keg wine is sustainable and also economical. In addition, the consumers' willingness to pay for a more sustainable wine accounts for 10-15% of the wine average price (Schäufele and Hamm, 2017).

Such results show that researchers and industry professionals should consistently partner together to foster research and development, as well as innovation for a more sustainability-oriented future.

#### **HOW CAN THIS INNOVATION MODEL BE IMPROVED OR APPLIED TO OTHER F&B AREAS?**

The keg wine idea is already applied to other beverages like cider and cocktails. Take the example of a Spritz cocktail: with a numerical tap dispenser, you could have your personal tailor-made blend of ingredients via a QR code.

This solution is also readily developed for big events which can benefit enormously from the use of mobile kegs (on wheels for example) when it comes to serving at festivals, weddings, street parties, etc.

Lastly, numerical apps make self-consumption easier using a DIY attitude, e.g., the Vaudoise Arena in Lausanne which hosts about 50 sporting events each year and welcomes up to 9,600 visitors for single ice hockey matches up to twice a week.

Thanks to the full integration of beverages like beer, wine and mulled wine in a single automated drinks dispenser that is keg-managed and which allows for automated self-consumption, waste is reduced and monitoring of the sales and the inventory can directly be done from mobile devices.

This keg wine innovation model can be further developed through the creation of an online platform that provides an integrative dashboard for all stakeholders to work more closely together by sharing data and follow-ups with key performance indicators. The dashboard will link consumers to restaurateurs, distributors and wine makers, along the service-profit value chain.

Could it be time for the F&B sector to think about other ways that ancient formulas could be updated to meet today's sustainable needs and consumer's changing habits?

## AT A GLANCE

### IS KEG WINE A REFLECTION OF CHANGING CONSUMER HABITS REGARDING ALCOHOL CONSUMPTION?

A lot of bottled wine is wasted because it does not keep for long once opened; sometimes we might drink more than planned just because of not wanting to waste the bottle. With growing health concerns over alcohol consumption, the message of one glass a day or just from time to time is becoming prevalent, resulting in many people preferring to consume wine by the glass rather than by the bottle. With keg wine and its own tap dispenser, customers can be served exactly needed quantities, without worrying about the bottle quickly spoiling. This solution brings utility and better value to both F&B establishments and individual consumers.

### WHAT ARE THE MAIN CONSTRAINTS TO KEG WINE BECOMING WIDELY USED AND ACCEPTED?

Ironically, the main constraint is a lack of knowledge and awareness. Many people think that using kegs for wine storage is a crazy new idea for the sake of innovation, whereas in reality, it's a return to an age-old tradition with updated features that make it even more in line with the sustainable 3Ps, (people, planet and profit). Here, innovation is actually serving tradition by going back to old ways whilst adjusting to a modern way of consuming, conservation and distributing.

### KEGS ARE KNOWN FOR NOT BEING SUITABLE FOR WINES THAT REQUIRE A LONG MATURATION PERIOD, DOES THIS IMPLY THAT KEG WINE IS OF AN INFERIOR QUALITY?

The fact that wine is stored in bigger containers should not equate with low quality. The research done by oenologists confirms that the reusable keg created as a result of the Swiss-French research conducted, with specific patent on its technical aspects, is suitable for all good quality wines and that the bigger storage space does not cause any degradation. Admittedly, keg conditions are not suitable for long maturation, (but this is a requirement of a relatively small percentage of wines overall). As an example, Swiss Airlines Lounges and Marriott Hotels – purveyors of luxury environments – have switched to keg wine.



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Dr Stéphanie Pognet has management and start-up experience in retail, energy, and food & beverage across Europe, America and Asia. Her courses range from project management to social sciences in the EHL Bachelor and Master programs. Her research focuses on innovative processes impacting employee performance, and subsequently, customer experience.

**EHL Hospitality Business School** — [www.ehl.edu](http://www.ehl.edu)

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