

WAITING FOR VINITALY

BOOM FOR EXPORTS... BUT THE DOMESTIC MARKET?

Vinitaly asks sector experts
three questions

45th edition

verona

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BOOM FOR EXPORTS... BUT THE DOMESTIC MARKET?

Vinitaly asks sector protagonists three questions

Improvements in quality and the prestige of Italian wine production over the last 20 years are not matched by growth in domestic consumption, unlike exports that, on the other hand, continue to expand. The domestic market is nevertheless the core for turnover by wine-making companies; one obviously then wonders: can the leading producer country live by exports alone, with the risks represented by currency fluctuations and the aggressive marketing and distribution policies of competitors in new production areas?

Or, to put it another way: Is the gap on the Italian market economic or cultural in nature or is it a problem of communication? Why, on the contrary, is the export trend on the up?

“With a view to the 45th edition of Vini-

taly,” explained Giovanni Mantovani, Director General of VeronaFiere, “we have opened the debate about what Italian wine producers expect to do in the face of falls in domestic consumption.

This debate will culminate with the presentation, during the exhibition, of specific market research commissioned to understand the phenomenon and the strategies that can be adopted.”

The interviews in the run-up to Vinitaly involved category institutions, producers, media experts, distribution and catering operators, associations, advertising/society experts from mid-February through to the inauguration of the largest exhibition in the world dedicated to wine (7-11 April 2011) in comparisons published on the site <http://aspettando.vinitaly.com>

The first series of interviews involved

Lamberto Vallarino Gancia

president of Federvini

Lorenzo Biscontin

marketing director of Santa Margherita

Fabio Giavedoni

Slow Food journalist

Ermanno Gargiulo

category director for Sud Coop Italy

Aldo Cibic

architect and designer

1

Can the leading producer country live by exports alone, with the risks represented by currency fluctuations and the aggressive marketing and distribution policies of so-called New World competitors?



Lamberto Vallarino
Gancia

It is evident that we cannot live by exports alone: one only need consider that in the 1980-90s France and Italy alone covered more than 75% of world wine exports but today take less than 50%.

As regards exports, however, we must analyse how our trade flows can be spread better - while the European Union, the United States and Canada are still our landmarks, they must be joined by others areas.

The trend that has emerged over the years is that people drink less but drink better - inasmuch, quality is the opportunity on which we should focus, starting precisely from the domestic market made up of so many unique and special terroirs, all kinds of product and a capacity to meet the many and varied tastes of consumers.





Lorenzo Biscontin

It can and must be so, in the sense that the wine market is by now a world market and must be tackled as such. We must bear in mind that the largest wine consumption market is the U.S.A. Inasmuch, it would go against history for the Italian wine field to think exclusively or essentially in a context of national demand.

The question to be asked, on the other hand, is rather if and which opportunities are being lost on our home market, perhaps to the benefit of other alcoholic beverages. Santa Margherita recently organised a web survey to investigate why data in Italy seem to suggest a drop in per capita wine consumption while beer is up (a phenomenon that is even more evident in Spain, another major producer country with an expanding export vocation).



Fabio Giavedoni

Obviously not, especially because the “leading producer country” presents itself and moves abroad in a disjointed and disunited manner, often operating in the wake of commercial and marketing policies decided by other countries rather than clearly define its own strategies. New World countries do not pose a problem for our wine system for their own merits but for our faults; on closer sight, there are not worrying phenomena and not even experiences worth imitating.



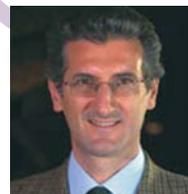
Ermanno Gargiulo

In general, improvements in quality are not always matched by increases in consumption - and the even opposite is statistically possible.

It goes without saying in any case that domestic consumption is important for the leading producer country. So my own answer is a straight no, we cannot live by export alone and this is not linked with the risks listed. Exports can ensure important extra added value but not the main business of the wine sector.

2

Is the gap on the Italian market economic or cultural in nature or is it a problem of communication?



Lamberto Vallarino Gancia

The downturn is the outcome of many phenomena, perhaps insufficiently understood in terms of the joint and overall impact. Let me explain myself better: as of the 1970s, we assumed that the fall in wine consumption was natural given the economic and social changes that Italy was experiencing, but then other causes came into play, such as greater consumer attention on quality and the need for balanced consumption. In this process, however, we have lost important landmarks as regards the role of wine in our daily lives.

Once could summarise it all as a communication problem but if one intends to act in this field, then articulate and detailed communication is vital. Undoubtedly, the major opportunity will be to communicate the many production differences in our sector that, since it is very fragmented, needs time and necessity to create a “system”.



Lorenzo Biscontin

There's no doubt that competition on the Italian market is generally much stiffer than on international markets, especially those where the culture of wine is a more recent phenomenon.

Yet it must be highlighted that this gap of an economic nature has progressively shrunk in recent years with the growth on markets of wines from new producer countries.

What we are witnessing is probably a communication problem, whereby wine is not longer seen as complex and stimulating but complicated and rather boring.



Fabio Giavedoni

I especially believe that it is a cultural problem, that could be solved through effective communication.

This is proven by the fact that still today every now and then there are waves of obtuse prohibitionist sentiment over wine consumption, supported by obscure, misleading and unverified data about drink-drive road accidents and the rampaging consumption of alcohol among young people. One should, on the other hand, begin explaining in schools the history and cultural value of wine in Italy.



Ermanno Gargiulo

Currently, the gap is undoubtedly economic in nature but there is also delay in this sector also as regards correct communication.



Aldo Cibic

As I see things, I feel that Italian wine has improved so much that it especially appeals to a quality-oriented market and consumers looking for fine wines. This evolution of Italian wine is matched by a more demanding audience that probably does not affect production volume but rewards the progress made in recent years.

There is the distinct impression that large cities and small towns alike are increasingly welcoming wine stores and shops specialising in high quality wines and local produce.

3

Why, on the contrary, is the export trend on the up?



Lamberto Vallarino Gancia

The trend for exports is up because we have invested enormously on these markets even in terms of communication and promotion; we responded sensitively to the messages we were being asked to send to consumers in new or traditional markets. We have also improved vineyards in Italy with good valorisation of native and international grapes, just as we have also upgraded production techniques and wine cellars. All this has worked extremely well: and it could a useful approach to implement on our home market.

Today in any case we must also consider how to proceed in the future to strengthen our position and expand our presence on other markets even through the funds for promotion that CMO reform has made available: initial experiences testify to the need and urgency for better coordination of initiatives and the development of a shared message.



Lorenzo Biscontin

When speaking exports, in reality one speaks of a variety of situations embracing wine and food culture and the maturity of the market as regards the existence or development of wine consumption habits. Mention need only be made of growth in wine consumption among American consumers over the last 10 years or the still unexpressed potential of the Far East to envisage expansion of wine consumption all over the world even in the future. In such global competition, Italian wine has demonstrated certain major competitive advantages, joined by the tradition and fascination of Italian wine and food culture:

- drinkability,
- variety,
- flexible matching with different cuisines (the outcome of the combination of the two previous factors),
- high perceived added value, in other words competitive prices compared to wines from other regions/countries considered to be of equivalent quality.



Fabio Giavedoni

Because today this is a compulsory route, since Italy consumes less than half of the wine it produces (and domestic consumption is progressively falling). Either we uproot our vineyards or we try and sell our wine abroad - there are no alternatives. Nor should we overlook that fact that the main route for our wine is the fame and appeal of Italian cuisine which, when winning over emerging countries (as is the case recently in the Far East), necessarily also opens the way for the wine market.



Ermanno Gargiulo

All the efforts made in recent years over quality have been grasped abroad, where consumers have matured. The interest created on new consumption markets has brought about a positive trend.



Aldo Cibic

The proof of what I just said comes precisely from abroad. Travelling the world from China to Turkey, from the United States to Brazil, one discovers a great desire to buy our wines and our quality products and this is why the market seems to enjoy continuous expansion. What is a well-known product in Italy is still something new for the rest of the world.

The second series of interviews involved

Lucio Mastroberardino

president of Uiv

Nino Visco

sales director of Cantine Riunite

Marco Gatti

journalist

Antonello Maietta

president of Ais

Riccardo Facci

Facci&Pollini

1

Can the leading producer country live by exports alone, with the risks represented by currency fluctuations and the aggressive marketing and distribution policies of so-called New World competitors?



Lucio Mastroberardino

No, and we have repeated this emphatically on several occasions: what we earn with immense effort every year abroad does not offset the decline in domestic consumption. It's like a dog chasing its tail: we continue to produce too much, we sell increasingly less in Italy and growing stocks have to be sold off at all costs and any price.

Behind the sales slogan of "everything must go" there is no strategy but only the need to "get rid of everything". Without a proper strategy, we will be left wide open to speculation and volatile markets: exchange rates were favourable for us yesterday but tomorrow will reward someone else; not to mention distribution, well aware of circumstances and consequently in a position to dictate price policies.



Nino Visco

The Italian situation is similar to that in the two other main world producers, France and Spain. Domestic consumption is down, covering between 35% and 40% of production, while exports - albeit with up and down phases - tend to grow, to the point that quantities are increasingly closer to domestic consumption (exports have already overtaken the home market in Spain and Italy is getting very close to this stage).

The importance of exports is an established fact and operators have long since learnt how to tackle fluctuating and competitive markets. In any case, the problems on the domestic market are more or less the same. Companies should see a good balance between the two markets.



Marco Gatti

No. Thinking that one could live only by exports would be a suicidal policy. On the contrary, consumption in Italy itself must be promoted to offset this decline, find new channels and encourage informed drinking, identify ways to appeal to tomorrow's consumers - today's young people who are rather distanced from wine and even more the victims of a non-culture that equates drinking with abuse of spirits, a concept that has nothing to do with the great history of wine in our country.



Antonello Maietta

Just as there are individual and even rather small companies that have decided to focus a very high proportion of their production on international markets, the same is theoretically possible for the entire production system. It is clear that a focus of this type not only has implications of a moral nature but also clashes with a series of economic principles that, rather, encourage differentiation of sales scenarios.



Riccardo Facci

I feel that living only through exports would be a very poor signal on the international market itself. I could well lead to even worse consequences than even the serious loss on the domestic market, as well as becoming an evident and almost immediate economic hazard.

I don't think this is a sustainable scenario, not do I believe it may actually come about, at least not in such a dramatic and definitive manner.

2

Is the gap on the Italian market economic or cultural in nature or is it a problem of communication?



Lucio Mastroberardino

All three factors join forces in a lethal cocktail. While as a sector we can do little about the first, the second and third problems - on the other hand - are where we must act. In cultural terms, education promoting a healthy diet is a correct approach to alcohol and must start in schools - and the Italian Wine Union is working directly in this direction.

Educating young generations is fundamental to avoid dangerous drifting and because they are the consumers of tomorrow: either you educate them today or you lose them for ever. The problem of communication, on the other hand, is much broader and concerns the lack of unitary policies in the value chain: Wine is the heritage of every wine producer but all too often wine-related communication is in the hands of non-producers.



Nino Visco

The evolution of the Italian market, in terms of consumption, is undoubtedly a social fact and not entirely negative if the saying "drink less but drink well" is true.

The natural decline in consumption, however, must be joined by stiffer drink-drive laws that have seen out of home consumption fall to less than 20% of total. The rest of the market is covered by large scale distribution, a channel that exerts all its contractual power in relation to an offering characterised by stiff competition and always willing to cut margins in order to retain market positions.



Marco Gatti

First and foremost, this is a cultural gap and, consequently, also involves communication.

Wine is part of our DNA, it is the origin of our civilisation. Yet, on the other hand, instead of promoting the culture of informed drinking, an awareness of what wine really is, its history and its positive values even for health, wine for some considerable time has been involved in a witch hunt demeaning its appeal and mortifying knowledge in Italy.



Antonello Maietta

All three factors are involved, albeit to a different extent. I would initially say that Italy does not have a true culture of wine. Communication is not always effective - on the contrary, at times it is even distorted and misleading. I would place the economic factor last, since there are quite a few geographical areas in Italy producing very good wine at very competitive prices.



Riccardo Facci

From my point of view, the problem involves many different factors. First and foremost, I would mention markets - by nature closely associated with the tradition and deep-rooted culture of a country, that usually react more slowly to changes. And I don't think wine is an exception.

Then there is the superior positioning of Italian wine, that may not yet be perceived with the credibility it deserves. Without overlooking that the spending power of Italians, at this particular time, may also reward quality but certainly not volumes.

I would also add another important point: the critical aspects of communicating wine and consequently alcohol as a product, which has prevented serene support by institutions (often divided between improving awareness in terms of safe driving and the promotion of Italian products based on alcohol) in communicating and disseminating the values and progress of our 'Made in Italy' wines.

The last factor, in order of appearance but not of importance, concerns the established reluctance among Italian companies to create a system, thereby proving unable to communicate their prestige in a modern, structured and coordinated manner - unlike our French cousins, who are excellent example of how one can add up sturdy support by institutions and a talented communication culture.

3

Why, on the contrary, is the export trend on the up?

Lucio Mastroberardino

Looking at our wines around the world, I sometimes think that they are “successful” despite us. There is a fragmentation at the level of production, associations and authorities that is unequalled anywhere else in the world.

This explains the fact that while Italy boasts the largest variety of grape varieties and wines, our best-known products can be counted on the fingers of one hand. Exports are up, certainly, but we must see what growth we are talking about and what is driving it: if we look at performances in monetary terms, in ten years we have earned one euro-cent per year. We must not only change the way we present ourselves abroad but also calibrate the offering in relation to markets. The CMO funds made available for promotion were largely wasted in the first two years through short-sighted policies that penalised the only subjects actually operating on markets every day: companies. Something is changing in the third year but we must clearly chose who must represent us.



Nino Visco

Traditional export markets (Germany, UK, USA and Canada) are still offering satisfaction for exporters: consumption in slight yet constant growth and strong yet less aggressive competition than at home. The international crisis has turned back the clock of marginality (especially in the UK) but, still today, an offering with a good quality/price ratio is more valid for exports than in Italy. In the meantime, major new opportunities are emerging: Russia is already a reality and China is quickly following, but even Africa (Nigeria, Angola) and many countries in the former Soviet galaxy are interesting. Countries where better well-being is matched by the search for a better quality of life and, consequently, drinking and the discovery of wine.



Marco Gatti

Data published by the MPS Observatory suggest that this year will see a good increase in international sales even of 5%. The reason is soon explained. Italian wines are acknowledged for their supreme quality and this fascinates very interesting markets - first and foremost Brazil, Russia, China and India - where growth possibilities are truly excellent. There is strong demand for quality abroad and provided we keep faith with these expectations the future for exports will remain positive.



Antonello Maietta

The reasons why wine exports are up essentially lie in the improvement in the quality levels of the products we export today, although that's not all. The international market today demands originality and the amazing variety of Italian grape varieties is extremely appealing for demanding and curious consumers seeking something new.

Without overlooking the strong appeal that Made in Italy enjoys today in a variety of sectors.



Riccardo Facci

Perhaps we are better and freer as regards international communication. Moreover, the value of Italian character in many areas, especially as regards food and wine, is much more evident around the world than it is in Italy itself.

Probably, the international market for Italian wine is also less saturated, where - despite having to cope with very aggressive sales policies by emerging countries - the potential space naturally open to Italian wine has not yet been entirely won, even though Italy is the leading world producer.

The situation in Italy itself, on the other hand, is turned around, leaving room for new ideas from across the Alps and over the ocean.

The third series of interviews involved

Carlotta Pasqua

president of Agivi

Gianni Zonin

Casa Vinicola Zonin

Franco Ziliani

journalist

Massimo Perini

Unes category marketing manager

Roberto Racca

marketing consultant in the wine sector

1

Can the leading producer country live by exports alone, with the risks represented by currency fluctuations and the aggressive marketing and distribution policies of so-called New World competitors?



Carlotta Pasqua

I think we should begin thinking in terms of a European and not only an Italian domestic market.

The Italian Wine system is characterised by a unique ampelographic variety and thousands of producers who love to interpret it in accordance with their own vision. It is similar to the fashion system: high quality always finds space and Made in Italy is rewarded.

We must continue to invest in the Italian market by valorising the quality of local wines and encouraging the culture of fine drinking, while also learning how to measure up with the rest of the world.



Gianni Zonin

Absolutely no! This is why we must implement targeted communication on the Italian market to promote the value enclosed in the authenticity of wine and its bond with the territory. In recent years, we've seen how political situations have rapidly modified monetary and financial flows in many countries, with serious economic consequences for markets.

A wiser approach is obligatory: we must support domestic consumption of wine so that it remains the millennial and par excellence drink of our country.



Franco Ziliani

There are marvellous and renowned wines that without strong exports would have survival problems but this is not a good reason to focus everything on exports to the detriment of the domestic market. But too much export can even be lethal.



Massimo Perini

Exports are undoubtedly an important outlet for Italian production. At times of crisis on the domestic market, looking abroad becomes compulsory but I feel that certain strategies should also be implemented to safeguard the Italian market (such as promotion and training).

Italian wines today are a valid alternative to renowned French labels but the New World could well become an interesting alternative to us. So far, it seems that our companies have been successful in entering international contexts but to maintain positions in the future they must plan things in a more strategic manner (such as product, price, communication, distribution, etc.); will small-medium companies be able to keep up?



Roberto Racca

Exports are important and, in some cases and for certain denominations, actually vital but the national market is always and still an asset of absolute importance.

Many landmark producers are generating significant turnover in Italy, not the least in many cases in relation to higher average remuneration (in the value mix, direct sales are optimal). Everything possible should be done to be "prophets at home" because this is the fundamental vehicle for strong-rooted brand recognisability, even as regards the many international tourists visiting Italy every year.

2

Is the gap on the Italian market economic or cultural in nature or is it a problem of communication?



Carlotta Pasqua

Approach. This is the problem that I see when I analyse the reasons why our wines do not have the same visibility as those of our competitors.

There is a different approach to the market and I think this is a joint cause of all three aspects mentioned. The cultural aspect means our judgement is internationally oriented but our work is often parochial.

The economic aspect, with the fragmentation of companies, vineyards and denominations, and communication/promotion that are not always strategic and effective complete the picture.



Gianni Zonin

One can certainly talk of an economic problem caused by the crisis over the last 3 years but also of a communication problem because wine is very often confused with alcohol.

It is especially necessary among young people to spread the culture of wine and its informed consumption by distinguishing it from spirits: wine is a true food with nutritional and beneficial properties that are an essential part of the Mediterranean diet.

Wine promotion should not only be supported by producers but also by competent institutions, especially in a year such as this when we are celebrating the 150th anniversary of the Unity of Italy. Wine, from a social and religious point of view, is one of the most eloquent symbols of our homeland, once called Enotria in ancient times.



Franco Ziliani

It's not only a question of recession - spending 20-30 or more for a fine wine is quite impossible for many consumers, they simply cannot afford it.



Massimo Perini

I think it depends jointly on all three variables. Cultural: lifestyles have changed (for example, wine is high-calorie and not recommended for those who are overweight), there are fewer "heavy consumers" (people drink less but better) and society is becoming increasingly multi-ethnic (and some ethnic groups do not drink wine).

Communication: there is no structured communication that on the one hand could create culture and on the other promote wine appropriately. Economic: the recession has undoubtedly amplified the crisis in consumption.



Roberto Racca

Falling purchasing power and the drink-drive factor - in any case chronologically recent phenomena - do not suffice to explain a decrease in consumption going back many years.

I would personally focus on the cultural gap, that in turn is associated with two-edged and often self-referential communication lacking the coordination needed to approach new generations and the female target in particular with the right informative emotiveness and far-reaching cultural values.

3

Why, on the contrary, is the export trend on the up?



Carlotta Pasqua

Wine consumption in Italy today is 39 litres per capita compared to 104 in 1975. Selling abroad means getting paid earlier, higher margins and more opportunities.

Many Italians have promoted Italian cuisine world-wide by setting up restaurants that have become ambassadors for Made in Italy. Italian style, from wine to fashion and design, is appealing and fascinates international consumers.

In the meantime, let's make serious efforts in Italy a regards the value chain, quality, consumption and prices to refocus attention on the domestic market.



Gianni Zonin

Thanks to the enterprise of Italian producers, who I increasingly meet wherever I travel abroad, we have become the leading wine export country in the world with 20 million hectolitres sold. Nor should we forget the extraordinary range of more than 350 native varieties and the excellence that our wine-growing can ensure for international operators. The total quality on offer at a competitive and fair price for consumers is what matters and this has helped Italian wine to come out on top in global competition.



Franco Ziliani

Because the economy has got going again earlier elsewhere, more money is available and people are more willing to spend it. And in any case economic wines are doing better than more expensive products, with a rather at a standstill.



Massimo Perini

I feel that exports are currently up because the price/quality ratio of our products is attractive and that Made in Italy still has some status. Moreover, it should be said that the main markets for Italy (such as Germany, the USA, the United Kingdom and Canada) potentially still have margins for growth in terms of per capita consumption.



Roberto Racca

The business world is developed and articulated through broad-ranging opportunities associated with a trade sector that is crossways by definition, whereby there are consolidated situations and markets that is still not mature but offer extraordinary potential prospects. There is a different commercial dynamism capable of creating new channels of distribution and promotion. Italy, on the contrary, is rather immobile and will have to find innovative energy and synergies if it is to stimulate progress in the future. Drink less but drink better, says a recurrent slogan. I hope that people will only drink quality and on many new occasions for doing so.

The fourth series of interviews involved

Riccardo Ricci Curbastro

president of Federdoc

Antonio Capaldo

president of Feudi di San Gregorio

Veronika Crecelius

german journalist and correspondent in Italy
for Weinwirtschaft magazine

Giancarlo Vettorello

director of the Conegliano Valdobbiadene Consortium

Marco Selmo

Director of Liquids, Carrefour Group

1

Can the leading producer country live by exports alone, with the risks represented by currency fluctuations and the aggressive marketing and distribution policies of so-called New World competitors?



Riccardo Ricci Curbastro

Exports are important. We must operate on international markets, otherwise our place would be taken by others, yet in one way or another we hang on - since monetary fluctuations affect us (and we've managed to overcome them) as well as for others (Australia and Chile are having a hard time tight now). The Italian market, however, should not be overlooked, all the more because annual growth in exports by no means offsets losses in domestic consumption.



Antonio Capaldo

I don't think we have much choice - we will have to learn to live essentially through exports. This will bring about a major - yet I might add natural if we look at what has happened over the last 15 years in many other fields - shake-up of companies as regards strategies and investments. This is because penetrating and, especially, staying on certain markets is very difficult.

In any case, the weakness of System Italy is structural, with production significantly in excess of domestic consumption. This certainly does not mean giving up on important work to improve awareness and communication for quality wine. It will also be necessary to protect the wine system against certain witch-hunting trends that seem to be truly self-harming.



Veronika Crecelius

Obviously not, it would be so sad, and not only because common sense should avoid economic dependency on markets where political and/or economic developments are difficult to predict. Wine is one of Italy's finest visiting cards and wine tourism also generates significant figures.

The domestic market was simply overlooked. Every market needs made-to-measure communication. You are concerned about how to attract wine consumers in other countries but you have forgotten that the generational change at home requires the same effort.



Giancarlo Vettorello

As regards our denomination, focusing on the domestic market is vital, since more than 60% of our sales are achieved in Italy. The value of the Italian market is not only expressed in terms of quantities but, in our case, also takes on a strategic value: we believe that it is important to maintain a strong presence in Italy, particularly in the production area itself.

Maintaining a lively and strong bond between wine and territory of origin, with capillary distribution of the product especially in the production region, is a priority for us.



Marco Selmo

The market context seen today in Italy involves major difficulties on a general level and wine is no exception.

We have seen years in the large-scale distribution sector where wine achieved two-figure growth; today, we are experiencing a stage of slowing down, although trends are better compared to many other trade categories. Export today is an outlet Italian wine but we have also seen years of major setbacks for our exports.

2

Is the gap on the Italian market economic or cultural in nature or is it a problem of communication?



Riccardo Ricci Curbastro

The Italian gap is three times serious because of its economic, cultural and communication nature! There is still an economic crisis and is proven by the drop in consumption through the horeca sector that large-scale distribution is unable to compensate. In cultural terms, old people drink less, young people don't drink at all and society is changing. A communication programme is essential: information about correct consumption of wine and its beneficial effects at the right doses; promotion of the image of our wines linked with the territory and cultural-culinary traditions. Federdoc is attempting to do this with public support but institutions themselves put up important barriers, such as EU recommendation n. 458/2001 that bans communicate targeting young people.



Antonio Capaldo

The Italian market undoubtedly needs more communication in order to create a true culture of wine. To be honest, we are all responsible. First and foremost, major brands could play an active role in the creation of a true and capillary culture of wine.

We need to rediscover, for example, tasting as a way to promote sales, as is the case on a great many markets wrongly considered to be less evolved: if clients don't taste, they don't buy. Companies must push in this direction.

We certainly also need an institutional setting that valorises and protects the wine system, but I like to think that most of the future may remain in our own hands.



Veronika Crecelius

All of these aspects. The fall in wine consumption in general is also the outcome of demographic changes. Old people drink less, young people today are not wine enthusiasts and drink other things, the euphoria after the re-awakening of the sector and the "qualitative revolution" has dwindled over the years and the Italians themselves still don't think that the economic recovery is underway.

Young people find it difficult to navigate the market now that that natural bond with wine that existed until a few years ago in every Italian family no longer exists. Advertising doesn't appeal to twenty year olds, is it not "cool", too traditional or focuses on a 1990s lifestyle.



Giancarlo Vettorello

Over the last 20/30 years, the approach to wine by consumers has changed a great deal: wine is no longer seen as part of the diet but almost as a kind of luxury. Rather than a gap, we should perhaps speak of the current social changes affecting Italy and other producer countries which take a lot of time to settle.

In this stage, closer attention should be given to quantitative aspects and it is important to promote a culture of informed and, I might add, quality drinking. In this regard, I feel that catering and distribution in general could do a great deal by presenting quality wines having strong bonds with production areas instead of the too many generic wines we see on our tables.



Marco Selmo

I feel that this gap is essentially generated by two factors: the first and most important is the economic context, the astonishing work in terms of quality achieved in the wine world and huge availability have culminated in excellent products at extremely competitive prices but control of medium market bands has been lost and are now shrinking; the second concerns the structural nature of the Italian wine-making world made up of a myriad of small companies, usually competitors, that are unable to provide a clear message for consumers, except for occasional and excellent work by some consortia that has helped valorise wine as a “product”.

Undoubtedly, better coordination and larger wine-making companies - as is already happening in some cases - could help improve communication and therefore improve the image of this sector among final consumers.

3

Why, on the contrary, is the export trend on the up?

Riccardo Ricci
Curbastro

Italian quality wine enjoys preferential routes on international markets thanks to major brands and the initiatives of young and courageous entrepreneurs, as well as promotion by consortia and other authorities - not to mention the extraordinary and diversified range. The price/quality ratio of our wines is optimal and this should be communicated better in promotional activities. Unfortunately, Italy lacks a control room (Ministry) and the various authorities involved go their own ways, at times even in evident competition. The contributions available through EU policies should be spent better, through centralised efforts rather than being spread almost entirely between the Regions, in international projects with benefits at home of an appropriately intense and continuous character.



Antonio Capaldo

First of all, there is an inevitable structural fact. Fortunately, there is also growth in consumption on several markets and this attracts our exports. I think that the trend is going in the right direction towards the future. Actually, I still don't think we are incisive enough in our work on international markets.

And this is where we really need institutional support at different levels yet, once again, so much is still in the hands of producers: we must be more open-minded towards collaboration and sharing commercial investments.



Veronika Crecelius

The sector has worked very hard indeed to conquer international markets, has invested in quality and communication, has created channels and has moved well thanks not the least to the great many Italian emigrants all over the world who act as trail-blazers. The so-called Italian personality still enjoys an appeal on an international scale that competitors simply cannot add to their wines.

Made in Italy, for example, has influenced the life style all over Germany but beware that this impact can also be ruined, especially on mature markets. In my opinion, marketing is very important but less so than a personal and trusting relationship between producers and clients/importers.



Giancarlo Vettorello

There are two aspects that should be considered as regards exports of Italian wines: on the one hand, the culture of wine has substantially spread on a global scale in recent years and, on the other, wine-making in Italy is characterised by the great vitality of producers who constantly seek new outlets to offset the stiff competition typical of the domestic market.

Italian producers, in short, have managed to grasp the current trend and redirect their offering towards emerging markets. Exports are important not the least to increase the value of Made in Italy world-wide, linked for years to fashion and design yet now also synonymous with an impressive wine and food culture.



Marco Selmo

Last year, the best results were achieved in countries with emerging economies such as China (exports doubled) and Russia (+51%). Such growth is undoubtedly important but is stimulated by a context of general economic growth and not linked to the world of wine as such.

The fifth series of interviews involved

Adriano Orsi

president of the wine sector of Fedagri-Confcooperative

Sandro Boscaini

president of Masi

Luca Maroni

journalist

Chiara Lungarotti

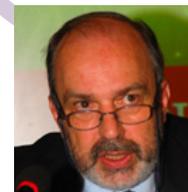
president of the Wine Tourism Movement

Giuliano Dell'Orto

creative director of RobilantAssociati

1

Can the leading producer country live by exports alone, with the risks represented by currency fluctuations and the aggressive marketing and distribution policies of so-called New World competitors?



Adriano Orsi

The home market is characterised by low prices, falling consumption and growing stocks, while exports are showing the only signs of recovery, with +11.7% in value and +10.7% in quantity in 2010.

This is the reason why Italian companies should be encouraged to look abroad.

It is a rewarding road, despite the stiff competition from new producer countries, thanks to the huge appeal of Italian wine outside Italy itself thanks to its high quality.



Sandro Boscaini

It certainly cannot - and absolutely does not - live by exports alone: the Italians drink their wine; the real problem is that domestic consumption is at a standstill, a phenomenon that not only affects us but also all producer countries where per capita consumption tends to shrink following a stronger focus on quality.

How can the Italians be encouraged to drink wine again? To achieve this, we need a communication policy that explains the naturalness and benefits of wine as a noble product of our most ancient traditions.



Luca Maroni

No, it cannot and must not live by exports alone but the domestic market can only be re-launched by initiating a Cultural, Agricultural and Naturalistic Renaissance in Italy.

Until now, wine (and food) was never seen as a product of absolute importance to be communicated through its own light and nature with producers in the middle of the stage.

Wine and food in Italy must now be promoted as a superb and natural example of the best in human endeavour. As a model field to be preserved, valorised, protected and developed.



Chiara Lungarotti

Certainly, one cannot focus exclusively on exports: The Italian market for a great many companies is still an important market despite the crisis that the country is experiencing.

It is precisely in this context that wine tourism can be of great help for companies, not so much in terms of sales but especially in terms of promotion. Attracting more visits to wine cellars and wine-making areas, in short, means expanding communication and awareness of product quality for Italian and international tourists alike who, on returning home, become excellent ambassadors for products with an impact on public awareness and, consequently, on sales.



Giuliano Dell'Orto

Italy has perfected a strong culture in terms of moderate, quality drinking. Naturally, one cannot live by export alone but this is precisely why we must pursue a policy, admittedly already underway, of improving the value of Italian wine starting on our own domestic market, in terms of product quality and in terms of system.

Individual cellars can and must do a great deal in this direction. Their brands can help promote the excellence and wealth of the extraordinary, broad and high-quality offering that is the fullest expression of that genius loci which is the exclusive heritage of Italy.

2

Is the gap on the Italian market economic or cultural in nature or is it a problem of communication?



Adriano Orsi

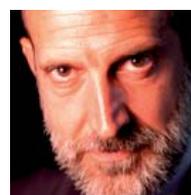
The wine market in Italy is not experiencing a rewarding period. The recession has especially had an impact - in 2009, consumption of white and red wines in Italy fell for the first time below 40 litres per capita (-30% in 20 years, Nomisma data).

Over and above the economic situation, the causes of falling consumption also include the costs of bureaucracy in Italy, that oblige many companies to increase the price of their wines, as well as the limited possibilities given to producers as regards communication and advertising for their products and the restrictive regulations in the highway code curbing the use of alcohol.



Sandro Boscaini

The fall in consumption on the domestic market is affected by cultural factors associated with a better informed diet as regards the intake of calories, widespread reduction of lunch-time consumption and policies that significantly de-motivate consumption of wine in restaurants by people who drive.



Luca Maroni

All three aspects are involved and this is why we need to identify the resources to be invested to finance institutional educational and communication campaigns and training, to help producers as regards valorisation, commercialisation, distribution and protection against counterfeiting.

A strategic project must absolutely and immediately be set in motion to promote the Cultural, Agricultural and Naturalistic Renaissance of Italy.



Chiara Lungarotti

The current economic crisis has undoubtedly had an effect. The recession, in turn, is joined by a communication problem: over the last ten-fifteen years, many small producers have joined the market that today need recognisability, visibility and positioning.



Giuliano Dell'Orto

The culture of wine is a deep-rooted aspect in the consumption patterns of Italians. Communication and economic aspects, on the other hand, play a fundamental role in causing this gap, since they are in any case closely linked.

The Italian wine-growing system has a fragmented structure comprising excellent but often very small realities that do not individually have the economic clout to implement communication strategies capable of competing with international producers. Limited resources, in any case, do not necessarily preclude every possibility of effective communication.

On the contrary, in a market situation where the capacity for expenditure of companies is obviously reduced, it becomes imperative to enact an in-depth review at all levels of brand communication to optimise effectiveness by implementing a synergic and integrated approach.

A few but very effective rules: focus on the distinctive features of the company; define a set of appropriate and effective tools for correct communication; create a unifying and easily recognised brand language; rationalise the offering portfolio in harmony with the culture of the company and well-organised in relation to the needs of consumers; make sure that products are communicated in an effective manner through packaging that highlights their specific character.

3

Why, on the contrary, is the export trend on the up?



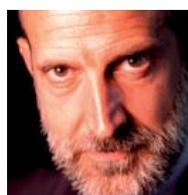
Adriano Orsi

Wine consumption in Italy, as in other traditional European producer countries such as France and Spain, has fallen from 37 million hectolitres at the end of the 1980s to less than 25 millions today (-30% in 20 years). On the contrary, new consumption is growing in other areas: United Kingdom (+94% compared to 20 years ago), USA (+47%), Russia (+63%) and China (+160%). There are also important growth opportunities for Italian wine-making companies and cooperative on overseas markets. These opportunities can be grasped by using available resources, such as CMO funds for promotion, in the best possible way.



Sandro Boscaini

Globalised consumption and appreciation of wine encourage exports. It seems to be an irreversible phenomenon equally linked with curiosity for the Mediterranean life-style model embracing our wines and foods.



Luca Maroni

Because Italy is amazingly well loved abroad by people who appreciate its elegant sensations. Their impressions of quality are not only sensorial and technical but are also historical, artistic, lyrical, human and focused on the landscape.

Italian wine for all foreigners is the maximum expression of the naturalistic and human spirit and soul of this country, this land, of its beauty and innate wine-making art.



Chiara Lungarotti

The export trend is up because some countries are emerging from the crisis or in any case are experiencing a more positive trend and some development thanks not the least to their historical solidity; these especially include European countries and North America.

The growth profile of certain emerging countries is also interesting and opening up dynamic new markets.



Giuliano Dell'Orto

Italian personality is the answer. On the one part, the certified and globally recognised quality of Italian wines together with a wealth and variety of the offering that no other country can match.

On the other hand, the combination of the intangible essence that Italian wines embody as the landmark in a lifestyle that the entire world envies us. It is no coincidence that especially the brands whose identity communicates this bond are those that benefit most from the promotional effect.

The sixth series of interviews involved

Giuseppe Martelli

Director General of Assoenologi
and President of the National Wine Committee

Giacomo Rallo

owner of Donnafugata

Eleonora Guerini

Gambero Rosso journalist

Elena Martuscello

president of of the National Women in Wine Association

Alberto Alessi

president of Alessi spa and design, strategic marketing
and communication director

1

Can the leading producer country live by exports alone, with the risks represented by currency fluctuations and the aggressive marketing and distribution policies of so-called New World competitors?



Giuseppe Martelli

Wine-growing with a structure like that in Italy undoubtedly cannot live by exports alone.

There are about 450,000 companies in Italy producing grapes and just under 25,000 that bottle wine; in Australia, ten companies produce more than 90% of all wine exported world-wide and out of 120 wine-making companies in Chile almost 100 operate exclusively for exports.

The company-vineyard area ratio in Italy is just under three hectares compared to 300 in Chile and Australia.



Giacomo Rallo

Bearing in mind that Italy covers 17% of world production, it would be absolutely vital to stabilise national consumption levels at no less than 45 litres per capita. Currently, consumption is falling towards about 40 litres per capita.



Eleonora Guerini

This is actually a very complex question. I would first make a significant distinction between top of the range wines and “every day” wines. It is essential for the former, since they can rely on the unique features they express, to focus significantly on the international market.

This is because the percentage of the population that can afford wines with such high prices is rather marginal. If, however, this marginal characteristic is well distributed over the world population, then the context changes. The situation is more complicated for the other wines, since good quality is not enough to offset the appeal of a slightly lower quality product yet in general on sale at much lower prices.



Elena Martuscello

Exports are important but companies whose added, intangible values are intimately linked with their home territory absolutely cannot overlook the domestic market.

Monetary fluctuations and marketing mix policies by emerging countries are real risks but ones which can be managed; it is important not to dilute one’s own production/cultural identity in favour of exasperated internationalisation policies.



Alberto Alessi

Of course, it will certainly not be easy - but in any case what is still easy for companies today on globalised markets?

2

Is the gap on the Italian market economic or cultural in nature or is it a problem of communication?



Giuseppe Martelli

The main problem for Italian wine is production fragmentation that inevitably leads to highly personal and individual approaches.

To put it briefly, I feel that the first thing to be done to rationalise the sector would be to “prune” not only vines but also certain local attitudes. Yet this would be far from easy, since Italy is the only wine-making country in the world where vines are grown almost without interruption from Bolzano to Pantelleria, embracing the history and culture of very different areas.

A great deal is being done but there is still much to do to ensure more cohesion in the sector, finding shared solutions in the logic that competitors are no longer neighbouring regions or countries but the world as a whole and that, inasmuch, the concept of “success through unity” must be understood on a national scale.



Giacomo Rallo

The gap on the Italian market is prevalently one of communication. Still today, the percentage investments in marketing and promotional-advertising activities is too low compared to overall turnover in the sector (less than 3%).

Simultaneously, policies intended to regulate out-of-home consumption have actually penalised the sector with major consequences.



Eleonora Guerini

More or all three reasons are involved. First and foremost, one problem concerns the relative “youth” of wine as a quality product in Italy itself. In this sphere, France is the competitor. France has three hundred years more experience in this field and this has generated a widespread idea of exclusivity and absolute quality. In reality, however, I am convinced that the quality of Italian wine is currently second to none.

What is communicated is not the certainty of an incomparable terroir and the extraordinary quality that certain denominations ensure. Rather, an inferiority complex. If I think of certain bottles of Californian Cabernet Sauvignon sold in the United States for more than 250 dollars, then I’m sure something isn’t working properly in the mechanism in Italy.



Elena Martuscello

The gap is a combination of all three factors. Economically speaking, quality wine has a cost.

Probably, mistakes were made in recent years by producers with at times unmotivated price increases but also many restaurateurs also applied mark ups that were far too high. Culturally speaking, consumers - despite being offered different bands of very respectable products - were unable to recognise the right value for individual products.

As regards communication, while I feel perhaps there is actually too much - but it is not always appropriate or incisive. It would be important to promote the nutritional model embraced by the Mediterranean diet, where the main ingredients are cereals, fruit and vegetables, fish, meat, dairy produce and, emphatically, wine. Various studies, in short, have confirmed that moderate daily consumption of wine enhances our diet.



Alberto Alessi

In my opinion, it all starts from a cultural gap: there is an incomplete understanding of the fact that Italy is one of the first and fundamental countries in the history of wine from Antiquity to today and yet no one seems capable of valorising this amazing status in an appropriate manner.

The world of wine production is unaware of this and is still anchored - in general terms - to quantitative criteria instead of focusing on quality as the only way to avoid a sad end in the field. Today, there are still far too many poor quality Italian wines!

3

Why, on the contrary, is the export trend on the up?



Giuseppe Martelli

As I said earlier, Italy is characterised by very fragmented wine-growing that in many cases does not have a sufficient critical mass for success on international markets.

Per capita consumption in Italy is falling steadily: in the 1970s, consumption was 120 litres, today the figure is 43 litres and Assoenologi estimates that by 2015 it will drop below 40 litres. Inasmuch, exports are the only outlet valve for our production.

And fortunately, Italian wine is popular. In fact, while 2009 was characterised by the instability of international markets, where increases in sales were matched by lower income, as of February last year the trend began to turn around - so much so that Assoenologi statistics suggest that 2010 may have closed with almost 22 million hectolitres of Italian wine exports worth 3.8 billion euros, the best performance over the last 10 years that ensured necessary oxygen for the sector.



Giacomo Rallo

Italian wine enjoys two major competitive factors on international markets: a) an absolutely unbeatable price-quality ratio; b) general preferences for Made in Italy.



Eleonora Guerini

In general, and not only in Italy, wine is no longer seen as part of the diet. In this regard, I feel that lower consumption levels are inevitable. Wine consumption - and not only for expensive and "famous" wines - is increasingly associated with the idea of a special moment.

Be it with dinner, as an aperitif, for celebrations and even the sensorial enjoyment of tasting. In short, a kind of ritual for different situations. But increasingly less casual.

Producers should re-think their products in this regard.



Elena Martuscello

The export trend is up, first and foremost, given the presence on the market of new economies, Russia and China especially, as well as the fact that even European and North American countries have at last begun to understand the importance of the native varieties embodied in the broad range of Italian wines.



Alberto Alessi

I think this is simply owing to the fact that international markets were not tackled in the past in a sufficiently dynamic manner.

The seventh series of interviews involved

Federico Castellucci

Director General, OIV

Massimo Bernetti

President, Umani Ronchi

Giorgio dell'Orefice

Journalist, Agrisole-Il Sole 24 Ore

Roberto Masullo

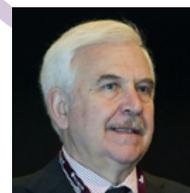
Wine and sparkling wine buyer, Billa Italia

Andrea Cimenti

Managing Director, Acqua Group

1

Can the leading producer country live by exports alone, with the risks represented by currency fluctuations and the aggressive marketing and distribution policies of so-called New World competitors?



Federico Castellucci

The influence of the crisis has been felt, Italy had to realise the situation and reacted. With the exception of Spain, traditional producer and consumer countries (Italy with 24.5 million hl) have practically seen their consumption in 2010 stabilise at 2009 levels. A strong export flow must remain a key aspect in Italian wine-growing policies, seeking to increase not only quantity but also price per litre of wine exported.



Massimo Bernetti

The question to some extent already implies the answer: it is evident that Italian wine cannot live by export alone but in any case nor could it live by the domestic market alone; they are different yet equally fundamental markets.

I think this is a rather “bizarre” debate around the greater or lesser importance of one or the other market since, given the very high level of competition we are experiencing, it would be a mortal error not to fight it out on all fronts.



Giorgio dell'Orefice

The leading producer country must always pay closer attention to exports.

Consumption in Italy is falling in the wake of progressive changes in lifestyles (lower calorie intakes are needed today than when people worked prevalently in the fields or factories and it is difficult to turn back) and, especially, anti-alcohol campaigns. Full-scale crusades fought without distinguishing between wine and spirits and setting limits so low as to penalise even those who drink moderately.



Roberto Masullo

The international market is undoubtedly a marvellous growth opportunity for the sector and in recent years has allowed producers to come to the fore through the quality of their products.

The export sales trend, however, is historically influenced by ex-temporary factors linked to particular “moments” (consumption trends, fluctuations in production costs, significant difference in legislation and regulations from country to country) that make it difficult to consolidate established positions. I therefore feel that producers can only defend themselves through a stronger sales policy on the home market.



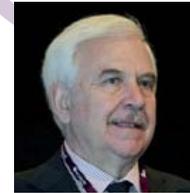
Andrea Cimenti

Not by exports alone but the favourable moment must surely be grasped, especially as regards exports to new markets.

In recent years, strategies have been adopted that have significantly promoted Made in Italy world-wide through communication of values such as area of origin, tradition, culture and wine & food. These values should also be promoted in Italy itself to offset the latent pessimism among consumers prevalently arising from an economic crisis that is bringing about a substantial change in consumption habits.

2

Is the gap on the Italian market economic or cultural in nature or is it a problem of communication?



Federico Castellucci

The Italian gap is prevalently one of communication and modification of consumption habits, but the economic crisis has without doubt had an influence.

Italy has held on to top position in the world for export volume with 20% and is among the leading first per capita consumers (40.5 litres), but could certainly improve with a targeted marketing and image policy.

The quality of Italian wine is not under discussion and a communication programme highlighting the beneficial effects of correct intake, alongside promotion of the image of wines linked with cultural and territorial traditions as well as the pleasure of consuming a quality product, should see Italy gain further ground. Communication should especially focus on “young adults”, the over-20 generation.



Massimo Bernetti

The gap on the Italian market arises from several factors.

It has certainly been influenced by a whole series of social changes in recent years: from different occasions for consumption to diet factors and increased percentages of non-consumer immigrants, to mention but few. There are also many new limitations, by no means last those concerning drink&drive, which have brought about a drastic fall in per capita wine consumption. There has and still is undoubtedly a communication problem and I think that producer associations should focus on this factor to highlight the positive aspects of wine.



Giorgio dell'Orefice

Non all trends seen in Italy are negative.

And a great deal of work has been done. It is true that per capita consumption is down by quality is up. Large-scale distribution itself (which by now accounts for 60% of wine sales) is progressively turning into wine stores, since that more than two thirds of sales in terms of quantity involve Doc and Docg wines.

Moreover, wines costing more than 6 euro are those that have posted the best growth trend (+11.5%). There is still a great deal of space on the shelves space quality wines.



Roberto Masullo

The current market and economic situation certainly has a negative impact but not only for the wine market and not only for Italy. I would say that the crisis in consumption is caused by cultural factors, such as new and different consumption habits. Until a few years ago, wine was considered tout-court to be part of the diet and was a customary drunk at table by Italians.

The trend now is towards more attentive consumption, on certain occasions and certain times that certainly reward the quality of what is drunk but inevitably less often.



Andrea Cimenti

I would say essentially of an economic and cultural nature. Economic because the crisis has generated a re-dimensioning of the shopping basket with a consequent downturn in food products, including prime necessities. The same can therefore be said and to a great extent for out-of-home consumption.

Cultural because certain developments, such as stricter drink-drive controls and sanctions, have by no means helped consumption, especially out of home.

As regards communication, I would say that investments have fallen although certain efforts have been made: the increase, for example, in wine & food vacations - even with the "economy formula" such as smartbox offering weekend trips characterised by various tastings - may represent an alternative promotional channel.

3

Why, on the contrary, is the export trend on the up?



Federico Castellucci

In recent years, there has been a slowdown in sales by European producers, as consumers looked more towards the wines of the New World. 2010 saw a trend returning to more traditional products, represented by Italy, France and Spain.

What is now cause for concern is the quota for the bulk wine market, with increased trade. This will make trade even more complex, with growth in the quota of re-exports, especially within the scope of trans-continental trade.

For example, Holland is becoming an important packaging and re-export platform. Bulk wine comes to 105 million hl on a world scale, in other words 40% of production and 10% of value in terms of trade.

In the long term, this phenomenon could turn wine into a mere commodity that no longer valorises diversity and a given kind of quality.



Massimo Bernetti

It's true, the export trend is on the up. Yet from my point of view I think this is an increase in quantity rather than quality.

I find it in any case, at least in part, a positive thing, despite being apparently less exciting than may appear at first sight.

All the more, globalisation and the easy approach to international markets have done the rest, undoubtedly facilitated by the fascination of Made in Italy and especially Italian cuisine abroad.



Giorgio dell'Orefice

Exports are setting records because new markets are opening up to Italian wines. Including countries in northern Europe, where drink-drive limits are even more stringent than in Italy. Yet these countries are showing very fast growth rates.

Such as Russia, that until a few years ago was merely a promising market but in 2010 placed purchases worth 104 million Euros to become the fourth "client" for Italian wine.

Exports are increasingly a necessary route to be taken, with a focus on the quality and variety of Italian wine and the huge appeal of the Italy "brand".

