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MASTER'S DEGREE IN ENTREPRENEURSHIP AND INNOVATION

**"EXPLORING THE ITALIAN WINE MARKET AND STRATEGIES FOR
ENHANCING B2C SALES THROUGH ONLINE PLATFORMS"**

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Abstract

This paper aims to analyze the modern dynamics of the wine market, seeking to identify the potential advantages that online sales can bring to Italian wineries. After an initial section focusing on the dynamics of the global wine market, there is a specific focus on the Italian wine market, where the main dynamics and the numbers recorded in recent years are reported. Following this, an overview of the online wine market in Italy will be provided, along with listing some dynamics to consider for effectively implementing e-commerce in a winery.

In conclusion, a case study of a winery in Trentino-Alto Adige, Cantina Tramin, is presented, including an interview conducted exclusively for this paper.

Introduction

The landscape of online sales has revolutionized the way products of all kinds are marketed and purchased, representing a privileged channel for companies eager to overcome geographical barriers and expand globally without having to physically open branches in every market of interest. E-commerce offers businesses the opportunity to significantly increase their revenues by expanding their customer base and maintaining a lean and efficient corporate structure.

In this context, the present research focuses on the potential that the implementation of an e-commerce system can offer to a company operating in the wine sector. These businesses, traditionally tied to the territory and focused on the Ho.Re.Ca (Hotel, Restaurants, and Catering) market, often do not fully exploit the opportunities offered by online sales to reach the end customer.

During the course of this work, an overview of the global wine market will be provided initially, with an analysis of recent dynamics, followed by a focus on the Italian market, which will include wine production and consumption, wine classification, imports and exports, and other relevant information.

The second part of the paper will examine the dynamics of e-commerce in the Italian wine sector, highlighting the potential benefits that companies can obtain from adopting an online platform. The necessary infrastructural changes to undertake this transition will be discussed, as well as adaptations in market approach.

In conclusion, a case study will be presented concerning a winery in Trentino-Alto Adige that has effectively implemented an e-commerce system in recent years.

CHAPTER 1: The Wine Market in Italy

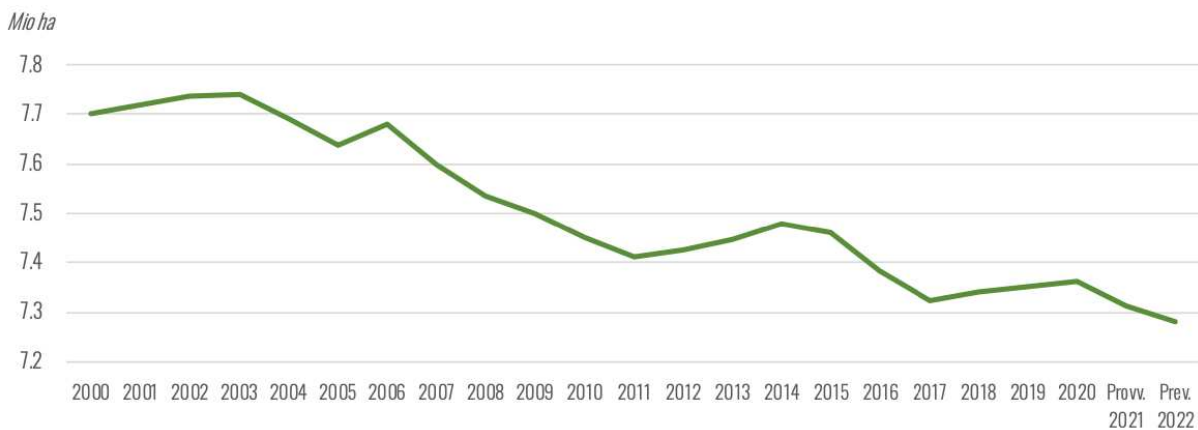
1.1 Presenting the global scenario

From the estimates provided by the International Organisation of Vine and Wine (OIV), the global vineyard area in 2022 is approximately 7.3 million hectares, slightly lower compared to 2021 (-0.4%). The term "vineyard area" refers to the total area planted with grapevines for all purposes (wine and juice, table grapes, and raisins), including young vines not yet in production (OIV, 2022).

Analyzing graph 1.1.1, it can be observed that the global vineyard area has decreased over the past 20 years, dropping from around 7.7 million hectares in the early 2000s to about 7.3 million hectares in 2016. From 2017 to the present, the vineyard area appears to have remained relatively stable. This temporary stabilization has been attributed to heterogeneous developments in the major wine-producing countries.

Throughout 2022, divergent trends are evident within three main blocs of countries. On one hand, nations such as Moldova, Turkey, Spain, Argentina, and the United States contribute to a decrease in the global vineyard area. Conversely, France, along with other significant wine-producing territories like India, Russia, and Brazil, has recorded an increase in cultivated vine areas. In major wine-producing countries such as China, Italy, Chile, and Australia, the vineyard area has remained stable, with no significant changes compared to 2021. These contrasting trends offset each other globally (OIV, 2022).

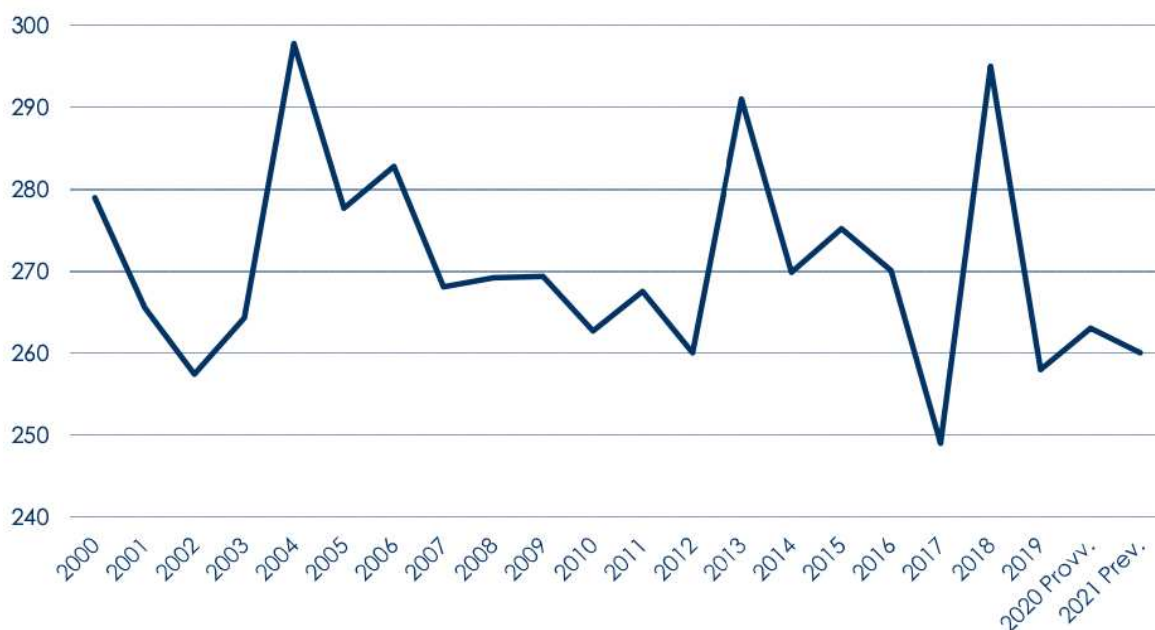
Graph 1.1.1 – Trend of Global Vineyard Area



Source: OIV, 2022.

In the course of 2021, global wine production, according to data provided by the OIV, was estimated at 260 million hectoliters, showing a slight decrease compared to the previous year (-1.1%). As depicted in Graph 1.1.2, this marks the third consecutive year in which production volumes have remained below the ten-year average, which stands at approximately 270 million hectoliters. This trend is primarily attributable to a significant contraction in quantities produced by some of the major European producers, a situation partially offset by exceptional harvests in the Southern Hemisphere (Area Studi Mediobanca, 2022).

Graph 1.1.2 - Trend of Global Wine Production (millions of hectoliters, 2000-2021E)



Source: Area studi Mediobanca, 2022.

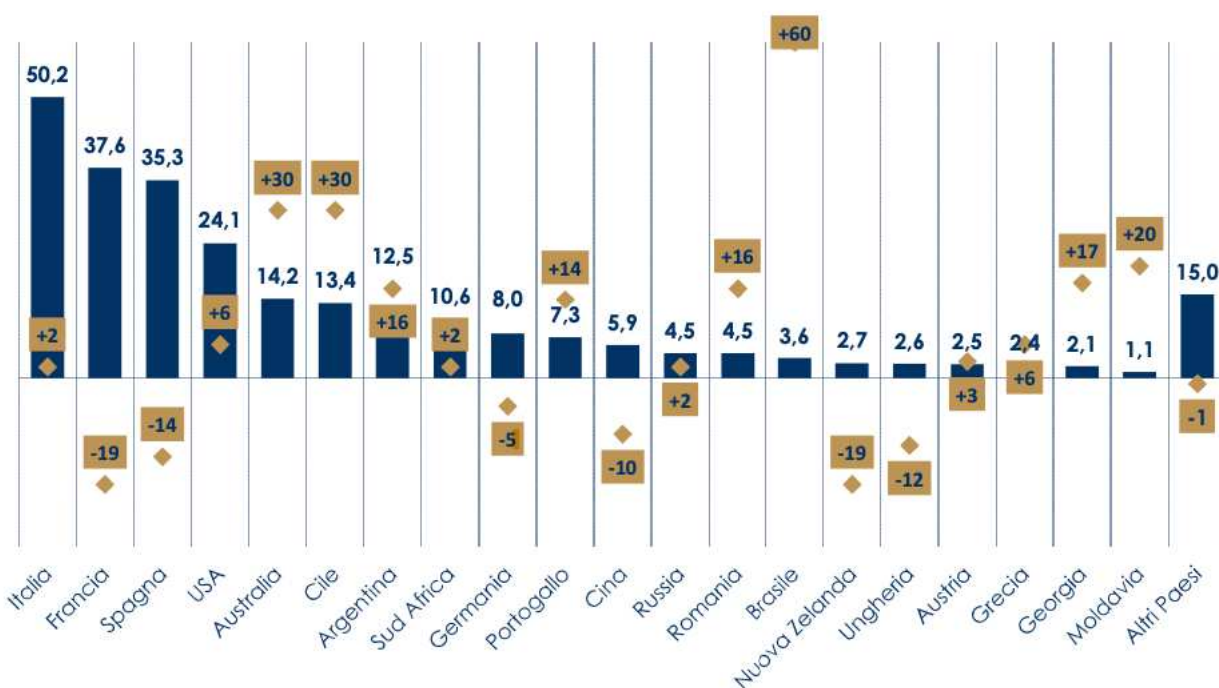
In 2021, wine production in the European Union was estimated at 153.7 million hectoliters, marking an 8% decrease compared to the previous year, primarily due to a significant contraction in France (-19.5%), attributed to adverse weather conditions (see Graph 1.1.3). Despite this, the Old Continent maintains its leadership in wine production, accounting for 59.1% of the total, although there is a gradual advancement of New World countries, including Argentina, Australia, Chile, New Zealand, the United States, and South Africa.

According to Eurostat data from 2019, there are 11,800 European wine-producing enterprises, with an ex-factory turnover of around 40 billion euros, concentrated 85% in France (14.2 billion euros), Italy (11.2 billion), and Spain (7.8 billion). These three countries have been the world's leading

producers, holding the top three positions from 2000 to 2021, although their overall share of total production has decreased from 54.1% to 47.3%. In 2021, Italy leads the rankings with an expected increase of 2% compared to the previous year, surpassing 50 million hectoliters. Conversely, a decrease is recorded in France (-19%, 37.6 million hectoliters in 2021) and Spain (-14%, 35.3 million), as well as a reduction in Germany (-5%), which falls to 8 million hectoliters.

Outside the EU, strong growth is notable in Australia and Chile (both +30%), which had been severely affected by natural disasters in 2020, and a boom in Brazil (+60%) (Area studi Mediobanca, 2022).

Graph 1.1.3 – Wine Production in Major Countries: 2021E, millions of hectoliters (blue), Var. % 2020-2021E (brown)

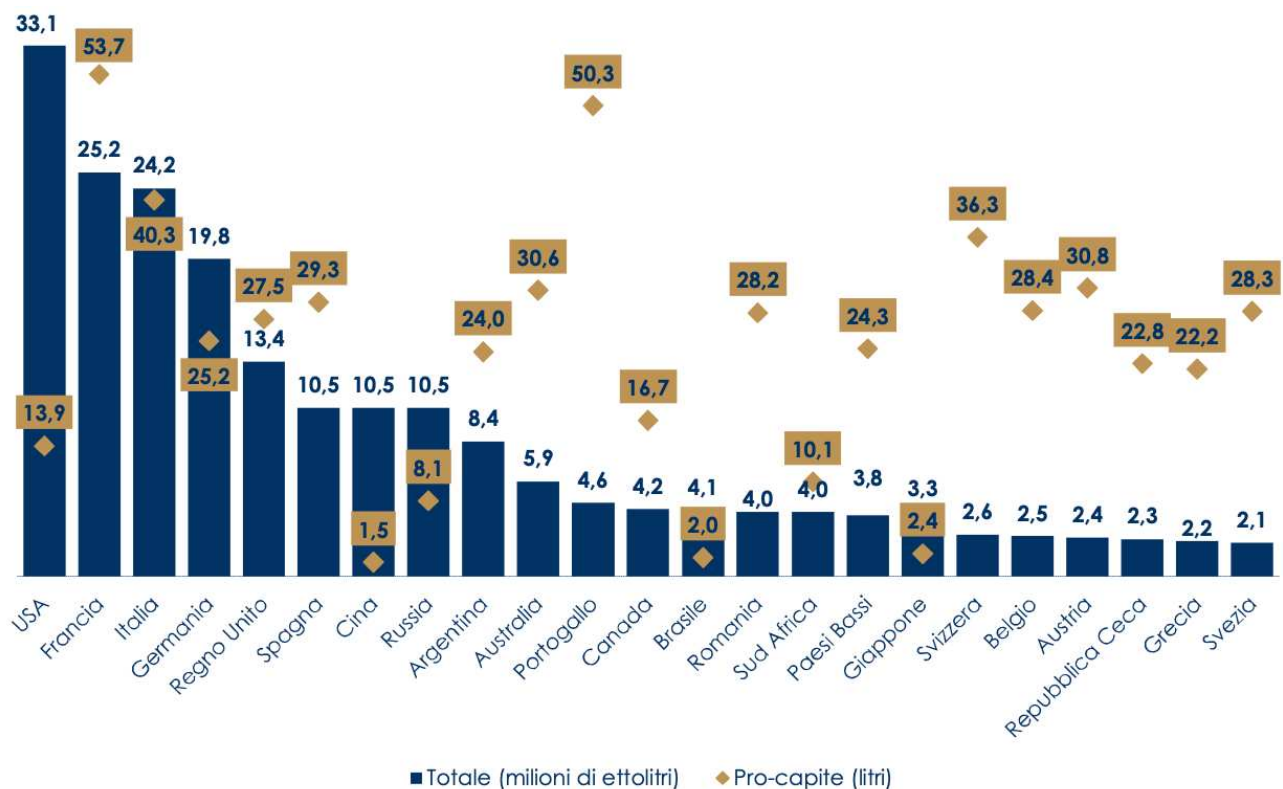


Source: Area studi Mediobanca, 2022.

Examining the demand side, the estimated global wine consumption in 2021 stands at 236 million hectoliters, showing an increase of 0.7% compared to the previous year. This growth appears to have halted the contracting trend that has been in place since 2017, primarily caused by a significant decrease in China, which lost around 2 million hectoliters annually, accentuated in 2020 by the pandemic's negative impact on sectors such as Ho.Re.Ca. (Hotel, Restaurant, and Café) and tourism (Area studi Mediobanca, 2022). From Graph 1.1.4, it can be observed that the United States remains

the world's leading consumers of wine in 2021, with 33.1 million hectoliters, followed by France (25.2 million hectoliters) and Italy (24.2 million).

Graph 1.1.4 – Wine Consumption in Major Countries (2021E)

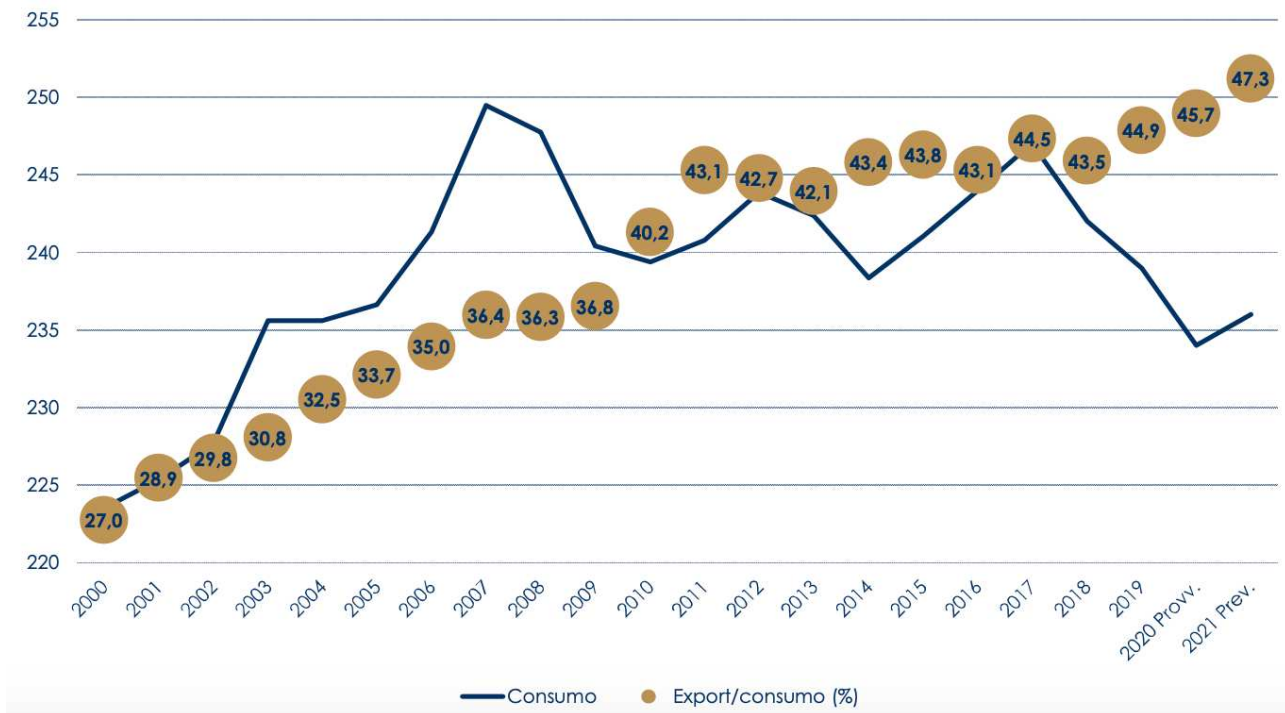


Source: Area studi Mediobanca, 2022.

From Graph 1.1.5, it can be observed that until the year 2009, global wine trade experienced a growth proportionally higher than consumption, which was also on the rise. This led to an increase in the incidence of trade from 27% to 36.8%. Between 2010 and 2017, consumption stabilized, while the trade share fluctuated between 40% and 45%. Starting from 2017, consumption showed signs of contraction (with a reversal in 2021), while exports continued to grow steadily. Consequently, the internationalization of wine has increased, surpassing 47% in 2021. This means that almost one bottle out of every two consumed globally crosses the borders of the country where it was produced. This phenomenon reflects both the growing separation between the place of production and consumption

and the increased sophistication of consumers, combined with the ease of access to products from different countries.

Graph 1.1.5 - Global Wine Consumption Trend (millions of hectoliters, 2000-2021E) and Percentage Ratio of Exports to Consumption.



Source: Area studi Mediobanca, 2022.

As for the global landscape of wine trade, 2021 was an exceptional year: exports grew by 4.4% in volume (from 106.9 to 111.6 million hectoliters) and even more in value (+15.5%), reaching the figure of 34.4 billion euros. In the global market, sparkling wines were the protagonists, representing 10% of the exported volume and 22% of the value, with a 22% increase in volume and a 35% increase in value compared to 2020. On the other hand, the bag-in-box format experienced a collapse (-8% in volume, -1% in value), contributing 4% in volume and 2% in value to global exports (Area studi Mediobanca, 2022).

From Table 1.1.1, it is observed that in 2021, Spain ranked as the top global exporter in terms of volume, with 23 million hectoliters, marking a 14% increase from 2020. Italy followed closely with 22.2 million (+7.3%), followed by France with 14.6 million (+8%). When considering the value of exported wine, France dominated the rankings with 11.1 billion euros (+26.8% compared to 2020),

representing one-third of all exports alone. Italy took the second spot with 7.1 billion (+12.5%), distancing Spain, which recorded 2.9 billion euros, a 9.5% increase from 2020. After the lifting of restrictions, French sparkling wines, in particular, benefited, growing by 33% in volume and 40% in value, as did Italian sparkling wines (+21% and +24%, respectively). The almost total disappearance of the Chinese market, due to tariffs imposed by Beijing, caused a significant contraction in the Australian market (-17.1% in volume, -24.3% in value), which has China as its main reference market.

Table 1.1.1 – Top Global Wine Exporters (2021)

Volume					Valore				
Rank	Paese	2021 (mhl)	Incidenza % sul totale	Var. % 2020-2021	Rank	Paese	2021 (€ mld)	Incidenza % sul totale	Var. % 2020-2021
1	Spagna	23,0	20,6	+14,0	1	Francia	11,1	32,3	+26,8
2	Italia	22,2	19,9	+7,3	2	Italia	7,1	20,6	+12,5
3	Francia	14,6	13,1	+8,0	3	Spagna	2,9	8,4	+9,5
4	Cile	8,7	7,8	+1,9	4	Cile	1,7	4,9	+4,4
5	Australia	6,3	5,6	-17,1	5	Australia	1,4	4,1	-24,3
6	Sud Africa	4,8	4,3	+32,5	6	USA	1,2	3,5	+6,8
7	Germania	3,7	3,3	+0,1	7	Nuova Zelanda	1,2	3,5	+1,7
8	Argentina	3,3	3,0	-15,3	8	Germania	1,0	2,9	+8,2
9	USA	3,3	3,0	-8,9	9	Portogallo	0,9	2,6	+8,0
10	Portogallo	3,3	3,0	+4,1	10	Argentina	0,7	2,0	+6,7

Source: Area studi Mediobanca, 2022.

Let's now analyze the world's major wine importers. In the course of 2021, the top three global wine importers acquired a total of 42 million hectoliters, generating a turnover of 13.1 billion euros (Table 1.1.2). In terms of volume, the largest importer was Germany, with a purchase of 14.5 million hectoliters. Specifically, Germany bought 56% bulk wine, 38% bottled, and the remaining 5% sparkling wine. The United States, ranking second, and the United Kingdom, third, imported similar quantities, close to 14 million hectoliters, with a predominant preference for bottled wine (constituting about half of the imported volume and two-thirds of the value).

In 2021, the United States experienced a 13.1% growth in volume, driven by sparkling wines (+38%), and a 21.1% growth in value (+42% for sparkling wines), thereby reaching the top position with a value of 6.2 billion euros. Italy appears in the Top 10 in terms of volume, with a purchase of 3 million hectoliters of wine, of which 90% is in bulk form. This data represents a significant increase of 82.9%

compared to 2020. The corresponding value is approximately 400 million euros, marking a 37.3% increase from the previous year (Area studi Mediobanca, 2022).

Table 1.1.2 – Top Global Wine Importers (2021)

Volume					Valore				
Rank	Paese	2021 (mhl)	Incidenza % sul totale	Var. % 2020-2021	Rank	Paese	2021 (€ mld)	Incidenza % sul totale	Var. % 2020-2021
1	Germania	14,5	13,1	-	1	USA	6,2	18,0	+21,1
2	USA	13,9	12,6	+13,1	2	Regno Unito	4,1	11,9	+7,3
3	Regno Unito	13,6	12,3	-6,7	3	Germania	2,8	8,1	+5,6
4	Francia	5,9	5,3	-6,0	4	Canada	1,9	5,5	+10,3
5	Paesi Bassi	5,0	4,5	+6,6	5	Paesi Bassi	1,4	4,1	+10,6
6	Cina	4,2	3,8	-1,4	6	Giappone	1,4	4,1	+5,4
7	Canada	4,2	3,8	-6,9	7	Cina	1,4	4,1	-10,5
8	Belgio	3,9	3,5	+28,9	8	Belgio	1,3	3,8	+29,1
9	Russia	3,7	3,3	+5,9	9	Svizzera	1,2	3,5	+15,0
10	Italia	3,0	2,7	+82,9	10	Hong Kong	1,2	3,5	+37,0

Source: Area studi Mediobanca, 2022.

1.2 Wine production in Italy

Examining the data in Table 1.2.1 carefully, the distinctive characteristics of the 2022 grape harvest in Italy clearly emerge. Wine production has proven to be remarkably robust, reaching a total of 54 million hectoliters. This figure represents a 6% increase compared to the previous year and even a 14% increase compared to the ten-year average of 47 million hectoliters. It's important to emphasize that the total quantity of wine, including the 2.3 million hectoliters of must, reaches 56.3 million hectoliters, a level surpassed only in the 2018 vintage.

This growth in total wine production is primarily due to an increase in the quantity of DOC wine, which in 2022 sees its best vintage in recent years with a 25% increase compared to the historical average, reaching a volume of 24.5 million hectoliters. This data reflects the quantity and quality of wine produced in the more regulated wine regions.

White wine has also played a significant role in the total production, contributing 31.19 million hectoliters, constituting 58% of the total wine produced. This result represents a remarkable 20% increase compared to the historical average, influenced particularly by sparkling wines. White wine production has achieved its best production year, in terms of volume produced, in the last 15 years.

Red wines, with a production 7% higher than the historical level, have also contributed significantly to the overall harvest.

Table wine production has remained almost unchanged compared to the previous year, but still marks an 8% increase compared to the historical average.

Table 1.2.1 – Wine Production 2005-2022 in Italy

	Italia				Produzione vino (hl/1000) - ISTAT			
	Vino	Bianco	Rosso	DOC	IGT	Comune	Mosti	Totale
(hl/1000)								
2005	47,834	22,506	25,548	15,020	12,726	20,085	2,515	50,696
2006	47,117	21,876	25,241	14,794	12,598	19,724	2,515	49,631
2007	40,943	18,860	22,083	14,247	12,034	14,662	1,616	42,559
2008	43,946	20,803	23,143	14,441	13,129	16,377	2,299	46,245
2009	43,424	21,474	21,951	15,262	12,271	15,891	2,376	45,800
2010	44,703	22,174	22,529	15,743	13,953	14,997	2,041	46,745
2011	40,632	20,396	20,235	15,061	13,592	11,979	2,073	42,705
2012	38,265	19,629	18,637	16,026	12,546	9,693	2,808	41,074
2013	45,044	24,046	20,999	17,340	15,787	11,917	2,922	47,966
2014	39,741	20,874	18,867	16,373	13,452	9,916	2,346	42,088
2015	48,635	26,118	22,518	18,954	15,423	14,258	2,091	50,726
2016	51,615	27,410	24,205	19,508	15,345	16,762	2,523	54,138
2017	43,829	24,087	19,742	17,447	11,790	14,593	2,271	46,100
2018	54,150	30,652	23,498	22,870	13,460	17,820	2,452	56,601
2019	49,859	27,960	21,899	22,001	11,827	16,030	2,327	52,186
2020	51,916	29,843	22,073	22,459	12,718	16,739	2,418	
2021	50,885	29,677	21,208	23,114	12,293	15,478	2,302	
2022	54,005	31,194	22,811	24,550	13,955	15,500	2,351	
2022/21	6%	5%	8%	6%	14%	0%	2%	
Media 11-20	47,394	26,029	21,365	19,609	13,464	14,321	2,446	
2019/Media	14%	20%	7%	25%	4%	8%	-4%	

Source: ISTAT data census, "I numeri del Vino" 2023.

Through the analysis of different geographical areas (Table 1.2.2), a notable disparity in average production in the south becomes evident, totaling 22.9 million hectoliters. The main contributors to this outcome were primarily Puglia, which recorded a 13% increase compared to 2021, followed by Sardinia with a 9% increase from the previous year. These data emphasize the significant contribution of these southern regions to the overall performance of wine production.

In the central region of the country the production at the end of 2022 was 5.9 million hectoliters. One of the most noteworthy aspects emerges when analyzing the data in Table 1.2.2, highlighting a significant increase in production in the Marche region. In particular, this region recorded a 59% increase compared to the previous year, rising from 880 million hectoliters to almost 1,400 million hectoliters. This result practically represents a doubling of production compared to the last five years, underscoring a significant growth trend in the Marche wine sector.

In the northern zone of the country, a production of 25.3 million hectoliters was recorded. Particularly notable is the significant growth in the Trentino-Alto Adige and Valle D'Aosta regions, marking increases of 18% and 21%, respectively, compared to the previous year's production. These data attest to a positive trend in the wine production of these northern regions.

Table 1.2.2 – Wine Production in Italian Regions

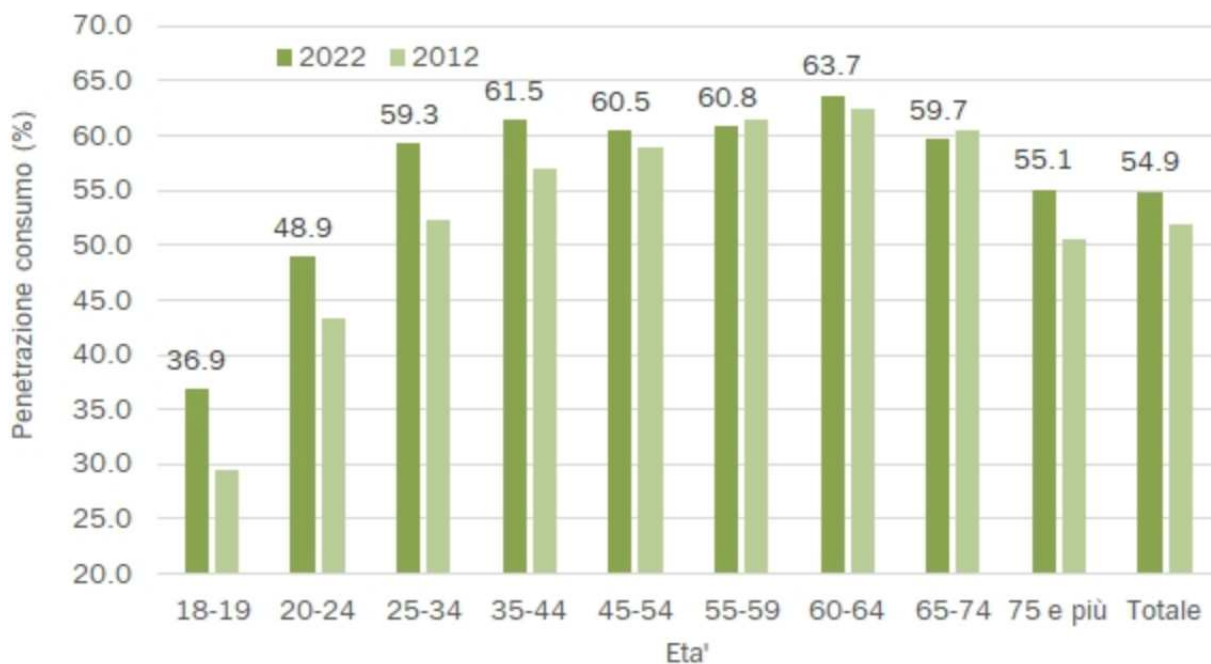
(hl/1000)	Vino no mosti (hl/1000)							
	2016	2017	2018	2019	2020	2021	2022	22/21
Abruzzo	3,899	3,110	3,112	3,088	3,087	3,087	3,129	1%
Basilicata	86	85	86	86	86	86	86	0%
Calabria	428	337	337	305	294	270	270	0%
Campania	1,286	1,293	1,376	1,391	1,412	1,451	1,476	2%
EmiliaRomagna	7,165	5,457	7,340	5,766	6,611	5,907	6,139	4%
FriuliVeneziaGiulia	1,856	1,639	1,709	1,709	1,839	2,019	2,209	9%
Lazio	1,524	1,135	1,289	1,443	1,481	1,489	1,429	-4%
Liguria	69	76	78	84	89	80	73	-9%
Lombardia	1,473	1,183	1,719	1,327	1,505	1,370	1,210	-12%
Marche	956	860	878	878	878	878	1,398	59%
Molise	250	339	467	451	488	512	513	0%
Piemonte	2,549	2,043	2,658	2,525	2,571	2,507	2,413	-4%
Puglia	8,792	9,070	9,806	9,773	9,667	9,595	10,846	13%
Sardegna	804	466	841	629	630	630	684	9%
Sicilia	5,334	4,725	4,989	5,685	5,796	6,169	5,881	-5%
Toscana	3,025	1,901	2,597	2,627	2,601	2,185	2,439	12%
TrentinoAltoAdige	1,213	1,018	1,355	1,153	1,133	1,126	1,325	18%
Umbria	741	609	630	629	644	582	597	3%
Valledaosta	21	10	20	19	19	16	19	21%
Veneto	10,145	8,473	12,866	10,293	11,038	10,927	11,870	9%
Italia	51,615	43,829	54,150	49,859	51,916	50,885	54,005	6%
Nord	24,491	19,898	27,744	22,875	24,804	23,952	25,257	5%
Centro	6,246	4,506	5,393	5,576	5,651	5,133	5,862	14%
Mezzogiorno	20,878	19,425	21,013	21,407	21,460	21,800	22,886	5%

Source: ISTAT data census, "I numeri del Vino," 2023.

1.3 Wine consumption in Italy

Graph 1.3.1 provides a detailed comparison of wine consumption across different age groups in the period from 2012 to 2022. A thorough analysis of the data reveals a trend of increased wine consumption in all age categories considered. Notably, there is a significant rise in consumption among individuals aged 18 to 19, increasing from 29% to 37% over the span of 10 years. Similarly, age groups ranging from 20-24 and 25-34 both experienced an approximately 5-percentage-point increase, indicating a consistent growth trend. In contrast, among participants aged 45 to 74, no significant increases in wine consumption were observed. However, there is a 5-percentage-point increase even in the 75 years and above age group, suggesting a shift in behavior in this demographic. Overall, the prevalence of wine consumption in Italy has seen a considerable increase, rising from 51.9% in 2012 to around 55% in 2022, reflecting a 3% increase in percentage points. These data suggest a dynamic shift in wine consumption patterns over these ten years, with particular attention to emerging trends in younger age groups and the elderly population. It is important to emphasize that a percentage increase in wine consumption prevalence does not necessarily translate into an absolute increase in the quantities of wine consumed. This is because the data includes both an increase in occasional drinkers and a decrease in regular drinkers, indicating that, overall, a larger number of people participate in wine consumption but with a lower frequency.

Graph 1.3.1 – Wine Consumption Penetration by Age in Italy (2012-2022)



Source: ISTAT data census, "I numeri del Vino" 2023.

Conducting a detailed geographical analysis through the examination of Table 1.3.2, it is evident that in 2022, the regions with the highest penetration percentages in wine consumption were Emilia-Romagna, with a notable 62.3%, and Valle d'Aosta, marking a significant 60.6%. However, the trend of these data shows considerable variability from year to year, complicating the identification of a consistent trend among different regions.

It is more straightforward, instead, to interpret the data by examining the reference geographical areas. During 2022, there is a higher penetration of wine consumption in the northern part of the country, specifically in the north-east, with a percentage of 60.5%, followed by the central region with 57.8%. This difference of over 10 percentage points between the north-east and the south of Italy could suggest a potential diversity in consumer habits, perhaps influenced by regional cultural variations.

Table 1.3.2 – Wine Consumption Penetration in Italian Regions

(% popolazione)	2009	2012	2015	2018	2019	2020	2021	2022
Piemonte	57.0	52.3	56.1	56.8	58.2	55.6	58.7	57.5
Valle d'Aosta	58.8	56.3	55.5	61.0	60.8	58.3	59.6	60.6
Liguria	55.4	58.8	53.4	59.4	58.2	59.8	57.6	59.1
Lombardia	53.7	53.8	55.5	55.1	56.2	54.2	56.9	56.5
Trentino-Alto Adige	55.5	52.5	51.6	56.1	54.8	54.3	54.8	55.2
Bolzano - Bozen	52.1	57.1	55.7	59.6	54.3	58.7	55.7	56.9
Trento	59.1	48.1	47.7	52.8	55.3	49.9	54.0	53.4
Veneto	58.9	58.4	57.2	59.0	58.2	57.5	59.1	60.0
Friuli-Venezia Giulia	55.0	57.6	55.7	59.1	58.5	57.1	58.6	59.0
Emilia-Romagna	61.7	57.3	60.8	62.5	61.1	61.8	59.1	62.3
Toscana	60.6	55.6	57.9	58.9	59.1	60.2	58.9	59.5
Umbria	56.7	53.0	56.4	55.7	58.6	59.3	61.5	59.8
Marche	58.0	58.3	57.7	60.2	55.7	57.2	60.1	57.9
Lazio	54.2	52.1	48.8	56.1	54.5	55.3	57.2	56.4
Abruzzo	55.2	49.6	56.6	51.9	51.9	50.9	51.5	54.6
Molise	48.7	49.4	47.7	50.0	52.0	52.8	50.6	52.9
Campania	48.2	47.4	45.4	45.2	46.3	46.7	47.2	53.1
Puglia	48.0	45.4	44.9	52.1	50.2	49.1	48.8	45.9
Basilicata	49.6	44.6	46.5	52.7	51.0	53.5	48.8	49.7
Calabria	52.4	45.4	47.9	49.7	51.2	54.1	47.5	45.0
Sicilia	42.1	44.8	42.1	43.1	45.5	44.1	43.8	44.5
Sardegna	50.3	45.6	48.1	48.0	49.4	45.8	47.2	45.5
Nord-ovest	55.8	53.9	55.4	56.0	57.0	55.2	57.4	57.1
Nord-est	59.6	57.4	57.9	60.1	59.0	58.8	58.7	60.3
Centro	56.9	54.1	53.4	57.5	56.4	57.4	58.4	57.8
Sud	49.5	46.7	46.8	48.9	49.0	49.2	48.3	49.9
Isole	44.2	45.0	43.6	44.4	46.4	44.5	44.6	44.7
Comune centro dell'area metropolitana	55.7	54.8	51.9	56.9	55.2	54.7	56.7	58.7
Periferia dell'area metropolitana	52.6	52.4	52.7	52.8	53.5	53.0	53.6	55.6
Fino a 2.000 abitanti	56.5	49.9	52.4	55.3	53.3	52.6	57.1	51.1
Da 2.001 a 10.000 abitanti	53.8	50.7	52.3	53.5	54.1	54.2	52.9	54.0
Da 10.001 a 50.000 abitanti	52.8	50.9	50.8	53.3	53.7	53.4	53.2	53.4
50.001 abitanti e più	54.5	53.0	53.9	54.6	55.3	53.9	55.8	55.5
Italia	54.0	51.9	52.2	54.1	54.2	53.8	54.4	54.9

Source: ISTAT data census, " I numeri del Vino" 2023.

1.4 Wine classification in Italy

The Classification of Wines is an organized system based on rules defined by a "Disciplinary," which establishes the norms regarding the grape varieties and proportions used in the production of a particular wine. A crucial element in this context is the territory, which determines the most suitable production areas, along with the rules for grape cultivation.

In Italy, wines are categorized into four main groups: Table Wines, I.G.T. Wines (Typical Geographical Indication), D.O.C. Wines (Controlled Designation of Origin), and D.O.C.G. Wines (Controlled and Guaranteed Designation of Origin).

1. Table Wines:

These wines do not have specific geographical indications and can be produced with grapes from various areas. Despite lacking a clear geographical identity, they are not necessarily of low quality. Grape varieties or vintage cannot be indicated on the labels. They can be sold in bulk or in various types of containers.

2. I.G.T. Wines (Typical Geographical Indication):

These wines are characterized by the geographical indication of the production area, with at least 85% of the grapes coming from this zone. Grape varieties can be mentioned on the label, but it is not mandatory. They can be sold in bulk or in demijohns.

3. D.O.C. Wines (Controlled Designation of Origin):

These wines are produced in vineyards registered in a specific area, with strict rules regarding yield per hectare, grape varieties, alcohol content, and aging. Before being marketed, D.O.C. Wines must undergo chemical and sensory analyses by expert Chambers of Commerce. They are usually packaged in bottles but can also be sold in bulk or in demijohns.

4. D.O.C.G. Wines (Controlled and Guaranteed Designation of Origin):

These are Wines of Superior Quality compared to D.O.C. Wines, subject to stricter disciplinary regulations. Before bottling, they undergo chemical and sensory analyses. To obtain the D.O.C.G. designation, the wine must first be recognized as D.O.C. for at least 5 consecutive years.

1.5 Import and export of wine in Italy

Export

The export of wine plays a crucial role in the Italian economy, providing a significant boost to the agricultural sector and the national economic landscape. Italy is globally renowned for its centuries-old wine tradition, the diversity of its grape varieties, and the superior quality of its wines. This reputation is an essential foundation for the significant contribution that wine exports make to the country's economy.

According to an article published by the Uiv-Ismea-Vinitaly Observatory on 14 March 2023, Italian wine exports in 2022 set a new commercial record, reaching nearly 8 billion euros and recording a significant increase of 9.8% compared to the previous year. Despite the stability in sales volumes, which amounted to 22 million hectoliters, there is a negative impact on the wine industry due to the escalation of production costs. This has significantly eroded the margins of the supply chain, especially for entry-level and popular products, characterized by prices of up to 6 euros per liter. Although the sector has withstood partial price variations, the analysis conducted by the Uiv, Ismea, and Vinitaly Observatory highlights a significant impact on profit margins. Despite the overall positive result, with a surplus of over 7.3 billion euros, there is an awareness that the commercial record is partly due to price increases, essential to counteract the erosion of margins caused by the cost surplus.

In the second half of 2022, the impacts of inflation became evident, leading to a decrease in consumption in all sectors and product categories, including the wine sector. According to an article published on Wine News on 14 March 2023, a surprisingly positive figure concerns the volume of wine exported in 2022, which stands at 21.9 million hectoliters, recording only a slight contraction of 0.6% compared to the 22 million hectoliters in 2021. It is important to note that there are significant differences among various markets. While key markets such as the United States, Germany, the United Kingdom, Canada, and Switzerland ended 2022 positively, disappointing data comes from Denmark, Norway, and China.

Proceeding in order, the United States maintains its position as the world's leading market for wine imports and consumption, with Italian exports totaling €1.86 billion in 2022, marking an 8.3% increase (see Table 1.5.1). According to an article published on "ExportUSA" by Lucio Miranda on 16 November 2023, there is a positive trend in Italian wine sales, particularly in restaurants, within the United States restaurant sector. This phenomenon is attributed to American consumers' inclination to allocate a higher budget for special occasions. Generally, beer prevails in bars, accounting for 35% of sales compared to wine's 10%. However, the dynamic shifts in restaurants, where wine becomes the predominant choice at 35%, while beer sales account for 18%. A notable observation from this information is the growing premiumization of wines. It is interesting to note that Pinot Grigio continues to maintain its popularity among American consumers, offering a wide range of options with its 20 varieties. Prosecco ranks second, followed by renowned Italian reds such as Brunello di Montalcino, Chianti, and Amarone. Regionally, Tuscany reaffirms its status as the most appreciated wine region, followed by Veneto and Piedmont. Tuscany, famous for its high-quality wines, appears to enjoy considerable preference among American consumers. Veneto, known for Prosecco, and Piedmont, renowned for its red wines like Barolo, complete the ranking of the most appreciated regions (Miranda, 2023).

The second largest market, both in terms of volume and value, is Germany, which closed 2022 at €1.18 billion (+4.9%). According to an article published on 19 January 2023, in Wine News, Italian wine, in terms of value, represents a 47% share in the still and sparkling wine segment in the German market (with France at 24% and Spain at 11%) and a 23% share in the sparkling wine segment (with France at 66% and Spain at 9%). While all types of wines experience a volume loss, sparkling wines show a +1% increase in value, significantly less than the total (+9%) and the increase seen by French (+14%) and Spanish (+9%) sparkling wines. Among German consumers, particularly among the younger demographic, Italian wine enjoys an exceptional reputation. Over the past 12 months, 78% of wine lovers in Germany, totaling 22 million people, have opted for at least one bottle of Italian wine. However, in terms of perceived quality, German wine ranks as the favorite, with 36% of Germans choosing it, followed by French wine (22%) and then Italian wine (20%) (Wine News, 2023).

Britain closed 2022 with €811.5 millions of Italian wine purchased, registering a growth of 9.4 percentage points compared to the previous year. According to an article published on "London News 24" by Pietro Nigro on 25 September 2023, this market is of particular interest to wine-producing countries because production in it is very limited while wine consumption continues to grow year after year. The exponential growth of this market depends on many factors that have contributed to changing the habits of British consumers over the last 15 years and increasing consumption. The increase in disposable income, growing interest in Italian cuisine, and more frequent travel to Europe have contributed to a significant change in the lifestyles of a significant portion of people living in the United Kingdom. British pubs have expanded their wine offerings to meet the growing demand, and thanks also to the fame of many Italian chefs, the availability of Italian wines in restaurants and the Ho.Re.Ca sector has increased (Nigro, 2023).

Canada's performance is also very positive, marking a remarkable +11.4%, confirming its overtaking of Switzerland as the fourth market for Italian wine exports, with a turnover of €427 million. According to the article published on "Vendemmie" by Giovanna Romeo on 5 June 2023, when talking about Canada, an important clarification must be made: it is a federal state that delegates the importation of alcoholic products to individual provinces. It is not therefore a single market, but each province is a story in itself for consumption, volumes, habits, and rules. Focusing on the four main provinces comparable to our regions, we have Ontario, which accounts for 41% of sales, Quebec, which accounts for 27%, Calgary (Alberta province), which accounts together with Vancouver (British Columbia) for 12%. The total of these four provinces therefore accounts for 92% of sales. Three-quarters of the wine consumed in Canada is imported, for a turnover of around €2.2 billion. The main importers are France, Italy, and the United States. Italy has a market share of 20. The growth of Italian sales in Canada is mainly due to interest in Prosecco and sparkling wines in general, as well as Pinot Grigio. Market trends in Canada are sustainability, the growth of low-alcohol and no-alcohol wines, with particular interest in sparkling wines (Romeo, 2023).

Over the past year, the wine market in Sweden has seen a significant increase, surpassing the 200 million euro threshold for the first time with a growth of 7.8% compared to 2021. The main peculiarity of the Swedish market is represented by the state monopoly known as "Systembolaget." The latter constitutes the only sales channel for alcoholic beverages with an alcohol content exceeding 3.5%. Consequently, wineries aiming to enter this market must undergo an interaction process with Systembolaget to obtain the necessary approval, an essential element for successfully penetrating such a commercial context. Currently, Sweden hosts approximately 400 Monopoly stores, with 70% of alcoholic beverages being marketed through Systembolaget. Other distribution sources include 10% of sales in restaurants, 10% during travels, and 0.5% through online purchases. Regarding consumption preferences, wine remains the most popular alcoholic beverage, representing 45% of the market, followed by beer with 33%, and spirits with 19%.

As for Italian wine imports in Denmark, these have recorded a loss of 5.36% compared to the previous year, stopping at 157.8 million euros. According to an article published on "Wine Meridian" by Agnese Ceschi on 16 January 2018, the Danish market is characterized by a high per capita consumption compared to the European average, with an average value of 30 liters per capita per year, compared to a European average of 23.9 liters. An important element that differentiates this market from other Scandinavian countries is the absence of a monopoly.

Norway also closed the year with a decrease in imports of about 6%, to 110.3 million euros. The Norwegian market is also characterized by the presence of a state monopoly that controls over 90% of the wine market, making collaboration between Italian wineries and this entity necessary.

Belgium records a notable success, growing by 8.9% for a total value of 238 million euros. Despite Belgium being commonly associated with beer, wine has gained considerable popularity among consumers in the country. Large-scale distribution plays a significant role, covering over 60% of the wine market. Furthermore, the introduction of competitive products from countries such as Chile and Argentina has helped consolidate Belgium's position as one of the leading wine consumers in Europe.

Moving on to geographically closer markets to Italy, Austria shows a significant growth of 17.8%, with sales volume reaching 135.6 million euros. According to the magazine "Assoenologi," the Austrian wine market is mature, sophisticated, and essentially saturated, facing competition from local wines as well as those from France, Spain, Germany, and in recent years, also from the United States, Chile, Australia, and South Africa.

In the Swiss context, one of the wealthiest countries in the world, a more modest growth of 2.7% is observed, still confirming its position as the fifth destination for Italian wine exports, with a value of 426.3 million euros. However, there is a 6% contraction in volumes, dropping to 73.6 million liters. Switzerland, with its 8 million inhabitants, thanks to a continuously growing GDP and one of the highest purchasing powers in the world, is a very valuable market for wine. Italy is the main supplier of this market, which in recent years has overtaken France. Domestic production, with its 15,000 hectares of vineyards, cannot meet internal demand. According to Wine News, wine is the third most consumed beverage, with 33 liters per capita, behind soft drinks and beer.

Analyzing the Russian situation, in 2022, 172 million euros worth of Italian wine were imported, showing a growth of 15.8%, despite possible complications due to triangulations, especially from the Baltic countries.

Turning to Asia, China records a decrease, closing at only 111 million euros of Italian wine in 2022, with a decline of 11.9% compared to 2021. On the contrary, Japan presents the strongest growth among Italy's trading partners, with a notable +28.6%, approaching the 200 million euro mark. South Korea, with a final effort, ends slightly positively at 75.6 million euros (+0.6%).

Table 1.5.1 Main customer countries of Italian wine

	Migliaia di ettolitri			Migliaia di euro		
	2021	2022	Var. %	2021	2022	Var. %
EXTRA-UE	11.257.229	10.848.802	-3,6%	4.353.902	4.765.248	9,4%
UE	10.784.449	11.052.348	2,5%	2.816.140	3.106.824	10,3%
Stati Uniti	4.017.512	3.731.127	-7,1%	1.717.932	1.860.528	8,3%
Germania	5.345.119	5.235.981	-2,0%	1.124.740	1.180.172	4,9%
Regno Unito	2.729.533	2.609.133	-4,4%	741.681	811.575	9,4%
Canada	805.286	801.785	-0,4%	383.738	427.469	11,4%
Svizzera	783.328	735.984	-6,0%	414.861	426.344	2,8%
Francia	807.005	930.963	15,4%	231.305	289.500	25,2%
Paesi Bassi	619.865	623.024	0,5%	226.814	239.057	5,4%
Belgio	650.153	672.240	3,4%	218.765	238.262	8,9%
Svezia	518.565	574.084	10,7%	193.907	209.117	7,8%
Giappone	376.777	459.981	22,1%	155.012	199.396	28,6%
Russia	585.778	585.560	0,0%	148.585	172.108	15,8%
Danimarca	435.712	384.016	-11,9%	166.829	157.881	-5,4%
Austria	458.799	503.058	9,6%	115.104	135.616	17,8%
Cina	308.904	230.867	-25,3%	126.601	111.570	-11,9%
Norvegia	276.257	239.855	-13,2%	117.353	110.347	-6,0%
Polonia	325.062	342.394	5,3%	92.755	106.523	14,8%
Australia	162.928	160.059	-1,8%	74.286	82.328	10,8%
Repubblica ceca	319.682	322.307	0,8%	67.135	76.872	14,5%
Corea del Sud	131.157	118.728	-9,5%	75.139	75.611	0,6%
Mondo	22.041.678	21.901.149	-0,6%	7.170.042	7.872.072	9,8%

Source: Ismea based on Istat data.

Let's now analyze the data reported in table 1.5.2, concerning Italian wine exports by wine quality provided by Ismea based on Istat data for the years 2021 and 2022. Firstly, we can observe that the percentage change in the total volume of exported wine remained almost unchanged over the time period considered, with a slightly negative variation in exported quantities (-0.6%), while the value of exported wine increased by almost 10 percentage points compared to the previous year. Delving deeper into the various qualitative categories of wine, we observe that D.O.P. (Protected Designation of Origin) wines did not experience significant changes in terms of export volume. Still wines recorded a negative percentage change of 3.6 percentage points, sparkling wines lost 3.7 percentage points, while “spumante” wines saw an increase of 6.4 percentage points, thus offsetting the loss suffered by the other two wine classes. This stagnation in the volume of D.O.P. wine exports was offset by an increase in the value of sales in all three categories. Still wines saw an increase of 6.7% in value, sparkling wines recorded an increase of 13.2%, and “spumante” wines saw an increase of 20.8% in value.

Analyzing I.G.P. (Protected Geographical Indication) quality wines, we note that these recorded a negative variation in exported volume of 0.5 percentage points. This result is mostly due to a 20% reduction recorded by “spumante” wines compared to the previous year. Sparkling wines recorded a decrease of 11.5 percentage points, while still wines recorded a slight increase in exports of 1.8 percentage points. The variation in value for these wines was +6.7% for still wines, -4.8% for sparkling wines, and -10.3% for “spumante” wines. These data highlight how I.G.P. quality wines have not been very successful in terms of both exported quantity and exported value.

Moving on to the analysis of the varietal wine category (table wine), we observe that still wines experienced a reduction in exported volume between 2021 and 2022 of 3.5 percentage points compared to the previous year, sparkling wines experienced a reduction in volume of 5.2 percentage points, and “spumante” wines, on the contrary, recorded an increase in exported volume of 5.5 percentage points. Overall, the exported volume of varietal wine during the period under consideration decreased by 2.5%. Regarding the exported value, we find an increase of 8.4% for still wines, an increase of 13.4% for sparkling wines, and an increase of 12.2% for “spumante” wines.

The aggregate value of exports of this quality of wine has grown by 10.3% compared to the previous year.

As the last quality of wine reported in table 1.5.2, we find table wines, generally low-quality wines mostly sold as bulk wine. The total volume of exports of this quality of wine has recorded a positive variation compared to the previous year of 14.8%, resulting as the only quality to have registered an increase in exported volumes compared to 2021. Going into detail, still wines recorded an increase of 16.1% in exported volume, sparkling wines an increase of 32.6%, and “spumante” wines an increase of 8%. In terms of overall value exported for this category, there was an increase of 15.9% compared to the previous year. Still wines saw a significant increase of 19.3%, sparkling wines an increase of 7.1%, and “spumante” wines an increase of 11.7%.

Table 1.5.2 – Italian Wine Exports by Quality Pyramid (2021-2022)

	Migliaia di ettolitri			Migliaia di euro		
	2021	2022	Var. %	2021	2022	Var. %
DOP	11.357.278	11.359.439	0,0%	4.698.950	5.248.630	11,7%
Fermi	6.542.072	6.305.979	-3,6%	2.937.645	3.134.991	6,7%
Frizzanti	704.534	678.519	-3,7%	192.776	218.269	13,2%
Spumanti	4.110.672	4.374.942	6,4%	1.568.529	1.895.369	20,8%
IGP	5.390.170	5.362.971	-0,5%	1.631.833	1.718.214	5,3%
Fermi	4.511.876	4.592.846	1,8%	1.444.013	1.540.636	6,7%
Frizzanti	801.558	709.226	-11,5%	164.824	156.959	-4,8%
Spumanti	76.736	60.899	-20,6%	22.995	20.618	-10,3%
VARIETALI	4.418.208	4.307.093	-2,5%	583.563	643.495	10,3%
Fermi	3.426.918	3.305.548	-3,5%	318.647	345.297	8,4%
Frizzanti	415.474	393.962	-5,2%	80.429	91.214	13,4%
Spumanti	575.817	607.582	5,5%	184.486	206.983	12,2%
COMUNI	522.598	599.781	14,8%	111.228	128.894	15,9%
Fermi	371.876	431.797	16,1%	65.069	77.597	19,3%
Frizzanti	21.045	27.914	32,6%	5.531	5.924	7,1%
Spumanti	129.676	140.070	8,0%	40.628	45.373	11,7%
Altre DOP+IGP	89.132	92.360	3,6%	90.881	94.525	4,0%
MOSTI	264.291	179.505	-32,1%	53.588	38.315	-28,5%
TOTALE	22.041.678	21.901.149	-0,6%	7.170.042	7.872.072	9,8%

Source: Ismea based on Istat data.

Analyzing the data from Table 1.5.3 on wine exports by individual region, we can observe that in 2022, exports were primarily driven by Veneto, which saw a 13% increase compared to the previous year, with a turnover of 2.85 billion euros. Examining the time horizon from 2015 to 2022 as shown in the table, we note that Veneto holds the record for the region with the highest monetary value of wine exports in all years under consideration. Following Veneto, we find Piemonte, which recorded a 5-percentage point increase in the value of wine exports compared to the previous year and a 21

percentage point increase compared to the values recorded in 2019, i.e., before the COVID-19 pandemic. In third place for export value in 2022 is Tuscany, which experienced a 10% growth compared to the previous year, with a value of 1.25 billion euros.

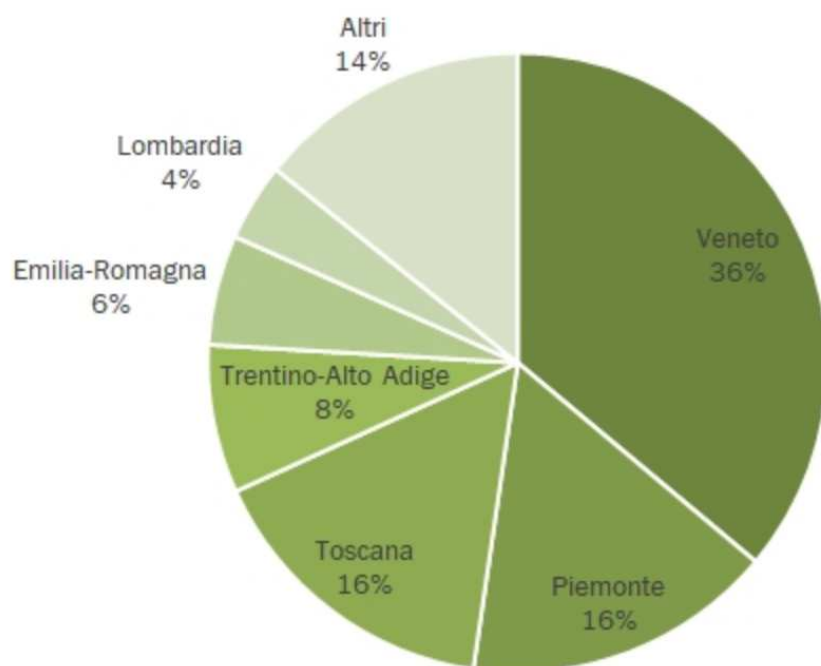
Table 1.5.3 - Total Wine Exports by Region (2015-2022)

(EURm)	2015	2016	2017	2018	2019	2020	2021	2022	22/21	22/19
Piemonte	965	924	988	1,016	1,055	1,090	1,220	1,277	5%	21%
Valle d'Aosta	1	1	1	2	3	2	4	4	-1%	40%
Lombardia	255	260	271	273	284	256	297	320	8%	12%
Trentino-Alto Adige	500	511	532	532	554	579	616	609	-1%	10%
Veneto	1,834	2,001	2,143	2,242	2,312	2,245	2,505	2,841	13%	23%
Friuli-VeneziaGiulia	101	110	113	119	128	117	143	200	40%	57%
Liguria	10	13	21	24	18	17	22	16	-27%	-11%
Emilia Romagna	275	289	321	324	324	344	415	452	9%	39%
Toscana	902	918	937	977	1,004	971	1,133	1,252	10%	25%
Umbria	30	33	34	36	36	28	35	40	17%	12%
Marche	47	49	52	59	61	55	60	76	26%	24%
Lazio	49	54	62	65	65	69	81	85	5%	31%
Abruzzo	140	150	171	184	191	188	205	219	7%	15%
Molise	3	3	3	2	3	3	4	6	51%	123%
Campania	43	41	48	48	56	53	58	64	9%	14%
Puglia	102	123	149	162	174	166	187	206	10%	18%
Basilicata	3	2	2	2	2	3	3	3	18%	71%
Calabria	5	5	5	7	5	7	5	7	29%	29%
Sicilia	101	115	127	140	133	119	140	170	21%	28%
Sardegna	22	24	23	23	24	20	24	25	5%	8%
Non specificato	1	1	2	1	2	1	15	2	-87%	5%
Totale	5,390	5,628	6,006	6,237	6,433	6,332	7,172	7,873	10%	22%

Source: ISTAT data census, "I numeri del Vino", 2023.

At the end of 2022, Veneto confirms its position as the dominant region in wine exports, accounting for 36% of the total exported by all regions. Following Veneto there are Piemonte and Toscana, both with a share of 16%. Next is Trentino-Alto Adige with an 8% share, followed by Emilia-Romagna with 6% and Lombardia with 4% (Graph 1.5.1).

Graph 1.5.1 – Regional Breakdown of Wine Exports in 2022



Source: Census data from ISTAT, "I numeri del Vino", 2023.

Import

As shown in Table 1.5.4, wine imports in Italy in 2022 increased by almost 20% in value compared to the previous year, reaching a record value of 513 million euros. The main factor contributing to this increase in imports is primarily France, with a value of 368 million euros in 2022 compared to 256 million euros recorded in 2021, resulting in a 44% increase in value. Spain follows, with a slight decrease in the value of imports from 96 million euros to 88 million euros, representing an 8-percentage-point reduction. The geography of wine imports in our country has followed the same trend for several years, with France being the primary market from which to import wine, followed by Spain.

Table 1.5.4 - Wine Imports to Italy by Value (2015-2022)

(EUR m)	2015	2016	2017	2018	2019	2020	2021	2022	22/21	22/17 an
Totale	325	307	320	351	334	288	430	513	19%	9.9%
France	160	171	191	213	205	174	256	368	44%	14.1%
Spain	72	48	67	93	65	60	96	88	-8%	5.5%
Portugal	6	6	6	7	7	7	8	12	46%	14.0%
Germany	13	9	9	6	11	14	23	10	-57%	1.4%
South Africa	1	2	2	5	0	1	5	5	0%	16.6%
Netherlands	1	3	3	1	2	4	6	4	-28%	5.8%
Austria	2	2	2	3	7	7	9	3	-71%	1.5%
USA	41	38	14	2	3	2	1	2	47%	-30.7%
Argentina	1	1	1	1	1	2	1	2	146%	20.4%
Switzerland	1	1	1	1	2	1	1	2	37%	18.0%
Czechia	0	0	0	0	2	1	1	2	113%	85.5%
Hungary	2	2	2	3	2	2	2	2	-10%	-5.3%
United Kingdom	1	3	2	3	2	1	1	2	135%	-0.5%
Denmark	0	0	0	0	1	1	2	1	-11%	65.8%
Others	23	21	18	12	23	12	18	10	-48%	-12.4%

Source: ISTAT census data, "I numeri del Vino", 2023.

This increase in the value of imports, however, needs to be properly contextualized because alongside this increase in revenue, there has been a reduction in the volumes imported, nearly 30% less than the previous year (Table 1.5.5). Therefore, it is an increase solely determined by price dynamics.

Table 1.5.5 – Wine Imports to Italy by Volume (2015-2022)

(hl/1000)	2015	2016	2017	2018	2019	2020	2021	2022	22/21	22/17 an
Totale	2,791	1,707	2,077	2,049	1,552	1,636	3,112	2,215	-29%	1%
Spain	1,853	834	1,451	1,501	1,156	1,140	2,243	1,653	-26%	3%
France	181	171	207	213	180	216	291	273	-6%	6%
South Africa	12	47	59	99	1	15	184	152	-17%	21%
Portugal	17	23	24	27	24	20	26	34	29%	7%
Germany	74	39	44	21	31	75	109	22	-80%	-13%
Austria	16	14	16	23	37	41	76	21	-72%	6%
Hungary	17	20	29	40	30	19	22	18	-18%	-9%
Argentina	2	3	2	4	3	7	2	6	158%	20%
Belgium	0	1	1	1	9	8	16	6	-63%	53%
Netherlands	4	3	3	0	2	7	14	4	-69%	4%
Romania	8	7	8	6	10	3	10	4	-61%	-12%
Chile	9	14	4	4	6	5	7	4	-46%	1%
Greece	4	3	1	2	7	6	21	3	-84%	21%
USA	411	334	110	1	7	3	3	3	-22%	-53%
Others	184	194	119	107	52	70	87	12	-87%	-37%

Source: ISTAT census data, "I numeri del Vino", 2023

Analyzing the data provided in graph 1.5.2 regarding the trade balance for different types of wine, we observe an increase in the import-export ratio in 2022 compared to the previous year by 600 million euros. This increase has been recorded in all three types of imported wine: in 2022, sparkling wine saw a 16% increase compared to the previous year going from around 1600 to 1800 million euro, bulk wine marked a 12% increase going from 320 to 350 million euro, and bottled wine recorded a 7% increase in value going from 4800 to 5100 million euro.

Graph 1.5.2 – Trade balance by type of wine in Italy between 2015-2022 (EUR million)



Source: ISTAT census data, "I numeri del Vino", 2023

1.6 Sales dynamics and commercial penetration abroad

In 2020, the outbreak of the pandemic caused a decrease in sales in the wine sector by 3.3%. The stability of the foreign market partly mitigated the significant contraction of the domestic market (Table 1.6.1). Companies controlled by foreign investors experienced the greatest decline in turnover compared to the previous year (-10.2%), mainly due to the strong impact on the domestic market (-22.3%). Non-cooperative companies saw a 3.1% reduction in turnover, with the contraction of the domestic market (-9.3%) partially offset by a 1.9% increase in exports. The cooperative system fared better against the consequences of the pandemic crisis, with a sales contraction of 2.2%, affecting both the domestic market (-3.2%) and the foreign market (-0.6%). In 2020, sparkling wines, more associated with celebrations and social occasions and less rooted in home consumption, suffered the most: their turnover declined by 4.6% (-2.9% for other wines) despite the proven success of sparkling wines abroad, where sales grew by 4% (-0.1% for other wines) (Area studi Mediobanca, 2022).

Continuing with the analysis of the data presented in Table 1.6.1, it emerges that the Compound Annual Growth Rate (CAGR), an indicator measuring the compound annual growth rate of a series

of data over time, shows a positive value of 2.2% in reference to the total turnover of wine companies. This result highlights that, over the considered time frame, turnover has shown a steady growth, except for a setback caused by the pandemic. This growth was mainly driven by foreign turnover, contributing with a 3.3% average annual growth. Regarding the other component, namely sales in Italy, the growth was more subdued with an average rate of 1.2% per year. The overall performance of national companies does not seem to be influenced by the type of company structure; among cooperatives, both the domestic and foreign markets showed an average annual growth of +2.2%. Furthermore, among non-cooperative companies, the average annual increase of +2.3% can be mainly attributed to the greater expansion of exports (+3.7%) compared to domestic sales (+0.7%). Turnover for sparkling wines increased at an average annual rate of +2.8%, with a significant growth margin for exports (+5.9%) compared to the domestic market (+0.7%). The performance of non-sparkling wine producers was more moderate, with an average annual sales growth of 2.1%, highlighting a smaller gap between the foreign and domestic markets (+2.7% and +1.4% respectively).

Table 1.6.1 – Percentage Changes in Sales from Previous Year (2016-2020)

	2016	2017	2018	2019	2020	Cagr (2016-2020)
Totale società vinicole						
Totale fatturato	5,7	5,7	6,6	0,2	-3,3	2,2
Fatturato Italia	4,0	3,9	9,7	-1,2	-6,9	1,2
Fatturato all'estero	7,5	7,6	3,6	1,6	0,4	3,3
S.p.A. e s.r.l.						
Totale fatturato	5,7	5,9	6,6	0,3	-3,1	2,3
Fatturato Italia	2,7	5,1	9,7	-1,9	-9,3	0,7
Fatturato all'estero	8,4	6,5	4,2	2,2	1,9	3,7
Cooperative						
Totale fatturato	5,9	5,2	7,4	-1,3	-2,2	2,2
Fatturato Italia	5,6	3,7	10,2	-1,4	-3,2	2,2
Fatturato all'estero	6,5	7,4	3,3	-1,1	-0,6	2,2
Estere						
Totale fatturato	3,8	7,7	2,3	8,3	-10,2	1,8
Fatturato Italia	0,5	-7,7	4,9	9,8	-22,3	-4,7
Fatturato all'estero	5,4	15,2	1,4	7,6	-5,2	4,5
Produttori di spumanti						
Totale fatturato	13,2	9,4	6,5	0,4	-4,6	2,8
Fatturato Italia	13,8	8,4	6,6	-1,7	-9,5	0,7
Fatturato all'estero	12,1	11,1	6,3	3,8	4,0	5,9
Produttori di vini non spumanti						
Totale fatturato	3,9	4,7	6,7	0,1	-2,9	2,1
Fatturato Italia	1,0	2,3	10,9	-1,0	-6,0	1,4
Fatturato all'estero	6,6	6,9	3,1	1,2	-0,1	2,7

Source: Area Studi Mediobanca, 2022.

Half of the total turnover in 2020 is represented by foreign sales, accounting for 51.8% of the total (Table 1.6.2). Its weight decreases in cooperative companies (39.8%) and is higher in the case of non-cooperative companies (58.1%). Foreign-controlled companies benefit significantly from sales beyond national borders, which approach 75% of the total turnover. Sparkling wine producers sell abroad for 43.4% of the total turnover, while other non-sparkling wine producers perform better, accounting for 54.1% of the turnover.

Export propensity depends on two parameters: the extensive margin, which refers to the percentage of companies that sell abroad, and the intensive margin, which refers to the share of turnover generated beyond borders by exporting companies alone (Mediobanca Studies Department, 2022). Overall, analyzing the data in Table 1.6.2, it emerges that 90.4% of the wine companies considered conduct business abroad, representing 54.7% of their total turnover. In non-cooperative companies, in addition to a broader diffusion of exports, highlighted by a higher extensive percentage exceeding 93%, there is also a higher level of intensity (with an intensive percentage of 60.2%), although lower than that of foreign-controlled companies (76.3%). Regarding the breakdown of companies by product type, sparkling wines have a slightly lower penetration rate than still wines (87% versus 91.3%), accompanied by a more modest intensity level (50.2% versus 55.8%).

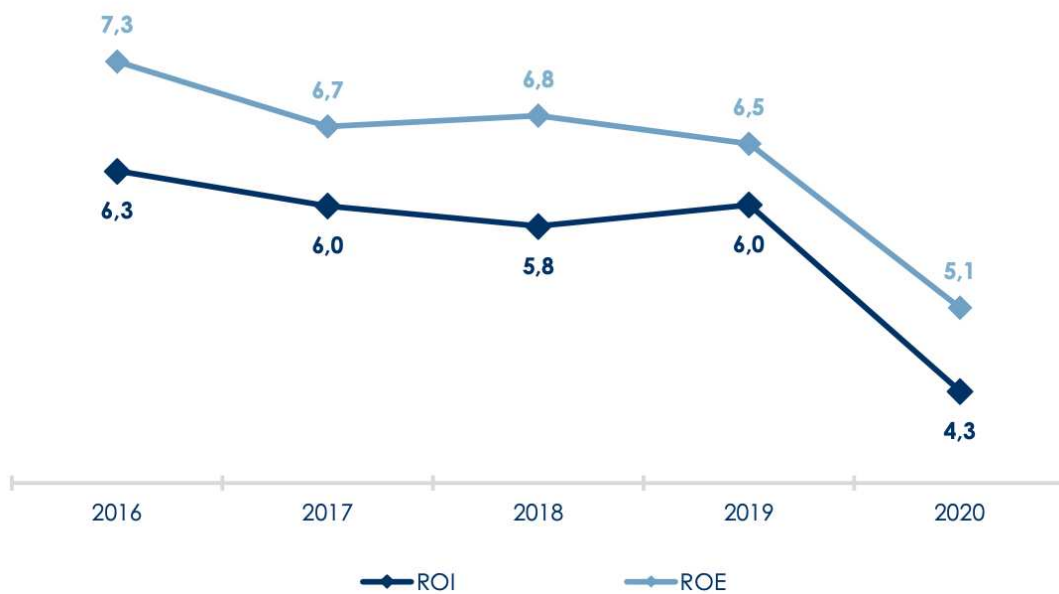
Table 1.6.2 - Foreign Turnover and Export Propensity (2020)

	Vendite all'estero in % del fatturato	Margine estensivo	Margine intensivo
S.p.a. e s.r.l.	58,1	93,4	60,2
Cooperative	39,8	85,7	43,4
Estere	74,9	87,5	76,3
Produttori di spumanti	43,4	87,0	50,2
Produttori di vini non spumanti	54,1	91,3	55,8
Totale società vinicole	51,8	90,4	54,7

Source: Area Studi Mediobanca, 2022.

Regarding the margins observed in the 251 companies studied by Mediobanca Research Area in 2022, a declining trend was identified, with a significant decline in the year 2020. Observing Graph 1.6.1, we can appreciate how the net profitability (ROE), after the 7.3% recorded in 2016 and the 6.7% in 2017, stabilized at 6.5% in 2019 before plummeting to 5.1% in 2020. The return on invested capital (ROI) experienced smaller variations from 2016 to 2019, hovering around 6% during that period, and then dropped to 4% in 2020.

Graph 1.6.1 – Profitability of 251 wine companies analyzed in the sample (2016-2020)



Source: Area Studi Mediobanca, 2022.

1.7 Most Common Models of Winery Enterprises in Italy

Wine companies can be summarized into three main models: medium-small family-owned agricultural businesses, cooperatives, and non-cooperative companies in the forms of partnerships and corporations (Spano, 2010).

Starting with family-owned businesses, these are the most common in the Italian wine sector. It is the simplest business model and is often managed primarily by the grape grower, who may rely on the collaboration of family members. These companies handle grape harvesting activities, with the transformation phase rarely accompanied by packaging and even less so by marketing. The primary activity involves managing the initial operations of the supply chain, which usually mainly involves family labor. Regarding the transformation of harvested grapes, often they rely on cooperative or consortial entities; the wine produced is usually partly destined for domestic consumption and partly for commercialization. Regarding sales, when they occur, they may be directed to wine shops or restaurants for high-quality wines, while for more common wines, distribution in restaurants and grocery stores is more common. Direct sales to the end consumer, both wholesale and retail, are widespread.

As for wine cooperatives or social wineries, these represent a significant share of the national wine production, contributing almost half to the total sector production. In the overall structural context of the wine industry, the role of cooperation remains fundamental both for reasons related to agricultural tradition and for tax benefits. This type of wine company mainly relies on the use of grapes provided by its members, also managing the sale of the wine produced, both bulk and packaged. Cooperatives represent the predominant figure in the national landscape for the production of common and IGP wines, while they are also gaining importance in the PDO wine segment. In recent years, cooperatives have undergone a significant modernization process: they have improved the quality of their products by ensuring compliance with quality standards throughout the production chain, implementing detailed traceability systems. Additionally, they have expanded their range of wines, increasing the production of IGP and PDO wines, and have adopted consolidation strategies through mergers and acquisitions to gain greater influence in relationships with distribution channels, both nationally and internationally. Cooperatives pursue a mutualistic purpose in business management, focusing their efforts on meeting the needs of members, who can be consumers, workers, or producers of goods and services. For members who contribute with grapes, much more advantageous conditions are applied

compared to those offered by the market. This model is essential to support small and medium-sized wine companies that would otherwise struggle to maintain their presence in the market.

Companies operating as partnerships and corporations mainly have profit objectives, unlike cooperatives, and typically manage the transformation, bottling, and commercialization phases of wine. Many of these companies do not directly engage in production but rather purchase grapes from small and medium-sized enterprises. However, more structured companies may own land and vineyards, directly managing the production of raw materials. This is particularly evident in the production of high-quality wines, where the prestigious image of the wines is often associated with the ownership of agricultural estates and vineyards that guarantee a high standard of grape quality. For marketing, these companies rely on their own brands and often use large-scale distribution as the main channel, capable of handling high production volumes. Private companies are predominantly concentrated in the regions of Piedmont, Veneto, Tuscany, and Emilia, while in the south, the most suitable regions are Puglia and Sicily.

1.8 Distribution systems

The final phase of the wine supply chain concerns the commercial distribution of the finished product. The actors involved in this phase can vary depending on business decisions. In the wine sector, distribution strategies can include several approaches. According to A. D'Amato, author of the book "La gestione finanziaria delle imprese vitivinicole" published in Turin in 2013 by Giappichelli Editore, among the distribution channels used are direct sales through their own retail outlets or company websites, sales through specialized operators (wine shops, wine bars), sales through distribution operators, traditional or modern, and sales through the hotel, restaurant, and catering (Ho.Re.Ca.) circuit.

- **direct sales:** Selling directly at the winery or cooperative is considered almost commonplace nowadays, but in reality, it's at the center of new developments and initiatives. By welcoming customers to the cellar, sharing the story and production techniques behind the product, it's possible to create an important direct relationship with the customer.

- **sales through specialized operators (wine shops, wine bars):** In recent years, this sales channel, which initially experienced a significant increase in sales, is gradually losing appeal, with a steady decrease in the percentage of sales year after year.

- **sales through organized distribution operators (GDO):** The most significant sales channel remains supermarkets, especially for cooperatives, as it allows reaching a wide audience and increasing brand visibility. In supermarkets, it is possible to purchase wines suitable for daily consumption at affordable prices. The increase in the offer of IGT wines and bottles from small local companies and cooperatives is becoming more evident on national supermarket shelves, thanks to resale collaborations. The potential growth of imports of wines from new producing countries, although still limited compared to domestic consumption, represents an additional factor favoring the supply of large-scale distribution, as these products, coming from countries with lower production costs and an acceptable level of quality, are becoming increasingly attractive for supermarket assortments.

- **sales through the hotel, restaurant, and catering sector (Ho.Re.Ca):** Another channel of particular importance is that related to restaurants, hotels, cafes, which act as intermediaries in the sale of wine products. Distribution through the Ho.Re.Ca. sector offers evident advantages of differentiation to the company, as it highlights the quality and experience of the product, increasing its visibility and recognition. Consequently, the benefits for the company are not limited to the immediate transaction with the distributor but also include potential business development opportunities through channels such as the company's own sales point (both physical and virtual, if available) or specialized shops (D'Amato, 2013).

In Table 1.8.1, we observe the data related to the survey conducted by Mediobanca on wine sales channels in 2021. Let's start with the absolute numbers for 2021 regarding sales in Italy: according to the report, which calculates value rather than volume, 11% of wine sales occur through direct sales, 36% of wine sales are in the GDO (Large-Scale Retail), the restaurant sector accounts for 16%, wholesalers and intermediaries make up 18%, and wine shops and wine bars hit their lowest point since 2005 at 6.3%.

In the current context, online wine sales represent approximately 2.8% of the overall market (see Graph 1.8.1), mainly divided into direct sales through the internet (1%) and through e-commerce platforms (1.8%). There has been a noticeable surge in online sales between 2019 and 2020, with a significant growth from 0.9% to 3% in 2021.

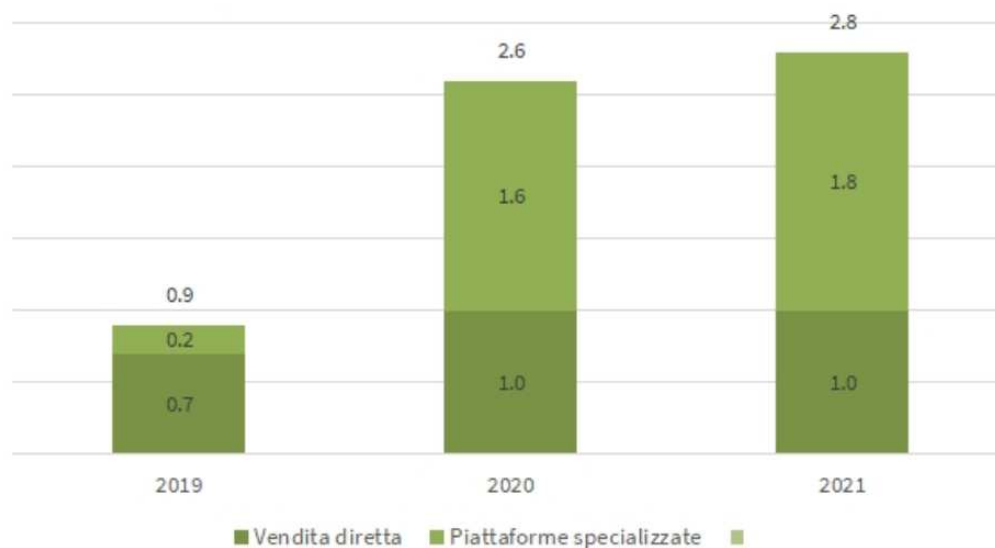
Abroad, distribution is mainly handled by independent distributors, representing about 75% of the total. This situation constitutes one of the critical points of the Italian wine system, as it entails less control over the distribution chain, difficulties in directing marketing investments, and, last but not least, leaves a considerable portion of profit margin in the hands of foreign wholesalers.

Table 1.8.1 – Survey on Sales Channels – Mediobanca

(% penetrazione)	2005	2010	2015	2017	2018	2019	2019new	2020	2021
Italia									
Vendita diretta	7.5	8.0	11.6	12.6	12.3	11.6	9.5	11.1	11.0
di cui web-internet								1.0	1.0
Grande distribuzione	41.8	44.8	40.4	38.2	38.8	36.0	35.5	35.6	35.6
Ho.Re.Ca.	23.0	20.3	15.5	16.5	17.1	16.8	17.9	15.6	15.9
Enoteche e wine bar	11.5	10.1	6.9	8.1	7.6	6.9	7.0	6.6	6.3
Grossista/Intermediario		14.3	17.0	16.8	15.0	19.6	20.9	17.8	18.4
Altro online								1.4	1.4
Altri canali	16.2	2.5	8.6	7.8	9.2	9.1	9.2	11.9	11.4
Totale	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Estero									
Rete propria	9.8	8.3	8.2	9.9	9.1	5.7	5.3	6.0	6.0
Intermediario importatore	81.4	81.4	80.0	74.5	75.0	75.8	72.7	75.0	74.6
GDO estera							20.1	16.4	16.8
Piattaforme online							0.0	0.2	0.4
Vendita diretta							1.9		
Altri canali	8.8	10.3	11.8	15.6	15.9	17.3		2.4	2.2
Totale	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Mediobanca data, "I numeri del Vino", 2022.

Graph 1.8.1 – Weight of online sales in the Italian wine sector (%)



Source: Mediobanca data, "I numeri del vino", 2022.

CHAPTER 2: possible solution to improve the sales volume with an e-commerce strategy

2.1 The Wine e-commerce in Italy

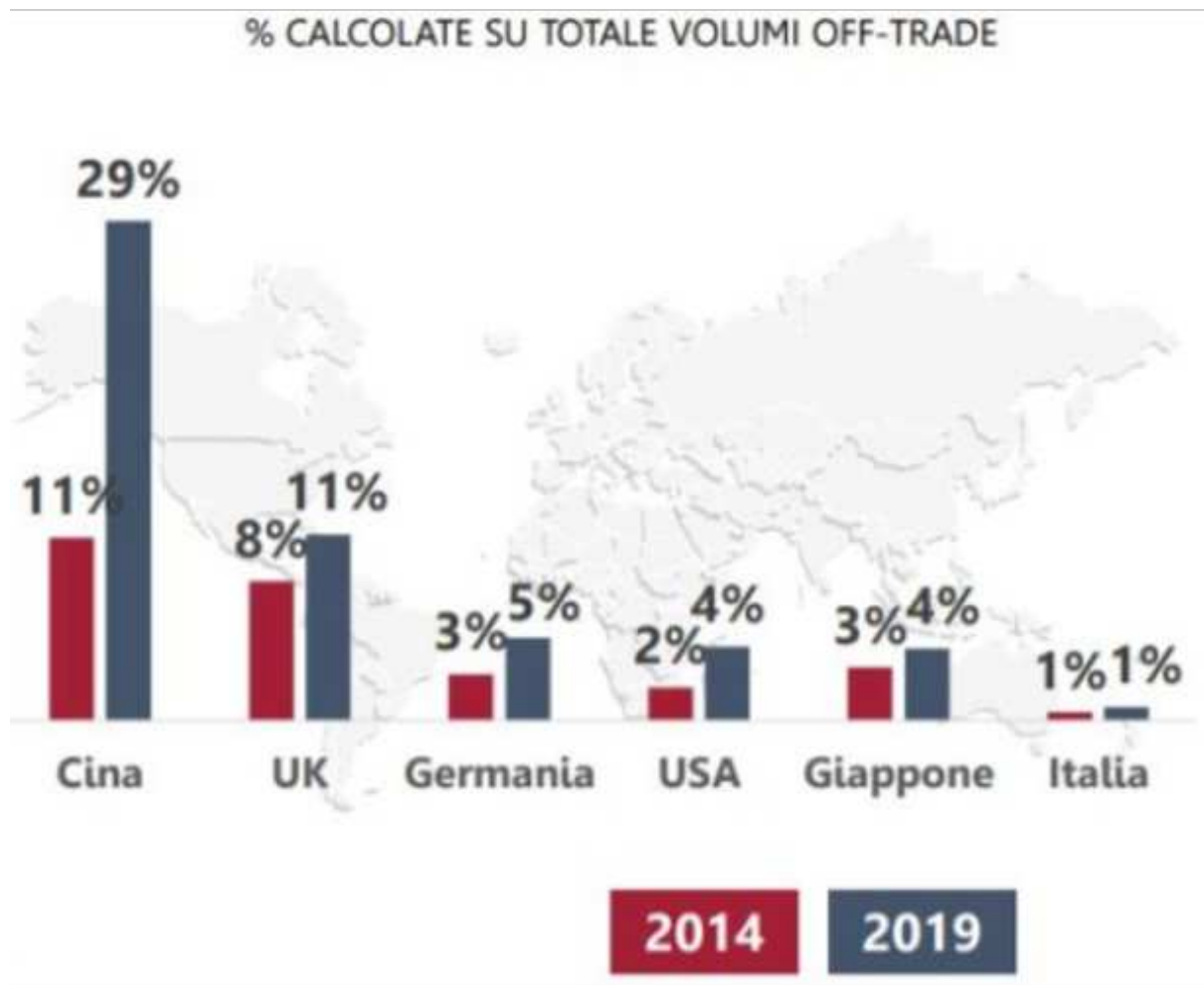
In 2020, e-commerce in Italy saw an overall increase of 8% compared to 2019, with the food and grocery sector alone growing by 70% compared to the previous year. It is precisely in this scenario that Wine e-commerce fits in, which was marginal until a few years ago but has now reached unprecedented numbers in our country, with a turnover estimated between 150 and 200 million euros according to Wine Monitor (Nomisma, 2021).

Analyzing the data reported in Figure 2.1.1, which illustrates the percentage of the market occupied by Wine e-commerce in the main countries, several significant trends emerge. China recorded a significant increase of almost 20% between 2014 and 2019, reaching 29%. In the United Kingdom, there was an increase of 3%, rising from 8% to 11%, while in Germany the share increased from 3% to 5%. In the United States, there was an increase from 2% to 4%, and in Japan, it went from 3% to 4%. Conversely, Italy remained stable at 1%, positioning itself as the tail ender among the major international wine markets.

However, in 2020, the Italian landscape of e-commerce in the wine sector experienced an unprecedented acceleration. The epidemic pushed over 8 million consumers to turn to online wine purchases, representing 27% of the total consumers in the country. This marks a significant increase compared to the 17% recorded in 2018 (Nomisma, 2021).

It is undeniable that the pandemic has played a fundamental role in changing the purchasing habits of Italian consumers, pushing them increasingly towards e-commerce as a convenient and secure purchasing method for wine.

Figure 2.1.1 - The Role of Wine E-commerce in Major Markets

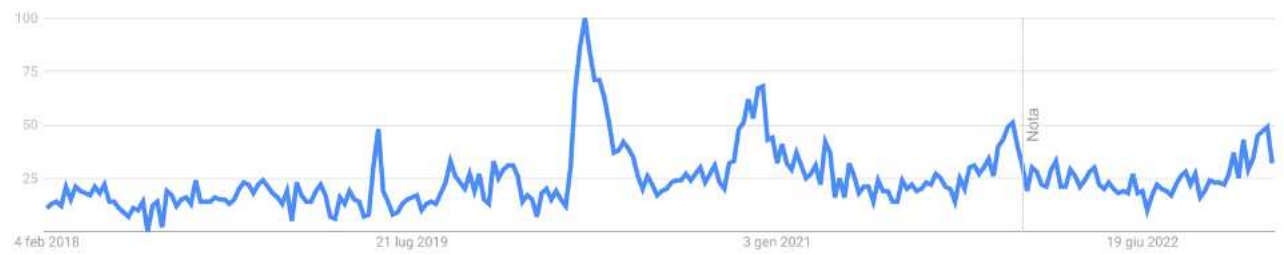


Source: Nomisma, 2022.

Analyzing the data collected from Google Trends regarding the keyword "Vino Online" (Wine Online) for the period between January 2018 and December 2022 in Italy, as depicted in Graph 2.1.2, it is evident once again how the interest in Wine E-commerce has increased due to the pandemic period. The graph shows two peaks in the Google searches made by Italian consumers. The first and most significant peak was recorded in the months of March and April 2020, and the second major peak was observed in December 2020, coinciding with the second lockdown. This graph clearly highlights how, even after the end of the pandemic period, online searches conducted by Italian

consumers regarding wine have increased compared to the data collected before 2020. These results indicate a shift in Italians' habits, showing a growing interest in purchasing wine online.

Graph 2.1.2 – Number of online searches in Italy for the keyword "vino online" (2018-2022)



Source: My analysis based on Google Trends data.

According to Emiliano Sgambato in the article "L'acquisto di vino online non si ferma ai lockdown e premia la qualità," published on 28 July 2021, in *Il Sole 24 Ore*, the trend of wine e-commerce continues to surge. Sales of wine through the off-trade channel (excluding bars and restaurants) on generalist websites (including retail chains and Amazon) recorded a 351% growth in value and a 310% growth in volume for the first half of 2021 compared to the same period of the previous year, which included two months of total lockdown. However, this still represents a limited percentage compared to the overall value of wine sales in the off-trade channel, accounting for only 2%. When considering the contribution from specialized online wine retailers, known as pure players, the percentage does not exceed 15%. Nevertheless, it reflects a well-established trend.

Regarding the difference in spending between purchases made in physical stores and online, the average price of wines purchased online shows a price difference of approximately 38% for still and sparkling wines and 19% for sparkling wines compared to purchases made in-store.

Specifically, while sparkling wines represent 12% of the volumes of wine purchased in-store in organized large-scale distribution, in the e-commerce channel, this share rises to 16%. Furthermore, concerning sparkling wines, the weight of Champagne and Metodo Classico reaches 12% in the online cart, compared to 8% of sales on the shelf.

It can be inferred that there is a greater propensity for purchasing sparkling wines in the e-commerce channel compared to traditional in-store sales in organized large-scale distribution. This may indicate a consumer preference for purchasing sparkling wines online, perhaps due to a wider variety of choices or the convenience of the purchasing process. Additionally, the fact that the weight of Champagne and Metodo Classico is higher in the online cart compared to sales on the shelf suggests that consumers tend to opt for higher-quality products when buying wine online.

According to the Osservatorio Nomisma Wine Monitor, the Wine e-commerce market in Italy reached €75.5 million in the first months of 2020, double the value compared to 2019. The main drivers of this growth were primarily the "pure players" such as Tannico, Vino.com, and Callmewine, which are specialized platforms in Wine e-commerce, as well as supermarket websites and Amazon. Pure players intercepted 85% of online wine sales during the first months of 2020, while the remaining share is attributed to Amazon and especially to online large-scale retail, which experienced triple-digit growth in the first months of 2020 compared to the same period in 2019 (Nomisma, 2021).

To better understand the development that online wine sales have undergone, we can analyze the revenues of the main pure players in the 2018-2020 triennium provided by Mediobanca and reported in Table 2.1.1.

In 2020, Tannico ranked first in the ranking with revenues of €37.1 million, showing an 83% increase compared to 2019. In second and third place, we find Vino.com and Bernabei, both with significant increases: Vino.com exceeded €30 million in revenue with a +218.7% increase compared to 2019, while Bernabei recorded revenues of €25.9 million, with a 160.4% increase. Also above €10 million is Callmewine, which reached €12.4 million in revenue, with a 93.3% increase. XtraWine followed the same growth trend, doubling its revenue compared to the previous year and exceeding €7 million. Winelivery approaches the same amount with a revenue growth of 491.6%.

The analysis of the aggregate revenue trend reveals a 54% increase between 2018 and 2019. However, the most significant change occurred between 2019 and 2020, with a remarkable revenue increase of 132.8%.

Table 2.1.1 - Revenue of the main pure players in Italy (2018-2020)

Società	Insegna	Fatturato 2020	Variazione fatturato 2019-2020	Variazione fatturato 2018-2019
		€ '000	[%]	
Tannico e Wineplatform	Tannico	37.064	+83,0	+37,6
3ND	Vino.com	30.034	+218,7	+78,4
Bernabei Online	Bernabei	25.853	+160,4	+50,4
Callmewine	Callmewine	12.358	+93,3	+25,0
Wbx	XtraWine	7.159	+100,0	n.c.
Winelivery	Winelivery	6.981	+491,6	+126,1
Iwine	Iwine	3.731	+119,1	+192,6
Digital Wines	Etilika	2.679	+1.239,5	n.c.
Negoziodelvino	Negoziodelvino	2.301	+75,1	-0,8
Promozione Distribuzione Vendita	Svinando	1.484	+114,8	-20,6
Totale		132.308	+132,8	+54,0

Source: Area Studi Mediobanca (2022)

Analyzing the performance of pure players in 2021, it is noted that the top 16 online wine selling platforms totaled a combined revenue of approximately 164 million euros. The ranking is led by Vino.com, which generated revenues of 43.3 million euros in 2021, marking a 44% increase compared to 2020. In second place is Tannico, with a turnover of 33.5 million euros, although down by 9.7% compared to 2020. Bernabei recorded a turnover of 31.8 million euros, with an increase of 23.3%. Callmewine also exceeded 10 million euros in turnover (17.1 million), showing an increase of 38.4%, while XtraWine reached 12.6 million euros, with the highest growth rate (+76.7% compared to 2020). Winelivery recorded a turnover of 9 million euros, up by 29%. However, for smaller entities, 2021 was not a positive year, with an average decrease in turnover of -6.3% compared to the previous year (Buratti, 2023).

Moving on to an analysis of the data regarding the trend of online wine sales in the years following the onset of the pandemic, we find a study conducted by the institute IWSR – Drinks Market Analysis regarding the possible trend that this sector will experience in the coming years. According to their analysis, after an annual growth of 30% recorded between 2019 and 2021, the wine sector will experience a more modest increase, at 6% annually, in the period 2021-2026. In particular, it is expected that the growth rate of online wine sales will slightly slow down, recording a +2% annually,

leading to an increase in turnover of 1 billion dollars, but with a forecasted market share decline from 37% in 2021 to 31% in 2026.

Also, from the wine report conducted by Cross Border Growth Capital and Vino.com in 2022, another particularly interesting data point stands out: from this research, it emerged that online wine sales in Italy currently constitute 4% of total wine sales, positioning below the United Kingdom (11.9%) and France (9.9%), but higher than Germany and Spain (1.7%). Throughout 2022, the overall online sales of major wineries decreased by 3.7% compared to the previous year. According to the latest report from Mediobanca on the Italian wine sector, excluding sales through company websites and large-scale distribution, 85% of wine e-commerce is conducted through pure players, with a decrease in orders of 0.3%.

The average Italian wine consumer seems to continue adopting the habit of online purchasing, a practice consolidated during the pandemic period, albeit with a slightly lower share than that period. This suggests that the impact of the pandemic has left a lasting imprint on consumer purchasing habits, as they continue to show interest in purchasing wine through digital channels even beyond the health emergency.

2.2 The Advantages of Online Sales for Italian Wineries

The impact of the recent health emergency has undoubtedly accelerated the adoption of e-commerce among Italian wineries, transforming this channel into a key element for companies looking to leverage direct sales as a strategic resource.

According to the article "E-commerce di vino: perché investirci e cosa tenere in considerazione prima di farlo" by Isabella Lanaro, published on Wine Meridian on August 23, 2023, when a winery claims to "not make many sales through e-commerce," it often overlooks some aspects. Sometimes, companies do not invest sufficiently in the channel, resulting in it not being profitable: if a customer finds it difficult or inconvenient to purchase from the company's e-commerce platform, they will turn to someone else. In other words, a winery knows what it is selling but does not know what it is not selling.

E-commerce proves to be a valuable ally of wine tourism, offering numerous advantages. On online sales platforms, the volume of bottles sold tends to exceed that of physical stores, with an average of 8.1 bottles per transaction. This translates into a significant increase in the average receipt, reaching approximately 143 euros in wine e-commerce, in stark contrast to the more modest 80 euros of direct sales at the winery.

Another strength of e-commerce lies in its different seasonality compared to wine tourism. While wine tourism visits are mainly concentrated between May and October, online sales peak especially in the last quarter of the year, with a particular peak during the month of December. In this perspective, the introduction of an e-commerce platform for wineries already working with wine tourism during the summer season could help mitigate the impact of seasonality on sales volumes.

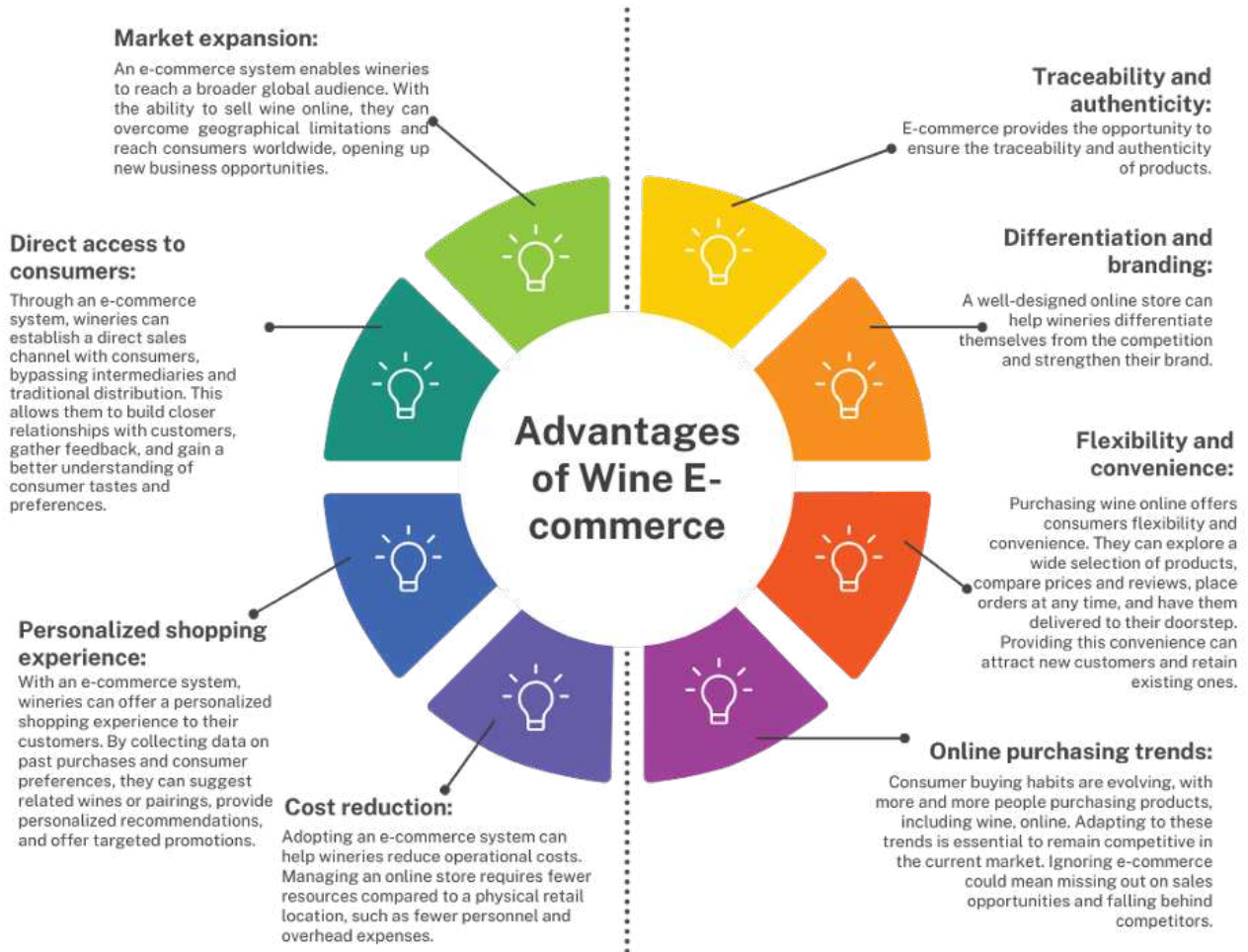
Furthermore, it is observed that nearly 10% of online customers exhibit recurring behavior, making more than one purchase per year, unlike occasional wine tourists. This suggests that wineries with a significant influx of visitors could benefit from creating mechanisms that promote continuity in the customer relationship through orders placed via e-commerce.

Through the implementation of an e-commerce platform, wineries can not only expand their market beyond geographical boundaries but also access a global audience, thus opening up new business opportunities. This sales channel offers wineries the chance to establish direct contact with consumers, promoting the creation of stronger relationships and enabling them to gain a deeper understanding of customer tastes, preferences, and data collection, which are crucial for businesses today. A sophisticated online commerce system also provides a highly customizable shopping experience, with targeted suggestions and tailored promotions that reflect individual consumer preferences. This innovative solution allows wineries to significantly reduce operational costs while optimizing the efficiency of order management and inventory processes. Through an advanced traceability system, online commerce ensures consumers the origin and quality of the purchased wines, thereby reinforcing customer trust and satisfaction.

Wineries must adapt to the ever-growing trend of online purchasing to remain competitive in the current market and expand their customer base. A well-designed online store is a key tool for differentiating from competitors and consolidating the brand in the market. Through a diverse range of marketing and promotion opportunities, which may include virtual events, online tastings, and educational content, wineries can actively engage consumers, offering them a unique and immersive experience.

In figure 2.2.1, the main advantages for a winery resulting from the introduction of an e-commerce platform for wine sales are collected.

Image 2.2.1 - Possible benefits resulting from the introduction of e-commerce for wine sales.



Source: Personal graphic design.

2.3 Essential Technological Infrastructure for the success of E-commerce

To adapt to the introduction of an e-commerce platform in the company, it is essential to consider some crucial points before proceeding. It is necessary to invest in hardware and software resources to ensure an effective implementation of the online sales model.

Let's analyze some of the hardware resources that the company will need to address:

1. **Web Server:** The first crucial hardware resource is the web server. It is essential for the company to invest in a reliable web server capable of hosting the e-commerce website. This server can be a dedicated server, which provides exclusive infrastructure for the company, or a cloud hosting solution, which offers greater flexibility and scalability based on business and financial needs.
2. **Network Devices:** Another important hardware component is network devices. These include routers, switches, and other devices needed to create and manage the company's network. Network devices are essential for connecting computers and other devices used by company personnel to the internet, ensuring a stable and secure connection.
3. **Devices for Personnel:** Finally, the company will need to provide personnel with the necessary computing devices to manage e-commerce operations. These devices include desktop computers, laptops, or tablets, depending on the specific needs of each employee and the role they play in the company. Personnel devices are essential to allow the team to efficiently manage daily e-commerce activities such as order management, product catalog updates, and customer service. Make sure to provide high-quality devices equipped with the necessary resources to perform various tasks effectively and productively.

Let's analyze some of the software resources that the company will need to implement:

1. E-commerce Platform: One of the most crucial software resources for a company implementing an e-commerce is the e-commerce platform itself. It is essential to select and implement a robust and scalable platform that meets the specific needs of the company. This platform could be a pre-packaged software, such as Shopify, which offers ready-to-use e-commerce functionalities and a wide range of plugins and extensions. Alternatively, the company could opt for a custom solution developed in-house or by an external IT company, offering greater flexibility and adaptability to business needs. The proposed solutions vary significantly from one another and depend on the budget that the company is willing to allocate for the development of its business.

According to Angelo Sorbello in the article "Vendere vino online: come iniziare e quali piattaforme usare" published on August 9, 2023, on Digitale.co, the best online platforms currently available for direct wine sales are:

- Shopify: It is one of the most popular e-commerce platforms, suitable for selling wine online. Shopify offers robust tools for creating a website for online wine sales, customizing the look of your store, and easily managing transactions and shipments. Creating a Shopify account is a simple and intuitive process that allows you to start selling quickly. The monthly price for the Shopify Basic subscription is €27 per month.

- Ionos E-commerce: It is a platform developed by IONOS, an internet service provider. Ionos E-commerce is designed to be simple and intuitive, making it accessible to sell online even for those with limited technical experience. The platform offers numerous features to help sellers manage their online stores, including options to manage inventory, process payments, and create detailed product pages. The monthly price for the Ionos Starter subscription is €18 per month.

- Wix: It is an e-commerce platform that offers a high degree of customization for the online store. With Wix, you can create an aesthetically appealing and functional website to sell wine. Wix offers a wide range of design tools and a series of secure payment options to facilitate transactions. The monthly price for a Wix Business Basic subscription is €21 per month.

- BigCommerce: Another excellent e-commerce platform for selling wine online. BigCommerce offers a range of tools to manage online stores, including features for inventory management of wines for sale, shipping, and payment options. Additionally, it allows sellers to create a customized website that reflects their brand and wines. The monthly price for a standard BigCommerce subscription is €28 per month.

2. Inventory Management System: Another essential software resource is an inventory management system. This system allows the company to track available products, manage stocks, and automatically update the online catalog. It can be integrated into the e-commerce platform or implemented as separate software, depending on the company's needs and preferences.

3. Order Management Software: It is important to have order management software that efficiently handles online orders. This software allows monitoring the status of orders, coordinating product shipment and delivery, and providing high-quality customer service. It can be integrated into the e-commerce platform or implemented as separate software, depending on business needs.

4. Security Software: it is essential to implement security software to protect customer data and online transactions. This includes firewalls, antivirus, and data protection tools that safeguard the e-commerce website from external threats and ensure the security and privacy of customers during the online purchasing process. Make sure to choose and configure security software adequately to ensure comprehensive and reliable protection.

5. Digital Marketing Software: Digital marketing software is essential for promoting the online store and attracting potential customers. This type of software includes a range of tools that allow planning, executing, and monitoring online marketing campaigns such as email marketing, social media advertising, search engine optimization (SEO), and analysis and reporting of data from advertising campaigns.

6. Shipping Management Software: Shipping management software is essential for simplifying and optimizing logistics operations related to the shipment of products purchased online. This type of software offers a variety of useful features for managing the shipping process efficiently and meeting customer expectations. There are many such software options available, with various customization possibilities. Some examples include ShipStation, ShipRocket, Shippo, and Easyship. These platforms offer competitive rates for both domestic and international shipping.

If the company lacks the capability or the willingness to internally manage the development of e-commerce, there are several alternatives to consider. One option is to rely on one of the numerous online retailers such as Tannico or Bernabei. Alternatively, the company can choose to use a platform that integrates directly with its corporate website, allowing for the creation of a customized store, with logistical activities managed by the company providing the online platform. An example of such a service is WinePlatform, which offers technological and logistical outsourcing for direct sales to end consumers both in Italy and worldwide.

2.4 A shift in the company's approach to the market

The implementation of an e-commerce platform represents a significant turning point for a winery looking to expand its sales. Such a transition requires a profound change in the approach to the market and in the management of customer relationships.

One of the main challenges to address is the shift from an indirect sales model to a direct one. Whereas in the past, sales mainly occurred through intermediaries such as distributors or physical retail outlets, with the introduction of e-commerce, the company will have direct contact with its end customers. This necessitates a change in perspective and greater involvement in the entire value chain, from production to distribution and customer relationship management.

First and foremost, the company must adopt a more customer-centric approach in its marketing and sales activities. This means placing the needs and desires of consumers at the center of its strategies and seeking to meet them through targeted communication and a variety of personalized offerings. E-commerce provides the opportunity to collect customer data and use it to create detailed profiles that enable highly personalized shopping experiences.

With the introduction of e-commerce, a winery has the opportunity to expand its target audience and reach customers beyond traditional geographic boundaries. This requires adapting communication strategies to reach new market segments and effectively communicate the company's value proposition, brand identity, and story (a crucial aspect for wine) to a broader and more diverse audience.

Another significant change in the market approach is the need to focus on building long-term relationships with customers. While in the past, sales may have been seen as isolated transactions, with e-commerce, it becomes crucial to establish a deeper and more lasting bond with customers to encourage loyalty and repeat business. This requires ongoing commitment to managing customer relationships through regular communication, special offers, and loyalty programs.

Lastly, the company will need to adopt a more agile and responsive approach to market needs.

With the ability to gather real-time feedback and analyze sales data in detail, the company must be able to quickly adapt its strategies and offerings to respond to the changing dynamics of the market. This may require an organizational culture oriented towards innovation and experimentation, where there is a willingness to try new ideas and learn from mistakes.

2.5 Exemplary Case of E-commerce in Trentino-Alto Adige: Tramin Winery

2.5.1 Interviews methodology

To begin, I selected Cantina Tramin as a case study to analyze, based on online research regarding successes in implementing e-commerce in the wine sector in Trentino-Alto Adige. Subsequently, I identified the person who could provide me with the desired information through the LinkedIn platform. After identifying this person, the Marketing Manager, I contacted the company using the phone number provided on their website in the contact section and scheduled an interview.

I then created a list of questions to ask, relating to the themes addressed in this paper, and a list of information I expected to receive, in order to extract the maximum utility from the responses provided by the interviewee. The sequence of questions posed to the interviewee first involved identifying the subject and the role they held in the company, before proceeding with questions related to their experience in e-commerce. I initially asked about the objectives the company had set when deciding to implement an online store. I then inquired about the main changes that occurred within the company at an organizational and external level, with a focus on understanding the reaction of the historical sales channels used. Continuing the interview, I asked which implementation method they chose, whether they relied on third-party platforms or opted for an in-house solution. I concluded by asking about the results achieved so far and the objectives and prospects for the future of e-commerce at Cantina Tramin.

For the analysis of the results, I transcribed the interview content using an online tool and then analyzed the collected data. I highlighted the parts that I deemed most important and sought connections with what was reported in the second chapter of this paper.

2.5.2 The Cantina Tramin

Cantina Tramin was founded in 1898 as a small project involving a few families, initiated by Christian Schrott, the parish priest of Termeno and a deputy of the Austrian Parliament, with the aim of ensuring the livelihood of mountain viticulturists. Thanks to the strength of this union, Cantina Tramin has become over time one of the most prominent cooperative realities in the region and a recognized example worldwide.

In 1971, Cantina Tramin merged with the historic Cantina Sociale di Egna, founded in 1893. This merger represents the union of significant legacies of traditions and vineyards, including the renowned Mazzon and Glen lands dedicated to Pinot Noir. With the arrival of winemaker Willi Stürz in the 1990s, the commitment to quality was strengthened, and the project of the Selection wines began, including Nussbaumer, Terminum, Unterebner, Stoan, Freisinger, Maglen, Urban, and Loam. From that moment on, the entire production has been oriented towards excellence. In 2010, the restructuring of the company headquarters was completed, a project signed by architect Werner Tscholl, transforming the structure into an icon and a symbol of Termeno.

In 2018, Cantina Tramin launched the Epokale wine, which revolutionized the world of Gewurztraminer. This boldness was rewarded by Wine Advocate, which awarded 100/100 Parker points to an Italian white wine for the first time.

As of today, Cantina Tramin counts 160 families working a total of 270 hectares. The average production is 1.9 million bottles per year, with 70% destined for the domestic market and the remaining 30% for the international market. The turnover in 2022 was approximately 18 million euros, recording an 18% growth compared to the previous year.

2.5.3 Interview with the Marketing Manager of Cantina Tramin

To further delve into the experience gained in this field by Cantina Tramin, I conducted an interview with the Marketing and Online Sales Manager. The interview took place on February 22, 2024, and lasted for 12 minutes and 55 seconds.

From the interview, it emerges that the main reason why this winery decided to implement e-commerce in 2019 was the desire to offer an additional service to the end customer and finding a way to guarantee the sale of its products throughout the year and thus reduce seasonality.

Regarding the internal organization of the company, until 2019 Cantina Tramin relied on the company Tannico for online sales, which was their largest customer along with Negozio del Vino and Bernabei, as well as other online retailers operating abroad. In 2019, following the creation by Tannico of the WinePlatform platform, which offers wineries the opportunity to create their own integrated online store on the company's website, Cantina Tramin decided to open its own store using this opportunity. Thanks to this platform, the winery only needs to send supplies to Tannico's warehouse, where the latter takes care of all the logistics. To take advantage of this service, the winery must pay a commission of 15% on the turnover of sales, but with the guarantee of being able to delegate all the logistical part.

Concerning the choice to delegate to third-party platforms rather than building an in-house platform, the main reason was convenience. According to what was highlighted in the interview, the convenience of delegating logistics processes was the key determinant of Cantina Tramin's choice. Other critical issues that led to this decision were that currently warehouse space is limited and the company's available personnel is limited, preventing it from being able to manage online sales independently. Furthermore, it would be necessary to modify or replace the existing management system, which would entail a significant expense for the company. Another aspect emphasized by the Marketing Manager is that currently the company's goal is not to maximize sales through the online channel, as the main sales channel in terms of turnover still remains that of wine shops, where customers can find qualified staff capable of explaining and conveying emotions, and that of the winery's point of sale, which accounts for 30% of the total turnover.

After the introduction of e-commerce, historical suppliers and sales channels were not abandoned and did not show discontent. Essentially, their market was not significantly affected because online sales are relatively small compared to other sales channels.

Thanks to the introduction of this online sales method, the winery has the opportunity to analyze a wealth of data regarding the habits of its customers, which it did not have access to before. With this data, Cantina Tramin can monitor purchases, understand which products are sold the most, which products most effectively retain customers in terms of repeat purchases, and which products are in demand during various times of the year, allowing them to advance effective email marketing campaigns.

Structurally, in terms of hardware and software implementations, they did not have to modify existing components as they relied on a third-party platform and delegated all processes externally.

The results achieved so far by e-commerce indicate a turnover of €600,000 from online sales for the year 2023, which accounts for approximately 3.5% of the company's total turnover. Sales, according to the Marketing Manager, were realized through various platforms, both in Italy and abroad. In particular, through Tannico, €240,000 were generated with 20,600 bottles sold, with WinePlatform, integrated into the company's website, 6,000 bottles were sold for a total of €100,000, through Superiore.de, which sells exclusively in Germany, €40,000 were earned, through Bernabei €118,000, and finally with Negozio del Vino €24,000 were obtained.

In conclusion, regarding the company's future prospects regarding the development of e-commerce, Cantina Tramin has been working for about two years to implement its own online store, without having to rely on third parties. In this regard, they are expanding the space of the winery and warehouse, which will be completed by the end of 2025, to manage all online commerce from their headquarters.

Conclusion

The global wine market shows a modest growth in overall consumption, while production and global vineyard area have been declining in recent years. In this scenario, Italy reaffirms itself as one of the leading players in the wine sector. Italian wine exports play a crucial role in the national economy, providing significant support to the entire economic system, especially during the pandemic period. This resilience underscores the reputation and quality of Italian wine, which extends far beyond geographical borders, representing a true emblem of made in Italy. Analyses of European and non-European markets highlight the success of Italian wine exports, which find positive reception in many international contexts.

Currently, wine sales still primarily occur through organized large-scale retail (GDO) and intermediary wholesalers, while online sales represent about 4% of the total. However, we have seen how purchasing habits are rapidly evolving towards greater adoption of e-commerce, even for niche products like wine. This shift can offer significant opportunities to wineries, considering that the average value of online shopping carts exceeds in-store purchases by up to 38%. This suggests a growing preference for purchasing high-quality wines through online channels compared to traditional retail sales. The number of bottles purchased online also exceeds those bought in physical stores. By implementing this sales method, a winery may be able to mitigate the seasonality in wine sales, ensuring consistent coverage throughout the year.

From the experience gained by Cantina Tramin, it is evident that the decision to introduce an e-commerce platform for wine sales has positively impacted the company's revenue, increasing it by 3.5% during 2023. This initiative, undertaken by the Alto Adige winery, did not have negative effects on existing sales channels and enhanced the satisfaction of the end customer. For cost and organizational reasons, it was observed that their choice was to rely on third-party platforms rather than developing an in-house online store, foregoing 15% of the revenue paid as commission to the platform. This approach is certainly more agile than in-house development, ensuring results with minimal investment and can serve as an excellent starting point for engaging with this business model. The online wine market represents a sales channel accessible even to small businesses and is an increasingly sought-after service by the end customer. In conclusion, the introduction of e-commerce

is an opportunity that all wineries should seize to expand their customer base, gather sales data, and increase their revenue.

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