

THE BRANDING OF TRENTINO

Cooperatives have always loomed large in the viticultural landscape of Trentino, providing economic stability to farmers. But now, finds Michèle Shah, Trentino is having to reinvent itself, and it's the independent wineries that are leading the way.

Italy's northeastern region of Trentino, wedged between Alto Adige and Friuli Venezia Giulia, is currently in the process of reviewing its viticultural sector by implementing a series of new strategies with the aim of creating a clearer 'branding'. This means a shake-up of the cooperative structure on which the region was founded.

To put the region's current issues into perspective, it's important to understand Trentino's past as a fragmented farming culture which, over the last century, gave rise to one of the most evolved and structured cooperative systems not only in Italy, but worldwide. Cooperative farming in Trentino, as far back as the Hapsburg Empire, has played a fundamental role in all agricultural sectors, including apple and dairy farming. It's the very economic stability provided by the cooperatives that has allowed farmers to break out of the cooperative structure and establish their own wineries - but it's also these wineries that will play an important role in Trentino's future.

Fragmentation

Competition in the wine industry is rife. In Trentino, the situation is exacerbated by extreme fragmentation: the majority of farmers (48%) own a mere 0.5ha of vineyard, with only 0.8% of farmers owning more than 10ha. For this reason, most wine in Trentino was sold locally in bulk, up until the 1950s.

Cavit, Trentino's giant cooperative, was one of the first to be established, in 1950. By 1965 Trentino had established 14 cooperatives producing 90% of the region's wine. In that respect, things have not changed significantly. Today there are three main cooperative players: Cavit, with 11 affiliated cooperatives under their holding; Mezzacorona, with one affiliated cooperative; and La Vis, affiliated with the Cembra cooperative. Together they produce 85% of the region's wine production.

These larger cooperatives have, over the past years, been accused of overshadowing

smaller producers in Trentino, while upholding the tradition of cooperative farming, still an important economic resource within the territory. Cavit currently represents 4,500 winegrowers and associate members working for 11 affiliated cooperatives, which together form the source of Cavit's 6m bottle production from 5,700ha of vineyards, equal to 65% of Trentino's total wine production.

Over the past 50 years, Trentino's cooperative 'cult' has enabled production to diversify within the sector. Though cooperatives like Cavit and Mezzacorona focus mainly on industrial production, they also produce a range of premium quality labels distributed in Italy and exported world-wide. There are also cooperatives, such as La Vis, which farms some of the region's top vineyards, which are more focused on developing Trentino's viticultural identity by producing wines from its indigenous varieties.

"Cooperative farming has been essential to Trentino's farming economy and sustainability," explains Fausto Peratoner, CEO of La Vis. "Today, while there is not such a prevalent farming community as there was in the 1960s, the structure allowed owners of small parcels of vineyard to continue to farm their grapes, while at the same time pursuing other work opportunities."

Paolo Endrici agrees. The president of the Aziende Vitivinicole del Trentino (Trentino's association of estate producers) and owner of the Endrizzi estate, one of Trentino's most prominent historic medium-sized estates, he says the benefits of cooperatives should not be denied. "Cooperation has been very positive and has done a great deal to develop the region; however, over the years things change and we now need to meet the requirements of the smaller producers by assisting them to grow and develop according to the needs of the global market." He says that there is too much fragmentation in pricing between the cooperative and private sector, from high to low pricing. "There needs to be more unanim-

ity by creating a commission that oversees issues of pricing which prohibits the cooperatives from pricing other producers out of the market."

Endrici would like to implement a number of changes, from a greater focus on Trentino's corporate identity - or 'Brand Trentino' - as well as a clearer distinction between industrial and premium production. He says there should be more interaction with the press, greater marketing support for smaller wineries and more focus on exports by participating in international wine fairs and in approaching emerging markets for Trentino wines, such as Asia and Eastern Europe, while reinforcing their relationship with the Scandinavia markets and central European markets.

Many would agree that, over the past 40 years, Trentino's viticultural sector has been guilty of sitting back on its haunches, thanks to the public funding that's been ploughed into its regional and provincial coffers.

"Our association of small private wineries 'vignaioli' were clearly at a disadvantage some 25 years ago," explains Endrici. "While the large cooperatives were receiving up to 40% of funding for development and research projects, as well as partial fiscal exemption, private estates were, if lucky, given a 10% contribution to cover investment in setting up their own estates." He adds that the distribution of funding now appears more balanced, as the public sector no longer gives major contributions solely to the larger players.

Other signs of change and a growing dynamism are becoming apparent. In 2010, Trentino's urgent need to restructure resulted in a special committee headed by a commissioner, Marco Zanoni, secretary to Trentino's Chamber of Commerce. The committee includes members of the region's trade sector, as well as a number of external consultants. The aim is put Trentino's wine production back on its feet and create more equality throughout the sector, plus create more opportunities for both large and small wineries and, above all, to



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assist in restructuring the administration of some of the key cooperatives whose balance sheets are in deficit.

The most seriously hit by the recent economic crisis, and by 'over-optimistic' investments, has been La Vis, one of the region's most quality-orientated cooperatives. La Vis's investments include the acquisition of a number of wineries, such as the Cembra cooperative, Casa Girelli, Maso Franch and most recently the Tuscan estate Villa Caffaggio. The special commission headed by Zanoni has set up a new management under the direction of its present CEO Fausto Peratoner, and the restructuring may also involve the sale of some of La Vis's holding assets - its wine estates.

"The situation is very complex," admits Peratoner. "It is not merely a matter of a hypothetical mismanagement of funds. Three years ago we hit an unforeseeable economic world crisis and certain investments that were planned and implemented created a deficit, because the market and sales plummeted."

The special committee declares it has already identified a number of key issues that it will address which will affect the entire sector.

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These include some major moves such as 'releasing' or even possibly selling five or six of Cavit's affiliated cooperatives which are better placed in quality production. This would mean they could branch off on their own. The aim would be to lower 'industrial' production, while increasing premium production, which has a clearer regional identity. Awareness that Trentino needs to be more visible in the international arena involves strategies such as market research and increased exports, both essential to the development of the region. In addition the committee would like to see both sectors of production, from small to large producers, involved in determining the region's future. The province also intends to invest in research and education, such as that offered by the Mach Foundation and ISMA (Istituto San Michele Agrario), as well as the University of Milan.

According to the committee's mandate, Brand Trentino is inextricably linked to a series of values, which include joint promotion to capitalise on Trentino's tourism potential. Sustainable viticulture and environment-sensitive issues, such as creating eco-organic wines, is also at the heart of the Trentino reform.

"Eco-sustainability is not a new issue," says Attilio Scienza, Italy's most respected viticultural expert and lecturer at the University of Milan. "Trentino's production has always looked to safeguard its eco-sustainability, organic farming and biodiversity. It is at the forefront of sustained viticulture in Italy, looking at countries such as New Zealand, California and Oregon for examples of eco-farming." He says there is even a great stress on sustainability at present.

The region

Trentino's viticultural area can be divided into five macro-areas: the Valle dei Laghi area, which enjoys a Mediterranean climate and produces a range of wines such as Nosiola, Sauvignon and Lagrein; the Vallagarina and Valle dell'Adige areas, where a sub-continental climate prevails and which produces Marzemino, Chardonnay, Merlot, Cabernet, Pinot Grigio and Pinot Bianco wines; the Campo Rotaliano area, traversed by the river Noce and characterised by a sub-continental climate and sandy soils (ideal for the cultivation of Teroldego variety); the Valle di Cembra

area, a valley bordered by the river Adige, and characterized by an alpine climate, is home to a range of white varieties, in particular Müller Thurgau and Traminer and the red variety Schiava.

Trentino is very important for the production of quality Chardonnay, which totals 25% of Italy's production. The two key producers of Chardonnay are Ferrari, followed closely by La Vis. In 2010, Trentino's production of Chardonnay equals 3000ha of vineyard, of which 800ha are dedicated entirely to the production of Trentodoc, the sparkling wine designation. "Trentino has potential in quality production among the cooperatives and among its small

Delle Venezie that sell and export in volume at lower prices.

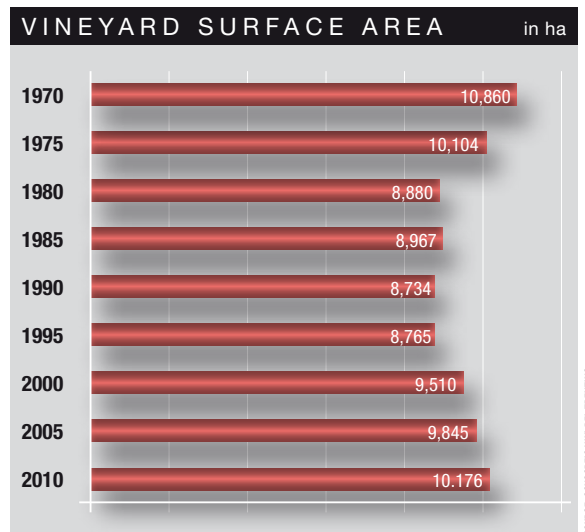
Trentodoc

Trentodoc, formally established as a DOC in 1993, can be traced back historically some 110 years to the production of Giulio Ferrari's sparkling wine. Trentodoc is by most local authorities considered Trentino's flagship of quality production, totaling some 8.5m bottles spread over 70 labels and 34 producers. Ferrari, with a turnover of €56.5m and an 8% increase on 2009 production, is by far the largest and most historic producer of Trentodoc, averaging 4.6m bottles. The main grape

varieties in the Trentodoc appellation include Chardonnay, Pinot Noir, Pinot Blanc and Pinot Meunier. At present its main share of sales is domestic, with only 10% exported. Trentodoc requires a minimum of 15 months ageing; 24 months to be labeled as a vintage; and 36 months to be labeled 'Riserva' with the obligation of declaring the vintage. Out of Italy's total exports, Trentino represents 7.8% in quantity and 8.7% in value. Its main markets over the past five years have been USA 43%, Germany 27%, UK 14%, Austria 3%, Sweden 2%, and Canada 2%, while other markets represent 9%. Since 2005 there has been a slight fall in US sales and a slight increase in the German

market. The greater differences since 2005 can be seen in the rise in sales in the UK, Canadian, Swedish, Finnish, Luxemburg, Spanish and Asian markets, with noticeable falls in the Czech Republic and Danish markets.

"Trentino is going through a major revamp and shake up. We need to press on and not dwell on the past," says Peratoner. "Personally I see the relationship between cooperative production and private enterprise as a 'false' problem, for the very fact that the two realities have always coexisted over the years." He points to Maso Furli and Cesconi estates, which emerged from the cooperatives to create their own identity. "It's clear we need to adapt to new market challenges as well as those internally within the region's production," he adds. "This does not mean that we need to revolutionise or overturn the quality of our production; we need to make way for each sector to be able to express their own identity and potential according to their size and structure within 'Brand Trentino'." ■



estate producers, which include cult wines such as those of San Leonardo estate and the Foradori estate, as well as the larger Ferrari estate, one of the key players in the production of premium sparkling," explains Fabio Piccoli, external consultant to Trentino's special committee. "Trentino's sparkling Trentodoc is part of the region's quality production which must be promoted to convey the message of 'Brand Trentino', yet at the same time it is essential to promote its still wines based on Teroldego, Marzemino and other indigenous production such as Muller Thurgau, and the local white variety Nosiola."

Trentino officially produces 92.5% under Trentino DOC and only 3.6% under IGT (divided between IGT Vigneti delle Dolomiti IGT Vallagarina and IGT Delle Venezie) plus 3.9% under other denominations. Its crisis in identity and quality is often reflected through the larger cooperative production, which internally 'declassifies' its production of Trentino DOC to IGT Vigneti delle Dolomiti and IGT