ITALY BROADENS ITS PREMIUM APPEAL

The export market for Italy's super premium wines was once restricted to top examples from Piedmont and Tuscany. Today, as Michele Shah considers, DOC, DOCG and IGT wines from a wide range of regions are finding buyers overseas.

Italy's super-premium reds have historically been restricted to three regions – Piedmont for Barolo and Barbaresco, Tuscany for Supertuscans, Brunello di Montalcino and Chianti Classico Reserva; and the Veneto for Amarone. By and large, these three classic regions are still generally easier to sell and command higher prices because of their historic reputation for quality super-premium reds. Today, however, a number of growing regions – in particular southern areas such as Sicily, Campania, Basilicata, Puglia and Abruzzo – are gaining ground internationally, backed by high ratings from US publications such as Robert Parker's Wine Advocate and the Wine Spectator. Central regions like Marche, Umbria and Lazio are slightly more visible than Sardinia, Calabria and the northern regions of Lombardy, Friuli, Trentino and Alto Adige. These latter regions are producing a small number of super-premium reds that are already being commended by Italy's influential Gambero Rosso wine guide.

US - the most important market

In value terms, the US is Italy's most important export market. The US wine culture was partially established by migrants who had recently arrived from Italy, and it is this connection that continues to contribute to Italy's 'sophisticated' wine drinking market. Consumers follow press recommendations and take cues from sommeliers and retailers. Moreover, the explosion of wine bars and restaurants around the country with expanded by-the-glass offerings, has enabled consumers to experiment and try new wines at relatively affordable prices. More and more US restaurants are creating innovative wine lists.

"We've certainly seen an increased popularity in the many interesting premium reds from Southern Italy, such as Aglianico from Campania and Montepulciano from Abruzzo," comments Leonardo Locascio, CEO of Winebow, a US importer with a large portfolio of Italian wines. "The US market pays no attention to whether a wine is IGT or DOC/G, however. Among our best selling premium reds are IGTs such as Regaleali Lamuri Nero d'Avola, Argiolas Costera, Mastroberardino Aglianico, Falesco Vitiano and Allegrini Palazzo della Torre," explains Locascio.

"Interest in Aglianico-based wines ranges from IGT wines to the classic appellations of Taurasi, with older vintages particularly in demand", he continues. Among Northern Italian reds, Amarone and other Corvina-based wines and Bolgheri have joined the top echelon of Italian wines and enjoy wide consumer acceptance."

Locascio, like many other importers, acknowledges there are still many lesser-known wines and wine regions that are waiting to be discovered by consumers and the wine trade alike. He says Winebow bases its sales and distribution on a well-educated team which works hard to spread the word..

Prominent Italian accolades, like Gambero Rosso's coveted Tre Bicchieri – three glass – awards are well-recognised by the trade in the US. Every year the Tre Bicchieri tastings in New York and other selected cities are well-attended by both press and trade. Parker points and the Wine Spectator are often used as 'tools' in promoting the worthiness of a particular wine. "Many consumers, from those who are just learning about wine to those with advanced knowledge, rely on Parker and Spectator scores to navigate the vast – if not overwhelming– breadth of wine styles and grapes from throughout Italy," says Locascio. "Today consumers have immediate access to scores online and can select from an ever-increasing array of mobile applications to keep track of and organize scores and tasting notes. These have become quite powerful tools for those who are shopping for wine on the go or even ordering in a restaurant."

Italy's super-premium reds now come from a wide range of regions, some of which would have been quite unfamiliar even to sophisticated Italian wine drinkers 20 or 30 years ago.

Times of crisis

During the recent global economic crisis few top producers (see box, page 21) cut their prices. Some actually increased the price of super-premium reds. Most focused their efforts on marketing. Importers on the other hand were often forced to cut prices and make promotions in order to shift volumes.

"Sales in the super-premium category have been challenging," admits Locascio in the US, continuing that demand for high end, classic wines like Barolos and Brunellos has reduced, while sales of super-premium reds in the under $30 category are increasing, regardless of whether they are IGT or DOC.

Markets such as the US, Germany, Switzerland, the UK and in part Japan and Scandinavia, constitute the 'classic and more sophisticated' markets for Italian exports. These include the range of super-premium reds, where some brands have been consistently marketed for up to and over 20 years.

Germany - lovers of the classics

"We have a growing market for authentic wines from local varietals and sales of super-premium red DOC/G certainly outweigh IGT wines," comments Michael Van den Höövel of specialist food and drink importer JOMO GV-Partner Grosshandel in Germany. Despite the recent fall in sales of super-premium Italian reds – which according to Van den Höövel have partly been replaced by premium Bordeaux – a good reputation, good press and well-organized marketing of the region helps when selling Italian wines in Germany.

The UK - a taste for the South

Though the UK is ever more open to new varietals it appears to be losing its taste for super-premium, structured wines. "At the moment we find that Southern Italian wines offer a style that is more approachable to the British consumer," comments Sergio De Luca, Italian buyer for importer and distributor Enotria in London. "Soft, fruity, rich red wines such as Nero d'Avola are quite successful in this market".

De Luca says that while sales of 'top name' super-premium reds are at the same level as last year (Sassicaia, Ornellaia, and even Sori Tildin, Sori San Lorenzo and Masseto), the rest are finding it difficult.

He goes on to explain that consumers and restaurateurs are interested in simple offers and promotional prices. Anything that is not seen as a good deal is not touched. Parker and Wine Spectator points and Tre Bicchieri awards are far less influential in Britain and, despite the presence of highly respected writers like Jancis Robinson MW, there is no powerful local critical voice that drives sales of super-premium wines in the way that is seen in the US. As Jane Hunt MW, organiser of the annual Definitive Italian Wine Tasting for UK wine professionals, said in a recent interview with Italian wine journalist and critic Franco Ziliani, "For the cognoscenti consumers and particularly in the restaurant sector, Italian wines have a fantastic image and following... [but] I think for the general public, Italian wine is still seen as something of average to low quality and this is exacerbated by some of the UK supermarkets who don't seem to stock better quality Italian wines. This paralysis is largely due to the failure of Italy to undertake any useful generic marketing in the UK."

Japan - a flat market

Japan has always been seen as the leading Asian country with the most sophisticated wine market, but times are hard. "Unfortunately, the recession has affected the economy seriously," says Sawa Tanaka, sales manager of AgriCo Ltd in Japan. "Salaries have been reduced and companies have cut down on entertainment expenses, which has affected top dining locations, such as the Florentine Enoteca Pinchiorri, in Ginza Tokyo, which was forced to close its business in December 2010."

According to Thierry Cohen of Japan European Trading in Tokyo, Japanese restaurants have always shown interest in purchasing wines from non classic regions and this has greatly helped Sicily, Campania, and to a lesser extent the Marche. "We sell more DOC/G than IGT wines," says Cohen "Sales [of top Italian wines] have definitely been in free fall this year and will most likely continue to fall next year."

According to Cohen, Abruzzo, Puglia, Lombardy and Umbria are given very little space on wine lists, which makes it difficult to promote these regions. The most popular areas inevitably remain Tuscany and Piedmont – both of which Cohen says have been losing appeal recently – Veneto, Sicily, and Campania.

"There are plenty of wines from Abruzzo, and Puglia on sale in retail outlets but they are sold for their price appeal, and not for the strength of their origin which few professional buyers, let alone consumers, are aware of," comments Cohen.

Amarone has a strong following

China and India

Elsewhere in Asia, China and India are being presented to Italian producers as the most promising new markets, and may be so in the long run, but today they are still in their infancy, with knowledge and awareness levels that are still very low. Consequently wine buyers and drinkers tend to revert to relatively safe purchases from Italy's classic regions.

"The concept of 'face' certainly does matter in China, and people do not want to make a mistake," explains Brendan O'Toole, founding partner of Summergate, Fine Wines & Spirits in China. "Within the Italian category, for those in China with any familiarity with wine regions, it is inevitably Tuscany that rules the

Super Premium exports:

The following list based on information from leading importers in the major export markets, illustrates which super premium wines are achieving the greatest success, and their respective local retail price. It is interesting to see that in many markets, well-known IGT wines can command similar prices to long-established DOCs and DOCGs.

CHINA – SUMMERGATE

Tuscany: Marchesi Antinori, Tignanello, IGT. RMB880. ($132). Marchesi Antinori, Solaia, IGT. RMB3,200.

Veneto: Allegrini Amarone della Valpolicella Classico DOC. RMB920. Allegrini La Poja, **Veneto:** IGT – RMB980.

Piedmont: Prunotto Brolo Bussia, Barolo DOCG. RMB850. Prunotto Bric Turot Barbaresco DOCG. RMB690.

Puglia: Tormaresca Bocca di Lupo Castel del Monte DOC. RMB420.

Friuli : Livio Felluga Sosso Riserva Merlot Refosco DOC, RMB890. Livio Felluga Terre Alte DOC – RMB850.

DENMARK – TOSCAVINI

Veneto: Cantina Negrar Valpolicella Classico Ripasso DOC, €10 ($13). Ca La Bionda, Amarone Classico DOC, €30

Tuscany: Casanuova Delle Cerbaie, Brunello di Montalcino DOCG, €20. Corte Pavone, Rosso di Montalcino DOC, €15

SINGAPORE – TRASFRA

Sardinia: Argiolas, Turriga, Isola dei Nuraghi IGT – SG$125 ($95)

Umbria: Arnaldo Caprai Sagrantino di Montefalco 25 Anni DOCG. SG$145

Veneto: Tomasso Bussola, Amarone TB, DOC – SG$245. Quintarelli, Amarone DOC – SG$480.

Tuscany: Antinori, Tignanello, IGT – SG$145. Tenuta San Guido, Sassicaia, Bolgheri DOC – SG$280. Tenuta dell' Ornellaia, Masseto 2005, Toscana IGT – SG$1,250. Tenuta dell'Ornellaia, Bolgheri DOC – SG$280. Testamatta, IGT – SG$175. Tua Rita, Giusto di Notri, IGT – SG$115. Valdicava, Brunello di Montalcino DOCG – SG$145. Salvioni, Brunello di Montalcino DOCG – SG$195. Biondi Santi, Brunello di Montalcino Riserva DOCG – SG$580. Biondi Santi, Brunello di Montalcino DOCG – SG$195. Fontodi, Flaccianello della Pieve, IGT – SG$125

Piedmont: Giuseppe Mascarello, Barolo Monprivato DOCG – SG$185. La Spinetta Barolo Campe DOCG – SG$215

Campania. Mastroberardino, Villa Misteri, Radici Taurasi DOCG – SG$480

INDIA – FINEWINESNMORE

Piedmont: Bava Contrabasso Barolo DOCG –Rs7,900 ($174). Fontanafredda, Coste Rubin Barbaresco DOCG – Rs5,500. Fontanafredda, Serralunga Barolo DOCG – Rs6,400

Veneto: Montresor Amarone DOC – Rs6,400

Tuscany: Castiglion del Bosco, Brunello di Montalcino DOCG – Rs5,800. Tenuta Il Borro Rosso Il Borro IGT – Rs6,000

GERMANY – JOMO GV-PARTNER

Tuscany: Azienda Agricola Poliziano, Vino Nobile di Montepulciano DOCG €16 ($21). Castello Banfi, Brunello di Montalcino DOCG €23. Tenuta dell'Ornellaia, Bolgheri DOC €79

JAPAN – EUROPE TRADING CO. LTD.

Sicily: Planeta, Santa Cecilia, Sicilia IGT €40. Planeta, Cometa, Sicilia, IGT €40

Veneto: Masi Valpolicella Classico DOC. €65

Friuli: Livio Felluga Terre Alte, delle Venezie IGT. €65

Piedmont: Vietti Castiglione Barolo DOCG €75

Tuscany: Badia a Coltibuono Riserva DOCG €70

MALAYSIA – VINTAGE SPECIALTIES

Veneto: Domeni Veneti, Amarone della Valpolicella Classico DOC €70 . Marchesi Antinori, Tignanello, Toscana IGT €150 Marchesi Antinori, Pian delle Vigne Brunello DOCG €150

USA – WINEBOW USA

Veneto: Allegrini Amarone della Valpolicella Classico DOC $75. Allegrini La Poja, IGT $85. Zenato Amarone della Valpolicella Classico DOC $65. Maculan Fratta Cabernet Sauvignon, IGT $80

Tuscany: Altesino Brunello di Montalcino DOCG $65. Domini Castellare di Castellina, I Sodi di san Niccolo',. Toscana IGT $65. Castello di Bossi, Corbaia, Toscana IGT $60. Poggio Scalette Il Carbonaione, Toscana IGT $75. Poggio al Tesoro, Sondraia IGT $45. Poggio al Tesoro W "Dedicato a Walter", IGT $85. Salicutti, Brunello di Montalcino DOCG $80. San Polo, Brunello di Montalcino DOCG $70. Tua Rita Redigaffi, IGT $300, . Tua Rita, Giusto di Notri IGT $80

Sardinia: Argiolas, Turriga Isola dei Nuraghi IGT $75

Campania: Bisceglia, Gudarra, Aglianico del Vulture DOCG $35. Fattoria Galardi Terra di Lavoro Roccamonfina IGT $85. Mastroberardino Taurasi Riserva DOCG $55. Montevetrano, Colli di Salerno IGT $85

Piedmont: Giuseppe Cortese, Barbaresco Rabaja DOCG $55. Bruno Giacosa Barolo DOCG $150-350. Prunotto Barolo Bussia DOCG $80. Roberto Voerzio Rocche dell' Annunziata Torriglione. Barolo DOCG $250

Umbria: Falesco Montiano Lazio IGT $45

Calabria: Librandi Gravello, Val di Neto IGT $40

Sicily: Tasca d'Almerita Rosso del Conte, IGT $70

Abruzzo: Valle Reale, San Callisto, Montepulciano d'**Abruzzo** DOC $35

RUSSIA – SIMPLE

Piedmont: Ceretto, Zonchera Barolo DOCG 2005 – €66. Ceretto, Bernardot Bricco Asili, Barbaresco DOCG – €88 Vietti, Rocche Barolo DOCG 2006 – €220. Ceretto, Bricco Rocche , Barolo DOCG 2004 – €275

Veneto: Allegrini La Poja, IGT 2005 – €137

Tuscany: Marchesi de' Frescobaldi, Montesodi, Chianti Rufina DOCG 2006 – €55. Marchesi de' Frescobaldi, Mormoreto, IGT 2007 – €96. Castello Banfi, Excelsus, Sant`Antimo DOC 2004 – €88. Castello di Ama, Vigneto La Casuccia, Chianti Classico DOCG, 2006 – €220. Castello di Ama L'Apparita, IGT 2006 – €220. San Felice Vigorello, IGT 2004 – €66. Fattoria del Cerro Vino Nobile di Montepulciano Riserva DOCG 2004 – €38. Fattoria La Massa Giorgio Primo, IGT 2007 – €91. Brancaia, il Blu IGT 2007 – €82. Montevertine, Le Pergole Torte, IGT 2007 – €107. Capannelle, Solare, IGT – €110. Capannelle & Avignonesi 50 & 50, IGT 2005 – €165. Tenuta San Guido, Sassicaia, Bolgheri DOC 2006 – €192. Tenuta dell'Ornellaia, Bolgheri Superiore DOC 2004 – €357. Tenuta dell'Ornellaia, Masseto IGT 2004 – €1,045.

UK – ENOTRIA WINECELLARS LTD

Ornellaia £95 ($148). Sassicaia £100. Gaja Barbaresco £105. Masseto £320 roost. Veneto has been well represented in China, and Piedmont for its prestige would probably compete with the top three regions of France in terms of recognition and quality. Broadly speaking, other regions will be peripheral and therefore a tough sell, especially where the wines are pricy." If Chinese consumers are going to pay a large sum for an Italian premium or super-premium wine then nine times out of 10 it will be fine Supertuscan or Barolo. Paying a lot for a region they've never heard of seems very unlikely at present. Market awareness and appreciation levels are just not there yet.

"India is like another planet when it comes to selling wine," comments Craig Wedge, Senior Vice President of FineWinesnMore, Indian importers based in Mumbai. While interest and sales in IGT and DOC/G balance out, it is regions like Piedmont, Tuscany and Veneto which still command the top spots as far as 'identity' goes, despite the fact that consumers are slowly learning the virtues of other regions and the wine varieties and styles particular to each."

"International varietals do win hands down in this country," he continues. Familiarity with these varieties is what the consumer identifies with when purchasing a wine, especially, as Wedge puts it "when paying the crazy prices you pay in India".

The brands have it

In China and India, as elsewhere, super-premium wines are mainly sold in five-star hotels where sales are focused on leading names and where customers prefer to buy according to their brand recognition. "If a brand has a strong reputation in Italy and the basis for that is compelling, then this will resonate with people in China once that message is presented to them. Over time, as the word gets out, positive sales development can be anticipated," stresses O'Toole.

Recession in China caused a temporary slow-down in its mainstream markets, but this was offset by the rapid growth in secondary and tertiary regions and cities. These places were relatively insulated from the global economy and so became thriving markets, benefitting also substantially from the massive government stimulus measures launched in late 2008. The overall effect has been one of huge growth in wine consumption in China. According to O'Toole the market is continuing to grow rapidly and 2010 will probably see about 15m cases of bottled wine having been imported into the mainland. That's a 50% rise from the previous year's total of over 10m cases, which was already up on the previous year's 6.4m cases.

Montepulciano d'Abruzzo can be premium - or cheap.

Scandinavia

Historically Scandinavia's monopolies have looked to the south of Italy as a resource of cheaper wines, explains Bill Khyl of Tosca Vini whose Danish business is based in in Copenhagen. "However, customers seek 98% indigenous varietals and I sell 90% DOC/G wines. Few in Denmark have heard of Lombardy, Campania or Marche, making wines from these small regions hard to sell."

Sweden also seems to echo the positive trend of indigenous varietals. "In the past, sales were higher for international varietals and blends, but the pendulum has swung heavily in favour of wines made from indigenous grapes as they provide a unique identity and are bound to a certain area, and show a historical identity, " says Wilhelm Schultz, CEO of Enjoy Wine and Spirits, in Sweden.

Routes to market

Around the world, the 'horeca' – hotel, restaurant and catering – channels and specialist retail outlets, tend to promote awareness of more premium wines from classic regions such as Tuscany, Piedmont and Veneto, and cheaper ones from elsewhere. Margarita Krasnapolovsaya, consultant buyer for distributor UTA-NN in Russia explains that in her country, where 70% of all wines are sold in supermarkets, "You may be lucky and find a more obscure super-premium red in a special case or corner of the store... On the other hand, in wine bars, restaurants and wine boutiques where trained staff and sommeliers work, consumers are eager to take professional advice and are ready to taste something new. Lombardy, Campania, Marche, Puglia, Sicily, Abruzzo are all easier to sell in this context than at the supermarket level.

Marketing expert Pierpaolo Penco, director of the Executive Master in Wine Business at the MIB School of Management, points out that the majority of super-premium and icon wines come from medium sized wineries from specific appellations and indigenous varietals. "In this segment of the market branding works when it is linked to its origin, says Penco. "This is because it's engaging with a knowledgeable and a more expert segment of the market, while a company brand can be successful if it is large, well-distributed and has the resources to invest in branding."

Looking at the listing of super-premium reds (see page 19) most of those from the south are characteristically 'indigenous', while Tuscany's Supertuscans are 'Bordeaux Blend' in style. At the same time it is of interest to note that while many of the wines in the super-premium category produced from 'indigenous' varietals fall into the DOC/DOCG appellation system, there is a solid number of IGT wines that have a high, if not total percentage of indigenous varietals, as well as those that are produced from international blends.

Despite comments from producers that super-premium reds have neither lost their market share, nor decreased in price, most markets are having a hard time selling super-premium reds at super prices. The exception seems to be Russia where consumer requests exceed the allocations. "There's usually a 'fight' among the sales departments for Sassicaia, Gaja and Brunellos included," says Elena Tsareva, PCCD of Simple Ltd. In Moscow, "if producers were to give us higher allocations these too would be sold in a flash." ■

Super Premium exports: the producer's view

For this feature, we asked the producers of many of Italy's top super-premium wines to outline their philosophies and their impressions of why some of their wines are more popular in some markets than others.

TUSCANY

Marchesi Antinori Tuscany

"With regard to branding, the names of our wines, such as Tignanello, often carry more weight than our company brand Antinori. During the financial crisis we never lowered our prices, in fact, we raised the prices of our super-premium Solaia by 12% and Tignanello by 5%".

Renzo Cotarella, CEO of Marchese Antinori.

Ornellaia

"We actually find it difficult to produce enough bottles of Ornellaia to satisfy the market request".

Alex Beson, CEO Ornellaia

Barone Ricasoli

"Gambero Rosso Tre Bicchieri is important, but it does not carry the weight it had a few years back, while Spectator and Parker points have more influence outside Italy."

Francesco Ricasoli

PIEDMONT

Michele Chiarlo

"Our export market represents 70% of our total sales. It takes time to build brand credibility. We have been with our US importers Kobrand for 33 years and 10 years with our Russian importers MB Group in Moscow."

Michele Chiarlo

Gaja

"Wine writers, Parker, Wine Spectator Points and Gambero Rosso reinforce one's visibility, but that does not increase one's sales. We have avoided the financial crisis by seeking new markets."

Angelo Gaja

VENETO

MASI Agricola SPA

"Ninety percent of our production is exported to Scandinavia, Switzerland, Canada and USA."

Sandro Boscaini, CEO, Masi

CAMPANIA

Mastroberardino

"There's space for everyone in the global market. Our Radici Taurasi Riserva is on the list of top restaurants around the world."

Piero Mastroberardino

MARCHE

Umani Ronchi

"We need to focus more on our brand rather than on our 'territorial' appeal, i.e. Marche which is not well known outside of Italy. We do not fear competition from within Italy, our concern is competition from other countries of production, such as New World wines."

Michele Bernetti, CEO, Umani Ronchi

LAZIO

Casale del Giglio

"Our exports only make up 5% of our sales, while in Italy, Mater Matuta is considered one of the top super-premium reds from Lazio."

Elsa Richi, export manager, Casale del Giglio

PUGLIA

Leone de Castris

"We have a solid reputation in Italy, having begun production of Donna Lisa in 1954. Over the years we have received seven Tre Bicchieri awards for our production of this wine. Today we export to over 40 countries."

Piernicola Leone de Castris

Rivera

"We started building the image of our Falcone super-premium red in Italy and in our export markets with the 1971 vintage. Our Parker points average 90-93 but we have never been awarded the Tre Bicchieri status."

Sebastiano de Corato, Sales and Marketing Manager, Falcone

SICILY

Donnafugata

"Donnafugata's success in reaching out to over 50 international markets lies in its correct approach to pricing and consistent quality."

Josè Rallo, CEO Donnafugata

Gulfi

"Most consumers find it difficult to understand that like different 'crus' of Barolo, one can produce different 'crus' of Nero d'Avola and this is what we have concentrated on - the varying 'crus' of Nero d'Avola from the area of Pachino."

Matteo Catania, marketing manager, Gulfi

Reseca 100% Sicilia IGT: Nerello Mascalese

Planeta

"Our choice of super-premium reds expresses our wish to compete in the global market with international varietals (Burdese) and with 'indigenous' varietals (Santa Cecilia Nero d'Avola)."

Alessio Planeta