

A LOOK AT ITALY'S CO-OPS

More than 40% of Italy's wines are produced by its co-operatives, who have made leaps and bounds in quality, reports Michèle Shah. While Italy's structure means big brands are difficult to create, the co-ops reach the market with a range of strategies.



Aerial photo of Citra Vini

Over the last decade, Italy's cooperatives have shown a growing strength in sales, motivated by two important factors: improved quality in production and conscious brand building strategies.

Co-op growth

The surge of Italian cooperatives took off in the early 1960s when Amintore Fanfani, Italy's Minister of Agriculture, implemented an agricultural plan to help finance the building of agricultural cooperatives. Today many Italian cooperatives have grouped under the umbrella of the Federazione Nazionale delle Cooperative Agricole ed Agroalimentari (Fedagri), Italy's national cooperative federation. It's a powerful machine, founded in 1992, which now includes some 428 cooperatives and 152,000 grape growers, account-

ing for 65% of Italy's cooperative wine production. Fedagri now accounts for €2.6bn in value, representing 42% of Italy's total wine production. Two thirds is sold in Italy, split almost equally between supermarket sales and other channels of distribution, while one third is exported globally.

Fedagri offers various services to its member cooperatives, including national and international market development and promotion, union mediation and arbitration regarding national and international EU regulations. "Over the last five to ten years, Italy's grape-growing cooperatives, small and large have progressed into a new phase of merging together to strengthen as well as expand their range of production and distribution locally as with exports," says Antonello Ciambriello director of Fedagri.

The recent merger in Veneto in 2007 between Consorzio Colli Berici, Barbarano, San Bonifacio and Cantina di Colognola ai Colli, created the united Collis-Veneto Wine Group, with 3,000 members and 6,700 hectares of vines, to a value of €150m turnover. In terms of production, the merger equates to 15% of Veneto's total production, and 2.2% of Italy's total production, with a focus on Amarone, Soave, Prosecco and Pinot Grigio. This is just one example of the recent movement to unify smaller cooperatives with larger ones situated within the same region.

Some mergers may be policy motivated, in order to control more of the market or to expand and strengthen specific areas of production. For example, the 2008 merger between Cantina di Soave and Cantina di Montecchia, increased its members to 2,200 and vineyard capacity to 6,000 hectares, giving them the ability to expand their production, raising their turnover to €90m. This merger places Cantina Soave in a position to 'monopolize' Veneto's market share of production, producing 48% of Soave DOC, 43% of Soave Classico and 50% of DOC Valpolicella.

Regulations

In terms of DOC and DOCG regulations, the 'giant' cooperatives such as Cantina di Soave, Cavit in Trentino and Caviro in Emilia Romagna, because of their size and number of member grape growers, have a legitimate say in appellation regulations. The sheer numbers represented by a cooperative create a critical mass represented by a president or director who will often be elected to sit on the technical or administrative board of a Consorzio, bringing their know-how and expertise to the benefit of others. In the case of Caviro, their technical director/winemaker Giordano Zinzani is president of the Consorzio Vini di Romagna.

Needless to say, the power of a single cooperative means they can oppose changes or amendments to a local denomination that

SUMMARY BOX

- Italian co-operatives began to take off in the 1960s.
- Today, many are grouped together under the Fedagri, Italy's national co-operative federation, and produce more than 40% of Italy's wines.
- The size and power of the co-operatives gives them a powerful voice in policy decisions.
- The growth of interest in indigenous grapes is providing new opportunities.

ITALY'S TOP TEN CO-OPS

1	Confcooperative Fedagri – Settore Vitivinicolo	6	
<p>Palazzo della Cooperazione, Via Torino 146, 00184 – Rome Phone: +39 06 469.78.1, Fax +39 06 48.81.469, www.fedagri.confcooperative.it</p> <p>Member cooperatives: 428 Member grape growers: 152,000 Total production: 20m hl Total value: €2.6bn Total exported: 32% Main export markets: Germany, US, Canada, Switzerland, UK, Scandinavia</p>		<p>via del Carmine No. 7, 38015 Lavis (Tn), Phone: +39 0461 440 111, Fax: +39 0461 440 244, Email: cantina@la-vis.com, www.la-vis.com</p> <p>Total turnover 2008: €53m No of bottles: 30m Export percentage: 70% Main export markets: USA, Germany, northern Europe Main export brands: Canaletto Managing director: Fausto Peratoner</p> <p>Founded in 1948, La Vis has a total of 1,500 members and 1,400 hectares of vines. This 'progressive' cooperative was the first to initiate a zoning project to identify the characteristics and potential of the various vineyard areas and the grape varieties most suited to the area of production.</p>	
2	CAVIRO Sca	7	Cielo e Terra spa (51% Cantine Cooperative dei Colli Berici)
<p>Via Convertite 12, 48018 Faenza Phone: +39 0546 629111, Fax: +39 546 629353, E-mail: caviro@caviro.it, ww.caviro.it</p> <p>Total turnover 2008: €280m Total production: 184mL Export percentage: 16% Main export brands: Tavernello, VoloRosso, Main export markets: Japan, Germany, UK, Russia, France Managing director: Sergio Dagnino Export manager: Pierluigi Calcagnino</p>		<p>Via 4 Novembre 39, 36050 Montorso Vic. Phone: +390444 485211 I, Fax: +39 0444 686134, info@cieloterravini.com, www.cantinedeicolliberici.it.</p> <p>Total turnover 2008: €52m (Colli Berici only) No. of bottles: 40m in Tetrapack Export percentage: 40% Main export markets: UK, USA, Germany, Russia Main export brands: Cielo Managing director: Roberto Muraro Export manager: Pierpaolo Cielo</p> <p>A cooperative founded in 1989 with 2,300 members and 3,200 hectares of vineyard. Their main brand, Famiglia Cielo, was created in 1908 and is today distributed worldwide. They also export private labels wines to the US and UK and are building their brands based on Prosecco and Pinot Grigio.</p>	
3	Cavit S.C.	8	CITRA VINI Soc. Coop.
<p>Via del Ponte di Ravina, 31 (Trento) Phone: +39 0461-616399, Fax: +39 0461-605695, E-mail: cavit@cavit.it, ww.cavit.it</p> <p>Total turnover 2008: €155m No. of bottles: 65m Export percentage: 73% Main export brands: Cavit Collection, Bottega Vinai, Terrazze della Luna, Mastri Vernacoli. Main export markets: US, Germany, UK, Canada, Europe, China, Japan Managing director: Giacinto Giacomini</p>		<p>Contrada Cucullo, 66026 Ortona, Chieti Phone: +39 085 9031342, Fax: +39 085 9031332, Email: citra@citra.it, www.citra.it</p> <p>Total turnover 2008: €25m No. of bottles: 18m Export percentage: 65% Main export brands: Citra Colore diVino, Pennellata Divina, Citra Tramonto Main export markets: US, Canada, Germany, UK, Belgium, Japan Managing director: Giuseppe Colantonio</p> <p>Export manager: Albino Lanci Citra Vini groups together nine smaller cooperatives with a total of 8,000 hectares and 5,000 grape-growers. Its bottling line can package 20,000 bottles per hour and it boasts the largest ageing cellar in central-south Italy. Its exports reach 45 different countries.</p>	
4	Gruppo Mezzacorona	9	Cantine Produttori Riuniti del Veneto Orientale Soc Agr Coop.
<p>Via del Teroldego 1, 38016 Mezzacorona, Trento, Phone: +39 0461-616399, Fax: +39 0461-605695, Email: info@mezzacorona.it, www.mezzacorona.it, www.rotari.it, www.feudoarancio.it</p> <p>Total turnover 2008: €139m No. of bottles: 40m Export percentage: 72% Managing director: Claudio Rizzoli Export manager: Alberto Lusini Main export markets: US, Germany, UK Main export brands: Mezzacorona, Rotari, Feudo Arancio</p>		<p>Via Roma Sinistra n. 48, CAP 30016 – Jesolo, Venice, Phone: +39 0421 951025, Fax +39 0421 301515, E-mail: info@cantinevenetoorientale.com, www.cantinevenetoorientale.com</p> <p>Total turnover 2008: €15.9m No. of bottles: 1.5m Export percentage: 13% Main export markets: Germany, Switzerland, Austria Main export brands: Ca'Viri, Terre Marciane Managing director: Corrado Giacomini Export manager: Franco Passador</p> <p>Other cooperatives operate under their umbrella, developing their own commercial path worth €19m, with 10m bottles which are mainly exported to the US, Spain, UK, Russia and Asia.</p>	
5	Cantina di Soave	10	Cantine Due Palme Soc Coop Agricola
<p>Viale Vittoria 100, 37038 Soave (VR) Phone: +39 045 613 9811, Fax +39 045 768 1203, cantina@cantinasoave.it</p> <p>Turnover 2008: €67m (up to 30 June 2008 before merging with Cantina Montecchia) No. of bottles: 20m Export percentage: 60% Managing director: Bruno Trentini Export manager: Luca Sabatini Main export markets: UK, Germany, Scandinavia, Switzerland, Japan</p>		<p>Via San Marco 13, 7202 Cellino San Marco BR, Italy, Phone: +39 0831 617 865, Fax: +39 0831 617 866, Email: info@cantineduepalme.it, www.cantineduepalme.it</p> <p>Total turnover 2008: €11.9m No. of bottles: 4.5m Export percentage: 80% Main export brands: Due Palme, Terre Al Sole, Tenute San Marco Main export markets: northern Europe, Russia, USA, Canada, Thailand, Brazil, Japan, Managing director: Assunta De Cilli</p> <p>Founded in 1989, Cantine Due Palme now has 400 growers and is recognized as one of the finest large-scaled cellars operating in the region. With over 500ha of total vineyard holdings disseminated across the region's foremost appellations, Cantine Due Palme offers a comprehensive line up of classic Apulian wines made from native varietals.</p>	

politically or economically contrast with its own internal policies. Regionalism in Italy is still strongly felt in the wine world. While cooperatives may be inclined to merge locally, merging out of the region or even internationally is still far-sighted for most. Northern cooperatives such as Mezzacorona in Trentino have reached out to other regions incorporating other wine estates, as with Sicily's Feudo Arancio to add a range of red wines and a new brand to their portfolio. Since 2000, La Vis has invested in prominent wine estates in the areas of Tuscany, Sicily, Puglia and Umbria creating a premium 'group' of wine producers to add to their range of production.

"In Italy we value our individual wine growing areas and regions, each one expressing a unique series of grape varieties and wines," explains Marco Raengo, head of public relations at La Vis. "In Trentino alone our production is made up of six to seven different grape varieties, which are representative of our area of production. This is one of the reasons why we have focused our attention on promoting the area of production under the Trentino DOC umbrella for sparkling wines, as a brand in itself rather than creating a line of company brands, with the exception of the Canaletto brand which sells some 7m bottles."

Branding

Not all cooperatives share this same vision. Caviro has been branding since the early 1980s. Over the past 25 years it has been building its main brand Tavernello which today stands seventh in the production of world-wide brands and produces some 12m 9 L cases. Tavernello is Italy's most successful brand, publicized on TV, reaching an 'awareness' poll of 83% and placed on the table of 5m Italian families. According to a Nielsen study Tavernello is Germany's second most successful brand, thanks to a joint-venture with Mack&Schüle. Its most recent export 'coup' is market success in China.

Unlike New World countries, Italy has a lack of professional grape growers with large land holdings, a common issue in most of Europe's wine growing coun-

tries. Most Italian cooperative members own an average of one to three hectares of vineyard, which impinges on the economics of production, resulting in high grape costs. This is one of the obvious reasons why Italy, like other European countries, could never match the likes of Australia's Yellow Tail or the US's Gallo when it comes to branding high volumes of wine under one label.

Over the last five years, Italy has branded by grape varietal. Pinot Grigio has been highly exploited, especially by Italy's northern cooperatives, where the main grape variety behind the brand label is often Pinot Grigio. According to Cavit's export manager, Claudio Gambarotto, (who as I finalise this article, has just left the Caviro team) Cavit is considered a brand leader in the US, with some 3m 9L export cases of 'Cavit Collection' a year. Moreover, it has been the market leader for exports of Pinot Grigio. Like other Italian cooperatives, it strongly supports a brand building strategy by grape variety, without losing sight of its regional roots. Other brands which include Pinot Grigio labels are include Bottega Vinai for on-trade and Matri Vernacoli for off-trade sales. "Pinot Grigio is still a popular brand building varietal," says Gambarotto. "Prosecco is another upcoming varietal which Cavit labels under the 'Lunetta' brand."

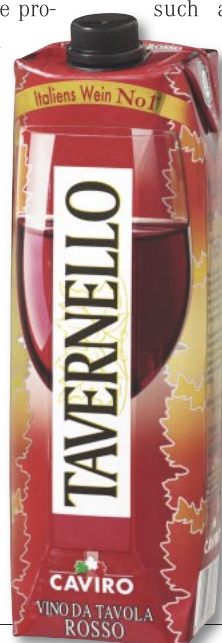
Opportunities

In addition to Pinot Grigio and Prosecco, Italy has strengthened its exports with a growing number of interesting and globally recognized appealing indigenous grapes, such as Nero d'Avola from Sicily or Montepulciano d'Abruzzo from Abruzzo.

Citra based in Chieti in Abruzzo, primarily known for its Montepulciano d'Abruzzo brands, has recently bottled a Pinot Noir targeted at the growing interest in Pinot Noir in the US market. They are now thinking of bottling a Riesling just to diversify and follow market trends.

Packaging also features prominently in many of the top cooperatives. "We have recently re-styled our labels and packaging,"

Tavernello is Italy's most successful brand.



explains Giuseppe Colantonio, marketing manager of Citra. "As part of our brand building our packaging must be distinctive and immediately recognizable, making an immediate visual impact on consumers." Another aspect which Citra has incorporated in their production line is screw caps for Canada and Scandinavian markets.

While none of Italy's cooperatives have yet merged with larger international companies, they have been strengthening their ties with their key export partners. Citra has a special agreement with Palm Bay Importers in the US for the promotion and exclusive distribution of their brands. Caviro surprisingly for its size only exports some 16% of production. This has been a company policy, yet its exports are currently enjoying a 26% growth on last year. "Japan has been an important historic export market for Caviro," explains Pierluigi Calcagnile, export manager of Caviro. "Ever since we joined in partnership with Suntory we started exporting Tavernello in bottle in the early '90s."

Further south, Cantina Settesoli, founded in 1958 with Diego Planeta (of the Planeta winery) as president since 1973, is today considered southern Italy's leading cooperative in terms of turnover and volume, and is also valued for its price to quality ratio. It set up a joint venture with its UK importer Enotria Wine Cellars in London in 2001 to promote and manage their export sales. Settesoli's main on-trade brand is Mandrarossa, while the off-trade brand is Inycon. Both brands concentrate on bottlings and labels that reflect the indigenous varietals of the region.

Well-known co-operatives

Many of Italy's cooperatives throughout the country enjoy popularity in Italy and abroad, offering a diversity of wines produced from an ample range of grape varieties unique to Italy. Italy's northern areas of Trentino Alto Adige house some of the better-known cooperatives, including Cavit, Mezzacorona, La Vis, St Michael Eppan and Colterenzio. Terre di Barolo in Piedmont and Caninta di Soave in Veneto have equally left their mark in the national and export markets. Further south Citra, Canine Settesoli and Cantina due Palme are also producing world recognized brands, yet for now Italy remains consciously and distinctly regional in production and 100% Italian. ■

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