The difference between realism and whining

scritto da Fabio Piccoli | 21 Agosto 2024



In my last editorial, I focused on what an article in Harpers referred to as the **self-sabotage** of the wine industry, which for some time (not just recently) has claimed that it is almost impossible to do business in this sector, and that **passion**is what drives much of its activity.

Certainly, this was a **provocation** that stemmed from a fact: the tendency of many wine entrepreneurs to **complain**, to always see the glass as half empty, and to always give the impression that if they were to seriously consider their interests, they would invest in other sectors.

It is clear that generalizations are always wrong, but in my unfortunately many years of working in the wine world, I have often heard the phrase, “I make wine out of **passion**, not to

make a profit.”

This **leitmotif** inevitably increases in difficult market phases like the current one.

A couple of producers commented irritably on my reflection, accusing me, so to speak, of not realizing the current **difficulties**, especially for small businesses.

First of all, if there is an **observatory** aware of the current difficulties, it is precisely Wine Meridian, as we constantly monitor market trends and, above all, work inside companies, within markets, to have a concrete pulse of the situation and not just rely on reading macro numbers.

And it is precisely from this constant observation that, in my opinion, two fundamental aspects emerge: the data is not **encouraging** but neither is it **dramatic**, and to give a correct interpretation, it is essential to start from further back in time and hypothesize the possible scenarios for the near future; the current phase is certainly complex but does not impact all companies and **denominations** in the same way.

Let’s start with the first point, which relates to the current data that speaks of a first quarter more **positive** than we might have imagined. In the first quarter of 2024, in fact, the value of our **export** exceeded 2.5 billion euros, marking a +7% compared to the previous year. Always looking at the export front, the **USA** remains our best customer with almost 630 million euros and an encouraging +6% compared to the first quarter of 2023. If the Istat data analyzed by Winenews is accurate: almost all our major importing countries show a positive figure (even the **United Kingdom** with +11.5% and **Canada** with +11.4%). Extraordinary, too, is the restart of **Russian** imports, which in this first quarter recorded a +125.4%. Essentially, among the big markets, the only decline is registered by **Switzerland** with a -3.3%.

Staying on the topic of export, it is important, as I

mentioned earlier, to have a **longer-term** view to realize that in the last twenty years (from 2003 to 2023) the value of our exports – as the skilled Denis Pantini recalled in the last edition of the **Master Sanguis Giovis** of the Banfi Foundation – has increased by 193%! And Pantini also reminded us that in 2003, Italy was the market leader in 9 countries (with a value share of 17%), while France was the leader in 41 (with a value share of 38%); in 2023, we became the leader in 46 markets with a value share of 22%, closing in on France, which is first in 51 markets with a value share of 33%.

If we need to find a **limit** to our export, then, it should be looked for not in the data but in our still strong dependence on a few types of wine and denominations. Just look at Prosecco DOC, which even in this first quarter saw growth of over 11% and in fact represents almost a quarter of our export value (if we add our popular sparkling wine to **Pinot Grigio**and a little over five other denominations, we far exceed half the value of our exports).

Certainly less encouraging are the data coming from our **GDO** (large-scale retail trade), which in the first six months of 2024 recorded a volume decline of almost 2% and a value growth of 1.4%, unfortunately tied exclusively to **inflation**.

If we look at the **prospects**, all the main observers highlight a much slower consumption **evolution** compared to the previous two decades, but they also agree that the increase in the value of consumption will continue, confirming the **premiumisation** process that will further consolidate in the near future.

In terms of prospects, it will also be crucial to increase our ability to expand our **outlet markets** and, above all, to improve our presence in at least the most important markets (this will be the most complex challenge, and it will probably also be a selection factor between companies capable today of

being competitive in export and others that do not have the right characteristics).

And regarding this last aspect, it is clear that the current market difficulties are not affecting all companies, and even in this period, the classic “leopard spot” pattern is evident (highlighted also in the latest Mediobanca report). For this reason, it is more important than ever to analyze with greater **accuracy** and less **superficiality** what the “new” factors of competitiveness are for wine companies, dividing them by type, size, denomination, company structure, starting with their provision in terms of skills and human resources.

Only when all this information is in hand do **concerns** or **optimism** become justified. At the moment, what is certain and certified by the current data is that the margins for maneuver in our sector are still wide, but to make the most of them, we need less **whining** and more **realism**.