Wine and GDO, Romano of Circana: facing the structural decline in consumption, the most coherent response is to reduce production

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Italian wine sales in GDO have been declining for years, driven by demographic ageing and changing consumption habits. Circana's Virgilio Romano analyses the data without reassurance: the mid-to-low segment bears the heaviest losses, promotions are losing their grip, and no regional exception exists. His conclusion points to one rational lever: reducing production to realign supply with shrinking demand.

There is a moment, in every declining market, when language stops describing reality and begins protecting it. In Italian wine, that moment passed a long time ago. People talk about premiumisation, trading up, more aware and selective consumers, and all of this is true. But it is also, in part, a story the industry tells itself to avoid fully reckoning with what the data has been showing for years: less wine is being sold, and the trend shows no sign of reversing.

Virgilio Romano, Business Insight Director at Circana, is not the kind of interlocutor who uses data to reassure. With the precision of someone who reads numbers every day and the candour of someone with no product to sell, Romano walks through the entire architecture of the problem: the demographic decline that empties tables, the generational shift that has broken the transmission of the daily ritual of wine, the promotions that lose effectiveness not because they are poorly designed but because you cannot convince someone to consume more when they have already decided to consume less.

This conversation brings to the surface some of the most acute contradictions in the sector. The mid-to-low segment, the one that has always sustained volumes, is the hardest hit, and no commercial lever manages to compensate for its contraction. IGTs, which for years had outpaced the market thanks to their design freedom, have also come to a halt. Dealcoholised wines occupy the headlines of trade publications with revenues of 3 million euros, a figure Romano describes, with calibrated understatement, as not yet a concrete substance. And then there is the surprise of Metodo Classico, growing in double digits and defying every pessimistic narrative, even if Romano suggests waiting until December before celebrating.

But it is in his final answer that perhaps the deepest meaning of the entire interview is concentrated. When Romano identifies reducing production as the most rational variable for attempting to right the course, he is not

speaking purely about supply economics. He is saying, in the quiet voice of someone who works with data, that the sector may need to do something counterintuitive: stop producing in order to begin, perhaps, being worth more.

The data shows volumes declining for years, while value holds thanks to rising average prices. This “gap” between volume and value is often presented as virtuous premiumisation. But is there a point at which such persistent volume loss stops being a sign of market health and becomes something more worrying?

At the root of it is an evident and structural decline in consumption, which has been ongoing for several years now. Initially it was the product of a demographic issue: there are fewer and fewer of us in Italy, and we are getting older. Over time, a sociological dimension has been added, one of greater attention to what is drunk and how it is drunk, a phenomenon that affects younger age groups in particular.

Once this is acknowledged, because it is an established fact, an objective reality, a whole series of other variables come into play: prices, promotions, assortments, which play a role in explaining part of the trends we observe each year. But what must first be accepted is that wine sales are not declining because prices are rising. The decline of wine is a structural and sociodemographic issue affecting Italy, but also France, Spain, and, if we broaden the view, Germany with the decline of beer and England with the decline of spirits. It is a phenomenon running through the whole of Europe’s great wine-consuming nations.

It is the product of a profound change: greater nutritional education and growing attention to health have transformed people’s habits. The transition from an agricultural to an industrial society has further contributed to reducing those daily consumption habits that, in modern distribution, have been in decline for years. This is the reality.

The “mix effect,” the consumer choosing more expensive bottles on average, is it truly an active choice towards quality, or could it partly be a statistical illusion? That is: have only consumers with greater spending power remained in the market, while a more popular segment has simply stopped buying wine?

The bulk of wine consumption is concentrated in the mid-to-low price segments. That is where we find habitual consumers, those who drink wine at lunch and dinner, every day, without necessarily seeking a DOCG or a DOC, but with precise expectations in terms of basic quality. And that is precisely where the major decline is concentrated: where there is the greatest volume, the impact of the contraction is inevitably heaviest.

The mid-to-high segments suffer less, not because they are immune to the phenomenon, but because they represent a smaller slice of the market, and above all because it is in that segment that new buyers are concentrated: consumers who do not drink wine every day, who might choose it once a week or on special occasions, and who, when they do, look for something more. **And if you are looking for something more, you are willing to spend more.**

A double effect is thus created: on one side, the greatest suffering is found where there is the greatest concentration of consumption; on the other, the premium segment absorbs the decline better precisely because it attracts new entrants, who have changed their relationship with wine compared to previous generations. I still remember my grandfather, my father: for them, wine at the table was a daily presence, almost taken for granted. Today that same place at the table exists, but often there is no longer anyone around it.

IGTs enter negative territory after years of outperforming DOC/DOCG. You described it as a “normalisation.” What exactly do you mean? Is it the end of a positioning that has exhausted its momentum, or is there something more structural in the loss of appeal of IGTs?

IGTs are, in my view, the classic example of wineries paying attention to the market. They were created precisely to allow greater freedom of experimentation compared to the more rigid specifications of DOCs and DOCGs, and in this role they have been undeniably successful: they have intercepted emerging tastes, enabled product innovation, and explored new regional expressions.

After that, they too come up against reality. Once the phase of momentum and innovation was exhausted, they reached the maturity of the curve and now find themselves facing the same challenge as the entire sector: the structural decline in consumption. They are no longer an exception to the general trend, they have become an integral part of it. “Normalisation” is exactly that: not a failure of the positioning itself, but the exhaustion of the driving

force that had sheltered them, for a time, from the gravity affecting all wine.

Sales are declining both on promotion and at full price. This is a particularly significant signal, as it suggests that traditional promotional levers no longer work as they once did. What does Circana data tell us about the effectiveness of promotion in wine?

Promotions help any category. But what emerges from data over recent years is a progressive decline in their effectiveness, which can be explained through multiple layers of interpretation.

The first is structural, and I would sum it up with an Arab proverb that seems fitting: “It is useless to bring a camel to the spring if it does not want to drink.” You can multiply promotions as much as you like, but if consumption is declining and a consumer who previously bought three or four bottles now takes two or three, the promotion does not compensate for that loss: you record a decline in effectiveness that is simply a reflection of the structural decline.

The second level concerns a conscious choice to rationalise discounting, which has matured both in the industry and in distribution. Overly aggressive discounts attracted buyers from other channels into points of sale, wine shops, HoReCa, direct sales, without generating net additional consumption. For a winery, gaining in GDO while losing in HoReCa is a zero-sum game. For distribution, excessive discounting eroded margins. The result was a progressive reduction in promotional pressure which, inevitably, translated into lower measured

effectiveness.

Once again, the structural decline in wine drags along all the variables that make up a sale: the shelf price, the promotional price, the assortment. No commercial lever is immune to the gravitational pull of the category trend.

POS data measures what is sold. But wine is increasingly purchased outside GDO, partly because some consumption has shifted elsewhere, wine shops, wine bars, direct sales at the winery. Do you have tools to measure this “transfer” between channels, or is it a blind spot?

Honestly, no: we do not capture that data. We measure a portion of online sales, retail e-commerce, Amazon, a couple of other sites, which today accounts for around 2%. Adding a similar estimate for specialist wine sites, we arrive at an overall 4 to 5%. For wine shops and other channels we have no direct measurement tools.

That said, I do not believe the volumes lost by GDO can be explained by cannibalisation from other channels. The numbers are too high to be reabsorbed elsewhere. Speaking with wineries and clients, no signal emerges pointing in that direction. More likely, and more consistent with everything we have said, is that it is simply consumption that does not happen, regardless of channel.

In GDO, Metodo Classico grows 17% in value and 21% in volume in the first quarter of 2026, extraordinary numbers

for a niche category. Is this a consolidated trend or an Easter effect that amplified an already present phenomenon?

Metodo Classico is a genuine surprise. They grew last year, they continue to grow in the first four months of this year, and they do so with double-digit numbers that make them the leading segment within the sparkling wine category. One possible interpretation is that in 2022 and 2023 they had suffered more than others from inflationary dynamics on prices, and that the current growth is partly a recovery of lost ground. But that is only a partial explanation.

We are talking about products positioned between 13 and 20 euros on the shelf, often above: a selected consumer base, probably less exposed to macroeconomic pressures and more oriented towards quality. Whether the trend is structural or contingent, the year-end figures will tell, and the month of December, for sparkling wines, counts enormously. But the first four months provide an encouraging outlook. We can say with reasonable caution that it is something more than a gust of wind. Then we shall see and hope it continues.

Dealcoholised wines are at the centre of debate and receive ample space in the media but have revenues of around 3 million euros in GDO, an almost symbolic figure. Are there comparable European markets where this segment has already reached a critical mass? If so, what can we learn from those markets?

The intensity of the Italian debate on dealcoholised wines is

a product of the success that the no-alcohol world has already achieved in Europe and the United States. This pushed Italian companies to put pressure on legislators, up to the decree of two years ago, whose implementing regulations were published only this year, which finally allows dealcoholisation in Italy as well.

The most significant experience in Europe is that of Germany, which, it must be said, is not historically a country with a great wine culture like Italy, Spain, and France. There, dealcoholised or low-alcohol wines have found a certain reception, especially in fruity variants. **But I agree with your premise: in Italy the topic is discussed far more than the current numbers justify.** This segment is discussed not for what it is today, but for what it is hoped it may become tomorrow.

And wineries were right to push in this direction, because the point is simple: if the Italian market for dealcoholised wines exists, and the 3 million euros in GDO tell us it does, albeit in embryonic form, why leave it in the hands of Spanish wineries or imported products, with all the logistical burdens that follow? It is right that Italian wineries should be able to experiment. Whether they will find their own original path in this world, I do not know, but Italy has a history of great innovators, and I would not be surprised.

Regarding regional data: which Italian areas are holding up better against the decline, and are there structural characteristics, types of retailers present, local wine culture, average income, that explain

the differences?

The data is negative everywhere, without exception. There is no Italian region showing growth compared to the others. The trend is transversal across the entire country, with the same dynamics and the same explanations: demographic ageing concerns all of Italy, the sociological shift concerns all of Italy.

In fact, the very geographical uniformity of the data confirms the structural nature of the phenomenon: there are no local variables, presence of certain retailers, rooted wine cultures, income levels, that manage to provide a significant counterweight. Sparkling wines are performing well more or less everywhere; still wine is performing poorly more or less everywhere. It is a portrait of the country, sharp and without areas of shadow.

No one has a crystal ball, but if you were to identify a single variable whose change could help reverse the overall trend for wine in GDO in the coming years, what would it be?

The premise you have set relieves me of the burden of having the right answer, and I thank you for that. But I can point to a direction that seems rational to me: **faced with a structural decline in consumption, the most coherent response would be to work on the supply side, by reducing production.** It is pointless to celebrate each year Italy's primacy as the country with the highest wine production in the world if consumption continues to contract. Logic would suggest adjusting supply to actual demand.

I know this is a position held by voices far more authoritative than mine in the world of wine. But as

an observer of market data, it seems to me one of the few levers capable of truly affecting the overall balance of the sector.

Following on from this, do you think eradications, as implemented in Bordeaux or California, could be viable in Italy as well?

I should clarify that here we enter territory that is not mine, and what I say is a personal reflection, not a technical assessment. That said, the reasoning seems straightforward: less supply means more rational shelves. A leaner wine shelf is a more readable shelf, more accessible for those approaching the category without being an expert.

Today, facing the same denomination with bottles varying by 2 or 3 euros from one another, often for reasons linked to harvest performance rather than any perceivable qualitative difference, the consumer gets lost. And when the consumer gets lost, they often give up. A more contained and selective production would help distribution build more effective assortments, would ease the consumer's choice and would probably leave the market in the hands of structurally sounder wineries, those with broad enough shoulders to face a competitive landscape that is objectively more demanding than in the past. **Not everyone can sustain this challenge, and perhaps that is as it should be.**

Key points

1. **Structural decline in Italian wine consumption is driven by demographics and sociological change**, not price increases.

2. **The mid-to-low price segment suffers most**, as habitual everyday drinkers are the first to exit the market.
3. **Promotional levers are losing effectiveness**: discounts cannot compensate for consumers who have decided to drink less.
4. **Metodo Classico is the standout exception**, growing over 20% in volume in early 2026.
5. **Reducing production is identified as the most rational response** to persistent structural overcapacity.