

The two wine industries

scritto da Fabio Piccoli | 19 Ottobre 2026



For too long, the wine debate has suffered from a basic flaw, namely talking about “crisis” as if there were a single wine industry, **exposed everywhere to the same problems**, with the same business models and the same prospects.

Fortunately, something is changing. More and more analyses, even very different ones, are beginning to draw distinctions. **Between mature markets and growing markets**, between price ranges, between industrial and artisanal production, between the horeca channel, retail and direct sales, between businesses heavily dependent on distribution and companies able to build an independent relationship with the consumer.

It may seem an almost trivial step, but in reality it is not at all. Because it means recognizing that the contraction in consumption, although real and in some markets structural,

does not produce the same effects on everyone. **And above all that, behind aggregate indicators, very different economic conditions can be hiding.**

This is precisely where Clark Smith starts in his recent *A Tale of Two Wine Industries*. And he does so with a deliberately provocative thesis: in the United States there would not be a single wine industry, but two almost separate universes. On one side what he baptizes, without much consideration, the “McWine Industry”; on the other the “Real Wine Industry”.

The definitions alone already betray a fairly evident bias, along the lines of small is beautiful, big much less so. And it is certainly one of the debatable aspects of his analysis. **But provocations, when they rest on real data and phenomena, have at least one merit: they force us to change perspective.**

Smith identifies in the United States about 50 wineries with production above 300,000 cases, some of which even exceed 10 million cases. **Together they would produce almost 200 million cases, about 90% of domestic wine production,** representing a large part of what the American consumer habitually encounters in supermarkets, restaurants and traditional retail.

Once this block is removed, however, more than 11,000 bonded wineries (licensed winemaking cellars) remain, with an average output of around 2,000 cases, sold overwhelmingly directly to consumers. **This second universe is what Smith calls the “Real Wine Industry”.**

The separation is probably too clear-cut. The real world, as always, is more hybrid: there are large groups capable of innovating, small producers who use traditional distribution, medium-sized companies that combine multiple channels, and territories where the penetration of independent restaurants allows even micro-wineries to gain visibility. **Not by chance,**

even in the comments on the article Smith is criticized for an excessive simplification of the dichotomy between big brands and small producers.

And yet, beneath this simplification lies a point that deserves great attention: **the economic model matters at least as much as the volume sold.** Large companies have built their strength on economies of scale, on distribution and on the ability to cover the market. But this very machine requires very significant costs: logistics, marketing, administration, promotions, incentives and, above all, the sharing of value along the distribution chain.

Smith argues that, in the American three-tier system, the margin retained by the producer can become extremely thin. By contrast, in direct sales a much larger share of the final price stays with the winery. **In his example, a bottle sold at 20 dollars can generate for a large company a pre-tax profit of just 50 cents, while a direct transaction of the same value can leave the winery as much as 10 dollars.**

The numbers are the author's and should be read with all due caution. But the economic principle is hard to dispute, since **controlling the relationship with the customer means controlling a larger share of the value.** And this is where the topic of Direct-to-Consumer becomes far more interesting than the "big versus small" controversy.

DTC is not simply an alternative sales channel. **It is a strategic tool.** It means having data on one's customer, knowing their behavior and preferences, being able to speak to them directly, turning the occasional purchase into a relationship, building wine clubs and memberships, linking wine to the experience of the visit, of wine tourism and of the territory.

For the producer it means recovering margin and reducing, at least in part, dependence on intermediaries. **For the consumer**

it means access to a far wider variety of wines than can be found on the shelves of ordinary distribution.

Smith insists a great deal on this second aspect. According to his reading, the American paradox is that the standardization of national brands has given consumers the impression of an increasingly homogeneous offering just as, outside the major distribution circuits, American wine has never been so diverse. **The DTC market would make available an enormous “long tail” of producers, grape varieties, territories and interpretations** that struggle to find room in the catalogs of the main distributors.

It is a passage that should interest us greatly in Italy as well. Because if there is a country that would theoretically have all the characteristics to benefit from growth in the direct relationship with the consumer, **it is ours**: thousands of wineries, extraordinary territorial fragmentation, appellations, native grape varieties, landscapes, cuisine, tourism and a density of stories hard to replicate elsewhere.

And yet, in this area, Italian wine continues to show delays. Not so much because virtuous examples are lacking, there are many, as because DTC is still too often conceived as a simple company e-commerce or as a sale made after a tasting at the winery. **The cultural leap is to consider it instead a true model of relationship with the market**, through tools such as CRM, proprietary databases, loyalty, wine clubs, personalized communication, recurring sales, and integrated physical and digital experience.

In a context where consumption growth can no longer be taken for granted, knowing who one's customers are becomes almost as important, if not more, than knowing how many hectares one cultivates. But Smith's article also contains a final warning that prevents turning this reading into a reassuring fairy tale about the revenge of the small.

The transformations of a productive sector always have costs. And in wine they can be particularly high because viticulture is not an activity that switches on and off quickly following the cycle of demand. Smith recalls this mainly when speaking of grape growers. **The growth of small DTC wineries cannot automatically compensate for the loss of demand from large operators.** A micro-producer can buy two tons of grapes; a grower who historically works with large companies instead thinks in terms of contracts of 25 tons and more.

And a vineyard is a long-term investment. Years are needed before it comes into production; converting a vineyard requires capital and time; **uprooting it can mean permanently losing productive assets, landscape and history.** Smith goes so far as to argue that in the United States a reduction of vineyard acreage of 15% or more might be needed, but he observes bitterly that the adjustment risks hitting not necessarily the least interesting vineyards, but also historic plantings over a century old.

And this is perhaps the most important reflection to take away from the article, and it undoubtedly concerns our country as well. **Saying that there is not a single wine “crisis” does not mean denying the problems.** It means analyzing them better.

There will be more exposed companies and more resilient ones. Channels in contraction and channels able to grow. Production models that will have to scale down and others that may gain ground. **But every shift in demand produces consequences along a supply chain made not only of brands and bottles, but of vineyards, farmers, investments and territories.**

Perhaps the right question is no longer just “how much wine will be drunk?”. **It is: which wine, bought where, from whom, through what relationship with the producer and with what distribution of value along the supply chain?** On this, Smith may be right or not in drawing such a sharp line between “McWine” and “Real Wine”. But he is certainly right on one

point: continuing to observe the future of wine through a single market average risks making us lose precisely what is changing before our eyes.

Key points

1. **Two industries:** Clark Smith splits US wine into about 50 giants and over 11,000 small direct-selling wineries.
2. **Economic model matters** as much as volume: direct sales keep far more value with the winery.
3. **DTC is strategic:** customer data, CRM, wine clubs and wine tourism build lasting relationships.
4. **Italy lags behind** because DTC is still seen as simple e-commerce or cellar sales.
5. **Vineyards pay the price** when demand shifts, since uprooting means losing heritage.