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The new frontiers of wine.

Evolutionary trends in the American and Soviet markets

and development strategies of the leading world exporters.

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Abstract

The current wine sector is characterized by two main producers' groups adopting contrasting management philosophies: the EU traditional producers (Italy and France in the lead) that "sell off to produce" and "The new World of wine" producers (the USA, Australia, etc.) that "produce to sell". These trends influence each other both strategically and operatively. New small producers like Eastern Europe countries (Romania, Bulgaria, Georgia, Ukraine and Albania) are emerging lately.

In the light of the above scenario, the present work is aimed the present paper aims, first, at highlighting an overview of such factors as the evolution of production, both quantitatively and qualitatively as well as the organization and trade worldwide involving the leading producers (with particular reference to the Italian market) and, subsequently, at assessing the impact of the current world economic crisis on the sector, influencing, as a fact, the entrepreneurs' production and marketing strategies in the present competitive scene.

Afterwards, attention will be focused mainly on the evolution of consumers' attitudes as to alcoholic drinks consumption in two particularly dynamic markets as those involving two world superpowers, namely the USA and Russia. Thus, through analysing the official data available about wine current production and consumption in the two countries, a comparison will be made aimed at pointing out their own peculiarities and distinguishing features.

Lastly, starting from the results of the above analysis and after selecting the different typologies of consumers characterising the two markets, the most suitable competitive strategies to be adopted will be examined, concerning organization as well as production and distribution, that have been carried out by the world major exporters (Italy in the lead) to make their way in these markets representing, especially in view of the growing trend expected for the near future, a remarkable source of profit for those companies that will be able to survive the international crisis.

Keywords: Wine Market, Globalization, International Business, Enterprise, Strategies

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1. Introduction

Over the last three decades, the wine field has definitely been one of the most competitive ones, experiencing deep change and dynamism owing to two main factors that can be detailed as follows [1]. The first one is the emergence of new wine producers on the international market, mainly in the Southern Hemisphere (Australia, Argentina, Chile, New Zealand and South Africa), whose export quota in the wine world trade has increased from 3% in 1990 to 30% in 2008 [2]. The second one is related to the current international crisis that, reducing the consumers' spending power has, in fact, influenced their choices thus affecting the volume of wine purchase [3], [4], [5].

With regard to the first aspect, the Southern Hemisphere producers' success is, mostly, the result of an "entrepreneurial philosophy" that is completely different from traditional producers'.

In fact, the latter, like Italy, practise viticulture on the whole national territory, on plots of land of any kind and size and export because the domestic population cannot take up the whole local production; instead, countries like Chile or Australia practise viticulture as an industrial activity carried out on allotment of several hundred hectares and export is a top priority choice for companies, mainly owing to a poor tradition in wine consumption that, in fact, has started only for five decades [6].

Thus, it is easy to understand how traditional producers sell off in order to produce, while those in the Southern Hemisphere produce in order to sell. That is the reason why 86% of the wine produced is exported in Chile, 65% in New Zealand, 59% in Australia, while in Italy this quota just reaches 36%. Likewise, one can easily understand why among the leading quoted wine companies in the world for their turn-over, the number one is an Australian multinational (Foster's Group, that turns over just half of its 2.8 billion Euros from wine, of which 37% coming from export), followed by an American firm (Constellation Brand, whose turn-over reaches 2.6 billion Euros, of which 46% out of the American borders), as well as by a South-African company (Distell Group) and a Chilean one (Viña Concha y Toro) [6].

The second aspect, that is closely connected to the current international crisis, involves new wine consumers' markets that have emerged recently like the Chinese one, whose wine imports reached a value of 325 million Euros in 2009, thus increasing by 25% as compared to 2008 as well as small productive units like the Balkan area developing countries, that are able to produce typical wines of a standard quality that are appealing to consumers owing to lower prices [7].

2. World wine production: a quantitative and qualitative estimate

In order to understand better the situation of the world wine market under the influence of the present international crisis, it is important to analyze some significant information concerning production both quantitatively and qualitatively. The data concerning the year 2009 show a certain stability in wine production as compared to 2008 [8], with peak production (previous year) in France, Chile and the United States and a significant contraction in Spain. Even the data concerning the ratio of world production, reaching 266 million hectolitres, to consumption, keep steady; the latter, though showing a shrinkage, namely about 7 million hectolitres, amounts to 237 million hectolitres, (to which 30 million hectolitres are to be added for an industrial use) [8].

A thorough analysis of the wine international market considering the major world manufacturers, namely France, Italy, Spain, Australia, Chile, Argentina, South Africa and the USA has shown that 2009 was the first year that the world wine trade dropped in terms of value [9], shifting from 16.4 billion Euros in 2008 to 14.6 billion Euros in 2009 (a decrease of 11%).

In contrast, in terms of volumes, the negative trend, already started in 2008 with an exported quantity dropping to 74.7 million hectolitres, as against 76.4 million hectolitres in 2007, went on even in 2009 (a

shrinkage of 4% as compared to 2007), thus reducing the exported amount to 73.1 million hectolitres [10].

Nevertheless, the data examined show that, over the period under consideration, namely 2005-2009, Italy and Spain gained ground among large manufacturers at the expense of France and Australia. In particular, Italy has become the undisputed leader concerning the volumes exported with 19.5 million hectolitres (with a significant 2009 increase of no less than 4 million hectolitres as compared to 2005), strengthening its position as the second largest exporter behind France as for the values recorded [10].

Among the countries in the Southern Hemisphere, Chile stands out for itself; in fact, it reached an export volume of 7 million hectolitres in 2009, thus increasing by almost 3 million hectolitres against 2005 with a view to ranking fourth in the next two or three years, thus surpassing the Australian giant.

The current international recession has heavily affected the Made in Italy, thus causing exports to be cut down up to 20% in 2009.

Notwithstanding that, the Italian wine market has largely held on, as pointed out by the data that have just been analysed, reaching the highest value ever in terms of volumes, with a record growth of 19.5 million hectolitres in 2009 (almost 10% more than in 2008) enabling the country to strengthen its leading position in the field internationally, despite a loss in value of 4% as compared to 2008.

In particular, Germany stood out as the new leader in our wine exports in 2009, with 808.5 million Euros representing 35% of all the wine imported from the country, thus overtaking the USA that kept steady at 751.2 million Euros with a decrease of 6.9% as compared to 2008 [11].

As to the price-mix, apart from the unbeatable record set by France in 2009, with 442 Euros per hectolitre [10], Italy ranks second, surpassing Australia falling to 169 Euros per litre, followed by the USA that, with 157 Euros per hectolitre confirm the ascending trend of recent years [9].

Going further into the analysis, when breaking down the figures concerning the different types of products exported, it can be shown that, in terms of volumes, they all bear a plus sign, thus indicating an average export price lower than last year, namely (+10.1%) for exported quantities of champagne, (+6.3%) to (+14.8%) for bottled and unbottled wines respectively; nevertheless, the same can not be said in terms of value; in fact, despite a positive variation for sparkling wines, i.e. (+4.4%), still bottled and unbottled wines record (-4.3%) and (-4.8%) respectively.

This trend is confirmed by the data concerning the wine export in the first half of 2010, recording a total increase in volume reaching 9.7 million hectolitres (+8% as compared to the same period in 2009), which can be detailed as follows: bottled wines amounting to 5.9 million hectolitres (+6%), unbottled wines reaching 3 million hectolitres (+8%) and sparkling wines rising up to 0.7 million hectolitres (+27%).

As far as values are concerned, they wholly increase by 1.74 billion Euros (+9.4% as compared to the same period in 2009), mainly due to the recovery of bottled wines reaching 1.42 billion Euros (+11.1%) and to sparkling wines amounting to 169 million Euros (+9.8%), despite a decline in unbottled wine decreasing by 5% thus reaching 147 million Euros [12].

Concerning the future developments for the rest of the year, they have to be considered cautiously, mainly due to a shrinkage in wine stocks that is expected to occur in 2009, because of a poor harvest over the last three years.

In addition to this, the European Community is going to support, through compensation, the thinning of grapes (namely cutting down the exceeding grapes before they turn dark-coloured, in order to control as well as to reduce the harvest) [13]. If this practice is carried out suitably by the vine-growers of the cooperative wineries both in the South and in the Centre of the country, thus keeping the national production at a low level, it will allow a balance between the demand and the supply to be recovered, thus 2010 vintage might offer grape sellers a remuneration almost equal to the cost of production.

3. Problems and evolutionary trends in the American wine market

After analysing the world wine market, in order to understand the factors leading to a new balance between the main Italian producers (with special reference to Italy), the market of the two world superpowers is going to be examined, namely the American and Russian markets, aiming at identifying their own peculiarities and distinguishing features, their own potentials as well as the possible evolutionary trends expected in the forthcoming years, in order to detect, afterwards, the possible strategies that the main producers (with special reference to Italy) should implement to secure their competitiveness in those markets in the near future.

First of all, it is to be pointed out that the American wine-making tradition is much younger than the century-old European one, except for some areas of the country such as California and Virginia.

As for the remaining areas, the tradition of many States has only developed over the last three decades, sometimes yielding excellent results as it is the case for the wines produced in Washington State, sometimes achieving poorer quality standards like the wines produced abundantly in Texas (under extreme conditions for the cultivation of vine developed for eight months a year with 40° C) and, mostly, consumed locally by the inhabitants of the State itself.

The above development of the local producers, who have created a product differentiation yielding a new variety that did not exist before, has matched with increasingly refined consumer's tastes who nowadays is no longer content with buying low-quality wines that had held a monopoly of the market for the last two decades (such as Zinfandel or Merlot); in fact, nowadays' consumers are looking for high quality wines made primarily in California (where about 90% of the whole USA production is produced) and sold in wineries, together with the best quality Italian and French wines.

In this regard, it is to be observed that consumption in the USA still bears a social character, being connected to occasional events (celebrations, concerts and dinners with friends) where women represent 66% of consumers [14].

Nonetheless, like in Europe, even in the USA an increasing number of people are beginning to drink a glass of red wine at every meal (Wine Market Council 2009), so that, over the last ten years, the percentage of regular users has increased from 10% to 16% concerning the year 2000 and 2009 respectively (approximately 35 million people) [15].

Looking to the future, the American market appears to be highly promising, combining a still relatively low percentage of wine drinkers (less than 20% of the population) with a dynamic growth and a very large size where wine is the fastest growing beverage in the country over the period 2000-2009 (Wine Market Council 2009) and where the young, who are the main regular wine consumers (Millennial), are likely to consume 40% of imported wines against 60% of American wines [15].

As far as marketing is concerned, it has been very effective in the USA, in recent years, owing to a number of popularization activities such as the "wine tasting" and "wine class", undertaken particularly in the major American cities and tourist areas, that have helped to increase the wine purchase by two distinct consumer types [16]; the first, that tends to spend less than seven Dollars for a bottle of wine, drawn by coloured labels that are well advertised; the second, willing to buy wines from twenty Dollars up, almost always produced by well established and appreciated national and international wineries [17].

In particular, it is to be noted that the profile of wines for the first type of consumers is represented by highly standardized, full-bodied, dense wines and low in acidity and in tannin for whites and reds respectively.

As to the second type of wine, that is the most expensive, competition relies on a real marketing battle aimed at selling one's own bottle at the highest price and getting the best marks from the wine magazines in the United States.

If, on one side, this is probably the most important customer segment in the USA, on the other one, given the growing interest from new customers (especially the youngest ones) and the increasing number of producers, not to mention the effect of the international crisis, a larger and larger market segment is going to emerge, characterised by increasingly demanding customers concerning the quality to price ratio;

in addition, a greater availability of local products will lead to a readjustment in the wine purchase concerning its prices rather than its volumes.

The result of the situation that has just been described is merciless as to the data concerning the overall wine imports in the USA, since the first 9 months of 2009 show a marked drop in values as compared to the same period in the previous year, namely by 17%, against 13% growth in the volumes imported.

In this market, however, the Italian wine is ranked 1st with about 30% of the imported wine market in the first half of 2010 [18].

From the analysis of the above data, it comes out that the Americans are not going to stop drinking wine, but they are no longer willing to pay for it as before.

This also explains why Australia has overtaken (180 million litres in 2009 amounting to 31% more in quantity, despite a decline of 9% in terms of value) Italy (keeping steady with 169 million litres, thus recording a decrease of 14% in values and of 4% in volumes) as the first supplier in the USA, producing wines with an average cost which is lower than in Italy [2].

However, it is important to underline that Australia is winning the leadership with wines that are of a lower quality than the Italian ones, by replacing bottled wines with unbottled ones [19]; Italy, instead, is reducing its loss thanks to the growth of sparkling wine exports in the country, benefiting from the effect brought about through replacing the more expensive Champagne, both for economic and political reasons.

The first is of an economic nature, due to a lower price encouraging USA consumers, who are as heavily affected by the crisis as all of the other international consumers, to purchasing; the second, of a political nature, owing to the moral embargo put on French wine by the Americans, whose origins date back to the Persian Gulf War when the transalpine government only partially supported the American War strategies.

This partially explains why France, though being considered as the other major traditional manufacturer, suffered in 2009, unlike Italy, a decline of 15% in terms of volumes of its wine exports and of 37% in terms of values [2].

In particular, the wine imported to the USA is mainly drunk on the eastern coast and in the central area of the country, while Italian wine is mostly appreciated in New York, in New Jersey as well as in Michigan and it is chosen by 10% of the Americans.

Unfortunately, it is important to point out that one of the aspects influencing negatively the wine selling price in the USA is linked to the high distribution costs of the product, the marketing of which is controlled for about 20% of the market by the Southern Wine & Spirits of America firm.

In particular, the impact of the wine distribution cost reaches 60% on retail sales and 76% on the sale in restaurants [20].

Thus, a common table wine, whose cost to a foreign producer is about 6 Dollars a bottle, can be retailed at over 17 Dollars in a wine shop (over 19 Dollars in a Cellar), up to over 29 Dollars at a restaurant in New York (over 32 Dollars in a Cellar) [20].

4. Problems and evolutionary trends in the Russian wine market

The investigation carried out into the Russian market shows, first of all, that its origins are far more recent than the American one, its tradition dating back to about twenty years ago.

Originally, Russia was an important wine producer with over 170,000 hectares of vine planted; however, domestic production was of poor quality, concentrated mainly in Krasnodar and Stavropol regions, in the planes of the river Don as well as in Kerch district; besides, wine production dramatically dropped when the Government decided to reduce to 60,000 hectares the area under cultivation in order to fight against alcohol addiction in the country.

However, the wine market in the country recorded constant growth during the last ten years, excepted for the year 2009 when it came to a standstill, reaching 910 million litres (-10% as compared to 2008), before its recovery started slowly in 2010.

The reasons for this standstill are due to the international crisis affecting all sectors as well as to a high taxation system that inevitably led to make the selling price of the final product rise.

In fact, the government's campaign aiming at discouraging overindulgence in alcohol involved increased taxes on wines and spirits (including beer representing the national drink with 81 litres per capita) whose price has risen due to cutting public subsidies supporting the local product.

Nevertheless, by analysing thoroughly the Russian market, it turns out that it is mainly characterized by a low-quality local product that, nowadays, represents 90% of sparkling wines, 66% of still wines and a good 99% of strong sweet wines.

Though wine records a low penetration across the country (it represents 7% of alcoholic drinks), it covers a market of a good 9 million hectolitres of bottled wine amounting to 7.6 billion Dollars out of a total population of 114 million people [21].

Thus, the Russian customer's wine consumption ranks 7th in the world just behind the Americans consuming 9-10 litres per capita in a list definitely led by Italian and French consumers with 50-55 litres per capita respectively.

More specifically, in 2010, almost 61 million cases of still wine were consumed as compared to 35 in 1995, as well as about 25 million sparkling wines as compared to 17 in 1995, thus recording 4% and 2% annual growth respectively [21].

In particular, the average still wine consumption increased from 21% to 34% of the total, while the wines exceeding 10 Dollars per bottle kept steady at about 4% of volumes. On the contrary, strong sweet wines, namely those tasting more sweetish, dropped though representing about 15 million cases out of a total quantity of 100 million cases [21].

A more detailed analysis shows that Italy seems to be the undisputed leader, followed by Ukraine and France, concerning sparkling wine whose volumes have increased, in recent years, reaching 45.6%, thus covering almost half of the Russian market and representing a good economic alternative to the more expensive champagne; on the other hand, Italy is left far behind such countries as Germany and Spain concerning the volumes of still wine.

However, if the prices considered above can be viewed as reasonable in Italy, it is not the case in Russia, where, considering the average population's wages, they would correspond to 50 Euros spending per bottle, by an Italian consumer.

The final price of a wine bottle can vary according to the different areas of the country; besides, the final price is highly affected by the Russian taxation system involving import duties, 18% VAT, customs clearance costs as well as a profit tax amounting to 39% of the gross margin.

In addition, unbottled wine taxes have increased from 5% to 20%, thus matching bottled wine taxes; which led to 60% decrease in the quantity imported in 2009 (totalling 105.8 million litres) as compared to the previous year.

Moreover, only the well-off can afford a bottle of wine at a restaurant, since its cost is over ten times as high as the initial price.

This is the main reason why wine is drunk at home for 95% of the total, often with friends on the occasion of parties combining drinking wine with good food.

The data examined show that, in the country, the main wine consumers are women representing 75% of the total, aged between 30 and 49 years old [22]. However this rate is not particularly surprising considering that women hold the economic and social power in the country.

In particular, the habit of drinking wine is mostly peculiar to large towns in the country (Moscow and St. Petersburg) where, in the capital, the prospective premium wine market attracts almost 30 million consumers; on the other hand, about 70 million out of the total population are occasional consumers (drinking wine at least once a month) spending, on average, about 3.9 Euros per bottle (amounting to about 150 Roubles) [22].

As to the consumers' tastes, red wines are in the lead, covering about 80% of the sales and wines with a high sugar content are the favorite ones, in addition to sparkling wines, since they are well matched to a

kind of strong-tasting food, namely sweet-and-sour as well as spiced foods that are the main dishes of the local gastronomy.

However, the Russians, though favouring high-quality wines (Barolo, Amarone della Valpolicella, Brunello di Montalcino, etc.) are no judge of the matter since they have not a real wine tradition; in fact their choice is not influenced by a particular variety of wine, that is typical of a particular region or characterized by a special wine-making process, but rather by the idea corresponding to the Italian life-style, fashion and cookery.

Thus, the factors that are likely to influence the consumer's decision-making process leading to buying the product can be described as follows: his previous experiences, possible suggestions by friends and relations, the country of origin that, in most cases represents a seal of quality (Italian, French, Spanish wines etc.), the product variety, information describing the wine characteristics that must necessarily be displayed on the label in Russian (given a poor knowledge of English in the country), with which Chilean and Argentine producers have not complied promptly thus leading to a shrinkage in their market share in the country.

The sector recovery was hindered by the constant changes made concerning the import laws implemented by the Government, that are not always clear, thus misleading producers, as well as by heavy bureaucratic procedures requiring the product to be certified by a number of documents such as: a customs declaration, a pro-forma invoice, the certificate of origin of the goods, the document certifying the currency, the transport document, the sanitary certificate, the excise duty certificate, and so on.

For this reason, foreign companies exporting the product into the country ask for the support of local distributors that know the market and the local legislation, in order to avoid restrictions, to speed up the customs clearance procedures rate as well as to go round the seizure or the refusal of the goods.

That is why during the last decade, distribution, that was not present before in Russia, has developed, reaching currently about 50% of the wine selling networks, with good prospects for the future.

In particular, there are a few major monopolists running a well organized network of branches from Moscow and St. Petersburg and acting as sole agents for the various foreign brands for the whole country.

The study carried out showed that the main distributors are about ninety and about forty of them work with high quality brands of the main producers.

They are represented by the restoration industry as well as by the large-scale retail trade (Azbuka Vkusa, Sedmoi Kontinent, AM, Globus Gourmet, Auchan), not to mention the new international giants like Carrefour that has opened an hypermarket in Moscow and that is likely to open two others very soon in the towns of Kranodar and Lipetsk.

Among the Italian distributors, the Cremonini Group has opened up MARR Russia in Inalca that is going to manage the distribution of over 1,000 Russian customers, as well as of 1,600 products of the Italian food tradition that is highly appreciated in the country.

Finally, in recent years, a number of wine shops were opened up (about 50 in Moscow and 25 in St. Petersburg), often acting as distribution outlets set up by the importers themselves (as it is the case of Magnum, Vinum and Decanter wine shops opened up by DP Trade importer).

Therefore, the analysis carried out shows that an increased standard of living makes wine a kind of drinking that is no more only within the reach of the well-off who always care about high-quality, good food and, generally, the choice of the best products but rather, it is now affordable for the emerging middle-class that is expected to grow from 21% to 30% within the next 18 months and is likely to reach half the whole population in 2020.

Anyway, the outlook of volume growth until 2015 does not seem to be extraordinary if market forecasts expect 2% growth for still wine with about 68 million cases, 1.5% for sparkling wine with 36.5 million cases and 1% drop for strong sweet wine, despite increased consumption [21].

It seems as if the market, despite its high potentials for growth, is almost hindered by the current international crisis as well as by the heavy taxation system making prices soar and by the absence of a real drinking-wine culture except for the upper social classes.

However, it must be pointed out that the wine growth trend is likely to go on, since wine is increasingly considered as an alternative drinking to beer, that is now as taxed as the other alcoholic beverages with a sharp increase in prices.

Besides, since 2006, the ban on importing either Moldavian or Georgian wines, once covering low cost wines, left, in fact, a gap that was partly filled both by local wines (improving against the past) and by foreign producers (the Spanish and the Bulgarian in the lead); the latter, thanks to their geographical proximity, currently rank first, followed by the French, for the overall quantity of bottled wine imported into the country.

Nevertheless, concerning the standard-high quality wine sectors, the leaders are represented by either the South-Americans or, even more, by the European producers of the Old Continent among which Italy ranks second behind France and followed by Spain, for the overall wine export into the country.

In particular, Italy is the sole successful producer for bottled wine import into the country, a field that, despite 20% drop out of the total imports, currently represents 41% of the Russian market.

In addition, the market evolutionary trends until 2015 are likely to favour even more Italian producers, since the sparkling wine sector (where Italy is the leader in Russia) is expected to grow up to 20% of the total consumption for sparkling wines.

The Italian producers market strategies should aim at mainly increasing the cultural level of Russian consumers as to “being able to drink quality wine”, by changing their decision-making process and leading them to buy a certain kind of wine owing to its particular variety or region of origin, its peculiar wine-making process, rather than buying Italian wine due to its value as a status symbol.

Thus, promotional campaigns aiming at popularizing the product should, on one side, tempt the local consumer to buy, by relying on the brand, the bottle form or on special packaging; on the other one, they should popularize the Italian wine production and autochthonous varieties by undertaking initiatives aiming at promoting not only natural beauties in the area, but also the best European cellars and distilleries so that to make the Russian consumer understand that Italian wine should be tasted with Mediterranean food, the Italian one in particular, that ranks 3rd in the country, after the local and Caucasian one.

Besides, in order to cut the final product selling price, the distribution chain should be shortened, by relying on local distributors as distribution channels and establishing with them a relationship of confidence and mutual respect, based on long-lasting relationships that go far beyond the business relations and represent the most profitable kind of collaboration in the country.

5. Conclusions

The study carried out suggests that the international economic crisis has not spared the wine sector, affecting the world production in its values rather than in its volumes. In fact, the latter record a steady trend which is more or less in line with that of recent years; the former, especially for traditional producers (Italy and France in the lead), are influenced by a managerial policy based on the principle of “selling off to produce” against those in the Southern Hemisphere (Australia, Chile, Argentina, South Africa, etc.) adopting the policy “producing to sell” that led the producers of “The New World of wine” to increase their production volumes from 3% to 30% during the last two decades.

The analysis carried out into the American and Russian markets has shown similarities as well as sharp differences which are now going to be dealt with shortly and discussed.

First of all, if it is true that wine tradition is relatively young in both countries, their production differentiates; in fact, in the United States, in some areas like California and Virginia wine is produced of a high quality, thus allowing the country to be internationally acknowledged; which is not the case for Russia, where the wine produced currently covers, at most, the medium-low price standard.

Thus, it is clear that in the United States, the consumer's bent for a quality product has developed well before than in Russia, allowing not only the entry but also the appreciation of the traditional wine producers like France, Italy and Spain.

Thus, while activities aiming at promoting wine consumption in the United States were undertaken through such initiatives as "wine tasting" and "wine class", being favoured by the Government that did not implement prohibitionist policies as well as by a standard quality local product, the same cannot be said for the Russian market. In fact, on one side, the Russian Government is fighting against the scourge of alcoholism, by strengthening the product taxation at all levels (from beer to spirits); on the other one, in the Russian market the promotion of the product has still to care about steering the local consumer into a conscious choice of the product, aiming at making him aware of the quality standards as well as of the organoleptic characteristics of what he is buying, thus avoiding being influenced by the bottle trade name representing just a status symbol.

The data examined show that, apart from the international crisis that has affected the two countries, during the last decade, they both recorded a growing trend in their wine regular consumption, that was, however, influenced by their different average standard of life weighing heavily on the consumer's final purchasing choice.

In fact, taking into account the Russian average wages, the average consumer cannot afford to spend about 3.9 Euros for a fairly good bottle of wine, which would be equivalent to 50 Euros for an Italian customer.

This is the reason why the penetration of the American market by wine is currently of 16%, against just 75% of the Russian one.

In addition, it is important to point out that the American rate is much more significant considering that teetotallers reach 43%, while the beer drinkers represent 27%.

In Russia, on the other hand, the gap between wine and beer is very wide since beer is bought by 75% of the local population.

Concerning per capita consumption, the two countries record almost the same trend, the Americans and the Russians ranking 6th and 7th respectively. What is more, in both countries, in spite of what is currently thought, women are the major wine consumers reaching 66% in the USA and even 75% in Russia (a country where society is definitely of a matriarchal style).

This result is accounted for another peculiarity shared by the two countries, namely the fact that wine is increasingly drunk with friends and relatives on the occasion of parties organized at home by women, rather than going to cellars or restaurants where prices are absolutely prohibitive (about 5 times and 10 times as much as the producer price in the American restaurants and in the Russian ones respectively).

However, it is worth noticing that the reasons for this sharp increase in prices are totally different.

In fact, concerning the wines marketed in the United States, the product distribution costs weigh heavily, reaching 60% for retailing and 76% for the sale in a restaurant.

On the contrary, for the wines marketed in Russia, as already described above, the final price is heavily affected by the taxation system implemented by the Government, aimed at fighting against the scourge of alcoholism, involving a tax burden including import duties, 18% VAT, customs clearance costs as well as a profit tax reaching 39% of the gross margin.

It turns out that the foreign producer must exploit his own distribution networks in the United States in order to cut costs and make the wine bottle price exported into the country competitive.

On the contrary, his attitude will be totally different as to exporting the product to Russia, relying on local distributors who have a good knowledge of the market as well as of the regulation in force, in order to avoid restrictions, to shorten the length of customs clearance procedures and to prevent the seizure or the refusal of the goods.

As to the Italian product, the analysis substantially showed how production is solid at an international level and appreciated in the new markets.

The reasons for the Italian result are manifold.

First, economic in nature, given that, on the one hand, wineries have remarkably lowered the selling prices, reducing their chances of profits almost to zero, while, on the other one, producers have sold in bulk their exceeding wine stores to bottlers [23].

The second reason is of a social nature, since the Italian wine system has retained its values of a healthy sector, well-structured and bearing strong complementarity, thus avoiding redundancies and the use of layoffs. [24].

The third is strategic and organizational in nature, given the choice to pursue, even in a moment of great difficulty, a wide and diverse range of production, offering wines that represent the peculiarities of the territory (Roero Arneis, Albana di Romagna, Brunello di Montalcino, Pecorino, Lacrima di Moro d'Alba, Falanghina, etc.) [25], [26], as well as going through all price ranges and different market segments to satisfy the consumer's desire, that even in the presence of a deep recession, is not willing to forgo the pleasure of tasting original products [27], [28].

However, to overcome the crisis it is essential to make the best use, by 2013, of over 275 million Euros granted by the CMO (Common Market Organisation) for wine promotion on the Third Country markets, hoping, at the same time, that companies further improve their organization of production and trade [2].

In addition, to cope with increased competition by producer countries in the Southern Hemisphere, in the future, two main aspects are to be satisfied: one concerning the size and the other relating to the strategy to be chosen.

As regards the former, it can be observed, in fact, that while in the countries of the "New World of wine" there are large reference companies that heavily affect the exported wine quota, in Italy, the market is highly splintered. As a proof, the companies ranked in the sales top ten have an impact on export of only 25% and the first four Italian wine producers (GIV, Caviro, Cavit and Mezzacorona), namely those whose sales exceed 10 million Euros, account for only 10% of all cooperatives exporting wine [2].

From what examined above, it is clear that affiliations between entrepreneurs should be created as soon as possible in order to get over the excessive fragmentation of the market [29].

As regards the second aspect, following 2009 export data described above, it comes out that both Italy and the other international wine producers should continue to carry out the competitive strategy they have adopted, namely the one that is intended for increasing the volumes of wine exported, decreasing selling prices.

All things considered, in the light of what described above, in order to secure themselves increasing competitiveness in the American and Russian markets, Italian entrepreneurs should adopt strategies aiming at producing quality wines as well as at exploiting some 350 local grape existing varieties (especially in the South, concerning the Nero d'Avola) and promoting marketing campaigns combining the typical features of the area from a tourist point of view with little-known aspects concerning food and wine.

Besides, with an eye to the future, in order to increase penetration into the above-mentioned markets, they should rely on bottled wines and on sparkling wine, leaving out unbottled wine export.

In fact, the latter is not likely to compete with the local one, at a price level, either in the American market, due to the high costs of transport and distribution or in the Russian one, owing to increased taxation from 5% to 20%.

On the contrary, bottled wine and, even more, sparkling wines bear huge growth margins, particularly the latter, due to the fact that they can rely on a double advantage: on one hand, they are considered by everyone as an economic alternative to champagne, especially in Russia, where Italy is the undisputed leader with a penetration rate exceeding 45% and with an estimated product demand that should increase by 20% within 2015; on the other one, in the United States, they should be preferred to the French product because of the moral embargo laid by the Americans following the Persian Gulf War [30].

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