Press Release

**CHANGES IN WINE CONSUMPTION THROUGH SUPERMARKETS: PRICE OR QUALITY**

*Two market research projects presented today at the VeronaFiere Round Table discussing wine and large-scale distribution – Increases have only been seen for DOC wines costing over 5 euros, Italian sparkling wines and wines with a well-known commercial brand – Federdistribuzione: willing to enhance quality and information*

**Verona, 26 March 2012** – The recession has put an end to the fateful quality/price ratio for wine purchases through supermarkets, since consumers now seek price or quality. This innovation was highlighted by two separate market research projects presented today at Vinitaly: choice is mostly influenced by the intended use (table wine for every day consumption, wine as a gift or for guests at dinner), so consumers focus on the price factor or the quality factor in alternation. It is no coincidence that two price bands achieved growth in 2011: the low band (less than 3 euros) and the high band (over 5 euros). The other innovation is that wine prices in large-scale distribution are increasing as a result of the cost of living and the larger proportion of “noble” wines on the shelves: mention can be made, for example, of Brunello di Montalcino, with sales up by 14.8% and an average price/bottle of 17.2 euros. The Italians, it seems, increasingly favour supermarkets as places for purchasing wine (571 million litres in 2011), certainly for convenience but also because there is such a huge range of quality wine (320 million litres of DOC, DOCG, IGT wines purchased in 2011). 62.9% opt for supermarkets for wine purchases, 25% go to the producer or wine cellar, 7.3% prefer wine stores and 5.1% other types of format (shops, wholesalers, home sales and internet, farm holiday centres).

This overall picture emerged from the Round Table today dealing with wine and large-scale distribution organised at Vinitaly by VeronaFiere, that for quite some years now has been engaged in analysing innovations in this sales channel with the traditional Round Table (involving Federdistribuzione, Italian Wine Union, Coop and Conad) and the B2B event “Large-Scale Distribution Buyers’ Club” (involving Carrefour, Pam, Billa, Despar, Unes, Interdis, Agorà, Sisa and Sun Group).

The Round Table, moderated by Luigi Rubinelli, Director of [RetailWatch.it](https://www.retailwatch.it), saw the presentation of research projects conducted by [SymphonyIRI Group](https://www.symphonyiri.com) dealing with the wine market in large-scale distribution and the project by Marilena Colussi, a sociologist specialising in food trends, in collaboration with CRA, investigating the behaviour of consumers as regards wine purchases (see press release 25 March), both commissioned by VeronaFiere.

Even the large-scale distribution channel has been hit by the recession, so much so that sales of packaged wine in overall terms fell by 0.9% in 2011 compared to the previous year: the
only two price bands achieving growth were 75cl bottles costing less than 3 euros (+0.6% by volume), and products costing over 5 euros (+11.1% by volume) (see slide alt https://business.veronafiere.eu/communicati/doc/SlidesVinital26marzo2012.pdf).

"Overall, volumes are down and values are up, in line with the consumption trend in the country," commented Virgilio Romano, curator of the SymphonyIRI Group survey, "and even data for the first two months of 2012 highlighted a marked increase in prices, although it is difficult to say how much this will affect sales since the wine market is rather atypical."

There are also innovations as regards wine formats: the downturn for 1.5 litre bottles continues, 75cl bottles are by now the queen of the market - although brick packs are holding steady, albeit thanks to significant promotions. Small formats, however, are also appearing in supermarkets, so much so that Luigi Rubinelli suggests them for the future: "Wine was once served in trattorias as quarter, half and one litre. Why not take up this concept in the horeca field and large-scale distribution? They are perfect amounts for drinking wine, even in a responsible manner."

Sales promotions are also up (38% of total in 2011; the percentage in 2010 was 37% and it is expected to be 39% in 2012). Sales were also up for wines with a commercial brand, that is produced by the distribution chain itself (albeit with fantasy labels), totalling 43 million euros of 75cl bottles sold (40 in 2010).

"Wines with distributor brands are joining the current offering," said Gianluca Di Venanzo, the representative of Federdistribuzione (the largest association of large-scale distribution companies) at Vinitaly, as well as CEO & Director General of Despar, "by focusing on the relationship of trust created over time with consumers: a good quality product selected carefully and offered to clients with a very attractive price. The presence of commercial brands joins a context of falling consumption: one must focus not on quantitative but also and especially qualitative development by taking on a role for distribution and knowledge for high-end and denomination of origin products, implementing innovation in display layouts and selection of the range and creating synergies with local products in other departments."

Wine cellars are also asking large-scale distribution to play a more active role in the wine market by abandoning a merely service-oriented position. "We have are faced by a totally new situation, for producers and distributors alike," said Lucio Mastroberardino, President of the Italian Wine Union; "in the wake of excess supply that generated poor raw material and booming price lists, over the next few years we will see a return to a normality thanks to the impact of the EU wine sector reform (CMO). This is an interesting occasion to build something new in Italy: wine and distribution value chains no longer competing to achieve the best margins but allied to offers clients and consumers not only a product but a ‘value’ in which they can decide to invest together: in training, enhancing culture and promotion. this is the only way to avoid drifting and gradually shake off sterile price-driven logic. Today, on the other hand, the policies for supply and competitiveness implemented by large-scale distribution to attract consumers only seek leverage through the highest discounts possible."

The relationship with producers was also discussed by Giuseppe Zuliani, Director of the Conad Brand: "In 2011, we launched 57 new own-brand labels and to do so we selected 30 cellars representing local production and high quality standards."


Another important result presented by SymphonyIRI at the Round Table concerned sales of sparkling wine in large-scale distribution: growth in 2011 only came to +0.4% by volume, affected by the considerable down-swing for French champagne (-8.2% by volume) and a Christmas season affected by the financial crisis and falling consumption. Nevertheless, large success was achieved by Italian sparkling wine: Prosecco improved by 8.3% in volume and Muller Thurgau by 10%.

"Sparkling wines made a vital contribution to keeping the field steady," pointed out Sergio Soavi, Director of Typical Produces of Coop, "not the least because they are a very precise choice preferred by many people (easy, ductile and flexible, understandable quality, festive and pleasurable links with other social settings). These characteristics also accompany the success and growth of many historic wines (such as Lambrusco and Chianti) and emerging wines (such as Kalterersee or Schiava, Marzemino, Muller and Pignoletto)."

SymphonyIRI research also highlighted how international wines in supermarkets achieved only a relatively tiny market share with 16 million euros sold: French wine leads this field (thanks especially to champagne) with 0.5%, followed by Spanish wine (0.1%), while good performances were seen for Portuguese and Chilean wines. The large-scale distribution channel is also significant as regards the conquest of international markets by Italian wine in overtaking Australian wine on the US market and consolidating its lead over French wine in Germany.

Lastly, the rankings of top-selling wines in the large-scale distribution channel in Italy are always interesting: Lambrusco, Sangiovese, Montepulciano d’Abruzzo, Nero d’Avola and Chianti. A number of renowned wines figure in the rankings with high growth rates: over and above Brunello di Montalcino already mentioned, there are Pecorino from the Marches and Abruzzo, Falangina, Gavi, Marzemino and Rosso Montalcino.

The slides for this research project are available at https://business.veronafiere.eu/comunicati/doc/SlidesVinital26marzo2012.pdf

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