



Italian Wine Industry

Italy is one of the two largest wine producers in the world (the other being France). It is a fragmented market with the top 10 companies accounting for just 17% of volume (2005). The total market was worth over US\$40 billion in 2007. Per capita, Italians drink 52 litres per annum (*Source: Euromonitor, Datamonitor*). Still wine accounts for 86% of the market. Red wine is the largest sub-sector with a 50% volume share, white has 43% and rosé 7%.

Italy has a long tradition of winemaking and a strong consumer preference for locally produced wine. As a result there are limited opportunities for foreign producers although imports of New World wines have risen, especially in the on-trade.

Imports amounted to €270m in 2005, up 7% year on year. France is the dominant supplier (63%), followed by the USA (14%), Spain (10%) and Portugal (4%). New Zealand currently sells \$420,000 (year to June 2007) of wine to Italy. The agronomist and writer Riccardo Cataldi visited New Zealand in mid 2008 and it is hoped that his subsequent articles will educate the Italian consumer and result in an increase in this figure.

As income levels rosé, quality wine took a larger share of total wine consumption, but high price bands still only play a small part in the market, with 2.8% of red and 3.5% of white wines priced at €5 or over (where NZ wines are priced), up by 0.1% per annum.

On-trade consumption has been in decline as people drink less wine at lunchtime, though it is still one of the highest in the world. In 2006 an Italian economic downturn resulted in less frequent eating out in the evening. Off-trade now accounts for 60% by volume and 37% by value of the Italian wine sales market.

Supermarket chains account for over 40% of total volume sales and the 125,000 bars, cafes, pubs and beer houses account for about 25% of total sales.