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Abstract

Americans are learning more about wines and consuming them in increasingly greater quantities. Italian wines have experienced a tremendous growth in their share of the U. S. market during the last decade. This article analyzes the marketing and success of the wines of Italy with the American consumer.

Keywords

Molly J. Dahm, Jacob Rosenthal, Craig Goldwyn, Lou Gomberg, Italian wine, French wine, California wine, Reunite, Giacobazzi, FIU

The Italian Response to the Growing U.S. Wine Demand

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Americans are learning more about wines and consuming them in increasingly greater quantities. Italian wines have experienced a tremendous growth in their share of the U.S. market during the last decade. This article analyzes the marketing and success of the wines of Italy with the American consumer.

When wine first emerged as a selling factor in the food service industry, it was regarded mainly as a substitute for soft drinks, milk, and coffee or tea. However, by 1982, as *Restaurants and Institutions* magazine reported, drinking alcoholic beverages had become "more of a fact of life" in America, with people learning "more about spirits all the time."¹

Wine seems to be playing a major role in this growing trend, and wine marketers are optimistic, "counting on more Americans drinking more wine more often," and spending "more money to make sure that they do."² So not only are Americans becoming more aware of wine as a beverage to be consumed at any time, with or without meals, they are also becoming much more sophisticated in their appreciation and knowledge of wine, while remaining open to all types and varieties, both expensive and inexpensive.

The United States is experiencing a real explosion in the interest in and consumption of wine. Evidence of that fact may be found in a number of areas: an increase in subscriptions to wine magazines and newsletters; a greater number of wine appreciation clubs and wine tastings; more tours of wine-growing regions; and greater expenditures of discretionary income on wine, especially table wines to be consumed with everyday meals. Says one well-known restaurateur from New York:

Americans are developing a thorough knowledge of wine. I'm always amazed to see customers arriving with brochures, books ... and asking me for certain vintages to go with specific dishes. Every year the consumption of Italian wine increases. Only for typical celebrations does Champagne still dominate. For some time now, I've noticed more activity at noon, for the so-called business lunches.³

So not only are Americans learning more about and consuming

more wine, they are spending more of their discretionary income on this consumption and they are imbibing at any time of the day. Such an interest can only lead to a larger potential market and to a more sophisticated consumer willing to spend more of his hard-earned dollar on a wide variety of wines.

A recent survey by *Restaurants and Institutions* magazine made the following conclusions based on the responses of restaurant owners concerning the consumption of wine in their establishments:

- Of their customers, 46.2 percent ordered liquor; 24.4 percent ordered beer, and 21.4 percent ordered wine.
- People who earn more than \$30,000 annually spend more than 30 percent of their food dollar away from home. These consumers have graduated from college, are 30 to 39 years old, and spend more than \$26 a week dining out.
- People with children order spirits more often than adult-only households.
- Two-income households order drinks with dinner more than any other group.
- People having business-related meals order drinks more often than those who are not.

The results of this survey tend to form a picture of the consumer who is ordering alcohol, and who probably will also order wine. In fact, there is a long-term trend presently taking place toward the consumption of wine in place of distilled spirits. So one might safely assume that much of the profile detailed in the magazine survey may also apply to the wine consumer and his habits.

Customers Are Better Informed

The customer of the '80s is better informed about wines, and about what he is drinking and eating in general. He has well-defined tastes and is very interested in getting the best value for his dollar; therefore, he will probably know the quality of the wine he wishes to purchase and its value as well. Drinking wine also has a vague aura of romance and mystique, which no other beverage can boast. The consumer is drinking something which is, in effect, a status symbol—something which is distinctive and sets him apart with a certain air of sophistication. This response is partially due to the fact that many do not know or understand wine and are, therefore, in awe of something which they do not completely comprehend.

Part of the reason for the growth in wine consumption may be attributed to "discovery" drinking. This idea reflects the new American consumer who is avidly interested in knowing everything he can about the wine he is drinking. This thirst for knowledge may lead him to experiment with new, lesser-known wines in searching out new and different tastes and drink experiences. So, in fact, there are a multitude of reasons why wine is the drink of the decade. It is socially acceptable, lighter and lower in alcohol, and particularly attractive to the affluent, urbane customer. All these reasons may lead to a profile of the average wine drinker, which will ultimately aid in the market-

ing of wine to that customer who is most willing to spend his money on a bottle.

Research seems to indicate that the individual showing the greatest interest in wine, and spending the most money on wine consumption, is the young professional described in the survey: earning more than \$30,000 a year, spending more than 30 percent of his income away from home, graduating from college, being 30 to 39 years old, and spending more than \$26 a week dining out. A young adult who grew up in the late '60s and '70s, and a child of the television age, this individual is programmed to ascertain exactly what is in a product before buying. Based upon this knowledge, he will buy one product rather than another. Most importantly, this individual sees the consumption of wine as a way of enhancing the dining experience. The idea of "dining" carries with it an aura of sophistication which "eating out" does not. The individual is, in essence, more sophisticated and learned in his tastes, and is seeking a special experience in wine drinking which will set him apart and enhance his own identity.

Americans Turn to White Wines

Probably one of the most important trends in wine consumption is that Americans are turning increasingly toward the consumption of white wines over reds and rosés. Statistics show that in 1982 white wine accounted for 58 percent of total U.S. wine sales, with red wine consumption dropping correspondingly by 3.1 percent and rosé consumption remaining the same. Research indicates that three out of every five glasses of wine served in 1981 were white. This trend is allowing wine "to make inroads into the total beverage world in terms of stealing sales from other refreshment beverages like soft drinks, beer and distilled spirits," reports an article in *Restaurant Hospitality*.⁴ So not only is there a trend toward white wine consumption, but the shift is drawing more consumers into the potential market, who perhaps might not otherwise try wine, thereby expanding the overall base.

Corresponding to this general trend is a move toward table wines. The consumption of table wines comprised 50 percent of total wine sales in 1970; that figure is now at 75 percent and rising. Part of this trend is reflective of American consumers who are increasingly regarding wines as a beverage to be consumed with meals. Over 77 percent of all wine is consumed with dinner. Many people are ordering a bottle or carafe of wine before dinner instead of a cocktail. In the same survey done by *Restaurants and Institutions*, researchers found that 85 percent of all restaurant operators offer a house wine which accounts for an average of 63 percent of their total wine sales.

Other trends include a move toward varietals when choosing a wine, paralleling the increasing knowledge and sophistication of the average wine consumer. This is particularly beneficial to the smaller, less well-known wineries which produce some very good wines. In fact, of the restaurant owners surveyed, 40 percent offered premium wines by the glass in addition to regular house wines. This shows that the average consumer is aware of the different wines and knows what he is buying.

Finally, one of the most significant trends occurring in this decade is the move toward "light" wines, corresponding to the general trend in food and beverage consumption toward lighter, less caloric meals. Abdallah Simon of Seagram's says: "I think the consumer taste is for lighter and milder beverages. I'm not even sure they care which white wine they're drinking. They're looking for something much lighter and blander, and they're looking for fewer calories."

The move to lighter wines is an aftermath of the introduction of low-calorie soft drinks, which make up 19 percent of their market, and light beer, which make up 13 percent of its market, in the late '60s and early '70s. It may therefore be assumed that there is also a market for a light wine which may bring in a new group of consumers who did not previously drink wine and who may consider a light wine as an alternative to iced tea, light beer, and soft drinks. Experts predict that by 1990, light wine should comprise at least 15 percent of total wine sales. In their search for lightness, people are also turning toward the fresh, fruity, bright, and youthful wines, many of which are being produced by the Italians. In particular, a wine which appeals to American tastes is the light red Lambrusco, which is easily drinkable and even more appealing to Americans when chilled.

Producers Have Advantage

So the wine producer stands in a particularly advantageous position with regard to trends in U.S. wine consumption.

What has winemakers salivating is the potential for wine consumption growth in this country... While wine drinking is expanding at a 6% annual rate, making it the second fastest growing beverage (behind bottled water), the U.S. ranks as only the fortieth largest per capita wine consumer and the sixth largest producer. The average U.S. adult consumes about 182 gallons of liquid a year, 132 of which are commercial beverages. Americans gulp 37 gallons of soft drinks per capita a year and toss back 24 gallons of beer annually.⁵

Hence, the potential for the wine market is temptingly present. The '80s witnessed one of the most dramatic increases in wine consumption ever witnessed in American history. The gallonage of wine being produced and sold exceeds the volume of all spirits combined. Such figures indicate incredible prospects not only for the wine producer, but also for the food service industry, which is, in effect, the showplace of the wine industry.

Wine proved to be the drink of the 1970s. The prospects for the '80s are even brighter: all signs indicate that the popularity of wine is more than just a passing trend. With per person consumption at record levels, diners are becoming aware of the enjoyment wine adds to a meal. They're discovering it to be the ideal accompaniment to all meals including the healthier, lighter meals so popular today. And at a time when value is so important, they're finding quality wine available at any price range. For those of us in the food-

service industry, it's time to pay closer attention to this major source of revenue.⁶

The consumer base exists and is apparently prime for the tapping. It remains to be seen, however, who will successfully assess the needs of this new market and target them accordingly and profitably.

Wine Consumption Grows

Wine industry specialists Jacob Rosenthal and Craig Goldwyn, writers for two of the more popular hospitality industry magazines, and Lou Gomberg, wine consultant from San Francisco, predict a continued and regular growth in wine consumption. Such growth should not only stimulate the export market, but should also place wine alongside soft drinks, milk, and beer as a beverage for everyday consumption.

In his predictions for the 1980s, Rosenthal focuses on the fact that, in 1960, 93 percent of the total amount of wine sold in the U.S. was from California. That figure has slipped to 70 percent in spite of marked increases in volume production. This may be due to a variety of reasons, including the increasing number and popularity of imported wines and the large quantities of above-average wine being produced throughout the nation.

Nevertheless, there remains a great deal of potential within the California wine market due to a continually improving quality which may eventually allow these California wines to surpass the French, German, and Italian vintages on the upper quality levels. There has also been in recent years a very strong interest in the smaller wineries of California by several prestigious French companies and by large, well-known companies from other foreign countries. California definitely leads the way in the wine world in improved technology, benefiting for the most part from huge financial and marketing resources, high production volume, quality and efficiency, and dominant advertising investments. With such distinct advantages, California promises to be a prime contender in both domestic and international markets well into the future.

Italy's Lead Will Increase

Rosenthal predicts, nevertheless, that Italy will not only continue its lead in the imported wine market, but will increase it. Most of this growth will continue to be in the lower-priced table wine category—a market which Italy has strongly dominated for the past decade; however, there should also be an increase in its shipment of better quality wines to an increasingly sophisticated American market. France, in the meantime, will continue to lose ground to Italy in the export market in which it once reigned supreme, for the most part due to its non-competitive pricing strategy—a strategy which has literally pushed the French out of the export market. Price, accentuated by the weak lira, has accounted for much of the loss of export business to the Italians. While a moderately-priced Italian table wine costs approximately \$2 to \$4 on the U.S. market today, a bottle of French wine of similar quality costs anywhere from \$6 to \$8.

In mid-1979, Italian table wines finally edged out the French in dol-

lar volume of exports, though they had surpassed the French in total export volume in 1974. French wine producers hesitated too long and took the turn toward inexpensive table wines too late because they feared the shift toward the less expensive wine market would damage the overall reputation of French wines. This lack of foresight, combined with a series of bad harvests, gyrating prices, disorganized marketing strategies, intensifying competition, and the declining consumption in the American home, has contributed to a major loss of competitive ground from which the French may never entirely recover.

Meanwhile, not only Italy, but smaller, less-known wine-producing countries as well are beginning to make inroads into the U.S. market with quality wines. Leaders in this area expected to increase their share of the American wine market include Brazil, Chile, Portugal, Spain, Rumania, Greece, and Argentina.

Rosenthal also makes other very specific predictions about the trends in U.S. wine consumption, including the continuing preference for white wine as Americans retain their taste for chilled drinks. This aspect of "chillability" should even carry over to inexpensive rosé and red wines, which may be served well chilled or over ice.

Wine prices should continue to increase, primarily in the higher quality wines, as has already been experienced with many of the better French and California wines. Table wines will not increase nearly as much since considerably more sources will be supplying the American market; thus, there will be a definite need to remain competitive. Also, wine will be increasingly recognized as a food, much in the same manner as it is already regarded in Europe, so that sales of wine through supermarkets—presently the major outlet for wine distribution in the U.S.—will become more widespread. Rosenthal finally focuses on the potential of women as a growing sub-market, as well as older teenagers who are already turning away from beer to wine.

Possibly one of the most promising predictions for the growth of U.S. wine consumption is expressed by Craig Goldwyn: "The future of wine lies in the examples set in the past by the other beverages, particularly milk, beer, and soft drinks." Peter Max Sichel, a wine visionary and analyst, says that by the year 2000, wine will have taken its rightful place next to Coke and other popular beverages, particularly with pressures from consumers who view wine as the "original health drink," combined with pressures from religious groups who recall the religious significance of wine.⁸

Italian Wines Gain in Market

Italian wines, particularly the more moderately-priced table wines, have realized enormous gains in their share of the U.S. market over the past 10 years. Statistics show that at present Italian wines account for over 60 percent of the imported table wine market, and growth in this area, as well as in the area of better quality wines, is expected to continue.

Recently released data from the U.S. Department of Agriculture and the Department of Commerce reflect the phenomenal growth in American wine consumption from 1972 to 1982, during which

time dollar sales of imported wine into the U.S. market more than quadrupled.

TABLE 1
Total Wine Imports to the U.S.

1972	\$174,629	1978	\$496,456
1973	273,691	1979	605,328
1974	274,770	1980	678,911
1975	289,908	1981	737,484
1976	305,003	1982	779,981
1977	384,423		

Source: U.S. Department of Agriculture

Such impressive growth in consumption has been partially due to the ability of the Italian government and the Italian wine producers to correctly assess this growing American demand for wine, and their corresponding ability to respond to the various specific desires of the U.S. consumer.

The '50s and early '60s were years when the Italian wine industry enjoyed relative success in the U.S. market, especially with their very sweet apéritif and dessert wines such as the immensely popular Marsala. Soon after, American tastes turned to drier, lighter wines which could be consumed at any time during the day. At this point, Italy lost a good deal of its market to the French and German wine industries, and even more to the rapidly expanding wine industry in California.

However, in the early '70s, the Italians improved their wine-producing technology and set their sights on the world, particularly the U.S., as a vast, potential export market for Italian wines.

By 1974 the Italian wine industry surpassed the French in volume wine shipments to the U.S. The Italians were on the move and have remained extremely successful in the American market ever since. By 1978, Italian brands held six of the top 10 selling imported wine brands in the U.S.: Riunite (1st), Giacobazzi (2nd), Cella (4th), Bolla (7th), Folonari (8th), and Zonin (10th). Of the top 10 selling brands, four Italian brands had dramatically outpaced the other six and were the only brands to increase their actual market share: Riunite (+59%), Cella (+83%), Folonari (+77%), and Zonin (+67%).

Italians Reached Top in 1979

But perhaps the most significant year for the Italian wine industry was 1979, when Italy increased her U.S. market share to 55.2 percent, outselling France, Germany, Portugal, and Spain combined at a rate of three to two. The six Italian brands listed above remained on the top 10 best selling list, with many, particularly Cella, Folonari, and Zonin, making significant advances in ranking. Italian gains from 1978 to 1979 compensated for losses experienced by other countries exporting to the U.S.; it was the sixth straight year that Italy found itself the leading exporter of table wines to the U.S. In 1969, Italy had shipped a mere 3.8 million gallons of wine to America; by 1979 this

figure had reached 43.2 million gallons.

These dramatic gains occurred during a year, 1979, when total wine sales failed to increase significantly over the previous year. Volume sales in 1978 equalled 294.9 million liters, while in 1979 only a very slight increase to 295.5 million liters was experienced; this was in spite of a marked increase in per capita consumption. This phenomenon seems to have been the result of two important factors. First, American wine retailers notably reduced their stocks of imported wine, and, second, sales of American wines, especially those from California, were booming. At that point, the total U.S. wine consumption averaged 450 million gallons, with 20 percent of that consumption being accounted for by imported wines. However, the most important statistic of 1979 was the 14 percent increase in consumption of domestic wine.

At this point Italy accounted for over 10 percent of all wines consumed in the U.S. Even more importantly, 1979 was the first year in foreign import history that Italian wines surpassed French wines in total dollar volume of wine imports to the U.S. at a value of \$181.5 million for the Italian imports, compared to \$164.7 million for French imports. France had long held the lead in dollar volume simply because of an enormous discrepancy of almost three to one in price.

TABLE 2
Average Price/Bottle of Wine Imported to the U.S.
(750 ml. bottle)

Country	(Increases)					
	1979	1978	1977	1976	1978-79	1976-79
Italy	\$.83	\$.74	\$.69	\$.67	12%	25%
France	2.53	2.33	1.85	1.87	9%	35%
West Germany	1.52	1.42	1.25	1.07	7%	40%
Portugal	1.04	.85	.86	.80	22%	30%
Average of all bottled imports	1.24	1.16	1.06	1.03	7%	20%

Source: Italian Wine Promotion Center (1980)

By the end of 1979, Italy could boast the lead both in dollar and volume sales on the U.S. wine market, having captured more than 55 percent of the total import market while France registered a mere 16.5 percent. *Italian Wines and Spirits* magazine reported: "In a year when the U.S. economy played havoc with wine importers' finances, forcing them to reduce costly inventories and curtail their usual buying patterns, Italian wine imports triumphed to close the decade more than 1000 percent higher than they began it."⁹

By the end of 1970s the Italian wine industry was the largest wine producer in the world, with an average of seven billion liters of wine per year, 20 percent of all wine produced worldwide. Its export trade accounted for one-third of all export trade on a global level, with an average of 1.5 billion liters of wine being shipped abroad annually. Said one American wine industry reporter in an overview of the '70s: "The *Detroit Free Press* named the 10 greatest successes of the Seven-

ties. Number 3 on the success list was Italian wine which, as the article's writer pointed out, opened the decade 2 to 1 behind French wines and closed it 3 to 1 ahead of France."¹⁰

TABLE 3
U.S. Imports of Table Wine
(million liters)

<i>Country</i>	<i>1970</i>	<i>1977</i>	<i>1978</i>	<i>1979</i>	<i>(% change)</i> <i>1978-79</i>
Italy	13.9	84.3	148.5	181.5	22.2%
France	43.3	108.0	164.7	164.5	—
West Germany	12.7	65.8	99.3	89.7	(9.7%)
Portugal	13.3	25.0	27.1	31.1	14.8%
Others	7.8	12.6	19.3	22.5	16.6%
Total	91.0	295.7	458.9	489.5	6.7%

Source: Italian Wine Promotion Center (1980)

The Italians find themselves pre-eminent in the category of table wines. One can note the dramatic growth in volume to the U.S. market experienced by the Italian wine industry in the category of table wines. Statistics from the first half of 1980 show a continuation of this expansion, with Italy registering a gain of 35 percent in that short period over the figures from 1979, while the other major wine-producing countries exporting to the U.S. registered significant drops both in production volume and dollar volume.

In 1982, the following was reported:

According to figures of IMPACT Databank, the 6 top selling imported brands are Italian, as are 11 of the top 20 imported brands. Italian wines make up approximately 60% of the imported table wines. If they were to stop growing, the category would stop growing. Their position is enormous.¹¹

The first reports for the beginning of 1983 show the Italians holding seven of the places on the top 10 selling brand list, the first six places of which are all Italian.

TABLE 4
Top Selling Table Wines for First Half of 1983

<i>Rank</i>	<i>Brand Name</i>	<i>No. Case Shipments (6 mos.)</i>
1	*Riunite	11,015,000
2	*Cella	2,785,000
3	*Folonari	1,735,000
4	*Bolla	1,620,000
5	*Zonin	1,300,000
6	*Giacobazzi	1,280,000
7	Blue Nun	1,275,000
8	Mateus	1,240,000
9	*Canei	1,235,000
10	Yago	1,000,000

Source: IMPACT Databank (1983)

Of the fastest growing imported table wines in 1982, those selling for \$4 a bottle, the hottest brands in percent growth over the previous year were all Italian: Principato, 43 percent; Canei, 37 percent; Barbella, 25 percent; and Folonari, 23 percent.

The '80s promise to be a great decade for Italian wine in the U.S. market. The Italians seem to have found a special way of tapping a huge potential source through a combination of effective competitive pricing and production and astute marketing strategies.

Marketing Is Well-Executed

In mid-1979, Italian table wines finally edged out the French in total dollar volume of U.S. imports while having dominated volume production since 1974. It was at this point that the international wine industry really became aware of the overwhelming factors contributing to the general marketing success of all Italian wines on the U.S. market. Factors are numerous and variegated, and yet each component seems to be a carefully-executed step in the Italian marketing strategy, and has ultimately contributed to the success of the whole.

In his report to Italian vintners at their annual meeting in 1980, Lucio Caputo, Italian Trade Commissioner to the U.S., stressed several aspects of this success in America. He noted that in spite of bad years in which foreign competitors suffered a great deal in export markets, Italian wines had shown impressive increases of up to 44 percent in consumption, while other countries experienced declines as high as 26 percent. Such increases reflect the recognition by Americans of the appreciable balance maintained by the Italians between quality and price; the consolidation of the U.S. import lead both in dollars and volume indicates a positive trend in Italian wine consumption which should continue well into the future.

The combined factors of a weak lira, Italian wines tailored to meet U.S. market tastes, and shrewd advertising and marketing campaigns put the Italian wine industry in a position to outdistance any of its major competitors in the U.S. market. Moreover, the activity of the Italian Trade Commission within the U.S. has greatly contributed to the promotional advantage of Italian wines. The introduction of the wine library (Enoteca) at the commission's headquarters in New York in 1980 served as a showcase for Italian wines and has had an immense impact on the U.S. wine world, providing professionals with special knowledge of the wide range and variety of Italian wines available on the U.S. market today.

The combined work of importers has also helped to introduce the American consumer to a broad-based market with a wide spectrum of wines in a number of price categories. Importers have been especially instrumental in two distributive areas. The largest dollar volume in terms of profits is incurred through supermarkets and liquor stores, and is the distributive outlet which addresses the total market most successfully. Meanwhile, although not comprising a high percentage of the total market, restaurants serve as an important consumer exposure site in that they present Italian wines to the customer in an ideal setting. The consumer who is favorably impressed by his introduction

to Italian wine in a restaurant has a greater tendency to purchase again, either in another restaurant or in a supermarket or liquor store.

Success Must Be Monitored

Caputo cautions the sometimes over-anxious Italian wine producer against a lethargic complacency with the American success. He notes that factors such as spiraling inflation and the consumer's resulting inability to stretch his dollar during recessionary periods may lead the occasional consumer to eliminate wine expenditures from his discretionary income spending. Caputo cautions producers to keep prices consistent, not too high and not too low, and to avoid price cutting and other marketing tricks which could lead to many of the same scandals which so greatly damaged the reputation of French wines. He notes the glaring differences in price of similar *Denominazione di Origine Controllata* (DOC) wines bottled by different importers, which could very easily undermine the credibility and prestige of the wine itself. The DOC was instituted in 1963 as the very necessary regulatory system for Italian quality wines—an approximate equivalent to the French AOC. At present, between 10 and 12 percent of the country's total crop is thus regulated, depending on the harvest.

Many retailers have found it difficult to introduce Italian wines to the uninitiated customer. It is particularly hard to induce those interested in European wines to buy Italian. The average wine consumer often seems to be primarily interested in the "over-prestigious" wines and tends to buy what he thinks he ought to buy as a result of being more attuned to the reds of Bordeaux and Burgundy and the whites of Burgundy and the Rhine. Correspondingly, there still remains a slight stigma attached to Italian wines which marketers have not been able to completely eradicate, thereby necessitating additional promotional and advertising costs in moving Italian wines from the retailer's shelves to the customer's table.

Many retailers also complain that there are simply too many varieties of Italian wines. Not only does this require larger investments in individual marketing and promotional programs, but it makes it very difficult to keep abreast of the many offerings and to educate the customer accordingly.

Considering the many negative factors against which the industry must struggle, what is it that makes Italian wines so successful on the U.S. market? What have Italian wine producers done to correctly adapt and market their product to the American consumer? The answer is multi-faceted, but it begins in the very roots of the Italian soil. Sweeping changes have been made in Italian winemaking and drinking; the whole panorama of Italian wines has been altered dramatically and permanently. A shift in consumer attitudes and the threat of tougher competition leading to a loss of part of the market share have demanded that producers and whole regions adapt. "If terrain and climate permit, producers quite naturally are going to plant only those vines that produce wines most in demand—the most 'modern'."¹² A key stimulus to this changing attitude has been a Renaissance within Italy which has not yet manifested itself abroad. Such an atti-

tude has contributed in great part to the introduction of modern vinification techniques and a greater demand for consistent quality, even among the lesser-known Italian wines.

The wineries and the Italian wine industry as a whole have been immensely influenced by the business-oriented philosophies of large corporations, which have entered the scene and brought with them vast financial and technical resources, as well as incredible marketing muscle. Advertising is the key element brought by the major corporations which changed the Italian wine industry overnight. It contributed to the precipitous growth of the industry in the 1970s and continues to fuel the trend among Americans to an ever-greater consumption of Italian wines. The large capital resources now supporting the Italian wine industry have spurred producers to further technological advances as a result of international exchanges on the various aspects of wine growing and producing.

Italian Whites Are Successful

The success of Italian white wines in the U.S. has directly paralleled growing consumer demand for white wines in general. In fact, the popularity of Italian whites has grown geometrically and attests markedly to the ability of the Italians to formulate and market a product directly targeted to specific American tastes. Originally, Italian white wines were aged in wooden vats too long and were off-balance and oxidized; but changes in the market brought in modern equipment, funded by the large co-operatives, improving the style of transmitting grapes into wines which were brighter and more harmoniously composed, with a better equilibrium between fruit and acids. This resulted in a fresh, fruity flavor, one more suited to American tastes. It was the ability to adapt to American consumer demand that placed Italy in the forefront in the U.S. import market.

Abbey Harman of *Liquor Store Magazine* reports that 17 of the 34 imported white wines selling more than 100,000 cases to the U.S. are Italian. Italian whites account for 62 percent of the top 10 white imports, and of the top 20 selling brands of white wine in America, 11 are Italian.

Italian marketers have also attempted to respond to the trend for fresh wines which began in the late '70s, through the introduction of "vini novelli," or "new wines," produced with the intent of immediate consumption, much as the young Beaujolais "nouveaux" released just after the harvest in France. These wines are an adept response to consumer demand, as are the new "soft" wines presently being offered on the American market. This U.S. trend toward wines with lower alcoholic content reflects the same shift in consumer tastes to lighter, drier, softer foods and beverages. Although a new approach in the U.S., this demand has existed for some time in Europe, so Italy had merely to assess the shift in tastes to begin marketing wines at 8 percent alcohol. Such wines are also slightly sweeter, appealing to the American taste, especially to beginning wine drinkers. The successful marketing of these wines not only answered an expressed need, but most certainly introduced a whole new group of potential consumers to the pleasures of Italian wine.

Even the premium Italian wine market has experienced growth because Italian wines in general have been well marketed and merchandised. A prime factor in the expansion of premium wine sales has been the merchandising of Italian wines in restaurants. Salesmen are becoming more knowledgeable and pass this knowledge on to the restaurateur who, ultimately, educates his clientele. Statistics show that half of all Italian wine sales are "on premise" sales, whereas the norm for wine consumption in the U.S. is 30 percent on premise and 70 percent at home. With the growing receptivity of restaurateurs, the Italians are in a position to expand wine sales and varieties offered and may find new opportunities and methods of marketing wines to the public. Moreover, now that additional numbers of consumers have been educated and the image of Italian wines changed—as in the case of the new Chianti—producers may consider with optimism the importation of older, finer Italian wines.

Government Provides Assistance

The success of Italian wines on the U.S. market is rooted in the aggressive and comprehensive efforts of both the Italian government and private Italian wine producers. Once importers have been selected, the Italian Trade Commission and producers alike cooperate in every way possible to present and sell the product to the American consumer.

It is important to understand one of the pivotal strategies behind what makes Italian wine so successful in the U.S. Frank Gentile, senior vice president for the largest Italian wine importer to the U.S., Villa Banfi, stresses the fact that the Italians have worked their way into the American wine market from the bottom up, based on the assumption that the new and inexperienced wine drinker is not willing to make a substantial investment of \$10 to \$15 per bottle to learn to like wine or to try a new wine. So the Italians attempt to introduce this consumer to a light, fresh, fruity, enjoyable wine similar to other popular American beverages, a wine which is also relatively inexpensive.

Such a wine is Villa Banfi's famous Lambrusco, Riunite, which serves to introduce the new consumer to wine drinking, and then provides a transition to more sophisticated Italian wines. "It is a transitory beverage, one that leads to better, more classical wines. Because Lambrusco was in the under \$2 range and readily available, it was something that the public could reach out to without any price barrier."¹³ It was Lambrusco which permitted Italian wines to gain entrance into the American market. The combination of easy accessibility, drinkability, chillability, and affordable price made it the prime vehicle for breaking into a potentially vast market. In 1979, *Business Week* reported that with about \$350,000 per year over the past four years from the Italian government and millions of advertising dollars from Italian producers and importers, the Italian message was simply that wine drinking is for everybody.

Advertising Is Key To Success

Advertising may then be considered a vital key to the success of any product on the American market. Villa Banfi spent over \$30 million in

1981 to promote the sale of Riunite, which eventually culminated in annual sales of 27 million gallons. Price as well was a key factor in the marketing success of Lambrusco. Italian table wines are positioning themselves in the American market like any soft drink or lighter beverage might, thereby opening up the potential market to include any and all beverage consumers; thus indoctrination into this market by sipping a Coke for the first time may ultimately lead to the regular consumption of Italian wines.

One must also necessarily remark the overwhelmingly successful strategy waged by the Italian Trade Commission. A simple approach, the strategy is based on a brand-oriented philosophy rather than the commodity philosophy by French and California wine producers. Rather than advertising individual wines with difficult-to-remember names, the ITC emphasized promotion of brands of wines to simplify the consumer's selective process. It is much easier for the consumer to identify with a particular brand of wine than it is to identify with a very specific wine produced in a remote winery. Such a philosophy is particularly beneficial in the case of Italian wines when one considers the fact that almost 4,000 varieties are presently being produced.

It is evident that the success of Italian wines on the U.S. market may be depicted as a delicate balance of several components: pricing, quality, brand identification, innovative concepts and open-mindedness, and a shift of attitudes toward producing a wine responsive to customer demands. Constant attention to each component, as well as a conception of the whole, is a vital necessity.

Some Problems Face the Industry

One important aspect to be considered in the marketing of Italian wines is the consumer's actual sensory, as well as mental, perception of the various wines on the market. It is important to note that only a small number of Italian red wines stand up to long aging. Some of the classic Italian reds, such as Brunello di Montalcino or Chianti Riserva, which may be aged 15 years and longer, seem to be exceptions. Most of the better Italian reds are strong in tannin, with a rather high acidity, which aids in retaining the fruitiness of the wine, but even these wines seem to fall apart with age. The best Barolos, considered to be some of the sturdiest Italian reds, should be drunk no later than 10 years after bottling. Many people make the mistake of buying 10-year-old red wines and holding them, when they are actually ready to be drunk immediately. Even more important is that many Italian red wines, especially a number of those produced specifically for the American market, are meant to be drunk young and fresh, with no more than two to four year of aging.

Italian rosés still suffer from a strong stigma, particularly in the U.S., where many pink wines in the past were "rather sweet and often inferior in quality to red and white wines."¹⁴ Americans have shown little interest in Italian rosés, so much so that wine importers are reluctant to deal with them even though many are excellent wines at reasonable prices. New winemaking techniques have even made it possible to change both the quality and the character of Italian rosés so that they have improved their position with respect to sales volume

in recent years. However, red and white wines still account for an overwhelming proportion of total sales volume.

Perhaps one of the hottest controversies which has developed around Italian wines produced for export focuses on the seeming purity of Italian white wines, often described as having a lack of character or an alleged uniformity, making it difficult for the average consumer to distinguish among the numerous varieties. Many wine experts find that, in spite of a crisper, fruitier white wine developed through new technology, Italian winegrowers, in producing for a mass market, have gone too far in making the white wines consumed today too clean, pure, and polished, essentially neutral and lacking distinction. Italian producers counter such accusations with several arguments. One possible reason the consumer cannot distinguish among Italian white wines is the fact that many of the finest Italian whites have not been present long enough in certain nations to allow the experts, much less the average consumer, to acquire a frame of reference.

Varietals Do Not Fit Mold

Experts do not seem to be experiencing trouble in distinguishing classic Italian white wines similar to those produced in France, Germany, and California, but some varietals have had trouble convincing experienced non-Italian tasters of their authenticity because they do not always fit into the molds created by wines of those names from other nations. An example of this might be found in the dissimilarity between the Italian Riesling Renano, as compared to a Johannisberg Riesling from the Rhine or Alsace. The unfortunate consequence is that many foreign wine buyers are shying away from certain Italian varietals in spite of their distinctive character. Many Italian white vines have been cultivated for more than a century and the resulting flavors reflect both their environment and their producer's sense of creativity. It would therefore be unfair and inaccurate to think of Italian varietals in terms of, or as imitations of, the same-name varietals elsewhere.

The question of the uniformity of Italian white wines is not purely a contemporary phenomenon. There has always been a certain uniformity among the older, more traditional wines as a result of their volatile acidity and the off flavors created by excessive oxidation. There are some Italian whites which have been overprocessed and deprived of personality, but these wines are mostly found in the lower price categories where producers may pasteurize the wine indiscriminately to avoid spoilage or the excessive costs of having a bad wine shipped back. At such prices, the consumer's prime concern cannot always be outstanding quality. Any legitimate discussion of comparative equality must keep in mind the perspective of price. Moreover, cheap, unclassified wine exists in many countries, not only in Italy.

It is nevertheless important that Italian producers heed the comments of the American consumer in order to correctly assess the market's needs. Even those not necessarily experienced in Italian wines may offer insight into the greatest potential demand.

Footnotes

1. "Liquor Survey Report," *Restaurant and Institutions* (December 1, 1982), p. 16d.
2. Steven Mintz, "Ferment in the Wine Market," *Sales and Marketing Management* (November 16, 1981), p. 41.
3. Pino Khail, "Experts in the Wine Trade Examine the 1980 Market," *Italian Wines and Spirits* (May 1980), p. 22.
4. Gail Festa, "Wine Market Update," *Restaurant Hospitality* (September 1982), p. 108.
5. "Creating a Mass Market for Wine," *Business Week* (March 15, 1982), p. 109.
6. Edmund A. Osterland, "Ignorance of Wine is Everyone's Loss," *Restaurant Business* (January 1, 1981), p. 73.
7. Craig Goldwyn, "Winetalk: Futures," *Restaurant Hospitality* (October 1980), p. 105.
8. *Ibid.*, p. 105.
9. "Italian Wines Account for 55% of U.S. Imports," *Italian Wines and Spirits* (May 1980), p. 110.
10. Mary Mulligan, "Raffles' Restaurants Promote Italian Wines," *Italian Wines and Spirits* (May 1980), p. 95.
11. Festa, p. 110.
12. Burton Anderson, "The Case for Vino Bianco," *Italian Wines and Spirits* (May 1980), p. 26.
13. Bruno Donati, "New Vines Mean New Wines to Match New Tastes," *Italian Wines and Spirits* (August 1981), p. 17.
14. "The Sweet Success of Italian Wine," *Business Week* (November 15, 1979), p. 58.