

POLICY BRIEF

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The Future of Winemaking in Tuscany

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Tuscany is a region intimately linked to wine production. Its culture and traditions, its landscape and its worldwide fame as a tourist destination (17% of the regional GDP) are an integral part of the wine production system in Tuscany. This sector is mainly dedicated to export (902 millions of Euros in 2015) is one of the most important sectors in Italy. However, the future of the wine sector is under threat in a number of ways, including: access to emerging markets for small and medium-sized wineries; declining of global wine demand; change in consumption patterns and preferences; the emergence of new producing regions; problems with selling prices on the markets; concentration of large buyers and distributors; the maintenance of a very fragmented and individual productive fabric coupled with problems of generational succession and climate change.

This brief has been developed from research conducted as part of the H2020-funded project, SUFISA. Its main focus has been to access the perspectives of the wine producers themselves, together with a range of stakeholders which have a direct interest in the wine sector in Tuscany. To that end a series of interviews, focus groups and workshops were conducted between March 2016 and May 2018. Further details are available from <http://www.unpi.it/>, as well as the main project website: <http://www.sufisa.eu/>.

This research is based on work done in Tuscany, but is likely to resonate in other areas of Italy where the wine production is prominent. It comes at a crucial time in relation to the recent evolution of the CMO wine and the rapid changes in the global market for wines. The following key messages are intended to draw attention to the main issues that have arisen from the research and which have potential policy implications for the future viability of the wine sector in Tuscany.

Key Messages

- The 'voice' of wine producers, despite being marginally heard at the regional level, often remain isolated at the national level and on the markets. In this respect, there is hope of a greater impulse to coordinate between institutions, producer organizations, and other key networks to raise their choir at regional and national levels.
- Greater coordination is deemed as a key effort, because producers need to be represented no longer alone or just as a part of PDO organisations but within a regional and national strategy that focus on wider marketing networks.



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- Considering the trends in wine demand, there is a growing focus on high-quality/premium and organic wines. Again, a coordinated effort amongst the various actors in the supply chain need to be undergone to address consumer preferences. It is important to look at the demand of emerging countries and niche markets, but the focus should be at the territory and the regional level. Improvements are necessary to express the real characteristic of the territory and not just the origin. We must bear in mind that the territory is a key element from which to reorganize communication and promotion.
- There is a need to improve the ability to target niche markets and invest to develop a system of skills and export competences. At the local level, it will be fundamental to provide policy tools in an effort to realise these investments.
- Development of strategic competences and information related to marketing tenders on the international market should be a policy focus in order to assist the internationalisation of local producers.
- The development of a B2B meeting event, such as the 'Buy Wine' represents a strong signal at the regional level. The Buy Wine's matchmaking strategy is deemed as a positive factor that triggers contact between regional producers and international buyers. Additionally, by improving producers' trading conditions, the digital matchmaking service guarantees positive economic returns for regional producers through higher sale prices and, therefore, higher farm incomes. The potentialities of considering new ICT applications for facilitating trade represents a policy objective that can be transferred to other production contexts and territorial systems.
- Producers need more policy tools that encourage the development of similar trade platforms. The development of such infrastructure requires the presence of a territorial platform supported by local institutions, which connect producers to other key players in the supply chain, such as buyers. The added value of this network and of the related trading infrastructure is given by the access to information. This type of infrastructure can increase the level of communication and specific knowledge transferred among actors, reducing search costs, transactions costs, and other market frictions. Furthermore, as it relates to exports, the system can help local actors to acquire information about the differences in the structure of tariffs and NTBs and increase the firms' access to foreign markets. Networked knowledge through mutual contact between actors develops shared norms that can lead to a common perception and development of the system. The development of a common vision of the system and its possible interconnections with other systems (e.g. production linked with international distribution networks) can facilitate the policy action in the creation of common narratives that can increase the reputation and the value of the territory.
- In order to address the effects of climate change and preserve the territory, producers must invest in research together with the Universities and regional institutions. These investments should address innovation on clonal selection and viticultural practices that can increase the conservation of the soil, biodiversity and the chances to obtain even more quality wines (i.e. make system both horizontally and vertically between Universities, Wineries, PDO Consortia, POs and local Governments).

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