

BRIGHTER DAYS AHEAD FOR ITALY

Despite a challenging year for all involved across the trade, Italian wine is showing promising growth potential, as **Jacopo Mazzeo** reports

With volumes of exports to the UK at the lowest levels since 2013, 2020 isn't a year Italian wine will easily sweep under the carpet. According to wine market research agency Nomisma Wine Monitor, the pandemic caused the UK's imports of Italian wine

to decline by 12% year on year – a debacle also experienced by several European wine-producing countries, including France and Germany whose 2020 exports to the UK were down by 11% and 15% year on year, respectively.

Such a downfall is mainly attributable to the struggles of the British on-trade, whose activities have been restricted for much of the year. Indeed, despite remaining the leading supplying country to the UK's hospitality sector ahead of France, Australia and the USA, recent figures from research agency CGA show that volumes of Italian wine in the British on-trade market decreased by 61% year on year in both value (£577m) and volume (207,000hl). Admittedly, these figures are in line with the negative trend experienced by the overall still and sparkling wine category, down 60% in volume and 61% in value.

The limping on-trade, paired with social distancing restrictions and a lack of celebratory occasions impacted Italy's sparkling wine category too, as Nomisma Wine Monitor shows that in 2020 its UK imports decreased by 16%. Prosecco displayed a relative resilience (-10%) if compared with the country's other sparkling wines, which have instead experienced a whopping 70% drop in value. Asti Spumante, however, was the category's real winner, having benefited from a remarkable 15% growth in volume – and 10% in value – of exports to the UK.

"With over two-thirds of our Italian sales being on-trade, we have of course seen a substantial decrease versus the previous year," says Berkmann Wine Cellars purchasing director Alex Hunt MW. "This has been partially mitigated by a 40% increase in our sales of Italian wine to the off-trade in the same period."

Indeed, pandemic-induced challenges were slightly offset by a remarkable performance in the retail sector, where Italy is the second-biggest supplying country behind Australia and ahead of Chile. According to the latest Nielsen data, volumes of Italian still wine in the UK's off-trade increased by 17%, reaching one million hl, while value was up 19% at £821m.



PREMIUM OPPORTUNITY

Despite the challenges caused by the pandemic – which have admittedly had an unfortunate impact on most wine imports into the UK – Italian wine shows promising growth potential on the British market. Wine Intelligence data shows that British consumers' awareness of Italian wine continues to spread, with 44% of wine drinkers claiming they have consumed Italian wine in the past six months.

According to Elizabeth Kelly MW, Italy buyer at specialist retailer Majestic, Italy's success



ITALIAN WINE PERFORMANCE IN UK ON- AND OFF-TRADE

	000S HL	% CHANGE (YOY)	€M	% CHANGE (YOY)	PRICE/L	% CHANGE (YOY)
ITALIAN STILL WINE (OFF-TRADE, YEAR TO 26 DECEMBER, 2020 – NIELSENIQ)	1,074	17%	£821m	19%	£5.74	2%
ITALIAN WINE, INCLUDING SPARKLING (ON-TRADE, YEAR TO 26 DECEMBER, 2020 – CGA)	207	-61%	£577m	-61%	£27.89	0%

ITALIAN WINE EXPORTS TO THE UK BY CATEGORY

VALUE €	2017	2018	2019	2020	% CHANGE 2020 VS 2019
SPARKLING	€323m	€365m	€343m	€289m	-16%
STILL AND FRIZZANTE	€409m	€416m	€435m	€390m	-10%
LARGE FORMATS (2-10 LITRES)	€5m	€7m	€6m	€6m	8.6%
BULK	€20m	€18m	€16m	€15m	-0.4%
TOTAL	€757m	€806m	€799m	€700m	-12%

SOURCE: NOMISMA WINE MONITOR (NB: ALL FIGURES ROUNDED TO NEAREST €1M)

ITALIAN WINE EXPORTS TO THE UK BY SPECIFIC PDO CATEGORY

DOP	2018			2019			2020			% CHANGE 2020 VS 2019		
	VALUE €	LITRES	AVERAGE PRICE	VALUE €	LITRES	AVERAGE PRICE	VALUE €	LITRES	AVERAGE PRICE	VALUE €	LITRES	AVERAGE PRICE
DOP WINES TOTAL	€575m	164m	€3.50	€563m	179m	€3.15	€521m	178m	€2.93	-7.4%	-0.4%	-7.1%
OF WHICH:												
PROSECCO DOP	€336m	90m	€3.74	€321m	95m	€3.39	€289m	93m	€3.11	-10%	-1.7%	-8.4%
STILL WHITES DOP VENETO	€27m	14m	€1.90	€41m	24m	€1.73	€47m	29m	€1.65	15%	20%	-4.7%
STILL REDS DOP TUSCANY	€31m	6m	€4.80	€31m	6m	€4.77	€33m	7m	€4.50	7.6%	14%	-5.7%
STILL REDS DOP PIEMONTE	€21m	2m	€10.19	€26m	2m	€11.43	€29m	2m	€12.27	13%	5.7%	7.3%
STILL WHITES DOP TRENTO-ALTO ADIGE AND FRIULI VENEZIA GIULIA	€15m	5m	€2.79	€18m	7m	€2.58	€18m	8m	€2.30	-1.7%	11%	-11%
STILL REDS DOP VENETO	€14m	3m	€5.39	€17m	4m	€4.68	€17m	3m	€5.14	-0.7%	-9.6%	9.9%
ASTI SPUMANTE DOP	€11m	3m	€3.19	€10m	3m	€3.16	€11m	3m	€3.02	10%	15%	-4.3%
OTHER SPARKLING DOP (EXCLUDING PROSECCO AND ASTI)	€49m	13m	€3.76	€21m	6m	€3.64	€7m	1.3m	€4.84	-70%	-77%	33%
STILL REDS DOP SICILY	€4m	1.8m	€2.22	€7m	3m	€2.38	€5m	2m	€2.43	-28%	-29%	2.1%
STILL WHITES DOP SICILY	€4m	1.7m	€2.18	€3m	1.5m	€2.00	€1.5m	610,994	€2.42	-51%	-60%	21%
STILL WHITES DOP TUSCANY	€1m	193,580	€5.23	€864,522	163,817	€5.28	€771,750	162,466	€4.75	-11%	-0.8%	-10%
STILL WHITES DOP LAZIO	€699,652	412,510	€1.70	€695,603	377,561	€1.84	€728,510	371,212	€1.96	4.7%	-1.7%	6.5%
STILL REDS DOP TRENTO AA	€512,760	82,655	€6.20	€715,749	149,727	€4.78	€591,243	131,655	€4.49	-17%	-12%	-6.1%

SOURCE: NOMISMA WINE MONITOR (NB: ALL FIGURES ROUNDED TO NEAREST €1M)



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is being driven by a number of key styles, “including [some] which have performed exceptionally well over recent years, as well as in the last 12 months, for example, Appassimento styles [from Puglia, Sicily and Veneto] and Pinot Grigios”.

NielsenIQ data confirms that Pinot Grigio – much of which is Italian – is still strong in the UK, being the second best-selling white category in the off-trade.

While the UK market’s thirst for Pinot Grigio and entry level Prosecco isn’t showing any sign of waning yet, British drinkers are developing an appetite for a more premium Italian offer too. The appeal of Italy’s abundant indigenous varieties, the country’s regional diversity, and Tuscany’s and Piedmont’s success on the fine wine market are among the leading factors that are driving premiumisation.

“Italy remains competitive at the entry level,” says Hunt, “so of course volumes there are very large and we see no slackening of demand for Prosecco just yet – with the new rosé variant ready to prove itself, too. But Italy has huge strength at more premium levels as well. Red Italian wines have been the most resilient for us during this period. We had our most successful en primeur campaign ever for Tignanello, which exemplifies the greatly increased demand we are seeing for fine Italian wine in general and Prunotto’s Barolo is doing exceptionally well.”

Valeria Maffei, Italian brand manager at leading merchant and Italian wine specialist Liberty Wines, explains that Veneto, Puglia and Tuscany were their best-performing regions over the past year, “but with wines at a higher price point than you might expect, from £10.99 to £25.99. Well-known names performed very well, such as Pieropan and Fontodi, showing the appetite for wines at more premium prices”.

Italian wine appears to be on a fast-track towards premiumisation in off-trade channels, too. Since its latest range review last year, Majestic has been

focusing on “more unusual grape varieties” and on “more premium wines”, which Kelly claims helped drive an increase in their average selling price by 19%. Majestic’s ambition to premiumise its Italian offering also meant reviewing the house’s Definition range by replacing a standard Chianti DOCG with a Chianti Classico DOCG, as well as introducing a Barolo, “which is consistently one of the best-selling lines in the category”, says Kelly.

Reds from central and southern regions are becoming increasingly crucial to drive up value and foster the UK’s consumer interest in Italian wine. In 2020, Berkmann added leading Calabria producer Librandi to its portfolio, showing the British market’s openness to Italy’s up-and-coming wine regions. Meanwhile, Liberty’s Maffei confirms Puglia as one of Britain’s favourite Italian regions. “Primitivo and Negroamaro were the bestselling red wines,” she says.

Hallgarten portfolio director Jim Wilson highlights Puglia’s potential too, explaining that while Pinot Grigio and Prosecco are still leading the way, he is noticing remarkable growth “coming from red grape varieties, and particularly those in the south of the country, such as Primitivo”.

In addition to Puglian reds, Wilson points out that Sicilian Nero d’Avola is also fuelling Italy’s success in the British market, adding that he has brought on new producers from Sicily, tapping into the booming appeal of Etna wines.



BEYOND PINOT GRIGIO

In addition to roaring excitement towards Italy’s Mediterranean regions, UK drinkers are discovering that there is more to the country’s whites than entry-level Pinot Grigio.

“Our Gavi di Gavi has seen a nearly 70% increase in sales, showing that customers are happy to get behind these premium lines”

Elizabeth Kelly MW,
Majestic



ITALY 2021: OVERVIEW

In 2020, whites from Italy's north-eastern regions have experienced some of the most noteworthy growth rates. Notwithstanding pandemic-induced challenges, Nomisma Wine Monitor reported that imports of whites from Veneto rose by 20% in volume and 15% in value year on year, while whites from Trentino Alto Adige and Friuli Venezia Giulia rose by a combined 11% in volume, despite a slight 1.7% decrease in value.

In line with the data, Majestic has seen a focus shift from entry-level Pinot Grigio to more premium Soave, but also to a mid-market Appassimento-style Grillo, Vernaccia di San Gimignano and Lugana.

"Our Gavi di Gavi has seen a nearly 70% increase in sales, showing that customers are happy to get behind these premium lines," says Kelly.

For Maffeis, however, the success of classic northern whites such as Soave Classico, Gavi di Gavi, and Lugana is being matched by a renewed attraction towards white wines from central and southern regions, mirroring the trend characterising the red wine category. She finds Campania (with Falanghina and Greco), Sicily (Grillo) and Sardegna (Vermentino) areas of great potential, "showing that native varieties are the way forward for Italy".

In the off-trade too, Tesco reported a flourishing curiosity in lesser-known white grapes from central and southern Italy, such as a Passerina from Abruzzo which it recently added to its Finest range.

Despite the unprecedented challenges that have characterised the past year, Italian wine has maintained a leading presence in the UK market while showing promising signs for future growth, too.

"Our overall Italian sales were down by 15% due to the loss of the on-trade for about eight months of the year," says Liberty's Maffeis.

"The good news is that April [2021] saw 51% growth compared with last April, so we are confident we will claw back what we lost due to Covid. Italy's greatest weakness is its complexity, including an array of native grape varieties that no other country can match. But this is also its biggest strength. It may take a long time to get people interested in Italian wine, but once they are, there is more than enough diversity to keep them hooked for the rest of their lives."

"Native varieties
are the way
forward for Italy"

Valeria Maffeis, Liberty
Wines



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SAVE THE DATE

Buyers and lovers of quality Italian fizz should save the date for Harpers' forthcoming webinar, **Franciacorta: Adding a Splash of Italian Style**, to take place at **3pm on Thursday 17 June** (a link to the Zoom-hosted session will be posted on harpers.co.uk soon).

With sparkling wine one of the few categories driving growth in the UK, this free-to-attend webinar, delivered by Harpers in partnership with Consorzio Franciacorta, will invite a panel of Italian specialists and buyers to explore the role Italy's premier sparkling wine can play in enhancing a rounded, engaging and commercially successful wine offer.