

TUSCAN WINE PREVIEWS

BUYWINE 2019

All the stats on wine

Regione Toscana



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Summary

The Tuscan wine-growing industry is made up of over 23,000 mainly small and medium-small companies, among which there are also a few heavy-weight "champions". More than two thirds of Tuscan companies are located in areas destined for PDO production, in which over 92% of the almost 60 thousand hectares of vineyards in the region fall (the national average is 62%).

This production structure based on a large number of small businesses (27% of total production) also carries through into the wine-making phase. The remaining part is taken up by just 6% of companies, each of which produces more than 100,000 litres of wine. These are in addition to 17 social wineries operating in the area, which produce 18% of wine from the region.

Tuscan vineyards stand out for their liveliness, dynamism and a strong orientation towards innovation, and this is borne out by recent statistics and history. In the last decade, the surface area of vines in Tuscany has decreased only marginally, reaching its lowest point in 2015, before rising to almost 60,000 hectares, also thanks to the authorisation of new vineyards. Furthermore, the strong uptake of EU funding initiatives (under the COM *Restructuring and reconversion* policy) has meant that more than 45% of Tuscan vineyards have been renovated, and 25% - over 15,000 hectares - have done so in the last decade.

Known for its great reds, Tuscan wine production is based on the quintessential *Sangiovese* red grape, grown, with its various local variations, in 61% of the entire area registered in the regional inventory. It is followed at quite some distance by *Merlot* and *Cabernet Sauvignon*, with 8% and 7% respectively.

The region's grape varieties and wine-producing heritage has resulted in 58 certified denominations of origin, between PDO and PGI. Of the 52 PDOs, 11 are DOCG and the others are all DOC. Nonetheless, the true stars, in terms of any kind of size measurement, remain *Chianti* and *Chianti Classico*, grown on 48% and 19% of the land respectively. *Brunello* and *Morellino* bring up the rear with 5% and 4%.

This is the overview of the most important and well-known sector of the Tuscan *food & beverage* industry, which, after the bad harvest of 2017, according to data released by Artea, has returned to a regional production of 240 million litres in 2018, up by 44% on the previous year. Although the final result is positive in terms of percentage gain, and appears above the highest expectations, the recovery has not, however, brought Tuscan wine back to the average production levels of the last five years, equal to 260 million litres.

The *ex works* value of the Tuscan bottled PDO and PGI wines sector is estimated in the order of 1 billion euros (about 743 million euros for PDOs, in addition to 183 million for PGIs), equal to 11% of the Italian total of 8.3 billion euros estimated by ISMEA.

The *Made in Tuscany* brand incorporates a system of tangible and intangible values that is often very well-known and recognized abroad. In addition to the quality of the territory, Tuscan wine production is without doubt one of the drivers of this value. Excluding the unfortunately increasingly frequent exceptional years, it can be said that compared to a "normal" vintage, over half of certified regional production is destined for export, accounting for about 20% of the total national export of PDO still wines, or 27% in terms of economic value. In fact, every year over 80 million litres of wine from the region are sold on the international markets, distributed consistently between non-EU countries (57%) and EU countries (43%), while in terms of economic value the wine exported outside the EU now exceeds 60%. The export turnover of Tuscan PDO wines, which have been the object of numerous promotional campaigns, has stabilized around 550 million euros in recent years, showing much stronger ability to sell in distant markets than PDO wines from other Italian regions.

Another note that emerges from the study is the positioning of Tuscan wine, and market shares in more traditional destinations. In fact, while the United States and Germany were once again con-

firmed as the two main destination countries, taking up more than 50% of the Tuscan PDO market between them both in terms of volume and value, the defence of these markets has required, and continues to require, increasing efforts and meticulous monitoring of ever more complex international competition.

Germany, above all, has recently lost ground, while the United States, despite having shown a slight fall in the volumes purchased, has increased to 34% of the total revenues of Tuscan PDOs. Meanwhile, there is a gradual shift from traditional and already well-established markets to smaller, geographically distant but rapidly evolving ones.

The role of the Far East has grown, starting in China, while Russia and other Eastern countries such as the Czech Republic, Ukraine and Poland, are proving to be particularly dynamic. Opposing trends were seen in the Scandinavian countries: demand is growing in Sweden and Finland, compared to a rather significant decrease in Norway.

The trend is also positive in Brazil and Mexico, Australia and New Zealand.

The focus on strategic positioning and growth on foreign markets, in the last decade, has often made us forget the importance of an internal market which, in the meantime, continued to reorganize itself, reducing the quantity consumed and shifting towards consumption methods and times that focus on quality. The recent analysis of large-scale retail sales figures showed favourable elements for Tuscan wines.

In fact, in the last three years, not only did Tuscan PDO wines perform well both in terms of quantity and price, but they also clearly stood out in comparison to the national average, highlighting how Italian consumers still have strong demand for Tuscan brands and quality. In 2018, large-scale retail sales of quality Tuscan wines grew by 2.3% in volume and +5.7% in value. The gap between these two aspects also shows an interesting increase in average sales value.

A price increase that is also confirmed by the analysis of production price lists, which recorded particularly large average increases from 2010 to date.