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When Wine Booms Backfire

A Region's Popularity Does Not Guarantee Long-Term Success

By Vicki Denig | Jul 26, 2019



The phenomenon is playing out in real time in Italy's Veneto region with the international ascent of Prosecco. Primo Franco, third-generation of Nino Franco winery in Valdobbiadene, has seen vineyard prices double. **"Prosecco is one of the most important products exported from the Veneto region,"** he explains, citing that 90 million bottles of DOCG and 430 million bottles of DOC wine are sold annually.

But there is risk and instability, as a result, says Carlo Caramel, CEO of Canevel Spumanti. His brand went from 160 million bottles to 500 million bottles over the last decade, but he believes the "inevitable repercussions of speculative crops, cultivation in unsuitable areas and overall imbalance in power between grape growers and producers" will spell trouble for the region's future. "The market will become dominated by a small number of operators who dictate the rules of the market," Caramel fears. It can be disastrous for smaller, boutique producers. "For Prosecco, it is important to keep an eye on the independent bottlers who struggled to get cost-competitive supply compared to the larger, more powerful bottlers," says Ian Downey, Executive Vice President of Winebow. "Whenever you have such rapid growth, there will be the inevitable contraction once the trend fades," he adds, and in the meantime, it's critical to stand behind the producers who will remain after the shake-out, enabling them to weather the "boom" storm, which is Winebow's long-term philosophy in Argentina and the Veneto.

The longer-lasting impact, many recognize, is the damage done to a region's reputation once the world's attention has moved elsewhere. Daniel Posner, owner of Grapes The Wine Company, in White Plains, NY, has watched Prosecco become the cheap sparkling go-to with his customers: "With Prosecco, the cheaper the better—it has to be \$11.99 or less." With other sparkling wines, like Champagne, he can talk his clientele into trading up, but with Prosecco, they won't budge. "Prosecco went out and cornered this side of the market and succeeded, but now they are typecast and I don't know how they get out of it," Posner says. The region's premium producers will suffer as a result, making it nearly impossible to charge more for their higher-quality bottlings.

